

Executive Summary:

- ❖ Month of April started with firm note in major cash markets of Rajasthan, Gujarat and Andhra Pradesh and bullish trend continued till the third week of the month. However, firm tone could not sustain in the last week of this month despite good demand from consuming industries and restricted arrivals in the domestic market. Seed price is expected to continue its downward journey in the first week of May and from the middle of the month it may start moving up once again as demand for castor seed products is good from both the domestic and foreign market.
- ❖ From January up to April, 2014 almost 4 lakh tonne seed has been crushed out of total availability of 1.54 million tonne, including production of 1.156 million tonne this year. This means now only 1.14 million tonne seed available for next eight months till December, 2014. India exports 40 to 45 thousand tonne oil per month on average basis in the second half. The export figures generally remain at higher side in April, May and June. In May and June Agriwatch expects 55 and 60 thousand tonne oil export respectively. This means almost 2.4 to 2.5 lakh tonne seed would be consumed easily in next two months up to June.
- ❖ So in the second half seed availability would come down from 1.14 million tonne to 0.89 million tonne for the next six months. Actual problem would start from here as seed supply would continue to decrease as 25 to 30 percent (2.6 to 2.7 lakh tonne) out of 0.89 million tonne) stock would remain in strong hands till November-December.
- ❖ Thus only 6.2 lakh tonne seed would remain available for planters against their actual requirements of one lakh tonne seed per month. These types of emerging scenario would push castor seed price unexpectedly at higher level as hoarders are well aware of stock and consumption trend this year and market may see the price peak in August –September this year.
- ❖ At export front castor oil export crossed 50,000 tonne in April and it may touch over 55,000 in May given the current pace of export and given the already struck deals. Indian FOB quotes from western based port ranges from \$1350 to \$1360 per tonne. Planters in Mehsana offer castor oil at Rs 8150 to Rs 8200 per qtl. This year oil export may cross 5.30 lakh tonne. Castor oil export last year up to March, 2014 registered at 4.93 lakh tonne.
- ❖ Demand from E.U. and China would continue to increase as demand for oil in local markets have improved considerably. Other producing countries will remain dependant on India as production in Brazil and China is on decline from last two years.
- ❖ Arrivals in various mandis are 30 to 35 percent lower than last year. Well to do farmers too have retained 10 to 15 percent more stock throughout this year in anticipation of bullish outlook throughout the year, especially in the second half.

Castor Seed Demand & Supply:

All units in lakh tonnes	2011-12	2012-13	2013-14(E)
Carry in	1.5	4.3	3.84
Production	15.8	14.04	11.56
Imports	0	0	0
Total Availability	17.3	18.34	15.4
Consumption	13	14.5	15
Exports	0	0	0
Total Usage	13	14.5	15
Carry out	4.3	3.84	0.4

Agriwatch preliminary estimate based on feedback received from market participants.

High lights of S&D:

- ❖ Castor seed production is expected to dip from 14.04 lakh tonne (2012-13) to 11.56 lakh tonne in 2013-14 mainly due to lower acreage and crop loss in Gujarat and Andhra Pradesh.
- ❖ However, trade estimates range from 11.5 to 11.8 lakh tones for crop year 2013-14. This clearly shows that we have lower availability of seed by 2.5 to 2.8 lakh tonne for current MY, starting from April, 2014.
- ❖ The new season (2013-14) started with 4.84 lakh tonne carryout stock, lower by 0.46 thousand tonne from last year (4.3 lakh tonne). Against this consumption pattern for the seed has been on the rise and is expected to grow by 3.33 percent from previous year.
- ❖ Carryout for next year is expected to decrease drastically from 3.84 lakh tonne to 0.4 lakh tonne for 2014-15. It also hints escalation in prices in the months ahead.
- ❖ Total availability this year comes to 15.4 lakh tonne against the basic requirement of 15 lakh tonne seed. If planting area remains same next season, situation may turn even more grimmer.
- ❖ Major portion of stock is expected to remain in strong hands and they have capability to hold it for a long time, so cash market might face demand –supply gap June onward.
- ❖ All these indicators and figures hint bullish outlook for castor seed market this year especially from mid June when arrivals starts declining.

