

Guar Weekly Research Report

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Executive Summary

Domestic Guar Seed Market Summary

Guar seed prices tumbling continuously on weak demand of gum powder from overseas and higher carry over stock. Foreign buyers are still waiting for more decline in prices of guar seed as reported. Meanwhile, prices are trading in range between Rs 2900-3200 per quintal and likely to trade in the prevailing range till March end as expected.

On the currency front, Indian rupee against USD closed at 67.07, down 1.55 Rs compared to the previous week. Strengthening of Rupee in terms of dollar also discourage exporters of guar gum.

Overall fundamentals are still not very good for guar seed and gum due to lack of real demand from overseas fracking industry. However, any short-term recovery in prices can't be ruled out in the coming weeks considering lower arrivals.

As far as Arrivals are concerned, Adampur (Haryana) market (biggest market of guar in North) reported higher arrivals (~7200 bags) compared to previous week ~4500 bags.

Similarly, In Ganganagar market, arrivals have increased slightly last week to 5500 bags compared to prior week arrivals data i.e.5000 bags.

We expect guar seed prices to stay in a range with weak tone in the coming weeks ahead considering falling demand.

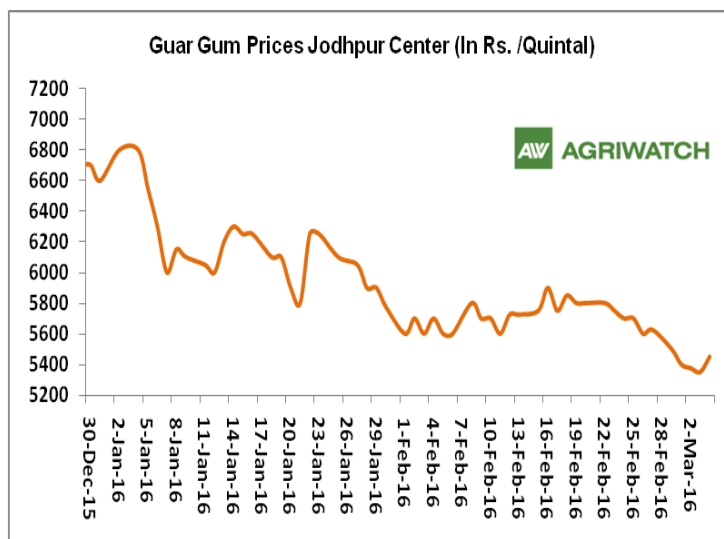
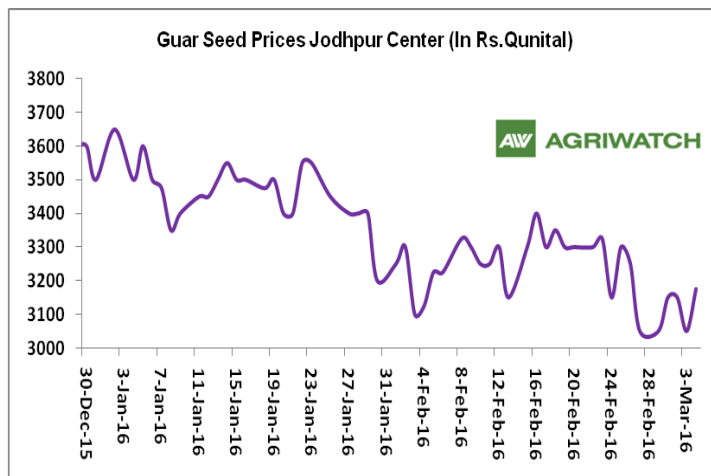
Recommendation:

Weekly Call - : Market participants are advised to go short in Guar seed at 3080 levels for a target of 2950-2900 with a stop loss at 3140 on closing basis.

