

Domestic Market Recap:

- Guar seed prices witnessed mixed tone and guar gum prices noticed recovery during the week.
- Buying activities remains lack –luster around current levels in the spot market.
- Expectation of higher acreage in the coming season is adding to the weak tone of the market.
- According to trade sources, acreage under guar seed is expected to increase to 5 million hectares compared to 3.5 million hectares during the previous season.
- Guar gum powder makers continue to buy in the market, thereby supporting prices..
- According to trade sources, U.S. is encouraging its farmers to grow more guar seed in this season. However there is no official confirmation on the same.

Current Market Dynamics

Guar seed and guar gum prices noticed mixed tone during the week. Lack –luster buying activities in the spot market weighed on prices. Sowing progress of guar is expected in July, which will give further direction to the market. Size of the guar crop has not been ascertained as of date and has not been much successful due to lack of favourable weather in the growing regions.

Farmers have reaped good profits during the season following record high prices of guar seed and guar gum. Good demand for guar gum from guar gum powder makers supported the market. Farmers are diverting from other crops like cotton, jowar and bajra towards guar. According to trade sources, farmers in Punjab will divert 5-10% of the area under cotton towards guar in the coming season. Normal sowing of guar crop will start by July. Farmers are facing shortage of seed for sowing purpose. The actual size of the crop will depend on availability of seed and progress of monsoon in the medium –term.

The FMC has been asked to submit a further detailed report on rally in guar futures. There is no clarification on re-launching of guar seed and guar gum futures at NCDEX. NCDEX had taken steps to regulate prices. However good export demand amid lack of stocks added to the positive tone of the market.

In U.S. more private companies have been allowed for oil exploration and guar gum is used in oil drilling industries. U.S. is primarily dependant on India for its requirement. According to trade sources, U.S. is encouraging its farmers to grow more guar seed in this season. However there is no official confirmation on the same.

