

# 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 6.49 percent from Rs 4020.99 in February to Rs 3760.15 per qtl in March-2018. Average price (March) is higher by 2.47 percent compared to price (Rs 3669.5 per qtl.) registered in March -2017. Guar prices are expected to remain steady to firm in upcoming weeks.

Guar March future contract fell by around Rs 290 per quintal in the month of March18. Market fell on profit booking. As of now Rs 4000 per quintal is a good support level and if the market moves below this in coming day/days, then a fresh low of Rs 3850 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. However, in long term, fundamentals are still in favor of guar with good export demand and lower crop availability.

As per latest update, India has exported 25606 tonnes of guar gum in the month of December up by around 8.08 percent compared to previous month. Furthermore it is lower by around 0.58 percent compared to December'17. India also exported 13019 tonnes of guar meal and 3961 tonnes of guar split have been exported by India in December'17. Exports are likely to stay steady in coming months.

As per data released by Baker Hughes the number of oil rigs in USA has increased to 993 as on 29th March 2018 down by 2 compared to last week and up by 169 compared to 31st March 2017. The total number of oilrigs was recorded at 2179 worldwide in March'18 compared to 2271 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.

As per latest update by DGCIS, India has exported around 405625 metric tonnes of guar gum in April-January (2017-18) compared to 312949 metric tonnes in April- January (2016-17). In terms of value, exports have increased by around 29.60 percent. Total crop availability is lower this year compared to 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 coming around 28.5-31.0 kg of guar gum this year compared to around 31-32 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 8850 per quintal.

On the currency front, Indian rupee against USD (Average) closed at 65.05, appreciated by Rs. 0.65 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 (22400 quintals) during February 2018 compared to previous month 32400 quintals.

Similarly, In Bikaner market, arrivals have decreased during March 2018 to 4330 quintals compared to previous month arrivals data i.e.5800 quintals.

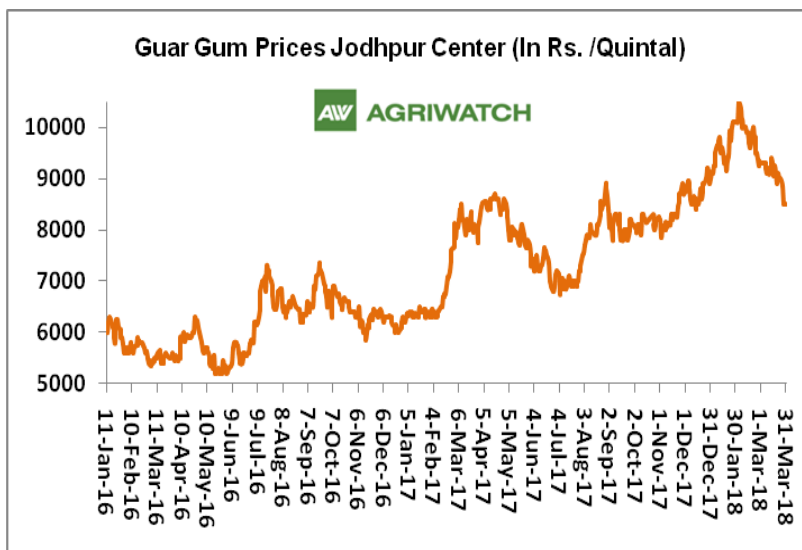
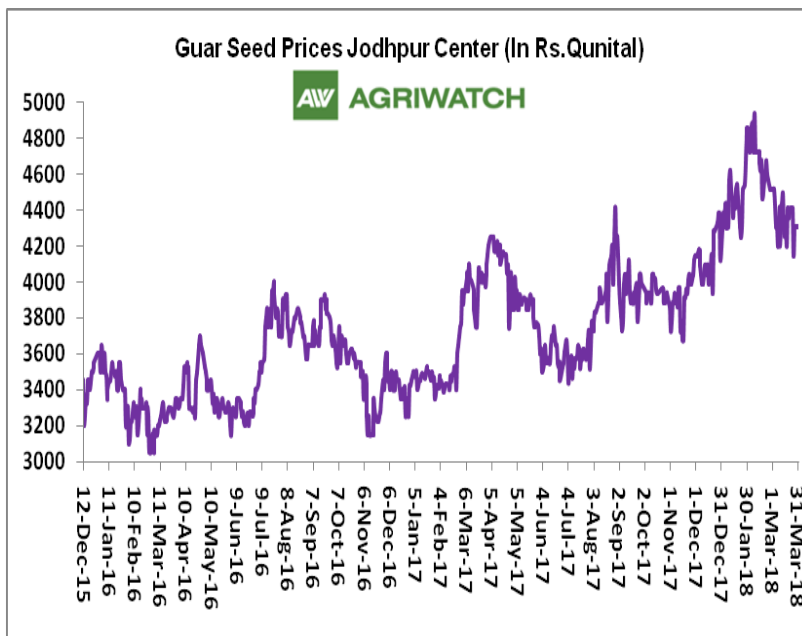
### Recommendation:

**Monthly Call - :** Market participants advised to buy Guar seed at current levels for a target of 4225 with a stop loss at 3785 on closing basis.

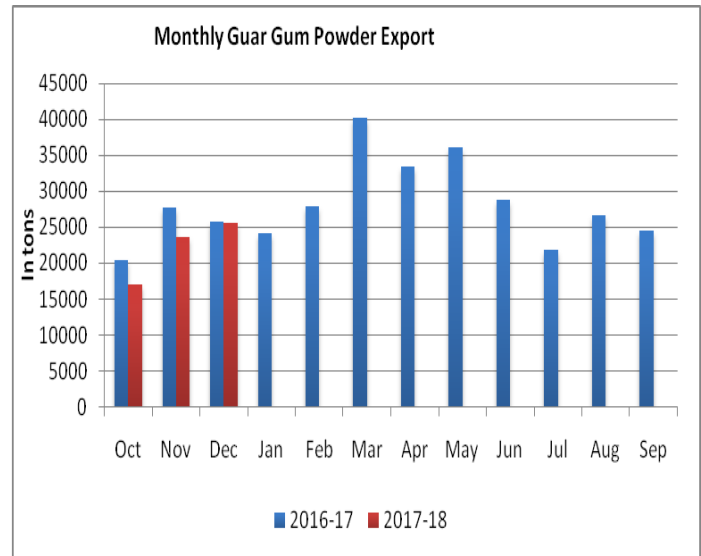
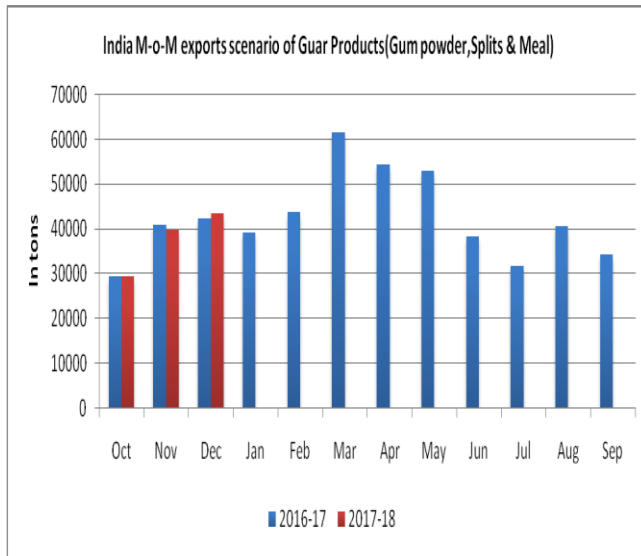
## Guar Seed Fundamental Analysis and Outlook:-

### Domestic Front

- Average Guar seed prices remained firm during March 2018. All major spot markets witnessed weak sentiments. Overall arrivals were higher in March compared to last month. Highest increase in arrivals was noticed in Bhiwani, Sirsa and Sri-Ganganagar.
- In the month of March 2018, Guar seed monthly average prices decreased by Rs 337.16 per quintal compared to previous month and settled at Rs. 4342.56 per quintal. Sluggish trading activities in guar seed, in key markets kept the prices bearish during last month.
- However, Guar gum monthly average prices in March 2018 decreased by Rs 815.87 per quintal and settled at Rs 9040.38 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

