

Guar Monthly Research Report

Contents

- ❖ Executive Summary
- ❖ Recommendations
- ❖ Domestic Market Fundamentals
- ❖ Export Scenario
- ❖ Price Seasonality of Guar Seed
- ❖ Domestic Guar Seed Supply & Demand Situation
- ❖ Processing Margins (Monthly)
- ❖ Technical Analysis (Futures Market)
- ❖ Monthly Guar Seed & Gum Prices at Key Spot Markets

Executive Summary**Domestic Guar Seed Market Summary**

No major trade activities happened in the major market yard with some exception in Lunkarnsar-Bikaner and Siwani-Bhiwani with limited volume during the month under review. Lower volume trade is attributed to the fall in demand attributed to the COVID-19 concerns including ongoing nationwide lockdown and fall in crude demand across the globe.

The all India guar market prices were not available for month on month and year on year comparison as the guar was not quoted in most of the key market yards during the period under review.

As per data released by Baker Hughes, the number of oilrigs in USA has lowered by 34 to 374 as on 08th May 2020 compared to 408 in last week and down by 614 compared to 10th May 2019. Total number of oilrigs was recorded at 2260 in April'20 compared to 4050 in the corresponding period in last year. Hence, fall in India's guar gum exports.

Export of guar split has improve in the month of March-20. Exports in the month of March-20 are lower by around 54% compared to previous month. India exported around 3120 tonnes of guar split in the month of March-20 at an average FoB of \$ 1194 per tonne. Of the total quantity, around 2500 tonnes have been exported to China.

Export of guar gum has declined in the month of March-20 by 5 percent compared to previous month. India exported around 13820 tonnes of guar gum at an average FoB of \$ 1815 per tonne in the month of Marxh-20 compared to 14596 tonnes in February-20 at an average FoB of \$ 1685.4 per tonne. Of the total 4043 tonnes have been exported to USA. Exports are expected to decline in April-20 on weak demand in overseas markets.

Previous Updates:

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.

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.

Recommendation:

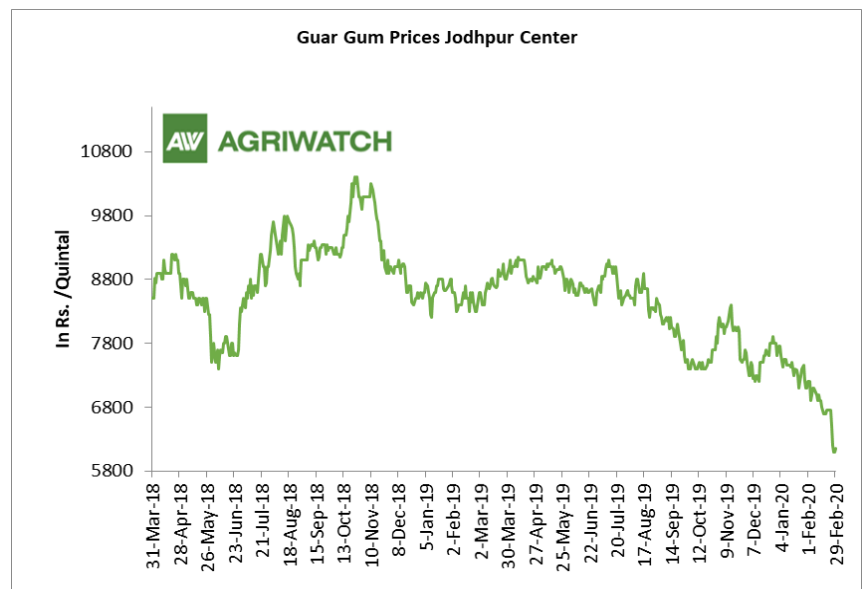
Monthly Call - : Market participants advised to Buy Guar seed at above 3500 for a target of 3700 with a stop loss at 3380 on closing basis.

- ***Please note: Ratio, Margin and few price charts are same as previous month as the prices were not available due to the nationwide COVID-19 lockdown.**

Guar Seed Fundamental Analysis and Outlook:-

Domestic Front

- The major guar cash markets remained closed in the month of April some trade happened in Lunkarnsar, Bikaner and Siwani, Bhiwani cash market yards, but the volume was minuscule.
- Guar seed prices were not quoted in the month of April'20 for markets closed after 21st of March'20, the monthly average prices in the month till 21st March stood at Rs. 3440 per quintal.
- Guar gum monthly prices in April 2020 were not quoted due to the COVID-19 lockdown while it was quoted at average of Rs. 5817 per quintal in March'20 when it was last traded till 21st of March and markets closed thereafter.
- 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.



