

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 6.88 percent from Rs 3861.78 in August-2019 to Rs 3596.16 per qtl in September-2019. Average price in September -2019 is lower by 7.24 percent compared to Rs 3876.70 per qtl (September-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 3892.00 per quintal before closing at Rs 3942.50 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 3700-3725 per quintal. Export demand is normal.

As per trade sources, export of guar split has increased in the month of August-19. Exports in the month of August-19 are up by around 45.38% compared to previous month. India exported around 3460 tonnes of guar split in the month of August-19 at an average FoB of \$ 1331.88 per tonne. Of the total quantity, around 2940 tonnes have been exported to China.

The wholesale price index of guar seed has increased from 97.3 in July -2019 to 97.4 in August- 2019. The WPI for July 2019 is down by 1.2 compared to last year for the same month and up by 14.7 compared to August 2017. WPI is expected to stay slightly firm in September'19.

As per trade sources, export of guar gum has decreased in the month of August-19 by 30.31 percent compared to previous month. India exported around 18937 tonnes of guar gum at an average FoB of \$ 1729.66 per tonne in the month of July-19 compared to 27172 tonnes in June-19 at an average FoB of \$ 1808.10 per tonne. Exports are expected to remain at slightly higher in September-19.

As per trade sources, quality of guar is good compared to last year. However, some quantity of black guar arrived in ganganagar. No reports of black guar from Haryana. Black guar doesn't impact the recovery of guar gum. Although it does have an impact on the recovery of churi/korma. Guar is likely to trade under pressure due to fresh arrivals and low export demand. Traders are advised to sell on rise.

As per data released by Baker Hughes the number of oil rigs in USA has decreased to 855 as on 04th October 2019 down by 5 compared to 27th September 2019 and down by 197 compared to 05th September 2018. The total number of oilrigs was recorded at 2206 worldwide in August'19 compared to 2278 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.

As far as Arrivals are concerned, Adampur (Haryana) market (biggest market of guar in North) reported lower arrivals (15900 quintals) during September 2019 compared to previous month 19250 quintals.

Similarly, In Bikaner market, arrivals have increased during April 2019 to 2025 quintals compared to previous month arrivals data i.e. 3405 quintals.

