

### **Highlights of the Month:**

- Guar seed and gum prices tumbled like anything during July month. Higher acreage reports from all parts of India, where guar grown compared to last year, kept the buyers out of the markets. Meanwhile, only manufacturers of guar splits and gum powder continue their purchases according to their requirements.
- Recent July guar export figures are also not very encouraging which shows there is weak demand of guar from international front.
- India has exported around 45000 tons of guar gum powder and splits to other consuming countries like China and US in July 2013 as reported.
- Adequate rainfall in western parts of Rajasthan like Khajuwala Barmer etc urge farmers to sow their fields with guar crop as reported.
- Still there are no stock holdings of guar by traders in any markets at present due to non clarity of price direction in the minds of the traders. Only millers are purchasing guar stocks from the markets to make guar gum.
- Exporters are now active and likely to increase the purchase of guar gum due to good parity thanks to weak rupee.
- Guar sowing in Churu district declined compared to last year as sharp decline in guar seed prices in spot markets discourage the farmers to sow guar crop in their respective fields.
- It is notable that farmers are now pretty much disappointed with the recent crash in guar seed prices and they don't want to release their holding in the market at such a lower rate as reported.
- Stockists have 9000-10000 bags of guar seed holding which is considered as very less in Hanumangarh district

### **Current Market Dynamics:**

Guar seed and guar gum prices noticed sharp decline during the month due to higher acreage reports and weak domestic demand.

Cumulative arrivals in the Jodhpur mandi during July month are reported to be around 84560 bags which was around 119500 bags at previous month.

As far as cumulative arrivals of guar seed in whole country, around 395000 bags of guar seed has been arrived in the markets in July month which was around 641000 bags arrived in June 2013.

### Export and Import Scenario

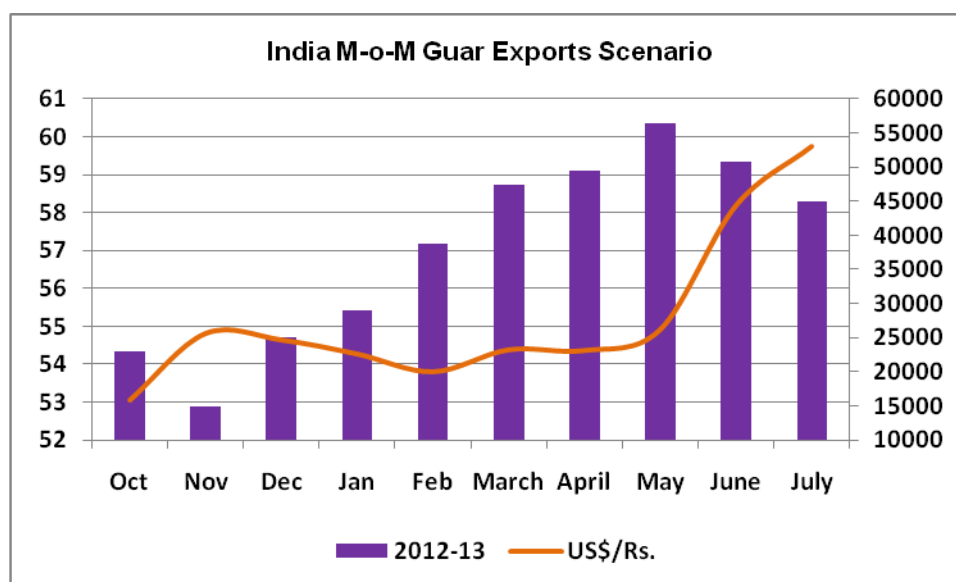
Presently, export demand from US and China remained consistent but not going to increase by huge volume as US has already huge stocks in Houston as reported.

As far as monthly exports are concerned, In the month of July 2013, exports of guar gum (split, powder and meal) were reported to be 45000 metric tons which is lower compared to 50820 metric tonnes exported in June 2013, according to IBIS.

