

# 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 14.71 percent from Rs 3170.10 in June to Rs 3636.50 per qtl in July-2018. Average price (July) is higher by 7.41 percent compared to Rs 3385.68 per qtl (June-2017). Guar prices are expected to remain steady to weak in upcoming weeks.

As per Agriwatch preliminary estimate, guar production is likely to be around 9.68 lakh tonnes in 2018-19 compared to 10.51 lakh metric tonnes in 2017-18. Fall in production is mainly due to lower acreage.

As per trade sources, export of guar gum has decreased in the month of June by 30.01 percent compared to previous month. India exported around 22630 tonnes of guar gum in the month of June at an average FoB of \$ 1734.54 per tonne compared to 32331 tonnes in May at an average FoB of \$ 1838.09 per tonne. Export demand is normal as of now.

As per trade sources, export of guar split has increased in the month of June. Exports in the month of June are up by around 17.88% compared to previous month. India exported around 6460 tonnes of guar split in the month of June at an average FoB of \$ 1301.34 per tonne. Of the total quantity, around 4040 tonnes and 2403.62 tonnes have been exported to China and United States respectively.

India has received 384.7 mm of actual rainfall against 395.9 mm of normal rainfall during the period 01-June-18 to 25-July-18. During this time period, deficient rainfall was recorded in Uttar Pradesh, Bihar, Rayalseema, Jharkhand, etc. IMD has already issued its forecast for normal monsoon during June-September'18 and rainfall is expected to be 97% of the LPA. However, IMD may downgrade its forecast for Monsoon during August and September, which will eventually lead to fall in the prediction for entire season.

As per millers recovery of guar gum from guar seed is coming around 29.5-30.50 kg of guar gum this year compared to around 31-32 kg last year. Export demand for guar gum is normal. As of now guar gum prices in Jodhpur are hovering around Rs 9500 per quintal.

As per data released by Baker Hughes the number of oil rigs in USA has increased to 1044 as on 03rd August 2018 down by 4 compared to last week and up by 90 compared to 04th August 2017. The total number of oil rigs was recorded at 2179 worldwide in June'18 compared to 2152 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.

Guar July future contract increased by around Rs 455 per quintal in the month of July'18. Market has entered into seasonal downtrend. Export demand of guar gum is normal. Gum millers are still expecting prices to rebound and become bullish. As of now, guar seed is likely to continue its downtrend although small technical recoveries can be expected.

On the currency front, Indian rupee against USD (Average) closed at 68.68, depreciated by Rs. 0.92 compared to the previous month. Overall weakening of Rupee in terms of dollar encourages export of guar gum and powder.

As far as Arrivals are concerned, Adampur (Haryana) market (biggest market of guar in North) reported higher arrivals (30300 quintals) during July 2018 compared to previous month 21600 quintals.

