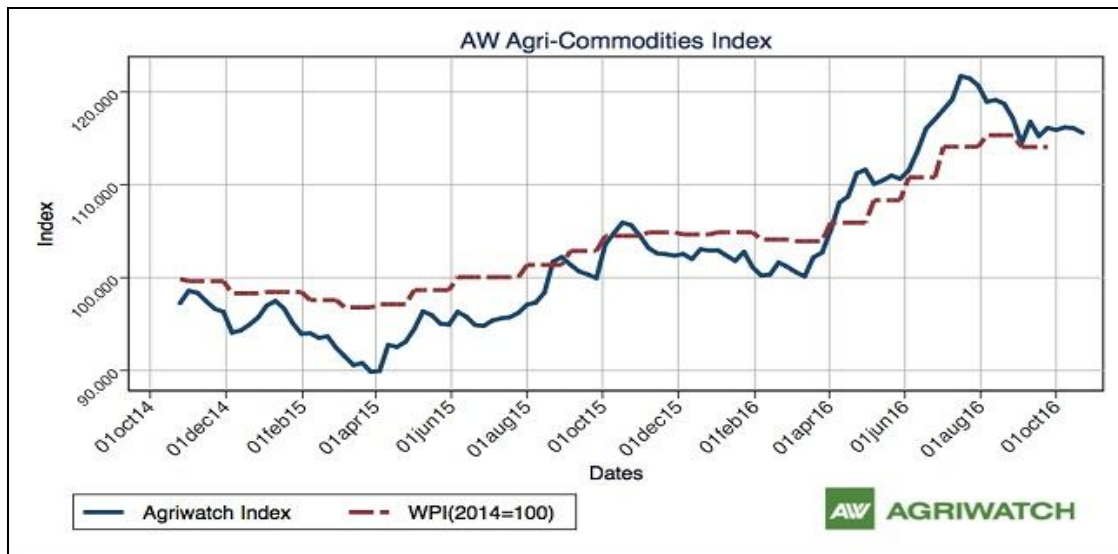


# Guar Monthly Research Report

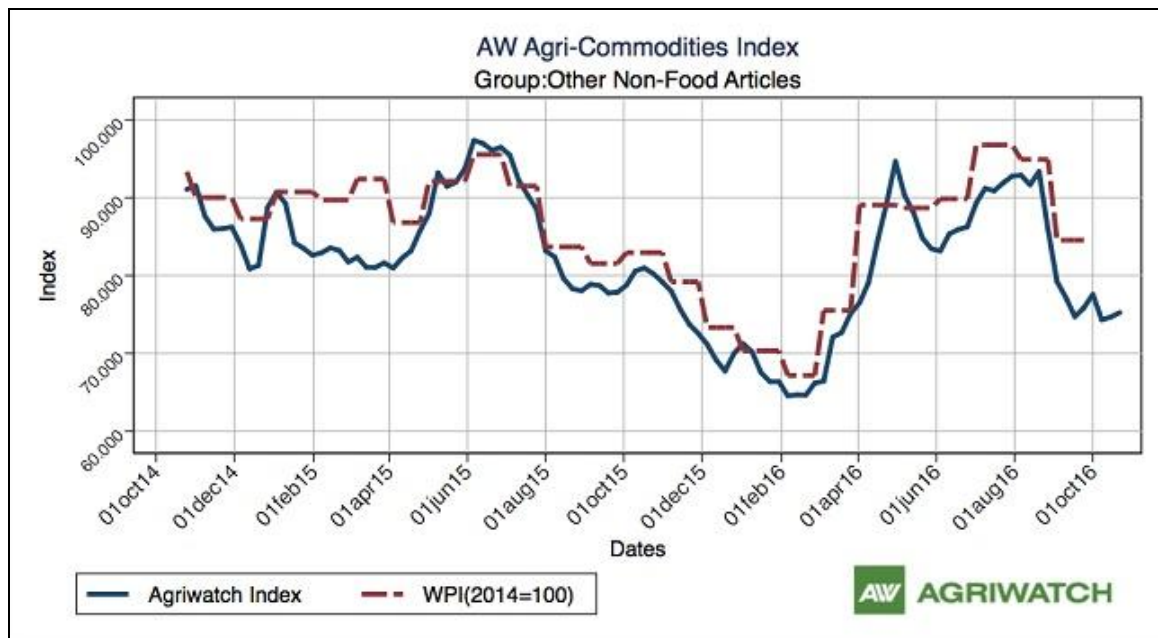
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## Agriwatch Agri Commodity Index



