

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 0.47 percent from Rs 3880.15 in July-2019 to Rs 3861.78 per qtl in August-2019. Average price in August -2019 is lower by 2.81 percent compared to Rs 3973.6 per qtl (August-2018). Guar prices are expected to remain weak in upcoming weeks with small technical recoveries.

Guar seed future October contract touched a low of Rs 4190.00 per quintal before closing at Rs 4270.50 per quintal in the previous week. As per trade sources, guar is likely to be bearish with small technical recovery in coming weeks and touch Rs 3900-3950 per quintal. Export demand is normal.

As per latest update, area sown in Haryana until 27th August 2019 is 2.05 hectares compared to of 2.54 lakh hectares for 2018 Kharif season. Area of guar is expected to be lower this season as farmers are shifting to more remunerative crops. However lower sowing is not able to provide support to prices due to weak demand.

As per trade sources, export of guar split has decreased in the month of July-19. Exports in the month of July-19 are down by around 52.01% compared to previous month. India exported around 2380 tonnes of guar split in the month of July-19 at an average FoB of \$ 1408.92 per tonne. Of the total quantity, around 2220 tonnes have been exported to China.

As per trade sources, export of guar gum has increased in the month of July-19 by 52.45 percent compared to previous month. India exported around 27172 tonnes of guar gum at an average FoB of \$ 1808.10 per tonne in the month of June-19 compared to 17823 tonnes in June-19 at an average FoB of \$ 1880.33 per tonne. Exports are expected to remain at slightly higher in August-19.

The wholesale price index of guar seed has decreased from 98.50 in June -2019 to 97.3 in July- 2019. The WPI for July 2019 is up by 4.7 compared to last year for the same month and by 20.5 compared to July 2017. WPI is expected to stay slightly firm in August'19.

As per latest update, exporters in India are trying to increase their exports to Argentina. India is the largest producer of guar in the world. Argentina has recently approved sanitary and phyto-sanitary protocol for guar as well as millets. Argentina is planning to replace sand water with guar, which is used in oil and gas drilling. In the month of July'19, India exported around 27172 tonnes of guar gum of which only 1662.31 tonnes was exported to Argentina.

As per latest update, area sown in Rajasthan until 05th September 2019 is 3032.80 thousand hectares compared to of 3065.80 thousand hectares for 2018 Kharif season. Area of guar is slightly lower than target of 3100 thousand hectares this season as farmers are shifting to more remunerative crops.

As per data released by Baker Hughes the number of oil rigs in USA has decreased to 904 as on 30th August 2019 down by 12 compared to 23rd August 2019 and down by 144 compared to 31st August 2018. The total number of oilrigs was recorded at 2238 worldwide in July'19 compared to 2251 in the same month last year. U.S. is still importing slick water due to fear of unexpected surge in price of guar gum. Therefore, exports are being slightly affected.

