

Domestic Market Recap:

- Cash market continued to move higher on higher demand from exporters and low 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 26th) increased to 66,378 MT compared to 59,620 MT last week and Guar Gum stocks at NCDEX (as of December 26th) increased to 12,936 MT compared to 12,073 MT last week.

Current Market Dynamics

Markets continued its bullish run into the 4th week of trade supported by good export demand and lower production. The Indian rupee remains weak against the US dollar so exporters say that this is good opportunity. At the same time exports may be sluggish in the next week due to New Year holidays. Arrivals due to lower production this year and producers are bring in lower stocks in anticipation of higher prices. Traders added that markets could continue to see higher levels on firm demand from gum makers, millers and stockiest.

NCDEX has imposed further Special Margin of 10% on the Long side will be imposed on all running contracts and yet to be launched contracts. Thus, the total Special Margin levied on the long side will be 30% of which 15% shall be collected in cash effective beginning of day December 27, 2011. Hence, effective beginning of day December 27, 2011 the Special Margin on Guar Gum and Guar Seed shall be as under:

Commodity	Special Margin		Special Cash Margin		Total Special Margin	
	Long Side	Short Side	Long Side	Short Side	Long Side	Short Side
GUAR SEED	15%	0	15%	0	30%	0
GUAR GUM	15%	0	15%	0	30%	0

Exporters are also buying but may wait for a dip in prices. Presently, the industry buys gum powder at an average \$7,500-7,600 per tonne (Rs 40,000 a qtl) as compared with last year's average price realization of \$1,600 a tonne.

The Forward Markets Commission (FMC) is mulling a last resort to calm Guargum and Guarseed prices, through introduction of 'trade-to-trade' for the first time in the commodity derivatives market. Under trade-to-trade, a client must deposit the entire value of the trade upfront. The order is settled when the seller ensures delivery. In other words, the system will function like spot trade.

According to market sources, crop output for India this year would be close to a million tonnes (equivalent to 300,000 tonnes of guar gum) and the carryover stock from last year would be 75,000 tonnes. So, total gum availability would be 375,000 tonnes, while expected demand is 450,000 tonnes.

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 continue to move 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. Indicator, MACD is moving up in the positive region and supports the bullish momentum. Close above the weekly level at 6870 may continue to support the bullish signal in the market, but a close below the 6744 level may change the weekly trend down. Prices in the coming week may trade in range from 6100-7000.



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

As evident from the chart, prices are moving up and trend remains up and intact. Prices have closed above 9 & 18-day EMAs supporting the bullish sentiments in the market. RSI is moving down the overbought region and hints at profit booking in the next week. Close above the weekly level at 22944 may continue to support the bullish signal in the market, but a close below the 22713 level may change the weekly trend down. Prices in the coming week may trade in range from 21600-24700.

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 6500-6600 levels for guar seed and 21900-22000 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. 80% of crop has been harvested in Rajasthan and we expect the harvest to increase to 82-83%. Meanwhile, 95% crop has been harvested in Haryana and Punjab and we expect the harvest to increase to 98%. 25% of crop has been harvested in Gujarat and we expect the harvest to increase to 30%.

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	80	2325600	813960	732564	-	-
Haryana	256000	95	243200	85120	76608	-	-
Gujarat	120000	25	30000	10500	9450	-	-
Total	3283000	79.16	2598800	909580	818622	517100	63.17

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 79.16% of area has been harvested and 63.17% 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		28-12-11	21-12-11	
	Jodhpur (Delivery)	7250	7200	50
	Jodhpur (Loose)	6500	6500	Unch
	Bikaner (Delivery)	6800-6900	6850	50
	Bikaner (Loose)	7070	6700	370
	Nokha	6900	5861	1039
	Hanumangarh	6850-6900	6294	606
	Sri-Ganganagar	6250	6452	-202
	Adampur	6850	7200	-350
	Sirsa	7050	7200	-150
	Bhiwani	7200	7100	100
	Deesa	6340-6350	6000-6010	340
	Nagaur	6600	5950	650
	Dhabwali	6950	7000	-50
	Jodhpur	23800	23200	600
Guar Gum	Bhiwani	23900	23000	900
	Dhabwali	23400	23000	400

Guar by – Products Prices:

Commodity	Centre	Price in Rs/75Kg	
		28-12-11	21-12-11
Churi	Jodhpur	525	535
Korma	Jodhpur	715	725

Guar Export Prices:

Commodity	Variety	\$/MT	
		28-12-11	21-12-11
Guargum Split		4650	4000
Guargum Powder	200 Mesh 5000 CPS	6000	5300
	200 Mesh 3500 CPS	5900	5200

Guargum Meal		250	225
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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 find support above 23.6% level at 6631 and below a resistance level at 7480.
- Oscillator, RSI is moving up in the overbought region and suggests that prices may see some profit booking.
- Close above the weekly level at 7171 may continue to support the bullish signal in the market, but a close below the 6920 level may change the weekly trend down. Prices in the coming week may trade in range from 6600-7500.

