

## Domestic Market Recap:

- Guar seed and guar gum prices noticed steady to firm tone during the week.
- Trading community is expecting re-launching of guar complex futures in the near –term.
- Good quality crop arrival is expected by November.
- New crop has been damaged in certain parts of Rajasthan and Haryana following lack of sufficient rainfall in October.
- Size of the crop will be clear by this month.
- Weather is expected to be dry in the guar seed growing regions, thereby helping in harvesting activities in the coming days.

## Current Market Dynamics

Guar seed and guar gum prices noticed mixed tone during the week. Anticipation of re –launch of guar complex futures and crop damage in certain areas of Rajasthan and Haryana lent some support to the market. There is not much trading activities amid lack of stocks in the ready market.

Crop has been damaged in certain parts of Rajasthan and Haryana following lack of sufficient rainfall during the month of October. Another spell of rain was required in October following delay in sowing of guar seed during this season. According to our field sources crop damage could be around 30 -35% in certain areas of Haryana. In Bikaner crop damage could be around 40%. Size of the crop will be clear by this month. Arrival of the new crop has started in small quantities. In mandis of Haryana, it is reported to be around 2000 bags.

Good quality arrival is expected by November. Currently there is not much demand from the millers following moisture content in the new crop arrival. Farmers have paid higher prices of seed for sowing purpose and are worried of returns during this season.

Futures trade in guar could be resumed for better price discovery amid expected higher output in the current season. Trading community is expecting re-launching of guar complex futures in the near –term. FMC will submit the report to the Food Ministry and decision will be taken accordingly.

In the overseas market, oil and gas companies have stocked up guar during the previous season at higher prices, thereby affecting the profit margin of the companies. Expected lower export demand during the season will weigh on prices in the medium –term.

### Export and Import Scenario

As per sources, both Gum and Powder demand is likely to be sluggish during the season as many oil companies in the overseas markets have stocked up guar. 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 7.07 lakh tonnes during 2011 -2012 against 4.41 lakh metric tonnes recorded during 2010- 11.

### 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 1<sup>st</sup> October 2012 is reported at 237500 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.

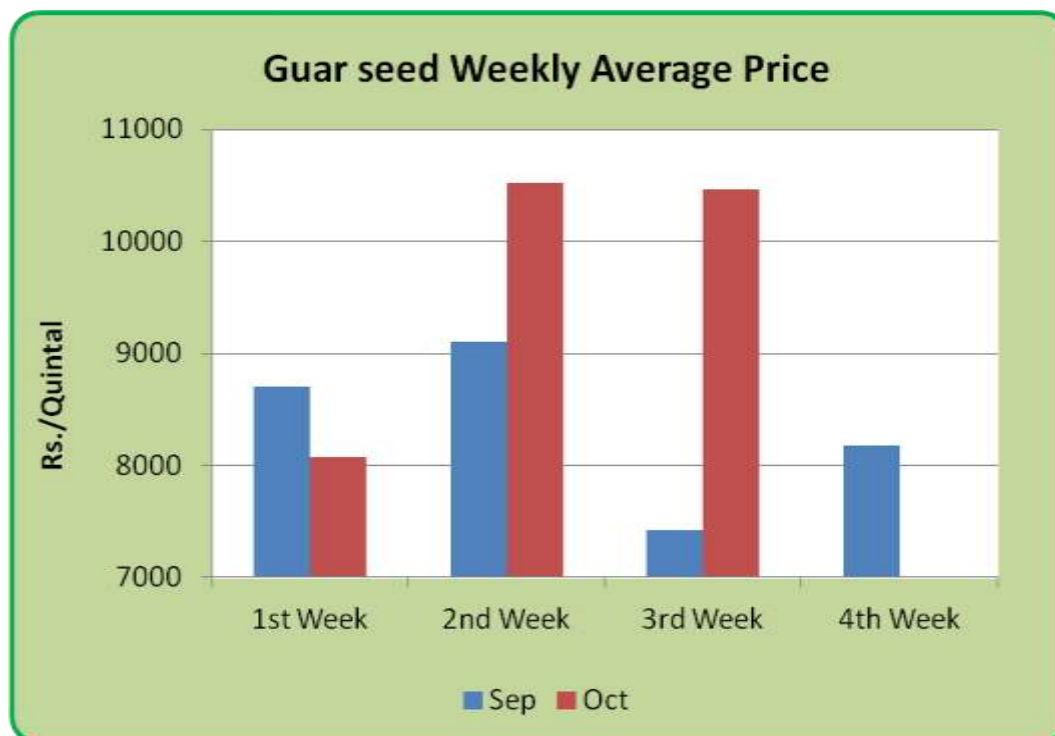
In the current season, onset of south –west monsoon was delayed in the growing regions. However there has been good rainfall in August and September 2012. Lack of rains in certain growing regions during the month of October might affect the crop. Based on rainfall during June -September, yield should 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. Assuming an average crop damage of around 20%, output is estimated to be around 25 lakh metric tonnes. 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

