

Domestic Market Recap:

- Prices fell heavily as speculation about fresh arrival in the next week or so has prompted stockiest to release their stocks at higher levels.
- Cash markets were also influenced by heavy selling in the futures counter.
- According to traders total production will be around 11.60 lakh tonnes with Rajasthan producing 11.35 lakh tonnes, Haryana producing 0.2 lakh tonnes and Gujarat production 0.065 lakh tonnes.
- According to exporters, exports demand may take a hit after January due to the financial troubles in the U.S. Europe and China.
- However, Ruchi Soya and Vikas WSP still have gum stocks with then as lower production this year remains a concern among the millers.
- Millers and exporters also added that U.S and Europe may shift to the Chemical Gum (Xanthan Gum) and may not depend on the process of converting feedstock to gum amid higher prices of Xanthan Gum.
- Guar Seed and Guar gum stocks at NCDEX (as of October 10th) declined to 74,396 MT compared to 85,020 MT last week.

Current Market Dynamics

Guar seed and Guar gum prices fell heavily in major trading centers this week as fresh arrival pressure prompted the stockiest and millers to offload stocks into the market. Cash markets were also influenced by weak futures counter. Guar seed and Guar gum futures counter fell 8.79% and 5.62% respectively. According to state agriculture department of Rajasthan production estimate is 11.36 lakh tonnes lower compared to 14.88 lakh tonnes the year before. However, as per trade sources Rajasthan production estimate is 11.50 lakh tonnes. The table below shows the APY of guar over the last 10 years in Rajasthan and comparison between trader's estimates and state agriculture department of Rajasthan estimates for 2011-12,

Year	Area	Production	Yield
2000-01	30.56	0.48	157
2001-02	24.12	0.76	316
2002-03	5.56	0.03	50
2003-04	22.78	11.63	511
2004-05	19.44	0.37	189
2005-06	24.44	0.59	243
2006-07	28.09	0.66	234
2007-08	29.10	12.43	427
2008-09	33.16	12.61	380
2009-10	25.81	0.20	230
2010-11	29.52	14.88	504
2011-12*	29.07	11.36	390
2011-12#	30.00	11.50	500

Area-Lakh Hectares, Production-Lakh Tonnes, Yield-Kg/HA

***-Department of Agriculture, #-Traders Estimates**

Crop Condition & Weather

Currently guar seed crop is in flowering stage in the key growing regions of Rajasthan and reportedly better soil moisture and dry weather condition favours good crop growth. Harvest has started in certain producing region and fresh arrivals have started to come in the markets.

Guar Prices at Key Spot Markets

Commodity	Centre	Prices (Rs/Qtl)		Change
		12-10-11	04-10-11	
Guar Seed	Jodhpur (Delivery)	4500	4575-4580	-77
	Jodhpur (Loose)	4100	4150	-50
	Bikaner (Delivery)	4200	4150	50
	Bikaner (Loose)	4350	4310	40
	Nokha	4000	4120	-120
	Hanumangarh	-	-	-
	Sri-Ganganagar	4000	4350	-350
	Adampur	4300	4400	-100
	Sirsa	4300	4400	-100
	Bhiwani	4450	4210-4215	238
	Deesa	4065-4070	4130-4160	-78
	Nagaur	4000	-	-
	Dhabwali	4300	4300	Unch
	Guar Gum	Jodhpur	13200-13300	13500
Bhiwani		13200	13300	-100
Dhabwali		13200	13800	-600

Guar by – Products Prices:

Commodity	Centre	Price (Rs/Qtl)	
		12-10-11	04-10-11
Churi	Jodhpur	700	733
Korma	Jodhpur	873	893

Guar Export Prices:

Commodity	Variety	Value (\$/MT)	
		12-10-11	04-10-11
Guargum Split		2950	2950
Guargum Powder	200 Mesh 5000 CPS	3950	4000
	200 Mesh 3500 CPS	3900	3950
Guargum Meal		225	225

Spot Market Technical Analysis of Guar seed & Guar gum



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

As evident from the chart, overall guar seed spot prices trend range bound. Trend remains mixed as prices are below 9-day EMA and above 18-day EMA. Prices are trading in a range from 4050-4610 which acts as immediate support and resistance and breaching either level would give us further price trend. RSI is flat the neutral region and could lead to more range bound to sideways movement.



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

As evident from the weekly chart, guar gum spot prices trend remains mixed as prices are above the 9-day EMA but below the 18-day EMA. Oscillator RSI is moving down the neutral region and suggests weak sentiments in the short-term. Prices are trading in a range from 13000-14650 which acts as immediate support and resistance and breaching either level would give us further price trend.