GUAR SEED



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

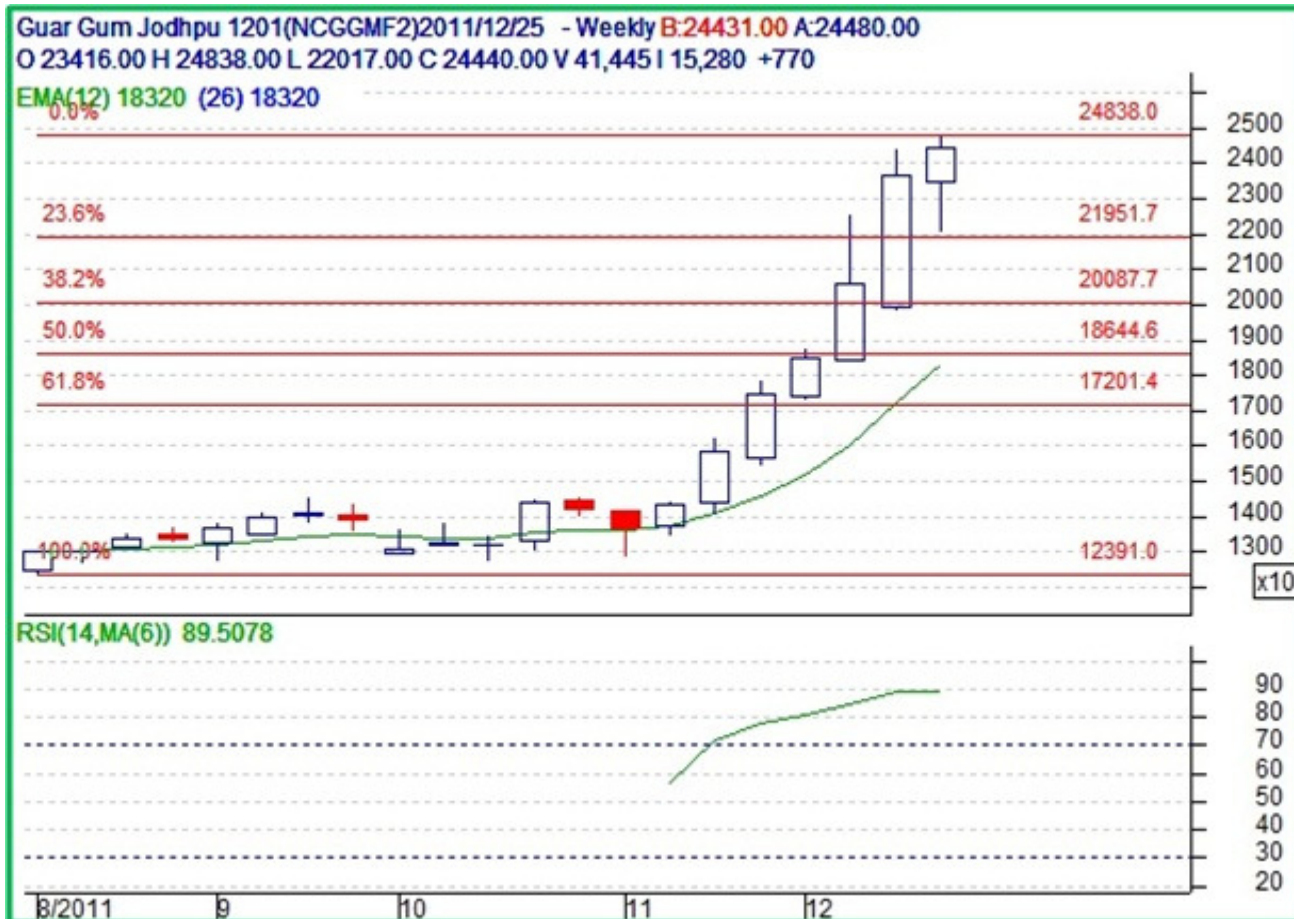
Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Guar seed	NCDEX	January	6362	6862	7362	7671	7980

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 find support above 23.6% level at 21916 and below a resistance level at 24838.
- Oscillator, RSI is moving up in the overbought region and suggests that prices may see some profit booking.

- Close above the weekly level at 23765 may continue to support the bullish signal in the market, but a close below the 22709 level may change the weekly trend down. Prices in the coming week may trade in range from 22000-25000.

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	20944	22692	24440	25513	26586

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