

Domestic Market Recap:

- Guar seed and guar gum prices witnessed steady to weak tone during the week.
- Trading remains lack –luster around current levels.
- Farmers are holding stocks in anticipation of better remuneration in the medium –term.
- Arrivals are reported to be higher in various mandis.
- In Nagaur district of Rajasthan more than 50 per cent of the crop is damaged.
- Many mills remain closed amid lack of good quality crop arrival.

Current Market Dynamics

Guar seed and guar gum prices noticed steady to weak tone during the week. Farmers are holding stocks in anticipation of better prices in the medium –term. Mills are not buying much amid lack of good demand in the ready market.

Initial estimates of higher crop output of 28 -30 lakh metric tonnes has been offset with reports of crop damage in various areas of Rajasthan, Haryana and Gujarat. According to Agriwatch estimates, output of guar seed during the season is expected to be around 20 -23 lakh metric tonnes. Anticipation of lower output will support prices in the medium –term.

According to sources, more than 50 per cent of the crop is damaged in Nagaur area of Rajasthan. In Kutch area of Gujarat, around 50% of the crop is damaged. The crop has been damaged following lack of timely rainfall in these areas. In certain areas like Sri –Ganganagar, the crop has developed well following irrigation facility. Daily average arrivals during the week were lower around 35000 -40000 bags compared to arrivals during the season at this time of the year.

FMC is in talk with the Commerce Ministry regarding re –launching of guar complex futures. Decision on the same is likely to be taken soon.

In the overseas market, cheaper alternatives have been developed to guar gum. According to sources some demand is noticed from U.S. Oil and gas companies in the U.S. use guar gum for oil drilling.

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.

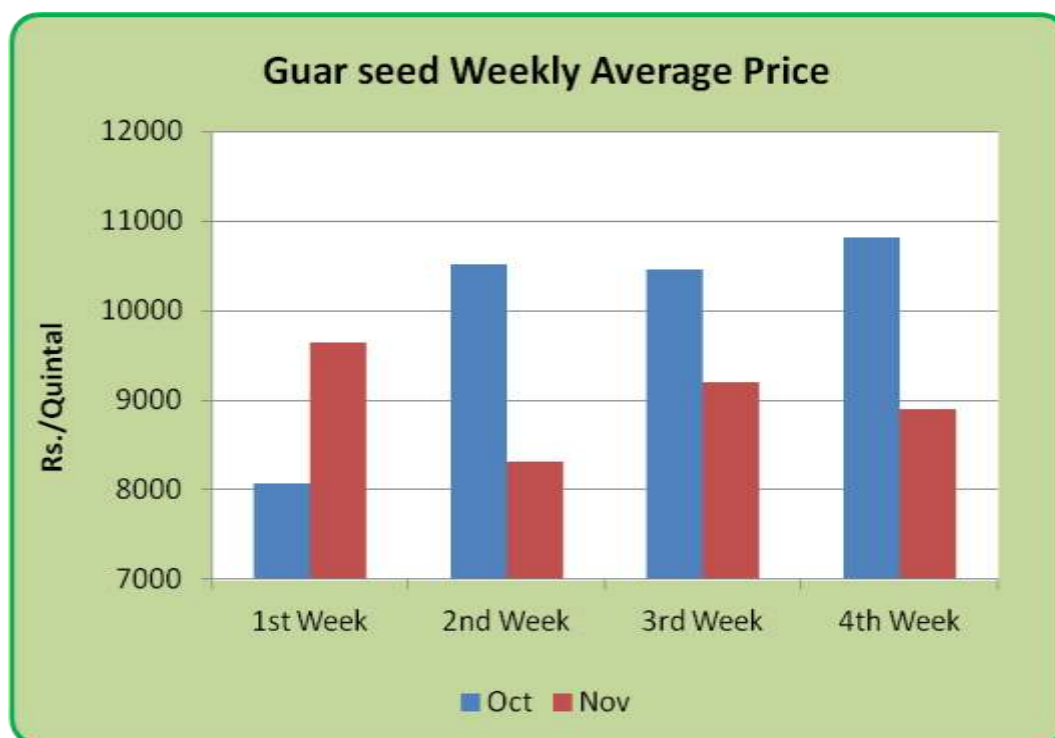
Crop Outlook

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.

