

Highlights of the Month:

- Guar seed and gum prices declined today in key markets due to weak demand and higher carry over stock. Also, speculators bring the prices down to create panic selling in the open markets.
- Guar gum prices recently test its lowest levels in 5 years owing to weak demand from overseas.
- Retail investors are not finding guar seed market lucrative and avoid online trading platform these days, which curb punters to do speculation in prices as reported.
- Around 20000-25000 bags arriving daily in all India guar seed markets as reported.
- On export front, guar products export demand improved slightly compared to prior month. India has exported 26485 tons of guar seed products (Gum powder, Splits & Meal) in the month of February 2016 up 6.6% compared to last month.

Current Market Dynamics

Guar prices are continuously moving downwards considering weak demand and speculation

In Ganganagar market, arrivals were reported around 23500 bags of guar seed last month which was around 16900 bags prior month.

Also Adampur (Haryana) market, the biggest market of guar in North reported slightly lower arrivals (28100 bags) compared to prior month i.e. 20400 bags.

Export and Import Scenario

On export front, guar products export demand improved slightly compared to prior month. India has exported 26485 tons of guar seed products (Gum powder, Splits & Meal) in the month of February 2016 up 6.6% compared to last month.

However, recent gum export declined by 18% compared to previous month due to weak overseas demand.

Demand Side of Guar Gum:

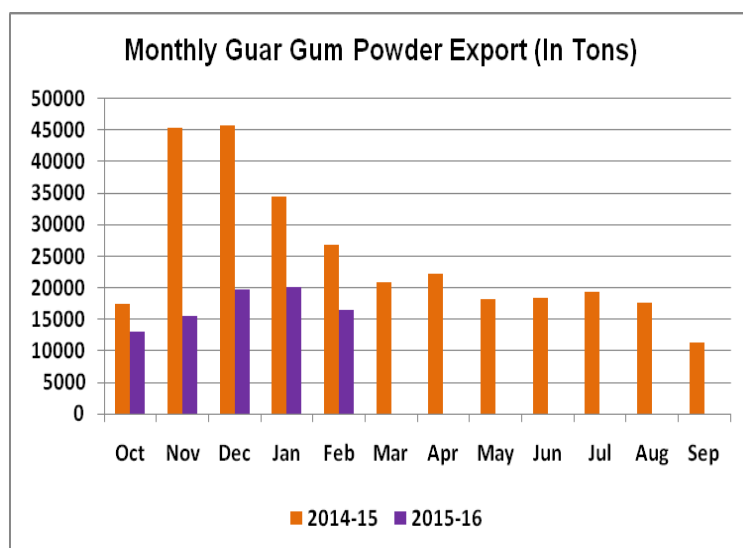
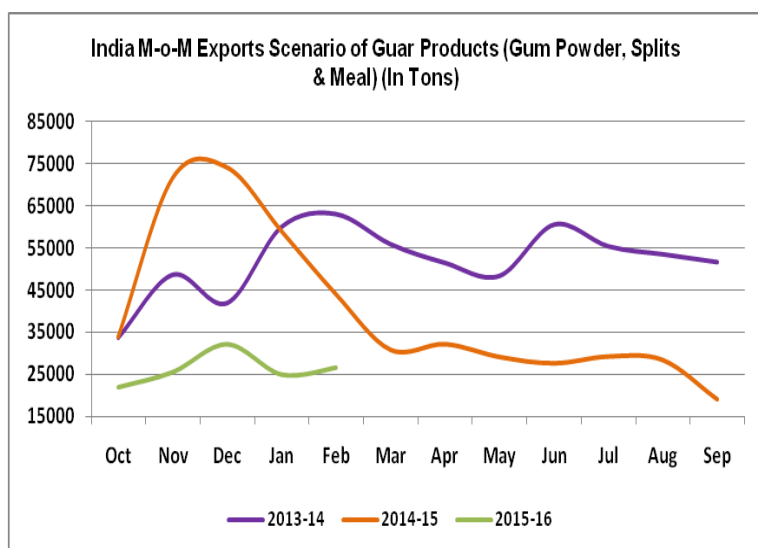
On export front, demands of guar products decreased in February

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.

