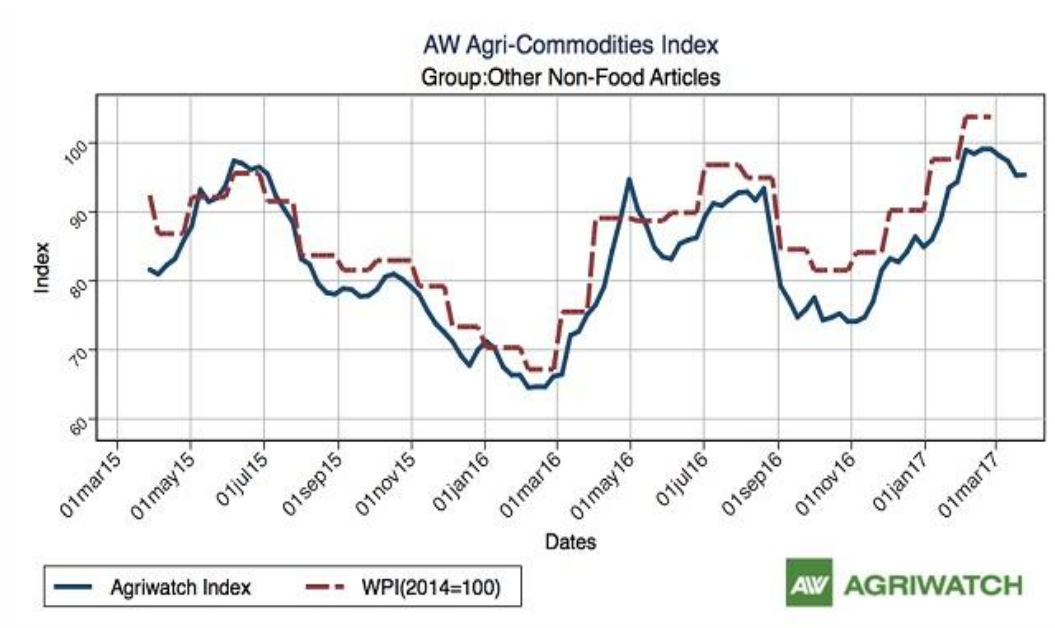


# Guar Monthly Research Report

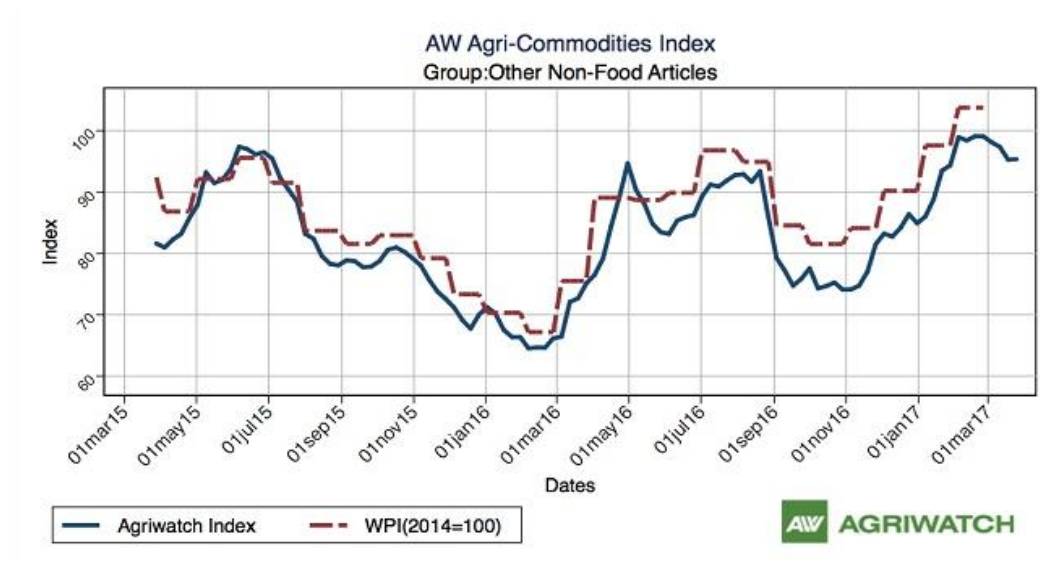
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### Agriwatch Agri Commodity Index



The Agriwatch Agri Commodities Index rose 0.74% to 110.34 during the week ended March 25, 2017 from 109.53 during the previous week led by higher cereals and pulses. The base for the Index and all sub-Indices is 2014 (= 100).



