

Guar Monthly Research Report

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Executive Summary

Domestic Guar Seed Market Summary

All India average monthly prices for guar seed decreased by 0.67 percent from Rs 3297.28 in September to Rs 3275.17 per qtl in October-2017. Average price (October) is higher by 10.01 percent compared to price (Rs 2977.00 per qtl.) registered in October -2016. Guar prices are expected to remain range bound to weak in coming weeks.

As per traders, around 39380 quintals of guar arrived in Hanumangarh in the month of October'17 compared to 14770 tonnes in September'17. In terms of quality, around fifty percent crop is of NCDEX quality. Traders are expecting prices to remain under pressure. Guar seed (loose) prices are hovering in the range of Rs 3440-3650 per quintal.

In the month of August, India exported 40656 tonnes of guar seed products compared to 31721 in the previous month. Of the total quantity exported in the month of August, 10012 tonnes was guar meal, 26744 tonnes of guar gum and 3900 tonnes of guar split. Firmness in international crude oil market has led to an increase in number of oilrigs worldwide. The total number of oilrigs was recorded at 2081 worldwide in September'17 compared to 1584 in the corresponding month last year.

As per trade sources, of the total arrivals in Bikaner around 90 percent is new crop and the remaining 10 percent is old crop. Millers have reported recovery of 30 kg gum compared to 31.5-32 kg last year. Moisture of 3-4 percent has been reported in a small share of new crop. As of now guar seed loose prices are hovering in the range of Rs 3500-3750 per quintal.

As per data released by Baker Hughes the number of oil rigs in USA has decreased to 898 as on 03rd November 2017 down by 11 compared to last week and up by 329 compared to 27th October 2016. Guar gum is used in hydraulic fracturing for extracting oil and gas; therefore, demand for guar gum is also affected depending on the increase or decrease of the number of oilrigs.

As per market sources, in the month of September 2017 India has exported around 34403 tonnes of guar products compared to around 40656 tonnes last month. Guar seed products exports have increased by 15.46 percent, compared to corresponding month of last year. India has exported 509149 tonnes of guar products since October'17 until September'17 compared to 315918 tonnes during corresponding period last year.

On the currency front, Indian rupee against USD (Average) closed at 65.09, appreciated by Rs. 0.72 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 (42000 quintals) during October 2017 compared to previous month 14900 quintals.

Similarly, In Bikaner market, arrivals have increased during October 2017 to 13600 quintals compared to prior month arrivals data i.e.2795 quintals.

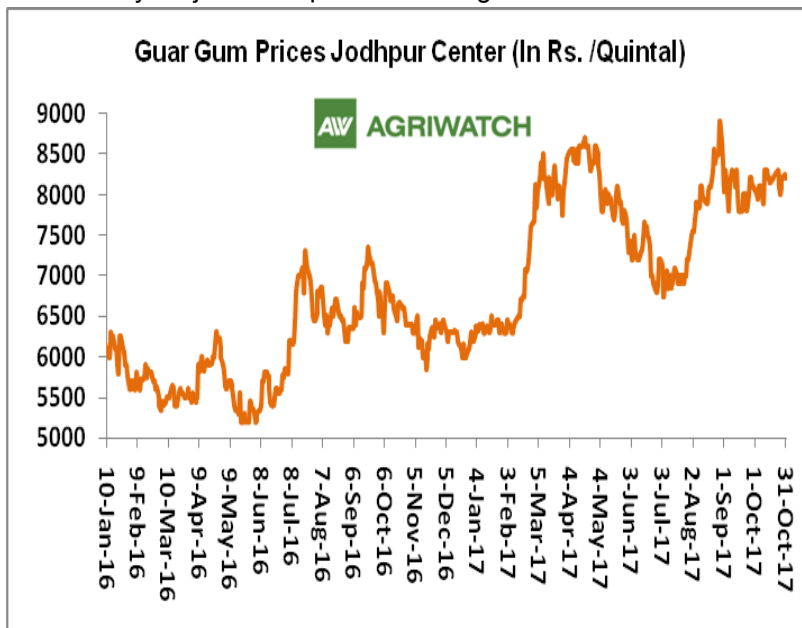
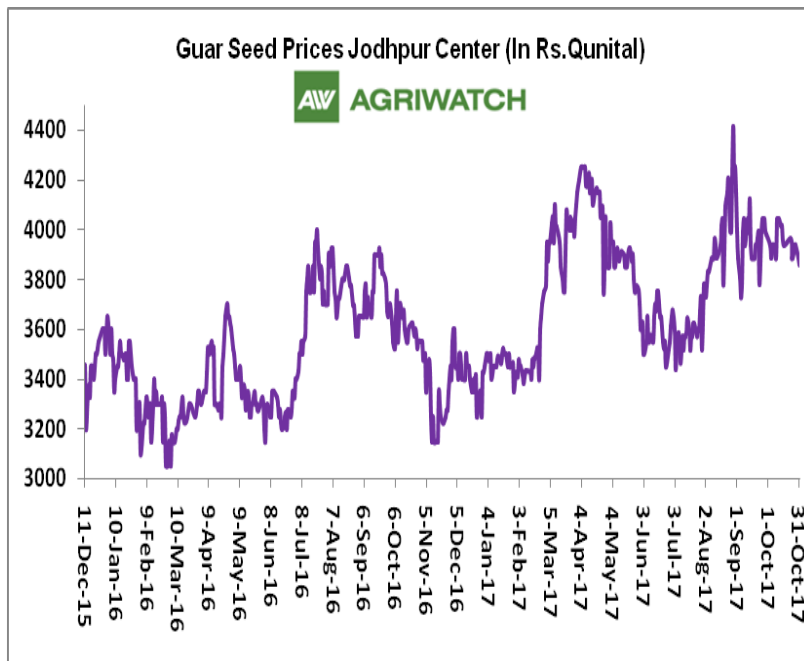
Recommendation:

Monthly Call - : Market participants advised to sell Guar seed at current levels for a target of 3465 with a stop loss at 3873 on closing basis.

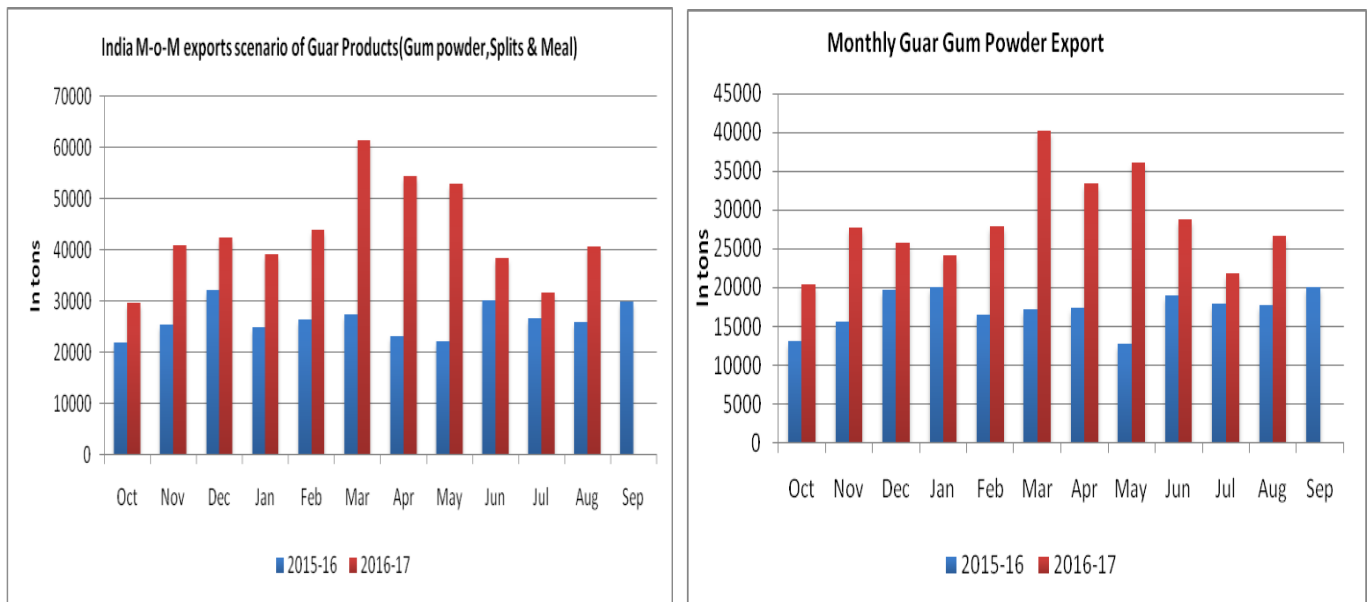
Guar Seed Fundamental Analysis and Outlook:-

