

Domestic Market Recap:

- Guar seed and guar gum prices noticed mixed tone during the week.
- Lack of sufficient rainfall in the guar seed growing regions supported the market.
- In Rajasthan, sowing of guar seed is done between July –August. Sowing progress will be clear by next month.
- In areas with irrigation facility, more than 50 percent sowing is completed.
- According to IMD, rainfall is expected in Rajasthan and Gujarat region during next week. Sowing activities will pick up in the coming days.
- According to trade estimates, acreage under guar seed is expected to increase two –three times during the current season depending on rainfall.

Current Market Dynamics

Guar seed and guar gum prices noticed steady to firm tone during the week. Sowing of guar seed is going on in different regions and rainfall is required to provide essential soil moisture for sowing. Lack of sufficient rainfall till date in the growing regions is supporting the market.

Progress of south –west monsoon will influence the market in the coming days. In Rajasthan, most of the areas received less rainfall till date. Acreage under guar seed is less compared to previous year till date. According to State Agricultural sources, acreage under guar seed till date in Rajasthan is reported at 7.41 lakh hectares compared to 12.66 lakh hectares during the same period last year. In Rajasthan, sowing can continue till mid –August and expected rain in the coming week will provide soil moisture for sowing. Churi and korma prices have increased during the week in the domestic market good demand for cattle feed.

In U.S., guar gum is mainly used in hydraulic fracking for oil extraction. The increasing demand for guar gum in shale gas extraction will support prices in the medium –term. Oil producing companies in the U.S. are looking into monsoon progress in India. Sufficient rainfall in the guar seed growing regions will increase the acreage under guar seed. Higher output will weigh on prices and this will help in increasing the margin of oil companies in the U.S. Till date there are no alternatives to guar gum for use in gas and oil extraction. Oil companies are looking for cheaper alternatives to be used in oil drilling.

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.