The Agriwatch Agri commodity other non-food articles Index increased by 0.08% to 95.34 during the week ended March 25, 2017.

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

All India average monthly prices for guar seed increased by 3.32 percent from Rs 3496.48 in March to Rs 3612.43 per qtl in April-2017. Average price (April) is higher by 20.30 percent compared to price (Rs 3002.9 per qtl.) registered in April -2016. Guar prices are expected to remain range bound to weak in the coming month.

As per market sources, in the month of March 2017 India has exported around 56000 tonnes of guar gum compared to around 28000 tonnes last year for the same month. In fiscal year 2016-17, around 4.23 lakh tonnes of guar gum has been exported compared to 3.25 lakh tonnes in 2015-16. Guar gum is used in hydraulic fracturing for extracting oil and gas; therefore as the number of oil rigs is increasing demand for guar gum is also expected to increase further.

As per data released by baker hughes the number of oil rigs in USA has increased to 870 until 28th April up by 13 compared to last week and by 450 compared to 29th April 2016. Guar gum is used in hydraulic fracturing for extracting oil and gas; therefore as the number of oil rigs is increasing demand for guar gum is also expected to increase. The number of oil rigs is expected to increase further in coming months which will provide support to guar gum exports.

The wholesale price index of guar seed has increased slightly from 239.8 in February 2017 to 277.3 in March 2017. The WPI for March 2017 is up by 55 compared to last year for the same month and down by 16.5 compared to March 2015.

As per market sources, in the month of February 2017 India has exported around 45000 tonnes of guar gum compared to around 26000 tonnes last year for the same month. For financial year 2016-17, in the first eleven months from April'16 to February'17 around 3.67 lakh tonnes of guar gum has been exported compared to 2.97 lakh tonnes in financial year 2015-16 for the same period.

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 third advance estimate for 2016-17 issued by Rajasthan's Department of Agriculture for Guar seed the area, production and yield are 3530007 hectares, 1404819 tonnes and 398 kg/hectare respectively. As compared to first advance estimate for 2016-17, the area, production and yield have decreased by 46932 hectares, 557605 tonnes and 151 kg/hectare respectively.

On the currency front, Indian rupee against USD (Average) closed at 64.56, devaluing by Rs. 1.37 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 lower arrivals (~13050 quintals) during April 2017 compared to previous month ~42000 quintals.

Similarly, In Bikaner market, arrivals have increased during April 2017 to 9600 quintals compared to prior month arrivals data i.e.9124 quintals.

