

Domestic Market Recap:

- Guar seed and guar gum prices improved during the week.
- Farmers holding and wet conditions slows down the arrival of guar seed in the markets.
- Export demand did not pick up as anticipated earlier.
- Prices are likely to move up in the coming week. However, this rally is for shorter period of time as expected as demand from overseas is not so good.
- 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 have moved up during the week. Guar seed prices has improved during the week owing to lower arrivals thanks to consistent rainfall. In addition to it, farmers are expecting more hike in the guar seed prices which stop them to bring their goods in the markets presently. Some big milers are urging farmers not to release their stocks in the open market.

Arrivals were lower in various mandis during the week compared to prior week. Lower arrivals amid consistent rainfall in growing regions support the prices. Prices are likely to trend towards Rs.12000/Qtl. Average arrival in the country is reported to be around 45000 bags. Arrivals in small quantities are reported in almost all major guar growing states. 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. According to trade sources, there is less demand from guar gum powder makers.

Reportedly, there is a lack of demand of guar gum from US this year. In addition to it, US has slowed down drilling activities and there is ample amount of stock of Guar Gum powder in Houston.

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.27000/Qtl levels.

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 exports are concerned,. In the month of January 2013, exports of guar gum (split, powder and meal) were reported to be 28949 metric tons which is higher compared to 23860 metric tonnes exported in December 2012, according to IBIS.

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

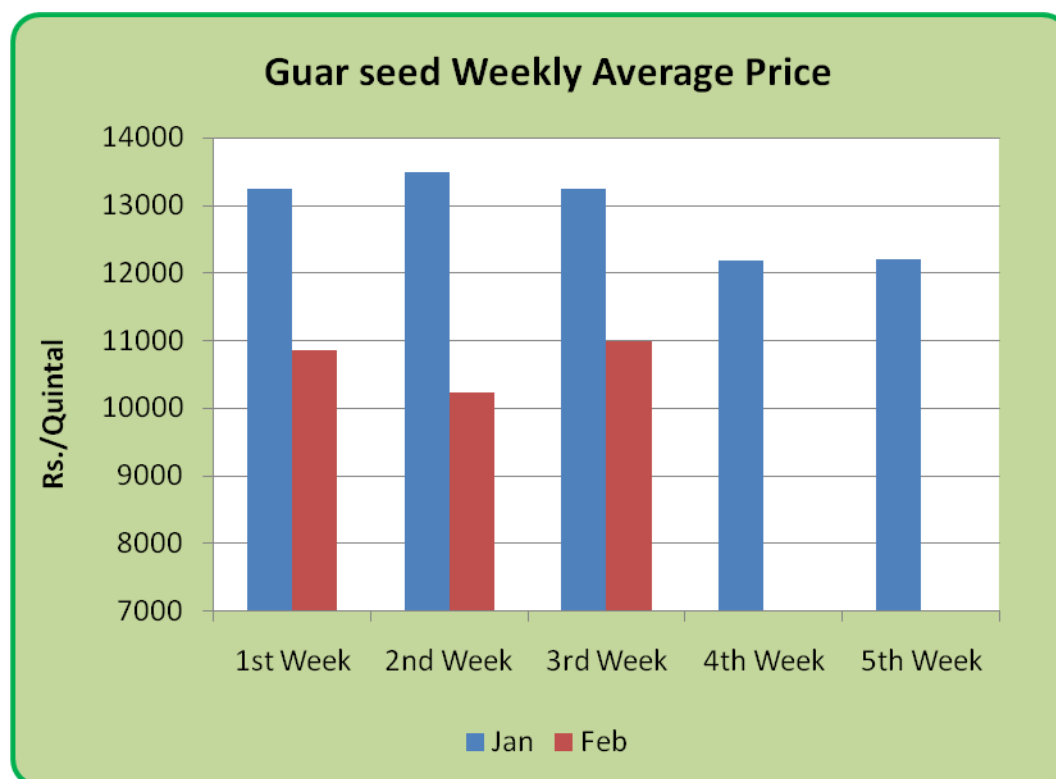
According to the first advance estimates of Rajasthan agricultural department, guar production in the current season is estimated at 16.57 lakh metric tonnes compared to 12.5 lakh metric tonnes in the previous season. According to the first advance estimates of Haryana agricultural department, guar production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

