

Domestic Market Recap:

- Guar seed and gum prices continue its southward run last week. Higher sowing estimates of guar for the coming crop and increasing arrivals in the markets led the prices decline.
- Guar sowing in Churu district declined compared to last year as sharp decline in guar seed prices in spot markets discourage the farmers to sown guar crop in their respective fields.
- It is notable that farmers are now pretty much disappointed with the recent crash in guar seed prices and they don't want to release their holding in the market at such a lower rates as reported.
- Stockists have 9000-10000 bags of guar seed holding which is considered as very less in Hanumangarh district
- Crop damage has been reported in Guna district (M.P.) owing to heavy rainfall in the region. It is notable that standing guar crop was 2 months old.
- With decreasing guar seed prices, farmers which are going to sown their fields with guar crop now thinking to shift towards bajra in some parts of Rajasthan as reported.

Current Market Dynamics

Weak demand and continuous release from old stock amid higher are 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 87000 bags which was same compared to last week.

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

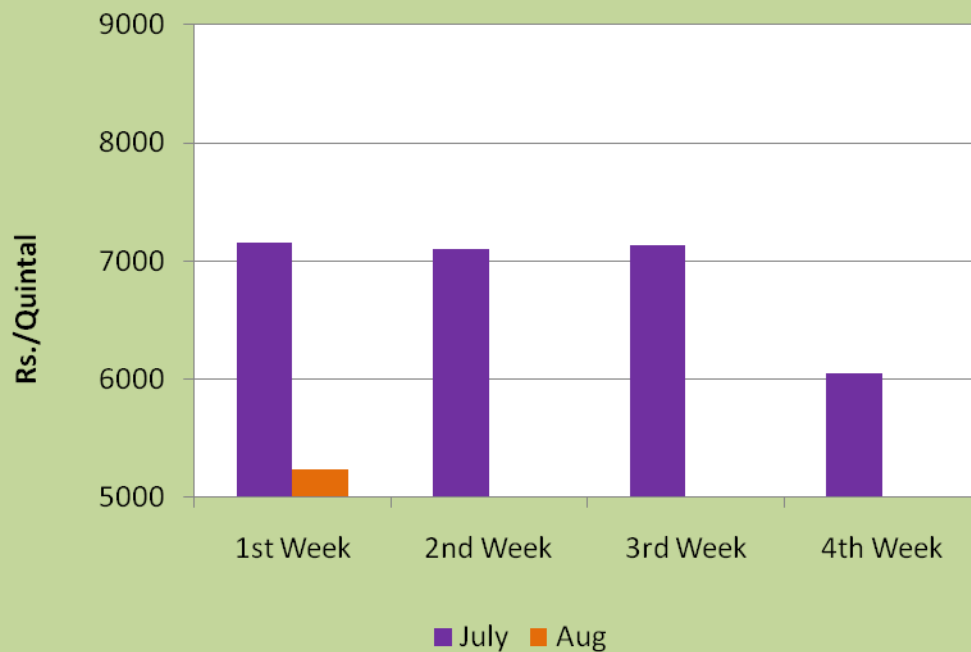
Crop Outlook

Haryana and Rajasthan are expected to cover higher area. As monsoon remains favorable 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.

