

Guar Monthly Research Report

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Executive Summary

Domestic Guar Seed Market Summary

Weak sentiments witnessed in the in the guar seed and guar gum on weak domestic demand and decline in the demand from overseas market. A very limited demand from processors backed by overseas demand in guar gum and domestic demand from food industry in recent days but stronger Rupee against the US dollar remained negative factor for the gum exports.

Volume of trade continued to remain thin in the cash market yards, due to need based local and overseas demand in guar products.

As per data released by Baker Hughes, the number of oilrigs in USA increased by 5 to 266 as on 02nd October 2020 compared to 261 previous week and 855 compared to 04th October 2019. Total number of oilrigs was recorded at 1,026 in Sep'20 compared to 3,512 in the corresponding period in last year.

Export of guar gum fell in the month of August-20 by 22% compared to previous month. India exported around 12,826 tonnes of guar gum at an average FoB of US \$ 1834 per tonne in the month of August-20 compared to 16,389 tonnes in July-20 at an average FoB of US \$ 1503 per tonne. Of the total 2,521 tonnes have been exported to US and 2,385 tonnes to China. Exports are expected to remain under pressure in September-20 on stronger Indian Rupee against US dollar.

Export of guar split have fell in the month of August-20. Exports in the month of August -20 are down by around 39% compared to previous month. India exported around 660 tonnes of guar split in the month of August-20 at an average FoB of US \$ 1117 per tonne compared to 1080 tonnes in July-20 at an average FoB of US \$ 1050 per tonne. Of the total quantity, around 5,982 tonnes have been exported to US and 3,466 tonnes to Netherlands.

Previous Updates:

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.

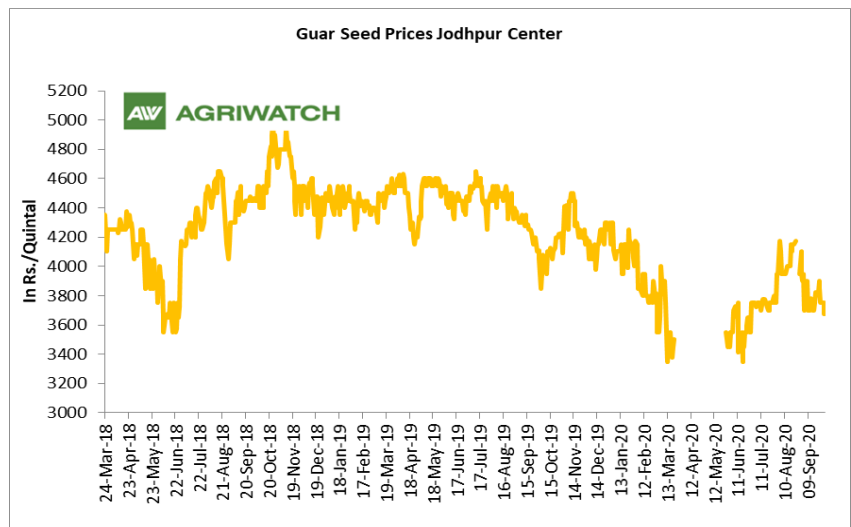
Recommendation:

Monthly Call- : Market participants are advised to BUY Guar seed future November contract above 3950 levels for a target of 4250 with a stop loss at 3830.

