

**Domestic Market Recap:**

- Guar seed and gum average weekly prices improved during the week ended 10<sup>th</sup> May 2013 owing to lower arrivals compared to prior week.
- However, overall sentiments remained weak as higher stock already left with farmers and no decision by FMC over re-listing of guar contracts on NCDEX platform dampens the possibility of hike in guar prices. In addition to it, fresh crop of guar start arriving in parts of Saurashtra region also depress the prices of guar in the coming days.
- Meanwhile, demand of gas drilling is not so encouraging in US as reported which might resist the ongoing guar demand from overseas.

**Current Market Dynamics**

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

Cummulative arrivals in the country of guar seed are reported to be around 183000 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.

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.

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.

**Demand Side of Guar and Guar Gum:**

It is notable that guar prices are falling owing to weak domestic demand. Higher crop expectations of Summer crop led the prices downwards.

As far as exports are concerned, around 30% of the total guar production has been exported towards China and US. It is notable that US Houston are offering FOB at \$7500 per ton as reported.

Monthly Guar Exports (2012-13)	Quantity in Tons
April- Sept	319000
Oct	23000
Nov	15000
Dec	25000
Jan	28949
Feb	38819
March	47345

## 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.

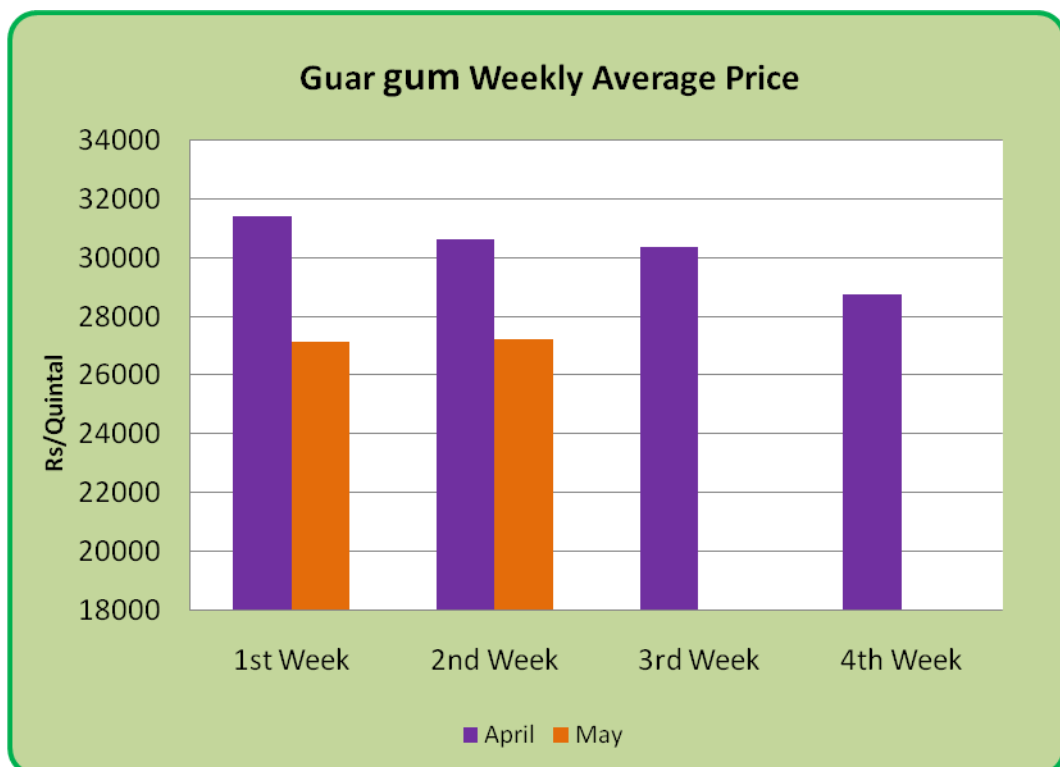
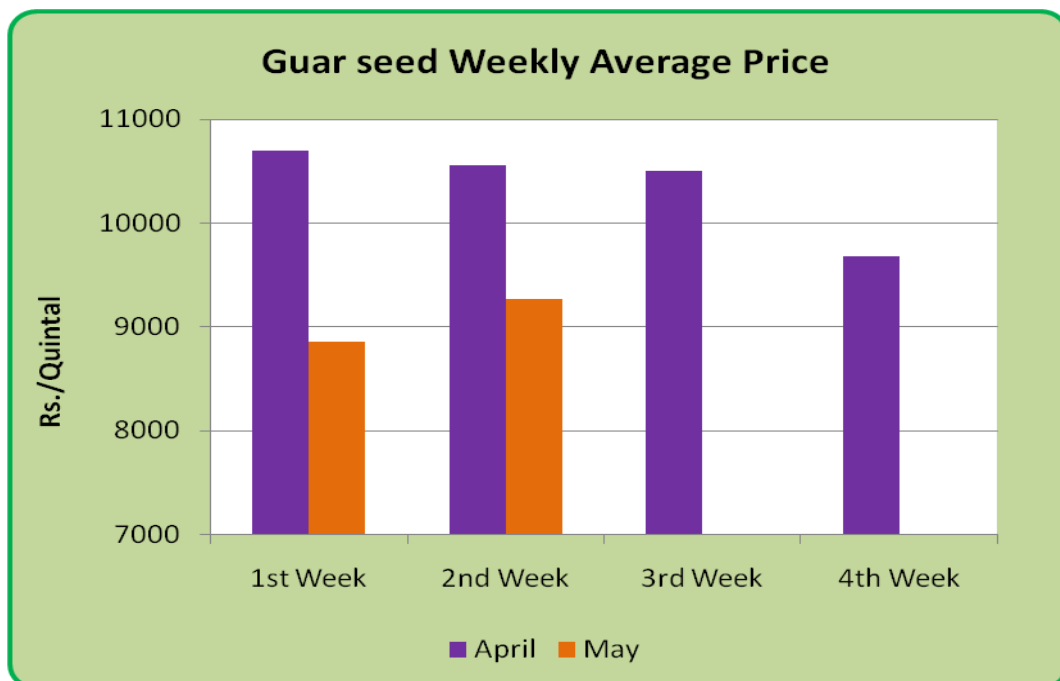
In the current season, onset of south –west monsoon was delayed in the growing regions. However there has been good rainfall in August and September 2012. Lack of rains in certain growing regions during the month of October has affected the crop. Based on rainfall during June –October, there could be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