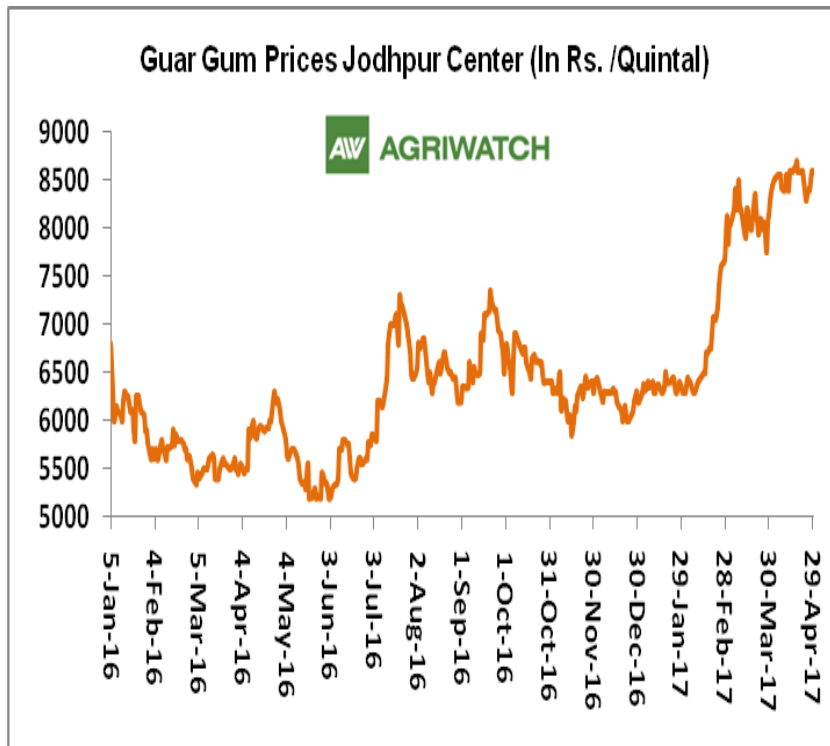
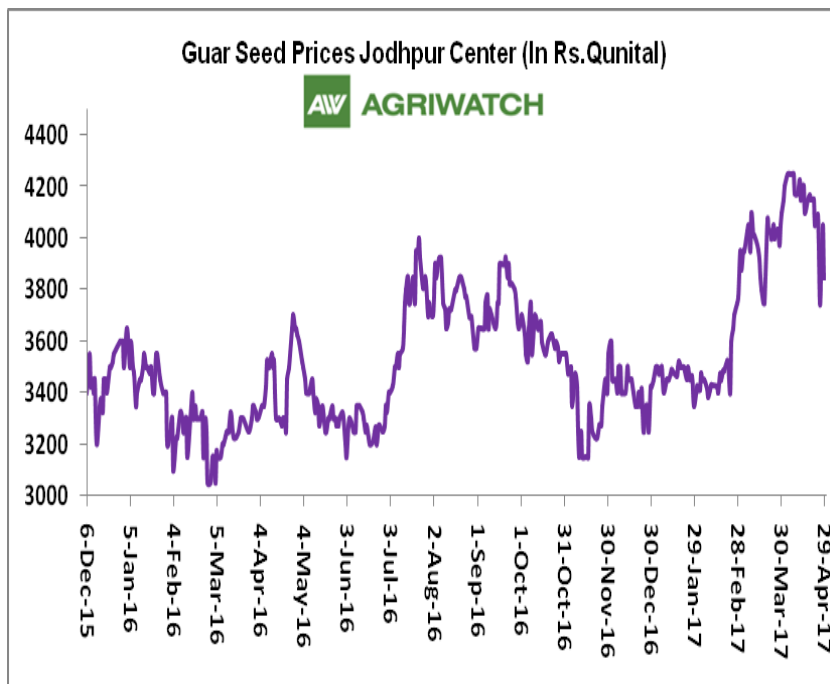
### Recommendation:

Monthly Call - : Market participants advised to go short in Guar seed at current levels for a target of 3310 with a stop loss at 3909 on closing basis.

