

Highlights of the Month:

- Heavy downsides in prices have been witnessed in guar seed and gum commodities due to weak demand of gum from overseas.
- Millers are presently crush guar seed and selling Churi and Korma which is presently trading at Rs 1900 and 2100 per quintal. However, millers are currently holding split and gum due to weak demand from overseas.
- Farmers are now holding new crops like Mustard seed and Chana and releasing guar seed stock in the market as they are not finding guar seed lucrative at present.
- Stockists have around 15 lac quintals of guar seed from Ganganagar and Hanumangarh region as reported.
- Demand of Churi and Korma declined among retailers (animal feed) due to higher Churi and Korma prices. Only, co-operatives like Amul are interested in buying Churi and Korma at current levels which also depress Guar gum processors
- After a three long years gap, farmers are now showing their disinterest to hold guar seed crop further keeping in view continuous fall in guar seed prices. It is noticeable that lack of demand of guar gum powder in overseas due to falling crude oil prices change the guar price sentiments altogether. Rigs engaged in exploration and production are continuously falling in US. Estimates are coming that crude oil might test \$36 levels. In 2014-15, guar seed production estimated at 1.75 million tons which earlier was 2.8 million tons in 2013-14. Despite of falling production, prices also fall drastically. Farmers majorly who needs instant cash are releasing their guar seed stock and gives preference to hold Mustard seed and Chana.

Current Market Dynamics

Guar seed average prices declined last month despite of weak arrivals in Ganganagar region.

In addition to it, huge stock of guar gum dumped on International ports which are 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 2150 bags of guar seed last month which was around 4100 bags prior week.

Also in Adampur (Haryana) market which is the biggest market of guar in North reported higher arrivals (43600 bags) compared to prior month i.e. 28850 bags.

Guar seed Sowing Report:

Farmers have started growing summer guar crop in Gujarat. This crop is pretty less in size and specially grown in Banaskantha, Surendranagar and Kutch area. Some farmers haven't sown or decrease the size of guar seed crop this year in their respective fields due to continuous downside in guar seed prices. In addition to it, less water availability in canals also urge farmers to plant less guar this season as reported.

Farmers which are busy in harvesting jeera (Cumin seed) and wheat are also planning to grow less guar in their fields due to less remuneration in guar seed. Farmers are planning to grow grass this season as a crop rotation for cattle feed which also improves soil fertility.

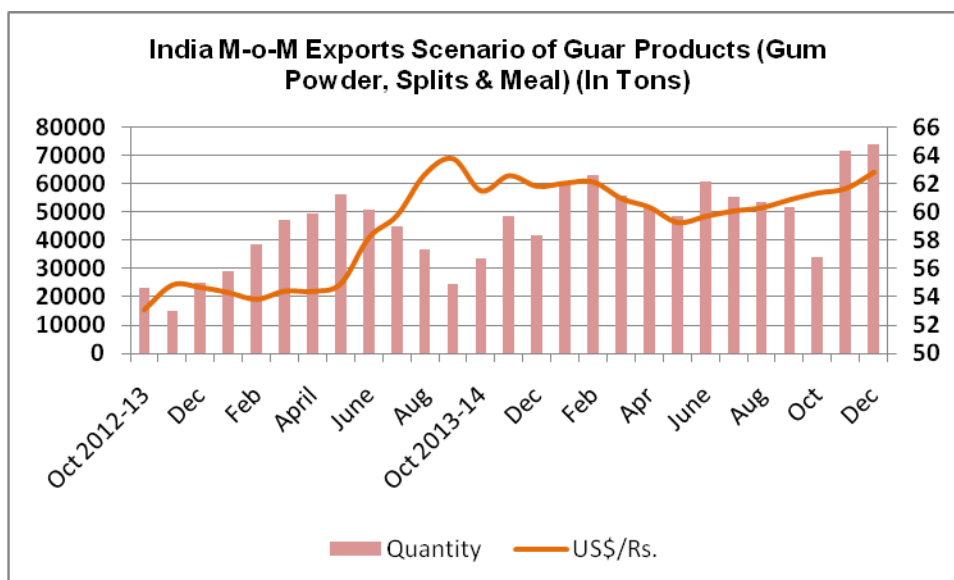
Export and Import Scenario

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:

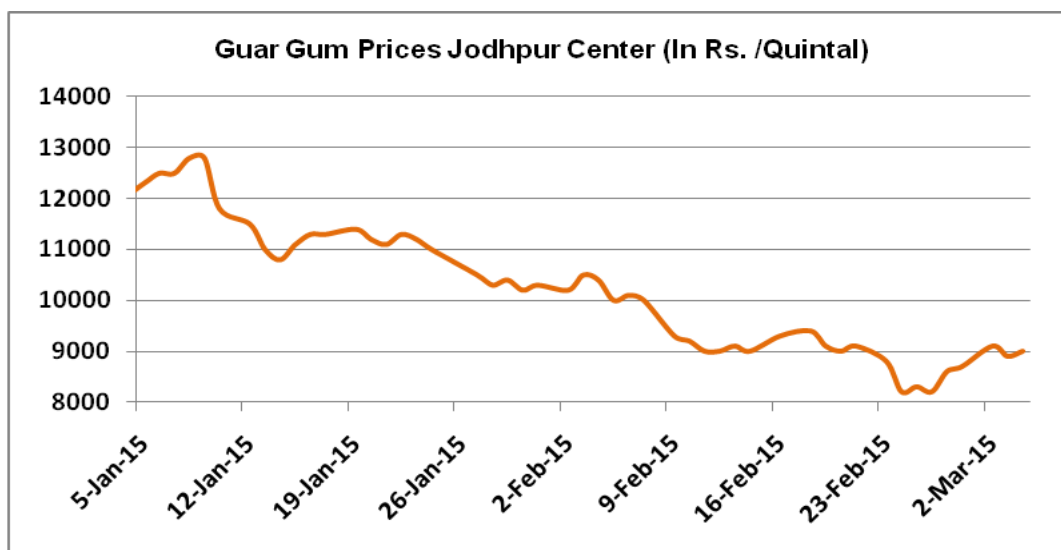
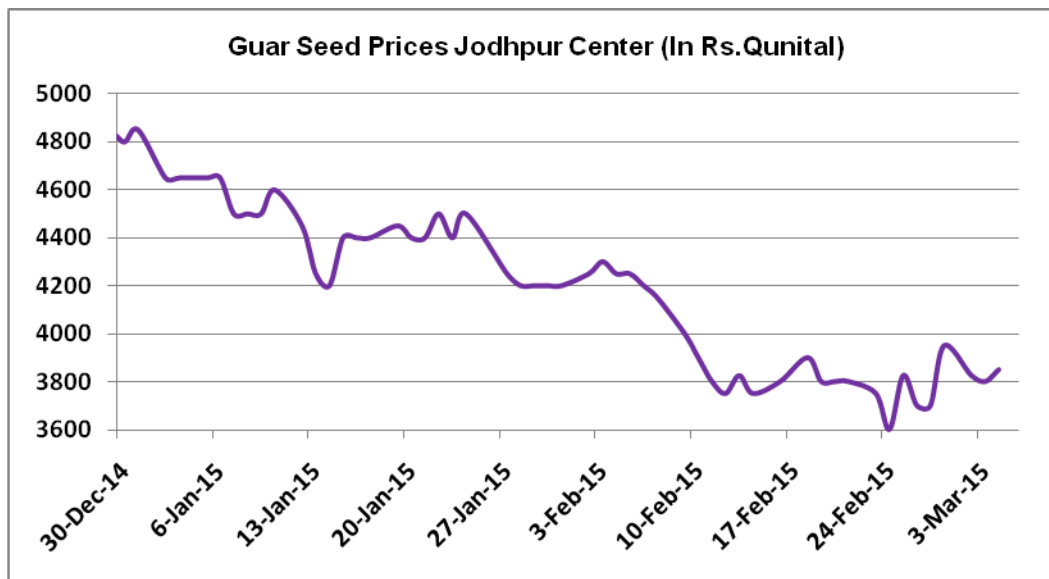
On export front, demands of guar products have increased in December in line with depreciation in Rupee. Also, demand of guar products among major importers has increased. Major energy firms increased their drilling operations in rigs as reported.

