

Guar Monthly Research Report

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Executive Summary**Domestic Guar Seed Market Summary**

Guar witnessed fall on increased supplies and poor domestic and overseas demand for its products.

However, nationwide relaxation in lockdown have raised hope of fresh demand in coming days.

Few more markets of Rajasthan, Haryana and Gujarat have opened which remained closed during lockdown, since third week of March'20.

However, volume of trade remained thin due to weak domestic and overseas demand of the guar products.

As per data released by Baker Hughes, the number of oilrigs in USA has lowered by 5 to 279 as on 12th June 2020 compared to 284 last week and down by 690 compared to 14th June 2019. Total number of oilrigs was recorded at 1740 in May'20 compared to 4932 in the corresponding period in last year. Hence, fall in India's guar gum exports.

Export of guar gum have further declined in the month of April-20 by 32 percent compared to previous month. India exported around 9437 tonnes of guar gum at an average FoB of \$ 1599 per tonne in the month of April-20 compared to 13820 tonnes in March-20 at an average FoB of \$ 1815 per tonne. Of the total 2266 tonnes have been exported to Germany. Exports are expected to decline in May-20 on weak demand in overseas markets.

Export of guar split have improved in the month of April-20. Exports in the month of April-20 are up by around 177% compared to previous month. India exported around 8640 tonnes of guar split in the month of April-20 at an average FoB of \$ 985 per tonne. Of the total quantity, around 7920 tonnes have been exported to China.

Previous Updates:

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 March-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.

Recommendation:

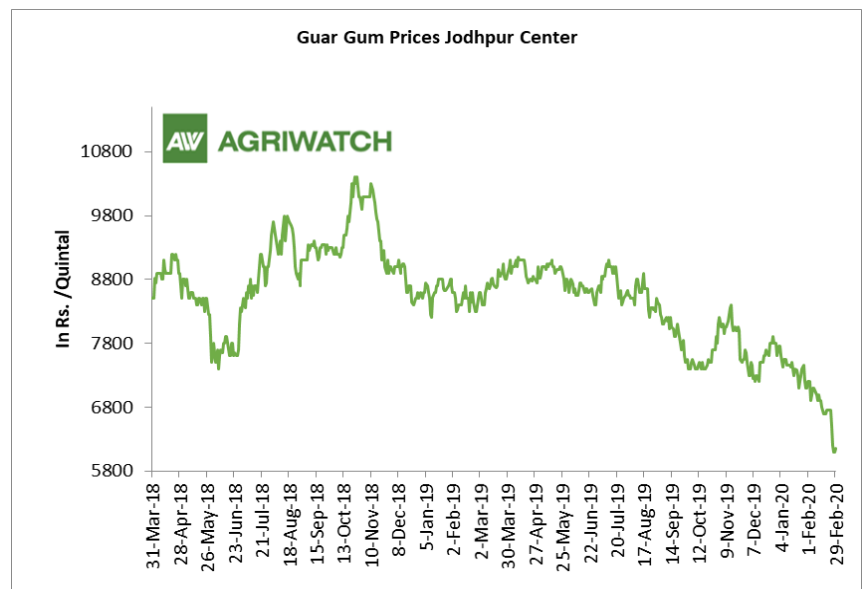
Weekly Call- : Market participants are advised to BUY Guar seed future July contract above 3550 levels for a target of 3650 with a stop loss at 3490.

