

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 8.70 percent from Rs 3641.62 in September to Rs 3958.26 per qtl in October-2018. Average price in October -18 is higher by 20.89 percent compared to Rs 3274.20 per qtl (October-2017). Guar prices are expected to remain steady to weak in upcoming weeks.

As per trade sources, export of guar gum has decreased in the month of September by 24.72 percent compared to previous month. India exported around 18406 tonnes of guar gum in the month of September at an average FoB of \$ 1765.31 per tonne compared to 23771 tonnes in August at an average FoB of \$ 1772.92 per tonne. Exports are expected to remain low in October-18 as well.

As per trade sources, export of guar split has decreased in the month of September. Exports in the month of September are down by around 28.62% compared to previous month. India exported around 4299 tonnes of guar split in the month of September at an average FoB of \$ 1446.82 per tonne. Of the total quantity, around 2660 tonnes and 1280 tonnes have been exported to China and Unites States respectively.

The wholesale price index of guar seed has decreased from 98.6 in August 2018 to 97.0 in September 2018. The WPI for September 2018 is up by 13.19 compared to last year for the same month and by 19.02 compared to September 2016. WPI is expected to stay week in coming month.

As per data released by Baker Hughes the number of oil rigs in USA has decreased to 1067 as on 02 November 2018 down by 1 compared to 26th October 2018 and up by 169 compared to 03rd November 2017. The total number of oilrigs was recorded at 2258 worldwide in September'18 compared to 2081 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.

Guar seed future November contract touched a low of Rs 4495.00 per quintal before closing at Rs 4645.50 per quintal in last week. As per trade sources, guar is likely to be bearish with small technical recoveries in coming weeks and touch Rs 4400-4450.00 per quintal. Export demand is normal as of now.

As far as Arrivals are concerned, Adampur (Haryana) market (biggest market of guar in North) reported higher arrivals (56300 quintals) during October 2018 compared to previous month 27700 quintals.

Similarly, In Bikaner market, arrivals have increased during October 2018 to 36600 quintals compared to previous month arrivals data i.e. 4900 quintals.

