

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 0.28 percent from Rs 3760.15 in March to Rs 3770.66 per qtl in April-2018. Average price (April) is higher by 3.32 percent compared to Rs 3649.7 per qtl. (March-2017). Guar prices are expected to remain steady to weak in upcoming weeks.

Guar May future contract fell by around Rs 344 per quintal in the month of April'18. Market has entered into seasonal downtrend. As of now, guar has breached the support level of Rs 4000 per quintal and a fresh low can be expected in near future. Export demand of guar gum is normal. Gum millers are still expecting prices to rebound and become bullish. The only support prices can get in future is from an aberration in upcoming monsoon or lower sowing of guar seed.

As per trade sources, India has exported around 29473 tonnes of guar gum in the month of March at an average FoB of \$1893.32 per tonne. Exports in the month of March are marginally high by around 0.27 percent compared to February.

The wholesale price index of guar seed has decreased from 102.7 in February 2018 to 95.70 in March 2018. The WPI for March 2018 is down by 6.82 percent compared to previous month and up by 10.51 percent compared to March 2017.

As per IMD, India will have normal monsoon during June-September'18. Rainfall will be 97% of the long-term average. The next monsoon assessment will be done in June. If monsoon remains normal not much change will be seen in guar acreage compared to last year.

As per data released by Baker Hughes the number of oil rigs in USA has increased to 1032 as on 27th April 2018 up by 11 compared to last week and by 155 compared to 05th May 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 494126 metric tonnes of guar gum in April-March (2017-18) compared to 419952 metric tonnes in April- March (2016-17). In terms of value, exports have increased by around 34.2 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.

On the currency front, Indian rupee against USD (Average) closed at 65.65, appreciated by Rs. 0.60 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 (11550 quintals) during April 2018 compared to previous month 22400 quintals.

Similarly, In Bikaner market, arrivals have decreased during April 2018 to 3650 quintals compared to previous month arrivals data i.e.4330 quintals.

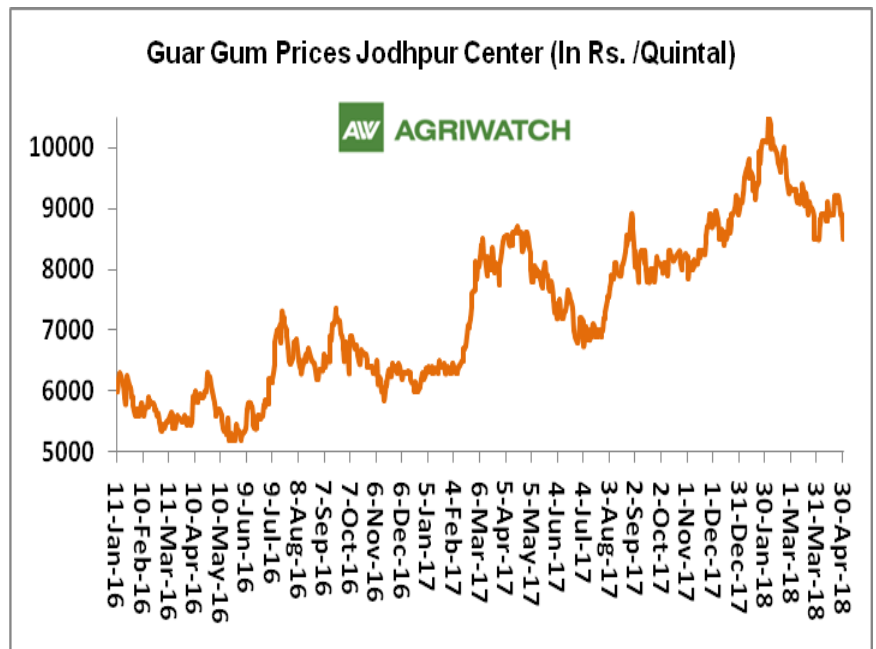
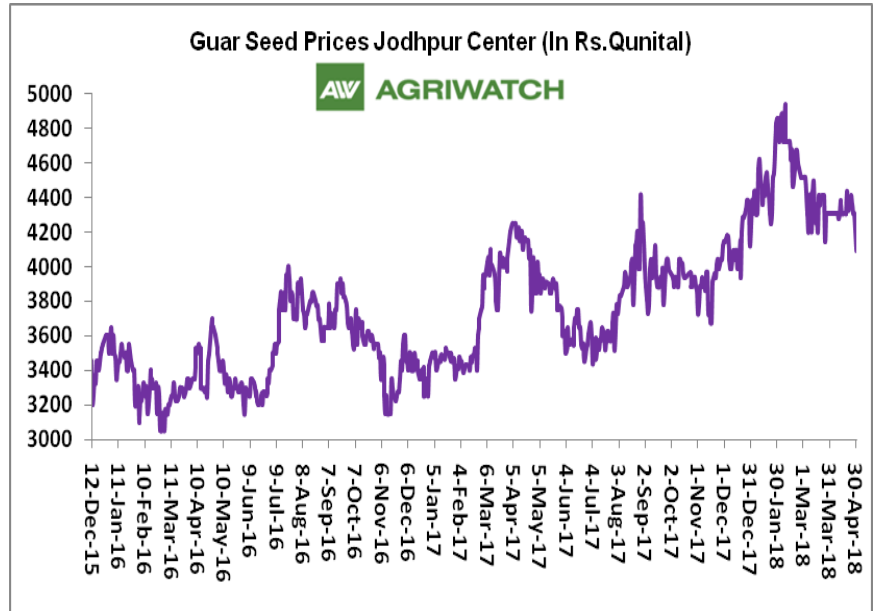
Recommendation:

Monthly Call - : Market participants advised to sell Guar seed at current levels for a target of 3580 with a stop loss at 4036 on closing basis.

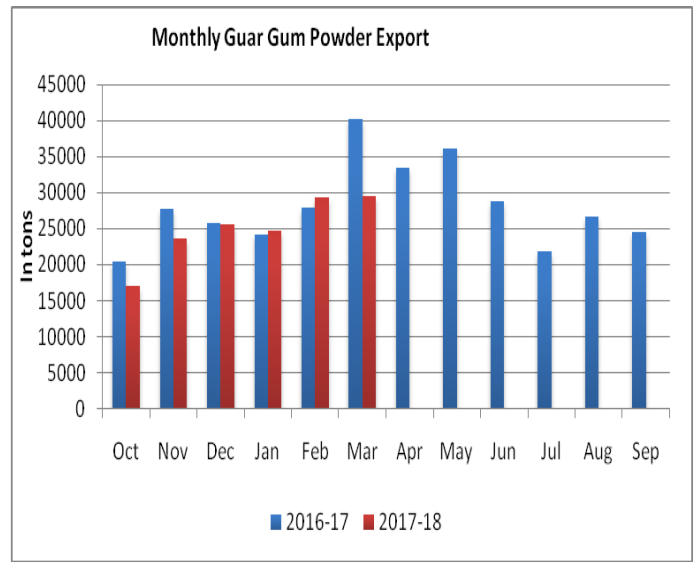
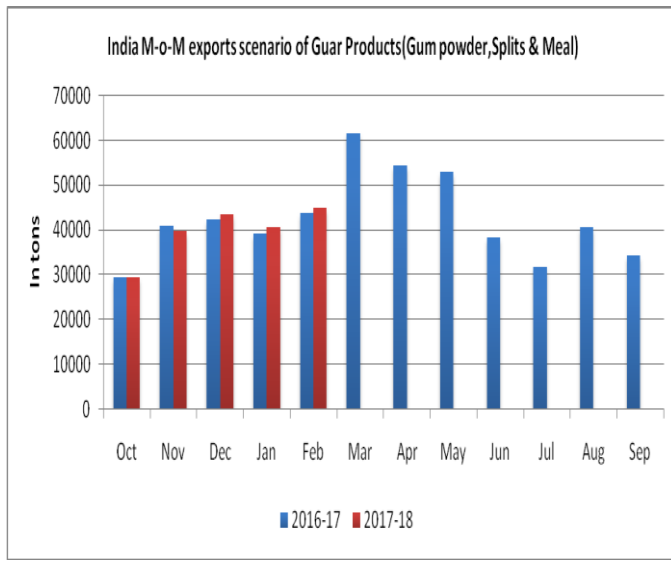
Guar Seed Fundamental Analysis and Outlook:-

Domestic Front

- Average Guar seed prices remained weak during April 2018. All major spot markets witnessed weak sentiments. Overall arrivals were lower in April compared to last month. Highest decrease in arrivals was noticed in Bhiwani, Sirsa and Nohar.
- In the month of April 2018, Guar seed monthly average prices decreased by Rs 25.17 per quintal compared to previous month and settled at Rs. 4317.39 per quintal. Sluggish trading activities in guar seed, in key markets kept the prices bearish during last month.
- Guar gum monthly average prices in April 2018 decreased by Rs 135.58 per quintal and settled at Rs 8904.81 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

