

Highlights of the Month:

- Guar seed and guar gum prices continued firm tone during the month with some weakness in between. Slight weakness was noticed in Bikaner, Nokha, Adampur and Dhabwali markets.
- Farmers are holding stocks in anticipation of better returns in the medium –term.
- Arrivals were lower amid cold wave conditions in parts of north –west India and mandis in Gujarat remained closed following ‘Gujarat Assembly elections’.
- Most of the mills remain closed amid lack of stocks in the ready market.
- Farmers ‘marcha’ held in Jodhpur on 23rd December 2012 did not turn out to be successful.
- Government is not likely to re –launch guar complex futures as on date.

Current Market Dynamics:

Guar seed and guar gum prices continued firm tone during the month. Farmers are not bringing their produce to the market amid expectation of better returns in the medium –term. Output is expected to be lower than the initial estimates of 28 -30 lakh metric tonnes. Arrivals are lower in various mandis.

Average daily arrivals in the market are reported to be around 75000 -80000 bags. Arrivals are lower compared to arrivals during this peak arrival time amid less release of stocks by farmers. Prices are likely to continue the firm tone in the coming days. According to sources, arrival of the new crop has started in Karimnagar district of Andhra Pradesh and is expected to pick up in coming days. In Madhya Pradesh around 3000 -4000 bags of the guar seed crop is arriving in mandis currently.

Farmers held ‘marcha’ 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. 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. According to sources, 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. Some demand is likely to emerge by mid –January.

Export and Import Scenario

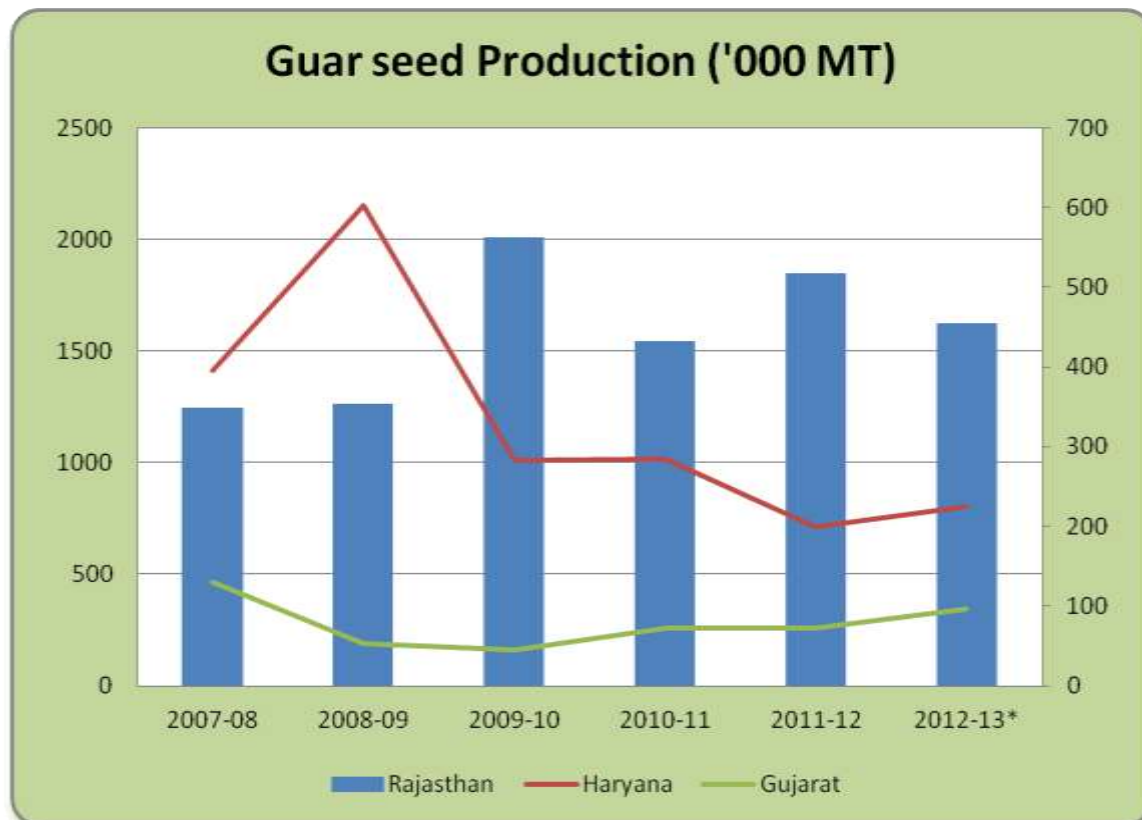
As per sources, both Gum and Powder demand is likely to be sluggish during the season as many oil companies in the overseas markets have stocked up guar gum and cheaper alternatives are available in the market. As per APEDA, Guar gum exports increased to 7.07 lakh tonnes during 2011 -2012 against 4.41 lakh metric tonnes recorded during 2010- 11. 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 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.

