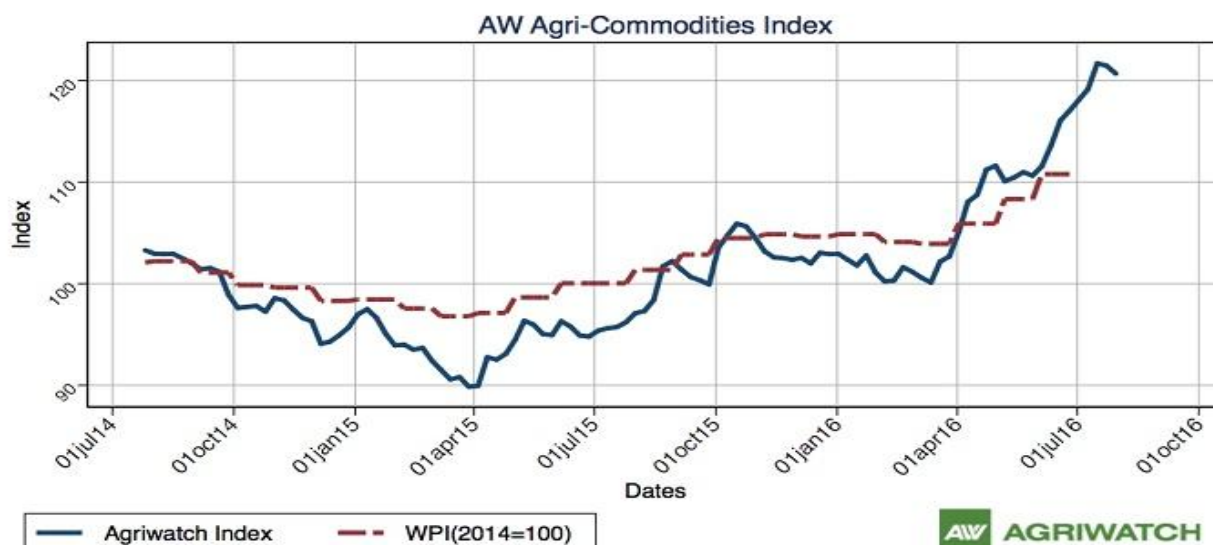


Guar Monthly Research Report

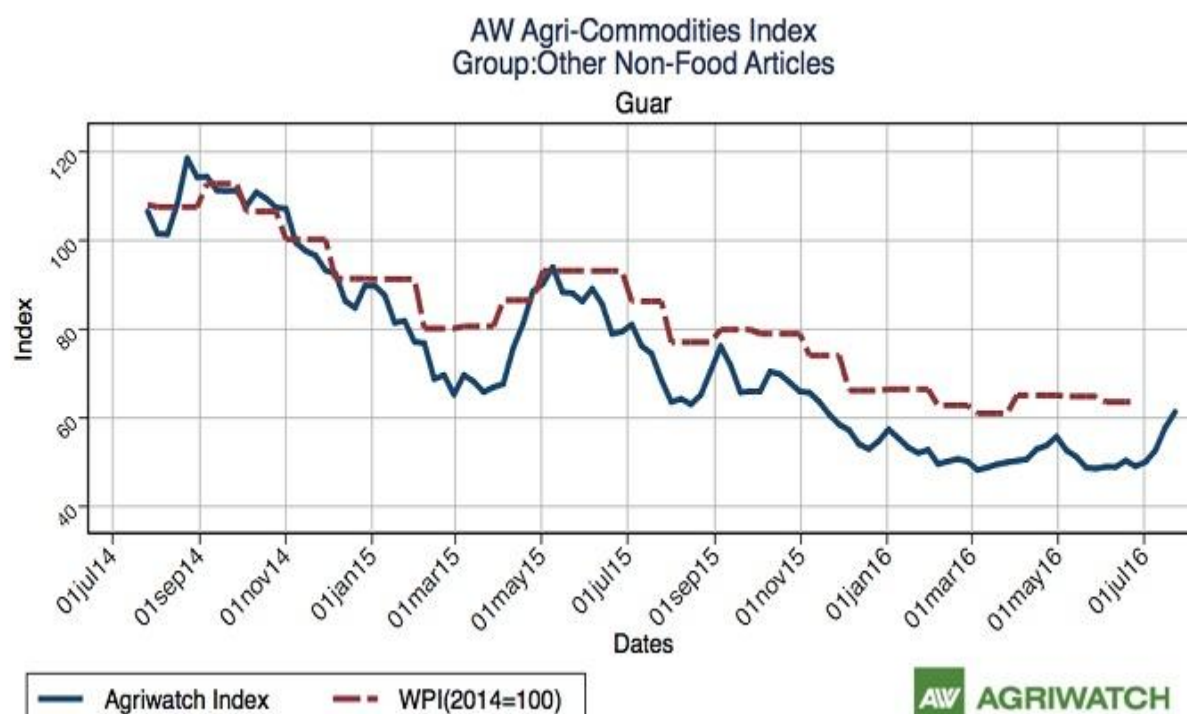
Contents

- ❖ 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 dipped 0.064% to 120.70 during the week ended July 30, 2016 from 121.47 during the previous week, led by easing prices of pulses, cereals and cotton. 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 the month of July, Export of guar seed products i.e. powder, Split and meal has decreased by 3431.08 metric tonnes compared to last month. India has exported 17905.36 metric tonnes of guar gum powder, 2021 metric tonnes of guar split and 6807.48 metric tonnes of guar meal in the month of July.

According to latest update, area sown in Gujarat until 01 August'16 is 88400 hectares compared to 86300 hectares in the previous kharif season. Area of guar is expected to be lower this season as farmers are shifting to other crops like cotton and pulses as these crops fetch more returns. The last three year average normal area for guar seed in Gujarat is 378800 hectares.

Fall in overseas demand and low returns; have led to a fall in acreage of guar seed. In Rajasthan, the area has fallen to 14.27 lakh hectares in MY 2016-17 from 28 lakh hectares in the same period last year whereas in Haryana, the area has fallen to 91000 hectares until date. Rajasthan and Haryana account for 80% of India's guar seed production. The area of guar seed is going to other crops like Moong, Moth, Cotton and Bajra as Guar has a 90-day cycle fetching less return compared to say Moong, which has a 60-day cycle fetching greater returns.

