

1. Executive Summary:

Castor seed market traded lower in the month of March and pressure on seed market is likely to continue in the month of April too. Average prices in major bench mark markets continue to hover in the range of Rs 3475 to 3525 per qtl. despite slower pace of arrival during the month under review. As arrivals are bound to increase amid higher availability of carryout, cash market is expected to decrease by Rs 100-150 per qtl. more from current level and average may come down to Rs 3400 by the end of April.

By the end of March dematted stock was registered over 4.5 lakh tonne. Maximum stocks are available in Kadi and Patan. Private trades may wait for further downward correction before going to start buying for stock purpose. Mid April to May may be the best buying time for stocking the seed. As prices are ruling lower at this point of time farmers may release 20 percent lower quantity-trades fear.

There is a rumour in the market that crop size is much lower than the various projections. If prices are ruling lower, it is all due to higher carry out stock and lower demand for oil from the global markets. As stock is higher and new crop is coming into the market pressure on seed would continue till May. Seed price is expected to stabilize by April end.

This year oil demand from international market may improve over 15 percent due to cheaper availability of oil. Market experts have started predicting considerable rise in castor oil export this year. It may increase by 15 percent from 4.29 lakh tonne to over 5 lakh tonne in 2015. Castor oil and its derivatives have many applications in agriculture, cosmetics, electronics & telecommunications, food, lubricants, paints, inks and adhesives, paper, perfumeries, pharmaceuticals, plastics and rubber and textile chemicals.

There is some variations seen between govt. and private estimates on planted area consideration. Govt. estimated 10.99 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 touch 12.54 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.

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.

Castor Oil FoB Kandla was traded at \$1200 per tonne and more dip is expected in the month of April. During last one month it has decreased from \$1275 to \$1200 per tonne, almost \$75 lower than Feb quote. In Feb 2014 it was ruling at \$1275 per tonne, lower by 6.25 percent from Feb 2015 price. It is lower by 18.17 percent from Feb, 2014 quote.

2. Market Highlights:

- Average price of major markets like Kari and Patan and Rajkot decreased in the month of March by Rs 50 per qtl. Average price in Patan was registered at Rs 3536.10 per qtl, while it was recorded at Rs 3477.10 in Rajkot. There is a slight variation in March arrivals and it is expected to increase in April despite farmer's lower release intention due to lower price.
- 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 major bench mark markets.
- There is also a gossip in market that castor seed in 2015 may make a new high in the third and fourth quarters. Pipe line is almost nil and price may get support once the stockists start buying for stocking purpose. Higher demand for oil from international market, fear of lower area coverage due to lower price and higher private holdings may drag seed market unexpectedly at higher level in third quarter.
- 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.
- Market expert says that China has covered 85 percent of its annual need (1.8 lakh tonne), EU and US too have covered 80 percent of their need so far. EU and US annual need is expected to be 1.20 and 0.60 lakh tonne respectively. Demand from other countries is likely to improve in the month of April as buyers are waiting for higher arrivals. Farmers are receiving much lower price and if the similar trend continues that may reduce their castor acreage this year starting from July.
- Gains in castor futures are not indicative for any uptrend at this point of time as arrivals in the market is yet to pick up. Cash market is expected to rule under pressure despite demand from plants. Besides, stockists too would try to drag market down as much as possible to buy at lower level. Market participants should start buying around Rs3300/3400 for stock purpose. Gains in market are expected in the second half of the year.
- India had exported 4.79 lakh tonne castor oil in 2013. It decreased to 4.10 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.

3. Castor Seed Demand/Supply:

All units in lakh tonnes	2011-12	2012-13	2013-14	2014-15 E
Carry in	1.5	5.8	6.84	6.34
Production	15.8	13.04	12	14
Imports	0	0	0	0
Total Availability	17.3	18.84	18.84	20.34
Consumption	11.5	12	12.5	14.5
Exports	0	0	0	0
Total Usage	11.5	12	12.5	14.5
Carry out	5.8	6.84	6.34	5.84
Av Monthly Consumption	0.96	1.00	1.04	1.21
Stock to Month Use	6.05	6.84	6.09	4.83
Stock to Consumption Ratio	0.504	0.570	0.507	0.403

Revised estimate for castor seed on 20th March,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 20,0000 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 5 lakh tonne in 2015,It translates to 11 lakh tonne seed usage for export at 46 percent oil recovery.

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	0.55
Production	5.5	6	5	6
Imports	0	0	0	0
Total Availability	6	6.7	5.4	6.55
Consumption (domestic)	1.4	1.6	0.75	0.9
Exports	4.2	4.7	4.1	5
Total Usage	5.3	6.3	4.85	5.9
Carry out	0.7	0.4	0.55	0.65

***Agriwatch has revised oil consumption estimate in March,2015.**

- ❖ The season 2014-15 is likely start with higher oil stock of 0.55 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 0.65 lakh tonne for 2015-16 as carryout.
- ❖ Carryout would increase from 0.55 thousand tonne to 0.65 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 comparatively lower so far. However,i t may gain momentum in April and May.
- ❖ Domestic consumption may slightly increase0.75 lakg tonne to 0.9 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 increase from 4.1 lakh tonne to 5.0 lakh tonne in 2015 due to improved demand from US, European Union and China, the major importer of Indian castor oil. Other importing countries too may increase buying in 2015.
- ❖ Castor oil in Rotterdam decreased from \$1525 to \$1500 per tonne in last one month and may touch \$1475 per tonne in the month of May. Pressure on Indian market and decreasing trend continue to impact global market in the weeks ahead.More decrease is expected in Rotterdam market as Indian quotes have decreased considerably in March.

