

Domestic Market Recap:

- Guar seed and guar gum prices noticed recovery during the week.
- Demand from the millers supported the market.
- Arrivals have declined in major mandis during the week.
- Farmers are bringing less produce to the market amid expectation of better returns in the medium –term.
- Export demand is likely to be lower this season.
- Decision regarding re –launching of guar complex futures has not been taken.

Current Market Dynamics

Guar seed and guar gum prices witnessed recovery during the week and closed at high. Buying interest around lower levels supported the market. Millers are purchasing around current levels amid some demand in the ready market.

Prices are increasing during the last few days and farmers are bringing less produce to the market. Lower arrivals added to the positive tone of the market. Better returns are expected in the medium –term and farmers are not willing to bring much produce into the mandis around current levels. Demand is expected to pick up in the coming days.

Crop damage in the different growing regions of Rajasthan, Haryana and Gujarat will support prices in the medium –term. Crop output will be lower than the initial estimates of 28 -30 lakh metric tonnes. According to Agriwatch estimates, output of guar seed during this season is estimated to be around 23 lakh metric tonnes.

FMC has not yet taken any decision regarding re –launching of guar complex futures. Futures were likely to be started amid initial estimates of bumper guar seed production during the season. Anticipation of re –launch of guar complex futures added to the positive tone of the market.

Export and Import Scenario

As per sources, both Gum and Powder demand is likely to be sluggish during the season as many oil companies in the overseas markets have stocked up guar gum. 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 7.07 lakh tonnes during 2011 -2012 against 4.41 lakh metric tonnes recorded during 2010- 11.

