

## Domestic Market Recap:

- Guar seed and guar gum prices noticed sideways to weak tone during the week.
- Lack of buying interest around current levels weighed on prices.
- Lower output estimates lent some support to the market.
- Arrivals have increased in various mandis during the week.
- Farmers are bringing produce to the markets according to their requirement.
- Export demand is likely to be lower during the season.

## Current Market Dynamics

Guar seed and guar gum prices noticed sideways to firm tone during the week. Arrivals have increased in various mandis of Rajasthan, Haryana and Gujarat. Buying interest around current levels lent some support to the market.

Average arrivals in the country are reported to be around 1 lakh bags and are expected to increase in the coming days. Farmers are bringing produce to the market according to their requirement. Arrivals are less compared to peak arrival season. In the current season, there are good arrivals from Madhya Pradesh and Gujarat. Other states like Maharashtra and Andhra Pradesh are contributing in small quantities during this season. According to Agriwatch estimates, output of guar seed during this season is expected to be around 20-23 lakh metric tonnes.

According to trade sources, export demand is expected in the market once price of guar gum declines. In the overseas markets, oil and gas companies have stocked up guar gum at higher prices and are looking for cheaper alternatives. Cheaper alternatives to guar gum are mostly being used in food, oil and gas industry. Lower export demand during the season will weigh on prices in the medium-term. Prices are likely to decline in the near-term amid expected increase in arrivals in the coming days.

## Export and Import Scenario

As per sources, both Gum and Powder demand is likely to be sluggish during the season as many oil companies in the overseas markets have stocked up guar gum. As per APEDA, Guar gum exports increased to 3.19 lakh tonnes during April-September 2012 against 2.82 lakh metric tonnes during the same period previous year. According to IBIS, exports of guar gum (spilt, meal & powder) was reported to be around 23860 metric tonnes in December 2012. Most of the volumes were exported to US through Mundra port.

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.