3. Variation In Production Estimates:

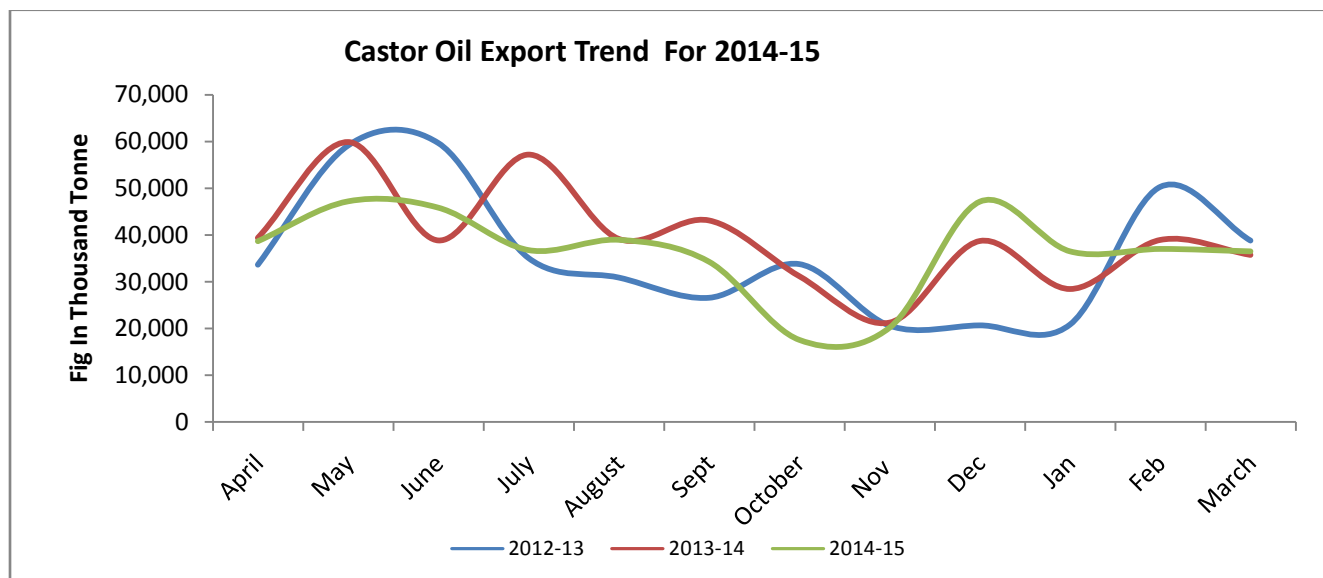
Comparable Production Estimates(Fig. In Lakh Tonne)						
	Govt.Fig	Oil world	Private fig.	Agriwatch	Nelson=	COOIT
2011-12	22.95	15.8	18.8	Not available	15.73	14.8
2012-13	19.64	11	13.2	Not available	13.8	11.43
2013-14	16.89	10.5	11.8	11.7	11.6	11.30
2014-15*	19.10	15.06	11 to 13	14.00	13.78	12.95
*Revised production figure in 2nd Adv. Estimate for 2014-15 production Target for 2014-15 is 16.65 lakh tonne, =Nelson estimate as per Govt,'s area ** Govt						

Govt. has set production target at 16.65 lakh tonne for 2014-15 and estimated at 19.10 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 April when new MY starts. In the month of February around 37018 tonne oil export has been recorded. In March, almost similar quantity is expected. March fig is tentative.

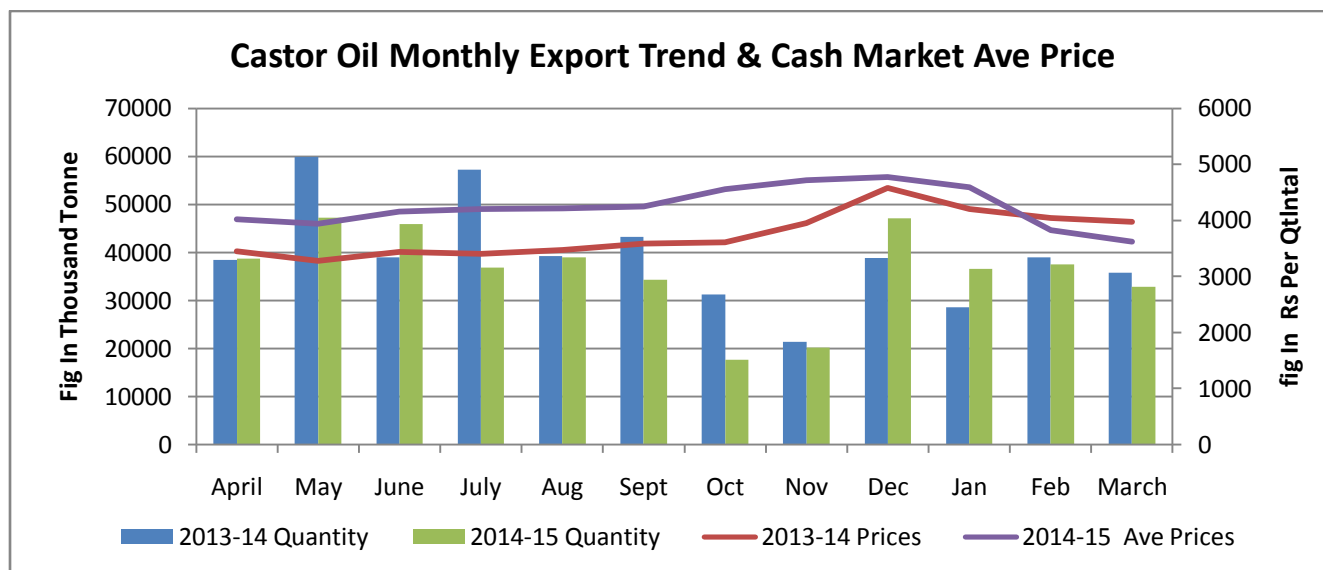
8. Castor Oil Export Trend Yearly Table:

Fig in Tonne	2010-11	2011-12	2012-13	2013-14	2014-15
April	30,327	46,723	33,709	39,422	38,661
May	53,269	43,832	59,193	59,900	47,176
June	42,981	45,474	59,718	38,868	45,824
July	45,417	46,471	35,130	57,214	36,766
August	30,461	40,426	30,963	39,196	38,960
Sept	21,295	18,319	26,641	43,139	34,285
October	36,220	21,909	33,841	31,228	17,600
Nov	15,039	17,545	20,682	21,307	20,189
Dec	17,945	20,462	20,742	38,744	47,104
Jan	12,559	23,232	20,909	28,490	36,501
Feb	18,598	33,807	50,355	38,974	37,018
March	19,143	46,289	38,869	35,773	36,500

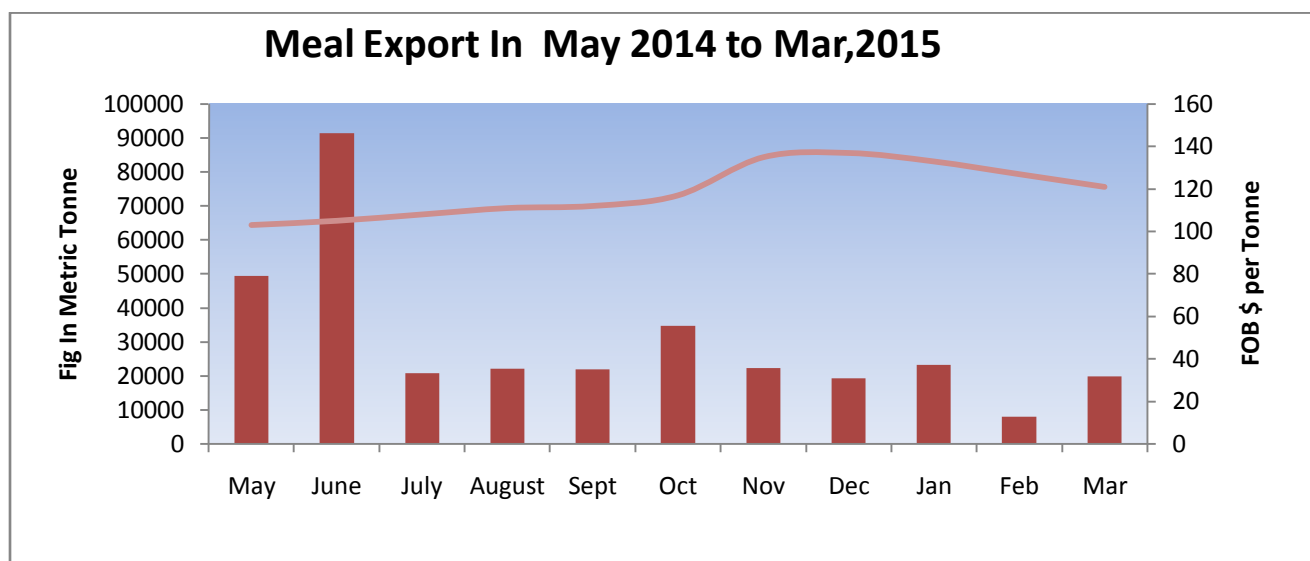
Source: IBIS, SOPA & Trades, Fig in tonnes



9.Oil Monthly Export trend and Price:

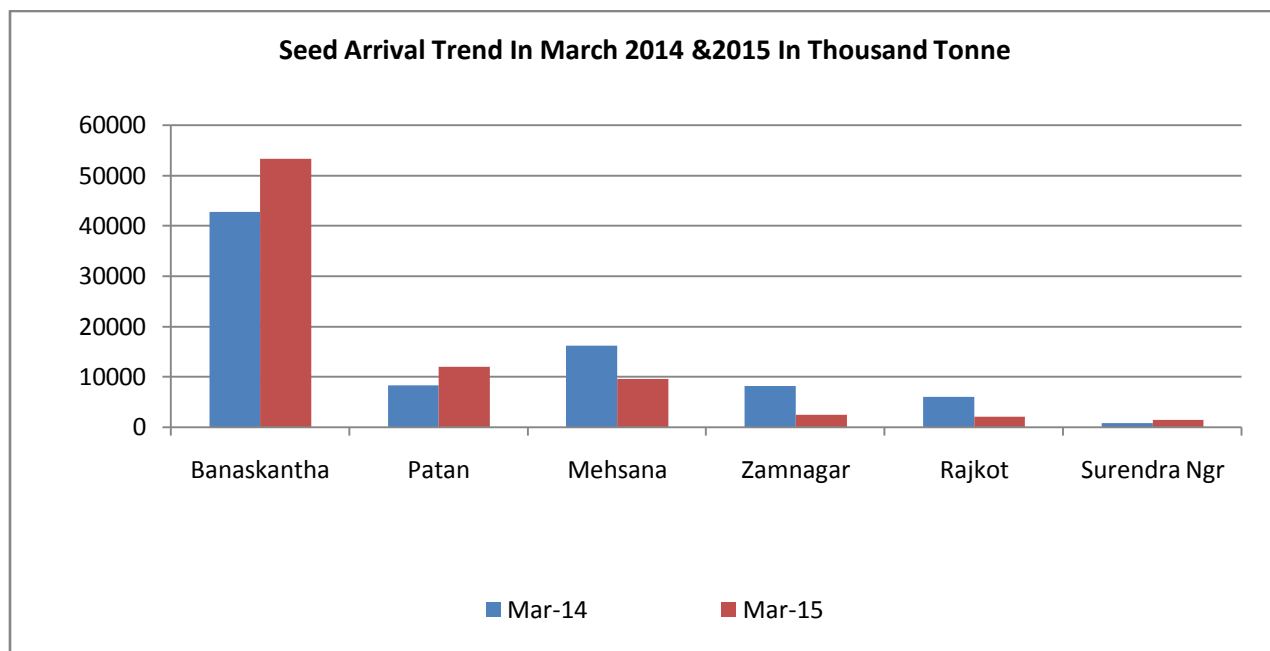


10..Castor Meal Export Demand And FOB Quotes:



Castor meal export started increasing due to higher crushing and demand at lower level. It would increase further in the month of April too. FOB Kandla quote may decrease to \$115 per tonne by the end of April which is currently ruling at \$121 per tonne.

11. Comparative Seed Arrival trend In March 2014 & 2015



Seed arrival pace in Banaskantha and Patan has improved this year in March in comparison to March 2014. It has decreased in other districts as depicts the bar chart. Arrival pace may increase in April, expect market participants.

Seed Arrival Table In Tabulated Form:

Castor Seed Arrival Trend With % Ch. (Fig in Tonne)			
	Mar-14	Mar-15	% ch.
Banaskantha	42765.07	53322.68	19.80
Patan	8325.7	12034.74	30.82
Mehsana	16261.9	9620.5	-69.03
Zamnagar	8274.6	2480.6	-233.57
Rajkot	6152	2168.7	-183.67
Surendra Ngr	912.2	1549.6	41.13

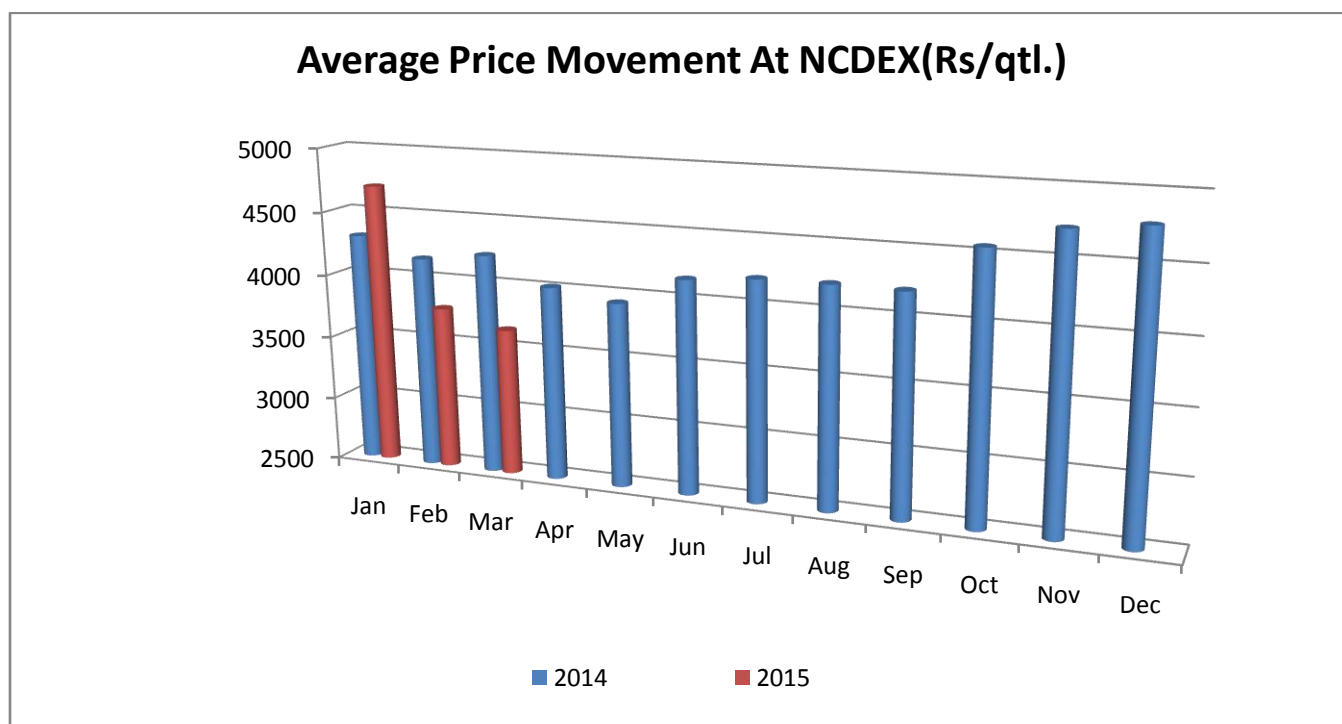
11.Domestic Seed/Oil & Meal Comparative Price Updates:

Comparative Prices Of Castor Products Including Seed					
	20th Mar '15	13th Mar '15	20th Feb'15	20th Mar '14	CHANGE %
Castorseed (Gujarat)((Rs./M.T) Ex-Mandi	35750	36000	37750	41613	-16.40
Castor Meal Export (FAS) (US\$ / MT),Ex Kandla	110	120	130	98	10.91
EXPORT (FOR) Ports (Rs./MT)Castor meal bulk Kandla	6400	6500	7400	5,738	10.34
Castor Oil (First Grade) FOB Kandla (Export)\$ /Tonne	1200	1200	1275	1418	-18.17
Local rates for oil in domestic market(Rs./M.T.) for comm.	74500	75500	79000	82767	-11.10

