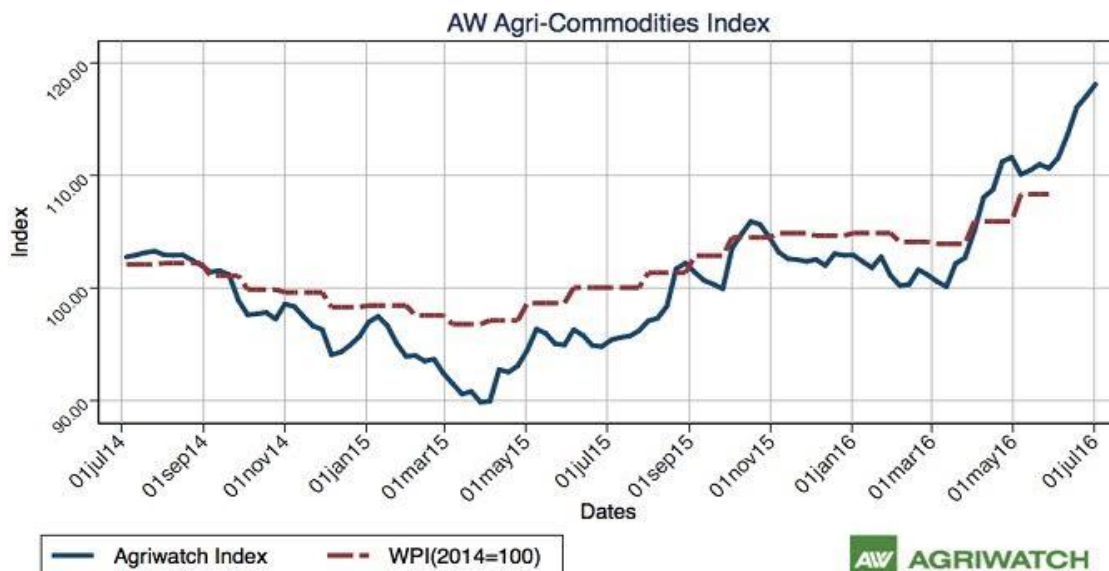


Guar Monthly Research Report

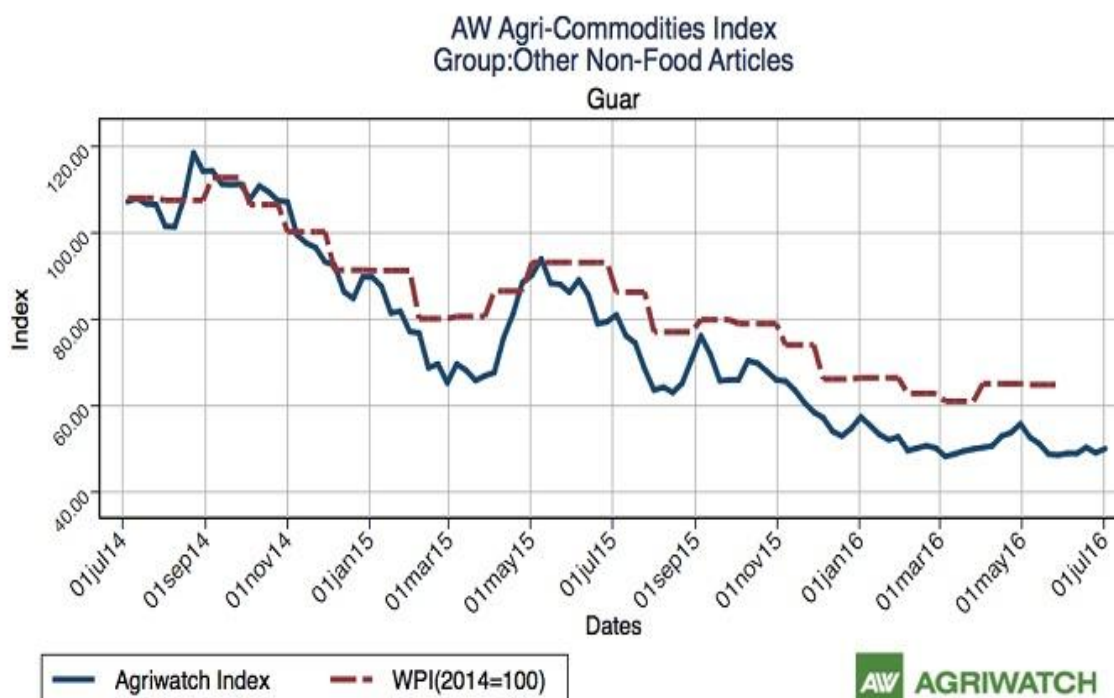
Contents

- ❖ Agriwatch Agri Commodity Index: Other Non-Food Articles Index
- ❖ Executive Summary
- ❖ Recommendations
- ❖ Domestic Market Fundamentals
- ❖ Export Scenario
- ❖ Price Seasonality of Guar Seed
- ❖ Domestic Guar Seed Supply & Demand Situation
- ❖ Processing Margins (Monthly)
- ❖ Technical Analysis (Futures Market)
- ❖ Monthly Guar Seed & Gum Prices at Key Spot Markets

Agriwatch Agri Commodity Index



The Agriwatch Agri Commodities Index rose 0.91% to 118.11 during the week ended July 2, 2016, its 5th straight weekly gain, led by higher price of pulses. The base for the Index and all sub-Indices is 2014 (= 100).



Executive Summary

Domestic Guar Seed Market Summary

According to trade sources, area of guar in Anoopgarh is expected to fall by 45% as farmers are shifting to other remunerative crops like pulses and kapas. Approximately 1.25 lakh quintals of guar stock are available in Anoopgarh, major share of which was bought in range of Rs 3500-5000. Therefore, if prices increase beyond 3500 stockiest may release their stock which will cap prices.

Farmers in Sri Ganganagar are shifting their guar area to other remunerative crops like Arhar, Moong as their cost of cultivation for guar in one acre is around Rs 5000, and they are able to get a return of around Rs 3000 only. Therefore, guar acreage is likely to fall by 50% compared to last year in Sri Ganganagar. Last year total area in Rajasthan was around 47.86 Lakh hectare and we expect that approx 43 lakh hectare will be sown under Guar in 2016-17.

