

## **1. Executive Summary:**

Castor seed average monthly price in Rajkot traded up by Rs 42.67 per qtl in April in comparison to March despite higher arrivals. Arrivals in Rajkot market increased from 10,320 qtl. in March to 26,698 qtl. in April 2015. Firmness in market shows better demand for oil from overseas market. Besides, seed prices are ruling 12.50 percent lower than the price realized in April 2014. Lower prices have encouraged buyers to make inventory before price starts moving up one way. Prices of seed may move further up in the month of May as buyers for oil remain active now.

FED stock position for May to Nov is 3,92,410 qtl. that is considered more than enough to ease the pressure of emerging demand for the seed. Higher stock position may be restrictive for any bull run in the month of May and June. Seed release from farmer's end would continue till June. However, almost 20 percent farmers have retained their stock due to lower than expected price for the seed this year. It may build up short supply of seed in the second half of the year. Besides, four lakh tonne stock is supposed to be in strong hands like last year. Retention of such volume has potential to drag market up but not before June.

Monsoon rains and its timing too would play an important role in castor price trend. It sowing starts in July and continues till mid Sept. Rainfall during this period remains crucial for production, area shifting and yield too. As prices are ruling lower at this point of time and if it continues to trade steady, farmers may opt for other lucrative cash crop in Gujarat and Rajasthan. Shifting of area may reduce crop size and it may impact price too.

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 variation seen between govt. and private estimates on planted area consideration. Govt. estimated 10.99 lakh ha area coverage this year, while private trade like Nielsen assumed it at 10.27 lakh ha. The differences of area coverage have direct bearings on the final size of the crop. Nielsen 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 13.0 lakh tonne seed production this year, almost 1 lakh tonne higher than last year. Production estimates may be revised by mid June 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. Agriwatch expects firmness in the second half of the year.

## **2. Market Highlights:**

- Average price of major markets like Kari and Patan increased in the month of April by Rs 25 to 35 per qtl. Average price in Patan was registered at Rs 3521.10 per qtl, while it was recorded at Rs 3501.10 in March. There is a major variation in March and April arrivals. It has increased from 66,587 to 2,09,250 qtl in April and is expected to increase in May too 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. Cash market in May month may rule in between Rs 3450 to Rs 3550 per qtl. Planters would continue to buy in between Rs 3500 to Rs 3600 per Qtl.
- 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 retention 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 May as buyers are waiting for higher arrivals and stabilization in the market.
- 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 over 5 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 FOB Kandla decreased from \$1205 to \$1190 per tonne this week despite improved seed price. However it is ruling lower by 15.85 percent in comparison to April 2014. It was ruling \$1396 per tonne in April 2014. However, oil price in local market has decreased from Rs 76,500 to Rs 75,500 per tonne as demand from local industries is poor at this point of time.

### 3. Castor Seed Demand/Supply:

All units in lakh tonnes	2013-14	2014-15 E
Carry in	6.84	6.34
Production	12	13
Imports	0	0
Total Availability	18.84	19.34
Consumption	12.5	13.5
Exports	0	0
Total Usage	12.5	13.5
Carry out	6.34	5.84
Av Monthly Consumption	1.04	1.13
Stock to Month Use	6.09	5.19
Stock to Consumption Ratio	0.51	0.43
Fig In lakh Tonne Source :Agriwatch		

Revised estimate for castor seed on 25<sup>th</sup> April,2015

#### High lights of S&D:

- ❖ Agriwatch has revised its castor seed production estimate in April end and estimated seed production at 13 lakh tonne for MY 2015. It is almost 1 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 13 lakh tonne production this year which brings total availability to 19.34 lakh tonne,higher below 1 lakh tonne 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 13.5 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 one lakh tonne more seed consumption in 2015.
- ❖ Despite higher seed consumption overall availability would be higher than market general expectation at 19.34 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:

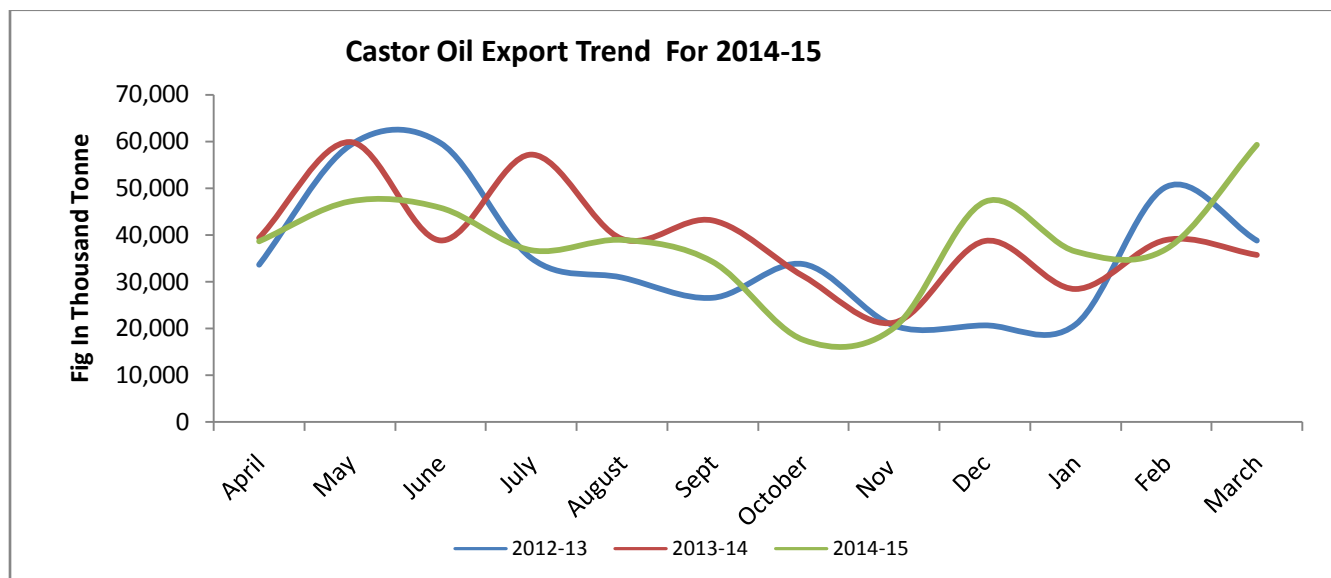
Comparable Production Estimates(Fig. In Lakh Tonne)						
	Govt.Fig	Oil world	Private fig.	Agriwatch	Nelson=	COOIT
2011-12	22.95	15.8	18.8	Not available	15.73	14.8
2012-13	19.64	11	13.2	Not available	13.8	11.43
2013-14	16.89	10.5	11.8	11.7	11.6	11.30
<b>2014-15*</b>	19.10	15.06	<b>11 to 13</b>	14.00	<b>13.78</b>	<b>12.95</b>
*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 <span style="float: right;">** Govt</span>						

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 was exported in March, 2015. Total export in 2014-15 touched at 4.60 lakh tonne. This year it may cross 5 lakh tonne.

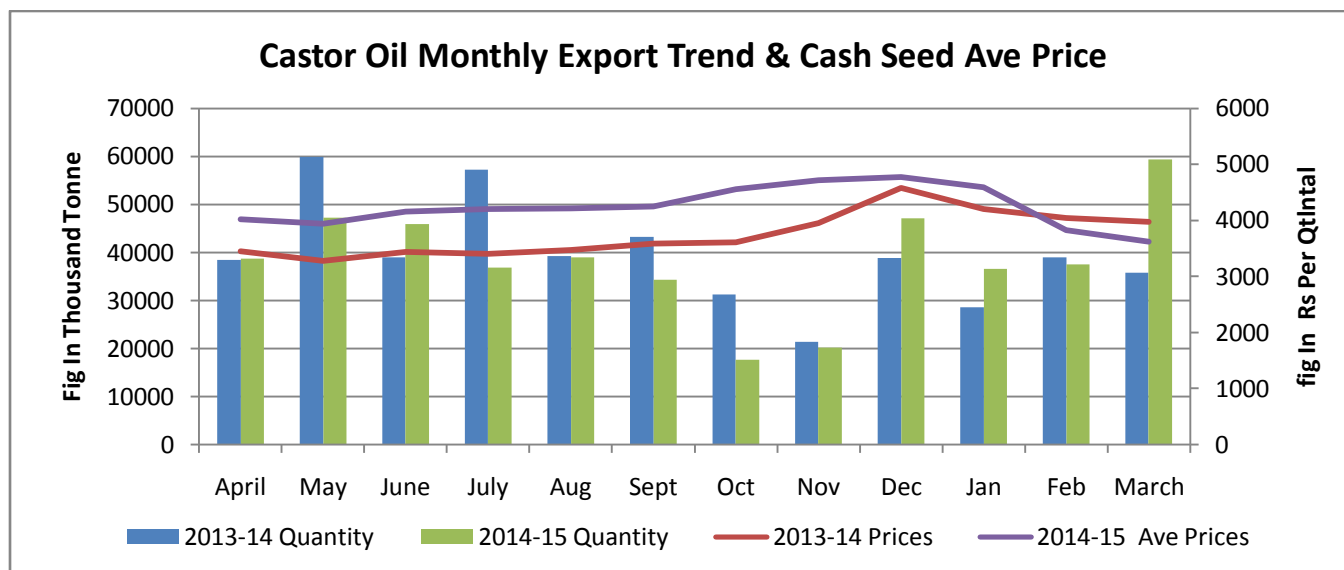
## 8. Castor Oil Export Trend Yearly Table:

Fig in Tonne	2010-11	2011-12	2012-13	2013-14	2014-15
<b>April</b>	30,327	46,723	33,709	39,422	38,661
<b>May</b>	53,269	43,832	59,193	59,900	47,176
<b>June</b>	42,981	45,474	59,718	38,868	45,824
<b>July</b>	45,417	46,471	35,130	57,214	36,766
<b>August</b>	30,461	40,426	30,963	39,196	38,960
<b>Sept</b>	21,295	18,319	26,641	43,139	34,285
<b>October</b>	36,220	21,909	33,841	31,228	17,600
<b>Nov</b>	15,039	17,545	20,682	21,307	20,189
<b>Dec</b>	17,945	20,462	20,742	38,744	47,104
<b>Jan</b>	12,559	23,232	20,909	28,490	36,501
<b>Feb</b>	18,598	33,807	50,355	38,974	37,018
<b>March</b>	19,143	46,289	38,869	35,773	59,294

