

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

Guar seed and gum prices continue to surprise everyone with daily upper circuit from last couple of weeks. Rumors of damage standing guar seed crop due to lack of rainfall led the prices upwards. Meanwhile, Cumulative arrivals in the country of guar seed are reported to be around 58000 bags.

Export and Import Scenario

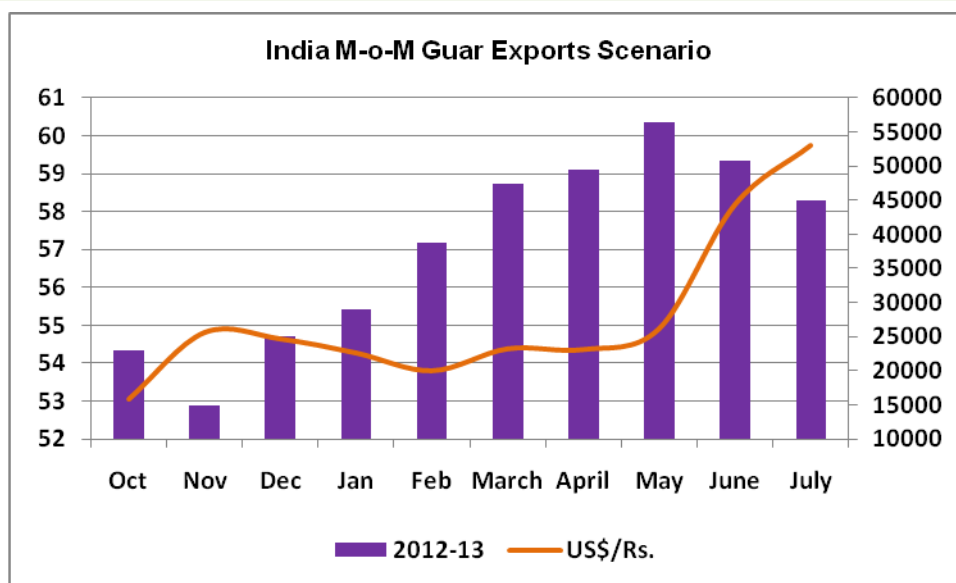
Presently, export demand from US and China remained consistent but not going to increase by huge volume as US has already huge stocks in Houston as reported.

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.

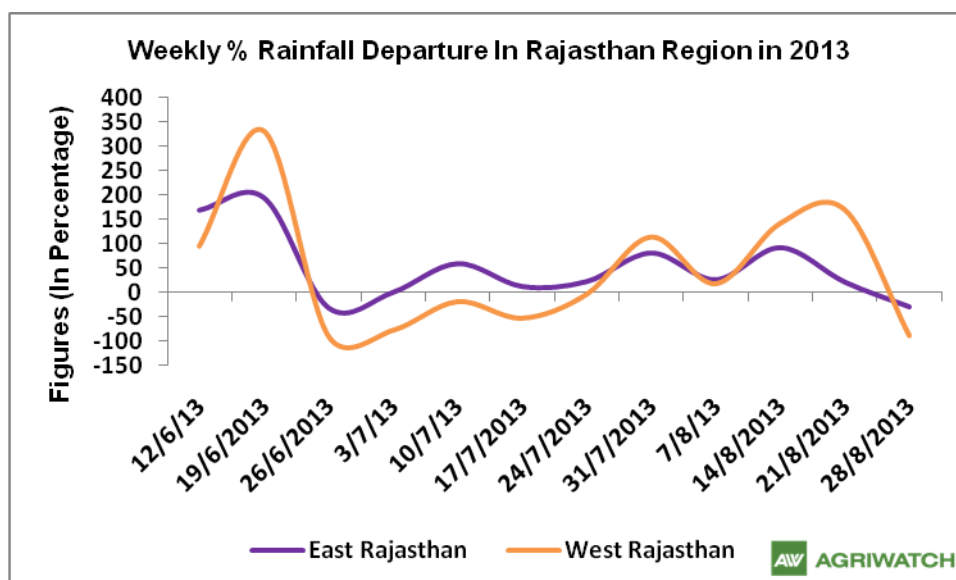


Crop Outlook

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.

