

Highlights of the Month:

- Guar seed and guar gum prices noticed weak tone during the month except slight firmness in Nagaur market.
- Arrivals have picked up in various mandis, thereby adding to the weak tone of the market.
- Farmers are bringing produce to the market to meet their marriage requirement.
- Mills are not performing to their full capacity amid lack of good export demand.
- Prices are likely to trend towards Rs.10000/Qtl levels in the coming days.
- According to trade sources, some export demand is expected in the second week of February.

Current Market Dynamics:

Guar seed and guar gum prices noticed weak tone during the month after the recent recovery. Prices traded in a narrow range and closed lower during the month. Increase in arrivals and lack of export demand is adding to the weak tone of the market.

Arrivals are picking up in various mandis and farmers are currently bringing produce to the market to meet marriage requirement. Prices did not touch Rs.15000/Qtl as anticipated by the farmers earlier and they are slowly bringing their produce to the market. Average arrivals in the country are reported to be around 1 lakh bags and are higher compared to previous month. Some of the mills remain closed amid lack of good demand in the overseas markets. Arrivals are picking up in various mandis of Rajasthan along with Andhra Pradesh and Gujarat. According to trade sources, farmers in Haryana are not interested in bringing their produce to the market around current levels.

According to trade sources, export demand is expected in the market once price of guar gum declines. In the overseas markets, oil and gas companies have stocked up guar gum at higher prices and are looking for cheaper alternatives. Cheaper alternatives to guar gum are mostly being used in food, oil and gas industry.

Lower export demand during the season will weigh on prices in the medium –term. Baker Hughes, oil field services major in the US is likely to witness lower revenue growth in the fourth quarter amid higher input cost of guar gum. According to trade sources, good export demand is expected with prices of guar gum easing towards Rs.25000/Qtl levels.

Export and Import Scenario

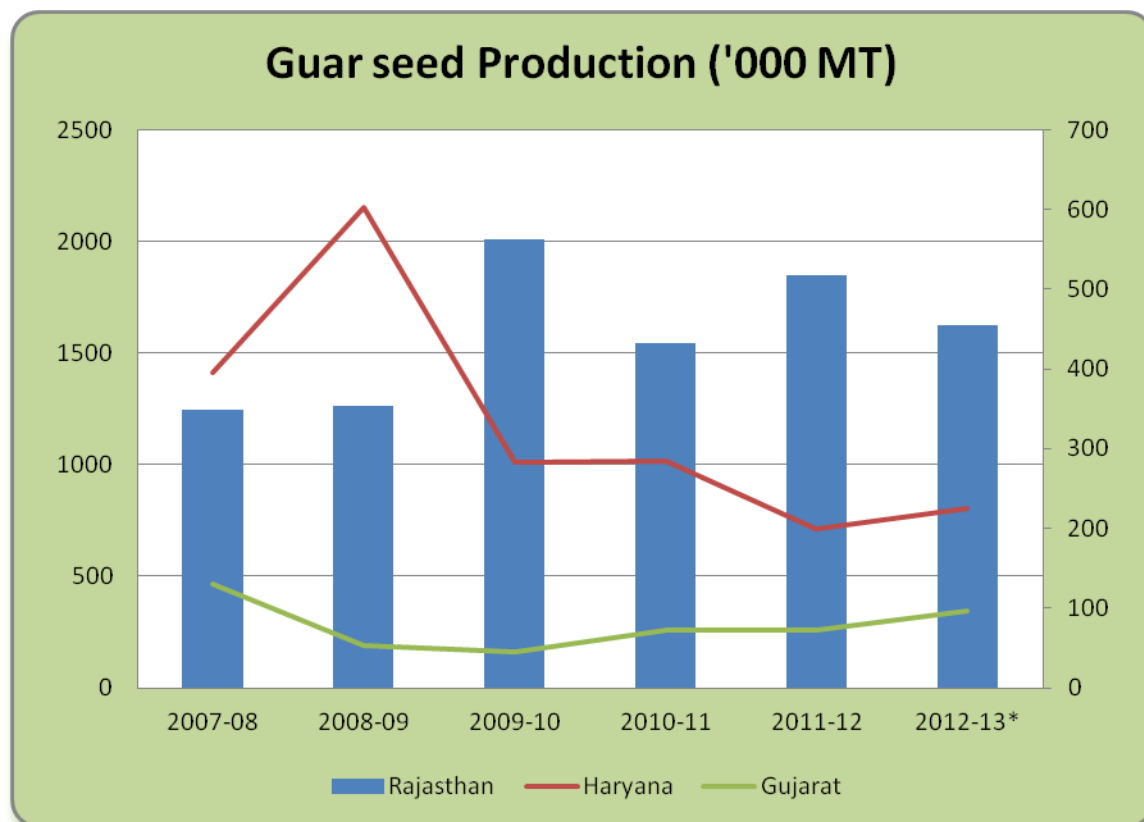
As per sources, both Gum and Powder demand is likely to be sluggish during the season as many oil companies in the overseas markets have stocked up guar gum and cheaper alternatives are available in the market. As per APEDA, Guar gum exports increased to 7.07 lakh tonnes during 2011 -2012 against 4.41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

