

## Domestic Market Recap:

- Guar seed and guar gum prices witnessed mixed tone during the week.
- Delay in monsoon in certain areas is adding to the positive tone of the market. The arrival of south –west monsoon has been delayed in certain areas..
- Lack-luster demand in the export market weighed on prices to certain extent.
- Expected increase in acreage in the coming season added to the weak tone of the market.
- Normal sowing of the guar crop will start with the commencement of monsoon in the growing regions by July.
- The progress of south-west monsoon has been delayed in most of the areas. Progress of south –west monsoon will give further direction to the market.

## Current Market Dynamics

Guar seed and guar gum prices noticed mixed tone during the week. Delay in monsoon in certain areas of western India lent some support to the market. Monsoon could be delayed in the guar growing regions of Rajasthan and Haryana. Lack-luster demand in the export market weighed on prices.

In the coming season, acreage under guar seed is expected to increase in the coming season. In Rajasthan sowing normally begins after onset of monsoon in July. In Haryana and Punjab, sowing begins with the help of irrigation facility in June. The acreage is expected to increase in the coming season by 60%-300% depending on the rainfall in the coming month in Haryana and Rajasthan. Around 2 lakh hectares in Sri-Ganganagar, Hanumangarh and northern Rajasthan adjoining Haryana under cotton has shifted towards guar seed. In some other states, there is diversion from cotton, bajra, moth and moong towards guar seed in this season.

FMC is planning to re-launch guar complex futures after the sowing progress of guar seed is clear. Most of the sowing under guar seed is likely to be completed by July. Currently, acreage under guar seed is estimated to be higher and the progress of monsoon in the growing regions will determine the area to be sown. Futures trading in guar complex futures stopped in March 2012 after prices increased more than ten times compared to previous year. According to Ramesh Abhishek, chairman of the Forward Markets Commission, decision will be taken by the end of July.

The exports of guar and guar products increased from \$38.624 million in July-May last year to \$132.908 million during the first 11 months of current fiscal year according to trade sources in Pakistan. Following higher prices of guar gum, companies in the overseas market are looking for alternatives to guar gum.

## 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.

### **Sowing Interest & Crop Outlook**

As per market participants, this year there will be bumper crop as farmers will shift to guar looking at the prices. In the current season acreage under guar seed could increase by 60% -200% in Rajasthan based on rainfall. Around 2 lakh hectares will shift from cotton towards guar seed in Sri-Ganganagar and northern areas adjoining Haryana. Balmer, Jaisalmer and Jodhpur areas are mainly dependant on rainfall. Around 20-25 lakh hectares will shift from bajra and corn towards guar seed. In Haryana, acreage is expected to increase by 50%-300% depending on the rainfall in the coming days. According to sources, sowing of guar has started in some areas of Hanumangarh, Sangaria, Nagaur and Sri-Ganganagar having irrigation facility. This covers around 2-3% of the area currently. According to trade sources, output of guar seed in the current year is estimated at 1.8 million metric tonnes compared to 1.25 million metric tonnes in 2011-12.

