

## Domestic Market Recap:

- Guar seed and guar gum prices continued weak tone during the week.
- Lack of demand around current levels weighed on prices.
- Arrivals are steady to higher in various mandis.
- According to trade sources, demand is expected in the second week of February.
- There is not much export demand in the market.
- Halliburton Company in the U.S. is likely to witness higher profits in the fourth quarter.

## Current Market Dynamics

Guar seed and guar gum prices continued weak tone during the week. Not much demand was witnessed in the fourth week of January. Prices are likely to move towards Rs.10000/Qtl levels in the coming days. Arrivals are steady to higher in certain mandis.

Arrivals are steady to higher in various mandis. Around 1 lakh bags of guar seed arrived in various mandis of the country on an average. During the beginning of the season, farmers were holding stocks in anticipation of higher remuneration for the guar seed crop. Currently they are bringing their produce to the market to meet their requirement. Some demand is expected in the second week of February. There is not much demand in the market around current levels. Most of the mills remain closed amid lack of demand in the ready market. Arrivals are less in Haryana as farmers are not interested in selling their produce in the market around current levels.

Halliburton, one of the largest provider of oil fracking services in the U.S. is likely to witness profits in the fourth quarter. Companies in the overseas markets are looking for guar gum around lower levels to reduce their operating expenses. Higher prices of guar gum in the previous season has affected the profit margin of the oil and gas companies.

## 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 metric 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**

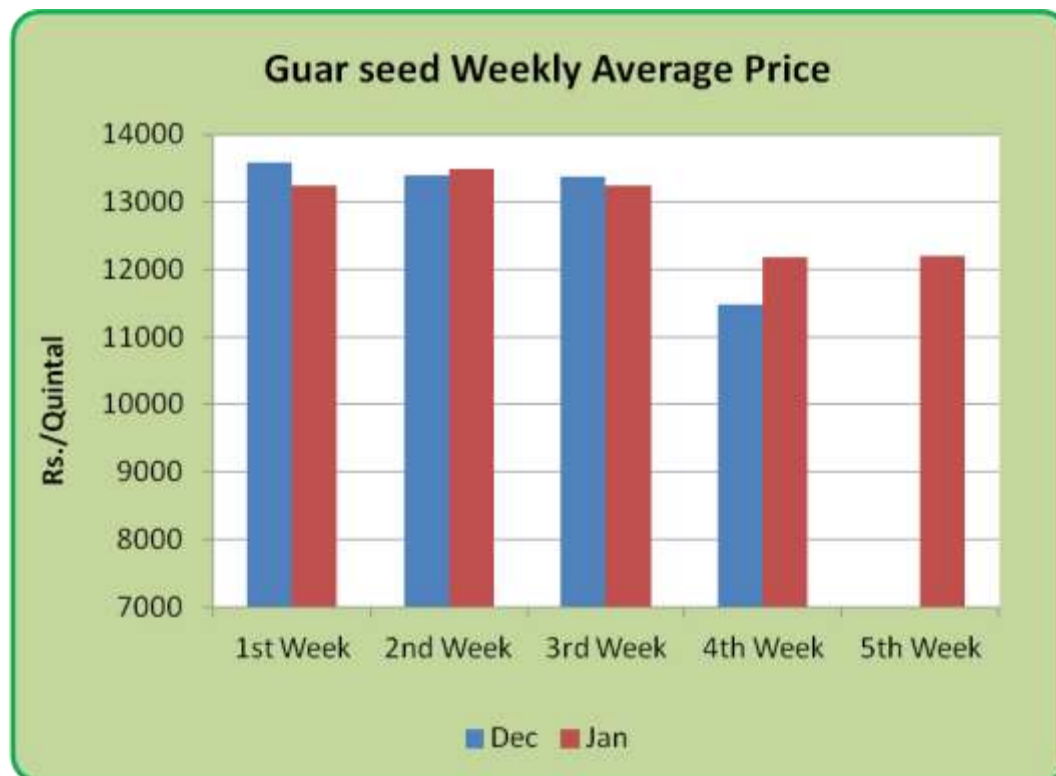
According to the first advance estimates of Rajasthan agricultural department, guar production in the current season is estimated at 16.57 lakh metric tonnes compared to 12.5 lakh metric tonnes in the previous season. According to the first advance estimates of Haryana agricultural department, guar production in the current season is estimated at 3.75 lakh metric tonnes compared to 2.0 lakh metric tonnes in the previous season.

In 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.

