

Weekly Guar Cash Price Outlook and Strategy

Decision enabling market analysis & price outlook



Report for week beginning 04 Sep 2017

Guar Seed and Gum Price Outlook Summary

Sep 01,2017	Guar Seed Spot Jodhpur INR/Qntl	Guar Gum Spot Jodhpur INR/Qntl	Guar Seed Spot (Bikaner) INR/Qntl	
Closing Prices	3751	7910	3875	
Change	-322	-619	-158	
Fundamental Summary	Critical Price drivers		Price Direction	
	Expected sluggish supplies in key growing regions		Upward	
	Unfavorable weather condition may reduce yield		Upward	
	Higher prices are keeping exporters away		Downward	
	Improve guar crop condition in Gujarat		Downward	
Ample carry forward stocks from 2016-17		Downward		
Price Outlook Summary	Jodhpur Guar Seed		Jodhpur Guar Gum	
	Prices are likely to stay below INR 3930 and trade lower towards INR 3550 in the coming 3-4 weeks.		Prices are likely to stay below INR 8700 and trade lower towards INR 7700 in the coming 3-4 weeks.	
Direction	0 to 2 weeks	0 to 2 Months	0 to 2 weeks	0 to 2 Months
Price Range	Downward	Downward	Downward	Downward
	3930-3550	3930-3450	8700-7700	8700-7300

Fundamental Analysis:

- ❖ During previous week, guar prices broke the strong rally of earlier weeks and witnessed sharp decline at key trading centres, the bearishness mainly derived by subdued buying by exporters amid active offloading by stockiest at comfortable price.
- ❖ At Jodhpur market, the week concluded the prices on negative note, where guar seed price ended at INR 3,751/quintal, slumped by 7.9% and guar gum quote at INR 7,910/quintal, reduced by 7.3% against its prior week close.
- ❖ On supply front, adequate supply was observed in major guar growing regions in Rajasthan, Haryana and Gujarat as commodity holders have released their stocks at decent price on expectations of bearishness in coming days due to peak arrivals season, this added pressure on price.
- ❖ Moving ahead, guar arrivals is likely to be on sluggish note as prices have been decline sharply which may keep the bulk holders away from active offloading, it may lead to increase prices.
- ❖ The sowing data by Gujarat government indicated that higher area has sown under guar cultivation in earlier weeks but as days passes out sluggish sowing was observed compared to beginning of sowing period, this sluggishness may help prices to curb the steep price fall moving ahead.
- ❖ However, good crop condition was observed in major growing regions of Gujarat and harvesting is expected to start from October month, this may have negative impact on prices during medium term.
- ❖ On weather front, during last week dry climatic condition was witnessed in most of guar growing regions in Rajasthan which is looking unfavourable for standing crop, it may reduce yield and prove supportive for prices.
- ❖ Whereas, during the monsoon season heavy rainfall has received by Barmer, Jaisalmer, Jalor, Jodhpur and Pali which led to flooded situation in some of these regions and damage the standing crops.
- ❖ By considering above weather factors such as flooded condition in few areas and lower rainfall during previous week in key growing regions may decline yield and resulting into lower output for the year 2017-18, this may have positive impact on prices during medium term.

Western Rajasthan						
District	Week-(24/08/2017 - 30/08/2017)			Period-(01/06/2017 - 30/08/2017)		
	Actual	Normal	Change %	Actual	Normal	Change %
BARMER	17.3	17.5	-1%	441	201.4	119%
BIKANER	23.9	14.3	67%	167.8	186.5	-10%
CHURU	8.8	21.8	-60%	251.4	264.8	-5%
GANGANAGAR	0.8	10.1	-92%	97.4	167.8	-42%
HANUMANGARH	16.4	14.5	13%	169.4	217.7	-22%
JAISELMER	7.9	9.4	-16%	217.7	135	61%
JALOR	14	23.6	-41%	873.8	325.5	168%
JODHPUR	12.2	19.1	-36%	377.7	230.3	64%
NAGAUR	45.5	24.8	83%	329.1	298.3	10%
PALI	52.3	31.3	67%	773.1	369	110%
Western Rajasthan	19.2	17.4	10%	339.3	220.1	54%

