

Domestic Market Recap:

- Guar prices got upward correction last week over relisting of guar contracts on all trading platforms.
- In a major turn around, Guar seed as well as gum future contracts has been re- launched on all major future platforms by FMC from Tuesday onwards. Guar Gum (Symbol: GUARGUM) and Guar Seed (Symbol: GUARSEED) expiring in the months of June 2013, July 2013 and October 2013 would be available for trading from May 14, 2013 on NCDEX platform as reported.
- However, overall sentiments remained weak as higher stock already left with farmers. 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.
- Market is presently moving in a range overall. Monsoon would play crucial role in the upcoming guar sowing which also decide the future of the guar prices. Presently, IMD predicts normal monsoon this year, if it does then the sowing of guar would not be affected which would curb any hike in guar prices considering higher stock holding by farmers.

Current Market Dynamics

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

Cummulative arrivals in the country of guar seed are reported to be around 169000 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.

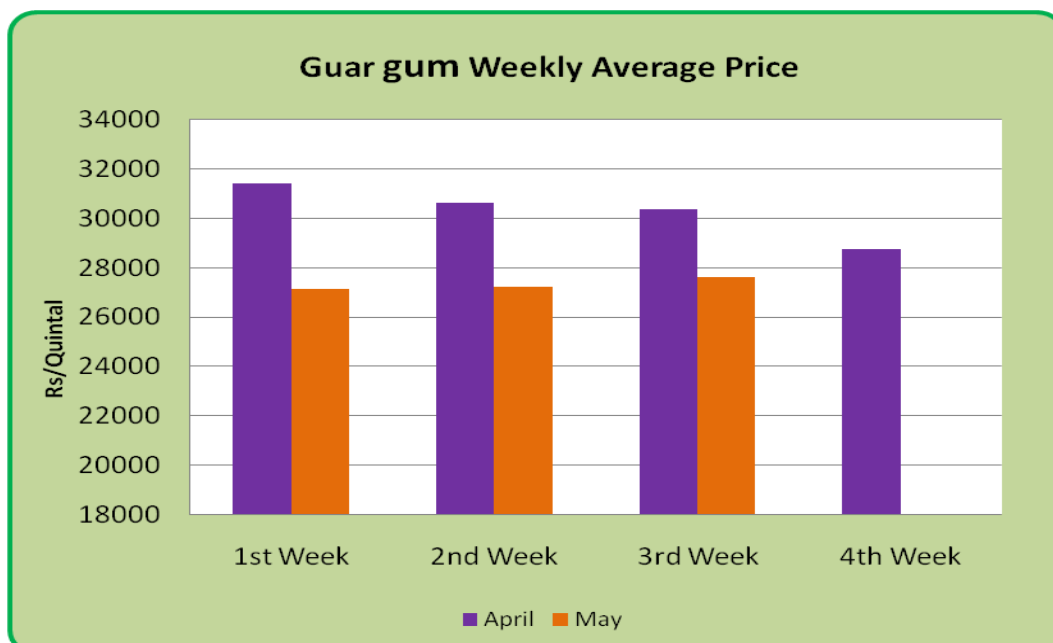
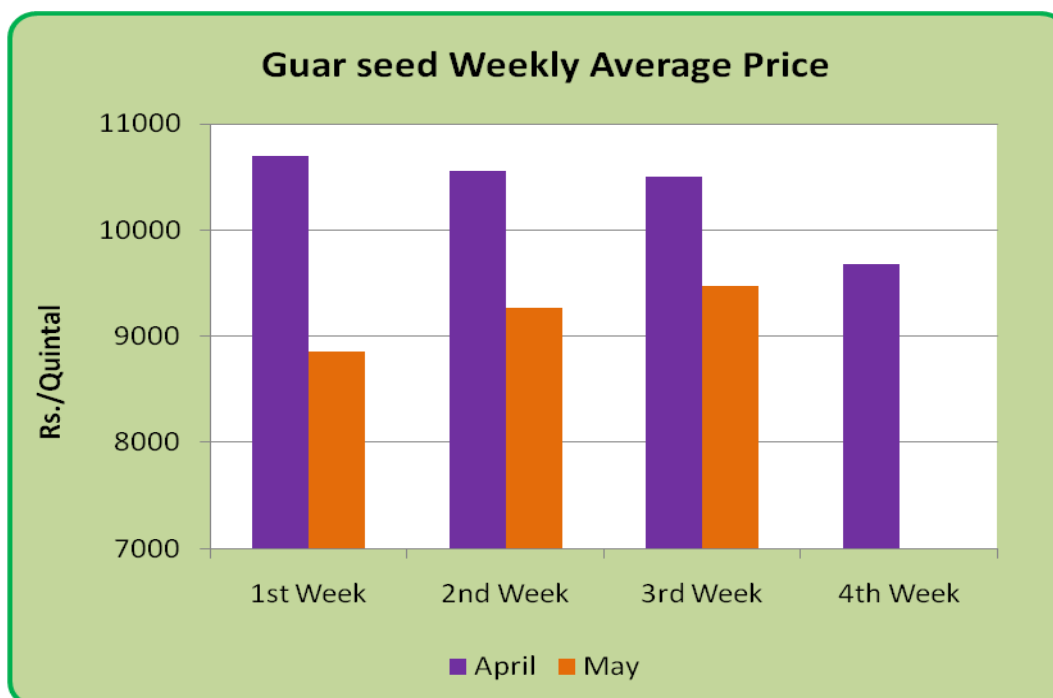
In the current season, onset of south –west monsoon was delayed in the growing regions. However there has been good rainfall in August and September 2012. Lack of rains in certain growing regions during the month of October has affected the crop. Based on rainfall during June –October, there could be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

