

1. Executive Summary:

Castor seed average monthly price in major markets of Gujarat during May, 2015 moved 0.72 percent up from the average price of May, 2014. It traded up by 3.28 percent from April, 2015 average price. Uptrend in seed and oil markets is likely continue in June too as short supply of seed is being felt at this point of time. Sellers/stockists are reluctant to sell their stock in anticipation of higher price in the second half of the year.

Overall arrivals in various markets have declined by 50 to 55 percent during May, 2015 in comparison to April, 2015. However, arrivals in markets like Sumerpur, Jodhpur (Rajasthan) and Patan, Harij, Deesa and Bhabar (Gujarat) have improved with increasing seed prices. As demand for seed from planters and stockists is higher than present supply, bullish trend may continue in June despite lower rainfall forecast by IMD this year. IMD has lowered rainfall forecast from 93 to 88 percent now from LPA (Long Period Average).

Lower rainfall in growing region of Gujarat and Rajasthan generally helps farmers to grow more castor as it is a rainfed crop, requires less water to grow. So, monsoon rains and its timing too would play an important role in castor price trend. It sowing starts in July and continue till mid Sept. Rainfall during this period remains crucial for production, area shifting and yield too.

India exported over 4.50 lakh tonne oil during the MY 2014-15 (April, 2014 to March, 2015). This year (April, 2015 to March, 2016) the export volume is expected to cross 5 lakh tonne despite economic slowdown in Europe, the second biggest buyer/consumer of Indian castor oil. China would continue to maintain its previous status of prime buyer this year too, may end up over 2 lakh tonne oil import. The third biggest buyer, US may buy 60,000 tonne castor oil this year. Others buyers renewed buying interest remains supportive too for higher volume oil export.

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.

Castor Oil (First Grade) FOB Kandla quote increased by 3.22 percent to \$1280 per tonne in comparison to April, 2015 quote. However, it is ruling lower by 7.45 percent from May, 2014 quote. As price of seed has increased, quote for castor meal too has increase from \$108 to \$110 per tonne in last one month.

Seed availability is ample for this year. However, higher retention (around 5 lakh tonne) by major stock holders is likely to create artificial short supply of seed June onward and it will drag price up once again. Total seed availability is around 19 lakh tonne for this year. Normal crushing is expected at 12 lakh tonne. So tight supply side seems very much on the card and uptrend would continue. Stake holders need to have a close eye on weather development during July-August. Lower rainfall might restrict uptrend.



2. Market Highlights:

- Agriculture statistics Division, DES has released Third Adv estimates of Production of foodgrains for 2014-15 on 13.05 2015. It has revised castor production estimate down by 87 thousand tonne to 18.24 lakh tonne. In second Adv Est. Castor production was estimated at 19.11 lakh tonne. The minor decrease in third Adv . Est is mainly attributed to inclement weather and yield loss. India has produced 17.27 lakh tonne castor seed in 2013-14. Target for the year was 16.65 lakh tonne.
- However, private estimate is much below and it ranges from 12 to 13 lakh tonne. Wide variation in production estimate is due to yield consideration.
- Castor meal (Bulk) (Ex-Kandla) is being quoted at Rs 7100 per tonne . It has increased by Rs 400 in last one week. It is almost 21.12 percent higher than the price (Rs 5848 per tonne) prevailing in May 2014. Quotes may go up further due to higher seed price.
- Castor Oil (Comm) price in domestic market (Gujarat) too has increased from Rs 80500 to Rs 83500 per tonne in last one week It was ruling at Rs 76000 in April 2015. It was traded at Rs 81940 per tonne in May 2015, almost lower by 1.90 percent from current market price. As demand from domestic market is good , uptrend is likely to continue after slight down ward correction.
- There is a gossip in the market that big players would retain stock once again to drag market up in their favour. Stock of old crop(2013) has already been consumed on higher oil demand. Production is almost similar to last year. So short supply is investable in the second half and market may cross 5000 mark any time in Oct-Nov. By then sow status would be clearer.
- Castor Oil (First Grade) FOB Kandla (Export) quotes increased considerably by \$40 per tonne in last one week. It has moved up from \$1240 to \$1280 per tonne. It is 3.23 percent higher from last week. It was ruling at \$1200 per tonne in April 2015. Castor FOB Kandla price in May 2014 was ruling at \$1383, lower by 7.45 percent from the prevailing market quote. Firmness is likely to continue in the weeks ahead.
- Likewise castor meal extraction bulk ex-Kandla increased to from \$108 to \$110 per tonne in last one week. It is almost 10 percent higher than the prevailing price in May 2014. In April it was being quoted at \$108 per tonne. Uptrend is likely to continue as seed prices are moving up.
- Total arrival during month of April was registered at 339033 qtl. in major markets of Rajasthan and Gujarat. It has declined to 116896 qtl. in May 2015. major decline in arrivals hints firm trend in the months ahead. Even farmers have retained 20 percent stock from marketable surplus in anticipation of higher realization July onward.
- Monthly average prices in last one month have increased in the range of Rs 100 to Rs 245 per qtl., depending upon source and quality of the crop coming into the market. In Sumerpur, average price increased from Rs 3404 to Rs 3651 per qtl. In Deesa it increased from Rs 3524 to Rs 3735 per qtl.



