

Domestic Market Recap:

- Guar seed and guar gum prices noticed weak tone during the week.
- Lack of demand from the millers weighed on the market.
- Arrivals are picking up in various mandis.
- Farmers are bringing produce to the market according to their requirement.
- Exports during the current season is expected to be lower by 30% compared to previous year.
- Government is not likely to re –launch guar complex futures in the near –term.

Current Market Dynamics

Guar seed and guar gum prices noticed weak tone during the week. Lack of demand around current levels is weighing on the market. Arrivals are picking up in various mandis. Farmers are bringing produce to the market according to their requirement.

Average daily arrivals increased slightly to around 75000 bags in the country during the week. Arrival of the new crop is picking up in Andhra Pradesh and Gujarat. During the current season, new crop is expected in small quantities in the states of Andhra Pradesh, Maharashtra and Madhya Pradesh. According to sources, around 300 quintals is expected in Madhya Pradesh and around 700 -900 quintals of the new crop is expected in Andhra Pradesh.

Some of the mills remain closed amid lack of availability of guar seed in the ready market. According to industry sources, the processing industry is operating at a reduced capacity of 10 -20 percent. Farmers are expecting better remuneration in the medium –term.

According to Mr. Sanjay Pareek, vice –president of Vikas WSP. a sharp spike in guar prices is expected early next year as a slew of new natural gas wells in the United States come on line and demand for the bean soars. Some companies also stockpiled guar supplies, and those supplies are only gradually being depleted.

Farmers are planning a ‘marcha’ on 23rd December 2012 in Jodhpur for re –launching of guar complex futures. Certain sections of the industry do not want re –launching of guar complex futures. Government is not likely to re –launch guar complex futures as on date. Availability is likely to be lower in the current season amid lower carry forward stocks. Lower availability and export demand will influence the prices 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. As per APEDA, Guar gum exports increased to 3.19 lakh tonnes during April –September 2012 against 2.82 lakh metric tonnes during the same period previous year. According to IBIS, exports of guar gum (spilt & powder) was reported to be around 15000 metric tonnes in November 2012. Most of the volumes were exported to US through Mundra port.

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.

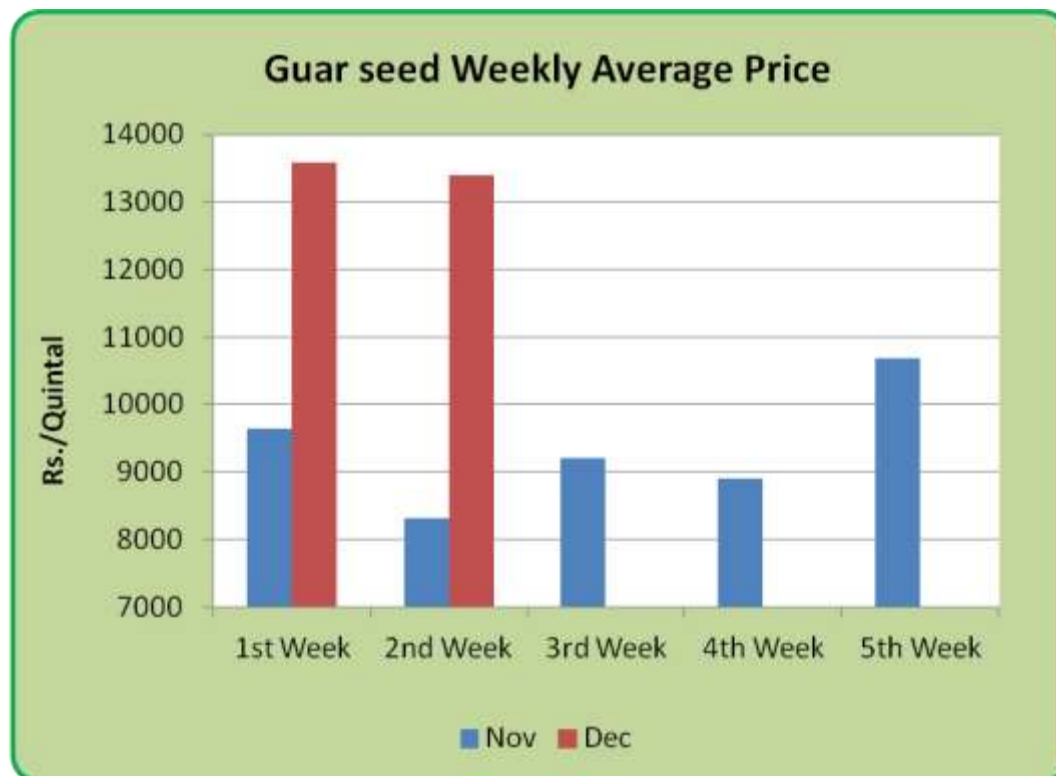
Crop Outlook

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.