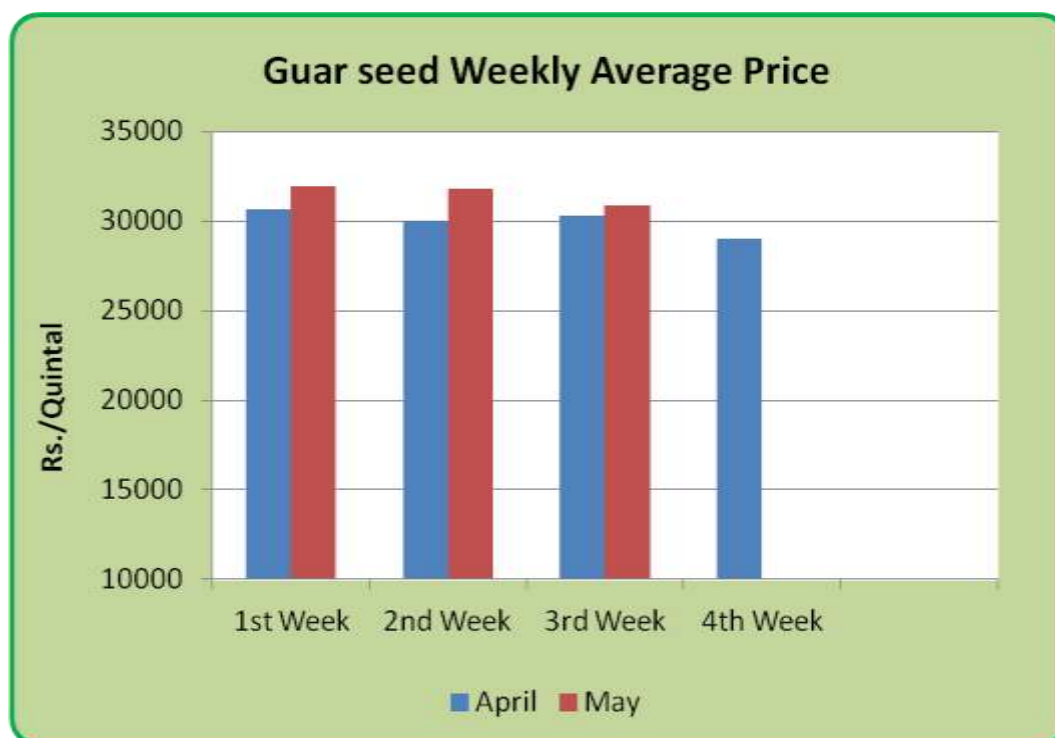
Export and Import Scenario

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

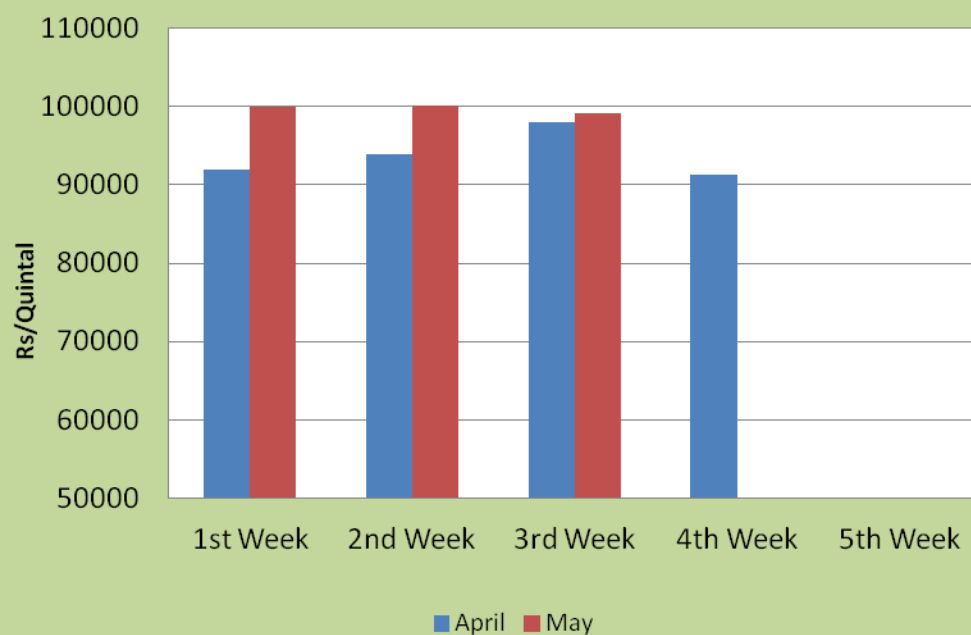
against 1.98 lakh tonnes recorded during the same period of the previous year. Latest official export figures are not available in APEDA.

Price Scenario

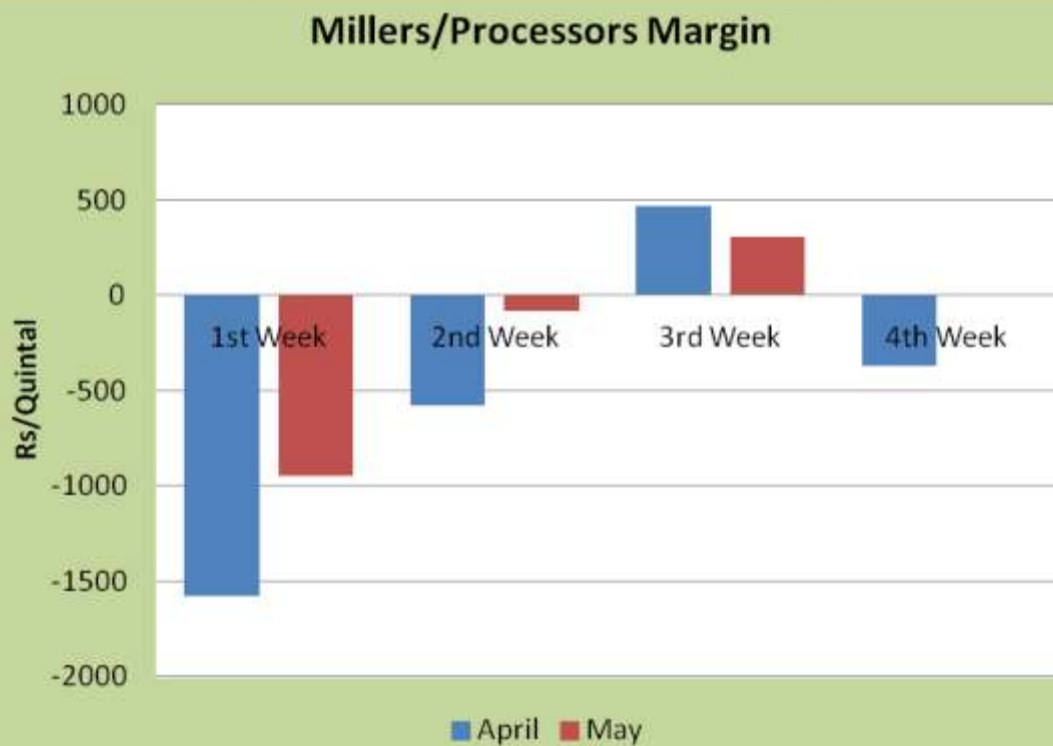
Guar seed and guar gum prices traded mixed during the week and the average price closed lower week –on-week basis. In the third week of May, average price of guar seed declined by 2.9% to Rs.30840/Qtl and that of guar gum declined by 1% to Rs.99200/Qtl compared to previous week. The graph below illustrates the weekly average price movement of guar seed and guar gum in Jodhpur market.



