

Highlights of the Month:

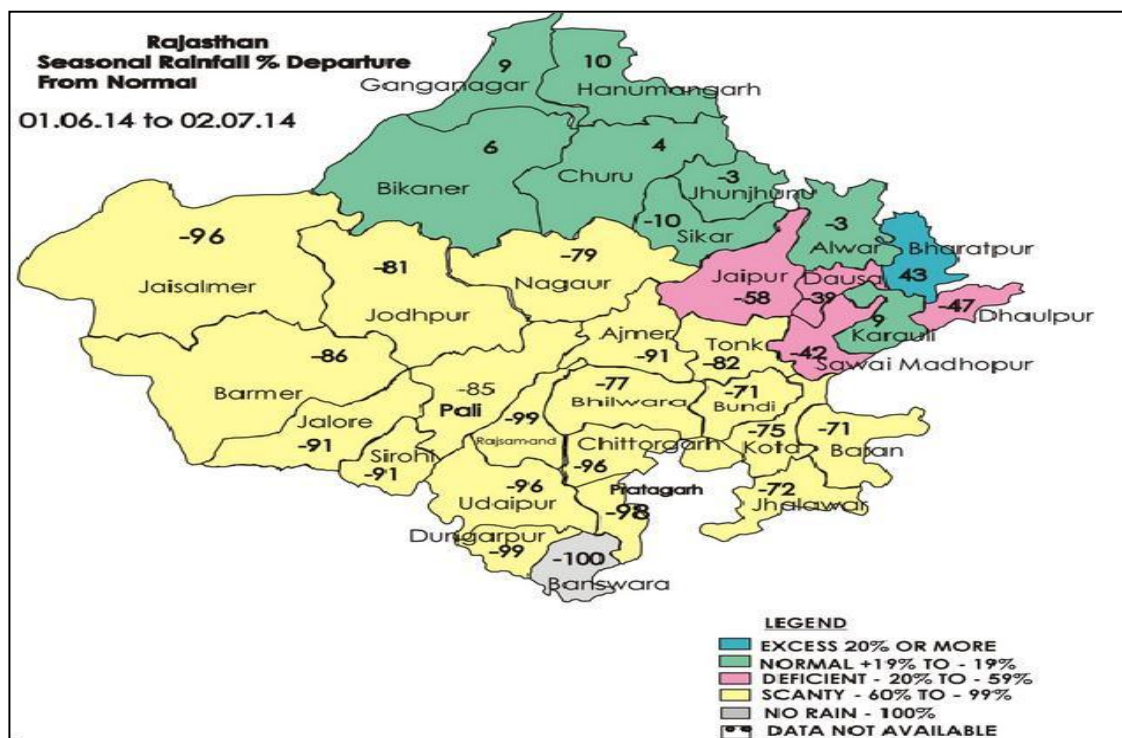
- Mixed trend recorded in key guar spot markets during last month.
- Increase in demand of guar gum products has been reported from overseas which is likely to move the prices upwards in the near term.
- Rajasthan farmers likely to grow 20% less guar this year in their respective fields. Farmers are more interested in growing cotton, moong, moth etc this time against guar as reported.
- Guar sowing in irrigated belt of Haryana is going on and as per our preliminary survey; guar acreage in Haryana is likely to decline by 8-10% compared to last year.
- Reportedly, rainfall has arrived in some parts of Bikaner and other guar seed growing regions.
- Guar planting is delayed in Gujarat region by 10 days due to late arrival of monsoon.
- Speculators have taken the prices of guar upwards over weak monsoon predictions and increase in freight rates.

Current Market Dynamics:

Guar seed prices will move up in the near future taking initial cues from lower sowing estimations especially in Rajasthan and Gujarat as farmers are diverting their land from guar to other crops like Cotton and pulses which they think will be more lucrative than guar. In addition to it, delay in monsoon also affects the guar sowing.