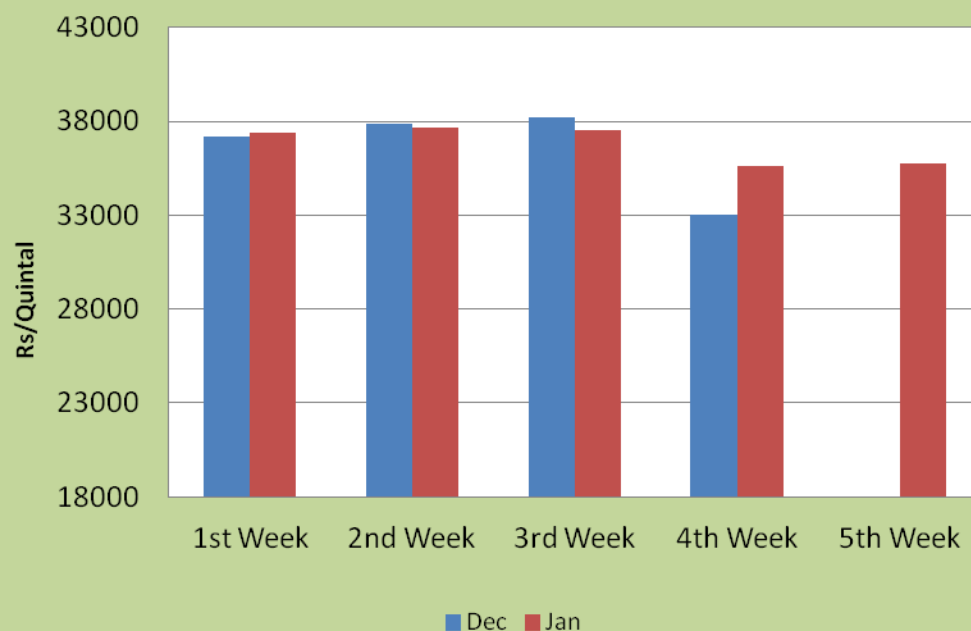
According to a field survey conducted by Agriwatch team in three major guar producing states, output in Rajasthan is expected to be around 14 -16 lakh metric tonnes, in Haryana around 4 lakh metric tonnes and in Gujarat around 2.5 lakh metric tonnes. Other states like Maharashtra, Madhya Pradesh. Andhra Pradesh are also contributing 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 produced during the current season.

### Price Scenario

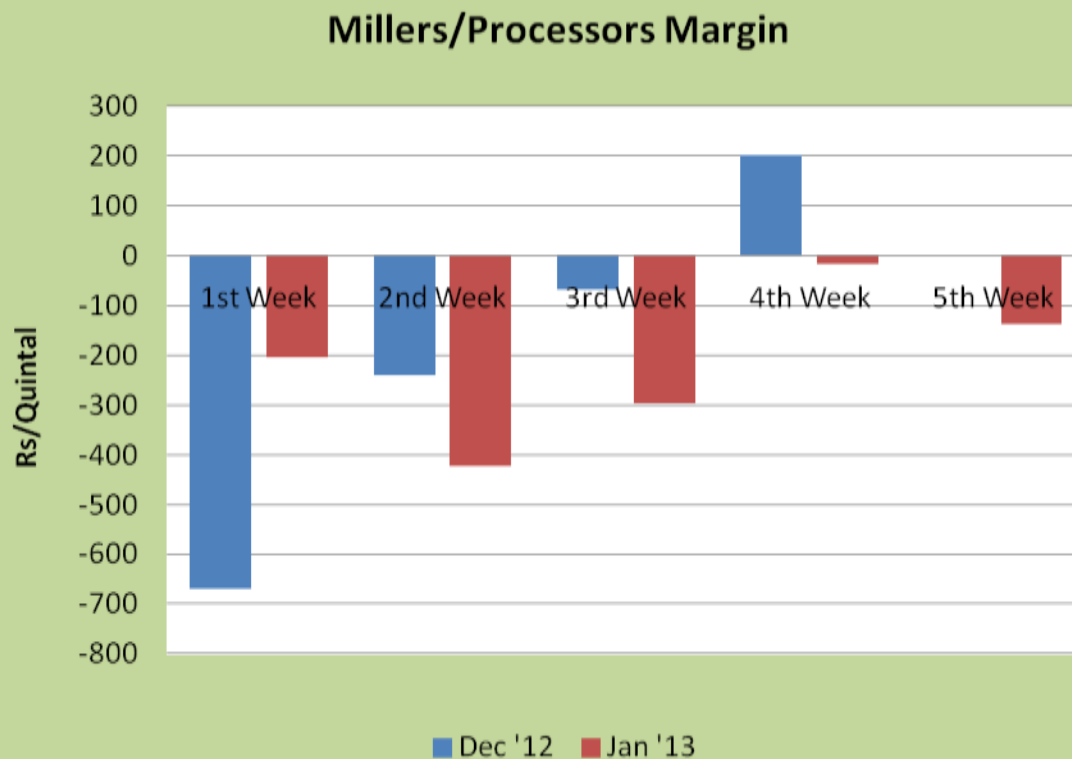
Guar seed and guar gum weekly average prices increased slightly during the week. In the fifth week of January, the average price of guar seed increased by 0.1% to Rs.12200/Qtl and that of guar gum declined by 0.2% to Rs.35740/Qtl compared to previous week. The graph below illustrates the weekly average price movement of guar seed and guar gum in Jodhpur market.



