

Highlights of the Month:

- Guar seed and guar gum prices noticed firm tone during the month. Prices witnessed recovery during the fifth week of the month.
- Decline in arrivals in various mandis supported prices.
- Farmers are bringing less produce to the market amid expectation of better returns in the medium –term.
- Government is not likely to re –launch guar complex futures as of date.
- Output of guar seed is expected to be lower than initial estimates of 28 -30 lakh metric tonnes during the season.
- Millers are buying in small quantity around current levels in the spot market.

Current Market Dynamics:

Guar seed and guar gum prices noticed firm tone with prices recovering during the fifth week of the month. Lack of availability of good quality crop arrival supported prices. Farmers are bringing less crop in the mandis amid expectation of better remuneration in the medium –term.

Daily average arrivals are reported to be around 40000 -45000 bags during the last few days. Arrivals are less compared to last year amid crop damage in certain growing regions and less release of stocks by the farmers. Arrival of the new crop is coming to Jodhpur market in small quantity from Madhya Pradesh and Uttar Pradesh. According to sources, arrival of the new crop has started in Karimnagar district of Andhra Pradesh and is expected to pick up by next month. Farmers are bringing less produce to the market amid expectation of better returns in the medium –term. In the current season, farmers have paid higher price of the seed for sowing purpose and are not willing to sell around current levels. They had bought good quality seed at higher prices around Rs.600/kg for sowing purpose.

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.

There is some demand from the millers in the domestic market around current levels. Some of the mills remain closed amid lack of stocks in the ready market and sluggish export demand. In the overseas markets, cheaper

alternatives have been developed to guar gum and certain oil and gas companies have stocked up guar gum during the previous season.

FMC has not yet taken any decision regarding re –launching of guar complex futures. Futures were likely to be started amid initial estimates of bumper guar seed production during the season. Anticipation of re –launch of guar complex futures added to the positive tone of the market.

Export and Import Scenario

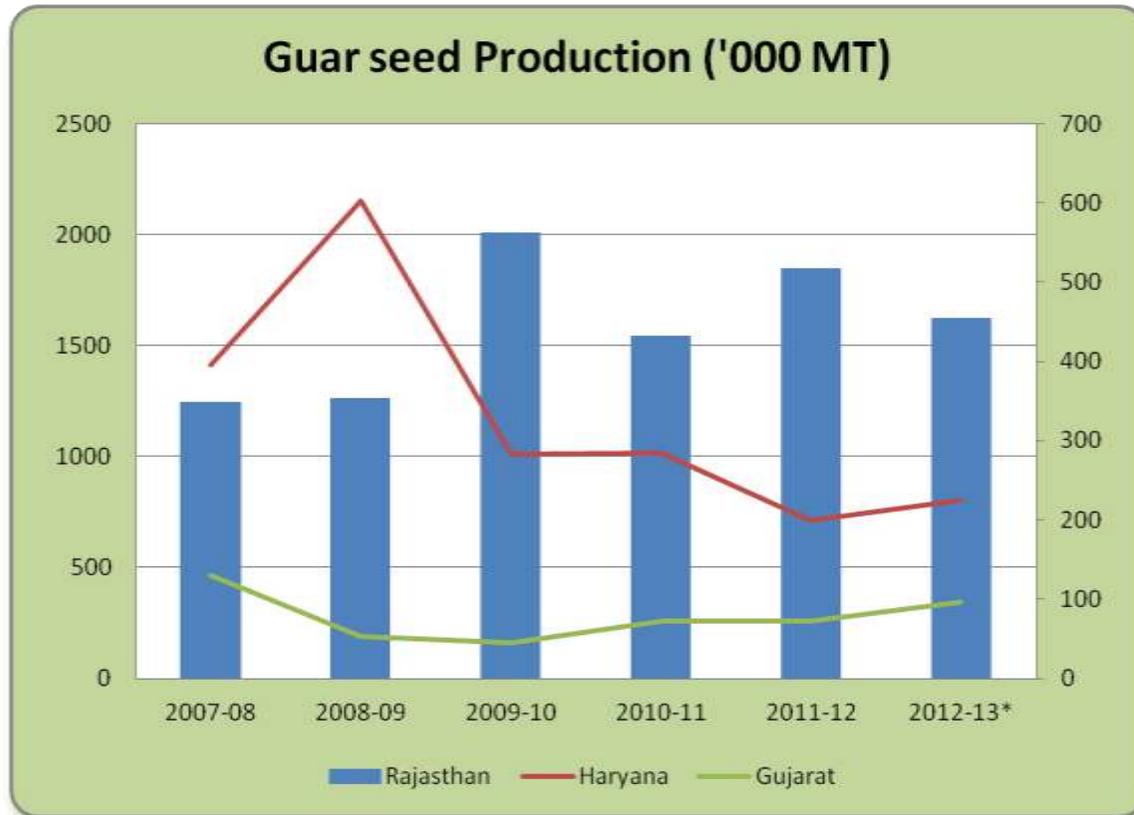
As per sources, both Gum and Powder demand is likely to be sluggish during the season as many oil companies in the overseas markets have stocked up guar. In March, the US purchased a record 33,800 tonnes of guar gum from India, up from an average 22,000 tonnes a month last year. As per APEDA, Guar gum exports increased to 7.07 lakh tonnes during 2011 -2012 against 4.41 lakh metric tonnes recorded during 2010- 11.

