

Highlights of the Month:

- Guar seed and gum prices continue its downward movement during December month. Arrival pressure from the new crop, dull demand and higher production scenario for 2013-14 season are the major influencing factors which drive the prices downwards.
- There is a gossip in the market that some stockists have started buying guar at current prices as they haven't able to find any other lucrative commodity at this point of time. It may push guar market slightly up for short term.
- Guar Seed prices are trading weak. Fewer buying of guar seed can be seen by millers due to no processing margin mainly due to decline in churi and korma prices. In addition to it, higher degree of decline in guar gum prices compared to guar seed prices in this existing month also take the margin to negative as reported. On export front, low volumes of guar gum exports also indicates that foreign buyers are still not interested in buying at current price levels. Overall, sentiments likely to remain weak for guar seed for the coming weeks.
- Agriwatch is estimating Rs. 4000 level for guar seed in spot markets in the coming days, However, if it breach the mentioned level then it have the potential to go down further to Rs 3300-3500 level.
- India has exported 48713 tons of guar gum powder, splits and meal in November 2013 as reported. Present year guar exports figures are 33700 tons higher compared to guar exported in November 2012. November month guar exports are also 44% higher compared to Guar exported in October 2013. Main reason for increase in guar gum exports are weak rupee scenario in the month of November compared to October. In addition to it, prices of guar gum continuously breaking which increase the export parity.
- Market is estimating 2.8-3 million tons of guar production for 2013-14.

Current Market Dynamics:

Guar prices are presently moving in a short trading range. Farmers are not able to bring their guar stocks in the markets due to Cold wave in Rajasthan and Haryana.

However, overall sentiments remained bearish considering higher production, lower export scenario and last year higher carry over stocks of guar seed.

India is likely to produce 2.8 to 3 crore bags of guar seed for the current year.

As far as arrivals are concerned, All India arrivals stood at 39 lac bags during last month which was around 20 lac bags at prior month.

Export and Import Scenario

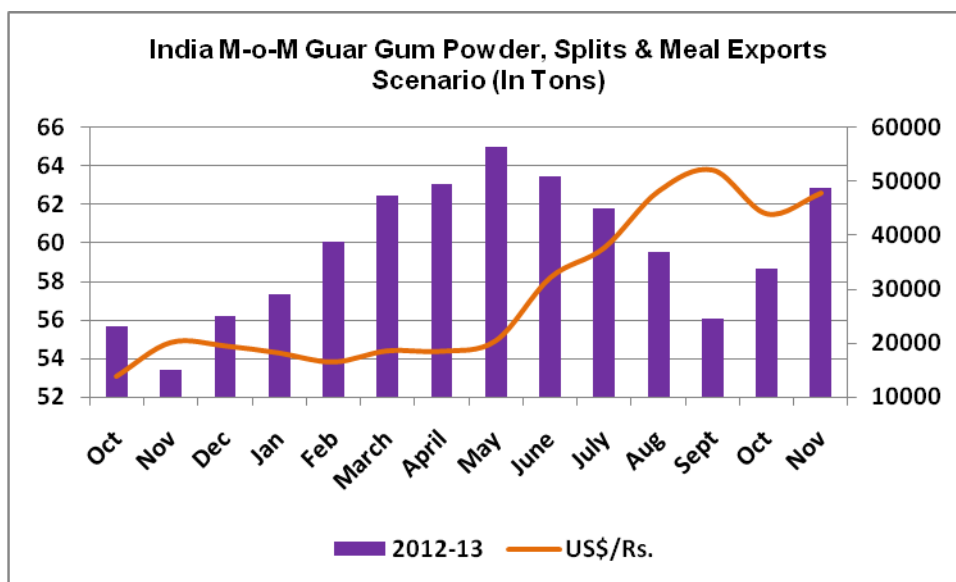
Presently, export demand from US and China remained consistent but not going to increase by huge volume as US has already huge stocks in Houston as reported.

India exported 12717 tons of guar products collectively including powder, splits and meal in the third week of December 2013. This takes the overall guar exports to 53000 tons approx. in this month till date.

Rupee appreciation against dollar last week decrease the overall export parity of guar seed as reported.

