

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 1.63 percent from Rs 3836.61 in January-2019 to Rs 3899.14 per qtl in February-2019. Average price in February -2019 is lower by 4.09 percent compared to Rs 4065.50 per qtl (February-2018). 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 January-2019. India exported around 10599.08 tonnes of guar split in the month of January-2019 at an average FoB of \$ 1366.66 per tonne. Of the total quantity, around 9520 tonnes have been exported to China. India has exported 8455 tonnes of guar split in the month of December-2018.

As per trade sources, export of guar gum in the month of January-2019 were 23189.10 tonnes at an average FoB of \$1803.42 per tonne. Of the total quantity, 12651.08 tonne has been exported to United States at an average FoB of \$ 1778.11 per tonne. Exports are expected to remain at higher side in February-2019 as well. India has exported 19135 tonnes of guar gum in the month of December-2018.

Guar seed march future contract prices touched a low of Rs 4159.50 per quintal before closing at Rs 4215.00 per quintal during the past month. Prices are expected to recover further due to fall in arrivals. Arrivals have decreased after some of the Mandis of Rajasthan went on strike demanding commission from government for wheat that will be procured during MY 2019-20. Export demand is good and prices are likely to touch Rs 4400.00-4450.00 per quintal in upcoming weeks.

As per trade sources, recovery of guar gum from guar seed in Barmer, Bikaner and Ganganagar is coming around 29.50 -30.00 kg respectively. Export demand for guar gum is expected to increase during February-19. As of now guar gum prices in Jodhpur are hovering around Rs 8400 per quintal.

The wholesale price index of guar seed has decreased from 101.7 in December 2018 to 100.1 in January 2019. The WPI for January 2019 is up by 1.10 compared to last year for the same month and by 25.1 compared to January 2017. WPI is expected to stay weak in February'19.

As per data released by Baker Hughes the number of oil rigs in USA has decreased to 1038 as on 01st March 2019 down by 9 compared to 22nd February 2019 and up by 57 compared to 02nd March 2018. The total number of oilrigs was recorded at 2264 worldwide in January'19 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 far as Arrivals are concerned, Adampur (Haryana) market (biggest market of guar in North) reported lower arrivals (22200 quintals) during February 2019 compared to previous month 27050 quintals.

Similarly, In Bikaner market, arrivals have decreased during February 2019 to 11300 quintals compared to previous month arrivals data i.e. 13950 quintals.