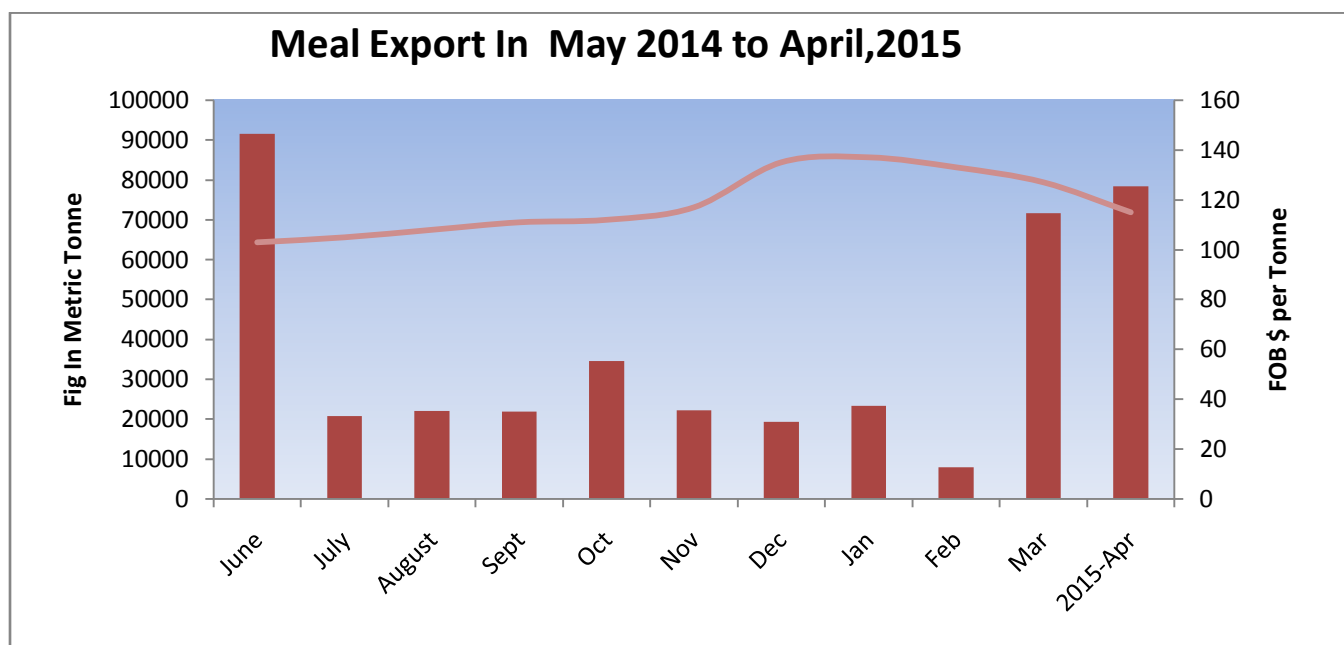
Source: IBIS, SOPA & Trades, Fig in tones



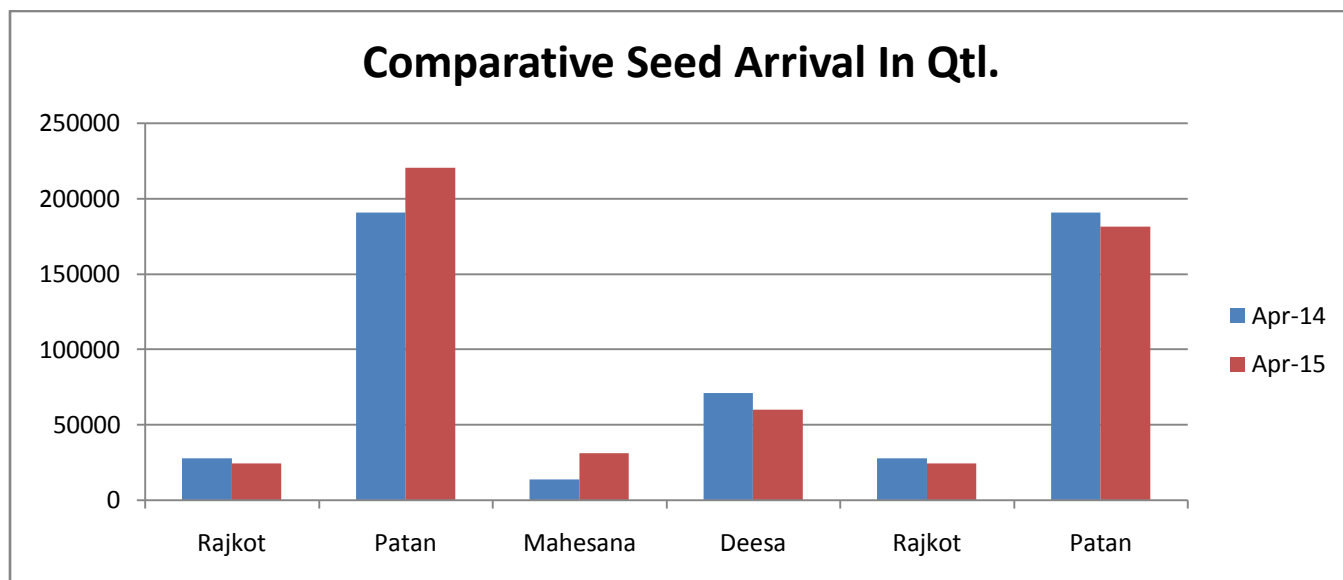
### 9.Oil Monthly Export trend and Price:



### 10..Castor Meal Export Demand And FOB Quotes:



Castor meal export has increased considerably in April and demand for meal is likely to increase further as prices are ruling lower due to higher crushing by mills.

**11. Comparative Seed Arrival trend In March 2014 & 2015**


Seed arrival pace in Patan has improved this year in April in comparison to April, 2014. It has decreased in other districts as depicted in the bar chart. Arrival pace is unlikely to decrease in May, expect market participants.

**Seed Arrival Table In Tabulated Form:**

<b>Comparative Arrival Trend Apr-14 &amp; 15</b>			
	<b>Apr-14</b>	<b>Apr-15</b>	<b>5%Ch.</b>
<b>Rajkot</b>	27895	24759	-11.24
<b>Patan</b>	190543	220500	<b>15.72</b>
<b>Mahesana</b>	14160	31440	<b>122.03</b>
<b>Deesa</b>	71261	60078	-15.69
<b>Rajkot</b>	27895	24759	-11.24
<b>Patan</b>	190543	181500	-4.75

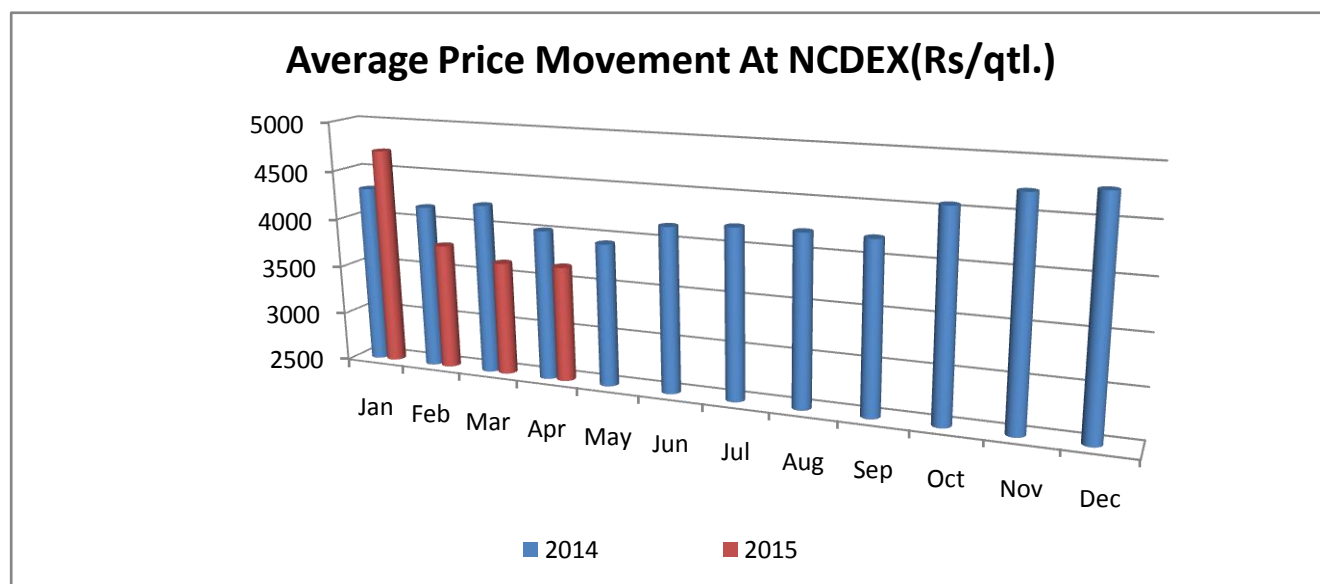


## 11.Domestic Seed/Oil & Meal Comparative Price Updates:

Comparative Prices Of Castor Products Including Seed					
	30th April '15	24th April '15	30th Mar'15	30th April '14	CHANGE %
Castorseed (Gujarat)((Rs./M.T) Ex-Mandi	35500	35750	NQ	39937	-12.50
Castor Meal Export (FAS) (US\$ / MT),Ex Kandla	108	108	NQ	98	9.26
<b>EXPORT (FOR) Ports (Rs./MT)Castor meal bulk Kandla</b>	6700	6700	NQ	5734	14.42
Castor Oil (First Grade) FOB Kandla (Export)\$ /Tonne	1190	1205	NQ	1396	-17.31
<b>Local rates for oil in domestic market(Rs./M.T.) for comm.</b>	75500	75500	75000	81714	-8.23

