

# Guar Monthly Research Report

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## Executive Summary

### Domestic Guar Seed Market Summary

All India average monthly prices for guarseed increased by 0.17 percent from Rs 3291.7 in August to Rs 3297.28 per qtl in September-2017. Average price (September) is higher by 5.85 percent compared to price (Rs 3115.00 per qtl.) registered in September -2016. Guar prices are expected to remain range bound to weak in coming month.

India has received 841.3 mm of actual rainfall against 887.5 mm of normal rainfall in 2017 monsoon. In 2017 monsoon season deficient rainfall were recorded in Punjab, Haryana, Chandigarh, Delhi, Uttar Pradesh, East Madhya Pradesh and Vidharba. All other remaining regions received normal or excess rainfall. Excess rainfall was recorded in west Rajasthan, Saurashtra & kutch, Rayalseema, Tamil Nadu and Pondicherry.

Production of guar is lower in 2017-18 compared to last year due to lower acreage. Harvesting has started in major producing regions however; arrivals were lower in the month of September 2017 compared to last year for the same month. Carryover stocks have also decreased due to higher exports compared to last year. Prices are expected to touch low of 3400-3450 for November contract.

As per data released by baker hughes the number of oil rigs in USA has decreased to 940 until 29th September 2017 up by 5 compared to last week and by 418 compared to 30th September 2016. Guar gum is used in hydraulic fracturing for extracting oil and gas; therefore, as the number of oilrigs increases or decreases the demand for guar gum is also affected.

According to latest update, area sown in Gujarat until 25th September 2017 is 200600 hectares compared to 223700 hectares in the previous Kharif season. Area of guar is expected to be lower this season due to crop loss. Furthermore farmers are also shifting to other crops like cotton in irrigated areas and pulses in rain fed areas as these crops are fetching more returns. The last three year average normal area for guar seed in Gujarat is 292400 hectares.

As per market sources, in the month of July 2017 India has exported around 31721 tonnes of guar seed products in May compared to around 38405 tonnes in June 2017. For financial year 2016-17, India exported around 4.34 lakh tonnes of guar seed products has been exported compared to 2.60 lakh tonnes in financial year 2015-16 for the same period. The highest share was of USA followed by Norway and China.

On the currency front, Indian rupee against USD (Average) closed at 64.39, appreciated by Rs. 0.4 compared to the previous month. Overall strengthening of Rupee in terms of dollar 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 (14900 quintals) during September 2017 compared to previous month 8800 quintals.

Similarly, In Bikaner market, arrivals have decreased during September 2017 to 2795 quintals compared to prior month arrivals data i.e.4780 quintals.

