

Special Report ON

GUAR SEED

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**PREPARED
BY:**

Mr. Ravi Shankar Pandey

Sr. Research Associate

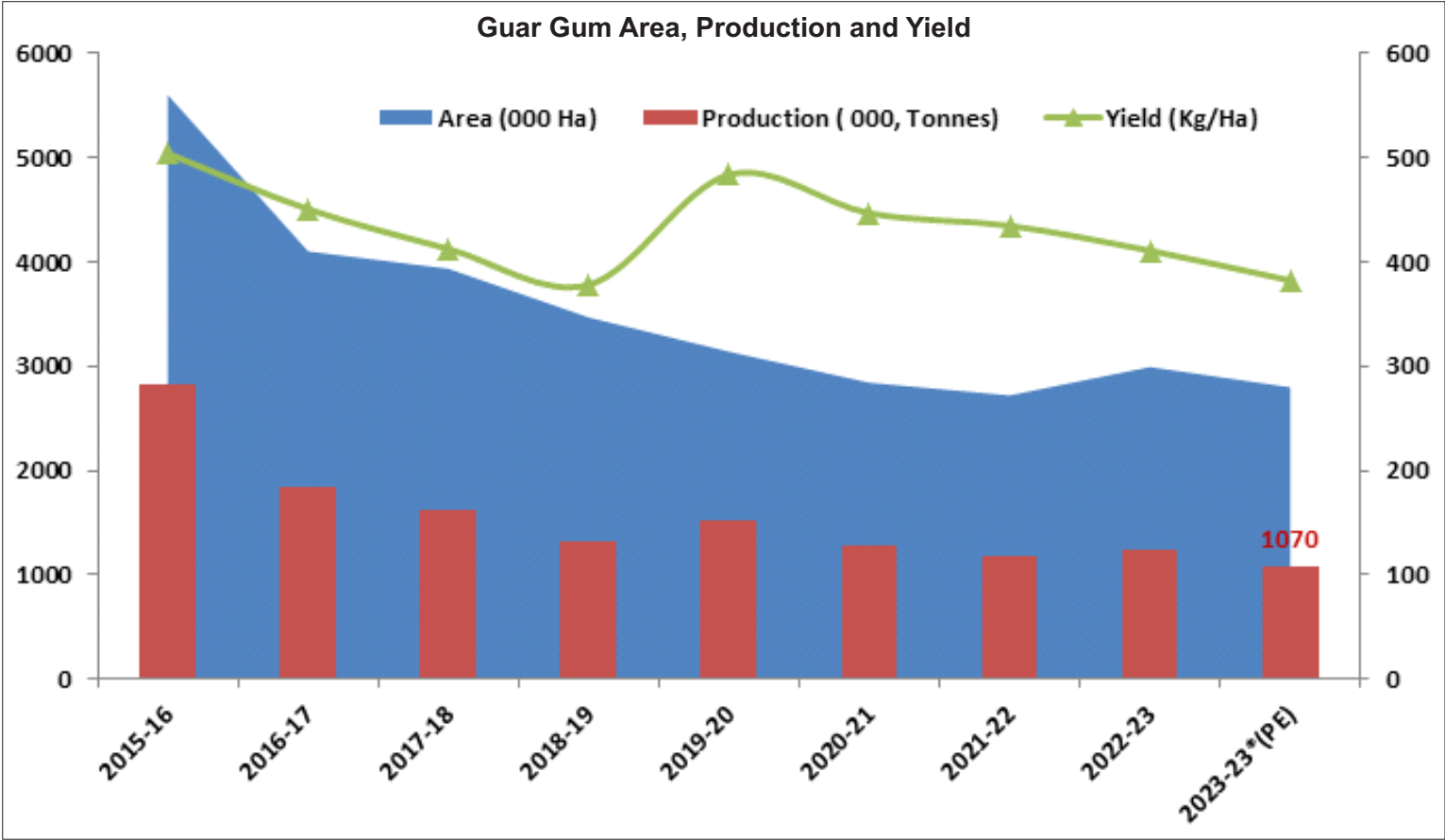


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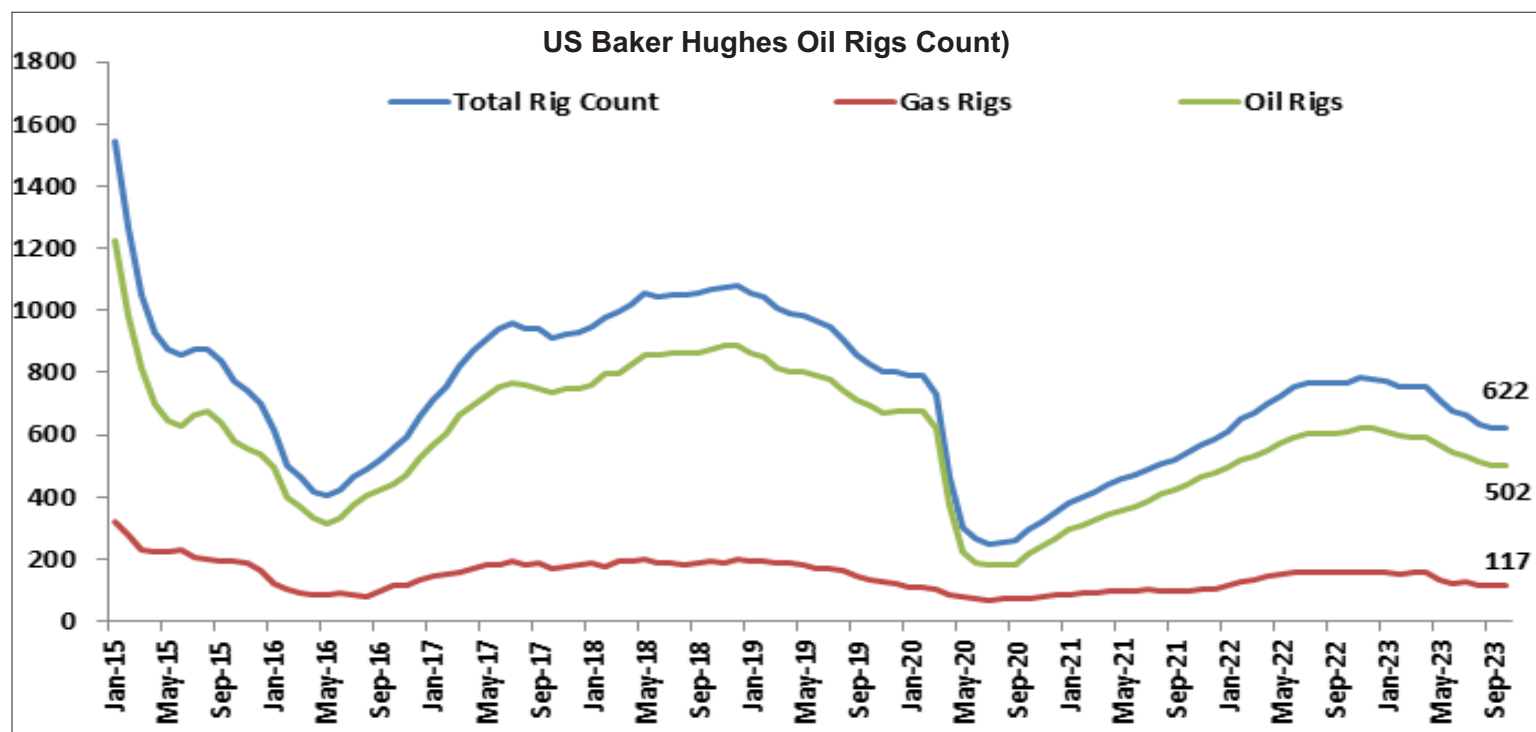
moneywise. be wise.

