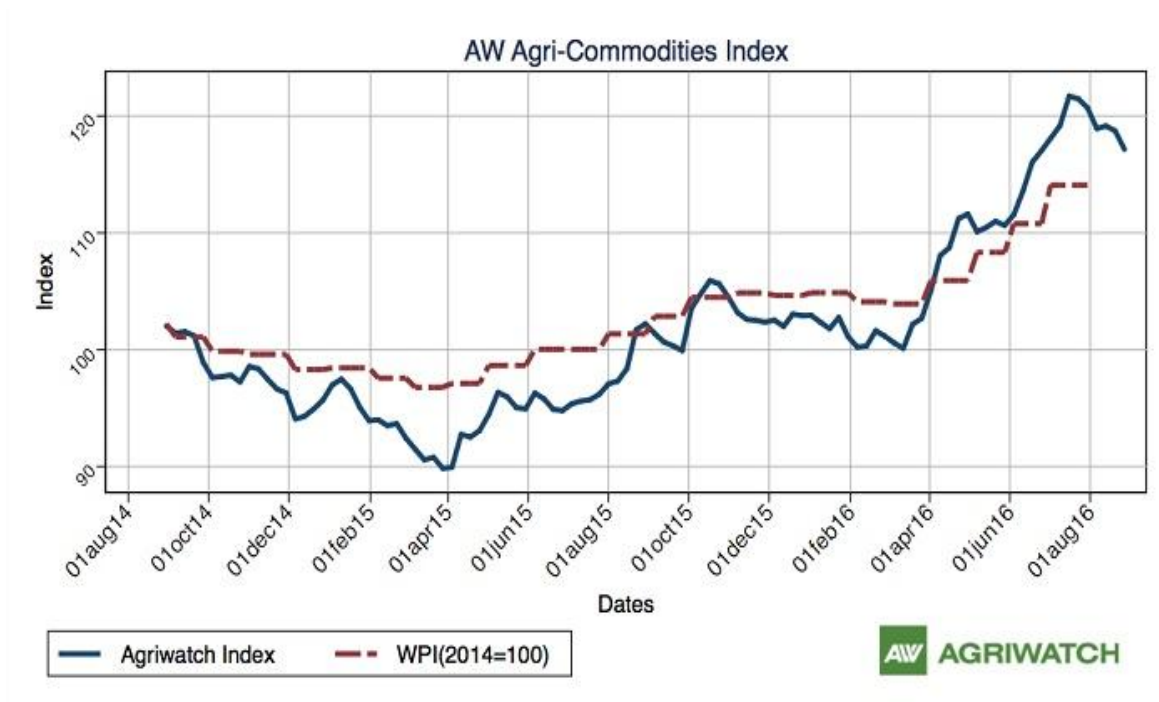


Guar Monthly Research Report

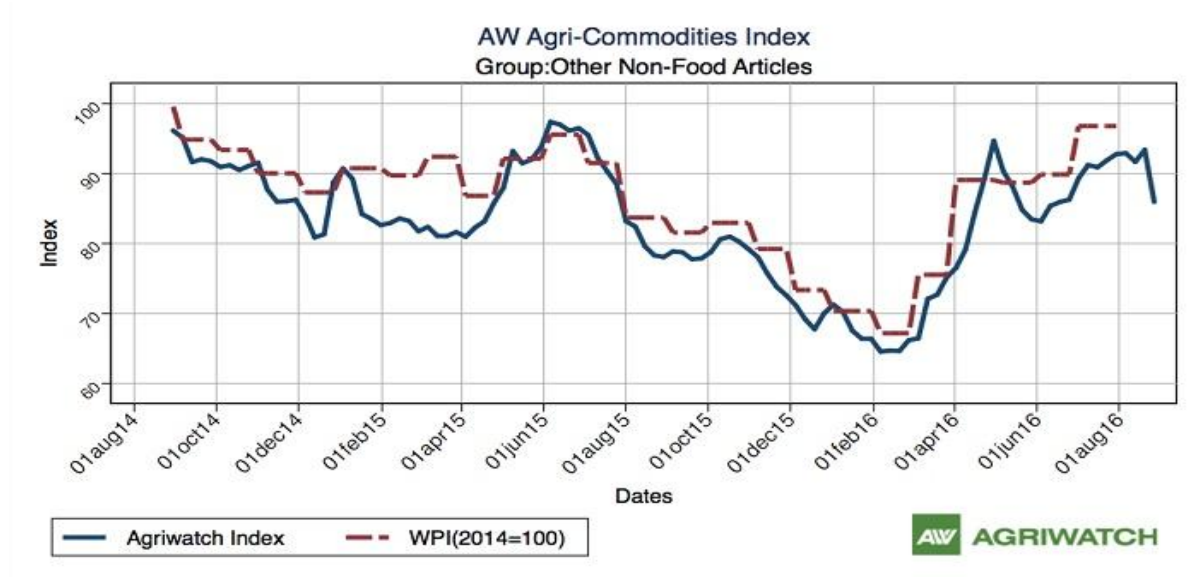
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Agriwatch Agri Commodity Index



