

Domestic Market Recap:

- Guar seed and guar gum prices witnessed firm tone during the week.
- Lack of stocks in the ready market and good export demand are supporting prices.
- Sowing of guar usually starts with the commencement of monsoon in June. However following better returns during the year, farmers are planning to sow two crops in one season.
- Sowing has started in certain parts of Rajasthan and Haryana having irrigation facility.
- Prices are likely to be steady to firm till sowing begins in full swing.

Current Market Dynamics

Guar seed and guar gum prices witnessed firm tone during the week. Towards the weekend, trading activities remained lack –luster following ‘Ambedkar Jayanti,. Lack of stocks and good demand in the ready market supported prices.

In Rajasthan and Haryana, sowing of guar will start in May –June with the commencement of south-west monsoon. Rajasthan and Haryana account for 80 percent of total guar seed production in India. A new climate model being developed under the government's ambitious Monsoon Mission project has predicted above average rainfall for the season. Following good returns in the previous season and expected normal monsoon, acreage under guar is likely to increase in the coming season. The price of guar seed has increased from Rs.6000/Quintal to Rs.30000/Quintal levels during last one year.

According to agricultural officials in Rajasthan guar sowing would rise 15 per cent, from last year's 2.7 million hectares. Demand for guar seed has increased this year. According to trade sources, sowing of seed is likely to increase by more than 40 percent to five million hectares, compared to 3.5 million hectares last year.

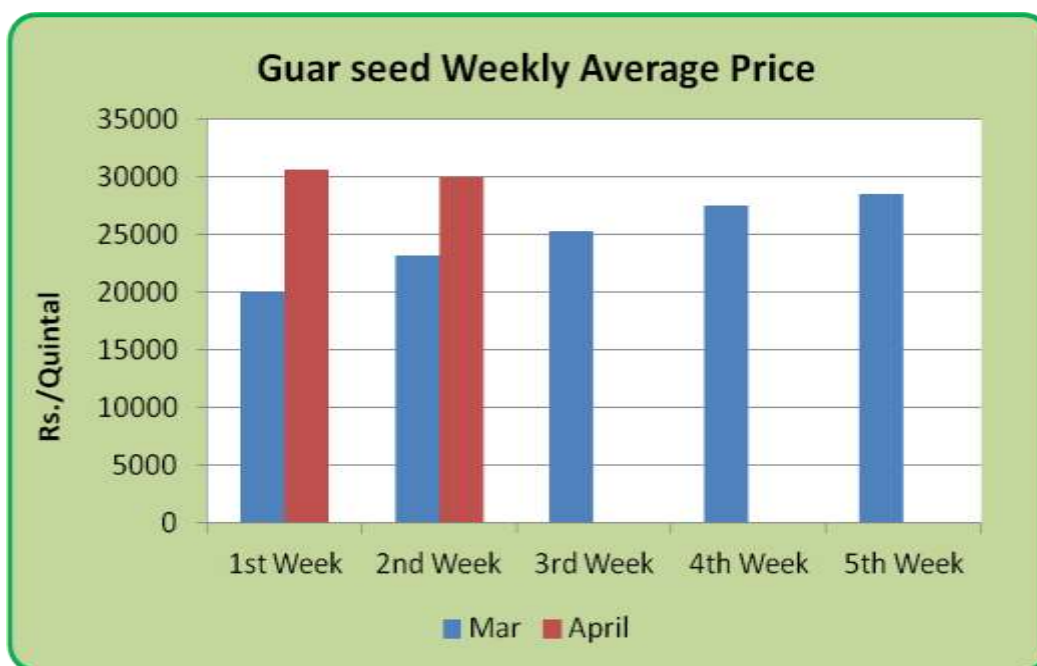
Millers are also adding mills to process more guar seed in the coming season. Guar seed is used as cattle feed and manure and guar gum is used in various industries like food processing, paper, textiles, hydraulic fracturing of oil etc. The application of guar gum in various industries has increased, thereby adding to the positive tone of the market. There will be likely shift in acreage from cotton, groundnut and bajra to guar seed.