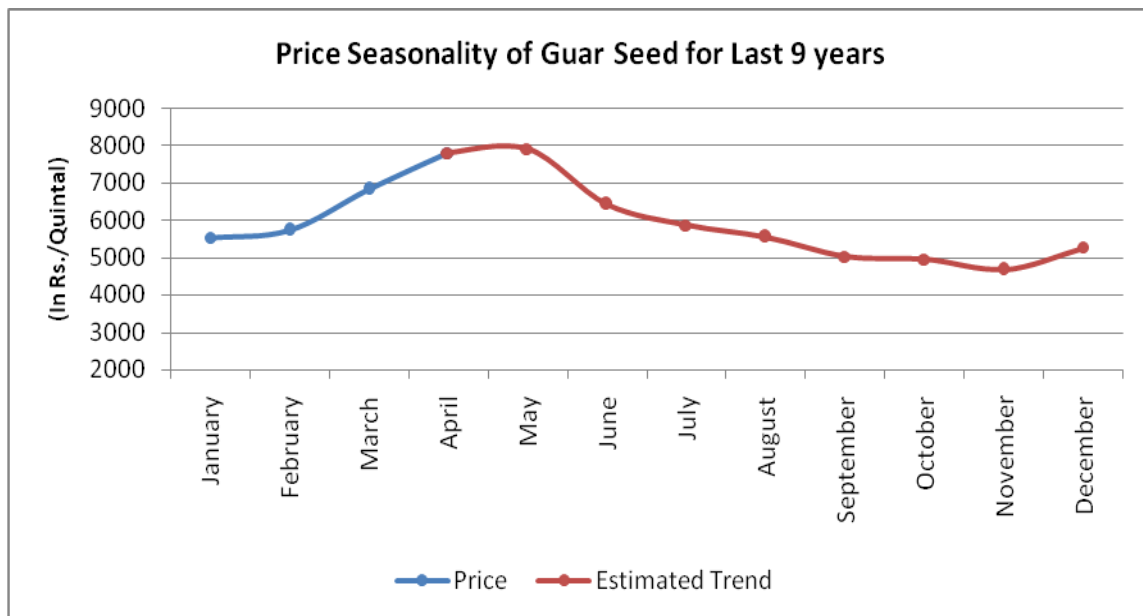


On export front, guar products export demand has increased compared to previous month. India has exported 43486 tons of guar seed products (Gum powder, Splits & Meal) in the month of December 2017 up by 9.41 % compared to last month and by 2.44% compared to corresponding month of last year.

In addition, recent month guar gum powder export decreased by 0.53 % compared to corresponding month of previous year.

India exported 25606 tons of guar gum powder in the month of December 2017, which is higher compared to guar gum powder exported last month by 8.08% due to good 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**

