

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 2.37 percent from Rs 3929.60 in December-2018 to Rs 3836.61 per qtl in January-2019. Average price in January -19 is lower by 2.13 percent compared to Rs 3920.10 per qtl (January-2018). Guar prices are expected to remain steady to firm in upcoming weeks.

Guar seed future March contract touched a low of Rs 4219.00 per quintal before closing at Rs 4389.50 per quintal in the month of January. As per trade sources, guar is likely to be bullish with small technical corrections in coming weeks and touch Rs 4450.00-4500.00 per quintal. Export demand is expected to recover in coming weeks. BSE has launched guar seed and guar gum future contracts in its commodity derivatives segment. Traders have reduced their position in NCDEX and shifted to BSE. This has led to fall in prices since 01st February'19.

As per latest update by DGCIS, India has exported around 372819 metric tonnes of guar gum in April-December (2018-19) compared to 365487 metric tonnes in April- December (2017-18). In terms of value, exports have increased by around 8.1 percent. Carryover stocks have also decreased due to lower production compared to last year.

As per data released by Baker Hughes the number of oil rigs in USA has decreased to 1045 as on 01st February 2019 down by 14 compared to 25th January 2019 and up by 99 compared to 02nd February 2018. The total number of oilrigs was recorded at 2244 worldwide in December'18 compared to 2089 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 trade sources, recovery of guar gum from guar seed in Barmer, Bikaner and Ganganagar is coming around 29.00 -30.50 kg respectively. Export demand for guar gum is expected to increase during January-19. As of now guar gum prices in Jodhpur are hovering around Rs 8600 per quintal.

The wholesale price index of guar seed has decreased from 108.4 in November 2018 to 101.7 in December 2018. The WPI for December 2018 is up by 13.00 compared to last year for the same month and by 37.06 compared to December 2016. WPI is expected to stay firm in January'19.

As per latest update, BSE has received SEBI's approval for launching Guar seed and Guar gum future contracts on its commodity derivative segment. The lot size for Guar seed as well as Guar gum will be 10 tonnes. BSE has also entered into agreement with agricultural premier associations and warehouse service providers for developing commodity derivatives markets.

As far as Arrivals are concerned, Adampur (Haryana) market (biggest market of guar in North) reported higher arrivals (27050 quintals) during January 2019 compared to previous month 19800 quintals.

Similarly, In Bikaner market, arrivals have decreased during January 2019 to 13950 quintals compared to previous month arrivals data i.e. 27200 quintals.

Recommendation:

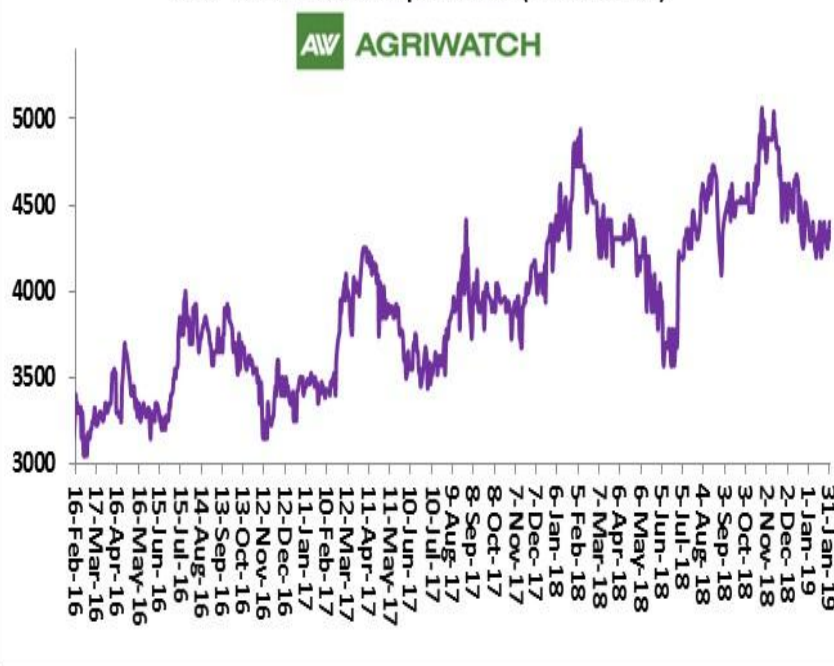
Monthly Call - : Market participants advised to buy Guar seed at current levels for a target of 4350 with a stop loss at 3870 on closing basis.