The Agriwatch Agri Commodities Index fell 1.33% to 117.15 during the week ended August 27, 2016 from 118.73 during the previous week, led by sharply lower pulses prices. The base for the Index and all sub-Indices is 2014 (= 100).



The Agriwatch Agri commodity other non-food articles Index decreased by 7.95% to 85.95 during the week ended August 27, 2016.

Agriwatch has recently launched its AW Agri Commodity Indices to enable organizations access independent Indices to track and use to benchmark their purchases and sales. The Indices are based on the daily prices in the key benchmark markets for each commodity that AW has been covering for the past decade. The indices include an Aggregate Index, Category Indices and individual commodity indices. The weekly indices are free to access on our website www.agriwatch.com. The daily indices are available on subscription. Please contact for more details.

Executive Summary

Domestic Guar Seed Market Summary

Total guar seed products export from India for the week (22-28 August'16) was 6152 tonnes. Out of the total around 1683.02 tonnes was exported from Mundra Port, 1737.02 tonnes from Jodhpur concor ICD and 877.56 tonnes from Ahmedabad ICD. Whereas last week (15-21 August'16) 2453.61 tonnes was exported from Mundra Port, 1463.59 tonnes from Jodhpur concor ICD and 804.54 tonnes from Ahmedabad ICD.

According to IBIS (provisional data) for 22-28 August'16, the average \$FOB/Tonne has increased for guar split, meal and powder compared to last week. India has exported 4555 metric tonnes of guar gum powder at an average fob of \$1308.64 /tonne, 360 metric tonnes of guar split at an average fob of \$992.01/tonne and 1237 metric tonnes of guar meal at an average fob of \$517.51/tonne.

According to IBIS (provisional data), export of guar seed products (Guar Powder, Split and Meal) have decreased compared to last week. In the week (22-28 August) the exports were around 6152 metric tonnes compared to 6925 metric tonnes in the week (15-21 August). The export of guar meal and guar split are up by 31.96% and 40.10% respectively.

According to latest update, area sown in Gujarat until 29 August'16 is 192800 hectares compared to 293600 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 are fetching more returns. The last three year average normal area for guar seed in Gujarat is 378800 hectares.

The wholesale price index of guar seed has increased from 231.6 in June 2016 to 253.9 in July 2016. The WPI for July 2016 is down by 50.5 compared to last year for the same month and by 139.8 compared to July 2014.

As per latest update, guar acreage in main producing states i.e. Gujarat, Rajasthan and Haryana is low compared to last year. This is mainly due to farmers shifting to more remunerative crops like Pulses and cotton. Acreage in Rajasthan and Gujarat until August'08 is down by 45% and 20.5% respectively compared to last year. Whereas in Haryana area sown until July'18 is only 91000 hectares compared to 3.39 lakh hectares last year as on July'20.

On the currency front, Indian rupee against USD (Average) closed at 66.94, devalued by Rs. 0.19 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 lower arrivals (~17400 quintals) during August 2016 compared to previous month ~22200 quintals.

