

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 1.26 percent from Rs 3956.16 in September-2019 to Rs 3550.81 per qtl in October-2019. Average price in October -2019 is lower by 10.29 percent compared to Rs 3958.30 per qtl (October-2018). Guar prices are expected to remain firm in upcoming weeks with small technical corrections.

Guar traders as well as millers are optimistic about guar prices in near future. Guar seed prices increased by Rs 115.00 per quintal and closed at Rs 4117.50 per quintal in the previous month. Arrival of black guar have been reported although they are not in significant quantity. Production is lower compared to last year. However good carryover stocks and low demand for guar in international market is not able to provide support to prices.

As per trade sources, export of guar gum has increased in the month of September-19 by 13.70 percent compared to previous month. India exported around 21532 tonnes of guar gum at an average FoB of \$ 1722.53 per tonne in the month of September-19 compared to 18937 tonnes in August-19 at an average FoB of \$ 1729.66 per tonne. Exports are expected to remain at slightly higher in October-19.

As per trade sources, export of guar split has decreased in the month of September-19. Exports in the month of September-19 are down by around 28.91% compared to previous month. India exported around 2460 tonnes of guar split in the month of September-19 at an average FoB of \$ 1425.03 per tonne. Of the total quantity, around 1540 tonnes have been exported to China.

Guar gum industry is exploring new markets such as Russia, South America and West Asia to export guar gum. Due to uncertainty about oil prices, investors are not investing in oil drilling. China and U.S. trade talks have sparked up some hope as tensions between the two pressured crude oil prices bringing down oil drilling activities. Guar gum exports during Oct'18-Sep'19 have been lower by around 11 percent compared to Oct'17-Sep'18.

As per data released by Baker Hughes the number of oil rigs in USA has decreased to 822 as on 01st November 2019 down by 8 compared to 25th October 2019 and down by 245 compared to 02nd November 2018. The total number of oilrigs was recorded at 2141 worldwide in September'19 compared to 2258 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 per trade sources, average recovery of guar gum from guar seed is coming around 29.50-30.00 kg in Rajasthan. Quality of guar seed is expected to be better compared to last season leading to better recoveries. No arrival of black guar in big quantity was reported.

As far as Arrivals are concerned, Adampur (Haryana) market (biggest market of guar in North) reported higher arrivals (26100 quintals) during October 2019 compared to previous month 15900 quintals.

Similarly, In Bikaner market, arrivals have increased during October 2019 to 5240 quintals compared to previous month arrivals data i.e. 2025 quintals.