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 25th 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. Agriculture statistics Division, DES has released Third Adv estimates of Production of foodgrains for 2014-15 on 13.05 2015. It has revised castor production estimate down by 87 thousand tonne to 18.24 lakh tonne
- ❖ Agriwatch estimate around 13 lakh tonne production this year which brings total availability to 19.34 lakh tonne, higher than 18.84 lakh tonne for 2015.
- ❖ Seed consumption in India is growing with steady pace with 1 lakh 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 will 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 cross 5 lakh tonne in 2015, It translates to 12 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	0.15
Production	5.5	6	5	6
Imports	0	0	0	0
Total Availability	6	6.7	5.4	6.15
Consumption (domestic)	1.4	1.6	0.75	0.9
Exports	4.2	4.7	4.5	5
Total Usage	5.3	6.3	5.25	5.9
Carry out	0.7	0.4	0.15	0.25

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

Note: There is no change in oil demand –supply estimate.

- ❖ The season 2014-15 is likely start with lower oil stock of 0.15 lakh tonne as carry in. production is estimated at 6 lakh tonne including domestic and overseas demand.
- ❖ Carryout would increase from 0.15 thousand tonne to 0.25 lakh tonne for 2015-16 due to higher production. Total availability of oil too would increase from 5.4 to 6.15 lakh tonne in 2014-15.
- ❖ Domestic consumption may slightly increase 0.75 lakh 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 4.5 lakh tonne to over 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 increased from \$1434 to \$1574 per tonne in last one week and may trade up in the weeks ahead.

5. Variation In Production Estimates:

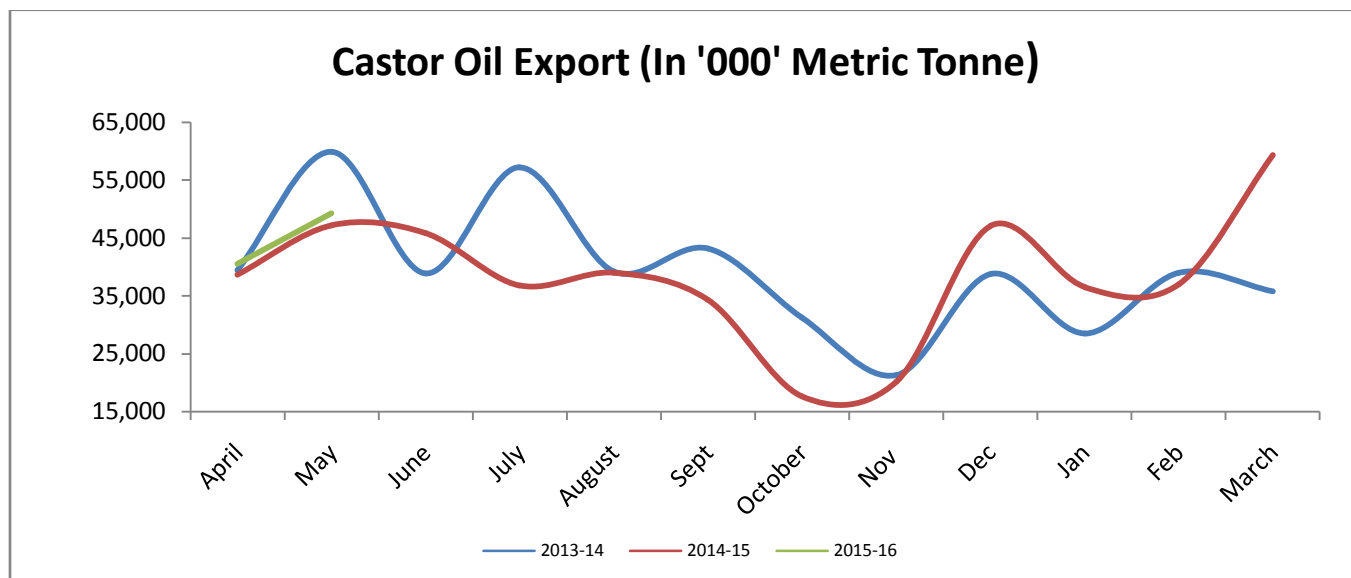
Comparable Production Estimates(Fig. In Lakh Tonne)						
	Govt.Fig	Oil world	Private Trades	Agriwatch	Nelson/Area govt	COOIT
2011-12	22.95	15.8	18.8	Not available	15.73	14.8
2012-13	19.64	11	13.2	Not available	13.8	11.43
2013-14	16.89	10.5	11.8	11.7	11.6	11.3
2014-15*	18.24	15.06	11 to 13	13	13.78	12.95
*Revised production figure in 3rd Adv. Estimate for 2014-15 production Target for 2014-15 is 16.65 lakh tonne						** Govt

Govt. has set production target at 16.65 lakh tonne for 2014-15 and estimated at 18.24 lakh tonne in 3rd Adv estimate, published on 13.05 2015. Agriwatch has revised production estimate at 13.00 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 despite higher seed price. Higher quantity was exported in May, 2015 . It increased from 47176(May2014) to 49275 tonne in May,2015.Total export in 2014-15 touched at 4.60 lakh tonne. This year it may cross 5 lakh tonne.