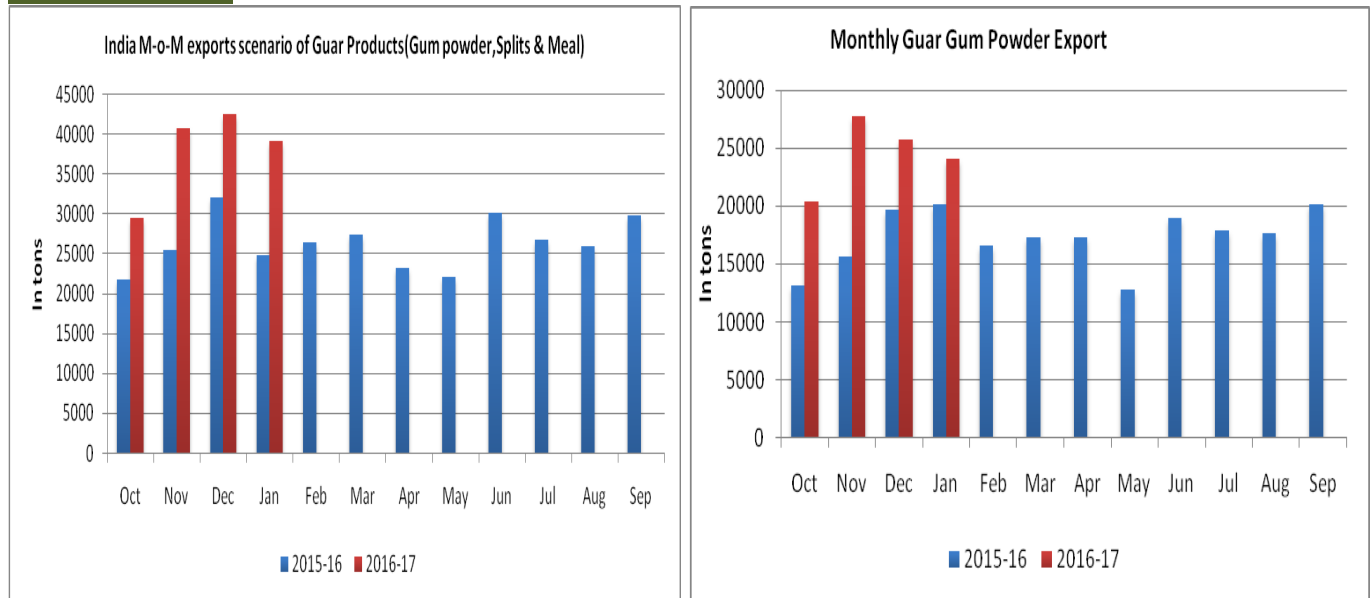
## Guar Seed Fundamental Analysis and Outlook:-

### Domestic Front

- Average Guar seed prices remained firm during April 2017. All major spot markets witnessed increase in prices. Overall arrivals were lower in April compared to last month. Highest fall in arrivals were noticed in Adampur and Alwar.
- In the month of April 2017, Guar seed monthly average prices increased by 132.21 compared to prior month and settled at Rs. 4111.29 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 April 2017 increased by 411.54 and settled at Rs 8525 per quintal.
- Sources revealed that guar seed area in Rajasthan, Haryana and Gujarat might decrease by 15–20% considering lower prices compared to other crops like Pulses and cotton, which are more remunerative for farmers as compared to guar.
- According to third 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 weak tone in the coming month.



### Export Scenario

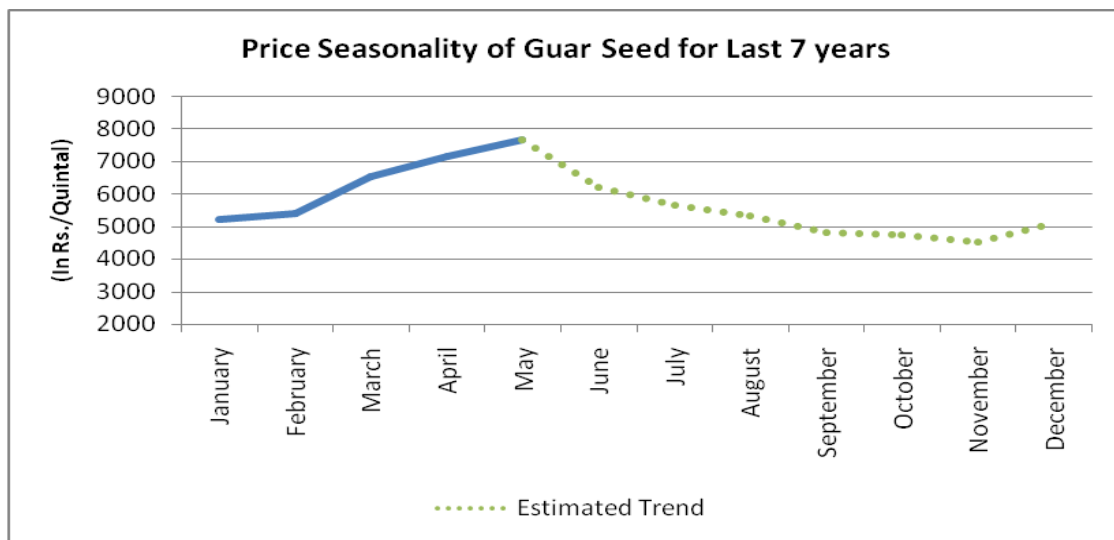


On export front, guar products export demand has increased compared to prior month. India has exported 39165 tons of guar seed products (Gum powder, Splits & Meal) in the month of January 2017 down by 7.74 % compared to last year for the same month and up by 57.66% compared to last year for the same month.

