

# Guar Monthly Research Report

## Contents

- ❖ Executive Summary
- ❖ Recommendations
- ❖ Domestic Market Fundamentals
- ❖ Export Scenario
- ❖ Price Seasonality of Guar Seed
- ❖ Domestic Guar Seed Supply & Demand Situation
- ❖ Processing Margins (Monthly)
- ❖ Technical Analysis (Futures Market)
- ❖ Monthly Guar Seed & Gum Prices at Key Spot Markets

**Executive Summary****Domestic Guar Seed Market Summary**

All India average monthly prices for guar seed decreased by 2.66 percent from Rs 3899.14 in February-2019 to Rs 3795.35 per qtl in March-2019. Average price in March -2019 is lower by 0.56 percent compared to Rs 3816.70 per qtl (March-2018). Guar prices are expected to remain steady to firm in upcoming weeks.

As per trade sources, export of guar gum has increased in the month of February-19 by 1.96 percent compared to previous month. India exported around 23643 tonnes of guar gum at an average FoB of \$ 1792.92 per tonne in the month of February-19 compared to 23189 tonnes in January-19 at an average FoB of \$ 1803.42 per tonne. Exports are expected to recover low in March-19 as well.

As per trade sources, export of guar split has decreased in the month of February-19. Exports in the month of February-19 are down by around 2.52% compared to previous month. India exported around 9280 tonnes of guar split in the month of February-19 at an average FoB of \$ 1408.26 per tonne. Of the total quantity, around 7560 tonnes and 1420 tonnes have been exported to China and Unites States respectively.

Guar seed May future contract prices touched a high of Rs 4515.00 per quintal before closing at Rs 4431.00 per quintal during the past month. Prices are expected to recover further due to good demand in domestic as well as international market. Prices are likely to touch Rs 4650.00-4700.00 per quintal in upcoming weeks.

The wholesale price index of guar seed has decreased from 100.1 in January-2019 to 97.3 in February- 2019. The WPI for February 2019 is down by 5.4 compared to last year for the same month and by 22.5 compared to February 2017. WPI is expected to stay firm in March'19.

As per trade sources, recovery of guar gum from guar seed in Barmer, Bikaner and Ganganagar is coming around 29.50 -30.50 kg respectively. Export demand for guar gum is expected to increase during March-19. As of now guar gum prices in Jodhpur are hovering around Rs 9050 per quintal.

As per data released by Baker Hughes the number of oil rigs in USA has decreased to 1006 as on 29th March 2019 down by 10 compared to 22nd March 2019 and up by 13 compared to 30th March 2018. The total number of oilrigs was recorded at 2306 worldwide in February'19 compared to 2271 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 higher arrivals (27950 quintals) during March 2019 compared to previous month 22000 quintals.

Similarly, In Bikaner market, arrivals have decreased during March 2019 to 9420 quintals compared to previous month arrivals data i.e. 11300 quintals.