This year, most of the weather forecasters are predicting El Nino effect in India which means lesser rainfall in July-Sept period which is closely monitored by punters.

In the major Jodhpur market, arrivals were reported at around 4850 bags of guar seed in June 2014 which was lower compared to 6150 bags in the prior month.

Weather and its impact on Guar seed sowing


Source: IMD

Rajasthan has witnessed scanty rainfall especially in the Western region which is crucial for guar seed production. Reportedly, sowing is delayed in districts of Jaisalmer, Jodhpur, Nagaur and Barmer as very little precipitation has occurred as of now..

In Gujarat also, very less precipitation was witnessed during June to 1st week of July which will ultimately delay the normal guar sowing by 10 days.

Cumulative Rainfall from 1-6-2014 to 8-7-2014			
Name	Actual	Normal	Dep %
Banaskantha	4	115	-97
Mehsana	5.7	137.9	-96
Patan	8.9	107.1	-92
Sabarkantha	4.3	155.3	-97
Kutch	3.1	81.8	-96
Total Gujarat	19.5	167.5	-88

Source: IMD

Guar Production Estimate for 2014-15

States	Production 2013-14 (In lac quintals)	Expected Production 2014-15 (In lac quintals)
Gujarat	25	20
Haryana	40	30.1
Punjab	4	3.3
Rajasthan	240	161.3
Total India	309	212.8

India guar seed production likely to decline to 212.8 lac quintals in 2014-15 compared to 309 lac quintals production in 2013-14. Main reason for decline in guar seed production are decreasing acreage due to farmers shift to other substitute crops like Pulses and Cotton and weak monsoon.

Export and Import Scenario

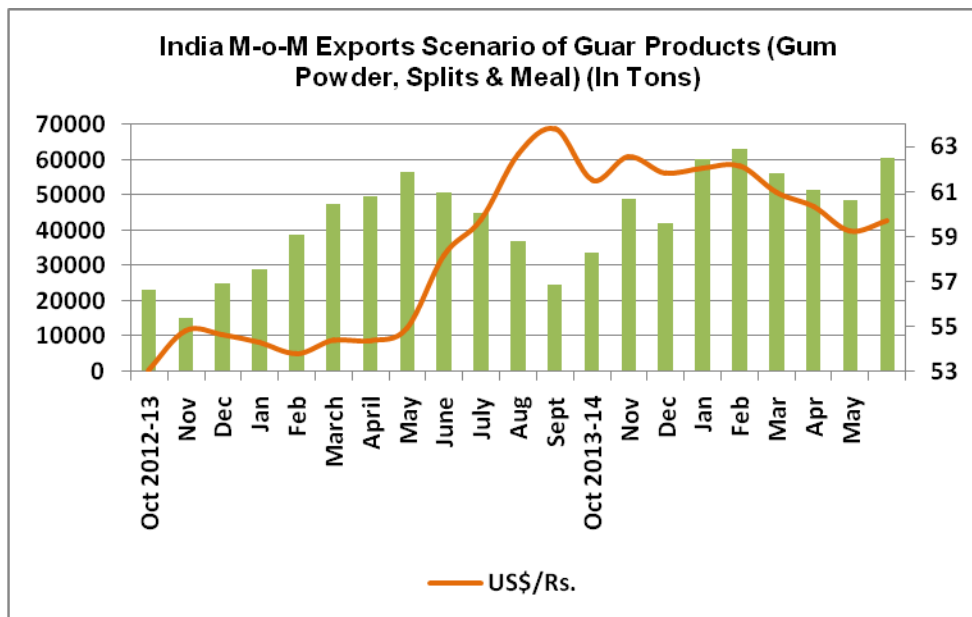
China and US have started buying guar products which is showing in the recent months export figures.

In addition to it, recent incident in west Texas guar, US farmers discourage to plant guar for the coming year as they haven't got the payments for 2013 guar crop from the company.

