

Domestic Market Recap:

- Guar seed and guar gum prices noticed mixed tone during the week.
- Trading remained lack-luster during the festival of Diwali.
- Some of the markets remain closed during the week.
- In rain-fed guar growing regions of Rajasthan like Jodhpur, Jaisalmer, Barmer around 50 -60% of the crop is damaged.
- Arrivals are expected to pick up by next week.
- Notification has not been issued on re-launching of guar complex futures.

Current Market Dynamics

Guar seed and guar gum prices continued mixed tone during the week. Arrivals were reported to be lower during the week amid the festival of 'Diwali'. Farmers were bringing less produce to the market during the festival season.

Anticipation of crop damage during the season will support prices in the medium-term. According to our field sources, around 50 -60% of the crop is damaged in rain-fed areas of Rajasthan like Jodhpur, Jaisalmer, Barmer etc. Average yield expectation in these areas is around 0.5 -0.75 quintal/bigha. Farmers are looking for better remuneration for their produce so as to meet the cost of cultivation amid lower yields.

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. Farmers are likely to hold the stocks for better prices in future. They had bought good quality seed at higher prices around Rs.600/kg for sowing purpose. Average daily arrivals remained lower during the week and were reported around 15000 -20000 bags in the country.

Guar gum is used as a thickening agent for oil and gas extraction and is mostly exported to oil and gas companies in the U.S. According to the President of Indian Guar Gum Manufacturer's Association, exports in the current season are likely to decline by 30 percent compared to 650,000 metric tonnes during the previous season.

Exports in the first six months of the current year that began on April 1, 2012 is reported at 100,000 metric tonnes. Exports are likely to decline amid availability of cheaper alternatives in the overseas markets. Arrival of the new crop will pick up in the current month and exports are likely to gain momentum from this month onwards.

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.

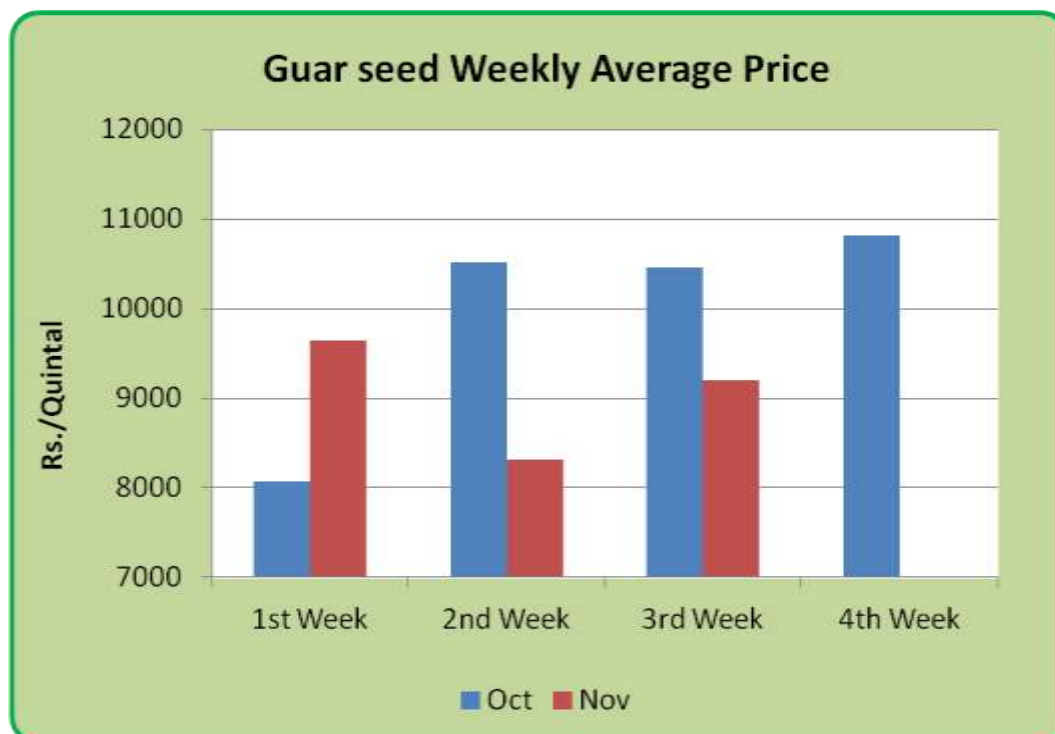
Crop Outlook

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.

