

Guar Monthly Research Report

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Executive Summary

Domestic Guar Seed Market Summary

Guar seed posted gains in the cash market yards, during the month under review. As expected, relaxation in lockdown and slight improved overseas enquiries for guar gum remained supportive for the market. Further, weaker rupee against the US dollar will make the guar gum exports cheaper for the importers.

Volume of trade remained thin in the cash market yards, 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 258 as on 10th July 2020 compared to 263 last week and down by 700 compared to 12 July 2019. Total number of oilrigs was recorded at 1,094 in Jun'20 compared to 3,878 in the corresponding period in last year.

Export of guar gum have improved in the month of May-20 by 81 percent compared to previous month. India exported around 17085 tonnes of guar gum at an average FoB of \$ 1360 per tonne in the month of May-20 compared to 9437 tonnes in April-20 at an average FoB of \$ 1599 per tonne. Of the total 3008 tonnes have been exported to Russia. Exports are expected to increase in June-20 on improving crude and gradual increase in oilrigs overseas.

Export of guar split have improved in the month of May-20. Exports in the month of May-20 are up by around 104% compared to previous month. India exported around 17642 tonnes of guar split in the month of May-20 at an average FoB of \$ 1740 per tonne compared to 8640 tonnes in April-20 at an average FoB of \$ 985 per tonne. Of the total quantity, around 2964 tonnes have been exported to US.

Previous Updates:

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.

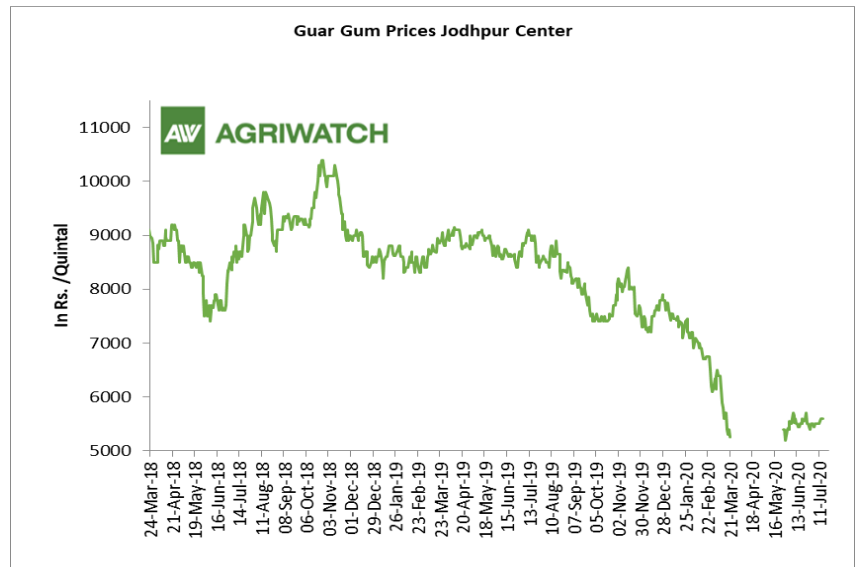
Recommendation:

Weekly Call- : Market participants are advised to BUY Guar seed future August contract above 3650 levels for a target of 3750 with a stop loss at 3590.

