

## **Domestic Market Recap:**

- Cash market remained on the higher side supported amid fresh arrivals being higher this week.
- Demand from stockiest and domestic millers remain firm and may continue to support prices at lower levels.
- Harvest is in full flow in Rajasthan and Haryana; harvest will start in Gujarat in another week or so.
- Guar Seed stocks at NCDEX (as of November 14<sup>th</sup>) declined to 52,473 MT compared to 52,772 MT last week and Guar Gum stocks at NCDEX (as of November 14<sup>th</sup>) declined to 12,626 MT compared to 13,619 MT last week.

## **Current Market Dynamics**

Guar seed and Guar gum prices trade in a range as fresh arrivals may restrict upside but at the same time firm demand and lower production estimates may restrict downside. Export for guar gum remains steady and weaker rupee at 50.9010 could help exports. Crop arrivals remained lower in Haryana, Rajasthan as farmers are bringing in lower fresh crop due to lower prices. So this may push markets higher. Export demand may take a hit as previous has seen some default due to lack of payment from importers from China and Europe. Harvesting is in full swing in North of Rajasthan while arrivals in the west will start in the next week. Harvesting and post harvesting is in full swing in Haryana. Crop is in early harvest stage in Gujarat and harvest will start in the last week of November.

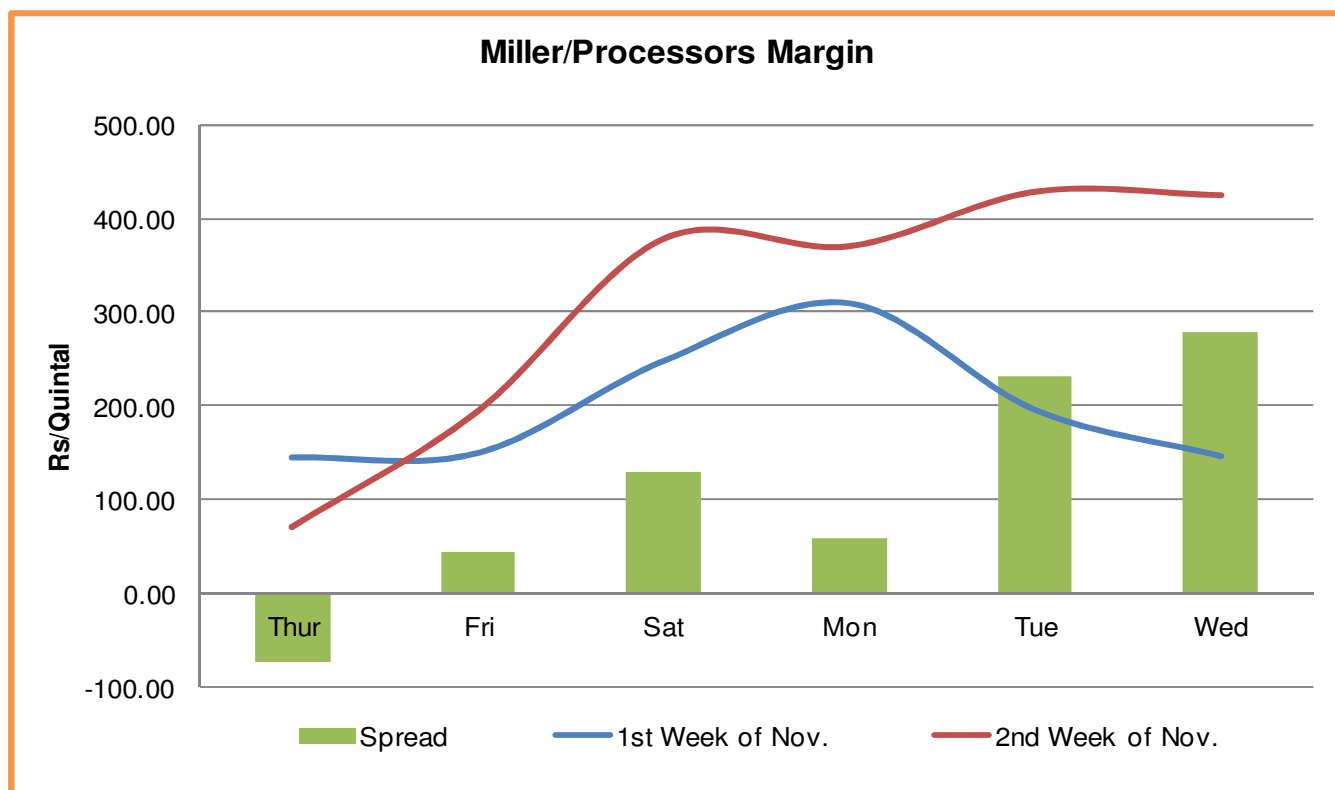
Uncertainty continued in the market with production estimates as traders estimate that total production for India will be between 11.20 lakh tonnes in 2011-12 lower compared to Agriculture department of Rajasthan estimates at 11.36 lakh tonnes in 2011-12. The total production will be lower compared to last year India's estimates at 15.13 lakh tonnes.

