

## Highlights of the Month:

- Guar seed and Gum average prices declined last month over weak demand and speculation. Also, sharp decline in crude oil prices led the guar prices down.
- Guar Seed and Gum prices are likely to move downside in the coming days. Sharp decline in Crude oil prices, weak demand and speculation led the prices down. It is notable that Guar seed prices decline more than 10% this week. Agriwatch earlier estimate huge downfall in prices and now it seems prices to test Rs 4330 to Rs 4220 per quintal in NCDEX platform December contract.
- Guar products export demand declined this week compared to last week. In the third week of November, India has exported 5121 tons of guar meal, 1780 tons of guar splits and 9687 tons of Guar gum as reported.
- Punters are likely to play major game in guar seed considering next guar seed sowing. It is notable that water levels in reservoirs are not upto mark which unable farmers to plant guar seed in May especially in Ganganagar and Hanumangarh region which contributes major share of guar seed production.
- Commodities market regulator FMC has discontinued Guar seed and Gum contracts from MCX trading platform due to lack of liquidity in them. FMC discontinued October, November and December 2014 contracts of Guar seed and Gum from MCX.

## Current Market Dynamics

Guar seed average prices improved slightly last week despite of arrivals pressure in Ganganagar region. We expect prices to decline in the coming week owing to increasing arrival pressure. Meanwhile, the sentiments remained bullish for guar seed for the medium to long term. Lower guar seed acreage and expected lower yield and production compared to last year change the fundamentals altogether.

In the major Jodhpur market, arrivals were reported around 1300 bags of guar seed last week which was around 3200 bags prior week.

Also in Adampur (Haryana) market which is the biggest market of guar in North reported higher arrivals (13000 bags) compared to prior week i.e. 16500 bags.

## Crop Update:

### Gujarat:

Guar seed crop in Gujarat have not get affected with recent Nilofer cyclone. Some scattered rainfall in coastal regions of Gujarat reported.

However, overall crop is not so good in Banaskantha, Sabarkantha and Mehsana region. Late sowing and lack of rainfall at the time of Germination affected the crop much. Reportedly around 30% crop dry or damage due to lack of rainfall this year in Gujarat.

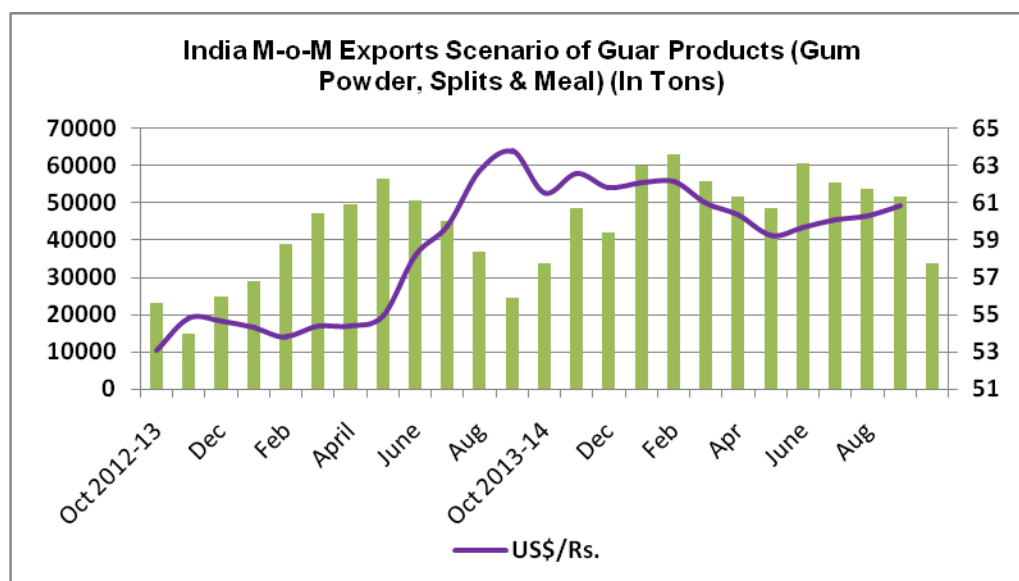
## Export and Import Scenario

China and US have started buying guar products which is showing in the recent months export figures. However, recent sharp decline in crude oil prices also decrease the guar gum demand from overseas.

India has exported around 33867 tons of guar products (Splits, Meal & Powder) in October 2014. Out of the total guar seed export figures, around 9884 tons of Guar Meal, 7253 tons of Guar Splits and 16730 tons of Guar Gum Powder. It is notable that India has exported 51723 tons of Guar products in September 2014.

