

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 gum exports increased in recent months as data suggest but it is only stored at ports and not consumed by end consumers as reported. It means new guar gum exports affected with lower demand which could result in lower guar gum prices in the coming period.
- India has exported around 74084 tons of guar products (Splits, Meal & Powder) in December 2014. Out of the total guar seed export figures, around 16697 tons of Guar Meal, 11678 tons of Guar Splits and 45709 tons of Guar Gum Powder. It is notable that India has exported 71610 tons of Guar products in November 2014.
- Guar Seed arrivals declined sharply recently. Main reason for decline in arrivals is sharp downside in prices of guar seed. Farmers are showing their disinterest to bring their guar stock in their local mandis at such low rates. In addition to it, recent Zila parishad elections in the state also gives arrivals pace a break. However, arrivals will increase just after election as expected. At present, only 20000 bags are arriving in Indian guar markets.
- Shale gas operations got first causality from declining crude oil prices as a private company that drills in Texas (WBH Energy) files bankruptcy. There are also rumours that a giant exporter from India also provide gum to WBH Energy and good amount of money WBH energy need to pay to the Indian company. Prices of guar seed and gum declined sharply today over this news and change the overall guar sentiments altogether. Considering lower crude oil targets and weak gum demand, prices of guar might fall down further up to its previous lows.

Current Market Dynamics

Guar seed average prices declined last month despite of weak arrivals in Ganganagar region. We expect prices to decline in the coming month owing to weak demand from overseas of guar gum.

In addition to it, huge stock of guar gum dumped on International ports which is not consumed by end consumer. With falling demand of guar gum, new export shipments of guar gum likely get affected which ultimately give domestic guar seed prices a sharp fall.

In the major Jodhpur market, arrivals were reported around 4100 bags of guar seed last month which was around 7090 bags prior week.

Also in Adampur (Haryana) market which is the biggest market of guar in North reported lower arrivals (28850 bags) compared to prior month i.e. 44200 bags.

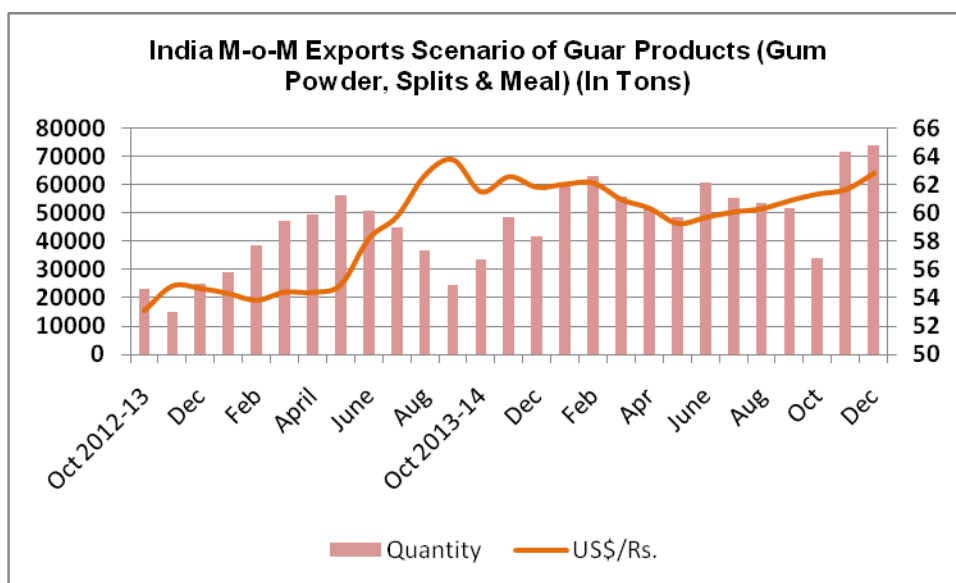
Export and Import Scenario

India has exported around 74084 tons of guar products (Splits, Meal & Powder) in December 2014. Out of the total guar seed export figures, around 16697 tons of Guar Meal, 11678 tons of Guar Splits and 45709 tons of Guar Gum Powder. It is notable that India has exported 71610 tons of Guar products in November 2014.

