

Domestic Market Recap:

- Guar seed and guar gum prices noticed weak tone during the week.
- Sluggish demand in the spot markets weighed on prices.
- Farmers 'morcha' planned on 23rd December in Jodhpur did not turn out to be successful.
- In the export market, demand remains lack –luster amid Christmas and New Year holidays.
- Arrivals in various mandis are picking up.
- Arrival of guar seed in small quantities is expected in Madhya Pradesh, Maharashtra and Andhra Pradesh in the coming days.

Current Market Dynamics

Guar seed and guar gum prices noticed weak tone and moved towards Rs.10000/Qtl levels during the week. Arrivals are picking up in various mandis. Buyers are waiting for better levels in the coming days. In the export market demand remains lack –luster.

Farmers held 'morcha' on 23rd December 2012 in Jodhpur for re –launching of guar complex futures. It did not turn out to be successful as less farmers participated in it. Government is not likely to re –launch guar complex futures as on date. In the current season, sowing of guar seed was delayed and arrivals are picking up currently in various mandis. Average daily arrivals in the country are reported to be around 80000 -85000 bags.

Farmers are bringing their crop in the market according to their requirement. Mills are not performing to their full capacity amid lack of good export demand in the market. Guar seed yield is expected to be 550 kg per hectare in 2012/13 against 570 kg a year ago as delay in the arrival of the monsoon in key producing areas like Bikaner, Jodhpur, Nagaur and Churu affected productivity.

In the overseas markets, demand is lower amid Christmas and New Year holidays. According to industry sources, export demand is expected to be lower by 30 per cent this season amid availability of cheaper alternatives and oil and gas companies 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. As per APEDA, Guar gum exports increased to 3.19 lakh tonnes during April –September 2012 against 2.82 lakh metric tonnes during the same period previous year. According to IBIS, exports of guar gum (spilt & powder) was reported to be around 15000 metric tonnes in November 2012. Most of the volumes were exported to US through Mundra port.

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.

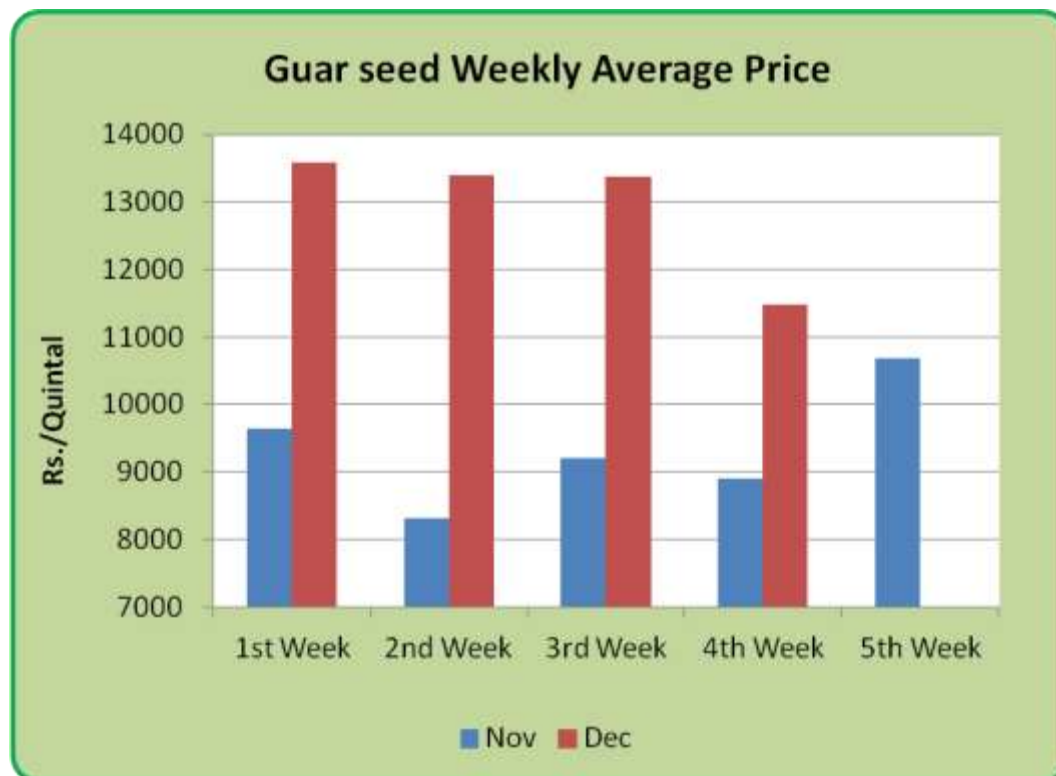
Crop Outlook

According to the first advance estimates of Rajasthan agricultural department, guar production in the current season is estimated at 16.57 lakh metric tonnes compared to 12.5 lakh metric tonnes in the previous season. 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.

