

Guar Monthly Research Report

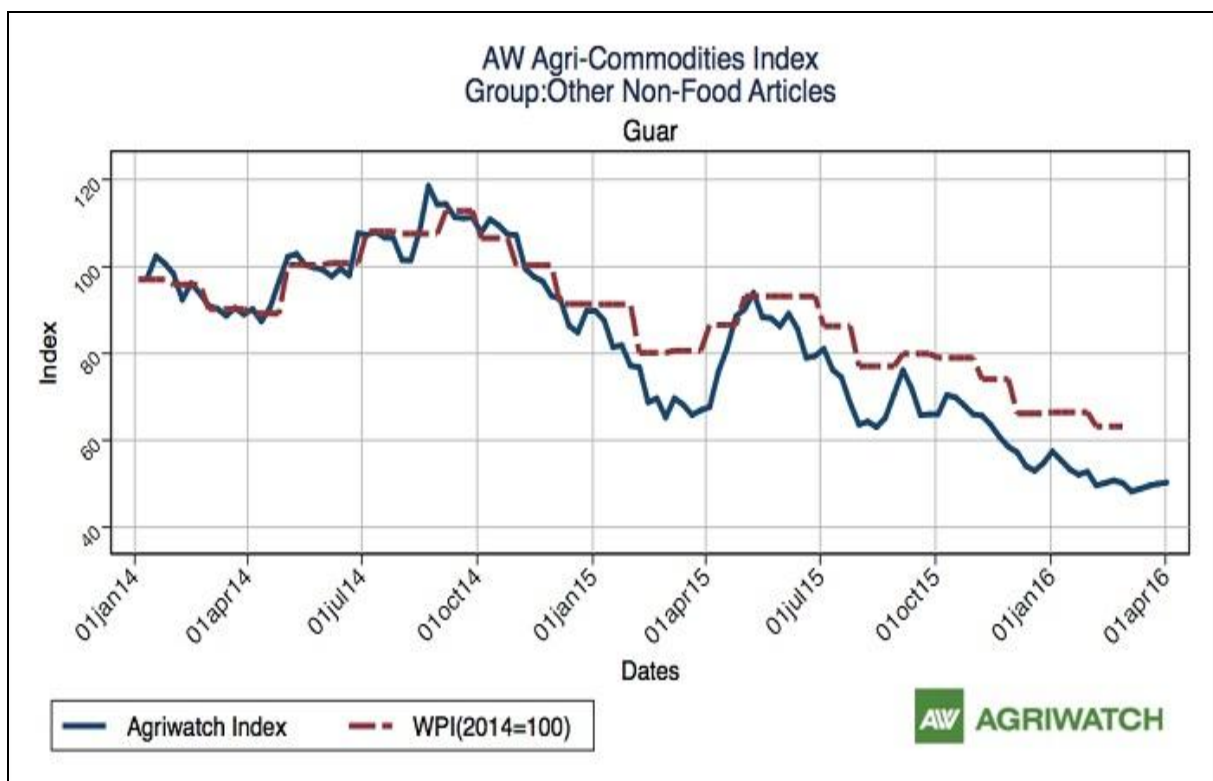
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Agriwatch Agri Commodity Index – Other Non-Food Articles



The above chart depicts Agriwatch Agri Commodity Other non-food articles index. Other non-food articles Index declined 4.56% during the week ending on May 7th, 2016.



Executive Summary**Domestic Guar Seed Market Summary**

Guar seed and gum prices surged last month due to technical recovery. Traders and punters have pulled the market up. It is notable that guar prices surge in the month of April according to historical seasonality pattern. Agriwatch predicted a rally of 10-15% in April month in guar commodity.

Food and textile industry find current rates lucrative and does moderate buying, according to Agriwatch reliable sources.

On the currency front, Indian rupee against USD closed at 6633, depreciate Rs. 0.08 compared to the previous month. Overall strengthening of Rupee in terms of dollar also discourages export of guar gum and powder.

Overall fundamentals are still not very good for guar seed and gum due to lack of real demand from overseas fracking industry.

