

# 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 7.06 percent from Rs 3410.91 in May to Rs 3170.10 per qtl in June-2018. Average price (June) is lower by 3.27 percent compared to Rs 3277.2 per qtl. (June-2017). Guar prices are expected to remain steady to firm in upcoming weeks.

As per trade sources, export of guar gum has increased in the month of May by 18.51 percent compared to previous month. India exported around 32331 tonnes of guar gum in the month of May at an average FoB of \$ 1838.08 per tonne compared to 27282 tonnes in April at an average FoB of \$ 1884.02 per tonne. Export demand is normal.

Acreage for guar seed is expected to be lower this year due to lower returns in guar compared to other competitive crops. Government has declared higher MSP for Kharif crops. Farmers are more likely to sow cotton, Paddy, moong, etc. Fallow land may also increase in Rajasthan during Kharif season as farmers may forego guar to sow chickpea in rabi season.

As per trade sources, export of guar split has increased in the month of May. Exports in the month of May are up by around 86.20% compared to previous month. India exported around 5480 tonnes of guar split in the month of May at an average FoB of \$ 1460.89 per tonne. Of the total quantity around 3060 tonnes and 2000 tonnes has been exported to China and Unites States respectively. Remaining quantity has been exported to Netherland and Switzerland.

The wholesale price index of guar seed has decreased from 91.3 in April 2018 to 88.7 in May 2018. The WPI for May 2018 is up by 4.5 compared to last year for the same month and by 21.0 percent compared to May 2016. WPI is expected to stay week in coming months.

Guar korma has provided huge support to guar industry this year. Guar korma has been the third largest exported commodity derived from guar. Demand for roasted guar korma is high. Roasting guar korma increases its protein content. Millers/Processors margins have improved as their total returns have increased against their total cost.

Guar July future contract increased by around Rs 160-170 per quintal in the month of June'18. A good upper movement cannot be expected until guar breaches Rs 4050 per quintal. Crude has increased by around 414 in past week. Increase in crude oil prices accompanied with lower acreage is providing support to guar prices. Normal monsoon forecast is also weighing on prices.

On the currency front, Indian rupee against USD (Average) closed at 67.76, depreciated by Rs. 0.27 compared to the previous month. Overall weakening of Rupee in terms of dollar encourages export of guar gum and powder.

As per data released by Baker Hughes the number of oil rigs in USA has decreased to 1047 as on 29th June 2018 down by 5 compared to last week and up by 107 compared to 30th June 2017. The total number of oilrigs was recorded at 2179 worldwide in May'18 compared to 2096 in the same month last year. Although the number of oil rigs is rising but alternatives to guar gum are slightly affecting exports from India.

As far as Arrivals are concerned, Adampur (Haryana) market (biggest market of guar in North) reported higher arrivals (21600 quintals) during June 2018 compared to previous month 20000 quintals.

Similarly, In Bikaner market, arrivals have decreased during June 2018 to 4400 quintals compared to previous month arrivals data i.e.3230 quintals.

