1. Executive Summary:

Castor seed market continued its southward journey despite lower production estimates by private stake holders. Higher carryout, slower demand for oil from China and European Union remain the major price limiting factors during the month under review. Besides, production figures presented in Castor conference on 21st Feb, 2015 in Ahmedabad helped bears to remain in action in the futures and cash market too.

There is some variations seen between govt. and private estimates on planted area consideration. Govt. estimated10.99 lakh ha area coverage this year,while private trade like Neilsen assumed it at 10.27 lakh ha. The differences of area coverage have direct bearings on the final size of the crop. Neilsen has considered 1254 kg per ha. all India yield for 2015 and with this yield production is expected to touch12.54 lakh tonne. If we consider govt.'s area estimate it goes up to 13.78 lakh tonne, almost 1.78 lakh tonne higher than last year production.

Gujarat may contribute10.26 lakh tonne, Rajasthan-1.70 lakh tonne, A.P. 75000 tonne and others 24 thousand tonne in 2015.As per govt.'s area estimate production contribution for the same states may be 10.90. and 1.9 lakh tonne excluding A.P. and others.This shows that seed availability would remain ample for domestic and export requirements. However, retaintion of stock may support seed price in the second half of the year.

Agriwatch estimates 14.0 lakh tonne seed production this year, almost 2.3 lakh tonne higher than last year. Production estimates may be revised by mid April as crop will continue to hit the market till May and by then final yield would be clearer. However, it is obvious that incoming seed quantity would be higher than last year.

During last one month castor seed price in Gujarat decreased from Rs4150 to Rs 3575 per qtl, almost 13.86 percent lower than Jan.2015.It is almost 12.62 percent lower than Feb-2014 price. Soymeal ex-Kandla bulk quote too decreased from $132 to $127 per tonne, lower by 3.79 percent from Jan price, during the month under review. However, it is ruling higher by $30 per tonne from Feb 2014.

Castor Oil FoB Kandla was traded at $1190 per tonne and more dip is expected in the month of March.During last one month it has decreased from$1410 to $1190 per tonne, almost $220 lower than Jan quote.In Feb 2014 it was ruling at $1355 per tonne, higher by 12.88 percent from from Feb 2015 price.

The weak economic scenario in China and Europe has reflected in castor oil export volume in 2014. China imported 24 percent lower oil in 2014 in comparison to 2013.This year Chineese buying may decrease further and import volume may touch 1.5 lakh tonne under normal condition. Even Europe may end up with1.10 lakh tonne oil import in 2015. Some recovery is expected from US,however it would be lower than the import of 2013.

2. Market Highlights:

- Castor seed prices in Rajkot,Deesa and Patan decreased Around Rs500 per qtl in last one month. Market participants expect more decrease in the weeks ahead. With decreasing prices arrivals in Rajkot Mandi has decreased from 1800 qtl to 550 qtl in last four weeks. However,it increased in Patan from 1500 to 2000 qtl.

- There is a general view in the market that castor seed farmers may retain stock if prices continue to decrease. They would prefer to retain stock and not sell below Rs 3500 per qtl. As demand is unexpectedly low so recovery at this stage is unlikely. At peak arrival season market may dip below 3400 per qtl. in Deesa.

- In second Adv estimate released on 18.02.2015,govt has projected 19.11 lakh tonne castor seed production against the set target of 16.65 lakh tonne for 2015.Govt had estimated 17.27 lakh tonne production last year against the target of 16.46 lakh tonne. However, trades see it as over estimated.

- As per latest market feedback and farmers intention arrival in mandis would be lower if prices continue to decrease, farmers may prefer to retain 50 percent crop in peak arrival season starting from March end to April.This may support market despite higher crop size in 2015.Traders/ stockists should enter into the market from the fourth week of March to build up stock.

- Major buyers for castor oil like China, Europe, and USA have decreased their oil buying from India by 24,15 and 6 percent in 2014 respectively in comparison to 2013.This year the prospects for oil export is not encouraging so far and it may affect price outlook for the whole year.China may import1.55 lakh tonne oil from India in 2015,almost 6000 tonne lower than last year.EU too may end up with1.10 lakh tonne import.

- India had exported 4.79 lakh tonne castor oil in2013.It decreased to4.10 lakh tonne in 2014 due to lower buying from major buyers . This year total export may end up with 4 lakh tonne.Lower demand from China and EU may be compensated by slightly higher demand from US and others. However, it would not be a price driving factors in Indian domestic market context.

- Castor oil in Rotterdam decreased from $1700 to $1525 per tonne in last one month and may touch $1500 per tonne in the month of March. Pressure on Indian market and decreasing trend continue to impact global market in the weeks ahead.

3. Castor Seed Demand/Supply:

All units in lakh tonnes	2013-14	2014-15 E
Carry in	6.84	6.34
Production	12	14
Imports	0	0
Total Availability	18.84	20.34
Consumption	12.5	13.5
Exports	0	0
Total Usage	12.5	13.5
Carry out	6.34	6.84

Revised estimate for castor seed after castor conference on 21st Feb ,2015

High lights of S&D:

- Agriwatch has revised its castor seed production estimate in Feb end and estimated seed production at 14 lakh tonne in 2015. It is almost 2 lakh tonne higher than last year.
- The govt. has set the production target at 16.65 lakh tonne for 2014-15. The set target is unlikely to materialize even in normal weather condition. As per second adv estimate castor production may be over 19 lakh tonne this year. However,private participants disagree over this figure.
- Agriwatch estimate around 14 lakh tonne production this year which brings total availability to 20.34 lakh tonne,higher by 1.5 lakh tonne for 2015.
- Seed consumption in India is growing with steady pace with 50,000 tonne per year and Agriwatch see seed consumption at 14 lakh tonne in 2015 including seed and other consumption.This year domestic industry may use higher oil and castor derivatives as availability with be ample, so Agriwatch considers 50,000 tonne more seed consumption in 2015.
- Despite higher seed consumption overall availability would be higher than market general expectation at 20.34 lakh tonne.Indian oil export may touch 4 lakh tonne in 2015,It translates to 8.75 lakh tonne seed usage for export at 46 percent oil recovery.