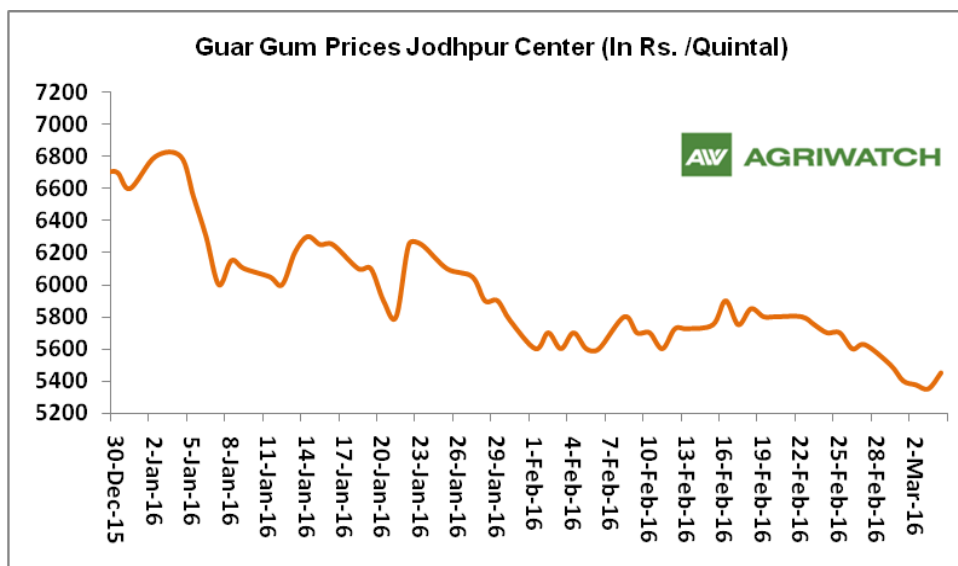
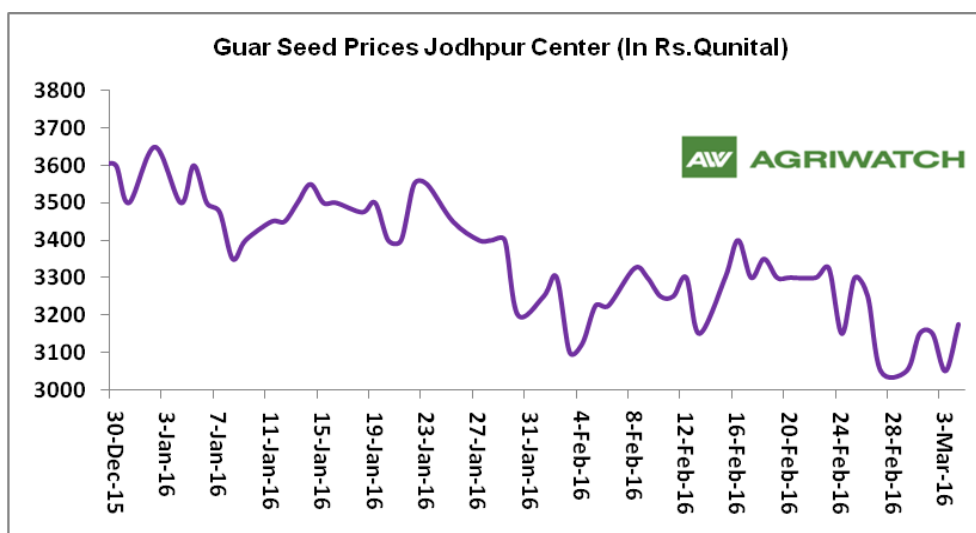
However, as far as domestic demand is concerned, food industry increased their buying quantity to fulfill their requirement as reported.

