

## Domestic Market Recap:

- Guar seed and guar gum prices noticed recovery during the week.
- Lower arrivals in various mandis supported prices.
- Cold wave conditions in parts of north –west India is affecting arrivals.
- Farmers are bringing produce to the market according to their requirement.
- Most of the mills remain closed amid lack of stocks in the ready market.
- There is not much export demand in the market currently.

## Current Market Dynamics

Guar seed and guar gum prices witnessed recovery during the week. Arrivals are lower in various mandis. Farmers are bringing less produce to the market. Anticipation of good demand by mid –January lend some support to the market.

Average daily arrivals in the market are reported to be around 75000 -80000 bags. 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 is going on in Karimnagar district of Andhra Pradesh and is expected to pick up in the coming days. In Madhya Pradesh around 3000 -4000 bags of the guar seed crop is arriving in mandis currently.

Lower arrivals are supporting prices to certain extent. Cold wave conditions in parts of north –west India is affecting arrivals. There is not much demand in the market around current levels. By mid –January good demand is expected in the overseas market. In the current year, output of guar seed is expected to be lower than the initial estimates of 28 -30 lakh metric tonnes. Government is not likely to launch guar complex futures as on date.

## 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.

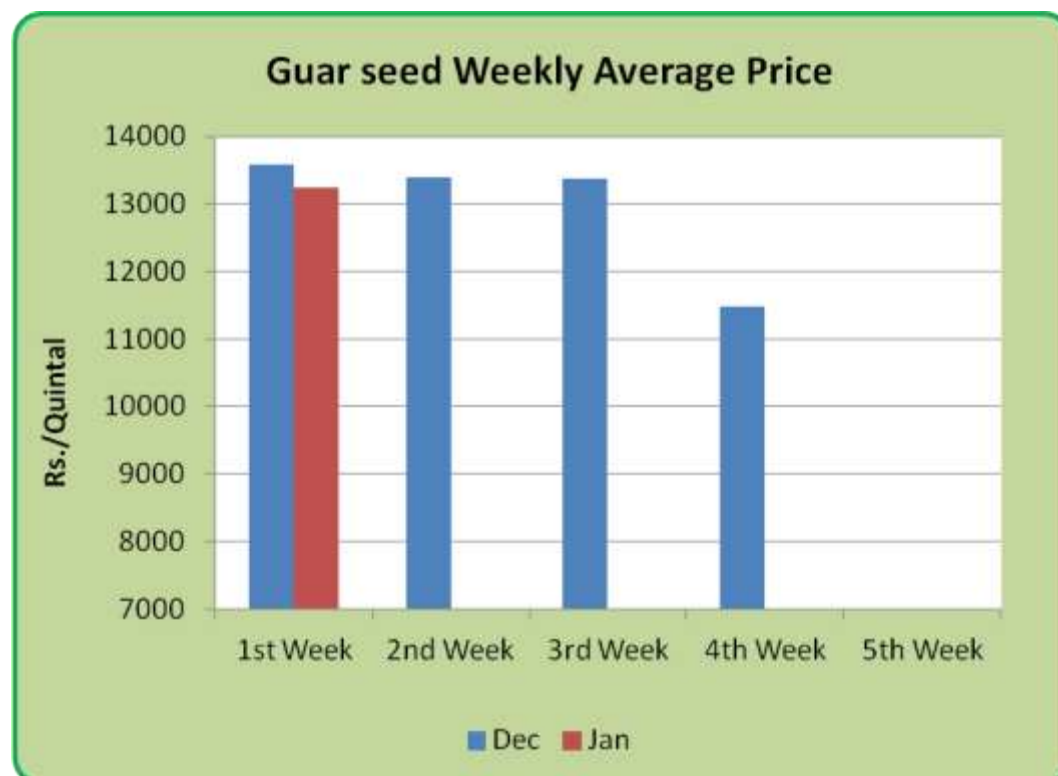
## Crop Outlook

According to the first advance estimates of Rajasthan agricultural department, guar production in the current season is estimated at 16.57 lakh metric tonnes compared to 12.5 lakh metric tonnes in the previous season. 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.

