

# 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 1.04 percent from Rs 3921.01 in June-2019 to Rs 3880.15 per qtl in July-2019. Average price in July -2019 is higher by 4.52 percent compared to Rs 3712.30 per qtl (July-2018). Guar prices are expected to remain firm in upcoming weeks with small technical corrections.

Guar seed future September contract touched a low of Rs 4206.00 per quintal before closing at Rs 4370.50 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 4450.00-4500.00 per quintal. Export demand is normal.

As per Agriwatch preliminary estimate, guar production is likely to around 10.00 LMT down by 7 percent compared to last year due to lower acreage. Agriwatch expected that area under guar is likely to shift towards more remunerative crops like cotton and pulses in major growing states.

India has received 410.50 mm of actual rainfall against 452.20 mm of normal rainfall during 01<sup>st</sup> June to 31<sup>st</sup> July-2019. During the same period, rainfall was below LPA by 8%, 5%, 19% and 11% in Northwest India, Central India, South Peninsula and East & Northeast peninsula respectively. During the week (25 to 31<sup>st</sup> July), the rainfall was 42% above the LPA for the country as a whole. Farmers were already advised to slightly delay their Kharif sowing. Due to active monsoon trough at mean sea level rainfall can be expected in major growing states of Guar, which may keep prices bearish for a short period. IMD has given forecast for normal monsoon this year.

As per latest update, area sown in Rajasthan until 02nd August 2019 is 2115.30 thousand hectares compared to of 2632.70 thousand hectares for 2018 Kharif season. Area of guar is expected to be slightly lower this season as farmers are shifting to pulses and cereals this year due to better prices.

As per data released by Baker Hughes the number of oil rigs in USA has decreased to 942 as on 02nd August 2019 down by 4 compared to 26th July 2019 and by 102 compared to 03rd August 2018. The total number of oilrigs was recorded at 2221 worldwide in June'19 compared to 2152 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.

The wholesale price index of guar seed has decreased from 100.00 in May -2019 to 98.50 in June- 2019. The WPI for June 2019 is up by 13.4 compared to last year for the same month and by 20.0 compared to June 2017. WPI is expected to stay slightly firm in July'19.

As per trade sources, export of guar gum has decreased in the month of June-19 by 30.12 percent compared to previous month. India exported around 17823 tonnes of guar gum at an average FoB of \$ 1880.33 per tonne in the month of June-19 compared to 25507 tonnes in May-19 at an average FoB of \$ 1890.07 per tonne. Exports are expected to remain at slightly higher in July-19.

As per trade sources, export of guar split has decreased in the month of June-19. Exports in the month of June-19 are down by around 35.92% compared to previous month. India exported around 4959 tonnes of guar split in the month of June-19 at an average FoB of \$ 1413.45 per tonne. Of the total quantity, around 4000 tonnes have been exported to China.

