

Domestic Market Recap:

- Guar seed and guar gum prices continued weak tone during the week.
- Lack-luster demand in the export market added to the weak tone of prices.
- There could be more diversion of area from bajra, moth and moong towards guar seed in Rajasthan following delay in rainfall in the growing regions, thereby weighing on the market.
- According to trade sources, around 30% of the sowing of guar seed is completed in Gujarat..
- Arrival of the new guar crop is reported in certain mandis of Gujarat.
- Monsoon is expected in the growing regions of guar seed during this week. This will further weigh on the market in the near –term.

Current Market Dynamics

Guar seed and guar gum prices continued weak tone during the week. Diversion of area from bajra, moth and moong during this season weighed on prices. Lack-luster demand in the export market added to the weak tone of the market. Sowing of guar seed has started in the irrigated areas.

In Haryana, acreage is expected to increase by 50%-300% depending on the rainfall in the coming days. In Rajasthan, Jaisalmer and Balmer are the largest guar seed growing regions. Sowing in these regions will start with the commencement of rain. Plantation has been done in 42,000 hectares in the districts of Sri-Ganganagar, Hanumangarh and Bikaner. In the state of Rajasthan, farmers are likely to increase the acreage under guar seed by two times. According to trade sources, farmers have availability of seed for sowing purpose.

The cropping pattern of many States is likely to change during this season including Rajasthan. Following good returns during last year, guar seed is likely to be sown in the states of Andhra Pradesh, Uttar Pradesh, Karnataka, Maharashtra and Madhya Pradesh this season. According to industry sources, guar seed has been sent to Surat and Ankleshwar for sowing purpose. There will be diversion from various crops like moth beans, green grams, bajra, cotton and groundnut towards guar.

Guar, a 90-120 day crop, is a desert crop and requires just about three to four spells of rains with a gap of 20 days between each spell. This crop could see a three-fold rise in area under cultivation according to Mr Om Prakash Mundhra of Nokha Commodity Services. In Sri Ganganagar, the main belt of guar seed, about 40 per cent of sowing has been completed following good irrigation facility in these areas. Vikas WSP has distributed 21000 quintal guar seed free to the farmers in Sri- Ganganagar. Progress of south –west monsoon will influence sowing progress of guar seed in the coming days.

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 increased to 5.59 lakh tonnes during Apr-Jan 2012 against 3.50 lakh metric tonnes recorded during the same period of the previous year.

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. Plantation has been done in 42,000 hectares in the districts of Sri-Ganganagar, Hanumangarh and Bikaner. Sowing of guar seed is going on in the irrigated areas. 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. In Gujarat as on 18th June 2012, sowing of guar seed has been done in 7500 hectares compared to 140900 hectares during the same period last year. 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.

