

Guar Weekly Research Report

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Executive Summary

Domestic Guar Seed Market Summary

As per data released by Baker Hughes the number of oil rigs in USA has decreased to 958 until 28th July 2017 up by 8 compared to last week and by 495 compared to 29th July 2016. Guar gum is used in hydraulic fracturing for extracting oil and gas; therefore, as the number of oil rigs increases or decreases the demand for guar gum is also affected.

Heavy monsoon rains in Gujarat have damaged Kharif area mainly in Saurashtra and North Gujarat. Cotton and pulses have suffered most and around 25-30% has been damaged due to this. Until 24th July, area under guar was 145200 hectares. Overall 22-25% of Kharif crop has suffered in Gujarat. Re-sowing is possible at this stage but for that clear and sunny weather is required.

As per IMD, since the beginning of south-west monsoon the rains have been well distributed all over India except few areas in the south. The cumulative rainfall until Sunday in the country has been around 102 percent of the LPA and it is expected to be 99% of LPA in August which has 29 percent share in the overall monsoon rains. Until 28th July around 75 percent of Kharif sowing is done and because of normal rainfall this year better crop can be expected under normal conditions.

The wholesale price index of guar seed has decreased from 84.9 in May 2017 to 78.5 in June 2017. The WPI for June 2017 is higher by 6.40 compared to last year for the same month and lower by 27.4 compared to June 2015.

As per market sources, in the month of May 2017 India has exported around 53066 tonnes of guar gum in May compared to around 54392 tonnes in April 2017. For financial year 2016-17, India exported around 4.23 lakh tonnes of guar gum have been exported compared to 3.25 lakh tonnes in financial year 2015-16 for the same period. The highest share was of USA followed by Norway and China.

Government has imposed 5 percent GST on guar meal making it less competitive compared to other cattle feeds available in the market. Furthermore a 5 percent GST on guar gum has also upset export demand for the commodity. Trading activities are sluggish as traders are still unclear regarding various aspects of GST.

As far as Arrivals are concerned, Adampur (Haryana) market (biggest market of guar in North) reported higher arrivals (2400 quintals) compared to previous week 2200 quintals.

As far as Arrivals are concerned, Bikaner market reported higher arrivals (1627 quintals) compared to previous week 1550 quintals.

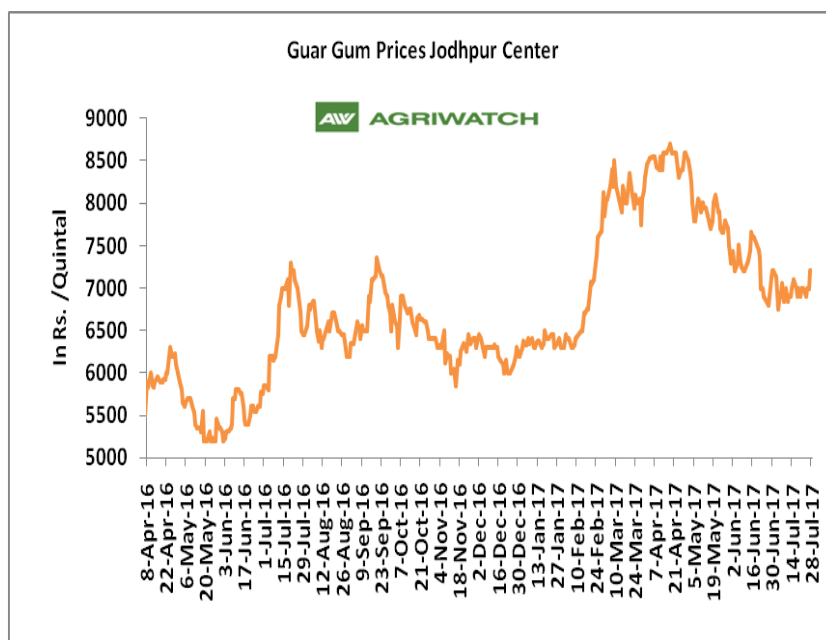
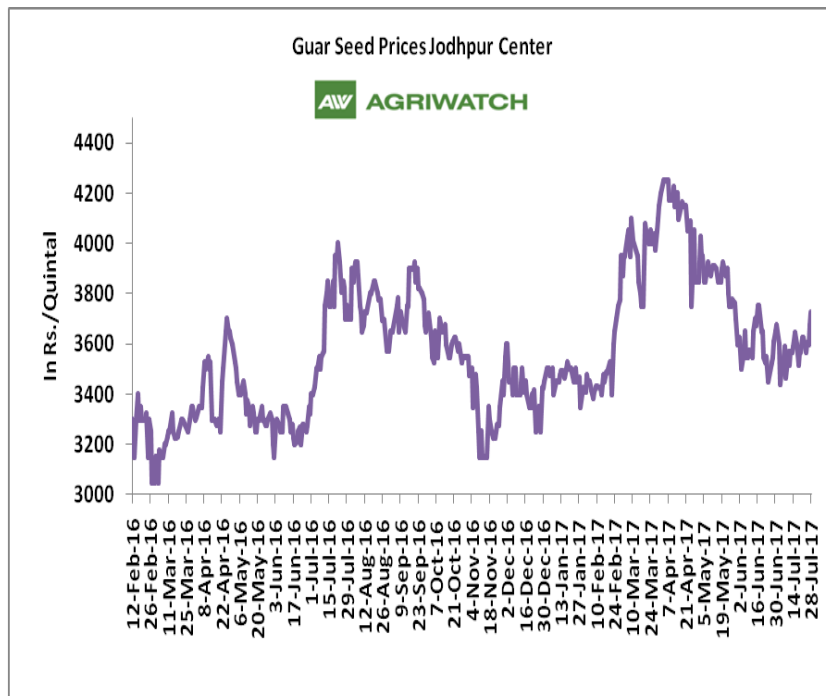
Recommendation:

Weekly Call - : Market participants are advised to Buy Guar seed at 3565 levels for a target of 3840 with a stop loss at 3469 on closing basis.

Guar Seed Fundamental Analysis and Outlook:-

Domestic Front

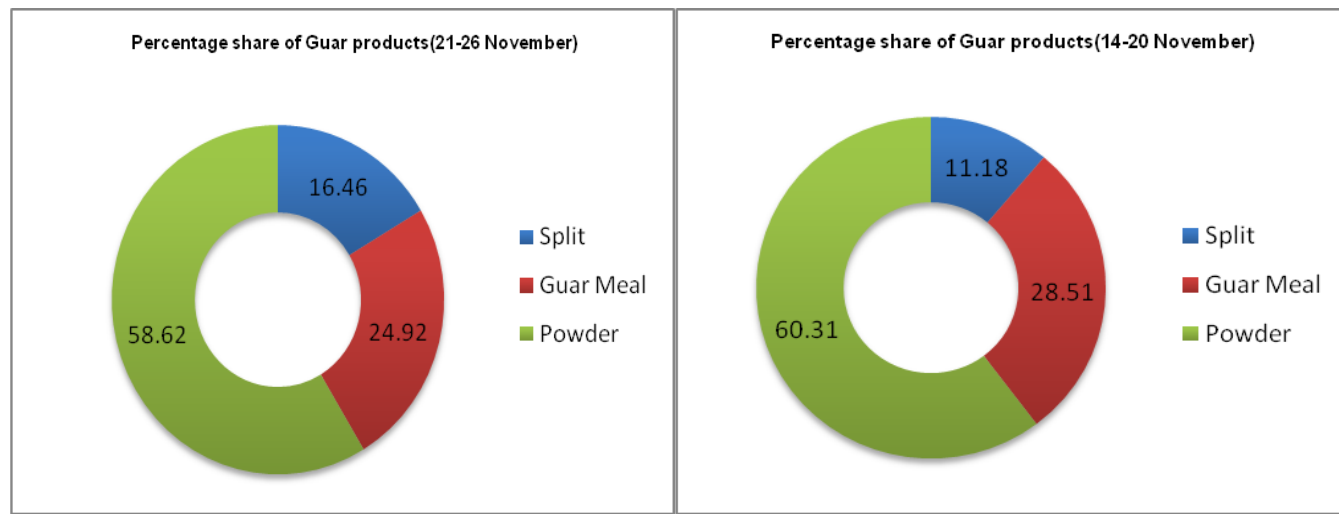
- In the week ended 28 July'17, Guar seed weekly average prices increased by Rs 45.50 /- qtl during the week compared to previous week and settled at Rs 3632 per quintal.
- In addition, Guar gum weekly average prices were up by Rs. 66.67/- qtl and settled at Rs. 7050 per quintal. Firm demand for guar gum from domestic as well as overseas market led the prices up this week.
- As per latest update by Rajasthan agriculture department, guar seed has been sown in 1914.8 thousand hectares until 20 July 2017 against a target of 3800 thousand hectares for current Kharif season. As compared to last year for the same date, area is up 1339.3 thousand hectares. Last Kharif season guar was sown in 3530 thousand hectares. The last five year average area ending 2011-15 for guar seed in Rajasthan is 4424 thousand hectares.
- According to latest update, area sown in Gujarat until 24 July 2017 is 145200 hectares compared to 53800 hectares in the previous Kharif season. Area of guar is expected to be lower this season as farmers are shifting to other crops like cotton in irrigated areas and pulses in rain fed areas as these crops are fetching more returns. The last three-year average normal area for guar seed in Gujarat is 292400 hectares.