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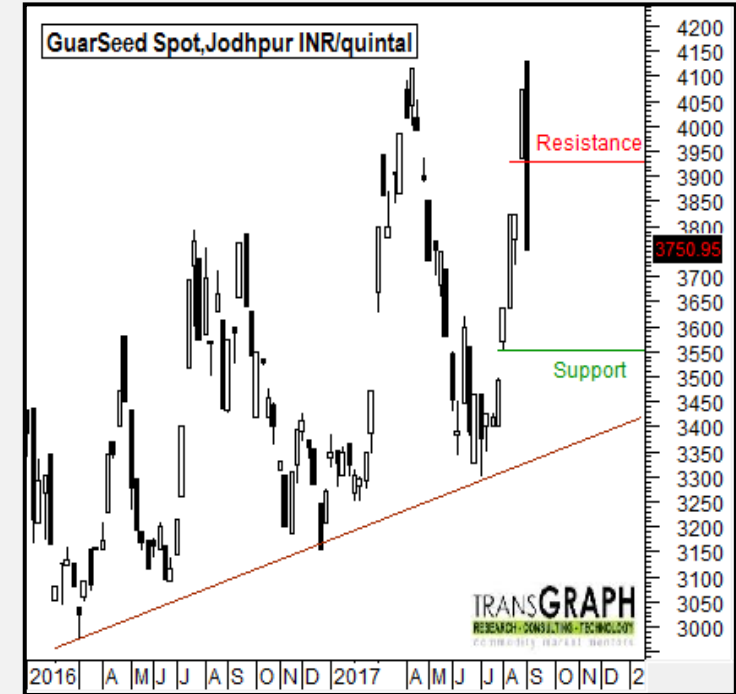
- ❖ On demand front, as the prices are hovering comparatively higher which is keeping the exporters away from active buying due to subdued overseas demand, this would keep the prices under pressure moving ahead.
- ❖ However, firmness is expected in coming days after slid price cooling as guar gum demand is likely to improve in overseas due to rising US oil rig counts constantly, which may attract guar processors for procurement and help prices to show uptick move ahead.
- ❖ For the CY 2016-17 (Oct'16-Sep'17), guar exports are likely to stand at 3.7 lakh tons, higher by ~60% compared to previous CY 2015-16, and it is reflecting progressive export demand which would help price for uptick move in coming days.
- ❖ Overall, guar prices are expected to trade on sideways as expectations of lower supply due to sharp decline in prices may lead to improve prices, whereas limited demand in overseas market may try to keep the guar prices down.

Procurement Strategy: Jodhpur Guar Seed Spot

Jodhpur Guar Seed Procurement Strategy for spot month*					
Open Position	Pricing Window			Already Priced	
	Start	End	Avg Till Date	Weighted Average Price	Quantity
	01 Sep	30 Sep	NA	Yet to be Priced (100%)	--
Strategy Review	100% of Sep'17 buying requirements covered at INR 3730 against monthly average of INR 3832.				
	Market	Period	Procurement savings % (Bettering the market average)		
Closed Positions Audit	Jodhpur Guar Seed Spot	2003 to Till Date	3.45%		
	INR/Kg	Sep 2017	2.66%		
* Please contact Engagement manager for forward / long term buying strategies					

Technical Outlook: Jodhpur Guar Seed Spot INR/Kg

- ❖ Guar seed Jodhpur spot prices have traded with bearish momentum and closed with “Bearish Engulfing” formation at INR 3750 in the last trading day.
- ❖ Prices have retested the swing high of INR 4120 levels and experiencing selling pressure suggesting medium term consolidation intact.
- ❖ The middle Bollinger band positioned around INR 3680 levels which can act as immediate support.
- ❖ The weekly momentum indicator like Stochastic (14,3,3) is turning negative from over bought region supporting the short term price correction.
- ❖ Prices are witnessing corrective rise from last 18 months.
- ❖ On the higher side INR 3930 shall act as immediate resistance.
- ❖ On the downside INR 3680 shall act as immediate support followed by INR 3550.