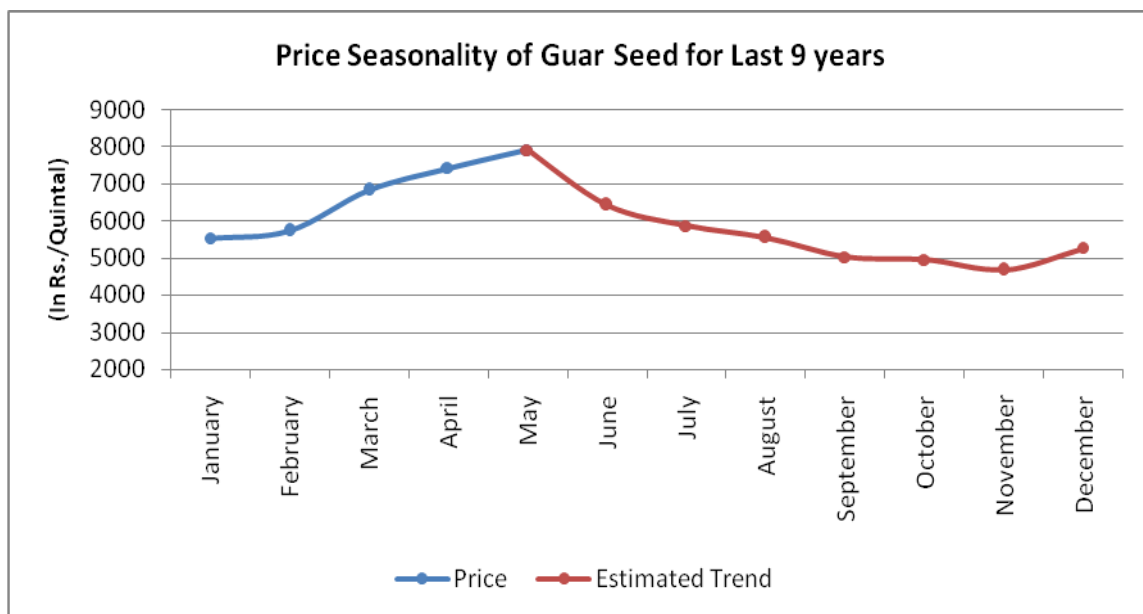


On export front, guar products export demand has increased compared to previous month. India has exported 44802 tons of guar seed products (Gum powder, Splits & Meal) in the month of February 2018 up by 10.28 % compared to last month and by 2.33% compared to corresponding month of last year.

In addition, during March 2018 guar gum powder export decreased by 26.65 % compared to corresponding month of previous year.

India exported 29473 tons of guar gum powder in the month of March 2018, which is higher compared to guar gum powder exported last month by 0.27% 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

