

# 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 15.00 percent from Rs 3386.62 in December to Rs 3894.68 per qtl in January-2018. Average price (January) is higher by 16.81 percent compared to price (Rs 3334.1 per qtl.) registered in January -2017. Guar prices are expected to remain steady to firm in coming month.

Guar March future contract fell by around Rs 220 per quintal as plunge in U.S. stocks led to selloff in major commodities. U.S. market showed recovery on Tuesday which has also supported guar market. Traders are advised to buy on dip of Rs 150-200 per quintal for a target price of Rs 5000-5100 per quintal on upper side in long term. Market is expected to remain steady to firm in coming days with slight corrections due to lower arrivals and good export demand.

As per latest update by DGCIS, India has exported around 365451 metric tonnes of guar gum in April-December (2017-18) compared to 269001 metric tonnes in April- December (2016-17). In terms of value, exports have increased by around 55.25 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 millers, recovery of guar gum from guar seed is around 30.5-31.5 kg this year compared to around 32 kg last year. Export demand for guar gum is good due to recovery in oil prices. As of now guar gum prices in Jodhpur are hovering around Rs 10000-10500 per kg.

As per data released by Baker Hughes the number of oil rigs in USA has decreased to 946 as on 02nd February 2018 down by 1 compared to last week and up by 217 compared to 03rd February 2017. The total number of oilrigs was recorded at 2089 worldwide in December'17 compared to 1772 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.

As per latest update, India has exported around 322 thousand tonnes of guar gum during April-November 2017-18 compared to 231 thousand tonnes during the corresponding period in 2016-17. In terms of value guar gum worth USD 401 million has exported during April-November 2017-18 compared to USD 262 million during the corresponding period in 2016-17. In 2017-18 more than 55 percent has been exported to United States and rest to Norway, Russia, Germany, etc. Exports are likely to stay at higher side in near future.

On the currency front, Indian rupee against USD (Average) closed at 63.65, devalued by Rs. 0.60 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 higher arrivals (35300 quintals) during December 2017 compared to previous month 25800 quintals.

Similarly, In Bikaner market, arrivals have increased during December 2017 to 11150 quintals compared to previous month arrivals data i.e. 10800 quintals.

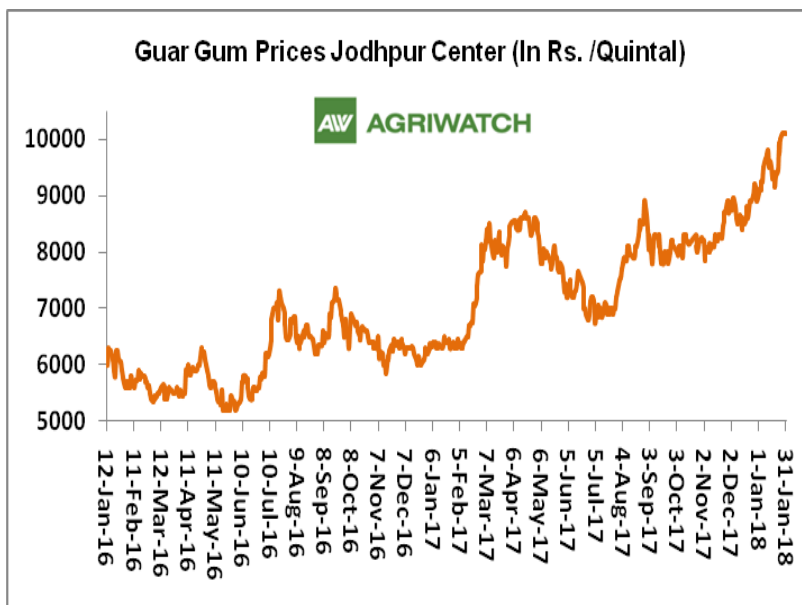
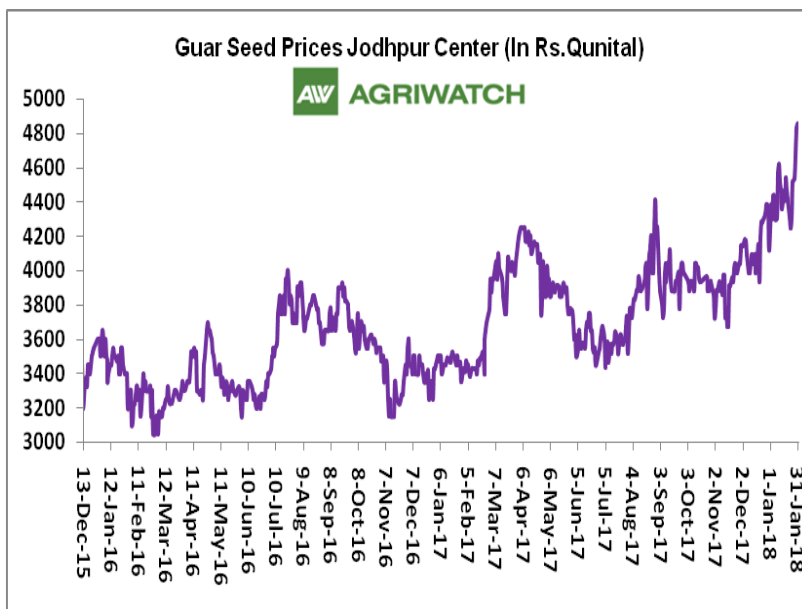
**Recommendation:**