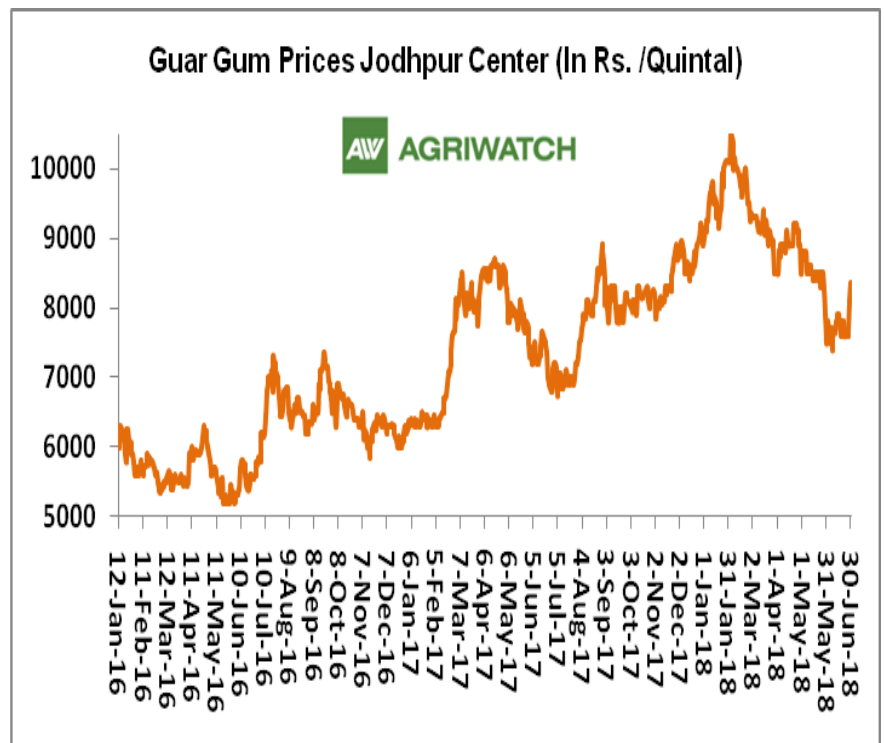
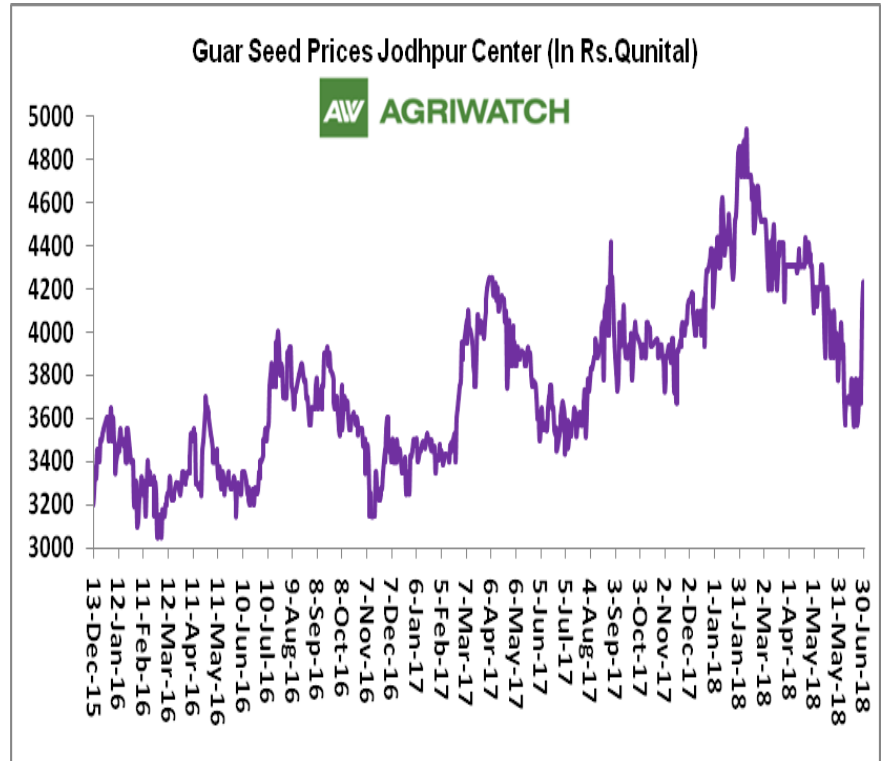
**Recommendation:**

**Monthly Call** - : Market participants advised to buy Guar seed at current levels for a target of 4180 with a stop loss at 3500 on closing basis.

