

1. Executive Summary:

Despite weak inner tone in mid-Oct and better crop outlook supported by higher area coverage castor seed and its products traded firm and firmness is likely to continue in the month of November too. However, downward correction at current level is expected. Short supply of seed was expected earlier due to lower production and it may support market to firm in the near and medium term. Arrivals from new crop started trickling in major markets of Gujarat but volume is negligible. The pressure may be felt by December end and will continue up to April.

Production of seed in Gujarat may slightly decrease in Surender Nagar, Kutch and Morbi this year due to shortage of water during vegetative stage. Some infestation in fruits may impact yield by 10 percent. However, in other region of Gujarat overall crop condition is average to good so far. Traders are of the view that production would be higher because of higher area this year. They expect 14.5 lakh tonne castor seed production this year against (around 12 lakh tonne) last year.

Area under castor seed was recorded at 10.35 lakh ha. on 10th Oct ,2014 against 9.84 lakh ha covered in last year. It is 52 thousand ha higher than last year. Area in Gujarat was recorded at 7.33 lakh ha against 6.22 lakh ha last year. However, area has decreased in Rajasthan from 1.92 to 1.49 lakh ha this year. Area in Andhra Pradesh has increased slightly from 1000 ha to 45 thousand ha this year. However in Telengana it has decreased from 83 to 66 thousand ha. this year. In other states there has been no major change in area. Higher area coverage hints higher production this year as weather has been favourable till now.

Firmness after mid-October on the back of lower production estimates by trades and farmer's feedback regarding lower yield remain supportive for cash market. Pressure from new crop would be felt by December end and till then price may rule higher on good supportive demand for oil in the international market. FOB quotes In Kandla has increased considerably from \$1430 to \$1515 per tonne in last one month and expert expects it to touch \$1535/40 per tonne by December.

Demand from China, EU, US and Japan is likely to continue with normal pace till December. However, major buyers may restrict buying in Jan, Feb and March and would try to analyse emerging scenario for the next marketing season as usual.

Overall market sentiment remains bullish in Nov



2. Market Highlights:

- Castor seed price in Gujarat has increased by 5.3 percent from last month to 45500 per tonne in October. It is almost 27.67 percent higher than price realized in October 2013. Price was ruling Rs 43250 per tonne in Sept 2014. Market expects firmness to continue after a slight downward correction.
- Castor meal extraction , ex Kandla too has increased from \$112 to \$117 per tonne in last one month. It is almost 4.46 percent higher than Sept quote. It is almost 25.81 percent higher than Oct, 2013 quote
- Sowing activity is almost over and we can conclude it at 10.35 lakh hectare this year against 9.84 lakh ha covered in last year. It is 52 thousand ha higher than last year. Area in Gujarat was recorded at 7.33 lakh ha against 6.22 lakh ha last year.
- Govt has released First Adv. Estimate of food grains for 2014-15 on 19, Sept, 2014 and estimated 19.63 lakh tonne production this year against the target of 16.65 lakh tonne. The target is unlikely to materialise as yield in Gujarat will be below last year level.
- Castor Oil (First Grade) FOB Kandla (Export) quote increased from \$1435 to \$1515 per tonne in October. The smart gain of \$80 per tonne in a month on the back of spike in seed price shows that stock is in strong hands and they are in a position to influence market in their own interest. Castor oil export price at Kandla may continue to move up and may touch \$1540/50 per tonne.
- Price of castor oil in Rotterdam too has increased from \$1728 to \$1753 per metric tonne during last one month. The wide difference between Indian FOB quote (Kandla) and Rotterdam quote is due to branding and higher freight . India lacks branding in castor oil.
- Castor Oil commercial is being traded at Rs 86,500 per tonne, almost same as was registered in the beginning of Oct. However, it is ruling 18.01 percent higher than Oct, 2013 average price.
- As crude palm oil 5 % is available at Rs 42000- 43000 per tonne (Ex Kandla), soap industry in domestic market has reduced buying of commercial castor oil at Rs 86500 per tonne.
- Importers of castor meal extraction too have reduced their buying at \$117 per tonne and they may wait for new crop expected from mid February for bulk buying. However, paint and adhesive industries continue to buy with normal pace in domestic market. These industries buy 8 to 9 percent oil out of 7 lakh tonne domestic production.

3. Castor Seed Demand/Supply:

All units in lakh tones	2011-12	2012-13	2013-14	2014-15 E
Carry in	1.5	4.3	3.84	0.54
Production	15.8	14.04	11.7	16.64
Imports	0	0	0	0
Total Availability	17.3	18.34	15.54	17.18
Consumption	13	14.5	15	16
Exports	0	0	0	0
Total Usage	13	14.5	15	16
Carry out	4.3	3.84	0.54	1.18

Agriwatch preliminary production estimate for 2014-15 based on normal area coverage and initial feedback from farmers

High lights of S&D:

- ❖ Castor seed balance sheet shows that the current marketing season would end up with 0.54 thousand tonne seed, lowest in last three years.
- ❖ The govt. has set the production target at 16.65 lakh tonne for 2014-15. The set target is likely to materialize in normal weather condition and area coverage. Agriwatch preliminary estimate shows production at 16.64 lakh tonne.
- ❖ As production would increase, overall availability too would increase from 15.54 lakh tonne to 17.18 lakh tonne in 2014-15 despite lower carry in(0.54 lakh tonne) for 2014-15.
- ❖ Seed consumption in India is growing at the rate of 6 to 7 percent annually under normal industrial growth rate and thus total seed consumption is likely increase from 15 to 16 lakh tonne in 2014-15.
- ❖ The My 2014-15 would end with 1.18 lakh tonne carryout, higher by 0.64 lakh tonne, due to higher seed production in 2014-15.

❖ Seed export is nominal, so it

has not been taken into account in seed S&D. India exports only oil and meal in bulk volume.