8. Castor Oil Monthly Export Export Quantity in Tonne:

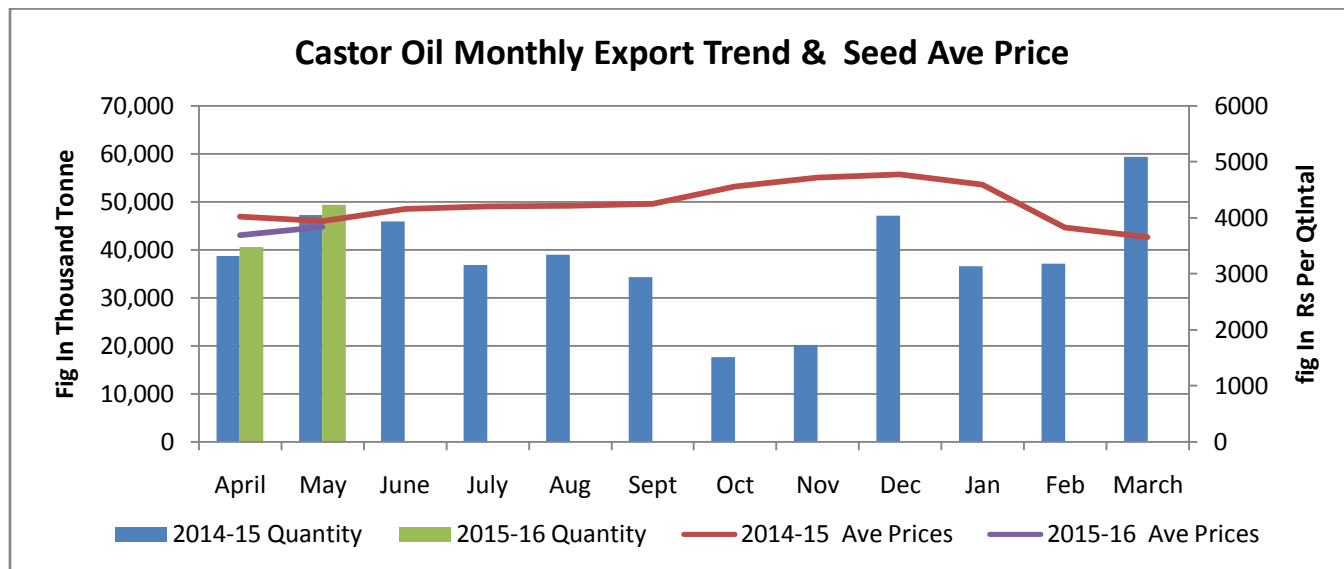
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
April	30,327	46,723	33,709	39,422	38,661	40,533
May	53,269	43,832	59,193	59,900	47,176	49,275*
June	42,981	45,474	59,718	38,868	45,824	
July	45,417	46,471	35,130	57,214	36,766	
August	30,461	40,426	30,963	39,196	38,960	
Sept	21,295	18,319	26,641	43,139	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	59,294	

