

Guar Monthly Research Report

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Executive Summary

Domestic Guar Seed Market Summary

All India average monthly prices for guar seed increase by 0.47 percent from Rs 3902.82 in May-2019 to Rs 3921.01 per qtl in June-2019. Average price in June -2019 is higher by 16.21 percent compared to Rs 3373.99 per qtl (June-2018). Guar prices are expected to remain firm in upcoming weeks with small technical corrections.

As per Rajasthan's Agriculture department, area sown in Rajasthan until 02nd July 2019 is 252.1 thousand hectares compared to of 373.6 thousand hectares for 2018 Kharif season. Area of guar is expected to be lower in 2019 as farmers are shifting to Pulses and cotton this year due to better prices.

Guar seed future August contract touched a low of Rs 4202.00 per quintal before closing at Rs 4233.00 per quintal in the previous week. As per trade sources, guar is likely to be bullish with small technical corrections in coming weeks and touch Rs 4550.00-4600.00 per quintal. Export demand is normal.

As per trade sources, export of guar gum has decreased in the month of May-19 by 4.06 percent compared to previous month. India exported around 25507 tonnes of guar gum at an average FoB of \$ 1890.07 per tonne in the month of May-19 compared to 26588 tonnes in April-19 at an average FoB of \$ 1871.23 per tonne. Exports are expected to remain at slightly higher in June-19.

As per data released by Baker Hughes the number of oil rigs in USA have remained same at 967 as on 28th June 2019 compared to 21st June 2019 and down by 80 compared to 29th June 2018. The total number of oilrigs was recorded at 2182 worldwide in May'19 compared to 2096 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, export of guar split has increased in the month of May-19. Exports in the month of May-19 are up by around 30.86% compared to previous month. India exported around 7739 tonnes of guar split in the month of May-19 at an average FoB of \$ 1417.70 per tonne. Of the total quantity, around 6460 tonnes have been exported to China.

The wholesale price index of guar seed has decreased from 100.6 in April -2019 to 100.00 in May- 2019. The WPI for May 2019 is up by 11.3 compared to last year for the same month and by 15.1 compared to May 2017. WPI is expected to stay slightly weak in June'19.

As far as Arrivals are concerned, Adampur (Haryana) market (biggest market of guar in North) reported higher arrivals (17200 quintals) during June 2019 compared to previous month 9015 quintals.

Similarly, In Bikaner market, arrivals have increased during June 2019 to 6300 quintals compared to previous month arrivals data i.e. 5650 quintals.