India has exported 60634 tons of guar products (Gum powder, Splits and Meal) in June 2014 which is higher compared to 48437 tons guar exported last month. It is also notable that India has exported around 50820 tons last year same period.

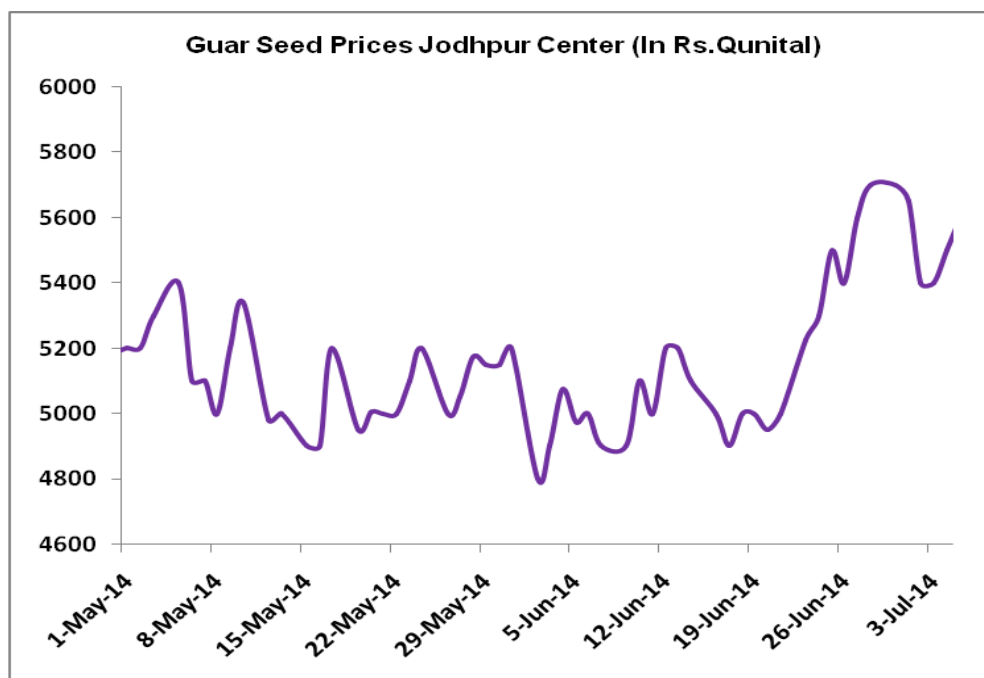
Demand Side of Guar and Guar Gum:

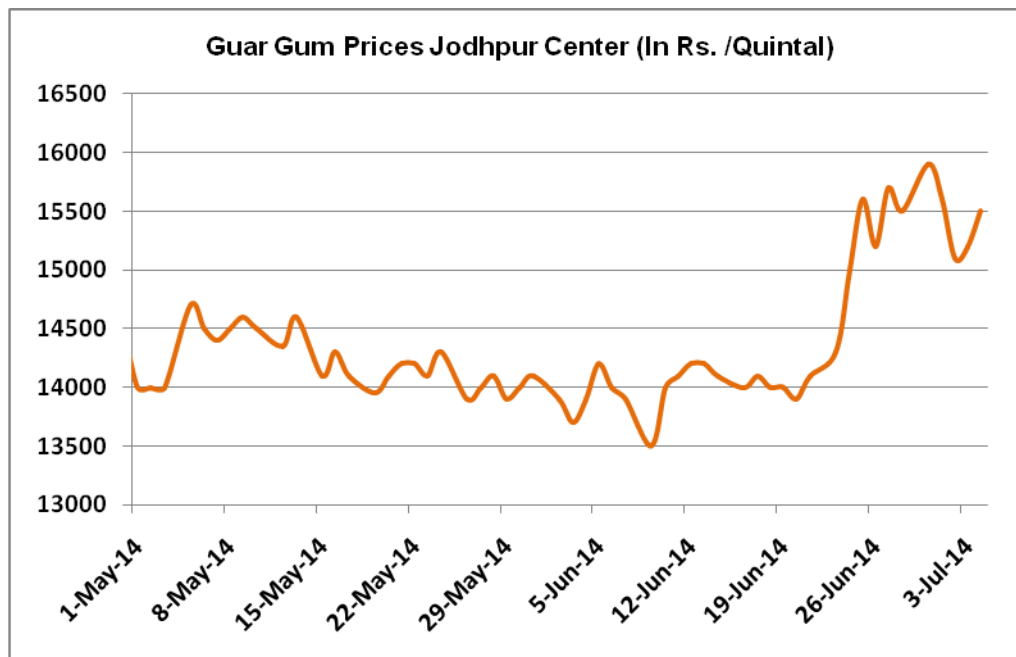
On export front, demand of guar products have increased in June in line with depreciation in Rupee. Also, demand of guar products among major importers has increased. Below are the Rupee Monthly movement and its impact on monthly guar products export figures.