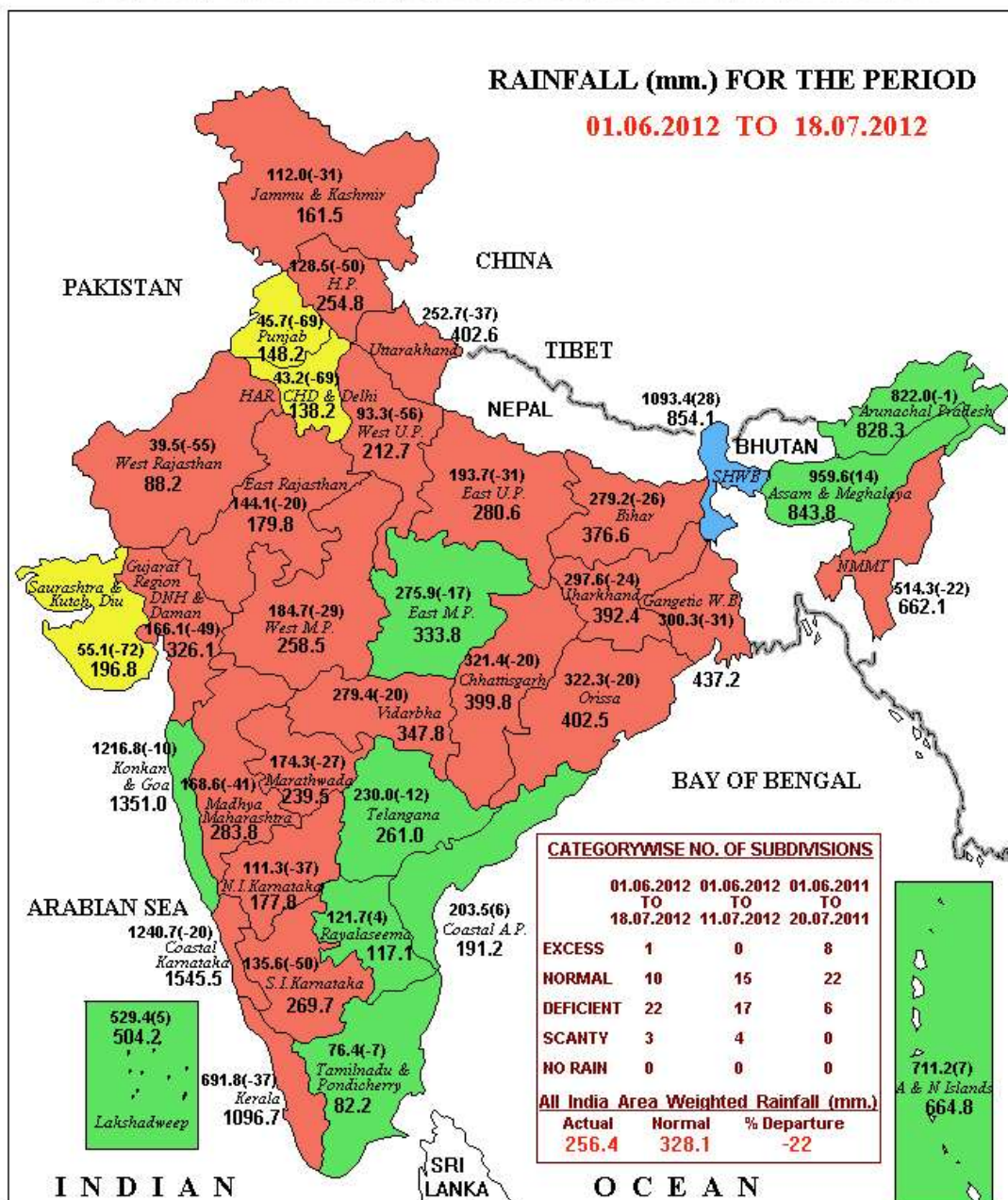
Sowing Interest & Crop Outlook

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 more than 50 per cent completed in the irrigated areas. In Rajasthan, most of the areas received less rainfall till date. Acreage under guar seed is less compared to previous year till date. According to State Agricultural sources, acreage under guar seed till date is reported at 7.41 lakh hectares compared to 12.66 lakh hectares during same period last year. 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.

Weather Watch

According to IMD, rains are expected in east Rajasthan and Gujarat region in the coming days. Rainfall would be subdued over plains of northwest India during first half of the week. However it would increase during the second half. Rains have been covered in most parts of the country. The picture below shows the progress of rain till date in India.

भारत मौसम विज्ञान विभाग INDIA METEOROLOGICAL DEPARTMENT



LEGEND: ■ EXCESS (+20% OR MORE) ■ NORMAL (+19% TO -19%) ■ DEFICIENT (-20% TO -59%)