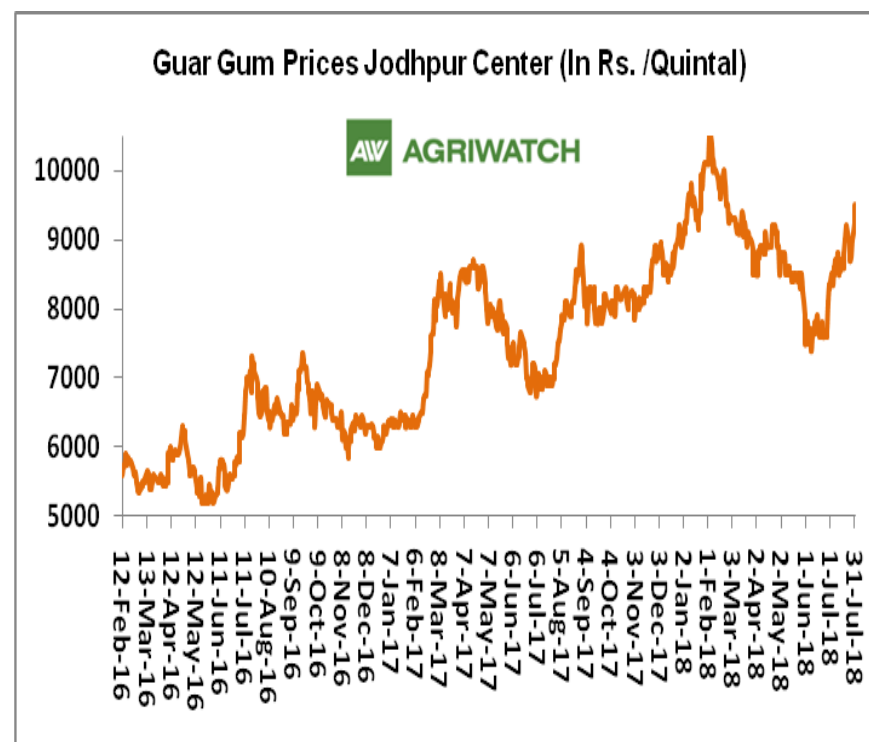
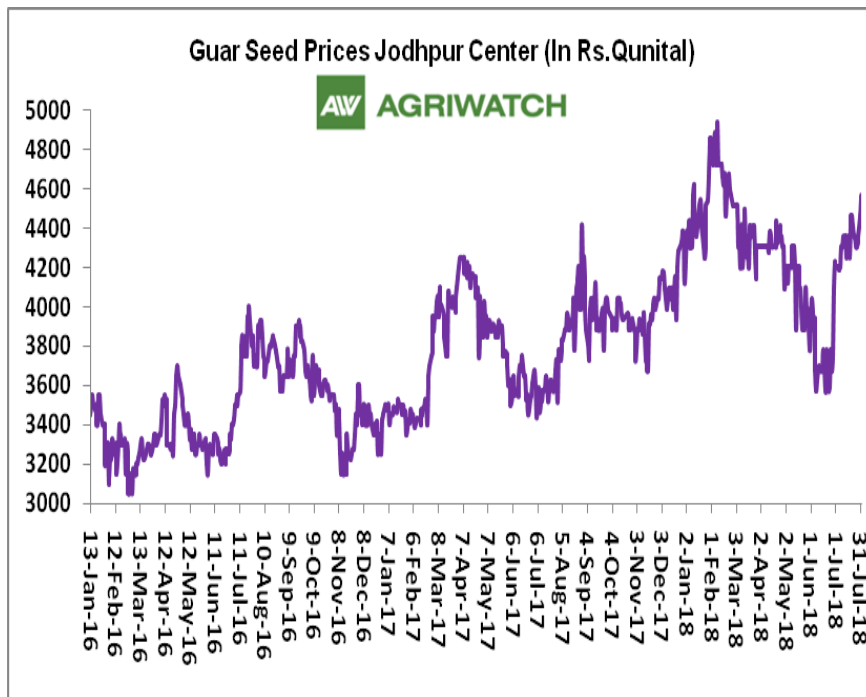
**Recommendation:**

**Monthly Call - :** Market participants advised to sell Guar seed at current levels for a target of 4055 with a stop loss at 4783 on closing basis.

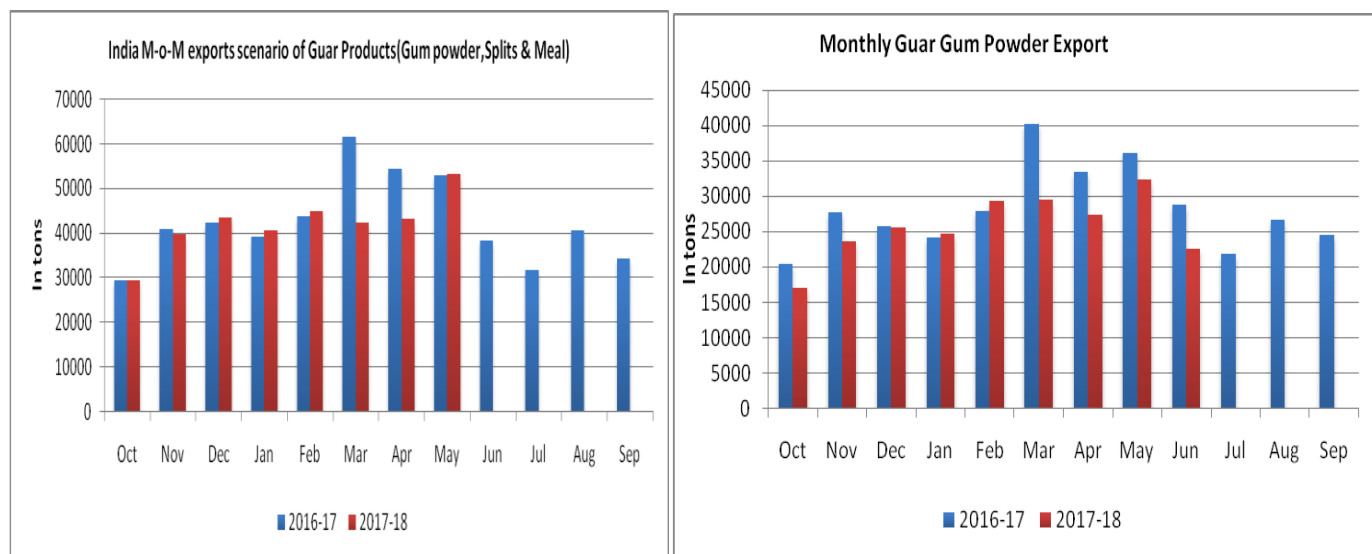
### Guar Seed Fundamental Analysis and Outlook:-

