

Domestic Market Recap:

- Guar seed and guar gum prices witnessed recovery during the week.
- FMC's suspension of trading in guar seed and guar gum futures weighed on the market initially.
- However prices recovered amid tight stocks in the ready market.
- Fresh sowing of guar will start in the coming weeks in parts of Rajasthan and Haryana. The crop sown in the month of March is not likely to be successful following lack of favourable weather conditions for the crop.

Current Market Dynamics

Guar prices witnessed recovery during the week amid buying activities around current levels. Some of the markets were closed and trading activities remained sluggish following year –end activities. Suspension of futures trading at NCDEX weighed on the market to certain extent. However good export and domestic demand helped prices to recover. Arrivals were reported to be higher compared to previous week.

Sowing of guar will start in parts of Rajasthan and Haryana in the coming weeks. The crop was sown in certain parts of Haryana in March and is not likely to be successful following lack of favourable weather in the growing areas. Sowing progress will give further direction to the market. According to market sources, the crop is expected to be higher in the coming season. Limited availability in the spot market is supporting prices.

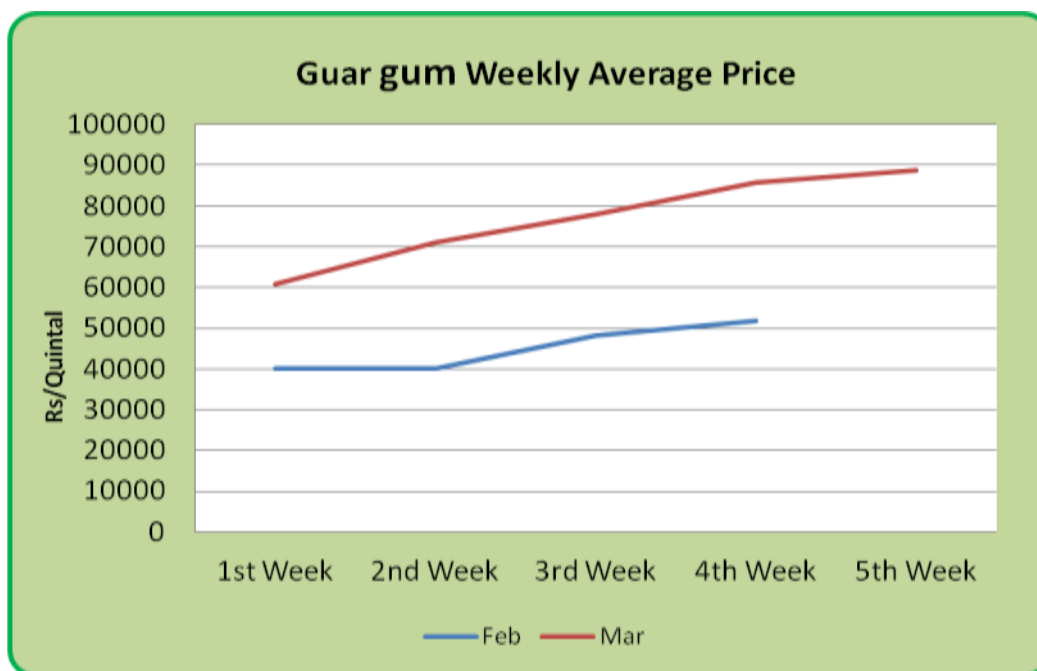
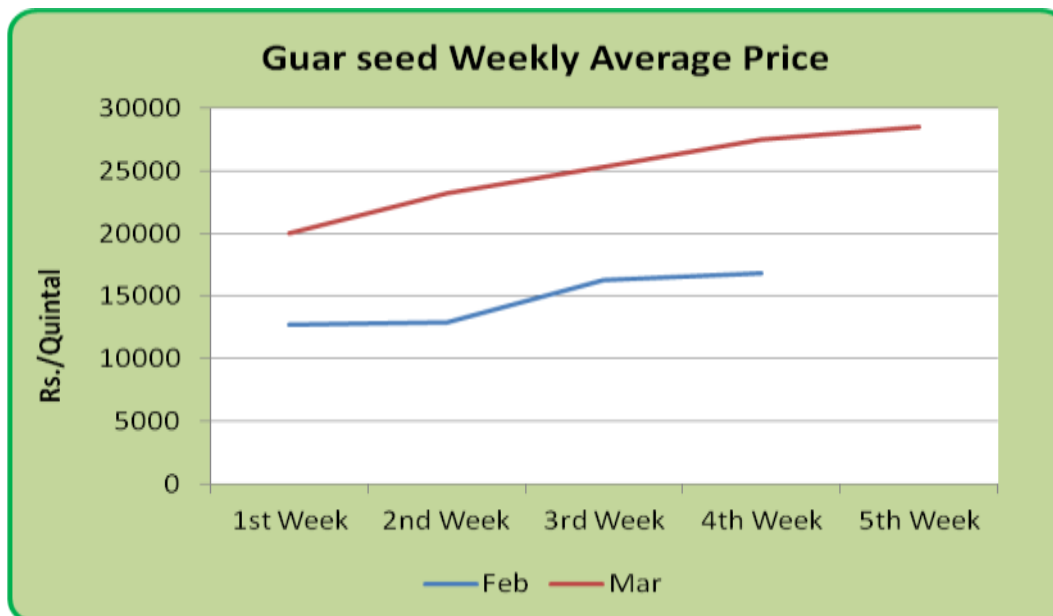
FMC has stopped futures trading in all guar seed and guar gum contracts, thereby weighing on the market. Trading in fresh guar seed and guar gum contracts will be notified by FMC accordingly. Assocham has urged the government to investigate on rising guar seed and guar gum prices during the last few months. After the recent suspension of guar complex futures, FMC is taking all possible steps to regulate prices in other agri commodities.