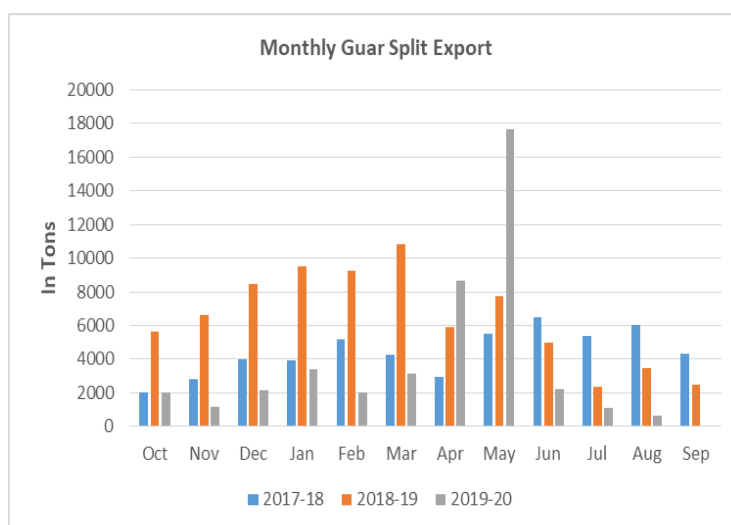
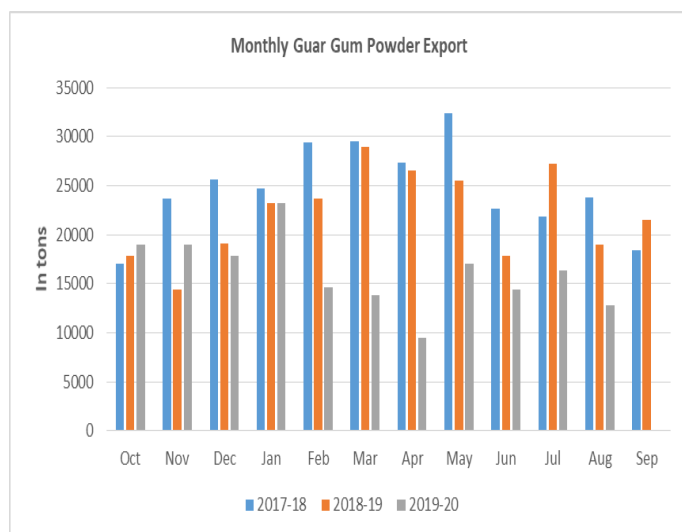
Guar Seed Fundamental Analysis and Outlook:-

Domestic Front

- The guar seed prices fell towards the end of the month September with the new crop arrival. Besides limited demand from processors after COVID followed by weak demand in guar gum remained bearish for the market.
- Stockists and the processors are the major buyers of the new seed.
- The average guar seed loose prices in Jodhpur have fell and were quoted at Rs 3,879 a quintal in September compared to Rs 3,989 a quintal in August.
- Similarly, the average guar gum prices have surged to around Rs 6,318 a quintal in August compared to Rs 6,525 per quintal during the same period last month.
- The planted area under guar seed this year stood around 45% lower than the previous year.
- Besides, yield have been negatively hit due to moisture stress during the crop development period.



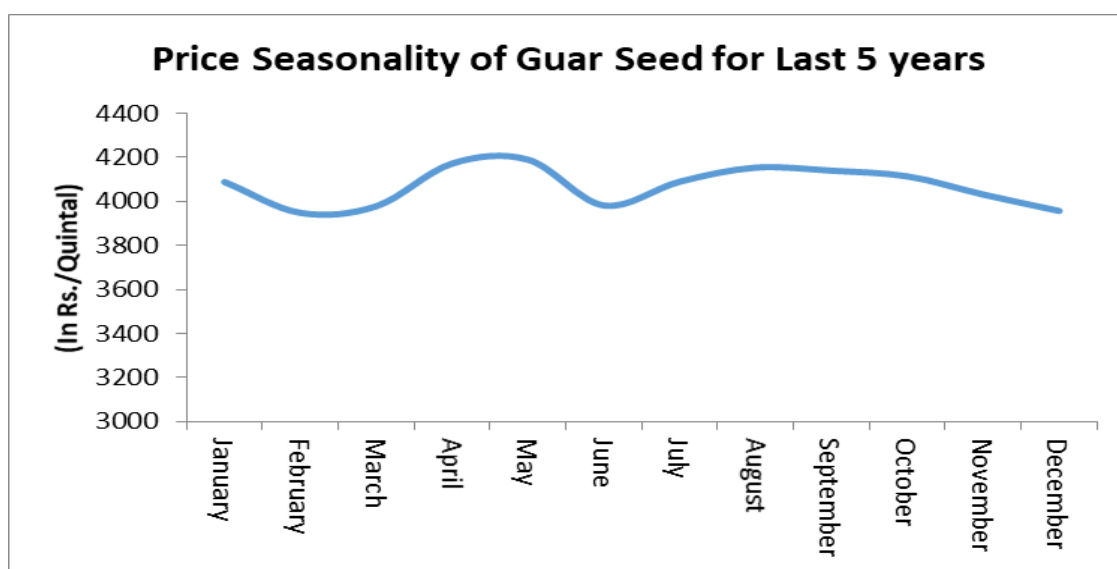
Export Scenario



On export front, guar gum demand have fell in August 2020 as compared to previous month. India has exported 12826 tonnes of guar gum in the month of August-2020, down by 22% compared to previous month and lower by 32% compared to August-2019.

