

Guar Weekly Research Report

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Guar Seed Fundamental Analysis

Executive Summary

The guar seed and guar gum fell on weak demand domestic as well as from the international front. Some fresh demand from processors backed by overseas demand in guar gum and domestic demand from food industry was visible a couple of weeks back but stronger Rupee against the US dollar remained negative factor for the 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 improved by 2 to 256 as on 04th September 2020 compared to 254 previous week and 898 compared to 06 September 2019. Total number of oilrigs was 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:

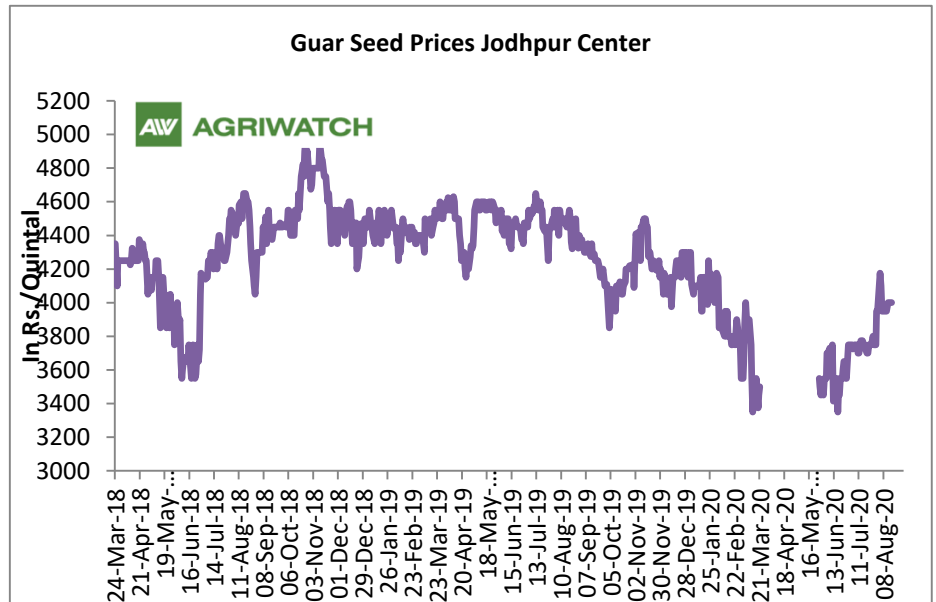
Weekly Call- : Market participants are advised to BUY Guar seed future October contract above 3920 levels for a target of 4020 with a stop loss at 4040.

Outlook:-

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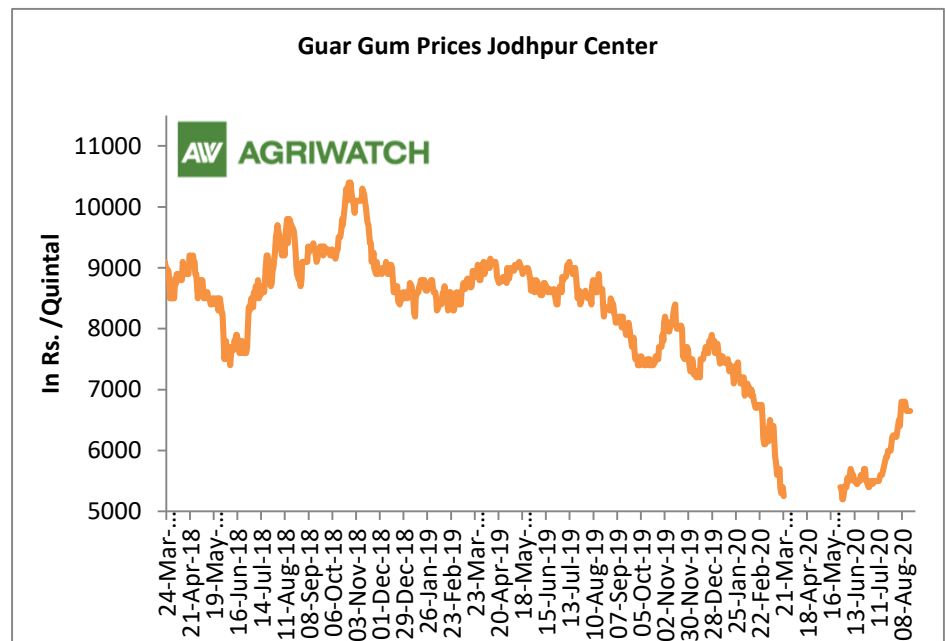
Domestic Front

- 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.

