

1. Executive Summary:

Castor seed average monthly price in major markets of Gujarat and Rajasthan during June, 2015 moved 4.74 and 4.16 percent up respectively from the average price of May, 2015. The major increase during the month under review was seen in Ahmadabad and Mahesana in Gujarat and Jodhpur in Rajasthan, where it traded up by 10.33 and 5.11 % respectively. Uptrend in seed and oil markets is unlikely continue in July as sowing condition for castor seed remains favorable and higher rainfall may encourage farmers for early sowing this year.

At arrival front, considerable decline has been seen in all major markets during the month of June. Ave. arrivals in Gujarat markets declined by 44.03 percent and in Rajasthan 46.28 percent respectively in comparison to May, 2015. On an ave. all India arrival declined by 44.33 percent in the month of June. As prices have recovered in recent weeks, arrivals are expected to increase slightly in the month of July from farmers end.

Generally, under normal weather condition castor area coverage ranges in between 10 to 11 lakh ha on all India basis. This year too it may hinge in between 10 to 10.5 lakh ha. Good rainfall in the beginning of monsoon season in castor growing belt of Gujarat may encourage farmers to shift some castor area to other cash crop like cotton and sesame to some extent. Sowing would start from mid July.

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 be around 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.

West and East Rajasthan has received 29 and 86 % higher rainfall than normal last week. In Gujarat, Saurashtra region received 80 percent higher rainfall while rest of Gujarat received 2 percent higher rainfall. If higher rainfall continues in Gujarat, area coverage of castor may decrease in this region. The clear picture would emerge by the end of this month. Lower rainfall in the later part of the month may encourage farmers to grow more castor and cotton, which need lower rainfall.

Seed availability is ample for this year despite lower production (around 13 lakh tonne) last year. Higher stock retention (around 6 lakh tonne) by major stock holders may support market in the second half. However, good production prospect this year may limit uptrend. Total seed availability is around 19 lakh tonne for this year. Normal crushing is expected at 12 lakh tonne. This year it may go up to 13 lakh tonne in terms of seed. This means new season would start again with higher carryout stock. Overall near term outlook looks bearish.

2. Market Highlights:

Castor Oil (First Grade) FOB Kandla (Export) quote decreased considerably by \$10 per tonne in last one week. It has moved down from \$1275 to \$1265 per tonne. It is almost 14.23 percent lower than last year (June) . It was ruling at \$1445 per tonne in June 2014. Castor FOB Kandla price in May 2015 was ruling at \$1275 per tonne.

Castor meal (FAS) Kandla was increased from \$110 to \$114 per tonne last week. It is ruling 2.35 higher than the quote seen in June, 2014. Castor meal export was registered at 29940.93 tonne in the third week of June till 21st, at an Ave FOB price of \$129.58 per T. The highest and lowest quotes were seen in \$148.15 and \$129.58 per T. Export volume has decreased from last week.

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. It would be too early to forecast about castor seed production for 2015-16 at this point of time as sowing is yet to commence. Under normal condition India produces 15 to 16 lakh tonne seed per year.

Castor meal (Bulk) (Ex-Kandla) is being quoted at Rs 7250 per tonne It is almost 12.83 percent higher than the price (Rs 6320 per tonne) prevailing in June 2014. Current quote may stay steady due to weak seed market. In May 2015 it was ruling at Rs 6850 per tonne.

Castor Oil (Comm) price in domestic market (Gujarat) traded up at Rs 83000 per tonne during the week under review. It was ruling at Rs 83580 in June 2014. More dip is expected as seed price is ruling lower right now.

Castor seed spot market traded mixed during last two weeks. No major trading activities were recorded. Overall sentiment for seed market remains weak. Lower demands from planters and good sowing conditions in Gujarat have impacted inner tone negatively. It is expected to trade lower in the weeks ahead. Sowing would pick up from mid July in Gujarat. Overall, 0.022 thousand ha. has been covered under castor seed so far, which is running ahead by 0.004 thousand ha. till date from last year

Total arrival during month of June was registered at 641624 qtl. in major markets of Rajasthan and Gujarat. It was registered at 1361872 qtl. in May 2015. Major decline in arrivals hints steady to slightly firm market in the medium term.



