

Guar Monthly Research Report

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Executive Summary

Domestic Guar Seed Market Summary

All India average monthly prices for guar seed increased by 0.66 percent from Rs 3364.39 per quintal in November to Rs 3386.62 per quintal in December-2017. Average price (December) is higher by 16.71 percent compared to price (Rs 2901.90 per qtl.) registered in December -2016. Guar prices are expected to remain steady to firm in coming month.

As per latest update, India has exported 20437 tonnes of guar gum in the month of October down by around 16.44 percent compared to previous month. Furthermore, it is lower by around 16.44 percent compared to October'16. India also exported 10366 tonnes of guar meal and 2038 tonnes of guar split in October'17. Export demand for guar gum is good and is likely to increase in near future.

As per data released by Baker Hughes the number of oil rigs in USA has decreased to 924 as on 05th January 2018 down by 5 compared to last week and up by 259 compared to 06th January 2017. The total number of oilrigs was recorded at 2057 worldwide in November'17 compared to 1678 in the corresponding 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.

Guar prices are likely to remain steady to firm in near future due to good export demand and decrease in arrival pressure. Production of guar is lower in 2017-18 compared to last year due to lower acreage. Carryover stocks have also decreased due to higher exports compared to last year. Traders are holding onto their remaining stocks and are targeting price of Rs 4750-4850 per quintal in upcoming months.

As per latest update by DGCIS, India has exported around 321570 metric tonnes of guar gum in April-November (2017-18) compared to 226431 metric tonnes in April- November (2016-17). In terms of value, exports have increased by around 60.4 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 latest update, option trading in guar will start from 14th January'2018 on Makar Sakranti. NCDEX already has approval from SEBI. Guar will be the second commodity after gold in which, options would be traded.

On the currency front, Indian rupee against USD (Average) closed at 64.24, devalued by Rs. 0.61 compared to the previous month. Overall weakening of Rupee in terms of dollar discourages export of guar gum and powder. Furthermore, rupee is expected to remain strong in medium term.

As far as Arrivals are concerned, Adampur (Haryana) market (biggest market of guar in North) reported lower arrivals (25800 quintals) during December 2017 compared to previous month 36000 quintals.

Similarly, In Bikaner market, arrivals have decreased during December 2017 to 10800 quintals compared to previous month arrivals data i.e.16600 quintals.

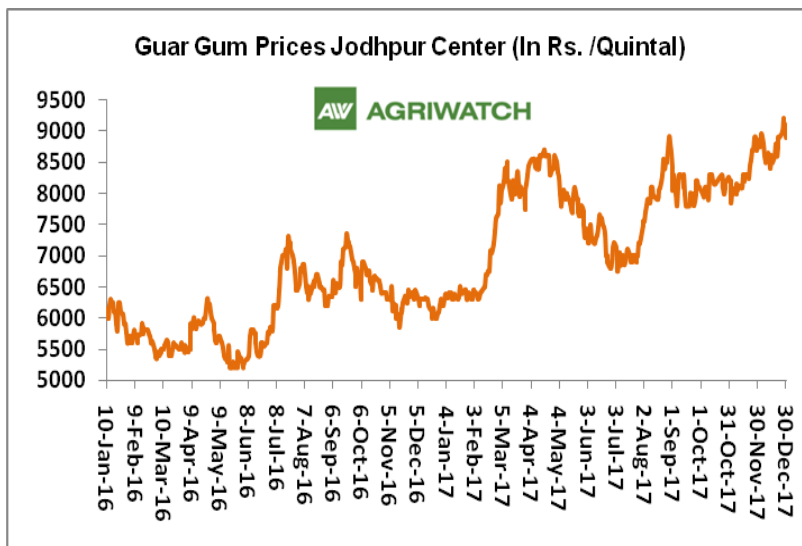
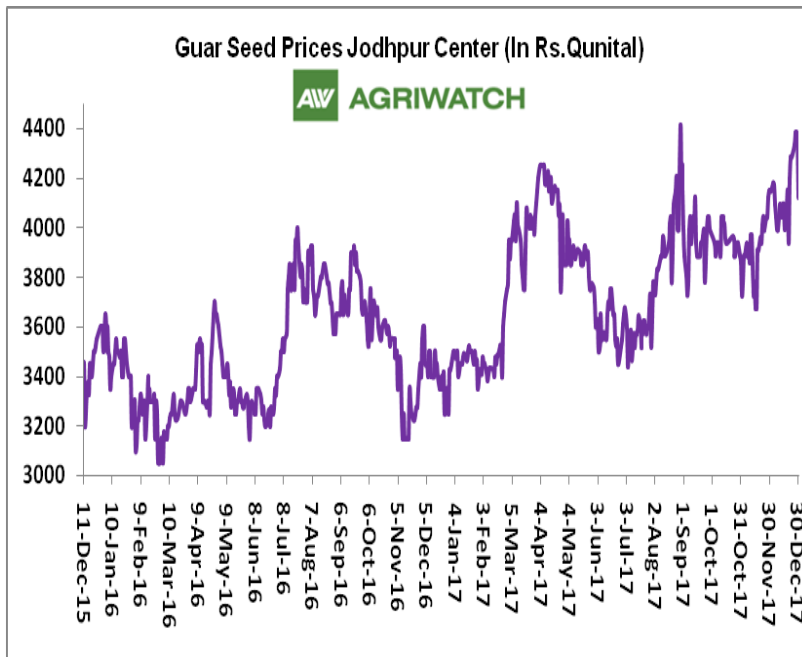
Recommendation:

Monthly Call - : Market participants advised to buy Guar seed at current levels for a target of 4105 with a stop loss at 3913 on closing basis.

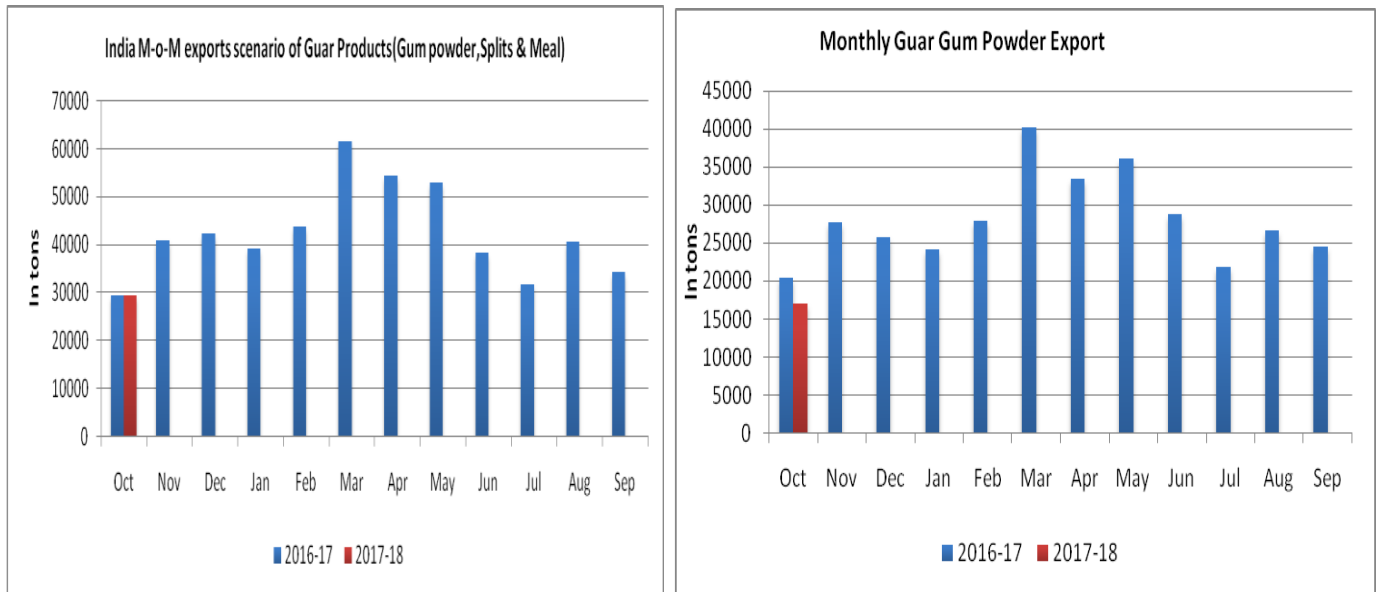
Guar Seed Fundamental Analysis and Outlook:-

Domestic Front

- Average Guar seed prices remained firm during December 2017. All major spot markets witnessed firm sentiments. Overall arrivals were lower in December compared to last month. Highest decrease in arrivals was noticed in Sri-Ganganagar and Bikaner.
- In the month of December 2017, Guar seed monthly average prices increased by Rs 232.82 per quintal compared to previous month and settled at Rs. 4147.70 per quintal. Active trading activities in guar seed, in key markets kept the prices bullish during last month.
- However, Guar gum monthly average prices in December 2017 increased by Rs 444.69 per quintal and settled at Rs 8762.00 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 is 3167018 hectares. As compared to third advance estimate for 2016-17, the area, has decreased by 362989 hectares.



