

Domestic Market Recap:

- Guar seed and gum prices continued its downtrend last week due to weak demand.
- Guar sentiments are not looking good at present as weak demand from foreign countries drag the prices downwards. However, if crude oil could sustain its recent corrections only then fall in crude oil prices will stop as expected.
- Foreign buyers are now looking for huge discounts on guar gum prices due to falling crude oil prices. Reportedly, foreign buyers are likely to default the payment of around 25000 tons of guar gum. Big traders and exporters are now expecting guar seed prices to test Rs 3000 per quintal in the coming period.
- Higher degree of decrease in gum prices compared to seed increase disparity to process seed to gum. Stockists, Millers and retailers are currently not finding guar seed lucrative due to continuous falling in prices as reported.
- Stockists have around 15 lac quintals of guar seed from Ganganagar and Hanumangarh region as reported.
- Considering lack of demand and continuous guar seed supply, we expect prices to test Rs 3300 per quintal and then Rs 2700 per quintal in the coming weeks.
- Guar gum prices decline more compared to guar seed which create panic in the markets. No buyer is interested in buying guar at present rates. Also, millers are not running their mills due to disparity of making guar gum powder from guar seed.
- Demand of Churi and Korma declined among retailers (animal feed) due to higher Churi and Korma prices. Only, co-operatives like Amul are interested in buying Churi and Korma at current levels which also depress Guar gum processors

Current Market Dynamics

Guar seed average prices declined last month despite of weak arrivals in Ganganagar region. We expect prices to decline in the coming week owing to weak demand.

In the major Jodhpur market, arrivals were reported around 490 bags of guar seed last week which was around 470 bags prior week.

Also in Adampur (Haryana) market which is the biggest market of guar in North reported higher arrivals (7400 bags) compared to prior week i.e. 10000 bags.

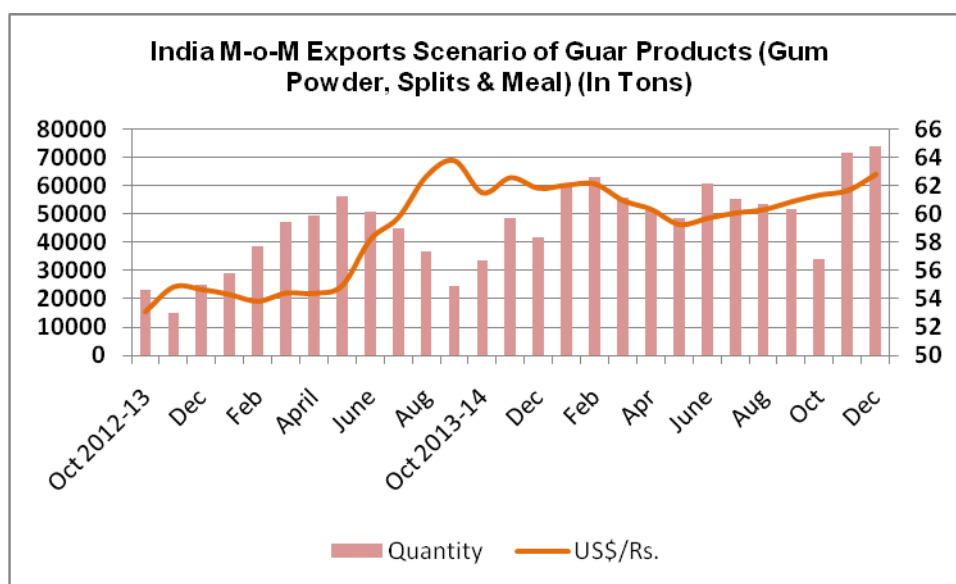
Export and Import Scenario

India has exported around 74084 tons of guar products (Splits, Meal & Powder) in December 2014. Out of the total guar seed export figures, around 16697 tons of Guar Meal, 11678 tons of Guar Splits and 45709 tons of Guar Gum Powder. It is notable that India has exported 71610 tons of Guar products in November 2014.