After witnessing steep fall in prices guar prices are trying to recover from the recent losses mainly on fresh buying. Guar seed prices rose 5% from the recent monthly low of 5365 weaker production prospects. However, major gains in guar are looking unsustainable. Despite having lower acreages under guar in year 2023, prices dropped in Sep'23 almost by 15% in Sep'23 questioned on the below normal acreages number released by different agencies.

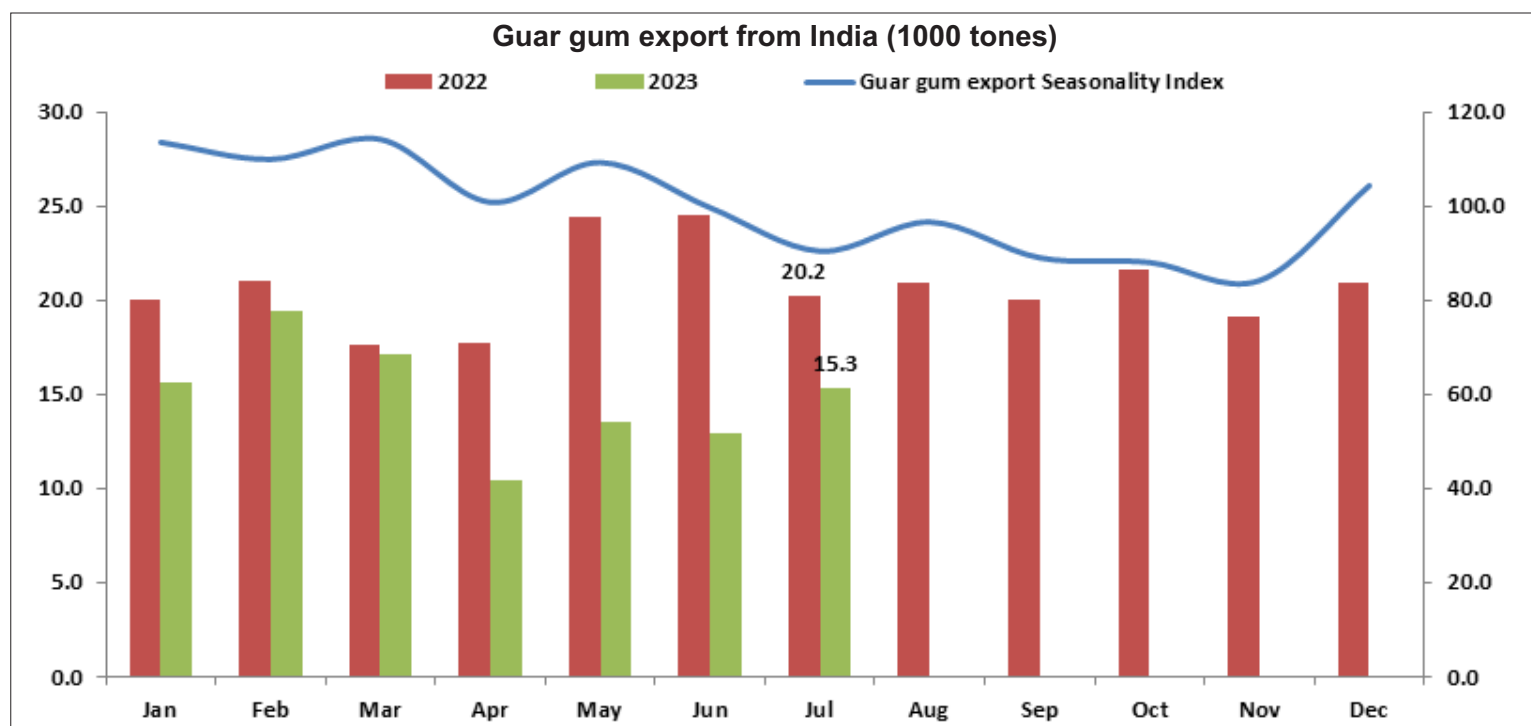
Guar seed area in Rajasthan is estimated at 27.99 lakh Ha in year 2023-24 as compared to 30 lakh Ha of previous year down by 7% Y-o-Y yield is expected to drop by 7% that will lead to fall in guar seed production at least by 10%-13% to 10.7 lakh tonnes.



