

**Highlights of the Month:**

- Average Guar seed and gum prices declined compared to last month. However, the prices surged drastically in the last week of August due to lack of rainfall in the guar growing belt of Rajasthan which spread fear of crop damage. In addition to it, weak arrivals of guar seed in the markets also support the prices in the later half of the month.
- Around 15-20% crop damage of guar seed has been reported from Rajasthan.
- Recent fall in rupee also gives the boost to guar gum export.
- It is pretty much possible that speculators who have guar stocks with them earlier have tried to release their stocks during recent hike in guar prices and then make sell positions from higher side. Increase in arrivals in the mandis also supported the above statement.
- With increase in guar seed prices, farmers are trying to release their holdings in the markets proved by increasing guar seed arrivals on a regular basis.
- Recent weakness in Rupee opens an opportunity for the foreign buyers to buy the guar gum at cheap rates.

**Current Market Dynamics:**

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

Cummulative arrivals in the Jodhpur mandi during August month are reported to be around 63500 bags which was around 84560 bags at previous month.

As far as cumulative arrivals of guar seed in whole country, around 294000 bags of guar seed has been arrived in the markets in August month which was around 395000 bags arrived in July 2013.

**Export and Import Scenario**

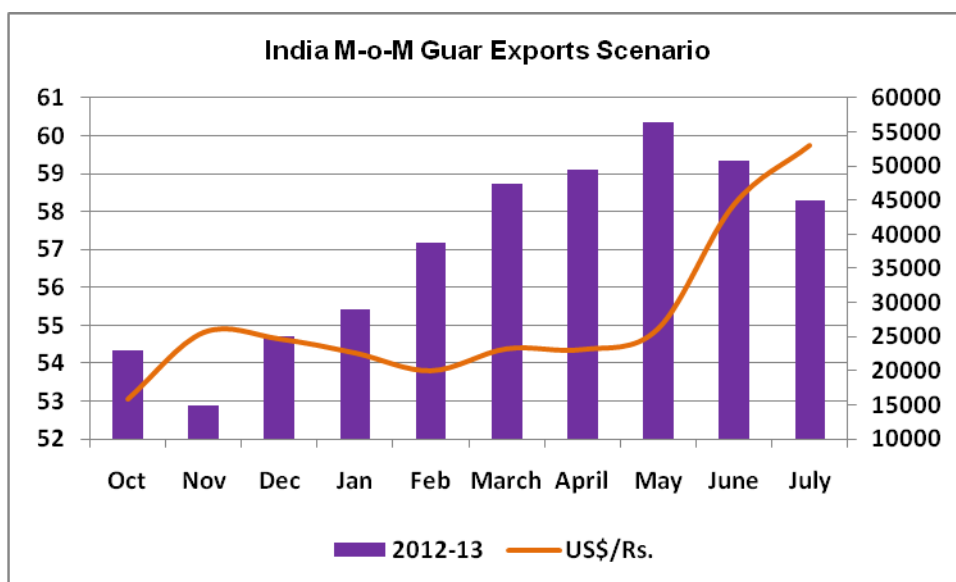
Presently, export demand from US and China remained consistent but not going to increase by huge volume as US has already huge stocks in Houston as reported.

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.

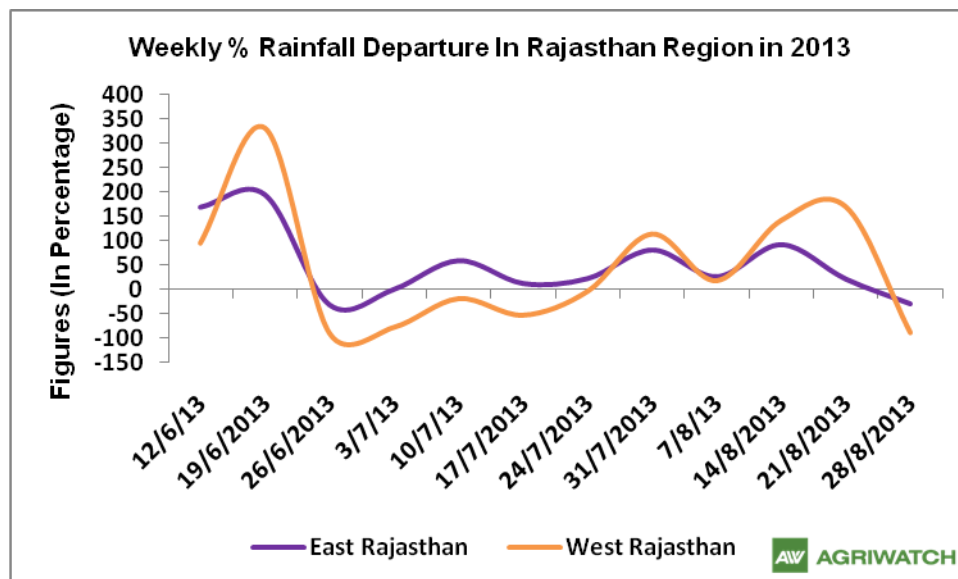


### Crop Estimates

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.