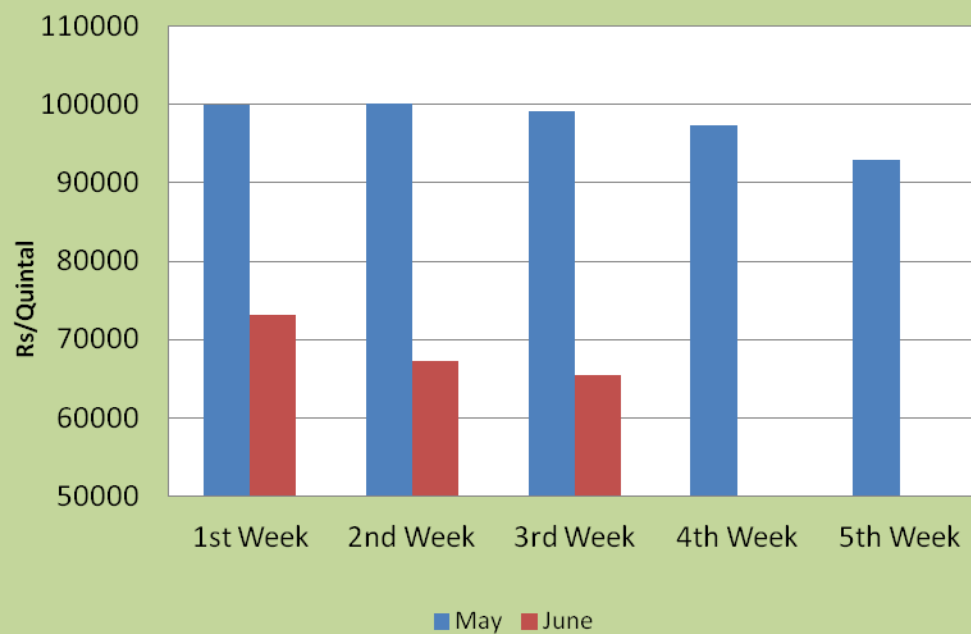
### **Price Scenario**

Guar seed and guar gum prices noticed weak tone during the week. In the third week of June, the average price of guar seed declined by 3% to Rs.20640/Qtl and that of guar gum declined by 2.7% to Rs.65400/Qtl compared to previous week. The graph below illustrates the weekly average price movement of guar seed and guar gum in Jodhpur market.

