

Domestic Market Recap:

- Guar seed and guar gum prices continued weakness during the week.
- Lack of demand from the exporters weighed on the market.
- Expected increase in acreage in the coming season added to the weak tone of the market.
- Farmers are likely to shift from cotton, jowar and bajra towards guar during this season.
- Progress of south –west monsoon in the coming days will influence sowing progress.
- According to IMD, fairly widespread rainfall would occur along west coast and over northeastern states in the coming week.

Current Market Dynamics

Guar seed and guar gum prices continued weak tone during the week. Profit-booking at higher levels and lack of demand from the exporters weighed on the market. There was selling of limited stocks by certain big stockists. Acreage under guar seed is likely to increase in the coming season following good returns during the previous season. Farmers are shifting from other crops towards guar seed in this season. Progress of south – west monsoon will influence sowing progress of guar seed in the coming days. Millers are increasing the processing capacity of the mills to meet expected increase in demand for guar gum.

Normal sowing of guar seed will begin by third week of June –July. In certain areas of Haryana having irrigation facility, sowing of guar seed has started in certain areas. However due to hot weather condition, normal sowing of guar seed is likely to begin in Haryana after 15th June. In certain areas of Sangaria and Hanumangarh, sowing of guar seed has started. In Punjab, around 2.-3% of sowing under guar seed has taken place.

In Punjab, farmers are likely to shift around 5-7% of the area under cotton towards guar seed. In Rajasthan around 25% of the area and in Haryana around 17-18% of the area under cotton is likely to shift towards guar seed. Actual sowing progress will be clear in the medium –term. Venkateswara Rao, deputy director of the agriculture department in India's eastern state of Andhra Pradesh, said that about 200 farmers were planting the crop on 500 acres of land in an area called Anantapur. It is also likely to be grown in the states of Madhya Pradesh and Maharashtra this year.

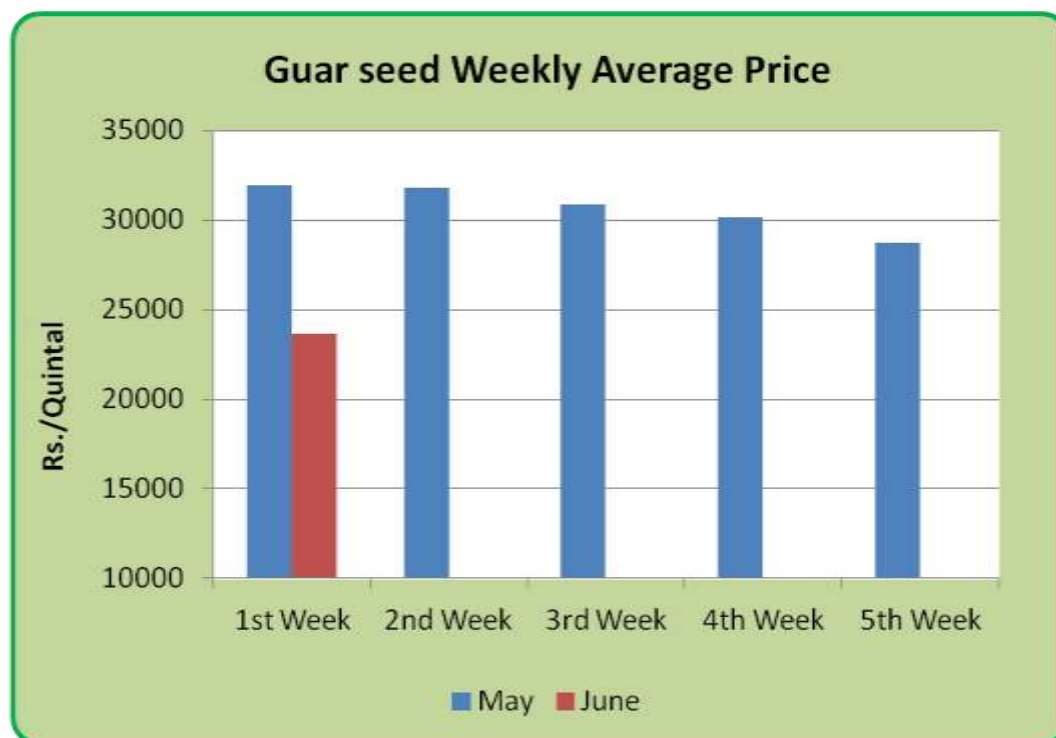
According to market source, one of the biggest exporter is distributing guar seeds for free in Sri- Ganganagar market to promote higher guar planting in the current season. He has planned to sell guar seed worth Rs. 95 crores in this season. Encouraged by last year's realisation, Vikas WSP has distributed 3,000 tonnes of seed worth Rs 92 crore to 225,000 farmers, to cover around 500,000 ha of sowing area this season. Last year, the company had distributed around 800 tonnes of seed worth around Rs 2 crore.

