

# 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 3.24 percent from Rs 3894.68 in January to Rs 4020.99 per qtl in February-2018. Average price (February) is higher by 17.88 percent compared to price (Rs 3411.1 per qtl.) registered in February -2017. Guar prices are expected to remain steady to firm in upcoming weeks.

Guar March future contract fell by around Rs 520 per quintal in the month of february'18. Market fell on profit booking. However, in long term, fundamentals are still in favor of guar with good export demand and lower crop availability. As of now Rs 4200-4220 per quintal is a good support level and if the market moves below this in coming day/days, then a fresh low of Rs 4080-4100 per quintal can be expected. Market is expected to recover in near future and traders having physical stock of guar are advised to hold on to their stocks.

As per latest update, India has exported 23692 tonnes of guar gum in the month of November down by around 14.62 percent compared to previous month. Furthermore, it is higher by around 38.74 percent compared to November'17. India also exported 13235 tonnes of guar meal and 2820 tonnes of guar split have been exported by India in November'17. Exports are likely to stay steady in coming months.

The wholesale price index of guar seed has increased from 90.0 in December 2017 to 99.00 in January 2018. The WPI for January 2018 is up by 10.00 percent compared to previous month and by 32 percent compared to January 2017.

As per data released by Baker Hughes, the number of oilrigs in USA has increased to 981 as on 02nd March 2018 up by 3 compared to last week and by 225 compared to 03rd March 2017. The total number of oilrigs was recorded at 2175 worldwide in January'18 compared to 1918 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 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.

On the currency front, Indian rupee against USD (Average) closed at 64.61, appreciated by Rs. 0.76 compared to the previous month. Overall strengthening of Rupee in terms of dollar encourages 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 (32400 quintals) during February 2018 compared to previous month 35300 quintals.

Similarly, In Bikaner market, arrivals have increased during February 2018 to 5800 quintals compared to previous month arrivals data i.e. 11150 quintals.

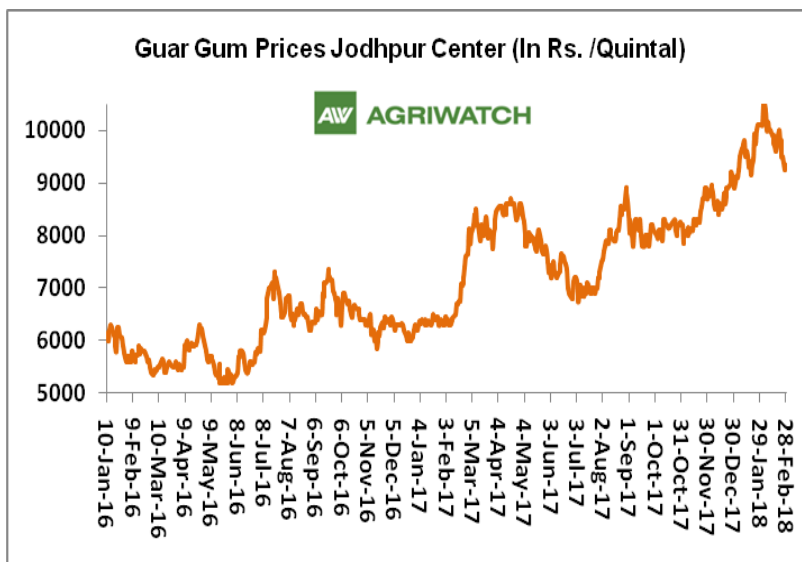
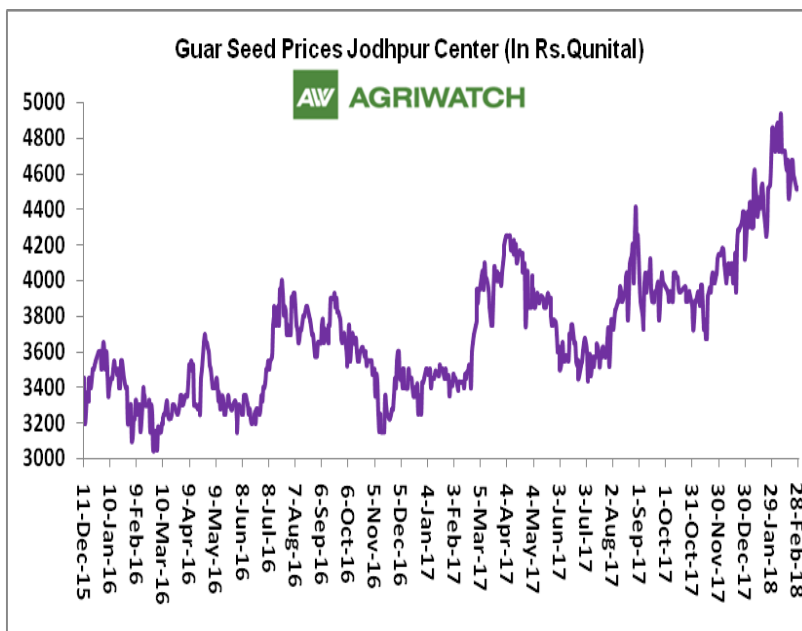
**Recommendation:**

