

Domestic Market Recap:

- Guar seed and guar gum prices noticed steady to weak tone during the week.
- Lack of demand around current levels amid lower stocks weighed on the market.
- There is good demand for seed for sowing purpose from the farmers. Farmers are ready to pay higher price for the seed.
- In certain areas of Rajasthan, a leading exporter of guar gum is distributing guar seed for free to the farmers.
- Sowing of guar is likely to pick up early in the growing regions as thunder showers and unseasonal rainfall in April and May have increased soil moisture.
- Acreage under guar seed is likely to increase amid growing demand for guar gum.

Current Market Dynamics

Guar seed and guar gum prices noticed mostly steady to weak tone. Downside was limited amid lower stocks in the spot market. Likely increase in acreage in the coming season is weighing on prices. By next month guar crop will be harvested and size of the guar crop has not been ascertained as of date. Likely shift in acreage from other crops like cotton, jowar, bajra etc. will add up to the area under guar seed.

According to trade sources, guar seed acreage is likely to increase from 3.5 million hectares to 5.0 million hectares in the coming season. In Rajasthan around 20-25% of the area under cotton is likely to shift towards guar. Following higher output, prices are likely to decline from the current levels. The actual output of the crop will depend on weather during the growing and harvesting time. Normal sowing of guar will start by next month. Rains during April and May have increased soil moisture and sowing could begin early. In Haryana, sowing has started in certain areas with irrigation facility.

Vikas WSP Ltd, a leading guar gum exporter in India and its Houston –based customer, Economy Polymers and Chemicals are arranging to distribute around 3000 metric tonnes of guar seeds to farmers in Rajasthan to sow guar seed in more areas during this season.

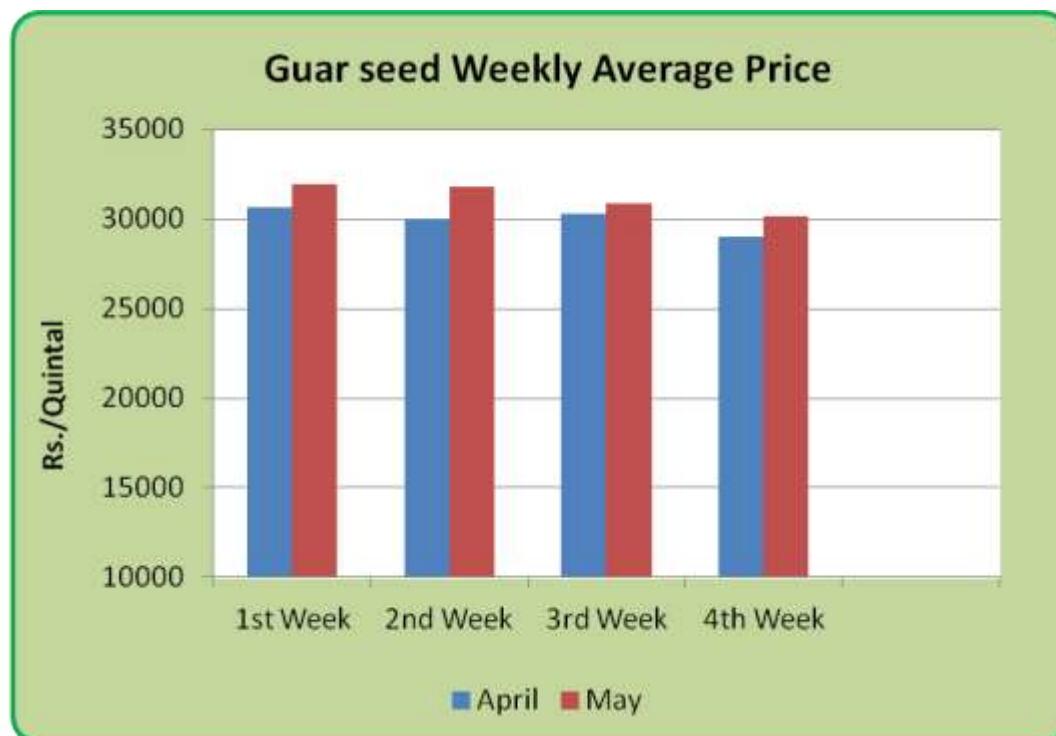
Prices of guar seed in the spot markets are ruling higher above Rs.30000/Qtl and farmers are finding it difficult to purchase guar seed for sowing purpose. Prices remain on the higher side following good demand for guar gum from various industries. The company has been traditionally distributing seeds to farmers in Hanumangarh and Sri-Ganganagar districts. However this year they are distributing seeds to farmers in Bikaner, Churu and Jhunjhunu also.

