

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.
- In the fourth week of December 2015, India has exported 6128 tons of guar gum powder, 1360 tons of guar splits and 1243 tons of guar meal. Recent week export figures takes the overall guar gum exports to 19660 tons which is 26% higher compared to prior month. It is notable that India exported 15596 tons of guar gum in November month.
- Higher crushing of guar seed in last couple of weeks increased the overall production of churi and korma which increase the supply resulted in decline in Churi and Korma prices.

Current Market Dynamics

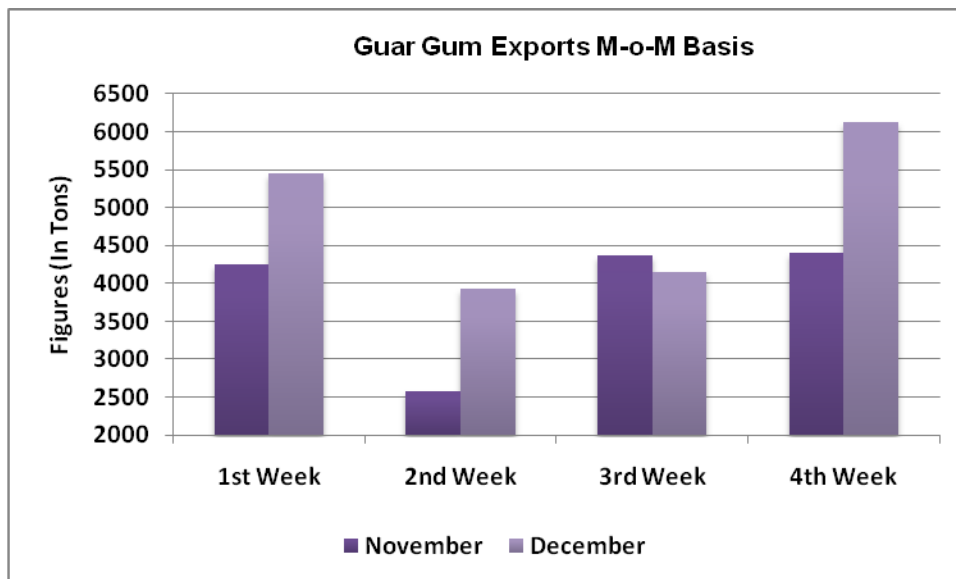
Guar seed average prices moved in a range last month due to good demand of guar seed from local buyers/millers. Also, weak cumulative arrivals compared to prior year in key markets also help boost the prices of seed and gum. But weak demand of gum from overseas buyers offset the impact of bullishness.

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

As far as weekly guar gum exports are concerned, In the fourth week of December 2015, India has exported 6128 tons of guar gum powder, 1360 tons of guar splits and 2736 tons of guar meal.



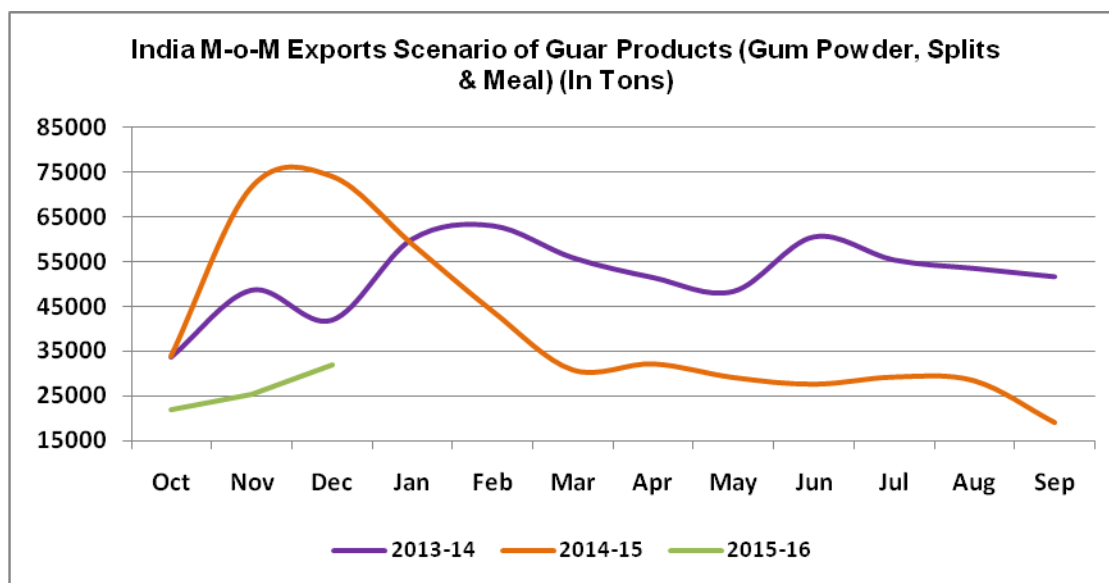
Demand Side of Guar and Guar Gum:

On export front, demands of guar products increased in December.

Foreign buyers have guar gum stocks upto February and may start new buying in March and April month.

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.

Below are the monthly guar products exports 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. As far as Jodhpur district is concerned, guar seed crop is increasing here too due to good rainfall this year.

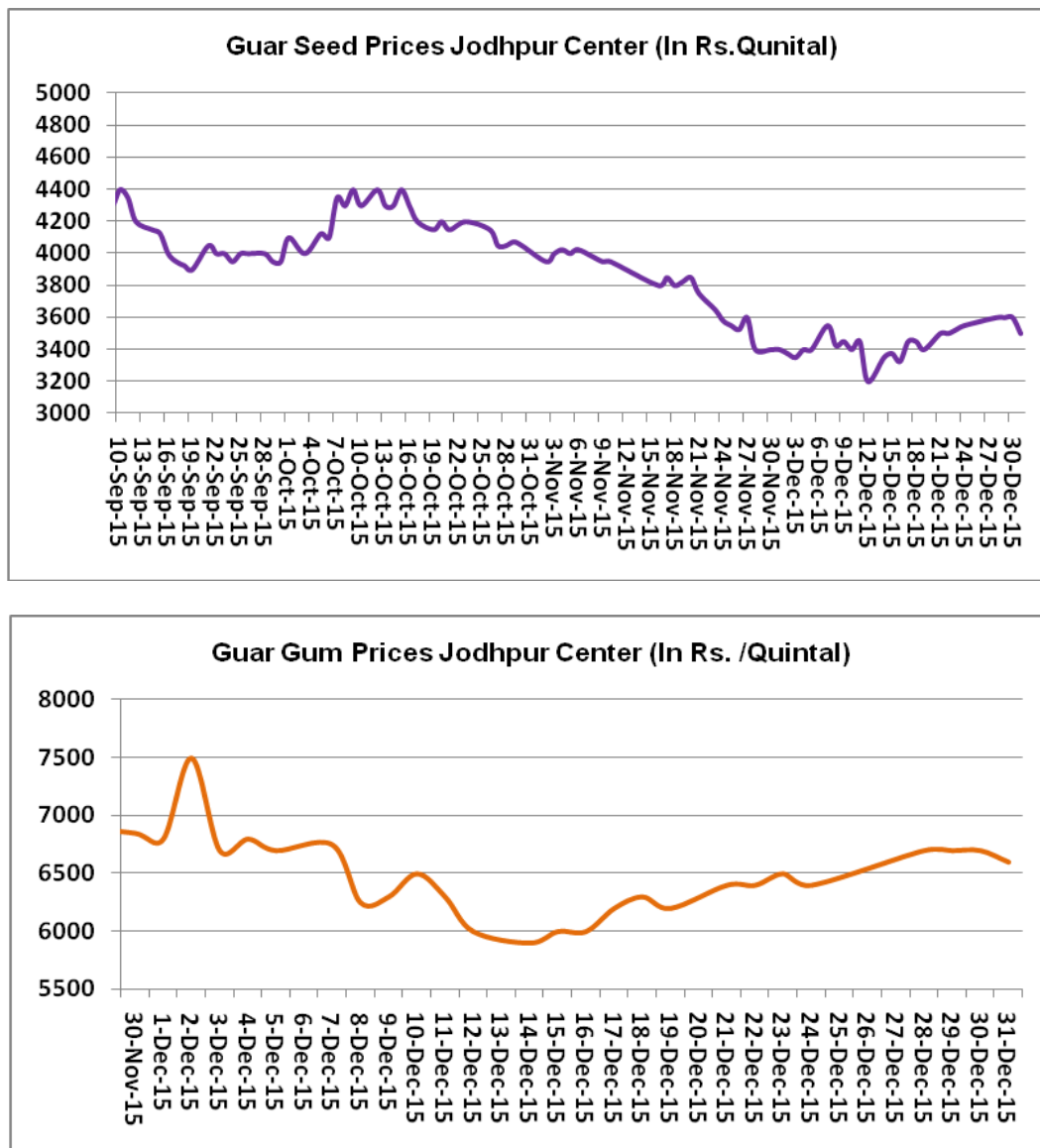
	2014	2015	% Change	2014	2015		2014	2015	% Change
	Acreage (‘000 hec)	Acreage (E) ‘000 hec)		Yield (Ton/Hec)	Yield (E) (Ton/Hec)		Production (‘000 Tons)	Production (E) (‘000 tons)	
Haryana	331	365.8	11%	0.67	0.637	-5%	221.8	232.8	5%
Rajasthan	3345	3546	6%	0.393	0.334	-15%	1315	1184	-9.9
Gujarat	308.3	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.