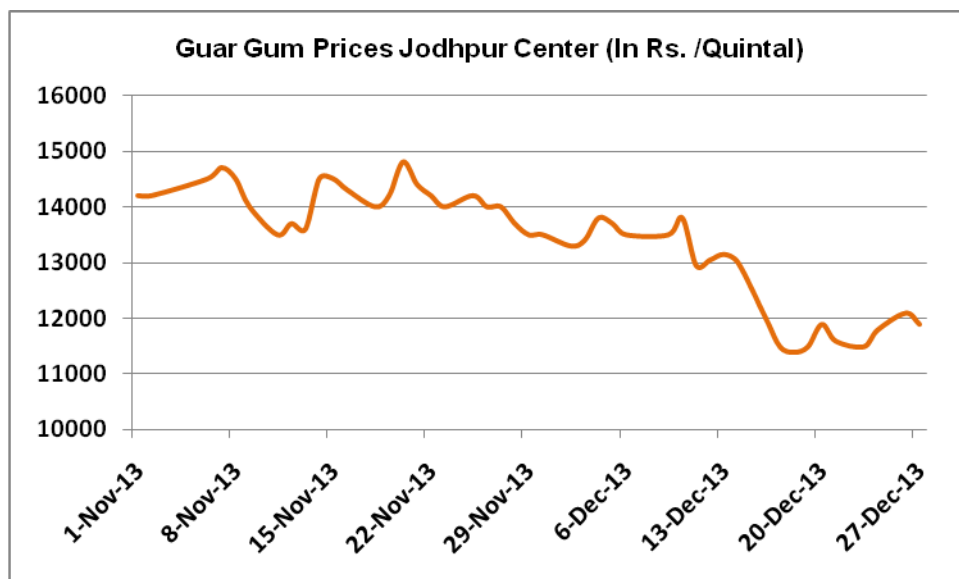
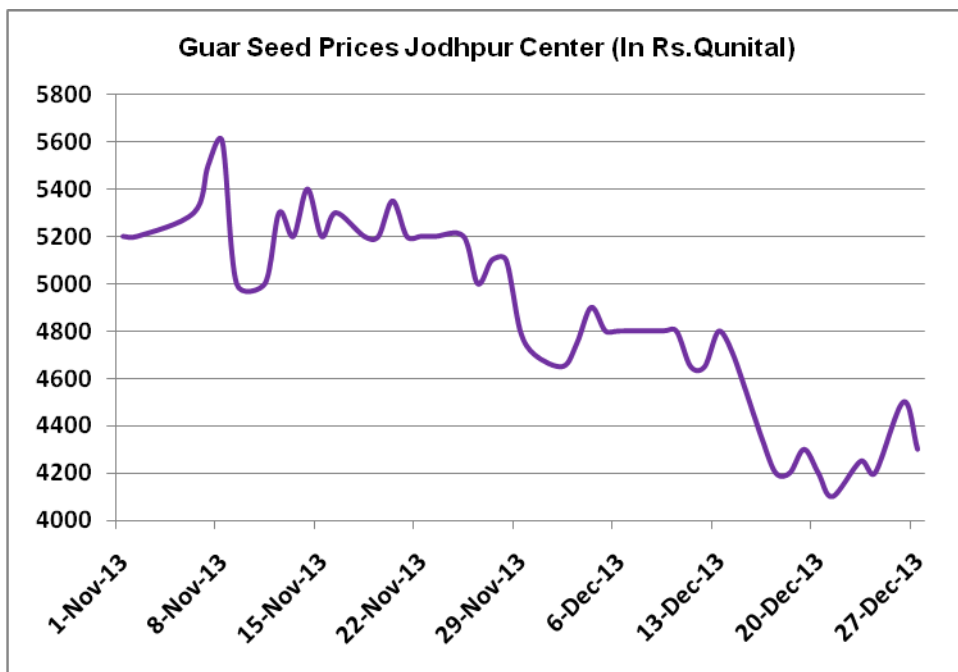
Demand Side of Guar and Guar Gum:

It is notable that guar prices are falling owing to weak domestic demand. Higher crop expectations of Summer crop led the prices downwards.