Demand Side of Guar and Guar Gum:

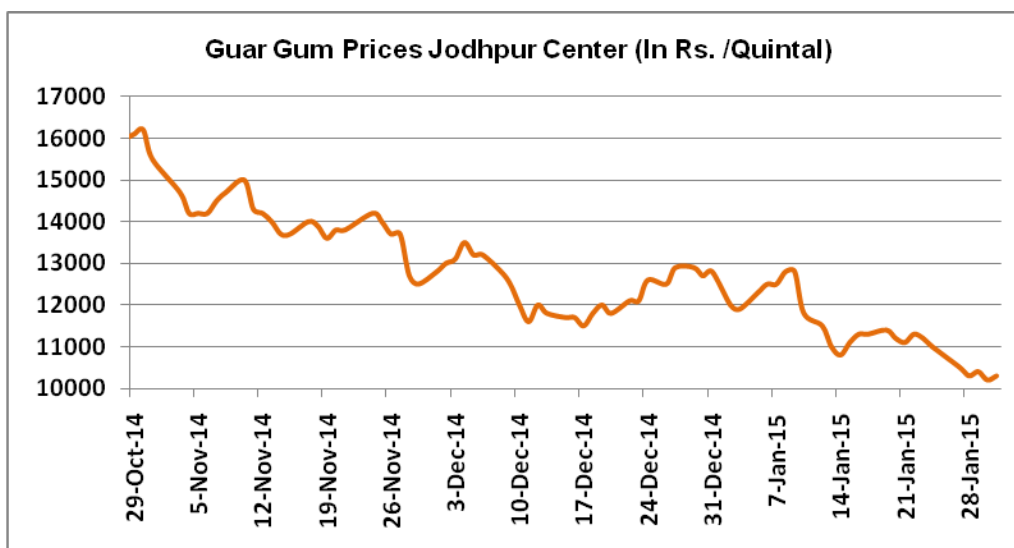
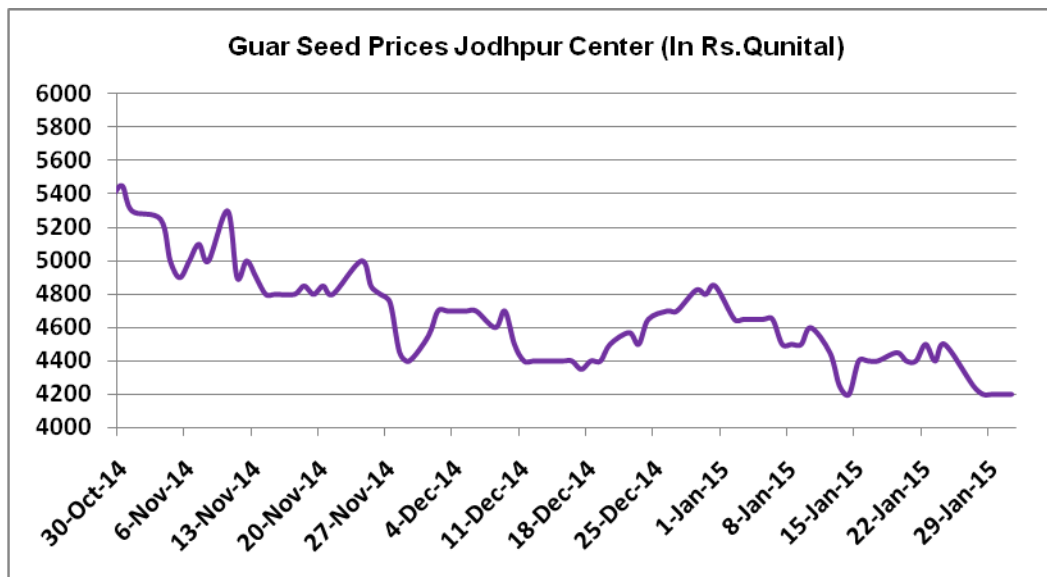
On export front, demands of guar products have increased in December in line with depreciation in Rupee. Also, demand of guar products among major importers has increased. Major energy firms increased their drilling operations in rigs as reported.

