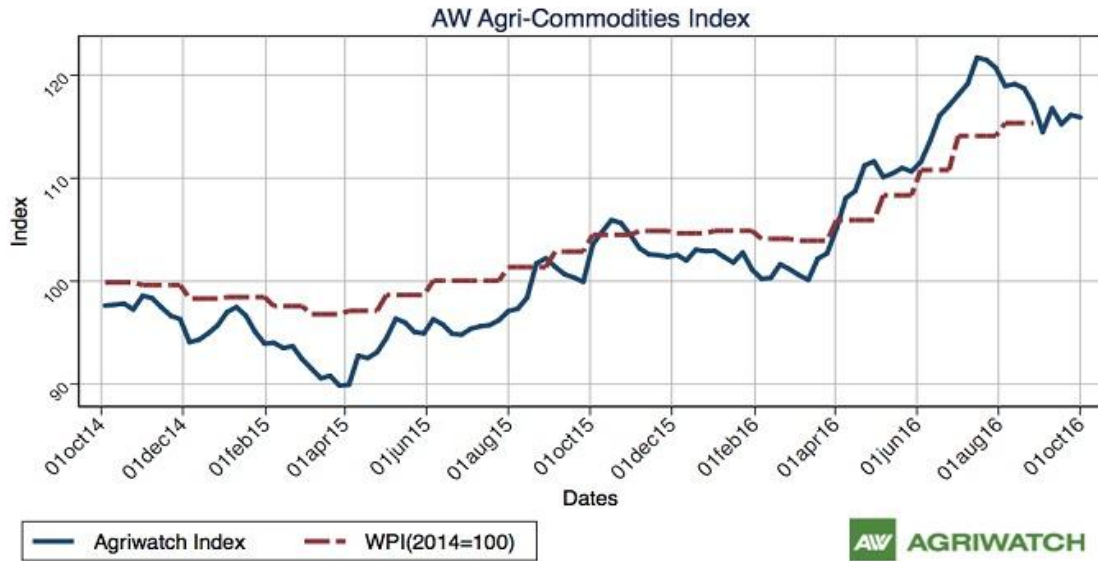


Guar Monthly Research Report

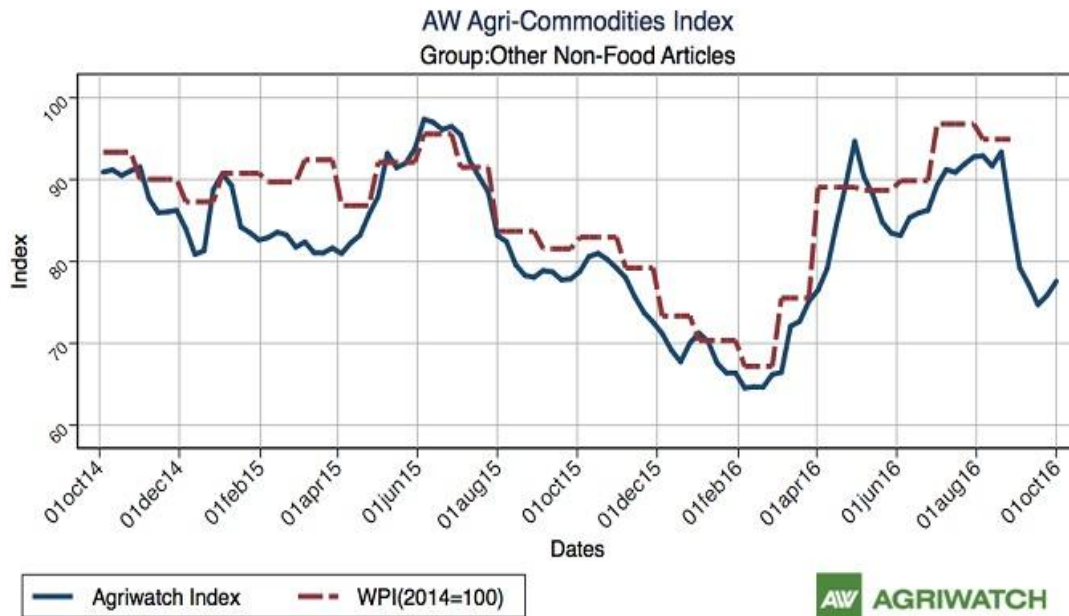
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Agriwatch Agri Commodity Index



The Agriwatch Agri Commodities Index edged down 0.20% to 115.90 during the week ended Oct 1, 2016 from 116.13 during the previous week. The base for the Index and all sub-Indices is 2014 (= 100).



