

**Domestic Market Recap:**

- Guar seed and guar gum prices noticed mixed tone during the week.
- Demand from guar gum powder makers lent some support to the market.
- Crop damage in parts of Rajasthan and Haryana added to the positive of the market.
- In Kutch area of Gujarat, around 40 -50% of the crop is damaged.
- Arrivals are picking up in various mandis.
- Trading community is expecting re –launch of guar complex futures during the month.

**Current Market Dynamics**

Guar seed and guar gum prices noticed mixed tone during the week. Arrivals are picking up in various mandis. Some demand from guar gum powder makers around current levels supported the market. Crop damage in certain guar seed growing regions added to the positive tone of the market.

Crop has been damaged in parts of Rajasthan, Haryana and Gujarat following lack of rainfall in the month of October. Yield of the crop in these areas will be affected. In Sirsa district of Haryana around 20 -30% of the crop has been affected. In Kutch area of Gujarat there has been around 40 -50% crop damage. The initial expectation of higher output during the season has been offset and output in the current season is likely to be 23 -25 lakh metric tonnes. Good demand is expected from millers by November.

Arrival of the new crop is coming to Jodhpur market in small quantity from Madhya Pradesh and Uttar Pradesh. Average arrivals during the day is reported to be around 50000 -55000 bags in the country. Arrivals are likely to be lower during next week ahead of Diwali festival. According to our field sources, in certain areas farmers are likely to hold the crop during the season for better remuneration.

Trading community is expecting re –launch of guar complex futures during this month. FMC has send a report to the Food Ministry on this. Export demand is expected to be lower this season as oil and gas companies in US have stocked up guar gum.