Similarly, In Ganganagar market, arrivals have decreased during August 2016 to 5191 quintals compared to prior month arrivals data i.e.9250 quintals.

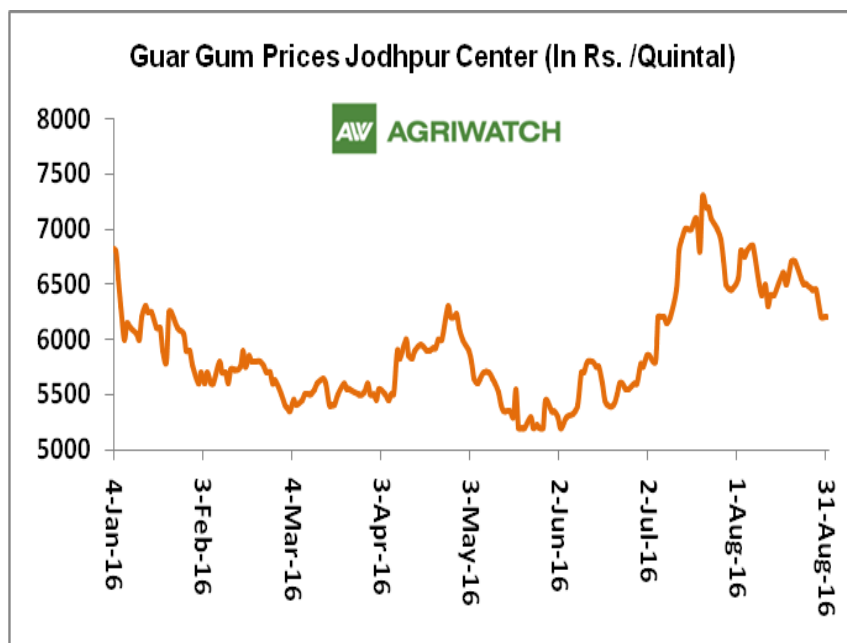
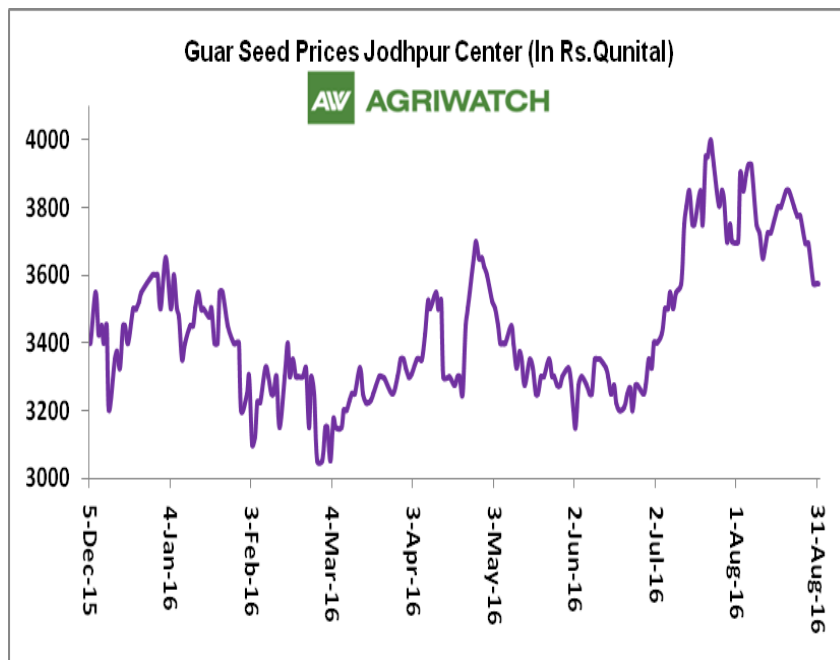
Recommendation:

Monthly Call - : Market participants advised to go long in Guar seed at current levels for a target of 3645 with a stop loss at 3381 on closing basis.

