

## Domestic Market Recap:

- Guar seed and guar gum prices witnessed recovery during the week except slight weakness in Bhiwani, Nokha and Deesa markets.
- Lack of sufficient rainfall in the growing regions supported the market.
- According to IMD, till date rainfall is 22 percent deficit all over India. A drought –like situation is prevailing in many states like Rajasthan, Haryana and Gujarat.
- Acreage till date is lower in the major growing states of Rajasthan, Haryana and Gujarat. Initial trade estimates of two –three times higher acreage may not be met following lack of rainfall in the growing regions.
- Farmers in Punjab and Gujarat tried to increase the area under guar seed, but could not be successful following heat wave conditions and lack of rainfall in these areas.
- Progress of south –west monsoon will influence the market in the coming days.

## Current Market Dynamics

Guar seed and guar gum prices noticed slight recovery during the week. Good demand of seed for sowing purpose and lack of sufficient rainfall in the growing regions supported the market. Till date, rainfall is not sufficient in the guar seed growing regions.

Guar seed is mainly grown in the Thar desert in India covering four states. Rajasthan and Haryana contribute more than 90 percent of Indian guar seed supply. India produces more than 80 percent of the total global output. Recently guar seed has gained importance following the use of guar gum in shale gas extraction in the U.S. Prices touched record high during the previous season and are likely to be volatile this season following expected lower output of guar seed.

Guar planting typically takes place in June and July and in Rajasthan it is likely at the most to reach 3 million hectares, almost the same as last year. In the neighbouring state of Haryana, which received rains nearly 70 percent below average, it is likely to fall.

Guar seed planting requires minimum 40 millimeters of rain. In western Rajasthan, till date rains are 55 percent below long –term averages. Farmers in Punjab and Gujarat tried to increase the area under guar seed, but could not be successful following heat wave conditions and lack of rainfall in these areas.

According to Halliburton Company, one of the biggest oil drilling companies in the U.S., the profit margin of the company is likely to be affected if drought like situation in India continues. Oil producing companies in the U.S. are looking into monsoon progress in India.