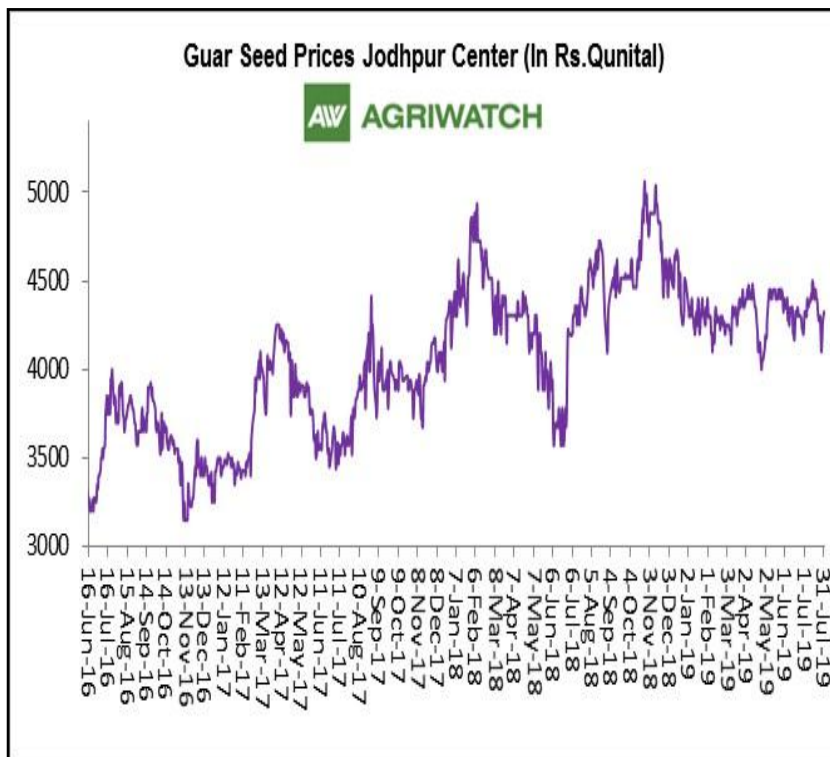
**Recommendation:**

**Monthly Call - :** Market participants advised to buy Guar seed at current levels for a target of 4400 with a stop loss at 4080 on closing basis.

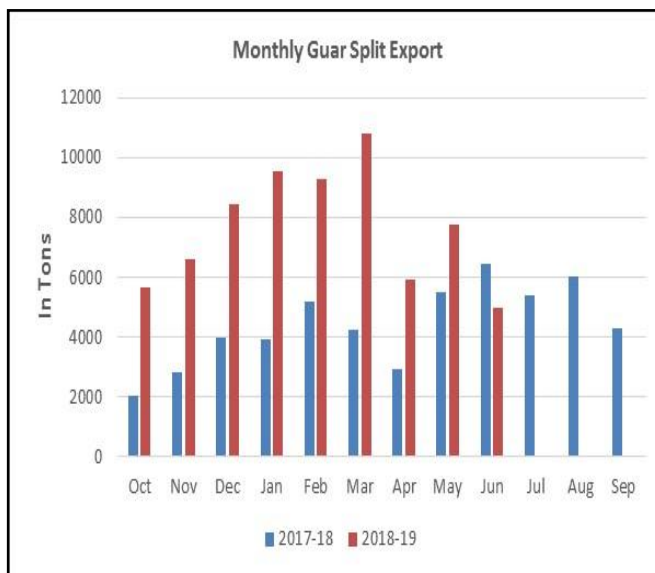
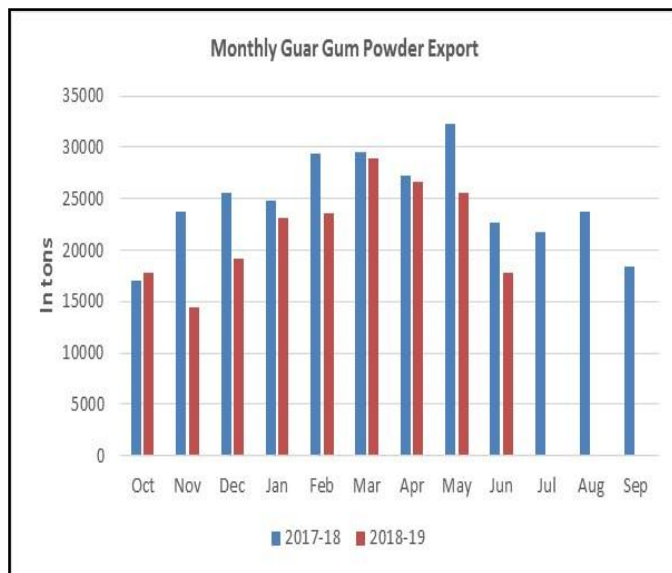
### Guar Seed Fundamental Analysis and Outlook:-

#### Domestic Front

- Average Guar seed prices were firm during July 2019. All major spot markets witnessed firm sentiments. Overall arrivals were lower in July compared to last month. Decrease in arrivals was witnessed in Alwar, Churu, Nohar, Bikaner, Sirsa, etc.
- In the month of July 2019, Guar seed monthly average prices increased by Rs 54.81 per quintal compared to previous month and settled at Rs. 4346.48 per quintal. Active trading activities in guar seed, in key markets kept the prices bullish during last month.
- Guar gum monthly average prices in July 2019 increased by Rs 143.63 per quintal and settled at Rs 8775.93 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.



