

Guar Monthly Research Report

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Executive Summary**Domestic Guar Seed Market Summary**

All India weekly average prices higher by 12.85 percent to Rs. 3753.59 per quintal during the week ended 8th Jan 2020. Guar seed (Cluster bean seeds) average price were ruling at Rs 3325.94 per quintal during 24 to 31 December 2019. As compared to prices in the week 1-8 January 2018, the prices are higher by 13.04 percent. Prices are expected to move in steady to weak tone in coming days in absence of millers' and crushers demand.

Guar traders as well as millers are in firm tone about guar prices in near future. Guar seed average prices declined by Rs 155 per quintal and closed at Rs 4213 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 sources, rise in crude oil prices after the killing of Iranian military commander Qassem Soleimani by U.S. may lead to increase guar gum exports in the coming weeks as oil drilling companies in U.S. may increase drilling activities. Sources expect total 330,000 tonnes of guar gum shipments in the current financial year which is lower from 360,000 tonnes in financial year 2019. Total Kharif's output of Guarseed in India stood at 750,000 tonnes in this year.

As per trade sources, export of guar split has increased in the month of December-19. Exports in the month of December-19 are higher by around 79.66% compared to previous month. India exported around 2120 tonnes of guar split in the month of December-19 at an average FoB of \$ 1293 per tonne. Of the total quantity, around 540 tonnes have been exported to China.

As per trade sources, export of guar gum has declined in the month of December-19 by 6.58 percent compared to previous month. India exported around 17779.68 tonnes of guar gum at an average FoB of \$ 1830.69 per tonne in the month of December-19 compared to 19032.16 tonnes in October-19 at an average FoB of \$ 1873.41 per tonne. Exports are expected to decline in January-20 on weak demand.

As per data released by Baker Hughes the number of oil rigs in USA has increased by 14 to 673 as on 17th January 2020 compared to 659 in last week however lower from 852 compared to 17th January 2019. Total number of oilrigs was recorded lower at 2002 in January'20 compared to 2602 in the same month last year.

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 lower arrivals at 600 (quintal) during December 2019 compared to previous month 700 quintals.

Similarly, In Bikaner market, arrivals have increased during November 2019 to 2000 quintals compared to previous month arrivals data i.e. 1000 quintals.

Recommendation:

Monthly Call - : Market participants advised to Buy Guar seed at current levels for a target of 3950 with a stop loss at 3800 on closing basis.

Guar Seed Fundamental Analysis and Outlook:-

Domestic Front

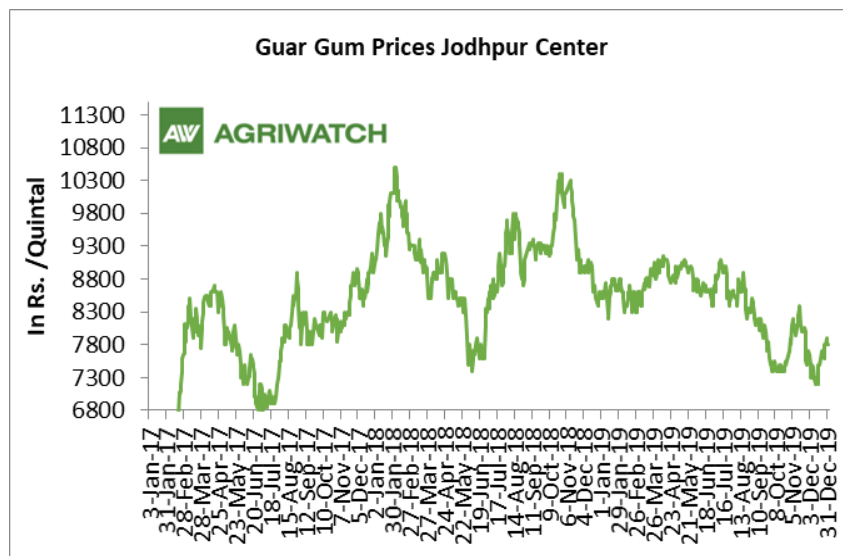
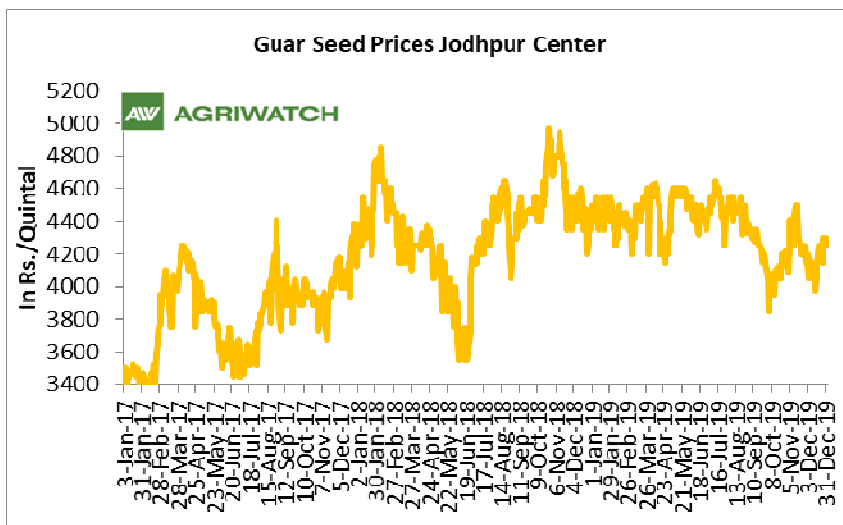
➤ Average Guar seed prices declined during December 2019. All major spot markets witnessed weak sentiments. Overall arrivals were lower in December compared to last month. Decrease in arrivals were witnessed almost in all trading centers.