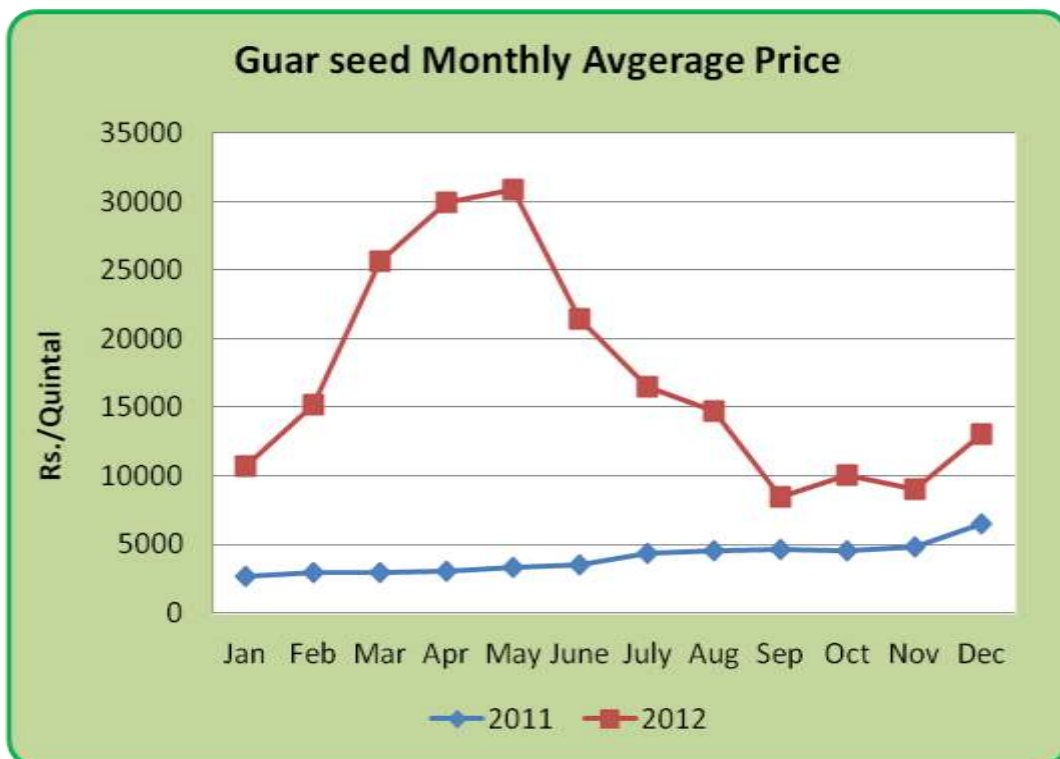
In the current season, onset of south –west monsoon was delayed in the growing regions. Lack of rains in certain growing regions during the month of October has affected the crop. Based on rainfall during June –September, there could be around 30 -40% crop damage in parts of Rajasthan, Haryana and Gujarat.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



