

**Domestic Market Recap:**

- Guar seed and guar gum prices continued weak tone during the week.
- Increasing arrivals added to the weak tone of the market.
- Export demand did not pick up as anticipated earlier.
- Prices are likely to continue the weak tone in the coming days.
- Buyers are waiting for better levels in the coming days.
- Export demand is less amid availability of cheaper alternatives in the overseas markets.

**Current Market Dynamics**

Guar seed and guar gum prices continued weak tone during the week. As expected in the earlier reports, guar seed prices moved towards Rs.10000/Qtl levels. Increasing arrivals in the mandis and lack of export demand in the ready market is weighing on prices.

Arrivals are steady to higher in various mandis during the week. Increasing arrivals amid lack of demand is weighing on prices. Prices are likely to trend towards the low of Rs.7000/Qtl witnessed in the month of November. Average arrival in the country is reported to be around 85000 -90000 bags. Arrivals in small quantities are reported in the states of Andhra Pradesh and Madhya Pradesh. Buyers are waiting for better levels in the coming days. Millers are not crushing much guar seed amid lack of export demand in the ready market. Farmers are bringing their produce to the market to meet their requirement. According to trade sources, there is less demand from guar gum powder makes.

Oil and gas companies in the overseas markets have stocked up guar gum and are currently purchasing less guar gum powder around current levels. Export demand is expected to be lower during the season. According to trade sources, export demand for guar gum is expected around Rs.25000/Qtl levels.

**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**

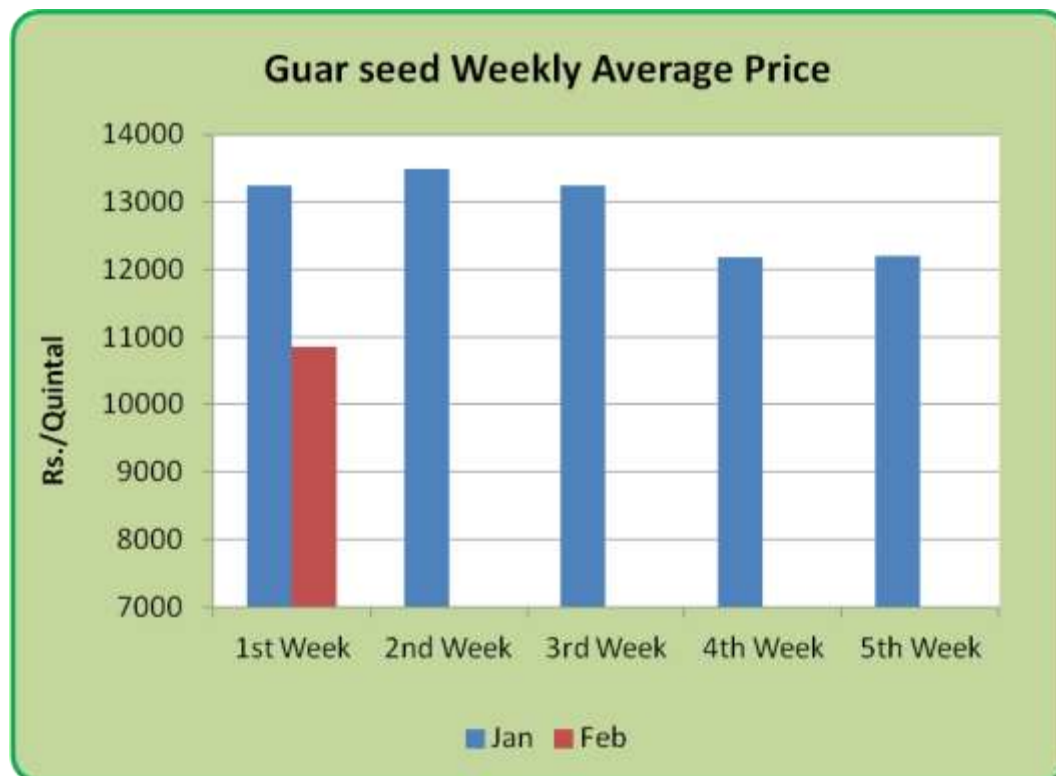
According to the first advance estimates of Rajasthan agricultural department, guar production in the current season is estimated at 16.57 lakh metric tonnes compared to 12.5 lakh metric tonnes in the previous season. According to the first advance estimates of Haryana agricultural department, guar production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