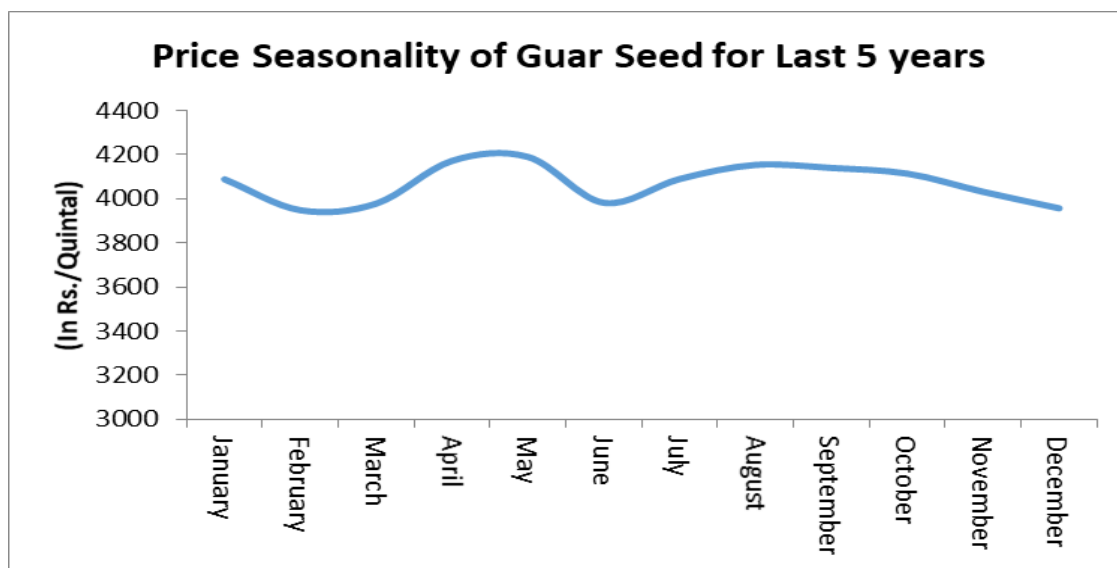
Export Scenario



On export front, guar gum demand has decreased in March 2020 as compared to previous month. India has exported 13820 tonnes of guar gum in the month of March-2020, lower by 5.32% compared to previous month and lower by 52% compared to February-2019.

Exports of guar split have declined in March month. India has exported 3120 tonnes of guar split in the month of March-2020, up from 54.46% compared to previous month and lower by 71% compared to March-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.

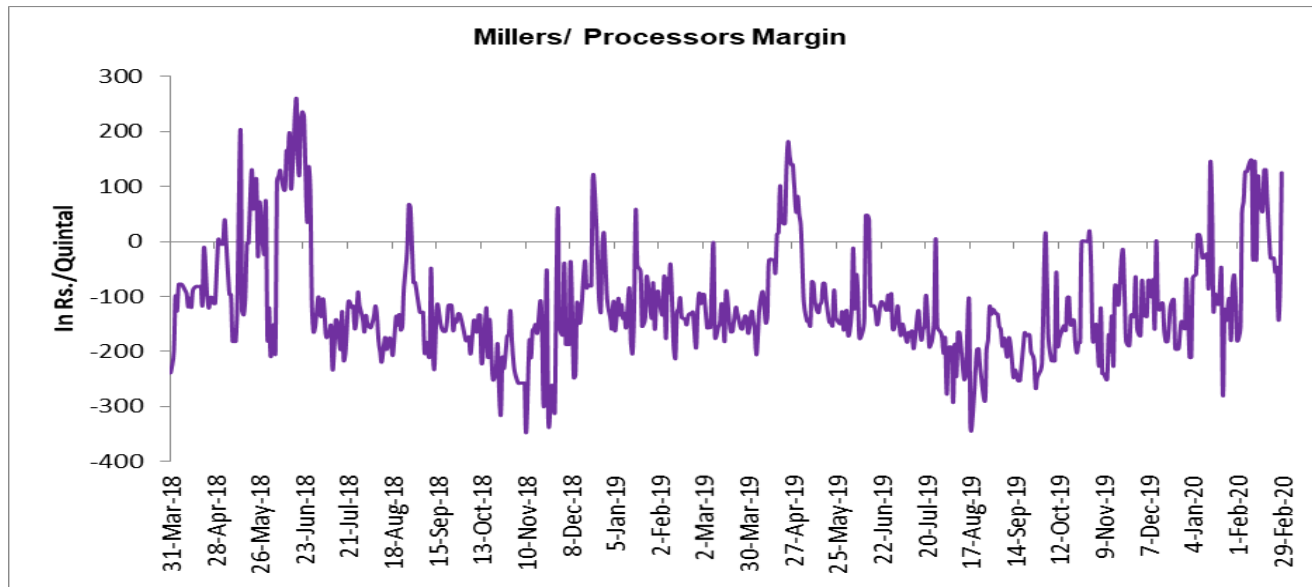
Domestic Guar Seed Supply & Demand Position

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.

