

# Guar Weekly Research Report

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## **Executive Summary**

### **Domestic Guar Seed Market Summary**

*Guar seed prices continue its rally second consecutive week due to lower arrivals in the market of guar seed. Farmers are indulging in harvest of mustard seed, which hampers arrivals of guar 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 66.5, down 0.54 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.*

*As far as Arrivals are concerned, Adampur (Haryana) market (biggest market of guar in North) reported higher arrivals (~3550 bags) compared to previous week ~5700 bags.*

*Similarly, In Ganganagar market, arrivals have decreased slightly last week to 3900 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.*

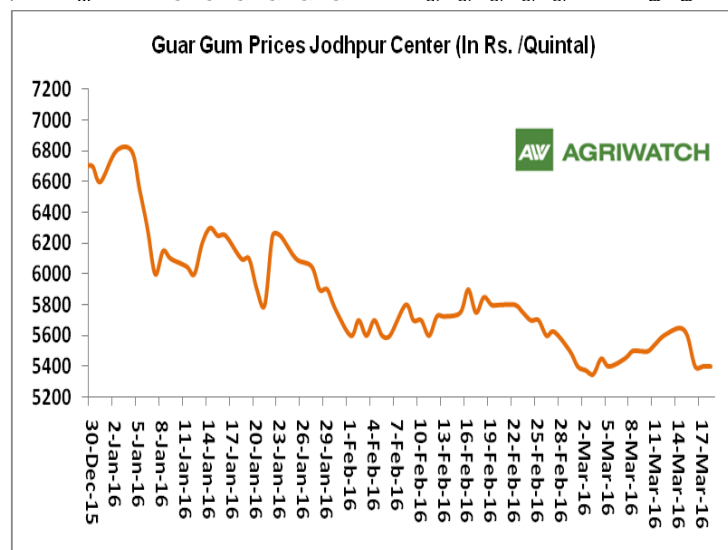
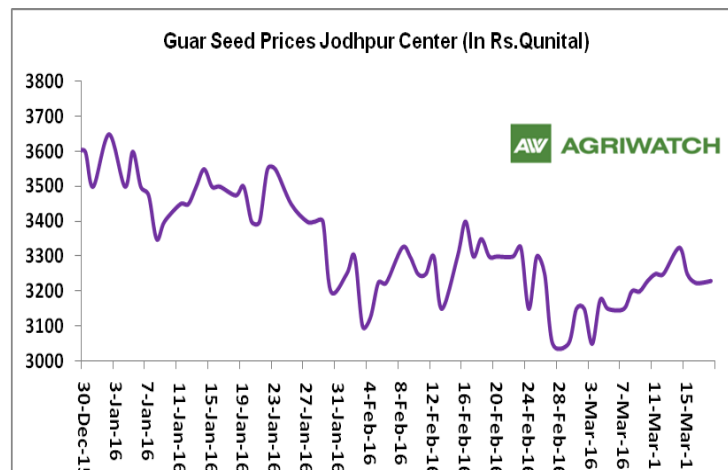
### **Recommendation:**

