

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 3.12 percent from Rs 4056.08 in November-2018 to Rs 3929.60 per qtl in December-2018. Average price in December -18 is higher by 15.86 percent compared to Rs 3391.66 per qtl (December-2017). Guar prices are expected to remain steady to firm in upcoming weeks.

As per trade sources, export of guar gum has decreased in the month of November by 19.43 percent compared to previous month. India exported around 14386 tonnes of guar gum at an average FoB of \$ 1751.46 per tonne in the month of October compared to 17854 tonnes in October at an average FoB of \$ 1853.62 per tonne. Exports are expected to recover low in December-18 as well.

Guar seed future February contract touched a low of Rs 4171.00 per quintal before closing at Rs 4366.00 per quintal in the month of December. As per trade sources, guar is likely to be bullish with small technical corrections in coming weeks and touch Rs 4500.00-4550.00 per quintal. Export demand is expected to recover in coming weeks.

As per data released by Baker Hughes the number of oil rigs in USA has increased to 1083 as on 28th December 2018 up by 3 compared to 21st December 2018 and by 154 compared to 29th December 2017. The total number of oilrigs was recorded at 2266 worldwide in November'18 compared to 2057 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.

As per market rumors, government may provide 5 percent incentive on export of Guar Gum.

As per trade sources, export of guar split has increased in the month of November. Exports in the month of November are up by around 17.02% compared to previous month. India exported around 5640 tonnes of guar split in the month of October at an average FoB of \$ 1475.23 per tonne. Of the total quantity, around 4800 tonnes and 1419 tonnes have been exported to China and Unites States respectively.

The wholesale price index of guar seed has increased from 100.3 in October 2018 to 108.4 in November 2018. The WPI for November 2018 is up by 28.28 compared to last year for the same month and by 45.50 compared to November 2016. WPI is expected to stay firm in December'18 as well.

As per trade sources, millers are offering gum powder 200mesh/6000CPS for GCC countries at USD 1540-1575 CFR basis. Guar gum in Jodhpur is hovering around Rs 8500 per quintal. Prices are expected to trade steady to slightly firm in near future due better export demand and lower arrivals. Traders are advised to buy on correction.

As per millers, average recovery of guar gum from guar seed is coming around 29.00-29.50 kg in Barmer and 30.00 kg in Jodhpur. Export demand for guar gum is expected to increase during December-18. As of now guar gum prices in Jodhpur are hovering around Rs 8500-8600 per quintal.

As far as Arrivals are concerned, Adampur (Haryana) market (biggest market of guar in North) reported lower arrivals (19800 quintals) during December 2018 compared to previous month 21450 quintals.

Similarly, In Bikaner market, arrivals have decreased during December 2018 to 27200 quintals compared to previous month arrivals data i.e. 48400 quintals.

Recommendation:

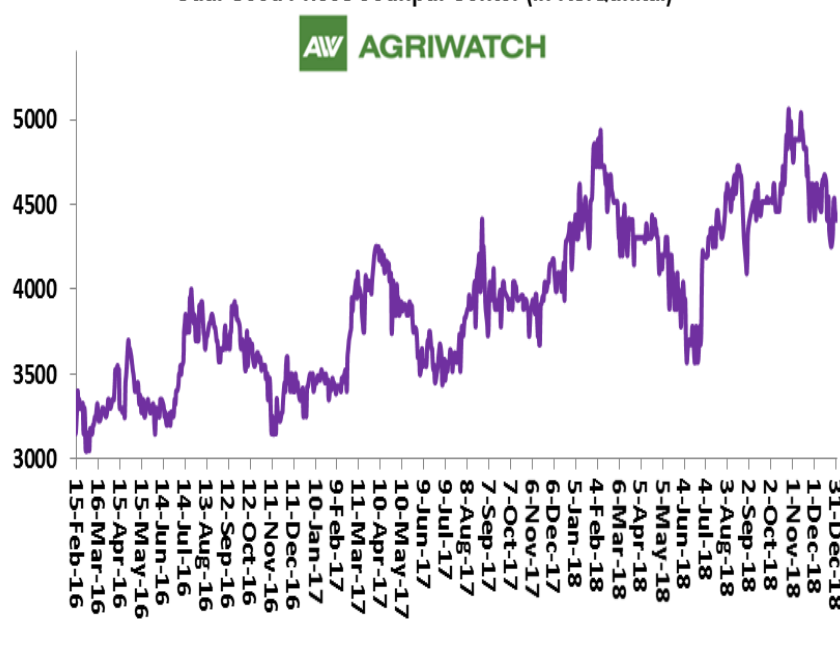
Monthly Call - : Market participants advised to buy Guar seed at current levels for a target of 4450 with a stop loss at 3970 on closing basis.

