

Guar Monthly Research Report

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Executive Summary**Domestic Guar Seed Market Summary**

All India weekly average prices rose by 6.73 percent to Rs. 3345.71 per quintal during the week ended 30th Mar 2020. Guar seed (Cluster bean seeds) average price were ruling at Rs. 3134.60 per quintal during 16th March to 23rd March 2020. As compared to prices in the week 24-31 March 2019, the prices are lower by 14.71%. There is no major trading activity in Guar Gum complex due to lock down in India to prevent from spreading COVID-19. It is likely to continue until 14th April 2020.

Guar traders as well as millers are in view to fall in guar seed and gum prices from the current level in next month. Guar seed average prices declined by Rs 212 per quintal and closed at Rs 3626.47 per quintal in the previous month. Arrival of black guar have been reported in less quantity. Production is lower compared to last year. Lock down in India has limited any major trading activities. Currently, the coronavirus affected cases are rising which may cause to extend lock down period.

Currently, 12.74 cases in the world have been identified under Coronavirus impact where 69,501 people could not survive and 265,883 people were recovered. The outbreak has reached almost whole of the world. This has led to lockdown of various countries leading to breakdown of global supply chain of soybean. Many countries have imposed complete lock down to prevent from COVID-19.

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 38.27 percent compared to previous month. India exported around 14596.11 tonnes of guar gum at an average FoB of \$ 1685.40 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 64 to 664 as on 3rd April 2020 compared to 728 in last week and down by 361 compared to 4th April 2019. Total number of oilrigs was recorded at 3085 in March '20 compared to 5113 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 8600 quintal during March 2020 compared to previous month 13750 quintals.

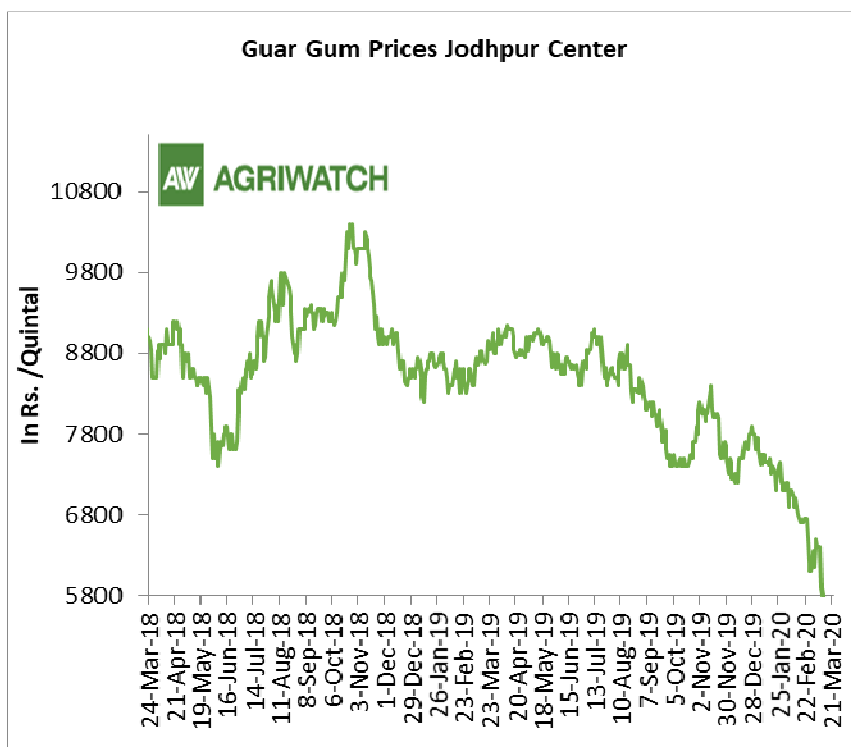
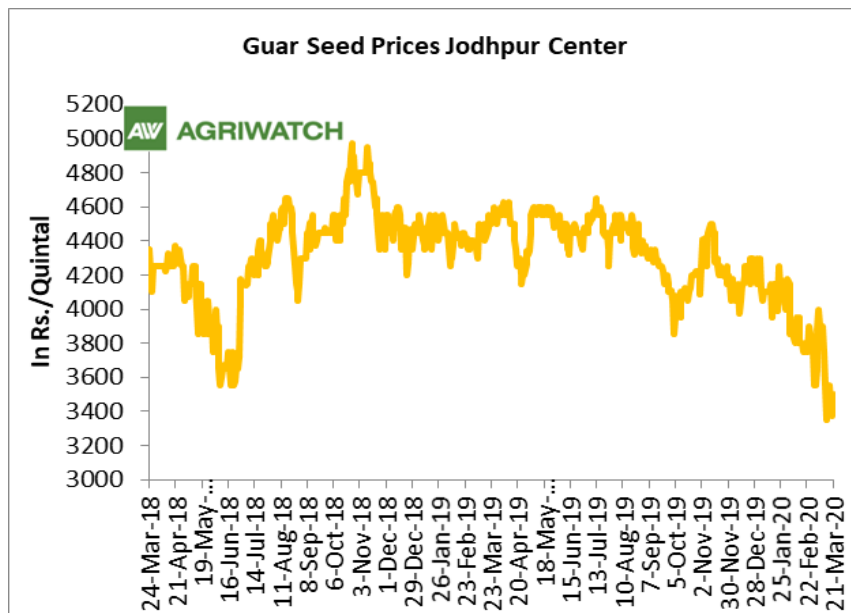
Recommendation:

Monthly Call - : Market participants advised to buy Guar seed at 3285 for a target of 3390 with a stop loss at 3200 on closing basis.

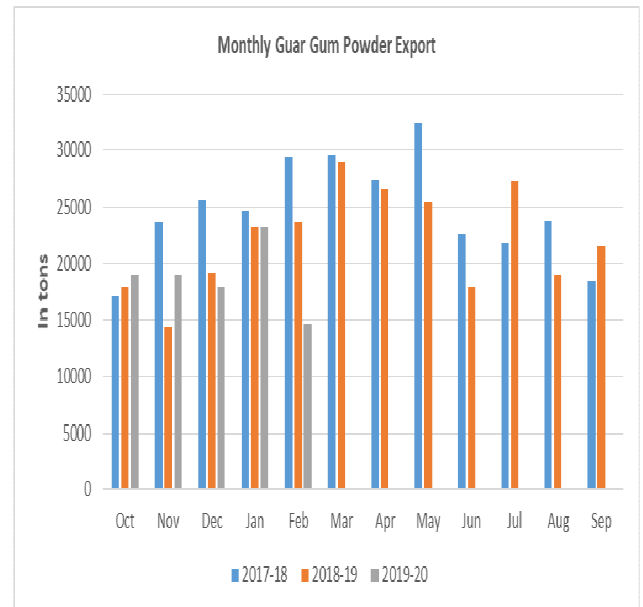
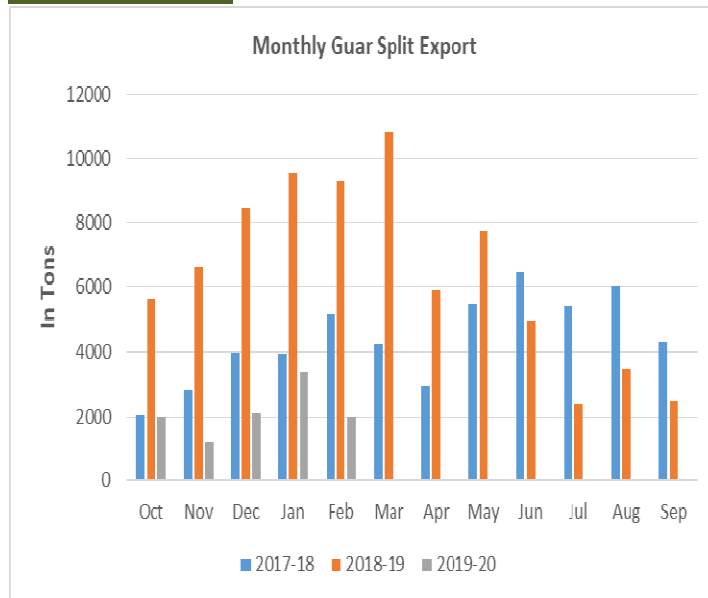
Guar Seed Fundamental Analysis and Outlook:-

Domestic Front

- Average Guar seed prices declined during March 2020. All major spot markets witnessed weak sentiments. Overall arrivals were also lower in March compared to last month. Decrease in arrivals were witnessed at most of the trading centers. However, trading activities were closed from 21st March 2020 and likely to continue until 14th April 2020 on account of lock down in India to prevent from COVID-19.
- In the month of March 2020, Guar seed monthly average prices declined by Rs. 212 per quintal compared to previous month and settled at Rs. 3626.47 per quintal. Dull trading activities in guar seed, in key markets kept the prices bearish during last month.
- Guar gum monthly average prices in March 2020 declined by Rs. 871.22 per quintal and settled at Rs. 5885.29 per quintal. There is no major trading activities after lock down in India.
- 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.



