

Guar Monthly Research Report

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Executive Summary**Domestic Guar Seed Market Summary**

All India weekly average prices are lower by 0.66 percent to Rs. 3413.99 per quintal during the week ended 5th March 2020. Guar seed (Cluster bean seeds) average price were ruling at Rs. 3436.8 per quintal during 24th to 28th February 2020. As compared to prices in the week 1-8 March 2019, the prices are lower by 11.26 percent. Guar prices are expected to move in steady to firm tone in coming days on improved demand of millers against less supply. Gum prices may also go up as miller are showing their interest at lower prices side. In the long run, Guarseed and Guargum prices may boost up during May to June 2020. While, Churi prices may decline in summer season because of other alternative products availability for cattle feed but Korma is likely to rise in expectation of good demand.

Guar traders as well as millers are in view to improve prices from the current level in next month. Guar seed average prices declined by Rs 300 per quintal and closed at Rs 3813 per quintal in the previous month. Arrival of black guar have been reported in less quantity. Production is lower compared to last year. Less carryover stocks and improved demand for guar in international market is likely to support prices to rise.

As per the Agricultural and Processed Food Products Export Development Authority, India shipped 19% lower guar derivatives products to 267823.67 MTs in the first eight month of this financial year against 330974.88 MTs in 2018-19 during the corresponding period of time. India is likely to export 20 % lower guar derivatives in 2019-20 (Apr-Mar) on account of poor demand for guar gum from the U.S. as it has started to use other alternatives of gum. Weak crude oil prices and declining numbers of oil rings have also weakened U.S. demand for gum. Polyacrylamide, carboxymethyl cellulose, xanthan gum, and partially hydrolyzed polyacrylamide are the major alternatives products of guar gum and likely to replace and affect demand of gum in this year. Exporters expect 20% lower shipment in the range of 280,000-300,000 tonnes in this fiscal year. However, guar meal exports are likely to increase by 17% to 175,000 tonnes in this year as demand is rising due to its higher amino acid profile and overseas buyers are switching from soymeal to guar meal. Good exports demand of guar meal is supporting guar meal prices to rise.

As per trade sources, export of guar split has declined in the month of February-20. Exports in the month of February-20 are lower by around 40% compared to previous month. India exported around 2020 tonnes of guar split in the month of February-20 at an average FoB of \$ 1119 per tonne. Of the total quantity, around 1700 tonnes have been exported to China.

As per trade sources, export of guar gum has declined in the month of February-20 by 37.02 percent compared to previous month. India exported around 14598.22 tonnes of guar gum at an average FoB of \$ 2389.47 per tonne in the month of February-20 compared to 23178.89 tonnes in January-20 at an average FoB of \$ 1710.37 per tonne. Exports are expected to decline in March-20 on weak demand in overseas markets.

As per data released by Baker Hughes, the number of oilrigs in USA has lowered by 1 to 790 as on 28th February 2020 compared to 791 in last week and down by 257 compared to 22nd Feb 2019. Total number of oilrigs was recorded at 3161 in February'20 compared to 4192 in the corresponding period in last year. Therefore, exports are being slightly affected.

As far as Arrivals are concerned, Adampur (Haryana) market (biggest market of guar in North) reported lower arrivals at 13750 (quintal) during February 2020 compared to previous month 13700 quintals.