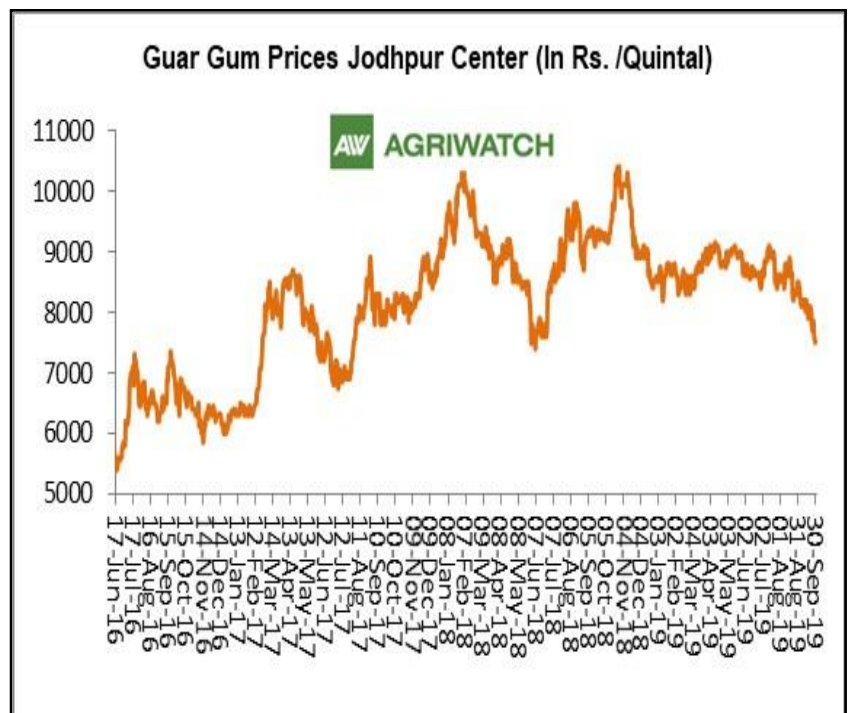
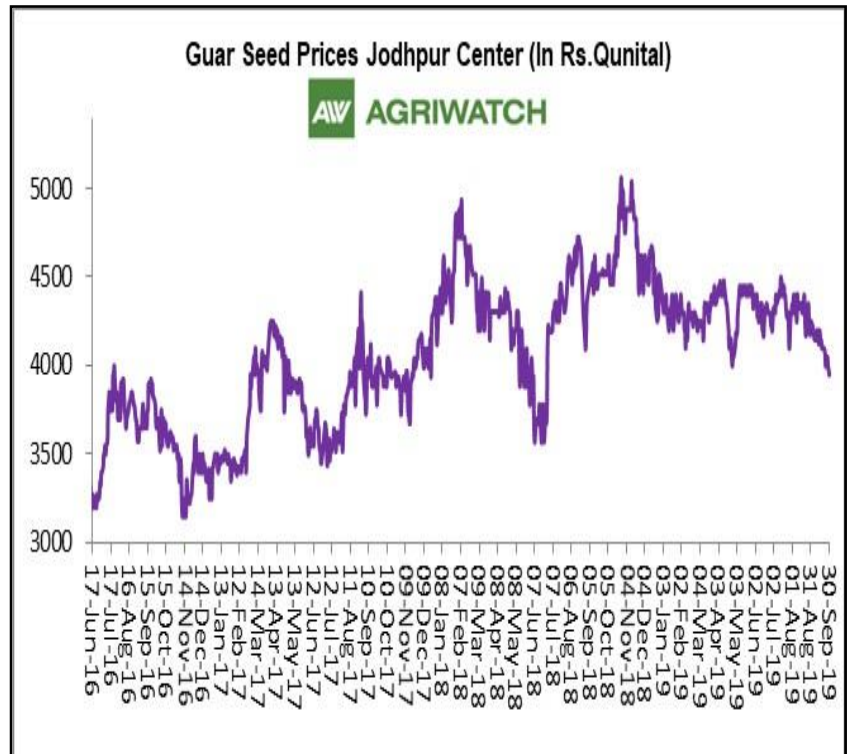
Recommendation:

Monthly Call - : Market participants advised to sell Guar seed at current levels for a target of 3700 with a stop loss at 4020 on closing basis.

Guar Seed Fundamental Analysis and Outlook:-

Domestic Front

- Average Guar seed prices were weak during September 2019. All major spot markets witnessed weak sentiments. Overall arrivals were higher in September compared to last month. Increase in arrivals was witnessed in Sri Ganganagar, Hanumangarh, Sirsa, etc.
- In the month of September 2019, Guar seed monthly average prices decreased by Rs 193.54 per quintal compared to previous month and settled at Rs. 4112.92 per quintal. Sluggish trading activities in guar seed, in key markets kept the prices bearish during last month.
- Guar gum monthly average prices in September 2019 decreased by Rs 496.87 per quintal and settled at Rs 8022.92 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.