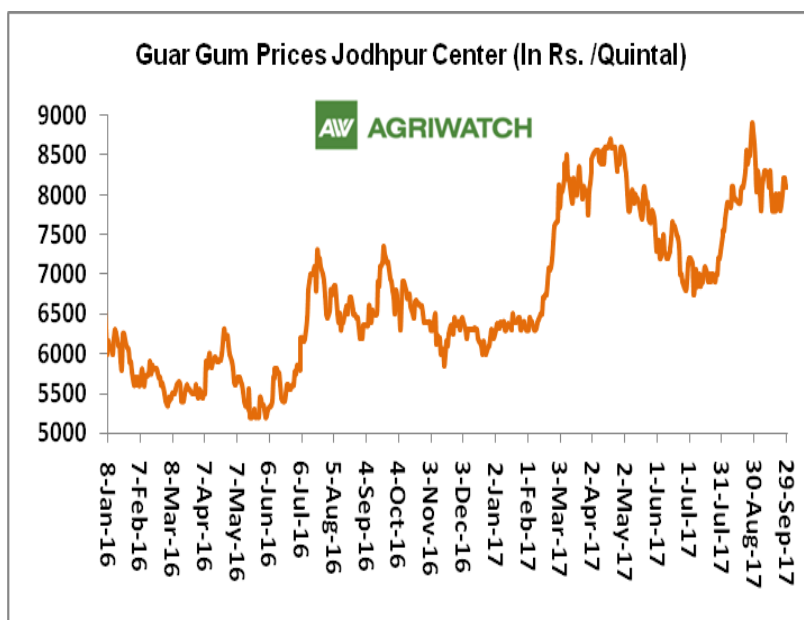
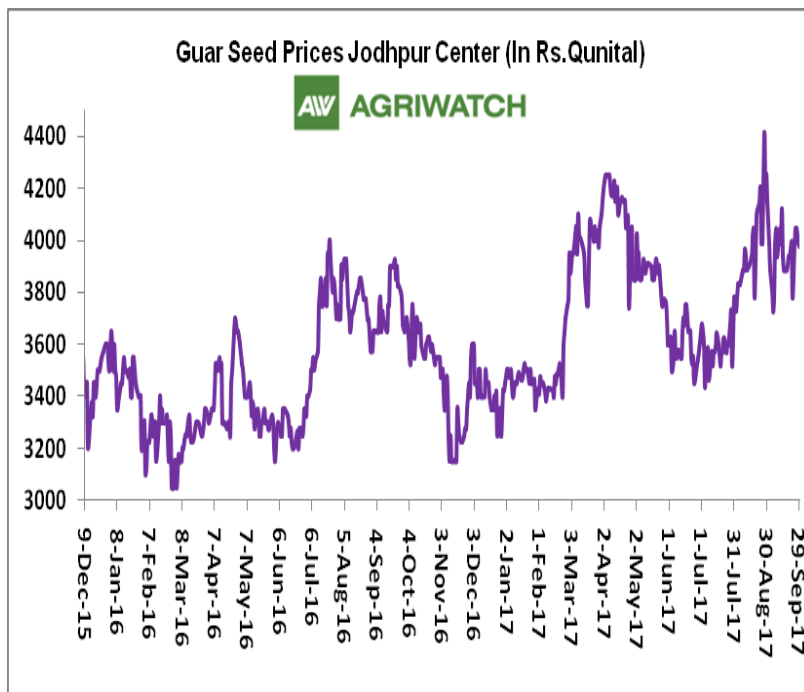
### Recommendation:

Monthly Call - : Market participants advised to sell Guar seed at current levels for a target of 3410 with a stop loss at 3852 on closing basis.

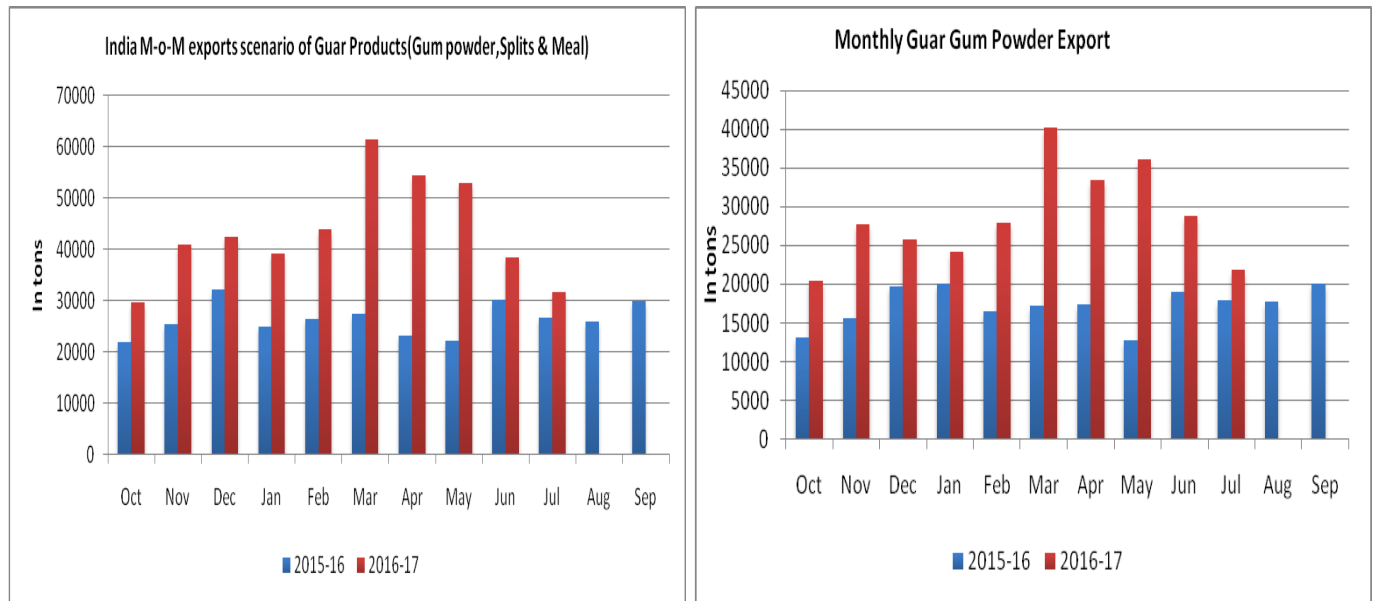
## Guar Seed Fundamental Analysis and Outlook:-

