

Guar Weekly Research Report

Contents

- ❖ Executive Summary
- ❖ Recommendations
- ❖ Domestic Market Fundamentals
- ❖ Export Scenario
- ❖ Processing Margins
- ❖ Technical Analysis (Futures Market)
- ❖ Guar Seed & Gum Prices at Key Spot Markets

Executive Summary

Domestic Guar Seed Market Summary

All India weekly average prices increased by 3.01 percent to Rs. 3487.88 per quintal during the week ended 23rd August 2017. Guar seed average price were ruling at Rs 3385.90 per quintal during 09-15 August 2017. As compared to prices in the week 16-23 August 2016, the prices are firm by 1.53 percent. Prices are expected to remain steady to firm in coming days.

Guar has crossed level of 4000 previous week. As per market sources guar crop condition is not good and if no rain occurs in the upcoming week, it can make the situation worse for the crop. Guar is likely to stay in the range of 4000-4500 in coming days. Some selling pressure can be seen as stockiest who have been holding guar since levels of 2900-3000 would like to move out and take fresh positions.

India has received 619.3 mm of actual rainfall against 655.6 mm of normal rainfall since the beginning of monsoon season until 23rd August. East & Northeast India are the only regions to receive more than normal rainfall. In the week (17th – 23rd August) India has received rainfall below LPA by 21% and the worst hit region was Northwest India which received rainfall below LPA by 56%.

As per data released by baker hughes the number of oil rigs in USA has decreased to 940 until 25th August 2017 down by 6 compared to last week and up by 451 compared to 18th August 2016. Guar gum is used in hydraulic fracturing for extracting oil and gas; therefore, as the number of oilrigs increases or decreases the demand for guar gum is also affected.

According to latest update, area sown in Gujarat until 21st August 2017 is 188600 hectares compared to 171500 hectares in the previous Kharif season. Area of guar is expected to be lower this season due to crop loss. Furthermore farmers are also 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.

The wholesale price index of guar seed has decreased from 78.5 in June 2017 to 76.8 in July 2017. The WPI for July 2017 is lower by 3.15 compared to last year for the same month and by 2.5 compared to July 2015.

As far as Arrivals are concerned, Adampur (Haryana) market (biggest market of guar in North) reported higher arrivals (2200 quintals) compared to previous week 1700 quintals.

As far as Arrivals are concerned, Bikaner market reported lower arrivals (750 quintals) compared to previous week 850 quintals.

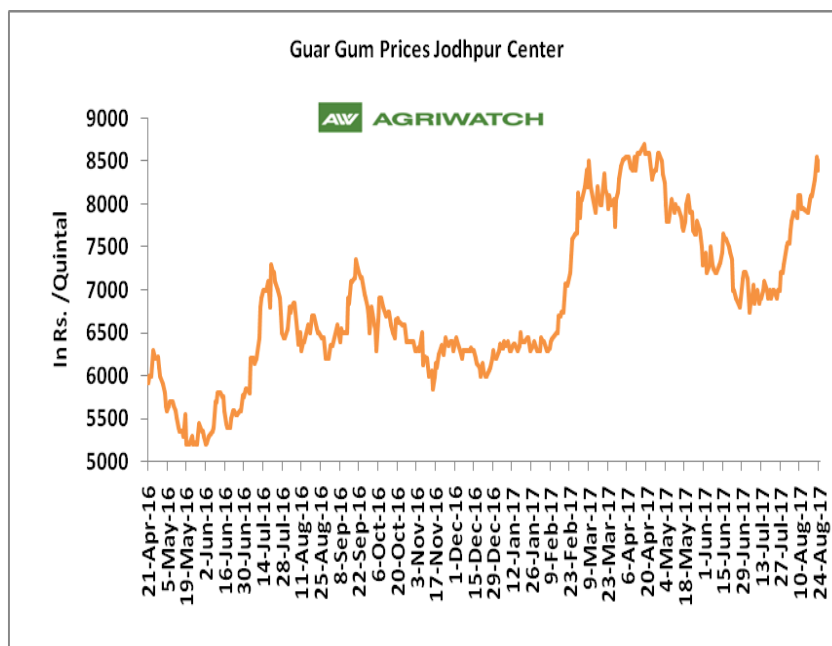
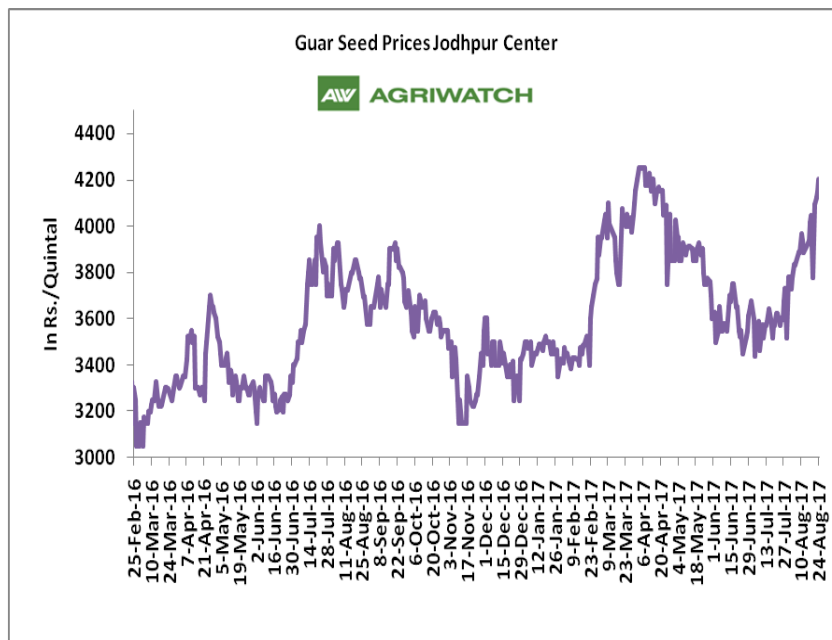
Recommendation:

Weekly Call - : Market participants are advised to Buy Guar seed at 4205 levels for a target of 4455 with a stop loss at 4112 on closing basis.

Guar Seed Fundamental Analysis and Outlook:-

Domestic Front

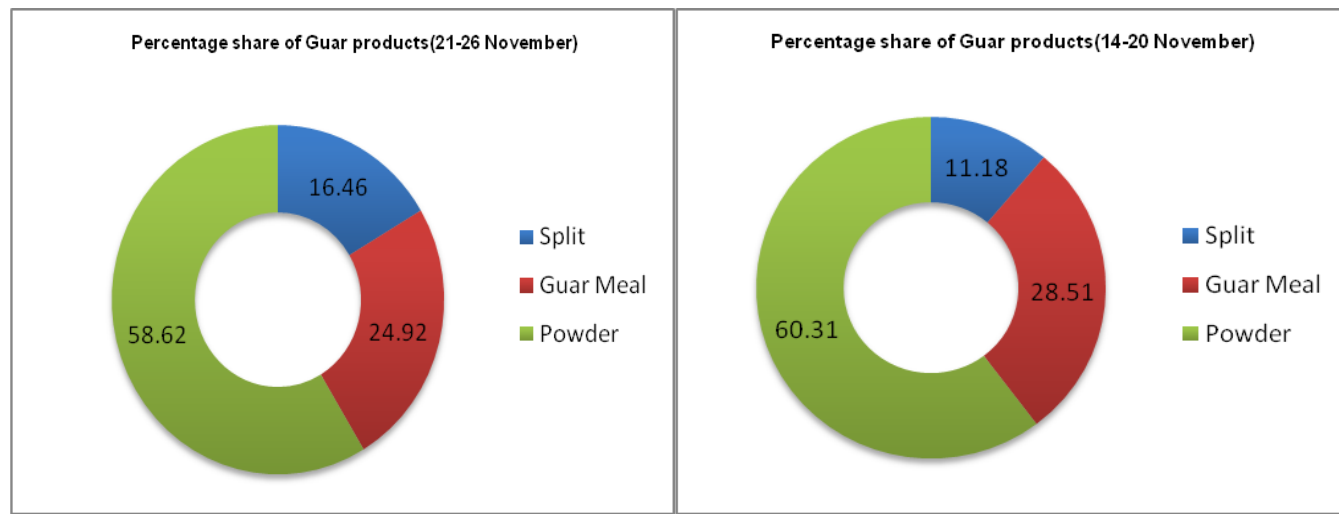
- In the week ended 24th August'17, Guar seed weekly average prices increased by Rs 98.44 /- qtl during the week compared to previous week and settled at Rs 4069 per quintal.
- In addition, Guar gum weekly average prices were up by Rs. 370/- qtl and settled at Rs. 8370 per quintal. Firm demand for guar gum from domestic as well as overseas market led the prices up this week.
- According to third advance estimate for 2016-17 issued by Rajasthan's Department of Agriculture for Guar seed the area, production and yield are 3530007 hectares, 1404819 tonnes and 398 kg/hectare respectively. As compared to first advance estimate for 2016-17, the area, production and yield have decreased by 46932 hectares, 557605 tonnes and 151 kg/hectare respectively.
- According to third advance estimate for 2016-17 issued by Gujarat's Department of Agriculture for Guar seed the area, production and yield are 352000 hectares, 242000 tonnes and 687 kg/hectare respectively. There is no change in figures of second and third advance estimates released by Gujarat's Department of Agriculture for Guar.