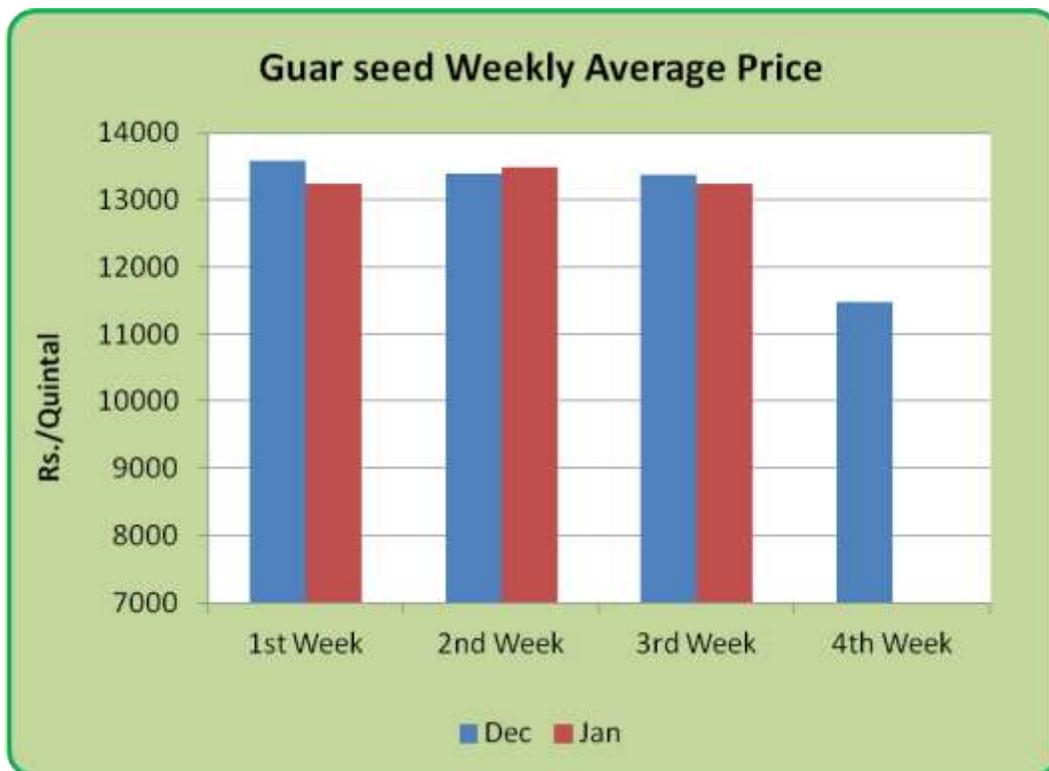
## **Crop Outlook**

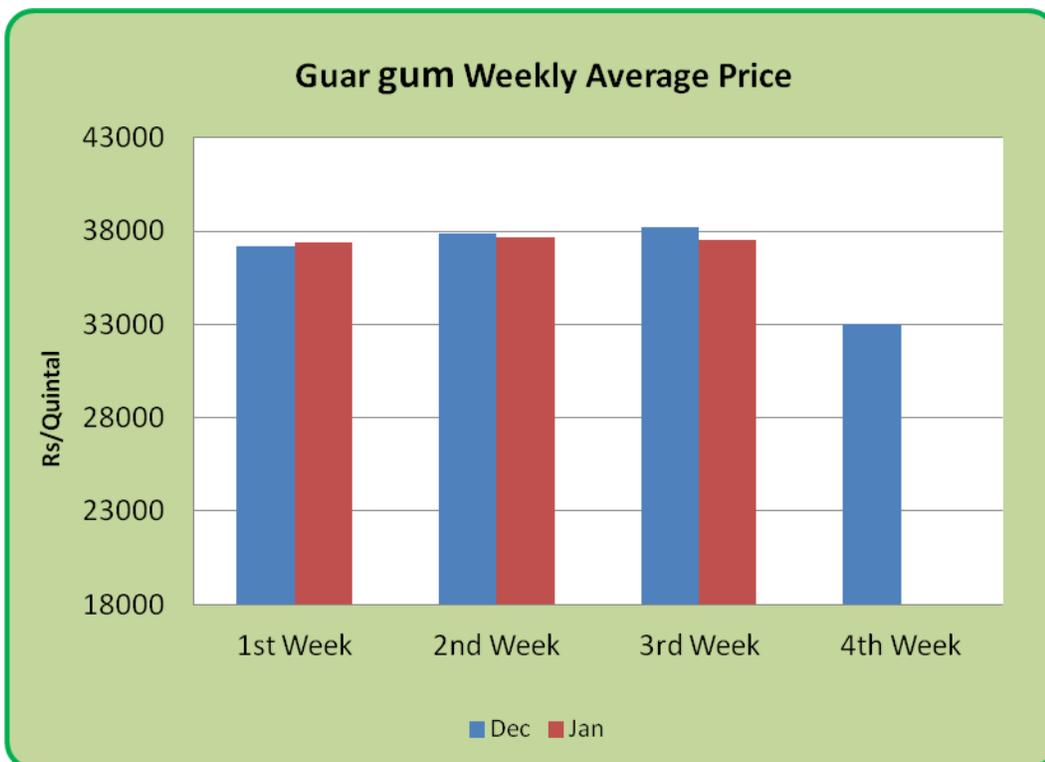
According to the first advance estimates of Rajasthan agricultural department, guar production in the current season is estimated at 16.57 lakh metric tonnes compared to 12.5 lakh metric tonnes in the previous season. According to the first advance estimates of Haryana agricultural department, guar production in the current season is estimated at 3.75 lakh metric tonnes compared to 2.0 lakh metric tonnes in the previous season. In Punjab, farmers normally sow guar seed in 3000 -4000 acres. However following meteoric rise in prices during the previous season, farmers have sown guar seed in nearly 50,000 acres during this season. According to State Agricultural sources, acreage under guar seed in Gujarat till 1<sup>st</sup> October 2012 is reported at 237500 hectares compared to 129000 hectares during the same period last year.

