

# Guar Monthly Research Report

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

All India weekly average prices higher by 0.63 percent to Rs. 3688.61 per quintal during the week ended 6<sup>th</sup> Feb 2020. Guar seed (Cluster bean seeds) average price were ruling at Rs. 3665.5 per quintal during 24<sup>th</sup> to 30<sup>th</sup> January 2020. As compared to prices in the week 1-8 February 2019, the prices are lower by 4.83 percent. Prices are expected to move in steady to weak tone in coming days in expectation of sluggish demand of millers' and crushers in hope of rise in arrivals.

Guar traders as well as millers are in weak tone about guar and gum prices in near future. Guar seed average prices declined by Rs 52.53 per quintal and closed at Rs 4113.46 per quintal in the previous month. Arrival of black guar have been reported in good 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 Guar seed in India stood at 750,000 tonnes in this year.

As per trade sources, export of guar split has increased in the month of January-20. Exports in the month of January-20 are higher by around 60.38% compared to previous month. India exported around 3400 tonnes of guar split in the month of January-20 at an average FoB of \$ 1241 per tonne. Of the total quantity, around 2180 tonnes have been exported to China.

As per trade sources, export of guar gum has increased in the month of January-20 by 30.37 percent compared to previous month. India exported around 23178.89 tonnes of guar gum at an average FoB of \$ 1710.37 per tonne in the month of January-20 compared to 17779.68 tonnes in December-19 at an average FoB of \$ 1830.69 per tonne. Exports are expected to increase in February-20 on firm demand.

As per data released by Baker Hughes the number of oil rigs in USA has decreased by 4 to 790 as on 31<sup>st</sup> January 2020 compared to 794 in last week and also down by 255 compared to 31<sup>st</sup> January 2019. Total number of oil rigs was recorded at 3957 in January'20 compared to 4259 in the corresponding period in last year. Therefore, exports are being slightly affected.

As per trade sources, average recovery of guar gum from guar seed is coming around 28 to 29 per kg in Rajasthan. Quality of guar seed is expected to be better compared to last season leading to better recoveries. Moisture content seeds may get dry soon and will be in demand. Almost 20% of black guar arrivals have been reported in this month.

As far as Arrivals are concerned, Adampur (Haryana) market (biggest market of guar in North) reported lower arrivals at 13700 (quintal) during January 2020 compared to previous month 18550 quintals.

Similarly, in Bikaner market, arrivals have decreased during January 2020 to 23800 quintals compared to previous month arrivals data i.e. 41600 quintals.

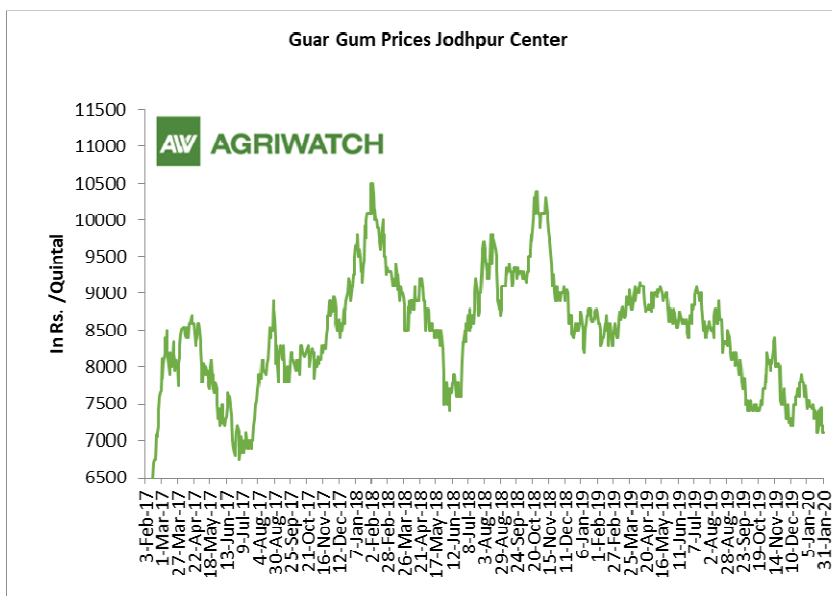
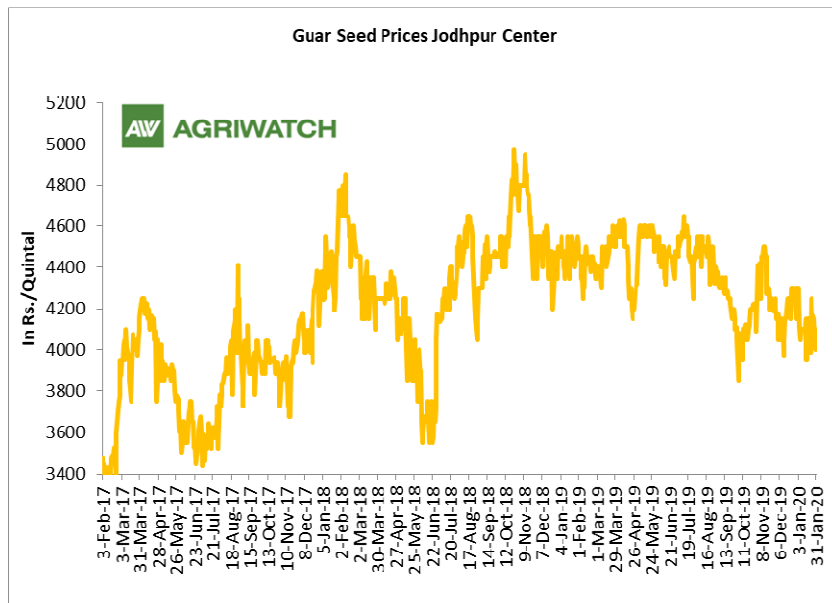
**Recommendation:**