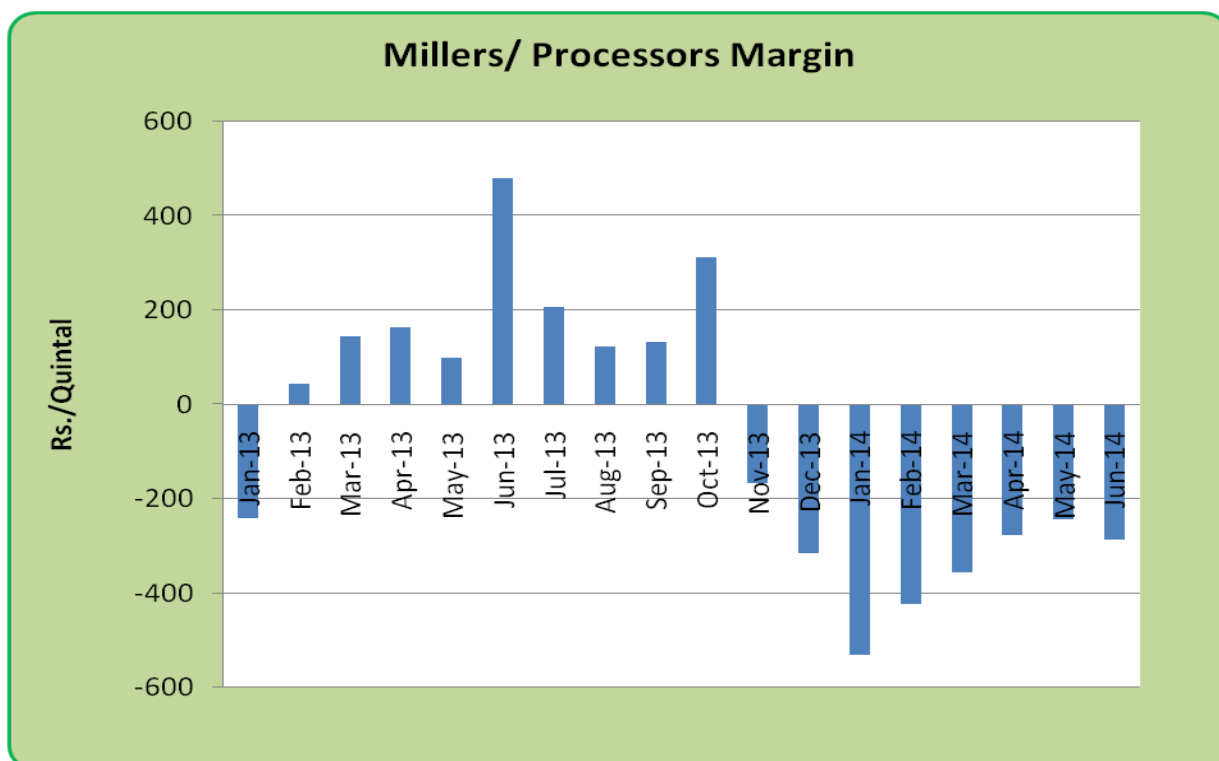
Price Scenario

Monthly average Guar seed and gum prices improved month-on-month basis in Jodhpur market. The average monthly price of guar seed for June improved slightly by 0.65% to Rs.5104/Qtl and that of guar gum improved by 1% to Rs.14360/Qtl in comparison with the month of May 2014. 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 June 2014, average crush margin stood at Rs. -287/Quintal which were -244 per quintal last month. Decrease in Churi and Korma prices last month became the major factor for decline in the processing margin in June 2014.

Guar by – Products Monthly Average Prices:

Commodity	Centre	14-Jun	14-May	Change
Churi	Jodhpur	949	1019	-70
Korma	Jodhpur	1390	1481	-91
Churi	Sri-Ganganagar	886	978	-92
Korma	Sri-Ganganagar	1314	1470	-156
Prices in Rs/75kg				

Guar Export MonthlyAverage Prices:

Commodity	Variety	14-Jun	14-May	Change
Guargum Split		2409	2423	-14
Guargum Powder	200 Mesh 5000 CPS	2716	2842	-126
	200 Mesh 3500 CPS	2663	2717	-54
Guargum Meal	40%	285	300	-15
	50%	382	400	-18
Prices in \$/MT				

Commodity	Centre	Monthly Prices (Average)		Change
	Guar Seeds	14-Jun	14-May	
Rajasthan	Jodhpur (Loose)	4923	4878	45
	Jodhpur(Delivery)	5137	5104	33
	Sri-Ganganagar(Loose)	4954	5064	-110
	Sri-Ganganagar (Delivery)	5138	5224	-87
	Nagaur (Loose)	4829	4886	-57
	Alwar (loose)	4723	4708	15
	Churu (Delivery)	4908	4155	753
	Bikaner (Loose)	5015	5060	-45
	Bikaner (Delivery)	5168	5220	-52