- ***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.**

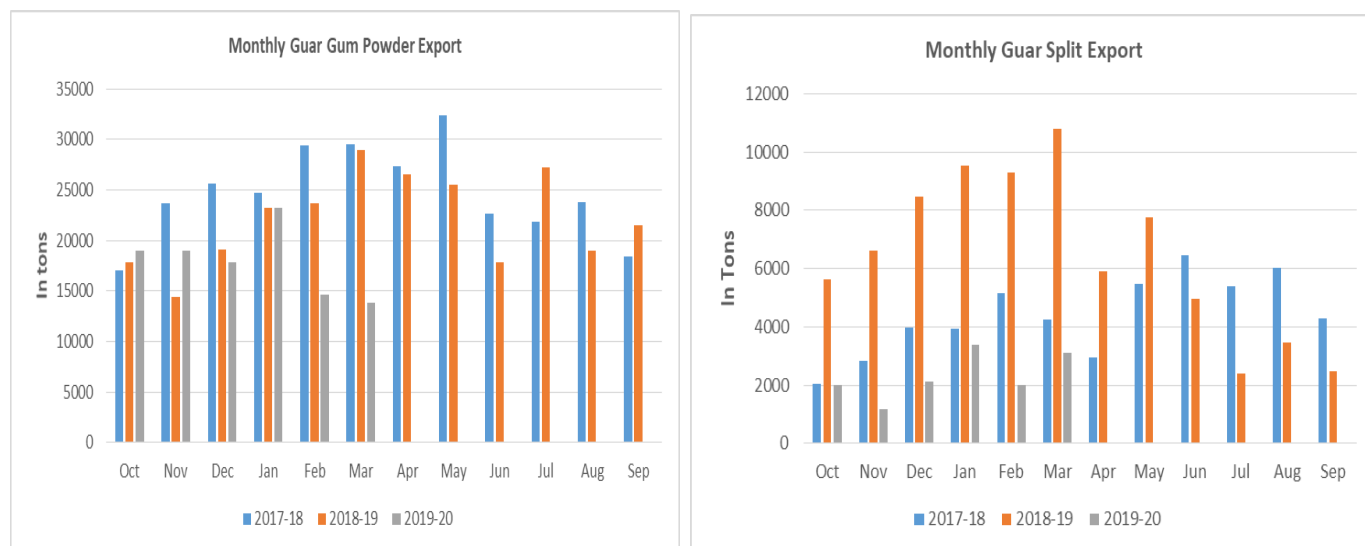
Guar Seed Fundamental Analysis and Outlook:-

Domestic Front

- Several guar seed cash market yards opened after lockdown relaxation in the month of May and early June which remained closed for more than a couple of months after the announcement of COVID-19 lockdown.
- This have increased the seed supplies in the market.
- Guar seed prices in Jodhpur were quoted between Rs 3400-3600 per quintal, last week of May and first week of June, after the Jodhpur market.
- Similarly guar gum monthly prices were quoted between Rs 5400 – 5600 per quintal during the same period.
- 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.



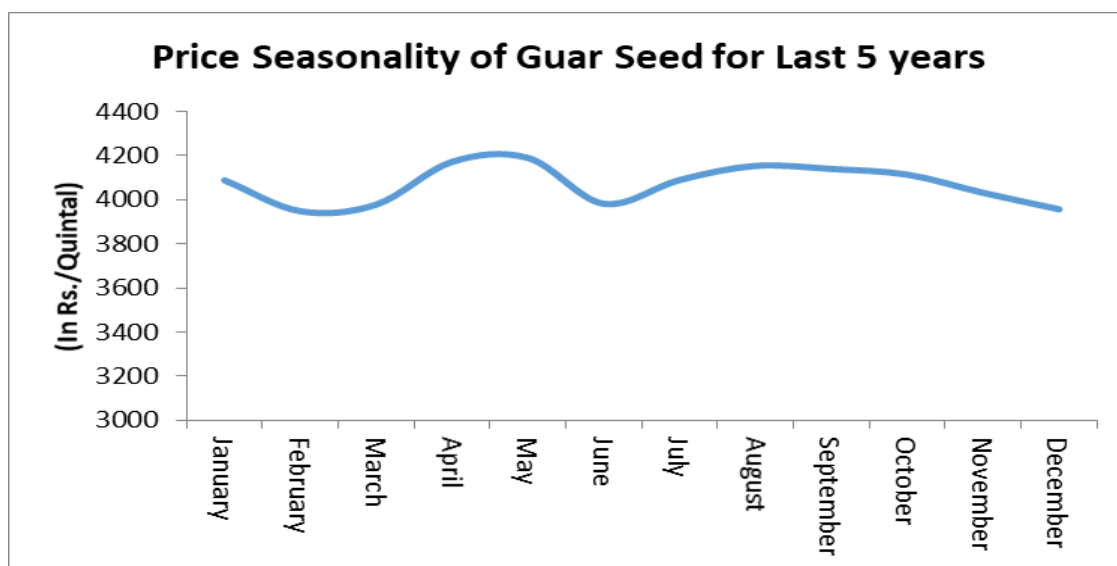
Export Scenario



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.