The Agriwatch Agri commodity other non-food articles Index increased by 2.25% to 77.57 during the week ended October 01, 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

According to IBIS (provisional data) for the month of September, Export of guar seed products i.e. powder, Split and meal has increased by 3848 metric tonnes compared to last month. India has exported 20121 metric tonnes of guar gum powder, 2177 metric tonnes of guar split and 7498 metric tonnes of guar meal in the month of September.

According to latest update, area sown in Gujarat until 26 September'16 is 223700 hectares compared to 342500 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 253.9 in July 2016 to 266.2 in August 2016. The WPI for August 2016 is down by 14.6 compared to last year for the same month and by 125.7 compared to August 2014.

Total guar seed products export from India for the week (19 -25 September) was 6820 tonnes. Out of the total around 3124.64 tonnes was exported from Mundra Port, 1935.98 tonnes from Jodhpur concor ICD and 111.16 tonnes from Ahmedabad ICD. Whereas last week (12 -18 September) 4752.73 tonnes was exported from Mundra Port, 1759.29 tonnes from Jodhpur concor ICD and 1087.17 tonnes from Ahmedabad ICD.

According to IBIS (provisional data) for 19-25 September'16, the average \$FOB/Tonne has decreased for guar split and guar gum powder compared to last week. India has exported 5007 metric tonnes of guar gum powder at an average fob of \$1350/tonne, 280 metric tonnes of guar split at an average fob of \$968.06/tonne and 1533 metric tonnes of guar meal at an average fob of \$556.69/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 (19-25 September), the exports were around 6820 metric tonnes compared to 8791 metric tonnes in the week (12 -18 September). The export of all guar meal, guar split and guar gum powder has decreased.

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 until September'26 is down by 34.7% compared to last year. Whereas in Haryana area is down by around 48 percent until August'25 compared to same period last year.

On the currency front, Indian rupee against USD (Average) closed at 66.74, devalued by Rs. 0.20 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 (~28500 quintals) during September 2016 compared to previous month ~17400 quintals.

Similarly, In Ganganagar market, arrivals have increased during September 2016 to 17798 quintals compared to prior month arrivals data i.e.5191 quintals.