Export and Import Scenario

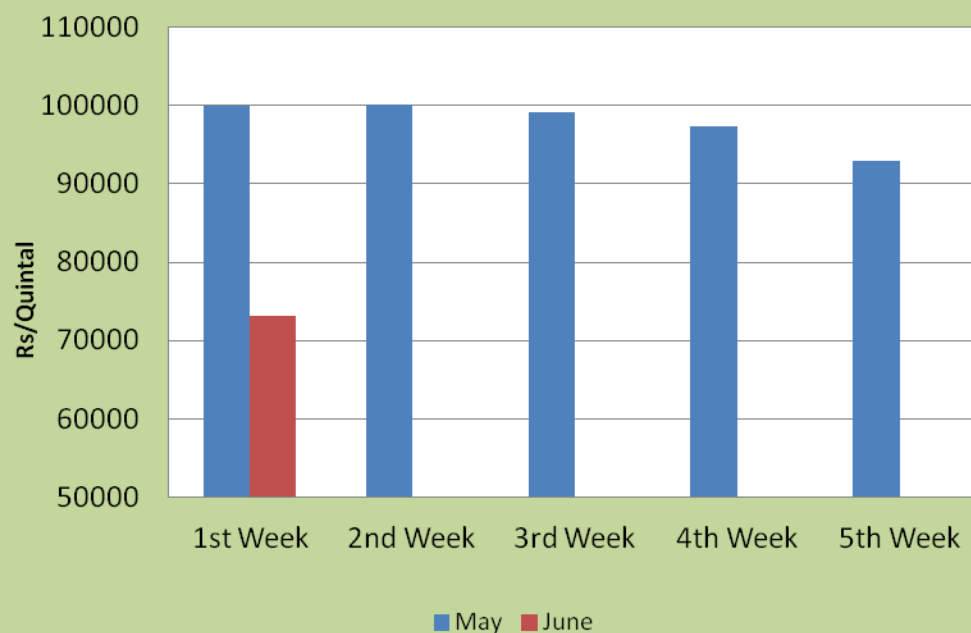
As per sources, both Gum and Powder demand continues to rise in overseas market. Major buyers like China, Europe and U.S continue to queue in the market to fulfill their daily requirement, mainly for industrial use. In March, the US purchased a record 33,800 tonnes of guar gum from India, up from an average 22,000 tonnes a month last year. 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 during the week. In the first week of June, the average price of guar seed declined by 17.6% to Rs.23660/Qtl and that of guar gum declined by 21.3% to Rs.73200/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 declined compared to previous week. Margin remained on the lower side following decline in prices of guar gum during the week. In the current week of June, average crush margin stood at -Rs.632.04/Quintal compared to previous week's crush margin of Rs. 503.73/Quintal. Millers are increasing the processing capacity to meet increasing export demand for guar gum. Margin could improve in the near –term amid expected slight recovery in the price of guar gum.

Guar Prices at Key Spot Markets

Commodity	Centre	Prices in Rs/Qtl		Change
		08-06-2012	01-06-12	
Guar Seed				
	Jodhpur (Delivery)	22600	26200	-3600
	Jodhpur (Loose)	21800	25300	-3500
	Bikaner (Delivery)	22000	26500	-4500
	Bikaner (Loose)	21000	25500	-4500
	Nokha	19500	23500	-4000
	Hanumangarh	21500	25500	-4000
	Sri-Ganganagar	21000	27000	-6000
	Adampur	22000	25000	-3000
	Sirsa	20000	25500	-5500
	Bhiwani	22500	24500	-2000
	Deesa	24630	25610	-980
	Nagaur	22000	25000	-3000
	Dhabwali	-	-	-
Guar Gum	Jodhpur	68000	84000	-16000
	Bhiwani	69000	82500	-13500
	Dhabwali	-	-	-

Guar by – Products Prices:

Commodity	Centre	Price in Rs/75Kg	
		08-06-2012	01-06-12
Churi	Jodhpur	615	620
Korma	Jodhpur	900	920

Guar Export Prices:

Commodity	Variety	\$/MT	
		11-06-2012	01-06-12
Guargum Split		13700	-
Guargum Powder	200 Me sh 5000 CPS	15000	-
	200 Me sh 3500 CPS	14900	-
Guargum Meal		290	-



Guar Cumulative Arrivals in Key Centers

Centre	Arrivals (Quintals)		Change
	Week Ending 08-06-12	Week Ending 01-06-12	
Jodhpur	2000	1500	+500
Bikaner	200	200	Unch
Nokha	30	20	+10
Hanumangarh	-	-	-
Sri-Ganganagar	-	-	-
Adampur	1200	300	+900
Sirsa	-	-	-
Bhiwani	150	-	-
Deesa	58	58	Unch
Nagaur	10	-	-
Dhabwali	-	-	-
All India	3648	2078	+1570