Guar Seed Fundamental Analysis and Outlook:-

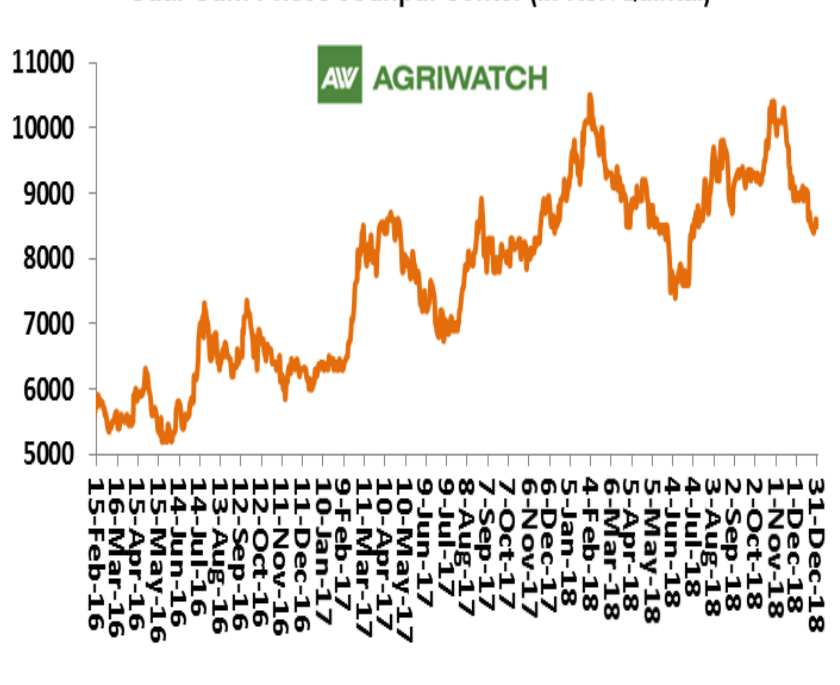
Domestic Front

- Average Guar seed prices were weak during December 2018. All major spot markets witnessed weak sentiments. Overall arrivals were lower in December compared to last month. Highest decrease in arrivals was noticed in Sri-Ganganagar, Bikaner, Nokha, Gharsana and Rawala.
- In the month of December 2018, Guar seed monthly average prices decreased by Rs 250.93 per quintal compared to previous month and settled at Rs. 4506.62 per quintal. Sluggish trading activities in guar seed, in key markets kept the prices bearish during last month.
- Guar gum monthly average prices in December 2018 decreased by Rs 870.00 per quintal and settled at Rs 8794.00 per quintal.
- According to first advance estimate for 2018-19, issued by Gujarat's Department of Agriculture for Guar seed, the area, production and yield are 160000 hectares, 123000 tonnes and 767 kg/hectare respectively. As per final 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.
- 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.