Guar gum Weekly Average Price



Millers/Processors Margin



As seen in the chart above, the crushing margin of guar seed continued recovery during the week. In the current week of May, average crush margin stood at Rs.306.64.60/Quintal compared to previous week's crush margin of Rs.-82.60/Quintal amid decline in processing cost of guar seed. In the coming season, guar seed acreage is expected to increase from 3.5 million hectares to 5.0 million hectares. Margin is expected to improve amid decline in price of guar seed.

Guar Prices at Key Spot Markets

Commodity	Centre	Prices in Rs/Qtl		Change
		18-5-2012	11-05-12	
Guar Seed				
	Jodhpur (Delivery)	30800	31500	-700
	Jodhpur (Loose)	29600	28000	+1600
	Bikaner (Delivery)	30500	30000	+500
	Bikaner (Loose)	29500	29000	+500
	Nokha	29000	29300	-300
	Hanumangarh	29700	29200	+500
	Sri-Ganganagar	29500	30000	-500
	Adampur	30500	29500	+1000
	Sirsa	29500	30500	-1000
	Bhiwani	30600	30000	+600
	Deesa	25600	25610	-10
	Nagaur	29200	28500	+700
	Dhabwali	-	-	-
Guar Gum	Jodhpur	101000	98000	+3000
	Bhiwani	102000	99500	+2500
	Dhabwali	-	-	-

Guar by – Products Prices:

Commodity	Centre	Price in Rs/75Kg	
		18-5-2012	11-05-12
Churi	Jodhpur	675	675
Korma	Jodhpur	975	975

Guar Export Prices:

Commodity	Variety	\$/MT	
		18-5-2012	11-05-12
Guargum Split		19600	20000
Guargum Powder	200 Mesh 5000 CPS	21000	21400
	200 Mesh 3500 CPS	20850	21300
Guargum Meal		290	300

Guar Cumulative Arrivals in Key Centers

Centre	Arrivals (Quintals)		Change
	Week Ending 18-05-12	Week Ending 11-05-12	
Jodhpur	-	-	-
Bikaner	150	300	-150
Nokha	-	40	-
Hanumangarh	-	-	-
Sri-Ganganagar	-	-	-
Adampur	1200	700	+500
Sirsa	-	-	-
Bhiwani	600	200	+400
Deesa	72	62	+10
Nagaur	-	-	-
Dhabwali	-	-	-
All India	2022	1302	+720

