

Domestic Market Recap:

- Guar seed and guar gum prices continued weak tone in various markets during the week.
- Sluggish demand around current levels weighed on the market.
- Anticipation of higher crop estimates during this season weighed on prices.
- Slight export demand in the spot market lent some support to the market.
- According to IMD, weather is expected to be dry in parts of north-west India by next week.
- Till date crop is progressing well in various growing regions of the country.

Current Market Dynamics

Guar seed and guar gum prices continued weak tone after witnessing short –term recovery. Fresh export order lent some support to the market during the week. Overall scenario is bearish as output is expected to be higher during the season.

According to trade sources, crop is progressing well in different growing regions except Nagaur and Sri – Ganganagar area. More rains in these areas might affect the crop to certain extent. However it is early to comment on the same. Rains in the month of September will influence the size of the crop. According to IMD, weather is expected to be dry in parts of north –west India by next week. Higher output in the current season will weigh on prices in the coming days. In the current year, guar has been sown in states like Maharashtra, Andhra Pradesh and Madhya Pradesh. Acreage in these states is not clear till date. Acreage is estimated to be nearly two times higher compared to previous season.

Companies in the overseas markets have stocked up guar and are also developing cheaper alternatives to guar gum for use in food processing industry and oil fracking. In the current season, export orders could be lower, thereby weighing on the market.

Decision on re-launching of guar complex futures will be taken by FMC when the size of the guar crop is clear. As of date there is no communication on the same.

Export and Import Scenario

As per sources, both Gum and Powder demand continues to rise in overseas market. Major buyers like China, Europe and U.S continue to queue in the market to fulfill their daily requirement, mainly for industrial use. In March, the US purchased a record 33,800 tonnes of guar gum from India, up from an average 22,000 tonnes a month last year. As per APEDA, Guar gum exports increased to 5.59 lakh tonnes during Apr-Jan 2012 against 3.50 lakh metric tonnes recorded during the same period of the previous year.

