

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 improved by 2 to 256 as on 04th September 2020 compared to 254 previous week and 898 compared to 06 September 2019. Total number of oilrigs was recorded at 999 in Aug'20 compared to 4,631 in the corresponding period in last year.

Export of guar gum have improved in the month of July-20 by 14 percent compared to previous month. India exported around 16389 tonnes of guar gum at an average FoB of \$ 1503 per tonne in the month of July-20 compared to 14358 tonnes in June-20 at an average FoB of \$ 1742 per tonne. Of the total 3626 tonnes have been exported to Russia. Exports are expected to increase in Aug-20 on improving crude and gradual increase in oilrigs overseas.

Export of guar split have fell in the month of Jul-20. Exports in the month of July-20 are down by around 52% compared to previous month. India exported around 1080 tonnes of guar split in the month of July-20 at an average FoB of \$ 1050 per tonne compared to 2240 tonnes in June-20 at an average FoB of \$ 916 per tonne. Of the total quantity, around 640 tonnes have been exported to China and 320 tonnes to US.

Previous Updates:

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.

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.

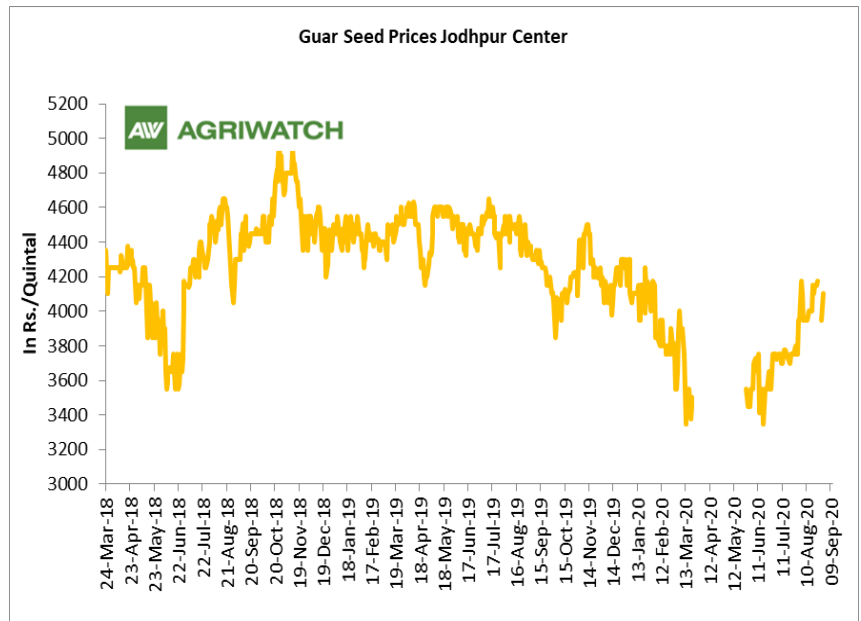
Recommendation:

Weekly Call- : Market participants are advised to BUY Guar seed future October contract above 4050 levels for a target of 4250 with a stop loss at 3930.