*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.*

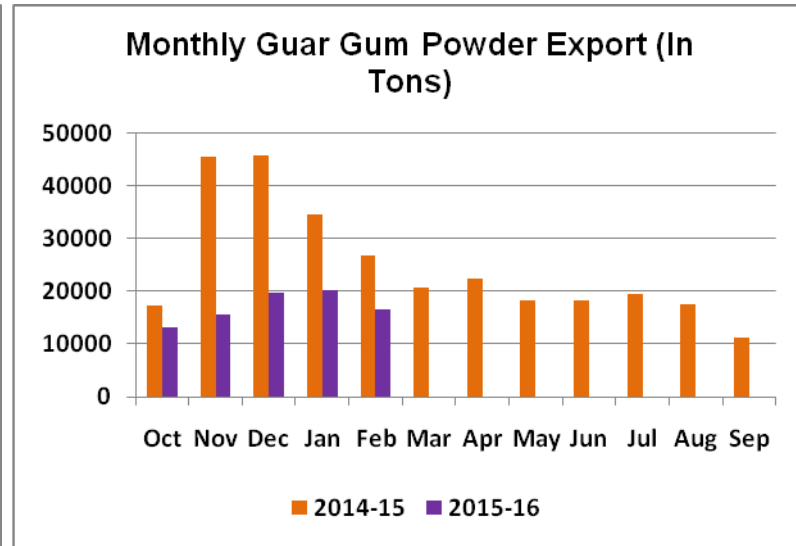
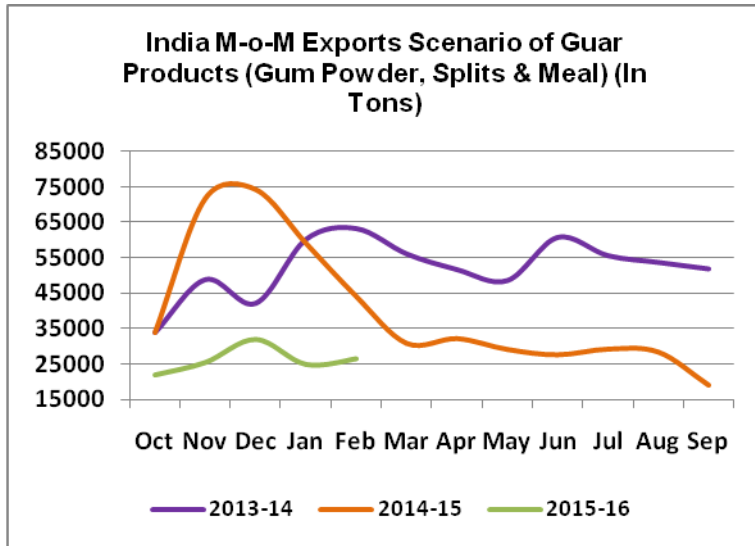
## Guar Seed Fundamental Analysis and Outlook:-

### Domestic Front

- Guar seed and gum prices surged slightly due to lower arrivals.
- In the third week of March 2016, Guar seed weekly average prices surged during the week by 1.7% compared to prior week and settled at Rs. 3250 per quintal. Lower arrivals of guar seed in open markets support the prices.
- Also, Guar gum weekly average prices surged by 0.5% and was settle at Rs 5508 per quintal.
- Guar seed summer sowing continuously falling and lacking behind last year sowing figures. According to Gujarat agriculture director recent report, farmers have sown only 2500 hectares of guar seed till 14th March 2016 which is 76% less sowing compared to sowing progress done in last year same period. 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 export 4462.7 tons of guar gum powder in the second week of March which is 29% higher compared to prior week.
- 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 increase 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 put negative impact more on guar gum and powder rather than seed which ultimately reduce guar to gum ratio which already hovering near to 2.5 years low.
- We expect guar seed and gum prices to trade sideways to weak in the coming days.



## Export Scenario



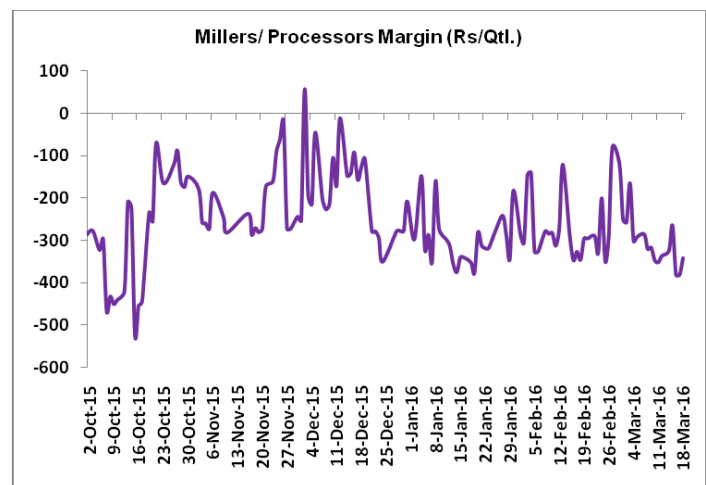
On export front, guar products export demand improved slightly compared to prior month. India has exported 26485 tons of guar seed products (Gum powder, Splits & Meal) in the month of February 2016 up 6.6% compared to last month.

