

Guar Weekly Research Report

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Executive Summary

Domestic Guar Seed Market Summary

Guar seed prices recovered slightly from recent lows due to weak arrivals, as farmers are busy in harvesting mustard seed. 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, considering lower arrivals, any short-term recovery in prices cannot be ruled out in the coming weeks.

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 week ahead, considering falling demand.

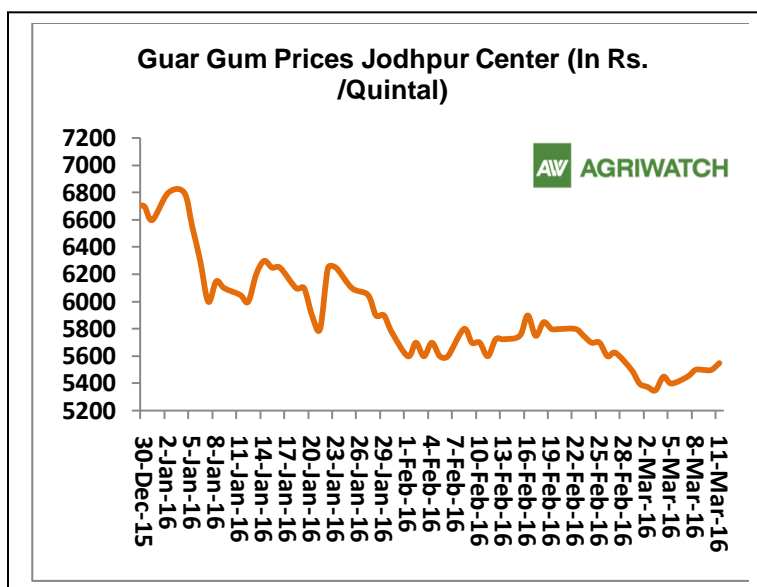
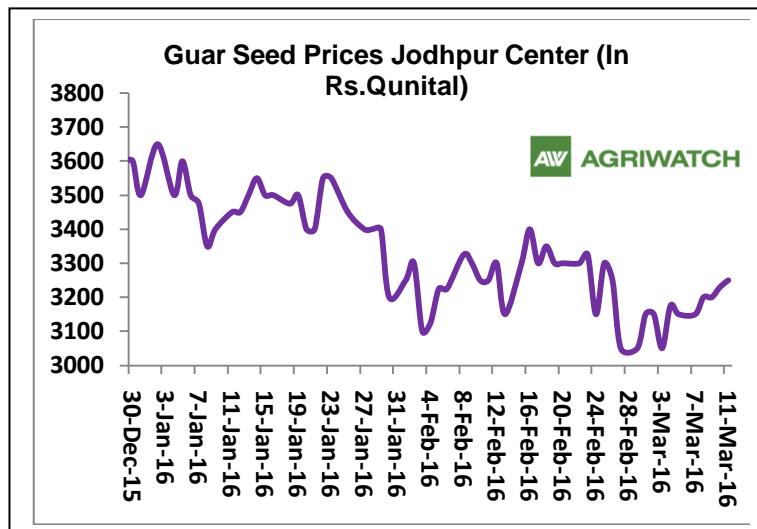
Recommendation:

Weekly Call - : Market participants are advised to go short in Guar seed at 3170 levels for a target of 3100 with a stop loss at 3220 on closing basis.