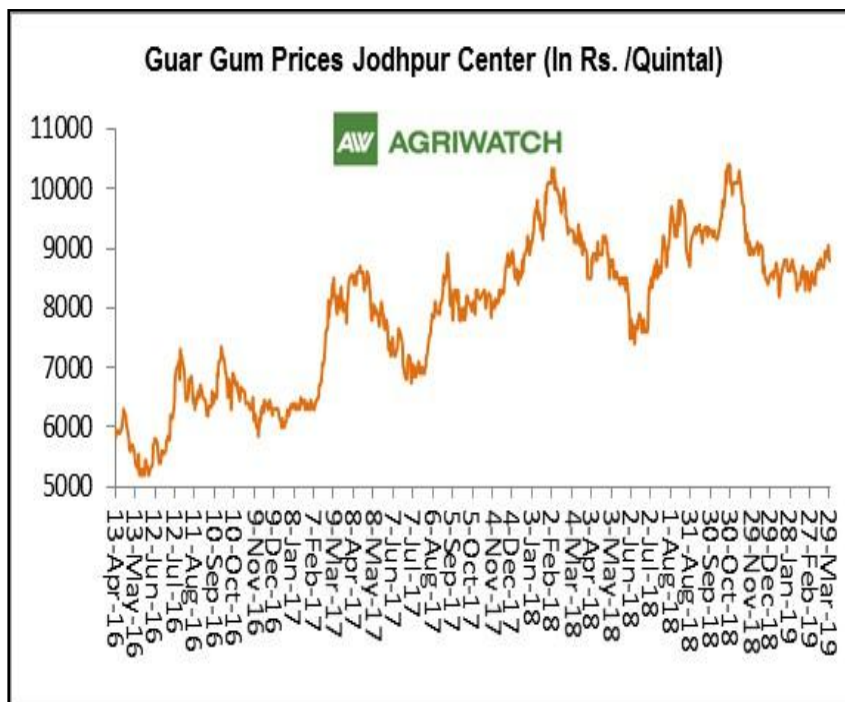
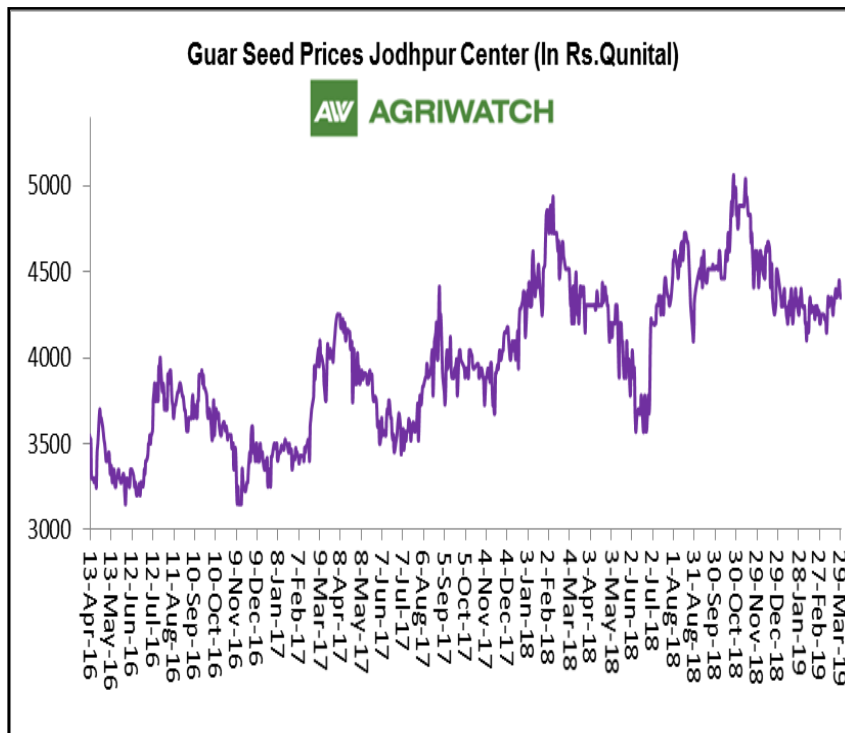
**Recommendation:**

**Monthly Call** - : Market participants advised to buy Guar seed at current levels for a target of 4650 with a stop loss at 4170 on closing basis.