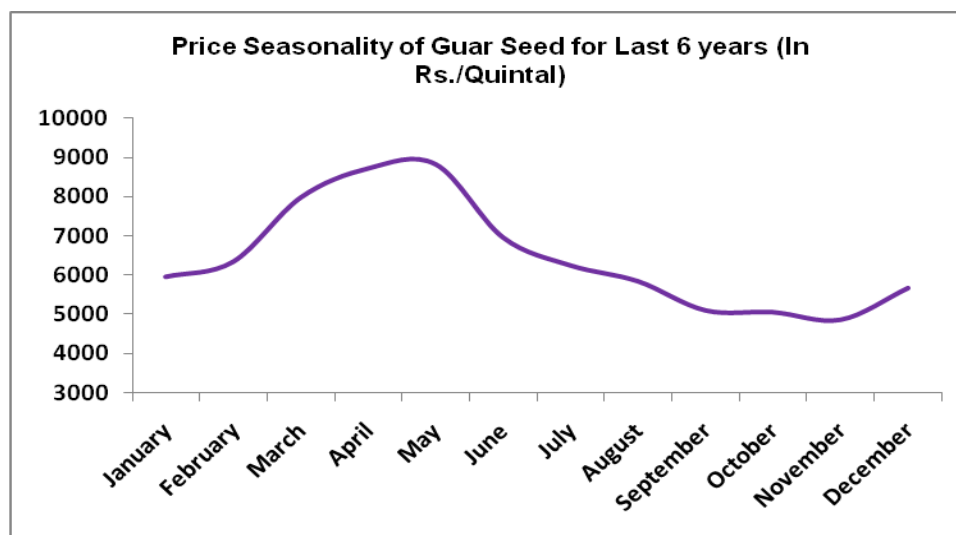
In Haryana, there is yield damage due to pest attack. However, yields have improved in western part of Rajasthan especially in Jodhpur, Jaisalmer and Barmer region. Good rainfall also support the yield In that region. However, overall yield situation is not good in Rajasthan.

Price Scenario

Monthly average Guar seed prices surged slightly month-on-month basis in Jodhpur market. The average monthly price of guar seed for December declined by 9% to Rs.3445/Qtl. Also, guar gum declined by 16% to Rs.6464/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, guar seed prices started rebound from lower levels in the month of November and continued its rally until April came.

However, this year prices don't follow the seasonality due to weak demand of gum from overseas.

Also, big stockists and trade houses trying hard to kept the guar prices low which ultimately urge farmers to plant less guar seed in their respective fields.

Guar Gum Mills Running Status:

	Installed	Running
Pali	4	0
Jodhpur	85	15
Barmer	10	2
Deesa	20	3

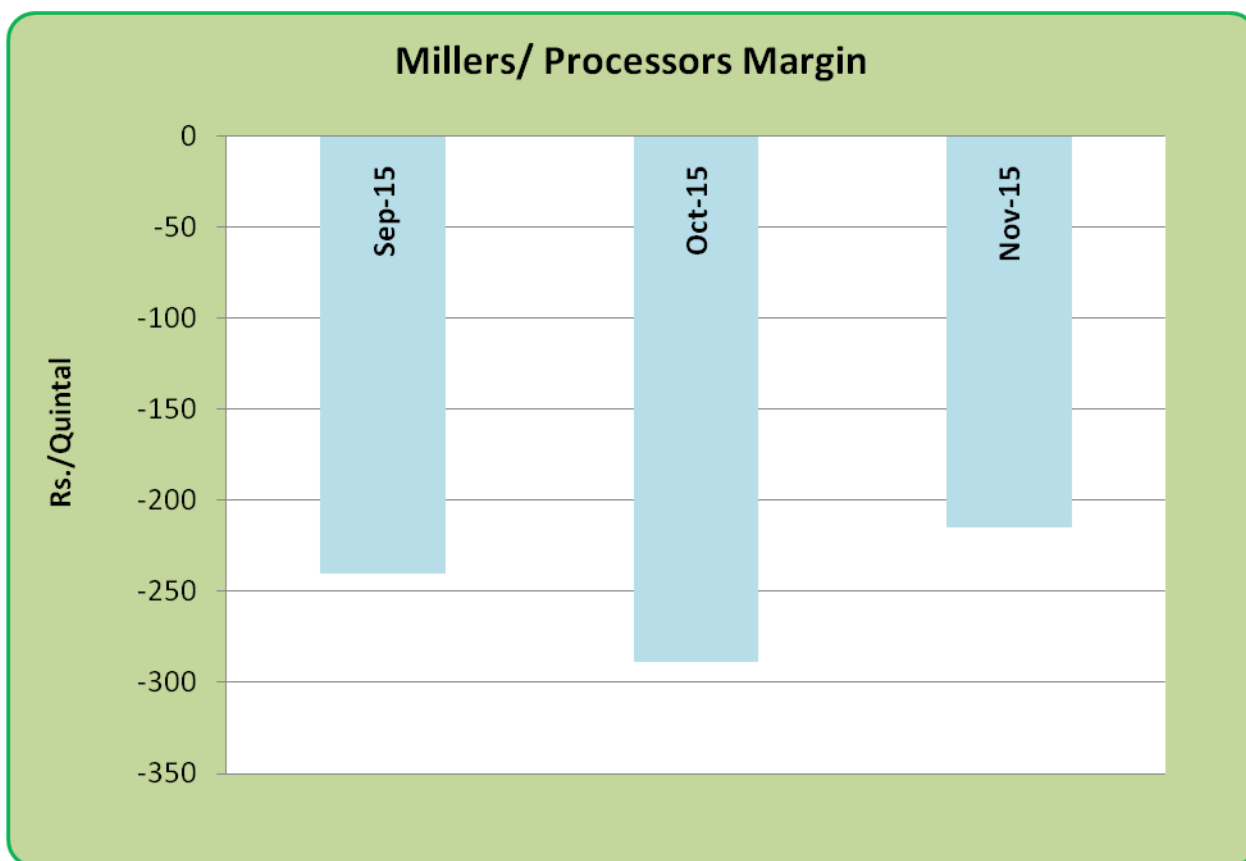
At present 90% of the total guar gum millers have stopped their processing units due to price disparity. In Jodhpur region, only 15 mills are running out of total 85 guar gum mills.

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.

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 December 2015, average crush margin stood at Rs. -183/Quintal which were -215 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-Dec	15-Nov	Change
Churi	Jodhpur	1462	1453	9
Korma	Jodhpur	1868	1825	43
Churi	Sri-Ganganagar	1499	1343	156
Korma	Sri-Ganganagar	1918	1797	121
Prices in Rs/75kg				

Guar Export MonthlyAverage Prices:

Commodity	Variety	15-Dec	15-Nov	Change
Guargum Split		975	1131	-156
Guargum Powder	200 Mesh 5000 CPS	1276	1438	-162
	200 Mesh 3500 CPS	1203	1358	-155
Guargum Meal	40%	318	299	19
	50%	385	383	2