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 |

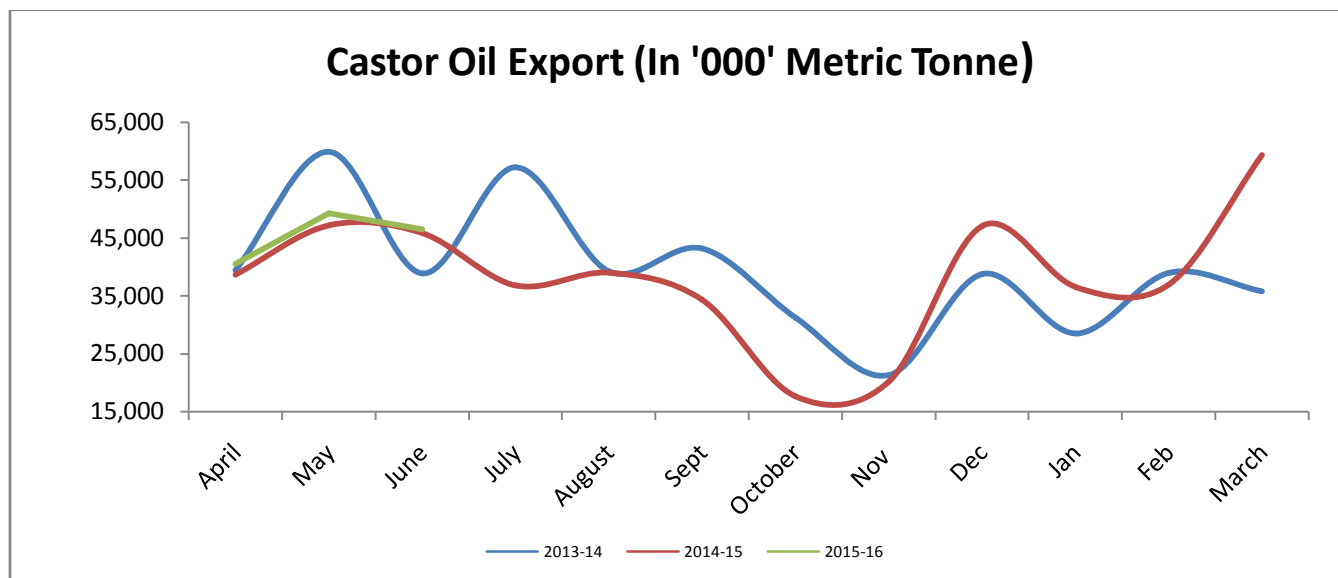
Govt. has set production target at 16.65 lakh tonne for 2014-15 and estimated at 18.24 lakh tonne in 3rd Adv estimate, published on 13.05 2015. Agriwatch has revised production estimate at 13.00 lakh tonne for 2015.

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 |
| Telangana | 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) | | | |

Note: New Season progressive sowing data would be available from August

7. Castor Oil Export Trend-2015.:



Castor oil monthly export trend shows slight improvement in oil export volume in comparison to May and June 2015, as the above given chart shows. In the month of July export volume may follow previous year's trend.