The Agriwatch Agri Commodities Index eased 0.42% to 115.61 during the week ended Oct 22, 2016 from 116.10 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 0.76% to 75.24 during the week ended October 22, 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](http://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 October, Export of guar seed products i.e. powder, Split and meal has increased by 258 metric tonnes compared to last month. India has exported 29538 tonnes of guar products in the month of October. Of the total quantity 20437 tonnes is guar gum powder and the remaining is Guar split (702 tonnes) and Guar meal (8399 tonnes).

According to IBIS (provisional data) for 24-30 October'16, the average \$FOB/Tonne has increased for guar split, guar gum and guar meal compared to last week. India has exported 6246 metric tonnes of guar gum powder at an average fob of \$1393.4/tonne, 241 metric tonnes of guar split at an average fob of \$1165.95/tonne and 2070 metric tonnes of guar meal at an average fob of \$547.4/tonne.

According to IBIS (provisional data), export of guar seed products (Guar Powder, Split and Meal) have increased compared to last week. In the week (24-30 October), the exports were around 8557 metric tonnes compared to 7801 metric tonnes in the week (17-23 October). The export of guar split and guar gum powder has increased whereas the exports of guar meal have decreased.

Total guar seed products export from India for the week (24-30 October) was 8557 tonnes. Out of the total around 3370.31 tonnes was exported from Mundra Port, 1639.87 tonnes from Jodhpur concor ICD and 1384.44 tonnes from Ahmedabad ICD. Whereas last week (17-23 October) 3309.55 tonnes was exported from Mundra Port, 2028.09 tonnes from Jodhpur concor ICD and 878.13 tonnes from Ahmedabad ICD.

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 decreased from 266.2 in August 2016 to 261.7 in September 2016. The WPI for September 2016 is down by 29.5 compared to last year for the same month and by 149.4 compared to September 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 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 66.73, devalued by Rs. 0.01 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 (~38800 quintals) during October 2016 compared to previous month ~28500 quintals.

Similarly, In Ganganagar market, arrivals have increased during October 2016 to 129500 quintals compared to prior month arrivals data i.e. 17798 quintals.

### Recommendation:

Monthly Call - : Market participants advised to go long in Guar seed at current levels for a target of 3610 with a stop loss at 3191 on closing basis.

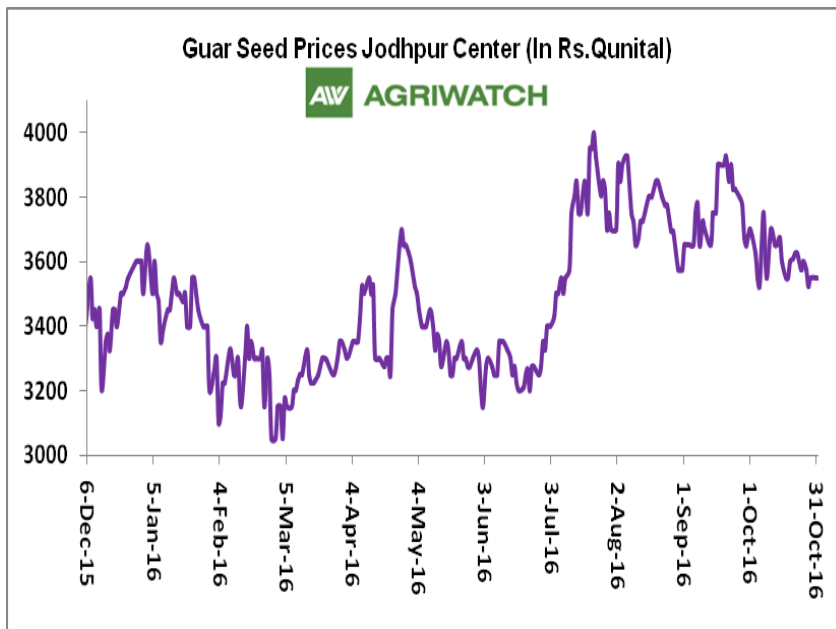
## Guar Seed Fundamental Analysis and Outlook:-

### Domestic Front

➤ Average Guar seed prices remained weak during October 2016. All major spot markets witnessed fall in prices. Overall arrivals were higher in October compared to last month. Highest arrivals were noticed in Sri Ganganagar.

