

Domestic Market Recap:

- Guar prices moving downwards owing to sluggish demand and increasing arrivals. In addition to it, heavy stock holding by farmers and indication of moderate sowing of guar in major producing belt also likely to decline the prices in the coming weeks.
- Guar sowing likely to increase near to Bikaner and Ganga nagar districts as cotton sowing already delayed by 15 days and there are strong possibilities that farmers would shift towards guar in this region.
- Market participants expect prices to test Rs 6000 level in the coming weeks considering increasing supply and dull demand.
- Around 10000 bags daily arriving in Bhuj, Palanpur and Deesa markets as reported.
- 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 weak tone during the week

Cummulative arrivals in the country of guar seed are reported to be around 153000 bags this week which is lower compared to last 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

As per our initial survey conduct by Agriwatch, Guar sowing likely to increase near to Bikaner and Ganga nagar districts as cotton sowing already delayed by 15 days and there are strong possibilities that farmers would shift towards guar in this region.

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.

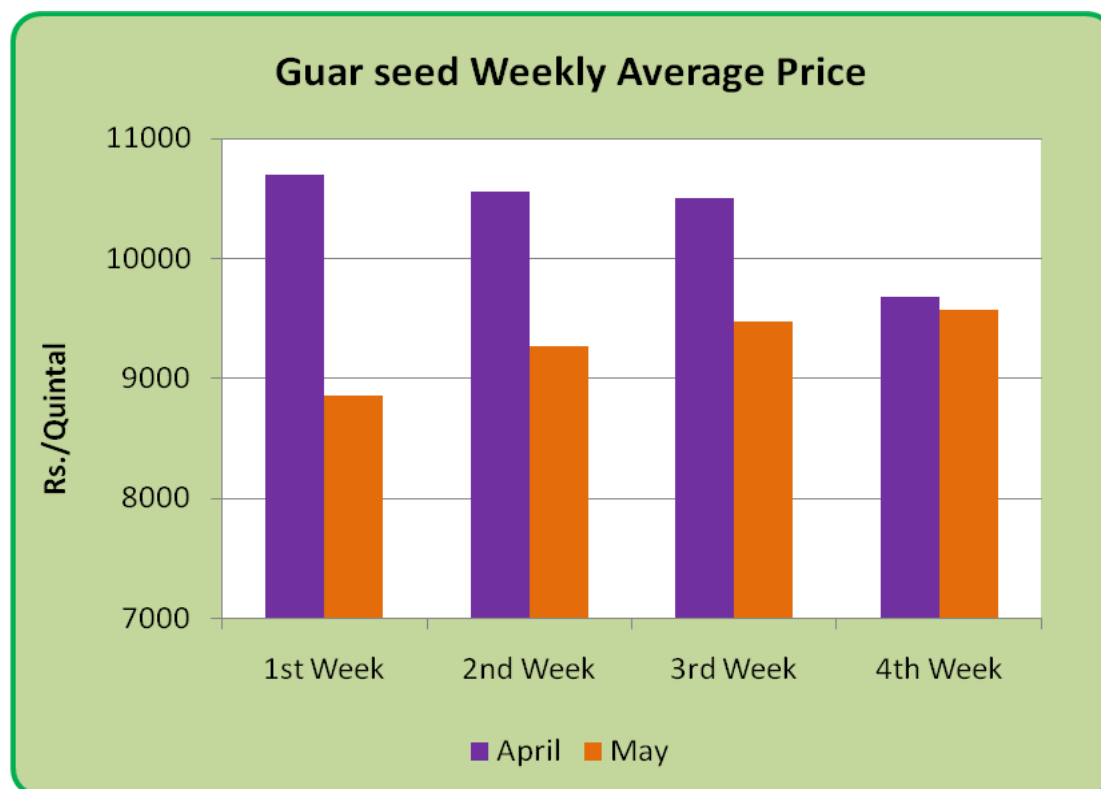
According to a field survey conducted by Agriwatch team in three major guar producing states, output in Rajasthan is expected to be around 14 -16 lakh metric tonnes, in Haryana around 4 lakh metric tonnes and in Gujarat around 2.5 lakh metric tonnes. Other states like Maharashtra, Madhya Pradesh. Andhra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

