

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 prices are quietly shifting in the hands of stockists. On the other hand, farmers are showing disinterest to hold guar seed stock with them.
- With lower guar seed production, higher spot prices compared to Futures prices and very less stock in demat of guar seed and gum, we expect prices to surge sharply in the coming weeks ahead. Our target for guar seed is Rs 5200 and then Rs 5600 for February contract.
- As per our expectation, guar prices decline sharply in last two days. However, now sellers are now in a mood to short cover their positions which will move the prices upside in the coming days.
- Guar seed area likely to go up in the coming year as farmers are likely to shift their cropping pattern from Cotton to Guar. Farmers are currently holding Cotton this year and are not able to fetch satisfactory remuneration from Cotton. In the meantime, less guar seed crop and less water availability for sowing of Guar seed for the coming marketing year likely to surge the prices up. Higher prices of guar seed in the month of April to May urge farmers to plant more guar seed in the next marketing year.

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.

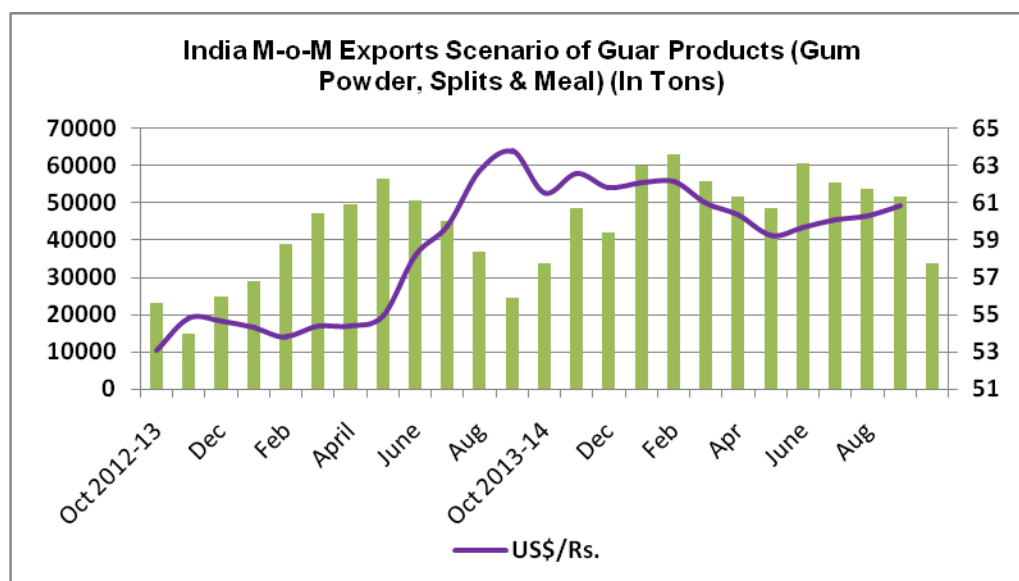
Export and Import Scenario

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.