➤ In the month of October 2016, Guar seed monthly average prices decreased by 151.73% compared to prior month and settled at Rs. 3606.67 per quintal. Sluggish trading activities in guar seed in key markets kept the prices down during last month.

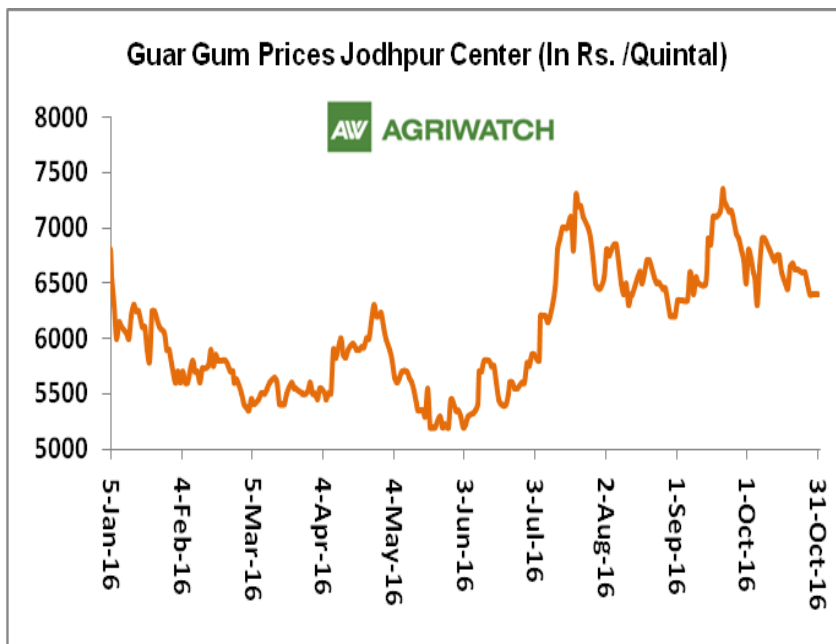
➤ However, Guar gum monthly average prices in October 2016 decreased by 167.46% and settled at Rs 6613 per quintal.



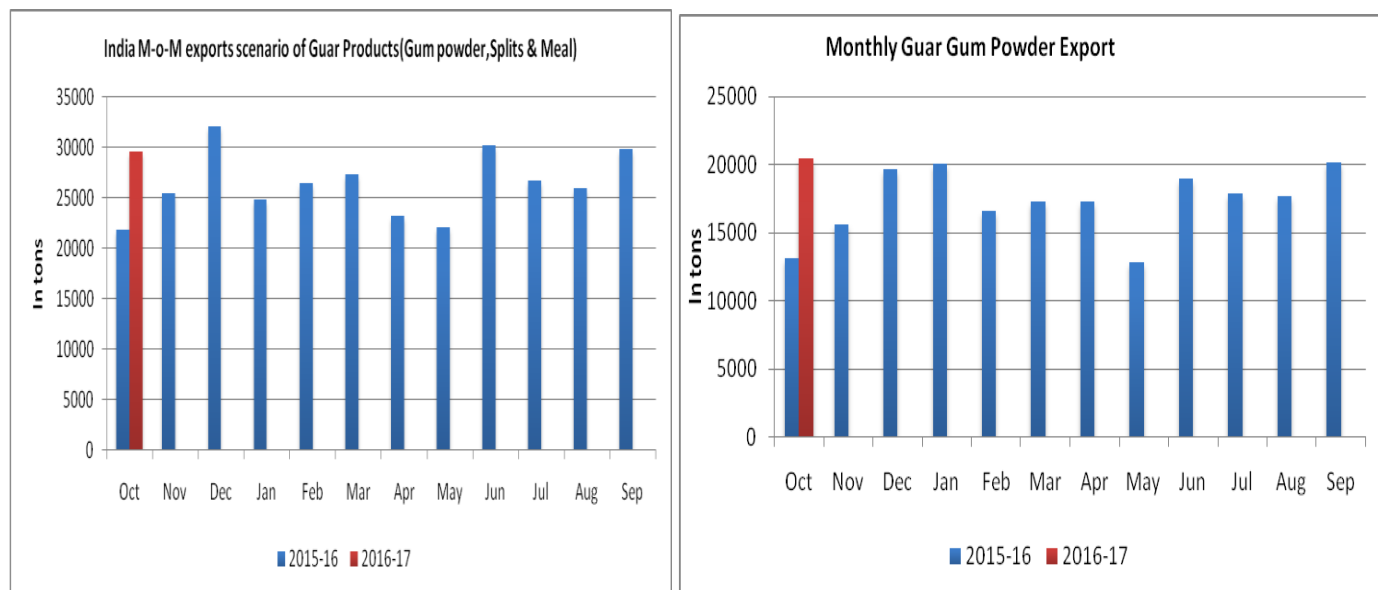
➤ Sources revealed that guar seed area in Rajasthan, Haryana and Gujarat might decrease by 35 – 40% considering lower prices compared to other crops like Pulses and cotton, which are more remunerative for farmers as compared to guar.