**Monthly Call - :** Market participants advised to buy Guar seed at current levels for a target of 4825 with a stop loss at 4075 on closing basis.

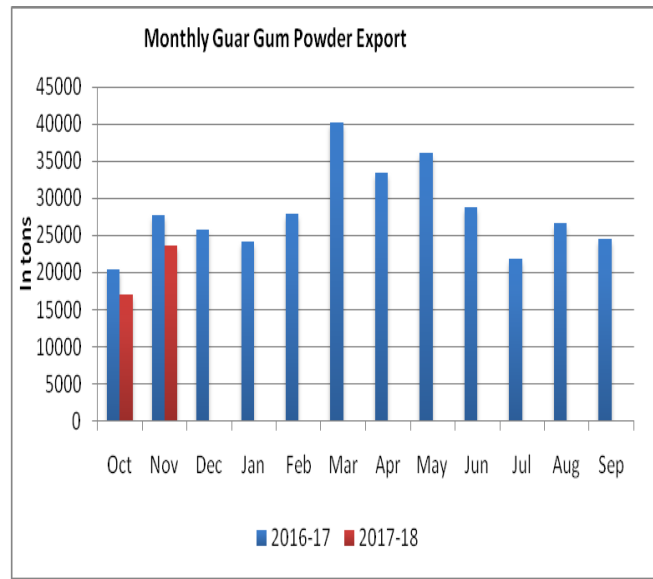
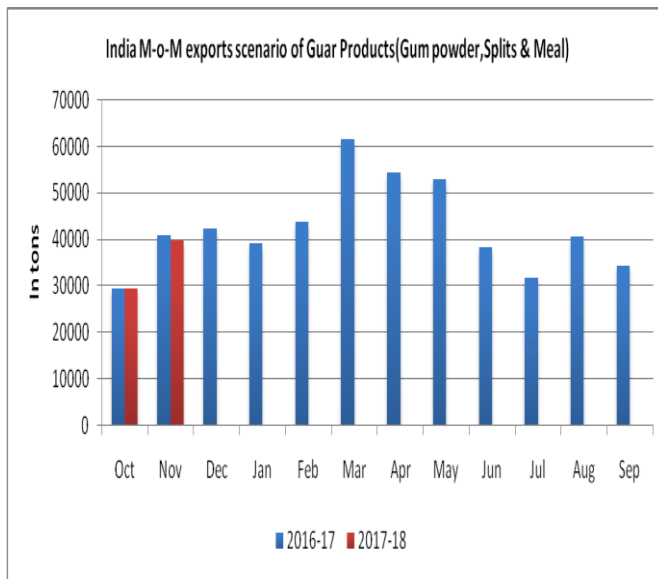
## Guar Seed Fundamental Analysis and Outlook:-

### Domestic Front

- Average Guar seed prices remained firm during February 2018. All major spot markets witnessed firm sentiments. Overall arrivals were lower in February compared to last month. Highest decrease in arrivals was noticed in Bhiwani, Nokha and Khajuwala.
- In the month of February 2018, Guar seed monthly average prices increased by Rs 201.89 per quintal compared to previous month and settled at Rs. 4679.72 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 February 2018 increased by Rs 269.25 per quintal and settled at Rs 9856.25 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

