

Highlights of the Month:

- Prices of guar seed and gum declined sharply last month due to falling crude oil prices resulting in decline in demand of guar gum.
- Standing Guar Seed Crop is likely to benefit by recent showers in Haryana and North Rajasthan (Hanumangarh and Ganganagar region). Farmers in Haryana and North Rajasthan have sown guar seed crop on time due to good precipitation. As far as crop condition is concerned, it is good at present. Crop is now 30-50 days old based on the time of rainfall in that particular region.
- Farmers in Haryana have increased guar sowing in their respective fields owing to good rainfall last month. Lower remuneration in Kapas and lower labor and cost of cultivation in guar seed crop urge farmers of Haryana to shift towards guar seed.
- In Bikaner and Churu region, big farmers increased guar sowing in their respective fields this year. However, small and marginal farmers shifted their interest towards Moong crop this year due to lucrative prices.
- Farmers are shifting towards guar seed crop from Bajra this year due to late rainfall especially in West Rajasthan. Bajra sowing time has elapsed due to late rainfall which bound farmers to go for guar seed sowing despite lower guar seed prices.
- Decline in guar seed prices discourage farmers in Gujarat to plant guar seed in their respective fields. Good rainfall in Gujarat enables farmers to plant castor seed (alternative crop of guar seed) this crop year.
- India is likely to export around 3.75 lac tons of guar gum and powder (equivalent to 13.03 lac tons of guar seed) in 2014-15. India has exported 3.2 lac tons of guar gum and powder till June 2015 as reported.

Current Market Dynamics

Guar seed average prices declined last month due to weak demand of guar seed from overseas and good rainfall in parts of Rajasthan and Haryana which boost the guar seed sowing.

In Ganganagar market, arrivals were reported around 10300 bags of guar seed last month which was around 17400 bags prior month.

Also in Adampur (Haryana) market, the biggest market of guar in North reported higher arrivals (22500 bags) compared to prior month i.e. 32600 bags.

Export and Import Scenario

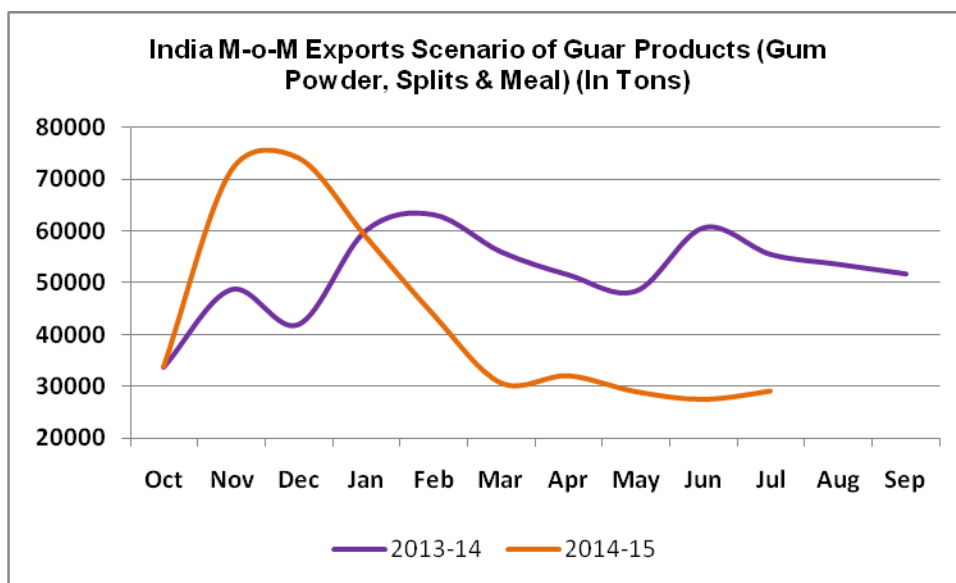
India has exported 29192 tons of Guar Products (Gum, Splits & Meal) in the month of July 2015 which is lower export figures compared to last year. Out of the total guar exports, 19367 tons of Guar gum, 4382 tons of Splits and 5443 tons of Guar meals exported in June 2015.

Notably, recent month guar exports fell by 47% compared to guar exports during same period last year. Weak demand of guar gum overseas mainly due to falling crude oil prices led to fall in gum exports in the last couple of months. Falling rig count and new shale gas explorations are also the major influencing factor for recent decline in guar gum exports.