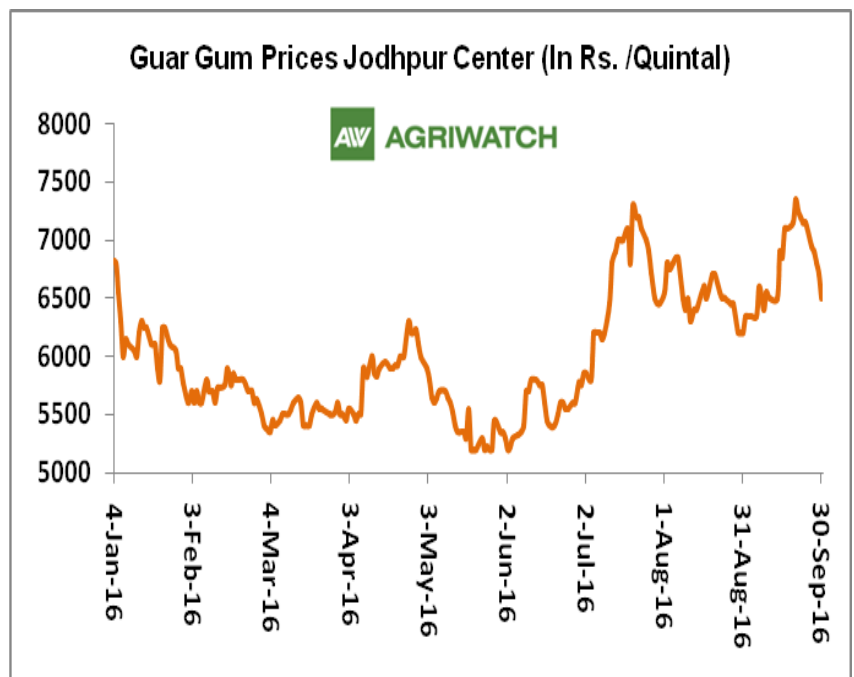
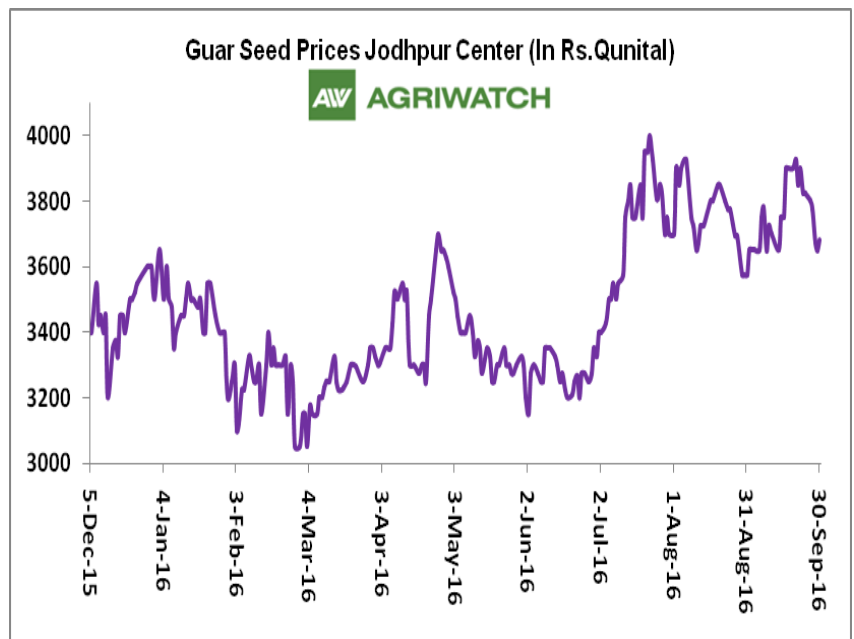
Recommendation:

Monthly Call - : Market participants advised to go long in Guar seed at current levels for a target of 3425 with a stop loss at 3290 on closing basis.

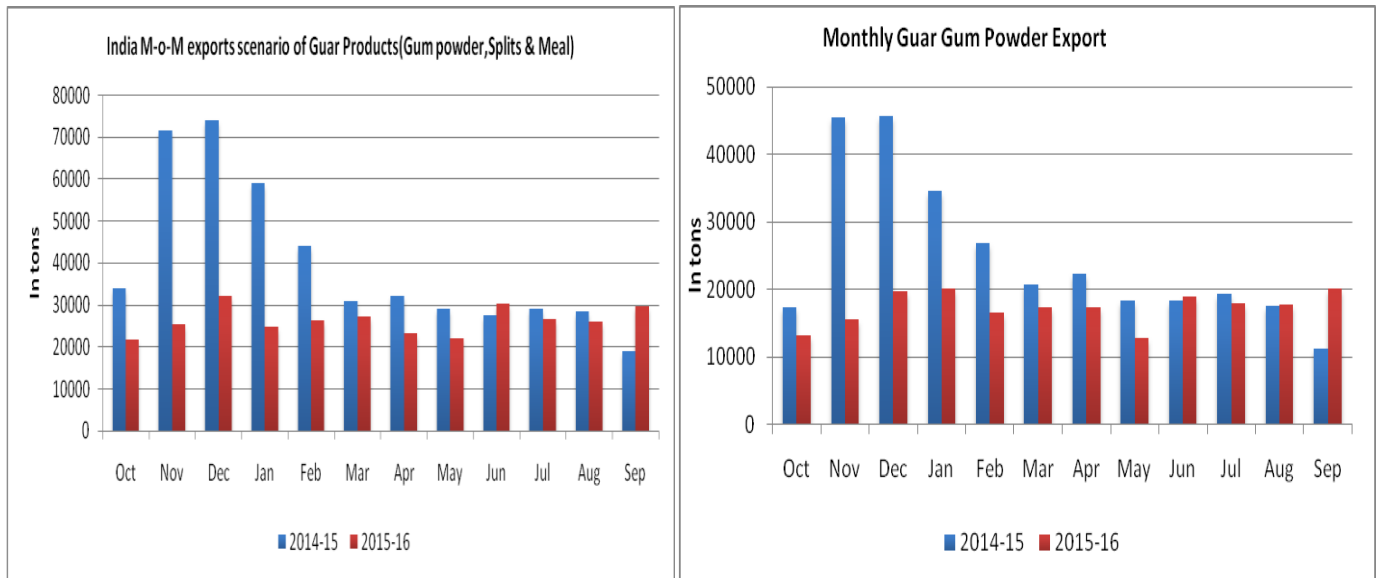
Guar Seed Fundamental Analysis and Outlook:-

