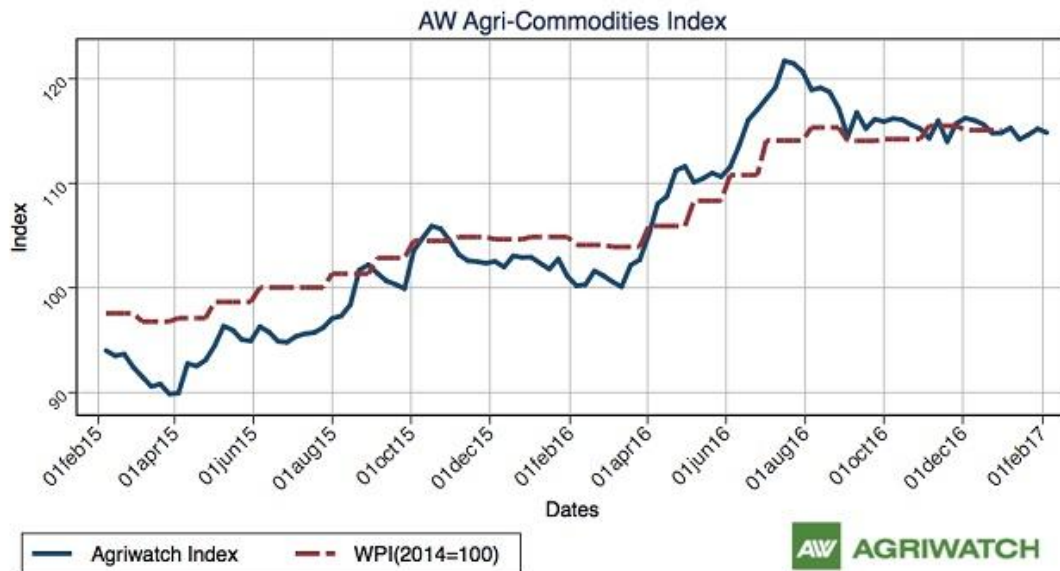


# Guar Monthly Research Report

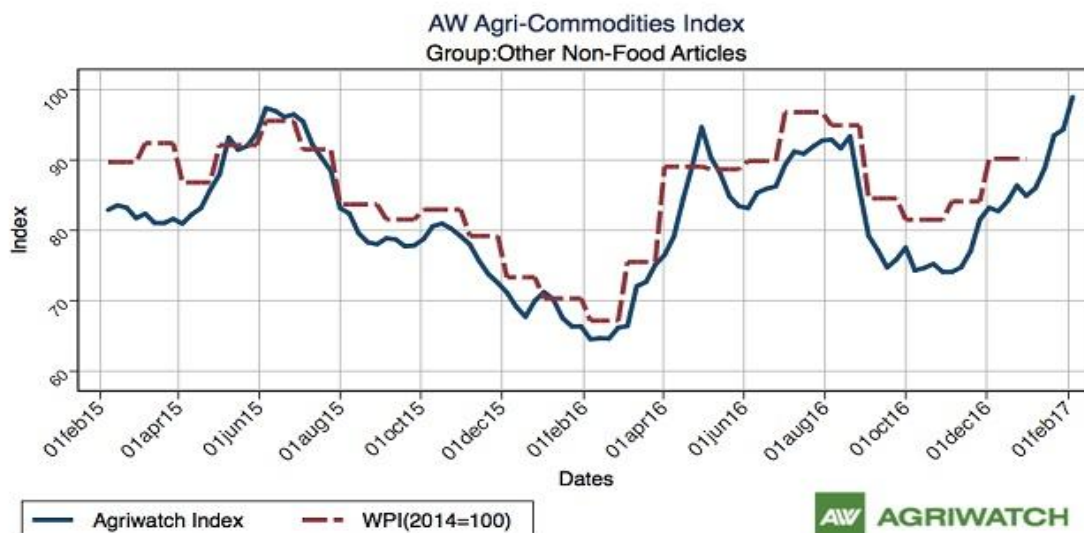
## Contents

- ❖ 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 0.32% to 114.85 during the week ended Feb 4, 2017 from 115.21 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 4.86% to 98.94 during the week ended February 04, 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**

Guar prices are expected to remain lower compared to last year. The principal reason for this is higher carryover stocks. Stocking activities are high as traders are stocking major portion of arrivals. Guar seed arrivals in this week are higher compared to last week by around 16276 tonnes. Currently guar seed loose prices are hovering around Rs. 3000-3200 per quintal. Prices are expected to be range bound to firm in the upcoming month.

