

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 4.90 percent from Rs 3636.50 in July to Rs 3814.66 per qtl in August-2018. Average price in August-18 is higher by 1.24 percent compared to Rs 3767.90 per qtl (August-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.

Guar seed future October contract touched a low of Rs 4074.00 per quintal before closing at Rs 4408.50 per quintal in the month of August. As per trade sources, guar is likely to be bearish with small technical recoveries in coming weeks and touch Rs 3950.00-4000.00 per quintal. Export demand of guar gum is normal. Guar prices are in seasonal downtrend. Prices are likely fall considerably in the month of October due to arrival pressure.

As per trade sources, export of guar gum has decreased in the month of July by 0.07 percent compared to previous month. India exported around 21797 tonnes of guar gum in the month of July at an average FoB of \$ 1745.68 per tonne compared to 22630 tonnes in June at an average FoB of \$ 1734.54 per tonne. Export demand is normal as of now.

As per data released by Baker Hughes the number of oil rigs in USA has increased to 1048 as on 31st August 2018 up by 4 compared to 24th August 2018 and by 105 compared to 01st September 2017. The total number of oilrigs was recorded at 2251 worldwide in July'18 compared to 2110 in the same month last year. Demand for Indian guar gum is likely to remain good due to increase in number of oilrigs and expensive substitutes.

The wholesale price index of guar seed has increased from 85.1 in June 2018 to 92.6 in July 2018. The WPI for July 2018 is up by 20.5 compared to last year for the same month and by 16.8 compared to July 2016. WPI is expected to stay weak in coming month.

As per trade sources, export of guar split has decreased in the month of July. Exports in the month of July are down by around 16.42% compared to previous month. India exported around 5399 tonnes of guar split in the month of July at an average FoB of \$ 1110.07 per tonne. Of the total quantity, around 3020 tonnes and 2007.3 tonnes have been exported to China and Unites States respectively.

On the currency front, Indian rupee against USD (Average) closed at 69.46, weak by Rs. 0.78 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 lower arrivals (22200 quintals) during August 2018 compared to previous month 30300 quintals.

Similarly, In Bikaner market, arrivals have decreased during August 2018 to 8450 quintals compared to previous month arrivals data i.e.8650 quintals.