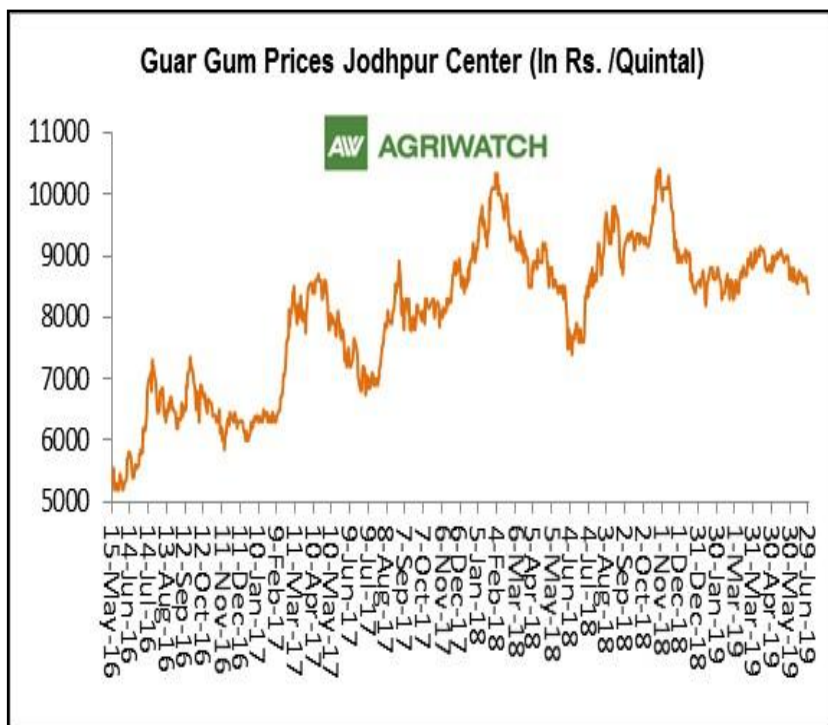
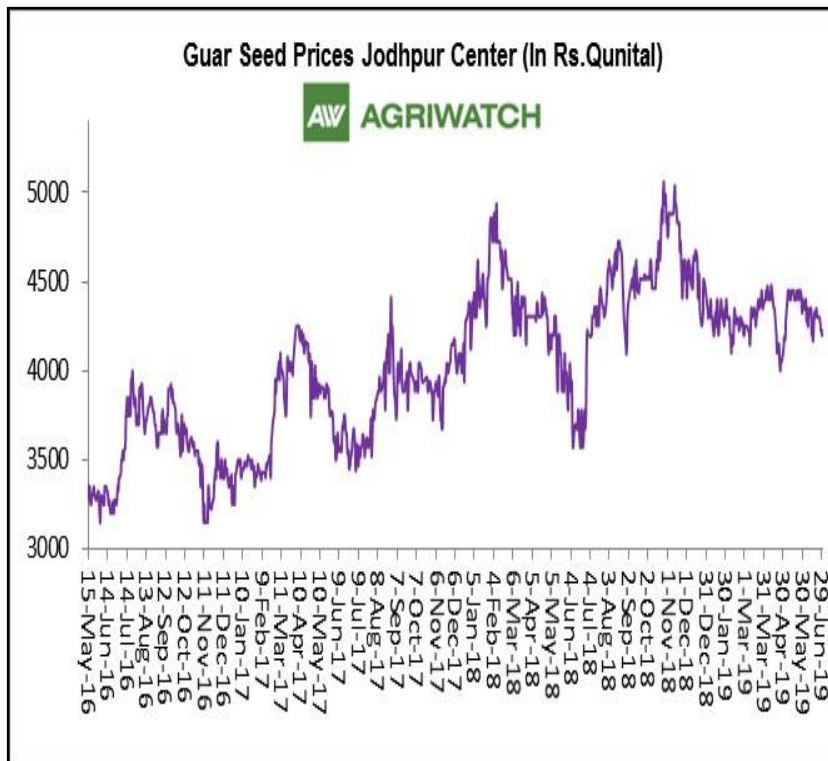
Recommendation:

Monthly Call - : Market participants advised to buy Guar seed at current levels for a target of 4500 with a stop loss at 4092 on closing basis.

