

Domestic Market Recap:

- Guar seed and guar gum prices witnessed steady to slightly firm tone except weakness in Bikaner market.
- There was not much trading activity in the market around current levels.
- Buyers are waiting for better levels in the medium –term.
- Anticipation of higher output in the current season will weigh on prices in the medium –term.
- Lack of rains in the guar seed growing regions during the withdrawal phase of south –west monsoon lent support to the market.
- Yield level of guar seed will be clear by this month.

Current Market Dynamics

Guar seed and guar gum prices continued recovery to certain extent during the week. Trading activities remained lack –luster amid lack of stocks in the ready market. Likely damage to the crop in certain areas of Rajasthan lent support to the market.

Sowing of guar seed in the growing regions was delayed during the current season. Lack of rains during the withdrawal phase of monsoon might damage the crop to certain extent. According to trade sources, there could be 10 -15% crop damage in certain districts of Rajasthan like Churu, Barmer and Nokha. Yield level will be clear by this month. Crop output is expected to increase by atleast 50 percent during the season in case of deficit rainfall in certain areas. The crop is progressing well in Gujarat and acreage has almost doubled compared to previous season.

Farmers paid higher prices of seed for sowing purpose during the season. Meteoric prices of guar seed and guar gum has motivated the farmers in many states to sow guar seed. In the current season guar has been also sown in states like Andhra Pradesh, Madhya Pradesh and Maharashtra. Acreage figures are not clear in these states. Farmers are worried of lower returns amid expectation of higher output during the season. The new crop is expected in the market by third week of October –November.

Overseas demand is likely to be on the lower side amid availability of cheaper alternatives to guar gum. FMC has not taken any decision regarding re –launching of guar complex futures.

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.

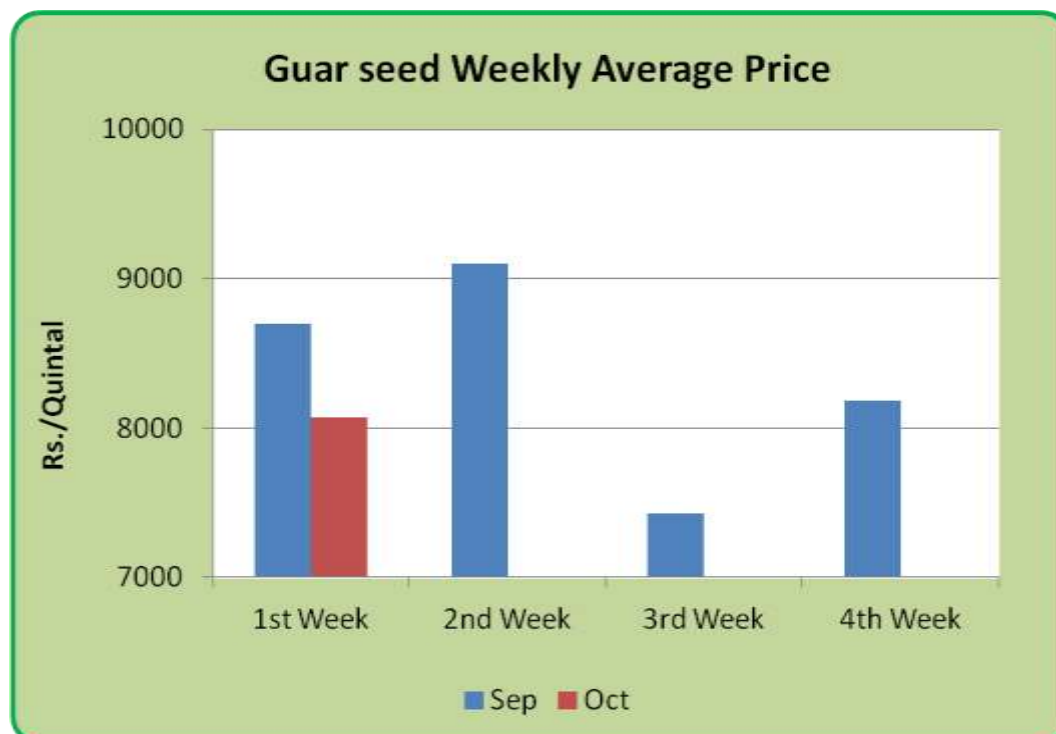
In the current season, onset of south –west monsoon was delayed in the growing regions. However there has been good rainfall in August and September 2012. Lack of rains in certain growing regions during the week might affect the crop. Based on rainfall during June -September, yield should be atleast at last year's level in the states of Rajasthan and Gujarat and around 1200kg/Ha in Haryana (5 –year's average yield). 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

