

# Guar Monthly Research Report

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## Executive Summary

### Domestic Guar Seed Market Summary

All India weekly average prices increased by 2.78 percent to Rs. 3470.55 per quintal during the week ended 30th November 2017. Guar seed average price were ruling at Rs 3376.62 per quintal during 16-23 November 2017. As compared to prices in the week 24-30 November 2016, the prices are firm by 15.45 percent. Prices are expected to remain steady to firm in coming days.

As per data released by Baker Hughes the number of oil rigs in USA has increased to 929 as on 01st December 2017 up by 6 compared to last week and by 332 compared to 02nd December 2016. The total number of oilrigs was recorded at 2077 worldwide in October'17 compared to 1620 in the same month last year. 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.

Arrival pressure will decrease in coming weeks. As of now, total guar seed arrivals in the month of November'17 were around 680519 quintals compared to 406924 quintals in November'16. Lower crop size in current year and higher arrivals in November'17 directly imply that farmers or traders have sold stock of their old crop due to good demand from millers.

As per latest update by DGCIS, India has exported around 281895 metric tonnes of guar gum in April-October (2017-18) compared to 195623 metric tonnes in April-October (2016-17). In terms of value, exports have increased by around 56.8 percent. Total crop availability is around 19 lakh tonnes compared to 25.64 lakh tonnes last year. Carryover stocks have also decreased due to higher exports compared to last year.

As per trade sources, around 85-90 percent harvesting is complete in Barmer. Traders are expecting firmness in future market with reduction in arrival pressure. Guar January future is likely to remain steady to firm in the near future. Furthermore, future market can see good resistance at 4000 as a lot of selling activity is likely to take place by traders who took positions at lower levels.

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 64.85, devalued by Rs. 0.24 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 (36000 quintals) during October 2017 compared to previous month 42000 quintals.

Similarly, In Bikaner market, arrivals have increased during November 2017 to 16600 quintals compared to prior month arrivals data i.e. 13600 quintals.

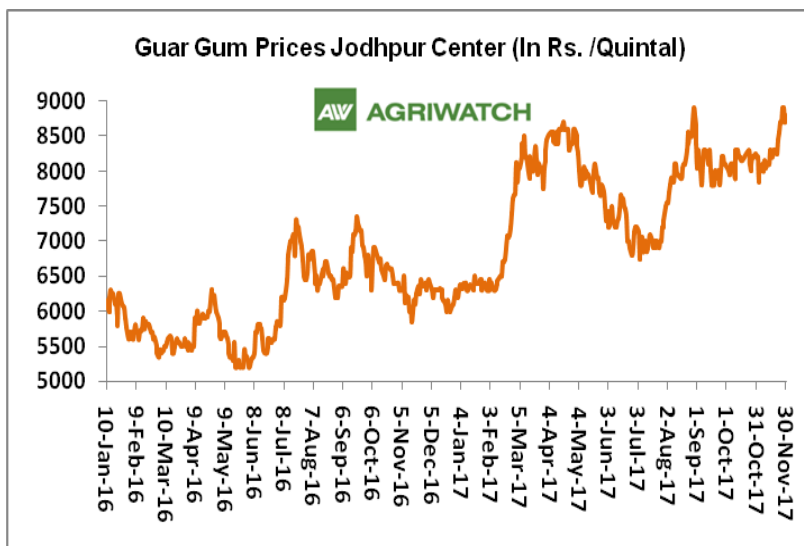
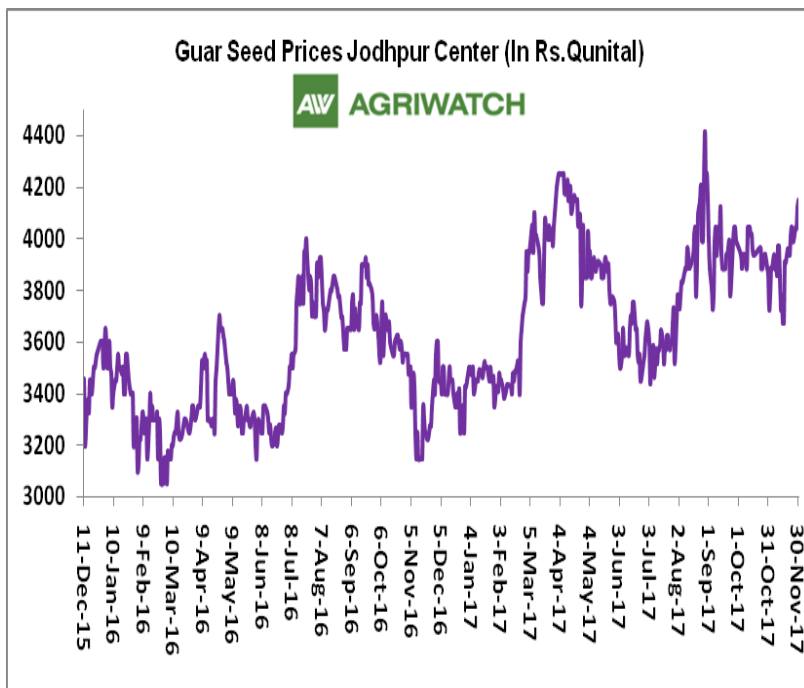
### Recommendation:

**Monthly Call - :** Market participants advised to buy Guar seed at current levels for a target of 4425 with a stop loss at 3513 on closing basis.

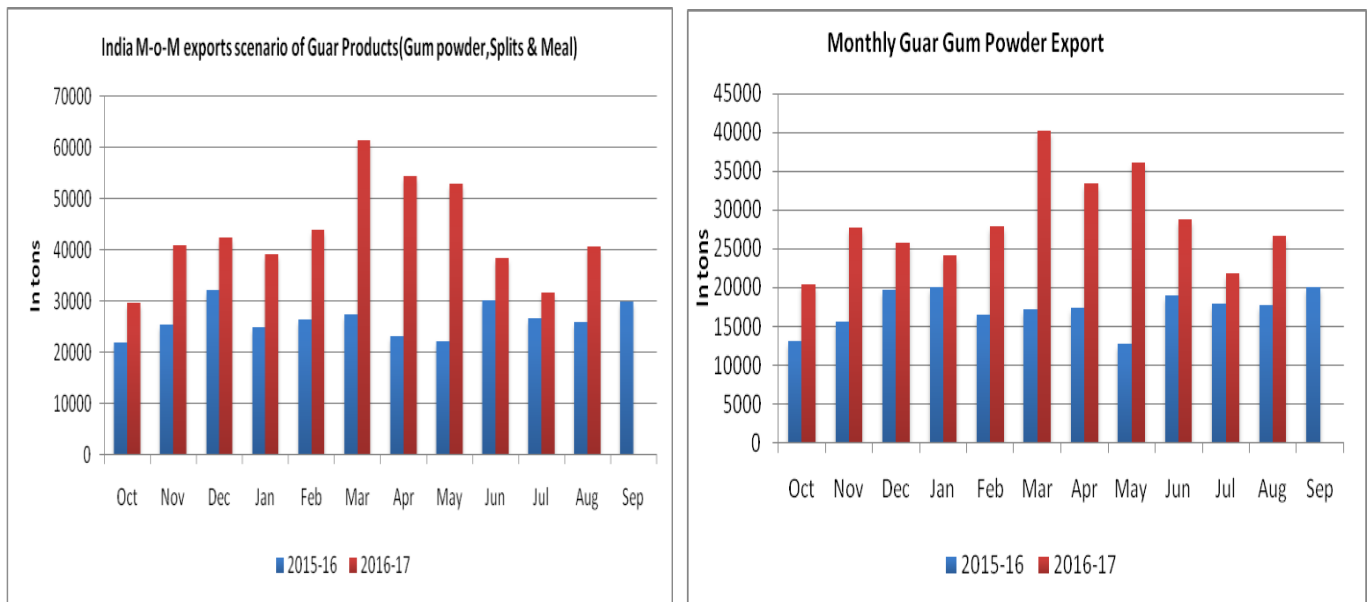
## Guar Seed Fundamental Analysis and Outlook:-

### Domestic Front

- Average Guar seed prices remained steady to weak during November 2017. All major spot markets witnessed steady to weak sentiments. Overall arrivals were higher in November compared to last month. Highest increase in arrival was noticed in Gharsana, Khajuwala and Rawla.
- In the month of November 2017, Guar seed monthly average prices decreased by Rs 28.92 per quintal compared to previous month and settled at Rs. 3914.88 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 November 2017 increased by Rs 169.81 per quintal and settled at Rs 8317.31 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