4. Castor Oil Demand/Supply

Unit in lakh tonne	2011-12	2012-13	2013-14	*2014-15 (E)
Carry in	0.5	0.7	0.4	0.1
Production	5.5	6	6.6	7.3
Imports	0	0	0	0
Total Availability	6	6.7	7	7.4
Consumption (domestic)	1.4	1.6	1.7	1.8
Exports	4.2	4.7	5.2	5.3
Total Usage	5.3	6.3	6.9	7.1
Carry out	0.7	0.4	0.1	0.3

*Agriwatch Preliminary Estimate For 2014-15

- ❖ The season 2014-15 is likely start with the lowest oil stock of 0.1 lakh tonne as carry in. Lower production in 2013-14 and good overseas/local demand for castor oil would reduce stock at this minimum level.
- ❖ However, carryout would increase from 0.1 to 0.3 lakh tonne in 2014-15 due to higher production prospects. Total availability of oil too would increase from 7 to 7.4 lakh tonne in 2014-15. Higher production of seed would ensure higher crushing.
- ❖ Domestic consumption is increasing by 6 to 7 percent annually at normal growth rate. It would increase from 1.7 to 1.8 lakh tonne.
- ❖ As FOB quote in domestic market is ruling almost 18 percent higher than last year, demand for castor oil has not increased as per market expectation. Soap, paint and lubricant industries have reduced its share and started using more palm stearin due to its cheaper availability.
- ❖ Total castor oil export from India may increase from 5.2 to 5.3 lakh tonne in 2014-15. With 5.3 lakh tonne expected export in 2014-15 total oil usage would reach at 7.1 lakh tonne.



❖ Carryout for 2014-15 is expected to

increase from 0.1 to 0.3 lakh tonne. However, it will be lower than 2011-12 & 2012-13.

5. Variation In Production Estimates:

Comparable Production Estimates(Fig. In Lakh Tonne)						
	Govt.Fig	Oil world	Private fig.	Agriwatch	Nelson	COOIT
2011-12	22.95	15.8	18.8	Not available	15.73	14.8
2012-13	19.64	11	13.2	Not available	13.8	11.43
2013-14	16.89	10.5	11.8	11.7	11.6	12.05
2014-15*	19.63	Not published	Not published	16.64	Not published	Not Published
*Revised production figure in 1st Adv. Estimate for 2014-15 Govt production Target for 2014-15						

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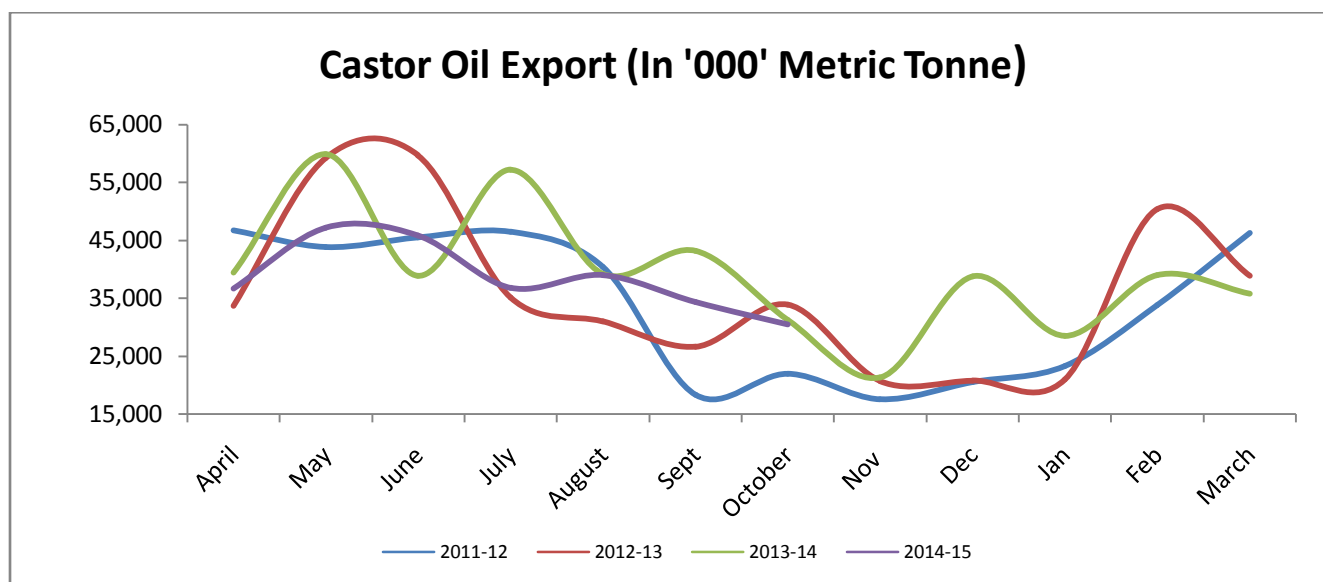
Govt. has fixed production target at 16.65 lakh tonne for 2014-15 and market sees it as a practical target. Agriwatch had estimated 16.64 lakh tonne production for 2014-15 in June before sowing based on farmer's intention, lower rainfall and counting three years production average. The target is achievable as area under castor seed has increased 8 to 9 percent so far to 7.81 lakh ha. so far. It may touch 9.83 lakh ha last year to 10.54 lakh ha. this year. Sowing continues and the standing crop is in good condition in Rajasthan, Gujarat and Andhra Pradesh.