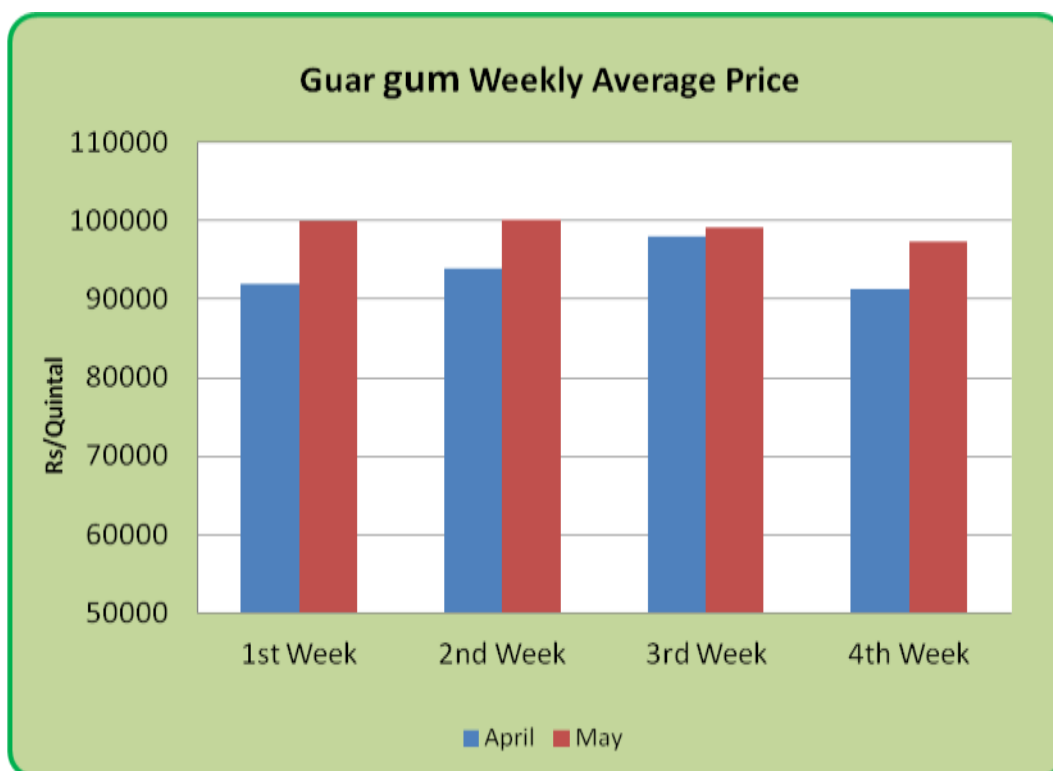
Export and Import Scenario

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.

