

Domestic Market Recap:

- Guar seed and guar gum prices continued steady to weak tone during the week.
- Arrivals are increasing in various mandis, thereby weighing on the market.
- Demand remains lack –luster around current levels.
- There is not much demand for guar gum in the overseas market.
- Buyers are waiting for better buying levels in the medium –term.
- Dry weather in the guar seed growing regions is aiding harvesting activities.

Current Market Dynamics

Guar seed and guar gum prices continued weak tone during the week. Increase in arrivals amid lack of demand in the spot market is weighing on prices. Dry weather in parts of north –west India and Gujarat is helping in harvesting activities.

There have been reports of crop damage in various guar seed growing regions. According to our field sources, in Kutch area of Gujarat, there has been around 40 -50% crop damage. In certain areas of Rajasthan and Haryana like Jodhpur, Bikaner, Bhiwani, Hissar etc there has been around 30 -40% crop damage. Sowing of guar seed was delayed during the current season and lack of rains in the month of October has affected the crop.

Arrival of the crop is picking up in various mandis. Average daily arrivals is around 45000 -50,000 bags in the major mandis of the country. Buyers are waiting for better buying levels in the medium –term. Good quality crop arrival is expected by November. Lack –luster demand in the ready market is weighing on prices. There is not much demand from the exporters.

FMC has submitted the report on re –launch of guar complex futures to the Food Ministry. Decision regarding this is likely to be taken by next week.

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 gum. 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.

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 1st October 2012 is reported at 237500 hectares compared to 129000 hectares during the same period last year.

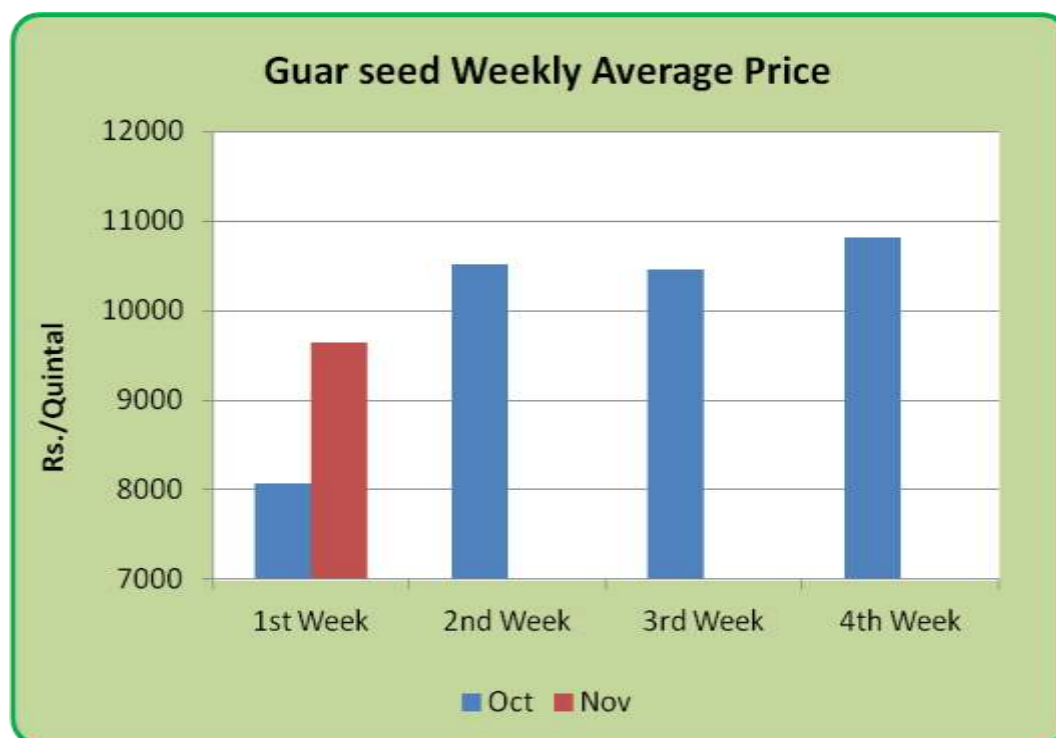
In the current season, onset of south –west monsoon was delayed in the growing regions. However there has been good rainfall in August and September 2012. Lack of rains in certain growing regions during the month of October has affected the crop. Based on rainfall during June –September, there could be around 30 -40% crop damage in parts of Rajasthan, Haryana and Gujarat. Based on this, Agriwatch's production estimates of guar seed is expected to be around 20.-23 lakh metric tonnes in the current season compared to the initial estimates of 28 -30 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