In the current season, onset of south –west monsoon was delayed in the growing regions. However there has been good rainfall in August and September 2012. Lack of rains in certain growing regions during the month of October has affected the crop. Based on rainfall during June –October, there could be around 30 -40% crop damage in parts of Rajasthan, Haryana and Gujarat. Based on this, Agriwatch's production estimates of guar seed is expected to be around 20.-23 lakh metric tonnes in the current season compared to the initial estimates of 28 -30 lakh metric tonnes. According to a field survey conducted by Agriwatch team in three major guar producing states, output in Rajasthan is expected to be around 14 -16 lakh metric tonnes, in Haryana around 4 lakh metric tonnes and in Gujarat around 2.5 lakh metric tonnes. Other states like Maharashtra, Madhya Pradesh. Andhra Pradesh could contribute some small amount during this season. According to sources around 200 -300 quintals in Madhya Pradesh and around 800 -900 quintals of guar seed in Andhra Pradesh is expected during the current season.

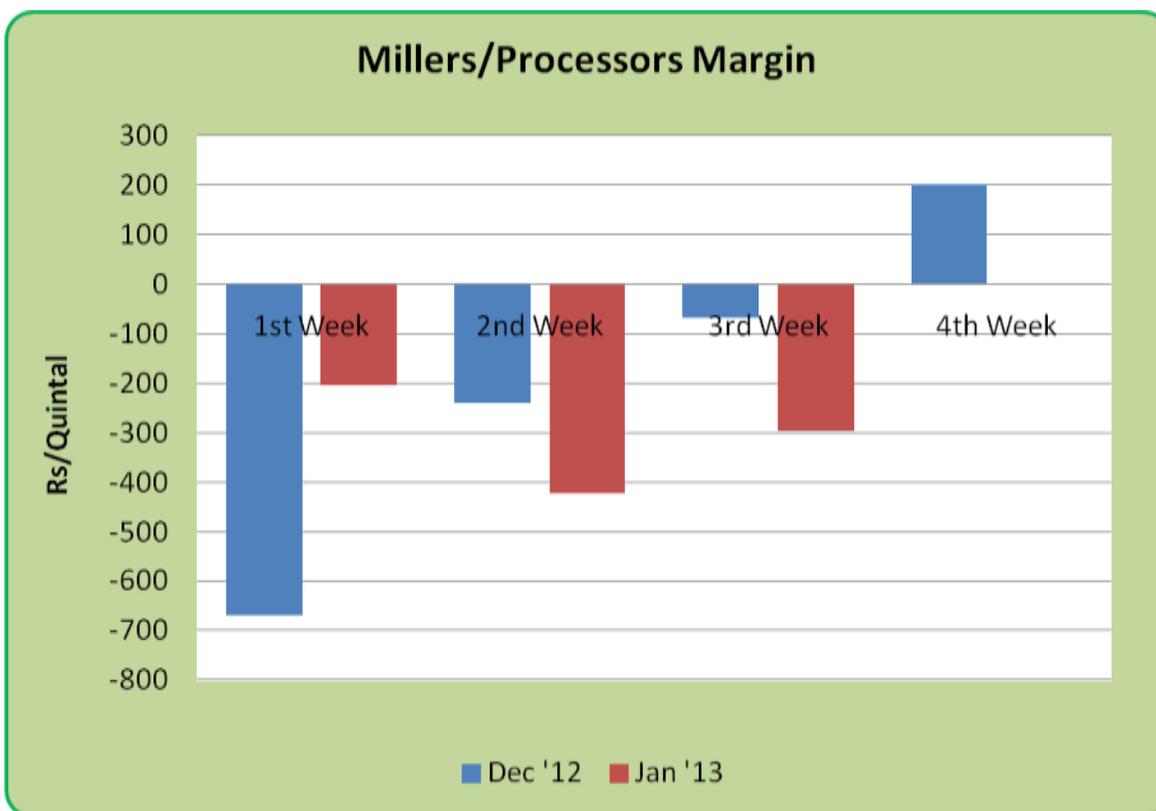
**Price Scenario**

Guar seed and guar gum weekly average prices declined slightly during the week. In the third week of January, the average price of guar seed declined by 1.7% to Rs.13240/Qtl and that of guar gum declined by 0.2% to Rs.37560/Qtl compared to previous week. The graph below illustrates the weekly average price movement of guar seed and guar gum in Jodhpur market.