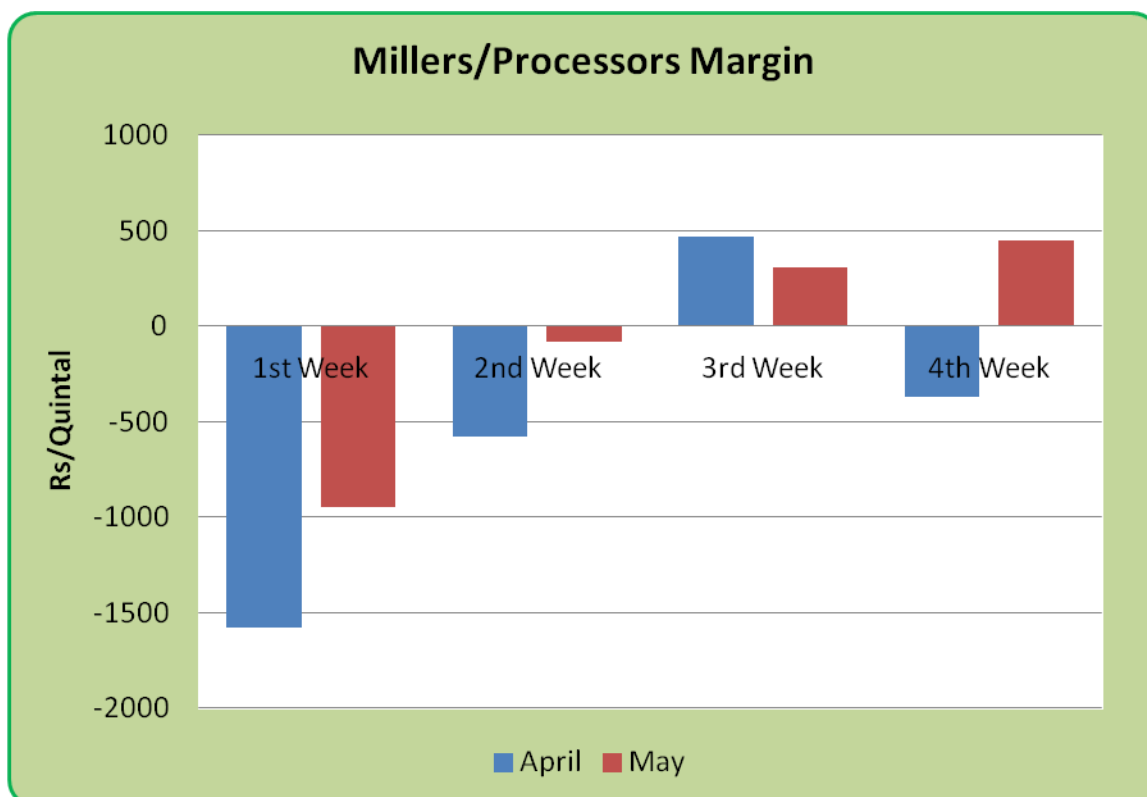
Price Scenario

Guar seed and guar gum prices closed lower week-on-week basis. In the fourth week of May, average price of guar seed declined by 2.3% to Rs.30120/Qtl and that of guar gum declined by 1.8% to Rs.97400/Qtl compared to 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.446.53/Quintal compared to previous week's crush margin of Rs. 306.64/Quintal amid decline in price 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 increase in the coming week amid expected decline in price of guar seed.

Guar Prices at Key Spot Markets

Commodity	Centre	Prices in Rs/Qtl		Change
		25-5-2012	18-05-12	
Guar Seed				
	Jodhpur (Delivery)	29500	30800	-600
	Jodhpur (Loose)	28500	29600	-500
	Bikaner (Delivery)	29500	30500	-900
	Bikaner (Loose)	28300	29500	-900
	Nokha	28900	29000	-100
	Hanumangarh	29200	29700	Unch
	Sri-Ganganagar	30000	29500	Unch
	Adampur	29000	30500	-500
	Sirsa	30000	29500	Unch
	Bhiwani	29000	30600	-1200
	Deesa	25640	25600	+240
	Nagaur	28500	29200	-500
	Dhabwali	-	-	-
Guar Gum	Jodhpur	93000	101000	-4000
	Bhiwani	97000	102000	-2500
	Dhabwali	-	-	-

Guar by – Products Prices:

Commodity	Centre	Price in Rs/75Kg	
		25-5-2012	18-05-12
Churi	Jodhpur	650	675
Korma	Jodhpur	950	975

Guar Export Prices:

Commodity	Variety	\$/MT	
		25-5-2012	18-05-12
Guargum Split		18300	19600
Guargum Powder	200 Mesh 5000 CPS	19500	21000
	200 Mesh 3500 CPS	19350	20850
Guargum Meal		290	290

Guar Cumulative Arrivals in Key Centers

Centre	Arrivals (Quintals)		Change
	Week Ending 25-05-12	Week Ending 18-05-12	
Jodhpur	-	-	-
Bikaner	200	150	-50
Nokha	20	-	Unch
Hanumangarh	-	-	-
Sri-Ganganagar	-	-	-
Adampur	1500	1200	+300
Sirsa	-	-	-
Bhiwani	100	600	Unch
Deesa	45	72	+15
Nagaur	-	-	-
Dhabwali	-	-	-
All India	1865	2022	-157