Oil Demand & Supply:

Unit in lakh tonne	2011-12	2012-13	2013-14(E)
Carry in	0.5	0.7	0.4
Production	5.5	6	6.6
Imports	0	0	0
Total Availability	6	6.7	7
Consumption (domestic)	1.4	1.6	1.7
Exports	4.2	4.7	5.2
Total Usage	5.3	6.3	6.9
Carry out	0.7	0.4	0.1

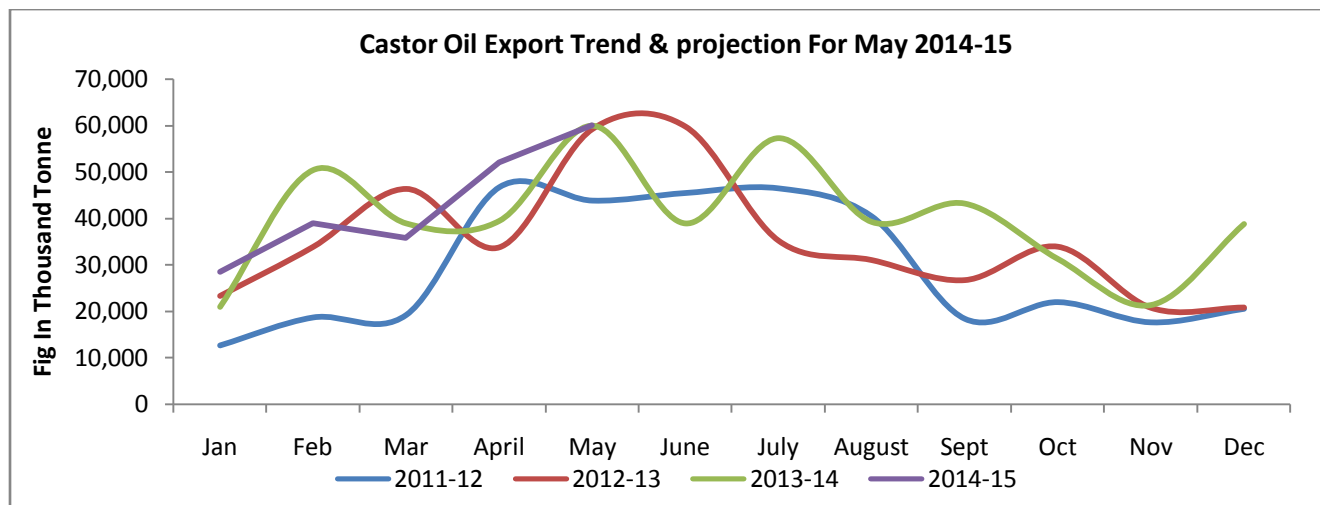
Note: Based on 46 % oil recovery from seed.

High lights of S&D:

- Agriwatch expects 15 lakh tonne seed crushing in MY 2014-15 (April to March) and assuming overall oil recovery at 46 percent oil availability would be around 7 lakh tonne slightly higher than last year(6.7 lakh tonne) against expected requirement of 6.9 lakh tonne.
- India would export around 5.2 lakh tonne in MY2014-15 assuming average yearly export growth of 7 to 8 percent as has been seen in last two three years.
- Domestic consumption would increase from 1.6 lakh tonne to 1.7 lakh tonne considering the rapid growth of soap and paint industry. Thus total usage might touch to 6.9lakh tonne against the oil availability of just 7.0 lakh tonne.
- This clearly indicates short supply towards impending short supply in the fourth quarter of the year.
- Situation may get worse if seed stockists retain stock more than four –five months to drag prices up.
- Oil importers have no option to source oil except India. Indian FoB quotes range in between \$1360 to \$1365 per tonne for west located ports.



