

**Highlights of the Month:**

- Guar seed and gum prices crashed last month owing to lower domestic demand and higher sowing estimates of guar for the next coming guar crop.
- Southwest Monsoon likely to hit Haryana and parts of Rajasthan in the coming week as reported. It is notable that farmers have started guar sowing in their respective fields and if rain occurs next week then it would increase the guar sowing in rest of regions.
- Market sources are now predicted the guar prices would test Rs 5000 level in the coming time.
- Guar from Haryana is the next guar crop which would hit the market after 3 months which is just after the end of guar arrivals from Gujarat. 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 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 due to higher arrivals in Jodhpur mandi.

Cummulative arrivals in the Jodhpur mandi during June month are reported to be around 119500 bags that is around 48000 bags lower compared to previous month.

As far as cumulative arrivals of guar seed in whole country, around 641000 bags of guar seed has been arrived in the markets in June month which was around 736000 bags arrived in May 2013.

### 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 June 2013, exports of guar gum (split, powder and meal) were reported to be 50820 metric tons which is lower compared to 56387 metric tonnes exported in May 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
April	49461
May	56387
June	50820

### Crop Estimates

Guar sowing has started in key guar producing regions like Rajasthan and Haryana. Sowing likely to increase in these states compared to prior year as per initial survey done 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.

## Crop Holding by Farmers:

Guar holding has been increased by farmers this year in anticipation of higher prices. Last year prices found lucrative among farmers which led them to increase guar holding in states mainly Rajasthan and Gujarat.

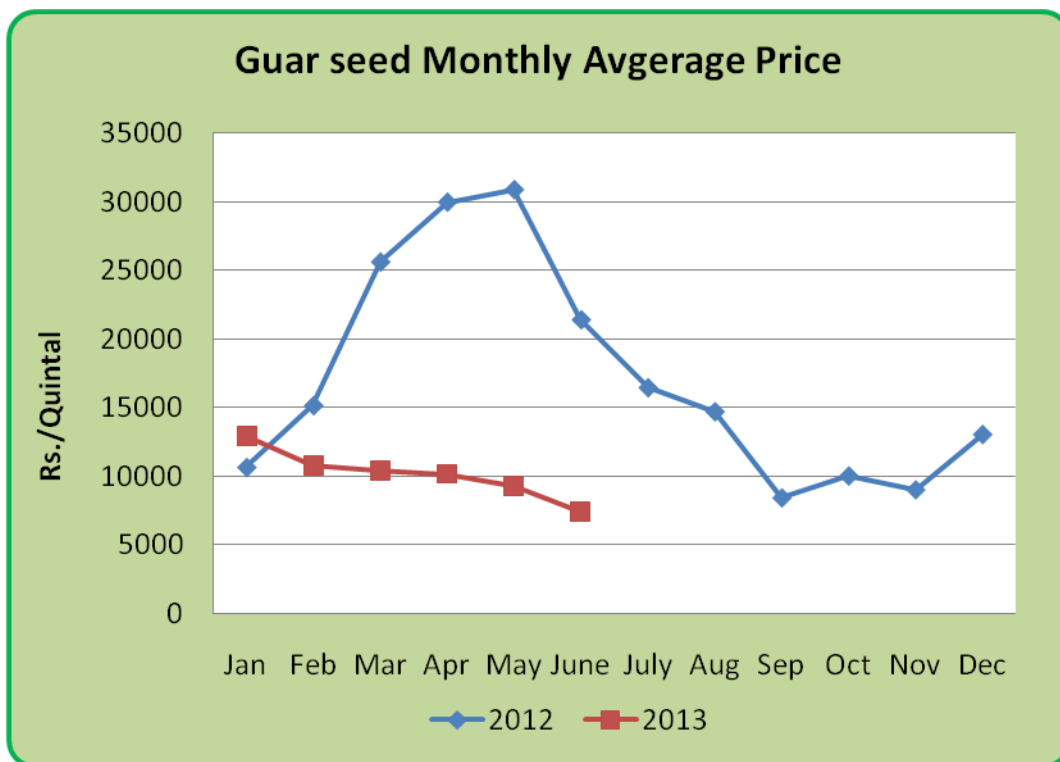
As per our initial survey, Rajasthan farmers still hold around 52% of guar with them out of total Rajasthan production which includes 10% for seed retention. They only release 48% majorly by small farmers which needs money. Also, recent fall in guar seed prices make them panic selling of their stocks in the open market.

However, Haryana farmers release more stock in the market comparatively from Rajasthan farmers. Farmers release around 54% of the total Haryana guar production and only 46% left with them.