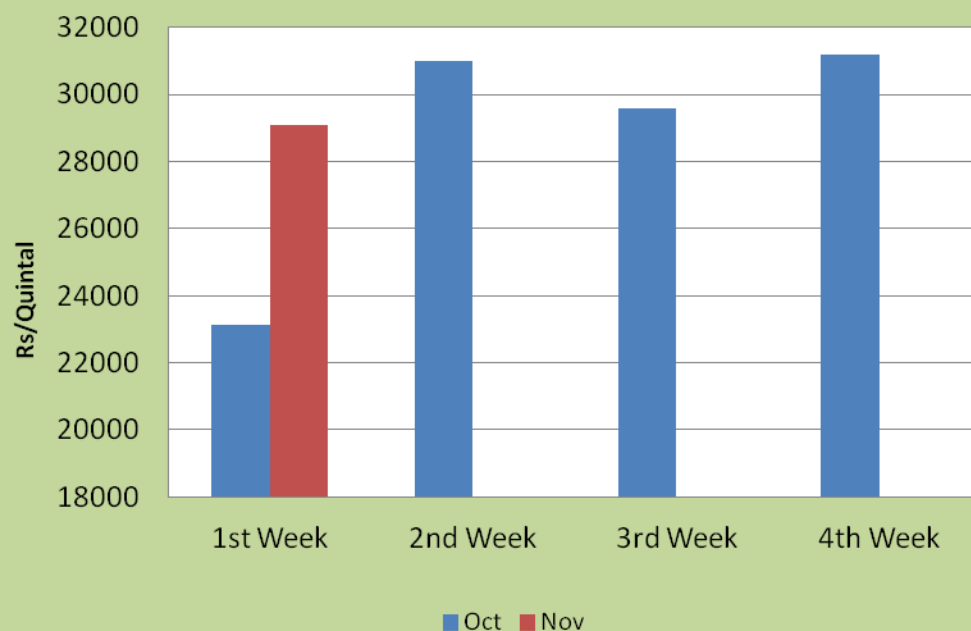
According to IMD, out of 36 meteorological subdivisions, the rainfall has been excess/normal in 24 and deficient in 12 subdivisions during this season, June -September. In area-wise distribution, 70% area of the country received excess/normal rainfall. Remaining 30% area received deficient rainfall.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

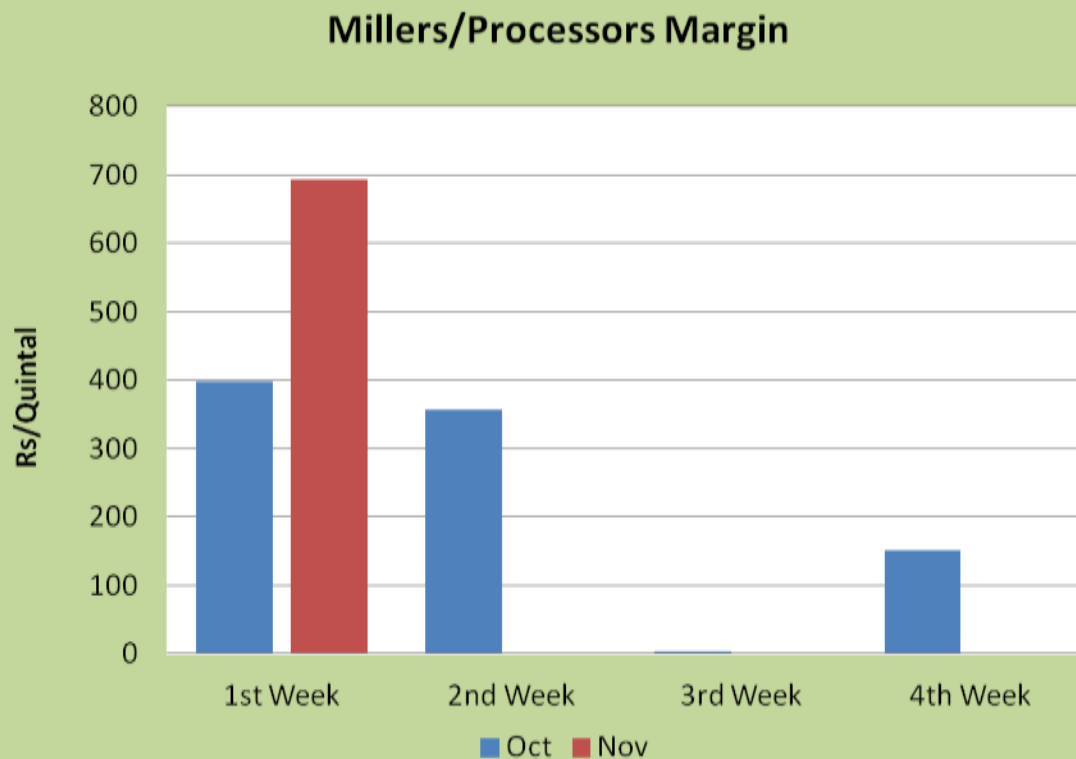
Guar seed and guar gum prices declined during the week. In the first week of November, the average price of guar seed declined by 11% to Rs.9640/Qtl and that of guar gum declined by 7% to Rs.29080/Qtl compared to previous week. The graph below illustrates the weekly average price movement of guar seed 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 first week of November, average crush margin stood at Rs. 693.07/Quintal compared to previous week's crush margin of Rs. 152.13/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
		02.11.2012	26.10.2012	
Guar Seeds	Jodhpur (Delivery)	NA	10500	-
	Jodhpur (Loose)	NA	10000	-
	Bikaner (Loose)	8000	9000	-1000
	Bikaner (Delivery)	8300	9400	-1100
	Nokha (Loose)	9100	Closed	-
	Hanumangarh (Loose)	NA	9000	-
	Sri-Ganganagar (Delivery)	9300	11500	-2200
	Adampur (Loose)	8500	Closed	-
	Sirsa (Loose)	9000	Closed	-
	Bhiwani (Delivery)	8800	10500	-1700
	Deesa (Loose)	8000	Closed	-
	Nagaur (Loose)	NA	NA	-
	Dhabwali (Loose)	NA	NA	-
Guar Gum	Jodhpur	31000	30000	1000
	Bhiwani	26000	32500	-6500
	Dhabwali	NA	NA	-

