

Guar Weekly Research Report

Table of Contents

- ❖ **Executive Summary**
- ❖ **Recommendations**
- ❖ **Domestic Market Fundamentals**
- ❖ **Processing Margins**
- ❖ **Guar Seed to Gum Ratio**
- ❖ **Guar Gum Weekly Exports**
- ❖ **Technical Analysis (Guar Seed)**
- ❖ **Technical Analysis (Guar Gum)**
- ❖ **Guar Seed & Gum Prices at Key Spot Markets**
- ❖ **Guar Seed Arrivals at Key Centers**

Guar Seed Fundamental Analysis

Executive Summary

Lackluster trade activity witnessed in the guar seed and guar gum on slack in domestic demand as well as from 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 continued to remain 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 increased by 1 to 255 as on 18th September 2020 compared to 254 previous week and 868 compared to 20 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 fell in the month of August-20 by 22% compared to previous month. India exported around 12,826 tonnes of guar gum at an average FoB of US \$ 1834 per tonne in the month of August-20 compared to 16,389 tonnes in July-20 at an average FoB of US \$ 1503 per tonne. Of the total 2,521 tonnes have been exported to US and 2,385 tonnes to China. Exports are expected to remain under pressure in September-20 on stronger Indian Rupee against US dollar.

Export of guar split have fell in the month of August-20. Exports in the month of August -20 are down by around 39% compared to previous month. India exported around 660 tonnes of guar split in the month of August-20 at an average FoB of US \$ 1117 per tonne compared to 1080 tonnes in July-20 at an average FoB of US \$ 1050 per tonne. Of the total quantity, around 5,982 tonnes have been exported to US and 3,466 tonnes to Netherlands.

Previous Updates:

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.

Recommendation:

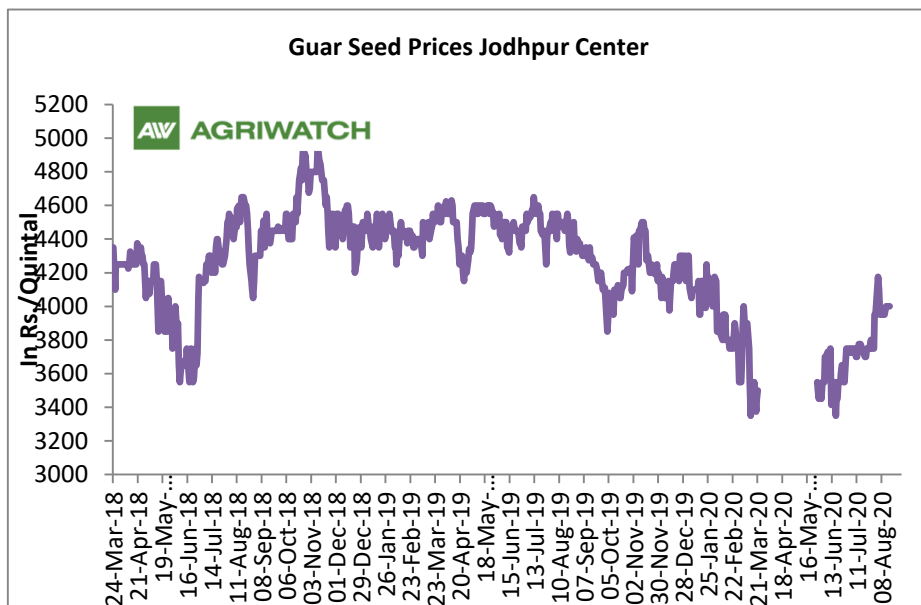
Weekly Call- : Market participants are advised to BUY Guar seed future October contract above 4000 levels for a target of 4150 with a stop loss at 3940.

