

Highlights of the Month:

- Guar seed as well as gum prices declined sharply during last month. Higher sowing estimates of guar seed, start of new crop arrivals and weak domestic as well as international demand also pressurize the prices of guar seed as well as gum.
- Guar seed production gets affected in various rainfed districts of Rajasthan like Churu, Nagaur, Sikar and Rajasthan due to very less rainfall. It is noticeable that guar seed production get affected upto 50% due to lack of rainfall.
- Overall the acreage is higher compared to last year but yield has come down drastically of guar seed in Rajgarh, Churu and Tarapur tehsils due to lack of rainfall and irrigation facilities.
- It is notable that new crop arrives in Haryana with moisture content of 16-18% at present. However, arrivals will get pace in early November from Haryana region as expected.
- Crop situation of guar seed has not been damaged severely as expected earlier. Late sowed crop has grown upto knee size height in rain fed areas of Hanumangarh as reported.
- Normal rainfall and sufficient irrigated water availability for guar results in normal yield in Ganganagar region as reported.
- It is notable that new crop has started arriving in Ganga nagar and Haryana region.

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 October month are reported to be around 250500 bags which were around 192000 bags at previous month.

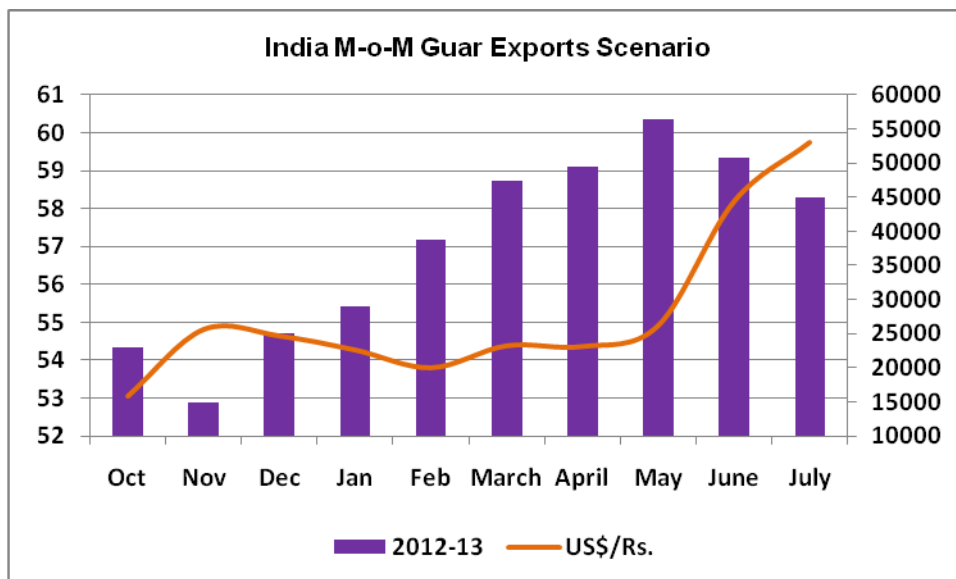
As far as cumulative arrivals of guar seed in whole country, around 624124 bags of guar seed has been arrived in the markets in October month which was around 412132 bags arrived in September 2013.

Export and Import Scenario

Around 24504 tons of guar gum (Splits and powder) exported to various countries in September month 2013 as reported. It is notable that India has exported 37000 tons of guar gum (Splits and Powder) in August month 2013.

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.



Meanwhile, higher fluctuation in guar prices spread fear among stockists. Stockists are not interested in holding guar stocks as its fundamentals for medium to long term is bearish.

Crop Estimates

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

However, decline in precipitation in main guar belt i.e. Rajasthan is a worrying factor. It is notable that around 40-50% crop has been damaged in Rajasthan.

Still around 2.5 crore bags of guar seed production possible considering higher acreage in Haryana and Gujarat states.

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.

