

# 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 9.54 percent from Rs 3770.66 in April to Rs 3410.91 per qtl in May-2018. Average price (May) is lower by 3.99 percent compared to Rs 3552.7 per qtl. (May-2017). Guar prices are expected to remain steady to weak in upcoming weeks.

Guar June future contract fell by around Rs 250-270 per quintal in the month of May'18. Market has entered into seasonal downtrend. As of now, guar has breached the support level of Rs 4100 per quintal and a fresh low of Rs 3150-3200 per quintal can be expected in near future. Export demand of guar gum is normal. Gum millers are still expecting prices to rebound and become bullish. Normal monsoon forecast is also weighing on prices. As of now, guar seed is likely to continue its downtrend although small technical recoveries can be expected.

As per trade sources, export of guar gum has declined in the month of April. Exports in the month of April are down by around 7.4% compared to previous month. India exported around 27283 tonnes of guar gum in the month of April at an average FoB of \$ 1884.03 per tonne.

Prices of guar seed and guar gum are falling continuously as guar has entered in seasonal downtrend. Many traders in market are attributing the fall in prices to slick water chemical supplied by china. This chemical is not a perfect substitute for guar gum. Furthermore, this chemical supplied by china is expensive compared to guar gum supplied by India. The price of chemical is higher by around \$ 600-700 per tonne. Speculative trading is harming the guar industry and distress selling is putting more pressure on falling guar prices.

As per trade sources, export of guar split has declined in the month of April. Exports in the month of April are down by around 30.59% compared to previous month. India exported around 2943 tonnes of guar split in the month of April at an average FoB of \$ 1538.89 per tonne. Of the total quantity around 1482 tonnes and 1100 tonnes has been exported to China and Unites States respectively.

As per data released by Baker Hughes the number of oil rigs in USA has increased to 1060 as on 01st June 2018 up by 1 compared to last week and by 144 compared to 02nd June 2017. The total number of oilrigs was recorded at 2179 worldwide in April'18 compared to 2087 in the same month last year. Although the number of oil rigs is rising but alternatives to guar gum are affecting exports from India.

On the currency front, Indian rupee against USD (Average) closed at 67.49, appreciated by Rs. 1.85 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 higher arrivals (20000 quintals) during May 2018 compared to previous month 11550 quintals.

Similarly, In Bikaner market, arrivals have decreased during May 2018 to 3230 quintals compared to previous month arrivals data i.e.3650 quintals.

