

Highlights of the Month:

- Guar seed and guar gum prices noticed weak tone during the month market.
- Increase in arrivals led the prices down in various key spot markets.
- Small farmers who needs capital requirement bring their produce in the market.
- In addition to it, declining prices spread panic among farmers to sell their stock in the open market.
- However, still there are ample guar seed stock left with farmers which they are likely to sell at higher prices.
- Mills are not performing to their full capacity amid lack of good export demand.
- Prices are currently moving in a range between Rs 10000-11000 in the later half of the month.
- According to trade sources, some export demand is expected in the later half of March.
- The USA, the major buyer for guar gum, is not buying aggressively at this point of time as it has ample stock of gum to take care of its near months needs. In addition to it, US have slowed down drilling activities and there is no urgency to buy gum in bulk quantity. Fresh Chinese and US buying is expected from April Onward.

Current Market Dynamics:

Guar seed and guar gum prices noticed weak tone during the month due to increase in arrivals. Prices traded in a range and closed lower during the month. Higher arrivals and less than expected 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. Cumulative arrivals in the country are reported to be around 1.5 lakh bags and are slightly lower compared to previous month. Arrivals are picking up in various mandis of Rajasthan along with Andhra Pradesh, Haryana and Gujarat.

Reportedly, Out of total 3.25 lac bags of guar production, farmers are still holding around 2 lac bags of guar in Khajuwala (Bikaner district).

Some big millers are trying to urge farmers to release their stocks in this month. However, demand from exporters is increasing M-o-M basis as reported which might led the prices up couple of weeks time.

However, there is slight increase in export demand from US and China indicated by M-o-M increase in guar export from India. According to trade sources, demand is likely to increase after March.

Export and Import Scenario

Presently, export demand from US and China remained consistent but not going to increase by huge volume as US has already huge stocks in Houston as reported.

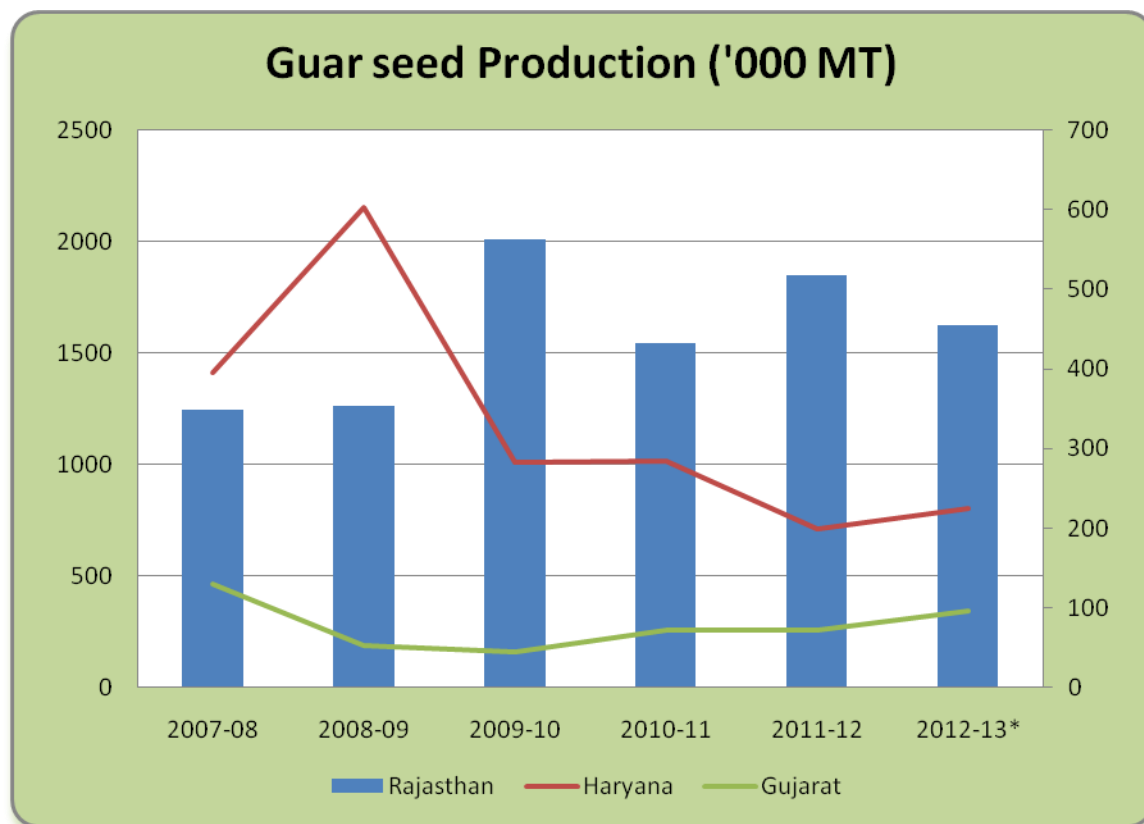
However, as far as monthly exports are concerned, In the month of February 2013, exports of guar gum (split, powder and meal) were reported to be 38819.67 metric tons which is higher compared to 28949 metric tonnes exported in January 2013, according to IBIS.