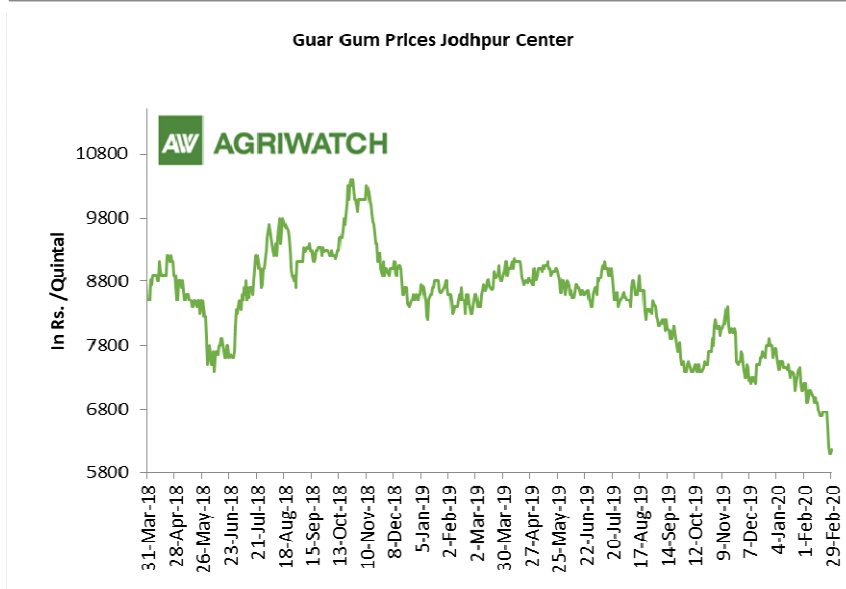
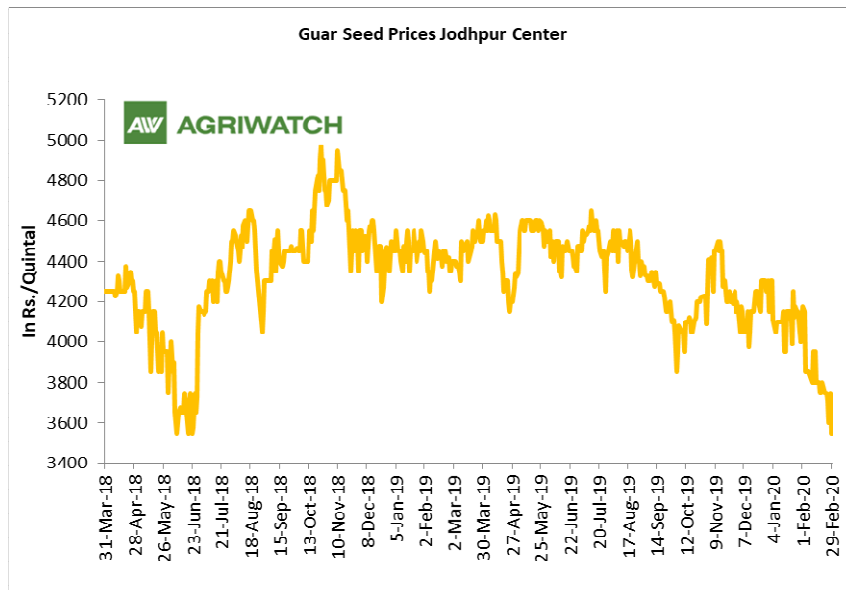
Recommendation:

Monthly Call - : Market participants advised to Buy Guar seed at 3810 for a target of 3900 with a stop loss at 3740 on closing basis.

