

Guar Monthly Research Report

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Executive Summary

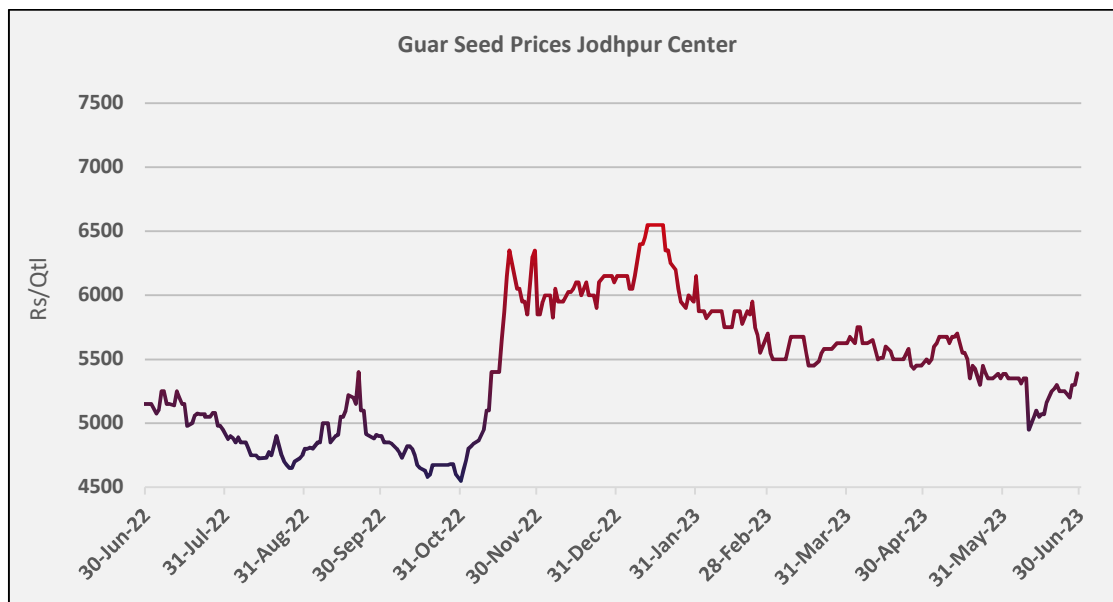
- The month of June '23 was sluggish for the Guar complex amid weak demand in the export as well as domestic markets. The prices of Guar seed went down by 5% while guar gum monthly average prices also extended the previous month's losses and went down by 7%.
- The demand for guar gum in the export market was weak amid the low crude oil prices. Even the cutting back in production by OPEC and Russia has not lifted Oil much. Additionally, a rebound in the value of the US dollar continued to exert a drag on oil futures.
- As per the data released by Baker Hughes, the average number of oilrigs in USA went down by 5% to 551 in June '23 as compared to 580 in the month of May '23 amid the low prices of crude oil.
- According to data released by state government, sowing of Guar in Rajasthan and Gujarat is higher this season as compared to the corresponding week of previous kharif. Sowing in the current kharif season has got a good head start, with cyclone bringing abundant rain in parts of Gujarat and southern Rajasthan.
- As per the market sources, area under guar is expected to fall in year 2023 in wake of significant rise in area under bajra and moong in Rajasthan amid the good rainfall in the region. Sowing activities is yet to pick up but overall area is likely to be down due to lower realization on guar that will lead to shift in area of guar to other profitable crops.

