

## Domestic Market Recap:

- Guar seed and guar gum prices traded mostly lower during the week.
- Lack of buying interest around current levels weighed on the market.
- However downside was limited amid lower stocks in the ready market.
- Likely increase in acreage under guar in the coming season added to the weak tone of the market.
- Sowing activities are likely to pick up in the growing regions by next month.
- Prices are likely to trade sideways to lower in near –term.

## Current Market Dynamics

Guar seed and guar gum prices witnessed weak tone during the week. Lack of buying activities around current levels and expected increase in acreage in the coming season are weighing on the market. Buyers are reluctant to purchase around current levels following expectation of decline in prices in near –medium term. Plants in Dhabwali have closed down amid lack of stocks and are likely to open only when arrival of the new crop starts.

India is one of the largest exporters of guar gum in the world. In the coming season, the production of guar seed is likely to increase following good returns during the previous season. Guar gum extracted while processing of guar seed has many applications in industries like paper, textiles, oil fracturing and drilling etc. Demand for guar gum has increased as number of private companies allowed to explore oil and gas in the U.S. has increased.

According to Rajesh Kedia, director at Jai Bharat Gum and Chemicals Ltd., area under the crop may climb as much as 20 percent in the season starting July 1 from 3.5 million hectares during the year. Increase in crop production is likely to lead to decline in prices according to trade sources. Lower prices will help in boosting exports of guar gum in the coming season.

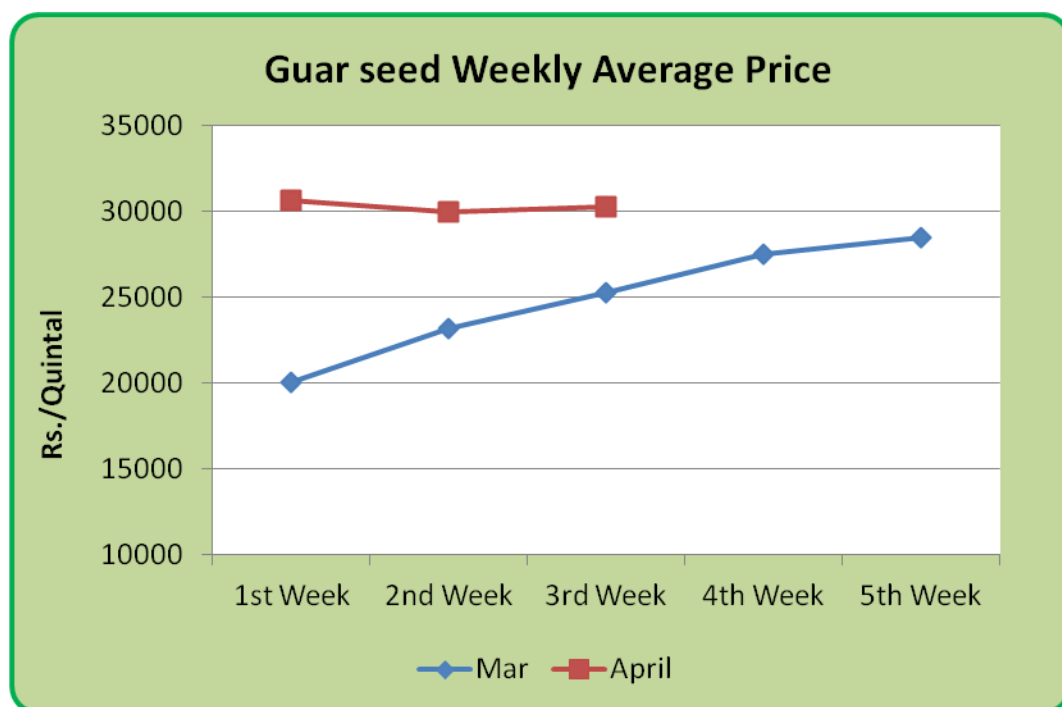
Production of guar seed is not likely to increase in U.S. Few farmers in US know how to grow guar. U.S. farmers have little incentive to switch to guar, especially without crop insurance, which discourages banks from lending money for seed or equipment because of the risk of crop losses from flood or drought. U.S. will primarily depend on India for its need for guar gum.