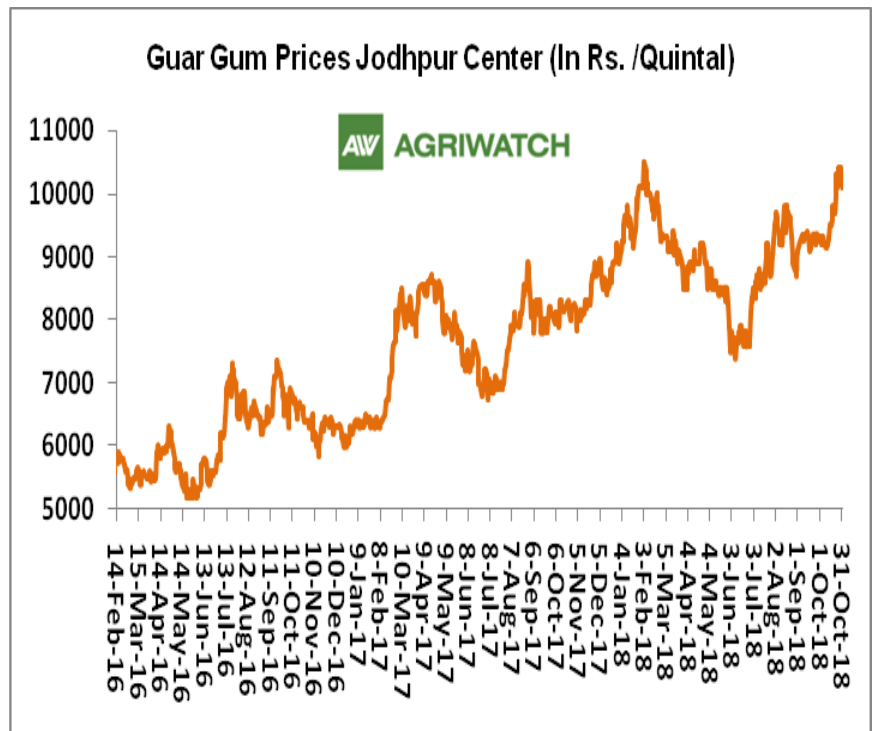
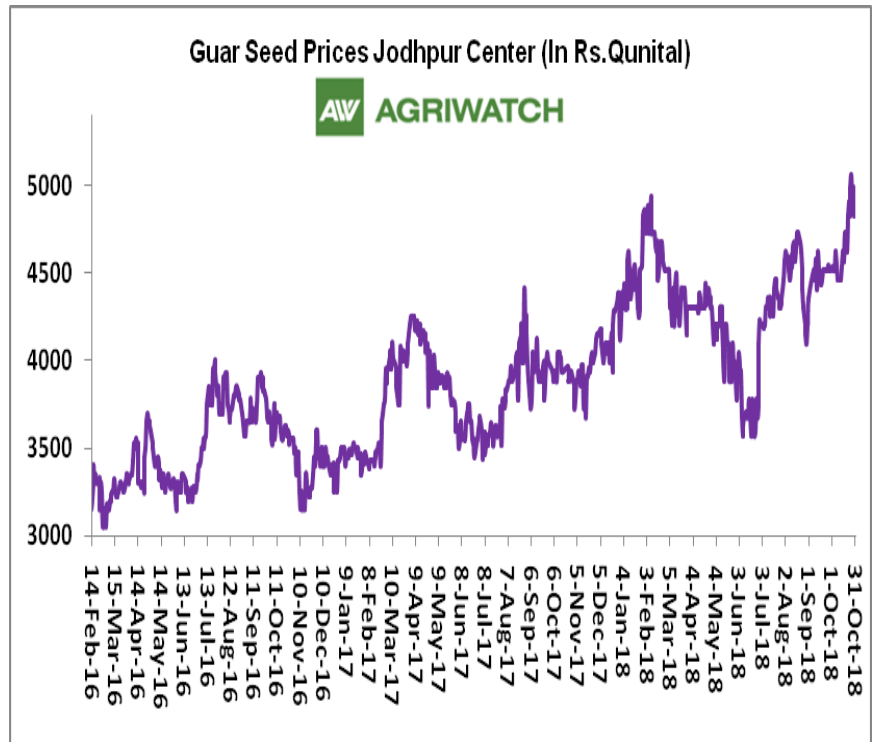
Recommendation:

Monthly Call - : Market participants advised to sell Guar seed at current levels for a target of 4450 with a stop loss at 4850 on closing basis.

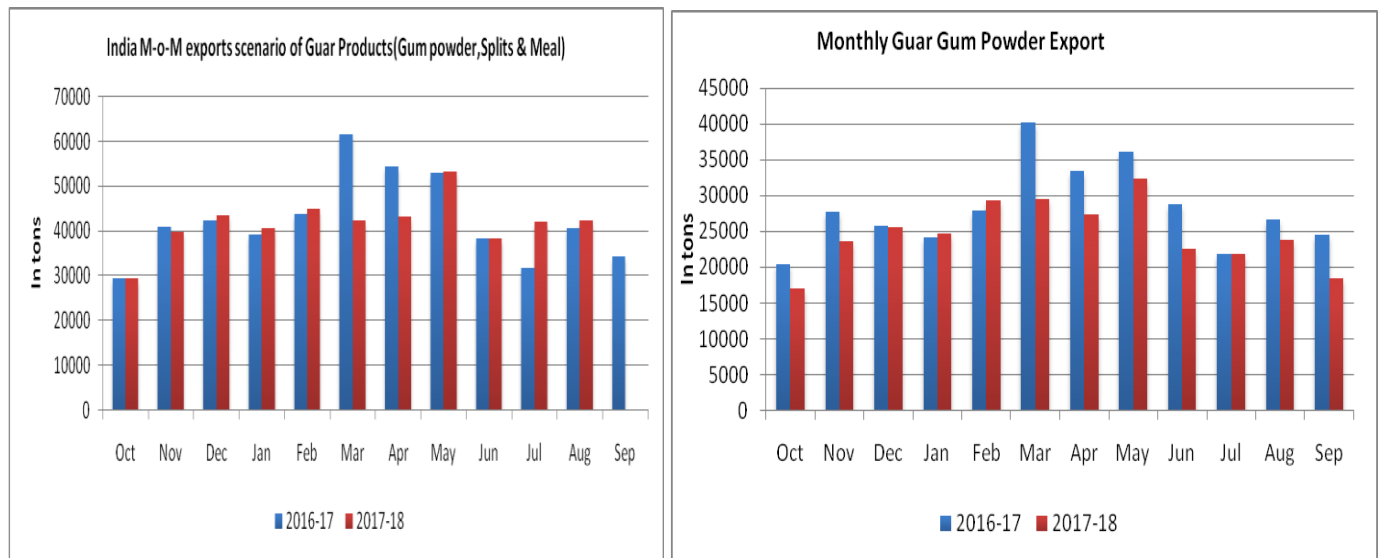
Guar Seed Fundamental Analysis and Outlook:-

