

Domestic Market Recap:

- Increase in arrivals in the first half of the week led the guar prices declined in key markets.
- Small farmers which needs money urgently already brought their stocks in the guar mandis. Now only big stockists/farmers are holding guar seed stocks who anticipate increase in price of guar in the coming month.
- Rumors of launch of guar in NCDEX platform also urge big farmers to hold guar crop in anticipation of higher remuneration in the coming weeks.
- However, overall prices are moving range bound.
- AP farmers haven't got expected yield from guar seed crop this year owing to heavy rainfall in the region. It is notable that farmers in AP get lured from guar prices last year and experiment guar crop first time in their respective fields.
- Guar sowing likely to start most probably in the first week of April in parts of Punjab, Haryana, Rajasthan and Gujarat. It is notable that farmers which have the facility of irrigation might sown guar in their vacant fields/plots considering lucrative prices of guar seed.

Current Market Dynamics

Guar seed and guar gum prices are hovering in a range with weak tone during the week. Overall arrivals have increased but still farmers are waiting for better levels.

Some big millers are trying to urge farmers to release their stocks in this month. However, demand from exporters is increasing M-o-M basis as reported which might led the prices up couple of weeks time.

Arrivals were higher in various mandis during the week compared to prior week. Prices are likely to trend towards Rs.12000/Qtl. Average arrival in the country is reported to be around 52500 bags this week.

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 compared to last 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.

However, as far as monthly 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.

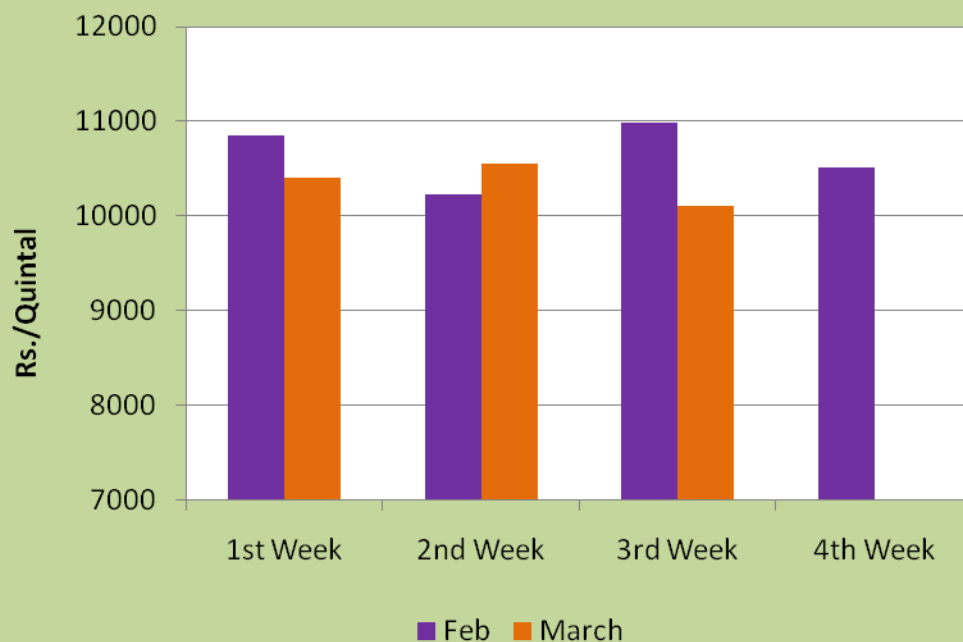
In the current season, onset of south –west monsoon was delayed in the growing regions. However there has been good rainfall in August and September 2012. Lack of rains in certain growing regions during the month of October has affected the crop. Based on rainfall during June –October, there could be 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.