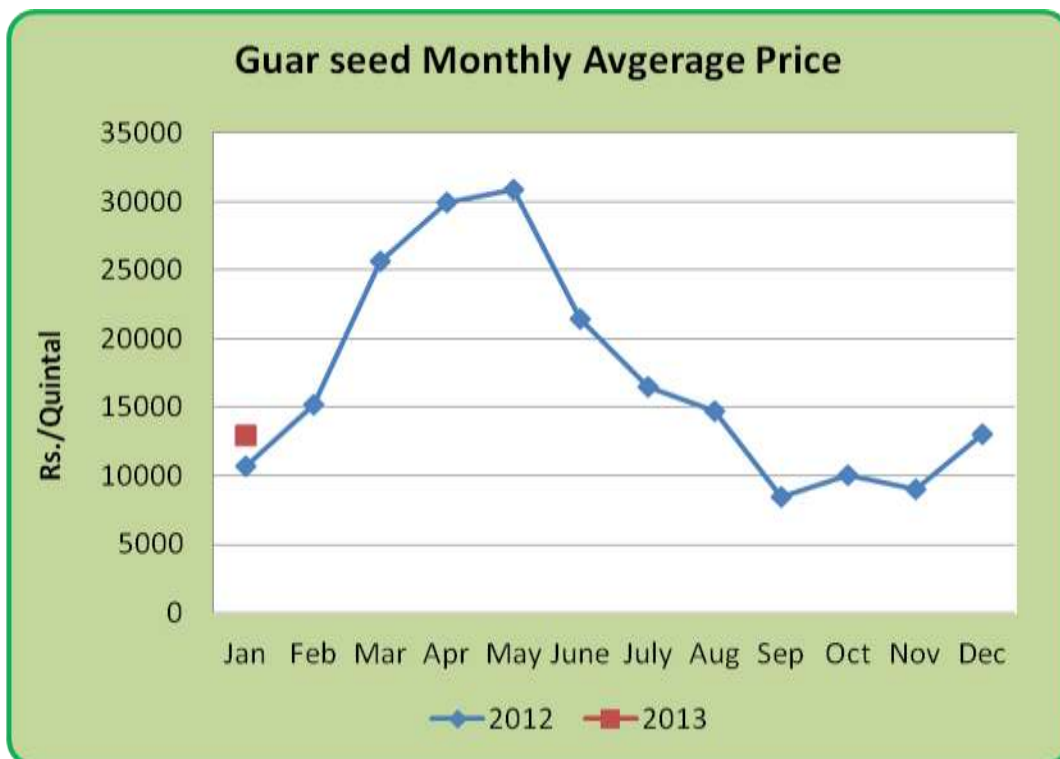
In the current season, onset of south –west monsoon was delayed in the growing regions. Lack of rains in certain growing regions during the month of October has affected the crop. Based on rainfall during June –September, there could be around 30 -40% crop damage in parts of Rajasthan, Haryana and Gujarat.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