#### Domestic Front

- Average Guar seed prices remained firm during July 2018. All major spot markets witnessed firm sentiments. Overall arrivals were higher in July compared to last month. Highest increase in arrivals was noticed in Bhiwani followed by Sirsa, Adampur and Bikaner.
- In the month of July 2018, Guar seed monthly average prices increased by Rs 555.26 per quintal compared to previous month and settled at Rs. 4330.85 per quintal. Active trading activities in guar seed, in key markets kept the prices bullish during last month.
- Guar gum monthly average prices in July 2018 increased by Rs 1050.31 per quintal and settled at Rs 8792.31 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

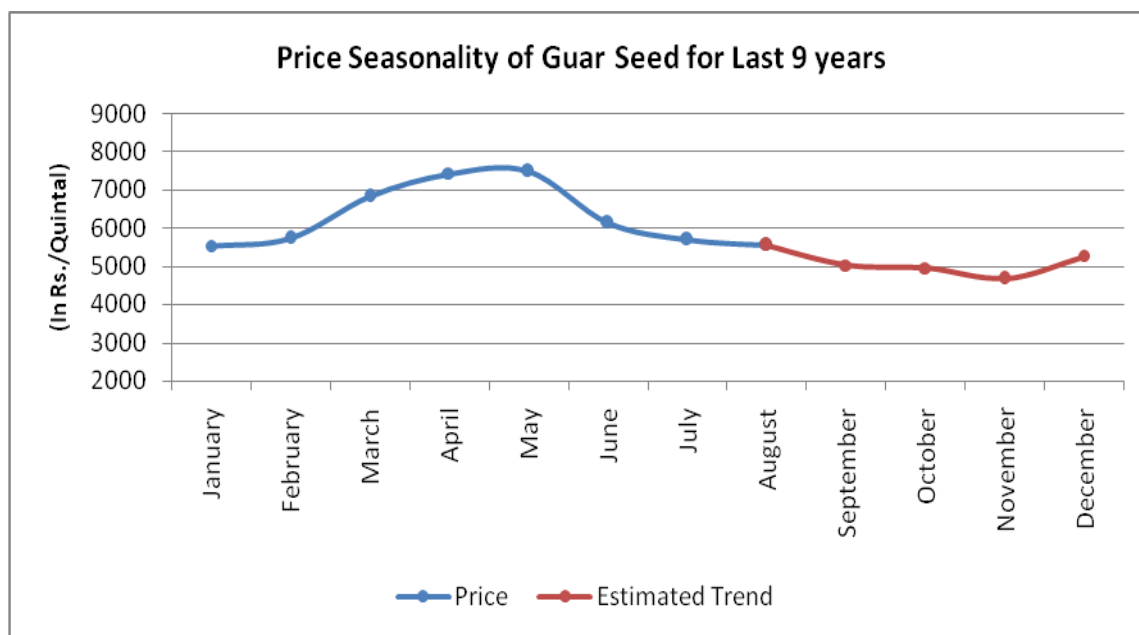


On export front, guar products export demand has increased compared to previous month. India has exported 53344 tons of guar seed products (Gum powder, Splits & Meal) in the month of May 2018 up by 23.50 % compared to last month and by 0.68% compared to corresponding month of last year.

