

Domestic Market Recap:

- Guar seed and guar gum prices continued weak tone during the week.
- Expectation of higher acreage during the season and lack –luster demand in the domestic market weighed on prices.
- Cheaper alternatives to guar gum for application in food industry has been launched.
- According to IMD, rainfall is expected in Rajasthan, Haryana and Gujarat in the near –term.
- Sowing activities are expected to pick up in the coming days.
- Assuming rainfall to be normal during the season, acreage under guar seed is expected to increase two –three times during the season.

Current Market Dynamics

Guar seed and guar gum prices continued weak tone during the week. Cheaper alternatives to guar gum in food industry weighed on the market. Following higher returns, farmers are increasing acreage under guar seed during this season. In markets like Nagaur, Hanumangarh etc. there are no arrival of guar seed and mills remain mostly closed.

Progress of south –west monsoon is influencing the market. Rains have been reported in certain regions of east Rajasthan, west –Rajasthan, Haryana and Gujarat. Sowing activities have started and further rains are required for sowing to pick up. According to trade sources, around 50 per cent sowing has been completed in Sri –Ganganagar and Hanumangarh areas having irrigation facility. In Haryana, acreage is expected to increase by two –three times depending on rainfall. Till date rains are not sufficient for sowing in the rain –fed areas like Jaisalmer, Barmer, Bikaner and Jodhpur. Farmers are shifting from bajra, moth and moong towards guar seed in Rajasthan following delay in rainfall in the growing regions.

The guar bean has gained importance recently as guar gum is a major ingredient in oil fracking. Guar seed is mainly grown in India and Pakistan. Higher cost of guar gum during the previous season has affected the profits of the oil companies in U.S. As such companies are looking for alternatives to guar gum. In India, sowing of guar seed has begun in different growing regions.

Sowing progress will be clear by next month. According to initial trade estimates, acreage under guar seed is likely to increase two –three times during the current season. Prices are declining amid expectation of higher output of guar seed. This will bring some relief to the oil companies in the overseas market.

Higher prices of guar gum during the recent times has affected many industries including the food industry. Cheaper alternatives were being looked upon. Premier Ingredients has launched Premigum XPJ -12008 and Premium XPJ -12017, as substitute to guar gum to be used in the making of apple juice, mayonnaise and ketchup etc. These substitutes were tested in a standard model system. The application of the substitutes will vary depending on customer's requirement.