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.

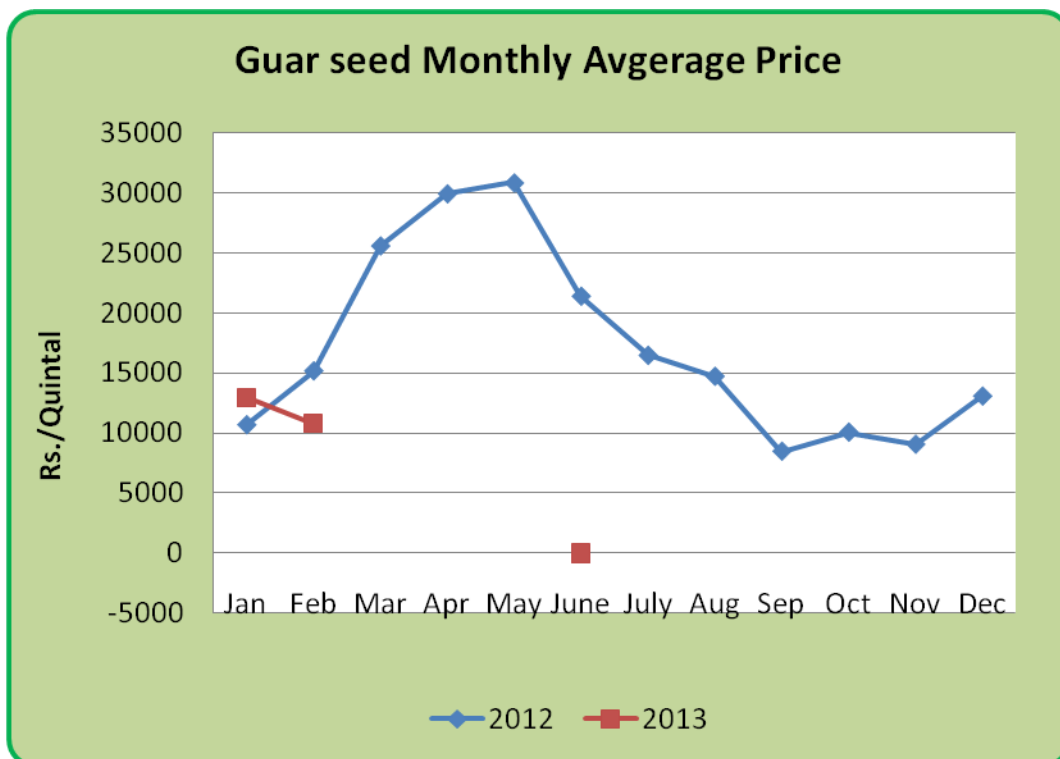
In the current season, onset of south –west monsoon was delayed in the growing regions. Lack of rains in certain growing regions during the month of October has affected the crop. Based on rainfall during June –September, there could be around 30 -40% crop damage in parts of Rajasthan, Haryana and Gujarat.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