According to second advance estimate issued by Gujarat's department of agriculture for guar seed the area, production and yield are 352000 hectares, 242000 tonnes and 687 kg/hectare respectively compared to final advance estimate issued in December the area, production and yield has been increased by 43000 hectares, 85000 tonnes and 56 kg/hectare.

The wholesale price index of guar seed has increased from 238.5 in November 2016 to 239 in December 2016. The WPI for December 2016 is down by 2.1 compared to last year for the same month and by 94 compared to December 2014.

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 68.01, appreciating by Rs. 0.26 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 higher arrivals (~25800 quintals) during January 2017 compared to previous month ~19400 quintals.

Similarly, In Ganganagar market, arrivals have decreased during January 2017 to 15372 quintals compared to prior month arrivals data i.e. 19300 quintals.

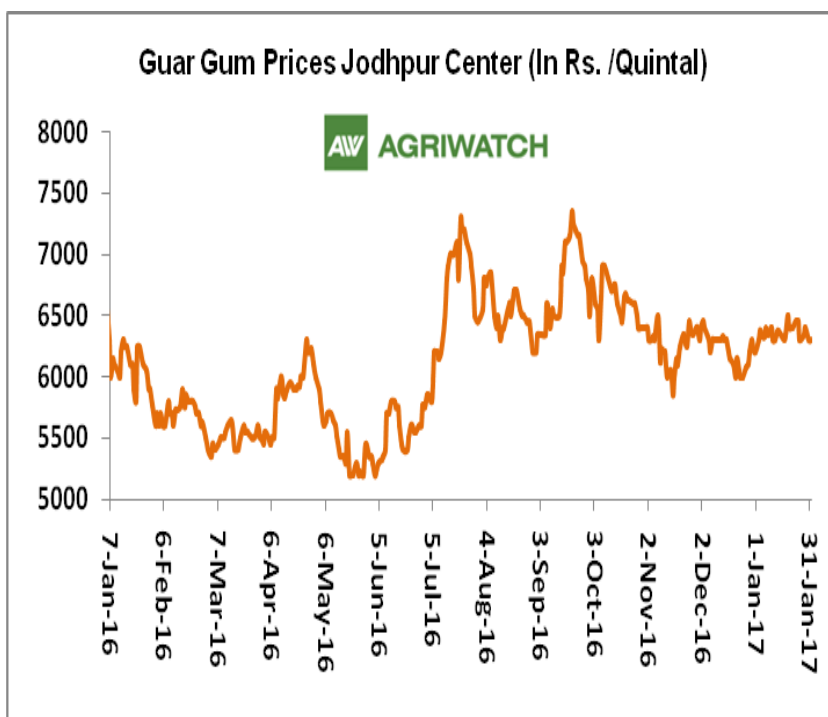
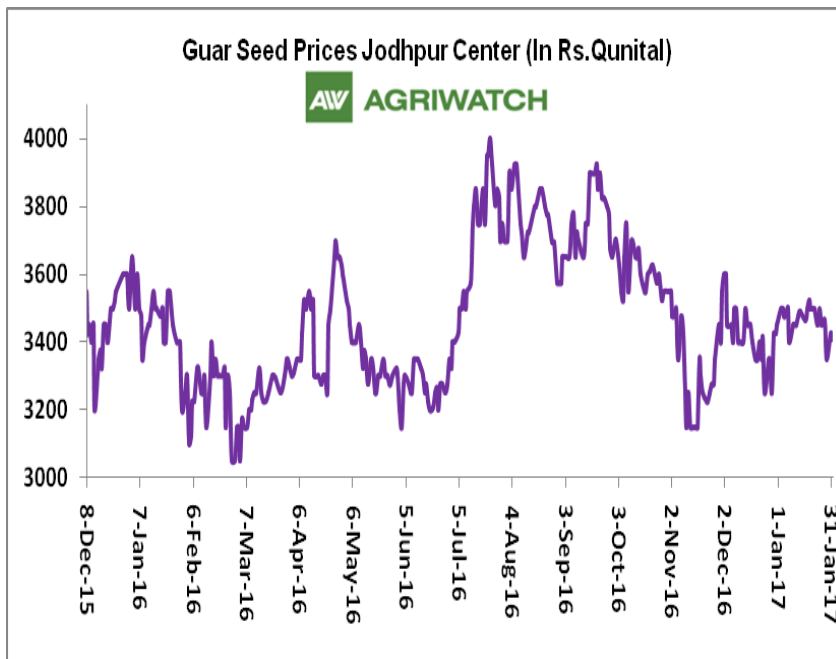
### **Recommendation:**