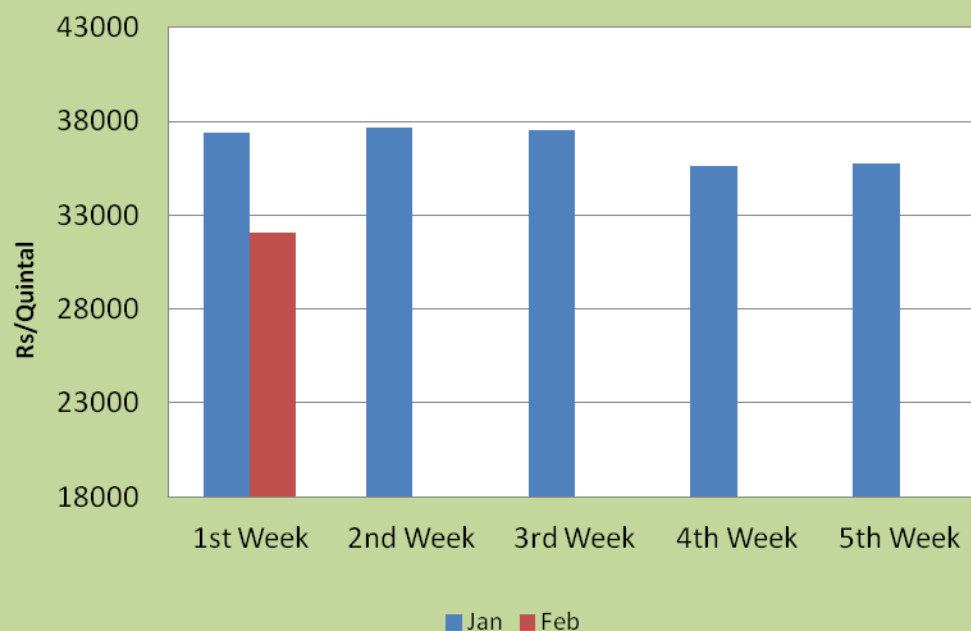
According to a field survey conducted by Agriwatch team in three major guar producing states, output in Rajasthan is expected to be around 14 -16 lakh metric tonnes, in Haryana around 4 lakh metric tonnes and in Gujarat around 2.5 lakh metric tonnes. Other states like Maharashtra, Madhya Pradesh. Andhra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

### Price Scenario

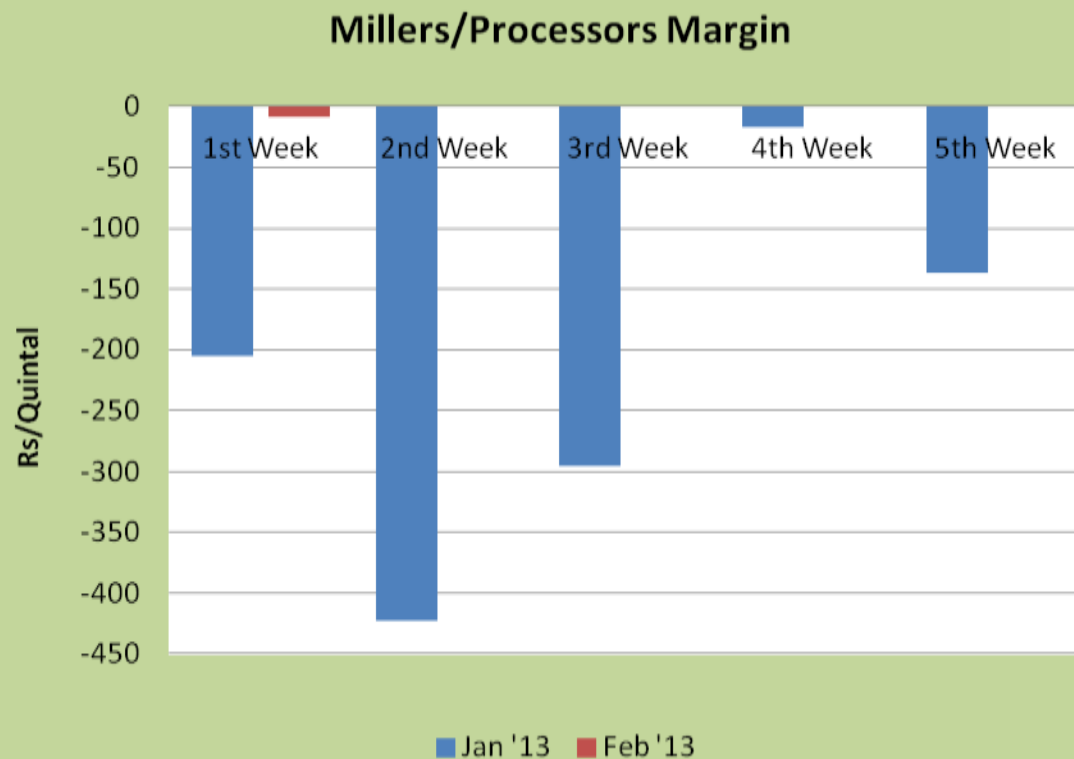
Guar seed and guar gum weekly average prices declined during the week. In the first week of February, the average price of guar seed declined by 11% to Rs.10850/Qtl and that of guar gum declined by 10% to Rs.32085/Qtl compared to previous week. The graph below illustrates the weekly average price movement 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 increased compared to previous week. Margin increased following decline in the price of guar seed. The average price of guar seed declined more compared to guar gum. In the first week of February, average crush margin stood at - Rs.8.33/Quintal compared to previous week's crush margin of - Rs. 136.73/Quintal. Margin is expected to increase in the coming days amid continuation of weak tone in guar seed.