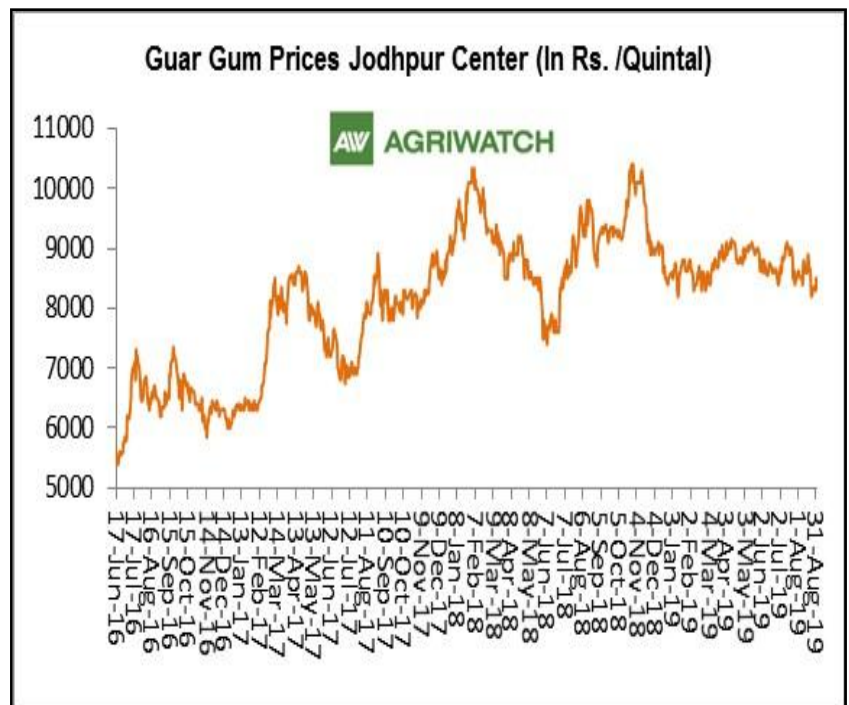
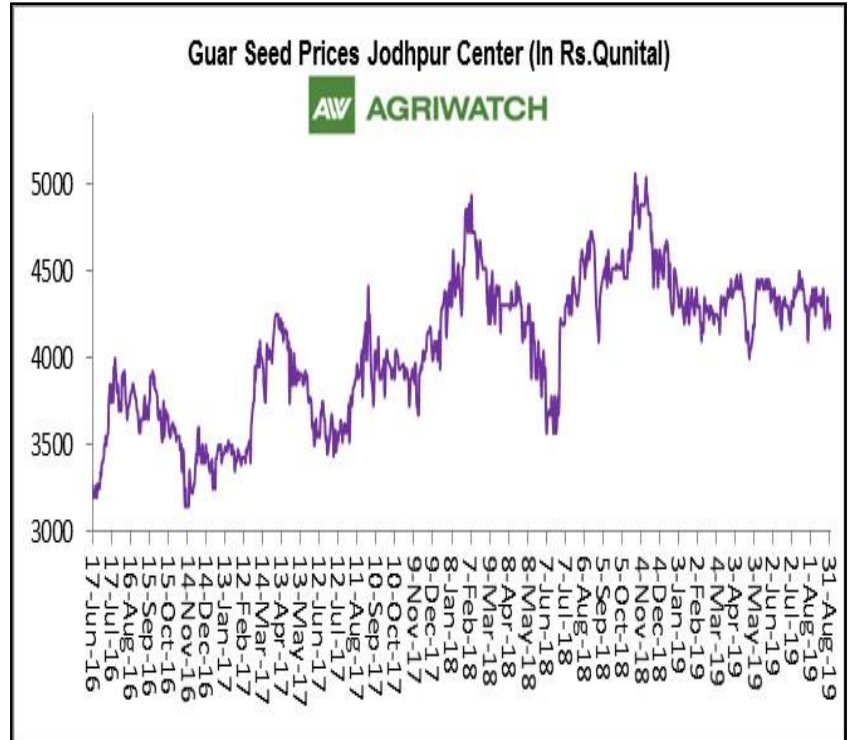
Recommendation:

Monthly Call - : Market participants advised to sell Guar seed at current levels for a target of 3950 with a stop loss at 4270 on closing basis.

