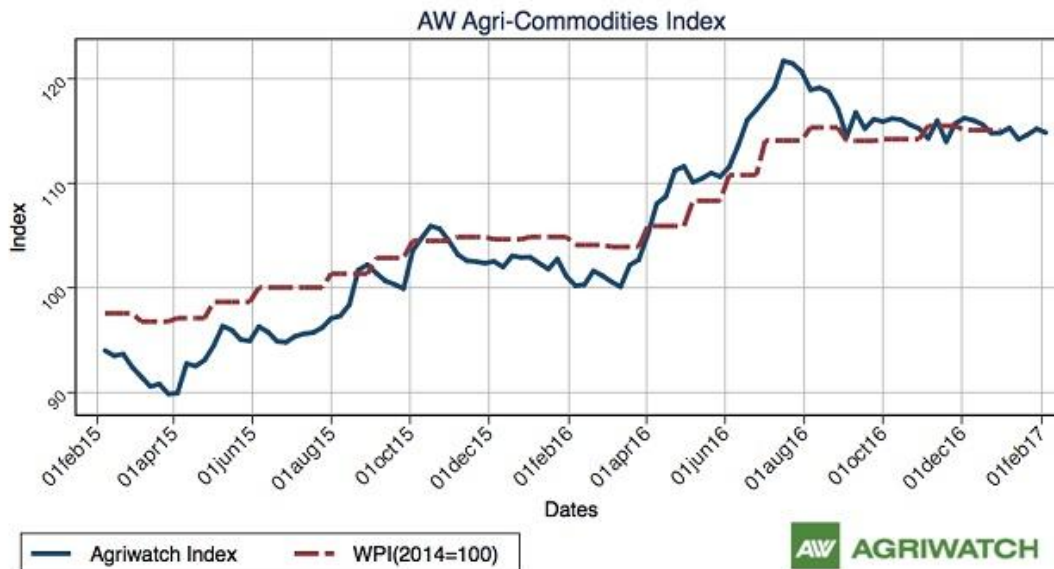


Guar Monthly Research Report

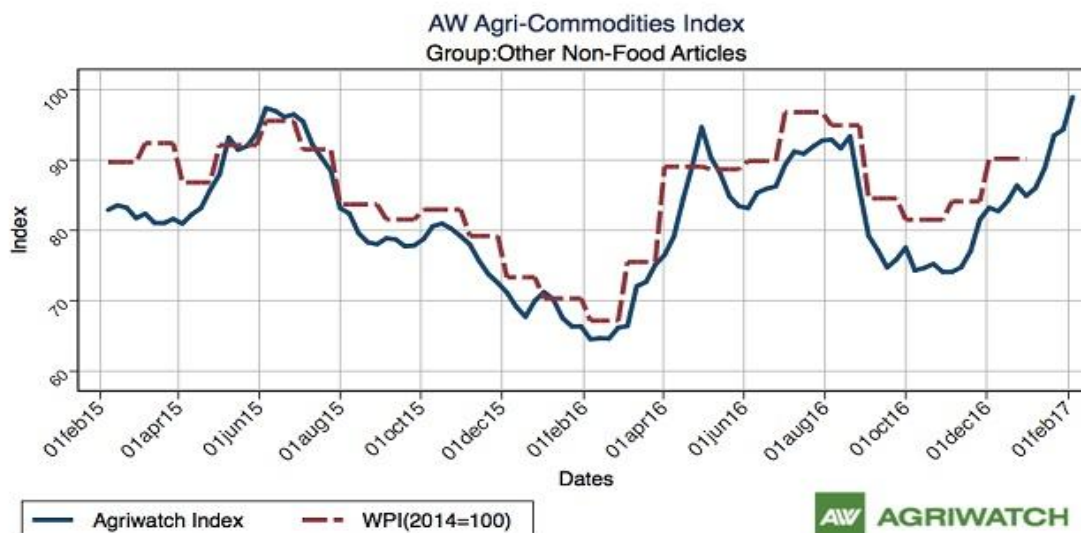
Contents

- ❖ 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. The daily indices are available on subscription. Please contact for more details.