Exports of guar split fell in the month of August. India has exported 660 tonnes of guar split in the month of August-2020, down by 39% compared to previous month and also down by 81% compared to August-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

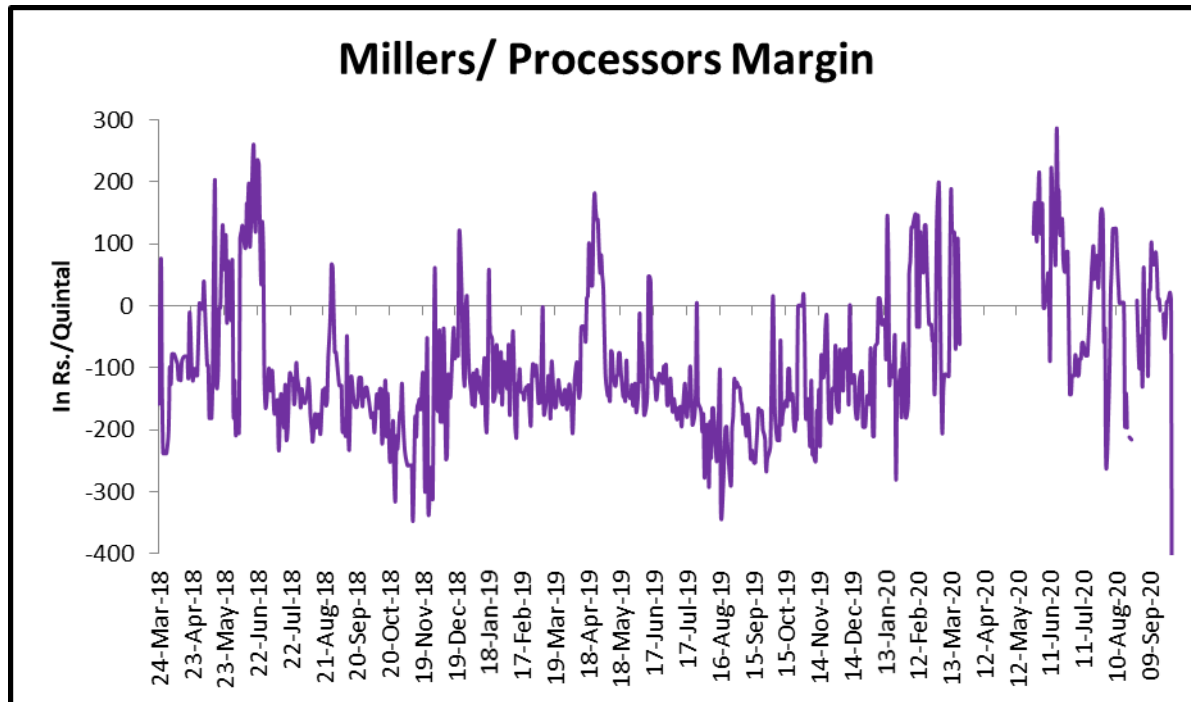
Domestic Guar Seed Supply & Demand Situation (Figures In Lakh Metric Tonnes)		
Item	2018-19	2019-20
Supply		
Opening Stock	13.60	9.73
Production	10.88	9.68
Arrivals	10.88	9.68
Import	0.00	0.00
Total Availability	24.48	19.41
Demand		
Total Crushing	14.75	14.41
Domestic Consumption (Textile, Food & Pharma 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 2018-19.
- As far as production is concerned, AW had estimated 9.68 lakh tons of guar seed production in 2019-20, due to lower acreage compared to last year. Domestic consumption was expected to fall from 2.11 lakh tonnes to 2.00 lakh tonnes.
- Guar Exports was expected to be around 3.87 lakh tonnes compared to 3.48 lakh tonnes compared to last year in 2018-19.

Note: We'll soon update the S&D for the new crop year.