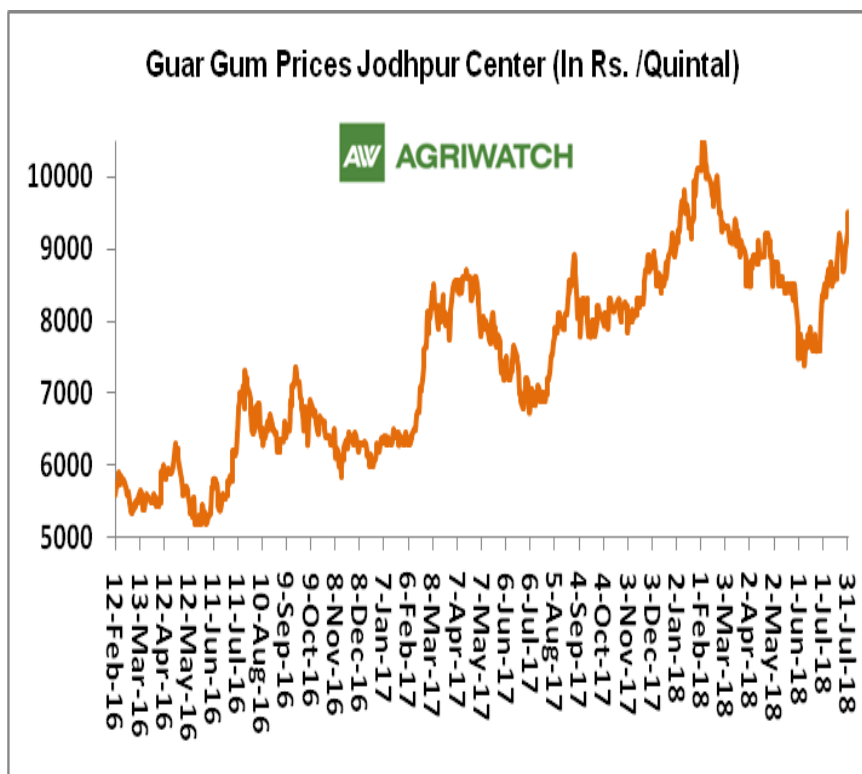
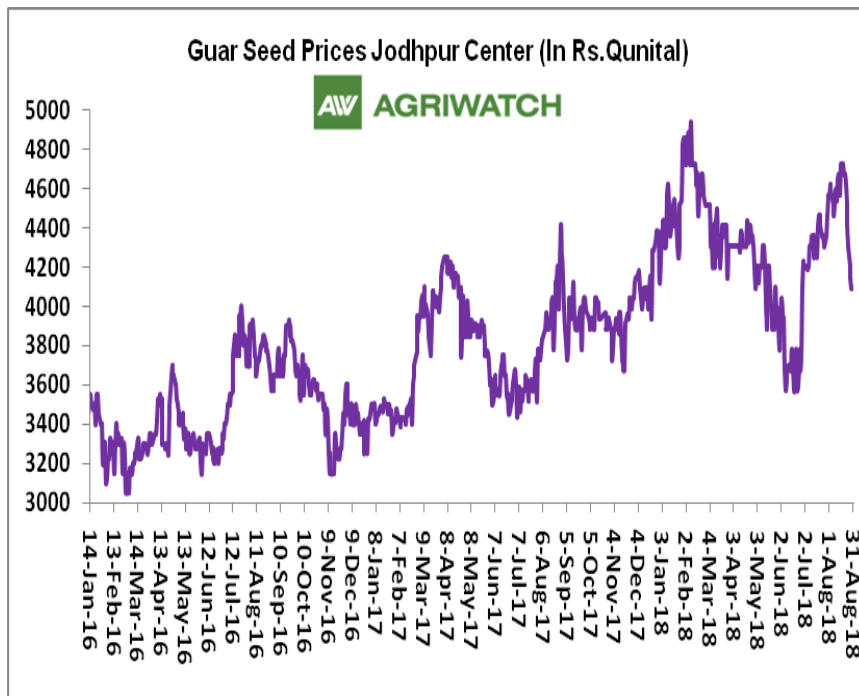
Recommendation:

Monthly Call - : Market participants advised to sell Guar seed at current levels for a target of 4105 with a stop loss at 4657 on closing basis.

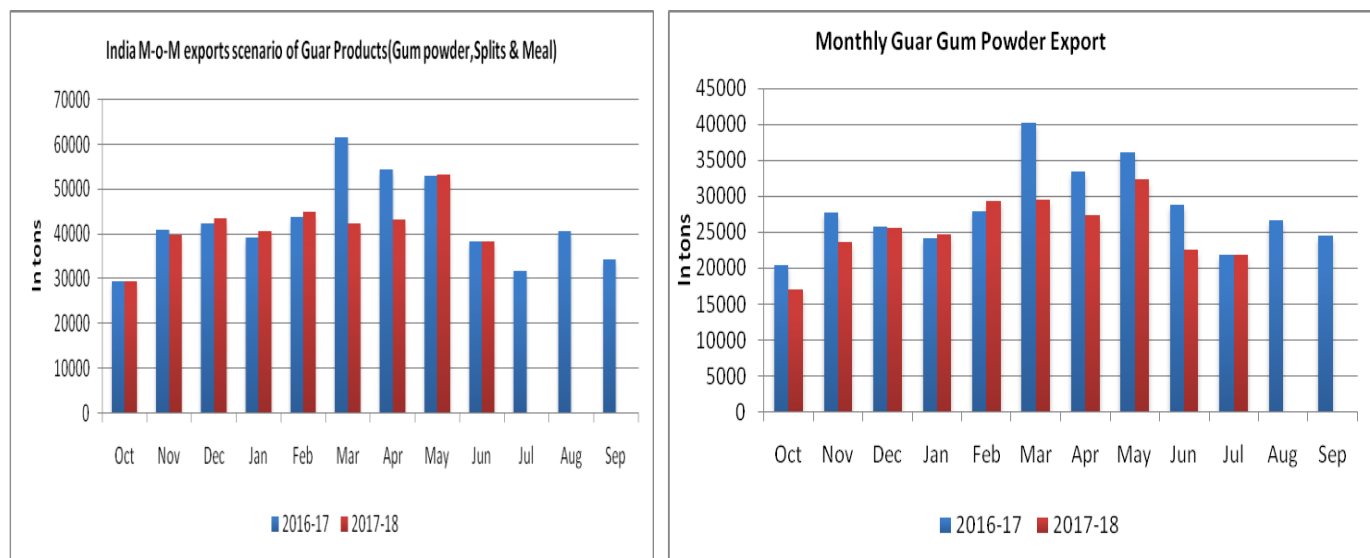
Guar Seed Fundamental Analysis and Outlook:-