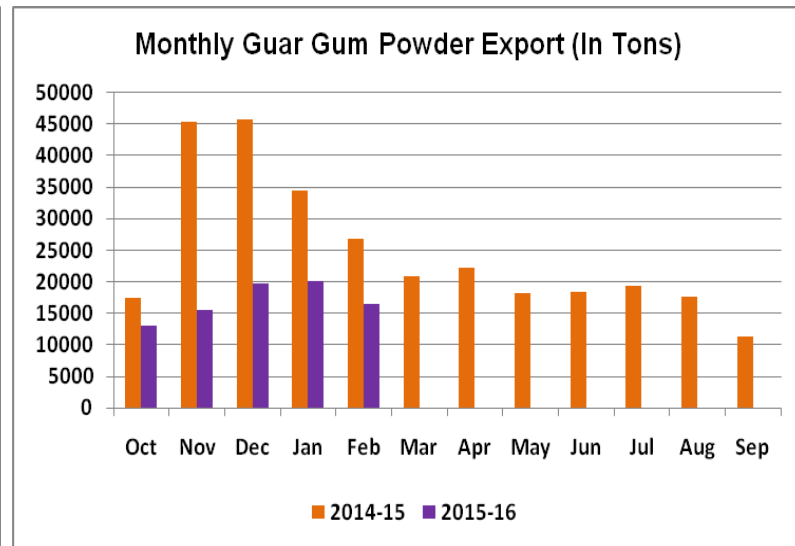
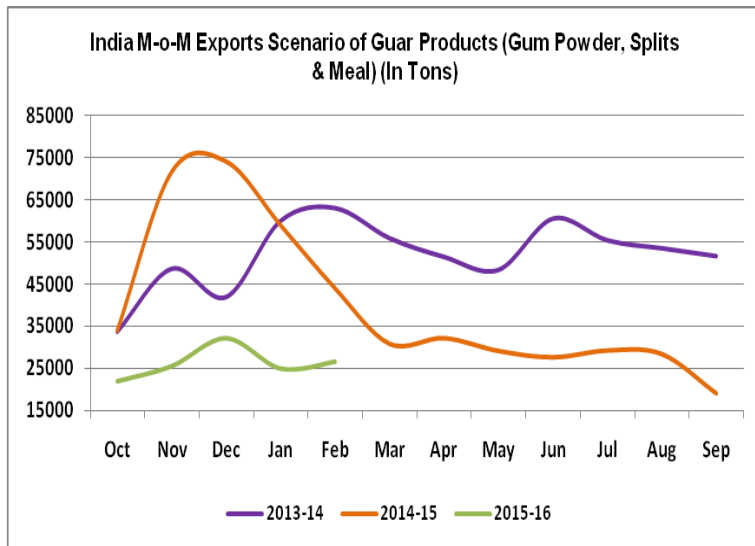
Guar Seed Fundamental Analysis and Outlook:-

Domestic Front

- Guar seed and gum prices continue its downward movement considering overall weak demand for guar gum.
- In the first week of March 2016, Guar seed weekly average prices declined sharply during the week by 5.1% compared to prior week and settled at Rs. 3104 per quintal. Prices are likely to recover from lower levels in the coming week due to improving processing margin last week due to higher Churi and korma prices but overall fundamentals would curb any major hike in prices.
- Also, Guar gum weekly average prices declined by 4.8% and was settle at Rs 5450 per quintal.
- Guar gum prices recently test its lowest levels in 5 years owing to weak demand from overseas.
- Retail investors are not finding guar seed market lucrative and avoid online trading platform these days, which curb punters to do speculation in prices as reported.
- Around 20000-25000 bags arriving daily in all India guar seed markets as reported.
- We expect guar seed and gum prices to trade sideways to weak in the coming days.



Export Scenario



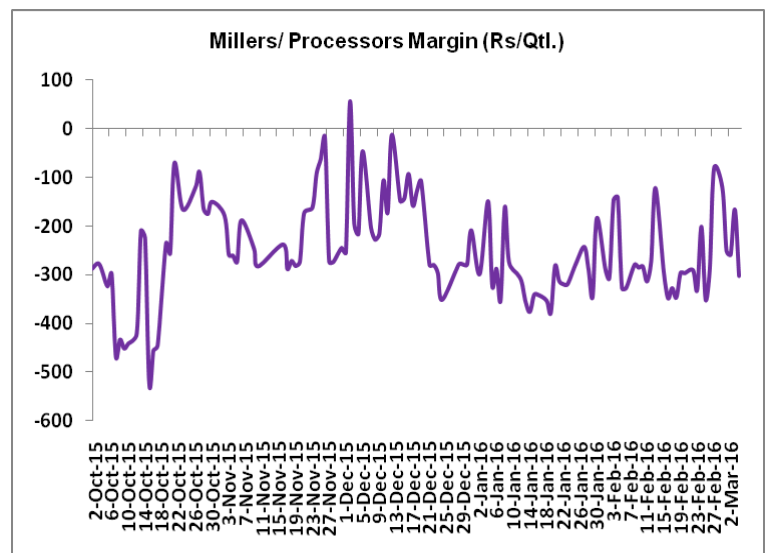
On export front, guar products export demand improved slightly compared to prior month. India has exported 26485 tons of guar seed products (Gum powder, Splits & Meal) in the month of February 2016 up 6.6% compared to last month.

