

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 2.47 percent from Rs 3958.26 in October to Rs 4056.08 per qtl in November-2018. Average price in November -18 is higher by 20.56 percent compared to Rs 3364.4 per qtl (October-2017). Guar prices are expected to remain steady to firm in upcoming weeks.

As per trade sources, export of guar split has increased in the month of October. Exports in the month of October are up by around 31.19% compared to previous month. India exported around 5640 tonnes of guar split in the month of October at an average FoB of \$ 1375.10 per tonne. Of the total quantity, around 4840 tonnes and 559.79 tonnes have been exported to China and Unites States respectively.

As per trade sources, export of guar gum has decreased in the month of October by 3.00 percent compared to previous month. India exported around 17854 tonnes of guar gum at an average FoB of \$ 1853.62 per tonne in the month of October compared to 18406 tonnes in September at an average FoB of \$ 1765.31 per tonne. Exports are expected to remain low in November-18 as well.

The wholesale price index of guar seed has increased from 97.0 in September 2018 to 100.3 in October 2018. The WPI for October 2018 is up by 17.72 compared to last year for the same month and by 27.45 compared to October 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 increased to 1076 as on 30th November 2018 down by 3 compared to 21st November 2018 and up by 147 compared to 01st December 2017. The total number of oilrigs was recorded at 2271 worldwide in October'18 compared to 2077 in the same month last year. Slick water is slightly 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 December contract touched a low of Rs 4227.50 per quintal before closing at Rs 4301.00 per quintal in the month of November. As per trade sources, guar is likely to be bullish with small technical corrections in coming weeks and touch Rs 4600-4650.00 per quintal. Export demand is expected to recover in coming weeks.

As far as Arrivals are concerned, Adampur (Haryana) market (biggest market of guar in North) reported lower arrivals (21450 quintals) during November 2018 compared to previous month 56300 quintals.

Similarly, In Bikaner market, arrivals have increased during November 2018 to 48400 quintals compared to previous month arrivals data i.e. 36600 quintals.

