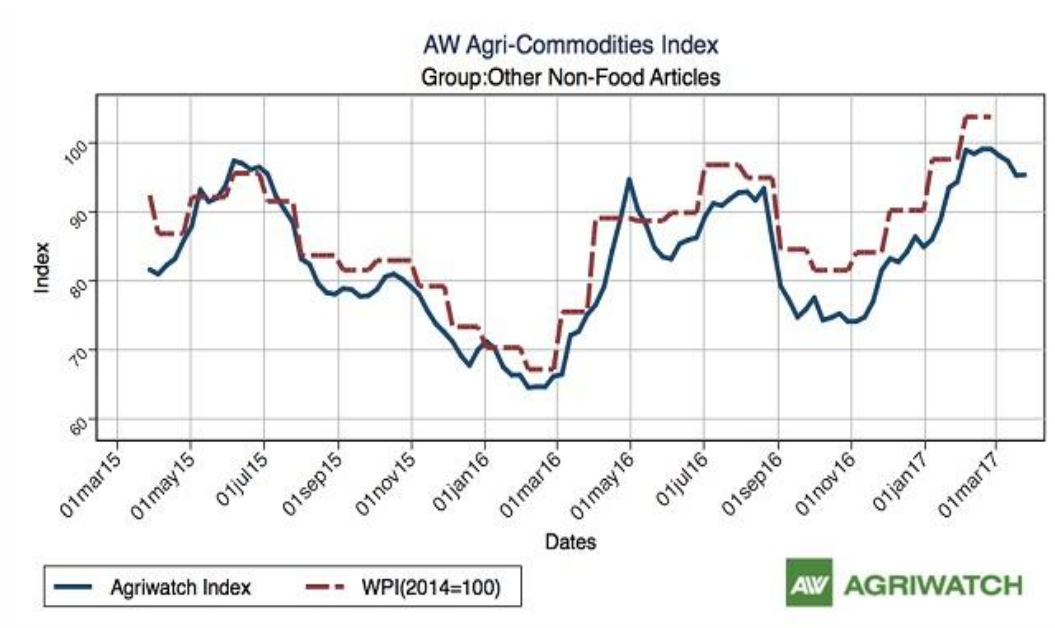


Guar Monthly Research Report

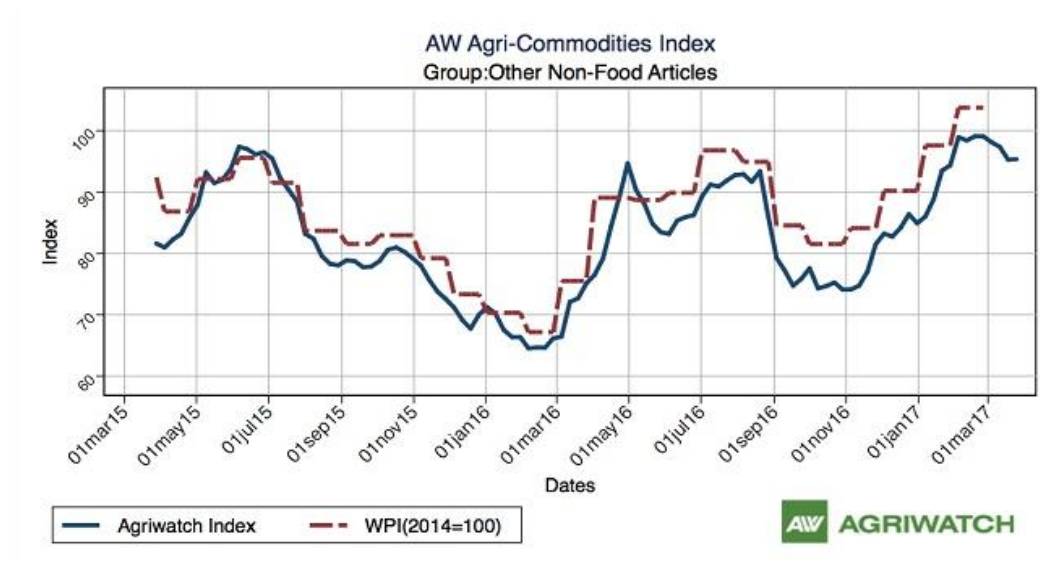
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Agriwatch Agri Commodity Index



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. 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 decreased by 8.21 percent from Rs 3612.43 in April to Rs 3315.7 per qtl in May-2017. Average price (May) is higher by 11.23 percent compared to price (Rs 2980.84 per qtl.) registered in May -2016. Guar prices are expected to remain range bound to slightly firm in coming month.

