

Domestic Market Recap:

- Guar seed and guar gum prices declined during the week.
- The USA, the major buyer for guar gum, is not buying aggressively at this point of time as it has ample stock of gum to take care of its near months needs. In addition to it, US have slowed down drilling activities and there is no urgency to buy gum in bulk quantity. Fresh Chinese and US buying is expected from April Onward.
- Bearish sentiment in the months ahead encourages farmers to release stock and improve arrivals in recent weeks weigh on the market fundamental.
- Export demand is less amid availability of cheaper alternatives in the overseas markets.

Current Market Dynamics

Guar seed and guar gum prices have moved down during the week. Guar seed prices has declined during the week owing to higher arrivals. In addition to it, weak demand and cancellation of launch of new guar contracts on NCDEX platform led the prices decline in spot markets.

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 48500 bags. Arrivals in small quantities are reported in almost all major guar growing states. 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 February 2013, exports of guar gum (split, powder and meal) were reported to be 38819.67 metric tons which is higher compared to 28949 metric tonnes exported in January 2013, 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

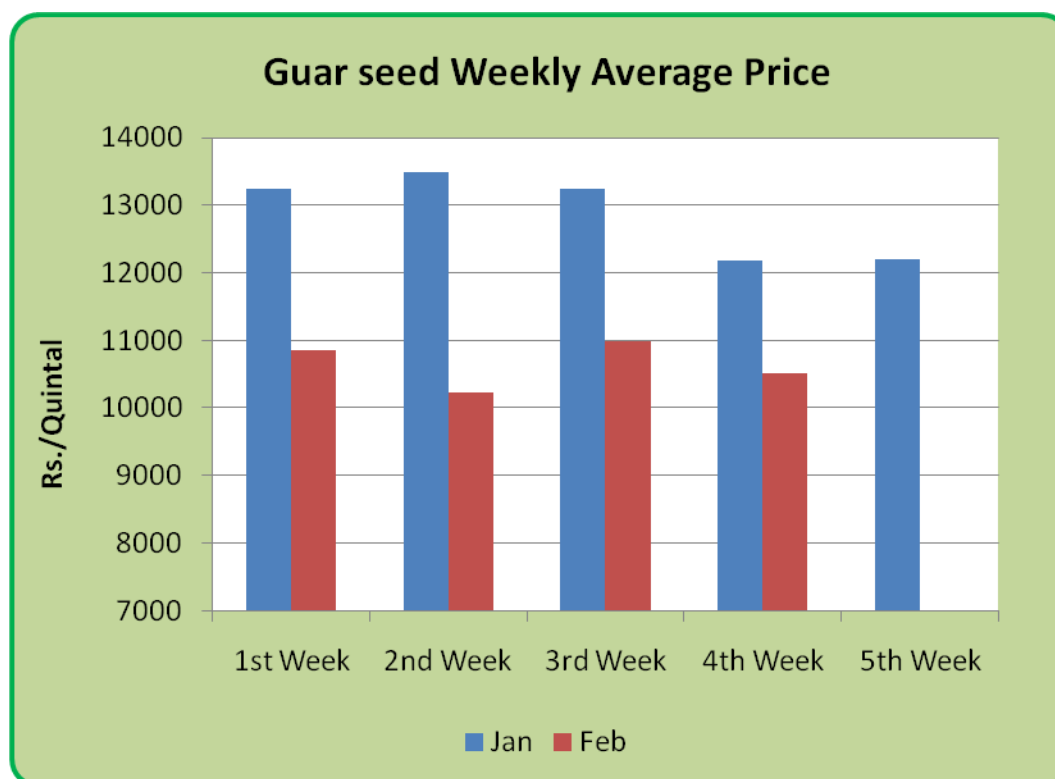
According to the first advance estimates of Rajasthan agricultural department, guar production in the current season is estimated at 16.57 lakh metric tonnes compared to 12.5 lakh metric tonnes in the previous season. According to the first advance estimates of Haryana agricultural department, guar production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