	Khajuwala Bikaner (Loose)	4956	5002	-46
	Khajuwala Bikane(Delivery)	5155	5201	-46
	Nokha(Loose)	4948	4963	-15
	Nokha (Delivery)	5127	5142	-15
	Hanumangarh (Loose)	5016	NA	-
	Hanumangarh (Delivery)	5214	NA	-
Haryana	Adampur (Loose)	4980	5067	-87
	Adampur (Delivery)	5156	5260	-104
	Sirsa (Loose)	4943	4907	36
	Bhiwani (Delivery)	5075	5139	-64
	Dhabwali (Loose)	4941	4632	309

	Dhabwali (Delivery)	5141	4812	329
	Siwani (Loose)	5054	5150	-96
	Ellanabad (Loose)	5020	5106	-86
Gujarat	Deesa (Loose)	4808	4644	164
	Patan (Loose)	4702	4652	50
	Rajkot (Loose)	4756	4703	53
Madhya pradesh	Dabra (Loose)	4181	4080	101
Guar Gum				
Rajasthan	Jodhpur	14326	14220	106
	Alwar	14050	11591	2459
Haryana	Sirsa	13086	12700	386
	Bhiwani	14429	14149	280
	Dhabwali	14358	13187	1171
	Ellanabad	14348	14227	121

Guar Cumulative Arrivals in Key Centers

Centre	Monthly Arrivals (Quintals)			Change
		14-Jun	14-May	
Rajasthan	Jodhpur	4850	6150	-1300
	Sri-Ganganagar	36000	21900	14100
	Nagaur	6500	4830	1670
	Alwar	22200	19700	2500
	Churu	8500	3550	4950
	Bikaner	25000	16200	8800
	Khajuwala Bikaner	12100	9800	2300
	Nokha	12800	17600	-4800
	Hanumangarh	9950	NA	-
Haryana	Adampur	94000	86500	7500
	Sirsa	19800	45700	-25900
	Bhiwani	33600	14100	19500
	Dhabwali	6350	1945	4405
	Siwani	47000	39500	7500
	Ellanabad	17400	15050	2350
Gujarat	Deesa	5727	2624	3103
	Patan (Loose)	4327	2417	1910
	Rajkot	37210	22695	14515
Madhya pradesh	Dabra	6300	11950	-5650
Total Arrival		409614	342211	67403