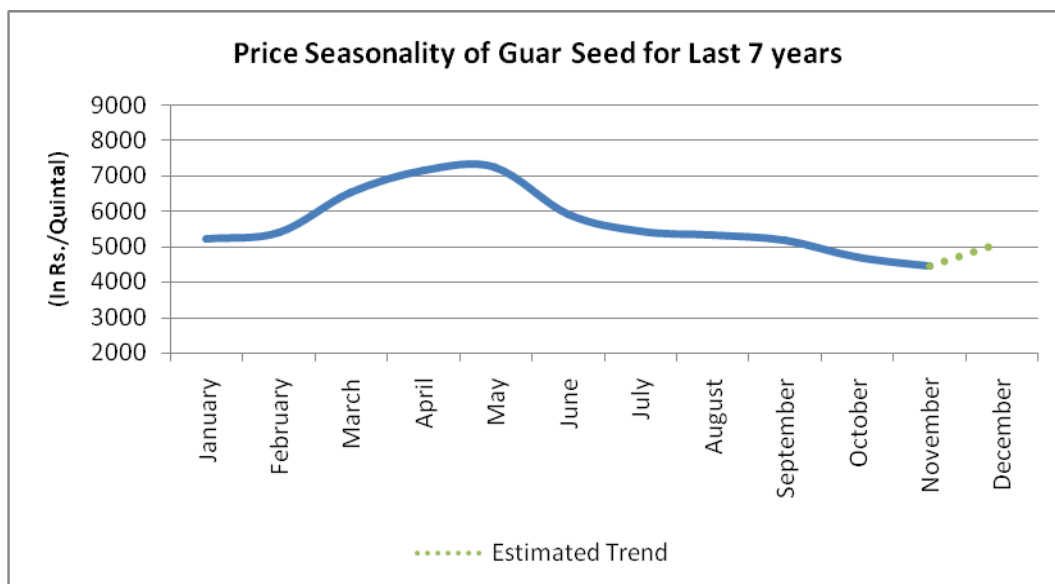


On export front, guar products export demand has decreased compared to previous month. India has exported 40656 tons of guar seed products (Gum powder, Splits & Meal) in the month of August 2017 up by 28.17 % compared to last month and by 56.52% compared to last year for the same month.

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**

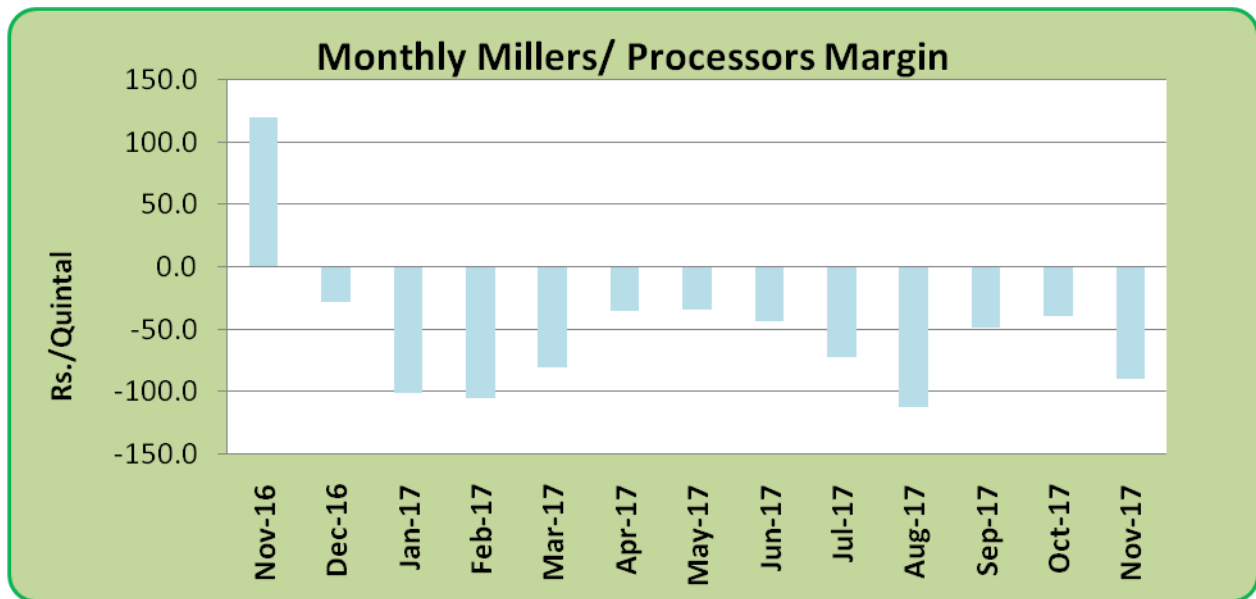
Item	2016-17	2017-18
<b>Supply</b>		
Opening Stock	11.33	5.29
Production	14.31	13.71
Arrivals	14.31	13.71
Import	0.00	0.00
Total Availability	25.64	19.00
<b>Demand</b>		
Total Crushing	20.35	15.83
Domestic Consumption (Textile, Food & Pharma Industry)	2.87	2.71
Guar Exports	3.49	2.62
Exports (Guar seed 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 lower compared to last year.