As far as Arrivals are concerned, Adampur (Haryana) market (biggest market of guar in North) reported lower arrivals (~21950 bags) during March 2016 compared to previous month ~28100 bags.

Similarly, In Ganganagar market, arrivals have declined slightly during March 2016 to 23400 bags compared to prior month arrivals data i.e. 23500 bags.

Considering lower arrivals and last 6 year seasonality, Agriwatch expects prices to recover in the month of April 2016.

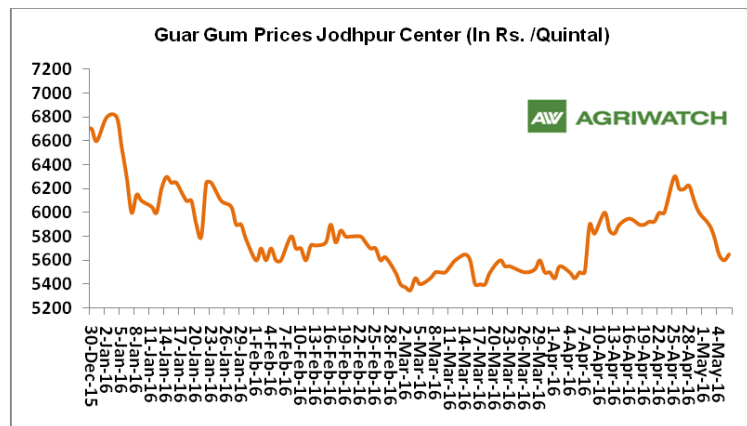
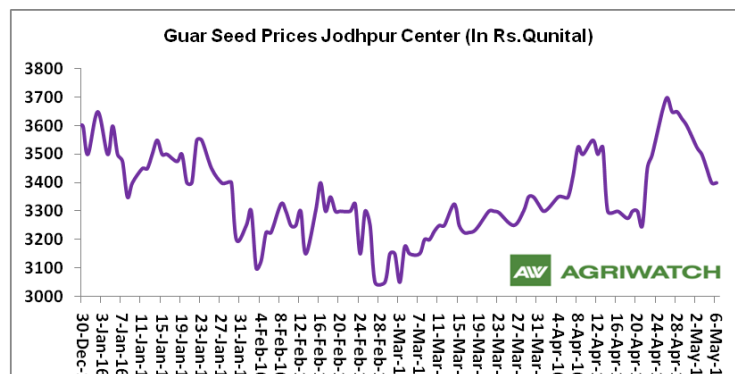
Recommendation:

Monthly Call - : Market participants advised to go short in Guar seed at 3300 for a target of 3000 with a stop loss at 3480 on closing basis.

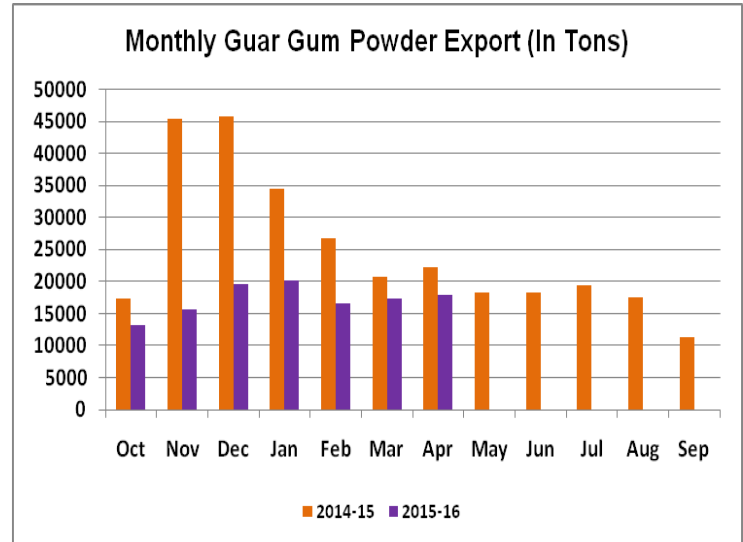
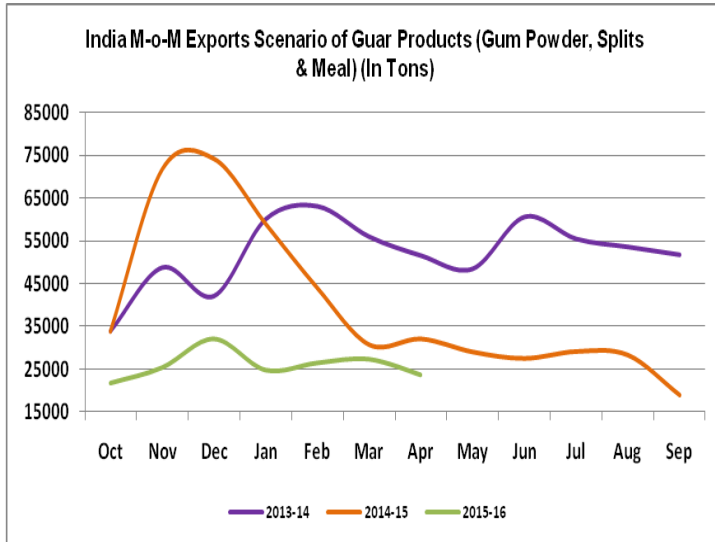
Guar Seed Fundamental Analysis and Outlook:-