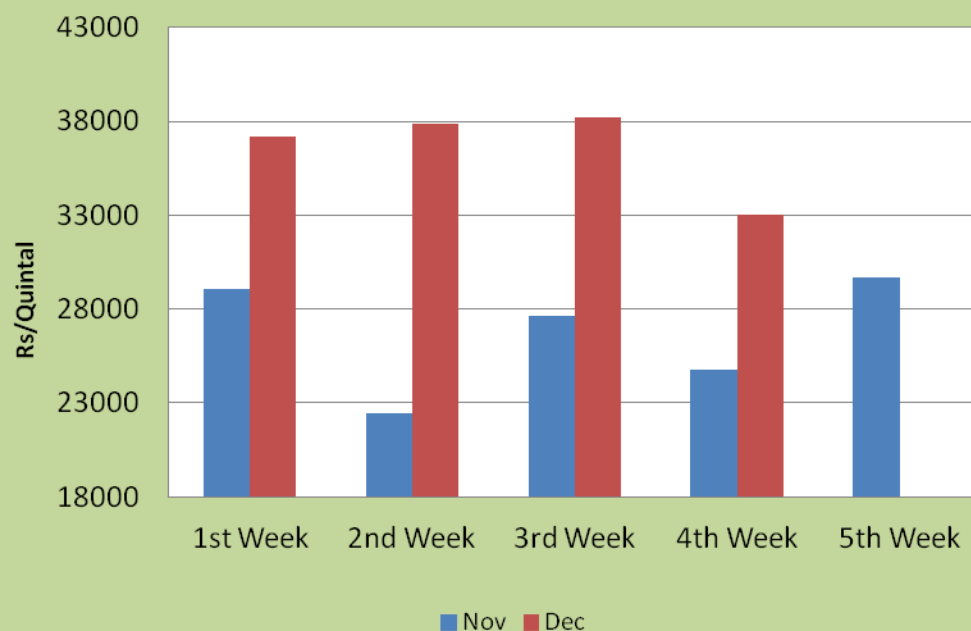
In the current season, onset of south –west monsoon was delayed in the growing regions. However there has been good rainfall in August and September 2012. Lack of rains in certain growing regions during the month of October has affected the crop. Based on rainfall during June –October, there could be 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. According to a field survey conducted by Agriwatch team in three major guar producing states, output in Rajasthan is expected to be around 14 -16 lakh metric tonnes, in Haryana around 4 lakh metric tonnes and in Gujarat around 2.5 lakh metric tonnes. Other states like Maharashtra, Madhya Pradesh. Andhra Pradesh could contribute some small amount during this season. According to sources around 200 quintals in Madhya Pradesh and around 800 -900 quintals of guar seed is expected during the current season.