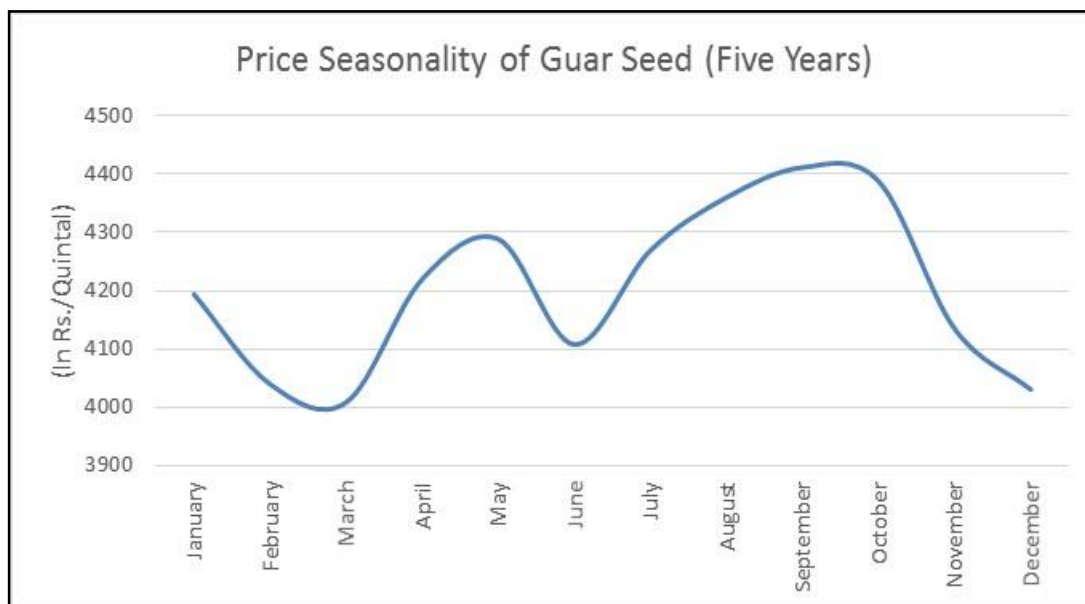
Export Scenario



On export front, guar gum demand has decreased compared to previous month. India has exported 18937 tonnes of guar gum in the month of August-2019, down by around 30.31% compared to previous month and by 20.34% compared to July-2018.

Exports of guar split have increased. India has exported 3460 tonnes of guar split in the month of August-2019, up by around 45.38% compared to previous month and down by 42.55% compared to August-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

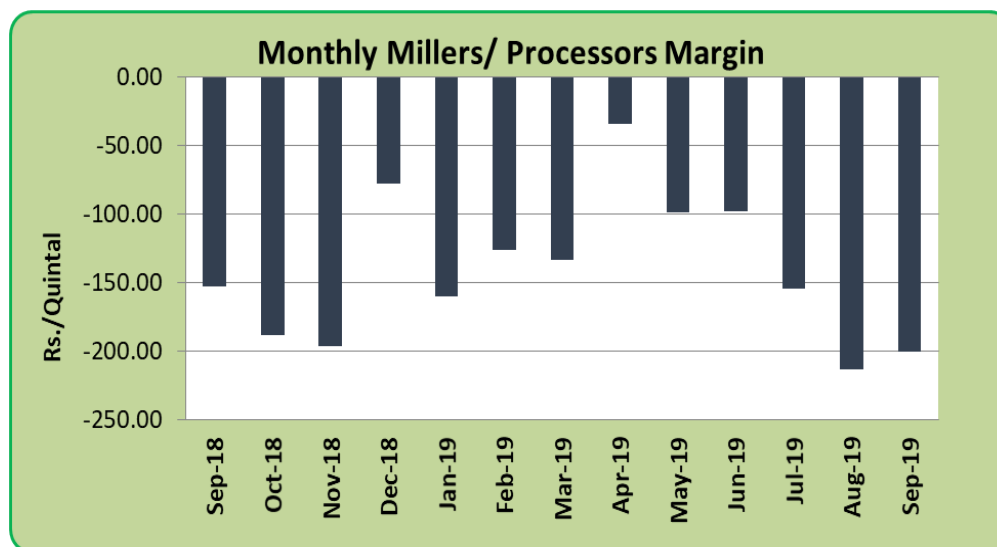
Domestic Guar Seed Supply & Demand Situation (Figures In Lakh Metric Tonnes)		
Item	2018-19	2019-20
Supply		
Opening Stock	13.60	9.73
Production	10.88	9.68
Arrivals	10.88	9.68
Import	0.00	0.00
Total Availability	24.48	19.41
Demand		
Total Crushing	14.75	14.41
Domestic Consumption (Textile, Food & Pharma 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)	9.73	5.00
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 9.73 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 2019-20, due to lower acreage 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 increased compared to previous month. In the month of September 2019, average crush margin increased to Rs. -200.62/Quintal compared to Rs. -213.60/quintal last month.

