

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 lowered by 4 to 247 as on 07th August 2020 compared to 251 previous week and 695 compared to 02 August 2019. Total number of oilrigs was recorded at 1,276 in Jul'20 compared to 3,821 in the corresponding period in last year.

Export of guar gum have fell in the month of Jun-20 by 16 percent compared to previous month. India exported around 14358 tonnes of guar gum at an average FoB of \$ 1742 per tonne in the month of Jun-20 compared to 17085 tonnes in May-20 at an average FoB of \$ 1360 per tonne. Of the total 2206 tonnes have been exported to Russia. Exports are expected to increase in July-20 on improving crude and gradual increase in oilrigs overseas.

Export of guar split have fell in the month of Jun-20. Exports in the month of Jun-20 are down by around 87% compared to previous month. India exported around 2240 tonnes of guar split in the month of Jun-20 at an average FoB of \$ 916 per tonne compared to 17642 tonnes in May-20 at an average FoB of \$ 1740 per tonne. Of the total quantity, around 2120 tonnes have been exported to China and 120 tonnes to US.

Previous Updates:

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.

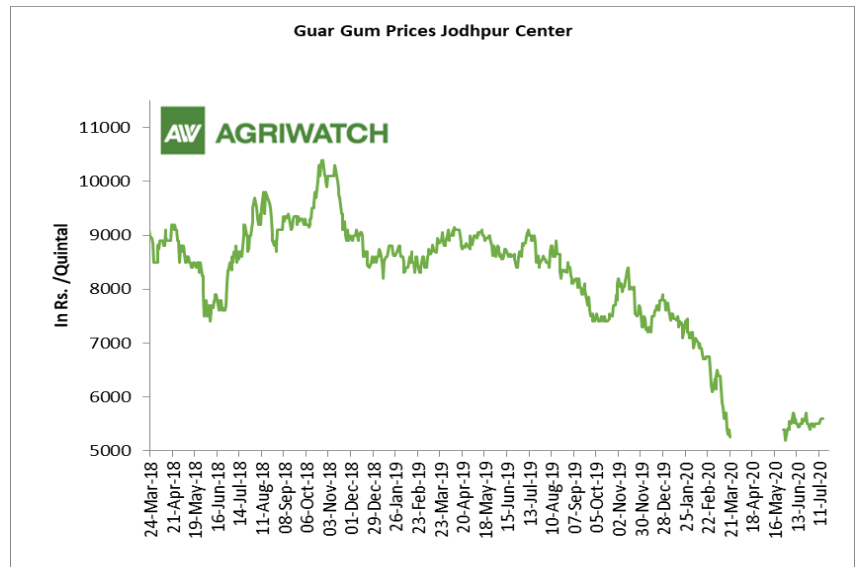
Recommendation:

Weekly Call- : Market participants are advised to BUY Guar seed future - September, contract above 3850 levels for a target of 4100 with a stop loss at 3700.

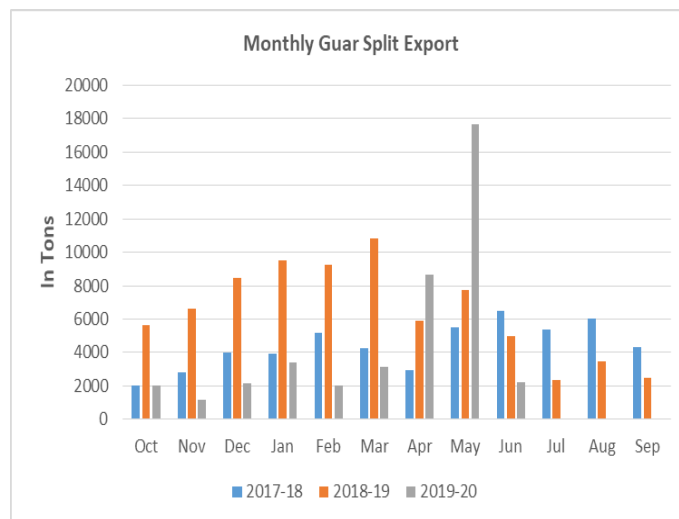
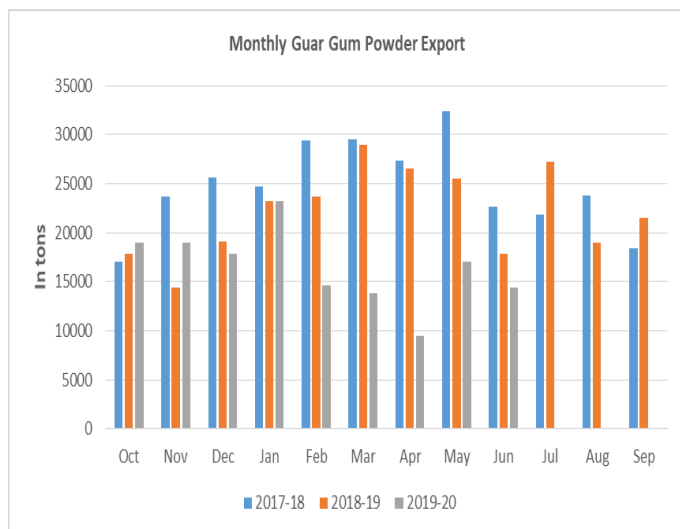
Guar Seed Fundamental Analysis and Outlook:-