Domestic Front

- Average Guar seed prices remained range bound during September 2016. Furthermore, recent showers have been noticed in regions. Although these showers won't make much impact as the crop has low height and less pod formation.
- In the month of September 2016, Guar seed monthly average prices decreased marginally by 0.015% compared to prior month and settled at Rs. 3758.4 per quintal. Sluggish trading activities in guar seed in key markets kept the prices down during last month.
- However, Guar gum monthly average prices in September 2016 increased by 3.89% and settled at Rs 6781 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 26 September'16 is 223700 hectares compared to 342500 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

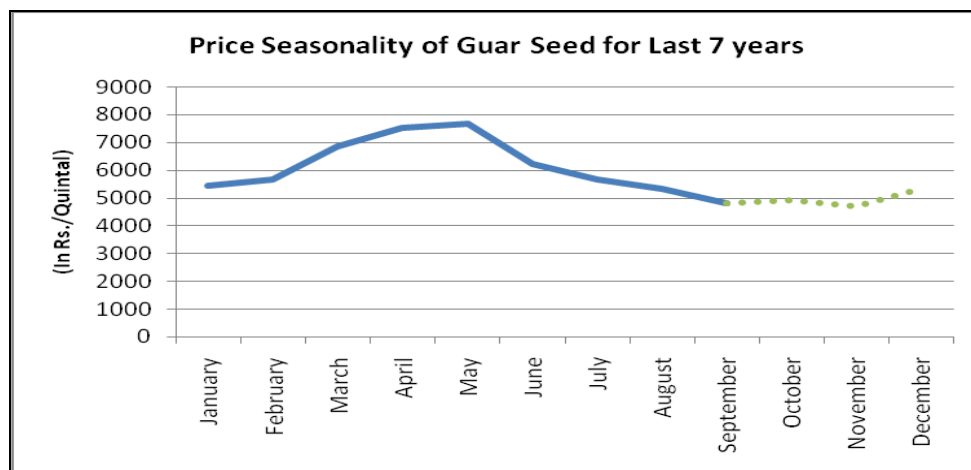


On export front, guar products export demand has increased compared to prior month. India has exported 29796 tons of guar seed products (Gum powder, Splits & Meal) in the month of September 2016 up by 56.64 % compared to last month.

In addition, recent month guar gum powder export increased by 78.92 % compared to previous month due to firm domestic as well as export demand.

