

**Domestic Market Recap:**

- Guar seed as well as gum prices are moving in a range with firm tone last week owing to lower arrivals.
- Rainfall has been witnessed in some parts of rainfed region of Rajasthan last week which urge the farmers to go for guar sowing. It is notable that farmers have left their fields for further sowing of guar. However, pretty less or no rainfall has been witnessed in North Rajasthan region this year.
- Lack of demand from bulk buyers and stockiest regular release of guar seed continued to restrict cash market to get firmer. As buyers are unwilling to buy aggressively at current level guar seed and gum are likely to trade range bound in the weeks ahead.
- As expected south west monsoon hit Haryana and some parts of Rajasthan and good rainfall in growing regions has encouraged sowing activities. In Gujarat, guar seed sowing has been done on 178,200 hectares, up close to 2 per cent from the normal of 174,900 hectares as on 8th July 2013. Sowing is almost over in Gujarat. Gujarat is likely to harvest bumper guar crop this year on the back of favourable monsoon and higher area coverage.
- Area under Guar is expected to increase in Rajasthan too. Farmers in Haryana prefer guar crop to cotton this year. Going by the initial sowing trend and farmer's intension bumper guar production seems on the card and it may continue to pressurize the market fundamentals. Guar seed may test the level of Rs 5000 per quintal in the short to medium term.
- Crop from Gujarat would start hitting the market from mid Sept, thereafter crop from Rajasthan and Haryana would start. Bikaner and Ganganagar would contribute more this year in terms of production.
- At price front overall outlook remains bearish. However, monsoon rains remain crucial to the final size of the crop. Demand for gum from international market too would be the price driving factor. Presently, demand is weak and market is likely to dip further.

**Current Market Dynamics**

Weak demand and continuous release from old stock amid higher area coverage remain restrictive factors for guar and gum markets. Favorable monsoon and prospects for bumper production would continue to pressurize market fundamentals.

Meanwhile, Cumulative arrivals in the country of guar seed are reported to be around 85000 bags which was 106000 bags last weeks

**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 June 2013, exports of guar gum (split, powder and meal) were reported to be 50820 metric tons which is lower compared to 56387 metric tonnes exported in May 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
April	49461
May	56387
June	50820

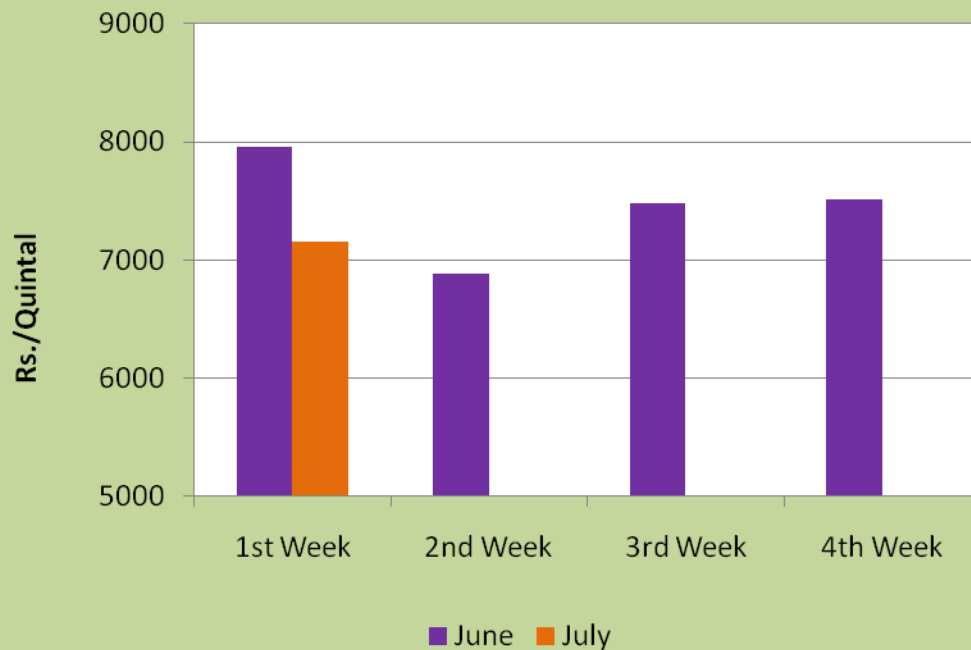
**Crop Outlook**

Area under guar crop in Gujarat has increased by 2 percent. Haryana and Rajasthan are expected to cover higher area. As monsoon remains favourable bumper production is once again on the card. Sowing is over in Gujarat and it is under way in Rajasthan and Haryana. Crop condition in Gujarat is satisfactory so far. Farmers from Bikaner and Ganga Nagar would grow more guar this year as per feedback received from farmers so far.