Executive Summary

Domestic Guar Seed Market Summary

As per market sources, in the month of January 2017 India has exported around 44000 tonnes of guar gum compared to around 26000 tonnes last year for the same month. For financial year 2016-17, in the first ten months from April'16 to January'17 around 3.22 lakh tonnes of guar gum has been exported compared to 2.71 lakh tonnes in financial year 2015-16 for the same period.

According to IBIS (provisional data) for the month of December, Export of guar seed products i.e. powder, Split and meal has increased by 1637 metric tonnes compared to last month. India has exported 42449 tonnes of guar products in the month of December. Of the total quantity, 25742 tonnes is guar gum powder and the remaining is Guar split (5228 tonnes) and Guar meal (11479 tonnes).

All India average monthly prices for guar seed decreased by 0.66 percent from Rs 3016.55 (in January) to Rs 2996.56 per qtl in February-2017. Average price (February) is higher by 12.14 percent compared to price (Rs 2672.1 per qtl.) registered in February-2016. Guar prices are expected to remain firm in coming month because of firm demand of gum in international market.

As per latest update, Russia is still sticking with its decision of reducing oil production by 2 lakh bpd in the first quarter and by 3 lakh bpd from April provided its domestic companies are able to do it under the OPEC led agreement. This cut will boost the prices of oil that will in turn lead to increase in demand for guar gum as it is used in hydraulic fracking. Guar seed prices are ruling around Rs 3600 per quintal and can increase by around Rs 300 per quintal in coming weeks.

The wholesale price index of guar seed has increased from 239 in December 2016 to 239.8 in January 2017. The WPI for January 2017 is down by 2.3 compared to last year for the same month and by 90.6 compared to January 2015.

As per latest update, NCDEX has decided to remove pre expiry margin on four commodities namely Guar seed 2MT, Yellow soy meal, Kapas Shankar and Refined soy oil. This will apply to march contract and all the contracts that will be launched after that until further notice.

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).

On the currency front, Indian rupee against USD (Average) closed at 66.96, devaluing by Rs. 1.11 compared to the previous month. Overall weakening of Rupee in terms of dollar 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 (~44200 quintals) during February 2017 compared to previous month ~25800 quintals.

Similarly, In Ganganagar market, arrivals have decreased during February 2017 to 14596 quintals compared to prior month arrivals data i.e. 15372 quintals.