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 decreased compared to previous week. In the third week of March 2015, average crush margin decreased to Rs. -337.80 /Quintal, which were -318.25 per quintal last week.

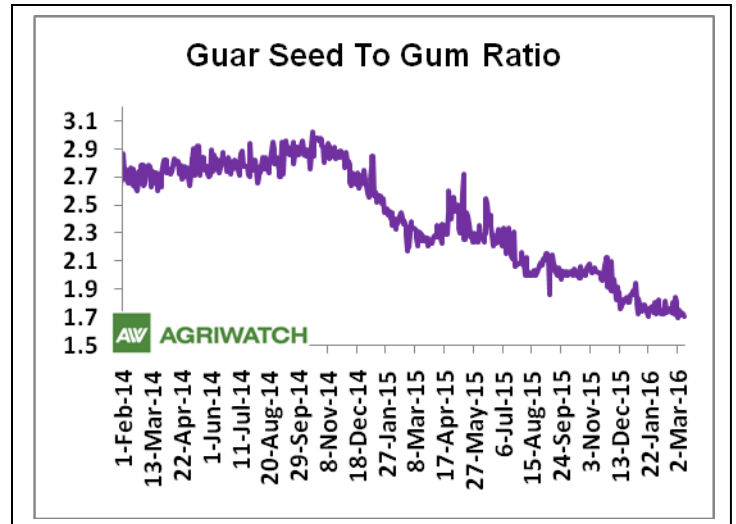
Higher degree of increase in guar seed prices compared to guar gum prices led the margin down last week.



### 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 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.

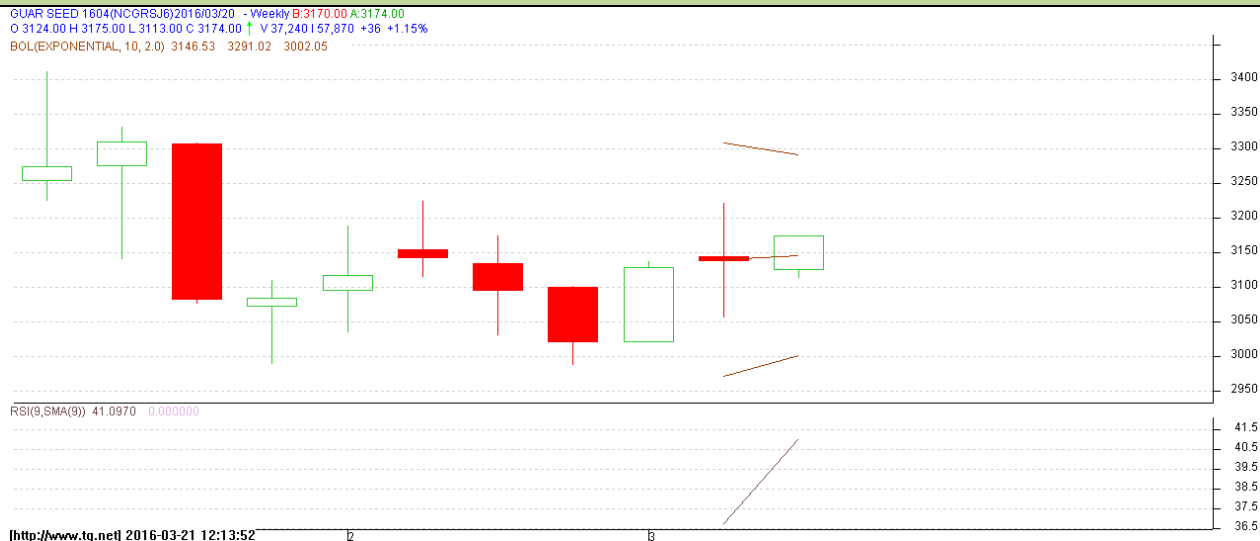


### Technical Analysis (Guar Seed)

**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       | 3138 | 3243 | 3500 |
| Weekly Trade Call             |       |     | Call        | Entry      | T1   | T2   | SL   |
| Guar Seed 10MT                | NCDEX | Apr | <b>Sell</b> | Below 3170 | 3070 | 3020 | 3230 |