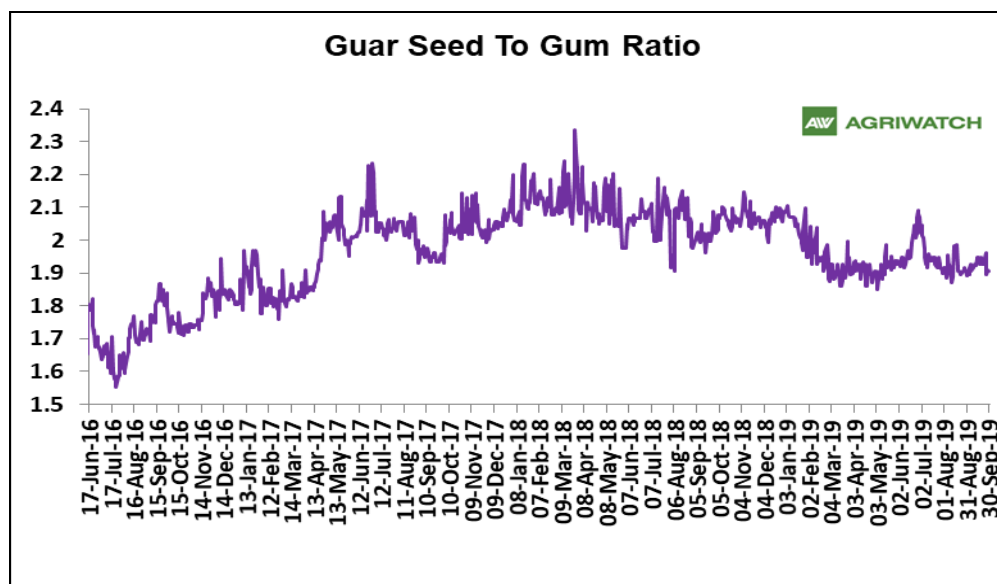
Increase in prices of Churi and Korma have increased the total return and reduced the total cost, which has caused the margin to rise.



Guar Seed To Gum Ratio:

Ratio of guar seed to gum decreased to 1.86, which in the earlier month was 1.88. 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)

