

## Domestic Market Recap:

- Guar seed and guar gum prices witnessed recovery during the week recording new highs.
- Export inquiries around current levels supported prices.
- Arrivals have picked up slightly in the major mandis.
- According to trade sources, sowing of guar has taken place in certain parts of Gujarat and Rajasthan. Normal sowing of guar will start in July.
- Acreage under guar will increase in the coming season amid better returns during the previous season.
- Prices will be more or less steady to firm until there is a clear picture of sowing by next month.

## Current Market Dynamics

Guar seed and guar gum prices witnessed recovery during the week. Prices touched new highs amid good export demand around current levels. Limited stocks amid increasing demand for guar gum added to the positive tone of the market. Sowing activities of guar are picking up in the certain growing regions of Rajasthan and Karnataka.

Guar crop sown in certain areas of Gujarat is not likely to be successful according to trade sources. Exact size of the guar crop is not clear as of date. Normal sowing of guar will start after the commencement of monsoon in July in the growing areas. Sources said that the guar acreage are expected to touch 3 to 4 times hike in 2012 from 3.5 million hectares covered in 2011 due to which production is likely to reach 40 million bags against 12 million bags of previous year production. However exact picture will be clear once sowing picks up in the growing areas. Shift in acreage from other crops like cotton, castor, jowar and bajra will further lead to increase in acreage in the coming season.

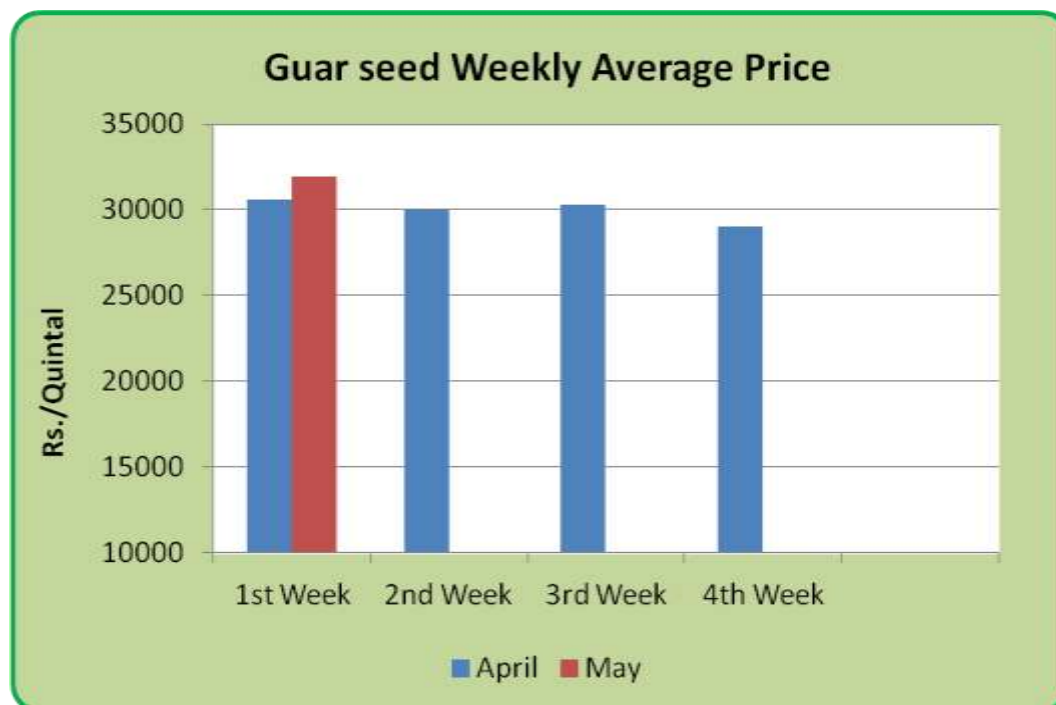
Export demand for guar gum from China, Europe and U.S. will increase following growing demand of guar gum in various industries. Demand from these countries will primarily depend on India. Expected increase in production will weigh on guar seed prices in medium –term. According to trade sources, demand for guar gum in the coming season is expected to increase by 2-3 times compared to previous season.