4.Castor Oil Demand/Supply:

Unit in lakh tonne	2013-14	2014-15 (E)
Carry in	**0.4**	**0.55**
Production	**5**	**6**
Imports	0	0
Total Availability	**5.4**	**6.55**
Consumption (domestic)	0.75	1
Exports	**4.1**	**4**
Total Usage	4.85	5
Carry out	**0.55**	**1.55**

***Agriwatch has revised oil consumption estimate in Feb end.**

- The season 2014-15 is likely start with higher oil stock of 055 lakh tonne as carry in. Higher production in 2014-15 from last year and weak overseas/local demand for castor oil would increase stock to 1.55 lakh tonne for 2015-16 as carryout.

- Carryout would increase from 0.55 thousand tonne to 1.55 lakh tonne for 2015-16 as carry out due to higher production and lower demand. Total availability of oil too would increase from 5.4 to 6.55 lakh tonne in 2014-15.Despite higher availability crushing has been lower so far due to higher price in domestic market,otherwise carryout would have been more than the given figure.

- Domestic consumption may slightly increase0.75 lakg tonne to 1 lakh tonne in 2015. Soap and other adhesive industries/paint industries may increase the use of castor oil considerably due to cheaper availability in 2015.

- Castor oil export from India may decrease slightly from 4.1 lakh tonne to4.0 lakh tonne in 2015 due to economic slowdown in European Union and China, the major importer of Indian castor oil.

4. Variation In Production Estimates:

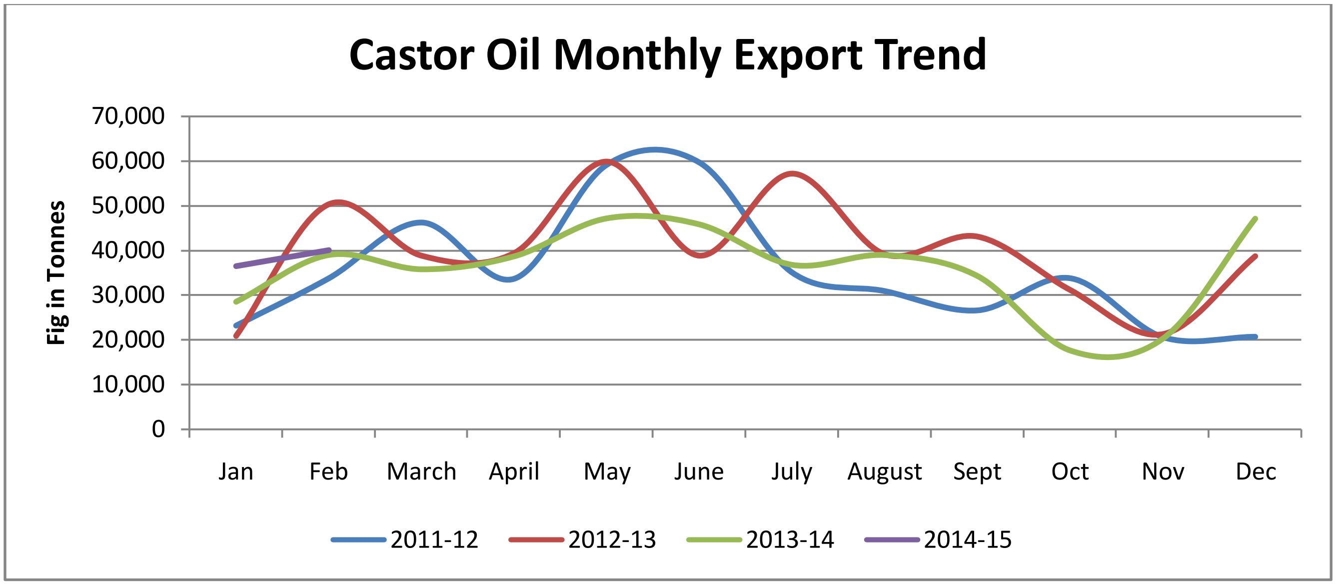
Comparable Production Estimates(Fig. In Lakh Tonne)						
	Govt.Fig	**Oil world**	**Private fig.**	**Agriwatch**	**Nelson**	**COOIT**
2011-12	22.95	15.8	18.8	Not available	15.73	14.8
2012-13	19.64	11	13.2	Not available	13.8	11.43
2013-14	16.89	10.5	11.8	11.7	11.6	11.30
2014-15*	19.10	15.06	**11 to 13**	14.00	**12.95**	**13.50**
*Revised production figure in 2nd Adv. Estimate for 2014-15 ** Govt production Target for 2014-15 is16.65 lakh tonne						

Govt. has set production target at 16.65 lakh tonne for 2014-15 and estimated at19.10 lakh tonne in second Adv estimate ,published on 18.02 2015. Agriwatch has revised production estimate at 14.00 lakh tonne for 2015 .