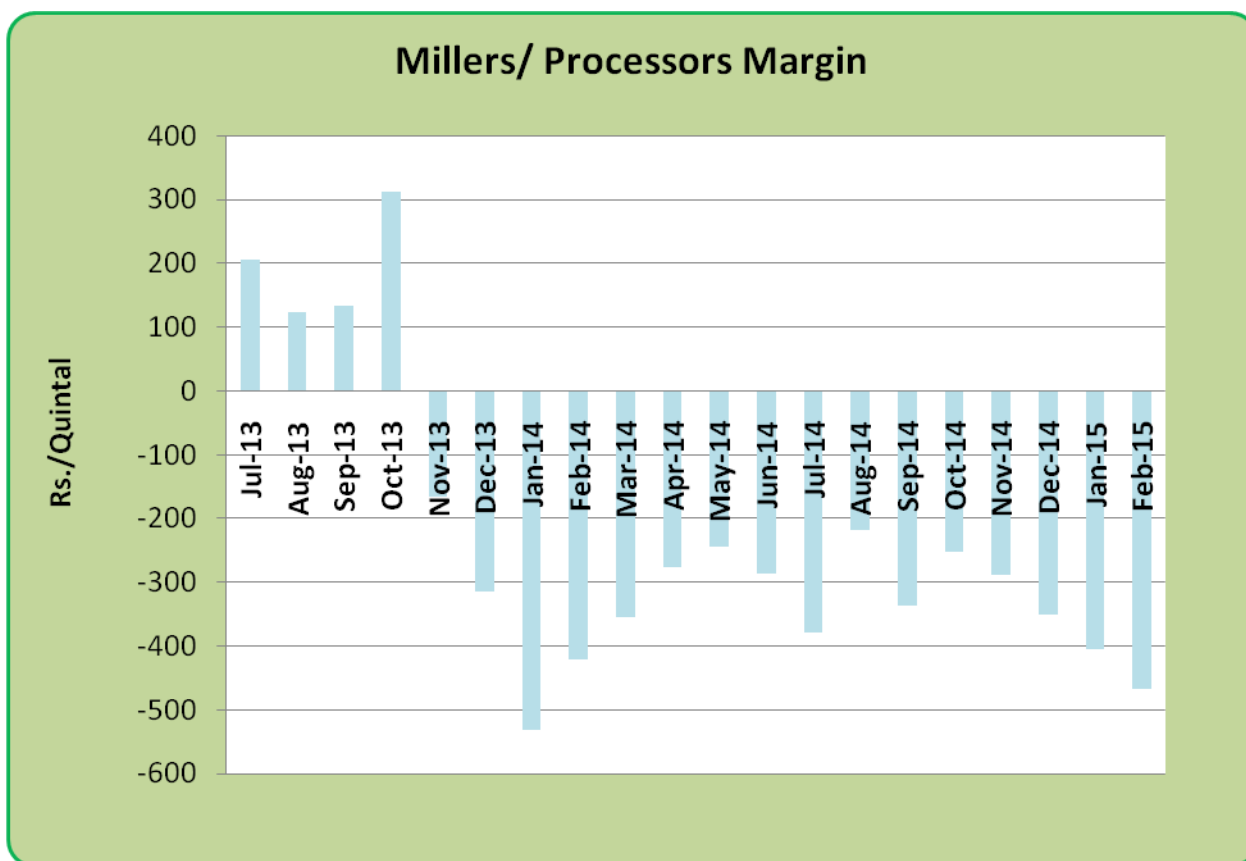
Below are the Rupee Monthly movement and its impact on monthly guar products export figures.



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 Feb by 11% to Rs.3915/Qtl and that of guar gum declined by 19% to Rs.9239/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 Feb 2014, average crush margin stood at Rs. -467/Quintal which were -405 per quintal last month. Higher decrease of decrease in guar gum prices compared to guar seed prices led the processing margin decline last month.

Guar by – Products Monthly Average Prices:

Commodity	Centre	14-Feb	14-Jan	Change
Churi	Jodhpur	1291	1096	195
Korma	Jodhpur	1472	1421	51
Churi	Sri-Ganganagar	1206	1094	112
Korma	Sri-Ganganagar	1418	1459	-41
Prices in Rs/75kg				

Guar Export MonthlyAverage Prices:

Commodity	Variety	14-Feb	14-Jan	Change
Guargum Split		1524	1828	-304
Guargum Powder	200 Mesh 5000 CPS	1846	2149	-303
	200 Mesh 3500 CPS	1766	2069	-303