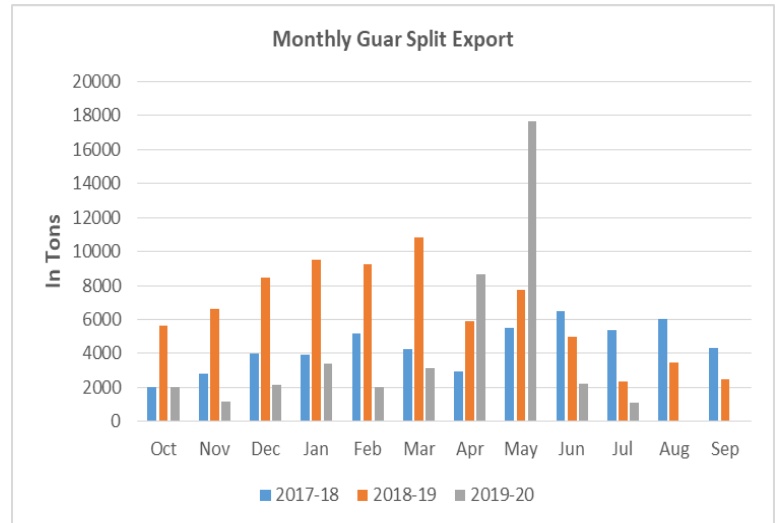
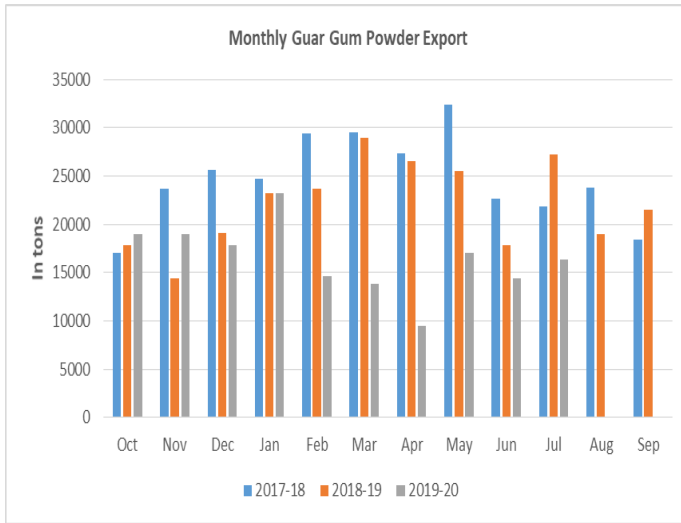
Guar Seed Fundamental Analysis and Outlook:-

Domestic Front

- With the improved demand post-COVID, the guar seed and guar gum posted gains and prices are heading north to the pre-COVID levels.
- However, need based buying is featured in the market.
- The average guar seed loose prices in Jodhpur have improved and were quoted above Rs 3,890 a quintal by the end of the month August compared to Rs 3,600 a quintal in July.
- Similarly, the average guar gum prices have surged to around Rs 6,525 a quintal in August compared to Rs 5,780 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.



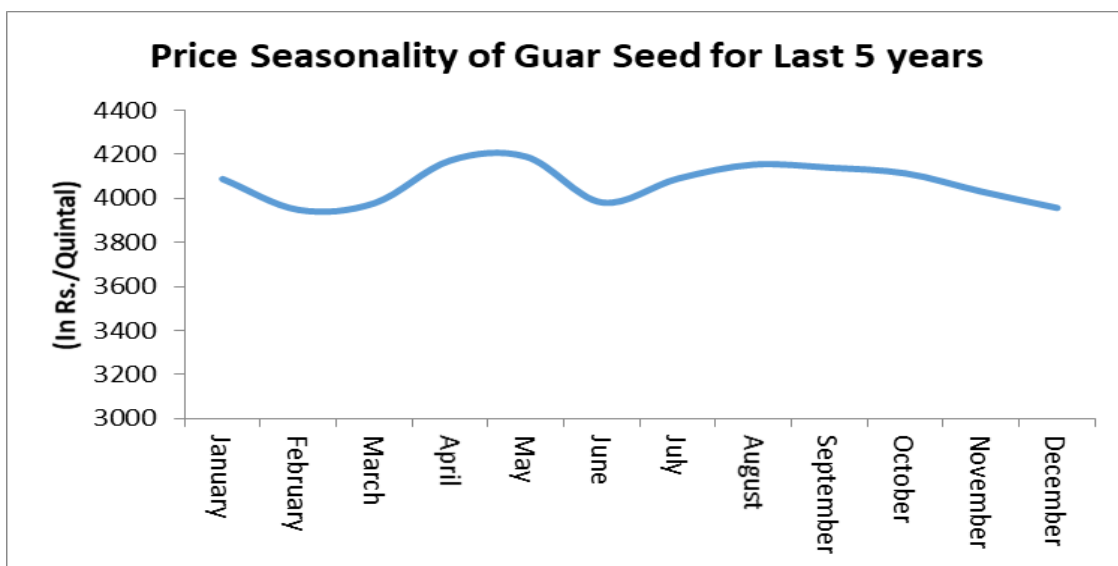
Export Scenario



On export front, guar gum demand have improved in July 2020 as compared to previous month. India has exported 16389 tonnes of guar gum in the month of July-2020, up by 14% compared to previous month but lower by 40% compared to July-2019.