**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.

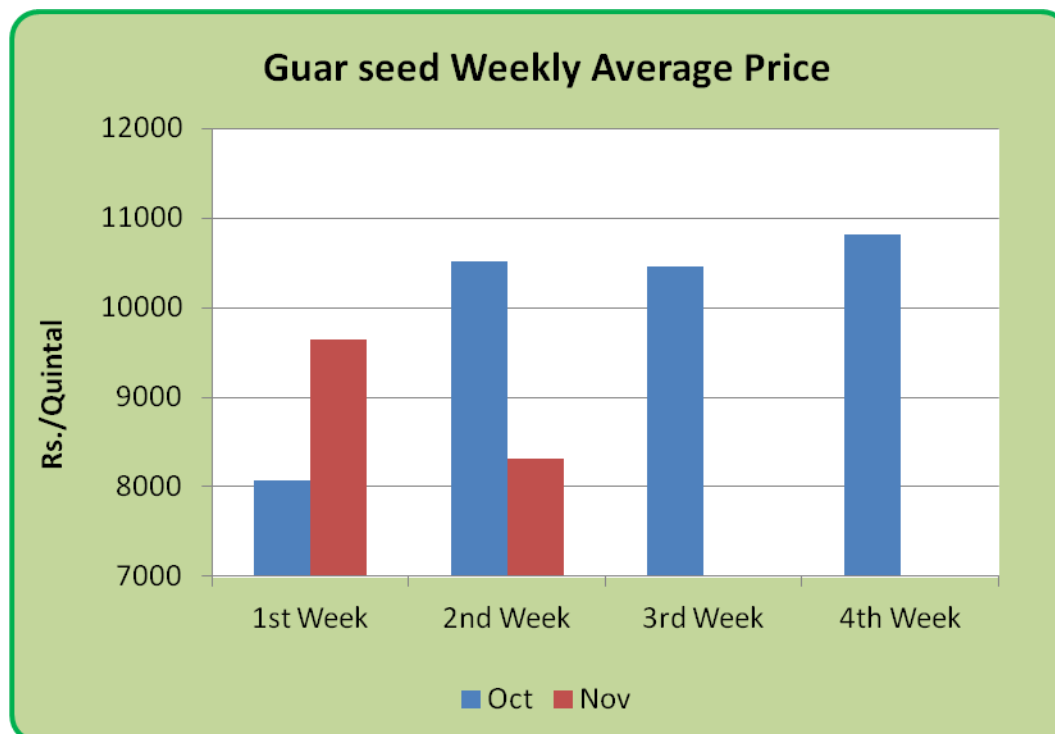
**Crop Outlook**

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

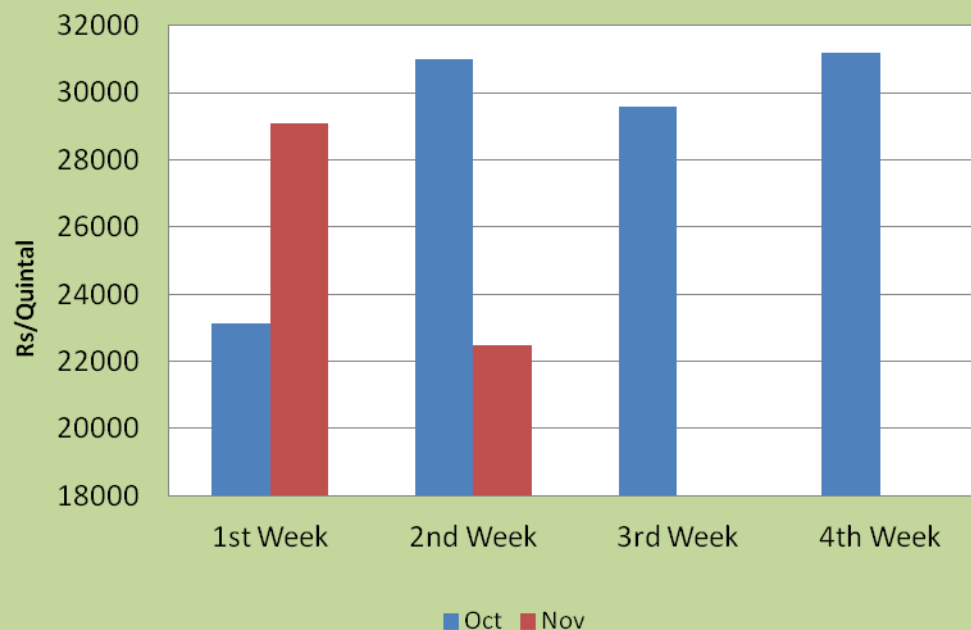
In the current season, onset of south –west monsoon was delayed in the growing regions. However there has been good rainfall in August and September 2012. Lack of rains in certain growing regions during the month of October has affected the crop. Based on rainfall during June –September, there could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