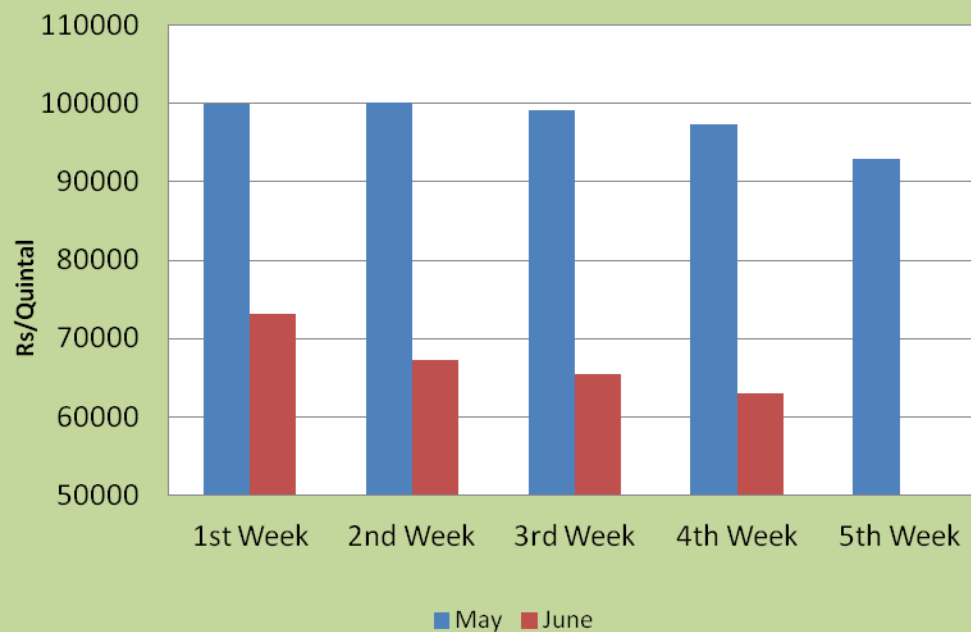
Price Scenario

Guar seed and guar gum prices noticed weak tone during the week. In the fourth week of June, the average price of guar seed declined by 4% to Rs.19820/Qtl and that of guar gum declined by 3.7% to Rs.63000/Qtl compared to previous week. The graph below illustrates the weekly average price movement of guar seed and guar gum in Jodhpur market.

