

**Domestic Market Recap:**

- Guar prices (Guar seed & Guar gum) edged higher during the week and overseas demand is rising and stockiest are not bringing goods to the market. Farmers have almost sold their stocks and the commodity have transferred to strong hand
- 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.

**Current Market Dynamics**

Guar complex featured firm tone at the end of this week, highly supported by robust overseas demand and speculative activity. As per market intelligence, buyers in overseas and domestic markets continue to cover their positions whenever there is fall in prices which give support to prices. However, domestic millers are reluctant to buy seed at these high prices and are using their already procured stocks for crushing to fulfill their export obligations. This has created supply demand gap in Guar Gum. Sources said that millers are having the capacity to deliver gum only till the end of March. In fact, millers are also selling guar seed stock to stockiest as it is giving them good return.

Earlier, 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 in near future.

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.

**Sowing Interest & Crop Outlook**

As per market participants, this year there will be bumper crop as farmers will shift to guar looking at the prices. In fact, in Irrigated land farmers might sow guari in March in place of April once the fields are vacant Preliminary sowing intentions of farmers suggests that area under Guar may increase considerably owing to higher realization for Guarseed and Guargum this year. The Monsoon is also expected to be normal this year. People think the year 2012-13 will year of raw material.

**Futures Market Indicator**

The volumes are declining as there is hardly any trading or investment interest at these levels. There is volume and open interest in near month contract only. This suggests very few participants and hedging interest. The guar seed prices are trading in backwardation on expectation of bumper crop and it is likely that there will be major deliveries in March contract on the NCDEX platform. As per 21<sup>st</sup> Feb stock position at NCDEX, there is nearly 51000 MT of guar seed and 13000 MT of Guar gum is lying in different centers of NCDEX. In the event of negative carry over, stockiest and investors will prefer to off-load their stocks. The following table gives clear picture of the NCDEX Futures:

NCDEX- Futures Prices Of Guar Gum and Seed: (As on 21<sup>st</sup> Feb 2012)

Symbol	Expiry Date	Closing Price (Rs/Qtl)	OI (in MT)	Symbol	Closing Price (Rs/Qtl)	OI (in MT)
GARGUMJDR	3/20/2012	49346	4610	GARSEDJDR	15499	25930
GARGUMJDR	4/20/2012	49293	730	GARSEDJDR	15386	2900
GARGUMJDR	5/18/2012	49567	220	GARSEDJDR	15311	490
GARGUMJDR	6/20/2012	49841	30	GARSEDJDR	15024	560
GARGUMJDR	7/20/2012	50115	20	GARSEDJDR	15024	420

**Guar Prices at Key Spot Markets**

Commodity	Centre	Prices in Rs/Qtl		Change
Guar Seed		21-02-12	11-02-12	
	Jodhpur (Delivery)	16200	14500	1700
	Jodhpur (Loose)	15200	13200	2000
	Bikaner (Delivery)	15300	13300	2000
	Bikaner (Loose)	14800	13000	1800
	Nokha	15300	12750	2550
	Hanumangarh		13000	
	Sri-Ganganagar	15000	13000	2000
	Adampur	15400	13500	1900
	Sirsa	15600	13200	2400
	Bhiwani	15500	13600	1900
	Deesa	13800	12200	1600
	Nagaur	14500	12800	1700
	Dhabwali	14900	13900	1000
Guar Gum	Jodhpur	50000	42000	8000
	Bhiwani	49600	42500	7100
	Dhabwali	50000	44500	5500

**Guar By – products Prices:**

Commodity	Centre	Price in Rs/75Kg	
		21-02-12	11-02-12
Churi	Jodhpur	750	725
Korma	Jodhpur	1000	925

**Guar Export Prices:**

Commodity	Variety	\$/MT	
		21-02-12	11-02-12
Guargum Split		10100	8800
Guargum Powder	200 Mesh 5000 CPS	11300	10000
	200 Mesh 3500 CPS	11200	9900
Guargum Meal		285	280

**Guar Cumulative Arrivals in Key Centers**

Centre	Arrivals (Quintals)		Change
	Week Ending 21-02-12	Week Ending 11-02-12	
Jodhpur	-	-	-
Bikaner	1775	1650	125
Nokha	2500	2600	-100
Hanumangarh	NA	1050	
Sri-Ganganagar	2250	2050	200
Adampur	9850	7800	2050
Sirsa	1850	2200	-350
Bhiwani	18550	3350	15200
Deesa	840	1120	-280
Nagaur	125	295	-170
Dhabwali	330	260	70
All India	38070	22375	15695

**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 18336 and support level is 19584. We expect price may trade in range of 17900-18900 during upcoming week. However, the price level below 15500 may change the weekly trend down.



**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 56000 will continue support buying opportunity in the market however below 52000 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 56000-60000 during upcoming week.

## Spot Outlook:

Both Guarseed and Guargum prices are expected to trade range bound to firm on firm demand and lower fresh arrival anticipation.