Price Outlook – Guar seed (Spot, Jodhpur basis):

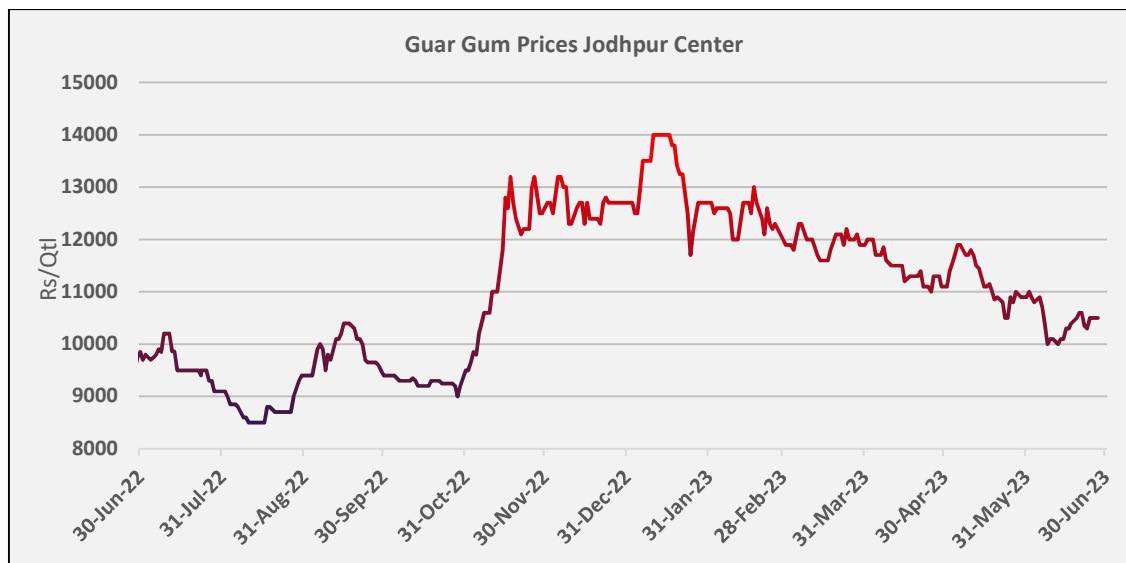
Guar seed delivery prices are range-bound and expected to show steady to bearish trend. The seed prices are likely to be in the range between 5,200 –5,600/Qtl. in the short-run and guar gum prices in the range of 10,000-11,000.

Domestic Market Fundamentals

During the month under review, Jodhpur delivery monthly average prices of Guar seed went down for the 5th month in a row and slugged by 5% to Rs. 5,246/qtl. as compared to previous month at Rs. 5,504/qtl. amid the weak demand in the market.



During the month under review, guar gum monthly average prices also extended the previous month's loss and went down by 7% to Rs. 10,487/qtl. as compared to previous month at Rs. 11,248/qtl. amid the low crude oil price.



Monsoon 2023 and Guar Sowing Progress

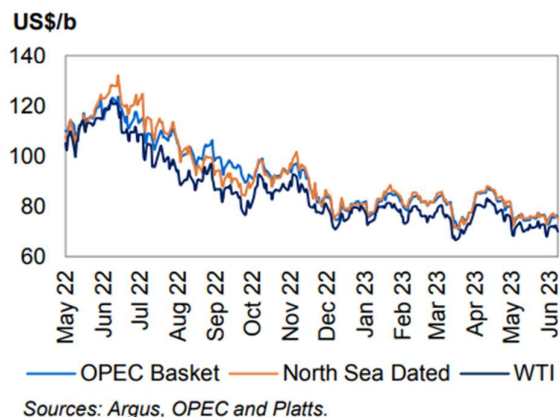
Guar seed sowing progress 2023-24			
State	Area of Kharif-2022 During Corresponding Period	Progressive Area of Kharif 2023	% change over previous year
Rajasthan (As on 03 rd Jul '23)	4.91	9.22	88%
Gujarat (As on 03 rd Jul '23)	0.001	0.11	10900%
Source: State government		Area in Lakh Ha	

- With cyclone bringing abundant rain in parts of Gujarat and southern Rajasthan, sowing in the current kharif season has got a good head start. According to data released by state government, the sowing in Rajasthan and Gujarat is higher this season as compared to the corresponding week of previous kharif.
- In western Rajasthan, in the period between 1st June to 29th June '2023, cumulative rainfall is 298%. Due to good rainfall conditions in Rajasthan, the farmers are shifting to crops like moong, moth and bajra. Although the sowing has just started, the weather scenarios in the coming months will decide the sowing area of guar.