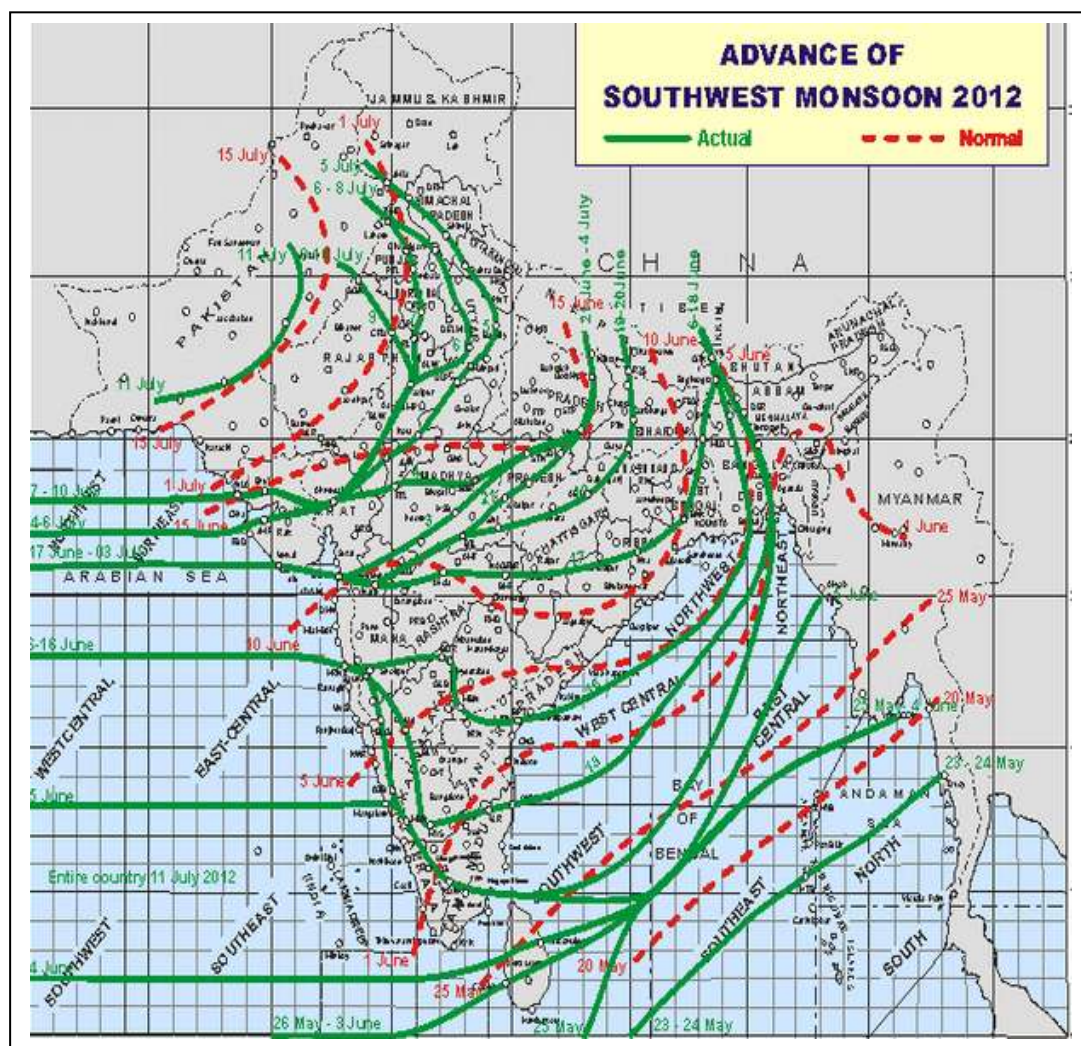
Export and Import Scenario

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

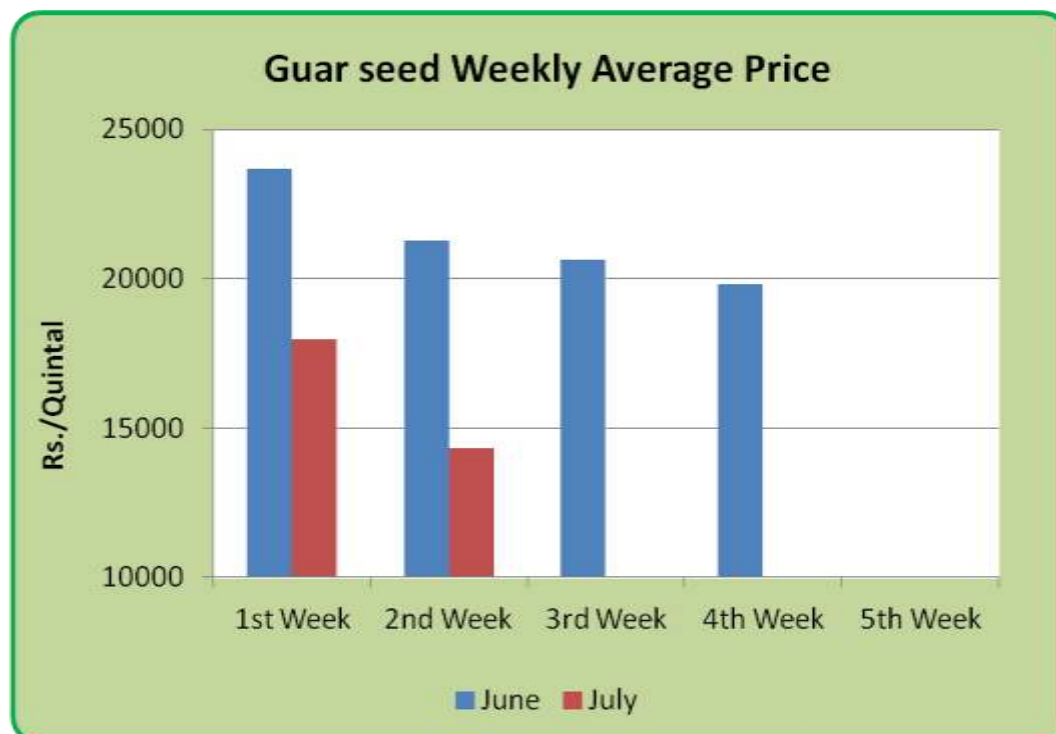
As per market participants, this year there will be bumper crop as farmers will shift to guar looking at the prices. In the current season acreage under guar seed could increase by 60% -200% in Rajasthan based on rainfall. Sowing of guar seed is going on in the irrigated areas. In the rain –fed areas, sowing has started and is expected to pick up in the growing regions. In certain areas like Hanumangarh, Sirsa, Sri-Ganganagar around 50 per cent sowing has been completed. In Gujarat as on 25th June 2012, sowing of guar seed has been done in 11800 hectares. Progress of south –west monsoon in the coming days will determine sowing activities of guar seed. 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.