Spot Market Technical Analysis of Guar seed & Guar gum

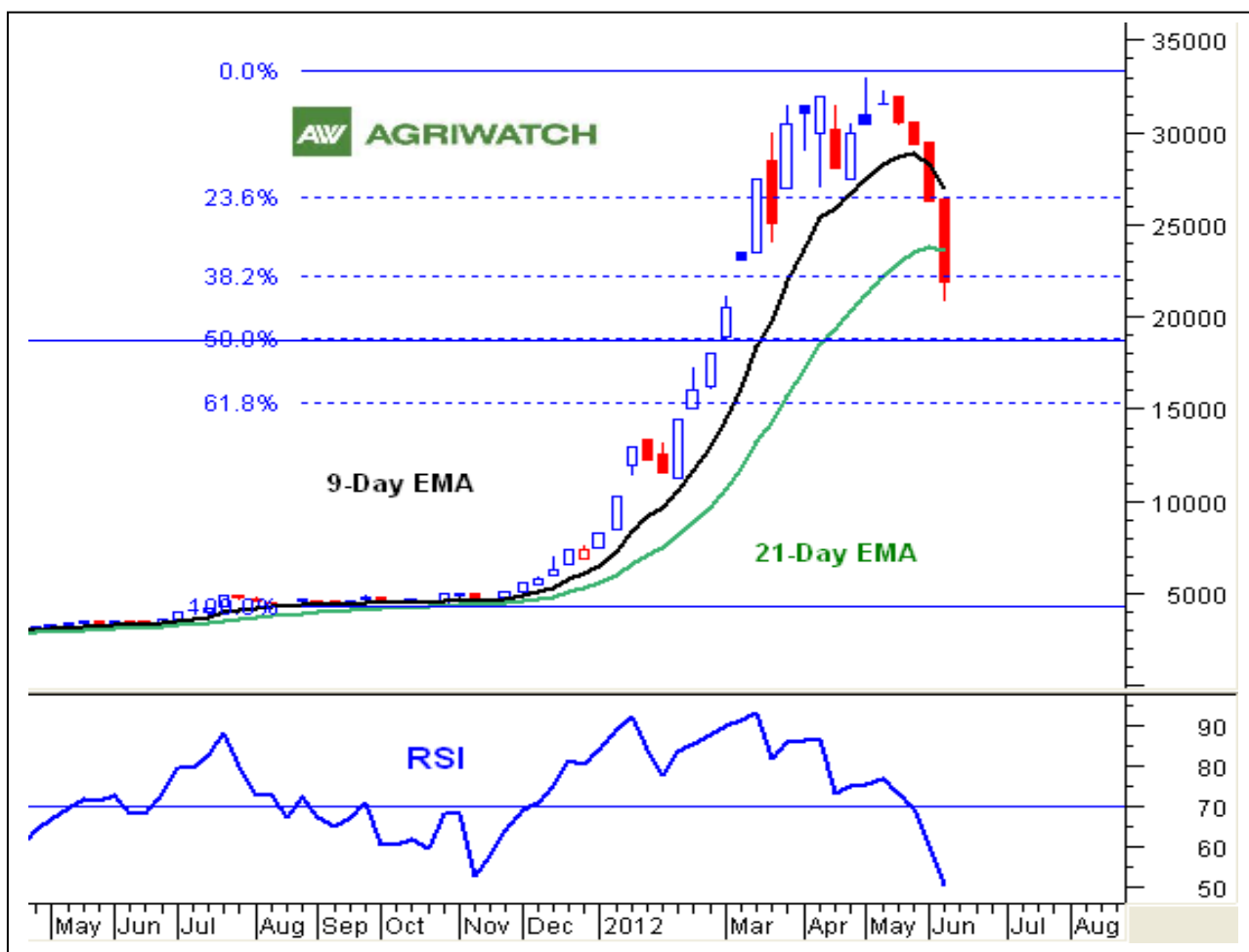


Fig-1 – Guar Seed Weekly Spot Prices (Jodhpur)

Prices continued weakness during the week. Profit –booking around current levels weighed on the market. MACD is declining in the positive territory supporting weakness in the near –term. For the increase in prices from Rs.4500/Qtl till Rs.33000/Qtl levels, prices have given 38.2% correction and are likely to ease towards 50% correction level of Rs.18700/Qtl. RSI is declining in the neutral region adding to the weak tone of the market. On the downside there is support at Rs.18700/Qtl. Break below this support will negate the overall positive scenario of the market. On the upside there is resistance at Rs.23000/Qtl and Rs.26500/Qtl levels respectively.

Prices are likely to notice slight recovery and then decline towards Rs.20000/Qtl levels in the near – term.