➤ 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

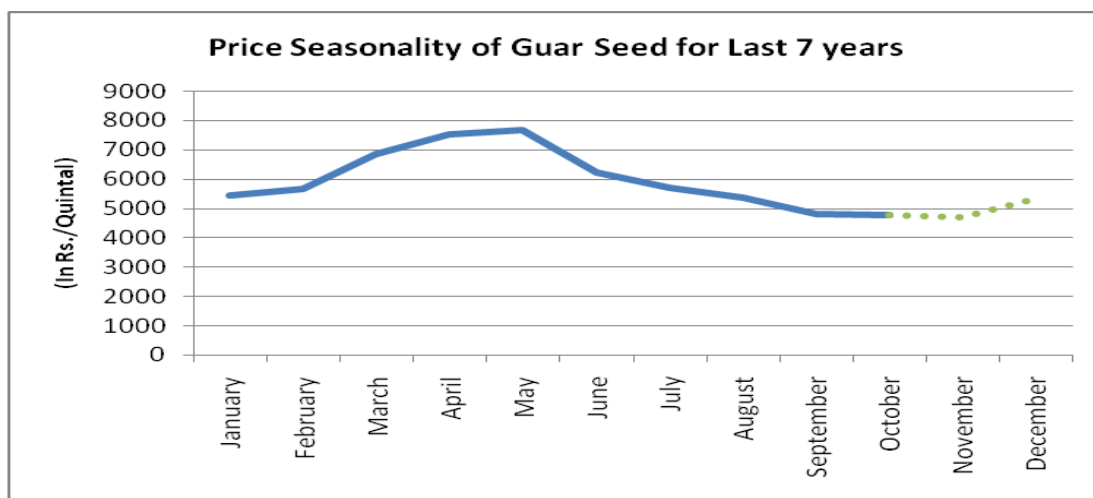


On export front, guar products export demand has increased compared to prior month. India has exported 29538 tons of guar seed products (Gum powder, Splits & Meal) in the month of October 2016 up by 35.40 % compared to last year for the same month. Although the total exports are down marginally by 0.89% compared to last month.

In addition, recent month guar gum powder export increased by 55.94 % compared to previous year for the same month due to firm domestic as well as export demand.

India exported 20437 tons of guar gum powder in the month of October 2016, which is higher compared to guar gum powder exported last month by 1.57 %.

