

Highlights of the Month:

- Prices of guar seed and gum traded in a range last month due to higher arrivals and moderate demand of guar seed due to higher prices of churi and korma.
- Only 1 out of 5 mills of guar gum reportedly started their operations in Alwar region at present. Sluggish demand of gum from overseas spread bearish sentiments among millers.
- Guar seed arrivals reported 70000 bags in all India markets yesterday. Out of total arrivals, Ganganagar received 7000 bags, Adampur got 1000 bags, Bhiwani got 4000 bags and Bikaner got 1000 bags as reported. Lower yield of guar seed this year especially in North Rajasthan and Haryana became the major reason for lower arrivals. It is notable that lower rainfall and pest attack reduced the guar seed yield considerably this year in these regions.
- All 15 guar gum mills are presently active in Bikaner region. Higher margin from extracting Churi and Korma from guar seed led the millers run their operations.
- Guar seed crop damage was much higher than estimated previously due to weak rainfall and white pest attack which ultimately reduced yield of guar seed.

Current Market Dynamics

Guar seed average prices moved in a range last month due to good demand of guar seed from local buyers/millers. Also, weak cumulative arrivals compared to prior year in key markets also help boost the prices of seed and gum. But weak demand of gum from overseas buyers offset the impact of bullishness.

In Ganganagar market, arrivals were reported around 146800 bags of guar seed last month which was around 25000 bags prior month.

Also Adampur (Haryana) market, the biggest market of guar in North reported slightly higher arrivals (27400 bags) compared to prior month i.e. 21000 bags.

Export and Import Scenario

India has exported 14818 tons of Guar Products (Gum, Splits & Meal) in the month of October 2015 which is lower export figures compared to last year. Out of the total guar exports, 8232 tons of Guar gum, 2660 tons of Splits and 3926 tons of Guar meals was exported in October 2015.

Notably, recent month guar gum powder exports fell by 66% compared to guar exports during corresponding 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 factors of recent decline in guar gum exports.

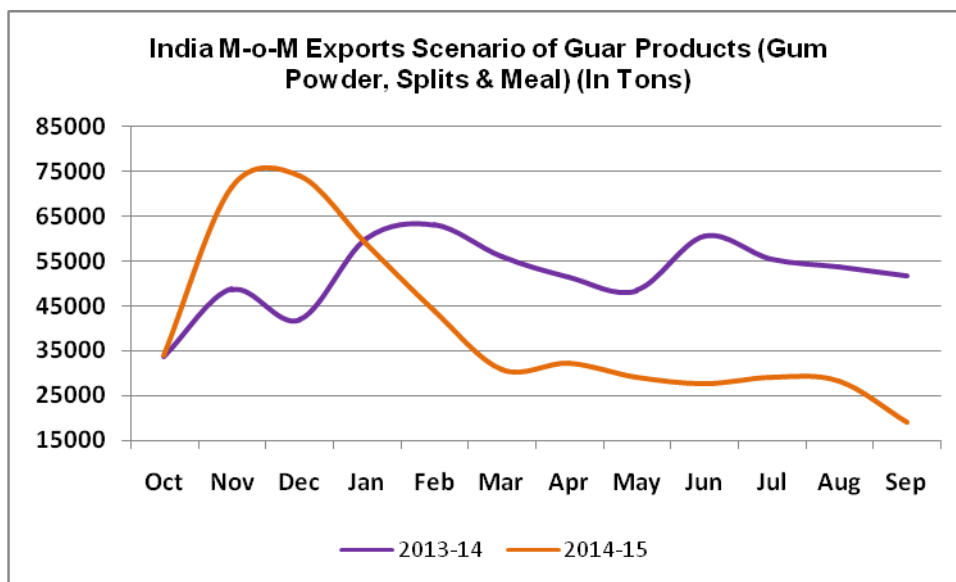
According to recent report of Baker's & Hughes, the oil rig count fell by 1 to 594. There are now 64% fewer rigs running compared to rigs running in October 2014 i.e. 1609.