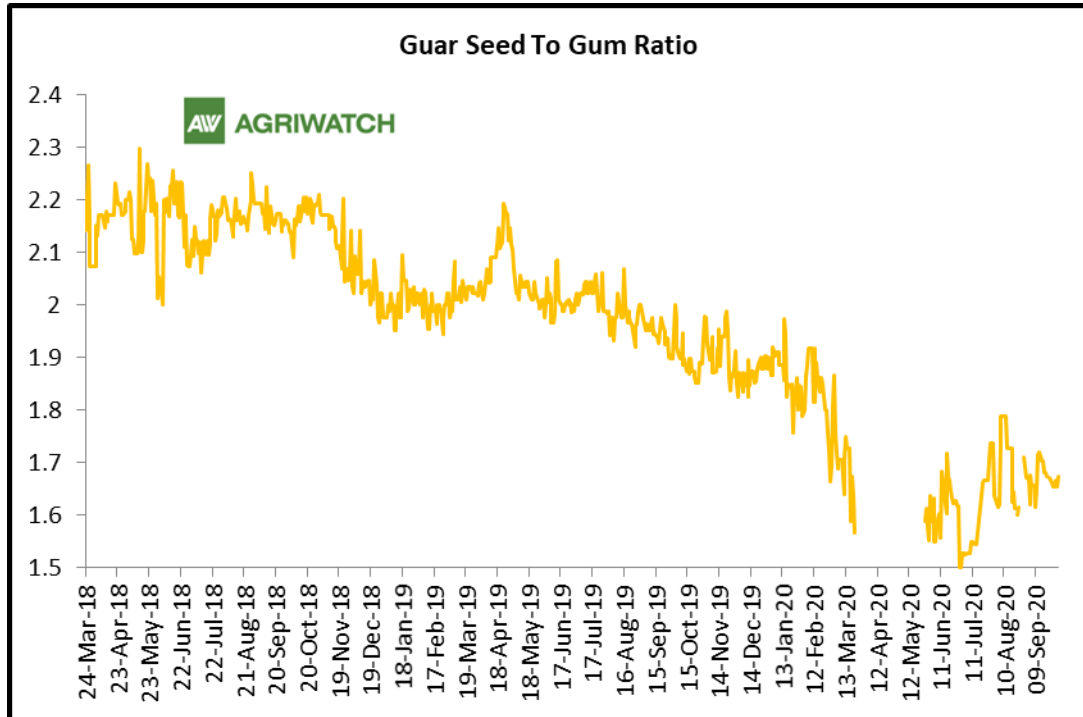
Millers/Processors Margin:

As seen in the chart, the average crush margin of guar seed have fell in September as compared to August'20, the average crush margin fell to Rs. -31.7/quintal in Sept'20 compared to Rs. -15/quintal in Aug'20. Decline in the guar product prices like gum, churi and korma have pressured the processors' margin.



Guar Seed to Gum Ratio:

Ratio of guar seed to gum stood at 1.66 in September compared to 1.69 in August'20. 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 witnessed correction during the month.
- Prices closed above 40-day EMA.
- RSI and stochastic are declining in the neutral region, supporting the losses.
- Prices are likely to rebound in the near-term.

Strategy: BUY

Monthly Supports & Resistances			S1	S2	PCP	R1	R2
Guar Seed	NCDEX	Nov.	3600	3400	3989	4500	4700
Monthly Trade Call			Call	Entry	T1	T2	SL
Guar Seed	NCDEX	Nov.	BUY	Above 3950	4150	4250	3830

Technical Analysis (Guar Gum)

Commodity: Guar Gum

Exchange: NCDEX

Guar Gum (Technical Chart)



Technical Commentary:

- Guar gum witnessed correction, during the month.
- RSI and stochastic are falling in the neutral region.
- Prices closed above 40 day EMA.
- Prices are expected to rebound in near-term.

Strategy: BUY

Monthly Supports & Resistances			S1	S2	PCP	R1	R2
Guar Gum	NCDEX	Nov.	5500	5400	6153	7000	7300
Monthly Trade Call			Call	Entry	T1	T2	SL
Guar Gum	NCDEX	Nov.	BUY	Above 6100	6500	6600	5860

Guar Seed & Gum Prices at Key Spot Markets

Guar Seed Stock Position & EDD:				
Stocks	Demat	In-Process	Total	EDD
	30-Sep-20	30-Sep-20	30-Sep-20	29-Aug-20
Bikaner	8820	30	8850	8089
Deesa	0	0	0	0
Sri Ganganagar	684	0	684	1576
Jodhpur	99	0	99	0
Nokha	0	0	0	366

Guar Gum Stock Position & EDD:				
Stocks	Demat	In-Process	Total	EDD
	30-Sep-20	30-Sep-20	30-Sep-20	29-Aug-20
Deesa	0	0	0	0
Bikaner	1440	0	1440	2057
Jodhpur	1756	0	1756	2966
Nokha	1666	0	1666	1384
Sri Ganganagar	1873	149	2022	2821

Churi and Korma Prices:		25-Sep-20
Commodity	Center	Rs./75 kg.
Churi	Jodhpur	2025
Korma	Jodhpur	3038
Churi	Sri Ganganagar	1800
Korma	Sri Ganganagar	2906

Guar Export Prices:		25-Sep-20	25-Sep-20
	Variety	Value (Rs/Kg)	Value (\$/MT)
Guargum/Split (Mundra Port)		62	842
Guargum Powder	200 Mesh 5000 CPS	78	1060
	200 Mesh 3500 CPS	75	1019

