

**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 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
July	45000

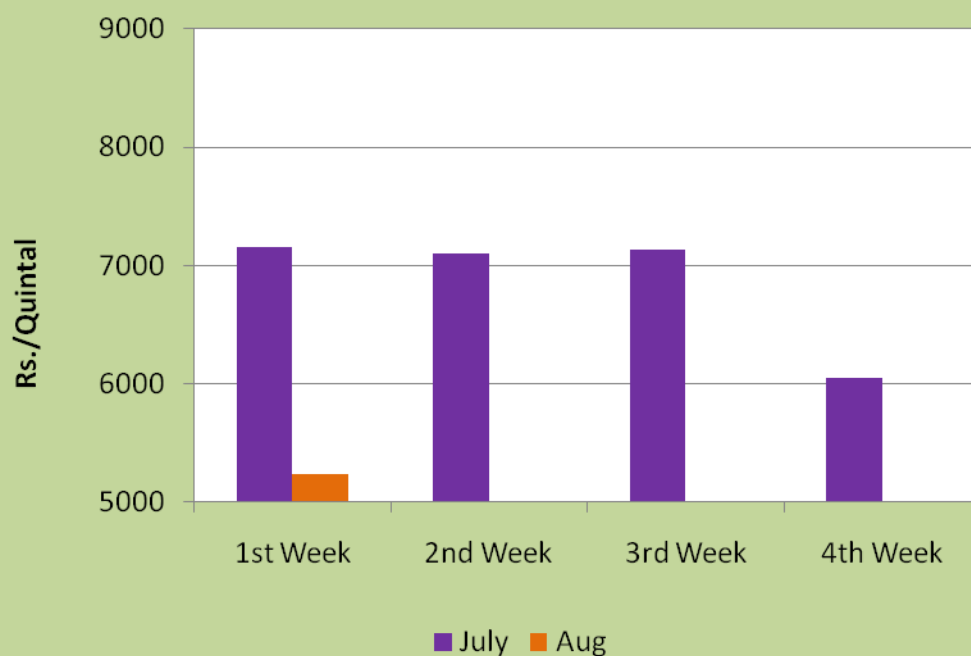
## Crop Outlook

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.

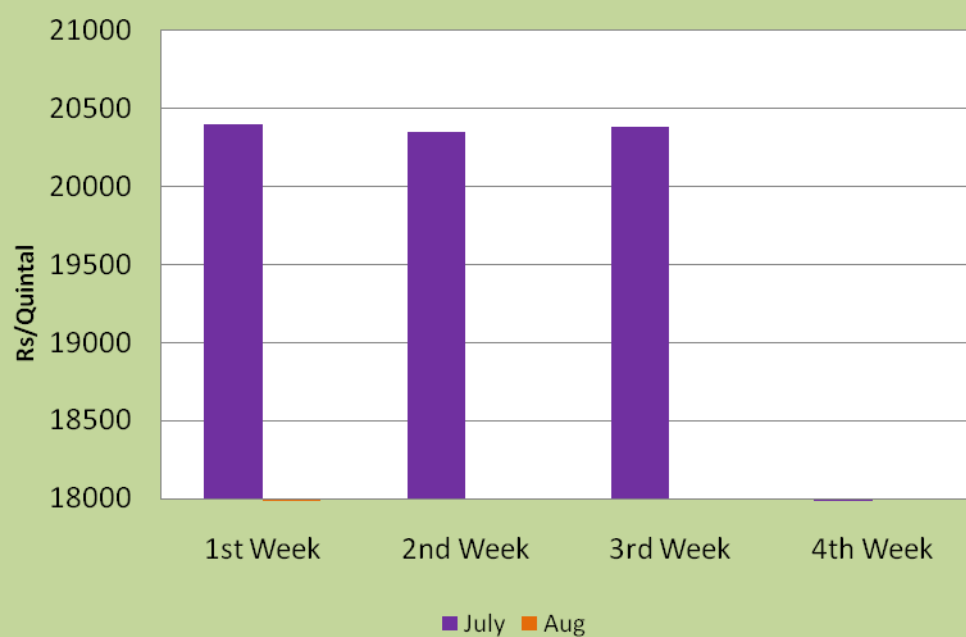
## Price Scenario

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.