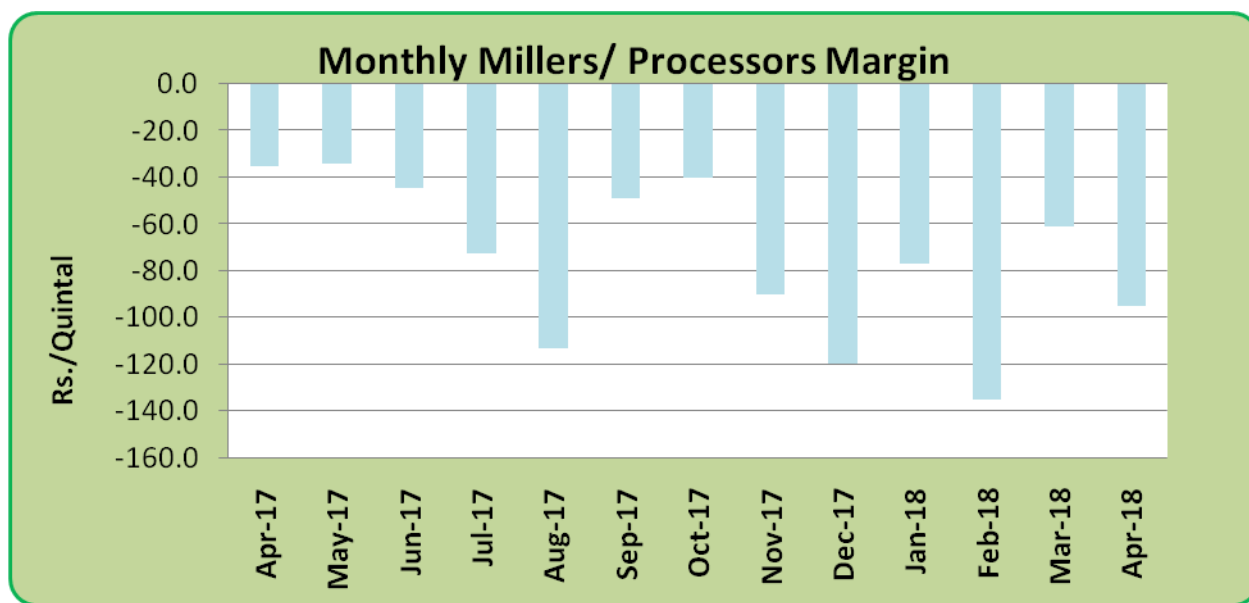
Domestic Guar Seed Supply & Demand Situation (Figures In Lakh Metric Tonnes)						
Item	2016-17	2017-18	2017-18	2017-18	2017-18	2017-18
Supply			Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sept
Opening Stock	11.33	9.87	9.87	15.64	9.72	6.60
Production	14.31	9.71	9.71	0.00	0.00	0.00
Arrivals	14.31	9.71	1.94	3.98	2.43	1.36
Import	0.00	0.00	0.00	0.00	0.00	0.00
Total Availability	25.64	19.58	19.58	15.64	9.72	6.60
Demand						
Total Crushing	15.77	15.83	3.94	5.93	3.12	2.85
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
Carry Forward (Farmers and Traders Holdings)	9.87	3.75	15.64	9.72	6.60	3.75
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 decreased compared to previous month. In the month of April 2018, average crush margin increased to Rs. -94.85/Quintal compared to Rs. -61.20/quintal last month.

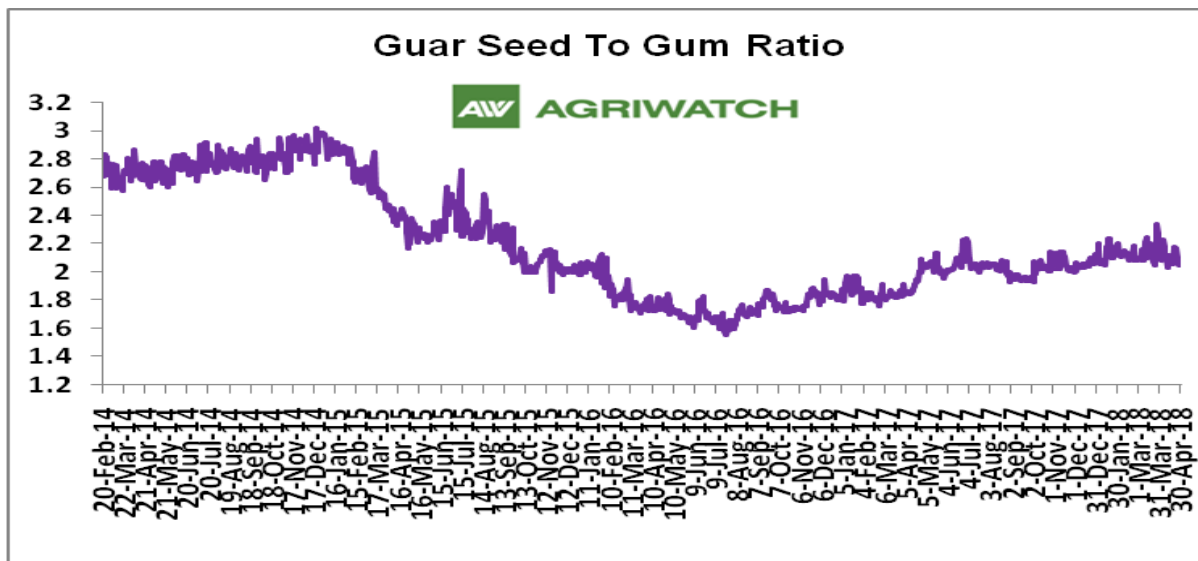
Higher prices of guar seed compared to prices of churi and korma has reduced the total return which has caused the margin to fall further.



Guar Seed To Gum Ratio:

Ratio of guar seed to gum decreased to 2.07, which in the earlier month was 2.08. 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.



