

Domestic Market Recap:

- Guar seed prices noticed firm tone during the week while slight decline was witnessed in guar gum prices.
- Lack of good export demand around current levels weighed on the market.
- FMC has been asked to submit further detailed report on rally in guar futures.
- Farmers are facing shortage of seeds for sowing purpose.
- Normal sowing activities of guar are expected in third week of June -July after the commencement of monsoon. According to IMD monsoon is expected to be normal in the coming season.
- According to trade sources, sowing of guar is going on in Bikaner, Hanumangarh and Sri-Ganganagar areas of Rajasthan.

Current Market Dynamics

Guar seed prices noticed firm tone during the week while guar gum prices declined slightly. Prices traded in a narrow range amid lack of cluster buying activities in the market. Lack of seed for sowing purpose lent some support to the market. Sowing activities of guar are picking up in the certain growing regions of Rajasthan and Karnataka.

Record high prices of guar seed and guar gum has encouraged many farmers to shift from other crops like jowar, bajra, cotton etc towards guar during this season. However currently farmers are facing shortage of seed for sowing purpose. Sowing of guar will start by third week of June –July after the commencement of monsoon in the major growing states of Rajasthan, Haryana and Gujarat.

The crop will be harvested in October –November. Stockists and farmers have sold their crop to reap the benefits of record high prices of around Rs.30000 –Rs.32000/Qtl. A few stockists are holding minimal quantity. Farmers have started procuring guar seed from mandis at current higher prices. According to trade sources, earlier total sowing of guar was expected to rise to five million hectares this year compared to 3.5 million hectares last year. The actual area sown and crop size will depend on seed availability and monsoon in the growing regions. According to IMD monsoon is expected to be normal in the coming season.

The FMC has submitted a report on price volatility in guar complex during the last few months to the Ministry of Consumer Affairs. Fines have been levied on few companies for breaching rules and regulations. The FMC has been asked further to submit a report on guar futures.