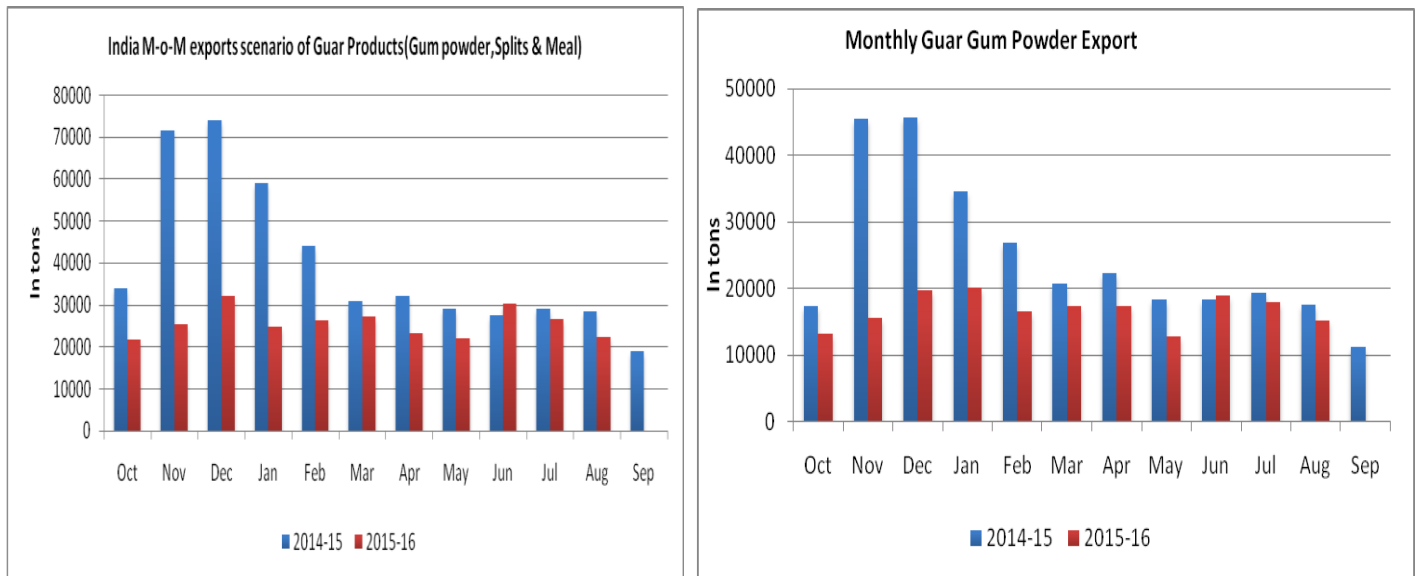
Guar Seed Fundamental Analysis and Outlook:-

Domestic Front

- Average Guar seed prices increased due to lesser sowing than normal and firm demand during August 2016. Furthermore, recent showers have led to an increase in area but the overall area in Rajasthan, Gujarat and Haryana will be low.
- In the month of August 2016, Guar seed monthly average prices increased by 1.42% compared to prior month and settled at Rs. 3758.96 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 August 2016 decreased by 1.52% and settled at Rs 6527.08 per quintal.
- Sources revealed that guar seed area in Rajasthan, Haryana and Gujarat might decrease by 35 – 40% considering lower prices compared to other crops like Pulses and cotton, which are more remunerative for farmers as compared to guar.
- According to latest update, area sown in Gujarat until 29 August'16 is 192800 hectares compared to 293600 hectares in the previous kharif season. 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

