

Highlights of the Month:

- Prices of guar seed and gum prices crashed down last month due to higher ending stock of seed and sluggish demand of gum powder from overseas.
- Continuous falling of crude oil prices became the major influencing factor which curb the demand side of guar gum.
- Ratio of Guar seed and gum is now 1.97 which is the lowest ratio in 6.6 years. This ratio is because of sluggish demand of guar gum powder in international markets thanks to falling crude oil prices. Also, firm Churi and Korma prices curb any major decline in prices of Guar seed in domestic market compared to guar gum. Generally, ratio becomes around 2.5 in past years.
- Retail investors have left guar seed and gum counter for buying due to panic created in the market with sharp decline in prices.
- Latest week export figure took the November month export to 25403 tons of guar products. Out of the total guar exports, 15596 tons of Guar gum, 3088 tons of Splits and 6720 tons of Guar meals exported in November 2015. Last year India exported 71610 tons of Guar products at the same period.
- As far as arrivals of guar seed in all India markets are concerned, around 90000 bags on an average daily arrival coming in the markets 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 exported 25403 tons of guar products in the month of November. Out of the total guar exports, 15596 tons of Guar gum, 3088 tons of Splits and 6720 tons of Guar meals exported in November 2015. Last year India exported 71610 tons of Guar products at the same period.

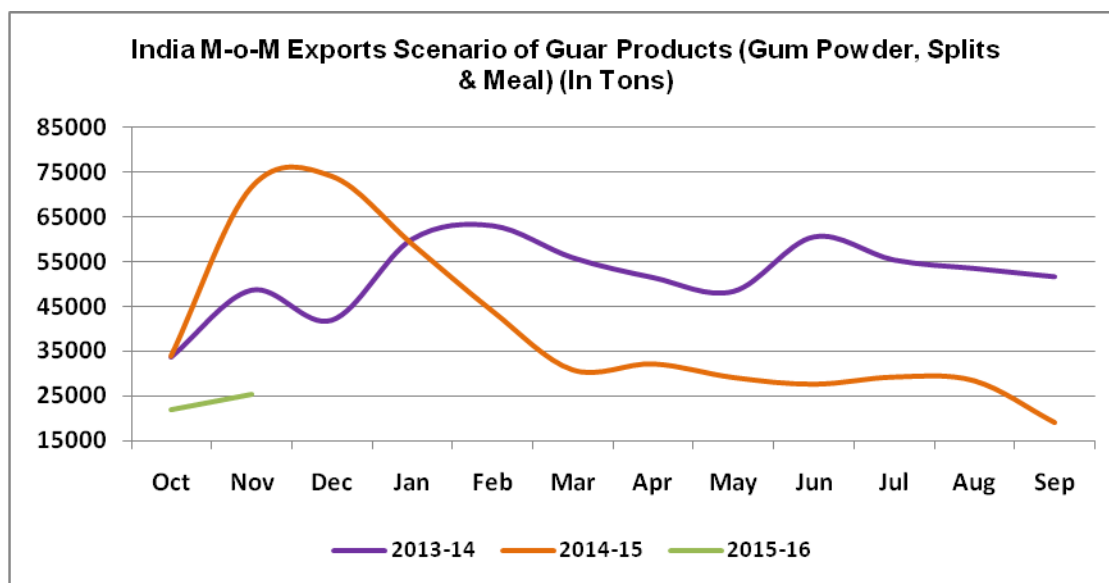
Notably, recent month guar gum powder exports fell 69% compared to guar exports during corresponding period last year. Weak demand of guar gum overseas mainly due to falling crude oil prices led to fall in gum exports in the last couple of months. Falling rig count and new shale gas explorations are also the major influencing factors of recent decline in guar gum exports.

Demand Side of Guar and Guar Gum:

On export front, demands of guar products decreased in November.

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.

