

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 4.54 percent from Rs 3814.66 in August to Rs 3641.62 per qtl in September-2018. Average price in September -18 is higher by 10.44 percent compared to Rs 3297.30 per qtl (September-2017). Guar prices are expected to remain steady to weak in upcoming weeks.

Guar seed future November contract touched a low of Rs 4211.00 per quintal before closing at Rs 4363.00 per quintal in the month of September. As per trade sources, guar is likely to be bearish with small technical recoveries in coming weeks and touch Rs 4050.00-4100.00 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 August by 11.12 percent compared to previous month. India exported around 23771 tonnes of guar gum in the month of August at an average FoB of \$ 1772.92 per tonne compared to 21797 tonnes in July at an average FoB of \$ 1745.68 per tonne. Export demand is normal as of now.

As per trade sources, export of guar split has increased in the month of August. Exports in the month of August are up by around 11.56% compared to previous month. India exported around 6023 tonnes of guar split in the month of August at an average FoB of \$ 1465.90 per tonne. Of the total quantity, around 3080 tonnes and 2440 tonnes have been exported to China and Unites States respectively.

The wholesale price index of guar seed has increased from 92.6 in July 2018 to 98.6 in August 2018. The WPI for August 2018 is up by 19.23 compared to last year for the same month and by 19.40 compared to August 2016. WPI is expected to stay week in coming month.

As per millers, recovery of guar gum from guar seed is coming around 29.50-30.00 kg in Barmer and 30.0-30.50 kg in Jodhpur. Quality of guar seed is expected to be better compared to last season leading to better recoveries.

As per data released by Baker Hughes the number of oil rigs in USA has decreased to 1054 as on 28th September 2018 up by 1 compared to 21st September 2018 and up by 114 compared to 29th September 2017. The total number of oilrigs was recorded at 2278 worldwide in August'18 compared to 2116 in the same month last year. Slick water is expensive compared to guar gum. However, U.S. is still importing slick water due to fear of unexpected surge in price of guar gum. Therefore, exports are being slightly affected.

As far as Arrivals are concerned, Adampur (Haryana) market (biggest market of guar in North) reported higher arrivals (27700 quintals) during September 2018 compared to previous month 22200 quintals.

Similarly, In Bikaner market, arrivals have decreased during September 2018 to 4900 quintals compared to previous month arrivals data i.e. 8450 quintals.

