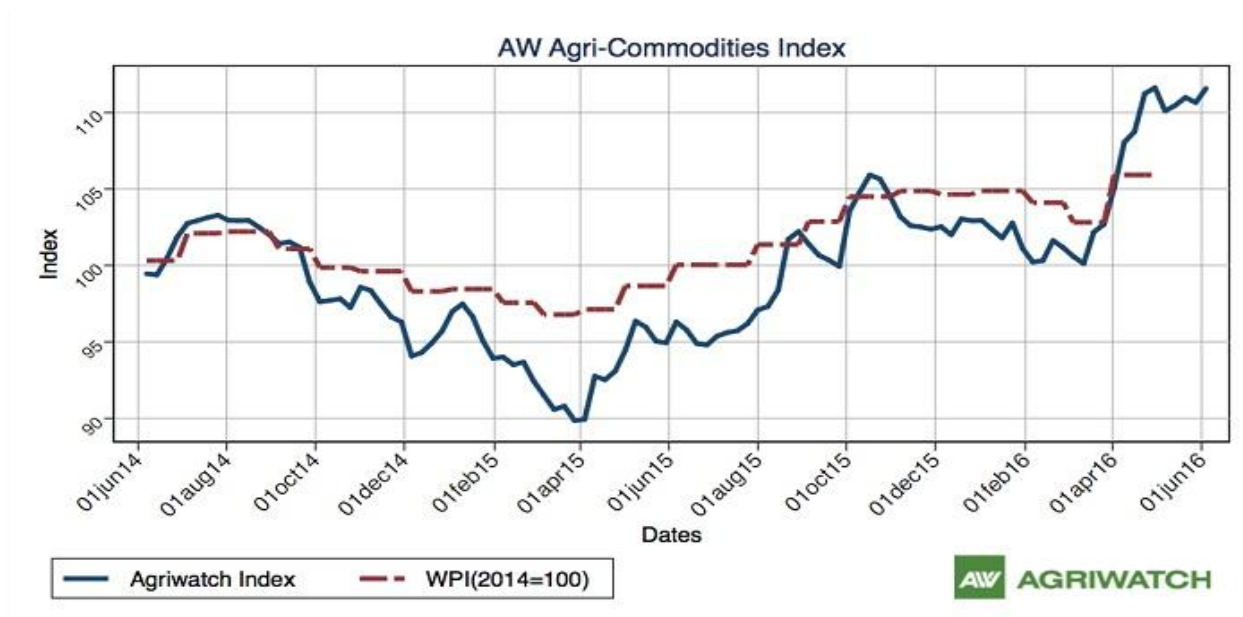


# Guar Monthly Research Report

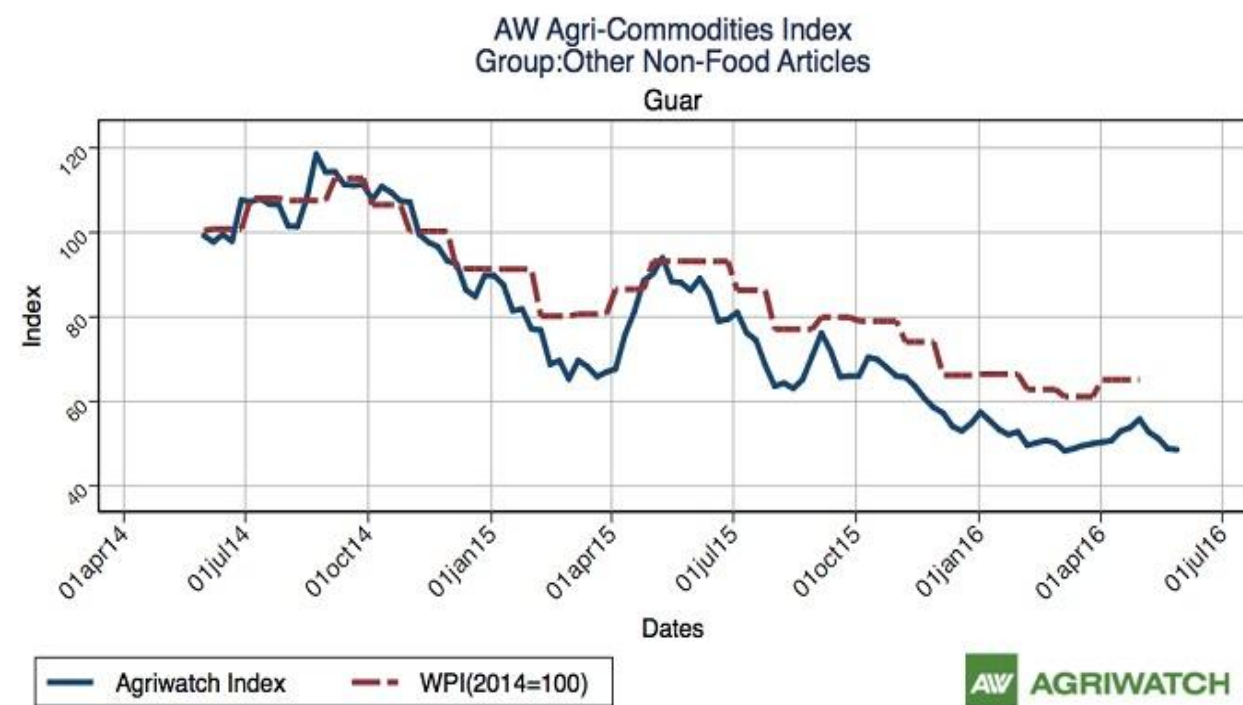
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### Agriwatch Agri Commodity Index



The Agriwatch Agri Commodities Index increased by 0.83% to 111.57 during the week ended June 4, 2016 from 110.64 during the previous week. The base for the Index and all sub-Indices is 2014 (= 100).



## **Executive Summary**

### **Domestic Guar Seed Market Summary**

*According to IBIS (provisional data) for May, Export of guar seed products i.e. powder, Split and meal has fallen by 1140.25 metric tonnes as compared to last month. India has exported 12815.2 metric tonnes of guar gum powder, 3811 metric tonnes of guar split and 5452.79 metric tonnes of guar meal in the month of May.*

*The number of rigs drilling for oil in the united states has increased by 9 to 325. Overall rigs in use rose to 408, which are still down by 460 from a year ago. There has been a decline in stocks as well as output of oil in US for the week ended 27 May. Therefore, there may be an increase in number of rigs drilling for oil which in turn will lead to an increase in demand for guar gum as it is used for hydraulic fracturing*

*According to IBIS (provisional data), export of guar seed products (Guar Powder, Split and Meal) in the week (23 May-29 May) was around 8326 metric tonnes. The exports have increased by around 3210 metric tonnes as compared to last week*