■ SCANTY (-60% TO -99%) ■ NO RAIN (-100%) NO DATA

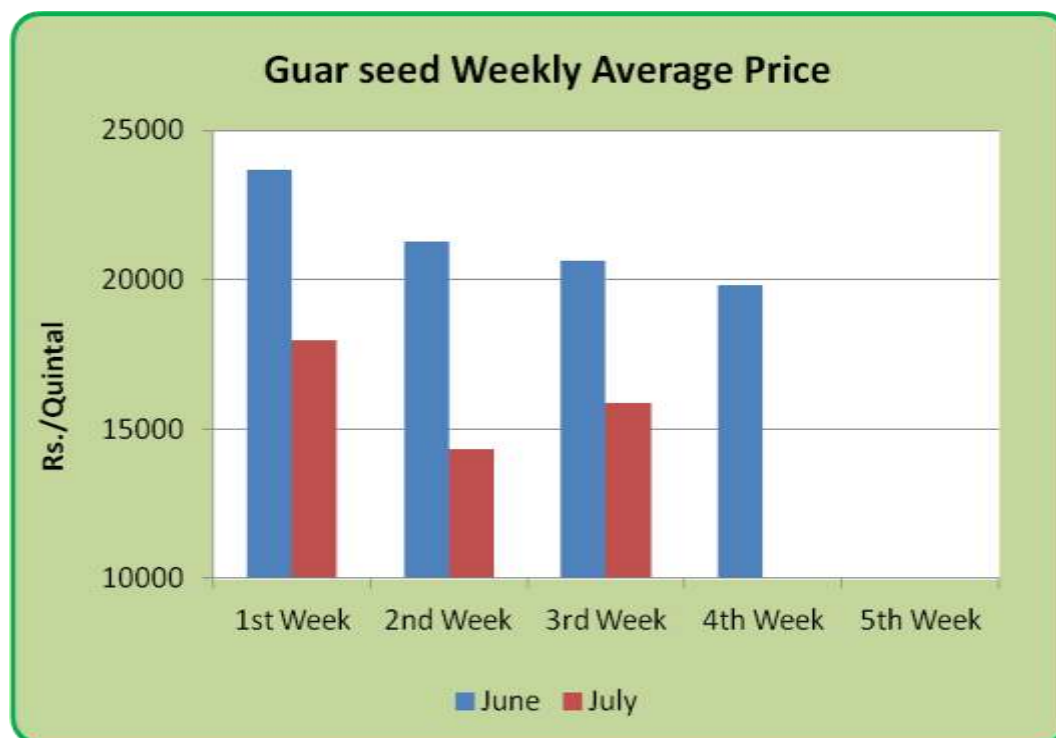
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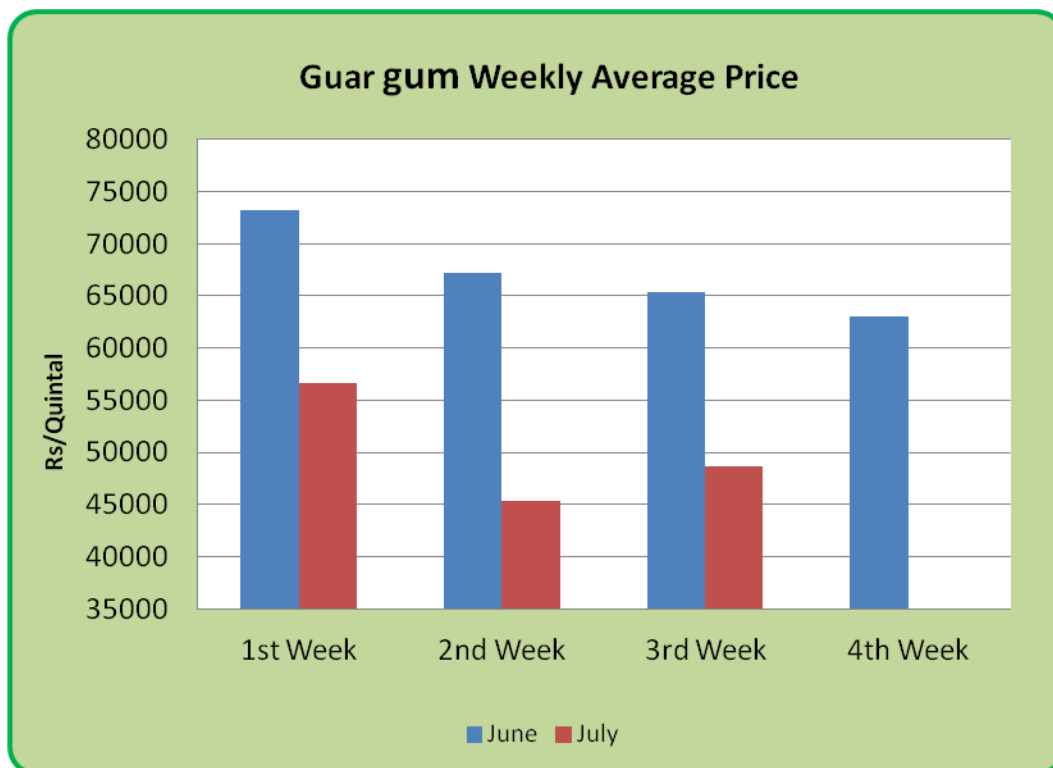
(a) Rainfall figures are based on operational data.

(b) Small figures indicate actual rainfall (mm.), while bold figures indicate Normal rainfall (mm.)
Percentage Departures of Rainfall are shown in Brackets.

