

## Domestic Market Recap:

- Guar seed and guar gum prices continued firm tone during the week.
- Farmers are holding stocks in anticipation of better returns in the medium –term.
- Arrivals are picking up in various mandis of Gujarat.
- Farmers are planning a ‘morcha’ on 23<sup>rd</sup> December 2012 in Jodhpur for re –launching of guar complex futures.
- There is not much demand in the market around current levels.
- Government is not willing to re –launch guar complex futures in the near –term.

## Current Market Dynamics

Guar seed and guar gum prices continued their firm tone during the week. Farmers are not bringing their produce to the market amid expectation of better returns in the medium –term. Output is expected to be lower than the initial estimates of 28 -30 lakh metric tonnes.

Average daily arrivals in the market are reported to be around 50000 -55000 bags. In Gujarat, arrivals are reported to be around 15000 bags in various mandis. Arrivals are lower compared to arrivals during this peak arrival time amid less release of stocks by farmers. Prices are likely to continue the firm tone in the coming days. According to sources, arrival of the new crop has started in Karimnagar district of Andhra Pradesh and is expected to pick up by next month. Heavy rains in the month of November has affected the crop to certain extent.

Farmers are planning a ‘morcha’ on 23<sup>rd</sup> December 2012 in Jodhpur for re –launching of guar complex futures. Certain sections of the industry do want re –launching of guar complex futures. Government is not willing to re –start guar complex futures as on date. Farmers have paid higher price for sowing of seed and are looking for better remuneration in the coming days.

## 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. 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.

According to the President of Indian Guar Gum Manufacturer’s Association, exports in the current season are likely to decline by 30 percent compared to 650,000 metric tonnes during the previous season. Exports in the

first six months of the current year that began on April 1, 2012 is reported at 100,000 metric tonnes. Exports are likely to decline amid availability of cheaper alternatives in the overseas markets.