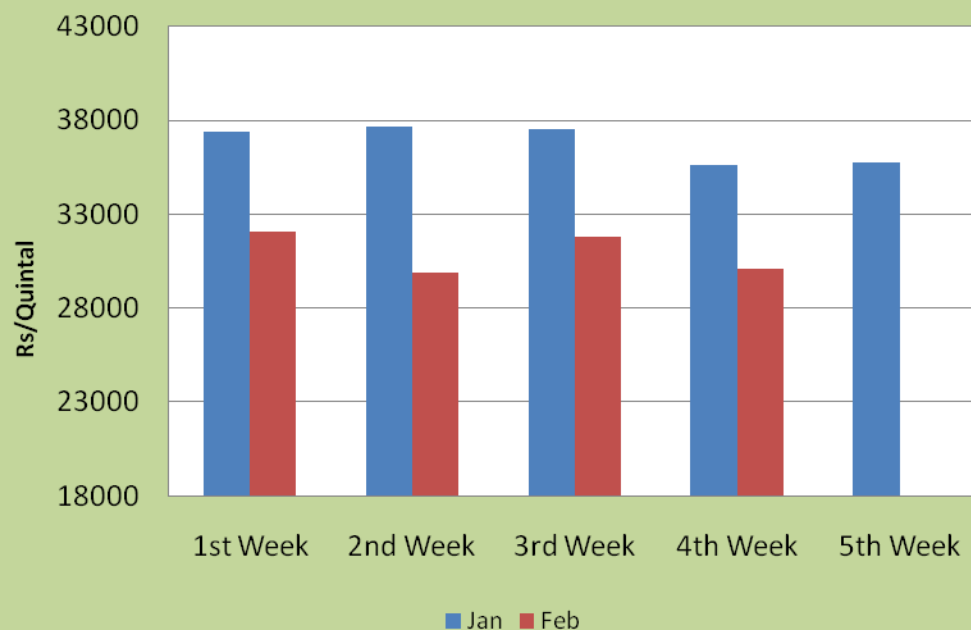
According to a field survey conducted by Agriwatch team in three major guar producing states, output in Rajasthan is expected to be around 14 -16 lakh metric tonnes, in Haryana around 4 lakh metric tonnes and in Gujarat around 2.5 lakh metric tonnes. Other states like Maharashtra, Madhya Pradesh. Andhra 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 declined during the week. In the fourth week of February, the average price of guar seed declined by 4% to Rs.10516/Qtl compared to prior week and that of guar gum declined by 5% to Rs.30600/Qtl compared to previous week. The graph below illustrates the weekly average price movement of guar seed and guar gum in Jodhpur market.