### 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>2015-16</b>	<b>2016-17</b>
<b>Supply</b>		
Opening Stock	6.46	8.33
Production	15.18	9.24
Arrivals	15.18	9.24
Import	0.00	0.00
<b>Total Availability</b>	<b>21.64</b>	<b>17.57</b>
<b>Demand</b>		
<b>Total Crushing</b>	<b>12.71</b>	<b>13.61</b>
Domestic Consumption (Textile, Food & Pharma Industry)	3.50	3.31
Guar Exports	2.80	2.94
Exports (Guar seed Equivalent)	9.81	10.3
<b>Carry Forward (Farmers and Traders Holdings)</b>	<b>8.33</b>	<b>3.96</b>

*\*AW Preliminary Forecast*

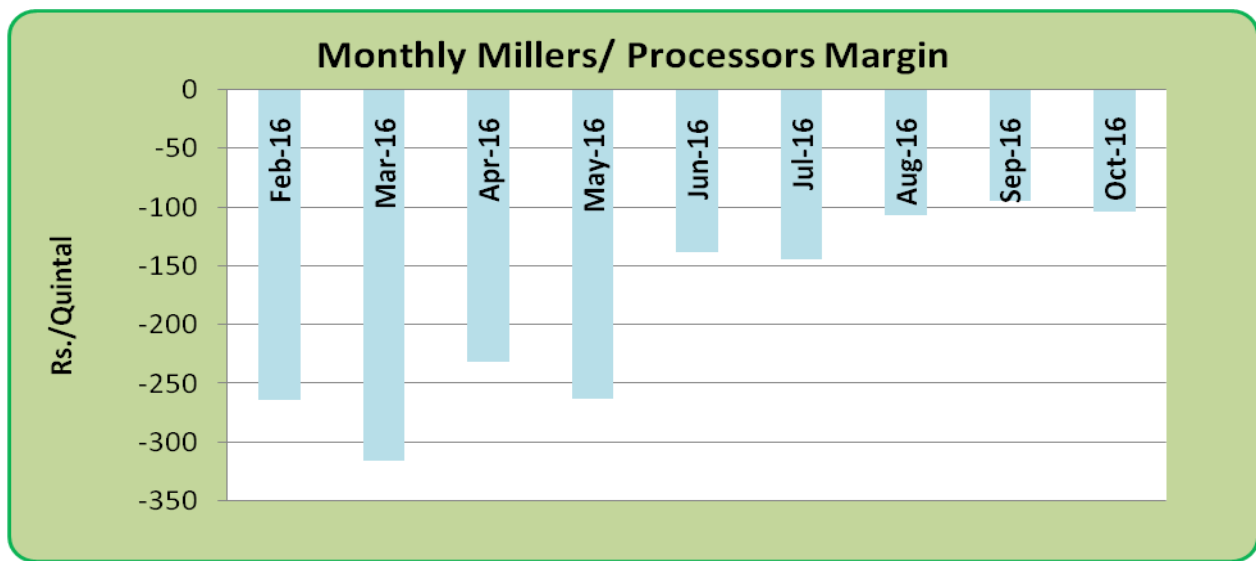
Guar seed opening stock for the marketing year 2016-17 is likely to settle at 8.33 lac tons, which is higher compared to last year.

As far as production is concerned, we expect 9.24 lac tons of guar seed production in 2016-17, due to lower acreage as well as yield 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 October 2016, average crush margin fell to Rs. 103.3/Quintal, which earlier was Rs. 94.4/quintal last month.