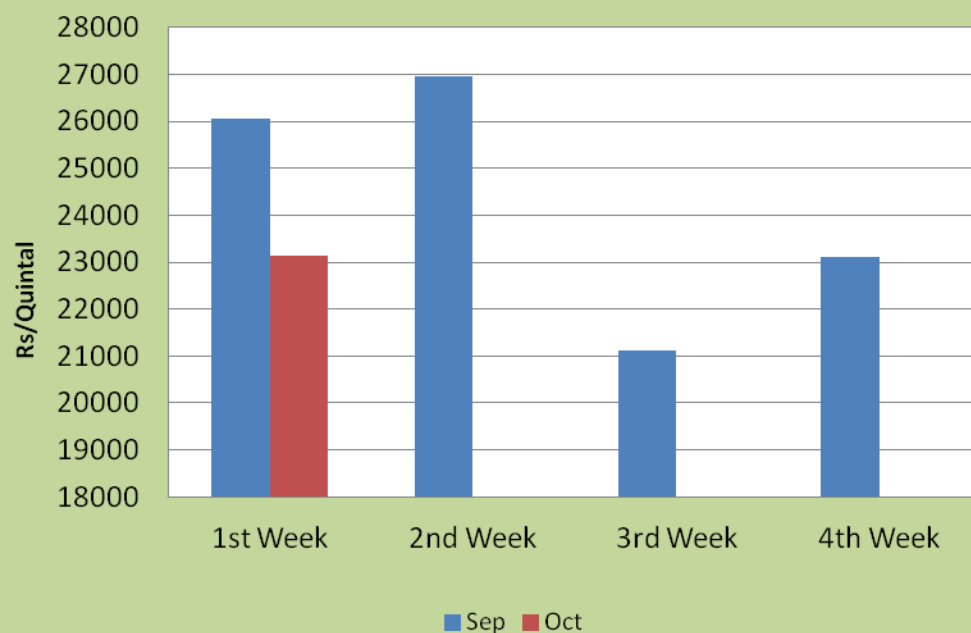
According to IMD, out of 36 meteorological subdivisions, the rainfall has been excess/normal in 24 and deficient in 12 subdivisions. In area-wise distribution, 70% area of the country received excess/normal rainfall. Remaining 30% area received deficient rainfall. For the country as a whole, seasonal rainfall up to 26 September was 07% below the LPA as against 05% by the end of last week ending 19 September. According to IMD, weather is expected to be dry in parts of north-west India. Slight rains are expected in southern Gujarat.

Price Scenario

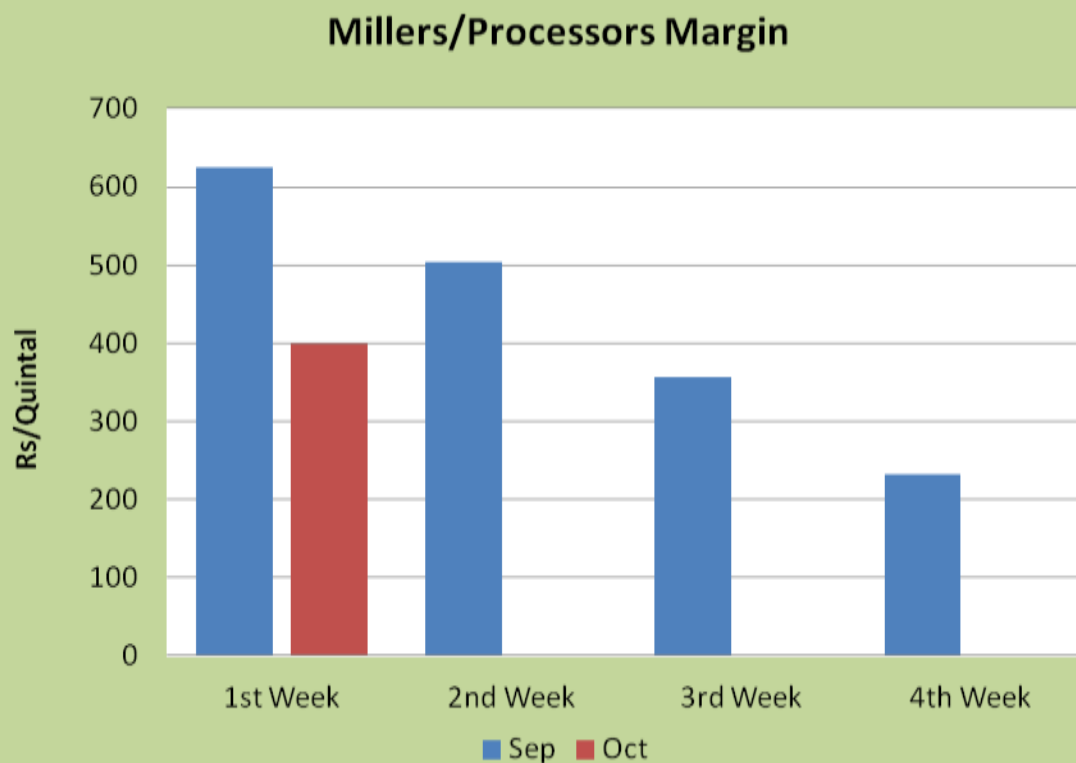
Guar seed prices declined slightly and guar gum prices noticed slight recovery during the week. In the first week of October, the average price of guar seed declined by 1% to Rs.8075/Qtl and that of guar gum increased by 0.1% to Rs.23125/Qtl compared to previous week. The graph below illustrates the weekly average price movement of guar seed and guar gum in Jodhpur market.