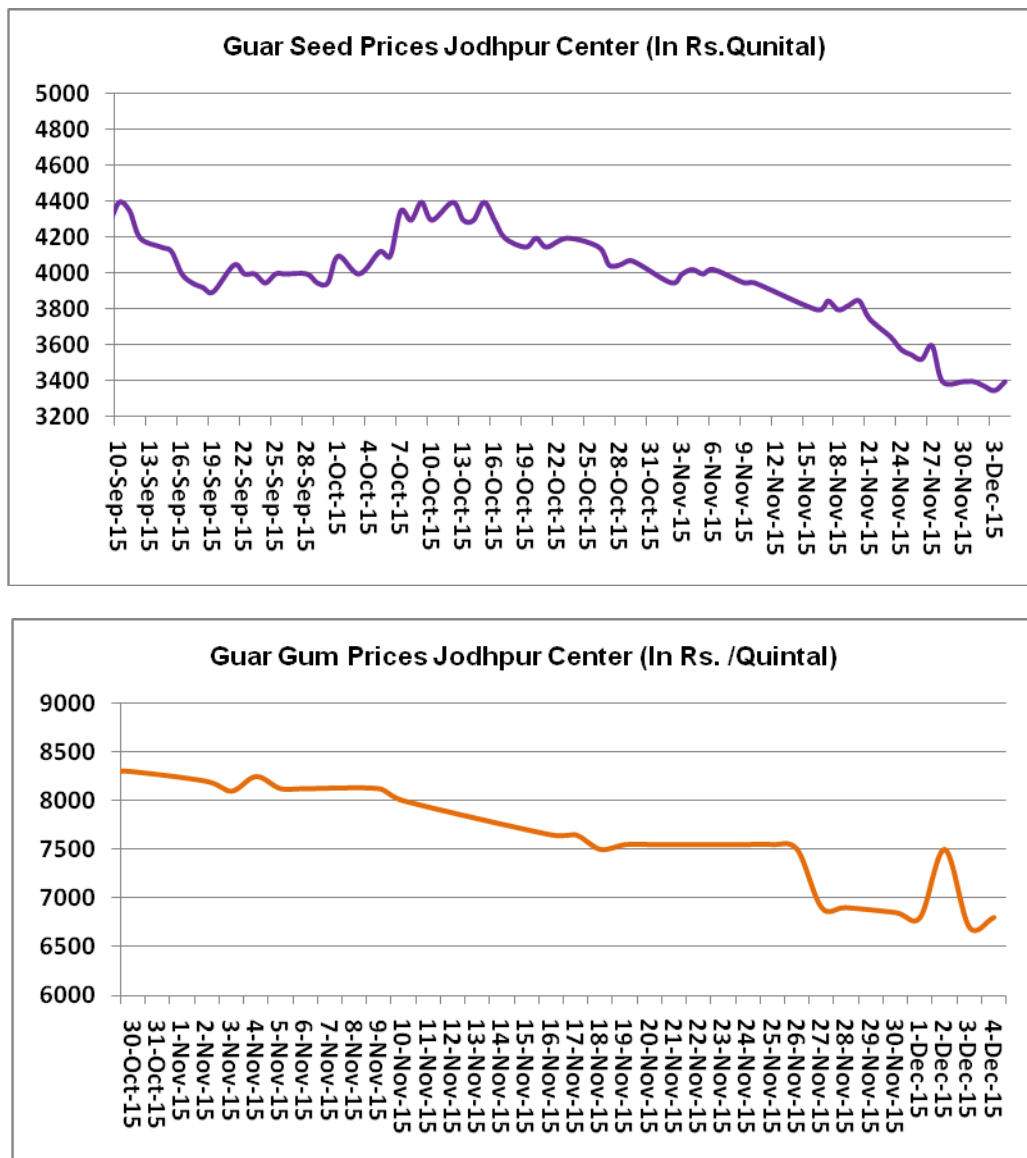
As far as Jodhpur district is concerned, guar seed crop is increasing here too due to good rainfall this year.

	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%

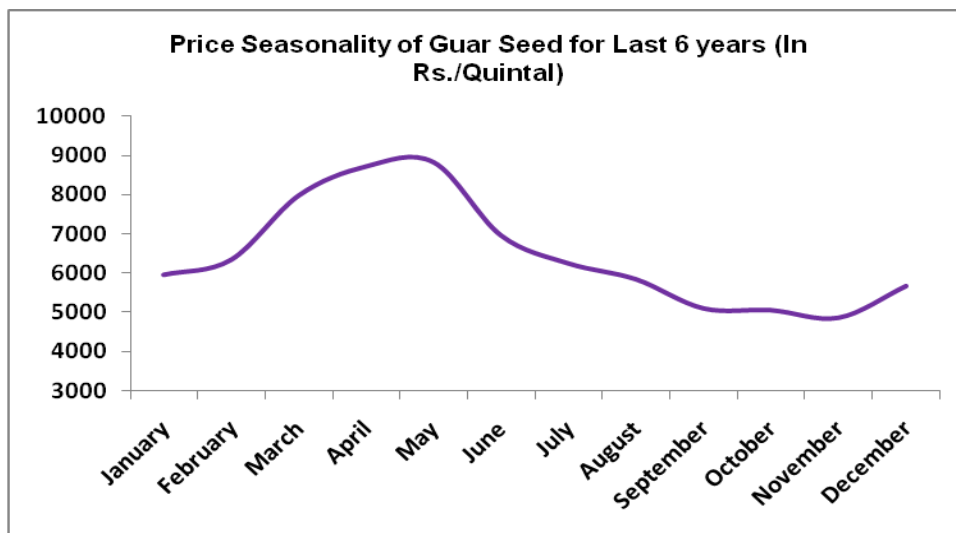
As far as yield is concerned, yield is likely to decline in Gujarat, Haryana and Rajasthan due to excess rainfall. However, it is pretty early to predict yield at the moment as crop is only 10-50 days old and yield depends on the sowing time of the crop in that particular region/state. Yield may change 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 November declined by 10.2% to Rs.3774/Qtl. Also, guar gum declined by 9.4% to Rs.7658/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.