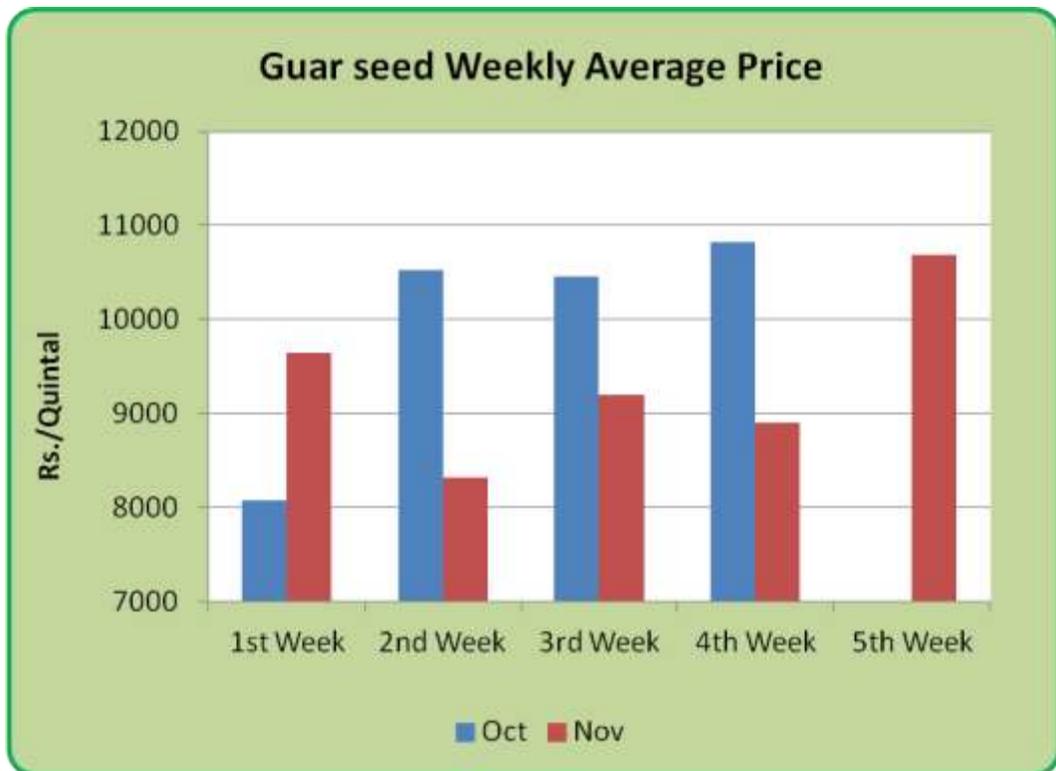
Crop Outlook

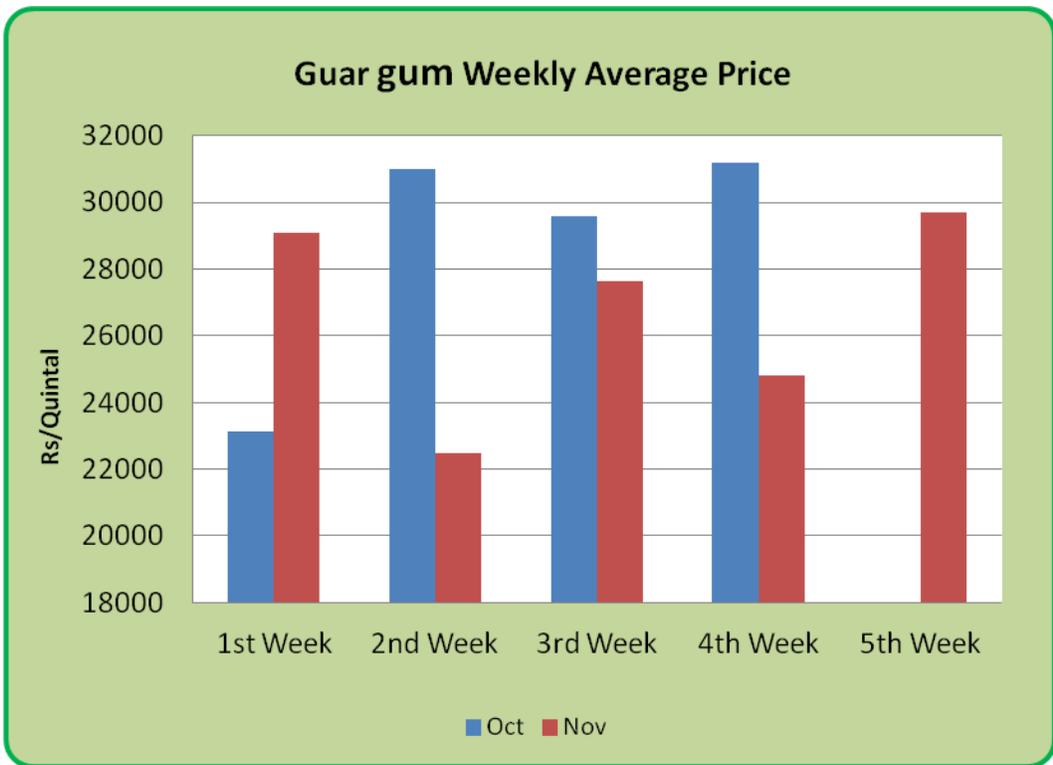
According to the first advance estimates of Haryana agricultural department, guar production in the current season is estimated at 3.75 lakh metric tonnes compared to 2.0 lakh metric tonnes in the previous season. In Punjab, farmers normally sow guar seed in 3000 -4000 acres. However following meteoric rise in prices during the previous season, farmers have sown guar seed in nearly 50,000 acres during this season. According to State Agricultural sources, acreage under guar seed in Gujarat till 1st October 2012 is reported at 237500 hectares compared to 129000 hectares during the same period last year.

In the current season, onset of south –west monsoon was delayed in the growing regions. However there has been good rainfall in August and September 2012. Lack of rains in certain growing regions during the month of October has affected the crop. Based on rainfall during June –October, there could be around 30 -40% crop damage in parts of Rajasthan, Haryana and Gujarat. Based on this, Agriwatch's production estimates of guar seed is expected to be around 20.-23 lakh metric tonnes in the current season compared to the initial estimates of 28 -30 lakh metric tonnes. Other states like Maharashtra, Madhya Pradesh. Andhra Pradesh could contribute some small amount during this season, which is not clear as on date.