6. Castor Area With % Change In 2014:

Comparative Castor Sowing Area In Lakh Hectare			
States	2014	2013	Change
A.P.	0.46	0.45	0.01
Telengana	0.66	0.83	-0.17
Bihar	0.01	0.01	0
Gujarat	7.33	6.22	1.11
Haryana	0.01	0.01	0
Karnataka	0.12	0.14	-0.02
Maharashtra	0.17	0.15	0.02
Odisha	0.07	0.07	0
Rajasthan	1.49	1.92	-0.43
Tamil Nadu	0.04	0.04	0
All India	10.36	9.84	0.52
Source : Ministry of Agriculture, GOI (As on 9th Oct.2014)			



7.Castor Oil Export Trend & Projection For September:



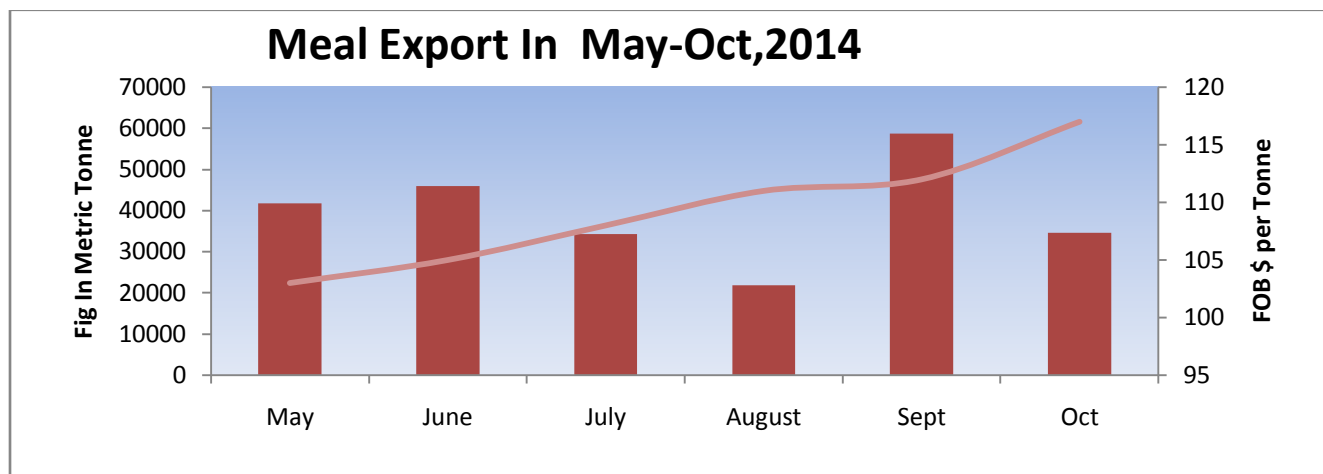
Castor oil export trend shows sluggish demand June onward and continued under pressure till Nov. Total export in sept was registered at 34285 tonne. It may dip further in Oct at around 30000 tonne. Recovery in export may be seen in Nov.

8.Castor Oil Export Trend Yearly Table:

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	38,666
May	43,832	59,193	59,900	47,176
June	45,474	59,718	38,868	45,824
July	46,471	35,130	57,214	36,766
August	40,426	30,963	39,196	34285
Sept	18,319	26,641	43,139	30,500*
Oct	21,909	33,841	31,228	assumed
Nov	17,545	20,682	21,307	

Source: IBIS, SOPA & Trades

9.Castor Meal Export Demand And FOB Quotes:



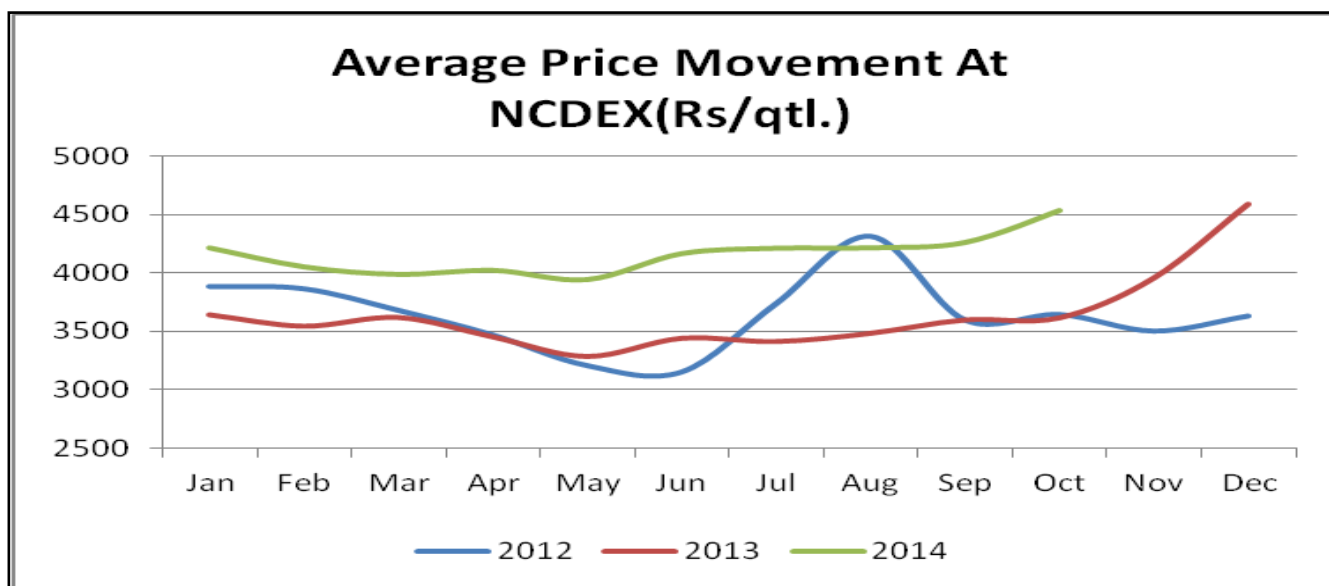
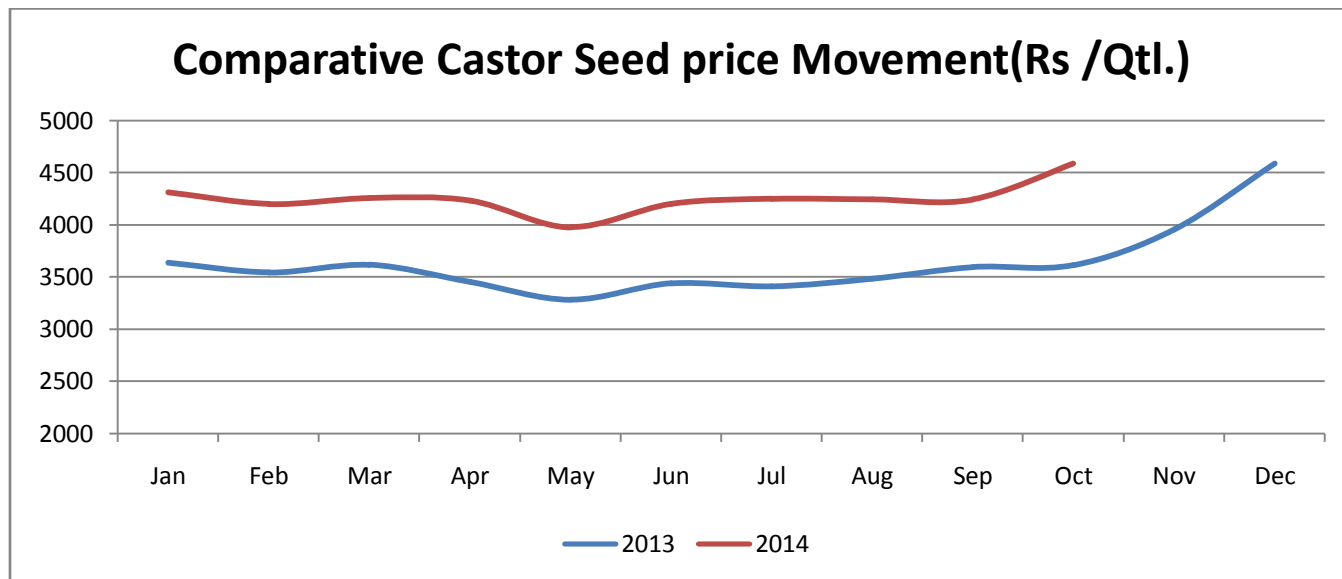
Major meal buyers are China and US and both these countries maintain the major buyers status in sept-Oct too. Total around 30,000 tonnes of meal has been exported in the month of Oct at an average FOB price of \$109 per tonne basis Kandla. However, it has been hovering in the range of \$108 to \$117 per tonne in the month of Sept and Oct. Buying from Chinese importers is likely to decrease as they have covered at least for two months demand. Netherland and others buying share would increase in Nov.