According to IBIS (provisional data), export of guar seed products (Guar Powder, Split and Meal) have decreased compared to last week. In the week (25-31 July) the exports were around 4664 metric tonnes compared to 7029 in the week (18-24 July). The export of guar meal, guar split and guar gum powder are down by 41.59%, 72.5% and 23.46% respectively.

According to IBIS (provisional data) for 25-31 July'16, the average \$FOB/Tonne has increased for guar meal, split and powder compared to last week. India has exported 3402 metric tonnes of guar gum powder at an average fob of \$1278.2 /tonne, 220 metric tonnes of guar split at an average fob of \$1075.18/tonne and 1042 metric tonnes of guar meal at an average fob of \$531.19/tonne.

Total guar seed products export from India for the week (25-31 July'16) was 4664 tonnes. Out of the total around 1989.6 tonnes was exported from Mundra Port, 1676.3 tonnes from Jodhpur concor ICD and 368 tonnes from Ahmedabad ICD. Whereas last week (18-24 June'16) 3324.4 tonnes was exported from Mundra Port, 1454.72 tonnes from Jodhpur concor ICD and 580 tonnes from Ahmedabad ICD.

The wholesale price index of guar seed has fallen from 236.3 in May 2016 to 231.6 in June 2016. The WPI for June 2016 is down by 107.8 compared to last year for the same month and by 135.8 compared to June 2014.

On the currency front, Indian rupee against USD (Average) closed at 67.13, devalued by Rs. 0.11 compared to the previous month. Overall weakening of Rupee in terms of dollar also discourages export of guar gum and powder.

As far as Arrivals are concerned, Adampur (Haryana) market (biggest market of guar in North) reported higher arrivals (~22200 quintals) during July 2016 compared to previous month ~20750 quintals.

Similarly, In Ganganagar market, arrivals have decreased during July 2016 to 9250 quintals compared to prior month arrivals data i.e. 12000 quintals.