### Millers/Processors Margin



As seen in the chart above, the average crushing margin of guar seed declined compared to previous week. Margin declined following increase in the price of guar seed. The average price of guar seed increased more compared to guar gum. In the second week of January, average crush margin stood at - Rs.423.20/Quintal compared to previous week's crush margin of - Rs. 204.80/Quintal. Margin is expected to decline in the coming days amid expected increase in the price of guar seed.

**Guar Prices at Key Spot Markets**

Commodity	Centre	Prices (Rs/Qtl)		Change
		18.01.2013	11.01.2013	
Guar Seeds	Jodhpur (Delivery)	13200	13400	-200
	Jodhpur (Loose)	12600	12600	Unch
	Bikaner (Loose)	12300	12300	Unch
	Bikaner (Delivery)	12500	12700	-200
	Nokha (Loose)	12000	12000	Unch
	Hanumangarh (Loose)	12000	11800	200
	Sri-Ganganagar (Delivery)	12500	12500	Unch
	Adampur (Loose)	12400	12500	-100
	Sirsa (Loose)	12800	12200	600
	Bhiwani (Delivery)	12400	12600	-200
	Deesa (Loose)	12500	12000	500
	Nagaur (Loose)	12300	12100	200
	Dhabwali (Loose)	11910	12300	-390
Guar Gum	Jodhpur	37000	37500	-500
	Bhiwani	37500	37500	Unch
	Dhabwali	37000	37300	-300

**Guar by – Products Prices:**

Commodity	Centre	Price in Rs/75Kg	
		18.01.2013	11.01.2013
Churi	Jodhpur	1450	1525
Korma	Jodhpur	1625	1775