Millers are active buyers in the market. Currently, out of the total arrivals 100% is gathered up by the millers. Sources revealed that millers are buying from markets Ganganagar, Hanumangarh directly. However, millers are also buying at a higher cost from 4000-4500 from the traders in different markets. Millers in Rajasthan are also buying stocks from the markets in Haryana and about 70% of fresh stock is gathered up by the millers from Haryana. Millers like Hindustan Gum, Vikas WSP are 2 main players and rest is been bought buying smaller millers like NP Guar etc.

The quality of the stock coming into the market is of 5% black variety where only 5% of moisture is seen in the fresh stock. The stock is being gathered by millers and traders. This will continue to support the prices at 4000 levels and we can expect markets not to break the mentioned level.

## **Miller/Processors Margin**

The chart below shows the margin difference over the last week-



Margin calculated taking loose prices for guar seed and guar gum

From the chart we can observe that margins improved for millers over the previous week. In the first week of November raw material (Guarseed, Guargum Churi and Korma) prices remained higher so margins remained higher and touched a high of Rs.310/quintal. However margins started to decline towards the end of the week as raw material prices declined as higher arrivals in the first week reduced the prices of raw materials. So we can see from the chart that the spread between the 1<sup>st</sup> and 2<sup>nd</sup> week remained in the negative. Gradually as the week went arrivals were lower as farmers expecting higher prices held onto stock which pushed raw material prices higher and increased margins for millers. So towards the end of the week spread increased.

### Crop Condition & Weather

Currently guar seed crop is in harvesting stage in Rajasthan and Haryana and prevailing weather favours smooth harvesting of the matured crop. 28-30% of crop has been harvested in Rajasthan and we expect the harvest to increase to 35%. Meanwhile, 25% crop has been harvested in Haryana and Punjab and we expect the harvest to increase to 30-32%. Crop in Gujarat is maturity stage to early harvest stage. Harvest will start in late November.

The following table shows the Area, Production and Arrivals in Tonnes for All India-

States	Total Sown Area	% Area Harvested So far	Area harvested so far	Gross Production from harvested area	Net Production after the Post harvest losses	All India arrivals so far	% of Arrivals out of Net Production

<b>Rajasthan</b>	2900000	28-30	870000	304500	274050	130600	47.66
<b>Haryana</b>	215000	25	53750	18812.5	16931.25	130600	44.88
<b>Total</b>	3115000	29.65	923750	323312.5	290981.25	130600	44.88

Area in Hectares, Production & Arrivals in Tonnes, Yield Assumed to be 0.35tonnes/Ha

The above table shows the Area harvested for Rajasthan and Haryana for 2011-12. So far after calculations, about 48% of fresh crop arrivals have come in from Rajasthan and about 45% of fresh crop arrivals have come in from Haryana. So in the case of Rajasthan, about 52% is still yet to come in the market in Rajasthan mandi's and about 55% is still yet to come in the market in Haryana mandi's. Now, as prices are still higher farmers may hold onto stock till they get better pricing. Arrivals may also be lower this year as delayed harvest due to unfavourable weather conditions. Last year on an average arrivals were 106,250 quintals per day and as of this week the average declined to 80,000 quintals per day.