Prices in \$/MT

Commodity	Centre	Monthly Prices (Average)		Change
		15-Dec	15-Nov	
Rajasthan	Guar Seeds			
	Jodhpur (Loose)	3555	3594	-39
	Jodhpur(Delivery)	3754	3794	-40
	Sri-Ganganagar(Loose)	3418	3460	-42
	Sri-Ganganagar (Delivery)	3611	3655	-44
	Nagaur (Loose)	3371	3376	-5
	Alwar (loose)	3350	3400	-50
	Churu (Delivery)	3546	3600	-54
	Bikaner (Loose)	3476	3492	-16
	Bikaner (Delivery)	3664	3686	-22
	Khajuwala Bikaner (Loose)	3414	3456	-42
	Khajuwala Bikaner(Delivery)	3544	3595	-51
	Nokha(Loose)	3412	3440	-28
	Nokha (Delivery)	3536	3565	-29
	Hanumangarh (Loose)	3424	3452	-28
	Hanumangarh (Delivery)	3624	3652	-28
Haryana	Adampur (Loose)	3517	3546	-29
	Adampur (Delivery)	3705	3742	-37
	Sirsa (Loose)	3448	3485	-37
	Bhiwani (Delivery)	3565	3609	-44
	Dhabwali (Loose)	3392	3423	-31
	Dhabwali (Delivery)	3588	3620	-32
	Siwani (Loose)	3539	3573	-34
Gujarat	Ellanabad (Loose)	3481	3496	-15
	Deesa (Loose)	3439	3480	-41
	Patan (Loose)	3448	3481	-33
	Rajkot (Loose)	3557	3574	-17
Madhya pradesh	Rajkot (Loose)	3455	3486	-31
	Dabra (Loose)	4750	NA	-
Guar Gum				
Rajasthan	Jodhpur	7561	7659	-98
	Alwar	7468	7700	-232
Haryana	Sirsa	7348	7461	-113
	Bhiwani	7541	7578	-37
	Dhabwali	7458	7560	-102
	Ellanabad	7383	7490	-107

Guar Cumulative Arrivals in Key Centers

Centre		Monthly Arrivals (Quintals)		Change
		15-Dec	15-Nov	
Rajasthan	Jodhpur	80	NA	-

	Sri-Ganganagar	71300	71500	-200
	Nagaur	4000	3950	50
	Alwar	6900	6500	400
	Churu	15800	15300	500
	Bikaner	29700	28700	1000
	Khajuwala Bikaner	39300	30800	8500
	Nokha	14511	14311	200
	Hanumangarh	10350	11100	-750
Haryana	Adampur	28300	25400	2900
	Sirsa	12532	9732	2800
	Bhiwani	31150	33900	-2750
	Dhabwali	5890	5800	90
	Siwani	18400	17800	600
	Ellanabad	2500	20800	-18300
Gujarat	Deesa	18430	7080	11350
	Patan (Loose)	6877	9997	-3120
	Rajkot	9625	11385	-1760
	Dhrol	11635	538	11097
Madhya pradesh	Dabra	351	NA	-
Total Arrival		337631	324593	13038

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	3805	4100	4800
Intraday Trade Call			Call	Entry	T1	T2	SL
Guar Seed	NCDEX	C1	Buy	Above 3100	3500	3700	2840

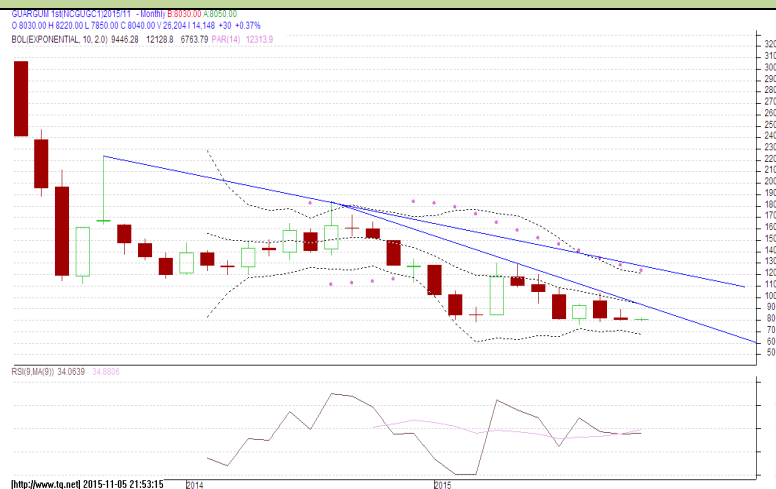
Commodity: Guar Gum
Contract: C1 Continuous Chart

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 6000	7000	7500	5400

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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