

# Guar Weekly Research Report

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## Guar Seed Fundamental Analysis and Outlook:-

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### **Executive Summary**

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

**All India weekly average prices are lower by 2.64 percent to Rs. 3444.97 per quintal during the week ended 28<sup>th</sup> Feb 2020.** Guar seed (Cluster bean seeds) average price were ruling at Rs. 3538.63 per quintal during 16<sup>th</sup> to 23<sup>rd</sup> February 2020. As compared to prices in the week 24-28 February 2019, the prices are lower by 10.78 percent. Prices are expected to move in steady to weak tone in coming days on less demand of crushers due to weak demand of gum in the overseas market. However, Guarseed and Guargum prices may boost up again between May to June 2020. However, fear of spreading coronavirus in worldwide is the negative factor for gum prices. However, Churi prices may decline in summer season because of other alternative products availability for cattle feed but Korma is likely to rise in expectation of good demand.

**Guar seed average weekly prices closed at Rs. 3693 per quintal lower by Rs. 90 per quintal against last week.** Prices are likely to be on lower side in hope of weak demand of crushers and millers. Prices may get more pressures after weak exports demand of guar split and gum. However, NCDEX prices are likely to stay upside after good buying activities at lower side. Future prices of Guar and Gum are volatile and not sustaining at higher price level.

**As per data released by Baker Hughes, the number of oilrigs in USA has lowered by 1 to 790 as on 28<sup>th</sup> February 2020** compared to 791 in last week and down by 257 compared to 22<sup>nd</sup> Feb 2019. Total number of oilrigs was recorded at 3161 in February'20 compared to 4192 in the corresponding period in last year. Therefore, exports are being slightly affected.

**As per the Agricultural and Processed Food Products Export Development Authority, India shipped 19% lower** guar derivatives products to 267823.67 MTs in the first eight month of this financial year against 330974.88 MTs in 2018-19 during the corresponding period. India is likely to export 20 % lower guar derivatives in 2019-20 (Apr-Mar) because of poor demand for guar gum from the U.S. as it has started to use other alternatives of gum. Weak crude oil prices and declining numbers of oil rigs have also weakened U.S. demand for gum. Polyacrylamide, carboxymethyl cellulose, xanthan gum, and partially hydrolyzed polyacrylamide are the major alternatives products of guar gum and likely to replace and affect demand of gum in this year. Exporters expect 20% lower shipment in the range of 280,000-300,000 tonnes in this fiscal year. However, guar meal exports are likely to increase by 17% to 175,000 tonnes in this year as demand is rising due to its higher amino acid profile and overseas buyers are switching from soymeal to guar meal. Good exports demand of guar meal is supporting guar meal prices to rise.

**As far as Arrivals are concerned, Adampur (Haryana) market (biggest market of guar in North) reported higher** arrivals at 3300 quintals compared to previous week arrivals of 4200 quintals.

### **Previous Updates:**

As per trade sources, export of guar split has increased in the month of January-20. Exports in the month of Janaury-20 are higher by around 60.38% compared to previous month. India exported around 3400 tonnes of guar split in the month of January-20 at an average FoB of \$ 1241 per tonne. Of the total quantity, around 2180 tonnes have been exported to China.

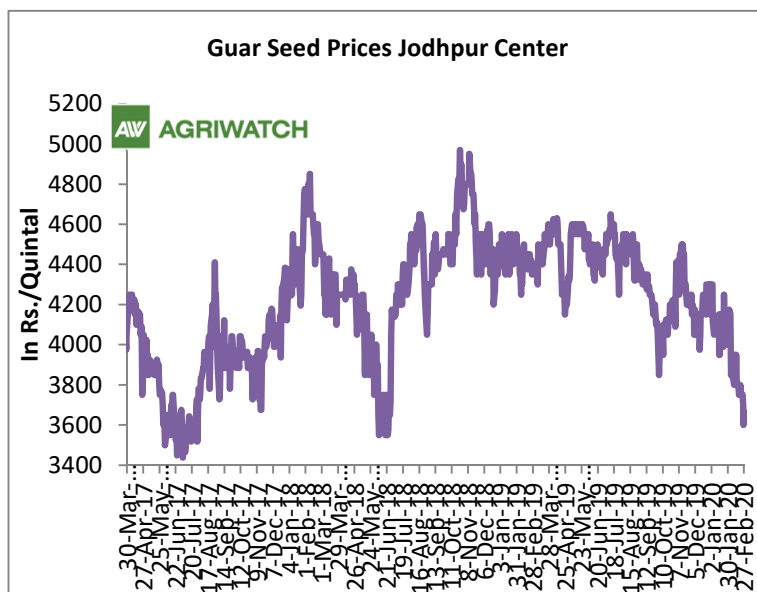
**As per trade sources, export of guar gum has increased in the month of Janaury-20 by 30.37 percent compared to** previous month. India exported around 23178.89 tonnes of guar gum at an average FoB of \$ 1710.37 per tonne in the month of January-20 compared to 17779.68 tonnes in December-19 at an average FoB of \$ 1830.69 per tonne. Exports are expected to decline in February-20 on poor demand.

