

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.
- Rainfall has been arrived in Bikaner, Churu region which gives boost to the guar crop.
- Guar arrivals likely to start in the first week of October from Haryana as reported.
- Market regulator FMC is asking the exchanges to probe the price fluctuations in guar trading.
- 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. In addition to it, widespread rainfall in western Rajasthan also removes the fear of further crop damage possibility in future.

Meanwhile, Cumulative arrivals in the country of guar seed are reported to be around 208000 bags which was 210000 bags last week.

Export and Import Scenario

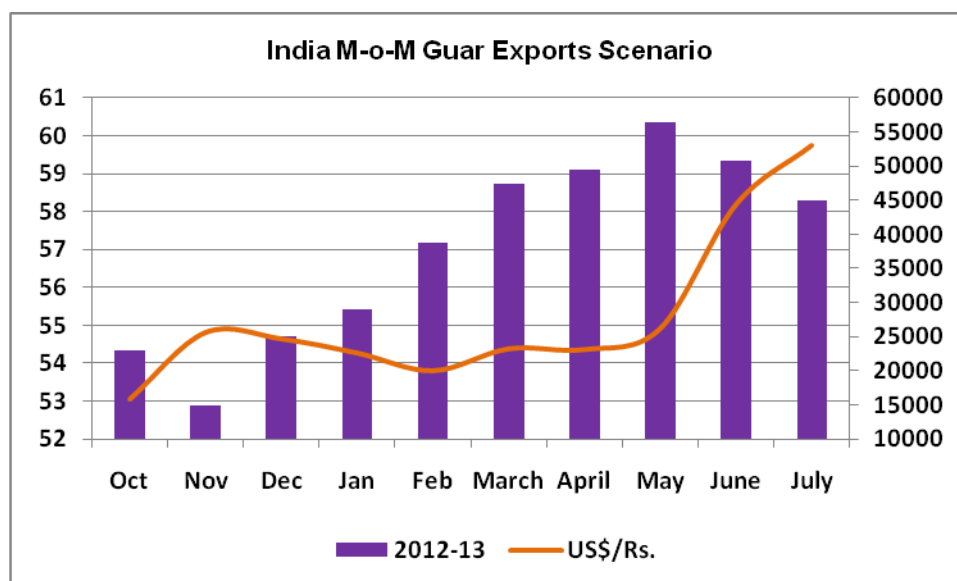
Presently, export demand from US and China remained consistent but not going to increase by huge volume as US has already huge stocks in Houston as reported.

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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.

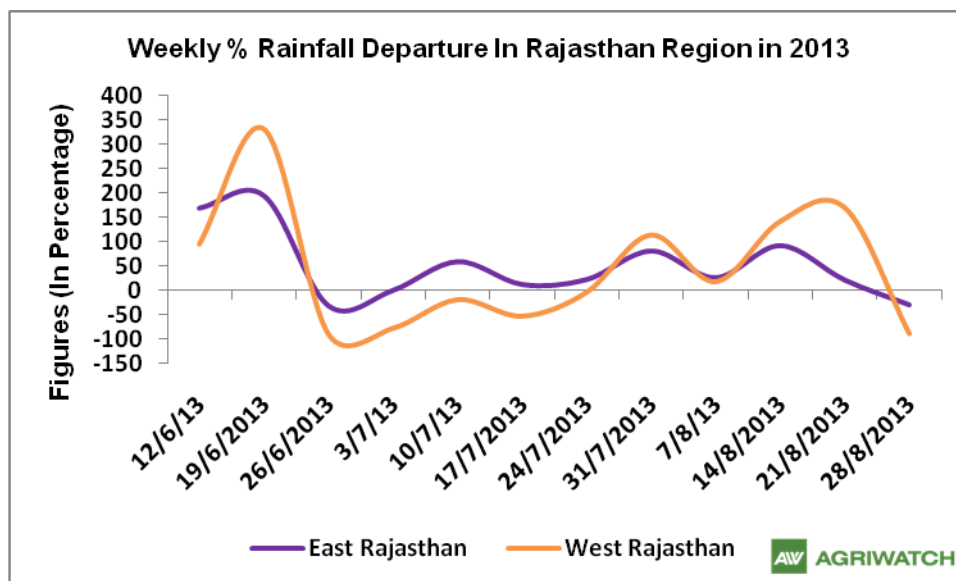


Crop Outlook

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.