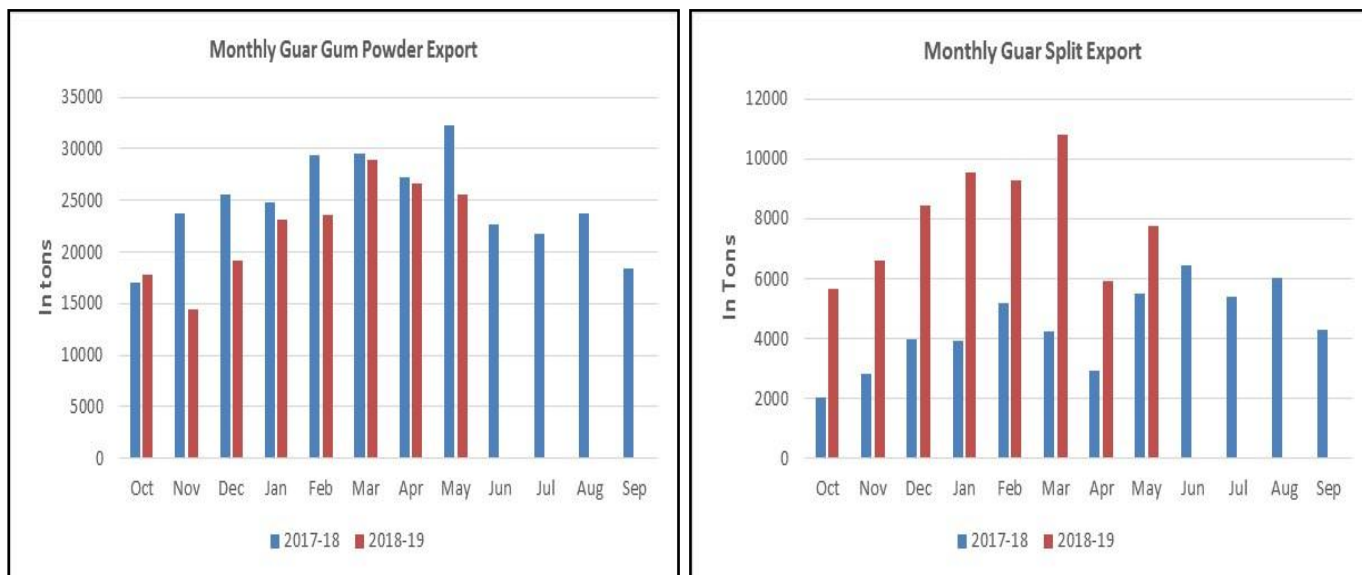
Guar Seed Fundamental Analysis and Outlook:-

Domestic Front

- Average Guar seed prices were weak during June 2019. All major spot markets witnessed weak sentiments. Overall arrivals were higher in June compared to last month. Increase in arrivals was witnessed in Sirsa, Adampur, Hanumangarh, Nohar, etc.
- In the month of June 2019, Guar seed monthly average prices decreased by Rs 98.70 per quintal compared to previous month and settled at Rs. 4291.67 per quintal. Sluggish trading activities in guar seed, in key markets kept the prices bearish during last month.
- Guar gum monthly average prices in June 2019 decreased by Rs 313.08 per quintal and settled at Rs 8632.29 per quintal.
- According to third advance estimate for 2018-19, issued by Gujarat's Department of Agriculture for Guar seed, the area, production and yield are 134660 hectares, 73740 tonnes and 547.59 kg/hectare respectively. As per second 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.
- According to third advance estimate for 2018-19, issued by Rajasthan's Department of Agriculture for Guar seed, the area, production and yield are 3087769 hectares, 1031415 tonnes and 334 kg/hectare respectively. As per second advance estimate for 2018-19 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.