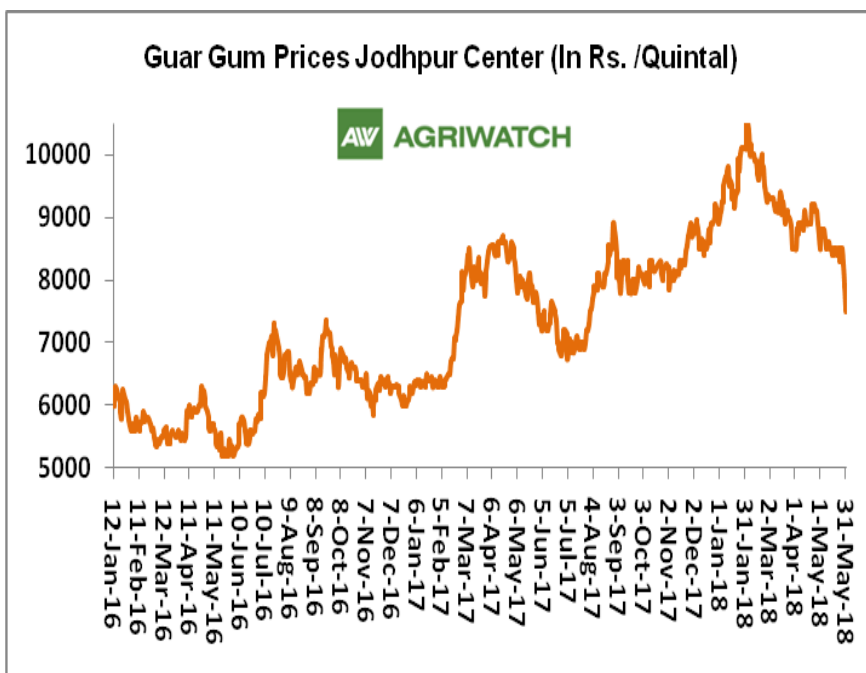
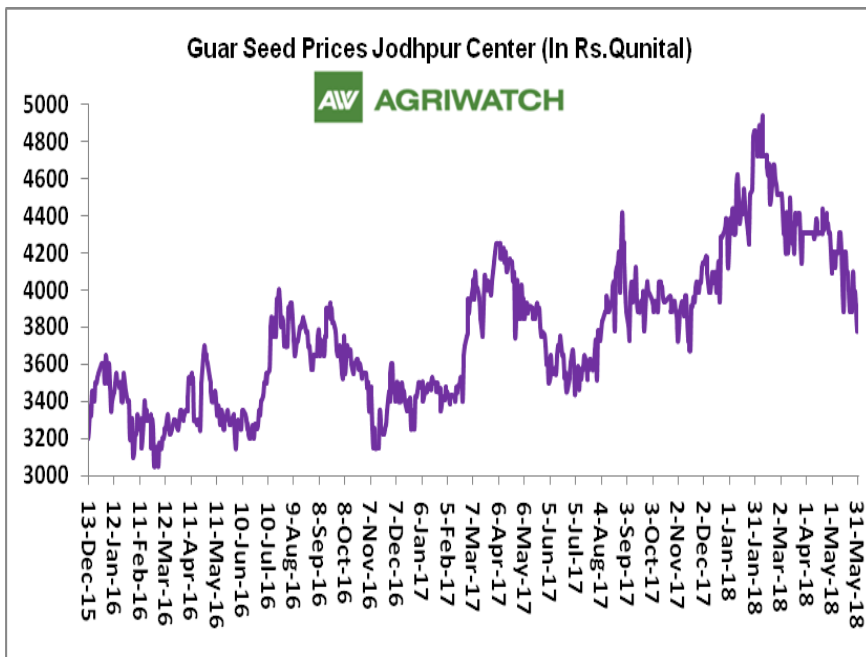
**Recommendation:**

**Monthly Call** - : Market participants advised to sell Guar seed at current levels for a target of 3265 with a stop loss at 3766 on closing basis.

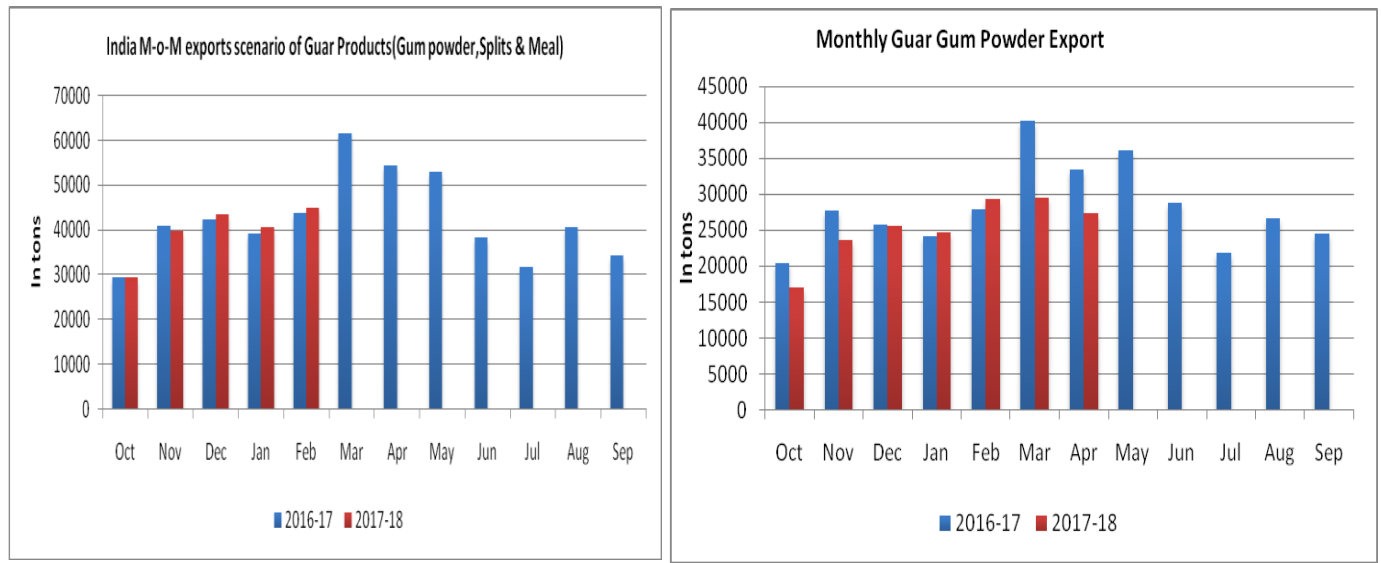
### Guar Seed Fundamental Analysis and Outlook:-