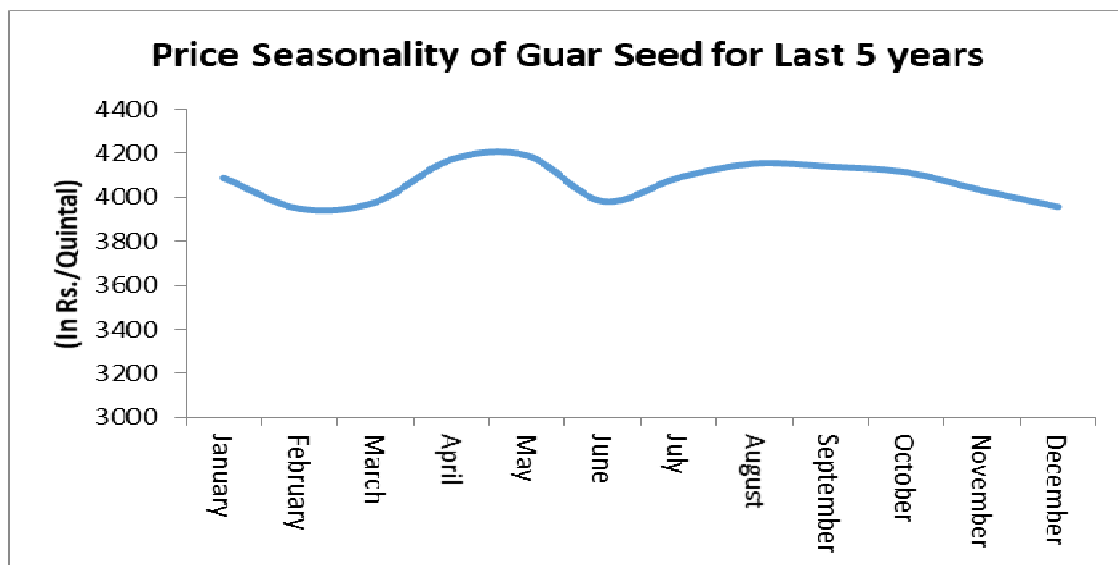
Export Scenario



On export front, guar gum demand has decreased in Feb 2020 as compared to previous month. India has exported 14596.11 tonnes of guar gum in the month of February-2020, lower by 37.03% compared to previous month and lower by 38.27% 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.

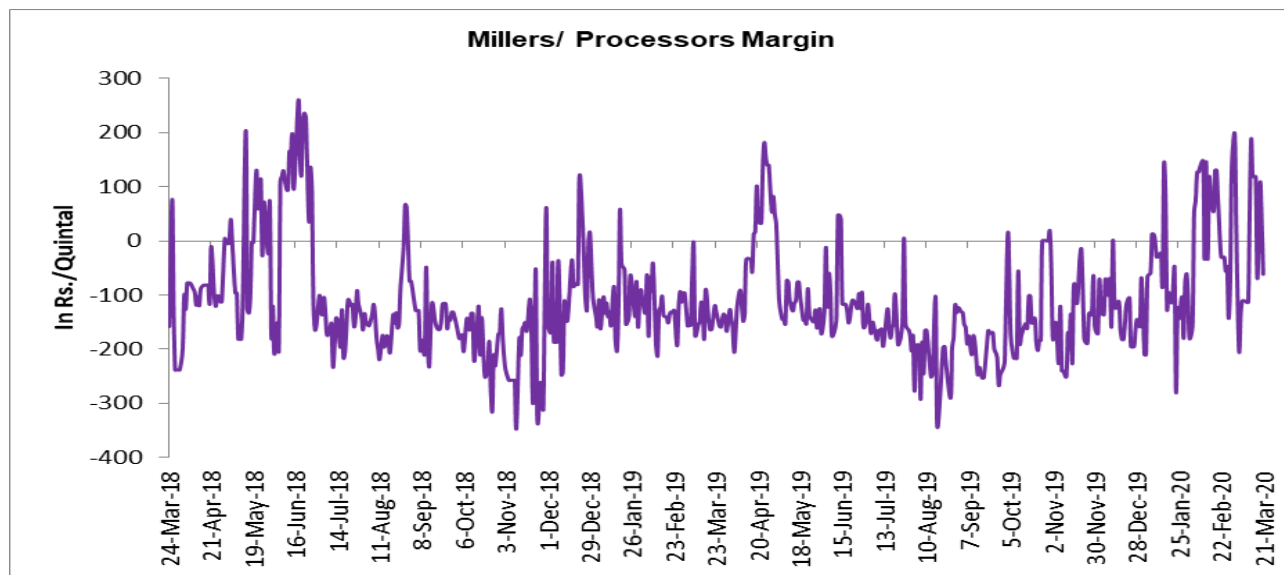
Domestic Guar Seed Supply & Demand Position