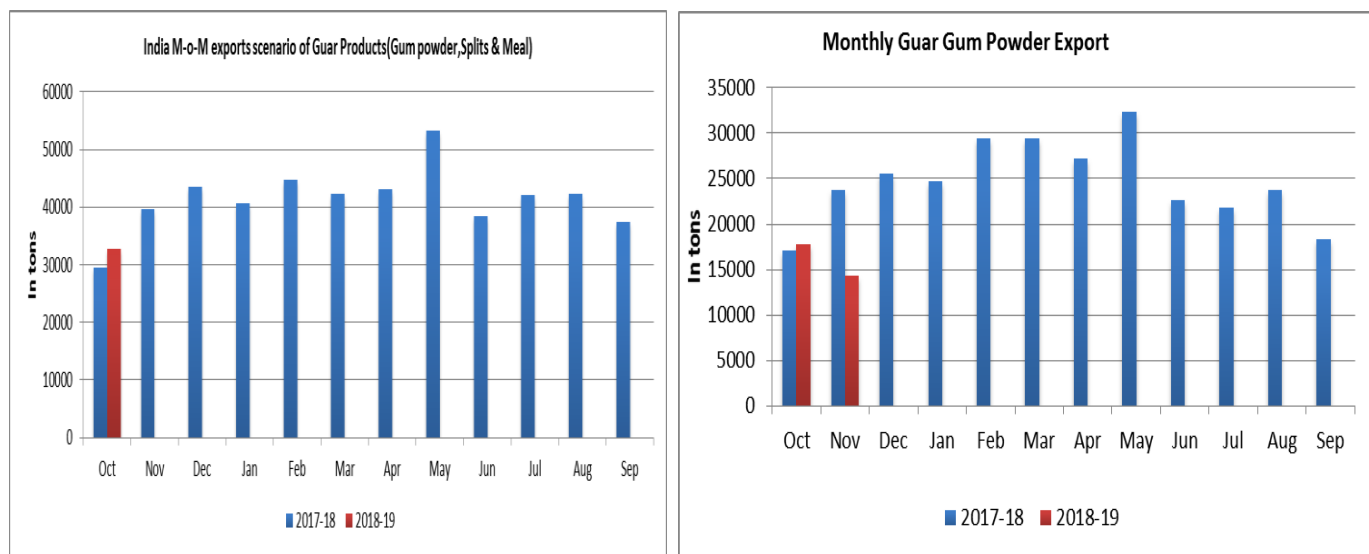
Guar Seed Prices Jodhpur Center (In Rs.Quintal)



Guar Gum Prices Jodhpur Center (In Rs./Quintal)



Export Scenario

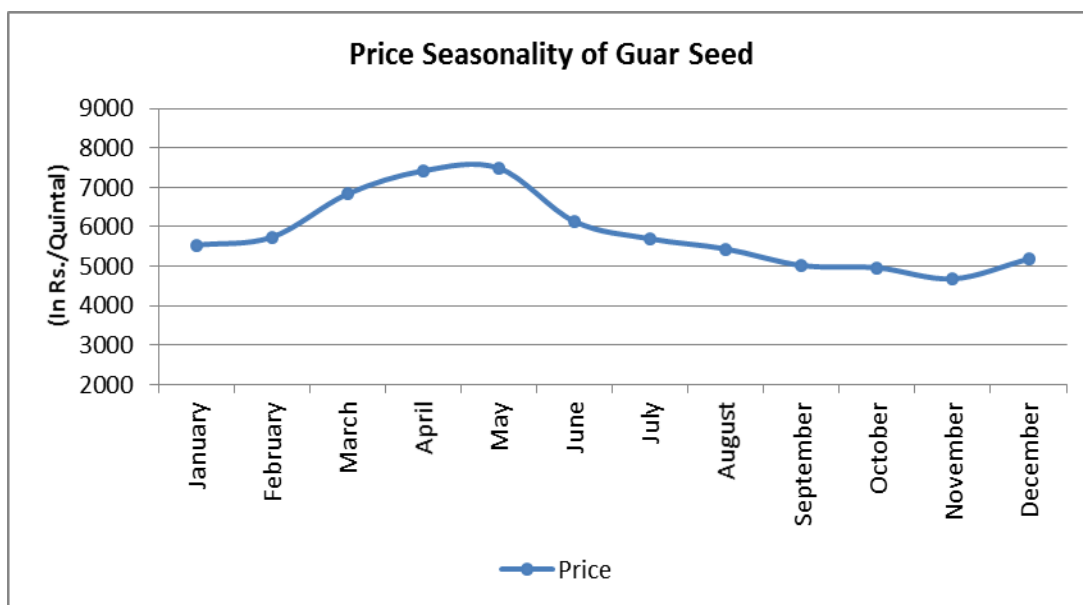


On export front, guar products export demand has decreased compared to previous month. India has exported 32656 tons of guar seed products (Gum powder, Splits & Meal) in the month of October 2018 down by 12.71 % compared to last month and up by 10.77% compared to corresponding month of last year.