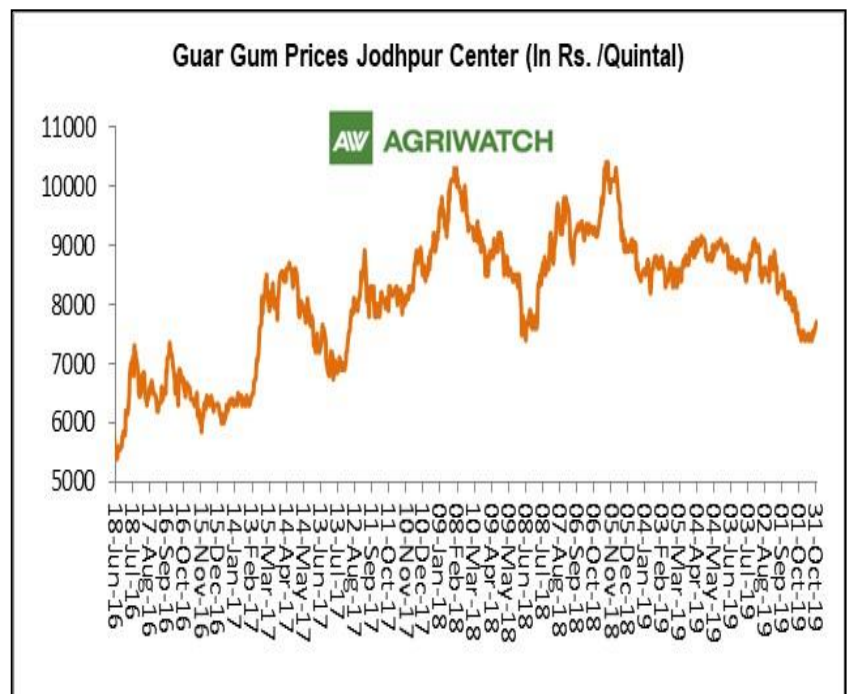
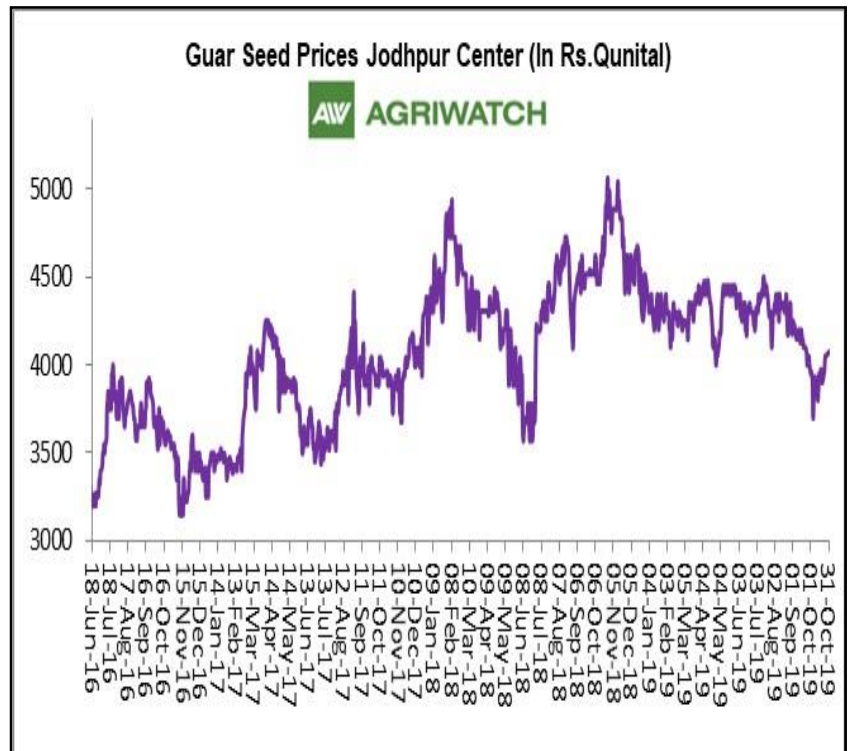
Recommendation:

Monthly Call - : Market participants advised to buy Guar seed at current levels for a target of 4450 with a stop loss at 4066 on closing basis.

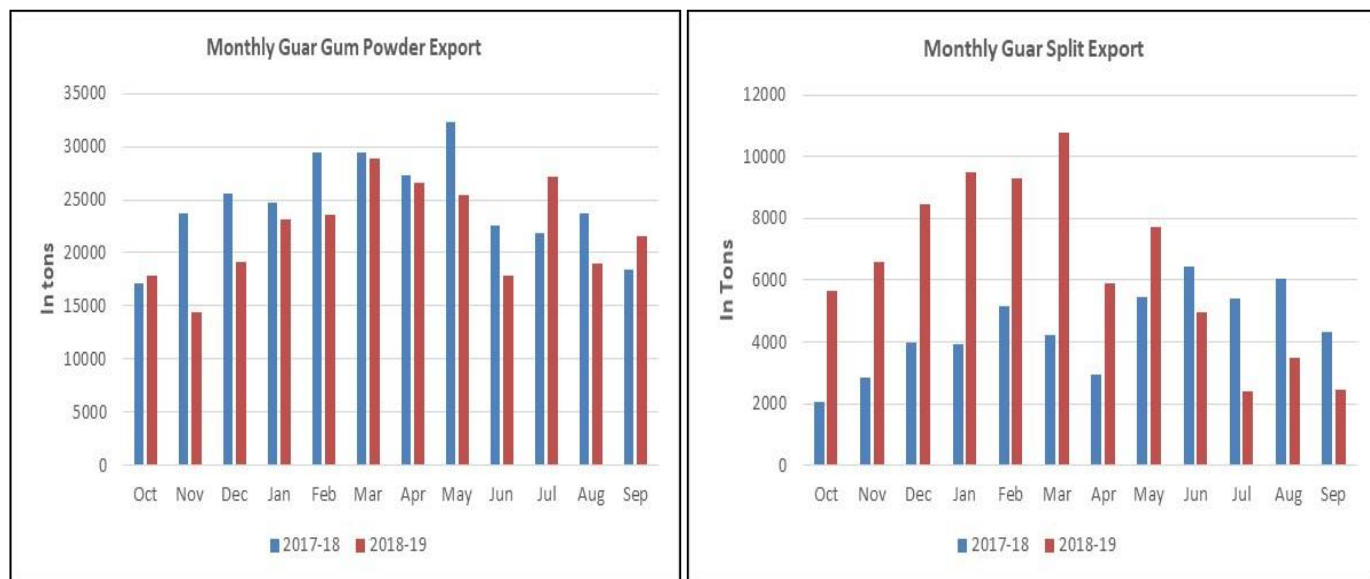
Guar Seed Fundamental Analysis and Outlook:-