Export and Import Scenario

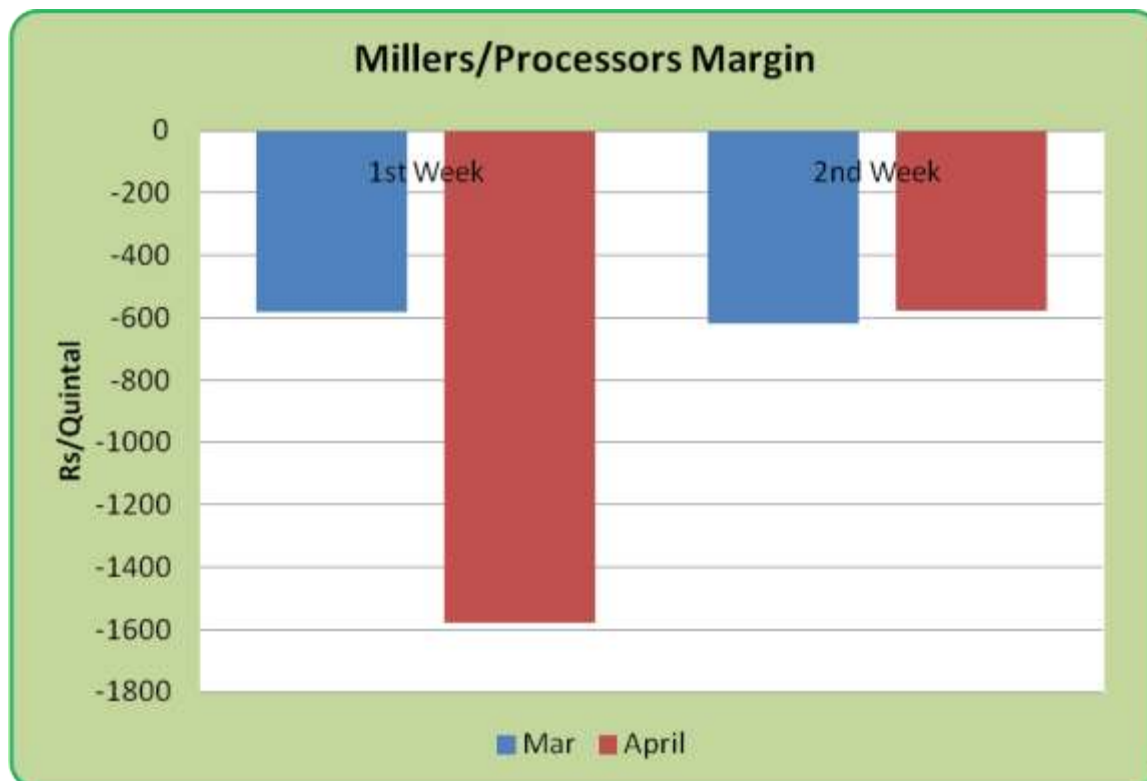
As per sources, both Gum and Powder demand continues to rise in overseas market. Major buyers like China and U.S continue to stand in the queue of buyers in the market to fulfill their daily requirement, mainly for industrial use. As per APEDA, Guar gum exports registered an increase of 75.8% to 3.48 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. Price of guar seed increased week-on-week basis while the average price of guar seed declined slightly in Jodhpur market. In the second week of April, average price of guar seed declined 2% to Rs.30000/Quintal and that of guar gum increased by 2.1% to Rs.94000/Quintal compared to previous week. Forecast of normal monsoon and good demand in the spot market are influencing 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 of guar seed improved in the second week of April compared to previous week. In the current week, average crush margin stood at Rs.-576.87/Quintal compared to previous week's average crush margin of Rs.-1578.50/Quintal. Margin improved amid increase in price of guar gum during the week. Margin could improve further in the coming week amid limited availability in the spot market.

Guar Prices at Key Spot Markets

Commodity	Centre	Prices in Rs/Qtl		Change
		14-04-12	07-04-12	
Guar Seed				
	Jodhpur (Delivery)	Closed	31000	-
	Jodhpur (Loose)	Closed	28500	-
	Bikaner (Delivery)	30000	29000	+1000
	Bikaner (Loose)	31000	28000	+3000
	Nokha	28500	28000	+500
	Hanumangarh	29700	-	-
	Sri-Ganganagar	30000	29500	+500
	Adampur	31000	29400	+1600
	Sirsa	30000	-	-
	Bhiwani	30600	29000	+1600
	Deesa	Closed	-	-
	Nagaur	28500	-	-
	Dhabwali	-	29000	-
Guar Gum	Jodhpur	100000	96000	+4000
	Bhiwani	102500	98500	+4000
	Dhabwali	-	97000	-

Guar by – Products Prices:

Commodity	Centre	Price in Rs/75Kg	
		14-04-12	07-04-12
Churi	Jodhpur	638	750
Korma	Jodhpur	900	1075

Guar Export Prices:

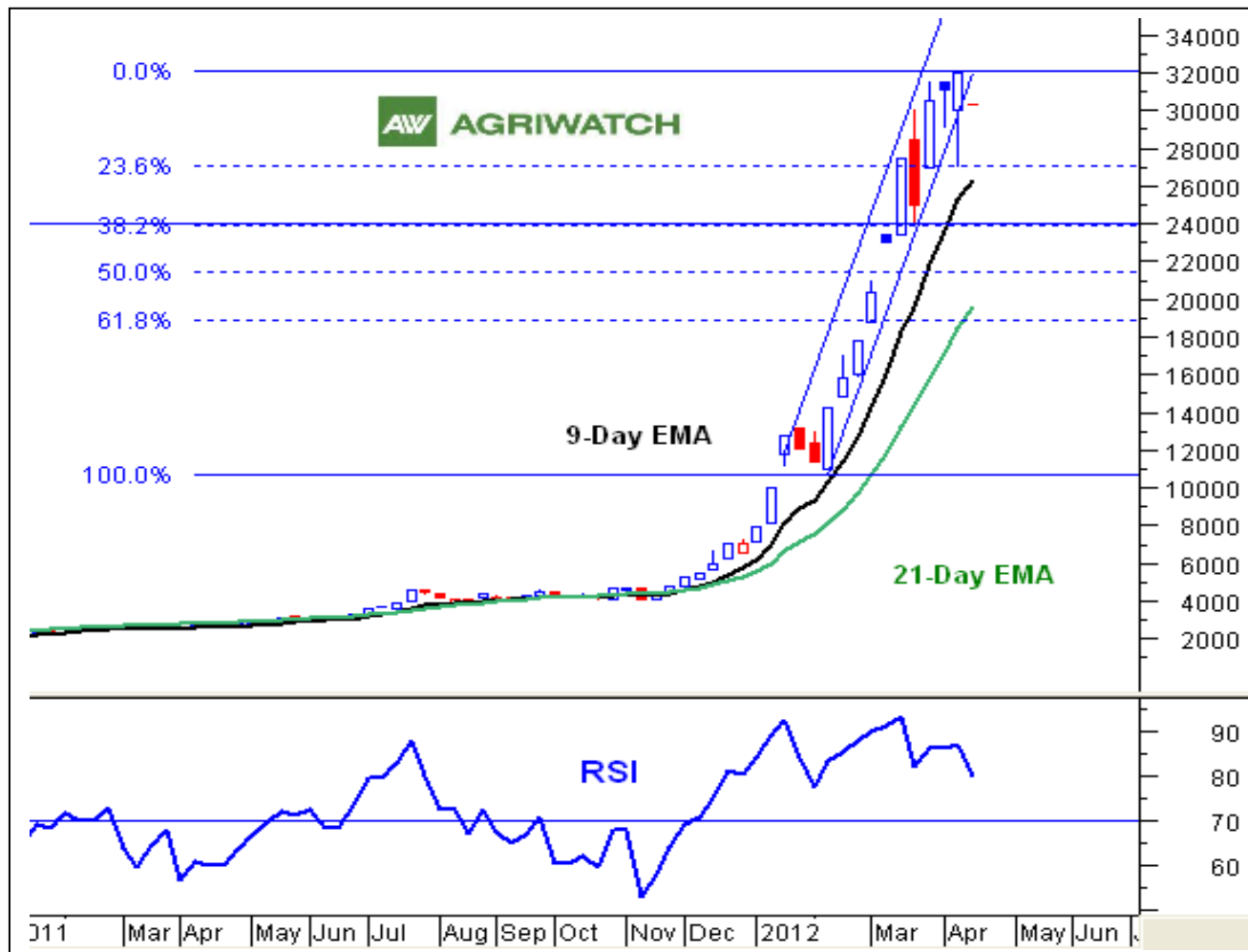
Commodity	Variety	\$/MT	
		14-04-12	07-04-12
Guargum Split		19000	19000
Guargum Powder	200 Mesh 5000 CPS	20500	20500
	200 Mesh 3500 CPS	20300	20300
Guargum Meal		300	300

Guar Cumulative Arrivals in Key Centers

Centre	Arrivals (Quintals)		Change
	Week Ending 14-04-12	Week Ending 07-04-12	
Jodhpur	-	-	-
Bikaner	50	600	-550
Nokha	20	35	-50
Hanumangarh	-	35	-
Sri-Ganganagar	50	225	-175

Adampur	3000	7700	-4700
Sirsa	-	-	-
Bhiwani	1200	2150	-950
Deesa	-	630	-
Nagaur	-	30	-
Dhabwali	-	-	-
All India	4320	11405	-7085

Spot Market Technical Analysis of Guar seed & Guar gum



Prices made new high during the week and thereafter declined breaking below the bullish channel. Stochastic oscillator is declining in the overbought region supporting weakness in near –term. For increase in prices from Rs.14,500 till Rs.32000 levels prices could notice correction towards 23.6% and 38.2% retracement level of Rs.27000 and Rs.24100 levels respectively. On the upside, prices will face resistance around Rs.33000 levels. Traders are advised to wait for lower buying levels in near –medium term.

