

Highlights of the Month:

- Guar seed and gum prices improved slightly over lower arrivals and lower acreage for next marketing year. However, prices came down sharply due to recent rainfall in Rajasthan and Gujarat which revived the crop upto certain extent.
- With decrease in prices from Rs 6550 to 5700, markets sentiments are now bearish with scattered rainfall in parts of Rajasthan and Gujarat. However, delay in sowing of guar seed by one month already decrease the yield as expected which could reverse the situation to bullish against the market expectations as expected.
- Spot demand is pretty good at lower levels and major punters are now averaging their buying quantity of guar seed from both hands currently as reported which would curb any major downside in prices of guar seed and gum from here on.
- Meanwhile, good rainfall reported in North Gujarat region and parts of Kutch from last 4-5 days which ultimately give a life to the 1 month old guar crop.
- Height of the guar crop in Patan region of Gujarat is 0.5 feet to 1 foot as reported. Crop quality is good at present and if rain occurs in next 5 to 10 days then yield would likely to improve.
- 2000 bags stock in Himmatnagar Mandi sabarkantha region. Farmers have 15-20% stock in this region as reported. 20-25% acreage increase in the district according to trader.
- In Gujarat, majorly farmers shifted their sowing towards Kapas from Guar, Groundnut and Castor seed.

Current Market Dynamics:

Guar seed prices declined sharply due to recent rainfall in major guar producing regions which will increase the guar sowing. Earlier, lower monsoon rainfall bound the farmers to divert their planting to other crops like Castor, Cotton, Pulses etc.

In the major Jodhpur market, arrivals were reported around 9850 bags of guar seed last month which was 5750 bags compared to prior month.

Also in Adampur (Haryana) market which is the biggest market of guar in North reported lower arrivals (49100 bags) compared to prior week i.e. 56500 bags.

Weather and its impact on Guar seed sowing

As we can see now monsoon rainfall is reviving especially in the Western Rajasthan (consider as the biggest guar growing region) last couple of weeks which support the standing guar seed crop which was suffering from dry conditions.

In Gujarat also, heavy precipitation was witnessed during August month which will give boost to the standing crop.

| Cumulative Rainfall from 1-6-2014 to 9-9-2014 | | | |
|---|--------------|--------------|-----------|
| Name | Actual | Normal | Dep % |
| Banaskantha | 461.8 | 517.6 | -11 |
| Mehsana | 675.3 | 592 | 14 |
| Patan | 502.1 | 472.9 | 6 |
| Sabarkantha | 820.8 | 712.8 | 15 |
| Kutch | 280.1 | 327.9 | -15 |
| Total Gujarat | 548.4 | 597.9 | -8 |

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

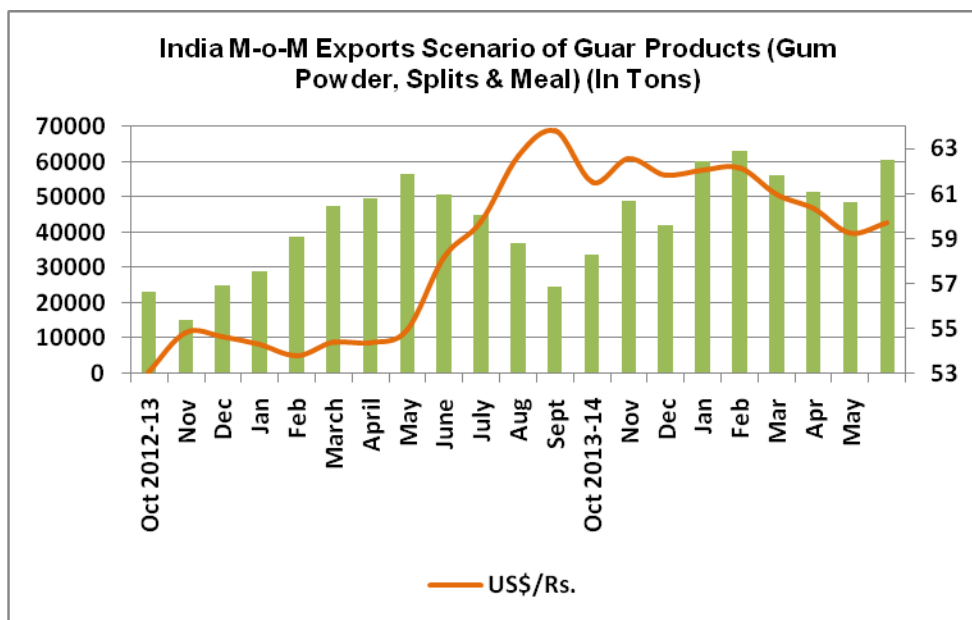
China and US have started buying guar products which is showing in the recent months export figures.