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 during the same period of the previous year.

Price Scenario

Guar seed and guar gum prices continued to increase in spot markets after slight correction noticed last week. In the last week of March, average price of guar seed increased by 3.5% to Rs.28500/Quintal and that of guar gum increased by 3.6% to Rs.88750/Quintal compared to previous week. Good demand amid lower stocks in the spot market is supporting prices. The graph below illustrates the weekly average price movement of guar seed and guar gum in Jodhpur market.



Millers/Processors Margin



As seen in the chart above, crushing margin for guar seed millers has declined in the last week of March compared to previous week.. In the current week, average crush margin stood at Rs.-436.96/Quintal compared to previous week's average crush margin of Rs.-126.00/Quintal. Increase in cost of the raw materials as stated in the charts above have reduced margin for the millers. Prices are likely to be mostly firm in near –term and margin could decline further in the coming days.

Guar Prices at Key Spot Markets

Commodity	Centre	Prices in Rs/Qtl		Change
Guar Seed		31-03-12	24-03-12	change
	Jodhpur (Delivery)	30500	25000	+5500
	Jodhpur (Loose)	27500	21000	+6500
	Bikaner (Delivery)	30000	24000	+6000
	Bikaner (Loose)	28800	23500	+5300
	Nokha	Closed	20200	-
	Hanumangarh	28000	25000	+3000
	Sri-Ganganagar	31000	20000	+11000
	Adampur	30500	24000	+6500
	Sirsa	30000	23500	+6500
	Bhiwani	29000	24500	+4500
	Deesa	Closed	21700	-
	Nagaur	Closed	-	-
	Dhabwali	-	-	-
Guar Gum	Jodhpur	95000	80000	+15000
	Bhiwani	94500	80500	+14000
	Dhabwali	-	-	-

Guar by – Products Prices:

Commodity	Centre	Price in Rs/75Kg	
		31-03-12	24-03-12
Churi	Jodhpur	800	850
Korma	Jodhpur	1100	1150

Guar Export Prices:

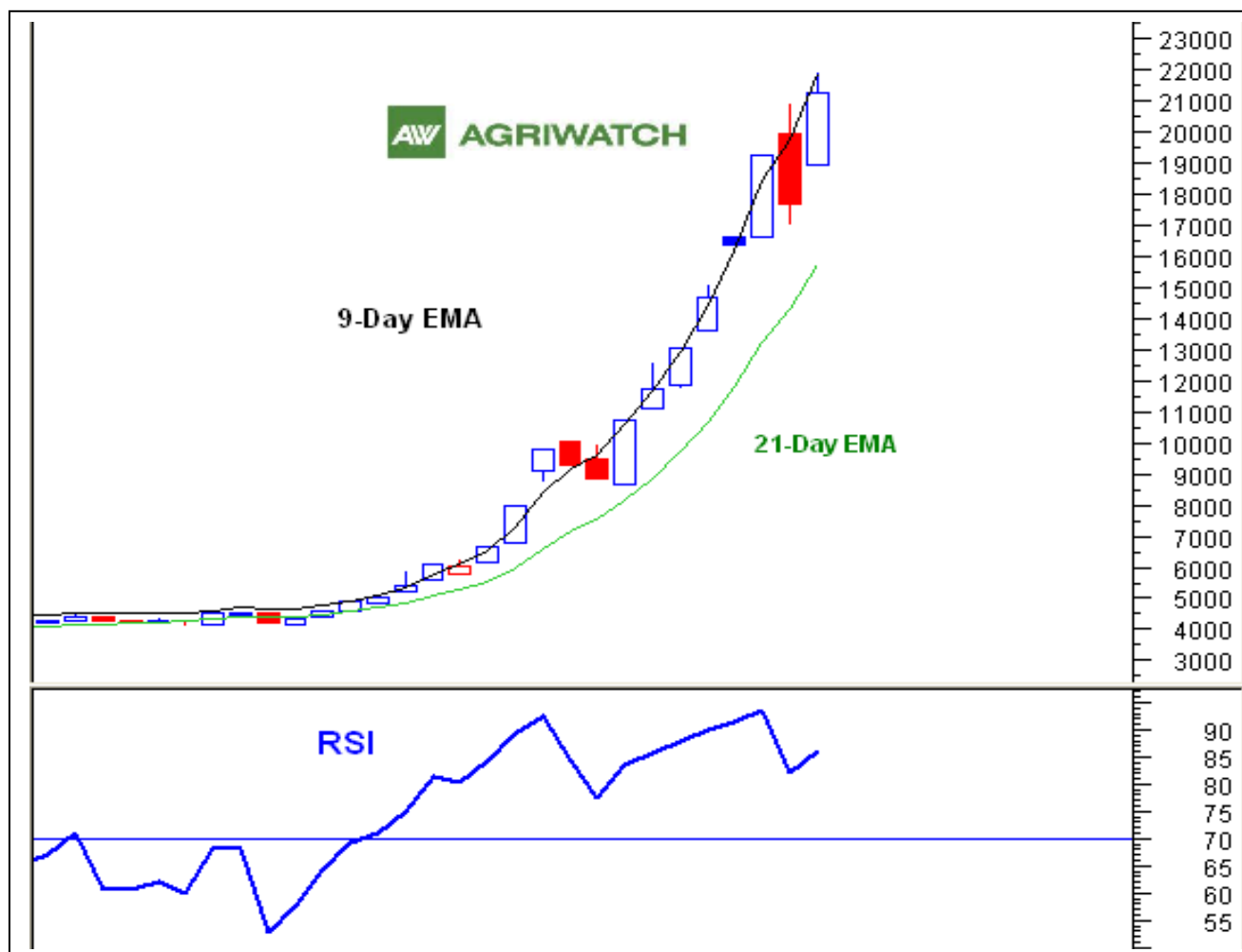
Commodity	Variety	\$/MT	
		31-03-12	24-03-12
Guargum Split		19500	15700
Guargum Powder	200 Mesh 5000 CPS	20800	17000
	200 Mesh 3500 CPS	20600	16800
Guargum Meal		300	300

Guar Cumulative Arrivals in Key Centers

Centre	Arrivals (Quintals)		Change
	Week Ending 31-03-12	Week Ending 24-03-12	
Jodhpur	-	-	
Bikaner	1025	200	+825
Nokha	50	-	-
Hanumangarh	95	200	-105
Sri-Ganganagar	450	150	+300
Adampur	9000	800	+8200
Sirsa	-	-	-

Bhiwani	1250	40	+1210
Deesa	155	40	+115
Nagaur	42	-	-
Dhabwali	-	-	-
All India	12067	1440	+10627

Spot Market Technical Analysis of Guar seed & Guar gum



Prices made new highs during the week as seen in the above chart. Profit-booking at higher levels weighed on the market to certain extent. For the increase in prices from 5000 levels till 31500 levels, there could be correction towards 23.6% level of 25000. RSI is increasing in the overbought region denoting weakness in near –term. Prices are holding above the uptrend line supporting the overall positive tone of the market. Resistance is at 35000 levels. Prices will find support at 25170 and break below this support level will push the prices towards 21700 levels. Traders can wait for better buying levels in medium –term.