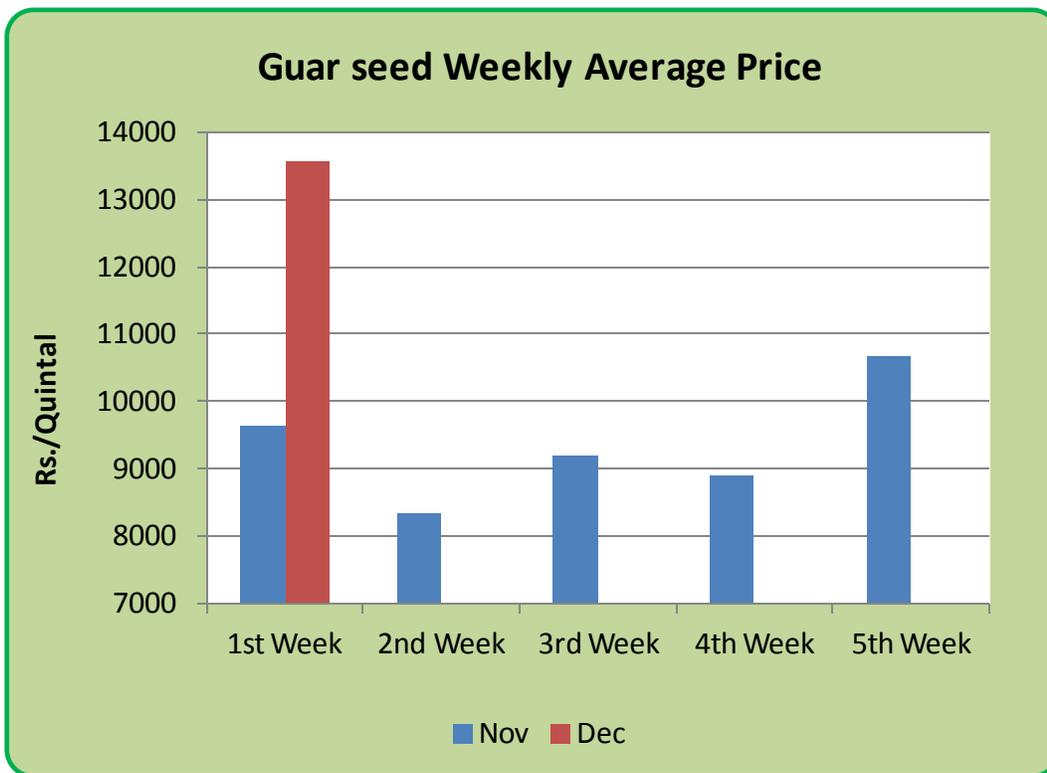
## Crop Outlook

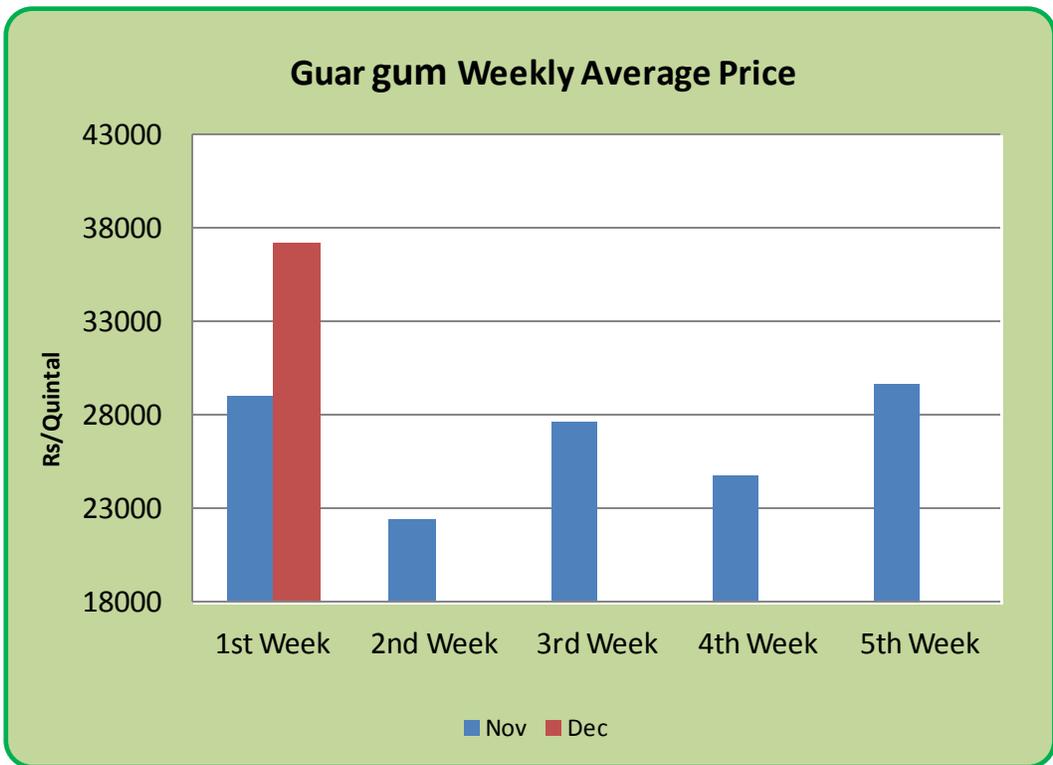
According to the first advance estimates of Haryana agricultural department, guar production in the current season is estimated at 3.75 lakh metric tonnes compared to 2.0 lakh metric tonnes in the previous season. In Punjab, farmers normally sow guar seed in 3000 -4000 acres. However following meteoric 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 1<sup>st</sup> 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. According to a field survey conducted by Agriwatch team in three major guar producing states, output in Rajasthan is expected to be around 14 -16 lakh metric tonnes, in Haryana around 4 lakh metric tonnes and in Gujarat around 2.5 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.