. 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-2015.:



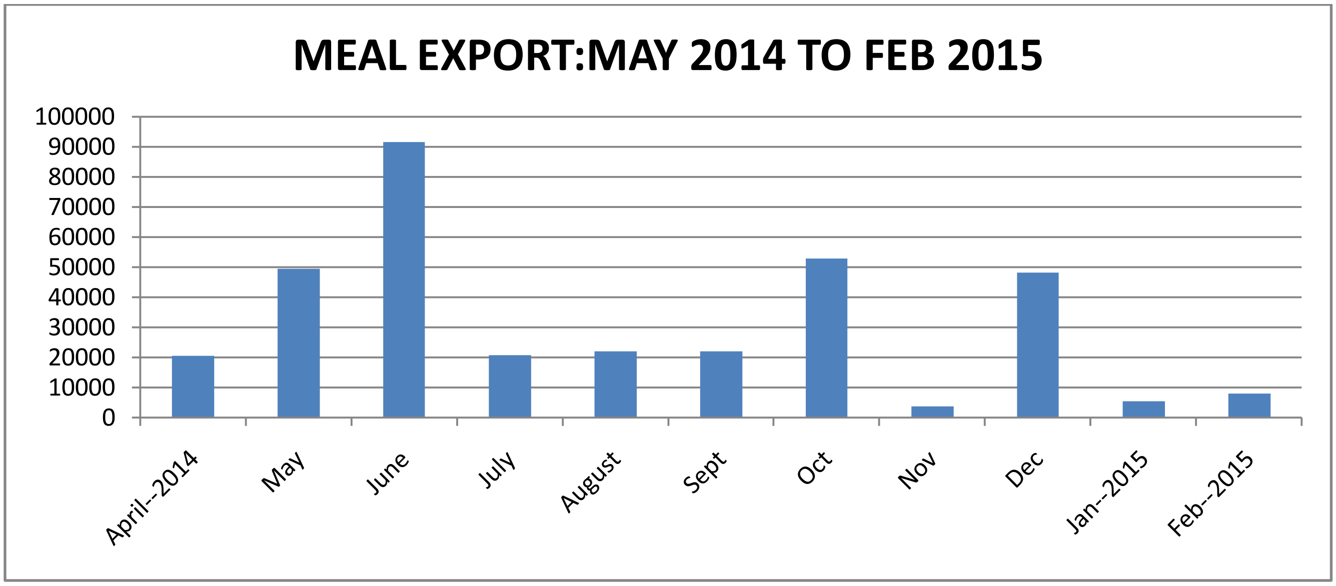
Castor oil export monthly trend shows improvement in oil export volume with declining prices. Higher quantity is expected in March. In the month of February around 40,000 tonne export is expected .However final data for export is awaited.

8. Castor Oil Export Trend Yearly Table:

	2011-12	2012-13	2013-14	2014-15
Jan	23,232	20,909	28,490	36501
Feb	33,807	50,355	38,974	40,000
March	46,289	38,869	35,773	
April	33,709	39,422	38,661	
May	59,193	59,900	47,176	
June	59,718	38,868	45,824	
July	35,130	57,214	36,766	
August	30,963	39,196	38,960	
Sept	26,641	43,139	34,285	
Oct	33,841	31,228	17,600	
Nov	20,682	21,307	20,189	
Dec	20,742	38,744	47,104	
Total	423,947	479,451	429,802	

Source: IBIS, SOPA &Trades,Fig in tonnes

9.Castor Meal Export Demand And FOB Quotes:



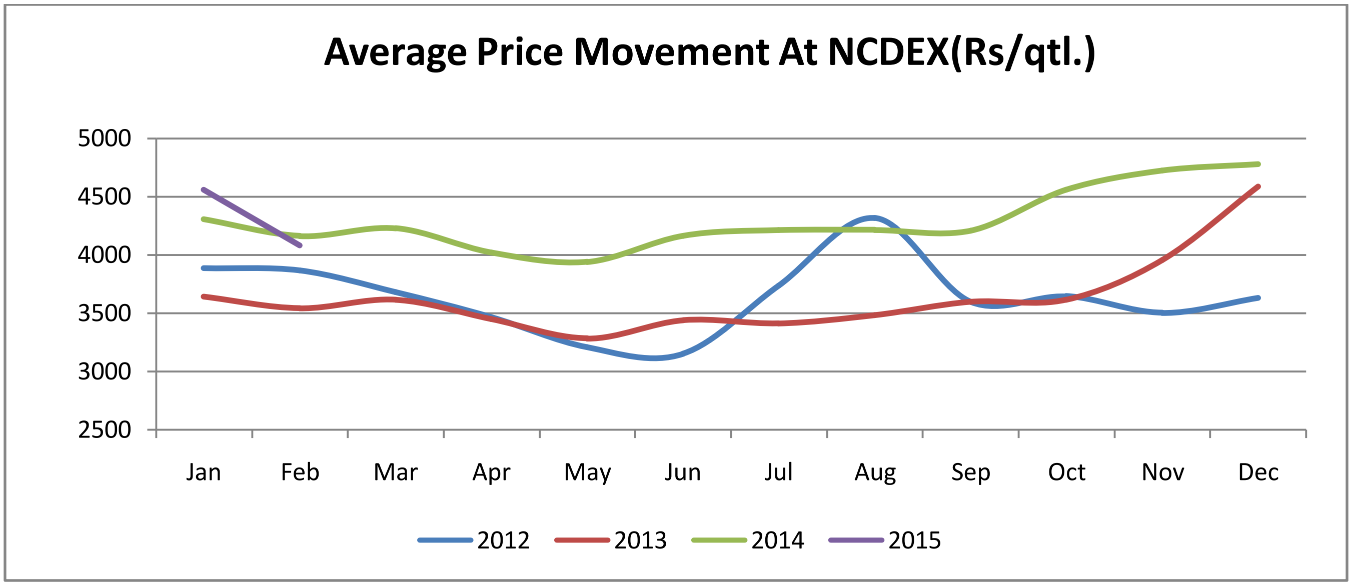
Castor meal export started increasing with higher crushing and demand at lower level.It would increase further in the month of March too. FOB Kandla quote may decrease to $120 per tonne by end April which is currently ruling at $127 per tonne.