Price Scenario

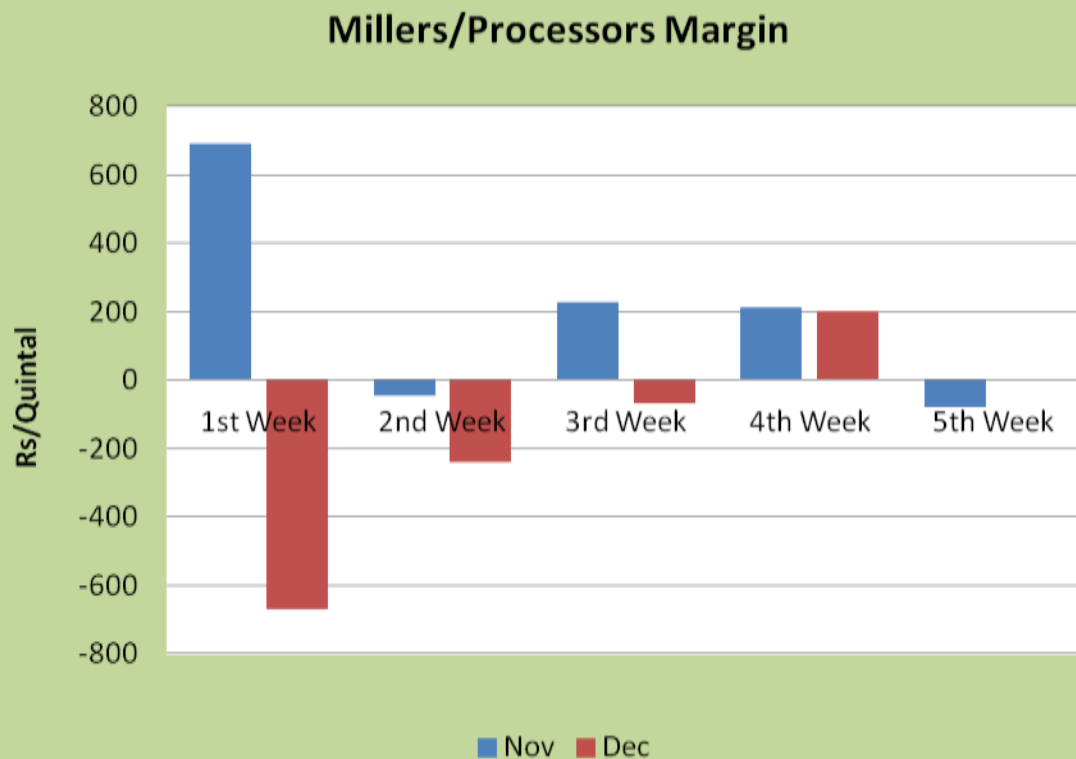
Guar seed and guar gum prices declined during the week. In the fourth week of December, the average price of guar seed declined by 14% to Rs.11475/Qtl and that of guar gum declined by 13.6% to Rs.33000/Qtl compared to previous week. The graph below illustrates the weekly average price movement of guar seed and guar gum in Jodhpur market.



Guar gum Weekly Average Price



Millers/Processors Margin





As seen in the chart above, the average 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 December, average crush margin stood at Rs.202/Quintal compared to previous week's crush margin of - Rs. 67.86/Quintal. Margin is expected to improve 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
		28.12.2012	21.12.2012	
Guar Seeds	Jodhpur (Delivery)	11400	13600	-2200
	Jodhpur (Loose)	11000	12800	-1800
	Bikaner (Loose)	11400	12000	-600
	Bikaner (Delivery)	11800	12500	-700
	Nokha (Loose)	11000	12500	-1500
	Hanumangarh (Loose)	11500	12700	-1200
	Sri-Ganganagar (Delivery)	11300	12500	-1200
	Adampur (Loose)	11800	13000	-1200
	Sirsa (Loose)	10500	12500	-2000
	Bhiwani (Delivery)	11000	12500	-1500
	Deesa (Loose)	10355	12085	-1730
	Nagaur (Loose)	11500	12500	-1000
	Dhabwali (Loose)	11400	13000	-1600
Guar Gum	Jodhpur	33500	38000	-4500
	Bhiwani	32200	37500	-5300
	Dhabwali	33000	36000	-3000

Guar by – Products Prices:

Commodity	Centre	Price in Rs/75Kg	
		28.12.2012	21.12.2012
Churi	Jodhpur	1550	1600
Korma	Jodhpur	1850	2000

Guar Export Prices:

Commodity	Variety	\$/MT	
		28.12.2012	21.12.2012
Guargum Split		5800	7100
Guargum Powder	200 Mesh 5000 CPS	6500	7800
	200 Mesh 3500 CPS	6300	7600
Guargum Meal		385	370

Guar Cumulative Arrivals in Key Centers

Centre	Arrivals (Quintals)		Change
	28.12.2012	21.12.2012	
Jodhpur	17500	17500	Unch
Bikaner	5500	4100	1400
Nokha	300	580	-280
Hanumangarh	2750	2350	400
Sri-Ganganagar	10000	8000	2000
Adampur	5000	7400	-2400
Sirsa	1050	1350	-300
Bhiwani	3350	2750	600
Deesa	1865	2030	-165
Nagaur	280	160	120
Dhabwali	1250	3450	-2200
All India	48845	49670	-825