**Monthly Call** - : Market participants advised to buy Guar seed at current levels for a target of 4990 with a stop loss at 4249 on closing basis.

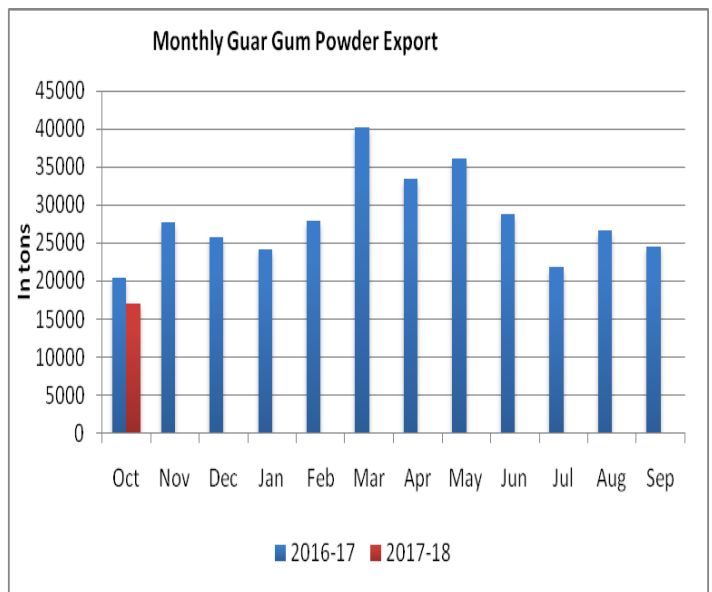
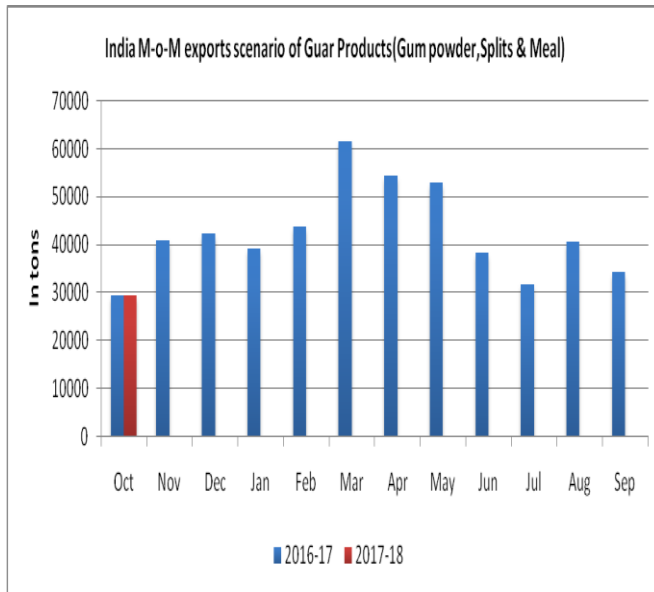
## Guar Seed Fundamental Analysis and Outlook:-

### Domestic Front

- Average Guar seed prices remained firm during January 2018. All major spot markets witnessed firm sentiments. Overall arrivals were lower in January compared to last month. Highest decrease in arrivals was noticed in Sri-Ganganagar, Rawla, Gharsana, Nohar and Sirsa.
- In the month of January 2018, Guar seed monthly average prices increased by Rs 330.13 per quintal compared to previous month and settled at Rs. 4477.83 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 January 2018 increased by Rs 825.00 per quintal and settled at Rs 9587.00 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