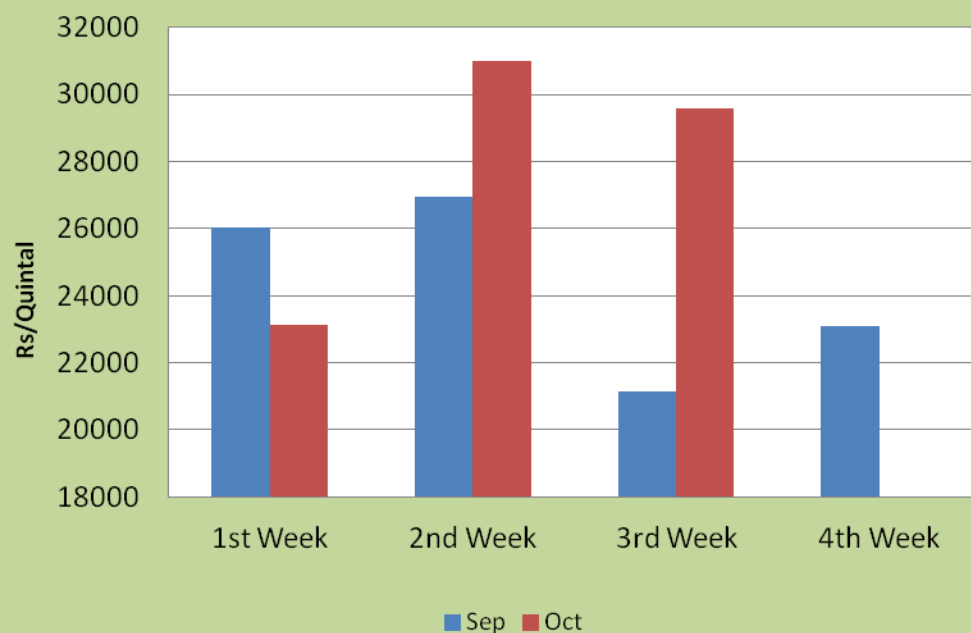
According to IMD, out of 36 meteorological subdivisions, the rainfall has been excess/normal in 24 and deficient in 12 subdivisions during this season, June -September. In area-wise distribution, 70% area of the country received excess/normal rainfall. Remaining 30% area received deficient rainfall. 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 during the week.