In addition, during November 2018 guar gum powder export decreased by 39.28 % compared to corresponding month of previous year.

India exported 14386 tons of guar gum powder in the month of November 2018, which is lower compared to guar gum powder exported last month by 19.43 %.

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

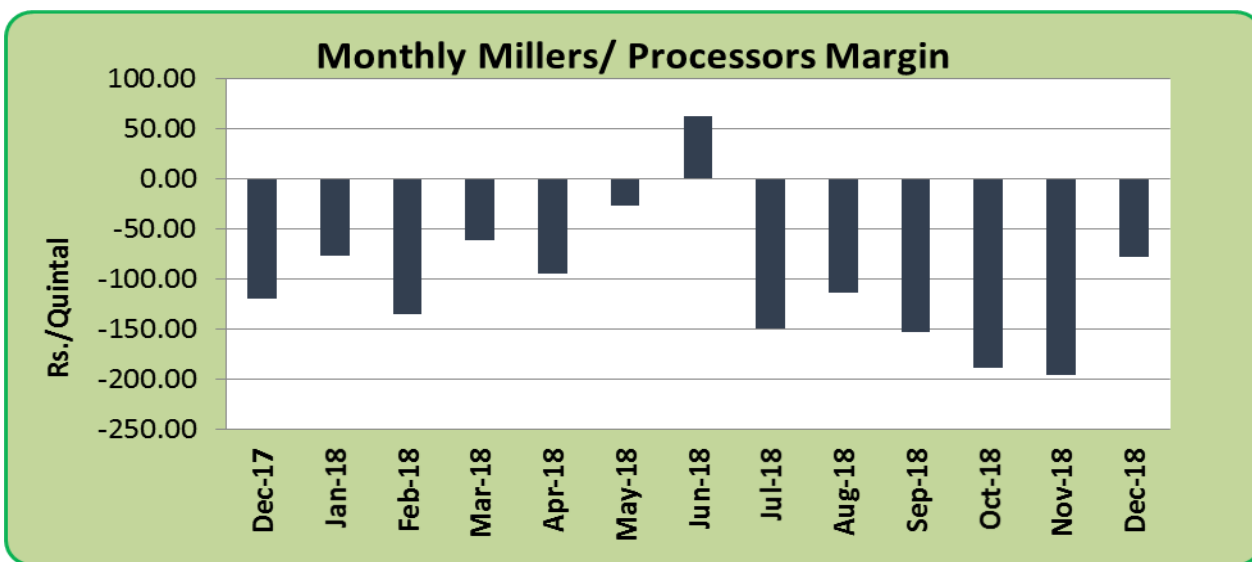
Domestic Guar Seed Supply & Demand Situation (Figures In Lakh Metric Tonnes)						
Item	2017-18	2018-19	2018-19	2018-19	2018-19	2018-19
			Oct-Dec	Jan-Mar	Apr-June	July-Sept
Supply						
Opening Stock	13.73	9.84	9.84	8.82	9.04	7.73
Production	10.51	9.68	9.68	0.00	0.00	0.00
Arrivals	10.51	9.68	1.94	3.97	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 lakh 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 increased compared to previous month. In the month of December 2018, average crush margin increased to Rs. -77.90/Quintal compared to Rs. -196.20/quintal last month.

