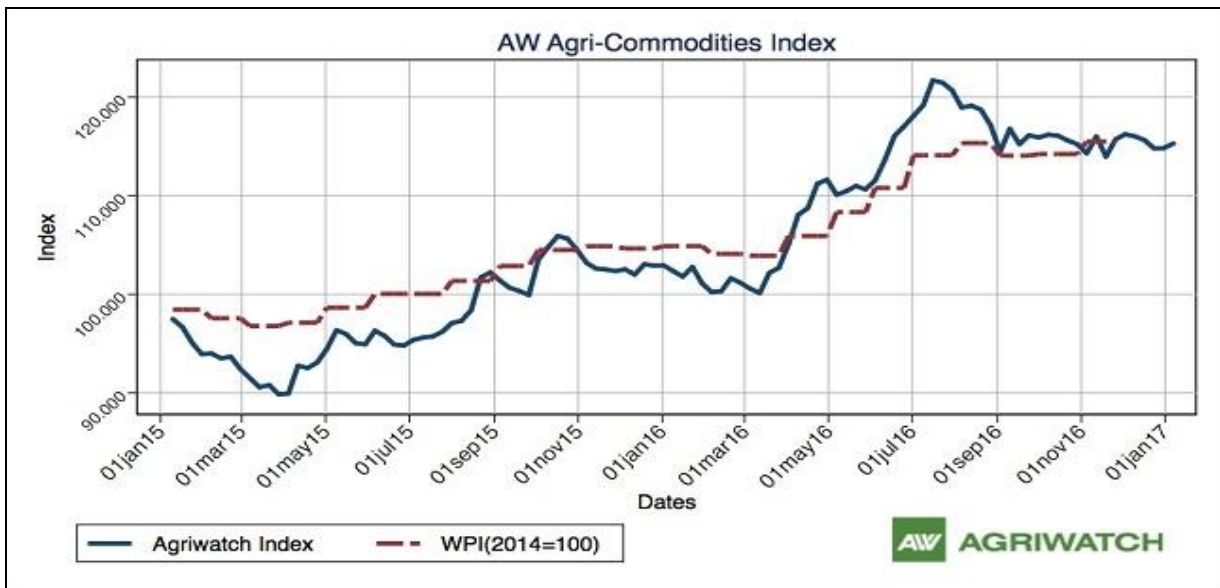


Guar Monthly Research Report

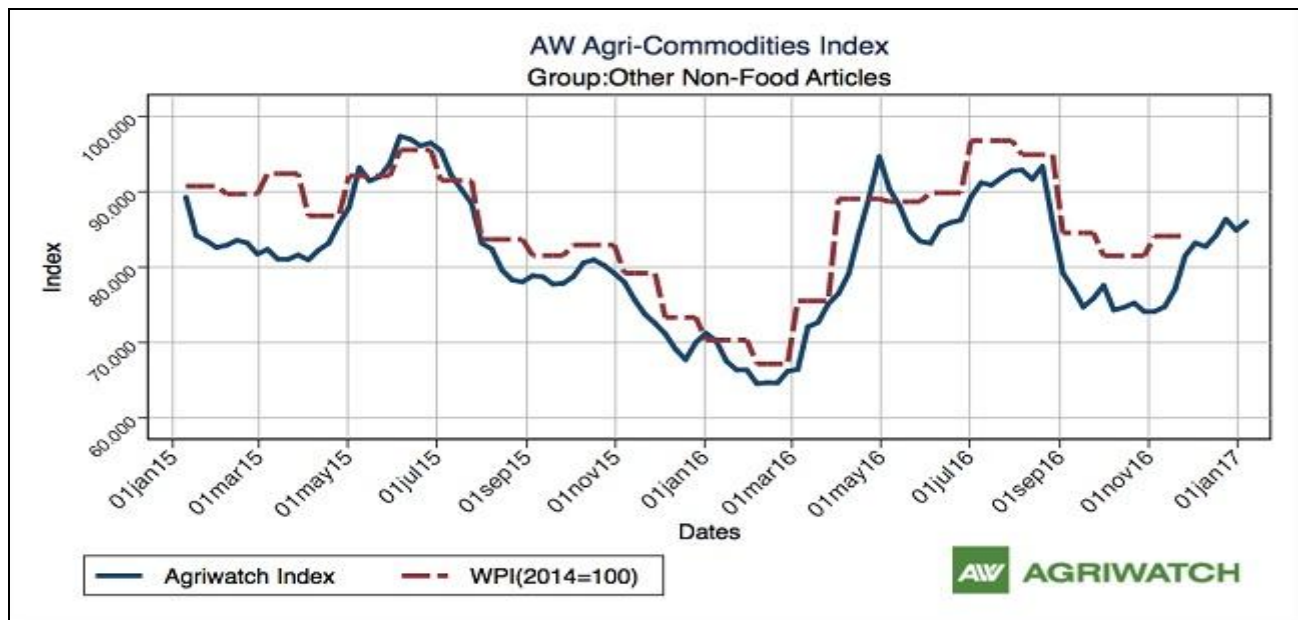
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Agriwatch Agri Commodity Index