*May,2015 Fig is tentative

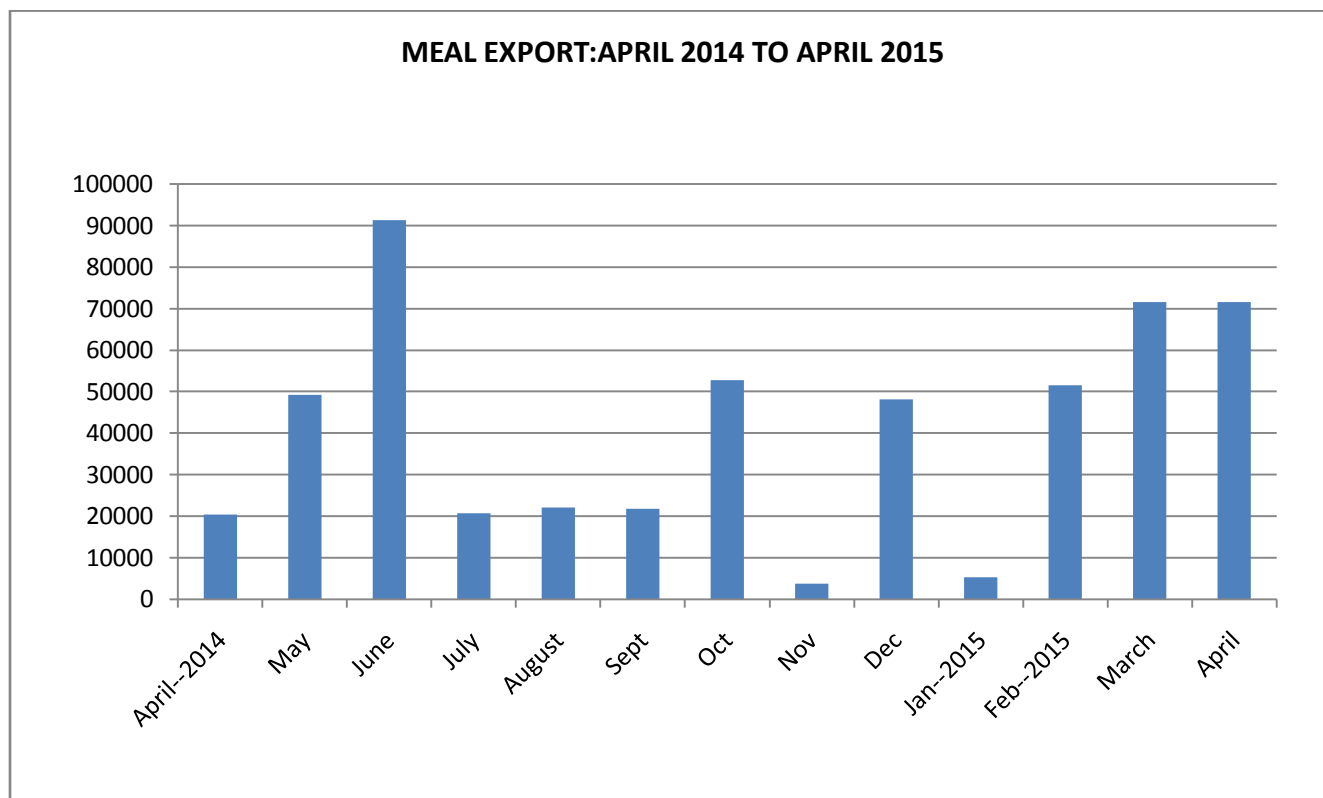
Source: IBIS, SOPA & Trades, Fig in tonnes



9.Castor Oil Monthly Export And Seed Ave Price:

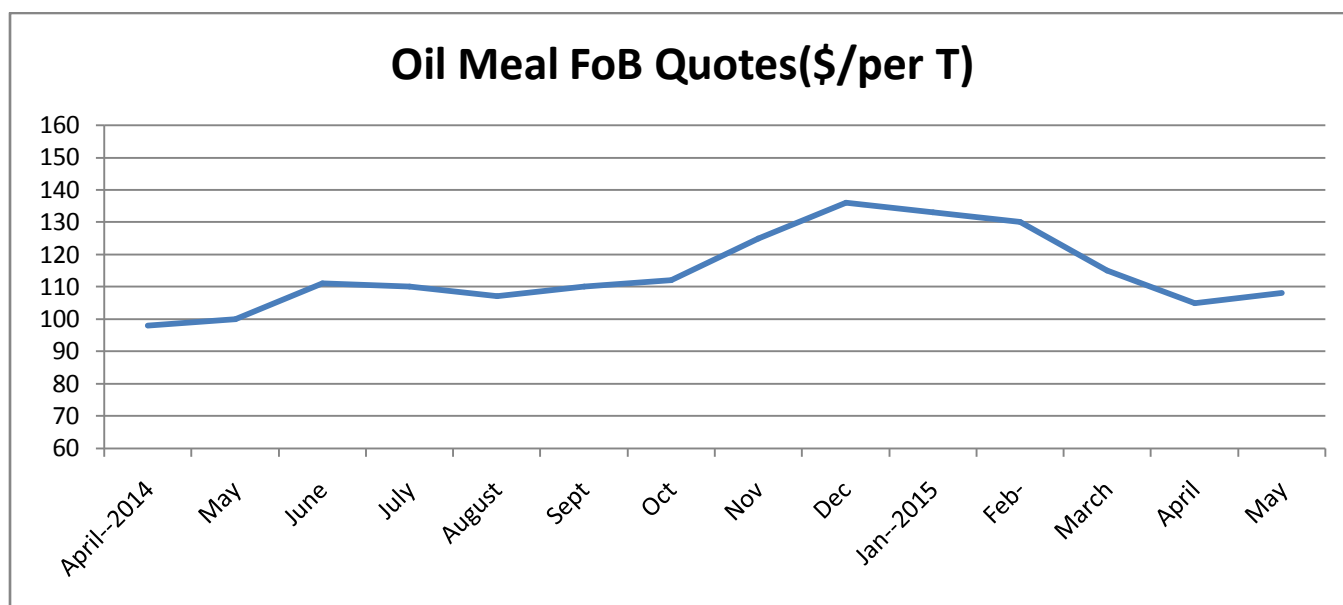


10.Castor Meal Monthly Export :