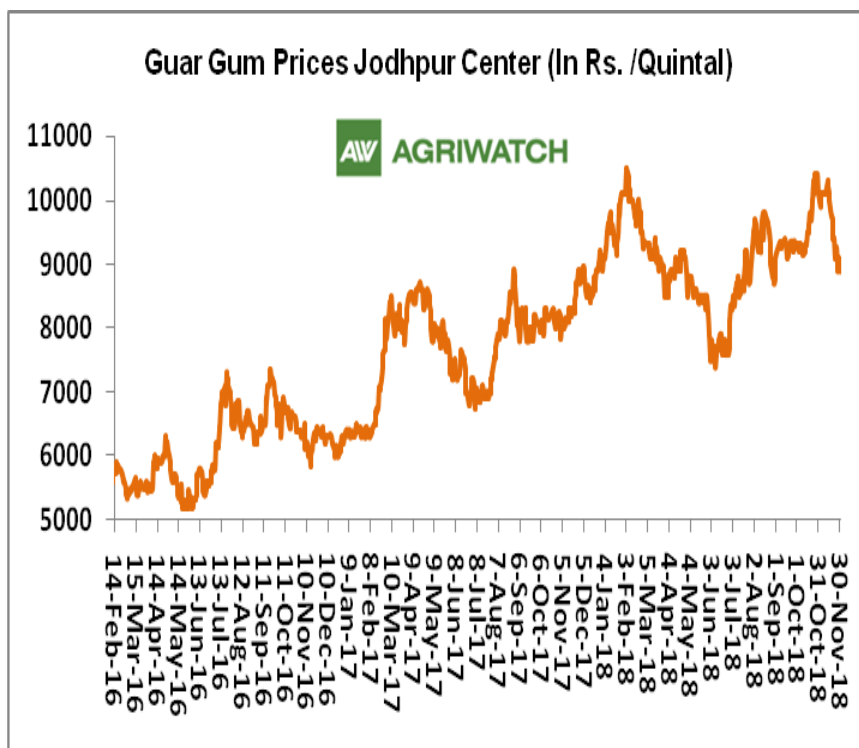
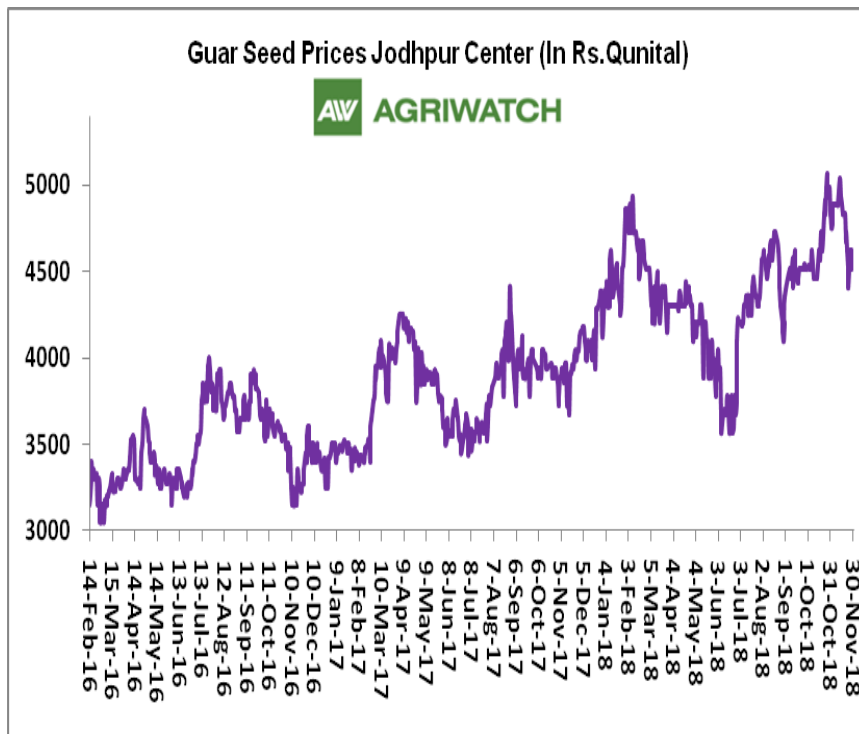
Recommendation:

Monthly Call - : Market participants advised to buy Guar seed at current levels for a target of 4525 with a stop loss at 4165 on closing basis.

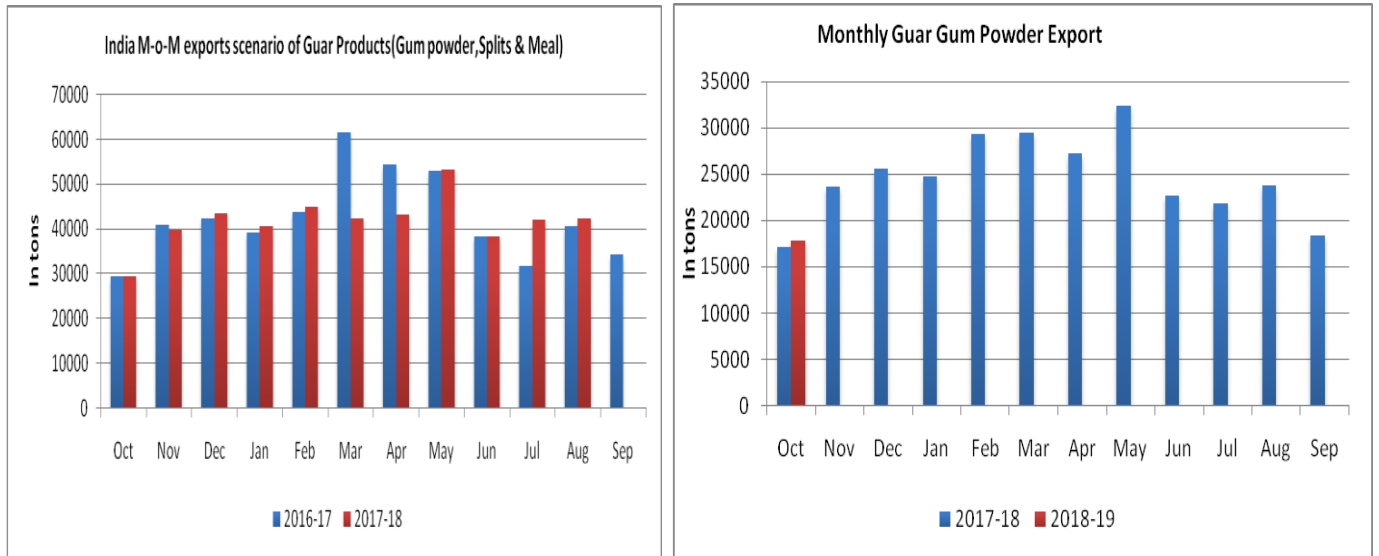
Guar Seed Fundamental Analysis and Outlook:-