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.

Crop Estimates

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. Production of guar seed is expected to increase by atleast 50 percent this season.

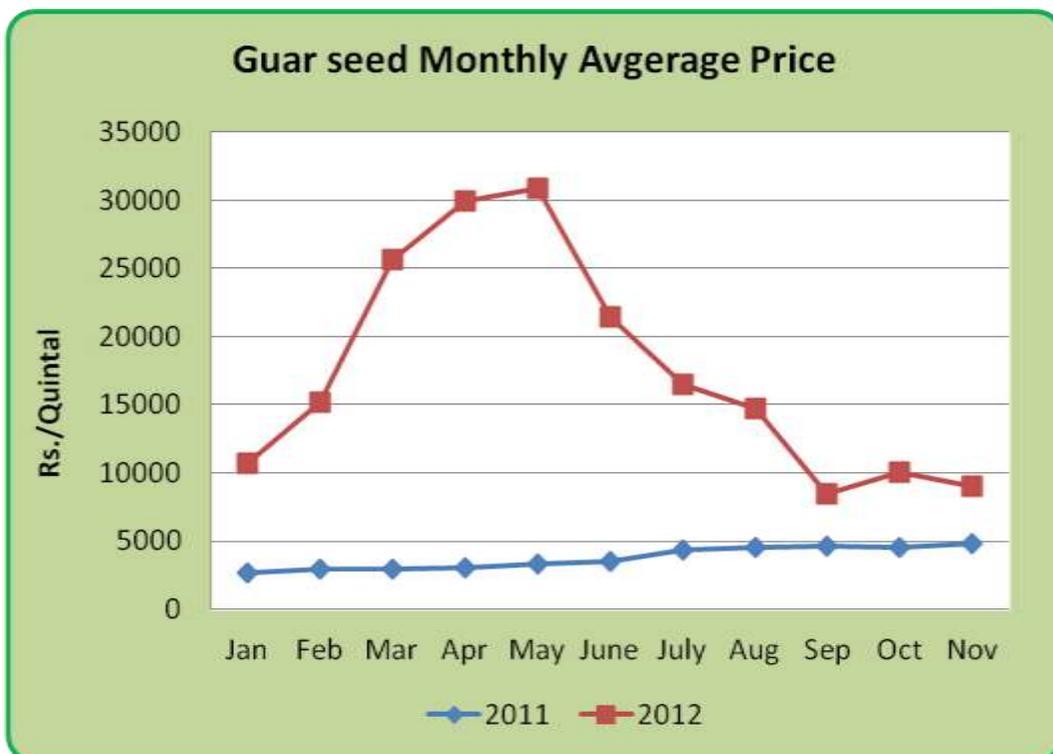
In the current season, onset of south –west monsoon was delayed in the growing regions. Lack of rains in certain growing regions during the month of October has affected the crop. Based on rainfall during June –September, there could be around 30 -40% crop damage in parts of Rajasthan, Haryana and Gujarat. 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.



