

Domestic Market Recap:

- Guar seed and guar gum prices noticed weak tone during the week.
- Lack –luster demand in the cash market weighed on prices.
- Arrivals are lower amid cold conditions in parts of north –west India.
- Arrivals are expected to pick up by next week.
- Most of the produce is currently coming from Gujarat and Madhya Pradesh.
- Government is not likely to re –launch guar complex futures as on date.

Current Market Dynamics

Guar seed and guar gum prices noticed mostly weak tone during the week. Lack –luster demand in the spot market weighed on prices. Arrivals are expected to increase in the market by next week. Farmers are bringing less produce to the market currently.

Average arrivals in the country are reported to be around 65000 -70000 bags on an average. Arrivals are lower amid cold conditions in parts of north –west India. Farmers in Rajasthan are bringing less produce to the market and are waiting for better returns in the coming days. According to trade sources, farmers are expected to bring their produce to the market around Rs.15000/Qtl levels. Currently most of the arrivals are coming from Gujarat and Madhya Pradesh.

Around 20000 -25000 bags of guar seed crop is arriving from Gujarat and Madhya Pradesh currently. Some of the mills remain closed amid lack of stocks in the ready market. Export demand is expected to be lower this season following availability of cheaper alternatives and certain oil and gas companies have stocks of guar gum. Prices are likely to recover in the coming days amid lower arrivals in various mandis and anticipation of export demand by third week of January.

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, meal & powder) was reported to be around 23860 metric tonnes in December 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.

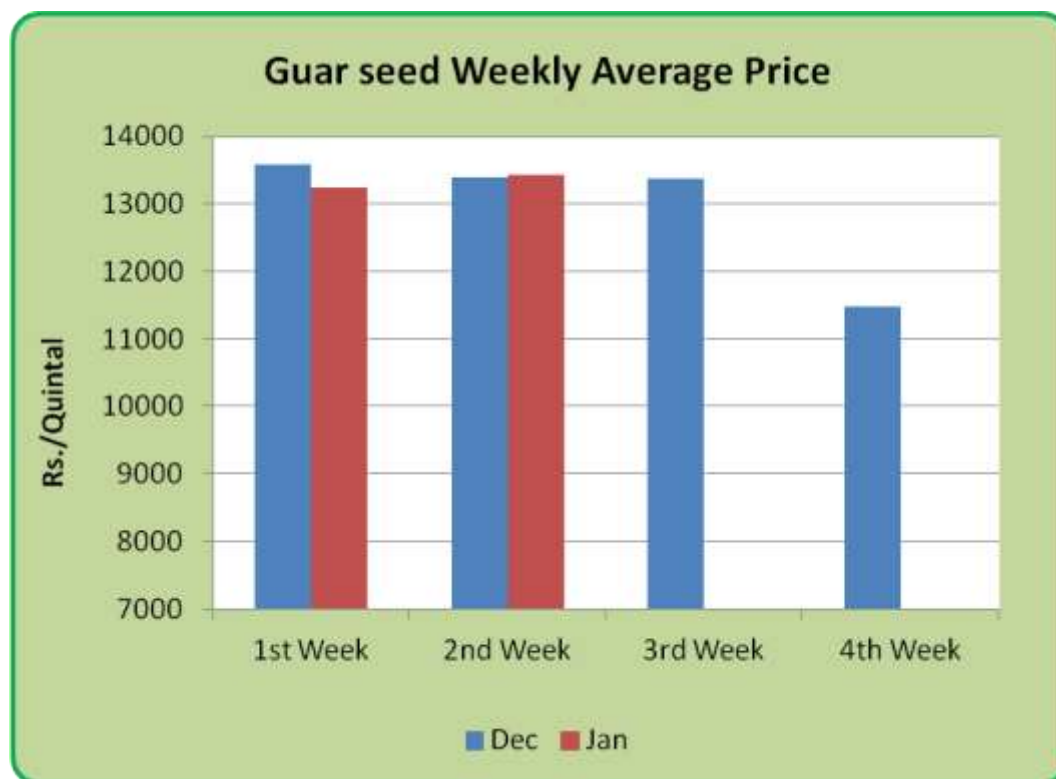
Crop Outlook

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 1st October 2012 is reported at 237500 hectares compared to 129000 hectares during the same period last year.