Domestic Front

- Guar seed and gum prices surged sharply during March 2016.
- In the April month 2016, Guar seed monthly average prices surged by 7% compared to prior month and settled at Rs. 3449 per quintal. Good demand from food industry and speculation by punters led the prices up.
- Also, Guar gum monthly average prices in April 2016 declined by 7% and settled at Rs 5875 per quintal.
- According to indications, guar seed area likely to fall by 25% considering lower prices compared to other crops like Moong.
- According to third advance estimate issued by Rajasthan's Department of Agriculture for Guar seed the area, production and yield are 4786781 hectares, 2223474 tonnes and 465 kg/hectare respectively. As compared to final advance estimate the area has increased by 161575 hectares whereas the production and yield have decreased by 520484 tonnes and 128kg/hectare respectively
- We expect guar seed and gum prices to trade sideways to weak tone in the coming month.



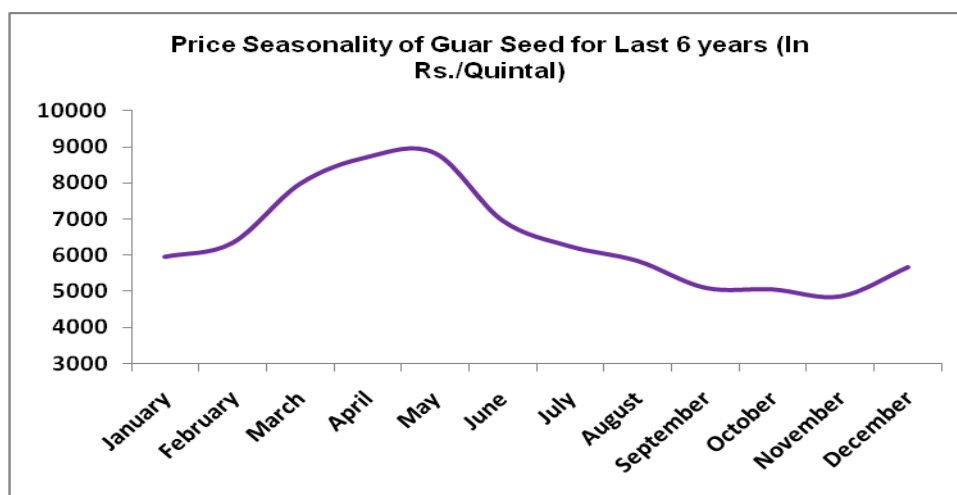
Export Scenario



On export front, guar products export demand declined slightly compared to prior month. India has exported 23734.3 tons of guar seed products (Gum powder, Splits & Meal) in the month of April 2016 down 26% compared to last month.

However, recent month guar gum powder export increased slightly by 4% compared to previous month due to good demand from local industries (food and textiles).

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.

We can see some recovery in prices in April month as historically prices recover around 10-15% every year.