#### Domestic Front

- Average Guar seed prices remained weak during May 2018. All major spot markets witnessed weak sentiments. Overall arrivals were lower in May compared to last month. Highest decrease in arrivals was noticed in Sri Ganganagar, Raisinghnagar and Sirsa.
- In the month of May 2018, Guar seed monthly average prices decreased by Rs 216.33 per quintal compared to previous month and settled at Rs. 4101.06 per quintal. Sluggish trading activities in guar seed, in key markets kept the prices bearish during last month.
- Guar gum monthly average prices in May 2018 decreased by Rs 429.81 per quintal and settled at Rs 8475.00 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

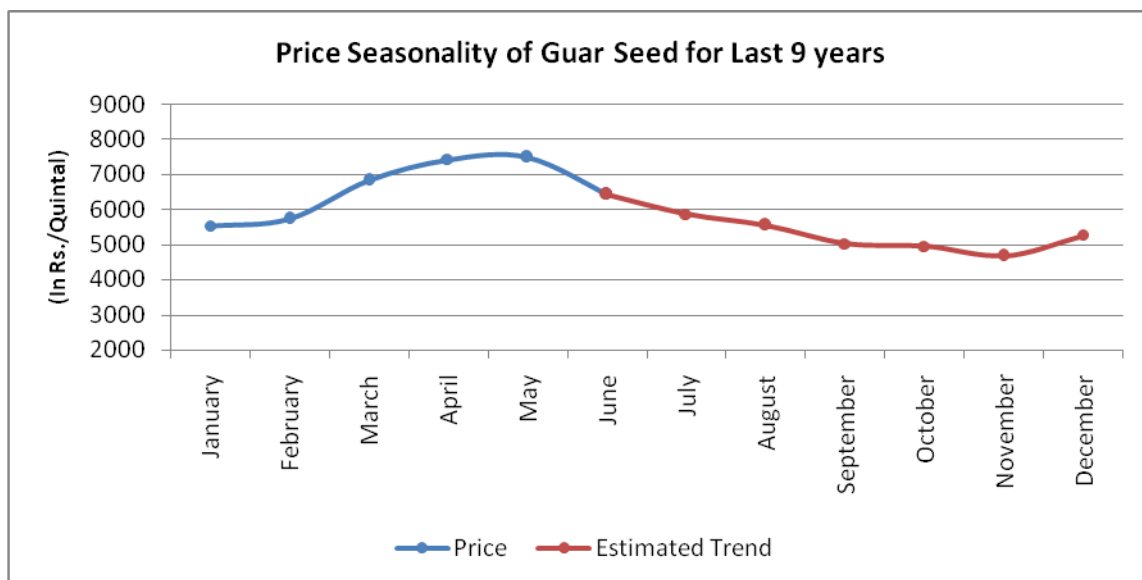


On export front, guar products export demand has increased compared to previous month. India has exported 44802 tons of guar seed products (Gum powder, Splits & Meal) in the month of February 2018 up by 10.28 % compared to last month and by 2.33% compared to corresponding month of last year.