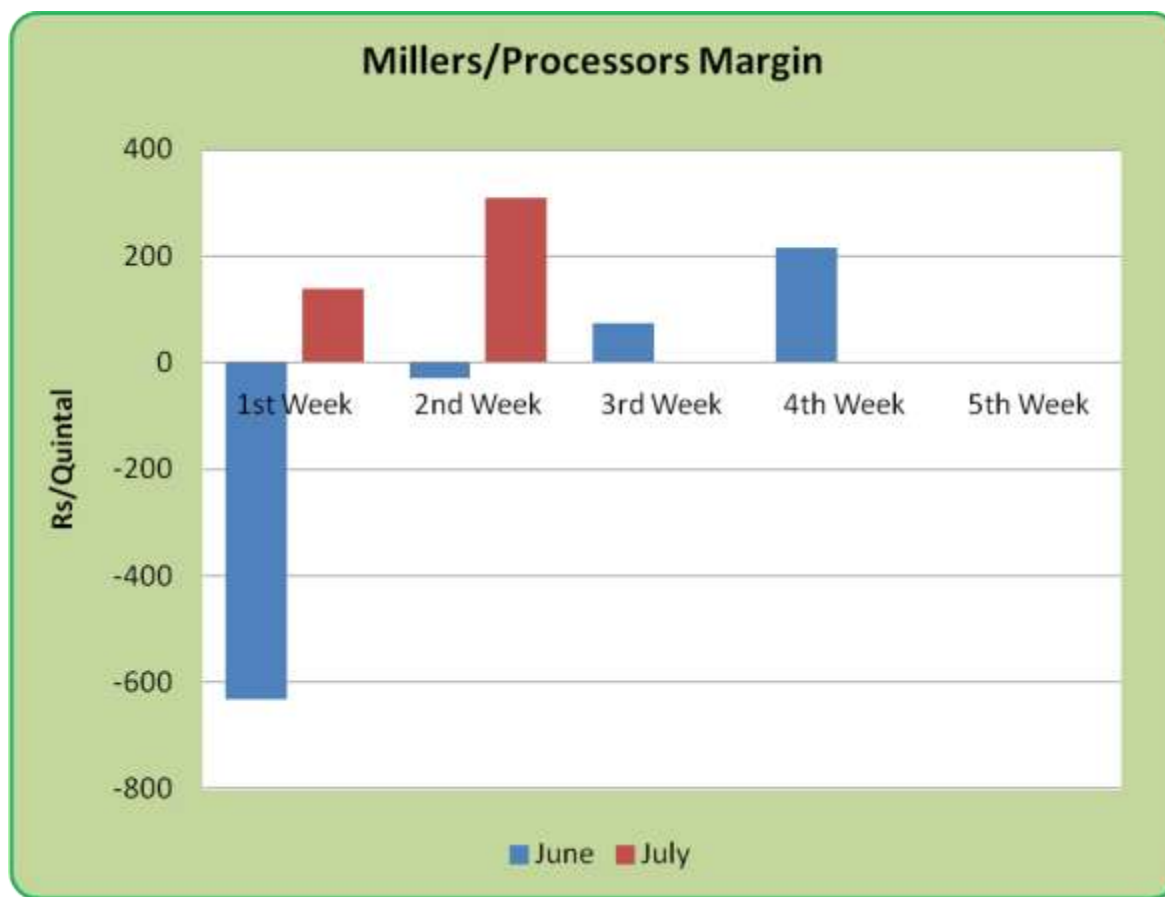
Price Scenario

Guar seed and guar gum prices noticed some recovery during the week. In the third week of July, the average price of guar seed increased by 10.89% to Rs.15880/Qtl and that of guar gum increased by 7.29% to Rs.48600/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 declined slightly compared to previous week. Margin declined following recovery in guar seed prices to some extent. In the current week of July, average crush margin stood at Rs. 1.80/Quintal compared to previous week's crush margin of Rs. 308.37/Quintal. Margin could increase 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
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		20.7.2012	13.7.2012	
Guar Seeds	Jodhpur (Delivery)	15000	16000	-1000
	Jodhpur (Loose)	14800	15000	-200
	Bikaner (Loose)	14000	16000	-2000
	Bikaner (Delivery)	14500	17100	-2600
	Nokha (Loose)	15500	15000	+500
	Hanumangarh (Loose)	-	-	-
	Sri-Ganganagar (Delivery)	16000	13500	+2500
	Adampur (Loose)	14500	15000	-500
	Sirsa (Loose)	15000	16000	-1000
	Bhiwani (Delivery)	15000	10000	+5000
	Deesa (Loose)	16650	17850	-1200
	Nagaur (Loose)	-	-	-
	Dhabwali (Loose)	-	-	-
Guar Gum	Jodhpur	45000	48000	-3000
	Bhiwani	37500	30000	+7500
	Dhabwali	-	-	-