Guar Seed Fundamental Analysis and Outlook:-

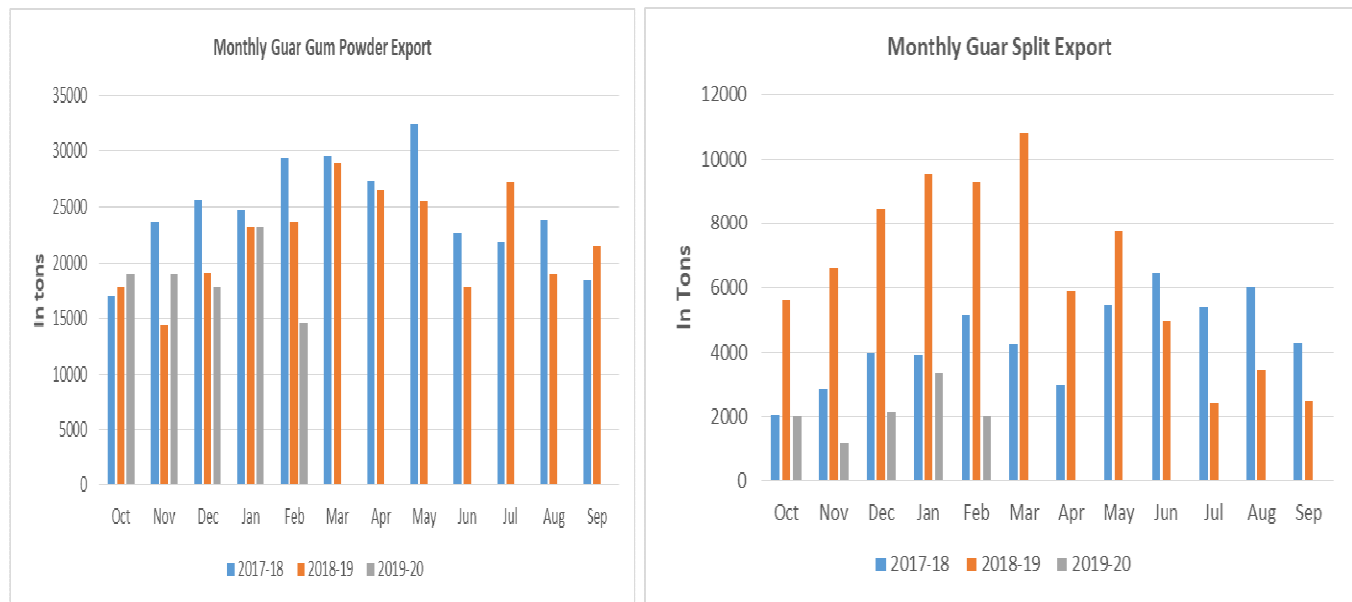
Domestic Front

- Average Guar seed prices declined during February 2020. All major spot markets witnessed weak sentiments. Overall arrivals were lower in February compared to last month. Decrease in arrivals were witnessed at most of the trading centers.
- In the month of February 2020, Guar seed monthly average prices declined by Rs. 300 per quintal compared to previous month and settled at Rs. 3813.04 per quintal. Dull trading activities in guar seed, in key markets kept the prices bearish during last month.
- Guar gum monthly average prices in February 2020 declined by Rs. 638 per quintal and settled at Rs. 6756 per quintal.
- According to second 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.

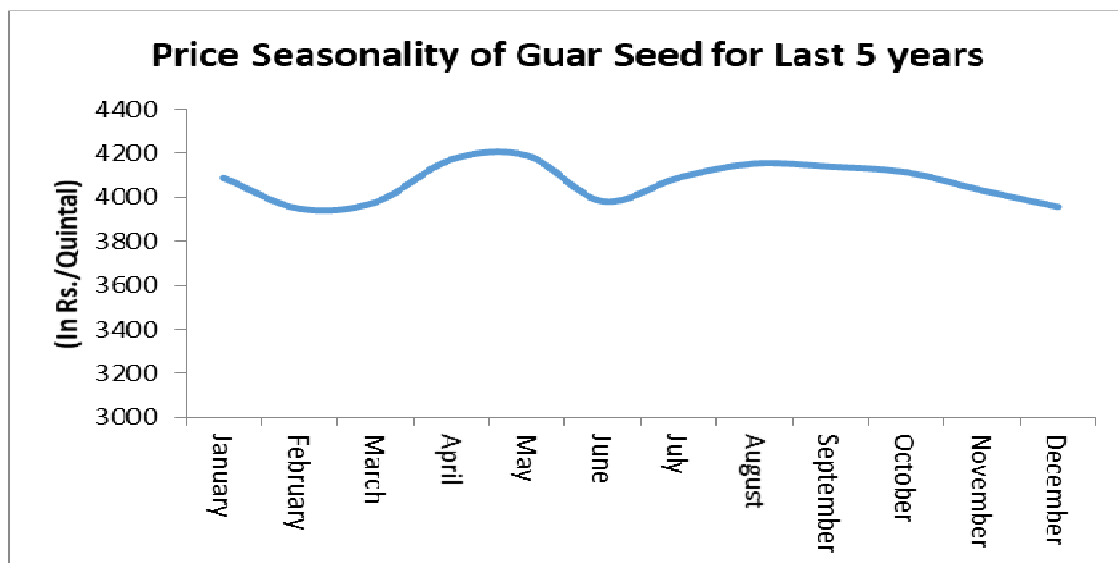
Export Scenario



On export front, guar gum demand has decreased in Feb 2020 as compared to previous month. India has exported 14598.22 tonnes of guar gum in the month of February-2020, lower by 37.02% compared to previous month and lower by 38.26% compared to February-2019.