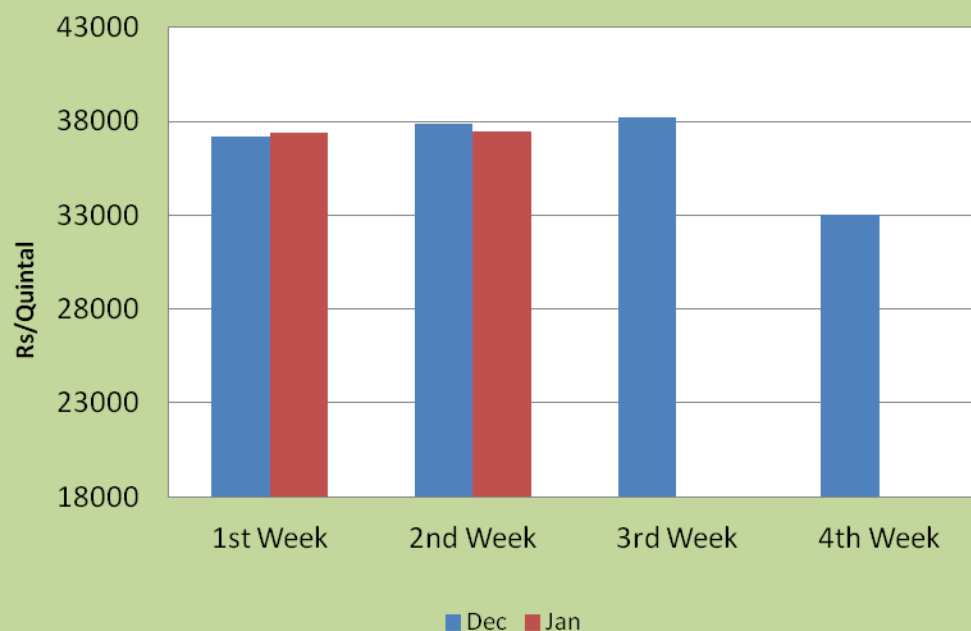
In the current season, onset of south –west monsoon was delayed in the growing regions. However there has been good rainfall in August and September 2012. Lack of rains in certain growing regions during the month of October has affected the crop. Based on rainfall during June –October, there could be 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. According to sources around 200 -300 quintals in Madhya Pradesh and around 800 -900 quintals of guar seed is expected during the current season.

Price Scenario

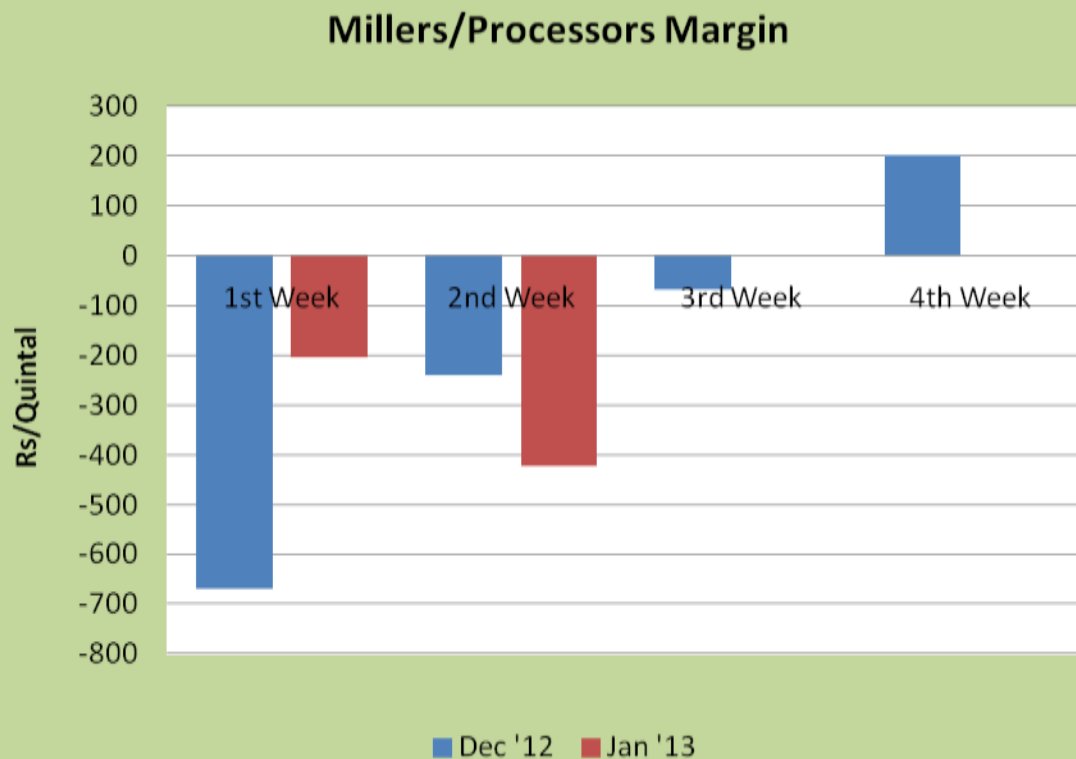
Guar seed and guar gum weekly average prices increased slightly during the week. In the second week of January, the average price of guar seed increased by 1.5% to Rs.13440/Qtl and that of guar gum increased by 0.1% to Rs.36500/Qtl compared to previous week. The graph below illustrates the weekly average 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. The average price of guar seed increased more compared to guar gum. In the second week of January, average crush margin stood at - Rs.423.20/Quintal compared to previous week's crush margin of - Rs. 204.80/Quintal. Margin is expected to decline in the coming days amid expected increase in the price of guar seed.