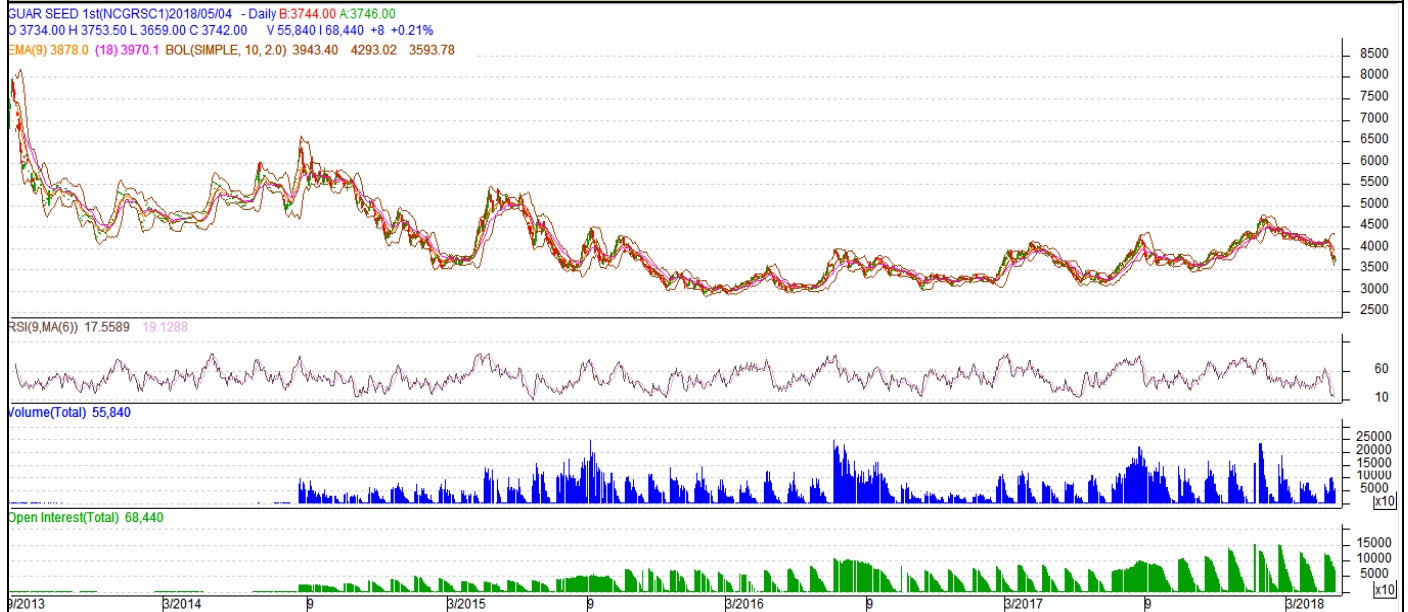


Technical Analysis (Guar Seed)

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 oversold region.
- Guar prices are moving weak as the chart depicts.

Strategy: Sell

Monthly Supports & Resistances			S1	S2	PCP	R1	R2
Guar Seed	NCDEX	C1	3210	3095	3804	4160	4225
Monthly Trade Call			Call	Entry	T1	T2	SL
Guar Seed	NCDEX	C1	Sell	Below 3865	3580	3385	4036



Technical Analysis (Guar Gum)

Commodity: Guar Gum

Exchange: NCDEX

Guar Gum (Monthly Continuous C1 Chart)



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.
- Guar prices are moving weak as the chart depicts.

Strategy: Sell

Monthly Supports & Resistances			S1	S2	PCP	R1	R2
Guar Gum	NCDEX	C1	7165	7010	8447	9165	9330
Monthly Trade Call			Call	Entry	T1	T2	SL
Guar Gum	NCDEX	C1	Sell	Below 8525	7870	7335	8918

Guar Seed & Gum Prices at Key Spot Markets

Guar by – Products Monthly Average Prices:				
Commodity	Centre	April,2018	March,2018	Change
Churi	Jodhpur	1539	1569	-30
Korma	Jodhpur	2187	2160	27
Churi	Sri-Ganganagar	1388	1392	-4
Korma	Sri-Ganganagar	1958	1922	35
Prices in Rs/75 Kg				

Guar Export Monthly Average Prices:				
Commodity	Variety	April,2018	March,2018	Change
Guargum Split		1379	1415	-36
Guargum Powder	200 Mesh 5000 CPS	1684	1723	-39
	200 Mesh 3500 CPS	1608	1646	-38
Guargum Meal	40%	323	325	-2
	50%	426	434	-8
Prices in \$/MT				