Prices are likely to move in the range of Rs.27000-32000 levels in the coming week.

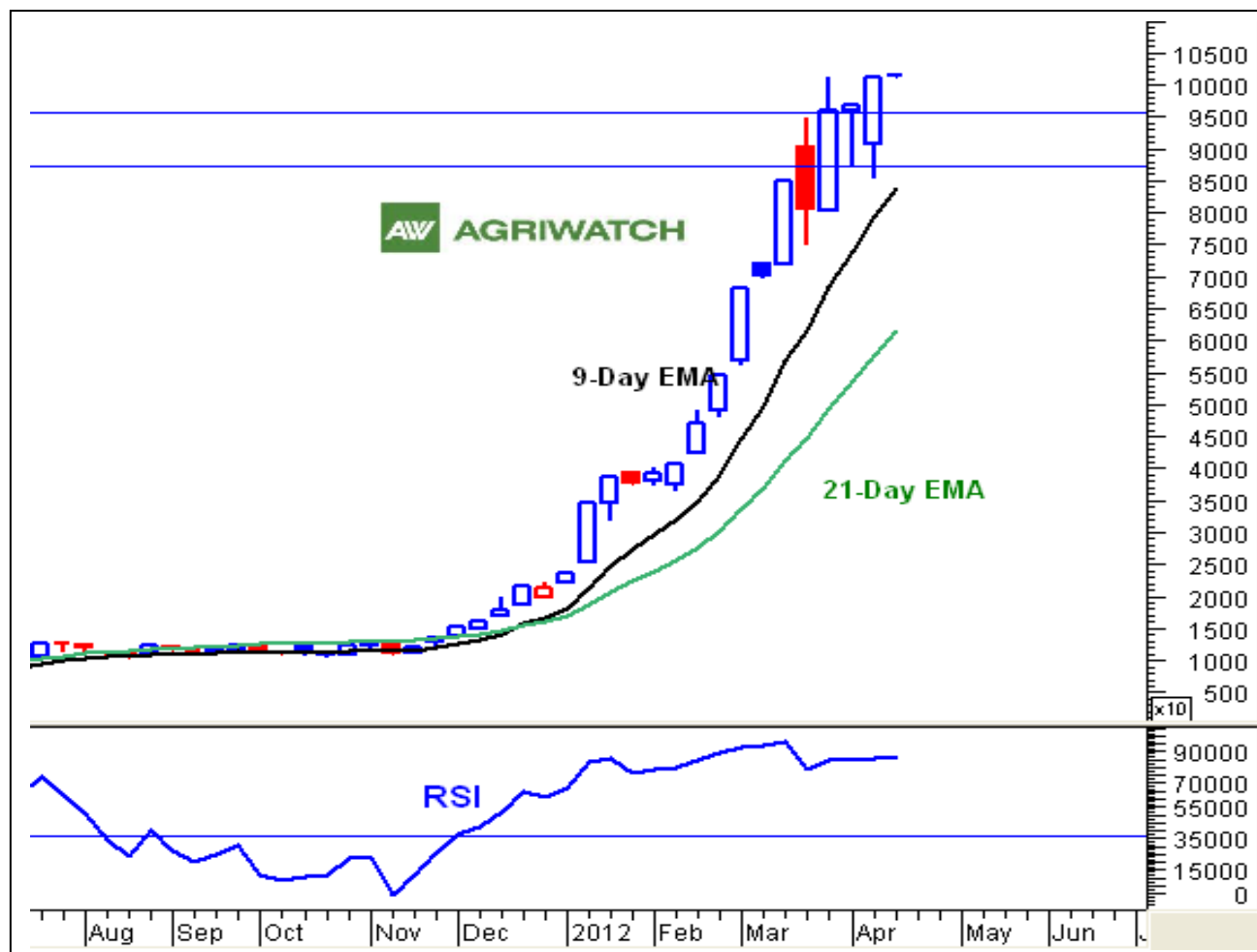


Fig-2 – Guar Gum Weekly Spot Prices (Jodhpur)

Guar gum prices continued firm tone during the week. Continuation of buying interest around current levels supported prices. RSI is steady in the overbought region supporting the overall positive tone of the market. There is immediate support at Rs.95850 levels and break below this level will result in decline in prices towards Rs.87300 levels. Resistance is at Rs. 105000 and Rs. 110000 levels. Traders are advised to be cautious as market is overbought and purchase the minimum required for their near –term need.

Prices are likely to ease and trade in the range of Rs. 85000 –Rs. 100000 in the coming week.

Spot Market Outlook:

Both Guar seed and Guar gum prices are expected to trade sideways to lower in near –term.



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