Demand Side of Guar and Guar Gum:

On export front, demands of guar products have decreased in July. Also, demand of guar products among major importers has decreased. Major energy firms decreased their drilling operations in rigs as reported.

Below are the monthly guar products exports month wise and its comparison to last year month wise guar products exports.



Sowing Update and Crop Estimate:

Guar seed sowing has almost been completed in Haryana and Rajasthan. Good amount of precipitation especially in Haryana urge farmers to plant guar seed in their respective fields.

In case of Rajasthan, irrigated areas like Ganganagar and Hanumangarh districts reported good rainfall resulting in increase in guar seed sowing. In Central Rajasthan, farmers are declining bajra sowing this year and have shifted towards guar seed as reported.

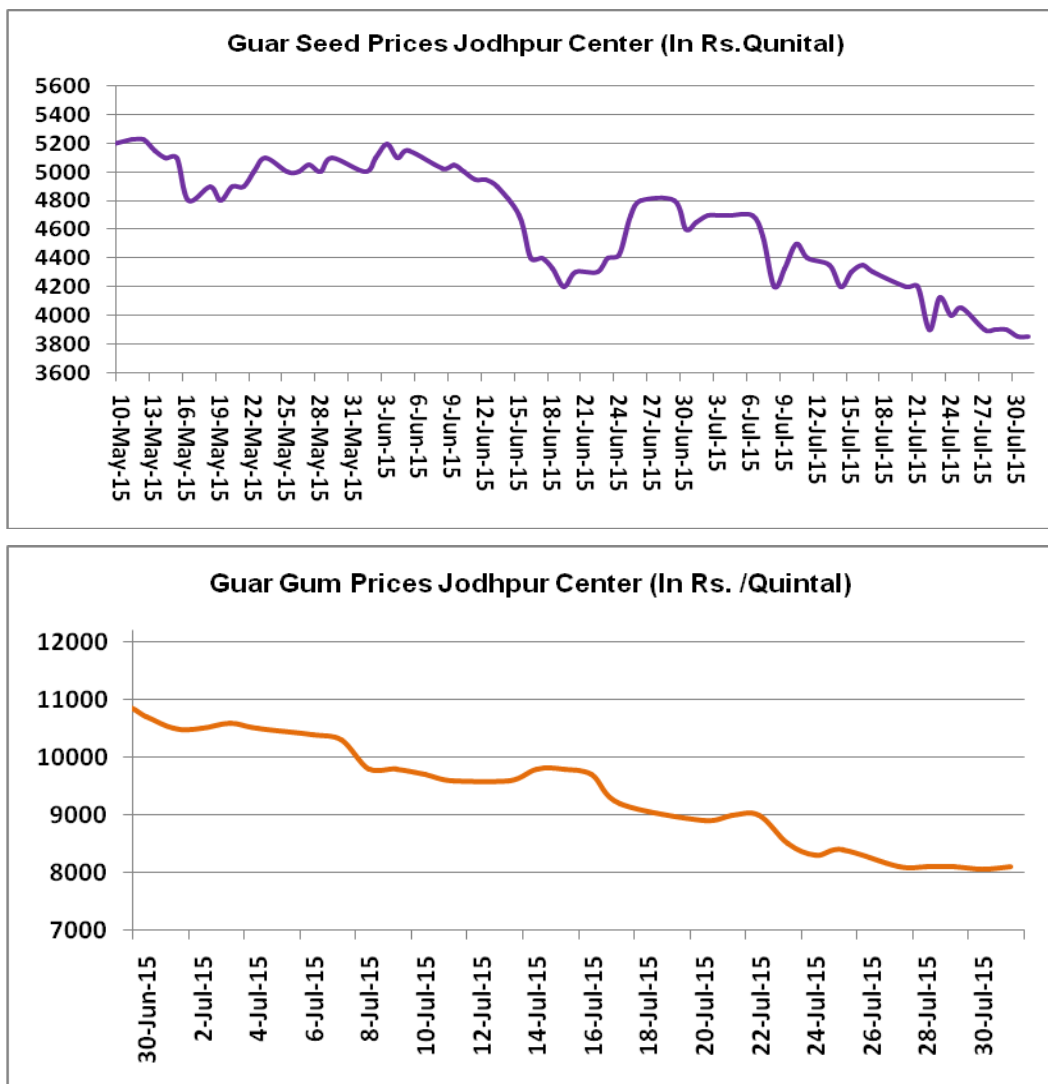
However, sowing of guar seed in Gujarat was impacted mostly by consecutive heavy rainfall especially in Kutch region. Farmers have to re-sown their crop or might go to other alternative crop as reported.