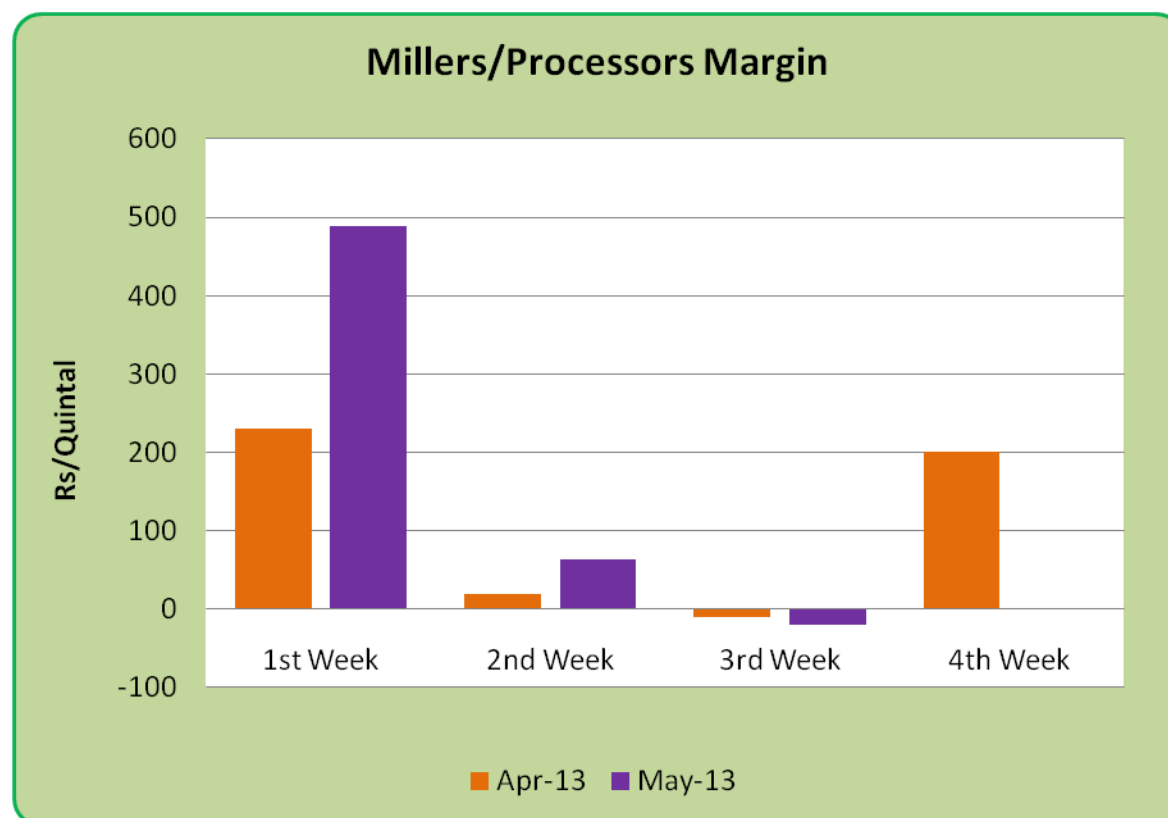
Meanwhile, Guar sowing likely to start most probably in the first week of April in parts of Punjab, Haryana, Rajasthan and Gujarat. It is notable that farmers which have the facility of irrigation might sown guar in their vacant fields/plots considering lucrative prices of guar seed.