In addition, during April 2018 guar gum powder export decreased by 18.53 % compared to corresponding month of previous year.

India exported 27282 tons of guar gum powder in the month of April 2018, which is lower compared to guar gum powder exported last month by 7.43 % due to low 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**

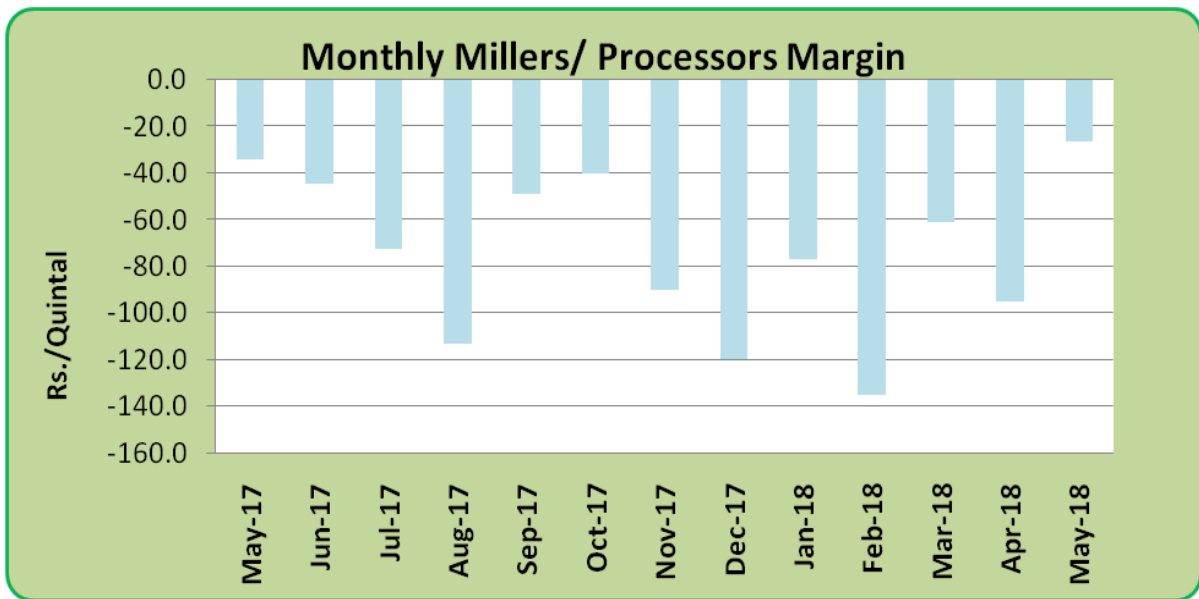
<b>Domestic Guar Seed Supply &amp; Demand Situation (Figures In Lakh Metric Tonnes)</b>						
<b>Item</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2017-18</b>	<b>2017-18</b>	<b>2017-18</b>	<b>2017-18</b>
<b>Supply</b>			<b>Oct-Dec</b>	<b>Jan-Mar</b>	<b>Apr-Jun</b>	<b>Jul-Sept</b>
Opening Stock	11.33	9.87	9.87	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 May 2018, average crush margin increased to Rs. -26.20/Quintal compared to Rs. -94.85/quintal last month.