Western Rajasthan Districts	Cumulative Rainfall Departure (%) 1st June to 29th Jun '23 In Western Rajasthan Districts
Ganganagar	147%
Bikaner	24%
Jaisalmer	109%
Barmer	629%
Jodhpur	332%
Churu	16%
Nagaur	216%
Jalor	1068%
Hanumangarh	38%
Pali	785%
West Rajasthan	298%
Rajasthan	188%
- In Hanumangarh and Sri Ganganagar district of western Rajasthan, the sowing of guar crop has already been concluded.
- In Hanumangarh district the guar sowing has almost concluded and as per the sources, the guar sowing area has declined by 20-30% this time due to the continued bearish prices and lower yield of the crop for last 2-3 seasons.
- In Anupgarh district of Rajasthan, the damage in newly sown guar crop is being reported amid the high temperature and absence of rainfall in the area.
- As per the market sources, the guar sowing area in the Bikaner (Khajuwala) region is very likely to decline by 15-20% due to the continued bearish price trend during the current season and that area is more likely to be shifted to Moong crop.

Crude Oil- Spot Price

Crude spot prices experienced a significant decline, completely wiping out the gains made in the previous month. The decline can be attributed to selloffs in futures markets, abundant crude oil supply in Northwest Europe, an uncertain demand outlook, and mixed refining margins. Furthermore, soft buying interest from multiple Asian buyers, caused by refinery turnarounds, added downward pressure on spot prices. Diesel margins also experienced weeks of continuous decline, particularly in Asia, further contributing to the weakening of oil prices. Despite the overall bearish sentiment, certain factors provided some support to spot prices. A significant reduction in US crude oil stocks during the week of May 16 provided some relief to the market.



Crude oil – Futures Price

In May, crude oil futures prices suffered additional losses as they faced a significant selloff triggered by a sharp decline in the broader financial markets. The downward pressure on oil futures had already begun in the latter half of April, influenced by a decrease in financial markets. Market sentiment weakened due to renewed concerns about an economic slowdown and re-emerging worries regarding the US banking sector.

Several factors contributed to the downward pressure and heightened volatility in crude oil futures prices. These included unexpected decreases in China's manufacturing activity in April, uncertainty surrounding the strength of China's oil demand recovery, mixed data on US inventory and demand, and disappointing growth in China's exports. These factors intensified the downward pressure on crude oil futures prices.

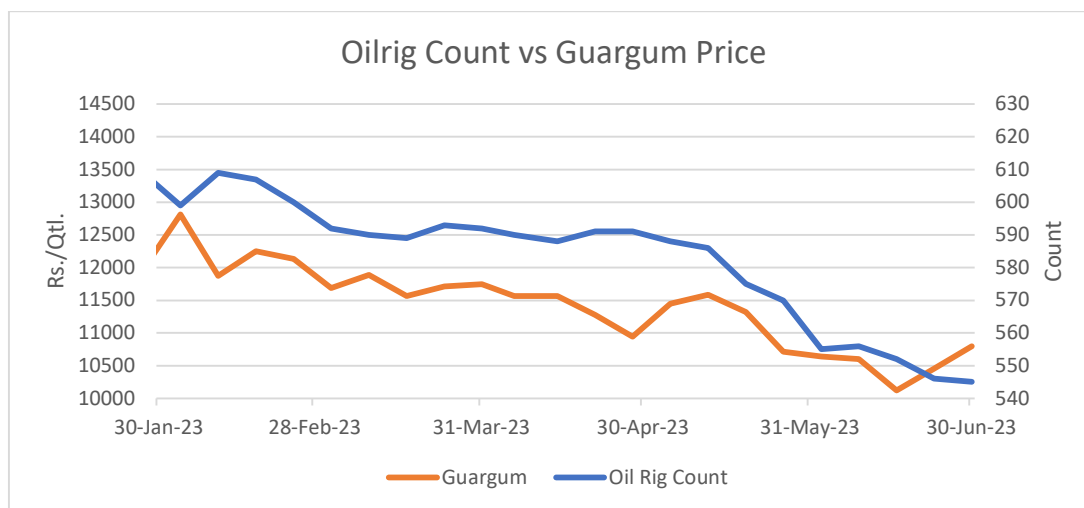
Although crude futures prices stabilized in the second half of May, uncertainties persisted due to the ongoing US debt ceiling negotiations and growing concerns about a potential default. Additionally, a rebound in the value of the US dollar continued to exert a drag on oil futures.