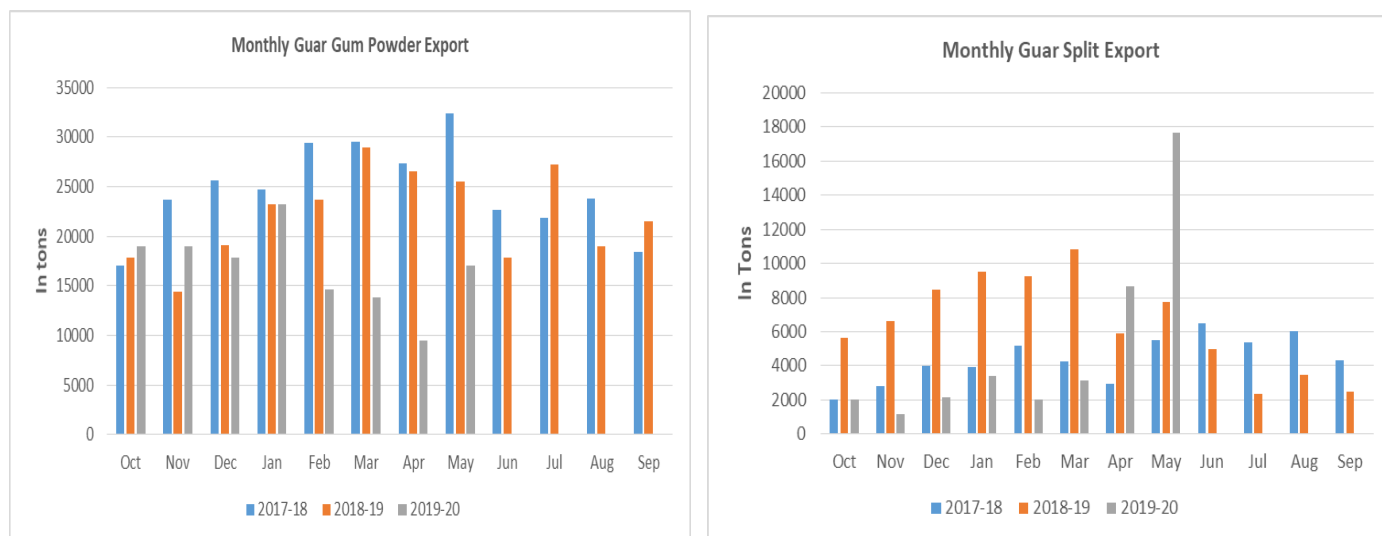
Guar Seed Fundamental Analysis and Outlook:-

Domestic Front

- The guar seed and guar gum trade volume improved in June after relaxation in lockdown and gains in the crude oil in the international market.
- However, need based buying is featured in the market.
- Guar seed prices in Jodhpur were quoted around Rs 3600 per quintal by the end of the month June compared to Rs 3350 a quintal in May.
- Similarly guar gum monthly prices were quoted between around Rs 5400 per quintal compared to Rs 5200 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.



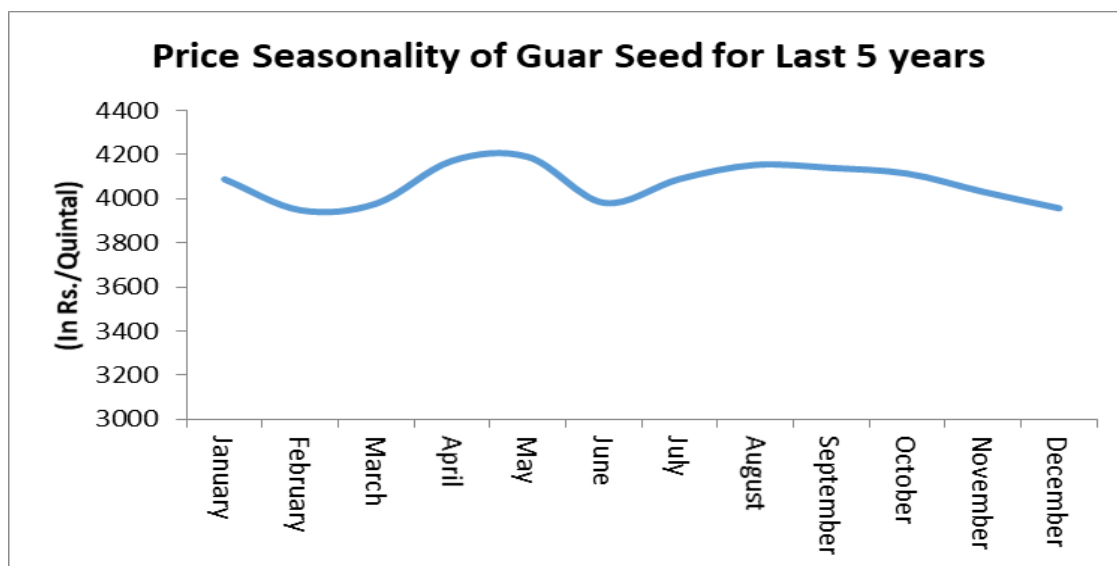
Export Scenario



On export front, guar gum demand has improved in May 2020 as compared to previous month. India has exported 17085 tonnes of guar gum in the month of May-2020, up by 81% compared to previous month and lower by 33% compared to April-2019.