### 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.



### 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.

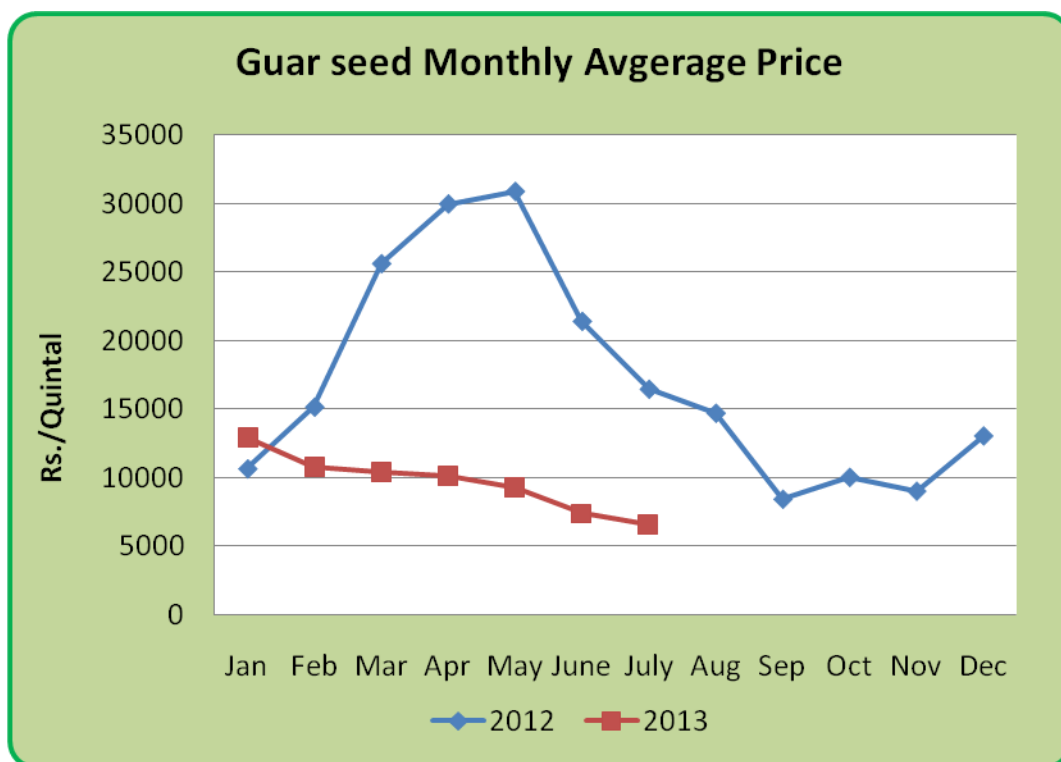
As per our initial survey, Rajasthan farmers still hold around 52% of guar with them out of total Rajasthan production which includes 10% for seed retention. They only release 48% majorly by small farmers which needs money. Also, recent fall in guar seed prices make them panic selling of their stocks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

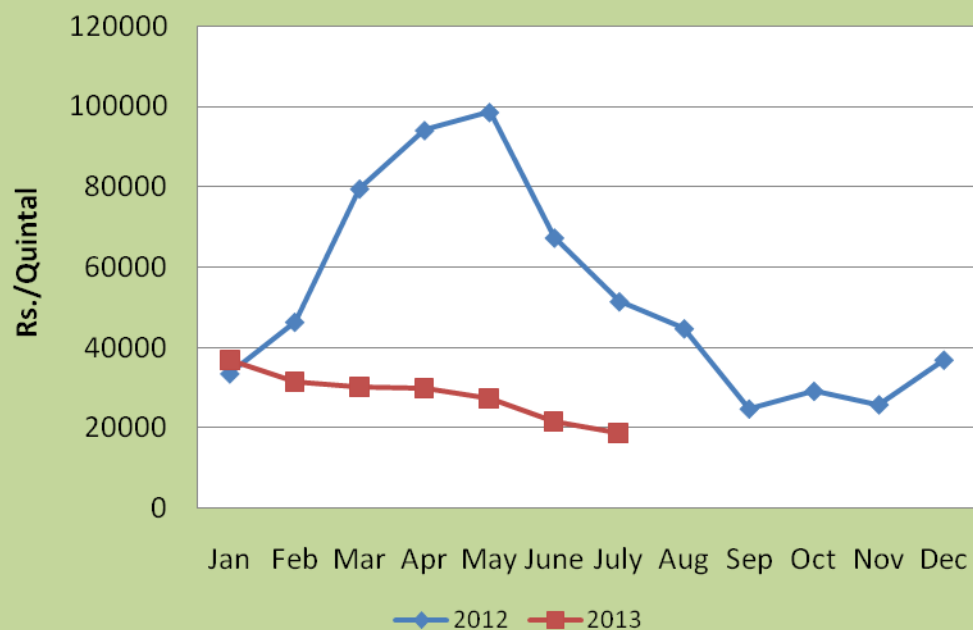
Meanwhile, Gujarat farmers not interested in holding guar crop this year and made stock selling at higher rates. Farmers in Gujarat regions released around 85% of the guar crops and hold only 15% stock with them.