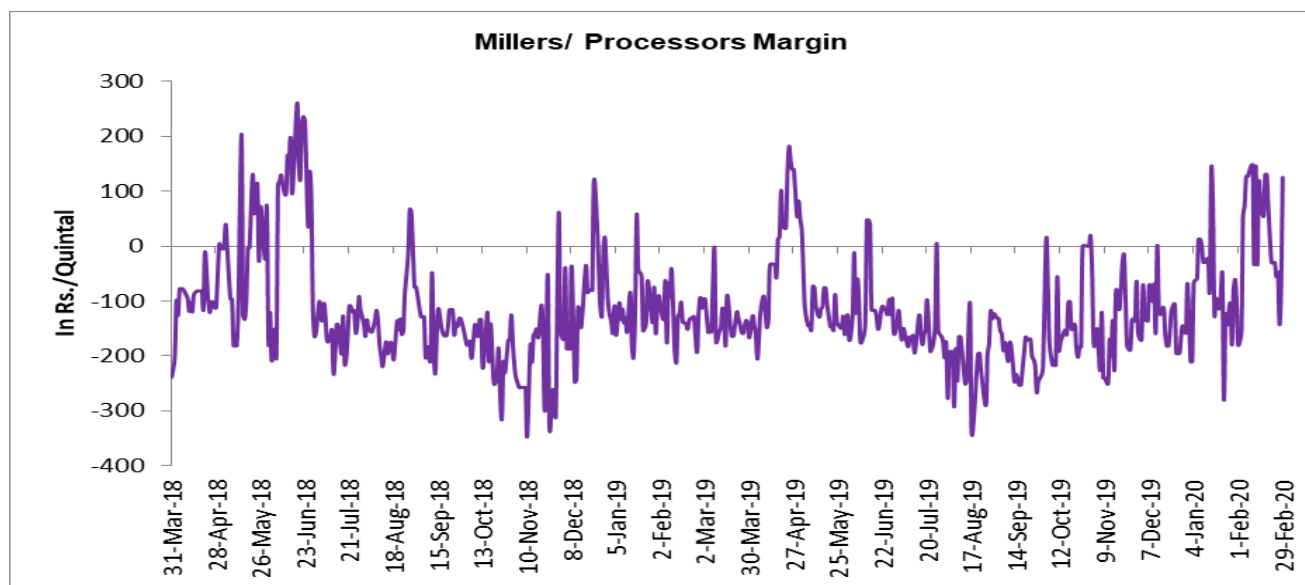
Domestic Guar Seed Supply & Demand Position

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.