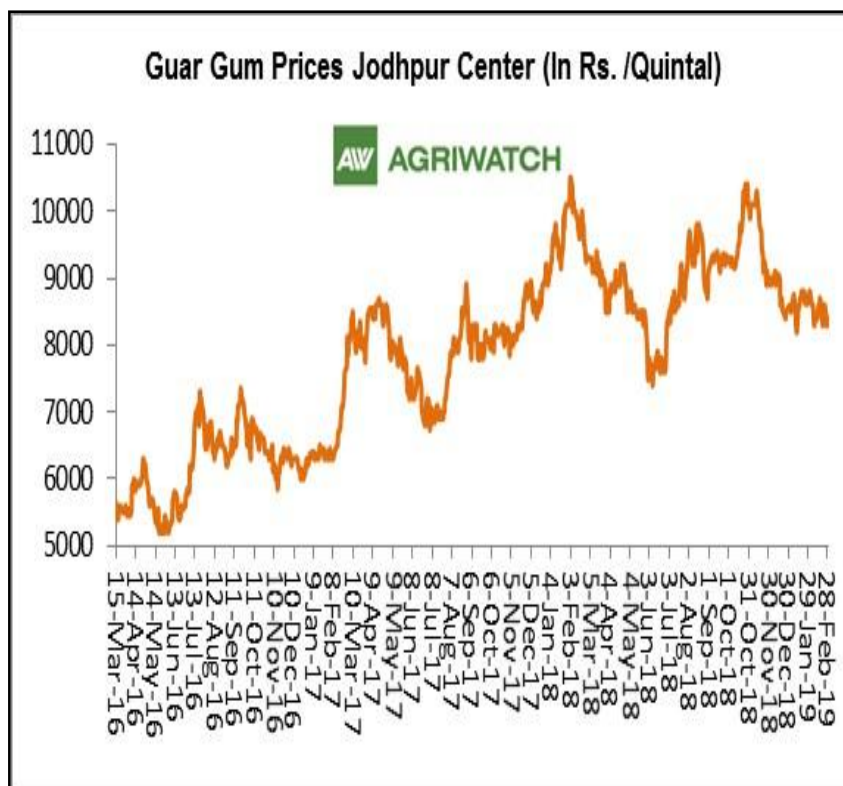
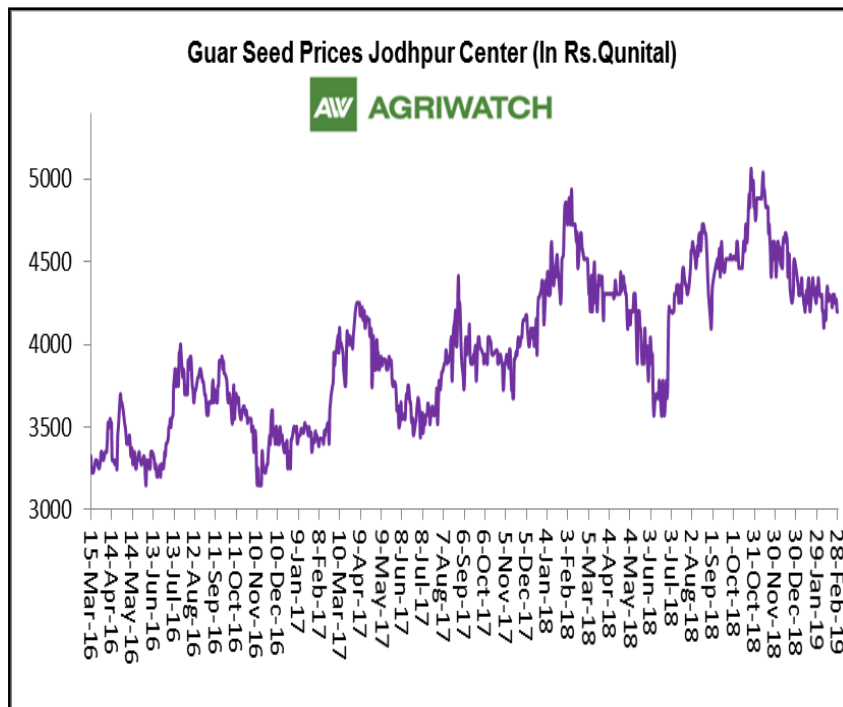
Recommendation:

Monthly Call - : Market participants advised to buy Guar seed at current levels for a target of 4400 with a stop loss at 3920 on closing basis.

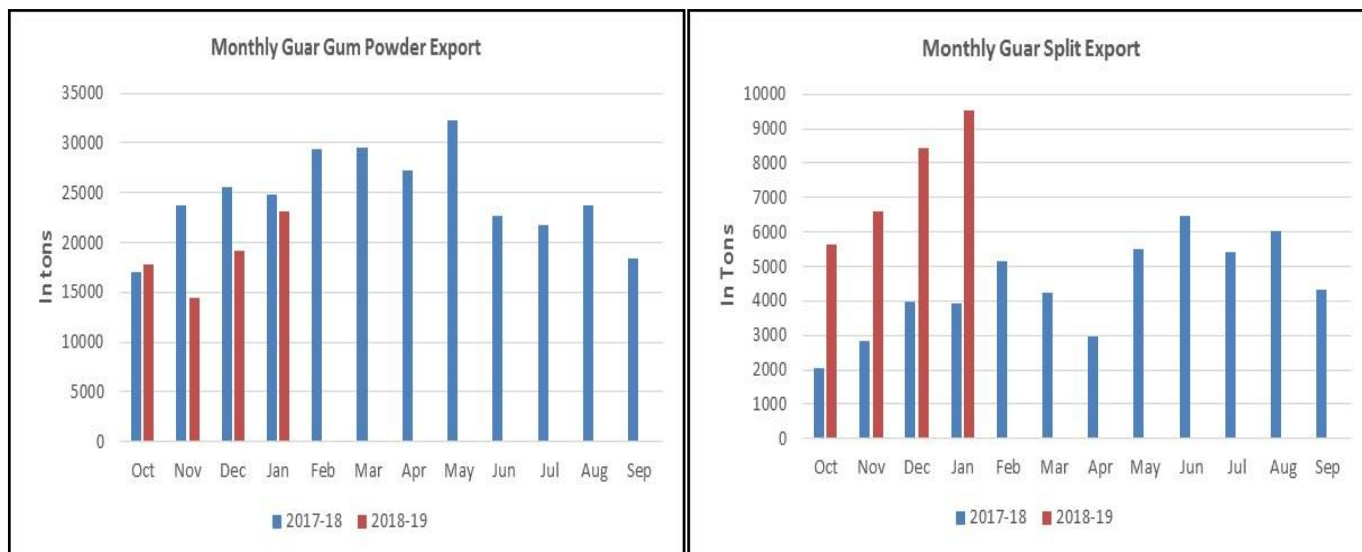
Guar Seed Fundamental Analysis and Outlook:-