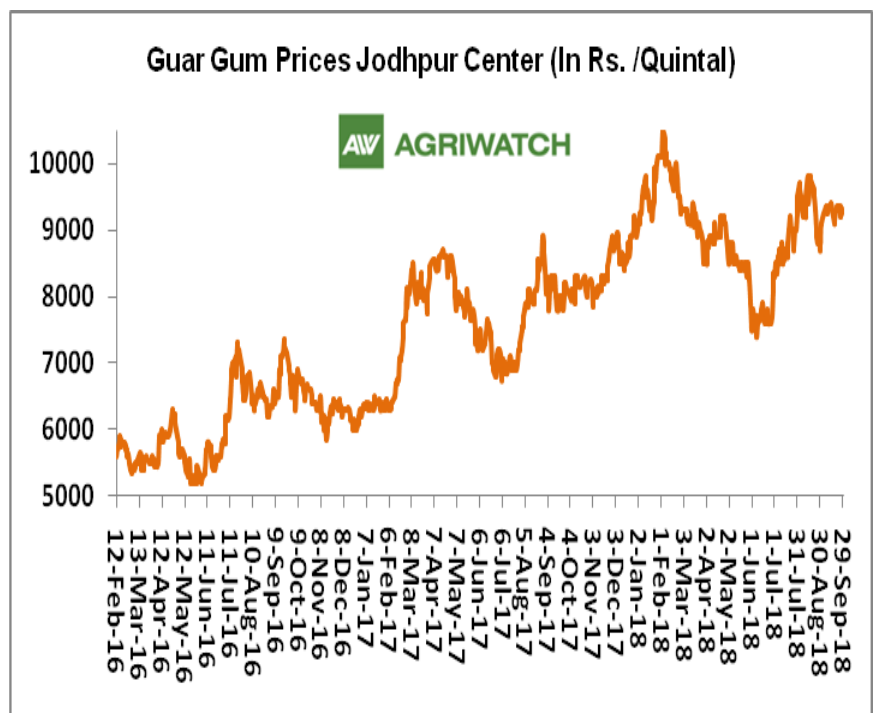
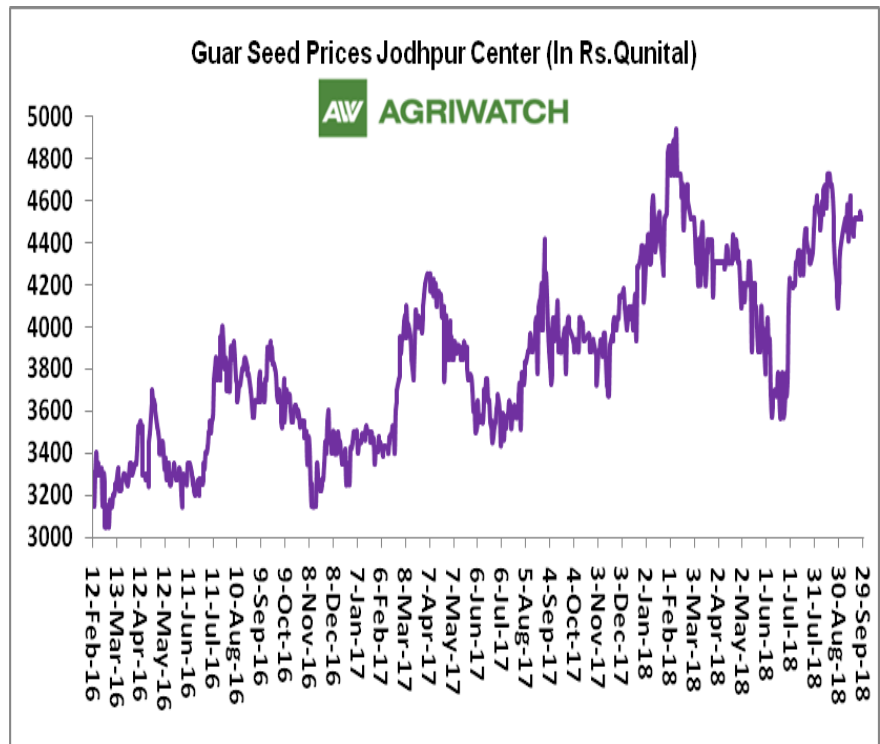
Recommendation:

Monthly Call - : Market participants advised to sell Guar seed at current levels for a target of 4125 with a stop loss at 4405 on closing basis.

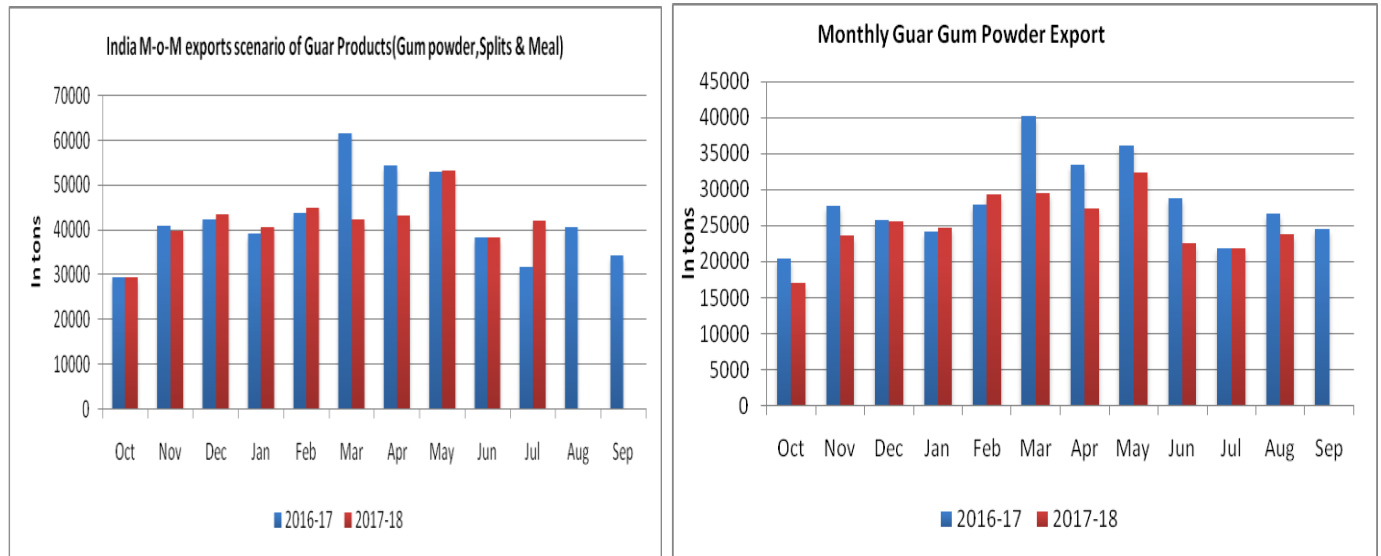
Guar Seed Fundamental Analysis and Outlook:-