Monthly Call - : Market participants advised to go long in Guar seed at current levels for a target of 3435 with a stop loss at 3155 on closing basis.

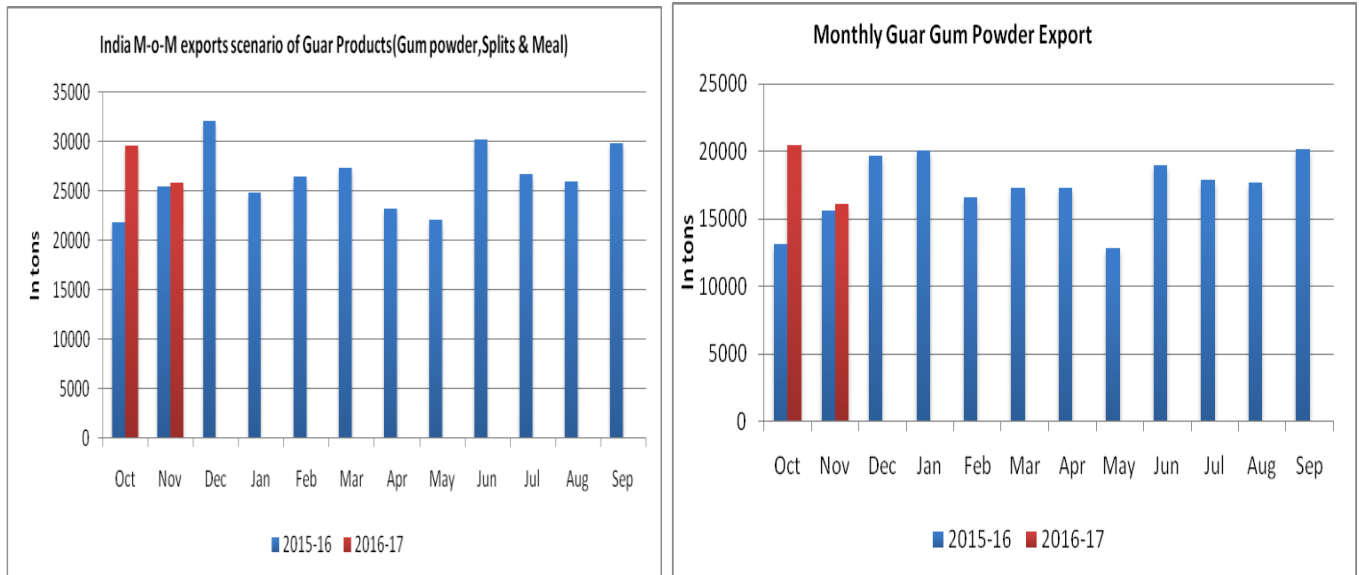
## Guar Seed Fundamental Analysis and Outlook:-

### Domestic Front

- Average Guar seed prices remained firm during January 2017. All major spot markets witnessed slight increase in prices. Overall arrivals were lower in January compared to last month because of stocking. Highest fall in arrivals were noticed in Sri Ganganagar.
- In the month of January 2017, Guar seed monthly average prices increased by 48.01 compared to prior month and settled at Rs. 3467.08 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 January 2017 increased by 143.06 and settled at Rs 6362.5 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 second advance estimate issued by Gujarat's department of agriculture for guar seed the area, production and yield are 352000 hectares, 242000 tonnes and 687 kg/hectare respectively compared to final advance estimate issued in December the area, production and yield has been increased by 43000 hectares, 85000 tonnes and 56 kg/hectare.
- We expect guar seed and gum prices to trade from range bound to firm tone in the coming month.