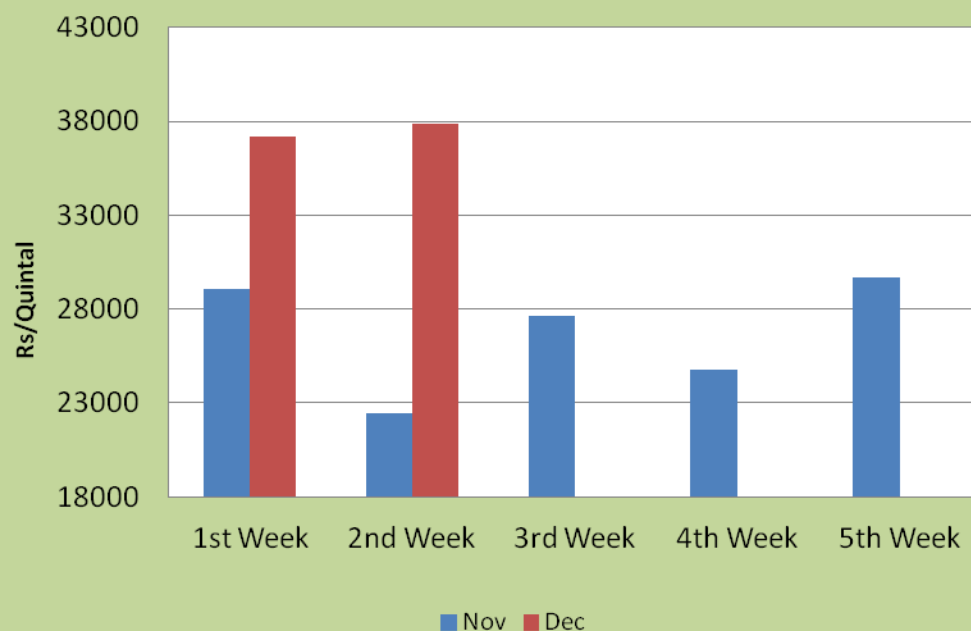
In the current season, onset of south –west monsoon was delayed in the growing regions. However there has been good rainfall in August and September 2012. Lack of rains in certain growing regions during the month of October has affected the crop. Based on rainfall during June –October, there could be 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. 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.