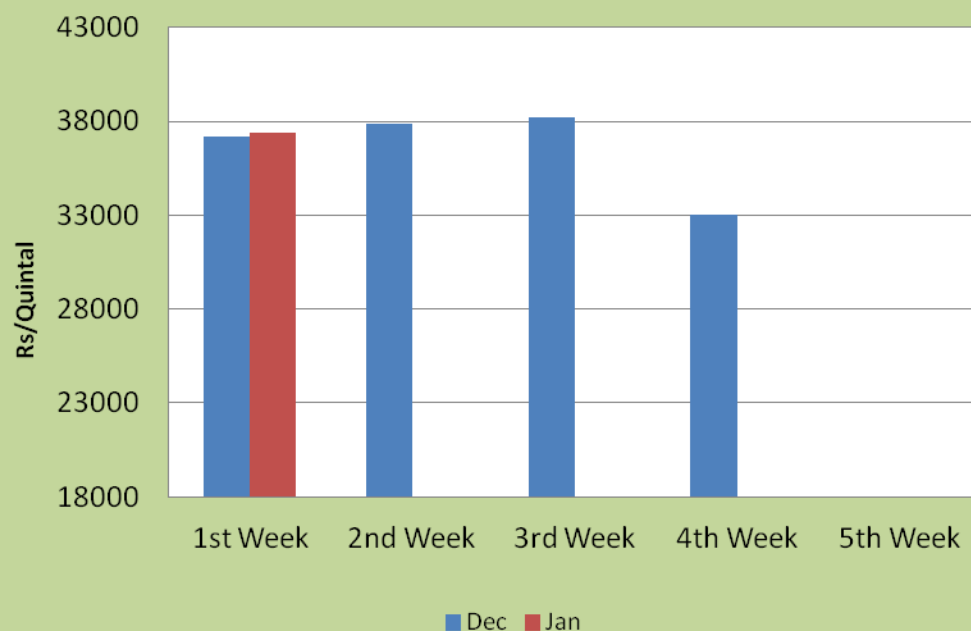
In the current season, onset of south –west monsoon was delayed in the growing regions. However there has been good rainfall in August and September 2012. Lack of rains in certain growing regions during the month of October has affected the crop. Based on rainfall during June –October, there could be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

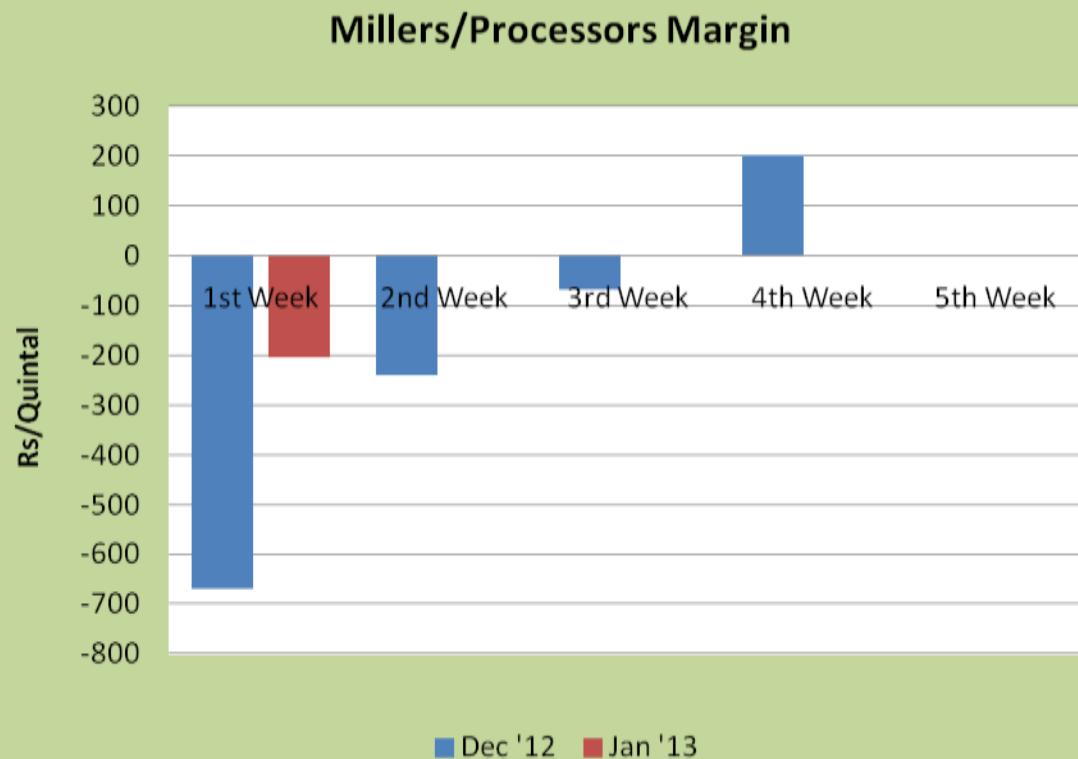
Guar seed and guar gum prices increased during the week. In the first week of January, the average price of guar seed increased by 15% to Rs.13240/Qtl and that of guar gum increased by 13% to Rs.37400/Qtl compared to previous week. The graph below illustrates the weekly average price movement of guar 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 declined compared to previous week. Margin declined following increase in the price of guar seed. In the first week of January, average crush margin stood at - Rs.204.80/Quintal compared to previous week's crush margin of Rs. 202/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
		04.01.2013	28.12.2012	
Guar Seeds	Jodhpur (Delivery)	14200	11400	2800
	Jodhpur (Loose)	13500	11000	2500
	Bikaner (Loose)	12900	11400	1500
	Bikaner (Delivery)	13400	11800	1600
	Nokha (Loose)	13000	11000	2000
	Hanumangarh (Loose)	13500	11500	2000
	Sri-Ganganagar (Delivery)	13500	11300	2200
	Adampur (Loose)	13000	11800	1200
	Sirsa (Loose)	12000	10500	1500
	Bhiwani (Delivery)	13000	11000	2000
	Deesa (Loose)	13000	10355	2645
	Nagaur (Loose)	13000	11500	1500
	Dhabwali (Loose)	13000	11400	1600
Guar Gum	Jodhpur	39500	33500	6000
	Bhiwani	39000	32200	6800
	Dhabwali	39000	33000	6000