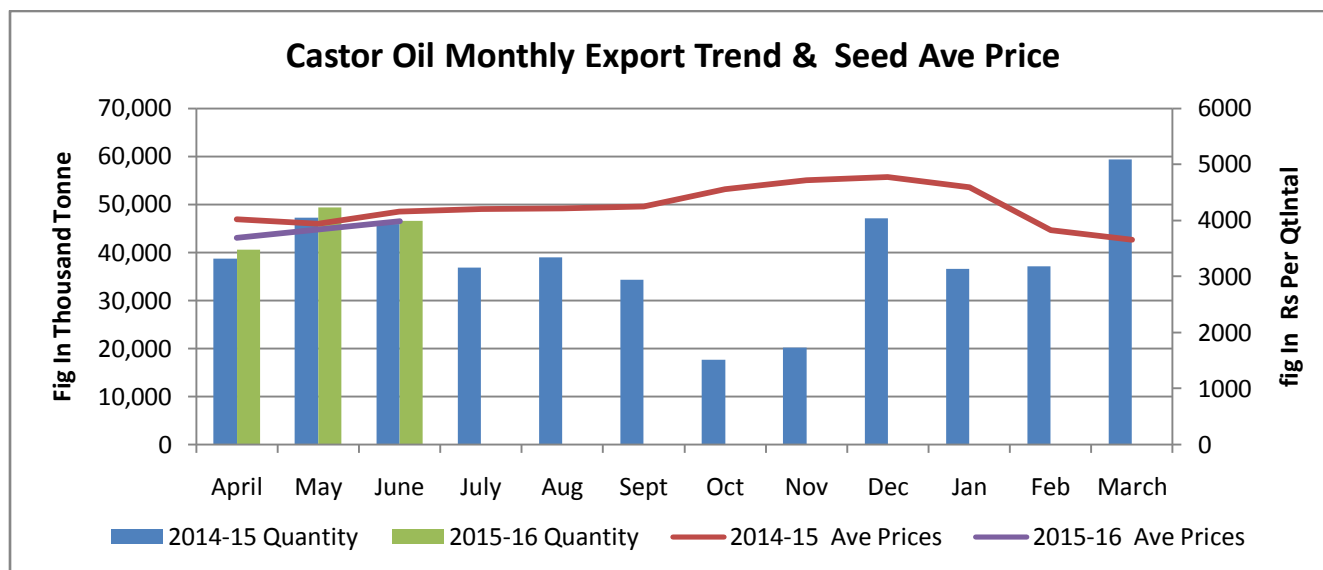
8. Castor Oil Monthly Export Quantity in Tonne:

| Month wise export of castor oil: April to March:(Quantity in MT) | | | | | | |
|--|---------|---------|---------|---------|---------|---------|
| | 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 | 46,550 |
| 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 | |
| Total | 343,254 | 404,489 | 430,752 | 472,255 | 459,378 | 136,358 |

*June,2015 Fig is tentative

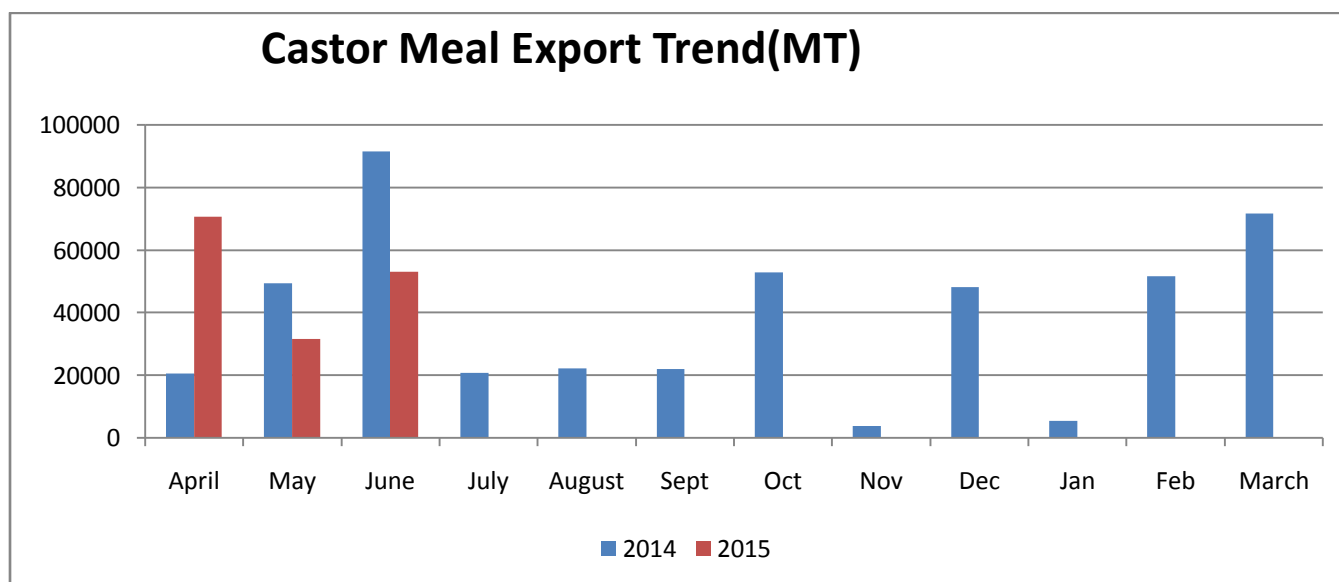
Source: IBIS, SOPA & Trades, Fig in tonnes