### Export Scenario

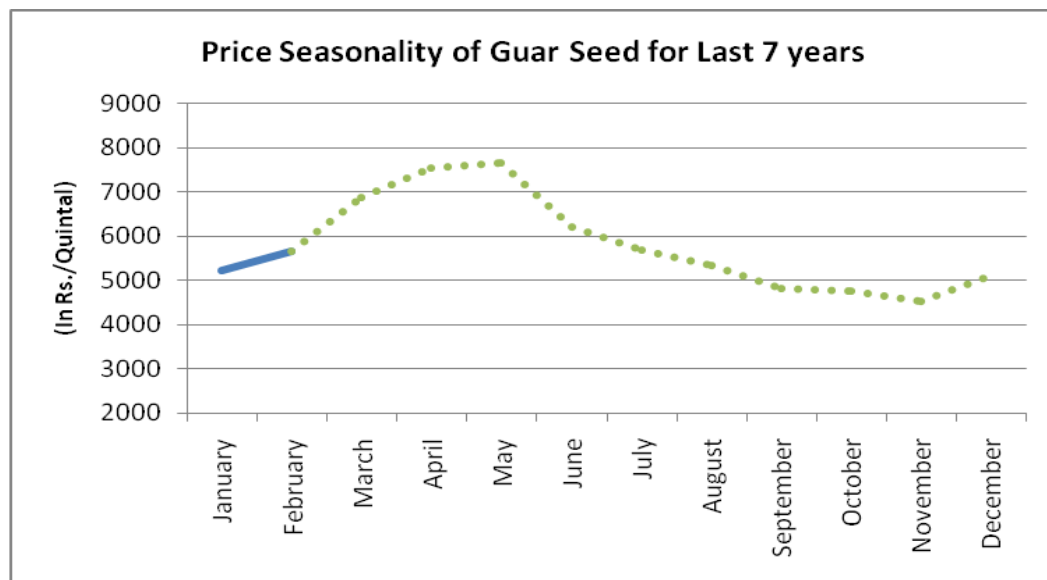


On export front, guar products export demand has increased compared to prior month. India has exported 25872 tons of guar seed products (Gum powder, Splits & Meal) in the month of November 2016 up by 1.85 % compared to last year for the same month. Although the total exports are down by 12.41% compared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