Domestic Front

- Average Guar seed prices remained firm during August 2018. All major spot markets witnessed firm sentiments. Overall arrivals were higher in August compared to last month. Highest increase in arrivals was noticed in Dhabwali, Siwani, Nokha, Fatehabad and Sri Ganganagar.
- In the month of August 2018, Guar seed monthly average prices increased by Rs 163.96 per quintal compared to previous month and settled at Rs. 4494.81 per quintal. Active trading activities in guar seed, in key markets kept the prices bullish during last month.
- Guar gum monthly average prices in August 2018 increased by Rs 553.85 per quintal and settled at Rs 9346.15 per quintal.
- According to fourth advance estimate for 2017-18, issued by Gujarat's Department of Agriculture for Guar seed, the area, production and yield are 205000 hectares, 140000 tonnes and 682 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 fourth 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 for 2016-17 issued by Rajasthan's Department of Agriculture for Guar seed the area, production and yield are 3530007 hectares, 1404819 tonnes and 398 kg/hectare.



Export Scenario

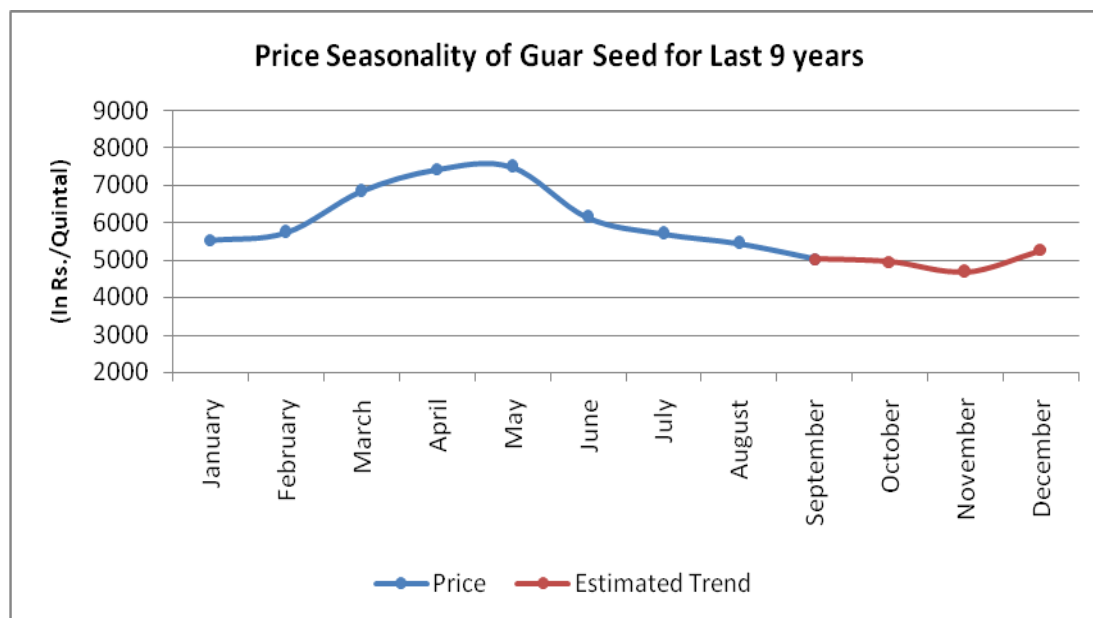


On export front, guar products export demand has increased compared to previous month. India has exported 38384 tons of guar seed products (Gum powder, Splits & Meal) in the month of June 2018 down by 28.04 % compared to last month and by 0.05% compared to corresponding month of last year.