**Guar Prices at Key Spot Markets**

Commodity	Centre	Prices (Rs/Qtl)		Change
		08.02.2013	01.02.2013	
Guar Seeds	Jodhpur (Delivery)	10200	11500	-1300
	Jodhpur (Loose)	9800	11000	-1200
	Bikaner (Loose)	9950	11100	-1150
	Bikaner (Delivery)	10350	11500	-1150
	Nokha (Loose)	10000	10800	-800
	Hanumangarh (Loose)	10200	11000	-800
	Sri-Ganganagar (Delivery)	10500	11300	-800
	Adampur (Loose)	10200	11400	-1200
	Sirsa (Loose)	10500	11000	-500
	Bhiwani (Delivery)	10000	11000	-1000
	Deesa (Loose)	10185	11250	-1065
	Nagaur (Loose)	9800	11000	-1200
	Dhabwali (Loose)	9600	11000	-1400
Guar Gum	Jodhpur	30000	35000	-5000
	Bhiwani	31200	34800	-3600
	Dhabwali	30500	35000	-4500

**Guar by – Products Prices:**

Commodity	Centre	Price in Rs/75Kg	
		08.02.2013	01.02.2013
Churi	Jodhpur	1050	1150
Korma	Jodhpur	1150	1250

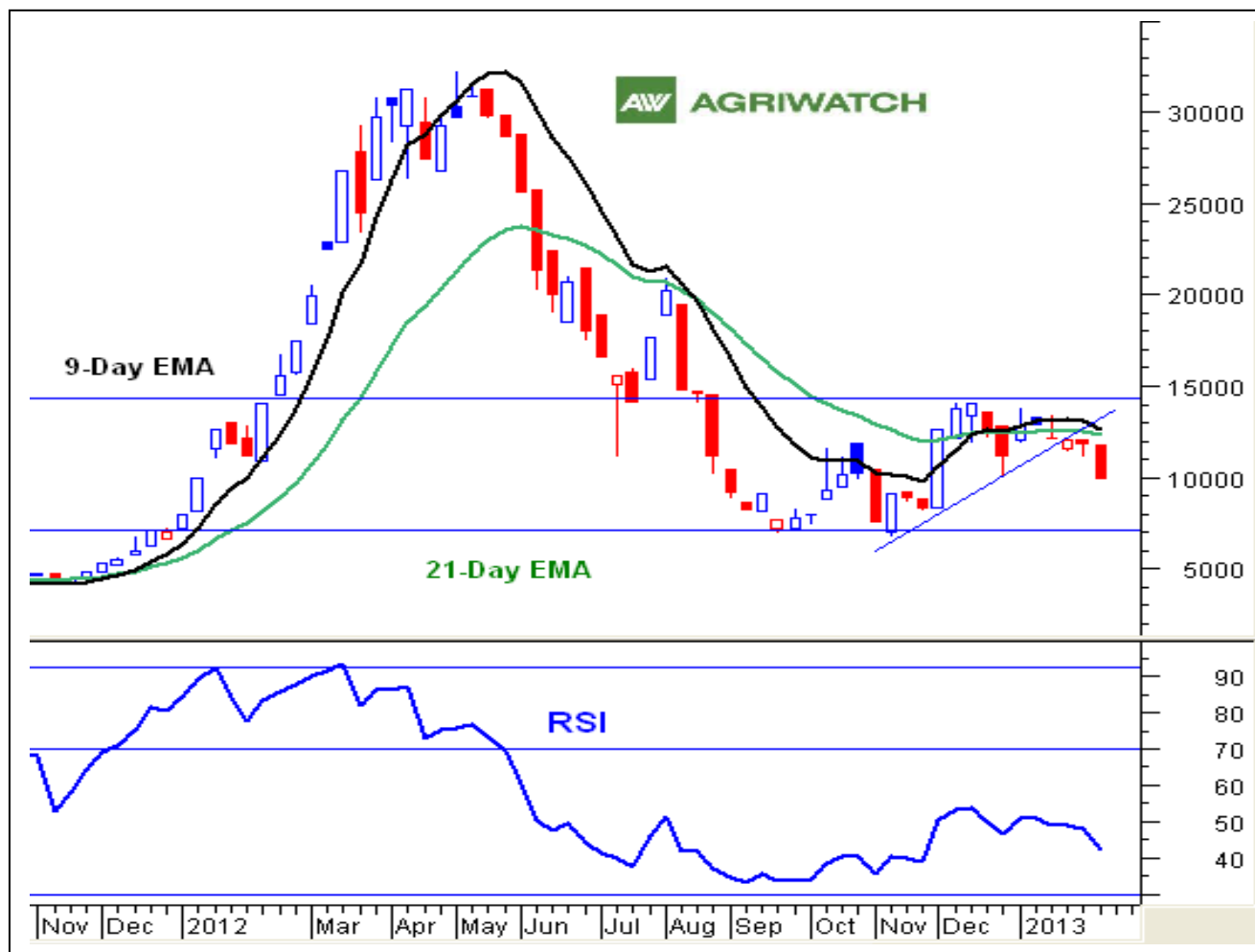
**Guar Export Prices:**

Commodity	Variety	\$/MT	
		08.02.2013	01.02.2013
Guargum Split		5600	6700
Guargum Powder	200 Mesh 5000 CPS	6200	7400
	200 Mesh 3500 CPS	600	7200
Guargum Meal		360	360

**Guar Cumulative Arrivals in Key Centers**

Centre	Arrivals (Quintals)		Change
	08.02.2013	01.02.2013	
Jodhpur	127000	91000	36000
Bikaner	7900	9000	-1100
Nokha	650	750	-100
Hanumangarh	2850	5150	-2300
Sri-Ganganagar	14000	16000	-2000
Adampur	24000	19500	4500
Sirsa	350	720	-370
Bhiwani	3550	7600	-4050
Deesa	1461	1188	273
Nagaur	600	110	490
Dhabwali	2250	2400	-150
All India (Include above mandis)	184611	153418	31193