9. Castor Oil Monthly Export And Seed Ave Price:



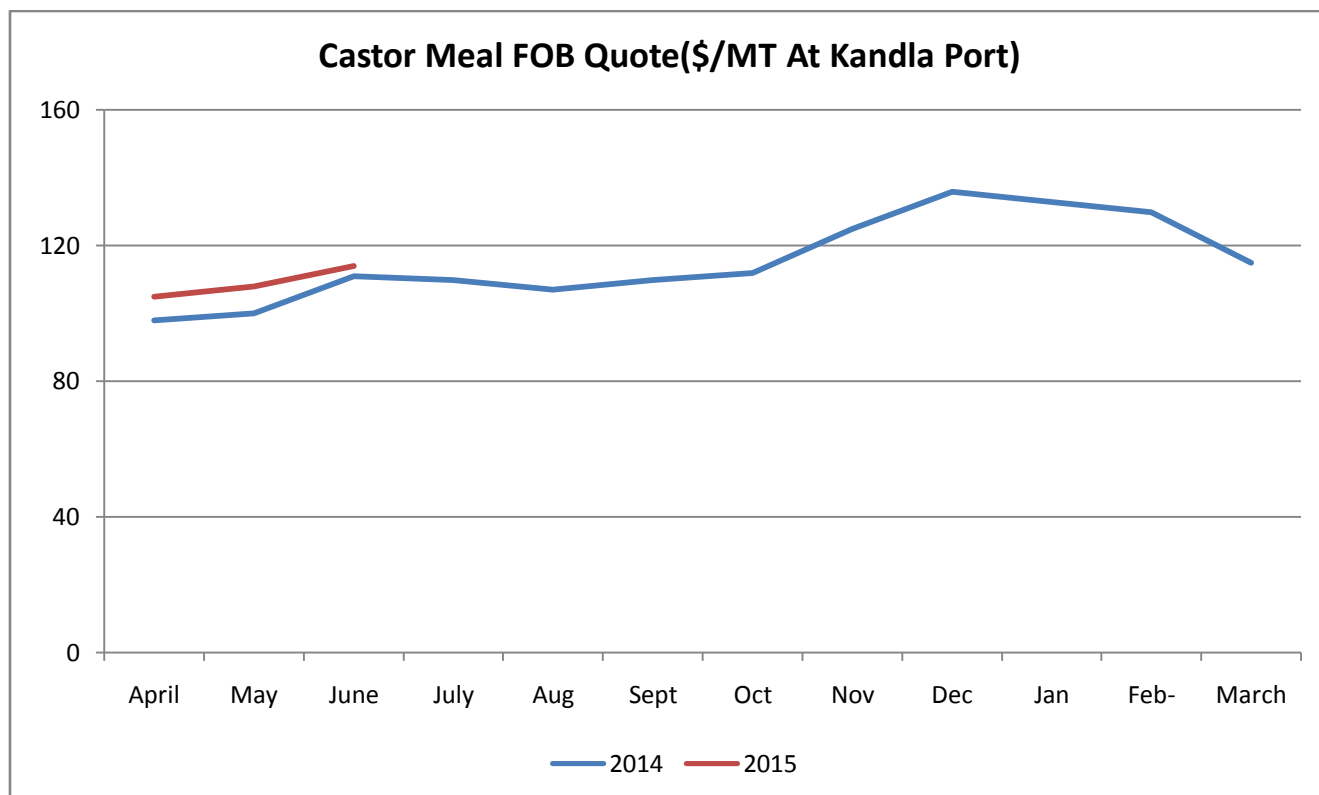
The above given bar chart shows that castor oil export volume continues to rise from Apr-June in comparison to 2014-15. However, it may decrease in July onward as usual. Seed average prices are ruling lower by 5 to 8 percent this year from last year.

10. Castor Meal Monthly Export:



Castor meal export volume increased from May to June. However, it is lower than May, June-2014. As meal prices are ruling higher, export volume is expected to dip more in July, 2015.