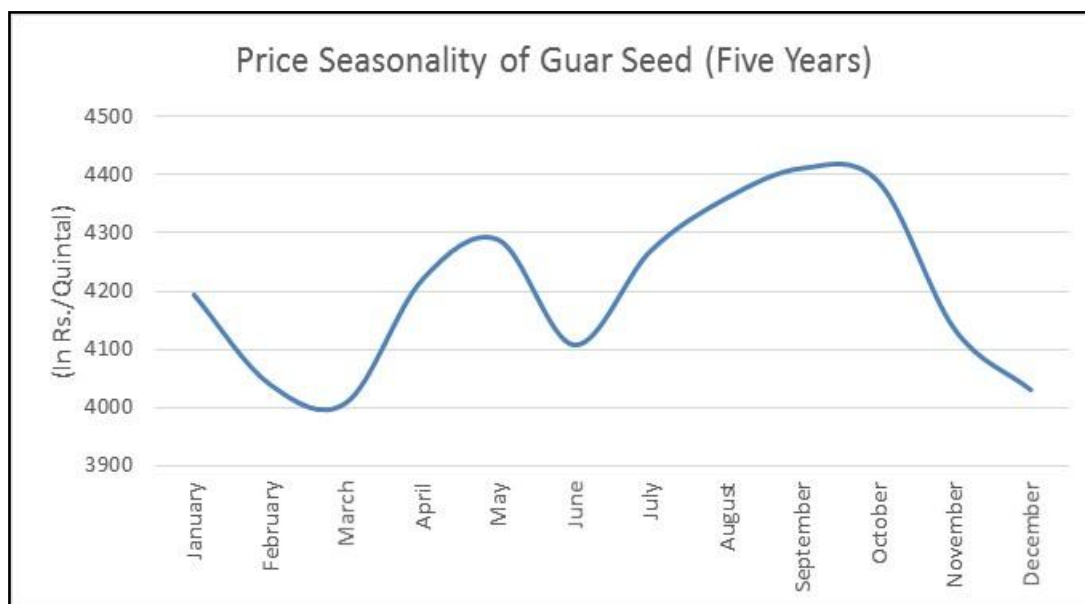
Export Scenario



On export front, guar gum demand has decreased slightly compared to previous month. India has exported 25507 tonnes of guar gum in the month of June-2019, down by around 4.06% compared to previous month and down by 21.11% compared to June-2018.

Exports of guar split have increased. India has exported 7739 tonnes of guar split in the month of June-2019, up by around 30.86% compared to previous month and up by 41.22% compared to June-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

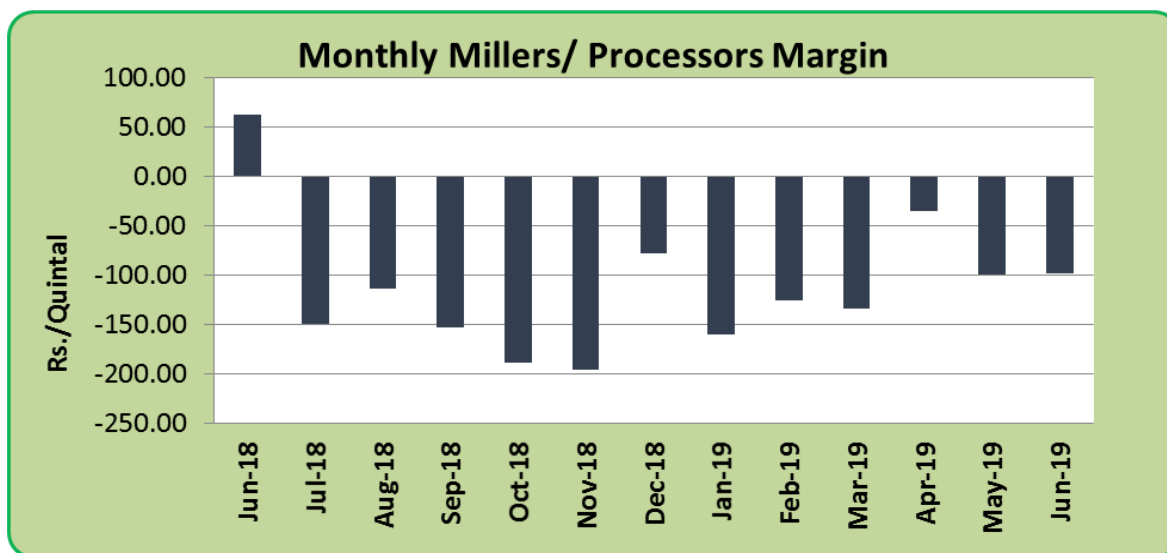
Domestic Guar Seed Supply & Demand Situation (Figures In Lakh Metric Tonnes)		
Item	2017-18	2018-19
Supply		
Opening Stock	15.97	12.80
Production	11.23	10.78
Arrivals	11.23	10.78
Import	0.00	0.00
Total Availability	27.20	23.58
Demand		
Total Crushing	14.40	14.75
Domestic Consumption (Textile, Food & Pharma Industry)	2.71	2.11
Guar Exports	3.49	3.48
Exports (Guar seed Equivalent)	11.69	12.64
Carry Forward (Farmers and Traders Holdings)	12.80	8.83
Av Monthly Consumption	1.20	1.23
Stock to Month Use	10.67	7.18
Stock to Consumption Ratio	0.89	0.60

- Guar seed opening stock for the marketing year 2018-19 is likely to settle at 12.80 lakh tons, which is lower compared to last year.
- As far as production is concerned, we expect 10.78 lakh tons of guar seed production in 2018-19, due to lower acreage compared to last year. Domestic consumption is expected to fall from 2.71 lakh tonnes to 2.11 lakh tonnes.
- Guar Exports are expected to be around 3.48 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 June 2019, average crush margin increased to Rs. -97.81/Quintal compared to Rs. -99.02/quintal last month.