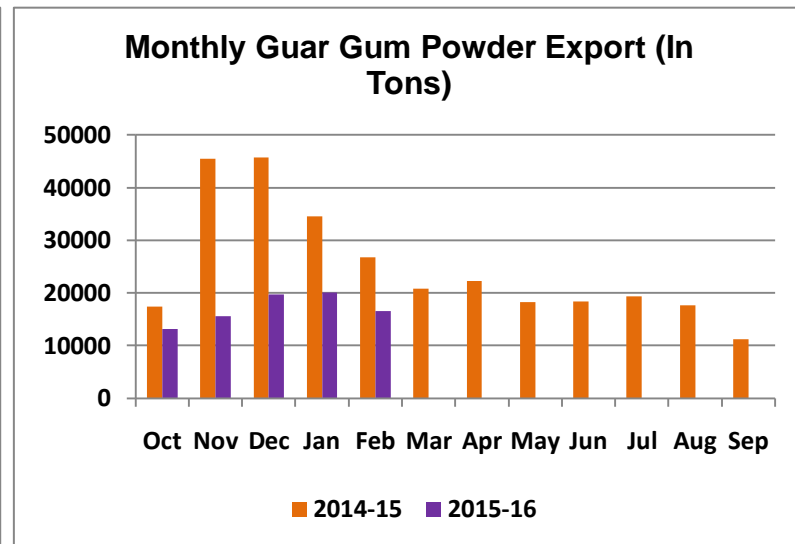
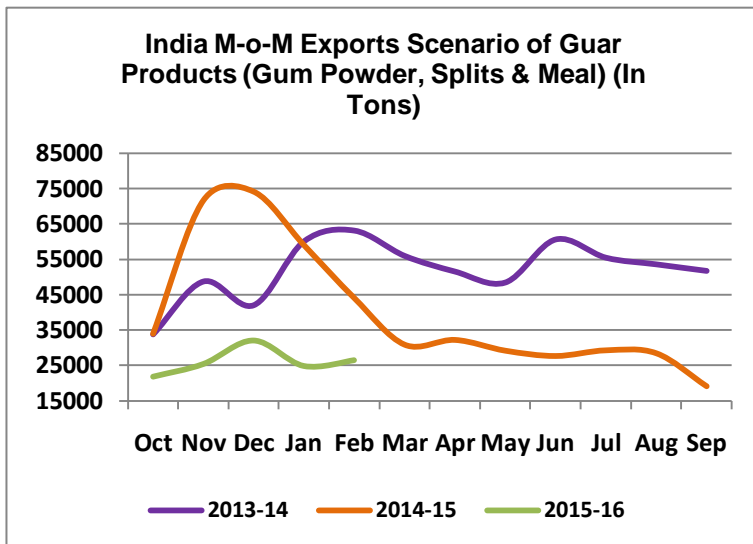
Guar Seed Fundamental Analysis and Outlook:-

Domestic Front

- Guar seed and gum prices recovered from recent lows due to lower arrivals.
- In the second week of March 2016, Guar seed weekly average prices surged slightly during the week by 3% compared to prior week and settled at Rs. 3196 per quintal. Prices are likely to recover from lower levels in the coming week led by improving processing margin last week due to higher Churi and korma prices but overall fundamentals would curb any major hike in prices.
- In addition, Guar gum weekly average prices surged by 0.6% and settled at Rs 5483 per quintal.
- Guar seed summer crop sowing has declined in Gujarat region. According to Gujarat agriculture director recent report, farmers have sown only 400 hectares of guar seed until 9th March 2016 which is 94% less sowing compared to sowing progress done in the corresponding period of last year. Farmers in Gujarat find guar seed less lucrative due to falling prices of guar seed. Farmers are shifting to substitute crop like Groundnut, Castor etc as per small survey done by Agriwatch.
- India exported 3462 tons of guar gum powder in the first week of March, which is 10% lower compared to prior week. Weak overseas demand led the export down for guar gum powder.
- Rajasthan State government today imposed 5.5% VAT on Guar Gum and Guar Gum Powder in the State budget 2016-17. Rajasthan Chief Minister Vasundhara Raje increased VAT on Guar Gum and Guar Gum powder to 5.5%, which earlier was 3% as reported. Recent increase in VAT on guar gum and powder will have a greater negative impact on guar gum and powder rather than seed which ultimately reducing guar to gum ratio, which is already hovering near 2.5 years low.
- We expect guar seed and gum prices to trade sideways to weak in the coming days.



Export Scenario



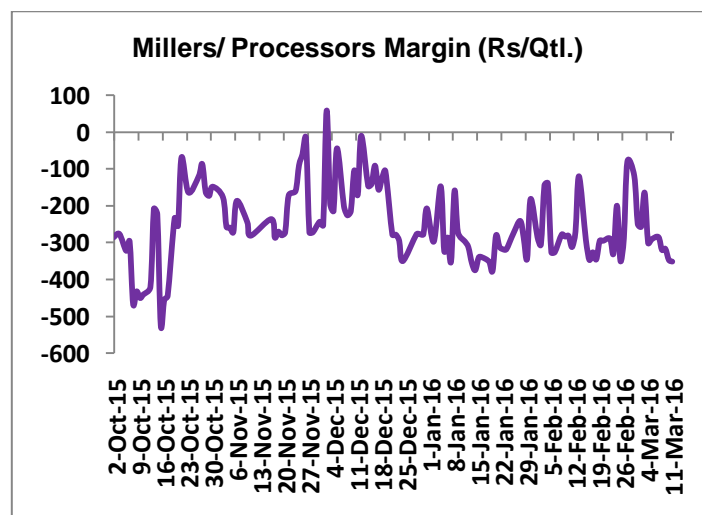
On export front, guar products export demand improved slightly compared to previous month. India has exported 26485 tons of guar seed products (Gum powder, Splits & Meal) in the month of February 2016 up 6.6% compared to last month.