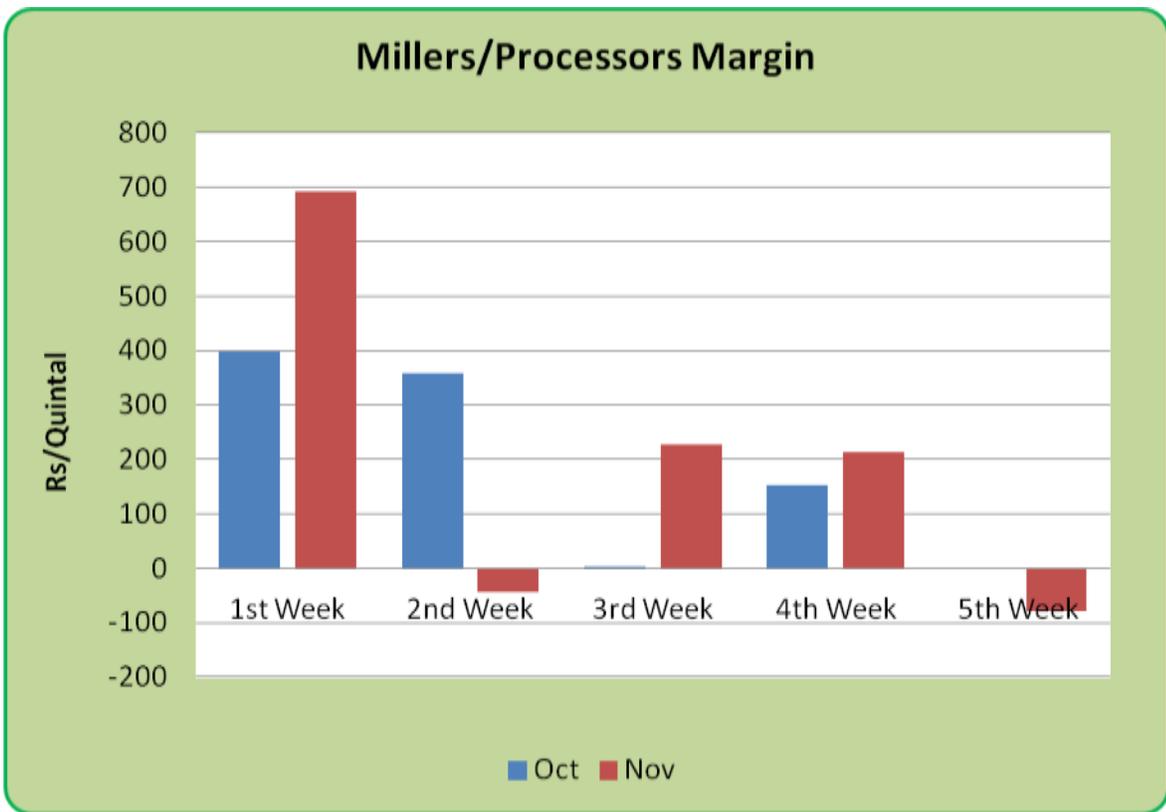
Price Scenario

Guar seed and guar gum prices increased during the week. In the fifth week of November, the average price of guar seed increased by 20% to Rs.10680/Qtl and that of guar gum increased by 20% to Rs.29700/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 average crushing margin of guar seed declined compared to previous week. Margin remained lower following increase in the price of guar seed. In the fifth week of November, average crush margin stood at - Rs. 79.26/Quintal compared to previous week's crush margin of Rs. 214.46/Quintal. Margin is expected to increase in the coming days amid expected increase in the price of guar gum.