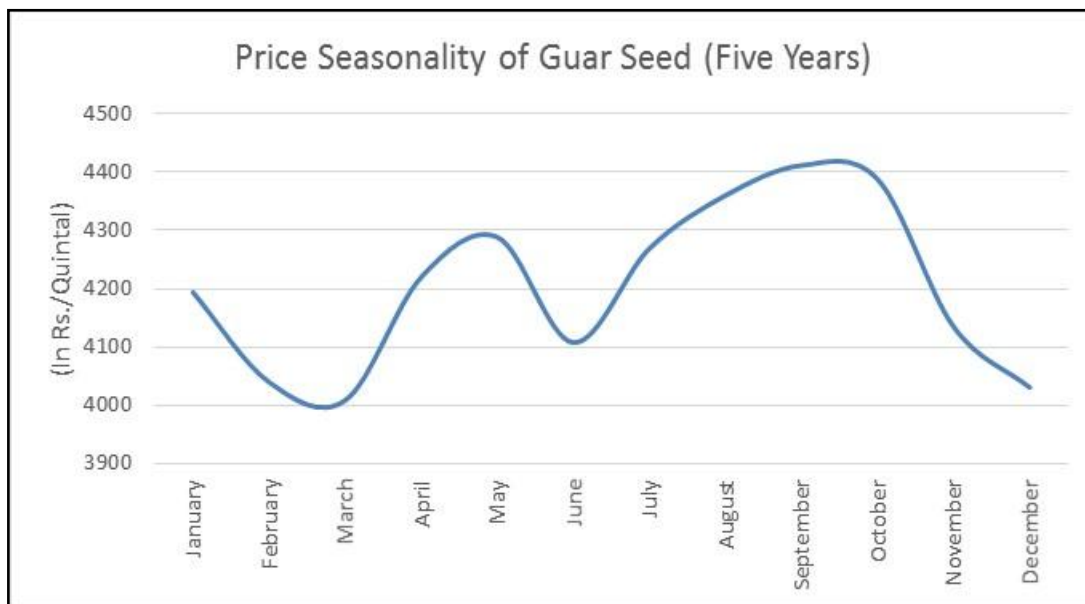
### Export Scenario



On export front, guar gum demand has decreased slightly compared to previous month. India has exported 17823 tonnes of guar gum in the month of July-2019, down by around 30.12% compared to previous month and down by 21.24% compared to July-2018.

Exports of guar split have also decreased. India has exported 4959 tonnes of guar split in the month of July-2019, down by around 35.92% compared to previous month and by 23.23% compared to July-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**

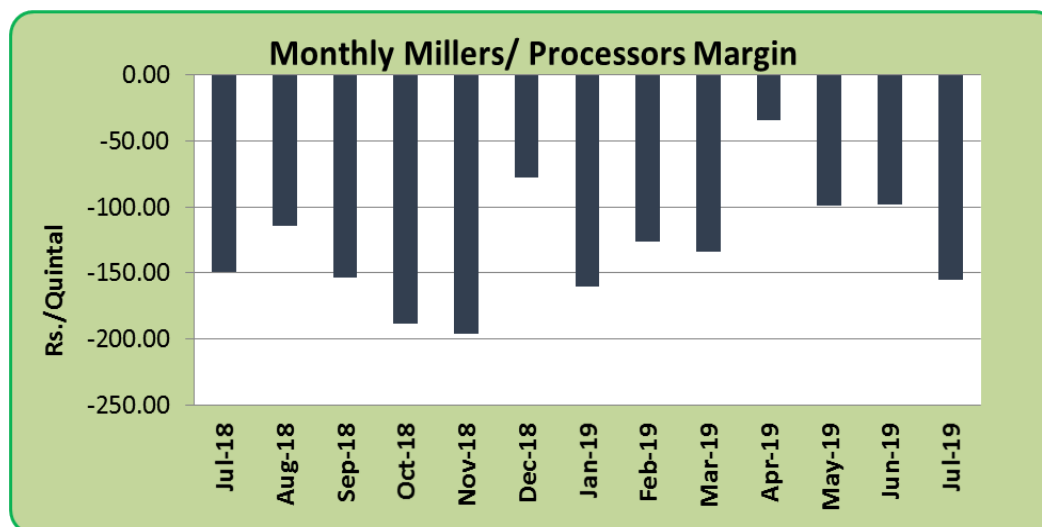
<b>Domestic Guar Seed Supply &amp; Demand Situation (Figures In Lakh Metric Tonnes)</b>		
<b>Item</b>	<b>2017-18</b>	<b>2018-19</b>
<b>Supply</b>		
Opening Stock	15.97	12.80
Production	11.23	10.78
Arrivals	11.23	10.78
Import	0.00	0.00
Total Availability	27.20	23.58
<b>Demand</b>		
Total Crushing	14.40	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 decreased compared to previous month. In the month of July 2019, average crush margin decreased to Rs. -154.82/Quintal compared to Rs. -97.81/quintal last month.

