

## Domestic Market Recap:

- Guar seed and guar gum prices witnessed mostly steady to weak tone during the week.
- Lack of demand for the new crop arrival weighed on prices.
- Crop damage in parts of Rajasthan and Haryana has been reported.
- Trading activities remained lack –luster following the festivals of 'Dussehra' and 'Bakrid' during the week.
- Decision on re –launch of guar complex futures will be taken by Food Ministry during the month.
- Dry weather in parts of north –west India will help in harvesting activities.

## Current Market Dynamics

Guar seed and guar gum prices noticed mixed tone during the week. Trading activities remained lack –luster following festivals during the week. Higher moisture content in the new crop arrival is weighing on the market. Size of the crop will be clear by this month.

Reports of crop damage in parts of Rajasthan and Haryana is supporting the market. Lack of sufficient rainfall in October has affected the crop. According to trace sources, crop damage in Haryana is expected around 30 - 40%. In parts of Rajasthan, crop damage is around 25 -40%. Initial expectation of higher output has been offset and lower production will support the prices in the medium –term. Size of the crop will be clear by this month. Currently average weekly arrivals in Rajasthan and Haryana is around 30000 bags. Arrivals are expected to pick up in the coming days.

Sowing was delayed during this season and good quality crop is expected in the market by November. Millers demand is expected to pick up by November. Export demand could be lower this season as oil companies have stocked up guar.

FMC has submitted report to Food Ministry and decision regarding re –launch of guar complex futures is likely to be taken this month. There has also been opposition from certain trade segments in the country. Trading community is hoping guar complex futures to start.

## 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.

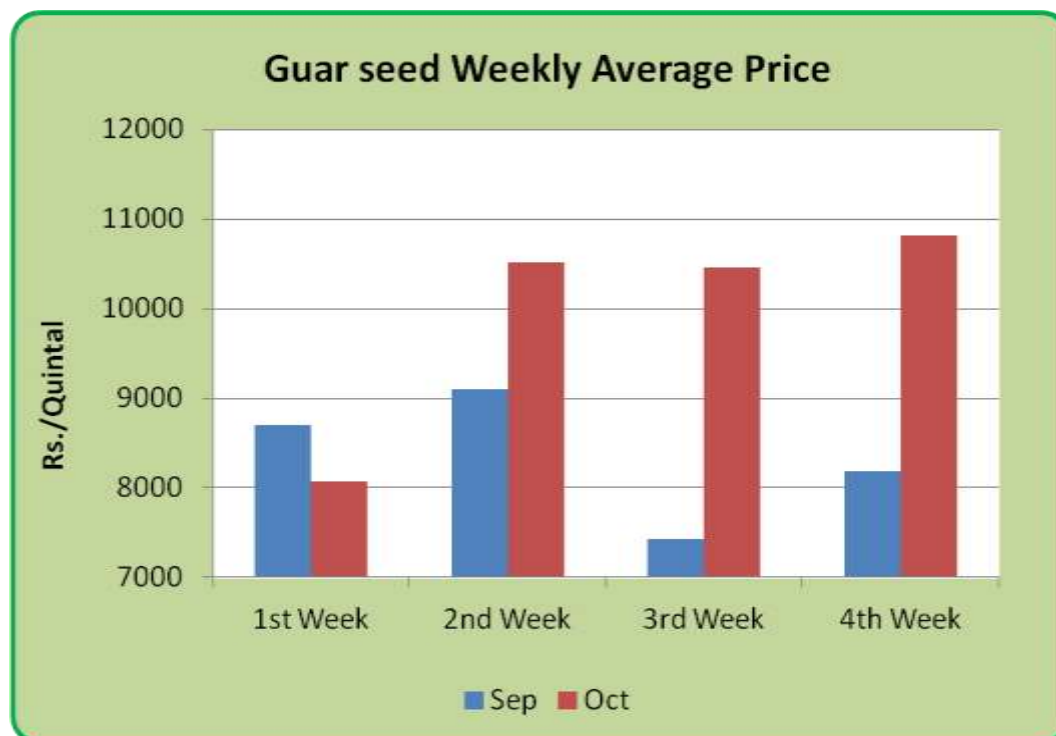
In the current season, onset of south –west monsoon was delayed in the growing regions. However there has been good rainfall in August and September 2012. Lack of rains in certain growing regions during the month of October has affected the crop. Based on rainfall during June -September, yield should 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 -25%, 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**