10.Domestic Seed/Oil & Meal Comparative Price Updates:

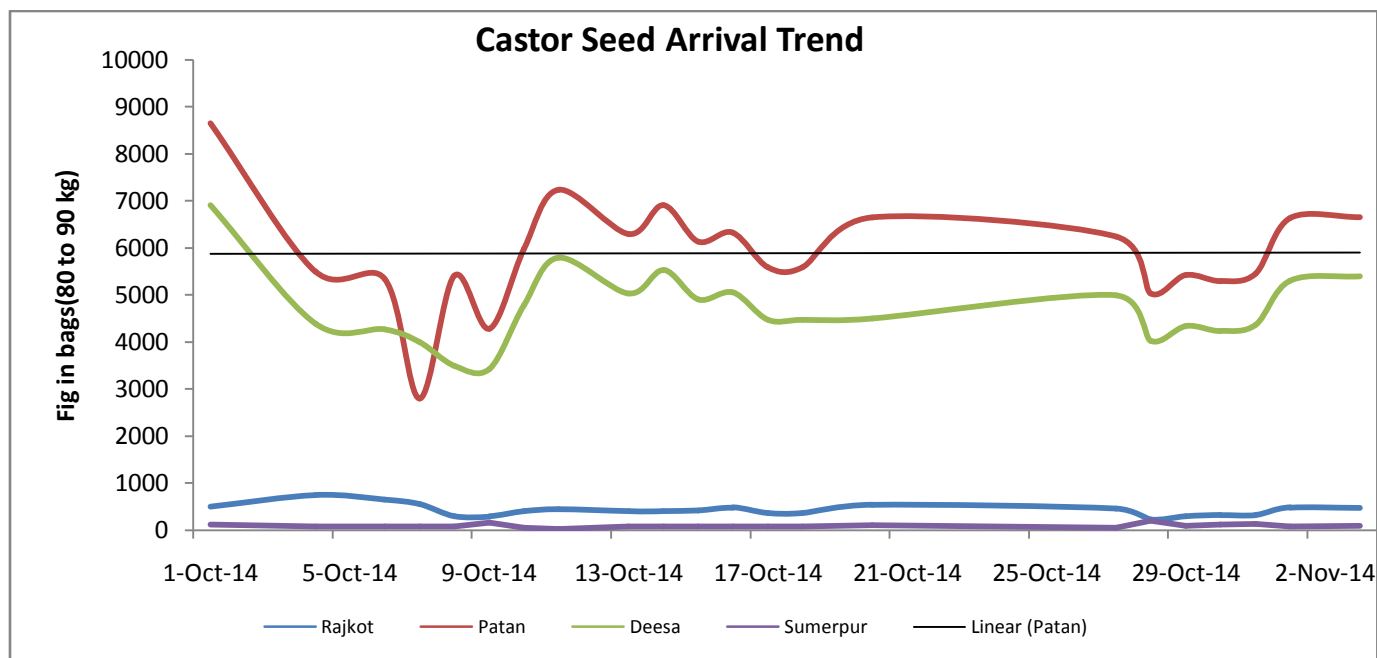
Comparative Prices Of Castor Products Including Seed					
	31th Oct'14	22th Oct'14	30th Sept'14	22th Sept '13	CHANGE %
Castorseed (Gujarat)((Rs./M.T) Ex-Mandi	45500	NQ	43250	35638	21.67
Castor Meal Export (FAS) (US\$ / MT),Ex Kandla	117	112	112	93	20.51
EXPORT (FOR) Ports (Rs./MT)Castor meal bulk Kandla	7100	6550	6550	5,780	18.59
Castor Oil (First Grade) FOB Kandla (Export)\$ /Tonne	1515	NQ	1435	1232	18.68
Local rates for oil in domestic market(Rs./M.T.) for comm.	86500	85000	86500	73296	15.26