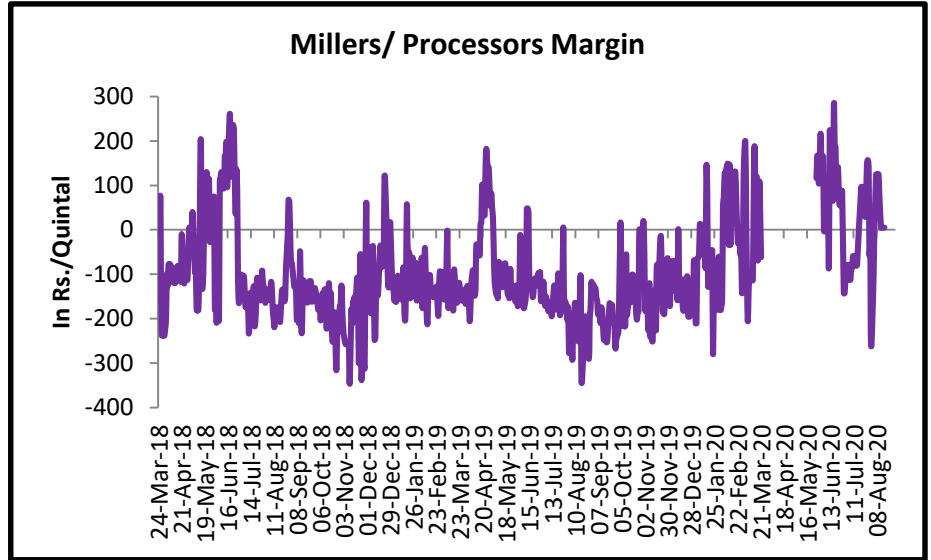


- According to second advance estimate for Kharif 2019-20, issued by Rajasthan's Department of Agriculture for Guar seed, the area, production and yield are 2841314 hectares, 1208100 tonnes and 425 kg/hectare respectively. According to fourth advance estimate for 2018-19, issued by Rajasthan's Department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

Millers/Processors Margin

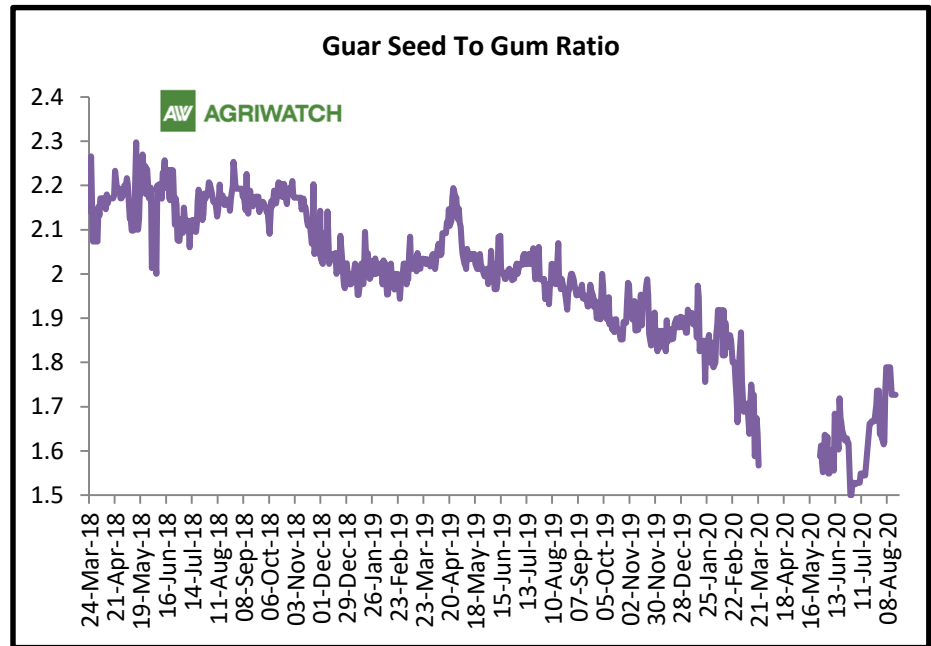
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As seen in the chart, the average crush margin of guar seed have improved as compared to post-COVID lockdown, average crush margin increased to Rs. +16/quintal in Aug'20 compared to Rs. -18/quintal in July'20. Increase in prices of Churi have supported 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: Oct.

Exchange: NCDEX
Expiry: Oct. 20, 2020



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 feature gains in near-term.