Guar Seed Fundamental Analysis and Outlook:-

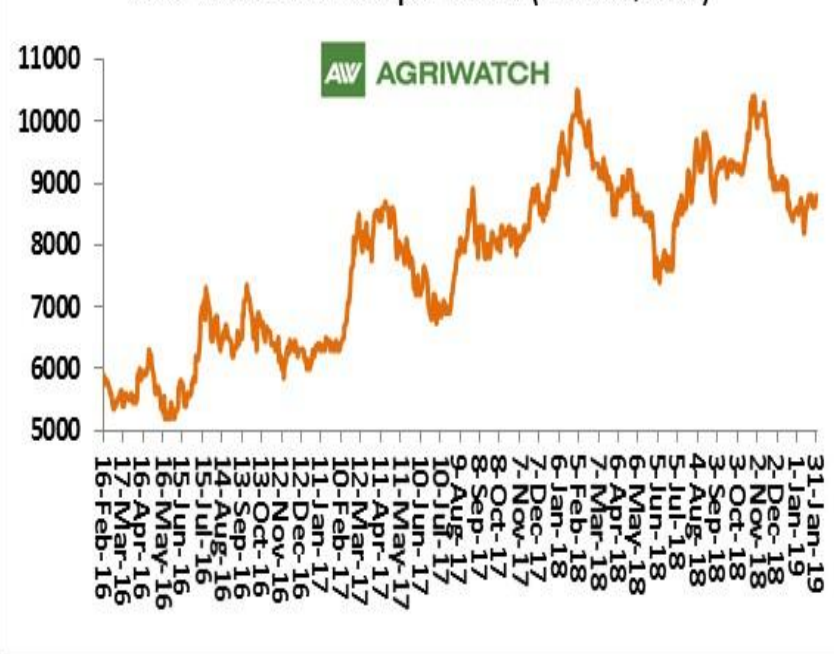
Domestic Front

- Average Guar seed prices were weak during January 2019. All major spot markets witnessed weak sentiments. Overall arrivals were lower in January compared to last month. Highest decrease in arrivals was noticed in Sri-Ganganagar, Bikaner, Churu, Siwani and Ellanabad.
- In the month of January 2019, Guar seed monthly average prices decreased by Rs 198.68 per quintal compared to previous month and settled at Rs. 4313.00 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 198.55 per quintal and settled at Rs 8631.00 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.