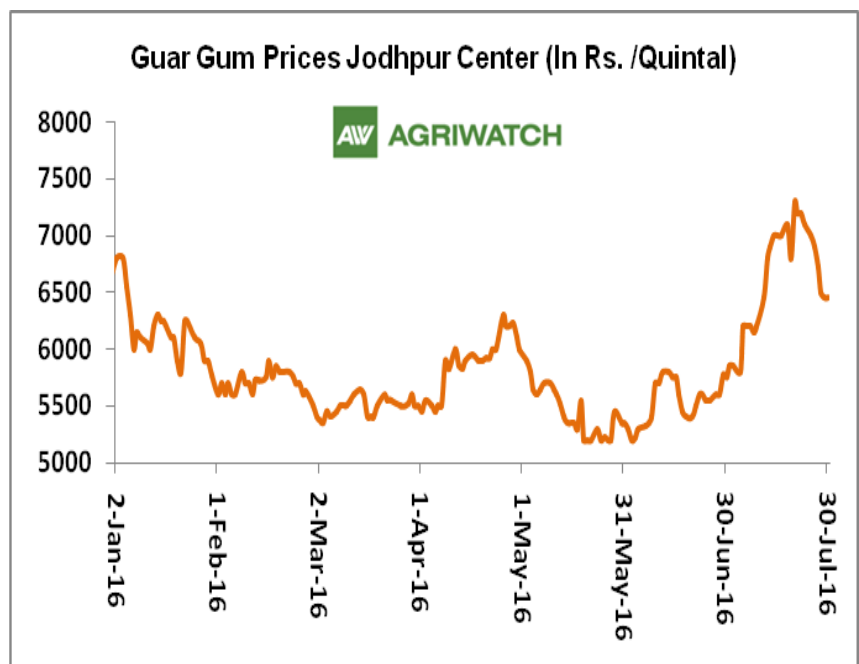
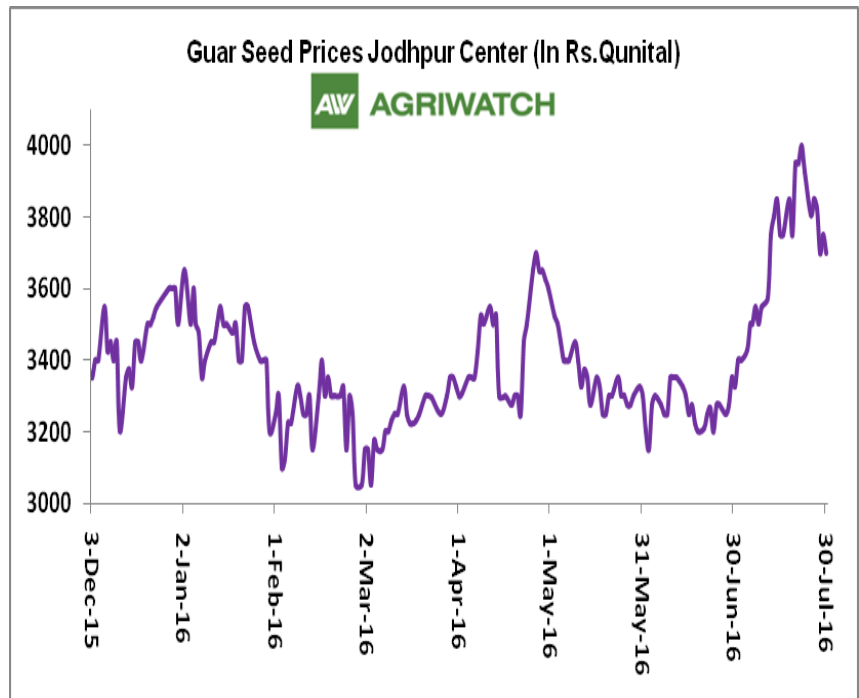
Recommendation:

Monthly Call - : Market participants advised to go long in Guar seed at current levels for a target of 3675 with a stop loss at 3591 on closing basis.