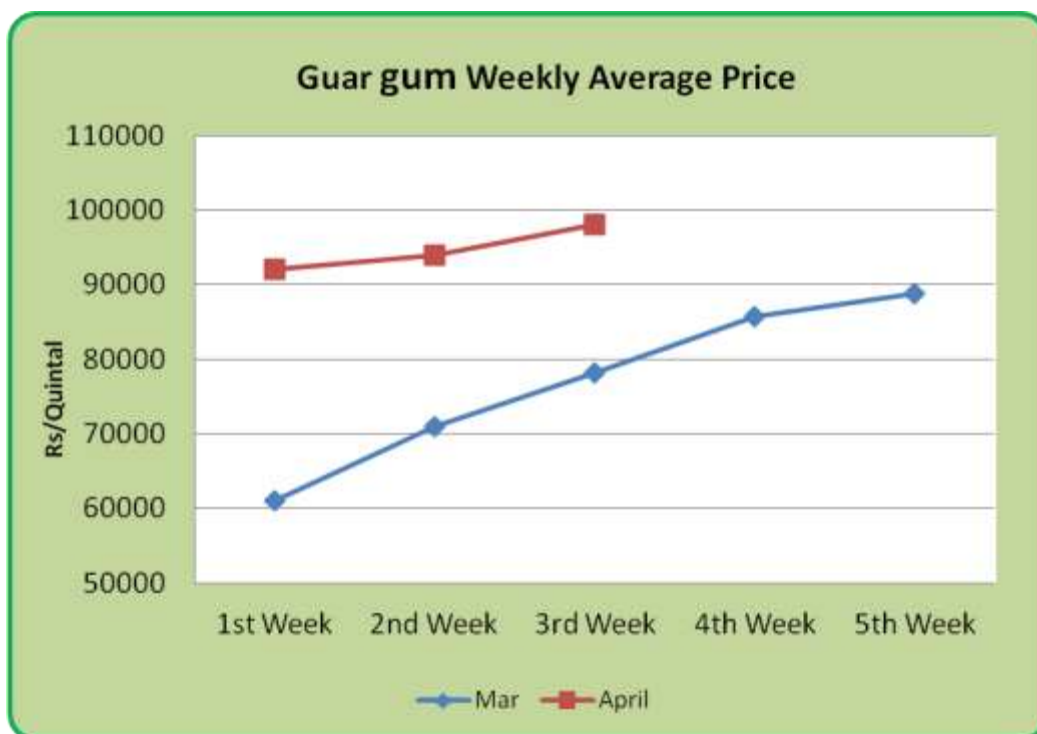
## Export and Import Scenario

As per sources, both Gum and Powder demand continues to rise in overseas market. Major buyers like China and U.S continue to queue 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 traded lower during the weekend. However the average prices increased slightly week-on-week basis in Jodhpur market.. In the third week of April, average price of guar seed increased 1% to Rs.30300/Quintal and that of guar gum increased by 4.3% to Rs.98083/Quintal compared to previous week. Lack of stocks in the ready market supported 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, the crushing margin of guar seed improved further during the week. In the current week, average crush margin stood at Rs.468.94/Quintal compared to previous week's average crush margin of Rs.-576.87/Quintal. Margin improved amid decline in prices of guar seed. Margin is likely to improve in near – term amid expected decline in price of the raw material.

### Guar Prices at Key Spot Markets

Commodity	Centre	Prices in Rs/Qtl		Change
		21-04-12	14-04-12	
Guar Seed				
	Jodhpur (Delivery)	28000	Closed	-
	Jodhpur (Loose)	27000	Closed	-
	Bikaner (Delivery)	29500	30000	-500
	Bikaner (Loose)	28500	31000	-1500
	Nokha	28600	28500	+100
	Hanumangarh	28700	29700	-1000
	Sri-Ganganagar	28400	30000	-1600
	Adampur	29000	31000	-2000
	Sirsa	29000	30000	-1000
	Bhiwani	29000	30600	-1600
	Deesa	25125	Closed	-
	Nagaur	27500	28500	-1000
	Dhabwali	Closed	-	-
Guar Gum	Jodhpur	97500	100000	-2500
	Bhiwani	97000	102500	-5500
	Dhabwali	Closed	-	-

### Guar by – Products Prices:

Commodity	Centre	Price in Rs/75Kg	
		21-04-12	14-04-12
Churi	Jodhpur	650	638
Korma	Jodhpur	950	900

### Guar Export Prices:

Commodity	Variety	\$/MT	
		21-04-12	14-04-12
Guargum Split		19700	19000
Guargum Powder	200 Me sh 5000 CPS	21200	20500
	200 Me sh 3500 CPS	21100	20300
Guargum Meal		300	300

### Guar Cumulative Arrivals in Key Centers

Centre	Arrivals (Quintals)		Change
	Week Ending 21-04-12	Week Ending 14-04-12	
Jodhpur	-	-	-
Bikaner	100	50	+50
Nokha	12	20	-8
Hanumangarh	-	-	-
Sri-Ganganagar	20	50	-30
Adampur	2500	3000	-500
Sirsa	-	-	-
Bhiwani	400	1200	-800
Deesa	70	-	-
Nagaur	25	-	-
Dhabwali	-	-	-
All India	3127	4320	-1193