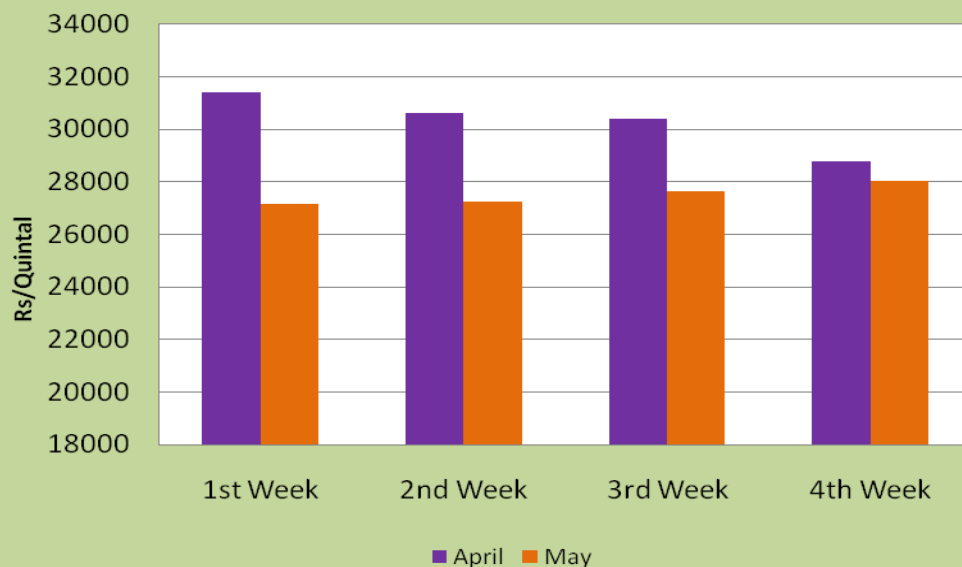
Meanwhile, Guar sowing likely to start most probably in the first week of April in parts of Punjab, Haryana, Rajasthan and Gujarat. It is notable that farmers which have the facility of irrigation might sown guar in their vacant fields/plots considering lucrative prices of guar seed.

Price Scenario

Guar seed and guar gum weekly average prices improved during the week. In the fourth week of May, the average price of guar seed improved by 1% to Rs.9566/Qtl compared to prior week and that of guar gum improved by 1.4% to Rs.28033/Qtl compared to previous week. The graph below illustrates the weekly average price movement of guar seed and guar gum in Jodhpur market.

