



## Guar Weekly Research Report

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## Guar Seed Fundamental Analysis

### **Executive Summary**

**Dull trade activity witnessed in the guar seed and guar gum on weak domestic demand and fall in the demand from international market. A very limited demand from processors backed by overseas demand in guar gum and domestic demand from food industry in recent days 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 6 to 261 as on 25<sup>th</sup> September 2020 compared to 255 previous week and 860 compared to 27th 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:**

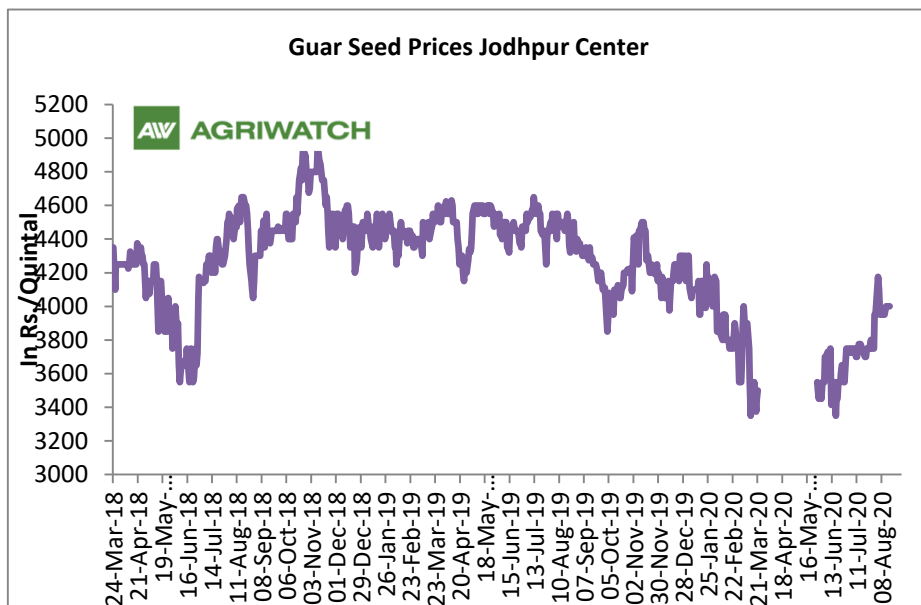
**Weekly Call- : Market participants are advised to SELL Guar seed future October contract Below 3980 levels for a target of 3880 with a stop loss at 4040.**

Outlook-:

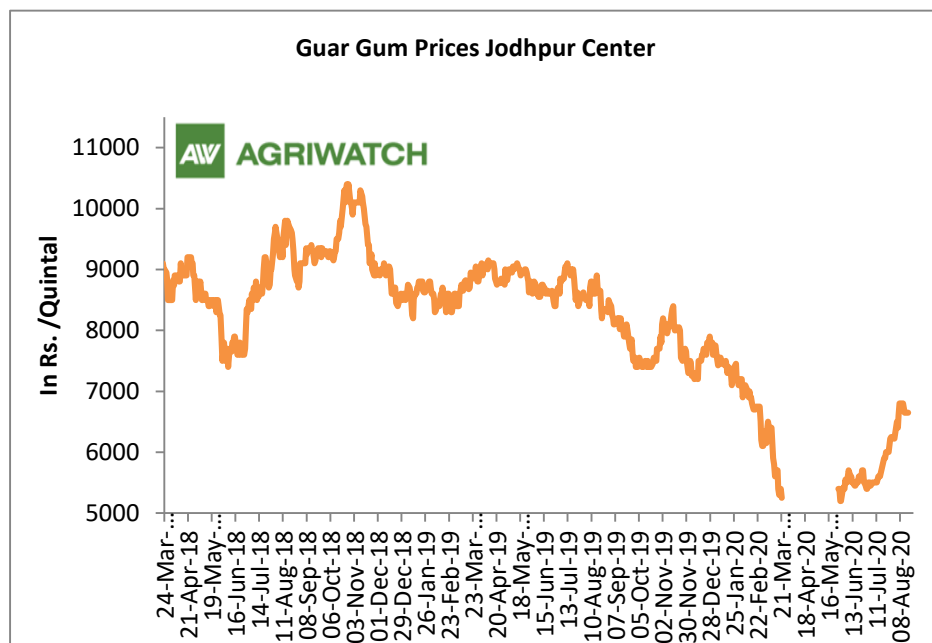
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Domestic Front

- 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.