**Export and Import Scenario**

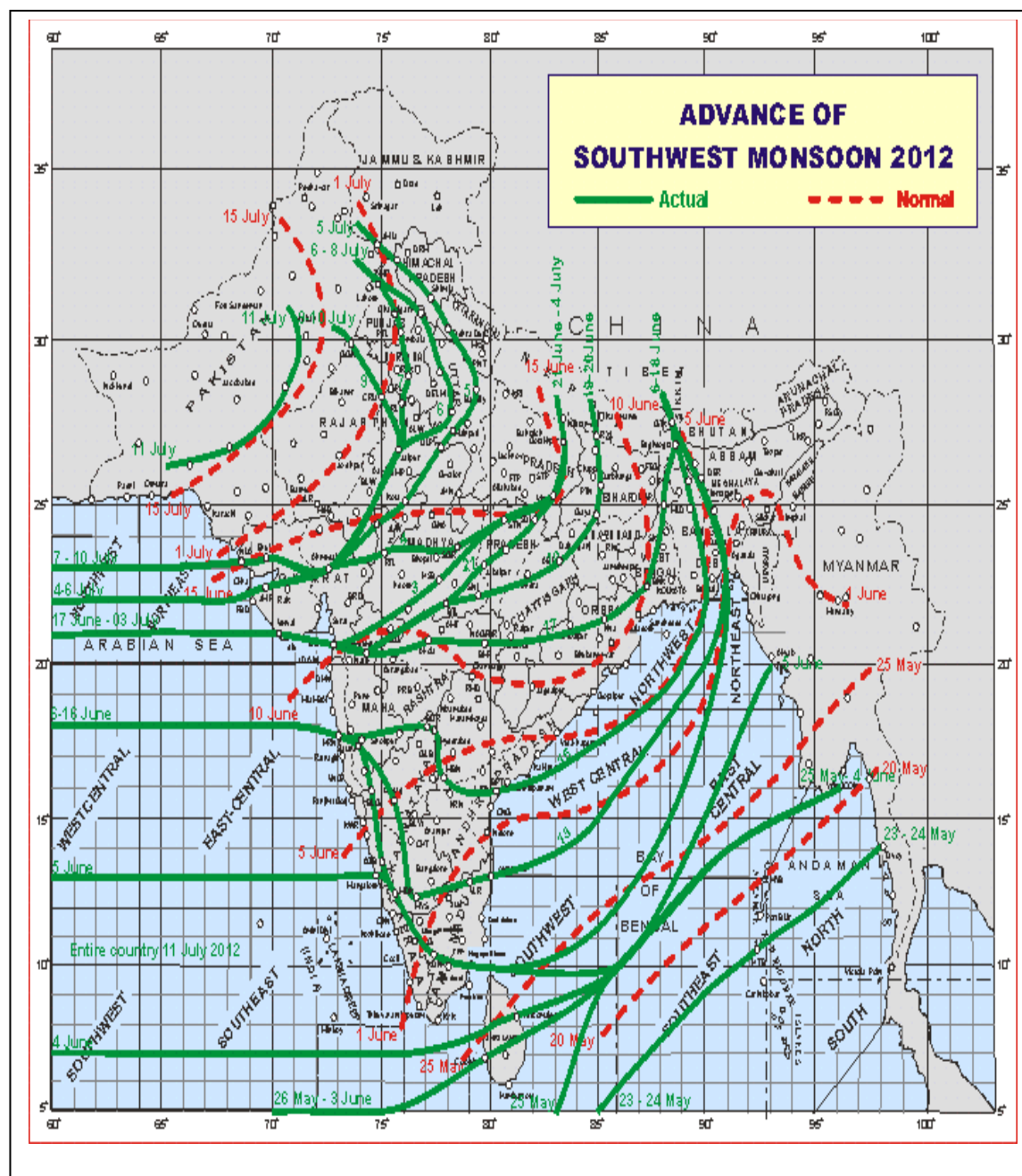
As per sources, both Gum and Powder demand continues to rise in overseas market. Major buyers like China, Europe and U.S continue to queue in the market to fulfill their daily requirement, mainly for industrial use. In March, the US purchased a record 33,800 tonnes of guar gum from India, up from an 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, initial expectation of higher output during the season may not be met following lower acreage in the growing regions. Sowing activities in rain –fed areas will pick up with the onset of south – west monsoon in these regions. Till date south –west monsoon is 22 percent deficit all over India. Sowing is likely to be completed in the irrigated areas by this month. Guar planting typically takes place in June and July and in Rajasthan it is likely at the most to reach 3 million hectares, almost the same as last year. In the neighbouring state of Haryana, which received rains nearly 70 percent below average, it is likely to fall. Guar seed sowing has so far covered around 1 million hectares in Rajasthan as against 1.3 million hectares at this point a year ago, while in Haryana 180,000 hectares have been sown as against 215,000 hectares in 2011 according to farm ministry data. According to State Agricultural sources, acreage under guar seed in Gujarat as on 20th July 2012 is reported at 23100 hectares compared to 42000 hectares during same period last year.