Guar gum Weekly Average Price



Millers/Processors Margin





As seen in the chart above, the crushing margin of guar seed increased compared to previous week. Margin increased following recovery in the price of guar gum. In the first week of October, average crush margin stood at Rs. 398.75/Quintal compared to previous week's crush margin of Rs. 232.13/Quintal. Margin is expected to decline in the coming days amid expected recovery in the price of guar seed.

Guar Prices at Key Spot Markets

Commodity	Centre	Prices (Rs/Qtl)		Change
		05.10.2012	28.9.2012	
Guar Seeds	Jodhpur (Delivery)	8200	8100	100
	Jodhpur (Loose)	7700	7600	100
	Bikaner (Loose)	7500	7500	Unch
	Bikaner (Delivery)	7800	8000	-200
	Nokha (Loose)	7800	7300	500
	Hanumangarh (Loose)	NA	NA	NA
	Sri-Ganganagar (Delivery)	8000	7500	500
	Adampur (Loose)	8000	8500	-500
	Sirsa (Loose)	7500	8000	-500
	Bhiwani (Delivery)	8000	8500	-500
	Deesa (Loose)	6645	6665	-20
	Nagaur (Loose)	NA	NA	NA
	Dhabwali (Loose)	NA	NA	NA
Guar Gum	Jodhpur	23500	23500	Unch
	Bhiwani	23000	22500	500
	Dhabwali	NA	NA	NA

Guar by – Products Prices:

Commodity	Centre	Price in Rs/75Kg	
		05.10.2012	28.9.2012
Churi	Jodhpur	1050	1000
Korma	Jodhpur	2000	2000

Guar Export Prices:

Commodity	Variety	\$/MT	
		05.10.2012	28.9.2012
Guargum Split		4600	4800
Guargum Powder	200 Mesh 5000 CPS	5800	6000
	200 Mesh 3500 CPS	5600	5600
Guargum Meal		355	350

Guar Cumulative Arrivals in Key Centers

Centre	Arrivals (Quintals)		Change
	Week Ending 05.10.12	Week Ending 28.9.12	
Jodhpur	NA	900	-
Bikaner	20	NA	-
Nokha	NA	NA	NA
Hanumangarh	NA	NA	NA
Sri-Ganganagar	NA	NA	NA
Adampur	200	60	140
Sirsa	NA	NA	NA
Bhiwani	NA	NA	NA
Deesa	70	40	30
Nagaur	NA	NA	NA
Dhabwali	NA	NA	NA
All India	290	1000	-710