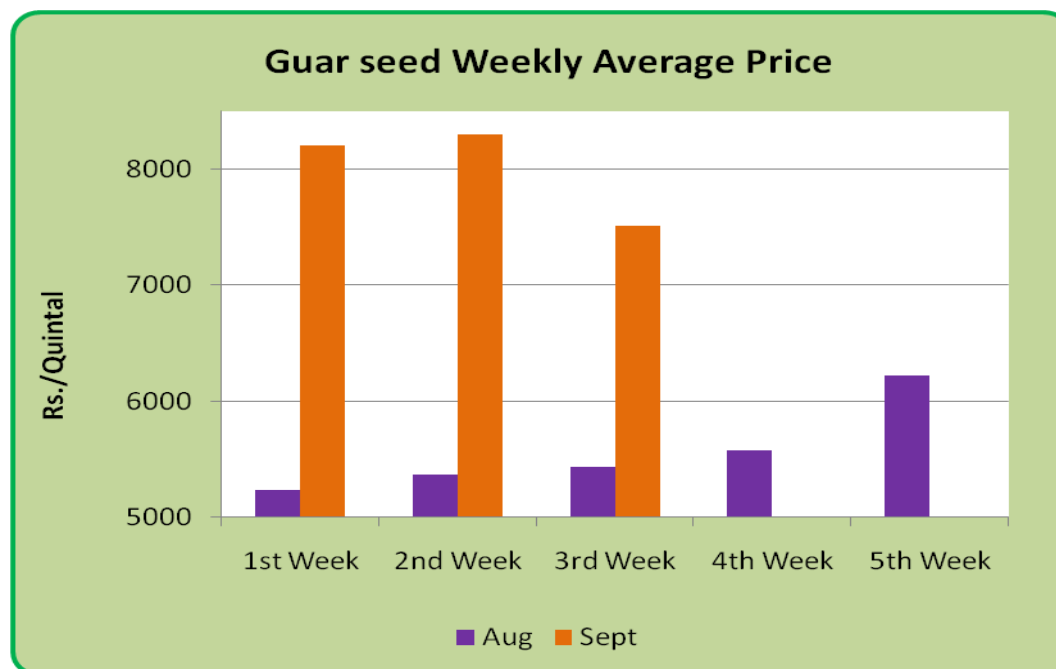
However, decline in precipitation in main guar belt i.e. Rajasthan is a worrying factor and farmers are waiting for rainfall as soon as possible. It is notable that around 15-20% crop has been damaged in Rajasthan, according to trade sources and if rains doesn't occur within next 10 days then around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