Guar acreage is likely to fall in all major states due to lower prices of guar compared to other crops mainly cotton. As on 01st June progressive procurement of cotton is higher by 53 in Punjab percent and by 24 percent in Haryana compared to last year during the same period. Farmers have shifted their interest from guar to cotton in hope of better price as MSP can be increased by Rs. 160 per quintal.

After arriving at the coast of kerala, Monsoon is likely to reach Mumbai between 7th to 10th June, Patna between 12th to 14th June and Delhi between 20th to 27th June. Punjab and Haryana will witness monsoon during first week of July. IMD has predicted for a normal monsoon this year but farmers should be ready if monsoon weakens after its arrival.

As per data released by baker hughes the number of oil rigs in USA has increased to 916 until 02nd June up by 8 compared to last week and by 508 compared to 03rd June 2016. Guar gum is used in hydraulic fracturing for extracting oil and gas; therefore, as the number of oilrigs is increasing demand for guar gum is also expected to increase. The number of oilrigs is expected to increase further in coming months, which will provide support to guar gum prices.

The wholesale price index of guar seed has increased slightly from 86.6 in March 2017 to 90.3 in April 2017. The WPI for April 2017 is up by 17 compared to last year for the same month and down by 7.9 compared to April 2015.

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.

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 64.42, devaluing by Rs. 0.14 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 (~16650 quintals) during May 2017 compared to previous month ~13050 quintals.

Similarly, In Bikaner market, arrivals have decreased during May 2017 to 7570 quintals compared to prior month arrivals data i.e.9600 quintals.

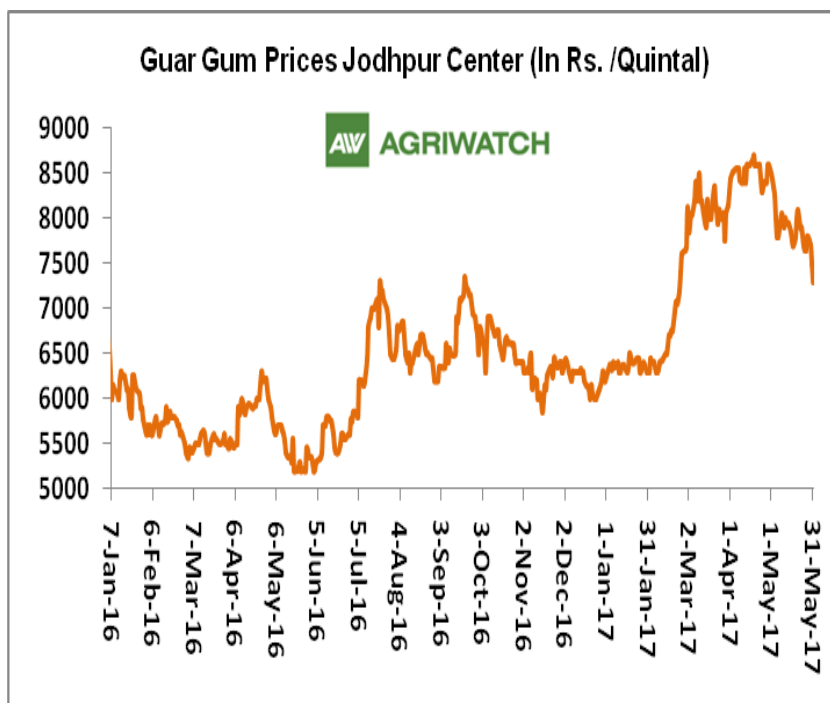
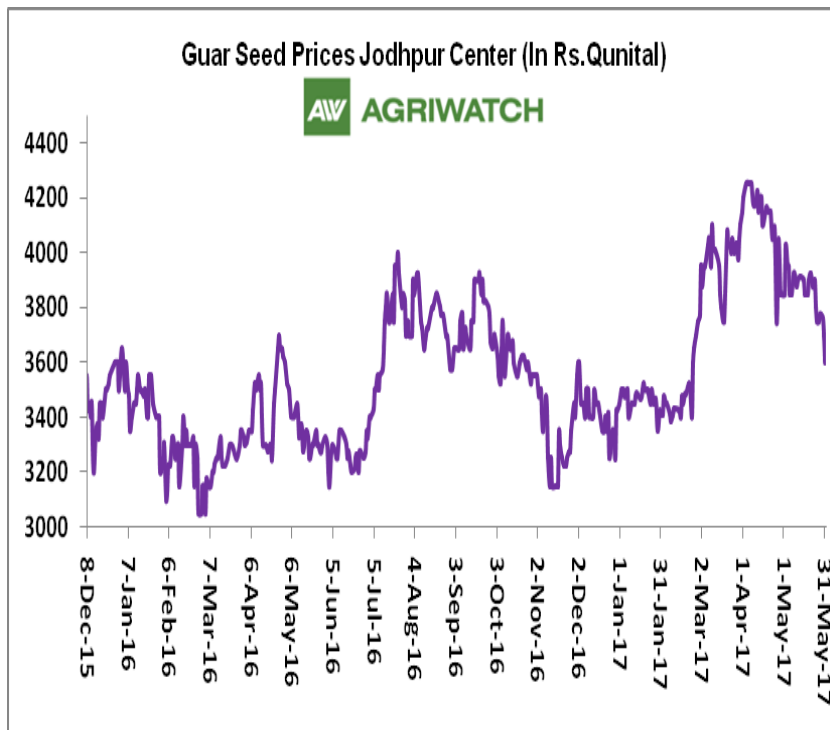
Recommendation:

Monthly Call - : Market participants advised to go long in Guar seed at current levels for a target of 3690 with a stop loss at 3063 on closing basis.

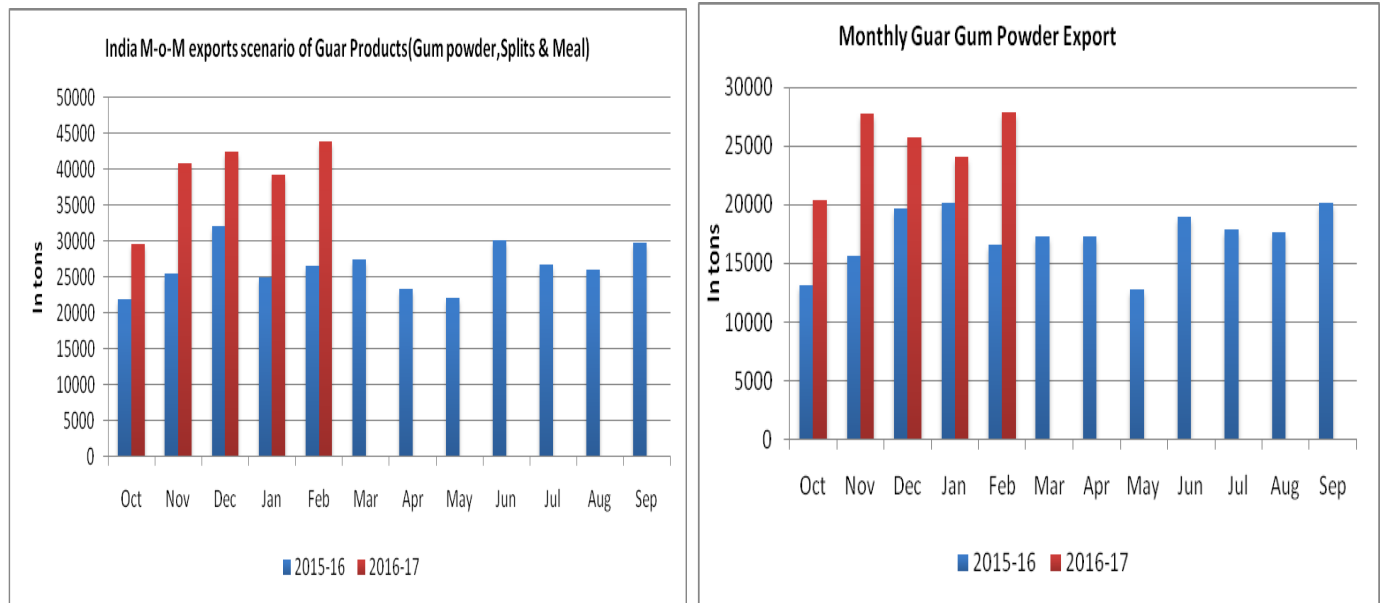
Guar Seed Fundamental Analysis and Outlook:-