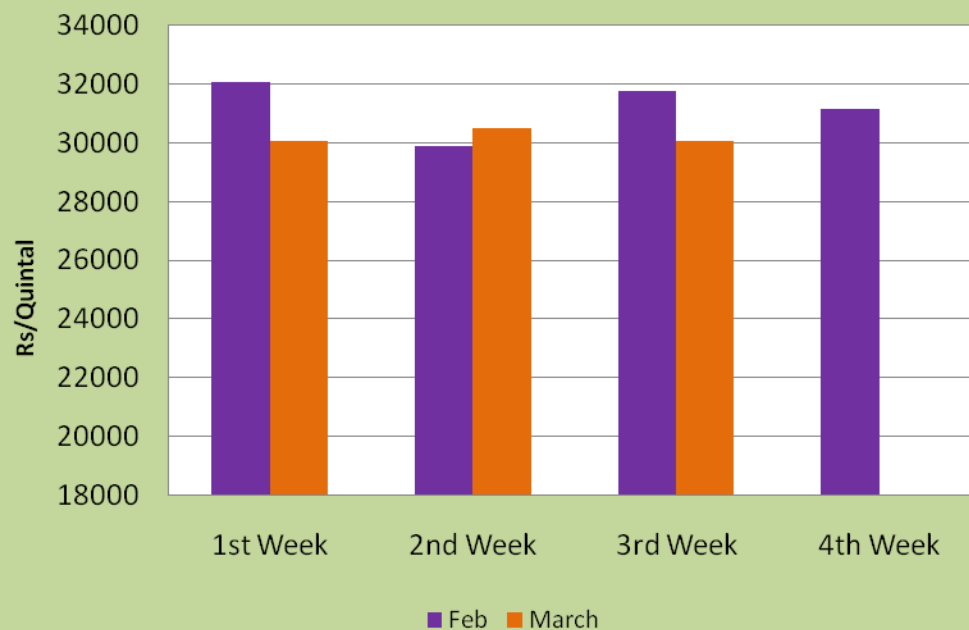
Price Scenario

Guar seed and guar gum weekly average prices declined during the week. In the third week of March, the average price of guar seed declined by 4% to Rs.10150/Qtl compared to prior week and that of guar gum declined by 2% to Rs.30050/Qtl compared to previous week. The graph below illustrates the weekly average price movement of guar seed and guar gum in Jodhpur market.