Export Scenario

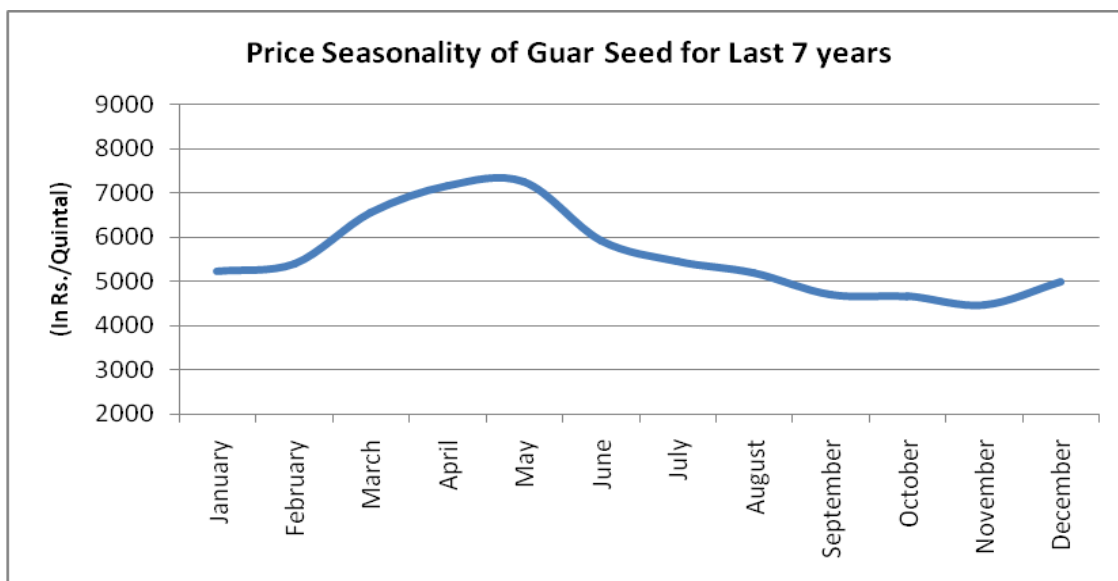


On export front, guar products export demand has decreased compared to previous month. India has exported 29481 tons of guar seed products (Gum powder, Splits & Meal) in the month of October 2017 down by 14.31 % compared to last month and by 0.19% compared to last year for the same month.

In addition, recent month guar gum powder export decreased by 16.44 % compared to corresponding month of previous year, due to firm domestic as well as export demand.

India exported 17077 tons of guar gum powder in the month of October 2017, which is lower compared to guar gum powder exported last month by 30.16%.