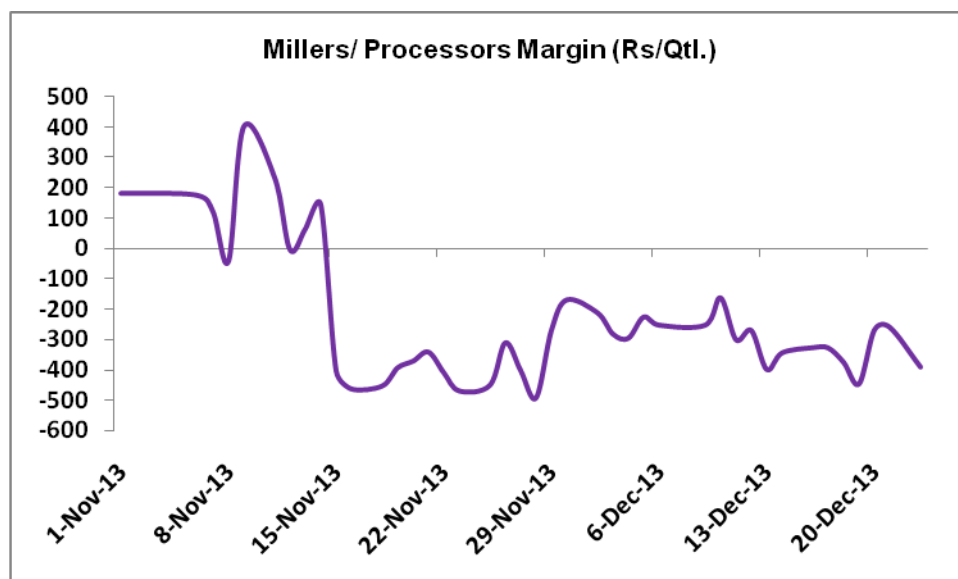


Price Scenario

Monthly average Guar seed and gum prices declined month-on-month basis in Jodhpur market. The average monthly price of guar seed for December declined by 13% to Rs.4525/Qtl and that of guar gum declined by 11% to Rs.12621/Qtl in comparison with the month of November. The graph below illustrates the monthly 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 month. In the month of December 2013, average crush margin stood at Rs. -300/Quintal which was -156 per quintal last month. Decrease in Churi and korma prices led the margin down.

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Guar by – Products Monthly Average Prices:

Commodity	Centre	December-13	November-13	Change
Churi	Jodhpur	841	1048	-207
Korma	Jodhpur	1180	1441	-261
Churi	Sri-Ganganagar	825	1071	-246
Korma	Sri-Ganganagar	1161	1391	-230
Prices in Rs/75kg				

Guar Export Monthly Average Prices:

Commodity	Variety	December-13	November-13	Change
Guargum Split		2054	2351	-297
Guargum Powder	200 Mesh 5000 CPS	2700	2976	-276
	200 Mesh 3500 CPS	2538	2817	-279
Guargum Meal	40%	254	272	-18
	50%	333	401	-68
Prices in \$/MT				

Commodity	Centre	Monthly Prices (Average)		Change
		December-13	November-13	
	Guar Seeds			
Rajasthan	Jodhpur (Loose)	4222	4809	-587
	Jodhpur(Delivery)	4498	5185	-687
	Sri-Ganganagar(Loose)	4405	4974	-568
	Sri-Ganganagar (Delivery)	4566	5113	-547
	Nagaur (Loose)	4232	4836	-605
	Alwar (loose)	4082	4721	-639
	Churu (Delivery)	4455	5158	-704
	Bikaner (Loose)	4338	5010	-672
	Bikaner (Delivery)	4530	5235	-705
	Khajuwala Bikaner (Loose)	4348	4921	-572
	Khajuwala Bikane(Delivery)	4527	5117	-591
	Nokha(Loose)	4291	4917	-626
	Nokha (Delivery)	4452	5090	-638
	Hanumangarh (Loose)	4350	4909	-559
	Hanumangarh (Delivery)	4498	5122	-624
Haryana	Adampur (Loose)	4396	4959	-564
	Adampur (Delivery)	4591	5157	-566
	Sirsa (Loose)	4345	5122	-777
	Bhiwani (Delivery)	4428	5061	-633
	Dhabwali (Loose)	4350	4916	-566
	Dhabwali (Delivery)	4560	5148	-588
	Siwani (Loose)	4493	5049	-556
	Ellanabad (Loose)	4442	5012	-570
Gujarat	Deesa (Loose)	4294	4717	-423
	Patan (Loose)	4162	4766	-604
	Rajkot (Loose)	4480	5250	-770
Madhya pradesh	Dabra (Loose)	3957	5092	-1135
Guar Gum				
Rajasthan	Jodhpur	12515	14165	-1650
	Alwar	12732	14438	-1706
Haryana	Sirsa	11889	13761	-1871
	Bhiwani	12798	14222	-1424
	Dhabwali	12543	14374	-1831
	Ellanabad	12783	14346	-1563

Guar Cumulative Arrivals in Key Centers

Centre	Monthly Arrivals (Quintals)			Change
		December-13	November-13	
Rajasthan	Jodhpur	37150	253000	-215850
	Sri-Ganganagar	60000	104500	-44500
	Nagaur	11850	11650	200
	Alwar	29800	16050	13750
	Churu	35000	22200	12800
	Bikaner	38700	8300	30400
	Khajuwala Bikaner	53000	25400	27600
	Nokha	6500	5100	1400
	Hanumangarh	19100	28900	-9800
Haryana	Adampur	82500	158500	-76000
	Sirsa	55900	101000	-45100
	Bhiwani	20500	21600	-1100
	Dhabwali	8600	29000	-20400
	Siwani	53200	42450	10750
	Ellanabad	32200	37900	-5700
Gujarat	Deesa	15186	20655	-5469
	Patan (Loose)	20922	12640	8282
	Rajkot	26025	22555	3470
Madhya pradesh	Dabra	10050	1810	8240
Total Arrival		616183	923210	-307027