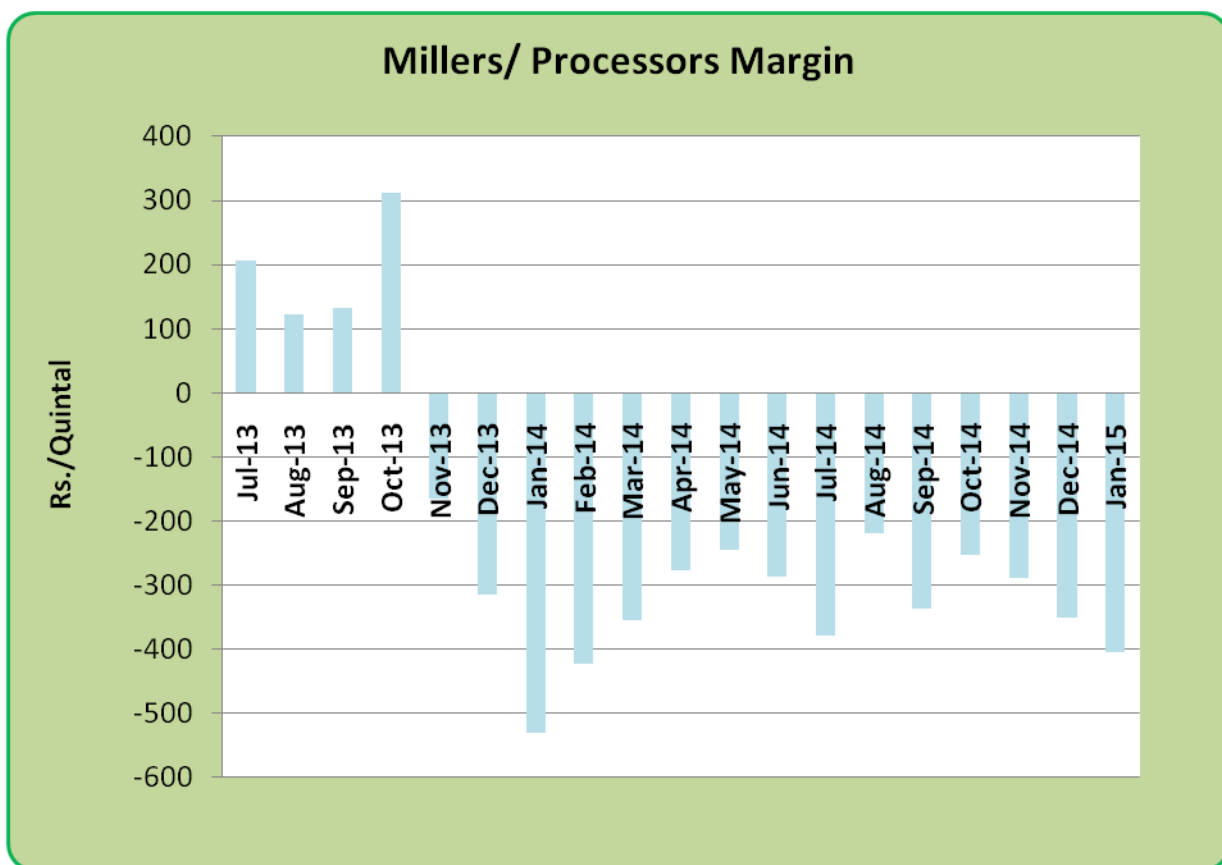
Below are the Rupee Monthly movement and its impact on monthly guar products export figures.



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 Jan by 3% to Rs.4420/Qtl and that of guar gum declined by 8% to Rs.11380/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 Jan 2014, average crush margin stood at Rs. -405/Quintal which were -350 per quintal last month. Higher decrease of decrease in guar gum prices compared to guar seed prices led the processing margin decline last month. In addition to it, weak demand of Churi and Korma by retailers due to higher prices also bound millers and processors to shut their mills at present.

