

Guar Weekly Research Report

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Executive Summary

Domestic Guar Seed Market Summary

As per trade sources, export of guar gum has declined in the month of April as China is providing slick water and friction reducer as a substitute for guar gum at half price. Exports in the month of April are down by around 7.4% compared to previous month. India exported around 27283 tonnes of guar gum in the month of April at an average FoB of \$ 1884.03 per tonne.

The wholesale price index of guar seed has decreased from 95.7 in March 2018 to 91.3 in April 2018. The WPI for April 2018 is up by 1.0 compared to last year for the same month and by 17.5 compared to April 2016.

As per trade sources, export of guar split has declined in the month of April. Exports in the month of April are down by around 30.59% compared to previous month. India exported around 2943 tonnes of guar split in the month of April at an average FoB of \$1538.89 per tonne. Of the total quantity around 1482 tonnes and 1100 tonnes has been exported to China and Unites States respectively.

As per data released by Baker Hughes the number of oil rigs in USA has increased to 1046 as on 18th May 2018 up by 1 compared to last week and by 145 compared to 19th May 2017. The total number of oilrigs was recorded at 2179 worldwide in April'18 compared to 2087 in the same month last year. Although the number of oil rigs is rising but cheaper alternatives to guar gum are affecting exports from India.

As per millers recovery of guar gum from guar seed is coming around 29.5-31.0 kg of guar gum this year compared to around 31-32 kg last year. Export demand for guar gum is normal due to recovery in oil prices. As of now, guar gum prices in Jodhpur are hovering around Rs 8200-8300 per quintal.

Guar June future contract remained steady last week and closed at Rs 3834.50 per quintal. Market has entered into seasonal downtrend. As of now, guar has breached the support level of Rs 4100-4150 per quintal and a fresh low can be expected in near future. As of now, traders are creating no fresh positions. The only support prices can get in future is from an aberration in upcoming monsoon or lower sowing of guar seed. Export demand of guar gum is normal.

As far as Arrivals are concerned, Adampur (Haryana) market (biggest market of guar in North) reported higher arrivals (4800 quintals) compared to previous week arrivals of 3000 quintals.

As far as Arrivals are concerned, Bikaner market reported lower arrivals (790 quintals) compared to 900 quintals in the previous week.