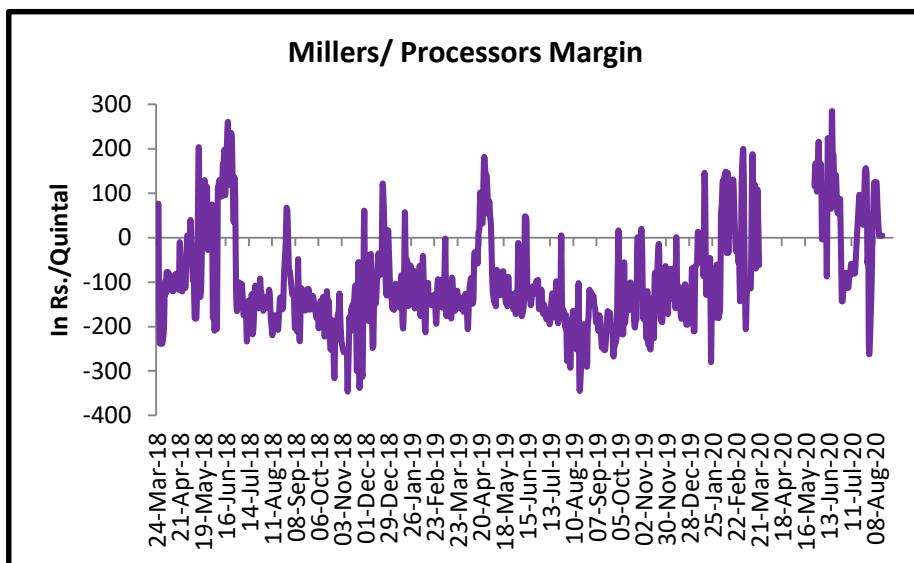


- According to second advance estimate for Kharif 2019-20, issued by Rajasthan's Department of Agriculture for Guar seed, the area, production and yield are 2841314 hectares, 1208100 tonnes and 425 kg/hectare respectively. According to fourth advance estimate for 2018-19, issued by Rajasthan's Department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

## Millers/Processors Margin

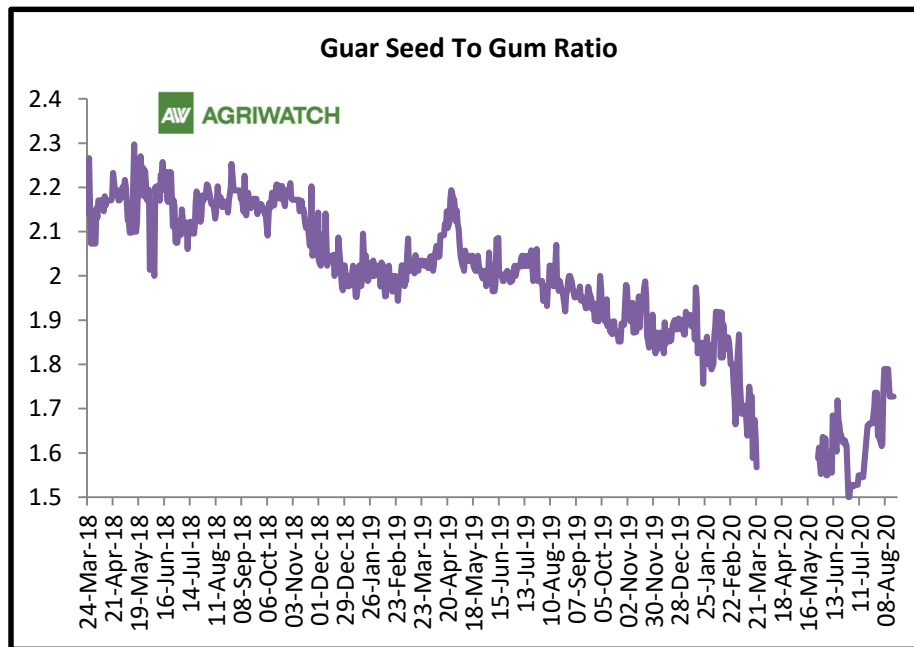
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As seen in the chart, the average crush margin of guar seed have improved as compared to post-COVID lockdown, average crush margin increased to Rs. +16/quintal in Aug'20 compared to Rs. -18/quintal in July'20. Increase in prices of Churi have supported 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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<b>Week On Week Exports</b>	<b>Quantity in MT</b>	<b>Average FoB (\$/T)</b>
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)

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Commodity: Guar Seed

Contract: Oct.