*According to IBIS (provisional data) for fourth week of May, Export of all guar seed products i.e. powder, Split and meal has increased as compared to last week. India has exported 4103 metric tonnes of guar gum powder, 1534 metric tonnes of guar split at an average fob of \$1038.89/tonne and 2689 metric tonnes of guar meal at an average fob of \$532.85/tonne. The main countries to which guar seed products were exported are USA, Germany, Russia and china.*

*According to trade sources, guar stock of around 2.5 lakh quintals is in lunkaransar region, which is higher as compared to last year stock of around 1.25 lakh quintals. Currently the prices of guar are moving range bound, if the prices go up traders may sell their stock at high, which in turn may pressurize prices to move down.*

*Guar seed and gum prices have traded in the range with weak bias during last month. Sluggish trading activities and weak demand of guar gum from upcountry buyers like Haryana kept the prices lower. In addition, no major consignment from overseas reported for guar gum, which also spread bearishness in the prices last month.*

*On the currency front, Indian rupee against USD (Average) closed at 66.92, appreciated by Rs. 0.44 compared to the previous month. Overall strengthening of Rupee in terms of dollar also encourages export of guar gum and powder.*

*As far as Arrivals are concerned, Adampur (Haryana) market (biggest market of guar in North) reported higher arrivals (~17800 quintals) during May 2016 compared to previous month ~9950 quintals.*