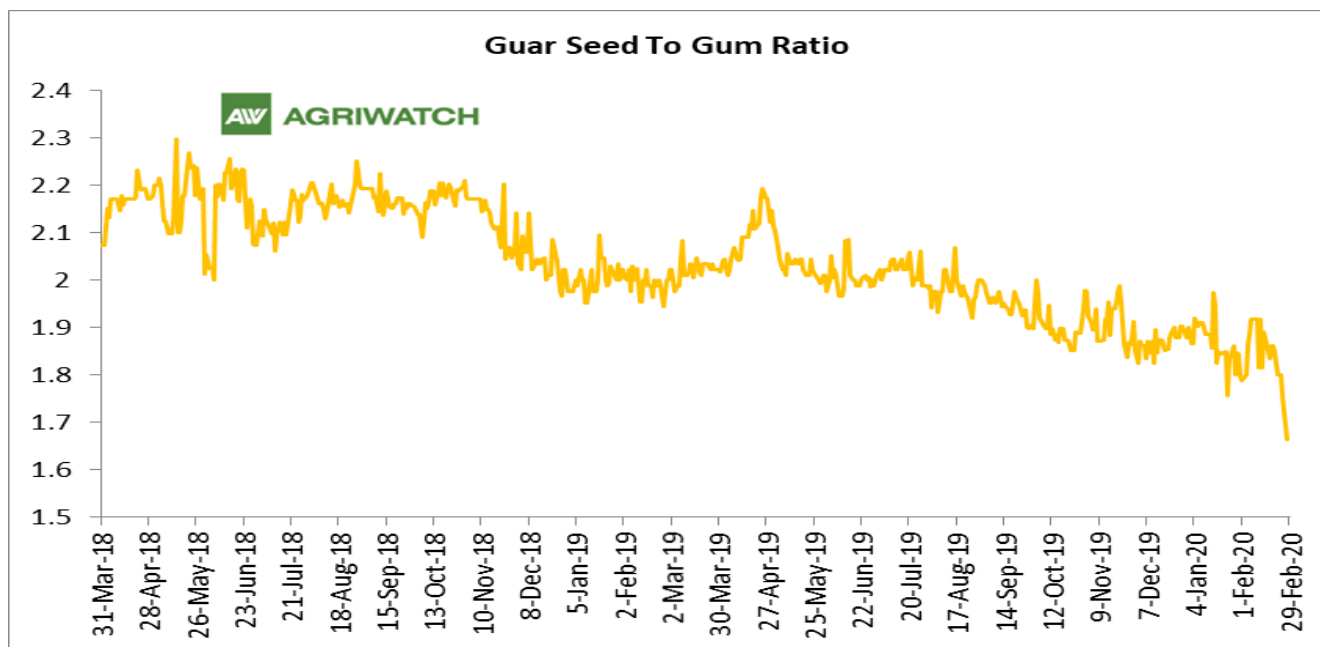
Millers/Processors Margin:

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 (Technical Chart)



Technical Commentary:

- Rise in price and volume indicates long build up phase.
- Prices closed above 40 day EMA.
- RSI and stochastic are moving upwards in the neutral region.

Strategy: Buy

Monthly Supports & Resistances			S1	S2	PCP	R1	R2
Guar Seed	NCDEX	Jun	3200	3150	3506	3850	3900
Monthly Trade Call			Call	Entry	T1	T2	SL
Guar Seed	NCDEX	Jun	Buy	Above 3500	3700	3750	3380

Technical Analysis (Guar Gum)

Commodity: Guar Gum
Exchange: NCDEX

Guar Gum (Technical Chart)



Technical Commentary:

- Rise in price and volume indicates long build up.
- Prices closed above 40 day EMA.
- RSI and stochastic are moving upwards in the neutral region.

Strategy: Buy

Monthly Supports & Resistances			S1	S2	PCP	R1	R2
Guar Gum	NCDEX	Jun	5000	4800	5337	6100	6300
Monthly Trade Call			Call	Entry	T1	T2	SL
Guar Gum	NCDEX	Jun	Buy	Above 5300	5500	5600	5180

Guar Seed & Gum Prices at Key Spot Markets

Guar by – Products Monthly Average Prices:

Commodity	Centre	April,2020	March,2020	Change
-----------	--------	------------	------------	--------



Churi	Jodhpur	2379	2068	311
Korma	Jodhpur	2613	2462	150
Churi	Sri-Ganganagar	2206	1865	341
Korma	Sri-Ganganagar	2541	2361	180
Prices in Rs/75 Kg				

Guar Export Monthly Average Prices:				
Commodity	Variety	April,2020	March,2020	Change
Guargum Split		Closed	837	-
Guargum Powder	200 Mesh 5000 CPS	Closed	1106	-
	200 Mesh 3500 CPS	Closed	1039	-
Guargum Meal	40%	Closed	385	-
	50%	Closed	440	-
Prices in \$/MT				

