

Domestic Market Recap:

- Guar seed as well as gum prices declined sharply owing to higher arrivals compared to prior week.
- Reportedly, daily guar arrivals in Gujarat region declined to 15000 bags daily from 20000 bags a week earlier due to rainfall.
- Moderate rainfall has reported in MP and parts of Rajasthan as reported. Meanwhile, Guar sowing has started in Guna (MP) and likely to start in Alwar district (Rajasthan) within 7-8 days 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.
- 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.
- 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.

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 216000 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

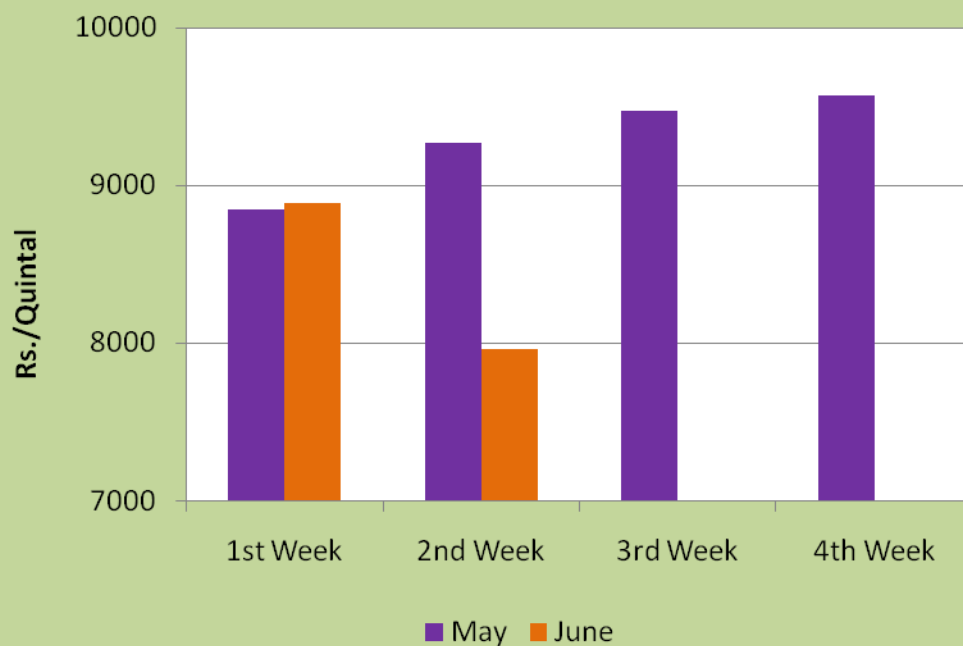
As per our initial survey conduct by Agriwatch, Guar sowing likely to increase near to Bikaner and Ganga nagar districts as cotton sowing already delayed by 15 days and there are strong possibilities that farmers would shift towards guar in this region.

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.

