

Domestic Market Recap:

- Guar seed and gum prices continue its southward movement last week. Higher arrivals from Gujarat become the major influencing factor for the recent decline.
- Daily around 20000 quintals of guar seed arrive in various Gujarat guar markets as reported. It is notable that arrivals of guar from Gujarat region will come till next 2 months which would fulfill 3 months requirement as reported.
- Guar from Haryana is the next guar crop which would hit the market after 3 months which is just after the end of guar arrivals from Gujarat.
- Around 15% holding of guar has been reported from Jaisalmer region Rajasthan till date. Farmers are thinking to shift towards other crop from guar in their fields for the next year. High temperature damage the guar crop in the region as reported.
- 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.

Current Market Dynamics

Guar seed and guar gum prices have declined sharply during the week

Cummulative arrivals in the country of guar seed are reported to be around 180000 bags this week which is higher 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.

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

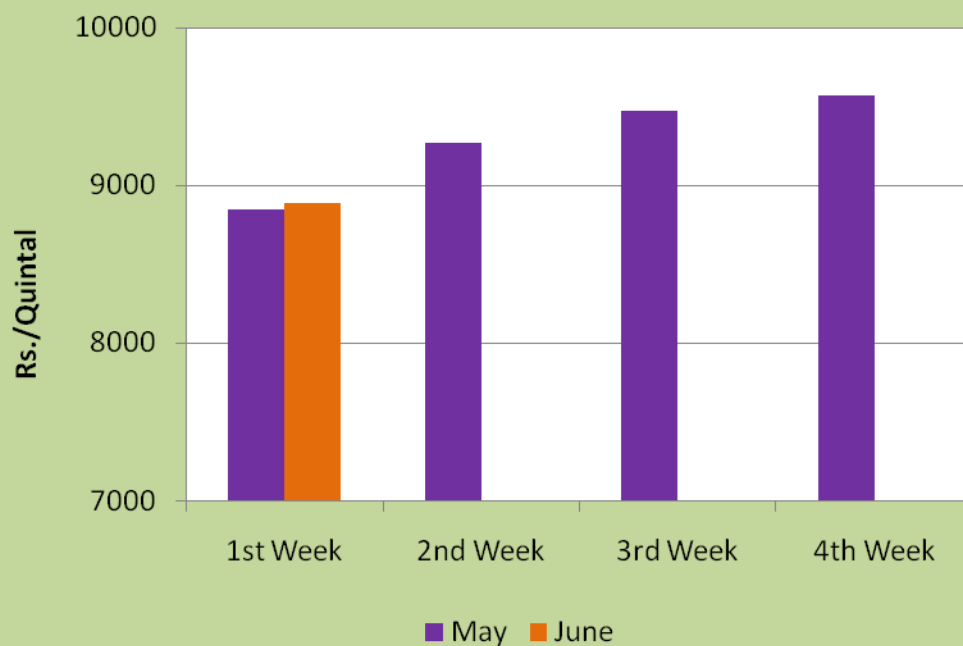
As per our initial survey conduct by Agriwatch, Guar sowing likely to increase near to Bikaner and Ganga nagar districts as cotton sowing already delayed by 15 days and there are strong possibilities that farmers would shift towards guar in this region.

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.

