

Domestic Market Recap:

- Cash market prices were higher compared last week's prices on lower fresh arrivals and firm demand.
- Lower production estimates is also supporting the uptrend in prices.
- According to traders total production from Rajasthan will be around 9.5-10 lakh tonnes, Haryana producing 0.1 lakh tonnes and Gujarat production 0.07 lakh tonnes.
- Guar Seed stocks at NCDEX (as of October 31st) declined to 54,760 MT compared to 55,177 MT last week and Guar Gum stocks at NCDEX (as of October 31st) declined to 16,896 MT compared to 19,283 MT last month.

Current Market Dynamics

Guar seed and Guar gum prices may trade range bound to weak on higher fresh crop arrivals. However, millers and exporters may start buying at lower levels in anticipation of lower expectation production and lower carry-out stocks for 2011-12. Demand from exporters remains higher in the market as prices have jumped about 200-300/qtl in the last week. Exporters added that demand will continue till the end of the year and may push markets higher. Exporters will continue to buy at lower levels and demand is still expected to come in from China and U.S. However, due to debt crisis export demand from Europe may slow in the next year.

Crop Estimates (Traders vs. Government)

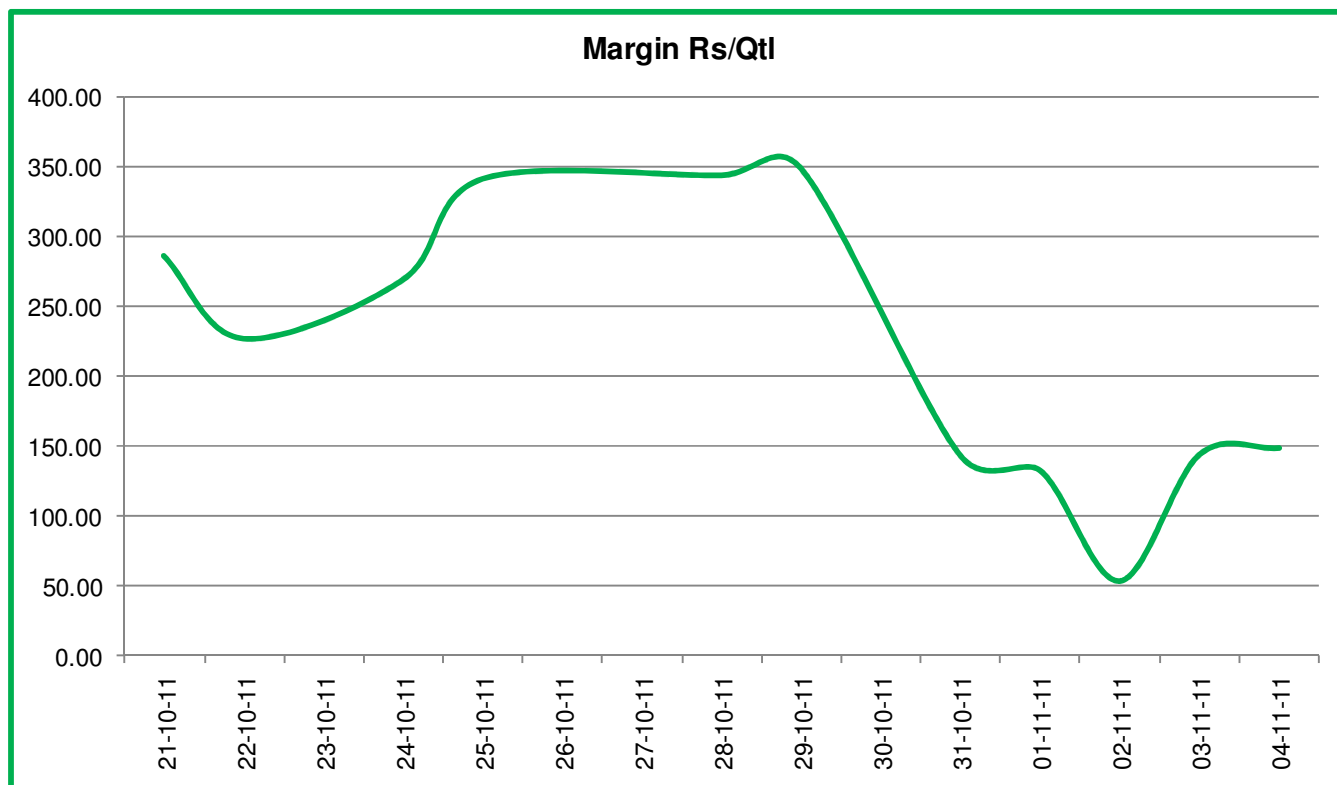
According to state agriculture department of Rajasthan production estimate remains at 11.36 lakh tonnes lower compared to 14.88 lakh tonnes a year ago. However, market participants expect that guar seed production in Rajasthan would be 9.5 lakh tonnes earlier which was over 12.5 lakh tonnes. The decline 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 yield is also expected to decline this year as cold weather which has set in Rajasthan in the night times may cause dryness in the crop and according to traders yield will decline from the normal 80qtl/Bhiga to a lower estimate of 60qtl/Bhiga. 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#	29.00	9.50	315

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

Parity Calculation

The chart below shows the parity difference over the last 2 weeks-



From the chart we can observe that margins have declined for millers over the previous week. As on 04th November 2011 margins are at Rs.149.1/Quintal compared to Rs.304.41/Quintal on 21st October 2011. So we could say that demand has declined from millers over the last 2 weeks due to the higher pricing of Guar seed, Guar gum, Churi and Korma. So we expect slight decline in prices due to anticipated decline in demand in the next week.