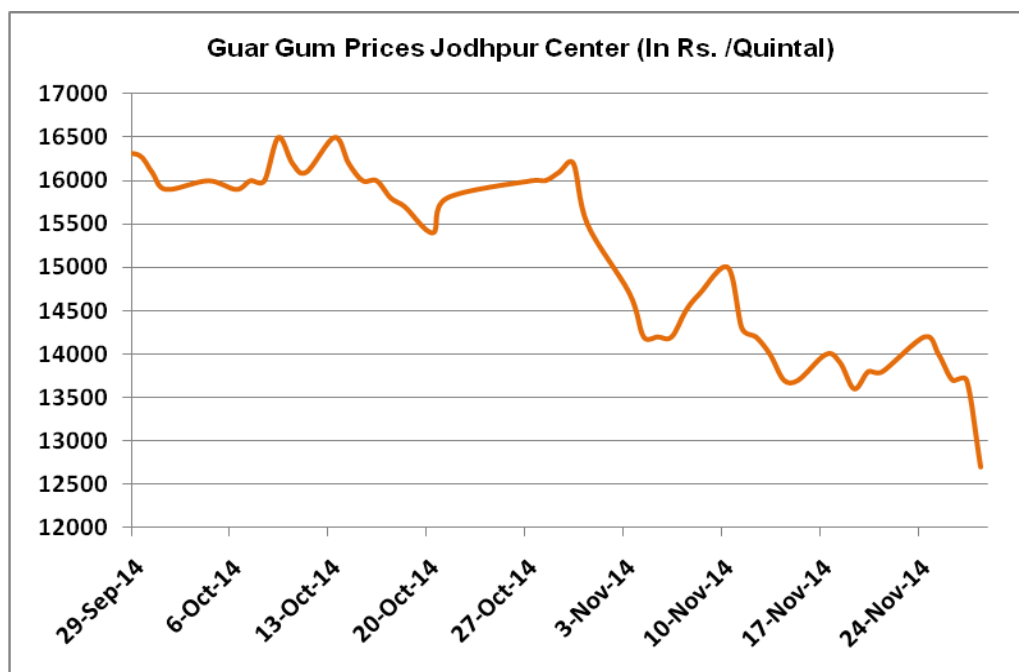
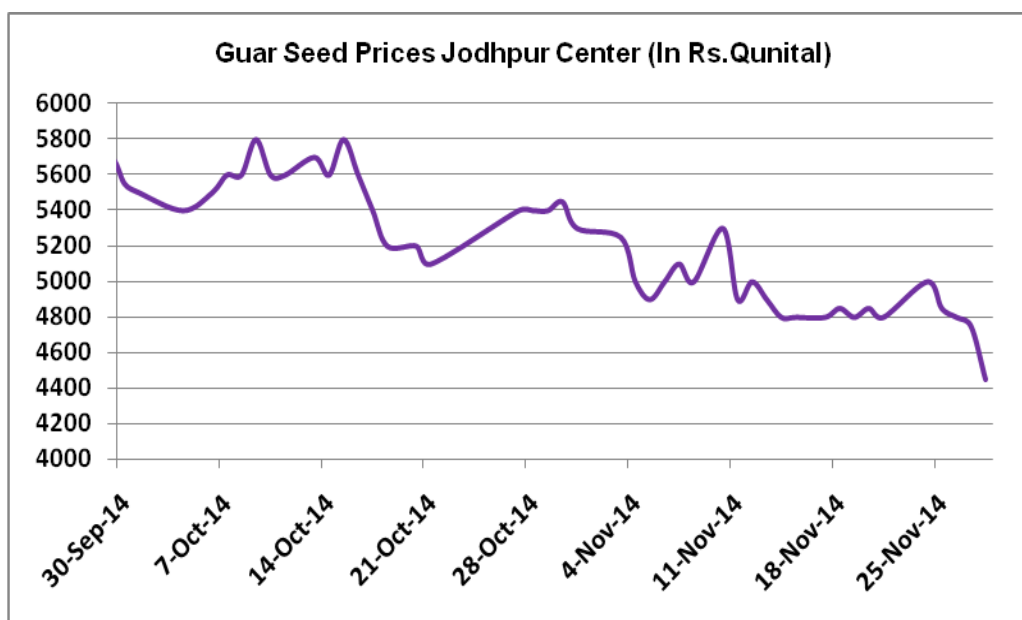
## Demand Side of Guar and Guar Gum:

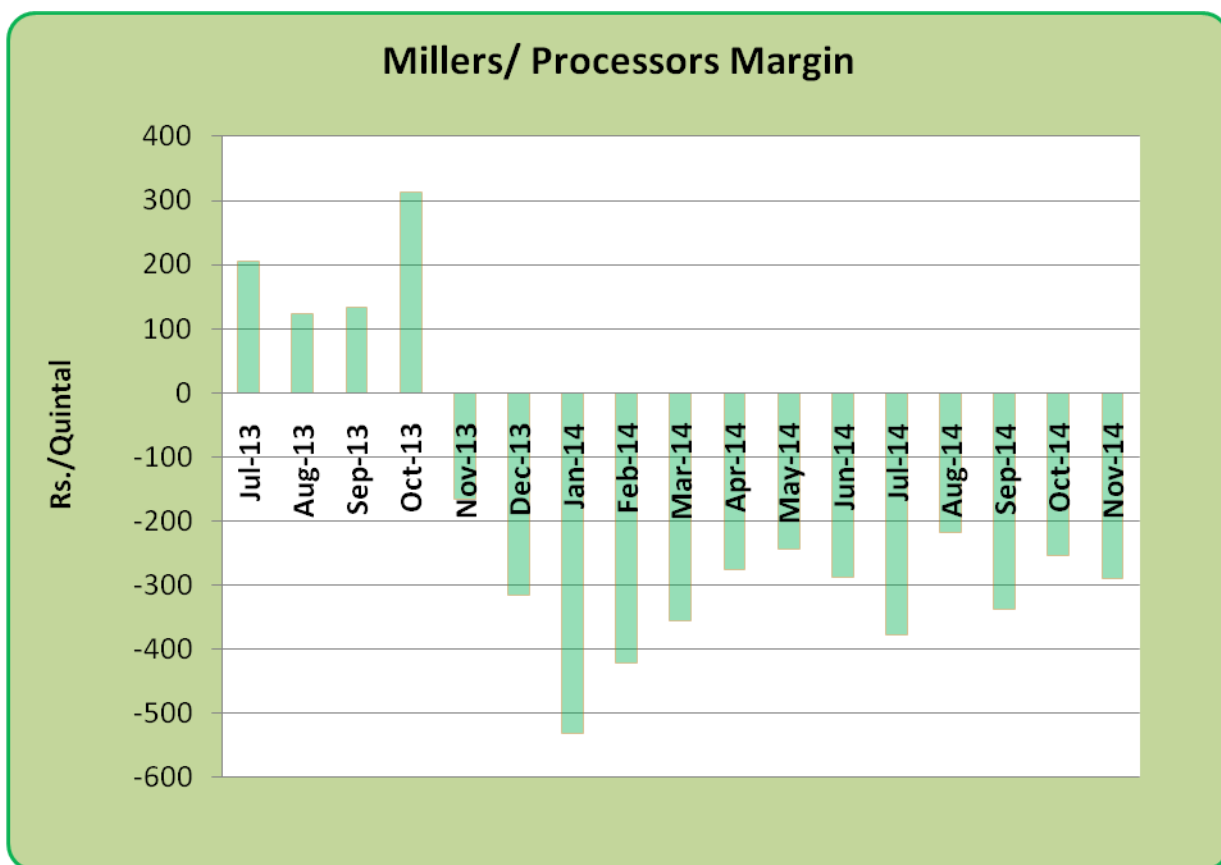
On export front, demands of guar products have decreased in October in line with depreciation in Rupee. Also, demand of guar products among major importers has increased. Below are the Rupee Monthly movement and its impact on monthly guar products export figures.



## Price Scenario

Monthly average Guar seed and gum prices declined month-on-month basis in Jodhpur market. The average monthly price of guar seed for Nov declined by 11% to Rs.4904/Qtl and that of guar gum declined by 12% to Rs.14036/Qtl compared to last month. 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 Nov 2014, average crush margin stood at Rs. -289/Quintal which were -253 per quintal last month. Higher decrease of decrease in guar seed prices compared to guar gum prices led the processing margin decline in Oct 2014.