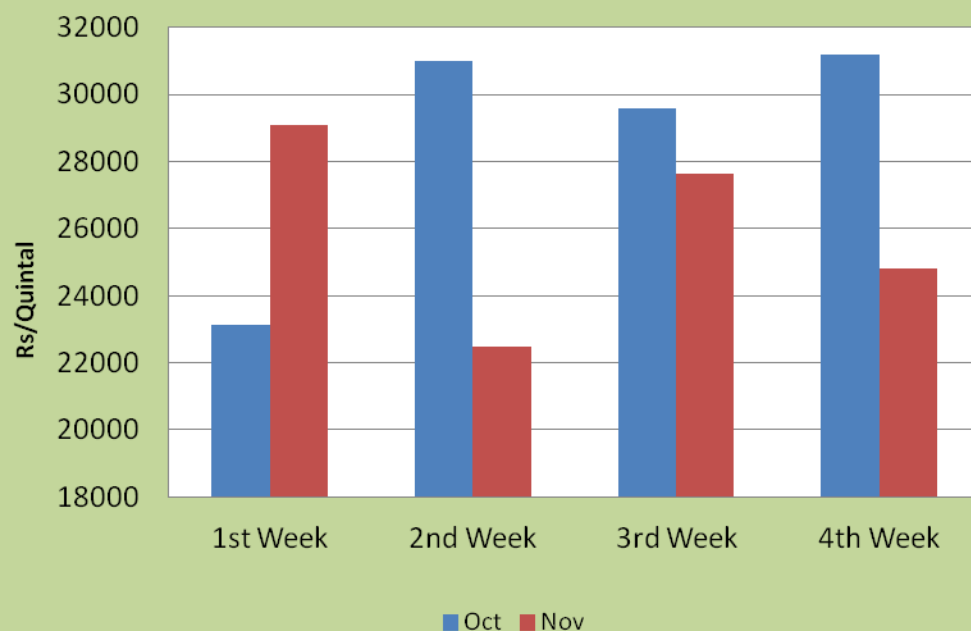
In the current season, onset of south –west monsoon was delayed in the growing regions. However there has been good rainfall in August and September 2012. Lack of rains in certain growing regions during the month of October has affected the crop. Based on rainfall during June –September, there could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