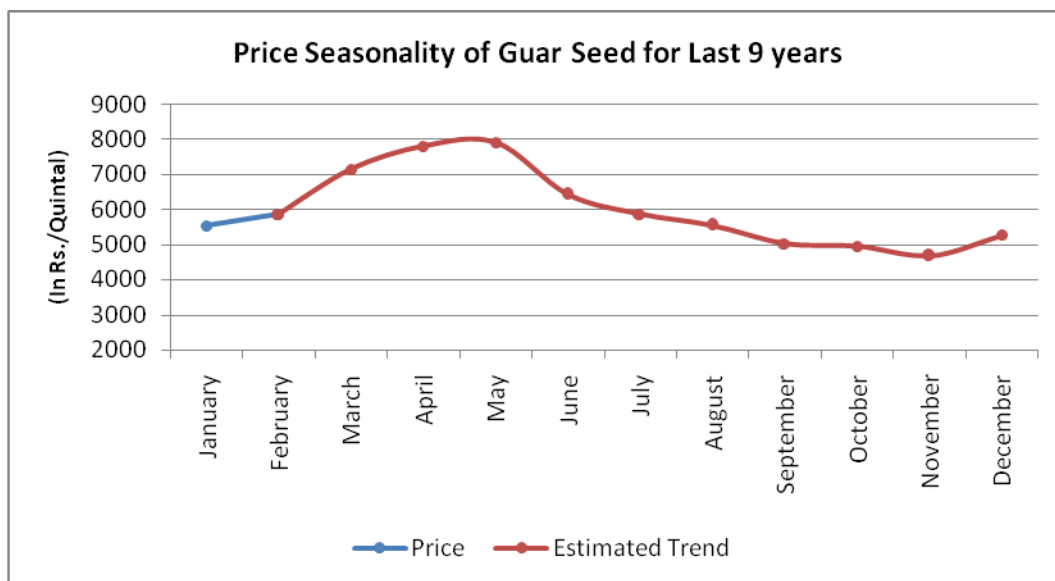


On export front, guar products export demand has decreased compared to previous month. India has exported 29481 tons of guar seed products (Gum powder, Splits & Meal) in the month of October 2017 down by 14.31 % compared to last month and by 0.19% compared to last year for the same month.

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 9 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**

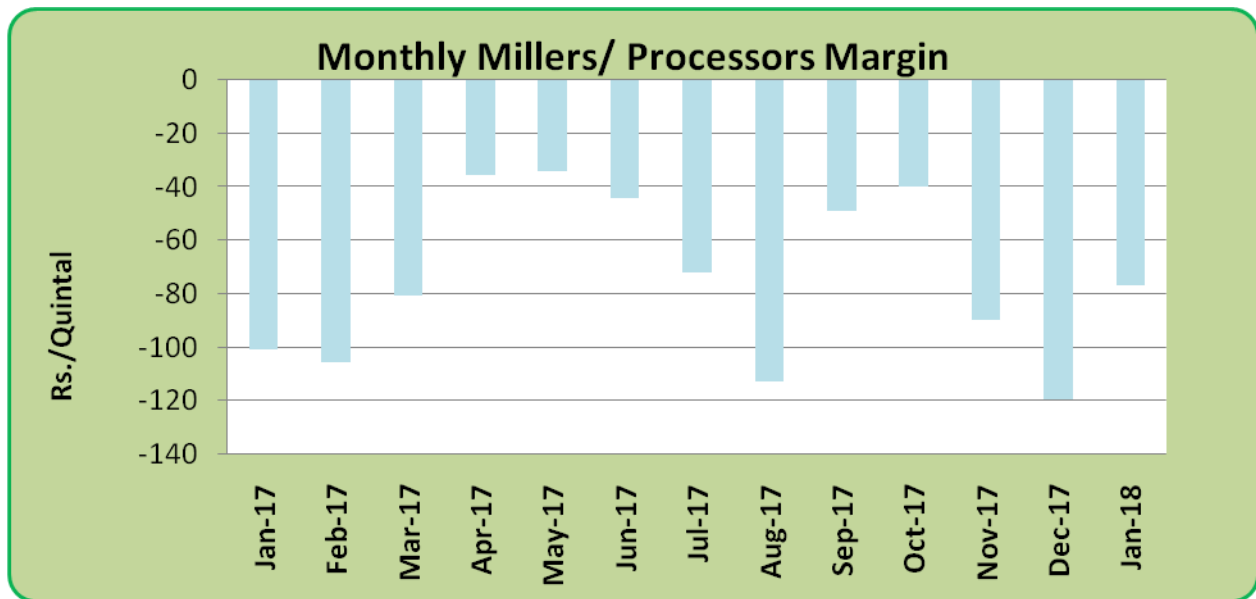
Item	2016-17	2017-18
<b>Supply</b>		
Opening Stock	11.33	5.29
Production	14.31	13.71
Arrivals	14.31	13.71
Import	0.00	0.00
Total Availability	25.64	19.00
<b>Demand</b>		
Total Crushing	20.35	15.83
Domestic Consumption (Textile, Food & Pharma Industry)	2.87	2.71
Guar Exports	3.49	2.62
Exports (Guar seed 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 increased compared to previous month. In the month of January 2018, average crush margin increased to Rs. -76.90/Quintal compared to Rs. -119.91/quintal last month.