Exports of guar split fell in the month of July. India has exported 1080 tonnes of guar split in the month of July-2020, down by 52% compared to previous month and also down by 55% compared to July-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.

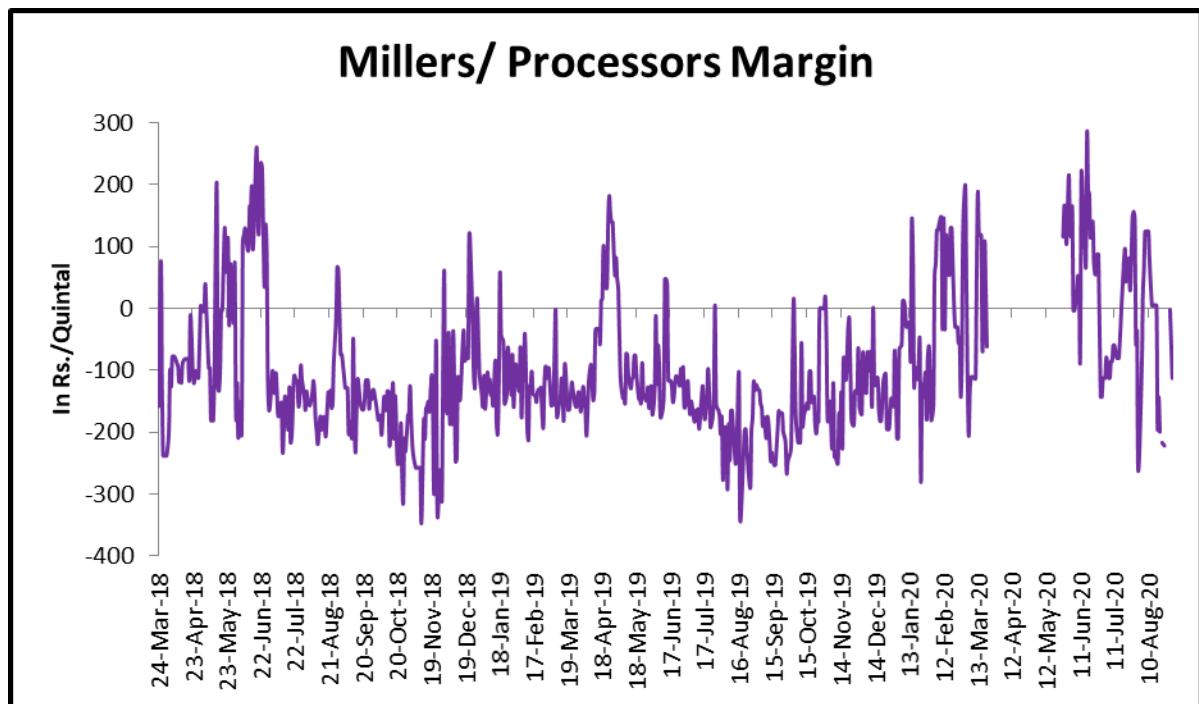
Domestic Guar Seed Supply & Demand Position

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.