Spot Market Monthly Price Trend of Guar seed at Jodhpur

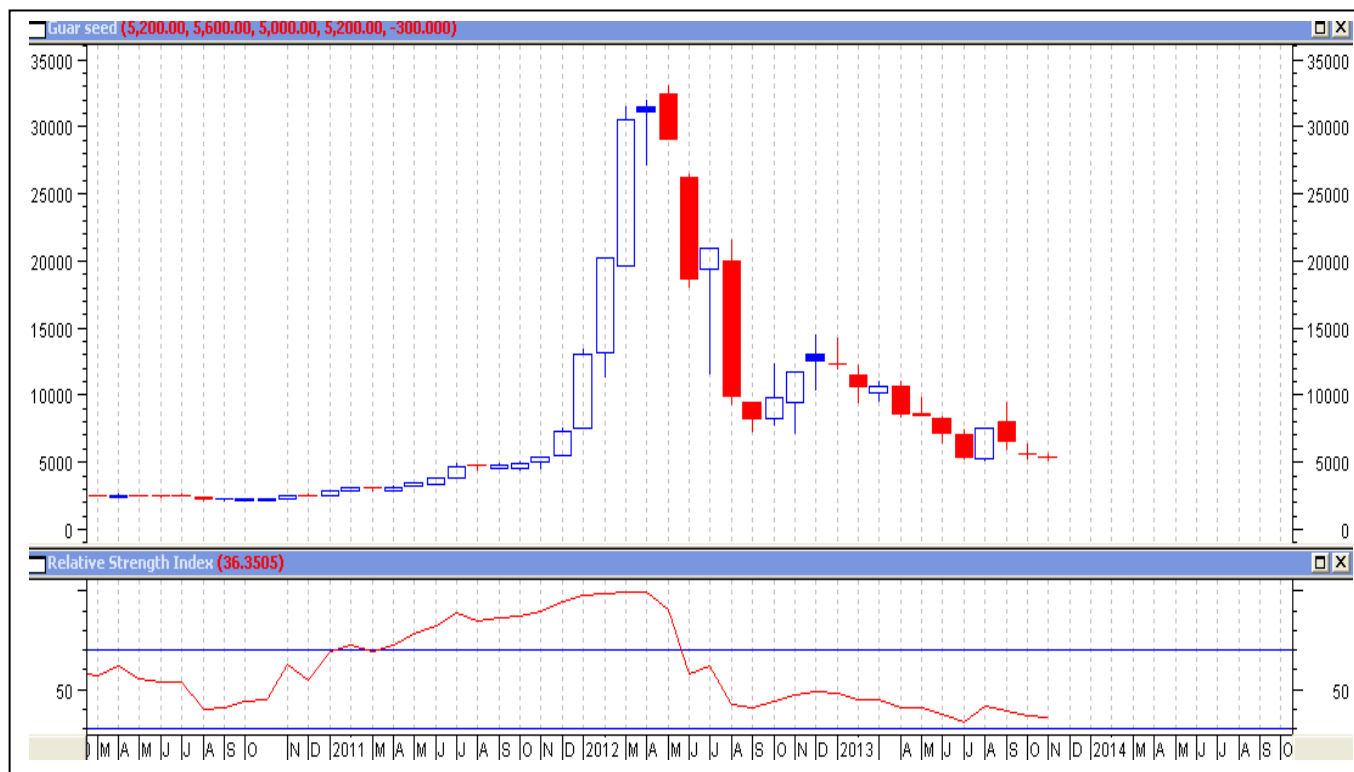


Fig-1 – Guar Seed Monthly Spot Prices (Jodhpur)

Guar seed prices are moving in a range with weak tone as chart depicts. However, last candlestick depicts prices not sustained at higher levels and likely to come down in the coming month and test its next support level i.e. Rs 4400 per quintal.

Prices are likely to continue to trade weak in the coming month.

Spot Market Monthly Price Trend of Guar Gum at Jodhpur



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

Guar gum prices are moving in downward channel as chart depicts. Prices break crucial level and likely to test its next support level i.e. Rs 11800 per quintal. Last candlestick depicts bearishness which also supports the statement.

Prices are likely to move towards Rs.11800/Qtl levels in the medium –term.

Spot Market Outlook:

Guar seed and gum prices are moving in a negative zone and likely to continue its bear run in the coming month. However, lower arrivals and some activities from stockists might pull the prices up little bit. Overall sentiments looks bearish as export demand also not picking up.

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