

**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.
- India likely to export 10.45 lac tons of guar gum powder and split (equivalent of guar seed) in 2015-16 as per an estimate by Agriwatch. India already exported 2.86 lac tons of guar gum powder and split from the period Oct-Jan 2015-16.
- India has exported 24841 tons of Guar Products (Gum, Splits & Meal) in the month of January 2016 which is 58% lower export figures compared to last year. Out of the total guar exports, 20094 tons of Guar gum powder, 2515 tons of Splits and 2232 tons of Guar meals exported in January 2016.
- Guar meal total exports for the month of January 2016 declined sharply by 74% compared to last month due to weak demand from overseas. Guar Meal products like Churi and Korma exports down mainly due to lower production domestically. Lower disparity bound millers of guar gum millers to shut down their mills which create a short term shortage of guar meal in the market. Reportedly, prices of Churi and Korma are trading at Rs. 2000 and Rs 2300 respectively up by 42% compared to last year.
- Ratio of guar seed to gum improved slightly this week to 1.77 which in the earlier week was 1.75. Higher decline in guar seed prices compared to guar gum increased the ratio.
- Arrivals of guar seed should decline in the coming weeks as per our expectation as farmers will start harvesting their new mustard seed crop from 3<sup>rd</sup> week of February onwards.

**Current Market Dynamics**

Guar prices are continuously moving downwards considering weak demand and speculation

In Ganganagar market, arrivals were reported around 16900 bags of guar seed last month which was around 71300 bags prior month.

Also Adampur (Haryana) market, the biggest market of guar in North reported slightly lower arrivals (20400 bags) compared to prior month i.e. 28300 bags.

## Export and Import Scenario

India has exported 19660 tons of guar gum powder in the month of January 2016 up 2% compared to last month. Also, recent gum export declined by 42% compared to previous year due to weak overseas. Reportedly, around 90% of the guar gum powder mills are closed due to lesser demand from overseas.

### Demand Side of Guar Gum:

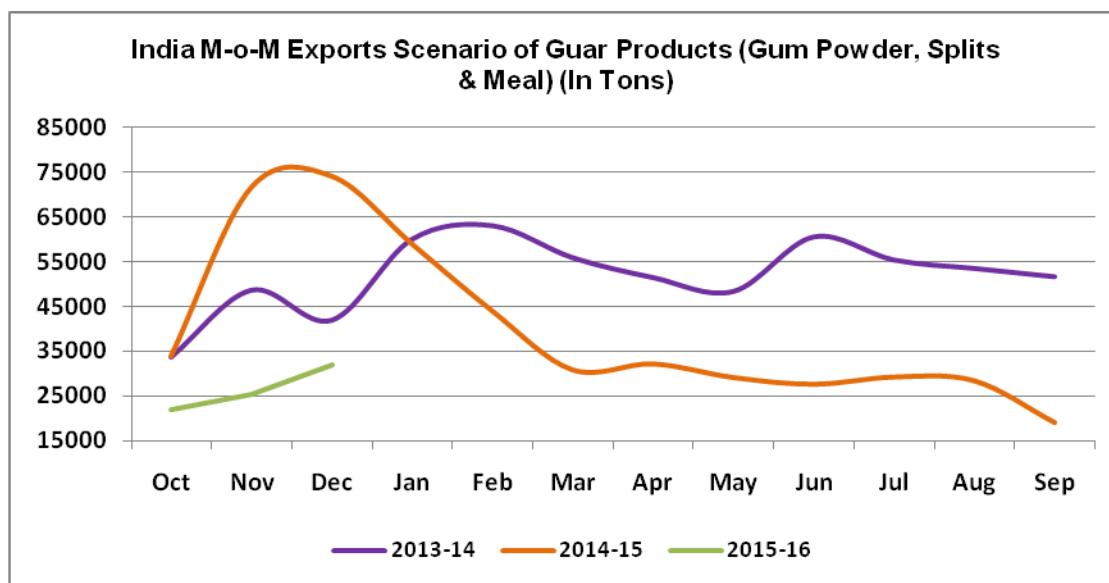
On export front, demands of guar products decreased in January

Foreign buyers have guar gum stocks up to 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.