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

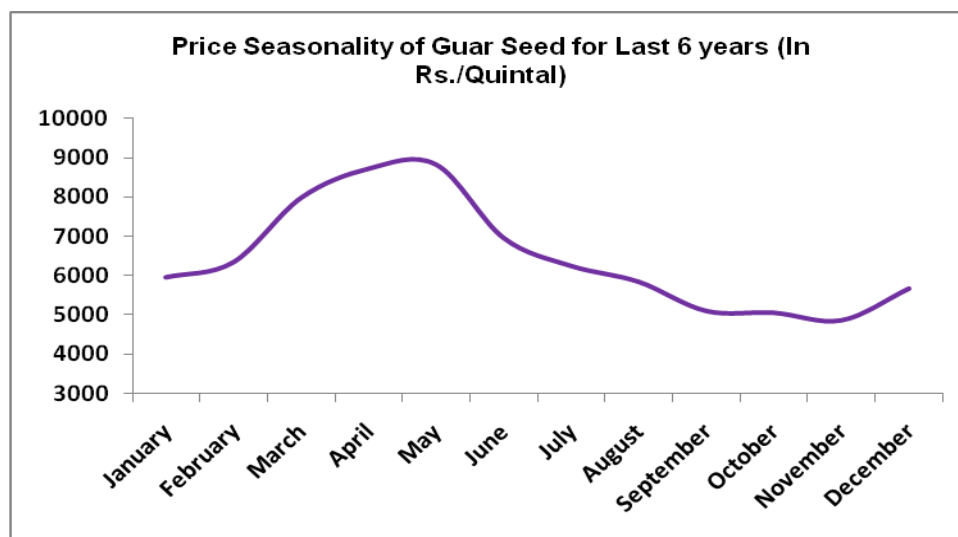


Price Scenario

Monthly average Guar seed prices declined month-on-month basis in Jodhpur market. The average monthly price of guar seed for February declined by 6.3% to Rs.3247/Qtl. Also, guar gum declined by 7.4% to Rs.5703/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

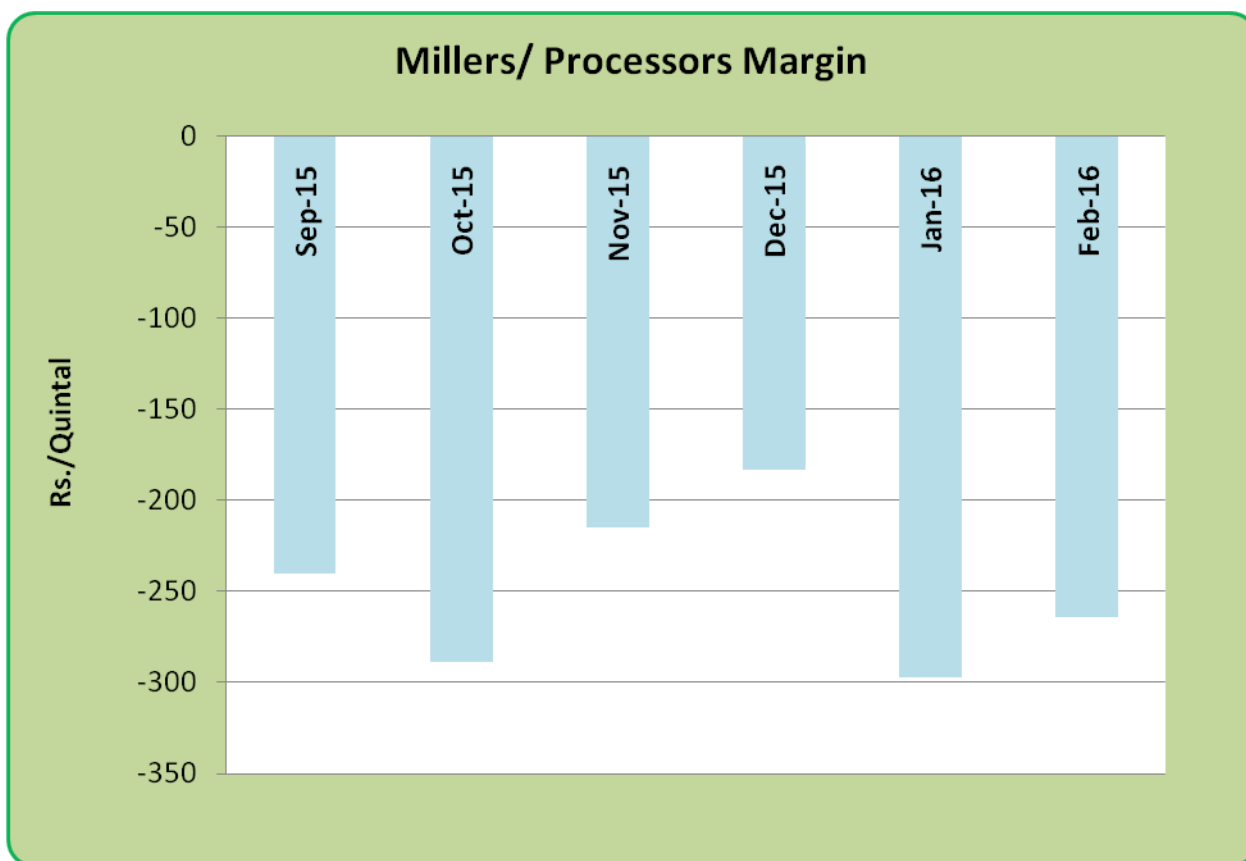
| Domestic Guar Seed Supply & Demand Situation (Figures In Lakh Metric Tonnes) | | | | | | |
|-----------------------------------------------------------------------------------------|----------------|----------------|----------------|----------------|-----------------|------------------|
| Item | 2014-15 | 2015-16 | 2015-16 | 2015-16 | 2015-16 | 2015-16 |
| Supply | | | Oct-Dec | Jan-Mar | Apr-June | July-Sept |
| 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 |
| Total Availability | 24.50 | 21.64 | 9.80 | 12.94 | 12.78 | 11.12 |
| Demand | | | | | | |
| Total Crushing | 18.04 | 13.95 | 2.94 | 3.80 | 3.79 | 3.42 |
| 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 surged slightly compared to previous month. In the month of February 2016, average crush margin stood at Rs. -264/Quintal which were -297 per quintal last month. Higher increase in churi and korma prices led the margin up this month.

