

Domestic Market Recap:

- Guar seed as well as gum prices declined during the week. It seems that speculators are releasing their guar stocks in the market. We expect prices in future market would also come down in the coming days as expected.
- Guar seed futures prices should test its next support level i.e. 6700 in the coming days.
- Some scattered rainfall has been reported in Bikaner region as reported. It is notable that standing guar crop needs rainfall at this point of time. Some 15-20% crop has already damage due to lack of rainfall in Rajasthan state as reported.
- Around 37000 tons of guar gum (Splits and powder) exported to various countries in August month 2013 as reported. It is notable that India has exported 45000 tons of guar gum (Splits and Powder) in July month 2013.

Current Market Dynamics

Guar seed and gum prices come down after having quick rally in prices. Prices of guar likely to remain weak in the coming week considering weak domestic as well as international demand followed by increasing supply pressure of guar seed in the market.

Meanwhile, Cumulative arrivals in the country of guar seed are reported to be around 58000 bags.

Export and Import Scenario

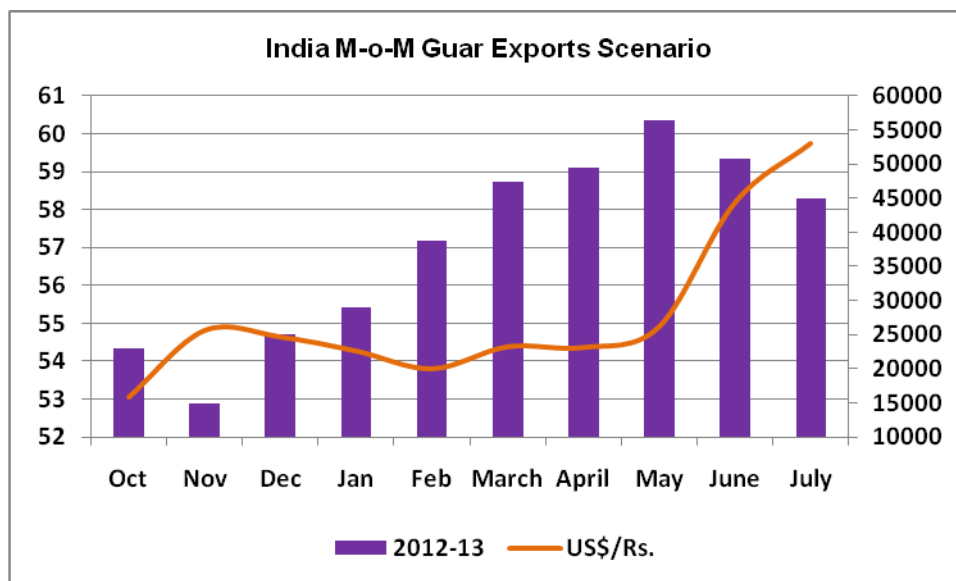
Presently, export demand from US and China remained consistent but not going to increase by huge volume as US has already huge stocks in Houston as reported.

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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.

