

Domestic Market Recap:

- Guar seed as well as gum prices improved drastically during last couple of weeks. Lack of rainfall spread rumors about the crop damage which led the prices to shoot up.
- Around 15-20% crop damage of guar seed has been reported from Rajasthan.
- Recent fall in rupee also gives the boost to guar gum export.
- It is pretty much possible that speculators who have guar stocks with them earlier have tried to release their stocks during recent hike in guar prices and then make sell positions from higher side. Increase in arrivals in the mandis also supported the above statement.
- With increase in guar seed prices, farmers are trying to release their holdings in the markets proved by increasing guar seed arrivals on a regular basis.

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 56000 bags.

Export and Import Scenario

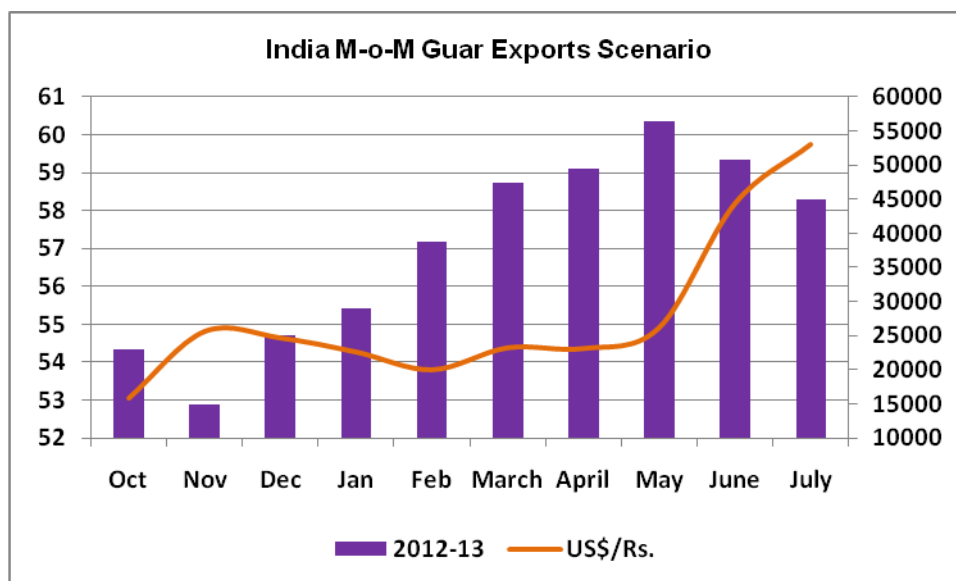
Presently, export demand from US and China remained consistent but not going to increase by huge volume as US has already huge stocks in Houston as reported.

As far as monthly exports are concerned, In the month of July 2013, exports of guar gum (split, powder and meal) were reported to be 45000 metric tons which is lower compared to 50820 metric tonnes exported in June 2013, according to IBIS.

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.

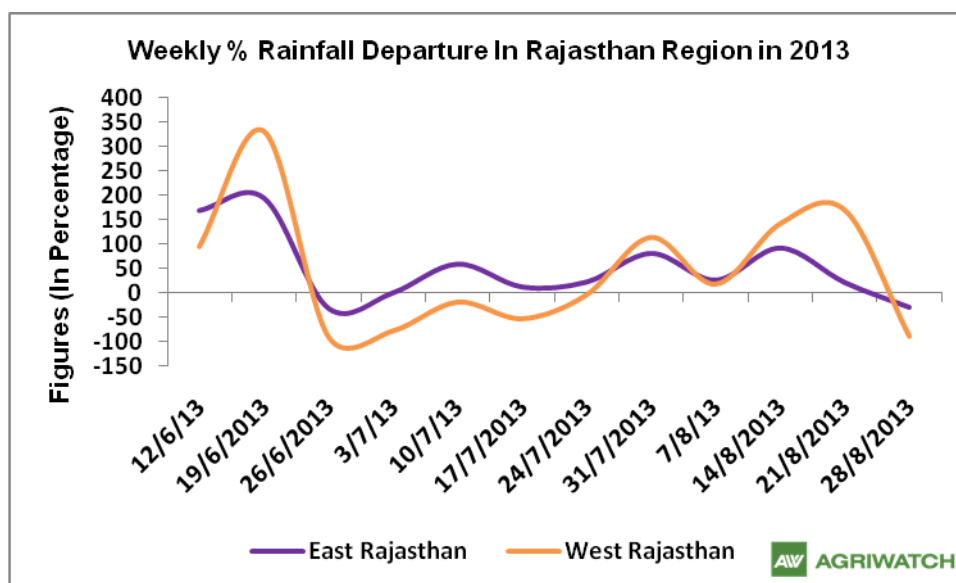


Crop Outlook

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.