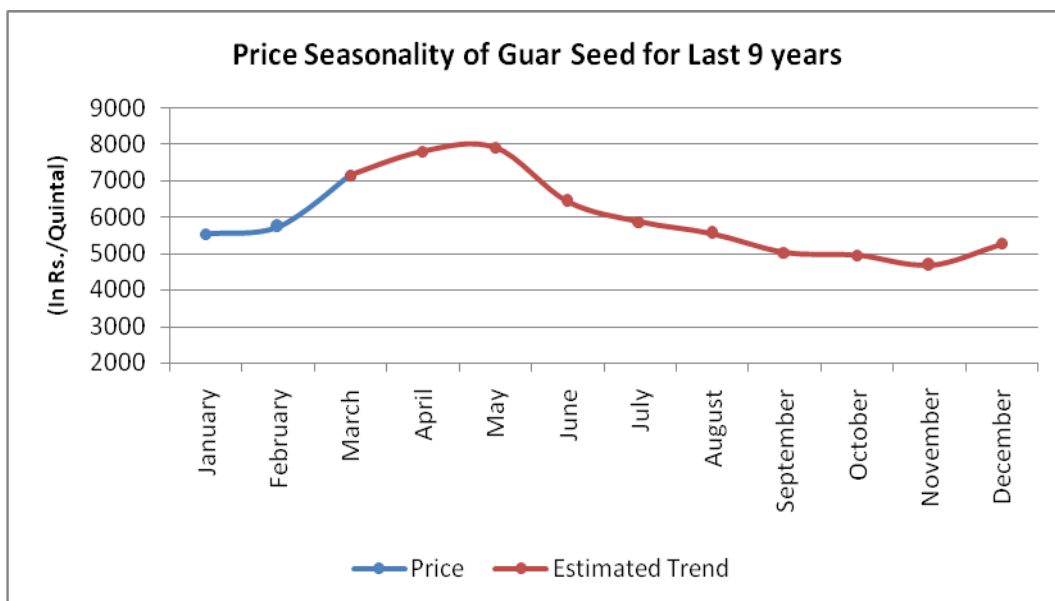


On export front, guar products export demand has increased compared to previous month. India has exported 39747 tons of guar seed products (Gum powder, Splits & Meal) in the month of November 2017 up by 34.82 % compared to last month and down by 2.61% compared to corresponding month of last year.

In addition, recent month guar gum powder export decreased by 14.62 % compared to corresponding month of previous year.

India exported 23692 tons of guar gum powder in the month of November 2017, which is higher compared to guar gum powder exported last month by 38.74% due to weak domestic as well as export demand.

### 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**

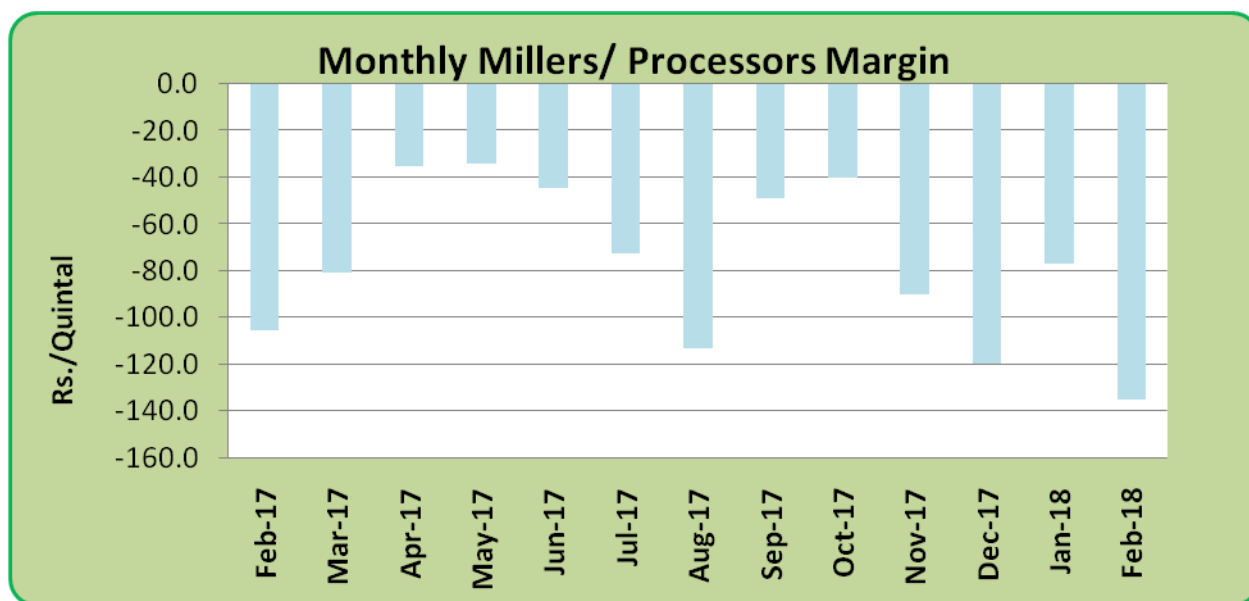
Item	2016-17	2017-18
<b>Supply</b>		
Opening Stock	11.33	5.29
Production	14.31	13.71
Arrivals	14.31	13.71
Import	0.00	0.00
Total Availability	25.64	19.00
<b>Demand</b>		
Total Crushing	20.35	15.83
Domestic Consumption (Textile, Food & Pharma Industry)	2.87	2.71
Guar Exports	3.49	2.62
Exports (Guar seed 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 decreased compared to previous month. In the month of February 2018, average crush margin decreased to Rs. -135.11/Quintal compared to Rs. -76.90/quintal last month.