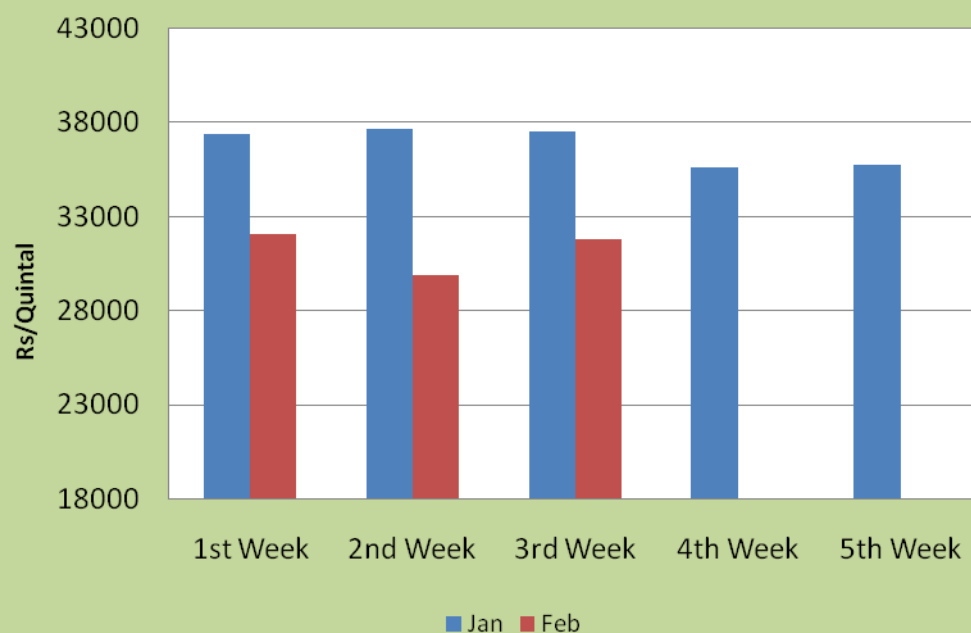
According to a field survey conducted by Agriwatch team in three major guar producing states, output in Rajasthan is expected to be around 14 -16 lakh metric tonnes, in Haryana around 4 lakh metric tonnes and in Gujarat around 2.5 lakh metric tonnes. Other states like Maharashtra, Madhya Pradesh. Andhra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