However, recent gum export declined by 18% compared to previous month due to weak overseas demand. Reportedly, around 90% of the guar gum powder mills closed due to lesser demand from overseas.

Millers/Processors Margin

As seen in the chart, the average crushing margin of guar seed has increased compared to previous week. In the first week of March 2015, average crush margin increased to Rs. -195 /Quintal, which were -291 per quintal last week.

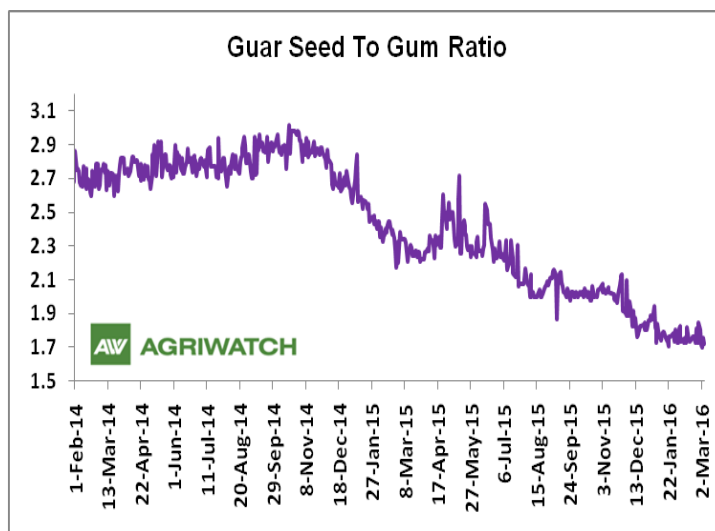
Higher degree of decrease in guar seed prices compared to guar gum prices and higher churi and korma prices led the margin up last week.



Guar Seed To Gum Ratio:

Ratio of guar seed to gum surged slightly this week to 1.755 which in the earlier week was 1.75. Higher decrease in guar seed prices compared to guar gum increased the ratio.

However, overall lackluster demand of gum from overseas and good demand of seed from millers due to higher, churi and korma prices lowered the overall ratio. It is notable that current ratio is the lowest ratio in 6.6 years. By and large, ratio stood at 2.5 in past years.



Technical Analysis (Guar Seed)

Commodity: Guar Seed 10MT
Contract: Apr

Exchange: NCDEX
Expiry: Apr 20, 2016

Guar Seed 10MT (Weekly Apr Contract Chart)



Technical Commentary:

- Guar prices are trading in downward trend.
- However, RSI is hovering near to oversold region
- Prices likely to trade between Rs 2900-3300 per quintal in the coming weeks.

Strategy: Sell

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Guar Seed 10MT	NCDEX	Apr	2845	2900	3021	3170	3243
Weekly Trade Call			Call	Entry	T1	T2	SL
Guar Seed 10MT	NCDEX	Apr	Sell	Below 3080	2980	2930	3140



Commodity: Guar Gum
Contract: Apr

Exchange: NCDEX
Expiry: Apr 20, 2016

Guar Gum (Mar Weekly Chart)

GUARGUM1604(NCGUGJ6)2016/02/28 - Weekly
O 5690.00 H 5690.00 L 5350.00 C 5440.00 V 44,117 I 23,300 -240 -4.23%
BOL(EXPONENTIAL, 10, 2.0) 5884.35 6579.36 5189.33



Technical Commentary:

- Guar gum prices are trading in a falling wedge.
- RSI is hovering at oversold region
- Last candlestick depicts bearishness in the market.
- Prices likely to trade between Rs 5200-6200 per quintal in the coming weeks.