Sowing Interest & Crop Outlook

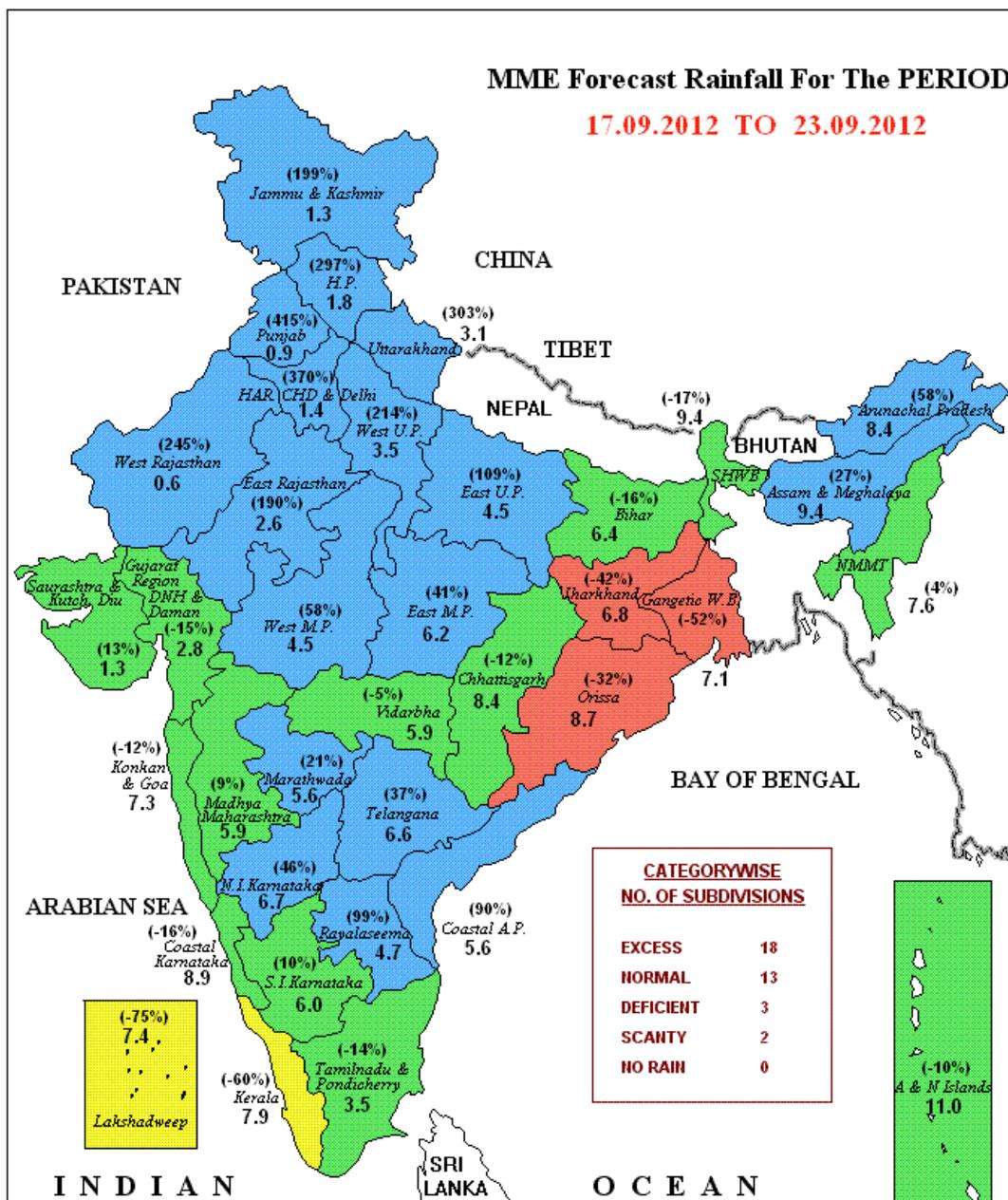
According to the first advance estimates of Haryana agricultural department, guar production in the current season is estimated at 3.75 lakh metric tonnes compared to 2.0 lakh metric tonnes in the previous season. In Punjab, farmers normally sow guar seed in 3000 -4000 acres. However following meteoric rise in prices during the previous season, farmers have sown guar seed in nearly 50,000 acres during this season. According to State Agricultural sources, acreage under guar seed in Gujarat till 17th September 2012 is reported at 233700 hectares compared to 129000 hectares during the same period last year. Production of guar seed is expected to increase by atleast 50 percent this season. Exact yield position will be clear by this month.

In the current season, onset of south –west monsoon was delayed in the growing regions. However there has been good rainfall in August and September 2012. Based on rainfall till date, yield should be atleast at last year's level in the states of Rajasthan and Haryana. In Gujarat assuming total rainfall to be below normal during June –September, yield is estimated to be around 300 Kg/Ha. Based on these yields, Agriwatch's production estimates of guar seed is expected to be around 28.-30 lakh metric tonnes in the current season. Other states like Maharashtra, Madhya Pradesh. Andhra Pradesh could contribute some small amount during this season, which is not clear as on date.

Weather Watch

According to IMD, out of 36 meteorological subdivisions, the rainfall has been excess/normal in 25 and deficient in 11 subdivisions. In area-wise distribution, 73% area of the country received excess/normal rainfall. Remaining 27% area received deficient rainfall. For the country as a whole, seasonal rainfall up to 19 September 2012 was 05% below the LPA as against 08% by the end of last week ending 12 September. According to IMD, weather is expected to be dry in parts of north-west India by next week.