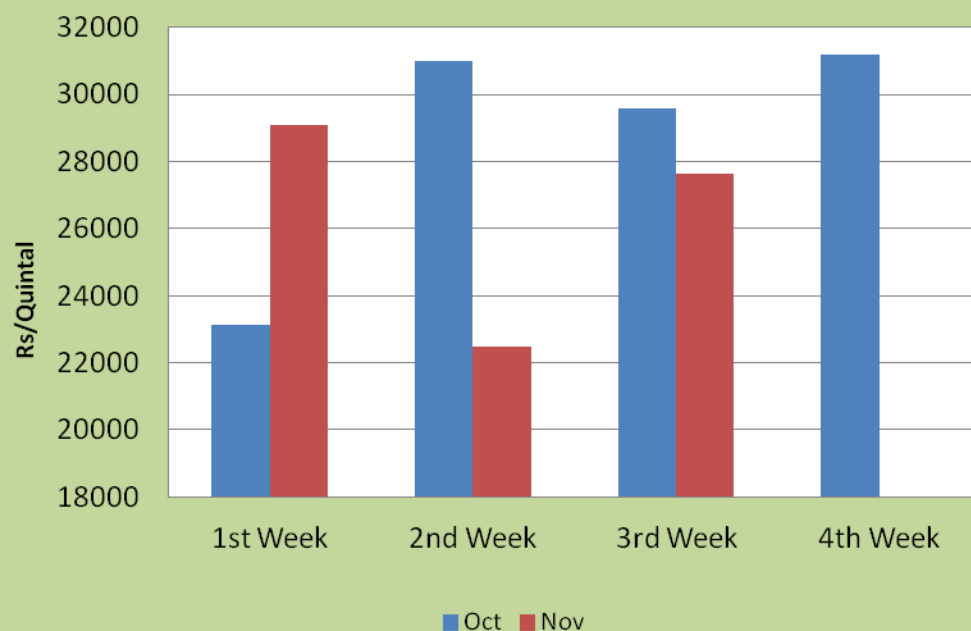
In the current season, onset of south –west monsoon was delayed in the growing regions. However there has been good rainfall in August and September 2012. Lack of rains in certain growing regions during the month of October has affected the crop. Based on rainfall during June –September, there could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

Price Scenario

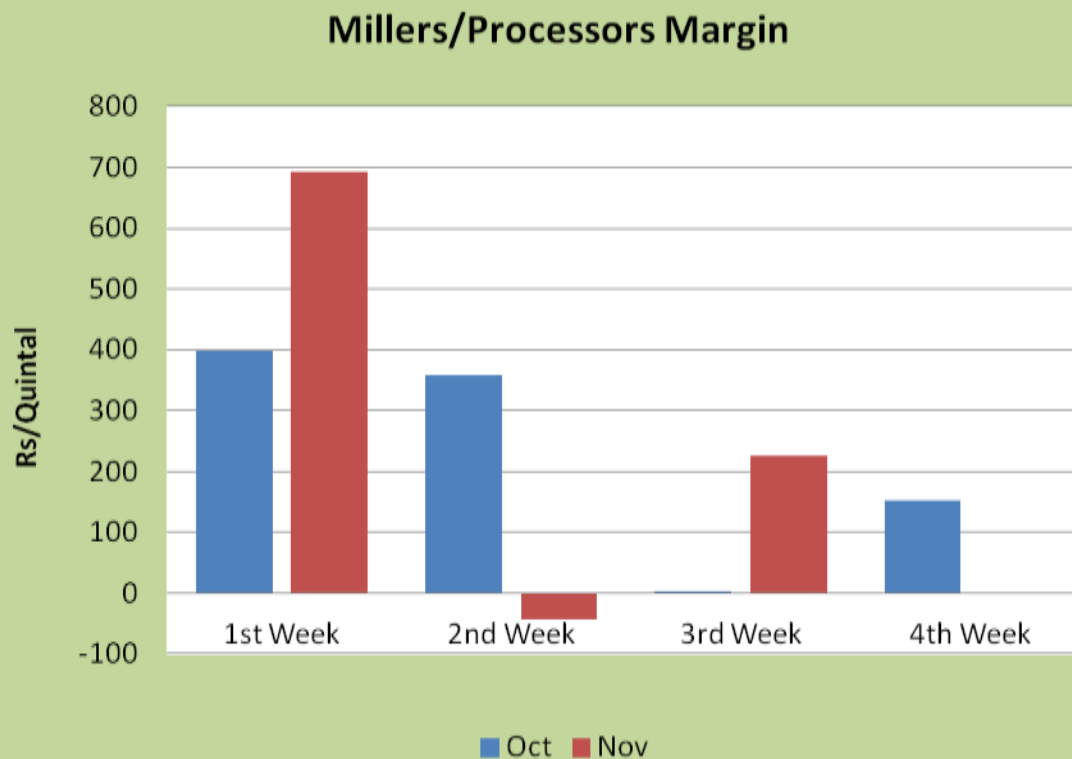
Guar seed and guar gum prices increased during the week. In the third week of November, the average price of guar seed increased by 10% to Rs.9200/Qtl and that of guar gum increased by 23% to Rs.27625/Qtl compared to previous week. The graph below illustrates the weekly average price movement of guar 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 increase in the price of guar gum. Guar gum prices increased more compared to guar seed prices. In the third week of November, average crush margin stood at Rs. 226.33/Quintal compared to previous week's crush margin of Rs. -43.80/Quintal. Margin is expected to increase in the coming days amid expected increase in the price of guar gum.