India exported 210121 tons of guar gum powder in the month of September 2016, which is higher compared to guar gum powder exported last year for the same month by 13.87 %

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	9.97
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	12.10
Demand						
Total Crushing	18.04	12.71	2.94	3.13	3.49	3.12
Domestic Consumption (Textile, Food & Pharma Industry)	4.97	3.50	0.88	0.88	0.88	0.88
Guar Exports	3.72	2.55	0.58	0.64	0.75	0.62
Exports (Guar seed Equivalent)	13.07	9.21	2.06	2.25	2.61	2.25
Carry Forward (Farmers and Traders Holdings)	6.46	8.93	6.86	9.81	9.97	8.97
Av Monthly Consumption	1.50	1.06	0.98	1.04	1.16	1.04
Stock to Month Use	4.30	8.43	7.02	9.42	8.58	8.63
Stock to Consumption Ratio	0.36	0.70	2.34	3.14	2.86	2.88

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.

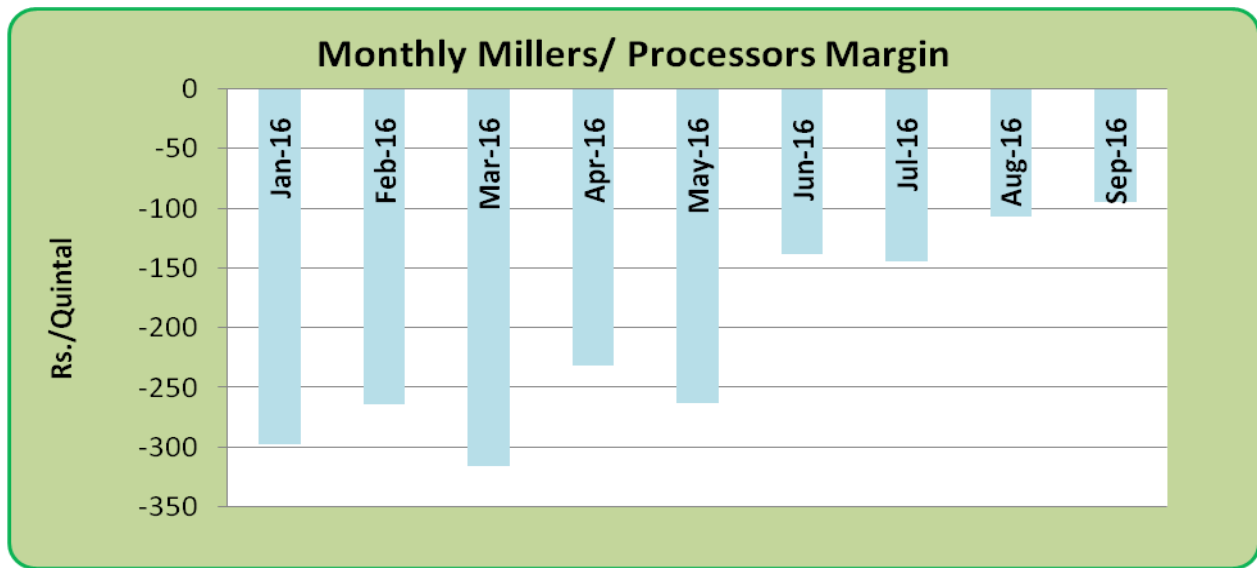
As far as production is concerned, we expect 15.18 lac tons of guar seed production in 2015-16, due to lower acreage compared to last year.

On export scenario, India is likely to export 9.21 lac tons of guar gum powder and split (equivalent to guar seed) which is around 29% 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 September 2016, average crush margin rose to Rs. 94.4/Quintal, which earlier was Rs. 106.3/quintal last month.

