

# Guar Monthly Research Report

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**Executive Summary****Domestic Guar Seed Market Summary**

All India weekly average prices declined by 1.68 percent to Rs. 3700 per quintal during the week ended 30 November 2019. Guar seed (Cluster bean seeds) average price were ruling at Rs 3763.16 per quintal during 16 to 23 November 2019. As compared to prices in the week 24-30 November 2018, the prices are lower by 1.87 percent. Prices are expected to steady to weak tone in coming days.

Guar traders as well as millers are in firm tone about guar prices in near future. Guar seed average prices increased by Rs 235 per quintal and closed at Rs 4133 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 declined arrivals (quintals) during November 2019 compared to previous month 800 quintals.

Similarly, In Bikaner market, arrivals have increased during November 2019 to 1000 quintals compared to previous month arrivals data i.e. 550 quintals.

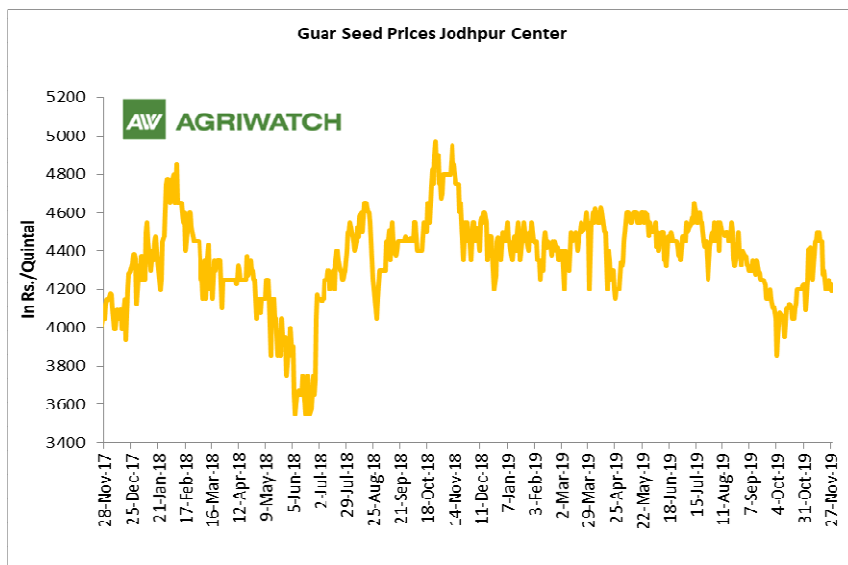
**Recommendation:**

**Monthly Call - :** Market participants advised to Buy Guar seed at current levels for a target of 4100 with a stop loss at 3950 on closing basis.

## Guar Seed Fundamental Analysis and Outlook:-

### Domestic Front

- Average Guar seed prices were strong during November 2019. All major spot markets witnessed firm sentiments. Overall arrivals were lower in November compared to last month. Decrease in arrivals were witnessed almost in all trading centers.
- In the month of November 2019, Guar seed monthly average prices increased by Rs 235 per quintal compared to previous month and settled at Rs. 4368 per quintal. Firm trading activities in guar seed, in key markets kept the prices bullish during last month.
- Guar gum monthly average prices in November 2019 increased by Rs 502 per quintal and settled at Rs 7978 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.