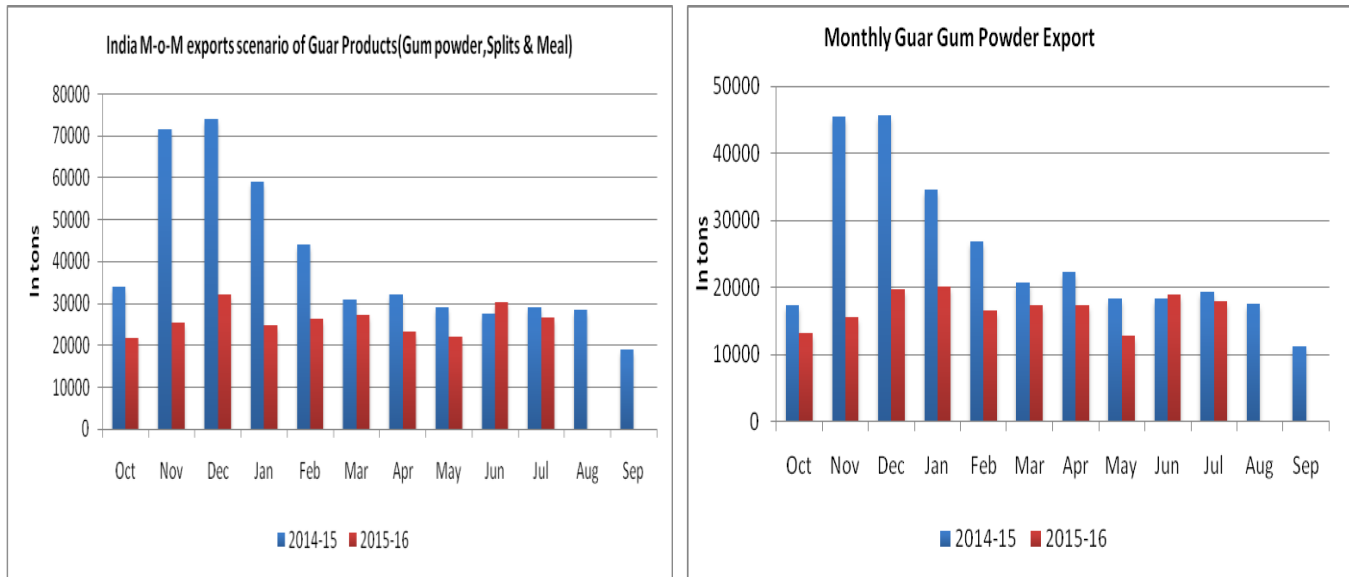
Guar Seed Fundamental Analysis and Outlook:-

Domestic Front

- Average Guar seed prices increased due to lesser sowing than normal and firm demand during July 2016. Furthermore, recent showers have led to a little increase in area but the overall area in Rajasthan, Gujarat and Haryana will be low.
- In the month of July 2016, Guar seed monthly average prices increased by 13.36% compared to prior month and settled at Rs. 3706.15 per quintal. Active trading activities in guar seed in key markets kept the prices up during last month.
- However, Guar gum monthly average prices in July 2016 increased by 19.7% and settled at Rs 6627.88 per quintal.
- Sources revealed that guar seed area in Rajasthan, Haryana and Gujarat might decrease by 30 – 35% 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 01 August'16, guar has been sowed in 88400 hectares. Area covered in previous kharif season was 86300 hectares. Farmers in Gujarat find guar less lucrative due to falling prices of guar. Farmers are shifting to substitute crop like Groundnut, Castor etc.
- We expect guar seed and gum prices to trade from range bound to firm tone in the coming month.