Spot Market Technical Analysis of Guar seed & Guar gum

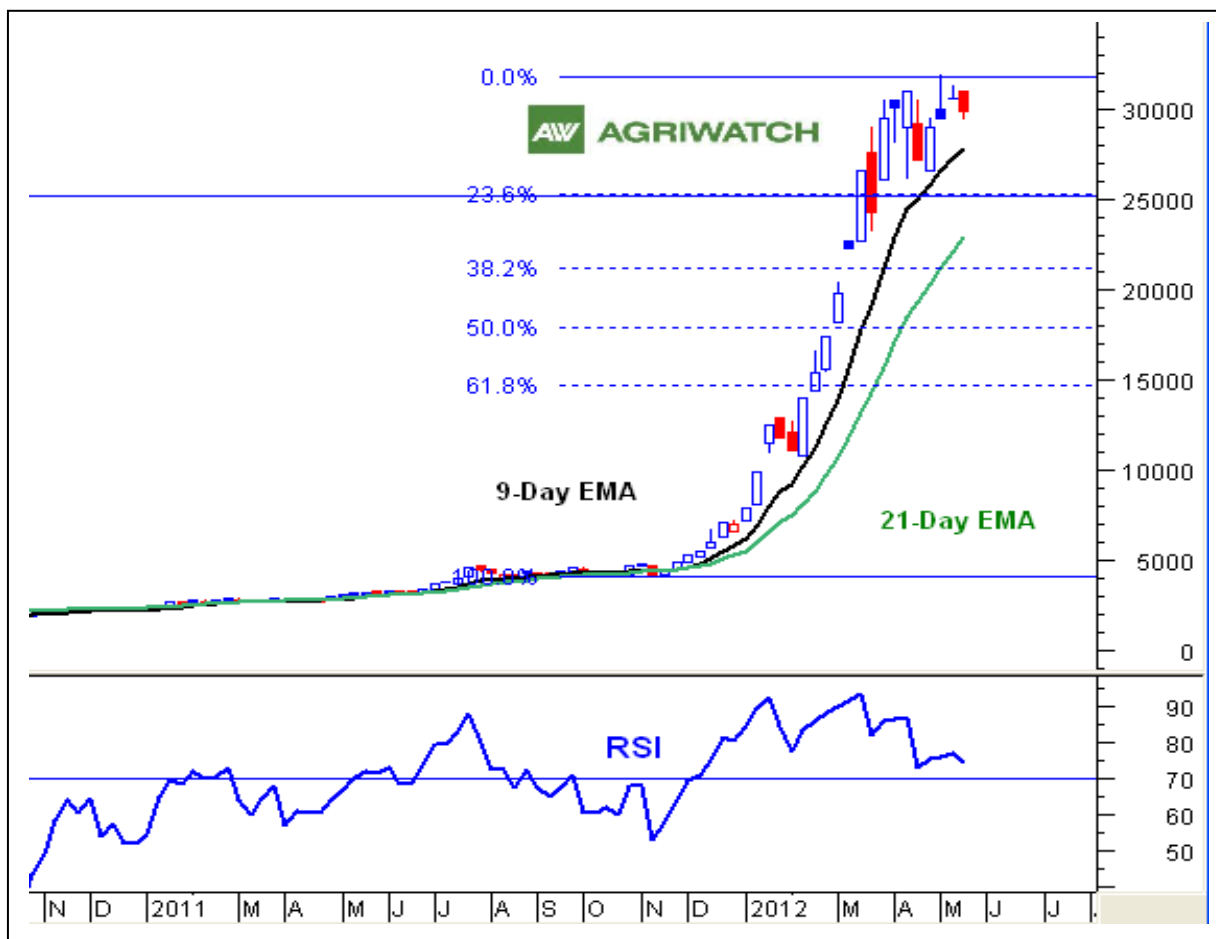


Fig-1 – Guar Seed Weekly Spot Prices (Jodhpur)

Guar seed prices witnessed correction during the week. Prices traded towards Rs.30000/Qtl levels. The current weakness could continue towards 23.6% retracement level of Rs.26000/Qtl. Prices are holding above 9-Day and 21-Day EMA supporting the overall positive tone of the market. Stochastic oscillator is declining in the neutral region supporting weakness in the near –term. On the downside there is support at Rs.28250/Qtl levels. The next support is at Rs.26000 levels. On the upside there is resistance at Rs.31000/Qtl and Rs.33000/Qtl levels. Buyers are advised to wait for better buying levels in the medium –term.

Prices are likely to trend towards Rs.27000/Qtl levels in the near –term.