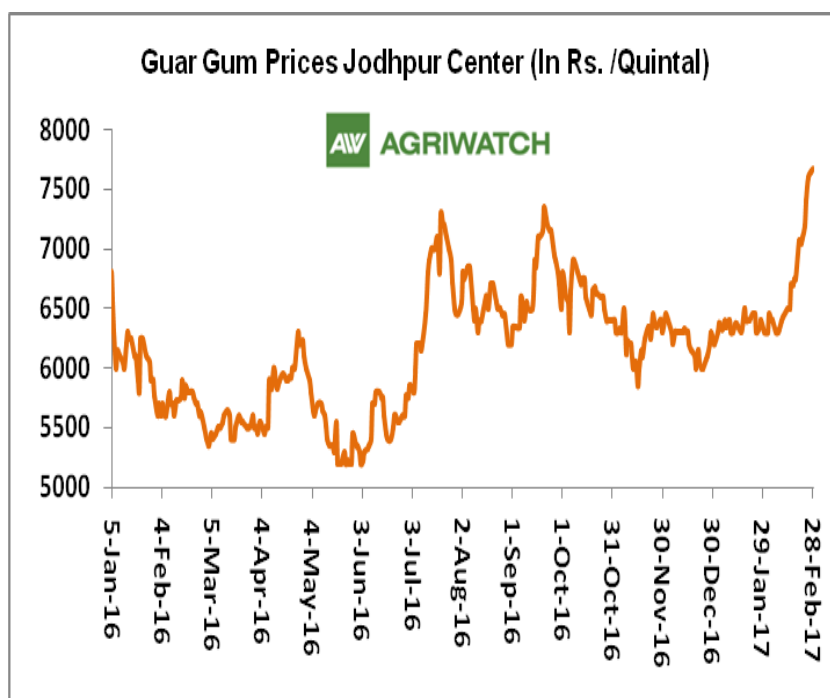
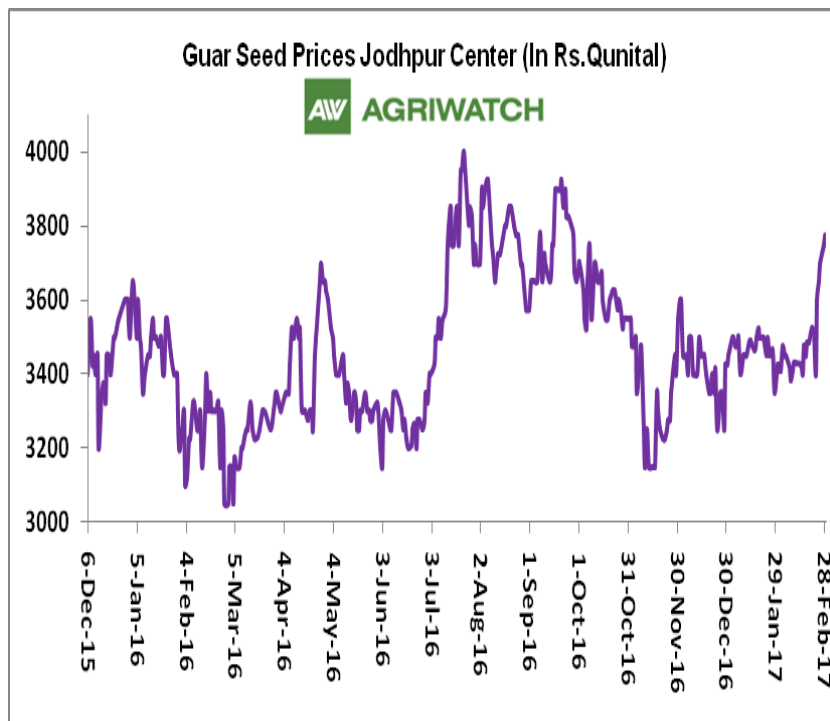
Recommendation:

Monthly Call - : Market participants advised to go long in Guar seed at current levels for a target of 4175 with a stop loss at 3601 on closing basis.

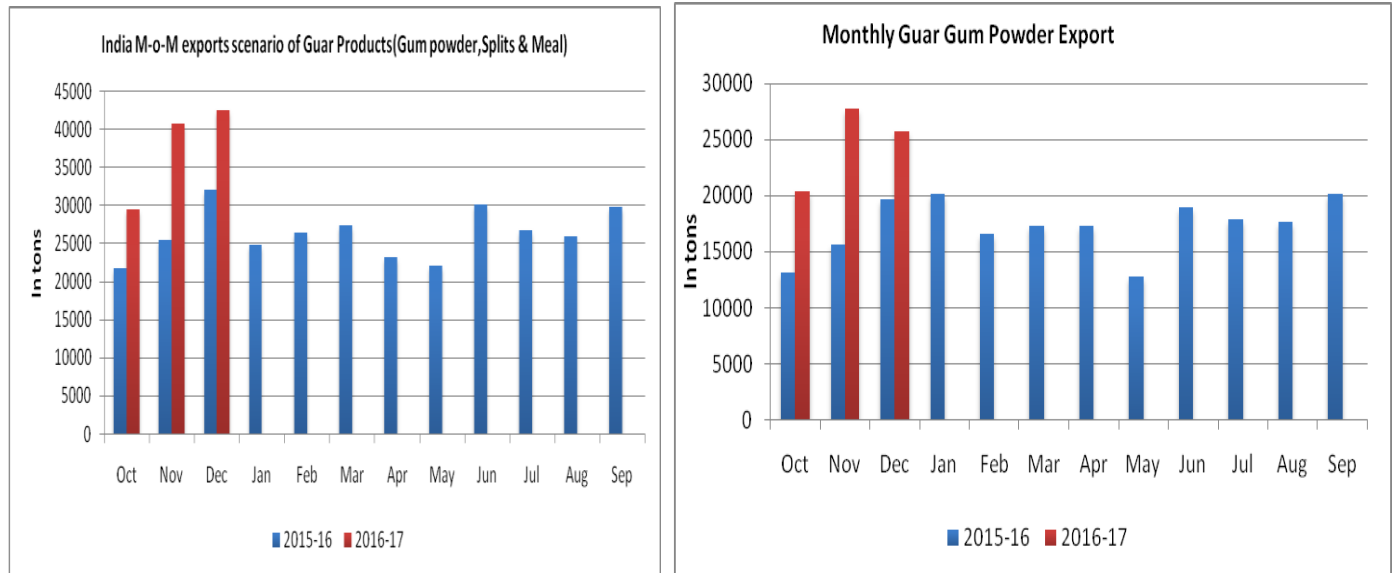
Guar Seed Fundamental Analysis and Outlook:-