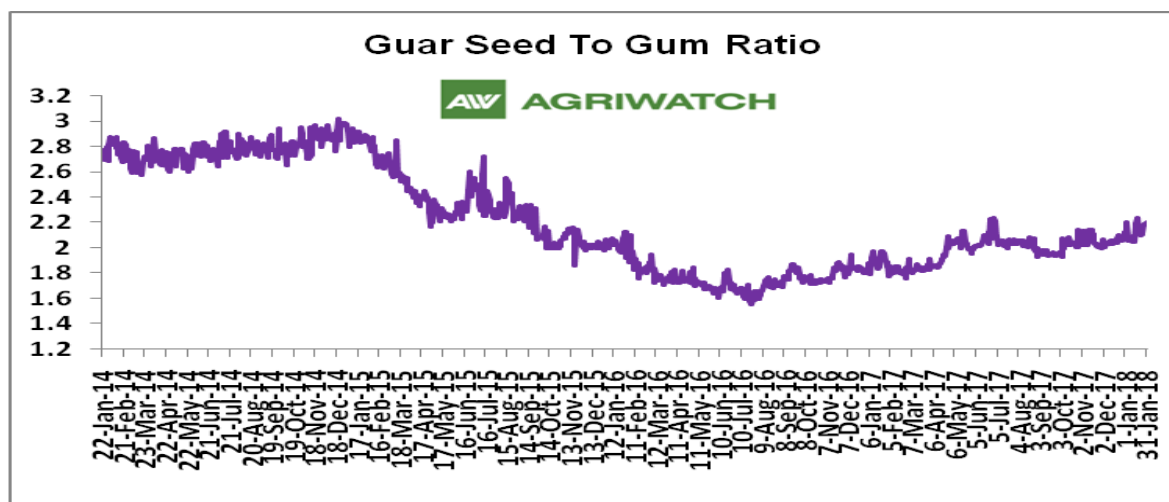
Increase in prices of Churi and Korma have increased the total return and reduced the total cost, which has caused the margin to rise.



### Guar Seed To Gum Ratio:

Ratio of guar seed to gum increased to 2.14, which in the earlier month was 2.11. 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 long liquidation.
- Prices closed below 9 and 18 day EMA.
- RSI is moving in neutral region.
- Guar prices are moving steady to firm as the chart depicts.

