

Highlights of the Month:

- Guar prices improved during the month ended 31st March 2013. However, arrivals are likely to increase in the markets which would dampen the guar prices in the coming month as expected.
- Farmers in Khajuwala (Bikaner) holding around 1.4 lac bags of guar seed with them as reported.
- Guar prices continuously moving higher in the key spot markets as rumors of re launch of guar contracts on NCDEX platform next month support the prices. Farmers are now holding their guar stocks with them in anticipation of higher prices of guar in the coming months. It is notable that on an average daily around 15000-20000 bags of guar arrived in the market which was around 60000 bags last month.
- Trade sources are expecting higher arrivals of raw materials in the coming days which might give some pressure on the prices.
- AP farmers haven't got expected yield from guar seed crop this year owing to heavy rainfall in the region. It is notable that farmers in AP get lured from guar prices last year and experiment guar crop first time in their respective fields.
- Guar sowing likely to start most probably in the first week of April in parts of Punjab, Haryana, Rajasthan and Gujarat. It is notable that farmers which have the facility of irrigation might sow guar in their vacant fields/plots considering lucrative prices of guar seed.

Current Market Dynamics:

Guar seed and guar gum prices noticed range bound movement with firm tone during the month due to lower arrivals. Prices traded in a range and closed higher during the month. Farmers are holding guar stocks presently. In addition to it, guar farmers are presently busy in their chana, mustard and wheat crop harvesting which is the major factor for decline in arrivals of guar in the mandis.

Cummulative arrivals in the country are reported to be around 1.6 lakh bags and are lower compared to previous month.

Meanwhile, small farmers which needs money urgently already brought their stocks in the guar mandis. Now only big stockists/farmers are holding guar seed stocks who anticipate increase in price of guar in the coming month.

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.

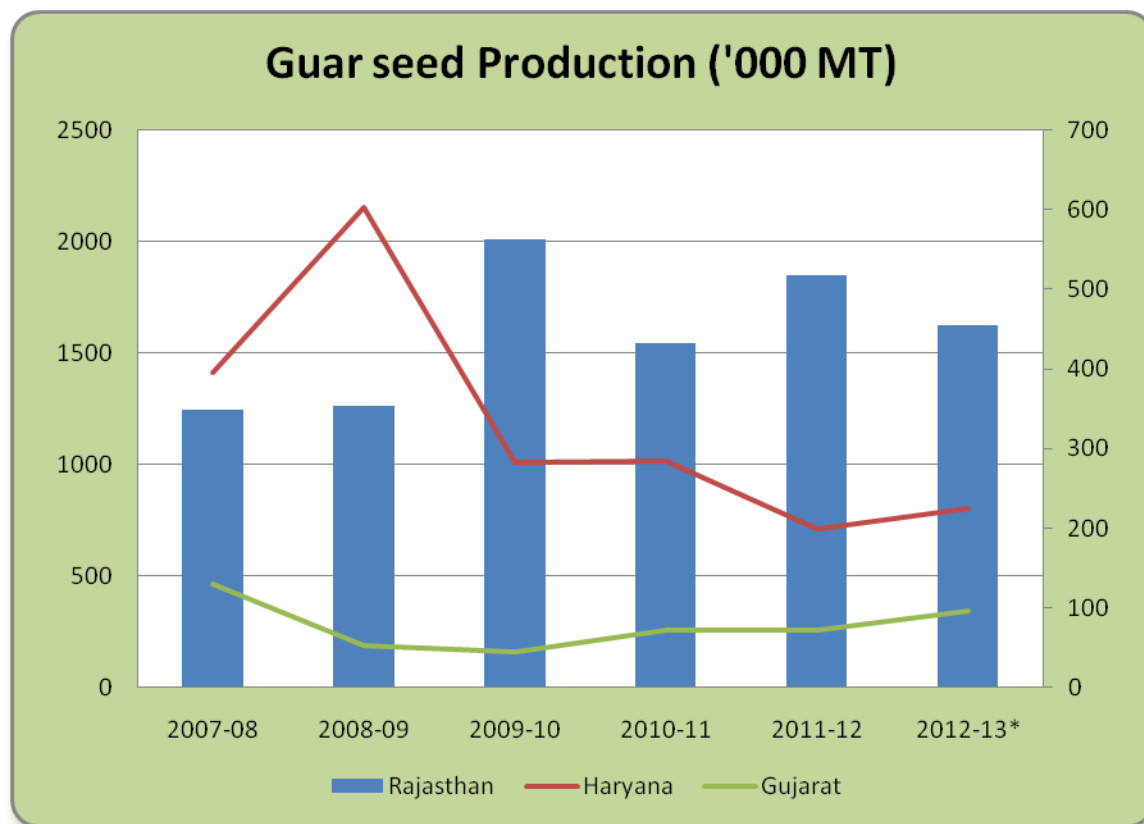
However, as far as monthly exports are concerned, In the month of February 2013, exports of guar gum (split, powder and meal) were reported to be 38819.67 metric tons which is higher compared to 28949 metric tonnes exported in January 2013, according to IBIS.