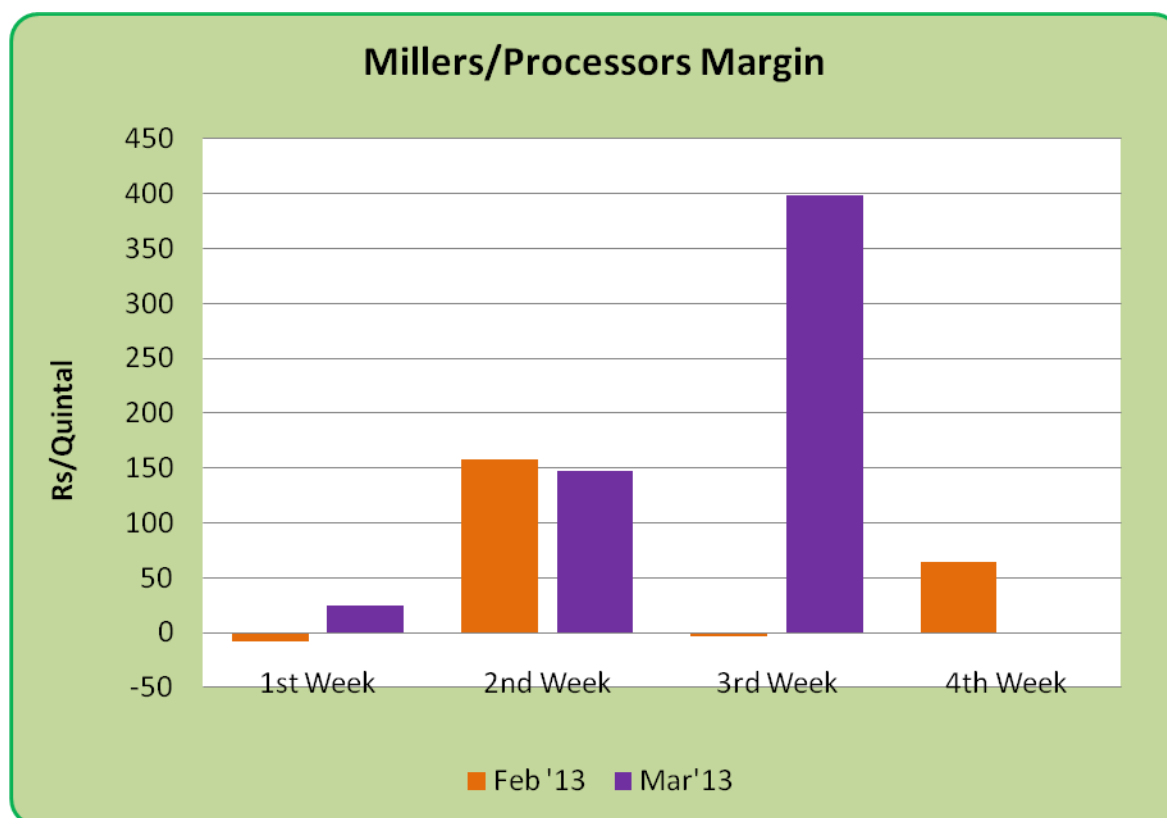
Guar seed Weekly Average Price



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 increase in the price of Korma. In addition to it, guar gum prices declined less compared to guar seed prices which also increase the crush margin. In the third week of March, average crush margin stood at Rs.399/Quintal compared to previous week's crush margin of Rs. 147/Quintal. Margin is expected to increase in the coming days.

Guar Prices at Key Spot Markets

Commodity	Centre	Prices (Rs/Qtl)		Change
		22.03.2013	15.03.2013	
Guar Seeds	Jodhpur (Delivery)	10100	10450	-350
	Jodhpur (Loose)	9600	10000	-400
	Bikaner (Loose)	9750	10000	-250
	Bikaner (Delivery)	10000	10300	-300
	Nokha (Loose)	9700	10150	-450
	Hanumangarh (Loose)	9750	10150	-400
	Sri-Ganganagar (Delivery)	10000	10500	-500
	Adampur (Loose)	9800	10300	-500
	Sirsa (Loose)	9800	10200	-400
	Bhiwani (Delivery)	9800	10200	-400
	Deesa (Loose)	9430	9905	-475
	Nagaur (Loose)	9400	9800	-400
	Dhabwali (Loose)	9500	10100	-600
Guar Gum	Jodhpur	30000	30600	-600
	Bhiwani	30300	30800	-500
	Dhabwali	29000	30500	-1500

Guar by – Products Prices:

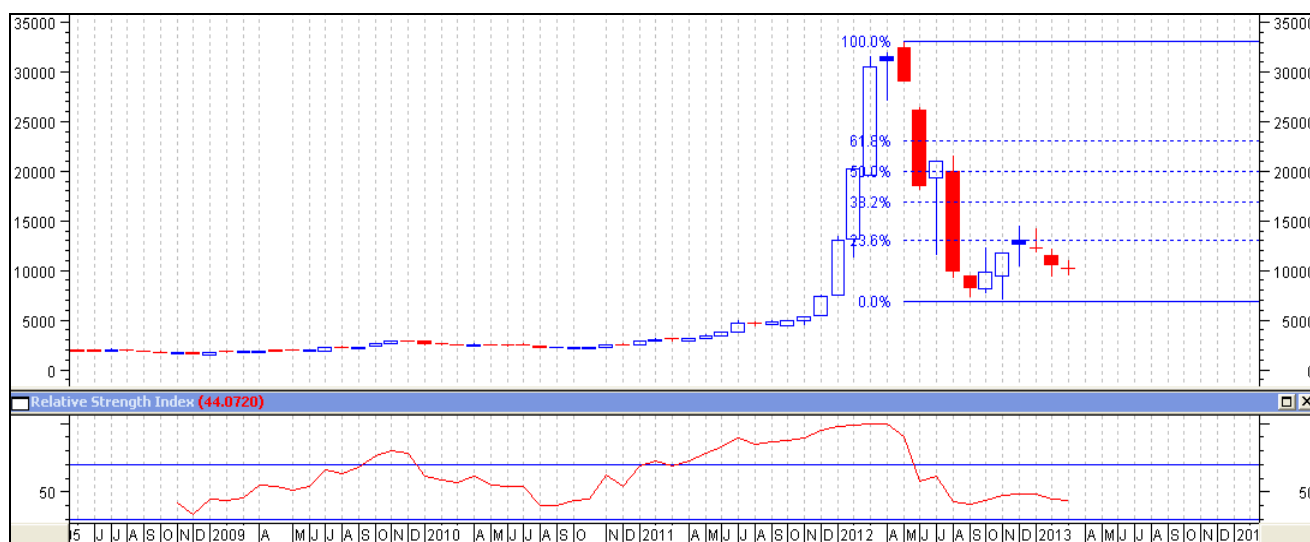
Commodity	Centre	Price in Rs/75Kg	
		22.03.2013	15.03.2013
Churi	Jodhpur	1225	1225
Korma	Jodhpur	1750	1750