The Agriwatch Agri Commodities Index gained 0.41% to 115.30 during the week ended Jan 7, 2017 from 114.83 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 1.31% to 86.02 during the week ended January 07, 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

The wholesale price index of guar seed has decreased from 251.7 in October 2016 to 238.5 in November 2016. The WPI for November 2016 is down by 31.4 compared to last year for the same month and by 126.8 compared to November 2014.

Guar prices witnessed weak tone in the current week compared to last week. A total quantity of around 2.91 lakh tonnes has been imported since January-2016 until November-2016 compared to around 3.46 lakh tonnes for the same period last year. With the recent increase in price of crude oil, demand for crude oil is also going northwards but the traders are not able to benefit from the situation due to lower arrivals in the domestic market.

According to IBIS (provisional data) for the month of November, Export of guar seed products i.e. powder, Split and meal has decreased by 3666 metric tonnes compared to last month. India has exported 25872 tonnes of guar products in the month of November. Of the total quantity, 16053 tonnes is guar gum powder and the remaining is Guar split (3209 tonnes) and Guar meal (6610 tonnes).

According to IBIS (provisional data), export of guar seed products (Guar Powder, Split and Meal) have increased compared to last week. In the week (21-26 November) the exports were around 8625 metric tonnes compared to 7684 metric tonnes in the week (14-20 November). The export of all guar split and guar gum powder has increased.

According to IBIS (provisional data) for 21-26 November'16, the average \$FOB/Tonne has increased for guar split, guar meal and guar gum compared to last week. India has exported 5056 metric tonnes of guar gum powder at an average fob of \$1401.56/tonne, 1420 metric tonnes of guar split at an average fob of \$969.24/tonne and 2149 metric tonnes of guar meal at an average fob of \$497.99/tonne.

Total guar seed products export from India for the week (21-26 November) was 8625 tonnes. Out of the total around 4157.41 tonnes was exported from Mundra Port, 1352.61 tonnes from Jodhpur concor ICD and 1145.68 tonnes from Ahmedabad ICD. Whereas last week (14-20 November) 3133.26 tonnes was exported from Mundra Port, 1143.64 tonnes from Jodhpur concor ICD and 1181.7 tonnes from Ahmedabad ICD.

On the currency front, Indian rupee against USD (Average) closed at 67.81, appreciating by Rs. 0.09 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 lower arrivals (~19400 quintals) during December 2016 compared to previous month ~21120 quintals.

Similarly, In Ganganagar market, arrivals have decreased during December 2016 to 19300 quintals compared to prior month arrivals data i.e.44540 quintals.