Demand Side of Guar and Guar Gum:

On export front, demands of guar products decreased in October. 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 will 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 month wise exports of guar products last year..



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 past 3-4 days in Jaisalmer region is a cause for major concern to 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.

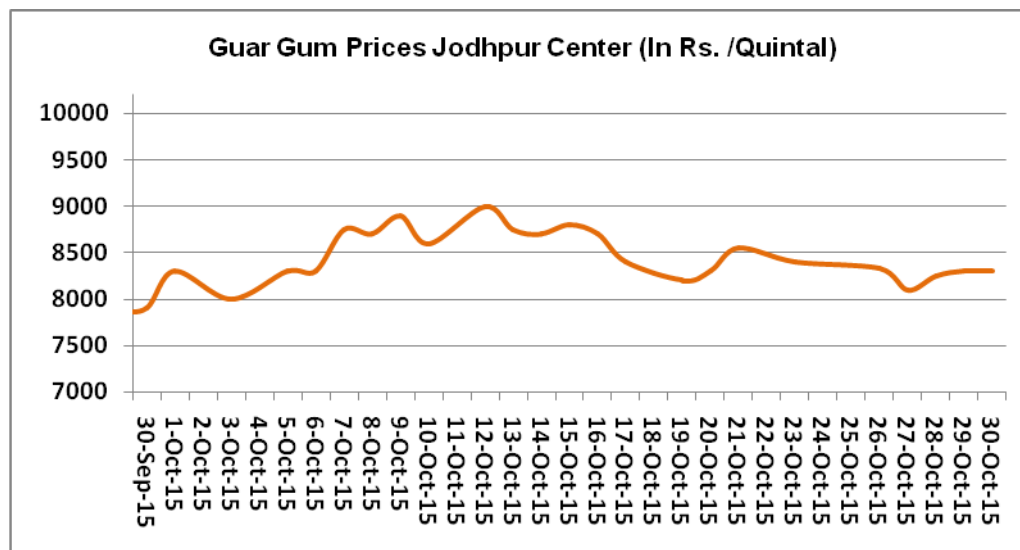
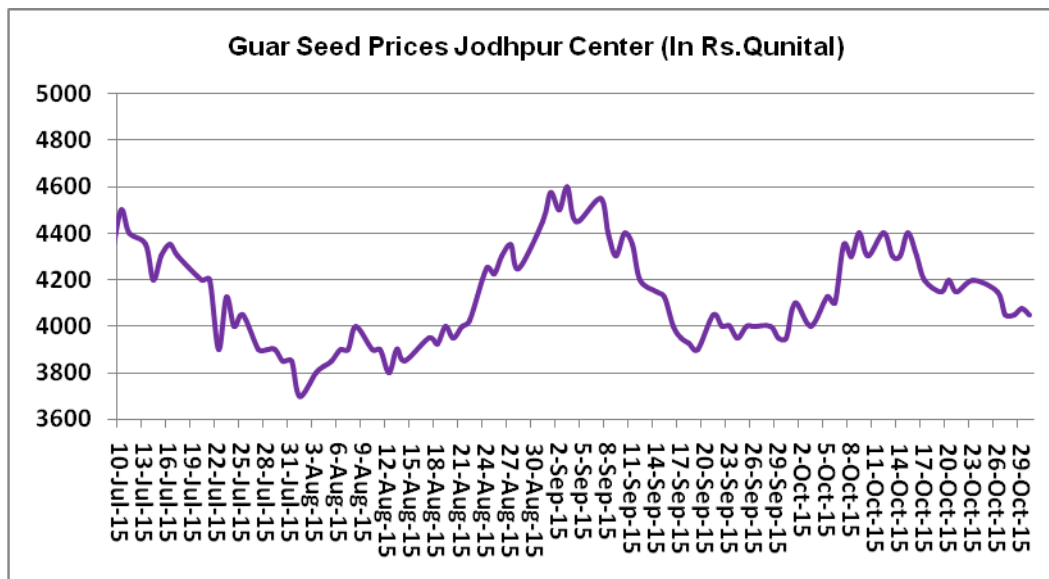
As far as Jodhpur district is concerned, guar seed crop is increasing here too due to good rainfall this year.