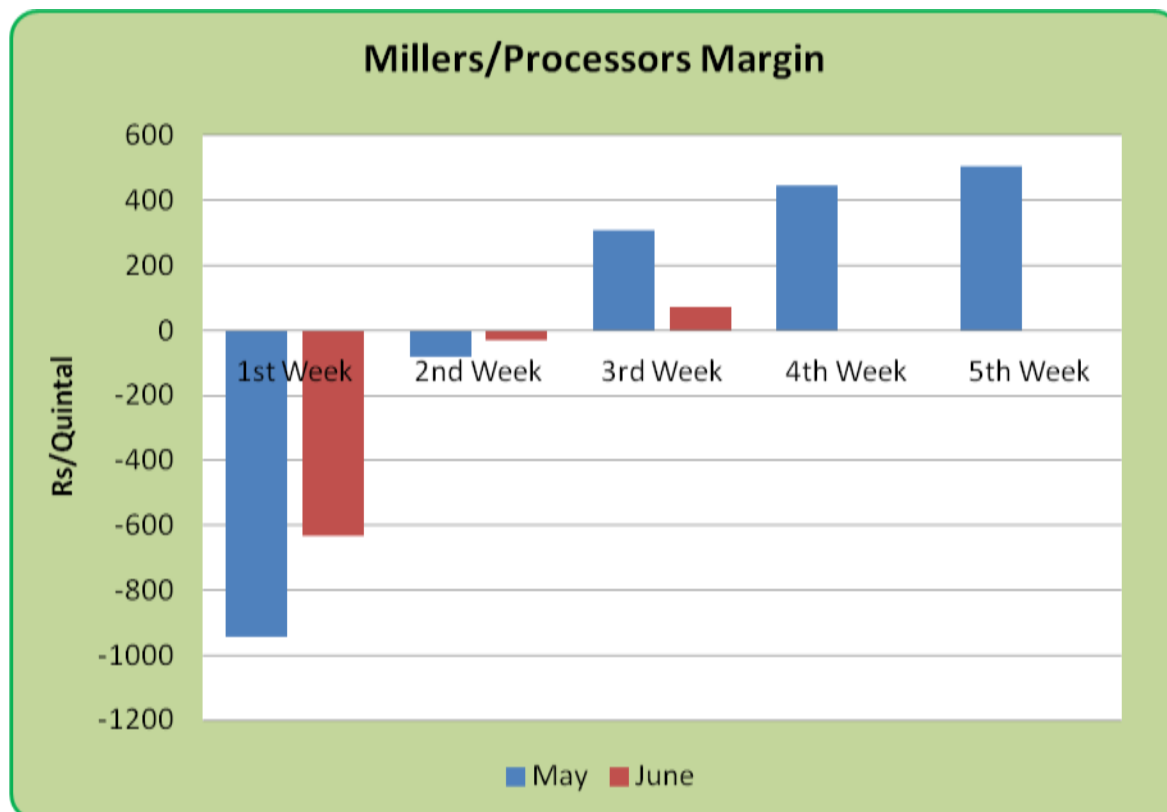
### Guar seed Weekly Average Price



### Guar gum Weekly Average Price



### Millers/Processors Margin



As seen in the chart above, the crushing margin of guar seed improved compared to previous week. Margins improved amid decline in the price of guar seed.. In the current week of June, average crush margin stood at Rs. 73.20/Quintal compared to previous week's crush margin of -Rs. 30.45/Quintal. Margin could improve in the near –term amid expected decline in the price of guar seed.

**Guar Prices at Key Spot Markets**

Commodity	Centre	Prices (Rs/Qtl)		Change
		22.6.2012	15.6.2012	
Guar Seeds	Jodhpur (Delivery)	21600	21000	+600
	Jodhpur (Loose)	21000	19000	+2000
	Bikaner (Loose)	19500	19500	Unch
	Bikaner (Delivery)	20500	20200	+300
	Nokha (Loose)	21000	21000	Unch
	Hanumangarh (Loose)	19000	20000	-1000
	Sri-Ganganagar (Delivery)	21500	21500	Unch
	Adampur (Loose)	21000	21400	-400
	Sirsa (Loose)	19500	20700	-1200
	Bhiwani (Delivery)	30000	19000	+11000
	Deesa (Loose)	23100	23900	-800
	Nagaur (Loose)	21000	20000	+1000
	Dhabwali (Loose)	-	-	-
Guar Gum	Jodhpur	63000	67000	-4000
	Bhiwani	67000	62000	+5000
	Dhabwali	-	-	-

**Guar by – Products Prices:**

Commodity	Centre	Price in Rs/75Kg	
		22.06.2012	15.06.12
Churi	Jodhpur	625	600
Korma	Jodhpur	925	900

**Guar Export Prices:**

Commodity	Variety	\$/MT	
		22.06.2012	15.06.12
Guargum Split		12000	-
Guargum Powder	200 Mesh 5000 CPS	14000	-
	200 Mesh 3500 CPS	13800	-
Guargum Meal		290	-