In addition, recent month guar gum powder export increased by 19.98 % compared to previous year for the same month due to firm domestic as well as export demand.

India exported 24109 tons of guar gum powder in the month of January 2017, which is lower compared to guar gum powder exported last month by 6.34 %.

### 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

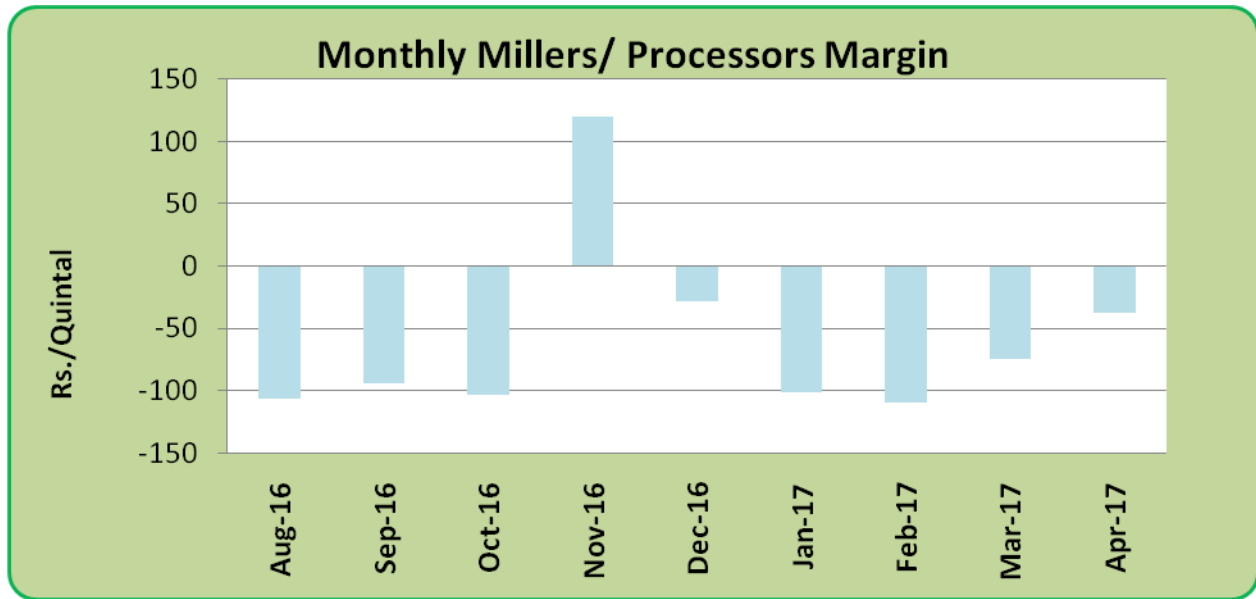
<b>Domestic Guar Seed Supply &amp; Demand Situation (Figures In Lakh Metric Tonnes)</b>						
<b>Item</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2016-17</b>	<b>2016-17</b>	<b>2016-17</b>	<b>2016-17</b>
<b>Supply</b>			<b>Oct-Dec</b>	<b>Jan-Mar</b>	<b>Apr-June</b>	<b>July-Sept</b>
Opening Stock	6.46	8.33	8.33	7.71	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
<b>Total Availability</b>	<b>21.64</b>	<b>19.40</b>	<b>10.54</b>	<b>12.25</b>	<b>11.80</b>	<b>9.73</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
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 increased compared to previous month. In the month of April 2017, average crush margin increased to Rs. -38.1/Quintal compared to Rs. -75.1/quintal last month.