Spot Outlook:

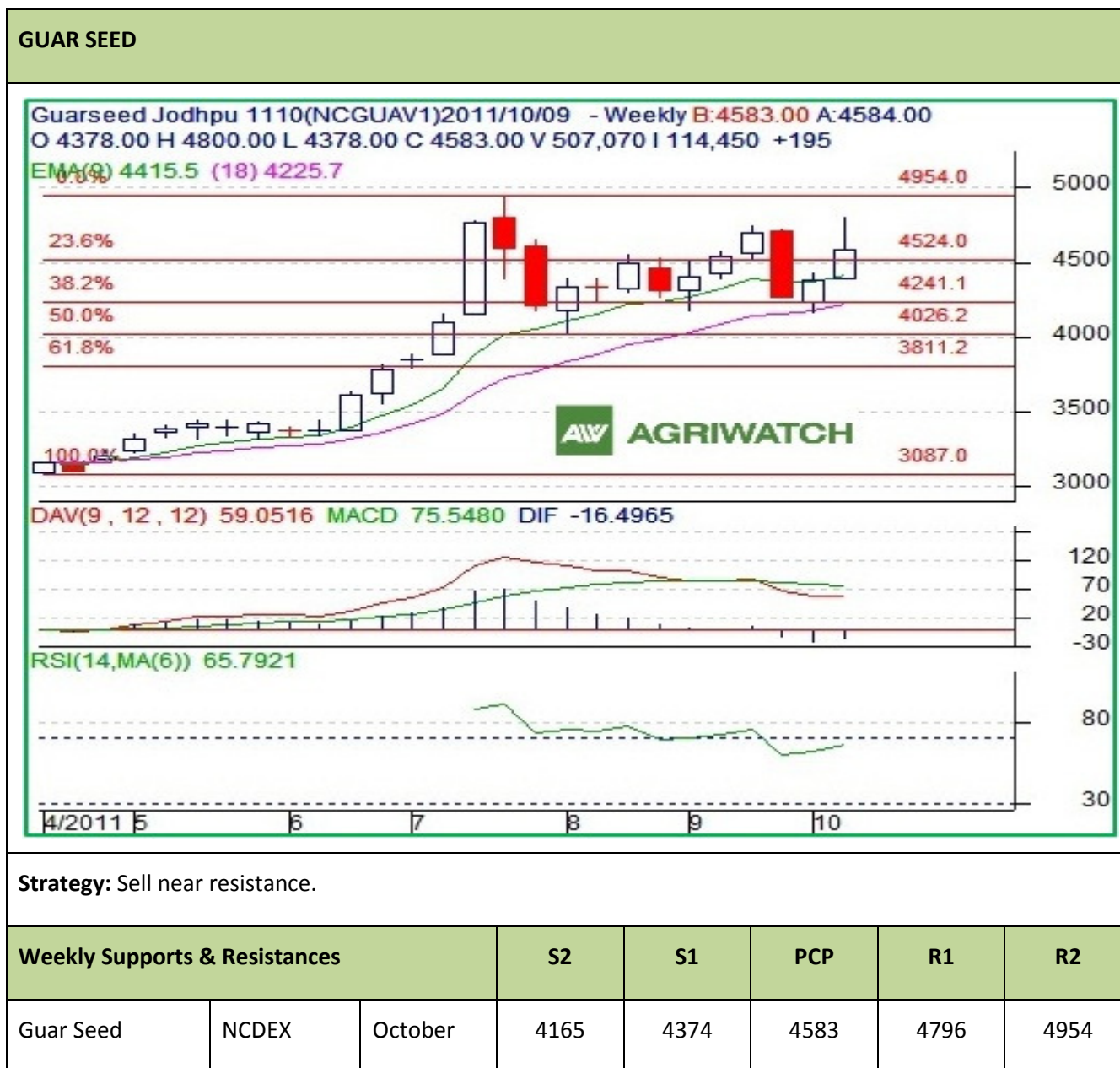
Both Guarseed and Guargum prices are expected to trade range bound to weak due to offloading of stocks from stockiest and fresh arrival pressure in the markets. However due to lower production estimates this year prices may see support at lows.

Exchange Technicals (NCDEX):

Technical Commentary: (Guarseed)

- As evident from the chart, overall guar seed futures prices trend remains up and prices are above the short term EMAs (9 and 18 day) which supports the bullish trend in the market.
- According to the Fibonacci Retracements prices have closed slightly above 23.6% level at 4524 which acts as a firm support.

- Oscillator RSI is moving up the neutral region and suggests firm sentiments in the short-term.



Technical Commentary: (Guargum)

- As evident from the chart, overall guar gum futures prices trend remains up and prices are above the short term EMAs (9 and 18 day) which supports the bullish trend in the market.
- According to the Fibonacci Retracements prices have closed slightly below 38.2% level at 43358 which acts as a firm support.
- Oscillator RSI is moving up the neutral region and suggests firm sentiments in the short-term.

GUAR GUM



Strategy: Sell near resistance.

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Guar Gum	NCDEX	November	12608	12969	13330	13745	14160

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>