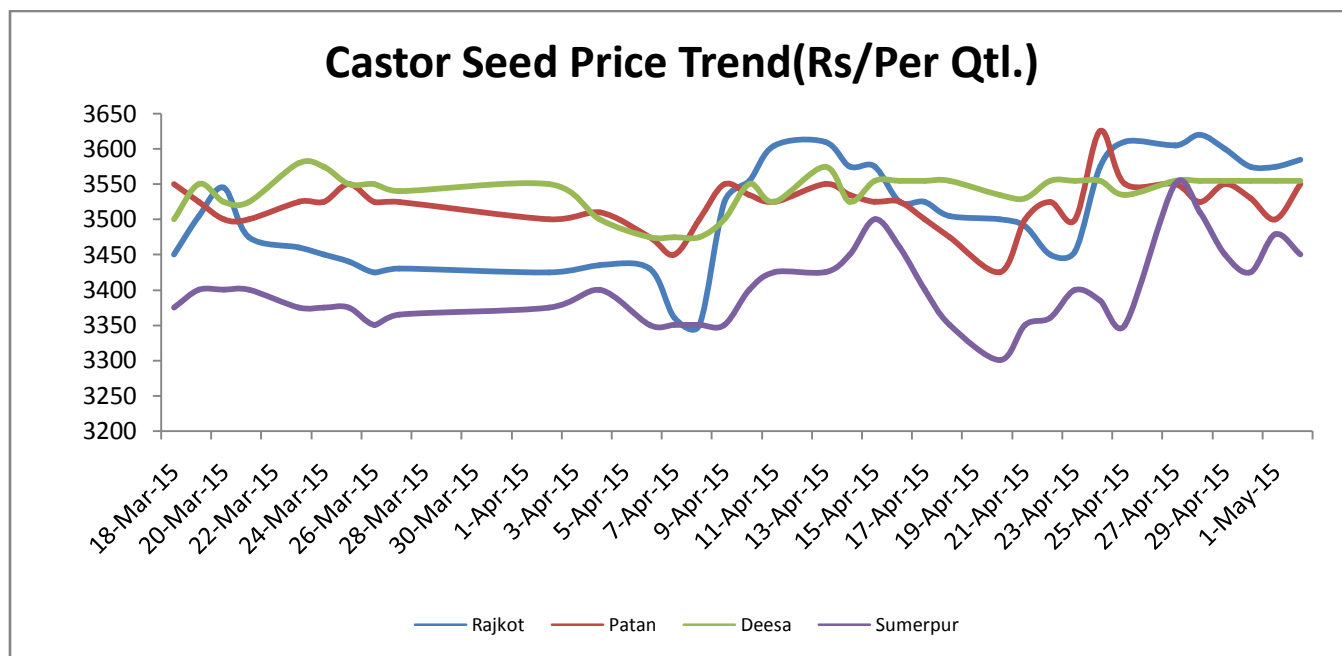
Source: IBIS, SOPA,Agriwatch & Trades

## 12. Price Variation In 2014 & 2015:



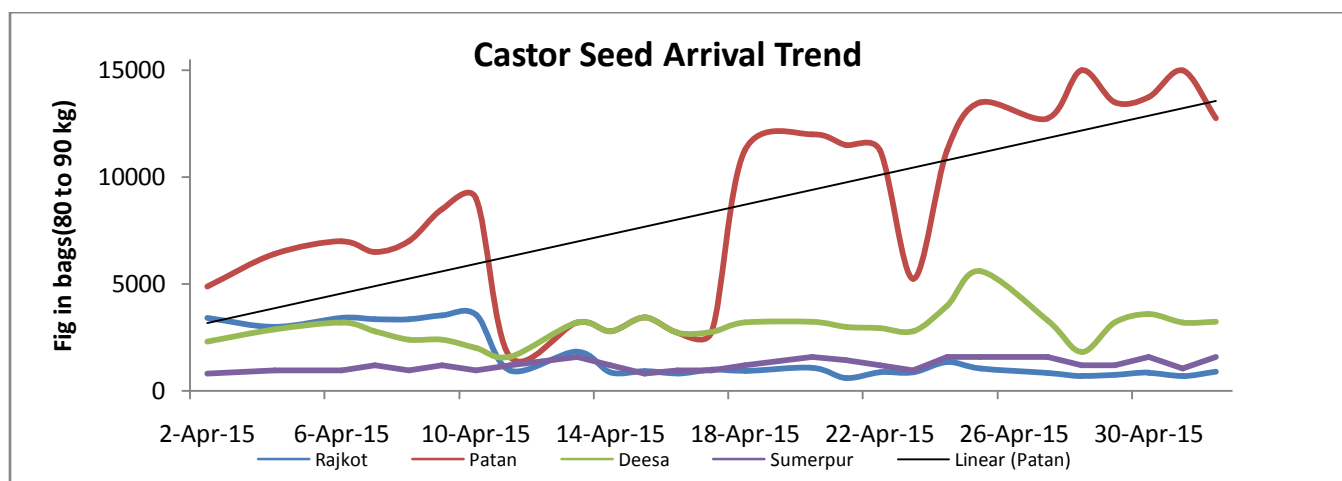
Castor seed prices in major markets continued to trade weak despite some recovery from mid April as above given chart shows. Uptrend is likely to continue in May.

