

Guar Weekly Research Report

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Guar Seed Fundamental Analysis

Executive Summary

Mixed sentiments witnessed in the guar seed and guar gum market on varied factors at various markets across the key trading centers. Fresh demand from processors backed by overseas demand in guar gum and domestic demand from food industry limited any fall, which was reeling under pressure post COVID. Improving crude will lend support to India's guar gum exports.

Volume of trade remained thin in the cash market yards, due to need based local and overseas demand in guar products.

As per data released by Baker Hughes, the number of oilrigs in USA remained flat at 254 as on 28th August 2020 compared to the previous week and lower by 650 which was 904 on 30 August 2019. Total number of oilrigs were recorded at 999 in Aug'20 compared to 4,631 in the corresponding period in last year.

Export of guar gum have improved in the month of July-20 by 14 percent compared to previous month. India exported around 16389 tonnes of guar gum at an average FoB of \$ 1503 per tonne in the month of July-20 compared to 14358 tonnes in June-20 at an average FoB of \$ 1742 per tonne. Of the total 3626 tonnes have been exported to Russia. Exports are expected to increase in Aug-20 on improving crude and gradual increase in oilrigs overseas.

Export of guar split have fell in the month of Jul-20. Exports in the month of July-20 are down by around 52% compared to previous month. India exported around 1080 tonnes of guar split in the month of July-20 at an average FoB of \$ 1050 per tonne compared to 2240 tonnes in June-20 at an average FoB of \$ 916 per tonne. Of the total quantity, around 640 tonnes have been exported to China and 320 tonnes to US.

Previous Updates:

Export of guar gum have fell in the month of Jun-20 by 16 percent compared to previous month. India exported around 14358 tonnes of guar gum at an average FoB of \$ 1742 per tonne in the month of Jun-20 compared to 17085 tonnes in May-20 at an average FoB of \$ 1360 per tonne. Of the total 2206 tonnes have been exported to Russia.

Export of guar split have fell in the month of Jun-20. Exports in the month of Jun-20 are down by around 87% compared to previous month. India exported around 2240 tonnes of guar split in the month of Jun-20 at an average FoB of \$ 916 per tonne compared to 17642 tonnes in May-20 at an average FoB of \$ 1740 per tonne. Of the total quantity, around 2120 tonnes have been exported to China and 120 tonnes to US.

Recommendation:

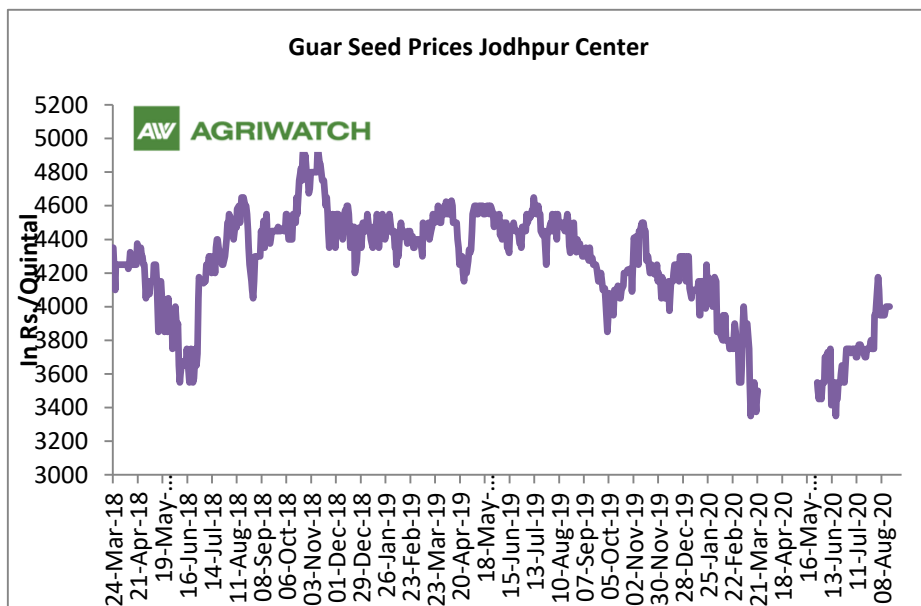
Weekly Call- : Market participants are advised to SELL Guar seed future September contract below 3980 levels for a target of 3880 with a stop loss at 4040.