Export Scenario

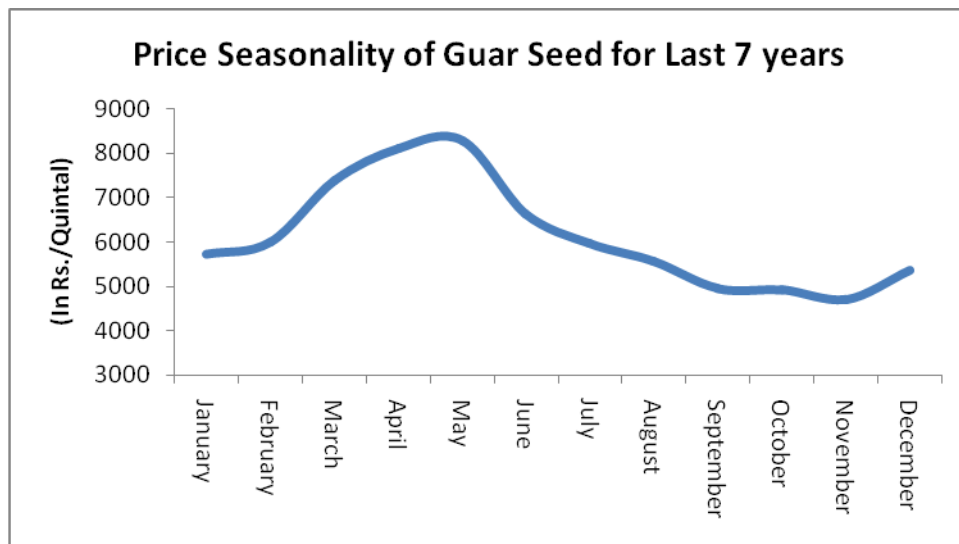


On export front, guar products export demand has decreased compared to prior month. India has exported 26733.84 tons of guar seed products (Gum powder, Splits & Meal) in the month of July 2016 down by 11.37 % compared to last month.

In addition, recent month guar gum powder export increased by 5.76 % compared to previous month due to weak domestic as well as export demand.

India exported 17905.36 tons of guar gum powder in the month of July 2016, which is lower compared to guar gum powder exported last year for the same month by 7.55 %

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	9.81	9.95
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	13.45	12.08
Demand						
Total Crushing	18.04	12.92	2.94	3.13	3.50	3.17
Domestic Consumption (Textile, Food & Pharma Industry)	4.97	3.50	0.88	0.88	0.88	0.88
Guar Exports	3.72	2.67	0.58	0.64	0.74	0.65
Exports (Guar seed Equivalent)	13.07	9.42	2.06	2.25	2.63	2.30
Carry Forward (Farmers and Traders Holdings)	6.46	8.72	6.86	9.81	9.95	8.91
Av Monthly Consumption	1.50	1.08	0.98	1.04	1.17	1.06
Stock to Month Use	4.30	8.10	7.02	9.42	8.53	8.43
Stock to Consumption Ratio	0.36	0.67	2.34	3.14	2.84	2.81

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.

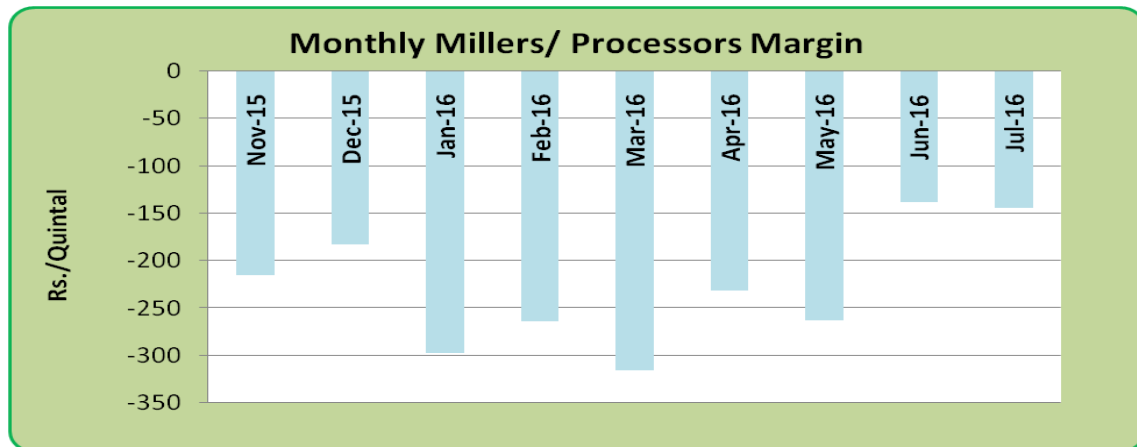
As far as production is concerned, we expect 15.18 lac tons of guar seed production in 2015-16, due to lower acreage compared to last year.

On export scenario, India is likely to export 9.42 lac tons of guar gum powder and split (equivalent to guar seed) which is 27% 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 July 2016, average crush margin fell to Rs. 144.21/Quintal, which earlier was Rs. 138.2/quintal last month.