**Guar by – Products Monthly Average Prices:**

Commodity	Centre	Nov-14	Oct-14	Change
Churi	Jodhpur	833	855	-22
Korma	Jodhpur	1094	1151	-57
Churi	Sri-Ganganagar	783	799	-16
Korma	Sri-Ganganagar	1037	1109	-72
Prices in Rs/75kg				

**Guar Export MonthlyAverage Prices:**

Commodity	Variety	Nov-14	Oct-14	Change
Guargum Split		2297	2600	-303
Guargum Powder	200 Mesh 5000 CPS	2609	2894	-285

	200 Mesh 3500 CPS	2542	2812	-270
Guargum Meal	40%	232	254	-22
	50%	299	333	-34
Prices in \$/MT				
Commodity	Centre	Monthly Prices (Average)		Change
	<b>Guar Seeds</b>	<b>Nov-14</b>	<b>Oct-14</b>	
Rajasthan	Jodhpur (Loose)	4683	5245	-562
	Jodhpur(Delivery)	4883	5502	-619
	Sri-Ganganagar(Loose)	4733	5210	-477
	Sri-Ganganagar (Delivery)	4929	5398	-469
	Nagaur (Loose)	4637	5249	-612
	Alwar (loose)	4550	5036	-486
	Churu (Delivery)	4832	5339	-507
	Bikaner (Loose)	4717	5269	-552
	Bikaner (Delivery)	4911	5459	-548
	Khajuwala Bikaner (Loose)	4713	5215	-502
	Khajuwala Bikaner(Delivery)	4902	5424	-522
	Nokha(Loose)	4741	5294	-553
	Nokha (Delivery)	4911	5488	-577
	Hanumangarh (Loose)	4701	5206	-505
	Hanumangarh (Delivery)	4900	5389	-489
	Adampur (Loose)	4730	5229	-499
	Adampur (Delivery)	4935	5418	-483
Haryana	Sirsa (Loose)	4755	5246	-491
	Bhiwani (Delivery)	4877	5406	-529
	Dhabwali (Loose)	4707	5184	-477
Gujarat	Dhabwali (Delivery)	4903	5366	-463
	Siwani (Loose)	4849	5376	-527
	Ellanabad (Loose)	4748	5244	-496
	Deesa (Loose)	4627	5106	-479
	Patan (Loose)	4834	5078	-244
Madhya pradesh	Rajkot (Loose)	4686	5132	-446
	Dabra (Loose)	4843	4541	302
<b>Guar Gum</b>				
	Jodhpur	13970	15990	-2020
Rajasthan	Alwar	14095	15827	-1732
	Sirsa	14080	15800	-1720

<b>Haryana</b>	Bhiwani	14066	15775	<b>-1709</b>
	Dhabwali	14065	15784	<b>-1719</b>
	Ellanabad	14233	15938	<b>-1705</b>

**Guar Cumulative Arrivals in Key Centers**

Centre	Monthly Arrivals (Quintals)			Change
		Nov-14	Oct-14	
	Jodhpur	13700	10200	<b>3500</b>
	Sri-Ganganagar	175000	262800	<b>-87800</b>
<b>Rajasthan</b>	Nagaur	18700	11300	<b>7400</b>
	Alwar	22700	11300	<b>11400</b>
	Churu	27200	23200	<b>4000</b>
	Bikaner	41700	39000	<b>2700</b>
	Khajuwala Bikaner	62000	13350	<b>48650</b>
	Nokha	16100	8150	<b>7950</b>
	Hanumangarh	22800	38800	<b>-16000</b>
<b>Haryana</b>	Adampur	62100	82500	<b>-20400</b>
	Sirsa	51800	112000	<b>-60200</b>
	Bhiwani	37700	50500	<b>-12800</b>
	Dhabwali	14050	30650	<b>-16600</b>
	Siwani	48700	50000	<b>-1300</b>
	Ellanabad	28100	26400	<b>1700</b>
<b>Gujarat</b>	Deesa	32265	5049	<b>27216</b>
	Patan (Loose)	13649	2833	<b>10816</b>
	Rajkot	17608	13765	<b>3843</b>
<b>Madhya pradesh</b>	Dabra	1210	1970	<b>-760</b>
<b>Total Arrival</b>		<b>707082</b>	<b>793767</b>	<b>-86685</b>

**Commodity:** Guar Seed  
**Contract:** C1 Continuous Chart

**Exchange:** NCDEX

### Guar Seed Continuous Chart

#### Technical Commentary:

- Prices are showing bearishness from current levels as chart depicts.
- Closing below Rs. 4700 level by downward would take the prices down to Rs 4220.
- Prices are likely to move down after testing trend line resistance in the coming month as expected.