Guar by – Products Monthly Average Prices:

Commodity	Centre	14-Jan	14-Dec	Change
Churi	Jodhpur	1096	959	137
Korma	Jodhpur	1421	1275	146
Churi	Sri-Ganganagar	1094	876	218
Korma	Sri-Ganganagar	1459	1232	227
Prices in Rs/75kg				

Guar Export MonthlyAverage Prices:

Commodity	Variety	14-Jan	14-Dec	Change
Guargum Split		1828	1966	-138

Guargum Powder	200 Mesh 5000 CPS	2149	2283	-134
	200 Mesh 3500 CPS	2069	2197	-128
Guargum Meal	40%	266	223	43
	50%	342	296	46
Prices in \$/MT				
Commodity	Centre	Monthly Prices (Average)		Change
	Guar Seeds	14-Jan	14-Dec	
	Jodhpur (Loose)	4219	4370	-151
	Jodhpur(Delivery)	4420	4570	-150
	Sri-Ganganagar(Loose)	4296	4399	-103
	Sri-Ganganagar (Delivery)	4498	4608	-110
	Nagaur (Loose)	4193	4356	-163
	Alwar (loose)	4172	4321	-149
	Churu (Delivery)	4358	4521	-163
	Bikaner (Loose)	4253	4413	-160
	Bikaner (Delivery)	4437	4605	-168
Rajasthan	Khajuwala Bikaner (Loose)	4281	4411	-130
	Khajuwala Bikane(Delivery)	4453	4588	-135
	Nokha(Loose)	4234	4396	-162
	Nokha (Delivery)	4387	4554	-167
	Hanumangarh (Loose)	4211	4404	-193
	Hanumangarh (Delivery)	4411	4603	-192
	Adampur (Loose)	4276	4420	-144
	Adampur (Delivery)	4480	4624	-144
Haryana	Sirsa (Loose)	4270	4431	-161
	Bhiwani (Delivery)	4392	4553	-161
	Dhabwali (Loose)	4249	4391	-142
	Dhabwali (Delivery)	4449	4592	-143
	Siwani (Loose)	4344	4501	-
	Ellanabad (Loose)	NR	4426	
Gujarat	Deesa (Loose)	4319	4386	-67
	Patan (Loose)	4422	4383	39
	Madhya pradesh	Rajkot (Loose)	4450	4426
	Dabra (Loose)	4428	4455	-27
Guar Gum				
Rajasthan	Jodhpur	11380	12392	-1012
	Alwar	11338	12395	-1057

Haryana	Sirsa	11272	12454	-1182
	Bhiwani	11236	12672	-1436
	Dhabwali	11198	12392	-1194
	Ellanabad	NR	12775	-

Centre	Monthly Arrivals (Quintals)			Change
		14-Jan	14-Dec	
Rajasthan	Jodhpur	4100	7090	-2990
	Sri-Ganganagar	25050	46000	-20950
	Nagaur	4795	7925	-3130
	Alwar	4000	12700	-8700
	Churu	7500	13020	-5520
	Bikaner	17600	51800	-34200
	Khajuwala Bikaner	16350	46000	-29650
	Nokha	1850	11000	-9150
	Hanumangarh	2430	10000	-7570
	Adampur	25850	42700	-16850
Haryana	Sirsa	14900	38400	-23500
	Bhiwani	14800	20500	-5700
	Dhabwali	2780	5500	-2720
	Siwani	14200	31800	-17600
	Ellanabad	NR	11500	-
Gujarat	Deesa	4375	14629	-10254
	Patan (Loose)	4127	12324	-8197
	Rajkot	10050	15916	-5866
Madhya pradesh	Dabra	4075	2260	1815
Total Arrival		178832	401064	-222232

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.
- Prices are likely to move downwards and likely to test Rs 3325-3450 level.
- Breach of Rs 4220 level would give bearish hint in the prices.
- RSI is moving near to oversold region.



Strategy: Sell from resistance levels.

Positional Supports & Resistances			S2	S1	PCP	R1	R2
Guar Seed	NCDEX	C1	2770	3325	4081	4720	5120
Intraday Trade Call			Call	Entry	T1	T2	SL
Guar Seed	NCDEX	C1	Sell	Below 4200	3700	3450	4500

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 bearishness in the prices.



Strategy: Sell

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Guar Gum	NCDEX	C1	6917	8500	10190	11770	13620
Intraday Trade Call			Call	Entry	T1	T2	SL
Guar Gum	NCDEX	C1	Sell	Below 10500	9500	9000	11100

Spot Market Outlook:

Guar prices moving in a downward trend mainly due to weak demand of guar gum overseas. Falling crude oil prices hit the whole US shale operations as guar gum powder is one of the main things which used to drill the oil and gas from rigs.

We expect prices will move down further in the coming days.

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