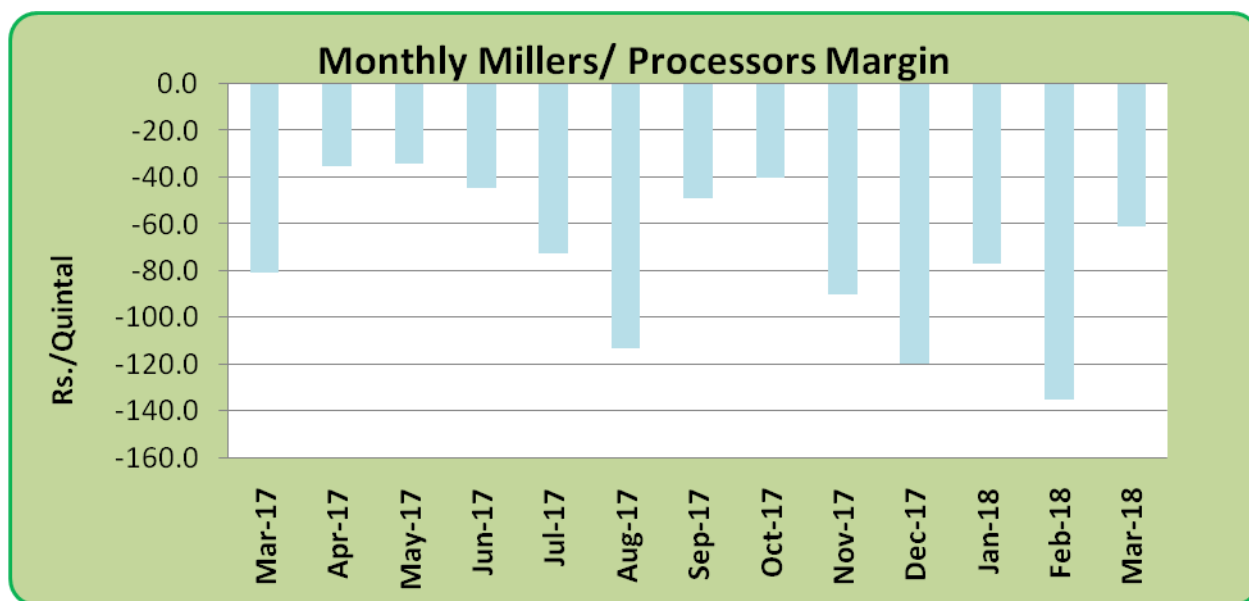
<b>Domestic Guar Seed Supply &amp; Demand Situation (Figures In Lakh Metric Tonnes)</b>						
<b>Item</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2017-18</b>	<b>2017-18</b>	<b>2017-18</b>	<b>2017-18</b>
<b>Supply</b>			<b>Oct-Dec</b>	<b>Jan-Mar</b>	<b>Apr-Jun</b>	<b>Jul-Sept</b>
Opening Stock	11.33	9.87	9.87	15.64	9.72	6.60
Production	14.31	9.71	9.71	0.00	0.00	0.00
Arrivals	14.31	9.71	1.94	3.98	2.43	1.36
Import	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Availability</b>	<b>25.64</b>	<b>19.58</b>	<b>19.58</b>	<b>15.64</b>	<b>9.72</b>	<b>6.60</b>
<b>Demand</b>						
<b>Total Crushing</b>	<b>15.77</b>	<b>15.83</b>	<b>3.94</b>	<b>5.93</b>	<b>3.12</b>	<b>2.85</b>
Domestic Consumption (Textile, Food & Pharma Industry)	2.87	2.71	0.68	0.68	0.68	0.68
Guar Exports	4.8	2.62	1.03	1.05	0.29	0.26
Exports (Guar seed Equivalent)	12.9	13.12	3.26	5.25	2.44	2.17
<b>Carry Forward (Farmers and Traders Holdings)</b>	<b>9.87</b>	<b>3.75</b>	<b>15.64</b>	<b>9.72</b>	<b>6.60</b>	<b>3.75</b>
Av Monthly Consumption	1.31	1.32	0.33	0.49	0.26	0.24
Stock to Month Use	7.51	2.84	47.67	19.67	25.40	15.80
Stock to Consumption Ratio	0.63	0.24	3.97	1.64	2.12	1.32

- Guar seed opening stock for the marketing year 2017-18 is likely to settle at 9.87 lac tons, which is lower compared to last year.
- As far as production is concerned, we expect 9.71 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 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 March 2018, average crush margin increased to Rs. -61.20/Quintal compared to Rs. -135.11/quintal last month.