| Guar by – Products Monthly Average Prices: | | | | |
|--------------------------------------------|----------------|-------------|------------|--------|
| Commodity | Centre | February-16 | January-16 | Change |
| Churi | Jodhpur | 1545 | 1560 | -16 |
| Korma | Jodhpur | 1807 | 1872 | -65 |
| Churi | Sri-Ganganagar | 1496 | 1571 | -75 |
| Korma | Sri-Ganganagar | 1698 | 1805 | -108 |
| Prices in Rs/75kg | | | | |

| Guar Export Monthly Average Prices: | | | | |
|-------------------------------------|-------------------|-------------|------------|--------|
| Commodity | Variety | February-16 | January-16 | Change |
| Guargum Split | | 833 | 924 | -91 |
| Guargum Powder | 200 Mesh 5000 CPS | 1126 | 1221 | -95 |
| | 200 Mesh 3500 CPS | 1053 | 1147 | -94 |
| Guargum Meal | 40% | 311 | 327 | -16 |
| | 50% | 344 | 375 | -30 |
| Prices in \$/MT | | | | |

| Guar Seed Monthly Average Prices: | | | | | |
|-----------------------------------|----------------|---------------------------|----------------------------------|------------|--------|
| Commodity | District | Centre | Monthly Prices (Average)(Rs/Qtl) | | Change |
| Guar Seed | | | February-16 | January-16 | |
| Rajasthan | Jodhpur | Jodhpur (Loose) | 3065 | 3269 | -204 |
| | | Jodhpur(Delivery) | 3247 | 3465 | -218 |
| | Sri-Ganganagar | Sri-Ganganagar(Loose) | 2913 | 3103 | -189 |
| | | Sri-Ganganagar (Delivery) | 3026 | 3252 | -226 |
| | | Rawla (Loose) | 2879 | 2998 | -119 |
| | | Gharsana (Loose) | 2883 | 3093 | -210 |
| | | Raisinghnagar (Loose) | 2880 | 3120 | -239 |
| | Bikaner | Bikaner (Loose) | 2925 | 3104 | -180 |
| | | Bikaner (Delivery) | 3117 | 3278 | -161 |
| | | Nokha(Loose) | 2953 | 3097 | -144 |
| | | Nokha (Delivery) | 3059 | 3208 | -149 |
| | | Khajuwala (Loose) | 2903 | 3093 | -190 |
| | | Khajuwala (Delivery) | 3019 | 3216 | -197 |