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

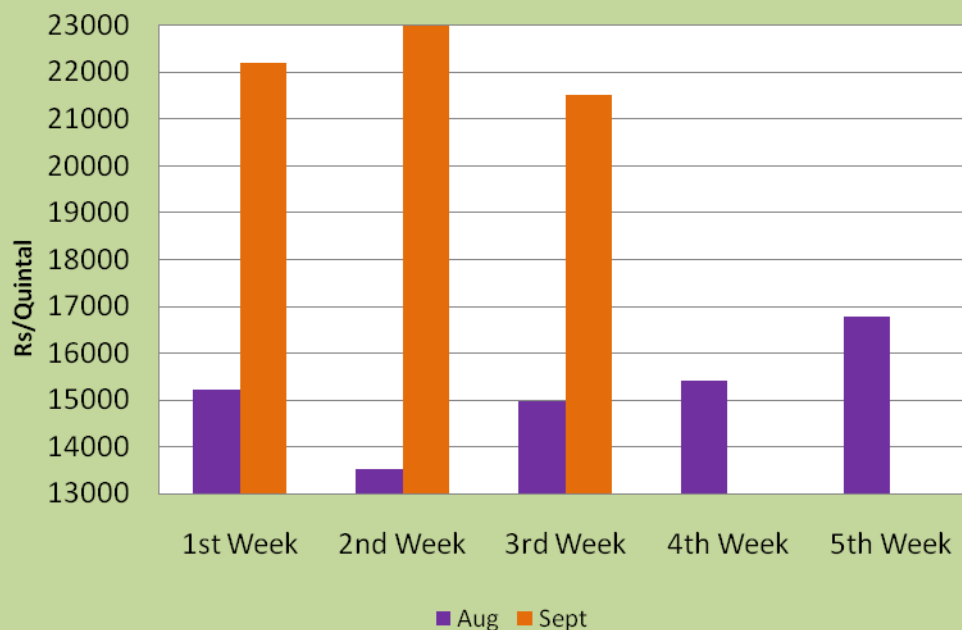


Price Scenario

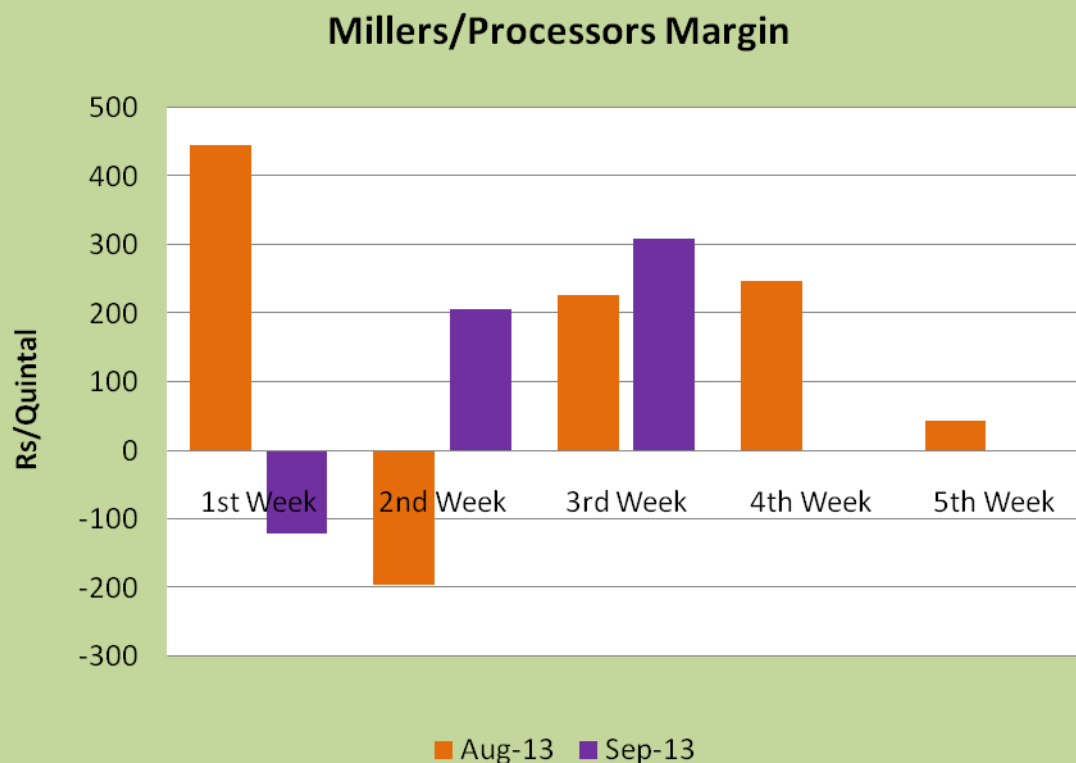
Guar seed weekly average prices declined during the week. In the third week of Sept, the average price of guar seed declined by 9% to Rs.7516/Qtl compared to prior week. Also, guar gum prices improved last week by -8.4% to Rs.21516/Qtl compared to previous week. The graph below illustrates the weekly average price movement of guar seed and guar gum in Jodhpur market.



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 third week of September 2013, average crush margin stood at Rs. 309.1/Quintal which was 205.7 per quintal last week. Higher degree of decrease in guar seed prices compared to guar gum prices led the margin up.