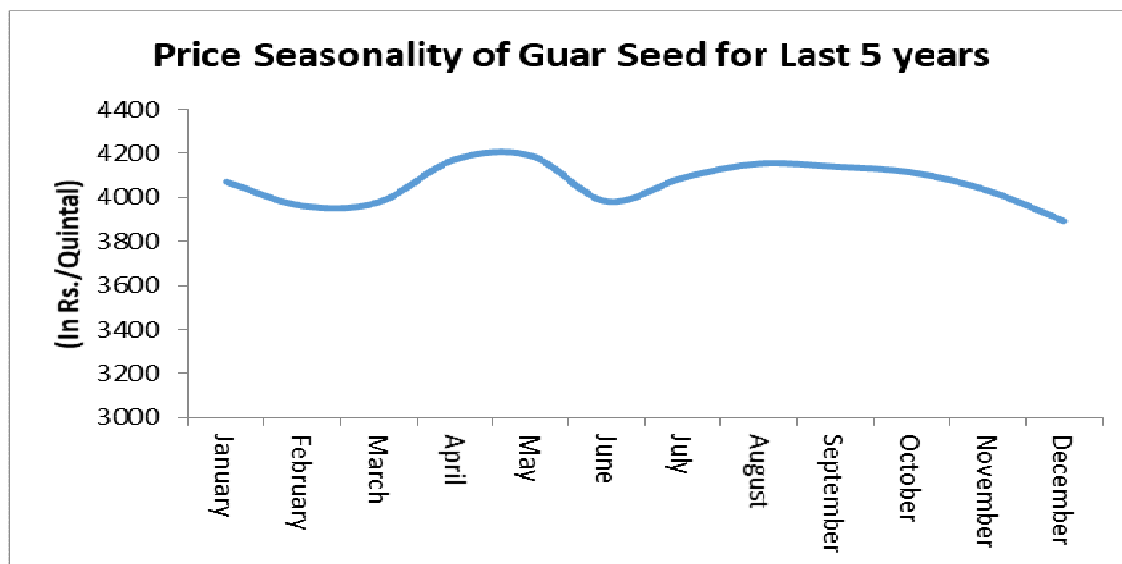
### Export Scenario



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**

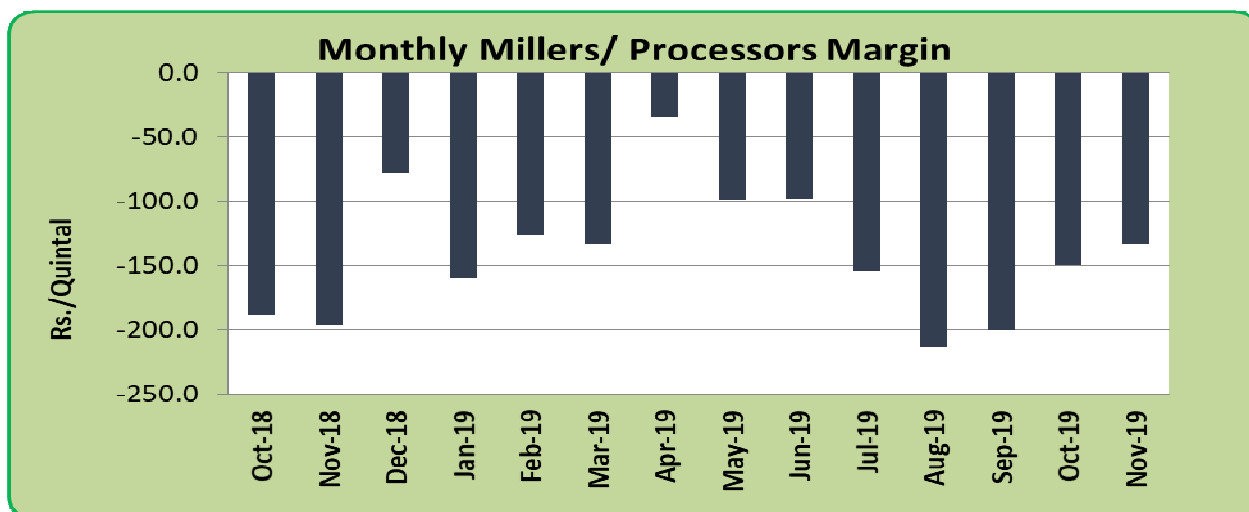
<b>Domestic Guar Seed Supply &amp; Demand Situation (Figures In Lakh Metric Tonnes)</b>		
<b>Item</b>	<b>2018-19</b>	<b>2019-20</b>
<b>Supply</b>		
Opening Stock	13.60	9.73
Production	10.88	9.68
Arrivals	10.88	9.68
Import	0.00	0.00
<b>Total Availability</b>	<b>24.48</b>	<b>19.41</b>
<b>Demand</b>		
<b>Total Crushing</b>	<b>14.75</b>	<b>14.41</b>
Domestic Consumption (Textile, Food & Pharma Industry)	2.11	2.00
Guar Exports	3.48	3.87
Exports (Guar seed Equivalent)	12.64	12.41
<b>Carry Forward (Farmers and Traders Holdings)</b>	<b>9.73</b>	<b>5.00</b>
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 decreased compared to previous month. In the month of November 2019, average crush margin decreased to Rs. -133.40 Quintal compared to Rs. -149.55/quintal last month.