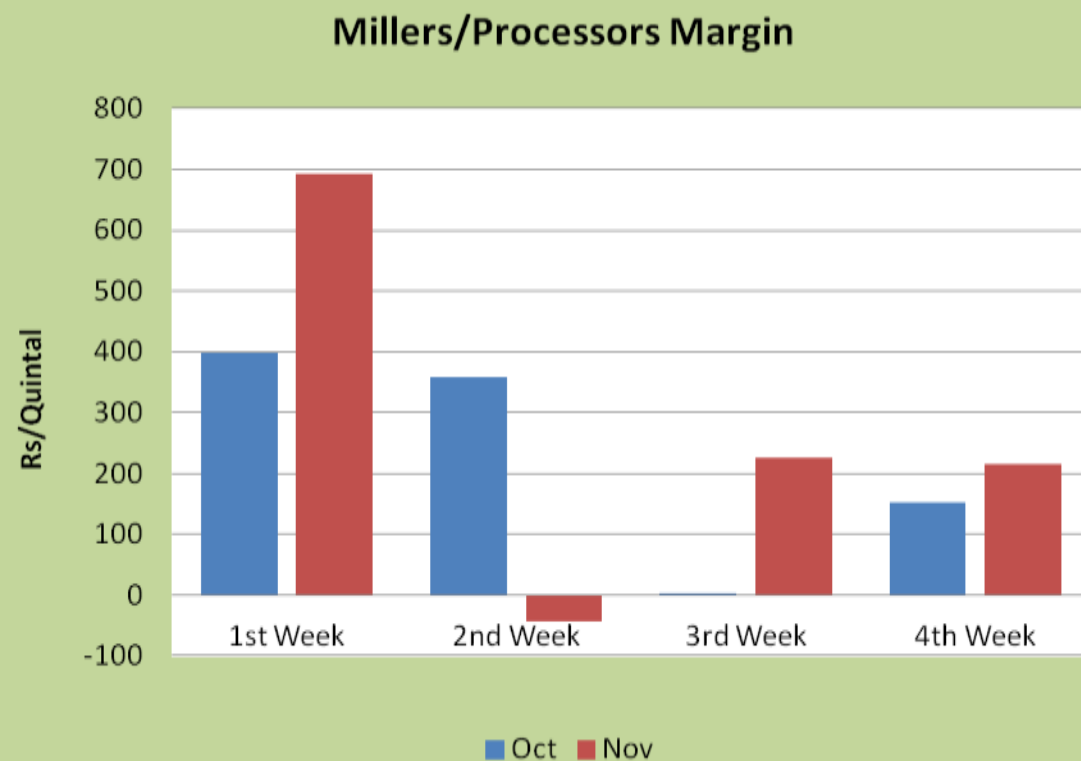
Guar seed and guar gum prices declined during the week. In the fourth week of November, the average price of guar seed declined by 3% to Rs.8900/Qtl and that of guar gum declined by 10% to Rs.24800/Qtl compared to previous week. The graph below illustrates the weekly average price movement of guar seed 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 is around same levels compared to previous week. Margin remained around same levels following sideways trading in the market. In the fourth week of November, average crush margin stood at Rs. 214.46/Quintal compared to previous week's crush margin of Rs. 226.33/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
		23.11.2012	16.11.2012	
Guar Seeds	Jodhpur (Delivery)	8500	9000	-500
	Jodhpur (Loose)	8400	8500	-100
	Bikaner (Loose)	8400	9200	-800
	Bikaner (Delivery)	8800	8800	Unch
	Nokha (Loose)	8500	9000	-500
	Hanumangarh (Loose)	8700	9200	-500
	Sri-Ganganagar (Delivery)	9300	8800	500
	Adampur (Loose)	9000	9455	-455
	Sirsa (Loose)	9000	9000	Unch
	Bhiwani (Delivery)	8500	9200	-700
	Deesa (Loose)	8250	Closed	-
	Nagaur (Loose)	-	-	-
	Dhabwali (Loose)	8700	9000	-300
Guar Gum	Jodhpur	23500	25500	-2000
	Bhiwani	24000	27500	-3500
	Dhabwali	24000	26000	-2000

Guar by – Products Prices:

Commodity	Centre	Price in Rs/75Kg	
		23.11.2012	16.11.2012
Churi	Jodhpur	1550	-
Korma	Jodhpur	1900	-

Guar Export Prices:

Commodity	Variety	\$/MT	
		22.11.2012	16.11.2012
Guargum Split		4700	-
Guargum Powder	200 Me sh 5000 CPS	5650	-
	200 Me sh 3500 CPS	5450	-
Guargum Meal		390	-

Guar Cumulative Arrivals in Key Centers

Centre	Arrivals (Quintals)		Change
	23.11.2012	16.11.2012	
Jodhpur	76100	32000	44100
Bikaner	790	360	430
Nokha	350	420	-70
Hanumangarh	500	400	100
Sri-Ganganagar	8000	1400	6600
Adampur	8000	2200	5800
Sirsa	880	650	230
Bhiwani	8300	3700	4600
Deesa	7500	Closed	-
Nagaur	200	-	-
Dhabwali	2200	-	-
All India	112820	41130	71690