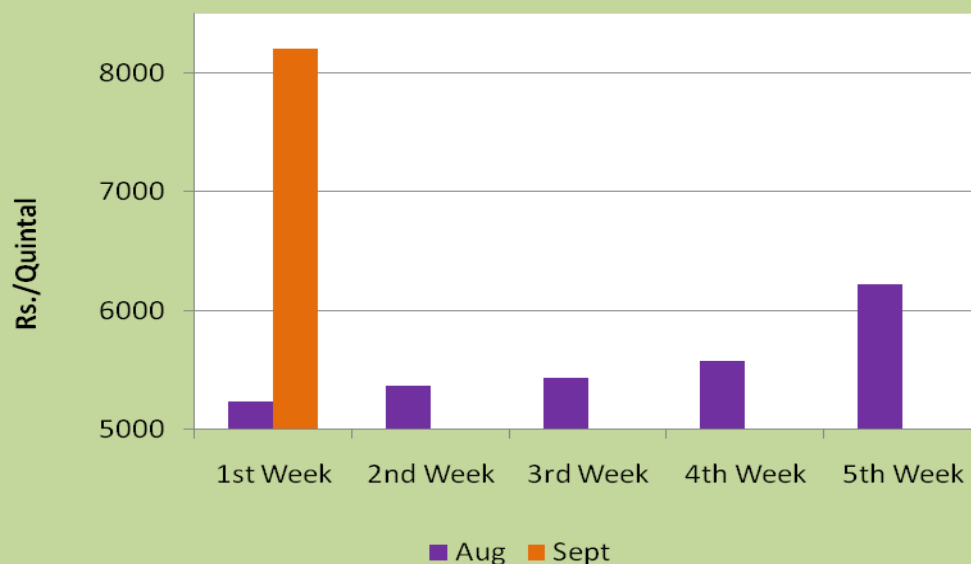
Meanwhile, weather forecasters expect rainfall would occur in the next week.



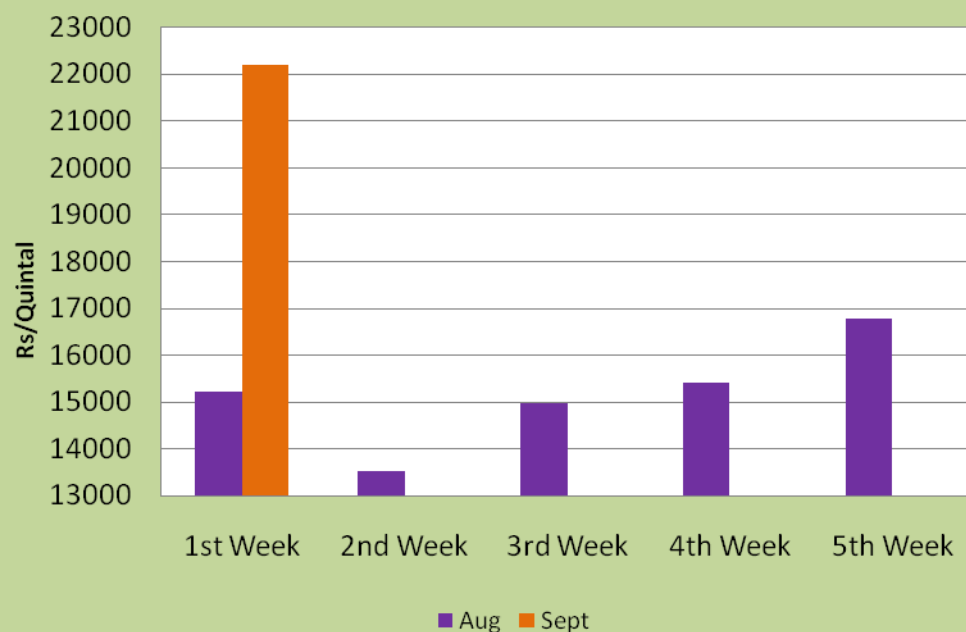
Price Scenario

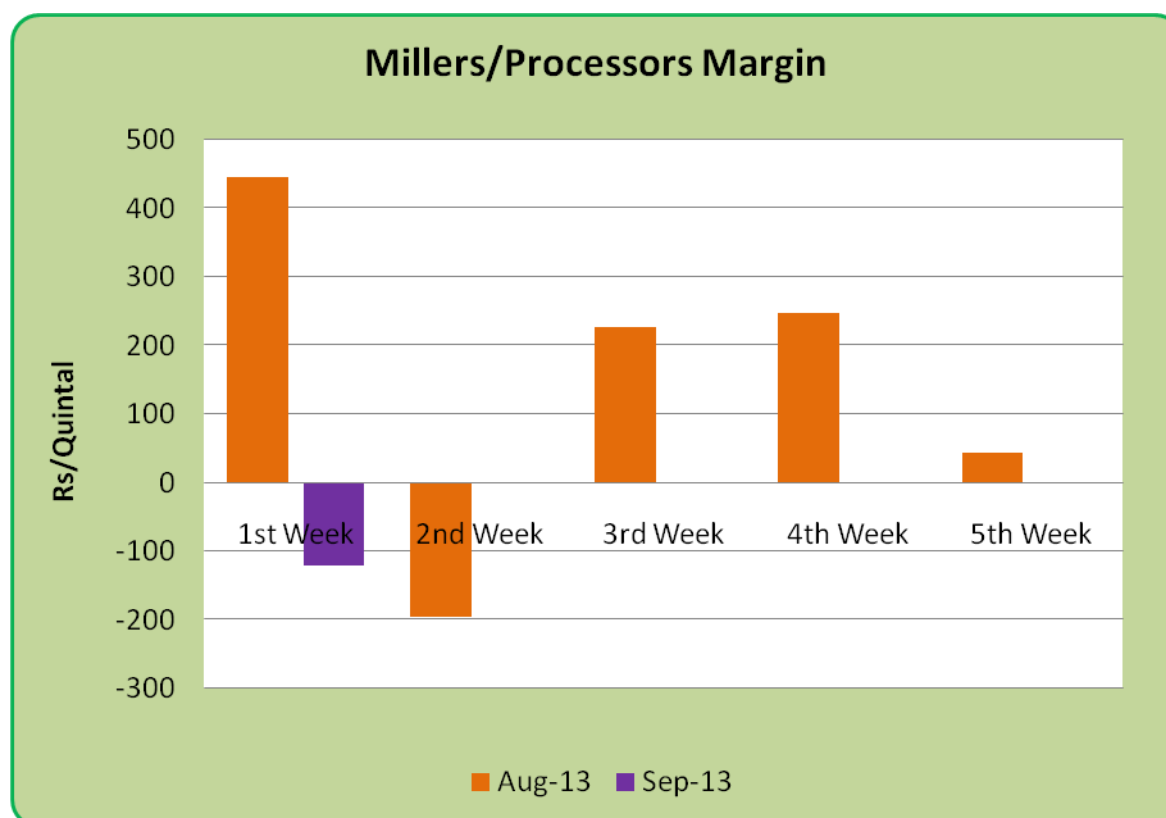
Guar seed weekly average prices improved during the week. In the fifth week of August, the average price of guar seed improved by 32% to Rs.8200/Qtl compared to prior week. Also, guar gum prices improved last week by 32.2% to Rs.22183/Qtl compared to previous week. The graph below illustrates the weekly 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 declined compared to previous week. In the first week of September 2013, average crush margin stood at Rs. -119.9 /Quintal. Higher degree of increase in guar seed prices compared to guar gum prices led the margin decline.