Export Scenario

Export Scenario (21st - 26th November 2016)

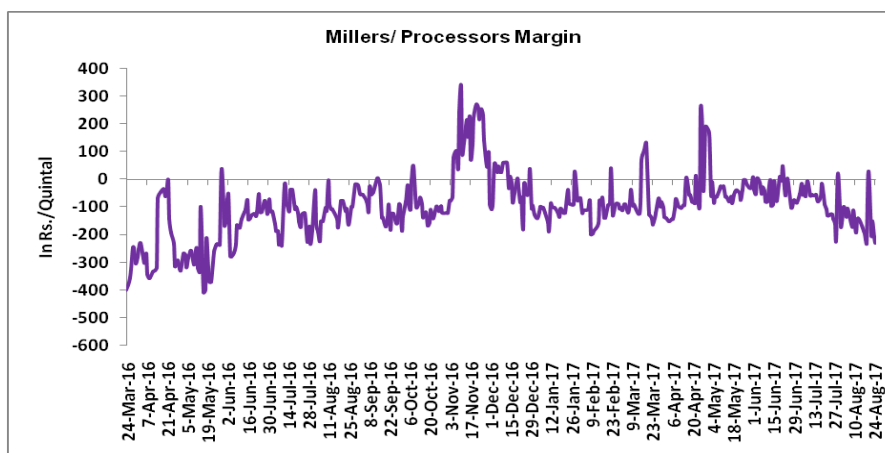
During this week 8625 tonnes of guar was exported out of which 5056 tonnes was guar gum powder, 2149 tonnes was guar meal and 1420 tonnes guar gum splits. As compared to last week, the export of guar gum powder and guar split has increased whereas export of guar meal has slightly decreased.



Millers/Processors Margin

In the week ended 24 August'17, average crush margin is Rs. -152.87/Quintal, compared to last week's -194.50/Quintal. Therefore crushing is not favorable for Millers/Processors.

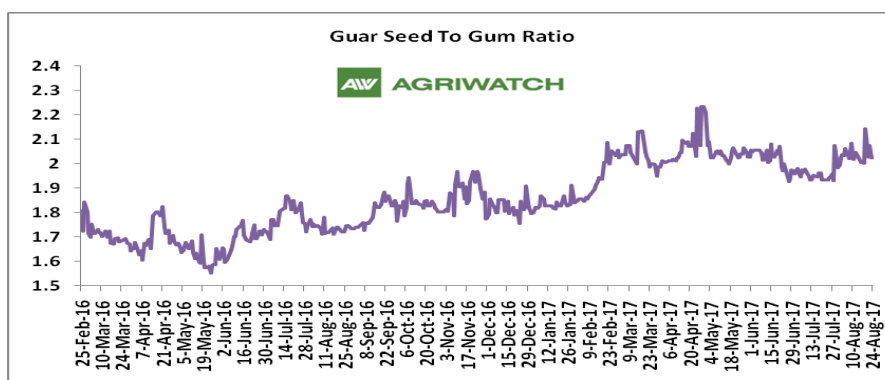
Higher degree of increase in guar gum prices compared to guar seed prices led the margin up this week.



Guar Seed to Gum Ratio:

Ratio of guar seed to guar gum for week ended 24 August'17 is 2.06, lower compared to last week's 2.02

Overall, buoyant demand of gum from overseas and good demand of seed from millers has increased 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	4010	3925	4234	4590	4685
Weekly Trade Call			Call	Entry	T1	T2	SL
Guar Seed	NCDEX	October	Buy	Above 4205	4360	4455	4112



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.

