

Domestic Market Recap:

- Cash market continued to move higher as shortage in stocks and higher demand from exporters.
- Harvest is in full swing in Rajasthan and Gujarat. Harvest is in its final stage in Haryana and may be complete by December.
- Guar Seed stocks at NCDEX (as of December 05th) declined to 38,129 MT compared to 43,848 MT last week and Guar Gum stocks at NCDEX (as of December 05th) increased to 10,789 MT compared to 10,607 MT last week.

Current Market Dynamics

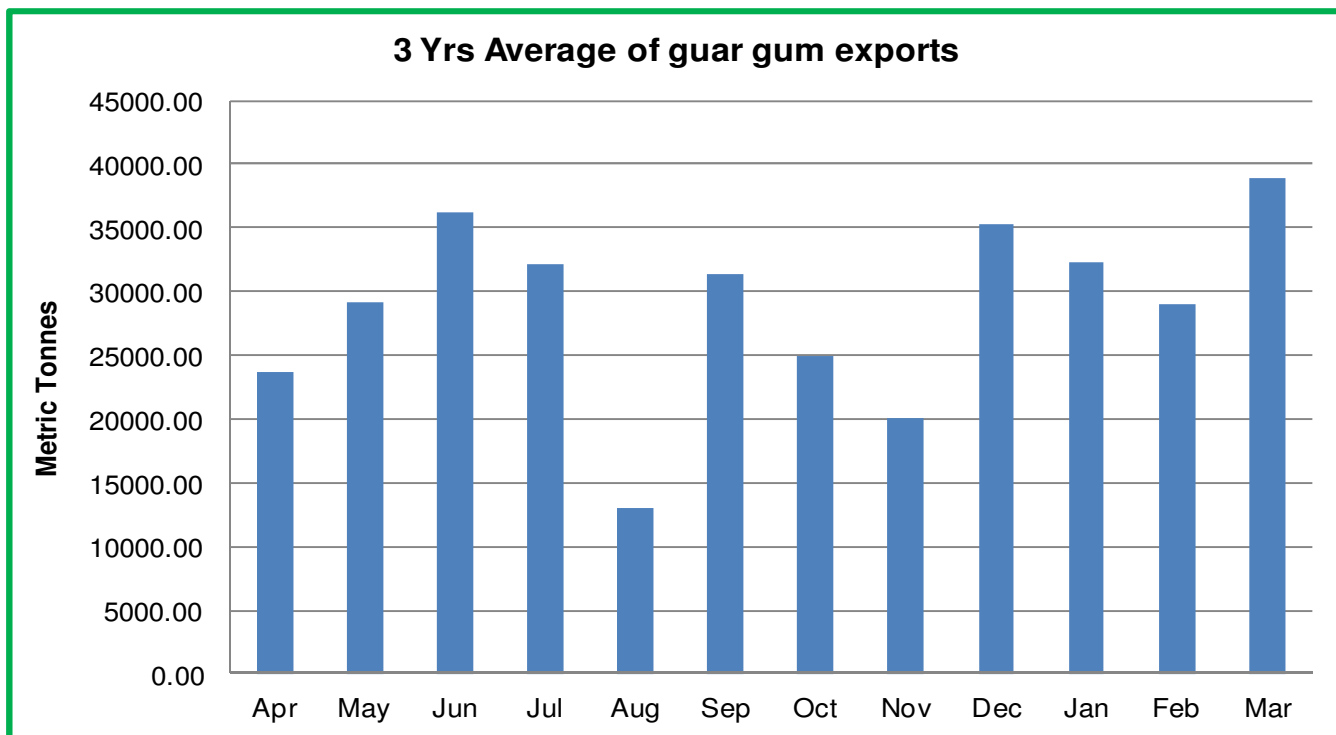
Guar complex ended higher as exporters were actively buying in the market. However traders added that speculative buying in the futures counter influenced the cash counter and helped the markets to move higher. Arrivals may increase from next week as arrivals have commenced from Gujarat.

Exporters are active buyers in the market. Currently, out of the total arrivals 100% is gathered up by exporters. Exporters are active as demand remained firm for guar gum. Peak arrival season has started and arrivals may increase next week. The quality of the stock coming into the market is of 5% black variety.

Traders believe that fresh stock will not be available after the month of December and are gathering up stock for the future. Sources also speculated that millers are not processing seed to gum in anticipation of higher prices for guar gum. This has led to stocking up of fresh stocks. Sources added that millers are stocking up as they fear that fresh arrival will exhaust in January and there will no stocks available till June 2012.

Export Scenario

Guar gum exports for the month of July 2011 were down at 48,544 metric tonnes with a value of 67170.36 lakh rupees. Exports were down by 27% from June 2011 at 66,773 metric tonnes with a value of 75209.69 lakh rupees. However, exports in July 2011 were the highest over the last 5 years.



Source: APEDA

The above chart shows the 3 years average of guar gum during the financial year. As we can see that exports remain on the higher side during the month of December over the last year. This will continue to support current uptrend in the markets.