Spot Market Technical Analysis of Guar seed & Guar gum

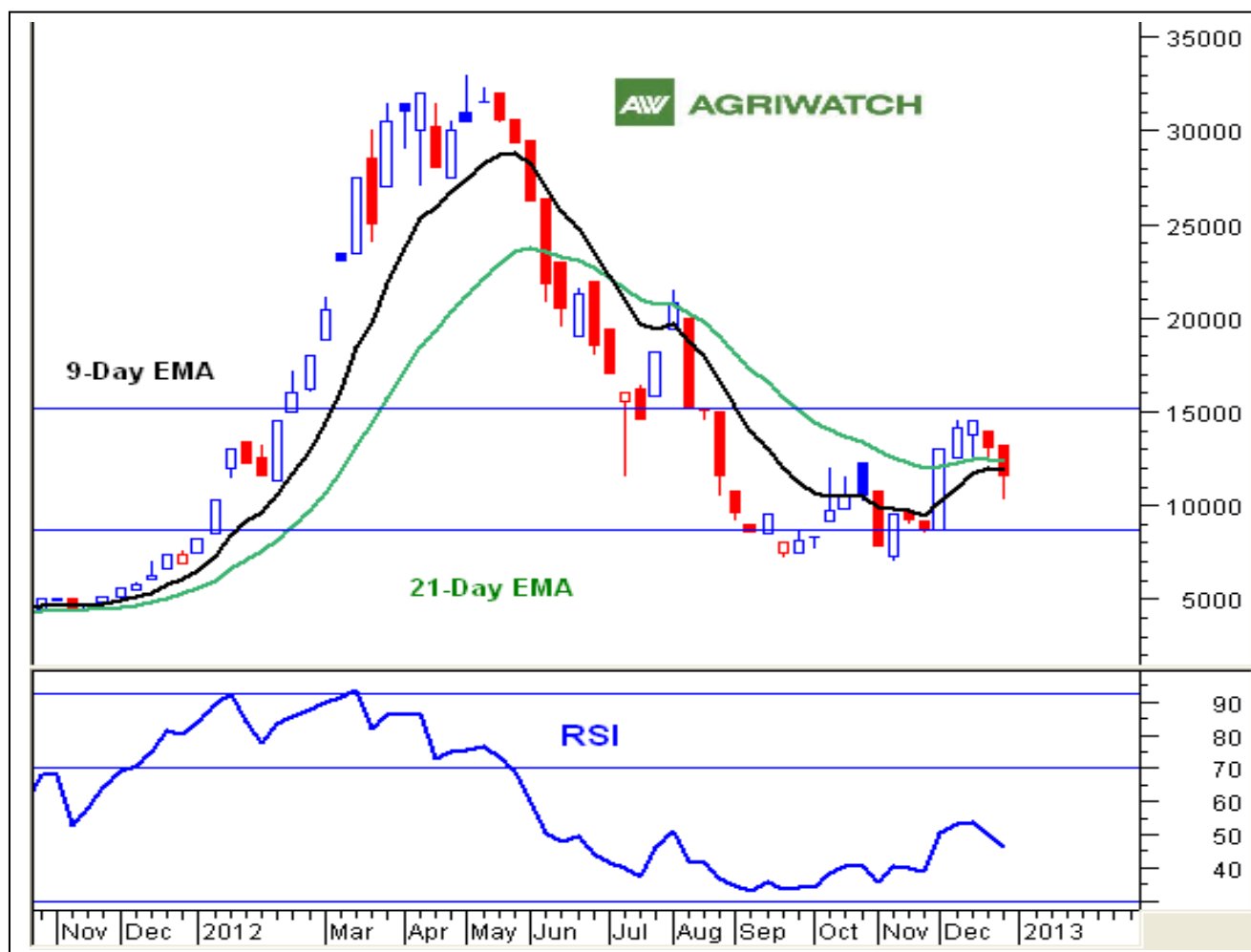


Fig-1 – Guar Seed Weekly Spot Prices (Jodhpur)

Prices noticed weak tone during the week. Guar seed prices moved towards Rs.10000/Qtl levels and witnessed slight recovery. Overall outlook is bearish and prices are likely to continue the weak tone in the near –term. Prices are holding below 9 –Day and 21 –Day EMA supporting the overall weak tone of the market. Stochastic oscillator is declining in the neutral region supporting weakness in the near –term. Prices will find support around Rs.10000/Qtl levels. The next support is at Rs.8700/Qtl levels. On the upside there is resistance at Rs.12500/Qtl and Rs.15000/Qtl levels respectively. Buyers can purchase on weakness towards Rs.10000/Qtl levels.