In addition, during July 2018 guar gum powder export decreased by 0.07 % compared to corresponding month of previous year.

India exported 21797 tons of guar gum powder in the month of July 2018, which is lower compared to guar gum powder exported last month by 3.68 % 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

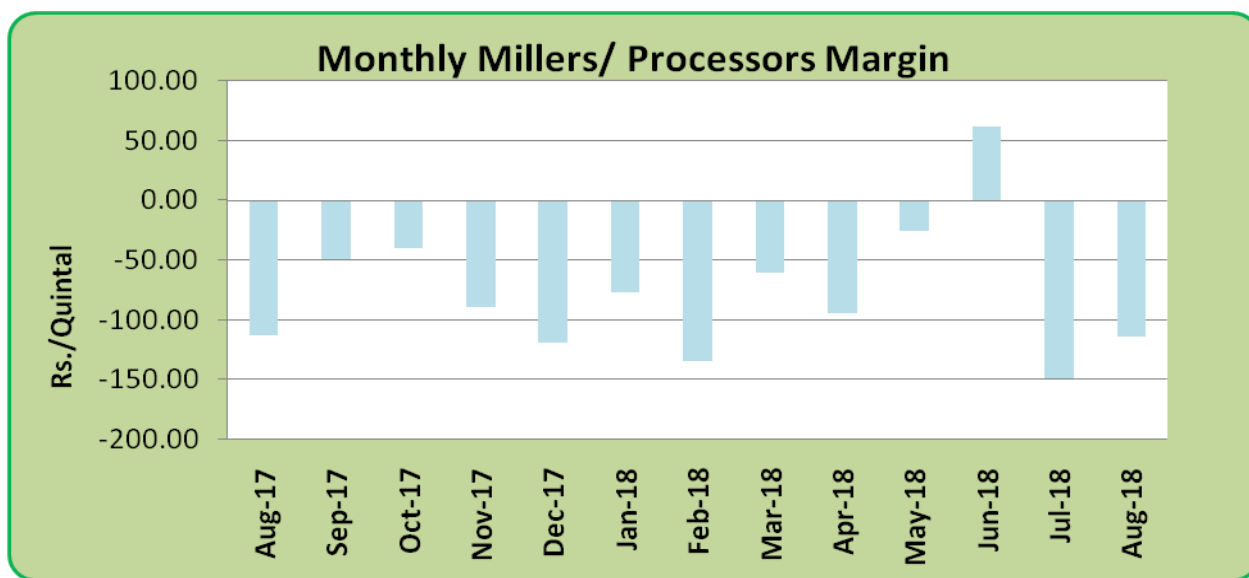
Domestic Guar Seed Supply & Demand Situation (Figures In Lakh Metric Tonnes)						
Item	2016-17	2017-18	2017-18	2017-18	2017-18	2017-18
Supply			Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sept
Opening Stock	15.02	13.73	13.73	21.03	17.11	13.18
Production	14.31	10.51	10.51	0.00	0.00	0.00
Arrivals	14.31	10.51	0.00	0.00	0.00	0.00
Import	0.00	0.00	0.00	0.00	0.00	0.00
Total Availability	29.33	24.24	24.24	21.03	17.11	13.18
Demand						
Total Crushing	15.60	15.30	3.21	3.93	3.93	4.24
Domestic Consumption (Textile, Food & Pharma Industry)	2.87	2.71	0.68	0.68	0.68	0.68
Guar Exports	3.37	3.36	0.75	0.84	0.82	0.95
Exports (Guar seed Equivalent)	12.73	12.59	2.53	3.25	3.25	3.56
Carry Forward (Farmers and Traders Holdings)	13.73	8.94	21.03	17.11	13.18	8.94
Av Monthly Consumption	1.30	1.28	0.27	0.33	0.33	0.35
Stock to Month Use	10.72	7.01	78.69	52.26	40.26	25.32
Stock to Consumption Ratio	0.89	0.58	6.56	4.36	3.36	2.11

