

Domestic Market Recap:

- Mixed tone featured in guar seed and guar gum prices during the week.
- Lower arrivals in the spot markets are supporting prices.
- FMC has taken all possible measures to regulate prices in the futures market. This will not have much impact in near –term amid limited availability.
- Forecast of more than average rainfall for this season according to Indian Institute of Tropical Meteorology is weighing on the market.
- Lack of buying in the spot markets around current levels added to the weak tone of the market.

Current Market Dynamics

Guar prices witnessed mixed tone during the week. On one hand, limited availability is supporting the market while lack of good buying around current levels weighed on prices on the other. Trading activities remained lack-luster following the festival of 'Mahavir Jayanti'. Millers are crushing in limited quantity to meet export demand.

Sowing of guar is likely to start in parts of Rajasthan and Haryana by mid-April –May. The crop was sown in certain areas of Haryana in March and is not successful following lack of favourable weather in the growing areas. According to trade sources, sowing area under guar is likely to increase by more than 40% in the coming season. Sowing progress of the crop in the coming weeks will give further direction to the market.

Farmers are interested in growing guar crop in Punjab following decline in returns from cotton amid lower prices and increasing cost of production. Farmers are turning towards guar following better returns this season. Demand for guar gum has increased from industries like food processing, pharmaceutical and oil exploration. India is the major producer of guar and Punjab has also entered this market for guar crop.

According to sources, investment in guar gum and guar seed offered a profit of 953.7 per cent and 884.6 per cent, respectively, during 2011-12. Good demand in the global market amid lower output contributed to better returns. After the recent suspension of guar complex futures, measures are taken to regulate prices of other agri commodities.

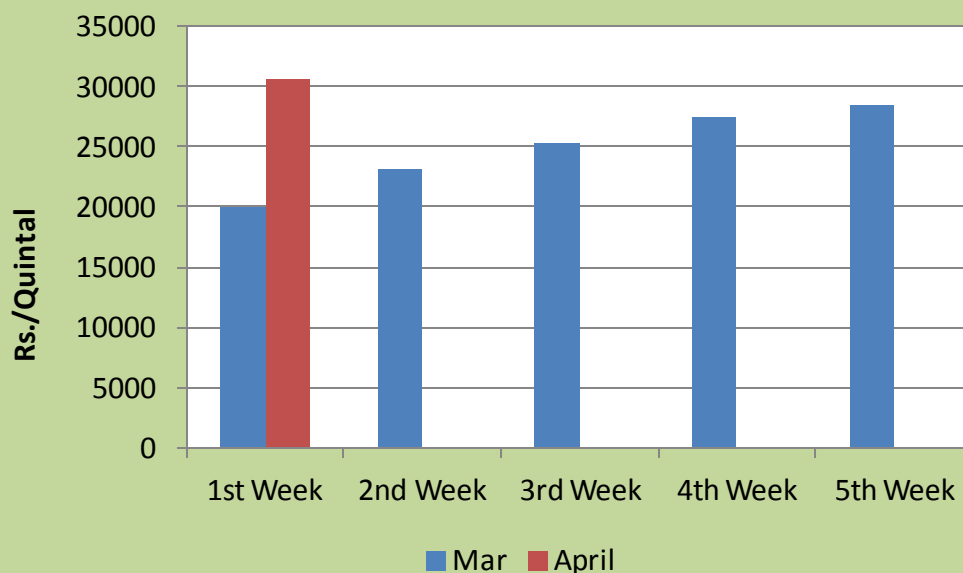
Export and Import Scenario

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.

