

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.
- Weather forecasters are predicting some rainfall after 16th September which has discounted markets already in the first day of the week. Meanwhile, at present, crop condition is average and requires immediate rainfall failing which it could decrease the yield of the crop up to certain extent.
- Solvay and L'oreal join hands to promote sustainable guar farming among 1500 guar seed farmers in Bikaner region.
- Guar seed acreage is likely to fall in Jalore district (Rajasthan) as farmers find guar seed crop less lucrative compared to Bajra and sesame.

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 10200 bags of guar seed last month which was around 10300 bags prior month.

Also in Adampur (Haryana) market, the biggest market of guar in North reported higher arrivals (15500 bags) compared to prior month i.e. 22500 bags.

Export and Import Scenario

India has exported 28356 tons of Guar Products (Gum, Splits & Meal) in the month of August 2015 which is lower export figures compared to last year. Out of the total guar exports, 17618 tons of Guar gum, 4222 tons of Splits and 6516 tons of Guar meals exported in August 2015.

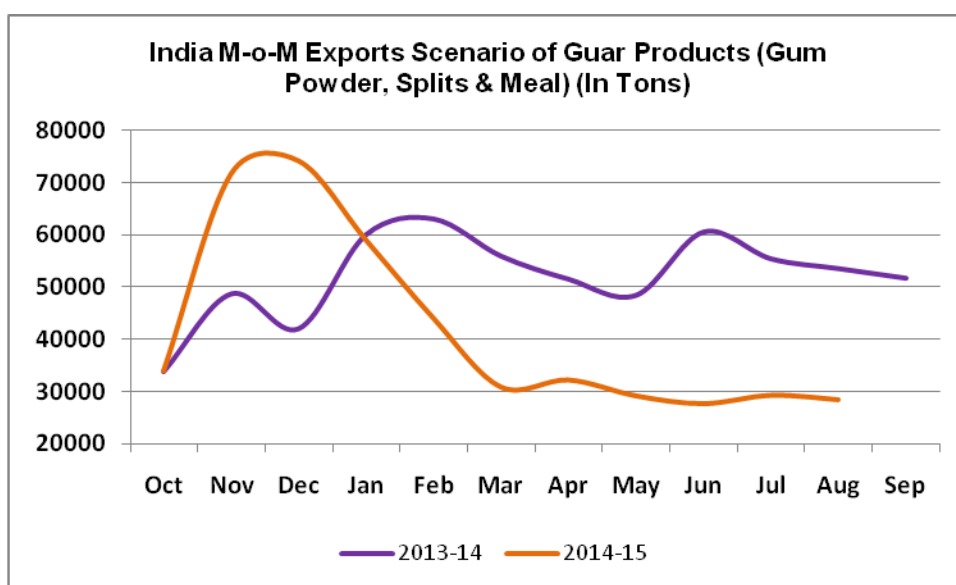
Notably, recent month guar exports fell by 47% compared to guar exports during same period last year. Weak demand of guar gum overseas mainly due to falling crude oil prices led to fall in gum exports in the last couple of months. Falling rig count and new shale gas explorations are also the major influencing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

Reportedly, the quantity of unsold gum stored in US has decreased as stockists are selling it at lower quotes as unsold gum is going to expire soon. There is only need based buying reported from foreign buyers.

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:

In Jaisalmer region, Guar seed crop is increasing compared to last year. Some farmers have re-sowed twice due to high temperature. Meanwhile, heavy wind flowing for last 3-4 days in Jaisalmer region is a cause for major concern of farmers as it will destroy the growth and flower of the plant. Crop is now 1.5 foot to 3foot depending on seed and time of sowing. Overall crop condition is good and it is increasing compared to last year.