### Arrivals Comparison of Guar seed at key markets and all India

Centre	Arrivals (Quintal)		
	Week Ending 16-11-11	Week Ending 09-11-11	Week Ending 16-11-10
<b>Bikaner-Rajasthan</b>	9,800	3,600	1,000
<b>Nokha-Rajasthan</b>	17,220	8,250	1,700
<b>Sri-Ganganagar- Rajasthan</b>	6,700	6,300	11,000
<b>Hanumangarh- Rajasthan</b>	4,700	4,250	6,000
<b>Bhiwani-Haryana</b>	10,000	29,500	11,900
<b>Sirsa-Haryana</b>	9,000	5,300	5,500
<b>Adampur-Punjab</b>	25,000	42,000	10,000
<b>All India</b>	410,000	365,000	230,000

Arrivals improved this week after the festival of Deepavali and harvest has gathered momentum in India. Arrivals were also higher compared to last 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 4<sup>th</sup> week in Gujarat.

### Guar Prices at Key Spot Markets

Commodity	Centre	Prices in Rs/Qtl		Change
Guar Seed		16-10-11	09-10-11	
	Jodhpur (Delivery)	4650	4425	225
	Jodhpur (Loose)	4100	4050-4100	Unch
	Bikaner (Delivery)	4250	4150-4200	50
	Bikaner (Loose)	4400	4000-4050	350
	Nokha	4192	4150	42
	Hanumangarh	4250	4150	100
	Sri-Ganganagar	4261	4550	-289
	Adampur	4540	4300	240
	Sirsa	4500	4300	200
	Bhiwani	4500	4100	400
	Deesa	4180-4185	4115-4120	65
	Nagaur	4050	4000	50
	Dhabwali	4350	4450	-100
Guar Gum	Jodhpur	14100	13250	850
	Bhiwani	14200	12450-12500	1700

	Dhabwali	14500	13000	1500
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**Guar by – Products Prices:**

Commodity	Centre	Price in Rs/75Kg	
		16-10-11	09-10-11
Churi	Jodhpur	510	490
Korma	Jodhpur	725	600

**Guar Export Prices:**

Commodity	Variety	\$/MT	
		16-10-11	09-10-11
Guargum Split		3000	2950
Guargum Powder	200 Mesh 5000 CPS	4000	3950
	200 Mesh 3500 CPS	3950	3900
Guargum Meal		215	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 firm as prices have closed above 9 & 18-day EMAs. Firm supports are seen at 4119 and 4247 and breaching the supports will take the prices down to 4085 levels. Firm resistances are seen at 4409 and 4443 and breaching the resistances will take the prices up to 4571 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. Close above a pivotal level at 4280 may continue to support the weekly firmness in the market.



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

As evident from the weekly chart, guar gum spot prices trend remains range bound to firm. Prices are above the 9 & 18-day EMAs supporting the bearish sentiments in the market. Firm support is seen at 13017 and 13528 and breaching the supports will take the prices down to 12500 levels. Firm resistance is seen at 14177 and 14314 and breaching the supports will take the prices up to 14650 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. Close above a pivotal level at 13860 may continue to support the weekly firmness in the market.

### Spot Outlook:

Both Guarseed and Guargum prices are expected to trade range bound to firm on firm demand and lower fresh arrival anticipation. Lower production estimates this year prices may see support at 3800-4000 levels for guar seed and 12300-12500 levels for guar gum.

### Exchange Technicals (NCDEX):

#### Technical Commentary: (Guarseed)

- As evident from the chart, overall guar seed futures prices trend remains firm and are above the short term EMAs (9 and 18 day) which supports the bullish trend in the market.



- Firm support is seen at 3966 and 4147 and breaching the supports will take the prices down to 3855 levels. Firm resistance is seen at 4438 and 4548 and breaching the supports will take the prices up to 4730 levels.
- Oscillator RSI is moving up in the neutral region and supports the bullish sentiments in the short-term.

**GUAR SEED**


**Strategy:** Buy at mentioned supports and book profits and mentioned resistances.

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Guar seed	NCDEX	December	3966	4147	4327	4438	4548

**Technical Commentary: (Guargum)**

- As evident from the chart, overall guar seed futures prices trend remains firm and are above the short term EMAs (9 and 18 day) which supports the bullish trend in the market.
- Firm support is seen at 12870 and 13317 and breaching the supports will take the prices down to 12500 levels. Firm resistance is seen at 14095 and 14426 and breaching the supports will take the prices up to 14900 levels.
- Oscillator RSI is moving up in the neutral region and supports the bullish sentiments in the short-term.

**GUAR GUM**


**Strategy:** Buy at mentioned supports and book profits and mentioned resistances.

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Guar gum	NCDEX	December	12870	13317	13765	14095	14426

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