

Domestic Market Recap:

- Guar seed and gum prices got upward correction last week due to moderate demand from overseas. In addition to it, weak arrivals also become the influencing factor which drive the prices of guar seed up last week.
- 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 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

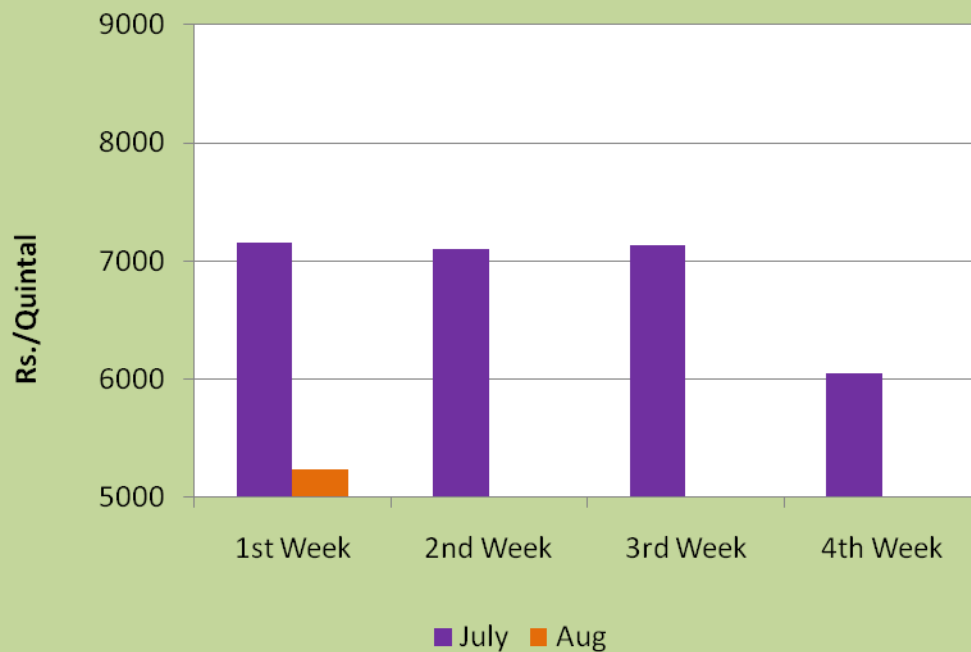
Crop Outlook

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.