Spot Market Technical Analysis of Guar seed & Guar gum

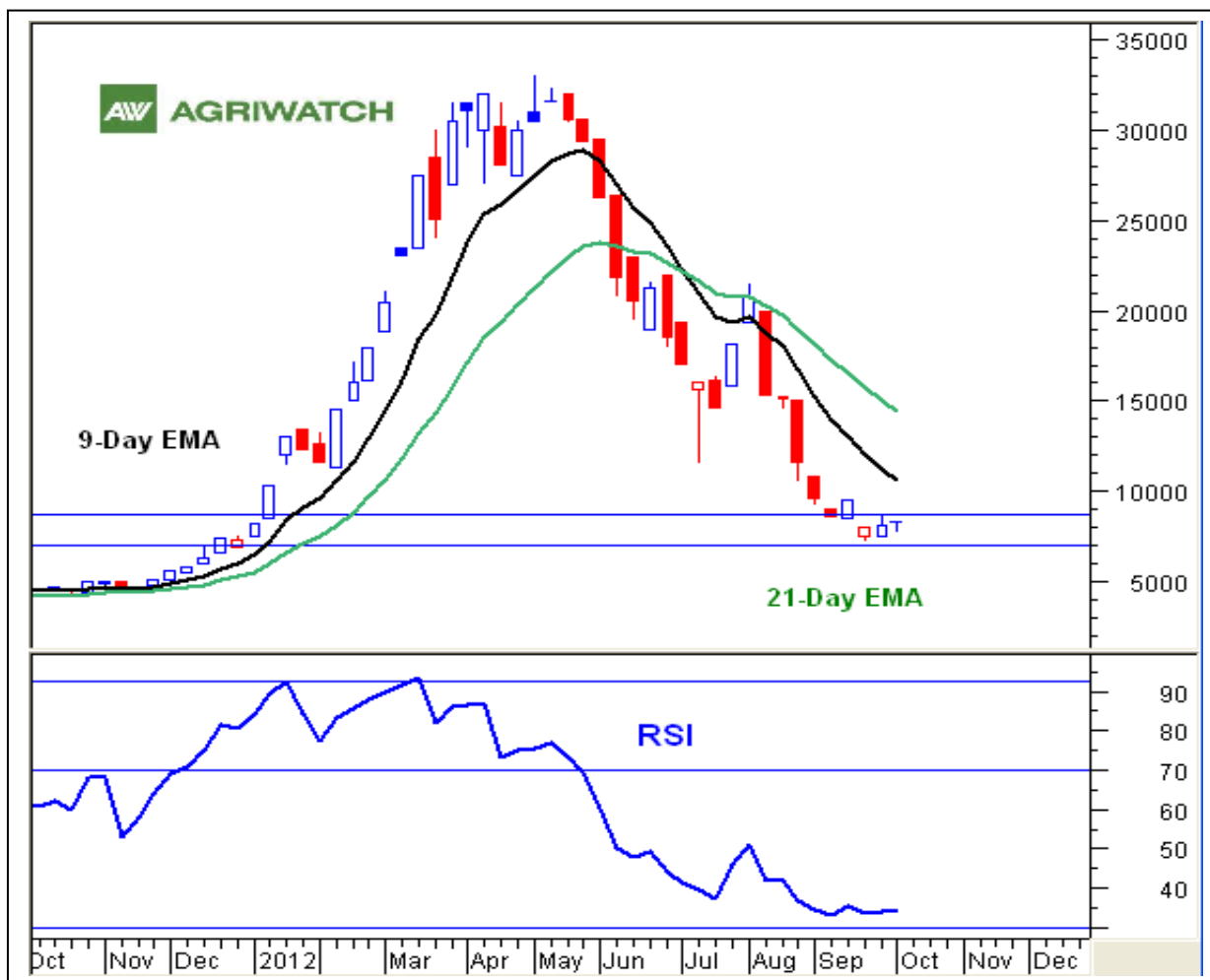


Fig-1 – Guar Seed Weekly Spot Prices (Jodhpur)

Prices traded in a narrow range during the week. During the last few weeks prices are trading between Rs.7000 –Rs.9000/Qtl levels. Break out on either side will influence the market accordingly. MACD is in the negative territory supporting the overall weak tone of the market. Stochastic oscillator is increasing in the oversold territory supporting recovery in the near –term. On the downside there is support at Rs.7200/Qtl. The next support is at Rs.6000/Qtl. On the upside there is resistance at Rs.10500/Qtl and Rs.12600/Qtl levels respectively. Closing above Rs.9000/Qtl levels will denote continuation of the positive tone.

Prices are likely to notice sideways to slightly firm tone in the near –term.