भारत मौसम विज्ञान विभाग
INDIA METEOROLOGICAL DEPARTMENT



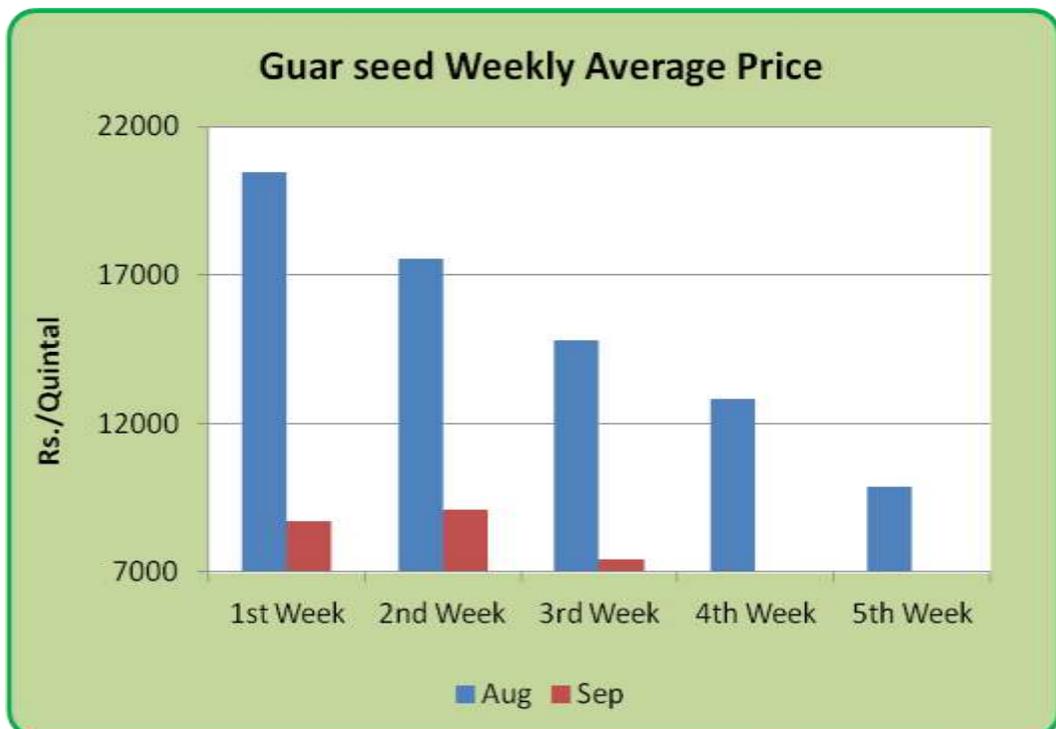
LEGEND: ■ EXCESS (+20% OR MORE) ■ NORMAL (+19% TO -19%) ■ DEFICIENT [-20% TO -59%]
■ SCANTY [-60% TO -99%] ■ NO RAIN [-100%] NO DATA

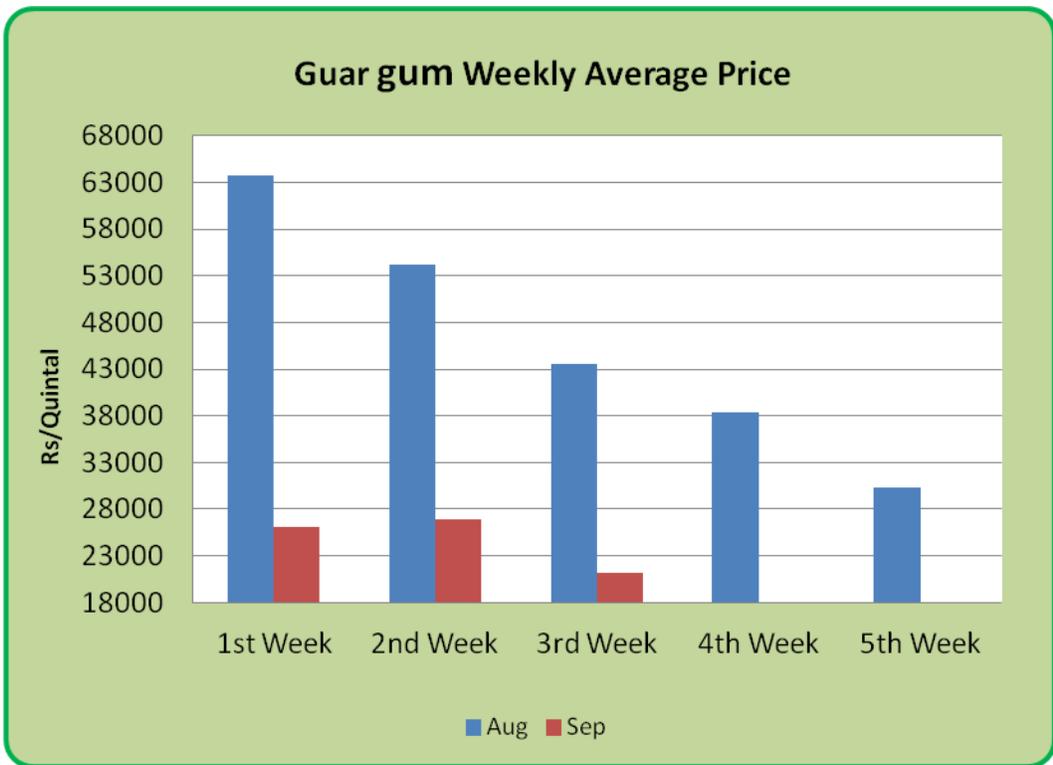
NOTES:

- (a) Rainfall figures are based on MME Forecast.
- (b) Bold figures indicate Forecast Normal rainfall (mm.)
- (c) Percentage Departures of Rainfall are shown in Brackets.

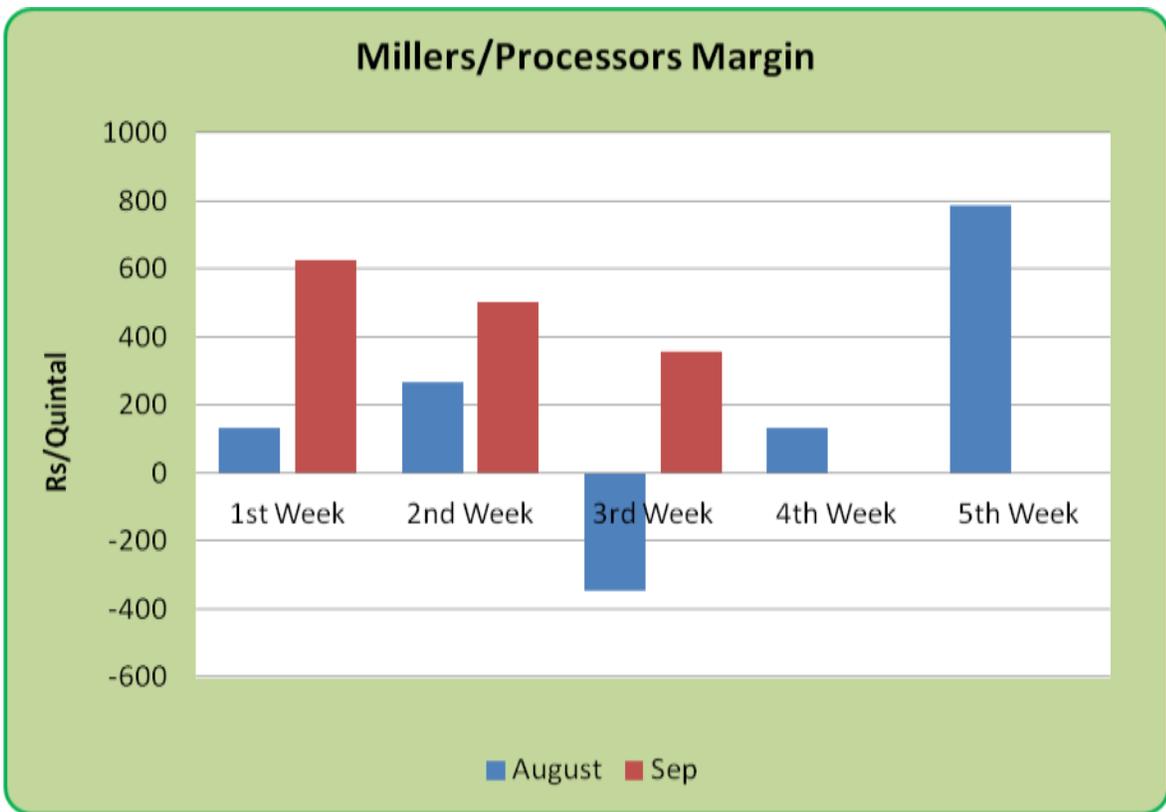
Price Scenario

Guar seed and guar gum prices noticed weak tone during the week. In the third week of September, the average price of guar seed declined by 18% to Rs.7425/Qtl and that of guar gum declined by 21% to Rs.21125/Qtl compared to previous week. The graph below illustrates the weekly average price movement of guar seed and guar gum in Jodhpur market.