11.Oil Meal FOB Monthly Quote:



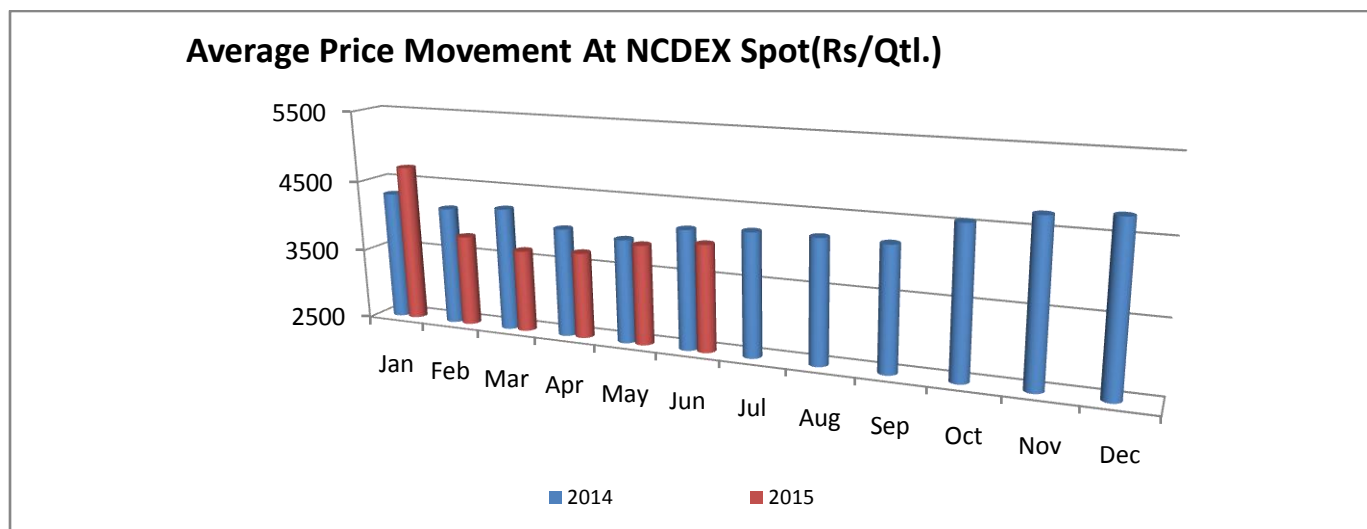
Castor meal FoB quote at Kandla Port is ruling higher than last year. According to IBIS data Ave quote for June at Kandla was recorded at \$114 per tonne.

