

8th April, 2024

Monthly Report On

Monthly Report on Others Guar Complex and Cotton

APRIL 2024



GUAR SEED

Guar seed futures remained under pressure in Mar'24 following prevailing concerns over subdued export of guar derivative products. Guar gum export remained lower in year 2023-24 that impacted crushing demand of guar seed adversely. Guar is mainly known for its derivative product guar gum which has commercial importance in oil and gas Industry. Guar seed prices dropped 2.8% M-o-M from the previous month high of 5538 to 5122 wherein guar gum prices tumbled 2% M-o-M to 10072 due to bleak export enquires.

The overall production of guar seed has reportedly decreased by 11%-13% Year-on-Year to 10.7 lakh tonnes in the year 2023-24. This reduction in production has resulted in tighter inventory levels for millers.

Exports remain sluggish due to tumbling demand from major importing countries. Sluggish exports of meal is likely to be major hurdle in larger gains in prices as Guar gum export rose 30% Y-o-y to 20.05 thousand tonnes in Jan'24. Export of gum is also affected by increased used of slick water and other chemicals as alternative of guar gum in oil industry that hampered the demand of guar gum in recent years. Prices will track the demand of crude oil and any rise in oil rig counts will boost overall export of guar gum.

Guarseed Prices are expected to trade in range of 5150-6000 wherein Guar gum prices are expected to trade in range of 9600-11500 in near term.

Guar Gum Price Seasonality

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2024	-793	198	-191	686								
2023	-31	-455	-481	-803	-35	-111	1458	536	-1555	224	-72	-530
2022	1202	-1220	1434	322	-1232	-1651	-694	-11	532	-536	4008	-197
2021	176	-66	-299	313	296	-31	446	2773	431	3272	-3079	535
2020	-668	-1012	-1000	299	-183	174	699	454	-417	560	-723	58

Guar Seed Price Seasonality

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2024	-197	-40	-148	268								
2023	-2	-224	-57	-233	33	14	448	208	-611	149	-66	-138
2022	330	-474	448	0	-495	-702	-203	-216	197	-342	1500	-84
2021	9	-73	-81	273	158	-81	267	1638	-116	1139	-1252	238
2020	-258	-312	-350	250	-82	138	198	269	-90	295	-327	-53



Guar Seed Prices are expected to trade in range of 5000-6000 wherein guar gum prices are likely to trade in range of 9800-11500

COTTON AND KAPAS

Cotton prices traded sideways for most of the part of Mar'24 tracking weaker production outlook. Prices extended its gains that can be attributed to reports of lower production in the marketing year 2023-24. Ginning mills struggled to run their ginning units due to tumbling ginning margin for them that kept cotton prices under pressure.

Spinning mills responded by cutting their production capacity due to uncompetitive cotton prices, negatively affecting export prospects. Cotton prices remained under pressure due to demand concerns.

Being as second largest producer of cotton after China, India contributes about 24% of global production. Cotton Association of India revised its production upwardly from 294.1 lakh bales to 309.7 lakh bales in Feb'24. However, production estimated remained lower by 3% Y-o-Y. Talking about the fundamentals of current marketing year 2023-24, arrivals have reduced as harvesting season has over and about 251.7 lakh bales arrived so far in year 2023-24. Arrival pace has lower so far but likely to be slow down due weaker production estimates in year 2023-24.

At demand front, India is the second largest consumer of cotton accounts for 21% of global consumption and consumes about 300-320 lakh bales domestically on annual basis. Domestic consumption is revised upwardly from 311 lakh bales to 317 lakh bales in year 2023-24 along with surging exports up to 42 lakh bales as compared to 34 lakh bales of previous month's estimates. Export of cotton and cotton yarn from India is likely to be bleak in year 2023-24 due to lower availability amid lingering quality issue of new crop caused by adverse weather. Below normal supplies in domestic market will keep cotton prices costlier in year 2024 and that will affect the overall export adversely.