Guar by – Products Prices:

Commodity	Centre	Price in Rs/75Kg	
		02.11.2012	26.10.2012
Churi	Jodhpur	1150	1225
Korma	Jodhpur	1950	1950

Guar Export Prices:

Commodity	Variety	\$/MT	
		01.11.2012	26.10.2012
Guargum Split		5140	-
Guargum Powder	200 Mesh 5000 CPS	6100	-
	200 Mesh 3500 CPS	6000	-
Guargum Meal		320	-

Guar Cumulative Arrivals in Key Centers

Centre	Arrivals (Quintals)		Change
	Week Ending 02.11.12	Week Ending 26.10.12	
Jodhpur	33000	23000	10000
Bikaner	610	755	-145
Nokha	126	NA	-
Hanumangarh	2400	225	2175
Sri-Ganganagar	6800	2700	4100
Adampur	4500	2200	2300
Sirsa	775	100	675
Bhiwani	2550	3100	-550
Deesa	2691	351	2340
Nagaur	NA	NA	-
Dhabwali	NA	NA	-
All India	53452	32431	21021

Spot Market Technical Analysis of Guar seed & Guar gum



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

Prices noticed weakness during the week and moved towards Rs.7800/Qtl levels. MACD is declining in the positive territory supporting the overall weak tone of the market. Stochastic oscillator is declining in the neutral territory supporting weakness in the near –term. Prices will find support around Rs.7200/Qtl. The next support is at Rs.5230/Qtl. Prices are likely to hold Rs.5000/Qtl levels. On the upside there is resistance at Rs.11000/Qtl and Rs.12225/Qtl levels respectively. Traders are advised to purchase on any weakness towards Rs.6000/Qtl levels for their medium –term requirement.

Prices are likely to continue the recent weak tone towards Rs.6000/Qtl levels.



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

Guar gum prices moved in tandem with guar seed prices. Prices could notice some weakness towards Rs. 20000/Qtl levels. Traders can consider buying on any weakness towards Rs.18000/Qtl levels for their medium –term requirement. Prices are holding below 9 –Day and 21 –Day EMA supporting the overall weak tone of the market. RSI is declining in the neutral region supporting weakness in the near –term. Prices will find support Rs.18680/Qtl. The next support is at Rs.15000/Qtl. On the upside there is resistance at Rs.25000/Qtl and Rs.31500/Qtl levels respectively.

Prices are likely to trend towards Rs.15000/Qtl levels in the near –term.



Spot Market Outlook:

Both Guar seed and Guar gum prices are likely to continue the recent weak tone. Buyers can purchase on any weakness for their medium –term requirement.

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