**Monthly Call - :** Market participants advised to Buy Guar seed at lower levels for a target of 3900 with a stop loss at 3800 on closing basis.

### Guar Seed Fundamental Analysis and Outlook:-

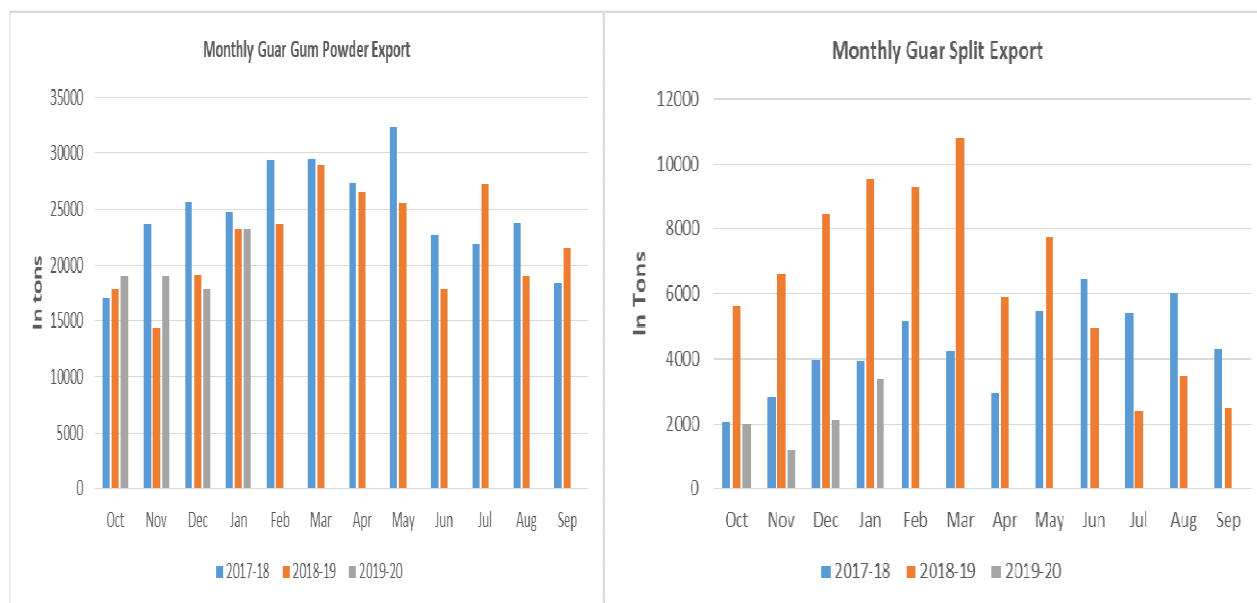
#### Domestic Front

- Average Guar seed prices declined during January 2020. All major spot markets witnessed weak sentiments. Overall arrivals were lower in January compared to last month. Decrease in arrivals were witnessed at most of the trading centers.
- In the month of January 2020, Guar seed monthly average prices declined by Rs. 52 per quintal compared to previous month and settled at Rs. 4113.46 per quintal. Dull trading activities in guar seed, in key markets kept the prices bearish during last month.
- Guar gum monthly average prices in January 2020 declined by Rs. 112.80 per quintal and settled at Rs. 7395.19 per quintal.
- According to first advance estimate for 2019-20, issued by Gujarat's Department of Agriculture for Guar seed, the area, production and yield are 145000 hectares, 