Outlook:-

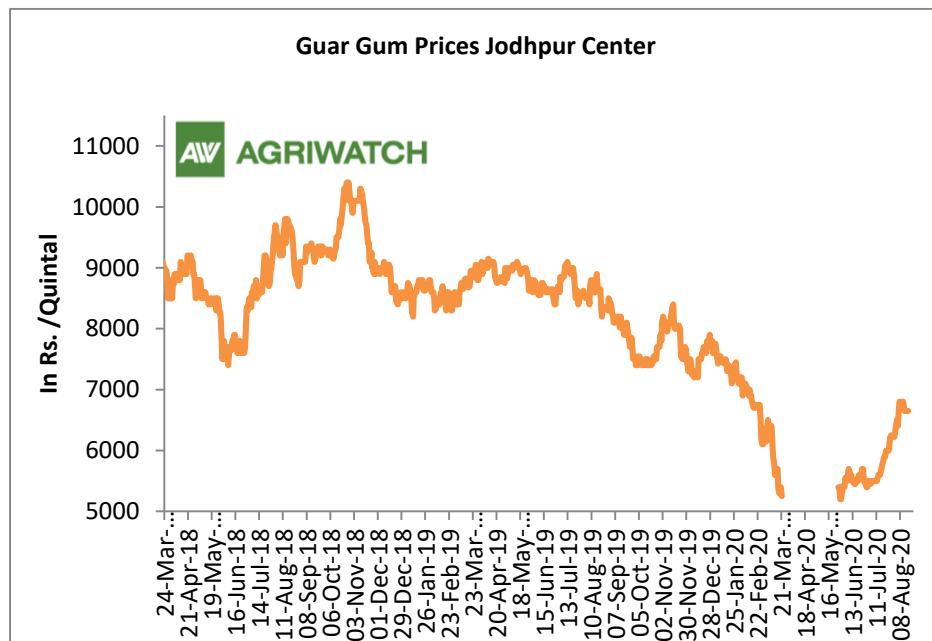
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Domestic Front

- The guar seed prices have much recovered from June 2020 after the sharp fall post coronavirus pandemic and breached Rs 4000/Qtl in Jodhpur.



- Guar gum prices too improved after a recent sharp fall after March'20 and tested Rs 6800/Qtl.
- 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.

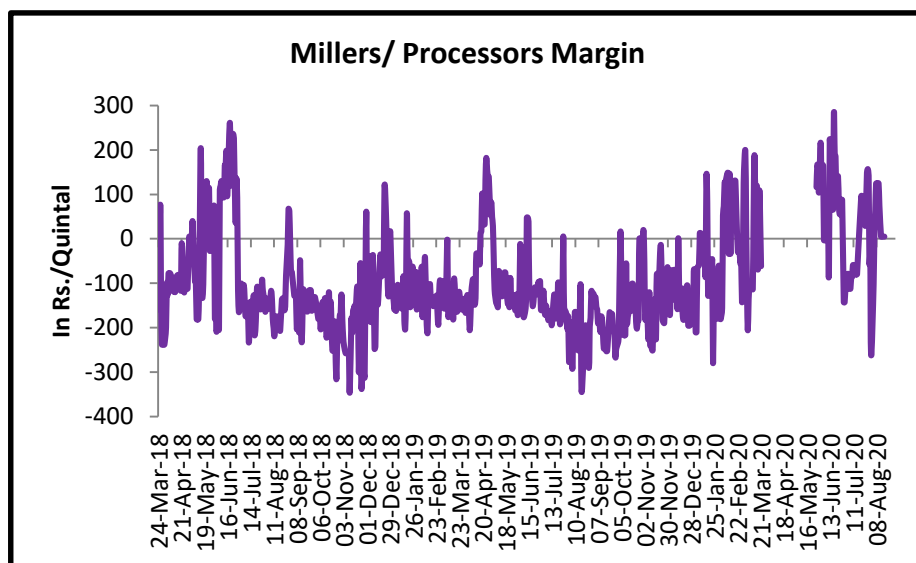


- According to second advance estimate for Kharif 2019-20, issued by Rajasthan's Department of Agriculture for Guar seed, the area, production and yield are 2841314 hectares, 1208100 tonnes and 425 kg/hectare respectively. According to fourth advance estimate for 2018-19, issued by Rajasthan's Department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