***Agriwatch Estimates**

Price Scenario

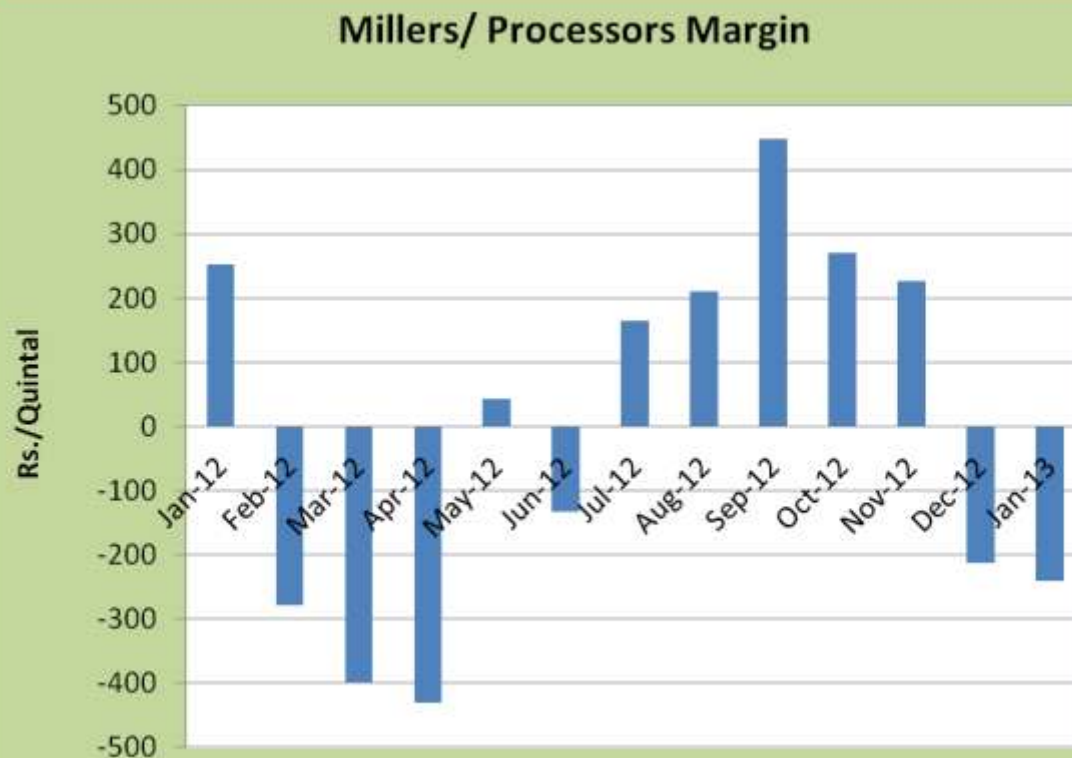
Guar seed prices declined and guar gum prices increased slightly month-on-month basis in Jodhpur market. Prices traded in a narrow range during the month. The average monthly price of guar seed declined by 0.9% to Rs.12936/Qtl and that of guar gum increased by 0.1% to Rs.36896/Qtl in comparison with the month of December. Increase in arrivals in mandis are weighing on 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 January compared to December. Margin declined amid sideways to bearish tone in guar gum prices. The average crush margin in the month of January stood at - Rs.240.08/Quintal compared to average crush margin of - Rs.212.27/Quintal in the month of December. Guar seed prices have declined following increasing arrivals in various mandis. Margin is expected to decline amid expected decline in the price of guar gum.