Guar Prices at Key Spot Markets

Commodity	Centre	Prices (Rs/Qtl)		Change
		16.11.2012	15.11.2012	
Guar Seeds	Jodhpur (Delivery)	9000	9300	-300
	Jodhpur (Loose)	8500	8300	200
	Bikaner (Loose)	9200	9200	Unch
	Bikaner (Delivery)	8800	8300	500
	Nokha (Loose)	9000	9200	-200
	Hanumangarh (Loose)	9200	8600	600
	Sri-Ganganagar (Delivery)	8800	9700	-900
	Adampur (Loose)	9455	10000	-545
	Sirsa (Loose)	9000	8500	500
	Bhiwani (Delivery)	9200	9000	200
	Deesa (Loose)	Closed	8250	-
	Nagaur (Loose)	-	8000	-
	Dhabwali (Loose)	9000	8400	600
	Jodhpur	25500	23500	+2000
Guar Gum	Bhiwani	27500	24500	3000
	Dhabwali	26000	NA	-

Guar by – Products Prices:

Commodity	Centre	Price in Rs/75Kg	
		16.11.2012	09.11.2012
Churi	Jodhpur	-	1325
Korma	Jodhpur	-	1800

Guar Export Prices:

Commodity	Variety	\$/MT	
		16.11.2012	09.11.2012
Guargum Split		-	4500
Guargum Powder	200 Me sh 5000 CPS	-	5600
	200 Me sh 3500 CPS	-	5500
Guargum Meal		-	320

Guar Cumulative Arrivals in Key Centers

Centre	Arrivals (Quintals)		Change
	16.11.2012	09.11.2012	
Jodhpur	32000	36500	-4500
Bikaner	360	1150	-790
Nokha	420	205	215
Hanumangarh	400	3100	-2700
Sri-Ganganagar	1400	10000	-8600
Adampur	2200	3700	-1500
Sirsa	650	2950	-2300
Bhiwani	3700	5000	-1300
Deesa	Closed	11500	-
Nagaur	-	-	-
Dhabwali	-	-	-
All India	41130	74105	-32975