### Domestic Front

- Average Guar seed prices remained steady to weak during September 2017. All major spot markets witnessed steady to weak sentiments. Overall arrivals were higher in September compared to last month. Highest increase in arrivals was noticed in Churu and Adampur.
- In the month of September 2017, Guar seed monthly average prices decreased by Rs 52.94 per quintal compared to prior month and settled at Rs. 3940.34 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 September 2017 decreased by Rs 116.83 per quintal and settled at Rs 8054.00 per quintal.
- According to first advance estimate for 2017-18 issued by Gujarat's Department of Agriculture for Guar seed the area, production and yield are 200000 hectares, 144000 tonnes and 721 kg/hectare respectively. As per third advance estimate for 2016-17 issued by Gujarat's Department of Agriculture for Guar seed the area, production and yield are 352000 hectares, 242000 tonnes and 687 kg/hectare.
- According to first advance estimate for 2017-18 issued by Rajasthan's Department of Agriculture for Guar seed the area are 3167018 hectares. As compared to third advance estimate for 2016-17, the area, has decreased by 362989 hectares.



### Export Scenario

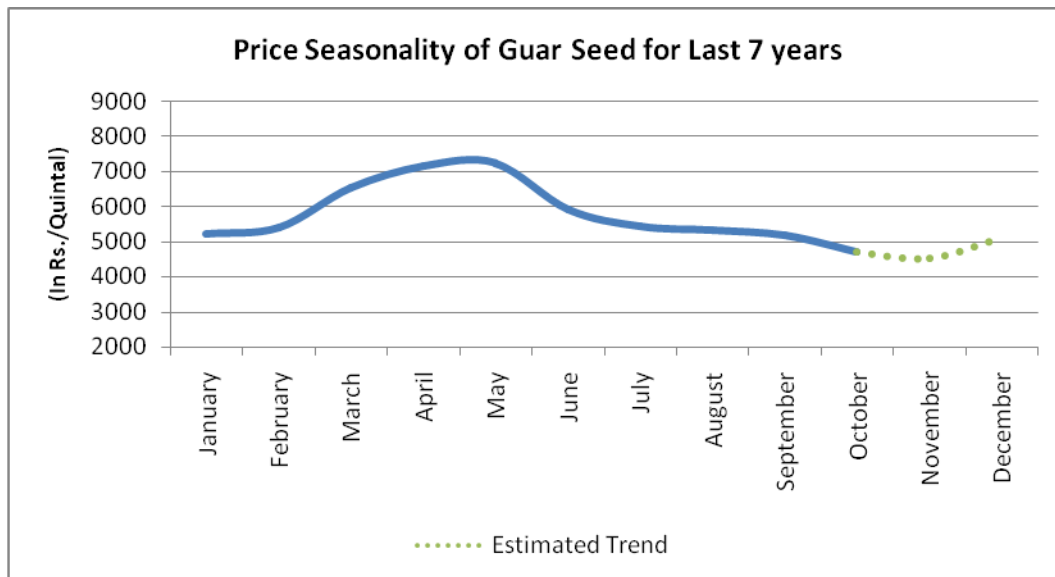


On export front, guar products export demand has decreased compared to prior month. India has exported 31721 tons of guar seed products (Gum powder, Splits & Meal) in the month of July 2017 down by 17.40 % compared to last month and up by 18.65% compared to last year for the same month.

In addition, recent month guar gum powder export increased by 21.82 % compared to previous year for the same month due to firm domestic as well as export demand.

India exported 21812 tons of guar gum powder in the month of July 2017, which is lower compared to guar gum powder exported last month by 24.10 %.

### 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**

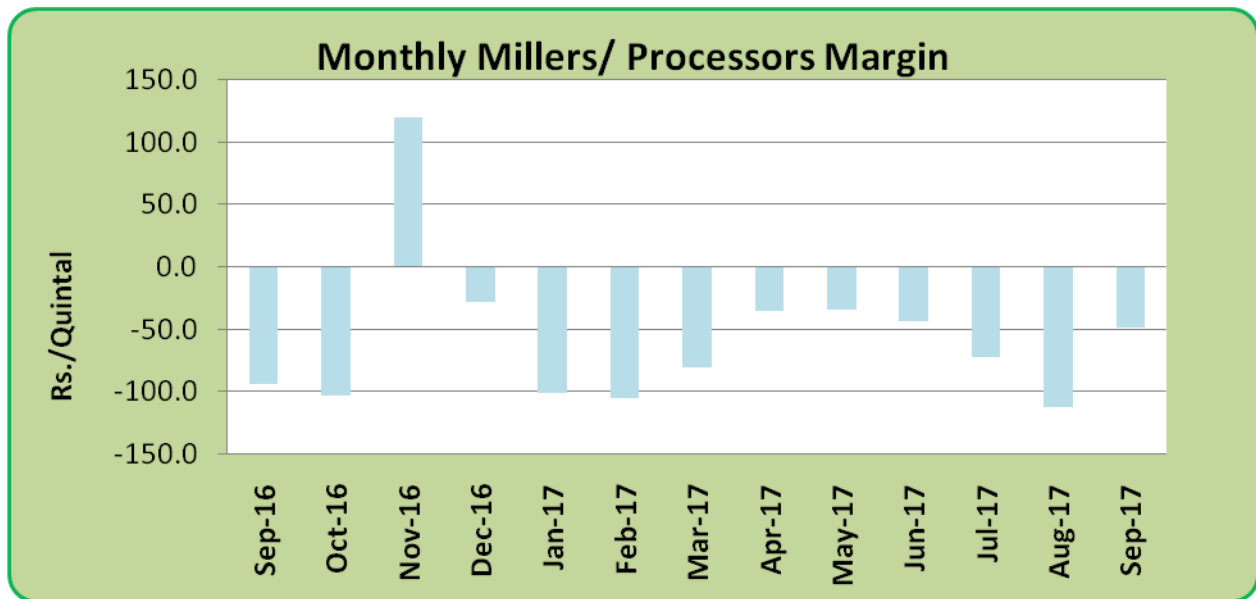
Item	2016-17	2017-18
<b>Supply</b>		
Opening Stock	11.33	5.29
Production	14.31	13.71
Arrivals	14.31	13.71
Import	0.00	0.00
Total Availability	25.64	19.00
<b>Demand</b>		
Total Crushing	20.35	15.83
Domestic Consumption (Textile, Food & Pharma Industry)	2.87	2.71
Guar Exports	3.49	2.62
Exports (Guar seed Equivalent)	17.48	13.12
Carry Forward (Farmers and Traders Holdings)	5.29	3.17
Av Monthly Consumption	1.70	1.32
Stock to Month Use	3.12	2.40
Stock to Consumption Ratio	0.26	0.20