Guar Export Prices:

Commodity	Variety	\$/MT	
		22.03.2013	15.03.2013
Guargum Split		5522	5694
Guargum Powder	200 Mesh 5000 CPS	6258	6429
	200 Mesh 3500 CPS	6074	6245
Guargum Meal		320	340

Guar Cumulative Arrivals in Key Centers

Centre	Arrivals (Quintals)		Change
	22.03.2013	15.03.2013	
Jodhpur	58000	77000	-19000
Bikaner	5300	5800	-500
Nokha	7400	8300	-900
Hanumangarh	10800	4100	6700
Sri-Ganganagar	21000	12300	8700
Adampur	28000	36000	-8000
Sirsa	1500	625	875
Bhiwani	11300	7700	3600
Deesa	1524	1399	125
Nagaur	280	170	110
Dhabwali	1820	3850	-2030

Spot Market Technical Analysis of Guar seed & Guar gum

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

Guar seed prices witnessed range bound movement with weak tone. Presently, prices are hovering in between Rs 7150 to Rs 14600, RSI is moving in between oversold and neutral region. Prices not seems bullish at present. Also, last candlestick depicts bearishness in the market.

Prices are likely to move in range with weak tone in the near term. Market participants should plan accordingly.

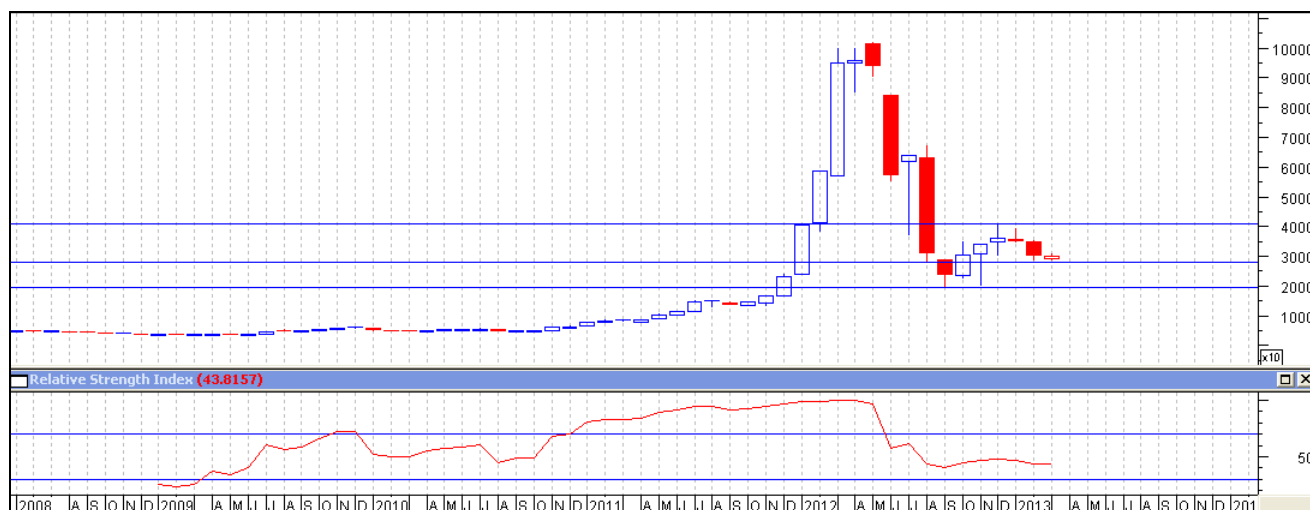


Fig-2 – Guar Gum Weekly Spot Prices (Jodhpur)

Guar gum prices moved in tandem with guar seed prices and closed lower. Prices moved towards Rs.30000/Qtl levels. 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 wait

Prices are likely to stand in the existing range with weak tone as expected.

Spot Market Outlook:

We expect prices to move up from current level due to fresh demand from exporter's end and is likely to increase from 15th March. Market sources confirmed that bargaining of the price continue and we expect some deals for export in the third and fourth week of this month. One two major deals for export would support seed price once again as guar seed is ruling at lower level.

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