

Highlights of the Month:

- Guar seed as well as gum prices declined sharply after initial rally in the prices. Higher sowing estimates of guar seed and weak domestic as well as international demand also pressurize the prices in the later half.
- Recent rainfall in the Northern India would support the standing guar crop but also would delay the arrivals of new crop. It is notable that guar crop normally starts arriving in various parts of Haryana in the first week of October but now it would likely to arrive after 10 days of normal arriving time.
- Pressure continues on guar seed and gum prices on the expectation of improved standing crop status due to recent rains in major growing states like Rajasthan and Gujarat.
- Fear of more dip in cash market encouraged stock holders to release stock (old) at regular intervals. Besides, new crop from Haryana is expected to hit the market in the first week of October.
- Recent rains in Bikaner, Churu region have ensured improvement in standing crop and it would compensate earlier loss to the crop to some extent. There is still uncertainty over the size of old stock. However, market participants feel that there is ample old stock in the market.
- Market regulator FMC is asking the exchanges to probe the price fluctuations in guar trading. It would help to limit the cartel game.

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

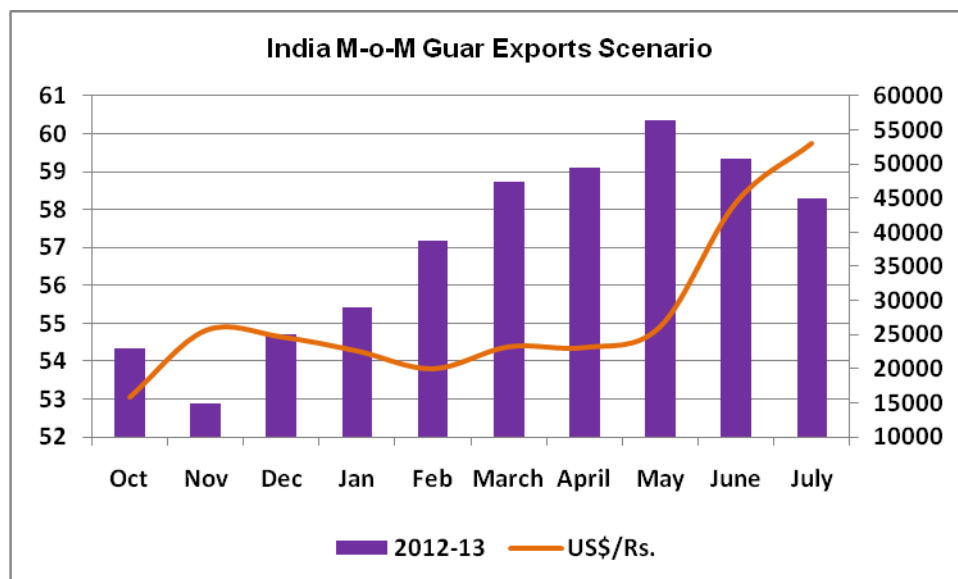
Presently, export demand from US and China remained consistent but not going to increase by huge volume as US has already huge stocks in Houston as reported.

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.

