

Domestic Market Recap:

- Cash market continued to move higher on higher demand from exporters and expectations of almost no carry-over of stocks.
- 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 19th) increased to 59,620 MT compared to 42,298 MT last week and Guar Gum stocks at NCDEX (as of December 12th) increased to 12,073 MT compared to 11,540 MT last week.

Current Market Dynamics

Markets continued its bullish run into the 4th day of trade supported by good export demand. The Indian rupee remaining weak against the US dollar so exporters say that this is good opportunity before the Christmas and New Year holiday starting on 20th of December. Arrivals due to lower production this year and producers are bring in lower stocks in anticipation of higher prices. Millers were only buying for their daily consumption and rest of stocks is gathered up by stockiest.

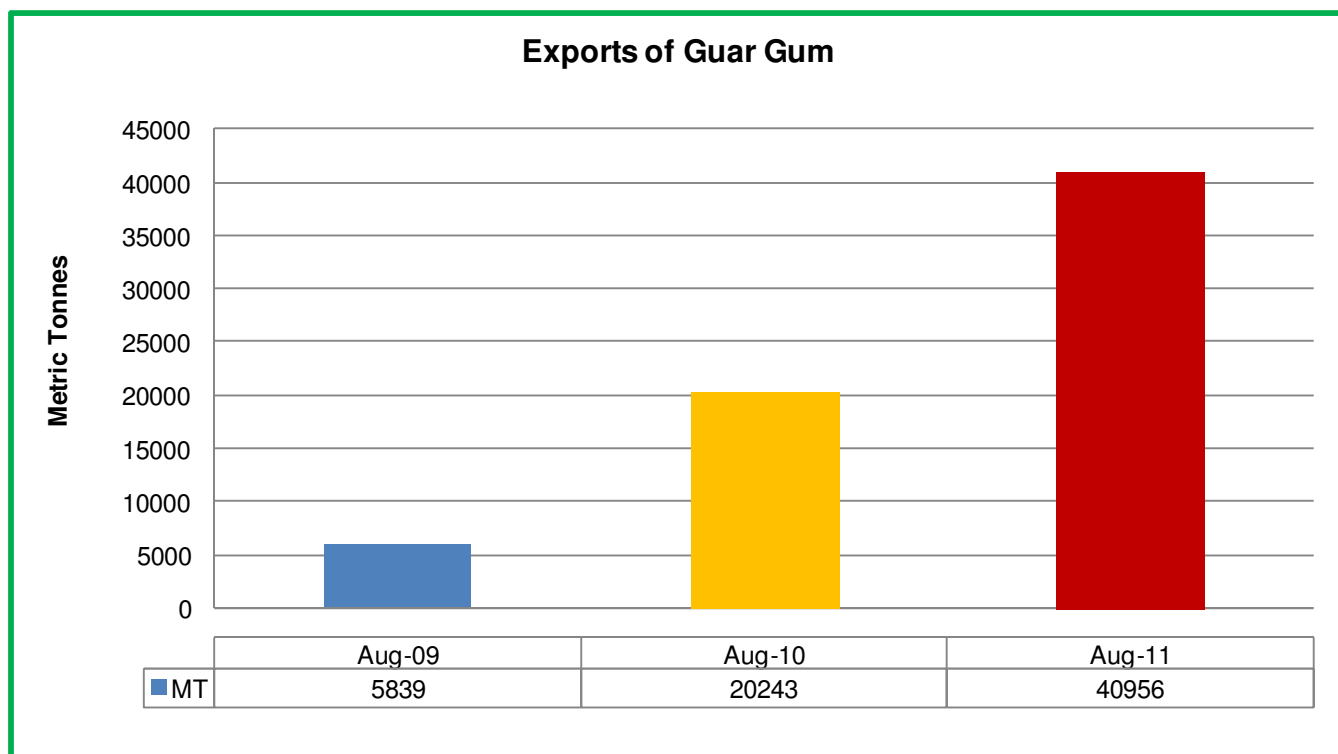
NCDEX has imposed Special Margin of 20% on the Long side will be imposed on all running contracts and yet to be launched contracts which will be collected in cash. Thus, the total Special Margin levied on the Long side will be 30% of which 20% shall be collected in cash effective beginning of December 19th, 2011. The table below shows the details:

Commodity	Special Margin		Special Cash Margin		Total Special Margin	
	Long Side	Short Side	Long Side	Short Side	Long Side	Short Side
GUAR SEED	10%	0	20%	0	30%	0
GUAR GUM	10%	0	20%	0	30%	0

Exporters are also buying but may wait for a dip in prices. Exporters are asking Guar gum split at \$4000 PMT for Mundra and for Guar gum powder for 5300 CPS \$5300 PMT and 3500 CPS \$5200 PMT. The international price for guar gum is being quoted at \$40000/Tonne which is also supported the current buying activity from exporters. However, exporters say that with Christmas & New Year approaching the buying will be subdued as there will be customs holiday.

Export of Guar Gum

Export demand continues to drive prices higher. Guar gum exports for the month of August 2011 were up at 40,956 metric tonnes. Exports were down up 15.6% from June 2011 at 48,544 metric tonnes. However, exports in August 2011 were higher compared to last 2 year exports in the month of August. The chart shows the comparative view of exports over the last 3 years-



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 6593 may continue to support the bullish signal in the market, but a close below the 6535 level may change the weekly trend down. Prices in the coming week may trade in range from 6250-6975.


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 21967 may continue to support the bullish signal in the market, but a close below the 21740 level may change the weekly trend down. Prices in the coming week may trade in range from 20865-23250.

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 6000-6200 levels for guar seed and 20000-22000 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. 75% of crop has been harvested in Rajasthan and we expect the harvest to increase to 80%. Meanwhile, 92% crop has been harvested in Haryana and Punjab and we expect the harvest to increase to 95%. 20% of crop has been harvested in Gujarat and we expect the harvest to increase to 22-25%.

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	75	2180250	763087.5	686778.75	-	0.00
Haryana	256000	92	235520	82432	74188.8	-	0.00
Gujarat	120000	20	24000	8400	7560	-	0.00
Total	3283000	74.32	2439770	853919.5	768527.55	472100	61.43

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 74.32% of area has been harvested and 61.43% of fresh crop arrivals have to come in the domestic mandi's throughout India.

Guar Prices at Key Spot Markets

Commodity	Centre	Prices in Rs/Qtl		Change
Guar Seed		21-12-11	14-12-11	
	Jodhpur (Delivery)	7200	6500	700
	Jodhpur (Loose)	6500	6000	500
	Bikaner (Delivery)	6850	6300-6350	500
	Bikaner (Loose)	6700	6150-6200	500
	Nokha	5861	5650	211
	Hanumangarh	6294	5910	384
	Sri-Ganganagar	6452	5830	622
	Adampur	7200	6200	1000
	Sirsa	7200	6200	1000
	Bhiwani	7100	6300	800
	Deesa (New)	6000-6010	5720-5730	280
	Nagaur	5950	5605	345
	Dhabwali	7000	6100	900
Guar Gum	Jodhpur	23200	21000	2200
	Bhiwani	23000	20700	2300
	Dhabwali	23000	20700	2300

Guar by – Products Prices:

Commodity	Centre	Price in Rs/75Kg	
		21-12-11	14-12-11



Churi	Jodhpur	535	550
Korma	Jodhpur	725	750

Guar Export Prices:

Commodity	Variety	\$/MT	
		21-12-11	14-12-11
Guargum Split		4000	3900
Guargum Powder	200 Mesh 5000 CPS	5300	4900
	200 Mesh 3500 CPS	5200	4950
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 intact.
- Prices 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 6287 and may move towards 7000 levels if prices remain above the mentioned Fibonacci retracement level. Immediate resistance is at 7036.
- Oscillator, RSI is moving up in the overbought region and suggests that prices may see some profit booking.
- Close above the weekly level at 6722 may continue to support the bullish signal in the market, but a close below the 6688 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	5797	6340	6883	7036	7231

Technical Commentary: (Guargum)

- As evident from the chart, prices are moving up into uncharted territories and overall trend remains firm and intact.
- Prices 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 20636 and may move towards 23500 levels if prices remain above the mentioned Fibonacci retracement level. Immediate resistance is at 23150.
- Oscillator, RSI is moving up in the overbought region and suggests that prices may see some profit booking.

- Close above the weekly level at 22270 may continue to support the bullish signal in the market, but a close below the 21984 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	18733	20817	22901	24068	25235

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