- 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:

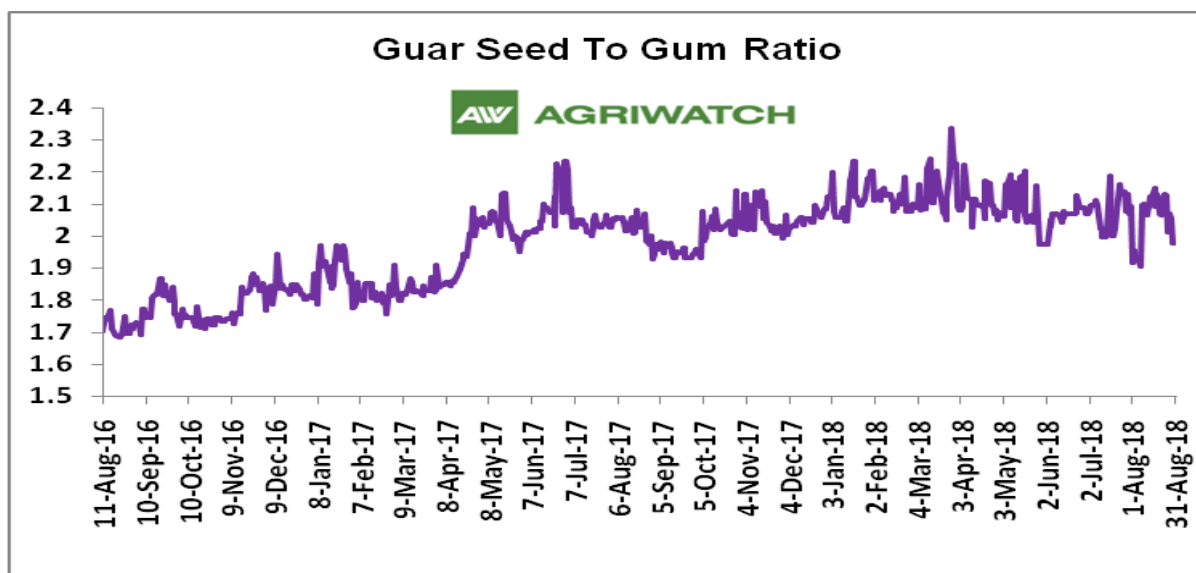
As seen in the chart, the average crush margin of guar seed has increased compared to previous month. In the month of August 2018, average crush margin increased to Rs. -113.94/Quintal compared to Rs. 149.22/quintal last month.

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 2.08, which in the earlier month was 2.03. 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:

- Rise in price and fall in open interest indicates short covering.
- Prices closed above 9 and 18 day EMA.
- RSI is moving in neutral region.