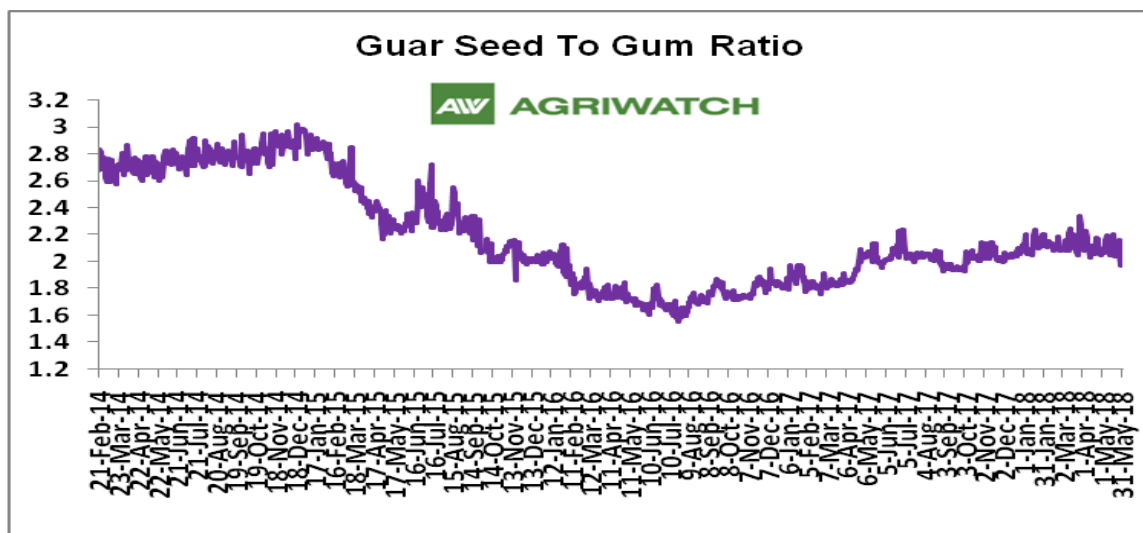
Increase in prices of Churi and Korma have increased the total return and reduced the total cost, which has caused the margin to rise.



### Guar Seed To Gum Ratio:

Ratio of guar seed to gum increased to 2.068, which in the earlier month was 2.066. 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.