Prices of Guar gum Split, Powder and Meal

Commodity	Variety	31 st January, 2013	31 st December, 2012	Change
Guargum Split		6700	6300	400
Guargum Powder	200 Mesh 5000 CPS	7400	7100	300
	200 Mesh 3500 CPS	7200	6800	400
Guargum Meal		360	385	-25
Prices in \$/MT and FOB Mundra Port				

Prices of Churi and Korma

Commodity	31 st January, 2013	31 st December, 2012	Change
Churi	1150	1600	-450
Korma	1250	1850	-600
Prices in Rs/75kg			

Guar Prices at Key Spot Markets

Commodity	Centre	Prices (Rs/Qtl)		Change
		31-01-13	31-12-12	
Guar Seed	Jodhpur *	12000	12500	-500
	Jodhpur	11500	12000	-500
	Bikaner *	11400	11700	-300
	Nokha	11000	12430	-1430
	Hanumangarh	10800	12300	-1500
	Sri-Ganganagar *	11400	12500	-1100
	Adampur	11300	12200	-900
	Sirsa	11300	12000	-700
	Bhiwani*	11300	12500	-1200
	Deesa	11400	12075	-675
	Nagaur	11100	11000	100
	Dhabwali	11200	12400	-1200
Guar Gum	Jodhpur	35000	36000	-1000
	Bhiwani	35200	35400	-200
	Dhabwali	35000	36000	-1000