Domestic Front

- Average Guar seed prices remained steady to weak during September 2018. All major spot markets witnessed weak sentiments. Overall arrivals were lower in September compared to last month. Highest decrease in arrivals was noticed in Bhiwani, Siwani, Nokha, Churu and Lunkaransar.
- In the month of September 2018, Guar seed monthly average prices decreased by Rs 1.00 per quintal compared to previous month and settled at Rs. 4507 per quintal. Sluggish trading activities in guar seed, in key markets kept the prices bearish during last month.
- Guar gum monthly average prices in September 2018 decreased by Rs 49.90 per quintal and settled at Rs 9296.25 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

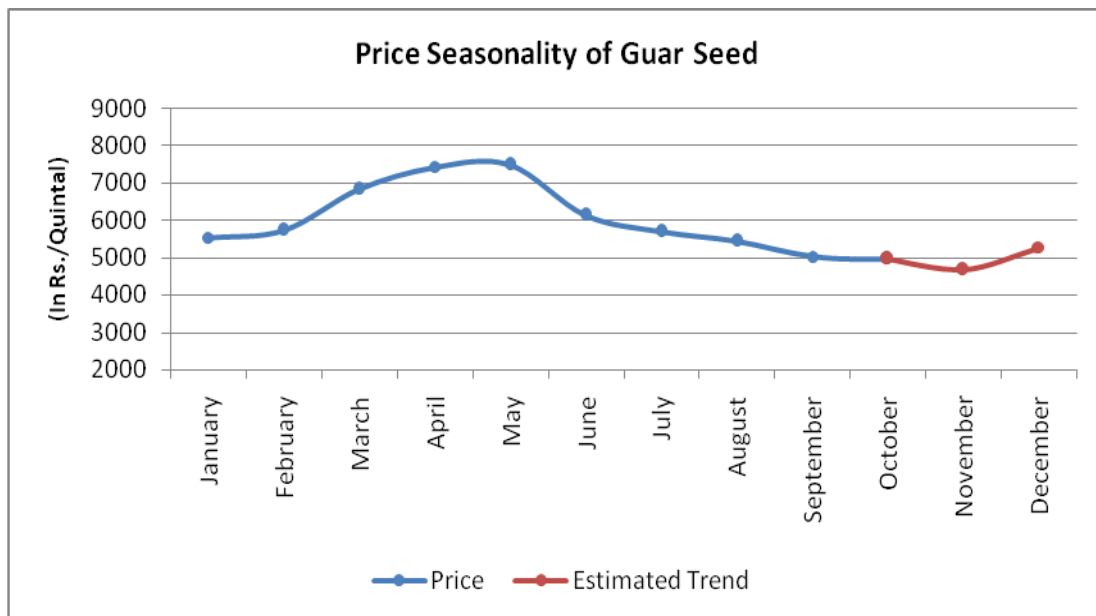


On export front, guar products export demand has increased compared to previous month. India has exported 42174 tons of guar seed products (Gum powder, Splits & Meal) in the month of July 2018 up by 9.87 % compared to last month and by 32.95% compared to corresponding month of last year.