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.

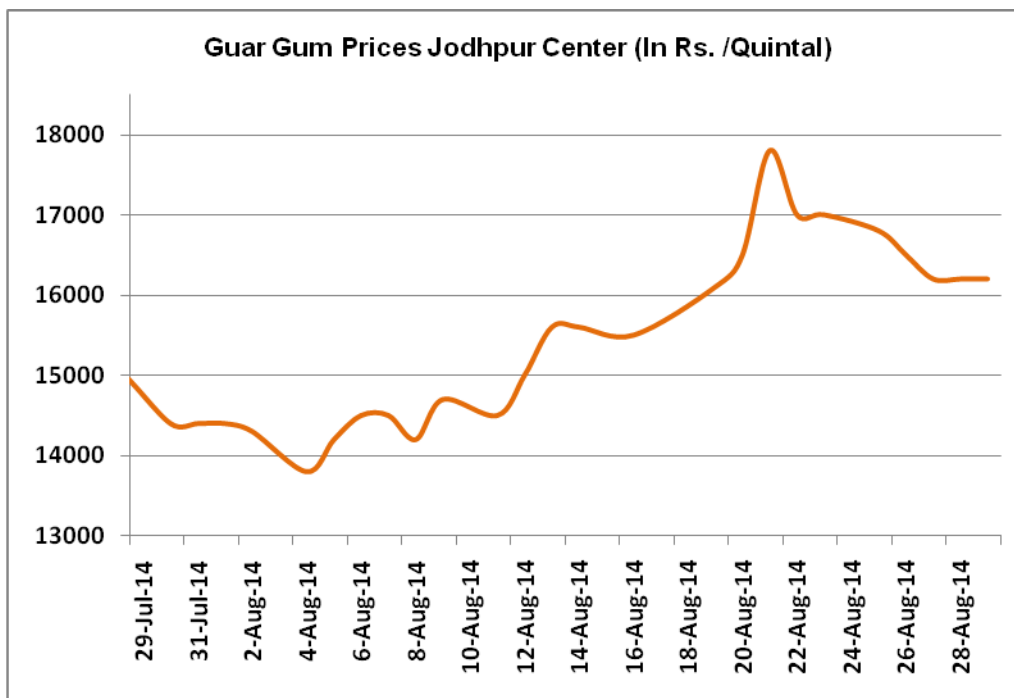
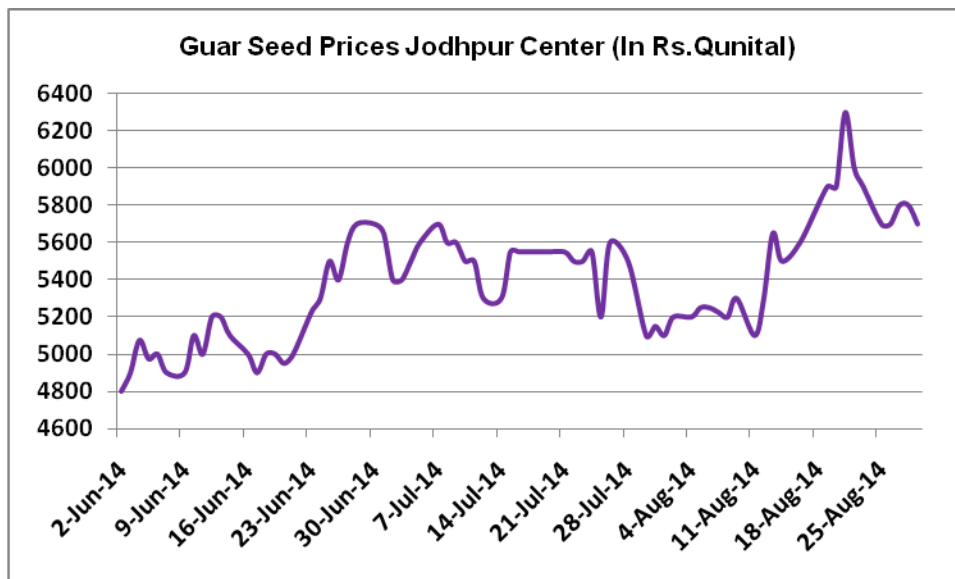
Demand Side of Guar and Guar Gum:

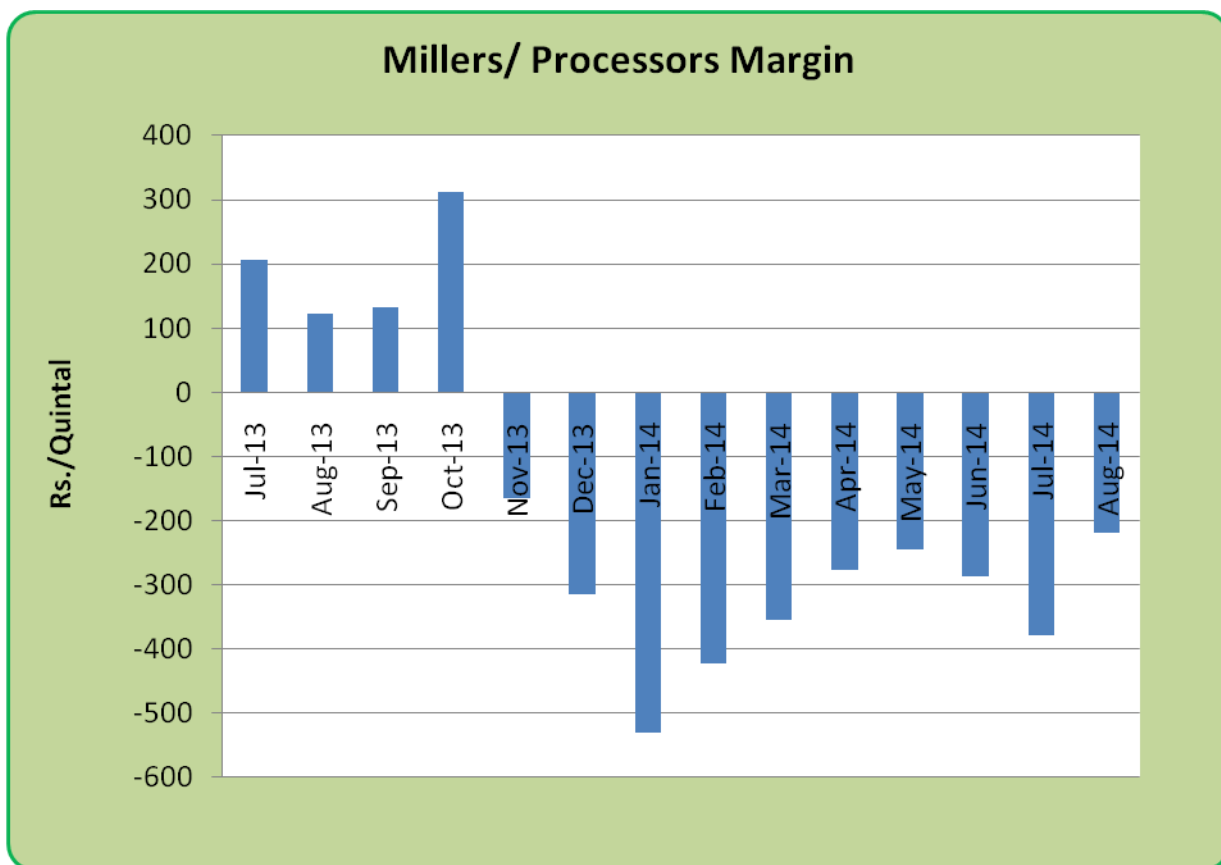
On export front, demands of guar products have increased in June in line with depreciation in Rupee. Also, demand of guar products among major importers has increased. Below are the Rupee Monthly movement and its impact on monthly guar products export figures.