Spot Market Technical Analysis of Guar seed & Guar gum

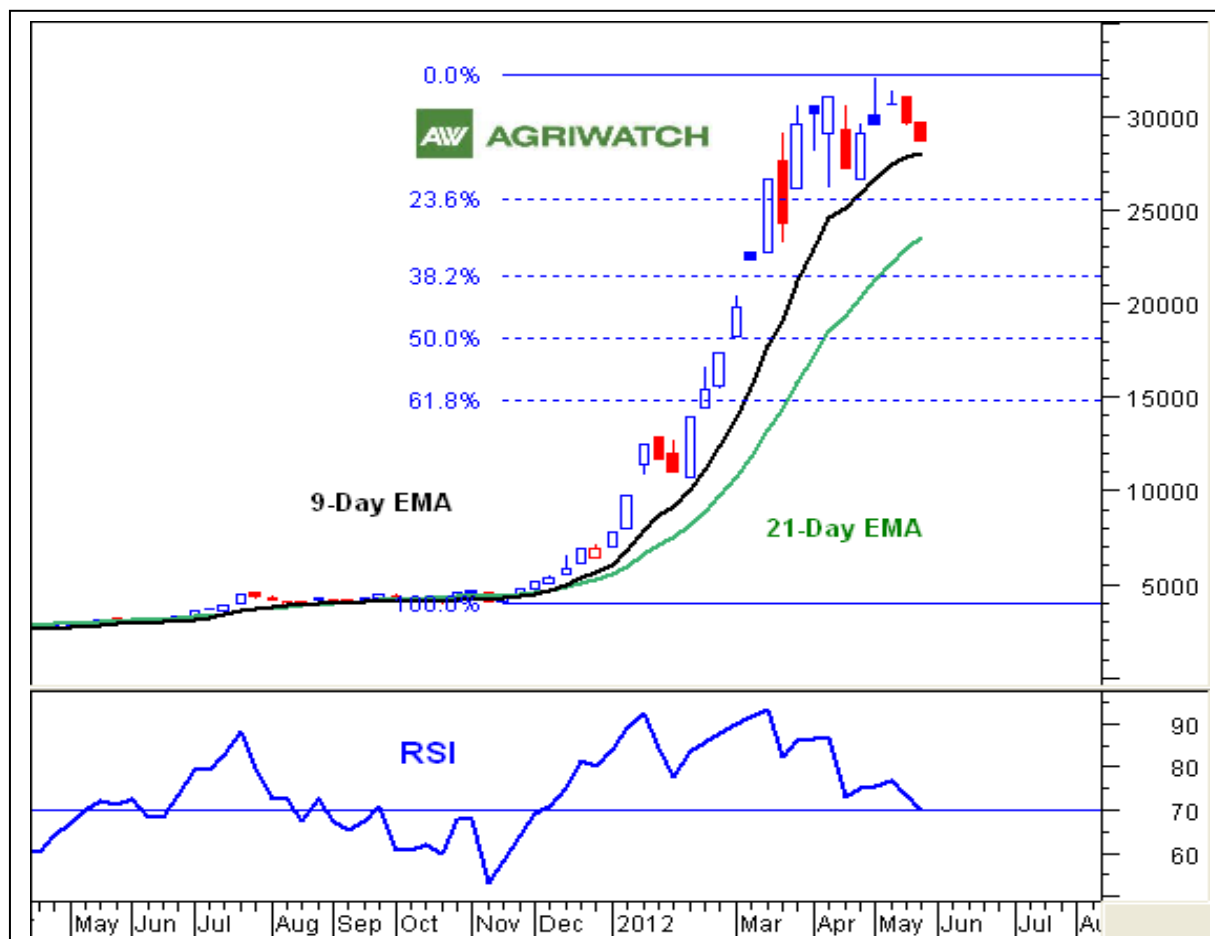


Fig-1 – Guar Seed Weekly Spot Prices (Jodhpur)

Guar seed prices continued correction during the week. As mentioned earlier, prices are trending towards Rs.27000/Qtl levels. RSI is declining in the overbought territory supporting weakness in the near –term. For the increase in prices from Rs.4500/Qtl till Rs.33000/Qtl, prices are likely to witness 23.6% retracement towards Rs.26000/Qtl levels. Near –term support is at Rs.28075/Qtl and the next support is at Rs.26000/Qtl. MACD is in the positive territory supporting the overall positive tone of the market. On the upside there is resistance at Rs.31000/Qtl and Rs.33000/Qtl levels respectively.