Castor Oil Export Trend:

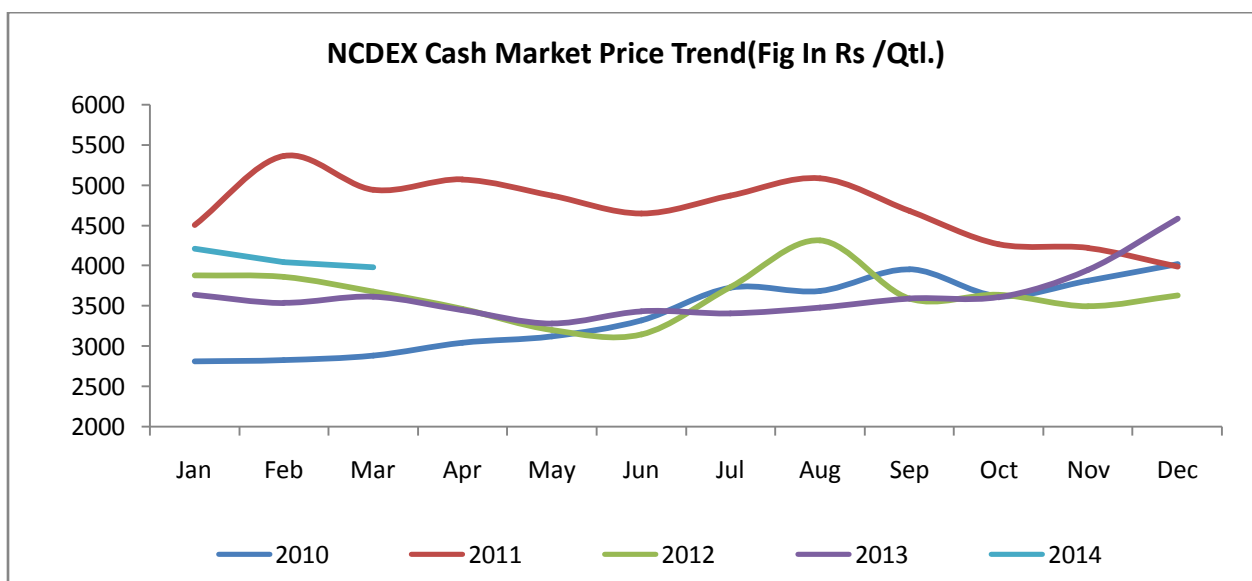


Source: SEA

Castor oil export has followed seasonality as usual. As Dec-Jan are considered lean season and prices generally rule higher at this point of time, export volumes remain lower in these months. However it starts increasing from March and remains at higher side till June as arrival from new crop continues. Export in the month of April is likely cross 50,000 mark and it may cross 60,000 tonne in May as per feedback received from traders/exporters.

With increase in price and declining supply, export volumes starts decreasing and touches it bottom during Oct/Nov., as depicts the above given chart.

Comparatively Yearly Price Movement:



Castor seed prices start decreasing from February and market gets stabilized in March-April due to peak arrival season. Again it starts moving up from May end when maximum stock in farmer's hand gets exhausted. The above given trend line shows it clearly. However this year prices would continue to rule above 2012 level due to lower crop size and good export demand.

Comparative Prices Of Castor Products Including Seed

	25TH APR'14	17TH APR'14	25TH MAR'14	25TH APR'13	Change % from last year
Castorseed (Gujarat)((Rs./M.T) Ex-Mandi	40,000	40,000	41,000	34,961	14.41
Castor Meal Export (FAS) (US\$ / MT),Ex Kandla	97	99	98	90	7.78
EXPORT (FOR) Ports (Rs./MT)Castor meal bulk Kandla	5700	5750	5750	4771	19.47
Castor Oil (First Grade) FOB Kandla (Export)	1365	1390	1420	1393	-2.01
Local rates in domestic market(Rs./M.T.) for comm.	82,000	82,500	83,000	73,596	11.42