	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%

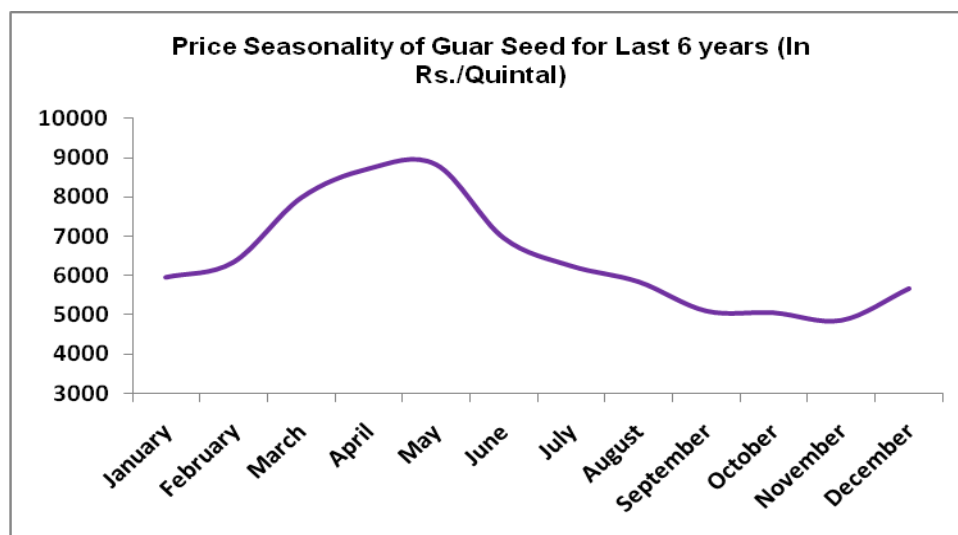
As far as yield is concerned, yield is likely to decline in Gujarat, Haryana and Rajasthan due to excess rainfall. However, it is pretty early to predict yield at the moment as crop is only 10-50 days old and yield depends on the sowing time of the crop in that particular region/state. Yield may change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

Price Scenario

Monthly average Guar seed prices surged slightly month-on-month basis in Jodhpur market. The average monthly price of guar seed for October surged by 0.74% to Rs.4202/Qtl. However, guar gum declined by 1.4% to Rs.8451/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 the beginning of May 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
Jodhpur	85	15
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 15 mills are running out of total 85 guar gum mills.