Price Scenario

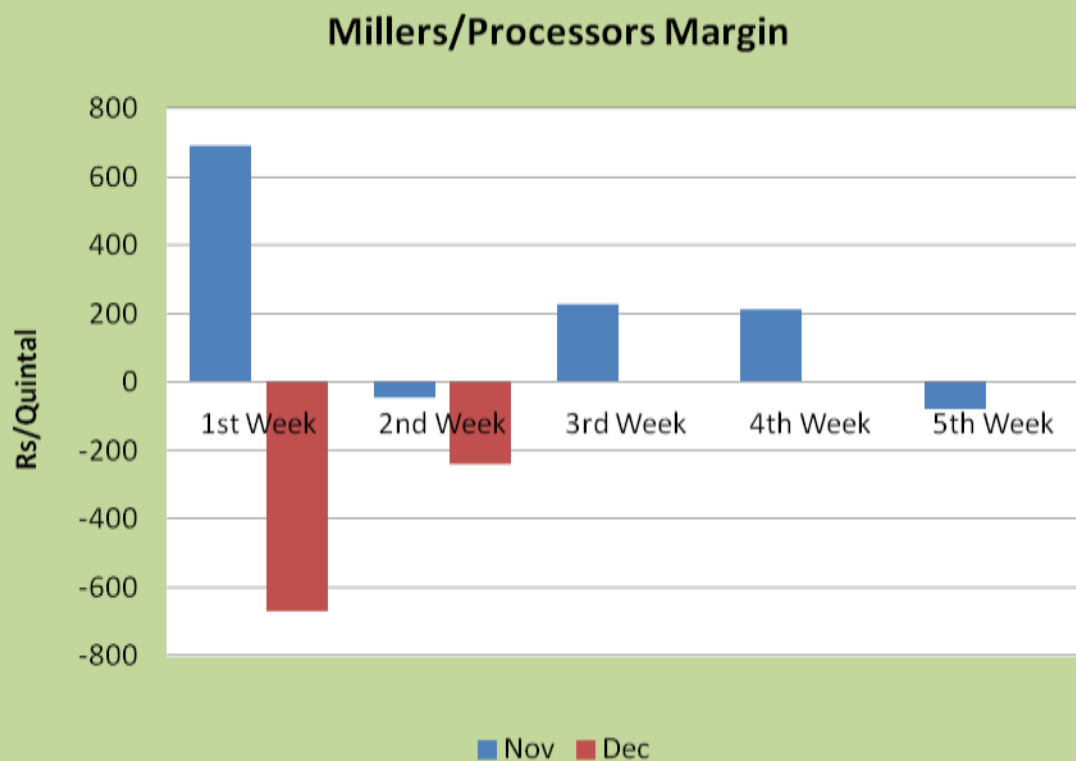
Guar seed prices declined and guar gum prices increased slightly during the week. In the second week of December, the average price of guar seed declined by 1.3% to Rs.13400/Qtl and that of guar gum increased by 1.9% to Rs.37900/Qtl compared to previous week. The graph below illustrates the weekly average 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 average crushing margin of guar seed increased compared to previous week. Margin increased following increase in the price of guar gum. In the second week of December, average crush margin stood at - Rs. 239.67/Quintal compared to previous week's crush margin of - Rs. 668.00/Quintal. Margin is expected to improve 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
		14.12.2012	07.12.2012	
Guar Seeds	Jodhpur (Delivery)	14500	14300	200
	Jodhpur (Loose)	14000	15000	-1000
	Bikaner (Loose)	13500	15000	-1500
	Bikaner (Delivery)	14000	14500	-500
	Nokha (Loose)	13000	14300	-1300
	Hanumangarh (Loose)	14200	14500	-300
	Sri-Ganganagar (Delivery)	12800	14500	-1700
	Adampur (Loose)	14000	14600	-600
	Sirsa (Loose)	13500	15300	-1800
	Bhiwani (Delivery)	13000	15000	-2000
	Deesa (Loose)	11200	13750	-2550
	Nagaur (Loose)	13000	13750	-750
	Dhabwali (Loose)	13500	14000	-500
Guar Gum	Jodhpur	40000	40000	Unch
	Bhiwani	39000	42000	-3000
	Dhabwali	40000	40000	Unch

Guar by – Products Prices:

Commodity	Centre	Price in Rs/75Kg	
		14.12.2012	07.12.2012
Churi	Jodhpur	1450	1600
Korma	Jodhpur	1850	1900

Guar Export Prices:

Commodity	Variety	\$/MT	
		14.12.2012	07.12.2012
Guargum Split		7300	7300
Guargum Powder	200 Mesh 5000 CPS	8000	8000
	200 Mesh 3500 CPS	7800	7800
Guargum Meal		370	370

Guar Cumulative Arrivals in Key Centers

Centre	Arrivals (Quintals)		Change
	14.12.2012	07.12.2012	
Jodhpur	23000	23000	Unch
Bikaner	4600	2500	2100
Nokha	650	700	-50
Hanumangarh	2900	2600	300
Sri-Ganganagar	11500	9000	2500
Adampur	8700	8000	700
Sirsa	4400	800	3600
Bhiwani	1700	3350	-1650
Deesa	2800	7400	-4600
Nagaur	370	300	70
Dhabwali	1800	2700	-900
All India	62420	60350	2070