## 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.

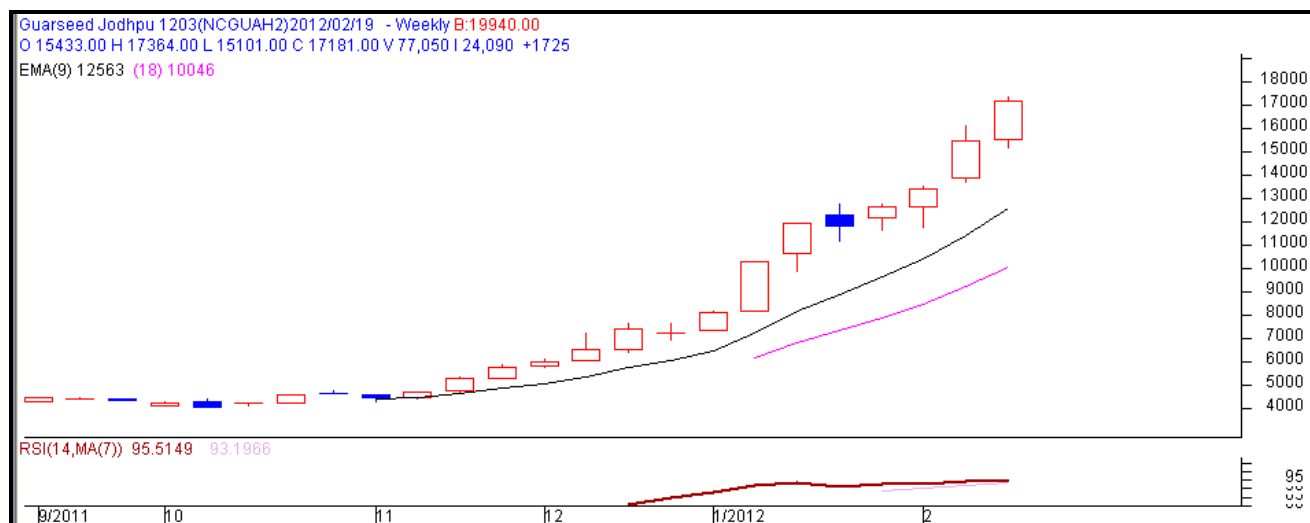
- Close above 17500 may continue to support the bullish signal in the market, but a close below 14000 level may change the weekly trend down.
- Prices in the coming week may trade in range from 17500-19000

### 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.

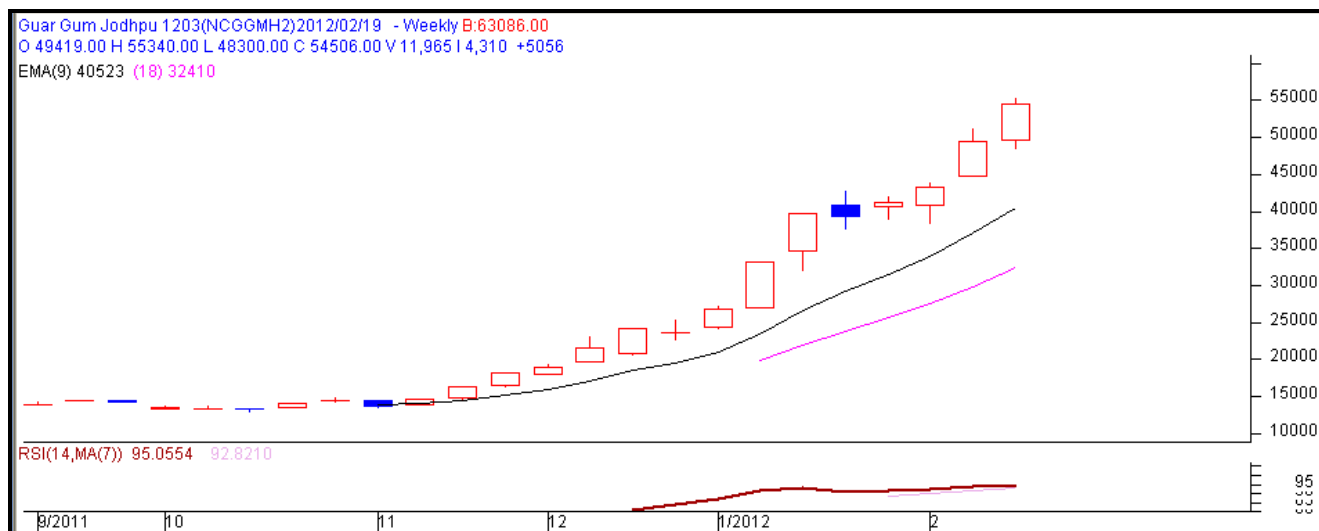
Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Guar seed	NCDEX	February	14285	15733	17181	18995	20260

#### 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 54000 will continue to support the bullish signal in the market, but a close below the 45000 level may change the weekly trend down.
- Prices in the coming week may trade in range from 55000-62000.

## 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	45675	50090	54506	59755	64170

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