- Guar seed opening stock for the marketing year 2017-18 is likely to settle at 5.29 lac tons, which is lower compared to last year.
- As far as production is concerned, we expect 13.71 lakh tons of guar seed production in 2017-18, due to lower acreage compared to last year.
- Exports are expected to be around 2.62 lakh tonnes slightly higher compared to last year.

### 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 September 2017, average crush margin increased to Rs. -49.1/Quintal compared to Rs. -113.24/quintal last month.

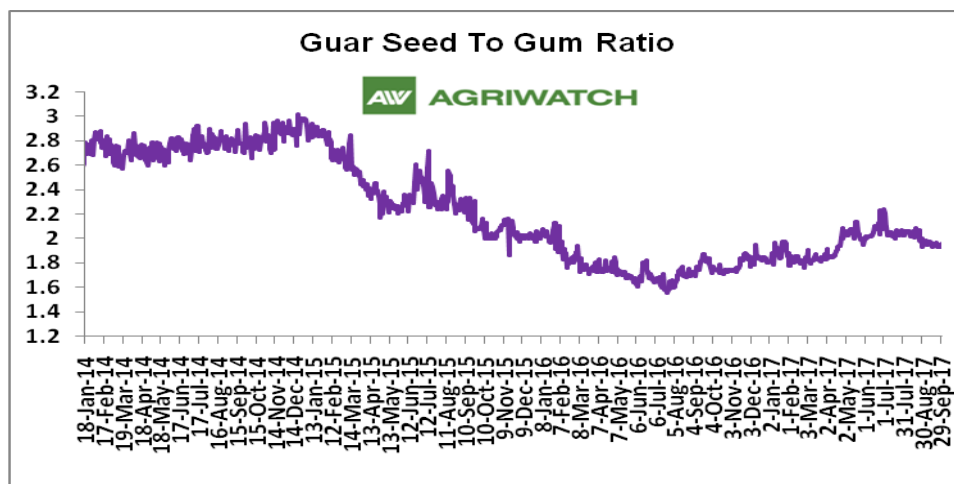
Increase in prices of Churi and Korma have increased the total return and reduced the total cost, which has caused the margin to rise.



### Guar Seed To Gum Ratio:

Ratio of guar seed to gum decreased to 2.04, which in the earlier month were 2.05. 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.