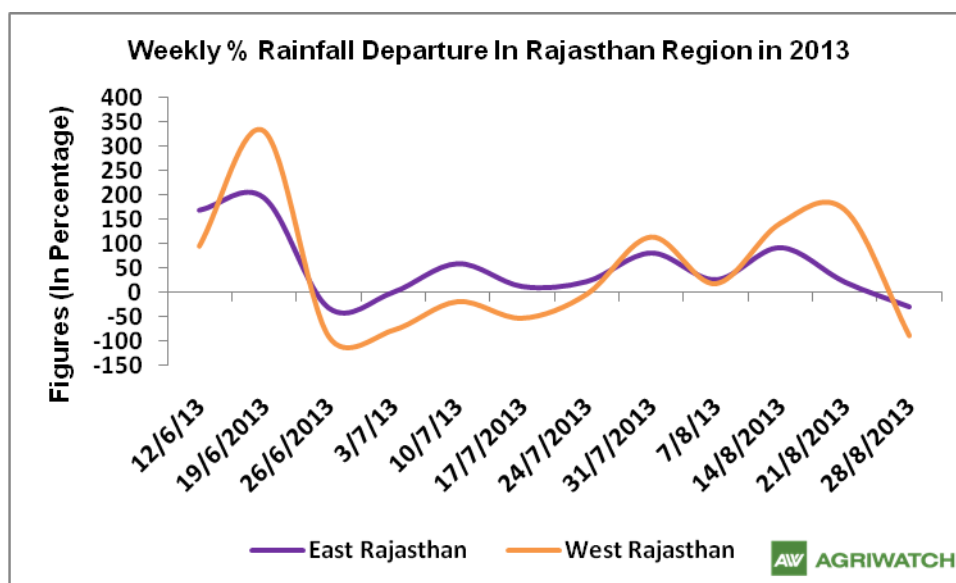


Crop Outlook

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.

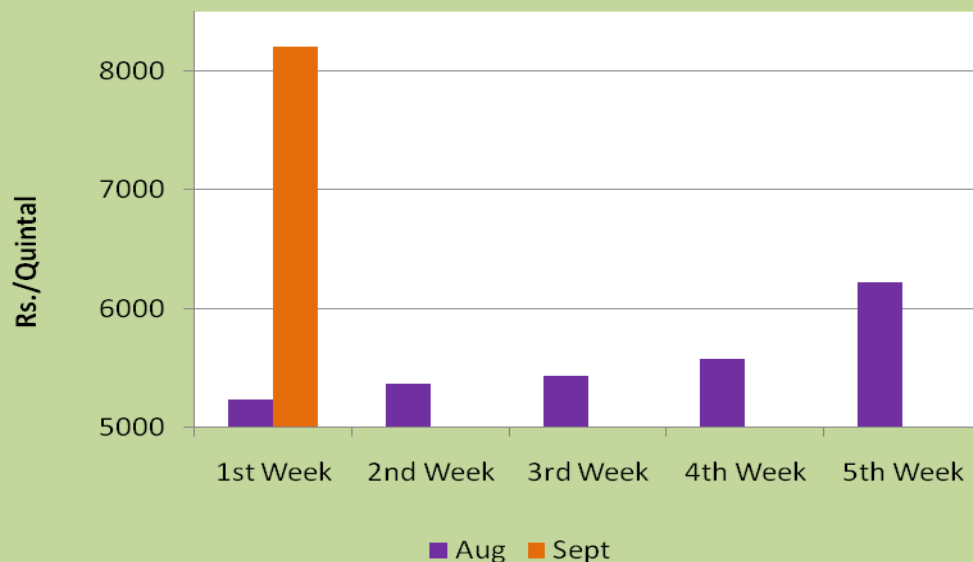
Meanwhile, weather forecasters expect rainfall would occur in the next week.



