

Domestic Market Recap:

- Guar prices (Guar seed & Guar gum) edged higher during the week as arrivals are dwindling and overseas demand is rising.
- Demand from overseas oil industries for guar gum and powder remains persistent.
- Lowest carryover stocks of guar in the current season are supporting prices. Carryover stocks stood at 1.5-2 lakh tonnes in the current season.
- Approx 3-4 lakh tonnes of guarseed are available all over in India, which is comparatively less and may keep prices bullish for the rest of this season.

Current Market Dynamics

Guar complex featured firm tone at the end of this week, highly supported by robust overseas demand. Market sources said that buyers in overseas markets continue to require gum and powder for their daily consumption, mainly in oil drilling process, even at these elevated prices. However, domestic millers stopped buying Guar seed at the prevailing prices and are using their already procured stocks for crushing to fulfill their export obligations. Sources said that millers are having the capacity to deliver gum only till the end of March. Slow buying activities of millers directly affected guar prices, due to which guar prices came down for two days in the middle of this week. However, rising export demand against previous week, caused prices to increase at the end of the week. Arrivals in the market are coming sharply down due to limited stocks. As of now, farmers do not have much stocks and stockists are holding comparatively limited stocks for delivery. Prices are likely to further increase from the current level on account of lower production and low carry forward stocks against higher gum and powder demand.

During this week, NCDEX refrained from launching the August month contracts for Guar Seed and Gum futures. Resultantly, Open interest and volume got affected and fell compared to previous week in the futures market. FMC said that delayed August contract would likely affect the extremely bullish market sentiments and possibly price may come down.

Till date, FMC has imposed several rules and regulations to curb the volatility of Guar market like imposition of special margins for long positions and cut in position limits and has frequently revised them according to the market volatility.

Export and Import Scenario

As per sources, both Gum and Powder demand continues to rise in overseas market. Major buyers like China and U.S continue to stand in the queue of buyers in the market to fulfill their daily requirement, mainly for industrial use. As per APEDA, Guargum exports registered an increase of 75.8% to 3.48 lakh tonnes during Apr-Oct 2011 against 1.98 lakh tonnes recorded the same period of the previous year.

Crop condition and Arrivals

As per traders talk, around 8 lakh tonnes of guar seed has been released in markets as on date from the latest crop. They added further that around 3 to 4 lakh tonnes of guar seed is available all over India as of now. Arrivals are dwindling in the markets. At most of the key markets, farmers have completely sold out their stocks; only stockists are releasing their stocks at a slow pace as they still hope for a hike in Guarseed prices in future. Preliminary sowing intentions of farmers suggests that area under Guar may increase considerably owing to higher realization for Guarseed and Guargum this year.

Guar Prices at Key Spot Markets

Commodity	Centre	Prices in Rs/Qtl		Change
		11-02-12	04-02-12	
Guar Seed	Jodhpur (Delivery)	14500	11500	3000
	Jodhpur (Loose)	13200	11300	1900
	Bikaner (Delivery)	13300	12600	700
	Bikaner (Loose)	13000	12300	700
	Nokha	12750	12000	750
	Hanumangarh	13000	12100	900
	Sri-Ganganagar	13000	12000	1000
	Adampur	13500	12600	900
	Sirsa	13200	12500	700
	Bhiwani	13600	12700	900
	Deesa	12200	11340	860
	Nagaur	12800	11500	1300
	Dhabwali	13900	11300	2600
	Jodhpur	42000	40500	1500
	Bhiwani	42500	41400	1100
	Dhabwali	44500	40000	4500

Guar by – Products Prices:

Commodity	Centre	Price in Rs/75Kg	
		11-02-12	04-02-12
Churi	Jodhpur	725	715
Korma	Jodhpur	925	880

Guar Export Prices:

Commodity	Variety	\$/MT	
		11-02-12	04-02-12
Guargum Split		8800	8400
Guargum Powder	200 Mesh 5000 CPS	10000	9650
	200 Mesh 3500 CPS	9900	9500
Guargum Meal		280	270

Guar Cumulative Arrivals in Key Centers

Centre	Arrivals (Quintals)		Change
	Week Ending 11-02-12	Week Ending 04-02-12	
Jodhpur	-	-	-
Bikaner	1650	3500	-1850
Nokha	2600	2900	-300
Hanumangarh	1050	1050	Unch
Sri-Ganganagar	2050	1260	790
Adampur	7800	6800	1000
Sirsa	2200	2500	-300
Bhiwani	3350	4700	-1350
Deesa	1120	1170	-50
Nagaur	295	340	-45
Dhabwali	260	500	-240
All India	37000	46000	-9000

