

Highlights of the Month:

- Guar prices continue to hover in a range during the month ended May 2013.
- Guar sowing likely to increase near to Bikaner and Ganga nagar districts as cotton sowing already delayed by 15 days and there are strong possibilities that farmers would shift towards guar in this region.
- Market participants expect prices to test Rs 6000 level in the coming weeks considering increasing supply and dull demand.
- In a major turn around, Guar seed as well as gum future contracts has been re- launched on all major future platforms by FMC from Tuesday onwards. Guar Gum (Symbol: GUARGUM) and Guar Seed (Symbol: GUARSEED) expiring in the months of June 2013, July 2013 and October 2013 would be available for trading from May 14, 2013 on NCDEX platform as reported.
- However, overall sentiments remained weak as higher stock already left with farmers. 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.
- Market is presently moving in a range overall. Monsoon would play crucial role in the upcoming guar sowing which also decide the future of the guar prices. Presently, IMD predicts normal monsoon this year, if it does then the sowing of guar would not be affected which would curb any hike in guar prices considering higher stock holding by farmers.

Current Market Dynamics:

Guar seed and guar gum prices noticed range bound movement with weak tone during the month owing to weak demand.

Cummulative arrivals in the Jodhpur mandi during April month are reported to be around 168000 bags that is around 158000 bags lower compared to previous month.

As far as cumulative arrivals of guar seed in whole country, around 736000 bags of guar seed has been arrived in the markets in May month which was around 1391000 bags arrivals in April month.

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:

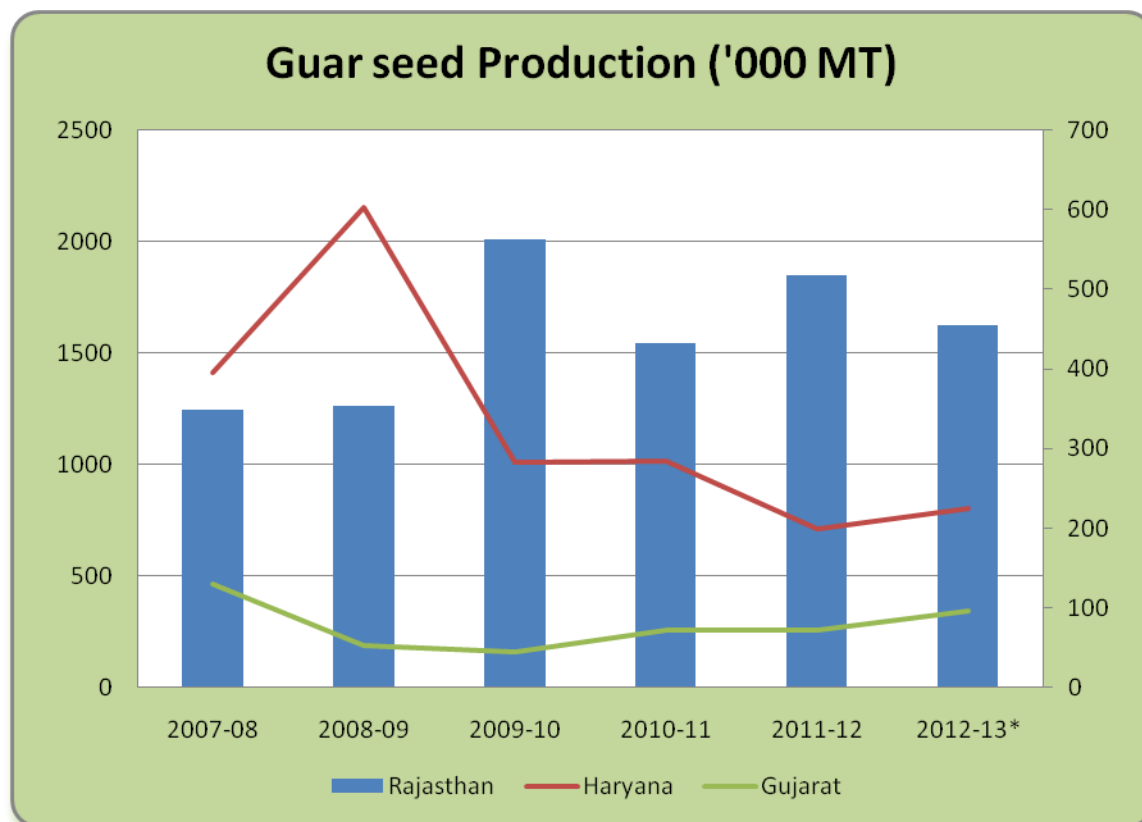
It is notable that guar prices are falling owing to weak domestic demand. Higher crop expectations of Summer crop led the prices downwards.