According to IBIS (provisional data), Total guar seed products export from India for the week (20-26 June'16) was 7381.47 tonnes. Out of the total around 3407.8 tonnes was exported from Mundra Port, 1303.3 tonnes from Jodhpur concor ICD and 1209 tonnes from Jodhpur Thar ICD. Whereas last week (13-19 June'16) 3540 tonnes was exported from Mundra Port, 1713 tonnes from Jodhpur concor ICD and 1477 tonnes from Jodhpur Thar ICD.

According to IBIS (provisional data) for 20-26 June'16, Export of guar meal has increased whereas guar gum powder and guar split has decreased compared to last week. India has exported 4759 metric tonnes of guar gum powder at an average fob of \$1264/tonne, 900 metric tonnes of guar split at an average fob of \$851.27/tonne and 1722 metric tonnes of guar meal at an average fob of \$526.1/tonne.

According to IBIS (provisional data), export of guar seed products (Guar Powder, Split and Meal) in the week (20-26 June) was around 7381 metric tonnes compared to 7761 in the week (13-19 June). The exports of guar meal are up by 1.06%, whereas exports of guar split and guar gum powder are down by 4.26% and 7% respectively compared to last week.

The number of rigs drilling for oil as on 1st July'16 in the united states has increased by 10 to 431. Overall rigs in use are still down by 431 from a year ago. There has been a decline in stocks as well as output of oil in US. 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

On the currency front, Indian rupee against USD (Average) closed at 67.24, appreciated by Rs. 0.31 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 (~20750 quintals) during June 2016 compared to previous month ~17800 quintals.