Guargum Meal	40%	297	266	31
	50%	349	342	7
Prices in \$/MT				
Commodity	Centre	Monthly Prices (Average)		Change
	Guar Seeds	14-Feb	14-Jan	
Rajasthan	Jodhpur (Loose)	3725	4219	-494
	Jodhpur(Delivery)	3915	4420	-505
	Sri-Ganganagar(Loose)	3762	4296	-534
	Sri-Ganganagar (Delivery)	3941	4498	-557
	Nagaur (Loose)	3756	4193	-437
	Alwar (loose)	3645	4172	-527
	Churu (Delivery)	3833	4358	-525
	Bikaner (Loose)	3696	4253	-557
	Bikaner (Delivery)	3869	4437	-568
	Khajuwala Bikaner (Loose)	3738	4281	-543
	Khajuwala Bikaner(Delivery)	3887	4453	-566
	Nokha(Loose)	3764	4234	-470
	Nokha (Delivery)	3900	4387	-487
	Hanumangarh (Loose)	3678	4211	-533
	Hanumangarh (Delivery)	3867	4411	-544
	Adampur (Loose)	3757	4276	-519
	Adampur (Delivery)	3928	4480	-552
Haryana	Sirsa (Loose)	3717	4270	-553
	Bhiwani (Delivery)	3828	4392	-564
	Dhabwali (Loose)	3645	4249	-604
	Dhabwali (Delivery)	3836	4449	-613
	Siwani (Loose)	3784	4344	-560
Gujarat	Ellanabad (Loose)	NR	NR	-
	Deesa (Loose)	3787	4319	-532
	Patan (Loose)	3941	4422	-481
Madhya pradesh	Rajkot (Loose)	3848	4450	-602
	Dabra (Loose)	3334	4428	-1094
Guar Gum				
Rajasthan	Jodhpur	9239	11380	-2141
	Alwar	9286	11338	-2052
	Sirsa	9254	11272	-2018
	Bhiwani	9286	11236	-1950



Haryana	Dhabwali	9270	11198	-1928
	Ellanabad	NR	NR	-

Centre	Monthly Arrivals (Quintals)			Change
		14-Feb	14-Jan	
	Jodhpur	2150	4100	-1950
	Sri-Ganganagar	29800	25050	4750
	Nagaur	3185	4795	-1610
Rajasthan	Alwar	9450	4000	5450
	Churu	8850	7500	1350
	Bikaner	14000	17600	-3600
	Khajuwala Bikaner	11900	16350	-4450
	Nokha	2930	1850	1080
	Hanumangarh	2250	2430	-180
Haryana	Adampur	43600	25850	17750
	Sirsa	17800	14900	2900
	Bhiwani	4000	14800	-10800
	Dhabwali	3240	2780	460
	Siwani	8600	14200	-5600
	Ellanabad	NR	NR	-
Gujarat	Deesa	1854	4375	-2521
	Patan (Loose)	2502	4127	-1625
	Rajkot	3317	10050	-6733
Madhya pradesh	Dabra	6400	4075	2325
Total Arrival		175828	178832	-3004

Commodity: Guar Seed
Contract: C1 Continuous Chart

Exchange: NCDEX

Guar Seed Continuous Chart

Technical Commentary:

- Prices are showing consolidation phase from current levels as chart depicts.
- Prices are likely to rebound from current levels and likely to test Rs 4200 level.
- Breach of Rs 3880 level would confirm the bullish hint in the prices.
- RSI is moving near to oversold region.



Strategy: Buy from support level.

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	Buy	Above 3600	4000	4200	3360

Commodity: Guar Gum
Contract: C1 Continuous Chart

Exchange: NCDEX

Guar Gum Continuous Chart

Technical Commentary:

- Guar gum prices are hovering in an consolidation phase.
- RSI is moving down near to oversold region.
- Last candlestick depicts indecision in the prices.



Strategy: Buy

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Guar Gum	NCDEX	C1	6994	8000	8820	10666	11770
Intraday Trade Call			Call	Entry	T1	T2	SL
Guar Gum	NCDEX	C1	Buy	Below 8300	9300	9800	8100

Spot Market Outlook:

Guar prices continued its downtrend in key markets last month due to sluggish demand of gum. Falling crude oil prices bound energy companies to shut down rigs and also curbs new shale exploration operations which ultimately curb demand of guar gum.

However, we noticed prices of guar seed increases traditionally in Mid-March to April months. Also, spur demand came from downstream industries of guar gum at lower rates also support the fundamentals. We expect prices to rebound up in the coming month.

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