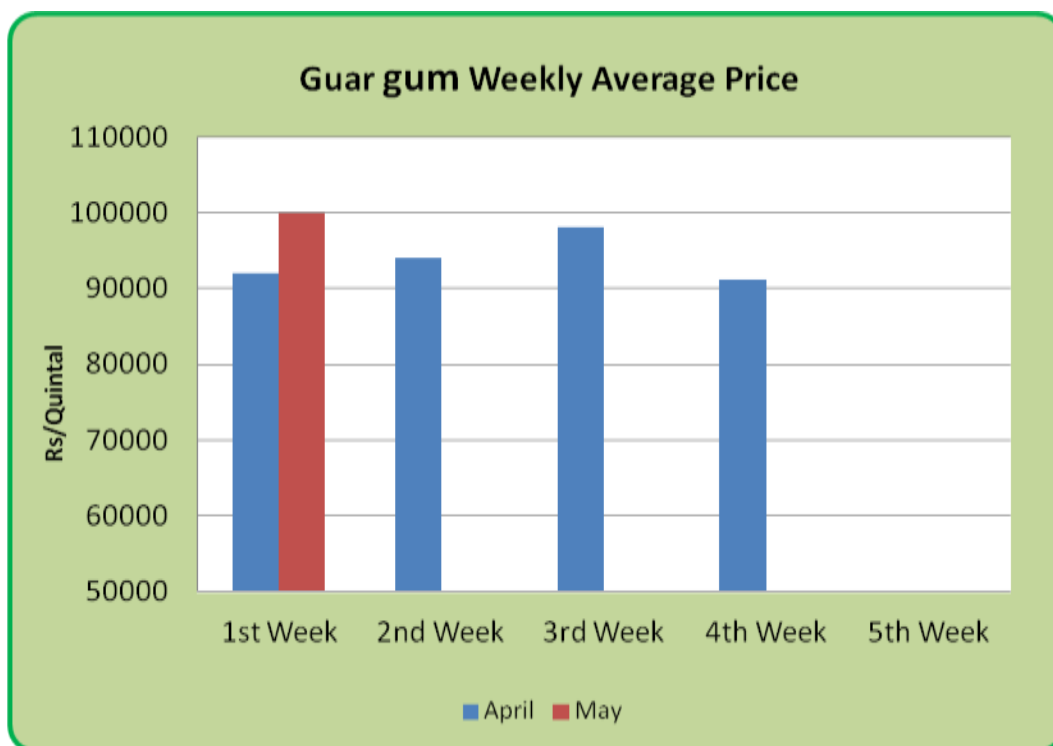
## Export and Import Scenario

As per sources, both Gum and Powder demand continues to rise in overseas market. Major buyers like China, Europe 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. Latest official export figures are not available in APEDA.