Demand Side of Guar and Guar Gum:

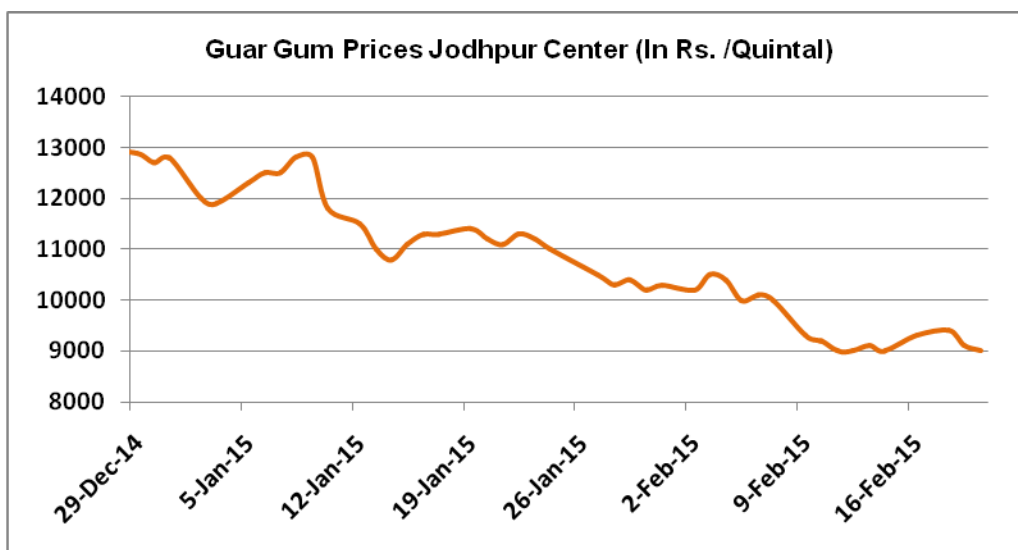
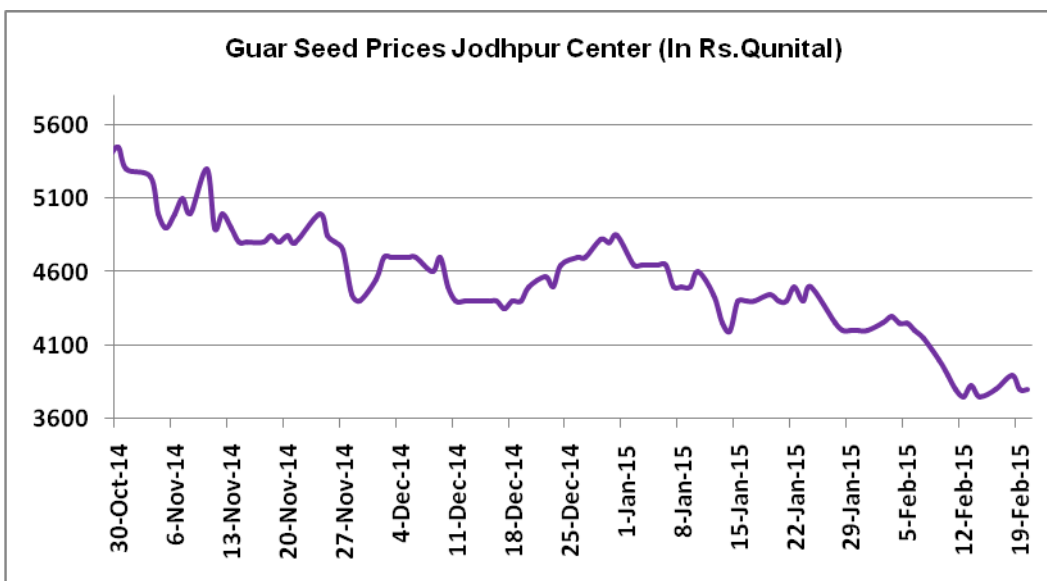
On export front, demands of guar products have increased in December in line with depreciation in Rupee. Also, demand of guar products among major importers has increased. Major energy firms increased their drilling operations in rigs as reported.

Below are the Rupee Monthly movement and its impact on monthly guar products export figures.