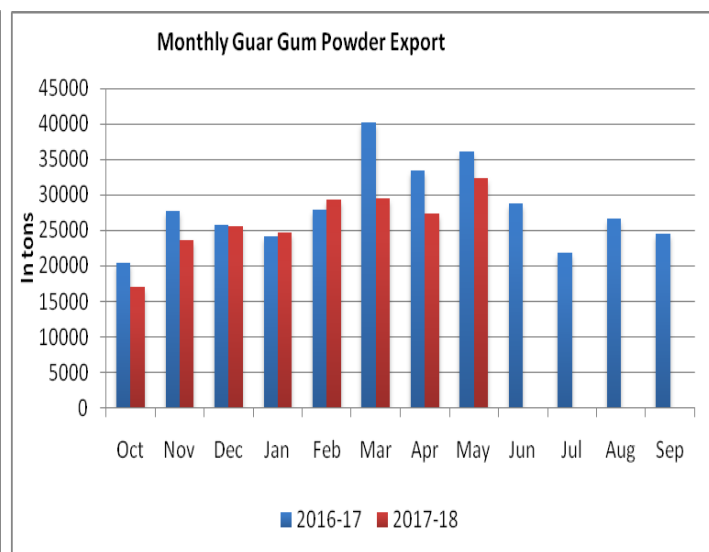
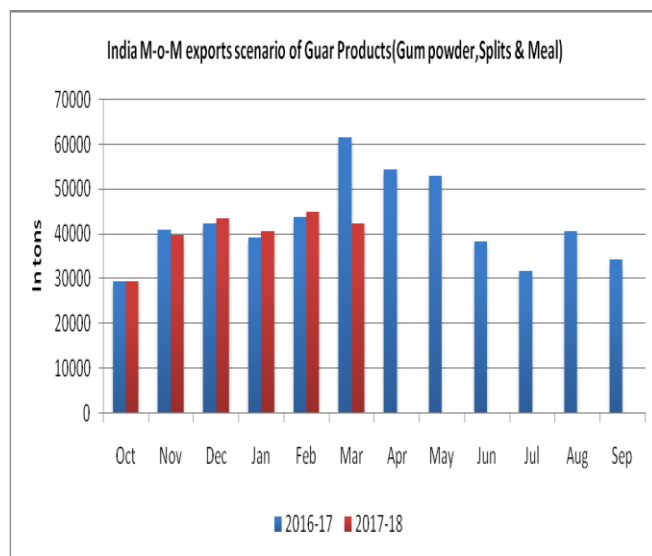
### Guar Seed Fundamental Analysis and Outlook:-

#### Domestic Front

- Average Guar seed prices remained weak during June 2018. All major spot markets witnessed weak sentiments. Overall arrivals were higher in June compared to last month. Highest decrease in arrivals was noticed in Siwanu whereas highest increase was seen in arrivals was seen in churu.
- In the month of June 2018, Guar seed monthly average prices decreased by Rs 325.47 per quintal compared to previous month and settled at Rs. 3775.59 per quintal. Sluggish trading activities in guar seed, in key markets kept the prices bearish during last month.
- Guar gum monthly average prices in June 2018 decreased by Rs 733.00 per quintal and settled at Rs 7742.00 per quintal.
- According to third advance estimate for 2017-18, issued by Gujarat's Department of Agriculture for Guar seed, the area, production and yield are 213000 hectares, 146000 tonnes and 683 kg/hectare respectively. As per final estimate for 2016-17 issued by Gujarat's Department of Agriculture for Guar seed the area, production and yield are 223000 hectares, 167000 tonnes and 749 kg/hectare.
- According to third advance estimate for 2017-18, issued by Rajasthan's Department of Agriculture for Guar seed, the area, production and yield are 3432293 hectares, 1244830 tonnes and 363 kg/hectare respectively. As per final estimate estimate for 2016-17 issued by Gujarat's Department of Agriculture for Guar seed the area, production and yield are 3530007 hectares, 1404819 tonnes and 398 kg/hectare.



