

**Highlights of the Month:**

- Guar prices improved during the month ended 30<sup>th</sup> April 2013. However, arrivals are likely to increase in the markets which would dampen the guar prices in the coming month as expected.
- However, overall sentiments remained weak as higher stock already left with farmers and no decision by FMC over re-listing of guar contracts on NCDEX platform dampens the possibility of hike in guar prices. In addition to it, fresh crop of guar start arriving in parts of Saurashtra region also depress the prices of guar in the coming days.
- Meanwhile, demand of gas drilling is not so encouraging in US as reported which might resist the ongoing guar demand from overseas.
- Meanwhile, demand of gas drilling is not so encouraging in US as reported which might resist the ongoing guar demand from overseas.
- Farmers are taken aback with this recent decline in guar prices. However, they are not in a mood to release guar stocks in the markets at lower rates. Meanwhile, if guar contract not listed in NCDEX platform then prices would again tumble. In addition to it, weak demand, higher expectation of summer guar crop and expected guar sowing start in the coming months might led the prices downwards.

**Current Market Dynamics:**

Guar seed and guar gum prices noticed range bound movement with weak tone during the month due to higher arrivals in Jodhpur mandi.

Cummulative arrivals in the Jodhpur mandi during April month are reported to be around 326500 bags that is around 80000 bags higher compared to previous month.

As far as cumulative arrivals of guar seed in whole country, around 1391000 bags of guar seed has been arrived in the markets in April month which is around 350000 bags higher compared to prior 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.

As far as monthly exports are concerned, In the month of March 2013, exports of guar gum (split, powder and meal) were reported to be 47345 metric tons which is higher compared to 38819.67 metric tonnes exported in February 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.

### Demand Side of Guar and Guar Gum:

It is notable that guar prices are falling owing to weak domestic demand. Higher crop expectations of Summer crop led the prices downwards.

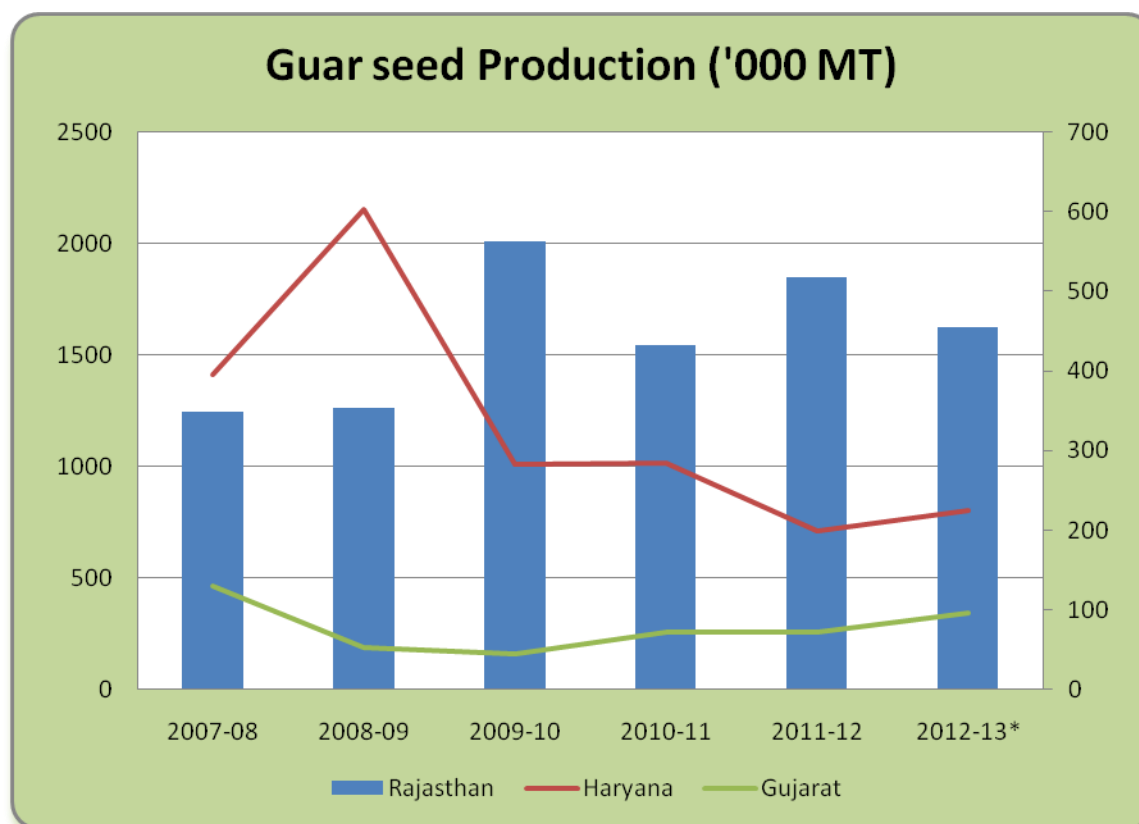
As far as exports are concerned, around 30% of the total guar production has been exported towards China and US. It is notable that US Houston are offering FOB at \$7500 per ton as reported.