Domestic Front

- Average Guar seed prices remained firm during November 2018. All major spot markets witnessed firm sentiments. Overall arrivals were lower in November compared to last month. Highest decrease in arrivals was noticed in Sri-Ganganagar, Sirsa, Hanumangarh and Adampur.
- In the month of November 2018, Guar seed monthly average prices increased by Rs 73.68 per quintal compared to previous month and settled at Rs. 4757.55 per quintal. Active trading activities in guar seed, in key markets kept the prices bullish during last month.
- Guar gum monthly average prices in November 2018 decreased by Rs 108.50 per quintal and settled at Rs 9664.00 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

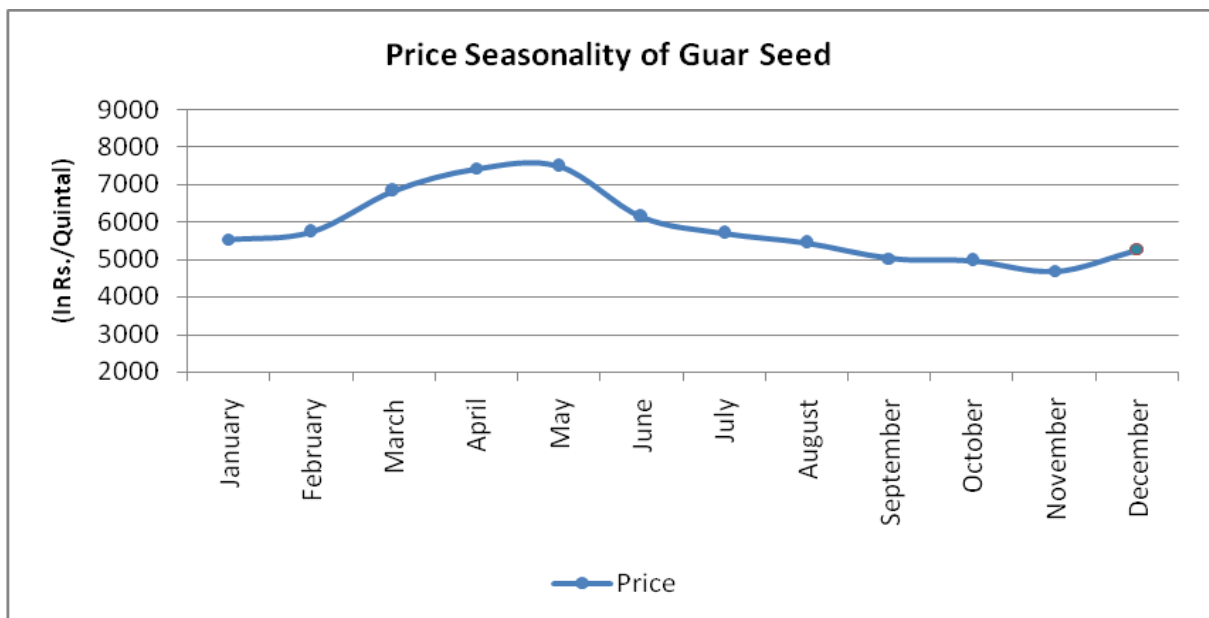


On export front, guar products export demand has increased compared to previous month. India has exported 42338 tons of guar seed products (Gum powder, Splits & Meal) in the month of August 2018 up by 0.39 % compared to last month and by 4.14% compared to corresponding month of last year.