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

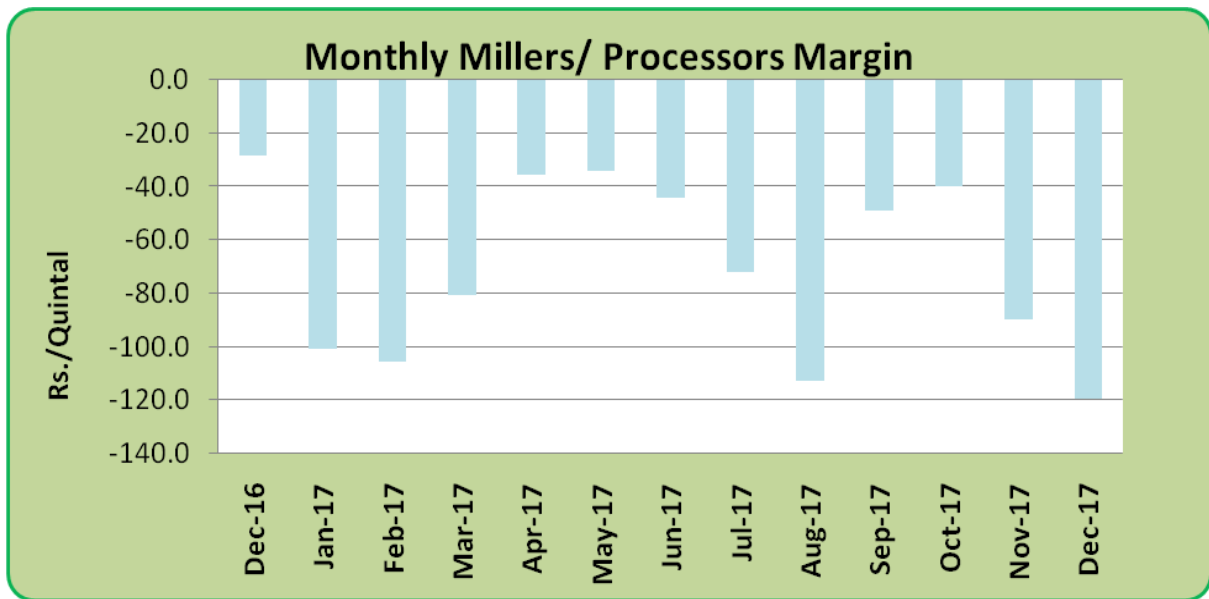
Item	2016-17	2017-18
Supply		
Opening Stock	11.33	5.29
Production	14.31	13.71
Arrivals	14.31	13.71
Import	0.00	0.00
Total Availability	25.64	19.00
Demand		
Total Crushing	20.35	15.83
Domestic Consumption (Textile, Food & Pharma Industry)	2.87	2.71
Guar Exports	3.49	2.62
Exports (Guar seed Equivalent)	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 decreased compared to previous month. In the month of December 2017, average crush margin decreased to Rs. -119.91/Quintal compared to Rs. -90.13/quintal last month.

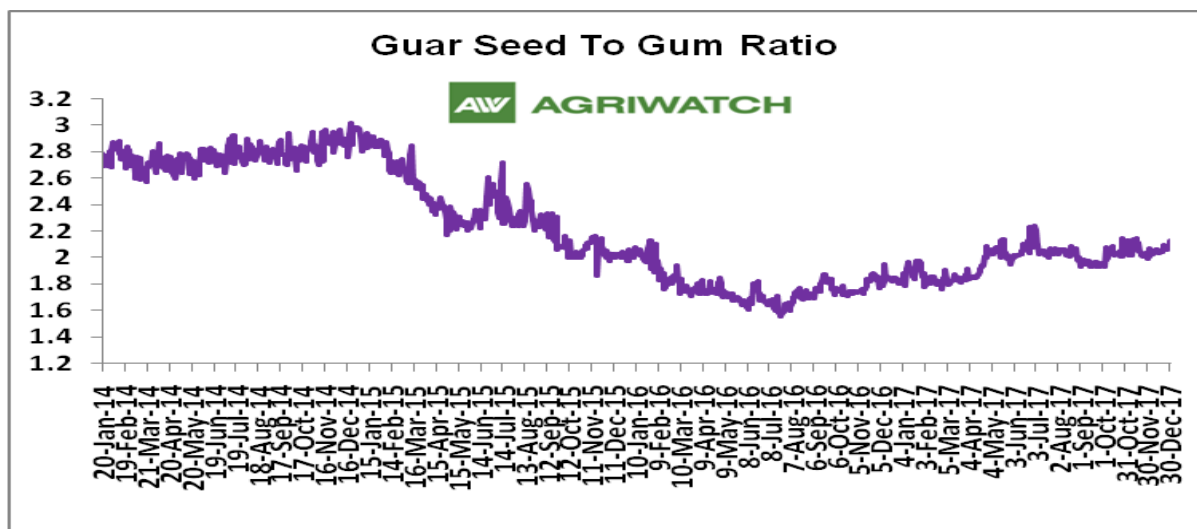
Higher prices of guar seed compared to prices of churi and korma has reduced the total return which has caused the margin to fall further.



Guar Seed To Gum Ratio:

Ratio of guar seed to gum decreased to 2.11, which in the earlier month was 2.13. 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

Exchange: NCDEX

Guar Seed (Monthly Continuous C1 Chart)