Spot Market Technical Analysis of Guar seed & Guar gum

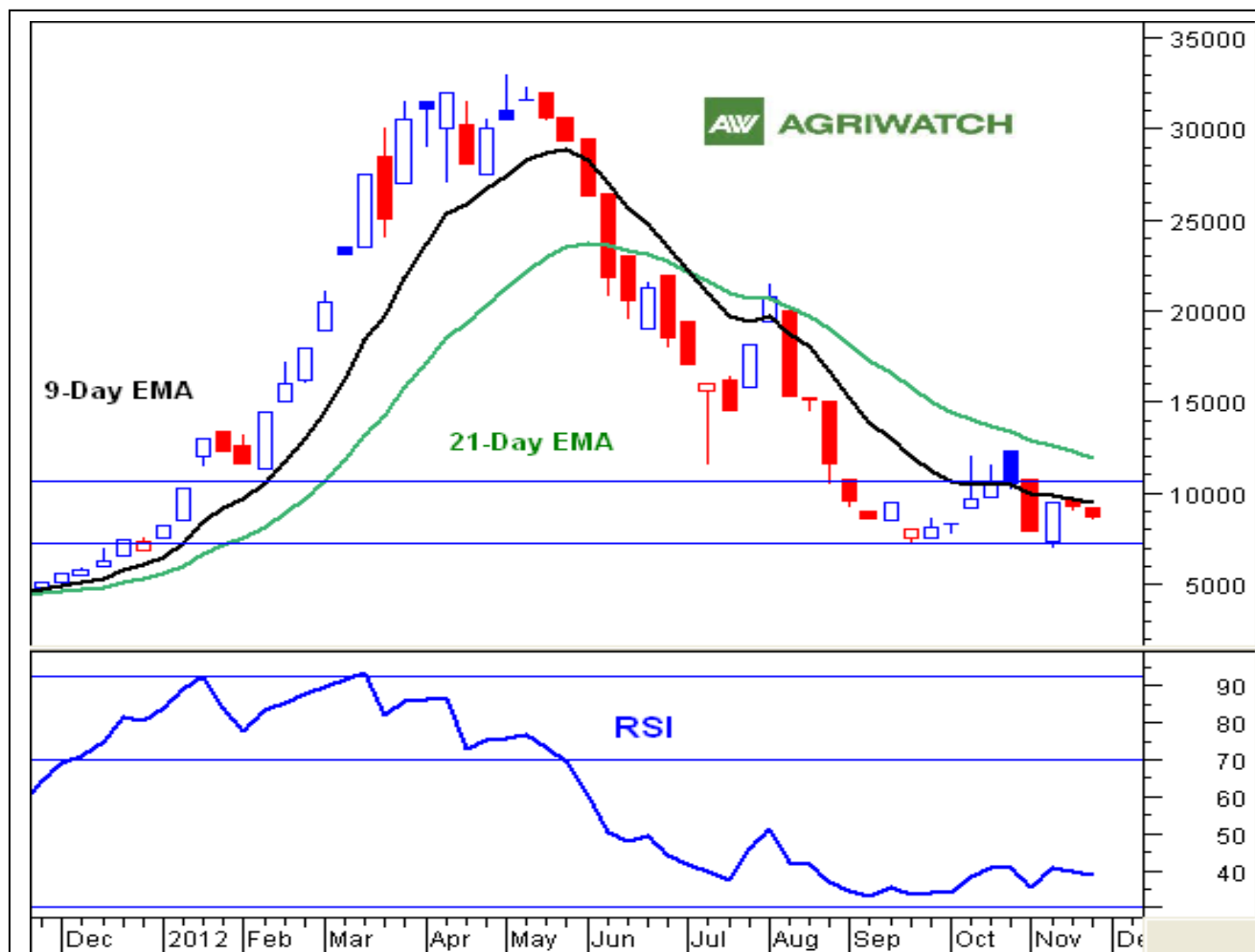


Fig-1 – Guar Seed Weekly Spot Prices (Jodhpur)

Prices noticed lack –luster trading during the week and traded in a narrow range. Prices closed lower amid continuation of the weak tone. Prices are holding below 9 –Day and 22 –Day EMA supporting weakness in the medium –term. RSI is declining in the neutral region supporting weakness in the near –term. Prices are likely to witness some recovery after this recent weakness. Prices will find support around Rs.7200/Qtl levels. The next support is at Rs.6000/Qtl levels. On the upside there is resistance at Rs.10700/Qtl and Rs.12225/Qtl levels respectively. Traders are advised to purchase on weakness towards Rs.7200/Qtl levels for their medium –term requirement.

Prices are likely to notice sideways to weak tone in the near –term.