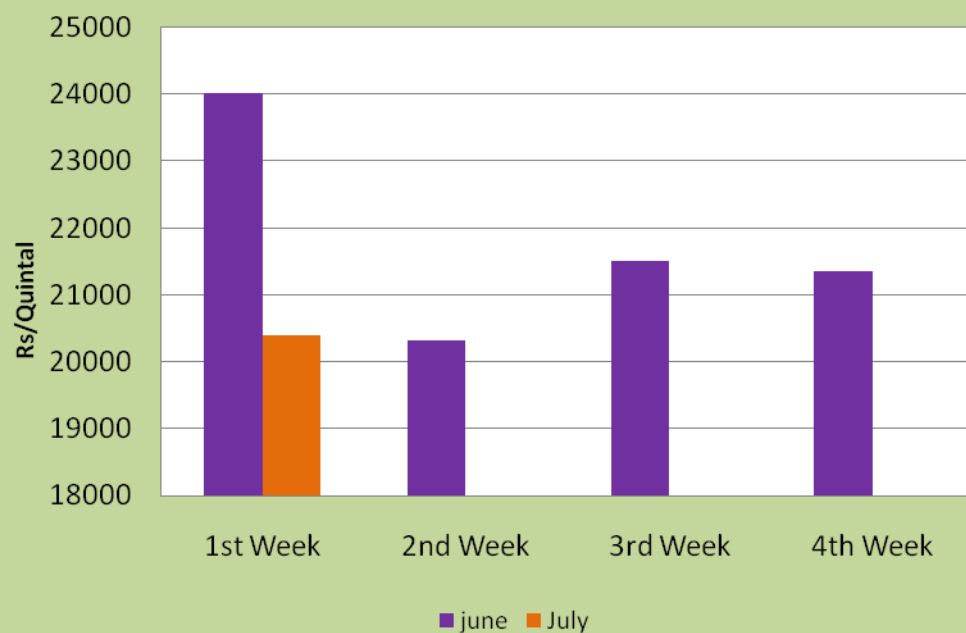
**Price Scenario**

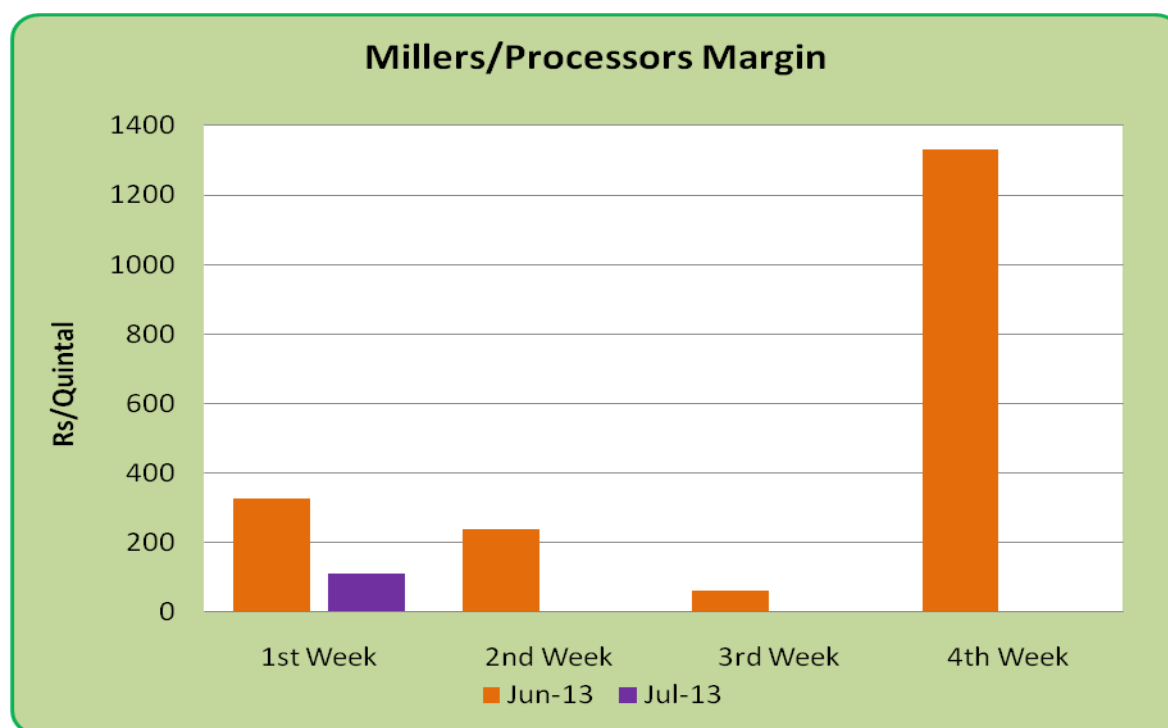
Guar seed weekly average prices improved during the week. In the first week of July, the average price of guar seed declined by 5% to Rs.7150/Qtl compared to prior week. However, guar gum prices declined last week by 4.4% to Rs.20400/Qtl compared to previous week. The graph below illustrates the weekly 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 first week of July 2013, average crush margin stood at Rs. 111.2 /Quintal compared to previous week's crush margin of Rs. 1331.8/Quintal. Decrease in prices of churi and korma led the margin down.