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

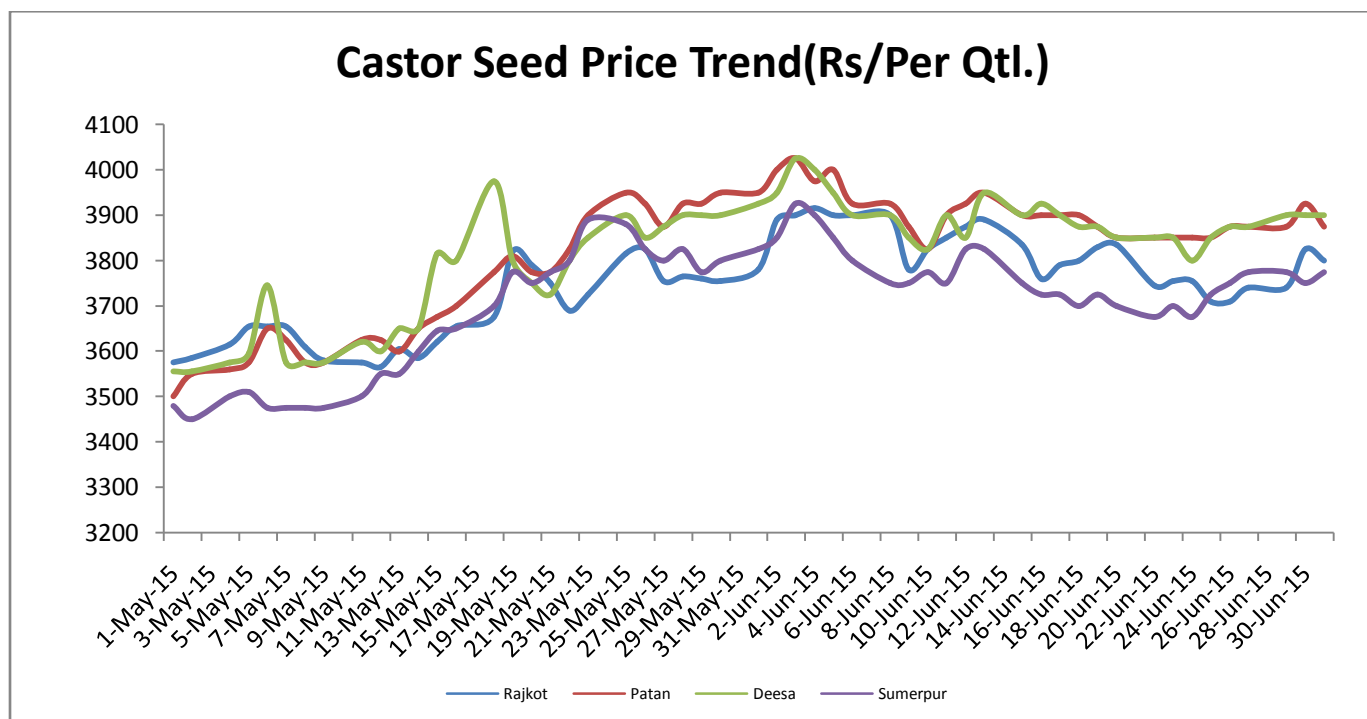
| Comparative Prices Of Castor Products Including Seed | | | | | |
|---|---------------|---------------|-------------|---------------|----------|
| | 26th June '15 | 18th June '15 | 26th May'15 | 26th June '14 | CHANGE % |
| Castorseed (Gujarat)((Rs./M.T) Ex-Mandi | 39750 | 40000 | 39250 | 41414 | -4.19 |
| Castor Meal Export (FAS) (US\$ / MT),Ex Kandla | 114 | 114 | 110 | 111 | 2.63 |
| EXPORT (FOR) Ports (Rs./MT)Castor meal bulk Kandla | 7250 | 7250 | 6800 | 6320 | 12.83 |
| Castor Oil (First Grade) FOB Kandla (Export)\$ /Tonne | 1265 | 1275 | 1275 | 1445 | -14.23 |
| Local rates for oil in domestic market(Rs./M.T.) for comm. | 83000 | 82800 | 83000 | 83580 | -0.70 |