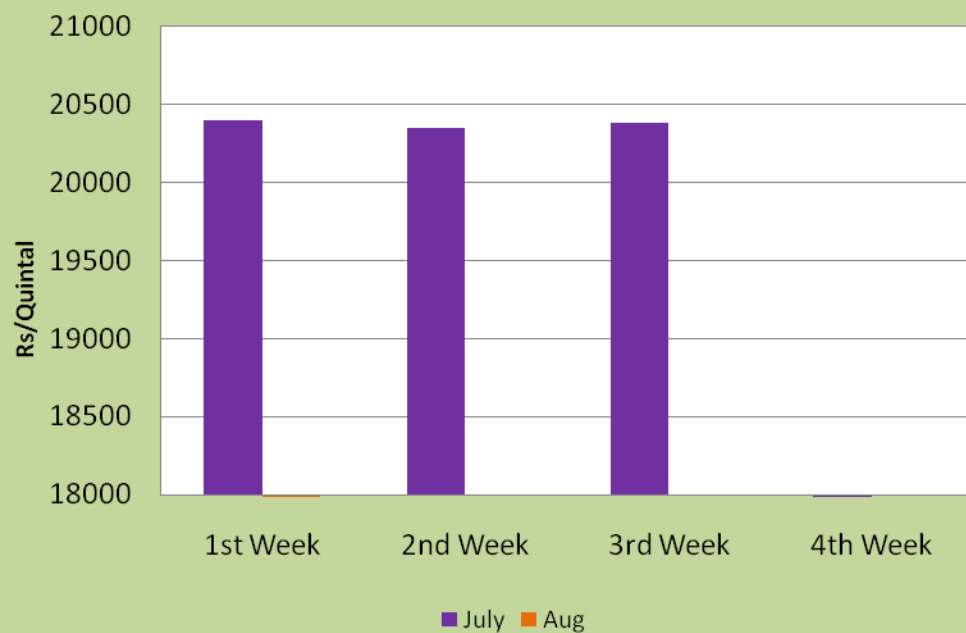
Price Scenario

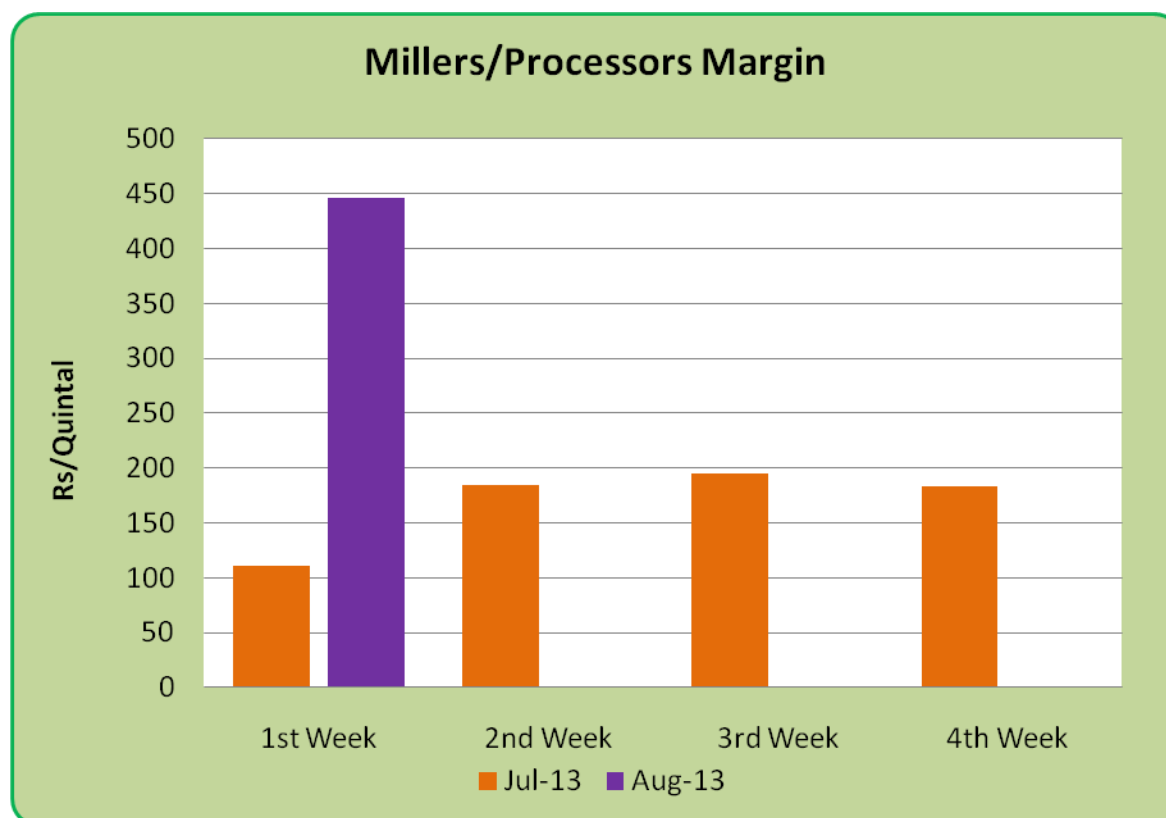
Guar seed weekly average prices improved during the week. In the first week of August, the average price of guar seed declined by 14% to Rs.5233/Qtl compared to prior week. However, guar gum prices declined last week by 10.5% to Rs.15216/Qtl compared to previous week. The graph below illustrates the 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	10.8.2013	2.8.2013	Change
Churi	Jodhpur	910	900	10
Korma	Jodhpur	1600	1550	50
Churi	Sri-Ganganagar	850	713	137
Korma	Sri-Ganganagar	1500	1350	150
Prices in Rs/75kg				

Guar Export Prices:

Commodity	Variety	10.8.2013	2.8.2013	Change
Guargum Split		2547	2467	80
Guargum Powder	200 Mesh 5000 CPS	3122	3125	-3
	200 Mesh 3500 CPS	2958	2961	-3
Guargum Meal	40%	240	220	20

Prices in \$/MT

Guar Prices at Key Spot Markets

Commodity	Centre	Prices (Rs/Qtl)		Change
		10.8.2013	2.8.2013	
	Guar Seeds			
Rajasthan	Jodhpur (Loose)	5200	5270	-70
	Jodhpur(Delivery)	5500	5400	100
	Sri-Ganganagar(Loose)	5200	5400	-200
	Sri-Ganganagar (Delivery)	5400	5600	-200
	Nagaur (Loose)	4900	4800	100
	Alwar (loose)	5000	4700	300
	Churu (Delivery)	5500	5000	500
	Bikaner (Loose)	5400	5170	230
	Bikaner (Delivery)	5600	5200	400
	Khajuwala Bikaner (Loose)	5550	5150	400
	Khajuwala Bikaner(Delivery)	5772	5356	416
	Nokha(Loose)	5100	5000	100
	Nokha (Delivery)	5283	5180	103
	Hanumangarh (Loose)	5500	5200	300
	Hanumangarh (Delivery)	5800	5200	600
Haryana	Adampur (Loose)	5600	5200	400
	Adampur (Delivery)	5800	5500	300
	Sirsa (Loose)	5000	-	-
	Bhiwani (Delivery)	5500	5150	350
	Dhabwali (Loose)	5300	-	-
	Dhabwali (Delivery)	5550	-	-
Gujarat	Deesa (Loose)	5250	4705	545
	Patan (Loose)	5255	4705	550
	Rajkot (Loose)	5250	4750	500
Madhya pradesh	Dabra (Loose)	5000	5000	Unch
Guar Gum				
Rajasthan	Jodhpur	15400	16000	-600
	Alwar	16000	15000	1000
Haryana	Sirsa	15000	-	-
	Bhiwani	15200	15000	200
	Dhabwali	15600	-	-

Guar Cumulative Arrivals in Key Centers

Centre	Arrivals (Quintals)		Change
	10.8.2013	2.8.2013	

Rajasthan	Jodhpur	22500	24500	-2000
	Sri-Ganganagar	2800	3900	-1100
	Nagaur	310	245	65
	Alwar	800	700	100
	Churu	1050	1600	-550
	Bikaner	1050	1350	-300
	Khajuwala Bikaner	1550	1950	-400
	Nokha	400	520	-120
	Hanumangarh	160	420	-260
Haryana	Adampur	7000	13500	-6500
	Sirsa	3000	700	2300
	Bhiwani	1900	2300	-400
	Dhabwali	350	325	25
Gujarat	Deesa	715	2420	-1705
	Patan (Loose)	482	419	63
	Rajkot	3220	3540	-320
Madhya pradesh	Dabra	400	710	-310
Total Arrival		47687	59099	-11412

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.

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