**Commodity: Guar Gum**  
**Contract: Apr**

**Exchange: NCDEX**  
**Expiry: Apr 20, 2016**

### Guar Gum (Apr 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 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       | 5530 | 6100 | 6500 |
| Weekly Trade Call             |       |     | Call        | Entry      | T1   | T2   | SL   |
| Guar Gum                      | NCDEX | Apr | <b>Sell</b> | Below 5650 | 5350 | 5200 | 5830 |

**Guar Seed & Gum Prices at Key Spot Markets**

| <b>Guar by – Products Weekly Average Prices:</b> |                |                            |                           |               |
|--|----------------|----------------------------|---------------------------|---------------|
| <b>Commodity</b>                                 | <b>Centre</b>  | <b>12th to 18th Mar.16</b> | <b>5th to 11th Mar.16</b> | <b>Change</b> |
| <b>Churi</b>                                     | Jodhpur        | 1513                       | 1463                      | <b>50</b>     |
| <b>Korma</b>                                     | Jodhpur        | 1825                       | 1817                      | <b>8</b>      |
| <b>Churi</b>                                     | Sri-Ganganagar | 1608                       | 1528                      | <b>80</b>     |
| <b>Korma</b>                                     | Sri-Ganganagar | 1896                       | 1787                      | <b>109</b>    |
| <b>Prices in Rs/75kg</b>                         |                |                            |                           |               |

| <b>Guar Export Weekly Average Prices:</b> |                   |                            |                           |               |
|---|-------------------|----------------------------|---------------------------|---------------|
| <b>Commodity</b>                          | <b>Variety</b>    | <b>12th to 18th Mar.16</b> | <b>5th to 11th Mar.16</b> | <b>Change</b> |
| <b>Guargum Split</b>                      |                   | 826                        | 819                       | <b>7</b>      |
| <b>Guargum Powder</b>                     | 200 Mesh 5000 CPS | 1124                       | 1116                      | <b>8</b>      |
|   | 200 Mesh 3500 CPS | 1050                       | 1042                      | <b>8</b>      |
| <b>Guargum Meal</b>                       | 40%               | 333                        | 313                       | <b>21</b>     |
|   | 50%               | 378                        | 357                       | <b>21</b>     |
| <b>Prices in \$/MT</b>                    |                   |                            |                           |               |

