

Domestic Market Recap:

- Cash market continued to move higher on higher demand from exporters and low carry-over of stocks.
- Cash markets were also influenced partially by the firm futures counter.
- Guar Seed stocks at NCDEX (as of January 02nd 2012) increased to 75,066 MT compared to 66,378 MT last week and Guar Gum stocks at NCDEX (as of January 02nd 2012) increased to 13,101 MT compared to 12,936 MT last week.

Current Market Dynamics

Markets continued its bullish run into the 1st week of trade in January supported by good export demand and lower production. Lower productions prospects than earlier estimates, overall strength in Dollar aiding exports and reports of lower stocks are likely to support the market sentiments in medium term however. Anticipations of further rise in exports in coming weeks could aid the uptrend further as per traders. High demand from China for oil drilling activities have been reported recently thus pushing up the demand for Gum. As per APEDA, India has exported 1.45 lakh MT Guar Gum during April-June 2011 vs 0.71 lakh MT during same period last year.

Despite imposition of 30% special margin bulls continued to build fresh long positions on expectations of robust exports and lower output. Total margin on long positions on the Complex has risen to 40%. Reports of discrepancies in the latest export figures released by the APEDA (Agricultural & Processed Food Products Export Development Authority) coupled with talks of high manipulation has also led to high volatility in the Guar prices.

According to market sources, suspecting price manipulation, the regulator plans to issue showcause notices to leading traders this week. To nab the culprits involved in price rigging of guar gum and guar seed, the Forward Markets Commission (FMC) is planning to issue 'showcause notice' to many leading traders in Rajasthan. The notices will be served to them by Friday. The commodity derivatives regulator is awaiting reports to be submitted by various teams sent out separately by both FMC and the National Commodity & Derivatives Exchange (NCDEX) to examine books of traders' account two weeks ago.

Meanwhile, supply chain group Rx-360 has warned that guar seed supply will run out in this year. They added that the reason for the shortage is higher demand from the petrochemicals industry. The group also added that global production will be lower as higher sugar plantations in Brazil.

Guar seed output in Rajasthan is estimated at 11.36 lakh tonnes for 2011-12 season, down by 25% compared to 15.46 lakh tonnes in 2010-11. Production of Guar in Haryana and Gujarat is expected to be 0.2 lakh tonnes and 0.07 lakh tonnes respectively in 2011- 12. The table below shows the State-Wise APY for 2011-12-

State-Wise APY 2011-12			
State/Attribute	Area	Production	Yield
Rajasthan	29.07	11.36	390
Haryana	2.56	2.00	781
Gujarat	1.20	0.07	58

Source: State Departments

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. 85% of crop has been harvested in Rajasthan and we expect the harvest to increase to 90%. Harvesting will be complete by next week in Haryana and Punjab. 30% of crop has been harvested in Gujarat and we expect the harvest to increase to 35%.

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	85	2470950	864832.5	778349.25	-	-
Haryana	256000	98	250880	87808	79027.2	-	-
Gujarat	120000	30	36000	12600	11340	-	-
Total	3283000	84.00	2757830	965240.5	868716.45	559800	64.44

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 84% of area has been harvested and 64.44% 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		04-01-12	28-12-11	
	Jodhpur (Delivery)	7850	7250	600
	Jodhpur (Loose)	7100	6500	600
	Bikaner (Delivery)	7265	6800-6900	365
	Bikaner (Loose)	7535	7070	465
	Nokha	7200	6900	300
	Hanumangarh	7400	6850-6900	500
	Sri-Ganganagar	7200	6250	950
	Adampur	7325	6850	475
	Sirsa	7250	7050	200
	Bhiwani	7550	7200	350
	Deesa	6340-6430	6340-6350	80
	Nagaur	7100	6600	500
	Dhabwali	7160	6950	210
Guar Gum	Jodhpur	25200	23800	1400
	Bhiwani	25700	23900	1800
	Dhabwali	24800	23400	1400

Guar by – Products Prices:

Commodity	Centre	Price in Rs/75Kg	
		04-01-12	28-12-11
Churi	Jodhpur	525	525

Korma	Jodhpur	711	715
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Guar Export Prices:

Commodity	Variety	\$/MT	
		04-01-12	28-12-11
Guargum Split		4800	4650
Guargum Powder	200 Mesh 5000 CPS	6100	6000
	200 Mesh 3500 CPS	6000	5900
Guargum Meal		240	250

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 12 & 26-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 7321 may continue to support the bullish signal in the market, but a close below the 7000 level may change the weekly trend down. Prices in the coming week may trade in range from 7150-7700.



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 24327 may continue to support the bullish signal in the market, but a close below the 23600 level may change the weekly trend down. Prices in the coming week may trade in range from 23800-25500.

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.

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 EMA (12 day) which supports the bullish trend in the market.
- Oscillator, RSI is moving up in the overbought region and suggests that prices may see some profit booking.
- Close above the weekly level at 7469 may continue to support the bullish signal in the market, but a close below the 6800 level may change the weekly trend down.
- Prices in the coming week may trade in range from 7100-7800.

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	6812	7219	7625	7875	8126

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 EMA (12 day) which supports the bullish trend in the market.
- Oscillator, RSI is moving up in the overbought region and suggests that prices may see some profit booking.
- Close above the weekly level at 23792 may continue to support the bullish signal in the market, but a close below the 22200 level may change the weekly trend down.
- Prices in the coming week may trade in range from 22400-25300.

GUAR GUM



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

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Guar gum	NCDEX	February	20945	22355	23766	25202	26639



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