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 decreased compared to previous week. In the second week of March 2015, average crush margin decreased to Rs. - 318.25 /Quintal, which were -195 per quintal last week.

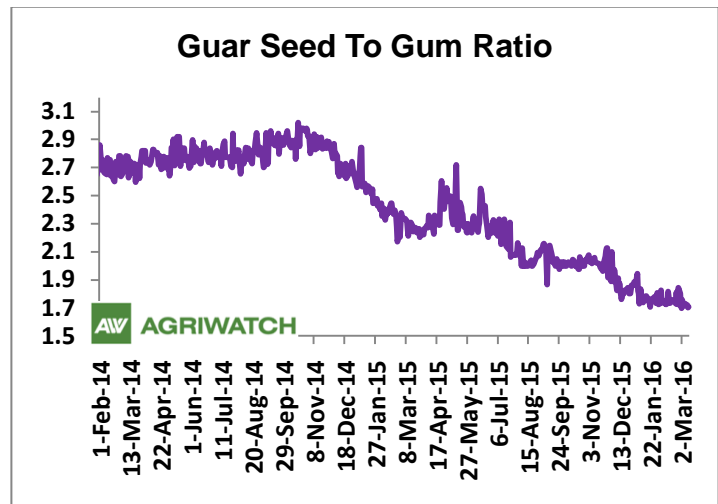
Higher degree of increase in guar seed prices compared to guar gum prices led the margin down last week.



Guar Seed To Gum Ratio:

Ratio of guar seed to gum declined slightly last week to 1.69, which in the earlier week was 1.71. Higher increase in guar seed prices compared to guar gum decreased the ratio.

Overall, lackluster overseas demand for gum and good demand for 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.



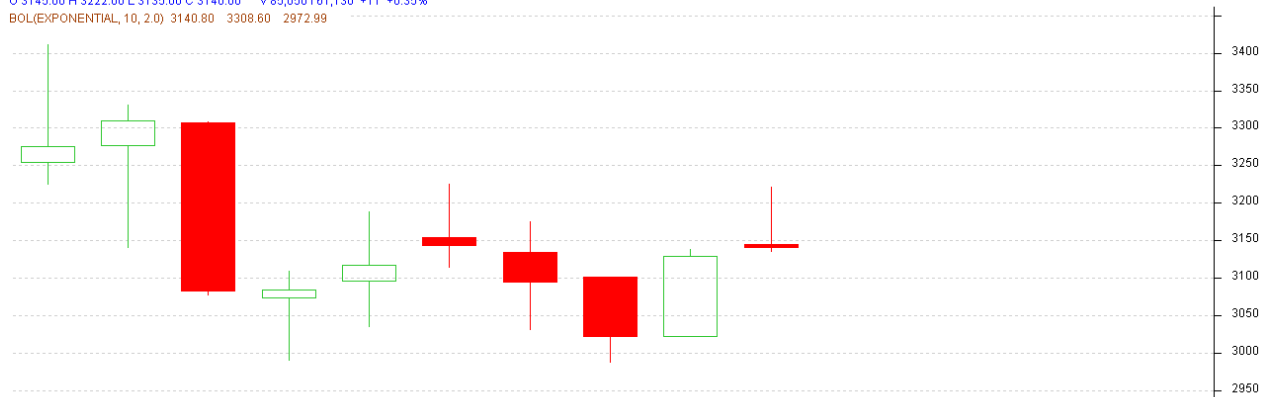
Technical Analysis (Guar Seed)

Commodity: Guar Seed 10MT
Contract: Apr

Exchange: NCDEX
Expiry: Apr 20, 2016

Guar Seed 10MT (Weekly Apr Contract Chart)

GUAR SEED 1604(NCGRSJ6)2016/03/13 - Weekly B:3138.00 A:3139.00
O 3145.00 H 3222.00 L 3135.00 C 3140.00 V 85,050 I 61,130 +11 +0.35%
BOL(EXPONENTIAL, 10, 2.0) 3140.80 3308.60 2972.99



RSI(9,SMA(9)) 35.4157 0.000000

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Technical Commentary:

- Guar prices are trading in downward trend.
- However, RSI is hovering near to oversold region
- Prices are 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	3129	3243	3500
Weekly Trade Call			Call	Entry	T1	T2	SL
Guar Seed 10MT	NCDEX	Apr	Sell	Below 3170	3100	3070	3212