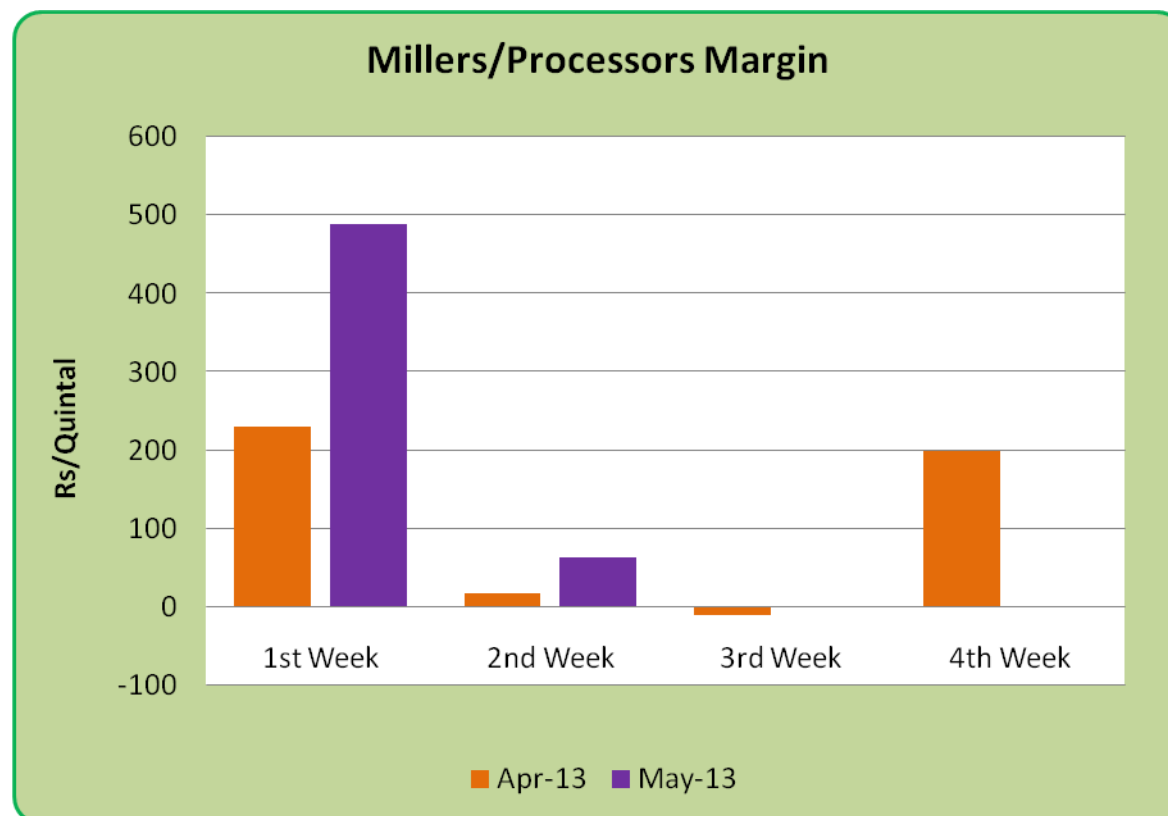
Meanwhile, Guar sowing likely to start most probably in the first week of April in parts of Punjab, Haryana, Rajasthan and Gujarat. It is notable that farmers which have the facility of irrigation might sown guar in their vacant fields/plots considering lucrative prices of guar seed.