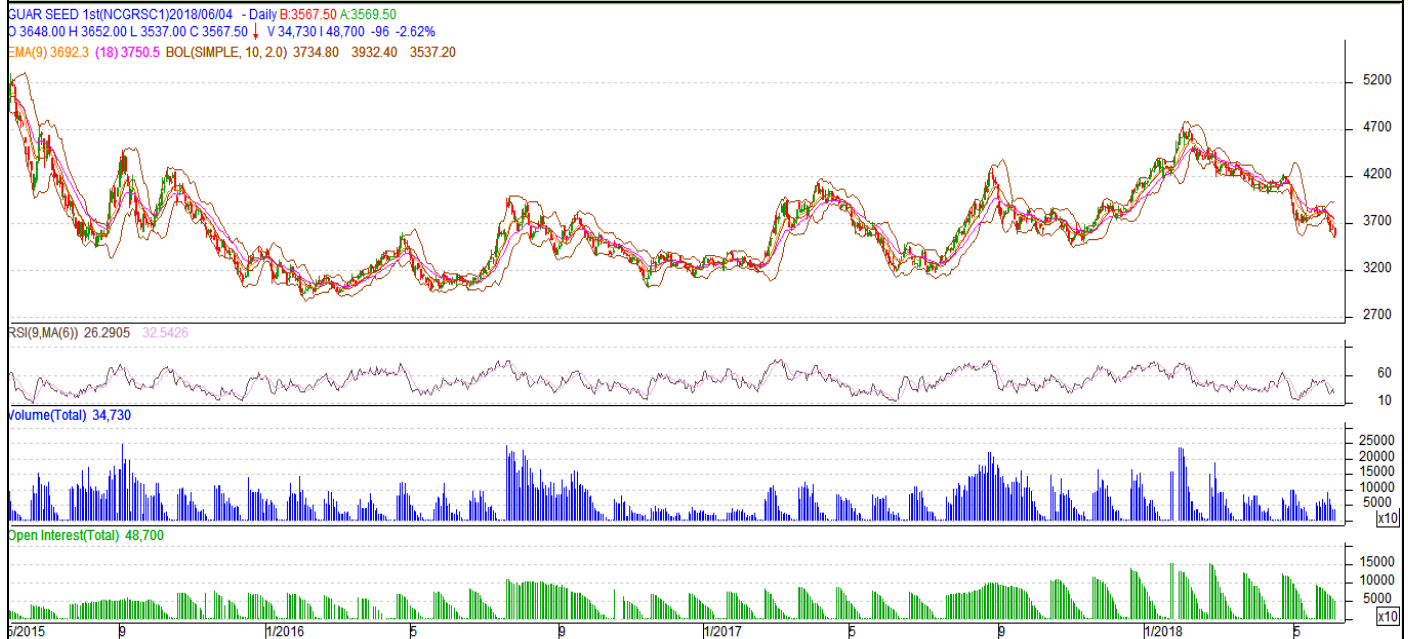


### Technical Analysis (Guar Seed)

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

#### Strategy: Sell

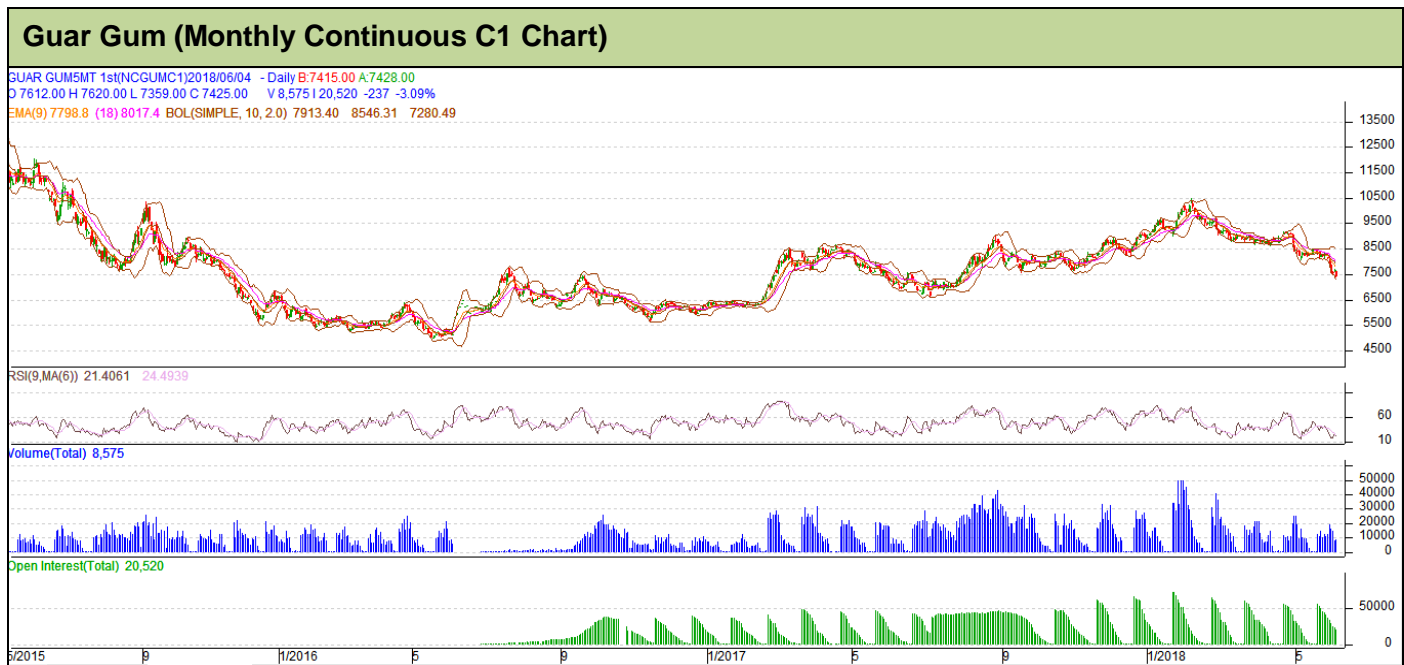
Monthly Supports & Resistances			S1	S2	PCP	R1	R2
Guar Seed	NCDEX	C1	3190	3135	3636	3875	3950
Monthly Trade Call			Call	Entry	T1	T2	SL
Guar Seed	NCDEX	C1	<b>Sell</b>	Below 3640	3430	3265	3766