Domestic Front

- Average Guar seed prices remained firm during February 2017. All major spot markets witnessed increase in prices. Overall arrivals were slightly lower in February compared to last month. Highest fall in arrivals were noticed in Adampur.
- In the month of February 2017, Guar seed monthly average prices increased by 28.54 compared to prior month and settled at Rs. 3495.63 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 February 2017 increased by 417.93 and settled at Rs 6780.43 per quintal.
- Sources revealed that guar seed area in Rajasthan, Haryana and Gujarat might decrease by 20 – 25% 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

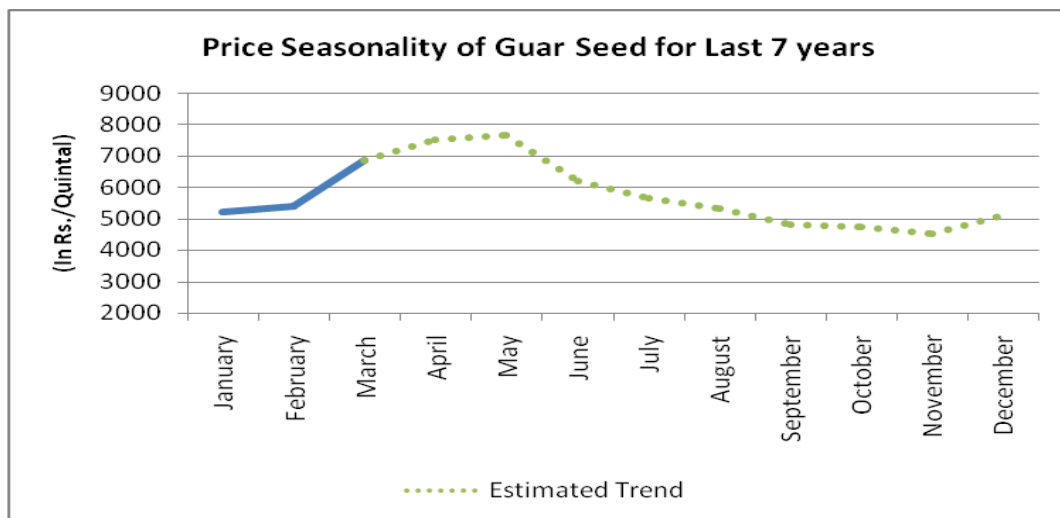


On export front, guar products export demand has increased compared to prior month. India has exported 42449 tons of guar seed products (Gum powder, Splits & Meal) in the month of December 2016 up by 4.01 % compared to last year for the same month and by 32.43% compared to last year for the same month.

In addition, recent month guar gum powder export increased by 30.94 % compared to previous year for the same month due to firm domestic as well as export demand.