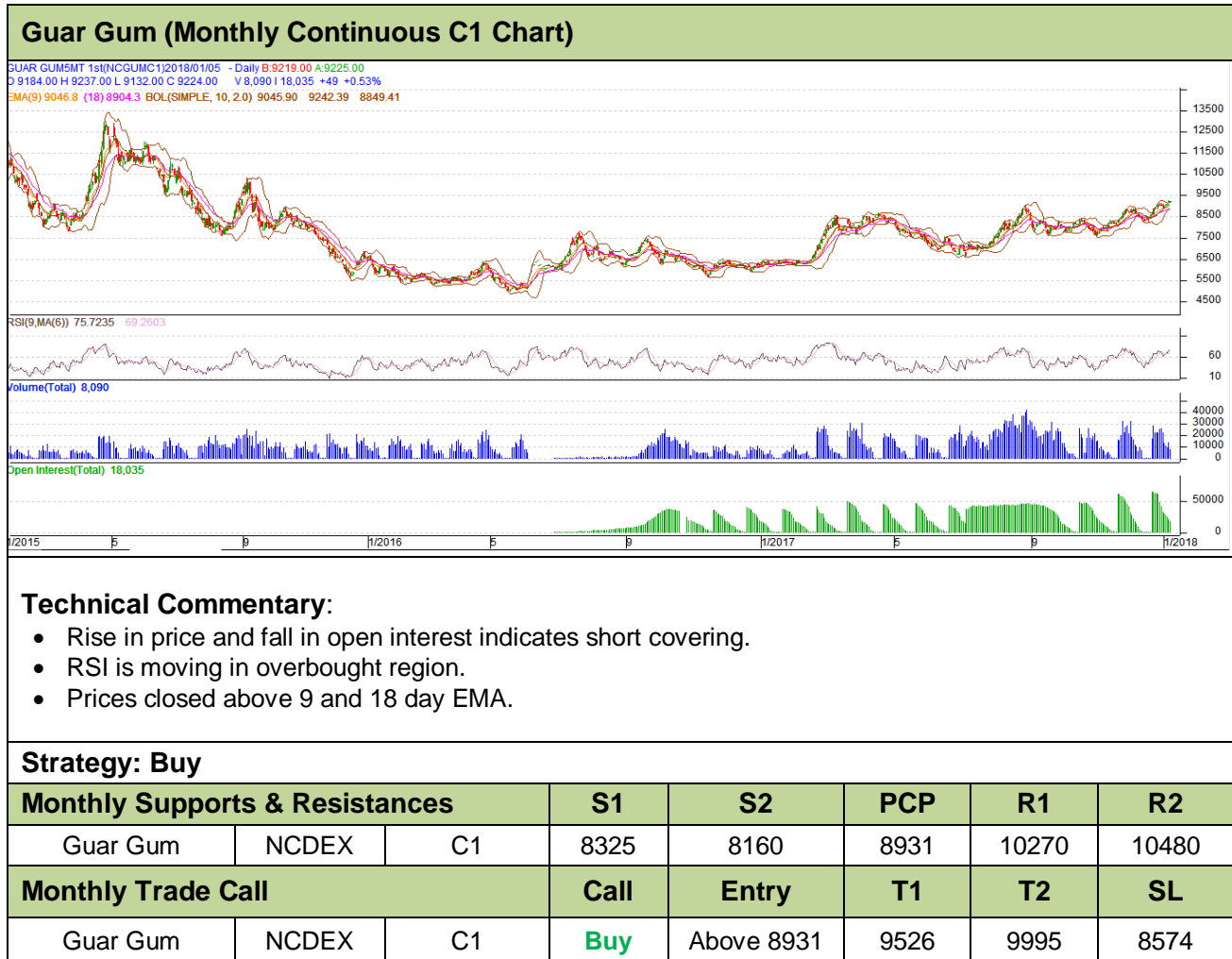
Technical Commentary:

- Rise in price and fall in open interest indicates short covering.
- Prices closed above 9 and 18 day EMA.
- RSI is moving in overbought 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	3690	3505	4110	4835	4980
Monthly Trade Call			Call	Entry	T1	T2	SL
Guar Seed	NCDEX	C1	Buy	Above 4105	4425	4640	3913

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	December,2017	November,2017	Change
Churi	Jodhpur	1454	1349	105
Korma	Jodhpur	1899	1974	-75
Churi	Sri-Ganganagar	1319	1196	123
Korma	Sri-Ganganagar	1742	1790	-48
Prices in Rs/75kg				

Guar Export Monthly Average Prices:				
Commodity	Variety	December,2017	November,2017	Change
Guargum Split		1374	1278	96
Guargum Powder	200 Mesh 5000 CPS	1670	1586	83
	200 Mesh 3500 CPS	1592	1527	65
Guargum Meal	40%	322	298	25
	50%	406	401	5
Prices in \$/MT				