Domestic Front

- Average Guar seed prices were weak during January 2019. All major spot markets witnessed weak sentiments. Overall arrivals were lower in February compared to last month. Decrease in arrivals was witnessed in all major Mandis of Rajasthan and Haryana.
- In the month of February 2019, Guar seed monthly average prices decreased by Rs 56.75 per quintal compared to previous month and settled at Rs. 4256.25 per quintal. Sluggish trading activities in guar seed, in key markets kept the prices bearish during last month.
- Guar gum monthly average prices in February 2019 decreased by Rs 142.46 per quintal and settled at Rs 8488.54 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 second advance estimate for 2018, issued by Rajasthan's Department of Agriculture for Guar seed, the area, production and yield are 3087761 hectares, 1455092 tonnes and 471 kg/hectare respectively. As per 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.



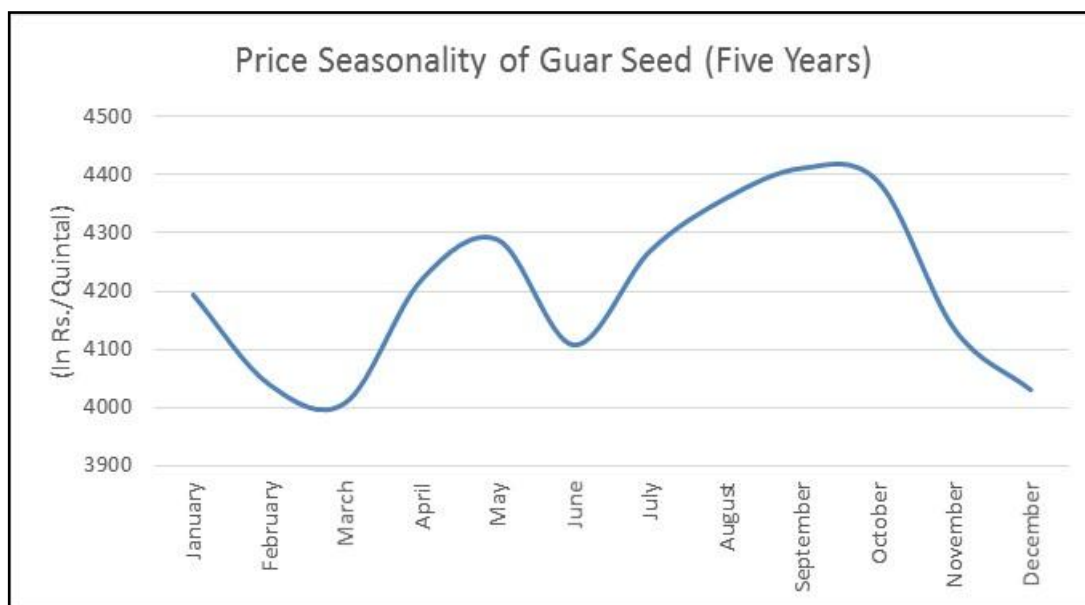
Export Scenario



On export front, guar gum demand has increased compared to previous month. India has exported 23189 tonnes of guar gum in the month of February-2019, up by around 21.19% compared to previous month and down by 6.32% compared to February-2018.

Exports of guar split have also increased. India has exported 9520 tonnes of guar gum in the month of February-2019, up by around 12.60% compared to previous month and by 141.99% compared to February-2018.