Source:SEA

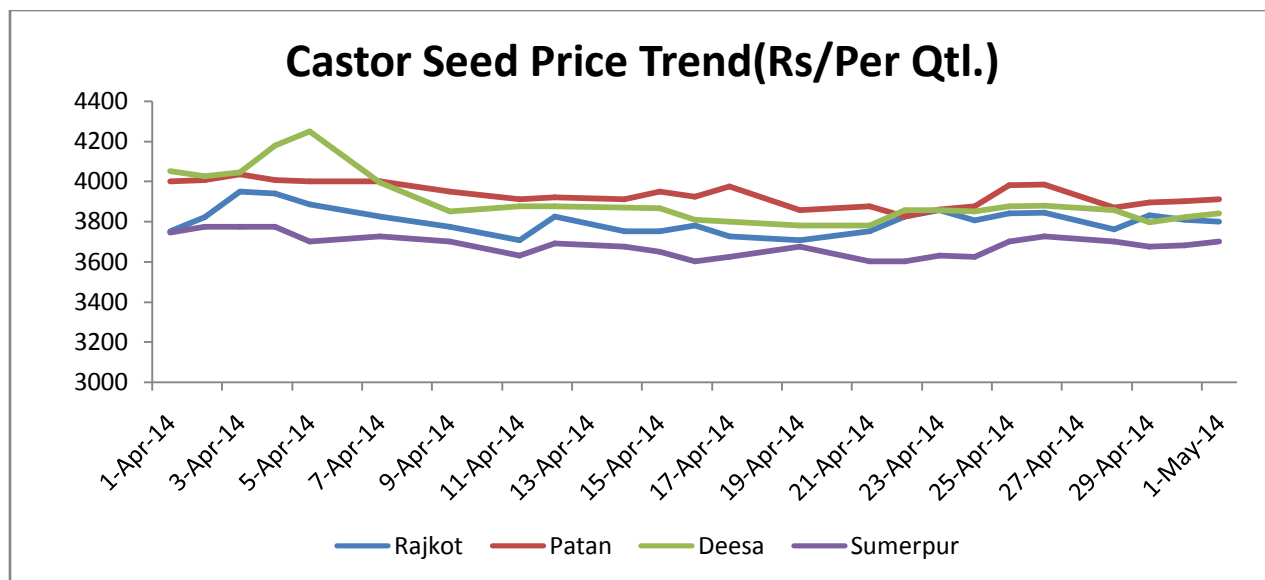
Comparative castor seed and its products prices show price escalation this year in comparison to last year except castor oil. Price of oil shows 2 percent decrease in the last week of April from corresponding period last year.

Comparative Oil Export From Jan To Dec(Fig In '000'T)

	2011-12	2012-13	2013-14	2014-15
Jan	12,559	23,232	20,909	28,490
Feb	18,598	33,807	50,355	38,974
Mar	19,143	46,289	38,869	35,773
April	46,723	33,709	39,422	52,000(E)
May	43,832	59,193	59,900	60,000(E)
June	45,474	59,718	38,868	
July	46,471	35,130	57,214	
August	40,426	30,963	39,196	
Sept	18,319	26,641	43,139	
Oct	21,909	33,841	31,228	
Nov	17,545	20,682	21,307	
Dec	20,462	20,742	38,744	