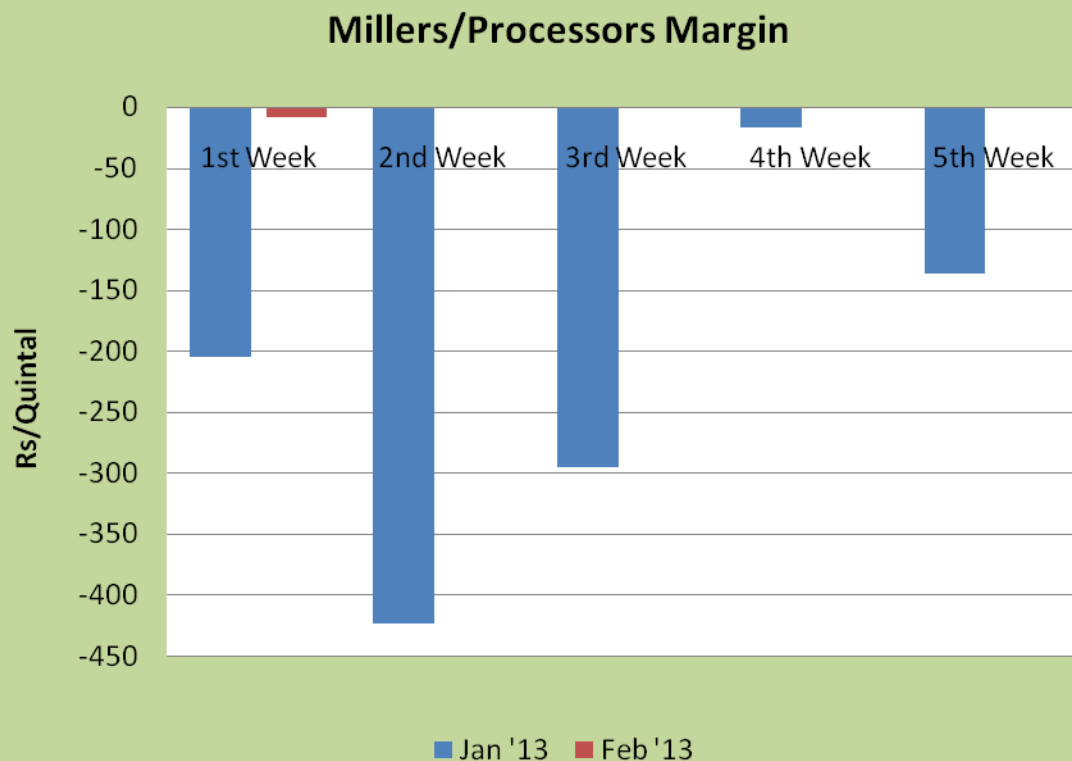
Guar seed and guar gum weekly average prices improved during the week. In the third week of February, the average price of guar seed improved by 7% to Rs.10983/Qtl compared to prior week and that of guar gum improved by 6% to Rs.31783/Qtl compared to previous week. The graph below illustrates the weekly 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
		22.02.2013	15.02.2013	
Guar Seeds	Jodhpur (Delivery)	11000	10500	500
	Jodhpur (Loose)	10700	10000	700
	Bikaner (Loose)	10500	10600	-100
	Bikaner (Delivery)	10900	11000	-100
	Nokha (Loose)	10800	10200	600
	Hanumangarh (Loose)	10700	10200	500
	Sri-Ganganagar (Delivery)	11100	10600	500
	Adampur (Loose)	10900	10000	900
	Sirsa (Loose)	11000	9000	2000
	Bhiwani (Delivery)	11000	10400	600
	Deesa (Loose)	10675	10000	675
	Nagaur (Loose)	10500	10000	500
	Dhabwali (Loose)	10500	10400	100
Guar Gum	Jodhpur	32200	31000	1200
	Bhiwani	32500	30700	1800
	Dhabwali	31500	31300	200

Guar by – Products Prices:

Commodity	Centre	Price in Rs/75Kg	
		22.02.2013	15.02.2013
Churi	Jodhpur	1350	1200
Korma	Jodhpur	1750	1500

Guar Export Prices:

Commodity	Variety	\$/MT	
		22.02.2013	15.02.2013
Guargum Split		5709	5760
Guargum Powder	200 Mesh 5000 CPS	6446	6320
	200 Mesh 3500 CPS	6262	6130
Guargum Meal		380	350

Guar Cumulative Arrivals in Key Centers

Centre	Arrivals (Quintals)		Change
	22.02.2013	15.02.2013	
Jodhpur	82000	125000	-43000
Bikaner	2650	5600	-2950
Nokha	3100	1300	1800
Hanumangarh	950	1990	-1040
Sri-Ganganagar	2400	6200	-3800
Adampur	11500	16000	-4500
Sirsa	405	460	-55
Bhiwani	3750	4600	-850
Deesa	952	1170	-218
Nagaur	185	340	-155
Dhabwali	1300	2600	-1300
All India (Include above mandis)	109192	165260	-56068

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.