Domestic Front

- Average Guar seed prices were weak during October 2019. All major spot markets witnessed weak sentiments. Overall arrivals were higher in October compared to last month. Increase in arrivals was witnessed in Sri Ganganagar, Hanumangarh, Sirsa, etc.
- In the month of October 2019, Guar seed monthly average prices decreased by Rs 176.73 per quintal compared to previous month and settled at Rs. 3936.19 per quintal. Sluggish trading activities in guar seed, in key markets kept the prices bearish during last month.
- Guar gum monthly average prices in October 2019 decreased by Rs 546.73 per quintal and settled at Rs 7476.19 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.



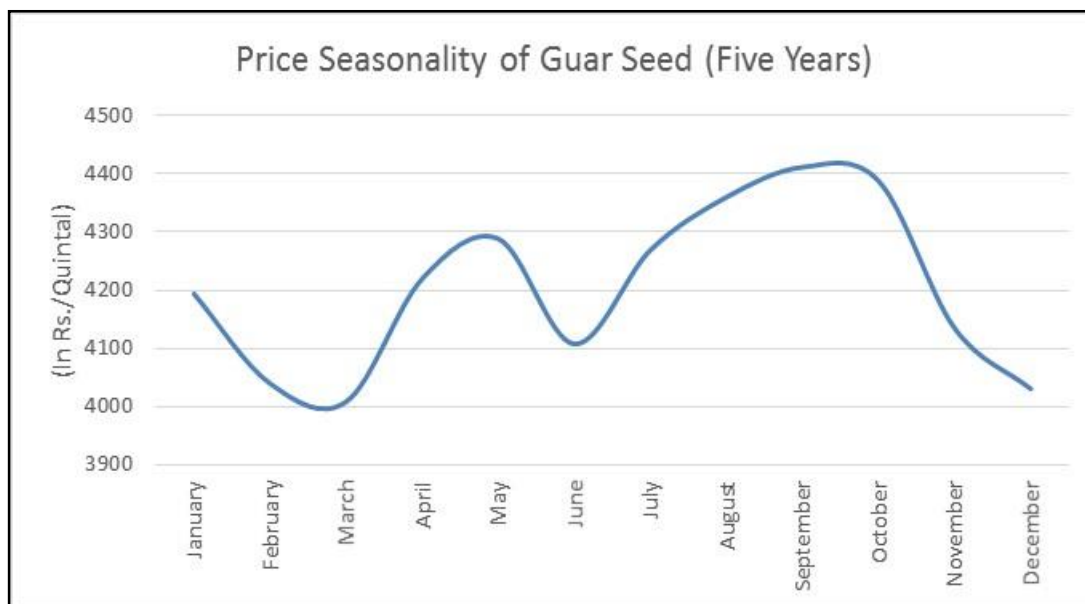
Export Scenario



On export front, guar gum demand has increased compared to previous month. India has exported 21532 tonnes of guar gum in the month of September-2019, up by around 13.71% compared to previous month and by 16.98% compared to August-2018.

Exports of guar split have decreased. India has exported 2460 tonnes of guar split in the month of September-2019, down by around 42.79% compared to previous month and down by 42.79% compared to September-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