Exports of guar split have declined in Feb month. India has exported 2020 tonnes of guar split in the month of February-2020, down by 40.59% compared to previous month and lower by 78.23% compared to February-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.

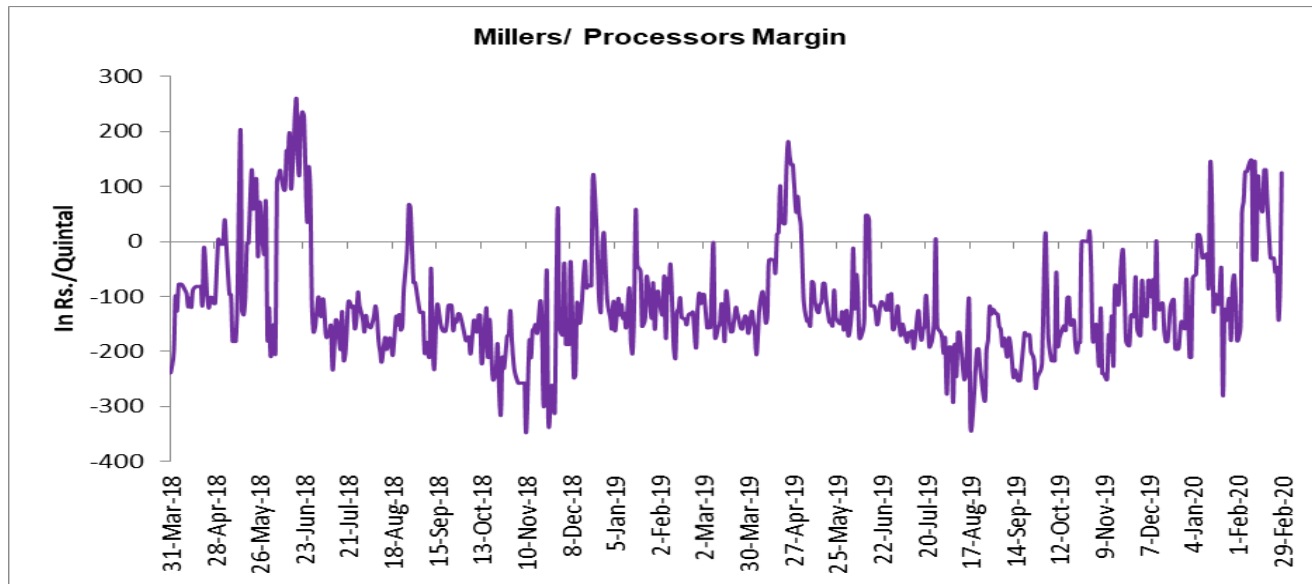
Domestic Guar Seed Supply & Demand Position

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.