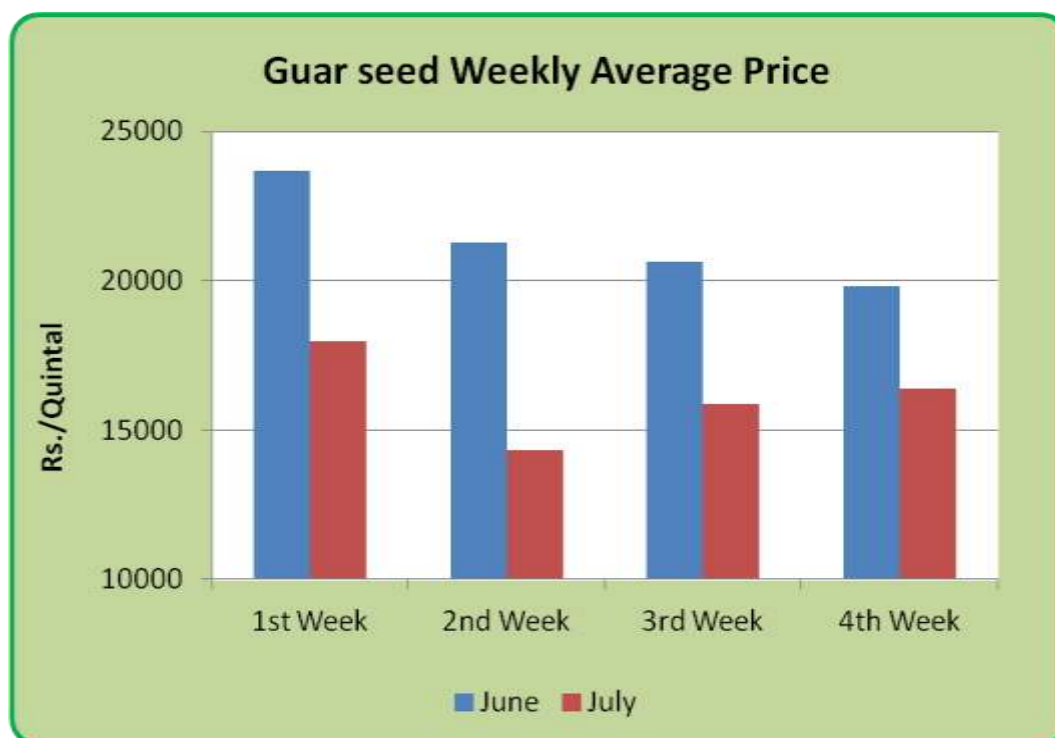
**Weather Watch**

According to IMD, rains are expected in east Rajasthan, Haryana and Gujarat region in the coming days. Rainfall is expected over few places in north –west India during the week. Rains have been covered in most parts of the country. The picture below shows the progress of rain till date in India.