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 July improved by 1% to Rs.5546/Qtl and that of guar gum improved by 1.68% to Rs.15526/Qtl in comparison with the month of July 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 improved compared to previous month. In the month of Aug 2014, average crush margin stood at Rs. -218/Quintal which were -378 per quintal last month. Higher degree of increase in Guar prices compared to gum prices last month became the major factor for increase in the processing margin in Aug 2014.

Guar by – Products Monthly Average Prices:

| Commodity | Centre | August-14 | July-14 | Change |
|--------------------------|----------------|-----------|---------|------------|
| Churi | Jodhpur | 925 | 933 | -8 |
| Korma | Jodhpur | 1267 | 1337 | -70 |
| Churi | Sri-Ganganagar | 893 | 903 | -10 |
| Korma | Sri-Ganganagar | 1223 | 1276 | -53 |
| Prices in Rs/75kg | | | | |

Guar Export MonthlyAverage Prices:

| Commodity | Variety | August-14 | July-14 | Change |
|-----------------------|-------------------|-----------|---------|-------------|
| Guargum Split | | 2562 | 2562 | Unch |
| Guargum Powder | 200 Mesh 5000 CPS | 2898 | 2885 | 13 |
| | 200 Mesh 3500 CPS | 2828 | 2800 | 28 |
| Guargum Meal | 40% | 263 | 274 | -11 |

| | | | | |
|-----------------|-----|-----|-----|-----|
| | 50% | 358 | 373 | -15 |
| Prices in \$/MT | | | | |

| Commodity | Centre | Monthly Prices (Average) | | Change |
|----------------|----------------------------|--------------------------|---------|--------|
| | Guar Seeds | August-14 | July-14 | |
| Rajasthan | Jodhpur (Loose) | 5280 | 5217 | 63 |
| | Jodhpur(Delivery) | 5553 | 5462 | 91 |
| | Sri-Ganganagar(Loose) | 5333 | 5272 | 61 |
| | Sri-Ganganagar (Delivery) | 5555 | 5438 | 117 |
| | Nagaur (Loose) | 5126 | 5169 | -43 |
| | Alwar (loose) | 5035 | 4907 | 128 |
| | Churu (Delivery) | 5356 | 5228 | 128 |
| | Bikaner (Loose) | 5322 | 5264 | 58 |
| | Bikaner (Delivery) | 5500 | 5428 | 72 |
| | Khajuwala Bikaner (Loose) | 5171 | 5243 | -72 |
| | Khajuwala Bikane(Delivery) | 5376 | 5455 | -79 |
| | Nokha(Loose) | 5279 | 5154 | 125 |
| | Nokha (Delivery) | 5469 | 5340 | 129 |
| | Hanumangarh (Loose) | 5350 | 5221 | 129 |
| | Hanumangarh (Delivery) | 5538 | 5402 | 136 |
| Haryana | Adampur (Loose) | 5382 | 5309 | 73 |
| | Adampur (Delivery) | 5579 | 5496 | 83 |
| | Sirsa (Loose) | 5424 | 5200 | 224 |
| | Bhiwani (Delivery) | 5494 | 5376 | 118 |
| | Dhabwali (Loose) | 5329 | 5249 | 80 |
| | Dhabwali (Delivery) | 5525 | 5432 | 93 |
| | Siwani (Loose) | 5432 | 5335 | 97 |
| | Ellanabad (Loose) | 5422 | 5314 | 108 |
| Gujarat | Deesa (Loose) | 5053 | 5217 | -164 |
| | Patan (Loose) | 5070 | 5259 | -189 |
| | Rajkot (Loose) | 5114 | 5200 | -87 |
| Madhya pradesh | Dabra (Loose) | 4600 | 4559 | 41 |
| Guar Gum | | | | |
| Rajasthan | Jodhpur | 15554 | 15238 | 316 |
| | Alwar | 15505 | 15165 | 340 |
| Haryana | Sirsa | 15755 | 14457 | 1298 |
| | Bhiwani | 15692 | 15213 | 479 |
| | Dhabwali | 15533 | 15252 | 281 |
| | Ellanabad | 15833 | 15213 | 620 |