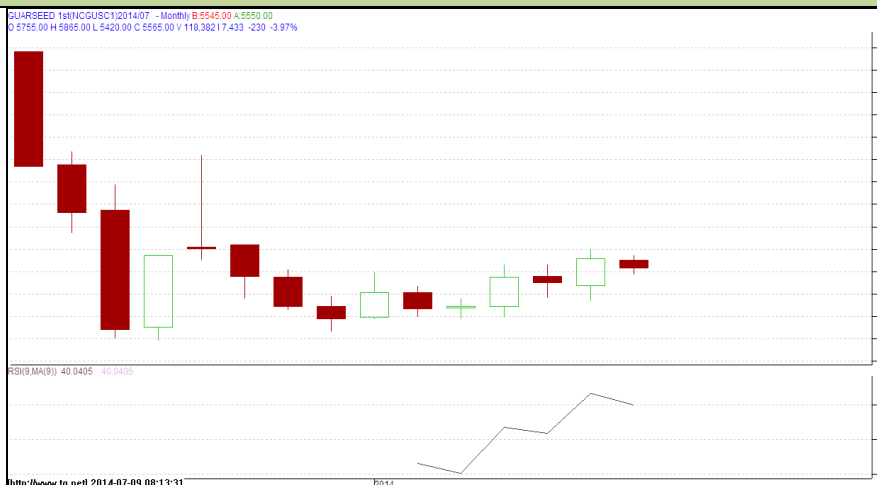
Commodity: Guar Seed
Contract: Continuous Chart

Exchange: NCDEX

Guar Seed Continuous Chart (C1)

Technical Commentary:

- Prices are showing bullishness as chart depicts.
- Breach of 4860 level by downward would take the prices down to Rs 4550.
- Prices are likely to move up after testing trend line support and would test its upper line of channel in the coming month as expected.



Strategy: We advise market participants to Buy from near Support level.

Positional Supports & Resistances			S2	S1	PCP	R1	R2
Guar Seed	NCDEX	C1 Chart	4550	4860	5795	6590	7250
Intraday Trade Call			Call	Entry	T1	T2	SL
Guar Seed	NCDEX	C1 Chart	Buy	Above 5300	6100	6500	4900

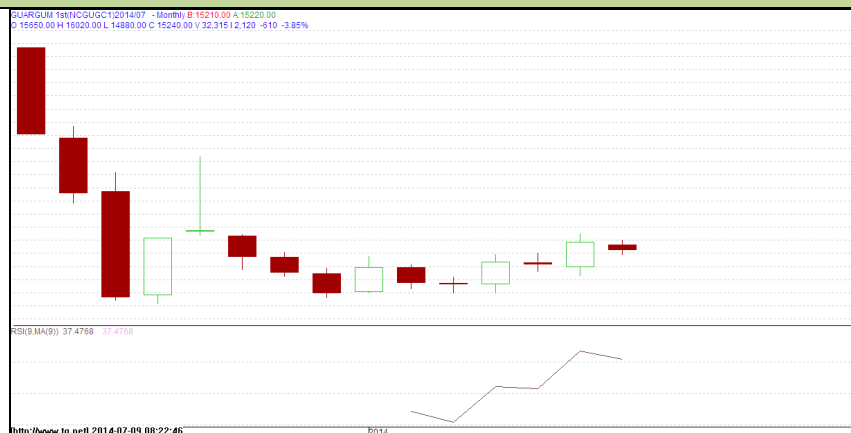
Commodity: Guar Gum
Contract: Continuous Chart

Exchange: NCDEX

Guar Gum Continuous Chart (C1)

Technical Commentary:

- Guar gum prices are hovering in an upward channel.
- RSI is moving up near to neutral region.
- Last candlestick depicts bullishness in the prices.