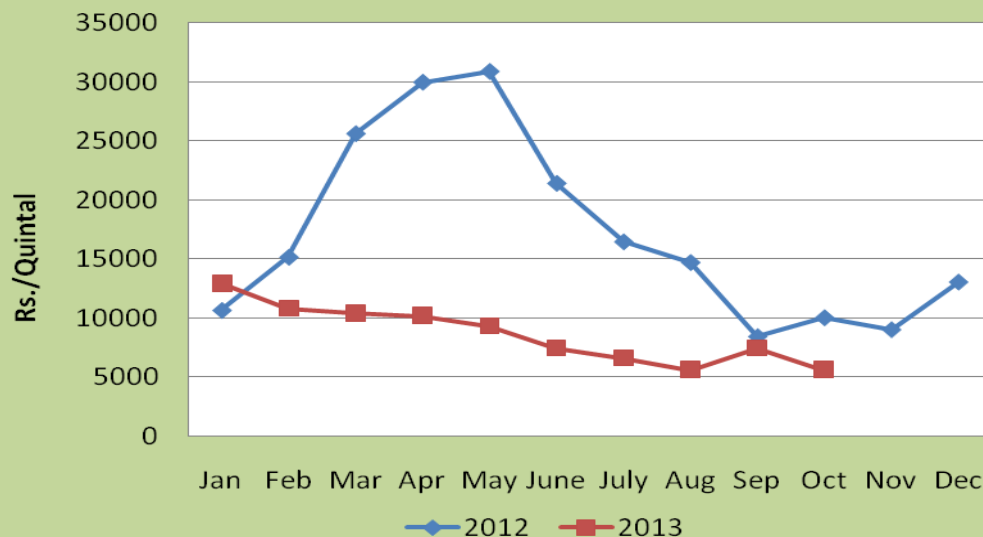
However, Haryana farmers release more stock in the market comparatively from Rajasthan farmers. Farmers release around 54% of the total Haryana guar production and only 46% left with them.

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.