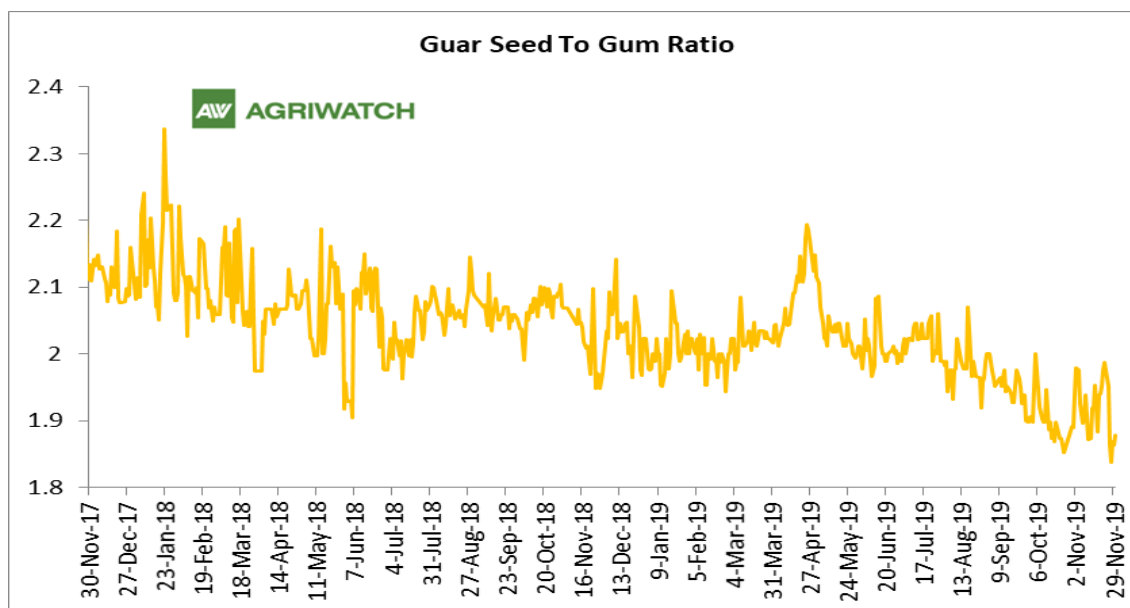
Decrease in prices of Churi and Korma have decreased the total return and increased the total cost, which has caused the margin to fall.



### Guar Seed To Gum Ratio:

Ratio of guar seed to gum decreased to 1.87, 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 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	3600	3800	4050	4300	4500
Monthly Trade Call			Call	Entry	T1	T2	SL
Guar Seed	NCDEX	C1	Buy	Above 4050	4250	4400	3850



## 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 neutral region.

### Strategy: Buy

Monthly Supports & Resistances			S1	S2	PCP	R1	R2
Guar Gum	NCDEX	C1	6800	7050	7335	7900	8400
Monthly Trade Call			Call	Entry	T1	T2	SL
Guar Gum	NCDEX	C1	Buy	Above 7350	7600	7900	7200



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

<b>Guar by – Products Prices:</b>				
<b>Commodity</b>	<b>Centre</b>	<b>November,2019</b>	<b>October,2019</b>	<b>Change</b>
<b>Churi</b>	Jodhpur	1900	1787	<b>113</b>
<b>Korma</b>	Jodhpur	2475	2373	<b>102</b>
<b>Churi</b>	Sri-Ganganagar	1688	1564	<b>142</b>
<b>Korma</b>	Sri-Ganganagar	2325	2254	<b>109</b>
<b>Prices in Rs/75 Kg</b>				

<b>Guar Export Monthly Prices:</b>				
<b>Commodity</b>	<b>Variety</b>	<b>November,2019</b>	<b>October,2019</b>	<b>Change</b>
<b>Guargum Split</b>		1044	1060	<b>-16</b>
<b>Guargum Powder</b>	200 Mesh 5000 CPS	1323	1342	<b>-19</b>
	200 Mesh 3500 CPS	1253	1271	<b>-18</b>
<b>Guargum Meal</b>	40%	362	345	<b>17</b>
	50%	445	443	<b>2</b>
<b>Prices in \$/MT</b>				