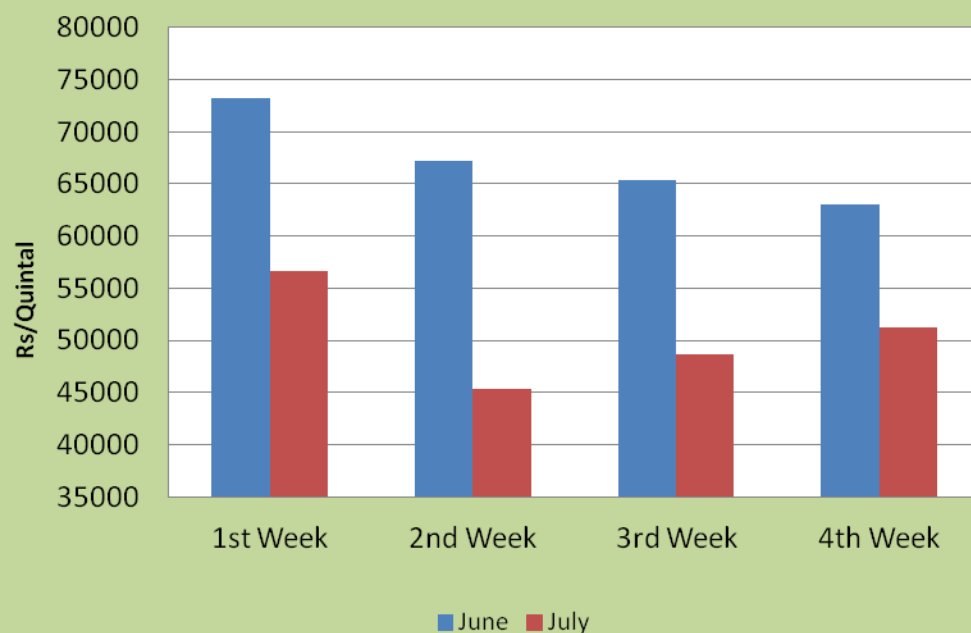


### Price Scenario

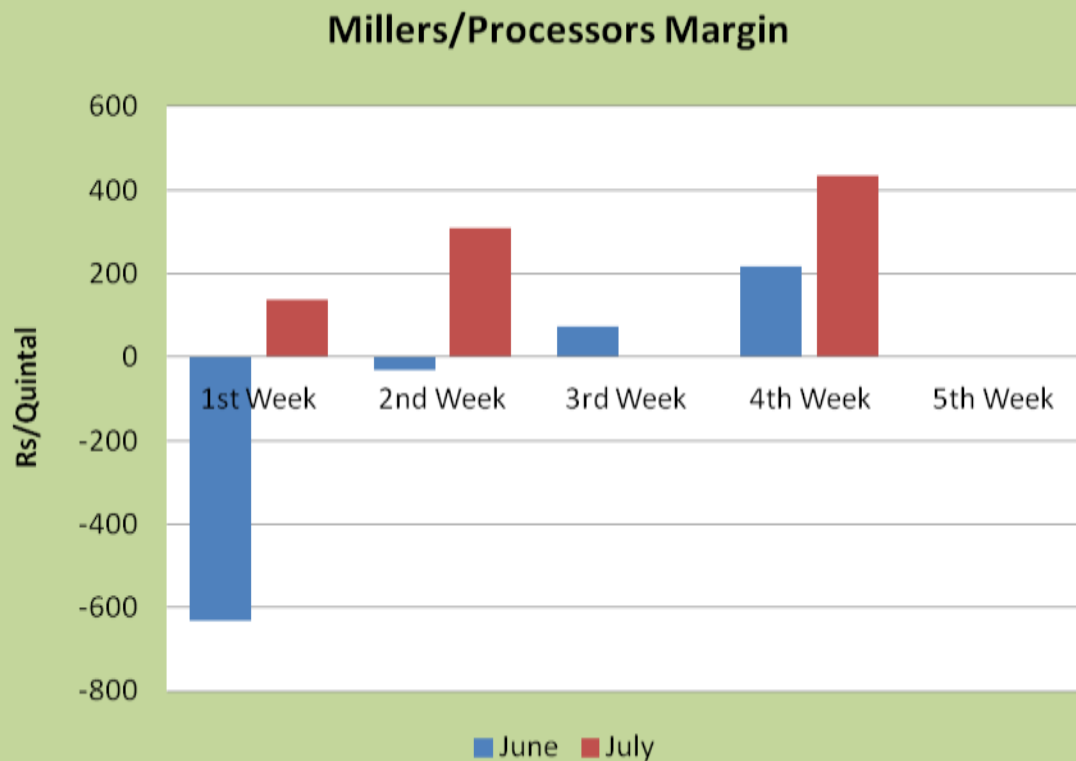
Guar seed and guar gum prices continued recovery during the week. In the fourth week of July, the average price of guar seed increased by 3.15% to Rs.16380/Qtl and that of guar gum increased by 5.35% to Rs.51200/Qtl compared to previous week. The graph below illustrates the weekly average price movement 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. Margin increased following increase in price of churi and korma. In the current week of July, average crush margin stood at Rs.435.66/Quintal compared to previous week's crush margin of Rs. 1.80/Quintal. Margin could increase in the near –term amid expected increase in the price of guar gum.

**Guar Prices at Key Spot Markets**

Commodity	Centre	Prices (Rs/Qtl)		Change
		27.7.2012	20.7.2012	
Guar Seeds	Jodhpur (Delivery)	17500	15000	+2500
	Jodhpur (Loose)	16800	14800	+2000
	Bikaner (Loose)	19000	14000	+5000
	Bikaner (Delivery)	20000	14500	+5500
	Nokha (Loose)	15000	15500	-500
	Hanumangarh (Loose)	-	-	-
	Sri-Ganganagar (Delivery)	17000	16000	+1000
	Adampur (Loose)	17500	14500	+3000
	Sirsa (Loose)	17000	15000	+2000
	Bhiwani (Delivery)	14500	15000	-500
	Deesa (Loose)	16200	16650	-450
	Nagaur (Loose)	-	-	-
	Dhabwali (Loose)	-	-	-
Guar Gum	Jodhpur	55000	45000	+10000
	Bhiwani	39000	37500	+1500
	Dhabwali	-	-	-

**Guar by – Products Prices:**

Commodity	Centre	Price in Rs/75Kg	
		27.7.2012	20.7.2012
Churi	Jodhpur	950	900
Korma	Jodhpur	1800	1500

**Guar Export Prices:**

Commodity	Variety	\$/MT	
		27.7.2012	20.7.2012
Guargum Split		-	-
Guargum Powder	200 Mesh 5000 CPS	-	-
	200 Mesh 3500 CPS	-	-
Guargum Meal		-	-