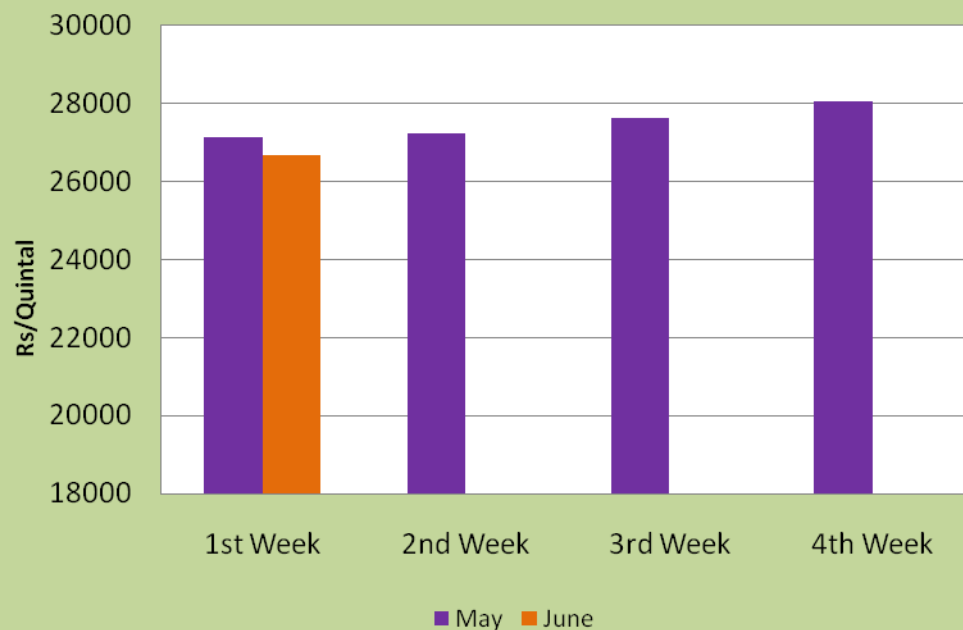
Price Scenario

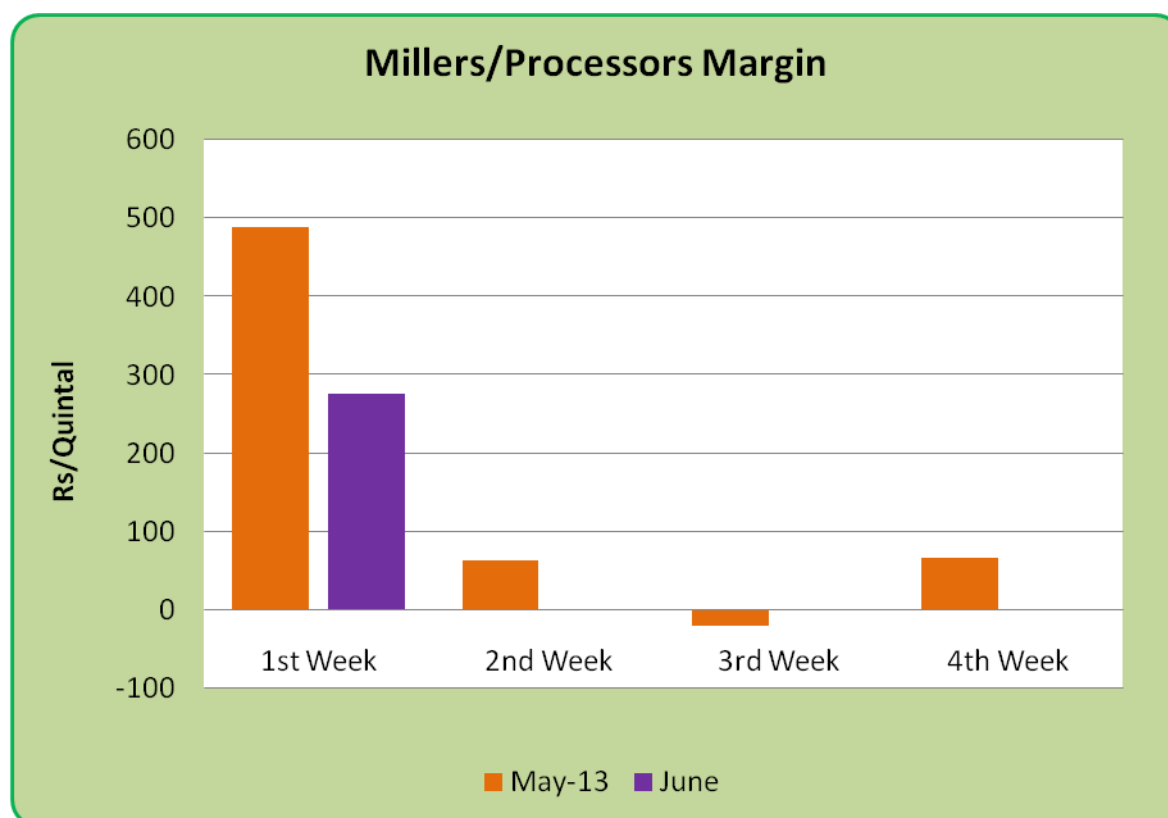
Guar seed and guar gum weekly average prices declined sharply during the week. In the first week of June, the average price of guar seed declined by 7% to Rs.8887/Qtl compared to prior week and that of guar gum declined by 4.8% to Rs.26675/Qtl compared to previous week. The graph below illustrates the 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 June 2013, average crush margin stood at Rs. 276.2 /Quintal compared to previous week's crush margin of Rs. 66.3/Quintal. Higher degree of decrease in Guar seed prices compared to guar gum prices increase the margin.