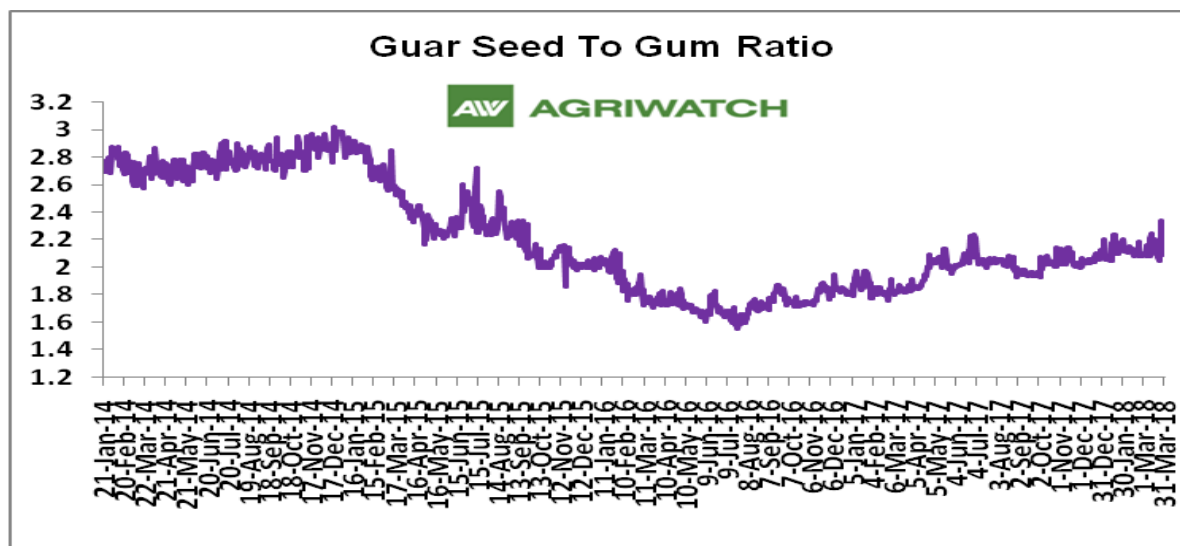
Increase in prices of Churi and Korma have increased the total return and reduced the total cost, which has caused the margin to rise.



### Guar Seed To Gum Ratio:

Ratio of guar seed to gum decreased to 2.08, which in the earlier month was 2.11. 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)



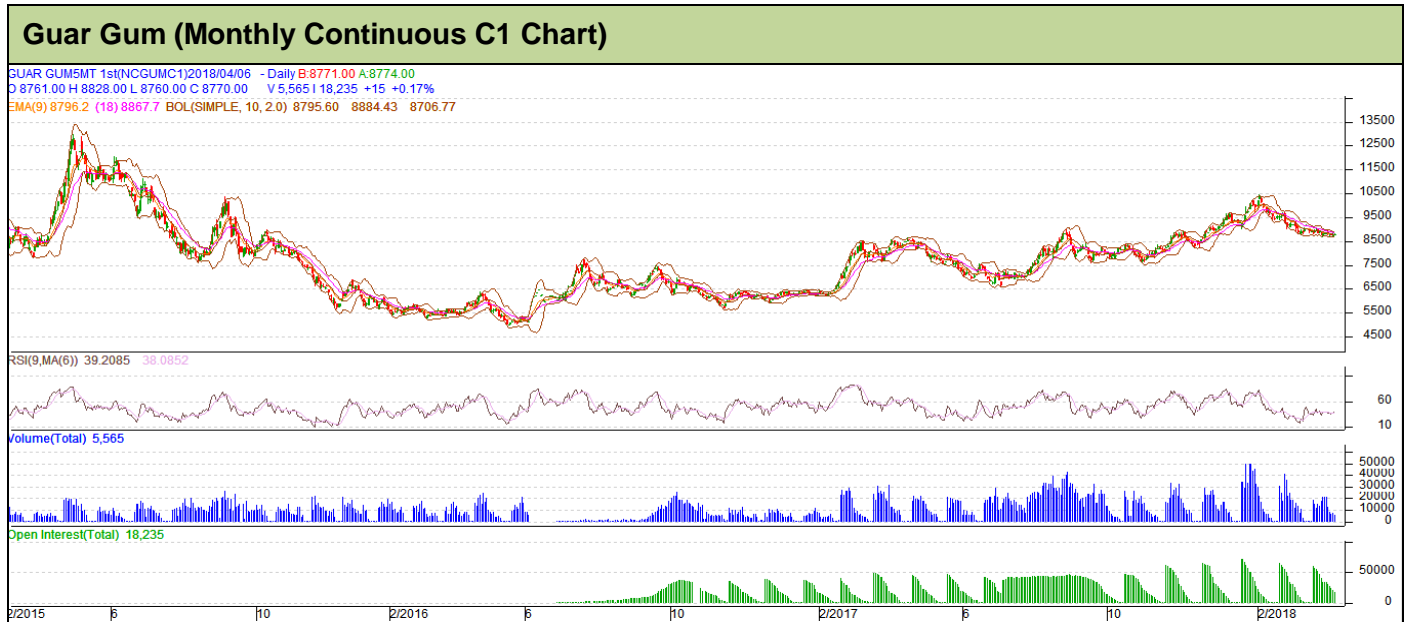
#### Technical Commentary:

- 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	3550	3405	4079.5	4675	4850
Monthly Trade Call			Call	Entry	T1	T2	SL
Guar Seed	NCDEX	C1	Buy	Above 3950	4225	4450	3785

### 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	8170	8010	8823	10540	10785
Monthly Trade Call			Call	Entry	T1	T2	SL
Guar Gum	NCDEX	C1	Buy	Above 8700	9275	10245	8355



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

<b>Guar by – Products Monthly Average Prices:</b>				
<b>Commodity</b>	<b>Centre</b>	<b>March,2018</b>	<b>February,2018</b>	<b>Change</b>
<b>Churi</b>	Jodhpur	1569	1604	<b>-35</b>
<b>Korma</b>	Jodhpur	2160	2154	<b>5</b>
<b>Churi</b>	Sri-Ganganagar	1392	1431	<b>-39</b>
<b>Korma</b>	Sri-Ganganagar	1922	1982	<b>-60</b>
<b>Prices in Rs/75 Kg</b>				

<b>Guar Export Monthly Average Prices:</b>				
<b>Commodity</b>	<b>Variety</b>	<b>March,2018</b>	<b>February,2018</b>	<b>Change</b>
<b>Guargum Split</b>		1415	1547	<b>-132</b>
<b>Guargum Powder</b>	200 Mesh 5000 CPS	1723	1857	<b>-135</b>
	200 Mesh 3500 CPS	1646	1779	<b>-134</b>
<b>Guargum Meal</b>	40%	325	340	<b>-15</b>
	50%	434	439	<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>March,2018</b>	<b>February,2018</b>	
<b>Rajasthan</b>	<b>Jodhpur</b>	Jodhpur (Loose)	4143	4455	<b>-312</b>
		Jodhpur(Delivery)	4350	4678	<b>-328</b>
	<b>Sri-Ganganagar</b>	Sri-Ganganagar(Loose)	4003	4290	<b>-287</b>
		Sri-Ganganagar (Delivery)	4153	4440	<b>-287</b>
		Rawla (Loose)	3966	4240	<b>-274</b>
		Gharsana (Loose)	3966	4241	<b>-275</b>
		Raisinghnagar (Loose)	3975	4292	<b>-317</b>
	<b>Bikaner</b>	Bikaner (Loose)	4024	4295	<b>-271</b>
		Bikaner (Delivery)	4226	4510	<b>-284</b>
		Nokha(Loose)	4019	4247	<b>-228</b>
		Nokha (Delivery)	4220	4459	<b>-239</b>
		Khajuwala (Loose)	4000	4276	<b>-276</b>
		Khajuwala (Delivery)	4200	4490	<b>-290</b>
		Lunkaransar (Loose)	3985	4267	<b>-282</b>