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.

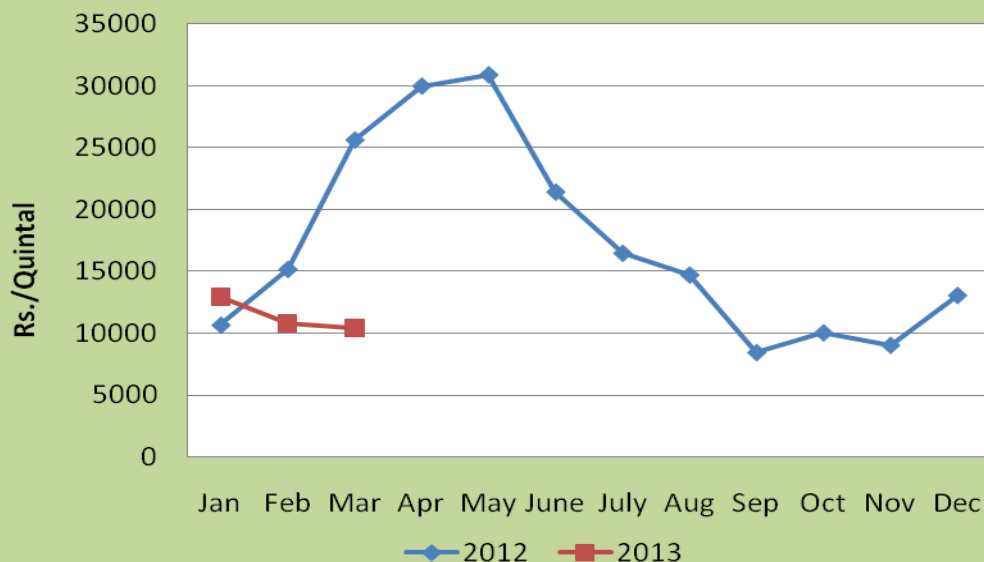


***Agriwatch Estimates**

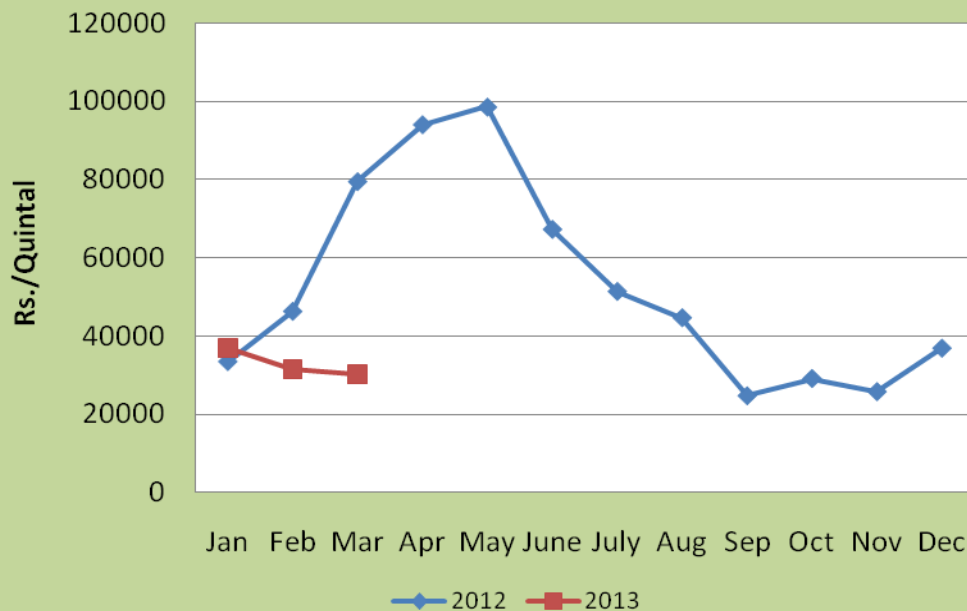
Price Scenario

Monthly average Guar seed and gum prices declined 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 3.5% to Rs.10408/Qtl and that of guar gum decreased by 4% to Rs.30222/Qtl in comparison with the month of February.. The graph below illustrates the monthly average price movement of guar seed and guar gum in Jodhpur market.