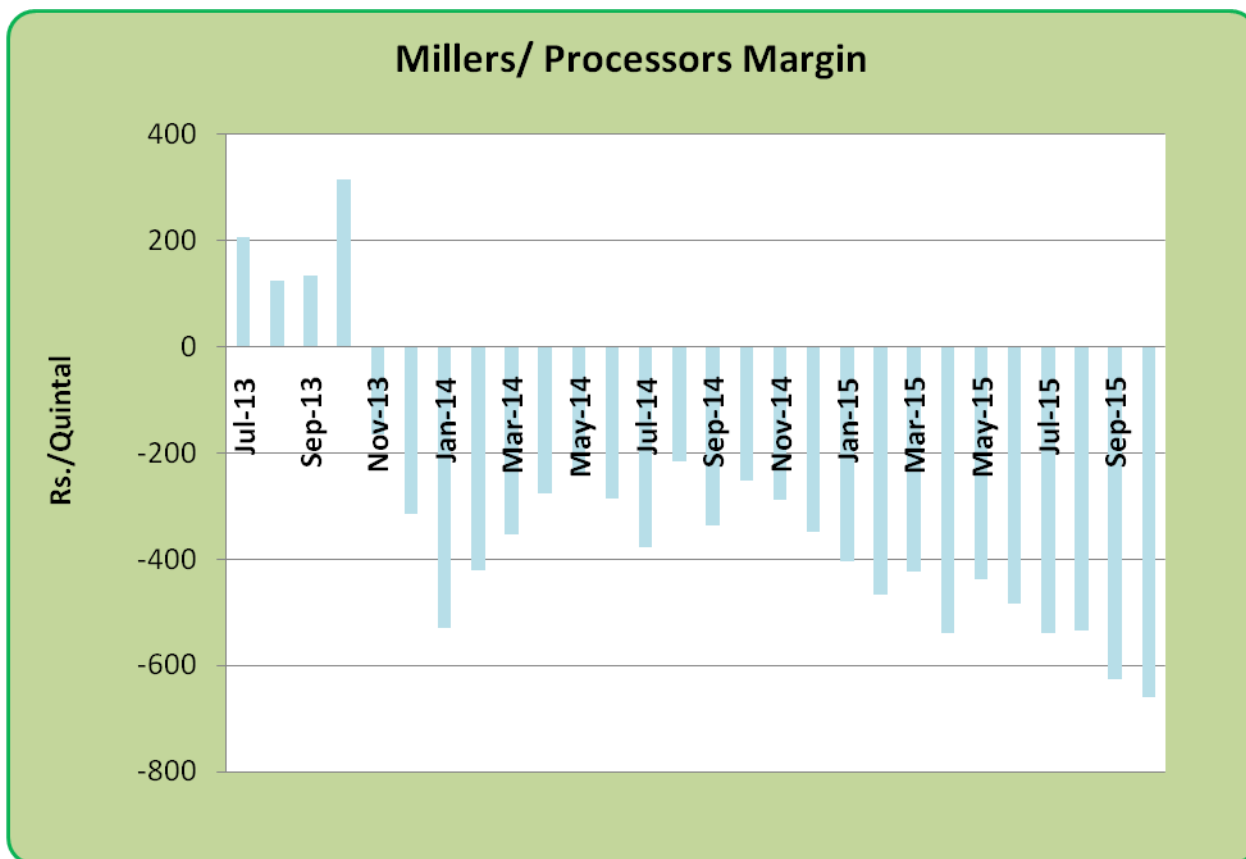
Guar Seed Supply & Demand Position

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 on the 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 decline compared to previous month. In the month of October 2015, average crush margin stood at Rs. -660/Quintal which were -627 per quintal last month. Higher degree of decrease in Guar gum prices compared to guar seed prices led the margin down last month.

Guar by – Products Monthly Average Prices:

Commodity	Centre	15-Oct	15-Sep	Change
Churi	Jodhpur	1535	1509	26
Korma	Jodhpur	1946	1900	46
Churi	Sri-Ganganagar	1458	1417	41
Korma	Sri-Ganganagar	1944	1909	35
Prices in Rs/75kg				

Guar Export Monthly Average Prices:

Commodity	Variety	15-Oct	15-Sep	Change
Guargum Split		1290	1313	-23
Guargum Powder	200 Mesh 5000 CPS	1585	1615	-30
	200 Mesh 3500 CPS	1512	1540	-28