*Similarly, In Ganganagar market, arrivals have declined during May 2016 to 7550 quintals compared to prior month arrivals data i.e. 10700 quintals.*

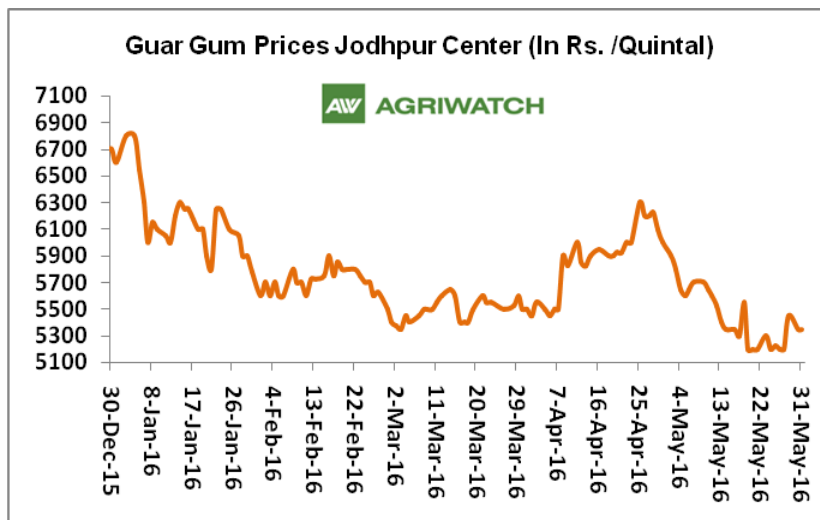
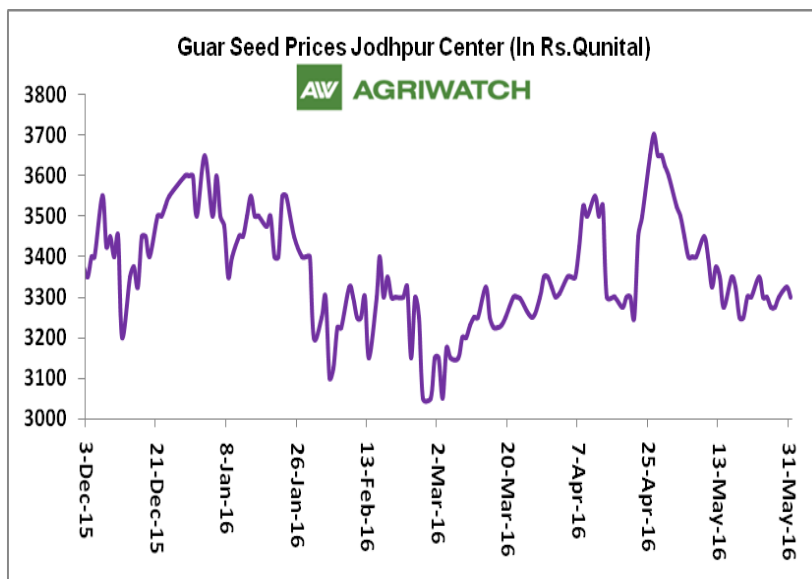
### **Recommendation:**

*Monthly Call - : Market participants advised to go long in Guar seed at current levels for a target of 3265 with a stop loss at 3089 on closing basis.*