### **Recommendation:**

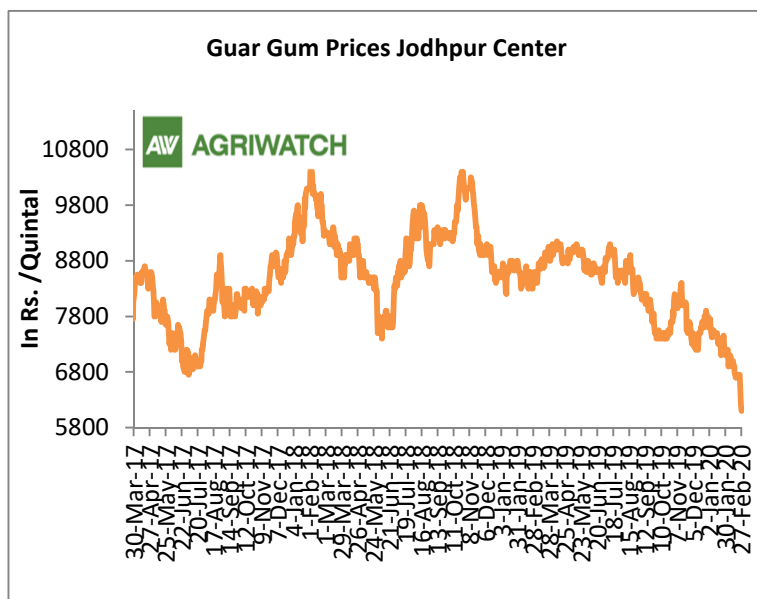
**Weekly Call- : Market participants are advised to buy Guar seed future March contract at 3660 levels for a target of 3730 with a stop loss at 3600 on closing basis.**

## Domestic Front

- In the week ended 27<sup>th</sup> February 20, Guar seed weekly average prices decreased by Rs. 90/qlt and settled at Rs. 3693 per quintal.



- In addition, Guar gum average weekly price declined by Rs. 298 per quintal and settled at Rs. 6100 per quintal. Lower demand for guar gum from domestic and overseas markets kept prices at lower side in this week.
- According to second advance estimate for 2019-20, issued by Gujarat's Department of Agriculture for Guar seed, the area, production and yield are 145000 hectares, 107960 tonnes and 744.52 kg/hectare respectively. As per final estimate for 2018-19 issued by Gujarat's Department of Agriculture for Guar seed the area, production and yield are 134100 hectares, 75380 tonnes and 562.11 kg/hectare respectively.



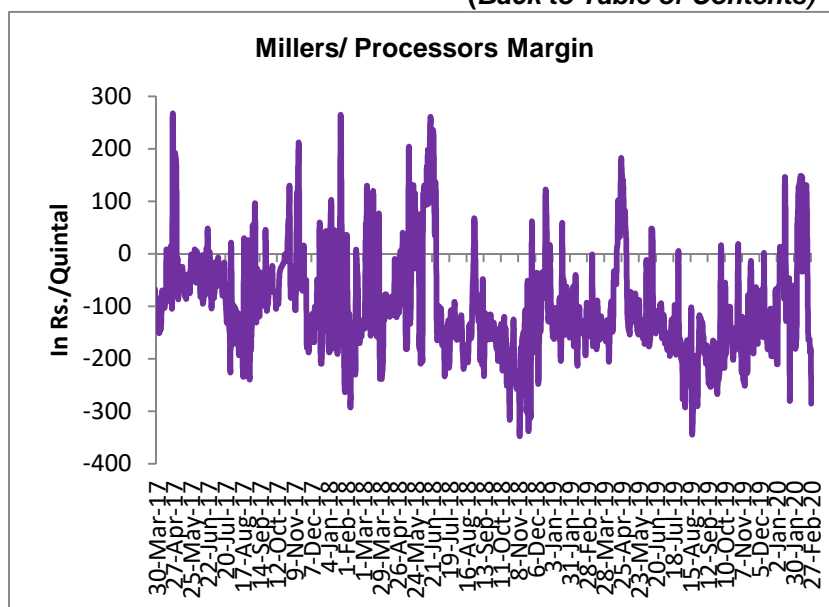
- According to second advance estimate for Kharif 2019-20, issued by Rajasthan's Department of Agriculture for Guar seed, the area, production and yield are 2841314 hectares, 1208100 tonnes and 425 kg/hectare respectively. According to fourth advance estimate for 2018-19, issued by Rajasthan's Department of Agriculture for Guar seed, the area, production and yield are 3087789 hectares, 1031427 tonnes and 334 kg/hectare respectively.