### Castor Seed Price Trend In Various Markets:



Castor seed prices have increased slightly in the 4th week of April in Patan and Rajkot and are likely to move range bound due to weak demand for the seed. Major decrease has been seen in Sumerpur. Firmness is unlikely in the first week of May.

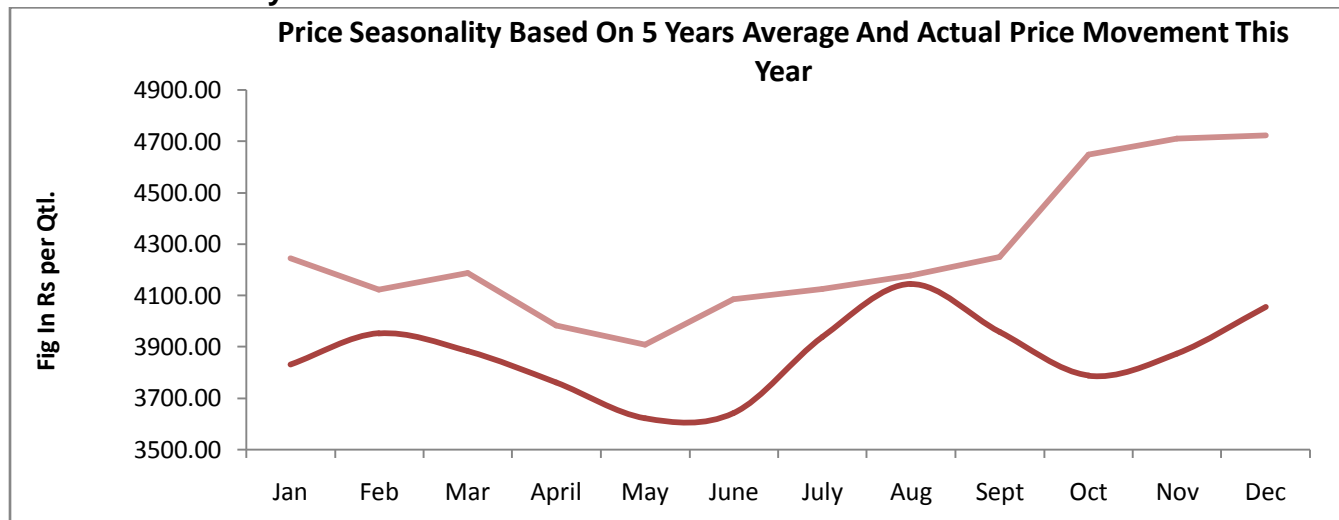
### Castor Seed Arrival Trend:



Arrival trend shows decline in arrivals in the fourth week of the April. Slight improvement was seen in Deesa and Rajkot. Overall arrival pace for seed is likely to remain weak in the first week of May. Farmers are unwilling to sell below Rs 3500 per qtl.