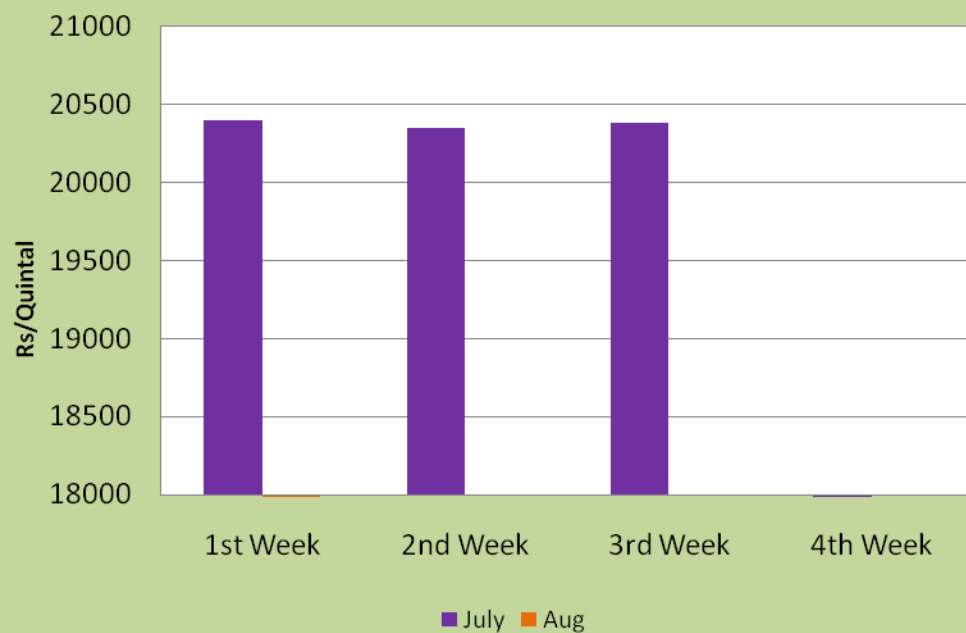
Price Scenario

Guar seed weekly average prices improved during the week. In the first week of August, the average price of guar seed declined by 14% to Rs.5233/Qtl compared to prior week. However, guar gum prices declined last week by 10.5% to Rs.15216/Qtl compared to previous week. The graph below illustrates the weekly average price movement of guar seed and guar gum in Jodhpur market.

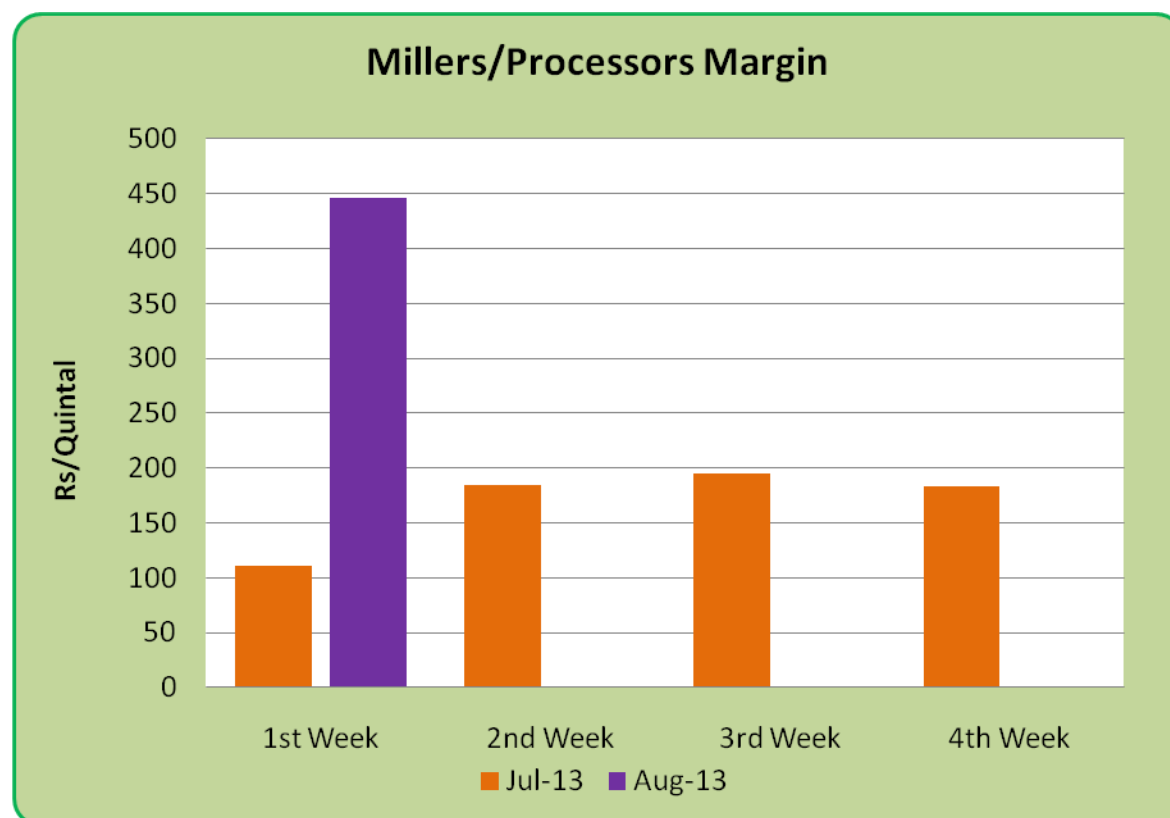
Guar seed Weekly Average Price



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 August 2013, average crush margin stood at Rs. 446.5 /Quintal compared to previous week's crush margin of Rs. 183.8/Quintal. Higher degree of decrease in guar seed prices compared to gum led the margin increase.