Source: IBIS, SOPA,Agriwatch & Trades

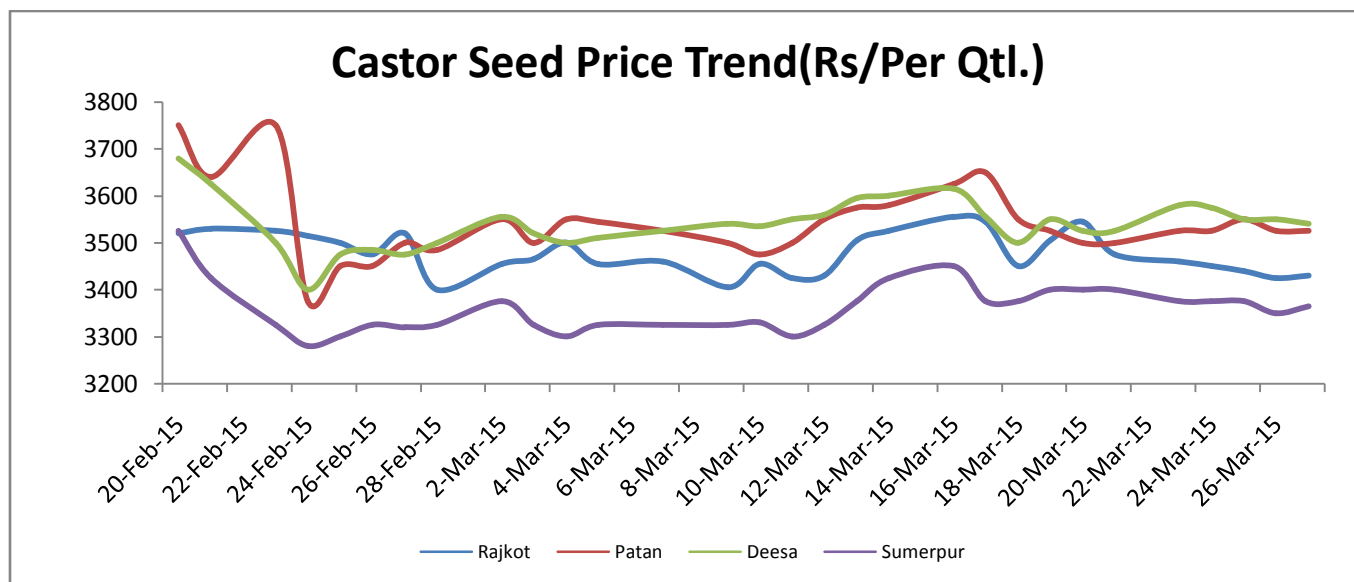
Note:Due to close of market latest quotes are not available.

12. Price Variation In 2014 & 2015:



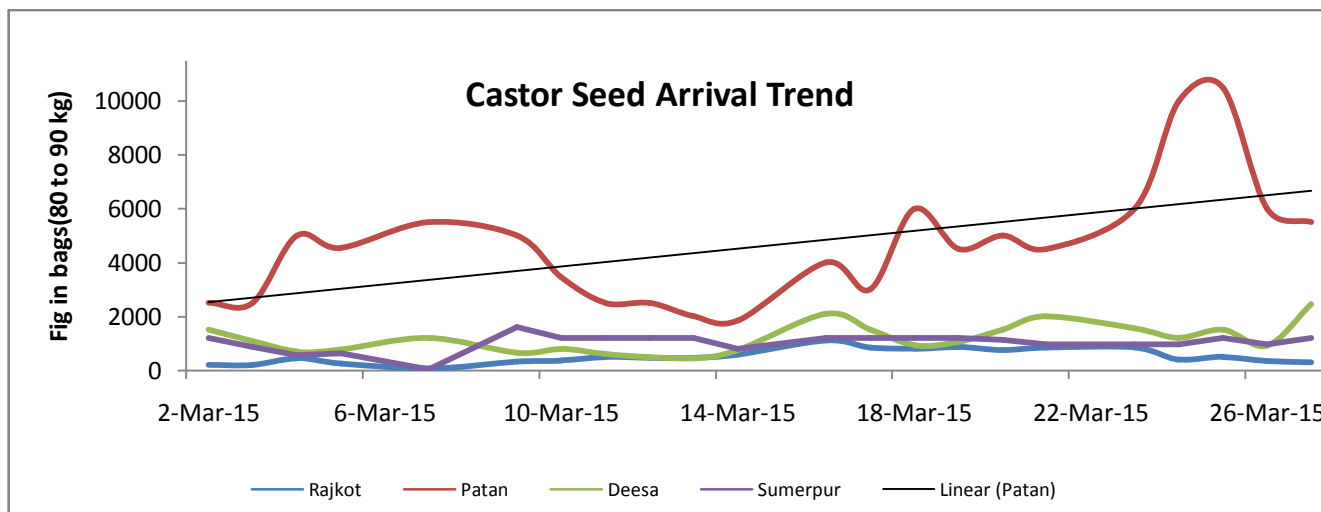
Castor seed prices in major markets continued to trade firm as above given chart shows. Uptrend is unlikely to continue in March end and April as demand for oil is below expectation on higher price despite improvement seen in the current week.

Castor Seed Price Trend In Various Markets:



Castor seed prices have improved slightly in the 4th week of March. However, by the end of the week it could not sustain its higher level and decreased as expected by market participants. Slight dip might be seen in the first week of April. Seed price may stabilize in between Rs 3500 to Rs 3500 per qtl in April, depending upon the source of the market.