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

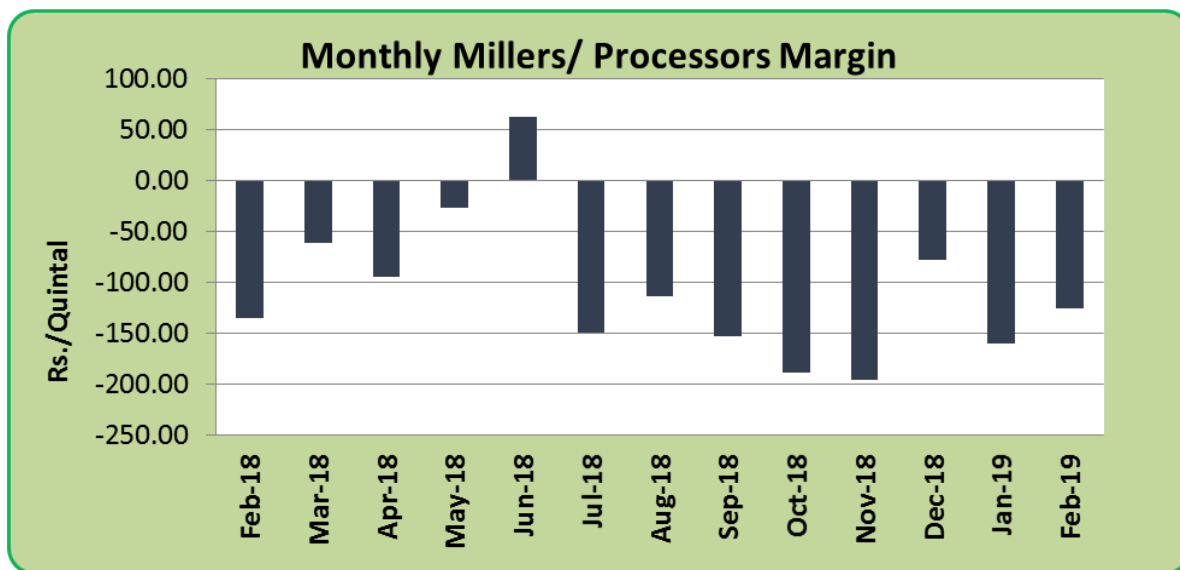
| Domestic Guar Seed Supply & Demand Situation (Figures In Lakh Metric Tonnes) | | | | | | |
|---|----------------|----------------|----------------|----------------|-----------------|------------------|
| Item | 2017-18 | 2018-19 | 2018-19 | 2018-19 | 2018-19 | 2018-19 |
| Supply | | | Oct-Dec | Jan-Mar | Apr-June | July-Sept |
| Opening Stock | 13.73 | 9.84 | 9.84 | 8.86 | 9.08 | 7.77 |
| 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 | 12.83 | 11.50 | 9.13 |
| Demand | | | | | | |
| Total Crushing | 14.40 | 14.48 | 2.92 | 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 | 3.25 | 0.72 | 0.82 | 0.81 | 0.90 |
| Exports (Guar seed Equivalent) | 11.69 | 12.37 | 2.39 | 3.22 | 3.20 | 3.56 |
| | | | | | | |
| Carry Forward (Farmers and Traders Holdings) | 9.84 | 5.04 | 8.86 | 9.08 | 7.77 | 5.04 |
| Av Monthly Consumption | 1.20 | 1.21 | 0.24 | 0.31 | 0.31 | 0.34 |
| Stock to Month Use | 8.20 | 4.18 | 36.44 | 29.07 | 25.02 | 14.80 |
| Stock to Consumption Ratio | 0.68 | 0.35 | 3.04 | 2.42 | 2.09 | 1.23 |

- 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 3.25 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 February 2019, average crush margin increased to Rs. -126.03/Quintal compared to Rs. -159.87/quintal last month.