Exports of guar split have improved in May month. India has exported 17642 tonnes of guar split in the month of May-2020, up from 104% compared to previous month and also up by 128% compared to April-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.

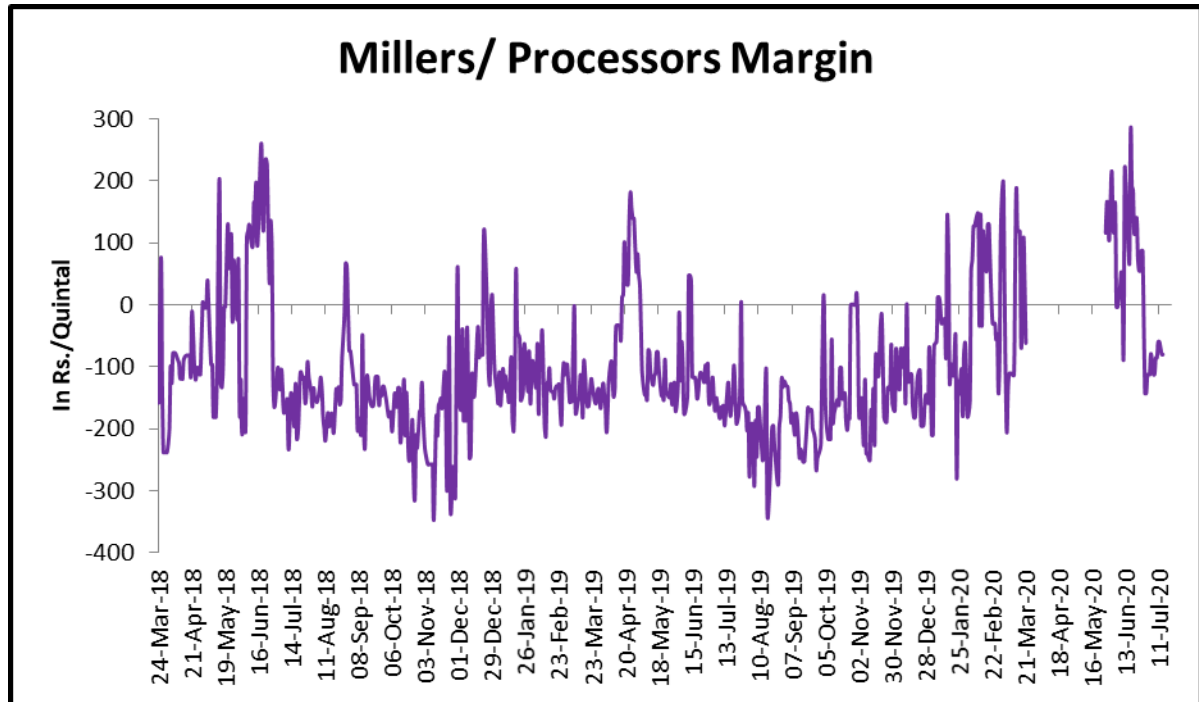
Domestic Guar Seed Supply & Demand Position

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 settled 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.

