

Highlight of the Month:

- New crop arrivals started in Rajasthan and likely to pick up pace soon.
- Lower production estimates and lower carry-in stocks for 2011-12 season.
- Market participant expects prices to decline on new crop arrival pressure.
- According to trader sources total production this season would be around 10.17 lakh tonnes with 10 lakh tonnes contribution from Rajasthan.
- Guar Seed stocks at NCDEX (as of October 24th) declined to 55,177 MT compared to 63,160 MT last month and Guar Gum stocks at NCDEX (as of October 24th) declined to 19,283 MT compared to 22,755 MT last month.

Market Dynamics:

New crop arrival started in the key producing region Rajasthan with arrivals currently totaling at around 50,000-60,000 bags in Rajasthan. Market participants are in a wait and watch state and are waiting arrivals to pick up pace before entering the market as new crop arrivals would weigh on prices. However, no major fall in prices is expected as this year (2011-12) the crop output in Rajasthan is expected to be lower at around 10 lakh tonnes against last year's over 14 lakh tonnes which would restrict the major fall in prices besides reportedly lower carry-in stocks (below 1 lakh tonnes).

On export front, exporters are optimistic that guar gum exports this year again would be on higher side. Currently the exports activity is subdued in the markets but it is expected to increase in the coming months on expected increase in demand from industrial sectors. The export prices (FOB Mundra) during the period also declined on subdued export activity as well as softening of guar seed prices domestically.

Commodity	Variety	25th Oct, 2011	30th Sept, 2011	Change
Guargum Split		3000	3200	-200
Guargum Powder	200 Mesh 5000 CPS	4000	4200	-200
	200 Mesh 3500 CPS	3950	4125	-175
Guargum Meal		225	240	-15
Prices in \$/MT and FOB Mundra Port				

In tandem with the declining guar seed and gum prices, by-products prices also eased during the period besides the subdued demand from feed makers.

Commodity	25th Oct, 2011	30th Sept, 2011	Change
Churi	680	733	-53
Korma	893	893	Unch
Prices in Rs/Qtl			

Crop Estimates

Rajasthan state agriculture department pegged guar seed production at 11.36 lakh tonnes as compared to 14.88 lakh tonnes last year. On other hand, market participants are projecting guar seed production even lower from the state department's estimate at around 10 lakh tonnes. Earlier trade sources were projecting that guar seed production in Rajasthan would be over 12 lakh tonnes. Sources revealed that crop losses in some pockets of Rajasthan due to very wet condition (higher moisture) at the time of flowering to maturity stage affected the yield of the crop.

The following table shows the Year-on-Year comparison of Area, Production and Yield of guar seed in Rajasthan -

YEAR	Area (lakh hectares)	Production (lakh tonnes)	Yield (kg/ha)
2009-10	25.81	0.201	230
2010-11	29.52	14.88	504
2011-12*	29.07	11.36	390
2011-12#	30.00	10.00	270
Source: *- State Agriculture Department of Rajasthan, #-Traders estimates			

Crop weather and Condition

Reportedly the crop is in maturity to harvesting stage and weather over the key growing region of Rajasthan currently favours smooth harvesting of the matured crops as well as maturity of the crops.

Guar Prices at Key Spot Markets

Commodity	Centre	Prices (Rs/Qtl)		Change
		25-10-11	30-09-11	
Guar Seed	Jodhpur (Delivery)	4450	4850	-400
	Jodhpur (Loose)	4000	4325	-325
	Bikaner	4320	4600	-280
	Nokha	4200	4525	-325
	Hanumangarh	3900	No Auction	-
	Sri-Ganganagar	4300	4600	-300
	Adampur	4700	4700	Unch
	Sirsa	4640	4700	-60
	Bhiwani	4500	4580	-80
	Deesa	4065	4180	-115
	Nagaur	4150	-	-
	Dhabwali	4400	4550	-150
Guar Gum	Jodhpur	13500	14550	-1050
	Bhiwani	13300	14600	-1300
	Dhabwali	13900	14900	-1000

Spot Market Technical Analysis of Guar seed & Guar gum

As evident from the guar seed monthly chart, the trend remains up and intact. Prices are well above the short term EMAs (9 and 18 days) which supports firm market. Oscillator RSI remains in the overbought territory which hints for a possible weakness in prices. Immediate good support is at 4025 level and resistance at 4809 level. Guar seed prices in the coming Month are expected to trade in the range of 4000-4500.



Fig-1 – Guar Seed Monthly Spot Prices (Jodhpur) Technical Analysis

As evident from the guar gum monthly chart, the trend remains up and intact. Prices are well above the short term EMAs (9 and 18 days) which supports firm market. Oscillator RSI remains in the overbought territory which hints for a possible weakness in prices. Immediate good support is at 12577 level and resistance at 15400 levels. Guar gum prices in the coming Month are expected to remain in the range of 12800-14000.



Fig-2 – Guar Gum Monthly Spot Prices (Jodhpur) Technical Analysis

Futures Market Technical Analysis:

Technical Commentary Guar Seed (NCDEX December Contract):

- As depicts in the chart, overall guar seed prices trend remains up are above the short term EMAs (9 and 18 day) which hints for firm market.
- According to the Fibonacci Retracement, prices at above 38.2% level of 4192 and this levels acts as a good support. If prices remain above the support then we could see prices moving up to 4400 levels. However, if the support is broken then we could prices down to 50% Retracement level of 4020.
- RSI is moving up in the neutral region and supports the bullish momentum in the market.

GUAR SEED


Strategy: Buy on dips.

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Guar Seed	NCDEX	Dec	3824	4014	4263	4502	4722
Intraday Trade Call			Call	Entry	T1	T2	SL
Guar Seed	NCDEX	Dec	BUY	4190- 4192	4442	4492	4039

Technical Commentary Guar Gum (NCDEX November Contract):

- Guar gum prices overall the trend remains up and have closed above the short term EMAs (9 and 18 day) which hints for firm market.
- According to the Fibonacci Retracement, prices at above 38.2% level of 13357 and this levels acts as a good support. If this level is breached then we could prices at 50% Retracement level of 12719.
- RSI is moving up in the neutral region and supports the bullish momentum in the market.
- Market indicator MACD is moving down in positive zone and indicates that bullish sentiment is decreasing in the market.

GUAR GUM



Strategy: Buy on dips.

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Guar Gum	NCDEX	Nov	12707	13019	13511	13967	14369
Intraday Trade Call			Call	Entry	T1	T2	SL
Guar Gum	NCDEX	Nov	BUY	13300-13310	13710	13810	13045

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