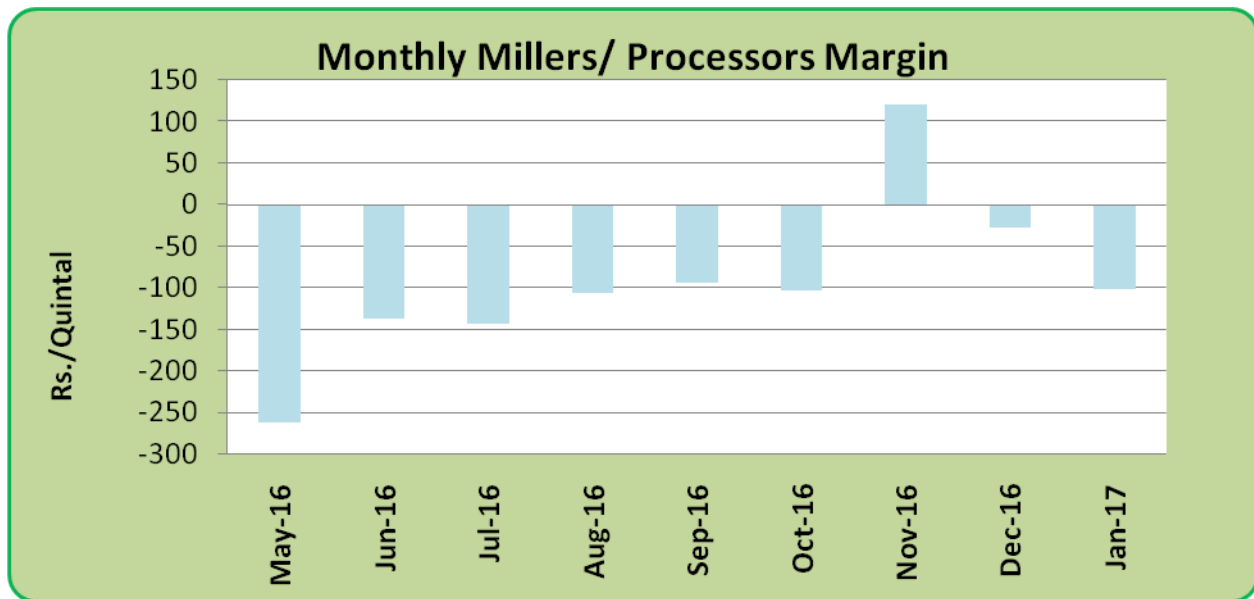
<b>Domestic Guar Seed Supply &amp; Demand Situation (Figures In Lakh Metric Tonnes)</b>						
<b>Item</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2016-17</b>	<b>2016-17</b>	<b>2016-17</b>	<b>2016-17</b>
<b>Supply</b>			<b>Oct-Dec</b>	<b>Jan-Mar</b>	<b>Apr-June</b>	<b>July-Sept</b>
Opening Stock	6.46	8.33	8.33	7.61	8.74	7.77
Production	15.18	10.59	10.44	0.00	0.00	0.00
Arrivals	15.18	10.59	2.12	4.34	2.65	1.48
Import	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Availability</b>	<b>21.64</b>	<b>18.92</b>	<b>10.45</b>	<b>11.95</b>	<b>11.38</b>	<b>9.25</b>
<b>Demand</b>						
<b>Total Crushing</b>	<b>12.71</b>	<b>13.61</b>	<b>2.84</b>	<b>3.22</b>	<b>3.62</b>	<b>3.94</b>
Domestic Consumption (Textile, Food & Pharma Industry)	3.50	3.31	0.83	0.83	0.83	0.83
Guar Exports	2.80	2.94	0.57	0.68	0.80	0.89
Exports (Guar seed Equivalent)	9.81	10.3	2.01	2.39	2.79	3.11
<b>Carry Forward (Farmers and Traders Holdings)</b>	<b>8.33</b>	<b>5.31</b>	<b>7.61</b>	<b>8.74</b>	<b>7.77</b>	<b>5.31</b>
Av Monthly Consumption	1.06	1.13	0.95	1.07	1.21	1.31
Stock to Month Use	8.43	4.68	8.05	8.15	6.44	4.05
Stock to Consumption Ratio	0.70	0.39	2.68	2.72	2.15	1.35

- 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 10.59 lakh tons of guar seed production in 2016-17, due to lower acreage as well as yield compared to last year.
- Exports are expected to be around 2.94 lakh tonnes slightly higher compared to last year mainly because of recovery in crude oil.

### 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 January 2017, average crush margin fell to Rs. -101.4/Quintal, which earlier was Rs. -28.6/quintal last month.