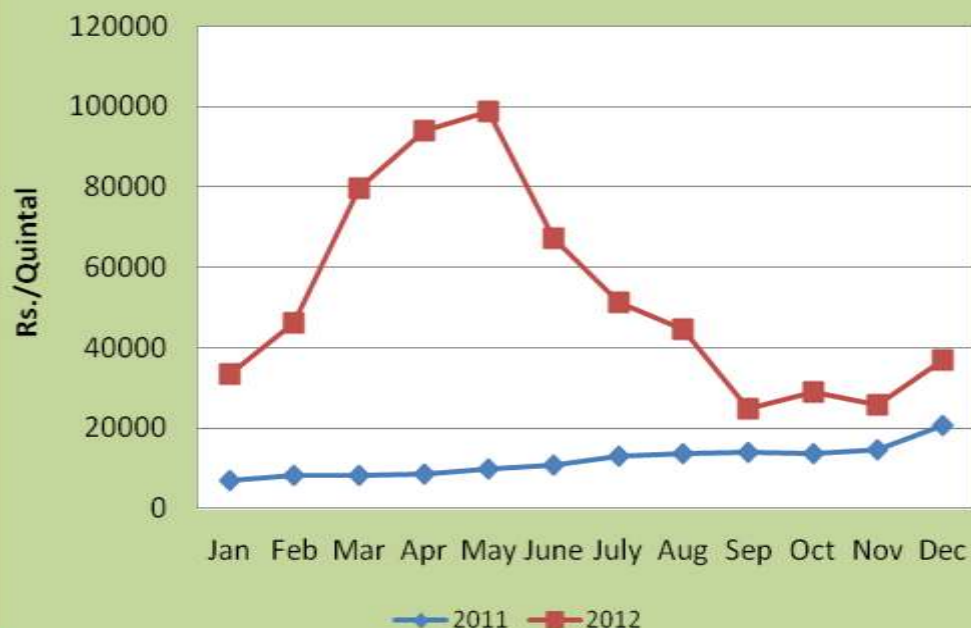
***Agriwatch Estimates**

Price Scenario

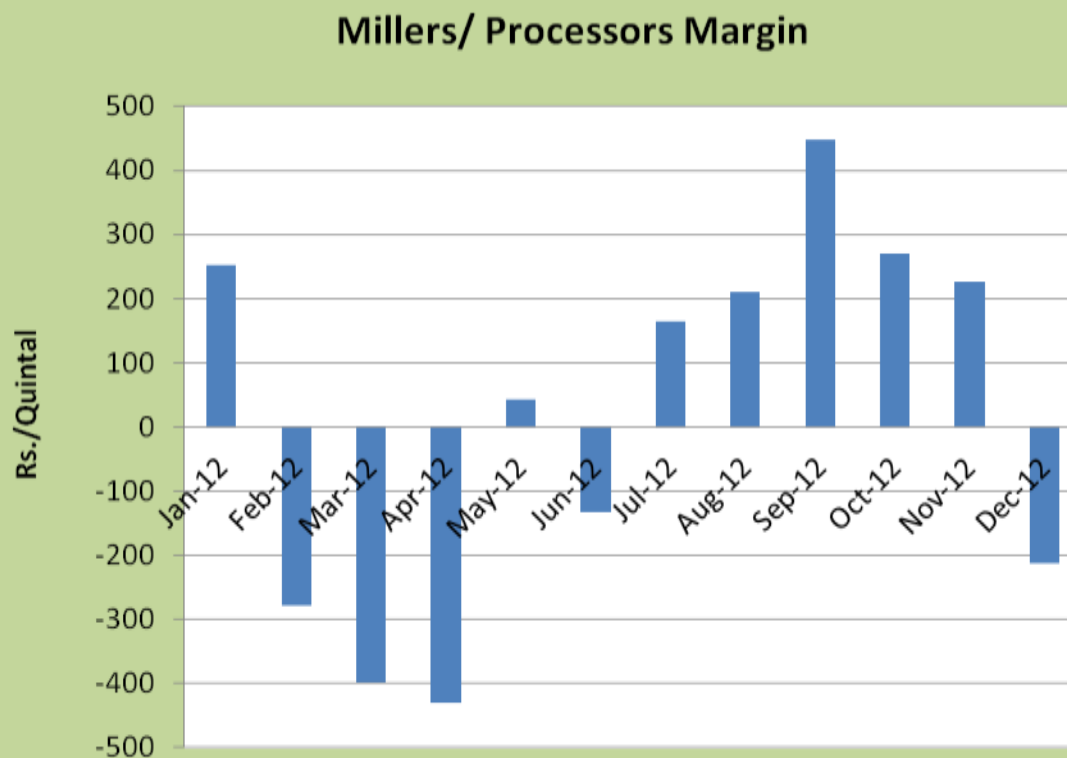
Guar seed and guar gum prices increased month-on-month basis in Jodhpur market. Prices witnessed recovery during fourth week of the month. The average monthly price of guar seed increased by 45% to Rs.13056/Qtl and that of guar gum increased by 43% to Rs.36840/Qtl in comparison with the month of November. Lower arrivals in mandis are supporting prices. The graph below illustrates the monthly average price movement of guar seed and guar gum in Jodhpur market.