### Spot Market Technical Analysis of Guar seed & Guar gum

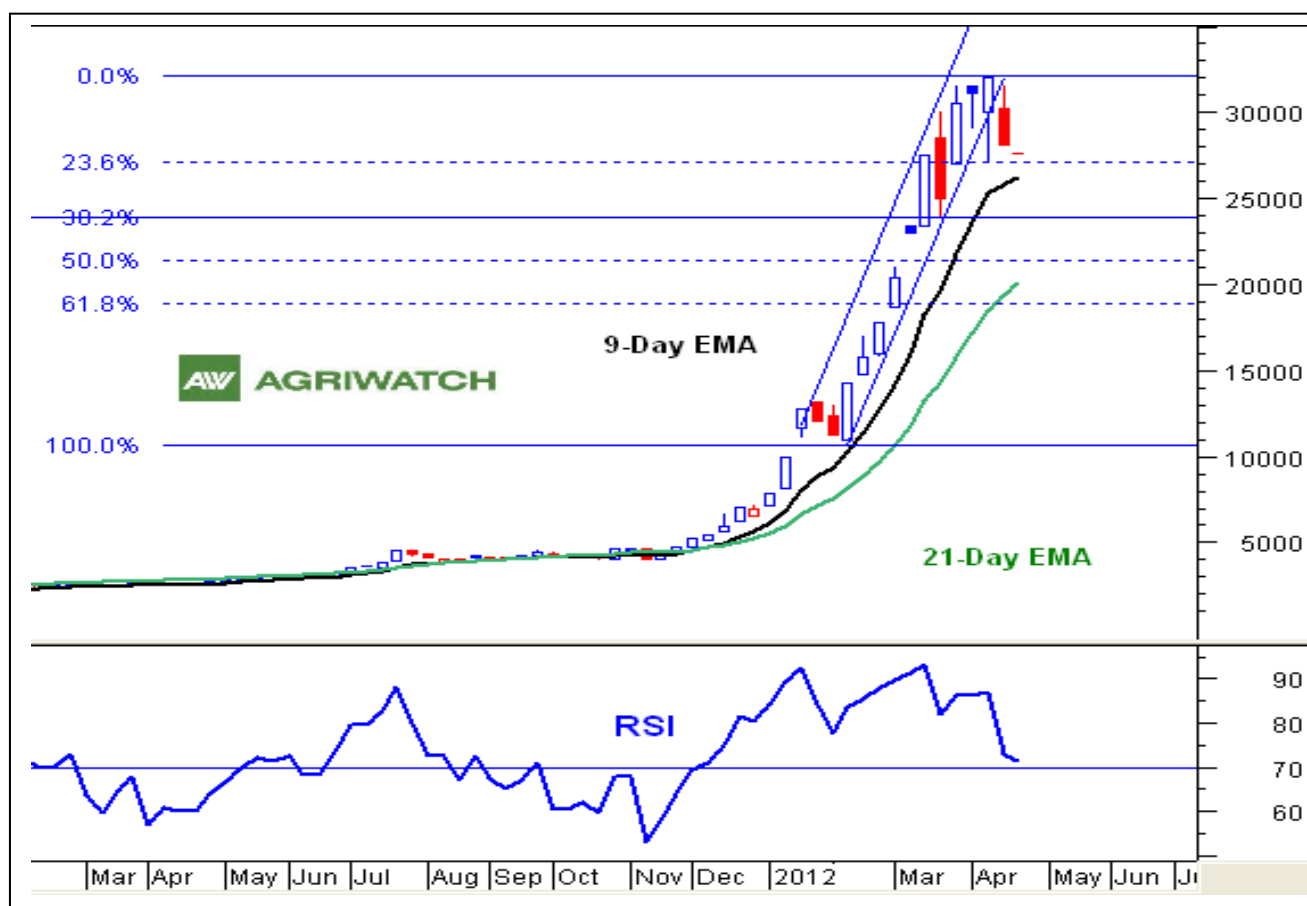
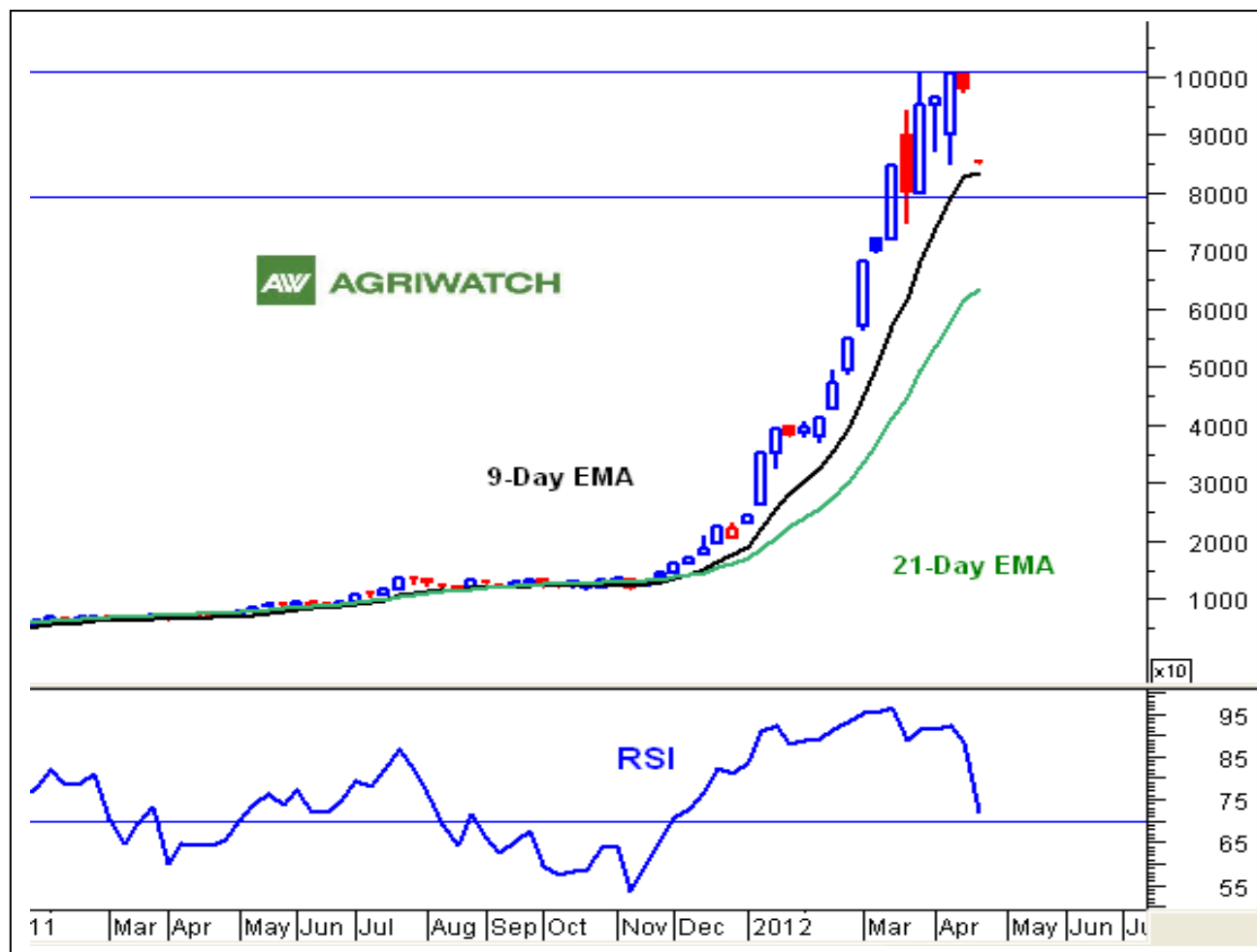