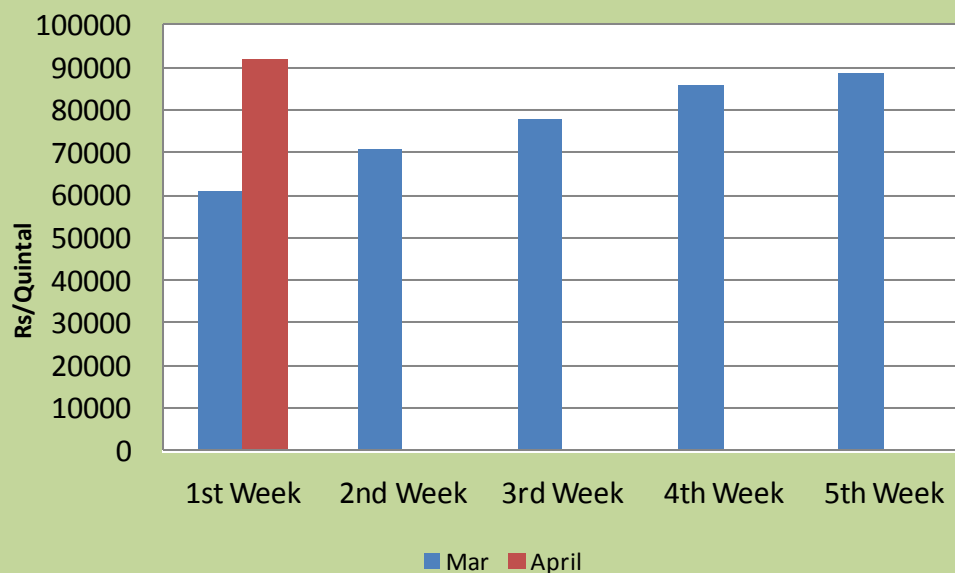
Price Scenario

Guar seed and guar gum prices witnessed firm tone in the key spot market of Jodhpur. In the first week of April, average price of guar seed increased by 7.5% to Rs.30625/Quintal and that of guar gum increased by 3.6% to Rs.92000/Quintal compared to previous week. Limited availability amid lower output and good demand is adding to the firm tone of the market. The graph below illustrates the weekly average price movement of guar seed and guar gum in Jodhpur market.