Spot Market Technical Analysis of Guar seed & Guar gum

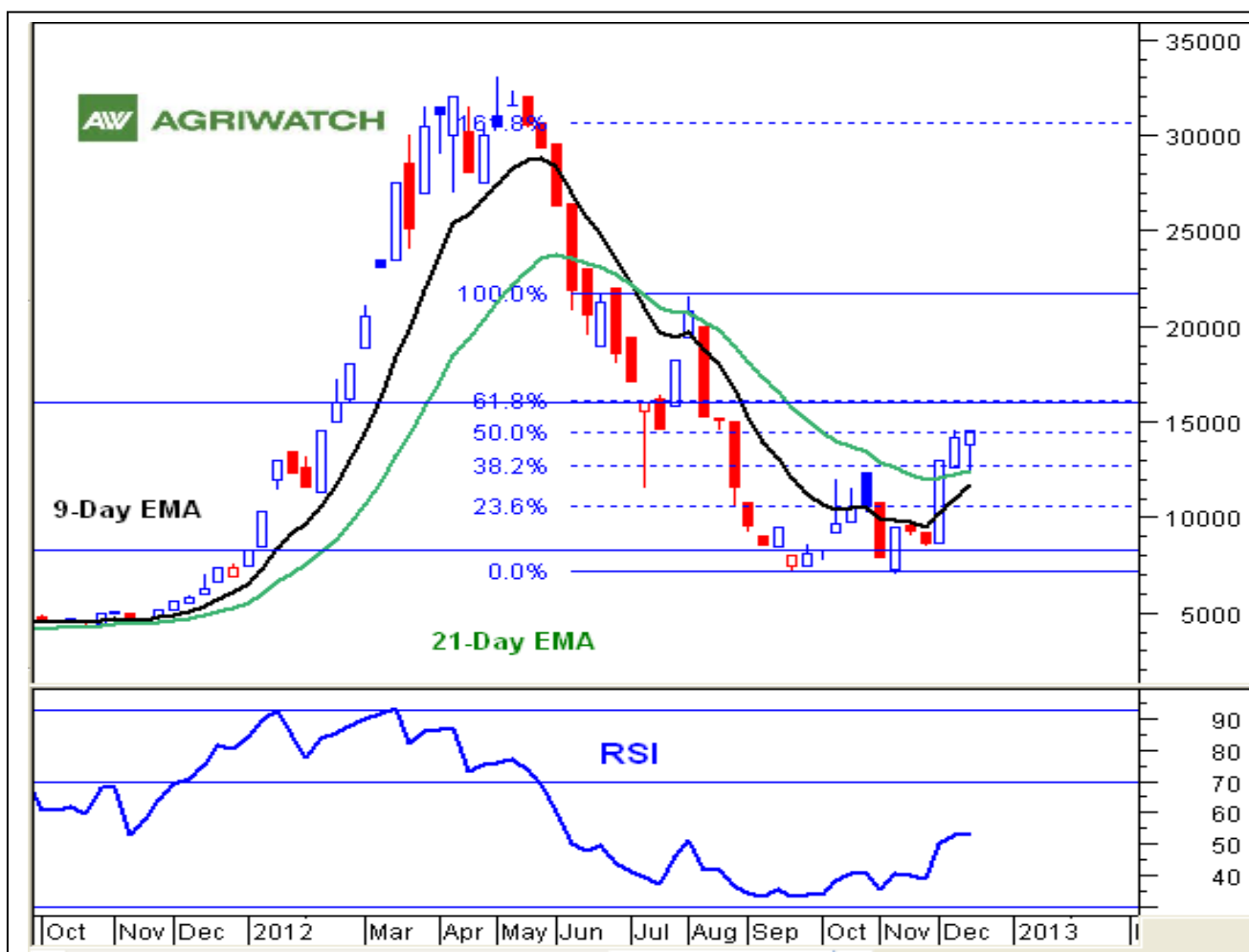


Fig-1 – Guar Seed Weekly Spot Prices (Jodhpur)

Prices noticed sideways trading during the week. For the decline in prices from Rs.21500/Qtl till Rs.7000/Qtl levels, prices have retraced towards 50% retracement level of Rs.14500/Qtl. Closing of price above Rs.15000/Qtl levels will denote continuation of the positive tone. Prices are trading sideways between Rs.12500 –Rs.14500/Qtl levels during the last few days. Prices are holding above 9 –Day and 21 –Day EMA supporting the firm tone of the market. Stochastic oscillator is increasing in the overbought territory adding to the positive tone of the market. Prices will find support around Rs.12500/Qtl levels. The next support is at Rs.10000/Qtl levels. On the upside there is resistance at Rs.16000/Qtl and Rs.17500/Qtl levels respectively. Buyers are advised to purchase on any weakness towards Rs.12000/Qtl levels.

Prices are likely to notice sideways to firm tone in the near –term.