In addition, during August 2018 guar gum powder export decreased by 11.12 % compared to corresponding month of previous year.

India exported 23771 tons of guar gum powder in the month of August 2018, which is higher compared to guar gum powder exported last month by 9.06 % due to good 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

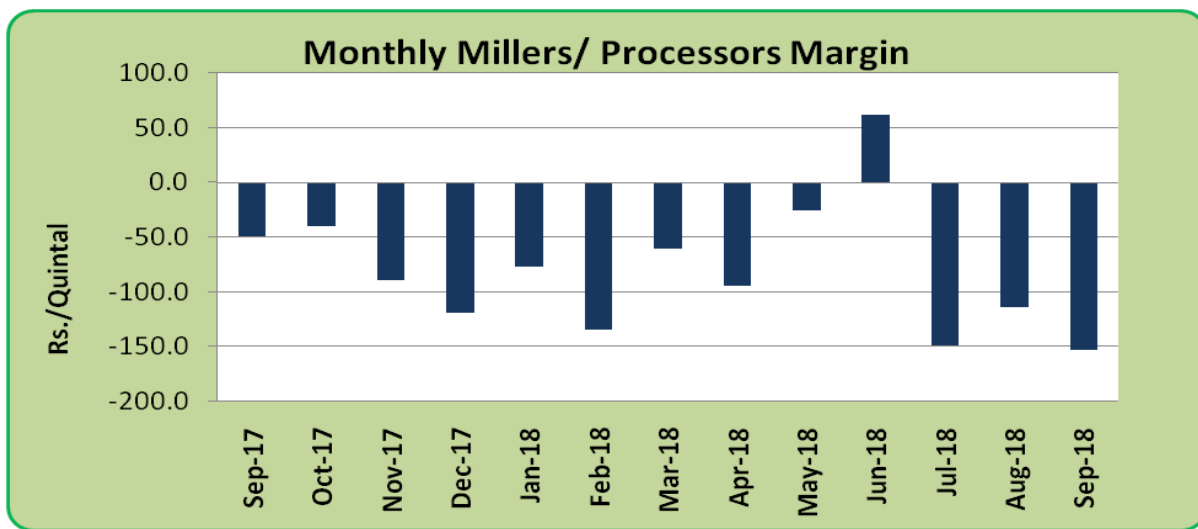
Domestic Guar Seed Supply & Demand Situation (Figures In Lakh Metric Tonnes)						
Item	2017-18	2018-19	2018-19	2018-19	2018-19	2018-19
			Oct-Dec	Jan-Mar	Apr-June	July-Sept
Supply						
Opening Stock	13.73	8.94	8.94	7.92	8.14	6.83
Production	10.51	9.68	9.68	0.00	0.00	0.00
Arrivals	10.51	9.68	1.94	3.97	2.42	1.36
Import	0.00	0.00	0.00	0.00	0.00	0.00
Total Availability	24.24	18.62	10.88	11.89	10.56	8.19
Demand						
Total Crushing	15.30	14.52	2.96	3.75	3.73	4.09
Domestic Consumption (Textile, Food & Pharma Industry)	2.71	2.11	0.53	0.53	0.53	0.53
Guar Exports	3.36	3.26	0.73	0.82	0.81	0.90
Exports (Guar seed Equivalent)	12.59	12.41	2.43	3.22	3.20	3.56
Carry Forward (Farmers and Traders Holdings)	8.94	4.10	7.92	8.14	6.83	4.10
Av Monthly Consumption	1.28	1.21	0.25	0.31	0.31	0.34
Stock to Month Use	7.01	3.39	32.13	26.06	22.00	12.04
Stock to Consumption Ratio	0.58	0.28	2.68	2.17	1.83	1.00

- Guar seed opening stock for the marketing year 2018-19 is likely to settle at 8.94 lac tons, which is lower compared to last year.
- As far as production is concerned, we expect 9.68 lakh tons of guar seed production in 2018-19, due to lower acreage compared to last year.
- Guar Exports are expected to be around 3.26 lakh tonnes compared to 3.36 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 September, 2018, average crush margin decreased to Rs. -153.10/Quintal compared to Rs. -113.94/quintal last month.