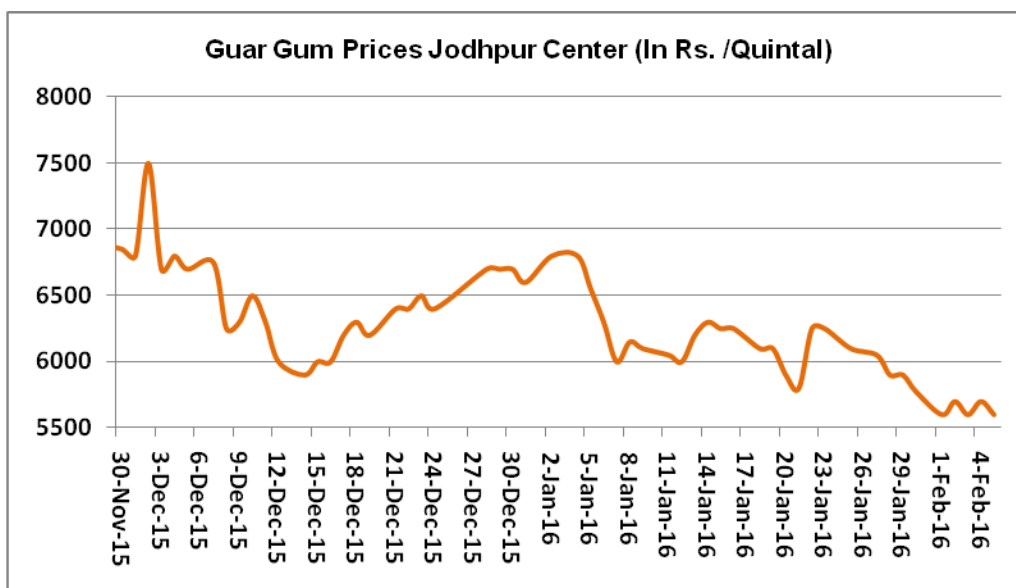
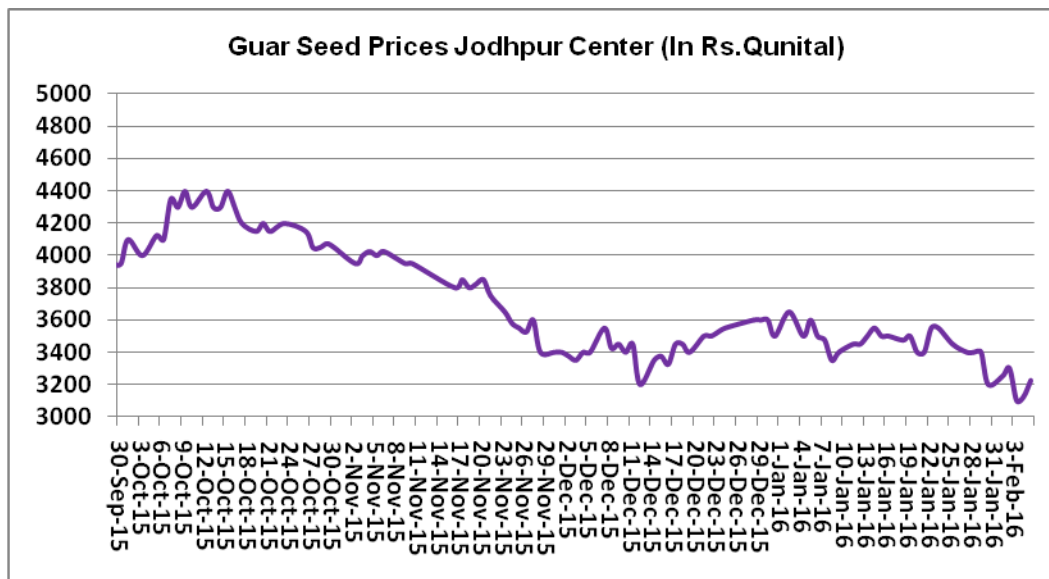
However, as far as domestic demand is concerned, food industry increased their buying quantity to fulfill their requirement as reported.