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

Comparative Prices Of Castor Products Including Seed					
	27th Feb '15	**20th Feb '15**	**27th Jan'15**	**27th Feb '14**	**CHANGE %**
Castorseed (Gujarat)((Rs./M.T) Ex-Mandi	35750	37750	41500	40913	**-14.44**
Castor Meal Export (FAS) (US$ / MT),Ex Kandla	127	130	132	97	**23.62**
EXPORT (FOR) Ports (Rs./MT)Castor meal bulk Kandla	7100	7400	7700	5,700	**19.72**
Castor Oil (First Grade) FOB Kandla (Export)$/Tonne	1190	1275	1410	1355	**-13.87**
Local rates for oil in domestic market(Rs./M.T.) for comm.	74000	79000	85500	81761	**-10.49**

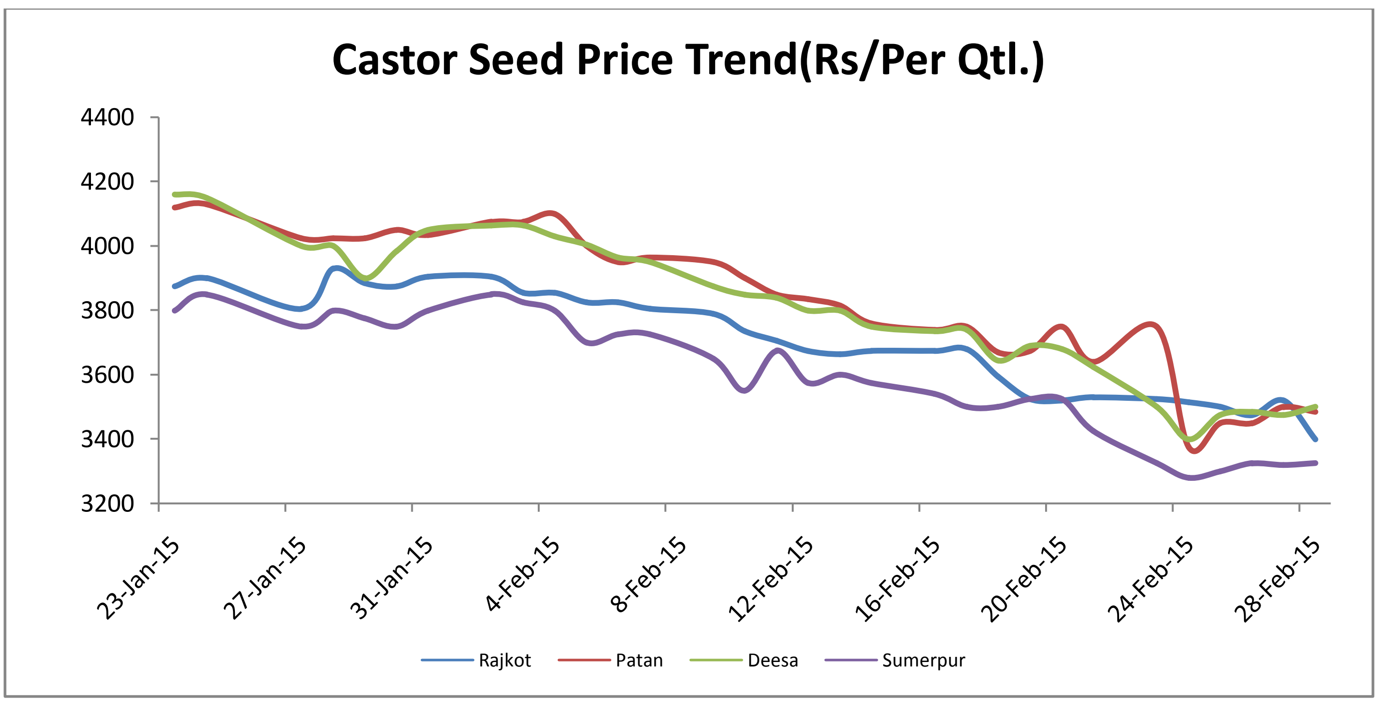
Source: IBIS, SOPA,Agriwatch & Trades

11. Price Variation In 2013 & 2014:



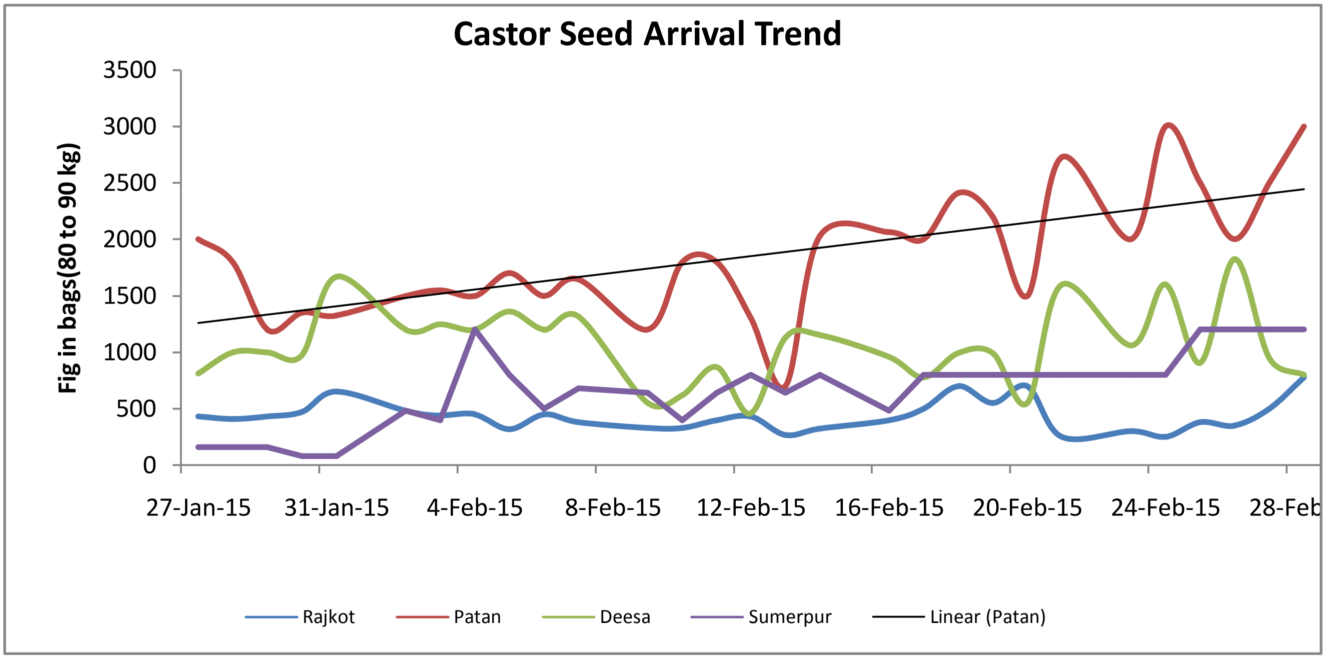
Castor seed prices in major markets continued to trade weak as above given chart shows. More dip in average price seems on the card in the month of March.