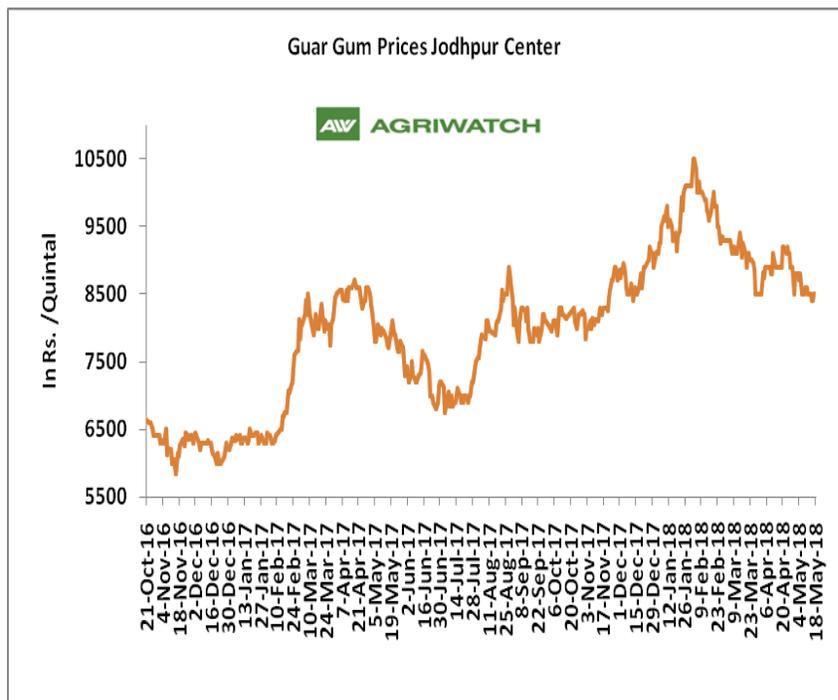
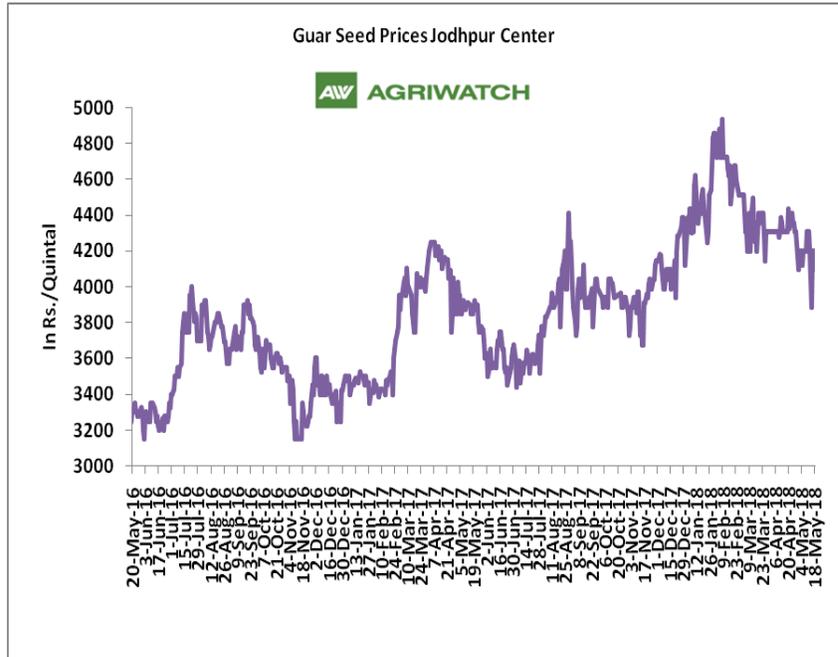
Recommendation:

Weekly Call - : Market participants are advised to sell Guar seed at 3865 levels for a target of 3740 with a stop loss at 3940 on closing basis.

Guar Seed Fundamental Analysis and Outlook:-

Domestic Front

- In the week ended 18th May'18, Guar seed weekly average prices decreased by Rs 122.50/- qtl during the week compared to previous week and settled at Rs 4130 per quintal.
- In addition, Guar gum weekly price decreased by Rs 133.33 per quintal and settled at Rs. 8467 per quintal. Weak demand for guar gum from domestic as well as overseas market keep prices at lower side in previous week.
- According to first advance estimate for 2017-18, issued by Gujarat's Department of Agriculture for Guar seed, the area, production and yield are 200000 hectares, 144000 tonnes and 721 kg/hectare respectively. As per 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.
- According to first advance estimate for 2017-18 issued by Rajasthan's Department of Agriculture for Guar seed, the area is 3167018 hectares. As compared to third advance estimate for 2016-17, the area, has decreased by 362989 hectares.



Millers/Processors Margin

In the week ended 18th May'18, average crush margin is Rs. -45.64/Quintal, compared to last week's -123.46/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:

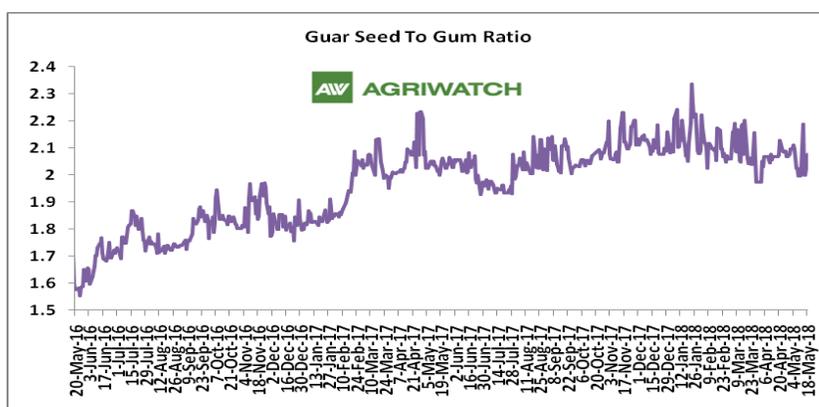
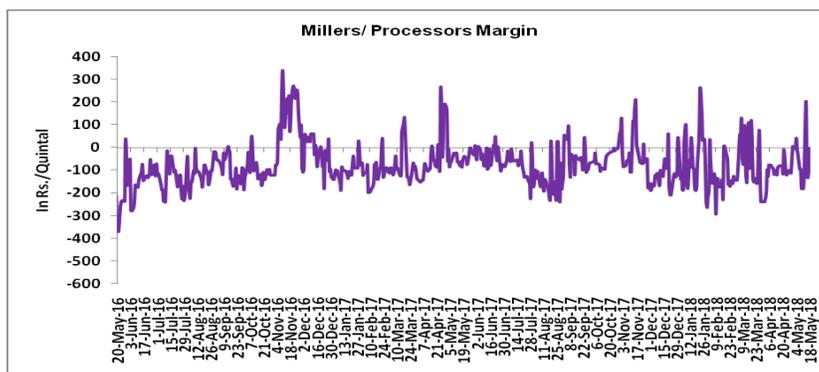
Ratio of guar seed to guar gum for week ended 18th May'18 is 2.05, higher compared to last week's 2.02

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

Guar gum Weekly Export:

Week On Week Exports	Quantity in MT	Average FoB (\$/T)
01-08 April-2018	6691.11	1879.72
09-15 April -2018	7835.08	1909.46
16-23 April -2018	7539.67	1894.68
24-30 April -2018	5216.49	1836.55
Total	27282.35	

Source: Trade



Technical Analysis (Guar Seed)

Commodity: Guar Seed
Contract: June

Exchange: NCDEX
Expiry: June 20, 2018

Guar Seed (June Weekly Chart)



Technical Commentary:

- Fall in price and rise open interest indicates short buildup.
- RSI is moving in oversold region.
- Last candlestick depicts bearishness in market.
- Prices closed below 9 and 18 day EMAs.

Strategy: Sell

Weekly Supports & Resistances			S1	S2	PCP	R1	R2
Guar Seed	NCDEX	June	3570	3525	3834.5	4045	4130
Weekly Trade Call			Call	Entry	T1	T2	SL
Guar Seed	NCDEX	June	Sell	Below 3865	3740	3635	3940

Technical Analysis (Guar Gum)

Commodity: Guar Gum
Contract: June

Exchange: NCDEX
Expiry: June 20, 2018



Technical Commentary:

- Fall in price and open interest indicates long liquidation.
- RSI is moving in oversold region.
- Last candlestick depicts bearishness in market.
- Prices closed below 9 and 18 day EMAs.

Strategy: Sell

Weekly Supports & Resistances			S1	S2	PCP	R1	R2
Guar Gum	NCDEX	June	7905	7815	8305	8700	8795
Weekly Trade Call			Call	Entry	T1	T2	SL
Guar Gum	NCDEX	June	Sell	Below 8400	8165	8010	8541

Guar Seed & Gum Prices at Key Spot Markets

Guar by – Products Weekly Average Prices (Prices in Rs/75kg)				
Commodity	Centre	12th to 18th May 2018	5th to 11th May 2018	Change
Churi	Jodhpur	1579	1578	2
Korma	Jodhpur	2159	2157	3
Churi	Sri-Ganganagar	1344	1332	12
Korma	Sri-Ganganagar	1953	1904	50