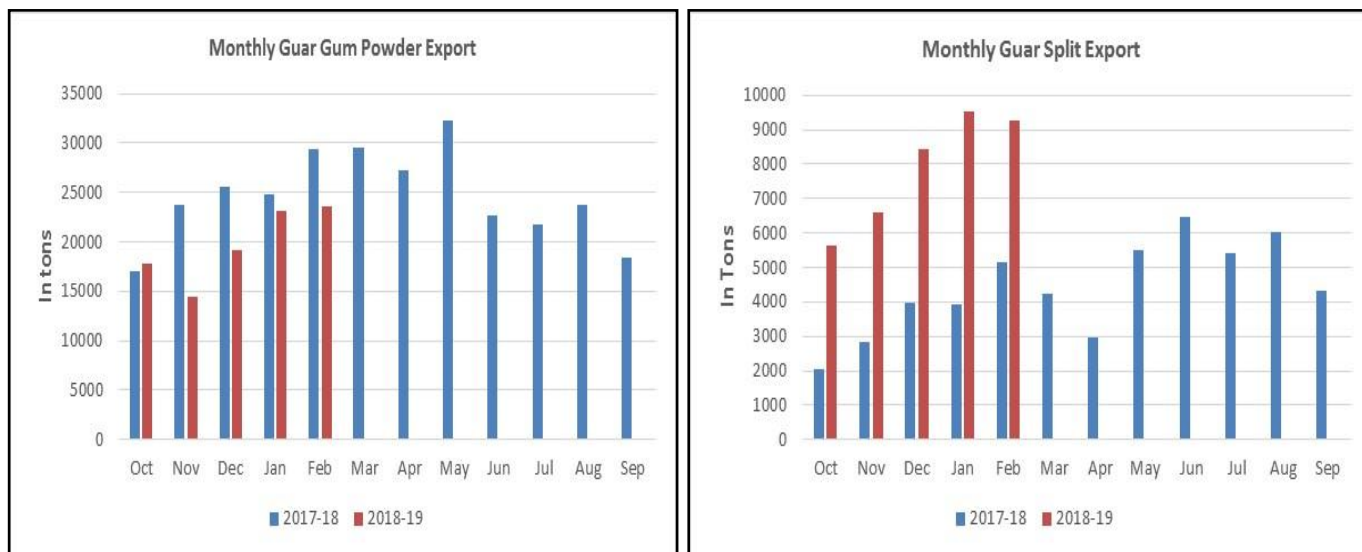
### Guar Seed Fundamental Analysis and Outlook:-

#### Domestic Front

- Average Guar seed prices were firm during March 2019. All major spot markets witnessed firm sentiments. Overall arrivals were higher in March compared to last month. Decrease in arrivals were witnessed in Siwani, Bikaner, Nohar, Deesa, etc.
- In the month of March 2019, Guar seed monthly average prices increased by Rs 52.45 per quintal compared to previous month and settled at Rs. 4308.70 per quintal. Active trading activities in guar seed, in key markets kept the prices bullish during last month.
- Guar gum monthly average prices in March 2019 increased by Rs 223.41 per quintal and settled at Rs 8711.96 per quintal.
- According to second advance estimate for 2018-19, issued by Gujarat's Department of Agriculture for Guar seed, the area, production and yield are 135000 hectares, 73000 tonnes and 545 kg/hectare respectively. As per first 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.
- 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.



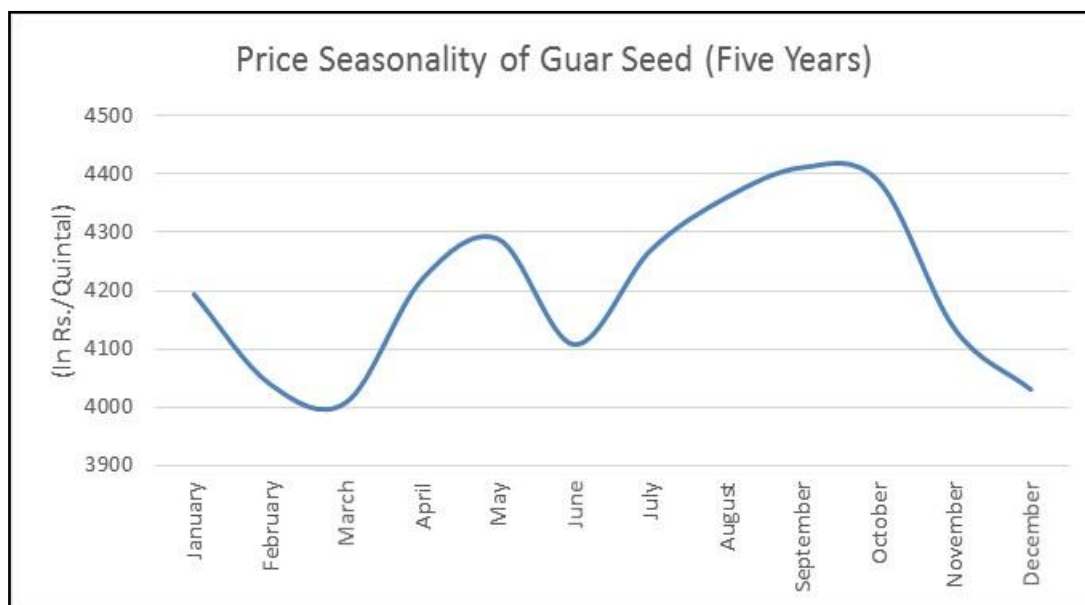
### Export Scenario



On export front, guar gum demand has increased slightly compared to previous month. India has exported 23643 tonnes of guar gum in the month of March-2019, up by around 1.96% compared to previous month and down by 19.56% compared to March-2018.