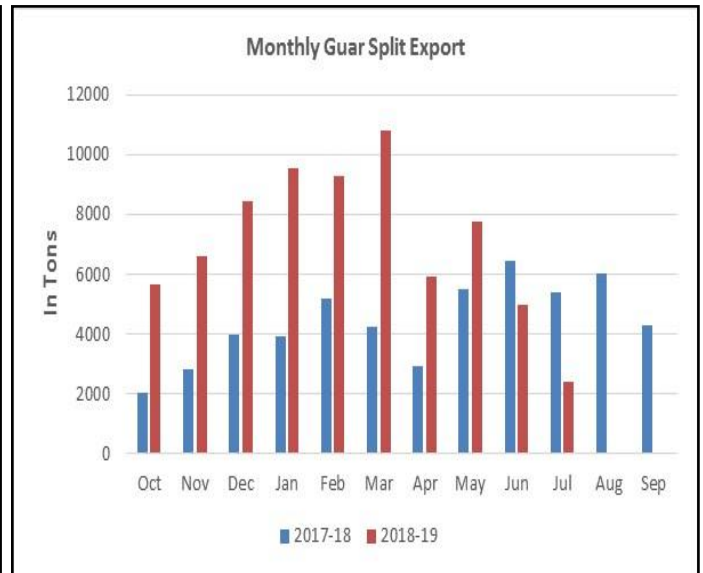
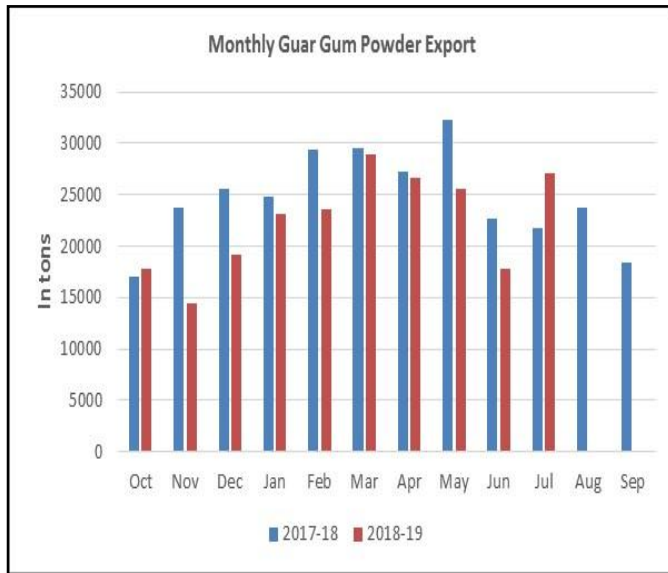
Guar Seed Fundamental Analysis and Outlook:-

Domestic Front

- Average Guar seed prices were weak during August 2019. All major spot markets witnessed weak sentiments. Overall arrivals were lower in August compared to last month. Decrease in arrivals was witnessed in Sri Ganganagar, Bhiwani, Nokha, etc.
- In the month of August 2019, Guar seed monthly average prices decreased by Rs 40.02 per quintal compared to previous month and settled at Rs. 4306.48 per quintal. Sluggish trading activities in guar seed, in key markets kept the prices bearish during last month.
- Guar gum monthly average prices in August 2019 decreased by Rs 256.13 per quintal and settled at Rs 8519.79 per quintal.
- According to fourth advance estimate for 2018-19, issued by Gujarat's Department of Agriculture for Guar seed, the area, production and yield are 135060 hectares, 76020 tonnes and 562.85 kg/hectare respectively. As per third 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.
- According to fourth advance estimate for 2018-19, issued by Rajasthan's Department of Agriculture for Guar seed, the area, production and yield are 3087789 hectares, 1031427 tonnes and 334 kg/hectare respectively. As per 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.