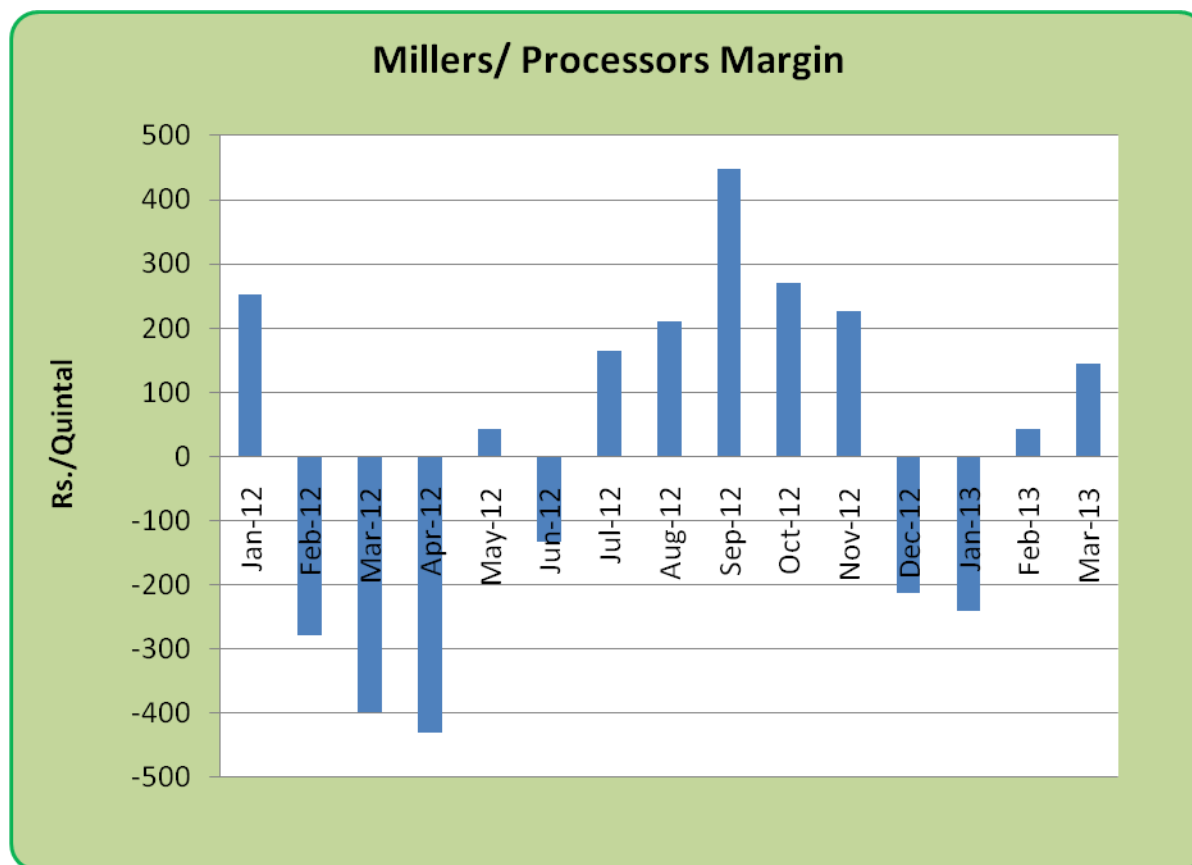
Guar seed Monthly Average Price



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 March compared to February. Margin increase amid increase in Churi and Korma prices. The average crush margin in the month of March stood at Rs.143.97 /Quintal compared to average crush margin of Rs. 43.32/Quintal in the month of February. Margin is expected to increase amid expected decline in the price of guar seed prices compared to guar gum.

Prices of Guar gum Split, Powder and Meal

Commodity	Variety	30 th March, 2013	28 th February, 2013	Change
Guargum Split		5701	5893	-192
Guargum Powder	200 Mesh 5000 CPS	6436	6630	-194
	200 Mesh 3500 CPS	6252	6446	-194
Guargum Meal		320	380	-60
Prices in \$/MT and FOB Mundra Port				

Prices of Churi and Korma

Commodity	30 th March, 2013	28 th February, 2013	Change
Churi	1225	1325	-100
Korma	1750	1650	+100
Prices in Rs/75kg			