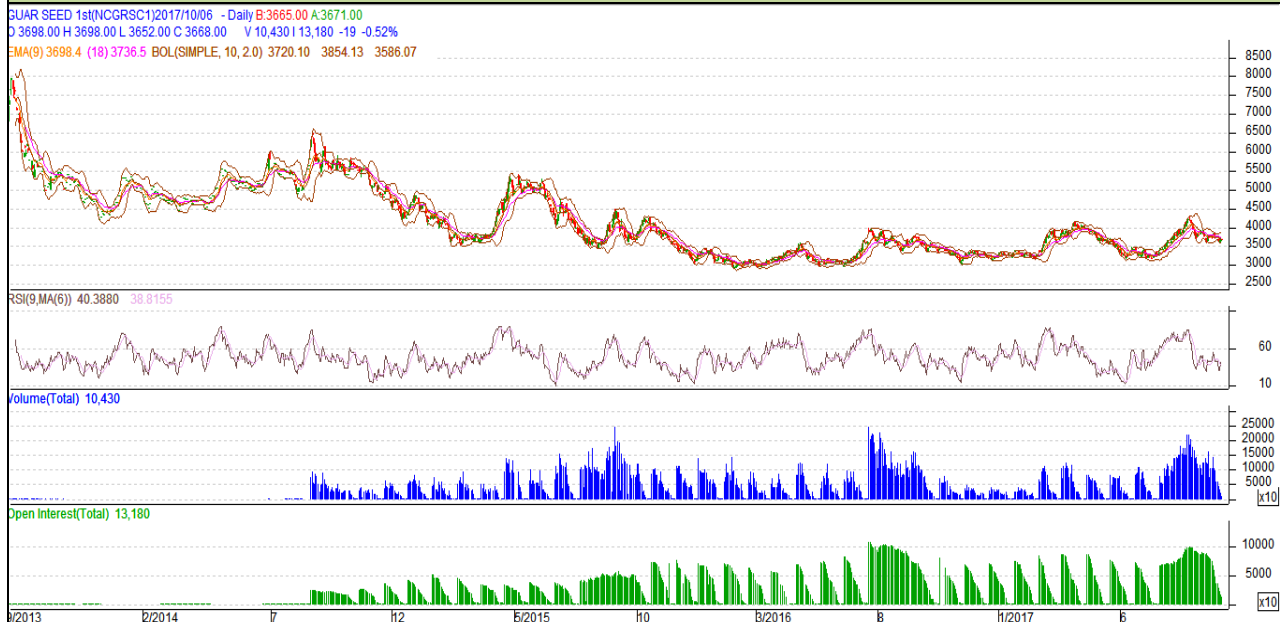


### Technical Analysis (Guar Seed)

Commodity: Guar Seed 10MT

Exchange: NCDEX

#### Guar Seed 10MT (Monthly Continuous C1 Chart)



#### Technical Commentary:

- Rise in price and open interest indicates short covering.
- Prices closed below 9 and 18 day EMA.
- RSI is moving in neutral region.
- Guar prices are moving weak as the chart depicts.

#### Strategy: Sell

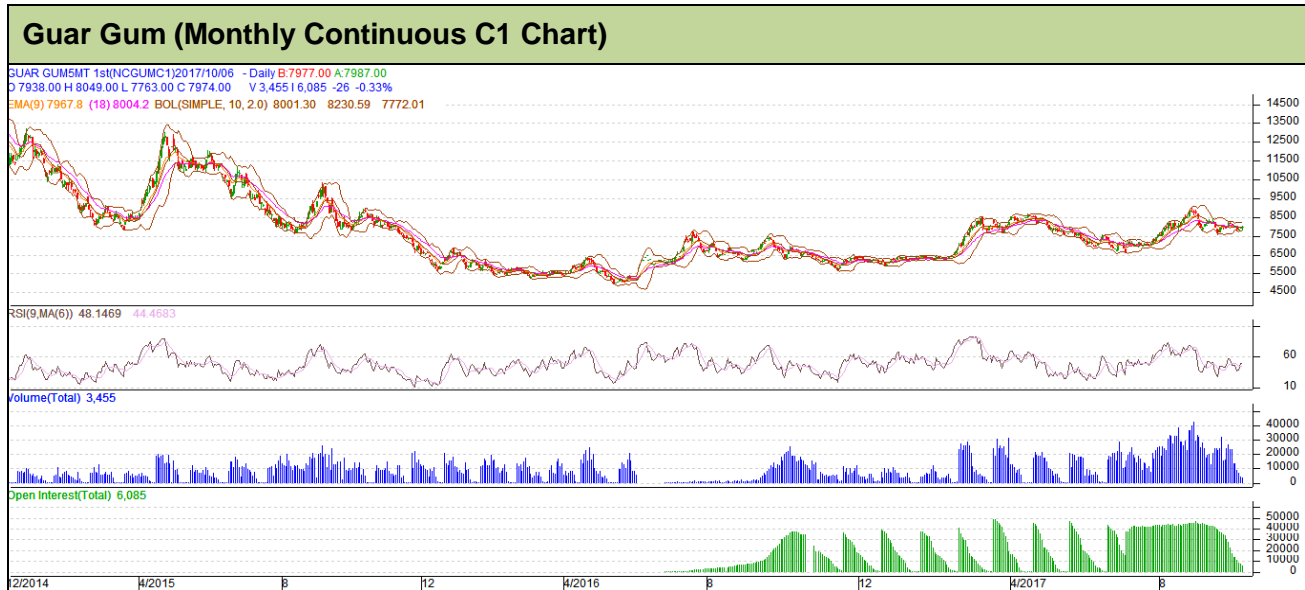
Monthly Supports & Resistances			S1	S2	PCP	R1	R2
Guar Seed	NCDEX	C1	3245	3120	3687	4045	4210
Monthly Trade Call			Call	Entry	T1	T2	SL
Guar Seed	NCDEX	C1	<b>Sell</b>	Below 3735	3540	3410	3852