### Export Scenario

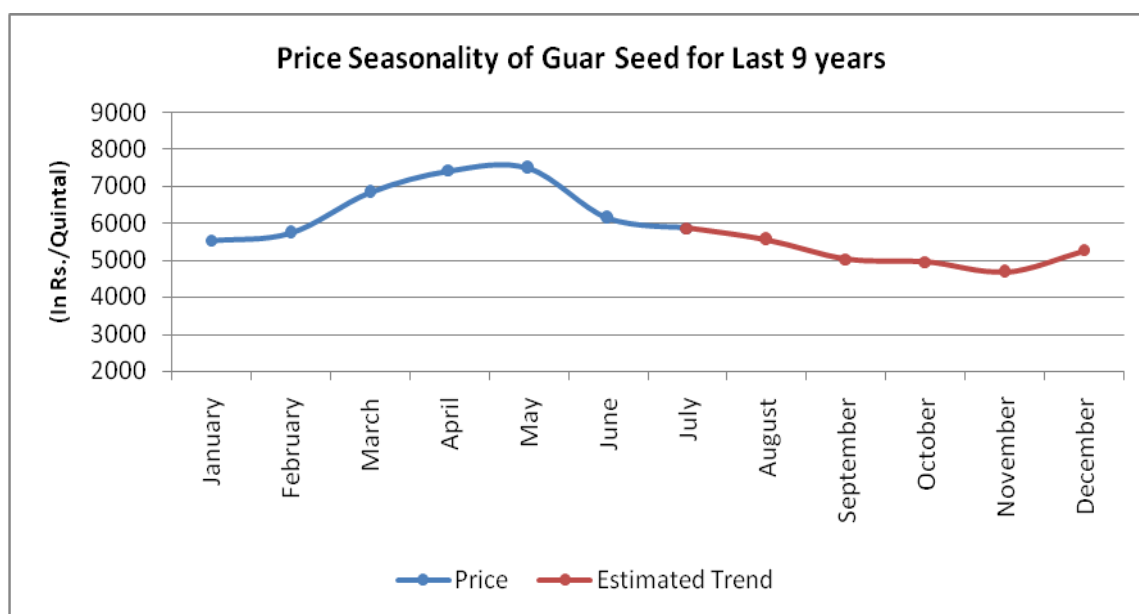


On export front, guar products export demand has decreased compared to previous month. India has exported 42235 tons of guar seed products (Gum powder, Splits & Meal) in the month of March 2018 down by 5.73 % compared to last month and by 31.28% compared to corresponding month of last year.

In addition, during May 2018 guar gum powder export decreased by 10.65 % compared to corresponding month of previous year.

India exported 32331 tons of guar gum powder in the month of May 2018, which is higher compared to guar gum powder exported last month by 18.51 % 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**

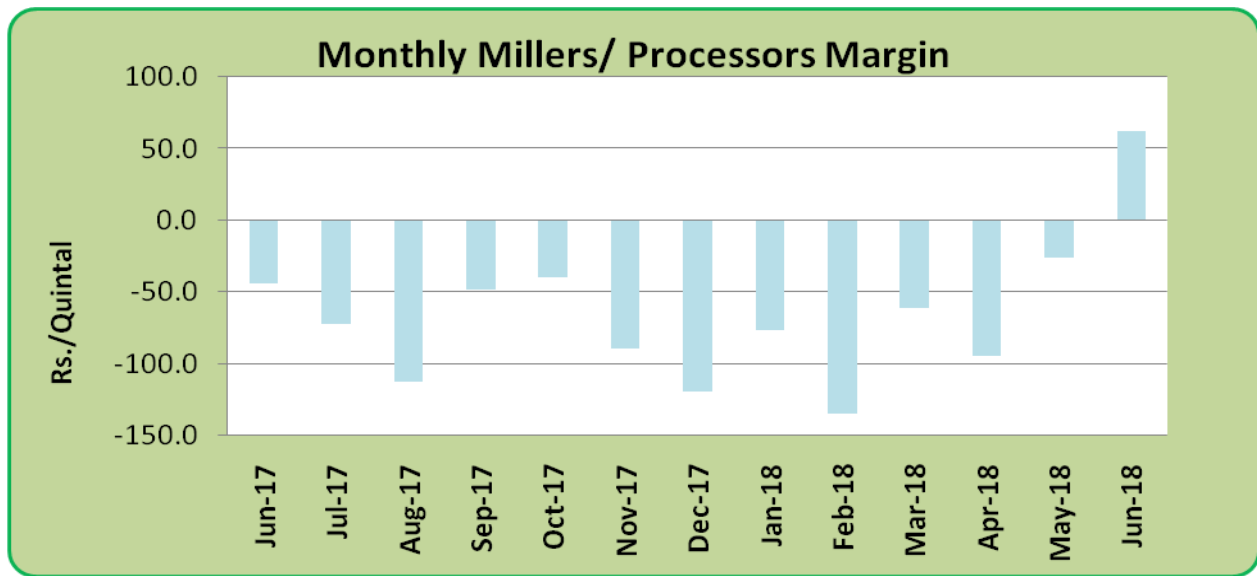
<b>Domestic Guar Seed Supply &amp; Demand Situation (Figures In Lakh Metric Tonnes)</b>						
<b>Item</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2017-18</b>	<b>2017-18</b>	<b>2017-18</b>	<b>2017-18</b>
<b>Supply</b>			<b>Oct-Dec</b>	<b>Jan-Mar</b>	<b>Apr-Jun</b>	<b>Jul-Sept</b>
Opening Stock	11.33	9.87	9.87	15.64	11.31	7.49
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>11.31</b>	<b>7.49</b>
<b>Demand</b>						
<b>Total Crushing</b>	<b>15.77</b>	<b>15.83</b>	<b>3.94</b>	<b>4.34</b>	<b>3.82</b>	<b>3.74</b>
Domestic Consumption (Textile, Food & Pharma Industry)	2.87	2.71	0.68	0.68	0.68	0.68
Guar Exports	4.8	4.16	1.03	1.14	1.01	0.98
Exports (Guar seed Equivalent)	12.9	13.12	3.26	3.66	3.14	3.06
<b>Carry Forward (Farmers and Traders Holdings)</b>	<b>9.87</b>	<b>3.75</b>	<b>15.64</b>	<b>11.31</b>	<b>7.49</b>	<b>3.75</b>
Av Monthly Consumption	1.31	1.32	0.33	0.36	0.32	0.31
Stock to Month Use	7.51	2.84	47.67	31.28	23.54	12.04
Stock to Consumption Ratio	0.63	0.24	3.97	2.61	1.96	1.00