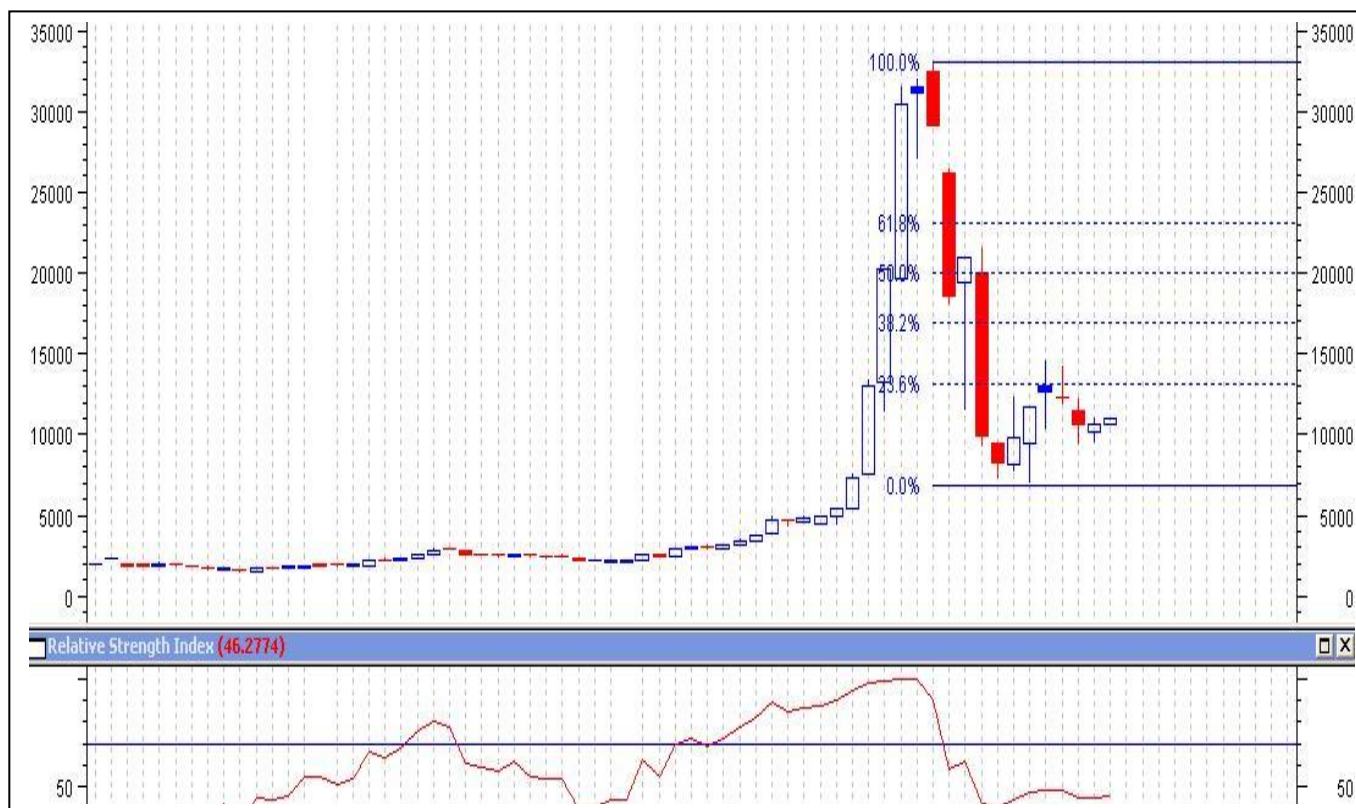
Guar Prices at Key Spot Markets

Commodity	Centre	Prices (Rs/Qtl)		Change
		30-03-13	28-02-13	
Guar Seeds	Jodhpur(Delivery)	10600	10500	100
	Jodhpur (Loose)	10150	10000	150
	Sri-Ganganagar (Delivery)	10800	10200	600
	Nagaur (Loose)	9700	10100	-400
	Adampur (Loose)	10350	10200	150
	Sirsa (Loose)	10500	10500	Unch
	Bhiwani (Delivery)	10500	10000	500
	Deesa (Loose)	9750	10055	-305
	Nokha(Loose)	10000	10000	Unch
	Hanumangarh (Loose)	10375	9900	475
	Dhabwali (Loose)	10400	10000	400
	Bikaner (Delivery)	10150	10300	-150
Guar Gum	Jodhpur	31400	30000	1400
	Bhiwani	31500	30300	1200
	Dhabwali	32000	29000	3000

*Delivery Price

**Guar Cumulative Arrivals in Key Centers**

Centre	Arrivals (Quintals)		Change
	30-03-13	28-02-13	
Jodhpur	240500	413000	-172500
Sri-Ganganagar	52900	32450	20450
Nagaur	860	1405	-545
Adampur	115500	68000	47500
Sirsa	2715	1630	1085
Bhiwani	44000	15900	28100
Deesa	4546	4561	-15
Nokha	24200	8625	15575
Hanumangarh	19950	7540	12410
Dhabwali	31350	7650	23700
Bikaner	18600	22950	-4350
All india Arrival	1053400	1532000	-478600
Total Arrival	1608521	2115711	-507190

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 weak tone in the near –term.

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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