Spot Market Technical Analysis of Guar seed & Guar gum



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

As evident from the chart, prices are moving up into uncharted territories. Overall trend remains up and intact. Prices have closed above 9 & 18-day EMAs supporting the bullish sentiments in the market. RSI is moving up the overbought region and hints at profit booking in the next week. Close above the weekly level at 5420 may continue to support the bullish signal in the market, but a close below the 5050 level may change the weekly trend down. Prices in the coming week may trade in range from 5500-5800.



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

As evident from the chart, prices are moving up into uncharted territories. Overall trend remains up and intact. Prices have closed above 9 & 18-day EMAs supporting the bullish sentiments in the market. RSI is moving up the overbought region and hints at profit booking in the next week. Close above the weekly level at 17900 may continue to support the bullish signal in the market, but a close below the 16700 level may change the weekly trend down. Prices in the coming week may trade in range from 18000-18500.

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 5000-5050 levels for guar seed and 16400-16450 levels for guar gum in the long run

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. 65% of crop has been harvested in Rajasthan and we expect the harvest to increase to 70%. Meanwhile, 85% crop has been harvested in Haryana and Punjab and we expect the harvest to increase to 90%. 10% of crop has been harvested in Gujarat and we expect the harvest to increase to 15%.

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
Rajasthan	2907000	65	1889550	661342.5	595208.25	-	-
Haryana	256000	85	217600	76160	68544	-	-
Gujarat	120000	10	12000	4200	3780	-	-
Total	3283000	64.55	2119150	741702.5	667532.25	350100	52.45

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 64.55% of fresh crop arrivals have come in India and 52.45% of fresh crop arrivals have to come in the domestic mandi's throughout India.

Arrivals Comparison of Guar seed at key markets and all India

Centre	Arrivals (Quintal)		
	Week Ending 07-12-11	Week Ending 30-11-11	Week Ending 07-12-10
Bikaner-Rajasthan	53,000	38,500	21,000
Nokha-Rajasthan	30,700	29,351	18,000
Sri-Ganganagar- Rajasthan	11,225	11,160	10,000
Hanumangarh- Rajasthan	2,226	4,087	3,500
Bhiwani-Haryana	25,500	60,000	10,000
Sirsa-Haryana	23,000	21,200	7,500
Adampur-Punjab	49,000	28,000	22,000
All India	725,000	665,000	480,000

Arrivals improved this week remained higher compared to last year's arrival as producers are getting better returns for their crop. Arrivals also increased compared last week as peak arrival season has begun in Rajasthan and Gujarat, Going forward arrivals may continue to increase next week as harvest has gathered momentum in Rajasthan and Gujarat which will also increase the arrivals into the market. Harvest is in its final stages in Haryana and Punjab.

Guar Prices at Key Spot Markets

Commodity	Centre	Prices in Rs/Qtl		Change
Guar Seed		07-12-11	30-11-11	
	Jodhpur (Delivery)	5850	5400	450
	Jodhpur (Loose)	5300	4900	400
	Bikaner (Delivery)	5330	5066	264
	Bikaner (Loose)	5480	4916	564
	Nokha	4994	4700	294
	Hanumangarh	5378	4930	448
	Sri-Ganganagar	5361	4950	411
	Adampur	5530-5535	5050-5060	475
	Sirsa	5500	5100	400

	Bhiwani	5400	5150-5200	200
	Deesa (New)	5150-5180	4920-4980	200
	Nagaur	5100	4750	350
	Dhabwali	5350	5100	250
Guar Gum	Jodhpur	18100	16700	1400
	Bhiwani	18500	16800	1700
	Dhabwali	17900	16900	1000

Guar by – Products Prices:

Commodity	Centre	Price in Rs/75Kg	
		07-12-11	30-11-11
Churi	Jodhpur	550	545
Korma	Jodhpur	750	745

Guar Export Prices:

Commodity	Variety	\$/MT	
		07-12-11	30-11-11
Guargum Split		3600	3500
Guargum Powder	200 Mesh 5000 CPS	4700	4500
	200 Mesh 3500 CPS	4750	4400
Guargum Meal		225	225

Exchange Technicals (NCDEX):

Technical Commentary: (Guarseed)

- As evident from the chart, prices are moving up into uncharted territories and overall 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 5452 and may move towards 6000 levels if prices remain above the mentioned Fibonacci retracement level.
- Oscillator, RSI is moving up in the overbought region and suggests that prices may see some profit booking.
- Close above the weekly level at 5728 may continue to support the bullish signal in the market, but a close below the 5450 level may change the weekly trend down.

GUAR SEED



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

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Guar seed	NCDEX	January	5307	5527	5748	5949	6151

Technical Commentary: (Guargum)

- As evident from the chart, prices are moving up into uncharted territories and overall 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 17337 and may move towards 19000 levels if prices remain above the mentioned Fibonacci retracement level.
- Oscillator, RSI is moving up in the overbought region and suggests that prices may see some profit booking.
- Close above the weekly level at 18100 may continue to support the bullish signal in the market, but a close below the 17500 level may change the weekly trend down.

GUAR GUM



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

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Guar gum	NCDEX	January	16656	17468	18281	18926	19572

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.