

## **Domestic Market Recap:**

- Guar prices rebound during the week ended 3<sup>rd</sup> May 2013 after heavy decline in the prices last week.
- Prices recovered owing to lower arrivals in the markets.
- Meanwhile, demand of gas drilling is not so encouraging in US as reported which might resist the ongoing guar demand from overseas.
- Farmers are taken aback with this recent decline in guar prices. However, they are not in a mood to release guar stocks in the markets at lower rates. Meanwhile, if guar contract not listed in NCDEX platform then prices would again tumble. In addition to it, weak demand, higher expectation of summer guar crop and expected guar sowing start in the coming months might led the prices downwards.
- As far as monthly exports are concerned, In the month of March 2013, exports of guar gum (split, powder and meal) were reported to be 47345 metric tons which is higher compared to 38819.67 metric tonnes exported in February 2013, according to IBIS.

## **Current Market Dynamics**

Guar seed and guar gum prices are hovering in a range with firm tone during the week

Prices improved today after having sharp decline in the guar prices last week. Lower arrivals in various mandis during the week compared to prior week support the prices. Cummulative arrivals in the country of guar seed are reported to be around 67790 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.

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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.

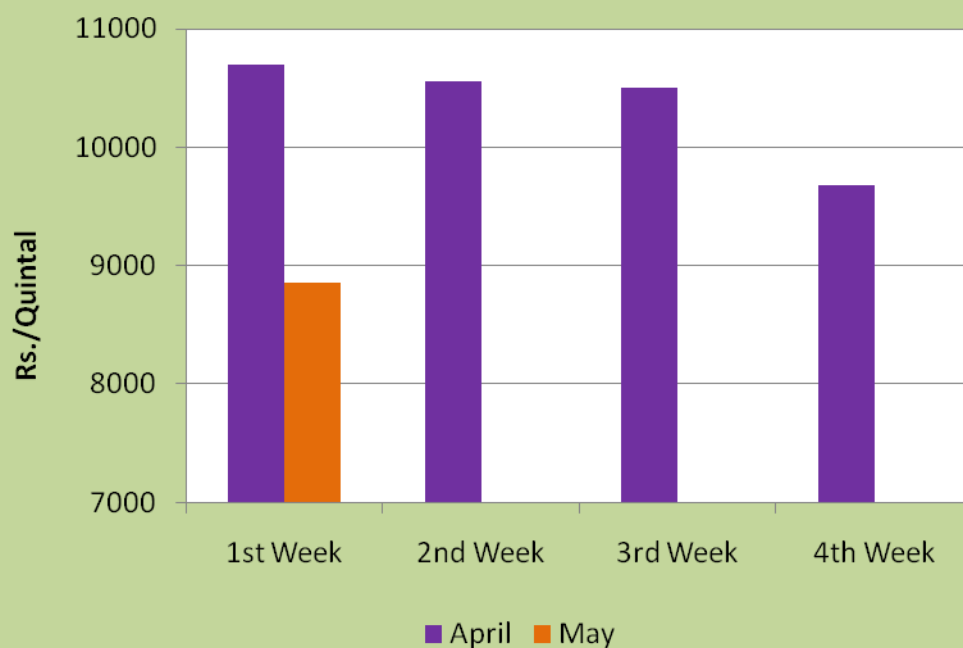
According to a field survey conducted by Agriwatch team in three major guar producing states, output in Rajasthan is expected to be around 14 -16 lakh metric tonnes, in Haryana around 4 lakh metric tonnes and in Gujarat around 2.5 lakh metric tonnes. Other states like Maharashtra, Madhya Pradesh. Andhra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

Meanwhile, 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.