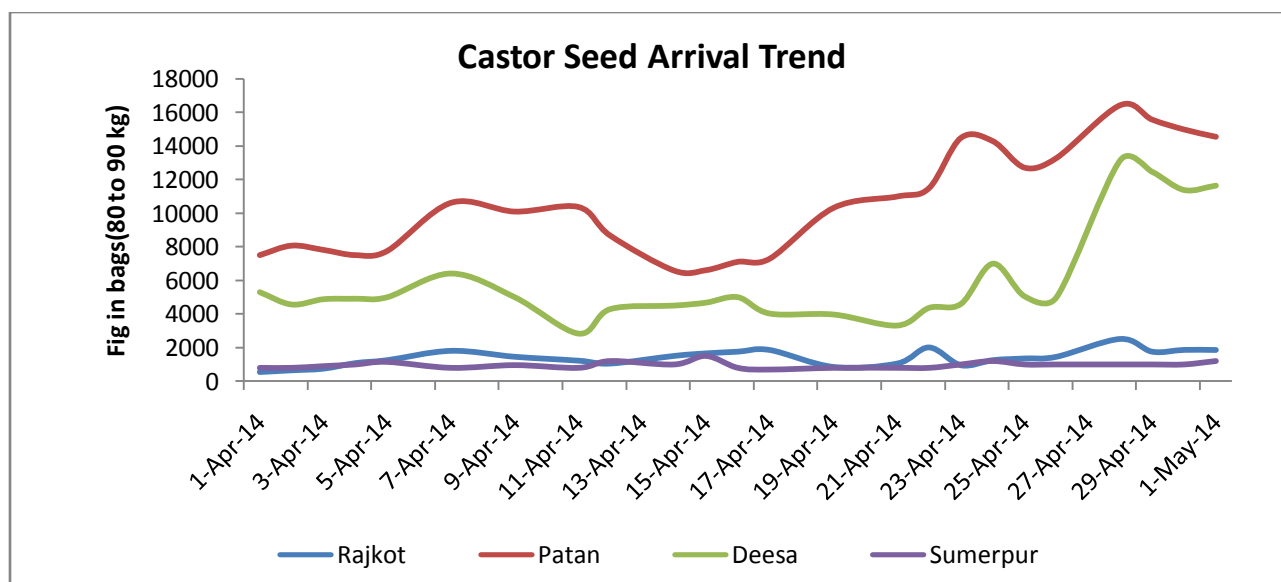
Source: SEA (April, May 2014 fig. is estimate based on exporter's feedback)

Comparative Price Trend In Various Markets:



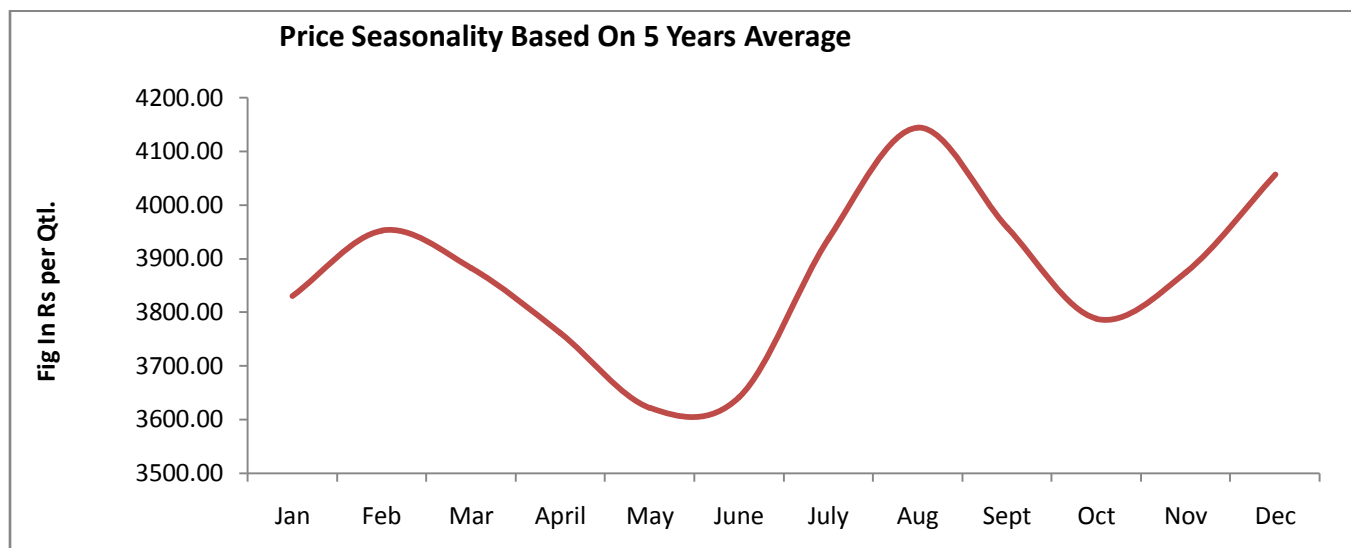
Cash market traded slightly firm during the last week of April after considerable dip in the beginning of the week due to fresh demand at lower level. Market participants expect that market should stabilize on current level, fresh buying interest is expected from this week once again. Due to phased manner election and holidays trading activities remains sluggish. However, from second week of May market is expected to improve once again.