According to IMD, rains are expected in west Rajasthan, Haryana and Gujarat region in the coming days. The picture below shows the progress of rain till date in India.

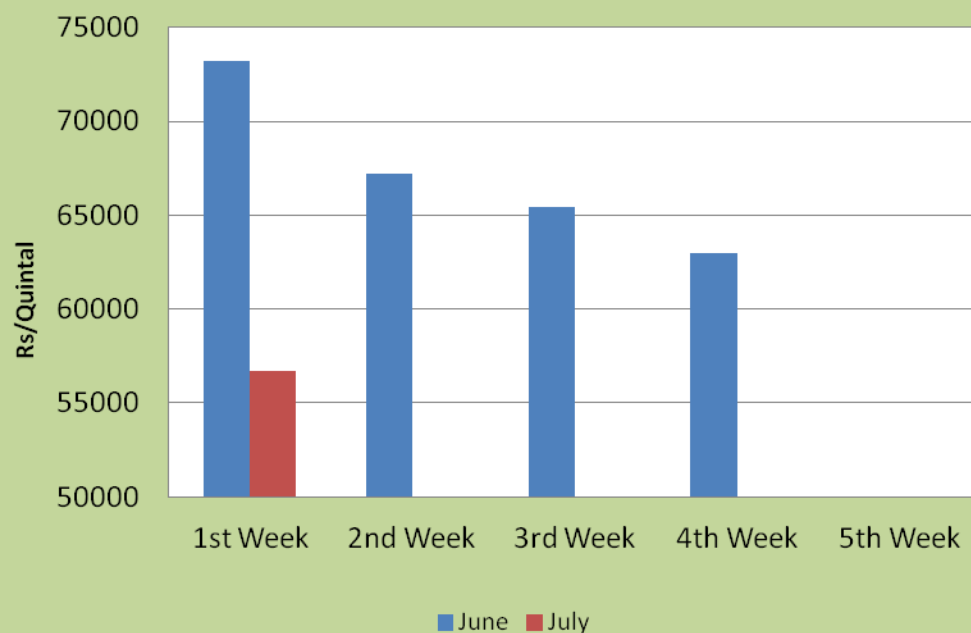


Price Scenario

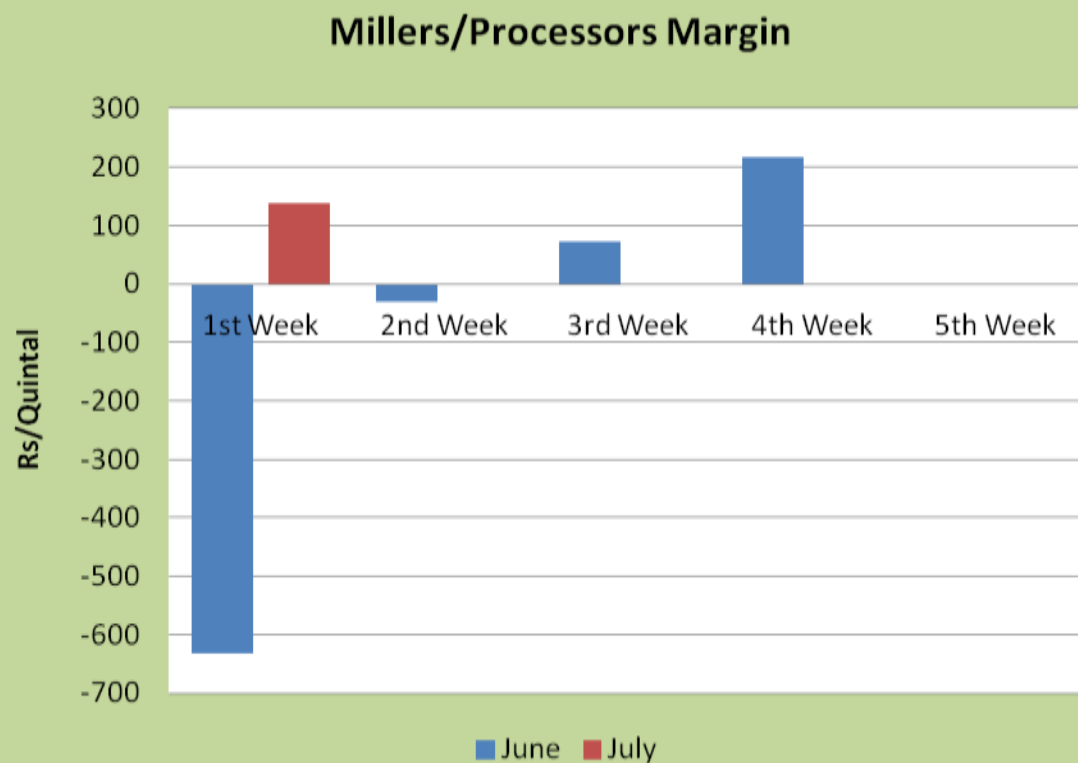
Guar seed and guar gum prices continued weak tone during the week. In the second week of July, the average price of guar seed declined by 20.35% to Rs.14320/Qtl and that of guar gum declined by 20.11% to Rs.45300/Qtl compared to previous week. The graph below illustrates the weekly average price movement 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 increased compared to previous week. Margins improved amid decline in the price of guar seed. In the current week of July, average crush margin stood at Rs. 308.37/Quintal compared to previous week's crush margin of Rs. 138.57/Quintal. Margin could improve in the near –term amid expected decline in the price of guar seed. Rains are expected in the growing regions in the coming days.

Guar Prices at Key Spot Markets

| Commodity | Centre | Prices (Rs/Qtl) | | Change |
|------------|---------------------------|-----------------|-----------|--------|
| | | 13.7.2012 | 06.7.2012 | |
| Guar Seeds | Jodhpur (Delivery) | 16000 | 17800 | -1800 |
| | Jodhpur (Loose) | 15000 | 17100 | -2100 |
| | Bikaner (Loose) | 16000 | 17000 | -1000 |
| | Bikaner (Delivery) | 17100 | 18000 | -900 |
| | Nokha (Loose) | 15000 | 17000 | -2000 |
| | Hanumangarh (Loose) | - | - | - |
| | Sri-Ganganagar (Delivery) | 13500 | 17800 | |
| | Adampur (Loose) | 15000 | 18000 | -3000 |
| | Sirsa (Loose) | 16000 | 18000 | -2000 |
| | Bhiwani (Delivery) | 10000 | 17000 | -7000 |
| | Deesa (Loose) | 17850 | 19020 | -1170 |
| | Nagaur (Loose) | - | 15000 | - |
| | Dhabwali (Loose) | - | - | - |
| Guar Gum | Jodhpur | 48000 | 56000 | -8000 |
| | Bhiwani | 30000 | 55000 | -25000 |
| | Dhabwali | - | - | - |