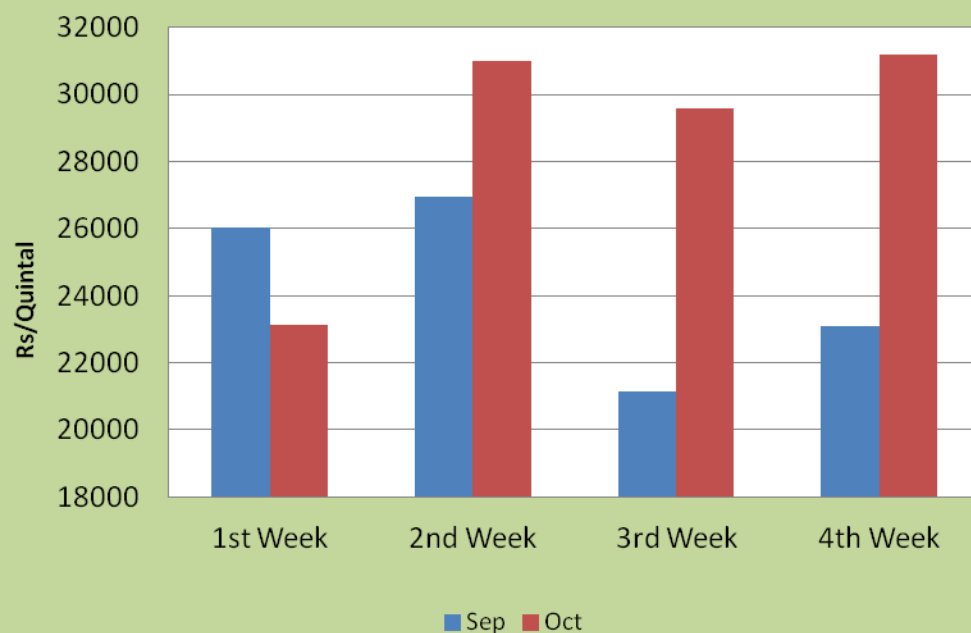
According to IMD, out of 36 meteorological subdivisions, the rainfall has been excess/normal in 24 and deficient in 12 subdivisions during this season, June -September. In area-wise distribution, 70% area of the country received excess/normal rainfall. Remaining 30% area received deficient rainfall.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

### Price Scenario

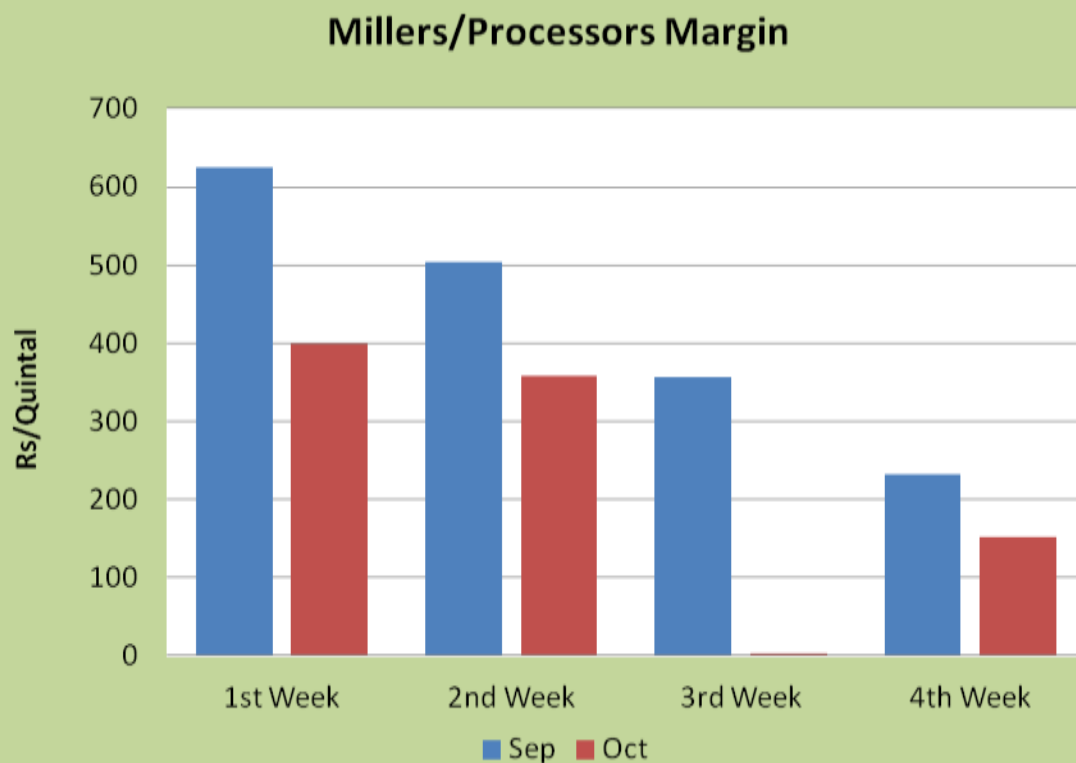
Guar seed and guar gum prices increased during the week. In the fourth week of October, the average price of guar seed increased by 3.5% to Rs.10820/Qtl and that of guar gum increased by 5.5% to Rs.31200/Qtl compared to previous week. The graph below illustrates the weekly average price movement of guar 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 decline in the price of guar seed. In the fourth week of October, average crush margin stood at Rs. 152.13/Quintal compared to previous week's crush margin of Rs. 3.33/Quintal. Margin is expected to increase in the coming days amid expected decline in the price of guar seed.