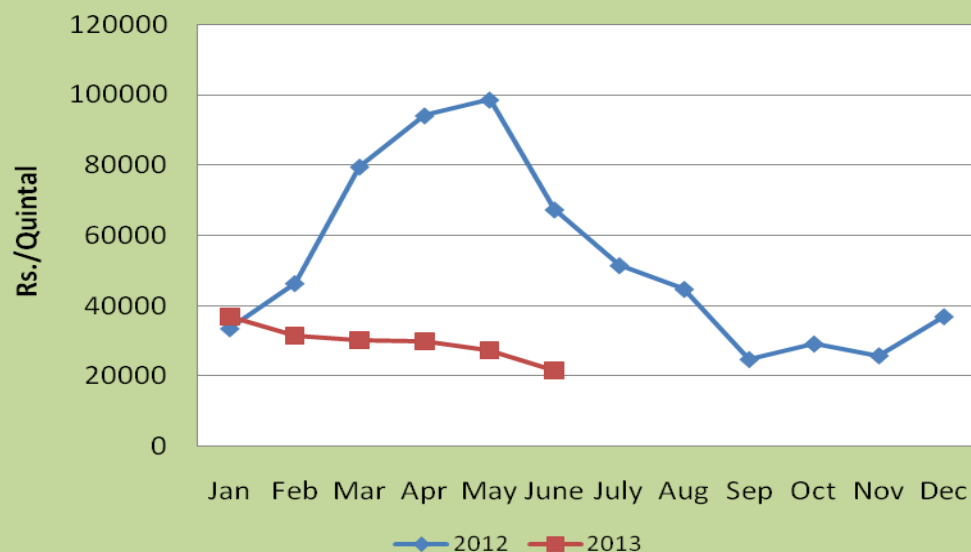
Meanwhile, Gujarat farmers not interested in holding guar crop this year and made stock selling at higher rates. Farmers in Gujarat regions released around 85% of the guar crops and hold only 15% stock with them.

## Price Scenario

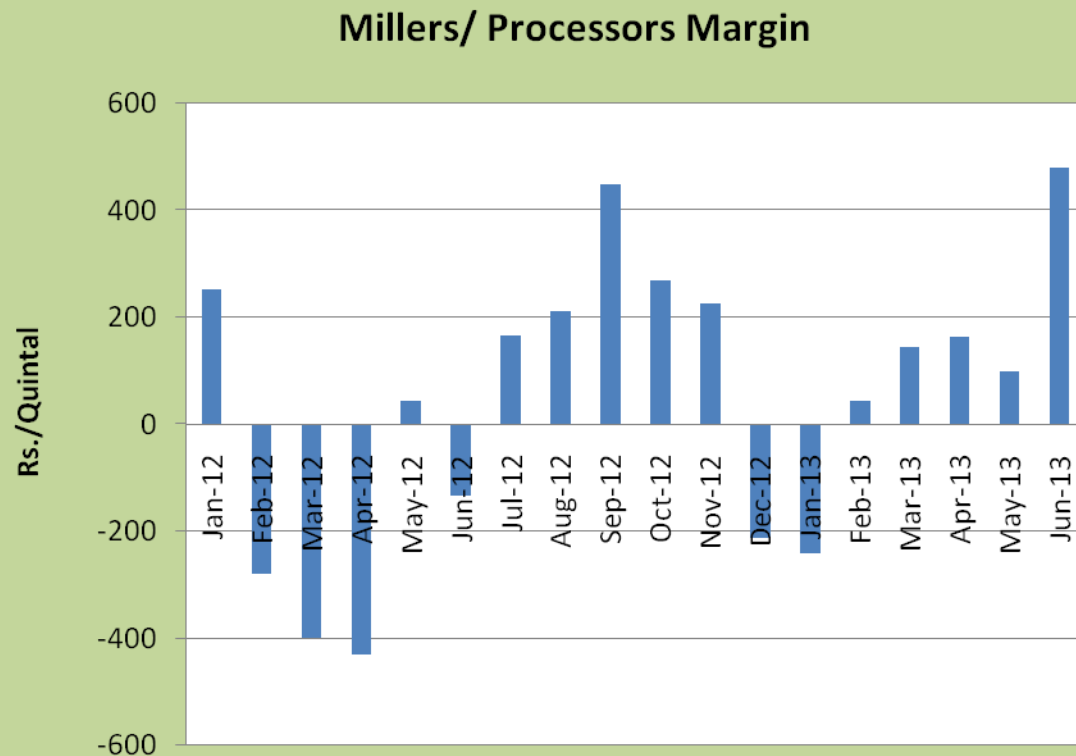
Monthly average Guar seed and gum prices declined month-on-month basis in Jodhpur market. Prices traded in a narrow range during the month. The average monthly price of guar seed declined by 20.3% to Rs.7422/Qtl and that of guar gum decreased by 21% to Rs.21635/Qtl in comparison with the month of May. 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 June compared to May. Margin increase amid increase in Churi and Korma prices. The average crush margin in the month of June stood at Rs. 479.3 /Quintal compared to average crush margin of Rs. 99.2 /Quintal in the month of May. 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	29.6.2013	31.5.2013	Change
Guargum Split		3530	4603	-1073
Guargum Powder	200 Mesh 5000 CPS	4202	5311	-1109
	200 Mesh 3500 CPS	4034	5134	-1100
Guargum Meal		260	240	20
Prices in \$/MT and FOB Mundra Port				