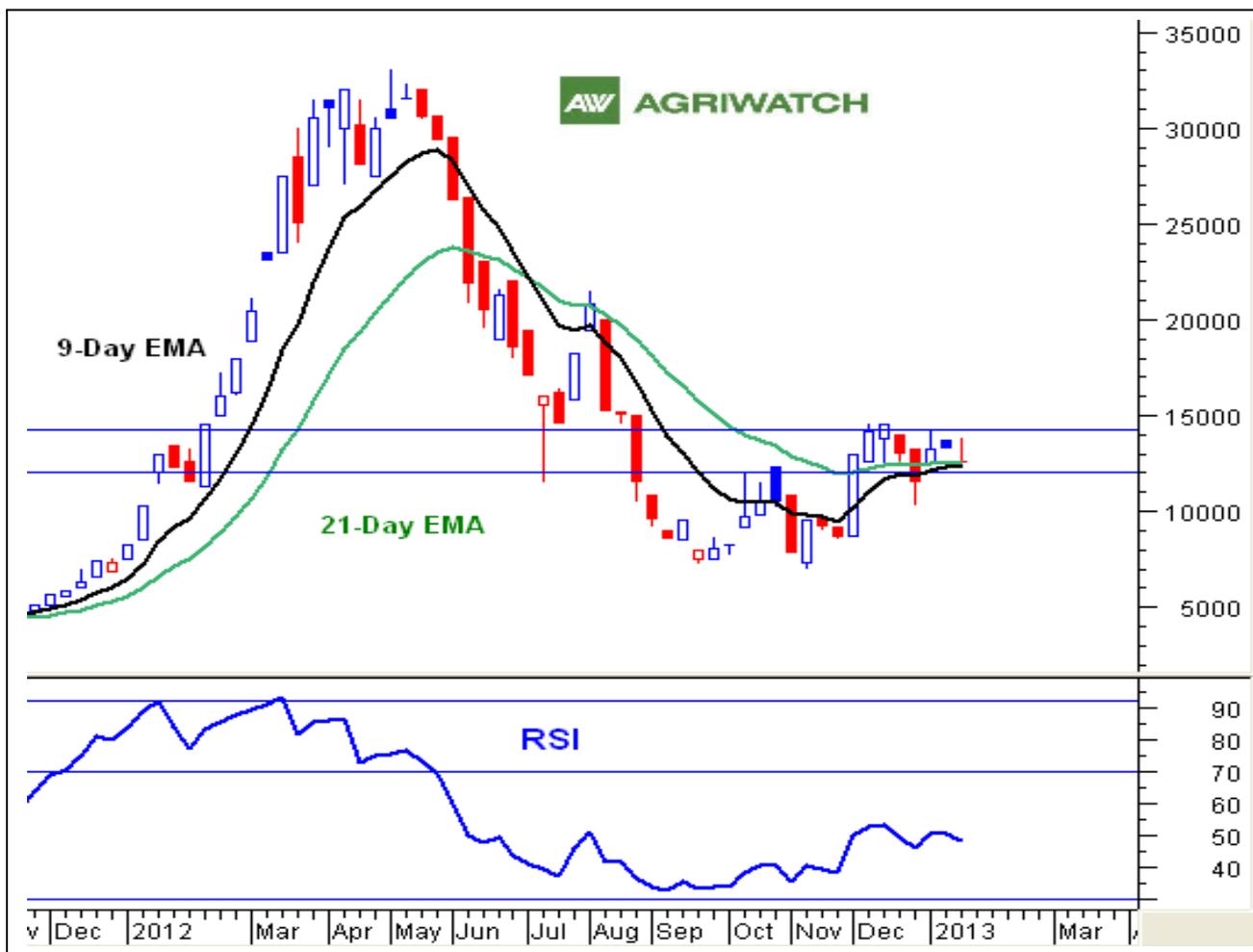
**Guar Export Prices:**

Commodity	Variety	\$/MT	
		18.01.2013	11.01.2013
Guargum Split		7100	6900
Guargum Powder	200 Me sh 5000 CPS	7800	7600
	200 Me sh 3500 CPS	7600	7400
Guargum Meal		360	385

**Guar Cumulative Arrivals in Key Centers**

Centre	Arrivals (Quintals)		Change
	18.01.2013	11.01.2013	
Jodhpur	56000	44000	12000
Bikaner	5800	3100	2700
Nokha	470	580	-110
Hanumangarh	5100	4900	200
Sri-Ganganagar	20000	13500	6500
Adampur	13700	2000	11700
Sirsa	255	400	-145
Bhiwani	5750	3100	2650
Deesa	2408	2881	-473
Nagaur	300	240	60
Dhabwali	5150	5200	-50
<b>All India (Include above mandis)</b>	<b>114933</b>	<b>79901</b>	<b>35032</b>