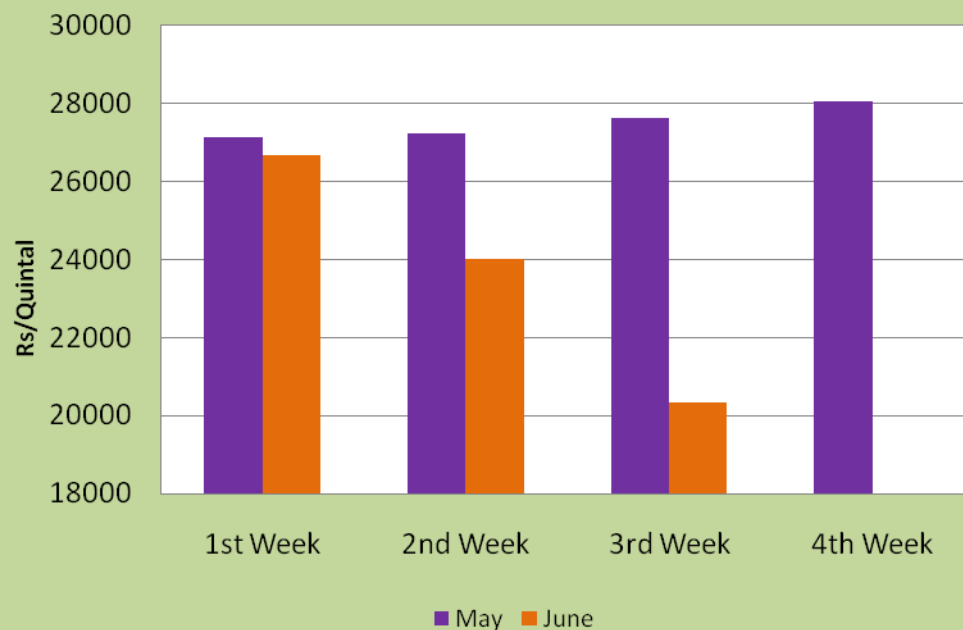
Price Scenario

Guar seed and guar gum weekly average prices declined sharply during the week. In the third week of June, the average price of guar seed declined by 14% to Rs.6883/Qtl compared to prior week and that of guar gum declined by 15.4% to Rs.20325/Qtl compared to previous week. The graph below illustrates the weekly average price movement of guar seed and guar gum in Jodhpur market.