WTI Crude Oil

WTI Crude oil 30th June '23	% Change	
30th June '23		-0.40%
1 Week		0.90%
Month till date		2.56%

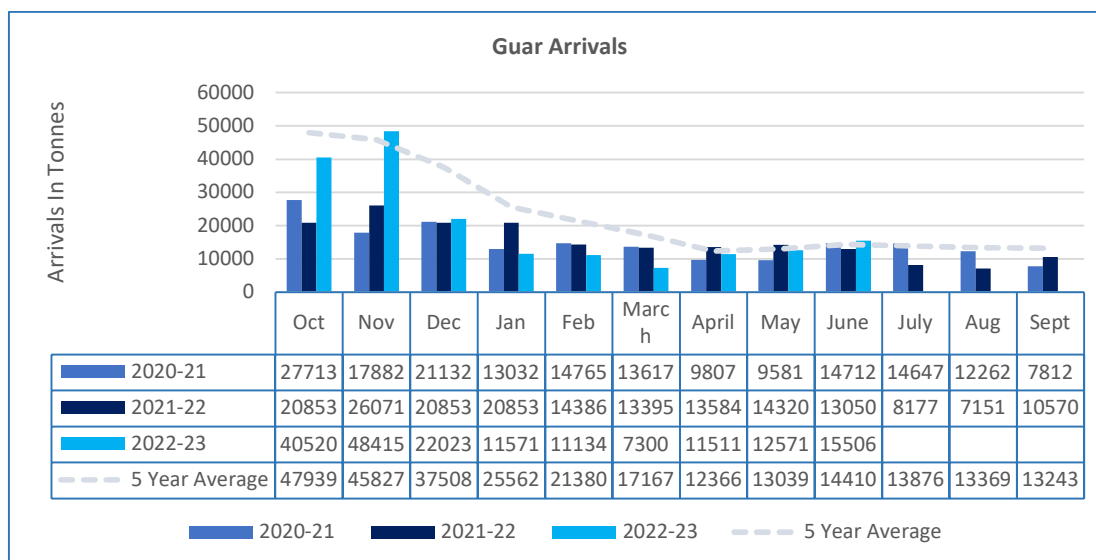
Oilrig count Vs Guar gum price

As per the data released by Baker Hughes, the average number of oilrigs in USA went down by 5% to 551 in June '23 as compared to 580 in the month of May '23. In the month of Jun '23, the rig count reached the lowest count of this year at 546 amid the continuous decline in crude oil prices and low demand. While the average Guar gum prices also went down by 7% in Jun '23 as compared to May '23.



Arrivals

In the period between Oct-Jun '23, Guar seed arrivals are down by 34% at 1,65,045 tonnes as compared to 2,35,197 tonnes five years average. While in the month of June '23, the arrivals went up by 23% to 15,506 tonnes as compared to 12,571 tonnes in the month of May '23. During the month, the guar arrivals were up because of the offloading of the older stocks by the farmers and traders amid the bearish price sentiments.