**Price Scenario**

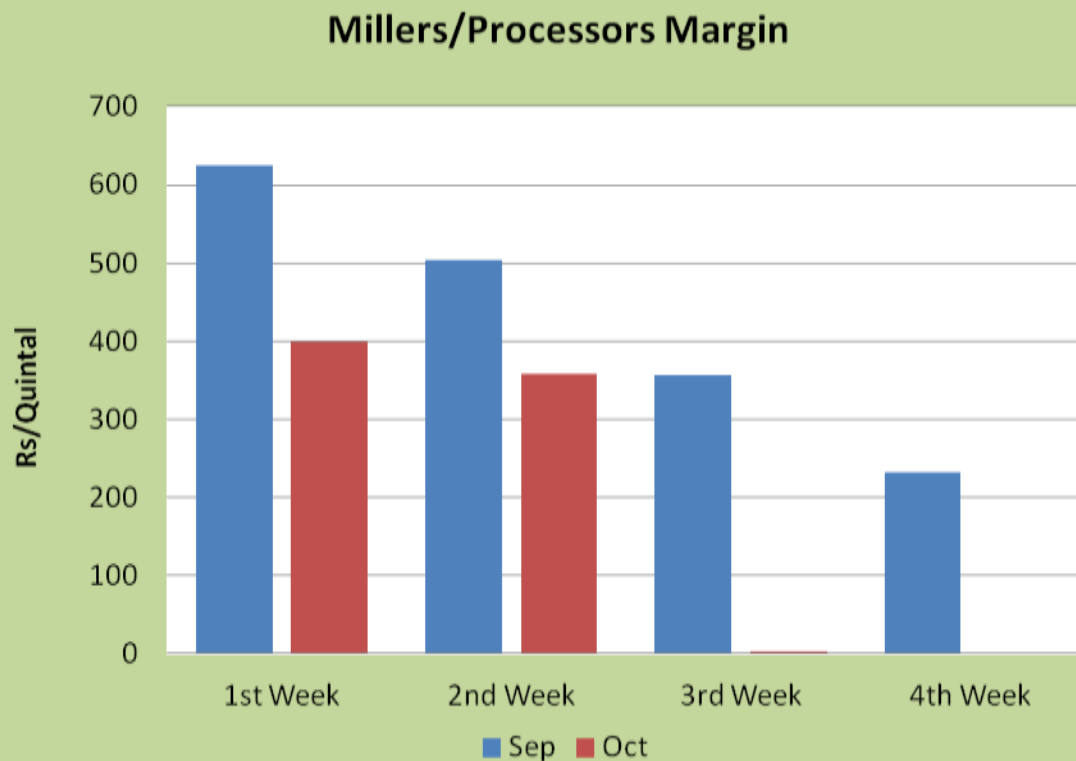
Guar seed and guar gum prices declined during the week. In the third week of October, the average price of guar seed declined slightly by 0.5% to Rs.10460/Qtl and that of guar gum declined by 4.5% to Rs.29600/Qtl compared to previous week. The graph below illustrates the weekly average price movement 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 declined compared to previous week. Margin declined following decline in the price of guar gum. In the third week of October, average crush margin stood at Rs. 3.33/Quintal compared to previous week's crush margin of Rs. 357.33/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
		19.10.2012	12.10.2012	
Guar Seeds	Jodhpur (Delivery)	11000	10000	+1000
	Jodhpur (Loose)	11000	9000	+2000
	Bikaner (Loose)	11200	9300	+1900
	Bikaner (Delivery)	11600	9600	+2000
	Nokha (Loose)	11000	11000	Unch
	Hanumangarh (Loose)	NA	NA	-
	Sri-Ganganagar (Delivery)	12000	12000	Unch
	Adampur (Loose)	11000	9500	+1500
	Sirsa (Loose)	11000	10000	+1000
	Bhiwani (Delivery)	10500	13500	+3000
	Deesa (Loose)	7725	NA	-
	Nagaur (Loose)	NA	NA	-
	Dhabwali (Loose)	NA	NA	-
Guar Gum	Jodhpur	30500	28000	+2500
	Bhiwani	31000	31500	-500
	Dhabwali	NA	NA	-

**Guar by – Products Prices:**

Commodity	Centre	Price in Rs/75Kg	
		19.10.2012	12.10.2012
Churi	Jodhpur	1100	1100
Korma	Jodhpur	1950	1950