Castor Seed Price Trend In Various Markets:



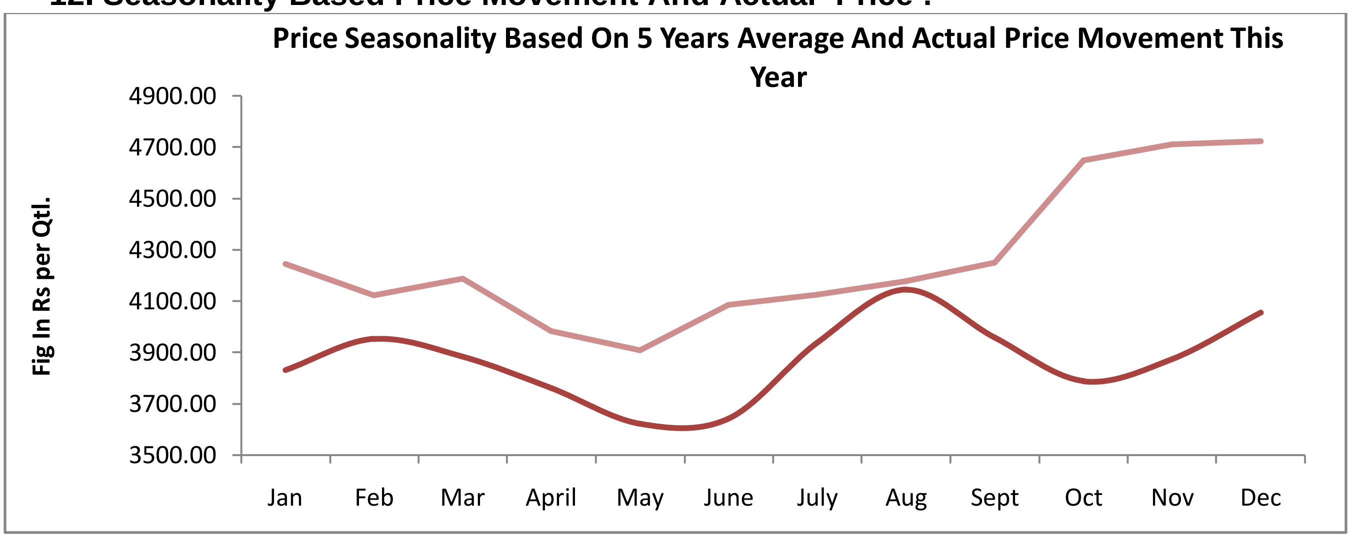
Price of seed continued to dip with higher production estimates and carryout stock. More dip is likely at peak arrival season in March end and April.

Castor Seed Arrival Trend:



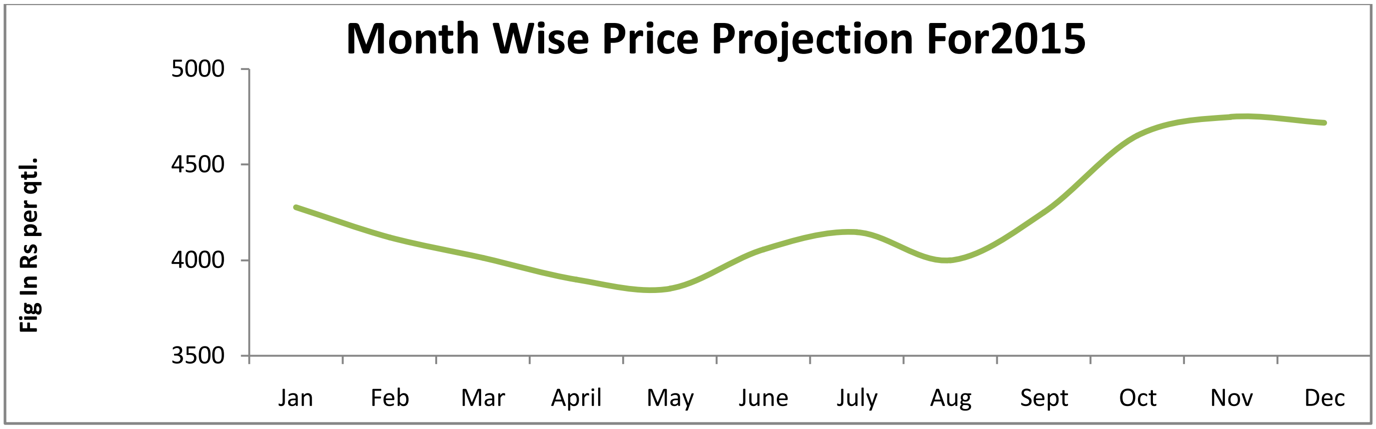
Arrivals have improved in recent weeks and are expected to go up in the weeks ahead.More arrivals are expected from mid March.The above given chart shows the improved seed arrivals status in recent weeks .