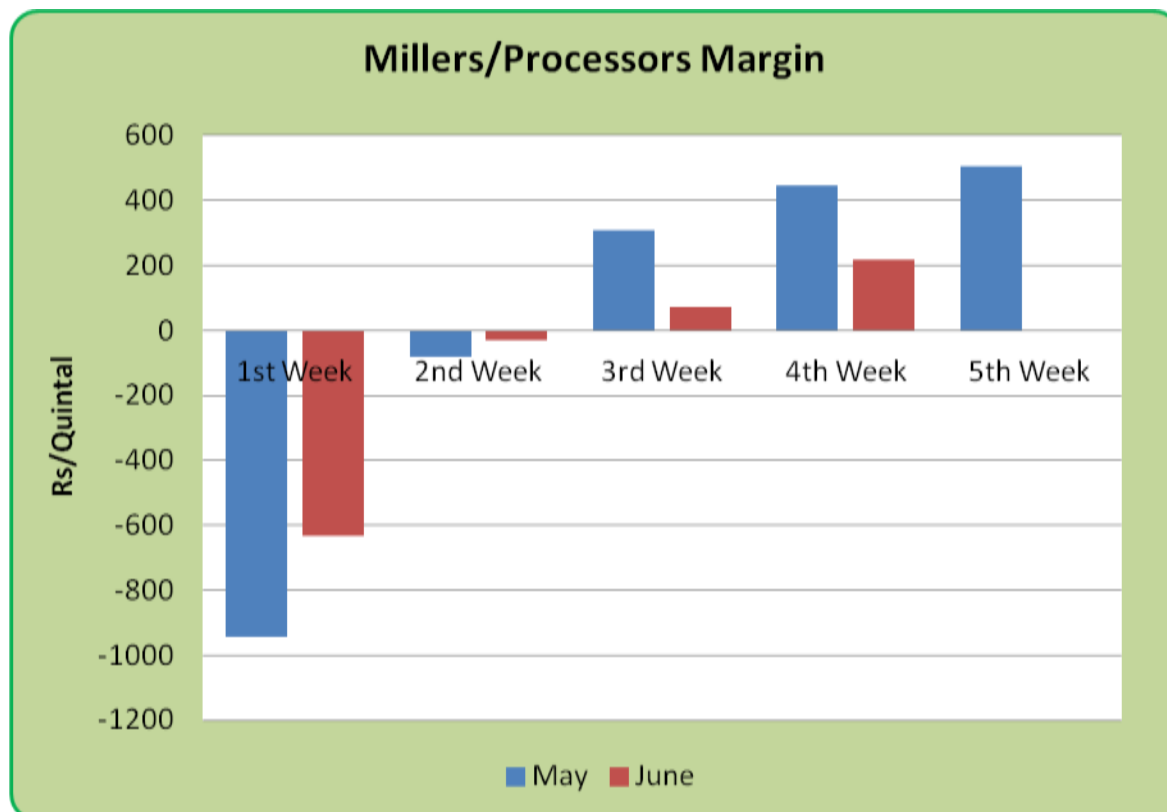
Guar seed Weekly Average Price



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. 215.92/Quintal compared to previous week's crush margin of Rs. 73.20/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
		29.6.2012	22.6.2012	
Guar Seeds	Jodhpur (Delivery)	19300	21600	-2300
	Jodhpur (Loose)	17900	21000	-3100
	Bikaner (Loose)	19000	19500	-500
	Bikaner (Delivery)	20000	20500	-500
	Nokha (Loose)	18200	21000	-2800
	Hanumangarh (Loose)	17200	19000	-1800
	Sri-Ganganagar (Delivery)	21000	21500	-500
	Adampur (Loose)	18500	21000	-2500
	Sirsa (Loose)	18000	19500	-1500
	Bhiwani (Delivery)	16500	20000	-3500
	Deesa (Loose)	21220	23100	-1880
	Nagaur (Loose)	17000	21000	-4000
	Dhabwali (Loose)	-	-	-
	Jodhpur	62000	63000	-1000
Guar Gum	Bhiwani	55000	67000	-12000
	Dhabwali	-	-	-

Guar by – Products Prices:

Commodity	Centre	Price in Rs/75Kg	
		29.6.2012	22.6.2012
Churi	Jodhpur	700	625
Korma	Jodhpur	1050	925

Guar Export Prices:

Commodity	Variety	\$/MT	
		29.6.2012	22.6.2012
Guargum Split		10500	12000
Guargum Powder	200 Mesh 5000 CPS	12000	14000
	200 Mesh 3500 CPS	11800	13800
Guargum Meal		285	290

Guar Cumulative Arrivals in Key Centers

Centre	Arrivals (Quintals)		Change
	Week Ending 29.06.12	Week Ending 22.06.12	
Jodhpur	1500	1000	+500



Bikaner	100	40	+60
Nokha	-	20	-
Hanumangarh	-	-	-
Sri-Ganganagar	-	-	-
Adampur	400	200	+200
Sirsa	-	-	-
Bhiwani	-	-	-
Deesa	60	65	-5
Nagaur	-	-	-
Dhabwali	-	-	-
All India	2060	1325	+735

Spot Market Technical Analysis of Guar seed & Guar gum



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

Prices noticed weak tone during the week after witnessing some recovery during the previous week. For the increase in prices from Rs.4000 till Rs. 33000 levels, prices have noticed 50% correction and are likely to trend towards Rs.15000/Qtl levels in the near –term. RSI is declining in the neutral region supporting weakness in the near –term. On the downside there is support at Rs.15000/Qtl. On breaking this level, overall scenario will be bearish and prices will trend towards Rs.14000/Qtl levels. On the upside there is resistance at Rs.22000/Qtl and Rs.23000/Qtl levels respectively. Traders can consider selling on the rise.

Prices are likely to notice weak tone towards Rs.15000/Qtl levels.