Guargum Meal	40%	320	321	-1
	50%	418	404	14
Prices in \$/MT				

Commodity	Centre	Monthly Prices (Average)		Change
		15-Oct	15-Sep	
Rajasthan	Guar Seeds			
	Jodhpur (Loose)	4002	3963	39
	Jodhpur(Delivery)	4202	4171	31
	Sri-Ganganagar(Loose)	3759	3778	-19
	Sri-Ganganagar (Delivery)	3950	3973	-23
	Nagaur (Loose)	3776	3866	-90
	Alwar (loose)	3829	3779	50
	Churu (Delivery)	4013	3918	95
	Bikaner (Loose)	3811	3814	-3
	Bikaner (Delivery)	4004	3992	12
	Khajuwala Bikaner (Loose)	3794	3859	-65
	Khajuwala Bikaner(Delivery)	3946	4014	-68
	Nokha(Loose)	3868	3832	36
	Nokha (Delivery)	4007	3970	37
	Hanumangarh (Loose)	3752	3780	-28
	Hanumangarh (Delivery)	3948	3972	-24
Haryana	Adampur (Loose)	3829	3920	-91
	Adampur (Delivery)	4020	4114	-94
	Sirsa (Loose)	3821	3857	-36
	Bhiwani (Delivery)	3959	3992	-33
	Dhabwali (Loose)	3782	3805	-23
	Dhabwali (Delivery)	3977	4006	-29
	Siwani (Loose)	3934	3968	-34
	Ellanabad (Loose)	3797	3848	-51
Gujarat	Deesa (Loose)	3680	NA	-
	Patan (Loose)	3721	3657	64
	Rajkot (Loose)	3865	3867	-2
	Dhrol(loose)	3740	3771	-31
Madhya Pradesh	Dabra (Loose)	NA	NA	-
Guar Gum				
Rajasthan	Jodhpur	8475	8568	-93
	Alwar	8422	8600	-178
Haryana	Sirsa	8387	8663	-276

	Bhiwani	8399	8710	-311
	Dhabwali	8410	8578	-168
	Ellanabad	8416	8588	-172

Guar Cumulative Arrivals in Key Centers

Centre	Monthly Arrivals (Quintals)			Change
		15-Oct	15-Sep	
Rajasthan	Jodhpur	NA	NA	-
	Sri-Ganganagar	146800	25000	121800
	Nagaur	4350	3800	550
	Alwar	6600	6000	600
	Churu	20900	15900	5000
	Bikaner	26800	5250	21550
	Khajuwala Bikaner	20300	5000	15300
	Nokha	13600	4370	9230
	Hanumangarh	22800	1140	21660
Haryana	Adampur	27400	21000	6400
	Sirsa	20900	3425	17475
	Bhiwani	25300	5000	20300
	Dhabwali	16200	3435	12765
	Siwani	11450	7550	3900
	Ellanabad	21050	1835	19215
Gujarat	Deesa	650	NA	-
	Patan (Loose)	1890	812	1078
	Rajkot	11935	6727	5208
	Dhrol	262	86	176
Madhya Pradesh	Dabra	NA	NA	-
Total Arrival		399187	116330	282857

Commodity: Guar Seed
Contract: C1 Continuous Chart

Exchange: NCDEX

Guar Seed Continuous Chart

Technical Commentary:

- Prices are moving in a downtrend.
- Currently prices are consolidating.
- Last candlestick depicts bullishness.
- RSI is moving up near neutral region.
- Prices likely to test its next resistance i.e. 4000-4100, breach of the mentioned levels would take the prices upto Rs 4700-4800.
- On the lower side, Breach of Rs 3650 level would take the prices down to Rs 3200.



Strategy: Buy

Positional Supports & Resistances			S2	S1	PCP	R1	R2
Guar Seed	NCDEX	C1	2800	3200	3805	4800	5200
Intraday Trade Call			Call	Entry	T1	T2	SL
Guar Seed	NCDEX	C1	Buy	Above 3800	4000	4100	3680

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 neutral region.
- Last candlestick depicts bullishness in the prices.



Strategy: Buy

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Guar Gum	NCDEX	C1	6800	7500	8010	11500	11900
Intraday Trade Call			Call	Entry	T1	T2	SL
Guar Gum	NCDEX	C1	Buy	Above 8000	8800	9200	7520

Spot Market Outlook:

Guar prices are trading in a pretty crucial range. Heavy rainfall in parts of Rajasthan, Gujarat and Haryana impacts the crop both ways. Also good demand of Churi and Korma increase the demand of guar seed at lower rates.

We expect prices to trade in a range with firm tone in the coming week until next crop arrives in the market.

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