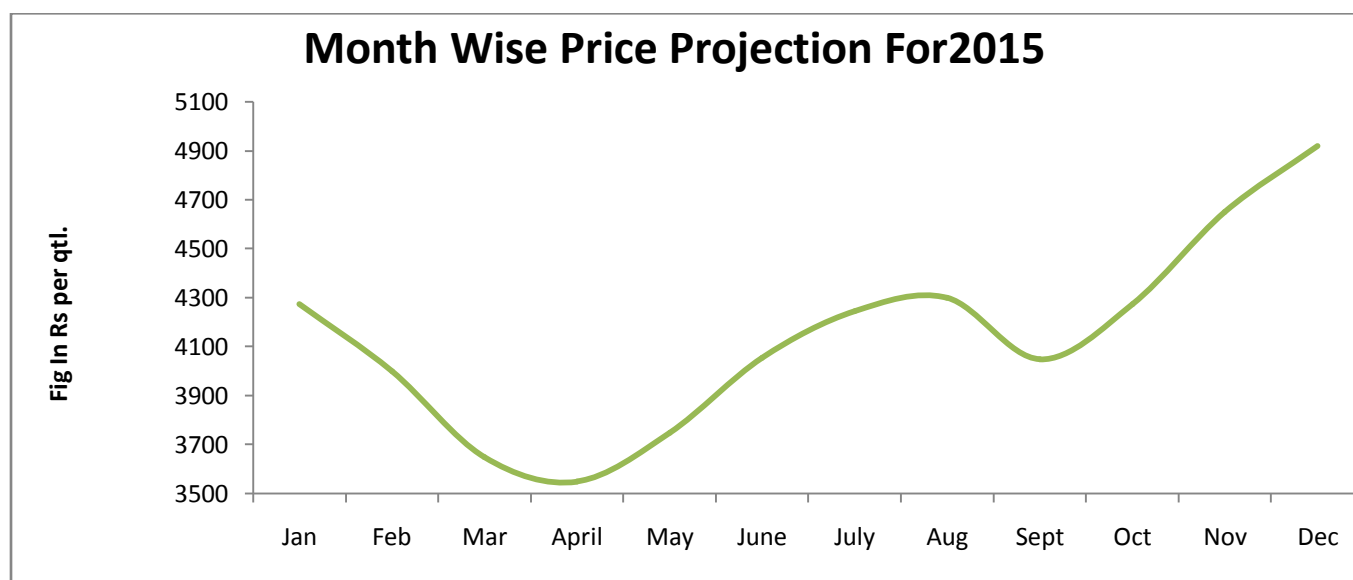


### 13. Seasonality Based Price Movement And Actual Price :

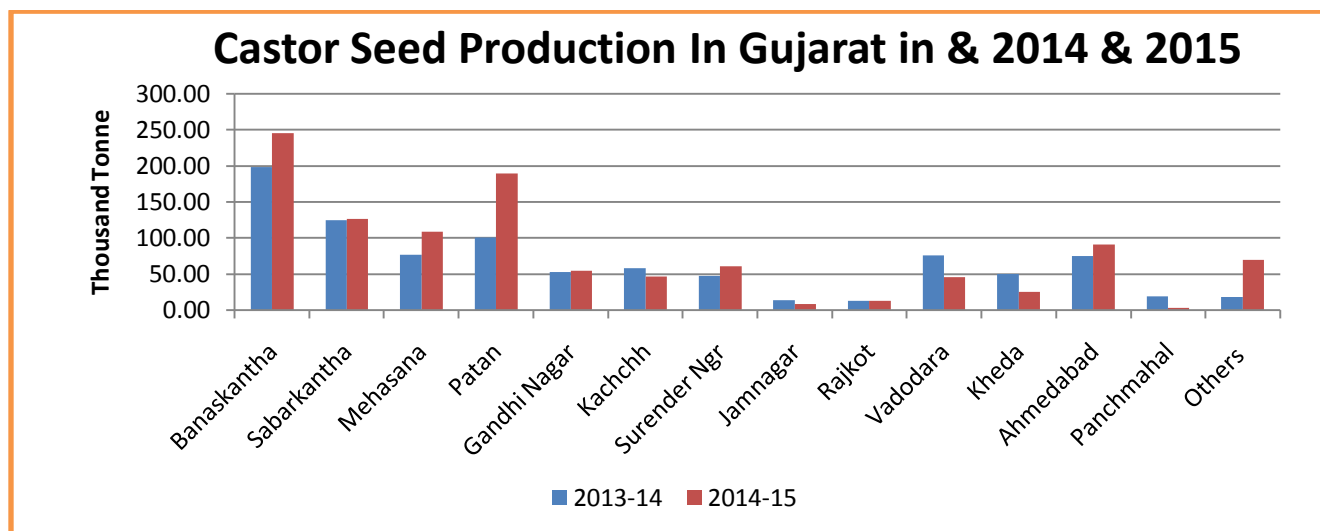


Price seasonality of castor seed shows that price starts declining with Sept. and actual price movement in the market (Deesa) follows almost same trend. But this year we see opposite trend ignoring seasonality. Main reason for opposite movement is attributed mainly to lower seed production last year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


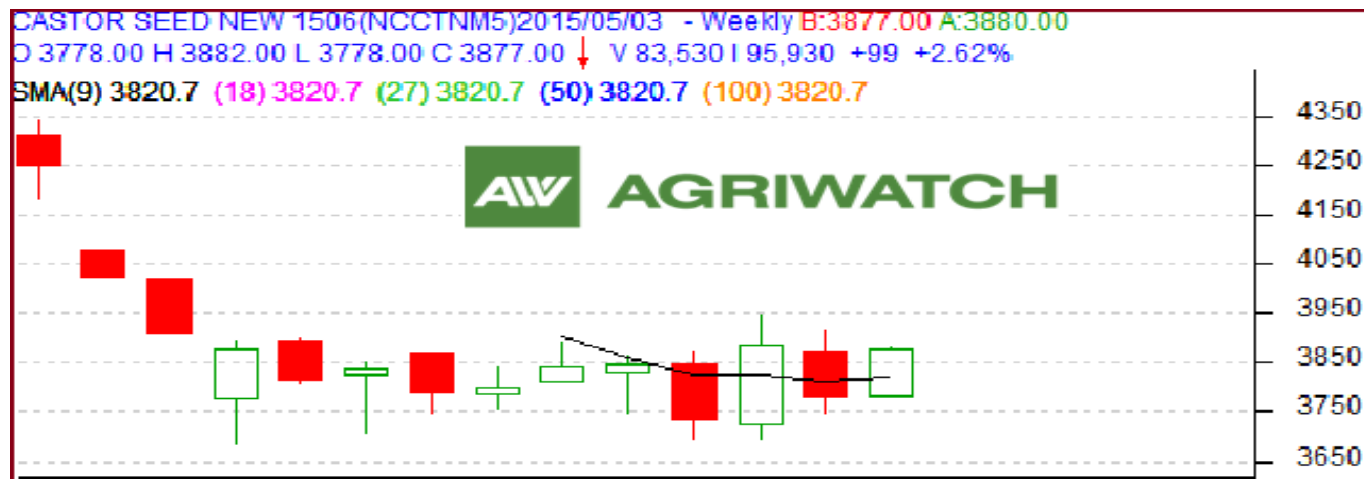
Castor seed production in Gujarat has increased from 9.31 lakh tonne to 10.93 lakh tonne in 2015 due to higher area coverage. However production in Kutch and Kheda has decreased considerably due to abnormal weather condition and shortage of water.