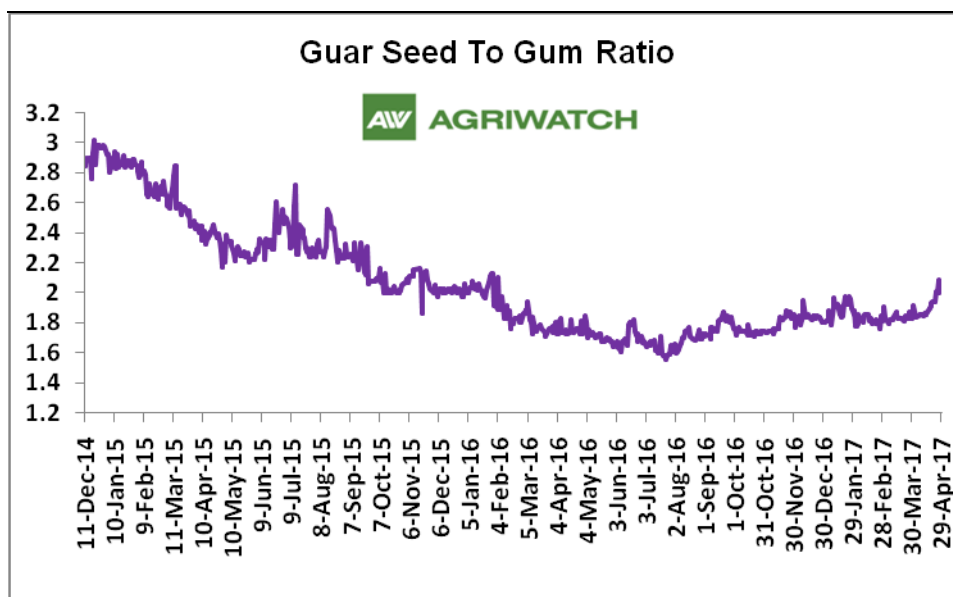
Increase in prices of Churi and Korma have increased the total return and reduced the total cost, which has caused the margin to rise.



### Guar Seed To Gum Ratio:

Ratio of guar seed to gum increased to 2.08, which in the earlier month was 2.04. 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:

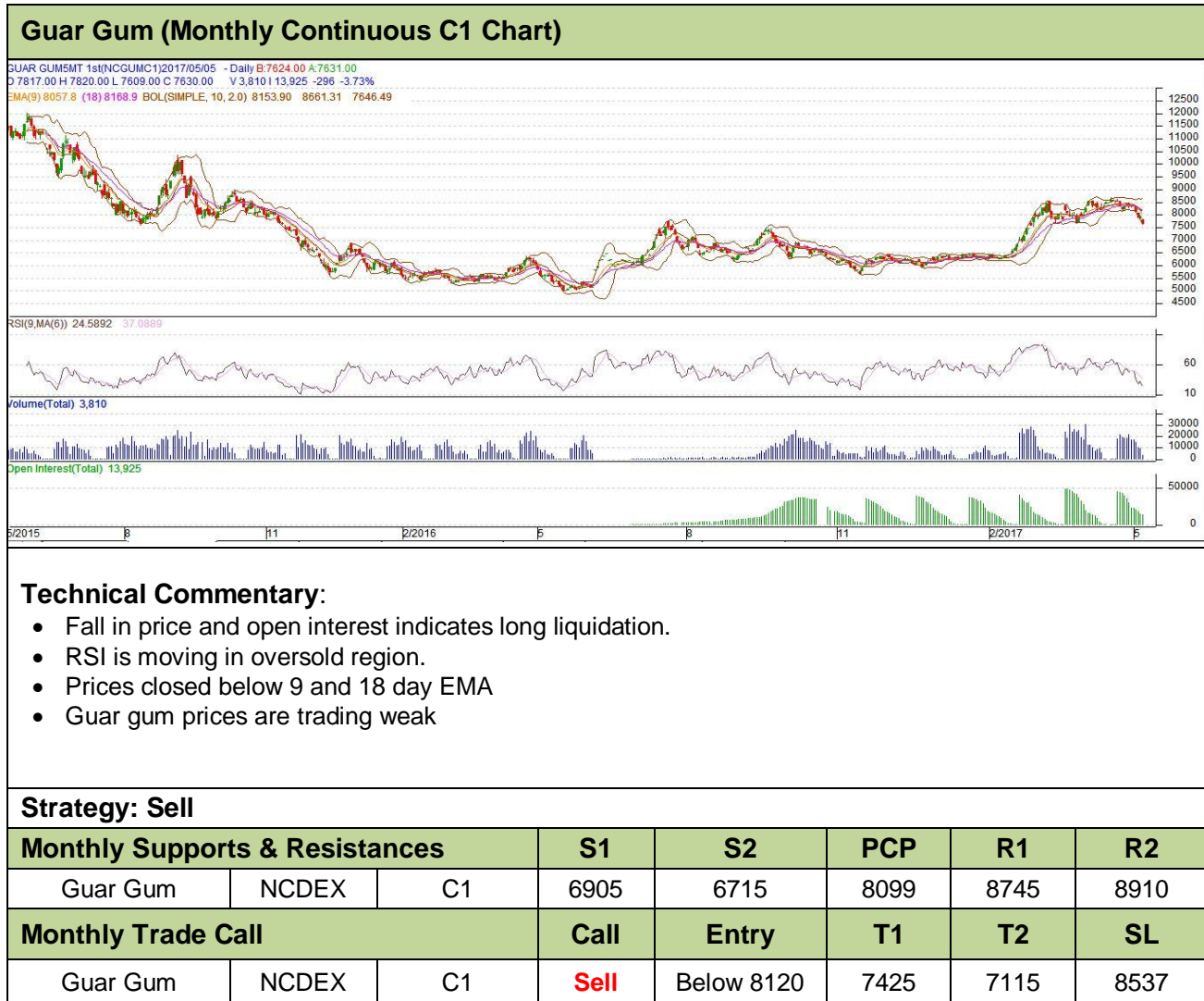
- Fall in price and open interest indicates long liquidation.
- Prices closed below 9 and 18 day EMA.
- RSI is moving in oversold region.
- Guar prices are moving weak as the chart depicts.