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

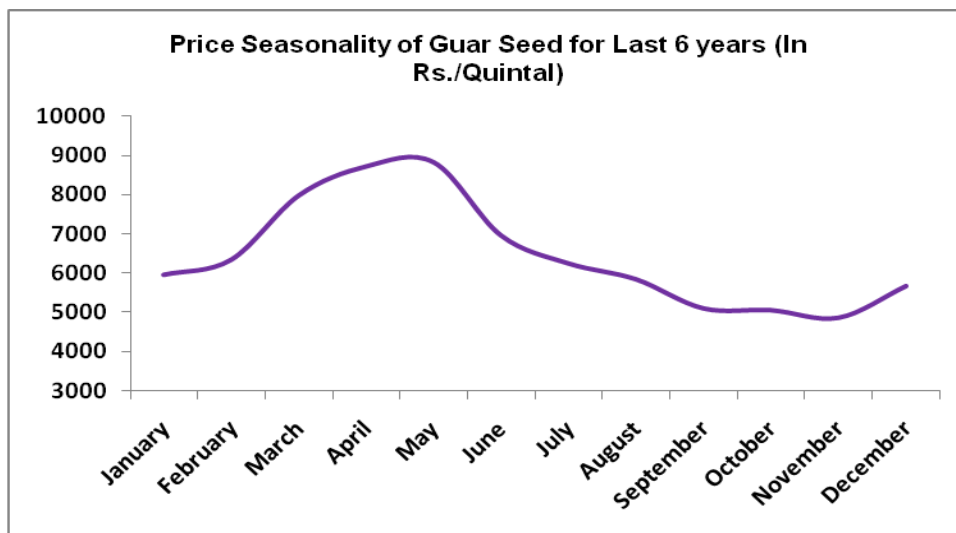


## Price Scenario

Monthly average Guar seed prices surged slightly month-on-month basis in Jodhpur market. The average monthly price of guar seed for January surged slightly by 0.6% to Rs.3464/Qtl. Also, guar gum declined by 4.7% to Rs.6161/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 Seed Supply & Demand Position**

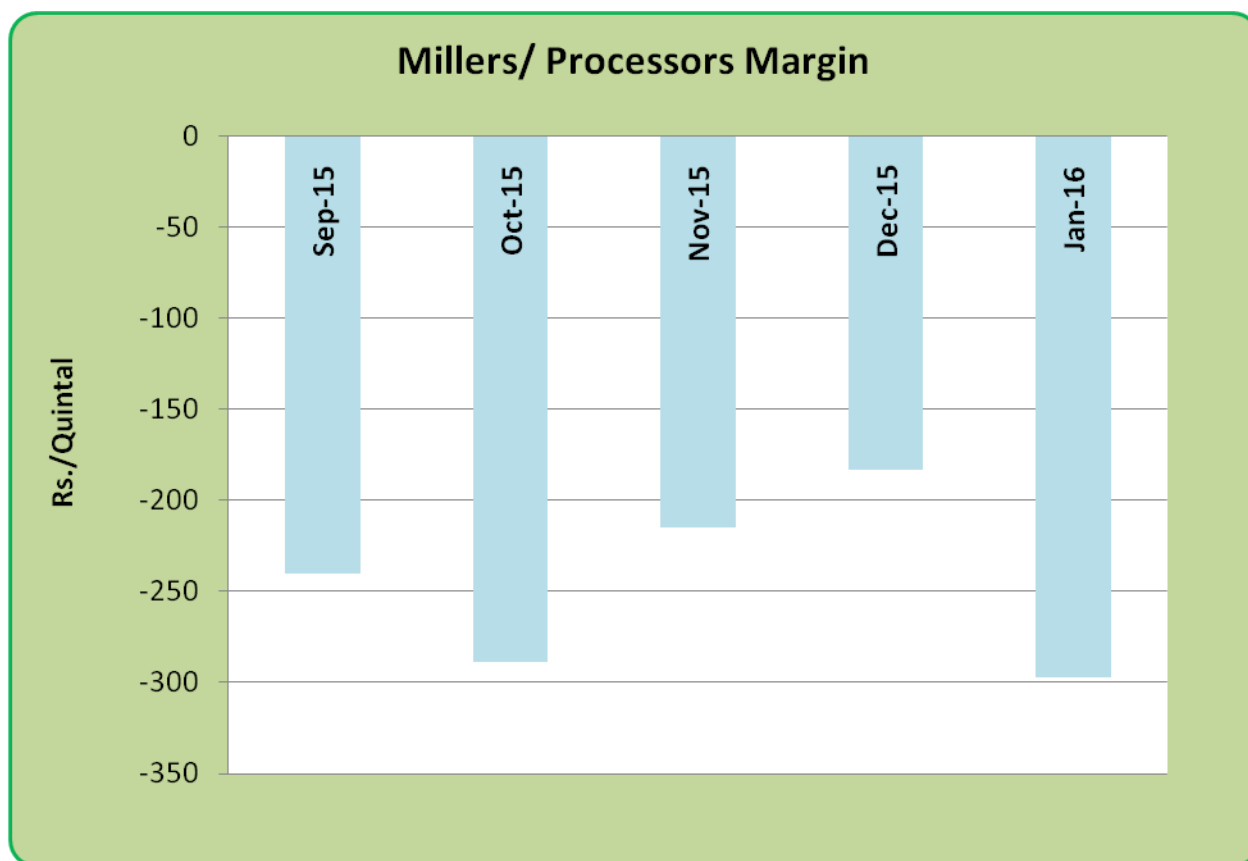
<b>Domestic Guar Seed Supply &amp; Demand Situation (Figures In Lakh Metric Tonnes)</b>						
<b>Item</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2015-16</b>	<b>2015-16</b>	<b>2015-16</b>	<b>2015-16</b>
<b>Supply</b>			<b>Oct-Dec</b>	<b>Jan-Mar</b>	<b>Apr-June</b>	<b>July-Sept</b>
Opening Stock	6.90	6.46	6.46	6.86	9.14	9.00
Production	17.60	15.18	15.18	0.00	0.00	0.00
Arrivals	17.60	15.18	3.34	6.07	3.64	2.13
Import	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Availability</b>	<b>24.50</b>	<b>21.64</b>	<b>9.80</b>	<b>12.94</b>	<b>12.78</b>	<b>11.12</b>
<b>Demand</b>						
<b>Total Crushing</b>	<b>18.04</b>	<b>13.95</b>	<b>2.94</b>	<b>3.80</b>	<b>3.79</b>	<b>3.42</b>
Domestic Consumption (Textile, Food & Pharma Industry)	4.97	3.50	0.88	0.88	0.88	0.88
Guar Exports	3.72	2.98	0.58	0.83	0.83	0.73
Exports (Guar seed Equivalent)	13.07	10.45	2.06	2.92	2.91	2.55
Carry Forward (Farmers and Traders Holdings)	6.46	7.69	6.86	9.14	9.00	7.70
Av Monthly Consumption	1.50	1.16	0.98	1.27	1.26	1.14
Stock to Month Use	4.30	6.62	7.02	7.22	7.12	6.75
Stock to Consumption Ratio	0.36	0.55	2.34	2.41	2.37	2.25