Similarly, In Ganganagar market, arrivals have increased during June 2016 to 12000 quintals compared to prior month arrivals data i.e.7550 quintals.

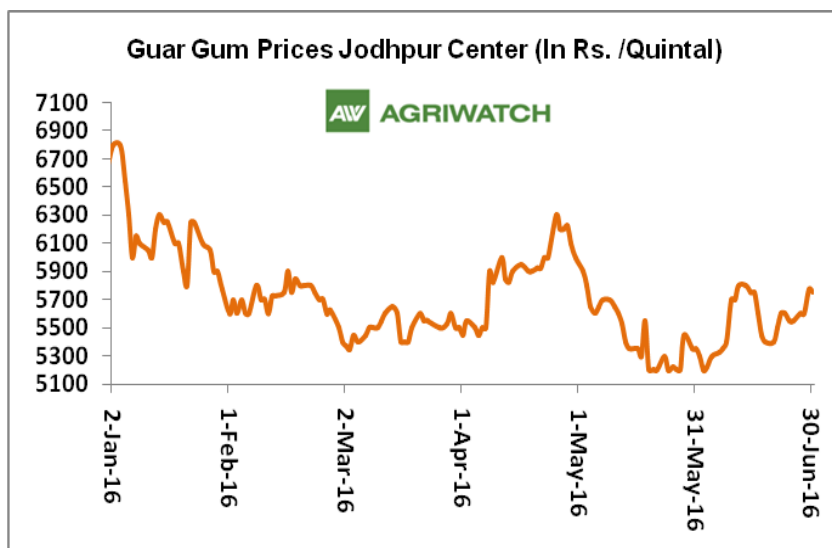
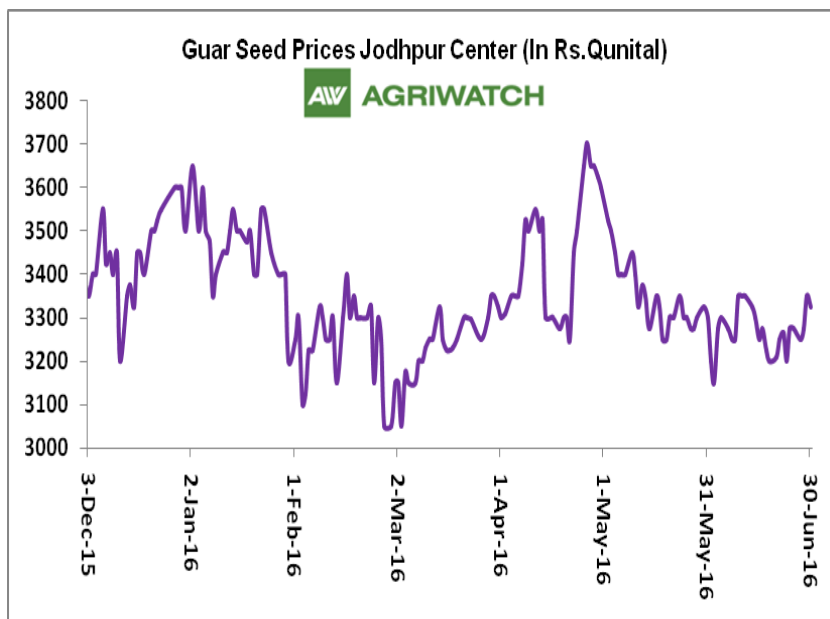
Recommendation:

Monthly Call - : Market participants advised to go long in Guar seed at current levels for a target of 3270 with a stop loss at 3094 on closing basis.