Outlook:-

[\(Back to Table of Contents\)](#)

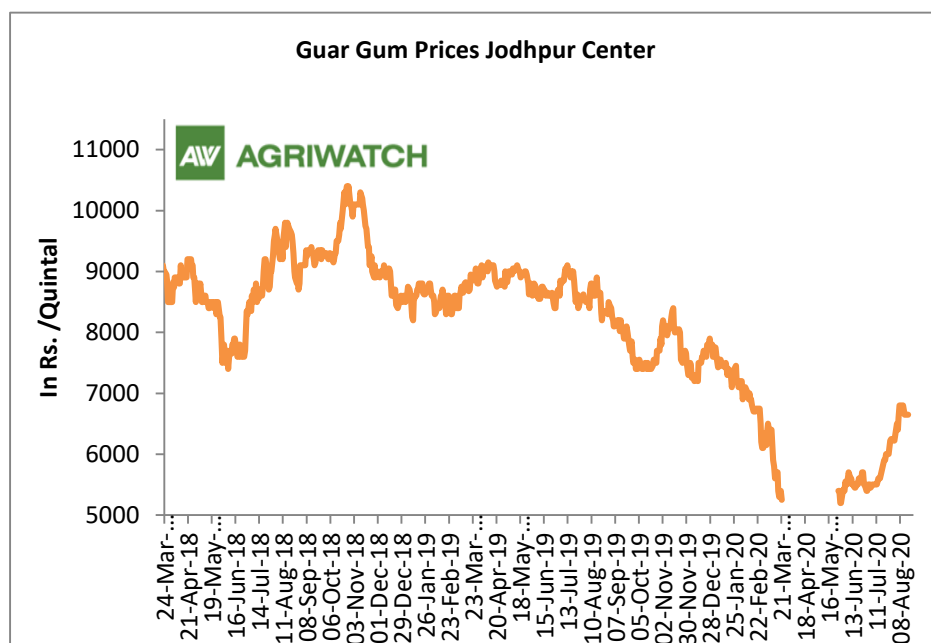
Domestic Front

- 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.

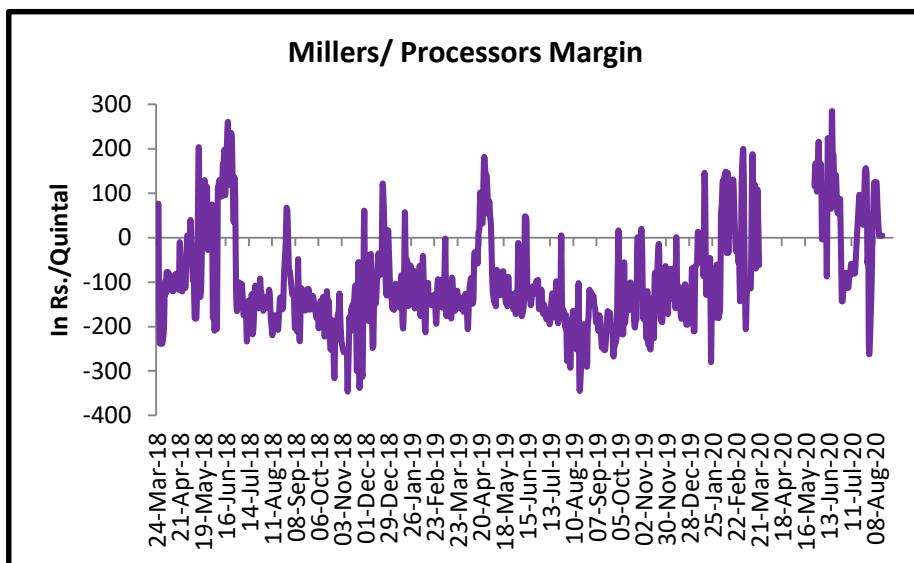


- According to second advance estimate for Kharif 2019-20, issued by Rajasthan's Department of Agriculture for Guar seed, the area, production and yield are 2841314 hectares, 1208100 tonnes and 425 kg/hectare respectively. According to fourth advance estimate for 2018-19, issued by Rajasthan's Department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