11.Oil Meal FOB Monthly Quote:



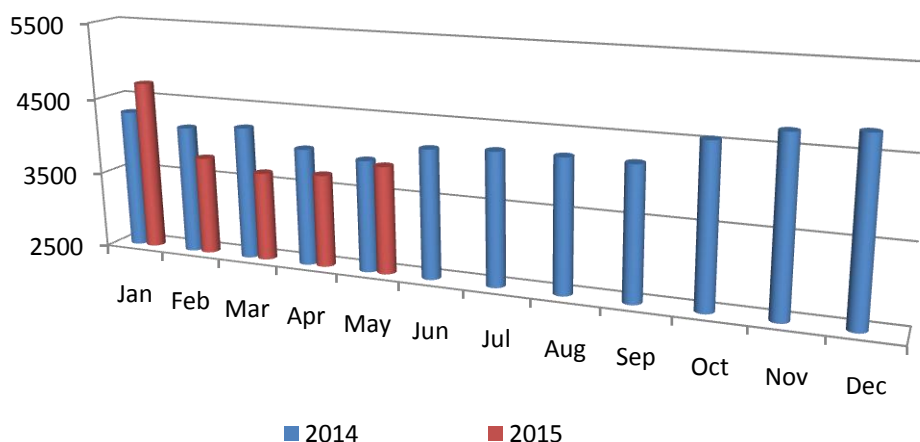
12.Domestic Seed/Oil & Meal Comparative Price Updates:

Comparative Prices Of Castor Products Including Seed					
	29th May '15	22 nd May '15	29 th April'15	Average May '14	CHANG E %
Castorseed (Gujarat)((Rs./M.T) Ex-Mandi	39250	38000	35750	38956	0.72
Castor Meal Export (FAS) (US\$ / MT),Ex Kandla	110	108	108	100	10.00
EXPORT (FOR) Ports (Rs./MT)Castor meal bulk Kandla	7100	6700	6700	5848	21.48
Castor Oil (First Grade) FOB Kandla (Export)\$ /Tonne	1280	1240	1200	1383	-7.45
Local rates for oil in domestic market(Rs./M.T.) for comm.	83500	80500	76000	81940	1.90

Source: IBIS, SOPA, Agriwatch & Trades

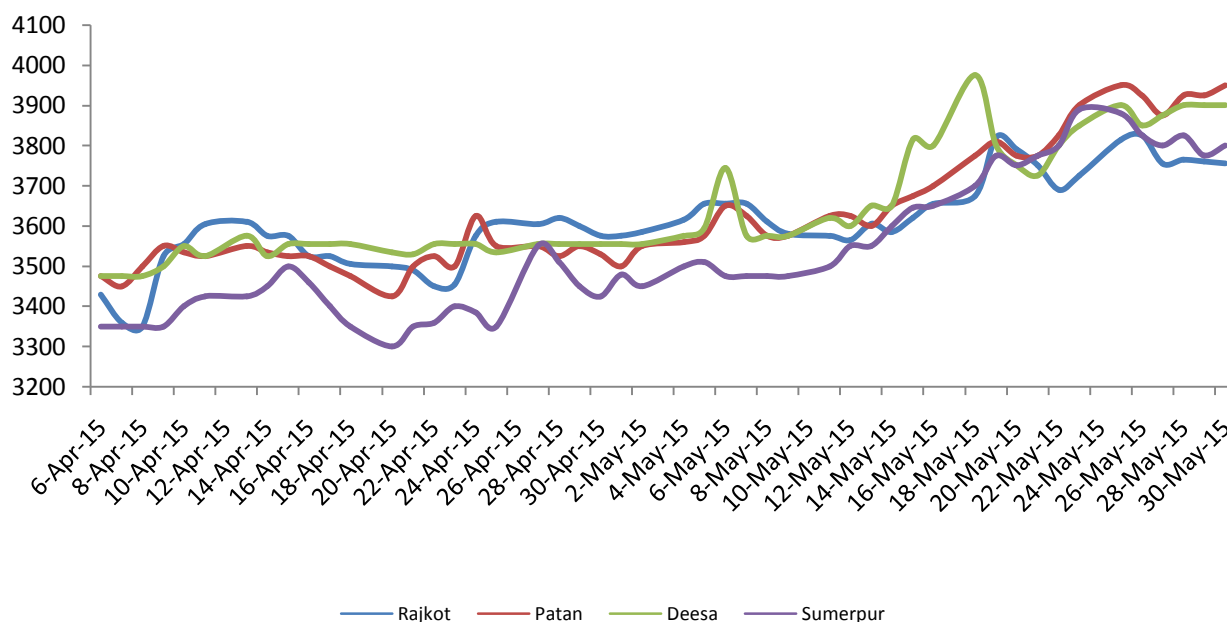
13. Price Variation In 2014 & 2015:

Average Price Movement At NCDEX Spot(Rs/Qtl.)