**Guar Cumulative Arrivals in Key Centers**

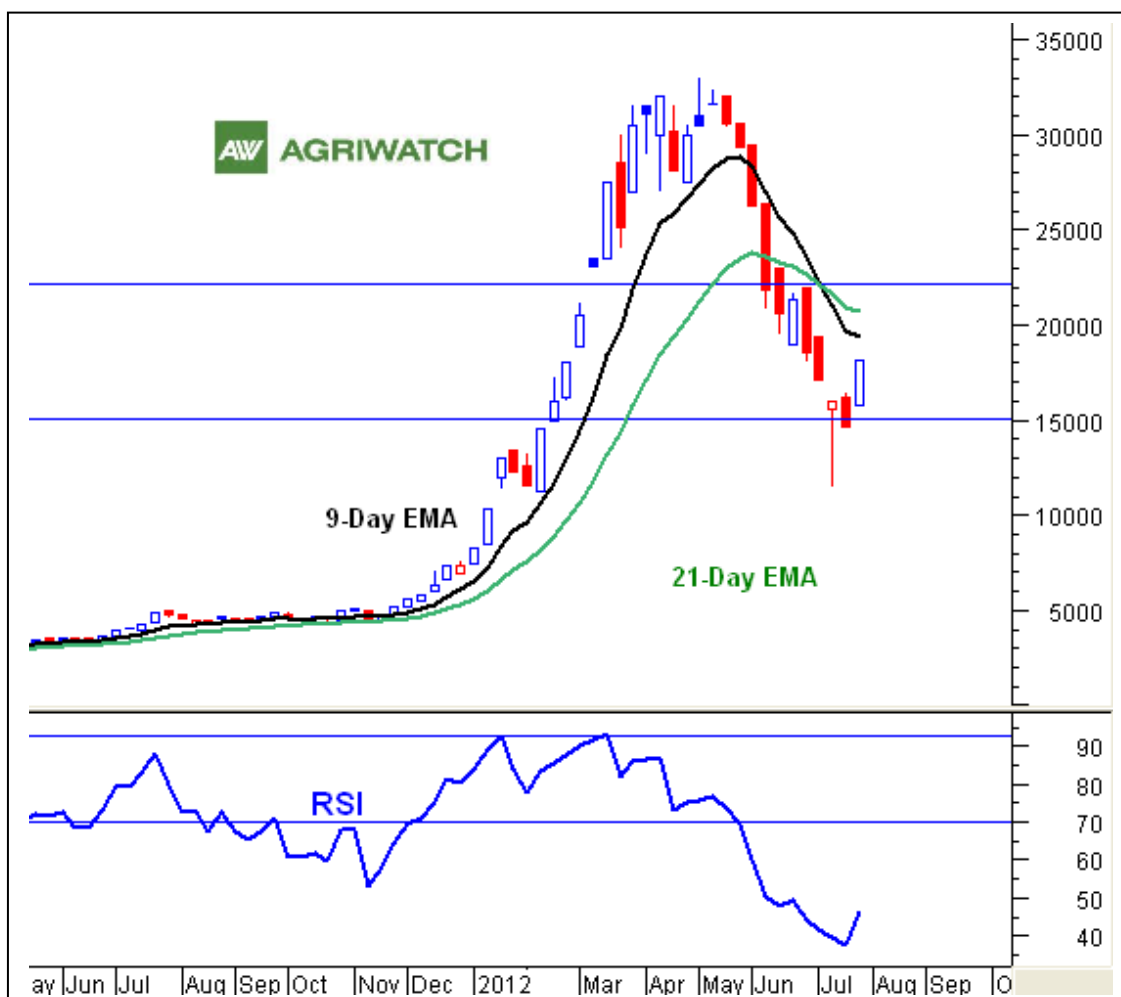
Centre	Arrivals (Quintals)		Change
	Week Ending 27.7.12	Week Ending 20.7.12	
Jodhpur	1500	1000	+500
Bikaner	100	30	+70



Nokha	-	-	-
Hanumangarh	-	-	-
Sri-Ganganagar	-	-	-
Adampur	40	100	-60
Sirsa	-	-	-
Bhiwani	-	-	-
Deesa	55	47	+8
Nagaur	-	-	-
Dhabwali	-	-	-
All India	1695	1177	+518



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



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

Prices noticed some recovery during the week. Buying interest around lower levels lend support to the market. Prices looks like breaking above the falling channel in the weekly chart and are likely to trend towards Rs.25000/Qtl levels in the medium –term. Price are likely to continue the positive tone for some time. RSI is increasing in the neutral region supporting firm tone in the near –term. 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.15000/Qtl levels and prices are likely to hold these levels in the coming days. The next support is at Rs.14000/Qtl. On the upside there is resistance at Rs.20000/Qtl and Rs.22150/Qtl levels respectively. Traders can consider buying around current levels.

**Prices are likely to trend towards Rs.22000/Qtl levels in the near –term.**



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

Guar gum prices moved in tandem with guar seed prices and closed higher during the week. Prices have broken above the downtrend line in the weekly chart and are likely to continue the firm tone in near –term. Buying interest around current levels is supporting the market. Prices are likely to witness recovery towards Rs.65000/Qtl levels. Break above Rs.70000/Qtl levels will denote continuation of the positive tone. Stochastic oscillator is increasing in the neutral region supporting positive tone in the near –term. MACD is in the positive territory supporting the firm tone of the market. On the downside there is support at Rs.47695/Qtl. The next support is Rs.45000/Qtl levels.. On the upside there is resistance at Rs.62160/Qtl and Rs.70000/Qtl levels respectively. Traders can consider buying around current levels.

**Prices are likely to continue the positive tone towards Rs.70000/Qtl levels in the medium –term.**



### Spot Market Outlook:

Both Guar seed and Guar gum prices are likely to witness further recovery in the near –term. Traders can consider buying around current levels.

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