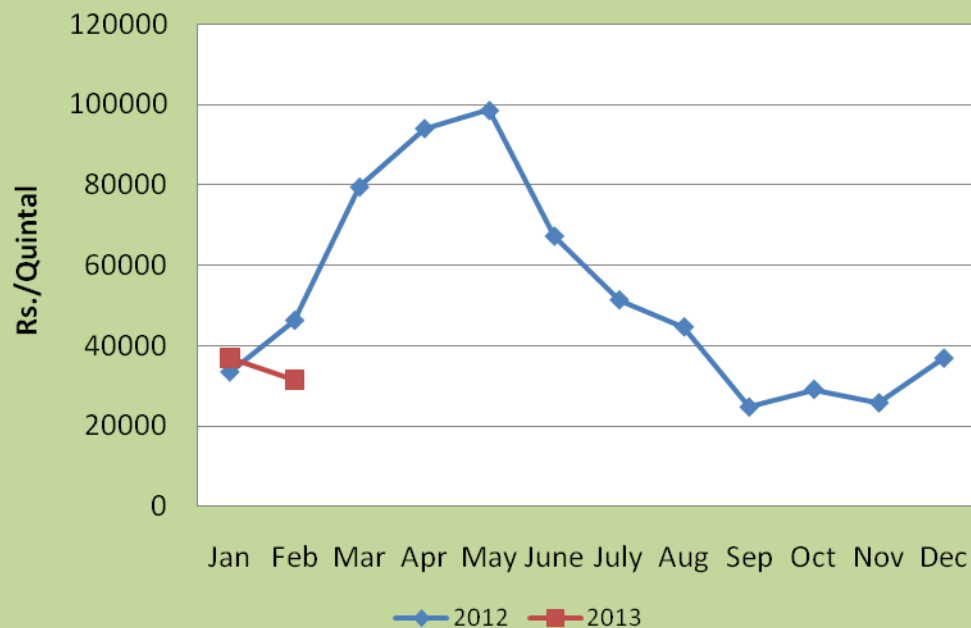
***Agriwatch Estimates**

Price Scenario

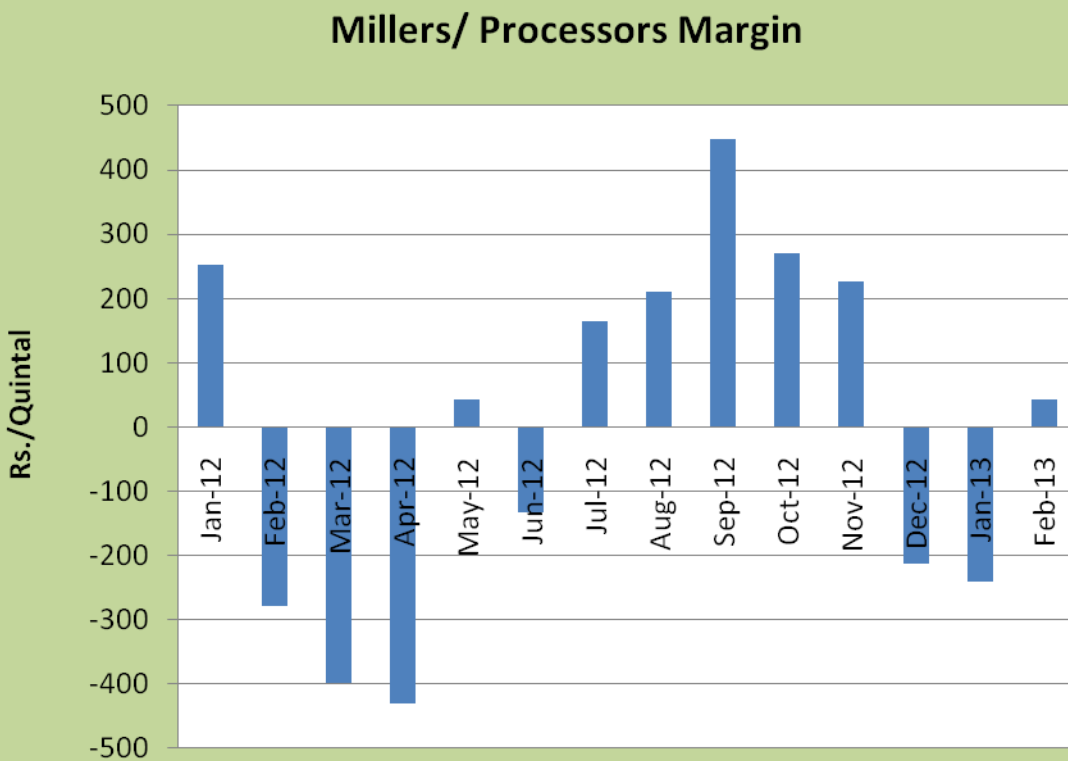
Guar seed prices declined and guar gum prices increased slightly month-on-month basis in Jodhpur market. Prices traded in a narrow range during the month. The average monthly price of guar seed declined by 17% to Rs.10791/Qtl and that of guar gum decreased by 15% to Rs.36896/Qtl in comparison with the month of January. 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 improved in the month of February compared to January. Margin increase amid sideways to bearish tone in guar seed prices. The average crush margin in the month of February stood at Rs. 43.32/Quintal compared to average crush margin of - Rs.240.08/Quintal in the month of January. Guar seed prices have declined following increasing arrivals in various mandis. Margin is expected to increase amid expected decline in the price of guar gum.