- 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.
- Guar Exports are expected to be around 4.16 lakh tonnes compared to 4.8 lakh tonnes 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 June 2018, average crush margin increased to Rs. 62.37/Quintal compared to Rs. -26.20/quintal last month.

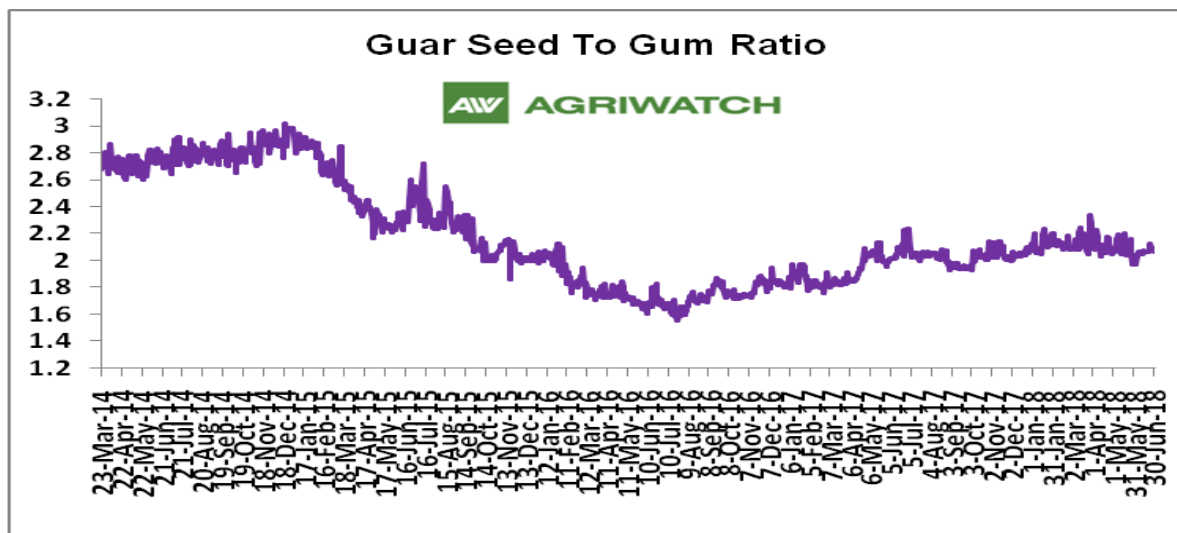
Increase in prices of Churi and Korma have increased the total return and reduced the total cost, which has caused the margin to rise.



### Guar Seed To Gum Ratio:

Ratio of guar seed to gum decreased to 2.05, which in the earlier month was 2.07. 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.