### Price Scenario

Guar seed and guar gum weekly average prices improved during the week. In the second week of May, the average price of guar seed improved by 5% to Rs.9266/Qtl compared to prior week and that of guar gum improved by 0.4% to Rs.27241/Qtl compared to previous week. The graph below illustrates the weekly average price movement of guar seed and guar gum in Jodhpur market.



## Millers/Processors Margin



As seen in the chart above, the average crushing margin of guar seed decreased compared to previous week. In the second week of May 2013, average crush margin stood at Rs. 63.4 /Quintal compared to previous week's crush margin of Rs. 489.06/Quintal. Higher degree of increase in Guar seed prices compared to guar gum prices decrease the margin.

## Guar Prices at Key Spot Markets

Commodity	Centre	Prices (Rs/Qtl)		Change
		10-05-13	03-05-13	
Guar Seeds	Jodhpur(Delivery)	8700	9500	-800
	Jodhpur (Loose)	8300	9000	-700
	Sri-Ganganagar (Delivery)	8700	9000	-300
	Sri-Ganganagar(Loose)	8400	8800	-400
	Alwar (loose)	8500	8500	Unch
	Churu (Delivery)	9000	9000	Unch
	Nagaur (Loose)	8300	8700	-400
	Adampur (Loose)	8500	9100	-600

	Sirsa (Loose)	-	9000	-
	Bhiwani (Delivery)	8500	9200	-700
	Patan (Loose)	7800-8560	7850-8525	35
	Deesa (Loose)	7755-8290	8625-8840	-550
	Rajkot (Loose)	6500-8500	7500-9000	-500
	Nokha (Delivery)	9116	9530	-414
	Nokha(Loose)	8800	8500-9200	-400
	Hanumangarh (Delivery)	-	-	-
	Hanumangarh (Loose)	-	-	-
	Dhabwali (Loose)	8800	9200	-400
	Bikaner (Delivery)	8700	9400	-700
	Bikaner (Loose)	8400	9100	-700
	Khajuwala Bikaner (Delivery)	8800	9400	-600
	Khajuwala Bikaner (Loose)	8250	9000-9100	-850
	Dabra	8200-8500	8000-8600	-100
Guar Gum	Jodhpur	26000	28000	-2000
	Sirsa	-	28000	-
	Alwar	27500	28000	-500
	Bhiwani	25500	27800	-2300
	Dhabwali	26200	27800	-1600

### Guar by – Products Prices:

Commodity	Centre	Price in Rs/75Kg	
		10-05-13	03-05-13
Churi	Jodhpur	900	-
Korma	Jodhpur	1400	-
Churi	Sri-Ganganagar	800	-
Korma	Sri-Ganganagar	1350	-

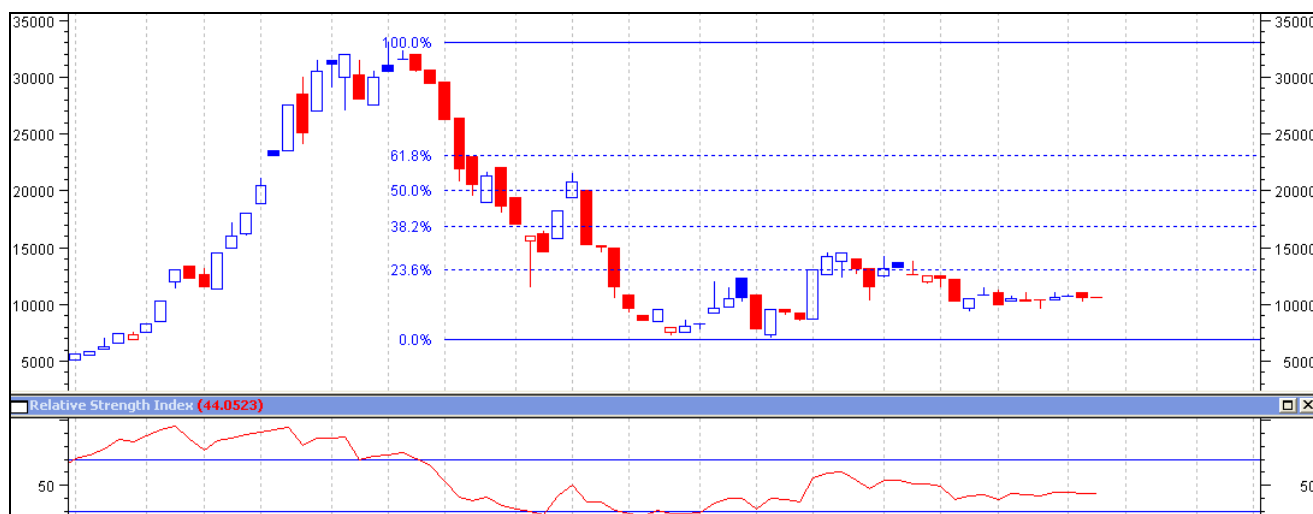
### Guar Export Prices:

Commodity	Variety	\$/MT	
		10-05-13	03-05-13
Guargum Split		4859	5190
Guargum Powder	200 Mesh 5000 CPS	5592	5931
	200 Mesh 3500 CPS	5409	5746
Guargum Meal		240	240

### Guar Cumulative Arrivals in Key Centers

Centre	Arrivals (Quintals)		Change
	10-05-13	03-05-13	
Jodhpur	34000	40000	-6000
Sri-Ganganagar	7000	3800	3200
Alwar	1300	1200	100
Churu	1700	1700	Unch
Nagaur	550	420	130
Adampur	10500	6200	4300
Sirsa	370	200	170
Bhiwani	4700	4100	600
Patan	287	307	-20
Deesa	1548	463	1085
Rajkot	4550	2100	2450
Nokha	900	1200	-300
Hanumangarh	-	-	-
Dhabwali	150	-	-
Bikaner	2150	3300	-1150
Khajuwala Bikaner	800	850	-50
Dabra	1020	1950	-930
<b>Total Arrival</b>	<b>71525</b>	<b>67790</b>	<b>3735</b>

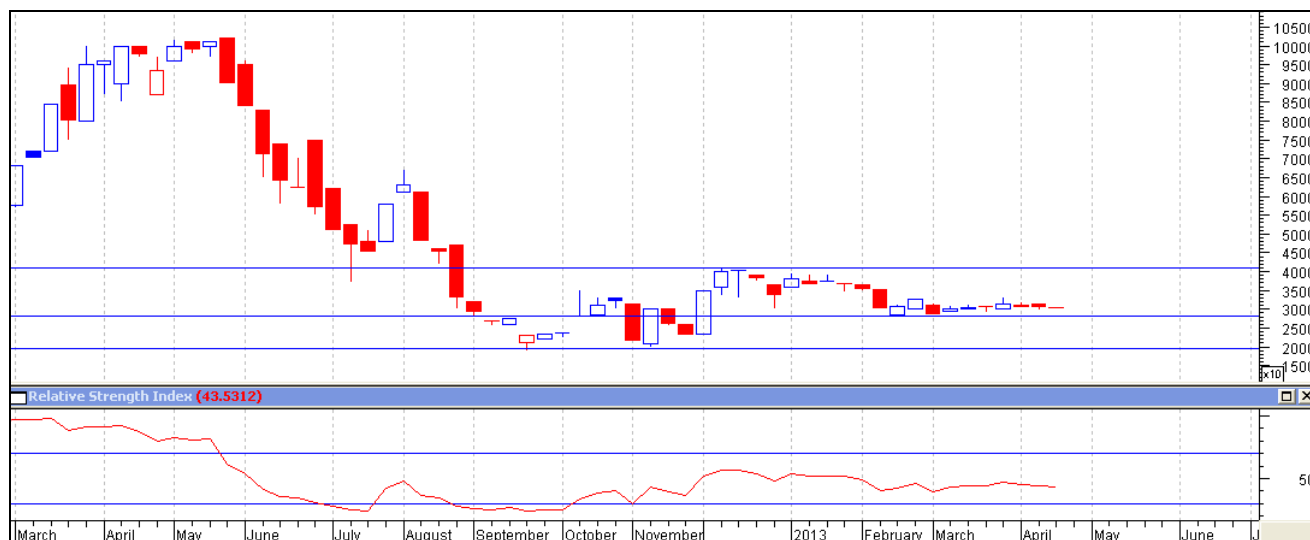
### Spot Market Technical Analysis of Guar seed & Guar gum



**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 stood in the existing range as expected.**

## Spot Market Outlook:

Guar prices are likely to continue its southward movement in the coming week owing to weak demand and FMC taken no decision on relisting of guar contracts on NCDEX platform which dampens the prospects of any hike in guar prices as expected.

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