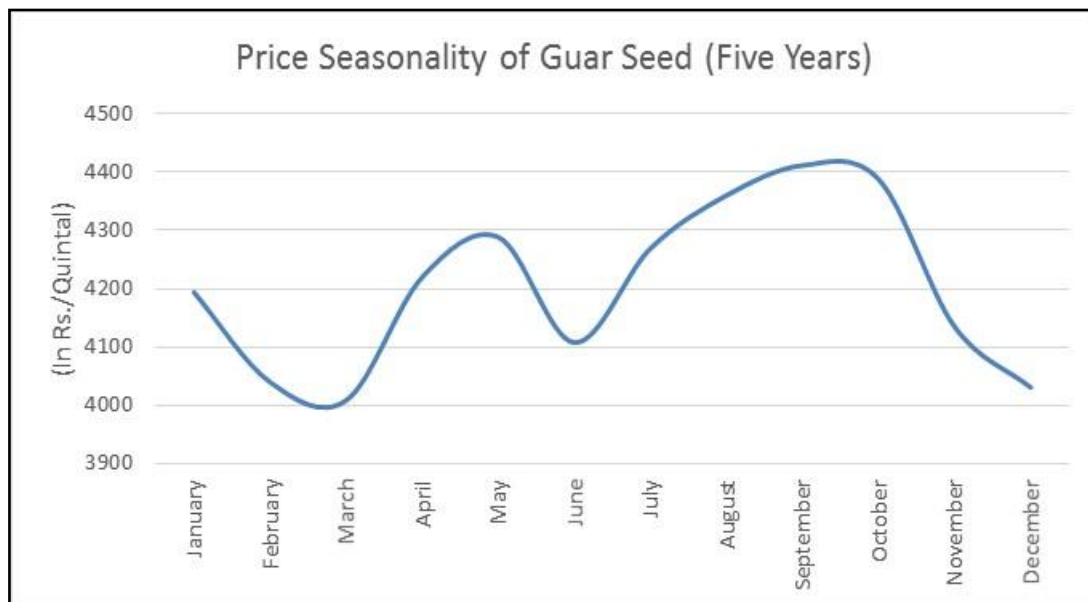
Export Scenario



On export front, guar gum demand has increased compared to previous month. India has exported 27172 tonnes of guar gum in the month of July-2019, up by around 52.45% compared to previous month and by 24.66% compared to July-2018.

Exports of guar split have decreased. India has exported 2380 tonnes of guar split in the month of July-2019, down by around 52.01% compared to previous month and by 55.92% 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

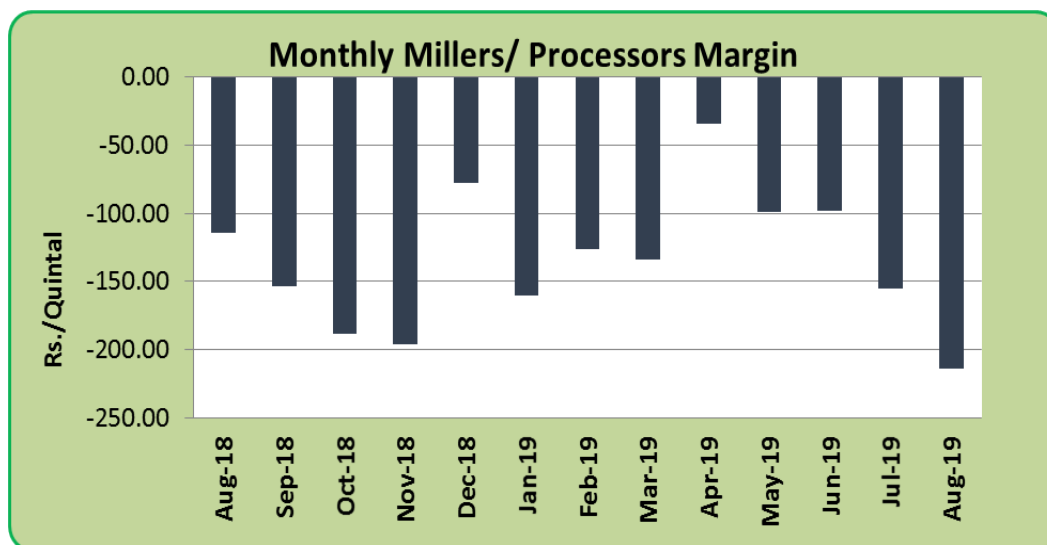
Domestic Guar Seed Supply & Demand Situation (Figures In Lakh Metric Tonnes)		
Item	2018-19	2019-20
Supply		
Opening Stock	12.80	8.93
Production	10.88	11.05
Arrivals	10.88	11.05
Import	0.00	0.00
Total Availability	23.68	19.98
Demand		
Total Crushing	14.75	14.41
Domestic Consumption (Textile, Food & Pharma Industry)	2.11	2.00
Guar Exports	3.48	3.87
Exports (Guar seed Equivalent)	12.64	12.41
Carry Forward (Farmers and Traders Holdings)	8.93	5.57
Av Monthly Consumption	1.23	1.20
Stock to Month Use	7.27	4.64
Stock to Consumption Ratio	0.61	0.39

- Guar seed opening stock for the marketing year 2019-20 is likely to settle at 8.93 lakh tons, which is lower compared to last year.
- As far as production is concerned, we expect 11.05 lakh tons of guar seed production in 2019-20, due to better yields compared to last year. Domestic consumption is expected to fall from 2.11 lakh tonnes to 2.00 lakh tonnes.
- Guar Exports are expected to be around 3.87 lakh tonnes compared to 3.48 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 August 2019, average crush margin decreased to Rs. -213.60/Quintal compared to Rs. -154.83/quintal last month.