### Price Scenario

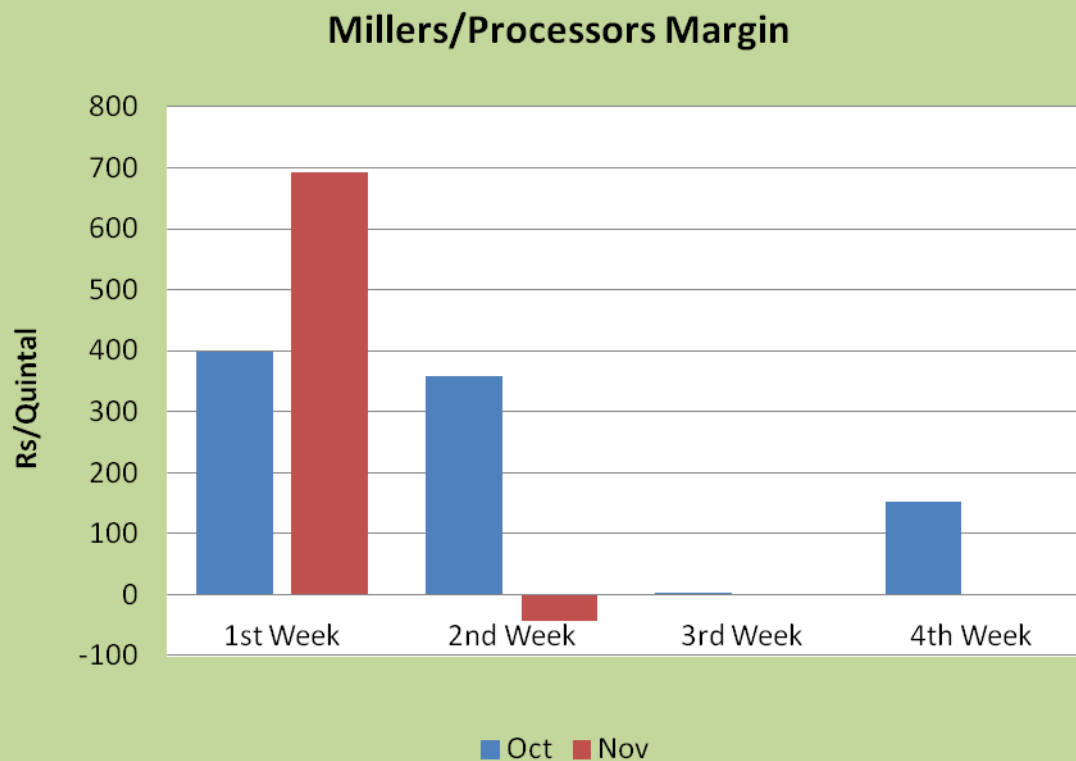
Guar seed and guar gum prices declined during the week. In the second week of November, the average price of guar seed declined by 14% to Rs.8320/Qtl and that of guar gum declined by 23% to Rs.22460/Qtl compared to previous week. The graph below illustrates the weekly average price movement of guar seed 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 second week of November, average crush margin stood at Rs. -43.80/Quintal compared to previous week's crush margin of Rs. 693.07/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
		09.11.2012	02.11.2012	
Guar Seeds	Jodhpur (Delivery)	9300	NA	-
	Jodhpur (Loose)	8300	NA	-
	Bikaner (Loose)	8500	8000	+500
	Bikaner (Delivery)	9200	8300	+900
	Nokha (Loose)	9200	9100	+100
	Hanumangarh (Loose)	8600	NA	-
	Sri-Ganganagar (Delivery)	9700	9300	+400
	Adampur (Loose)	10000	8500	+1500
	Sirsa (Loose)	8500	9000	-500
	Bhiwani (Delivery)	9000	8800	+200
	Deesa (Loose)	8250	8000	+250
	Nagaur (Loose)	8000	NA	-
	Dhabwali (Loose)	8400	NA	-
Guar Gum	Jodhpur	23500	31000	-7500
	Bhiwani	24500	26000	+1500
	Dhabwali	NA	NA	-