Exports of guar split have also increased. India has exported 9280 tonnes of guar gum in the month of March-2019, down by around 2.52% compared to previous month and up by 79.64% compared to March-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**

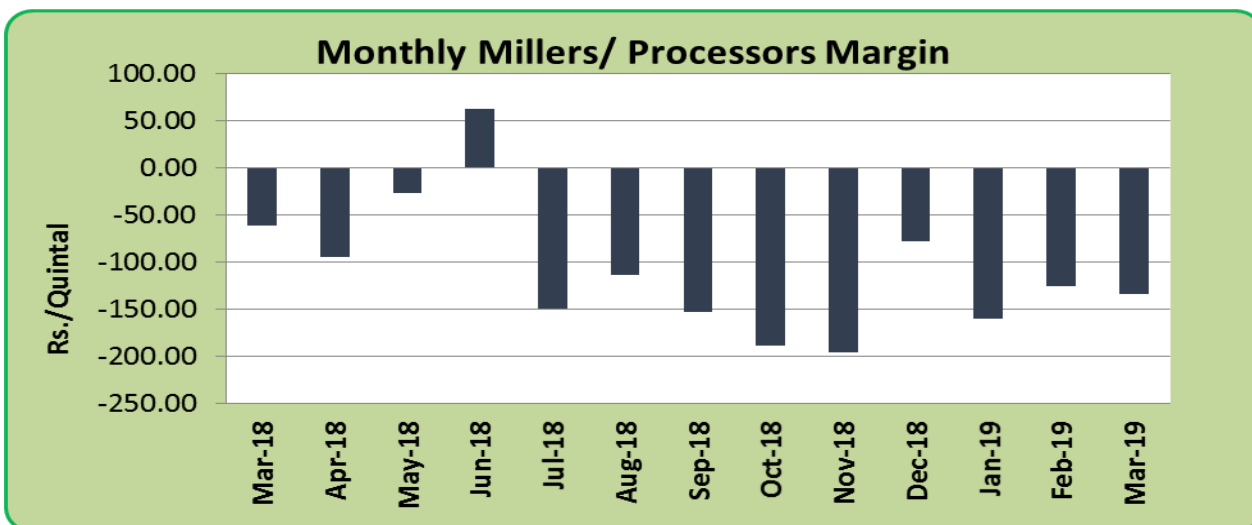
<b>Domestic Guar Seed Supply &amp; Demand Situation (Figures In Lakh Metric Tonnes)</b>						
<b>Item</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2018-19</b>	<b>2018-19</b>	<b>2018-19</b>	<b>2018-19</b>
<b>Supply</b>			<b>Oct-Dec</b>	<b>Jan-Mar</b>	<b>Apr-June</b>	<b>July-Sept</b>
Opening Stock	13.73	9.84	9.84	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
<b>Total Availability</b>	<b>24.24</b>	<b>19.52</b>	<b>11.78</b>	<b>12.83</b>	<b>11.50</b>	<b>9.13</b>
<b>Demand</b>						
<b>Total Crushing</b>	<b>14.40</b>	<b>14.48</b>	<b>2.92</b>	<b>3.75</b>	<b>3.73</b>	<b>4.09</b>
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
<b>Carry Forward (Farmers and Traders Holdings)</b>	<b>9.84</b>	<b>5.04</b>	<b>8.86</b>	<b>9.08</b>	<b>7.77</b>	<b>5.04</b>
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 decreased compared to previous month. In the month of March 2019, average crush margin decreased to Rs. -133.64/Quintal compared to Rs. -126.03/quintal last month.