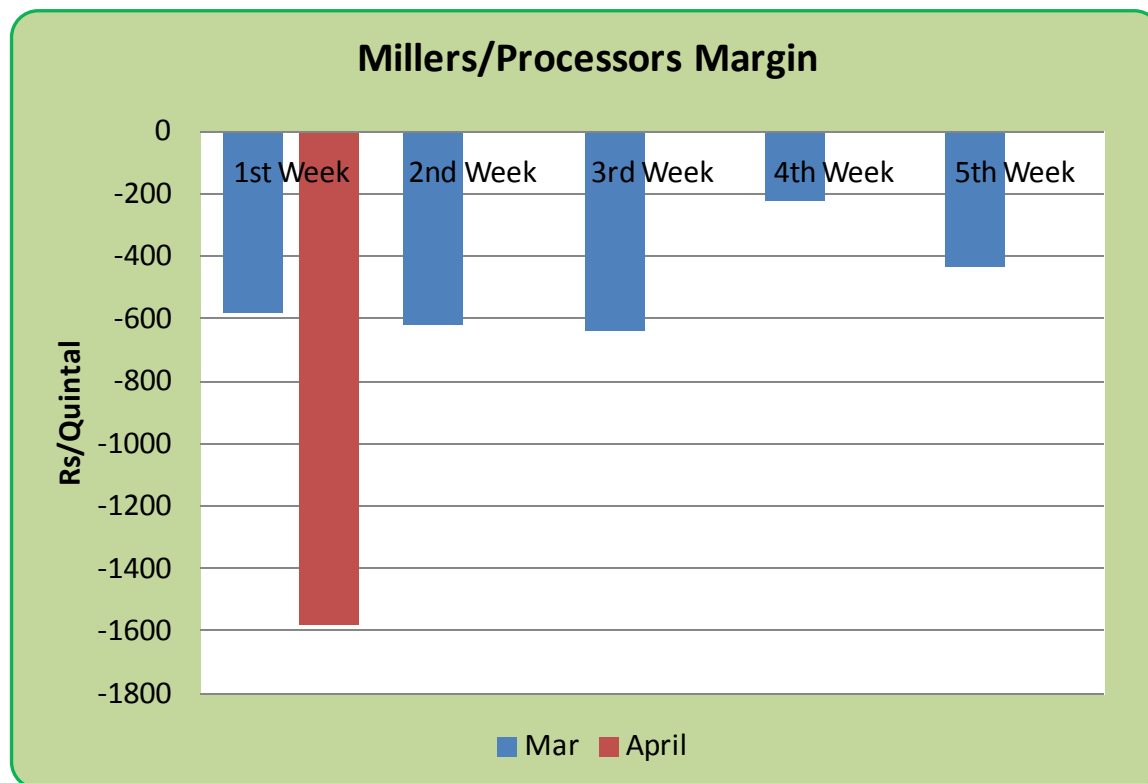
Guar seed Weekly Average Price



Guar gum Weekly Average Price



Millers/Processors Margin



As seen in the chart above, crushing margin for guar seed has declined further in the first week of April compared to previous week. In the current week, average crush margin stood at Rs.-1578.50/Quintal compared to previous week's average crush margin of Rs.-436.96/Quintal. Millers are crushing in limited quantity to meet export demand. Till sowing begins in the coming weeks, prices are likely to be firm and margin will decline in near -term.

Guar Prices at Key Spot Markets

Commodity	Centre	Prices in Rs/Qtl		Change
Guar Seed		07-04-12	31-03-12	change
	Jodhpur (Delivery)	31000	30500	+500
	Jodhpur (Loose)	28500	27500	+1000
	Bikaner (Delivery)	28000	30000	-2000
	Bikaner (Loose)	29000	28800	+200
	Nokha	28000	Closed	-
	Hanumangarh	-	28000	-
	Sri-Ganganagar	29500	31000	-1500
	Adampur	29400	30500	-1100
	Sirsa	-	30000	-
	Bhiwani	29000	29000	Unch
	Deesa	-	Closed	-
	Nagaur	-	Closed	-
	Dhabwali	29000	-	-
Guar Gum	Jodhpur	96000	95000	+1000
	Bhiwani	98500	94500	+400
	Dhabwali	97000	-	-

Guar by – Products Prices:

Commodity	Centre	Price in Rs/75Kg	
		07-04-12	31-03-12
Churi	Jodhpur	750	800
Korma	Jodhpur	1075	1100

Guar Export Prices:

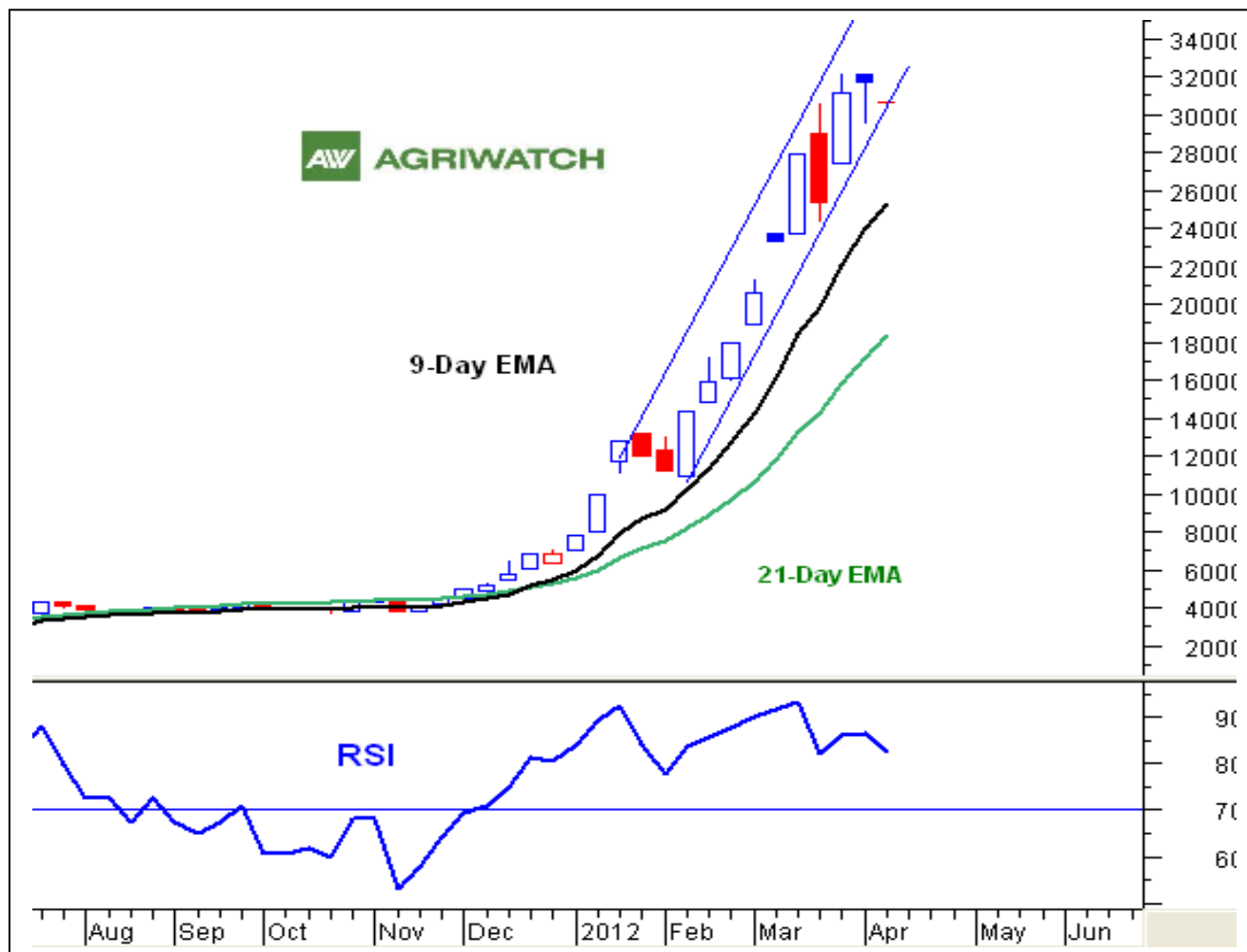
Commodity	Variety	\$/MT	
		07-04-12	31-03-12
Guargum Split		19000	19500
Guargum Powder	200 Me sh 5000 CPS	20500	20800
	200 Me sh 3500 CPS	20300	20600
Guargum Meal		300	300

Guar Cumulative Arrivals in Key Centers

Centre	Arrivals (Quintals)		Change
	Week Ending 07-04-12	Week Ending 31-03-12	
Jodhpur	-	-	-
Bikaner	600	1025	-425
Nokha	35	50	-15
Hanumangarh	35	95	-60
Sri-Ganganagar	225	450	-225
Adampur	7700	9000	-1300
Sirsa	-	-	-
Bhiwani	2150	1250	-900

Deesa	630	155	-475
Nagaur	30	42	-12
Dhabwali	-	-	-
All India	11405	12067	-662

Spot Market Technical Analysis of Guar seed & Guar gum



Prices are moving in an upward channel as seen in the chart. Buying interest around current levels is supporting the market. RSI is declining in the overbought region denoting weakness in near-term. Prices will find good support around Rs.23000 levels and break below this level will change the overall bullish outlook of the market. Before continuing the uptrend, prices could witness correction towards Rs.25000 levels. Any correction towards this level should be considered as good buying opportunity within the overall bullish scenario of the market. Resistance is at Rs.32000 and Rs.35000 levels. Traders are advised to wait for better buying levels in near-medium term.