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

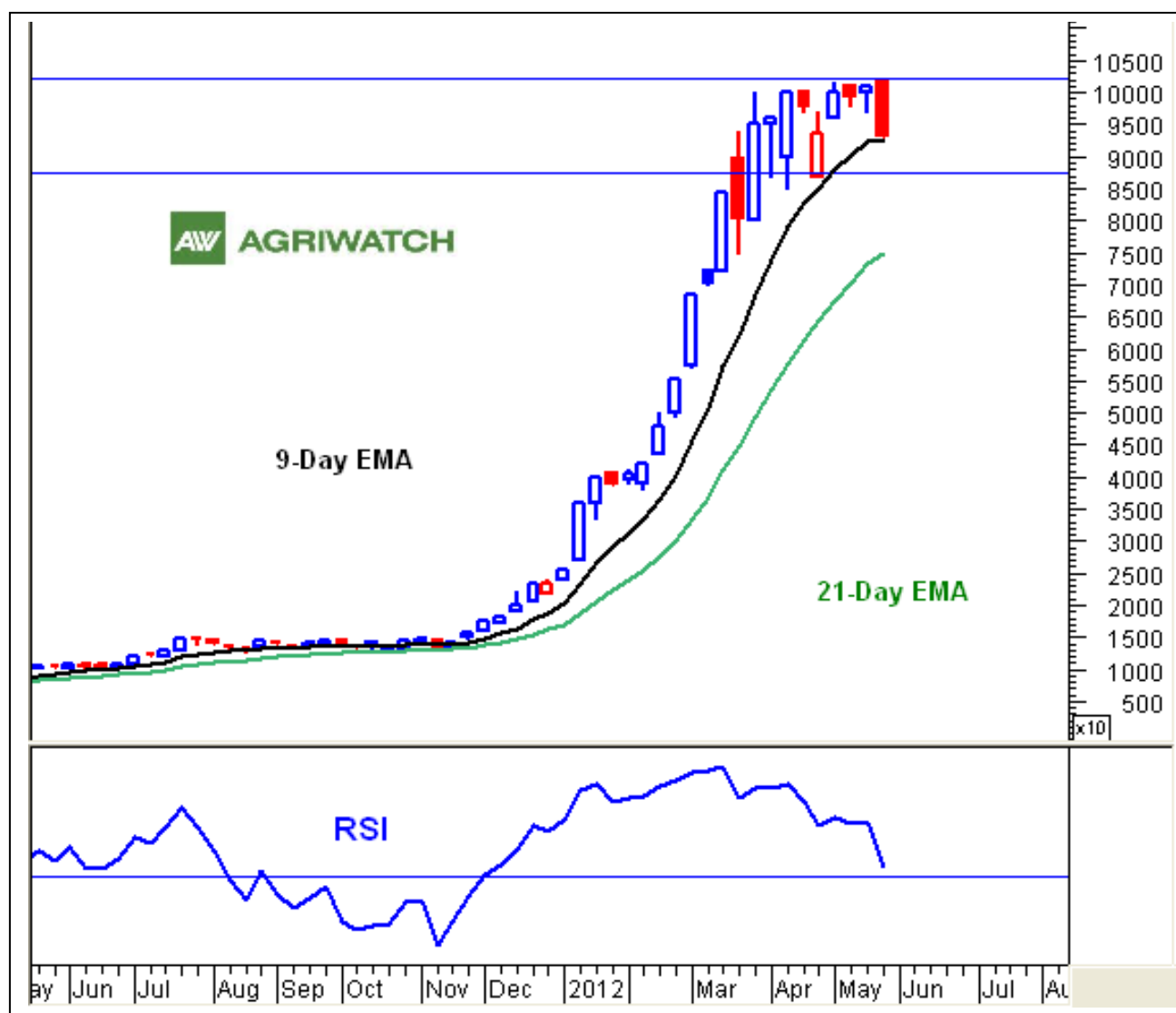


Fig-2 – Guar Gum Weekly Spot Prices (Jodhpur)

Guar gum prices moved in line with guar seed prices during the week. After consolidating between Rs.95000/Qtl –Rs.100000/Qtl for sometime, prices witnessed weak tone. Prices are holding above 9-Day and 21-Day EMA supporting the overall bullish tone of the market. Stochastic oscillator is declining in the overbought region supporting weakness in the near –term. On the downside there is support at Rs.87400/Qtl. The next support is at Rs.85000/Qtl level. Price will find resistance at Rs.97000/Qtl and Rs.100000/Qtl respectively.

Prices are likely to decline towards Rs.85000/Qtl levels in the near –term.



Spot Market Outlook:

Both Guar seed and Guar gum prices are likely to continue weak tone in the near –term.

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