In addition, during June 2018 guar gum powder export decreased by 21.26 % compared to corresponding month of previous year.

India exported 22630 tons of guar gum powder in the month of June 2018, which is lower compared to guar gum powder exported last month by 30.01 % 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**

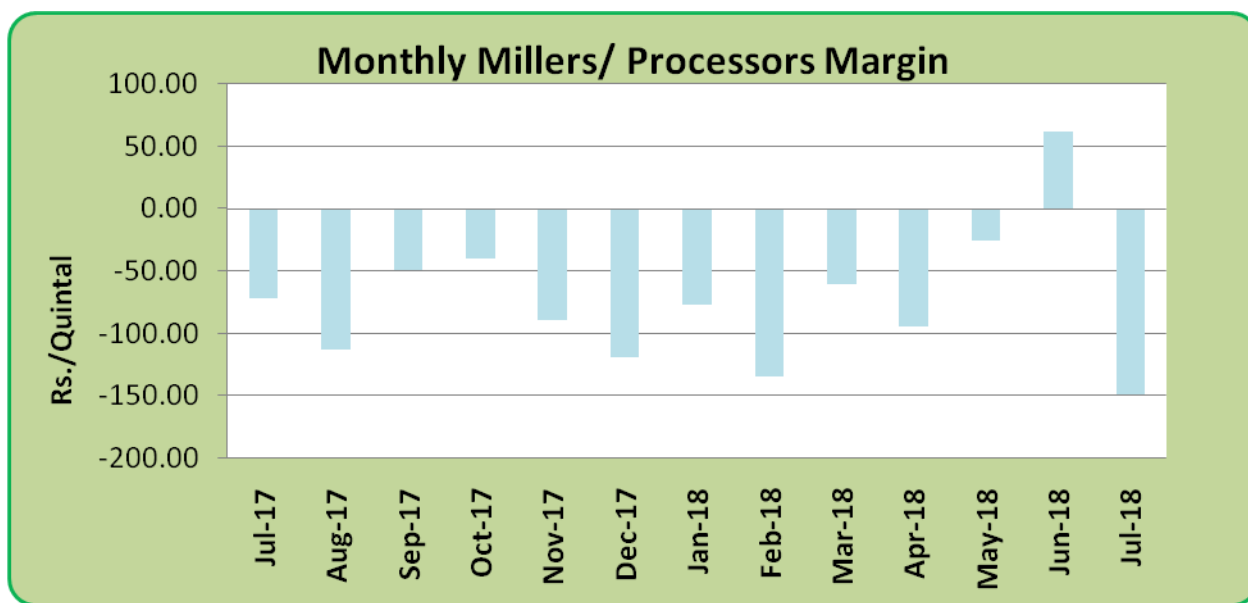
<b>Domestic Guar Seed Supply &amp; Demand Situation (Figures In Lakh Metric Tonnes)</b>						
<b>Item</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2017-18</b>	<b>2017-18</b>	<b>2017-18</b>	<b>2017-18</b>
<b>Supply</b>			<b>Oct-Dec</b>	<b>Jan-Mar</b>	<b>Apr-Jun</b>	<b>Jul-Sept</b>
Opening Stock	14.22	12.93	12.93	20.23	16.31	12.38
Production	14.31	10.51	10.51	0.00	0.00	0.00
Arrivals	14.31	10.51	0.00	0.00	0.00	0.00
Import	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Availability</b>	<b>28.53</b>	<b>23.44</b>	<b>23.44</b>	<b>20.23</b>	<b>16.31</b>	<b>12.38</b>
<b>Demand</b>						
<b>Total Crushing</b>	<b>15.60</b>	<b>14.90</b>	<b>3.21</b>	<b>3.93</b>	<b>3.93</b>	<b>3.84</b>
Domestic Consumption (Textile, Food & Pharma Industry)	2.87	2.71	0.68	0.68	0.68	0.68
Guar Exports	3.37	3.64	0.75	0.97	0.97	0.95
Exports (Guar seed Equivalent)	12.73	12.19	2.53	3.25	3.25	3.16
<b>Carry Forward (Farmers and Traders Holdings)</b>	<b>12.93</b>	<b>8.54</b>	<b>20.23</b>	<b>16.31</b>	<b>12.38</b>	<b>8.54</b>
Av Monthly Consumption	1.30	1.24	0.27	0.33	0.33	0.32
Stock to Month Use	10.72	6.88	75.69	49.82	37.82	26.70
Stock to Consumption Ratio	0.89	0.57	6.31	4.15	3.15	2.23