Guar Seed Prices at Key Spot Markets:					
Commodity	District	Centre	Prices (Rs/Qtl)		Change
Guar Seed			30-Apr-20	31-Mar-20	
Rajasthan	Jodhpur	Jodhpur (Loose)	Closed	Closed	-
		Jodhpur(Delivery)	Closed	Closed	-
	Sri-Ganganagar	Sri-Ganganagar(Loose)	Closed	Closed	-
		Sri-Ganganagar (Delivery)	Closed	Closed	-
		Rawla (Loose)	Closed	Closed	-
		Gharsana (Loose)	Closed	Closed	-
		Raisinghnagar (Loose)	Closed	Closed	-
	Bikaner	Bikaner (Loose)	Closed	Closed	-
		Bikaner (Delivery)	Closed	Closed	-
		Nokha(Loose)	Closed	Closed	-
		Nokha (Delivery)	Closed	Closed	-
		Khajuwala (Loose)	Closed	Closed	-
		Khajuwala (Delivery)	Closed	Closed	-
		Lunkaransar (Loose)	3450	Closed	-

	Hanumangarh	Hanumangarh (Loose)	Closed	Closed	-
		Hanumangarh (Delivery)	Closed	Closed	-
		Nohar (Loose)	Closed	NR	-
		Pilibanga (Loose)	Closed	Closed	-
	Nagaur	Nagaur (Loose)	Closed	Closed	-
	Churu	Churu (Delivery)	Closed	NA	-
	Alwar	Alwar (Loose)	Closed	NA	-
Haryana	Hisar	Adampur (Loose)	Closed	Closed	-
		Adampur (Delivery)	Closed	Closed	-
	Bhiwani	Bhiwani (Delivery)	Closed	Closed	-
		Siwani (Loose)	Closed	Closed	-
	Sirsa	Sirsa (Loose)	Closed	Closed	-
		Dhabwali (Loose)	Closed	Closed	-
		Dhabwali (Delivery)	Closed	Closed	-
		Ellanabad (Loose)	Closed	Closed	-
	Fatehabad	Fatehabad (Loose)	Closed	Closed	-
Gujarat	Banaskantha	Deesa (Loose)	Closed	Closed	-
	Patan	Patan (Loose)	Closed	Closed	-
	Rajkot	Rajkot (Loose)	Closed	Closed	-
	Jamnagar	Dhrol (Loose)	Closed	Closed	-
Madhya Pradesh	Gwalior	Dabra (Loose)	Closed	Closed	-
Guar Gum					
Rajasthan	Jodhpur	Jodhpur	Closed	Closed	-
	Alwar	Alwar	NA	NA	-
	Hanumangarh	Nohar	NR	NR	-
Haryana	Bhiwani	Bhiwani	NA	Closed	-
	Sirsa	Sirsa	Closed	Closed	-
		Dhabwali	Closed	Closed	-
		Ellanabad	NR	NR	-
	Fatehabad	Fatehabad	Closed	Closed	-

Guar Seed Arrivals in Key Centers					
Commodity	District	Centre	Arrivals (Quintals)		Change
Guar Seed			30-Apr-20	31-Mar-20	
Rajasthan	Jodhpur	Jodhpur	Closed	Closed	-
	Sri-Ganganagar	Sri-Ganganagar	NA	Closed	-
		Rawla	0	0	Unch
		Gharsana	0	0	Unch
		Raisinghnagar	0	0	Unch

	Bikaner	Bikaner	NA	Closed	-
		Nokha	NA	Closed	-
		Khajuwala	NA	Closed	-
		Lunkaransar	100	Closed	-
	Hanumangarh	Hanumangarh	NA	Closed	-
		Nohar	NR	NR	-
		Pilibanga	Closed	Closed	-
	Nagaur	Nagaur	Closed	Closed	-
	Churu	Churu	NA	NA	-
	Alwar	Alwar	NA	NA	-
Haryana	Hisar	Adampur	Closed	Closed	-
	Bhiwani	Bhiwani	NA	Closed	-
		Siwani	Closed	closed	-
	Sirsa	Sirsa	Closed	Closed	-
		Dhabwali	Closed	Closed	-
		Ellanabad	NR	NR	-
	Fatehabad	Fatehabad	Closed	Closed	-
Gujarat	Banaskantha	Deesa	NA	NA	-
	Patan	Patan	NA	NA	-
	Rajkot	Rajkot	NA	NA	-
	Jamnagar	Dhrol	NA	NA	-
Madhya Pradesh	Gwalior	Dabra	NA	NA	-
Total Arrivals/Above Markets			100	0	0

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/disclaimer.php> © 2019 Indian Agribusiness Systems Ltd.