India exported 25742 tons of guar gum powder in the month of December 2016, which is lower compared to guar gum powder exported last month by 7.24 %.

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.

Domestic Guar Seed Supply & Demand Position

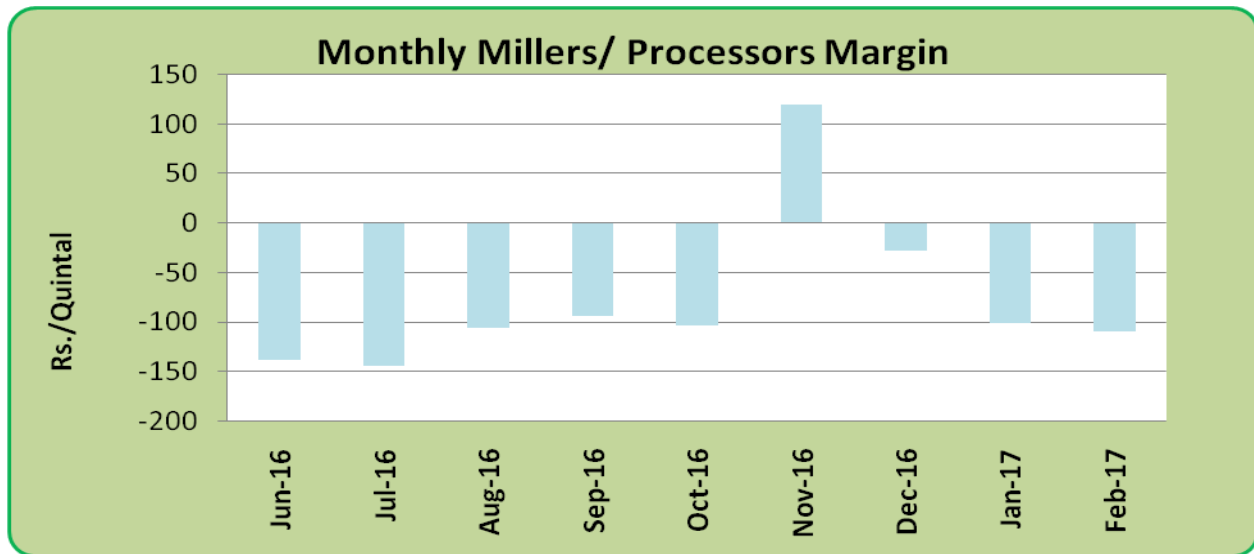
Domestic Guar Seed Supply & Demand Situation (Figures In Lakh Metric Tonnes)						
Item	2015-16	2016-17	2016-17	2016-17	2016-17	2016-17
Supply			Oct-Dec	Jan-Mar	Apr-June	July-Sept
Opening Stock	6.46	8.33	8.33	7.71	9.03	8.18
Production	15.18	11.07	10.44	0.00	0.00	0.00
Arrivals	15.18	11.07	2.21	4.54	2.77	1.55
Import	0.00	0.00	0.00	0.00	0.00	0.00
Total Availability	21.64	19.40	10.54	12.25	11.80	9.73
Demand						
Total Crushing	12.71	13.61	2.84	3.22	3.62	3.94
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
Carry Forward (Farmers and Traders Holdings)	8.33	5.79	7.71	9.03	8.18	5.79
Av Monthly Consumption	1.06	1.13	0.95	1.07	1.21	1.31
Stock to Month Use	8.43	5.11	8.15	8.42	6.78	4.41
Stock to Consumption Ratio	0.70	0.43	2.72	2.81	2.26	1.47

- 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 11.07 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 February 2017, average crush margin fell to Rs. -109.7/Quintal, which earlier was Rs. -101.4/quintal last month.