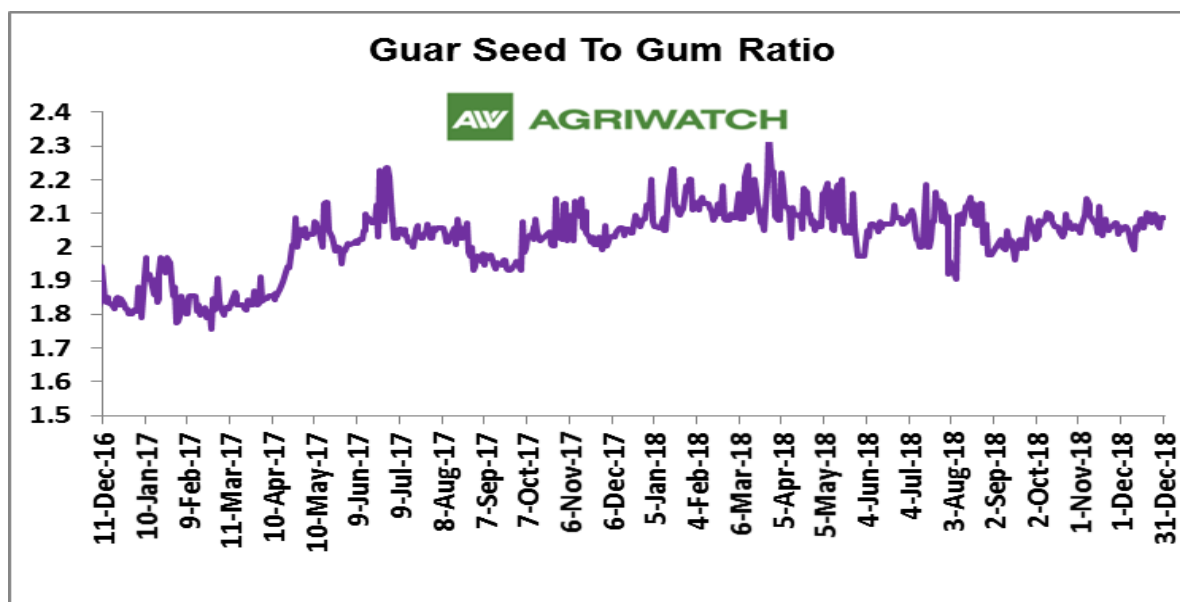
Increase in prices of Churi and Korma have increased the total return and reduced the total cost, which has caused the margin to rise.



Guar Seed To Gum Ratio:

Ratio of guar seed to gum decreased to 1.95, which in the earlier month was 2.03. 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 above 9 and 18 day EMA.
- RSI is moving sideways in neutral region.

Strategy: Buy

Monthly Supports & Resistances			S1	S2	PCP	R1	R2
Guar Seed	NCDEX	C1	3850	3755	4278	4795	4900
Monthly Trade Call			Call	Entry	T1	T2	SL
Guar Seed	NCDEX	C1	Buy	Above 4150	4450	4655	3970

Technical Analysis (Guar Gum)

Commodity: Guar Gum
Exchange: NCDEX

Technical Commentary:

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

Strategy: Buy

Monthly Supports & Resistances			S1	S2	PCP	R1	R2
Guar Gum	NCDEX	C1	7650	7545	8405	9580	9745
Monthly Trade Call			Call	Entry	T1	T2	SL
Guar Gum	NCDEX	C1	Buy	Above 8250	8995	9350	7803

Guar Seed & Gum Prices at Key Spot Markets

Guar by – Products Monthly Average Prices:				
Commodity	Centre	December,2018	November,2018	Change
Churi	Jodhpur	1825	1679	146
Korma	Jodhpur	2401	2182	219
Churi	Sri-Ganganagar	1654	1536	118
Korma	Sri-Ganganagar	2280	2190	90
Prices in Rs/75 Kg				

Guar Export Monthly Average Prices:				
Commodity	Variety	December,2018	November,2018	Change
Guargum Split		1250	1346	-96
Guargum Powder	200 Mesh 5000 CPS	1533	1619	-86
	200 Mesh 3500 CPS	1462	1549	-87
Guargum Meal	40%	338	327	12
	50%	461	441	20
Prices in \$/MT				