### 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 November 2017, average crush margin increased to Rs. -90.13/Quintal compared to Rs. -40.01/quintal last month.

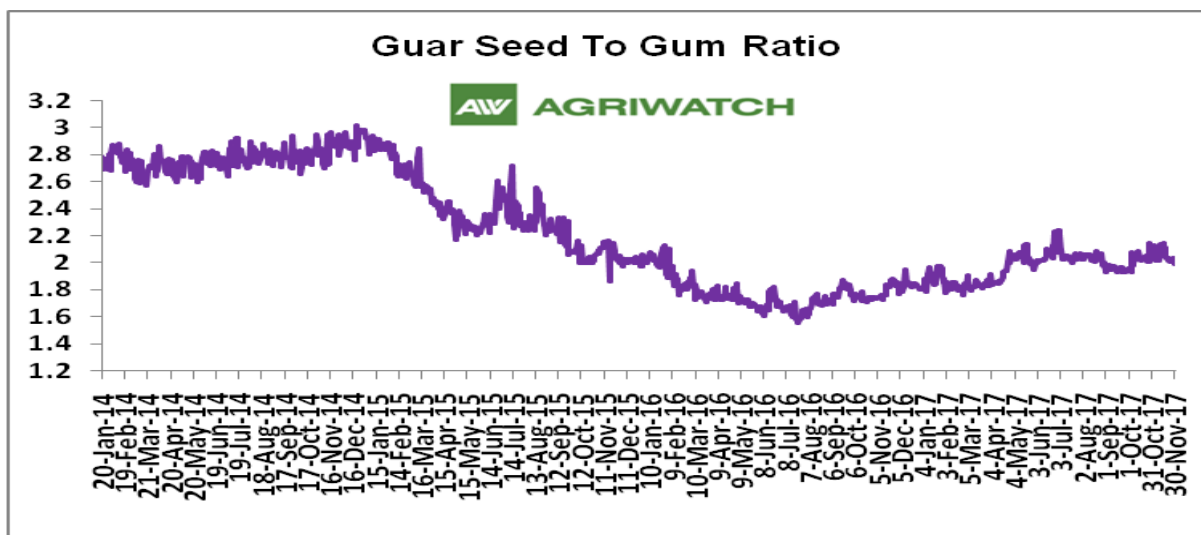
Higher prices of guar seed compared to prices of churi and korma has reduced the total return which has caused the margin to fall further.



### Guar Seed To Gum Ratio:

Ratio of guar seed to gum increased to 2.13, which in the earlier month were 2.07. 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