Guar Prices at Key Spot Markets

Guar by – Products Prices:

Commodity	Centre	20.9.2013	13.9.2013	Change
Churi	Jodhpur	1025	1125	-100
Korma	Jodhpur	1850	1850	Unch
Churi	Sri-Ganganagar	975	1075	-100
Korma	Sri-Ganganagar	1725	1800	-75
Prices in Rs/75kg				

Guar Export Prices:

Commodity	Variety	20.9.2013	13.9.2013	Change
Guargum Split		3374	3606	-232
Guargum Powder	200 Mesh 5000 CPS	4017	4077	-60
	200 Mesh 3500 CPS	3856	3920	-64
Guargum Meal	40%	320	300	20
	50%	520	500	20
Prices in \$/MT				

Commodity	Centre	Prices (Rs/Qtl)		Change
	Guar Seeds	20.9.2013	13.9.2013	
Rajasthan	Jodhpur (Loose)	7300	7550	-250
	Jodhpur(Delivery)	7700	8000	-300
	Sri-Ganganagar(Loose)	7200	8000	-800
	Sri-Ganganagar (Delivery)	7400	8300	-900
	Nagaur (Loose)	7000	8200	-1200
	Alwar (loose)	7000	-	-
	Churu (Delivery)	7400	-	-
	Bikaner (Loose)	7100	8000	-900
	Bikaner (Delivery)	7300	8300	-1000
	Khajuwala Bikaner (Loose)	7240	8250	-1010
	Khajuwala Bikane(Delivery)	7530	8580	-1050
	Nokha(Loose)	7000	7800	-800
	Nokha (Delivery)	7252	8080	-828
	Hanumangarh (Loose)	7100	7800	-700

	Hanumangarh (Delivery)	7300	8100	-800
Haryana	Adampur (Loose)	7200	8200	-1000
	Adampur (Delivery)	7400	8500	-1100
	Sirsa (Loose)	7800	8500	-700
	Bhiwani (Delivery)	7000	8200	-1200
	Dhabwali (Loose)	7000	8200	-1200
	Dhabwali (Delivery)	7500	8500	-1000
Gujarat	Deesa (Loose)	6750	7500	-
	Patan (Loose)	6935	7700	-765
	Rajkot (Loose)	7050	7855	-805
Madhya pradesh	Dabra (Loose)	8000	7800	200
Guar Gum				
Rajasthan	Jodhpur	20400	23000	-2600
	Alwar	21000	-	-
Haryana	Sirsa	20500	21000	-500
	Bhiwani	20600	20000	600
	Dhabwali	20500	24000	-3500

Guar Cumulative Arrivals in Key Centers

Centre		Arrivals (Quintals)		Change
		20.9.2013	13.9.2013	
Rajasthan	Jodhpur	58000	62000	-4000
	Sri-Ganganagar	8000	10000	-2000
	Nagaur	360	345	15
	Alwar	1200	1300	-100
	Churu	2300	1900	400
	Bikaner	950	1100	-150
	Khajuwala Bikaner	1550	2500	-950
	Nokha	700	1400	-700
	Hanumangarh	1600	3500	-1900
Haryana	Adampur	14500	27000	-12500
	Sirsa	2700	1850	850
	Bhiwani	2800	2400	400
	Dhabwali	1450	1075	375
Gujarat	Deesa	2900	2000	900
	Patan (Loose)	716	1469	-753
	Rajkot	6945	8640	-1695

Madhya pradesh	Dabra	515	130	385
Total Arrival		107186	128609	-21423

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 25000 per quintal and now prices should move down upto its support level i.e. 19500.

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

Spot Market Outlook:

Guar seed and weather game is over and prices started falling again. As per our previous estimation, traders who have guar seed stock with them have released their guar stocks at higher prices and now they break the market like anything.

Manipulators have created fear of crop damage in the market which actually was not very critical.

Recently, some rainfall has been reported in Bikaner, Churu, Rawatsar region which will boost the standing guar crop.

We expect prices to fall in the coming week.

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