Domestic Front

- Average Guar seed prices remained firm during October 2018. All major spot markets witnessed firm sentiments. Overall arrivals were higher in October compared to last month. Highest increase in arrivals was noticed in Sri-Ganganagar, Sirsa, Adampur and Bikaner.
- In the month of October 2018, Guar seed monthly average prices decreased by Rs 174.91 per quintal compared to previous month and settled at Rs. 4683.88 per quintal. Active trading activities in guar seed, in key markets kept the prices bullish during last month.
- Guar gum monthly average prices in October 2018 decreased by Rs 476.25 per quintal and settled at Rs 9772.50 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

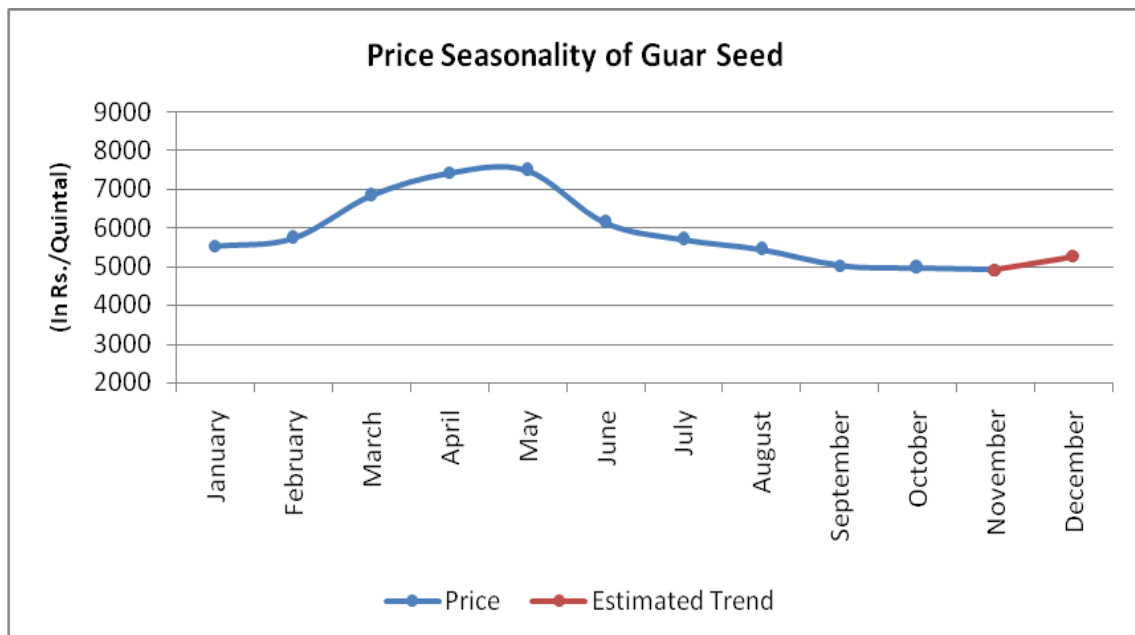


On export front, guar products export demand has increased compared to previous month. India has exported 42338 tons of guar seed products (Gum powder, Splits & Meal) in the month of August 2018 up by 0.39 % compared to last month and by 4.14% compared to corresponding month of last year.