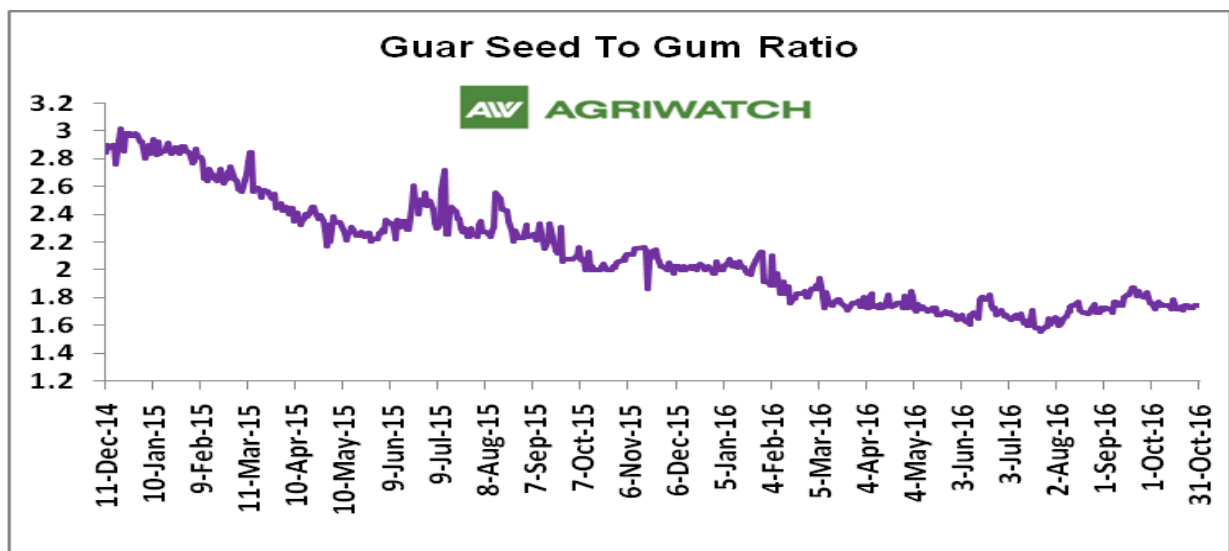
Higher prices of guar seed compared to prices of churi and korma has reduced the total return which has caused the margin to fall further.



### Guar Seed To Gum Ratio:

Ratio of guar seed to gum increased last month to 1.83, which in the earlier month was 1.80. 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:

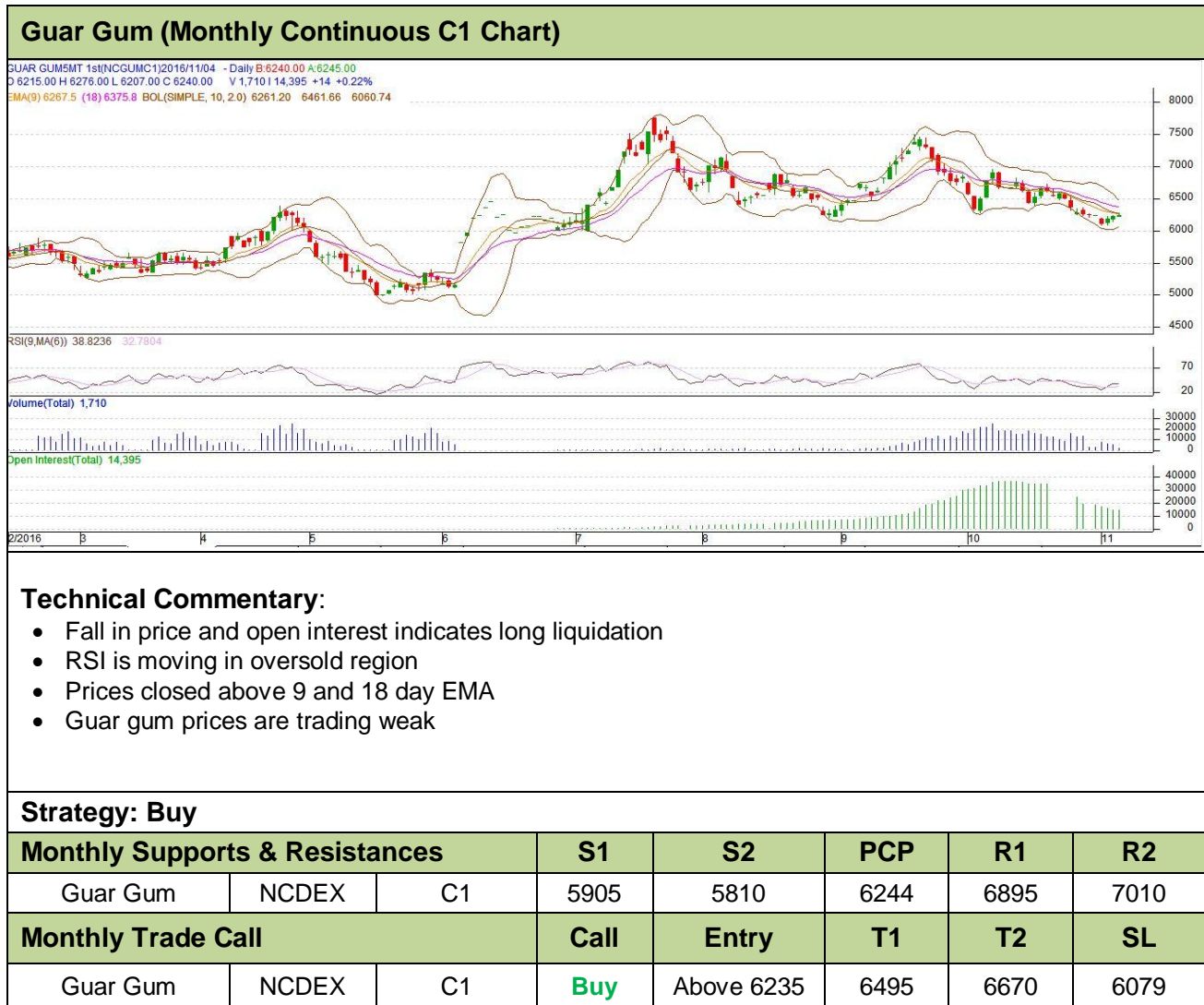
- Rise in price and open interest indicates long buildup.
- Prices closed below 9 and 18 day EMA.
- RSI is moving up in neutral region.
- Guar prices are moving range bound as the chart depicts.