- Guar seed opening stock for the marketing year 2017-18 is likely to settle at 12.93 lac tons, which is lower compared to last year.
- As far as production is concerned, we expect 10.51 lakh tons of guar seed production in 2017-18, due to lower acreage compared to last year.
- Guar Exports are expected to be around 3.64 lakh tonnes compared to 3.37 lakh tonnes 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 July 2018, average crush margin increased to Rs. -149.22/Quintal compared to Rs. 62.37/quintal last month.

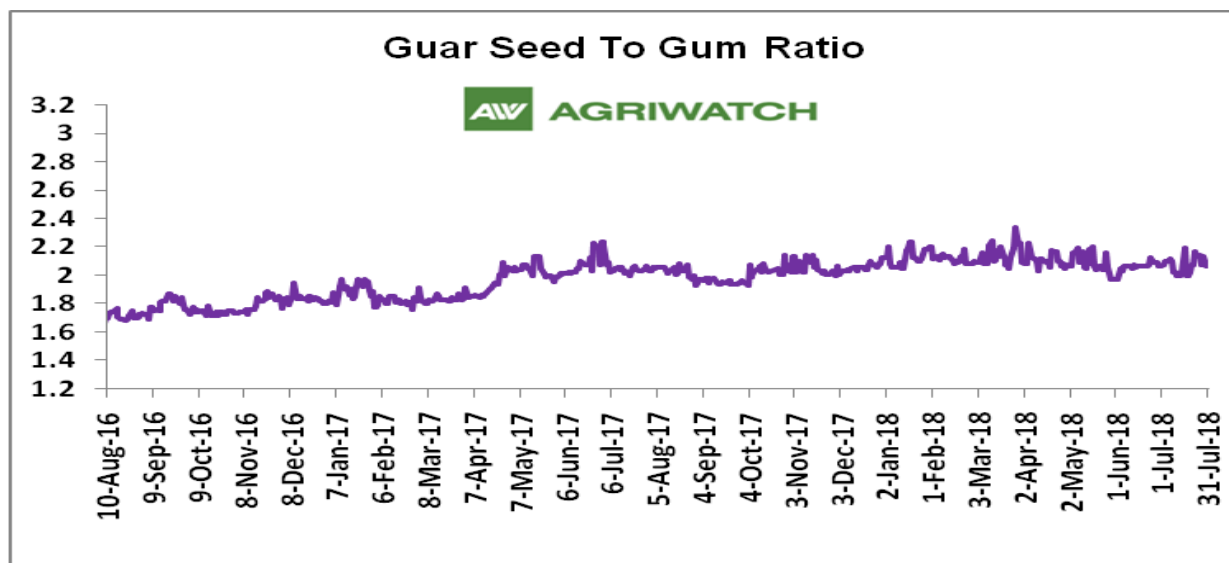
Higher prices of guar seed compared to prices of churi and korma, has reduced the total return which has caused the margin to fall further.



### Guar Seed To Gum Ratio:

Ratio of guar seed to gum decreased to 2.03, which in the earlier month was 2.05. 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:

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

#### Strategy: Sell

Monthly Supports & Resistances			S1	S2	PCP	R1	R2
Guar Seed	NCDEX	C1	3650	3545	4447.5	4995	5080
Monthly Trade Call			Call	Entry	T1	T2	SL
Guar Seed	NCDEX	C1	<b>Sell</b>	Below 4510	4055	3810	4783