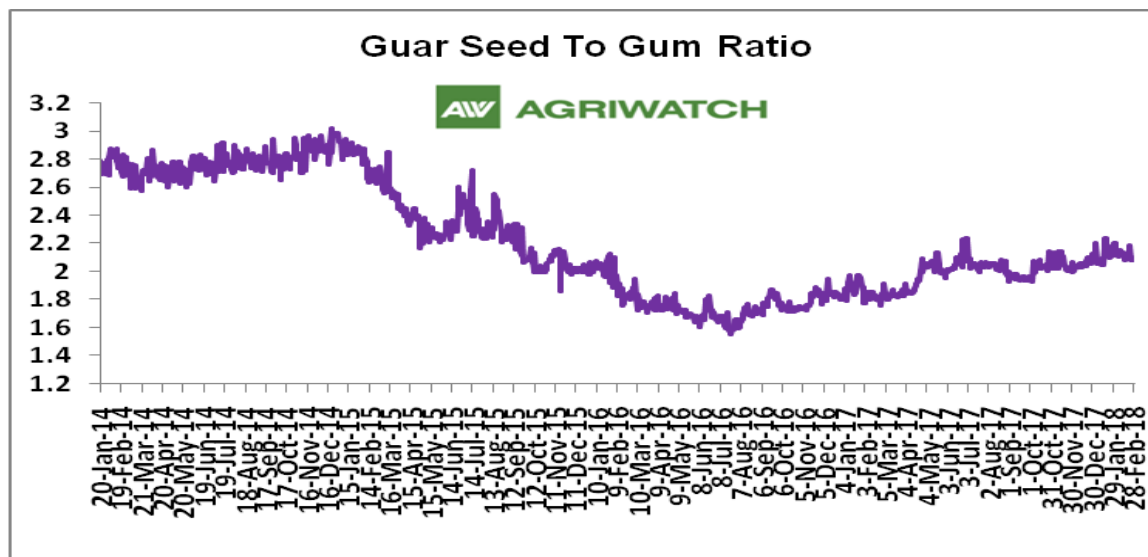
Higher prices of guar seed compared to prices of churi and korma, has reduced the total return which has caused the margin to fall further.



### Guar Seed To Gum Ratio:

Ratio of guar seed to gum decreased to 2.11, which in the earlier month was 2.14. 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:

- 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 weak as the chart depicts.

#### Strategy: Buy

Monthly Supports & Resistances			S1	S2	PCP	R1	R2
Guar Seed	NCDEX	C1	4110	4005	4298.5	5150	5295
Monthly Trade Call			Call	Entry	T1	T2	SL
Guar Seed	NCDEX	C1	Buy	Above 4280	4620	4825	4075



## Technical Analysis (Guar Gum)

Commodity: Guar Gum

Exchange: NCDEX



### Technical Commentary:

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

### Strategy: Buy

Monthly Supports & Resistances			S1	S2	PCP	R1	R2
Guar Gum	NCDEX	C1	8195	8030	9017	10570	10865
Monthly Trade Call			Call	Entry	T1	T2	SL
Guar Gum	NCDEX	C1	Buy	Above 8905	9760	10245	8392



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

<b>Guar by – Products Monthly Average Prices:</b>				
<b>Commodity</b>	<b>Centre</b>	<b>February,2018</b>	<b>January,2018</b>	<b>Change</b>
<b>Churi</b>	Jodhpur	1604	1593	<b>11</b>
<b>Korma</b>	Jodhpur	2154	2024	<b>131</b>
<b>Churi</b>	Sri-Ganganagar	1431	1445	<b>-15</b>
<b>Korma</b>	Sri-Ganganagar	1982	1840	<b>142</b>
<b>Prices in Rs/75 Kg</b>				