#### Strategy: Buy

Monthly Supports & Resistances			S1	S2	PCP	R1	R2
Guar Seed 10MT	NCDEX	C1	3145	3040	3333	3760	3885
Monthly Trade Call			Call	Entry	T1	T2	SL
Guar Seed 10MT	NCDEX	C1	Buy	Above 3305	3495	3610	3191



### Technical Analysis (Guar Gum)

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


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

<b>Guar by – Products Monthly Average Prices:</b>				
<b>Commodity</b>	<b>Centre</b>	<b>October,2016</b>	<b>September,2016</b>	<b>Change</b>
<b>Churi</b>	Jodhpur	1562	1625	<b>-63</b>
<b>Korma</b>	Jodhpur	2046	2267	<b>-221</b>
<b>Churi</b>	Sri-Ganganagar	1392	1503	<b>-111</b>
<b>Korma</b>	Sri-Ganganagar	1914	2126	<b>-213</b>
<b>Prices in Rs/75kg</b>				

<b>Guar Export Monthly Average Prices:</b>				
<b>Commodity</b>	<b>Variety</b>	<b>October,2016</b>	<b>September,2016</b>	<b>Change</b>
<b>Guargum Split</b>		987	1016	<b>-30</b>
<b>Guargum Powder</b>	200 Mesh 5000 CPS	1286	1316	<b>-30</b>
	200 Mesh 3500 CPS	1211	1241	<b>-30</b>
<b>Guargum Meal</b>	40%	307	336	<b>-30</b>
	50%	403	425	<b>-23</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>October,2016</b>	<b>September,2016</b>	
<b>Guar Seed</b>	<b>Jodhpur</b>	Jodhpur (Loose)	3459	3613	<b>-154</b>
		Jodhpur(Delivery)	3603	3763	<b>-159</b>
	<b>Sri-Ganganagar</b>	Sri-Ganganagar(Loose)	3255	3399	<b>-145</b>
		Sri-Ganganagar (Delivery)	3415	3563	<b>-148</b>
		Rawla (Loose)	3240	3410	<b>-170</b>
		Gharsana (Loose)	3235	3389	<b>-154</b>
		Raisinghnagar (Loose)	3259	3431	<b>-172</b>
	<b>Bikaner</b>	Bikaner (Loose)	3315	3491	<b>-176</b>
		Bikaner (Delivery)	3465	3645	<b>-180</b>
		Nokha(Loose)	3292	3426	<b>-134</b>
		Nokha (Delivery)	3410	3549	<b>-139</b>
		Khajuwala (Loose)	3279	3442	<b>-163</b>
		Khajuwala (Delivery)	3410	3580	<b>-170</b>
		Lunkaransar (Loose)	3274	3475	<b>-201</b>