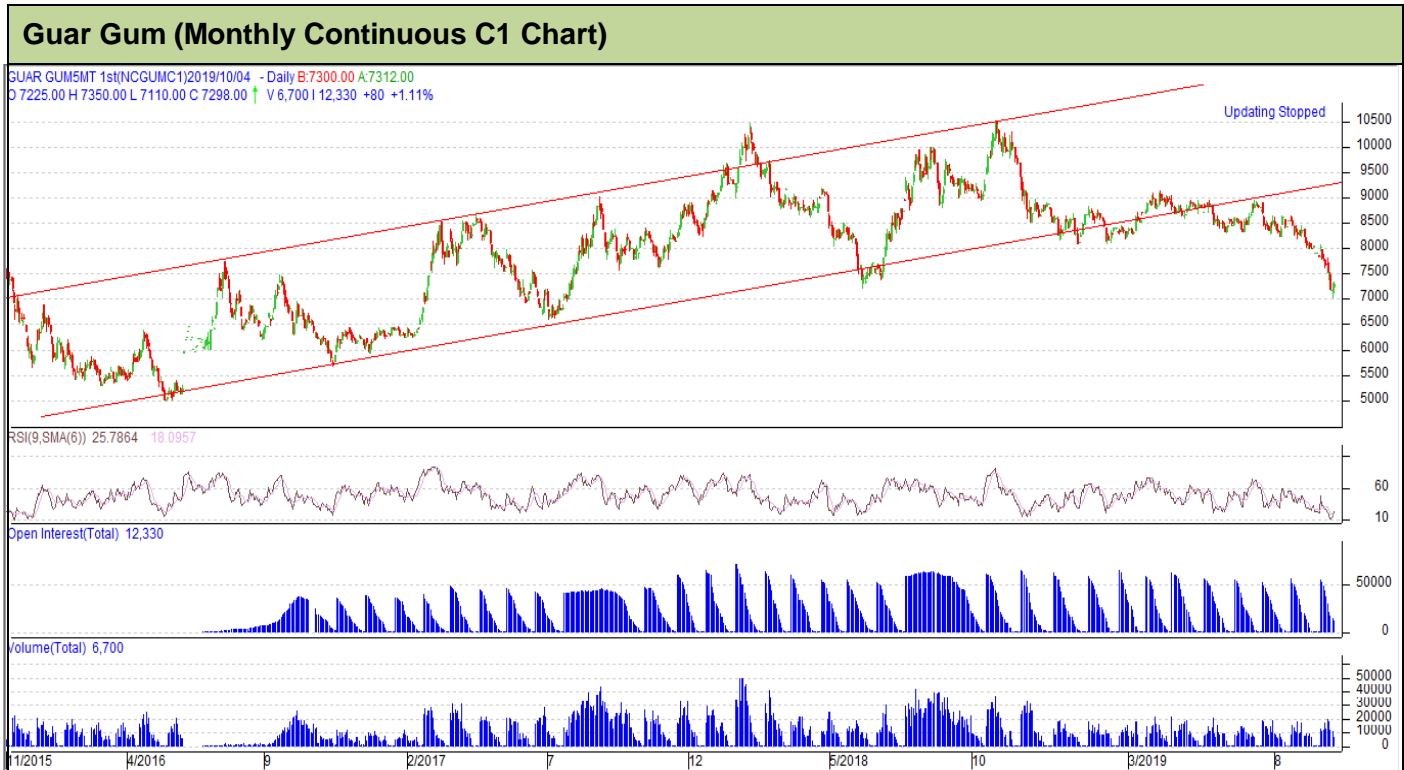


Technical Commentary:

- Rise in price and fall in open interest indicates short covering.
- Prices closed below 9 and 18 day EMA.
- RSI is moving in oversold region.

Strategy: Sell

Monthly Supports & Resistances			S1	S2	PCP	R1	R2
Guar Seed	NCDEX	C1	3500	3450	3852	4150	4250
Monthly Trade Call			Call	Entry	T1	T2	SL
Guar Seed	NCDEX	C1	Sell	Below 3900	3700	3600	4020

Technical Analysis (Guar Gum)
Commodity: Guar Gum
Exchange: NCDEX

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 oversold region.

Strategy: Sell

Monthly Supports & Resistances			S1	S2	PCP	R1	R2
Guar Gum	NCDEX	C1	6590	6435	7298	7895	8125
Monthly Trade Call			Call	Entry	T1	T2	SL
Guar Gum	NCDEX	C1	Sell	Below 7400	7010	6805	7634

Guar Seed & Gum Prices at Key Spot Markets

Guar by – Products Monthly Average Prices:				
Commodity	Centre	September,2019	August,2019	Change
Churi	Jodhpur	1746	1799	-53
Korma	Jodhpur	2300	2306	-5
Churi	Sri-Ganganagar	1559	1592	-32
Korma	Sri-Ganganagar	2099	2127	-28
Prices in Rs/75 Kg				

Guar Export Monthly Average Prices:				
Commodity	Variety	September,2019	August,2019	Change
Guargum Split		1128	1214	-86
Guargum Powder	200 Mesh 5000 CPS	1408	1496	-87
	200 Mesh 3500 CPS	1338	1425	-87
Guargum Meal	40%	351	348	3
	50%	434	451	-17
Prices in \$/MT				