Guar gum Monthly Average Price



Millers/Processors Margin





As seen in the chart above, average crushing margin for guar seed millers declined in the month of December compared to November. Margin declined amid recovery in the price of guar seed. The average crush margin in the month of December stood at - Rs.212.27/Quintal compared to average crush margin of Rs.227.00/Quintal in the month of November. 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 | 31 st December, 2012 | 29 th November, 2012 | Change |
|-------------------------------------|-------------------|---------------------------------|---------------------------------|--------|
| Guargum Split | | 6300 | 4700 | 1600 |
| Guargum Powder | 200 Mesh 5000 CPS | 7100 | 5350 | 1750 |
| | 200 Mesh 3500 CPS | 6800 | 5100 | 1700 |
| Guargum Meal | | 385 | 390 | -5 |
| Prices in \$/MT and FOB Mundra Port | | | | |

Prices of Churi and Korma

| Commodity | 31 st December, 2012 | 29 th November, 2012 | Change |
|-------------------|---------------------------------|---------------------------------|--------|
| Churi | 1600 | 1400 | 200 |
| Korma | 1850 | 1800 | 50 |
| Prices in Rs/75kg | | | |

Guar Prices at Key Spot Markets

| Commodity | Centre | Prices (Rs/Qtl) | | Change |
|-----------|------------------|-----------------|----------|--------|
| | | 31-12-12 | 29-11-12 | |
| Guar Seed | Jodhpur * | 12500 | 11700 | 800 |
| | Jodhpur | 12000 | 11000 | 1000 |
| | Bikaner * | 11700 | 12500 | -800 |
| | Nokha | 12430 | 12500 | -70 |
| | Hanumangarh | 12300 | 12250 | 50 |
| | Sri-Ganganagar * | 12500 | 12000 | 500 |
| | Adampur | 12200 | 12250 | -50 |
| | Sirsa | 12000 | - | - |
| | Bhiwani* | 12500 | 12000 | 500 |
| | Deesa | 12075 | 11250 | 825 |
| | Nagaur | 11000 | 11000 | Unch |
| | Dhabwali | 12400 | 12500 | -100 |
| Guar Gum | Jodhpur | 36000 | 34000 | 2000 |
| | Bhiwani | 35400 | 34500 | 900 |
| | Dhabwali | 36000 | 35000 | 1000 |