It seems demand is major concern for guar industry as guar prices have lost it correlation with crude oil as of now. We have seen strong rally in crude oil prices in last four month as crude oil prices have recovered by 40% during Jun'23-Sep'23 jumped up to \$90/barrel and sustained well above it breakeven prices required for fresh drilling. But guar gum export has not increased accordingly. It could be falling numbers of oil and gas rig counts in US that suppressed the guar gum export from India. U.S. Baker Hughes Oil Rig Count which is an indication of guar gum demand in drilling activities has dropped to 502 by end of Sep'23 against the 545 reported as on 30th June'23. There could many reasons in terms of policy change is US which caused fall in rig counts but it has definite impact in Indian guar gum export. Being as largest guar gum importer of India accounted for 31% of guar gum exports from India in year 2022 and now its share has dropped to 26% in year 2023. Other major importers of India guar gum are Russia, Germany, Canada and China.



Guar gum export has slumped 28% Y-o-Y during Jan'23-Jul'23 reported at 104.3 thousand tonnes as compared to 145.55 thousand tonnes of previous year. Availability of cheaper alternative like slick water and Xanthan gum has impacted the guar gum export badly in recent months.



Going forward export demand of guar gum is expected to increase in wake of export seasonality that depicts guar gum exports rise during Nov-Dec. However, it will mostly depend upon the drilling activities in US which has been slower so far in year 2023.

Meanwhile, export of guar meal rose significantly in year 2023 with surging demand from European countries. Norway and Netherland bought guar meal heavily in year 2023 due to increased demand of guar meal in these countries. India exported about 112.2 thousand tonnes guar meal during Jan-Jul in year 2023 as compared to 90 thousand tonnes of year 2022. Rising exports of guar meal can cheer up the face of guar millers and will give them enough reason to crush guar seed in coming months. Guar meal demand has increased in cattle feed industry across the globe that caused the rise in demand of guar meal export from India.

New crop season of 2023-24 has already started in Oct'23 and about 60% of arrivals are expected to touch during Oct-Dec. Stockiest are likely to be active in wake of weaker production outlook in year 2023-23 that will support the prices ahead.

Technically, prices are holding trend line support near 5350 after retracement of 78.6% from recent high of 6638. Guar seed prices can slip towards the next trend line support of 5050 level is sustained below 5350. Upside potential is towards the resistance of 6050 and 6400 in near term.



Guar Gum Monthly Chart



Guar gum prices are expected to find support near 10400 and may slip towards the next support of 9250 if prior level is breached. Sluggish demand of guar gum is major concerns that will cap the excessive gains in gum prices. Upside potential of guar gum is seen at 12800/14500 in near term.

Vandana Bharti (AVP - Commodity Research)
Ravi Shankar Pandey (Sr. Research Associate)

Boardline : 011-30111000 Extn: 625
Boardline : 011-30111000 Extn: 674

vandanabharti@smcindiaonline.com
ravi16@smcindiaonline.com

E-mail: smc.care@smcindiaonline.com



Corporate Office:
11/6B, Shanti Chamber,
Pusa Road, New Delhi - 110005
Tel: +91-11-30111000
www.smcindiaonline.com

Mumbai Office:
Lotus Corporate Park, A Wing 401 / 402, 4th Floor,
Graham Firth Steel Compound, Off Western
Express Highway, Jay Coach Signal, Goregaon
(East) Mumbai - 400063
Tel: 91-22-67341600, Fax: 91-22-67341697

Kolkata Office:
18, Rabindra Sarani, Poddar Court, Gate No-4,
5th Floor, Kolkata - 700001
Tel.: 033 6612 7000/033 4058 7000
Fax: 033 6612 7004/033 4058 7004

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