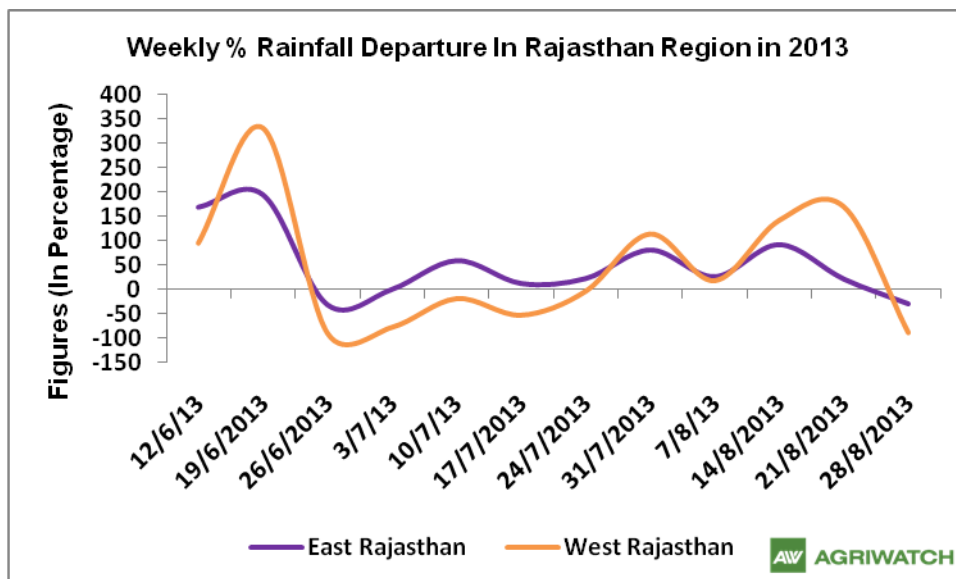


Crop Estimates

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.

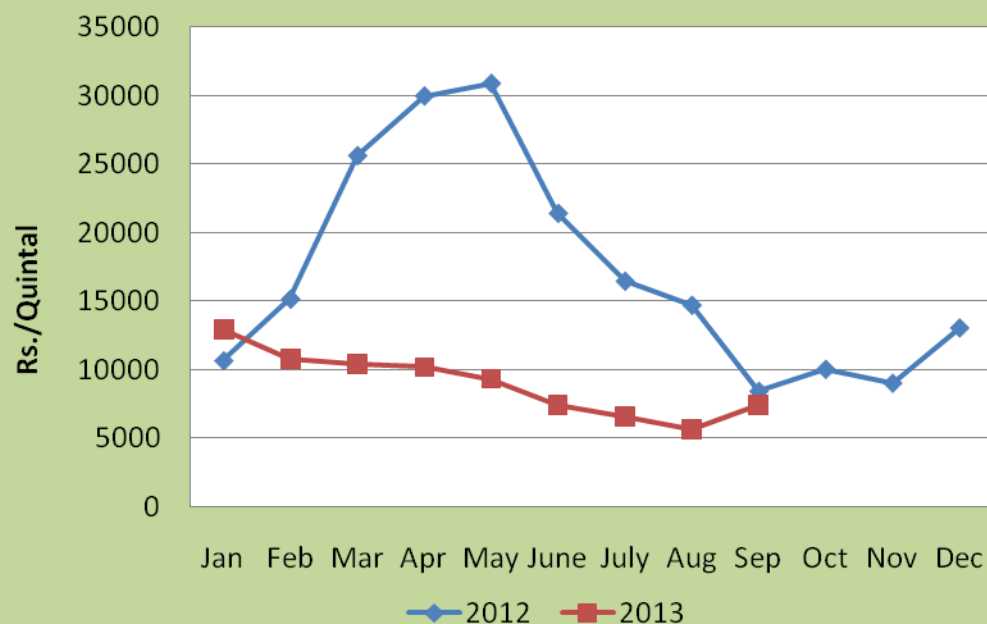
However, Haryana farmers release more stock in the market comparatively from Rajasthan farmers. Farmers release around 54% of the total Haryana guar production and only 46% left with them.

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.