Concisely, prices are likely to stay below INR 3930 and trade lower towards INR 3550 in the coming 3-4 weeks.

Procurement Strategy: Jodhpur Guar Gum Spot

Jodhpur Guar Gum Procurement Strategy for spot month*					
Open Position	Pricing Window			Already Priced	
	Start	End	Avg Till Date	Weighted Average Price	Quantity
	Sep 01	Sep 30	NA	Yet to be Priced (100%)	--
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Strategy Review

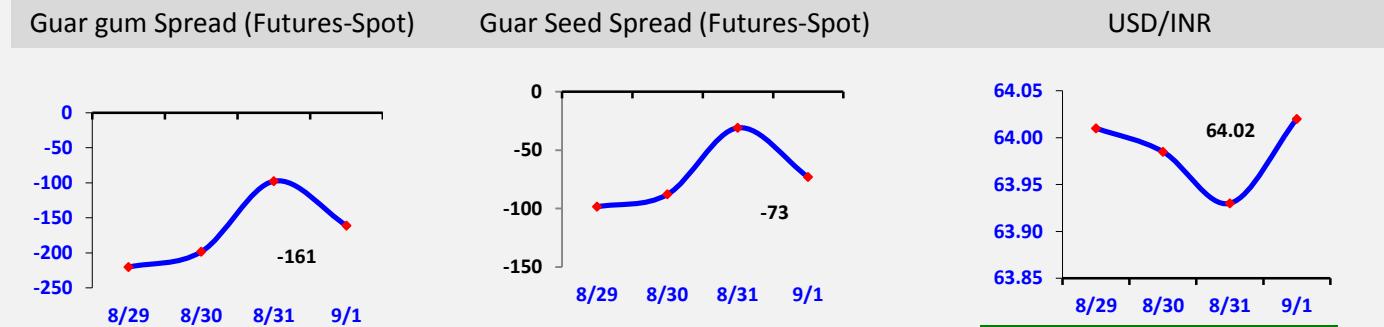
100% of Sep'17 buying requirements covered at INR 7850 against monthly average of INR 8035.

Closed Positions Audit

Market	Period	Procurement savings % (Bettering the market average)
Jodhpur Guar Gum Spot INR/Kg	2003 to Till Date	3.45%
	Sep 2017	2.31%

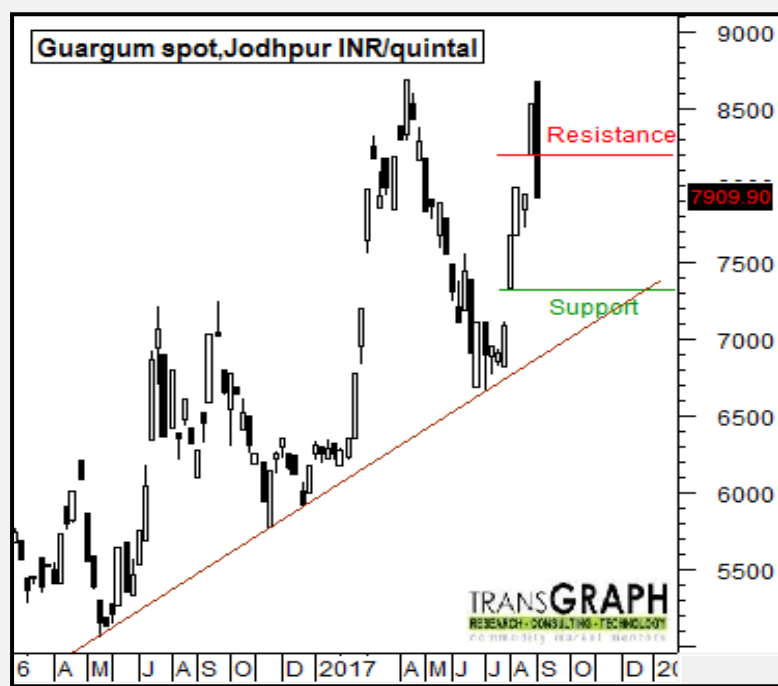
* Please contact Engagement manager for forward / long term buying strategies