Domestic Front

- The guar seed and guar gum trade volume improved in July 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 loose prices in Jodhpur have improved and were quoted above Rs 3800 per quintal by the end of the month July compared to Rs 3600 a quintal in May.
- Similarly, guar gum prices have surged to around Rs 6,800 per quintal compared to Rs 5,500 per quintal during the same period last month.
- 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.



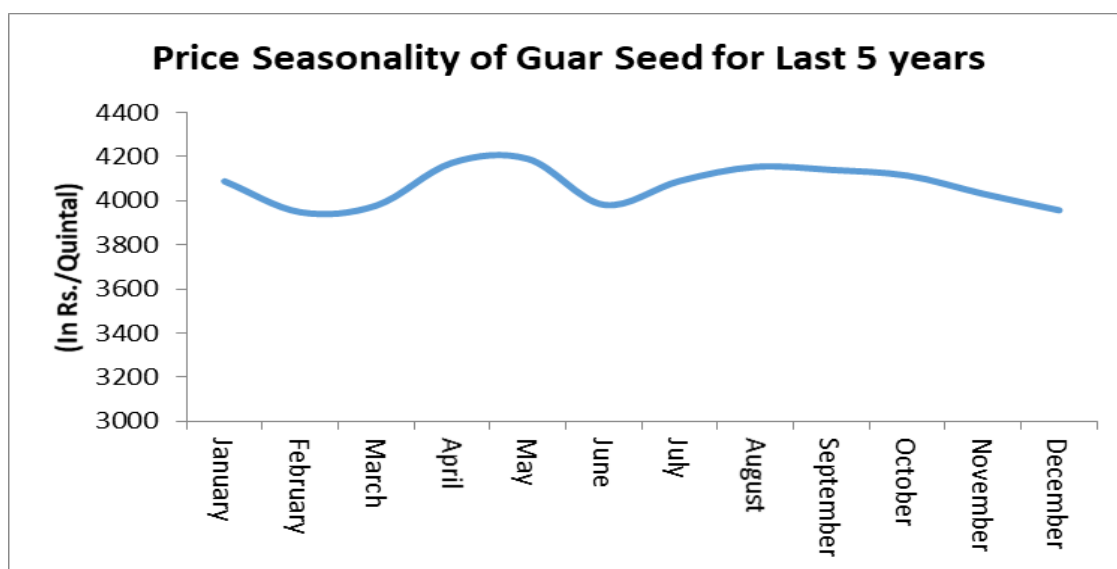
Export Scenario



On export front, guar gum demand have decline in June 2020 as compared to previous month. India has exported 14358 tonnes of guar gum in the month of June-2020, down by 16% compared to previous month and lower by 19% compared to June-2019.

Exports of guar split too fell in June month. India has exported 2240 tonnes of guar split in the month of June-2020, down by 87% compared to previous month and also down by 55% compared to June-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.