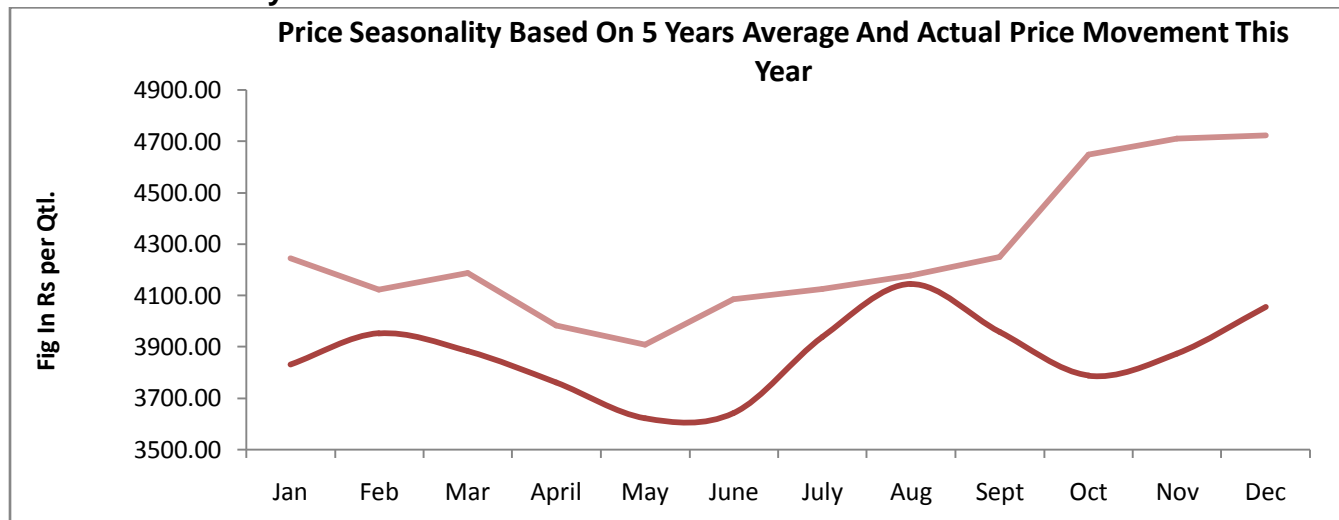
Castor Seed Arrival Trend:



Seed arrival trend shows the possibilities higher arrivals in the weeks ahead. However, it would not before 2nd week of April. Arrival in Patan has decreased considerably last week. Lower price may compel farmers to get slower in release. Arrivals have improved in Deesa and Sumerpur markets. However it declined in Rajkot too.