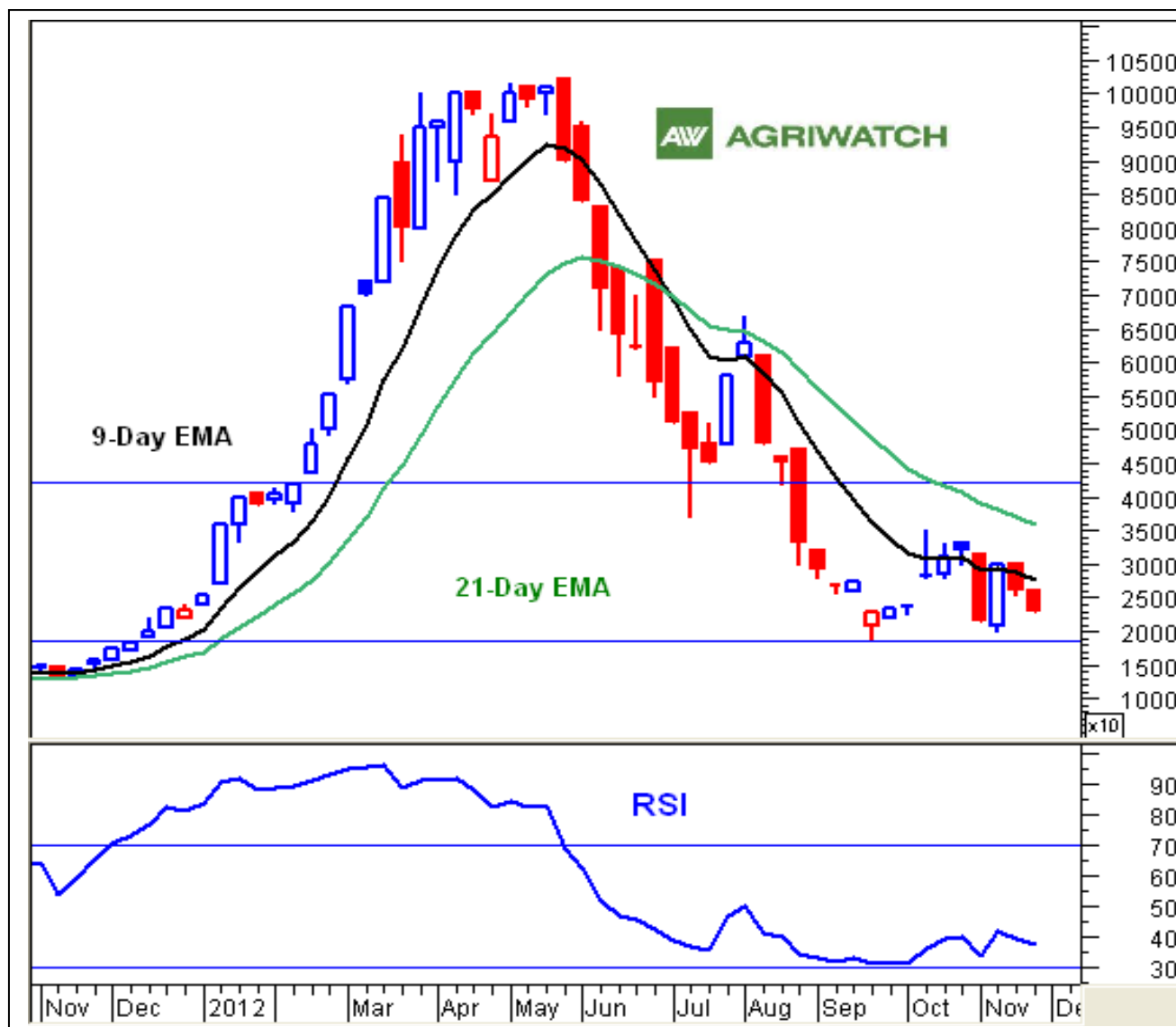


Fig-2 – Guar Gum Weekly Spot Prices (Jodhpur)

Guar gum prices noticed weakness during the week. Selling interest added to the weak tone of the market. Prices moved towards Rs.23000/Qtl levels. MACD is in the negative territory supporting the overall weak tone of the market. Stochastic oscillator is increasing in the neutral region supporting recovery in the near –term. Prices will find support around Rs.20000/Qtl levels. The next support is at Rs.17250/Qtl levels. On the upside there is resistance at Rs.30000/Qtl and Rs.35000/Qtl levels respectively. Traders can purchase on weakness towards Rs.20000/Qtl levels for their medium –term requirement.

Prices are likely to trend towards Rs.20000/Qtl levels in the near –term.



Spot Market Outlook:

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

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