Strategy: Sell

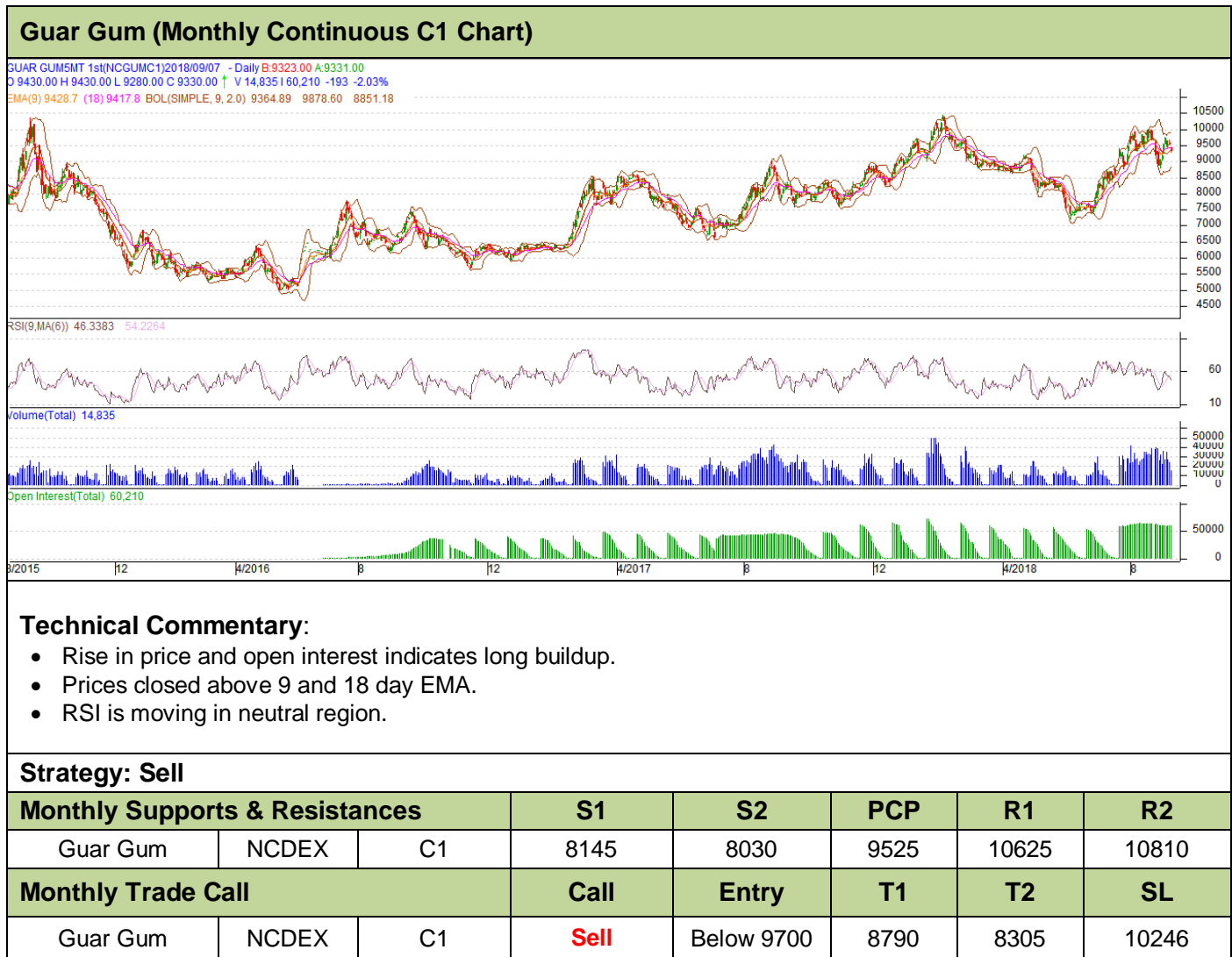
Monthly Supports & Resistances			S1	S2	PCP	R1	R2
Guar Seed	NCDEX	C1	3825	3760	4364	4800	4925
Monthly Trade Call			Call	Entry	T1	T2	SL
Guar Seed	NCDEX	C1	Sell	Below 4450	4105	3910	4657



Technical Analysis (Guar Gum)

Commodity: Guar Gum

Exchange: NCDEX



Guar Seed & Gum Prices at Key Spot Markets

Guar by – Products Monthly Average Prices:				
Commodity	Centre	August,2018	July,2018	Change
Churi	Jodhpur	1494	1479	15
Korma	Jodhpur	2303	2260	43
Churi	Sri-Ganganagar	1365	1340	25
Korma	Sri-Ganganagar	2168	2090	78
Prices in Rs/75 Kg				

Guar Export Monthly Average Prices:				
Commodity	Variety	August,2018	July,2018	Change
Guargum Split		1355	1285	70
Guargum Powder	200 Mesh 5000 CPS	1637	1576	61
	200 Mesh 3500 CPS	1565	1503	62
Guargum Meal	40%	302	303	-1
	50%	438	433	5
Prices in \$/MT				