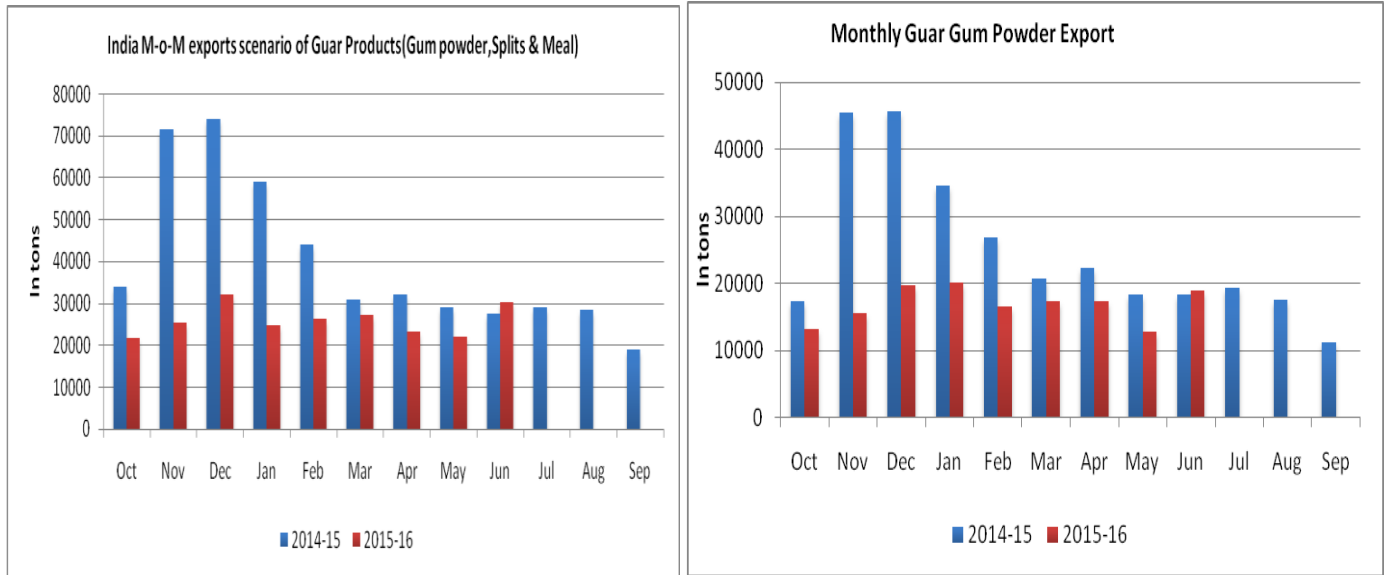
Guar Seed Fundamental Analysis and Outlook:-

Domestic Front

- Guar seed average prices declined due to sluggish demand during June 2016.
- In the month of June 2016, Guar seed monthly average prices declined by 2.4% compared to prior month and settled at Rs. 3269.23 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 June 2016 increased by 1.7% and settled at Rs 5537.5 per quintal.
- Sources revealed that guar seed area in Rajasthan, Haryana and Gujarat might 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.
- According to Gujarat agriculture & co-operation department report as on 27 June'16, sowing of guar has not yet started. Area covered in previous kharif season was 7400 hectares. 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