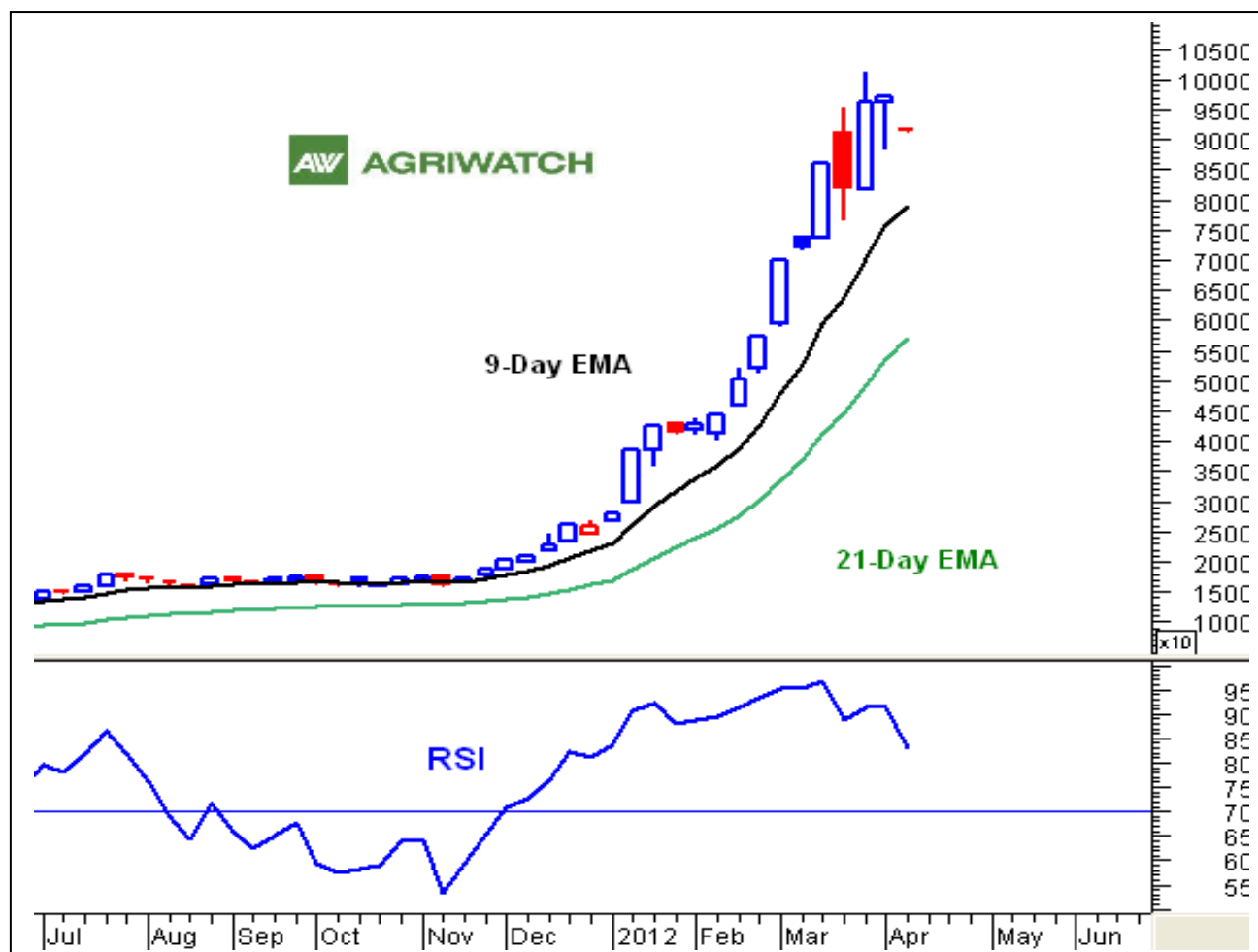


Fig-2 – Guar Gum Weekly Spot Prices (Jodhpur)

Guar gum prices traded sideways to firm during the week. Buying support at lower levels added to the positive tone of the market. Prices are above 9-Day EMA and 21-Day EMA supporting positive tone of the market. Stochastic oscillator is declining in the overbought region supporting weakness in near –term. Resistance is at Rs.95000 and 100000 levels. There is immediate support around Rs.87000 levels. Break below this level will see prices declining towards Rs.80000 levels. Traders are advised to purchase the bare minimum for their requirement as prices are expected to ease in near –medium term.

Spot Market Outlook:

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



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