**Guar by – Products Prices:**

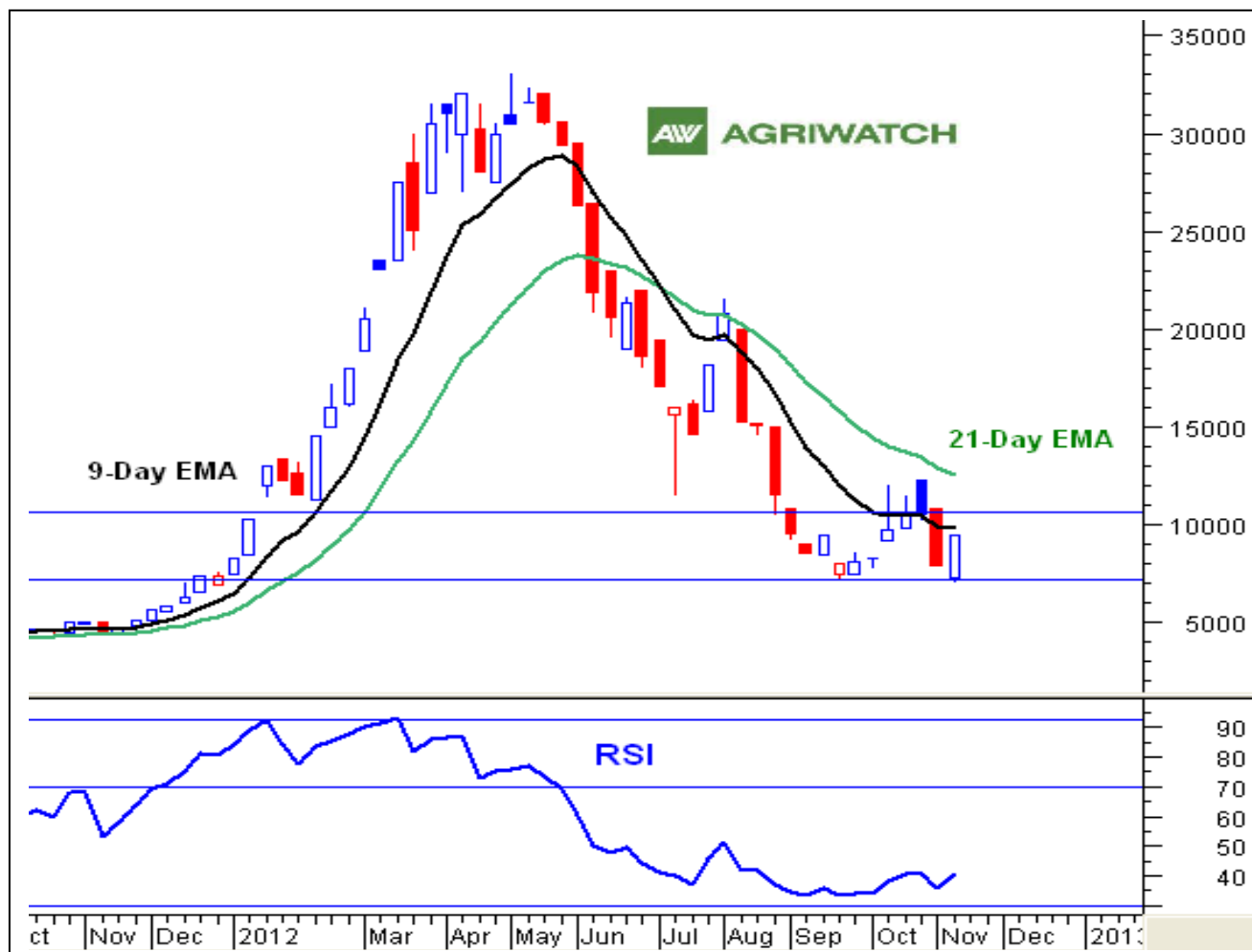
Commodity	Centre	Price in Rs/75Kg	
		09.11.2012	02.11.2012
Churi	Jodhpur	1325	1150
Korma	Jodhpur	1800	1950

**Guar Export Prices:**

Commodity	Variety	\$/MT	
		09.11.2012	02.11.2012
Guargum Split		4500	5140
Guargum Powder	200 Mesh 5000 CPS	5600	6100
	200 Mesh 3500 CPS	5500	6000
Guargum Meal		320	320