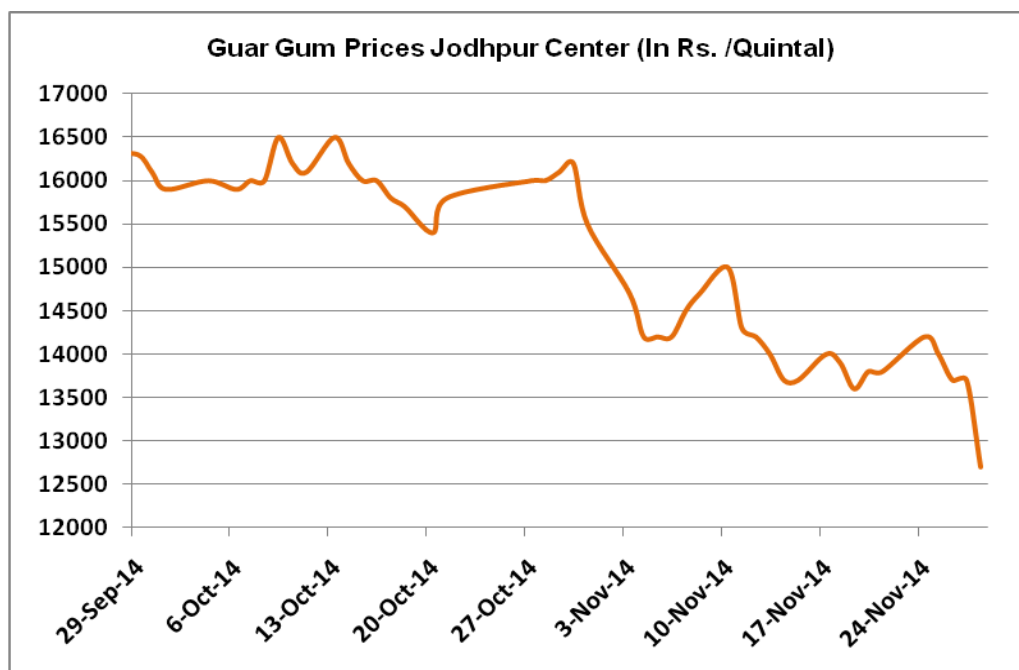
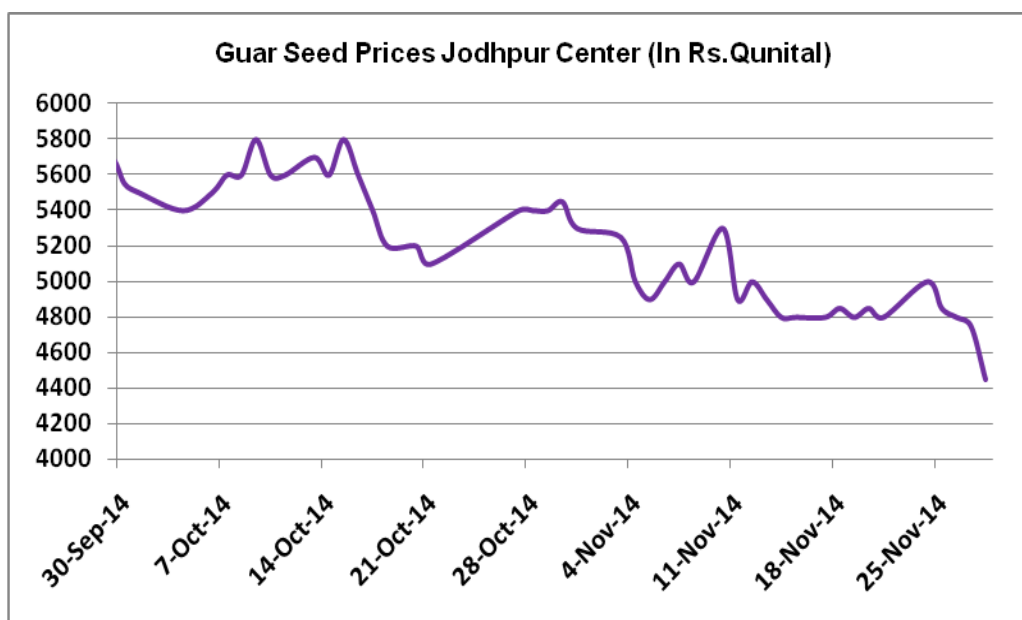
Demand Side of Guar and Guar Gum:

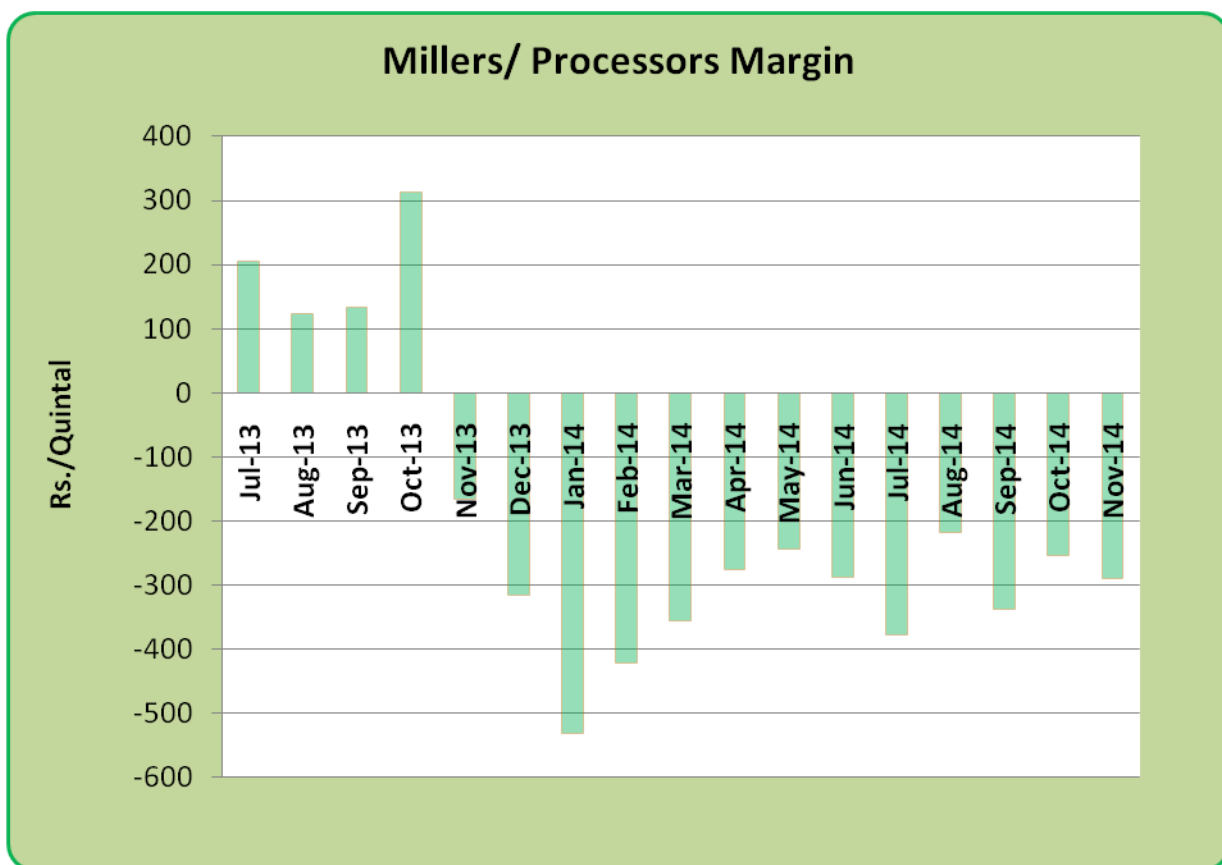
On export front, demands of guar products have decreased in October in line with depreciation in Rupee. Also, demand of guar products among major importers has increased. Below are the Rupee Monthly movement and its impact on monthly guar products export figures.