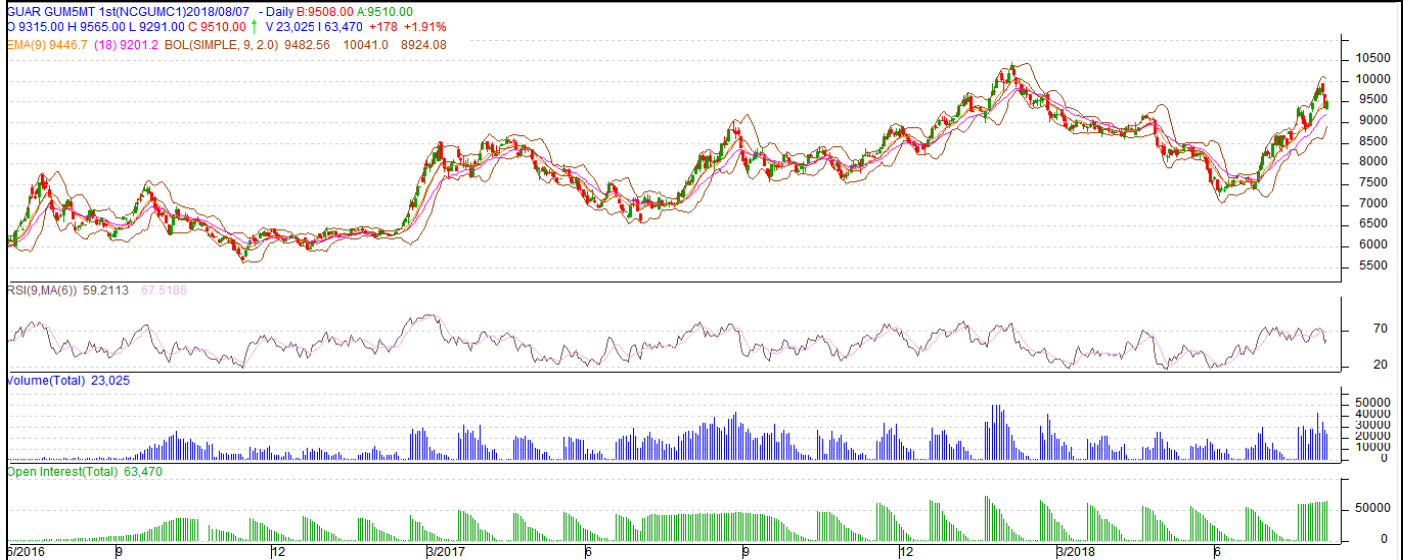


### Technical Analysis (Guar Gum)

Commodity: Guar Gum

Exchange: NCDEX

#### Guar Gum (Monthly Continuous C1 Chart)



#### Technical Commentary:

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

#### Strategy: Sell

Monthly Supports & Resistances			S1	S2	PCP	R1	R2
Guar Gum	NCDEX	C1	8115	8010	9720	10780	10895
Monthly Trade Call			Call	Entry	T1	T2	SL
Guar Gum	NCDEX	C1	<b>Sell</b>	Below 9900	8875	8345	10515



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

<b>Guar by – Products Monthly Average Prices:</b>				
<b>Commodity</b>	<b>Centre</b>	<b>July,2018</b>	<b>June,2018</b>	<b>Change</b>
<b>Churi</b>	Jodhpur	1479	1502	<b>-23</b>
<b>Korma</b>	Jodhpur	2260	2239	<b>21</b>
<b>Churi</b>	Sri-Ganganagar	1340	1341	<b>-1</b>
<b>Korma</b>	Sri-Ganganagar	2090	2022	<b>68</b>
<b>Prices in Rs/75 Kg</b>				

<b>Guar Export Monthly Average Prices:</b>				
<b>Commodity</b>	<b>Variety</b>	<b>July,2018</b>	<b>June,2018</b>	<b>Change</b>
<b>Guargum Split</b>		1285	1153	<b>132</b>
<b>Guargum Powder</b>	200 Mesh 5000 CPS	1576	1456	<b>121</b>
	200 Mesh 3500 CPS	1503	1382	<b>122</b>
<b>Guargum Meal</b>	40%	303	301	<b>2</b>
	50%	433	434	<b>-1</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>July,2018</b>	<b>June,2018</b>	
<b>Guar Seed</b>					
<b>Rajasthan</b>	<b>Jodhpur</b>	Jodhpur (Loose)	4125	3596	<b>529</b>
		Jodhpur(Delivery)	4331	3793	<b>538</b>
	<b>Sri-Ganganagar</b>	Sri-Ganganagar(Loose)	3908	3662	<b>245</b>
		Sri-Ganganagar (Delivery)	4058	3812	<b>245</b>
		Rawla (Loose)	3889	3362	<b>527</b>
		Gharsana (Loose)	3891	3404	<b>487</b>
		Raisinghnagar (Loose)	3942	3524	<b>418</b>
	<b>Bikaner</b>	Bikaner (Loose)	3919	3589	<b>330</b>
		Bikaner (Delivery)	4115	3768	<b>347</b>
		Nokha(Loose)	3961	3578	<b>383</b>
		Nokha (Delivery)	4159	3757	<b>402</b>
		Khajuwala (Loose)	3938	3559	<b>379</b>
		Khajuwala (Delivery)	4134	3737	<b>398</b>
		Lunkaransar (Loose)	3940	3564	<b>376</b>
	<b>Hanumangarh</b>	Hanumangarh (Loose)	3896	3562	<b>334</b>