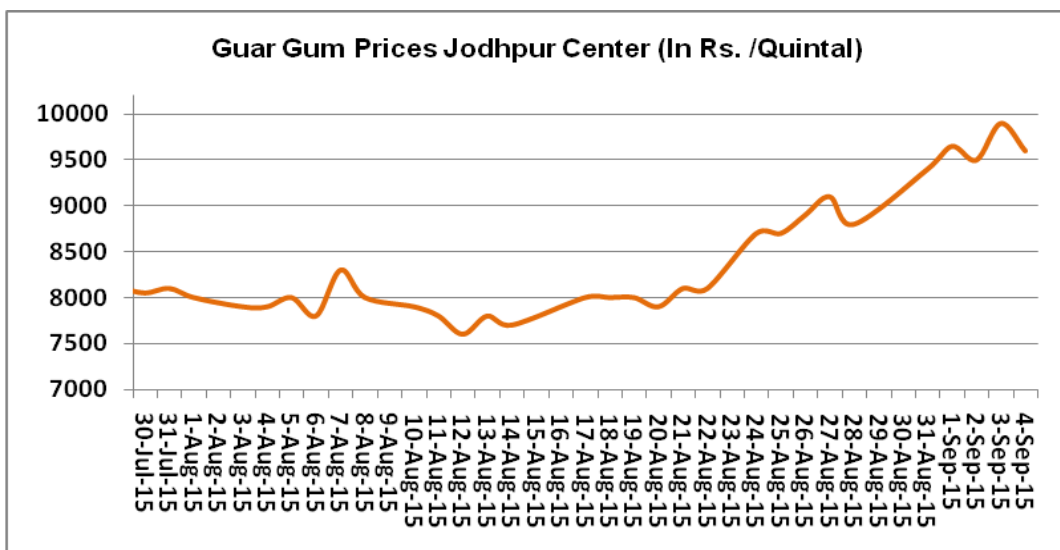
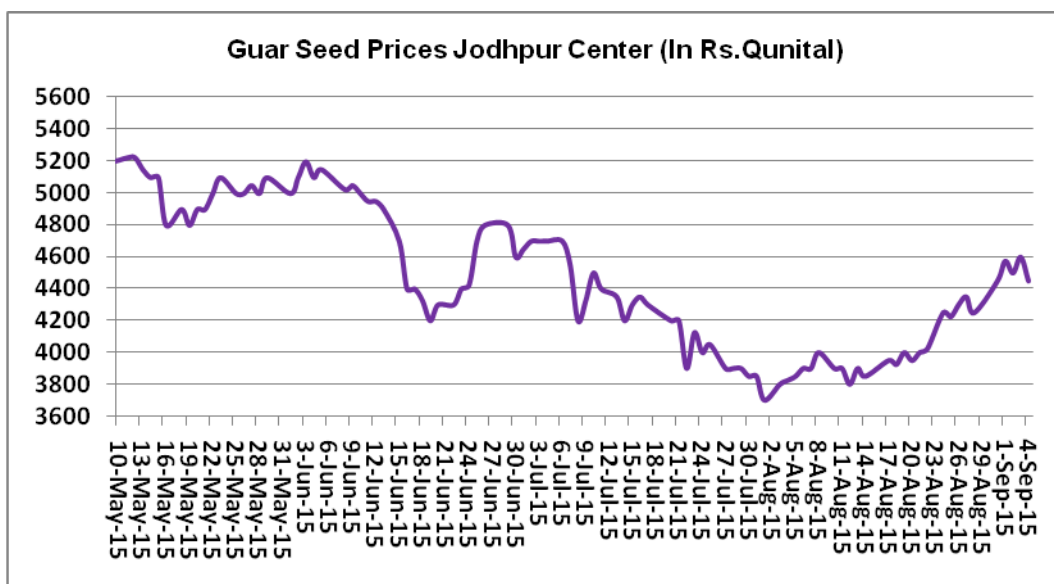
As far as Jodhpur district is concerned, guar seed crop is increasing here too due to good rainfall this year.

	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%

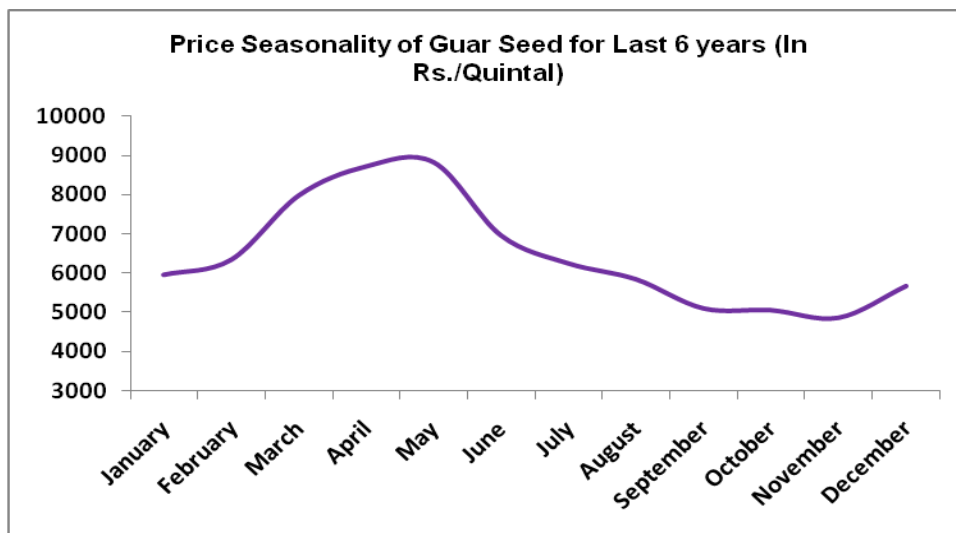
As far as yield is concerned, yield is likely to decline in Gujarat, Haryana and Rajasthan due to excess rainfall. However, it is pretty early to predict yield at the moment as crop is only 10-50 days old and yield depends on the sowing time of the crop in that particular region/state. Yield may change 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 August declined by -6% to Rs.4000/Qtl and that of guar gum declined by -12% to Rs.8183/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	12
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.