Guar Seed Monthly Average Prices:					
Commodity	District	Centre	Monthly Prices (Average)(Rs/Qtl)		Change
Guar Seed			December,2018	November,2018	
Rajasthan	Jodhpur	Jodhpur (Loose)	4310	4531	-221
		Jodhpur(Delivery)	4526	4758	-232
	Sri-Ganganagar	Sri-Ganganagar(Loose)	4155	4400	-245
		Sri-Ganganagar (Delivery)	4305	4550	-245
		Rawla (Loose)	4125	4351	-225
		Gharsana (Loose)	4128	4331	-204
		Raisinghnagar (Loose)	4141	4361	-220
	Bikaner	Bikaner (Loose)	4171	4374	-203
		Bikaner (Delivery)	4379	4592	-213
		Nokha(Loose)	4127	4309	-182
		Nokha (Delivery)	4333	4524	-191
		Khajuwala (Loose)	4143	4341	-198
		Khajuwala (Delivery)	4350	4558	-208
		Lunkaransar (Loose)	4153	4338	-185
	Hanumangarh	Hanumangarh (Loose)	4113	4370	-257

		Hanumangarh (Delivery)	4319	4589	-269
		Nohar (Loose)	4178	4330	-152
		Pilibanga (Loose)	4139	4411	-273
	Nagaur	Nagaur (Loose)	4023	4284	-261
	Churu	Churu (Delivery)	4330	4449	-118
	Alwar	Alwar (Loose)	4073	4224	-151
Haryana	Hisar	Adampur (Loose)	4190	4326	-137
		Adampur (Delivery)	4399	4543	-143
	Bhiwani	Bhiwani (Delivery)	4346	4473	-127
		Siwani (Loose)	4305	4440	-135
	Sirsa	Sirsa (Loose)	4180	4408	-228
		Dhabwali (Loose)	4120	4317	-197
		Dhabwali (Delivery)	4326	4533	-207
		Ellanabad (Loose)	4134	4346	-212
	Fatehabad	Fatehabad (Loose)	4041	4210	-169
Gujarat	Banaskantha	Deesa (Loose)	4150	4373	-223
	Patan	Patan (Loose)	4242	4494	-253
	Rajkot	Rajkot (Loose)	4167	4438	-271
	Jamnagar	Dhrol (Loose)	3954	4350	-396
Madhya Pradesh	Gwalior	Dabra (Loose)	3600	NA	-
Guar Gum					
Rajasthan	Jodhpur	Jodhpur	8800	9664	-864
	Alwar	Alwar	8810	9628	-818
	Hanumangarh	Nohar	8854	9786	-932
Haryana	Bhiwani	Bhiwani	9016	9792	-776
	Sirsa	Sirsa	8764	10014	-1250
		Dhabwali	8682	9196	-514
		Ellanabad	8730	9646	-916
	Fatehabad	Fatehabad	8637	9514	-878

Guar Cumulative Arrivals in Key Centers:					
Commodity	District	Centre	Monthly Arrivals (Quintals)		Change
			December,2018	November,2018	
Rajasthan	Jodhpur	Jodhpur	513	1292	-779
	Sri-Ganganagar	Sri-Ganganagar	20500	52900	-32400
		Rawla	13300	29400	-16100
		Gharsana	11000	24300	-13300

		Raisinghnagar	17800	31200	-13400
	Bikaner	Bikaner	27200	48400	-21200
		Nokha	13600	35900	-22300
		Khajuwala	29000	32800	-3800
		Lunkaransar	9375	17850	-8475
	Hanumangarh	Hanumangarh	4565	4810	-245
		Nohar	22200	19600	2600
		Pilibanga	4456	11790	-7334
	Nagaur	Nagaur	4200	8650	-4450
	Churu	Churu	21200	17800	3400
	Alwar	Alwar	7200	9000	-1800
Haryana	Hisar	Adampur	19800	21450	-1650
	Bhiwani	Bhiwani	7500	7200	300
		Siwani	31700	44400	-12700
	Sirsa	Sirsa	38500	26100	12400
		Dhabwali	6360	8300	-1940
		Ellanabad	11200	9600	1600
	Fatehabad	Fatehabad	4650	4300	350
Gujarat	Banaskantha	Deesa	2674	6139	-3465
	Patan	Patan	1651	3232	-1581
	Rajkot	Rajkot	2165	3976	-1811
	Jamnagar	Dhrol	43	108	-65
Madhya Pradesh	Gwalior	Dabra	25	NA	-
Total Arrivals/Above Markets			332377	480497	-148120

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