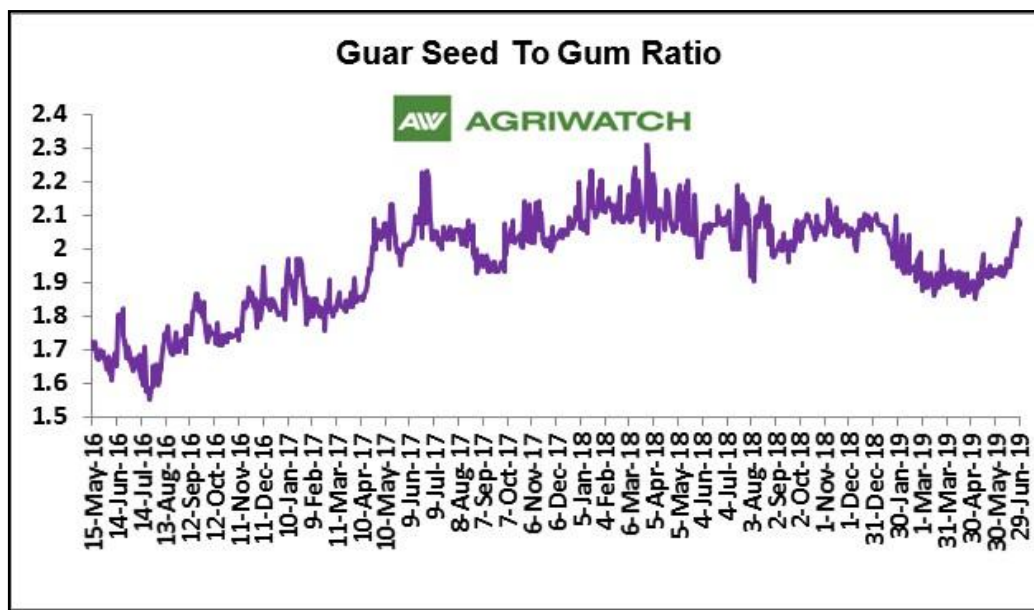
Increase in prices of Churi and Korma have increased the total return and reduced the total cost, which has caused the margin to rise.



Guar Seed To Gum Ratio:

Ratio of guar seed to gum decreased to 1.92, which in the earlier month was 1.94. 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 in neutral region.