Fig-1 – Guar Seed Weekly Spot Prices (Jodhpur)

Prices traded lower during the week breaking below the bullish channel as seen in the chart above. RSI is declining in the overbought region supporting further decline in prices in the near –term. Prices are trending towards 23.6% retracement level of Rs.26890. If this level is broken, prices will find support around Rs.24000 levels. Prices are holding above 9-Day and 21-Day EMA supporting the overall firm tone of the market. On the upside, prices will find resistance at Rs.30000 and Rs.32000 levels respectively.

**Prices are likely to trend towards Rs.25000/Qtl levels in near –term.**



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

Guar gum prices declined in line with guar seed prices. Profit-booking at higher levels weighed on the market. Stochastic oscillator is declining in the overbought region supporting weakness in near –term. There is support at Rs.80000 level and if prices break this level, it will decline towards Rs.70000 level. MACD is declining in the positive territory supporting the weak tone of the market. There is resistance at psychological level of Rs.100,000. Prices are unlikely to sustain above this level in the coming days. Traders are advised to wait for better buying levels in near –medium term.



*Prices are likely to ease and trade in the range of Rs.70000/Qtl –Rs.80000/Qtl levels in the coming week.*

### **Spot Market Outlook:**

Both Guar seed and Guar gum prices are expected to notice weak tone in near –term.

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