Guar by – Products Prices:

Commodity	Centre	02.8.2013	26.7.2013	Change
Churi	Jodhpur	900	900	Unch
Korma	Jodhpur	1550	1550	Unch
Churi	Sri-Ganganagar	713	800	-87
Korma	Sri-Ganganagar	1350	1500	-150
Prices in Rs/75kg				

Guar Export Prices:

Commodity	Variety	02.8.2013	26.7.2013	Change
Guargum Split		2467	2884	-417
Guargum Powder	200 Mesh 5000 CPS	3125	3563	-438
	200 Mesh 3500 CPS	2961	3393.	-432
Guargum Meal	40%	220	240	-20

Prices in \$/MT
Guar Prices at Key Spot Markets

Commodity	Centre	Prices (Rs/Qtl)		Change
		02.8.2013	26.7.2013	
	Guar Seeds			
Rajasthan	Jodhpur (Loose)	5270	5200	70
	Jodhpur(Delivery)	5400	5300	100
	Sri-Ganganagar(Loose)	5400	5400	Unch
	Sri-Ganganagar (Delivery)	5600	5500	100
	Nagaur (Loose)	4800	5000	-200
	Alwar (loose)	4700	4900	-200
	Churu (Delivery)	5000	5300	-300
	Bikaner (Loose)	5170	5100	70
	Bikaner (Delivery)	5200	5600	-400
	Khajuwala Bikaner (Loose)	5150	5300	-150
	Khajuwala Bikaner(Delivery)	5356	5512	-156
	Nokha(Loose)	5000	5400	-400
	Nokha (Delivery)	5180	5594	-414
	Hanumangarh (Loose)	5200	5370	-170
	Hanumangarh (Delivery)	5200	5500	-300
Haryana	Adampur (Loose)	5200	5200	Unch
	Adampur (Delivery)	5500	5400	100
	Sirsa (Loose)	-	5500	-
	Bhiwani (Delivery)	5150	5200	-50
	Dhabwali (Loose)	-	5100	-
	Dhabwali (Delivery)	-	5400	-
Gujarat	Deesa (Loose)	4705	4750	-45
	Patan (Loose)	4705	4975	-270
	Rajkot (Loose)	4750	5275	-525
Madhya pradesh	Dabra (Loose)	5000	5000	Unch
Guar Gum				
Rajasthan	Jodhpur	16000	15200	800
	Alwar	15000	15000	Unch
Haryana	Sirsa	-	15000	-
	Bhiwani	15000	16200	-1200
	Dhabwali	-	15400	-

Guar Cumulative Arrivals in Key Centers

	Centre	Arrivals (Quintals)		Change
		02.8.2013	26.7.2013	
Rajasthan	Jodhpur	24500	21000	3500
	Sri-Ganganagar	3900	4400	-500
	Nagaur	245	340	-95
	Alwar	700	900	-200
	Churu	1600	2150	-550
	Bikaner	1350	1500	-150
	Khajuwala Bikaner	1950	2650	-700
	Nokha	520	670	-150
	Hanumangarh	420	1550	-1130
Haryana	Adampur	13500	15500	-2000
	Sirsa	700	2400	-1700
	Bhiwani	2300	3100	-800
	Dhabwali	325	600	-275
Gujarat	Deesa	2420	3600	-1180
	Patan (Loose)	419	984	-565
	Rajkot	3540	4125	-585
Madhya pradesh	Dabra	710	1450	-740
Total All India Arrivals		59099	66919	-7820

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. Guar seed prices recently broke its strong support level i.e. 7100 and it is heading towards 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 i.e. 19500 and likely to test its next support level i.e. Rs 13300 per quintal. Last candlestick depicts bearishness which also supports the statement.

Prices are likely to move towards Rs.13300/Qtl levels in the medium –term.

Spot Market Outlook:

Guar seed and gum prices follow the southward direction from last couple of months considering consistent arrivals, higher production estimate for next year, and lower stock position by traders in the markets.

However, increase in margin from converting seed to gum and higher degree of export at present rates might urge millers to increase their holdings of guar seed in the coming weeks as expected.

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.