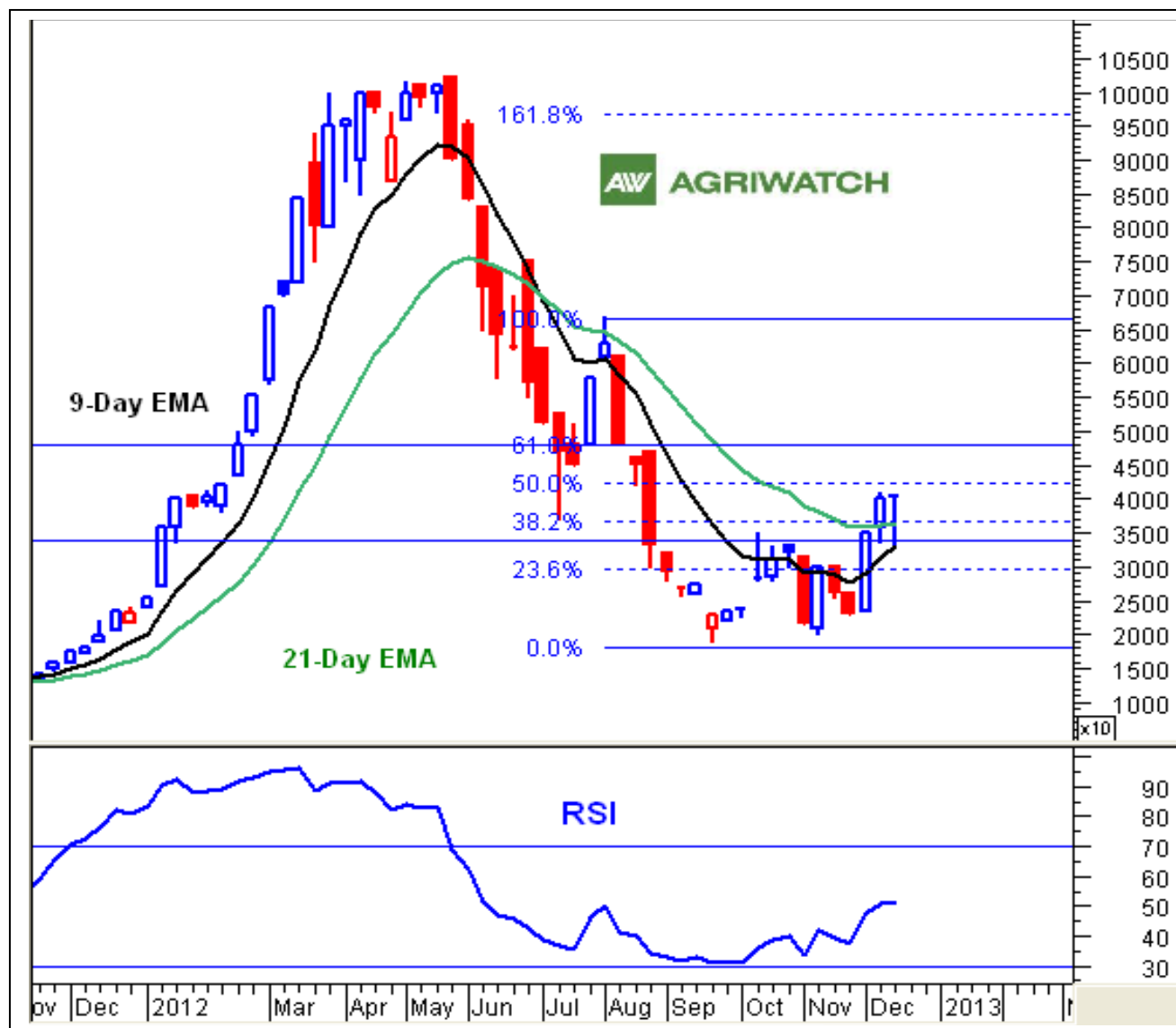


Fig-2 – Guar Gum Weekly Spot Prices (Jodhpur)

Guar gum prices traded almost within previous week's range and closed slightly lower. Profit –booking at higher levels weighed on the market. Holding of price above Rs.42000/Qtl levels will denote retracement towards 61.8% level of Rs.48000/Qtl levels. MACD is in the negative territory supporting the overall weak tone of the market. RSI is steady in the neutral region supporting sideways trading in the coming days. 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. Traders can purchase on any weakness towards Rs.35000/Qtl levels for their medium –term requirement.

Prices are likely to trend 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 with some weakness in between. Buyers can purchase on any weakness for their medium –term requirement.

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