### Technical Analysis (Guar Gum)

Commodity: Guar Gum

Exchange: NCDEX



#### Technical Commentary:

- Rise in price and open interest indicates short covering.
- RSI is moving in neutral region.
- Prices closed below 9 and 18 day EMA.

#### Strategy: Sell

Monthly Supports & Resistances			S1	S2	PCP	R1	R2
Guar Gum	NCDEX	C1	6915	6795	8131	8795	8980
Monthly Trade Call			Call	Entry	T1	T2	SL
Guar Gum	NCDEX	C1	<b>Sell</b>	Below 8175	7530	7105	8562



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

<b>Guar by – Products Monthly Average Prices:</b>				
<b>Commodity</b>	<b>Centre</b>	<b>September,2017</b>	<b>August,2017</b>	<b>Change</b>
<b>Churi</b>	Jodhpur	1452	1438	<b>14</b>
<b>Korma</b>	Jodhpur	1950	1826	<b>124</b>
<b>Churi</b>	Sri-Ganganagar	1287	1258	<b>29</b>
<b>Korma</b>	Sri-Ganganagar	1820	1674	<b>145</b>
<b>Prices in Rs/75kg</b>				

<b>Guar Export Monthly Average Prices:</b>				
<b>Commodity</b>	<b>Variety</b>	<b>September,2017</b>	<b>August,2017</b>	<b>Change</b>
<b>Guargum Split</b>		1264	1252	<b>12</b>
<b>Guargum Powder</b>	200 Mesh 5000 CPS	1574	1559	<b>15</b>
	200 Mesh 3500 CPS	1497	1481	<b>16</b>
<b>Guargum Meal</b>	40%	319	321	<b>-2</b>
	50%	397	373	<b>24</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>Guar Seed</b>			<b>September,2017</b>	<b>August,2017</b>	
<b>Rajasthan</b>	<b>Jodhpur</b>	Jodhpur (Loose)	3755	3803	<b>-49</b>
		Jodhpur(Delivery)	3942	3993	<b>-51</b>
	<b>Sri-Ganganagar</b>	Sri-Ganganagar(Loose)	3566	3610	<b>-44</b>
		Sri-Ganganagar (Delivery)	3701	3771	<b>-70</b>
		Rawla (Loose)	3560	3622	<b>-62</b>
		Gharsana (Loose)	3519	3606	<b>-87</b>
		Raisinghnagar (Loose)	3577	3655	<b>-79</b>
	<b>Bikaner</b>	Bikaner (Loose)	3677	3675	<b>2</b>
		Bikaner (Delivery)	3861	3859	<b>2</b>
		Nokha(Loose)	3593	3639	<b>-46</b>
		Nokha (Delivery)	3772	3821	<b>-49</b>
		Khajuwala (Loose)	3583	3713	<b>-130</b>
		Khajuwala (Delivery)	3763	3899	<b>-136</b>
		Lunkaransar (Loose)	3613	3645	<b>-33</b>