### Price Scenario

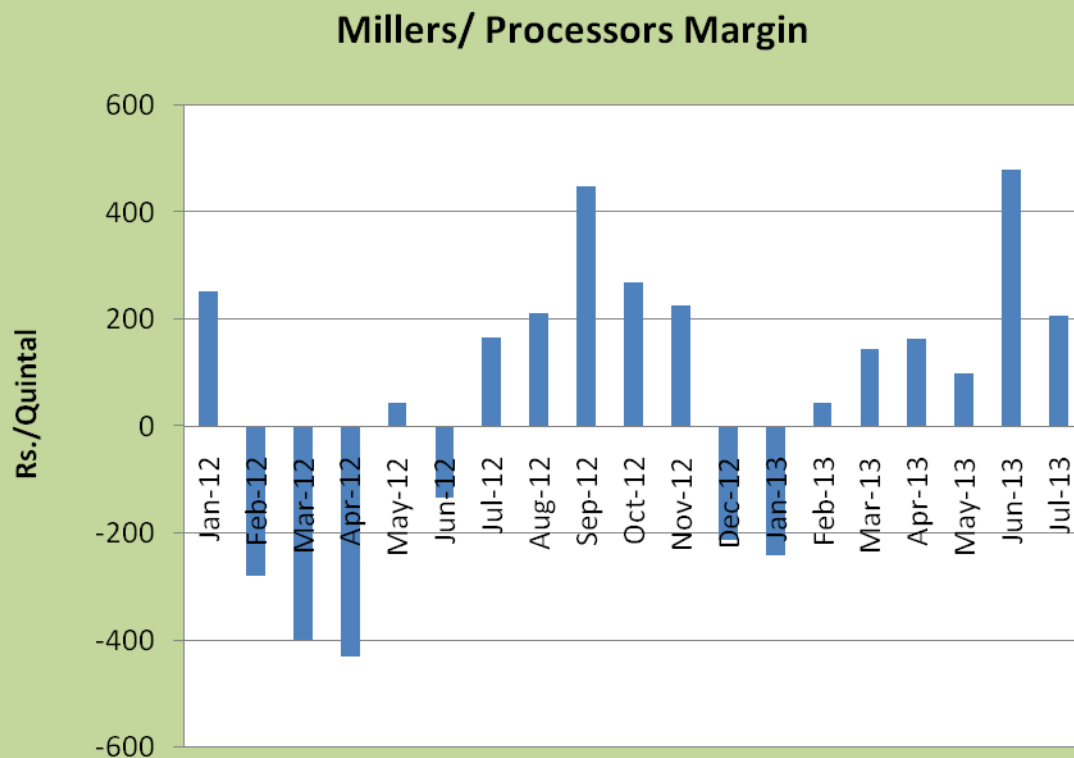
Monthly average Guar seed and gum prices declined month-on-month basis in Jodhpur market. Prices traded in a narrow range during the month. The average monthly price of guar seed declined by 10.8% to Rs.6617/Qtl and that of guar gum decreased by 13% to Rs.18822/Qtl in comparison with the month of June. 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 declined in the month of July compared to June. Margin decrease amid higher degree of decline in guar gum prices compared to guar seed prices. The average crush margin in the month of July stood at Rs. 206/Quintal compared to average crush margin of Rs. 479.3/Quintal in the month of June. However, Margin is expected to increase in the coming month due to expected increase in demand of guar gum from foreign countries considering lowering rupee rates and guar gum prices which might give opportunity to US importers to buy guar gum at lower rates.