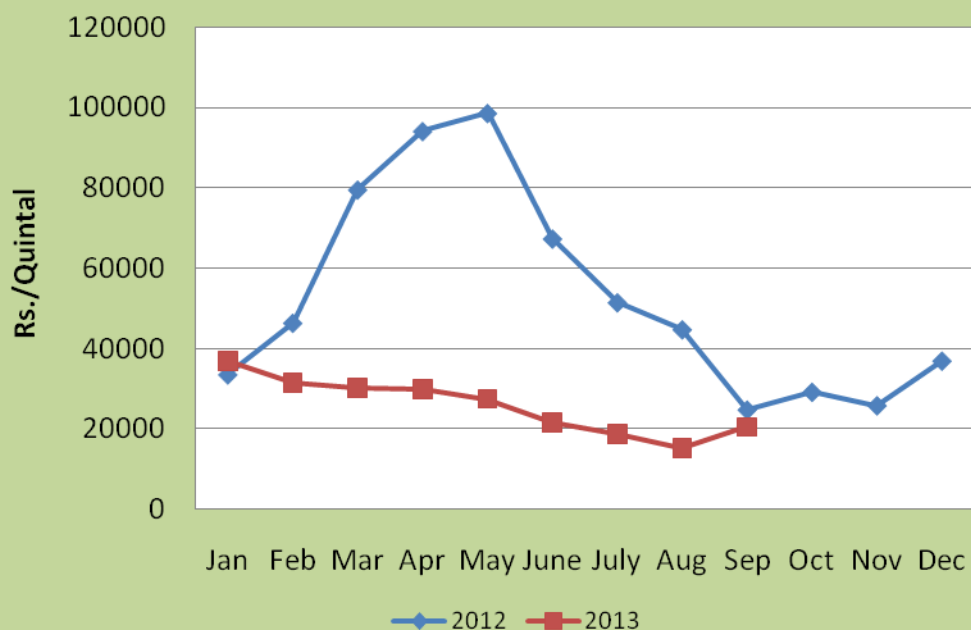
Price Scenario

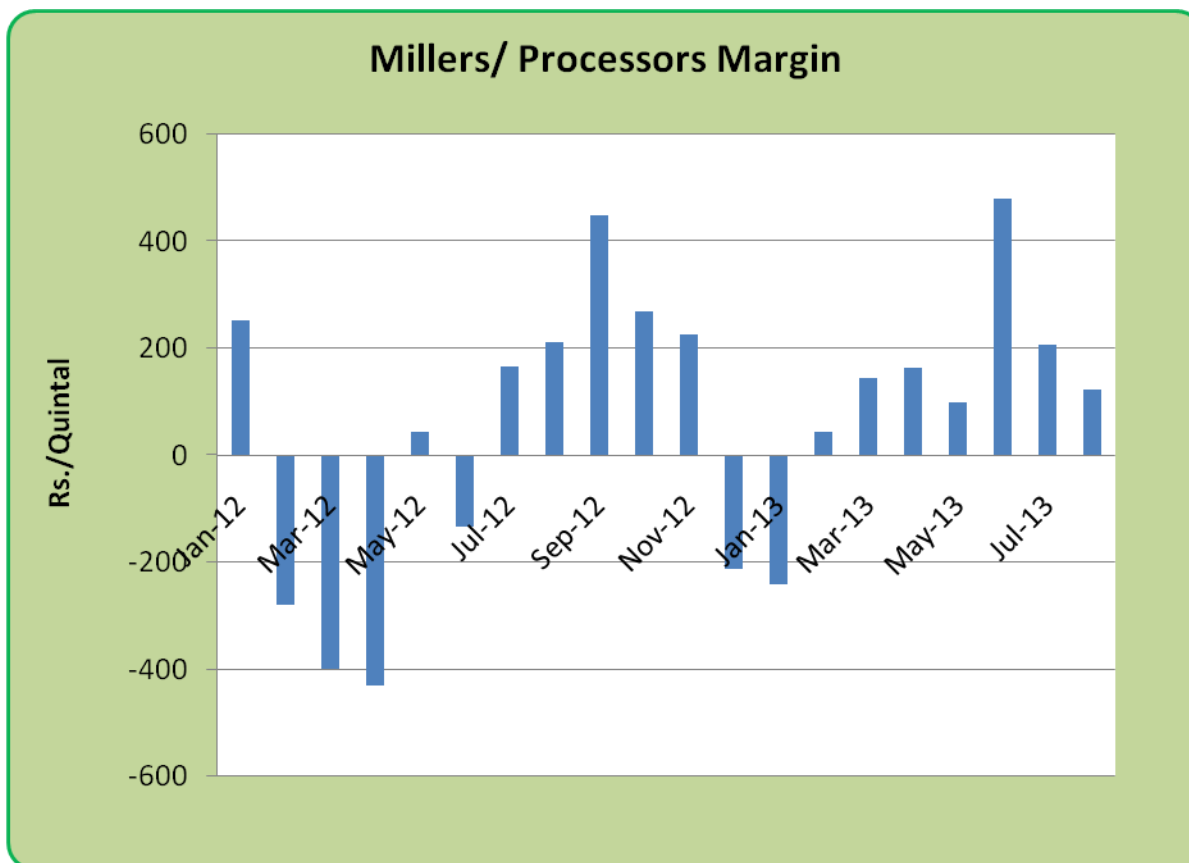
Monthly average Guar seed and gum prices improved month-on-month basis in Jodhpur market. Prices traded in a narrow range during the month. The average monthly price of guar seed improved by 31.8% to Rs.7425/Qtl and that of guar gum improved by 35% to Rs.20562/Qtl in comparison with the month of July. 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 September compared to August. Margin decrease amid higher degree of decline in guar gum prices compared to guar seed prices. The average crush margin in the month of September stood at Rs. 122.7/Quintal compared to average crush margin of Rs. 206/Quintal in the month of August.