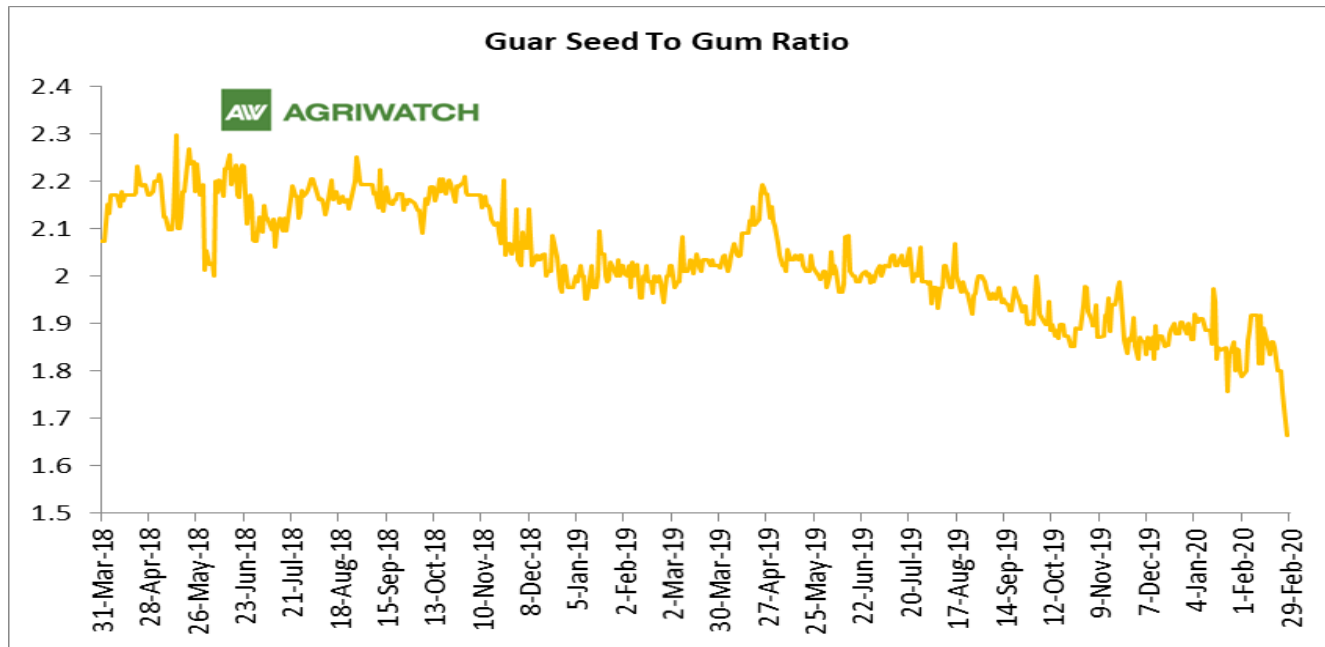
Millers/Processors Margin:

Please note, the processors' margin chart is not updated after Feb'20 due to the absence of prices on COVID-19 lockdown. 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:

- Guar seed prices closed below previous month's close.
- 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	3300	3100	3567	3800	3950
Monthly Trade Call			Call	Entry	T1	T2	SL
Guar Seed	NCDEX	Jun	Buy	3550	3650	3700	3490

Technical Analysis (Guar Gum)

Commodity: Guar Gum
Exchange: NCDEX

Guar Gum (Technical Chart)



Technical Commentary:

- Guar gum witnessed side-ways movement and ended below previous month's level.
- 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	Jul	4800	4700	5221	6200	6400
Monthly Trade Call			Call	Entry	T1	T2	SL
Guar Gum	NCDEX	Jul	Buy	Above 5100	5600	5700	4800

Guar Seed & Gum Prices at Key Spot Markets

Guar Seed Stock Position & EDD:				
Stocks	Demat	In-Process	Total	EDD
	30-May-20	30-May-20	30-May-20	30-Apr-20
Bikaner	8276	0	8276	8089
Deesa	0	0	0	0
Sri Ganganagar	2168	0	2168	1576
Jodhpur	0	0	0	0
Nokha	0	0	0	366

Guar Gum Stock Position & EDD:				
Stocks	Demat	In-Process	Total	EDD
	30-May-20	30-May-20	30-May-20	30-Apr-20
Deesa	0	0	0	0
Bikaner	1616	100	1716	2057
Jodhpur	1960	0	1960	2966
Nokha	958	0	958	1384
Sri Ganganagar	1275	10	1285	2821

Churi and Korma Prices:		30-May-20
Commodity	Center	Rs./75 kg.
Churi	Jodhpur	2300
Korma	Jodhpur	2681
Churi	Sri Ganganagar	2100
Korma	Sri Ganganagar	2625

Guar Export Prices:		30-May-20	30-May-20
	Variety	Value (Rs/Kg)	Value (\$/MT)
Guargum/Split (Mundra Port)		55	729
Guargum Powder	200 Mesh 5000 CPS	75	994
	200 Mesh 3500 CPS	70	927
Guargum Meal	Meal 40%	30	397
	Meal 50%	35	464