Domestic 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.

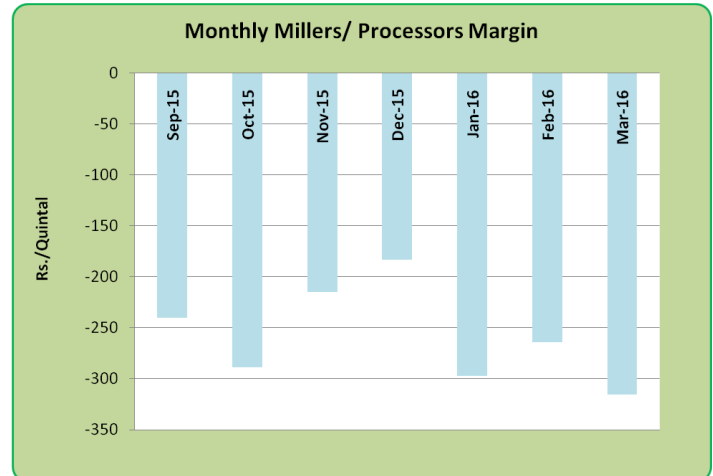
As far as production is concerned, we expect 15.18 lac tons of guar seed production in 2015-16 which is less compared to last year due to higher pest attack in Haryana and lower acreage compared to last year.

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, the average crush margin of guar seed has decreased compared to previous month. In the month of April 2016, average crush margin fall down to Rs. 315.57/Quintal, which earlier was 264 per quintal last month.

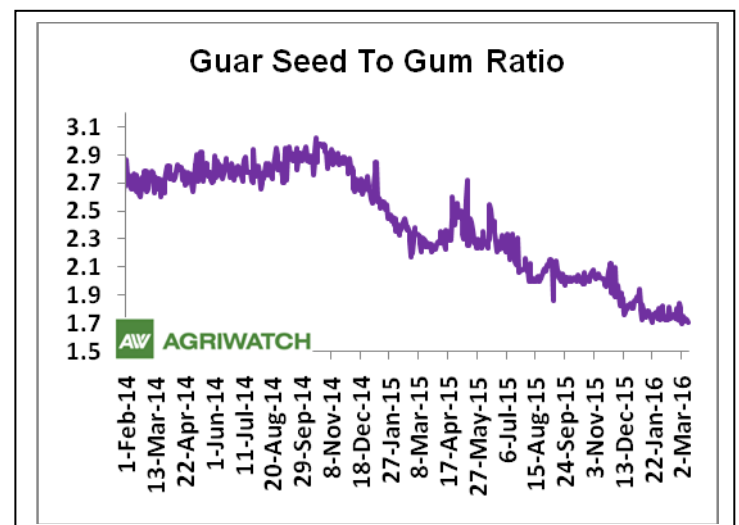
Drastic increase in Churi and Korma prices and weak demand guar gum led the margin down last month.



Guar Seed To Gum Ratio:

Ratio of guar seed to gum declined last month to 1.69 which in the earlier month was 1.75. Higher degree of Increase in guar seed prices and decreasing guar gum prices decreased the ratio.

Overall lackluster 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.



Technical Analysis (Guar Seed)

Commodity: Guar Seed 10MT
Exchange: NCDEX

Guar Seed 10MT (Monthly Continuous C1 Chart)



Technical Commentary:

- Guar prices are trading in downward trend.
- However, RSI is hovering near to oversold region
- Prices likely to trade between Rs 2900-3500 per quintal in the coming months.
- Last candlestick depicts bullishness in prices.

Strategy: Sell

| Monthly Supports & Resistances | | | S2 | S1 | PCP | R1 | R2 |
|--------------------------------|-------|----|-------------|------------|------|------|------|
| Guar Seed 10MT | NCDEX | C1 | 2600 | 2800 | 3192 | 3500 | 3620 |
| Monthly Trade Call | | | Call | Entry | T1 | T2 | SL |
| Guar Seed 10MT | NCDEX | C1 | Sell | Below 3300 | 3000 | 2850 | 3480 |

Commodity: Guar Gum
Exchange: NCDEX
Guar Gum (Monthly Continuous C1 Chart)

Technical Commentary:

- Guar gum prices are trading in a falling wedge.
- RSI is hovering at oversold region
- Last candlestick depicts bearishness in the market.
- Prices likely to trade between Rs 5000-6200 per quintal in the coming weeks.