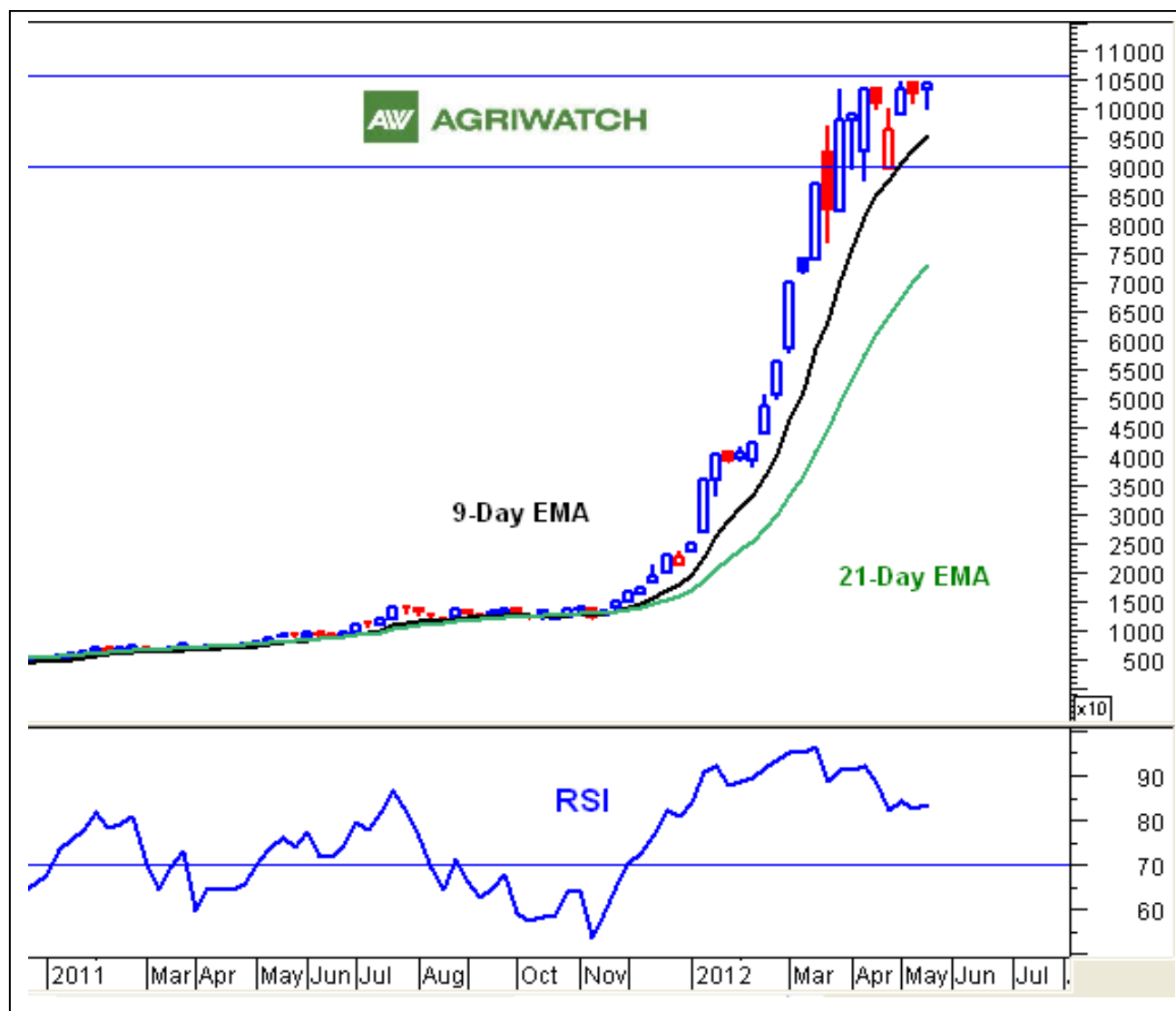


Fig-2 – Guar Gum Weekly Spot Prices (Jodhpur)

Guar gum prices witnessed slight recovery after trading weak initially. Prices seem to be consolidating between Rs.95000-100000/Qtl levels during the last few days. Prices are likely to break below the levels of Rs.95000/Qtl in the medium –term. MACD is steady in the positive region supporting the overall positive tone of the market. RSI is increasing in the overbought region denoting weakness in the near –term. On the downside there is support at Rs.90000/Qtl. The next support is at Rs.85000/Qtl. On the upside there is resistance at Rs.105000/Qtl and Rs.110000/Qtl levels respectively.

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



Spot Market Outlook:

Both Guar seed and Guar gum prices are likely to witness weak tone 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.