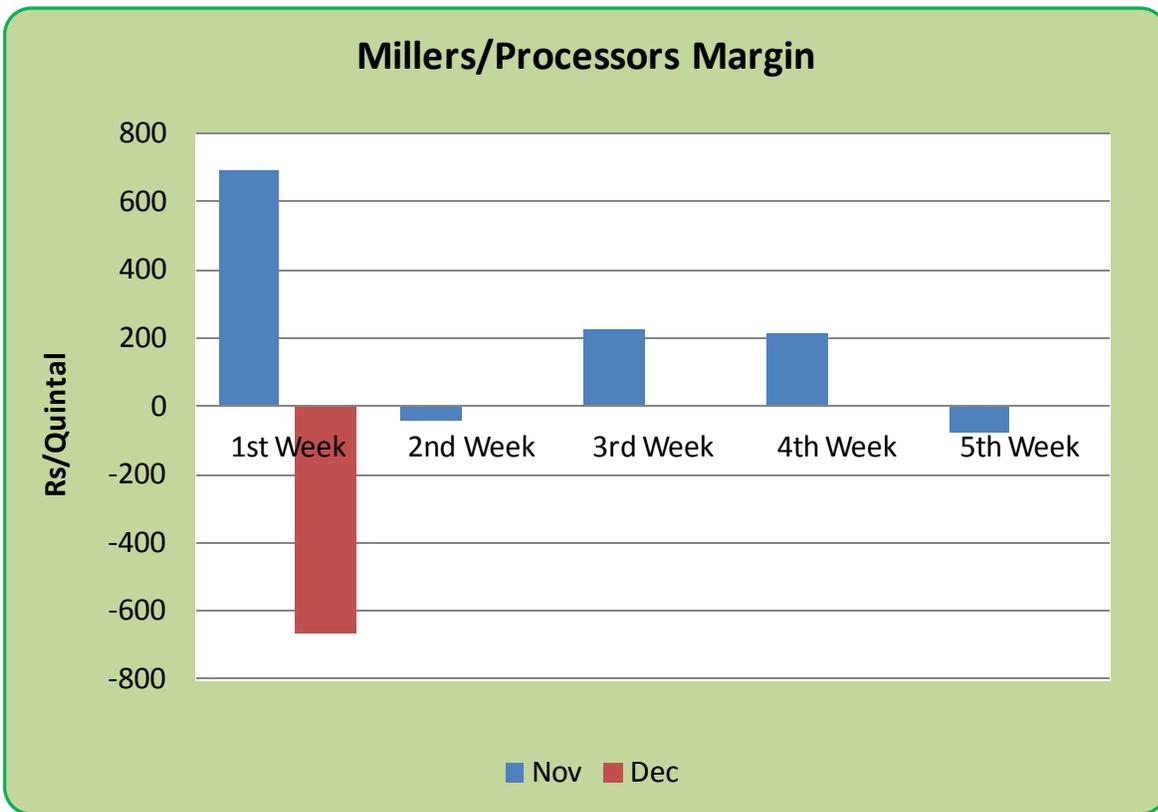
**Price Scenario**

Guar seed and guar gum prices increased during the week. In the first week of December, the average price of guar seed increased by 27% to Rs.13580/Qtl and that of guar gum increased by 25% to Rs.37200/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
		07.12.2012	30.11.2012	
Guar Seeds	Jodhpur (Delivery)	14300	11700	2600
	Jodhpur (Loose)	15000	11000	4000
	Bikaner (Loose)	15000	12900	2100
	Bikaner (Delivery)	14500	12500	2000
	Nokha (Loose)	14300	12500	1800
	Hanumangarh (Loose)	14500	12250	2250
	Sri-Ganganagar (Delivery)	14500	12000	2500
	Adampur (Loose)	14600	12250	2350
	Sirsa (Loose)	15300	-	-
	Bhiwani (Delivery)	15000	12000	3000
	Deesa (Loose)	13750	11250	2500
	Nagaur (Loose)	13750	11000	2750
	Dhabwali (Loose)	14000	12500	1500
	Guar Gum	Jodhpur	40000	34000
Bhiwani		42000	34500	7500
Dhabwali		40000	35000	5000

**Guar by – Products Prices:**

Commodity	Centre	Price in Rs/75Kg	
		07.12.2012	30.11.2012
Churi	Jodhpur	1600	1400
Korma	Jodhpur	1900	1800