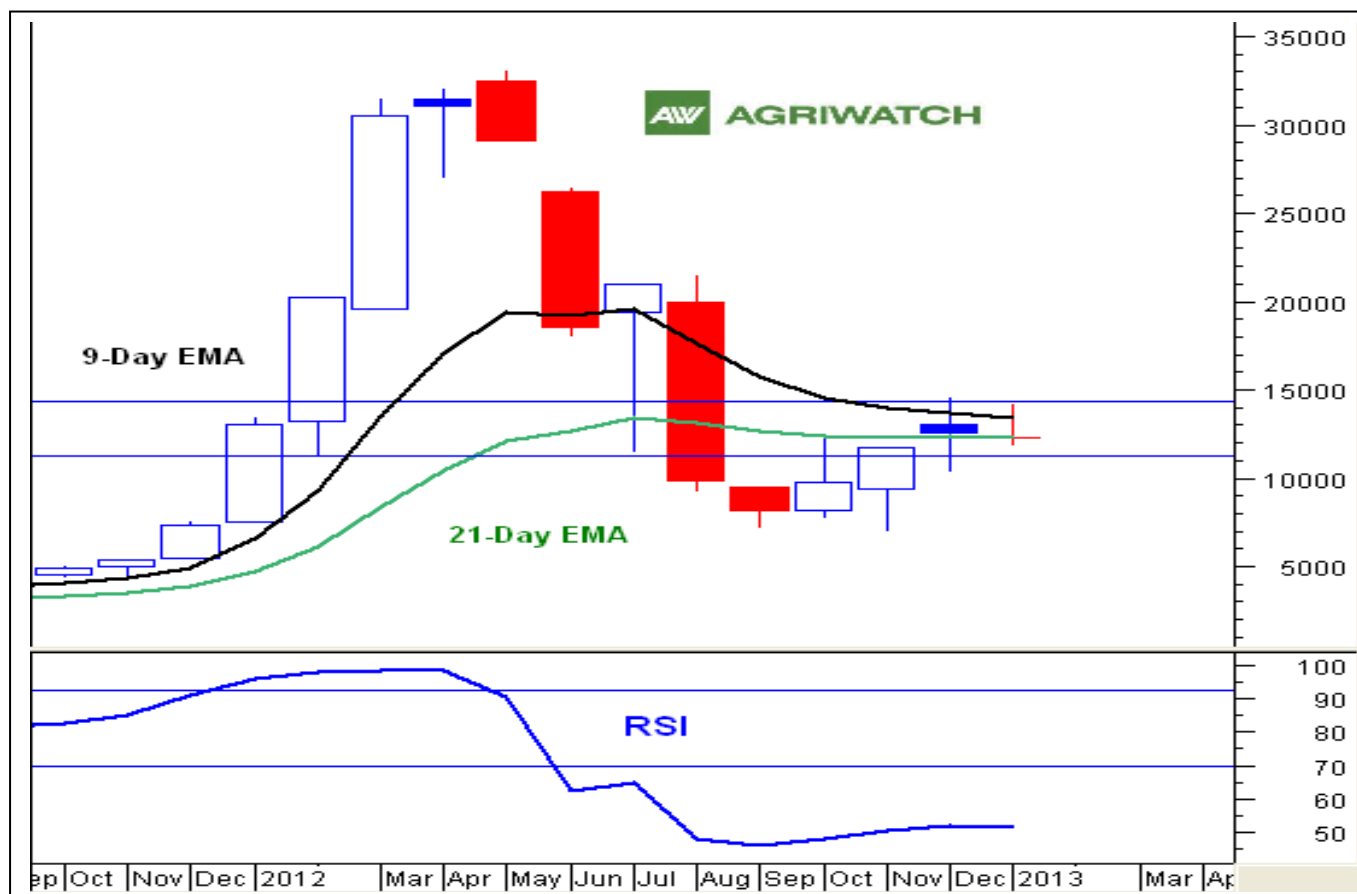
*Delivery Price

Guar Cumulative Arrivals in Key Centers

Centre	Arrivals (Quintals)		Change
	Total Month Ending 31-01-2013	Total Month Ending 31-12-2012	
Jodhpur	291000	85500	205500
Bikaner	25200	16500	8700
Nokha	2670	3650	-980