In addition, during September 2018 guar gum powder export decreased by 24.72 % compared to corresponding month of previous year.

India exported 18406 tons of guar gum powder in the month of September 2018, which is lower compared to guar gum powder exported last month by 22.57 %.

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

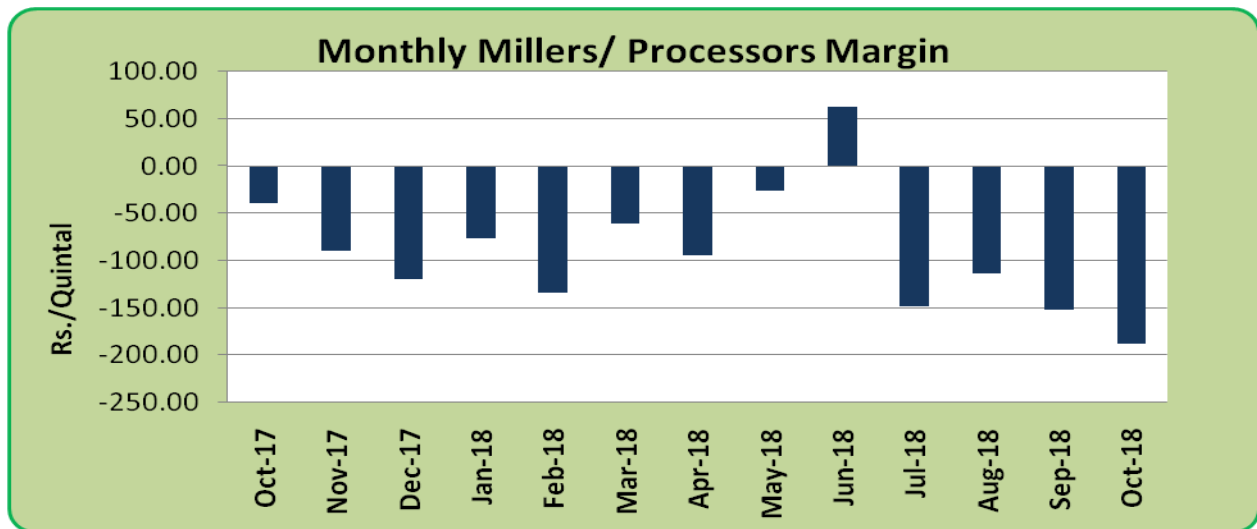
Domestic Guar Seed Supply & Demand Situation (Figures In Lakh Metric Tonnes)						
Item	2017-18	2018-19	2018-19	2018-19	2018-19	2018-19
			Oct-Dec	Jan-Mar	Apr-June	July-Sept
Supply						
Opening Stock	13.73	9.84	9.84	8.82	9.04	7.73
Production	10.51	9.68	9.68	0.00	0.00	0.00
Arrivals	10.51	9.68	1.94	3.97	2.42	1.36
Import	0.00	0.00	0.00	0.00	0.00	0.00
Total Availability	24.24	19.52	11.78	12.79	11.46	9.09
Demand						
Total Crushing	14.40	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	3.49	3.26	0.73	0.82	0.81	0.90
Exports (Guar seed Equivalent)	11.69	12.41	2.43	3.22	3.20	3.56
Carry Forward (Farmers and Traders Holdings)	9.84	5.00	8.82	9.04	7.73	5.00
Av Monthly Consumption	1.20	1.21	0.25	0.31	0.31	0.34
Stock to Month Use	8.20	4.13	35.78	28.95	24.89	14.68
Stock to Consumption Ratio	0.68	0.34	2.98	2.41	2.07	1.22

- Guar seed opening stock for the marketing year 2018-19 is likely to settle at 9.84 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 3.49 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 October, 2018, average crush margin decreased to Rs. -188.30/Quintal compared to Rs. -153.10/quintal last month.