Prices of Guar gum Split, Powder and Meal

Commodity	Variety	28 th February, 2013	31 st January, 2013	Change
Guargum Split		5893	6700	-807
Guargum Powder	200 Mesh 5000 CPS	6630	7400	-770
	200 Mesh 3500 CPS	6446	7200	-754
Guargum Meal		380	360	20
Prices in \$/MT and FOB Mundra Port				

Prices of Churi and Korma

Commodity	28 th February, 2013	31 st January, 2013	Change
Churi	1325	1150	175
Korma	1650	1250	400
Prices in Rs/75kg			

Guar Prices at Key Spot Markets

Commodity	Centre	Prices (Rs/Qtl)		Change
		28-02-13	31-01-13	
Guar Seed	Jodhpur *	10500	12000	-1500
	Jodhpur	10000	11500	-1500
	Bikaner *	10300	11400	-1100
	Nokha	10000	11000	-1000
	Hanumangarh	9900	10800	-900
	Sri-Ganganagar *	10200	11400	-1200
	Adampur	10200	11300	-1100
	Sirsa	10500	11300	-800
	Bhiwani*	10000	11300	-1300
	Deesa	10055	11400	-1345
	Nagaur	10100	11100	-1000
	Dhabwali	10000	11200	-1200
Guar Gum	Jodhpur	30000	35000	-5000
	Bhiwani	30300	35200	-4900
	Dhabwali	29000	35000	-6000

*Delivery Price

Guar Cumulative Arrivals in Key Centers

Centre	Arrivals (Quintals)		Change
	Total Month Ending 28-02-2013	Total Month Ending 31-01-2013	
Jodhpur	413000	291000	122000
Bikaner	22950	25200	-2250
Nokha	8625	2670	5955



Hanumangarh	7540	19550	-12010
Sri-Ganganagar	32450	72000	-39550
Adampur	68000	59100	8900
Sirsa	1630	2150	-520
Bhiwani	15900	23550	-7650
Deesa	4561	11205	-6644
Nagaur	1405	950	455
Dhabwali	7650	17475	-9825
All India (Includes above mandis)	583711	524850	58861