Domestic Front

- Average Guar seed prices remained steady to weak during October 2017. All major spot markets witnessed steady to weak sentiments. Overall arrivals were higher in September compared to last month. Highest increase in arrival were noticed in Ganganagar, Sirsa and Adampur.
- In the month of October 2017, Guar seed monthly average prices increased by Rs 3.46 per quintal compared to previous month and settled at Rs. 3943.80 per quintal. Lively trading activities in guar seed in key markets kept the prices up during last month.
- However, Guar gum monthly average prices in September 2017 increased by Rs 93.50 per quintal and settled at Rs 8147.50 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

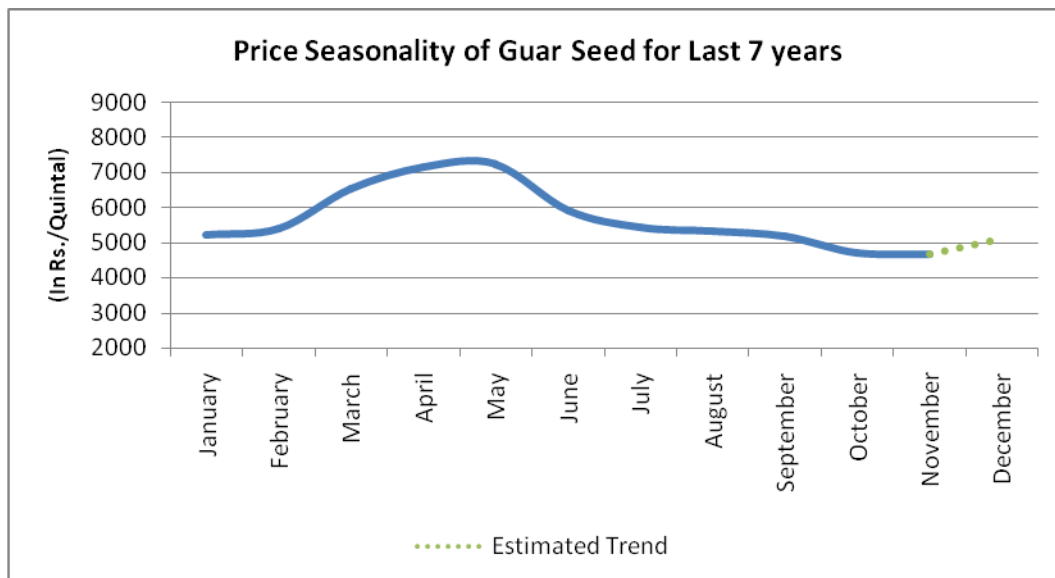


On export front, guar products export demand has decreased compared to previous month. India has exported 40656 tons of guar seed products (Gum powder, Splits & Meal) in the month of August 2017 up by 28.17 % compared to last month and by 56.52% compared to last year for the same month.

In addition, recent month guar gum powder export increased by 51.36 % compared to corresponding month of previous year, due to firm domestic as well as export demand.

India exported 26744 tons of guar gum powder in the month of August 2017, which is higher compared to guar gum powder exported last month by 22.61%.