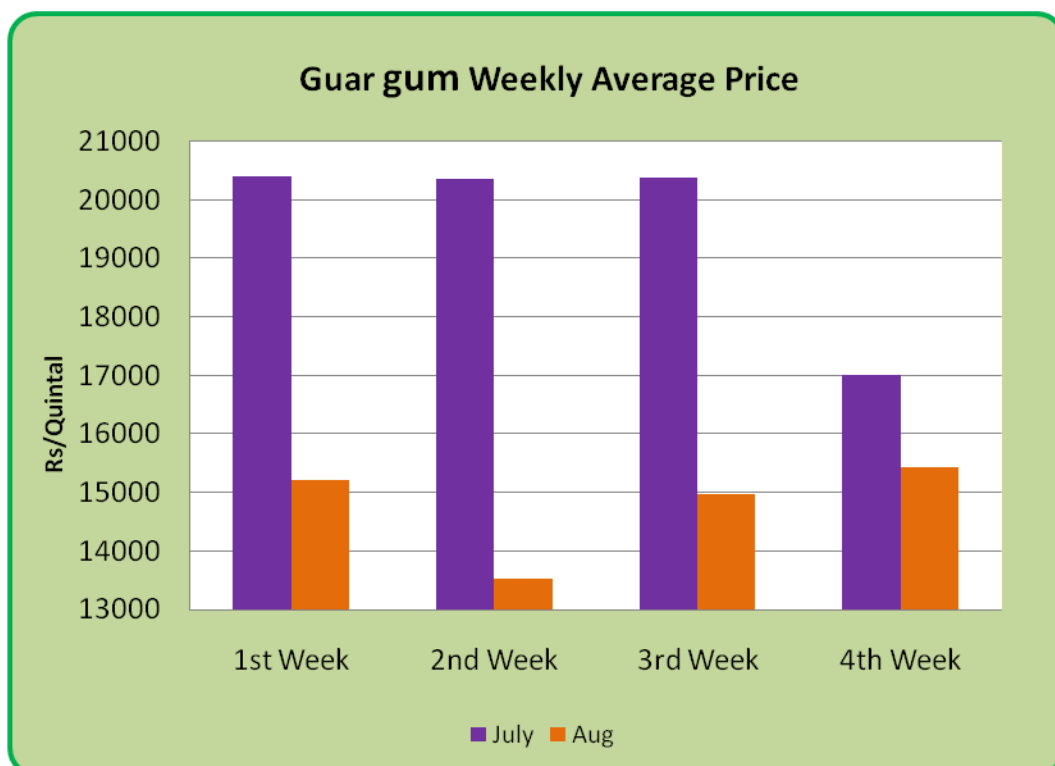
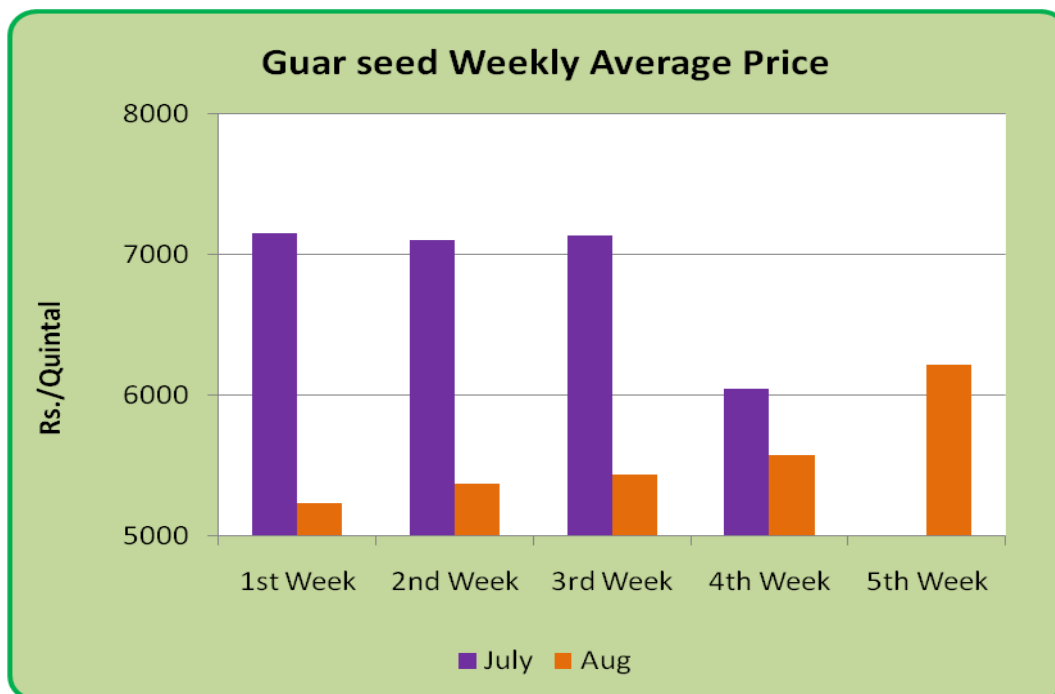
However, decline in precipitation in main guar belt i.e. Rajasthan is a worrying factor and farmers are waiting for rainfall as soon as possible. It is notable that around 15-20% crop has been damaged in Rajasthan, according to trade sources and if rains doesn't occur within next 10 days then around 40% crop would be damage as expected.