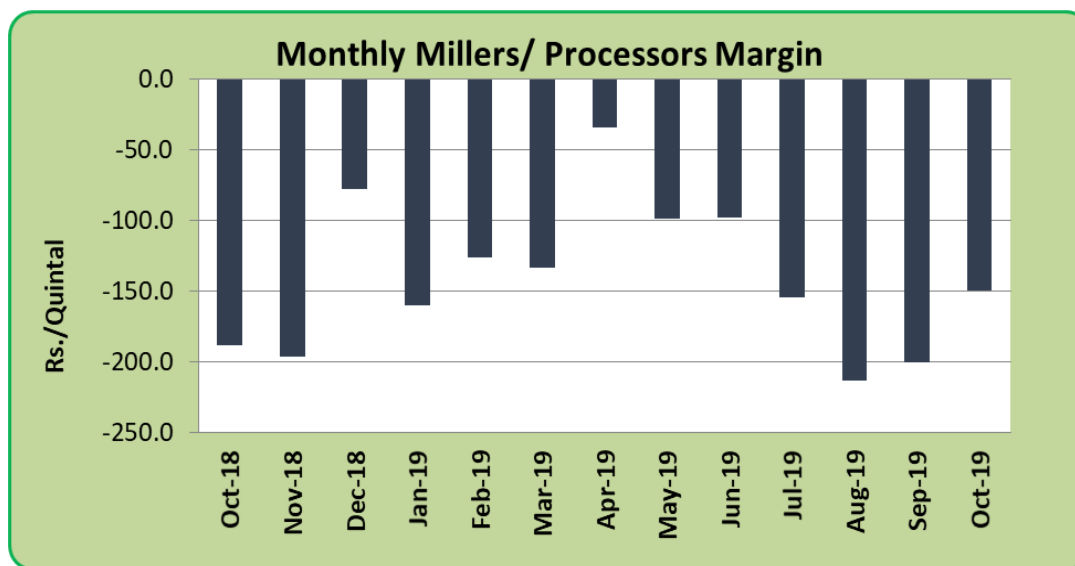
Domestic Guar Seed Supply & Demand Situation (Figures In Lakh Metric Tonnes)		
Item	2018-19	2019-20
Supply		
Opening Stock	13.60	9.73
Production	10.88	9.68
Arrivals	10.88	9.68
Import	0.00	0.00
Total Availability	24.48	19.41
Demand		
Total Crushing	14.75	14.41
Domestic Consumption (Textile, Food & Pharma 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 October 2019, average crush margin increased to Rs. -149.55 Quintal compared to Rs. -200.62/quintal last month.

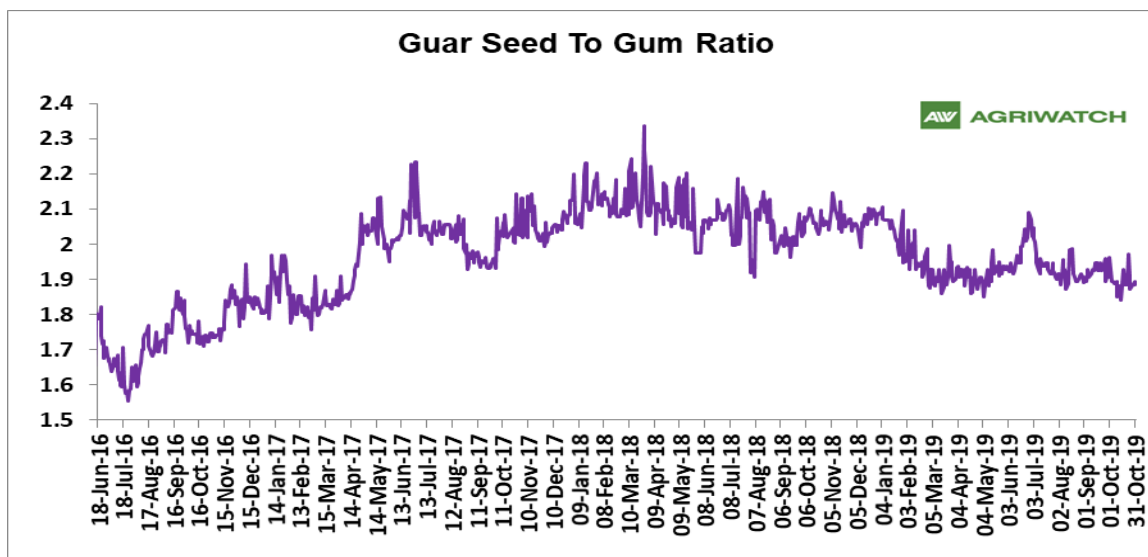
Increase in prices of Churi and Korma have increased the total return and reduced the total cost, which has caused the margin to rise.



Guar Seed To Gum Ratio:

Ratio of guar seed to gum decreased to 1.81, which in the earlier month was 1.86. 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)