Strategy: Buy

Weekly Supports & Resistances			S1	S2	PCP	R1	R2
Guar Gum	NCDEX	October	8270	8015	8835	9325	9440
Weekly Trade Call			Call	Entry	T1	T2	SL
Guar Gum	NCDEX	October	Buy	Above 8790	9015	9190	8655

Guar Seed & Gum Prices at Key Spot Markets

Guar by – Products Weekly Average Prices (Prices in Rs/75kg)				
Commodity	Centre	19th to 25th August 2017	12th to 18th August 2017	Change
Churi	Jodhpur	1458	1422	36
Korma	Jodhpur	1851	1814	37
Churi	Sri-Ganganagar	1255	1221	34
Korma	Sri-Ganganagar	1716	1603	113

Guar Export Weekly Average Prices (Prices in \$/MT)				
Commodity	Variety	19th to 25th August 2017	12th to 18th August 2017	Change
Guargum Split		1246	1236	10
Guargum Powder	200 Mesh 5000 CPS	1555	1536	20
	200 Mesh 3500 CPS	1477	1458	20
Guargum Meal	40%	325	312	13
	50%	372	359	13

Guar Seed Weekly Average Prices:					
Commodity	District	Centre	Weekly Prices (Average) (Rs/Qtl)		Change
Guar Seed			19th to 25th August 2017	12th to 18th August 2017	
Rajasthan	Jodhpur	Jodhpur (Loose)	3875	3781	94
		Jodhpur(Delivery)	4069	3970	98
	Sri-Ganganagar	Sri-Ganganagar(Loose)	3783	3563	221
		Sri-Ganganagar (Delivery)	3908	3750	158
		Rawla (Loose)	3775	3623	152
		Gharsana (Loose)	3770	3493	278
		Raisinghnagar (Loose)	3813	3725	88
	Bikaner	Bikaner (Loose)	3828	3695	133
		Bikaner (Delivery)	4020	3880	140
		Nokha(Loose)	3787	3593	194
		Nokha (Delivery)	3976	3773	203
		Khajuwala (Loose)	3850	3700	150
		Khajuwala (Delivery)	4043	3885	158
		Lunkaransar (Loose)	3800	3613	188
	Hanumangarh	Hanumangarh (Loose)	3641	3458	183
		Hanumangarh (Delivery)	3823	3631	192
		Nohar (Loose)	3779	3590	189

		Pilibanga (Loose)	3500	NA	-
	Nagaur	Nagaur (Loose)	3817	3563	254
	Churu	Churu (Delivery)	3950	3800	150
	Alwar	Alwar (Loose)	3533	3500	33
Haryana	Hisar	Adampur (Loose)	3735	3531	204
		Adampur (Delivery)	3922	3708	214
	Bhiwani	Bhiwani (Delivery)	3858	3688	171
		Siwani (Loose)	3829	3665	164
	Sirsa	Sirsa (Loose)	3737	3579	158
		Dhabwali (Loose)	3670	3513	158
		Dhabwali (Delivery)	3854	3688	165
		Ellanabad (Loose)	3720	3475	245
	Fatehabad	Fatehabad (Loose)	3894	3500	394
Gujarat	Banaskantha	Deesa (Loose)	3570	3450	120
	Patan	Patan (Loose)	3642	3420	222
	Rajkot	Rajkot (Loose)	3450	3488	-38
	Jamnagar	Dhrol (Loose)	1530	NA	-
Madhya Pradesh	Gwalior	Dabra (Loose)	3220	3240	-20
Guar Gum					
Rajasthan	Jodhpur	Jodhpur	8370	8000	370
	Alwar	Alwar	8400	8050	350
	Hanumangarh	Nohar	8367	7950	417
Haryana	Bhiwani	Bhiwani	8517	8193	324
	Sirsa	Sirsa	8390	8050	340
		Dhabwali	8390	8088	303
		Ellanabad	8380	7975	405
	Fatehabad	Fatehabad	7925	7600	325

Week on Week Price: Scenario of Guarseed and Guargum:						
Commodity	District	Centre	Today	Week Ago	Month Ago	Year Ago
Guar Seed			25-Aug-17	18-Aug-17	25-Jul-17	25-Aug-16
Rajasthan	Jodhpur	Jodhpur (Loose)	Closed	3850	3430	3625
		Jodhpur(Delivery)	Closed	4043	3602	3775
	Sri-Ganganagar	Sri-Ganganagar(Loose)	3825	3550	3250	3400
		Sri-Ganganagar (Delivery)	3950	3800	3400	3550
		Rawla (Loose)	3900	3640	3248	3400
		Gharsana (Loose)	3820	NA	3220	3360
		Raisinghnagar (Loose)	3839	Closed	3240	3400