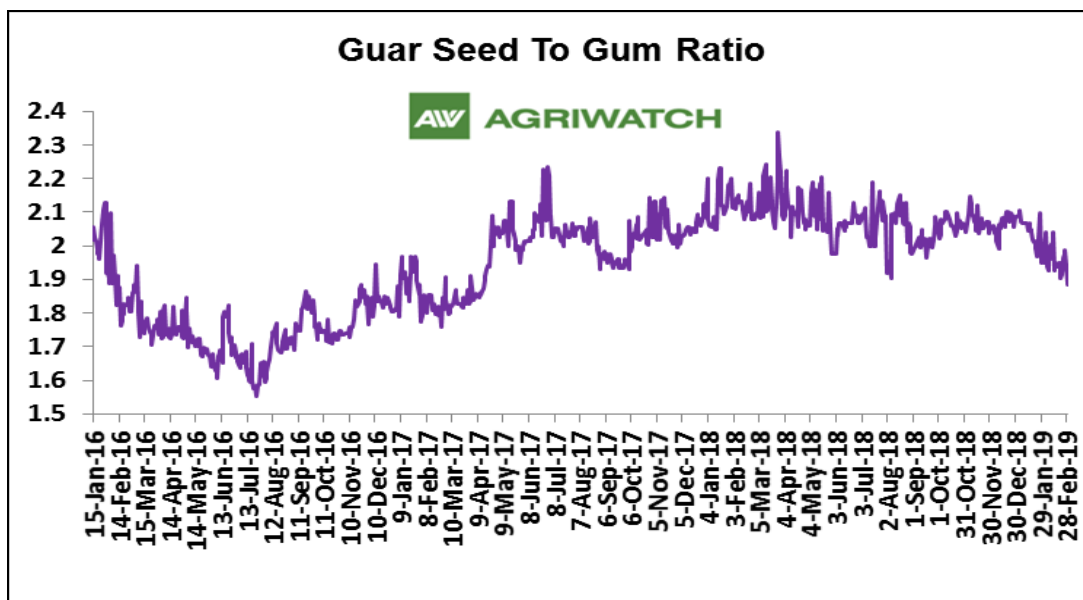
Increase in prices of Churi and Korma have increased the total return and reduced the total cost, which has caused the margin to rise.



Guar Seed To Gum Ratio:

Ratio of guar seed to gum decreased to 1.90, which in the earlier month was 1.91. 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 neutral region.

Strategy: Buy

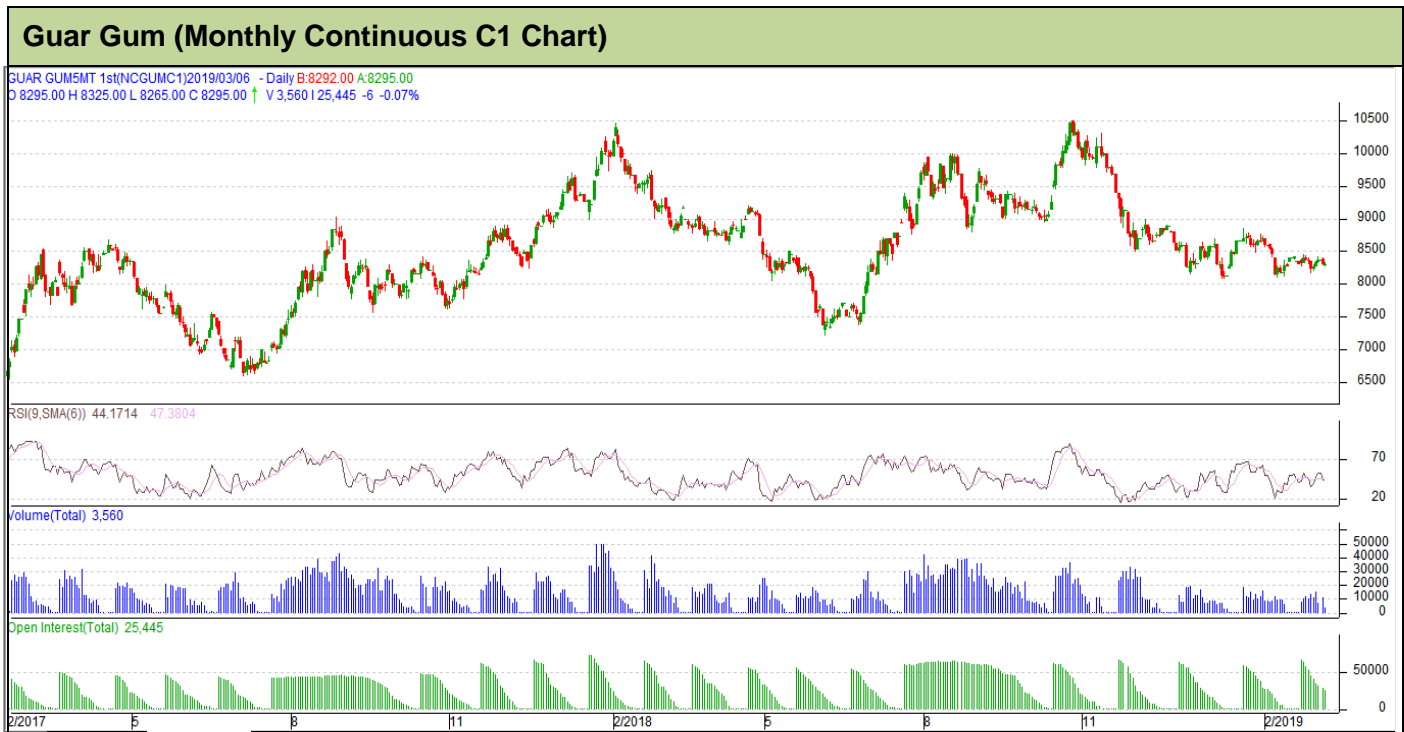
| Monthly Supports & Resistances | | | S1 | S2 | PCP | R1 | R2 |
|--------------------------------|-------|----|------|------------|---------|------|------|
| Guar Seed | NCDEX | C1 | 3800 | 3705 | 4146.50 | 4745 | 4850 |
| Monthly Trade Call | | | Call | Entry | T1 | T2 | SL |
| Guar Seed | NCDEX | C1 | Buy | Above 4100 | 4400 | 4595 | 3920 |