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:

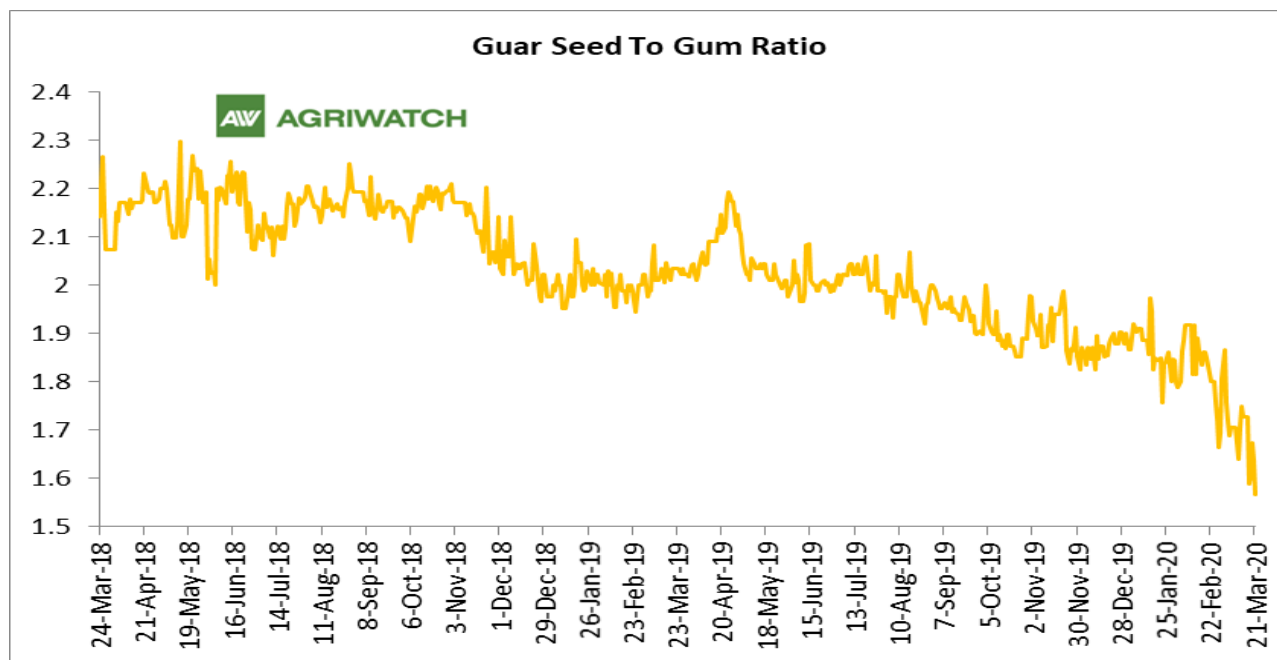
As seen in the chart, the average crush margin of guar seed has declined as compared to previous month. In the month of March 2020, average crush margin declined to Rs. -3.15/quintal compared to Rs. 25.93/quintal in last



month. Fall in prices of Churi have declined the total return and increased the total cost, which has caused the margin to fall as compared to last month. Lower price trend of Korma has also affected margin to decline.

Guar Seed to Gum Ratio:

Ratio of guar seed to gum is lower at 1.69 compared to last month i.e.1.81. Overall, poor demand of gum from domestic markets has kept the overall ratio lower side.



Technical Analysis (Guar Seed)

Commodity: Guar Seed

Exchange: NCDEX



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	3166	3200	3320	3436	3529
Monthly Trade Call			Call	Entry	T1	T2	SL
Guar Seed	NCDEX	C1	Buy	Above 3285	3390	3420	3200



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	4736	4884	5059	5366	5562
Monthly Trade Call			Call	Entry	T1	T2	SL
Guar Gum	NCDEX	C1	Buy	Above 5000	5150	5220	4900

Guar Seed & Gum Prices at Key Spot Markets

Guar by – Products Prices:				
Commodity	Centre	March,2020	February,2020	Change
Churi	Jodhpur	2068	2052	16
Korma	Jodhpur	2462	2434	28
Churi	Sri-Ganganagar	1865	1848	18
Korma	Sri-Ganganagar	2361	2358	3
Prices in Rs/75 Kg				

Guar Export Monthly Prices:				
Commodity	Variety	March,2020	February,2020	Change
Guargum Split		837	977	-141
Guargum Powder	200 Mesh 5000 CPS	1106	1257	-151
	200 Mesh 3500 CPS	1039	1187	-148
Guargum Meal	40%	385	385	0
	50%	440	451	-11
Prices in \$/MT				