➤ In the month of December 2019, Guar seed monthly average prices declined by Rs 155 per quintal compared to previous month and settled at Rs. 4213 per quintal. Dull trading activities in guar seed, in key markets kept the prices bearish during last month.

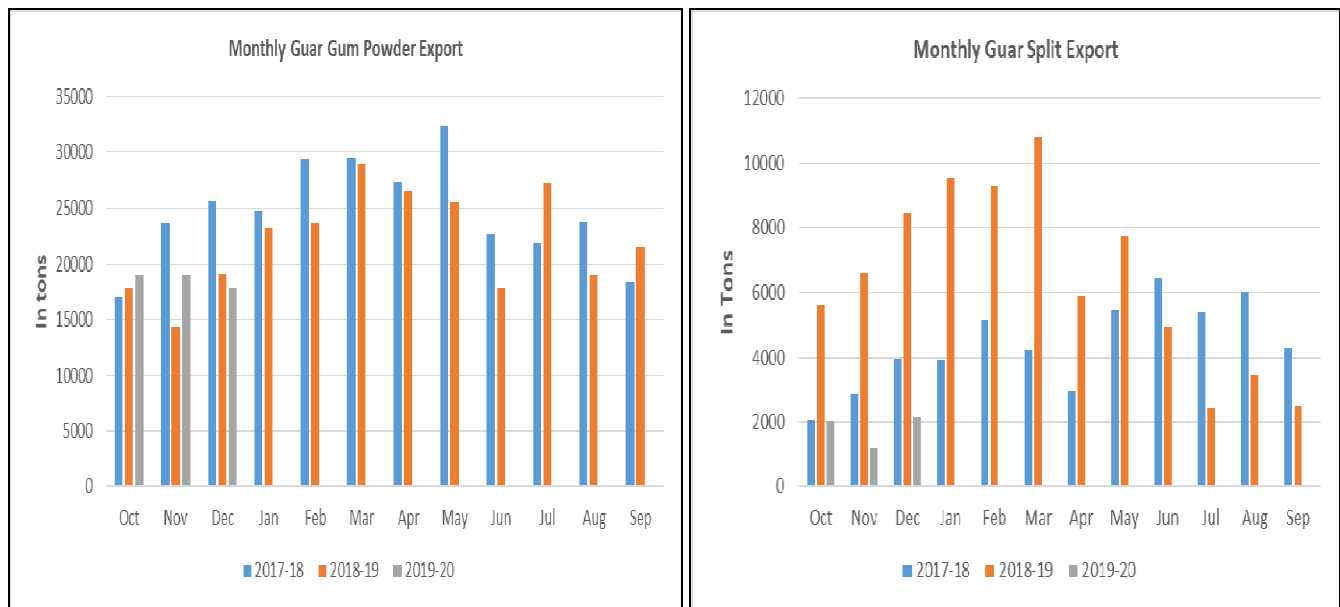
➤ Guar gum monthly average prices in December 2019 declined by Rs 480 per quintal and settled at Rs 7498 per quintal.

➤ 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.