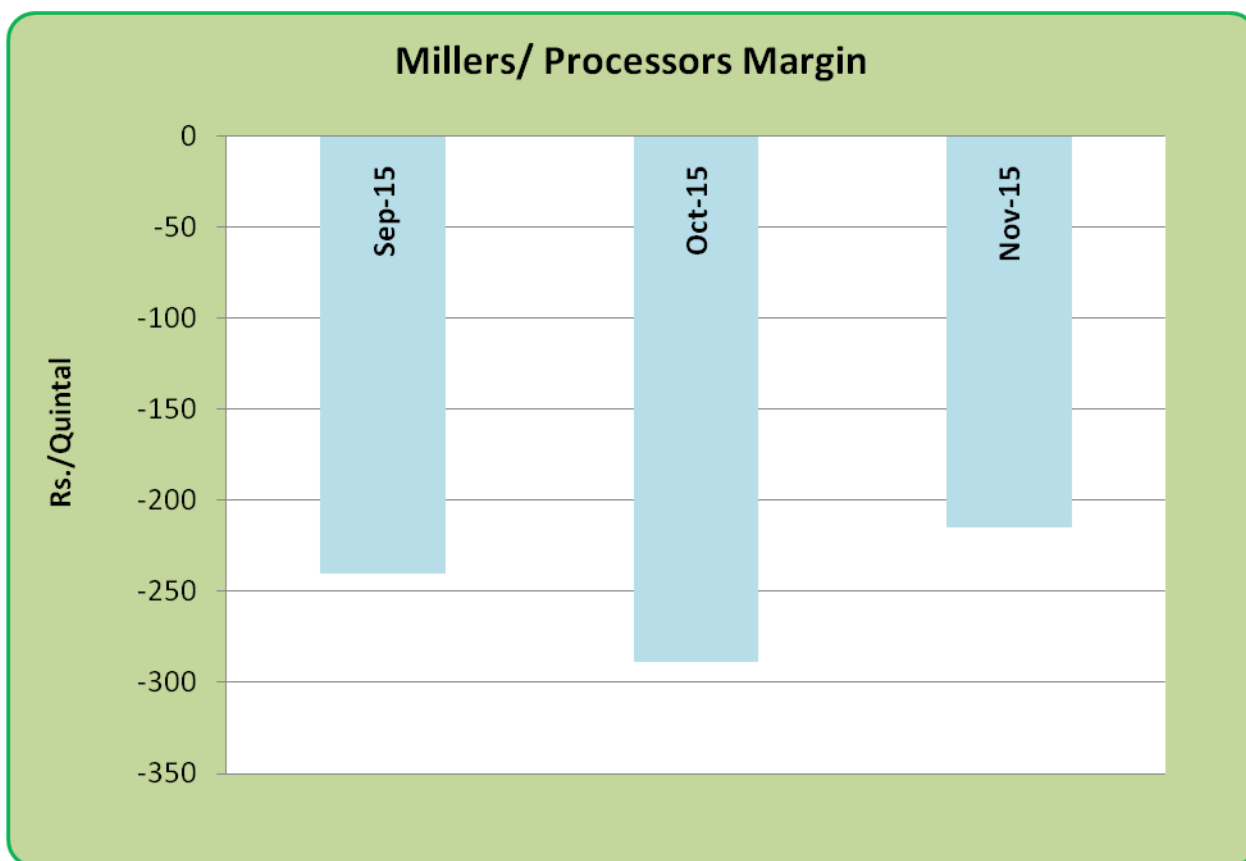
Guar Seed Supply & Demand Position

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 increased compared to previous month. In the month of November 2015, average crush margin stood at Rs. -215/Quintal which were -289 per quintal last month. Higher degree of decrease in Guar seed prices compared to guar gum prices led the margin up last month. Also, firm demand of Churi and Korma also help millers improved their processing margin.