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

As per our initial survey conduct by Agriwatch, Guar sowing likely to increase near to Bikaner and Ganga nagar districts as cotton sowing already delayed by 15 days and there are strong possibilities that farmers would shift towards guar in this region.

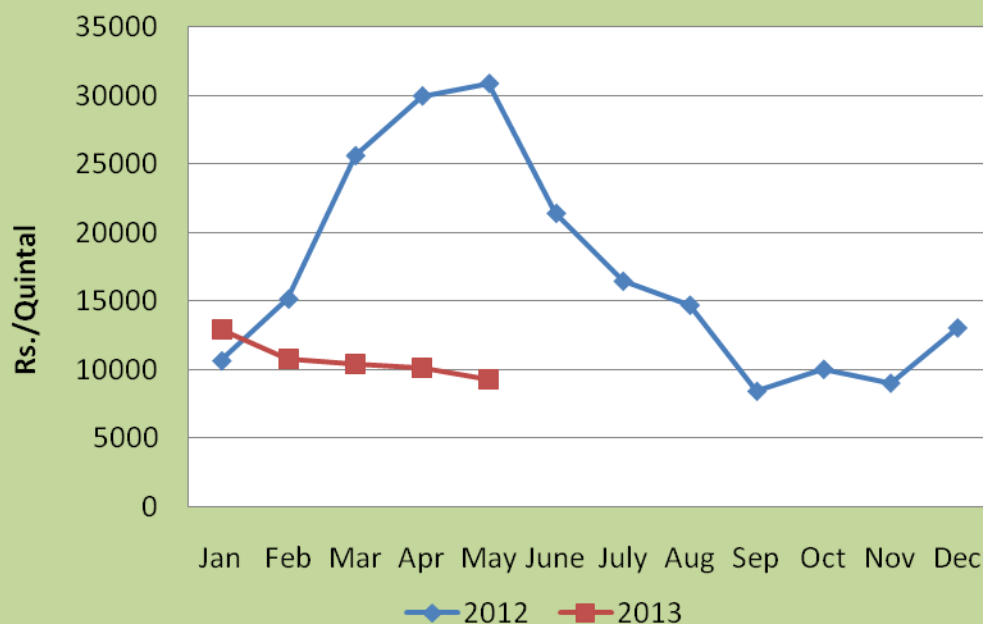


***Agriwatch Estimates**

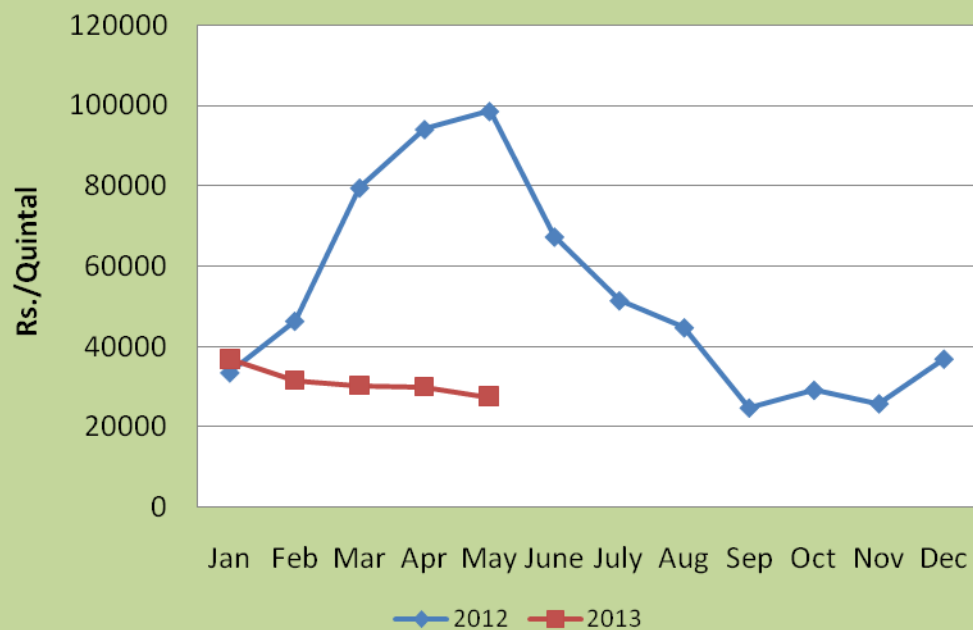
Price Scenario

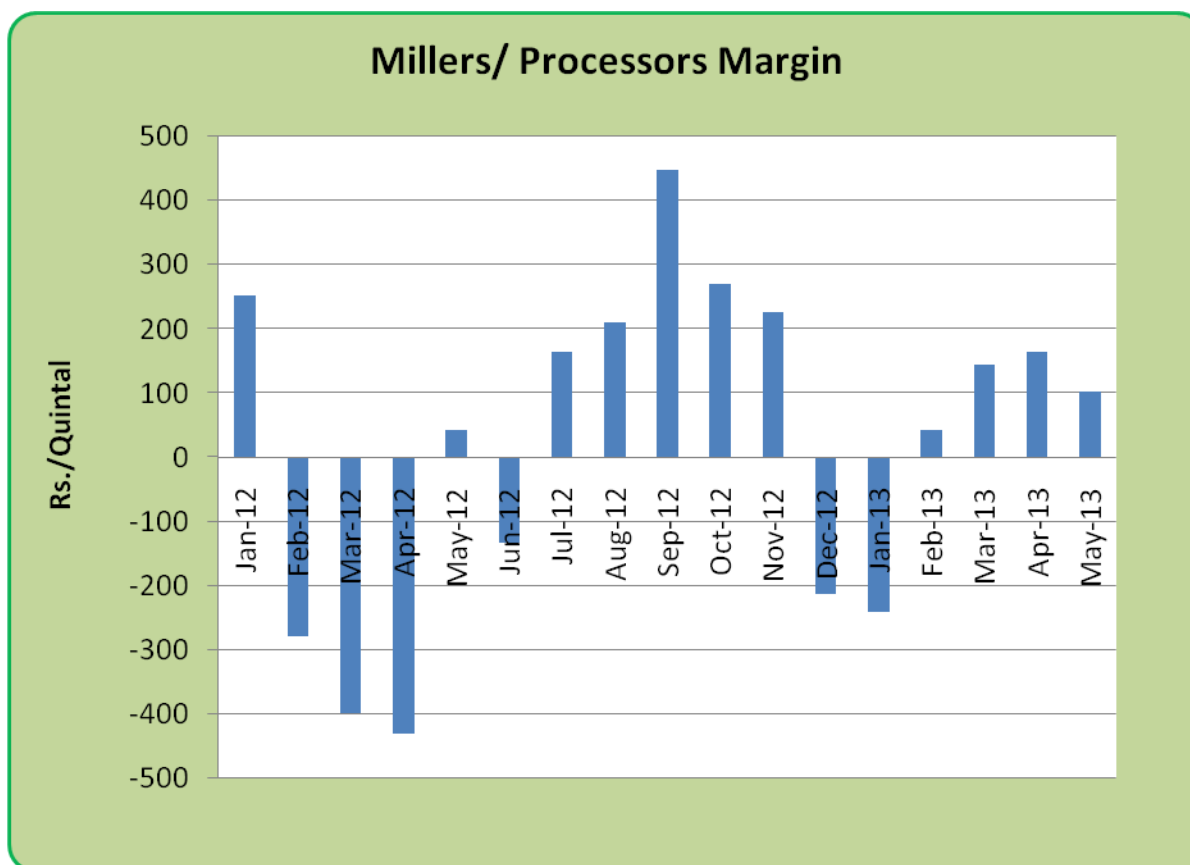
Monthly average Guar seed and gum prices declined month-on-month basis in Jodhpur market. Prices traded in a narrow range during the month. The average monthly price of guar seed declined by 8.5 % to Rs.9314/Qtl and that of guar gum decreased by 8% to Rs.27450/Qtl in comparison with the month of April. 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 declined in the month of May compared to April. Margin decrease amid decrease in Churi and Korma prices. The average crush margin in the month of April stood at Rs. 102.5 /Quintal compared to average crush margin of Rs. 165.05 /Quintal in the month of April. Margin is expected to decrease amid expected decline in the price of guar seed prices compared to guar gum.