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 ignoring seasonality. Main reason for opposite movement is attributed mainly to lower seed production last year and stock holding.

13.Cash Market Price Projection For Feb,2015:

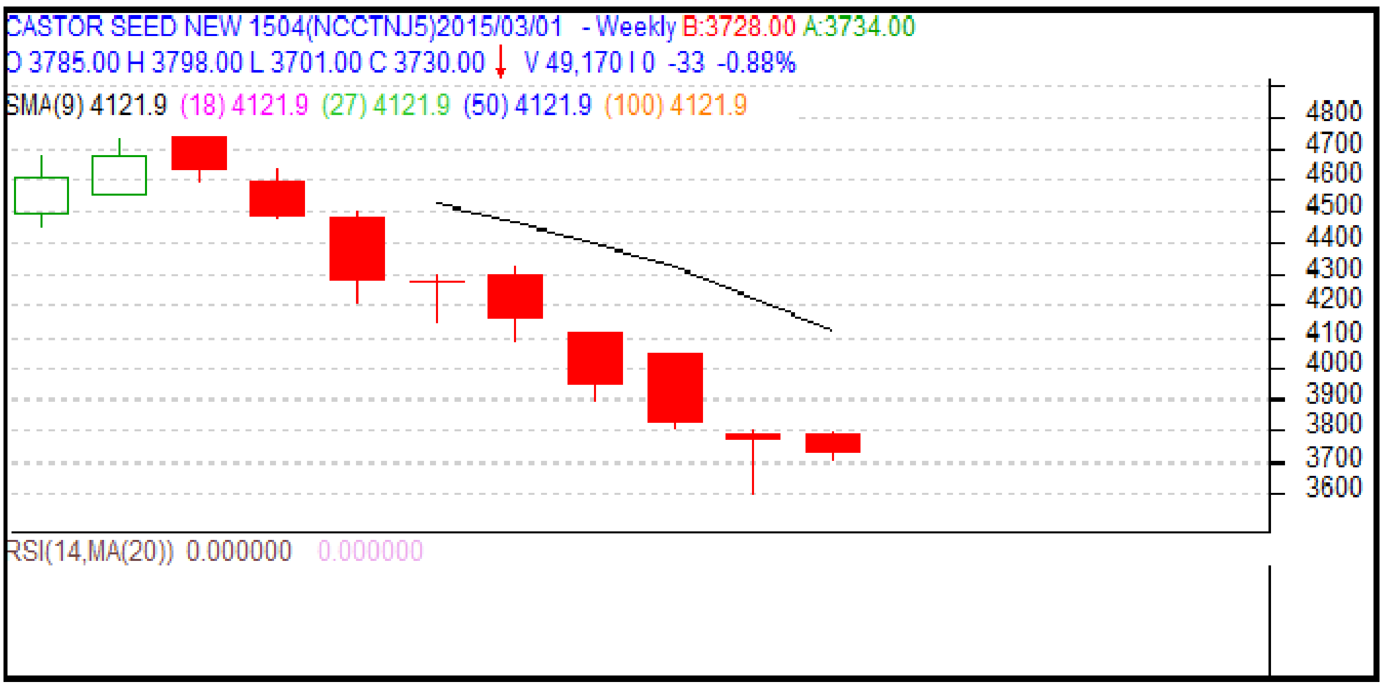


Price projection is based on the tendency of stock retention and lower crop size. Market may witness same price trend seen in 2014 to some extent.

15. Monthly Technical Analysis:

Commodity: Castor Seed **Exchange: NCDEX**

Contract: April. **Expiry: April. 20, 2015**



Technical Commentary:

- Candlestick chart shows weakness in the market.
- RSI moving down in neutral region favours bears.

- Momentum indicator MACD is in negative territory cautions bulls.
- The nearest by support is 3600 while first resistance .3900
- Stake holders are advised to sell on rise.

Strategy: Sell on rise

Intraday Supports & Resistances			**S1**	**S2**	**PCP**	**R1**	**R2**
Castor Seed	NCDEX	April	3750	3700	3800	3875	3950
Pre-Market Intraday Trade Call*			**Call**	**Entry**	**T1**	**T2**	**SL**
Castor Seed	NCDEX	April	**Sell**	Below 3850	3775	3750	3875

Cash Market (Deesa) Price Projection For March:

Expected Range	**Rs/Qtl.(Low)**	**Rs /Qtl.(High)**
Short term (15 days)	**3400-3450**	**3450-3475**
Medium Term (30 days)	**3475-3500**	**3500-3525**

International Market Updates:

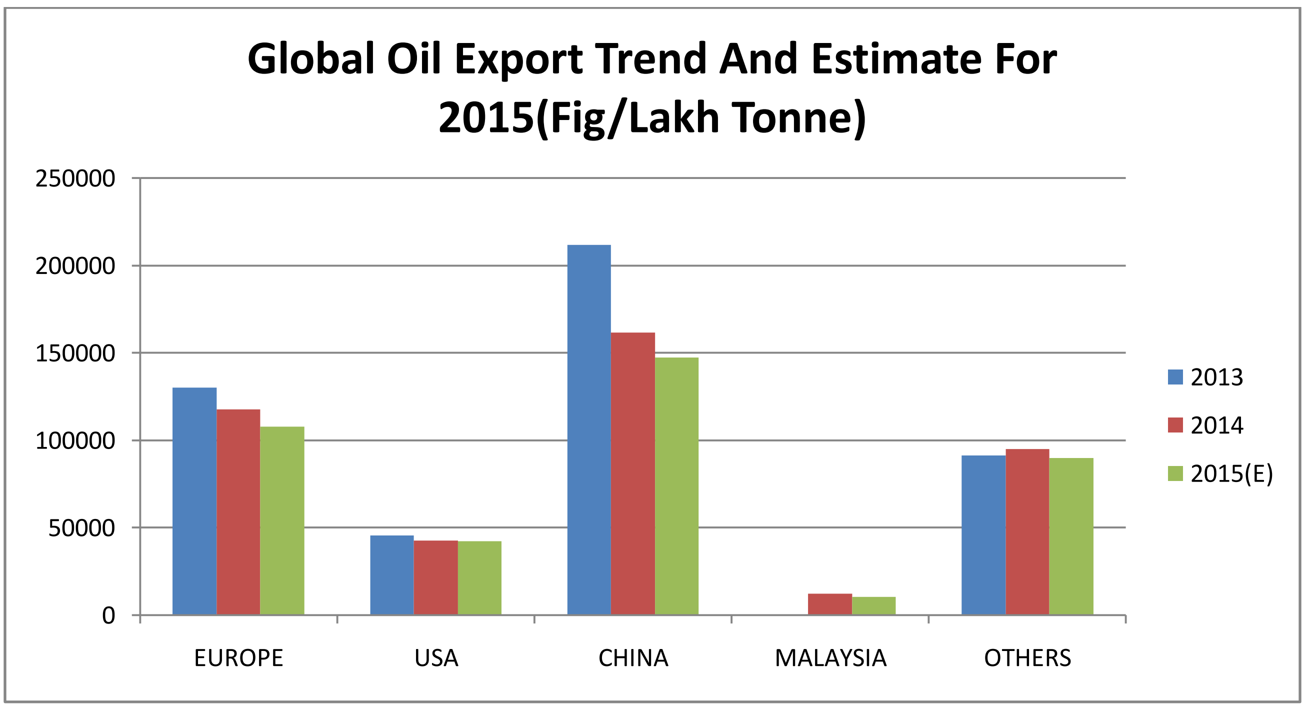
- World crop size for 2014-15 is pegged at 17.03 lakh tonne which is higher by29.12 percent as compared to crop in 2013-14(13.18 lakh tonne) as per Punkaj Kumar,associate vice president agro commodities.

- If we consider carryout of india, the overall global supply position in 2014-15 would be over22 lakh tonne,higher by 27.43 percent in comparison to 2013-14(17.68 lakh tonne).

- China crop size has been pegged at 10,000 MT,It is negligible for Chineese market. Chineese farmers would not grow castor even if prices goes up considerably as labour cost is going up.

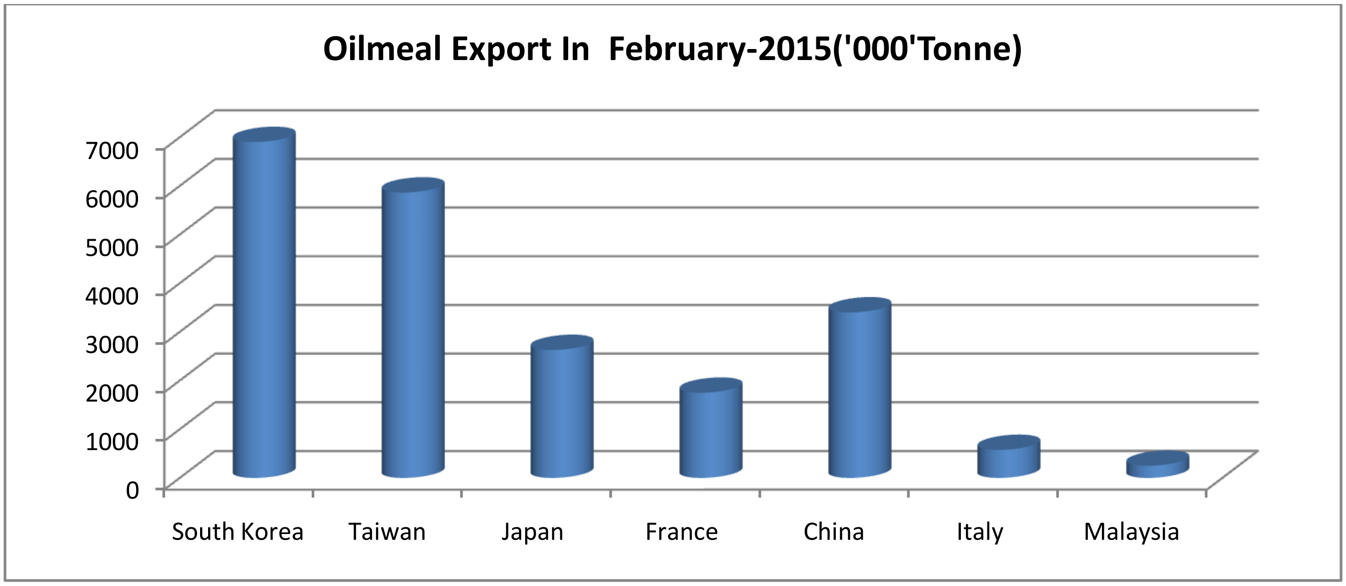
- At Rottardam oil quote too has decreased from $1700 to $1725 per tonne in the month of February.