However, decline in precipitation in main guar belt i.e. Rajasthan is a worrying factor and farmers are waiting for rainfall as soon as possible. It is notable that around 15-20% crop has been damaged in Rajasthan, according to trade sources and if rains doesn't occur within next 10 days then around 40% crop would be damage as expected.

Meanwhile, weather forecasters expect rainfall would occur in the next week.



### 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.

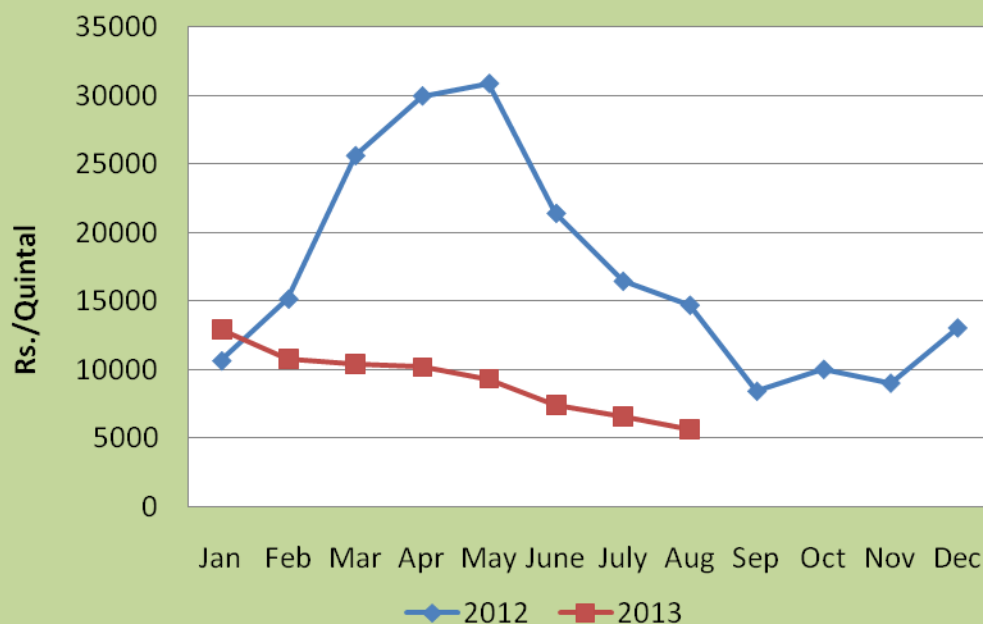
However, Haryana farmers release more stock in the market comparatively from Rajasthan farmers. Farmers release around 54% of the total Haryana guar production and only 46% left with them.

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.