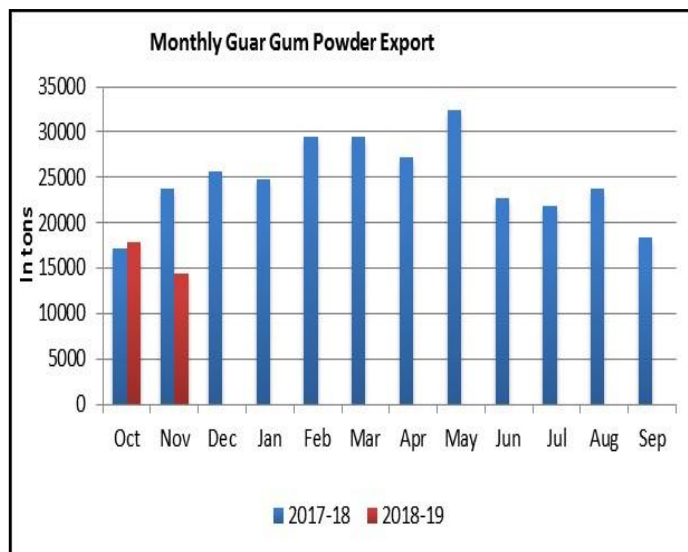
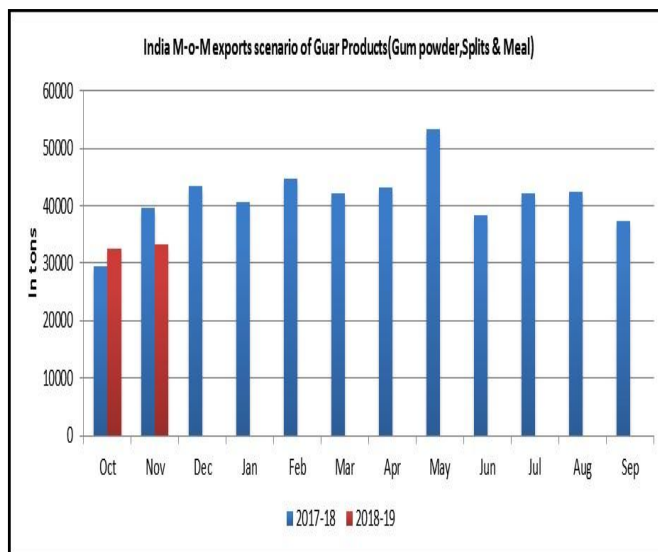
Guar Seed Prices Jodhpur Center (In Rs.Quintal)



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



Export Scenario

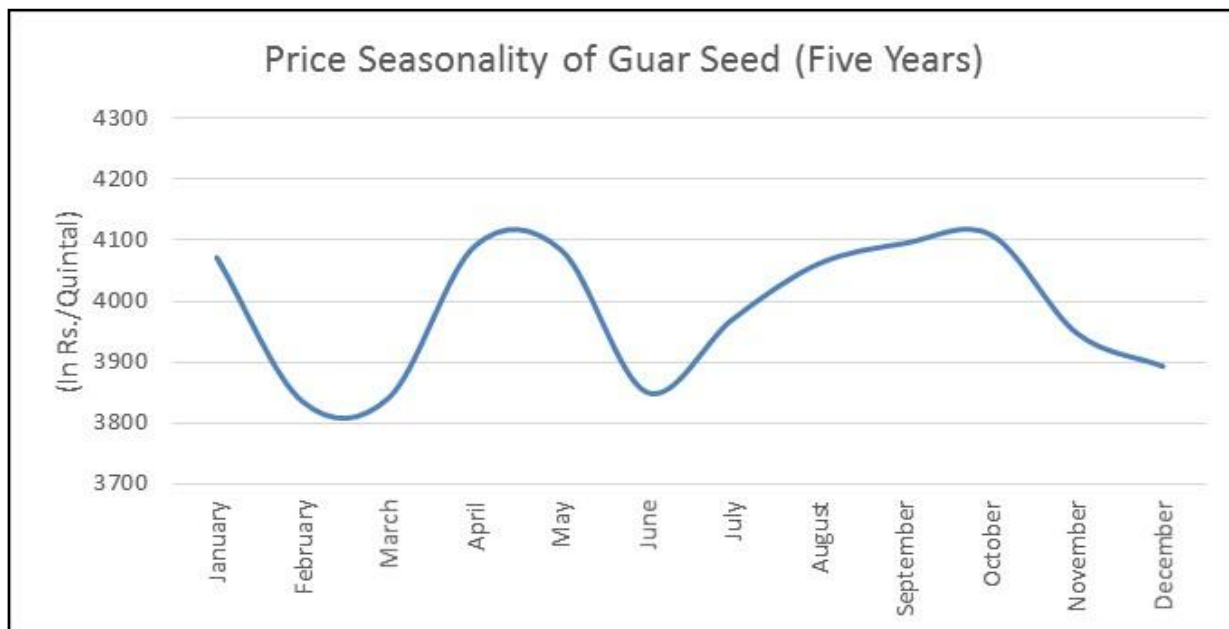


On export front, guar products export demand has increased compared to previous month. India has exported 33193 tons of guar seed products (Gum powder, Splits & Meal) in the month of November 2018 up by 1.65 % compared to last month and down by 16.49% compared to corresponding month of last year.