Export Scenario

Export Scenario (21st - 26th November 2016)

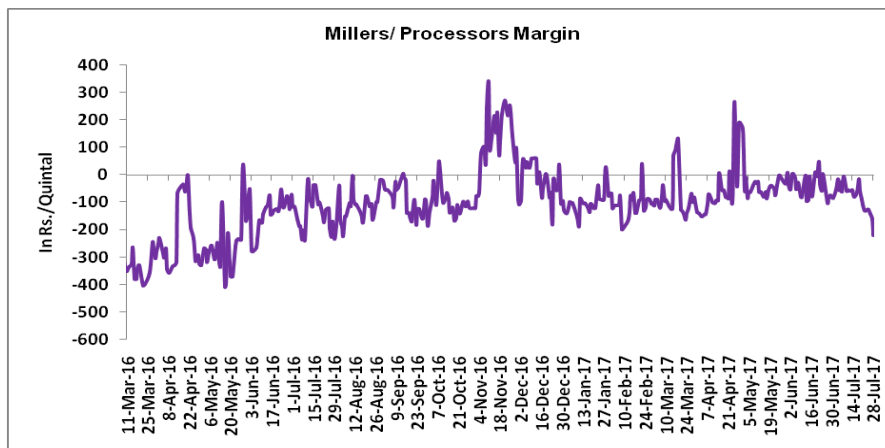
During this week 8625 tonnes of guar was exported out of which 5056 tonnes was guar gum powder, 2149 tonnes was guar meal and 1420 tonnes guar gum splits. As compared to last week, the export of guar gum powder and guar split has increased whereas export of guar meal has slightly decreased.



Millers/Processors Margin

In the week ended 28 July'17, average crush margin is Rs. -151.46/Quintal, compared to last week's -69.18/Quintal. Therefore crushing is favorable for Millers/Processors.

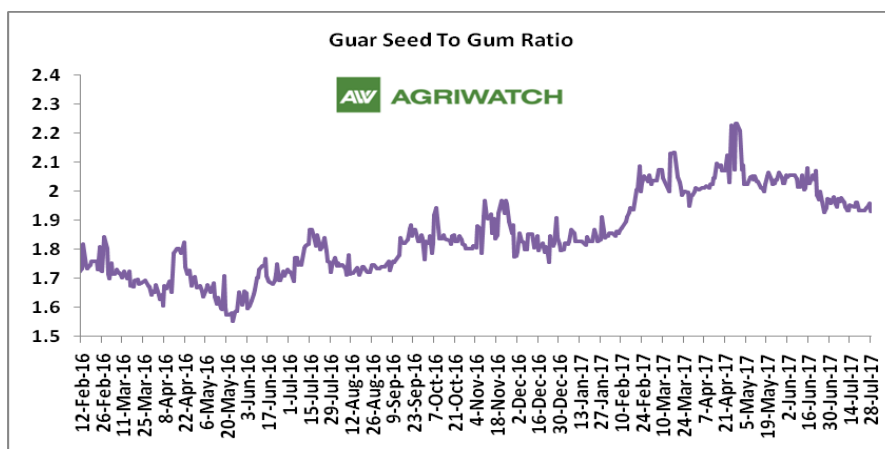
Higher degree of increase in guar seed prices compared to guar gum prices led the margin down this week.



Guar Seed to Gum Ratio:

Ratio of guar seed to guar gum for week ended 28 July'17 is 1.941, lower compared to last week's 1.947

Overall, weak demand of gum from overseas and good demand of seed from millers has decreased the overall ratio.





Technical Analysis (Guar Seed)

Commodity: Guar Seed
Contract: October

Exchange: NCDEX
Expiry: October 18, 2017



Technical Commentary:

- Rise in price and open interest indicates long buildup.
- RSI is moving in neutral region.
- Last candlestick depicts bullishness in market.
- Prices closed above 9 and 18 day EMAs.