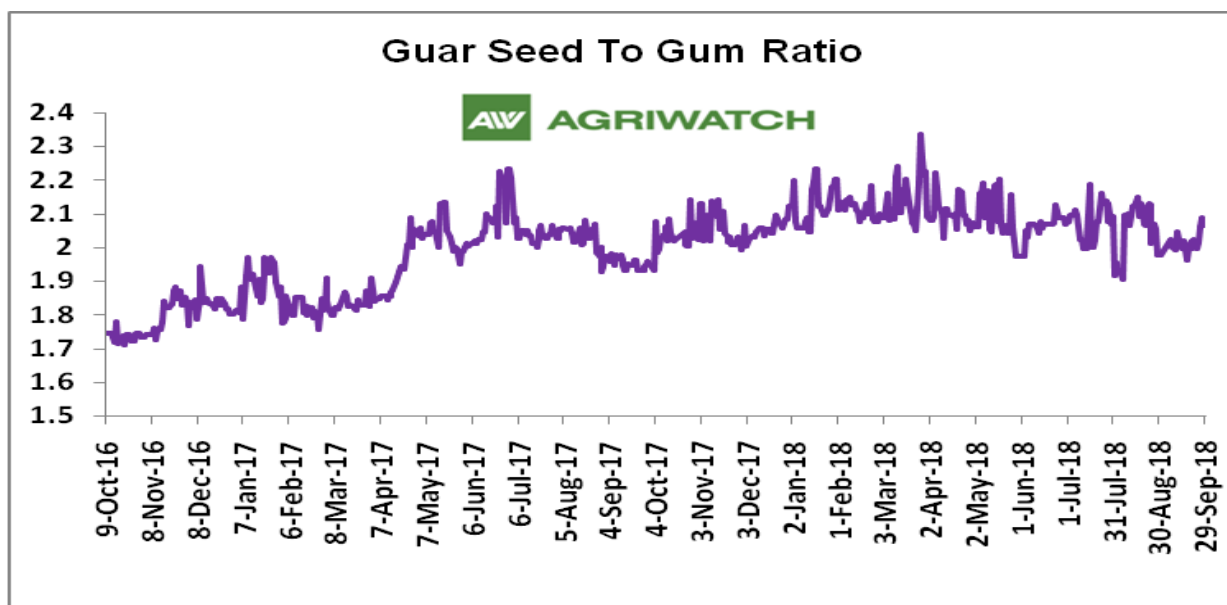
Higher prices of guar seed compared to prices of churi and korma, has reduced the total return which has caused the margin to fall further.



Guar Seed To Gum Ratio:

Ratio of guar seed to gum decreased to 2.06, which in the earlier month was 2.07. 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)