Millers/Processors Margin

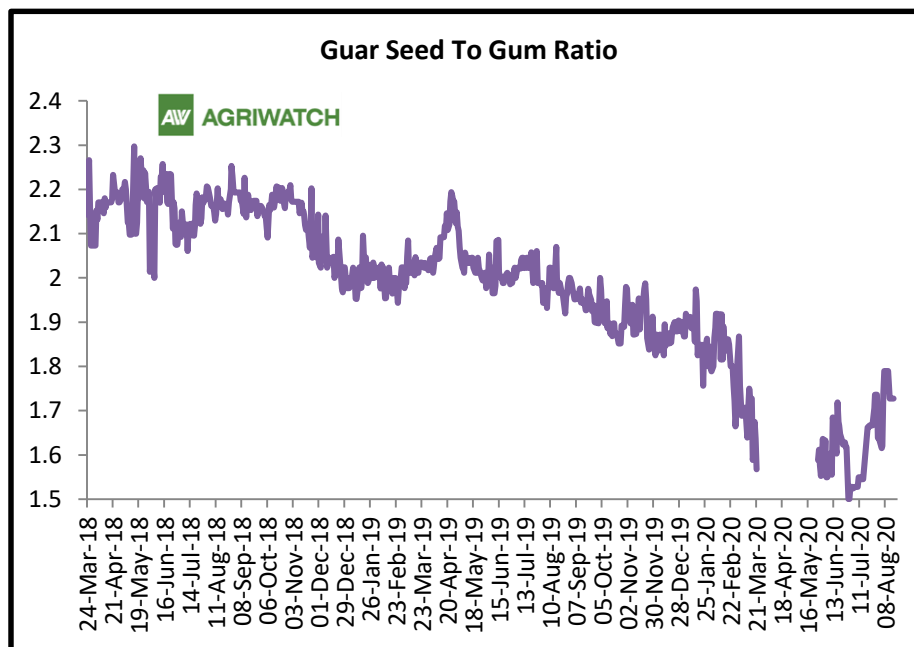
[\(Back to Table of Contents\)](#)

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

[\(Back to Table of Contents\)](#)

Week On Week Exports	Quantity in MT	Average FoB (\$/T)
01-08 Aug-2020	3722	1567
9-16 Aug-2020	2406	1691
17-24 Aug-2020	3206	1967
25-31 Aug-2020	3492	2112
Total	12826	1834

Source:Trade

Technical Analysis (Guar Seed)

([Back to Table of Contents](#))

Commodity: Guar Seed
Contract: Oct.

Exchange: NCDEX
Expiry: Oct. 20, 2020

Guar Seed (Oct. Daily Chart)



Technical Commentary:

- Guar seed edged-lower on selling pressure, 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.	3800	3700	4030	4207	4350
			Call	Entry	T1	T2	SL
Guar Seed	NCDEX	Oct.	BUY	Above 4000	4100	4150	3940

Technical Analysis (Guar Gum)

[\(Back to Table of Contents\)](#)

Commodity: Guar Gum
Contract: Oct.

Exchange: NCDEX
Expiry: Oct. 20, 2020

Guar Gum (Oct. Daily Chart)



Technical Commentary:

- Guar gum edged-up on buying support in the market.
- RSI and stochastic are rising 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.	5777	5470	6278	6755	7025
Weekly Trade Call			Call	Entry	T1	T2	SL
Guar Gum	NCDEX	Oct.	BUY	Above 6250	6420	6500	6148

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

Guar by – Products Weekly Average Prices:				
Commodity	Centre	11th Sep to 17th Sep 2020	04th Sep to 10th Sep 2020	Change
Churi	Jodhpur	2021	2025	-4
Korma	Jodhpur	3032	3030	1
Churi	Sri-Ganganagar	1725	1733	-8
Korma	Sri-Ganganagar	2887	2869	18
Prices in Rs/75kg				