Millers/Processors Margin

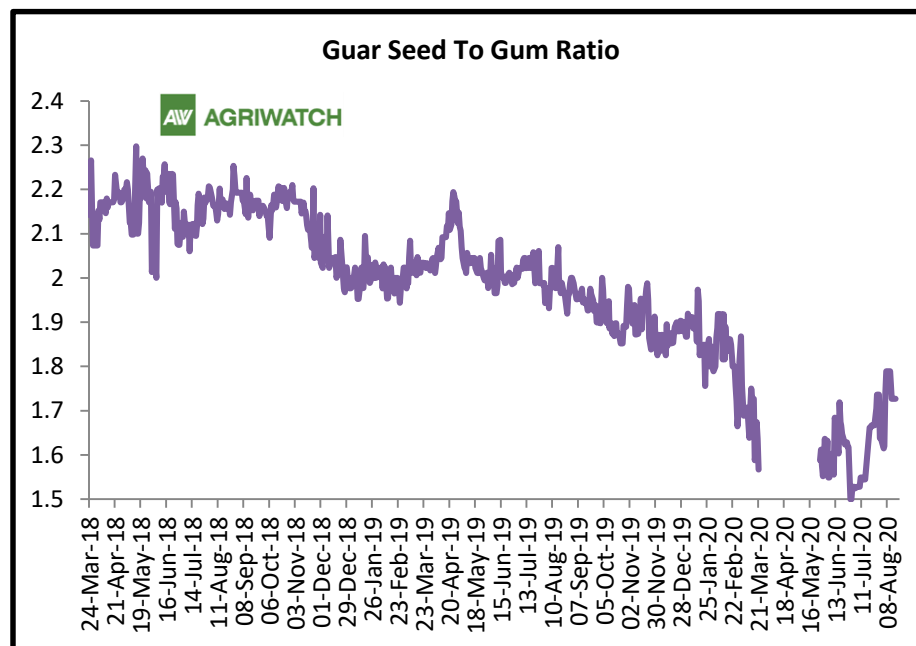
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As seen in the chart, the average crush margin of guar seed have improved as compared to post-COVID lockdown, average crush margin increased to Rs. +16/quintal in Aug'20 compared to Rs. -18/quintal in July'20. Increase in prices of Churi have supported the total return and decreased the total cost, which has caused the margin to rise as compared to last month. Higher price trend of Korma has also supported margin to increase.



Guar Seed to Gum Ratio

Ratio of guar seed to gum stood at 1.7 in August compared to 1.6 in July'20. Overall, poor demand of gum from domestic markets has kept the overall ratio lower side. Expectation of improvement in guar gum exports could lend support to the ratio and margins.



Guar Gum Weekly Export

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Week On Week Exports	Quantity in MT	Average FoB (\$/T)
01-08 Jul-2020	4440	1455
9-16 Jul-2020	3530	1475
17-24 Jul-2020	4676	1539



25-31 Jul-2020	3744	1541
Total	16390	1503

Source: Trade

Technical Analysis (Guar Seed)

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Commodity: Guar Seed

Contract: Sept

Exchange: NCDEX

Expiry: Sept 19, 2020

Guar Seed (Sept Daily Chart)



Technical Commentary:

- Guar seed fell on selling pressure in the market, during the week.
- RSI and stochastic are easing in the neutral region.
- Prices closed above 18-day EMA.
- Prices are expected to losses in near-term.

Strategy: SELL

Weekly Supports & Resistances			S1	S2	PCP	R1	R2
Guar Seed	NCDEX	Sep.	3800	3700	3979	4235	4350
			Call	Entry	T1	T2	SL
Guar Seed	NCDEX	Sep.	SELL	Below 3980	3880	3780	4040



Technical Analysis (Guar Gum)

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Commodity: Guar Gum
Contract: Sept

Exchange: NCDEX
Expiry: Sept 19, 2020

Guar Gum (Sept Daily Chart)



Technical Commentary:

- Guar gum fell on selling pressure in the market.
- RSI and stochastic are easing in the neutral region.
- Prices closed above 18-day EMA.
- Prices are expected to gain in near-term.