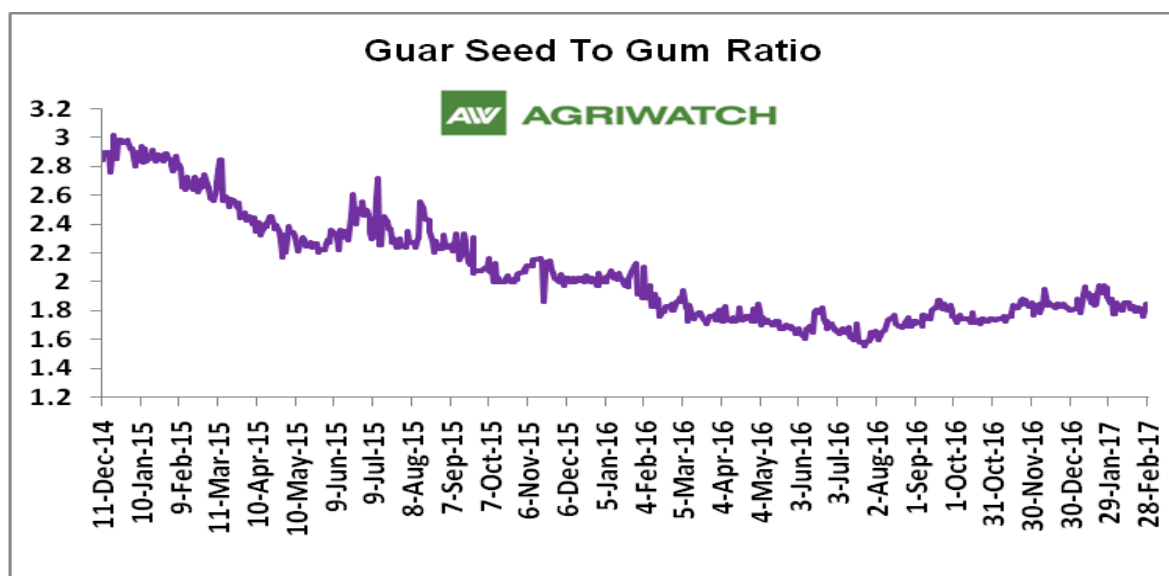
Higher prices of guar seed compared to prices of churi and korma has reduced the total return which has caused the margin to fall further.



Guar Seed To Gum Ratio:

Ratio of guar seed to gum increased last month to 1.94, which in the earlier month was 1.84. 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)