	2014	2015	% Change	2014	2015		2014	2015	% Change
	Acreage (‘000 hec)	Acreage (E) ‘000 hec)		Yield (Ton/Hec)	Yield (E) (Ton/Hec)		Production (‘000 Tons)	Production (E) (‘000 tons)	
Haryana	331	365.8	11%	0.67	0.637	-5%	221.8	232.8	5%
Rajasthan	3345	3546	6%	0.393	0.334	-15%	1315	1184	-9.9
Gujarat	308.3	277.5	-10%	0.6	0.6	0%	185	166.5	-10%
Punjab	22	22	0%	1.06	0.95	-10%	23.32	20.9	-10.40%
India	4006	4211	5%				1760	1605	-9%

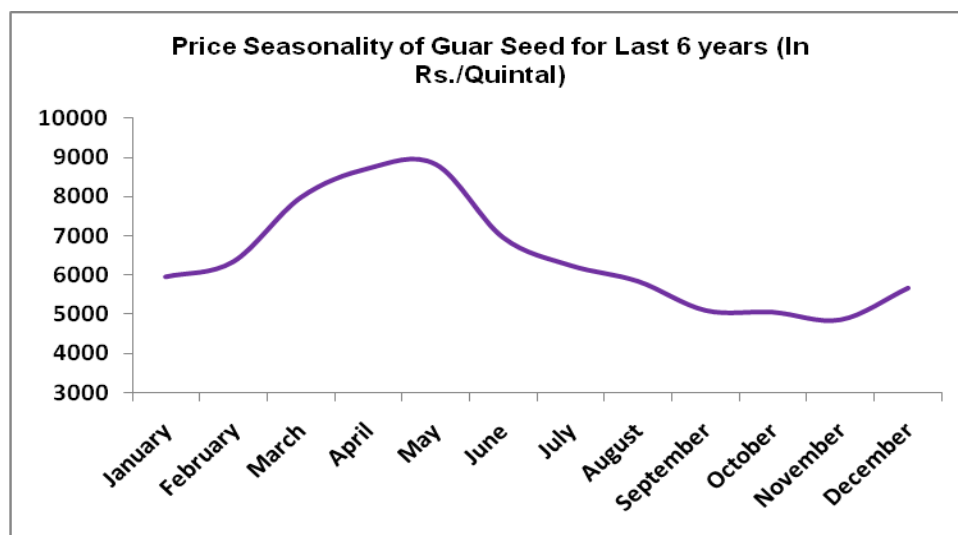
As far as yield is concerned, yield is likely to decline in Gujarat, Haryana and Rajasthan due to excess rainfall. However, it is pretty early to predict yield at the moment as crop is only 10-50 days old and yield depends on the sowing time of the crop in that particular region/state. Yield may change in future proportionate to future precipitation.

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 July declined by 6% to Rs.4261/Qtl and that of guar gum declined by 10% to Rs.9321/Qtl compared to last month. The graph below illustrates the monthly average price movement of guar seed and guar gum in Jodhpur market.



Price Seasonality of Guar Seed



As per the price seasonality chart of guar seed for last 6 years, prices of guar seed peaks in the month of mid-April to May starting due to good demand and less arrivals pressure in the markets. However, after that prices fall due to weak demand.

Guar Gum Mills Running Status:

	Installed	Running
Pali	4	0
Udaipur	1	0
Jodhpur	85	6
Barmer	10	2
Deesa	20	3

At present 90% of the total guar gum millers have stopped their processing units due to price disparity. In Jodhpur region, only 6 mills are running out of total 85 guar gum mills.