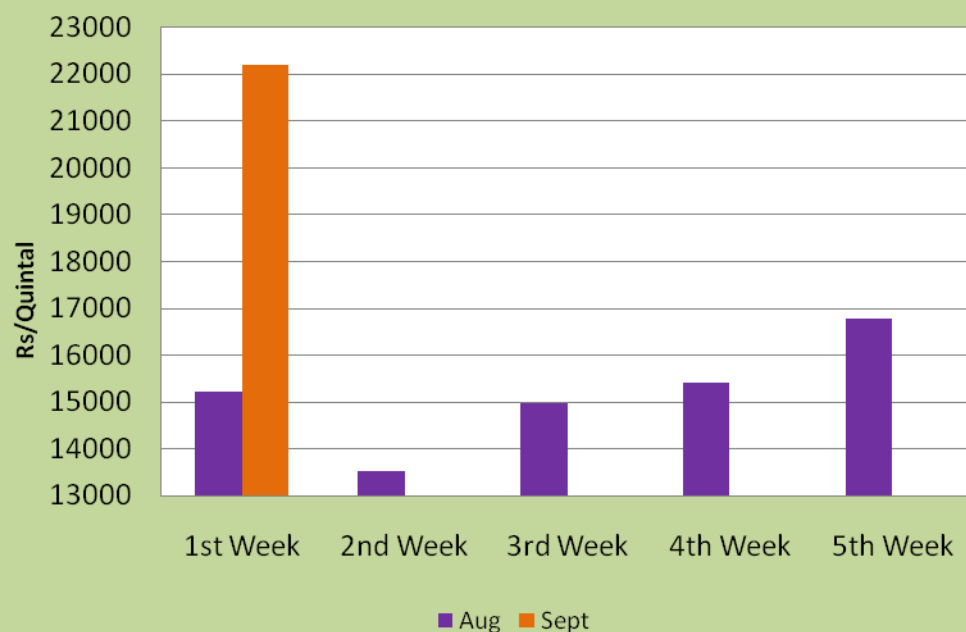
Price Scenario

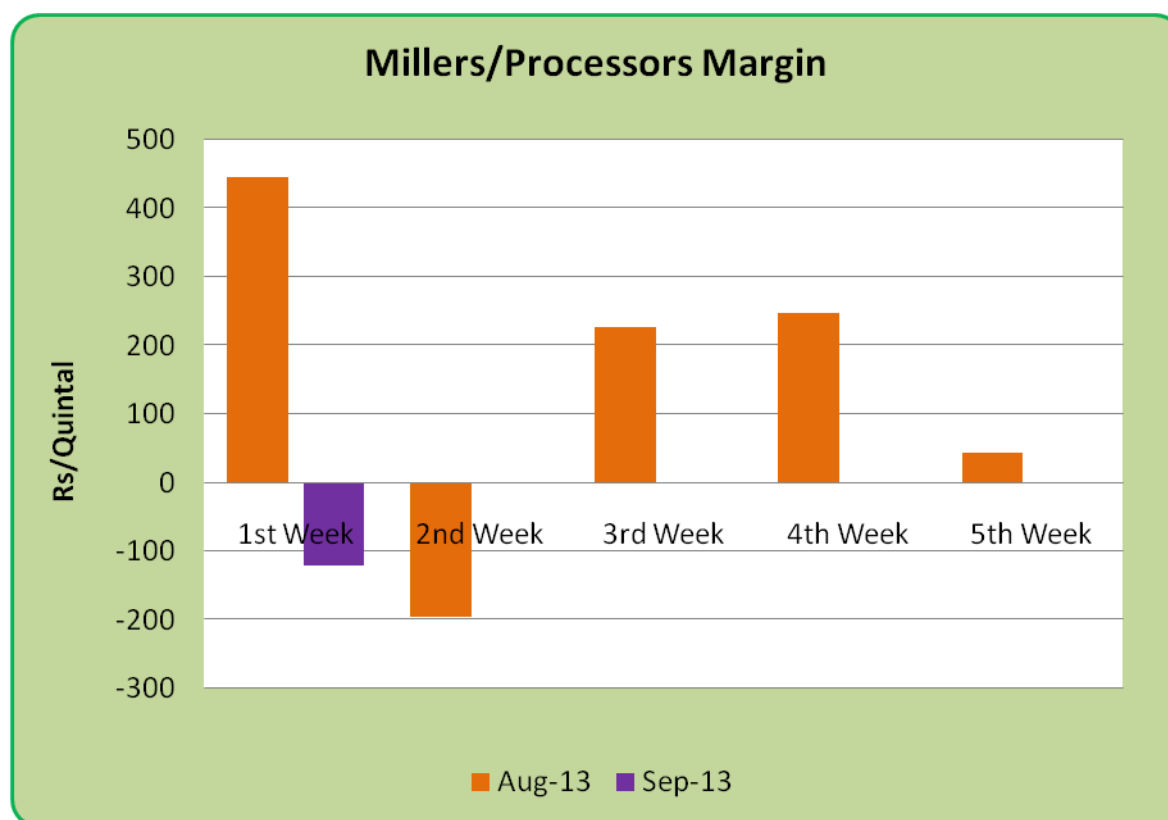
Guar seed weekly average prices improved during the week. In the fifth week of August, the average price of guar seed improved by 32% to Rs.8200/Qtl compared to prior week. Also, guar gum prices improved last week by 32.2% to Rs.22183/Qtl compared to previous week. The graph below illustrates the weekly 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	13.9.2013	6.9.2013	Change
Churi	Jodhpur	1125	1125	Unch
Korma	Jodhpur	1850	1875	-25
Churi	Sri-Ganganagar	1075	1075	Unch
Korma	Sri-Ganganagar	1800	1825	-25
Prices in Rs/75kg				