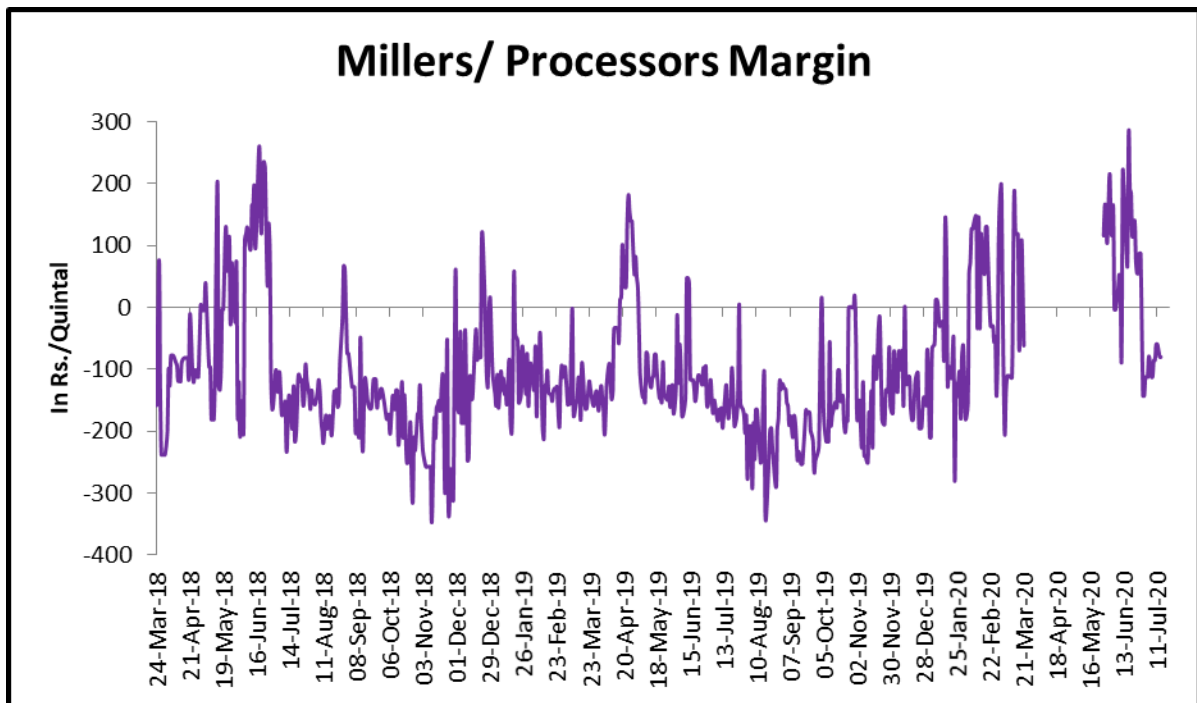
Domestic Guar Seed Supply & Demand Position

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.

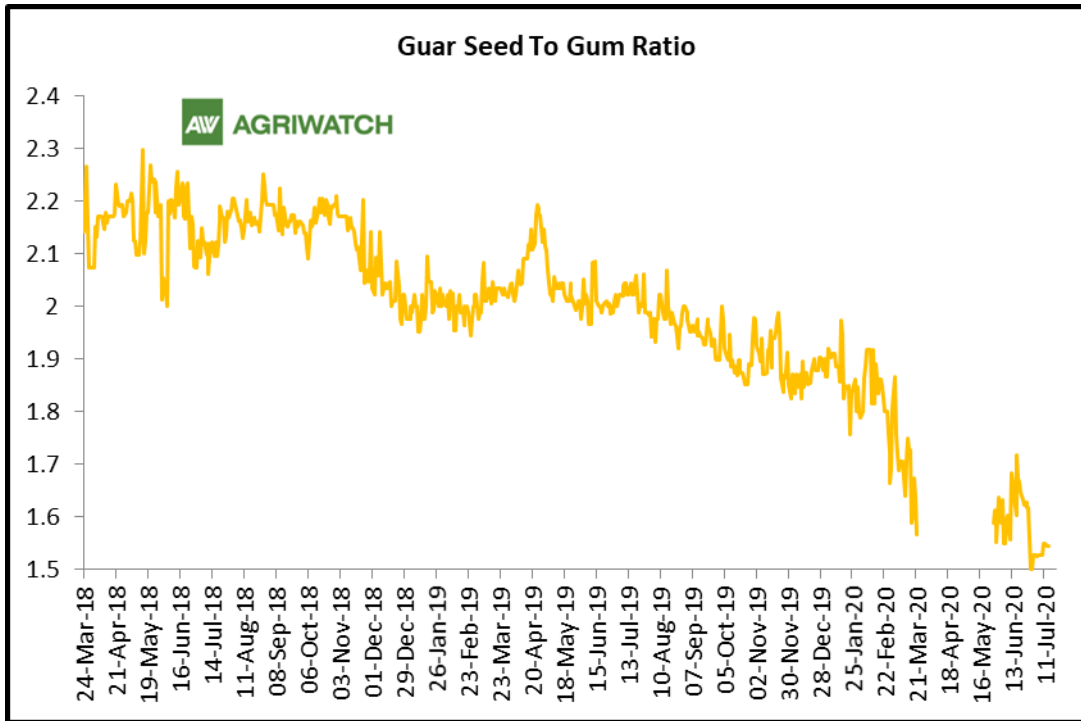
Millers/Processors Margin:

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	Sep.	3750	3700	4160	4350	4400
Monthly Trade Call			Call	Entry	T1	T2	SL
Guar Seed	NCDEX	Sep.	BUY	Above 4100	4200	4250	4040

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	Sep.			6910	7200	
Monthly Trade Call			Call	Entry	T1	T2	SL
Guar Gum	NCDEX	Sep.	BUY	Above 6900	7100	7150	6780

Guar Seed & Gum Prices at Key Spot Markets

Guar Seed Stock Position & EDD:				
Stocks	Demat	In-Process	Total	EDD
	31-Jul-20	31-Jul-20	31-Jul-20	30-Jun-20
Bikaner	9037	41	9078	8089
Deesa	0	0	0	0
Sri Ganganagar	830	20	850	1576
Jodhpur	0	0	0	0
Nokha	0	0	0	366