Guar Export Weekly Average Prices:				
Commodity	Variety	11th Sep to 17th Sep 2020	04th Sep to 10th Sep 2020	Change
Guargum Split		897	900	-3
Guargum Powder	200 Mesh 5000 CPS	1088	1091	-3
	200 Mesh 3500 CPS	1020	1023	-3
Guargum Meal	40%	408	409	-1
	50%	544	545	-2
Prices in \$/MT				

Guar Seed Weekly Average Prices:					
Commodity	District	Centre	Weekly Prices (Average) (Rs/Qtl)		Change
Guar Seed			11th Sep to 17th Sep 2020	04th Sep to 10th Sep 2020	
Rajasthan	Jodhpur	Jodhpur (Loose)	3730	3767	-37
		Jodhpur(Delivery)	3917	3955	-39
	Sri-Ganganagar	Sri-Ganganagar(Loose)	-	-	-
		Sri-Ganganagar (Delivery)	-	-	-
		Rawla (Loose)	-	-	-
		Gharsana (Loose)	-	-	-
		Raisinghnagar (Loose)	-	-	-
	Bikaner	Bikaner (Loose)	3791	3700	91
		Bikaner (Delivery)	3981	3885	96
		Nokha(Loose)	0	0	Unch
		Nokha (Delivery)	0	0	Unch
		Khajuwala (Loose)	3800	3750	50
		Khajuwala (Delivery)	3990	3938	53

		Lunkaransar (Loose)	3833	3730	103
	Hanumangarh	Hanumangarh (Loose)	0	0	Unch
		Hanumangarh (Delivery)	0	0	Unch
		Nohar (Loose)	3676	3670	6
		Pilibanga (Loose)	0	0	Unch
	Nagaur	Nagaur (Loose)	0	0	Unch
	Churu	Churu (Delivery)	0	0	Unch
	Alwar	Alwar (Loose)	0	0	Unch
Haryana	Hisar	Adampur (Loose)	3752	3700	52
		Adampur (Delivery)	3939	3885	54
	Bhiwani	Bhiwani (Delivery)	4022	3929	93
		Siwani (Loose)	3928	3894	34
	Sirsa	Sirsa (Loose)	3732	3698	34
		Dhabwali (Loose)	3667	3655	12
		Dhabwali (Delivery)	3850	3838	12
		Ellanabad (Loose)	0	0	Unch
	Fatehabad	Fatehabad (Loose)	3708	3705	3
Gujarat	Banaskantha	Deesa (Loose)	0	0	Unch
	Patan	Patan (Loose)	0	0	Unch
	Rajkot	Rajkot (Loose)	3702	3616	86
	Jamnagar	Dhrol (Loose)	0	0	Unch
Madhya Pradesh	Gwalior	Dabra (Loose)	0	0	Unch
Guar Gum					
Rajasthan	Jodhpur	Jodhpur	6358	6217	142
	Alwar	Alwar	0	0	Unch
	Hanumangarh	Nohar	6350	6317	33
Haryana	Bhiwani	Bhiwani	6162	6065	97
	Sirsa	Sirsa	6242	6200	42
		Dhabwali	6233	6240	-7
		Ellanabad	0	0	Unch
	Fatehabad	Fatehabad	6180	6162	18

Guar Cumulative Arrivals in Key Centers:					
Commodity	District	Centre	Weekly Arrivals (Quintals)		Change
Guar Seed			11th Sep to 17th Sep 2020	04th Sep to 10th Sep 2020	
Rajasthan	Jodhpur	Jodhpur	0	0	Unch
	Sri-Ganganagar	Sri-Ganganagar	-	-	-
		Rawla	-	-	-