Guar Export Prices:

Commodity	Variety	13.9.2013	6.9.2013	Change
Guargum Split		3606	3184	422
Guargum Powder	200 Mesh 5000 CPS	4077	3790	287
	200 Mesh 3500 CPS	3920	3639	281
Guargum Meal	40%	300	320	-20
	50%	500	540	-40

Prices in \$/MT

Guar Prices at Key Spot Markets

Commodity	Centre	Prices (Rs/Qtl)		Change
	Guar Seeds	13.9.2013	6.9.2013	
Rajasthan	Jodhpur (Loose)	7550	7500	50
	Jodhpur(Delivery)	8000	8000	Unch
	Sri-Ganganagar(Loose)	8000	8000	Unch
	Sri-Ganganagar (Delivery)	8300	8200	100
	Nagaur (Loose)	8200	8000	200
	Alwar (loose)	-	8000	-
	Churu (Delivery)	-	8500	-
	Bikaner (Loose)	8000	8400	-400
	Bikaner (Delivery)	8300	8500	-200
	Khajuwala Bikaner (Loose)	8250	8650	-400
	Khajuwala Bikane(Delivery)	8580	8996	-416
	Nokha(Loose)	7800	8600	-800
	Nokha (Delivery)	8080	8900	-820
	Hanumangarh (Loose)	7800	8000	-200
	Hanumangarh (Delivery)	8100	8200	-100
Haryana	Adampur (Loose)	8200	7000	1200
	Adampur (Delivery)	8500	8600	-100
	Sirsa (Loose)	8500	8600	-100
	Sirsa (Delivery)	8700	9000	-300
	Bhiwani (Loose)	8000	8200	-200
	Bhiwani (Delivery)	8200	8300	-100
	Dhabwali (Loose)	8200	8000	200
	Dhabwali (Delivery)	8500	8200	300
Gujarat	Deesa (Loose)	7500	-	-
	Patan (Loose)	7700	7700	Unch
	Rajkot (Loose)	7855	7575	280
Madhya pradesh	Dabra (Loose)	7800	8000	-200
Guar Gum				
Rajasthan	Jodhpur	23000	22600	400
	Alwar	-	23000	-
Haryana	Sirsa	21000	20000	1000
	Bhiwani	20000	23800	-3800
	Dhabwali	24000	22500	1500

Guar Cumulative Arrivals in Key Centers

Centre		Arrivals (Quintals)		Change
		13.9.2013	6.9.2013	
Rajasthan	Jodhpur	12000	15500	-3500
	Sri-Ganganagar	10000	8300	1700
	Nagaur	345	250	95
	Alwar	1300	2600	-1300
	Churu	1900	3500	-1600
	Bikaner	1100	1150	-50
	Khajuwala Bikaner	2500	2100	400
	Nokha	1400	900	500
	Hanumangarh	3500	1650	1850
Haryana	Adampur	27000	22000	5000
	Sirsa	1850	2200	-350
	Bhiwani	2400	2550	-150
	Dhabwali	1075	595	480
Gujarat	Deesa	2000	300	1700
	Patan (Loose)	1469	1051	418
	Rajkot	8640	5790	2850
Madhya pradesh	Dabra	130	520	-390
Total Arrival		78609	70956	7653

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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