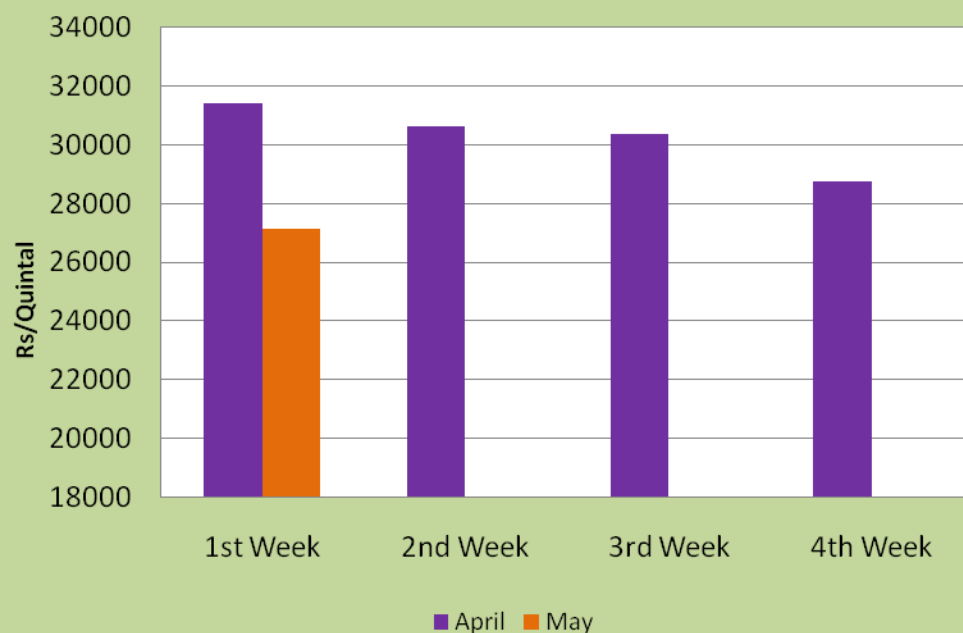
## Price Scenario

Guar seed and guar gum weekly average prices declined during the week. In the first week of May, the average price of guar seed declined by 9% to Rs.8850/Qtl compared to prior week and that of guar gum declined by 6% to Rs.27140/Qtl compared to previous week. The graph below illustrates the weekly average price movement of guar seed and guar gum in Jodhpur market.