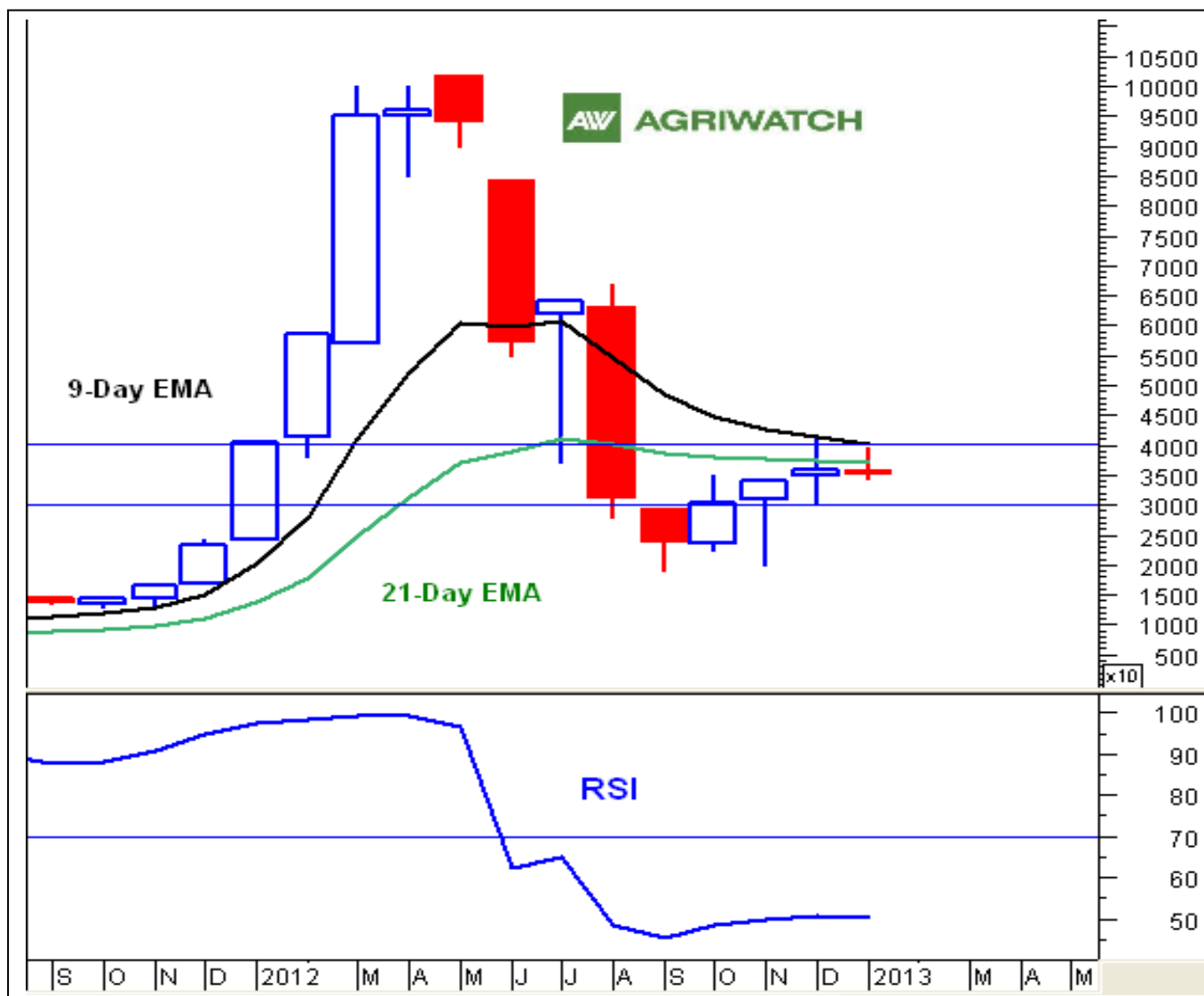


Hanumangarh	19550	10420	9130
Sri-Ganganagar	72000	41500	30500
Adampur	59100	31200	27900
Sirsa	2150	7875	-5725
Bhiwani	23550	12550	11000
Deesa	11205	14833	-3628
Nagaur	950	1080	-130
Dhabwali	17475	9200	8275
All India (Includes above mandis)	524850	234308	290542

Spot Market Monthly Price Trend of Guar seed at Jodhpur

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

Prices traded in a narrow range and closed lower during the month. During the last few weeks, prices are range – bound between Rs.11000/Qtl –Rs.14000/Qtl levels. Prices are likely to continue the recent weak tone towards Rs.10000/Qtl levels. Stochastic oscillator is increasing in the neutral region supporting recovery in the near –term. Any recovery should be considered as good selling opportunity. Prices are holding below 9 –Day and 21 –Day EMA supporting bearish tone 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.15000/Qtl levels and Rs.17500/Qtl levels respectively. Traders can consider buying around Rs.10000/Qtl levels for their medium –term requirement.

Prices are likely to continue the weak tone towards Rs.10000/Qtl levels.

Spot Market Monthly Price Trend of Guar Gum at Jodhpur

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

Guar gum prices moved in accordance with guar seed prices. Prices are range –bound between Rs.34000/Qtl – Rs.40000/Qtl levels during the last few weeks. Break out on either side will give further direction to the market. Prices are likely to notice weak tone towards Rs.30000/Qtl levels in the coming days. MACD is in the negative territory supporting the overall weak tone of the market. RSI is declining in the neutral region supporting weak tone in the near –term. Prices will find support around Rs.30000/Qtl levels. The next support is at Rs.25000/Qtl levels. On the upside there is resistance at Rs.40000/Qtl and Rs.45000/Qtl levels respectively. Traders are advised to wait for better buying levels in the medium –term.

Prices are likely to move towards Rs.30000/Qtl levels in the medium –term.

Spot Market Outlook:

Both Guar seed and Guar gum prices are expected to continue weak tone in the near –term with some recovery 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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