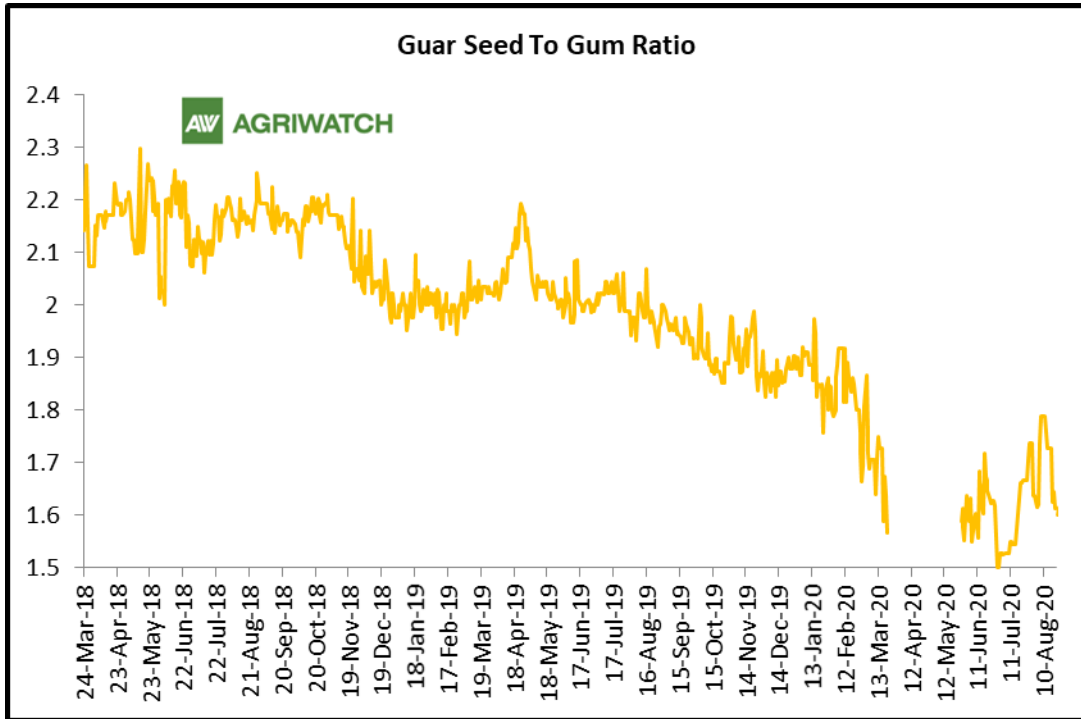
Millers/Processors Margin:

As seen in the chart, the average crush margin of guar seed have fell as compared to June and July'20, average crush margin fell to Rs. -51/quintal in August'20 compared to Rs. -18/quintal in July'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 1.69 in August compared to 1.60 in July'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 rallied on buying support, during the month.
- Prices closed above 18-day EMA.
- RSI and stochastic are rising in the neutral region, supporting the losses.
- Prices are likely to feature gains in near-term.

Strategy: BUY

Monthly Supports & Resistances			S1	S2	PCP	R1	R2
Guar Seed	NCDEX	Oct.	3736	3510	4113	4400	4500
Monthly Trade Call			Call	Entry	T1	T2	SL
Guar Seed	NCDEX	Oct.	BUY	Above 4050	4250	4300	3930

Technical Analysis (Guar Gum)
Commodity: Guar Gum
Exchange: NCDEX
Guar Gum (Technical Chart)

Technical Commentary:

- Guar gum posted gains, during the month.
- RSI and stochastic are rising in the neutral region.
- Prices closed above 18 day EMA.
- Prices are expected to gains in near-term.

Strategy: BUY

Monthly Supports & Resistances			S1	S2	PCP	R1	R2
Guar Gum	NCDEX	Oct.	5498	5246	6605	7200	7300
Monthly Trade Call			Call	Entry	T1	T2	SL
Guar Gum	NCDEX	Oct.	BUY	Above 6500	6700	6900	6380

Guar Seed & Gum Prices at Key Spot Markets

Guar Seed Stock Position & EDD:				
Stocks	Demat	In-Process	Total	EDD
	31-Aug-20	31-Aug-20	31-Aug-20	31-Jul-20
Bikaner	7356	190	7546	8089
Deesa	0	0	0	0
Sri Ganganagar	543	0	543	1576
Jodhpur	20	0	20	0
Nokha	0	0	0	366

Guar Gum Stock Position & EDD:				
Stocks	Demat	In-Process	Total	EDD
	31-Aug-20	31-Aug-20	31-Aug-20	31-Jul-20
Deesa	0	0	0	0
Bikaner	1624	20	1644	2057
Jodhpur	2064	40	2104	2966
Nokha	1468	119	1587	1384
Sri Ganganagar	1405	119	1524	2821

Churi and Korma Prices:		28-Aug-20
Commodity	Center	Rs./75 kg.
Churi	Jodhpur	2000
Korma	Jodhpur	2963
Churi	Sri Ganganagar	1800
Korma	Sri Ganganagar	2813

Guar Export Prices:		28-Aug-20	28-Aug-20
	Variety	Value (Rs/Kg)	Value (\$/MT)
Guargum/Split (Mundra Port)		66	900
Guargum Powder	200 Mesh 5000 CPS	80	1091
	200 Mesh 3500 CPS	75	1023
Guargum Meal	Meal 40%	30	409
	Meal 50%	40	546