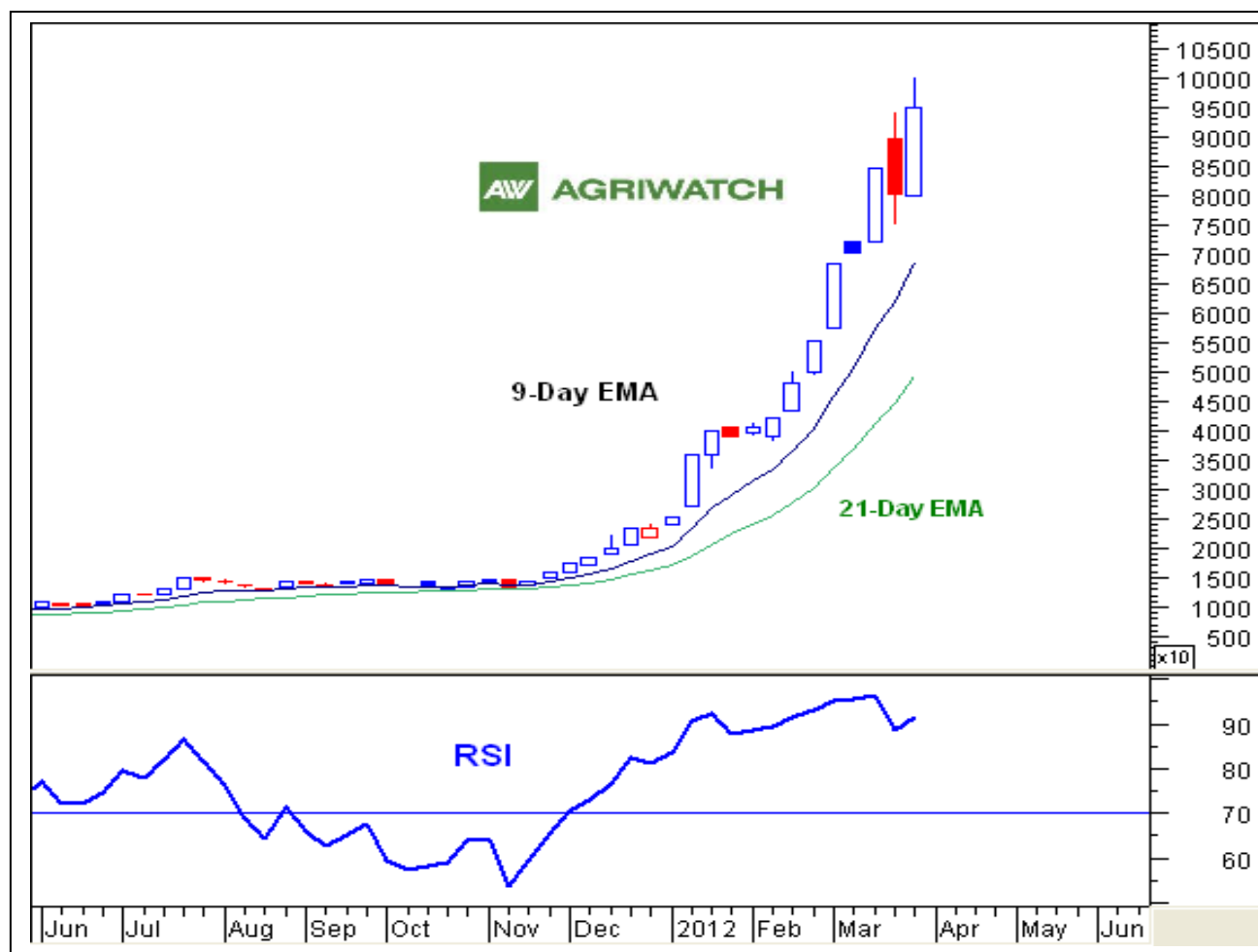


Fig-2 – Guar Gum Weekly Spot Prices (Jodhpur)

Guar gum prices continued firm tone during the week. Prices touched 100000 level and declined slightly following profit-booking at higher levels. 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 region supporting weakness in near –term. Prices increased from 15000 till 100000 levels and are likely to see correction towards 80000 levels. Any weakness towards this level should be considered as good buying opportunity within the overall positive tone of the market.

Spot Market Outlook:

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



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