Source: IBIS, SOPA & Trades

11.Price Variation In 2013 & 2014:

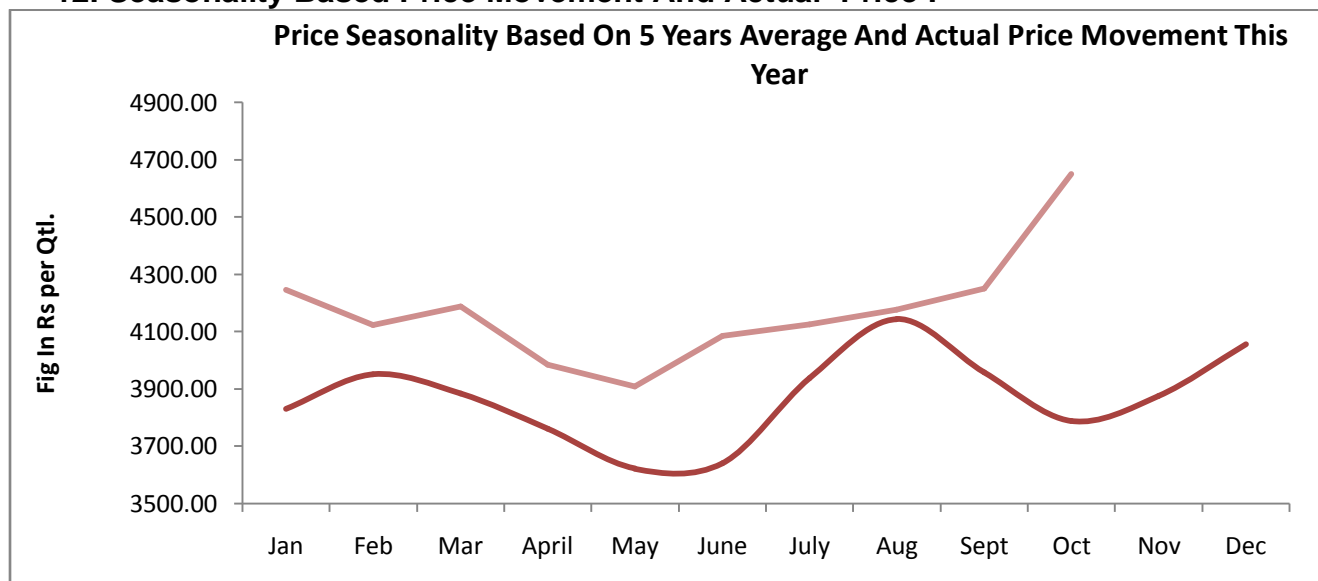


Castor seed prices in major markets continued to trade firm as above given chart shows. Uptrend is likely to continue till mid December as demand for oil at higher level may continue



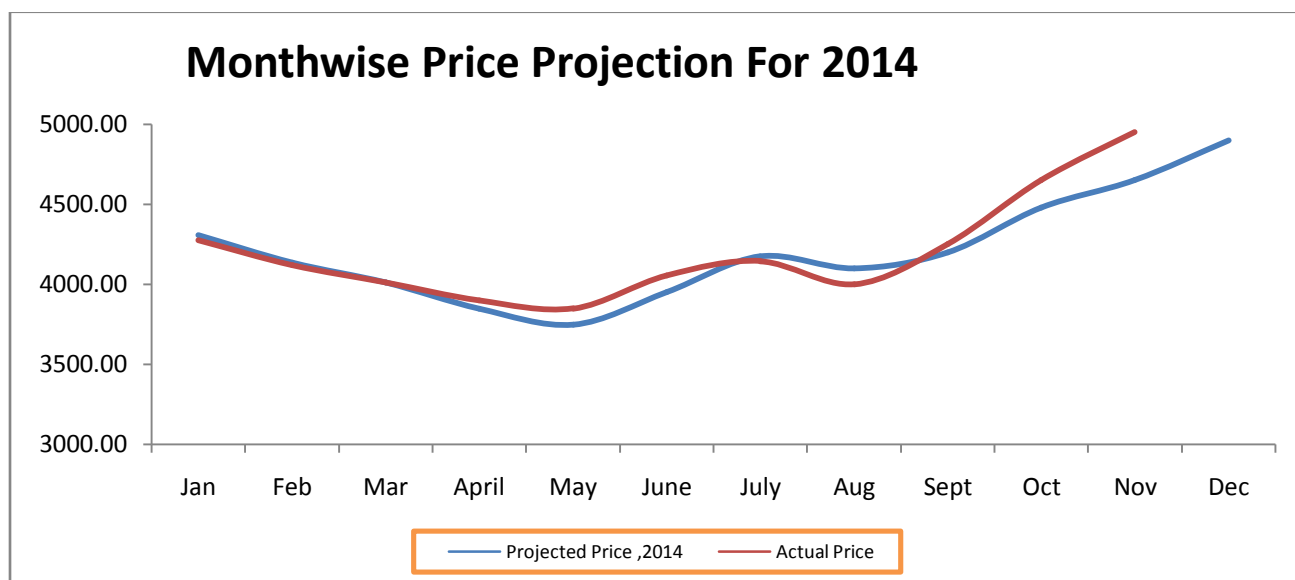
Castor seed arrivals in major markets have increased last week due to higher price. However, arrival may dip in the weeks ahead.

12. Seasonality Based Price Movement And Actual Price :



Price seasonality of castor seed shows that price starts declining with Sept. and actual price movement in the market (Deesa) follows almost same trend. But this year we see opposite trend based on seasonality. Main reason for opposite movement is attributed mainly to lower seed production last year.