In addition, during October 2018 guar gum powder export increased by 4.55 % compared to corresponding month of previous year.

India exported 17854 tons of guar gum powder in the month of October 2018, which is lower compared to guar gum powder exported last month by 3.00 %.

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

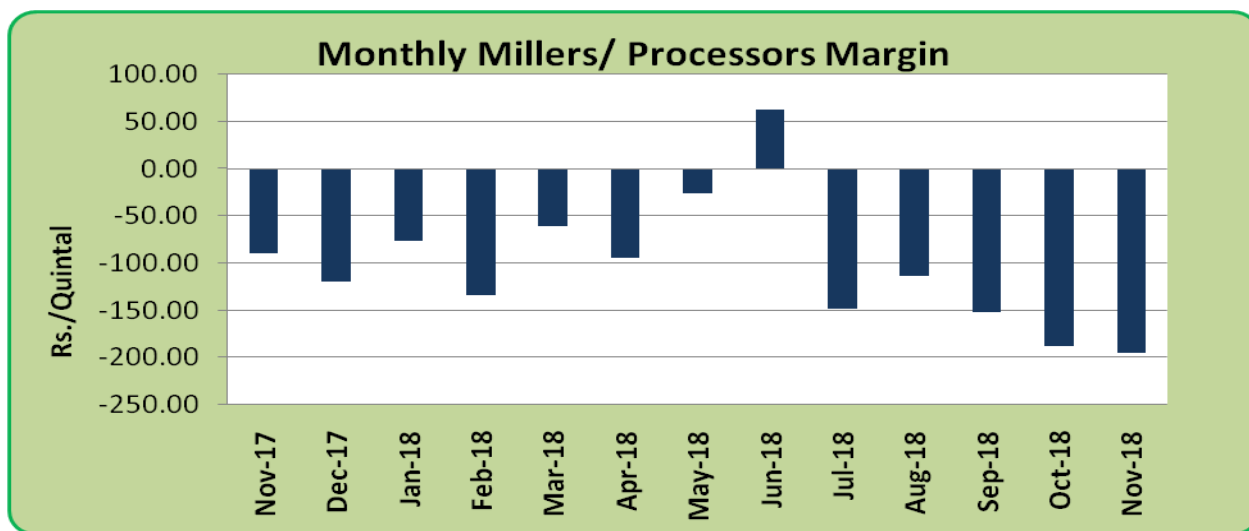
Domestic Guar Seed Supply & Demand Situation (Figures In Lakh Metric Tonnes)						
Item	2017-18	2018-19	2018-19	2018-19	2018-19	2018-19
			Oct-Dec	Jan-Mar	Apr-June	July-Sept
Supply						
Opening Stock	13.73	9.84	9.84	8.82	9.04	7.73
Production	10.51	9.68	9.68	0.00	0.00	0.00
Arrivals	10.51	9.68	1.94	3.97	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 November, 2018, average crush margin decreased to Rs. -196.20/Quintal compared to Rs. -188.30/quintal last month.