**Guar Prices at Key Spot Markets**

Commodity	Centre	Prices (Rs/Qtl)		Change
		26.10.2012	19.10.2012	
Guar Seeds	Jodhpur (Delivery)	10500	11000	-500
	Jodhpur (Loose)	10000	11000	-1000
	Bikaner (Loose)	9000	11200	-2200
	Bikaner (Delivery)	9400	11600	-2200
	Nokha (Loose)	Closed	11000	-
	Hanumangarh (Loose)	9000	NA	-
	Sri-Ganganagar (Delivery)	11500	12000	-500
	Adampur (Loose)	Closed	11000	-
	Sirsa (Loose)	Closed	11000	-
	Bhiwani (Delivery)	10500	10500	Unch
	Deesa (Loose)	Closed	7725	-
	Nagaur (Loose)	NA	NA	-
	Dhabwali (Loose)	NA	NA	-
Guar Gum	Jodhpur	30000	30500	-500
	Bhiwani	32500	31000	1500
	Dhabwali	NA	NA	-

**Guar by – Products Prices:**

Commodity	Centre	Price in Rs/75Kg	
		26.10.2012	19.10.2012
Churi	Jodhpur	1225	1100
Korma	Jodhpur	1950	1950

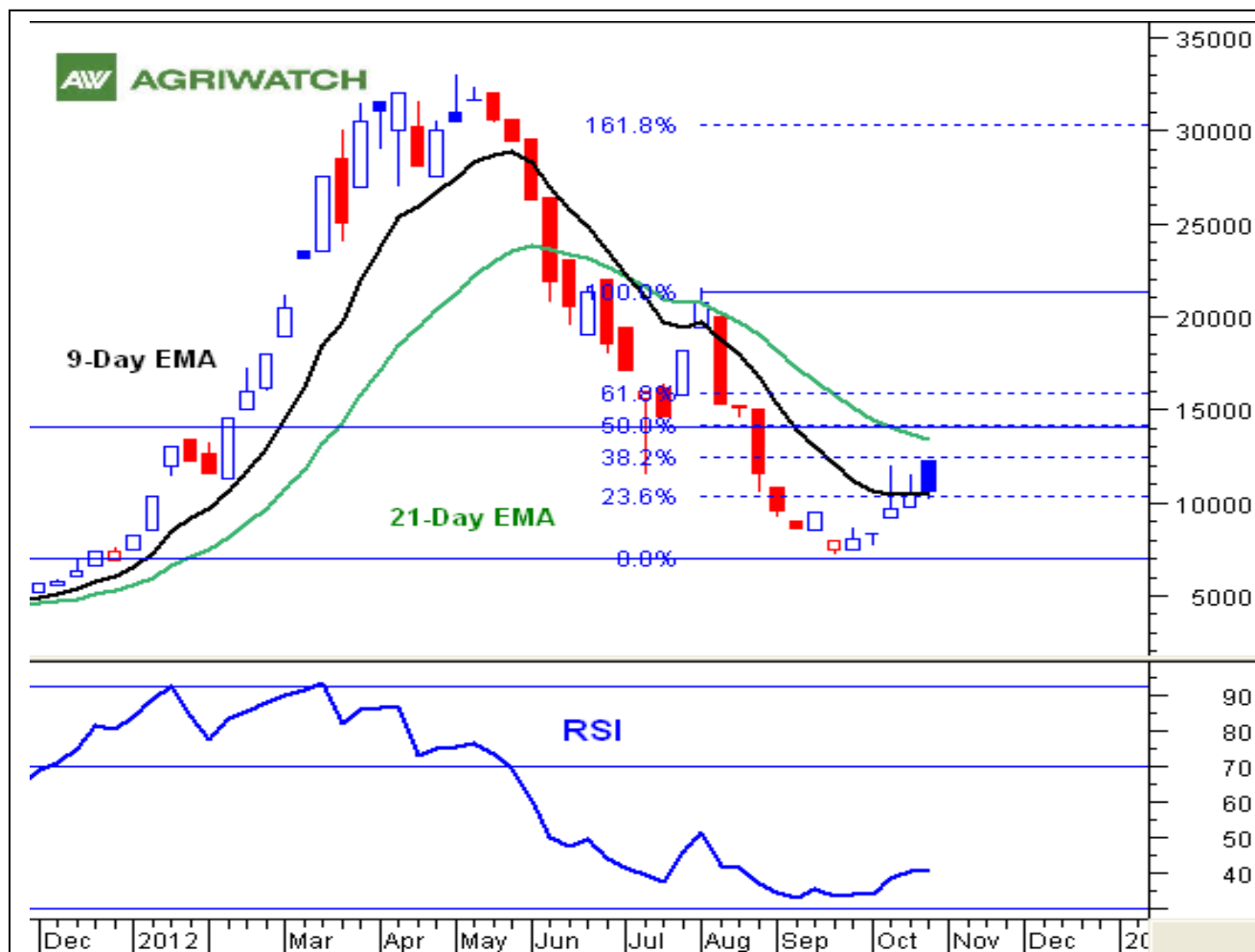
**Guar Export Prices:**

Commodity	Variety	\$/MT	
		26.10.2012	19.10.2012
Guargum Split		-	5700
Guargum Powder	200 Mesh 5000 CPS	-	6500
	200 Mesh 3500 CPS	-	6300
Guargum Meal		-	350

**Guar Cumulative Arrivals in Key Centers**

Centre	Arrivals (Quintals)		Change
	Week Ending 26.10.12	Week Ending 19.10.12	
Jodhpur	23000	16000	7000
Bikaner	755	445	310
Nokha	NA	NA	-
Hanumangarh	225	NA	-
Sri-Ganganagar	2700	900	1800
Adampur	2200	1580	620
Sirsa	100	42	58
Bhiwani	3100	NA	-
Deesa	351	342	9
Nagaur	NA	NA	-
Dhabwali	NA	NA	-
All India	32431	19309	13122