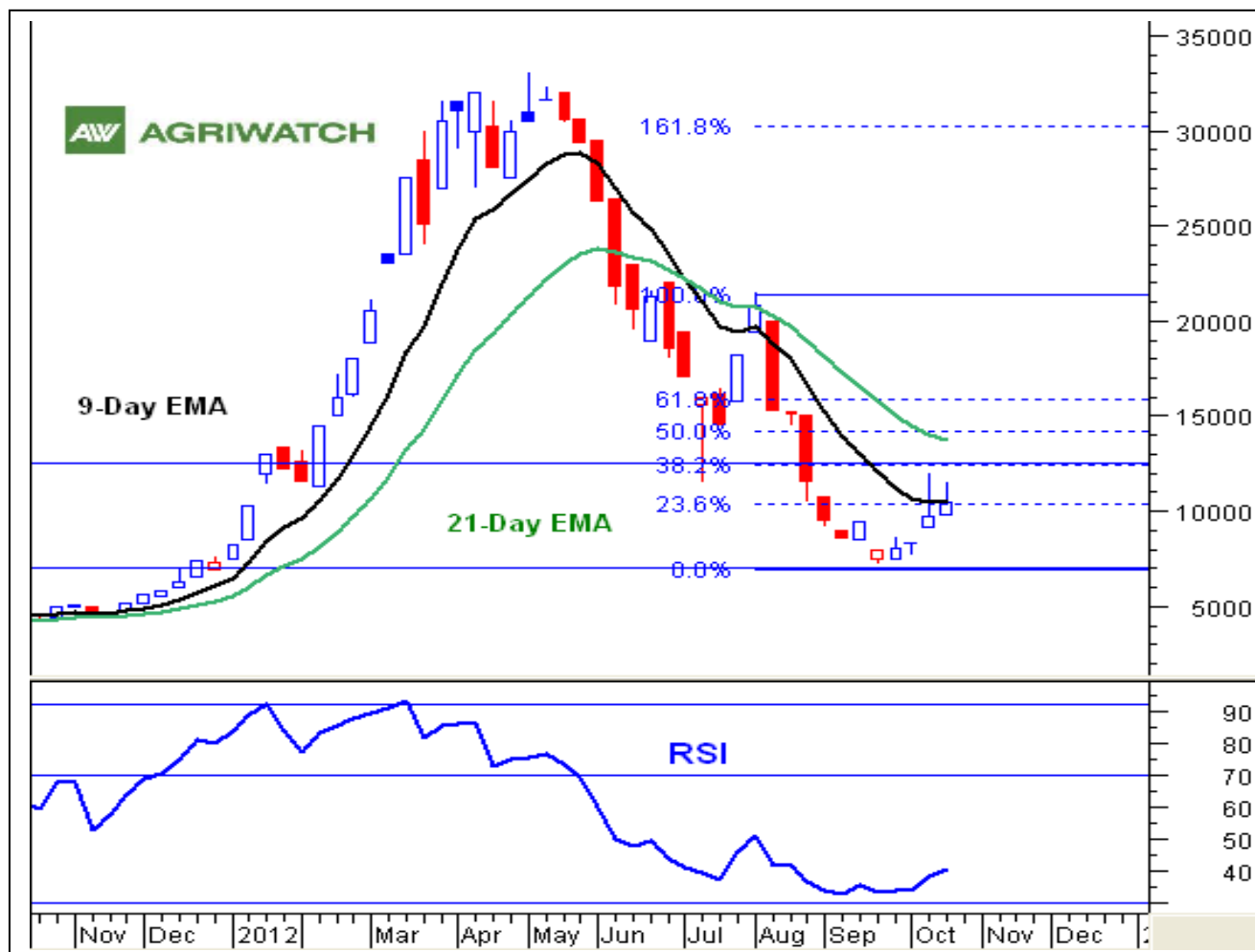
**Guar Export Prices:**

Commodity	Variety	\$/MT	
		18.10.2012	12.10.2012
Guargum Split		5700	5500
Guargum Powder	200 Mesh 5000 CPS	6500	6600
	200 Mesh 3500 CPS	6300	6400
Guargum Meal		350	350

**Guar Cumulative Arrivals in Key Centers**

Centre	Arrivals (Quintals)		Change
	Week Ending 19.10.12	Week Ending 12.10.12	
Jodhpur	16000	12200	+3800
Bikaner	445	310	+135
Nokha	NA	NA	-
Hanumangarh	NA	NA	-
Sri-Ganganagar	900	370	+530
Adampur	1580	1400	+180
Sirsa	42	NA	-
Bhiwani	NA	NA	-
Deesa	342	335	+7
Nagaur	NA	NA	-
Dhabwali	NA	NA	-
All India	19309	14615	4694