### Guar gum Weekly Average Price



### Millers/Processors Margin





As seen in the chart above, the average crushing margin of guar seed declined compared to previous week. Margin declined following decline in the price of guar gum. The average price of guar gum declined more compared to guar seed. In the fifth week of January, average crush margin stood at – Rs.136.73/Quintal compared to previous week's crush margin of - Rs. 16.40/Quintal. Margin is expected to decline in the coming days amid expected decline in the price of guar gum.

**Guar Prices at Key Spot Markets**

Commodity	Centre	Prices (Rs/Qtl)		Change
		01.02.2013	25.01.2013	
Guar Seeds	Jodhpur (Delivery)	12500	13200	-700
	Jodhpur (Loose)	12000	12600	-600
	Bikaner (Loose)	11600	12300	-700
	Bikaner (Delivery)	12000	12500	-500
	Nokha (Loose)	11000	12000	-1000
	Hanumangarh (Loose)	11950	12000	-50
	Sri-Ganganagar (Delivery)	11400	12500	-1100
	Adampur (Loose)	12000	12400	-400
	Sirsa (Loose)	12000	12800	-800
	Bhiwani (Delivery)	12000	12400	-400
	Deesa (Loose)	11755	12500	-745
	Nagaur (Loose)	11600	12300	-700
	Dhabwali (Loose)	Closed	11910	-
	Jodhpur	36500	37000	-500
Guar Gum	Bhiwani	36500	37500	-1000
	Dhabwali	Closed	37000	-

**Guar by – Products Prices:**

Commodity	Centre	Price in Rs/75Kg	
		01.02.2013	25.01.2013
Churi	Jodhpur	1250	1450
Korma	Jodhpur	1400	1625

**Guar Export Prices:**

Commodity	Variety	\$/MT	
		01.02.2013	25.01.2013
Guargum Split		6600	6700
Guargum Powder	200 Mesh 5000 CPS	7400	7400
	200 Mesh 3500 CPS	7200	7200
Guargum Meal		360	360

**Guar Cumulative Arrivals in Key Centers**

Centre	Arrivals (Quintals)		Change
	01.02.2013	25.01.2013	
Jodhpur	94000	56000	38000
Bikaner	8250	5800	2450
Nokha	600	470	130
Hanumangarh	3550	5100	-1550
Sri-Ganganagar	20500	20000	500
Adampur	17500	13700	3800
Sirsa	535	255	280
Bhiwani	6550	5750	800
Deesa	3348	2408	940
Nagaur	280	300	-20
Dhabwali	3425	5150	-1725
All India (Include above mandis)	158538	114933	43605

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



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

Prices continued sideways to weak tone during the week. Prices are likely to notice range –bound trading between Rs.10000/Qtl –Rs.12500/Qtl levels in the coming days. MACD is in the negative territory supporting the overall weak tone of the market. Stochastic oscillator is declining in the neutral region supporting weakness in the near –term. Prices will find support around Rs.10000/Qtl levels. The next support is at Rs.9200/Qtl levels. On the upside there is resistance at Rs.12500/Qtl and Rs.14000/Qtl levels respectively. Traders are advised to wait for better buying levels in the coming days.

**Prices are likely to continue the recent weak tone towards Rs.10000/Qtl levels in the near –term.**





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

Guar gum prices moved in accordance with guar seed prices. It was inside week trading with prices trading within previous week's range. Prices are likely to continue the weak tone in the coming days. Stochastic oscillator is declining in the neutral region supporting weakness in the near –term. Prices are holding below 9 – Day and 21 –Day EMA supporting the overall weak tone in the market. Prices will find support around Rs.33500/Qtl levels. The next support is at Rs.30000/Qtl levels. On the upside there is resistance at Rs.40000/Qtl and Rs.42000/Qtl levels respectively. Buyers can look for better levels in the near –term.

**Prices are likely to continue weak tone towards Rs.33000/Qtl levels in the coming days.**



### Spot Market Outlook:

Both Guar seed and Guar gum prices are likely to notice weakness in the coming days with some recovery in between. Buyers can wait for better levels for their near –term requirement.

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