

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 has started in Gujarat and will gather momentum in another week.
- Production estimates for India remain lower compared to last year which may support the prices at lower levels.
- Guar Seed stocks at NCDEX (as of November 21st) declined to 51,536 MT compared to 52,473 MT last week and Guar Gum stocks at NCDEX (as of November 14th) declined to 11,898 MT compared to 12,626 MT last week.

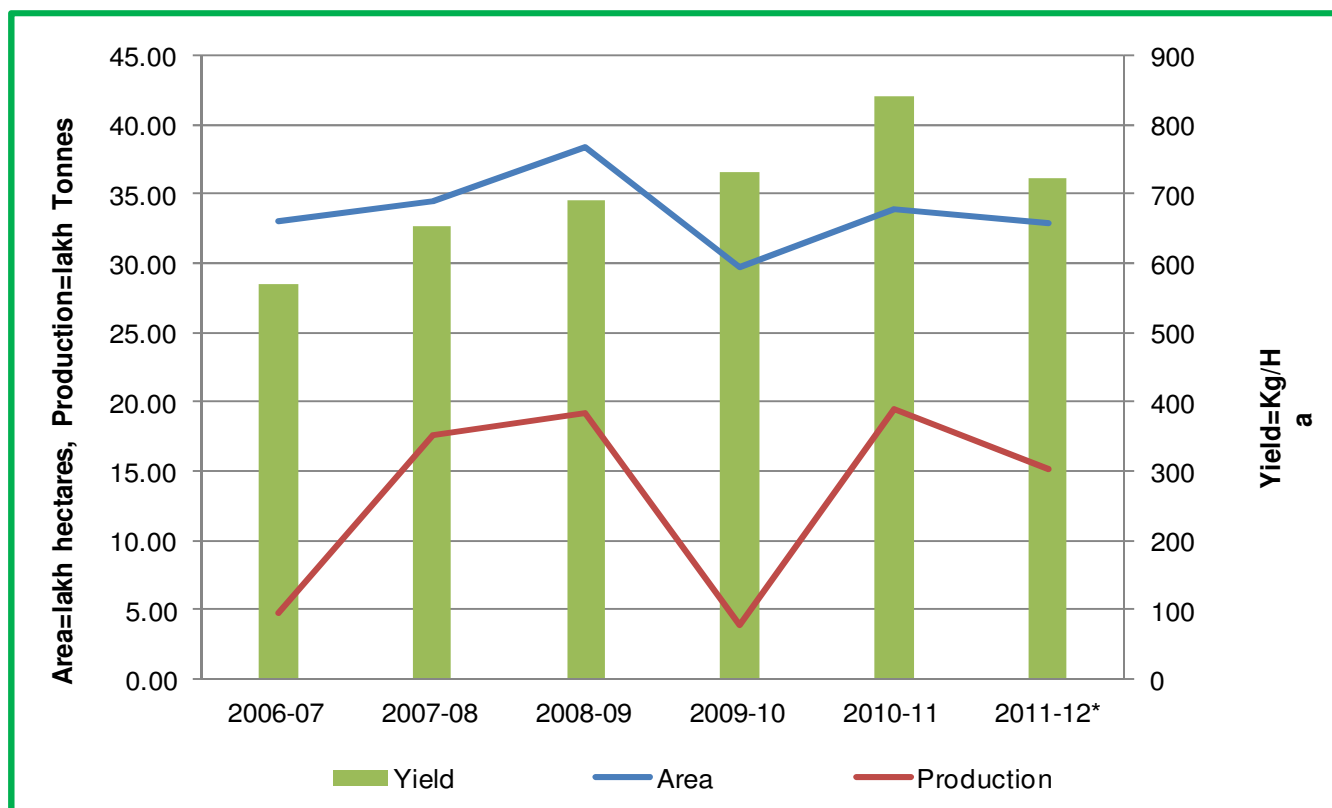
Current Market Dynamics

Guar prices remained steady to firm as arrivals remained lower in major centers. Demand remained firm at current market prices. Export demand may remain weak in the New Year as traders are reporting lot of defaults for the old inquiries due to crisis in Eurozone. However, weaker rupee will continue to supports exports to the U.S and China. Harvesting is in full swing in North and West of Rajasthan. Harvesting and post harvesting is in full swing in Haryana. Harvest has started in Gujarat and will gather momentum in another week or so.

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 all important markets like Ganganagar, Hanumangarh, Jodhpur, and Bikaner directly. However Ruchi Soya is booking profits in the markets. Sources added that Ruchi Soya who bought at 2300 levels were releasing old stocks into the markets and booking profits. This may restrict upside. Peak arrival season will start in the next week and with Ruchi Soya also releasing stocks may restrict upside. 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.