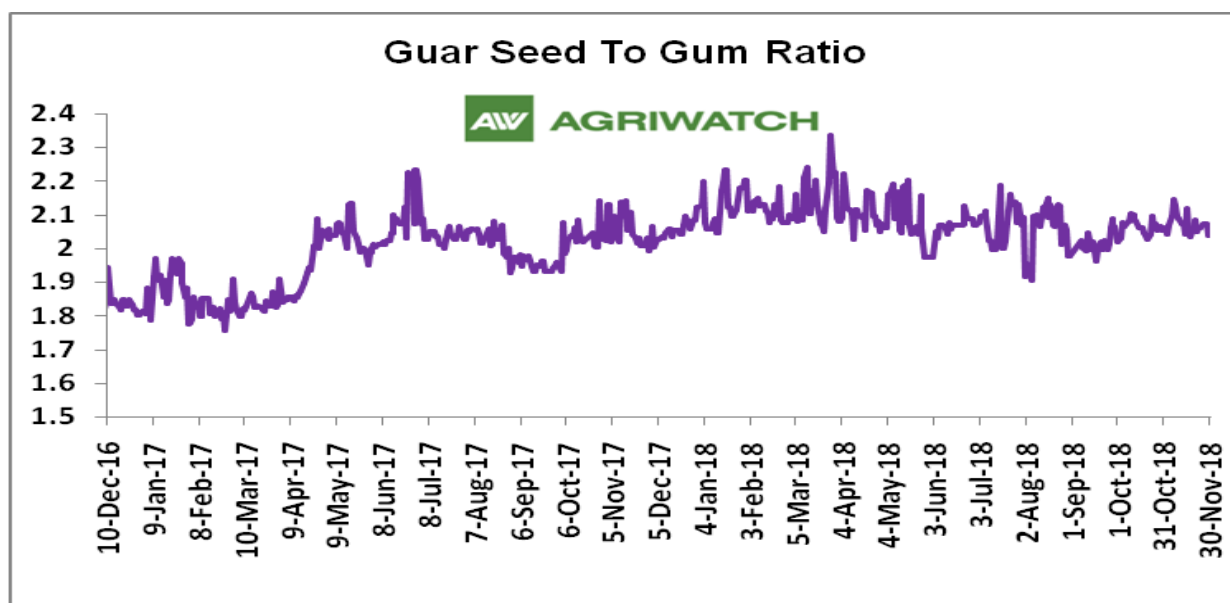
Higher prices of guar seed compared to churi and korma, has reduced the total return which has caused the margin to fall further.



Guar Seed To Gum Ratio:

Ratio of guar seed to gum decreased to 2.03, which in the earlier month was 2.07. 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)

GUAR SEED 1st(NCGRSC1)2018/12/04 - Daily B:4398.00 A:4400.00
 O 4359.000 H 4400.000 L 4320.000 C 4398.000 ↓ V 32,050 I 60,690 +39 +0.89%