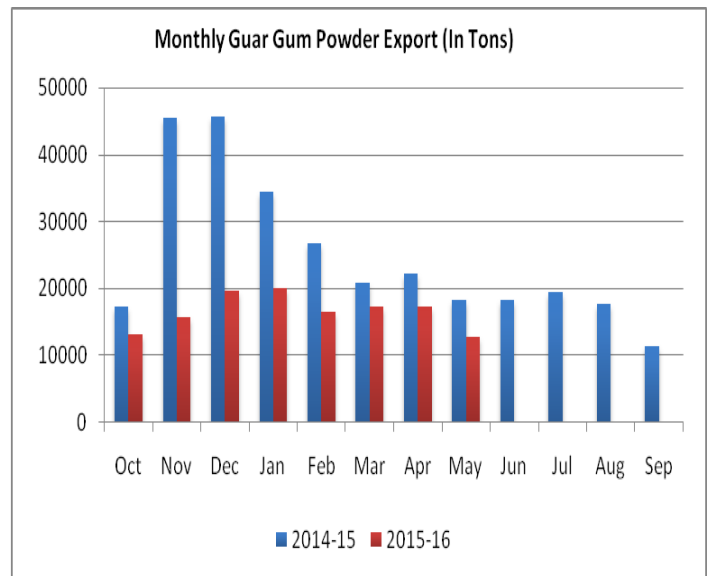
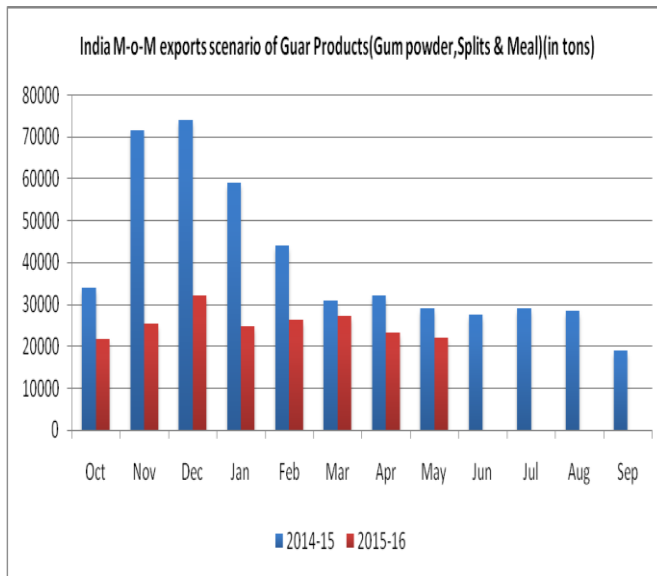
## Guar Seed Fundamental Analysis and Outlook:-

### Domestic Front

- Guar seed and gum prices declined due to sluggish demand during May 2016.
- In the month of May 2016, Guar seed monthly average prices declined by 2.9% compared to prior month and settled at Rs. 3348.08 per quintal. Sluggish trading activities in guar seed in key markets kept the prices flat during last month.
- However, Guar gum monthly average prices in May 2016 declined by 7.3% and settled at Rs 5446 per quintal.
- Sources revealed that guar seed area in Rajasthan, Haryana and Gujarat may decrease by 20 – 25% considering lower prices compared to other crops like Pulses and cotton, which are more remunerative for farmers as compared to guar.
- Guar summer sowing continuously falling and lacking behind last year sowing figures. According to Gujarat agriculture & co-operation department report, farmers have sown only 10000 hectares of guar until 9<sup>th</sup> May 2016, which is 56.3% less sowing compared to sowing progress done in last year in same period. Farmers in Gujarat find guar less lucrative due to falling prices of guar. Farmers are shifting to substitute crop like Groundnut, Castor etc as per survey done by Agriwatch.
- We expect guar seed and gum prices to trade from range bound to firm tone in the coming month.