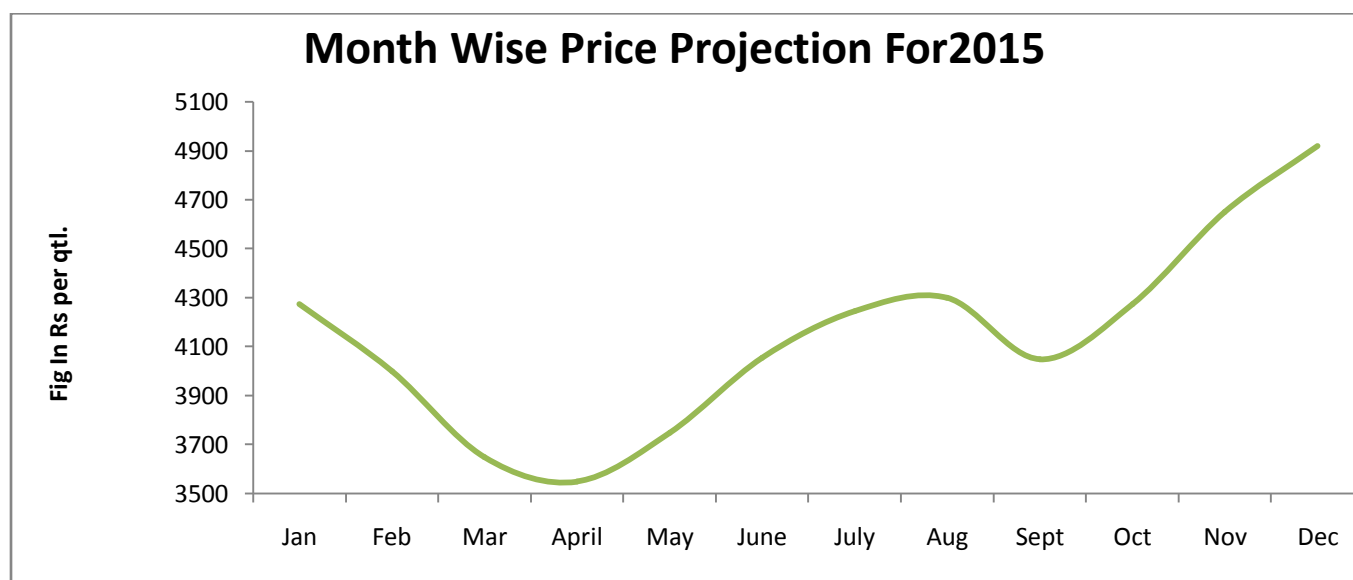


13. Seasonality Based Price Movement And Actual Price :



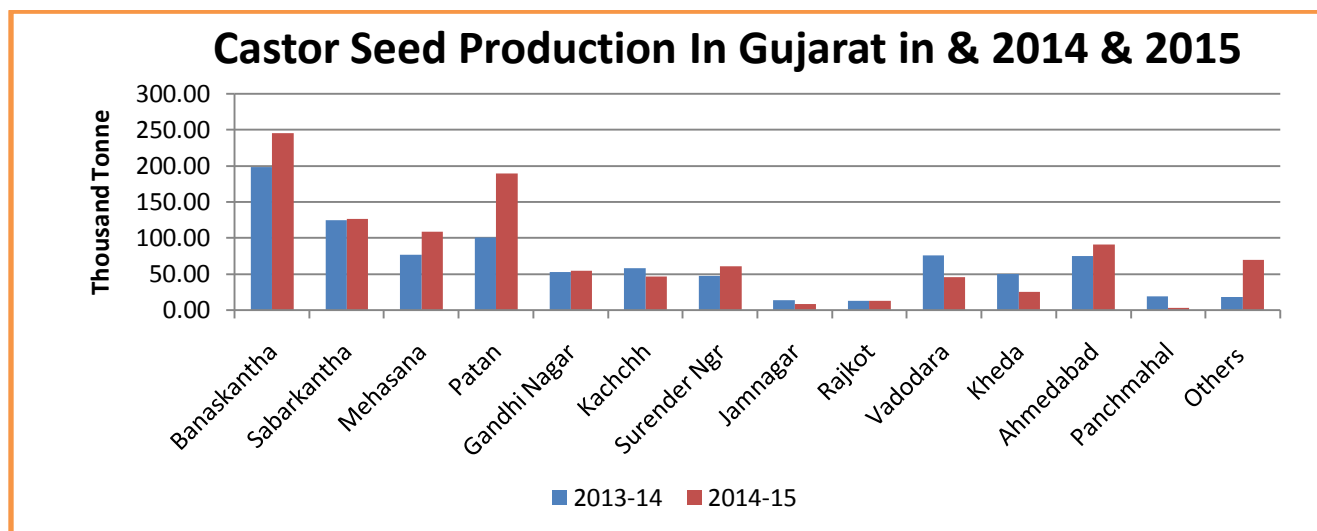
Price seasonality of castor seed shows that price starts declining with Sept. and actual price movement in the market (Deesa) follows almost same trend. But this year we see opposite trend ignoring seasonality. Main reason for opposite movement is attributed mainly to lower seed production last year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

14. Cash Market Price Projection For 2015:



Price projection is based on the tendency of stock retention, lower crop size and demand for oil. Market may witness same price trend seen in 2014 to some extent. Seasonality trend too have been considered here.

15.Castor Seed Production Trend In Gujarat in 2014 and 2015:



Castor seed production in Gujarat has increased from 9.31 lakh tonne to 10.93 lakh tonne in 2015 due to higher area coverage. However production in Kutch and Kheda has decreased considerably due to abnormal weather condition and shortage of water.

Dist Wise Castor Seed Production in Gujarat:

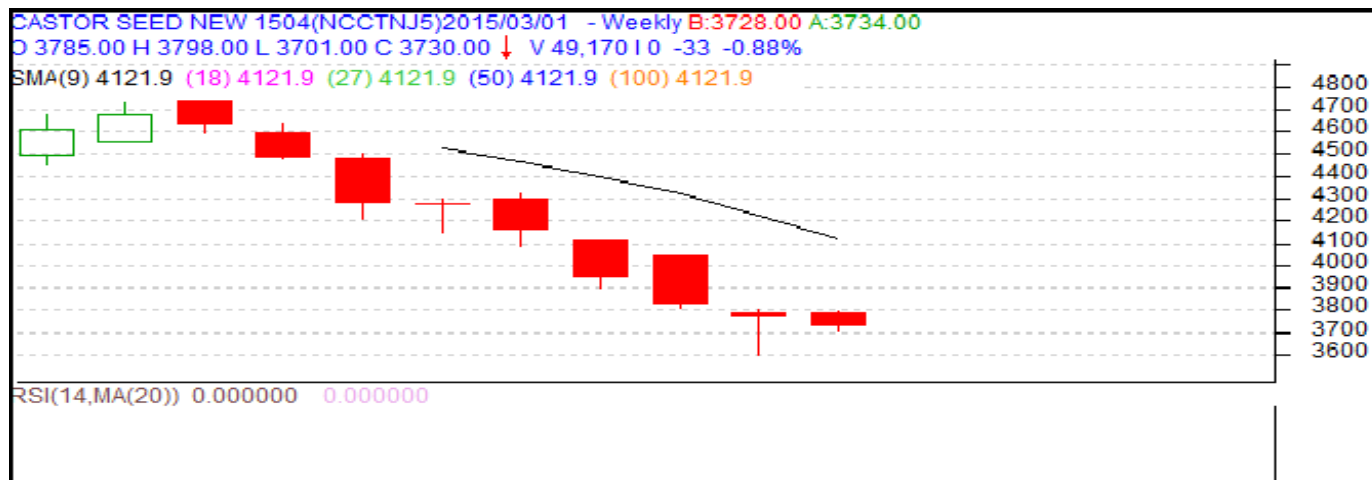
Gujarat	2013-14	2014-15	% Ch
Banaskantha	198.801	245.565	23.52
Sabarkantha	124.992	126.567	1.26
Mehasana	77.231	109.044	41.19
Patan	100.864	190.008	88.38
Gandhi Nagar	53.482	54.808	2.48
Kachchh	58.976	47.337	-19.74
Surender Ngr	47.787	61.132	27.93
Jamnagar	14.547	8.624	-40.72
Rajkot	13.23	13.44	1.59
Vadodara	76.268	45.954	-39.75
Kheda	50.388	26.039	-48.32
Ahmedabad	75.628	91.152	20.53
Panchmahal	19.767	3.602	-81.78
Others	19.058	69.842	266.47
Total	931.01	1093.11	



16. Monthly Technical Analysis:

Commodity: Castor Seed
Contract: April.