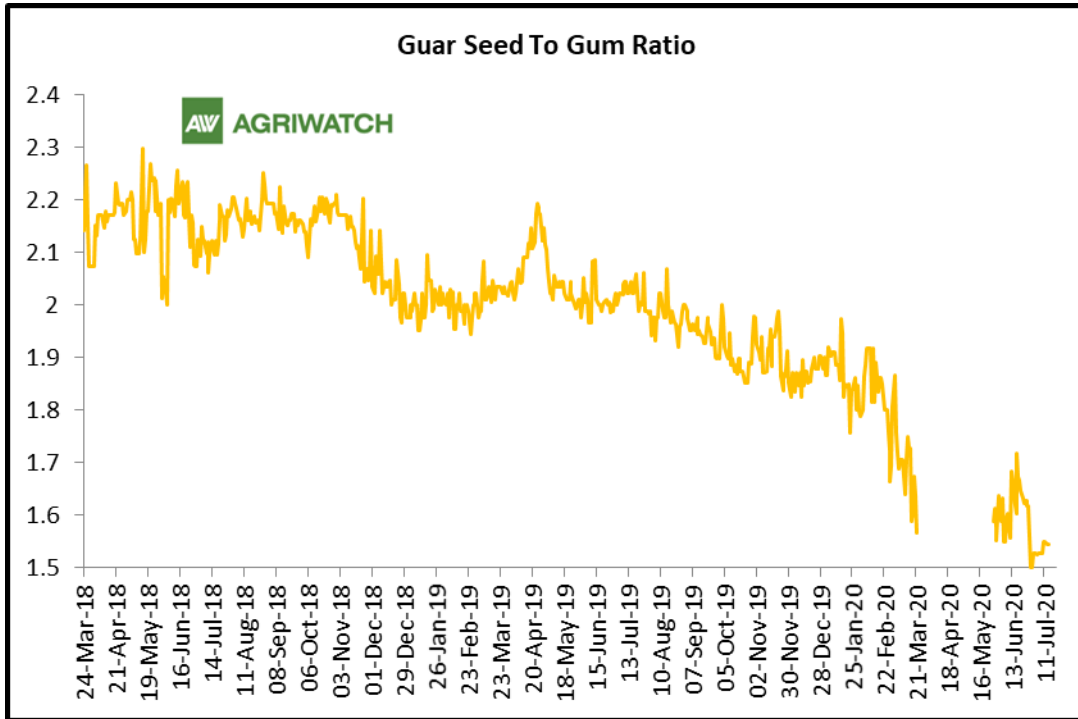
Millers/Processors Margin:

As seen in the chart, the average crush margin of guar seed have slightly improved as compared to pre-COVID lockdown, average crush margin increased to Rs. +55/quintal in June'20 compared to Rs. -17/quintal in March'20. 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 stood at 1.6 in June compared to 1.7 in March'20, pre-COVID lockdown. 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 posted gains on buying support, during the week.
- Prices closed above 18-day EMA.
- RSI and stochastic are rising in the neutral region, supporting the gains.
- Prices are likely to feature gains in near-term.

Strategy: BUY

Monthly Supports & Resistances			S1	S2	PCP	R1	R2
Guar Seed	NCDEX	Aug.	3300	3200	3682	4000	4100
Monthly Trade Call			Call	Entry	T1	T2	SL
Guar Seed	NCDEX	Aug.	BUY	Above 3650	3750	3800	3590

Technical Analysis (Guar Gum)

Commodity: Guar Gum
Exchange: NCDEX

Guar Gum (Technical Chart)



Technical Commentary:

- Guar gum posted gains, during the week.
- RSI and stochastic are rising in the neutral region.
- Prices closed above 9 day EMA.
- Prices are expected to gains in near-term.

Strategy: BUY

Monthly Supports & Resistances			S1	S2	PCP	R1	R2
Guar Gum	NCDEX	Aug.	5200	5150	5512	5775	5900
Monthly Trade Call			Call	Entry	T1	T2	SL
Guar Gum	NCDEX	Aug.	BUY	Above 5450	5550	5600	5390

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	05-Jul-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	05-Jul-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:		11-Jul-20
Commodity	Center	Rs./75 kg.
Churi	Jodhpur	2000
Korma	Jodhpur	2925
Churi	Sri Ganganagar	1800
Korma	Sri Ganganagar	2850

Guar Export Prices:		11-Jul-20	11-Jul-20
	Variety	Value (Rs/Kg)	Value (\$/MT)
Guargum/Split (Mundra Port)		56	745
Guargum Powder	200 Mesh 5000 CPS	75	998
	200 Mesh 3500 CPS	70	931
Guargum Meal	Meal 40%	29	386
	Meal 50%	38	506