13.Cash Market Price Projection For November:



Actual market price and projected price by Agriwatch are moving in tandem and actual price of seed may touch below Rs5000 per qtl. by the end of Nov. Agriwatch price projection is based on five years average price movement and supply/demand analysis.

14.Aagriwatch Preliminary Production Estimate For 2014-15:

State	Area in 000 Ha.in 2013-14	Area in 000 Ha.in 2014-15(Expected)	5 year Av. Prod. In (000 T)	Production Under Normal Condition	Revised Under Deficit Rainfall
AP	130	166	88.4	100	92.67
Assam	0.5	0.5	0.48	0.5	0.47
Bihar	0.5	0.5	0.16	0.1	0.13
Gujarat	625	701	1273.48	1254.4	1427.33
Haryana	1	1	0.9	1	1.00
Jharkhand	0.5	0.5	0.2	0.1	0.07
Karnataka	14	13	12.2	12	12.33
MP	1	1	0.46	0.6	0.50
Maharashtra	15	16	3.8	5	4.00



Odisha	7	7	8.68	8.2	8.40
Rajasthan	195	170	265.62	280	320.63
Tamil Nadu	3	4	1.8	1.9	1.87
West Bengal	0.5	0.5	0.06	0.1	0.07
India	993	1081	1656.34	1664	1869.57

Agriwatch Preliminary Production Estimate Under Deficit And Normal Rainfall Condition

As rainfall status has improved considerably in last two months from -42% from LPA to -18 LPA now, Condition is almost normal for castor seed and Agriwatch expects 16.64 lakh tonne production in 2014-15. However, higher rainfall in Sept-Oct may reduce yield and we need to have a close eye on rainfall in current month.

15. Monthly Technical Analysis:

Commodity: Castor Seed

Contract: December.

Exchange: NCDEX

Expiry: Dec. 20, 2014

Castor Seed

CASTOR SEED NEW 1412(NCCTNZ4)2014/11 - Monthly B:4782.00 A:4784.00

O 4940.00 H 4950.00 L 4772.00 C 4812.00 ↓ V 282,750 I O -142 -2.87%

SMA(9) 0.00000 (18) 0.00000 (27) 0.00000 (50) 0.00000 (100) 0.00000





Technical Commentary:

- Candlestick chart shows weakness in the market.
- RSI is moving down in neutral region favours bears.
- Momentum indicator MACD is in negative territory cautions bulls.
- The nearest by support is 4636 while first resistance 4968.
- Stake Holders are advised to sell on rise.

Strategy: **Sell on Rise**

Intraday Supports & Resistances			S1	S2	PCP	R1	R2
Castor Seed	NCDEX	Sept	4636	4534	4812	4874	4968
Pre-Market Intraday Trade Call*			Call	Entry	T1	T2	SL
Castor Seed	NCDEX	Sept	Sell	Below 4820	4700	4636	4875

Cash Market (Deesa) Price Projection For Nov:

Expected Range	Rs/Qtl.(Low)	Rs /Qtl.(High)
Short term (15 days)	4700-4750	4750-4800
Medium Term (30 days)	4600-4650	4650-4700

International Market Updates:

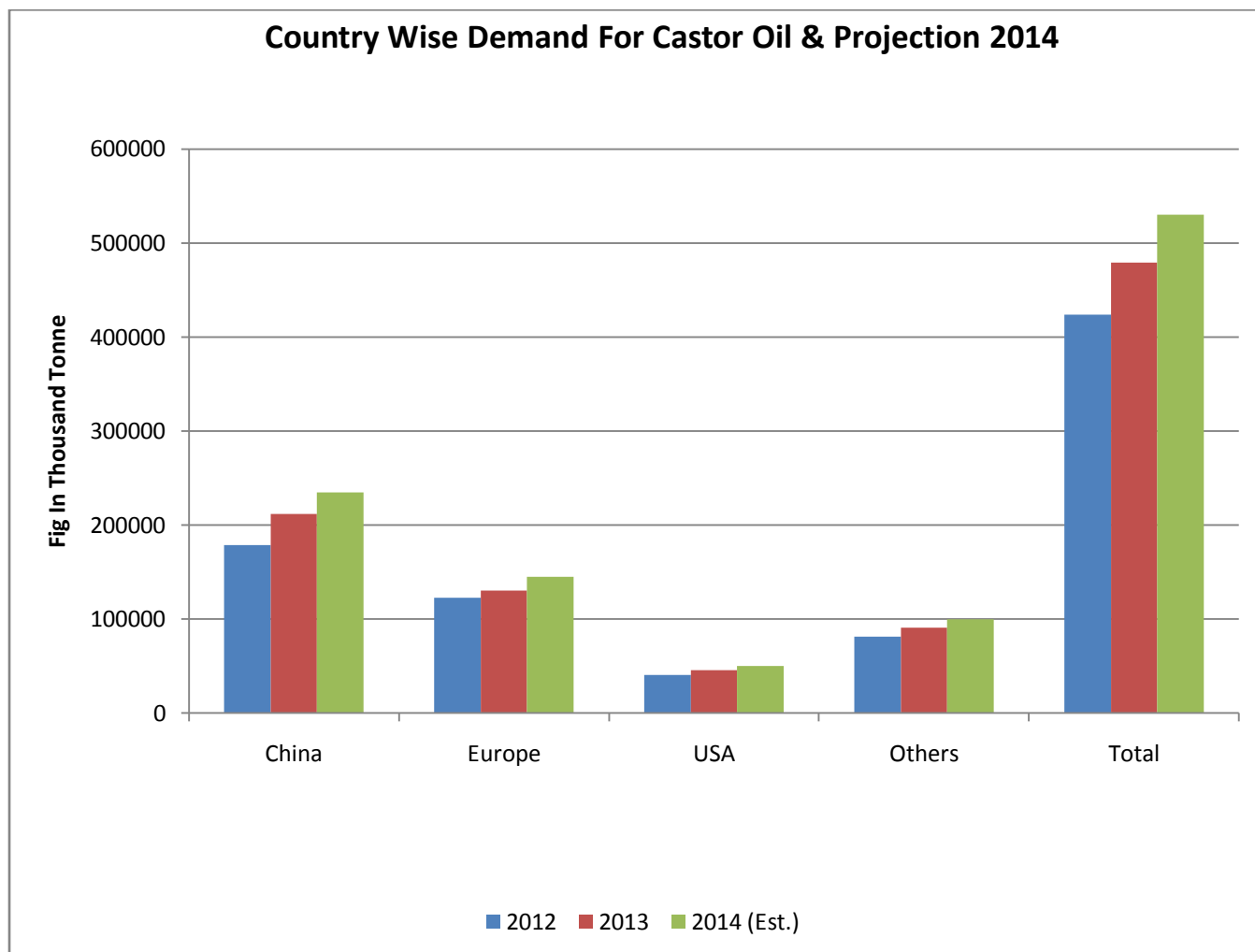
Major buyers like China, EU and US are engaged in need based buying as market is ruling higher. However, market participants expect market to dip from current level in the near term.. Current FOB quotes in Kandla hover in the range of \$1510 to \$1515 per tonne. Buyers bids are in the range of \$1510 to \$1410 per tonne on FOB basis Kandla.