### Millers/Processors Margin

In the week ended 27<sup>th</sup> Feb 20, average crush margin was lower at Rs. 196.5/Quintal compared to last week margin Rs.97.95/ Quintal.

Less degree of decrease in guar seed prices compared to guar gum prices, led the margin down this week.

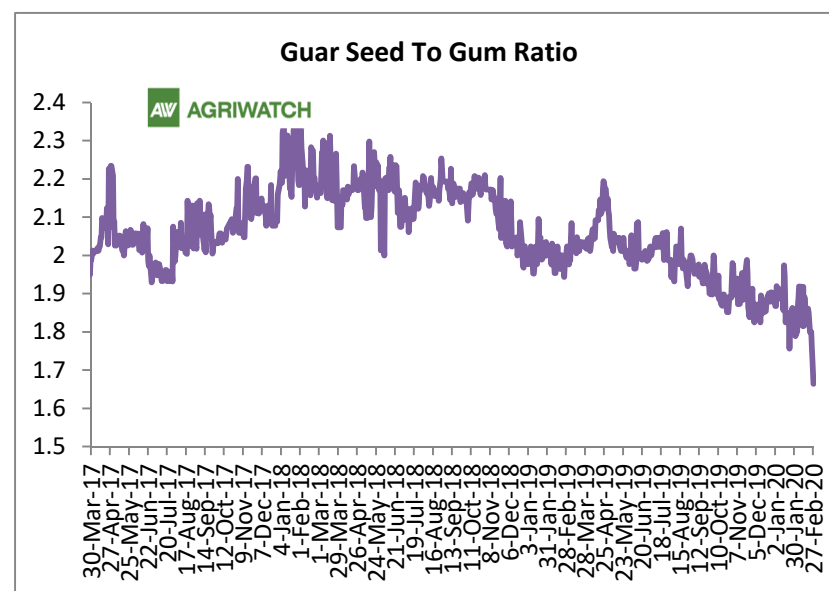
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### Guar Seed to Gum Ratio

Ratio of guar seed to guar gum for week ended 27<sup>th</sup> Feb'20 is 1.74 lower from last week.

Overall, weak demand of gum from domestic millers and overseas markets has kept the overall ratio lower in this week.



### Guar gum Weekly Export

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Week On Week Exports	Quantity in MT	Average FoB (\$/T)
01-08 January-2020	4698.14	1676.587
9-16 January-2020	4689.97	1833.055
17-24 January-2020	7912.59	1639.771
25-31 January-2020	5878.19	1692.075
Total	23178.89	1710.372



Source: Trade

## Technical Analysis (Guar Seed)

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Commodity: Guar Seed  
Contract: March

Exchange: NCDEX  
Expiry: March 20, 2020

### Guar Seed (March Daily Chart)



### Technical Commentary:

- Rise in prices and volume indicates long build up phase.
- RSI is moving in neutral region.
- Prices closed near 9 and 18 EMAs.

### Strategy: Buy

Weekly Supports & Resistances			S1	S2	PCP	R1	R2
Guar Seed	NCDEX	March	3500	3550	3660	3850	3940
Weekly Trade Call			Call	Entry	T1	T2	SL
Guar Seed	NCDEX	March	Buy	Above 3660	3730	3800	3600



## Technical Analysis (Guar Gum)

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Commodity: Guar Gum  
Contract: March

Exchange: NCDEX  
Expiry: March 20, 2020

### Guar Gum (March Daily Chart)



### Technical Commentary:

- Fall in price and volume indicates short build up phase.
- RSI is moving in oversold region.
- Prices closed below 9 and 18 EMAs.