## Export Scenario

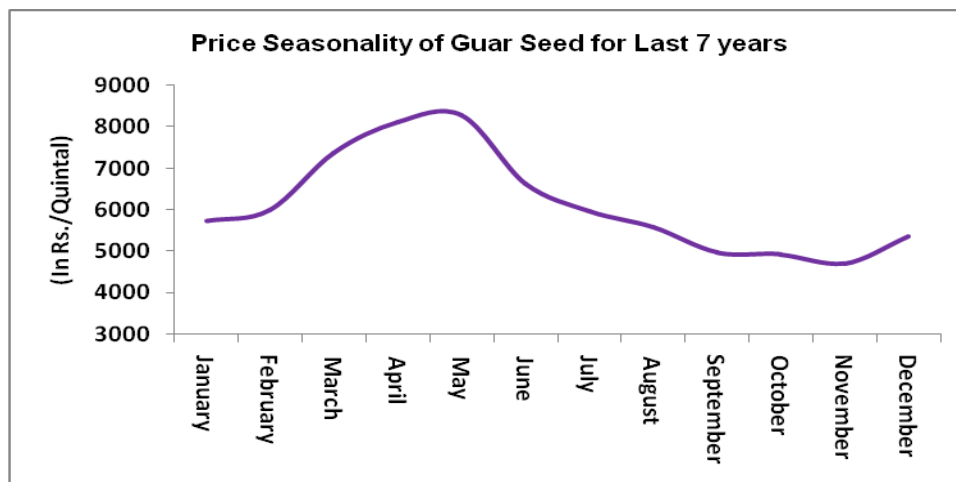


On export front, guar products export demand has fallen as compared to prior month. India has exported 22079.01 tons of guar seed products (Gum powder, Splits & Meal) in the month of May 2016 down by 4.9% compared to last month. Guar seed products exports are down by 24.1% for May 2015-16 as compared to 2014-15 for the same period

In addition, recent month guar gum powder export decreased by 26.04% compared to previous month due to low domestic as well as export demand.

India exported 12815.22 tons of guar gum powder in the month of May 2016, which is lower as compared to guar gum powder exported last year for the same month by 29.07%

## Price Seasonality of Guar Seed



As per the price seasonality chart of guar seed for last 7 years, guar seed prices started to fall from June and continued its downfall until November and then rebounded from lower levels in the month of November and continued its rally until April came.

However, this year prices are not following the seasonality due to weak demand of gum from overseas.

### Domestic 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
<b>Carry Forward (Farmers and Traders Holdings)</b>	<b>6.46</b>	<b>7.69</b>	<b>6.86</b>	<b>9.14</b>	<b>9.00</b>	<b>7.70</b>
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.

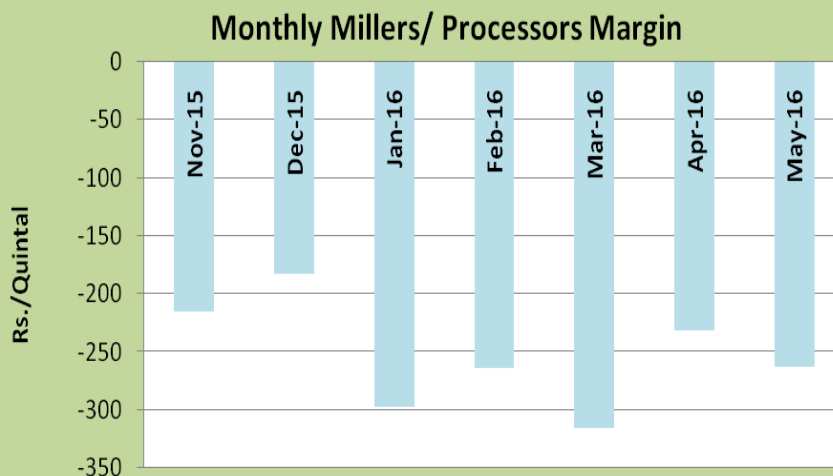
As far as production is concerned, we expect 15.18 lac tons of guar seed production in 2015-16, which is less compared to last year due to higher pest attack in Haryana and lower acreage compared to last year.

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 fallen compared to previous month. In the month of May 2016, average crush margin fell down to Rs. 262.7/Quintal, which earlier was Rs. 231.2/quintal last month.