Monthly Guar Exports (2012-13)	Quantity in Tons
April- Sept	319000
Oct	23000
Nov	15000
Dec	25000
Jan	28949
Feb	38819
March	47345

### 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 1<sup>st</sup> 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.

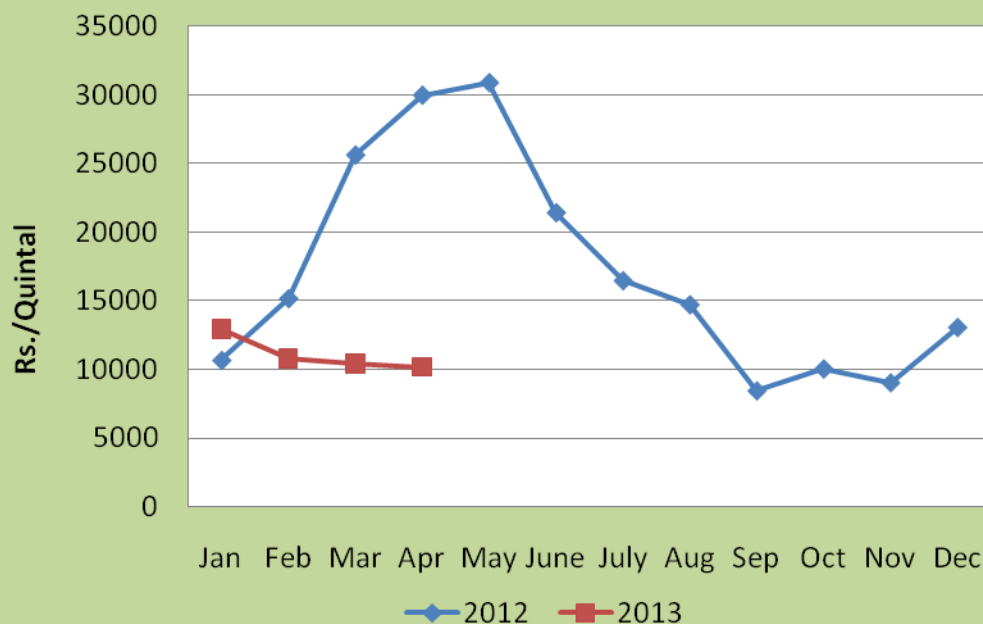


**\*Agriwatch Estimates**

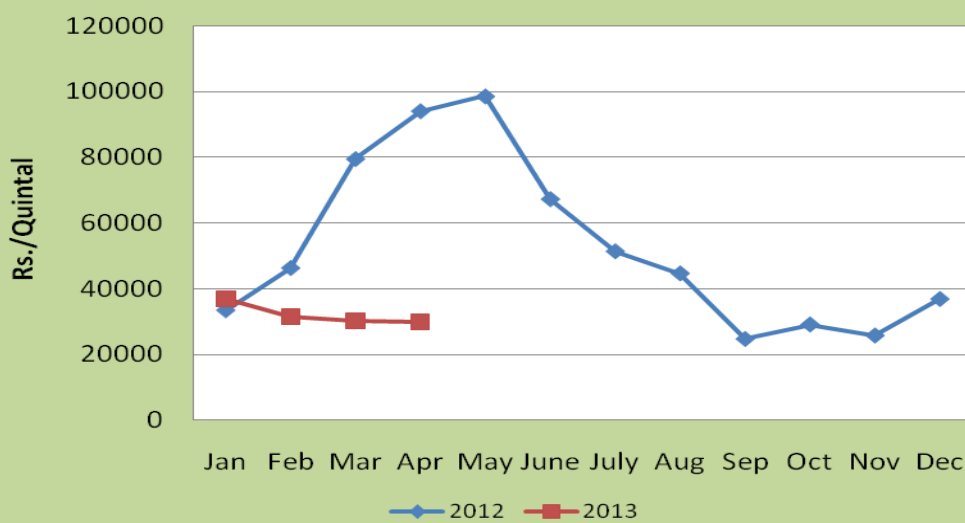
### Price Scenario

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 2.2% to Rs.10179/Qtl and that of guar gum decreased by 4% to Rs.29950/Qtl in comparison with the month of March. The graph below illustrates the monthly average price movement of guar seed and guar gum in Jodhpur market.