Guar Prices at Key Spot Markets

Commodity	Centre	Prices (Rs/Qtl)		Change
		30.11.2012	23.11.2012	
Guar Seeds	Jodhpur (Delivery)	11700	8500	3200
	Jodhpur (Loose)	11000	8400	2600
	Bikaner (Loose)	12900	8400	4500
	Bikaner (Delivery)	12500	8800	3700
	Nokha (Loose)	12500	8500	4000
	Hanumangarh (Loose)	12250	8700	3550
	Sri-Ganganagar (Delivery)	12000	9300	2700
	Adampur (Loose)	12250	9000	3250
	Sirsa (Loose)	-	9000	-
	Bhiwani (Delivery)	12000	8500	3500
	Deesa (Loose)	11250	8250	3000
	Nagaur (Loose)	11000	-	-
	Dhabwali (Loose)	12500	8700	3800
	Guar Gum	Jodhpur	34000	23500
Bhiwani		34500	24000	10500
Dhabwali		35000	24000	11000

Guar by – Products Prices:

Commodity	Centre	Price in Rs/75Kg	
		30.11.2012	23.11.2012
Churi	Jodhpur	1400	1550
Korma	Jodhpur	1800	1900

Guar Export Prices:

Commodity	Variety	\$/MT	
		03.12.2012	23.11.2012
Guargum Split		6750	4700
Guargum Powder	200 Mesh 5000 CPS	7300	5650
	200 Mesh 3500 CPS	7200	5450
Guargum Meal		370	390

Guar Cumulative Arrivals in Key Centers

Centre	Arrivals (Quintals)		Change
	30.11.2012	23.11.2012	
Jodhpur	65000	76100	-11100
Bikaner	1000	790	210
Nokha	1000	350	650
Hanumangarh	1200	500	700
Sri-Ganganagar	7000	8000	-1000
Adampur	8300	8000	300
Sirsa	600	880	-280
Bhiwani	8000	8300	-300
Deesa	11000	7500	3500
Nagaur	160	200	-40
Dhabwali	1100	2200	-1100
All India	104360	112820	-8460