		Hanumangarh (Delivery)	4090	3740	351
		Nohar (Loose)	3948	3621	327
		Pilibanga (Loose)	NA	NA	-
	Nagaur	Nagaur (Loose)	3800	3465	335
	Churu	Churu (Delivery)	4075	3836	239
	Alwar	Alwar (Loose)	3810	3561	248
Haryana	Hisar	Adampur (Loose)	3929	3610	319
		Adampur (Delivery)	4126	3791	335
	Bhiwani	Bhiwani (Delivery)	4114	3784	330
		Siwani (Loose)	4045	3746	299
	Sirsa	Sirsa (Loose)	3935	3536	400
		Dhabwali (Loose)	3910	3496	414
		Dhabwali (Delivery)	4106	3658	448
		Ellanabad (Loose)	3887	3457	430
	Fatehabad	Fatehabad (Loose)	3894	3452	442
Gujarat	Banaskantha	Deesa (Loose)	3761	2891	870
	Patan	Patan (Loose)	3783	3465	318
	Rajkot	Rajkot (Loose)	3797	3558	238
	Jamnagar	Dhrol (Loose)	3823	3446	377
Madhya Pradesh	Gwalior	Dabra (Loose)	NA	NA	-
Guar Gum					
Rajasthan	Jodhpur	Jodhpur	8792	7742	1050
	Alwar	Alwar	8727	7732	995
	Hanumangarh	Nohar	8887	7752	1134
Haryana	Bhiwani	Bhiwani	8965	7619	1347
	Sirsa	Sirsa	8771	7792	979
		Dhabwali	8655	7693	962
		Ellanabad	8771	7729	1043
	Fatehabad	Fatehabad	8639	7688	951

**Guar Cumulative Arrivals in Key Centers:**

Commodity	District	Centre	Monthly Arrivals (Quintals)		Change
			July,2018	June,2018	
Guar Seed	Jodhpur	Jodhpur	2690	1480	1210
	Sri-Ganganagar	Sri-Ganganagar	5835	4450	1385
		Rawla	2425	435	1990
		Gharsana	2100	820	1280

		Raisinghnagar	6750	1590	5160
	<b>Bikaner</b>	Bikaner	8650	4400	4250
		Nokha	8810	6800	2010
		Khajuwala	8900	5250	3650
		Lunkaransar	10460	2930	7530
	<b>Hanumangarh</b>	Hanumangarh	2350	730	1620
		Nohar	11250	10460	790
		Pilibanga	NA	NA	-
	<b>Nagaur</b>	Nagaur	3790	3390	400
	<b>Churu</b>	Churu	14800	13450	1350
	<b>Alwar</b>	Alwar	6050	5050	1000
<b>Haryana</b>	<b>Hisar</b>	Adampur	30300	21600	8700
	<b>Bhiwani</b>	Bhiwani	86600	7550	79050
		Siwani	23300	19500	3800
	<b>Sirsa</b>	Sirsa	18800	9750	9050
		Dhabwali	2850	1210	1640
		Ellanabad	2640	1290	1350
	<b>Fatehabad</b>	Fatehabad	2060	1325	735
<b>Gujarat</b>	<b>Banaskantha</b>	Deesa	203	66	137
	<b>Patan</b>	Patan	652	665	-13
	<b>Rajkot</b>	Rajkot	5167	7980	-2813
	<b>Jamnagar</b>	Dhrol	35	440	-405
<b>Madhya Pradesh</b>	<b>Gwalior</b>	Dabra	NA	NA	-
<b>Total Arrivals/Above Markets</b>			<b>267467</b>	<b>132611</b>	<b>134856</b>

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