

## Domestic Market Recap:

- Guar seed and guar gum prices continued weak tone during the week.
- There is not much trading in the market around current levels.
- Farmers are bringing less produce to the market and are expecting better remuneration in the coming days.
- Arrivals are lower in the mandis amid Gujarat Assembly elections.
- Lower exports expected during the current season will weigh on prices in the medium –term.
- Arrivals are picking up in Andhra Pradesh and Madhya Pradesh.

## Current Market Dynamics

Guar seed and guar gum prices continued weak tone during the week. Buyers are not buying much around current levels in the ready market. Farmers are bringing less produce to the market and are expecting better remuneration in the coming days.

Arrivals are lower in the mandis compared to previous week as most of the mandis in Gujarat remained closed following Assembly elections. Average daily arrivals in the country are reported to be around 35000 -40000 bags. Arrivals are expected to pick up in January. In the current season, output of guar seed is expected to be around 20 -23 lakh metric tonnes in the current season. States like Andhra Pradesh and Madhya Pradesh are contributing to guar seed output in small quantities.

Export demand is expected to lower by 30 per cent during the season according to industry sources. Farmers are planning a 'morcha' 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.

## 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. 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

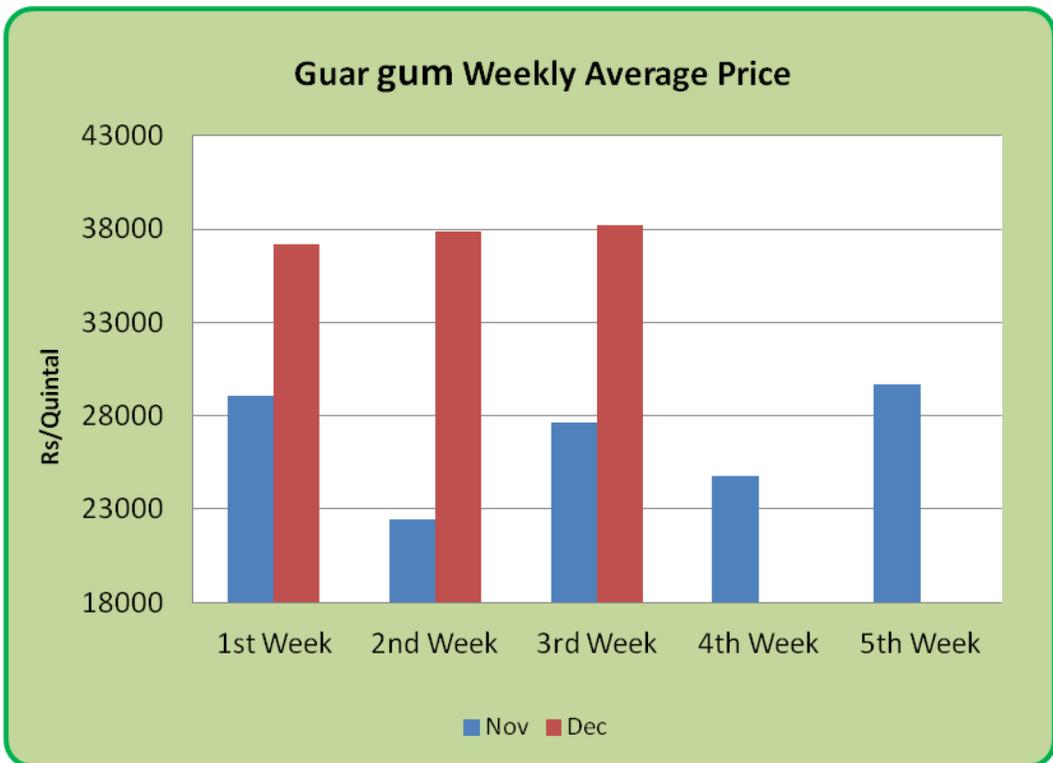
According to the first advance estimates of Haryana agricultural department, guar production in the current season is estimated at 3.75 lakh metric tonnes compared to 2.0 lakh metric tonnes in the previous season. In Punjab, farmers normally sow guar seed in 3000 -4000 acres. However following meteoric 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 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. According to sources around 200 quintals in Madhya Pradesh and around 800 -900 quintals of guar seed is expected during the current season.