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

#### Strategy: Sell

Monthly Supports & Resistances			S1	S2	PCP	R1	R2
Guar Gum	NCDEX	C1	6815	6725	7574	8350	8495
Monthly Trade Call			Call	Entry	T1	T2	SL
Guar Gum	NCDEX	C1	<b>Sell</b>	Below 7805	7255	6930	8135



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

<b>Guar by – Products Monthly Average Prices:</b>				
<b>Commodity</b>	<b>Centre</b>	<b>May,2018</b>	<b>April,2018</b>	<b>Change</b>
<b>Churi</b>	Jodhpur	1543	1539	<b>4</b>
<b>Korma</b>	Jodhpur	2172	2187	<b>-14</b>
<b>Churi</b>	Sri-Ganganagar	1346	1388	<b>-42</b>
<b>Korma</b>	Sri-Ganganagar	1916	1958	<b>-41</b>
<b>Prices in Rs/75 Kg</b>				

<b>Guar Export Monthly Average Prices:</b>				
<b>Commodity</b>	<b>Variety</b>	<b>May,2018</b>	<b>April,2018</b>	<b>Change</b>
<b>Guargum Split</b>		1256	1379	<b>-123</b>
<b>Guargum Powder</b>	200 Mesh 5000 CPS	1552	1684	<b>-131</b>
	200 Mesh 3500 CPS	1478	1608	<b>-129</b>
<b>Guargum Meal</b>	40%	301	323	<b>-22</b>
	50%	423	426	<b>-4</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>May,2018</b>	<b>April,2018</b>	
<b>Guar Seed</b>					
<b>Rajasthan</b>	<b>Jodhpur</b>	Jodhpur (Loose)	3906	4112	<b>-206</b>
		Jodhpur(Delivery)	4101	4317	<b>-216</b>
	<b>Sri-Ganganagar</b>	Sri-Ganganagar(Loose)	3735	3892	<b>-157</b>
		Sri-Ganganagar (Delivery)	3885	4042	<b>-157</b>
		Rawla (Loose)	2395	3854	<b>-1459</b>
		Gharsana (Loose)	2876	3872	<b>-996</b>
		Raisinghnagar (Loose)	3178	3911	<b>-734</b>
	<b>Bikaner</b>	Bikaner (Loose)	3711	3905	<b>-194</b>
		Bikaner (Delivery)	3897	4100	<b>-203</b>
		Nokha(Loose)	3706	3877	<b>-172</b>
		Nokha (Delivery)	3891	4071	<b>-180</b>
		Khajuwala (Loose)	3706	3874	<b>-168</b>
		Khajuwala (Delivery)	3891	4068	<b>-177</b>
		Lunkaransar (Loose)	3712	3889	<b>-177</b>