14. Castor Seed Price Trend In Various Markets:

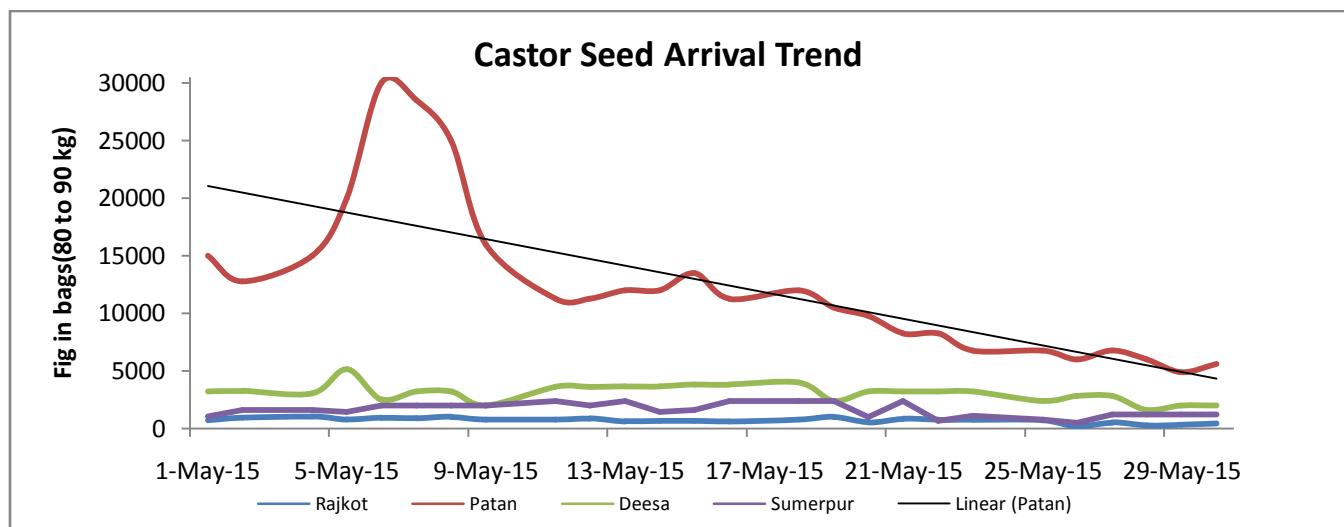
Castor Seed Price Trend(Rs/Per Qtl.)



Castor seed continued its uptrend in the 5th week of May in all major markets and are likely to move up due to stockists increased buying activities and buying interest for stock purpose. Overall tone remains firm. However, slight correction is due as market is already ruling at higher level.

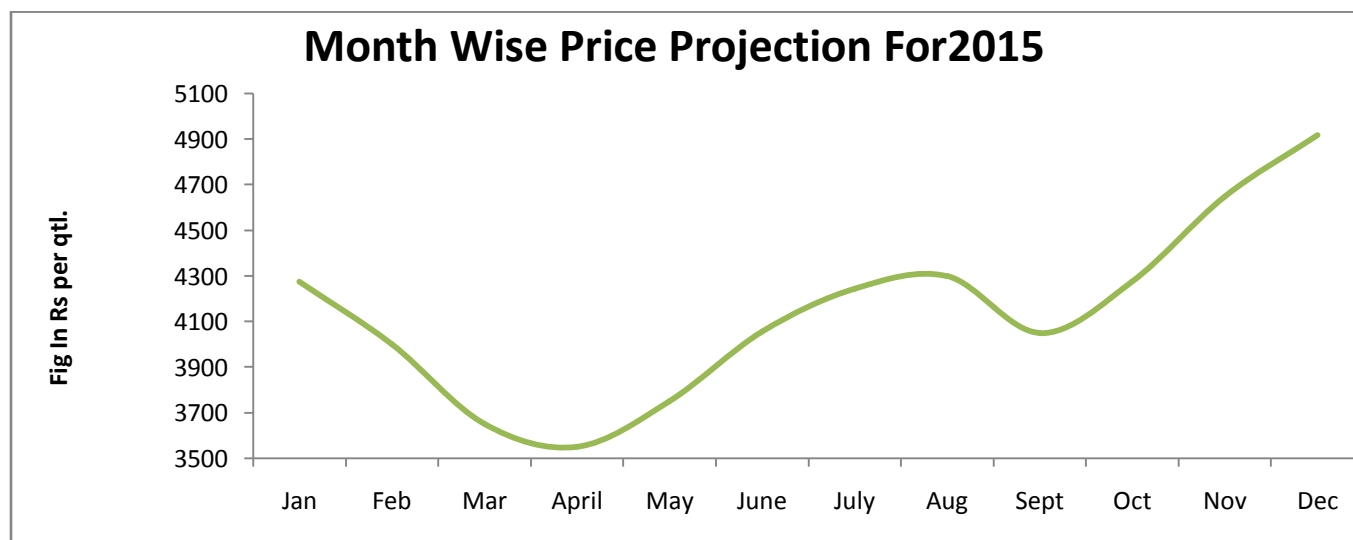


15.Castor Seed Arrival Trend:



Arrival trend shows decreasing arrivals week on week basis. Overall arrival pace for seed may decrease in the first week of June too as inner tone gets firmer and sellers have restricted selling in anticipation of higher prices in the weeks ahead. .