Spot Market Technical Analysis of Guar seed & Guar gum

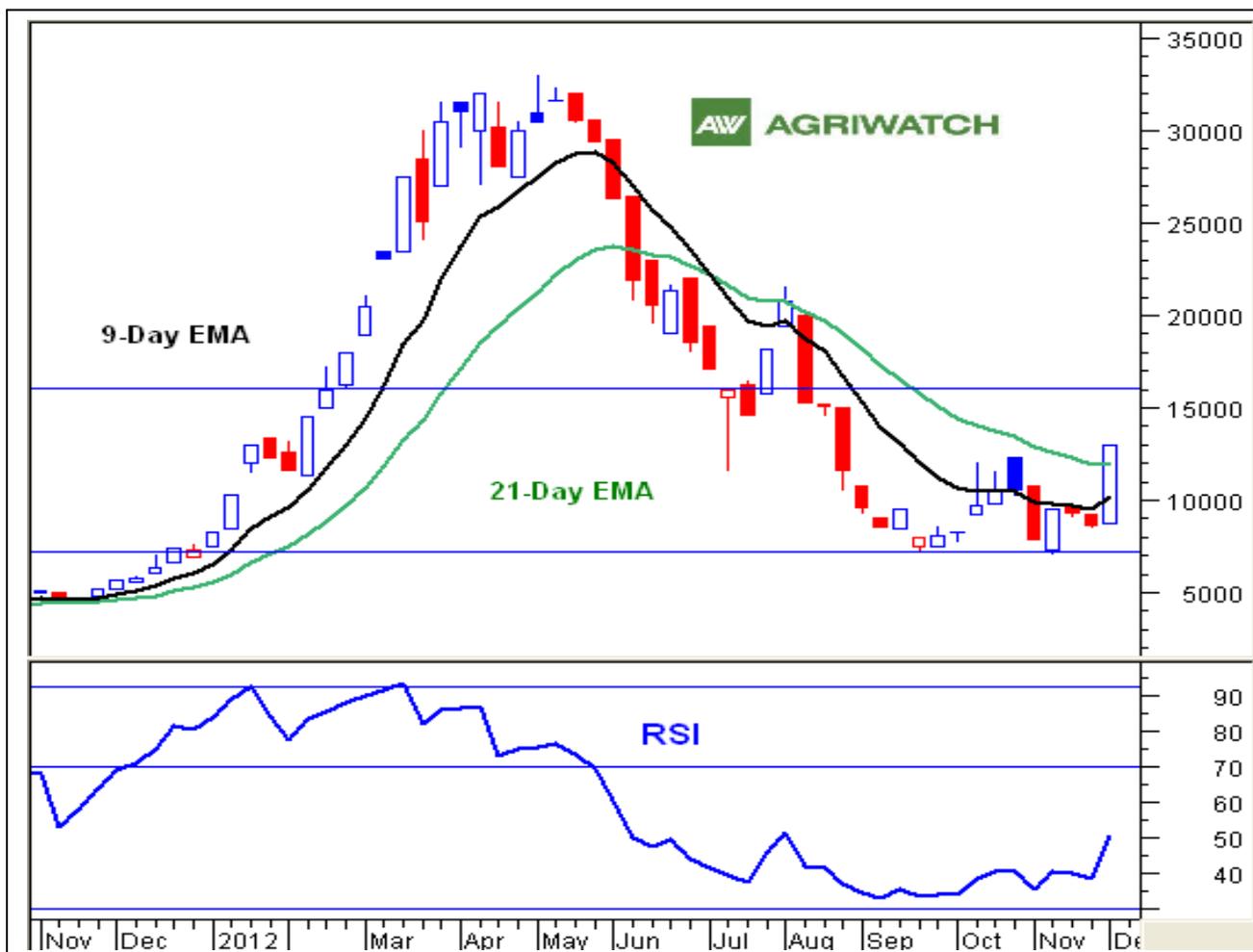


Fig-1 – Guar Seed Weekly Spot Prices (Jodhpur)

Prices noticed firm tone during the week and closed at week’s high. Prices are holding above the down trend line in the weekly chart and are likely to continue the firmness in the near –term. Prices have broken above the double –bottom formation in the weekly chart. The upside target for this formation is Rs.17425/Qtl levels. Prices are holding above 9 –Day and 21 –Day EMA supporting the firm tone in the medium –term. Prices will find support around Rs.10000/Qtl levels. The next support is at Rs.8500/Qtl levels. On the upside there is resistance at Rs.14500/Qtl and Rs.16000/Qtl levels respectively. Traders can purchase around current levels for their medium –term requirement.

Prices are likely to trend towards Rs.16000/Qtl levels during the week.