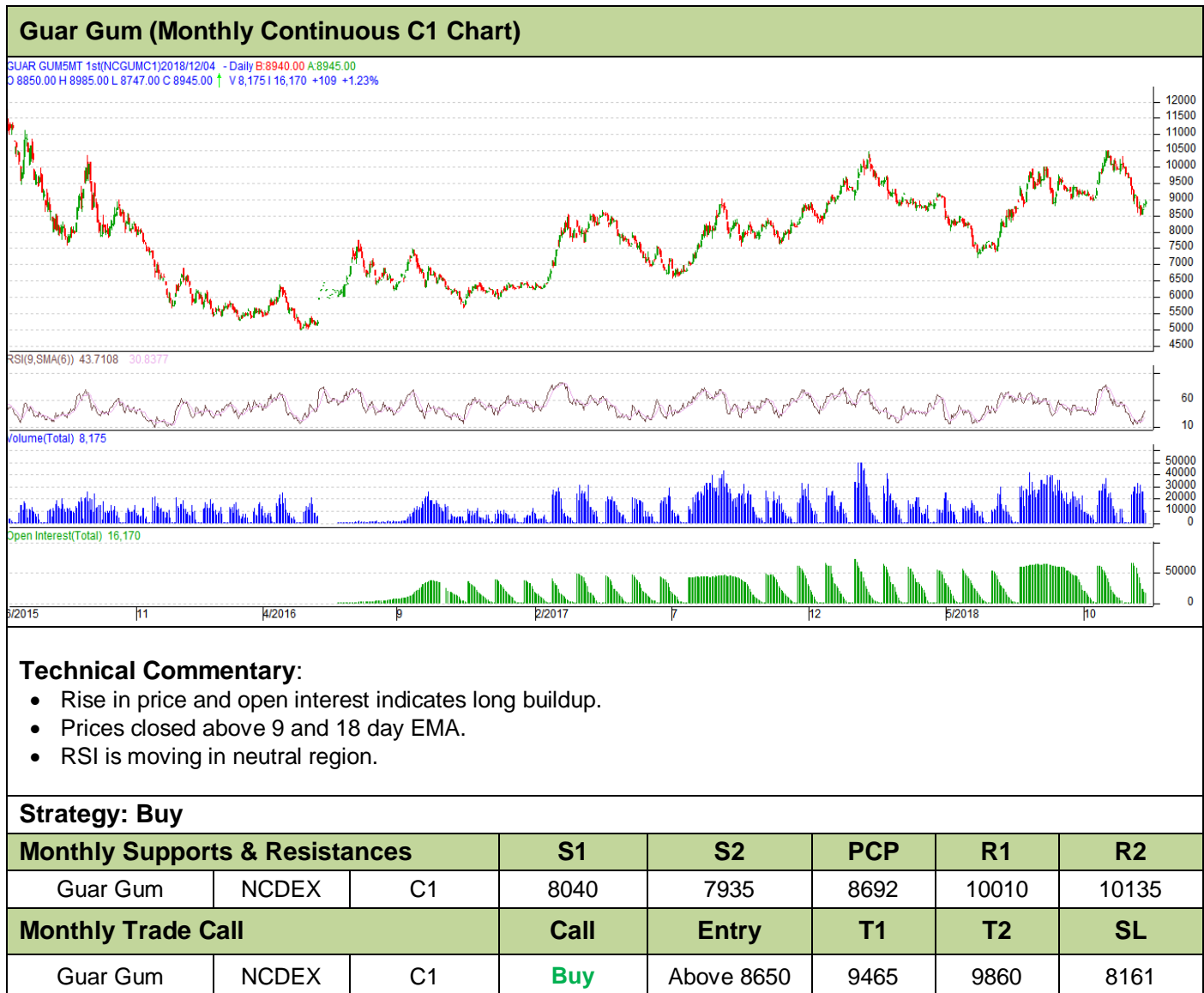
Technical Commentary:

- 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: Buy

Monthly Supports & Resistances			S1	S2	PCP	R1	R2
Guar Seed	NCDEX	C1	4070	4005	4645.5	4850	4950
Monthly Trade Call			Call	Entry	T1	T2	SL
Guar Seed	NCDEX	C1	Buy	Above 4300	4525	4700	4165

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	November,2018	October,2018	Change
Churi	Jodhpur	1679	1524	155
Korma	Jodhpur	2182	2252	-71
Churi	Sri-Ganganagar	1536	1338	198
Korma	Sri-Ganganagar	2190	2081	109
Prices in Rs/75 Kg				

Guar Export Monthly Average Prices:				
Commodity	Variety	November,2018	October,2018	Change
Guargum Split		1346	1309	37
Guargum Powder	200 Mesh 5000 CPS	1619	1567	52
	200 Mesh 3500 CPS	1549	1499	50
Guargum Meal	40%	327	289	37
	50%	441	418	23
Prices in \$/MT				