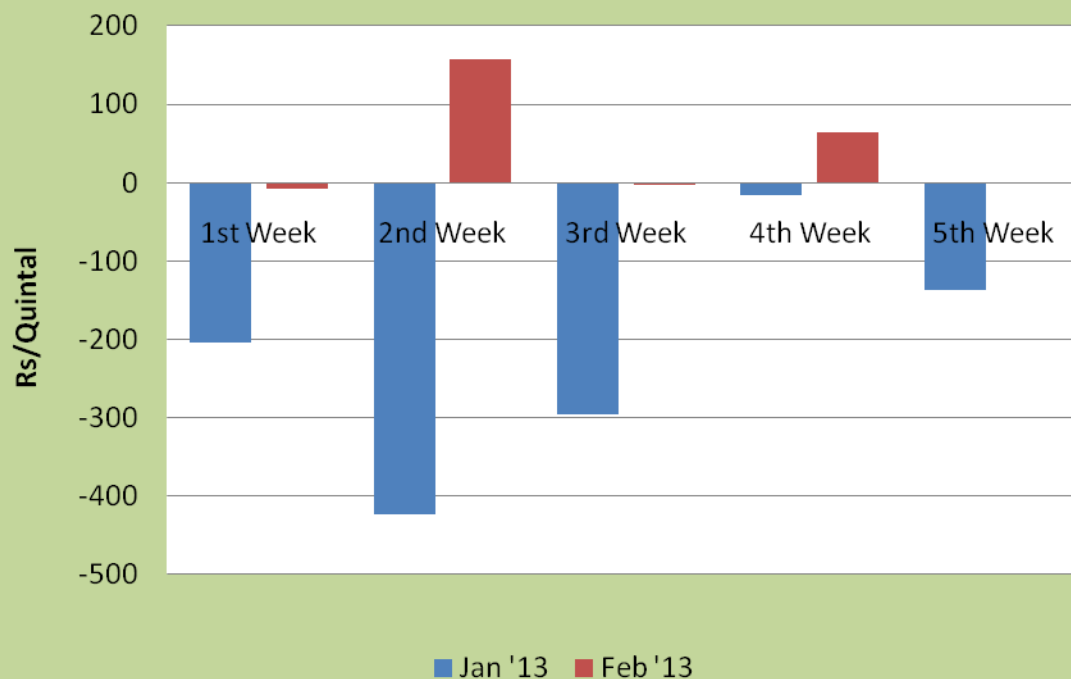


Guar gum Weekly Average Price



Millers/Processors Margin

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. However, the average price of guar seed declined less compared to guar gum. In the fourth week of February, average crush margin stood at - Rs.64.5/Quintal compared to previous week's crush margin of - Rs. -3.66/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
		01.03.2013	22.02.2013	
Guar Seeds	Jodhpur (Delivery)	10200	11000	-800
	Jodhpur (Loose)	9700	10700	-1000
	Bikaner (Loose)	9800	10500	-700
	Bikaner (Delivery)	10200	10900	-700
	Nokha (Loose)	9735	10800	-1065
	Hanumangarh (Loose)	9500	10700	-1200
	Sri-Ganganagar (Delivery)	10100	11100	-1000
	Adampur (Loose)	10000	10900	-900
	Sirsa (Loose)	9500	11000	-1500
	Bhiwani (Delivery)	10200	11000	-800
	Deesa (Loose)	9675	10675	-1000
	Nagaur (Loose)	9700	10500	-800
	Dhabwali (Loose)	9800	10500	-700
Guar Gum	Jodhpur	29400	32200	-2800
	Bhiwani	30000	32500	-2500
	Dhabwali	29500	31500	-2000

Guar by – Products Prices:

Commodity	Centre	Price in Rs/75Kg	
		01.03.2013	22.02.2013
Churi	Jodhpur	1325	1350
Korma	Jodhpur	1650	1750

Guar Export Prices:

Commodity	Variety	\$/MT	
		01.03.2013	22.02.2013
Guargum Split		5893	5709
Guargum Powder	200 Mesh 5000 CPS	6630	6446
	200 Mesh 3500 CPS	6446	6262
Guargum Meal		380	380

Guar Cumulative Arrivals in Key Centers

Centre	Arrivals (Quintals)		Change
	01.03.2013	22.02.2013	
Jodhpur	74000	82000	-8000
Bikaner	5800	2650	3150
Nokha	4675	3100	1575
Hanumangarh	1550	950	600
Sri-Ganganagar	7850	2400	5450
Adampur	14000	11500	2500
Sirsa	415	405	10
Bhiwani	4100	3750	350
Deesa	928	952	-24
Nagaur	270	185	85
Dhabwali	1800	1300	500

Spot Market Technical Analysis of Guar seed & Guar gum



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

Guar seed prices witnessed weak tone during the week ended 4th March 2013. Prices seem to move in a downtrend in the coming week. Presently, prices are hovering in between Rs 7150 to Rs 14600, RSI is moving in between oversold and neutral region. Also, last candlestick Morubozu candlestick pattern suggests bearishness. Prices should rebound till Rs 10300-10400 from where fresh selling might occur.

Market participants should sell their stock as prices are not seem bullishness in the near term.

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 likely to continue the current weak tone. 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 sell immediately

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 decline in the coming days. However, farmers can sell their produce as overall demand from domestic as well as from International markets not seems encouraging.



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