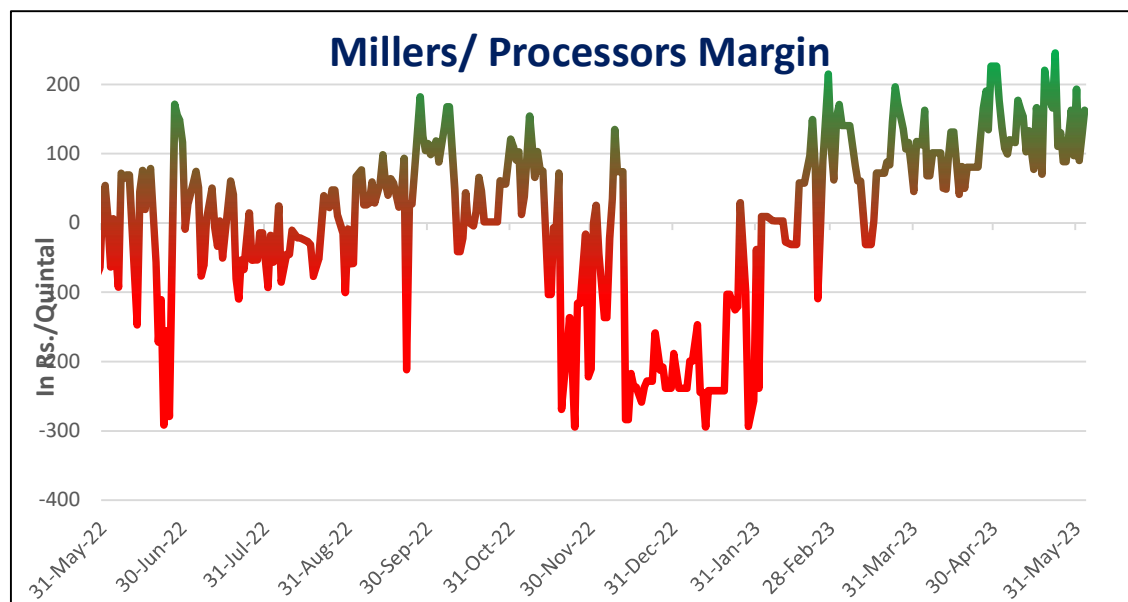


Source: Agmarknet

Millers/Processors Margin

As seen in the chart, the average net crush margin of guar seed increased in May '23 to 142/ Qtl as compared to 105/ Qtl in April '23 amid weaker export demand in the market. The millers are not getting any major profit due to lower export demand due to which many mills are not operating in districts like Jodhpur, Bikaner and Siwani where most of the mills are situated.

The churi and korma prices have also decreased during the week amid the fall in domestic demand as other crop meals like groundnut meal is available at a cheaper price in the market.



Technical Analysis (Guar Seed)

Commodity: Guar Seed
Contract: July

Exchange: NCDEX
Expiry: July 20, 2023

Guar Seed (July, Monthly Chart)

Technical Commentary:

- As seen in the above chart, market is currently range-bound and is trading above 50 and 100 DMA, while it is below 9 and 18 DMA, indicating bearish market sentiments.
- The guar seed prices during the month under review, went marginally up by 0.25%, market made low at 4,956, high at 5,585 and closed at 5,517.
- MACD oscillator indicating bearish momentum.
- RSI is near 50, indicating weak buying strength.

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Guar Seed	NCDEX	July	4700	4800	5517	5700	5800
			Call	Entry	T1	T2	SL
Guar Seed	NCDEX	July	SELL	5550	5000	4950	5600

Technical Analysis (Guar Gum)

Commodity: Guar Gum
Contract: July

Exchange: NCDEX
Expiry: July 20, 2023

Guar Gum (July, Monthly Chart)

Technical Commentary:

- As seen in the above chart, market is currently trading above 50 and 100 DMA, while it is below 9 and 18 DMA, indicating bearish market sentiments.
- The Guar gum prices are at a 7-month low and during the month under review, Guar gum prices went down by 1.02%. Market made low at 9,651, high at 10,970 and closed at 10,797.
- MACD is indicating bearish sentiments.
- RSI is near 52, indicating weak buying strength.