<b>Guar Seed Monthly Prices:</b>					
<b>Commodity</b>	<b>District</b>	<b>Centre</b>	<b>Monthly Prices (Rs/Qtl)</b>		<b>Change</b>
<b>Guar Seed</b>			<b>November,2019</b>	<b>October,2019</b>	
<b>Rajasthan</b>	<b>Jodhpur</b>	Jodhpur (Loose)	4100	3936	<b>164</b>
		Jodhpur(Delivery)	4305	4133	<b>172</b>
	<b>Sri-Ganganagar</b>	Sri-Ganganagar(Loose)	3900	3724	<b>176</b>
		Sri-Ganganagar (Delivery)	4050	3874	<b>176</b>
		Rawla (Loose)	3850	3649	<b>201</b>
		Gharsana (Loose)	3930	2863	<b>1067</b>
		Raisinghnagar (Loose)	3860	3688	<b>172</b>
	<b>Bikaner</b>	Bikaner (Loose)	3875	3726	<b>149</b>
		Bikaner (Delivery)	4069	3912	<b>157</b>
		Nokha(Loose)	3825	3737	<b>88</b>
		Nokha (Delivery)	4016	3924	<b>92</b>
		Khajuwala (Loose)	3850	3697	<b>153</b>
		Khajuwala (Delivery)	4043	3882	<b>161</b>
		Lunkaransar (Loose)	3850	3745	<b>105</b>
	<b>Hanumangarh</b>	Hanumangarh (Loose)	3900	3718	<b>182</b>

		Hanumangarh (Delivery)	4095	3904	191
		Nohar (Loose)	3900	3725	175
		Pilibanga (Loose)	NR	3653	-
	Nagaur	Nagaur (Loose)	3700	3651	49
	Churu	Churu (Delivery)	4150	3928	222
	Alwar	Alwar (Loose)	3900	3633	268
Haryana	Hisar	Adampur (Loose)	3940	3715	225
		Adampur (Delivery)	4137	3900	237
	Bhiwani	Bhiwani (Delivery)	4000	3883	117
		Siwani (Loose)	3980	3875	105
	Sirsa	Sirsa (Loose)	3930	3756	174
		Dhabwali (Loose)	3880	3706	174
		Dhabwali (Delivery)	4074	3891	183
		Ellanabad (Loose)	NR	3600	-
	Fatehabad	Fatehabad (Loose)	3900	3621	279
Gujarat	Banaskantha	Deesa (Loose)	NA	3679	-
	Patan	Patan (Loose)	3900	3569	331
	Rajkot	Rajkot (Loose)	3865	3578	287
	Jamnagar	Dhrol (Loose)	3660	NA	-
Madhya Pradesh	Gwalior	Dabra (Loose)	NA	NA	-
Guar Gum					
Rajasthan	Jodhpur	Jodhpur	7700	7476	224
	Alwar	Alwar	7500	7525	-25
	Hanumangarh	Nohar	7700	7539	161
Haryana	Bhiwani	Bhiwani	7760	7251	509
	Sirsa	Sirsa	7600	7457	143
		Dhabwali	7500	7486	14
		Ellanabad	NR	7200	-
	Fatehabad	Fatehabad	7500	7452	48

**Guar Cumulative Arrivals in Key Centers:**

Commodity	District	Centre	Monthly Arrivals (Quintals)		Change
			November,2019	October,2019	
Guar Seed	Jodhpur	Jodhpur	NA	14	-
	Sri-Ganganagar	Sri-Ganganagar	500	7000	-6500
		Rawla	300	NA	-
		Gharsana	170	1350	-1180

		Raisinghnagar	400	1200	-800
	Bikaner	Bikaner	1000	550	450
		Nokha	750	250	500
		Khajuwala	400	500	-100
		Lunkaransar	200	200	Unch
	Hanumangarh	Hanumangarh	100	600	-500
		Nohar	200	500	-300
		Pilibanga	NR	NA	-
	Nagaur	Nagaur	200	150	50
	Churu	Churu	500	600	-100
Haryana	Alwar	Alwar	200	100	100
	Hisar	Adampur	700	800	-100
	Bhiwani	Bhiwani	200	400	-200
		Siwani	400	700	-300
	Sirsa	Sirsa	600	2000	-1400
		Dhabwali	500	1200	-700
		Ellanabad	NR	NA	-
Gujarat	Fatehabad	Fatehabad	50	500	-450
	Banaskantha	Deesa	NA	Closed	-
	Patan	Patan	58	Closed	-
	Rajkot	Rajkot	70	Closed	-
Madhya Pradesh	Jamnagar	Dhrol	8	Closed	-
	Gwalior	Dabra	NA	NA	-
Total Arrivals/Above Markets			7506	18614	-11108

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