**Prices of Guar gum Split, Powder and Meal**

Commodity	Variety	31.7.2013	29.6.2013	Change
Guargum Split		2618	3530	<b>-912</b>
Guargum Powder	200 Mesh 5000 CPS	3109	4202	<b>-1093</b>
	200 Mesh 3500 CPS	2946	4034	<b>-1088</b>
Guargum Meal		220	260	<b>-40</b>
Prices in \$/MT and FOB Mundra Port				

**Prices of Churi and Korma**

Commodity		31.7.2013	29.6.2013	Change
Churi	Jodhpur	900	-	-
Korma	Jodhpur	1550	-	-
Churi	Sri-Ganganagar	800	880	<b>-80</b>
Korma	Sri-Ganganagar	1500	1600	<b>-100</b>
Prices in Rs/75kg				

**Guar Prices at Key Spot Markets**

Commodity	Centre	Prices (Rs/Qtl)		Change
	Guar Seeds	31.7.2013	29.6.2013	
Rajasthan	Jodhpur (Loose)	5050	6700	<b>-1650</b>
	Jodhpur(Delivery)	5200	7100	<b>-1900</b>
	Sri-Ganganagar(Loose)	5000	6600	<b>-1600</b>
	Sri-Ganganagar (Delivery)	5200	7000	<b>-1800</b>
	Nagaur (Loose)	-	6600	-
	Alwar (loose)	4500	6400	<b>-1900</b>
	Churu (Delivery)	5000	6900	<b>-1900</b>
	Bikaner (Loose)	5100	6800	<b>-1700</b>
	Bikaner (Delivery)	5300	7100	<b>-1800</b>
	Khajuwala Bikaner (Loose)	5050	6850	<b>-1800</b>

	Khajuwala Bikane(Delivery)	5252	7124	-1872
	Nokha(Loose)	4800	6750	-1950
	Nokha (Delivery)	4972	6986	-2014
	Hanumangarh (Loose)	5100	6800	-1700
	Hanumangarh (Delivery)	5150	7000	-1850
Haryana	Adampur (Loose)	5200	7000	-1800
	Adampur (Delivery)	5400	7300	-1900
	Sirsa (Loose)	-	6800	-
	Bhiwani (Delivery)	5000	7000	-2000
	Dhabwali (Loose)	5000	6625	-1625
	Dhabwali (Delivery)	5200	6900	-1700
Gujarat	Deesa (Loose)	5010	Closed	-
	Patan (Loose)	4745	6500	-1755
	Rajkot (Loose)	4955	6735	-1780
Madhya pradesh	Dabra (Loose)	5000	6400	-1400
Guar Gum				
Rajasthan	Jodhpur	15000	20100	-5100
	Alwar	14500	20500	-6000
Haryana	Sirsa	-	20000	-
	Bhiwani	14800	20300	-5500
	Dhabwali	15100	19200	-4100

\*Delivery Price

## Guar Cumulative Arrivals in Key Centers

Centre		Arrivals (Quintals)		Change
		31.7.2013	29.6.2013	
Rajasthan	Jodhpur	84560	119500	-34940
	Sri-Ganganagar	16800	32500	-15700
	Nagaur	1205	1410	-205
	Alwar	4600	4250	350
	Churu	9700	7500	2200
	Bikaner	6900	6950	-50
	Khajuwala Bikaner	11450	9750	1700
	Nokha	2250	4620	-2370
	Hanumangarh	3395	5340	-1945
Haryana	Adampur	65400	52000	13400
	Sirsa	9300	9050	250
	Bhiwani	12550	13850	-1300
	Dhabwali	2780	5320	-2540

<b>Gujarat</b>	Deesa	19156	11509	<b>7647</b>
	Patan (Loose)	6863	13113	<b>-6250</b>
	Rajkot	24450	44884	<b>-20434</b>
<b>Madhya pradesh</b>	Dabra	8560	6600	<b>1960</b>
<b>Total Arrival</b>		<b>289919</b>	<b>348146</b>	<b>-58227</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 15000 per quintal. Last candlestick depicts bearishness which also supports the statement.

**Prices are likely to move towards Rs.15000/Qtl levels in the medium –term.**

### Spot Market Outlook:

There is no heavy upside seen in guar seed and gum prices in the near term thanks to higher acreage figures compared to last year and weak demand from domestic as well as international markets. We expect guar prices will going to stay in a range with weak tone.

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