

Castor Domestic Fundamentals:

- **Castor seed market traded lower on Thursday despite lower arrivals** in comparison to corresponding period last year. Market expects arrivals to stay steady at current level as farmers have slowed down releasing of seed due to lower offer.
- **Farmers may hold 30 percent crop in anticipation of higher prices.** Almost 20 percent sees are in way of godowns and the rest is being used by planters. Demand for castor oil is good and seed prices in cash market are unlikely to dip from current level. However, dip in future market is likely as it is ruling over Rs 200 higher than cash market.
- **Agriwatch estimates 11.49 lakh tonne seed production in 2013-14 against 14.04 lakh tonne** last year. As per Agriwatch estimate the season started with 3.84 lakh tonne carry out.
- **Thus total availability comes to 15.33 lakh tonne.** At 46 percent oil recovery the total oil availability would be around 7.00 lakh tonne against the expected total global and domestic demand of 7.5 lakh tonne of oil. It clearly indicates short supply in the medium term.
- **Govt has released second adv. estimate of foodgrains** production for 2013-14 on 14, Feb, 2014. Market participants are surprised to see the inflated figure of castor seed production this year. Govt. has estimated 16.46 lakh tonne castor seed production this year against the set target of 15.81 lakh tonne. Market expert see production at around 11 lakh tonne.
- **Market participants expect more decline as** peak arrival season (March-April) is not far away from now. However, any steep dip from current level is unlikely as market is well aware of lower crop size this year. Market is expected to stabilize in the range of Rs 3850 to Rs 3900 per qtl depending on quality and marketing centers of the seed.
- **Castor seed farmers in Gujarat want MSP for this crop like** other crops in India. They complain that prices in open market are not remunerative for farmers and their interest to grow castor crop is diminishing fast. That's why area under this crop has decreased this year.
- **This year area under castor seed decreased sharply from 11.1 lakh ha.** to 9.84 lakh ha, almost 1.97 lakh ha. lower than 2012-13. Considerable decrease in area has been seen in Gujarat and Andhra Pradesh. Total area collectively in both states is lower by 1.58 lakh ha. It is going to impact the final size of the crop to near 12 lakh T against the last year production of around 14 lakh T.

International Market Update:

- **Castor derivatives volume too is expected to go up from 1.2 lakh tonne** to 1.25 lakh tonne. China would continue to maintain its previous position as major importer. Its import volume may go up from 2.11 lakh tonne (2013) to 2.35 lakh tonne in 2014. Europe would remain second next to China with expected import of 1.45 lakh tonne in 2014. It had exported 1.3 lakh tonne in 2013.
- **Major importers of castor oil are buying only to fulfil** their immediate requirements. They would start fresh buying during peak arrival season in March as they expect correction in the market in the near term. By the time price of castor seed is expected to stabilize near Rs3700 to 3800 per qtl.

Domestic market Outlook:

- **Castor seed market is likely to trade steady with weak bias likely to continue.**

NCDEX Castor Futures							Date: 20.03.2014		
Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Mar-14	-47	4177	4187	4114	4144	2250	1180	5710	-8320
April-14	-58	4235	4236	4162	4177	77480	30480	182060	-4350
May-14	-59	4298	4303	4230	4245	14460	8000	62370	22100

Spread	Mar-14	Apr-14	May-14	June-14
Spot/Deesa	39			
March-14		33		
April-14			78	
May-14				-

Stocks	Demat	In-Process	Total	FED
	19.03.2014	19.03.2014	19.03.2014	18.03.2014
Bhabhar	2386	10	2386	1516
Deesa	23465	0	23465	23465
Kadi	37884	293	38177	34191
Patan	41632	30	41662	41531

Castor Seed Daily Prices on 20.03.2014

Commodity	Center	Market	Price (Rs/Q)		Change
			20-Mar-14	19-Mar-14	
Castor Seed	Rajasthan	Sumerpur	3825	3815	10
	Gujarat	Rajkot	3885	3850	35
		Gondal	3955	3930	25
		Patan	4040	4015	25
		Deesa	Closed	Closed	-
		Mehsana	3975	4000	-25
		Kadi	4455	4550	-95
		Ahmedabad	3950	3925	25

Castor Seed Arrivals on 20.03.2014

Commodity	Center	Market	Fig. in per bags(80kg)		Change
			20-Mar-14	19-Mar-14	
Castor Seed	Rajasthan	Sumerpur	700	600	100
	Gujarat	Rajkot	550	350	200
		Gondal	289	549	-260
		Patan	3998	3414	584
		Deesa			Unch
		Mehsana	300	500	-200
		Kadi	1195	1408	-213
		Others (Gujarat)	18668	20000	-1332
	Total Arrival		25700	26821	-1121

Note: We have incorporated traded quantity of seed. It does not signify the all India arrivals.

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