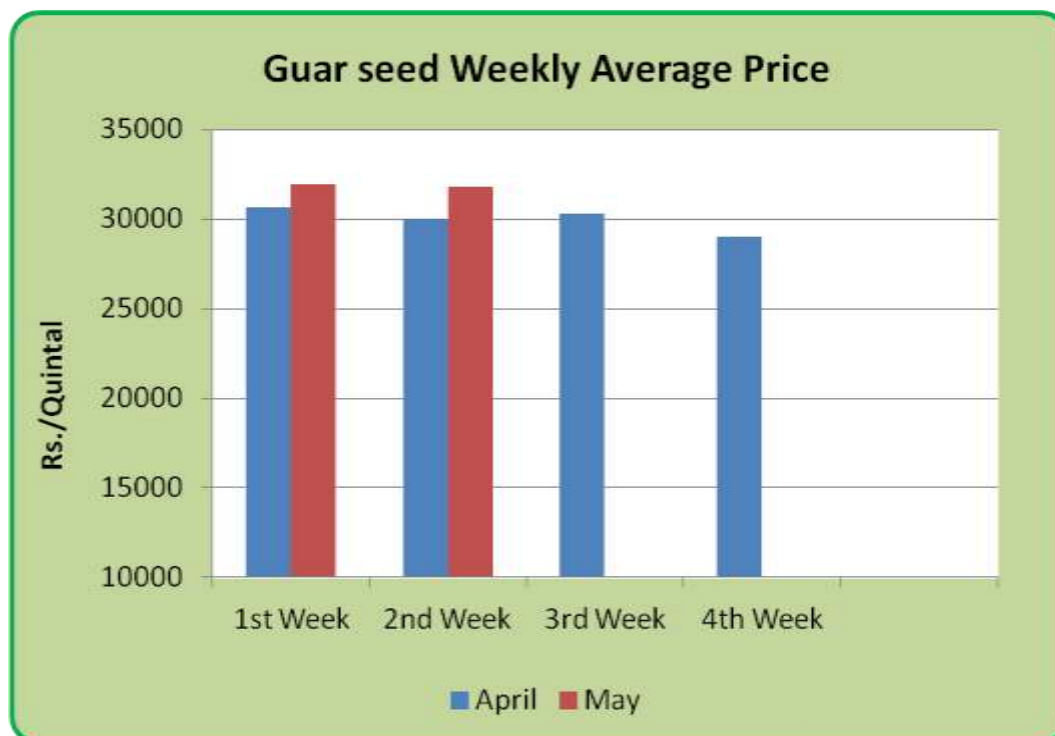
Export and Import Scenario

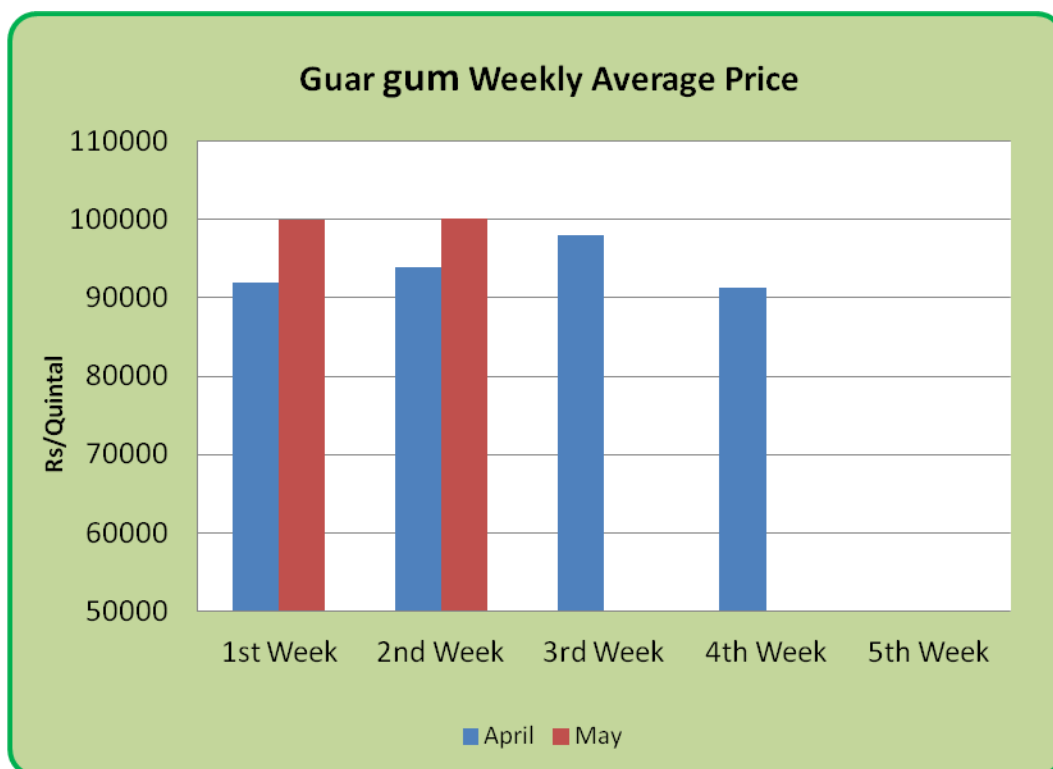
As per sources, both Gum and Powder demand continues to rise in overseas market. Major buyers like China, Europe and U.S continue to queue in the market to fulfill their daily requirement, mainly for industrial use. As per APEDA, Guar gum exports registered an increase of 75.8% to 3.48 lakh tonnes during 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.