Guar Seed Monthly Average Prices:					
Commodity	District	Centre	Monthly Prices (Average)(Rs/Qtl)		Change
Guar Seed			November,2018	October,2018	
Rajasthan	Jodhpur	Jodhpur (Loose)	4531	4452	79
		Jodhpur(Delivery)	4758	4675	83
	Sri-Ganganagar	Sri-Ganganagar(Loose)	4400	4279	121
		Sri-Ganganagar (Delivery)	4550	4437	113
		Rawla (Loose)	4351	4229	121
		Gharsana (Loose)	4331	4253	79
		Raisinghnagar (Loose)	4361	4279	82
	Bikaner	Bikaner (Loose)	4374	4275	99
		Bikaner (Delivery)	4592	4489	104
		Nokha(Loose)	4309	4268	40
		Nokha (Delivery)	4524	4482	42
		Khajuwala (Loose)	4341	4235	106
		Khajuwala (Delivery)	4558	4446	112
		Lunkaransar (Loose)	4338	4250	88
	Hanumangarh	Hanumangarh (Loose)	4370	4240	130

		Hanumangarh (Delivery)	4589	4452	137
		Nohar (Loose)	4330	4239	92
		Pilibanga (Loose)	4411	4335	76
	Nagaur	Nagaur (Loose)	4284	4154	130
	Churu	Churu (Delivery)	4449	4385	64
	Alwar	Alwar (Loose)	4224	4178	46
Haryana	Hisar	Adampur (Loose)	4326	4159	167
		Adampur (Delivery)	4543	4367	175
	Bhiwani	Bhiwani (Delivery)	4473	4388	85
		Siwani (Loose)	4440	4360	81
	Sirsa	Sirsa (Loose)	4408	4172	236
		Dhabwali (Loose)	4317	4122	195
		Dhabwali (Delivery)	4533	4328	205
		Ellanabad (Loose)	4346	4165	181
	Fatehabad	Fatehabad (Loose)	4210	4060	150
Gujarat	Banaskantha	Deesa (Loose)	4373	4213	160
	Patan	Patan (Loose)	4494	4141	353
	Rajkot	Rajkot (Loose)	4438	4199	239
	Jamnagar	Dhrol (Loose)	4350	4093	256
Madhya Pradesh	Gwalior	Dabra (Loose)	NA	NA	-
Guar Gum					
Rajasthan	Jodhpur	Jodhpur	9664	9668	-4
	Alwar	Alwar	9628	9644	-16
	Hanumangarh	Nohar	9786	9668	118
Haryana	Bhiwani	Bhiwani	9792	9646	146
	Sirsa	Sirsa	10014	9627	387
		Dhabwali	9196	9326	-130
		Ellanabad	9646	9702	-56
	Fatehabad	Fatehabad	9514	9586	-71

Guar Cumulative Arrivals in Key Centers:					
Commodity	District	Centre	Monthly Arrivals (Quintals)		Change
Guar Seed			November,2018	October,2018	
Rajasthan	Jodhpur	Jodhpur	1292	2890	-1598
	Sri-Ganganagar	Sri-Ganganagar	52900	130000	-77100
		Rawla	29400	6370	23030

		Gharsana	24300	7700	16600
		Raisinghnagar	31200	40100	-8900
	Bikaner	Bikaner	48400	36600	11800
		Nokha	35900	26000	9900
		Khajuwala	32800	9500	23300
		Lunkaransar	17850	8810	9040
	Hanumangarh	Hanumangarh	4810	24850	-20040
		Nohar	19600	19600	Unch
		Pilibanga	11790	11900	-110
	Nagaur	Nagaur	8650	5750	2900
	Churu	Churu	17800	32600	-14800
	Alwar	Alwar	9000	8650	350
Haryana	Hisar	Adampur	21450	56300	-34850
	Bhiwani	Bhiwani	7200	18050	-10850
		Siwani	44400	31350	13050
	Sirsa	Sirsa	26100	142100	-116000
		Dhabwali	8300	25400	-17100
		Ellanabad	9600	18700	-9100
	Fatehabad	Fatehabad	4300	15250	-10950
Gujarat	Banaskantha	Deesa	6139	2685	3454
	Patan	Patan	3232	1442	1790
	Rajkot	Rajkot	3976	4975	-999
	Jamnagar	Dhrol	108	89	19
Madhya Pradesh	Gwalior	Dabra	NA	NA	-
Total Arrivals/Above Markets			480497	687661	-207164

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