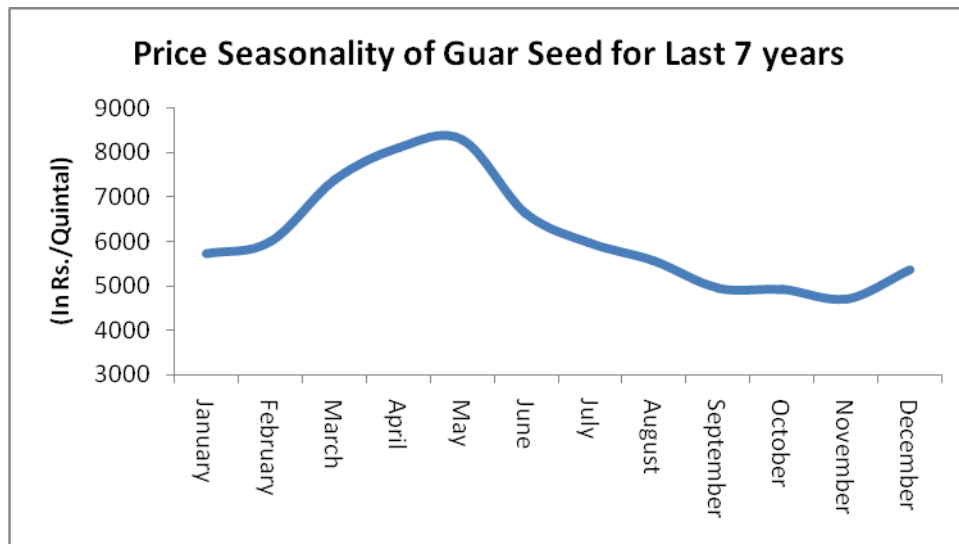


On export front, guar products export demand has increased as compared to prior month. India has exported 30164.92 tons of guar seed products (Gum powder, Splits & Meal) in the month of June 2016 up by 36.62% compared to last month.

In addition, recent month guar gum powder export increased by 48.26% compared to previous month due to good domestic as well as export demand.

India exported 18999.38 tons of guar gum powder in the month of June 2016, which is higher as compared to guar gum powder exported last year for the same month by 3.65 %

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

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.

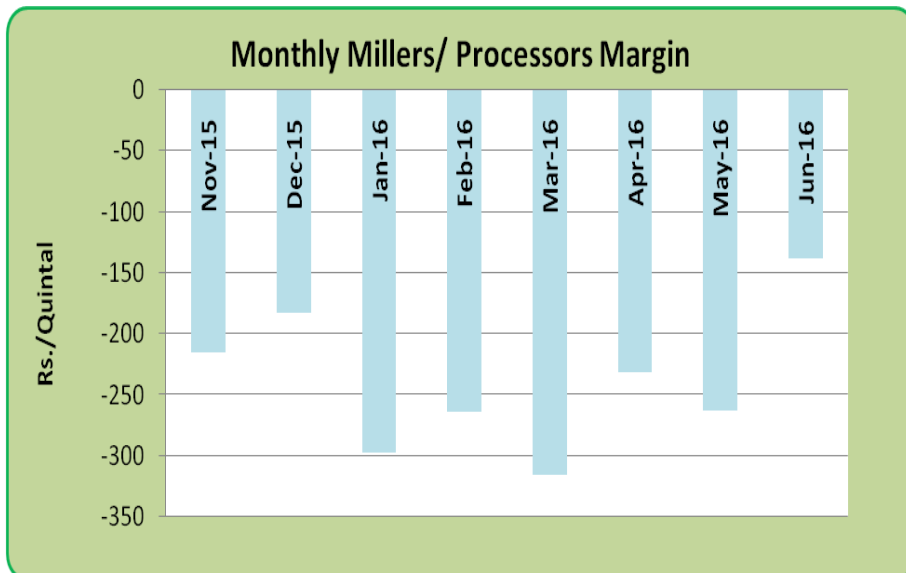
As far as production is concerned, we expect 15.18 lac tons of guar seed production in 2015-16, which is less compared to last year due to higher pest attack in Haryana and lower acreage compared to last year.

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 increased compared to previous month. In the month of June 2016, average crush margin fell to Rs. 138.2/Quintal, which earlier was Rs. 262.7/quintal last month.