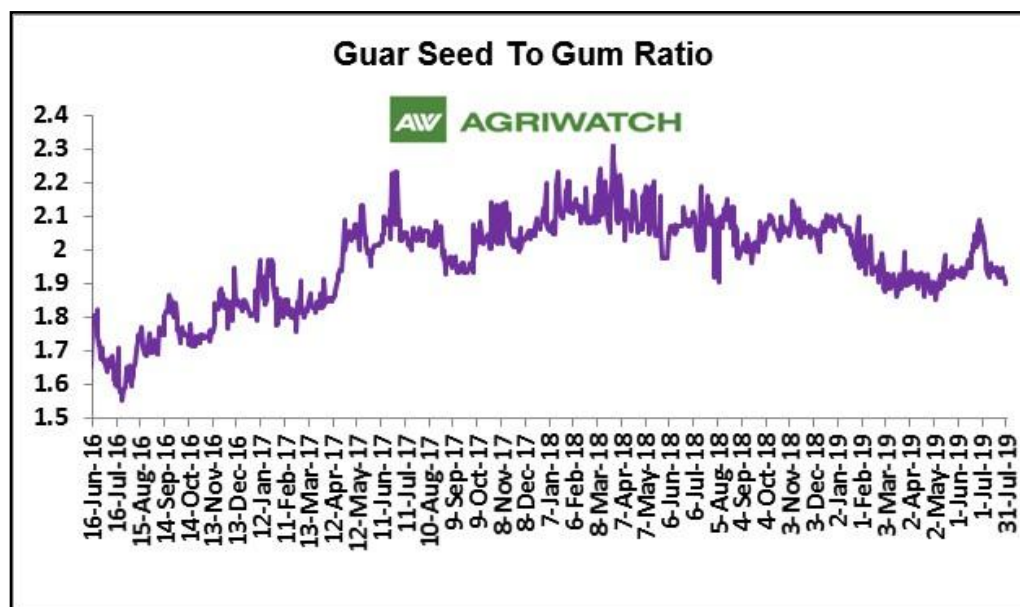
Higher prices of guar seed compared to churi and korma, has reduced the total return which has caused the margin to fall further.



### Guar Seed To Gum Ratio:

Ratio of guar seed to gum decreased to 1.91, which in the earlier month was 1.92. 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 below 9 and 18 day EMA.
- RSI is moving in neutral region.