107960 tonnes and 744.52 kg/hectare respectively. As per final estimate for 2018-19 issued by Gujarat's Department of Agriculture for Guar seed the area, production and yield are 134100 hectares, 75380 tonnes and 562.11 kg/hectare respectively.



- According to second advance estimate for Kharif 2019-20, issued by Rajasthan's Department of Agriculture for Guar seed, the area, production and yield are 2841314 hectares, 1208100 tonnes and 425 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.

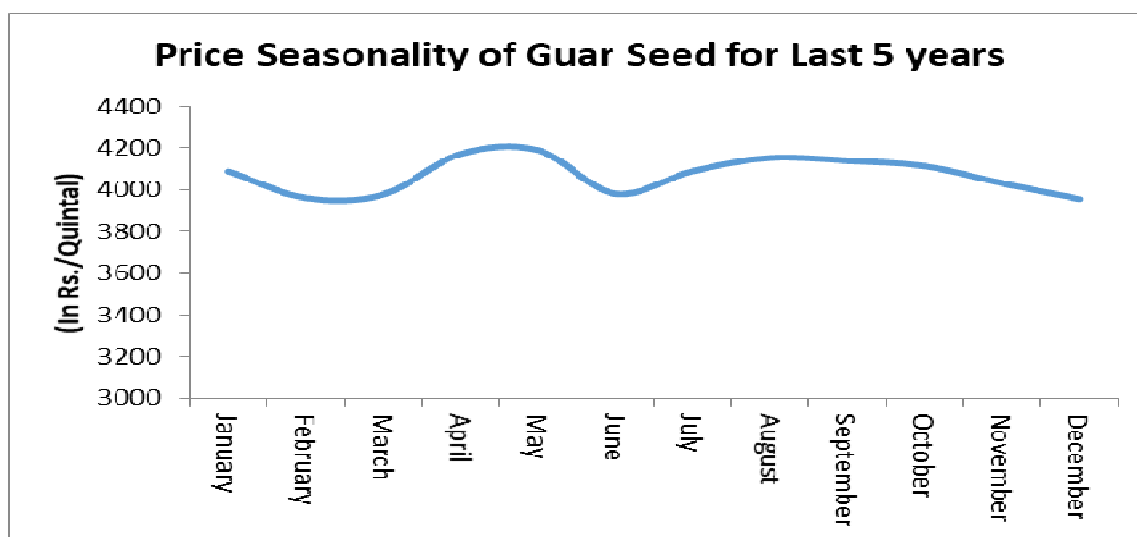
### Export Scenario



On export front, guar gum demand has increased in Jan 2020 as compared to previous month. India has exported 23178.89 tonnes of guar gum in the month of January-2020, higher by 30.37% compared to previous month however lower by 0.04% compared to January-2019.

Exports of guar split have increased in Jan month. India has exported 3400 tonnes of guar split in the month of January-2020, up by 60.38% compared to previous month however down by 64.29% compared to January-2019.