Strategy: Sell

| Monthly Supports & Resistances | | | S2 | S1 | PCP | R1 | R2 |
|--------------------------------|-------|----|-------------|------------|------|------|------|
| Guar Gum | NCDEX | C1 | - | 4800 | 5990 | 6100 | 6500 |
| Monthly Trade Call | | | Call | Entry | T1 | T2 | SL |
| Guar Gum | NCDEX | C1 | Sell | Below 5600 | 5200 | 5000 | 5840 |

Guar Seed & Gum Prices at Key Spot Markets

| Guar by – Products Monthly Average Prices: | | | | |
|---|----------------|-----------------|-----------------|---------------|
| Commodity | Centre | April-16 | March-16 | Change |
| Churi | Jodhpur | 1845 | 1513 | 333 |
| Korma | Jodhpur | 2112 | 1847 | 265 |
| Churi | Sri-Ganganagar | 1768 | 1570 | 198 |
| Korma | Sri-Ganganagar | 2050 | 1828 | 222 |
| Prices in Rs/75kg | | | | |

| Guar Export Monthly Average Prices: | | | | |
|--|-------------------|-----------------|-----------------|---------------|
| Commodity | Variety | April-16 | March-16 | Change |
| Guargum Split | | 901 | 827 | 74 |
| Guargum Powder | 200 Mesh 5000 CPS | 1190 | 1125 | 64 |
| | 200 Mesh 3500 CPS | 1114 | 1051 | 64 |
| Guargum Meal | 40% | 368 | 330 | 38 |
| | 50% | 424 | 374 | 50 |
| Prices in \$/MT | | | | |

| Guar Seed Monthly Average Prices: | | | | | |
|--|-----------------------|---------------------------|---|-----------------|---------------|
| Commodity | District | Centre | Monthly Prices (Average)(Rs/Qtl) | | Change |
| Guar Seed | | | April-16 | March-16 | |
| Rajasthan | Jodhpur | Jodhpur (Loose) | 3299 | 3084 | 216 |
| | | Jodhpur(Delivery) | 3449 | 3234 | 216 |
| | Sri-Ganganagar | Sri-Ganganagar(Loose) | 3200 | 2896 | 304 |
| | | Sri-Ganganagar (Delivery) | 3301 | 2978 | 323 |
| | | Rawla (Loose) | 3174 | 2862 | 311 |
| | | Gharsana (Loose) | 3193 | 2861 | 331 |
| | | Raisinghnagar (Loose) | 3202 | 2887 | 316 |
| | Bikaner | Bikaner (Loose) | 3210 | 2921 | 288 |
| | | Bikaner (Delivery) | 3359 | 3070 | 290 |
| | | Nokha(Loose) | 3192 | 2902 | 290 |
| | | Nokha (Delivery) | 3307 | 3006 | 301 |
| | | Khajuwala (Loose) | 3217 | 2911 | 306 |
| | | Khajuwala (Delivery) | 3346 | 3028 | 318 |
| | | Lunkaransar (Loose) | 3185 | 2886 | 299 |