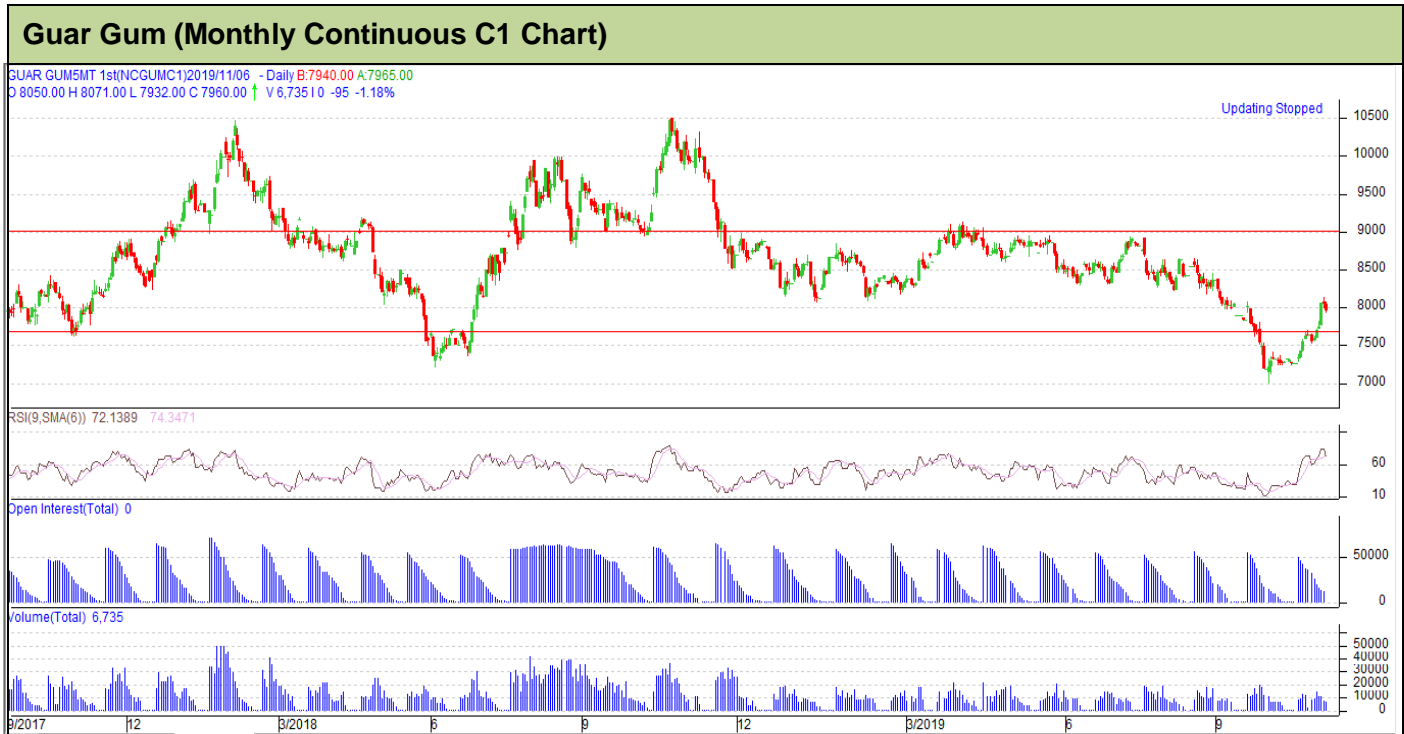
Technical Commentary:

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

Strategy: Buy

Monthly Supports & Resistances			S1	S2	PCP	R1	R2
Guar Seed	NCDEX	C1	3900	3805	4249	4725	4800
Monthly Trade Call			Call	Entry	T1	T2	SL
Guar Seed	NCDEX	C1	Buy	Above 4210	4450	4600	4066

Technical Analysis (Guar Gum)

Commodity: Guar Gum
Exchange: NCDEX


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 overbought region.

Strategy: Buy

Monthly Supports & Resistances			S1	S2	PCP	R1	R2
Guar Gum	NCDEX	C1	7335	7110	7960	8855	8960
Monthly Trade Call			Call	Entry	T1	T2	SL
Guar Gum	NCDEX	C1	Buy	Above 7920	8415	8710	7623

Guar Seed & Gum Prices at Key Spot Markets

Guar by – Products Monthly Average Prices:				
Commodity	Centre	October,2019	September,2019	Change
Churi	Jodhpur	1787	1746	41
Korma	Jodhpur	2373	2300	72
Churi	Sri-Ganganagar	1564	1559	5
Korma	Sri-Ganganagar	2254	2099	155
Prices in Rs/75 Kg				

Guar Export Monthly Average Prices:				
Commodity	Variety	October,2019	September,2019	Change
Guargum Split		1060	1128	-68
Guargum Powder	200 Mesh 5000 CPS	1342	1408	-67
	200 Mesh 3500 CPS	1271	1338	-67
Guargum Meal	40%	345	351	-6
	50%	443	434	9
Prices in \$/MT				