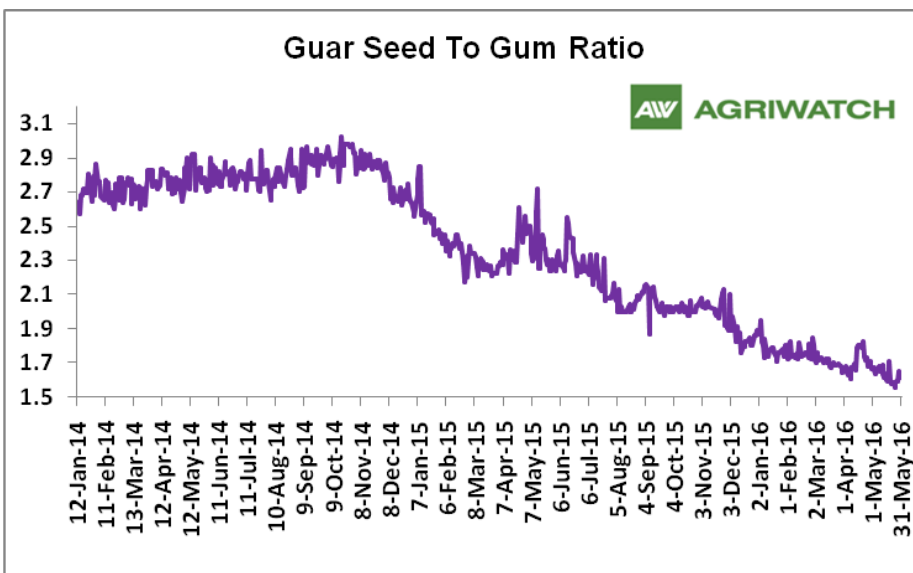
Decrease in prices of Churi and Korma have reduced the total return and increased the total cost, which has caused the margin to fall further.



### Guar Seed To Gum Ratio:

Ratio of guar seed to gum declined last month to 1.63, which in the earlier month was 1.70. 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 years. Largely, 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:

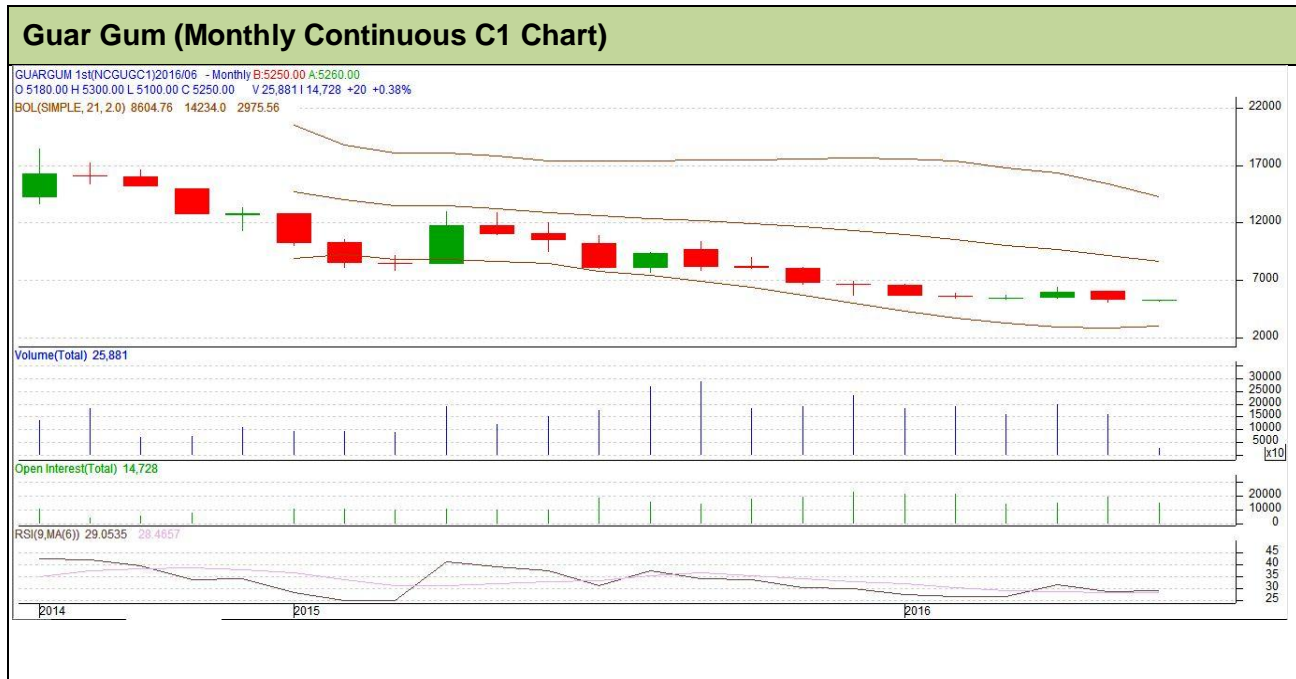
- Guar prices are trading in range bound trend.
- However, RSI is moving sideways in neutral region
- Prices likely to trade between Rs 2930-3550 per quintal in the coming months.