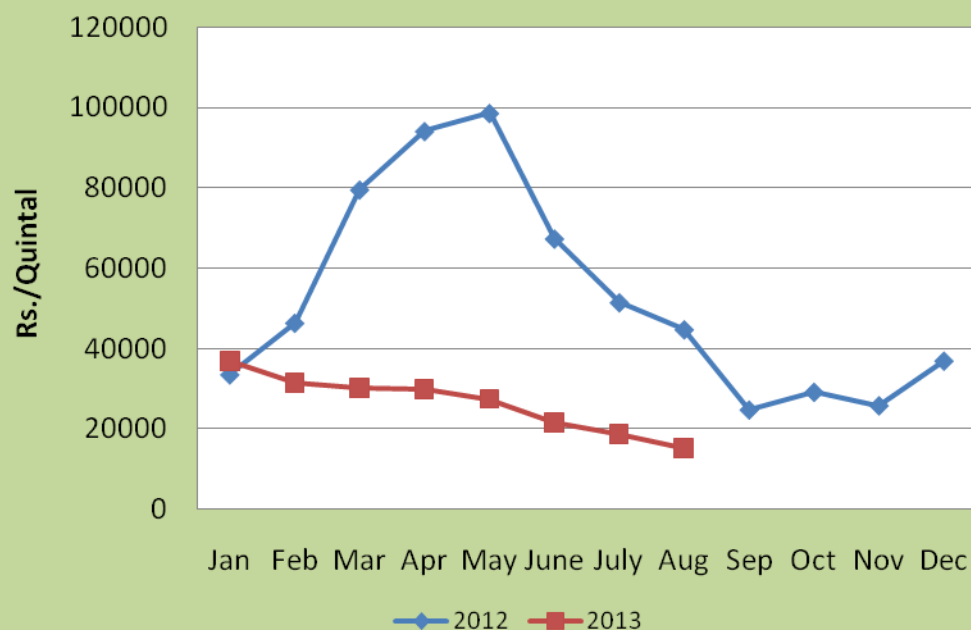
### Price Scenario

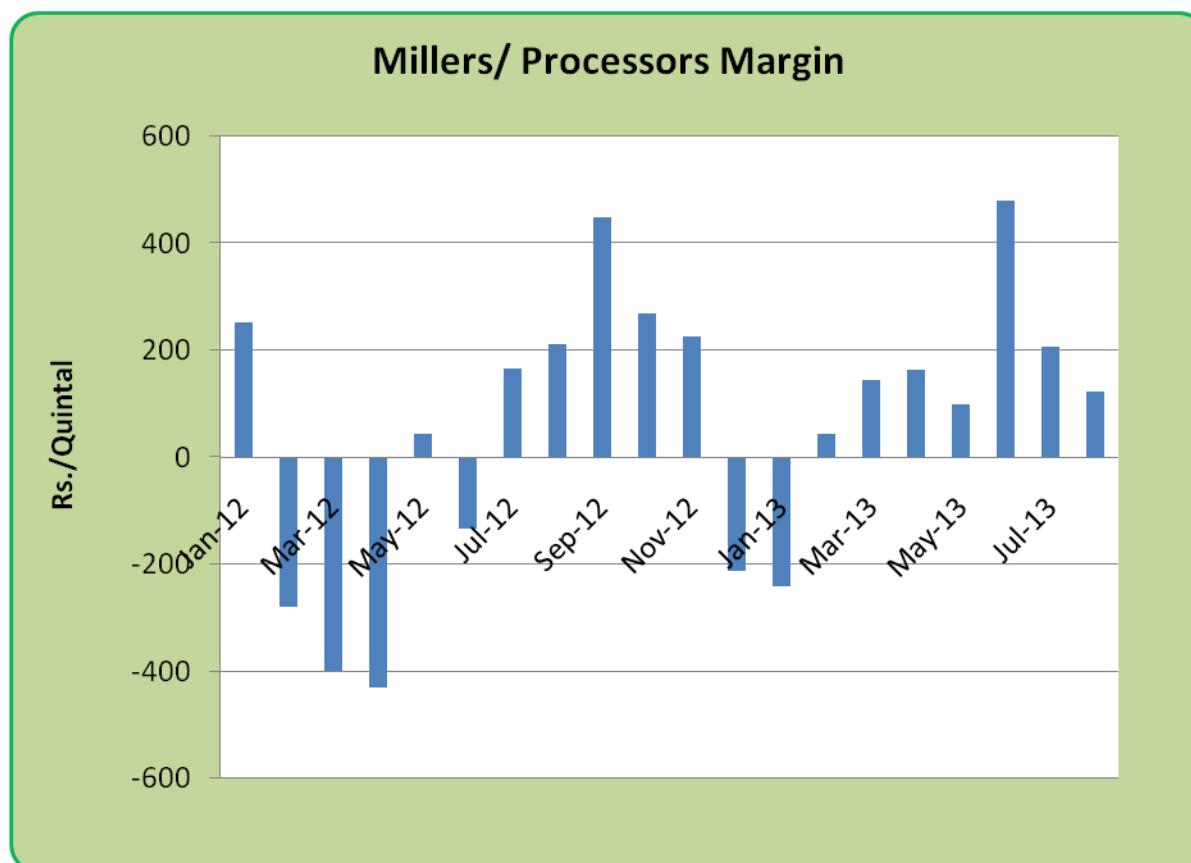
Monthly average Guar seed and gum prices declined month-on-month basis in Jodhpur market. Prices traded in a narrow range during the month. The average monthly price of guar seed declined by 14.7% to Rs.5632/Qtl and that of guar gum decreased by 19% to Rs.15240/Qtl in comparison with the month of July. 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 August compared to July. 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. 122.7/Quintal compared to average crush margin of Rs. 206/Quintal in the month of June.