### Strategy: Buy

Weekly Supports & Resistances			S1	S2	PCP	R1	R2
Guar Gum	NCDEX	March	5800	5900	6068	6320	6480
Weekly Trade Call			Call	Entry	T1	T2	SL
Guar Gum	NCDEX	March	Buy	Above 6050	6190	6280	5900

Guar Seed & Gum Prices at Key Spot Markets[\(Back to Table of Contents\)](#)

Guar by – Products Weekly Average Prices				(Prices in Rs/75kg)
Commodity	Centre	20th to 27th Feb 2020	14th to 20th Feb 2020	Change
Churi	Jodhpur	2050	2058	-8
Korma	Jodhpur	2438	2450	-12
Churi	Sri-Ganganagar	1856	1857	-1
Korma	Sri-Ganganagar	2325	2350	-25

Guar Export Weekly Average Prices				(Prices in \$/MT)
Commodity	Variety	20th to 27th Feb 2020	14th to 20th Feb 2020	Change
Guargum Split		948	961	-14
Guargum Powder	200 Mesh 5000 CPS	1226	1241	-15
	200 Mesh 3500 CPS	1157	1171	-15
Guargum Meal	40%	376	383	-6
	50%	446	453	-7

## Guar Seed Weekly Average Prices:

Commodity	District	Centre	Weekly Prices (Average ) (Rs/Qtl)		Change
			20th to 27th Feb 2020	14th to 20th Feb 2020	
Guar Seed	Jodhpur	Jodhpur (Loose)	3686	3633	53
		Jodhpur(Delivery)	3870	3815	55
	Sri-Ganganagar	Sri-Ganganagar(Loose)	3613	3692	-79
		Sri-Ganganagar (Delivery)	3763	3842	-79
		Rawla (Loose)	3637	3768	-131
		Gharsana (Loose)	3629	3668	-40
		Raisinghnagar (Loose)	3650	3693	-43
	Bikaner	Bikaner (Loose)	3548	3643	-95
		Bikaner (Delivery)	3725	3825	-100
		Nokha(Loose)	3554	3677	-123
		Nokha (Delivery)	3732	3861	-129
		Khajuwala (Loose)	3605	3608	-3
		Khajuwala (Delivery)	3785	3789	-4
		Lunkaransar (Loose)	3450	3650	-200
	Hanumangarh	Hanumangarh (Loose)	3513	3637	-124
		Hanumangarh (Delivery)	3688	3819	-130
		Nohar (Loose)	3592	3653	-62
		Pilibanga (Loose)	3488	3635	-148

	<b>Nagaur</b>	Nagaur (Loose)	3638	3649	-12
	<b>Churu</b>	Churu (Delivery)	3900	3883	17
	<b>Alwar</b>	Alwar (Loose)	3600	3567	33
<b>Haryana</b>	<b>Hisar</b>	Adampur (Loose)	3605	3685	-80
		Adampur (Delivery)	3785	3869	-84
	<b>Bhiwani</b>	Bhiwani (Delivery)	3680	3783	-103
		Siwani (Loose)	3698	3791	-93
	<b>Sirsa</b>	Sirsa (Loose)	3637	3729	-93
		Dhabwali (Loose)	3620	3670	-50
		Dhabwali (Delivery)	3801	3854	-53
		Ellanabad (Loose)	3523	#DIV/0!	-
	<b>Fatehabad</b>	Fatehabad (Loose)	3542	3617	-75
<b>Gujarat</b>	<b>Banaskantha</b>	Deesa (Loose)	0	0	Unch
	<b>Patan</b>	Patan (Loose)	3608	3668	-60
	<b>Rajkot</b>	Rajkot (Loose)	#DIV/0!	3538	-
	<b>Jamnagar</b>	Dhrol (Loose)	3630	3485	145
<b>Madhya Pradesh</b>	<b>Gwalior</b>	Dabra (Loose)	0	0	Unch
<b>Guar Gum</b>					
<b>Rajasthan</b>	<b>Jodhpur</b>	Jodhpur	6508	6758	-250
	<b>Alwar</b>	Alwar	6533	6733	-200
	<b>Hanumangarh</b>	Nohar	6717	7300	-583
<b>Haryana</b>	<b>Bhiwani</b>	Bhiwani	6194	6920	-726
	<b>Sirsa</b>	Sirsa	6442	6900	-458
		Dhabwali	6592	6821	-229
		Ellanabad	6025	#DIV/0!	-
	<b>Fatehabad</b>	Fatehabad	6683	6783	-100