#### Strategy: Buy

Monthly Supports & Resistances			S1	S2	PCP	R1	R2
Guar Seed 10MT	NCDEX	C1	3030	2970	3105	3500	3620
Monthly Trade Call			Call	Entry	T1	T2	SL
Guar Seed 10MT	NCDEX	C1	Buy	Above 3155	3265	3340	3089



### Technical Analysis (Guar Gum)

**Commodity: Guar Gum**
**Exchange: NCDEX**

**Technical Commentary:**

- Guar gum prices are trading from range bound to weak.
- RSI is hovering in oversold region
- Prices likely to trade between Rs 5220-6250 per quintal in the coming weeks.

**Strategy: Buy**

Monthly Supports & Resistances			S1	S2	PCP	R1	R2
Guar Gum	NCDEX	C1	5150	4925	5230	6375	6450
Monthly Trade Call			Call	Entry	T1	T2	SL
Guar Gum	NCDEX	C1	Buy	Above 5470	5850	6250	5242

**Guar Seed & Gum Prices at Key Spot Markets**

<b>Guar by – Products Monthly Average Prices:</b>				
<b>Commodity</b>	<b>Centre</b>	<b>May-16</b>	<b>April-16</b>	<b>Change</b>
<b>Churi</b>	Jodhpur	1660	1845	<b>-185</b>
<b>Korma</b>	Jodhpur	1987	2112	<b>-125</b>
<b>Churi</b>	Sri-Ganganagar	1736	1768	<b>-32</b>
<b>Korma</b>	Sri-Ganganagar	2084	2050	<b>34</b>
<b>Prices in Rs/75kg</b>				

<b>Guar Export Monthly Average Prices:</b>				
<b>Commodity</b>	<b>Variety</b>	<b>May-16</b>	<b>April-16</b>	<b>Change</b>
<b>Guargum Split</b>		817	901	<b>-84</b>
<b>Guargum Powder</b>	200 Mesh 5000 CPS	1116	1190	<b>-74</b>
	200 Mesh 3500 CPS	1041	1114	<b>-73</b>
<b>Guargum Meal</b>	40%	370	368	<b>2</b>
	50%	430	424	<b>6</b>
<b>Prices in \$/MT</b>				

<b>Guar Seed Monthly Average Prices:</b>					
<b>Commodity</b>	<b>District</b>	<b>Centre</b>	<b>Monthly Prices (Average)(Rs/Qtl)</b>		<b>Change</b>
<b>Guar Seed</b>			<b>May-16</b>	<b>April-16</b>	
<b>Rajasthan</b>	<b>Jodhpur</b>	Jodhpur (Loose)	3191	3299	<b>-108</b>
		Jodhpur(Delivery)	3348	3449	<b>-101</b>
	<b>Sri-Ganganagar</b>	Sri-Ganganagar(Loose)	3057	3200	<b>-143</b>
		Sri-Ganganagar (Delivery)	3163	3301	<b>-139</b>
		Rawla (Loose)	3018	3174	<b>-155</b>
		Gharsana (Loose)	2978	3193	<b>-215</b>
		Raisinghnagar (Loose)	3037	3202	<b>-165</b>
	<b>Bikaner</b>	Bikaner (Loose)	3045	3210	<b>-165</b>
		Bikaner (Delivery)	3189	3359	<b>-170</b>
		Nokha(Loose)	3018	3192	<b>-174</b>
		Nokha (Delivery)	3127	3307	<b>-180</b>
		Khajuwala (Loose)	3039	3217	<b>-178</b>
		Khajuwala (Delivery)	3160	3346	<b>-185</b>
		Lunkaransar (Loose)	3016	3185	<b>-169</b>