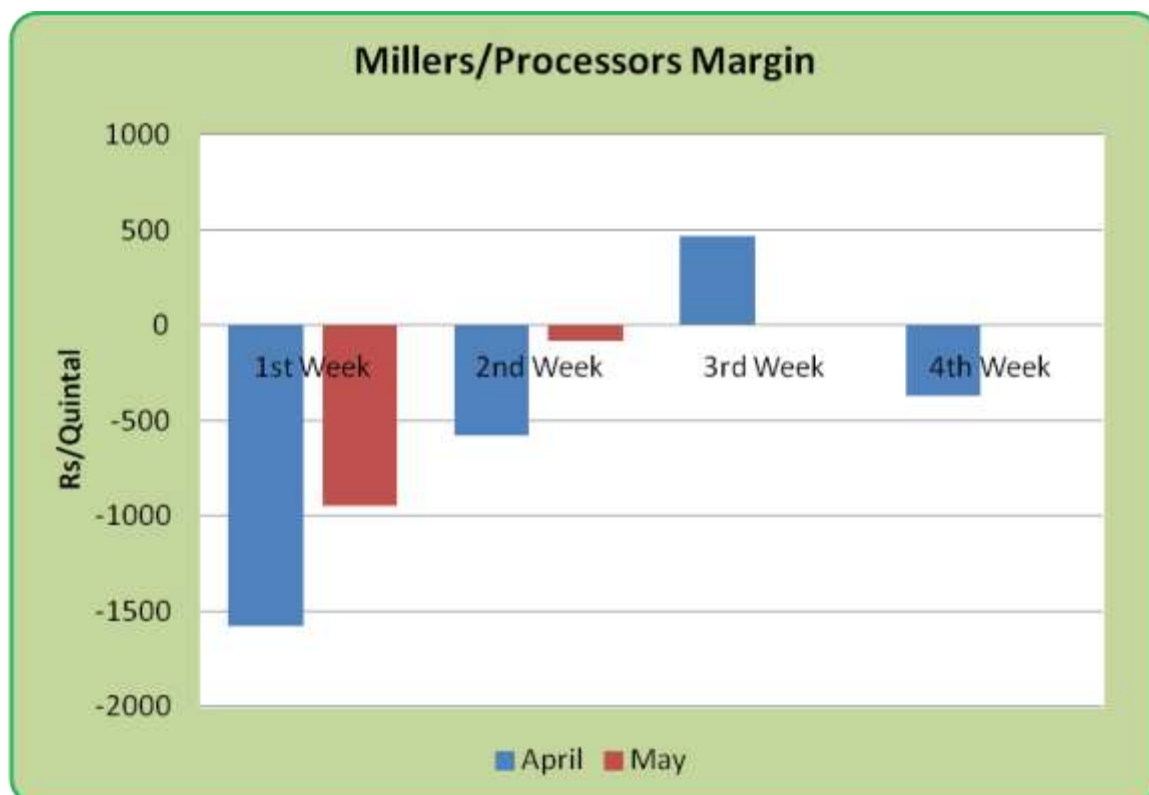
Price Scenario

Guar seed prices traded higher during the week while the average price of guar seed declined slightly week-on-week basis. Guar gum prices increased slightly week-on-week basis in Jodhpur market. In the second week of May, average price of guar seed declined by 0.5% to Rs.31 760/Qtl and that of guar gum increased by 0.2% to Rs.100200/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 improved during the week. In the current week of May, average crush margin stood at Rs.-82.60/Quintal compared to previous week's crush margin of Rs.-944.80/Quintal amid decline in processing cost of guar seed. Margin is likely to improve in the coming days as guar seed prices could decline amid expected increase in acreage. A few stockists are holding minimal quantity and some of it will be used for sowing.

Guar Prices at Key Spot Markets

Commodity	Centre	Prices in Rs/Qtl		Change
		11-5-2012	05-05-12	
Guar Seed				
	Jodhpur (Delivery)	31500	30400	+1100
	Jodhpur (Loose)	28000	29300	-1300
	Bikaner (Delivery)	30000	29200	+800
	Bikaner (Loose)	29000	28000	+1000
	Nokha	29300	29000	+300
	Hanumangarh	29200	29200	Unch
	Sri-Ganganagar	30000	31000	-1000
	Adampur	29500	30000	-500
	Sirsa	30500	-	-
	Bhiwani	30000	30000	Unch
	Deesa	25610	25900	-290
	Nagaur	28500	28500	Unch
	Dhabwali	-	-	-
Guar Gum	Jodhpur	98000	100000	-2000
	Bhiwani	99500	101000	-1500
	Dhabwali	-	-	-

Guar by – Products Prices:

Commodity	Centre	Price in Rs/75Kg	
		11-05-12	05-05-12
Churi	Jodhpur	675	700
Korma	Jodhpur	975	1000

Guar Export Prices:

Commodity	Variety	\$/MT	
		11-05-12	05-05-12
Guargum Split		20000	21000
Guargum Powder	200 Me sh 5000 CPS	21400	22100
	200 Me sh 3500 CPS	21300	22000
Guargum Meal		300	295

Guar Cumulative Arrivals in Key Centers

Centre	Arrivals (Quintals)		Change
	Week Ending 11-05-12	Week Ending 05-05-12	
Jodhpur	-	-	-
Bikaner	300	500	-200
Nokha	40	7	+33
Hanumangarh	-	-	-
Sri-Ganganagar	-	-	-
Adampur	700	600	+100
Sirsa	-	-	-
Bhiwani	200	500	-300
Deesa	62	70	-8
Nagaur	-	-	-
Dhabwali	-	-	-
All India	1302	1677	-375