Guargum Meal	Meal 40%	30	408
	Meal 50%	40	543

Guar Seed Prices at Key Spot Markets:					
Commodity	District	Centre	Prices (Rs/Qtl)		Change
Guar Seed			30-Sep-20	29-Aug-20	
Rajasthan	Jodhpur	Jodhpur (Loose)	3675	3800	-125
		Jodhpur(Delivery)	3859	3990	-131
	Sri-Ganganagar	Sri-Ganganagar(Loose)	3700	Closed	-
		Sri-Ganganagar (Delivery)	3850	Closed	-
		Rawla (Loose)	NR	0	-
		Gharsana (Loose)	NR	0	-
		Raisinghnagar (Loose)	NA	0	-
	Bikaner	Bikaner (Loose)	3700	NR	-
		Bikaner (Delivery)	3885	NR	-
		Nokha(Loose)	NA	0	-
		Nokha (Delivery)	NA	0	-
		Khajuwala (Loose)	3700	Closed	-
		Khajuwala (Delivery)	3885	Closed	-
		Lunkaransar (Loose)	3700	3850	-150
	Hanumangarh	Hanumangarh (Loose)	3625	0	3625
		Hanumangarh (Delivery)	3806	0	3806
		Nohar (Loose)	3725	3840	-115
		Pilibanga (Loose)	NA	0	-
	Nagaur	Nagaur (Loose)	NR	0	-
	Churu	Churu (Delivery)	NA	0	-
	Alwar	Alwar (Loose)	NA	0	-
Haryana	Hisar	Adampur (Loose)	3750	3850	-100
		Adampur (Delivery)	3938	4043	-105
	Bhiwani	Bhiwani (Delivery)	3900	4100	-200
		Siwani (Loose)	3900	3990	-90
	Sirsa	Sirsa (Loose)	3640	3800	-160
		Dhabwali (Loose)	3750	3750	Unch
		Dhabwali (Delivery)	3938	3938	Unch

		Ellanabad (Loose)	NR	0	-
	Fatehabad	Fatehabad (Loose)	3700	3800	-100
Gujarat	Banaskantha	Deesa (Loose)	NA	0	-
	Patan	Patan (Loose)	NA	0	-
	Rajkot	Rajkot (Loose)	3550	3700	-150
	Jamnagar	Dhrol (Loose)	NA	0	-
Madhya Pradesh	Gwalior	Dabra (Loose)	NA	0	-
Guar Gum					
Rajasthan	Jodhpur	Jodhpur	6150	6500	-350
	Alwar	Alwar	NA	0	-
	Hanumangarh	Nohar	6250	6600	-350
Haryana	Bhiwani	Bhiwani	6100	6500	-400
	Sirsa	Sirsa	6000	6600	-600
		Dhabwali	6100	6550	-450
		Ellanabad	NR	0	-
	Fatehabad	Fatehabad	6100	6400	-300

Guar Seed Arrivals in Key Centers					
Commodity	District	Centre	Arrivals (Quintals)		Change
Guar Seed			30-Sep-20	29-Aug-20	
Rajasthan	Jodhpur	Jodhpur	NA	0	-
	Sri-Ganganagar	Sri-Ganganagar	1000	Closed	-
		Rawla	NR	0	-
		Gharsana	NR	0	-
		Raisinghnagar	NA	0	-
	Bikaner	Bikaner	300	NR	-
		Nokha	NA	0	-
		Khajuwala	300	Closed	-
		Lunkaransar	50	300	-250
	Hanumangarh	Hanumangarh	1000	0	1000
		Nohar	100	100	Unch
		Pilibanga	NA	0	-
	Nagaur	Nagaur	NR	0	-
	Churu	Churu	NA	0	-
	Alwar	Alwar	NA	0	-
Haryana	Hisar	Adampur	400	300	100
	Bhiwani	Bhiwani	200	400	-200
		Siwani	600	500	100
	Sirsa	Sirsa	1200	600	600



		Dhabwali	400	300	100
		Ellanabad	NR	0	-
	Fatehabad	Fatehabad	NA	0	-
Gujarat	Banaskantha	Deesa	NA	0	-
	Patan	Patan	NA	0	-
	Rajkot	Rajkot	10	24	-14
	Jamnagar	Dhrol	NA	0	-
Madhya Pradesh	Gwalior	Dabra	NA	0	-
Total Arrivals/Above Markets			5560	2524	1436

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