Guar Prices at Key Spot Markets

Commodity	Centre	Prices (Rs/Qtl)		Change
		31-05-13	24-05-13	
Guar Seeds	Jodhpur(Delivery)	8400	9500	-1100
	Jodhpur (Loose)	8100	9150	-1050
	Sri-Ganganagar (Delivery)	8300	9100	-800
	Sri-Ganganagar(Loose)	8100	8800	-700
	Alwar (loose)	7800	8800	-1000
	Churu (Delivery)	8300	9300	-1000
	Nagaur (Loose)	7800	8700	-900
	Adampur (Loose)	8400	9200	-800
	Sirsa (Loose)	8300	9500	-1200

	Bhiwani (Delivery)	8400	9250	-850
	Patan (Loose)	7965	-	-
	Deesa (Loose)	7875	8930	-1055
	Rajkot (Loose)	7505	8850	-1345
	Nokha (Delivery)	8200	9324	-1124
	Nokha(Loose)	8000	9000	-1000
	Hanumangarh (Delivery)	8450	-	-
	Hanumangarh (Loose)	8100	-	-
	Dhabwali (Loose)	8100	9250	-1150
	Dhabwali (Delivery)	8600	9600	-1000
	Bikaner (Delivery)	8400	9300	-900
	Bikaner (Loose)	8100	9000	-900
	Khajuwala Bikaner(Delivery)	8700	9550	-850
	Khajuwala Bikaner (Loose)	8200	9170	-970
	Dabra	8500	8500	Unch
Guar Gum	Jodhpur	25000	27800	-2800
	Sirsa	24000	29000	-5000
	Alwar	25000	29000	-4000
	Bhiwani	26000	28300	-2300
	Dhabwali	25000	28200	-3200

Guar by – Products Prices:

Commodity	Centre	Price in Rs/75Kg	
		31-05-13	24-05-13
Churi	Jodhpur	850	950
Korma	Jodhpur	1400	1525
Churi	Sri-Ganganagar	800	900
Korma	Sri-Ganganagar	1350	1350

Guar Export Prices:

Commodity	Variety	\$/MT	
		31-05-13	24-05-13
Guargum Split		4603	5179
Guargum Powder	200 Mesh 5000 CPS	5311	5894
	200 Mesh 3500 CPS	5134	5715
Guargum Meal		240	240

Guar Cumulative Arrivals in Key Centers

Centre	Arrivals (Quintals)		Change
	31-05-13	24-05-13	
Jodhpur	34000	34000	Unch
Sri-Ganganagar	3000	2900	100
Alwar	1200	1300	-100
Churu	2400	1300	1100
Nagaur	295	520	-225
Adampur	17000	17000	Unch
Sirsa	1500	1450	50
Bhiwani	6900	3900	3000
Patan	360	176	184
Deesa	575	1000	-425
Rajkot	25500	15050	10450
Nokha	700	650	50
Hanumangarh		-	-
Dhabwali	1800	1150	650
Bikaner	3000	1600	1400
Khajuwala Bikaner	1900	1310	590
Dabra	485	1060	-575
Total Arrival	100615	84366	16249

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 stood 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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