#### Strategy: Buy

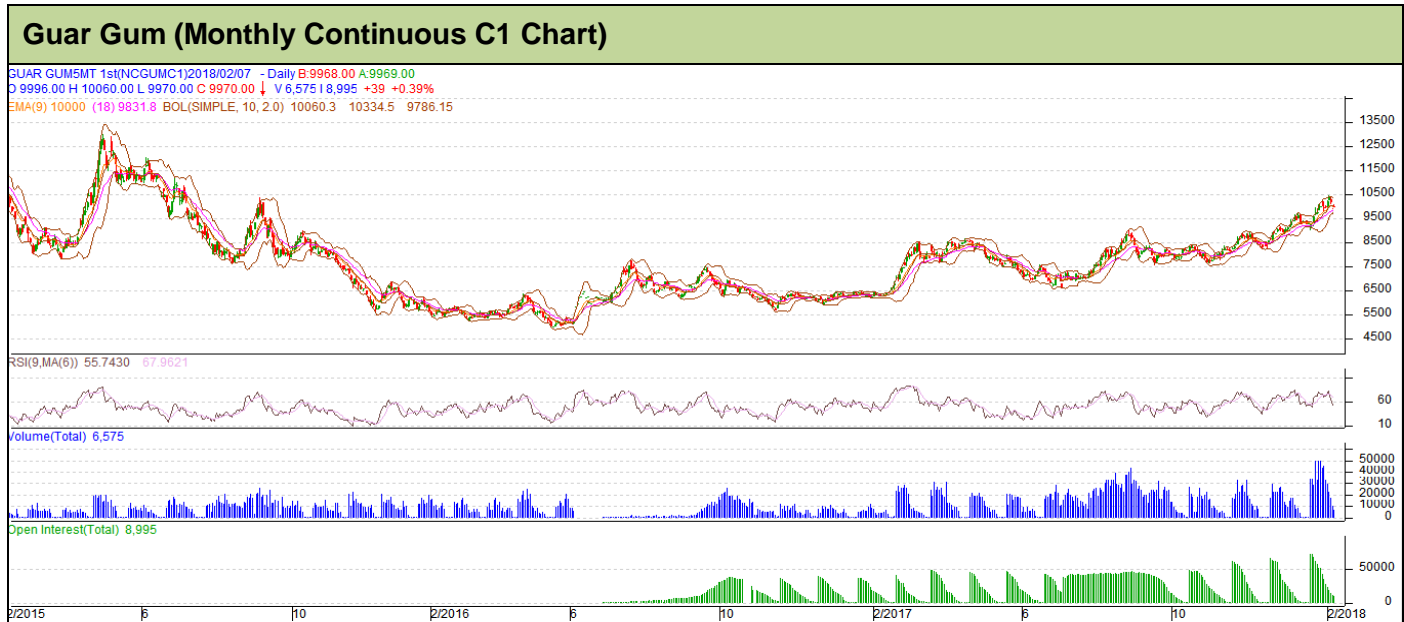
Monthly Supports & Resistances			S1	S2	PCP	R1	R2
Guar Seed	NCDEX	C1	4110	4005	4464	5150	5295
Monthly Trade Call			Call	Entry	T1	T2	SL
Guar Seed	NCDEX	C1	Buy	Above 4450	4785	4990	4249



### Technical Analysis (Guar Gum)

Commodity: Guar Gum

Exchange: NCDEX



#### Technical Commentary:

- Fall in price and open interest indicates long liquidation.
- RSI is moving in neutral region.
- Prices closed below 9 and 18 day EMA.

#### Strategy: Buy

Monthly Supports & Resistances			S1	S2	PCP	R1	R2
Guar Gum	NCDEX	C1	9205	9140	9931	11425	11710
Monthly Trade Call			Call	Entry	T1	T2	SL
Guar Gum	NCDEX	C1	Buy	Above 9755	10610	11095	9402



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

<b>Guar by – Products Monthly Average Prices:</b>				
<b>Commodity</b>	<b>Centre</b>	<b>January,2018</b>	<b>December,2017</b>	<b>Change</b>
<b>Churi</b>	Jodhpur	1593	1454	<b>139</b>
<b>Korma</b>	Jodhpur	2024	1899	<b>125</b>
<b>Churi</b>	Sri-Ganganagar	1445	1319	<b>127</b>
<b>Korma</b>	Sri-Ganganagar	1840	1742	<b>98</b>
<b>Prices in Rs/75kg</b>				