**Agriwatch Estimates*

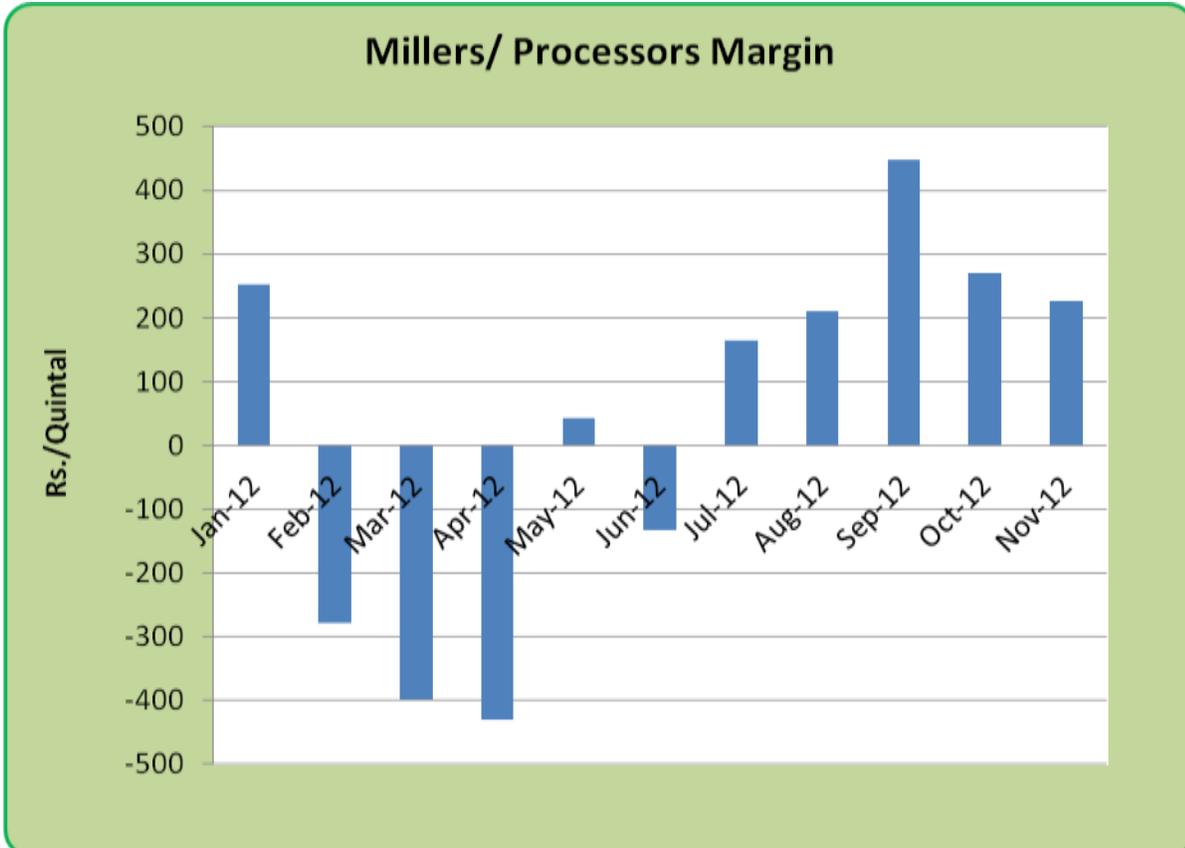
Price Scenario

Guar seed and guar gum prices declined month-on-month basis in Jodhpur market. Prices witnessed recovery during fifth week of the month. The average monthly price of guar seed declined by 10% to Rs.9030/Qtl and that of guar gum declined by 12% to Rs.25720/Qtl in comparison with the month of October. Anticipation of lower output is supporting prices. The graph below illustrates the monthly average price movement of guar seed and guar gum in Jodhpur market.