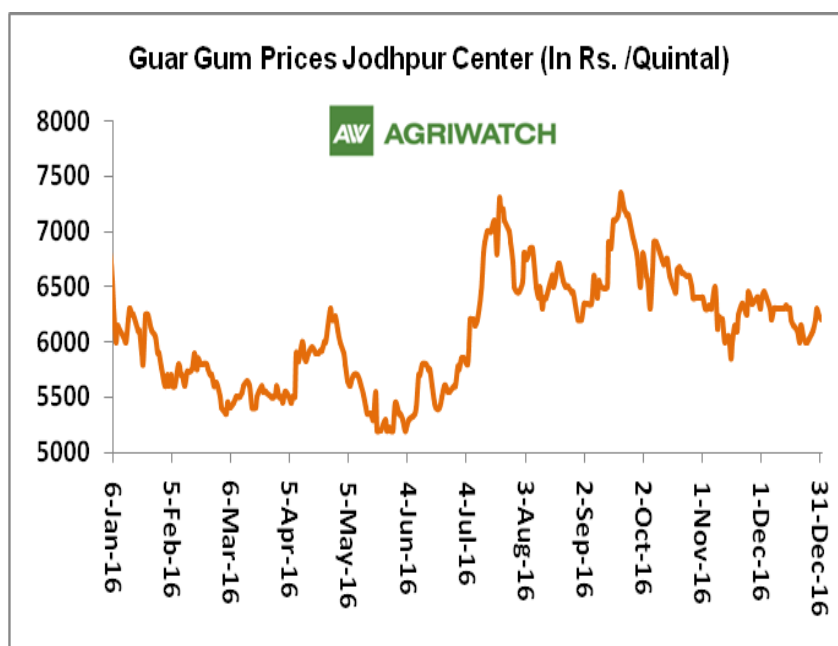
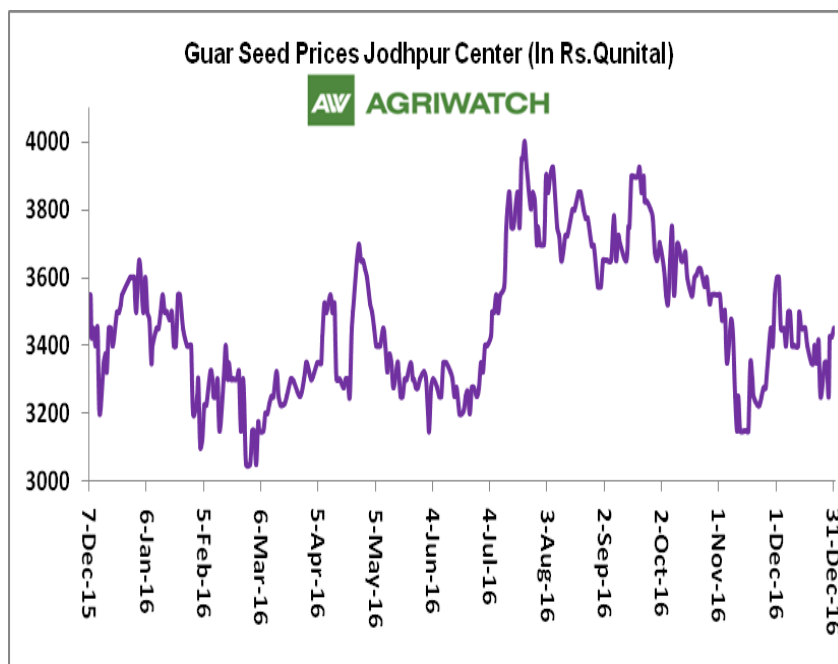
Recommendation:

Monthly Call - : Market participants advised to go long in Guar seed at current levels for a target of 3465 with a stop loss at 3243 on closing basis.