**Guar Cumulative Arrivals in Key Centers**

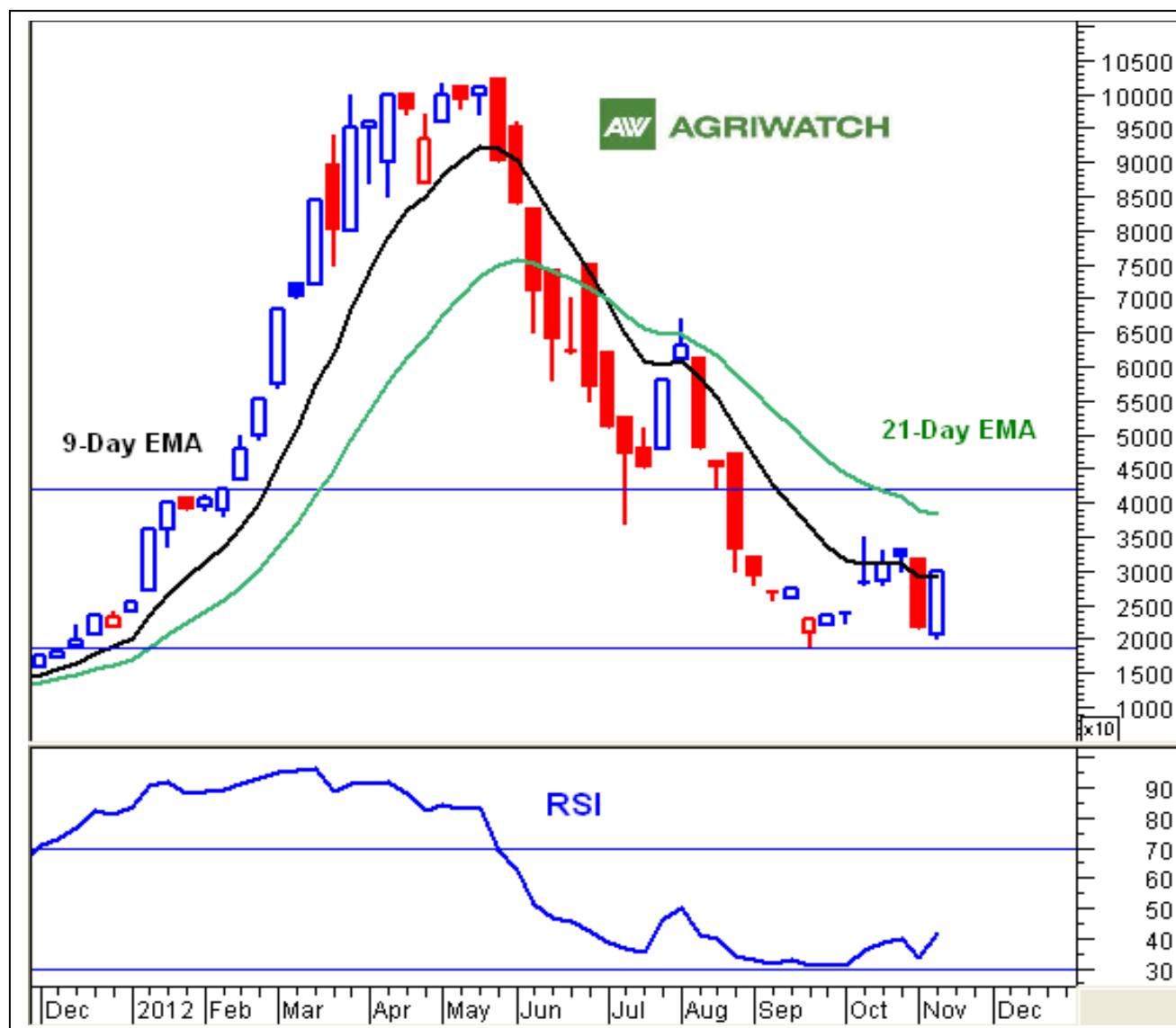
Centre	Arrivals (Quintals)		Change
	Week Ending 09.11.12	Week Ending 02.11.12	
Jodhpur	36500	33000	+3500
Bikaner	1150	610	+540
Nokha	205	126	+79
Hanumangarh	3100	2400	+700
Sri-Ganganagar	10000	6800	+3200
Adampur	3700	4500	-800
Sirsa	2950	775	+2175
Bhiwani	5000	2550	+2450
Deesa	11500	2691	+8809
Nagaur	NA	NA	-
Dhabwali	NA	NA	-
All India	74105	53452	+20653

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

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

Prices noticed firm tone during the week. Prices are likely to notice sideways trading before moving in a direction. 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 firm tone in the near –term. Prices are likely to move towards Rs.10000/Qtl levels before continuing the weak tone. Prices will find support around Rs.7200/Qtl levels. The next support is at Rs.5230/Qtl levels. Prices are likely to hold these levels in the near –term. On the upside there is resistance at Rs.10700/Qtl and Rs.12225/Qtl levels respectively.

**Prices are likely to notice firm tone towards Rs.10000/Qtl levels in the near –term.**





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

Guar gum prices noticed firm tone during the week. Prices are likely to notice sideways trading before moving in a direction. MACD is in the negative territory supporting the overall weak tone of the market. Traders can consider buying around current levels for their near –term requirement. RSI is increasing in the neutral region supporting firm tone in the near –term. Prices will find support around 24000/Qtl levels. The next support is at Rs.20000/Qtl levels. On the upside there is resistance at Rs.35000/Qtl and Rs.42000/Qtl levels respectively.

**Prices are likely to move towards Rs.35000/Qtl levels in the near –term.**



### Spot Market Outlook:

Both Guar seed and Guar gum prices are likely to notice recovery before continuing the weak tone. Buyers can purchase around current levels for their near –term requirement.

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