Exchange: NCDEX
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 3675 while first resistance .3726
- Stake holders are advised to sell on rise.

Strategy: Sell on rise

Intraday Supports & Resistances			S1	S2	PCP	R1	R2
Castor Seed	NCDEX	April	3675	3650	3699	3726	3801
Pre-Market Intraday Trade Call*			Call	Entry	T1	T2	SL
Castor Seed	NCDEX	April	Sell	Below 3725	3700	3675	3733

Cash Market (Deesa) Price Projection For April:

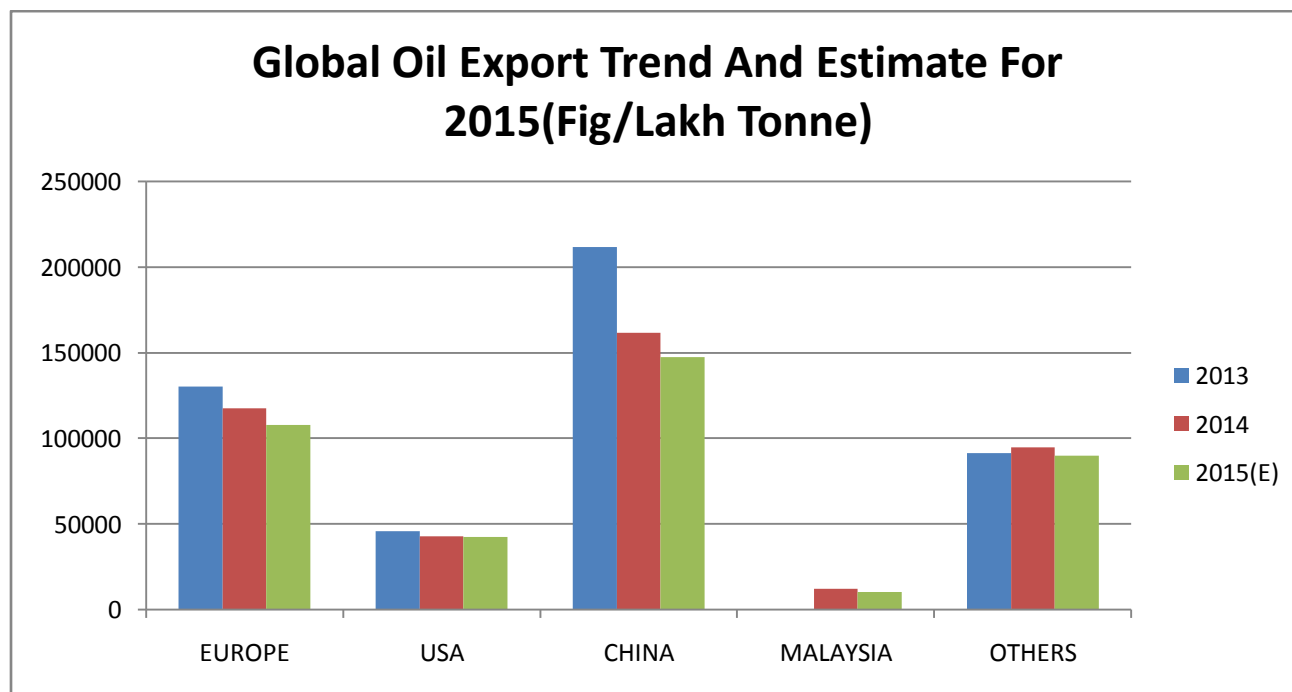
Expected Range	Rs/Qtl.(Low)	Rs /Qtl.(High)
Short term (15 days)	3520-3550	3550-3575
Medium Term (30 days)	3575-3600	3600-3650



International Market Updates:

- Castor seed production in global market has been pegged at around 17 lakh tonne in 2014-15, higher by 29.12 percent from last year (13.18 lakh tonne). Higher production would ease supply shortage and would continue to cap uptrend in the first half of the year.
- With 5 lakh tonne carryout in India overall seed availability would be around 22 lakh tonne, sufficient to take care of emerging oil demand in the global market. This year seed availability would be 27.43 percent higher in comparison to last year (17.68 lakh tonne).
- Major buyers like China, EU and US would continue to depend on Indian supply in 2015 too. China crop size has been pegged at 10,000 MT, it is negligible for Chinese market.
- At Rotterdam oil quote too has decreased from \$1525 to \$1500 per tonne in the month of March.

Major Oil Importers And Estimate For-2015:



Castor oil export remains discouraging in 2014 and there is no hope for any strong recovery in 2015 too. China would remain major buyer as usual despite unfavourable global economic condition. Some non major oil importing countries may increase buying as oil price is ruling much lower this year. Major buyers like China, EU and US have covered 60 percent of their yearly need so far taking advantage of lower price. So demand for oil in the new financial year is expected to be below normal in April and May.

Oil World Estimate For Global Castor Seed Production:
Global Castor Seed Production Estimate For 2014-15 (in 000 Tonne)


Source: Oil world

Overall View On Market Sentiments For April-2015:

Cash Market is likely to stay steady to slightly firm in the month of April despite expectation of higher arrivals. Fresh buying interest would remain supportive and would restrict any unwanted decrease in April. Cash market may trade in the range of Rs 3550 to Rs 3650 per qtl. in April. Firmness is expected from May onward.

Recommendation:

Stake holders may start buying from mid April.

Disclaimer: The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.php> © 2014 Indian Agribusiness Systems Pvt Ltd.