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 5 years, guar seed prices started to rise from June and continued its rally until September and then fell from higher levels in the month of October and continued its downtrend until February.

Domestic Guar Seed Supply & Demand Position

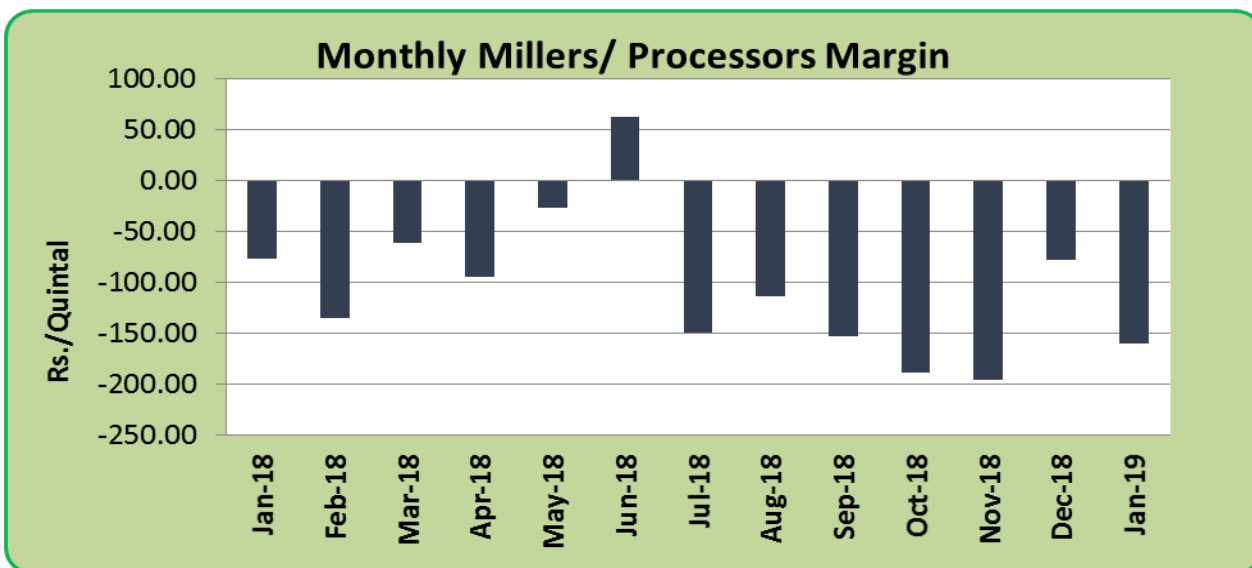
Domestic Guar Seed Supply & Demand Situation (Figures In Lakh Metric Tonnes)						
Item	2017-18	2018-19	2018-19	2018-19	2018-19	2018-19
Supply			Oct-Dec	Jan-Mar	Apr-June	July-Sept
Opening Stock	13.73	9.84	9.84	8.82	9.04	7.73
Production	10.51	9.68	9.68	0.00	0.00	0.00
Arrivals	10.51	9.68	1.94	3.97	2.42	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 decreased compared to previous month. In the month of January 2019, average crush margin decreased to Rs. -159.87/Quintal compared to Rs. -77.90/quintal last month.