Commodity: Guar Gum
Contract: Apr

Exchange: NCDEX
Expiry: Apr 20, 2016

Guar Gum (Mar Weekly Chart)



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 are 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	5590	6100	6500
Weekly Trade Call			Call	Entry	T1	T2	SL
Guar Gum	NCDEX	Apr	Sell	Below 5700	5600	5550	5760

Guar Seed & Gum Prices at Key Spot Markets

Guar by – Products Weekly Average Prices:				
Commodity	Centre	5th to 11th Mar.16	27thFeb to 04th Mar.16	Change
Churi	Jodhpur	1463	1492	-29
Korma	Jodhpur	1817	1892	-75
Churi	Sri-Ganganagar	1528	1500	28
Korma	Sri-Ganganagar	1787	1738	49
Prices in Rs/75kg				

Guar Export Weekly Average Prices:				
Commodity	Variety	5th to 11th Mar.16	27thFeb to 04th Mar.16	Change
Guargum Split		819	814	5
Guargum Powder	200 Mesh 5000 CPS	1116	1108	8
	200 Mesh 3500 CPS	1042	1035	7
Guargum Meal	40%	313	321	-9
	50%	357	358	-1
Prices in \$/MT				

Guar Seed Weekly Average Prices:					
Commodity	District	Centre	Weekly Prices (Average) (Rs/Qtl)		Change
Guar Seed			5th to 11th Mar.16	27thFeb to 04th Mar.16	
Rajasthan	Jodhpur	Jodhpur (Loose)	3047	2958	88
		Jodhpur(Delivery)	3197	3104	93
	Sri-Ganganagar	Sri-Ganganagar(Loose)	2841	2843	-2
		Sri-Ganganagar (Delivery)	2938	2925	13
		Rawla (Loose)	2831	2804	27
		Gharsana (Loose)	2842	2777	65
		Raisinghnagar (Loose)	2843	2834	9
	Bikaner	Bikaner (Loose)	2887	2859	28
		Bikaner (Delivery)	3030	3023	7
		Nokha(Loose)	2878	2858	19
		Nokha (Delivery)	2981	2961	20
		Khajuwala (Loose)	2877	2825	52
		Khajuwala (Delivery)	2992	2938	54
		Lunkaransar (Loose)	2843	2813	30

	Hanumangarh	Hanumangarh (Loose)	2806	2784	22
		Hanumangarh (Delivery)	2954	2951	3
		Nohar (Loose)	2878	2854	23
		Pilibanga (Loose)	2822	2766	56
	Nagaur	Nagaur (Loose)	2842	2842	Unch
	Churu	Churu (Delivery)	2975	3033	-58
	Alwar	Alwar (Loose)	2792	2858	-67
Haryana	Hisar	Adampur (Loose)	2858	2848	10
		Adampur (Delivery)	3025	2994	31
	Bhiwani	Bhiwani (Delivery)	3033	2988	44
		Siwani (Loose)	2985	2970	15
	Sirsa	Sirsa (Loose)	2853	2828	26
		Dhabwali (Loose)	2816	2785	31
		Dhabwali (Delivery)	2966	2929	37
		Ellanabad (Loose)	2866	2832	34
	Fatehabad	Fatehabad (Loose)	2749	2755	-6
Gujarat	Banaskantha	Deesa (Loose)	4000	NA	-
	Patan	Patan (Loose)	2832	2882	-50
	Rajkot	Rajkot (Loose)	2909	2842	67
	Jamnagar	Dhrol (Loose)	2738	2711	26
Madhya pradesh	Gwalior	Dabra (Loose)	3000	2984	16
Guar Gum					
Rajasthan	Jodhpur	Jodhpur	5483	5450	33
	Alwar	Alwar	5492	5517	-25
	Hanumangarh	Nohar	5417	5483	-67
Haryana	Bhiwani	Bhiwani	5458	5500	-42
	Sirsa	Sirsa	5458	5433	25
		Dhabwali	5525	5520	5
		Ellanabad	5438	5483	-46
	Fatehabad	Fatehabad	5405	5450	-45

Week on Week Price: Scenario of Guarseed and Guargum:						
Commodity	District	Centre	Today	Week Ago	Month Ago	Year Ago
Guar Seed			11-Mar-16	4-Mar-16	11-Feb-16	11-Mar-15
Rajasthan	Jodhpur	Jodhpur (Loose)	3100	3025	3050	3600
		Jodhpur(Delivery)	3250	3175	3250	3800