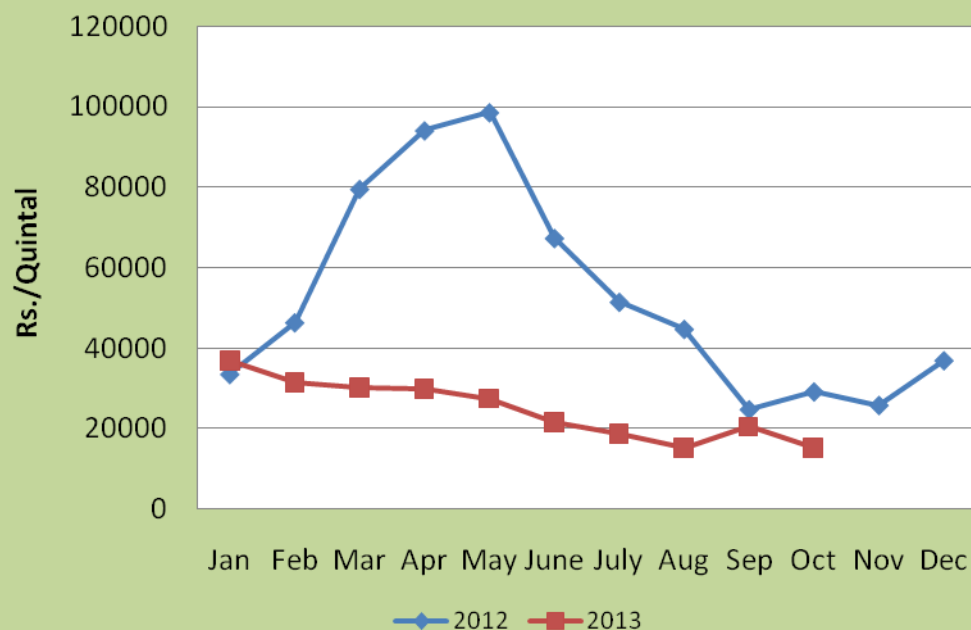
Price Scenario

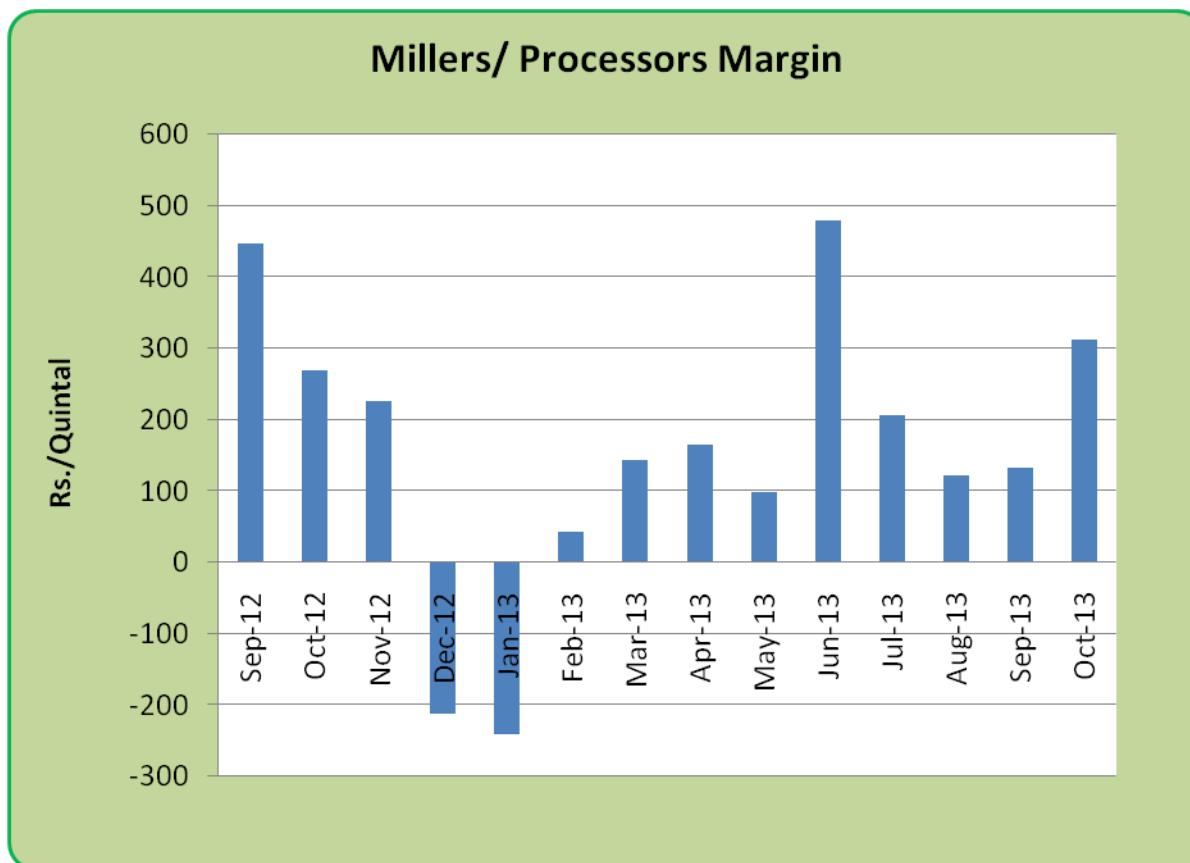
Monthly average Guar seed and gum prices declined month-on-month basis in Jodhpur market. The average monthly price of guar seed for October declined by 24.7% to Rs.5594/Qtl and that of guar gum declined by 26% to Rs.15222/Qtl in comparison with the month of September. The graph below illustrates the 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 improved in the month of October compared to September. Margin increase amid increase in prices of Churi and Korma. The average crush margin in the month of October stood at Rs. 312.76/Quintal compared to average crush margin of Rs. 132.5/Quintal in the month of September.