Prices of Guar gum Split, Powder and Meal

Commodity	Variety	30.9.2013	31.8.2013	Change
Guargum Split		2708	2815	-107
Guargum Powder	200 Mesh 5000 CPS	3346	3424	-78
	200 Mesh 3500 CPS	3186	3272	-86
Guargum Meal	Meal 40%	340	320	20
	Meal 50%	520	480	40
Prices in \$/MT and FOB Mundra Port				

Prices of Churi and Korma

Commodity		30.9.2013	31.8.2013	Change
Churi	Jodhpur	1125	1125	-
Korma	Jodhpur	1900	1750	-
Churi	Sri-Ganganagar	1100	1050	50
Korma	Sri-Ganganagar	1950	1700	250
Prices in Rs/75kg				

Guar Prices at Key Spot Markets

Commodity	Centre	Prices (Rs/Qtl)		Change
	Guar Seeds	30.9.2013	31.8.2013	
Rajasthan	Jodhpur (Loose)	6000	7000	-1000
	Jodhpur(Delivery)	6500	7500	-1000
	Sri-Ganganagar(Loose)	6200	-	-
	Sri-Ganganagar (Delivery)	6400	-	-
	Nagaur (Loose)	5900	7000	-1100
	Alwar (loose)	6000	6500	-500
	Churu (Delivery)	6500	7000	-500
	Bikaner (Loose)	6150	7200	-1050
	Bikaner (Delivery)	6400	7400	-1000
	Khajuwala Bikaner (Loose)	6200	7150	-950
	Khajuwala Bikane(Delivery)	6448	7436	-988
	Nokha(Loose)	6200	6500	-300
	Nokha (Delivery)	6423	6634	-211
	Hanumangarh (Loose)	6275	7000	-725
	Hanumangarh (Delivery)	6500	7250	-750
Haryana	Adampur (Loose)	6500	7300	-800
	Adampur (Delivery)	6800	7600	-800
	Sirsa (Loose)	6500	6700	-200
	Bhiwani (Delivery)	6200	7300	-1100
	Dhabwali (Loose)	6200	7100	-900
	Dhabwali (Delivery)	6500	7300	-800
Gujarat	Deesa (Loose)	5750	6600	-
	Patan (Loose)	6030	6255	-225
	Rajkot (Loose)	4000	-	-
Madhya pradesh	Dabra (Loose)	5500	5800	-300
Guar Gum				
Rajasthan	Jodhpur	17000	20000	-3000
	Alwar	17000	19000	-2000

Haryana	Sirsa	18000	16000	2000
	Bhiwani	17000	19200	-2200
	Dhabwali	17000	19500	-2500

*Delivery Price

Guar Cumulative Arrivals in Key Centers

Centre		Arrivals (Quintals)		Change
		30.9.2013	31.8.2013	
Rajasthan	Jodhpur	192000	63500	128500
	Sri-Ganganagar	33200	6200	27000
	Nagaur	1195	975	220
	Alwar	5900	4100	1800
	Churu	9000	5950	3050
	Bikaner	4250	4600	-350
	Khajuwala Bikaner	7650	7300	350
	Nokha	3580	2150	1430
	Hanumangarh	7800	1950	5850
Haryana	Adampur	71200	44500	26700
	Sirsa	7350	9190	-1840
	Bhiwani	9650	9200	450
	Dhabwali	4050	1745	2305
Gujarat	Deesa	7616	3168	4448
	Patan (Loose)	3573	1323	2250
	Rajkot	24653	9574	15079
Madhya pradesh	Dabra	1165	1050	115
Total Arrival		393832	176475	217357

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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