Guar Export Weekly Average Prices (Prices in \$/MT)				
Commodity	Variety	12th to 18th May 2018	5th to 11th May 2018	Change
Guargum Split		1262	1263	-1
Guargum Powder	200 Mesh 5000 CPS	1558	1561	-4
	200 Mesh 3500 CPS	1484	1487	-3
Guargum Meal	40%	303	310	-7
	50%	421	417	4

Guar Seed Weekly Average Prices:					
Commodity	District	Centre	Weekly Prices (Average) (Rs/Qtl)		Change
			12th to 18th May 2018	5th to 11th May 2018	
Guar Seed	Jodhpur	Jodhpur (Loose)	3933	4050	-117
		Jodhpur(Delivery)	4130	4253	-123
	Sri-Ganganagar	Sri-Ganganagar(Loose)	3745	3692	53
		Sri-Ganganagar (Delivery)	3895	3842	53
		Rawla (Loose)	NA	NA	-
		Gharsana (Loose)	NA	NA	-
		Raisinghnagar (Loose)	3700	NA	-
	Bikaner	Bikaner (Loose)	3750	3679	71
		Bikaner (Delivery)	3938	3863	74
		Nokha(Loose)	3751	3703	48
		Nokha (Delivery)	3938	3888	51
		Khajuwala (Loose)	3714	3690	24
		Khajuwala (Delivery)	3900	3875	25
		Lunkaransar (Loose)	3754	3700	54
	Hanumangarh	Hanumangarh (Loose)	3688	3693	-5
		Hanumangarh (Delivery)	3873	3878	-5
		Nohar (Loose)	3737	3746	-9

		Pilibanga (Loose)	NA	NA	-
	Nagaur	Nagaur (Loose)	3650	3567	83
	Churu	Churu (Delivery)	3894	3850	44
	Alwar	Alwar (Loose)	3619	3563	56
Haryana	Hisar	Adampur (Loose)	3758	3730	28
		Adampur (Delivery)	3946	3917	30
	Bhiwani	Bhiwani (Delivery)	3945	3888	58
		Siwani (Loose)	3866	3842	24
	Sirsa	Sirsa (Loose)	NA	NA	-
		Dhabwali (Loose)	NA	NA	-
		Dhabwali (Delivery)	NA	NA	-
		Ellanabad (Loose)	NA	NA	-
	Fatehabad	Fatehabad (Loose)	NA	NA	-
Gujarat	Banaskantha	Deesa (Loose)	NA	3380	-
	Patan	Patan (Loose)	3468	3465	3
	Rajkot	Rajkot (Loose)	3650	3675	-25
	Jamnagar	Dhrol (Loose)	3553	3510	43
Madhya Pradesh	Gwalior	Dabra (Loose)	NA	NA	-
Guar Gum					
Rajasthan	Jodhpur	Jodhpur	8467	8600	-133
	Alwar	Alwar	8475	8442	33
	Hanumangarh	Nohar	8450	8450	Unch
Haryana	Bhiwani	Bhiwani	8483	8353	130
	Sirsa	Sirsa	NA	NA	-
		Dhabwali	NA	NA	-
		Ellanabad	NA	NA	-
	Fatehabad	Fatehabad	NA	NA	-

Week on Week Price: Scenario of Guarseed and Guargum:						
Commodity	District	Centre	Today	Week Ago	Month Ago	Year Ago
			18-May-18	11-May-18	18-Apr-18	18-May-17
Guar Seed	Jodhpur	Jodhpur (Loose)	3900	4100	4100	3700
		Jodhpur(Delivery)	4095	4305	4305	3850
	Sri-Ganganagar	Sri-Ganganagar(Loose)	3750	3700	3900	3550
		Sri-Ganganagar (Delivery)	3900	3850	4050	3700
		Rawla (Loose)	NA	NA	NR	3450
		Gharsana (Loose)	NA	NA	3810	3490
		Raisinghnagar (Loose)	NR	NR	3900	3510

