

## Domestic Market Summary:

- Prices of guar seed and gum continue its southward trend followed by speculation and weaker demand from millers. Also, higher participation/buying of retail players also curb any major hike in prices in the coming weeks as expected.
- 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.
- 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 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.
- Daily around 30000-35000 bags of guar seed arrive in the all India guar market as reported.

## Next Week Price Projections:

For the next week, prices are likely to move up to Rs 100 per quintal. In the Jodhpur market, delivery prices are trading at Rs 3200 and are likely to trade up to Rs 3300 per quintal.

In Ganganagar region, prices are trading at Rs 3057 per quintal which is likely to move up to Rs 3150 quintal as expected.

## Current Market Dynamics

Prices of guar seed and gum declined sharply last week due to weak demand and speculation from big punters. Meanwhile, prices are trading in range between Rs 2900-3200 per quintal and likely to trade in the prevailing range till March end as expected.

Overall fundamentals are still not very good for guar seed and gum due to lack of real demand from overseas fracking industry. However, any short term recovery in prices can't be ruled out in the coming weeks considering lower arrivals.

As far as Arrivals are concerned, Adampur (Haryana) market (biggest market of guar in North) reported higher arrivals (~5900 bags) compared to previous week ~5200 bags.

Similarly, In Ganganagar market, arrivals have increased slightly last week to 7000 bags compared to prior week arrivals data i.e.3400 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.

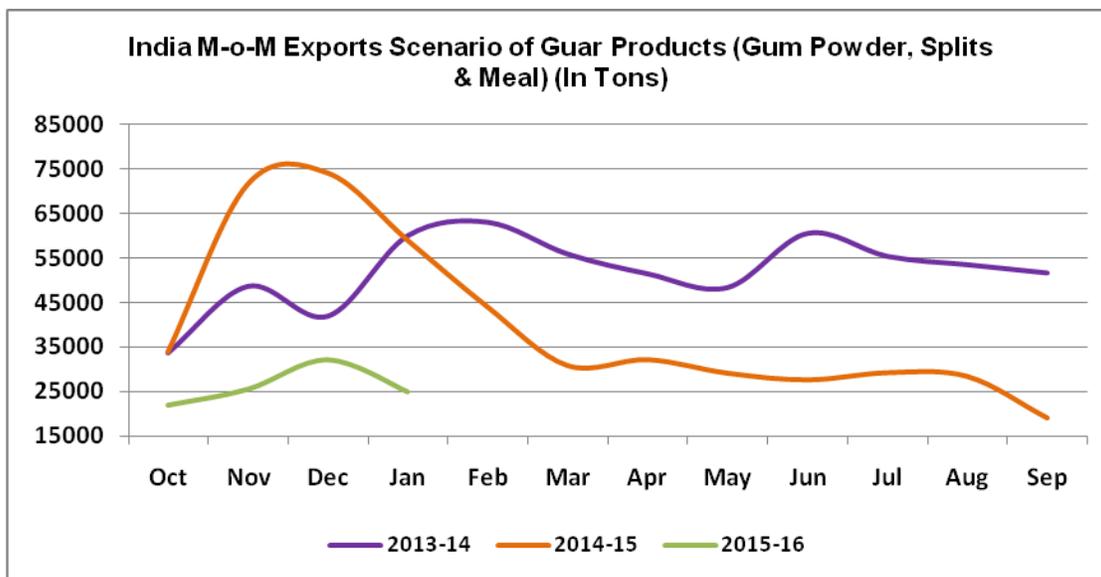
**Demand Side of Guar and Guar Gum:**

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.