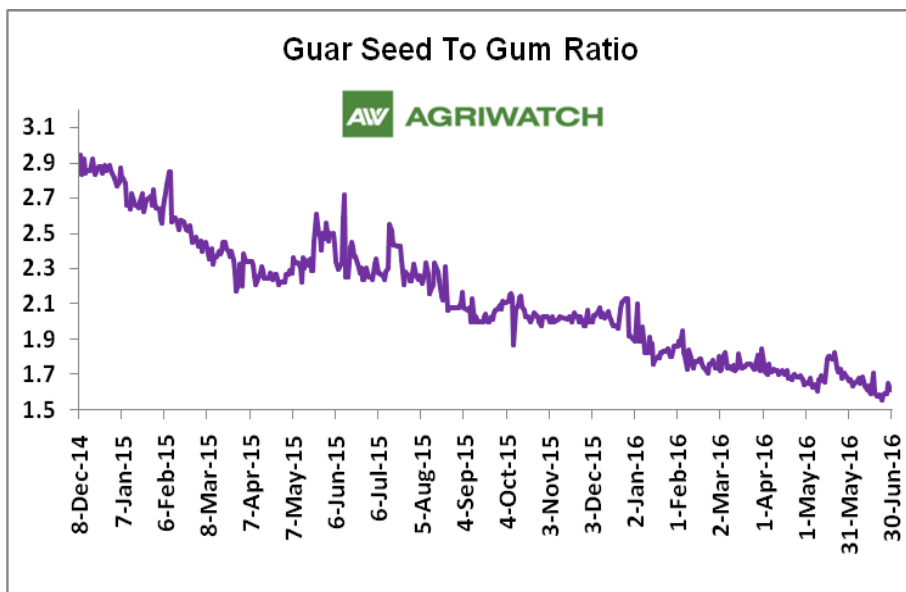
Increase in prices of Churi and Korma have increased the total return and reduced the total cost, which has caused the margin to rise.



Guar Seed To Gum Ratio:

Ratio of guar seed to gum increased last month to 1.69, which in the earlier month was 1.63. Higher degree of Increase in guar gum prices and decrease in guar seed prices increased the ratio.

Overall, good demand of gum from overseas and weak demand of seed from millers due to lower, churi and korma prices increased the overall ratio.



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 3110-3615 per quintal in the coming months

Strategy: Buy

Monthly Supports & Resistances			S1	S2	PCP	R1	R2
Guar Seed 10MT	NCDEX	C1	3035	2975	3219	3505	3625
Monthly Trade Call			Call	Entry	T1	T2	SL
Guar Seed 10MT	NCDEX	C1	Buy	Above 3160	3270	3345	3094

Technical Analysis (Guar Gum)

Commodity: Guar Gum
Exchange: NCDEX

Guar Gum (Monthly Continuous C1 Chart)



Technical Commentary:

- Guar gum prices are trading from range bound to weak
- RSI is moving near oversold region
- Prices likely to trade between Rs 5515-6215 per quintal in the coming weeks

Strategy: Buy

Monthly Supports & Resistances			S1	S2	PCP	R1	R2
Guar Gum	NCDEX	C1	5225	5105	5690	6345	6405
Monthly Trade Call			Call	Entry	T1	T2	SL
Guar Gum	NCDEX	C1	Buy	Above 5620	5950	6165	5422

Guar Seed & Gum Prices at Key Spot Markets

Guar by – Products Monthly Average Prices:				
Commodity	Centre	June,2016	May,2016	Change
Churi	Jodhpur	1535	1660	-126
Korma	Jodhpur	1960	1987	-28
Churi	Sri-Ganganagar	1498	1736	-238
Korma	Sri-Ganganagar	1956	2084	-128
Prices in Rs/75kg				

Guar Export Monthly Average Prices:				
Commodity	Variety	June,2016	May,2016	Change
Guargum Split		826	817	9
Guargum Powder	200 Mesh 5000 CPS	1123	1116	8
	200 Mesh 3500 CPS	1047	1041	6
Guargum Meal	40%	322	370	-47
	50%	420	430	-10
Prices in \$/MT				

Guar Seed Monthly Average Prices:					
Commodity	District	Centre	Monthly Prices (Average)(Rs/Qtl)		Change
			June,2016	May,2016	
Guar Seed	Jodhpur	Jodhpur (Loose)	3119	3191	-72
		Jodhpur(Delivery)	3269	3348	-79
	Sri-Ganganagar	Sri-Ganganagar(Loose)	2995	3057	-62
		Sri-Ganganagar (Delivery)	3140	3163	-22
		Rawla (Loose)	2950	3018	-69
		Gharsana (Loose)	2965	2978	-13
		Raisinghnagar (Loose)	2985	3037	-52
	Bikaner	Bikaner (Loose)	2980	3045	-64
		Bikaner (Delivery)	3130	3189	-59
		Nokha(Loose)	2982	3018	-37
		Nokha (Delivery)	3089	3127	-38
		Khajuwala (Loose)	2968	3039	-71
		Khajuwala (Delivery)	3087	3160	-74
		Lunkaransar (Loose)	2946	3016	-70