<b>Guar Export Monthly Average Prices:</b>				
<b>Commodity</b>	<b>Variety</b>	<b>February,2018</b>	<b>January,2018</b>	<b>Change</b>
<b>Guargum Split</b>		1547	1514	<b>33</b>
<b>Guargum Powder</b>	200 Mesh 5000 CPS	1857	1828	<b>29</b>
	200 Mesh 3500 CPS	1779	1750	<b>30</b>
<b>Guargum Meal</b>	40%	340	348	<b>-8</b>
	50%	439	419	<b>20</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>February,2018</b>	<b>January,2018</b>	
<b>Guar Seed</b>	<b>Jodhpur</b>	Jodhpur (Loose)	4455	4258	<b>197</b>
		Jodhpur(Delivery)	4678	4471	<b>207</b>
	<b>Sri-Ganganagar</b>	Sri-Ganganagar(Loose)	4290	4213	<b>77</b>
		Sri-Ganganagar (Delivery)	4440	4363	<b>77</b>
		Rawla (Loose)	4240	4204	<b>36</b>
		Gharsana (Loose)	4241	4180	<b>60</b>
		Raisinghnagar (Loose)	4292	4267	<b>25</b>
	<b>Bikaner</b>	Bikaner (Loose)	4295	4204	<b>91</b>
		Bikaner (Delivery)	4510	4414	<b>96</b>
		Nokha(Loose)	4247	4144	<b>103</b>
		Nokha (Delivery)	4459	4351	<b>108</b>
		Khajuwala (Loose)	4276	4234	<b>42</b>
		Khajuwala (Delivery)	4490	4446	<b>44</b>
		Lunkaransar (Loose)	4267	4214	<b>53</b>
	<b>Hanumangarh</b>	Hanumangarh (Loose)	4278	4228	<b>49</b>

		Hanumangarh (Delivery)	4492	4440	52
		Nohar (Loose)	4333	4270	63
		Pilibanga (Loose)	4267	4265	2
	Nagaur	Nagaur (Loose)	4252	4117	135
	Churu	Churu (Delivery)	4415	4224	191
	Alwar	Alwar (Loose)	4124	4028	96
Haryana	Hisar	Adampur (Loose)	4323	4294	29
		Adampur (Delivery)	4540	4509	31
	Bhiwani	Bhiwani (Delivery)	4483	4434	49
		Siwani (Loose)	4402	4305	97
	Sirsa	Sirsa (Loose)	4310	4237	74
		Dhabwali (Loose)	4318	4208	110
		Dhabwali (Delivery)	4534	NA	-
		Ellanabad (Loose)	4273	4218	55
	Fatehabad	Fatehabad (Loose)	4240	4240	Unch
Gujarat	Banaskantha	Deesa (Loose)	4136	4095	41
	Patan	Patan (Loose)	4175	4126	48
	Rajkot	Rajkot (Loose)	4116	4108	8
	Jamnagar	Dhrol (Loose)	3780	3766	14
Madhya Pradesh	Gwalior	Dabra (Loose)	4271	3931	340
Guar Gum					
Rajasthan	Jodhpur	Jodhpur	9854	9589	265
	Alwar	Alwar	9765	9475	290
	Hanumangarh	Nohar	9829	9560	270
Haryana	Bhiwani	Bhiwani	9668	9649	18
	Sirsa	Sirsa	9728	9525	204
		Dhabwali	10068	9541	526
		Ellanabad	9750	9548	202
	Fatehabad	Fatehabad	9765	9515	250

Guar Cumulative Arrivals in Key Centers:					
Commodity	District	Centre	Monthly Arrivals (Quintals)		Change
Guar Seed			February,2018	January,2018	
Rajasthan	Jodhpur	Jodhpur	2505	2541	-36
	Sri-Ganganagar	Sri-Ganganagar	10750	16650	-5900
		Rawla	5040	5900	-860
		Gharsana	4500	5850	-1350
		Raisinghnagar	10500	9600	900
	Bikaner	Bikaner	5800	11150	-5350
		Nokha	12960	23300	-10340
		Khajuwala	8850	18700	-9850
		Lunkaransar	7550	13000	-5450
	Hanumangarh	Hanumangarh	2910	3745	-835
		Nohar	17850	16000	1850
		Pilibanga	3330	2170	1160
	Nagaur	Nagaur	4900	14750	-9850
	Churu	Churu	16700	25300	-8600
	Alwar	Alwar	6650	5850	800
Haryana	Hisar	Adampur	32400	35300	-2900
	Bhiwani	Bhiwani	18700	57000	-38300
		Siwani	23700	31000	-7300
	Sirsa	Sirsa	16800	11850	4950
		Dhabwali	2290	2665	-375
		Ellanabad	3425	3221	204
	Fatehabad	Fatehabad	4195	6050	-1855
Gujarat	Banaskantha	Deesa	1585	3286	-1701
	Patan	Patan	2443	5474	-3031
	Rajkot	Rajkot	3537	5480	-1943
	Jamnagar	Dhrol	7	256	-249
Madhya Pradesh	Gwalior	Dabra	2000	7250	-5250
Total Arrivals/Above Markets			231877	343338	-111461

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