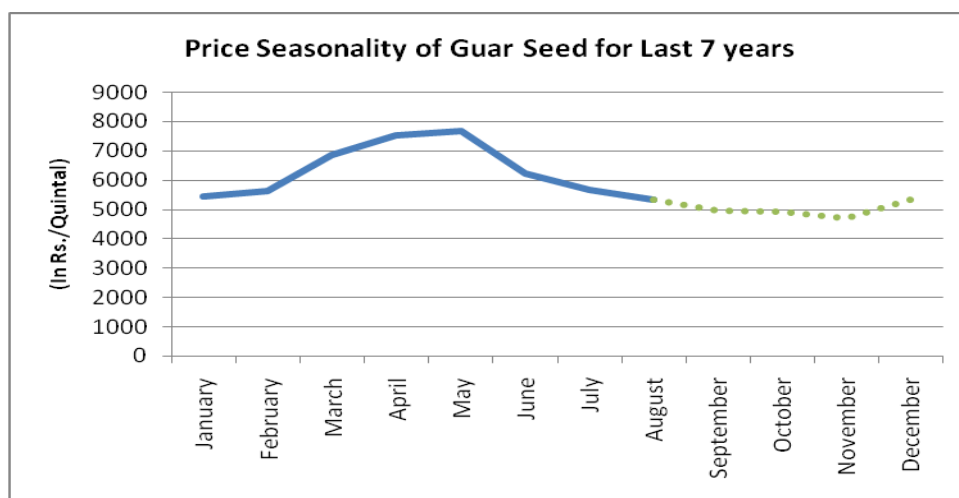


On export front, guar products export demand has decreased compared to prior month. India has exported 22435 tons of guar seed products (Gum powder, Splits & Meal) in the month of August 2016 down by 20.88 % compared to last month.

In addition, recent month guar gum powder export decreased by 15.89 % compared to previous month due to weak domestic as well as export demand.

India exported 15060 tons of guar gum powder in the month of August 2016, which is lower compared to guar gum powder exported last year for the same month by 14.52 %

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.

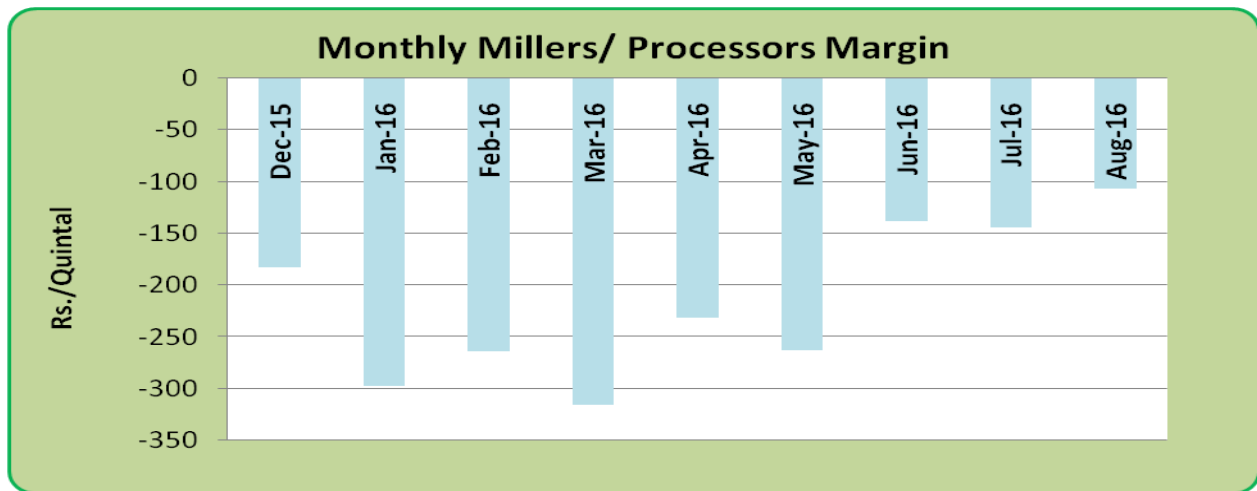
As far as production is concerned, we expect 15.18 lac tons of guar seed production in 2015-16, due to lower acreage compared to last year.

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 increased compared to previous month. In the month of August 2016, average crush margin fell to Rs. 106.3/Quintal, which earlier was Rs. 144.21/quintal last month.