Domestic Front

- Average Guar seed prices remained weak during May 2017. All major spot markets witnessed decrease in prices. Overall arrivals were higher in May compared to last month. Highest fall in arrivals were noticed in Bikaner and Churu.
- In the month of May 2017, Guar seed monthly average prices decreased by 256.48 compared to prior month and settled at Rs. 3854.81 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 May 2017 decreased by 641.67 and settled at Rs 7883.33 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

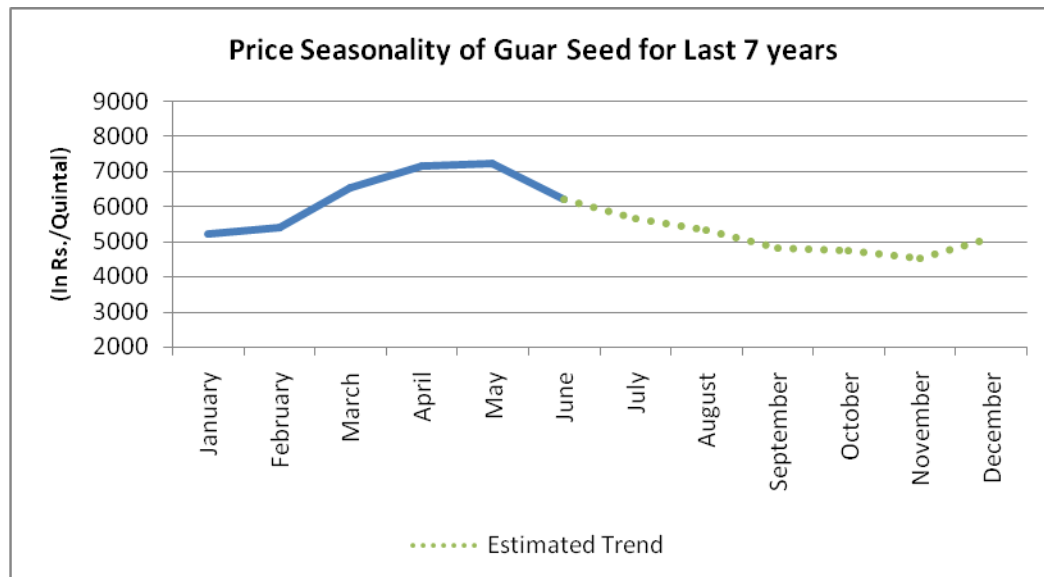


On export front, guar products export demand has increased compared to prior month. India has exported 43780 tons of guar seed products (Gum powder, Splits & Meal) in the month of February 2017 up by 11.78 % compared to last year for the same month and up by 65.30% compared to last year for the same month.

In addition, recent month guar gum powder export increased by 67.99 % compared to previous year for the same month due to firm domestic as well as export demand.

India exported 27820 tons of guar gum powder in the month of February 2017, which is higher compared to guar gum powder exported last month by 15.39 %.