**Strategy:** We advise market participants to Sell from resistance level

Positional Supports & Resistances			S2	S1	PCP	R1	R2
Guar Seed	NCDEX	C1	3320	4220	4570	5873	6044
Intraday Trade Call			Call	Entry	T1	T2	SL
Guar Seed	NCDEX	C1	<b>Sell</b>	Below 4920	4520	4320	5160

**Commodity:** Guar Gum  
**Contract:** C1 Continuous Chart

**Exchange:** NCDEX

### Guar Gum Continuous Chart

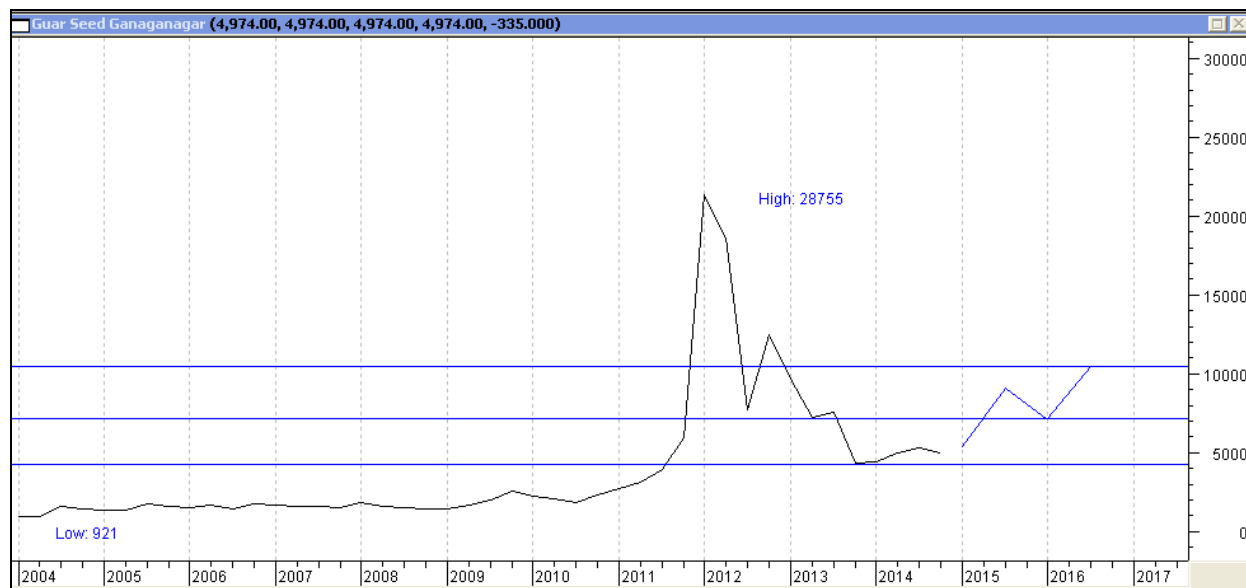
#### Technical Commentary:

- Guar gum prices are hovering in an sideways trend.
- RSI is moving down near to neutral region.
- Last candlestick depicts bearishness in the prices.



**Strategy:** Sell

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Guar Gum	NCDEX	C1	9495	11960	15130	16755	17480
Intraday Trade Call			Call	Entry	T1	T2	SL
Guar Gum	NCDEX	C1	<b>Sell</b>	Below 14000	12600	12000	13600

**Spot Market Monthly Price Trend of Guar seed at Jodhpur**

**Fig-1 – Guar Seed Monthly Spot Prices (Ganganagar)**

Guar Seed prices are currently moving in a range of Rs 4500-6500 from last 12 months. Currently, prices are trading at Rs 4974 per quintal (Ganganagar Center, Rajasthan). However, considering lower production estimate (1.9 million tons) compared to last year (3.09 million tons), prices are going to rise in the coming year.

Presently, prices are falling with new crop arrivals but it will start declining with December month from where prices will start its upward rally as per the expectations.

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



### **Spot Market Outlook:**

Guar seed prices plunged sharply last month over heavy speculation and weak demand. Arrivals also came down drastically compared to last month as farmers are not willing to bring their guar stock at lower rates.

Meanwhile, still there is one downside potential due after marginal recovery from where buying should come. Currently, stockists are in ambiguity to increase their guar holdings or not considering recent fall in prices.

We expect prices to fall further in the coming month and will breach its immediate lows from where one can make a buy position for medium to long term considering lower guar production and expected recovery in crude oil prices in the months ahead.

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