Guar by – Products Prices:

| Commodity | Centre | Price in Rs/75Kg | |
|-----------|---------|------------------|-----------|
| | | 13.7.2012 | 06.7.2012 |
| Churi | Jodhpur | 700 | 670 |
| Korma | Jodhpur | 1100 | 1070 |

Guar Export Prices:

| Commodity | Variety | \$/MT | |
|----------------|-------------------|-----------|-----------|
| | | 13.7.2012 | 06.7.2012 |
| Guargum Split | | 8400 | 10300 |
| Guargum Powder | 200 Mesh 5000 CPS | 10000 | 11700 |
| | 200 Mesh 3500 CPS | 9700 | 11500 |
| Guargum Meal | | 290 | 295 |

Guar Cumulative Arrivals in Key Centers

| Centre | Arrivals (Quintals) | | Change |
|---------|---------------------|---------------------|--------|
| | Week Ending 13.7.12 | Week Ending 06.7.12 | |
| Jodhpur | 1500 | 1500 | Unch |
| Bikaner | 150 | 125 | +25 |



| | | | |
|----------------|------|------|------|
| Nokha | - | 15 | - |
| Hanumangarh | - | - | - |
| Sri-Ganganagar | - | - | - |
| Adampur | 100 | 500 | -400 |
| Sirsa | - | - | - |
| Bhiwani | - | - | - |
| Deesa | 67 | 60 | +7 |
| Nagaur | - | - | - |
| Dhabwali | - | - | - |
| All India | 1817 | 2200 | -383 |

Spot Market Technical Analysis of Guar seed & Guar gum



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

Prices witnessed correction towards Rs.11000/Qtl levels as expected with some recovery towards the weekend. Buying interest around lower levels supported the market to certain extent. Prices could witness recovery towards Rs.20000/Qtl level in the near –term before continuing weak tone. Stochastic is increasing in the neutral region supporting recovery in the near –term. On the downside there is support at Rs.11300/Qtl. The next support is at Rs.10000/Qtl levels and breach below these levels will support the overall bearish tone of the market. Prices are holding below 9 –Day and 21 –Day EMA supporting the overall weak tone of the market. On the upside there is resistance at Rs.20000/Qtl and Rs.21180/Qtl respectively. Traders are advised to sell on rise.

Prices are likely to witness short –term recovery before continuing the weak tone.