Strategy: Sell

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Guar Gum	NCDEX	Apr	4800	5170	5440	6100	6500
Weekly Trade Call			Call	Entry	T1	T2	SL
Guar Gum	NCDEX	Apr	Sell	Below 5600	5300	5200	5780

Guar Seed & Gum Prices at Key Spot Markets

Guar by – Products Weekly Average Prices:				
Commodity	Centre	27thFeb to 04th Mar.16	20th to 26th Feb 16	Change
Churi	Jodhpur	1492	1500	-8
Korma	Jodhpur	1892	1842	50
Churi	Sri-Ganganagar	1500	1496	4
Korma	Sri-Ganganagar	1738	1721	17
Prices in Rs/75kg				

Guar Export Weekly Average Prices:				
Commodity	Variety	27thFeb to 04th Mar.16	20th to 26th Feb 16	Change
Guargum Split		814	833	-19
Guargum Powder	200 Mesh 5000 CPS	1108	1124	-16
	200 Mesh 3500 CPS	1035	1051	-17
Guargum Meal	40%	321	308	13
	50%	358	342	16
Prices in \$/MT				

Guar Seed Weekly Average Prices:					
Commodity	District	Centre	Weekly Prices (Average) (Rs/Qtl)		Change
Guar Seed			27thFeb to 04th Mar.16	20th to 26th Feb 16	
Rajasthan	Jodhpur	Jodhpur (Loose)	2958	3095	-137
		Jodhpur(Delivery)	3104	3271	-167
	Sri-Ganganagar	Sri-Ganganagar(Loose)	2843	2887	-44
		Sri-Ganganagar (Delivery)	2925	2967	-42
		Rawla (Loose)	2804	2872	-68
		Gharsana (Loose)	2777	2864	-88
		Raisinghnagar (Loose)	2834	2878	-43
	Bikaner	Bikaner (Loose)	2859	2929	-70
		Bikaner (Delivery)	3023	3150	-127
		Nokha(Loose)	2858	2969	-111
		Nokha (Delivery)	2961	3076	-115
		Khajuwala (Loose)	2825	2903	-78
		Khajuwala (Delivery)	2938	3019	-81

		Lunkaransar (Loose)	2813	2889	-77
	Hanumangarh	Hanumangarh (Loose)	2784	2863	-78
		Hanumangarh (Delivery)	2951	3104	-153
		Nohar (Loose)	2854	2913	-58
		Pilibanga (Loose)	2766	2864	-98
	Nagaur	Nagaur (Loose)	2842	2833	8
	Churu	Churu (Delivery)	3033	3175	-142
	Alwar	Alwar (Loose)	2858	2983	-125
Haryana	Hisar	Adampur (Loose)	2848	2913	-64
		Adampur (Delivery)	2994	3108	-114
	Bhiwani	Bhiwani (Delivery)	2988	3096	-108
		Siwani (Loose)	2970	3028	-58
	Sirsa	Sirsa (Loose)	2828	2878	-51
		Dhabwali (Loose)	2785	2834	-49
		Dhabwali (Delivery)	2929	3042	-113
		Ellanabad (Loose)	2832	2908	-77
	Fatehabad	Fatehabad (Loose)	2755	2855	-100
Gujarat	Banaskantha	Deesa (Loose)	NA	NA	-
	Patan	Patan (Loose)	2882	2969	-87
	Rajkot	Rajkot (Loose)	2842	2962	-120
	Jamnagar	Dhrol (Loose)	2711	2820	-109
Madhya pradesh	Gwalior	Dabra (Loose)	2984	3150	-166
Guar Gum					
Rajasthan	Jodhpur	Jodhpur	5450	5725	-275
	Alwar	Alwar	5517	5817	-300
	Hanumangarh	Nohar	5483	5750	-267
Haryana	Bhiwani	Bhiwani	5500	5850	-350
	Sirsa	Sirsa	5433	5692	-258
		Dhabwali	5520	5758	-238
		Ellanabad	5483	5742	-258
	Fatehabad	Fatehabad	5450	5650	-200

Week on Week Price: Scenario of Guarseed and Guargum:						
Commodity	District	Centre	Today	Week Ago	Month Ago	Year Ago
Guar Seed			4-Mar-16	26-Feb-16	4-Feb-16	4-Mar-15
Rajasthan	Jodhpur	Jodhpur (Loose)	3025	3075	2950	3650