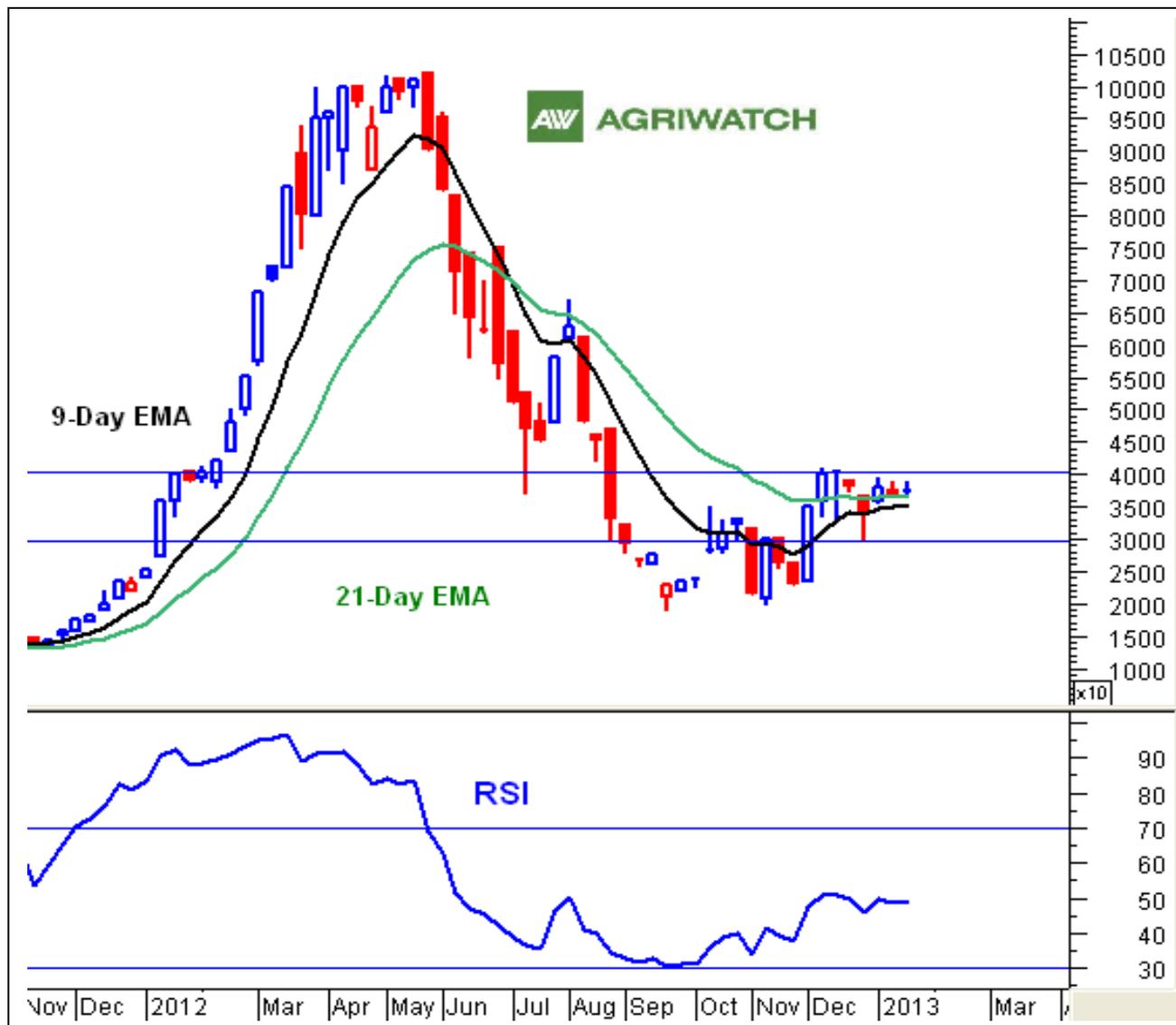
**Spot Market Technical Analysis of Guar seed & Guar gum**



**Fig-1 – Guar Seed Weekly Spot Prices (Jodhpur)**

Prices traded in a narrow range during the week and closed slightly lower. During the last few weeks, prices are range –bound between Rs.12000/Qtl and Rs.14500/Qtl during the last few days. MACD is in the negative territory supporting the overall weak tone. Stochastic oscillator is increasing in the neutral region supporting firm tone in the market. Prices are likely to continue range –bound trading for some time. Prices will find support around Rs.11500/Qtl. The next support is at Rs.10000/Qtl levels. On the upside there is resistance at Rs.15000/Qtl and Rs.16700/Qtl levels. Traders can look for better buying levels for their near –term requirement.

**Prices are likely to notice weakness towards Rs. 11000/Qtl levels in the near –term.**



**Fig-2 – Guar Gum Weekly Spot Prices (Jodhpur)**

Guar gum prices moved in tandem with guar seed prices. Prices traded between Rs.37000/Qtl and Rs.39000/Qtl levels during the week. Market is lacking fresh factors for further direction. Prices are holding above 9 –Day and 21 –Day EMA supporting the overall positive tone of the market. Stochastic oscillator is increasing in the neutral region supporting overall firm tone of the market. Prices are likely to notice some weakness in between. There is support around Rs.35000/Qtl level. The next support is at Rs.33000/Qtl levels. On the upside there is resistance at Rs.40000/Qtl levels and Rs.45000/Qtl levels respectively.

**Prices are likely to notice weakness towards Rs. 30000/Qtl levels in the coming days.**

**Spot Market Outlook:**

Both Guar seed and Guar gum prices are likely to notice sideways to weak tone in the coming days. Buyers can purchase on any near –term weakness for their requirement.

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