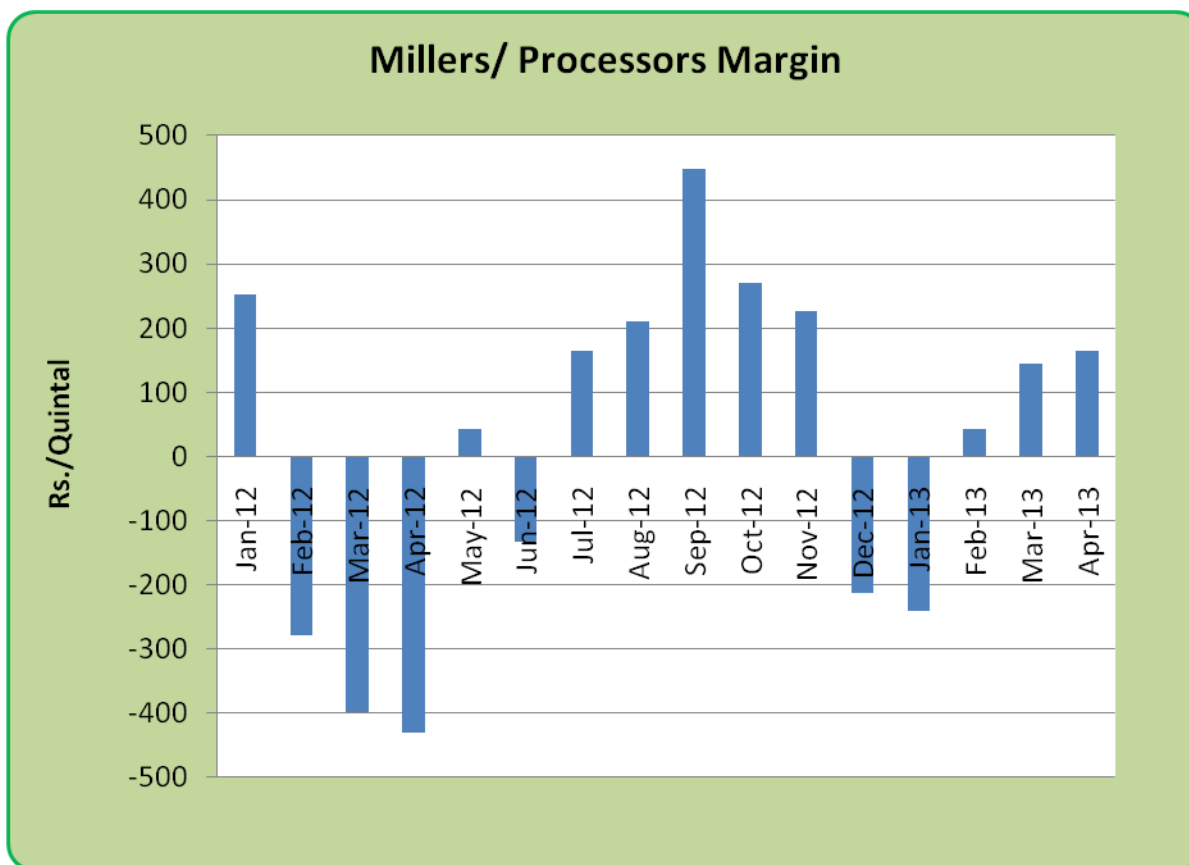
#### Guar seed Monthly Average Price



#### 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 April compared to March. Margin increase amid increase in Churi and Korma prices. The average crush margin in the month of April stood at Rs. 165.05 /Quintal compared to average crush margin of Rs. 143.97 /Quintal in the month of March. 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 <sup>th</sup> April, 2013	30 <sup>th</sup> March, 2013	Change
<b>Guargum Split</b>		4698	5701	<b>-1003</b>
<b>Guargum Powder</b>	200 Mesh 5000 CPS	5343	6436	<b>-1093</b>
	200 Mesh 3500 CPS	5159	6252	<b>-1093</b>
<b>Guargum Meal</b>		240	320	<b>-80</b>
<b>Prices in \$/MT and FOB Mundra Port</b>				

**Prices of Churi and Korma**

Commodity	30 <sup>th</sup> April, 2013	30 <sup>th</sup> March, 2013	Change
<b>Churi</b>	900	1225	<b>-325</b>
<b>Korma</b>	1475	1750	<b>-275</b>
<b>Prices in Rs/75kg</b>			