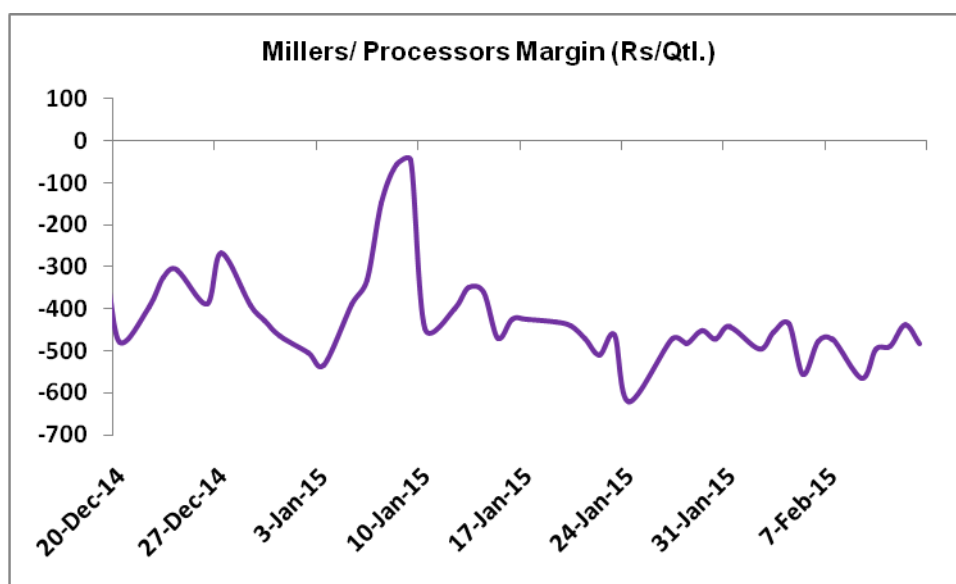


Price Scenario

In the second week of Feb, the average price of guar seed declined by 2% to Rs.3810/Qtl compared to prior week. Also, guar gum prices declined last week by 1% to Rs.9160/Qtl compared to previous week. The graph below illustrates the weekly average price movement of guar seed and guar gum in Jodhpur market.



Millers/Processors Margin



As seen in the chart above, the average crushing margin of guar seed declined compared to previous week. In the second week of Feb 2015, average crush margin stood at Rs. -490/Quintal which were -477 per quintal last week. Higher degree of decline in guar gum prices compared to guar seed prices led the margin down.

Guar by – Products Weekly Average Prices:

Commodity	Centre	14th to 20th Jan 15	7th to 13th Jan 15	Change
Churi	Jodhpur	1229	1243	-14
Korma	Jodhpur	1421	1454	-33
Churi	Sri-Ganganagar	1150	1153	-3
Korma	Sri-Ganganagar	1375	1364	11
Prices in Rs/75kg				

Guar Export Weekly Average Prices:

Commodity	Variety	14th to 20th Jan 15	7th to 13th Jan 15	Change
Guargum Split		1506	1528	-22
Guargum Powder	200 Mesh 5000 CPS	1827	1850	-23
	200 Mesh 3500 CPS	1747	1770	-23
Guargum Meal	40%	292	299	-7
	50%	338	347	-9
Prices in \$/MT				

Commodity	Centre	Weekly Prices (Average)		Change
		14th to 20th Jan 15	7th to 13th Jan 15	
Rajasthan	Guar Seeds			
	Jodhpur (Loose)	3630	3717	-87
	Jodhpur(Delivery)	3810	3904	-94
	Sri-Ganganagar(Loose)	3710	3690	20
	Sri-Ganganagar (Delivery)	3879	3910	-31
	Nagaur (Loose)	3648	3758	-111
	Alwar (loose)	3600	3633	-33
	Churu (Delivery)	3813	3808	4
	Bikaner (Loose)	3704	3633	71
	Bikaner (Delivery)	3896	3750	146
	Khajuwala Bikaner (Loose)	3680	3704	-24
	Khajuwala Bikane(Delivery)	3827	3852	-25
	Nokha(Loose)	3730	3783	-53
	Nokha (Delivery)	3864	3919	-55
	Hanumangarh (Loose)	3600	3648	-48
	Hanumangarh (Delivery)	3800	3850	-50
Haryana	Adampur (Loose)	3733	3692	42
	Adampur (Delivery)	3892	3863	29
	Sirsa (Loose)	3656	3699	-43
	Bhiwani (Delivery)	3790	3783	7
	Dhabwali (Loose)	3601	3596	5
	Dhabwali (Delivery)	3788	3796	-8
	Siwani (Loose)	3737	3750	-13
	Ellanabad (Loose)	NA	NA	-
Gujarat	Deesa (Loose)	3727	3886	-159
	Patan (Loose)	3837	3983	-146
	Rajkot (Loose)	3854	3833	21
Madhya pradesh	Dabra (Loose)	3160	3392	-232
Guar Gum				
Rajasthan	Jodhpur	9160	9267	-107
	Alwar	9150	9383	-233
Haryana	Sirsa	9167	9308	-142
	Bhiwani	9574	9092	482
	Dhabwali	9108	9450	-342
	Ellanabad	NA	NA	-