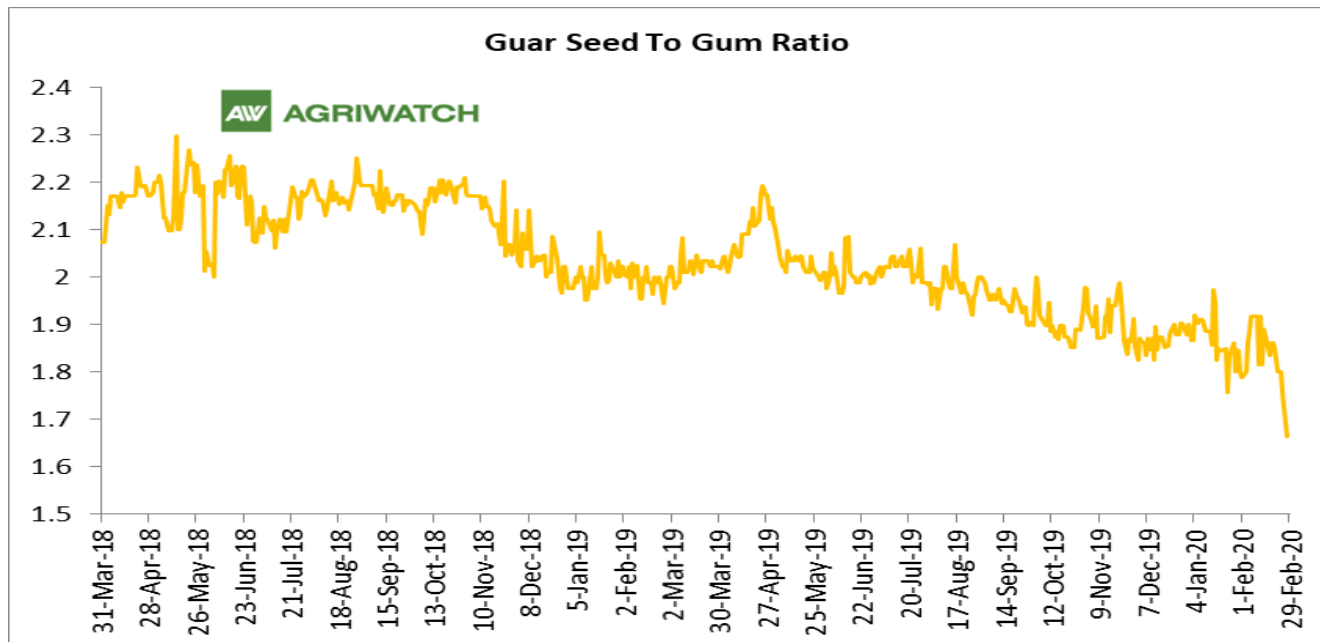
Millers/Processors Margin:

As seen in the chart, the average crush margin of guar seed has improved as compared to previous month. In the month of February 2020, average crush margin increased to Rs. 25.93/quintal compared to Rs. -77.36/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. Higher price trend of Korma has also supported margin to increase.



Guar Seed to Gum Ratio:

Ratio of guar seed to gum is almost same at 1.79 compared to last month. Overall, poor demand of gum from domestic markets has kept the overall ratio lower 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	3596	3693	3826	4080	4200
Monthly Trade Call			Call	Entry	T1	T2	SL
Guar Seed	NCDEX	C1	Buy	Above 3810	3900	4090	3740



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	5950	6020	6367	6750	6870
Monthly Trade Call			Call	Entry	T1	T2	SL
Guar Gum	NCDEX	C1	Buy	Above 6300	6500	6700	6150

Guar Seed & Gum Prices at Key Spot Markets

Guar by – Products Prices:				
Commodity	Centre	February,2020	January,2020	Change
Churi	Jodhpur	2052	2014	38
Korma	Jodhpur	2434	2402	32
Churi	Sri-Ganganagar	1848	1787	61
Korma	Sri-Ganganagar	2358	2301	57
Prices in Rs/75 Kg				

Guar Export Monthly Prices:				
Commodity	Variety	February,2020	January,2020	Change
Guargum Split		977	1058	-80
Guargum Powder	200 Mesh 5000 CPS	1257	1329	-72
	200 Mesh 3500 CPS	1187	1259	-72
Guargum Meal	40%	385	360	24
	50%	451	450	1
Prices in \$/MT				