Guar Prices at Key Spot Markets

Commodity	Centre	Prices (Rs/Qtl)		Change
		11.01.2013	04.01.2013	
Guar Seeds	Jodhpur (Delivery)	13400	14200	-800
	Jodhpur (Loose)	12600	13500	-900
	Bikaner (Loose)	12300	12900	-600
	Bikaner (Delivery)	12700	13400	-700
	Nokha (Loose)	12000	13000	-1000
	Hanumangarh (Loose)	11800	13500	-1700
	Sri-Ganganagar (Delivery)	12500	13500	-1000
	Adampur (Loose)	12500	13000	-500
	Sirsa (Loose)	12200	12000	200
	Bhiwani (Delivery)	12600	13000	-400
	Deesa (Loose)	12000	13000	-1000
	Nagaur (Loose)	12100	13000	-900
	Dhabwali (Loose)	12300	13000	-700
	Jodhpur	37500	39500	-2000
Guar Gum	Bhiwani	37500	39000	-1500
	Dhabwali	37300	39000	-1700

Guar by – Products Prices:

Commodity	Centre	Price in Rs/75Kg	
		11.01.2013	04.01.2013
Churi	Jodhpur	1525	1600
Korma	Jodhpur	1775	1900

Guar Export Prices:

Commodity	Variety	\$/MT	
		11.01.2013	04.01.2013
Guargum Split		6900	7100
Guargum Powder	200 Me sh 5000 CPS	7600	7800
	200 Me sh 3500 CPS	7400	7500
Guargum Meal		385	385

Guar Cumulative Arrivals in Key Centers

Centre	Arrivals (Quintals)		Change
	11.01.2013	04.01.2013	
Jodhpur	44000	25000	19000
Bikaner	3100	1850	1250
Nokha	580	640	-60
Hanumangarh	4900	2020	2880
Sri-Ganganagar	13500	8500	5000
Adampur	2000	5500	-3500
Sirsa	400	575	-175
Bhiwani	3100	2550	550
Deesa	2881	2518	363
Nagaur	240	70	170
Dhabwali	5200	2000	3200
All India (Include above mandis)	79901	51223	28678