#### Strategy: Buy

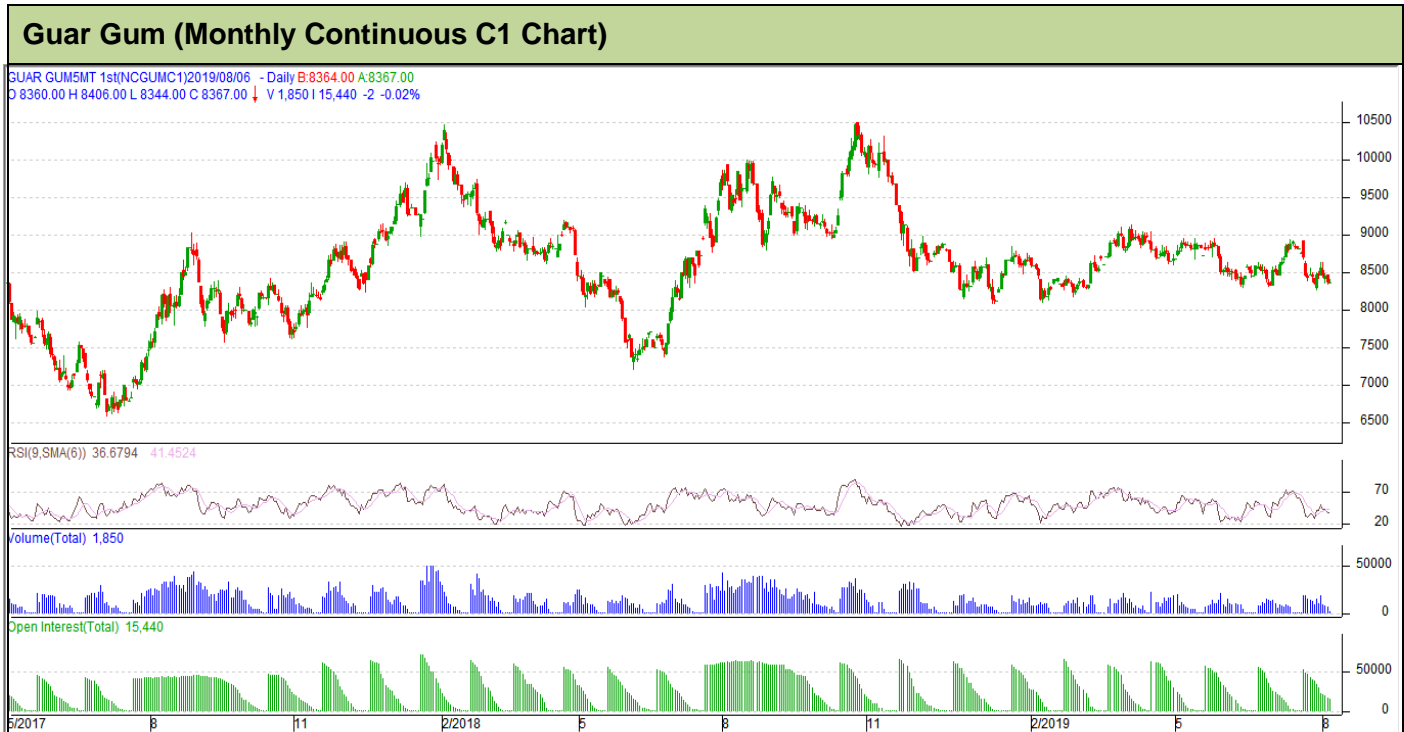
Monthly Supports & Resistances			S1	S2	PCP	R1	R2
Guar Seed	NCDEX	C1	3975	3910	4252	4665	4750
Monthly Trade Call			Call	Entry	T1	T2	SL
Guar Seed	NCDEX	C1	Buy	Above 4200	4400	4550	4080



### 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 neutral region.

#### Strategy: Buy

Monthly Supports & Resistances			S1	S2	PCP	R1	R2
Guar Gum	NCDEX	C1	7990	7868	8369	9075	9180
Monthly Trade Call			Call	Entry	T1	T2	SL
Guar Gum	NCDEX	C1	Buy	Above 8340	8695	8900	8127



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

<b>Guar by – Products Monthly Average Prices:</b>				
<b>Commodity</b>	<b>Centre</b>	<b>July,2019</b>	<b>June,2019</b>	<b>Change</b>
<b>Churi</b>	Jodhpur	1770	1809	<b>-39</b>
<b>Korma</b>	Jodhpur	2404	2482	<b>-78</b>
<b>Churi</b>	Sri-Ganganagar	1565	1602	<b>-37</b>
<b>Korma</b>	Sri-Ganganagar	2196	2277	<b>-81</b>
<b>Prices in Rs/75 Kg</b>				

<b>Guar Export Monthly Average Prices:</b>				
<b>Commodity</b>	<b>Variety</b>	<b>July,2019</b>	<b>June,2019</b>	<b>Change</b>
<b>Guargum Split</b>		1269	1243	<b>26</b>
<b>Guargum Powder</b>	200 Mesh 5000 CPS	1560	1531	<b>29</b>
	200 Mesh 3500 CPS	1487	1461	<b>27</b>
<b>Guargum Meal</b>	40%	349	347	<b>2</b>
	50%	485	490	<b>-5</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>July,2019</b>	<b>June,2019</b>	
<b>Rajasthan</b>	<b>Jodhpur</b>	Jodhpur (Loose)	4346	4292	<b>55</b>
		Jodhpur(Delivery)	4564	4506	<b>58</b>
	<b>Sri-Ganganagar</b>	Sri-Ganganagar(Loose)	4099	4096	<b>3</b>
		Sri-Ganganagar (Delivery)	4249	4246	<b>3</b>
		Rawla (Loose)	4063	4027	<b>35</b>
		Gharsana (Loose)	4075	4004	<b>71</b>
		Raisinghnagar (Loose)	4089	4073	<b>16</b>
	<b>Bikaner</b>	Bikaner (Loose)	4088	4075	<b>14</b>
		Bikaner (Delivery)	4293	4279	<b>14</b>
		Nokha(Loose)	4112	4097	<b>15</b>
		Nokha (Delivery)	4318	4302	<b>16</b>
		Khajuwala (Loose)	4083	4047	<b>37</b>
		Khajuwala (Delivery)	4288	4249	<b>39</b>
		Lunkaransar (Loose)	4097	4078	<b>18</b>
	<b>Hanumangarh</b>	Hanumangarh (Loose)	4011	4005	<b>6</b>