Guar Seed Monthly Average Prices:					
Commodity	District	Centre	Monthly Prices (Average)(Rs/Qtl)		Change
Guar Seed			April,2018	March,2018	
Rajasthan	Jodhpur	Jodhpur (Loose)	4112	4143	-31
		Jodhpur(Delivery)	4317	4350	-33
	Sri-Ganganagar	Sri-Ganganagar(Loose)	3892	4003	-111
		Sri-Ganganagar (Delivery)	4042	4153	-111
		Rawla (Loose)	3854	3966	-112
		Gharsana (Loose)	3872	3966	-94
		Raisinghnagar (Loose)	3911	3975	-64
	Bikaner	Bikaner (Loose)	3905	4024	-120
		Bikaner (Delivery)	4100	4226	-126
		Nokha(Loose)	3877	4019	-142
		Nokha (Delivery)	4071	4220	-149
		Khajuwala (Loose)	3874	4000	-125
		Khajuwala (Delivery)	4068	4200	-132
		Lunkaransar (Loose)	3889	3985	-96

	Hanumangarh	Hanumangarh (Loose)	3865	3983	-118
		Hanumangarh (Delivery)	4058	4182	-124
		Nohar (Loose)	3919	4015	-96
		Pilibanga (Loose)	NA	4075	-
	Nagaur	Nagaur (Loose)	3784	3985	-201
	Churu	Churu (Delivery)	4095	4181	-87
	Alwar	Alwar (Loose)	3800	3902	-102
Haryana	Hisar	Adampur (Loose)	3926	3983	-57
		Adampur (Delivery)	4122	4183	-60
	Bhiwani	Bhiwani (Delivery)	4103	4196	-93
		Siwani (Loose)	4038	4112	-74
	Sirsa	Sirsa (Loose)	3897	4020	-123
		Dhabwali (Loose)	3895	3991	-96
		Dhabwali (Delivery)	4090	4147	-57
		Ellanabad (Loose)	3875	3987	-112
	Fatehabad	Fatehabad (Loose)	3895	3968	-73
Gujarat	Banaskantha	Deesa (Loose)	3653	3889	-236
	Patan	Patan (Loose)	3647	3886	-239
	Rajkot	Rajkot (Loose)	3820	3848	-29
	Jamnagar	Dhrol (Loose)	3603	3737	-135
Madhya Pradesh	Gwalior	Dabra (Loose)	NA	3860	-
Guar Gum					
Rajasthan	Jodhpur	Jodhpur	8921	9106	-185
	Alwar	Alwar	8991	9096	-105
	Hanumangarh	Nohar	8952	9138	-186
Haryana	Bhiwani	Bhiwani	8838	8901	-63
	Sirsa	Sirsa	8888	9120	-232
		Dhabwali	8930	9107	-177
		Ellanabad	8865	9037	-172
	Fatehabad	Fatehabad	8831	9064	-233

Guar Cumulative Arrivals in Key Centers:

Commodity	District	Centre	Monthly Arrivals (Quintals)		Change
			April,2018	March,2018	
Rajasthan	Jodhpur	Jodhpur	NA	1200	-1200
	Sri-Ganganagar	Sri-Ganganagar	13350	20250	-6900
		Rawla	1186	5000	-3814

		Gharsana	990	4150	-3160
		Raisinghnagar	6210	13000	-6790
	Bikaner	Bikaner	3650	4330	-680
		Nokha	7300	6050	1250
		Khajuwala	3670	6900	-3230
		Lunkaransar	7650	8100	-450
	Hanumangarh	Hanumangarh	842	6195	-5353
		Nohar	14250	24600	-10350
		Pilibanga	NA	1200	-
	Nagaur	Nagaur	2755	2770	-15
	Churu	Churu	10790	17400	-6610
	Alwar	Alwar	4200	6650	-2450
Haryana	Hisar	Adampur	11550	22400	-10850
	Bhiwani	Bhiwani	13400	35600	-22200
		Siwani	30900	29500	1400
	Sirsa	Sirsa	10300	39500	-29200
		Dhabwali	1250	4800	-3550
		Ellanabad	1360	6450	-5090
	Fatehabad	Fatehabad	3650	5450	-1800
Gujarat	Banaskantha	Deesa	20	101	-81
	Patan	Patan	327	1083	-756
	Rajkot	Rajkot	2800	1830	970
	Jamnagar	Dhrol	11	35	-24
Madhya Pradesh	Gwalior	Dabra	NA	1600	-
Total Arrivals/Above Markets			152411	276144	-123733

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