Millers/Processors Margin



As seen in the chart above, average crushing margin for guar seed millers declined in the month of November compared to October. Margin declined amid recovery in the price of guar seed. The average crush margin in the month of November stood at Rs.227.00/Quintal compared to average crush margin of Rs.270.00/Quintal in the month of October. Guar seed prices have increased following lack of stocks in the ready market. Margin is expected to decline amid expected increase in the price of guar seed.

Prices of Guar gum Split, Powder and Meal

Commodity	Variety	29 th November, 2012	31 st October, 2012	Change
Guargum Split		4700	5140	-440
Guargum Powder	200 Mesh 5000 CPS	5350	6100	-750
	200 Mesh 3500 CPS	5100	6000	-900
Guargum Meal		390	320	+70
Prices in \$/MT and FOB Mundra Port				

Prices of Churi and Korma

Commodity	30 th November, 2012	31 st October, 2012	Change
Churi	1400	1175	+225
Korma	1800	1950	-150
Prices in Rs/75kg			

Guar Prices at Key Spot Markets

Commodity	Centre	Prices (Rs/Qtl)		Change
		30-11-12	31-10-12	
Guar Seed	Jodhpur *	11700	9800	1900
	Jodhpur	11000	9300	1700
	Bikaner *	12500	9600	2900
	Nokha	12500	9200	3300
	Hanumangarh	12250	9300	2950
	Sri-Ganganagar *	12000	11500	500
	Adampur	12250	9500	2750
	Sirsa	-	9000	-
	Bhiwani*	12000	9000	3000
	Deesa	11250	8245	3005
	Nagaur	11000	NA	-
	Dhabwali	12500	NA	-
Guar Gum	Jodhpur	34000	30400	3600
	Bhiwani	34500	27000	7500
	Dhabwali	35000	NA	-

*Delivery Price

Guar Cumulative Arrivals in Key Centers

Centre	Arrivals (Quintals)		Change
	Total Month Ending 30-11-2012	Total Month Ending 31-10-2012	
Jodhpur	214600	79850	134750
Bikaner	3330	1935	1395
Nokha	2485	83	2402

Hanumangarh	5100	2665	2435
Sri-Ganganagar	30400	5570	24830
Adampur	22400	9180	13220
Sirsa	5130	777	4353
Bhiwani	23650	5500	18150
Deesa	30400	2854	27546
Nagaur	385	NA	-
Dhabwali	3800	NA	-
All India	341680	108414	233266