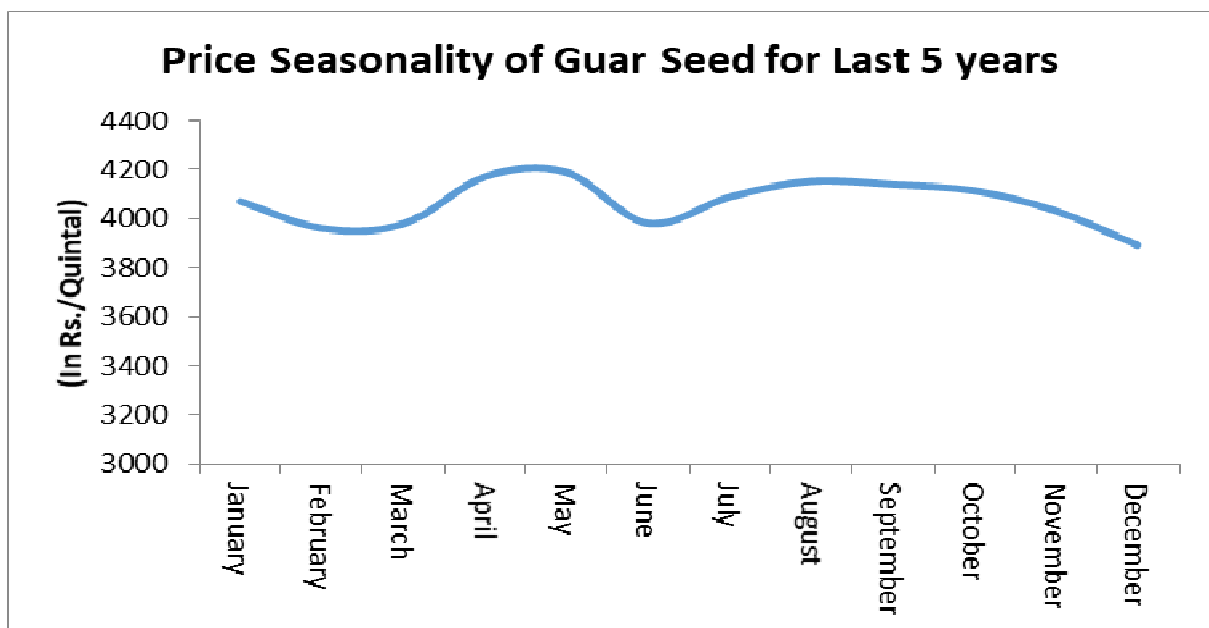
Export Scenario



On export front, guar gum demand has declined compared to previous month. India has exported 17779.68 tonnes of guar gum in the month of December-2019, down by 6.58% compared to previous month and by 7.08% compared to December-2018.

Exports of guar split have increased in Dec month. India has exported 2120 tonnes of guar split in the month of December-2019, up by 79.66% compared to previous month however down by 74.93% compared to December-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 July and continued its rally until October and then fell from higher levels in the month of November however rally could not be continued.

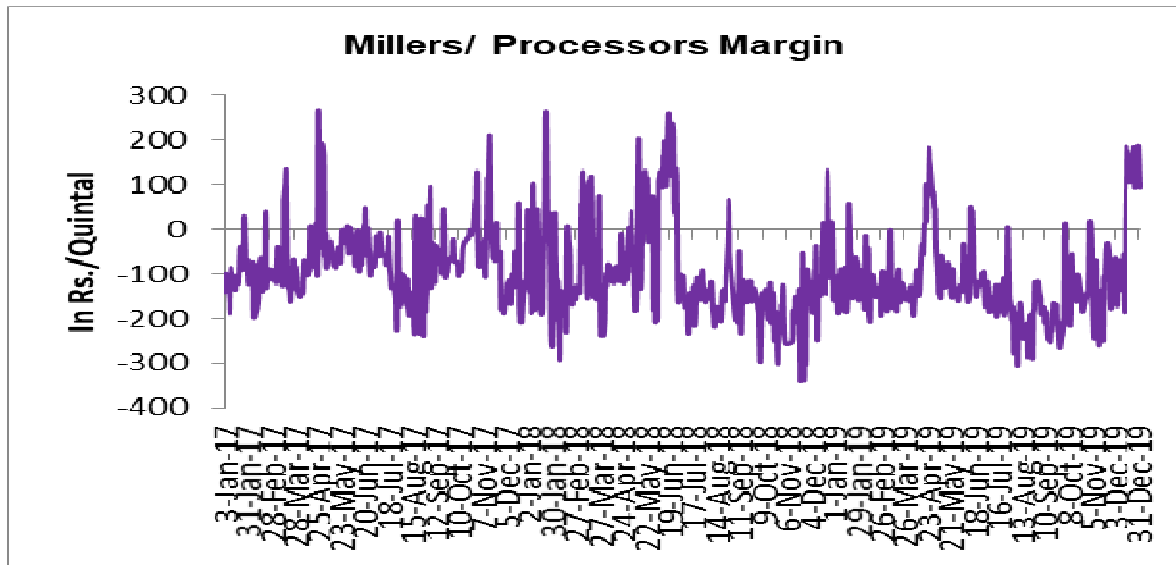
Domestic Guar Seed Supply & Demand Position