Guar Seed Monthly Average Prices:					
Commodity	District	Centre	Monthly Prices (Average)(Rs/Qtl)		Change
Guar Seed			December,2017	November,2017	
Rajasthan	Jodhpur	Jodhpur (Loose)	3950	3727	223
		Jodhpur(Delivery)	4148	3914	234
	Sri-Ganganagar	Sri-Ganganagar(Loose)	3785	3569	216
		Sri-Ganganagar (Delivery)	3921	3705	216
		Rawla (Loose)	3780	3552	227
		Gharsana (Loose)	3783	3552	231
		Raisinghnagar (Loose)	3794	3445	349
	Bikaner	Bikaner (Loose)	3809	3609	200
		Bikaner (Delivery)	3997	3789	207
		Nokha(Loose)	3804	3572	232
		Nokha (Delivery)	3994	3750	244
		Khajuwala (Loose)	3807	3589	217
		Khajuwala (Delivery)	3996	3769	227
		Lunkaransar (Loose)	3767	3571	196
	Hanumangarh	Hanumangarh (Loose)	3804	3589	215
		Hanumangarh (Delivery)	3994	3768	226

		Nohar (Loose)	3816	3590	226
		Pilibanga (Loose)	3791	3549	242
	Nagaur	Nagaur (Loose)	3697	3489	208
	Churu	Churu (Delivery)	3914	3698	216
	Alwar	Alwar (Loose)	3697	3504	192
Haryana	Hisar	Adampur (Loose)	3831	3590	241
		Adampur (Delivery)	4022	3770	253
	Bhiwani	Bhiwani (Delivery)	3953	3729	224
		Siwani (Loose)	3907	3689	218
	Sirsa	Sirsa (Loose)	3808	3630	178
		Dhabwali (Loose)	3815	3627	188
		Dhabwali (Delivery)	3971	3809	162
		Ellanabad (Loose)	3790	3454	335
	Fatehabad	Fatehabad (Loose)	3776	3259	517
Gujarat	Banaskantha	Deesa (Loose)	3718	3410	307
	Patan	Patan (Loose)	3778	3395	383
	Rajkot	Rajkot (Loose)	3752	3277	474
	Jamnagar	Dhrol (Loose)	3525	1425	2100
Madhya Pradesh	Gwalior	Dabra (Loose)	1968	NA	-
Guar Gum					
Rajasthan	Jodhpur	Jodhpur	8762	8288	474
	Alwar	Alwar	8761	8314	447
	Hanumangarh	Nohar	8724	8274	450
Haryana	Bhiwani	Bhiwani	8774	8279	495
	Sirsa	Sirsa	8763	8262	501
		Dhabwali	8773	8287	486
		Ellanabad	8740	8014	726
	Fatehabad	Fatehabad	8742	7622	1120

Guar Cumulative Arrivals in Key Centers:					
Commodity	District	Centre	Monthly Arrivals (Quintals)		Change
Guar Seed			December,2017	November,2017	
Rajasthan	Jodhpur	Jodhpur	4951	7031	-2080
	Sri-Ganganagar	Sri-Ganganagar	29300	80518	-51218
		Rawla	22400	48700	-26300
		Gharsana	21950	62000	-40050
		Raisinghnagar	16600	46200	-29600
	Bikaner	Bikaner	10800	16600	-5800
		Nokha	24700	33500	-8800
		Khajuwala	35300	56000	-20700
		Lunkaransar	19000	16200	2800
	Hanumangarh	Hanumangarh	5310	7375	-2065
		Nohar	26900	42500	-15600
		Pilibanga	3700	8688	-4988
	Nagaur	Nagaur	9050	17500	-8450
	Churu	Churu	22900	34300	-11400
	Alwar	Alwar	6650	10350	-3700
Haryana	Hisar	Adampur	25800	36000	-10200
	Bhiwani	Bhiwani	28200	50200	-22000
		Siwani	25300	23700	1600
	Sirsa	Sirsa	22500	37900	-15400
		Dhabwali	3430	6590	-3160
		Ellanabad	7850	10200	-2350
	Fatehabad	Fatehabad	10850	5500	5350
Gujarat	Banaskantha	Deesa	7616	10075	-2459
	Patan	Patan	3292	2961	331
	Rajkot	Rajkot	3590	9800	-6210
	Jamnagar	Dhrol	13	131	-118
Madhya Pradesh	Gwalior	Dabra	1100	NA	-
Total Arrivals/Above Markets			399052	680519	-281467

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