#### Strategy: Sell

Monthly Supports & Resistances			S1	S2	PCP	R1	R2
Guar Seed	NCDEX	C1	3205	3115	3757	4125	4275
Monthly Trade Call			Call	Entry	T1	T2	SL
Guar Seed	NCDEX	C1	<b>Sell</b>	Below 3765	3525	3310	3909



### 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>April,2017</b>	<b>March,2017</b>	<b>Change</b>
<b>Churi</b>	Jodhpur	1597	1581	<b>16</b>
<b>Korma</b>	Jodhpur	1962	1863	<b>99</b>
<b>Churi</b>	Sri-Ganganagar	1462	1411	<b>50</b>
<b>Korma</b>	Sri-Ganganagar	1823	1676	<b>147</b>
<b>Prices in Rs/75kg</b>				

<b>Guar Export Monthly Average Prices:</b>				
<b>Commodity</b>	<b>Variety</b>	<b>April,2017</b>	<b>March,2017</b>	<b>Change</b>
<b>Guargum Split</b>		1313	1233	<b>80</b>
<b>Guargum Powder</b>	200 Mesh 5000 CPS	1617	1537	<b>80</b>
	200 Mesh 3500 CPS	1539	1461	<b>78</b>
<b>Guargum Meal</b>	40%	342	325	<b>17</b>
	50%	411	385	<b>26</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>April,2017</b>	<b>March,2017</b>	
<b>Guar Seed</b>	<b>Jodhpur</b>	Jodhpur (Loose)	3957	3828	<b>130</b>
		Jodhpur(Delivery)	4107	3972	<b>136</b>
	<b>Sri-Ganganagar</b>	Sri-Ganganagar(Loose)	3875	3713	<b>163</b>
		Sri-Ganganagar (Delivery)	4042	3865	<b>177</b>
		Rawla (Loose)	3836	3703	<b>133</b>
		Gharsana (Loose)	3841	3691	<b>150</b>
		Raisinghnagar (Loose)	3842	3720	<b>122</b>
	<b>Bikaner</b>	Bikaner (Loose)	3857	3707	<b>150</b>
		Bikaner (Delivery)	4000	3857	<b>143</b>
		Nokha(Loose)	3791	3686	<b>104</b>
		Nokha (Delivery)	3927	3819	<b>108</b>
		Khajuwala (Loose)	3860	3762	<b>98</b>
		Khajuwala (Delivery)	4014	3912	<b>102</b>
		Lunkaransar (Loose)	3795	3704	<b>90</b>