Spot Market Technical Analysis of Guar seed & Guar gum

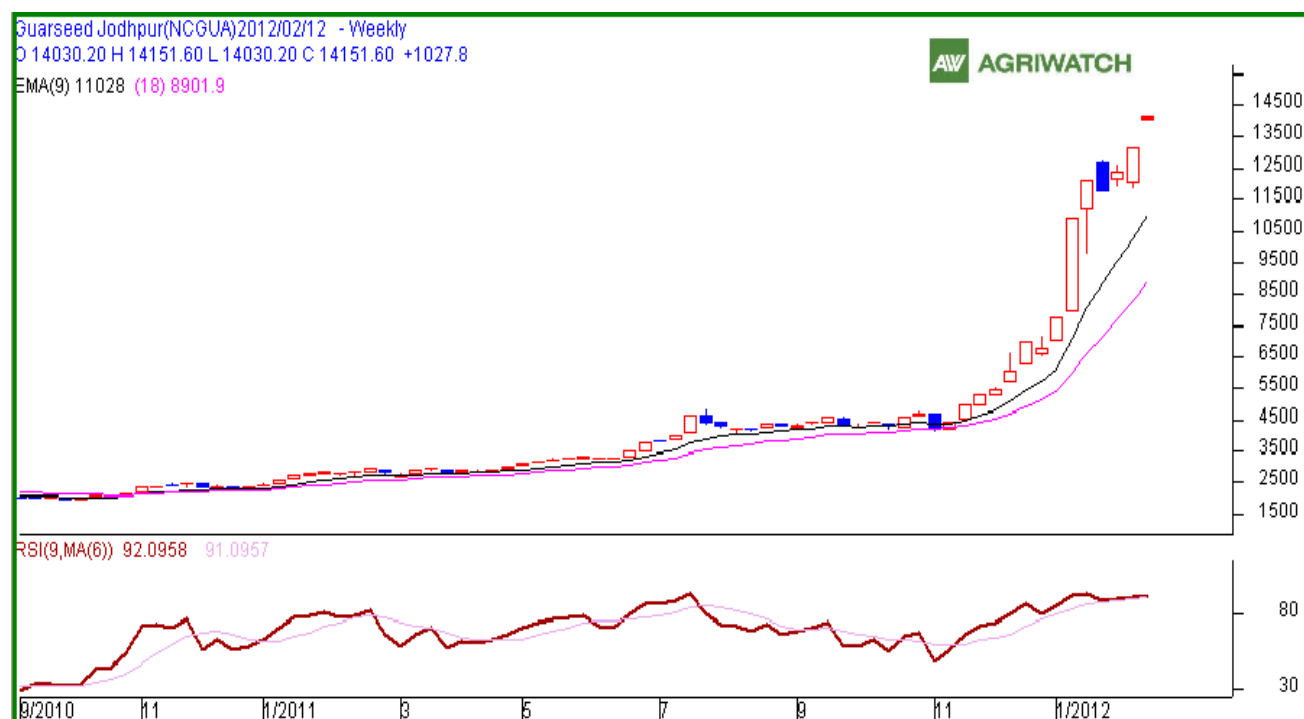


Fig-1 – Guar Seed Weekly Spot Prices (Jodhpur)

- As evident from the chart, price trend is moving up from the level of previous week. The RSI remains well in the overbought region and might indicate a possible correction in the market if it falls from the overbought zone. However, above 9 and 18 days EMA indicating bullish momentum in the market. Immediate resistance level is 14412 and support level is 13849. We expect price may trade in range of 139500-14600 during upcoming week. However, the price level below 13100 may change the weekly trend down. Prices in the coming week may trade in range from 13800-14800.


Fig-2 – Guar Gum Weekly Spot Prices (Jodhpur)

Above Chart shows upside price movement of Gum in the spot market. Close above the weekly level at 46146 will continue support buying opportunity in the market however below 43000 price level may change the weekly uptrend. RSI is moving up in overbought region and might indicate a possible correction in the market if it falls from the overbought zone. We expect price may trade in between 45300-47200 during upcoming week.

Spot Outlook:

We expect market may trade firm on firm export demand. Others strong fundamentals, notably the extremely low stocks, are supporting guar prices to go up during upcoming week.

Exchange Technical (NCDEX-Guarseed and Guargum):

Technical Commentary: (Guarseed)

- The chart reflects bullish momentum during the week and further signals towards uptrend.
- Prices are above EMA (9 and 18 day) which supports the bullish trend in the market.
- The RSI remains well in the overbought region and might indicate a possible correction in the market if it falls from the overbought zone.
- Close above the the range of 13500-13600 may continue to support the bullish signal in the market, but a close below 13000 level may change the weekly trend down.
- Prices in the coming week may trade in range from 13400-14400.

GUAR SEED



Strategy: Buy at mentioned support and book profits at mentioned resistance level.

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Guar seed	NCDEX	February	13239	13379	13941	14221	14505

Technical Commentary: (Guargum)

- The chart shows upward momentum in the market during this week.

- Prices are above EMA (9 and 18 day) indicating further bullish trend in the market.
- Oscillator, RSI remains well in the overbought region and might indicate a possible change in price direction if it falls from the overbought region.
- Close above the level of 44700 will continue to support the bullish signal in the market, but a close below the 43800 level may change the weekly trend down.
- Prices in the coming week may trade in range from 44500-45500

GUAR GUM



Strategy: Buy at mentioned support and book profits at mentioned resistance.

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Guar gum	NCDEX	February	43862	44081	44957	45395	45833

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