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 | 7600 | 7495 | 8301 | 9530 | 9695 |
| Monthly Trade Call | | | Call | Entry | T1 | T2 | SL |
| Guar Gum | NCDEX | C1 | Buy | Above 8200 | 8945 | 9300 | 7753 |

Guar Seed & Gum Prices at Key Spot Markets

| Guar by – Products Monthly Average Prices: | | | | |
|---|----------------|----------------------|---------------------|---------------|
| Commodity | Centre | February,2019 | January,2019 | Change |
| Churi | Jodhpur | 1751 | 1789 | -38 |
| Korma | Jodhpur | 2503 | 2502 | 1 |
| Churi | Sri-Ganganagar | 1539 | 1571 | -32 |
| Korma | Sri-Ganganagar | 2277 | 2345 | -68 |
| Prices in Rs/75 Kg | | | | |

| Guar Export Monthly Average Prices: | | | | |
|--|-------------------|----------------------|---------------------|---------------|
| Commodity | Variety | February,2019 | January,2019 | Change |
| Guargum Split | | 1198 | 1235 | -37 |
| Guargum Powder | 200 Mesh 5000 CPS | 1479 | 1518 | -39 |
| | 200 Mesh 3500 CPS | 1409 | 1453 | -44 |
| Guargum Meal | 40% | 338 | 339 | -1 |
| | 50% | 476 | 478 | -2 |
| Prices in \$/MT | | | | |

| Guar Seed Monthly Average Prices: | | | | | |
|--|-----------------------|---------------------------|---|---------------------|---------------|
| Commodity | District | Centre | Monthly Prices (Average)(Rs/Qtl) | | Change |
| Guar Seed | | | February,2019 | January,2019 | |
| Rajasthan | Jodhpur | Jodhpur (Loose) | 4256 | 4313 | -57 |
| | | Jodhpur(Delivery) | 4469 | 4529 | -60 |
| | Sri-Ganganagar | Sri-Ganganagar(Loose) | 4024 | 4103 | -79 |
| | | Sri-Ganganagar (Delivery) | 4174 | 4253 | -79 |
| | | Rawla (Loose) | 4014 | 4087 | -73 |
| | | Gharsana (Loose) | 4035 | 4098 | -63 |
| | | Raisinghnagar (Loose) | 4028 | 4126 | -98 |
| | Bikaner | Bikaner (Loose) | 4045 | 4129 | -84 |
| | | Bikaner (Delivery) | 4247 | 4335 | -88 |
| | | Nokha(Loose) | 4022 | 4121 | -100 |
| | | Nokha (Delivery) | 4223 | 4327 | -105 |
| | | Khajuwala (Loose) | 4022 | 4094 | -72 |
| | | Khajuwala (Delivery) | 4223 | 4298 | -76 |
| | | Lunkaransar (Loose) | 4032 | 4128 | -97 |
| | Hanumangarh | Hanumangarh (Loose) | 4007 | 4062 | -55 |