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

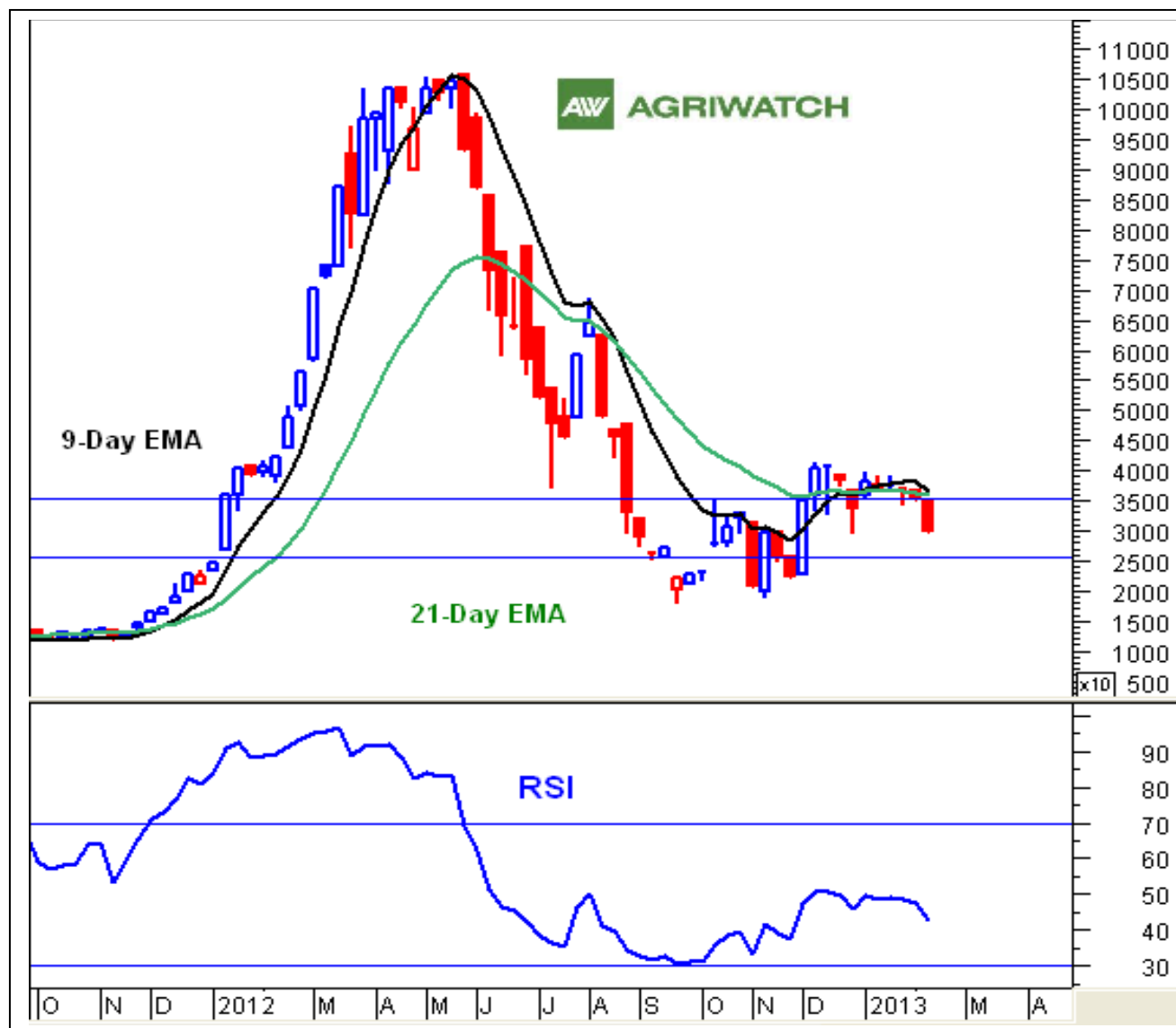


**Fig-1 – Guar Seed Weekly Spot Prices (Jodhpur)**

Prices noticed weak tone during the period. In the weekly chart, prices have broken below the uptrend line and are likely to move towards Rs.7000/Qtl levels. 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. Buyers are waiting for better levels in the coming days. Prices will find support around Rs.9000/Qtl levels. The next support is at Rs.7000/Qtl levels. On the upside there is resistance at Rs.11500/Qtl and Rs.12500/Qtl levels respectively. Traders are advised to buy on weakness for their near – term requirement.

**Prices are likely to continue the current weak tone towards Rs.7500/Qtl levels in the near –term.**





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

Guar gum prices moved in tandem with guar seed prices and closed lower. Prices moved towards Rs.30000/Qtl levels during the week. Prices are holding below 9 –Day and 21 –Day EMA supporting weakness in the medium –term. Prices are likely to continue the current weak tone. Stochastic oscillator is declining in the neutral region supporting weakness in the near –term. Prices will find support around Rs.27000/Qtl levels. The next support is at Rs.25000/Qtl levels. On the upside there is resistance at Rs.33000/Qtl and Rs.35000/Qtl levels respectively. Buyers are advised to wait for better levels in the medium –term.

**Prices are likely to trend towards Rs.25000/Qtl levels in the coming days.**



### Spot Market Outlook:

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

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