Price Scenario

Guar seed and guar gum weekly average prices improved during the week. In the third week of May, the average price of guar seed improved by 2% to Rs.9475/Qtl compared to prior week and that of guar gum improved by 1.4% to Rs.27633/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 third week of May 2013, average crush margin stood at Rs. -20 /Quintal compared to previous week's crush margin of Rs. 63.4/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
		17-05-13	10-05-13	
Guar Seeds	Jodhpur(Delivery)	9600	8700	900
	Jodhpur (Loose)	9200	8300	900
	Sri-Ganganagar (Delivery)	9000	8700	300
	Sri-Ganganagar(Loose)	8600	8400	200
	Alwar (loose)	8800	8500	300
	Churu (Delivery)	9300	9000	300
	Nagaur (Loose)	8900	8300	600
	Adampur (Loose)	9300	8500	800
	Sirsa (Loose)	9000	8800	200
	Bhiwani (Delivery)	9700	8500	1200

	Patan (Loose)	8750-9075	7800-8560	515
	Deesa (Loose)	8500-9000	7755-8290	710
	Rajkot (Loose)	8625-9050	6500-8500	550
	Nokha (Delivery)	9324	9116	208
	Nokha(Loose)	9000	8800	200
	Hanumangarh (Delivery)	-	-	-
	Hanumangarh (Loose)	-	-	-
	Dhabwali (Loose)	9200	8800	400
	Bikaner (Delivery)	9500	8700	800
	Bikaner (Loose)	9250	8400	850
	Khajuwala Bikaner (Delivery)	9500	8800	700
	Khajuwala Bikaner (Loose)	9200	8250	950
	Dabra	8000-8300	8200-8500	-200
Guar Gum	Jodhpur	27800	26000	1800
	Sirsa	28000	27500	500
	Alwar	29000	27500	1500
	Bhiwani	29900	25500	4400
	Dhabwali	28500	26200	2300

Guar by – Products Prices:

Commodity	Centre	Price in Rs/75Kg	
		17-05-13	10-05-13
Churi	Jodhpur	900	900
Korma	Jodhpur	1400	1400
Churi	Sri-Ganganagar	800	800
Korma	Sri-Ganganagar	1350	1350

Guar Export Prices:

Commodity	Variety	\$/MT	
		17-05-13	10-05-13
Guargum Split		5284	4859
Guargum Powder	200 Mesh 5000 CPS	6013	5592
	200 Mesh 3500 CPS	5831	5409
Guargum Meal		240	240

Guar Cumulative Arrivals in Key Centers

Centre	Arrivals (Quintals)		Change
	17-05-13	10-05-13	
Jodhpur	39000	34000	5000

Sri-Ganganagar	4400	7000	-2600
Alwar	1750	1300	450
Churu	1800	1700	100
Nagaur	650	550	100
Adampur	7500	10500	-3000
Sirsa	250	370	-120
Bhiwani	3300	4700	-1400
Patan	78	287	-209
Deesa	865	1548	-683
Rajkot	10625	4550	6075
Nokha	650	900	-250
Hanumangarh	-	-	-
Dhabwali	725	150	575
Bikaner	1700	2150	-450
Khajuwala Bikaner	1100	800	300
Dabra	284	1020	-736
Total Arrival	74677	71525	3152

Spot Market Technical Analysis of Guar seed & Guar gum



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

Guar seed prices witnessed range bound movement. 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. However, prices got some upside last week due to relisting of guar contracts in Future 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 higher. Prices moved towards Rs.30000/Qtl levels. Prices are likely to continue the current weak tone. Prices will find support around Rs.26400/Qtl levels. The next support is at Rs.25000/Qtl levels. On the upside there is resistance at Rs.29000/Qtl and Rs.33000/Qtl levels respectively.

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

Spot Market Outlook:

Despite of recent launch of guar contracts on NCDEX platform, prices not seems bullish right now. With upcoming sowing of guar due, and half of the guar stocks left with farmers and new guar crop arriving in Saurashtra region give bearish hint in the guar prices in the coming week. However, any speculative upside move by big traders cannot be rule out.

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