		Hanumangarh (Delivery)	4211	4205	6
		Nohar (Loose)	4074	4076	-2
		Pilibanga (Loose)	3914	3976	-62
	Nagaur	Nagaur (Loose)	4080	4045	35
	Churu	Churu (Delivery)	4145	4179	-34
	Alwar	Alwar (Loose)	3929	3918	11
Haryana	Hisar	Adampur (Loose)	4101	4117	-16
		Adampur (Delivery)	4306	4323	-17
	Bhiwani	Bhiwani (Delivery)	4285	4250	35
		Siwani (Loose)	4227	4232	-5
	Sirsa	Sirsa (Loose)	4090	4087	3
		Dhabwali (Loose)	4055	4043	13
		Dhabwali (Delivery)	4258	4245	13
		Ellanabad (Loose)	4043	4009	34
	Fatehabad	Fatehabad (Loose)	3980	3976	4
Gujarat	Banaskantha	Deesa (Loose)	3935	3940	-5
	Patan	Patan (Loose)	3924	3963	-39
	Rajkot	Rajkot (Loose)	3970	3948	22
	Jamnagar	Dhrol (Loose)	3910	NA	-
Madhya Pradesh	Gwalior	Dabra (Loose)	NA	NA	-
Guar Gum					
Rajasthan	Jodhpur	Jodhpur	8776	8632	144
	Alwar	Alwar	8650	8616	34
	Hanumangarh	Nohar	8848	8821	27
Haryana	Bhiwani	Bhiwani	8798	8577	221
	Sirsa	Sirsa	8690	8635	55
		Dhabwali	8726	8592	134
		Ellanabad	8772	8631	140
	Fatehabad	Fatehabad	8735	8587	148

**Guar Cumulative Arrivals in Key Centers:**

Commodity	District	Centre	Monthly Arrivals (Quintals)		Change
			July,2019	June,2019	
Rajasthan	Jodhpur	Jodhpur	465	1061	-596
	Sri-Ganganagar	Sri-Ganganagar	8500	8900	-400
		Rawla	2090	2128	-38
		Gharsana	1396	2034	-638

		Raisinghnagar	6250	6750	-500
	<b>Bikaner</b>	Bikaner	4790	6300	-1510
		Nokha	6025	6750	-725
		Khajuwala	2110	3400	-1290
		Lunkaransar	5470	5360	110
	<b>Hanumangarh</b>	Hanumangarh	785	1988	-1203
		Nohar	3400	8950	-5550
		Pilibanga	784	847	-63
	<b>Nagaur</b>	Nagaur	3230	2555	675
	<b>Churu</b>	Churu	2470	5450	-2980
<b>Haryana</b>	<b>Alwar</b>	Alwar	1610	3099	-1489
	<b>Hisar</b>	Adampur	16650	17200	-550
	<b>Bhiwani</b>	Bhiwani	11200	7900	3300
		Siwani	20100	21400	-1300
	<b>Sirsa</b>	Sirsa	22600	25400	-2800
		Dhabwali	2315	3690	-1375
		Ellanabad	1485	2105	-620
<b>Gujarat</b>	<b>Fatehabad</b>	Fatehabad	910	1450	-540
	<b>Banaskantha</b>	Deesa	807	215	592
	<b>Patan</b>	Patan	804	640	164
	<b>Rajkot</b>	Rajkot	1232	1175	57
<b>Madhya Pradesh</b>	<b>Jamnagar</b>	Dhrol	9	NA	-
	<b>Gwalior</b>	Dabra	NA	NA	-
<b>Total Arrivals/Above Markets</b>			<b>127487</b>	<b>289336</b>	<b>-161849</b>

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