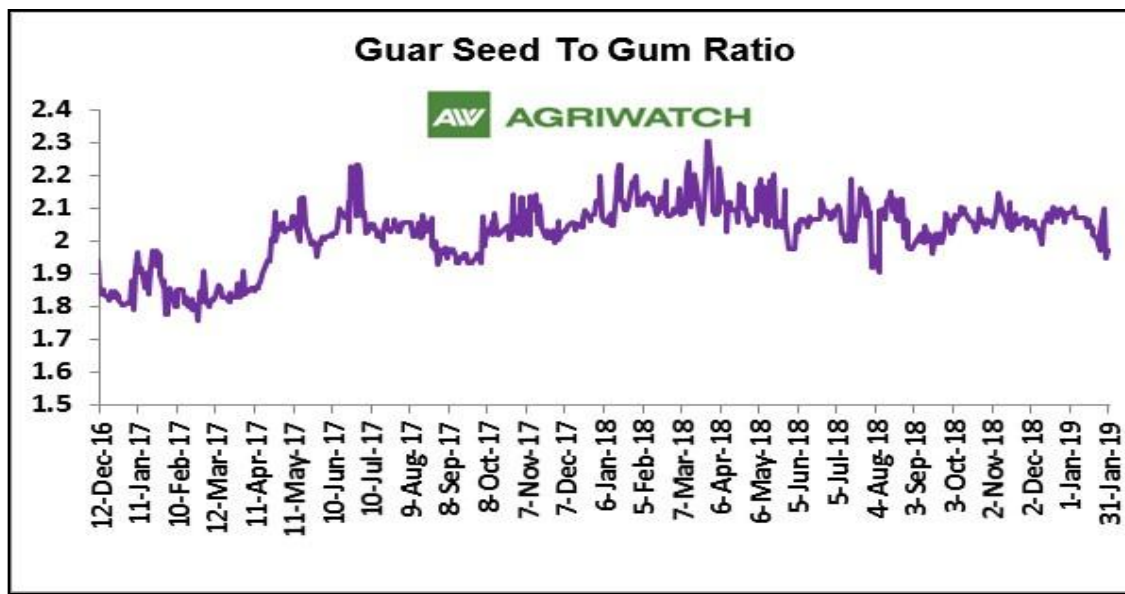
Higher prices of guar seed compared to prices of churi and korma, has reduced the total return which has caused the margin to fall further.



Guar Seed To Gum Ratio:

Ratio of guar seed to gum decreased to 1.91, which in the earlier month was 1.95. 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:

- Fall in price and open interest indicates long liquidation.
- Prices closed below 9 and 18 day EMA.
- RSI is moving down in oversold region.