Strategy: BUY

Weekly Supports & Resistances			S1	S2	PCP	R1	R2
Guar Gum	NCDEX	Sept.	5700	5600	6298	6900	7000
Weekly Trade Call			Call	Entry	T1	T2	SL
Guar Gum	NCDEX	Sept.	SELL	Below 6300	6200	6100	6360

Guar Seed & Gum Prices at Key Spot Markets

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Guar by – Products Weekly Average Prices:				
Commodity	Centre	21th Jul to 27th Aug 2020	14th Jul to 20th Aug 2020	Change
Churi	Jodhpur	2007	2004	3
Korma	Jodhpur	2963	2963	Unch
Churi	Sri-Ganganagar	1800	1800	Unch
Korma	Sri-Ganganagar	2838	2817	21
Prices in Rs/75kg				

Guar Export Weekly Average Prices:				
Commodity	Variety	21th Jul to 27th Aug 2020	14th Jul to 20th Aug 2020	Change
Guargum Split		774	748	26
Guargum Powder	200 Mesh 5000 CPS	1018	1002	16
	200 Mesh 3500 CPS	951	935	16
Guargum Meal	40%	391	387	4
	50%	514	508	7
Prices in \$/MT				

Guar Seed Weekly Average Prices:					
Commodity	District	Centre	Weekly Prices (Average) (Rs/Qtl)		Change
Guar Seed			21th Jul to 27th Aug 2020	14th Jul to 20th Aug 2020	
Rajasthan	Jodhpur	Jodhpur (Loose)	4013	3930	83
		Jodhpur(Delivery)	4213	4127	87
	Sri-Ganganagar	Sri-Ganganagar(Loose)	-	-	-
		Sri-Ganganagar (Delivery)	-	-	-
		Rawla (Loose)	-	-	-
		Gharsana (Loose)	-	-	-
		Raisinghnagar (Loose)	-	-	-

	Bikaner	Bikaner (Loose)	3805	3815	-10
		Bikaner (Delivery)	3995	4006	-11
		Nokha(Loose)	0	0	Unch
		Nokha (Delivery)	0	0	Unch
		Khajuwala (Loose)	3850	3835	15
		Khajuwala (Delivery)	4043	4027	16
		Lunkaransar (Loose)	3800	3840	-40
	Hanumangarh	Hanumangarh (Loose)	0	0	Unch
		Hanumangarh (Delivery)	0	0	Unch
		Nohar (Loose)	3800	3835	-35
		Pilibanga (Loose)	0	0	Unch
	Nagaur	Nagaur (Loose)	3800	3725	75
	Churu	Churu (Delivery)	0	0	Unch
	Alwar	Alwar (Loose)	0	0	Unch
Haryana	Hisar	Adampur (Loose)	3829	3758	71
		Adampur (Delivery)	4020	3946	74
	Bhiwani	Bhiwani (Delivery)	4125	4072	53
		Siwani (Loose)	4008	3989	19
	Sirsa	Sirsa (Loose)	3728	3768	-41
		Dhabwali (Loose)	3669	3718	-49
		Dhabwali (Delivery)	3852	3904	-52
		Ellanabad (Loose)	0	0	Unch
	Fatehabad	Fatehabad (Loose)	3713	3750	-38
Gujarat	Banaskantha	Deesa (Loose)	0	0	Unch
	Patan	Patan (Loose)	0	0	Unch
	Rajkot	Rajkot (Loose)	2502	3730	-1228
	Jamnagar	Dhrol (Loose)	1237	0	1237
Madhya Pradesh	Gwalior	Dabra (Loose)	0	0	Unch
Guar Gum					
Rajasthan	Jodhpur	Jodhpur	6500	6550	-50
	Alwar	Alwar	0	0	Unch
	Hanumangarh	Nohar	6600	6700	-100
Haryana	Bhiwani	Bhiwani	6634	6774	-140
	Sirsa	Sirsa	6538	6320	218
		Dhabwali	6500	6330	170
		Ellanabad	0	0	Unch
	Fatehabad	Fatehabad	6425	6340	85