Spot Market Technical Analysis of Guar seed & Guar gum

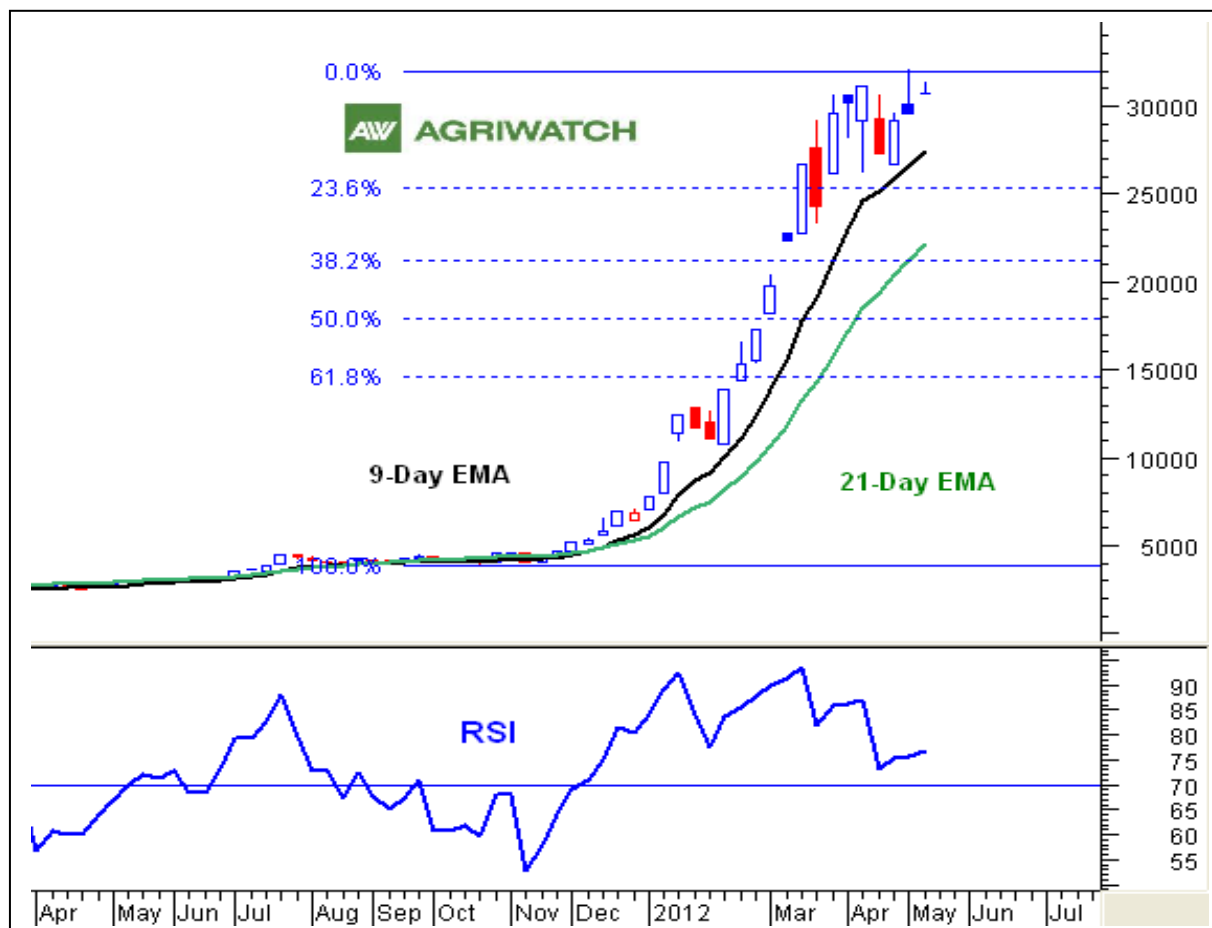


Fig-1 – Guar Seed Weekly Spot Prices (Jodhpur)

Guar seed prices traded in a narrow range during the week. Prices were range –bound between Rs.31500/Qtl-Rs.32300/Qtl during the week. MACD is steady in the positive region supporting the overall bullish tone of the market. RSI is increasing in the overbought region supporting firm tone in near –term. After noticing a retracement of 23.6%, prices are trading range –bound. On the downside there is support at Rs.28250 levels. The next support is at Rs.27500 levels. On the upside there is resistance at Rs.35000/Qtl and Rs.37000/Qtl levels respectively.

Prices are likely to trade between Rs.29000/Qtl -Rs.32000/Qtl levels in the coming week.