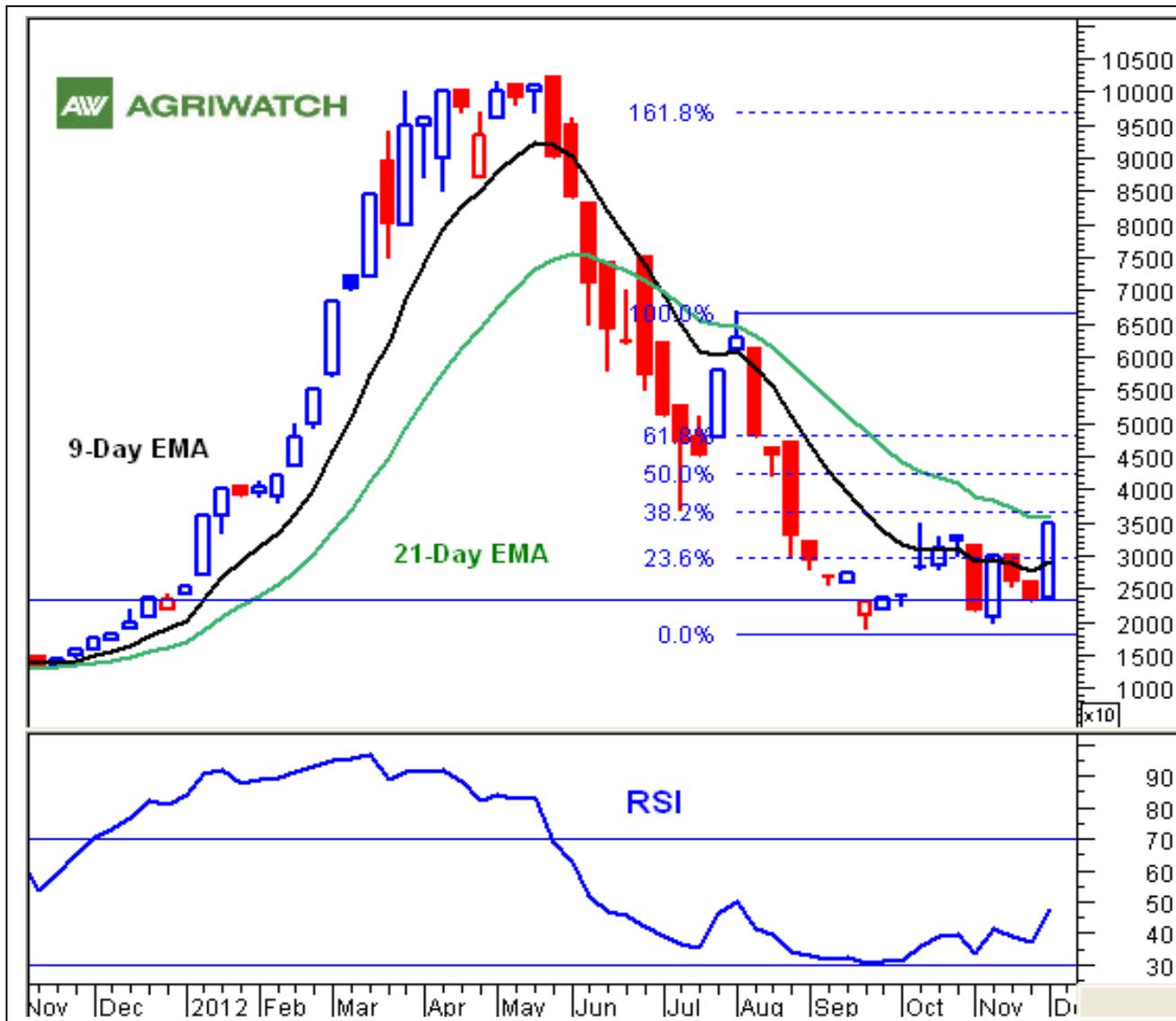


Fig-2 – Guar Gum Weekly Spot Prices (Jodhpur)

Guar gum prices witnessed recovery during the week and closed at high. Buying around lower levels supported the market. For the decline in prices from Rs.67000/Qtl till Rs.19000/Qtl levels prices have witnessed nearly 38.2% retracement and are likely to move towards 50% retracement level of Rs.42000/Qtl. RSI is increasing in the neutral region supporting firm tone in the near –term. Prices are likely to hold Rs.30000/Qtl levels in the near –term. Prices will find support around Rs.30000/Qtl levels. The next support is at Rs.23500/Qtl levels. On the upside there is resistance at Rs.42000/Qtl levels and Rs.50000/Qtl levels respectively. Buyers can purchase around current levels for their medium –term requirement.

Prices are likely to move towards Rs.42000/Qtl levels in the coming days.

Spot Market Outlook:

Both Guar seed and Guar gum prices are likely to continue firm tone in the near –term. Buyers can purchase around current levels for their medium –term requirement.

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