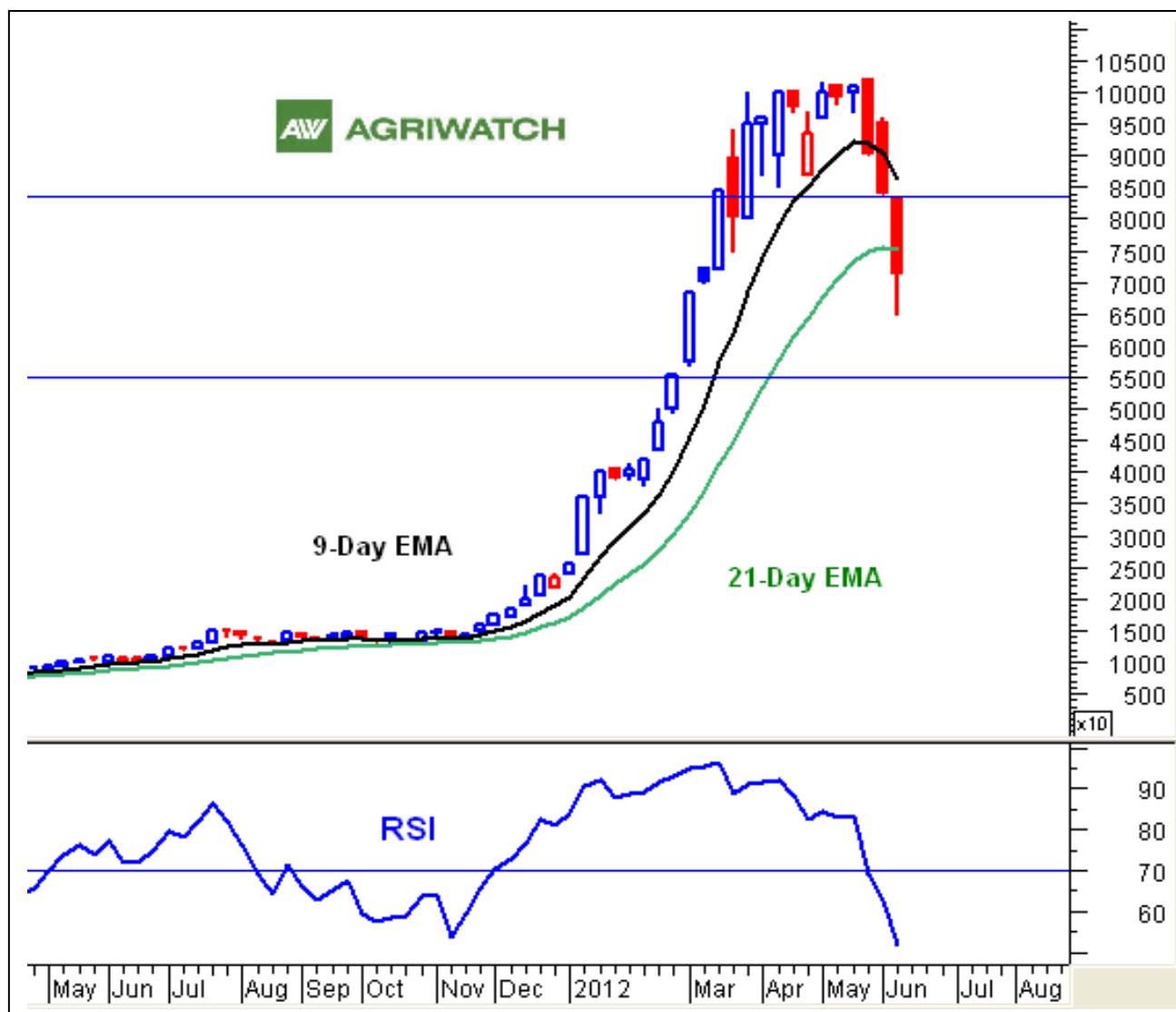


Fig-2 – Guar Gum Weekly Spot Prices (Jodhpur)

Guar gum prices continued weak tone during the week. Prices are holding below 9-Day and 21-Day EMA supporting the weak tone of the market. Prices are likely to witness slight recovery before continuing the weak tone. Stochastic oscillator is declining in the oversold territory supporting recovery in the near –term. On the downside there is support at Rs.64540/Qtl. The next support is at Rs.55000/Qtl levels. On breaking this level, overall positive outlook will be negated. On the upside there is resistance at Rs.80000/Qtl and Rs.83000/Qtl levels respectively. Buyers can consider buying around current levels for their near –term requirement.

Prices are likely to witness short –term recovery towards Rs.75000/Qtl levels before continuing weak tone.



Spot Market Outlook:

Both Guar seed and Guar gum prices are likely to witness short –term recovery in the near –term.

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