	<b>Hanumangarh</b>	Hanumangarh (Loose)	3669	3865	<b>-196</b>
		Hanumangarh (Delivery)	3852	4058	<b>-206</b>
		Nohar (Loose)	3715	3919	<b>-204</b>
		Pilibanga (Loose)	NA	NA	<b>-</b>
	<b>Nagaur</b>	Nagaur (Loose)	3597	3784	<b>-187</b>
	<b>Churu</b>	Churu (Delivery)	3864	4095	<b>-231</b>
	<b>Alwar</b>	Alwar (Loose)	3578	3800	<b>-222</b>
<b>Haryana</b>	<b>Hisar</b>	Adampur (Loose)	3729	3926	<b>-197</b>
		Adampur (Delivery)	3915	4122	<b>-207</b>
	<b>Bhiwani</b>	Bhiwani (Delivery)	3899	4103	<b>-204</b>
		Siwani (Loose)	3845	4038	<b>-192</b>
	<b>Sirsa</b>	Sirsa (Loose)	3243	3897	<b>-655</b>
		Dhabwali (Loose)	2450	3895	<b>-1445</b>
		Dhabwali (Delivery)	2450	4090	<b>-1640</b>
		Ellanabad (Loose)	3100	3875	<b>-775</b>
	<b>Fatehabad</b>	Fatehabad (Loose)	2700	3895	<b>-1195</b>
<b>Gujarat</b>	<b>Banaskantha</b>	Deesa (Loose)	2327	3653	<b>-1327</b>
	<b>Patan</b>	Patan (Loose)	3517	3647	<b>-130</b>
	<b>Rajkot</b>	Rajkot (Loose)	3633	3820	<b>-187</b>
	<b>Jamnagar</b>	Dhrol (Loose)	3514	3603	<b>-88</b>
<b>Madhya Pradesh</b>	<b>Gwalior</b>	Dabra (Loose)	NA	NA	<b>-</b>
<b>Guar Gum</b>					
<b>Rajasthan</b>	<b>Jodhpur</b>	Jodhpur	8473	8921	<b>-448</b>
	<b>Alwar</b>	Alwar	8403	8991	<b>-588</b>
	<b>Hanumangarh</b>	Nohar	8378	8952	<b>-574</b>
<b>Haryana</b>	<b>Bhiwani</b>	Bhiwani	8374	8838	<b>-464</b>
	<b>Sirsa</b>	Sirsa	7116	8888	<b>-1772</b>
		Dhabwali	4225	8930	<b>-4705</b>
		Ellanabad	6879	8865	<b>-1987</b>
	<b>Fatehabad</b>	Fatehabad	5854	8831	<b>-2978</b>

Guar Cumulative Arrivals in Key Centers:					
Commodity	District	Centre	Monthly Arrivals (Quintals)		Change
Guar Seed			May,2018	April,2018	
Rajasthan	Jodhpur	Jodhpur	NA	NA	-
	Sri-Ganganagar	Sri-Ganganagar	8350	13350	-5000
		Rawla	250	1186	-936
		Gharsana	120	990	-870
		Raisinghnagar	1200	6210	-5010
	Bikaner	Bikaner	3230	3650	-420
		Nokha	7425	7300	125
		Khajuwala	5740	3670	2070
		Lunkaransar	4185	7650	-3465
	Hanumangarh	Hanumangarh	845	842	3
		Nohar	12850	14250	-1400
		Pilibanga	NA	NA	-
	Nagaur	Nagaur	2960	2755	205
	Churu	Churu	6000	10790	-4790
	Alwar	Alwar	2100	4200	-2100
Haryana	Hisar	Adampur	20000	11550	8450
	Bhiwani	Bhiwani	8950	13400	-4450
		Siwani	29300	30900	-1600
	Sirsa	Sirsa	2904	10300	-7396
		Dhabwali	100	1250	-1150
		Ellanabad	500	1360	-860
	Fatehabad	Fatehabad	600	3650	-3050
Gujarat	Banaskantha	Deesa	17	20	-3
	Patan	Patan	339	327	12
	Rajkot	Rajkot	6172	2800	3372
	Jamnagar	Dhrol	548	11	537
Madhya Pradesh	Gwalior	Dabra	NA	NA	-
Total Arrivals/Above Markets			124685	152411	-27726

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