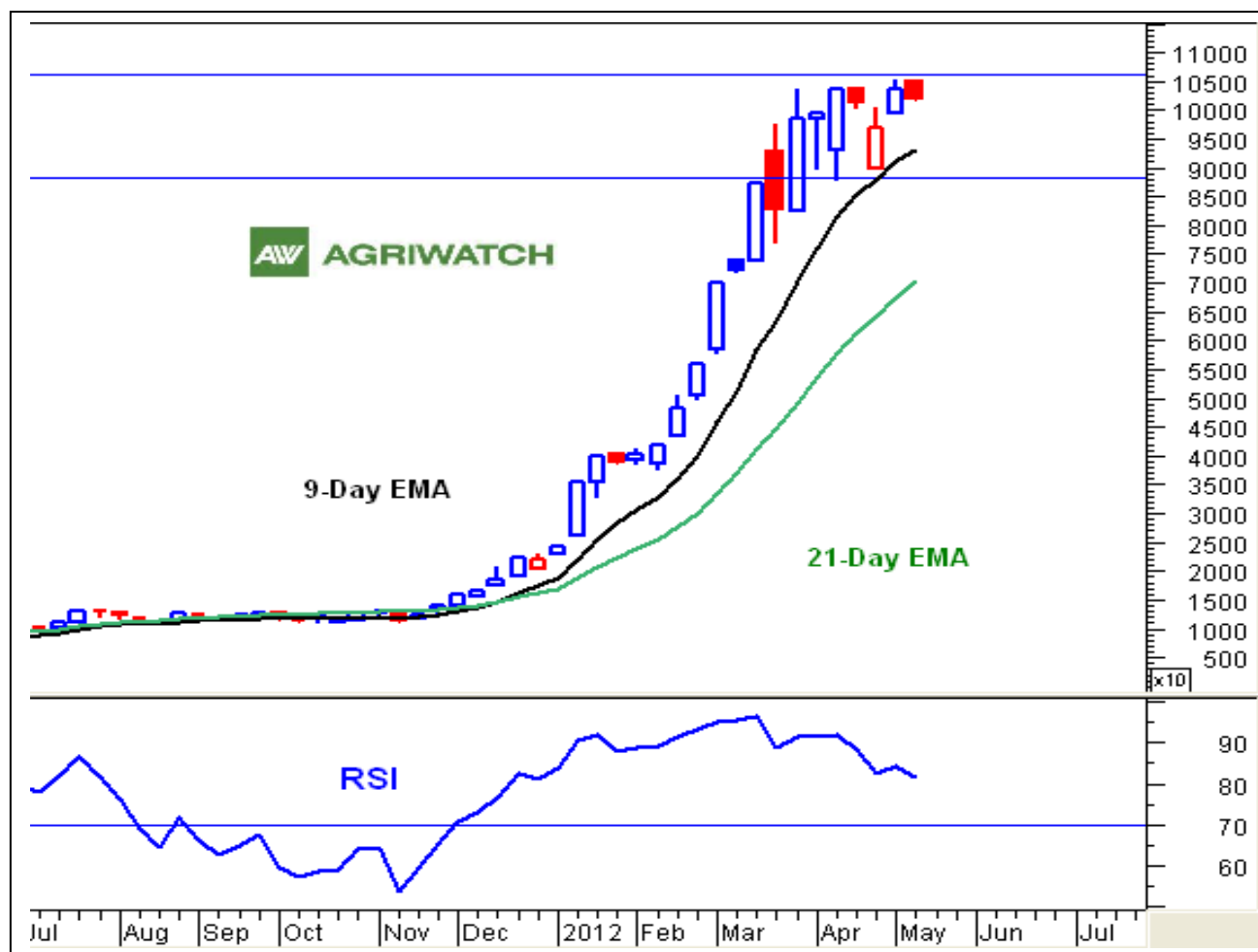


Fig-2 – Guar Gum Weekly Spot Prices (Jodhpur)

Guar gum prices witnessed profit –booking during the week. Prices are facing resistance around Rs.100000/Qtl 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 are likely to continue weakness in near –term towards Rs.95000/Qtl levels. On the downside there is support at Rs.90000/Qtl and Rs.85000/Qtl levels. On the upside prices will face resistance around Rs.105000/Qtl and Rs.110000/Qtl levels.

Prices are likely to decline towards Rs.90000/Qtl levels in the near –term.

Spot Market Outlook:

Both Guar seed and Guar gum prices are likely to notice weakness in the near –term.



Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>

© 2005 Indian Agribusiness Systems Pvt Ltd.