Major Oil Importers And Estimate For-2015:

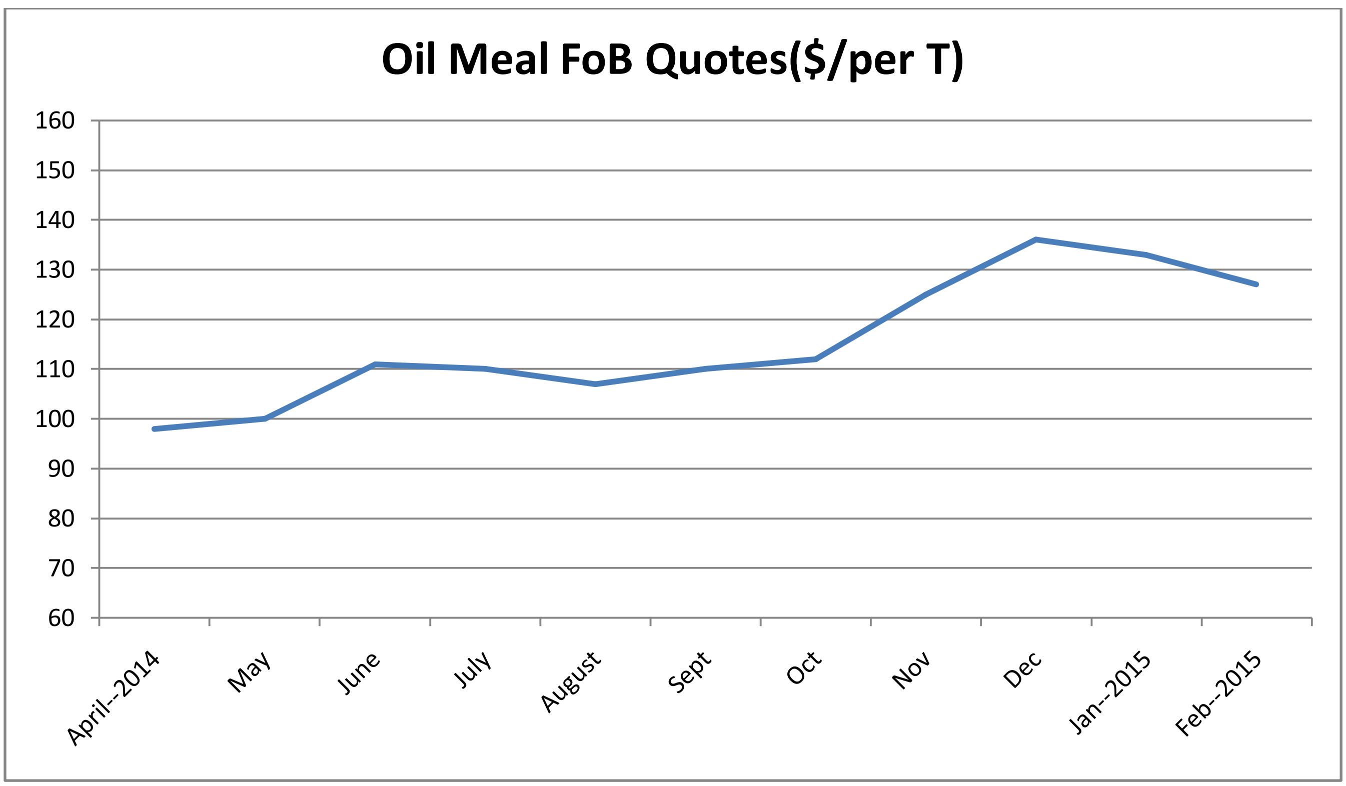


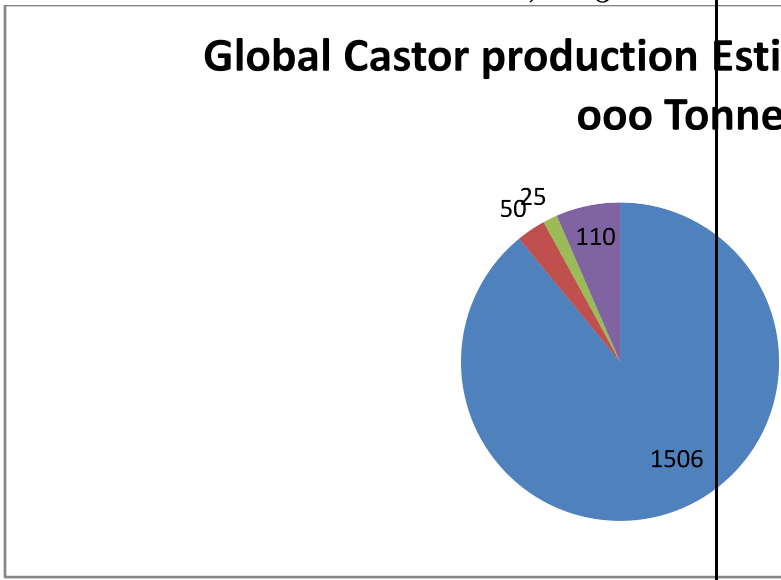
Castor oil export remains discouraging in 2014 and there is no hope for any firm recovery in 2015. China would remain major buyers as usual despite lower import volume..

Major Oil Meal Importing Countries:



Oil Meal FOB Monthly Quotes:





Source :Oil world

Note: Agriwatch would estimate global production for 2014-15 in March,2015 ,by then sowing in various countries would be almost over.

Overall View On Market Sentiments For March-2015:

Cash market is likely to dip more in the month of March as arrival is bound to increase despite crop loss in Gujarat and Rajasthan this year. Buyers are active as prices are ruling lower. However, higher arrivals in the weeks ahead may pressurize market again. Higher carryout would also be the price limiting factors.

Recommendation:

Stake holders should wait for two weeks for start fresh buying in cash market.