Guar by – Products Monthly Average Prices:

Commodity	Centre	15-Nov	15-Oct	Change
Churi	Jodhpur	1453	1535	-82
Korma	Jodhpur	1825	1946	-121
Churi	Sri-Ganganagar	1343	1458	-115
Korma	Sri-Ganganagar	1797	1944	-147
Prices in Rs/75kg				

Guar Export Monthly Average Prices:

Commodity	Variety	15-Nov	15-Oct	Change
Guargum Split		1131	1290	-159
Guargum Powder	200 Mesh 5000 CPS	1438	1585	-147

	200 Mesh 3500 CPS	1358	1512	-154
Guargum Meal	40%	299	320	-21
	50%	383	418	-35
Prices in \$/MT				

Commodity	Centre	Monthly Prices (Average)		Change
	Guar Seeds	15-Nov	15-Oct	
Rajasthan	Jodhpur (Loose)	3594	4002	-408
	Jodhpur(Delivery)	3794	4202	-408
	Sri-Ganganagar(Loose)	3460	3759	-299
	Sri-Ganganagar (Delivery)	3655	3950	-295
	Nagaur (Loose)	3376	3776	-400
	Alwar (loose)	3400	3829	-429
	Churu (Delivery)	3600	4013	-413
	Bikaner (Loose)	3492	3811	-319
	Bikaner (Delivery)	3686	4004	-318
	Khajuwala Bikaner (Loose)	3456	3794	-338
	Khajuwala Bikaner(Delivery)	3595	3946	-351
	Nokha(Loose)	3440	3868	-428
	Nokha (Delivery)	3565	4007	-442
	Hanumangarh (Loose)	3452	3752	-300
	Hanumangarh (Delivery)	3652	3948	-296
Haryana	Adampur (Loose)	3546	3829	-283
	Adampur (Delivery)	3742	4020	-278
	Sirsa (Loose)	3485	3821	-336
	Bhiwani (Delivery)	3609	3959	-350
	Dhabwali (Loose)	3423	3782	-359
	Dhabwali (Delivery)	3620	3977	-357
	Siwani (Loose)	3573	3934	-361
	Ellanabad (Loose)	3496	3797	-301
Gujarat	Deesa (Loose)	3480	3680	-200
	Patan (Loose)	3481	3721	-240
	Rajkot (Loose)	3574	3865	-291
	Dhrol(loose)	3486	3740	-254
Madhya Pradesh	Dabra (Loose)	NA	NA	-
Guar Gum				
Rajasthan	Jodhpur	7659	8475	-816
	Alwar	7700	8422	-722

Haryana	Sirsa	7461	8387	-926
	Bhiwani	7578	8399	-821
	Dhabwali	7560	8410	-850
	Ellanabad	7490	8416	-926

Guar Cumulative Arrivals in Key Centers

Centre	Monthly Arrivals (Quintals)			Change
		15-Nov	15-Oct	
Rajasthan	Jodhpur	NA	NA	-
	Sri-Ganganagar	71500	146800	-75300
	Nagaur	3950	4350	-400
	Alwar	6500	6600	-100
	Churu	15300	20900	-5600
	Bikaner	28700	26800	1900
	Khajuwala Bikaner	30800	20300	10500
	Nokha	14311	13600	711
	Hanumangarh	11100	22800	-11700
Haryana	Adampur	25400	27400	-2000
	Sirsa	9732	20900	-11168
	Bhiwani	33900	25300	8600
	Dhabwali	5800	16200	-10400
	Siwani	17800	11450	6350
	Ellanabad	20800	21050	-250
Gujarat	Deesa	7080	650	6430
	Patan (Loose)	9997	1890	8107
	Rajkot	11385	11935	-550
	Dhrol	538	262	276
Madhya Pradesh	Dabra	NA	NA	-
Total Arrival		324593	399187	-74594

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 tumbled down in last month due to weak demand of guar gum powder from overseas and consistent arrivals in the markets.

We expect prices to sustain in a range with weak tone in the coming month as expected.

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