| | | | | | |
|-----------------------|--------------------|------------------------|------|------|--------------|
| | | Hanumangarh (Delivery) | 4207 | 4265 | -58 |
| | | Nohar (Loose) | 4058 | 4132 | -74 |
| | | Pilibanga (Loose) | 4005 | 4066 | -61 |
| | Nagaur | Nagaur (Loose) | 3976 | 4029 | -53 |
| | Churu | Churu (Delivery) | 4223 | 4369 | -146 |
| | Alwar | Alwar (Loose) | 3963 | 4069 | -106 |
| Haryana | Hisar | Adampur (Loose) | 4038 | 4114 | -75 |
| | | Adampur (Delivery) | 4240 | 4319 | -79 |
| | Bhiwani | Bhiwani (Delivery) | 4177 | 4326 | -149 |
| | | Siwani (Loose) | 4171 | 4263 | -93 |
| | Sirsa | Sirsa (Loose) | 4039 | 4127 | -88 |
| | | Dhabwali (Loose) | 3967 | 4064 | -97 |
| | | Dhabwali (Delivery) | 4165 | 4267 | -102 |
| | | Ellanabad (Loose) | 4049 | 4105 | -56 |
| | Fatehabad | Fatehabad (Loose) | 3908 | 4004 | -96 |
| Gujarat | Banaskantha | Deesa (Loose) | 4037 | 4082 | -46 |
| | Patan | Patan (Loose) | 3965 | 4167 | -202 |
| | Rajkot | Rajkot (Loose) | 3966 | 4085 | -119 |
| | Jamnagar | Dhrol (Loose) | 244 | 1943 | -1699 |
| Madhya Pradesh | Gwalior | Dabra (Loose) | NA | 200 | - |
| Guar Gum | | | | | |
| Rajasthan | Jodhpur | Jodhpur | 8489 | 8631 | -142 |
| | Alwar | Alwar | 8483 | 8658 | -175 |
| | Hanumangarh | Nohar | 8381 | 8556 | -175 |
| Haryana | Bhiwani | Bhiwani | 8503 | 8570 | -67 |
| | Sirsa | Sirsa | 8441 | 8653 | -212 |
| | | Dhabwali | 8473 | 8548 | -75 |
| | | Ellanabad | 8465 | 8568 | -103 |
| | Fatehabad | Fatehabad | 8447 | 8466 | -19 |

Guar Cumulative Arrivals in Key Centers:

| Commodity | District | Centre | Monthly Arrivals (Quintals) | | Change |
|------------------|-----------------------|----------------|-----------------------------|--------------|--------------|
| | | | February,2019 | January,2019 | |
| Guar Seed | Jodhpur | Jodhpur | 755 | 893 | -138 |
| | Sri-Ganganagar | Sri-Ganganagar | 12000 | 15200 | -3200 |
| | | Rawla | 4020 | 8400 | -4380 |
| | | Gharsana | 3470 | 7400 | -3930 |

| | | | | | |
|-------------------------------------|--------------------|---------------|---------------|---------------|---------------|
| | | Raisinghnagar | 10000 | 15000 | -5000 |
| | Bikaner | Bikaner | 11300 | 13950 | -2650 |
| | | Nokha | 10250 | 16850 | -6600 |
| | | Khajuwala | 8950 | 17500 | -8550 |
| | | Lunkaransar | 4220 | 6350 | -2130 |
| | Hanumangarh | Hanumangarh | 4575 | 6210 | -1635 |
| | | Nohar | 14600 | 20700 | -6100 |
| | | Pilibanga | 3110 | 4177 | -1067 |
| | Nagaur | Nagaur | 3030 | 5100 | -2070 |
| | Churu | Churu | 10050 | 11600 | -1550 |
| Haryana | Alwar | Alwar | 6150 | 7540 | -1390 |
| | Hisar | Adampur | 22200 | 27050 | -4850 |
| | Bhiwani | Bhiwani | 9850 | 24600 | -14750 |
| | | Siwani | 35700 | 26900 | 8800 |
| | Sirsa | Sirsa | 32100 | 40500 | -8400 |
| | | Dhabwali | 4200 | 6250 | -2050 |
| | | Ellanabad | 6060 | 7400 | -1340 |
| Gujarat | Fatehabad | Fatehabad | 2160 | 3900 | -1740 |
| | Banaskantha | Deesa | 1644 | 2054 | -410 |
| | Patan | Patan | 662 | 1285 | -623 |
| | Rajkot | Rajkot | 985 | 2363 | -1378 |
| | Jamnagar | Dhrol | 2 | 21 | -19 |
| Madhya Pradesh | Gwalior | Dabra | NA | 50 | - |
| Total Arrivals/Above Markets | | | 222043 | 299243 | -77200 |

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