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

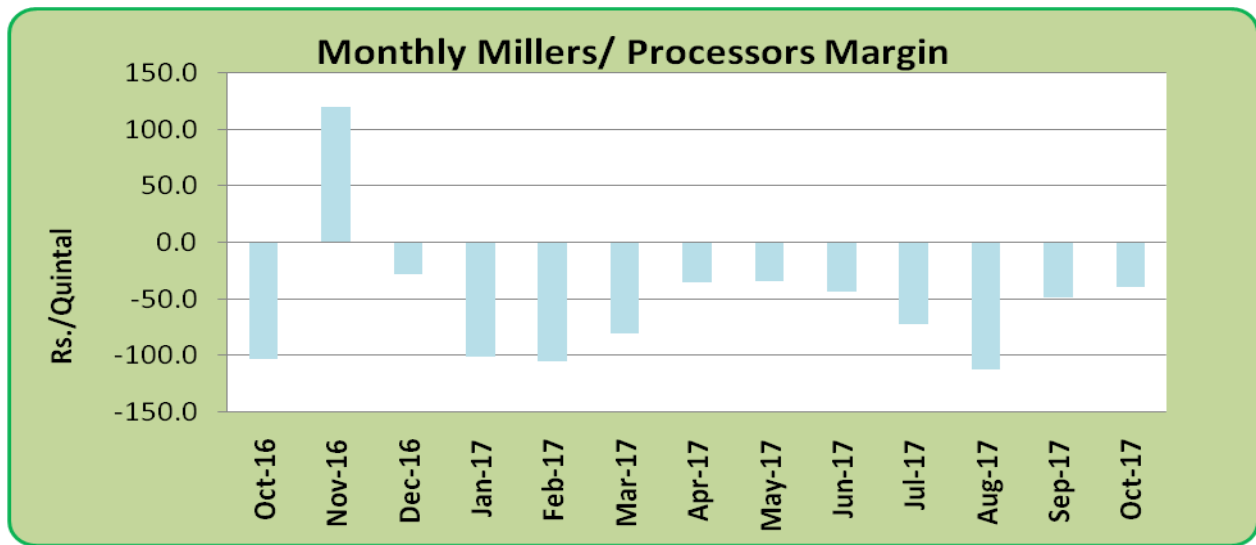
Item	2016-17	2017-18
Supply		
Opening Stock	11.33	5.29
Production	14.31	13.71
Arrivals	14.31	13.71
Import	0.00	0.00
Total Availability	25.64	19.00
Demand		
Total Crushing	20.35	15.83
Domestic Consumption (Textile, Food & Pharma Industry)	2.87	2.71
Guar Exports	3.49	2.62
Exports (Guar seed Equivalent)	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 lower 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 October 2017, average crush margin increased to Rs. -40.01/Quintal compared to Rs. -49.10/quintal last month.

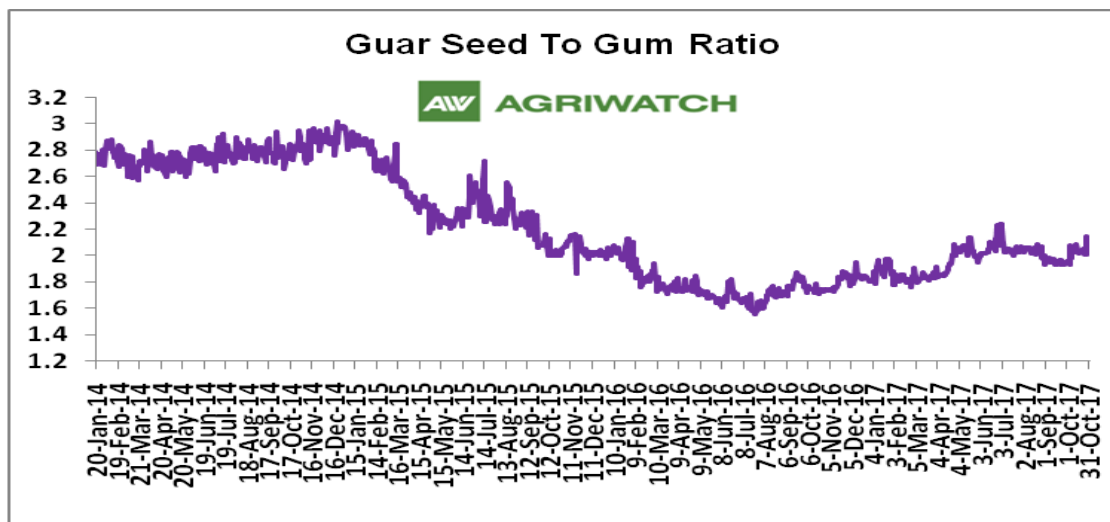
Increase in prices of Churi and Korma have increased the total return and reduced the total cost, which has caused the margin to rise.



Guar Seed To Gum Ratio:

Ratio of guar seed to gum increased to 2.07, which in the earlier month were 2.04. Higher degree of Increase in guar seed prices and decrease in guar gum prices decreased 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 covering.
- Prices closed above 9 and 18 day EMA.
- RSI is moving in neutral region.
- Guar prices are moving weak as the chart depicts.