| <b>Guar Seed Weekly Average Prices:</b> |                       |                           |  |                               |               |
|---|-----------------------|---------------------------|--|-------------------------------|---------------|
| <b>Commodity</b>                        | <b>District</b>       | <b>Centre</b>             | <b>Weekly Prices (Average )<br/>(Rs/Qtl)</b> |                               | <b>Change</b> |
| <b>Guar Seed</b>                        |                       |                           | <b>12th to 18th<br/>Mar.16</b>               | <b>5th to 11th<br/>Mar.16</b> |               |
| <b>Rajasthan</b>                        | <b>Jodhpur</b>        | Jodhpur (Loose)           | 3101   | 3047                          | <b>54</b>     |
|   |                       | Jodhpur(Delivery)         | 3251   | 3197                          | <b>54</b>     |
|   | <b>Sri-Ganganagar</b> | Sri-Ganganagar(Loose)     | 2910   | 2841                          | <b>69</b>     |
|   |                       | Sri-Ganganagar (Delivery) | 3004   | 2938                          | <b>67</b>     |
|   |                       | Rawla (Loose)             | 2880   | 2831                          | <b>49</b>     |
|   |                       | Gharsana (Loose)          | 2875   | 2842                          | <b>33</b>     |
|   |                       | Raisinghnagar (Loose)     | 2915   | 2843                          | <b>72</b>     |
|   | <b>Bikaner</b>        | Bikaner (Loose)           | 2929   | 2887                          | <b>43</b>     |
|   |                       | Bikaner (Delivery)        | 3079   | 3030                          | <b>49</b>     |
|   |                       | Nokha(Loose)              | 2912   | 2878                          | <b>34</b>     |
|   |                       | Nokha (Delivery)          | 3016   | 2981                          | <b>35</b>     |
|   |                       | Khajuwala (Loose)         | 2917   | 2877                          | <b>40</b>     |
|   |                       | Khajuwala (Delivery)      | 3033   | 2992                          | <b>42</b>     |
|   |                       | Lunkaransar (Loose)       | 2913   | 2843                          | <b>71</b>     |
|   | <b>Hanumangarh</b>    | Hanumangarh (Loose)       | 2880   | 2806                          | <b>74</b>     |
|   |                       | Hanumangarh (Delivery)    | 3030   | 2954                          | <b>76</b>     |



|                |             |                     |      |      |      |
|----------------|-------------|---------------------|------|------|------|
|                |             | Nohar (Loose)       | 2919 | 2878 | 42   |
|                |             | Pilibanga (Loose)   | 2919 | 2822 | 98   |
|                | Nagaur      | Nagaur (Loose)      | 2867 | 2842 | 25   |
|                | Churu       | Churu (Delivery)    | 3050 | 2975 | 75   |
|                | Alwar       | Alwar (Loose)       | 2883 | 2792 | 92   |
| Haryana        | Hisar       | Adampur (Loose)     | 2927 | 2858 | 68   |
|                |             | Adampur (Delivery)  | 3077 | 3025 | 52   |
|                | Bhiwani     | Bhiwani (Delivery)  | 3105 | 3033 | 73   |
|                |             | Siwani (Loose)      | 3070 | 2985 | 85   |
|                | Sirsa       | Sirsa (Loose)       | 2919 | 2853 | 66   |
|                |             | Dhabwali (Loose)    | 2824 | 2816 | 8    |
|                |             | Dhabwali (Delivery) | 2948 | 2966 | -18  |
|                |             | Ellanabad (Loose)   | 2943 | 2866 | 77   |
|                | Fatehabad   | Fatehabad (Loose)   | 2838 | 2749 | 88   |
| Gujarat        | Banaskantha | Deesa (Loose)       | 3833 | 4000 | -167 |
|                | Patan       | Patan (Loose)       | 3004 | 2832 | 172  |
|                | Rajkot      | Rajkot (Loose)      | 2950 | 2909 | 41   |
|                | Jamnagar    | Dhrol (Loose)       | 2798 | 2738 | 61   |
| Madhya pradesh | Gwalior     | Dabra (Loose)       | 3020 | 3000 | 20   |
| Guar Gum       |             |                     |      |      |      |
| Rajasthan      | Jodhpur     | Jodhpur             | 5508 | 5483 | 25   |
|                | Alwar       | Alwar               | 5567 | 5492 | 75   |
|                | Hanumangarh | Nohar               | 5617 | 5417 | 200  |
| Haryana        | Bhiwani     | Bhiwani             | 5633 | 5458 | 175  |
|                | Sirsa       | Sirsa               | 5500 | 5458 | 42   |
|                |             | Dhabwali            | 5604 | 5525 | 79   |
|                |             | Ellanabad           | 5550 | 5438 | 113  |
|                | Fatehabad   | Fatehabad           | 5467 | 5405 | 62   |