<b>Guar Export Monthly Average Prices:</b>				
<b>Commodity</b>	<b>Variety</b>	<b>January,2018</b>	<b>December,2017</b>	<b>Change</b>
<b>Guargum Split</b>		1514	1374	<b>140</b>
<b>Guargum Powder</b>	200 Mesh 5000 CPS	1828	1670	<b>158</b>
	200 Mesh 3500 CPS	1750	1592	<b>158</b>
<b>Guargum Meal</b>	40%	348	322	<b>26</b>
	50%	419	406	<b>13</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>January,2018</b>	<b>December,2017</b>	
<b>Rajasthan</b>	<b>Jodhpur</b>	Jodhpur (Loose)	4258	3950	<b>308</b>
		Jodhpur(Delivery)	4471	4148	<b>323</b>
	<b>Sri-Ganganagar</b>	Sri-Ganganagar(Loose)	4213	3785	<b>428</b>
		Sri-Ganganagar (Delivery)	4363	3921	<b>442</b>
		Rawla (Loose)	4204	3780	<b>425</b>
		Gharsana (Loose)	4180	3783	<b>397</b>
		Raisinghnagar (Loose)	4267	3794	<b>473</b>
	<b>Bikaner</b>	Bikaner (Loose)	4204	3809	<b>395</b>
		Bikaner (Delivery)	4414	3997	<b>417</b>
		Nokha(Loose)	4144	3804	<b>340</b>
		Nokha (Delivery)	4351	3994	<b>357</b>
		Khajuwala (Loose)	4234	3807	<b>427</b>
		Khajuwala (Delivery)	4446	3996	<b>450</b>
		Lunkaransar (Loose)	4214	3767	<b>447</b>
	<b>Hanumangarh</b>	Hanumangarh (Loose)	4228	3804	<b>424</b>

		Hanumangarh (Delivery)	4440	3994	445
		Nohar (Loose)	4270	3816	453
		Pilibanga (Loose)	4265	3791	474
	Nagaur	Nagaur (Loose)	4117	3697	420
	Churu	Churu (Delivery)	4224	3914	309
	Alwar	Alwar (Loose)	4028	3697	331
Haryana	Hisar	Adampur (Loose)	4294	3831	463
		Adampur (Delivery)	4509	4022	487
	Bhiwani	Bhiwani (Delivery)	4434	3953	481
		Siwani (Loose)	4305	3907	398
	Sirsa	Sirsa (Loose)	4237	3808	429
		Dhabwali (Loose)	4208	3815	393
		Dhabwali (Delivery)	NA	3971	-
		Ellanabad (Loose)	4218	3790	428
	Fatehabad	Fatehabad (Loose)	4240	3776	464
Gujarat	Banaskantha	Deesa (Loose)	4095	3718	378
	Patan	Patan (Loose)	4126	3778	349
	Rajkot	Rajkot (Loose)	4108	3752	357
	Jamnagar	Dhrol (Loose)	3766	3525	241
Madhya Pradesh	Gwalior	Dabra (Loose)	3931	1968	1963
Guar Gum					
Rajasthan	Jodhpur	Jodhpur	9589	8762	827
	Alwar	Alwar	9475	8761	714
	Hanumangarh	Nohar	9560	8724	836
Haryana	Bhiwani	Bhiwani	9649	8774	875
	Sirsa	Sirsa	9525	8763	762
		Dhabwali	9541	8773	768
		Ellanabad	9548	8740	808
	Fatehabad	Fatehabad	9515	8742	773

Guar Cumulative Arrivals in Key Centers:					
Commodity	District	Centre	Monthly Arrivals (Quintals)		Change
Guar Seed			January,2018	December,2017	
Rajasthan	Jodhpur	Jodhpur	2541	4951	-2410
	Sri-Ganganagar	Sri-Ganganagar	16650	29300	-12650
		Rawla	5900	22400	-16500
		Gharsana	5850	21950	-16100
		Raisinghnagar	9600	16600	-7000
	Bikaner	Bikaner	11150	10800	350
		Nokha	23300	24700	-1400
		Khajuwala	18700	35300	-16600
		Lunkaransar	13000	19000	-6000
	Hanumangarh	Hanumangarh	3745	5310	-1565
		Nohar	16000	26900	-10900
		Pilibanga	2170	3700	-1530
	Nagaur	Nagaur	14750	9050	5700
	Churu	Churu	25300	22900	2400
	Alwar	Alwar	5850	6650	-800
Haryana	Hisar	Adampur	35300	25800	9500
	Bhiwani	Bhiwani	57000	28200	28800
		Siwani	31000	25300	5700
	Sirsa	Sirsa	11850	22500	-10650
		Dhabwali	2665	3430	-765
		Ellanabad	3221	7850	-4629
	Fatehabad	Fatehabad	6050	10850	-4800
Gujarat	Banaskantha	Deesa	3286	7616	-4330
	Patan	Patan	5474	3292	2182
	Rajkot	Rajkot	5480	3590	1890
	Jamnagar	Dhrol	256	13	243
Madhya Pradesh	Gwalior	Dabra	7250	1100	6150
Total Arrivals/Above Markets			343338	399052	-55714

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