Millers/Processors Margin



As seen in the chart above, the crushing margin of guar seed declined compared to previous week. Margin declined following decline in the price of guar gum. In the current week of September, average crush margin stood at Rs. 357.00/Quintal compared to previous week's crush margin of Rs. 503.36/Quintal. Margin is expected to increase in the coming days following decline in the price of guar seed.

Guar Prices at Key Spot Markets

Commodity	Centre	Prices (Rs/Qtl)		Change
		21.9.2012	14.9.2012	
Guar Seeds	Jodhpur (Delivery)	7200	9500	-2300
	Jodhpur (Loose)	6500	8200	-1700
	Bikaner (Loose)	6600	7500	-900
	Bikaner (Delivery)	7000	7800	-800
	Nokha (Loose)	6000	8000	-2000
	Hanumangarh (Loose)	NA	NA	-
	Sri-Ganganagar (Delivery)	7000	8500	-1500
	Adampur (Loose)	7500	8000	-500
	Sirsa (Loose)	7500	9000	-1500
	Bhiwani (Delivery)	7200	8500	-1300
	Deesa (Loose)	7231	8050	-819
	Nagaur (Loose)	NA	NA	-
	Dhabwali (Loose)	NA	NA	-
Guar Gum	Jodhpur	22500	27500	-5000
	Bhiwani	19000	26500	-7500
	Dhabwali	NA	NA	-

Guar by – Products Prices:

Commodity	Centre	Price in Rs/75Kg	
		21.9.2012	14.9.2012
Churi	Jodhpur	1000	1000
Korma	Jodhpur	1925	1900

Guar Export Prices:

Commodity	Variety	\$/MT	
		21.9.2012	14.9.2012
Guargum Split		4400	4600
Guargum Powder	200 Mesh 5000 CPS	5500	6000
	200 Mesh 3500 CPS	5200	5700
Guargum Meal		350	350

Guar Cumulative Arrivals in Key Centers

Centre	Arrivals (Quintals)		Change
	Week Ending 21.9.12	Week Ending 14.9.12	
Jodhpur	700	-	-
Bikaner	25	125	-100
Nokha	NA	-	-
Hanumangarh	NA	-	-
Sri-Ganganagar	NA	-	-
Adampur	300	150	+150
Sirsa	NA	-	-
Bhiwani	NA	-	-
Deesa	65	62	+3
Nagaur	NA	-	-
Dhabwali	NA	-	-
All India	1090	337	+743

Spot Market Technical Analysis of Guar seed & Guar gum



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

Prices are continuing the weak tone after noticing short –term recovery and traded in a narrow range during the week. Prices are declining after witnessing recovery towards Rs.9500/Qtl levels. MACD is in the negative territory supporting the overall weak tone of the market. Stochastic oscillator is in the oversold region supporting some near –term recovery. Any recovery should be considered as good selling opportunity for the traders. Prices will find support at Rs.6700/Qtl. The next support is at Rs.6000/Qtl. Prices will find resistance around Rs.8250/Qtl and Rs.9500/Qtl levels respectively.

Prices are likely to trend towards Rs.6000/Qtl levels in the coming days.