Spot Market Monthly Price Trend of Guar seed at Jodhpur

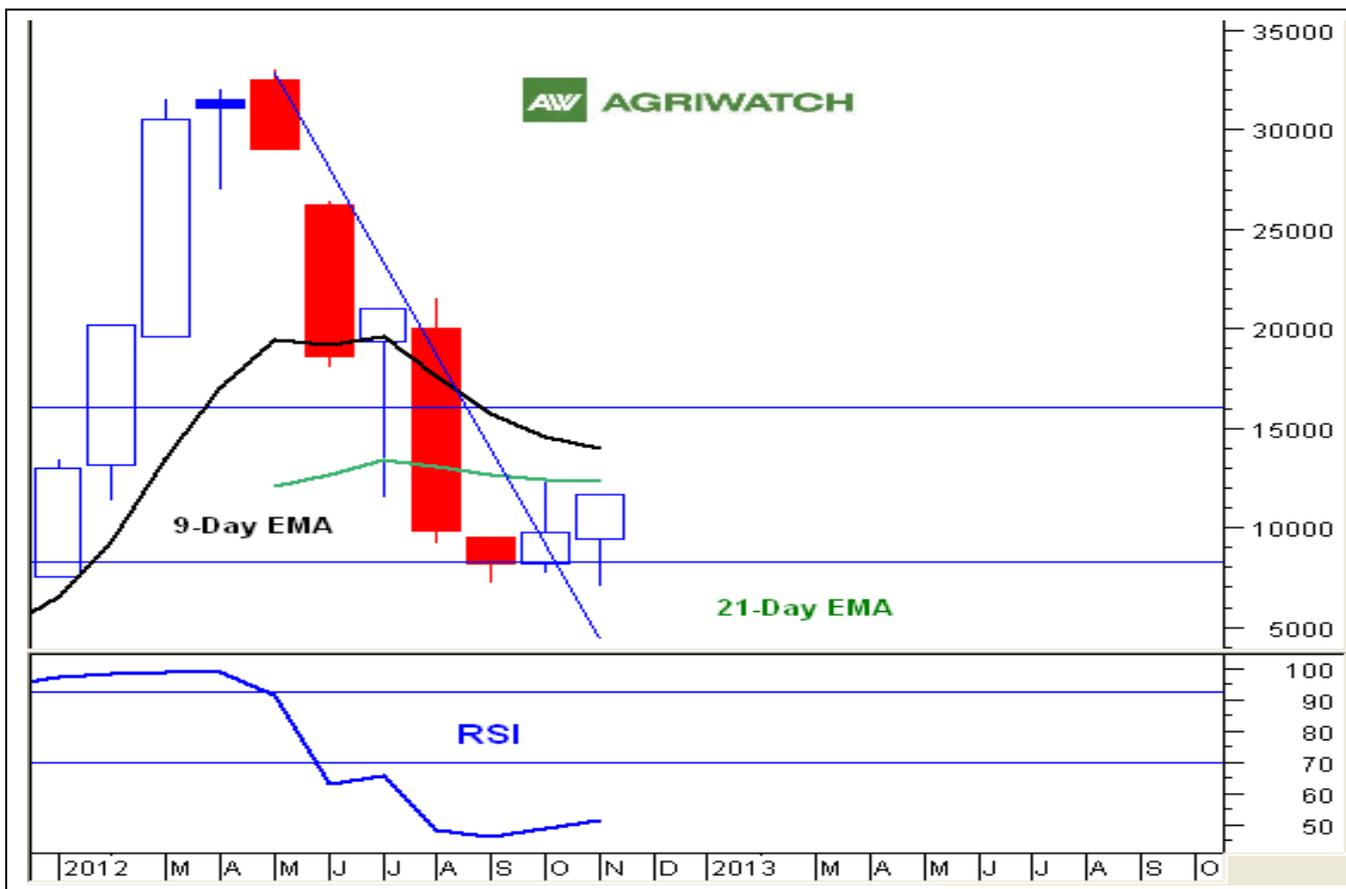


Fig-1 – Guar Seed Monthly Spot Prices (Jodhpur)

Prices noticed firm tone during the month and recovered during the fifth week. Prices are holding above the down trend line in the monthly chart and are likely to continue the firmness in the medium –term. Firm tone of the market will be confirmed with sustainability of prices above Rs.10000/Qtl levels. Prices have broken above the double –bottom formation in the weekly chart. The upside target for this formation is Rs.17425/Qtl levels. Prices are holding above 9 –Day and 21 –Day EMA supporting the firm tone in the medium –term. Stochastic oscillator is in the oversold territory supporting recovery in the coming days. Prices will find support around Rs.10000/Qtl levels. The next support is at Rs.7200/Qtl levels. On the upside there is resistance at Rs.17500/Qtl and Rs.20000/Qtl levels respectively. Traders can purchase around current levels for their medium –term requirement.

Prices are likely to continue the positive tone towards Rs.18000/Qtl levels.