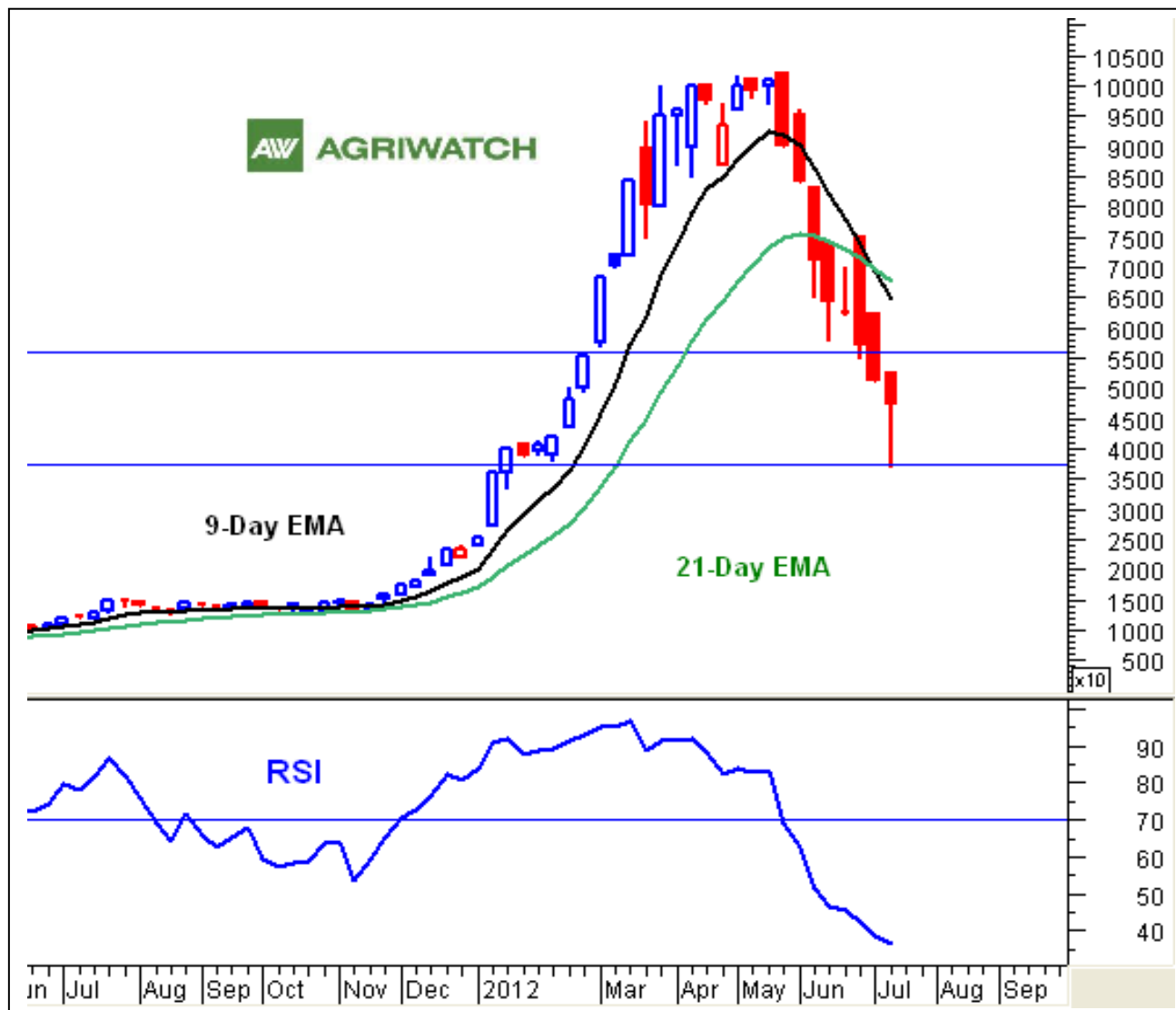


Fig-2 – Guar Gum Weekly Spot Prices (Jodhpur)

Guar gum prices declined during the week. Buying interest around lower levels supported the market to certain extent. Prices continued weak tone towards Rs.37000/Qtl levels and witnessed some recovery during the weekend. RSI is declining in the neutral region supporting weakness in the near –term. On the downside there is support at Rs.37000/Qtl levels. Prices are likely to trend towards these levels in the near –term. On breaking this level, prices will find support around Rs.30000/Qtl levels. MACD is declining in the positive territory supporting the overall weak tone of the market. On the upside there is resistance at Rs.55950/Qtl and Rs. 63000/Qtl levels respectively. Traders can consider selling on rise.

Prices are likely to ease towards Rs.40000/Qtl levels in the medium –term.



Spot Market Outlook:

Both Guar seed and Guar gum prices are likely to notice weak tone after short –term recovery.

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