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

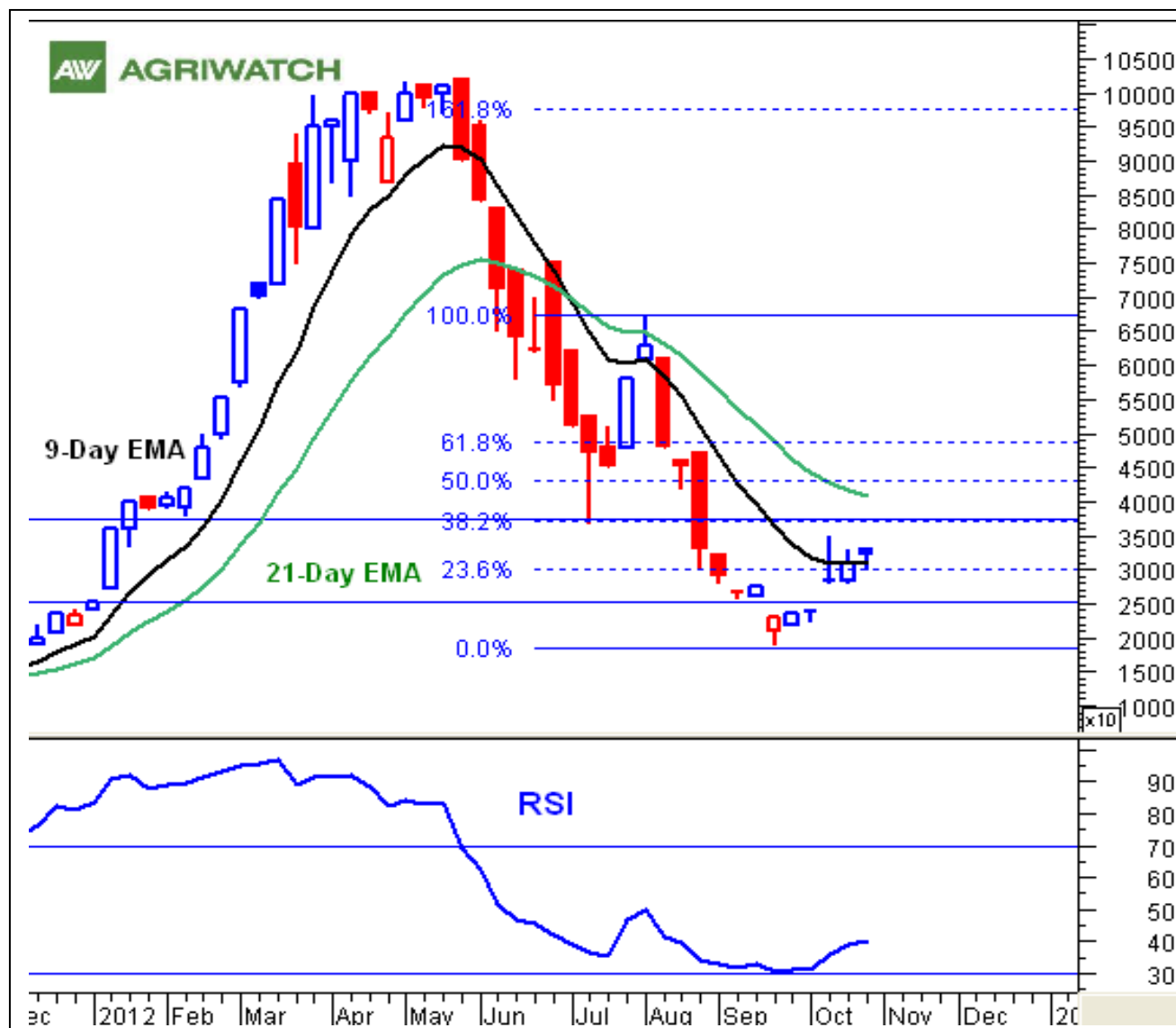


**Fig-1 – Guar Seed Weekly Spot Prices (Jodhpur)**

Prices noticed sideways to firm tone during the week. 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. Prices are holding in between 9 –Day and 21 –Day EMA supporting sideways to firm tone. Prices could witness some weakness before continuing the positive tone. RSI is steady in the neutral region. Prices will find support at Rs.9700/Qtl. The next support is at Rs.7200/Qtl. 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.8500 –Rs.11500/Qtl levels during the week.**





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

Guar gum prices closed higher during the week. Prices seem to be consolidating between Rs.28000 – Rs.33000/Qtl levels during the last few weeks. Prices are likely to retrace towards 38.2% retracement level of Rs.37000/Qtl levels in the near –term. MACD is moving towards positive territory. Prices are likely to notice some weakness before continuing the positive tone. Stochastic oscillator is increasing in the neutral region supporting firm tone in the near –term. On the downside there is support at Rs.28000/Qtl. The next support is at Rs.25000/Qtl levels. Prices will find resistance around Rs.37350/Qtl and Rs.40000/Qtl levels respectively.

**Prices are likely to notice sideways trading between Rs.30000 –Rs.35000/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 purchase on any weakness for their near –term requirement.

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