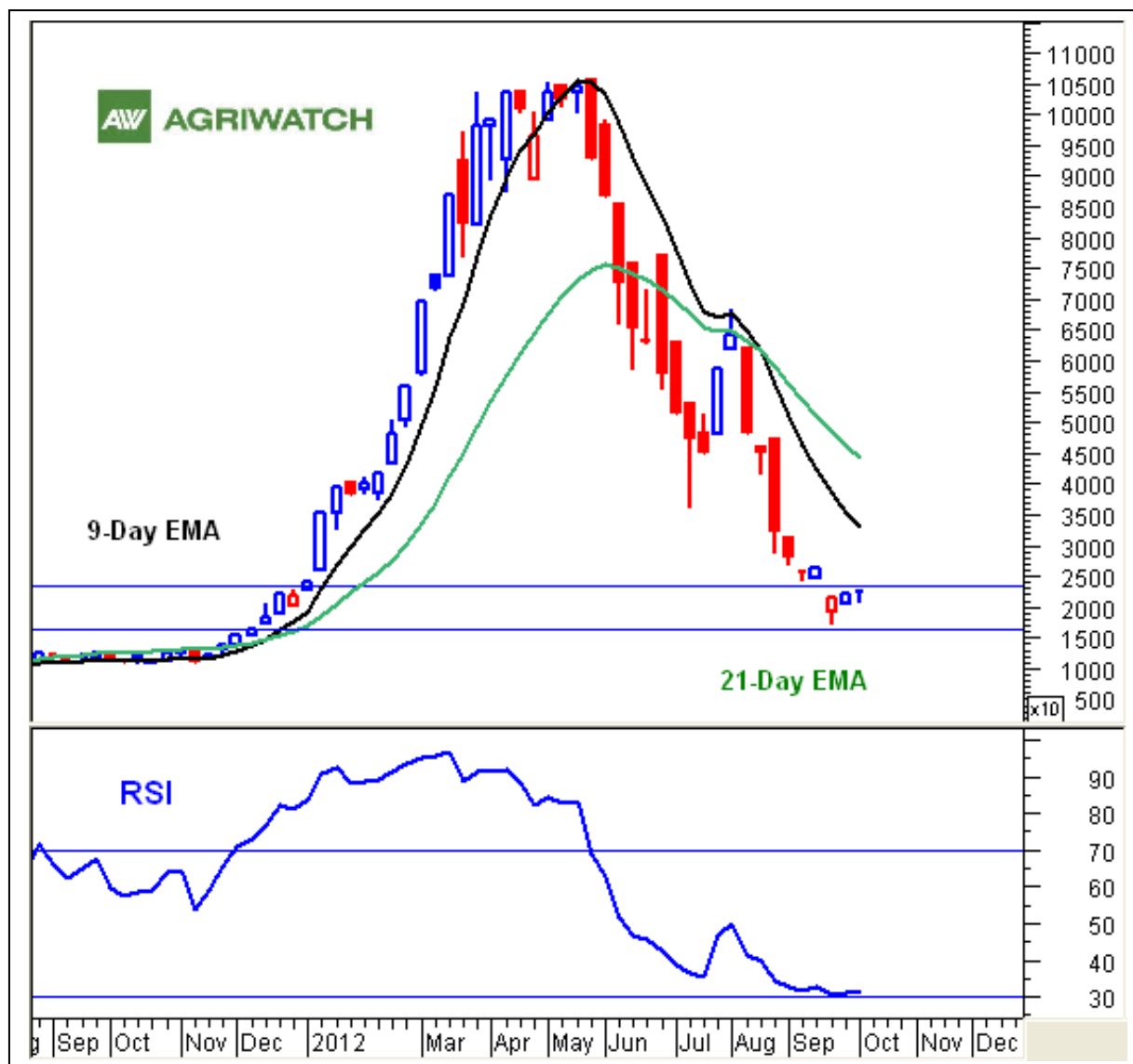


Fig-2 – Guar Gum Weekly Spot Prices (Jodhpur)

Guar gum prices traded in a narrow range during the week. There was inside week trading with prices trading within previous week's range. During the last few days prices are trading between Rs.18000 –Rs.25000/Qtl levels. Break out on either side will give further direction to the market. Prices are holding below 9 –Day and 21 –Day EMA supporting the overall weak tone of the market. RSI is increasing in the neutral region supporting recovery in the near –term. On the downside there is support at Rs.20000/Qtl. The next support is at Rs.16500/Qtl. On the upside there is resistance at Rs.30000 and Rs.36000/Qtl levels respectively.

Prices are likely to notice some recovery towards Rs.25000/Qtl levels in the near –term.



Spot Market Outlook:

Both Guar seed and Guar gum prices are likely to continue the recent recovery in the coming days. Buyers can purchase their near –term requirement around current levels.

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