	Bikaner	Bikaner (Loose)	3900	3700	3100	3470
		Bikaner (Delivery)	4095	3885	3255	3620
		Nokha(Loose)	3850	3600	3210	3450
		Nokha (Delivery)	4043	3780	3371	3574
		Khajuwala (Loose)	3940	3650	3270	3420
		Khajuwala (Delivery)	4137	3833	3434	3557
		Lunkaransar (Loose)	Closed	3600	3300	3400
	Hanumangarh	Hanumangarh (Loose)	3716	3450	3160	3420
		Hanumangarh (Delivery)	3902	3623	3318	3570
		Nohar (Loose)	3800	3635	3350	3450
		Pilibanga (Loose)	3600	NA	3170	3384
	Nagaur	Nagaur (Loose)	4100	3700	3150	3350
	Churu	Churu (Delivery)	3900	3900	3350	3700
	Alwar	Alwar (Loose)	3500	3400	3100	3500
Haryana	Hisar	Adampur (Loose)	Closed	3525	3200	3475
		Adampur (Delivery)	Closed	3701	3360	3625
	Bhiwani	Bhiwani (Delivery)	3900	3650	3350	3600
		Siwani (Loose)	3925	3700	3325	3555
	Sirsa	Sirsa (Loose)	Closed	3625	3190	3425
		Dhabwali (Loose)	Closed	3525	3080	3450
		Dhabwali (Delivery)	Closed	3701	3234	3600
		Ellanabad (Loose)	Closed	3500	3200	3450
	Fatehabad	Fatehabad (Loose)	NR	NR	3150	3450
Gujarat	Banaskantha	Deesa (Loose)	Closed	3400	NA	3275
	Patan	Patan (Loose)	NR	NR	NA	3355
	Rajkot	Rajkot (Loose)	NA	3450	3070	3515
	Jamnagar	Dhrol (Loose)	NA	NA	NA	3475
Madhya Pradesh	Gwalior	Dabra (Loose)	Closed	NA	NA	3400
Guar Gum						
Rajasthan	Jodhpur	Jodhpur	Closed	8100	7000	6500
	Alwar	Alwar	8500	8100	6950	6750
	Hanumangarh	Nohar	8400	8100	7000	6650
Haryana	Bhiwani	Bhiwani	8600	8050	6900	6550
	Sirsa	Sirsa	Closed	8100	6950	6400
		Dhabwali	Closed	8100	6900	6450
		Ellanabad	Closed	8000	7000	6500
	Fatehabad	Fatehabad	NR	NR	7000	6500

Guar Cumulative Arrivals in Key Centers:					
Commodity	District	Centre	Weekly Arrivals (Quintals)		Change
Guar Seed			19th to 25th August 2017	12th to 18th August 2017	
Rajasthan	Jodhpur	Jodhpur	1287	126	1161
	Sri-Ganganagar	Sri-Ganganagar	2900	2300	600
		Rawla	850	350	500
		Gharsana	199	140	59
		Raisinghnagar	1450	600	850
	Bikaner	Bikaner	750	850	-100
		Nokha	2250	1200	1050
		Khajuwala	2100	1450	650
		Lunkaransar	500	1100	-600
	Hanumangarh	Hanumangarh	151	155	-4
		Nohar	2150	1850	300
		Pilibanga	199	NA	199
	Nagaur	Nagaur	1150	1050	100
	Churu	Churu	6000	1700	4300
	Alwar	Alwar	1050	750	300
Haryana	Hisar	Adampur	2200	1700	500
	Bhiwani	Bhiwani	3800	5000	-1200
		Siwani	5600	1900	3700
	Sirsa	Sirsa	1400	1250	150
		Dhabwali	550	600	-50
		Ellanabad	270	200	70
	Fatehabad	Fatehabad	129	NA	129
Gujarat	Banaskantha	Deesa	1540	950	590
	Patan	Patan	511	44	467
	Rajkot	Rajkot	150	500	-350
	Jamnagar	Dhrol	1	NA	1
Madhya Pradesh	Gwalior	Dabra	220	135	85
Total Arrivals/Above Markets			39357	25900	13457

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.php> © 2017 Indian Agribusiness Systems Pvt Ltd.