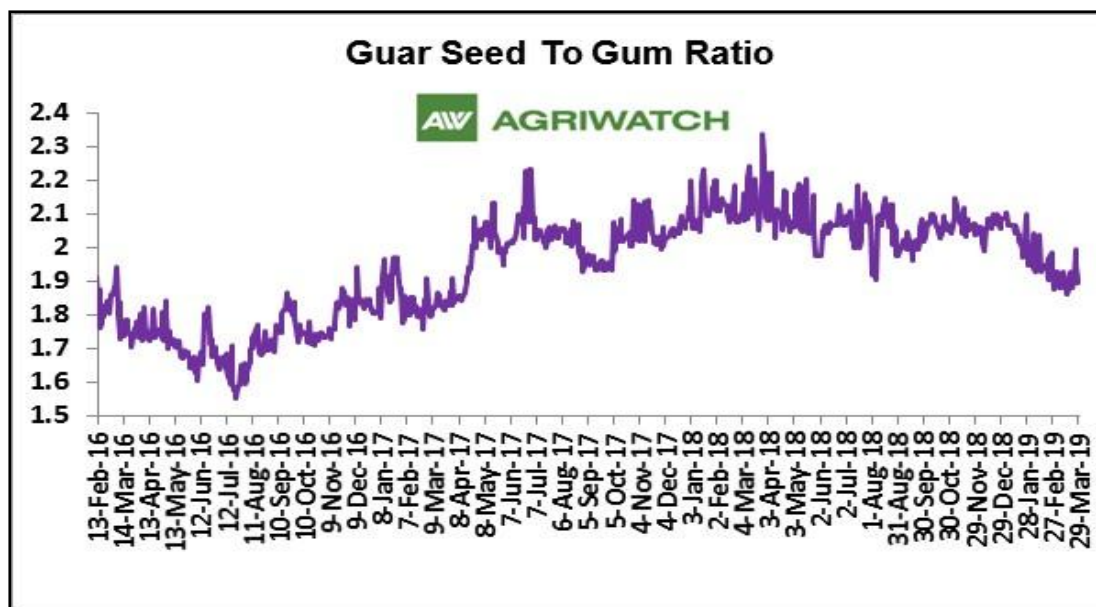
Higher prices of guar seed compared to churi and korma, has reduced the total return which has caused the margin to fall further.



### Guar Seed To Gum Ratio:

Ratio of guar seed to gum increased to 1.93, which in the earlier month was 1.90. 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: Buy