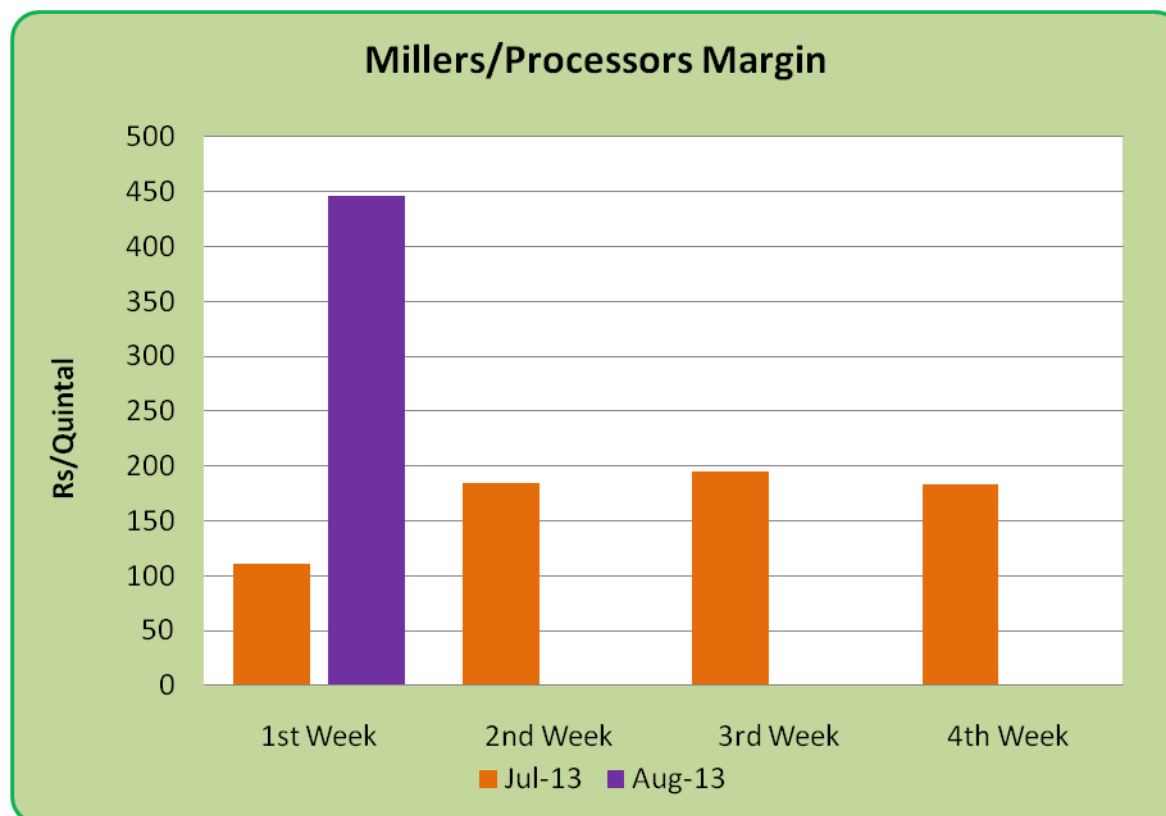
### Guar seed Weekly Average Price



### 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	16.8.2013	10.8.2013	Change
Churi	Jodhpur	950	910	40
Korma	Jodhpur	1625	1600	25
Churi	Sri-Ganganagar	850	850	Unch
Korma	Sri-Ganganagar	1500	1500	Unch
Prices in Rs/75kg				

## Guar Export Prices:

Commodity	Variety	16.8.2013	10.8.2013	Change
Guargum Split		2589	2547	42
Guargum Powder	200 Mesh 5000 CPS	3074	3122	-48

	<b>200 Mesh 3500 CPS</b>	2912	2958	<b>-46</b>
<b>Guargum Meal</b>	<b>40%</b>	280	240	<b>40</b>
<b>Prices in \$/MT</b>				

### Guar Prices at Key Spot Markets

Commodity	Centre	Prices (Rs/Qtl)		Change
	<b>Guar Seeds</b>	<b>16.8.2013</b>	<b>10.8.2013</b>	
<b>Rajasthan</b>	Jodhpur (Loose)	5400	5200	<b>200</b>
	Jodhpur(Delivery)	5600	5500	<b>100</b>
	Sri-Ganganagar(Loose)	5300	5200	<b>100</b>
	Sri-Ganganagar (Delivery)	5500	5400	<b>100</b>
	Nagaur (Loose)	4700	4900	<b>-200</b>
	Alwar (loose)	5000	5000	<b>Unch</b>
	Churu (Delivery)	5300	5500	<b>-200</b>
	Bikaner (Loose)	5300	5400	<b>-100</b>
	Bikaner (Delivery)	5500	5600	<b>-100</b>
	Khajuwala Bikaner (Loose)	5350	5550	<b>-200</b>
	Khajuwala Bikane(Delivery)	5564	5772	<b>-208</b>
	Nokha(Loose)	5150	5100	<b>50</b>
	Nokha (Delivery)	5330	5283	<b>47</b>
	Hanumangarh (Loose)	5400	5500	<b>-100</b>
	Hanumangarh (Delivery)	5500	5800	<b>-300</b>
<b>Haryana</b>	Adampur (Loose)	5500	5600	<b>-100</b>
	Adampur (Delivery)	5750	5800	<b>-50</b>
	Sirsa (Loose)	4800	5000	<b>-200</b>
	Bhiwani (Delivery)	5250	5500	<b>-250</b>
	Dhabwali (Loose)	5000	5300	<b>-300</b>
	Dhabwali (Delivery)	5300	5550	<b>-250</b>
<b>Gujarat</b>	Deesa (Loose)	5065	5250	<b>-185</b>
	Patan (Loose)	4925	5255	<b>-330</b>
	Rajkot (Loose)	5020	5250	<b>-230</b>
<b>Madhya pradesh</b>	Dabra (Loose)	4600	5000	<b>-400</b>
<b>Guar Gum</b>				
<b>Rajasthan</b>	Jodhpur	14800	15400	<b>-600</b>
	Alwar	15000	16000	<b>-1000</b>
<b>Haryana</b>	Sirsa	12000	15000	<b>-3000</b>
	Bhiwani	15000	15200	<b>-200</b>
	Dhabwali	13000	15600	<b>-2600</b>

### Guar Cumulative Arrivals in Key Centers

Centre		Arrivals (Quintals)		Change
		16.8.2013	10.8.2013	
Rajasthan	Jodhpur	8000	22500	-14500
	Sri-Ganganagar	1800	2800	-1000
	Nagaur	220	310	-90
	Alwar	700	800	-100
	Churu	900	1050	-150
	Bikaner	700	1050	-350
	Khajuwala Bikaner	700	1550	-850
	Nokha	230	400	-170
	Hanumangarh	180	160	20
Haryana	Adampur	7000	7000	Unch
	Sirsa	2000	3000	-1000
	Bhiwani	900	1900	-1000
	Dhabwali	410	350	60
Gujarat	Deesa	555	715	-160
	Patan (Loose)	144	482	-338
	Rajkot	1040	3220	-2180
Madhya pradesh	Dabra	45	400	-355
Total Arrival		25524	47687	-22163

### 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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