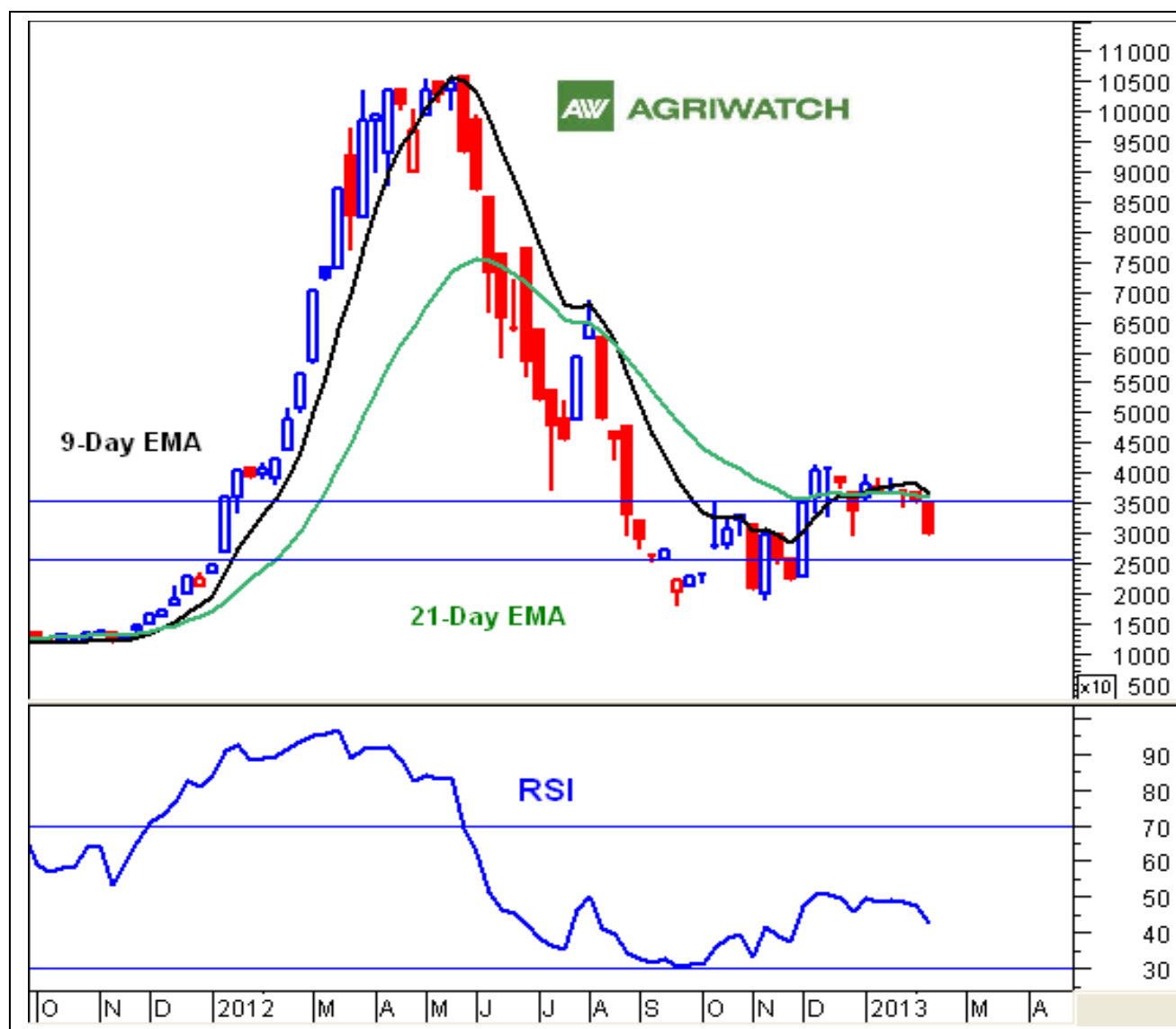


Fig-2 – Guar Gum Weekly Spot Prices (Jodhpur)

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 firm tone in the coming days. However, farmers can sell their produce if they got anything near to the level of Rs 12000 as overall demand from domestic as well as from International markets not seems encouraging.

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