Guar Gum Stock Position & EDD:				
Stocks	Demat	In-Process	Total	EDD
	31-Jul-20	31-Jul-20	31-Jul-20	30-Jun-20
Deesa	0	0	0	0
Bikaner	1984	20	2004	2057
Jodhpur	2775	55	2830	2966
Nokha	1138	50	1188	1384
Sri Ganganagar	1097	90	1187	2821

Churi and Korma Prices:		31-Jul-20
Commodity	Center	Rs./75 kg.
Churi	Jodhpur	2050
Korma	Jodhpur	3000
Churi	Sri Ganganagar	1838
Korma	Sri Ganganagar	2888

Guar Export Prices:		31-Jul-20	31-Jul-20
	Variety	Value (Rs/Kg)	Value (\$/MT)
Guargum/Split (Mundra Port)		56	749
Guargum Powder	200 Mesh 5000 CPS	75	1003
	200 Mesh 3500 CPS	70	936
Guargum Meal	Meal 40%	29	388
	Meal 50%	38	508

Guar Seed Prices at Key Spot Markets:					
Commodity	District	Centre	Prices (Rs/Qtl)		Change
Guar Seed			31-Jul-20	30-Jun-20	
Rajasthan	Jodhpur	Jodhpur (Loose)	3800	3600	200
		Jodhpur(Delivery)	3990	3780	210
	Sri-Ganganagar	Sri-Ganganagar(Loose)	NA	0	-
		Sri-Ganganagar (Delivery)	NA	0	-
		Rawla (Loose)	0	0	Unch
		Gharsana (Loose)	0	0	Unch
		Raisinghnagar (Loose)	0	0	Unch
	Bikaner	Bikaner (Loose)	3600	3300	300
		Bikaner (Delivery)	3780	3465	315
		Nokha(Loose)	0	0	Unch
		Nokha (Delivery)	0	0	Unch
		Khajuwala (Loose)	3600	3350	250
		Khajuwala (Delivery)	3780	3518	263
		Lunkaransar (Loose)	3680	3450	230
	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)	3650	3390	260
		Adampur (Delivery)	3833	3560	273
	Bhiwani	Bhiwani (Delivery)	NA	0	-
		Siwani (Loose)	3800	3575	225
	Sirsa	Sirsa (Loose)	0	0	Unch
		Dhabwali (Loose)	0	0	Unch
		Dhabwali (Delivery)	0	0	Unch
		Ellanabad (Loose)	0	0	Unch
	Fatehabad	Fatehabad (Loose)	3550	3300	250
Gujarat	Banaskantha	Deesa (Loose)	0	0	Unch
	Patan	Patan (Loose)	0	0	Unch
	Rajkot	Rajkot (Loose)	3650	3400	250

	Jamnagar	Dhrol (Loose)	0	0	Unch
Madhya Pradesh	Gwalior	Dabra (Loose)	0	0	Unch
Guar Gum					
Rajasthan	Jodhpur	Jodhpur	6225	5400	825
	Alwar	Alwar	0	0	Unch
	Hanumangarh	Nohar	0	0	Unch
Haryana	Bhiwani	Bhiwani	NA	0	-
	Sirsa	Sirsa	0	0	Unch
		Dhabwali	0	0	Unch
		Ellanabad	0	0	Unch
	Fatehabad	Fatehabad	6115	5400	715

Guar Seed Arrivals in Key Centers					
Commodity	District	Centre	Arrivals (Quintals)		Change
Guar Seed			31-Jul-20	30-Jun-20	
Rajasthan	Jodhpur	Jodhpur	0	NA	-
	Sri-Ganganagar	Sri-Ganganagar	NA	0	-
		Rawla	0	0	Unch
		Gharsana	0	0	Unch
		Raisinghnagar	0	0	Unch
	Bikaner	Bikaner	200	200	Unch
		Nokha	0	0	Unch
		Khajuwala	300	400	-100
		Lunkaransar	50	60	-10
	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	250	Unch
	Bhiwani	Bhiwani	NA	0	-
		Siwani	500	600	-100
	Sirsa	Sirsa	0	0	Unch
		Dhabwali	0	0	Unch
		Ellanabad	0	0	Unch
	Fatehabad	Fatehabad	10	50	-40
Gujarat	Banaskantha	Deesa	0	0	Unch
	Patan	Patan	0	0	Unch



	Rajkot	Rajkot	30	35	-5
	Jamnagar	Dhrol	0	0	Unch
Madhya Pradesh	Gwalior	Dabra	0	0	Unch
Total Arrivals/Above Markets			1340	1595	-255

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