Spot Market Monthly Price Trend of Guar Gum at Jodhpur

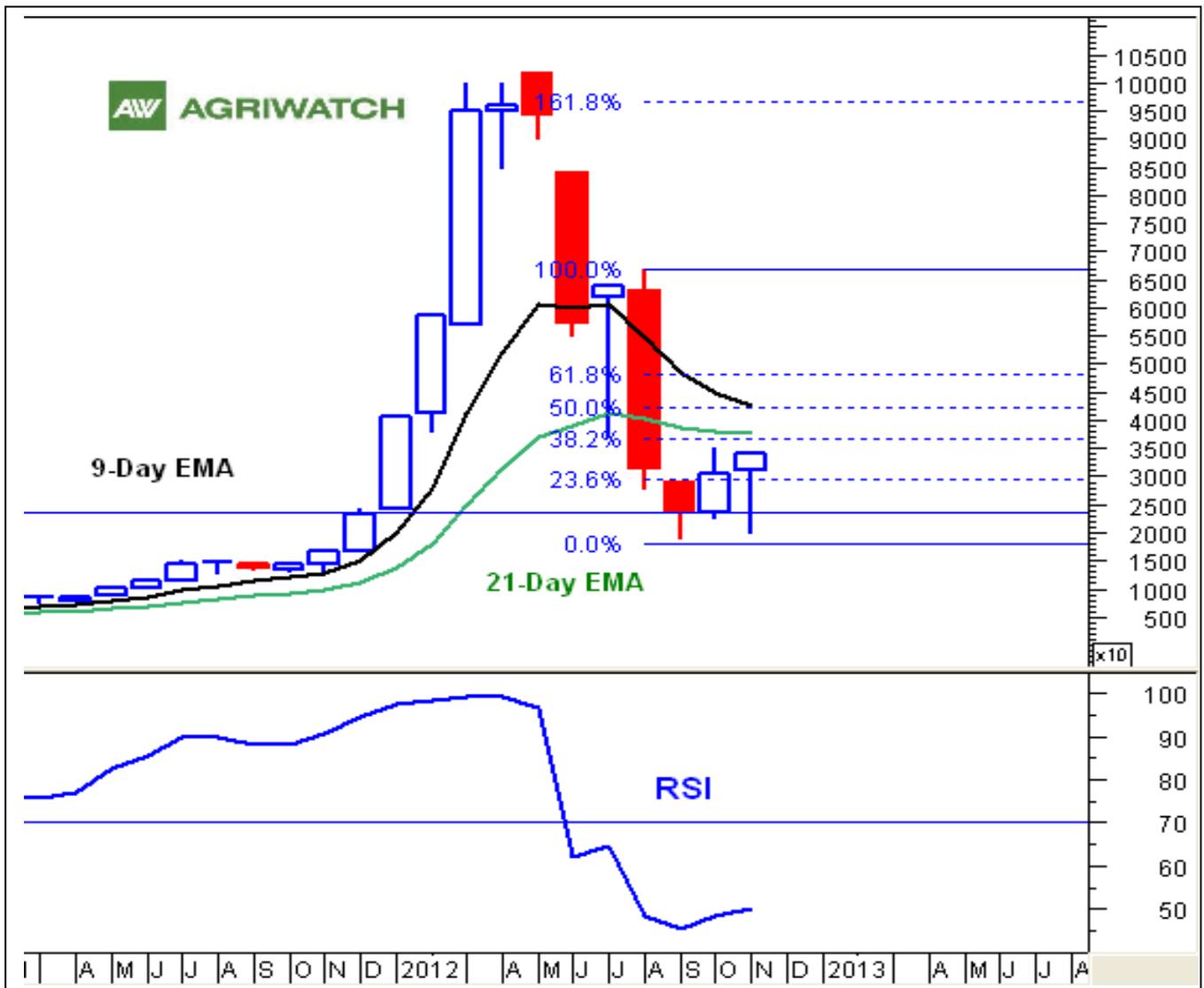


Fig-2 – Guar Gum Monthly Spot Prices (Jodhpur)

Guar gum prices continued positive tone during the month. Buying around lower levels supported the market. For the decline in prices from Rs.67000/Qtl till Rs.19000/Qtl levels prices have witnessed nearly 38.2% retracement and are likely to move towards 50% retracement level of Rs.42000/Qtl. RSI is increasing in the neutral region supporting firm tone in the near –term. MACD is in the positive territory supporting the firm tone of the market. Prices will find support around Rs.25000/Qtl levels. The next support is at Rs.20500/Qtl levels. On the upside there is resistance at Rs.42000/Qtl levels and Rs.50000/Qtl levels respectively. Buyers can purchase around current levels for their medium –term requirement.

Prices are likely to trend towards Rs.45000/Qtl levels in the medium –term.

Spot Market Outlook:

Both Guar seed and Guar gum prices are expected to continue firm tone in the near –term. Traders are advised to purchase on any weakness for their medium –term requirement.

Futures Market Technical Analysis:

FMC has stopped trading in all guar seed and guar gum futures contracts effective March 28, 2012. Trading will start on further notification by FMC.

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