Mini Charts



Technical Outlook: Jodhpur Guar Gum Spot INR/Kg

- ❖ Guar Gum Jodhpur spot prices have traded with bearish momentum after testing the swing high resistance and closed at INR 7909 in the last trading day.
- ❖ Prices have witnessed "Bearish Engulfing" pattern suggesting price correction for short term.



Prices are likely to stay below INR 8200 and trade lower towards INR 7300 in the coming 3-4 weeks.

Market Prices

Exchange	Contract	01 Sep 2017				Change	Previous Close
		Open	High	Low	Close		
NCDEX Guar Seed INR/Qtl	Oct'17	3935	3935	3798	3824	-296.00	4120
	Nov'17	3966	3966	3848	3874	-300.00	4174
NCDEX Guar Gum INR/Qtl	Oct'17	8316	8316	8034	8071	-645.00	8716
	Nov'17	8400	8400	8128	8176	-642.00	8818

Commodity	Market	01-Sep-17	24-Aug-17	Change	% Change
Guar Seed	Jodhpur	3751	4073	-322	-7.9
Guar Seed	Bikaner	3875	4033	-158	-3.9
Guar Seed	Sri Ganganagar	3688	3980	-292	-7.3
Guar Seed	Hanumangarh	3672	3972	-300	-7.6
Guar Gum	Jodhpur	7910	8529	-619	-7.3
Guar Gum FOB prices	Mundra port	1356	1464	-108	-7.4

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Our Extensive coverage of Grains & Feedstock

Report	Coverage #	Price Outlook & Strategies
Daily NCDEX Maize Price Outlook and Strategy	NU, FA, WA, PI, TA, TS, PO, FF, MP, 5D	IN.MAIZE.NCDEX
Daily NCDEX Guar Seed & Gum Price Outlook and Strategy	NU, FA, WA, PI, TA, TS, PO, FF, MP, 5D	IN.GUARSEED.NCDEX, IN. GUARSEED.NCDEX
Weekly Guar Seed & Gum Price Outlook and Strategy	NU, FA, WA, PI, TA, TS, PO,MI, FF, MP, 2W	IN.GUARSEED.JODHPUR, IN.GUARGUM.JODHPUR
Bi-weekly Maize Price Outlook and Strategy	NU, FA, WA, PI, TA, PS, PO, FF, MP, 6W,2M	IN.MZ.NIZAMABAD
Bi-weekly Wheat Price Outlook and Strategy	NU, FA, WA, PI, TA, PS, PO, FF, MP, 6W,2M	IN.WHEAT.DELHI
Bi-weekly Feed Grain Price Outlook and Strategy	NU, FA, WA, PI, TA, PS, PO, FF, MP, 6W,2M	IN.MZ.NIZAMABAD, IN.BJR.JAIPUR, IN.SORGM.JAIPUR, IN.BARLEY.JAIPUR, IN.BRICE.GANGAVATI
Bi-Weekly Poultry Feed Market Analysis and Price Outlook	NU, FA, WA, PI, TA, PS, PO, FF, MP, 2M	IN.SB.NCDEX, IN.SM.INDORE, IN.MZ.NIZAMABAD

News Update NU, Fundamental Analysis FA, Balance Sheets BS, Weather Analysis WA, Policy Impact PI, Technical Analysis TA, Trading Strategies TS, Procurement Strategies PS, Price Outlook PO, Market Intelligence MI, Facts & Figures FF, Market Prices MP, Price Spreads PS, Forward Curves FC, Elliott Wave Analysis EWA, 5D, 2W, 6W, 2M, 4-6M

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