	<b>Hanumangarh</b>	Hanumangarh (Loose)	2939	3079	<b>-140</b>
		Hanumangarh (Delivery)	3089	3235	<b>-145</b>
		Nohar (Loose)	3042	3219	<b>-177</b>
		Pilibanga (Loose)	2977	3159	<b>-183</b>
	<b>Nagaur</b>	Nagaur (Loose)	2903	3117	<b>-214</b>
	<b>Churu</b>	Churu (Delivery)	3138	3330	<b>-192</b>
	<b>Alwar</b>	Alwar (Loose)	2967	3168	<b>-201</b>
<b>Haryana</b>	<b>Hisar</b>	Adampur (Loose)	3036	3263	<b>-227</b>
		Adampur (Delivery)	3186	3412	<b>-226</b>
	<b>Bhiwani</b>	Bhiwani (Delivery)	3203	3373	<b>-171</b>
		Siwani (Loose)	3167	3337	<b>-170</b>
	<b>Sirsa</b>	Sirsa (Loose)	3058	3213	<b>-155</b>
		Dhabwali (Loose)	2900	3066	<b>-166</b>
		Dhabwali (Delivery)	3050	3206	<b>-156</b>
		Ellanabad (Loose)	3112	3116	<b>-4</b>
	<b>Fatehabad</b>	Fatehabad (Loose)	2898	3176	<b>-279</b>
<b>Gujarat</b>	<b>Banaskantha</b>	Deesa (Loose)	NA	3542	<b>-</b>
	<b>Patan</b>	Patan (Loose)	3012	3122	<b>-110</b>
	<b>Rajkot</b>	Rajkot (Loose)	3097	3251	<b>-154</b>
	<b>Jamnagar</b>	Dhrol (Loose)	2956	3092	<b>-136</b>
<b>Madhya pradesh</b>	<b>Gwalior</b>	Dabra (Loose)	3580	3314	<b>266</b>
<b>Guar Gum</b>					
<b>Rajasthan</b>	<b>Jodhpur</b>	Jodhpur	5446	5875	<b>-429</b>
	<b>Alwar</b>	Alwar	5388	5890	<b>-502</b>
	<b>Hanumangarh</b>	Nohar	5541	5904	<b>-363</b>
<b>Haryana</b>	<b>Bhiwani</b>	Bhiwani	5422	5925	<b>-502</b>
	<b>Sirsa</b>	Sirsa	5388	5878	<b>-490</b>
		Dhabwali	5254	5734	<b>-480</b>
		Ellanabad	5605	5773	<b>-168</b>
	<b>Fatehabad</b>	Fatehabad	5385	5761	<b>-376</b>

Guar Cumulative Arrivals in Key Centers:					
Commodity	District	Centre	Monthly Arrivals (Quintals)		Change
Guar Seed			May-16	April-16	
Rajasthan	Jodhpur	Jodhpur	2972	4803	-1831
	Sri-Ganganagar	Sri-Ganganagar	7550	10700	-3150
		Rawla	7840	9000	-1160
		Gharsana	4470	5575	-1105
		Raisinghnagar	8950	7750	1200
	Bikaner	Bikaner	17250	14400	2850
		Nokha	6300	6300	Unch
		Khajuwala	15100	14700	400
		Lunkaransar	9925	7850	2075
	Hanumangarh	Hanumangarh	1295	807	488
		Nohar	18500	13550	4950
		Pilibanga	2779	3248	-469
	Nagaur	Nagaur	2095	3455	-1360
	Churu	Churu	16600	16500	100
	Alwar	Alwar	9000	8400	600
Haryana	Hisar	Adampur	17800	9950	7850
	Bhiwani	Bhiwani	49300	18300	31000
		Siwani	19800	25400	-5600
	Sirsa	Sirsa	11990	5460	6530
		Dhabwali	1845	1570	275
		Ellanabad	3300	3320	-20
	Fatehabad	Fatehabad	350	890	-540
Gujarat	Banaskantha	Deesa	NA	NA	-
	Patan	Patan	1783	1570	213
	Rajkot	Rajkot	4542	8679	-4137
	Jamnagar	Dhrol	184	101	83
Madhya Pradesh	Gwalior	Dabra	300	2450	-2150
Total Arrivals/Above Markets			241820	204728	37092

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