Spot Market Technical Analysis of Guar seed & Guar gum

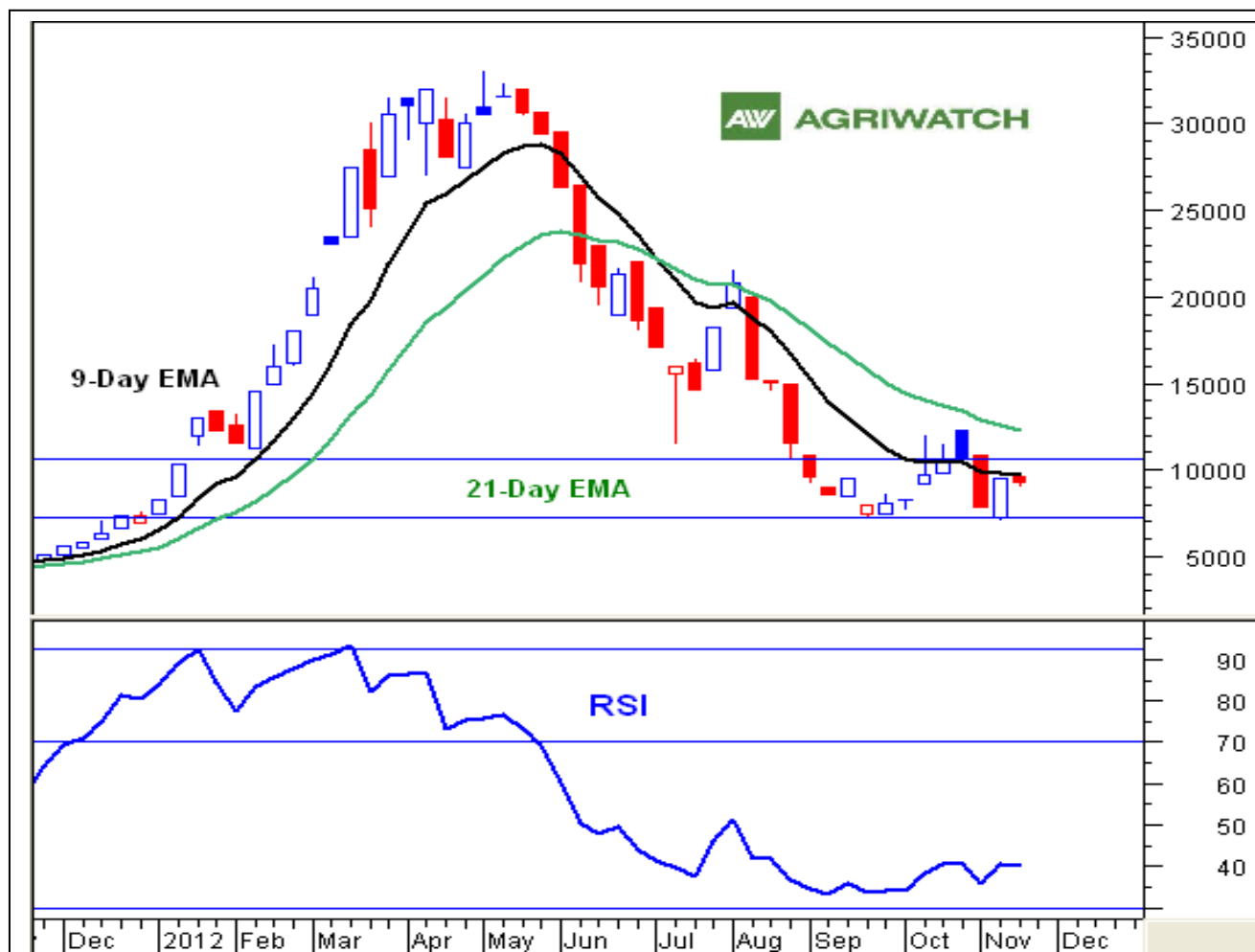


Fig-1 – Guar Seed Weekly Spot Prices (Jodhpur)

Prices noticed sideways trading and closed lower during the week. Trading remained lack-luster with prices moving within previous week's range. MACD is in the negative territory supporting the overall weak tone of the market. Prices are likely to trend towards Rs.10000/Qtl levels during the week. Stochastic oscillator is declining in the neutral region supporting weak tone in the near-term. Prices will find support around Rs.7200/Qtl levels. The next support is at Rs.5230/Qtl levels. On the upside there is resistance at Rs.10700/Qtl and Rs.12225/Qtl levels respectively. Traders are advised to purchase on any weakness for their medium-term requirement.