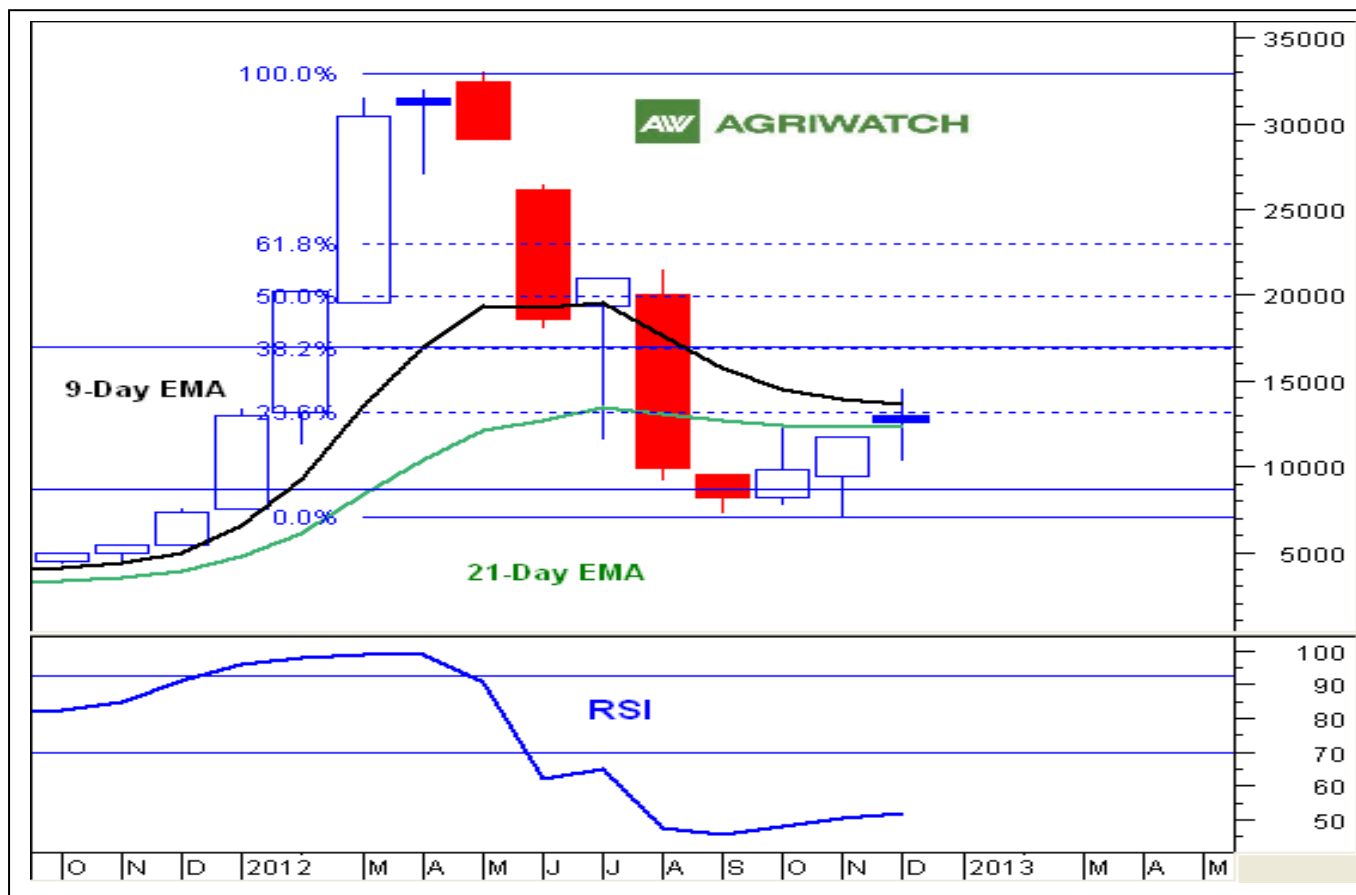
*Delivery Price

Guar Cumulative Arrivals in Key Centers

| Centre | Arrivals (Quintals) | | Change |
|---------|-------------------------------|-------------------------------|---------|
| | Total Month Ending 31-12-2012 | Total Month Ending 29-11-2012 | |
| Jodhpur | 85500 | 214600 | -129100 |
| Bikaner | 16500 | 3330 | 13170 |
| Nokha | 3650 | 2485 | 1165 |