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

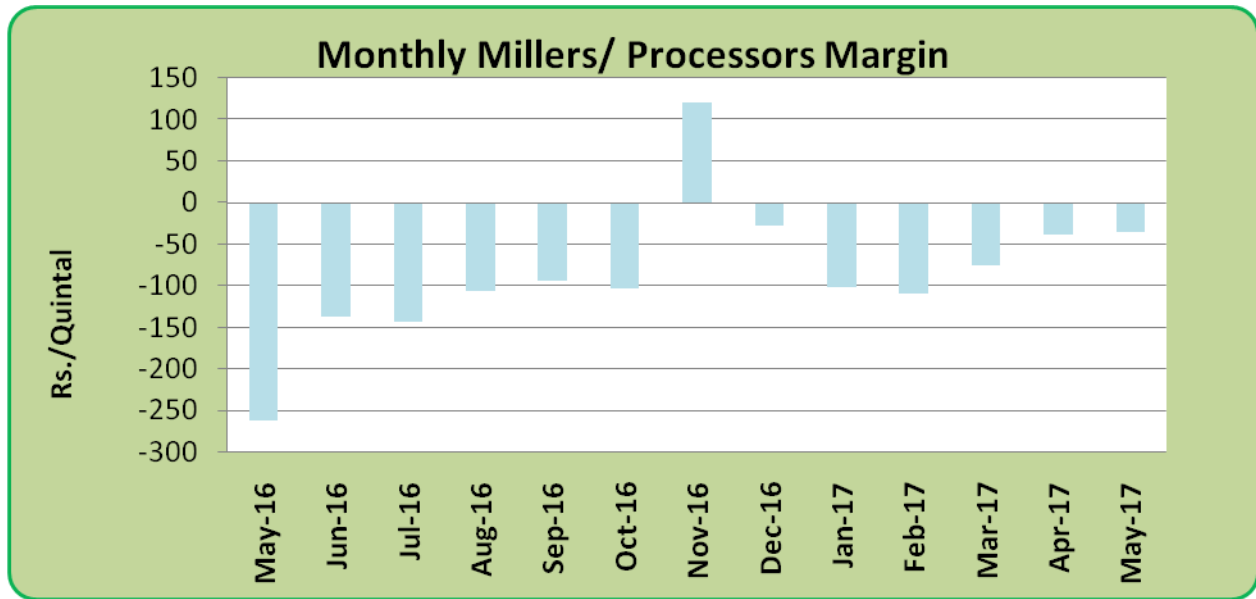
Domestic Guar Seed Supply & Demand Situation (Figures In Lakh Metric Tonnes)						
Item	2015-16	2016-17	2016-17	2016-17	2016-17	2016-17
Supply			Oct-Dec	Jan-Mar	Apr-June	July-Sept
Opening Stock	6.46	8.33	8.33	7.71	9.03	8.18
Production	15.18	11.07	10.44	0.00	0.00	0.00
Arrivals	15.18	11.07	2.21	4.54	2.77	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 increased compared to previous month. In the month of May 2017, average crush margin increased to Rs. -35.4/Quintal compared to Rs. -38.1/quintal last month.

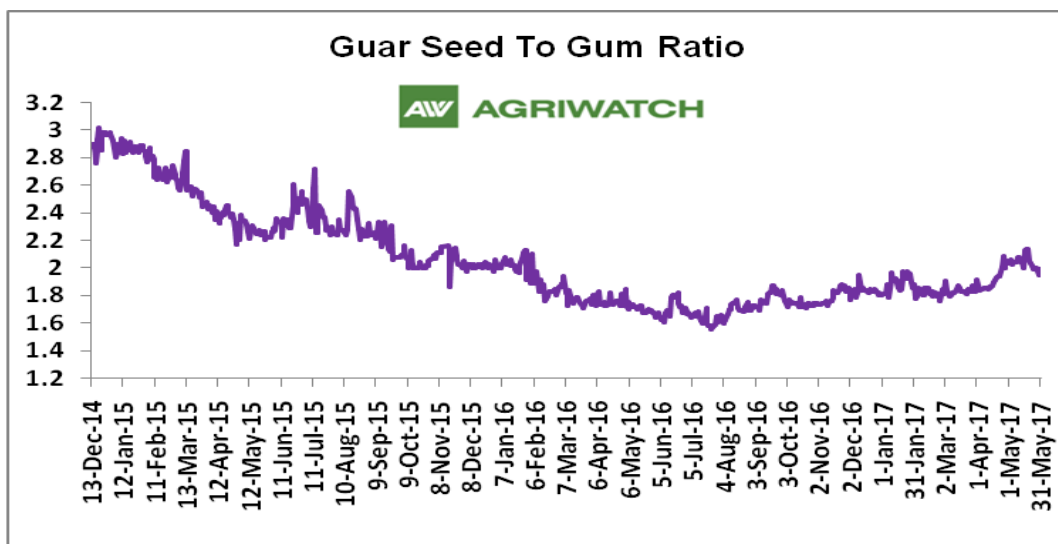
Increase in prices of Churi and Korma have increased the total return and reduced the total cost, which has caused the margin to rise.



Guar Seed To Gum Ratio:

Ratio of guar seed to gum decreased to 2.04, which in the earlier month was 2.08. 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 oversold region.
- Guar prices are moving weak as the chart depicts.