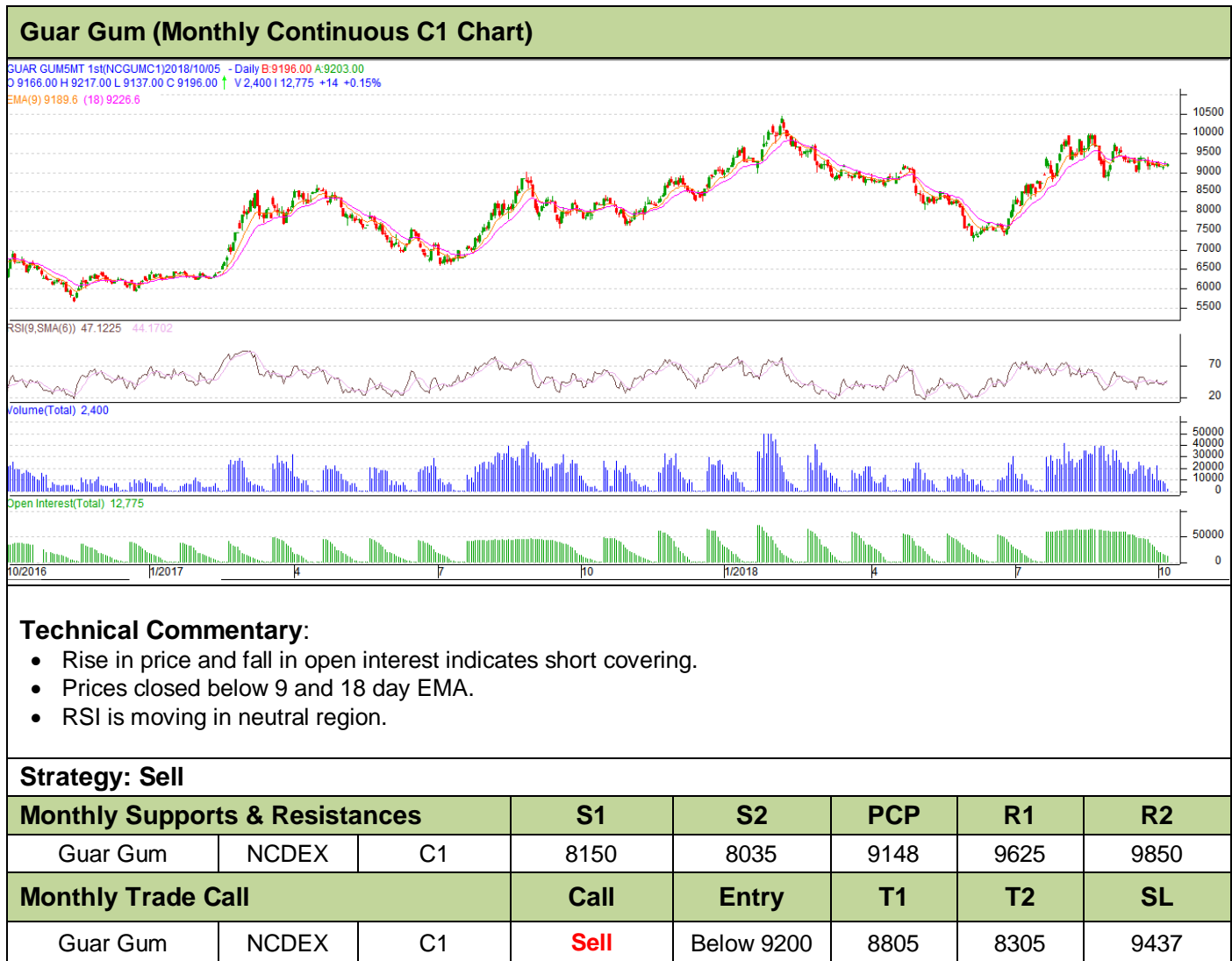
Technical Commentary:

- Rise in price and fall in open interest indicates short covering.
- Prices closed below 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	3905	3830	4269	4510	4595
Monthly Trade Call			Call	Entry	T1	T2	SL
Guar Seed	NCDEX	C1	Sell	Below 4300	4125	4020	4405

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	September,2018	August,2018	Change
Churi	Jodhpur	1599	1494	104
Korma	Jodhpur	2190	2303	-113
Churi	Sri-Ganganagar	1437	1365	72
Korma	Sri-Ganganagar	2230	2168	62
Prices in Rs/75 Kg				

Guar Export Monthly Average Prices:				
Commodity	Variety	September,2018	August,2018	Change
Guargum Split		1296	1355	-59
Guargum Powder	200 Mesh 5000 CPS	1573	1637	-64
	200 Mesh 3500 CPS	1504	1565	-61
Guargum Meal	40%	291	302	-11
	50%	414	438	-24
Prices in \$/MT				