		Gharsana	-	-	-
		Raisinghnagar	-	-	-
	Bikaner	Bikaner	1500	1350	150
		Nokha	0	0	Unch
		Khajuwala	2000	1650	350
		Lunkaransar	850	1450	-600
	Hanumangarh	Hanumangarh	0	0	Unch
		Nohar	1100	1150	-50
		Pilibanga	0	0	Unch
	Nagaur	Nagaur	0	0	Unch
	Churu	Churu	0	0	Unch
	Alwar	Alwar	0	0	Unch
Haryana	Hisar	Adampur	2250	1200	1050
	Bhiwani	Bhiwani	4900	1950	2950
		Siwani	3100	3700	-600
	Sirsa	Sirsa	6300	2450	3850
		Dhabwali	2550	2500	50
		Ellanabad	0	0	Unch
	Fatehabad	Fatehabad	0	0	Unch
Gujarat	Banaskantha	Deesa	0	0	Unch
	Patan	Patan	0	0	Unch
	Rajkot	Rajkot	237	325	-88
	Jamnagar	Dhrol	0	0	Unch
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			17-Sep-20	10-Sep-20	18-Aug-20	17-Sep-19
Rajasthan	Jodhpur	Jodhpur (Loose)	3750	3700	4000	4140
		Jodhpur(Delivery)	3938	3885	4200	4347
	Sri-Ganganagar	Sri-Ganganagar(Loose)	3700	3700	3850	3900
		Sri-Ganganagar (Delivery)	3850	3850	4000	4050
		Rawla (Loose)	0	0	0	0
		Gharsana (Loose)	0	0	0	0
		Raisinghnagar (Loose)	0	0	0	3950
	Bikaner	Bikaner (Loose)	3780	3700	3850	3890

		Bikaner (Delivery)	3969	3885	4043	4085
		Nokha(Loose)	0	0	0	3925
		Nokha (Delivery)	0	0	0	4121
		Khajuwala (Loose)	3750	3750	3875	3940
		Khajuwala (Delivery)	3938	3938	4069	4137
		Lunkaransar (Loose)	3800	3800	3900	4000
	Hanumangarh	Hanumangarh (Loose)	0	0	0	3880
		Hanumangarh (Delivery)	0	0	0	4074
		Nohar (Loose)	3700	3600	3850	3910
		Pilibanga (Loose)	0	0	0	0
	Nagaur	Nagaur (Loose)	0	0	3750	3900
	Churu	Churu (Delivery)	0	0	0	4050
	Alwar	Alwar (Loose)	0	0	0	3800
Haryana	Hisar	Adampur (Loose)	3780	Closed	3800	3850
		Adampur (Delivery)	3969	Closed	3990	4043
	Bhiwani	Bhiwani (Delivery)	4040	3850	4050	4150
		Siwani (Loose)	3950	3900	4050	4060
	Sirsa	Sirsa (Loose)	3750	Closed	3800	3900
		Dhabwali (Loose)	3700	Closed	3750	3900
		Dhabwali (Delivery)	3885	Closed	3938	4095
		Ellanabad (Loose)	0	0	0	3850
	Fatehabad	Fatehabad (Loose)	3700	Closed	3800	NR
Gujarat	Banaskantha	Deesa (Loose)	0	0	0	3900
	Patan	Patan (Loose)	0	0	0	0
	Rajkot	Rajkot (Loose)	3755	3615	3840	3840
	Jamnagar	Dhrol (Loose)	0	0	0	0
Madhya Pradesh	Gwalior	Dabra (Loose)	0	0	0	0
Guar Gum						
Rajasthan	Jodhpur	Jodhpur	6300	6100	6500	8030
	Alwar	Alwar	0	0	0	8200
	Hanumangarh	Nohar	6400	6200	6800	8800
Haryana	Bhiwani	Bhiwani	6200	5850	6750	8270
	Sirsa	Sirsa	6300	Closed	6500	8050
		Dhabwali	6300	Closed	6400	8050
		Ellanabad	0	0	0	8200
	Fatehabad	Fatehabad	6300	Closed	6500	NR



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> © 2020 Indian Agribusiness Systems Ltd.