Exchange: NCDEX

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



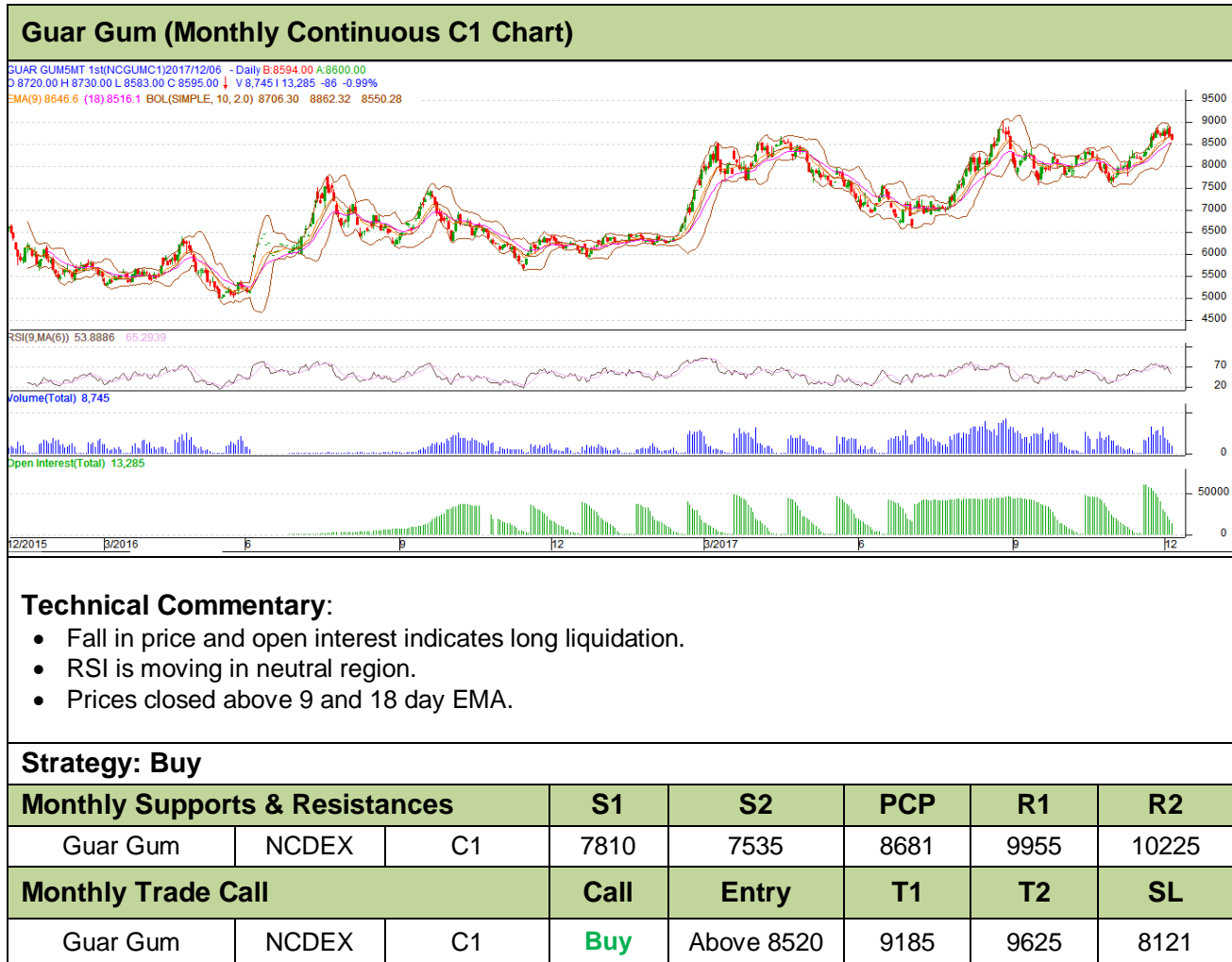
#### Technical Commentary:

- Fall in price and open interest indicates short covering.
- Prices closed above 9 and 18 day EMA.
- RSI is moving in neutral region.
- Guar prices are moving steady to firm as the chart depicts.

#### Strategy: Buy

Monthly Supports & Resistances			S1	S2	PCP	R1	R2
Guar Seed	NCDEX	C1	3325	3180	3821	4735	4920
Monthly Trade Call			Call	Entry	T1	T2	SL
Guar Seed	NCDEX	C1	Buy	Above 3750	4145	4425	3513

### 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>November,2017</b>	<b>October,2017</b>	<b>Change</b>
<b>Churi</b>	Jodhpur	1349	1380	<b>-31</b>
<b>Korma</b>	Jodhpur	1974	1995	<b>-21</b>
<b>Churi</b>	Sri-Ganganagar	1196	1227	<b>-31</b>
<b>Korma</b>	Sri-Ganganagar	1790	1832	<b>-42</b>
<b>Prices in Rs/75kg</b>				