Guar Cumulative Arrivals in Key Centers:					
Commodity	District	Centre	Weekly Arrivals (Quintals)		Change
Guar Seed			21th Jul to 27th Aug 2020	14th Jul to 20th Aug 2020	
Rajasthan	Jodhpur	Jodhpur	0	92	-92
	Sri-Ganganagar	Sri-Ganganagar	-	-	-
		Rawla	-	-	-
		Gharsana	-	-	-
		Raisinghnagar	-	-	-
	Bikaner	Bikaner	500	1750	-1250
		Nokha	0	0	Unch
		Khajuwala	200	1700	-1500
		Lunkaransar	300	860	-560
	Hanumangarh	Hanumangarh	0	0	Unch
		Nohar	400	1000	-600
		Pilibanga	0	0	Unch
	Nagaur	Nagaur	150	1250	-1100
Haryana	Churu	Churu	0	0	Unch
	Alwar	Alwar	0	0	Unch
	Hisar	Adampur	1150	1450	-300
	Bhiwani	Bhiwani	2700	2050	650
		Siwani	2300	2600	-300
	Sirsa	Sirsa	2300	1900	400
		Dhabwali	950	1550	-600
		Ellanabad	0	0	Unch
Gujarat	Fatehabad	Fatehabad	50	0	50
	Banaskantha	Deesa	0	0	Unch
	Patan	Patan	0	0	Unch
	Rajkot	Rajkot	200	160	40
	Jamnagar	Dhrol	20	0	20
Madhya Pradesh	Gwalior	Dabra	0	0	Unch
Total Arrivals/Above Markets			-	-	-

Week on Week Price: Scenario of Guarseed and Guargum:						
Commodity	District	Centre	Today	Week Ago	Month Ago	Year Ago
Guar Seed			27-Aug-20	20-Aug-20	28-Jul-20	27-Aug-19
Rajasthan	Jodhpur	Jodhpur (Loose)	Closed	4000	3600	4350
		Jodhpur(Delivery)	Closed	4200	3780	4568
	Sri-Ganganagar	Sri-Ganganagar(Loose)	Closed	3750	NA	4025
		Sri-Ganganagar (Delivery)	Closed	3900	NA	4175
		Rawla (Loose)	0	0	0	3975
		Gharsana (Loose)	0	0	0	3940
		Raisinghnagar (Loose)	0	0	0	4000
	Bikaner	Bikaner (Loose)	Closed	3800	3650	4000
		Bikaner (Delivery)	Closed	3990	3833	4200
		Nokha(Loose)	0	0	0	4075
		Nokha (Delivery)	0	0	0	4279
		Khajuwala (Loose)	Closed	3850	3600	4010
		Khajuwala (Delivery)	Closed	4043	3780	4211
		Lunkaransar (Loose)	Closed	3800	3750	4000
	Hanumangarh	Hanumangarh (Loose)	0	0	0	3925
		Hanumangarh (Delivery)	0	0	0	4121
		Nohar (Loose)	Closed	3875	0	4000
		Pilibanga (Loose)	0	0	0	3900
	Nagaur	Nagaur (Loose)	Closed	3700	0	3980
	Churu	Churu (Delivery)	0	0	0	4200
	Alwar	Alwar (Loose)	0	0	0	3900
Haryana	Hisar	Adampur (Loose)	3790	3750	3720	4010
		Adampur (Delivery)	3980	3938	3906	4211
	Bhiwani	Bhiwani (Delivery)	4100	4060	NA	4150

		Siwani (Loose)	4000	4000	3800	4170
	Sirsa	Sirsa (Loose)	3860	3750	0	4040
		Dhabwali (Loose)	3800	3700	0	3990
		Dhabwali (Delivery)	3990	3885	0	4190
		Ellanabad (Loose)	0	0	0	4000
	Fatehabad	Fatehabad (Loose)	3750	3750	3500	3925
Gujarat	Banaskantha	Deesa (Loose)	0	0	0	0
	Patan	Patan (Loose)	0	0	0	3850
	Rajkot	Rajkot (Loose)	3775	3700	3625	0
	Jamnagar	Dhrol (Loose)	0	0	0	0
Madhya Pradesh	Gwalior	Dabra (Loose)	0	0	0	0
Guar Gum						
Rajasthan	Jodhpur	Jodhpur	Closed	6450	6250	8350
	Alwar	Alwar	0	0	0	8400
	Hanumangarh	Nohar	Closed	6500	0	8800
Haryana	Bhiwani	Bhiwani	6750	6630	NA	8300
	Sirsa	Sirsa	6550	6300	0	8400
		Dhabwali	6500	6400	0	8350
		Ellanabad	0	0	0	8550
	Fatehabad	Fatehabad	6500	6400	6100	8350

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