Spot Market Monthly Price Trend of Guar seed at Jodhpur

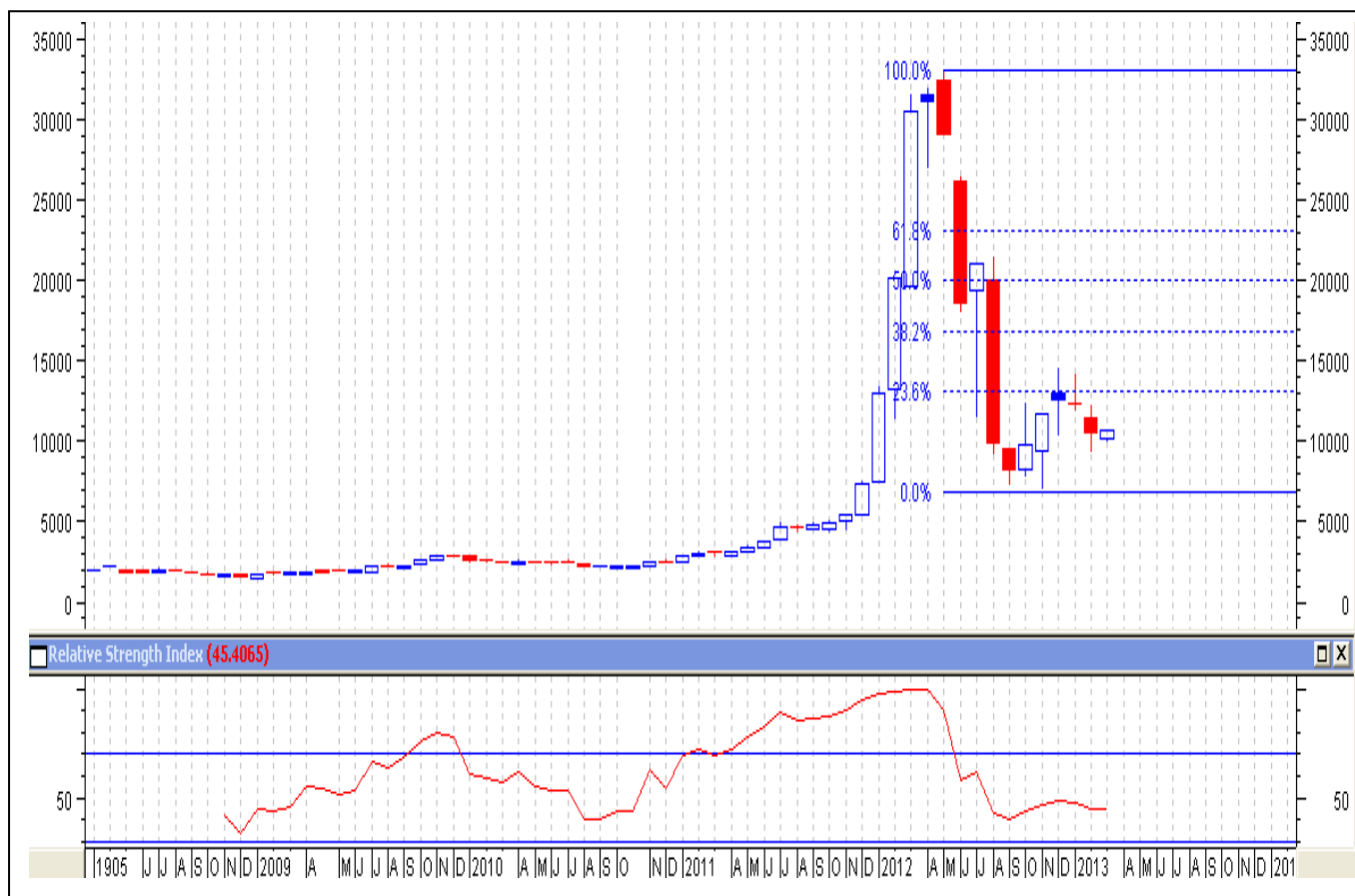


Fig-1 – Guar Seed Monthly Spot Prices (Jodhpur)

Guar seed prices are moving in a range as chart depicts. Prices are moving in a range between Rs 7000 to Rs 12500, breach of the levels either side would give the prices a new direction. Also RSI is hovering at neutral region. We advice farmers to sell their stock if they got anything near to Rs 11500-12000.