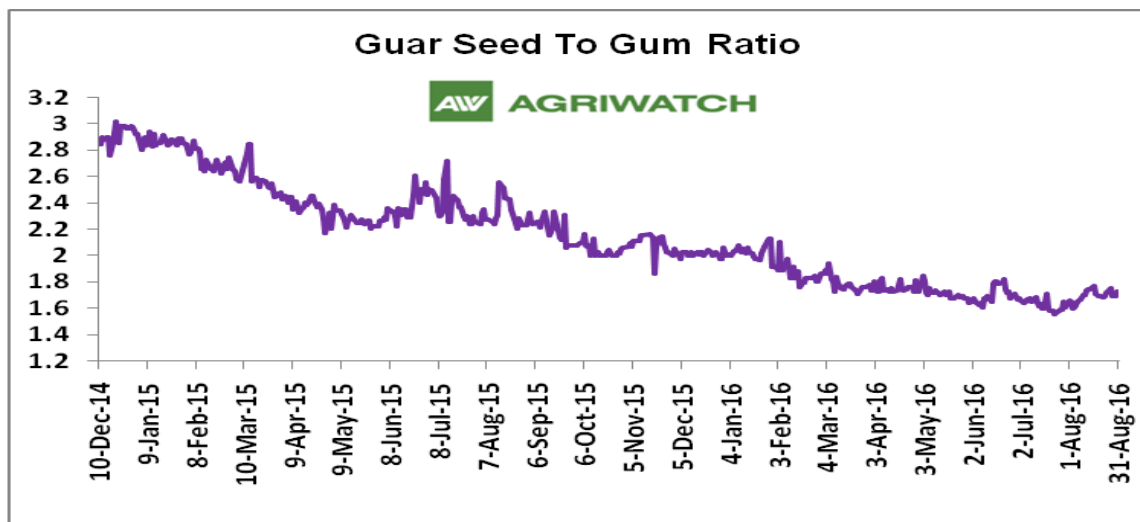
Increase in prices of churi and korma have increased the total return and reduced the total cost, which has caused the margin to rise.



Guar Seed To Gum Ratio:

Ratio of guar seed to gum decreased last month to 1.74, which in the earlier month was 1.79. Higher degree of Increase in guar seed prices and decrease in 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 decreased the overall ratio.



Technical Analysis (Guar Seed)

Commodity: Guar Seed 10MT
Exchange: NCDEX

Guar Seed 10MT (Monthly Continuous C1 Chart)



Technical Commentary:

- Rise in price and open interest indicates long liquidation.
- 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	3295	3230	3484	3860	3915
Monthly Trade Call			Call	Entry	T1	T2	SL
Guar Seed 10MT	NCDEX	C1	Buy	Above 3480	3645	3775	3381

Technical Analysis (Guar Gum)

Commodity: Guar Gum
Exchange: NCDEX

Guar Gum (Monthly Continuous C1 Chart)



Technical Commentary:

- Rise in price and fall in open interest indicates short covering
- 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	6170	6055	6360	7020	7190
Monthly Trade Call			Call	Entry	T1	T2	SL
Guar Gum	NCDEX	C1	Buy	Above 6500	6725	6855	6365

Guar Seed & Gum Prices at Key Spot Markets

Guar by – Products Monthly Average Prices:				
Commodity	Centre	Aug,2016	July,2016	Change
Churi	Jodhpur	1740	1612	128
Korma	Jodhpur	2296	2130	167
Churi	Sri-Ganganagar	1623	1563	61
Korma	Sri-Ganganagar	2244	2170	74
Prices in Rs/75kg				

Guar Export Monthly Average Prices:				
Commodity	Variety	Aug,2016	July,2016	Change
Guargum Split		972	990	-18
Guargum Powder	200 Mesh 5000 CPS	1270	1276	-6
	200 Mesh 3500 CPS	1196	1225	-29
Guargum Meal	40%	353	333	20
	50%	465	439	26
Prices in \$/MT				