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	14-Dec	14-Nov	Change
Churi	Jodhpur	959	833	126
Korma	Jodhpur	1275	1094	181
Churi	Sri-Ganganagar	876	783	93
Korma	Sri-Ganganagar	1232	1037	195
Prices in Rs/75kg				

Guar Export MonthlyAverage Prices:

Commodity	Variety	14-Dec	14-Nov	Change
Guargum Split		1966	2297	-331
Guargum Powder	200 Mesh 5000 CPS	2283	2609	-326

	200 Mesh 3500 CPS	2197	2542	-345
Guargum Meal	40%	223	232	-9
	50%	296	299	-3
Prices in \$/MT				
Commodity	Centre	Monthly Prices (Average)		Change
		14-Dec	14-Nov	
	Guar Seeds			
	Jodhpur (Loose)	4370	4683	-313
	Jodhpur(Delivery)	4570	4883	-313
	Sri-Ganganagar(Loose)	4399	4733	-334
	Sri-Ganganagar (Delivery)	4608	4929	-321
	Nagaur (Loose)	4356	4637	-281
Rajasthan	Alwar (loose)	4321	4550	-229
	Churu (Delivery)	4521	4832	-311
	Bikaner (Loose)	4413	4717	-304
	Bikaner (Delivery)	4605	4911	-306
	Khajuwala Bikaner (Loose)	4411	4713	-302
	Khajuwala Bikaner(Delivery)	4588	4902	-314
	Nokha(Loose)	4396	4741	-345
	Nokha (Delivery)	4554	4911	-357
	Hanumangarh (Loose)	4404	4701	-297
	Hanumangarh (Delivery)	4603	4900	-297
	Adampur (Loose)	4420	4730	-310
	Adampur (Delivery)	4624	4935	-311
Haryana	Sirsa (Loose)	4431	4755	-324
	Bhiwani (Delivery)	4553	4877	-324
	Dhabwali (Loose)	4391	4707	-316
	Dhabwali (Delivery)	4592	4903	-311
	Siwani (Loose)	4501	4849	-348
	Ellanabad (Loose)	4426	4748	-322
Gujarat	Deesa (Loose)	4386	4627	-241
	Patan (Loose)	4383	4834	-451
Madhya pradesh	Rajkot (Loose)	4426	4686	-260
	Dabra (Loose)	4455	4843	-388
Guar Gum				
	Jodhpur	12392	13970	-1578
Rajasthan	Alwar	12395	14095	-1700
	Sirsa	12454	14080	-1626



Haryana	Bhiwani	12672	14066	-1394
	Dhabwali	12392	14065	-1673
	Ellanabad	12775	14233	-1458