	<b>Hanumangarh</b>	Hanumangarh (Loose)	3213	3335	<b>-122</b>
		Hanumangarh (Delivery)	3367	3491	<b>-124</b>
		Nohar (Loose)	3234	3451	<b>-217</b>
		Pilibanga (Loose)	3201	3353	<b>-152</b>
	<b>Nagaur</b>	Nagaur (Loose)	3213	3424	<b>-211</b>
	<b>Churu</b>	Churu (Delivery)	3470	3596	<b>-126</b>
	<b>Alwar</b>	Alwar (Loose)	3235	3412	<b>-177</b>
<b>Haryana</b>	<b>Hisar</b>	Adampur (Loose)	3215	3407	<b>-191</b>
		Adampur (Delivery)	3365	3556	<b>-190</b>
	<b>Bhiwani</b>	Bhiwani (Delivery)	3376	3583	<b>-207</b>
		Siwani (Loose)	3346	3510	<b>-164</b>
	<b>Sirsa</b>	Sirsa (Loose)	3276	3387	<b>-111</b>
		Dhabwali (Loose)	3241	3350	<b>-109</b>
		Dhabwali (Delivery)	3398	3425	<b>-27</b>
		Ellanabad (Loose)	3223	3393	<b>-170</b>
	<b>Fatehabad</b>	Fatehabad (Loose)	3214	3460	<b>-246</b>
<b>Gujarat</b>	<b>Banaskantha</b>	Deesa (Loose)	3075	3142	<b>-67</b>
	<b>Patan</b>	Patan (Loose)	3156	3396	<b>-240</b>
	<b>Rajkot</b>	Rajkot (Loose)	3199	3402	<b>-203</b>
	<b>Jamnagar</b>	Dhrol (Loose)	3055	3156	<b>-102</b>
<b>Madhya pradesh</b>	<b>Gwalior</b>	Dabra (Loose)	3133	1650	<b>1483</b>
<b>Guar Gum</b>					
<b>Rajasthan</b>	<b>Jodhpur</b>	Jodhpur	6623	6841	<b>-218</b>
	<b>Alwar</b>	Alwar	6622	6778	<b>-156</b>
	<b>Hanumangarh</b>	Nohar	6577	6685	<b>-108</b>
<b>Haryana</b>	<b>Bhiwani</b>	Bhiwani	6651	6798	<b>-147</b>
	<b>Sirsa</b>	Sirsa	6561	6767	<b>-206</b>
		Dhabwali	6618	6748	<b>-130</b>
		Ellanabad	6591	6760	<b>-169</b>
	<b>Fatehabad</b>	Fatehabad	6546	6708	<b>-163</b>

Guar Cumulative Arrivals in Key Centers:					
Commodity	District	Centre	Monthly Arrivals (Quintals)		Change
Guar Seed			October,2016	September,2016	
Rajasthan	Jodhpur	Jodhpur	2132	2375	-243
	Sri-Ganganagar	Sri-Ganganagar	129500	17798	111702
		Rawla	5800	4800	1000
		Gharsana	6400	5000	1400
		Raisinghnagar	30000	14600	15400
	Bikaner	Bikaner	8650	7150	1500
		Nokha	4200	2450	1750
		Khajuwala	10300	8900	1400
		Lunkaransar	5575	5350	225
	Hanumangarh	Hanumangarh	23691	4952	18739
		Nohar	17000	12500	4500
		Pilibanga	16250	2930	13320
	Nagaur	Nagaur	2195	2290	-95
	Churu	Churu	30200	19000	11200
	Alwar	Alwar	7750	7900	-150
Haryana	Hisar	Adampur	38800	28500	10300
	Bhiwani	Bhiwani	38900	31100	7800
		Siwani	19400	8600	10800
	Sirsa	Sirsa	57900	21950	35950
		Dhabwali	15650	7300	8350
		Ellanabad	13450	8050	5400
	Fatehabad	Fatehabad	3440	59	3381
Gujarat	Banaskantha	Deesa	3002	275	2727
	Patan	Patan	1764	3046	-1282
	Rajkot	Rajkot	4085	8650	-4565
	Jamnagar	Dhrol	81	33	49
Madhya pradesh	Gwalior	Dabra	2200	60	2140
Total Arrivals/Above Markets			498315	235618	262698

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