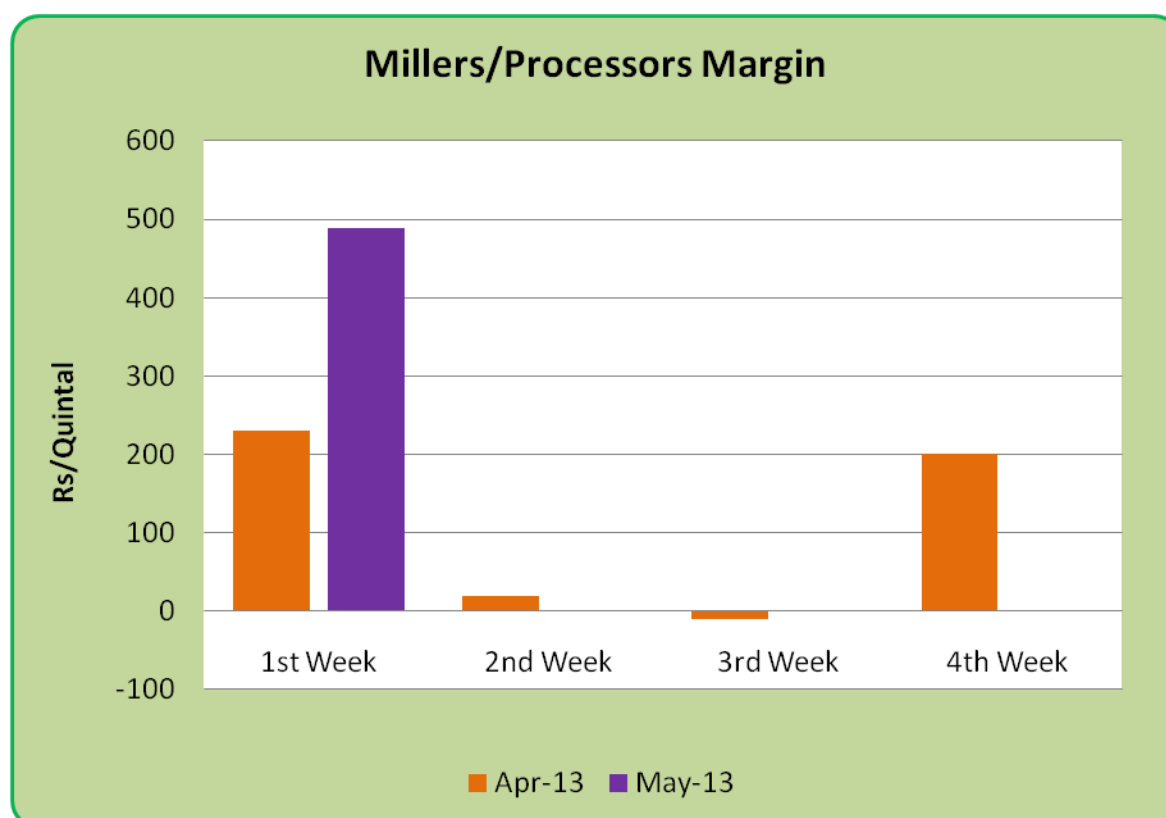
### Guar seed Weekly Average Price



### 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. In the first week of May 2013, average crush margin stood at Rs. 489.06 /Quintal compared to previous week's crush margin of Rs. 200/Quintal. Higher degree of decline in Guar seed prices compared to guar gum prices increase the margin. Margin is expected to increase in the coming days.

**Guar Prices at Key Spot Markets**

Commodity	Centre	Prices (Rs/Qtl)		Change
		03-05-13	26-04-13	
Guar Seeds	Jodhpur(Delivery)	9500	9200	300
	Jodhpur (Loose)	9000	8900	100
	Sri-Ganganagar (Delivery)	9000	8600	400
	Sri-Ganganagar(Loose)	8800	8200	600
	Alwar (loose)	8500	8000	500
	Churu (Delivery)	9000	8500	500
	Nagaur (Loose)	8700	8100	600
	Adampur (Loose)	9100	8400	700
	Sirsa (Loose)	9000	9500	-500
	Bhiwani (Delivery)	9200	8650	550
	Patan (Loose)	7850-8525	8750	-225
	Deesa (Loose)	8625-8840	-	-
	Rajkot (Loose)	7500-9000	8600	400
	Nokha (Delivery)	9530	8700	830
	Nokha(Loose)	8500-9200	8400	800
	Hanumangarh (Delivery)	-	-	-
	Hanumangarh (Loose)	-	-	-
	Dhabwali (Loose)	9200	8600	600
	Bikaner (Delivery)	9400	8600	800
	Bikaner (Loose)	9100	8350	750
	Khajuwala Bikaner (Delivery)	9400	8800	600
	Khajuwala Bikaner (Loose)	9000-9100	8400	700
	Dabra	8000-8600	9000	-400
Guar Gum	Jodhpur	28000	28300	-300
	Sirsa	28000	28000	Unch
	Alwar	28000	26500	1500
	Bhiwani	27800	27200	600
	Dhabwali	27800	26000	1800

**Guar by – Products Prices:**

Commodity	Centre	Price in Rs/75Kg	
		03-05-13	26-04-13
Churi	Jodhpur	-	900
Korma	Jodhpur	-	1475