Guar Seed Prices at Key Spot Markets:					
Commodity	District	Centre	Prices (Rs/Qtl)		Change
Guar Seed			31-Aug-20	31-Jul-20	
Rajasthan	Jodhpur	Jodhpur (Loose)	3950	3800	150
		Jodhpur(Delivery)	4148	3990	158
	Sri-Ganganagar	Sri-Ganganagar(Loose)	3900	NA	-
		Sri-Ganganagar (Delivery)	4050	NA	-
		Rawla (Loose)	0	0	Unch
		Gharsana (Loose)	0	0	Unch
		Raisinghnagar (Loose)	0	0	Unch
	Bikaner	Bikaner (Loose)	3750	3600	150
		Bikaner (Delivery)	3938	3780	158
		Nokha(Loose)	0	0	Unch
		Nokha (Delivery)	0	0	Unch
		Khajuwala (Loose)	3700	3600	100
		Khajuwala (Delivery)	3885	3780	105
		Lunkaransar (Loose)	3800	3680	120
	Hanumangarh	Hanumangarh (Loose)	0	0	Unch
		Hanumangarh (Delivery)	0	0	Unch
		Nohar (Loose)	3830	0	3830
		Pilibanga (Loose)	0	0	Unch
	Nagaur	Nagaur (Loose)	0	0	Unch
	Churu	Churu (Delivery)	NA	0	-
	Alwar	Alwar (Loose)	0	0	Unch
Haryana	Hisar	Adampur (Loose)	3750	3650	100
		Adampur (Delivery)	3938	3833	105
	Bhiwani	Bhiwani (Delivery)	4050	NA	-
		Siwani (Loose)	3950	3800	150
	Sirsa	Sirsa (Loose)	3790	0	3790
		Dhabwali (Loose)	3725	0	3725
		Dhabwali (Delivery)	3911	0	3911
		Ellanabad (Loose)	0	0	Unch
	Fatehabad	Fatehabad (Loose)	3750	3550	200
Gujarat	Banaskantha	Deesa (Loose)	0	0	Unch
	Patan	Patan (Loose)	0	0	Unch
	Rajkot	Rajkot (Loose)	3730	3650	80
	Jamnagar	Dhrol (Loose)	0	0	Unch

Madhya Pradesh	Gwalior	Dabra (Loose)	0	0	Unch
Guar Gum					
Rajasthan	Jodhpur	Jodhpur	6600	6225	375
	Alwar	Alwar	0	0	Unch
	Hanumangarh	Nohar	6600	0	6600
Haryana	Bhiwani	Bhiwani	6415	NA	-
	Sirsa	Sirsa	6500	0	6500
		Dhabwali	6500	0	6500
		Ellanabad	0	0	Unch
	Fatehabad	Fatehabad	6525	6115	410

Guar Seed Arrivals in Key Centers					
Commodity	District	Centre	Arrivals (Quintals)		Change
Guar Seed			31-Aug-20	31-Jul-20	
Rajasthan	Jodhpur	Jodhpur	NA	0	-
	Sri-Ganganagar	Sri-Ganganagar	300	NA	-
		Rawla	0	0	Unch
		Gharsana	0	0	Unch
		Raisinghnagar	0	0	Unch
	Bikaner	Bikaner	300	200	100
		Nokha	0	0	Unch
		Khajuwala	200	300	-100
		Lunkaransar	200	50	150
	Hanumangarh	Hanumangarh	0	0	Unch
		Nohar	200	0	200
		Pilibanga	0	0	Unch
	Nagaur	Nagaur	0	0	Unch
	Churu	Churu	NA	0	-
	Alwar	Alwar	0	0	Unch
Haryana	Hisar	Adampur	300	250	50
	Bhiwani	Bhiwani	200	NA	-
		Siwani	600	500	100
	Sirsa	Sirsa	400	0	400
		Dhabwali	400	0	400
		Ellanabad	0	0	Unch
	Fatehabad	Fatehabad	0	10	-10
Gujarat	Banaskantha	Deesa	0	0	Unch
	Patan	Patan	0	0	Unch
	Rajkot	Rajkot	130	30	100



	Jamnagar	Dhrol	0	0	Unch
Madhya Pradesh	Gwalior	Dabra	0	0	Unch
Total Arrivals/Above Markets			3230	1340	1390

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