Guar Seed Monthly Average Prices:					
Commodity	District	Centre	Monthly Prices (Average) (Rs/Qtl)		Change
Guar Seed			September,2019	August,2019	
Rajasthan	Jodhpur	Jodhpur (Loose)	4113	4306	-194
		Jodhpur(Delivery)	4319	4522	-203
	Sri-Ganganagar	Sri-Ganganagar(Loose)	3832	4066	-234
		Sri-Ganganagar (Delivery)	3982	4216	-234
		Rawla (Loose)	3818	4010	-192
		Gharsana (Loose)	3758	3964	-206
		Raisinghnagar (Loose)	3848	3896	-49
	Bikaner	Bikaner (Loose)	3837	4047	-210
		Bikaner (Delivery)	4029	4249	-220
		Nokha(Loose)	3919	4072	-153
		Nokha (Delivery)	4115	4275	-160
		Khajuwala (Loose)	3874	4071	-197
		Khajuwala (Delivery)	4068	4275	-207
		Lunkaransar (Loose)	3899	4058	-159
	Hanumangarh	Hanumangarh (Loose)	3802	4020	-218

		Hanumangarh (Delivery)	3993	4221	-229
		Nohar (Loose)	3858	4053	-195
		Pilibanga (Loose)	3737	3909	-172
	Nagaur	Nagaur (Loose)	3850	4021	-172
	Churu	Churu (Delivery)	4011	4133	-121
	Alwar	Alwar (Loose)	3743	3882	-138
Haryana	Hisar	Adampur (Loose)	3848	4047	-199
		Adampur (Delivery)	4040	4249	-209
	Bhiwani	Bhiwani (Delivery)	4030	4208	-178
		Siwani (Loose)	4005	4171	-166
	Sirsa	Sirsa (Loose)	3864	4056	-192
		Dhabwali (Loose)	3838	3962	-124
		Dhabwali (Delivery)	4030	4160	-130
		Ellanabad (Loose)	3822	4009	-187
	Fatehabad	Fatehabad (Loose)	3848	3928	-80
Gujarat	Banaskantha	Deesa (Loose)	3897	3915	-18
	Patan	Patan (Loose)	3890	3910	-20
	Rajkot	Rajkot (Loose)	3754	3720	34
	Jamnagar	Dhrol (Loose)	3530	4160	-630
Madhya Pradesh	Gwalior	Dabra (Loose)	NA	NA	-
Guar Gum					
Rajasthan	Jodhpur	Jodhpur	8023	8520	-497
	Alwar	Alwar	8091	8505	-414
	Hanumangarh	Nohar	8484	8869	-385
Haryana	Bhiwani	Bhiwani	8037	8514	-477
	Sirsa	Sirsa	8042	8495	-453
		Dhabwali	8059	8493	-434
		Ellanabad	8125	8564	-439
	Fatehabad	Fatehabad	8052	8485	-433

Guar Cumulative Arrivals in Key Centers:

Commodity	District	Centre	Monthly Arrivals (Quintals)		Change
			September,2019	August,2019	
Rajasthan	Jodhpur	Jodhpur	286	432	-146
	Sri-Ganganagar	Sri-Ganganagar	31200	7450	23750
		Rawla	1072	800	272
		Gharsana	283	312	-29

		Raisinghnagar	5200	4100	1100
	Bikaner	Bikaner	2025	3405	-1380
		Nokha	3570	2685	885
		Khajuwala	2970	3190	-220
		Lunkaransar	3800	5260	-1460
	Hanumangarh	Hanumangarh	6897	620	6277
		Nohar	3400	3290	110
		Pilibanga	1415	329	1086
	Nagaur	Nagaur	945	1360	-415
	Churu	Churu	6100	5600	500
Haryana	Alwar	Alwar	2300	2605	-305
	Hisar	Adampur	15900	19250	-3350
	Bhiwani	Bhiwani	4800	7300	-2500
		Siwani	14300	14500	-200
	Sirsa	Sirsa	35400	30900	4500
		Dhabwali	5250	2100	3150
		Ellanabad	3410	1405	2005
Gujarat	Fatehabad	Fatehabad	1760	520	1240
	Banaskantha	Deesa	41	10	31
	Patan	Patan	34	481	-447
	Rajkot	Rajkot	703	1663	-960
Madhya Pradesh	Jamnagar	Dhrol	8	3	5
	Gwalior	Dabra	NA	NA	-
Total Arrivals/Above Markets			153069	119570	33499

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/disclaimer.php> © 2019 Indian Agribusiness Systems Ltd.