Guar Seed Monthly Average Prices:					
Commodity	District	Centre	Monthly Prices (Average)(Rs/Qtl)		Change
Guar Seed			September,2018	August,2018	
Rajasthan	Jodhpur	Jodhpur (Loose)	4294	4294	Unch
		Jodhpur(Delivery)	4509	4509	Unch
	Sri-Ganganagar	Sri-Ganganagar(Loose)	4103	4119	-16
		Sri-Ganganagar (Delivery)	4253	4269	-16
		Rawla (Loose)	4070	4113	-44
		Gharsana (Loose)	4047	4099	-52
		Raisinghnagar (Loose)	4086	4118	-32
	Bikaner	Bikaner (Loose)	4084	4118	-34
		Bikaner (Delivery)	4288	4324	-36
		Nokha(Loose)	4052	4175	-123
		Nokha (Delivery)	4254	4384	-129
		Khajuwala (Loose)	4089	4155	-66
		Khajuwala (Delivery)	4294	4363	-70
		Lunkaransar (Loose)	4097	4156	-59
	Hanumangarh	Hanumangarh (Loose)	4054	4122	-68

		Hanumangarh (Delivery)	4256	4328	-72
		Nohar (Loose)	4106	4172	-66
		Pilibanga (Loose)	NA	NA	-
	Nagaur	Nagaur (Loose)	4061	4122	-61
	Churu	Churu (Delivery)	4275	4348	-73
	Alwar	Alwar (Loose)	3983	4062	-79
Haryana	Hisar	Adampur (Loose)	4082	4156	-74
		Adampur (Delivery)	4286	4364	-78
	Bhiwani	Bhiwani (Delivery)	4269	4321	-52
		Siwani (Loose)	4228	4254	-27
	Sirsa	Sirsa (Loose)	4115	4133	-17
		Dhabwali (Loose)	4064	4064	-1
		Dhabwali (Delivery)	4116	4268	-152
		Ellanabad (Loose)	4090	4063	27
	Fatehabad	Fatehabad (Loose)	4024	4125	-101
Gujarat	Banaskantha	Deesa (Loose)	3994	3978	16
	Patan	Patan (Loose)	3915	3988	-73
	Rajkot	Rajkot (Loose)	3975	4036	-61
	Jamnagar	Dhrol (Loose)	3858	3775	82
Madhya Pradesh	Gwalior	Dabra (Loose)	NA	NA	-
Guar Gum					
Rajasthan	Jodhpur	Jodhpur	9296	9346	-50
	Alwar	Alwar	9261	9352	-91
	Hanumangarh	Nohar	9332	9428	-96
Haryana	Bhiwani	Bhiwani	9461	9528	-67
	Sirsa	Sirsa	9283	9348	-66
		Dhabwali	9210	9329	-119
		Ellanabad	9280	9390	-110
	Fatehabad	Fatehabad	9276	9281	-5

Guar Cumulative Arrivals in Key Centers:

Commodity	District	Centre	Monthly Arrivals (Quintals)		Change
			September,2018	August,2018	
Rajasthan	Jodhpur	Jodhpur	1935	3986	-2051
	Sri-Ganganagar	Sri-Ganganagar	14300	8753	5547
		Rawla	1920	4070	-2150

		Gharsana	1580	2600	-1020
		Raisinghnagar	6750	7750	-1000
	Bikaner	Bikaner	4900	8450	-3550
		Nokha	7650	15900	-8250
		Khajuwala	3450	7900	-4450
		Lunkaransar	1720	7120	-5400
	Hanumangarh	Hanumangarh	4661	5200	-539
		Nohar	7211	8700	-1489
		Pilibanga	NA	NA	-
	Nagaur	Nagaur	1675	4750	-3075
	Churu	Churu	11700	18450	-6750
	Alwar	Alwar	4150	9350	-5200
Haryana	Hisar	Adampur	27700	22200	5500
	Bhiwani	Bhiwani	40500	79300	-38800
		Siwani	19400	30400	-11000
	Sirsa	Sirsa	31000	20900	10100
		Dhabwali	22950	12350	10600
		Ellanabad	3045	2270	775
	Fatehabad	Fatehabad	2330	5570	-3240
Gujarat	Banaskantha	Deesa	80	130	-50
	Patan	Patan	279	1408	-1129
	Rajkot	Rajkot	2484	1407	1077
	Jamnagar	Dhrol	18	12	6
Madhya Pradesh	Gwalior	Dabra	NA	NA	-
Total Arrivals/Above Markets			223388	288926	-65538

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