	<b>Hanumangarh</b>	Hanumangarh (Loose)	3517	3481	36
		Hanumangarh (Delivery)	3693	3655	38
		Nohar (Loose)	3610	3665	-55
		Pilibanga (Loose)	3477	3440	37
	<b>Nagaur</b>	Nagaur (Loose)	3596	3593	3
	<b>Churu</b>	Churu (Delivery)	3748	3805	-57
	<b>Alwar</b>	Alwar (Loose)	3398	3467	-69
<b>Haryana</b>	<b>Hisar</b>	Adampur (Loose)	3585	3580	6
		Adampur (Delivery)	3765	3759	6
	<b>Bhiwani</b>	Bhiwani (Delivery)	3696	3714	-18
		Siwani (Loose)	3702	3709	-7
	<b>Sirsa</b>	Sirsa (Loose)	3634	3579	54
		Dhabwali (Loose)	3538	3526	12
		Dhabwali (Delivery)	3539	3702	-163
		Ellanabad (Loose)	3559	3526	33
	<b>Fatehabad</b>	Fatehabad (Loose)	3544	3868	-324
<b>Gujarat</b>	<b>Banaskantha</b>	Deesa (Loose)	3674	3494	181
	<b>Patan</b>	Patan (Loose)	3493	3505	-11
	<b>Rajkot</b>	Rajkot (Loose)	3491	3398	93
	<b>Jamnagar</b>	Dhrol (Loose)	3210	3023	188
<b>Madhya Pradesh</b>	<b>Gwalior</b>	Dabra (Loose)	3305	3220	85
<b>Guar Gum</b>					
<b>Rajasthan</b>	<b>Jodhpur</b>	Jodhpur	8054	8157	-103
	<b>Alwar</b>	Alwar	8008	8146	-138
	<b>Hanumangarh</b>	Nohar	8128	8095	32
<b>Haryana</b>	<b>Bhiwani</b>	Bhiwani	8098	8229	-131
	<b>Sirsa</b>	Sirsa	7952	8098	-145
		Dhabwali	8088	8120	-32
		Ellanabad	7995	8033	-38
	<b>Fatehabad</b>	Fatehabad	7811	7871	-60

Guar Cumulative Arrivals in Key Centers:					
Commodity	District	Centre	Monthly Arrivals (Quintals)		Change
Guar Seed			September,2017	August,2017	
Rajasthan	Jodhpur	Jodhpur	1285	2371	-1086
	Sri-Ganganagar	Sri-Ganganagar	12000	10975	1025
		Rawla	3190	3020	170
		Gharsana	1650	1159	491
		Raisinghnagar	5550	4750	800
	Bikaner	Bikaner	2795	4780	-1985
		Nokha	8700	7900	800
		Khajuwala	5200	7100	-1900
		Lunkaransar	3620	4960	-1340
	Hanumangarh	Hanumangarh	1053	643	410
		Nohar	9850	9400	450
		Pilibanga	3867	604	3263
	Nagaur	Nagaur	4120	4155	-35
	Churu	Churu	25300	16900	8400
	Alwar	Alwar	5900	4200	1700
Haryana	Hisar	Adampur	14900	8800	6100
	Bhiwani	Bhiwani	8800	24900	-16100
		Siwani	16300	16600	-300
	Sirsa	Sirsa	11950	7350	4600
		Dhabwali	3575	2245	1330
		Ellanabad	2120	1100	1020
	Fatehabad	Fatehabad	1250	129	1121
Gujarat	Banaskantha	Deesa	6600	6172	428
	Patan	Patan	1349	1434	-85
	Rajkot	Rajkot	4910	2100	2810
	Jamnagar	Dhrol	13	11	2
Madhya Pradesh	Gwalior	Dabra	85	652	-567
Total Arrivals/Above Markets			165932	154410	11522

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