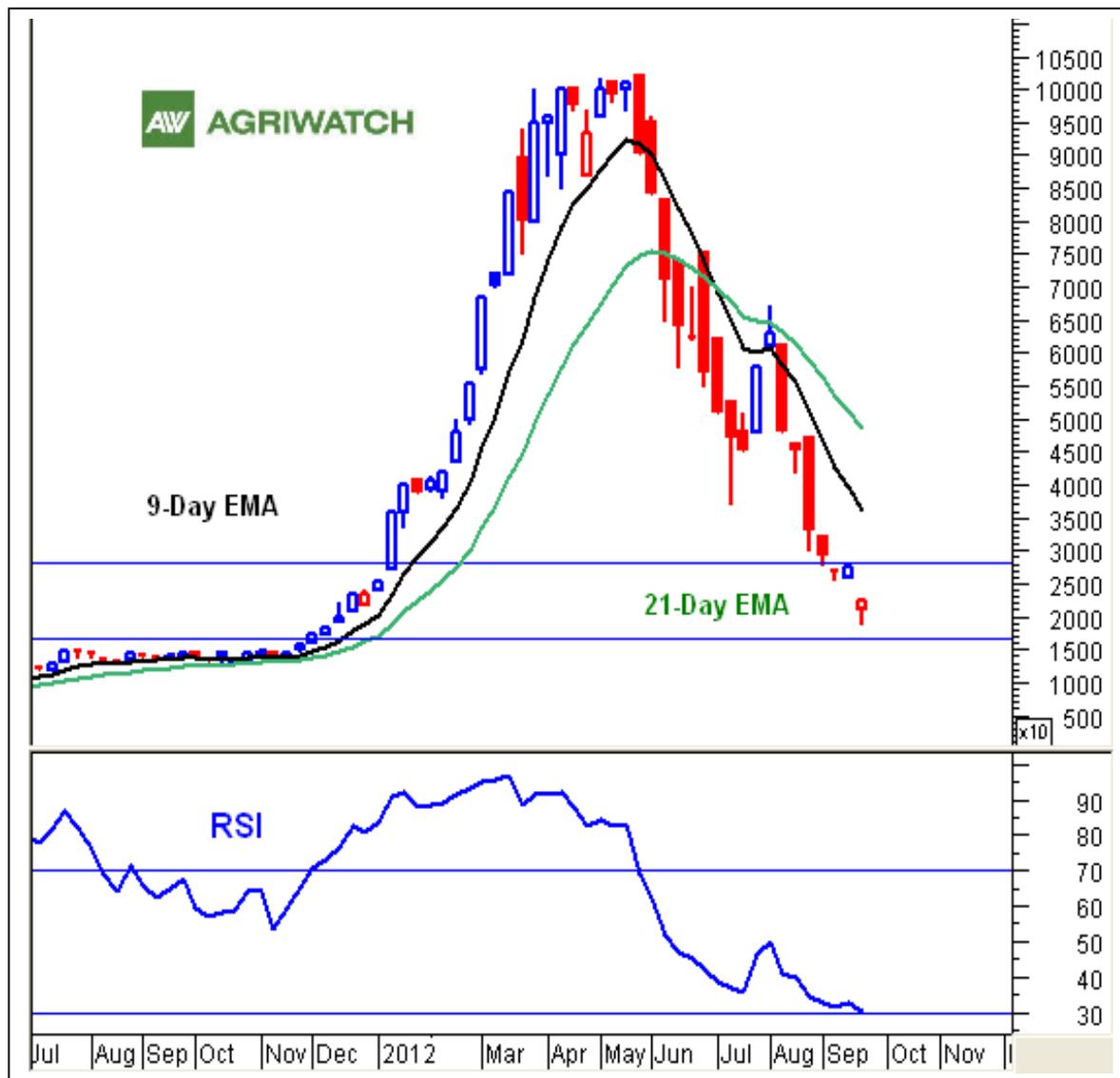


Fig-2 – Guar Gum Weekly Spot Prices (Jodhpur)

Guar gum prices moved in tandem with guar seed prices and closed lower during the week. Prices declined towards Rs.19000/Qtl levels and witnessed recovery towards Rs.22500/Qtl levels. Prices are holding below 9 –Day and 21 –Day EMA supporting the overall weak tone of the market. RSI is in the oversold region supporting some recovery in the near –term. Recovery towards Rs.25000/Qtl levels should be considered as good selling opportunity. Prices will find support around Rs.17825/Qtl. The next support is at Rs.16800/Qtl levels. On the upside there is resistance at Rs.25000/Qtl levels and Rs.27000/Qtl levels respectively.

Prices are likely to decline towards Rs.17000/Qtl levels in the near –term.

Spot Market Outlook:

Both Guar seed and Guar gum prices are likely to continue the weak tone in the coming days. Buyers are advised to wait for better buying levels in the medium -term.

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