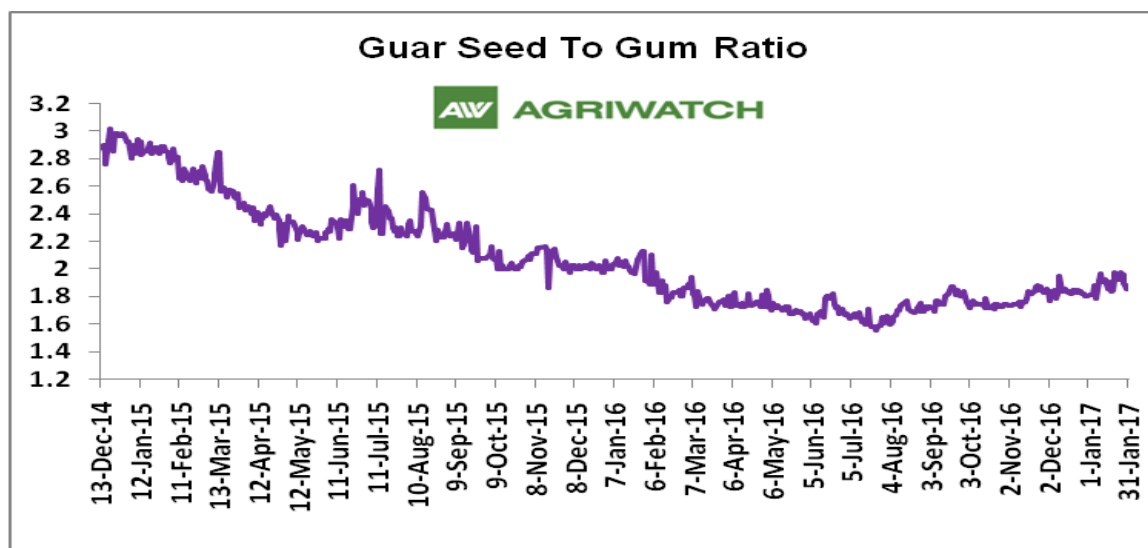
Higher prices of guar seed compared to prices of churi and korma has reduced the total return which has caused the margin to fall further.



### Guar Seed To Gum Ratio:

Ratio of guar seed to gum increased last month to 1.84, which in the earlier month was 1.82. 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**


#### 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	3070	3015	3249	3540	3605
Monthly Trade Call			Call	Entry	T1	T2	SL
Guar Seed 10MT	NCDEX	C1	Buy	Above 3230	3355	3435	3155



### Technical Analysis (Guar Gum)

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

**Technical Commentary:**

- Fall in price and open interest indicates long liquidation
- RSI is moving in neutral region
- Prices closed below 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	6055	5960	6280	6630	6725
Monthly Trade Call			Call	Entry	T1	T2	SL
Guar Gum	NCDEX	C1	Buy	Above 6260	6410	6515	6170

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

<b>Guar by – Products Monthly Average Prices:</b>				
<b>Commodity</b>	<b>Centre</b>	<b>January,2017</b>	<b>December,2016</b>	<b>Change</b>
<b>Churi</b>	Jodhpur	1605	1645	<b>-40</b>
<b>Korma</b>	Jodhpur	1905	1947	<b>-42</b>
<b>Churi</b>	Sri-Ganganagar	1486	1549	<b>-63</b>
<b>Korma</b>	Sri-Ganganagar	1812	1849	<b>-37</b>
<b>Prices in Rs/75kg</b>				

<b>Guar Export Monthly Average Prices:</b>				
<b>Commodity</b>	<b>Variety</b>	<b>January,2017</b>	<b>December,2016</b>	<b>Change</b>
<b>Guargum Split</b>		929	912	<b>17</b>
<b>Guargum Powder</b>	200 Mesh 5000 CPS	1222	1207	<b>15</b>
	200 Mesh 3500 CPS	1149	1133	<b>16</b>
<b>Guargum Meal</b>	40%	311	320	<b>-9</b>
	50%	378	387	<b>-9</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>January,2017</b>	<b>December,2016</b>	
<b>Guar Seed</b>	<b>Jodhpur</b>	Jodhpur (Loose)	3317	3262	<b>55</b>
		Jodhpur(Delivery)	3476	3417	<b>59</b>
	<b>Sri-Ganganagar</b>	Sri-Ganganagar(Loose)	3188	3205	<b>-17</b>
		Sri-Ganganagar (Delivery)	3339	3354	<b>-15</b>
		Rawla (Loose)	3162	3156	<b>6</b>
		Gharsana (Loose)	3192	3145	<b>47</b>
		Raisinghnagar (Loose)	3200	3173	<b>27</b>
	<b>Bikaner</b>	Bikaner (Loose)	3202	3184	<b>18</b>
		Bikaner (Delivery)	3351	3323	<b>28</b>
		Nokha(Loose)	3227	3165	<b>62</b>
		Nokha (Delivery)	3346	3173	<b>173</b>
		Khajuwala (Loose)	3198	3154	<b>44</b>
		Khajuwala (Delivery)	3326	3270	<b>56</b>
		Lunkaransar (Loose)	3143	3117	<b>26</b>