### 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 and December however rally started again in Jan 20 month.

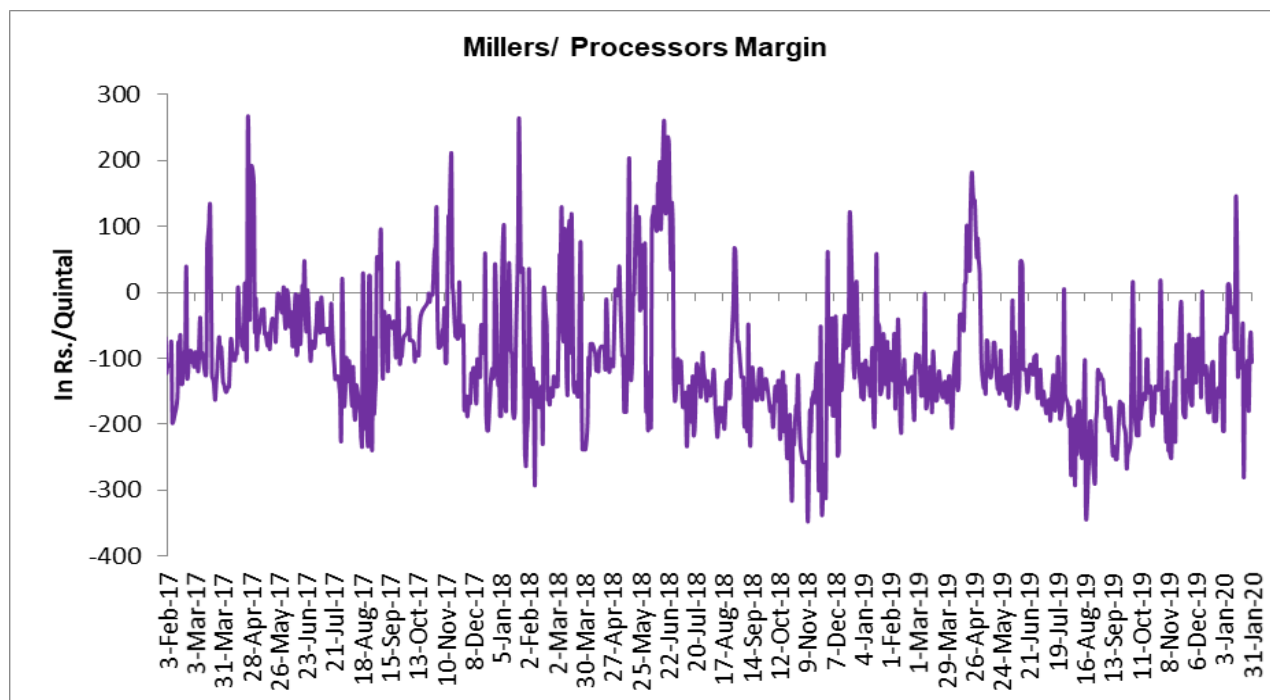
**Domestic Guar Seed Supply & Demand Position**

<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
Total Availability	24.48	19.41
<b>Demand</b>		
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.

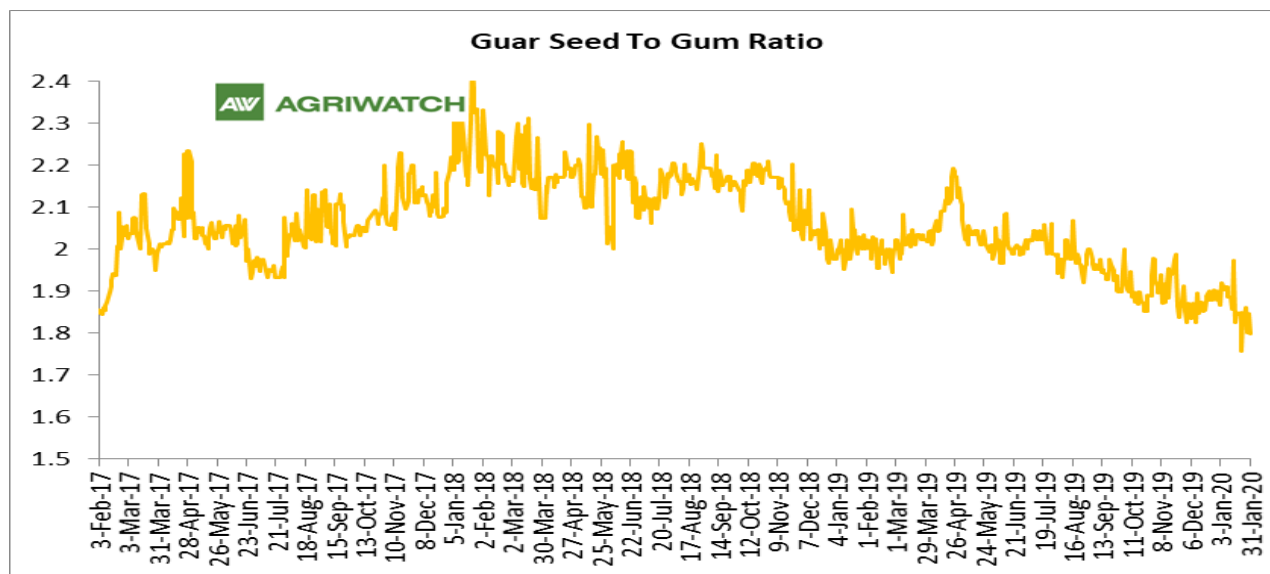
### Millers/Processors Margin:

As seen in the chart, the average crush margin of guar seed has improved as compared to previous month. In the month of January 2020, average crush margin increased to Rs. 77.36/quintal compared to Rs. 128.56/quintal last month. Increase in prices of Churi have supported the total return and decreased the total cost, which has caused the margin to rise as compared to last month. However, steady to weak price trend of Korma has curb any major gain.



### Guar Seed to Gum Ratio:

Ratio of guar seed to gum is almost same at 1.866 compared to last month. Overall, improved demand of gum from domestic markets has kept the overall ratio slight higher side.





## Technical Analysis (Guar Seed)

Commodity: Guar Seed

Exchange: NCDEX

### Guar Seed (Monthly Continuous C1 Chart)

GUAR SEED 1st(NCGRSC1)2020/02/06 - Daily B:3920.00 A:3922.00  
O 3928.00 H 3940.00 L 3900.00 C 3920.00 ↓ V 6,265 I 34,030 -6 -0.15%

EMA(9) 3945.6 (18) 3995.6



### Technical Commentary:

- Fall in price and volume indicates short build up phase.
- Prices closed near 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	3580	3732	3918	4167	4296
Monthly Trade Call			Call	Entry	T1	T2	SL
Guar Seed	NCDEX	C1	Buy	Above 3900	4050	4150	3800



### Technical Analysis (Guar Gum)

Commodity: Guar Gum

Exchange: NCDEX



#### Technical Commentary:

- Fall in price and volume indicates short build up.
- Prices closed below 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	6500	6680	6910	7200	7340
Monthly Trade Call			Call	Entry	T1	T2	SL
Guar Gum	NCDEX	C1	Buy	Above 6881	7000	7130	6700



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

<b>Guar by – Products Prices:</b>				
<b>Commodity</b>	<b>Centre</b>	<b>January,2020</b>	<b>December,2019</b>	<b>Change</b>
<b>Churi</b>	Jodhpur	2014	1920	<b>94</b>
<b>Korma</b>	Jodhpur	2402	2433	<b>-31</b>
<b>Churi</b>	Sri-Ganganagar	1787	1699	<b>88</b>
<b>Korma</b>	Sri-Ganganagar	2301	2315	<b>-14</b>
<b>Prices in Rs/75 Kg</b>				

<b>Guar Export Monthly Prices:</b>				
<b>Commodity</b>	<b>Variety</b>	<b>January,2020</b>	<b>December,2019</b>	<b>Change</b>
<b>Guargum Split</b>		1058	1055	<b>3</b>
<b>Guargum Powder</b>	200 Mesh 5000 CPS	1329	1332	<b>-3</b>
	200 Mesh 3500 CPS	1259	1262	<b>-3</b>
<b>Guargum Meal</b>	40%	360	353	<b>8</b>
	50%	450	451	<b>-1</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>January,2020</b>	<b>December,2019</b>	
<b>Rajasthan</b>	<b>Jodhpur</b>	Jodhpur (Loose)	3971	4012	<b>-41</b>
		Jodhpur(Delivery)	4170	4213	<b>-43</b>
	<b>Sri-Ganganagar</b>	Sri-Ganganagar(Loose)	3863	3894	<b>-31</b>
		Sri-Ganganagar (Delivery)	4013	4031	<b>-18</b>
		Rawla (Loose)	3079	3825	<b>-746</b>
		Gharsana (Loose)	2842	3193	<b>-351</b>
		Raisinghnagar (Loose)	3465	3865	<b>-400</b>
	<b>Bikaner</b>	Bikaner (Loose)	3880	3869	<b>11</b>
		Bikaner (Delivery)	4074	4062	<b>12</b>
		Nokha(Loose)	3821	3797	<b>24</b>
		Nokha (Delivery)	4012	3987	<b>25</b>
		Khajuwala (Loose)	3873	3823	<b>50</b>
		Khajuwala (Delivery)	4067	4015	<b>52</b>
		Lunkaransar (Loose)	3817	3838	<b>-21</b>
	<b>Hanumangarh</b>	Hanumangarh (Loose)	3659	3889	<b>-231</b>