Guar by – Products Monthly Average Prices:

Commodity	Centre	October-13	September-13	Change
Churi	Jodhpur	1242	1105	137
Korma	Jodhpur	1731	1856	-125
Churi	Sri-Ganganagar	1175	1057	118
Korma	Sri-Ganganagar	1735	1807	-72
Prices in Rs/75kg				

Guar Export Monthly Average Prices:

Commodity	Variety	October-13	September-13	Change
Guargum Split		2556	3202	-646
Guargum Powder	200 Mesh 5000 CPS	3206	3820	-614
	200 Mesh 3500 CPS	3043	3663	-620
Guargum Meal	40%	331	316	15
	50%	486	506	-20
Prices in \$/MT				

Commodity	Centre	Monthly Prices (Average)		Change
	Guar Seeds	October-13	September-13	
Rajasthan	Jodhpur (Loose)	5217	6910	-1693
	Jodhpur(Delivery)	5598	7425	-1827
	Sri-Ganganagar(Loose)	5486	7348	-1862
	Sri-Ganganagar (Delivery)	5670	7571	-1901
	Nagaur (Loose)	5245	7145	-1900
	Alwar (loose)	5130	6990	-1860
	Churu (Delivery)	5614	7475	-1861
	Bikaner (Loose)	5526	7331	-1805
	Bikaner (Delivery)	5789	7598	-1809
	Khajuwala Bikaner (Loose)	5517	7523	-2006
	Khajuwala Bikaner(Delivery)	5717	7824	-2107
	Nokha(Loose)	5390	7217	-1827
	Nokha (Delivery)	5575	7497	-1922
	Hanumangarh (Loose)	5484	7329	-1846
	Hanumangarh (Delivery)	5687	7568	-1882
Haryana	Adampur (Loose)	5636	7477	-1841
	Adampur (Delivery)	5857	7881	-2024
	Sirsa (Loose)	5355	7737	-2382
	Bhiwani (Delivery)	5428	7408	-1980
	Dhabwali (Loose)	5476	7301	-1825
	Dhabwali (Delivery)	5708	7589	-1881
	Siwani (Loose)	5625	7219	-1594
	Ellanabad (Loose)	5675	7478	-1803
Gujarat	Deesa (Loose)	5339	6258	-919
	Patan (Loose)	5440	6667	-1227
	Rajkot (Loose)	5520	6618	-1098

Madhya pradesh	Dabra (Loose)	5200	7422	-2222
Guar Gum				
Rajasthan	Jodhpur	15239	20563	-5324
	Alwar	15275	20447	-5172
Haryana	Sirsa	14540	20026	-5486
	Bhiwani	15265	20696	-5431
	Dhabwali	15142	20830	-5688
	Ellanabad	15390	20430	-5040

Guar Cumulative Arrivals in Key Centers

Centre	Monthly Arrivals (Quintals)			Change
		October-13	September-13	
Rajasthan	Jodhpur	250500	192000	58500
	Sri-Ganganagar	119200	33200	86000
	Nagaur	4230	1195	3035
	Alwar	4400	5900	-1500
	Churu	7700	9000	-1300
	Bikaner	14100	4250	9850
	Khajuwala Bikaner	8505	7650	855
	Nokha	2900	3580	-680
	Hanumangarh	27750	7800	19950
Haryana	Adampur	68900	71200	-2300
	Sirsa	22050	7350	14700
	Bhiwani	10700	9650	1050
	Dhabwali	17700	4050	13650
	Siwani	7350	8100	-750
	Ellanabad	17150	10200	6950
Gujarat	Deesa	13770	7616	6154
	Patan (Loose)	5336	3573	1763
	Rajkot	21313	24653	-3340
Madhya pradesh	Dabra	570	1165	-595
Total Arrival		624124	412132	211992

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 and gum prices declined sharply during last month. However, still there are 10-15 days left in new crop arrivals from Rajasthan, we expect prices to take some short term upside upto 6000 per quintal from where selling might occur.

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