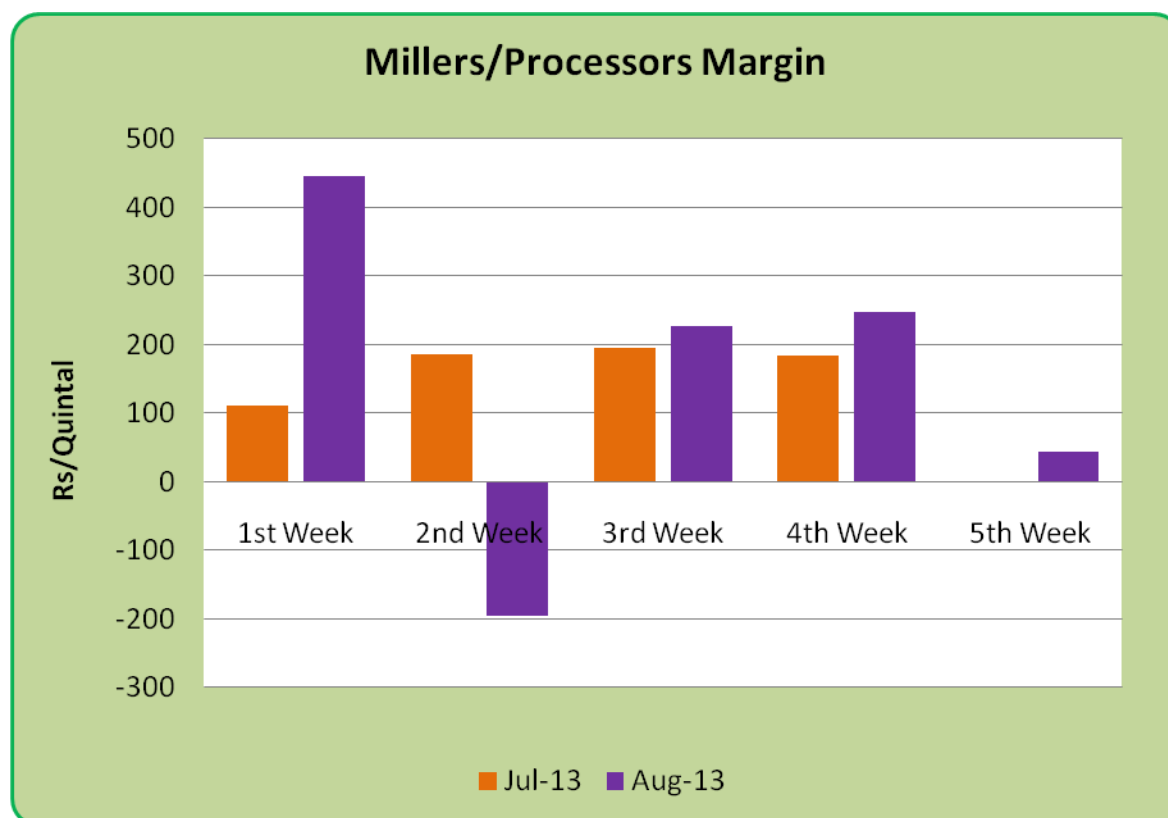
Meanwhile, weather forecasters expect rainfall would occur in the next week.



Price Scenario

Guar seed weekly average prices improved during the week. In the fifth week of August, the average price of guar seed improved by 11% to Rs.6220/Qtl compared to prior week. Also, guar gum prices improved last week by 8.8% to Rs.16780/Qtl compared to previous week. The graph below illustrates the weekly average price movement of guar seed and guar gum in Jodhpur market.