		Hanumangarh (Delivery)	3842	4084	-242
		Nohar (Loose)	3855	3841	14
		Pilibanga (Loose)	2169	3551	-1382
	Nagaur	Nagaur (Loose)	3762	3723	40
	Churu	Churu (Delivery)	3994	4116	-122
	Alwar	Alwar (Loose)	3742	3821	-79
Haryana	Hisar	Adampur (Loose)	3862	3861	1
		Adampur (Delivery)	4055	4054	1
	Bhiwani	Bhiwani (Delivery)	3928	4034	-106
		Siwani (Loose)	3978	4004	-26
	Sirsa	Sirsa (Loose)	3887	3882	5
		Dhabwali (Loose)	3829	3877	-48
		Dhabwali (Delivery)	4020	4071	-50
		Ellanabad (Loose)	-	-	-
	Fatehabad	Fatehabad (Loose)	3801	3805	-4
Gujarat	Banaskantha	Deesa (Loose)	672	-	-
	Patan	Patan (Loose)	3753	3147	606
	Rajkot	Rajkot (Loose)	3847	3773	74
	Jamnagar	Dhrol (Loose)	1464	1693	-230
Madhya Pradesh	Gwalior	Dabra (Loose)	-	-	-
Guar Gum					
Rajasthan	Jodhpur	Jodhpur	7413	7498	-86
	Alwar	Alwar	7431	7468	-37
	Hanumangarh	Nohar	7792	7904	-112
Haryana	Bhiwani	Bhiwani	7351	7389	-37
	Sirsa	Sirsa	7368	7502	-134
		Dhabwali	7425	7474	-49
		Ellanabad	-	-	-
	Fatehabad	Fatehabad	7456	7360	96

**Guar Cumulative Arrivals in Key Centers:**

Commodity	District	Centre	Monthly Arrivals (Quintals)		Change
			January,2019	December,2019	
Rajasthan	Jodhpur	Jodhpur	535	872	-337
	Sri-Ganganagar	Sri-Ganganagar	11100	14500	-3400
		Rawla	7339	12620	-5281
		Gharsana	6767	9672	-2905

		Raisinghnagar	5500	9710	-4210
	<b>Bikaner</b>	Bikaner	23800	41600	-17800
		Nokha	19340	43900	-24560
		Khajuwala	13300	29100	-15800
		Lunkaransar	10650	16800	-6150
	<b>Hanumangarh</b>	Hanumangarh	1215	1500	-285
		Nohar	9560	12650	-3090
		Pilibanga	1457	2180	-723
	<b>Nagaur</b>	Nagaur	3510	9849	-6339
	<b>Churu</b>	Churu	12200	12300	-100
	<b>Alwar</b>	Alwar	3250	3100	150
<b>Haryana</b>	<b>Hisar</b>	Adampur	13700	18550	-4850
	<b>Bhiwani</b>	Bhiwani	7450	13650	-6200
		Siwani	9650	11100	-1450
	<b>Sirsa</b>	Sirsa	19042	20900	-1858
		Dhabwali	3250	5050	-1800
		Ellanabad	-	-	-
	<b>Fatehabad</b>	Fatehabad	1680	1410	270
<b>Gujarat</b>	<b>Banaskantha</b>	Deesa	113	-	-
	<b>Patan</b>	Patan	1079	858	221
	<b>Rajkot</b>	Rajkot	1894	2565	-671
	<b>Jamnagar</b>	Dhrol	48	205	-157
<b>Madhya Pradesh</b>	<b>Gwalior</b>	Dabra	-	-	-
<b>Total Arrivals/Above Markets</b>			<b>187429</b>	<b>294641</b>	<b>-107212</b>

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