### Spot Market Technical Analysis of Guar seed & Guar gum

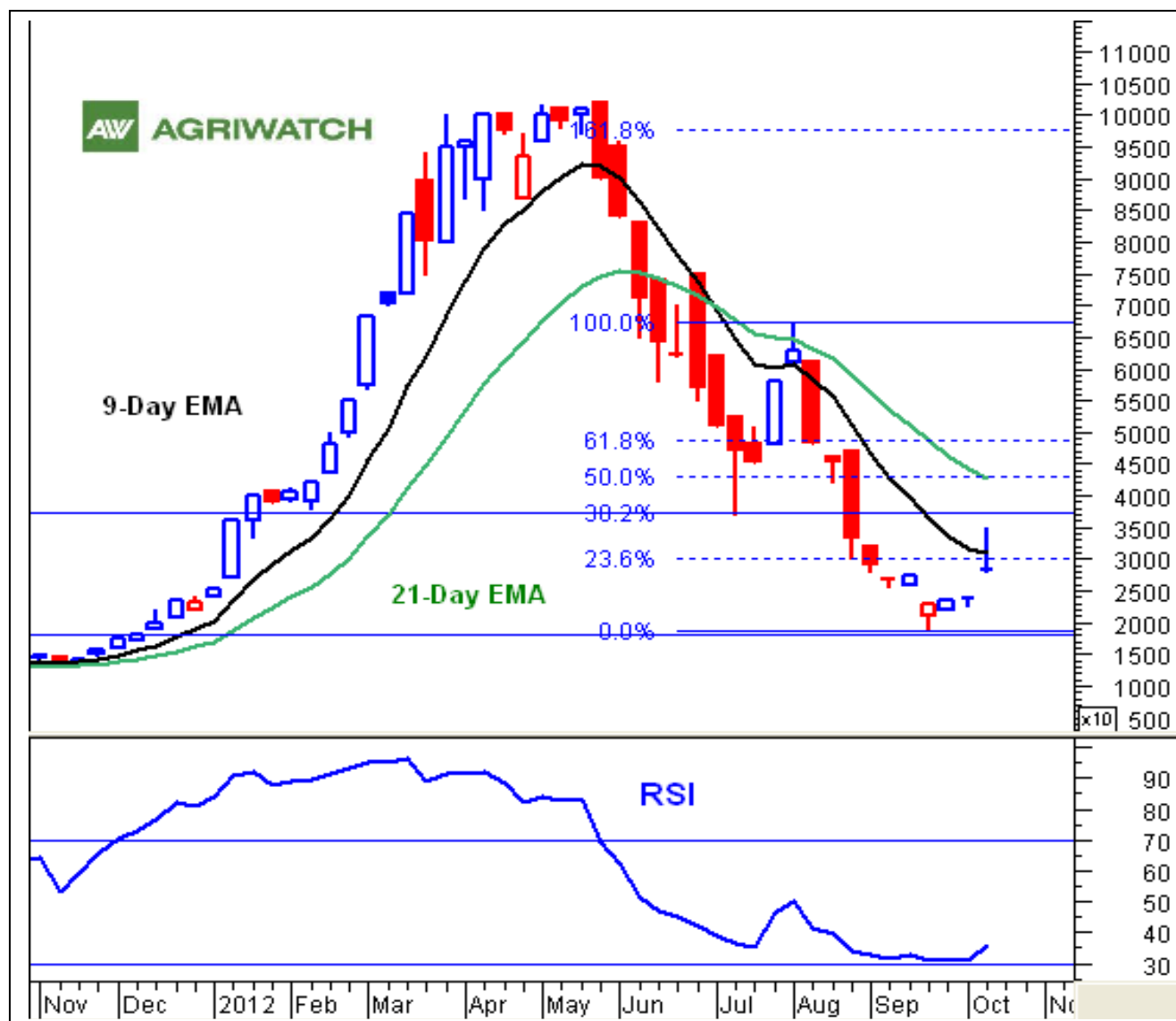


**Fig-1 – Guar Seed Weekly Spot Prices (Jodhpur)**

Prices continued firm tone during the week and traded within previous week's range. For the decline in prices from Rs.21500/Qtl till Rs.7200/Qtl levels, prices have witnessed around 38.2% retracement and are likely to move towards Rs.14000/Qtl levels. Break out above these levels will support the positive tone of the market. Stochastic oscillator is increasing in the neutral region supporting firm tone in the near –term. MACD is in the negative territory supporting the overall weak tone of the market. Prices will find support around Rs.9700/Qtl. The next support is at Rs.7200/Qtl levels. On the upside there is resistance at Rs.14000/Qtl and Rs.15000/Qtl levels respectively.

**Prices are likely to witness sideways trading between Rs.90000 –Rs.12000/Qtl levels during the week.**





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

Guar gum prices moved in tandem with guar seed and prices traded within previous week's range. For the decline in prices from Rs.67000/Qtl till Rs.19000/Qtl, prices have witnessed 23.2% retracement towards Rs.30000/Qtl levels. Prices could witness some weakness before continuing the positive tone. Prices are holding between 9 –Day and 21 –Day EMA supporting sideways movement. RSI is increasing in the neutral region supporting firm tone in the near –term. On the downside there is support at Rs.25000/Qtl levels. The next support is at Rs.22500/Qtl. Prices will find resistance around Rs.35000/Qtl and Rs.37500/Qtl levels respectively.

**Prices are likely to notice sideways trading between Rs.28000 –Rs.32000/Qtl levels during the week.**



### Spot Market Outlook:

Both Guar seed and Guar gum prices are likely to notice sideways movement in the near -term. Buyers can wait for better buying levels in the medium -term.

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