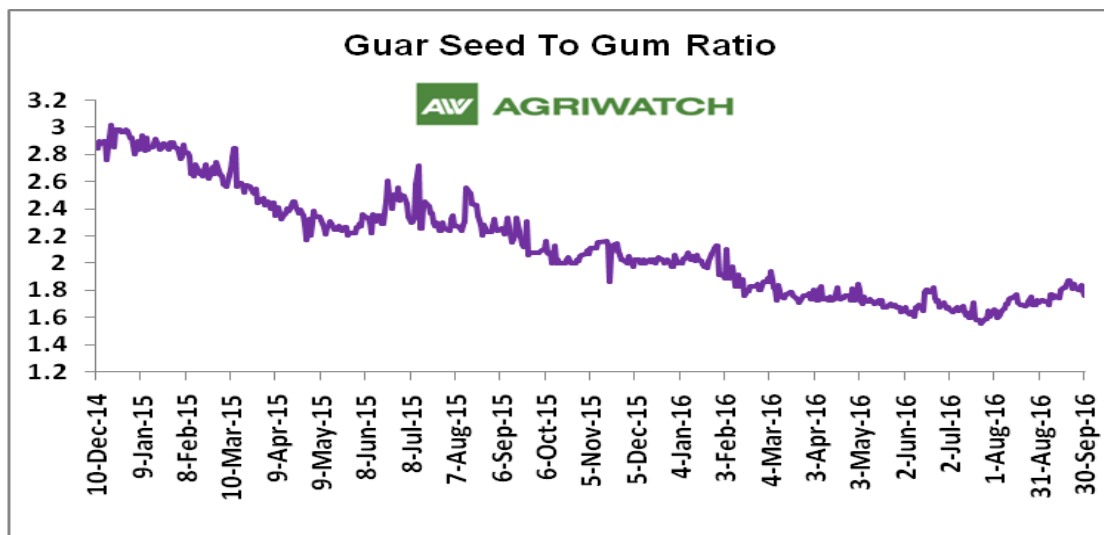
Increase in prices of churi and korma have increased the total return and reduced the total cost, which has caused the margin to rise.



Guar Seed To Gum Ratio:

Ratio of guar seed to gum increased last month to 1.80, which in the earlier month was 1.74. 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:

- Fall in price and open interest indicates long liquidation.
- Prices closed below 9 and 18 day EMA.
- RSI is moving in oversold region.
- Guar prices are moving weak as the chart depicts.

Strategy: Buy

Monthly Supports & Resistances			S1	S2	PCP	R1	R2
Guar Seed 10MT	NCDEX	C1	3175	3070	3410	3900	3995
Monthly Trade Call			Call	Entry	T1	T2	SL
Guar Seed 10MT	NCDEX	C1	Buy	Above 3425	3650	3795	3290



Technical Analysis (Guar Gum)

Commodity: Guar Gum

Exchange: NCDEX

Guar Gum (Monthly Continuous C1 Chart)



Technical Commentary:

- Fall in price and open interest indicates long liquidation
- RSI is moving in oversold region
- Prices closed above 9 and 18 day EMA
- Guar gum prices are trading weak

Strategy: Buy

Monthly Supports & Resistances			S1	S2	PCP	R1	R2
Guar Gum	NCDEX	C1	6005	5890	6270	6850	6975
Monthly Trade Call			Call	Entry	T1	T2	SL
Guar Gum	NCDEX	C1	Buy	Above 6285	6510	6695	6150

Guar Seed & Gum Prices at Key Spot Markets

Guar by – Products Monthly Average Prices:				
Commodity	Centre	Sept,2016	Aug,2016	Change
Churi	Jodhpur	1625	1740	-115
Korma	Jodhpur	2267	2296	-30
Churi	Sri-Ganganagar	1503	1623	-121
Korma	Sri-Ganganagar	2126	2244	-118
Prices in Rs/75kg				

Guar Export Monthly Average Prices:				
Commodity	Variety	Sept,2016	Aug,2016	Change
Guargum Split		1016	972	45
Guargum Powder	200 Mesh 5000 CPS	1316	1270	45
	200 Mesh 3500 CPS	1241	1196	45
Guargum Meal	40%	336	353	-17
	50%	425	465	-40
Prices in \$/MT				