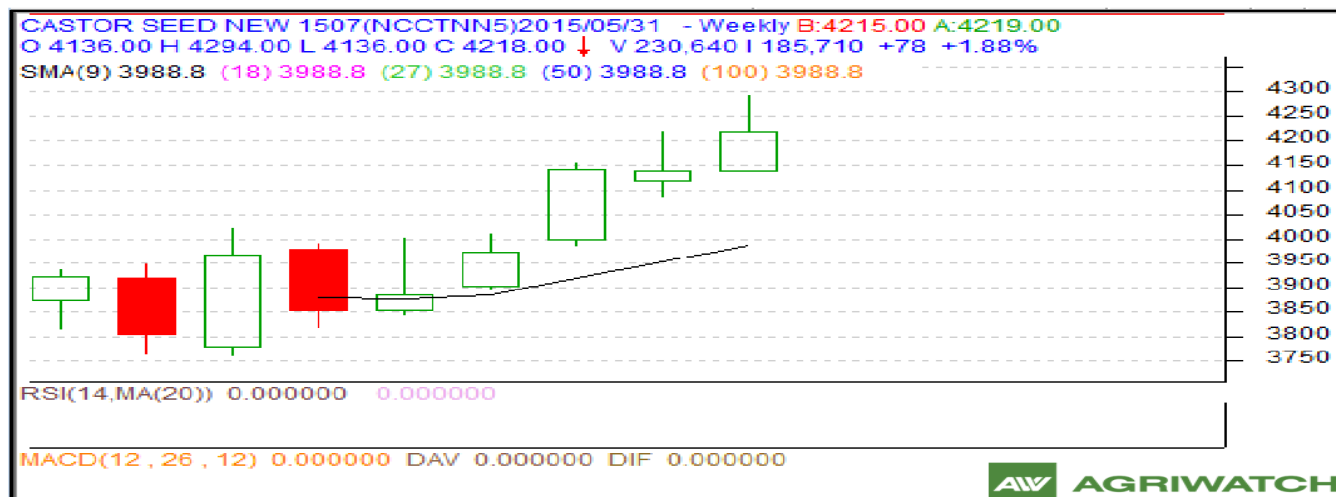
16.Cash Market Price Projection For 2015:



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.

17. Monthly Technical Analysis:
Commodity: Castor Seed
Contract: July.

Exchange: NCDEX
Expiry: July. 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 4149 while first resistance .4226
- Stake holders are advised to buy on dip.

Strategy: Buy on dip

Intraday Supports & Resistances			S1	S2	PCP	R1	R2
Castor Seed	NCDEX	July	4149	4100	4218	4226	4300
Pre-Market Intraday Trade Call*			Call	Entry	T1	T2	SL
Castor Seed	NCDEX	July	Buy above	4150	4240	4275	4125

18.Cash Market (Deesa) Price Projection For June:

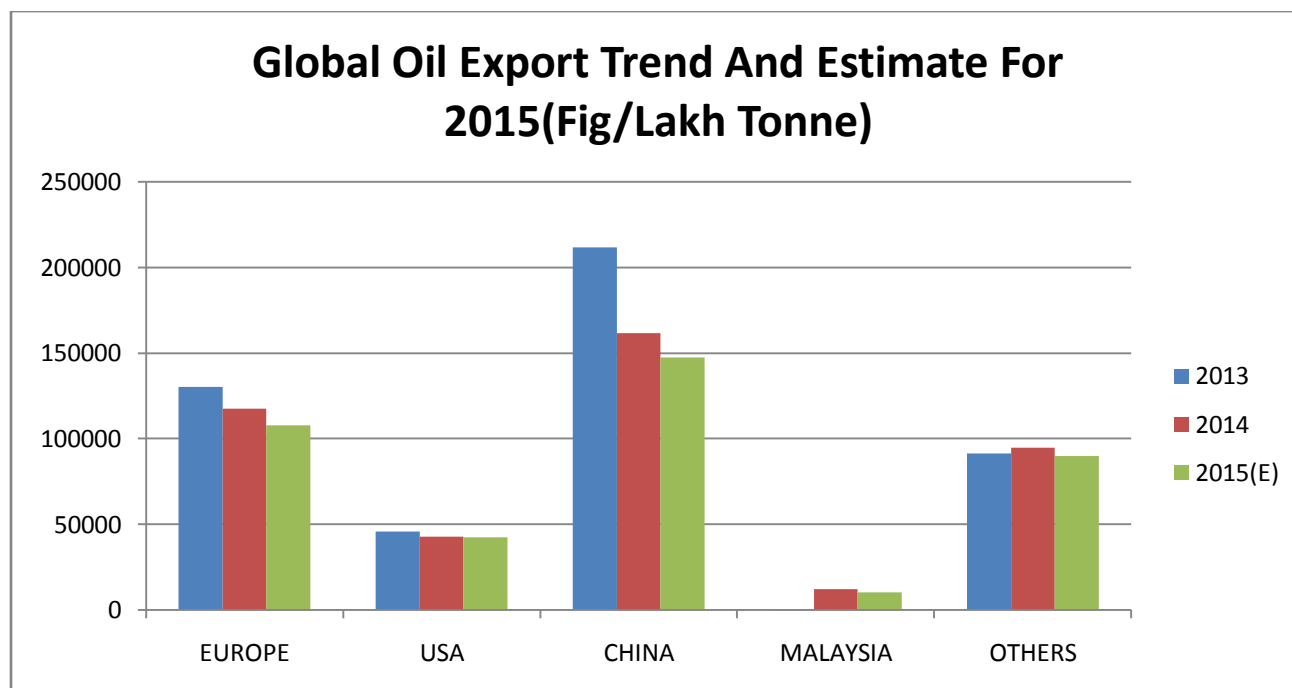
Expected Range	Rs/Qtl.(Low)	Rs /Qtl.(High)
Short term (15 days)	3925-3950	3950-3975
Medium Term (30 days)	3975-4000	4000-4025