| | | | | | |
|-----------------------|--------------------|------------------------|------|------|-------------|
| | | Lunkaransar (Loose) | 2903 | 3084 | -181 |
| | Hanumangarh | Hanumangarh (Loose) | 2865 | 3091 | -226 |
| | | Hanumangarh (Delivery) | 3074 | 3291 | -217 |
| | | Nohar (Loose) | 2917 | 3113 | -195 |
| | | Pilibanga (Loose) | 2875 | 3123 | -247 |
| | Nagaur | Nagaur (Loose) | 2865 | 3014 | -149 |
| | Churu | Churu (Delivery) | 3127 | 3232 | -104 |
| | Alwar | Alwar (Loose) | 2944 | 3037 | -93 |
| Haryana | Hisar | Adampur (Loose) | 2939 | 3145 | -205 |
| | | Adampur (Delivery) | 3122 | 3345 | -222 |
| | Bhiwani | Bhiwani (Delivery) | 3089 | 3222 | -133 |
| | | Siwani (Loose) | 3032 | 3219 | -187 |
| | Sirsa | Sirsa (Loose) | 2878 | 3099 | -220 |
| | | Dhabwali (Loose) | 2843 | 3084 | -241 |
| | | Dhabwali (Delivery) | 3044 | 3247 | -203 |
| | | Ellanabad (Loose) | 2901 | 3118 | -217 |
| | Fatehabad | Fatehabad (Loose) | 2852 | 3065 | -213 |
| Gujarat | Banaskantha | Deesa (Loose) | 3065 | 3146 | -81 |
| | Patan | Patan (Loose) | 3004 | 3185 | -181 |
| | Rajkot | Rajkot (Loose) | 2974 | 3246 | -272 |
| | Jamnagar | Dhrol (Loose) | 2868 | 3161 | -293 |
| Madhya pradesh | Gwalior | Dabra (Loose) | 3054 | 3182 | -127 |
| Guar Gum | | | | | |
| Rajasthan | Jodhpur | Jodhpur | 5707 | 6161 | -454 |
| | Alwar | Alwar | 5765 | 6126 | -362 |
| | Hanumangarh | Nohar | 5713 | 6181 | -469 |
| Haryana | Bhiwani | Bhiwani | 5883 | 6078 | -194 |
| | Sirsa | Sirsa | 5677 | 6058 | -381 |
| | | Dhabwali | 5731 | 6115 | -383 |
| | | Ellanabad | 5713 | 6195 | -482 |
| | Fatehabad | Fatehabad | 5600 | 6088 | -488 |

| Guar Cumulative Arrivals in Key Centers: | | | | | |
|------------------------------------------|----------------|----------------|-----------------------------|------------|--------|
| Commodity | District | Centre | Monthly Arrivals (Quintals) | | Change |
| Guar Seed | | | February-16 | January-16 | |
| Rajasthan | Jodhpur | Jodhpur | 16116 | 1734 | 14382 |
| | Sri-Ganganagar | Sri-Ganganagar | 23500 | 16900 | 6600 |
| | | Rawla | 19650 | 19839 | -189 |
| | | Gharsana | 13050 | 12269 | 781 |
| | | Raisinghnagar | 13825 | 17170 | -3345 |
| | Bikaner | Bikaner | 27000 | 34300 | -7300 |
| | | Nokha | 4200 | 6800 | -2600 |
| | | Khajuwala | 42800 | 67200 | -24400 |
| | | Lunkaransar | 10900 | 6155 | 4745 |
| | Hanumangarh | Hanumangarh | 4640 | 6150 | -1510 |
| | | Nohar | 16900 | 21700 | -4800 |
| | | Pilibanga | 6900 | 5460 | 1440 |
| | Nagaur | Nagaur | 3125 | 3545 | -420 |
| | Churu | Churu | 14600 | 13900 | 700 |
| | Alwar | Alwar | 8900 | 6800 | 2100 |
| Haryana | Hisar | Adampur | 28100 | 20400 | 7700 |
| | Bhiwani | Bhiwani | 30300 | 6845 | 23455 |
| | | Siwani | 9000 | 9800 | -800 |
| | Sirsa | Sirsa | 12350 | 8200 | 4150 |
| | | Dhabwali | 3300 | 3565 | -265 |
| | | Ellanabad | 13225 | 11950 | 1275 |
| | Fatehabad | Fatehabad | 637 | 995 | -358 |
| Gujarat | Banaskantha | Deesa | 29 | 711 | -682 |
| | Patan | Patan | 1939 | 3917 | -1978 |
| | Rajkot | Rajkot | 4465 | 6721 | -2256 |
| | Jamnagar | Dhrol | 116 | 320 | -204 |
| Madhya pradesh | Gwalior | Dabra | 5335 | 7700 | -2365 |
| Total Arrivals/Above Markets | | | 334902 | 321046 | 13856 |

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 2100.



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 oversold region.
- Last candlestick depicts bearishness in the prices.



Strategy: Sell

| Intraday Supports & Resistances | | | S2 | S1 | PCP | R1 | R2 |
|---------------------------------|-------|----|-------------|------------|------|------|------|
| Guar Gum | NCDEX | C1 | - | 4800 | 5480 | 6200 | 6800 |
| Intraday Trade Call | | | Call | Entry | T1 | T2 | SL |
| Guar Gum | NCDEX | C1 | Sell | Below 5600 | 5200 | 5000 | 5840 |

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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