Strategy: Buy

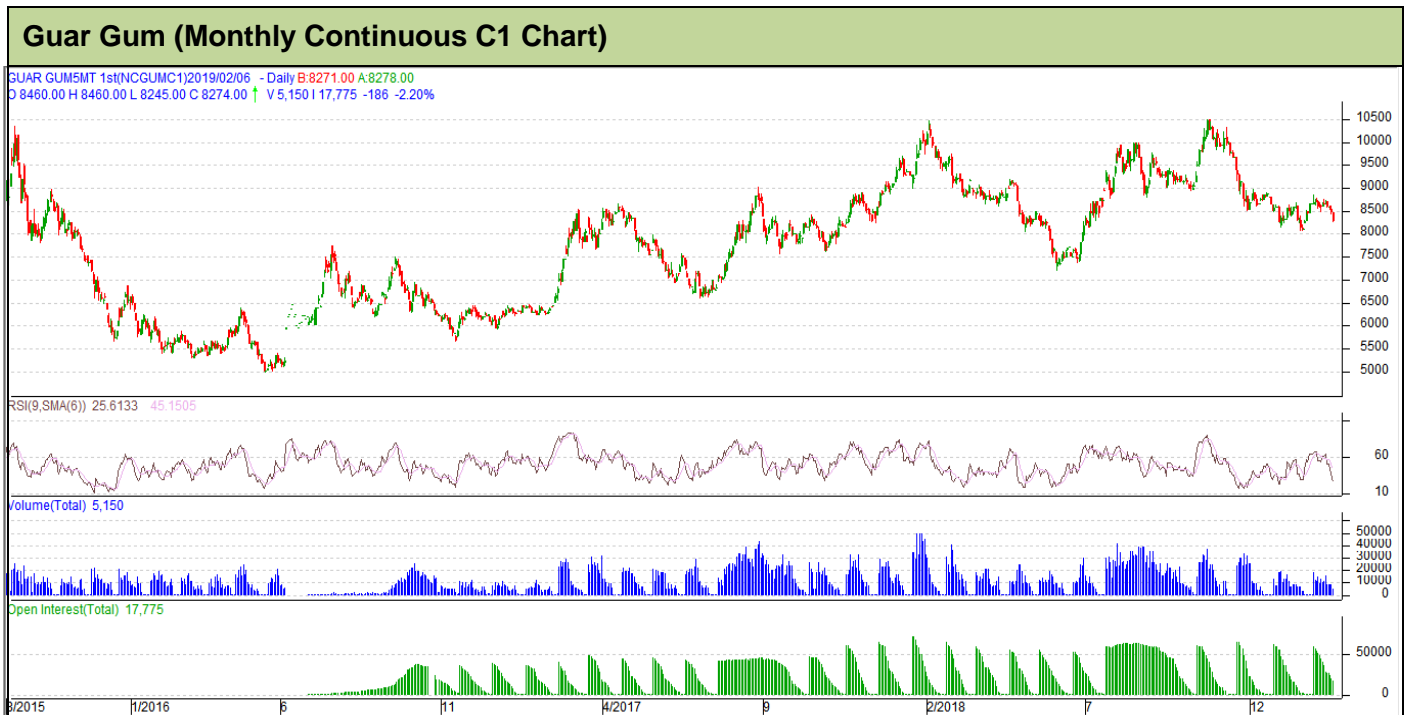
Monthly Supports & Resistances			S1	S2	PCP	R1	R2
Guar Seed	NCDEX	C1	3750	3655	4169.50	4695	4800
Monthly Trade Call			Call	Entry	T1	T2	SL
Guar Seed	NCDEX	C1	Buy	Above 4050	4350	4555	3870



Technical Analysis (Guar Gum)

Commodity: Guar Gum

Exchange: NCDEX



Technical Commentary:

- Fall in price and open interest indicates long liquidation.
- Prices closed below 9 and 18 day EMA.
- RSI is moving down in oversold region.

Strategy: Buy

Monthly Supports & Resistances			S1	S2	PCP	R1	R2
Guar Gum	NCDEX	C1	7500	7395	8274	9430	9595
Monthly Trade Call			Call	Entry	T1	T2	SL
Guar Gum	NCDEX	C1	Buy	Above 8100	8845	9200	7653

Guar Seed & Gum Prices at Key Spot Markets

Guar by – Products Monthly Average Prices:				
Commodity	Centre	January,2019	December,2018	Change
Churi	Jodhpur	1789	1825	-36
Korma	Jodhpur	2502	2401	101
Churi	Sri-Ganganagar	1571	1654	-83
Korma	Sri-Ganganagar	2345	2280	64
Prices in Rs/75 Kg				

Guar Export Monthly Average Prices:				
Commodity	Variety	January,2019	December,2018	Change
Guargum Split		1235	1250	-15
Guargum Powder	200 Mesh 5000 CPS	1518	1533	-16
	200 Mesh 3500 CPS	1453	1462	-10
Guargum Meal	40%	339	338	1
	50%	478	461	17
Prices in \$/MT				

Guar Seed Monthly Average Prices:					
Commodity	District	Centre	Monthly Prices (Average)(Rs/Qtl)		Change
Guar Seed			January,2019	December,2018	
Rajasthan	Jodhpur	Jodhpur (Loose)	4313	4310	3
		Jodhpur(Delivery)	4529	4526	3
	Sri-Ganganagar	Sri-Ganganagar(Loose)	4103	4155	-52
		Sri-Ganganagar (Delivery)	4253	4305	-52
		Rawla (Loose)	4087	4125	-38
		Gharsana (Loose)	4098	4128	-30
		Raisinghnagar (Loose)	4126	4141	-15
	Bikaner	Bikaner (Loose)	4129	4171	-42
		Bikaner (Delivery)	4335	4379	-44
		Nokha(Loose)	4121	4127	-6
		Nokha (Delivery)	4327	4333	-6
		Khajuwala (Loose)	4094	4143	-49
		Khajuwala (Delivery)	4298	4350	-52
		Lunkaransar (Loose)	4128	4153	-25
	Hanumangarh	Hanumangarh (Loose)	4062	4113	-52