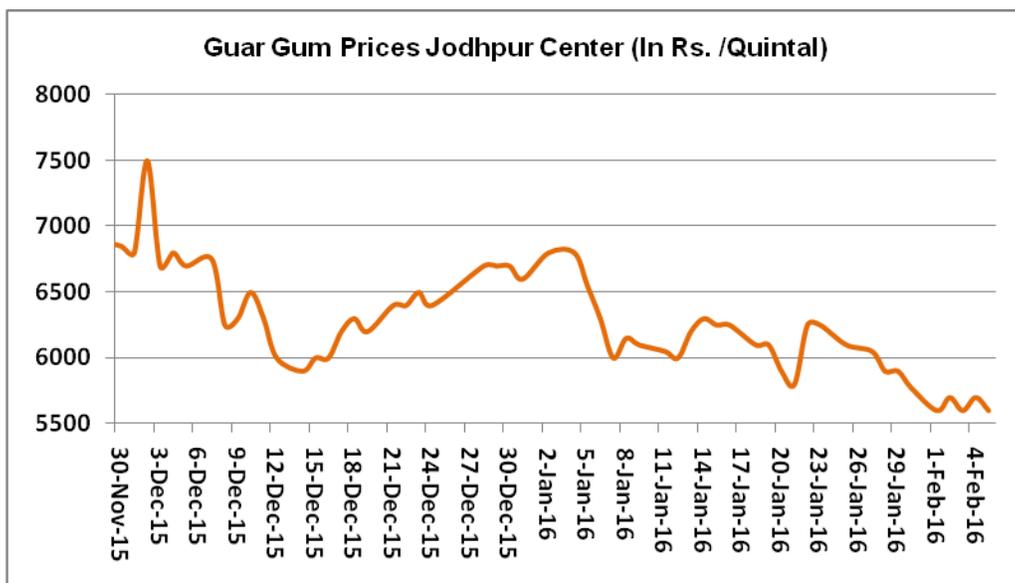
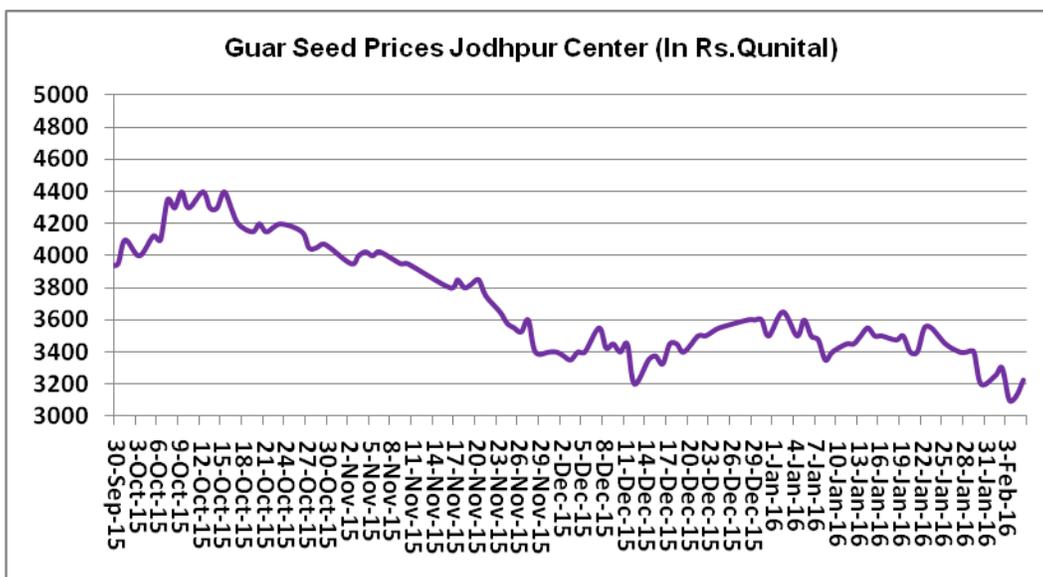
Reportedly, the quantity of unsold gum stored in US has decreased as stockists are selling it at lower quotes as unsold gum will expire soon.

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

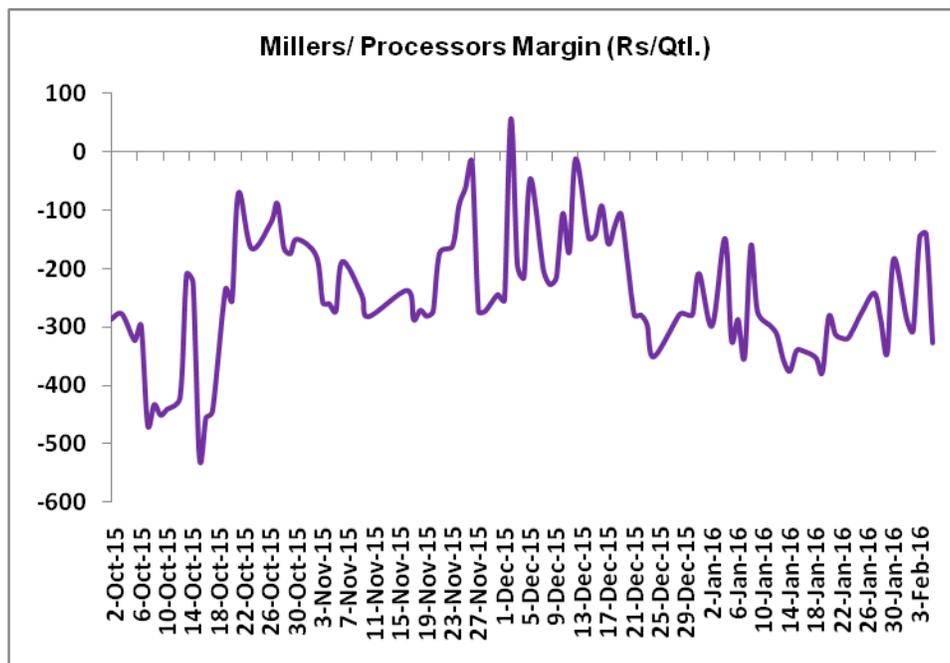


**Price Scenario**

In the first week of February, the average price of guar seed decreased by 7% and was at Rs.3200/Qtl compared to previous week. Also, guar gum prices declined last week by 6.3% at Rs.5662/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 has increased compared to previous week. In the first week of February 2015, average crush margin increased to Rs. -230 /Quintal which were -292 per quintal last week. Higher degree of decrease in guar seed prices compared to guar gum prices led the margin up last week.