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.

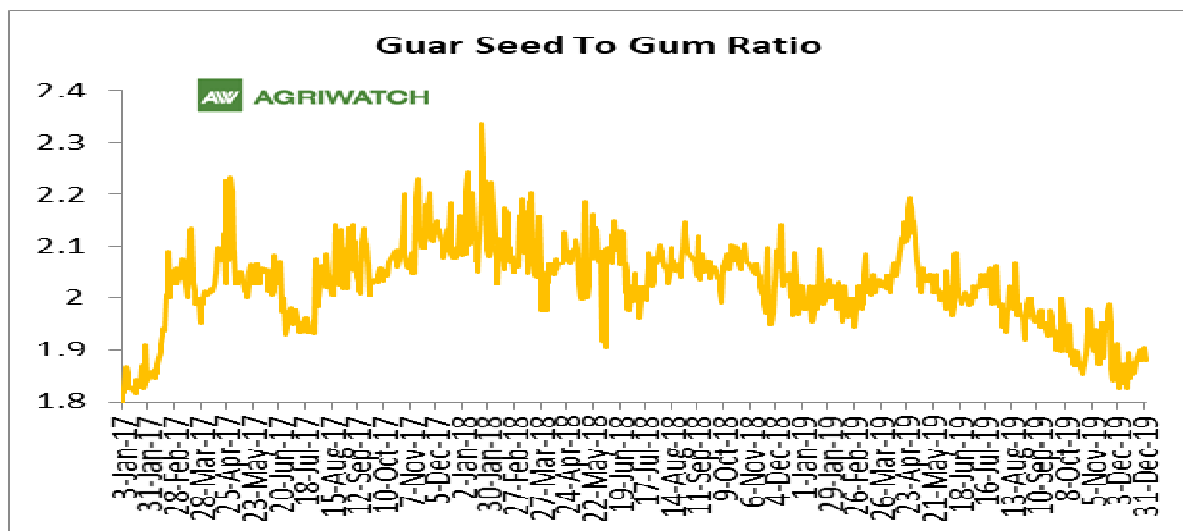
Millers/Processors Margin:

As seen in the chart, the average crush margin of guar seed has decreased compared to previous month. In the month of December 2019, average crush margin decreased to Rs. 93 Quintal compared to Rs. 182/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 increased to 1.88, which in the earlier month was 1.87. Overall, improved demand of gum from domestic markets has kept the overall ratio higher side.



Technical Analysis (Guar Seed)

Commodity: Guar Seed
Exchange: NCDEX

Guar Seed (Monthly Continuous C1 Chart)



Technical Commentary:

- Rise in price and volume indicates long build up phase.
- 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	3850	4124	4450	4650
Monthly Trade Call			Call	Entry	T1	T2	SL
Guar Seed	NCDEX	C1	Buy	Above 4120	4300	4400	3900



Technical Analysis (Guar Gum)

Commodity: Guar Gum

Exchange: NCDEX



Technical Commentary:

- Rise in price and volume indicates long build up.
- 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	6620	6950	7384	7820	8400
Monthly Trade Call			Call	Entry	T1	T2	SL
Guar Gum	NCDEX	C1	Buy	Above 7380	7520	7700	7100

Guar Seed & Gum Prices at Key Spot Markets

Guar by – Products Prices:				
Commodity	Centre	December,2019	November,2019	Change
Churi	Jodhpur	1920	1876	44
Korma	Jodhpur	2433	2478	-45
Churi	Sri-Ganganagar	1700	1694	6
Korma	Sri-Ganganagar	2315	2314	1
Prices in Rs/75 Kg				

Guar Export Monthly Prices:				
Commodity	Variety	December,2019	November,2019	Change
Guargum Split		76	1044	-968
Guargum Powder	200 Mesh 5000 CPS	95	1323	-1228
	200 Mesh 3500 CPS	90	1253	-1163
Guargum Meal	40%	25	362	-337
	50%	32	445	-413
Prices in \$/MT				