Guar Seed Monthly Average Prices:					
Commodity	District	Centre	Monthly Prices (Average) (Rs/Qtl)		Change
Guar Seed			October,2019	September,2019	
Rajasthan	Jodhpur	Jodhpur (Loose)	3936	4113	-177
		Jodhpur(Delivery)	4133	4319	-186
	Sri-Ganganagar	Sri-Ganganagar(Loose)	3724	3832	-108
		Sri-Ganganagar (Delivery)	3874	3982	-108
		Rawla (Loose)	3649	3818	-169
		Gharsana (Loose)	2863	3758	-895
		Raisinghnagar (Loose)	3688	3848	-159
	Bikaner	Bikaner (Loose)	3726	3837	-111
		Bikaner (Delivery)	3912	4029	-117
		Nokha(Loose)	3737	3919	-182
		Nokha (Delivery)	3924	4115	-192
		Khajuwala (Loose)	3697	3874	-177
		Khajuwala (Delivery)	3882	4068	-185
		Lunkaransar (Loose)	3745	3899	-154
	Hanumangarh	Hanumangarh (Loose)	3718	3802	-84

		Hanumangarh (Delivery)	3904	3993	-88
		Nohar (Loose)	3725	3858	-133
		Pilibanga (Loose)	3653	3737	-85
	Nagaur	Nagaur (Loose)	3651	3850	-198
	Churu	Churu (Delivery)	3928	4011	-83
	Alwar	Alwar (Loose)	3633	3743	-111
Haryana	Hisar	Adampur (Loose)	3715	3848	-133
		Adampur (Delivery)	3900	4040	-140
	Bhiwani	Bhiwani (Delivery)	3883	4030	-147
		Siwani (Loose)	3875	4005	-130
	Sirsa	Sirsa (Loose)	3756	3864	-108
		Dhabwali (Loose)	3706	3838	-132
		Dhabwali (Delivery)	3891	4030	-138
		Ellanabad (Loose)	3600	3822	-222
	Fatehabad	Fatehabad (Loose)	3621	3848	-226
Gujarat	Banaskantha	Deesa (Loose)	3679	3897	-218
	Patan	Patan (Loose)	3569	3890	-321
	Rajkot	Rajkot (Loose)	3578	3754	-176
	Jamnagar	Dhrol (Loose)	NA	3530	-
Madhya Pradesh	Gwalior	Dabra (Loose)	NA	NA	-
Guar Gum					
Rajasthan	Jodhpur	Jodhpur	7476	8023	-547
	Alwar	Alwar	7525	8091	-566
	Hanumangarh	Nohar	7539	8484	-945
Haryana	Bhiwani	Bhiwani	7251	8037	-786
	Sirsa	Sirsa	7457	8042	-585
		Dhabwali	7486	8059	-573
		Ellanabad	7200	8125	-925
	Fatehabad	Fatehabad	7452	8052	-600

Guar Cumulative Arrivals in Key Centers:					
Commodity	District	Centre	Monthly Arrivals (Quintals)		Change
			October,2019	September,2019	
Rajasthan	Jodhpur	Jodhpur	205	286	-81
	Sri-Ganganagar	Sri-Ganganagar	127000	31200	95800
		Rawla	3971	1072	2899
		Gharsana	11112	283	10829

		Raisinghnagar	30800	5200	25600
	Bikaner	Bikaner	5240	2025	3215
		Nokha	3745	3570	175
		Khajuwala	4155	2970	1185
		Lunkaransar	3790	3800	-10
	Hanumangarh	Hanumangarh	25650	6897	18753
		Nohar	7050	3400	3650
		Pilibanga	13398	1415	11983
	Nagaur	Nagaur	1715	945	770
	Churu	Churu	12100	6100	6000
Haryana	Alwar	Alwar	2600	2300	300
	Hisar	Adampur	26100	15900	10200
	Bhiwani	Bhiwani	3100	4800	-1700
		Siwani	12900	14300	-1400
	Sirsa	Sirsa	65500	35400	30100
		Dhabwali	20600	5250	15350
		Ellanabad	200	3410	-3210
Gujarat	Fatehabad	Fatehabad	7550	1760	5790
	Banaskantha	Deesa	55	41	14
	Patan	Patan	288	34	254
	Rajkot	Rajkot	569	703	-134
	Jamnagar	Dhrol	NA	8	-
Madhya Pradesh	Gwalior	Dabra	NA	NA	-
Total Arrivals/Above Markets			389393	153069	236324

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