Guar Seed Prices at Key Spot Markets:					
Commodity	District	Centre	Prices (Rs/Qtl)		Change
Guar Seed			30-Jun-20	30-May-20	
Rajasthan	Jodhpur	Jodhpur (Loose)	3600	3350	250
		Jodhpur(Delivery)	3780	3518	263
	Sri-Ganganagar	Sri-Ganganagar(Loose)	0	0	Unch
		Sri-Ganganagar (Delivery)	0	0	Unch
		Rawla (Loose)	0	0	Unch
		Gharsana (Loose)	0	0	Unch
		Raisinghnagar (Loose)	0	0	Unch
	Bikaner	Bikaner (Loose)	3300	3270	30
		Bikaner (Delivery)	3465	3434	32
		Nokha(Loose)	0	0	Unch
		Nokha (Delivery)	0	0	Unch
		Khajuwala (Loose)	3350	3200	150
		Khajuwala (Delivery)	3518	3360	158
		Lunkaransar (Loose)	3450	3350	100
	Hanumangarh	Hanumangarh (Loose)	0	0	Unch
		Hanumangarh (Delivery)	0	0	Unch
		Nohar (Loose)	0	0	Unch
		Pilibanga (Loose)	0	0	Unch
	Nagaur	Nagaur (Loose)	0	0	Unch
	Churu	Churu (Delivery)	0	0	Unch
	Alwar	Alwar (Loose)	0	0	Unch
Haryana	Hisar	Adampur (Loose)	3390	3360	30
		Adampur (Delivery)	3560	3528	32
	Bhiwani	Bhiwani (Delivery)	0	0	Unch
		Siwani (Loose)	3575	3500	75
	Sirsa	Sirsa (Loose)	0	0	Unch
		Dhabwali (Loose)	0	0	Unch
		Dhabwali (Delivery)	0	0	Unch
		Ellanabad (Loose)	0	0	Unch
	Fatehabad	Fatehabad (Loose)	3300	3300	Unch
Gujarat	Banaskantha	Deesa (Loose)	0	NA	-
	Patan	Patan (Loose)	0	NA	-
	Rajkot	Rajkot (Loose)	3400	3285	115
	Jamnagar	Dhrol (Loose)	0	NA	-
Madhya Pradesh	Gwalior	Dabra (Loose)	0	0	Unch

Guar Gum					
Rajasthan	Jodhpur	Jodhpur	5400	5200	200
	Alwar	Alwar	0	0	Unch
	Hanumangarh	Nohar	0	0	Unch
Haryana	Bhiwani	Bhiwani	0	0	Unch
	Sirsa	Sirsa	0	0	Unch
		Dhabwali	0	0	Unch
		Ellanabad	0	0	Unch
	Fatehabad	Fatehabad	5400	5000	400

Guar Seed Arrivals in Key Centers					
Commodity	District	Centre	Arrivals (Quintals)		Change
Guar Seed			30-Jun-20	30-May-20	
Rajasthan	Jodhpur	Jodhpur	NA	NA	-
	Sri-Ganganagar	Sri-Ganganagar	0	0	Unch
		Rawla	0	0	Unch
		Gharsana	0	0	Unch
		Raisinghnagar	0	0	Unch
	Bikaner	Bikaner	200	100	100
		Nokha	0	0	Unch
		Khajuwala	400	200	200
		Lunkaransar	60	20	40
	Hanumangarh	Hanumangarh	0	0	Unch
		Nohar	0	0	Unch
		Pilibanga	0	0	Unch
	Nagaur	Nagaur	0	0	Unch
	Churu	Churu	0	0	Unch
	Alwar	Alwar	0	0	Unch
Haryana	Hisar	Adampur	250	100	150
	Bhiwani	Bhiwani	0	0	Unch
		Siwani	600	50	550
	Sirsa	Sirsa	0	0	Unch
		Dhabwali	0	0	Unch
		Ellanabad	0	0	Unch
	Fatehabad	Fatehabad	50	20	30
Gujarat	Banaskantha	Deesa	0	NA	-
	Patan	Patan	0	NA	-
	Rajkot	Rajkot	35	15	20
	Jamnagar	Dhrol	0	NA	-

Madhya Pradesh	Gwalior	Dabra	0	0	Unch
Total Arrivals/Above Markets			1595	505	1090

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