Guar Seed Monthly Prices:					
Commodity	District	Centre	Monthly Prices (Rs/Qtl)		Change
Guar Seed			December,2019	November,2019	
Rajasthan	Jodhpur	Jodhpur (Loose)	4100	4100	Unch
		Jodhpur(Delivery)	4305	4305	Unch
	Sri-Ganganagar	Sri-Ganganagar(Loose)	4000	3900	100
		Sri-Ganganagar (Delivery)	4150	4050	100
		Rawla (Loose)	3860	3850	10
		Gharsana (Loose)	NR	3930	-
		Raisinghnagar (Loose)	4100	3860	240
	Bikaner	Bikaner (Loose)	3980	3875	105
		Bikaner (Delivery)	4179	4069	110
		Nokha(Loose)	4000	3825	175
		Nokha (Delivery)	4200	4016	184
		Khajuwala (Loose)	3900	3850	50
		Khajuwala (Delivery)	4095	4043	52
		Lunkaransar (Loose)	3950	3850	100
	Hanumangarh	Hanumangarh (Loose)	3950	3900	50

		Hanumangarh (Delivery)	4148	4095	53
		Nohar (Loose)	3950	3900	50
		Pilibanga (Loose)	NR	NR	-
	Nagaur	Nagaur (Loose)	3850	3700	150
	Churu	Churu (Delivery)	4250	4150	100
	Alwar	Alwar (Loose)	4000	3900	100
Haryana	Hisar	Adampur (Loose)	3960	3940	20
		Adampur (Delivery)	4158	4137	21
	Bhiwani	Bhiwani (Delivery)	4200	4000	200
		Siwani (Loose)	4070	3980	90
	Sirsa	Sirsa (Loose)	3940	3930	10
		Dhabwali (Loose)	4000	3880	120
		Dhabwali (Delivery)	4200	4074	126
		Ellanabad (Loose)	NR	NR	-
	Fatehabad	Fatehabad (Loose)	3900	3900	Unch
Gujarat	Banaskantha	Deesa (Loose)	NA	NA	-
	Patan	Patan (Loose)	3800	3900	-100
	Rajkot	Rajkot (Loose)	3870	3865	5
	Jamnagar	Dhrol (Loose)	NA	3660	-
Madhya Pradesh	Gwalior	Dabra (Loose)	NA	NA	-
Guar Gum					
Rajasthan	Jodhpur	Jodhpur	7800	7700	100
	Alwar	Alwar	7900	7500	400
	Hanumangarh	Nohar	8000	7700	300
Haryana	Bhiwani	Bhiwani	7650	7760	-110
	Sirsa	Sirsa	7850	7600	250
		Dhabwali	7750	7500	250
		Ellanabad	NR	NR	-
	Fatehabad	Fatehabad	7600	7500	100

Guar Cumulative Arrivals in Key Centers:

Commodity	District	Centre	Monthly Arrivals (Quintals)		Change
			December,2019	November,2019	
Rajasthan	Jodhpur	Jodhpur	73	NA	-
	Sri-Ganganagar	Sri-Ganganagar	700	500	200
		Rawla	200	300	-100
		Gharsana	NR	170	-

		Raisinghnagar	300	400	-100
	Bikaner	Bikaner	2000	1000	1000
		Nokha	2000	750	1250
		Khajuwala	300	400	-100
		Lunkaransar	600	200	400
	Hanumangarh	Hanumangarh	60	100	-40
		Nohar	300	200	100
		Pilibanga	NR	NR	-
	Nagaur	Nagaur	150	200	-50
	Churu	Churu	500	500	Unch
Haryana	Alwar	Alwar	100	200	-100
	Hisar	Adampur	600	700	-100
	Bhiwani	Bhiwani	200	200	Unch
		Siwani	500	400	100
	Sirsa	Sirsa	700	600	100
		Dhabwali	150	500	-350
		Ellanabad	NR	NR	-
	Fatehabad	Fatehabad	100	50	50
Gujarat	Banaskantha	Deesa	NA	NA	-
	Patan	Patan	63	58	5
	Rajkot	Rajkot	400	70	330
	Jamnagar	Dhrol	NA	8	-
Madhya Pradesh	Gwalior	Dabra	NA	NA	-
Total Arrivals/Above Markets			11566	7506	4060

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