		Hanumangarh (Delivery)	4265	4319	-54
		Nohar (Loose)	4132	4178	-46
		Pilibanga (Loose)	4066	4139	-73
	Nagaur	Nagaur (Loose)	4029	4023	6
	Churu	Churu (Delivery)	4369	4330	39
	Alwar	Alwar (Loose)	4069	4073	-4
Haryana	Hisar	Adampur (Loose)	4114	4190	-76
		Adampur (Delivery)	4319	4399	-80
	Bhiwani	Bhiwani (Delivery)	4326	4346	-20
		Siwani (Loose)	4263	4305	-42
	Sirsa	Sirsa (Loose)	4127	4180	-53
		Dhabwali (Loose)	4064	4120	-56
		Dhabwali (Delivery)	4267	4326	-59
		Ellanabad (Loose)	4105	4134	-29
	Fatehabad	Fatehabad (Loose)	4004	4041	-37
Gujarat	Banaskantha	Deesa (Loose)	4082	4150	-68
	Patan	Patan (Loose)	4167	4242	-75
	Rajkot	Rajkot (Loose)	4085	4167	-82
	Jamnagar	Dhrol (Loose)	1943	3954	-2011
Madhya Pradesh	Gwalior	Dabra (Loose)	200	189	11
Guar Gum					
Rajasthan	Jodhpur	Jodhpur	8631	8800	-169
	Alwar	Alwar	8658	8810	-152
	Hanumangarh	Nohar	8556	8854	-298
Haryana	Bhiwani	Bhiwani	8570	9016	-446
	Sirsa	Sirsa	8653	8764	-111
		Dhabwali	8548	8682	-134
		Ellanabad	8568	8730	-162
	Fatehabad	Fatehabad	8466	8637	-171

Guar Cumulative Arrivals in Key Centers:

Commodity	District	Centre	Monthly Arrivals (Quintals)		Change
			January,2019	December,2018	
Guar Seed	Jodhpur	Jodhpur	893	513	380
	Sri-Ganganagar	Sri-Ganganagar	15200	20500	-5300
		Rawla	8400	13300	-4900
		Gharsana	7400	11000	-3600

		Raisinghnagar	15000	17800	-2800
	Bikaner	Bikaner	13950	27200	-13250
		Nokha	16850	13600	3250
		Khajuwala	17500	29000	-11500
		Lunkaransar	6350	9375	-3025
	Hanumangarh	Hanumangarh	6210	4565	1645
		Nohar	20700	22200	-1500
		Pilibanga	4177	4456	-279
	Nagaur	Nagaur	5100	4200	900
	Churu	Churu	11600	21200	-9600
	Alwar	Alwar	7540	7200	340
Haryana	Hisar	Adampur	27050	19800	7250
	Bhiwani	Bhiwani	24600	7500	17100
		Siwani	26900	31700	-4800
	Sirsa	Sirsa	40500	38500	2000
		Dhabwali	6250	6360	-110
		Ellanabad	7400	11200	-3800
	Fatehabad	Fatehabad	3900	4650	-750
Gujarat	Banaskantha	Deesa	2054	2674	-620
	Patan	Patan	1285	1651	-366
	Rajkot	Rajkot	2363	2165	198
	Jamnagar	Dhrol	21	43	-22
Madhya Pradesh	Gwalior	Dabra	50	25	25
Total Arrivals/Above Markets			299243	332377	-33134

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