**Guar by – Products Prices:**

Commodity	Centre	12.7.2013	19.7.2013	Change
<b>Churi</b>	Jodhpur	900	900	<b>Unch</b>
<b>Korma</b>	Jodhpur	1600	1500	<b>-100</b>
<b>Churi</b>	Sri-Ganganagar	800	800	<b>Unch</b>
<b>Korma</b>	Sri-Ganganagar	1550	1500	<b>-50</b>

**Prices in Rs/75kg**
**Guar Export Prices:**

Commodity	Variety	12.7.2013	19.7.2013	Change
<b>Guargum Split</b>		3423	3261	<b>-162</b>
<b>Guargum Powder</b>	<b>200 Mesh 5000 CPS</b>	4091	3930	<b>-161</b>
	<b>200 Mesh 3500 CPS</b>	3924	3763	<b>-161</b>
<b>Guargum Meal</b>	<b>40%</b>	260	260	<b>Unch</b>

**Prices in \$/MT**

**Guar Prices at Key Spot Markets**

Commodity	Centre	Prices (Rs/Qtl)		Change
	Guar Seeds	12.7.2013	19.7.2013	
Rajasthan	Jodhpur (Loose)	6300	6850	100
	Jodhpur(Delivery)	7200	7100	200
	Sri-Ganganagar(Loose)	7000	6700	500
	Sri-Ganganagar (Delivery)	7100	6900	250
	Nagaur (Loose)	6600	6500	200
	Alwar (loose)	6400	6200	200
	Churu (Delivery)	6900	6800	200
	Bikaner (Loose)	6650	6650	250
	Bikaner (Delivery)	6900	6900	300
	Khajuwala Bikaner (Loose)	6700	6750	200
	Khajuwala Bikaner(Delivery)	6968	7020	208
	Nokha(Loose)	6950	6600	250
	Nokha (Delivery)	7200	6837	178
	Hanumangarh (Loose)	6700	6700	600
	Hanumangarh (Delivery)	6950	6900	600
Haryana	Adampur (Loose)	6900	6800	100
	Adampur (Delivery)	7100	7000	100
	Sirsa (Loose)	7000	6900	Unch
	Bhiwani (Delivery)	6900	6650	500
	Dhabwali (Loose)	6650	6800	350
	Dhabwali (Delivery)	6900	7000	300
Gujarat	Deesa (Loose)	6325	6225	-
	Patan (Loose)	6600	6415	-220
	Rajkot (Loose)	6650	6570	230
Madhya pradesh	Dabra (Loose)	6700	5400	-300
Guar Gum				
Rajasthan	Jodhpur	20200	20400	-400
	Alwar	20000	20000	500
Haryana	Sirsa	20000	20000	500
	Bhiwani	20200	19800	1000
	Dhabwali	20000	19500	1500

**Guar Cumulative Arrivals in Key Centers**

	Centre	Arrivals (Quintals)		Change
		12.7.2013	19.7.2013	
Rajasthan	Jodhpur	16560	23500	-2000
	Sri-Ganganagar	3000	5000	-1500

	Nagaur	220	280	-80
	Alwar	950	1150	50
	Churu	2000	2000	-200
	Bikaner	1750	1650	50
	Khajuwala Bikaner	2450	2150	550
	Nokha	200	1050	-50
	Hanumangarh	105	870	-680
Haryana	Adampur	16000	10500	-100
	Sirsa	2400	3500	700
	Bhiwani	2700	1750	950
	Dhabwali	700	920	-495
Gujarat	Deesa	4950	1500	3300
	Patan (Loose)	1682	3840	-910
	Rajkot	6220	8020	-356
Madhya pradesh	Dabra	3050	3100	100
Total All India Arrivals		130000	153000	23000

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



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

Guar seed prices are moving in a range with weak tone as chart depicts. However, last candlestick depicts prices not sustained at higher levels and likely to come down in the coming month and test its next support level i.e. Rs 4400 per quintal.



**Fig-2 – Guar Gum Weekly Spot Prices (Jodhpur)**

Guar gum prices are moving in downward channel as chart depicts. Prices break crucial level and likely to test its next support

level i.e. Rs 16000 per quintal. Last candlestick depicts bearishness which also supports the statement.

**Prices are likely to move towards Rs.16000/Qtl levels in the medium –term.**

### Spot Market Outlook:

Guar prices are likely to continue its bear run in the coming weeks due to lower demand. Stockists in all cash markets are not willing to build the guar stocks due to weak guar sentiments. In addition to it, initial higher sowing of guar in key guar growing states also pressurize the prices.

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