Exchange: NCDEX

Expiry: Oct. 20, 2020

### Guar Seed (Oct. Daily Chart)



### Technical Commentary:

- Guar seed fell on selling pressure, during the week.
- RSI and stochastic are easing in the neutral region.
- Prices closed below 9-day EMA.
- Prices are expected to feature losses in near-term.

### Strategy: SELL

Weekly Supports & Resistances			S1	S2	PCP	R1	R2
Guar Seed	NCDEX	Oct.	3700	3600	3952	4200	4300
			Call	Entry	T1	T2	SL
Guar Seed	NCDEX	Oct.	<b>SELL</b>	Below 3980	3880	3780	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 below 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.	5700	5600	6061	6400	6600
Weekly Trade Call			Call	Entry	T1	T2	SL
Guar Gum	NCDEX	Oct.	BUY	Above 6060	6300	6400	5916

Guar Seed & Gum Prices at Key Spot Markets

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Guar by – Products Weekly Average Prices:				
Commodity	Centre	18th Sep to 24th Sep 2020	11th Sep to 17th Sep 2020	Change
Churi	Jodhpur	2017	2021	-4
Korma	Jodhpur	3025	3032	-6
Churi	Sri-Ganganagar	1775	1725	50
Korma	Sri-Ganganagar	2906	2887	19
Prices in Rs/75kg				

Guar Export Weekly Average Prices:				
Commodity	Variety	18th Sep to 24th Sep 2020	11th Sep to 17th Sep 2020	Change
Guargum Split		879	897	-19
Guargum Powder	200 Mesh 5000 CPS	1078	1088	-10
	200 Mesh 3500 CPS	1019	1020	0
Guargum Meal	40%	408	408	0
	50%	544	544	0
Prices in \$/MT				

Guar Seed Weekly Average Prices:					
Commodity	District	Centre	Weekly Prices (Average ) (Rs/Qtl)		Change
Guar Seed			18th Sep to 24th Sep 2020	11th Sep to 17th Sep 2020	
Rajasthan	Jodhpur	Jodhpur (Loose)	3831	3730	101
		Jodhpur(Delivery)	4023	3917	106
	Sri-Ganganagar	Sri-Ganganagar(Loose)	-	-	-
		Sri-Ganganagar (Delivery)	-	-	-
		Rawla (Loose)	-	-	-
		Gharsana (Loose)	-	-	-
		Raisinghnagar (Loose)	-	-	-
	Bikaner	Bikaner (Loose)	3730	3791	-61
		Bikaner (Delivery)	3917	3981	-64
		Nokha(Loose)	0	0	Unch



		Nokha (Delivery)	0	0	Unch
		Khajuwala (Loose)	3800	3800	Unch
		Khajuwala (Delivery)	3990	3990	Unch
		Lunkaransar (Loose)	3765	3833	-68
	Hanumangarh	Hanumangarh (Loose)	0	0	Unch
		Hanumangarh (Delivery)	0	0	Unch
		Nohar (Loose)	3769	3676	93
		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)	3693	3752	-58
		Adampur (Delivery)	3878	3939	-61
	Bhiwani	Bhiwani (Delivery)	3997	4022	-25
		Siwani (Loose)	3928	3928	-1
	Sirsa	Sirsa (Loose)	3660	3732	-72
		Dhabwali (Loose)	3643	3667	-24
		Dhabwali (Delivery)	3825	3850	-25
		Ellanabad (Loose)	0	0	Unch
	Fatehabad	Fatehabad (Loose)	3717	3708	8
Gujarat	Banaskantha	Deesa (Loose)	0	0	Unch
	Patan	Patan (Loose)	0	0	Unch
	Rajkot	Rajkot (Loose)	3619	3702	-83
	Jamnagar	Dhrol (Loose)	0	0	Unch
Madhya Pradesh	Gwalior	Dabra (Loose)	0	0	Unch
Guar Gum					
Rajasthan	Jodhpur	Jodhpur	6400	6358	42
	Alwar	Alwar	0	0	Unch
	Hanumangarh	Nohar	6460	6350	110
Haryana	Bhiwani	Bhiwani	6060	6162	-102
	Sirsa	Sirsa	6150	6242	-92
		Dhabwali	6200	6233	-33
		Ellanabad	0	0	Unch
	Fatehabad	Fatehabad	6200	6180	20

## Guar Cumulative Arrivals in Key Centers:

Commodity	District	Centre	Weekly Arrivals (Quintals)		Change
Guar Seed			18th Sep to 24th Sep 2020	11th Sep to 17th Sep 2020	