Strategy: Buy

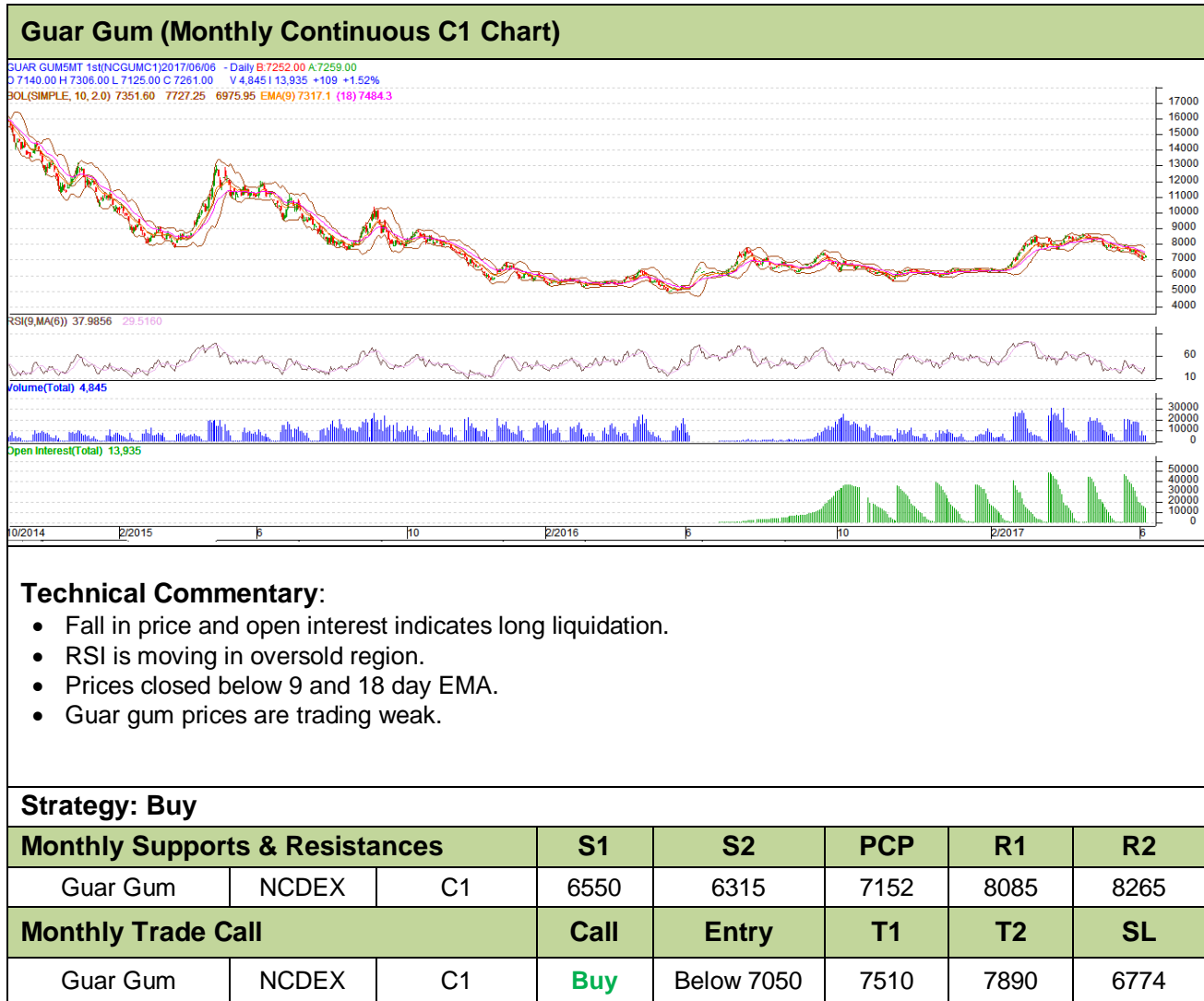
Monthly Supports & Resistances			S1	S2	PCP	R1	R2
Guar Seed	NCDEX	C1	2895	2795	3273	3825	3940
Monthly Trade Call			Call	Entry	T1	T2	SL
Guar Seed	NCDEX	C1	Buy	Below 3210	3455	3690	3063



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	May,2017	April,2017	Change
Churi	Jodhpur	1508	1597	-89
Korma	Jodhpur	1920	1962	-42
Churi	Sri-Ganganagar	1335	1462	-126
Korma	Sri-Ganganagar	1767	1823	-55
Prices in Rs/75kg				

Guar Export Monthly Average Prices:				
Commodity	Variety	May,2017	April,2017	Change
Guargum Split		1221	1313	-92
Guargum Powder	200 Mesh 5000 CPS	1531	1617	-85
	200 Mesh 3500 CPS	1453	1539	-86
Guargum Meal	40%	324	342	-19
	50%	401	411	-10
Prices in \$/MT				