Guar by – Products Prices:

Commodity	Centre	Price in Rs/75Kg	
		20.7.2012	13.7.2012
Churi	Jodhpur	900	700
Korma	Jodhpur	1500	1100

Guar Export Prices:

Commodity	Variety	\$/MT	
		20.7.2012	13.7.2012
Guargum Split		-	8400
Guargum Powder	200 Mesh 5000 CPS	-	10000
	200 Mesh 3500 CPS	-	9700
Guargum Meal		-	290

Guar Cumulative Arrivals in Key Centers

Centre	Arrivals (Quintals)		Change
	Week Ending 20.7.12	Week Ending 13.7.12	
Jodhpur	1000	1500	-500
Bikaner	30	150	-120
Nokha	-	-	-
Hanumangarh	-	-	-
Sri-Ganganagar	-	-	-



Adampur	100	100	Unch
Sirsa	-	-	-
Bhiwani	-	-	-
Deesa	47	67	-20
Nagaur	-	-	-
Dhabwali	-	-	-
All India	1177	1817	-640

Spot Market Technical Analysis of Guar seed & Guar gum

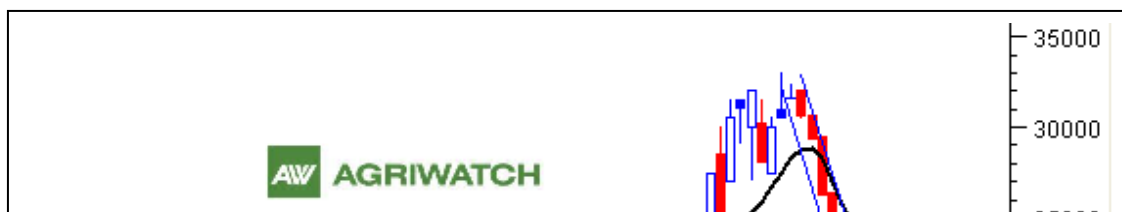


Fig-1 – Guar Seed Weekly Spot Prices (Jodhpur)

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

Prices noticed weak tone during the week and traded in a narrow range. Selling interest weighed on the market. Prices are falling in a channel and break above Rs.17000/Qtl levels will boost the market to certain extent. Prices could witness recovery towards Rs.20000/Qtl levels in the near –term before continuing the weak tone. RSI is declining in the neutral region supporting weakness in the near –term. MACD is declining in the positive territory adding to the overall weak tone of the market. On the downside there is support at Rs.11500/Qtl levels. The next support is at Rs.10000/Qtl levels. On the upside there is resistance Rs. 17000/Qtl levels and Rs.19350/Qtl levels respectively. Traders are advised to wait for better buying levels in the near –term.

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



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

Guar gum prices continued weak tone during the week in tandem with guar seed prices. Prices are holding below 9 –Day and 21 –Day EMA supporting the overall weak tone of the market. Lack of buying interest weighed on prices. Prices are likely to trend towards Rs.35000/Qtl levels in the medium –term. Stochastic oscillator is increasing in the oversold region supporting some recovery in the near –term. On the downside there is support at Rs.37450/Qtl levels. The next support is at Rs.33000/Qtl levels respectively. On the upside there is resistance at Rs.51000/Qtl and Rs.55000/Qtl levels respectively. Traders can consider selling on rise.

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

Spot Market Outlook:



Both Guar seed and Guar gum prices are likely to continue weak tone in the near –term. Any near –term recovery should be considered as good selling opportunity.

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