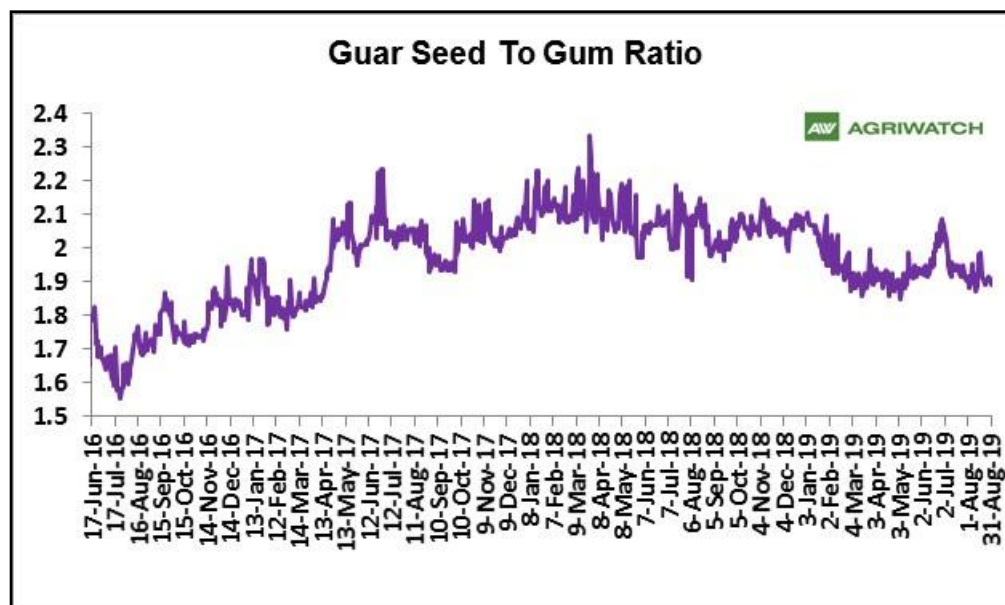
Higher prices of guar seed compared to churi and korma, has reduced the total return which has caused the margin to fall further.



Guar Seed To Gum Ratio:

Ratio of guar seed to gum decreased to 1.88, 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: Sell

Monthly Supports & Resistances			S1	S2	PCP	R1	R2
Guar Seed	NCDEX	C1	3750	3700	4142.5	4400	4500
Monthly Trade Call			Call	Entry	T1	T2	SL
Guar Seed	NCDEX	C1	Sell	Below 4150	3950	3850	4270



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: Sell

Monthly Supports & Resistances			S1	S2	PCP	R1	R2
Guar Gum	NCDEX	C1	7290	7135	8055	8595	8825
Monthly Trade Call			Call	Entry	T1	T2	SL
Guar Gum	NCDEX	C1	Sell	Below 8100	7710	7505	8334

Guar Seed & Gum Prices at Key Spot Markets

Guar by – Products Monthly Average Prices:				
Commodity	Centre	August,2019	July,2019	Change
Churi	Jodhpur	1799	1770	29
Korma	Jodhpur	2306	2404	-98
Churi	Sri-Ganganagar	1592	1565	27
Korma	Sri-Ganganagar	2127	2196	-69
Prices in Rs/75 Kg				

Guar Export Monthly Average Prices:				
Commodity	Variety	August,2019	July,2019	Change
Guargum Split		1214	1269	-55
Guargum Powder	200 Mesh 5000 CPS	1496	1560	-64
	200 Mesh 3500 CPS	1425	1487	-62
Guargum Meal	40%	348	349	-1
	50%	451	485	-34
Prices in \$/MT				