	Bikaner	Bikaner (Loose)	3790	3700	3950	3550
		Bikaner (Delivery)	3980	3885	4148	3700
		Nokha(Loose)	3760	3710	3880	3480
		Nokha (Delivery)	3948	3896	4074	3605
		Khajuwala (Loose)	NR	3670	3900	3540
		Khajuwala (Delivery)	NR	3854	4095	3682
		Lunkaransar (Loose)	3800	3700	3950	3700
	Hanumangarh	Hanumangarh (Loose)	3700	3650	3850	3520
		Hanumangarh (Delivery)	3885	3833	4043	3670
		Nohar (Loose)	3750	3700	3900	3550
		Pilibanga (Loose)	NA	NA	NA	3490
	Nagaur	Nagaur (Loose)	3600	3650	Closed	3425
	Churu	Churu (Delivery)	NR	3900	NR	3600
	Alwar	Alwar (Loose)	NR	3625	NR	3300
Haryana	Hisar	Adampur (Loose)	3770	3750	3940	3525
		Adampur (Delivery)	3959	3938	4137	3675
	Bhiwani	Bhiwani (Delivery)	3950	3900	4150	3650
		Siwani (Loose)	3870	3850	4050	3650
	Sirsa	Sirsa (Loose)	NA	NA	NA	3550
		Dhabwali (Loose)	NA	NA	NA	3500
		Dhabwali (Delivery)	NA	NA	NA	3650
		Ellanabad (Loose)	NA	NA	NA	3500
	Fatehabad	Fatehabad (Loose)	NA	NA	NA	3500
	Gujarat	Banaskantha	Deesa (Loose)	NA	NA	NA
Patan		Patan (Loose)	3540	NA	NR	3385
Rajkot		Rajkot (Loose)	3650	3725	3775	3375
Jamnagar		Dhrol (Loose)	3555	NA	NA	NA
M.P.	Gwalior	Dabra (Loose)	NA	NA	NA	NA
Guar Gum						
Rajasthan	Jodhpur	Jodhpur	8500	8600	8900	7800
	Alwar	Alwar	NR	8550	NR	7700
	Hanumangarh	Nohar	8400	8400	8900	7900
Haryana	Bhiwani	Bhiwani	8500	8400	9000	7850
	Sirsa	Sirsa	NA	NA	NA	7800
		Dhabwali	NA	NA	NA	7800
		Ellanabad	NA	NA	NA	7700
Fatehabad	Fatehabad	NA	NA	NA	7000	

Guar Cumulative Arrivals in Key Centers:					
Commodity	District	Centre	Weekly Arrivals (Quintals)		Change
Guar Seed			12nd to 18th May 2018	5th to 11th May 2018	
Rajasthan	Jodhpur	Jodhpur	NA	NA	-
	Sri-Ganganagar	Sri-Ganganagar	2000	1550	450
		Rawla	NA	NA	-
		Gharsana	NA	NA	-
		Raisinghnagar	200	NA	-
	Bikaner	Bikaner	790	900	-110
		Nokha	1550	1925	-375
		Khajuwala	1200	800	400
		Lunkaransar	1020	1150	-130
	Hanumangarh	Hanumangarh	145	95	50
		Nohar	3700	2200	1500
		Pilibanga	NA	NA	-
	Nagaur	Nagaur	800	590	210
	Churu	Churu	1500	1900	-400
Alwar	Alwar	270	680	-410	
Haryana	Hisar	Adampur	4800	3000	1800
	Bhiwani	Bhiwani	2500	1500	1000
		Siwani	4900	5800	-900
	Sirsa	Sirsa	NA	NA	-
		Dhabwali	NA	NA	-
		Ellanabad	NA	NA	-
Fatehabad	Fatehabad	NA	NA	-	
Gujarat	Banaskantha	Deesa	NA	10	-
	Patan	Patan	29	29	Unch
	Rajkot	Rajkot	1050	658	392
	Jamnagar	Dhrol	39	10	29
Madhya Pradesh	Gwalior	Dabra	NA	NA	-
Total Arrivals/Above Markets			26493	22797	3696

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