Cotton and Kapas prices are expected to trade sideways to higher due to supply tightness. Ending stocks of cotton is likely to drop to multiyear low level of 20 lakh bales in year 2023-24 whereas it was reported at 28.9 lakh bales in year 2022-23. Production is estimated to be down by 3% Y-o-Y in year 2023-24 that will prompt millers to go for aggressive buying on every dips in prices. On CBOT, prices are likely to track sowing activities in US. USDA planting intention report showed cotton area is expected to increase about 4% Y-o-Y in year 2024-24 in USA.



ICE cotton prices are likely to trade in range of \$84-95 ranges. Kapas prices are expected to trade in range of 1480-1600 INR/20kgs with positive bias whereas cotton prices are expected to trade in range on 59000- 63500.

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, Goreagon
(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

Investments in securities market are subject to market risks, read all the related documents carefully before investing. Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. The securities quoted are for illustration only and are not recommendatory. SMC is a SEBI registered Research Analyst having registration number INH100001849. CIN : L74899DL1994PLC063609.

SMC Global Securities Ltd. (hereinafter referred to as "SMC") is regulated by the Securities and Exchange Board of India ("SEBI") and is licensed to carry on the business of broking, depository services and related activities. SMC is a registered member of National Stock Exchange of India Limited, Bombay Stock Exchange Limited, MSEI (Metropolitan Stock Exchange of India Ltd.) and M/s SMC Comtrade Ltd is a registered member of National Commodity and Derivative Exchange Limited and Multi Commodity Exchanges of India and other commodity exchanges in India. SMC is also registered as a Depository Participant with CDSL and NSDL. SMC's other associates are registered as Merchant Bankers, Portfolio Managers, NBFC with SEBI and Reserve Bank of India. It also has registration with AMFI as a Mutual Fund Distributor.

SMC is a SEBI registered Research Analyst having registration number INH100001849. SMC or its associates has not been debarred/ suspended by SEBI or any other regulatory authority for accessing /dealing in securities/commodities market.

The views expressed by the Research Analyst in this Report are based solely on information available publicly available/internal data/ other reliable sources believed to be true. SMC does not represent/ provide any warranty expressly or impliedly to the accuracy, contents or views expressed herein and investors are advised to independently evaluate the market conditions/risks involved before making any investment decision. The research analysts who have prepared this Report hereby certify that the views /opinions expressed in this Report are their personal independent views/opinions in respect of the subject commodity.

DISCLAIMER: This Research Report is for the personal information of the authorized recipient and doesn't construe to be any investment, legal or taxation advice to the investor. It is only for private circulation and use. The Research Report is based upon information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied upon as such. No action is solicited on the basis of the contents of this Research Report. The Research Report should not be reproduced or redistributed to any other person(s) in any form without prior written permission of the SMC. The contents of this material are general and are neither comprehensive nor inclusive. Neither SMC nor any of its affiliates, associates, representatives, directors or employees shall be responsible for any loss or damage that may arise to any person due to any action taken on the basis of this Research Report. It does not constitute personal recommendations or take into account the particular investment objectives, financial situations or needs of an individual client or a corporate/s or any entity/s. All investments involve risk and past performance doesn't guarantee future results. The value of, and income from investments may vary because of the changes in the macro and micro factors given at a certain period of time. The person should use his/her own judgment while taking investment decisions.

Please note that SMC its affiliates, Research Analyst, officers, directors, and employees, including persons involved in the preparation or issuance if this Research Report: (a) from time to time, may have long or short positions in, and buy or sell the commodity thereof, mentioned here in or (b) be engaged in any other transaction involving such commodities and earn brokerage or other compensation or act as a market maker in the commodities discussed herein(c) may have any other potential conflict of interest with respect to any recommendation and related information and opinions. All disputes shall be subject to the exclusive jurisdiction of Delhi High court. All disputes shall be subject to the exclusive jurisdiction of Delhi High court.