Guar seed opening stock for the marketing year 2015-16 is likely to settle at 6.46 lac tons which is slightly less than last year.

As far as production is concerned, we expect 15.18 lac tons of guar seed production in 2015-16 which is less compared to last year due to higher pest attack in Haryana and lower acreage compared to last year.

On export scenario, India is likely to export 10.45 lac tons of guar gum powder and split (equivalent to guar seed) which is 20% lesser compared to last year.

**Millers/Processors Margin**



As seen in the chart above, the average crushing margin of guar seed decreased compared to previous month. In the month of January 2016, average crush margin stood at Rs. -297/Quintal which were -183 per quintal last month. Steady guar seed prices and higher declined in gum prices led the margin down this month.

Guar by – Products Monthly Average Prices:				
Commodity	Centre	30-Jan-16	31-Dec-15	Change
Churi	Jodhpur	1560	1462	98
Korma	Jodhpur	1872	1868	4
Churi	Sri-Ganganagar	1571	1499	72
Korma	Sri-Ganganagar	1805	1918	-113
Prices in Rs/75kg				

Guar Export Monthly Average Prices:				
Commodity	Variety	30-Jan-16	31-Dec-15	Change
Guargum Split		924	975	-51
Guargum Powder	200 Mesh 5000 CPS	1221	1276	-55
	200 Mesh 3500 CPS	1147	1203	-56
Guargum Meal	40%	327	318	9
	50%	375	385	-10
Prices in \$/MT				

Guar Seed Monthly Average Prices:				
Commodity	Centre	Monthly Prices (Average)		Change
Guar Seed		30-Jan-16	31-Dec-15	
Rajasthan	Jodhpur (Loose)	3269	3555	-286
	Jodhpur(Delivery)	3465	3754	-289
	Sri-Ganganagar(Loose)	3103	3418	-315
	Sri-Ganganagar (Delivery)	3252	3611	-359
	Nagaur (Loose)	3014	3371	-357
	Churu (Delivery)	3220	3546	-326
	Alwar (Loose)	3017	3350	-333
	Bikaner (Loose)	3093	3476	-383
	Bikaner (Delivery)	3264	3664	-400
	Nokha(Loose)	3100	3412	-312
	Nokha (Delivery)	3213	3536	-323
	Khajuwala (Loose)	3089	3414	-325
	Khajuwala (Delivery)	3170	3544	-374
	Hanumangarh (Loose)	3089	3424	-335