**Guar by – Products Prices:**

Commodity	Centre	Price in Rs/75Kg	
		04.01.2013	28.12.2012
Churi	Jodhpur	1600	1550
Korma	Jodhpur	1900	1850

**Guar Export Prices:**

Commodity	Variety	\$/MT	
		04.01.2013	28.12.2012
Guargum Split		7100	5800
Guargum Powder	200 Mesh 5000 CPS	7800	6500
	200 Mesh 3500 CPS	7500	6300
Guargum Meal		385	385

**Guar Cumulative Arrivals in Key Centers**

Centre	Arrivals (Quintals)		Change
	04.01.2013	28.12.2012	
Jodhpur	25000	15000	10000
Bikaner	1850	5000	-3150
Nokha	640	300	340
Hanumangarh	2020	2100	-80
Sri-Ganganagar	8500	10000	-1500
Adampur	5500	5000	500
Sirsa	575	1050	-475
Bhiwani	2550	3350	-800
Deesa	2518	1585	933
Nagaur	70	280	-210
Dhabwali	2000	950	1050
All India	51223	44615	6608

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



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

Prices noticed recovery during the week and moved towards Rs.14000/Qtl levels. For the decline in prices from Rs.33000/Qtl till Rs.7000/Qtl levels, prices are likely to notice 38.2% retracement towards Rs.16700/Qtl levels. Prices are likely to move towards these levels in the medium –term. MACD is in the positive territory supporting the positive tone in the market. RSI is increasing in the neutral region supporting firmness in the near –term. Prices will find support around Rs.12000/Qtl levels. The next support is at Rs.10000/Qtl levels. On the upside there is resistance at Rs.15000/Qtl and Rs.16700/Qtl levels respectively. Traders are advised to purchase on any weakness for their medium –term requirement.

**Prices are likely to trend towards Rs.15000/Qtl levels in the near –term.**





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

Guar gum prices noticed positive tone in tandem with guar seed prices. Prices are holding above the down trend line in the weekly chart. Holding of prices above Rs.30000/Qtl levels will denote continuation of positive tone in the market. Prices are holding between 9 –Day and 21 –Day EMA supporting sideways trading in the coming days. Stochastic oscillator is declining in the neutral region supporting weakness in the near –term. Prices will find support around Rs.33000/Qtl levels. The next support is at Rs.30000/Qtl levels. On the upside there is resistance at Rs. 40000/Qtl and Rs.45000/Qtl levels respectively.

**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 positive tone in the coming days. Buyers can purchase on any near –term weakness for their requirement.

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