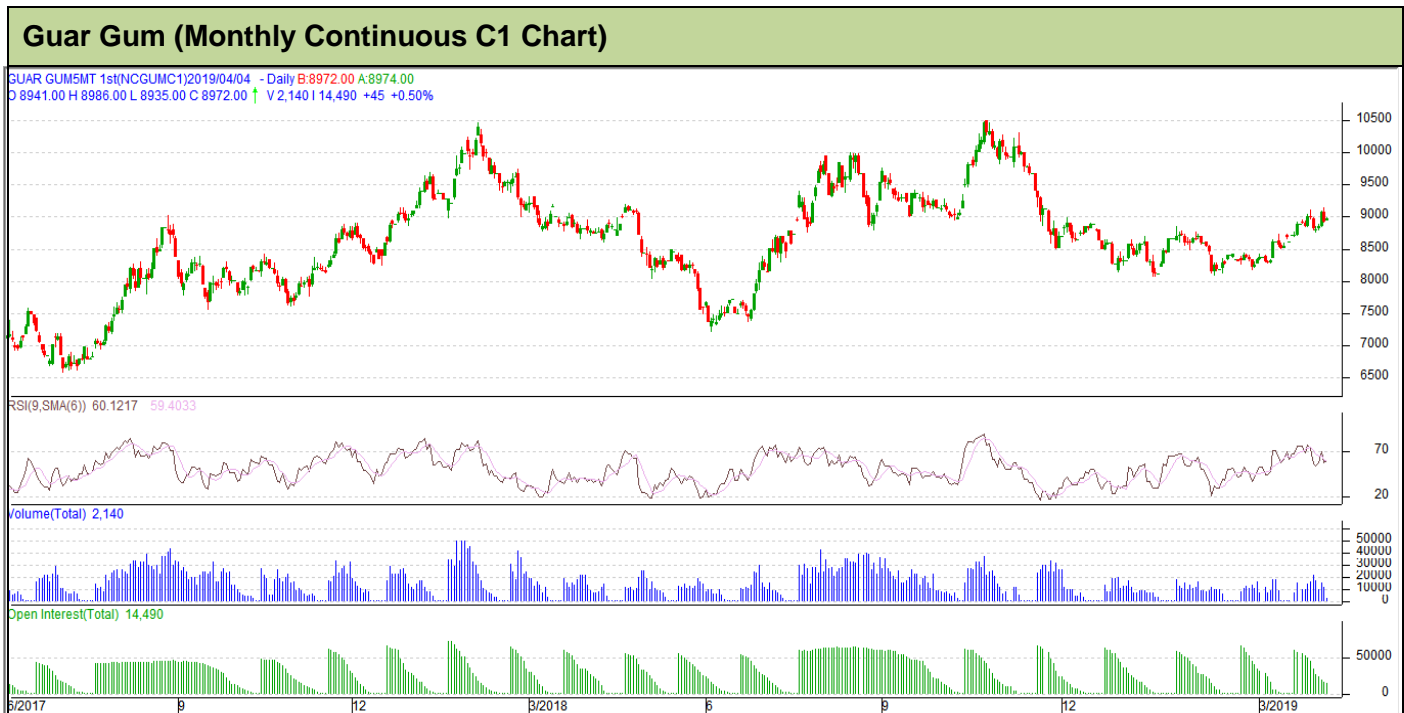
Monthly Supports & Resistances			S1	S2	PCP	R1	R2
Guar Seed	NCDEX	C1	4050	3995	4422	4995	5100
Monthly Trade Call			Call	Entry	T1	T2	SL
Guar Seed	NCDEX	C1	Buy	Above 4350	4650	4845	4170



### 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: Buy

Monthly Supports & Resistances			S1	S2	PCP	R1	R2
Guar Gum	NCDEX	C1	8300	8195	8972	10230	10395
Monthly Trade Call			Call	Entry	T1	T2	SL
Guar Gum	NCDEX	C1	Buy	Above 8900	9645	10000	8453

**Guar Seed & Gum Prices at Key Spot Markets**

<b>Guar by – Products Monthly Average Prices:</b>				
<b>Commodity</b>	<b>Centre</b>	<b>March,2019</b>	<b>February,2019</b>	<b>Change</b>
<b>Churi</b>	Jodhpur	1719	1751	<b>-32</b>
<b>Korma</b>	Jodhpur	2483	2503	<b>-20</b>
<b>Churi</b>	Sri-Ganganagar	1527	1539	<b>-11</b>
<b>Korma</b>	Sri-Ganganagar	2283	2277	<b>6</b>
<b>Prices in Rs/75 Kg</b>				

<b>Guar Export Monthly Average Prices:</b>				
<b>Commodity</b>	<b>Variety</b>	<b>March,2019</b>	<b>February,2019</b>	<b>Change</b>
<b>Guargum Split</b>		1258	1198	<b>60</b>
<b>Guargum Powder</b>	200 Mesh 5000 CPS	1546	1479	<b>67</b>
	200 Mesh 3500 CPS	1474	1409	<b>65</b>
<b>Guargum Meal</b>	40%	345	338	<b>7</b>
	50%	482	476	<b>6</b>
<b>Prices in \$/MT</b>				