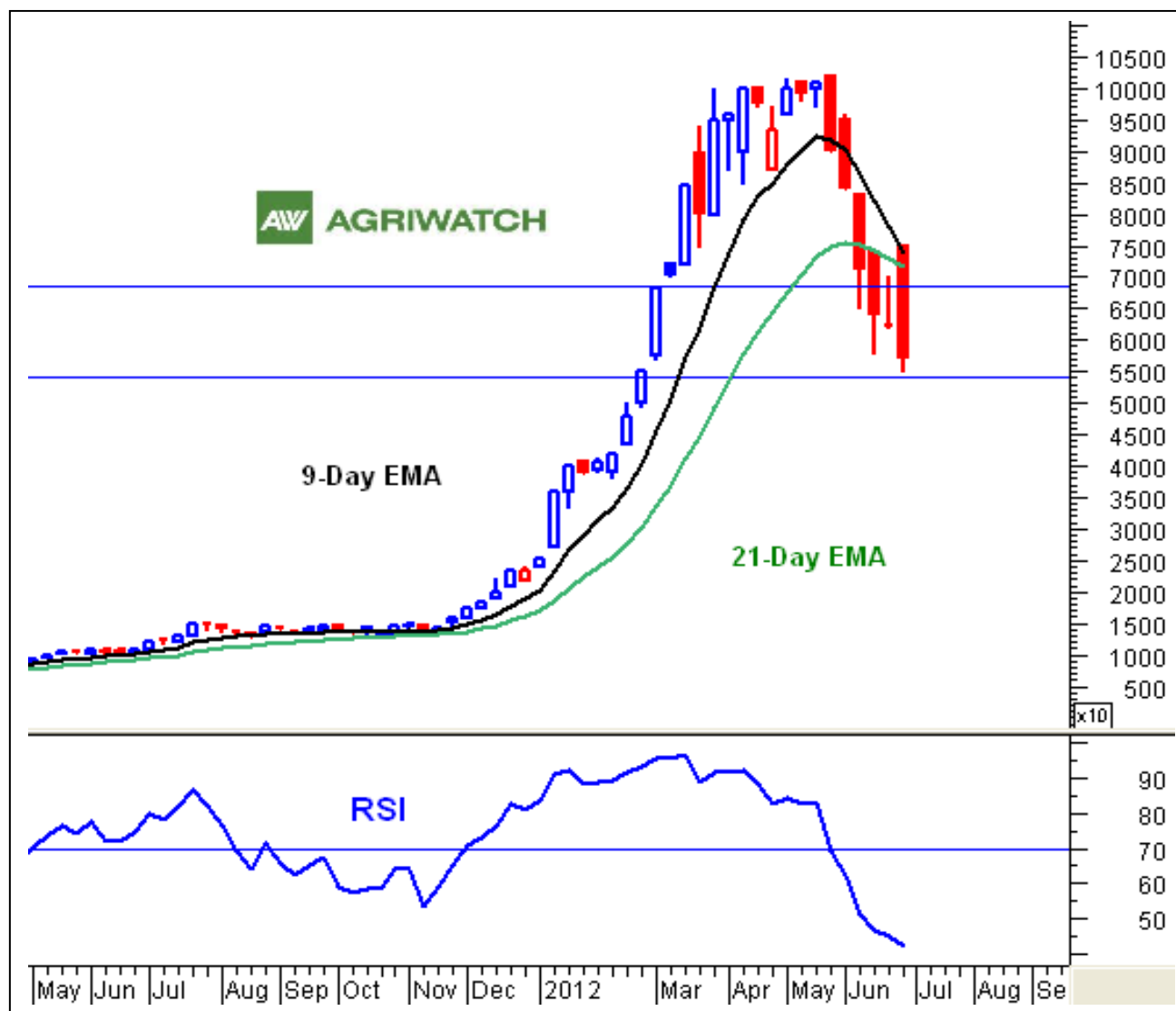


Fig-2 – Guar Gum Weekly Spot Prices (Jodhpur)

Guar gum prices declined in tandem with guar seed during the week. Overall outlook is bearish and prices are likely to continue the weak tone. MACD is declining in the positive territory supporting weakness in the near – term. On the downside there is support at Rs.50120/Qtl levels. The next support is at Rs.47750/Qtl levels. Stochastic oscillator is steady in the oversold region supporting some recovery in the near –term. On the upside there is resistance at Rs. 65000/Qtl and Rs.68450/Qtl levels respectively. Traders can wait for better buying levels in the coming days.

Prices are likely to continue weak tone in the near –term.



Spot Market Outlook:

Both Guar seed and Guar gum prices are likely to continue 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.