Prices of Guar gum Split, Powder and Meal

Commodity	Variety	31 st May, 2013	30 th April, 2013	Change
Guargum Split		4603	4698	-95
Guargum Powder	200 Mesh 5000 CPS	5311	5343	-32
	200 Mesh 3500 CPS	5134	5159	-25
Guargum Meal		240	240	Unch
Prices in \$/MT and FOB Mundra Port				

Prices of Churi and Korma

Commodity		31 st May, 2013	30 th April, 2013	Change
Churi	Jodhpur	850	900	-50
Korma	Jodhpur	1400	1475	-75
Churi	Sri-Ganganagar	800	925	-125
Korma	Sri-Ganganagar	1350	1425	-75
Prices in Rs/75kg				

Guar Prices at Key Spot Markets

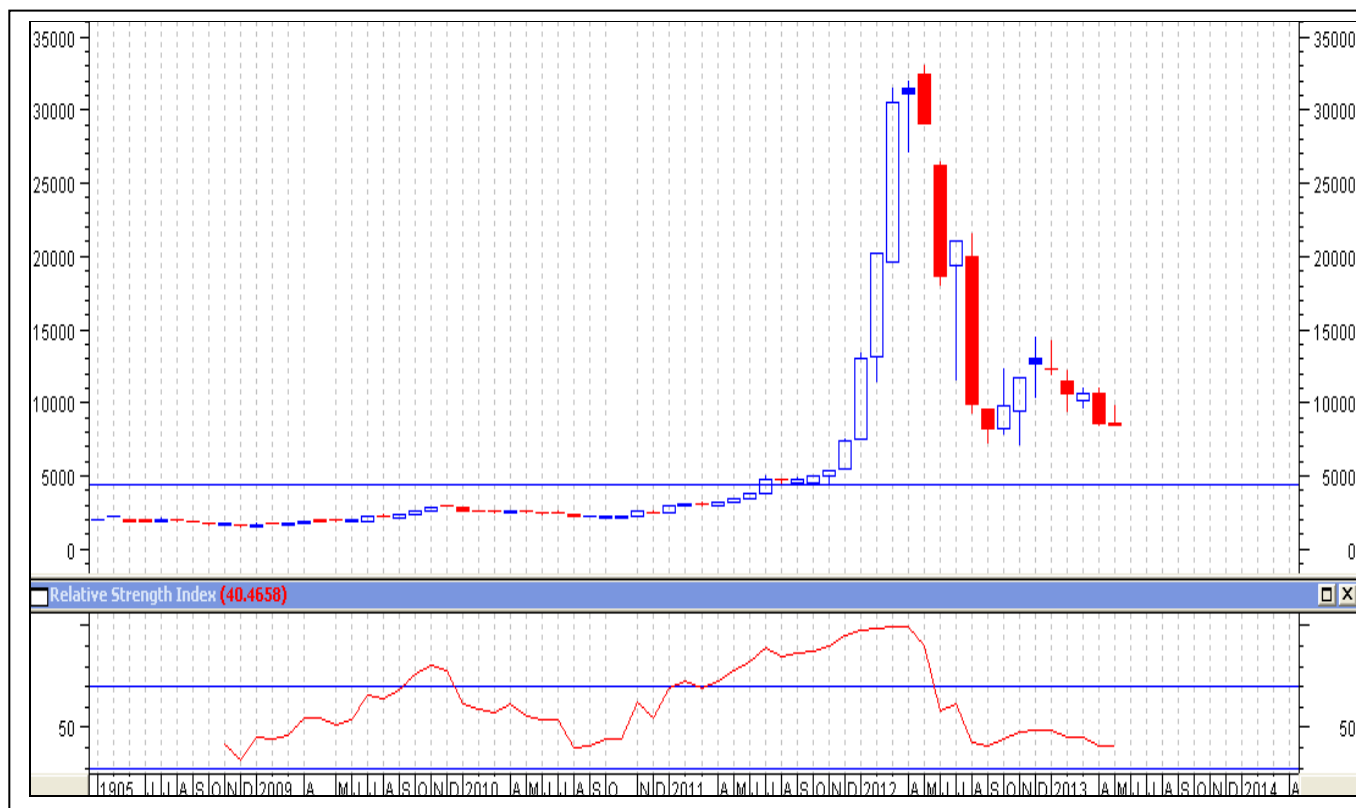
Commodity	Centre	Prices (Rs/Qtl)		Change
		31-05-13	30-04-13	
Guar Seeds	Jodhpur(Delivery)	8400	8500	-100
	Jodhpur (Loose)	8100	8150	-50
	Sri-Ganganagar (Delivery)	8300	8100	200
	Sri-Ganganagar(Loose)	8100	7700	400
	Alwar (loose)	7800	7500	300
	Churu (Delivery)	8300	8000	300
	Nagaur (Loose)	7800	7800	Unch
	Adampur (Loose)	8400	8500	-100
	Sirsa (Loose)	8300	7900	400
	Bhiwani (Delivery)	8400	7700	700
	Patan (Loose)	7965	7880	85
	Deesa (Loose)	7875	9500	-1625
	Rajkot (Loose)	7505	8005	-500
	Nokha (Delivery)	8200	8290	-90
	Nokha(Loose)	8000	8000	Unch
	Hanumangarh (Delivery)	8450	-	-
	Hanumangarh (Loose)	8100	-	-
	Dhabwali (Loose)	8100	8200	-100