	Sri-Ganganagar	Sri-Ganganagar(Loose)	2880	2800	2850	3660
		Sri-Ganganagar (Delivery)	2950	2900	2950	3860
		Rawla (Loose)	2870	2780	2850	3627
		Gharsana (Loose)	2880	2780	2860	3600
		Raisinghnagar (Loose)	2900	2800	2854	NA
	Bikaner	Bikaner (Loose)	2920	2900	2915	3575
		Bikaner (Delivery)	3070	3050	3100	3775
		Nokha(Loose)	2920	2820	2950	3600
		Nokha (Delivery)	3025	2922	3056	3730
		Khajuwala (Loose)	2920	2815	2850	3620
		Khajuwala (Delivery)	3037	2928	2964	3765
		Lunkaransar (Loose)	2875	2800	2850	3570
	Hanumangarh	Hanumangarh (Loose)	2830	2750	2850	NA
		Hanumangarh (Delivery)	2980	2900	3050	NA
		Nohar (Loose)	2900	2850	2950	NA
		Pilibanga (Loose)	2880	2750	2870	3510
	Nagaur	Nagaur (Loose)	2800	2850	2850	3650
	Churu	Churu (Delivery)	3050	3000	3100	NA
	Alwar	Alwar (Loose)	2850	2800	2900	NA
Haryana	Hisar	Adampur (Loose)	2900	2840	2925	3650
		Adampur (Delivery)	3150	3000	3125	3850
	Bhiwani	Bhiwani (Delivery)	3050	2900	3050	3700
		Siwani (Loose)	3025	2950	3010	3700
	Sirsa	Sirsa (Loose)	2900	2850	2875	3650
		Dhabwali (Loose)	2880	2840	2840	3700
		Dhabwali (Delivery)	3020	3000	3050	3900
		Ellanabad (Loose)	2900	2825	2900	3650
	Fatehabad	Fatehabad (Loose)	2775	2700	2850	NA
Gujarat	Banaskantha	Deesa (Loose)	4000	NA	NA	NA
	Patan	Patan (Loose)	2875	2875	2995	NA
	Rajkot	Rajkot (Loose)	2850	2825	2900	3655
	Jamnagar	Dhrol (Loose)	2745	2760	NA	3070
Madhya pradesh	Gwalior	Dabra (Loose)	3100	3000	3000	3700
Guar Gum						
Rajastha n	Jodhpur	Jodhpur	5550	5450	5600	8400
	Alwar	Alwar	5600	5500	5700	NA
	Hanumangarh	Nohar	5500	5400	5600	NA
Haryana	Bhiwani	Bhiwani	5500	5400	6000	8800

	Sirsa	Sirsa	5500	5450	5600	8500
		Dhabwali	5700	5420	5600	8450
		Ellanabad	5500	5400	5600	8600
	Fatehabad	Fatehabad	5400	5400	5550	NA

Guar Cumulative Arrivals in Key Centers:					
Commodity	District	Centre	Weekly Arrivals (Quintals)		Change
Guar Seed			5th to 11th Mar.16	27thFeb to 04th Mar.16	
Rajasthan	Jodhpur	Jodhpur	1333	9720	-8387
	Sri-Ganganagar	Sri-Ganganagar	5000	5500	-500
		Rawla	3200	5050	-1850
		Gharsana	2400	2700	-300
		Raisinghnagar	6900	8200	-1300
	Bikaner	Bikaner	3200	5700	-2500
		Nokha	1200	1200	Unch
		Khajuwala	4800	7500	-2700
		Lunkaransar	2100	2900	-800
	Hanumangarh	Hanumangarh	1350	1700	-350
		Nohar	3800	4800	-1000
		Pilibanga	1539	2050	-511
	Nagaur	Nagaur	675	750	-75
	Churu	Churu	3000	3300	-300
	Alwar	Alwar	900	2700	-1800
Haryana	Hisar	Adampur	5700	7200	-1500
	Bhiwani	Bhiwani	9500	6000	3500
		Siwani	4000	4100	-100
	Sirsa	Sirsa	2550	3700	-1150
		Dhabwali	800	480	320
		Ellanabad	3350	3750	-400
	Fatehabad	Fatehabad	145	110	35
Gujarat	Banaskantha	Deesa	NA	NA	-
	Patan	Patan	357	357	Unch
	Rajkot	Rajkot	695	510	185
	Jamnagar	Dhrol	29	24	5
Madhya pradesh	Gwalior	Dabra	2100	955	1145
Total Arrivals/Above Markets			70623	90956	-20333



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