Strategy: BUY

Weekly Supports & Resistances			S1	S2	PCP	R1	R2
Guar Seed	NCDEX	Oct.	3716	3616	3925	4138	4251
			Call	Entry	T1	T2	SL
Guar Seed	NCDEX	Oct.	BUY	Above 3920	4020	4120	4040

Technical Analysis (Guar Gum)

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Commodity: Guar Gum
Contract: Oct.

Exchange: NCDEX
Expiry: Oct. 20, 2020

Guar Gum (Oct. 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	Oct.	5634	5246	6059	6755	7500
Weekly Trade Call			Call	Entry	T1	T2	SL
Guar Gum	NCDEX	Oct.	BUY	Above 6040	6200	6300	5944

Guar Seed & Gum Prices at Key Spot Markets

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Guar by – Products Weekly Average Prices:				
Commodity	Centre	28th Aug to 03rd Sep 2020	21th Aug to 27th Aug 2020	Change
Churi	Jodhpur	2018	2007	12
Korma	Jodhpur	2972	2963	9
Churi	Sri-Ganganagar	1769	1800	-31
Korma	Sri-Ganganagar	2838	2838	0
Prices in Rs/75kg				

Guar Export Weekly Average Prices:				
Commodity	Variety	28th Aug to 03rd Sep 2020	21th Aug to 27th Aug 2020	Change
Guargum Split		901	774	127
Guargum Powder	200 Mesh 5000 CPS	1092	1018	75
	200 Mesh 3500 CPS	1024	951	73
Guargum Meal	40%	410	391	18
	50%	546	514	32
Prices in \$/MT				

Guar Seed Weekly Average Prices:					
Commodity	District	Centre	Weekly Prices (Average) (Rs/Qtl)		Change
			28th Aug to 03rd Sep 2020	21th Aug to 27th Aug 2020	
Guar Seed	Jodhpur	Jodhpur (Loose)	3910	4013	-103
		Jodhpur(Delivery)	4106	4213	-108
	Sri-Ganganagar	Sri-Ganganagar(Loose)	-	-	-
		Sri-Ganganagar (Delivery)	-	-	-
		Rawla (Loose)	-	-	-
		Gharsana (Loose)	-	-	-
		Raisinghnagar (Loose)	-	-	-
	Bikaner	Bikaner (Loose)	3773	3805	-33
		Bikaner (Delivery)	3961	3995	-34
		Nokha(Loose)	0	0	Unch
		Nokha (Delivery)	0	0	Unch
		Khajuwala (Loose)	3738	3850	-113

		Khajuwala (Delivery)	3924	4043	-118
		Lunkaransar (Loose)	3820	3800	20
	Hanumangarh	Hanumangarh (Loose)	0	0	Unch
		Hanumangarh (Delivery)	0	0	Unch
		Nohar (Loose)	3796	3800	-4
		Pilibanga (Loose)	0	0	Unch
	Nagaur	Nagaur (Loose)	0	3800	-3800
	Churu	Churu (Delivery)	0	0	Unch
	Alwar	Alwar (Loose)	0	0	Unch
Haryana	Hisar	Adampur (Loose)	3786	3829	-43
		Adampur (Delivery)	3975	4020	-45
	Bhiwani	Bhiwani (Delivery)	4063	4125	-62
		Siwani (Loose)	3971	4008	-37
	Sirsa	Sirsa (Loose)	3788	3728	61
		Dhabwali (Loose)	3738	3669	69
		Dhabwali (Delivery)	3924	3852	72
		Ellanabad (Loose)	0	0	Unch
	Fatehabad	Fatehabad (Loose)	3783	3713	71
	Gujarat	Banaskantha	Deesa (Loose)	0	0
Patan		Patan (Loose)	0	0	Unch
Rajkot		Rajkot (Loose)	3715	2502	1213
Jamnagar		Dhrol (Loose)	0	1237	-1237
Madhya Pradesh	Gwalior	Dabra (Loose)	0	0	Unch
Guar Gum					
Rajasthan	Jodhpur	Jodhpur	6520	6500	20
	Alwar	Alwar	0	0	Unch
	Hanumangarh	Nohar	6540	6600	-60
Haryana	Bhiwani	Bhiwani	6479	6634	-155
	Sirsa	Sirsa	6492	6538	-46
		Dhabwali	6483	6500	-17
		Ellanabad	0	0	Unch
	Fatehabad	Fatehabad	6462	6425	37

Guar Cumulative Arrivals in Key Centers:

Commodity	District	Centre	Weekly Arrivals (Quintals)		Change
			28th Aug to 03rd Sep 2020	21th Aug to 27th Aug 2020	
Guar Seed	Jodhpur	Jodhpur	0	0	Unch
	Sri-Ganganagar	Sri-Ganganagar	-	-	-



		Rawla	-	-	-
		Gharsana	-	-	-
		Raisinghnagar	-	-	-
	Bikaner	Bikaner	1000	500	500
		Nokha	0	0	Unch
		Khajuwala	750	200	550
		Lunkaransar	1700	300	1400
	Hanumangarh	Hanumangarh	0	0	Unch
		Nohar	800	400	400
		Pilibanga	0	0	Unch
	Nagaur	Nagaur	0	150	-150
	Churu	Churu	0	0	Unch
	Alwar	Alwar	0	0	Unch
Haryana	Hisar	Adampur	2100	1150	950
	Bhiwani	Bhiwani	1600	2700	-1100
		Siwani	3300	2300	1000
	Sirsa	Sirsa	4000	2300	1700
		Dhabwali	2700	950	1750
		Ellanabad	0	0	Unch
Fatehabad	Fatehabad	0	50	-50	
Gujarat	Banaskantha	Deesa	0	0	Unch
	Patan	Patan	0	0	Unch
	Rajkot	Rajkot	584	200	384
	Jamnagar	Dhrol	0	20	-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			3-Sep-20	27-Aug-20	4-Aug-20	3-Sep-19
Rajasthan	Jodhpur	Jodhpur (Loose)	3950	Closed	4025	4225
		Jodhpur(Delivery)	4148	Closed	4226	4436
	Sri-Ganganagar	Sri-Ganganagar(Loose)	3700	Closed	3600	Closed
		Sri-Ganganagar (Delivery)	3850	Closed	3750	Closed
		Rawla (Loose)	NR	0	0	Closed
		Gharsana (Loose)	NR	0	0	0
		Raisinghnagar (Loose)	NA	0	0	Closed
	Bikaner	Bikaner (Loose)	3750	Closed	3800	Closed
		Bikaner (Delivery)	3938	Closed	3990	Closed
		Nokha(Loose)	0	0	0	4075
		Nokha (Delivery)	0	0	0	4279
		Khajuwala (Loose)	3800	Closed	3850	Closed
		Khajuwala (Delivery)	3990	Closed	4043	Closed
		Lunkaransar (Loose)	3800	Closed	3900	Closed
	Hanumangarh	Hanumangarh (Loose)	0	0	0	Closed
		Hanumangarh (Delivery)	0	0	0	Closed
		Nohar (Loose)	3710	Closed	0	Closed
		Pilibanga (Loose)	0	0	0	0
	Nagaur	Nagaur (Loose)	NR	Closed	0	Closed
	Churu	Churu (Delivery)	NA	0	0	Closed
Alwar	Alwar (Loose)	NA	0	0	Closed	
Haryana	Hisar	Adampur (Loose)	3750	3790	3800	4000
		Adampur (Delivery)	3938	3980	3990	4200
	Bhiwani	Bhiwani (Delivery)	4050	4100	4000	4125
		Siwani (Loose)	3950	4000	3980	4100
	Sirsa	Sirsa (Loose)	3770	3860	NA	4030
		Dhabwali (Loose)	3750	3800	NA	3980
		Dhabwali (Delivery)	3938	3990	NA	4179
		Ellanabad (Loose)	0	0	0	4000
Fatehabad	Fatehabad (Loose)	3750	3750	3700	3900	
Gujarat	Banaskantha	Deesa (Loose)	0	0	0	0
	Patan	Patan (Loose)	0	0	0	0



	Rajkot	Rajkot (Loose)	3675	3775	3725	0
	Jamnagar	Dhrol (Loose)	0	0	0	0
Madhya Pradesh	Gwalior	Dabra (Loose)	0	0	0	0
Guar Gum						
Rajasthan	Jodhpur	Jodhpur	6400	Closed	6500	8400
	Alwar	Alwar	NA	0	0	Closed
	Hanumangarh	Nohar	6400	Closed	0	Closed
Haryana	Bhiwani	Bhiwani	6470	6750	5900	8400
	Sirsa	Sirsa	6350	6550	NA	8350
		Dhabwali	6400	6500	NA	8400
		Ellanabad	0	0	0	8400
	Fatehabad	Fatehabad	6370	6500	6525	8400

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