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. However cold weather has set in Rajasthan and Haryana and during the night cold air is increasing moisture content in the crop which may slow down harvest 10-15% of crop has been harvested in Rajasthan and we expect the harvest to increase to 20-22% which may pull down prices In the coming week. Meanwhile, 15% crop has been harvested in Haryana and Punjab and we expect the harvest to increase to 25% which may pull down prices in the coming week. Crop in Gujarat is pod formation to maturity stage and harvest is yet to start.

Guar Gum Exports Jump by 100% during April-June 2011

According to APEDA, Guargum exports have risen to 145,258 MT during the April-June 2011 period higher by 73,918 MT or 103.61% during the same period last year. Guar gum exports increased during the period as higher production from Rajasthan at 14.88 lakh tonnes lead to higher surplus of stocks in hand. Exports were also higher compared to April-May 2011 period during which 78,485 MT of gum was exported. Exports during April-May 2010 period was 45,934 MT.

Arrivals Comparison of Guar seed at key markets and All India

Centre	Arrivals (Quintal)		
	Week Ending 02-11-11	Week Ending 27-10-11	Week Ending 27-10-10
Bikaner-Rajasthan	2450	450	1450
Nokha-Rajasthan	3250	2000	1235
Sri-Ganganagar- Rajasthan	3900	4625	14300
Hanumangarh- Rajasthan	1900	900	5000
Bhiwani-Haryana	25000	15000	2550
Sirsa-Haryana	6000	1900	5500
Adampur-Punjab	23000	7500	15000
All India	120000	52000	205000

Arrivals improved this week after the festival of Deepavali and harvest has gathered momentum in India. However overall arrivals are still lower compared to last year on the account of delayed sowing this year. Going forward arrivals may increase next week as harvest has gathered momentum in Rajasthan and Haryana and Punjab.. Arrivals are expected start in November 2nd week in Gujarat.

Guar Prices at Key Spot Markets

Commodity	Centre	Prices in Rs/Qtl		Change
Guar Seed		02-10-11	25-10-11	
	Jodhpur (Delivery)	4950	4450	500
	Jodhpur (Loose)	4500	4000	500
	Bikaner (Delivery)	4850	Closed	-
	Bikaner (Loose)	4700	Closed	-
	Nokha	4345	Closed	-
	Hanumangarh	4500	Closed	-
	Sri-Ganganagar	4700	4300	400
	Adampur	4925-4950	4700	250
	Sirsa	4925-4950	4640	310
	Bhiwani	4800	4500	300
	Deesa	4160-4200	Closed	-
	Nagaur	4500	4150	350
	Dhabwali	4975	4400	575
	Jodhpur	14250	13500	750
Guar Gum	Bhiwani	14800	13300	1500
	Dhabwali	15800	13900	1900

Guar by – Products Prices:

Commodity	Centre	Price in Rs/Qtl	
		02-10-11	25-10-11
Churi	Jodhpur	720	680
Korma	Jodhpur	893	893

Guar Export Prices:

Commodity	Variety	\$/MT	
		02-10-11	25-10-11
Guargum Split		3200	3000
Guargum Powder	200 Mesh 5000 CPS	4150	4000
	200 Mesh 3500 CPS	4100	3950

Guargum Meal		225	225
--------------	--	-----	-----

Pakistan's Crop Estimates

Pakistan guar seed crop estimates have come down significantly due to excess of rains in the Sindh province. The country usually produces between 20-25 lakh bags or 2-2.5 million bags. Last year Pakistan produced 20 lakh bags or 2 million bags. This year the estimates have come down by 50% and may only produce 10 lakh bags or 1 million bags. Unfavourable weather in the September and October ruined the crop. Currently crop is harvest stage. This might keep the prices higher in the long run and short supply in Pakistan may prompt buyers like China and U.S to come to India which will support the Indian prices at lower levels.

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 is up and intact. Trend remains firm as prices are above 9 & 18-day EMAs. Firm supports are seen at 4536 and 4563 and breaching the supports will take the prices down to 4300 levels. Firm resistances are seen at 4723 and 4777 and breaching the resistances will take the prices up to 4850 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 up and intact. Prices are above the 9 & 18-day EMAs supporting the bullish sentiments in the market. Firm support is seen at 13802 and 14130 and breaching the supports will take the prices down to 13000 levels. Firm resistance is seen at 14655 and 14852 and breaching the supports will take the prices up to 15000 levels. Oscillator, RSI is moving up the neutral region and suggests firm 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 3800-4000 levels for guar seed and 13000-13200 levels for guar gum.

Exchange Technicals (NCDEX):

Technical Commentary: (Guarseed)

- As evident from the chart, overall guar seed futures prices trend remains 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 4277 and 4363 and breaching the supports will take the prices down to 4000 levels. Firm resistance is seen at 4530 and 4611 and breaching the supports will take the prices up to 4700 levels.
- Oscillator RSI is moving down in the neutral region and supports the bearish sentiments in the short-term.

GUAR SEED


Strategy: Sell near resistance and book profits at mentioned supports.

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Guar seed	NCDEX	November	4277	4363	4450	4530	4611

Technical Commentary: (Guargum)

- As evident from the chart, overall guar seed futures prices trend remains 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 13357 and 13604 and breaching the supports will take the prices down to 13000 levels. Firm resistance is seen at 14133 and 14415 and breaching the supports will take the prices up to 15000 levels.

- Oscillator RSI is moving down in the neutral region and supports the bearish sentiments in the short-term.
- Indicator, MACD is flat in the positive region and indicates that the bullish momentum is declining.

GUAR GUM


Strategy: Sell near resistance and book profits at mentioned supports.

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Guar gum	NCDEX	November	13357	13604	13851	14133	14415

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>

© 2005 Indian Agribusiness Systems Pvt Ltd.