Strategy: Buy

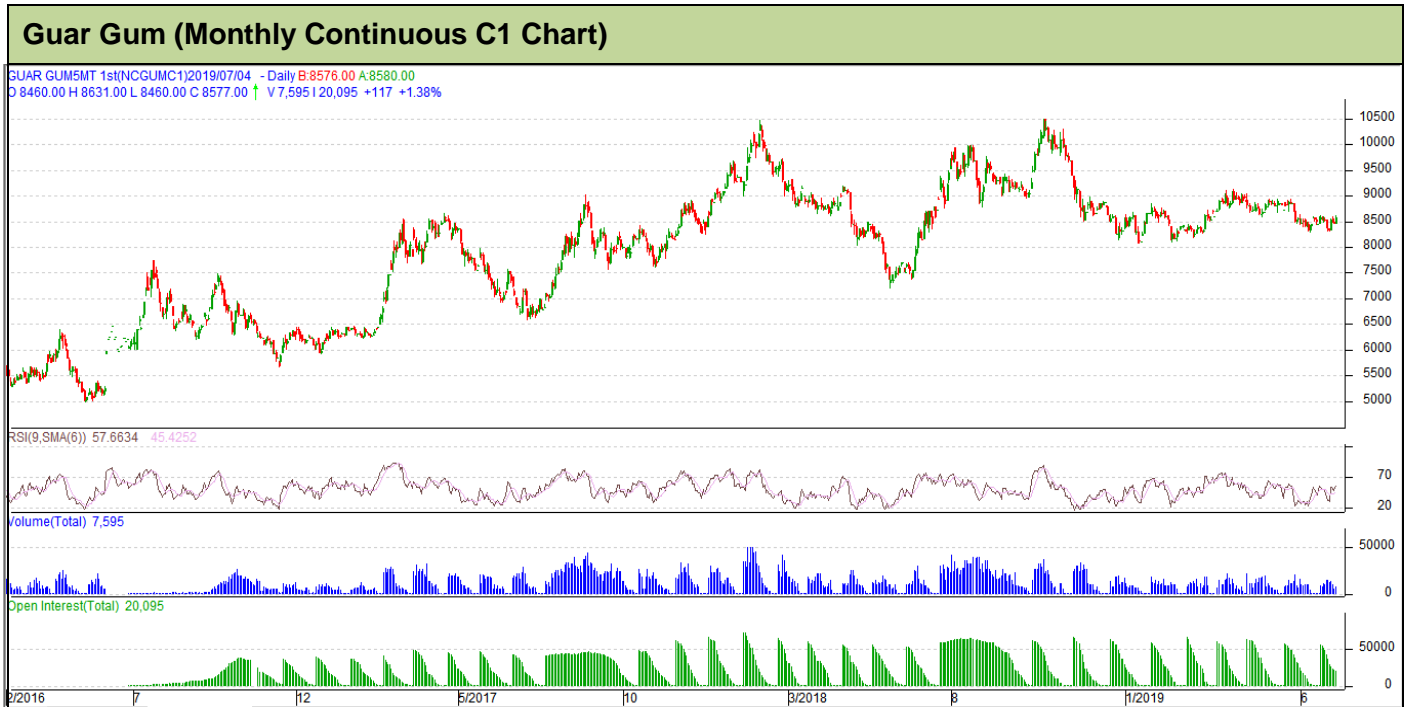
Monthly Supports & Resistances			S1	S2	PCP	R1	R2
Guar Seed	NCDEX	C1	3950	3845	4250	4755	4840
Monthly Trade Call			Call	Entry	T1	T2	SL
Guar Seed	NCDEX	C1	Buy	Above 4245	4500	4650	4092



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 in oversold region.

Strategy: Buy

Monthly Supports & Resistances			S1	S2	PCP	R1	R2
Guar Gum	NCDEX	C1	8000	7905	8460	9395	9490
Monthly Trade Call			Call	Entry	T1	T2	SL
Guar Gum	NCDEX	C1	Buy	Above 8450	8965	9280	8141

Guar Seed & Gum Prices at Key Spot Markets

Guar by – Products Monthly Average Prices:				
Commodity	Centre	June,2019	May,2019	Change
Churi	Jodhpur	1809	1822	-13
Korma	Jodhpur	2482	2468	14
Churi	Sri-Ganganagar	1602	1606	-3
Korma	Sri-Ganganagar	2277	2264	13
Prices in Rs/75 Kg				

Guar Export Monthly Average Prices:				
Commodity	Variety	June,2019	May,2019	Change
Guargum Split		1243	1282	-38
Guargum Powder	200 Mesh 5000 CPS	1531	1565	-33
	200 Mesh 3500 CPS	1461	1493	-33
Guargum Meal	40%	347	344	2
	50%	490	486	4
Prices in \$/MT				