Strategy: Sell

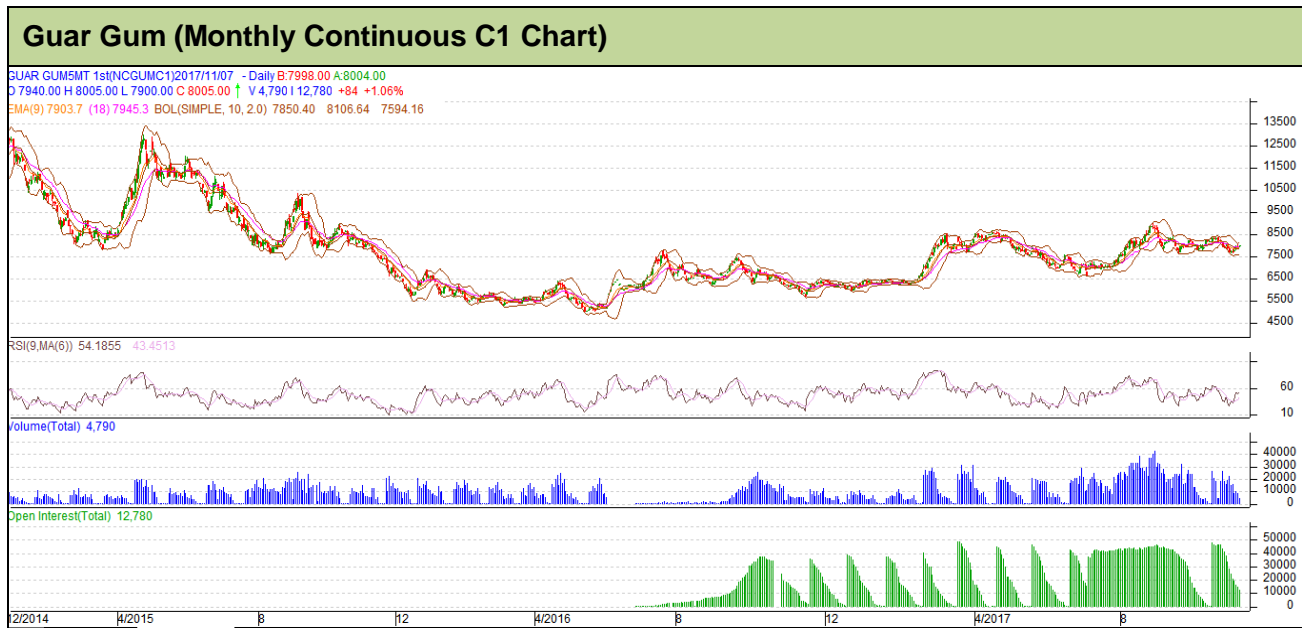
Monthly Supports & Resistances			S1	S2	PCP	R1	R2
Guar Seed	NCDEX	C1	3145	3020	3579.5	4025	4190
Monthly Trade Call			Call	Entry	T1	T2	SL
Guar Seed	NCDEX	C1	Sell	Below 3720	3465	3320	3873



Technical Analysis (Guar Gum)

Commodity: Guar Gum

Exchange: NCDEX



Technical Commentary:

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

Strategy: Sell

Monthly Supports & Resistances			S1	S2	PCP	R1	R2
Guar Gum	NCDEX	C1	7020	6895	7921	8715	8910
Monthly Trade Call			Call	Entry	T1	T2	SL
Guar Gum	NCDEX	C1	Sell	Below 8125	7630	7215	8422

Guar Seed & Gum Prices at Key Spot Markets

Guar by – Products Monthly Average Prices:				
Commodity	Centre	October,2017	September,2017	Change
Churi	Jodhpur	1380	1452	-72
Korma	Jodhpur	1995	1950	45
Churi	Sri-Ganganagar	1227	1287	-60
Korma	Sri-Ganganagar	1832	1820	12
Prices in Rs/75kg				

Guar Export Monthly Average Prices:				
Commodity	Variety	October,2017	September,2017	Change
Guargum Split		1241	1264	-23
Guargum Powder	200 Mesh 5000 CPS	1548	1574	-26
	200 Mesh 3500 CPS	1476	1497	-21
Guargum Meal	40%	289	319	-30
	50%	396	397	-1
Prices in \$/MT				

