

Domestic Market Recap:

- Cash market prices were higher compared last week's prices as lower fresh arrivals and good demand remains supportive.
- Traders added that arrival will increase post Diwali and may pull markets lower and traders have set a target of Rs. 3800/Qtl for Jodhpur Delivery prices.
- According to traders total production will be around 11.17 lakh tonnes with Rajasthan producing 11 lakh tonnes, Haryana producing 0.1 lakh tonnes and Gujarat production 0.07 lakh tonnes.
- Guar Seed and Guar gum stocks at NCDEX (as of October 24th) improved to 74,460 MT compared to 73,965 MT last week.

Current Market Dynamics

Guar seed and Guar gum prices may weaken on higher fresh arrivals expected in the next week. Millers and exporters may start buying at lower levels in anticipation of higher price in medium to long term amid expectation of lower production as well as lower carry-in stocks for 2011-12. According to state agriculture department of Rajasthan production estimate remains at 11.36 lakh tonnes lower compared to 14.88 lakh tonnes a year ago. However, market participants expect that guar seed production in Rajasthan would be 10 lakh tonnes earlier which was over 12 lakh tonnes. The decline in estimate is mainly due to the very wet condition (excess moisture) at the time of sowing due to which market participants are anticipating crop losses. The table below shows the comparison between trader's estimates and state agriculture department of Rajasthan estimates for 2011-12,

Year	Area	Production	Yield
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	11.00	272

Area-Lakh Hectares, Production-Lakh Tonnes, Yield-Kg/HA, *-Department of Agriculture, #-Traders Estimates

Crop Condition & Weather

Currently guar seed crop is in maturity to harvesting stage in the key growing regions of Rajasthan and Haryana prevailing weather favours smooth harvesting of the matured crop.. Harvesting has started in most producing districts of Rajasthan and Haryana and new crop arrivals started arriving in the markets.

Guar Prices at Key Spot Markets

Commodity	Centre	Prices in Rs/Qtl		Change
Guar Seed		25-10-11	19-10-11	
	Jodhpur (Delivery)	4450	4325	125
	Jodhpur (Loose)	4000	3900	100
	Bikaner (Delivery)	Closed	4200	-
	Bikaner (Loose)	Closed	4050	-
	Nokha	Closed	4020	-

	Hanumangarh	Closed	-	-
	Sri-Ganganagar	4300	3950	350
	Adampur	4700	4270	430
	Sirsa	4640	4270	370
	Bhiwani	4500	4250	250
	Deesa	Closed	4080-4085	-
	Nagaur	4150	3950	200
	Dhabwali	4400	4200	200
Guar Gum	Jodhpur	13500	12950-13000	500
	Bhiwani	13300	12500	800
	Dhabwali	13900	13000	900

Guar Cumulative Arrivals at Key Spot Markets

Centre	Arrivals in Bags		Change
	Week Ending 25-10-11	Week Ending 19-10-11	
Bikaner	Closed	1350	-
Nokha	Closed	3150	-
Sri-Ganganagar	4625	10850	-6225
Adampur	7500	5600	1900
Sirsa	1900	1100	800
Bhiwani	15000	4400	10600
Deesa	Closed	760	-
Nagaur	3400	1700	1700
All India	52000	110000	-58000

1 Bag=100 Qtls

Guar by – Products Prices:

Commodity	Centre	Price in Rs/Qtl	
		25-10-11	19-10-11
Churi	Jodhpur	680	667
Korma	Jodhpur	893	820

Guar Export Prices:

Commodity	Variety	\$/MT	
		25-10-11	19-10-11
Guargum Split		3000	2900
Guargum Powder	200 Mesh 5000 CPS	4000	3900
	200 Mesh 3500 CPS	3950	3850
Guargum Meal		225	215

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 but above 18-day EMA. Firm support is seen at 4018 and 4132 and breaching the supports will take the prices down to 3800 levels. Firm resistance is seen at 4367 and 4488 and breaching the supports will take the prices up to 4800 levels. RSI is moving up the neutral region and favours the bullish momentum in the market. Indicator, MACD is moving down in the positive region and indicates that the bullish momentum is declining.



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. Firm support is seen at 12882 and 13099 and breaching the supports will take the prices down to 12000 levels. Firm resistance is seen at 13976 and 14195 and breaching the supports will take the prices up to 15000 levels. Oscillator RSI is moving down the neutral region and suggests weak sentiments in the short-term. Indicator, MACD is moving down in the positive region and indicates that the bullish momentum is declining.

Spot Outlook:

Both Guarseed and Guargum prices are expected to trade range bound to weak as fresh arrival will pressurize markets at highs. However due to lower production estimates this year prices may see support at 3800 levels.

Exchange Technicals (NCDEX):

Technical Commentary: (Guarseed)

- As evident from the chart, overall guar seed futures prices trend remains range bound to firm and prices are above the short term EMAs (9 and 18 day) which supports the bullish trend in the market.
- Firm support is seen at 4000 and 4073 and breaching the supports will take the prices down to 3900 levels. Firm resistance is seen at 4243 and 4306 and breaching the supports will take the prices up to 4400 levels.
- Oscillator RSI is moving up in the neutral region and supports the bullish sentiments in the short-term.

GUAR SEED


Strategy: Sell near resistance.

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Guar seed	NCDEX	November	4000	4073	4179	4243	4306

Technical Commentary: (Guargum)

- As evident from the chart, overall guar gum futures prices trend remains mixed as prices are above the 9-day EMA but below the 18-day EMA.
- Firm support is seen at 12220 and 12688 and breaching the supports will take the prices down to 12000 levels. Firm resistance is seen at 13502 and 13848 and breaching the supports will take the prices up to 14500 levels.
- Oscillator RSI is moving up in the neutral region and supports the bullish sentiments in the short-term.
- Indicator, MACD is moving down in the positive region and indicates that the bullish momentum is declining.

GUAR GUM



Strategy: Sell near resistance.

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Guar gum	NCDEX	November	12275	12612	12950	13240	13531

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