Millers/Processors Margin


As seen in the chart above, the average crushing margin of guar seed declined compared to previous week. In the fifth week of August 2013, average crush margin stood at Rs. 43.8 /Quintal. Higher degree of increase in guar seed prices compared to guar gum prices led the margin decline.

Guar by – Products Prices:

Commodity	Centre	30.8.2013	23.8.2013	Change
Churi	Jodhpur	1025	1020	5
Korma	Jodhpur	1725	1675	50
Churi	Sri-Ganganagar	950	900	50
Korma	Sri-Ganganagar	1650	1625	25
Prices in Rs/75kg				

Guar Export Prices:

Commodity	Variety	30.8.2013	23.8.2013	Change
Guargum Split		2779	2474	305
Guargum Powder	200 Mesh 5000 CPS	3380	3092	288
	200 Mesh 3500 CPS	3230	2938	292
Guargum Meal	40%	320	280	40
	50%	480	440	40

Prices in \$/MT

Guar Prices at Key Spot Markets

Commodity	Centre	Prices (Rs/Qtl)		Change
	Guar Seeds	30-8-2013	23-8-2013	
Rajasthan	Jodhpur (Loose)	6000	5500	500
	Jodhpur(Delivery)	6400	5800	600
	Sri-Ganganagar(Loose)	-	-	-
	Sri-Ganganagar (Delivery)	-	-	-
	Nagaur (Loose)	6100	5100	1000
	Alwar (loose)	6000	5200	800
	Churu (Delivery)	6500	5600	900
	Bikaner (Loose)	6200	5550	650
	Bikaner (Delivery)	6500	5800	700
	Khajuwala Bikaner (Loose)	6500	5540	960
	Khajuwala Bikane(Delivery)	6760	5762	998
	Nokha(Loose)	6500	5300	1200
	Nokha (Delivery)	6634	5490	1144
	Hanumangarh (Loose)	6450	5650	800
	Hanumangarh (Delivery)	6650	5800	850
Haryana	Adampur (Loose)	6450	5750	700
	Adampur (Delivery)	6700	6000	700
	Sirsa (Loose)	5800	5800	Unch
	Bhiwani (Loose)	-	-	-
	Bhiwani (Delivery)	6400	5650	750
	Dhabwali (Loose)	6400	5670	730
	Dhabwali (Delivery)	6700	5850	850
Gujarat	Deesa (Loose)	-	5150	-
	Patan (Loose)	5920	5255	665
	Rajkot (Loose)	-	5125	-
Madhya pradesh	Dabra (Loose)	5500	4500	1000
Guar Gum Prices				
Rajasthan	Jodhpur	16000	16000	Unch
	Alwar	16000	16000	Unch
Haryana	Sirsa	-	-	-
	Bhiwani	15600	15600	Unch
	Dhabwali	14600	14600	Unch

Guar Seed Arrivals (Quintals)

Centre	30-8-2013	23-8-2013	Change
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Rajasthan	Jodhpur	12000	8500	3500
	Sri-Ganganagar	-	-	-
	Nagaur	145	150	-5
	Alwar	1300	700	600
	Churu	1900	1200	700
	Bikaner	900	1400	-500
	Khajuwala Bikaner	1850	2350	-500
	Nokha	700	620	80
	Hanumangarh	1000	490	510
Haryana	Adampur	11500	11500	Unch
	Sirsa	1650	1900	-250
	Bhiwani	3300	1800	1500
	Dhabwali	625	310	315
Gujarat	Deesa	481	697	-216
	Patan (Loose)	233	266	-33
	Rajkot	590	3524	-2934
Madhya pradesh	Dabra	230	25	205
Total Arrival		38404	35432	2972

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 firm tone as chart depicts. Guar seed prices recently tested its trend line resistance level and it is heading towards its next resistance level i.e. Rs 7100 per quintal.



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

Guar gum prices are moving in downward channel as chart depicts. Prices tested its upward resistance that lies over Rs 18000 per quintal and now Prices are heading towards Rs. 19500. Last candlestick depicts bullishness which also supports the statement.

Prices are likely to move towards Rs.19500/Qtl levels in the short –term.

Spot Market Outlook:

Guar Seed prices continue its upward rally from past 10 days. Rumors of damage of standing guar crop in Rajasthan due to lack of timely rainfall led the prices upwards.

However, Punter manipulation in this recent rally cannot be denied.

However, considering higher guar sowing estimates for next year and ample previous year crop holding by farmers is likely to restrain the market bull run. We expect guar prices should not sustain above 7200-7300 level as expected.

One should keep a close eye over precipitation in Rajasthan guar growing region mainly in Western part which will be the key price driving factor of guar seed.

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