Guar Seed Monthly Average Prices:					
Commodity	District	Centre	Monthly Prices (Average)(Rs/Qtl)		Change
			October,2017	September,2017	
Guar Seed					
Rajasthan	Jodhpur	Jodhpur (Loose)	3756	3755	1
		Jodhpur(Delivery)	3944	3942	1
	Sri-Ganganagar	Sri-Ganganagar(Loose)	3567	3566	1
		Sri-Ganganagar (Delivery)	3719	3701	18
		Rawla (Loose)	3527	3560	-33
		Gharsana (Loose)	3515	3519	-4
		Raisinghnagar (Loose)	3565	3577	-12
	Bikaner	Bikaner (Loose)	3612	3677	-65
		Bikaner (Delivery)	3793	3861	-68
		Nokha(Loose)	3592	3593	0
		Nokha (Delivery)	3772	3772	0
		Khajuwala (Loose)	3581	3583	-2
		Khajuwala (Delivery)	3760	3763	-2

		Lunkaransar (Loose)	3570	3613	-43
	Hanumangarh	Hanumangarh (Loose)	3544	3517	27
		Hanumangarh (Delivery)	3721	3693	28
		Nohar (Loose)	3543	3610	-66
		Pilibanga (Loose)	3500	3477	24
	Nagaur	Nagaur (Loose)	3464	3596	-132
	Churu	Churu (Delivery)	3633	3748	-116
	Alwar	Alwar (Loose)	3330	3398	-68
Haryana	Hisar	Adampur (Loose)	3567	3585	-18
		Adampur (Delivery)	3746	3765	-19
	Bhiwani	Bhiwani (Delivery)	3657	3696	-40
		Siwani (Loose)	3670	3702	-32
	Sirsa	Sirsa (Loose)	3623	3634	-11
		Dhabwali (Loose)	3548	3538	10
		Dhabwali (Delivery)	3726	3539	187
		Ellanabad (Loose)	3518	3559	-41
	Fatehabad	Fatehabad (Loose)	3505	3544	-39
Gujarat	Banaskantha	Deesa (Loose)	3491	3674	-183
	Patan	Patan (Loose)	3415	3493	-78
	Rajkot	Rajkot (Loose)	3417	3491	-74
	Jamnagar	Dhrol (Loose)	3215	3210	5
Madhya Pradesh	Gwalior	Dabra (Loose)	NA	3305	-
Guar Gum					
Rajasthan	Jodhpur	Jodhpur	8148	8054	94
	Alwar	Alwar	8130	8008	122
	Hanumangarh	Nohar	8105	8128	-23
Haryana	Bhiwani	Bhiwani	8066	8098	-32
	Sirsa	Sirsa	8091	7952	139
		Dhabwali	8171	8088	83
		Ellanabad	8065	7995	70
	Fatehabad	Fatehabad	8113	7811	302

Guar Cumulative Arrivals in Key Centers:					
Commodity	District	Centre	Monthly Arrivals (Quintals)		Change
Guar Seed			October,2017	September,2017	
Rajasthan	Jodhpur	Jodhpur	1162	1285	-123
	Sri-Ganganagar	Sri-Ganganagar	78546	12000	66546
		Rawla	14600	3190	11410
		Gharsana	20000	1650	18350
		Raisinghnagar	38200	5550	32650
	Bikaner	Bikaner	13600	2795	10805
		Nokha	15650	8700	6950
		Khajuwala	11550	5200	6350
		Lunkaransar	6270	3620	2650
	Hanumangarh	Hanumangarh	10790	1053	9737
		Nohar	17130	9850	7280
		Pilibanga	11460	3867	7593
	Nagaur	Nagaur	5835	4120	1715
	Churu	Churu	28500	25300	3200
	Alwar	Alwar	9240	5900	3340
Haryana	Hisar	Adampur	42000	14900	27100
	Bhiwani	Bhiwani	21600	8800	12800
		Siwani	21300	16300	5000
	Sirsa	Sirsa	46100	11950	34150
		Dhabwali	7750	3575	4175
		Ellanabad	8375	2120	6255
	Fatehabad	Fatehabad	11600	1250	10350
Gujarat	Banaskantha	Deesa	5150	6600	-1450
	Patan	Patan	896	1349	-453
	Rajkot	Rajkot	2485	4910	-2425
	Jamnagar	Dhrol	71	13	58
Madhya Pradesh	Gwalior	Dabra	NA	85	-
Total Arrivals/Above Markets			449860	165932	283928

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