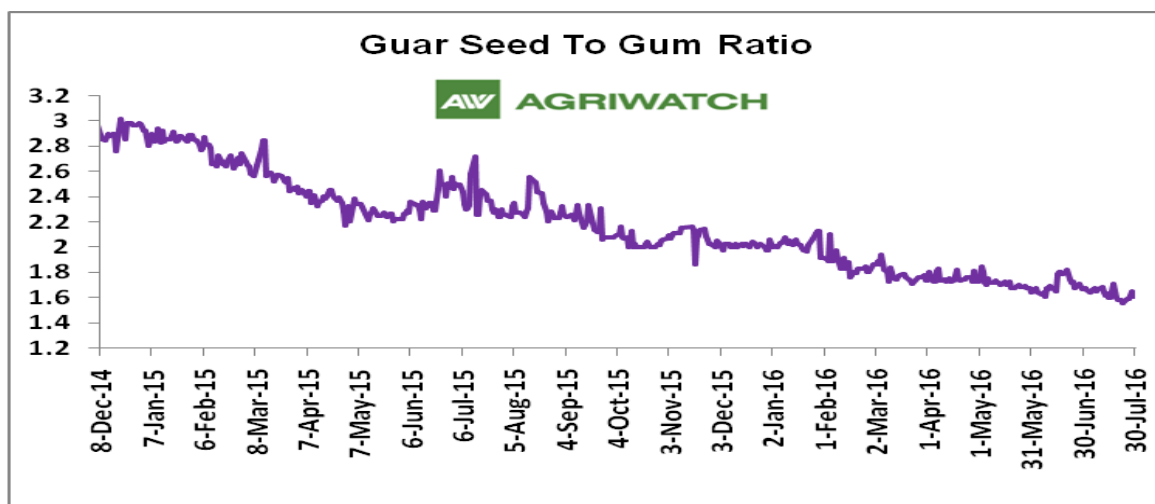
Higher prices of guar seed compared to prices of churi and korma has reduced the total return which has caused the margin to fall further.



Guar Seed To Gum Ratio:

Ratio of guar seed to gum increased last month to 1.86, which in the earlier month was 1.69. 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:

- Prices closed above 9 and 18 day EMA.
- RSI is moving up in neutral region.
- Guar prices are moving firm as the chart depicts.

Strategy: Buy

Monthly Supports & Resistances			S1	S2	PCP	R1	R2
Guar Seed 10MT	NCDEX	C1	3432	3345	3219	4120	4195
Monthly Trade Call			Call	Entry	T1	T2	SL
Guar Seed 10MT	NCDEX	C1	Buy	Above 3675	3815	4010	3591

Technical Analysis (Guar Gum)

Commodity: Guar Gum
Exchange: NCDEX

Guar Gum (Monthly Continuous C1 Chart)



Technical Commentary:

- RSI is moving up in neutral region
- Prices closed above 9 and 18 day EMA
- Guar gum prices are trading from range bound to firm

Strategy: Buy

Monthly Supports & Resistances			S1	S2	PCP	R1	R2
Guar Gum	NCDEX	C1	6095	5915	6880	7780	7955
Monthly Trade Call			Call	Entry	T1	T2	SL
Guar Gum	NCDEX	C1	Buy	Above 6615	7135	7590	6303

Guar Seed & Gum Prices at Key Spot Markets

Guar by – Products Monthly Average Prices:				
Commodity	Centre	July,2016	June,2016	Change
Churi	Jodhpur	1612	1535	77
Korma	Jodhpur	2130	1960	170
Churi	Sri-Ganganagar	1563	1498	65
Korma	Sri-Ganganagar	2170	1956	215
Prices in Rs/75kg				

Guar Export Monthly Average Prices:				
Commodity	Variety	July,2016	June,2016	Change
Guargum Split		990	826	164
Guargum Powder	200 Mesh 5000 CPS	1276	1123	153
	200 Mesh 3500 CPS	1225	1047	178
Guargum Meal	40%	333	322	10
	50%	439	420	19
Prices in \$/MT				