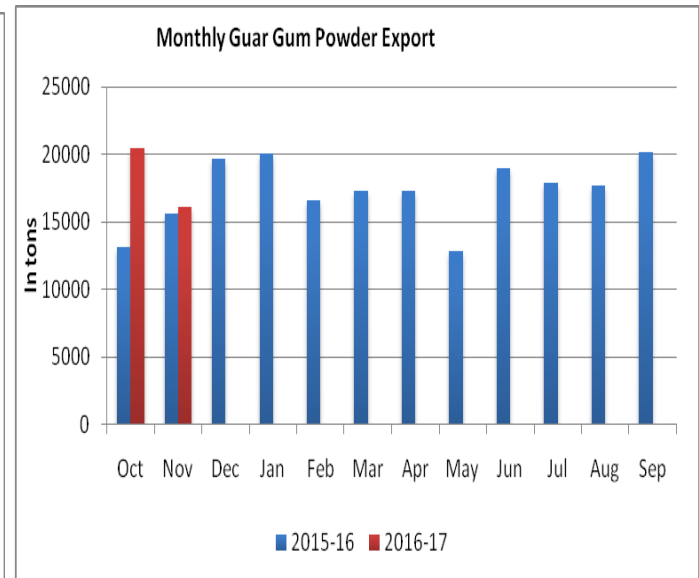
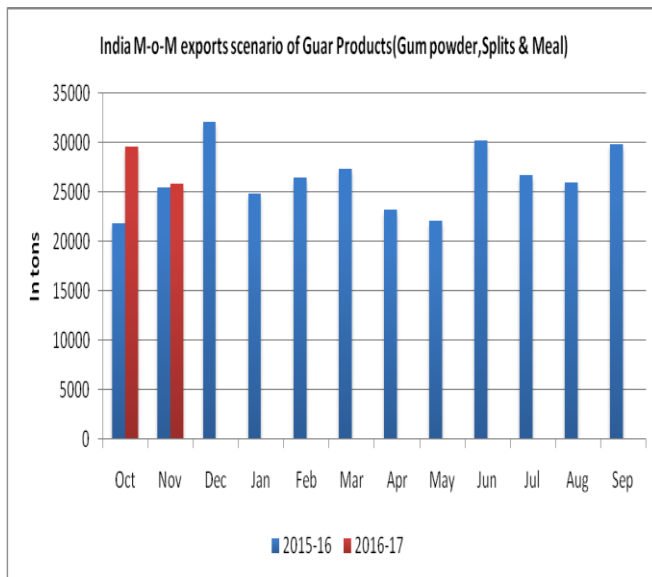
Guar Seed Fundamental Analysis and Outlook:-

Domestic Front

- Average Guar seed prices remained firm during December 2016. All major spot markets witnessed slight increase in prices. Overall arrivals were lower in December compared to last month because of cash crunch. Highest fall in arrivals were noticed in Sri Ganganagar.
- In the month of December 2016, Guar seed monthly average prices increased by 96 compared to prior month and settled at Rs. 3419.07 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 December 2016 decreased by 29.59 and settled at Rs 6219.44 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

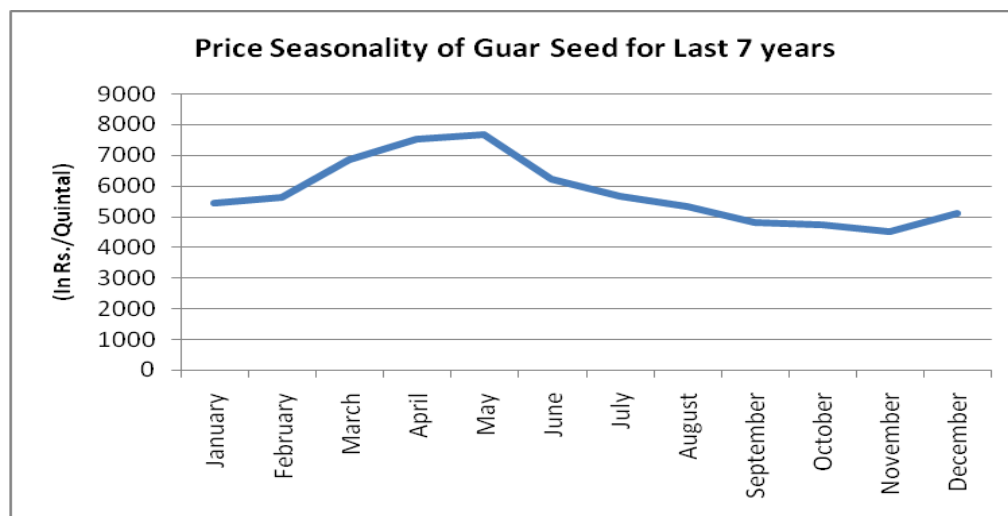


On export front, guar products export demand has increased compared to prior month. India has exported 25872 tons of guar seed products (Gum powder, Splits & Meal) in the month of November 2016 up by 1.85 % compared to last year for the same month. Although the total exports are down by 12.41% compared to last month.