**Week on Week Price: Scenario of Guarseed and Guargum:**

| Commodity | District       | Centre                    | Today     | Week Ago  | Month Ago | Year Ago  |
|-----------|----------------|---------------------------|-----------|-----------|-----------|-----------|
| Guar Seed |                |                           | 18-Mar-16 | 11-Mar-16 | 18-Feb-16 | 18-Mar-15 |
| Rajasthan | Jodhpur        | Jodhpur (Loose)           | 3080      | 3100      | 3150      | 3500      |
|           |                | Jodhpur(Delivery)         | 3230      | 3250      | 3350      | 3700      |
|           | Sri-Ganganagar | Sri-Ganganagar(Loose)     | 2850      | 2880      | 2925      | 3600      |
|           |                | Sri-Ganganagar (Delivery) | 2925      | 2950      | 3000      | 3800      |
|           |                | Rawla (Loose)             | 2850      | 2870      | 2925      | NR        |

|                       |                    |                        |        |      |      |      |
|-----------------------|--------------------|------------------------|--------|------|------|------|
|                       |                    | Gharsana (Loose)       | 2850   | 2880 | 2880 | 3560 |
|                       |                    | Raisinghnagar (Loose)  | 2880   | 2900 | 2886 | 3580 |
|                       | <b>Bikaner</b>     | Bikaner (Loose)        | 2900   | 2920 | 2950 | 3550 |
|                       |                    | Bikaner (Delivery)     | 3050   | 3070 | 3150 | 3750 |
|                       |                    | Nokha(Loose)           | 2880   | 2920 | 3000 | 3600 |
|                       |                    | Nokha (Delivery)       | 2984   | 3025 | 3108 | 3730 |
|                       |                    | Khajuwala (Loose)      | 2880   | 2920 | 2955 | 3600 |
|                       |                    | Khajuwala (Delivery)   | 2995   | 3037 | 3073 | 3744 |
|                       |                    | Lunkaransar (Loose)    | 2875   | 2875 | 2925 | 3535 |
|                       | <b>Hanumangarh</b> | Hanumangarh (Loose)    | 2850   | 2830 | 2880 | 3500 |
|                       |                    | Hanumangarh (Delivery) | 3000   | 2980 | 3050 | 3700 |
|                       |                    | Nohar (Loose)          | 2915   | 2900 | 2930 | NR   |
|                       |                    | Pilibanga (Loose)      | 2900   | 2880 | 2910 | NR   |
|                       | <b>Nagaur</b>      | Nagaur (Loose)         | 2900   | 2800 | 2900 | 3550 |
|                       | <b>Churu</b>       | Churu (Delivery)       | 3000   | 3050 | 3150 | 3700 |
|                       | <b>Alwar</b>       | Alwar (Loose)          | 2850   | 2850 | 3000 | 3500 |
| <b>Haryana</b>        | <b>Hisar</b>       | Adampur (Loose)        | 2925   | 2900 | 2925 | 3600 |
|                       |                    | Adampur (Delivery)     | 3075   | 3050 | 3125 | 3800 |
|                       | <b>Bhiwani</b>     | Bhiwani (Delivery)     | 3070   | 3050 | 3125 | 3650 |
|                       |                    | Siwani (Loose)         | 3060   | 3025 | 3050 | 3700 |
|                       | <b>Sirsa</b>       | Sirsa (Loose)          | 2850   | 2900 | 2900 | 3570 |
|                       |                    | Dhabwali (Loose)       | 2765   | 2880 | 2900 | 3550 |
|                       |                    | Dhabwali (Delivery)    | 2915   | 3020 | 3100 | 3750 |
|                       |                    | Ellanabad (Loose)      | 2925   | 2900 | 2925 | 3565 |
|                       | <b>Fatehabad</b>   | Fatehabad (Loose)      | 2800   | 2775 | 2800 | NR   |
| <b>Gujarat</b>        | <b>Banaskantha</b> | Deesa (Loose)          | 3500   | 4000 | NR   | NR   |
|                       | <b>Patan</b>       | Patan (Loose)          | 2950   | 2875 | 3005 | NR   |
|                       | <b>Rajkot</b>      | Rajkot (Loose)         | Closed | 2850 | 3000 | NR   |
|                       | <b>Jamnagar</b>    | Dhrol (Loose)          | 2810   | 2745 | 2840 | NR   |
| <b>Madhya pradesh</b> | <b>Gwalior</b>     | Dabra (Loose)          | 3000   | 3100 | 2900 | 3250 |
| <b>Guar Gum</b>       |                    |                        |        |      |      |      |
| <b>Rajasthan</b>      | <b>Jodhpur</b>     | Jodhpur                | 5400   | 5550 | 5850 | 8300 |
|                       | <b>Alwar</b>       | Alwar                  | 5500   | 5600 | 5900 | 8300 |
|                       | <b>Hanumangarh</b> | Nohar                  | 5700   | 5500 | 5800 | NR   |
| <b>Haryana</b>        | <b>Bhiwani</b>     | Bhiwani                | 5500   | 5500 | 6000 | 8600 |
|                       | <b>Sirsa</b>       | Sirsa                  | 5400   | 5500 | 5800 | 8300 |
|                       |                    | Dhabwali               | 5425   | 5700 | 5900 | 8300 |
|                       |                    | Ellanabad              | 5450   | 5500 | 5800 | 8400 |
|                       | <b>Fatehabad</b>   | Fatehabad              | 5400   | 5400 | 5550 | NR   |