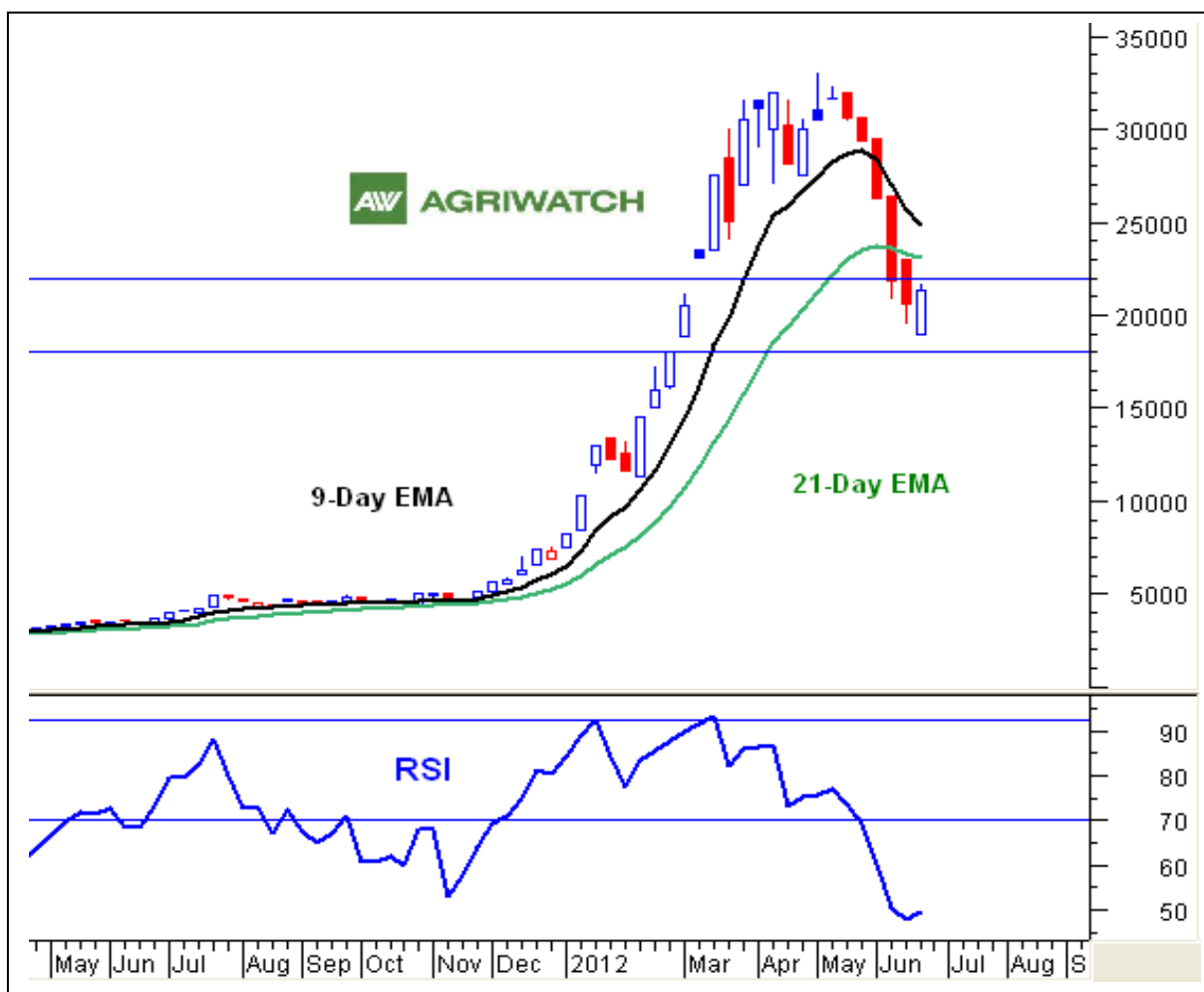
**Guar Cumulative Arrivals in Key Centers**

Centre	Arrivals (Quintals)		Change
	Week Ending 22.06.12	Week Ending 15.06.12	
Jodhpur	1000	1500	-500
Bikaner	40	100	-60
Nokha	20	20	Unch



Hanumangarh	-	-	-
Sri-Ganganagar	-	-	-
Adampur	200	150	+50
Sirsa	-	-	-
Bhiwani	-	-	-
Deesa	65	72	-7
Nagaur	-	-	-
Dhabwali	-	-	-
All India	1325	1842	-517