		Jodhpur(Delivery)	3175	3250	3125	3850
	Sri-Ganganagar	Sri-Ganganagar(Loose)	2800	2880	2950	3660
		Sri-Ganganagar (Delivery)	2900	2950	3040	3860
		Rawla (Loose)	2780	2845	2900	3588
		Gharsana (Loose)	2780	2870	NR	3610
		Raisinghnagar (Loose)	2800	2890	NR	NR
	Bikaner	Bikaner (Loose)	2900	2875	2950	3700
		Bikaner (Delivery)	3050	3150	3100	3900
		Nokha(Loose)	2820	2950	2980	3750
		Nokha (Delivery)	2922	3056	3087	3885
		Khajuwala (Loose)	2815	2870	2925	3700
		Khajuwala (Delivery)	2928	2985	3042	3848
		Lunkaransar (Loose)	2800	2850	2950	3560
	Hanumangarh	Hanumangarh (Loose)	2750	2850	2900	NR
		Hanumangarh (Delivery)	2900	3100	3150	NR
		Nohar (Loose)	2850	2900	2940	NR
		Pilibanga (Loose)	2750	2850	2800	3540
	Nagaur	Nagaur (Loose)	2850	2950	2850	3750
	Churu	Churu (Delivery)	3000	3100	3100	3800
	Alwar	Alwar (Loose)	2800	2950	2900	3600
Haryana	Hisar	Adampur (Loose)	2840	2950	3000	3700
		Adampur (Delivery)	3000	3100	3200	3900
	Bhiwani	Bhiwani (Delivery)	2900	3050	3050	3700
		Siwani (Loose)	2950	3020	3050	3800
	Sirsa	Sirsa (Loose)	2850	2850	2850	3650
		Dhabwali (Loose)	2840	2810	2900	NR
		Dhabwali (Delivery)	3000	3050	3150	NR
		Ellanabad (Loose)	2825	2875	2950	NR
	Fatehabad	Fatehabad (Loose)	2700	2820	2900	NR
Gujarat	Banaskantha	Deesa (Loose)	NA	NA	3000	3675
	Patan	Patan (Loose)	2875	2895	3050	3675
	Rajkot	Rajkot (Loose)	2825	2900	3090	3600
	Jamnagar	Dhrol (Loose)	2760	2820	2860	NR
Madhya pradesh	Gwalior	Dabra (Loose)	3000	3100	3100	3000
Guar Gum						
Rajasthan	Jodhpur	Jodhpur	5450	5600	5700	9000
	Alwar	Alwar	5500	5700	5700	9000

	Hanumangarh	Nohar	5400	5750	5700	NR
Haryana	Bhiwani	Bhiwani	5400	5700	5750	9400
	Sirsa	Sirsa	5450	5600	5650	8900
		Dhabwali	5420	5750	5700	NR
		Ellanabad	5400	5650	5750	NR
	Fatehabad	Fatehabad	5400	5600	5700	NR

Guar Cumulative Arrivals in Key Centers:					
Commodity	District	Centre	Weekly Arrivals (Quintals)		Change
Guar Seed			27thFeb to 04th Mar.16	20th to 26th Feb 16	
Rajasthan	Jodhpur	Jodhpur	9720	7216	2504
	Sri-Ganganagar	Sri-Ganganagar	5500	5000	500
		Rawla	5050	4800	250
		Gharsana	2700	3550	-850
		Raisinghnagar	8200	8200	Unch
	Bikaner	Bikaner	5700	7500	-1800
		Nokha	1200	1150	50
		Khajuwala	7500	9200	-1700
		Lunkaransar	2900	2050	850
	Hanumangarh	Hanumangarh	1700	940	760
		Nohar	4800	2700	2100
		Pilibanga	2050	1900	150
	Nagaur	Nagaur	750	800	-50
	Churu	Churu	3300	4500	-1200
	Alwar	Alwar	2700	2600	100
Haryana	Hisar	Adampur	7200	4500	2700
	Bhiwani	Bhiwani	6000	9000	-3000
		Siwani	4100	1200	2900
	Sirsa	Sirsa	3700	1800	1900
		Dhabwali	480	670	-190
		Ellanabad	3750	2725	1025
	Fatehabad	Fatehabad	110	75	35
Gujarat	Banaskantha	Deesa	NA	NA	-
	Patan	Patan	357	380	-23
	Rajkot	Rajkot	510	845	-335
	Jamnagar	Dhrol	24	14	10
Madhya pradesh	Gwalior	Dabra	955	1650	-695
Total Arrivals/Above Markets			90956	84965	5991



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