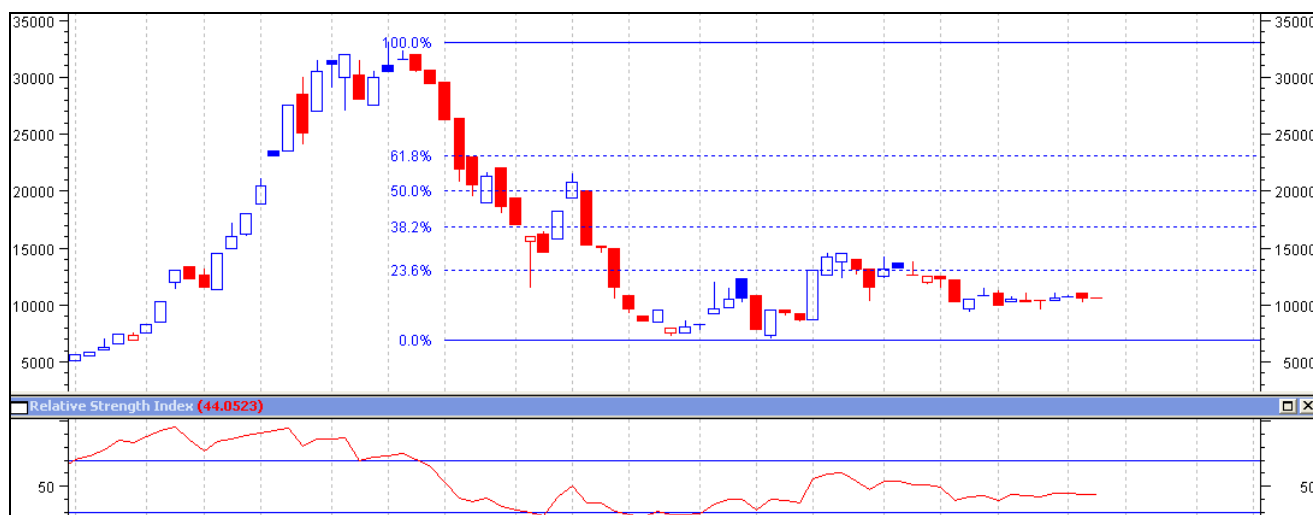
**Guar Export Prices:**

Commodity	Variety	\$/MT	
		03-05-13	26-04-13
Guargum Split		5190	4881
Guargum Powder	200 Mesh 5000 CPS	5931	5526
	200 Mesh 3500 CPS	5746	5342
Guargum Meal		240	240

**Guar Cumulative Arrivals in Key Centers**

Centre	Arrivals (Quintals)		Change
	03-05-13	26-04-13	
Jodhpur	40000	59000	-19000
Sri-Ganganagar	3800	7200	-3400
Alwar	1200	1000	200
Churu	1700	1800	-100
Nagaur	420	350	70
Adampur	6200	6000	200
Sirsa	200	150	50
Bhiwani	4100	1700	2400
Patan	307	176	131
Deesa	463	-	-
Rajkot	2100	1746	354
Nokha	1200	1000	200
Hanumangarh	-	-	-
Dhabwali	-	-	-
Bikaner	3300	7000	-3700
Khajuwala Bikaner	850	5700	-4850
Dabra	1950	800	1150
<b>Total Arrival</b>	<b>67790</b>	<b>93622</b>	<b>-25832</b>

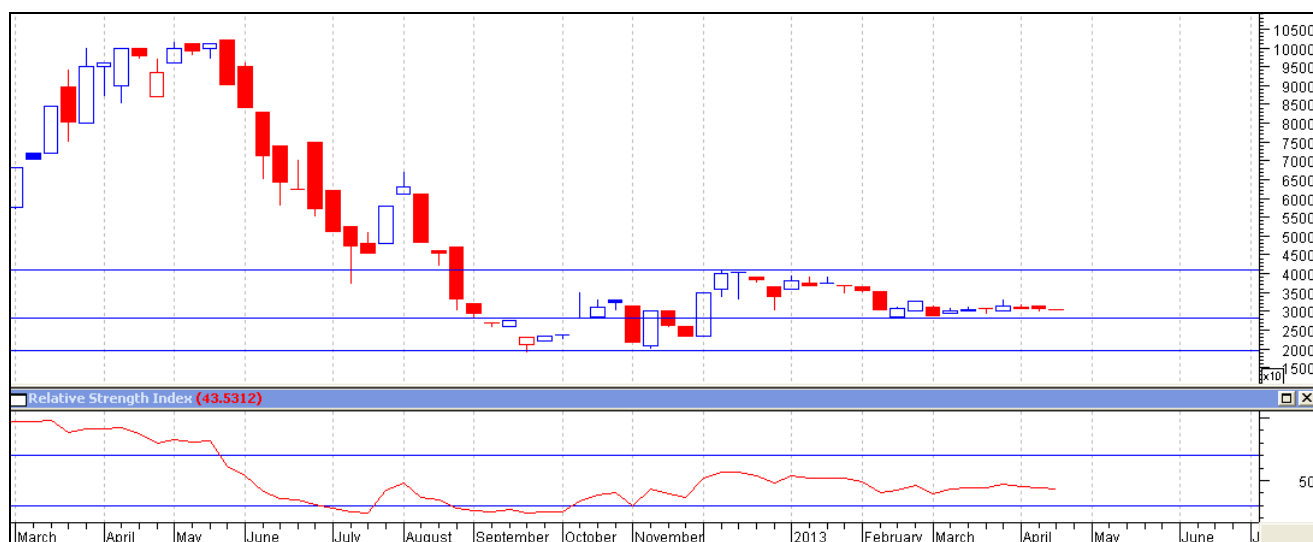
## Spot Market Technical Analysis of Guar seed & Guar gum



**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 as expected.**

**Spot Market Outlook:**

We expect prices to move up from current level as rumors of re-launch of guar contracts in NCDEX platform in the last week of April urge farmers to hold guar stocks which are anticipating higher prices in future.

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