Strategy: Buy

Weekly Supports & Resistances			S1	S2	PCP	R1	R2
Guar Seed	NCDEX	October	3320	3235	3567	3975	4050
Weekly Trade Call			Call	Entry	T1	T2	SL
Guar Seed	NCDEX	October	Buy	Above 3565	3725	3840	3469

Technical Analysis (Guar Gum)

Commodity: Guar Gum
Contract: October

Exchange: NCDEX
Expiry: October 18, 2017



Technical Commentary:

- Rise in price and open interest indicates long buildup.
- Prices closed below 9 and 18 days EMAs.
- RSI is moving in neutral region.
- Last candlestick depicts bullishness in market.

Strategy: Buy

Weekly Supports & Resistances			S1	S2	PCP	R1	R2
Guar Gum	NCDEX	October	6840	6685	7378	6890	6765
Weekly Trade Call			Call	Entry	T1	T2	SL
Guar Gum	NCDEX	October	Buy	Above 7360	7855	8120	7063

Guar Seed & Gum Prices at Key Spot Markets

Guar by – Products Weekly Average Prices (Prices in Rs/75kg)				
Commodity	Centre	22nd to 28th July 17	15th to 21th July 17	Change
Churi	Jodhpur	1433	1488	-54
Korma	Jodhpur	1785	1813	-29
Churi	Sri-Ganganagar	1294	1353	-59
Korma	Sri-Ganganagar	1648	1643	5

Guar Export Weekly Average Prices (Prices in \$/MT)				
Commodity	Variety	22nd to 28th July 17	15th to 21th July 17	Change
Guargum Split		1104	1096	8
Guargum Powder	200 Mesh 5000 CPS	1415	1407	8
	200 Mesh 3500 CPS	1337	1329	8
Guargum Meal	40%	311	321	-10
	50%	373	383	-10

Guar Seed Weekly Average Prices:					
Commodity	District	Centre	Weekly Prices (Average) (Rs/QtI)		Change
Guar Seed			22nd to 28th July 17	15th to 21th July 17	
Rajasthan	Jodhpur	Jodhpur (Loose)	3459	3416	43
		Jodhpur(Delivery)	3632	3587	46
	Sri-Ganganagar	Sri-Ganganagar(Loose)	3229	3223	6
		Sri-Ganganagar (Delivery)	3379	3373	6
		Rawla (Loose)	3245	3212	33
		Gharsana (Loose)	3224	3192	32
		Raisinghnagar (Loose)	3276	3247	29
	Bikaner	Bikaner (Loose)	3228	3244	-16
		Bikaner (Delivery)	3390	3406	-17
		Nokha(Loose)	3240	3228	13
		Nokha (Delivery)	3402	3389	13
		Khajuwala (Loose)	3283	3264	19
		Khajuwala (Delivery)	3447	3427	19
		Lunkaransar (Loose)	3275	3208	67
	Hanumangarh	Hanumangarh (Loose)	3191	3222	-31
		Hanumangarh (Delivery)	3350	3383	-32
		Nohar (Loose)	3304	3283	21

		Pilibanga (Loose)	3184	3231	-47
	Nagaur	Nagaur (Loose)	3150	3221	-71
	Churu	Churu (Delivery)	3350	3292	58
	Alwar	Alwar (Loose)	3100	3033	67
Haryana	Hisar	Adampur (Loose)	3252	3275	-23
		Adampur (Delivery)	3414	3445	-31
	Bhiwani	Bhiwani (Delivery)	3378	3400	-22
		Siwani (Loose)	3370	3373	-3
	Sirsa	Sirsa (Loose)	3243	3253	-11
		Dhabwali (Loose)	3130	3128	2
		Dhabwali (Delivery)	3287	3285	2
		Ellanabad (Loose)	3217	3210	7
	Fatehabad	Fatehabad (Loose)	3240	3225	15
Gujarat	Banaskantha	Deesa (Loose)	NA	3210	-
	Patan	Patan (Loose)	2900	3080	-180
	Rajkot	Rajkot (Loose)	3105	3069	36
	Jamnagar	Dhrol (Loose)	2820	Closed	-
Madhya Pradesh	Gwalior	Dabra (Loose)	NA	NA	-
Guar Gum					
Rajasthan	Jodhpur	Jodhpur	7050	6983	67
	Alwar	Alwar	6950	6950	Unch
	Hanumangarh	Nohar	7050	7033	17
Haryana	Bhiwani	Bhiwani	7046	7058	-13
	Sirsa	Sirsa	7067	7058	8
		Dhabwali	7008	7033	-25
		Ellanabad	7075	6990	85
	Fatehabad	Fatehabad	6980	6100	880

Week on Week Price: Scenario of Guarseed and Guargum:

Commodity	District	Centre	Today	Week Ago	Month Ago	Year Ago
Guar Seed			28-Jul-17	21-Jul-17	28-Jun-17	28-Jul-16
Rajasthan	Jodhpur	Jodhpur (Loose)	3550	3450	3400	3550
		Jodhpur(Delivery)	3728	3623	3550	3700
	Sri-Ganganagar	Sri-Ganganagar(Loose)	3300	3250	3250	3600
		Sri-Ganganagar (Delivery)	3450	3415	3350	3725
		Rawla (Loose)	3300	3230	3200	3425
		Gharsana (Loose)	3280	3180	3180	3470
		Raisinghnagar (Loose)	3350	3230	3200	3500

	Bikaner	Bikaner (Loose)	3330	3270	3225	3450
		Bikaner (Delivery)	3497	3434	3375	3600
		Nokha(Loose)	3300	3210	3175	3400
		Nokha (Delivery)	3465	3371	3289	3522
		Khajuwala (Loose)	3340	3250	3200	3500
		Khajuwala (Delivery)	3507	3413	3328	3640
		Lunkaransar (Loose)	3250	3200	3200	3450
	Hanumangarh	Hanumangarh (Loose)	3225	3200	3170	3555
		Hanumangarh (Delivery)	3386	3360	3320	3705
		Nohar (Loose)	3200	3300	3250	3400
		Pilibanga (Loose)	3210	NA	3250	3535
	Nagaur	Nagaur (Loose)	3200	3250	3200	3300
	Churu	Churu (Delivery)	3400	3300	3300	3600
	Alwar	Alwar (Loose)	3200	3000	3100	3400
Haryana	Hisar	Adampur (Loose)	3300	3250	3200	3500
		Adampur (Delivery)	3465	3413	3350	3650
	Bhiwani	Bhiwani (Delivery)	3425	3400	3400	3570
		Siwani (Loose)	3400	3380	3300	3550
	Sirsa	Sirsa (Loose)	3300	3225	3270	3500
		Dhabwali (Loose)	3200	3250	3200	3560
		Dhabwali (Delivery)	3360	3413	3350	3710
		Ellanabad (Loose)	3300	3200	3125	3500
	Fatehabad	Fatehabad (Loose)	3300	NR	NR	3700
	Gujarat	Banaskantha	Deesa (Loose)	Closed	3100	3125
Patan		Patan (Loose)	2755	3070	3155	3525
Rajkot		Rajkot (Loose)	3100	3100	3100	3665
Jamnagar		Dhrol (Loose)	NA	Closed	NA	3615
Madhya Pradesh	Gwalior	Dabra (Loose)	NA	NA	NA	3600
Guar Gum						
Rajasthan	Jodhpur	Jodhpur	7200	7000	6900	6500
	Alwar	Alwar	7000	6900	7000	6500
	Hanumangarh	Nohar	7100	7000	7300	6600
Haryana	Bhiwani	Bhiwani	7325	7000	7100	6600
	Sirsa	Sirsa	7250	7050	6900	6500
		Dhabwali	7100	7000	6900	6700
		Ellanabad	7300	6900	6900	6450
	Fatehabad	Fatehabad	7100	NR	NA	7000

Guar Cumulative Arrivals in Key Centers:					
Commodity	District	Centre	Weekly Arrivals (Quintals)		Change
Guar Seed			22nd to 28th July 17	15th to 21th July 17	
Rajasthan	Jodhpur	Jodhpur	383	283	100
	Sri-Ganganagar	Sri-Ganganagar	4000	2800	1200
		Rawla	510	390	120
		Gharsana	350	310	40
		Raisinghnagar	1800	900	900
	Bikaner	Bikaner	1627	1550	77
		Nokha	1350	1350	Unch
		Khajuwala	1500	1275	225
		Lunkaransar	1200	1220	-20
	Hanumangarh	Hanumangarh	164	99	65
		Nohar	2250	3100	-850
		Pilibanga	370	90	280
	Nagaur	Nagaur	875	830	45
	Churu	Churu	1800	3000	-1200
	Alwar	Alwar	700	900	-200
Haryana	Hisar	Adampur	2400	2200	200
	Bhiwani	Bhiwani	5400	2900	2500
		Siwani	3900	3600	300
	Sirsa	Sirsa	2900	1300	1600
		Dhabwali	600	280	320
		Ellanabad	625	415	210
	Fatehabad	Fatehabad	NA	NA	-
Gujarat	Banaskantha	Deesa	NA	1275	-
	Patan	Patan	14	102	-88
	Rajkot	Rajkot	370	205	165
	Jamnagar	Dhrol	NA	Closed	-
Madhya Pradesh	Gwalior	Dabra	NA	NA	-
Total Arrivals/Above Markets			35088	30374	4714

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