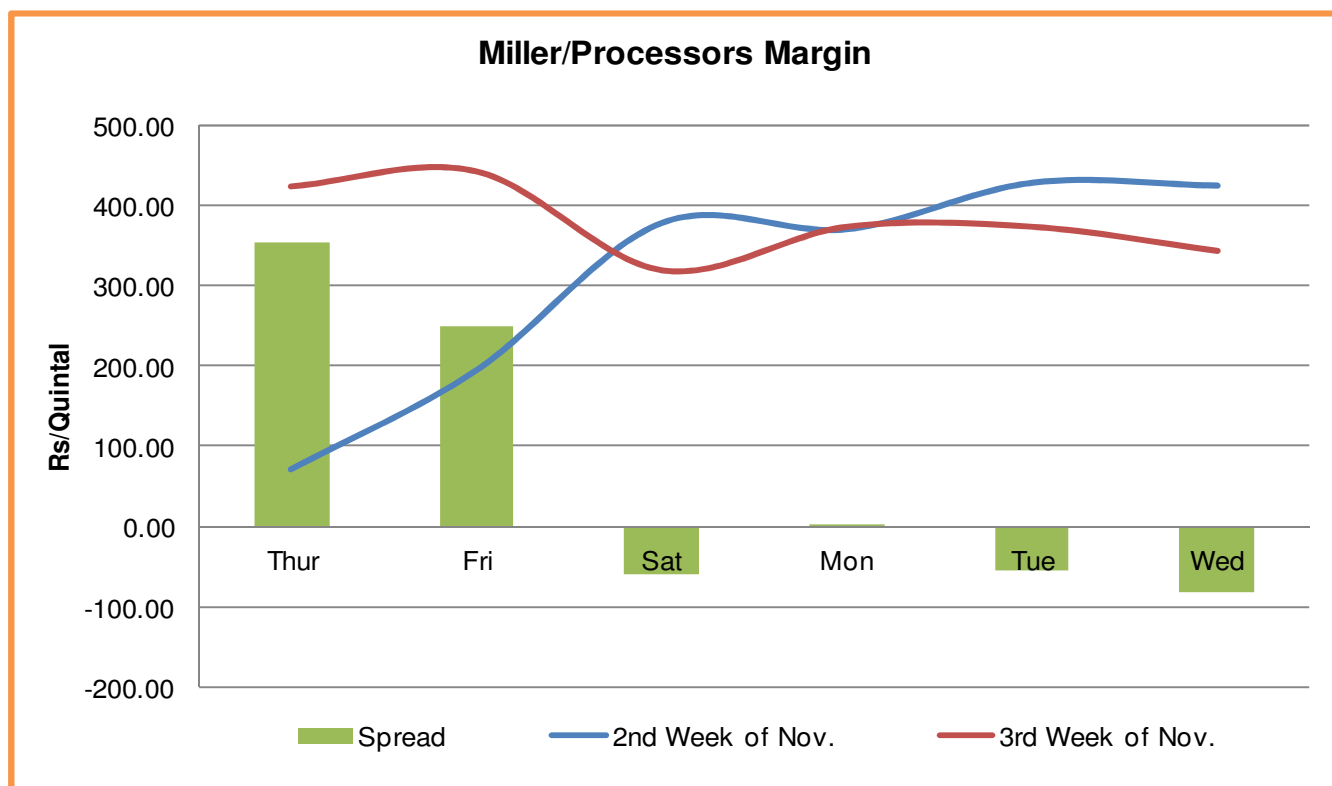
Production Estimates

According to state agriculture department of Rajasthan, Haryana and Gujarat production estimate for India is expected to be 15.13 lakh tonnes in 2011-12 lower compared to 19.48 lakh tonnes a year ago. Area sowed has also declined to 32.83 lakh hectares in 2011-12 lower compared to 33.92 lakh hectares a year ago. The decline in estimate is mainly due to the very wet condition (excess moisture) at the time of sowing. The yield is also expected to decline this year to 723 Kg/HA from 841 Kg/HA. The chart below shows APY for 2011-12,



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 declined for millers over the previous week. In the second week of November raw material (Guarseed, Guargum Churi and Korma) prices remained lower so margins remained higher and touched a high of Rs.427.40/quintal. However margins started to decline towards the third week of November as raw material prices declined due to higher arrivals. So we can see from the chart that the spread between the 2nd and 3rd week remained in the negative.

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. 35% of crop has been harvested in Rajasthan and we expect the harvest to increase to 40-42%. Meanwhile, 70% crop has been harvested in Haryana and Punjab and we expect the harvest to increase to 85%. Harvest has started in Gujarat.

The following table shows the comparison of % of Arrivals out of Net Production-

States	% of Arrivals out of Net Production 2 nd Week	% of Arrivals out of Net Production 3 rd Week
Rajasthan	47.66	52.73
Haryana	44.39	44.82
Total	44.39	44.82

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

The above table shows comparison of % of Arrivals out of Net Production. So far after calculations, about 52.83% of fresh crop arrivals have come in from Rajasthan and about 44.82% of fresh crop arrivals have come in from Haryana. So in the case of Rajasthan, about 47.27% is still yet to come in the market in Rajasthan mandi's and about 55.18% is still yet to come in the market in Haryana mandi's.