Guar Seed Monthly Average Prices:					
Commodity	District	Centre	Monthly Prices (Average)(Rs/Qtl)		Change
Guar Seed			Aug,2016	July,2016	
Rajasthan	Jodhpur	Jodhpur (Loose)	3609	3556	53
		Jodhpur(Delivery)	3759	3706	53
	Sri-Ganganagar	Sri-Ganganagar(Loose)	3479	3392	87
		Sri-Ganganagar (Delivery)	3631	3547	83
		Rawla (Loose)	3424	3357	67
		Gharsana (Loose)	3439	3404	35
		Raisinghnagar (Loose)	3471	3474	-3
	Bikaner	Bikaner (Loose)	3476	3443	34
		Bikaner (Delivery)	3626	3570	57
		Nokha(Loose)	3443	3409	34
		Nokha (Delivery)	3567	3532	35
		Khajuwala (Loose)	3465	3420	45
		Khajuwala (Delivery)	3603	3557	46
		Lunkaransar (Loose)	3463	3407	55

	Hanumangarh	Hanumangarh (Loose)	3430	3391	39
		Hanumangarh (Delivery)	3580	3541	39
		Nohar (Loose)	3473	3470	3
		Pilibanga (Loose)	3373	3328	45
	Nagaur	Nagaur (Loose)	3294	3346	-52
	Churu	Churu (Delivery)	3648	3577	71
	Alwar	Alwar (Loose)	3480	3381	99
Haryana	Hisar	Adampur (Loose)	3491	3467	24
		Adampur (Delivery)	3640	3627	14
	Bhiwani	Bhiwani (Delivery)	3598	3544	55
		Siwani (Loose)	3574	3489	85
	Sirsa	Sirsa (Loose)	3439	3431	8
		Dhabwali (Loose)	3447	3403	44
		Dhabwali (Delivery)	3587	3547	39
		Ellanabad (Loose)	3432	3442	-10
	Fatehabad	Fatehabad (Loose)	3486	3373	113
Gujarat	Banaskantha	Deesa (Loose)	3337	2261	1076
	Patan	Patan (Loose)	3406	3370	35
	Rajkot	Rajkot (Loose)	3496	3538	-41
	Jamnagar	Dhrol (Loose)	3356	2703	653
Madhya pradesh	Gwalior	Dabra (Loose)	3453	1655	1799
Guar Gum					
Rajasthan	Jodhpur	Jodhpur	6527	6628	-101
	Alwar	Alwar	6573	6633	-60
	Hanumangarh	Nohar	6500	6652	-152
Haryana	Bhiwani	Bhiwani	6570	6693	-122
	Sirsa	Sirsa	6452	6638	-186
		Dhabwali	6520	6646	-126
		Ellanabad	6477	6616	-139
	Fatehabad	Fatehabad	6583	6500	83

Guar Cumulative Arrivals in Key Centers:					
Commodity	District	Centre	Monthly Arrivals (Quintals)		Change
Guar Seed			Aug,2016	July,2016	
Rajasthan	Jodhpur	Jodhpur	2726	2527	199
	Sri-Ganganagar	Sri-Ganganagar	5191	9250	-4059
		Rawla	4400	5550	-1150
		Gharsana	4680	5950	-1270
		Raisinghnagar	6650	9125	-2475
	Bikaner	Bikaner	8350	11950	-3600
		Nokha	4700	6000	-1300
		Khajuwala	8400	11800	-3400
		Lunkaransar	4080	15395	-11315
	Hanumangarh	Hanumangarh	3056	1969	1087
		Nohar	8650	10150	-1500
		Pilibanga	1440	1960	-520
	Nagaur	Nagaur	6040	3180	2860
	Churu	Churu	11600	24700	-13100
	Alwar	Alwar	6800	14950	-8150
Haryana	Hisar	Adampur	17400	22200	-4800
	Bhiwani	Bhiwani	21900	101000	-79100
		Siwani	11030	27600	-16570
	Sirsa	Sirsa	7405	7100	305
		Dhabwali	3135	8835	-5700
		Ellanabad	2240	3450	-1210
	Fatehabad	Fatehabad	176	134	42
Gujarat	Banaskantha	Deesa	1080	215	865
	Patan	Patan	3723	4360	-637
	Rajkot	Rajkot	5972	13205	-7233
	Jamnagar	Dhrol	755	45	710
Madhya pradesh	Gwalior	Dabra	39056	825	38231
Total Arrivals/Above Markets			200635	323425	-122790

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