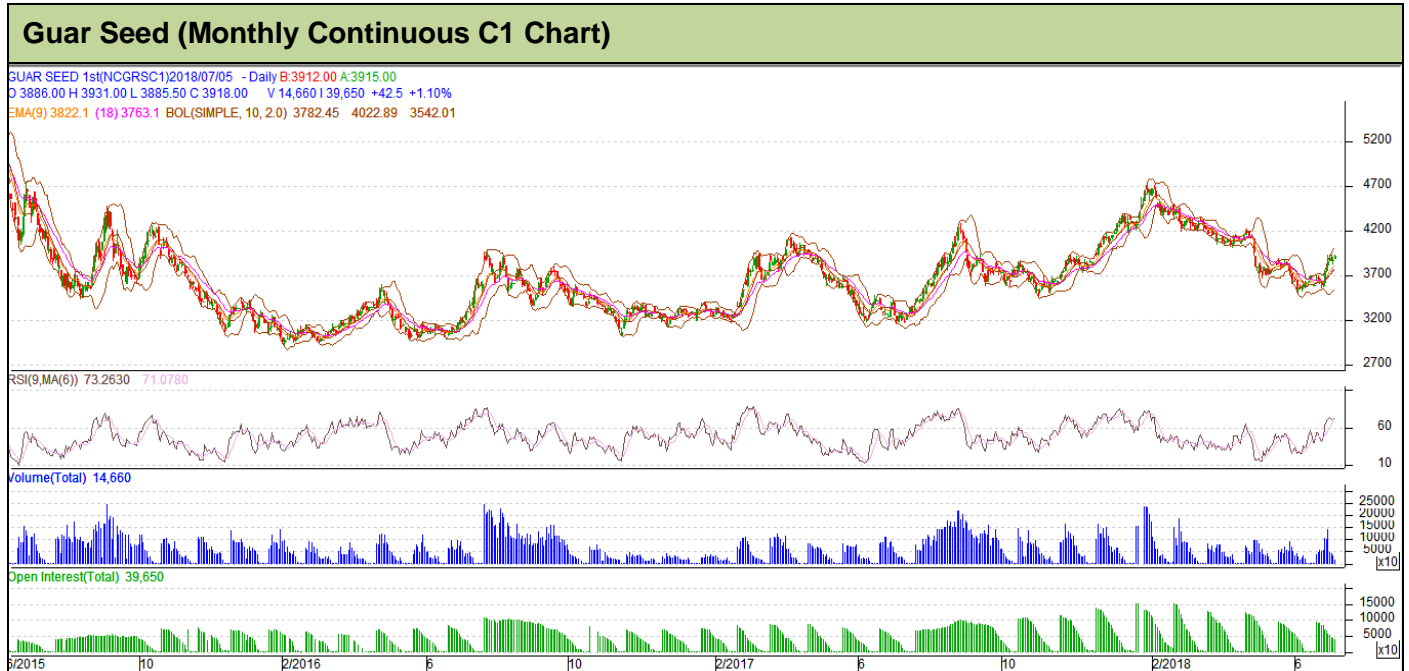




### Technical Analysis (Guar Seed)

Commodity: Guar Seed

Exchange: NCDEX



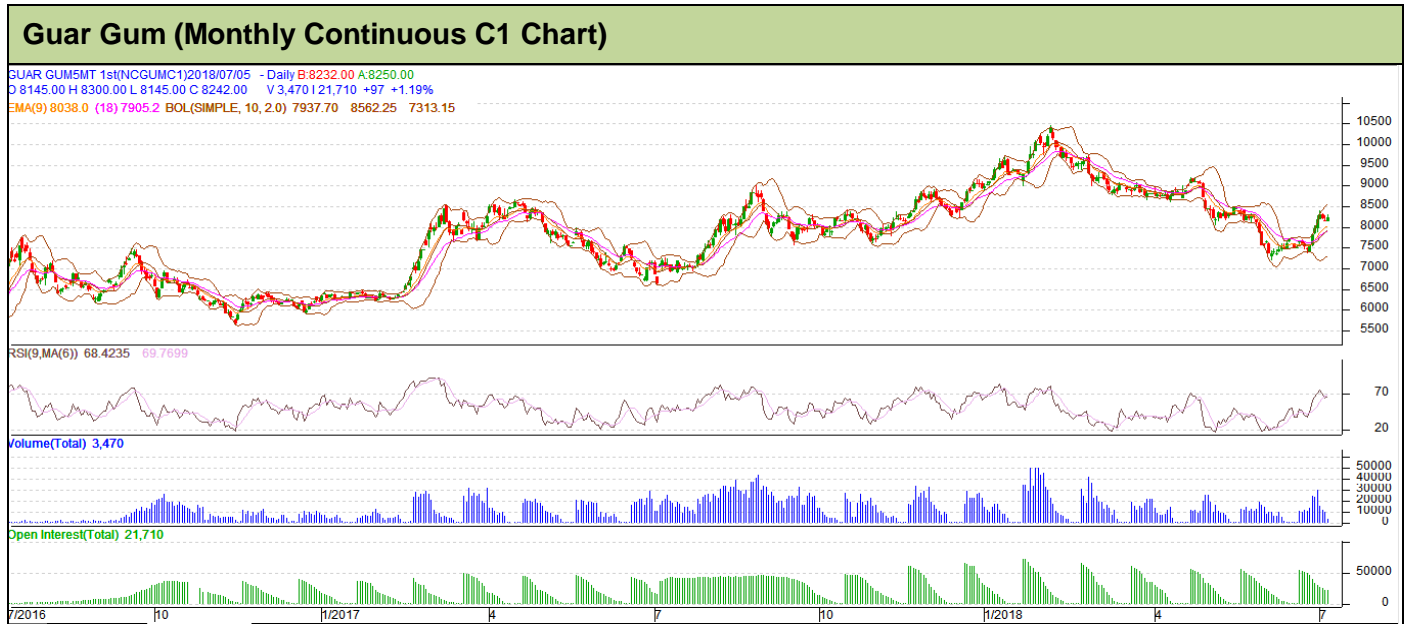
#### Technical Commentary:

- Rise in price and fall in open interest indicates short covering.
- Prices closed above 9 and 18 day EMA.
- RSI is moving in overbought region.
- Guar prices are moving firm as the chart depicts.

#### Strategy: Buy

Monthly Supports & Resistances			S1	S2	PCP	R1	R2
Guar Seed	NCDEX	C1	3315	3200	3875.5	4565	4695
Monthly Trade Call			Call	Entry	T1	T2	SL
Guar Seed	NCDEX	C1	Buy	Above 3755	4180	4350	3500

### Technical Analysis (Guar Gum)

**Commodity: Guar Gum**
**Exchange: NCDEX**

**Technical Commentary:**

- Rise in price and fall in open interest indicates short covering.
- Prices closed above 9 and 18 day EMA.
- RSI is moving in overbought region.
- Guar prices are moving firm as the chart depicts.

**Strategy: Buy**

Monthly Supports & Resistances			S1	S2	PCP	R1	R2
Guar Gum	NCDEX	C1	6915	6790	8145	10595	10790
Monthly Trade Call			Call	Entry	T1	T2	SL
Guar Gum	NCDEX	C1	Buy	Above 8010	9445	10350	7150



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

<b>Guar by – Products Monthly Average Prices:</b>				
<b>Commodity</b>	<b>Centre</b>	<b>June-2018</b>	<b>May-2018</b>	<b>Change</b>
<b>Churi</b>	Jodhpur	1502	1543	<b>-41</b>
<b>Korma</b>	Jodhpur	2239	2172	<b>66</b>
<b>Churi</b>	Sri-Ganganagar	1341	1346	<b>-5</b>
<b>Korma</b>	Sri-Ganganagar	2022	1916	<b>106</b>
<b>Prices in Rs/75 Kg</b>				