In addition, recent month guar gum powder export increased by 2.93 % compared to previous year for the same month due to firm domestic as well as export demand.

India exported 16053 tons of guar gum powder in the month of November 2016, which is lower compared to guar gum powder exported last month by 21.45 %.

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.

However, this year prices are not following the seasonality due to weak overseas demand for gum.

Domestic Guar Seed Supply & Demand Position

Domestic Guar Seed Supply & Demand Situation (Figures In Lakh Metric Tonnes)		
Item	2015-16	2016-17
Supply		
Opening Stock	6.46	8.33
Production	15.18	9.24
Arrivals	15.18	9.24
Import	0.00	0.00
Total Availability	21.64	17.57
Demand		
Total Crushing	12.71	13.61
Domestic Consumption (Textile, Food & Pharma Industry)	3.50	3.31
Guar Exports	2.80	2.94
Exports (Guar seed Equivalent)	9.81	10.3
Carry Forward (Farmers and Traders Holdings)	8.33	3.96

**AW Preliminary Forecast*

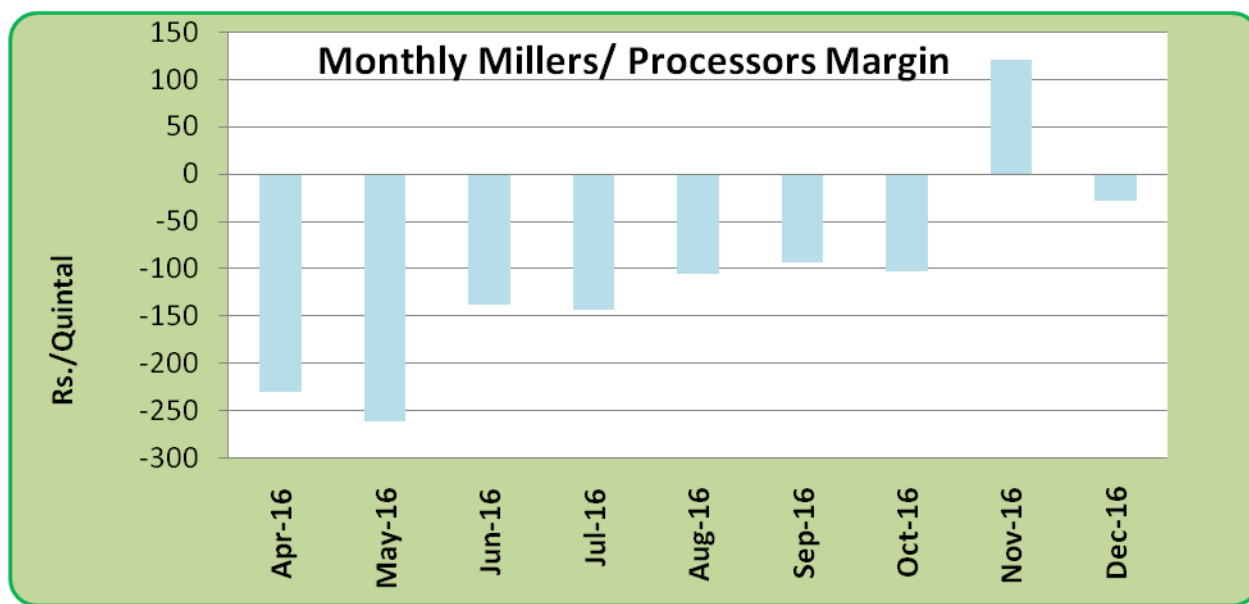
Guar seed opening stock for the marketing year 2016-17 is likely to settle at 8.33 lac tons, which is higher compared to last year.

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 December 2016, average crush margin fell to Rs. -28.6/Quintal, which earlier was Rs. 120.3/quintal last month.