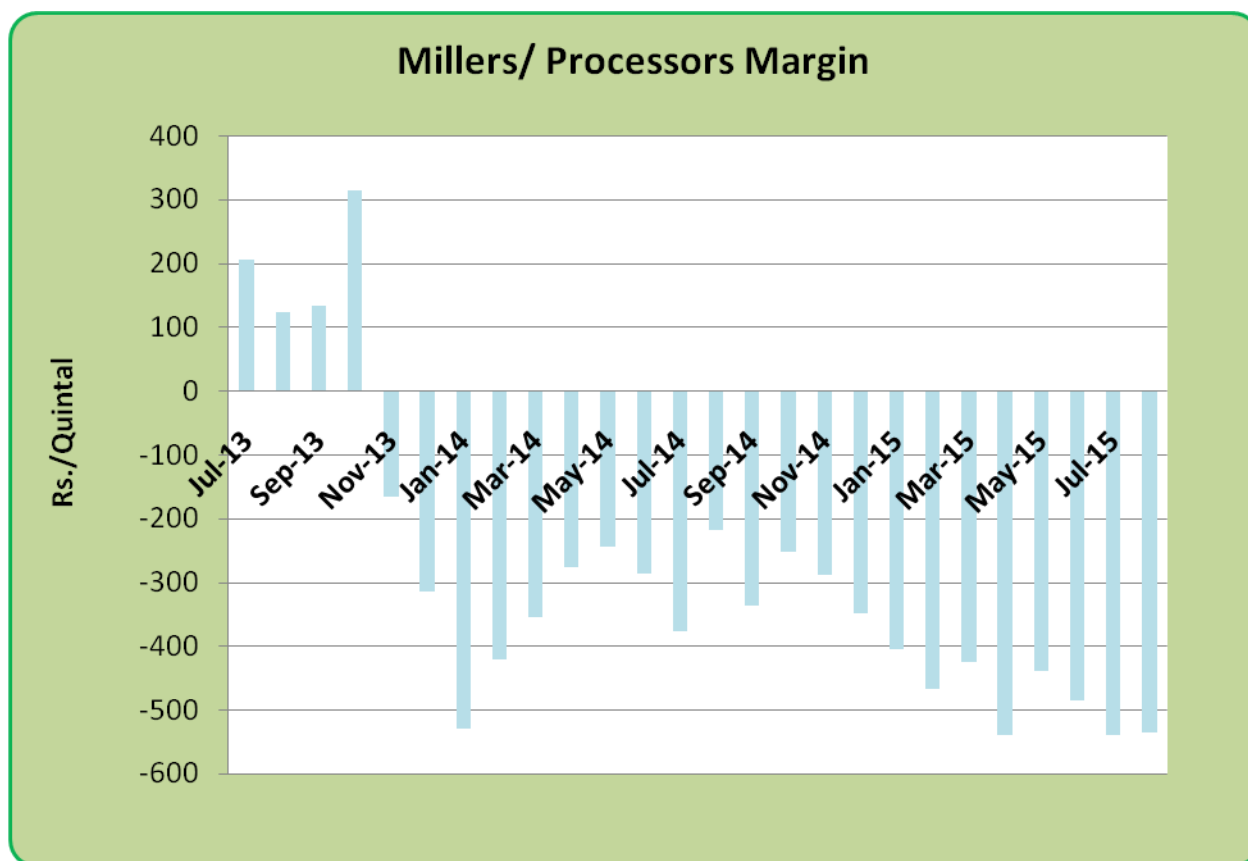
Guar Seed Supply & Demand Position

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 improved slightly compared to previous month. In the month of August 2015, average crush margin stood at Rs. -535/Quintal which were -538 per quintal last month. Increase in Churi and Korma prices led the margin up last month.