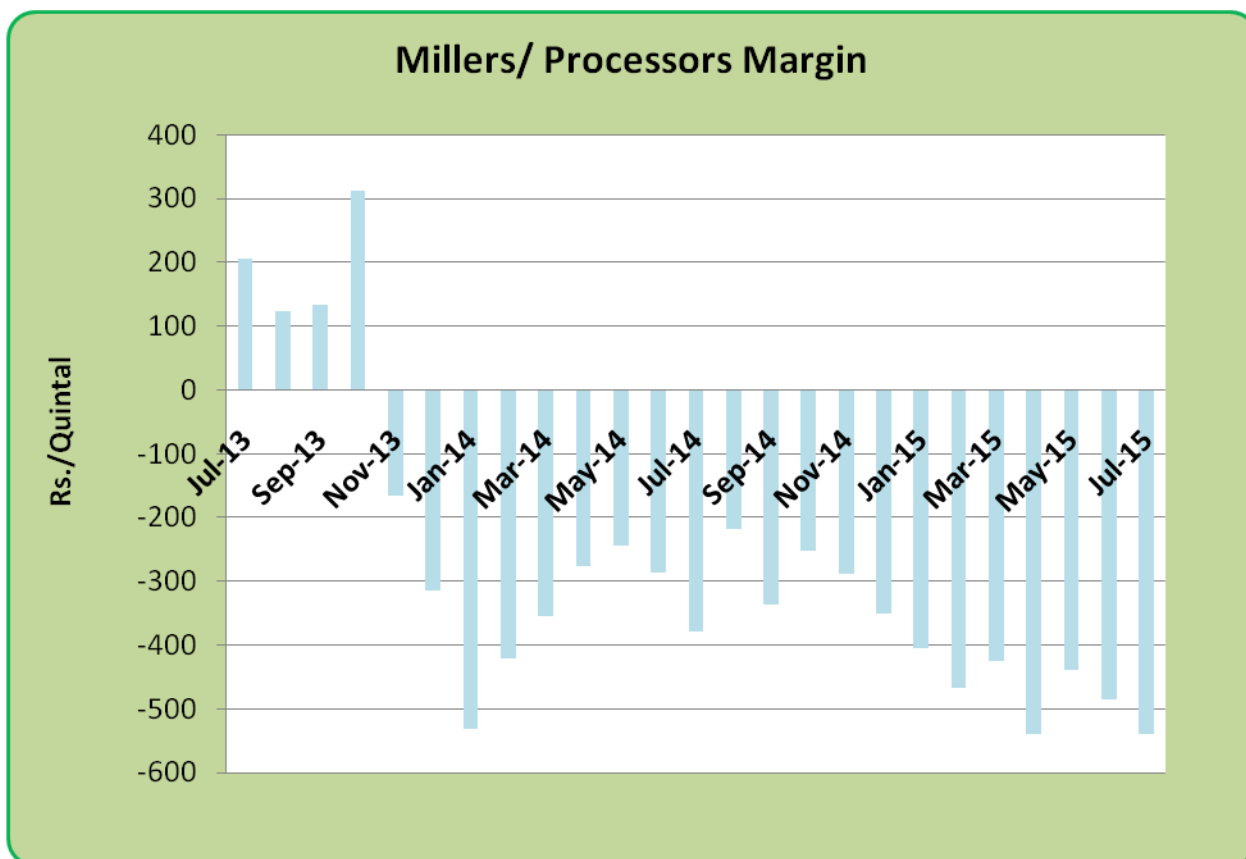
Guar Seed Supply & Demand Position

Domestic Guar Seed Supply & Demand Situation (Figures In Lakh Metric Tonnes)		
Item	2014-15	2015-16
Supply		
Opening Stock	6.9	6.5
Production	17.6	16.04
Import	0	0
Total Availability	24.5	22.54
Demand		
Total Crushing	18	18
Domestic Consumption (Textile, Food & Chemical Industry)	4.97	4.1
Guar Exports	3.75	4
Exports (Guar seed Equivalent)	13.03	13.9
Carry Forward (Farmers and Traders Holdings)	6.5	4.54

Guar seed opening stock for the marketing year 2015-16 is likely to settle at 6.5 lac tons which is slightly less than last year.

As far as production is concerned, we expect 16 lac tons of guar seed production in 2015-16 which is less compared to last year due to dry belt in Rajasthan and Gujarat. However, production estimates are preliminary and could change according to weather patterns in the next 1 month.

On export front, it is likely to be at higher side for the coming marketing year due to expected increase in crude oil prices.

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 July 2015, average crush margin stood at Rs. -538/Quintal which was -485 per quintal last month. Higher degree of decline in guar gum prices compared to guar seed prices led the margin down last month.