<b>Guar Export Monthly Average Prices:</b>				
<b>Commodity</b>	<b>Variety</b>	<b>November,2017</b>	<b>October,2017</b>	<b>Change</b>
<b>Guargum Split</b>		1278	1241	<b>37</b>
<b>Guargum Powder</b>	200 Mesh 5000 CPS	1586	1548	<b>38</b>
	200 Mesh 3500 CPS	1527	1476	<b>52</b>
<b>Guargum Meal</b>	40%	298	289	<b>8</b>
	50%	401	396	<b>5</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>November,2017</b>	<b>October,2017</b>	
<b>Rajasthan</b>	<b>Jodhpur</b>	Jodhpur (Loose)	3727	3756	<b>-29</b>
		Jodhpur(Delivery)	3914	3944	<b>-30</b>
	<b>Sri-Ganganagar</b>	Sri-Ganganagar(Loose)	3569	3567	<b>2</b>
		Sri-Ganganagar (Delivery)	3705	3719	<b>-15</b>
		Rawla (Loose)	3552	3527	<b>25</b>
		Gharsana (Loose)	3552	3515	<b>37</b>
		Raisinghnagar (Loose)	3445	3565	<b>-120</b>
	<b>Bikaner</b>	Bikaner (Loose)	3609	3612	<b>-3</b>
		Bikaner (Delivery)	3789	3793	<b>-3</b>
		Nokha(Loose)	3572	3592	<b>-21</b>
		Nokha (Delivery)	3750	3772	<b>-22</b>
		Khajuwala (Loose)	3589	3581	<b>8</b>
		Khajuwala (Delivery)	3769	3760	<b>9</b>
		Lunkaransar (Loose)	3571	3570	<b>1</b>
	<b>Hanumangarh</b>	Hanumangarh (Loose)	3589	3544	<b>45</b>

		Hanumangarh (Delivery)	3768	3721	47
		Nohar (Loose)	3590	3543	47
		Pilibanga (Loose)	3549	3500	49
	Nagaur	Nagaur (Loose)	3489	3464	25
	Churu	Churu (Delivery)	3698	3633	66
	Alwar	Alwar (Loose)	3504	3330	174
Haryana	Hisar	Adampur (Loose)	3590	3567	23
		Adampur (Delivery)	3770	3746	24
	Bhiwani	Bhiwani (Delivery)	3729	3657	73
		Siwani (Loose)	3689	3670	19
	Sirsa	Sirsa (Loose)	3630	3623	7
		Dhabwali (Loose)	3627	3548	79
		Dhabwali (Delivery)	3809	3726	83
		Ellanabad (Loose)	3454	3518	-63
	Fatehabad	Fatehabad (Loose)	3259	3505	-246
Gujarat	Banaskantha	Deesa (Loose)	3410	3491	-81
	Patan	Patan (Loose)	3395	3415	-20
	Rajkot	Rajkot (Loose)	3277	3417	-139
	Jamnagar	Dhrol (Loose)	1425	3215	-1790
Madhya Pradesh	Gwalior	Dabra (Loose)	NA	NA	-
Guar Gum					
Rajasthan	Jodhpur	Jodhpur	8288	8148	140
	Alwar	Alwar	8314	8130	184
	Hanumangarh	Nohar	8274	8105	169
Haryana	Bhiwani	Bhiwani	8279	8066	213
	Sirsa	Sirsa	8262	8091	171
		Dhabwali	8287	8171	116
		Ellanabad	8014	8065	-51
	Fatehabad	Fatehabad	7622	8113	-491

Guar Cumulative Arrivals in Key Centers:					
Commodity	District	Centre	Monthly Arrivals (Quintals)		Change
Guar Seed			November,2017	October,2017	
Rajasthan	Jodhpur	Jodhpur	7031	1162	5869
	Sri-Ganganagar	Sri-Ganganagar	80518	78546	1972
		Rawla	48700	14600	34100
		Gharsana	62000	20000	42000
		Raisinghnagar	46200	38200	8000
	Bikaner	Bikaner	16600	13600	3000
		Nokha	33500	15650	17850
		Khajuwala	56000	11550	44450
		Lunkaransar	16200	6270	9930
	Hanumangarh	Hanumangarh	7375	10790	-3415
		Nohar	42500	17130	25370
		Pilibanga	8688	11460	-2772
	Nagaur	Nagaur	17500	5835	11665
	Churu	Churu	34300	28500	5800
	Alwar	Alwar	10350	9240	1110
Haryana	Hisar	Adampur	36000	42000	-6000
	Bhiwani	Bhiwani	50200	21600	28600
		Siwani	23700	21300	2400
	Sirsa	Sirsa	37900	46100	-8200
		Dhabwali	6590	7750	-1160
		Ellanabad	10200	8375	1825
	Fatehabad	Fatehabad	5500	11600	-6100
Gujarat	Banaskantha	Deesa	10075	5150	4925
	Patan	Patan	2961	896	2065
	Rajkot	Rajkot	9800	2485	7315
	Jamnagar	Dhrol	131	71	60
Madhya Pradesh	Gwalior	Dabra	NA	NA	-
Total Arrivals/Above Markets			680519	449860	230659

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