Guar Seed Monthly Prices:					
Commodity	District	Centre	Monthly Prices (Rs/Qtl)		Change
Guar Seed			March,2020	February,2020	
Rajasthan	Jodhpur	Jodhpur (Loose)	3440	3696	-256
		Jodhpur(Delivery)	3612	3880	-268
	Sri-Ganganagar	Sri-Ganganagar(Loose)	3339	3670	-331
		Sri-Ganganagar (Delivery)	3489	3820	-331
		Rawla (Loose)	969	3594	-2624
		Gharsana (Loose)	1871	3662	-1791
		Raisinghnagar (Loose)	1772	3649	-1877
	Bikaner	Bikaner (Loose)	3419	3649	-229
		Bikaner (Delivery)	3590	3831	-241
		Nokha(Loose)	3425	3647	-222
		Nokha (Delivery)	3597	3830	-233
		Khajuwala (Loose)	3390	3640	-250
		Khajuwala (Delivery)	3560	3822	-263
		Lunkaransar (Loose)	3377	3593	-216
	Hanumangarh	Hanumangarh (Loose)	3334	3630	-296

		Hanumangarh (Delivery)	3500	3811	-311
		Nohar (Loose)	3432	3669	-237
		Pilibanga (Loose)	3347	3440	-93
	Nagaur	Nagaur (Loose)	3313	3674	-361
	Churu	Churu (Delivery)	-	3842	-
	Alwar	Alwar (Loose)	3450	3573	-123
Haryana	Hisar	Adampur (Loose)	3399	3687	-288
		Adampur (Delivery)	3569	3872	-303
	Bhiwani	Bhiwani (Delivery)	3472	3755	-283
		Siwani (Loose)	3489	3779	-290
	Sirsa	Sirsa (Loose)	3408	3708	-300
		Dhabwali (Loose)	3358	3660	-302
		Dhabwali (Delivery)	3526	3843	-317
		Ellanabad (Loose)	3370	-	-
	Fatehabad	Fatehabad (Loose)	3262	3613	-352
Gujarat	Banaskantha	Deesa (Loose)	-	-	-
	Patan	Patan (Loose)	1910	3652	-1742
	Rajkot	Rajkot (Loose)	1018	3578	-2559
	Jamnagar	Dhrol (Loose)	252	-	-
Madhya Pradesh	Gwalior	Dabra (Loose)	-	-	-
Guar Gum					
Rajasthan	Jodhpur	Jodhpur	5817	6757	-940
	Alwar	Alwar	#DIV/0!	6846	-
	Hanumangarh	Nohar	6027	7171	-1145
Haryana	Bhiwani	Bhiwani	5714	6697	-982
	Sirsa	Sirsa	5766	6750	-984
		Dhabwali	5763	6740	-977
		Ellanabad	5821	-	-
	Fatehabad	Fatehabad	5648	6778	-1130

Guar Cumulative Arrivals in Key Centers:					
Commodity	District	Centre	Monthly Arrivals (Quintals)		Change
Guar Seed			February,2020	January,2020	
Rajasthan	Jodhpur	Jodhpur	50	367	-317
	Sri-Ganganagar	Sri-Ganganagar	5250	13500	-8250
		Rawla	898	8143	-7245
		Gharsana	1560	8571	-7011
		Raisinghnagar	1217	6250	-5033
	Bikaner	Bikaner	5350	19300	-13950
		Nokha	3850	8425	-4575
		Khajuwala	5700	29000	-23300
		Lunkaransar	1940	4400	-2460
	Hanumangarh	Hanumangarh	485	1745	-1260
		Nohar	2490	5215	-2725
		Pilibanga	1245	1870	-625
	Nagaur	Nagaur	420	40	380
	Churu	Churu	-	3500	-3500
	Alwar	Alwar	78	1185	-1107
Haryana	Hisar	Adampur	8600	13750	-5150
	Bhiwani	Bhiwani	1800	3450	-1650
		Siwani	5350	7800	-2450
	Sirsa	Sirsa	3750	15850	-12100
		Dhabwali	1900	3725	-1825
		Ellanabad	1680	300	1380
	Fatehabad	Fatehabad	150	1050	-900
Gujarat	Banaskantha	Deesa	-	-	-
	Patan	Patan	167	586	-419
	Rajkot	Rajkot	500	530	-30
	Jamnagar	Dhrol	2	-	-
Madhya Pradesh	Gwalior	Dabra	-	-	-
Total Arrivals/Above Markets			54432	158552	-104120



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