Strategy: Buy

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Guar Gum	NCDEX	C1 Chart	12635	13460	15850	18280	20090
Intraday Trade Call			Call	Entry	T1	T2	SL

Guar Gum	NCDEX	C1 Chart	Buy	Above 14700	16200	16900	13000
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Spot Market Monthly Price Trend of Guar seed at Jodhpur

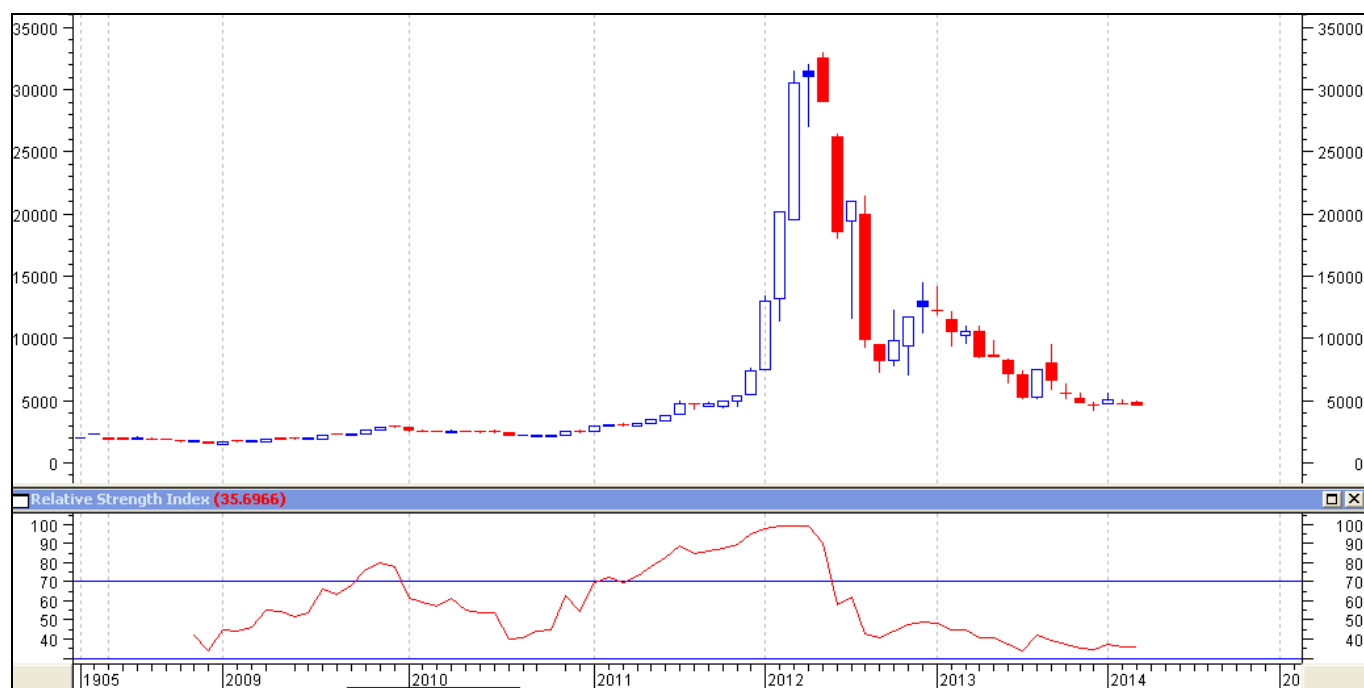


Fig-1 – Guar Seed Monthly Spot Prices (Jodhpur)

Guar seed prices are moving in a range with firm tone as chart depicts. However, last candlestick depicts prices would move up in the coming months.