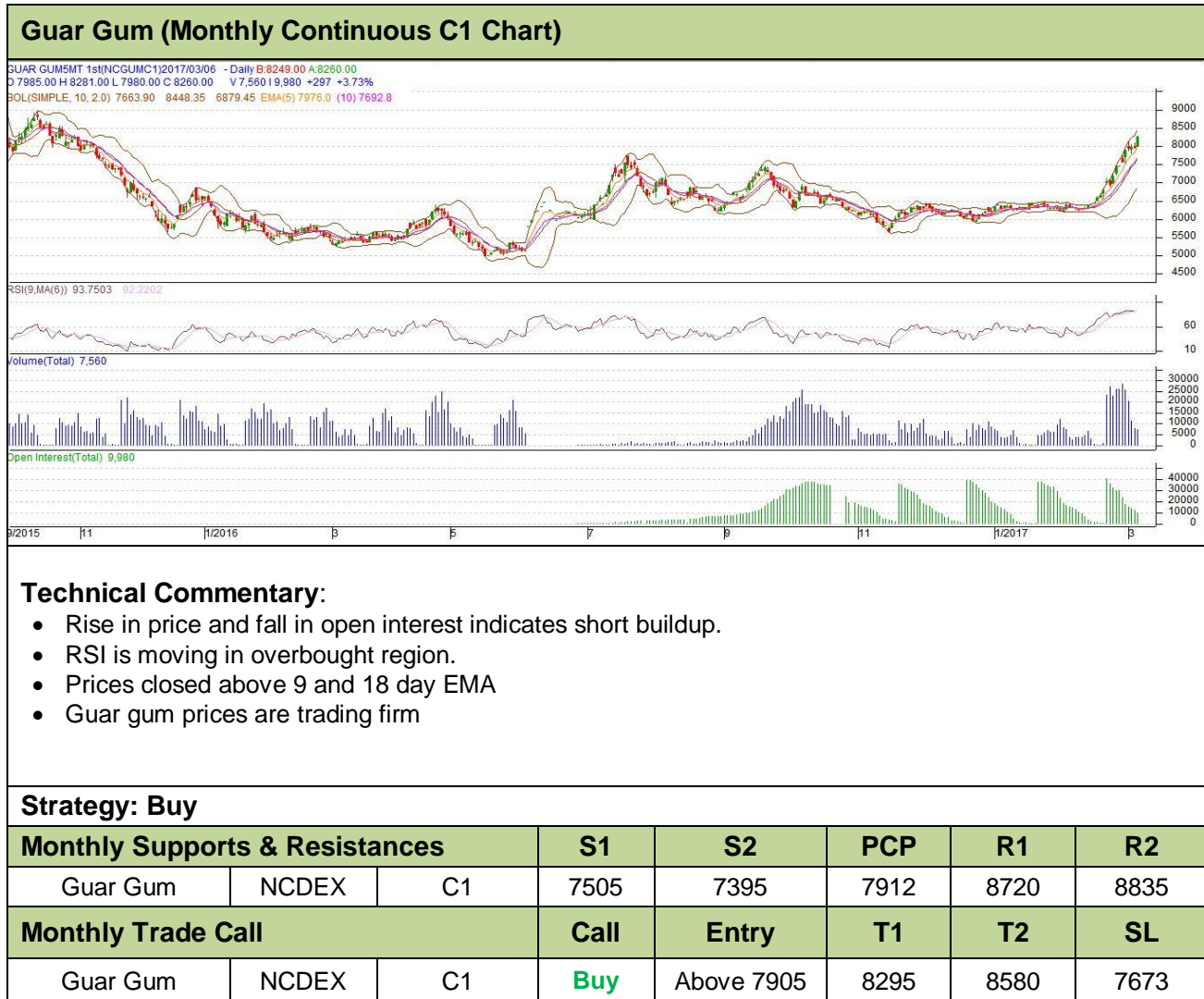
Technical Commentary:

- Rise in price and fall in open interest indicates short buildup.
- Prices closed above 9 and 18 day EMA.
- RSI is moving in overbought 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	3475	3370	3752	4310	4425
Monthly Trade Call			Call	Entry	T1	T2	SL
Guar Seed 10MT	NCDEX	C1	Buy	Above 3745	3985	4175	3601

Technical Analysis (Guar Gum)

Commodity: Guar Gum
Exchange: NCDEX


Guar Seed & Gum Prices at Key Spot Markets

Guar by – Products Monthly Average Prices:				
Commodity	Centre	February,2017	January,2017	Change
Churi	Jodhpur	1425	1605	-180
Korma	Jodhpur	1771	1905	-134
Churi	Sri-Ganganagar	1296	1486	-190
Korma	Sri-Ganganagar	1642	1812	-170
Prices in Rs/75kg				

Guar Export Monthly Average Prices:				
Commodity	Variety	February,2017	January,2017	Change
Guargum Split		1002	929	73
Guargum Powder	200 Mesh 5000 CPS	1301	1222	79
	200 Mesh 3500 CPS	1226	1149	77
Guargum Meal	40%	302	311	-9
	50%	367	378	-11
Prices in \$/MT				