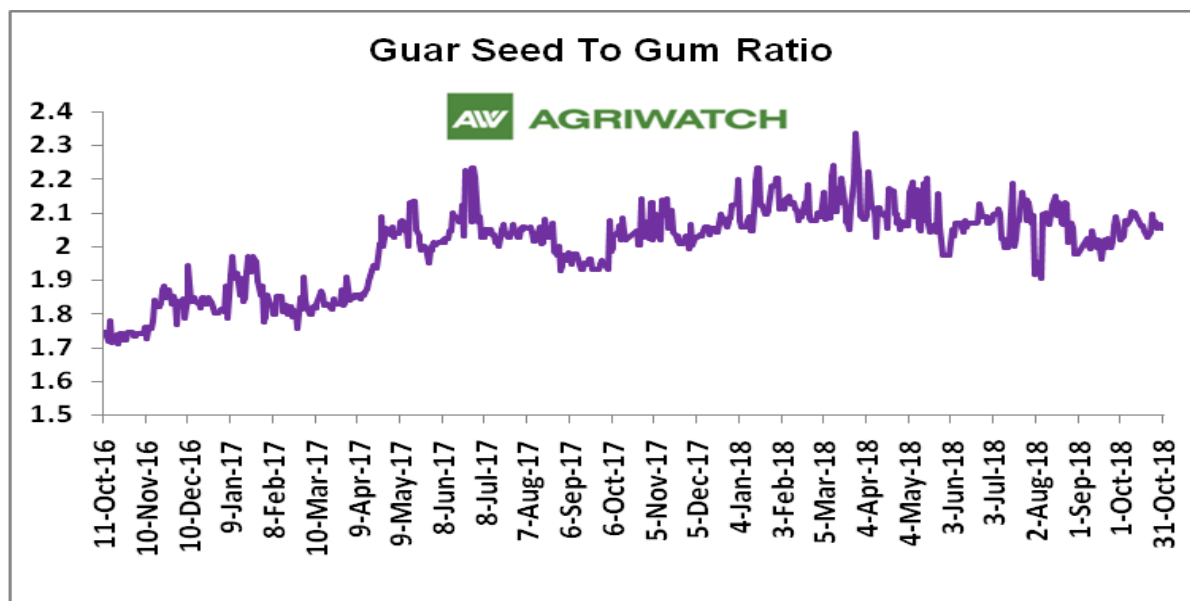
Higher prices of guar seed compared to prices of churi and korma, has reduced the total return which has caused the margin to fall further.



Guar Seed To Gum Ratio:

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

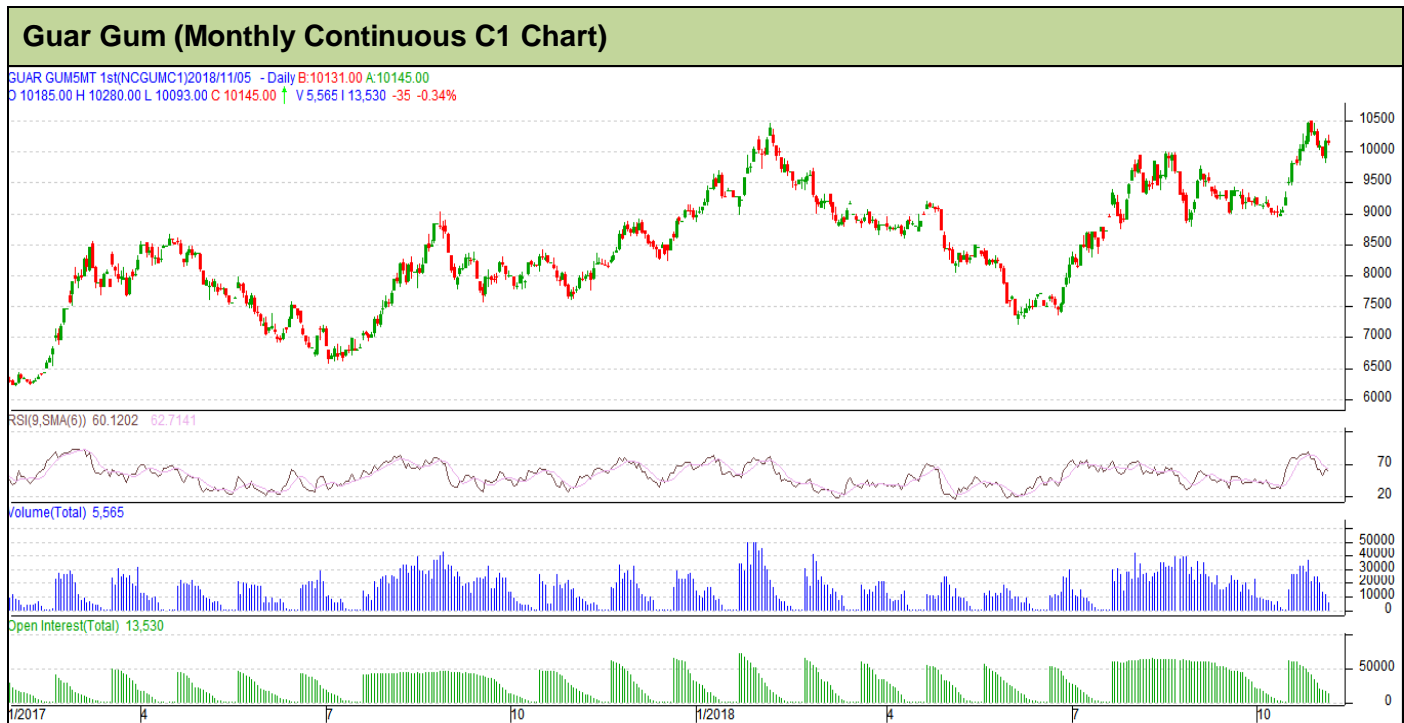


Technical Commentary:

- Fall in price and open interest indicates long liquidation.
- Prices closed 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	4105	4030	4645.5	4910	4995
Monthly Trade Call			Call	Entry	T1	T2	SL
Guar Seed	NCDEX	C1	Sell	Below 4700	4450	4275	4850

Technical Analysis (Guar Gum)
Commodity: Guar Gum
Exchange: NCDEX

Technical Commentary:

- Fall in price and open interest indicates long liquidation.
- 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 Gum	NCDEX	C1	9150	9005	10180	10855	11050
Monthly Trade Call			Call	Entry	T1	T2	SL
Guar Gum	NCDEX	C1	Sell	Below 10280	9690	9365	10634

Guar Seed & Gum Prices at Key Spot Markets

Guar by – Products Monthly Average Prices:				
Commodity	Centre	October,2018	September,2018	Change
Churi	Jodhpur	1524	1599	-74
Korma	Jodhpur	2252	2190	63
Churi	Sri-Ganganagar	1338	1437	-99
Korma	Sri-Ganganagar	2081	2230	-149
Prices in Rs/75 Kg				

Guar Export Monthly Average Prices:				
Commodity	Variety	October,2018	September,2018	Change
Guargum Split		1309	1296	13
Guargum Powder	200 Mesh 5000 CPS	1567	1573	-6
	200 Mesh 3500 CPS	1499	1504	-4
Guargum Meal	40%	289	291	-2
	50%	418	414	4
Prices in \$/MT				