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

Spot Market Monthly Price Trend of Guar Gum at Jodhpur

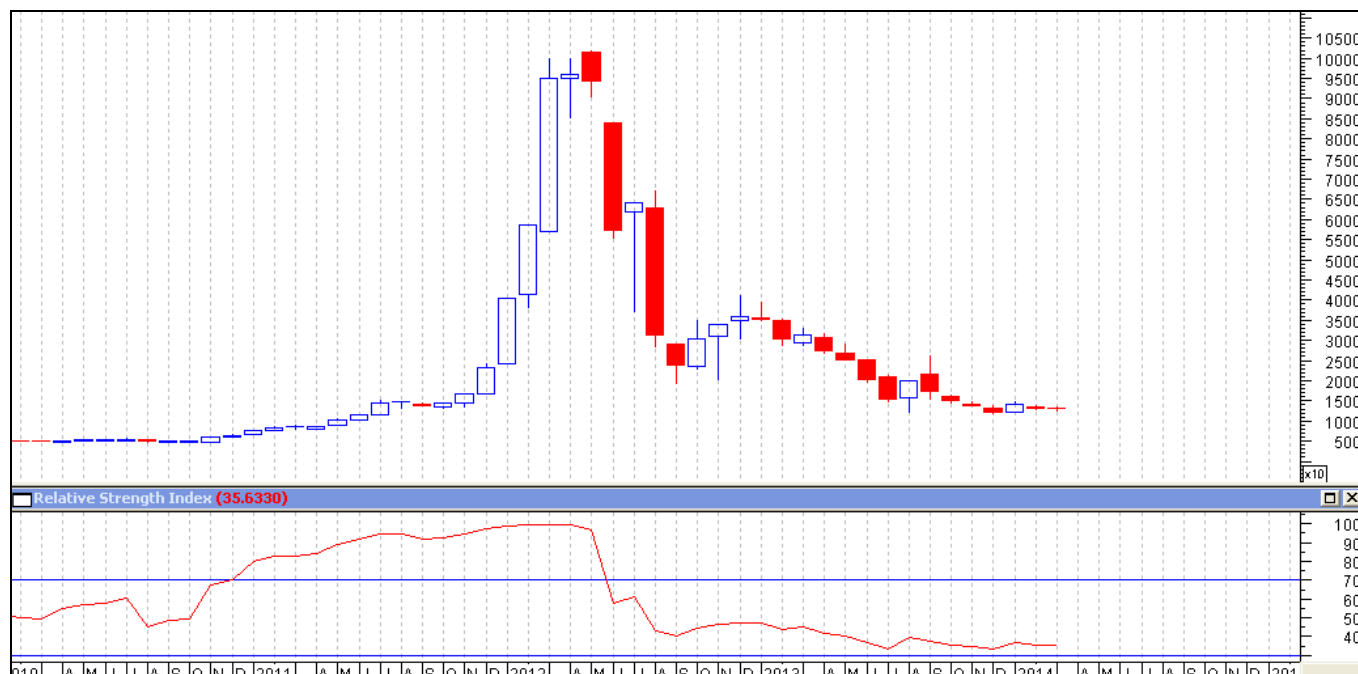


Fig-2 – Guar Gum Monthly Spot Prices (Jodhpur)

Guar gum prices are moving in upward channel as chart depicts. Prices break crucial level and likely to test its next resistance level i.e. Rs 16000.

Prices are likely to move towards Rs.16000/Qtl levels in the medium –term.

Spot Market Outlook:

Prices of guar seed and gum are trading in a range with firm tone from last couple of weeks. 80-90% lower departure of rainfall in various key producing districts of guar seed delay the sowing. In addition to it, farmers are shifting to other crops like Cotton and Pulses also going to decrease the area of guar seed this year. We estimate prices of guar will move up higher in the coming month.

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