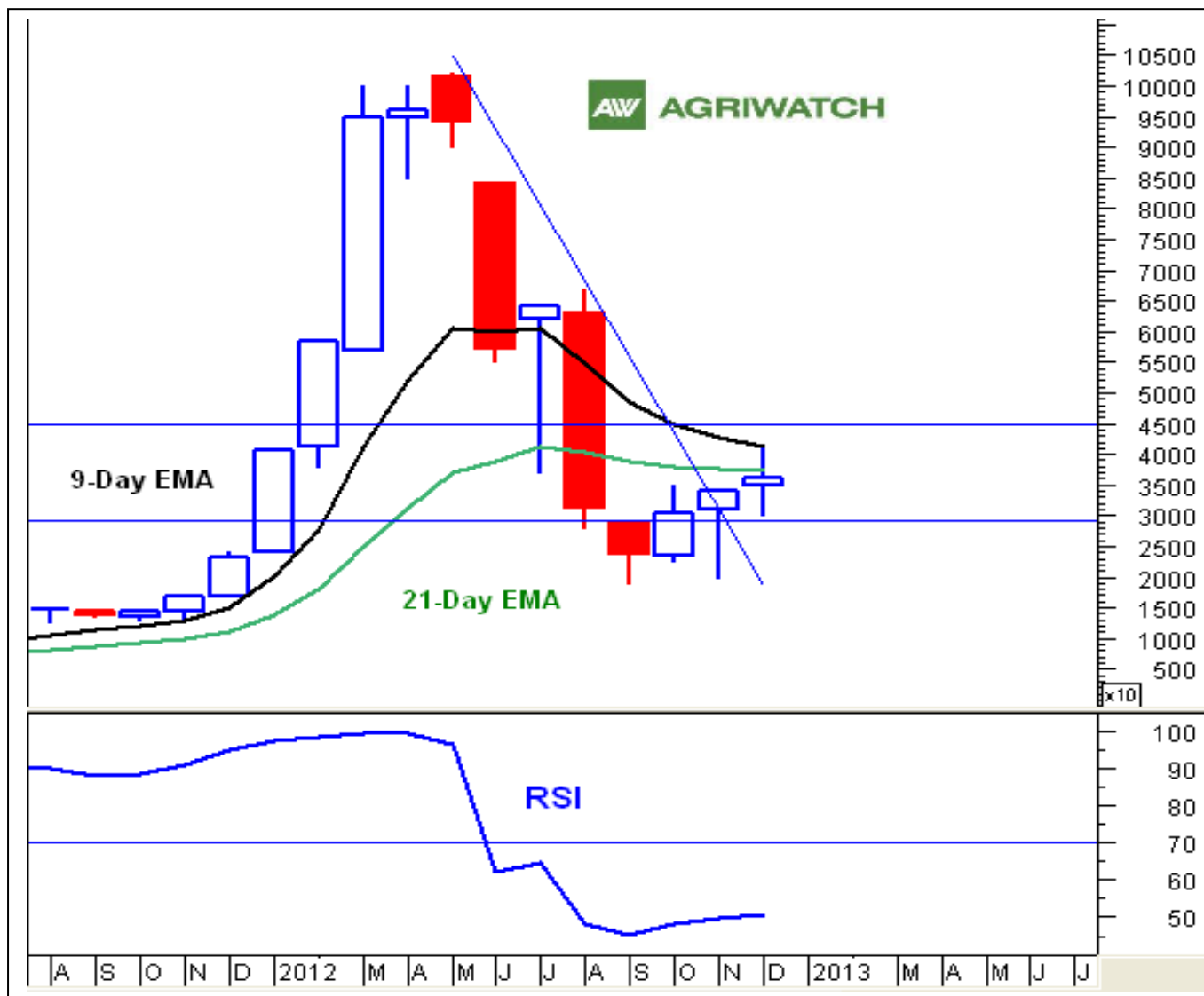


| | | | |
|-----------------------------------|--------|--------|---------|
| Hanumangarh | 10420 | 5100 | 5320 |
| Sri-Ganganagar | 41500 | 30400 | 11100 |
| Adampur | 31200 | 22400 | 8800 |
| Sirsa | 7875 | 5130 | 2745 |
| Bhiwani | 12550 | 23650 | -11100 |
| Deesa | 14833 | 30400 | -15567 |
| Nagaur | 1080 | 385 | 695 |
| Dhabwali | 9200 | 3800 | 5400 |
| All India (Includes above mandis) | 234308 | 341680 | -107372 |

Spot Market Monthly Price Trend of Guar seed at Jodhpur

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

Prices continued firm tone during the month and moved towards Rs.15000/Qtl levels. For the decline in prices from Rs.33000/Qtl till Rs.7000/Qtl levels, prices are likely to notice 38.2% retracement towards Rs.16700/Qtl levels. Prices are likely to move towards these levels in the medium –term. MACD is in the positive territory supporting the positive tone in the market. RSI is increasing in the neutral region supporting firmness in the near – term. 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 consider buying around Rs.12000/Qtl levels for their medium –term requirement.

Prices are likely to continue the positive tone towards Rs.17000/Qtl levels.

Spot Market Monthly Price Trend of Guar Gum at Jodhpur

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

Guar gum prices noticed positive tone in accordance with guar seed prices during the month. Continuation of buying interest lent support to prices. Prices are holding above the down trend line in the monthly chart. Holding of prices above Rs.30000/Qtl levels will denote continuation of positive tone in the market. Prices are holding between 9 –Day and 21 –Day EMA supporting sideways trading in the coming days. Stochastic oscillator is increasing in the neutral region supporting firm tone in the near –term. Prices will find support around Rs.30000/Qtl levels. The next support is at Rs.25000/Qtl levels respectively. On the upside there is resistance at Rs.42000/Qtl levels and Rs.50000/Qtl levels respectively. Traders can purchase on any weakness towards Rs.30000/Qtl levels for their medium –term requirement.

Prices are likely to move towards Rs.48000/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 with some weakness in between. 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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