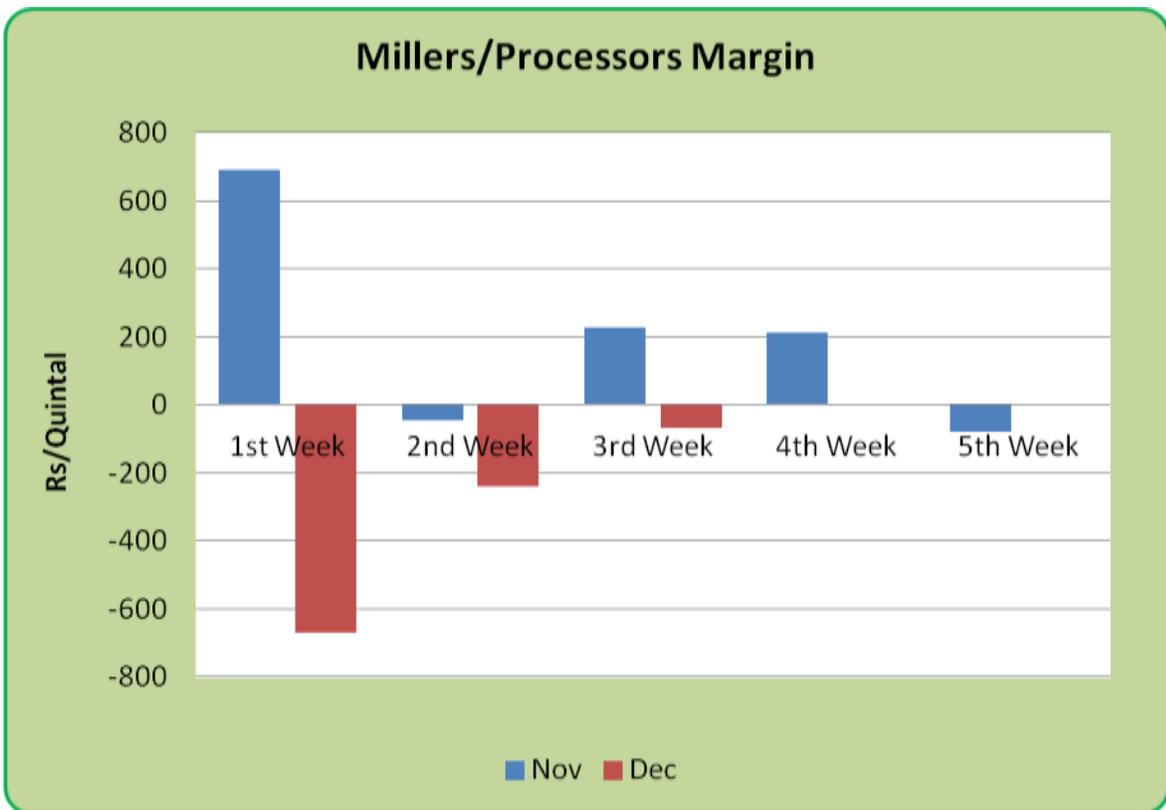
**Price Scenario**

Guar seed prices declined and guar gum prices increased slightly during the week. In the third week of December, the average price of guar seed declined by 1% to Rs.13380/Qtl and that of guar gum increased by 0.8% to Rs.38200/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 increased compared to previous week. Margin increased following increase in the price of guar gum. In the third week of December, average crush margin stood at - Rs. 67.86/Quintal compared to previous week's crush margin of - Rs. 239.67/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
		21.12.2012	14.12.2012	
Guar Seeds	Jodhpur (Delivery)	13600	14500	-900
	Jodhpur (Loose)	12800	14000	-1200
	Bikaner (Loose)	12000	13500	-1500
	Bikaner (Delivery)	12500	14000	-1500
	Nokha (Loose)	12500	13000	-500
	Hanumangarh (Loose)	12700	14200	-1500
	Sri-Ganganagar (Delivery)	12500	12800	-300
	Adampur (Loose)	13000	14000	-1000
	Sirsa (Loose)	12500	13500	-1000
	Bhiwani (Delivery)	12500	13000	-500
	Deesa (Loose)	12085	11200	885
	Nagaur (Loose)	12500	13000	-500
	Dhabwali (Loose)	13000	13500	-500
Guar Gum	Jodhpur	38000	40000	-2000
	Bhiwani	37500	39000	-1500
	Dhabwali	36000	40000	-4000

**Guar by – Products Prices:**

Commodity	Centre	Price in Rs/75Kg	
		21.12.2012	14.12.2012
Churi	Jodhpur	1600	1450
Korma	Jodhpur	2000	1850

**Guar Export Prices:**

Commodity	Variety	\$/MT	
		21.12.2012	14.12.2012
Guargum Split		7100	7300
Guargum Powder	200 Mesh 5000 CPS	7800	8000
	200 Mesh 3500 CPS	7600	7800
Guargum Meal		370	370

**Guar Cumulative Arrivals in Key Centers**

Centre	Arrivals (Quintals)		Change
	21.12.2012	14.12.2012	
Jodhpur	17500	23000	-5500
Bikaner	4100	4600	-500
Nokha	580	650	-70
Hanumangarh	2350	2900	-550
Sri-Ganganagar	8000	11500	-3500
Adampur	7400	8700	-1300
Sirsa	1350	4400	-3050
Bhiwani	2750	1700	1050
Deesa	2030	2800	-770
Nagaur	160	370	-210
Dhabwali	3450	1800	1650
All India	49670	62420	-12750

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



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

Prices noticed sideways to bearish tone during the week. For the decline in prices from Rs.21500/Qtl till Rs.7000/Qtl levels, prices have witnessed 50% retracement and are declining currently supporting the overall weak tone of the market. MACD is moving towards the positive territory supporting firm tone of the market. RSI is declining in the neutral region supporting weakness in the near –term. Prices are likely to witness recovery after recent weakness. 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.15000/Qtl and Rs.16000/Qtl levels respectively. Buyers can purchase around current levels for their medium –term requirement.

**Prices are likely to witness recovery towards Rs. 15000/Qtl levels after recent weakness.**



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

Guar gum prices traded within previous week's range and closed lower during the week. Lack of buying around current levels weighed on the market. Prices are likely to witness some weakness before recovering towards Rs.40000/Qtl levels. Prices are holding below 9 –Day and 21 –Day EMA supporting the weak tone of the market in the medium –term. Stochastic oscillator is declining in the overbought territory supporting weakness in the near –term. Prices have 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 are advised to 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 notice weakness in the near –term before continuing the firm tone. Buyers can purchase on weakness for their medium –term requirement.

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