China has covered 80 % of its need of over 2 lakh tonne oil so far. Europe and US too have brought 75 percent of its need of 1.4 and 0.6 lakh tonne oil so far. In remaining 2 months they would not buy aggressively as per feedback received from domestic exporters/stockists. Lower than normal demand from major buyers and better crop prospects would not allow market to go for any bull run in the month of Nov.2014.

At Rottardam oil quote too has increased from \$1728 to \$1753 per tonne.



1. Country Wise Demand:

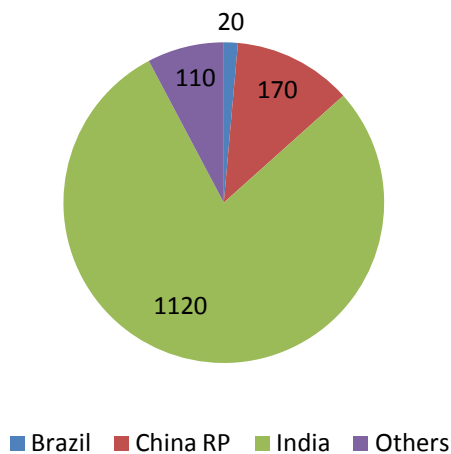


Despite higher expected demand for oil by China, EU & US in 2013-14, off-take by these countries has declined due to higher prices (\$1500 to \$1515 per tonne) of oil in Oct and Nov. It is almost 21 percent higher than the price fetched during Oct–Nov 2013.

Total export volume is expected to be lower than projected for 2013-14 at least by 5 to 6 percent. A fresh deal can be seen from December. By then, the price might be stabilized.

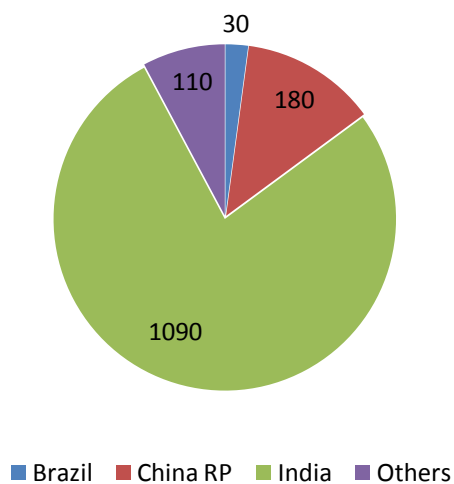
2.

Global Production In 2012-13 (Fig. In Thousand Metric Tonne)



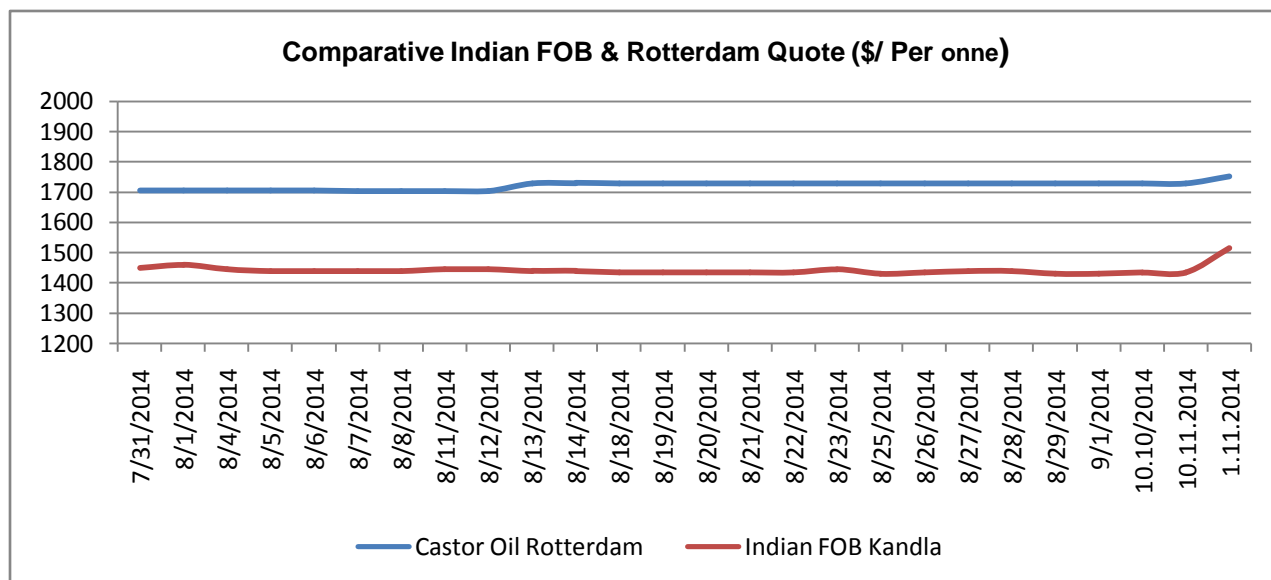
And Their % share In production

Expected Production Contribution By Various Countries In 2013-14 (Fig. In Thousand Metric Tonne)