Guar Seed Monthly Average Prices:					
Commodity	District	Centre	Monthly Prices (Average) (Rs/Qtl)		Change
Guar Seed			August,2019	July,2019	
Rajasthan	Jodhpur	Jodhpur (Loose)	4306	4346	-40
		Jodhpur(Delivery)	4522	4564	-42
	Sri-Ganganagar	Sri-Ganganagar(Loose)	4066	4099	-33
		Sri-Ganganagar (Delivery)	4216	4249	-33
		Rawla (Loose)	4010	4063	-52
		Gharsana (Loose)	3964	4075	-111
		Raisinghnagar (Loose)	3896	4089	-192
	Bikaner	Bikaner (Loose)	4047	4088	-42
		Bikaner (Delivery)	4249	4293	-44
		Nokha(Loose)	4072	4112	-40
		Nokha (Delivery)	4275	4318	-43
		Khajuwala (Loose)	4071	4083	-12
		Khajuwala (Delivery)	4275	4288	-13
		Lunkaransar (Loose)	4058	4097	-39
	Hanumangarh	Hanumangarh (Loose)	4020	4011	10

		Hanumangarh (Delivery)	4221	4211	10
		Nohar (Loose)	4053	4074	-21
		Pilibanga (Loose)	3909	3914	-5
	Nagaur	Nagaur (Loose)	4021	4080	-59
	Churu	Churu (Delivery)	4133	4145	-12
	Alwar	Alwar (Loose)	3882	3929	-47
Haryana	Hisar	Adampur (Loose)	4047	4101	-54
		Adampur (Delivery)	4249	4306	-57
	Bhiwani	Bhiwani (Delivery)	4208	4285	-78
		Siwani (Loose)	4171	4227	-55
	Sirsa	Sirsa (Loose)	4056	4090	-33
		Dhabwali (Loose)	3962	4055	-93
		Dhabwali (Delivery)	4160	4258	-98
		Ellanabad (Loose)	4009	4043	-34
	Fatehabad	Fatehabad (Loose)	3928	3980	-52
Gujarat	Banaskantha	Deesa (Loose)	3915	3935	-20
	Patan	Patan (Loose)	3910	3924	-14
	Rajkot	Rajkot (Loose)	3720	3970	-250
	Jamnagar	Dhrol (Loose)	4160	3910	250
Madhya Pradesh	Gwalior	Dabra (Loose)	NA	NA	-
Guar Gum					
Rajasthan	Jodhpur	Jodhpur	8520	8776	-256
	Alwar	Alwar	8505	8650	-145
	Hanumangarh	Nohar	8869	8848	21
Haryana	Bhiwani	Bhiwani	8514	8798	-285
	Sirsa	Sirsa	8495	8690	-195
		Dhabwali	8493	8726	-233
		Ellanabad	8564	8772	-208
	Fatehabad	Fatehabad	8485	8735	-251

Guar Cumulative Arrivals in Key Centers:

Commodity	District	Centre	Monthly Arrivals (Quintals)		Change
			August,2019	July,2019	
Rajasthan	Jodhpur	Jodhpur	432	465	-33
	Sri-Ganganagar	Sri-Ganganagar	7450	8500	-1050
		Rawla	800	2090	-1290
		Gharsana	312	1396	-1084

		Raisinghnagar	4100	6250	-2150
	Bikaner	Bikaner	3405	4790	-1385
		Nokha	2685	6025	-3340
		Khajuwala	3190	2110	1080
		Lunkaransar	5260	5470	-210
	Hanumangarh	Hanumangarh	620	785	-165
		Nohar	3290	3400	-110
		Pilibanga	329	784	-455
	Nagaur	Nagaur	1360	3230	-1870
	Churu	Churu	5600	2470	3130
Haryana	Alwar	Alwar	2605	1610	995
	Hisar	Adampur	19250	16650	2600
	Bhiwani	Bhiwani	7300	11200	-3900
		Siwani	14500	20100	-5600
	Sirsa	Sirsa	30900	22600	8300
		Dhabwali	2100	2315	-215
		Ellanabad	1405	1485	-80
Gujarat	Fatehabad	Fatehabad	520	910	-390
	Banaskantha	Deesa	10	807	-797
	Patan	Patan	481	804	-323
	Rajkot	Rajkot	1663	1232	431
Madhya Pradesh	Jamnagar	Dhrol	3	9	-6
	Gwalior	Dabra	NA	NA	-
Total Arrivals/Above Markets			119570	127487	-7917

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