	<b>Hanumangarh</b>	Hanumangarh (Loose)	3983	4278	<b>-294</b>
		Hanumangarh (Delivery)	4182	4492	<b>-309</b>
		Nohar (Loose)	4015	4333	<b>-318</b>
		Pilibanga (Loose)	4075	4267	<b>-192</b>
	<b>Nagaur</b>	Nagaur (Loose)	3985	4252	<b>-267</b>
	<b>Churu</b>	Churu (Delivery)	4181	4415	<b>-233</b>
	<b>Alwar</b>	Alwar (Loose)	3902	4124	<b>-222</b>
<b>Haryana</b>	<b>Hisar</b>	Adampur (Loose)	3983	4323	<b>-340</b>
		Adampur (Delivery)	4183	4540	<b>-357</b>
	<b>Bhiwani</b>	Bhiwani (Delivery)	4196	4483	<b>-287</b>
		Siwani (Loose)	4112	4402	<b>-290</b>
	<b>Sirsa</b>	Sirsa (Loose)	4020	4310	<b>-290</b>
		Dhabwali (Loose)	3991	4318	<b>-327</b>
		Dhabwali (Delivery)	4147	4534	<b>-387</b>
		Ellanabad (Loose)	3987	4273	<b>-286</b>
	<b>Fatehabad</b>	Fatehabad (Loose)	3968	4240	<b>-272</b>
<b>Gujarat</b>	<b>Banaskantha</b>	Deesa (Loose)	3889	4136	<b>-247</b>
	<b>Patan</b>	Patan (Loose)	3886	4175	<b>-288</b>
	<b>Rajkot</b>	Rajkot (Loose)	3848	4116	<b>-268</b>
	<b>Jamnagar</b>	Dhrol (Loose)	3737	3780	<b>-43</b>
<b>Madhya Pradesh</b>	<b>Gwalior</b>	Dabra (Loose)	3860	4271	<b>-411</b>
<b>Guar Gum</b>					
<b>Rajasthan</b>	<b>Jodhpur</b>	Jodhpur	9106	9854	<b>-748</b>
	<b>Alwar</b>	Alwar	9096	9765	<b>-669</b>
	<b>Hanumangarh</b>	Nohar	9138	9829	<b>-692</b>
<b>Haryana</b>	<b>Bhiwani</b>	Bhiwani	8901	9668	<b>-767</b>
	<b>Sirsa</b>	Sirsa	9120	9728	<b>-608</b>
		Dhabwali	9107	10068	<b>-961</b>
		Ellanabad	9037	9750	<b>-713</b>
	<b>Fatehabad</b>	Fatehabad	9064	9765	<b>-701</b>

Guar Cumulative Arrivals in Key Centers:					
Commodity	District	Centre	Monthly Arrivals (Quintals)		Change
Guar Seed			March,2018	February,2018	
Rajasthan	Jodhpur	Jodhpur	1200	2505	-1305
	Sri-Ganganagar	Sri-Ganganagar	20250	10750	9500
		Rawla	5000	5040	-40
		Gharsana	4150	4500	-350
		Raisinghnagar	13000	10500	2500
	Bikaner	Bikaner	4330	5800	-1470
		Nokha	6050	12960	-6910
		Khajuwala	6900	8850	-1950
		Lunkaransar	8100	7550	550
	Hanumangarh	Hanumangarh	6195	2910	3285
		Nohar	24600	17850	6750
		Pilibanga	1200	3330	-2130
	Nagaur	Nagaur	2770	4900	-2130
	Churu	Churu	17400	16700	700
	Alwar	Alwar	6650	6650	Unch
Haryana	Hisar	Adampur	22400	32400	-10000
	Bhiwani	Bhiwani	35600	18700	16900
		Siwani	29500	23700	5800
	Sirsa	Sirsa	39500	16800	22700
		Dhabwali	4800	2290	2510
		Ellanabad	6450	3425	3025
	Fatehabad	Fatehabad	5450	4195	1255
Gujarat	Banaskantha	Deesa	101	1585	-1484
	Patan	Patan	1083	2443	-1360
	Rajkot	Rajkot	1830	3537	-1707
	Jamnagar	Dhrol	35	7	28
Madhya Pradesh	Gwalior	Dabra	1600	2000	-400
Total Arrivals/Above Markets			276144	231877	44267

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