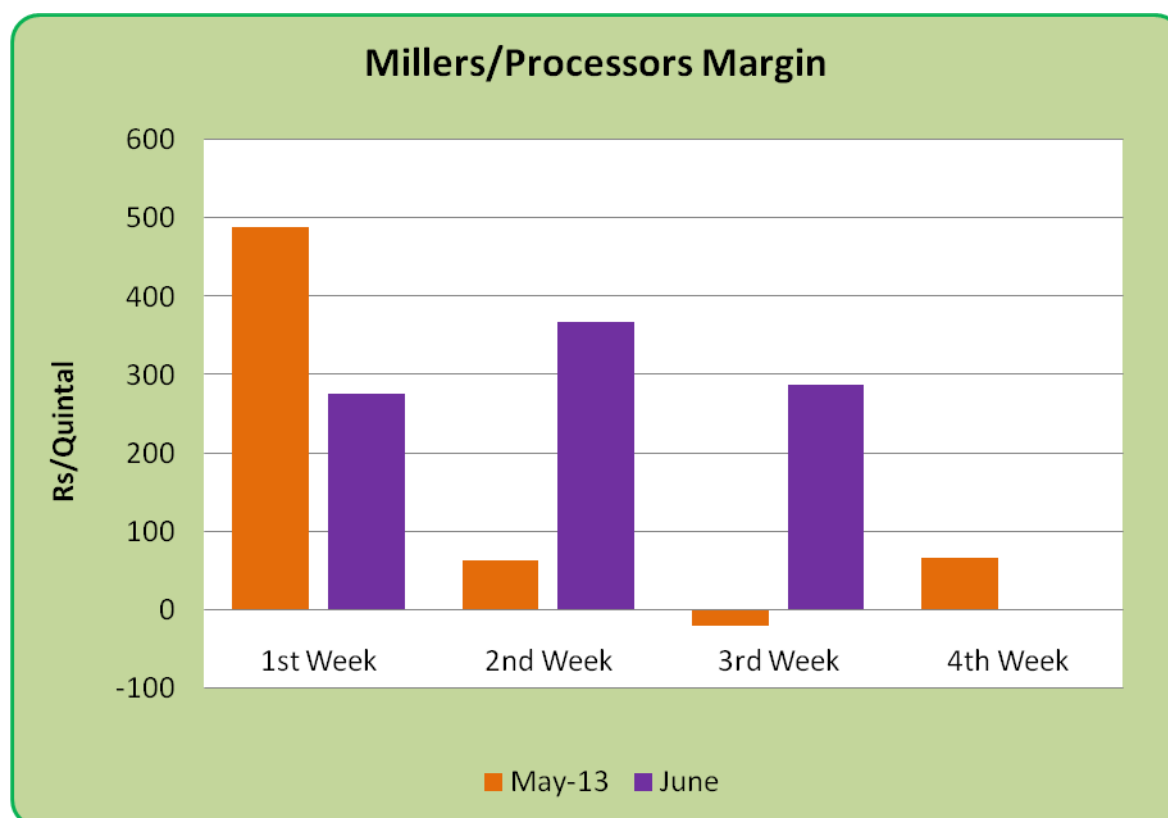
Guar seed Weekly Average Price



Guar gum Weekly Average Price



Millers/Processors Margin



As seen in the chart above, the average crushing margin of guar seed decreased compared to previous week. In the third week of June 2013, average crush margin stood at Rs. 287.1 /Quintal compared to previous week's crush margin of Rs. 367/Quintal. Higher degree of decrease in Guar gum prices compared to guar seed prices decrease the margin.

Guar Prices at Key Spot Markets

Commodity	Centre	Prices (Rs/Qtl)		Change
		14/6/2013	7/6/2013	
Guar Seeds	Jodhpur(Delivery)	7000	7800	-800
	Jodhpur (Loose)	6400	7400	-1000
	Sri-Ganganagar (Delivery)	6900	7700	-800
	Sri-Ganganagar(Loose)	6600	7500	-900
	Alwar (loose)	6200	7000	-800
	Churu (Delivery)	6800	7500	-700
	Nagaur (Loose)	6400	7100	-700
	Adampur (Loose)	6800	7500	-700
	Sirsa (Loose)	6400	7500	-1100

	Bhiwani (Delivery)	7100	7600	-500
	Deesa (Loose)	6700	7175	-475
	Patan (Loose)	6760	7055	-295
	Rajkot (Loose)	6800	7115	-315
	Nokha (Delivery)	6755	7562	-807
	Nokha(Loose)	6500	7300	-800
	Hanumangarh (Delivery)	7100	7500	-400
	Hanumangarh (Loose)	6890	7250	-360
	Dhabwali (Loose)	6450	7500	-1050
	Dhabwali (Delivery)	6700	7800	-1100
	Bikaner (Delivery)	7000	7700	-700
	Bikaner (Loose)	6700	7400	-700
	Khajuwala Bikaner(Delivery)	7250	7800	-550
	Khajuwala Bikaner (Loose)	6900	7500	-600
	Dabra	6500	7800	-1300
Guar Gum	Jodhpur	20000	23600	-3600
	Sirsa	20500	23000	-2500
	Alwar	20000	23000	-3000
	Bhiwani	20800	23800	-3000
	Dhabwali	20300	22300	-2000

Guar by – Products Prices:

Commodity	Centre	Price in Rs/75Kg	
		14/6/2013	7/6/2013
Churi	Jodhpur	800	810
Korma	Jodhpur	1350	1325
Churi	Sri-Ganganagar	750	770
Korma	Sri-Ganganagar	1300	1300

Guar Export Prices:

Commodity	Variety	\$/MT	
		14/6/2013	7/6/2013
Guargum Split		3637	4054
Guargum Powder	200 Mesh 5000 CPS	4330	4582
	200 Mesh 3500 CPS	4157	4406
Guargum Meal		240	240

Guar Cumulative Arrivals in Key Centers

Centre	Arrivals (Quintals)		Change
	14/6/2013	7/6/2013	
Jodhpur	38000	27000	11000
Sri-Ganganagar	10500	10100	400
Alwar	700	1200	-500
Churu	1200	2000	-800
Nagaur	440	360	80
Adampur	14500	16500	-2000
Sirsa	1100	1600	-500
Bhiwani	4400	3900	500
Deesa	4450	2800	1650
Patan	3309	2345	964
Rajkot	9795	11500	-1705
Nokha	1100	1070	30
Hanumangarh	1350	2450	-1100
Dhabwali	1200	2200	-1000
Bikaner	1825	2300	-475
Khajuwala Bikaner	2450	2800	-350
Dabra	600	900	-300
Total Arrival	96919	91025	5894

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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