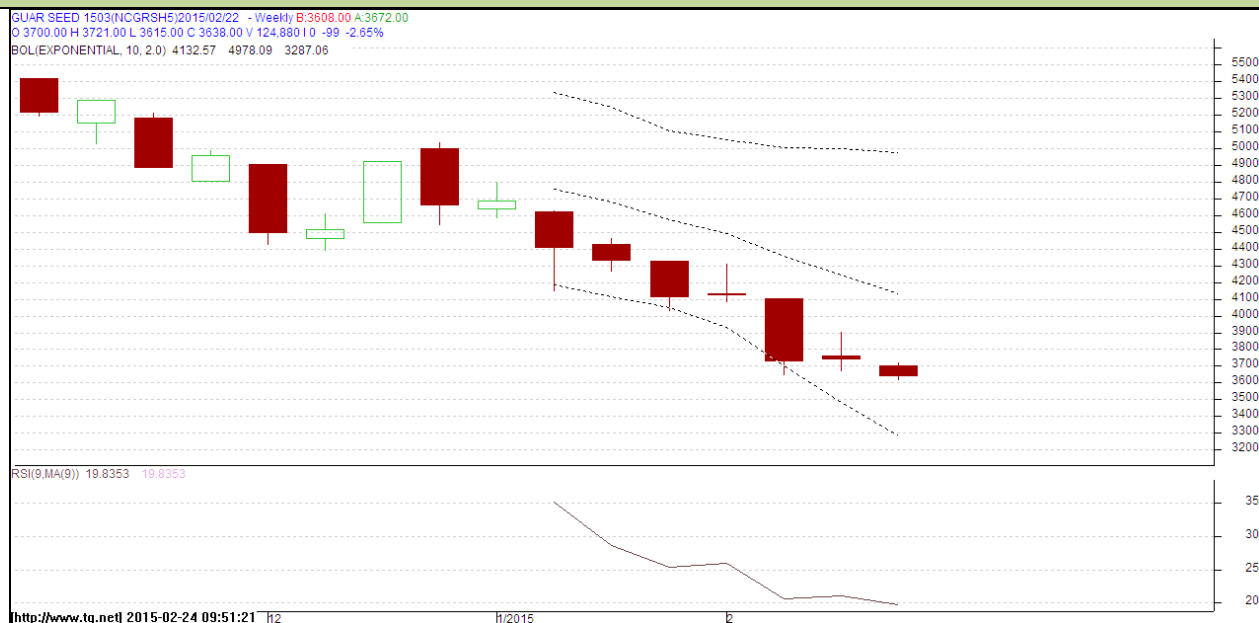
Guar Cumulative Arrivals in Key Centers

Centre	Weekly Arrivals (Quintals)			Change
		14th to 20th Jan 15	7th to 13th Jan 15	
Rajasthan	Jodhpur	490	420	70
	Sri-Ganganagar	5500	11500	-6000
	Nagaur	960	900	60
	Alwar	1350	3000	-1650
	Churu	1200	2800	-1600
	Bikaner	4600	2000	2600
	Khajuwala Bikaner	1800	3700	-1900
	Nokha	1150	650	500
	Hanumangarh	600	750	-150
Haryana	Adampur	7400	10000	-2600
	Sirsa	3800	6000	-2200
	Bhiwani	900	200	700
	Dhabwali	860	700	160
	Siwani	2300	1900	400
	Ellanabad	NA	NA	-
Gujarat	Deesa	222	579	-357
	Patan (Loose)	769	875	-106
	Rajkot	531	771	-240
Madhya pradesh	Dabra	2400	1900	500
Total Arrival		36832	48645	-11813

Commodity: Guar Seed 10MT
Contract: Mar

Exchange: NCDEX
Expiry: Mar 20, 2015

Guar Seed 10MT (Weekly Mar Contract Chart)



Technical Commentary:

- Guar prices are moving down to downward channel and likely to move down further.
- However, RSI is hovering at oversold region.
- Last candlestick depicts bearishness

Strategy: Sell

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Guar Seed 10MT	NCDEX	Mar	-	3340	3737	4387	4525
Weekly Trade Call			Call	Entry	T1	T2	SL
Guar Seed 10MT	NCDEX	Mar	Sell	Below 3700	3500	3400	3820

Commodity: Guar Gum
Contract: Mar

Exchange: NCDEX
Expiry: Mar 20, 2015

Guar Gum (Mar Weekly Chart)



Technical Commentary:

- Guar gum prices are moving down to downward channel and likely to move down further.
- However, RSI is hovering at oversold region.
- Last candlestick depicts bearishness

Strategy: Sell

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Guar Gum	NCDEX	Mar	5992	7082	8850	9836	10612
Weekly Trade Call			Call	Entry	T1	T2	SL
Guar Gum	NCDEX	Mar	Sell	Below 8700	8300	8100	8940

Spot Market Outlook:

Guar prices continue its downside due to heavy speculation and weak demand of gum in the foreign market. We expect prices of guar seed to go down further to Rs 3400 per quintal.

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