Prices are likely to continue to trade in the range in the coming month.

Spot Market Monthly Price Trend of Guar Gum at Jodhpur

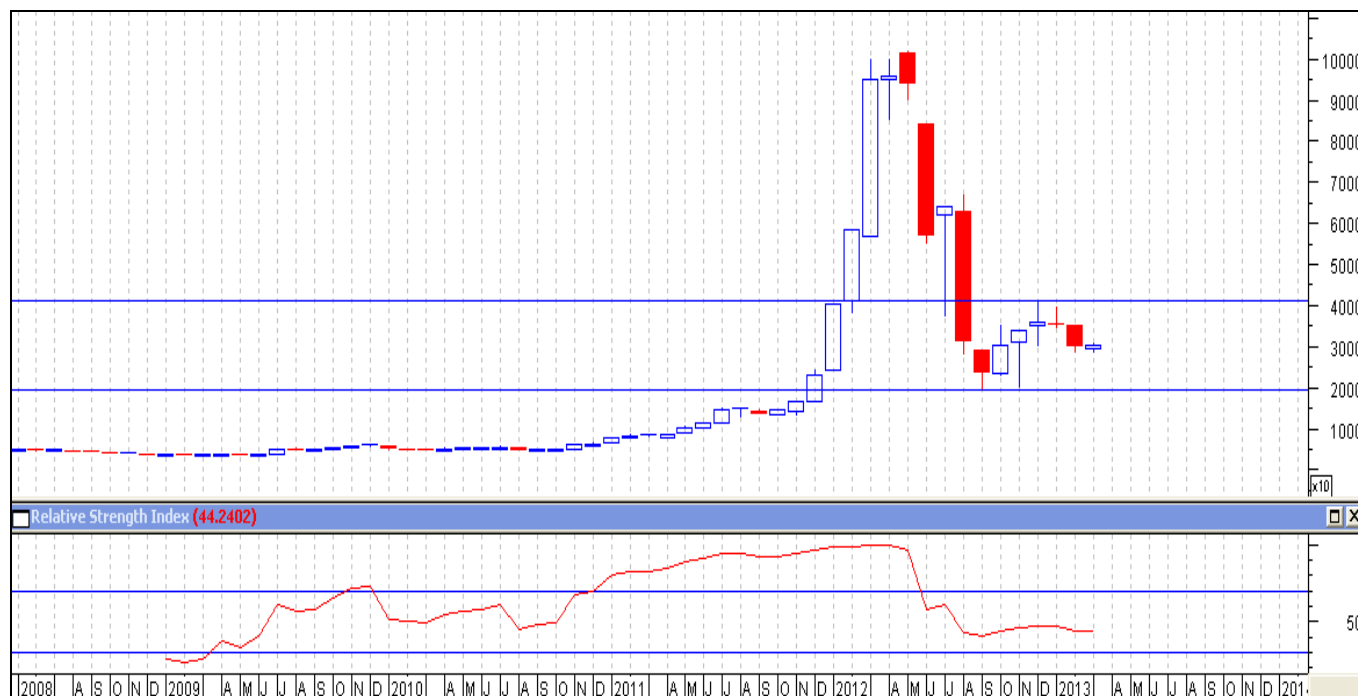


Fig-2 – Guar Gum Monthly Spot Prices (Jodhpur)

Guar gum prices moved in accordance with guar seed prices. Prices are range –bound between Rs.28000/Qtl – Rs.35000/Qtl levels during the last few weeks. Break out on either side will give further direction to the market. Prices are likely to notice steady tone towards in the coming days.. RSI is declining in the neutral region supporting weak tone in the near –term. Prices will find support around Rs.28000/Qtl levels. The next support is at Rs.25000/Qtl levels. On the upside there is resistance at Rs.35000/Qtl and Rs.40000/Qtl levels respectively. Traders are advised to wait for better buying levels in the medium –term.

Prices are likely to move towards Rs.35000/Qtl levels in the medium –term.

Spot Market Outlook:

Both Guar seed and Guar gum prices are expected to continue at steady to 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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