Arrivals Comparison of Guar seed at key markets and all India

Centre	Arrivals (Quintal)		
	Week Ending 23-11-11	Week Ending 16-11-11	Week Ending 23-11-10
Bikaner-Rajasthan	23,500	9,800	5,500
Nokha-Rajasthan	24,600	17,220	21,00
Sri-Ganganagar- Rajasthan	8,300	6,700	13,300
Hanumangarh- Rajasthan	5,200	4,700	12,500
Bhiwani-Haryana	45,500	10,000	13,300
Sirsa-Haryana	11,000	9,000	11,420
Adampur-Punjab	17,500	25,000	22,000
All India	450,000	410,000	485,000

Arrivals improved this week remained higher compared to last week's arrival as getting better returns for their crop farmers brought in more fresh crop into the markets. However arrivals were also lower compared to last year as delay in sowing in 2011-12 delayed arrivals into the markets. Going forward arrivals may increase next week

as harvest has gathered momentum in Rajasthan and Haryana and Punjab. Arrivals has commenced in Gujarat which will also increase the arrivals into the market.

Guar Prices at Key Spot Markets

Commodity	Centre	Prices in Rs/Qtl		Change
		23-10-11	16-10-11	
Guar Seed				
	Jodhpur (Delivery)	4750	4650	100
	Jodhpur (Loose)	4400	4100	300
	Bikaner (Delivery)	4620	4250	370
	Bikaner (Loose)	4470	4400	70
	Nokha	4500	4192	308
	Hanumangarh	4550	4250	300
	Sri-Ganganagar	4480	4261	219
	Adampur	4625	4540	85
	Sirsa	4650	4500	150
	Bhiwani	4625-4630	4500	130
	Deesa (Old)	4070-4080	4180-4185	-105
	Deesa (New)	4220-4230	-	-
	Nagaur	4400	4050	350
	Dhabwali	4550	4350	200
Guar Gum	Jodhpur	14650-14700	14100	600
	Bhiwani	14650	14200	450
	Dhabwali	14800	14500	300

Guar by – Products Prices:

Commodity	Centre	Price in Rs/75Kg	
		23-10-11	16-10-11
Churi	Jodhpur	590	510
Korma	Jodhpur	770	725

Guar Export Prices:

Commodity	Variety	\$/MT	
		23-10-11	16-10-11
Guargum Split		3200	3000
Guargum Powder	200 Mesh 5000 CPS	4200	4000
	200 Mesh 3500 CPS	4150	3950
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 to firm. Trend remains firm as prices have closed above 9 & 18-day EMAs. Firm supports are seen at 4328 and 4440 and breaching the supports will take the prices down to 4224 levels. Firm resistances are seen at 4656 and 4760 and breaching the resistances will take the prices up to 4872 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 the weekly level at 4544 may continue to support the weekly firmness in the market, but a close below the 4400 level may change the weekly trend down.



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 bullish sentiments in the market. Firm support is seen at 13873 and 14246 and breaching the supports will take the prices down to 13500 levels. Firm resistance is seen at 14946 and 15273 and breaching the supports will take the prices up to 15600 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 14573 may continue to support the weekly firmness in the market, but a close below the 14450 level may change the weekly trend down.

Spot Outlook:

Both Guarseed and Guargum prices are expected to trade range bound to firm on firm demand and lower fresh arrival anticipation. However, arrivals may increase in the next week which may restrict the upside. Lower production estimates this year prices may see support at 3800-4000 levels for guar seed and 12800-13000 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.

- According to the Fibonacci retracements prices are above the 23.6% level at 4405 and may move towards 4750 levels if prices remain above the mentioned Fibonacci retracement level.
- Oscillator, RSI is moving up in the neutral region and supports the bullish sentiments in the short-term.
- Indicator, MACD is moving up in the positive region and supports the bullish sentiments in the short-term.

GUAR SEED


Strategy: Sell at mentioned resistances and book profits and mentioned supports.

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Guar seed	NCDEX	December	4282	4398	4513	4656	4798

Technical Commentary: (Guargum)

- As evident from the chart, overall guar seed futures prices trend remains firm and are above the short term EMAs (9-day) which supports the bullish trend in the market.
- According to the Fibonacci retracements prices are marginally below the 23.6% level at 14279 and may move down to 14000 levels if prices remain below the mentioned Fibonacci retracement level.

- Volumes declined to previous week, but Open Interest build up was seen in the contract which may support the current uptrend in prices.

GUAR GUM


Strategy: Sell at mentioned resistances and book profits and mentioned supports.

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Guar gum	NCDEX	January	13569	13922	14275	14742	15209

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