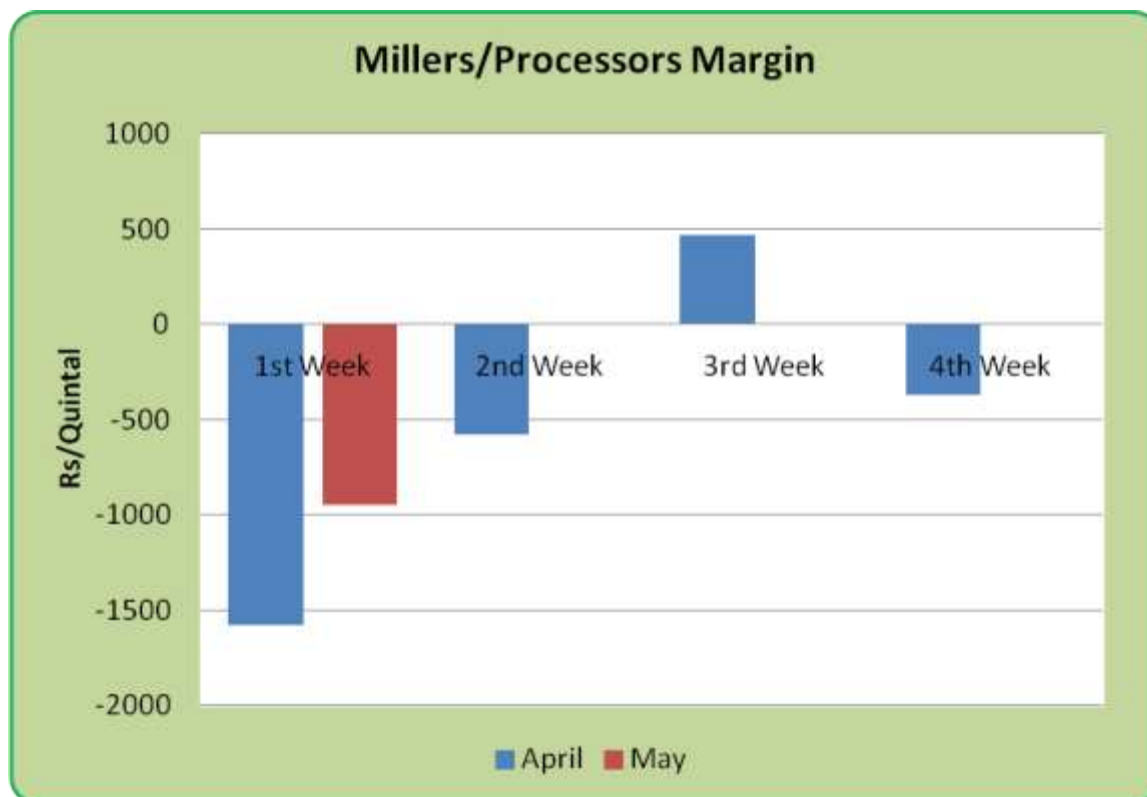
### Price Scenario

Guar seed and guar gum prices traded higher during the week. The average prices increased week-on-week basis in Jodhpur market.. In the first week of May, average price of guar seed increased by 10.00% to Rs.31920/Qtl and that of guar gum increased by 9.5% to Rs.100000/Qtl compared to the previous week. 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 declined further during the week. However margin improved compared to the first week of April. In the current week, average crush margin stood at Rs.-944.80/Quintal compared to previous week's crush margin of Rs.-367.76/Quintal amid increase in price of guar seed. Margin is likely to decline further in the coming days as guar seed prices could decrease amid expected increase in production. Millers are processing in limited quantity to meet exporter demand.

### Guar Prices at Key Spot Markets

Commodity	Centre	Prices in Rs/Qtl		Change
		05-05-12	28-04-12	
Guar Seed				
	Jodhpur (Delivery)	30400	30000	+400
	Jodhpur (Loose)	29300	27000	+2300
	Bikaner (Delivery)	29200	28200	+1000
	Bikaner (Loose)	28000	27300	+700
	Nokha	29000	26800	+2200
	Hanumangarh	29200	27600	+1600
	Sri-Ganganagar	31000	29000	+2000
	Adampur	30000	27800	+2200
	Sirsa	-	27500	-
	Bhiwani	30000	28500	+1500
	Deesa	25900	25720	+180
	Nagaur	28500	26000	+2500
	Dhabwali	-	-	-
Guar Gum	Jodhpur	100000	93500	+6500
	Bhiwani	101000	95000	+6000
	Dhabwali	-	-	-

### Guar by – Products Prices:

Commodity	Centre	Price in Rs/75Kg	
		05-05-12	28-04-12
Churi	Jodhpur	700	625
Korma	Jodhpur	1000	925

### Guar Export Prices:

Commodity	Variety	\$/MT	
		05-05-12	28-04-12
Guargum Split		21000	19300
Guargum Powder	200 Me sh 5000 CPS	22100	20600
	200 Me sh 3500 CPS	22000	20500
Guargum Meal		295	295

### Guar Cumulative Arrivals in Key Centers

Centre	Arrivals (Quintals)		Change
	Week Ending 05-05-12	Week Ending 28-04-12	
Jodhpur	-	-	-
Bikaner	500	100	+400
Nokha	7	5	+2
Hanumangarh	-	-	-
Sri-Ganganagar	-	-	-
Adampur	600	700	-100
Sirsa	-	-	-
Bhiwani	500	600	-100
Deesa	70	85	-15
Nagaur	-	-	-
Dhabwali	-	-	-
All India	1677	1490	+187