**Dist Wise Castor Seed Production in Gujarat:**

<b>Gujarat</b>	<b>2013-14</b>	<b>2014-15</b>	<b>% Ch</b>
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
<b>Total</b>	<b>931.01</b>	<b>1093.11</b>	

**16. Monthly Technical Analysis:**  
**Commodity: Castor Seed**  
**Contract: June.**

**Exchange: NCDEX**  
**Expiry: June. 20, 2015**



**Technical Commentary:**

- Candlestick chart shows firmness in the market.
- RSI moving up in neutral region favours bulls.
- Momentum indicator MACD is in negative territory cautions bulls.
- The nearest by support is 3775 while first resistance .3946
- Stake holders are advised to sell on rise.

**Strategy: Sell on rise**

Intraday Supports & Resistances			S1	S2	PCP	R1	R2
Castor Seed	NCDEX	June	3775	3750	3877	3946	3975
Pre-Market Intraday Trade Call*			Call	Entry	T1	T2	SL
Castor Seed	NCDEX	June	Sell	Below 3925	3825	3775	3945

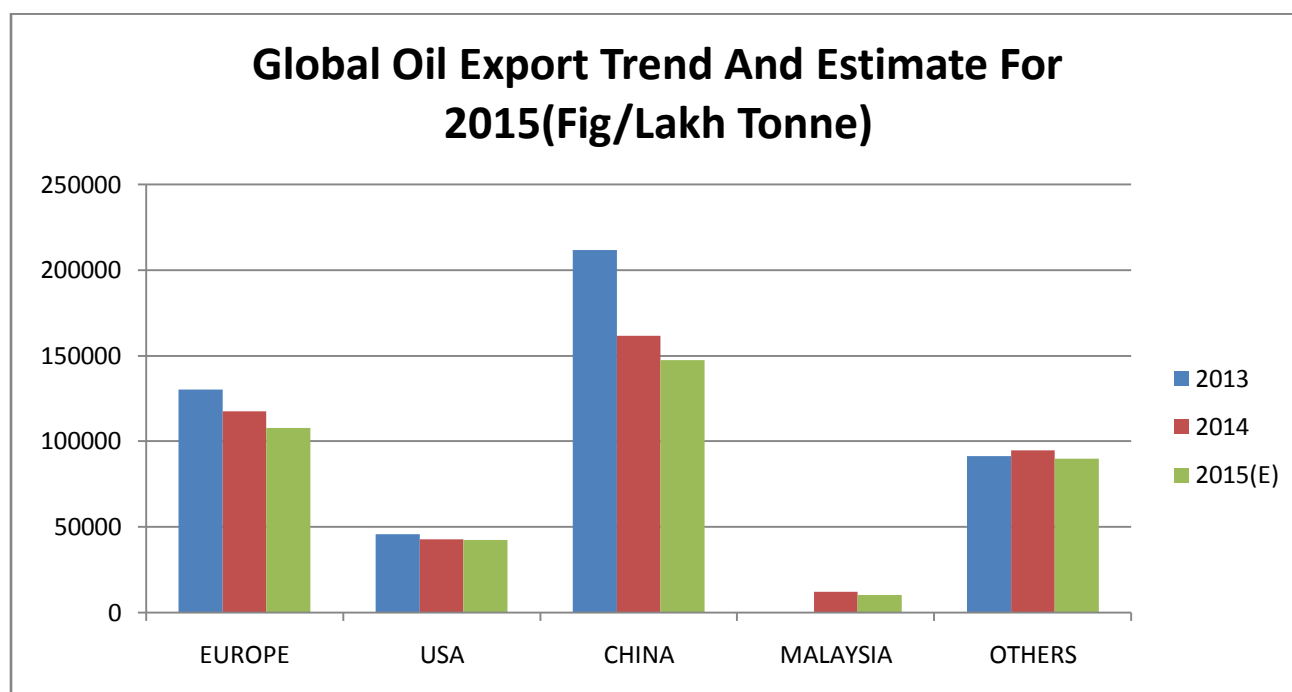
**Cash Market (Deesa) Price Projection For April:**

Expected Range	Rs/Qtl.(Low)	Rs /Qtl.(High)
Short term (15 days)	3525-3570	3570-3600
Medium Term (30 days)	3600-3650	3650-3700

### 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 May-2015:

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

### Recommendation:

Stake holders may start buying around 3550 to Rs3575 in Physical market..

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