Guar Cumulative Arrivals in Key Centers

| Centre | Monthly Arrivals (Quintals) | | | Change |
|-----------|-----------------------------|-----------|---------|--------|
| | | August-14 | July-14 | |
| Rajasthan | Jodhpur | 9850 | 5750 | 4100 |

| | | | | |
|----------------|-------------------|--------|--------|--------|
| | Sri-Ganganagar | 24000 | 26300 | -2300 |
| | Nagaur | 3325 | 2800 | 525 |
| | Alwar | 15500 | 11000 | 4500 |
| | Churu | 6400 | 10700 | -4300 |
| | Bikaner | 6150 | 12150 | -6000 |
| | Khajuwala Bikaner | 7500 | 13200 | -5700 |
| | Nokha | 10700 | 12550 | -1850 |
| | Hanumangarh | 4815 | 6250 | -1435 |
| Haryana | Adampur | 49100 | 56500 | -7400 |
| | Sirsa | 21450 | 24300 | -2850 |
| | Bhiwani | 29200 | 55400 | -26200 |
| | Dhabwali | 3475 | 4850 | -1375 |
| | Siwani | 39500 | 51500 | -12000 |
| | Ellanabad | 10510 | 14500 | -3990 |
| Gujarat | Deesa | 2779 | 10912 | -8133 |
| | Patan (Loose) | 2600 | 9702 | -7102 |
| | Rajkot | 33720 | 17469 | 16251 |
| Madhya pradesh | Dabra | 2600 | 6050 | -3450 |
| Total Arrival | | 283174 | 351883 | -68709 |

Commodity: Guar Seed
Contract: Oct Contract

Exchange: NCDEX

Guar Seed Oct Chart

Technical Commentary:

- Prices are showing bullishness from current levels 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

| Positional Supports & Resistances | | | S2 | S1 | PCP | R1 | R2 |
|-----------------------------------|-------|-----|------|------------|------|------|------|
| Guar Seed | NCDEX | Oct | 5054 | 5377 | 5010 | 6590 | 7250 |
| Intraday Trade Call | | | Call | Entry | T1 | T2 | SL |
| Guar Seed | NCDEX | Oct | Buy | Above 5650 | 6250 | 6500 | 5390 |