Guar by – Products Prices:

Commodity	Centre	06.8.2013	30.8.2013	Change
Churi	Jodhpur	1125	1025	100
Korma	Jodhpur	1875	1725	150
Churi	Sri-Ganganagar	1075	950	125
Korma	Sri-Ganganagar	1825	1650	175
Prices in Rs/75kg				

Guar Export Prices:

Commodity	Variety	06.8.2013	30.8.2013	Change
Guargum Split		3184	2779	405
Guargum Powder	200 Mesh 5000 CPS	3790	3380	410
	200 Mesh 3500 CPS	3639	3230	409
Guargum Meal	40%	320	320	Unch
	50%	540	480	60

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

Commodity	Centre	Prices (Rs/Qtl)		Change
		9/6/2013	8/30/2013	
	Guar Seeds			
Rajasthan	Jodhpur (Loose)	7500	6000	1500
	Jodhpur(Delivery)	8000	6400	1600
	Sri-Ganganagar(Loose)	8000	-	-
	Sri-Ganganagar (Delivery)	8200	-	-
	Nagaur (Loose)	8000	6100	1900
	Alwar (loose)	8000	6000	2000
	Churu (Delivery)	8500	6500	2000
	Bikaner (Loose)	8400	6200	2200
	Bikaner (Delivery)	8500	6500	2000
	Khajuwala Bikaner (Loose)	8650	6500	2150
	Khajuwala Bikaner(Delivery)	8996	6760	2236
	Nokha(Loose)	8600	6500	2100
	Nokha (Delivery)	8900	6634	2266
	Hanumangarh (Loose)	8000	6450	1550
	Hanumangarh (Delivery)	8200	6650	1550
Haryana	Adampur (Loose)	7000	6450	550
	Adampur (Delivery)	8600	6700	1900
	Sirsa (Loose)	8600	5800	2800
	Sirsa (Delivery)	9000	-	-
	Bhiwani (Loose)	8200	-	-
	Bhiwani (Delivery)	8300	6400	1900
	Dhabwali (Loose)	8000	6400	1600
	Dhabwali (Delivery)	8200	6700	1500
Gujarat	Deesa (Loose)	-	-	-
	Patan (Loose)	7700	5920	1780
	Rajkot (Loose)	7575	-	-
Madhya pradesh	Dabra (Loose)	8000	5500	2500
Guar Gum				
Rajasthan	Jodhpur	22600	16000	6600
	Alwar	23000	16000	7000
Haryana	Sirsa	20000	-	-
	Bhiwani	23800	15600	8200
	Dhabwali	22500	14600	7900

Guar Seed Arrivals (Quintals)

Centre		9/6/2013	8/30/2013	Change
Rajasthan	Jodhpur	15500	12000	3500

	Sri-Ganganagar	8300	-	-
	Nagaur	250	145	105
	Alwar	2600	1300	1300
	Churu	3500	1900	1600
	Bikaner	1150	900	250
	Khajuwala Bikaner	2100	1850	250
	Nokha	900	700	200
	Hanumangarh	1650	1000	650
Haryana	Adampur	22000	11500	10500
	Sirsa	2200	1650	550
	Bhiwani	2550	3300	-750
	Dhabwali	595	625	-30
Gujarat	Deesa	-	481	-
	Patan (Loose)	1051	233	818
	Rajkot	5790	590	5200
Madhya pradesh	Dabra	520	230	290
Total Arrival		70656	38404	32252

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 8200-8500 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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