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

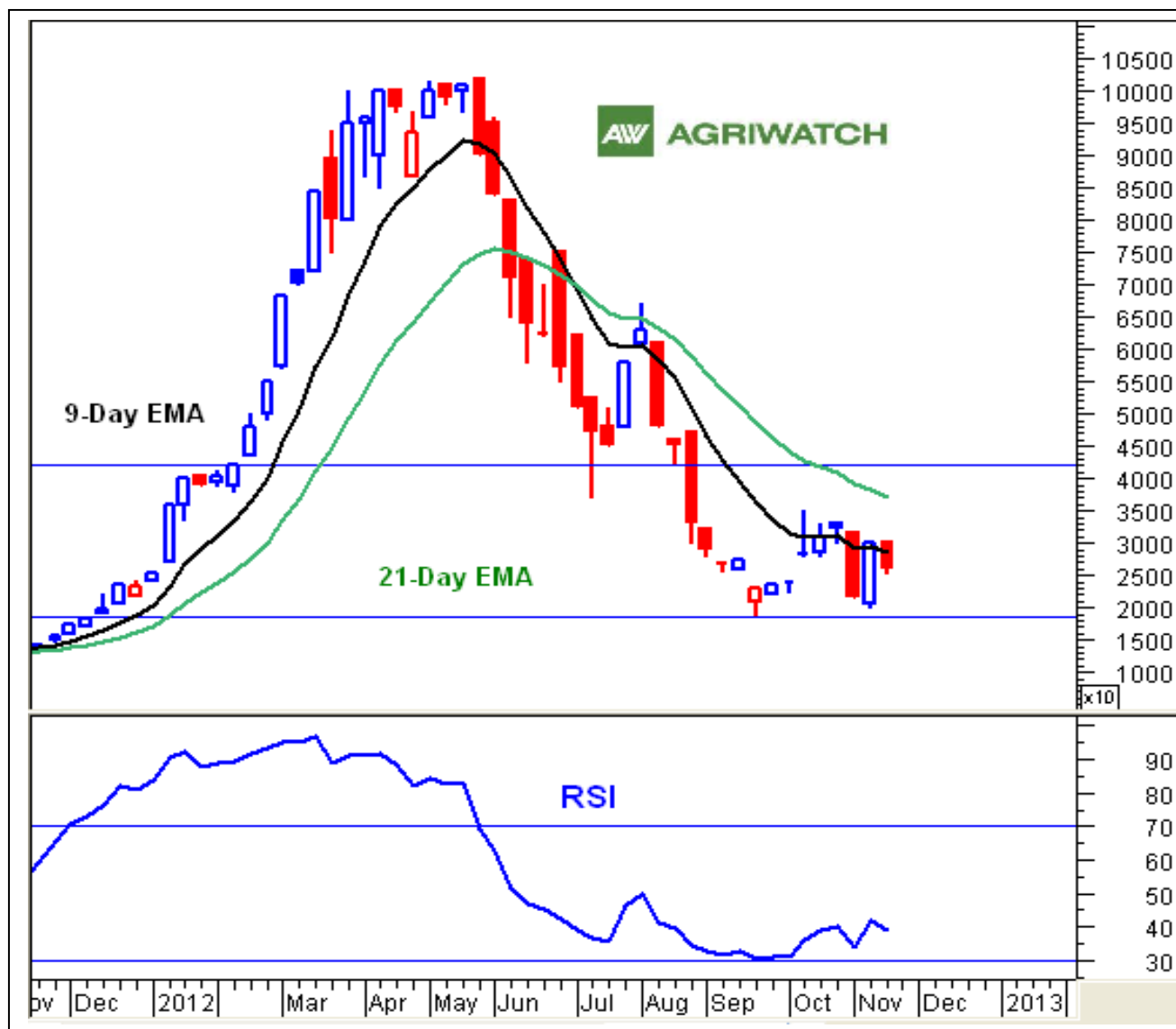


Fig-2 – Guar Gum Weekly Spot Prices (Jodhpur)

Guar gum prices moved in tandem with guar seed prices. Trading remained lack-luster during the week. Prices are likely to notice sideways to firm tone in the near-term. Prices are holding between 9-Day and 21-Day EMA supporting sideways to weak tone. RSI is steady in the neutral region supporting sideways trading. Prices will find support around Rs.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 trend towards these levels in the medium-term. Traders are advised to purchase on any weakness for their medium-term requirement.

Prices are likely to trend towards Rs.35000/Qtl levels in the near-term.



Spot Market Outlook:

Both Guar seed and Guar gum prices are likely to notice sideways to firm tone. Buyers can purchase around current levels for their near –term requirement.

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