Guar Seed Monthly Prices:					
Commodity	District	Centre	Monthly Prices (Rs/Qtl)		Change
Guar Seed			February,2020	January,2020	
Rajasthan	Jodhpur	Jodhpur (Loose)	3696	3971	-276
		Jodhpur(Delivery)	3880	4170	-289
	Sri-Ganganagar	Sri-Ganganagar(Loose)	3670	3863	-193
		Sri-Ganganagar (Delivery)	3820	4013	-193
		Rawla (Loose)	3594	3079	515
		Gharsana (Loose)	3662	2842	820
		Raisinghnagar (Loose)	3649	3465	184
	Bikaner	Bikaner (Loose)	3649	3880	-231
		Bikaner (Delivery)	3831	4074	-243
		Nokha(Loose)	3647	3821	-174
		Nokha (Delivery)	3830	4012	-182
		Khajuwala (Loose)	3640	3873	-233
		Khajuwala (Delivery)	3822	4067	-245

		Lunkaransar (Loose)	3593	3817	-224
	Hanumangarh	Hanumangarh (Loose)	3630	3659	-29
		Hanumangarh (Delivery)	3811	3842	-30
		Nohar (Loose)	3669	3855	-186
		Pilibanga (Loose)	3440	2169	1271
	Nagaur	Nagaur (Loose)	3674	3762	-88
	Churu	Churu (Delivery)	3842	3994	-152
	Alwar	Alwar (Loose)	3573	3742	-169
Haryana	Hisar	Adampur (Loose)	3687	3862	-175
		Adampur (Delivery)	3872	4055	-183
	Bhiwani	Bhiwani (Delivery)	3755	3928	-173
		Siwani (Loose)	3779	3978	-199
	Sirsa	Sirsa (Loose)	3708	3887	-179
		Dhabwali (Loose)	3660	3829	-169
		Dhabwali (Delivery)	3843	4020	-177
		Ellanabad (Loose)	#REF!	0	-
	Fatehabad	Fatehabad (Loose)	3613	3801	-188
Gujarat	Banaskantha	Deesa (Loose)	#REF!	672	-
	Patan	Patan (Loose)	3652	3753	-101
	Rajkot	Rajkot (Loose)	3578	3847	-270
	Jamnagar	Dhrol (Loose)	#REF!	1464	-
Madhya Pradesh	Gwalior	Dabra (Loose)	#REF!	0	-
Guar Gum					
Rajasthan	Jodhpur	Jodhpur	6757	7413	-656
	Alwar	Alwar	6846	7431	-585
	Hanumangarh	Nohar	7171	7792	-620
Haryana	Bhiwani	Bhiwani	6697	7351	-655
	Sirsa	Sirsa	6750	7368	-618
		Dhabwali	6740	7425	-685
		Ellanabad	#REF!	0	-
	Fatehabad	Fatehabad	6778	7456	-678

Guar Cumulative Arrivals in Key Centers:

Commodity	District	Centre	Monthly Arrivals (Quintals)		Change
			February,2020	January,2020	
Rajasthan	Jodhpur	Jodhpur	367	535	-168
	Sri-Ganganagar	Sri-Ganganagar	13500	11100	2400

		Rawla	8143	7339	804
		Gharsana	8571	6767	1804
		Raisinghnagar	6250	5500	750
	Bikaner	Bikaner	19300	23800	-4500
		Nokha	8425	19340	-10915
		Khajuwala	29000	13300	15700
		Lunkaransar	4400	10650	-6250
	Hanumangarh	Hanumangarh	1745	1215	530
		Nohar	5215	9560	-4345
		Pilibanga	1870	1457	413
	Nagaur	Nagaur	40	3510	-3470
	Churu	Churu	3500	12200	-8700
	Alwar	Alwar	1185	3250	-2065
Haryana	Hisar	Adampur	13750	13700	50
	Bhiwani	Bhiwani	3450	7450	-4000
		Siwani	7800	9650	-1850
	Sirsa	Sirsa	15850	19042	-3192
		Dhabwali	3725	3250	475
		Ellanabad	300	0	300
	Fatehabad	Fatehabad	1050	1680	-630
Gujarat	Banaskantha	Deesa		113	-113
	Patan	Patan	586	1079	-493
	Rajkot	Rajkot	530	1894	-1364
	Jamnagar	Dhrol		48	-48
Madhya Pradesh	Gwalior	Dabra		0	Unch
Total Arrivals/Above Markets			158552	187429	-28877

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