

Domestic Market Recap:

- Guar seed and guar gum prices noticed weakness in prices during the week following profit-booking at higher levels.
- FMC's ban on trading in guar seed and guar gum futures is weighing on the market.
- According to trade sources, millers do not have sufficient stocks to meet export demand.
- Sowing of guar, a short –crop of nearly two months has started in parts of Haryana. However the crop is not likely to be successful amid unfavourable weather. Sowing will start in most parts after the harvesting of mustard seed by next month.
- Acreage under guar seed is likely to increase by more than 50% in the major growing states following good returns during the season.

Current Market Dynamics

Guar prices witnessed a decline after recording new highs in the beginning of the week. Profit booking was witnessed following overbought nature of the market. There are limited stocks in the market amid lower output and good demand during this season. Millers are finding it difficult to meet export requirement.

Temperature is fluctuating in Rajasthan and as expected earlier, sowing of guar has not started. Warm temperature is required for sowing of guar and it will start next month. Progress of sowing in the coming weeks will give further direction to the market. Demand for guar seed will increase for sowing purpose in near –term.

According to a recent circular released by NCDEX, no trading (including intra-day) will be allowed in respect of Guar Gum (GARGUMJDR) and Guar Seed (GARSEDJDR) futures contracts.

The contracts for the next season, i.e., for expiries from October 2012 onwards will be informed accordingly by NCDEX.

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, Guar gum 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.

Millers/Processors Margin



As seen in the chart above, crushing margin for guar seed millers has improved during fourth week of March over previous week. In the third week of March, average crush margin stood at Rs.-636.31/Quintal and it improved to Rs.-126.00/Quintal in the fourth week. Due to lack of availability, prices of raw materials –guar seed had increased along with processing cost. However in near –medium term, margin is expected to decline following higher cost of raw material. According to trade sources, millers are crushing to meet prior export demand and in anticipation of better returns in the coming days.

Guar Prices at Key Spot Markets

Commodity	Centre	Prices in Rs/Qtl		Change
		24-03-12	17-03-12	change
Guar Seed	Jodhpur (Delivery)	25000	27500	-2500
	Jodhpur (Loose)	21000	25000	-4000
	Bikaner (Delivery)	24000	25500	-1500
	Bikaner (Loose)	23500	25600	-2100
	Nokha	20200	25500	-5300
	Hanumangarh	25000	-	-
	Sri-Ganganagar	20000	27000	-7000
	Adampur	24000	-	-
	Sirsa	23500	-	-
	Bhiwani	24500	27000	-2500
	Deesa	21700	21350	+350
	Nagaur	-	25500	-
	Dhabwali	-	25000	-
Guar Gum	Jodhpur	80000	84500	-4500
	Bhiwani	80500	86300	-5800
	Dhabwali	-	85000	-

Guar by – Products Prices:

Commodity	Centre	Price in Rs/75Kg	
		24-03-12	17-03-12
Churi	Jodhpur	850	850
Korma	Jodhpur	1150	1150

Guar Export Prices:

Commodity	Variety	\$/MT	
		24-03-12	17-03-12
Guargum Split		15700	16000
Guargum Powder	200 Mesh 5000 CPS	17000	17000
	200 Mesh 3500 CPS	16800	17000
Guargum Meal		300	300

Guar Cumulative Arrivals in Key Centers

Centre	Arrivals (Quintals)		Change
	Week Ending 24-03-12	Week Ending 17-03-12	
Jodhpur	-	-	-
Bikaner	200	100	+100
Nokha	-	15	-
Hanumangarh	200	-	-

Sri-Ganganagar	150	200	-50
Adampur	800	-	-
Sirsa	-	-	-
Bhiwani	40	600	-560
Deesa	40	65	-25
Nagaur	-	20	-
Dhabwali	-	-	-
All India	1440	1000	+440

Spot Market Technical Analysis of Guar seed & Guar gum



As seen in the chart above, prices noticed firm tone initially and declined thereafter. Profit –booking at higher levels weighed on the market. Prices are holding above 9-Day and 21-Day EMA supporting the overall positive tone of the market. Stochastic oscillator is declining in the overbought territory supporting weakness in near –term. For the recent bull run, prices are likely to see a correction towards 17000 levels. Close below this level will change the overall positive tone of the market and prices will trade further lower. Traders are advised to wait for better buying levels in medium –term.



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

Guar gum prices traded firm initially and noticed profit –booking at higher levels as evident from the chart. Prices recorded new highs and market was due for correction following the overbought nature. MACD is increasing in the positive territory supporting the overall positive tone of the market. RSI is steady in the overbought territory supporting weakness in near –term. Prices are likely to see a correction towards 65000 levels. Break below the support level of 57000 will change the trend down. Traders can wait for better buying levels in medium –term.

Spot Market Outlook:

Both Guar seed and Guar gum prices are likely to witness correction in near -term.



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