Guar Seed Monthly Average Prices:					
Commodity	District	Centre	Monthly Prices (Average)(Rs/Qtl)		Change
Guar Seed			July,2016	June,2016	
Rajasthan	Jodhpur	Jodhpur (Loose)	3556	3119	437
		Jodhpur(Delivery)	3706	3269	437
	Sri-Ganganagar	Sri-Ganganagar(Loose)	3392	2995	397
		Sri-Ganganagar (Delivery)	3547	3140	407
		Rawla (Loose)	3357	2950	408
		Gharsana (Loose)	3404	2965	439
		Raisinghnagar (Loose)	3474	2985	488
	Bikaner	Bikaner (Loose)	3443	2980	462
		Bikaner (Delivery)	3570	3130	439
		Nokha(Loose)	3409	2982	428
		Nokha (Delivery)	3532	3089	443
		Khajuwala (Loose)	3420	2968	452
		Khajuwala (Delivery)	3557	3087	470
		Lunkaransar (Loose)	3407	2946	462
	Hanumangarh	Hanumangarh (Loose)	3391	2926	464

		Hanumangarh (Delivery)	3541	3074	466
		Nohar (Loose)	3470	2972	498
		Pilibanga (Loose)	3328	2924	404
	Nagaur	Nagaur (Loose)	3346	2959	387
	Churu	Churu (Delivery)	3577	3116	461
	Alwar	Alwar (Loose)	3381	2958	423
Haryana	Hisar	Adampur (Loose)	3467	2983	484
		Adampur (Delivery)	3627	3129	497
	Bhiwani	Bhiwani (Delivery)	3544	3115	429
		Siwani (Loose)	3489	3071	418
	Sirsa	Sirsa (Loose)	3431	2961	470
		Dhabwali (Loose)	3403	2936	467
		Dhabwali (Delivery)	3547	3084	463
		Ellanabad (Loose)	3442	2972	470
	Fatehabad	Fatehabad (Loose)	3373	2972	401
Gujarat	Banaskantha	Deesa (Loose)	2261	2838	-577
	Patan	Patan (Loose)	3370	2926	444
	Rajkot	Rajkot (Loose)	3538	2968	570
	Jamnagar	Dhrol (Loose)	2703	2819	-117
Madhya pradesh	Gwalior	Dabra (Loose)	1655	NA	-
Guar Gum					
Rajasthan	Jodhpur	Jodhpur	6628	5538	1090
	Alwar	Alwar	6633	5485	1148
	Hanumangarh	Nohar	6652	5467	1185
Haryana	Bhiwani	Bhiwani	6693	5392	1301
	Sirsa	Sirsa	6638	5509	1129
		Dhabwali	6646	5472	1174
		Ellanabad	6616	5517	1099
	Fatehabad	Fatehabad	6500	5513	988

Guar Cumulative Arrivals in Key Centers:					
Commodity	District	Centre	Monthly Arrivals (Quintals)		Change
Guar Seed			July,2016	June,2016	
Rajasthan	Jodhpur	Jodhpur	2527	2613	-86
	Sri-Ganganagar	Sri-Ganganagar	9250	12000	-2750
		Rawla	5550	6050	-500
		Gharsana	5950	5775	175
		Raisinghnagar	9125	17500	-8375
	Bikaner	Bikaner	11950	19500	-7550
		Nokha	6000	6250	-250
		Khajuwala	11800	16800	-5000
		Lunkaransar	15395	8938	6457
	Hanumangarh	Hanumangarh	1969	3416	-1447
		Nohar	10150	19400	-9250
		Pilibanga	1960	3778	-1818
	Nagaur	Nagaur	3180	3600	-420
	Churu	Churu	24700	19600	5100
	Alwar	Alwar	14950	10550	4400
Haryana	Hisar	Adampur	22200	20750	1450
	Bhiwani	Bhiwani	101000	96500	4500
		Siwani	27600	19900	7700
	Sirsa	Sirsa	7100	11400	-4300
		Dhabwali	8835	3860	4975
		Ellanabad	3450	4100	-650
	Fatehabad	Fatehabad	134	225	-91
Gujarat	Banaskantha	Deesa	215	25	190
	Patan	Patan	4360	1558	2802
	Rajkot	Rajkot	13205	8335	4870
	Jamnagar	Dhrol	45	132	-87
Madhya pradesh	Gwalior	Dabra	825	NA	-
Total Arrivals/Above Markets			323425	322555	870

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