### Guar Seed To Gum Ratio:

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.

Sluggish demand of gum from overseas and good demand of seed from millers due to higher, churi and korma prices lowered the overall ratio. It is notable that current ratio is the lowest ratio in 6.6 years. By and large, ratio stood at 2.5 in past years.

Guar by – Products Weekly Average Prices:				
Commodity	Centre	30th Jan to 5th Feb 16	23rd to 29th Jan 16	Change
Churi	Jodhpur	1573	1670	-98
Korma	Jodhpur	1758	1815	-57
Churi	Sri-Ganganagar	1500	1580	-80
Korma	Sri-Ganganagar	1704	1750	-46

Prices in Rs/75kg

Guar Export Weekly Average Prices:				
Commodity	Variety	30th Jan to 5th Feb 16	23rd to 29th Jan 16	Change
Guargum Split		840	888	-47
Guargum Powder	200 Mesh 5000 CPS	1135	1183	-47
	200 Mesh 3500 CPS	1061	1109	-47
Guargum Meal	40%	312	324	-12
	50%	354	366	-12

Prices in \$/MT

Guar Seed Weekly Average Prices:				
Commodity	Centre	Weekly Prices (Average)		Change
		30th Jan to 5th Feb 16	23rd to 29th Jan 16	
Rajasthan	Jodhpur (Loose)	3013	3240	-228
	Jodhpur(Delivery)	3200	3440	-240
	Sri-Ganganagar(Loose)	2919	3051	-132
	Sri-Ganganagar (Delivery)	3057	3190	-133
	Rawla (Loose)	2872	3045	-173
	Nagaur (Loose)	2867	2975	-108
	Churu (Delivery)	3067	3250	-183
	Alwar (Loose)	2867	3038	-171
	Bikaner (Loose)	2910	3038	-128
	Bikaner (Delivery)	3064	3238	-174
	Nokha(Loose)	2925	3040	-115
	Nokha (Delivery)	3030	3149	-119
	Khajuwala (Loose)	2889	3028	-139
	Khajuwala (Delivery)	3010	3149	-139
	Lunkaransar (Loose)	2902	3065	-163
	Hanumangarh (Loose)	2878	3017	-140
Hanumangarh (Delivery)	3078	3217	-140	
Haryana	Adampur (Loose)	2943	3068	-125

	Adampur (Delivery)	3127	3268	-141
	Sirsa (Loose)	2837	3022	-185
	Bhiwani (Delivery)	3033	3240	-207
	Dhabwali (Loose)	2870	3012	-142
	Dhabwali (Delivery)	3078	3212	-134
	Siwani (Loose)	3013	3145	-133
	Ellanabad (Loose)	2907	3025	-118
	Fatehabad (Loose)	2842	2960	-118
Gujarat	Deesa (Loose)	2965	3100	-135
	Patan (Loose)	3031	3093	-62
	Rajkot (Loose)	3147	3174	-27
	Dhrol (Loose)	2965	3075	-110
Madhya pradesh	Dabra (Loose)	3060	3067	-7
<b>Guar Gum</b>				
Rajasthan	Jodhpur	5663	6040	-378
	Alwar	5683	6063	-380
Haryana	Sirsa	5617	5950	-333
	Bhiwani	5700	6170	-470
	Dhabwali	5675	6000	-325
	Ellanabad	5720	5980	-260
	Fatehabad	5617	5890	-273

**Week on Week Price: Scenario of Guarseed and Guargum:**

Commodity	Centre	Today	Week ago	Month ago	Year ago
Guar Seed		5-Feb-16	29-Jan-16	5-Jan-16	5-Feb-15
Rajasthan	Jodhpur (Loose)	3075	3200	3400	4000
	Jodhpur(Delivery)	3225	3400	3600	4250
	Sri-Ganganagar(Loose)	2890	3000	3275	4015
	Sri-Ganganagar (Delivery)	3000	3150	3475	4215
	Nagaur (Loose)	2900	2900	3300	4100
	Churu (Delivery)	3050	3200	3300	4000
	Alwar (Loose)	2850	3000	3150	3850
	Bikaner (Loose)	2910	2950	3250	3950
	Bikaner (Delivery)	3050	3150	3450	4250
	Nokha(Loose)	2900	2950	3250	3950
	Nokha (Delivery)	3004	3056	3367	4092
	Khajuwala (Loose)	2880	2950	3230	3960
	Khajuwala (Delivery)	2880	2950	3240	3960