Centre	Monthly Arrivals (Quintals)			Change
		14-Dec	14-Nov	
	Jodhpur	7090	13700	-6610
	Sri-Ganganagar	46000	175000	-129000
Rajasthan	Nagaur	7925	18700	-10775
	Alwar	12700	22700	-10000
	Churu	13020	27200	-14180
	Bikaner	51800	41700	10100
	Khajuwala Bikaner	46000	62000	-16000
	Nokha	11000	16100	-5100
	Hanumangarh	10000	22800	-12800
Haryana	Adampur	42700	62100	-19400
	Sirsa	38400	51800	-13400
	Bhiwani	20500	37700	-17200
	Dhabwali	5500	14050	-8550
	Siwani	31800	48700	-16900
	Ellanabad	11500	28100	-16600
Gujarat	Deesa	14629	32265	-17636
	Patan (Loose)	12324	13649	-1325
	Rajkot	15916	17608	-1692
Madhya pradesh	Dabra	2260	1210	1050
Total Arrival		401064	707082	-306018

Commodity: Guar Seed
Contract: C1 Continuous Chart

Exchange: NCDEX

Guar Seed Continuous Chart

Technical Commentary:

- Prices are showing bullishness from current levels as chart depicts.
- Closing above Rs. 4900 level would take the prices down to Rs 5200.
- Prices are likely to move upward and likely to test upper trendline.



Strategy: We advise market participants to **Buy** from entry level

Positional Supports & Resistances			S2	S1	PCP	R1	R2
Guar Seed	NCDEX	C1	3325	3870	4785	5873	6044
Intraday Trade Call			Call	Entry	T1	T2	SL
Guar Seed	NCDEX	C1	Buy	Below 4400	5200	5600	3920

Commodity: Guar Gum
Contract: C1 Continuous Chart

Exchange: NCDEX

Guar Gum Continuous Chart

Technical Commentary:

- Guar gum prices are hovering in an bearish trend.
- RSI is moving down near to oversold region.
- Last candlestick depicts bullishness in the prices.



Strategy: Buy

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Guar Gum	NCDEX	C1	7980	9495	12760	15673	16872
Intraday Trade Call			Call	Entry	T1	T2	SL
Guar Gum	NCDEX	C1	Buy	Above 12000	13500	14200	13600

Spot Market Monthly Price Trend of Guar seed at Jodhpur

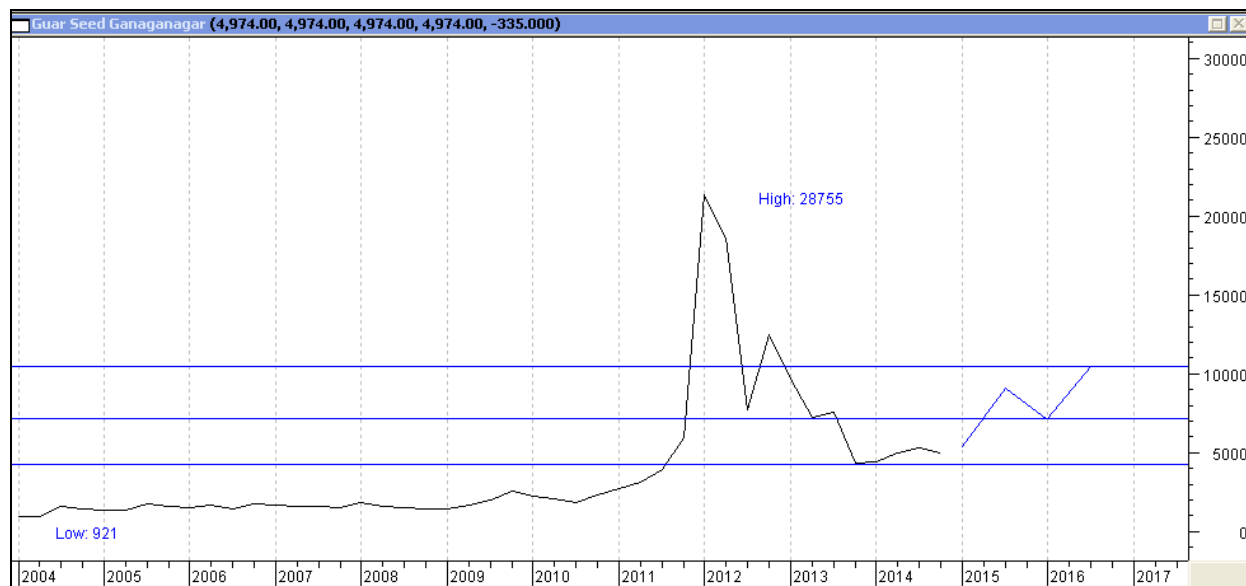


Fig-1 – Guar Seed Monthly Spot Prices (Ganganagar)

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.

We expect prices are likely to take a sharp recovery in the coming month due to good fundamentals .

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