Guar Seed Monthly Average Prices:					
Commodity	District	Centre	Monthly Prices (Average)(Rs/Qtl)		Change
			May,2017	April,2017	
Guar Seed	Jodhpur	Jodhpur (Loose)	3705	3957	-253
		Jodhpur(Delivery)	3855	4107	-253
	Sri-Ganganagar	Sri-Ganganagar(Loose)	3560	3875	-315
		Sri-Ganganagar (Delivery)	3703	4042	-339
		Rawla (Loose)	3503	3836	-333
		Gharsana (Loose)	3478	3841	-363
		Raisinghnagar (Loose)	3505	3842	-337
	Bikaner	Bikaner (Loose)	3507	3857	-350
		Bikaner (Delivery)	3657	4000	-343
		Nokha(Loose)	3486	3791	-305
		Nokha (Delivery)	3612	3927	-316
		Khajuwala (Loose)	3546	3860	-314
		Khajuwala (Delivery)	3688	4014	-327
		Lunkaransar (Loose)	3502	3795	-293
	Hanumangarh	Hanumangarh (Loose)	3565	3907	-342

		Hanumangarh (Delivery)	3715	4057	-342
		Nohar (Loose)	3542	3894	-352
		Pilibanga (Loose)	3544	3829	-285
	Nagaur	Nagaur (Loose)	3385	3845	-460
	Churu	Churu (Delivery)	3635	3953	-317
	Alwar	Alwar (Loose)	3387	3693	-306
Haryana	Hisar	Adampur (Loose)	3544	3905	-361
		Adampur (Delivery)	3694	4055	-361
	Bhiwani	Bhiwani (Delivery)	3654	3977	-322
		Siwani (Loose)	3629	3942	-313
	Sirsa	Sirsa (Loose)	3547	3869	-322
		Dhabwali (Loose)	3488	3844	-356
		Dhabwali (Delivery)	3638	3948	-310
		Ellanabad (Loose)	3496	3869	-373
	Fatehabad	Fatehabad (Loose)	3500	3920	-420
Gujarat	Banaskantha	Deesa (Loose)	3334	3719	-385
	Patan	Patan (Loose)	3402	3712	-310
	Rajkot	Rajkot (Loose)	3387	3747	-359
	Jamnagar	Dhrol (Loose)	3209	3601	-391
Madhya Pradesh	Gwalior	Dabra (Loose)	NA	4000	-
Guar Gum					
Rajasthan	Jodhpur	Jodhpur	7883	8522	-638
	Alwar	Alwar	7872	8443	-571
	Hanumangarh	Nohar	7944	8541	-596
Haryana	Bhiwani	Bhiwani	7915	8405	-490
	Sirsa	Sirsa	7872	8545	-673
		Dhabwali	7870	8526	-656
		Ellanabad	7885	8518	-632
	Fatehabad	Fatehabad	7400	8473	-1073

Guar Cumulative Arrivals in Key Centers:					
Commodity	District	Centre	Monthly Arrivals (Quintals)		Change
Guar Seed			May,2017	April,2017	
Rajasthan	Jodhpur	Jodhpur	3710	5283	-1573
	Sri-Ganganagar	Sri-Ganganagar	18285	12513	5772
		Rawla	4120	6600	-2480

		Gharsana	1920	3020	-1100
		Raisinghnagar	5440	4890	550
	Bikaner	Bikaner	7570	9600	-2030
		Nokha	10600	15000	-4400
		Khajuwala	7150	6750	400
		Lunkaransar	7850	8100	-250
	Hanumangarh	Hanumangarh	1908	1321	587
		Nohar	24600	16400	8200
		Pilibanga	5990	2958	3032
	Nagaur	Nagaur	4705	4200	505
	Churu	Churu	14950	20300	-5350
	Alwar	Alwar	5730	9700	-3970
Haryana	Hisar	Adampur	16650	13050	3600
	Bhiwani	Bhiwani	42400	21900	20500
		Siwani	15400	17600	-2200
	Sirsa	Sirsa	15150	11900	3250
		Dhabwali	2970	3350	-380
		Ellanabad	3478	4170	-692
	Fatehabad	Fatehabad	135	600	-465
Gujarat	Banaskantha	Deesa	2536	2622	-86
	Patan	Patan	1591	2194	-603
	Rajkot	Rajkot	3312	2857	455
	Jamnagar	Dhrol	123	118	5
Madhya Pradesh	Gwalior	Dabra	NA	1200	-
Total Arrivals/Above Markets			228273	208196	20077

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