	Hanumangarh (Loose)	2850	2900	3250	3965
	Hanumangarh (Delivery)	3100	3100	3450	4165
Haryana	Adampur (Loose)	2900	3050	3300	3975
	Adampur (Delivery)	3100	3250	3500	4175
	Sirsa (Loose)	2850	2925	3275	4130
	Bhiwani (Delivery)	3050	3200	3300	4100
	Dhabwali (Loose)	2800	2940	3250	3950
	Dhabwali (Delivery)	3000	3140	3450	4250
	Siwani (Loose)	3000	3075	3375	NR
	Ellanabad (Loose)	2900	2925	3300	3695
	Fatehabad (Loose)	2900	2950	3300	NR
Gujarat	Deesa (Loose)	3000	3055	3280	4100
	Patan (Loose)	3095	3055	3360	4170
	Rajkot (Loose)	3090	3150	3450	4065
	Dhrol (Loose)	3070	3020	3325	NR
Madhya pradesh	Dabra (Loose)	3000	3100	3200	3500
<b>Guar Gum</b>					
Rajasthan	Jodhpur	5600	5900	6550	10000
	Alwar	5650	6000	6500	9900
Haryana	Sirsa	5600	5800	6500	10300
	Bhiwani	5750	6150	6000	10000
	Dhabwali	5700	5800	6550	10000
	Ellanabad	5700	5800	6750	NR
	Fatehabad	5700	5800	6800	NR

Guar Cumulative Arrivals in Key Centers:				
Commodity	Centre	Weekly Arrivals (Quintals)		Change
		30th Jan to 5th Feb 16	23rd to 29th Jan 16	
Guar Seed	Jodhpur	730	624	106
	Sri-Ganganagar	7000	3400	3600
	Rawla	4200	2100	2100
	Nagaur	775	520	255
	Churu	3500	2500	1000
	Alwar	1900	1200	700
	Bikaner	7000	5000	2000
	Nokha	1050	1200	-150
	Khajuwala	10500	12500	-2000
	Lunkaransar	3800	2500	1300

	Hanumangarh	1450	1600	-150
Haryana	Adampur	5900	5200	700
	Sirsa	3050	1750	1300
	Bhiwani	4300	4600	-300
	Dhabwali	970	900	70
	Siwani	1700	2100	-400
	Ellanabad	3000	2350	650
	Fatehabad	210	140	70
Gujarat	Deesa	38	58	-20
	Patan	632	712	-80
	Rajkot	1780	1200	580
	Dhrol	27	40	-13
Madhya pradesh	Dabra	1430	1000	430
<b>Total Arrivals</b>		<b>64942</b>	<b>53194</b>	<b>11748</b>

Commodity: Guar Seed 10MT  
Contract: Mar

Exchange: NCDEX  
Expiry: Mar 20, 2016

### Guar Seed 10MT (Weekly Mar Contract Chart)



#### Technical Commentary:

- Guar prices are trading in downward trend.
- Currently, guar is trading at 5<sup>th</sup> Elliot Wave and likely to end at Rs 2900-2950.
- However, RSI is hovering near to oversold region
- Prices likely to trade between Rs 2900-3300 per quintal in the coming weeks.

#### Strategy: Buy

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Guar Seed 10MT	NCDEX	Mar	2700	2800	3046	3170	3243
Weekly Trade Call			Call	Entry	T1	T2	SL
Guar Seed 10MT	NCDEX	Mar	Buy	Above 3040	3100	3130	3000

Commodity: Guar Gum  
Contract: Mar

Exchange: NCDEX  
Expiry: Mar 20, 2016

### Guar Gum (Mar Weekly Chart)



#### Technical Commentary:

- Guar gum prices are trading in a falling wedge.
- RSI is hovering at oversold region
- Last candlestick depicts bullishness in the market.
- Prices likely to trade between Rs 5200-6200 per quintal in the coming weeks.

#### Strategy: Buy

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Guar Gum	NCDEX	Mar	4800	5170	5700	6300	6425
Weekly Trade Call			Call	Entry	T1	T2	SL
Guar Gum	NCDEX	Mar	Buy	Above 5700	6000	6100	5520

#### Spot Market Outlook:

Guar seed prices are likely to trade in a range with firm bias this week. We estimate prices to trade in between Rs 3200-2900 per quintal in the coming weeks ahead.

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