	<b>Hanumangarh</b>	Hanumangarh (Loose)	3907	3735	172
		Hanumangarh (Delivery)	4057	3885	172
		Nohar (Loose)	3894	3766	127
		Pilibanga (Loose)	3829	3667	162
	<b>Nagaur</b>	Nagaur (Loose)	3845	3597	248
	<b>Churu</b>	Churu (Delivery)	3953	3825	128
	<b>Alwar</b>	Alwar (Loose)	3693	3587	106
<b>Haryana</b>	<b>Hisar</b>	Adampur (Loose)	3905	3772	133
		Adampur (Delivery)	4055	3922	133
	<b>Bhiwani</b>	Bhiwani (Delivery)	3977	3841	135
		Siwani (Loose)	3942	3845	98
	<b>Sirsa</b>	Sirsa (Loose)	3869	3791	77
		Dhabwali (Loose)	3844	3737	107
		Dhabwali (Delivery)	3948	3863	85
		Ellanabad (Loose)	3869	3737	133
	<b>Fatehabad</b>	Fatehabad (Loose)	3920	3709	211
<b>Gujarat</b>	<b>Banaskantha</b>	Deesa (Loose)	3719	3597	122
	<b>Patan</b>	Patan (Loose)	3712	3580	133
	<b>Rajkot</b>	Rajkot (Loose)	3747	3603	143
	<b>Jamnagar</b>	Dhrol (Loose)	3601	3425	176
<b>Madhya Pradesh</b>	<b>Gwalior</b>	Dabra (Loose)	4000	3638	363
<b>Guar Gum</b>					
<b>Rajasthan</b>	<b>Jodhpur</b>	Jodhpur	8522	8110	412
	<b>Alwar</b>	Alwar	8443	8073	369
	<b>Hanumangarh</b>	Nohar	8541	8136	405
<b>Haryana</b>	<b>Bhiwani</b>	Bhiwani	8405	8407	-3
	<b>Sirsa</b>	Sirsa	8545	8217	327
		Dhabwali	8526	8124	402
		Ellanabad	8518	8179	339
	<b>Fatehabad</b>	Fatehabad	8473	8200	273

Guar Cumulative Arrivals in Key Centers:					
Commodity	District	Centre	Monthly Arrivals (Quintals)		Change
Guar Seed			April,2017	March,2017	
Rajasthan	Jodhpur	Jodhpur	5283	3406	1877
	Sri-Ganganagar	Sri-Ganganagar	12513	11333	1180
		Rawla	6600	3425	3175
		Gharsana	3020	5857	-2837
		Raisinghnagar	4890	9200	-4310
	Bikaner	Bikaner	9600	9124	476
		Nokha	15000	21200	-6200
		Khajuwala	6750	8900	-2150
		Lunkaransar	8100	11550	-3450
	Hanumangarh	Hanumangarh	1321	2350	-1029
		Nohar	16400	19700	-3300
		Pilibanga	2958	5655	-2697
	Nagaur	Nagaur	4200	5600	-1400
	Churu	Churu	20300	42700	-22400
	Alwar	Alwar	9700	17600	-7900
Haryana	Hisar	Adampur	13050	42000	-28950
	Bhiwani	Bhiwani	21900	27900	-6000
		Siwani	17600	15600	2000
	Sirsa	Sirsa	11900	18550	-6650
		Dhabwali	3350	3530	-180
		Ellanabad	4170	5140	-970
	Fatehabad	Fatehabad	600	1190	-590
Gujarat	Banaskantha	Deesa	2622	2934	-312
	Patan	Patan	2194	4856	-2662
	Rajkot	Rajkot	2857	3150	-293
	Jamnagar	Dhrol	118	61	57
Madhya Pradesh	Gwalior	Dabra	1200	320	880
Total Arrivals/Above Markets			208196	302831	-94635

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