	Dhabwali (Delivery)	8600	-	-
	Bikaner (Delivery)	8400	8700	-300
	Bikaner (Loose)	8100	8400	-300
	Khajuwala Bikaner(Delivery)	8700	8770	-70
	Khajuwala Bikaner (Loose)	8200	8450	-250
	Dabra	8500	8300	200
Guar Gum	Jodhpur	25000	27200	-2200
	Sirsa	24000	26000	-2000
	Alwar	25000	25000	Unch
	Bhiwani	26000	25000	1000
	Dhabwali	25000	26500	-1500

*Delivery Price

Guar Cumulative Arrivals in Key Centers

Centre	Arrivals (Quintals)		Change
	31-05-13	30-04-13	
Jodhpur	168000	326500	-158500
Sri-Ganganagar	18700	43050	-24350
Alwar	6150	5250	900
Churu	8100	8250	-150
Nagaur	2215	2370	-155
Adampur	55700	53000	2700
Sirsa	3650	2010	1640
Bhiwani	21700	21700	Unch
Patan	1044	870	174
Deesa	4276	5242	-966
Rajkot	60950	16411	44539
Nokha	3150	8150	-5000
Hanumangarh	300	19500	-19200
Dhabwali	3725	25420	-21695
Bikaner	10850	31000	-20150
Khajuwala Bikaner	5710	25050	-19340
Dabra	4675	5850	-1175
Total Arrival	378895	599623	-220728

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. However, last candlestick depicts prices not sustained at higher levels and likely to come down in the coming month and test its next support level i.e. Rs 7000 and then Rs 5000 per quintal.

Prices are likely to test Rs 7000 level 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 declined last month as chart depicts. Prices break crucial level and likely to test its next support level i.e. Rs 19000 per quintal. Last candlestick depicts bearishness which also support the statement.

Prices are likely to move towards Rs.19000/Qtl levels in the medium –term.

Spot Market Outlook:

Despite of lower arrivals, prices of guar seed declined during the month. Huge selloff of guarseed in Guar future contracts led the prices decline. In addition to it, increasing guar sowing prediction for the coming season also led the prices downwards in the coming month as expected.

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