Guar by – Products Monthly Average Prices:

Commodity	Centre	August-15	July-15	Change
Churi	Jodhpur	1562	1526	36
Korma	Jodhpur	1943	1821	122
Churi	Sri-Ganganagar	1428	1455	-27
Korma	Sri-Ganganagar	1856	1828	28
Prices in Rs/75kg				

Guar Export Monthly Average Prices:

Commodity	Variety	August-15	July-15	Change
Guargum Split		1247	1478	-231
Guargum Powder	200 Mesh 5000 CPS	1542	1792	-250
	200 Mesh 3500 CPS	1470	1714	-244
Guargum Meal	40%	324	331	-7

	50%	405	404	1
Prices in \$/MT				

Commodity	Centre	Monthly Prices (Average)		Change
		August-15	July-15	
Rajasthan	Jodhpur (Loose)	3803	4062	-259
	Jodhpur(Delivery)	4000	4262	-262
	Sri-Ganganagar(Loose)	3609	3943	-334
	Sri-Ganganagar (Delivery)	3801	4125	-324
	Nagaur (Loose)	3591	3914	-323
	Alwar (loose)	3644	3955	-311
	Churu (Delivery)	3813	4155	-342
	Bikaner (Loose)	3612	3961	-349
	Bikaner (Delivery)	3773	4141	-368
	Khajuwala Bikaner (Loose)	3634	3941	-307
	Khajuwala Bikaner(Delivery)	3780	4099	-319
	Nokha(Loose)	3616	4018	-402
	Nokha (Delivery)	3746	4163	-417
	Hanumangarh (Loose)	3538	3953	-415
	Hanumangarh (Delivery)	3722	4153	-431
Haryana	Adampur (Loose)	3700	4034	-334
	Adampur (Delivery)	3871	4202	-331
	Sirsa (Loose)	3603	3956	-353
	Bhiwani (Delivery)	3782	4098	-316
	Dhabwali (Loose)	3607	3955	-348
	Dhabwali (Delivery)	3788	4166	-378
	Siwani (Loose)	3763	4085	-322
	Ellanabad (Loose)	3638	3997	-359
Gujarat	Deesa (Loose)	3662	4068	-406
	Patan (Loose)	3568	3986	-418
	Rajkot (Loose)	3695	4110	-415
	Dhrol(loose)	3677	4066	-389
Madhya Pradesh	Dabra (Loose)	NA	NA	-
Guar Gum				
Rajasthan	Jodhpur	8183	9321	-1138
	Alwar	8325	9527	-1202
Haryana	Sirsa	8138	9306	-1168
	Bhiwani	8244	9420	-1176

	Dhabwali	8218	9393	-1175
	Ellanabad	8156	9273	-1117

Guar Cumulative Arrivals in Key Centers

Centre	Monthly Arrivals (Quintals)			Change
		August-15	July-15	
Rajasthan	Jodhpur	NA	745	-
	Sri-Ganganagar	10200	10300	-100
	Nagaur	4100	3650	450
	Alwar	3300	1700	1600
	Churu	7700	3300	4400
	Bikaner	4380	7350	-2970
	Khajuwala Bikaner	4500	4950	-450
	Nokha	5075	7900	-2825
	Hanumangarh	1315	700	615
Haryana	Adampur	15500	22500	-7000
	Sirsa	4900	8700	-3800
	Bhiwani	10050	11100	-1050
	Dhabwali	2455	3285	-830
	Siwani	6850	11200	-4350
	Ellanabad	2975	4810	-1835
Gujarat	Deesa	125	4066	-3941
	Patan (Loose)	473	827	-354
	Rajkot	5843	5275	568
	Dhrol	50	73	-23
Madhya Pradesh	Dabra	NA	NA	-
Total Arrival		89791	201953	-112162

Commodity: Guar Seed
Contract: C1 Continuous Chart

Exchange: NCDEX

Guar Seed Continuous Chart

Technical Commentary:

- Prices are moving in a downtrend.
- Prices likely to test its near support levels.
- Last candlestick depicts bearishness.
- RSI is moving up to near to neutral region.



Strategy: Buy

Positional Supports & Resistances			S2	S1	PCP	R1	R2
Guar Seed	NCDEX	C1	3000	3430	3563	5000	5405
Intraday Trade Call			Call	Entry	T1	T2	SL
Guar Seed	NCDEX	C1	Buy	Above 4000	4600	4900	3640

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: Buy

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Guar Gum	NCDEX	C1	5800	6800	4076	11500	11900
Intraday Trade Call			Call	Entry	T1	T2	SL
Guar Gum	NCDEX	C1	Buy	Above 9000	10500	11200	8100

Spot Market Outlook:

Guar prices surged sharply last month due to weak arrivals. Also, unfavorable weather conditions support the bullishness in guar seed prices.

If rainfall doesn't occur in the next 10 days then prices would move up in the next month.

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