Guar Seed Monthly Average Prices:					
Commodity	District	Centre	Monthly Prices (Average)(Rs/Qtl)		Change
			February,2017	January,2017	
Guar Seed					
Rajasthan	Jodhpur	Jodhpur (Loose)	3349	3317	32
		Jodhpur(Delivery)	3499	3476	23
	Sri-Ganganagar	Sri-Ganganagar(Loose)	3150	3188	-38
		Sri-Ganganagar (Delivery)	3327	3339	-12
		Rawla (Loose)	3225	3162	63
		Gharsana (Loose)	3237	3192	45
		Raisinghnagar (Loose)	3244	3200	44
	Bikaner	Bikaner (Loose)	3251	3202	49
		Bikaner (Delivery)	3401	3351	50
		Nokha(Loose)	3230	3227	3
		Nokha (Delivery)	3347	3346	1
		Khajuwala (Loose)	3237	3198	39
		Khajuwala (Delivery)	3367	3326	41
		Lunkaransar (Loose)	3201	3143	58
	Hanumangarh	Hanumangarh (Loose)	3245	3205	40

		Hanumangarh (Delivery)	3395	3355	40
		Nohar (Loose)	3232	3186	46
		Pilibanga (Loose)	3209	3179	30
	Nagaur	Nagaur (Loose)	3134	3080	54
	Churu	Churu (Delivery)	3365	3310	55
	Alwar	Alwar (Loose)	3128	3082	46
Haryana	Hisar	Adampur (Loose)	3304	3213	91
		Adampur (Delivery)	3454	3363	91
	Bhiwani	Bhiwani (Delivery)	3321	3258	63
		Siwani (Loose)	3280	3265	15
	Sirsa	Sirsa (Loose)	3296	3219	77
		Dhabwali (Loose)	3261	3195	66
		Dhabwali (Delivery)	3411	3345	66
		Ellanabad (Loose)	3228	3191	37
	Fatehabad	Fatehabad (Loose)	3329	3209	120
Gujarat	Banaskantha	Deesa (Loose)	3109	3085	24
	Patan	Patan (Loose)	3072	3088	-16
	Rajkot	Rajkot (Loose)	3089	3090	-1
	Jamnagar	Dhrol (Loose)	2902	2942	-40
Madhya pradesh	Gwalior	Dabra (Loose)	NA	NA	-
Guar Gum					
Rajasthan	Jodhpur	Jodhpur	6780	6362	418
	Alwar	Alwar	6824	6377	447
	Hanumangarh	Nohar	6693	6370	323
Haryana	Bhiwani	Bhiwani	6745	6332	413
	Sirsa	Sirsa	6807	6377	430
		Dhabwali	6805	6422	383
		Ellanabad	6757	6345	412
	Fatehabad	Fatehabad	6715	6317	398

Guar Cumulative Arrivals in Key Centers:					
Commodity	District	Centre	Monthly Arrivals (Quintals)		Change
Guar Seed			February,2017	January,2017	
Rajasthan	Jodhpur	Jodhpur	3483	2623	860
	Sri-Ganganagar	Sri-Ganganagar	14596	15372	-776
		Rawla	10950	16000	-5050
		Gharsana	11250	18000	-6750
		Raisinghnagar	11600	12900	-1300
	Bikaner	Bikaner	16550	17754	-1204
		Nokha	14150	7850	6300
		Khajuwala	18100	30000	-11900
		Lunkaransar	9975	9400	575
	Hanumangarh	Hanumangarh	3210	3281	-71
		Nohar	39000	35500	3500
		Pilibanga	3750	3950	-200
	Nagaur	Nagaur	4050	2645	1405
	Churu	Churu	17100	14700	2400
	Alwar	Alwar	9700	6800	2900
Haryana	Hisar	Adampur	44200	25800	18400
	Bhiwani	Bhiwani	44000	47500	-3500
		Siwani	23400	23300	100
	Sirsa	Sirsa	37400	32900	4500
		Dhabwali	5150	4400	750
		Ellanabad	8150	12150	-4000
	Fatehabad	Fatehabad	1740	2460	-720
Gujarat	Banaskantha	Deesa	3054	3416	-362
	Patan	Patan	3706	10260	-6554
	Rajkot	Rajkot	5386	4550	836
	Jamnagar	Dhrol	82	370	-288
Madhya Pradesh	Gwalior	Dabra	NA	NA	-
Total Arrivals/Above Markets			363732	363881	-149

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