	<b>Hanumangarh</b>	Hanumangarh (Loose)	3205	3183	22
		Hanumangarh (Delivery)	3355	3330	25
		Nohar (Loose)	3186	3171	15
		Pilibanga (Loose)	3179	3176	3
	<b>Nagaur</b>	Nagaur (Loose)	3080	3090	-10
	<b>Churu</b>	Churu (Delivery)	3310	3284	26
	<b>Alwar</b>	Alwar (Loose)	3082	3050	32
<b>Haryana</b>	<b>Hisar</b>	Adampur (Loose)	3213	3209	4
		Adampur (Delivery)	3363	3352	11
	<b>Bhiwani</b>	Bhiwani (Delivery)	3258	3243	15
		Siwani (Loose)	3265	3262	3
	<b>Sirsa</b>	Sirsa (Loose)	3219	3202	17
		Dhabwali (Loose)	3195	3166	29
		Dhabwali (Delivery)	3345	3315	30
		Ellanabad (Loose)	3191	3166	25
	<b>Fatehabad</b>	Fatehabad (Loose)	3209	3161	48
<b>Gujarat</b>	<b>Banaskantha</b>	Deesa (Loose)	3085	3038	47
	<b>Patan</b>	Patan (Loose)	3088	3073	15
	<b>Rajkot</b>	Rajkot (Loose)	3090	3069	21
	<b>Jamnagar</b>	Dhrol (Loose)	2942	2832	110
<b>Madhya pradesh</b>	<b>Gwalior</b>	Dabra (Loose)	NA	NA	-
<b>Guar Gum</b>					
<b>Rajasthan</b>	<b>Jodhpur</b>	Jodhpur	6362	6220	142
	<b>Alwar</b>	Alwar	6377	6242	135
	<b>Hanumangarh</b>	Nohar	6370	6358	12
<b>Haryana</b>	<b>Bhiwani</b>	Bhiwani	6332	6248	84
	<b>Sirsa</b>	Sirsa	6377	6235	142
		Dhabwali	6422	6272	150
		Ellanabad	6345	6231	114
	<b>Fatehabad</b>	Fatehabad	6317	6227	90

Guar Cumulative Arrivals in Key Centers:					
Commodity	District	Centre	Monthly Arrivals (Quintals)		Change
Guar Seed			January,2017	December,2016	
Rajasthan	Jodhpur	Jodhpur	2623	2936	-313
	Sri-Ganganagar	Sri-Ganganagar	15372	19300	-3928
		Rawla	16000	37732	-21732
		Gharsana	18000	30200	-12200
		Raisinghnagar	12900	23600	-10700
	Bikaner	Bikaner	17754	14900	2854
		Nokha	7850	7950	-100
		Khajuwala	30000	45900	-15900
		Lunkaransar	9400	11250	-1850
	Hanumangarh	Hanumangarh	3281	7353	-4072
		Nohar	35500	27000	8500
		Pilibanga	3950	5980	-2030
	Nagaur	Nagaur	2645	1260	1385
	Churu	Churu	14700	28700	-14000
	Alwar	Alwar	6800	10800	-4000
Haryana	Hisar	Adampur	25800	19400	6400
	Bhiwani	Bhiwani	47500	18700	28800
		Siwani	23300	15350	7950
	Sirsa	Sirsa	32900	28300	4600
		Dhabwali	4400	6550	-2150
		Ellanabad	12150	13375	-1225
	Fatehabad	Fatehabad	2460	2380	80
Gujarat	Banaskantha	Deesa	3416	5959	-2543
	Patan	Patan	10260	8383	1877
	Rajkot	Rajkot	4550	3875	675
	Jamnagar	Dhrol	370	78	292
Madhya pradesh	Gwalior	Dabra	NA	NA	-
Total Arrivals/Above Markets			363881	397211	-33330

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