<b>Guar Seed Monthly Average Prices:</b>					
<b>Commodity</b>	<b>District</b>	<b>Centre</b>	<b>Monthly Prices (Average)(Rs/Qtl)</b>		<b>Change</b>
<b>Guar Seed</b>			<b>March,2019</b>	<b>February,2019</b>	
<b>Rajasthan</b>	<b>Jodhpur</b>	Jodhpur (Loose)	4309	4256	<b>52</b>
		Jodhpur(Delivery)	4524	4469	<b>55</b>
	<b>Sri-Ganganagar</b>	Sri-Ganganagar(Loose)	4074	4024	<b>50</b>
		Sri-Ganganagar (Delivery)	4224	4174	<b>50</b>
		Rawla (Loose)	4037	4014	<b>23</b>
		Gharsana (Loose)	4042	4035	<b>7</b>
		Raisinghnagar (Loose)	4069	4028	<b>40</b>
	<b>Bikaner</b>	Bikaner (Loose)	4057	4045	<b>13</b>
		Bikaner (Delivery)	4260	4247	<b>13</b>
		Nokha(Loose)	4074	4022	<b>53</b>
		Nokha (Delivery)	4278	4223	<b>55</b>
		Khajuwala (Loose)	4058	4022	<b>36</b>
		Khajuwala (Delivery)	4261	4223	<b>38</b>
		Lunkaransar (Loose)	4082	4032	<b>50</b>
	<b>Hanumangarh</b>	Hanumangarh (Loose)	4036	4007	<b>29</b>

		Hanumangarh (Delivery)	4237	4207	30
		Nohar (Loose)	4125	4058	66
		Pilibanga (Loose)	4001	4005	-4
	Nagaur	Nagaur (Loose)	4051	3976	75
	Churu	Churu (Delivery)	4235	4223	12
	Alwar	Alwar (Loose)	4004	3963	41
Haryana	Hisar	Adampur (Loose)	4080	4038	42
		Adampur (Delivery)	4284	4240	44
	Bhiwani	Bhiwani (Delivery)	4272	4177	95
		Siwani (Loose)	4211	4171	40
	Sirsa	Sirsa (Loose)	4078	4039	40
		Dhabwali (Loose)	4036	3967	70
		Dhabwali (Delivery)	4238	4165	73
		Ellanabad (Loose)	4069	4049	20
	Fatehabad	Fatehabad (Loose)	3901	3908	-7
Gujarat	Banaskantha	Deesa (Loose)	3972	4037	-65
	Patan	Patan (Loose)	3911	3965	-54
	Rajkot	Rajkot (Loose)	3983	3966	17
	Jamnagar	Dhrol (Loose)	NA	NA	-
Madhya Pradesh	Gwalior	Dabra (Loose)	NA	NA	-
Guar Gum					
Rajasthan	Jodhpur	Jodhpur	8712	8489	223
	Alwar	Alwar	8679	8483	196
	Hanumangarh	Nohar	8627	8381	246
Haryana	Bhiwani	Bhiwani	8727	8503	224
	Sirsa	Sirsa	8706	8441	265
		Dhabwali	8619	8473	146
		Ellanabad	8707	8465	242
	Fatehabad	Fatehabad	8663	8447	216

**Guar Cumulative Arrivals in Key Centers:**

Commodity	District	Centre	Monthly Arrivals (Quintals)		Change
			March,2019	February,2019	
Rajasthan	Jodhpur	Jodhpur	983	755	228
	Sri-Ganganagar	Sri-Ganganagar	32500	12000	20500
		Rawla	3400	4020	-620
		Gharsana	3250	3470	-220

		Raisinghnagar	12600	10000	2600
	Bikaner	Bikaner	9420	11300	-1880
		Nokha	11300	10250	1050
		Khajuwala	8400	8950	-550
		Lunkaransar	6550	4220	2330
	Hanumangarh	Hanumangarh	3950	4575	-625
		Nohar	13300	14600	-1300
		Pilibanga	6589	3110	3479
	Nagaur	Nagaur	3150	3030	120
	Churu	Churu	10900	10050	850
	Alwar	Alwar	4820	6150	-1330
Haryana	Hisar	Adampur	27950	22200	5750
	Bhiwani	Bhiwani	12900	9850	3050
		Siwani	29700	35700	-6000
	Sirsa	Sirsa	43400	32100	11300
		Dhabwali	6075	4200	1875
		Ellanabad	6675	6060	615
	Fatehabad	Fatehabad	2550	2160	390
Gujarat	Banaskantha	Deesa	685	1644	-959
	Patan	Patan	412	662	-250
	Rajkot	Rajkot	1355	985	370
	Jamnagar	Dhrol	NA	NA	-
Madhya Pradesh	Gwalior	Dabra	NA	NA	-
Total Arrivals/Above Markets			262814	222041	40773

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