Guar Seed Monthly Average Prices:					
Commodity	District	Centre	Monthly Prices (Average)(Rs/Qtl)		Change
			August,2018	July,2018	
Guar Seed					
Rajasthan	Jodhpur	Jodhpur (Loose)	4294	4125	170
		Jodhpur(Delivery)	4509	4331	178
	Sri-Ganganagar	Sri-Ganganagar(Loose)	4119	3908	212
		Sri-Ganganagar (Delivery)	4269	4058	212
		Rawla (Loose)	4113	3889	224
		Gharsana (Loose)	4099	3891	208
		Raisinghnagar (Loose)	4118	3942	176
	Bikaner	Bikaner (Loose)	4118	3919	198
		Bikaner (Delivery)	4324	4115	208
		Nokha(Loose)	4175	3961	214
		Nokha (Delivery)	4384	4159	225
		Khajuwala (Loose)	4155	3938	218
		Khajuwala (Delivery)	4363	4134	229
		Lunkaransar (Loose)	4156	3940	215
	Hanumangarh	Hanumangarh (Loose)	4122	3896	226

		Hanumangarh (Delivery)	4328	4090	238
		Nohar (Loose)	4172	3948	225
		Pilibanga (Loose)	NA	NA	-
	Nagaur	Nagaur (Loose)	4122	3800	322
	Churu	Churu (Delivery)	4348	4075	273
	Alwar	Alwar (Loose)	4062	3810	252
Haryana	Hisar	Adampur (Loose)	4156	3929	227
		Adampur (Delivery)	4364	4126	238
	Bhiwani	Bhiwani (Delivery)	4321	4114	208
		Siwani (Loose)	4254	4045	209
	Sirsa	Sirsa (Loose)	4133	3935	197
		Dhabwali (Loose)	4064	3910	154
		Dhabwali (Delivery)	4268	4106	162
		Ellanabad (Loose)	4063	3887	177
	Fatehabad	Fatehabad (Loose)	4125	3894	231
Gujarat	Banaskantha	Deesa (Loose)	3978	3761	217
	Patan	Patan (Loose)	3988	3783	204
	Rajkot	Rajkot (Loose)	4036	3797	239
	Jamnagar	Dhrol (Loose)	3775	3823	-48
Madhya Pradesh	Gwalior	Dabra (Loose)	NA	NA	-
Guar Gum					
Rajasthan	Jodhpur	Jodhpur	9346	8792	554
	Alwar	Alwar	9352	8727	625
	Hanumangarh	Nohar	9428	8887	541
Haryana	Bhiwani	Bhiwani	9528	8965	563
	Sirsa	Sirsa	9348	8771	577
		Dhabwali	9329	8655	674
		Ellanabad	9390	8771	619
	Fatehabad	Fatehabad	9281	8639	642

Guar Cumulative Arrivals in Key Centers:					
Commodity	District	Centre	Monthly Arrivals (Quintals)		Change
Guar Seed			August,2018	July,2018	
Rajasthan	Jodhpur	Jodhpur	3986	2690	1296
	Sri-Ganganagar	Sri-Ganganagar	8753	5835	2918
		Rawla	4070	2425	1645

		Gharsana	2600	2100	500
		Raisinghnagar	7750	6750	1000
	Bikaner	Bikaner	8450	8650	-200
		Nokha	15900	8810	7090
		Khajuwala	7900	8900	-1000
		Lunkaransar	7120	10460	-3340
	Hanumangarh	Hanumangarh	5200	2350	2850
		Nohar	8700	11250	-2550
		Pilibanga	NA	NA	-
	Nagaur	Nagaur	4750	3790	960
	Churu	Churu	18450	14800	3650
	Alwar	Alwar	9350	6050	3300
Haryana	Hisar	Adampur	22200	30300	-8100
	Bhiwani	Bhiwani	79300	86600	-7300
		Siwani	30400	23300	7100
	Sirsa	Sirsa	20900	18800	2100
		Dhabwali	12350	2850	9500
		Ellanabad	2270	2640	-370
	Fatehabad	Fatehabad	5570	2060	3510
Gujarat	Banaskantha	Deesa	130	203	-73
	Patan	Patan	1408	652	756
	Rajkot	Rajkot	1407	5167	-3760
	Jamnagar	Dhrol	12	35	-23
Madhya Pradesh	Gwalior	Dabra	NA	NA	-
Total Arrivals/Above Markets			288926	267467	21459

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