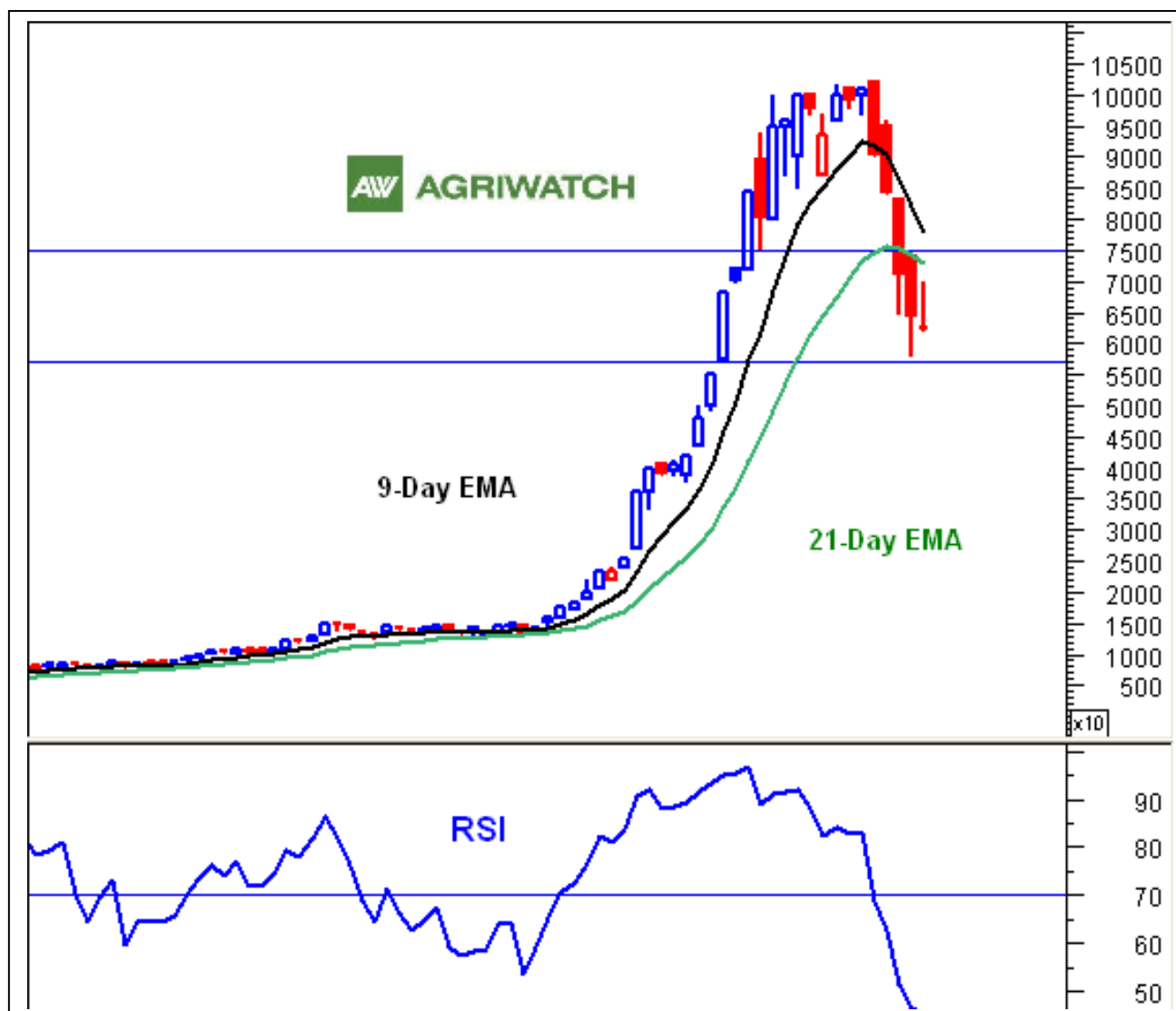
### Spot Market Technical Analysis of Guar seed & Guar gum



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

Prices noticed slight recovery during the week. After noticing around 50% correction, prices are recovering. RSI is increasing in the neutral region supporting firmness in the near –term. Prices could witness recovery towards Rs.23000/Qtl levels in the coming days. MACD is in the positive territory supporting the overall positive tone of the market. On the downside there is support at Rs.19000/Qtl. The next support is at Rs.18000/Qtl levels. On the upside there is resistance at Rs.23000/Qtl and Rs.25000/Qtl levels respectively. Traders can consider selling on rise in the near –term.

**Prices are likely to witness short –term recovery towards Rs.23000/Qtl levels.**



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

Guar gum prices continued weak tone during the week. Prices noticed 50% correction and recovered to certain extent. The overall outlook is bullish and prices are likely to decline in the near –term. Stochastic oscillator is declining in the overbought territory supporting some recovery in the coming days. Prices are holding below 9-Day and 21-Day EMA supporting the overall weak tone of the market. On the downside there is support at Rs.57600/Qtl and Rs.50120/Qtl level. On the upside there is resistance at Rs.70000/Qtl and Rs.75000/Qtl levels respectively.

**Prices are likely to continue notice recovery in the near –term.**





### Spot Market Outlook:

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

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