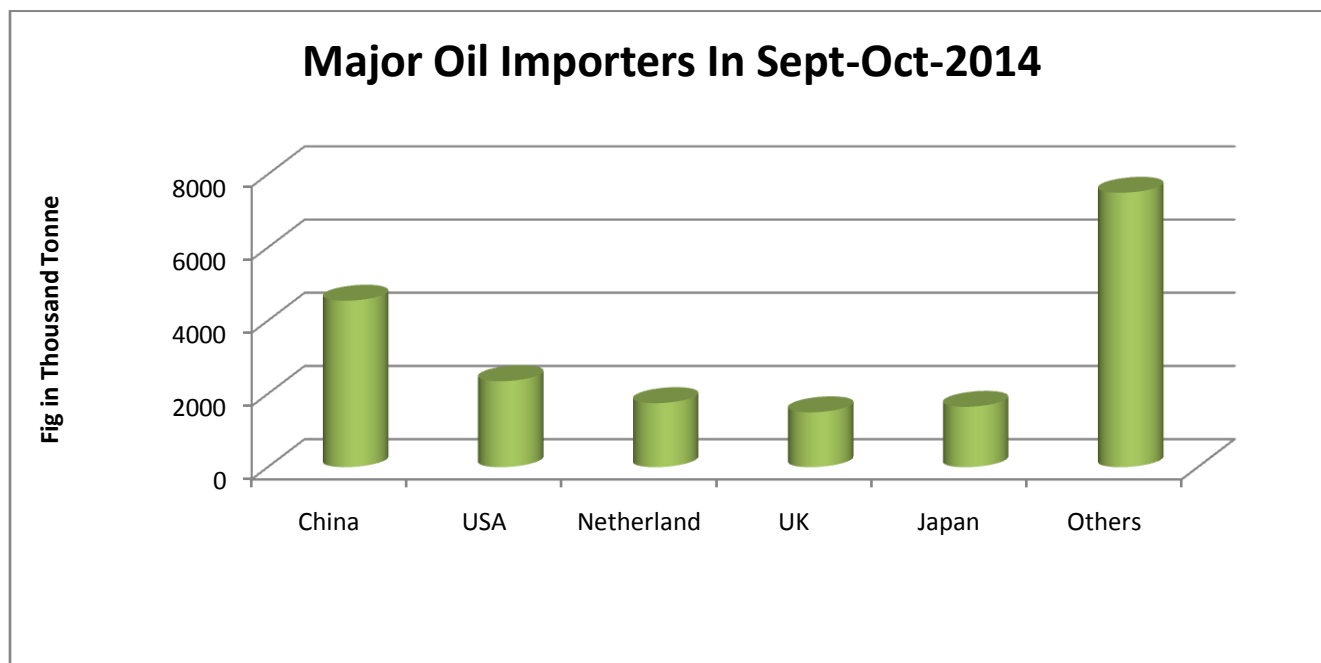
Note: Agriwatch would estimate global production for 2014-15 in November, by then sowing in various countries would be almost over.

4. Quotes For Castor Oil In Rotterdam:



Source: Reuters, Sopa & IBIS

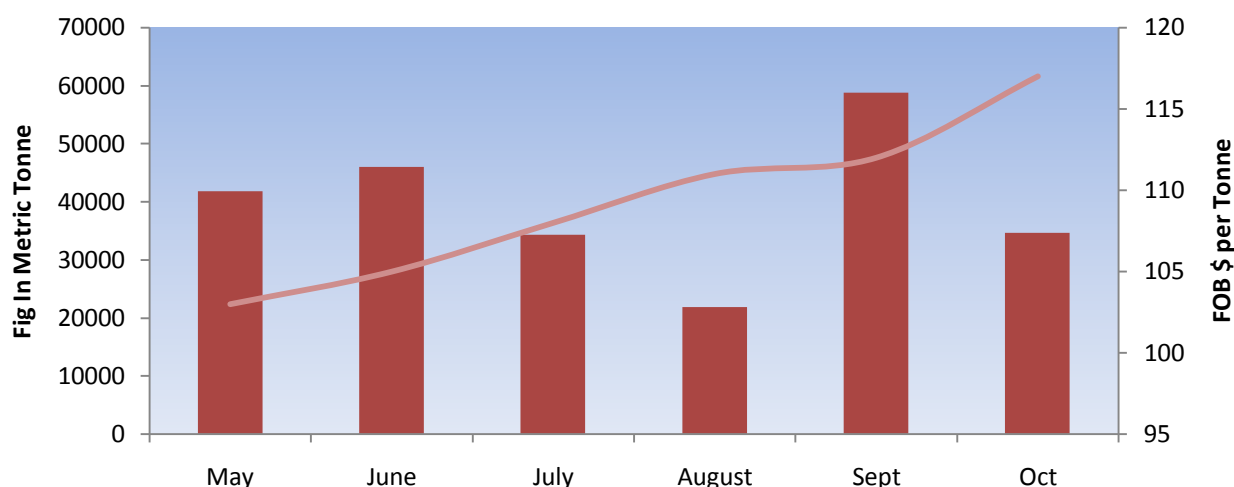
4. Major Buyers For Oil In August:



Source: IBIS



Meal Export In May-Oct,2014



5 .Overall View On Market Sentiments For September:

Castor market is likely to see a downward correction from current level as buyers have restricted buying at higher level. There is a general talk in the market that market still holds ample quantity of seed and seed would continue to flow in the market at higher level. Cash market should dip to rs 4500/4600 level in Nov. once again. Again price may move up before new arrivals.

6 Recommendation:

Stake holders should sell on futures on rise while stockists may release stock at current price or may hold stock its back for two months to fetch better price.

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