**Prices of Churi and Korma**

Commodity		29.6.2013	31.5.2013	Change
Churi	Jodhpur	-	850	-
Korma	Jodhpur	-	1400	-
Churi	Sri-Ganganagar	880	800	80
Korma	Sri-Ganganagar	1600	1350	250
Prices in Rs/75kg				

**Guar Prices at Key Spot Markets**

Commodity	Centre	Prices (Rs/Qtl)		Change
	Guar Seeds	29.6.2013	31.5.2013	
Rajasthan	Jodhpur (Loose)	6700	8100	-1400
	Jodhpur(Delivery)	7100	8400	-1300
	Sri-Ganganagar(Loose)	6600	8100	-1500
	Sri-Ganganagar (Delivery)	7000	8300	-1300
	Nagaur (Loose)	6600	7800	-1200
	Alwar (loose)	6400	7800	-1400
	Churu (Delivery)	6900	8300	-1400
	Bikaner (Loose)	6800	8100	-1300
	Bikaner (Delivery)	7100	8400	-1300
	Khajuwala Bikaner (Loose)	6850	8200	-1350
	Khajuwala Bikane(Delivery)	7124	8700	-1576
	Nokha(Loose)	6750	8000	-1250

	Nokha (Delivery)	6986	8200	-1214
	Hanumangarh (Loose)	6800	8100	-1300
	Hanumangarh (Delivery)	7000	8450	-1450
Haryana	Adampur (Loose)	7000	8400	-1400
	Adampur (Delivery)	7300	84000	-76700
	Sirsa (Loose)	6800	8300	-1500
	Bhiwani (Delivery)	7000	8400	-1400
	Dhabwali (Loose)	6625	8100	-1475
	Dhabwali (Delivery)	6900	8600	-1700
Gujarat	Deesa (Loose)	Closed	7875	-
	Patan (Loose)	6500	7965	-1465
	Rajkot (Loose)	6735	7505	-770
Madhya pradesh	Dabra (Loose)	6400	8500	-2100
Guar Gum				
Rajasthan	Jodhpur	20100	25000	-4900
	Alwar	20500	25000	-4500
Haryana	Sirsa	20000	24000	-4000
	Bhiwani	20300	26000	-5700
	Dhabwali	19200	25000	-5800

\*Delivery Price

## Guar Cumulative Arrivals in Key Centers

Centre		Arrivals (Quintals)		Change
		29.6.2013	31.5.2013	
Rajasthan	Jodhpur	119500	168000	-48500
	Sri-Ganganagar	32500	18700	13800
	Nagaur	1410	2215	-805
	Alwar	4250	6150	-1900
	Churu	7500	8100	-600
	Bikaner	6950	10850	-3900
	Khajuwala Bikaner	9750	5710	4040
	Nokha	4620	3150	1470
	Hanumangarh	5340	300	5040
Haryana	Adampur	52000	55700	-3700
	Sirsa	9050	3650	5400
	Bhiwani	13850	21700	-7850
	Dhabwali	5320	3725	1595
Gujarat	Deesa	11509	4276	7233
	Patan (Loose)	13113	1044	12069

	Rajkot	44884	61250	<b>-16366</b>
<b>Madhya pradesh</b>	Dabra	6600	4675	<b>1925</b>
<b>Total Arrival</b>		<b>348146</b>	<b>379195</b>	<b>-31049</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 with weak tone 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 4400 per quintal.

**Prices are likely to continue to trade weak 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 are moving in downward channel 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 supports the statement.

**Prices are likely to move towards Rs.19000/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.

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