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Guar Gum	NCDEX	July	9450	9500	10797	11500	11600
Weekly Trade Call			Call	Entry	T1	T2	SL
Guar Gum	NCDEX	July	SELL	10800	9600	9550	10850

Guar Seed Prices at Key Spot Markets:					
Commodity	District	Centre	Prices (Rs/Qtl)		Change
Guar Seed			30-Jun-23	31-May-23	
Rajasthan	Jodhpur	Jodhpur (Loose)	5050	5200	-150
		Jodhpur (Delivery)	5303	5460	-158
	Sri-Ganganagar	Sri-Ganganagar (Loose)	5100	5200	-100
		Sri-Ganganagar (Delivery)	5250	5350	-100
		Rawla (Loose)	5130	5250	-120
		Gharsana (Loose)	5080	5250	-170
		Raisinghnagar (Loose)	5000	5200	-200
	Bikaner	Bikaner (Loose)	5200	5200	Unch
		Bikaner (Delivery)	5460	5460	Unch
		Nokha (Loose)	5100	5200	-100
		Nokha (Delivery)	5355	5460	-105
		Khajuwala (Loose)	5000	5300	-300
		Khajuwala (Delivery)	5250	5565	-315
		Lunkaransar (Loose)	5200	5200	Unch
	Hanumangarh	Hanumangarh (Loose)	5050	5200	-150
		Hanumangarh (Delivery)	5303	5460	-158
		Nohar (Loose)	5110	5110	Unch
		Pilibanga (Loose)	4850	5225	-375
	Nagaur	Nagaur (Loose)	5100	5175	-75
	Churu	Churu (Delivery)	5200	5400	-200
	Alwar	Alwar (Loose)	5000	5000	Unch
Haryana	Hisar	Adampur (Loose)	4960	5150	-190
		Adampur (Delivery)	5208	5408	-200
	Bhiwani	Bhiwani (Delivery)	5300	5400	-100
		Siwani (Loose)	5350	5350	Unch
	Sirsa	Sirsa (Loose)	4890	5200	-310
		Dhabwali (Loose)	5150	5200	-50
		Dhabwali (Delivery)	5408	5460	-53
		Ellanabad (Loose)	5150	5200	-50
	Fatehabad	Fatehabad (Loose)	5000	5100	-100
	Patan	Patan (Loose)	5250	5090	160
	Rajkot	Rajkot (Loose)	5225	5375	-150
	Jamnagar	Dhrol (Loose)	4675	4875	-200
Guar Gum					
Rajasthan	Jodhpur	Jodhpur	10300	10500	-200

	Alwar	Alwar	10300	11000	-700
Haryana	Bhiwani	Bhiwani	10300	10700	-400
	Sirsa	Sirsa	10200	10500	-300
		Dhabwali	10400	10700	-300
		Ellanabad	10400	10700	-300
	Fatehabad	Fatehabad	10350	10900	-550

Guar Seed Arrivals in Key Centers					
Commodity	District	Centre	Arrivals (Quintals)		Change
Guar Seed			30-Jun-23	31-May-23	
	Sri-Ganganagar	Sri-Ganganagar	200	150	50
		Rawla	50	0	50
		Gharsana	200	NA	-
		Raisinghnagar	50	0	50
	Bikaner	Bikaner	400	700	-300
		Nokha	500	300	200
		Khajuwala	200	200	Unch
		Lunkaransar	400	400	Unch
	Hanumangarh	Hanumangarh	60	20	40
		Nohar	21	0	21
		Pilibanga	NA	40	-
	Churu	Churu	NA	100	-
Haryana	Hisar	Adampur	500	500	Unch
	Bhiwani	Bhiwani	70	0	70
		Siwani	700	NA	-
	Sirsa	Sirsa	700	75	625
		Dhabwali	150	30	120
		Ellanabad	100	NA	-
	Patan	Patan	3	9	-6
	Rajkot	Rajkot	60	170	-110
	Jamnagar	Dhrol	1	36	-35
Total Arrivals/Above Markets			4365	2515	1850

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