Spot Market Technical Analysis of Guar seed & Guar gum

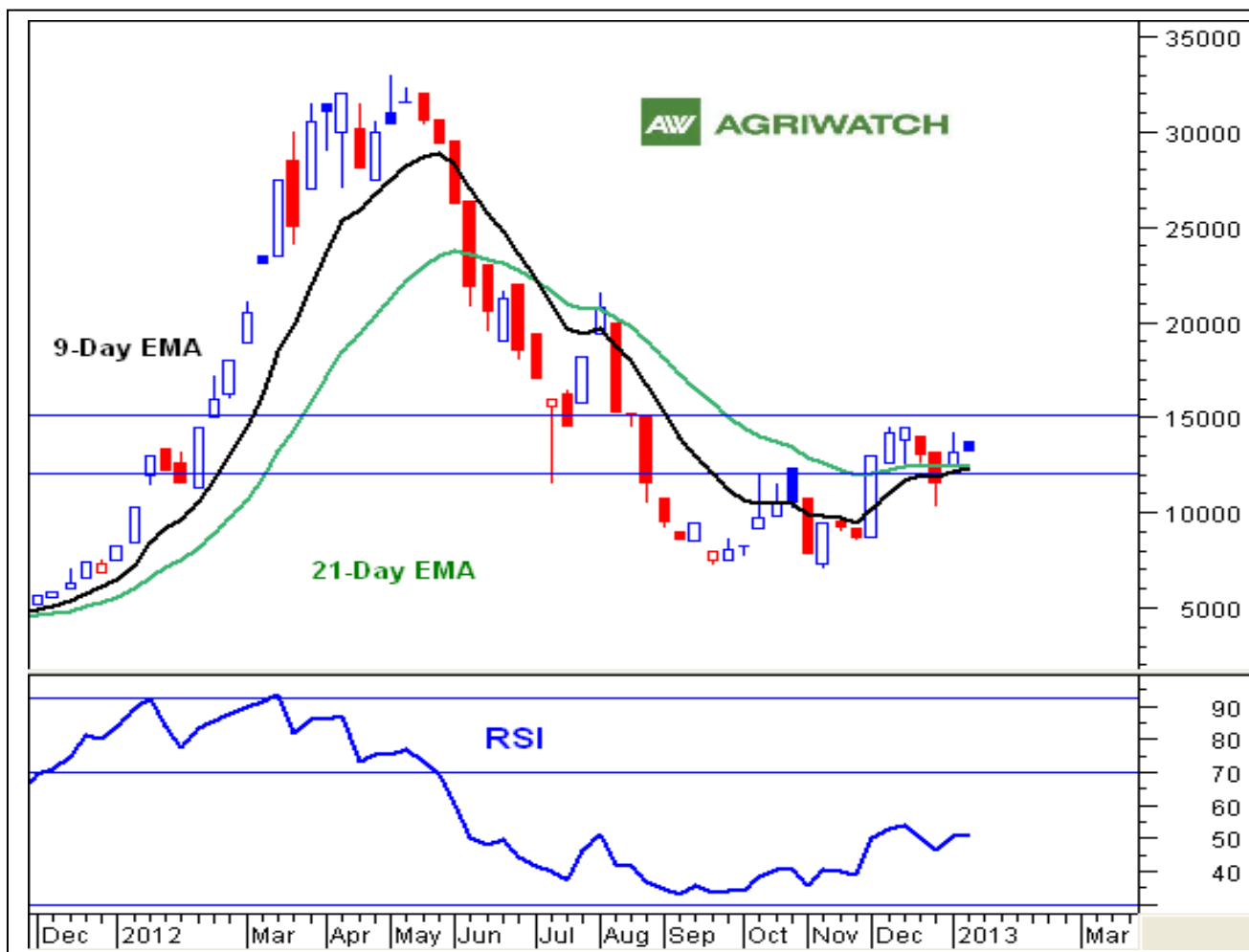


Fig-1 – Guar Seed Weekly Spot Prices (Jodhpur)

Prices noticed inside week trading with prices trading within previous week's range. Prices traded sideways during the week amid lack of fresh factors. Prices are facing resistance around Rs.15000/Qtl levels. In the near –term there could be some weakness, which should be considered as good buying opportunity. Prices are holding above 9 –Day and 21 –Day EMA supporting firm tone in the near –term. RSI is steady in the neutral region supporting sideways trading. 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 levels and Rs.16700/Qtl levels respectively. Buyers can wait for better buying levels in the coming days.

Prices are likely to notice weakness towards Rs.12000/Qtl levels in the near –term.



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

Guar gum prices noticed weakness during the week. Prices traded in a narrow range and moved towards Rs.40000/Qtl levels. In the near –term, prices could continue the weakness towards Rs.33000/Qtl levels. MACD is in the negative territory supporting the overall weak tone of the market. RSI 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. Prices are likely to move towards these levels in the coming days. On the upside there is resistance at Rs.40000/Qtl levels and the Rs.42000/Qtl levels respectively. Traders can wait for better buying levels in the near –term.

Prices are likely to notice weakness towards Rs. 33000/Qtl levels in the coming days.



Spot Market Outlook:

Both Guar seed and Guar gum prices are likely to notice weakness in the coming days. Buyers can purchase on any near –term weakness for their requirement.

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