Comparative Arrivals In Various Markets:



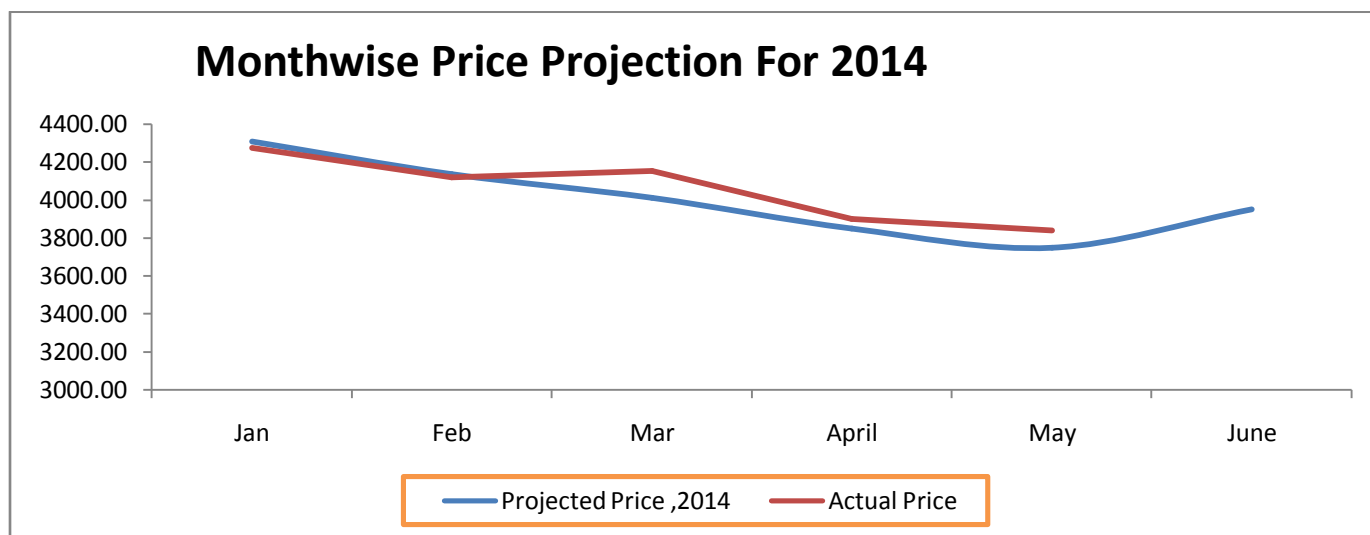


Arrivals in the market decreased slightly due to lower activities in the market at this point of time. Almost in all major mandis arrivals decreased and more decreased is expected this week. However, with likely start of normal trading activities arrival are expected to improve from the second week of May.



Cash Market Price Outlook:

Expected Range	Rs/Qtl.(Low)	Rs /Qtl.(High)
Short term (15 days)	3750	3850
Medium Term (30 days)	3850	3950



Projected price is based on seasonality and percentage ups and downs in that particular month.



Castor Monthly Technical Analysis:



Technical Commentary:

- Castor prices are still hovering towards uptrend; however, market is taking downward correction to regain the prices further.
- Prices are hovering at neutral region.
- Last candlestick depicts firmness.
- Players are advised to buy above the given level maintaining stop loss strictly at 4001.

Strategy: Buy At Dip

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Castor seed	NCDEX	June	4000	4051	4175	4214	4255
Intraday Trade Call			Call	Entry	T1	T2	SL
Castor seed	NCDEX	June	Buy	above 4252	4113	4210	4001

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