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

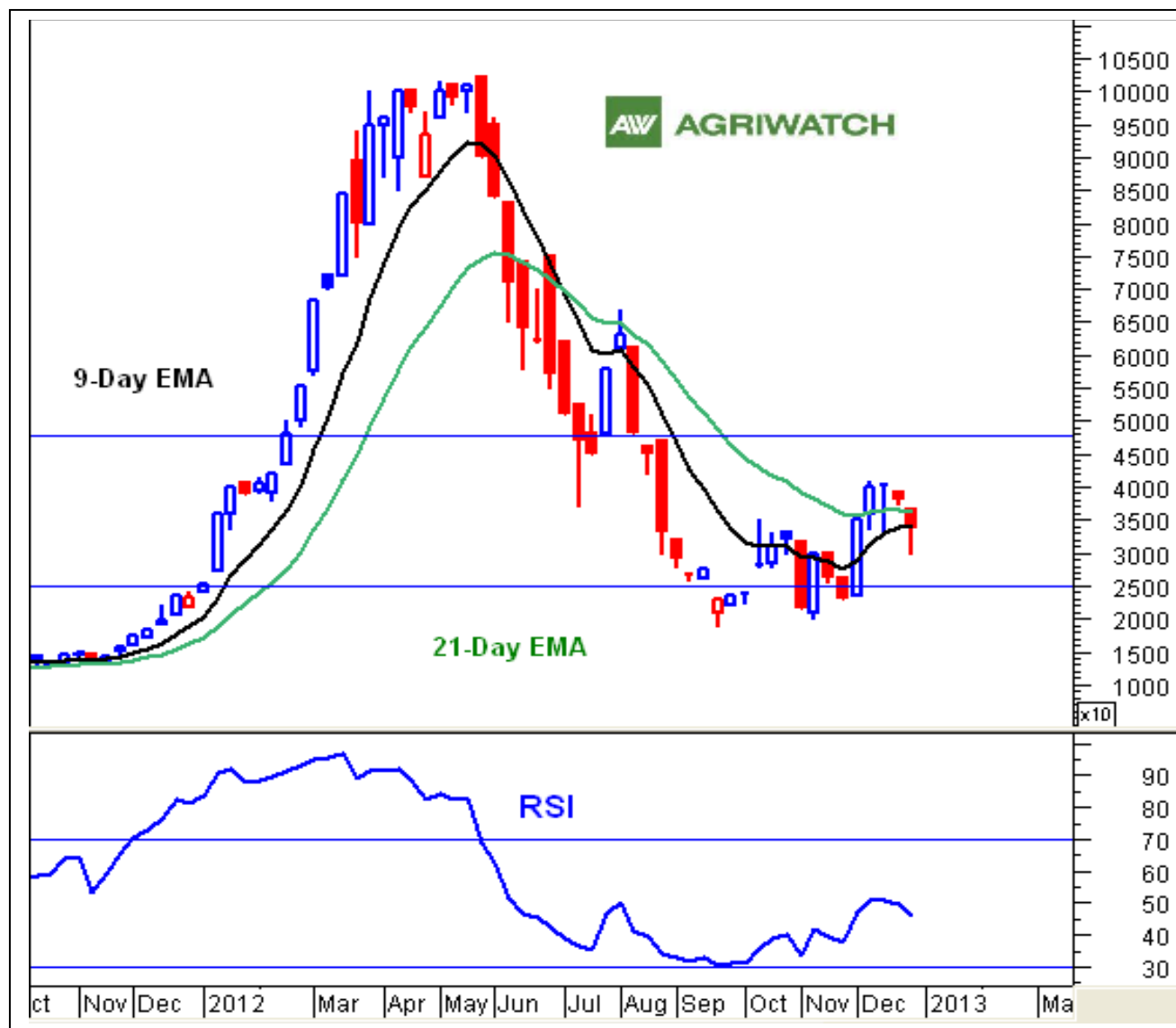


Fig-2 – Guar Gum Weekly Spot Prices (Jodhpur)

Guar gum prices moved in accordance with guar seed prices. Prices touched Rs.30000/Qtl levels during the week and witnessed slight recovery. Prices are likely to continue the weak tone for some time. MACD is in the negative territory supporting the overall weak tone of the market. RSI is declining in the neutral region supporting weakness in the near term. On the downside there is support at Rs.30000/Qtl levels. The next support is at Rs.25500/Qtl levels. On the upside there is resistance at Rs.35000/Qtl levels and Rs.40000/Qtl levels respectively. Traders are advised to wait for better buying levels in the coming days.

Prices are likely to move towards Rs.42000/Qtl levels in the coming days.



Spot Market Outlook:

Both Guar seed and Guar gum prices are likely to recover in the coming days. Buyers can purchase on weakness for their medium –term requirement.

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