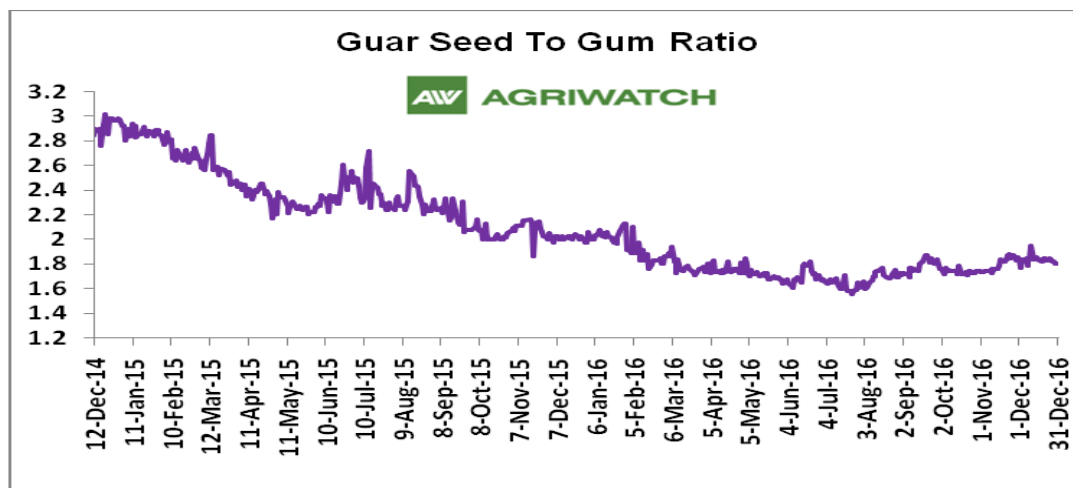
Higher prices of guar seed compared to prices of churi and korma has reduced the total return which has caused the margin to fall further.



Guar Seed To Gum Ratio:

Ratio of guar seed to gum increased last month to 1.82, which in the earlier month was 1.88. 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:

- Fall in price and open interest indicates long liquidation.
- Prices closed below 9 and 18 day EMA.
- RSI is moving 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	3180	3135	3312	3540	3605
Monthly Trade Call			Call	Entry	T1	T2	SL
Guar Seed 10MT	NCDEX	C1	Buy	Above 3300	3395	3465	3243

Technical Analysis (Guar Gum)

Commodity: Guar Gum
Exchange: NCDEX

Guar Gum (Monthly Continuous C1 Chart)



Technical Commentary:

- Rise in price and fall open interest indicates short covering
- RSI is moving in neutral region
- Prices closed above 9 and 18 day EMA
- Guar gum prices are trading range bound

Strategy: Buy

Monthly Supports & Resistances			S1	S2	PCP	R1	R2
Guar Gum	NCDEX	C1	6190	6135	6362	6695	6770
Monthly Trade Call			Call	Entry	T1	T2	SL
Guar Gum	NCDEX	C1	Buy	Above 6350	6485	6605	6269

Guar Seed & Gum Prices at Key Spot Markets

Guar by – Products Monthly Average Prices:				
Commodity	Centre	December,2016	November,2016	Change
Churi	Jodhpur	1645	1708	-63
Korma	Jodhpur	1947	1993	-46
Churi	Sri-Ganganagar	1549	1565	-16
Korma	Sri-Ganganagar	1849	1925	-76
Prices in Rs/75kg				

Guar Export Monthly Average Prices:				
Commodity	Variety	December,2016	November,2016	Change
Guargum Split		912	919	-7
Guargum Powder	200 Mesh 5000 CPS	1207	1215	-8
	200 Mesh 3500 CPS	1133	1141	-8
Guargum Meal	40%	320	328	-8
	50%	387	387	Unch
Prices in \$/MT				