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

Commodity	Variety	31.7.2013	31.8.2013	Change
Guargum Split		2618	2815	197
Guargum Powder	200 Mesh 5000 CPS	3109	3424	315
	200 Mesh 3500 CPS	2946	3272	326
Guargum Meal		220	320	100
Prices in \$/MT and FOB Mundra Port				

## Prices of Churi and Korma

Commodity		31.7.2013	29.6.2013	Change
Churi	Jodhpur	900	1125	225
Korma	Jodhpur	1550	1750	200
Churi	Sri-Ganganagar	800	1050	250
Korma	Sri-Ganganagar	1500	1700	200
Prices in Rs/75kg				

## Guar Prices at Key Spot Markets

Commodity	Centre	Prices (Rs/Qtl)		Change
	Guar Seeds	31.7.2013	31.8.2013	
Rajasthan	Jodhpur (Loose)	5050	7000	1950
	Jodhpur(Delivery)	5200	7500	2300
	Sri-Ganganagar(Loose)	5000	7600	2600
	Sri-Ganganagar (Delivery)	5200	7800	2600
	Nagaur (Loose)	5000	7000	2000
	Alwar (loose)	4500	6500	2000
	Churu (Delivery)	5000	7000	2000
	Bikaner (Loose)	5100	7200	2100
	Bikaner (Delivery)	5300	7400	2100
	Khajuwala Bikaner (Loose)	5050	7150	2100
	Khajuwala Bikaner(Delivery)	5252	7436	2184
	Nokha(Loose)	4800	6500	1700
	Nokha (Delivery)	4972	6634	1662
	Hanumangarh (Loose)	5100	7000	1900
	Hanumangarh (Delivery)	5150	7250	2100
Haryana	Adampur (Loose)	5200	7300	2100
	Adampur (Delivery)	5400	7600	2200
	Sirsa (Loose)	4500	6700	2200
	Bhiwani (Delivery)	5000	6600	1600
	Dhabwali (Loose)	5000	7100	2100
	Dhabwali (Delivery)	5200	7300	2100
Gujarat	Deesa (Loose)	5010	6600	1590
	Patan (Loose)	4745	6255	1510
	Rajkot (Loose)	4955	6900	1945
Madhya pradesh	Dabra (Loose)	5000	5800	800
Guar Gum				
Rajasthan	Jodhpur	15000	20000	5000
	Alwar	14500	19000	4500

<b>Haryana</b>	Sirsa	-	16000	<b>3000</b>
	Bhiwani	14800	19200	<b>4400</b>
	Dhabwali	15100	19500	<b>4400</b>

\*Delivery Price

**Guar Cumulative Arrivals in Key Centers**

Centre		Arrivals (Quintals)		Change
		31.7.2013	31.8.2013	
<b>Rajasthan</b>	Jodhpur	84560	63500	<b>-21060</b>
	Sri-Ganganagar	16800	6200	<b>-10600</b>
	Nagaur	1205	975	<b>-230</b>
	Alwar	4600	4100	<b>-500</b>
	Churu	9700	5950	<b>-3750</b>
	Bikaner	6900	4600	<b>-2300</b>
	Khajuwala Bikaner	11450	7300	<b>-4150</b>
	Nokha	2250	2150	<b>-100</b>
	Hanumangarh	3395	1950	<b>-1445</b>
<b>Haryana</b>	Adampur	65400	44500	<b>-20900</b>
	Sirsa	9300	9150	<b>-150</b>
	Bhiwani	12550	9200	<b>-3350</b>
	Dhabwali	2780	1745	<b>-1035</b>
<b>Gujarat</b>	Deesa	19156	3468	<b>-15688</b>
	Patan (Loose)	6863	1323	<b>-5540</b>
	Rajkot	24450	9574	<b>-14876</b>
<b>Madhya pradesh</b>	Dabra	8560	1050	<b>-7510</b>
<b>Total Arrival</b>		<b>289919</b>	<b>113184</b>	<b>-176735</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:

Guar seed as well as gum prices are now totally depend on rain game. If rain occurs in next 8-10 days then prices would come down again. However, if it not come then the percentage of crop damage would increase which should lead the prices upwards in the coming month.

Considering higher planting for next year and higher last year carry forward stock, we believe prices doesn't have much potential to go up further.

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