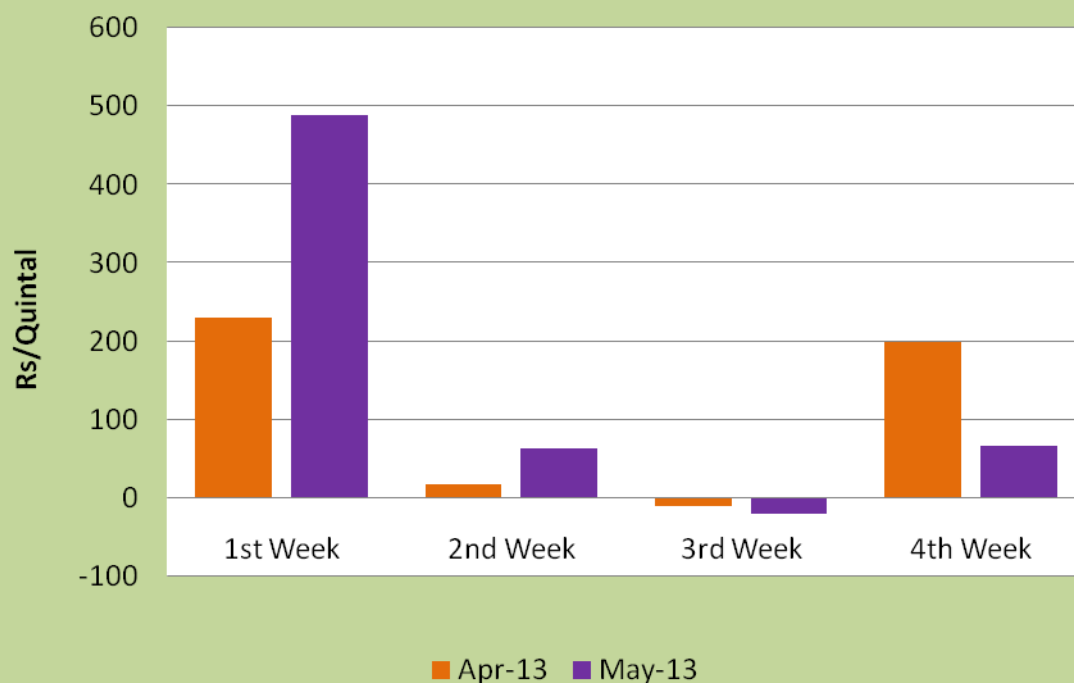


Guar gum Weekly Average Price



Millers/Processors Margin

Millers/Processors Margin



As seen in the chart above, the average crushing margin of guar seed increased compared to previous week. In the third week of May 2013, average crush margin stood at Rs. 66.3 /Quintal compared to previous week's crush margin of Rs. -20/Quintal. Higher degree of increase in Guar gum prices compared to guar seed prices increase the margin.

Guar Prices at Key Spot Markets

Commodity	Centre	Prices (Rs/Qtl)		Change
		24-05-13	17-05-13	
Guar Seeds	Jodhpur(Delivery)	9500	9600	-100
	Jodhpur (Loose)	9150	9200	-50
	Sri-Ganganagar (Delivery)	9100	9000	100
	Sri-Ganganagar(Loose)	8800	8600	200
	Alwar (loose)	8800	8800	Unch
	Churu (Delivery)	9300	9300	Unch
	Nagaur (Loose)	8700	8900	-200
	Adampur (Loose)	9200	9300	-100
	Sirsa (Loose)	9500	9000	500
	Bhiwani (Delivery)	9250	9700	-450
	Patan (Loose)	-	8750-9075	-
	Deesa (Loose)	8500-8930	8500-9000	-70
	Rajkot (Loose)	8250-8850	8625-9050	-200
	Nokha (Delivery)	9324	9324	Unch
	Nokha(Loose)	9000	9000	Unch
	Hanumangarh (Delivery)	-	-	-
	Hanumangarh (Loose)	-	-	-
	Dhabwali (Loose)	9250	9200	50
	Dhabwali (Delivery)	9600		9600
	Bikaner (Delivery)	9300	9500	-200
	Bikaner (Loose)	9000	9250	-250
	Khajuwala Bikaner(Delivery)	9550	9500	50
	Khajuwala Bikaner (Loose)	9150-9170	9200	-30
	Dabra	8300-8500	8000-8300	200
Guar Gum	Jodhpur	27800	27800	Unch
	Sirsa	29000	28000	1000
	Alwar	29000	29000	Unch
	Bhiwani	28300	29900	-1600
	Dhabwali	28200	28500	-300

Guar by – Products Prices:

Commodity	Centre	Price in Rs/75Kg	
		24-05-13	17-05-13
Churi	Jodhpur	950	900
Korma	Jodhpur	1525	1400
Churi	Sri-Ganganagar	900	800
Korma	Sri-Ganganagar	1350	1350

Guar Export Prices:

Commodity	Variety	\$/MT	
		24-05-13	17-05-13
Guargum Split		5179	5284
Guargum Powder	200 Mesh 5000 CPS	5894	6013
	200 Mesh 3500 CPS	5715	5831
Guargum Meal		240	240

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.

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>
© 2013 Indian Agribusiness Systems Pvt Ltd.