Guar by – Products Monthly Average Prices:

Commodity	Centre	July-15	June-15	Change
Churi	Jodhpur	1526	1515	11
Korma	Jodhpur	1821	1824	-3
Churi	Sri-Ganganagar	1455	1395	60
Korma	Sri-Ganganagar	1828	1809	19
Prices in Rs/75kg				

Guar Export MonthlyAverage Prices:

Commodity	Variety	July-15	June-15	Change
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Guargum Split		1478	1726	-248
Guargum Powder	200 Mesh 5000 CPS	1792	2040	-248
	200 Mesh 3500 CPS	1714	1961	-247
Guargum Meal	40%	331	317	14
	50%	404	362	42
Prices in \$/MT				

Commodity	Centre	Monthly Prices (Average)		Change
		July-15	June-15	
Rajasthan	Jodhpur (Loose)	4062	4547	-485
	Jodhpur(Delivery)	4262	4757	-495
	Sri-Ganganagar(Loose)	3943	4406	-463
	Sri-Ganganagar (Delivery)	4125	4607	-482
	Nagaur (Loose)	3914	4303	-389
	Alwar (loose)	3955	4312	-357
	Churu (Delivery)	4155	4485	-330
	Bikaner (Loose)	3961	4437	-476
	Bikaner (Delivery)	4141	4604	-463
	Khajuwala Bikaner (Loose)	3941	4436	-495
	Khajuwala Bikane(Delivery)	4099	4614	-515
	Nokha(Loose)	4018	4421	-403
	Nokha (Delivery)	4163	4580	-417
	Hanumangarh (Loose)	3953	4295	-342
	Hanumangarh (Delivery)	4153	4497	-344
Haryana	Adampur (Loose)	4034	4441	-407
	Adampur (Delivery)	4202	4630	-428
	Sirsa (Loose)	3956	4358	-402
	Bhiwani (Delivery)	4098	4570	-472
	Dhabwali (Loose)	3955	4323	-368
	Dhabwali (Delivery)	4166	4523	-357
	Siwani (Loose)	4085	4522	-437
	Ellanabad (Loose)	3997	4425	-428
Gujarat	Deesa (Loose)	4068	4226	-158
	Patan (Loose)	3986	4383	-397
	Rajkot (Loose)	4110	4355	-245
	Dhrol(loose)	4066	4167	-101
Madhya pradesh	Dabra (Loose)	NA	NA	-

Guar Gum				
Rajasthan	Jodhpur	9321	11034	-1713
	Alwar	9527	10891	-1364
Haryana	Sirsa	9306	10768	-1462
	Bhiwani	9420	10875	-1455
	Dhabwali	9393	10876	-1483
	Ellanabad	9273	10863	-1590

Guar Cumulative Arrivals in Key Centers

Centre	Monthly Arrivals (Quintals)			Change
		July-15	June-15	
Rajasthan	Jodhpur	745	550	195
	Sri-Ganganagar	10300	17400	-7100
	Nagaur	3650	7050	-3400
	Alwar	1700	6400	-4700
	Churu	3300	8400	-5100
	Bikaner	7350	11800	-4450
	Khajuwala Bikaner	4950	8900	-3950
	Nokha	7900	5400	2500
	Hanumangarh	700	2925	-2225
Haryana	Adampur	22500	32600	-10100
	Sirsa	8700	18900	-10200
	Bhiwani	11100	34300	-23200
	Dhabwali	3285	5665	-2380
	Siwani	11200	15000	-3800
	Ellanabad	4810	8975	-4165
Gujarat	Deesa	4066	4043	23
	Patan (Loose)	827	2716	-1889
	Rajkot	5275	10620	-5345
	Dhrol	73	309	-236
Madhya pradesh	Dabra	NA	NA	-
Total Arrival		112431	201953	-89522

Commodity: Guar Seed
Contract: C1 Continuous Chart

Exchange: NCDEX

Guar Seed Continuous Chart

Technical Commentary:

- Prices are downward correction.
- Prices likely to test its near support levels.
- Last candlestick depicts bearishness.
- RSI is moving up to near to oversold region.



Strategy: Sell

Positional Supports & Resistances			S2	S1	PCP	R1	R2
Guar Seed	NCDEX	C1	2800	3000	3563	5000	5405
Intraday Trade Call			Call	Entry	T1	T2	SL
Guar Seed	NCDEX	C1	Sell	Below 4200	3400	3100	4680

Commodity: Guar Gum
Contract: C1 Continuous Chart

Exchange: NCDEX

Guar Gum Continuous Chart

Technical Commentary:

- Guar gum prices moved in a range with weak tone.
- RSI is moving up 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	5800	6800	8040	11900	13140
Intraday Trade Call			Call	Entry	T1	T2	SL
Guar Gum	NCDEX	C1	Sell	Below 8800	7600	7000	9520

Spot Market Outlook:

Guar prices declined sharply last month due to weak overseas demand. Also, higher sowing by farmers in Haryana and Rajasthan and higher ending stock of guar seed also support the bearishness in guar seed prices.

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