Week on Week Price: Scenario of Guarseed and Guargum:						
Commodity	District	Centre	Today	Week Ago	Month Ago	Year Ago
Guar Seed			27-Feb-20	20-Feb-20	27-Jan-20	27-Feb-19
Rajasthan	Jodhpur	Jodhpur (Loose)	3665	3650	4000	4200
		Jodhpur(Delivery)	3848	3833	4200	4410
	Sri-Ganganagar	Sri-Ganganagar(Loose)	3500	3625	3800	Closed
		Sri-Ganganagar (Delivery)	3650	3775	3950	Closed
		Rawla (Loose)	3480	3650	3965	Closed
		Gharsana (Loose)	3570	3520	3840	Closed
		Raisinghnagar (Loose)	3600	3625	3865	Closed
	Bikaner	Bikaner (Loose)	3450	3630	3800	3960
		Bikaner (Delivery)	3623	3812	3990	4158
		Nokha(Loose)	3500	3625	3750	3970
		Nokha (Delivery)	3675	3806	3938	4169
		Khajuwala (Loose)	3550	3650	3700	NR
		Khajuwala (Delivery)	3728	3833	3885	NR
		Lunkaransar (Loose)	3400	NR	3800	3950
	Hanumangarh	Hanumangarh (Loose)	3425	3600	-	Closed
		Hanumangarh (Delivery)	3596	3780	-	Closed
		Nohar (Loose)	3600	3650	3900	Closed
		Pilibanga (Loose)	3000	3650	-	Closed
	Nagaur	Nagaur (Loose)	Closed	3625	3775	3900
	Churu	Churu (Delivery)	NA	3900	3900	4150
	Alwar	Alwar (Loose)	NA	3600	3600	3900
Haryana	Hisar	Adampur (Loose)	3500	3670	3850	3985
		Adampur (Delivery)	3675	3854	4043	4184
	Bhiwani	Bhiwani (Delivery)	3550	3800	3900	4100
		Siwani (Loose)	3650	3800	3950	4110
	Sirsa	Sirsa (Loose)	3550	3725	3871	3990
		Dhabwali (Loose)	3450	3700	NA	3950
		Dhabwali (Delivery)	3623	3885	NA	4148
		Ellanabad (Loose)	3400	NR	-	4000
	Fatehabad	Fatehabad (Loose)	3450	3650	NA	3850
Gujarat	Banaskantha	Deesa (Loose)	NA	-	-	3950
	Patan	Patan (Loose)	NA	3685	3775	3800
	Rajkot	Rajkot (Loose)	NA	NA	3775	3965
	Jamnagar	Dhrol (Loose)	NA	3630	-	-
M.P.	Gwalior	Dabra (Loose)	-	-	-	-

Guar Gum						
Rajasthan	Jodhpur	Jodhpur	6100	6750	7450	8300
	Alwar	Alwar	NA	6600	7300	8400
	Hanumangarh	Nohar	6600	7300	7800	Closed
Haryana	Bhiwani	Bhiwani	5800	6570	7280	8200
	Sirsa	Sirsa	6150	6800	7300	8300
		Dhabwali	6250	6900	NA	8200
		Ellanabad	6100	NR	-	8300
	Fatehabad	Fatehabad	6500	6800	NA	8300

Guar Seed Arrivals at Key Spot Markets[\(Back to Table of Contents\)](#)

Guar Cumulative Arrivals in Key Centers:					
Commodity	District	Centre	Weekly Arrivals (Quintals)		Change
Guar Seed			20th to 27th Feb 2020	14th to 20th Feb 2020	
Rajasthan	Jodhpur	Jodhpur	59	64	-5
	Sri-Ganganagar	Sri-Ganganagar	3300	4100	-800
		Rawla	1785	2535	-750
		Gharsana	1484	1917	-433
		Raisinghnagar	1500	1600	-100
	Bikaner	Bikaner	2500	6800	-4300
		Nokha	1800	2500	-700
		Khajuwala	5600	9900	-4300
		Lunkaransar	900	400	500
	Hanumangarh	Hanumangarh	450	1060	-610
		Nohar	1170	1015	155
		Pilibanga	467	835	-368
	Nagaur	Nagaur	-	-	-
	Churu	Churu	1000	1500	-500
	Alwar	Alwar	-	-	-
Haryana	Hisar	Adampur	3300	4200	-900
	Bhiwani	Bhiwani	150	1850	-1700
		Siwani	2300	2150	150
	Sirsa	Sirsa	2100	4400	-2300
		Dhabwali	585	1465	-880
		Ellanabad	100	-	100
	Fatehabad	Fatehabad	300	400	-100



Gujarat	Banaskantha	Deesa	-	-	-
	Patan	Patan	155	181	-26
	Rajkot	Rajkot	-	270	-
	Jamnagar	Dhrol	1	5	-4
Madhya Pradesh	Gwalior	Dabra	-	-	-
Total Arrivals/Above Markets			31006	49147	-18141

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