Guar Seed Prices at Key Spot Markets:
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Commodity	District	Centre	Prices (Rs/Qtl)		Change
			30-May-20	30-Apr-20	
Guar Seed					
Rajasthan	Jodhpur	Jodhpur (Loose)	3350	Closed	-
		Jodhpur(Delivery)	3518	Closed	-
	Sri-Ganganagar	Sri-Ganganagar(Loose)	NA	NA	-
		Sri-Ganganagar (Delivery)	NA	NA	-
		Rawla (Loose)	NR	0	-
		Gharsana (Loose)	NR	0	-
		Raisinghnagar (Loose)	NA	0	-
	Bikaner	Bikaner (Loose)	3270	NA	-
		Bikaner (Delivery)	3434	NA	-
		Nokha(Loose)	NA	NA	-
		Nokha (Delivery)	NA	NA	-
		Khajuwala (Loose)	3200	NA	-
		Khajuwala (Delivery)	3360	NA	-
		Lunkaransar (Loose)	3350	3450	-100
	Hanumangarh	Hanumangarh (Loose)	NA	NA	-
		Hanumangarh (Delivery)	NA	NA	-
		Nohar (Loose)	NR	NR	-
		Pilibanga (Loose)	0	Closed	-
	Nagaur	Nagaur (Loose)	NA	Closed	-
	Churu	Churu (Delivery)	NA	NA	-
	Alwar	Alwar (Loose)	NA	NA	-
Haryana	Hisar	Adampur (Loose)	3360	Closed	-
		Adampur (Delivery)	3528	Closed	-
	Bhiwani	Bhiwani (Delivery)	NA	NA	-
		Siwani (Loose)	3500	Closed	-
	Sirsa	Sirsa (Loose)	NA	Closed	-
		Dhabwali (Loose)	NA	Closed	-
		Dhabwali (Delivery)	NA	Closed	-
		Ellanabad (Loose)	NR	NR	-
	Fatehabad	Fatehabad (Loose)	3300	Closed	-
Gujarat	Banaskantha	Deesa (Loose)	NA	NA	-
	Patan	Patan (Loose)	NA	NA	-
	Rajkot	Rajkot (Loose)	3285	NA	-
	Jamnagar	Dhrol (Loose)	NA	NA	-
Madhya Pradesh	Gwalior	Dabra (Loose)	NA	0	-
Guar Gum					
Rajasthan	Jodhpur	Jodhpur	5200	Closed	-

Haryana	Alwar	Alwar	NA	NA	-
	Hanumangarh	Nohar	NR	NR	-
	Bhiwani	Bhiwani	NA	NA	-
	Sirsa	Sirsa	NA	Closed	-
		Dhabwali	NA	Closed	-
		Ellanabad	NR	NR	-
	Fatehabad	Fatehabad	5000	Closed	-

Guar Seed Arrivals in Key Centers					
Commodity	District	Centre	Arrivals (Quintals)		Change
Guar Seed			30-May-20	30-Apr-20	
Rajasthan	Jodhpur	Jodhpur	NA	Closed	-
	Sri-Ganganagar	Sri-Ganganagar	NA	NA	-
		Rawla	NR	0	-
		Gharsana	NR	0	-
		Raisinghnagar	NA	0	-
	Bikaner	Bikaner	100	NA	-
		Nokha	NA	NA	-
		Khajuwala	200	NA	-
		Lunkaransar	20	100	-80
	Hanumangarh	Hanumangarh	NA	NA	-
		Nohar	NR	NR	-
		Pilibanga	0	Closed	-
	Nagaur	Nagaur	NA	Closed	-
	Churu	Churu	NA	NA	-
	Alwar	Alwar	NA	NA	-
Haryana	Hisar	Adampur	100	Closed	-
	Bhiwani	Bhiwani	NA	NA	-
		Siwani	50	Closed	-
	Sirsa	Sirsa	NA	Closed	-
		Dhabwali	NA	Closed	-
		Ellanabad	NR	NR	-
	Fatehabad	Fatehabad	20	Closed	-
Gujarat	Banaskantha	Deesa	NA	NA	-
	Patan	Patan	NA	NA	-
	Rajkot	Rajkot	15	NA	-
	Jamnagar	Dhrol	NA	NA	-
Madhya Pradesh	Gwalior	Dabra	NA	0	-
Total Arrivals/Above Markets			505	100	-80



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