19. International Market Updates:

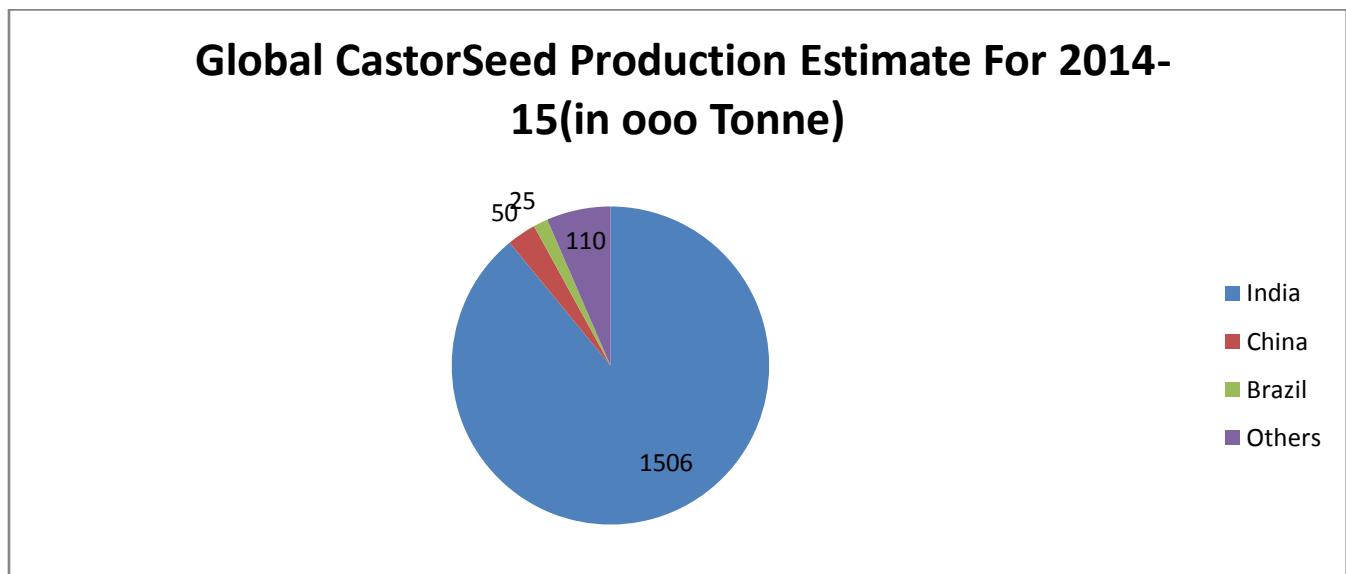
- Castor seed production in global market has been pegged at around 17 lakh tonne in 2014-15, higher by 29.12 percent from last year (13.18 lakh tonne). Higher production would ease supply shortage and would continue to cap uptrend in the first half of the year.
- With 5 lakh tonne carryout in India 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.
- Castor meal export during 25 to 30 May, 2015 was registered at 850.4 tonne at average FOB quote of \$118 per tonne. Major buyer was Taiwan. Meal has been shipped from Mundra port.
- Castor oil in Rotterdam increased from \$1434 to \$1574 per tonne in last one week and may trade up in the weeks ahead.

20. 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.

21.Oil World Estimate For Global Castor Seed Production:



Source: Oil world

Overall View On Market Sentiments For June-2015:

After downward correction castor market is likely to trade steady to slightly firm in the month of June. Forecast for lower rainfall may be restrictive for cash market. Stake holders may go for buying for stock purpose in between Rs 3900-4000 per qtl.

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