Guar Seed Monthly Average Prices:					
Commodity	District	Centre	Monthly Prices (Average)(Rs/Qtl)		Change
Guar Seed			Sept,2016	Aug,2016	
Rajasthan	Jodhpur	Jodhpur (Loose)	3613	3609	4
		Jodhpur(Delivery)	3763	3759	4
	Sri-Ganganagar	Sri-Ganganagar(Loose)	3399	3479	-79
		Sri-Ganganagar (Delivery)	3563	3631	-68
		Rawla (Loose)	3410	3424	-14
		Gharsana (Loose)	3389	3439	-50
		Raisinghnagar (Loose)	3431	3471	-41
	Bikaner	Bikaner (Loose)	3491	3476	15
		Bikaner (Delivery)	3645	3626	19
		Nokha(Loose)	3426	3443	-18
		Nokha (Delivery)	3549	3567	-18
		Khajuwala (Loose)	3442	3465	-23
		Khajuwala (Delivery)	3580	3603	-24
		Lunkaransar (Loose)	3475	3463	13

	Hanumangarh	Hanumangarh (Loose)	3335	3430	-95
		Hanumangarh (Delivery)	3491	3580	-89
		Nohar (Loose)	3451	3473	-22
		Pilibanga (Loose)	3353	3373	-19
	Nagaur	Nagaur (Loose)	3424	3294	130
	Churu	Churu (Delivery)	3596	3648	-52
	Alwar	Alwar (Loose)	3412	3480	-68
Haryana	Hisar	Adampur (Loose)	3407	3491	-84
		Adampur (Delivery)	3556	3640	-84
	Bhiwani	Bhiwani (Delivery)	3583	3598	-16
		Siwani (Loose)	3510	3574	-64
	Sirsa	Sirsa (Loose)	3387	3439	-52
		Dhabwali (Loose)	3350	3447	-97
		Dhabwali (Delivery)	3425	3587	-162
		Ellanabad (Loose)	3393	3432	-39
	Fatehabad	Fatehabad (Loose)	3460	3486	-25
Gujarat	Banaskantha	Deesa (Loose)	3142	3337	-195
	Patan	Patan (Loose)	3396	3406	-9
	Rajkot	Rajkot (Loose)	3402	3496	-95
	Jamnagar	Dhrol (Loose)	3156	3356	-199
Madhya pradesh	Gwalior	Dabra (Loose)	1650	3453	-1803
Guar Gum					
Rajasthan	Jodhpur	Jodhpur	6841	6527	314
	Alwar	Alwar	6778	6573	205
	Hanumangarh	Nohar	6685	6500	185
Haryana	Bhiwani	Bhiwani	6798	6570	228
	Sirsa	Sirsa	6767	6452	315
		Dhabwali	6748	6520	227
		Ellanabad	6760	6477	283
	Fatehabad	Fatehabad	6708	6583	125

Guar Cumulative Arrivals in Key Centers:					
Commodity	District	Centre	Monthly Arrivals (Quintals)		Change
Guar Seed			Sept,2016	Aug,2016	
Rajasthan	Jodhpur	Jodhpur	2375	2726	-351
	Sri-Ganganagar	Sri-Ganganagar	17798	5191	12607
		Rawla	4800	4400	400
		Gharsana	5000	4680	320
		Raisinghnagar	14600	6650	7950
	Bikaner	Bikaner	7150	8350	-1200
		Nokha	2450	4700	-2250
		Khajuwala	8900	8400	500
		Lunkaransar	5350	4080	1270
	Hanumangarh	Hanumangarh	4952	3056	1896
		Nohar	12500	8650	3850
		Pilibanga	2930	1440	1490
	Nagaur	Nagaur	2290	6040	-3750
	Churu	Churu	19000	11600	7400
	Alwar	Alwar	7900	6800	1100
Haryana	Hisar	Adampur	28500	17400	11100
	Bhiwani	Bhiwani	31100	21900	9200
		Siwani	8600	11030	-2430
	Sirsa	Sirsa	21950	7405	14545
		Dhabwali	7300	3135	4165
		Ellanabad	8050	2240	5810
	Fatehabad	Fatehabad	59	176	-117
Gujarat	Banaskantha	Deesa	275	1080	-805
	Patan	Patan	3046	3723	-677
	Rajkot	Rajkot	8650	5972	2678
	Jamnagar	Dhrol	33	755	-723
Madhya Pradesh	Gwalior	Dabra	60	39056	-38996
Total Arrivals/Above Markets			235618	200635	34983

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