Guar Seed Monthly Average Prices:					
Commodity	District	Centre	Monthly Prices (Average)(Rs/Qtl)		Change
Guar Seed			December,2016	November,2016	
Rajasthan	Jodhpur	Jodhpur (Loose)	3262	3177	85
		Jodhpur(Delivery)	3417	3327	90
	Sri-Ganganagar	Sri-Ganganagar(Loose)	3205	3155	50
		Sri-Ganganagar (Delivery)	3354	3296	58
		Rawla (Loose)	3156	3119	37
		Gharsana (Loose)	3145	3110	35
		Raisinghnagar (Loose)	3173	3140	33
	Bikaner	Bikaner (Loose)	3184	3228	-44
		Bikaner (Delivery)	3323	3369	-46
		Nokha(Loose)	3165	3164	1
		Nokha (Delivery)	3173	3278	-105
		Khajuwala (Loose)	3154	3140	14
		Khajuwala (Delivery)	3270	3266	4
		Lunkaransar (Loose)	3117	3154	-37

	Hanumangarh	Hanumangarh (Loose)	3183	3153	30
		Hanumangarh (Delivery)	3330	3303	27
		Nohar (Loose)	3171	3187	-16
		Pilibanga (Loose)	3176	3133	43
	Nagaur	Nagaur (Loose)	3090	3131	-41
	Churu	Churu (Delivery)	3284	3266	18
	Alwar	Alwar (Loose)	3050	3008	42
Haryana	Hisar	Adampur (Loose)	3209	3162	47
		Adampur (Delivery)	3352	3312	40
	Bhiwani	Bhiwani (Delivery)	3243	3300	-57
		Siwani (Loose)	3262	3223	39
	Sirsa	Sirsa (Loose)	3202	3154	48
		Dhabwali (Loose)	3166	3164	2
		Dhabwali (Delivery)	3315	3254	61
		Ellanabad (Loose)	3166	3163	3
	Fatehabad	Fatehabad (Loose)	3161	3090	71
Gujarat	Banaskantha	Deesa (Loose)	3038	3094	-56
	Patan	Patan (Loose)	3073	3171	-98
	Rajkot	Rajkot (Loose)	3069	3169	-100
	Jamnagar	Dhrol (Loose)	2832	2859	-27
Madhya pradesh	Gwalior	Dabra (Loose)	NA	3200	-
Guar Gum					
Rajasthan	Jodhpur	Jodhpur	6220	6248	-28
	Alwar	Alwar	6242	6198	44
	Hanumangarh	Nohar	6358	6465	-107
Haryana	Bhiwani	Bhiwani	6248	6383	-135
	Sirsa	Sirsa	6235	6181	54
		Dhabwali	6272	6211	61
		Ellanabad	6231	6213	18
	Fatehabad	Fatehabad	6227	6186	41

Guar Cumulative Arrivals in Key Centers:					
Commodity	District	Centre	Monthly Arrivals (Quintals)		Change
Guar Seed			December,2016	November,2016	
Rajasthan	Jodhpur	Jodhpur	2936	2315	621
	Sri-Ganganagar	Sri-Ganganagar	19300	44540	-25240
		Rawla	37732	31700	6032
		Gharsana	30200	41100	-10900
		Raisinghnagar	23600	34800	-11200
	Bikaner	Bikaner	14900	4100	10800
		Nokha	7950	2930	5020
		Khajuwala	45900	35750	10150
		Lunkaransar	11250	3312	7938
	Hanumangarh	Hanumangarh	7353	7260	93
		Nohar	27000	27600	-600
		Pilibanga	5980	9525	-3545
	Nagaur	Nagaur	1260	685	575
	Churu	Churu	28700	38300	-9600
	Alwar	Alwar	10800	8800	2000
Haryana	Hisar	Adampur	19400	21120	-1720
	Bhiwani	Bhiwani	18700	31200	-12500
		Siwani	15350	16150	-800
	Sirsa	Sirsa	28300	16800	11500
		Dhabwali	6550	7800	-1250
		Ellanabad	13375	11700	1675
	Fatehabad	Fatehabad	2380	1870	510
Gujarat	Banaskantha	Deesa	5959	2674	3285
	Patan	Patan	8383	2447	5936
	Rajkot	Rajkot	3875	1550	2325
	Jamnagar	Dhrol	78	46	32
Madhya pradesh	Gwalior	Dabra	NA	850	-
Total Arrivals/Above Markets			397211	406924	-9713

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