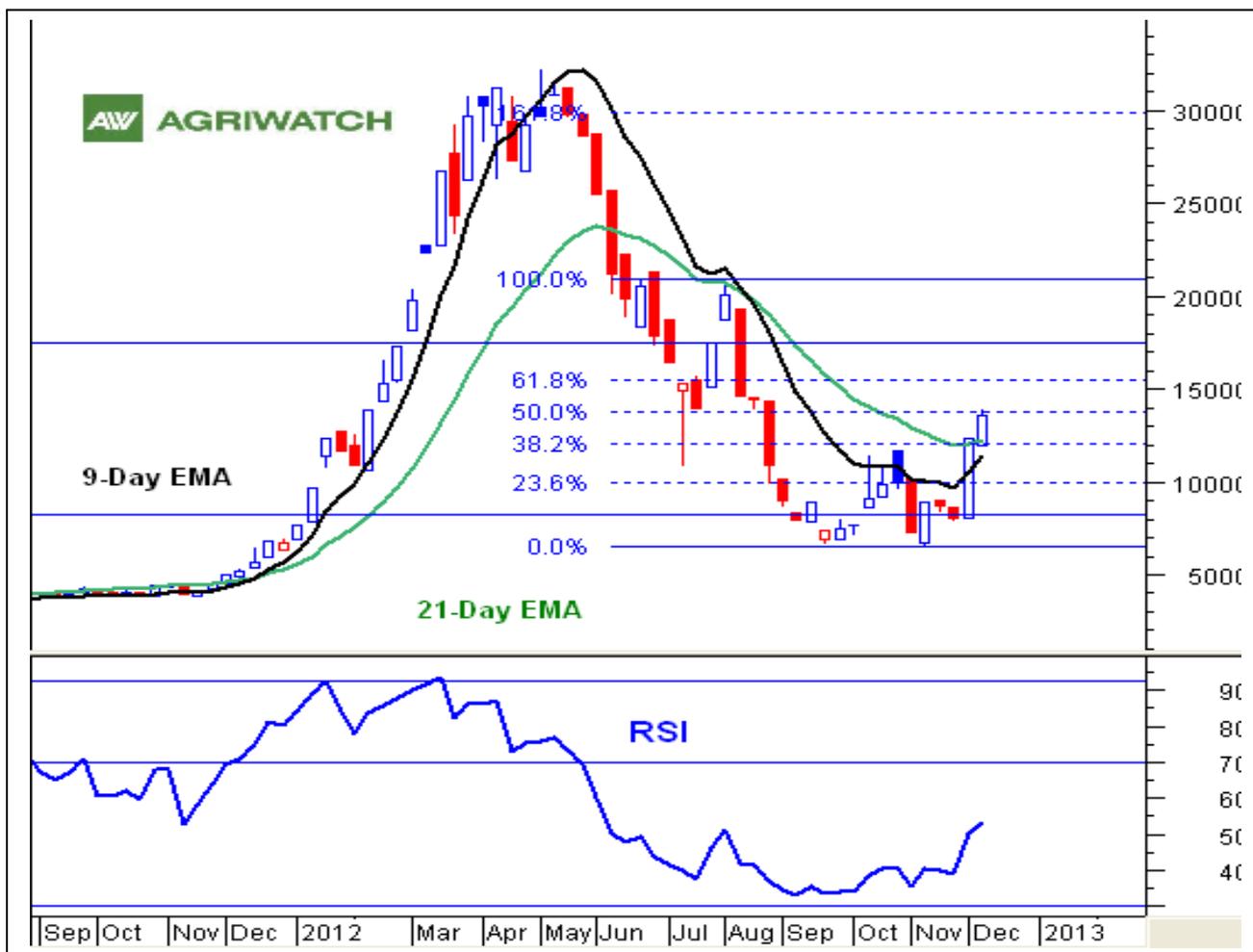
**Guar Export Prices:**

Commodity	Variety	\$/MT	
		07.12.2012	30.11.2012
Guargum Split		7300	6750
Guargum Powder	200 Mesh 5000 CPS	8000	7300
	200 Mesh 3500 CPS	7800	7200
Guargum Meal		370	370

**Guar Cumulative Arrivals in Key Centers**

Centre	Arrivals (Quintals)		Change
	07.12.2012	30.11.2012	
Jodhpur	23000	65000	<b>-42000</b>
Bikaner	2500	1000	<b>1500</b>
Nokha	700	1000	<b>-300</b>
Hanumangarh	2600	1200	<b>1400</b>
Sri-Ganganagar	9000	7000	<b>2000</b>
Adampur	8000	8300	<b>-300</b>
Sirsa	800	600	<b>200</b>
Bhiwani	3350	8000	<b>-4650</b>
Deesa	7400	11000	<b>-3600</b>
Nagaur	300	160	<b>140</b>
Dhabwali	2700	1500	<b>1200</b>
<b>All India</b>	<b>60350</b>	<b>104760</b>	<b>-44410</b>

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



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

Prices continued their firm tone during the week. From the decline in prices from Rs.21500/Qtl till Rs.7000/Qtl levels, prices have retraced towards 50% retracement level of Rs.11000/Qtl levels. Holding of price above Rs.15000/Qtl levels will change the overall outlook to be positive. RSI is increasing in the neutral region supporting firm tone in the near –term. MACD is moving towards the positive territory supporting the positive tone of the market. 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.16000/Qtl and Rs.17500/Qtl levels respectively. Traders can purchase on any weakness towards Rs.11000/Qtl levels for their medium –term requirement.

**Prices are likely to continue positive tone towards Rs.18000/Qtl levels.**



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

Guar gum prices moved in accordance with guar seed prices. Prices continued positive tone towards Rs.42000/Qtl levels. For the decline in prices from Rs.67000/Qtl till Rs.19000/Qtl levels, prices have noticed retracement towards 50% retracement level of Rs.42000/Qtl. Prices are holding above 9 –Day and 21 –Day EMA supporting the firm tone in the market. Prices could notice some weakness in between before continuing the positive tone. Prices will find support around Rs.33500/Qtl levels. The next support is at Rs.30000/Qtl levels. On the upside there is resistance at Rs.48000/Qtl and Rs.50000/Qtl levels respectively. Buyers can purchase on any weakness for their medium –term requirement.

**Prices are likely to move towards Rs.45000/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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