Guar Seed Monthly Average Prices:					
Commodity	District	Centre	Monthly Prices (Average)(Rs/Qtl)		Change
Guar Seed			June,2019	May,2019	
Rajasthan	Jodhpur	Jodhpur (Loose)	4292	4390	-99
		Jodhpur(Delivery)	4506	4610	-104
	Sri-Ganganagar	Sri-Ganganagar(Loose)	4096	4168	-72
		Sri-Ganganagar (Delivery)	4246	4318	-72
		Rawla (Loose)	4027	4119	-91
		Gharsana (Loose)	4004	4109	-105
		Raisinghnagar (Loose)	4073	4163	-90
	Bikaner	Bikaner (Loose)	4075	4153	-78
		Bikaner (Delivery)	4279	4360	-82
		Nokha(Loose)	4097	4137	-40
		Nokha (Delivery)	4302	4344	-42
		Khajuwala (Loose)	4047	4153	-106
		Khajuwala (Delivery)	4249	4361	-112
		Lunkaransar (Loose)	4078	4151	-73
	Hanumangarh	Hanumangarh (Loose)	4005	3793	212

		Hanumangarh (Delivery)	4205	4056	149
		Nohar (Loose)	4076	4195	-120
		Pilibanga (Loose)	3976	4057	-81
	Nagaur	Nagaur (Loose)	4045	4102	-57
	Churu	Churu (Delivery)	4179	4250	-71
	Alwar	Alwar (Loose)	3918	4004	-85
Haryana	Hisar	Adampur (Loose)	4117	4191	-74
		Adampur (Delivery)	4323	4401	-78
	Bhiwani	Bhiwani (Delivery)	4250	4365	-115
		Siwani (Loose)	4232	4315	-83
	Sirsa	Sirsa (Loose)	4087	4198	-111
		Dhabwali (Loose)	4043	4014	29
		Dhabwali (Delivery)	4245	4214	30
		Ellanabad (Loose)	4009	4060	-51
	Fatehabad	Fatehabad (Loose)	3976	3988	-12
Gujarat	Banaskantha	Deesa (Loose)	3940	4022	-82
	Patan	Patan (Loose)	3963	3969	-6
	Rajkot	Rajkot (Loose)	3948	4044	-95
	Jamnagar	Dhrol (Loose)	NA	NA	-
Madhya Pradesh	Gwalior	Dabra (Loose)	NA	NA	-
Guar Gum					
Rajasthan	Jodhpur	Jodhpur	8632	8945	-313
	Alwar	Alwar	8616	8962	-346
	Hanumangarh	Nohar	8821	8948	-127
Haryana	Bhiwani	Bhiwani	8577	9025	-448
	Sirsa	Sirsa	8635	8929	-294
		Dhabwali	8592	8859	-267
		Ellanabad	8631	8835	-204
	Fatehabad	Fatehabad	8587	8856	-269

Guar Cumulative Arrivals in Key Centers:

Commodity	District	Centre	Monthly Arrivals (Quintals)		Change
			June,2019	May,2019	
Rajasthan	Jodhpur	Jodhpur	1061	730	331
	Sri-Ganganagar	Sri-Ganganagar	8900	4450	4450
		Rawla	2128	2170	-42
		Gharsana	2034	785	1249

		Raisinghnagar	6750	7600	-850
	Bikaner	Bikaner	6300	5650	650
		Nokha	6750	9100	-2350
		Khajuwala	3400	1560	1840
		Lunkaransar	5360	2850	2510
	Hanumangarh	Hanumangarh	1988	368	1620
		Nohar	8950	6500	2450
		Pilibanga	847	204	643
	Nagaur	Nagaur	2555	3045	-490
	Churu	Churu	5450	13500	-8050
Haryana	Alwar	Alwar	3099	4550	-1451
	Hisar	Adampur	17200	9015	8185
	Bhiwani	Bhiwani	7900	11150	-3250
		Siwani	21400	32600	-11200
	Sirsa	Sirsa	25400	15000	10400
		Dhabwali	3690	970	2720
		Ellanabad	2105	695	1410
Gujarat	Fatehabad	Fatehabad	1450	650	800
	Banaskantha	Deesa	215	227	-12
	Patan	Patan	640	450	190
	Rajkot	Rajkot	1175	2026	-851
Madhya Pradesh	Jamnagar	Dhrol	NA	NA	-
	Gwalior	Dabra	NA	NA	-
Total Arrivals/Above Markets			289336	135845	153491

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