	Hanumangarh (Delivery)	3289	3624	<b>-335</b>
<b>Haryana</b>	Adampur (Loose)	3145	3517	<b>-372</b>
	Adampur (Delivery)	3345	3705	<b>-360</b>
	Sirsa (Loose)	3099	3448	<b>-349</b>
	Bhiwani (Delivery)	3213	3565	<b>-353</b>
	Dhabwali (Loose)	3084	3392	<b>-308</b>
	Dhabwali (Delivery)	3247	3588	<b>-341</b>
	Siwani (Loose)	3216	3539	<b>-323</b>
	Ellanabad (Loose)	3104	3481	<b>-377</b>
	Fatehabad (Loose)	3065	NR	<b>-</b>
<b>Gujarat</b>	Deesa (Loose)	3137	3439	<b>-302</b>
	Patan (Loose)	3182	3448	<b>-266</b>
	Rajkot (Loose)	3242	3557	<b>-315</b>
	Dhrol (Loose)	3134	3455	<b>-321</b>
<b>Madhya pradesh</b>	Dabra (Loose)	3168	4750	<b>-1582</b>
<b>Guar Gum</b>				
<b>Rajasthan</b>	Jodhpur	6161	7561	<b>-1400</b>
	Alwar	6060	7468	<b>-1408</b>
<b>Haryana</b>	Sirsa	6058	7348	<b>-1290</b>
	Bhiwani	6088	7541	<b>-1454</b>
	Dhabwali	6115	7458	<b>-1343</b>
	Ellanabad	6151	7383	<b>-1232</b>
	Fatehabad	6088	NR	<b>-</b>

**Guar Cumulative Arrivals in Key Centers:**

<b>Commodity</b>	<b>Centre</b>	<b>Monthly Arrivals (Quintals)</b>		<b>Change</b>
		<b>30-Jan-16</b>	<b>31-Dec-15</b>	
<b>Guar Seed</b>				
<b>Rajasthan</b>	Jodhpur	1734	80	<b>1654</b>
	Sri-Ganganagar	16900	71300	<b>-54400</b>
	Nagaur	3545	4000	<b>-455</b>
	Churu	10400	15800	<b>-5400</b>
	Alwar	4900	6900	<b>-2000</b>
	Bikaner	31300	29700	<b>1600</b>
	Nokha	18700	14511	<b>4189</b>



	Khajuwala	55300	39300	16000
	Hanumangarh	6050	10350	-4300
Haryana	Adampur	20400	28300	-7900
	Sirsa	8200	12532	-4332
	Bhiwani	6705	31150	-24445
	Dhabwali	3565	5890	-2325
	Siwani	9400	18400	-9000
	Ellanabad	9650	2500	7150
	Fatehabad	995	NR	-
Gujarat	Deesa	483	18430	-17947
	Patan	3791	6877	-3086
	Rajkot	6470	9625	-3155
	Dhrol	165	11635	-11470
Madhya pradesh	Dabra	3300	351	2949
Total Arrivals		221953	337631	-115678

Commodity: Guar Seed  
Contract: C1 Continuous Chart

Exchange: NCDEX

## Guar Seed Continuous Chart

### Technical Commentary:

- Prices are moving in a downtrend and currently moving in a falling wedge.
- Last candlestick depicts bearishness.
- RSI is moving near to oversold region.
- On the upper side, breach of Rs 3620 would take the prices upto Rs 4100.
- However, on the lower side, two consecutive closes below 2860 would take the prices down to Rs 1450.



Strategy: Sell

Positional Supports & Resistances			S2	S1	PCP	R1	R2
Guar Seed	NCDEX	C1	-	2860	3005	3620	4100
Intraday Trade Call			Call	Entry	T1	T2	SL
Guar Seed	NCDEX	C1	Sell	Below 3100	2950	2880	3190

**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: Sell**

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Guar Gum	NCDEX	C1	4800	5100	5640	6200	6800
Intraday Trade Call			Call	Entry	T1	T2	SL
Guar Gum	NCDEX	C1	<b>Sell</b>	Below 5800	5400	5200	6040

#### Spot Market Outlook:

Prices of guar seed declined sharply last month due to weak demand from overseas as well from domestic industries. We expect prices to continue its lower prices trend in the coming month keeping in view higher ending stock and weak demand.

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