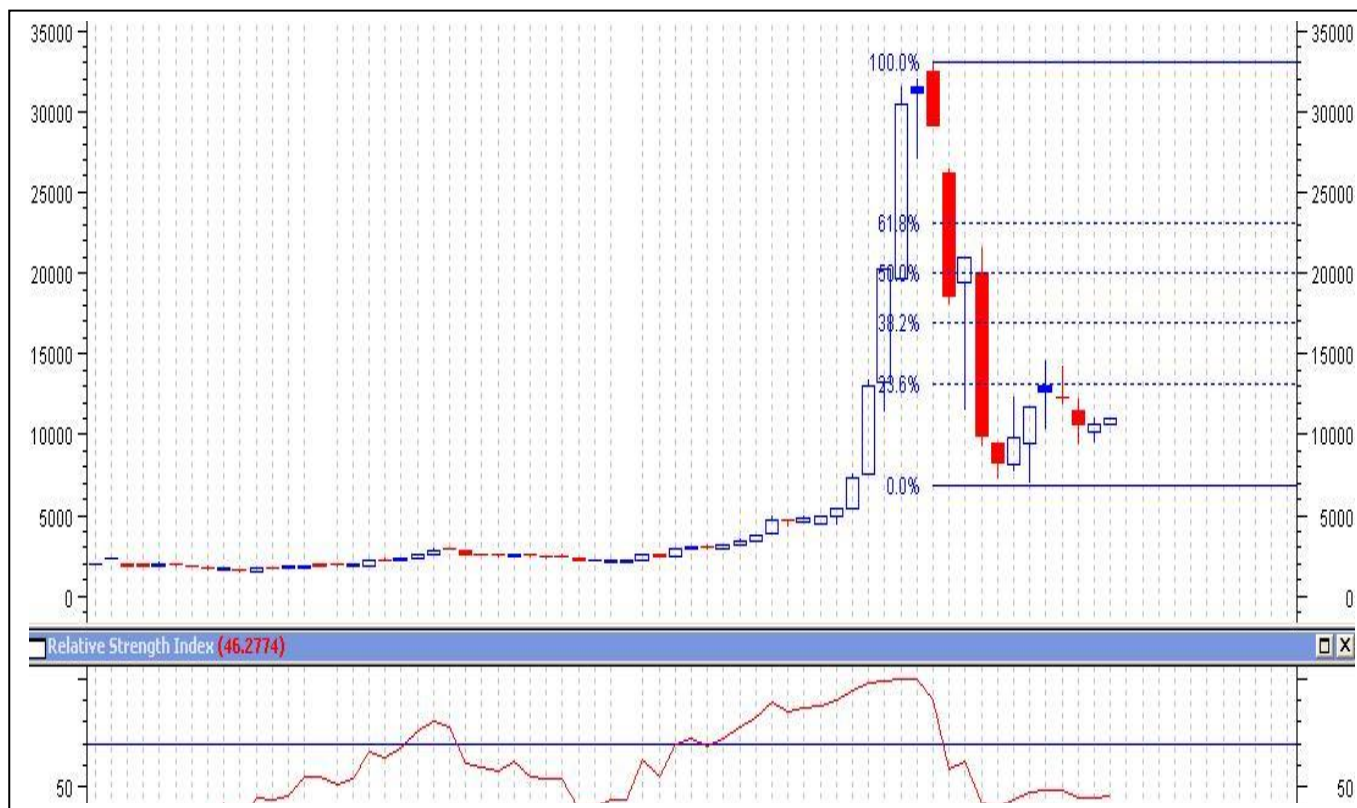
**Guar Prices at Key Spot Markets**

Commodity	Centre	Prices (Rs/Qtl)		Change
		30-04-13	30-03-13	
Guar Seeds	Jodhpur(Delivery)	8500	10600	<b>-2100</b>
	Jodhpur (Loose)	8150	10150	<b>-2000</b>
	Sri-Ganganagar (Delivery)	8100	10800	<b>-2700</b>
	Nagaur (Loose)	7800	9700	<b>-1900</b>
	Adampur (Loose)	8500	10350	<b>-1850</b>
	Sirsa (Loose)	7900	10500	<b>-2600</b>
	Bhiwani (Delivery)	7700	10500	<b>-2800</b>
	Deesa (Loose)	9500	9750	<b>-250</b>
	Nokha(Loose)	8000	10000	<b>-2000</b>
	Hanumangarh (Loose)	-	10375	-
	Dhabwali (Loose)	8200	10400	<b>-2200</b>
	Bikaner (Delivery)	8700	10150	<b>-1450</b>
Guar Gum	Jodhpur	27200	31400	<b>-4200</b>
	Bhiwani	25000	31500	<b>-6500</b>
	Dhabwali	26500	32000	<b>-5500</b>

\*Delivery Price

**Guar Cumulative Arrivals in Key Centers**

Centre	Arrivals (Quintals)		Change
	30-04-13	30-03-13	
Jodhpur	326500	240500	86000
Sri-Ganganagar	43050	52900	-9850
Nagaur	2370	860	1510
Adampur	53000	115500	-62500
Sirsa	2010	2715	-705
Bhiwani	21700	44000	-22300
Deesa	5242	4546	696
Nokha	8150	24200	-16050
Hanumangarh	19500	19950	-450
Dhabwali	25420	31350	-5930
Bikaner	31000	18600	12400
All india Arrival	1391000	1053400	337600
<b>Total Arrival</b>	<b>1928942</b>	<b>1608521</b>	<b>320421</b>

**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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