<b>Guar Export Monthly Average Prices:</b>				
<b>Commodity</b>	<b>Variety</b>	<b>June-2018</b>	<b>May-2018</b>	<b>Change</b>
<b>Guargum Split</b>		1153	1256	<b>-103</b>
<b>Guargum Powder</b>	200 Mesh 5000 CPS	1456	1552	<b>-97</b>
	200 Mesh 3500 CPS	1382	1478	<b>-96</b>
<b>Guargum Meal</b>	40%	301	301	<b>1</b>
	50%	434	423	<b>11</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>June-2018</b>	<b>May-2018</b>	
<b>Guar Seed</b>	<b>Jodhpur</b>	Jodhpur (Loose)	3596	3906	<b>-310</b>
		Jodhpur(Delivery)	3793	4101	<b>-308</b>
	<b>Sri-Ganganagar</b>	Sri-Ganganagar(Loose)	3662	3735	<b>-73</b>
		Sri-Ganganagar (Delivery)	3812	3885	<b>-73</b>
		Rawla (Loose)	3362	2395	<b>967</b>
		Gharsana (Loose)	3404	2876	<b>528</b>
		Raisinghnagar (Loose)	3524	3178	<b>346</b>
	<b>Bikaner</b>	Bikaner (Loose)	3589	3711	<b>-122</b>
		Bikaner (Delivery)	3768	3897	<b>-128</b>
		Nokha(Loose)	3578	3706	<b>-127</b>
		Nokha (Delivery)	3757	3891	<b>-134</b>
		Khajuwala (Loose)	3559	3706	<b>-147</b>
		Khajuwala (Delivery)	3737	3891	<b>-154</b>
		Lunkaransar (Loose)	3564	3712	<b>-148</b>
	<b>Hanumangarh</b>	Hanumangarh (Loose)	3562	3669	<b>-107</b>

		Hanumangarh (Delivery)	3740	3852	-112
		Nohar (Loose)	3621	3715	-94
		Pilibanga (Loose)	NA	NA	-
	Nagaur	Nagaur (Loose)	3465	3597	-132
	Churu	Churu (Delivery)	3836	3864	-28
	Alwar	Alwar (Loose)	3561	3578	-17
Haryana	Hisar	Adampur (Loose)	3610	3729	-119
		Adampur (Delivery)	3791	3915	-125
	Bhiwani	Bhiwani (Delivery)	3784	3899	-115
		Siwani (Loose)	3746	3845	-99
	Sirsa	Sirsa (Loose)	3536	3243	293
		Dhabwali (Loose)	3496	2450	1046
		Dhabwali (Delivery)	3658	2450	1208
		Ellanabad (Loose)	3457	3100	357
	Fatehabad	Fatehabad (Loose)	3452	2700	752
Gujarat	Banaskantha	Deesa (Loose)	2891	2327	564
	Patan	Patan (Loose)	3465	3517	-52
	Rajkot	Rajkot (Loose)	3558	3633	-74
	Jamnagar	Dhrol (Loose)	3446	3514	-69
Madhya Pradesh	Gwalior	Dabra (Loose)	NA	NA	-
Guar Gum					
Rajasthan	Jodhpur	Jodhpur	7742	8473	-731
	Alwar	Alwar	7732	8403	-671
	Hanumangarh	Nohar	7752	8378	-626
Haryana	Bhiwani	Bhiwani	7619	8374	-755
	Sirsa	Sirsa	7792	7116	675
		Dhabwali	7693	4225	3468
		Ellanabad	7729	6879	850
	Fatehabad	Fatehabad	7688	5854	1835

**Guar Cumulative Arrivals in Key Centers:**

Commodity	District	Centre	Monthly Arrivals (Quintals)		Change
			June-2018	May-2018	
Guar Seed	Jodhpur	Jodhpur	1480	NA	-
	Sri-Ganganagar	Sri-Ganganagar	4450	8350	-3900
		Rawla	435	250	185
		Gharsana	820	120	700

		Raisinghnagar	1590	1200	390
	Bikaner	Bikaner	4400	3230	1170
		Nokha	6800	7425	-625
		Khajuwala	5250	5740	-490
		Lunkaransar	2930	4185	-1255
	Hanumangarh	Hanumangarh	730	845	-115
		Nohar	10460	12850	-2390
		Pilibanga	NA	NA	-
	Nagaur	Nagaur	3390	2960	430
	Churu	Churu	13450	6000	7450
Haryana	Alwar	Alwar	5050	2100	2950
	Hisar	Adampur	21600	20000	1600
	Bhiwani	Bhiwani	7550	8950	-1400
		Siwani	19500	29300	-9800
	Sirsa	Sirsa	9750	2904	6846
		Dhabwali	1210	100	1110
		Ellanabad	1290	500	790
Gujarat	Fatehabad	Fatehabad	1325	600	725
	Banaskantha	Deesa	66	17	49
	Patan	Patan	665	339	326
	Rajkot	Rajkot	7980	6172	1808
Madhya Pradesh	Jamnagar	Dhrol	440	548	-108
	Gwalior	Dabra	NA	NA	-
Total Arrivals/Above Markets			132611	124685	7926

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