	Hanumangarh	Hanumangarh (Loose)	2926	2939	-13
		Hanumangarh (Delivery)	3074	3089	-15
		Nohar (Loose)	2972	3042	-70
		Pilibanga (Loose)	2924	2977	-53
	Nagaur	Nagaur (Loose)	2959	2903	56
	Churu	Churu (Delivery)	3116	3138	-22
	Alwar	Alwar (Loose)	2958	2967	-10
Haryana	Hisar	Adampur (Loose)	2983	3036	-53
		Adampur (Delivery)	3129	3186	-56
	Bhiwani	Bhiwani (Delivery)	3115	3203	-88
		Siwani (Loose)	3071	3167	-95
	Sirsa	Sirsa (Loose)	2961	3058	-97
		Dhabwali (Loose)	2936	2900	36
		Dhabwali (Delivery)	3084	3050	34
		Ellanabad (Loose)	2972	3112	-139
	Fatehabad	Fatehabad (Loose)	2972	2898	75
Gujarat	Banaskantha	Deesa (Loose)	2838	NA	-
	Patan	Patan (Loose)	2926	3012	-85
	Rajkot	Rajkot (Loose)	2968	3097	-130
	Jamnagar	Dhrol (Loose)	2819	2956	-136
Madhya pradesh	Gwalior	Dabra (Loose)	NA	3580	-
Guar Gum					
Rajasthan	Jodhpur	Jodhpur	5538	5446	91
	Alwar	Alwar	5485	5388	96
	Hanumangarh	Nohar	5467	5541	-74
Haryana	Bhiwani	Bhiwani	5392	5422	-31
	Sirsa	Sirsa	5509	5388	121
		Dhabwali	5472	5254	218
		Ellanabad	5517	5605	-88
	Fatehabad	Fatehabad	5513	5385	128

Guar Cumulative Arrivals in Key Centers:					
Commodity	District	Centre	Monthly Arrivals (Quintals)		Change
Guar Seed			June,2016	May,2016	
Rajasthan	Jodhpur	Jodhpur	2613	2972	-359
	Sri-Ganganagar	Sri-Ganganagar	12000	7550	4450
		Rawla	6050	7840	-1790
		Gharsana	5775	4470	1305
		Raisinghnagar	17500	8950	8550
	Bikaner	Bikaner	19500	17250	2250
		Nokha	6250	6300	-50
		Khajuwala	16800	15100	1700
		Lunkaransar	8938	9925	-987
	Hanumangarh	Hanumangarh	3416	1295	2121
		Nohar	19400	18500	900
		Pilibanga	3778	2779	999
	Nagaur	Nagaur	3600	2095	1505
	Churu	Churu	19600	16600	3000
	Alwar	Alwar	10550	9000	1550
Haryana	Hisar	Adampur	20750	17800	2950
	Bhiwani	Bhiwani	96500	49300	47200
		Siwani	19900	19800	100
	Sirsa	Sirsa	11400	11990	-590
		Dhabwali	3860	1845	2015
		Ellanabad	4100	3300	800
	Fatehabad	Fatehabad	225	350	-125
Gujarat	Banaskantha	Deesa	25	NA	-
	Patan	Patan	1558	1783	-225
	Rajkot	Rajkot	8335	4542	3793
	Jamnagar	Dhrol	132	184	-52
Madhya pradesh	Gwalior	Dabra	NA	300	-
Total Arrivals/Above Markets			322555	241820	80735

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