| | | | | | |
|----------------|-------------|------------------------|------|------|-----|
| | Hanumangarh | Hanumangarh (Loose) | 3079 | 2854 | 225 |
| | | Hanumangarh (Delivery) | 3235 | 3004 | 231 |
| | | Nohar (Loose) | 3219 | 2914 | 305 |
| | | Pilibanga (Loose) | 3159 | 2871 | 288 |
| | Nagaur | Nagaur (Loose) | 3117 | 2857 | 260 |
| | Churu | Churu (Delivery) | 3330 | 3046 | 284 |
| | Alwar | Alwar (Loose) | 3168 | 2862 | 306 |
| Haryana | Hisar | Adampur (Loose) | 3263 | 2915 | 348 |
| | | Adampur (Delivery) | 3412 | 3066 | 346 |
| | Bhiwani | Bhiwani (Delivery) | 3373 | 3070 | 303 |
| | | Siwani (Loose) | 3337 | 3037 | 300 |
| | Sirsa | Sirsa (Loose) | 3213 | 2899 | 314 |
| | | Dhabwali (Loose) | 3066 | 2836 | 230 |
| | | Dhabwali (Delivery) | 3206 | 2934 | 272 |
| | | Ellanabad (Loose) | 3116 | 2904 | 212 |
| | Fatehabad | Fatehabad (Loose) | 3176 | 2821 | 356 |
| Gujarat | Banaskantha | Deesa (Loose) | 3542 | 3613 | -72 |
| | Patan | Patan (Loose) | 3122 | 2910 | 212 |
| | Rajkot | Rajkot (Loose) | 3251 | 2912 | 339 |
| | Jamnagar | Dhrol (Loose) | 3092 | 2751 | 341 |
| Madhya pradesh | Gwalior | Dabra (Loose) | 3314 | 3009 | 305 |
| Guar Gum | | | | | |
| Rajasthan | Jodhpur | Jodhpur | 5875 | 5494 | 381 |
| | Alwar | Alwar | 5890 | 5534 | 356 |
| | Hanumangarh | Nohar | 5904 | 5585 | 319 |
| Haryana | Bhiwani | Bhiwani | 5925 | 5573 | 352 |
| | Sirsa | Sirsa | 5878 | 5480 | 398 |
| | | Dhabwali | 5734 | 5571 | 163 |
| | | Ellanabad | 5773 | 5509 | 264 |
| | Fatehabad | Fatehabad | 5761 | 5467 | 293 |

Guar Cumulative Arrivals in Key Centers:

| Commodity | District | Centre | Monthly Arrivals (Quintals) | | Change |
|-----------|----------------|----------------|-----------------------------|----------|--------|
| | | | April-16 | March-16 | |
| Guar Seed | Jodhpur | Jodhpur | 4803 | 7176 | -2373 |
| | Sri-Ganganagar | Sri-Ganganagar | 10700 | 23400 | -12700 |

| | | | | | |
|-------------------------------------|--------------------|---------------|---------------|---------------|---------------|
| | | Rawla | 9000 | 11800 | -2800 |
| | | Gharsana | 5575 | 9450 | -3875 |
| | | Raisinghnagar | 7750 | 23500 | -15750 |
| | Bikaner | Bikaner | 14400 | 16300 | -1900 |
| | | Nokha | 6300 | 5050 | 1250 |
| | | Khajuwala | 14700 | 19900 | -5200 |
| | | Lunkaransar | 7850 | 8340 | -490 |
| | Hanumangarh | Hanumangarh | 807 | 5150 | -4343 |
| | | Nohar | 13550 | 15600 | -2050 |
| | | Pilibanga | 3248 | 6889 | -3641 |
| | Nagaur | Nagaur | 3455 | 2470 | 985 |
| | Churu | Churu | 16500 | 11300 | 5200 |
| | Alwar | Alwar | 8400 | 5650 | 2750 |
| Haryana | Hisar | Adampur | 9950 | 21950 | -12000 |
| | Bhiwani | Bhiwani | 18300 | 32400 | -14100 |
| | | Siwani | 25400 | 16200 | 9200 |
| | Sirsa | Sirsa | 5460 | 11700 | -6240 |
| | | Dhabwali | 1570 | 2965 | -1395 |
| | | Ellanabad | 3320 | 13550 | -10230 |
| | Fatehabad | Fatehabad | 890 | 815 | 75 |
| Gujarat | Banaskantha | Deesa | NA | NA | - |
| | Patan | Patan | 1570 | 1289 | 281 |
| | Rajkot | Rajkot | 8679 | 2766 | 5913 |
| | Jamnagar | Dhrol | 101 | 205 | -104 |
| Madhya pradesh | Gwalior | Dabra | 2450 | 6155 | -3705 |
| Total Arrivals/Above Markets | | | 204728 | 281970 | -77242 |

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