Rajasthan	Jodhpur	Jodhpur	0	0	Unch
	Sri-Ganganagar	Sri-Ganganagar	-	-	-
		Rawla	-	-	-
		Gharsana	-	-	-
		Raisinghnagar	-	-	-
	Bikaner	Bikaner	1450	1500	-50
		Nokha	0	0	Unch
		Khajuwala	1350	2000	-650
		Lunkaransar	800	850	-50
	Hanumangarh	Hanumangarh	0	0	Unch
		Nohar	745	1100	-355
		Pilibanga	0	0	Unch
	Nagaur	Nagaur	0	0	Unch
	Churu	Churu	0	0	Unch
	Alwar	Alwar	0	0	Unch
Haryana	Hisar	Adampur	1350	2250	-900
	Bhiwani	Bhiwani	7700	4900	2800
		Siwani	2900	3100	-200
	Sirsa	Sirsa	2200	6300	-4100
		Dhabwali	725	2550	-1825
		Ellanabad	0	0	Unch
	Fatehabad	Fatehabad	0	0	Unch
Gujarat	Banaskantha	Deesa	0	0	Unch
	Patan	Patan	0	0	Unch
	Rajkot	Rajkot	100	237	-137
	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			24-Sep-20	17-Sep-20	25-Aug-20	24-Sep-19
Rajasthan	Jodhpur	Jodhpur (Loose)	3850	3750	Closed	4000
		Jodhpur(Delivery)	4043	3938	Closed	4200
	Sri-Ganganagar	Sri-Ganganagar(Loose)	3600	3700	Closed	3800
		Sri-Ganganagar (Delivery)	3750	3850	Closed	3950

		Rawla (Loose)	NR	0	0	3770
		Gharsana (Loose)	NR	0	0	3690
		Raisinghnagar (Loose)	NA	0	0	3800
	<b>Bikaner</b>	Bikaner (Loose)	3700	3780	Closed	3850
		Bikaner (Delivery)	3885	3969	Closed	4043
		Nokha(Loose)	NA	0	0	3825
		Nokha (Delivery)	NA	0	0	4016
		Khajuwala (Loose)	3750	3750	Closed	3780
		Khajuwala (Delivery)	3938	3938	Closed	3969
		Lunkaransar (Loose)	3725	3800	Closed	3860
	<b>Hanumangarh</b>	Hanumangarh (Loose)	NA	0	0	3750
		Hanumangarh (Delivery)	NA	0	0	3938
		Nohar (Loose)	3800	3700	Closed	3700
		Pilibanga (Loose)	NA	0	0	3745
	<b>Nagaur</b>	Nagaur (Loose)	NR	0	Closed	3750
	<b>Churu</b>	Churu (Delivery)	NA	0	0	3950
	<b>Alwar</b>	Alwar (Loose)	NA	0	0	3700
<b>Haryana</b>	<b>Hisar</b>	Adampur (Loose)	3700	3780	3850	3700
		Adampur (Delivery)	3885	3969	4043	3885
	<b>Bhiwani</b>	Bhiwani (Delivery)	4000	4040	4150	3950
		Siwani (Loose)	3900	3950	4030	3950
	<b>Sirsa</b>	Sirsa (Loose)	3650	3750	3625	Closed
		Dhabwali (Loose)	3640	3700	3575	Closed
		Dhabwali (Delivery)	3822	3885	3754	Closed
		Ellanabad (Loose)	NR	0	0	Closed
	<b>Fatehabad</b>	Fatehabad (Loose)	3750	3700	3700	Closed
<b>Gujarat</b>	<b>Banaskantha</b>	Deesa (Loose)	NA	0	0	3750
	<b>Patan</b>	Patan (Loose)	NA	0	0	0
	<b>Rajkot</b>	Rajkot (Loose)	3600	3755	3750	3675
	<b>Jamnagar</b>	Dhrol (Loose)	NA	0	3710	0
<b>Madhya Pradesh</b>	<b>Gwalior</b>	Dabra (Loose)	NA	0	0	0
<b>Guar Gum</b>						
<b>Rajasthan</b>	<b>Jodhpur</b>	Jodhpur	6400	6300	Closed	7800
	<b>Alwar</b>	Alwar	NA	0	0	8000
	<b>Hanumangarh</b>	Nohar	6500	6400	Closed	7800
<b>Haryana</b>	<b>Bhiwani</b>	Bhiwani	6250	6200	6800	7850
	<b>Sirsa</b>	Sirsa	6200	6300	6600	Closed



		Dhabwali	6200	6300	6550	Closed
		Ellanabad	NR	0	0	Closed
	<b>Fatehabad</b>	Fatehabad	6200	6300	6400	Closed

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