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

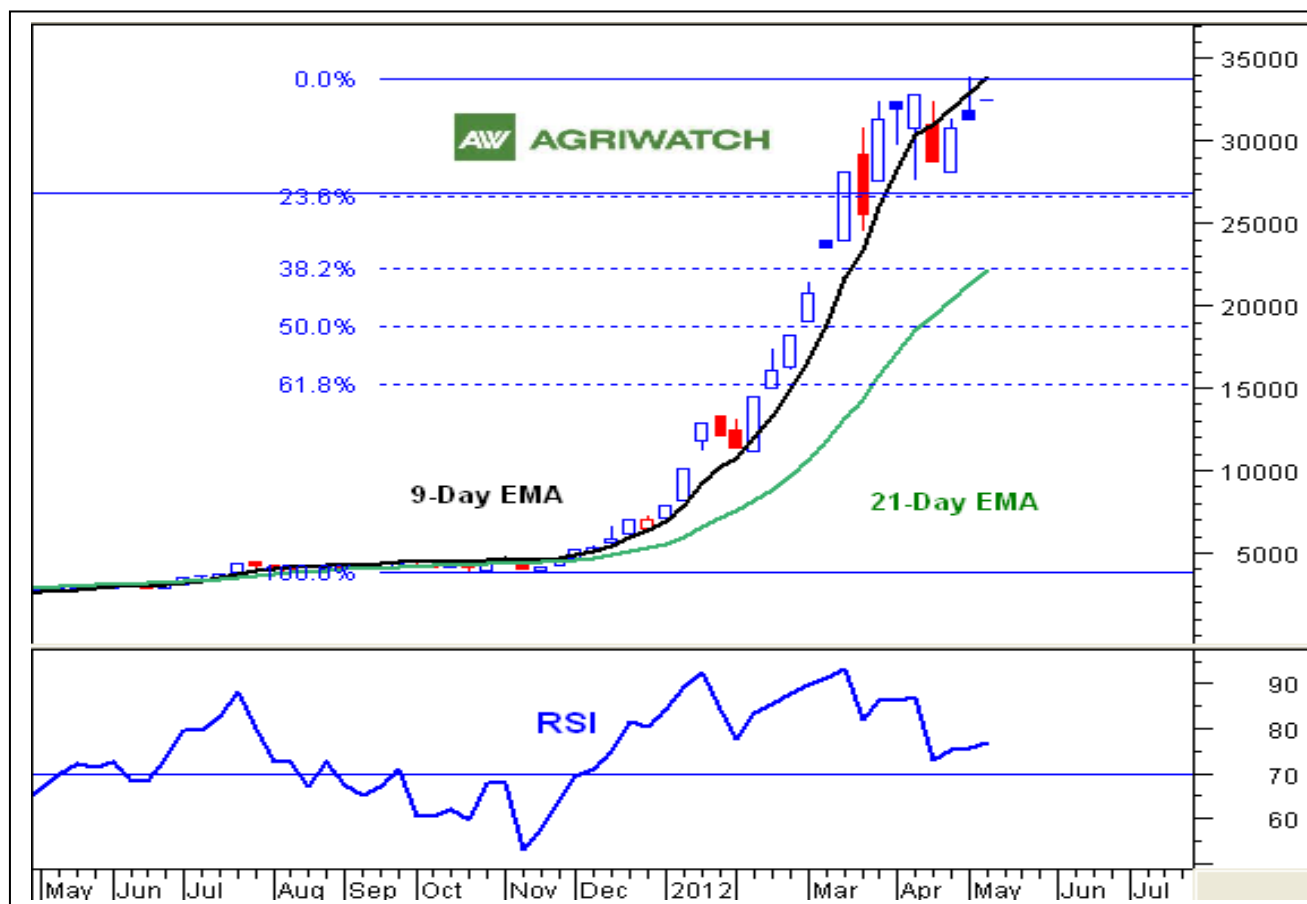
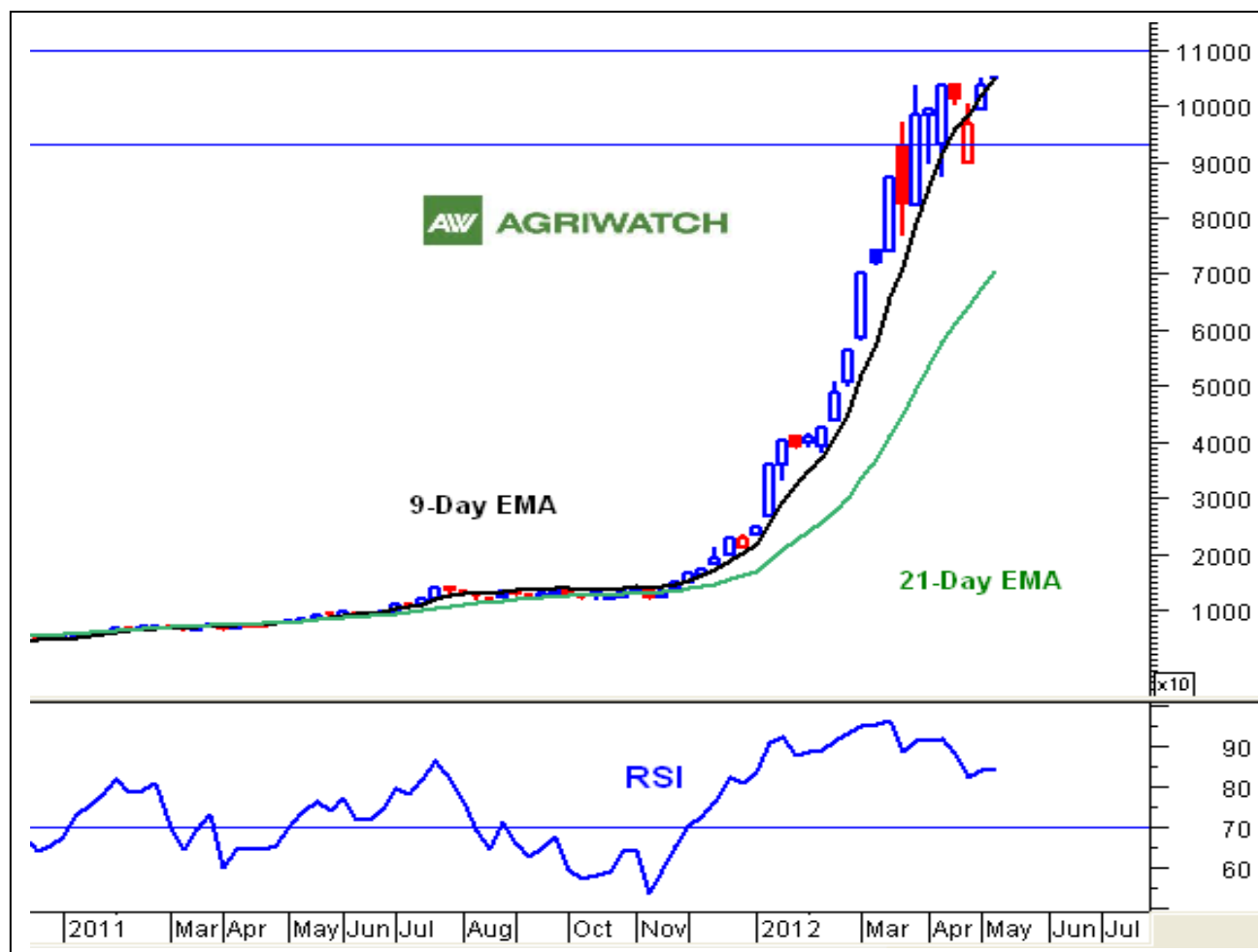