Guar Seed Monthly Average Prices:					
Commodity	District	Centre	Monthly Prices (Average)(Rs/Qtl)		Change
Guar Seed			October,2018	September,2018	
Rajasthan	Jodhpur	Jodhpur (Loose)	4452	4294	158
		Jodhpur(Delivery)	4675	4509	166
	Sri-Ganganagar	Sri-Ganganagar(Loose)	4279	4103	176
		Sri-Ganganagar (Delivery)	4437	4253	184
		Rawla (Loose)	4229	4070	160
		Gharsana (Loose)	4253	4047	206
		Raisinghnagar (Loose)	4279	4086	194
	Bikaner	Bikaner (Loose)	4275	4084	191
		Bikaner (Delivery)	4489	4288	201
		Nokha(Loose)	4268	4052	216
		Nokha (Delivery)	4482	4254	227
		Khajuwala (Loose)	4235	4089	145
		Khajuwala (Delivery)	4446	4294	153
		Lunkaransar (Loose)	4250	4097	153
	Hanumangarh	Hanumangarh (Loose)	4240	4054	186

		Hanumangarh (Delivery)	4452	4256	196
		Nohar (Loose)	4239	4106	132
		Pilibanga (Loose)	4335	NA	-
	Nagaur	Nagaur (Loose)	4154	4061	93
	Churu	Churu (Delivery)	4385	4275	110
	Alwar	Alwar (Loose)	4178	3983	195
Haryana	Hisar	Adampur (Loose)	4159	4082	78
		Adampur (Delivery)	4367	4286	81
	Bhiwani	Bhiwani (Delivery)	4388	4269	118
		Siwani (Loose)	4360	4228	132
	Sirsa	Sirsa (Loose)	4172	4115	57
		Dhabwali (Loose)	4122	4064	58
		Dhabwali (Delivery)	4328	4116	213
		Ellanabad (Loose)	4165	4090	74
	Fatehabad	Fatehabad (Loose)	4060	4024	36
Gujarat	Banaskantha	Deesa (Loose)	4213	3994	219
	Patan	Patan (Loose)	4141	3915	226
	Rajkot	Rajkot (Loose)	4199	3975	224
	Jamnagar	Dhrol (Loose)	4093	3858	236
Madhya Pradesh	Gwalior	Dabra (Loose)	NA	NA	-
Guar Gum					
Rajasthan	Jodhpur	Jodhpur	9668	9296	372
	Alwar	Alwar	9644	9261	383
	Hanumangarh	Nohar	9668	9332	336
Haryana	Bhiwani	Bhiwani	9646	9461	184
	Sirsa	Sirsa	9627	9283	345
		Dhabwali	9326	9210	116
		Ellanabad	9702	9280	422
	Fatehabad	Fatehabad	9586	9276	309

Guar Cumulative Arrivals in Key Centers:					
Commodity	District	Centre	Monthly Arrivals (Quintals)		Change
Guar Seed			October,2018	September,2018	
Rajasthan	Jodhpur	Jodhpur	2890	1935	955
	Sri-Ganganagar	Sri-Ganganagar	130000	14300	115700
		Rawla	6370	1920	4450

		Gharsana	7700	1580	6120
		Raisinghnagar	40100	6750	33350
	Bikaner	Bikaner	36600	4900	31700
		Nokha	26000	7650	18350
		Khajuwala	9500	3450	6050
		Lunkaransar	8810	1720	7090
	Hanumangarh	Hanumangarh	24850	4661	20189
		Nohar	19600	7211	12389
		Pilibanga	11900	NA	-
	Nagaur	Nagaur	5750	1675	4075
	Churu	Churu	32600	11700	20900
	Alwar	Alwar	8650	4150	4500
Haryana	Hisar	Adampur	56300	27700	28600
	Bhiwani	Bhiwani	18050	40500	-22450
		Siwani	31350	19400	11950
	Sirsa	Sirsa	142100	31000	111100
		Dhabwali	25400	22950	2450
		Ellanabad	18700	3045	15655
	Fatehabad	Fatehabad	15250	2330	12920
Gujarat	Banaskantha	Deesa	2685	80	2605
	Patan	Patan	1442	279	1163
	Rajkot	Rajkot	4975	2484	2491
	Jamnagar	Dhrol	89	18	71
Madhya Pradesh	Gwalior	Dabra	NA	NA	-
Total Arrivals/Above Markets			687661	223388	464273

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