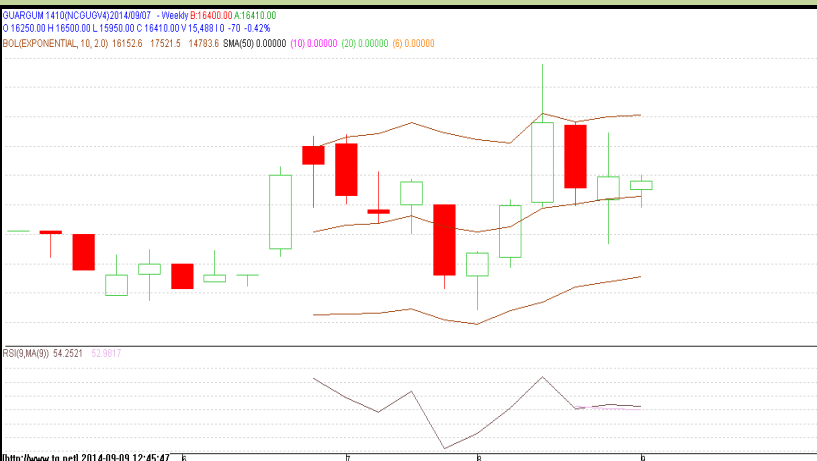
Commodity: Guar Gum
Contract: Continuous Chart

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 | 14200 | 15100 | 16480 | 20278 | 22612 |
| Intraday Trade Call | | | Call | Entry | T1 | T2 | SL |
| Guar Gum | NCDEX | C1 Chart | Buy | Above 16000 | 18500 | 19750 | 13500 |