| Guar Cumulative Arrivals in Key Centers: |                |                |                            |                    |        |
|--|----------------|----------------|----------------------------|--------------------|--------|
| Commodity                                | District       | Centre         | Weekly Arrivals (Quintals) |                    | Change |
| Guar Seed                                |                |                | 12th to 18th Mar.16        | 5th to 11th Mar.16 |        |
| Rajasthan                                | Jodhpur        | Jodhpur        | 1020                       | 1333               | -313   |
|  | Sri-Ganganagar | Sri-Ganganagar | 3900                       | 5000               | -1100  |
|  |                | Rawla          | 2450                       | 3200               | -750   |
|  |                | Gharsana       | 2550                       | 2400               | 150    |
|  |                | Raisinghnagar  | 4400                       | 6900               | -2500  |
|  | Bikaner        | Bikaner        | 5200                       | 3200               | 2000   |
|  |                | Nokha          | 1150                       | 1200               | -50    |
|  |                | Khajuwala      | 5500                       | 4800               | 700    |
|  |                | Lunkaransar    | 1790                       | 2100               | -310   |
|  | Hanumangarh    | Hanumangarh    | 850                        | 1350               | -500   |
|  |                | Nohar          | 2400                       | 3800               | -1400  |
|  |                | Pilibanga      | 1700                       | 1539               | 161    |
|  | Nagaur         | Nagaur         | 920                        | 675                | 245    |
| Haryana                                  | Churu          | Churu          | 3000                       | 3000               | Unch   |
|  | Alwar          | Alwar          | 1650                       | 900                | 750    |
|  | Hisar          | Adampur        | 3550                       | 5700               | -2150  |
|  | Bhiwani        | Bhiwani        | 7700                       | 9500               | -1800  |
|  |                | Siwani         | 3800                       | 4000               | -200   |
|  | Sirsa          | Sirsa          | 2400                       | 2550               | -150   |
|  |                | Dhabwali       | 775                        | 800                | -25    |
|  |                | Ellanabad      | 3650                       | 3350               | 300    |
| Gujarat                                  | Fatehabad      | Fatehabad      | 260                        | 145                | 115    |
|  | Banaskantha    | Deesa          | NA                         | NA                 | -      |
|  | Patan          | Patan          | 412                        | 357                | 55     |
|  | Rajkot         | Rajkot         | 870                        | 695                | 175    |
|  | Jamnagar       | Dhrol          | 54                         | 29                 | 25     |
| Madhya pradesh                           | Gwalior        | Dabra          | 1650                       | 2100               | -450   |
| Total Arrivals/Above Markets             |                |                | 63601                      | 70623              | -7022  |



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