Fig-1 – Guar Seed Weekly Spot Prices (Jodhpur)

Prices recovered towards Rs.32000 levels as expected and recorded new highs during the week. Overall positive tone is intact as prices have recovered after retracing towards 23.6% level of Rs.26820/Qtl levels. Prices are trading between 9-Day and 21-Day EMA supporting sideways to firm tone in the near –term. RSI is increasing in the overbought region supporting upward move in the near –term. On the downside there is support at Rs.27250 levels and Rs.27500 levels. On the upside there is resistance at Rs.35000 and Rs.37000 levels respectively. Prices are likely to trend towards resistance levels in the coming days. Buyers are advised to be cautious and can purchase their minimum requirement.

**Prices are likely to test Rs.35000/Qtl levels in near –term.**



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

Guar gum prices increased during the week in line with price of guar seed. Prices recorded new high and maintained the positive tone during the week. Stochastic oscillator is increasing in the overbought region supporting further upside movement in near –term. Prices are likely to test Rs.105000 levels in the near –term. MACD is steady in the positive territory supporting overall positive tone of the market. Prices will find support at Rs.90000 and Rs.85000 levels respectively. On the upside there is resistance at Rs.110000 and Rs.115000.



**Prices are likely to trend towards Rs.105000 levels in the near –term.**

### **Spot Market Outlook:**

Both Guar seed and Guar gum prices are expected to continue recovery in the near –term.

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