Spot Market Monthly Price Trend of Guar seed at Jodhpur

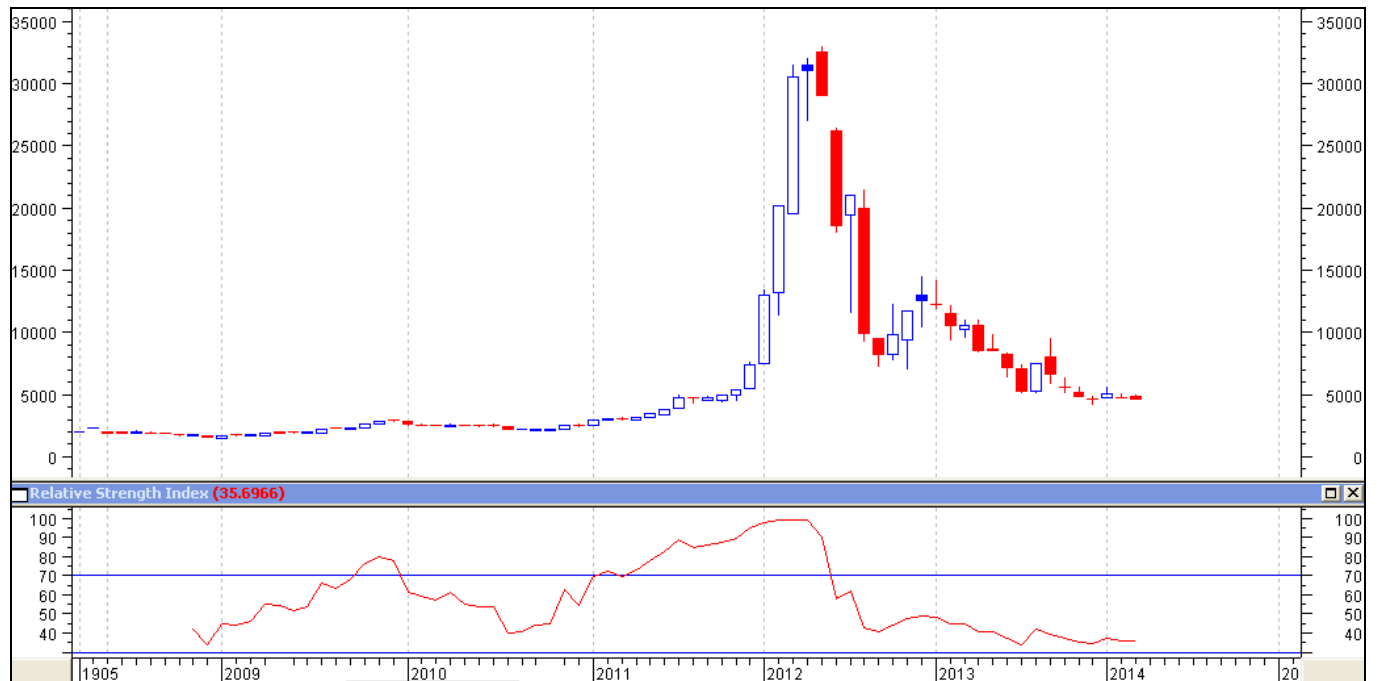
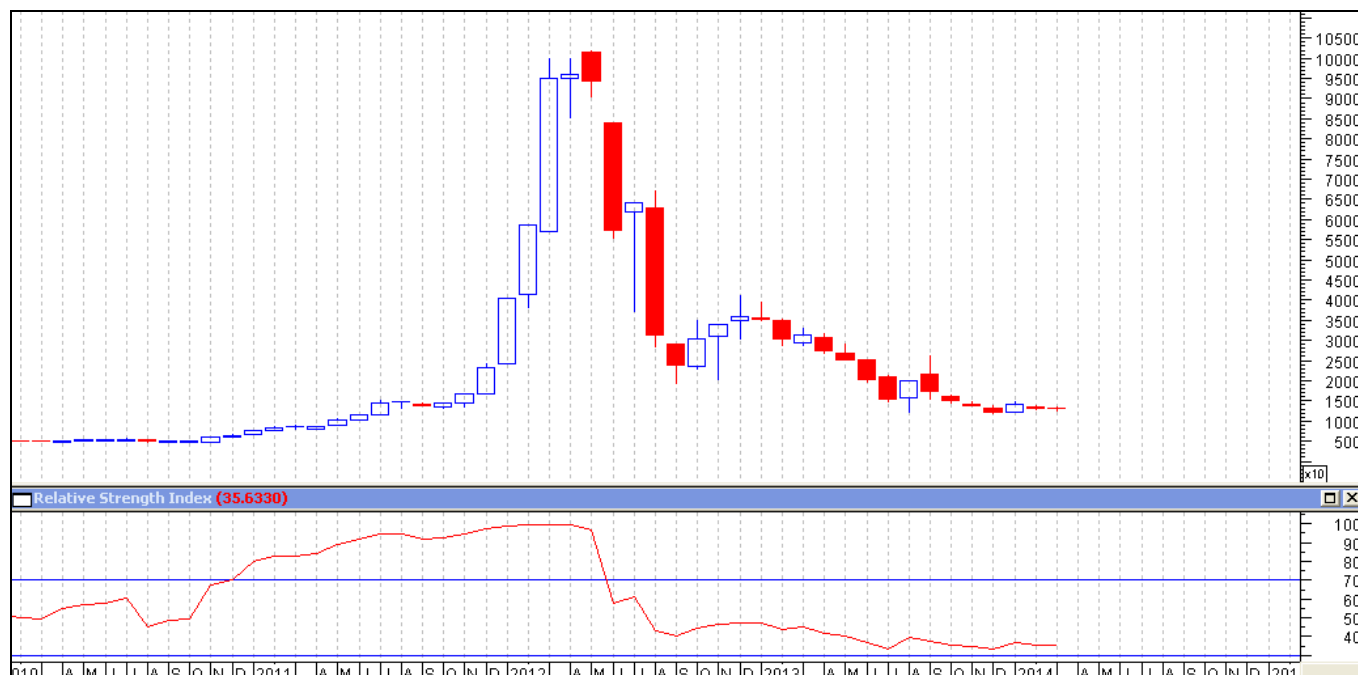


Fig-1 – Guar Seed Monthly Spot Prices (Jodhpur)

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 18000.

Prices are likely to move towards Rs.18000/Qtl levels in the medium –term.

Spot Market Outlook:

Guar seed and gum prices looks bullish due to good spot demand and crushing at lower levels. In addition to it, decrease numbers of acreage in all major producing states like Haryana, Rajasthan and Gujarat also gives bullish hint in the long term.

With excessive rainfall in Gujarat and 1 month delay in sowing, we also expect some downside in yield in guar seed crop which also will add fire in the prices in the month ahead.

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