Source: IBIS, SOPA,Agriwatch & Trades

13. Price Variation In 2014 & 2015:

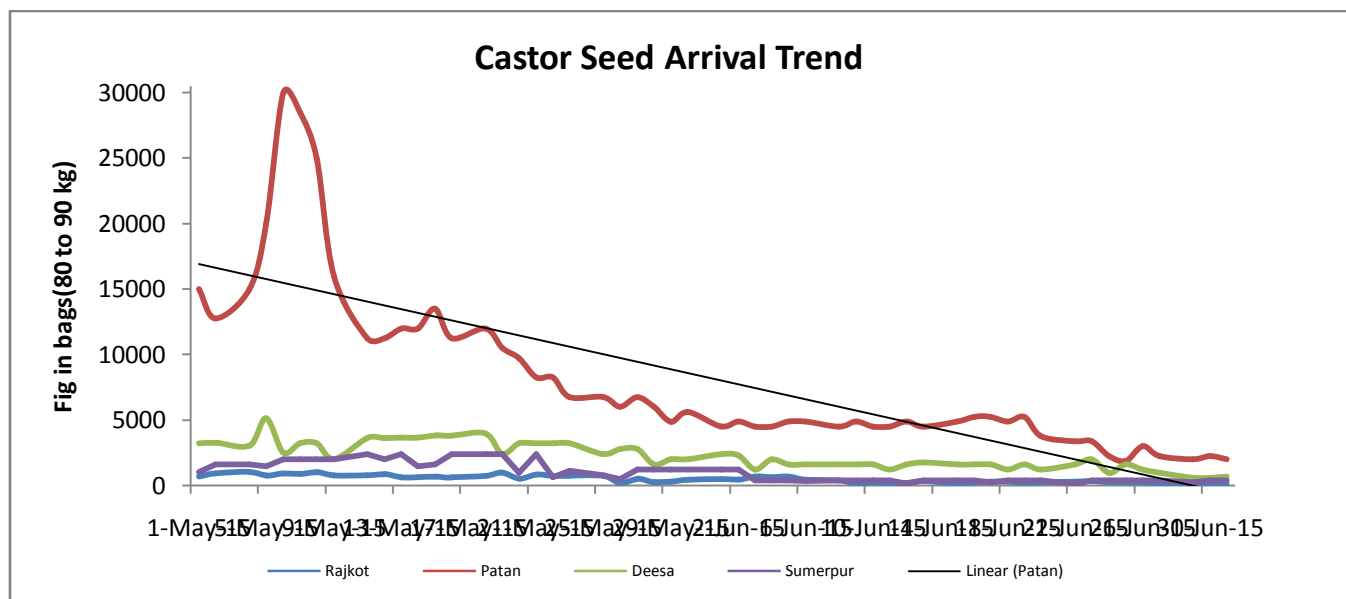


14. Castor Seed Price Trend In Various Markets:



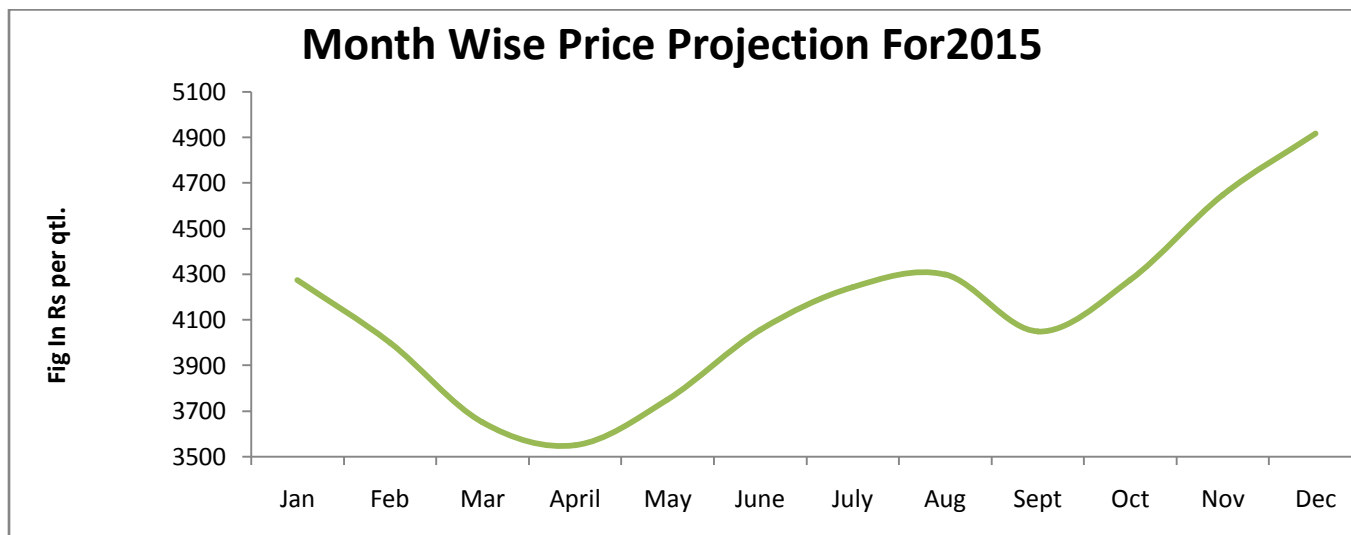
Castor seed market trades lower and bearish tone is likely to continue till mid July. Demand from global market for oil and progressive sowing status would direct market move in the second half of the month. Planters are unwilling to buy at current level as inner tone remains bearish at this point of time.

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: August.

Exchange: NCDEX

Expiry: August. 20, 2015



Technical Commentary:

- Candlestick chart shows Weakness in the market.
- RSI Is steady in neutral region favours range bound movement..
- Momentum indicator MACD is in negative territory cautions bulls.
- The nearest by support is 4075 while first resistance .4226
- Stake holders are advised to Sell on rise.

Strategy: Sell On Rise

| Intraday Supports & Resistances | | | S1 | S2 | PCP | R1 | R2 |
|---------------------------------|-------|--------|------------|-------|------|------|------|
| Castor Seed | NCDEX | August | 4075 | 4018 | 4166 | 4226 | 4316 |
| Pre-Market Intraday Trade Call* | | | Call | Entry | T1 | T2 | SL |
| Castor Seed | NCDEX | August | Sell Below | 4190 | 4132 | 4100 | 4214 |

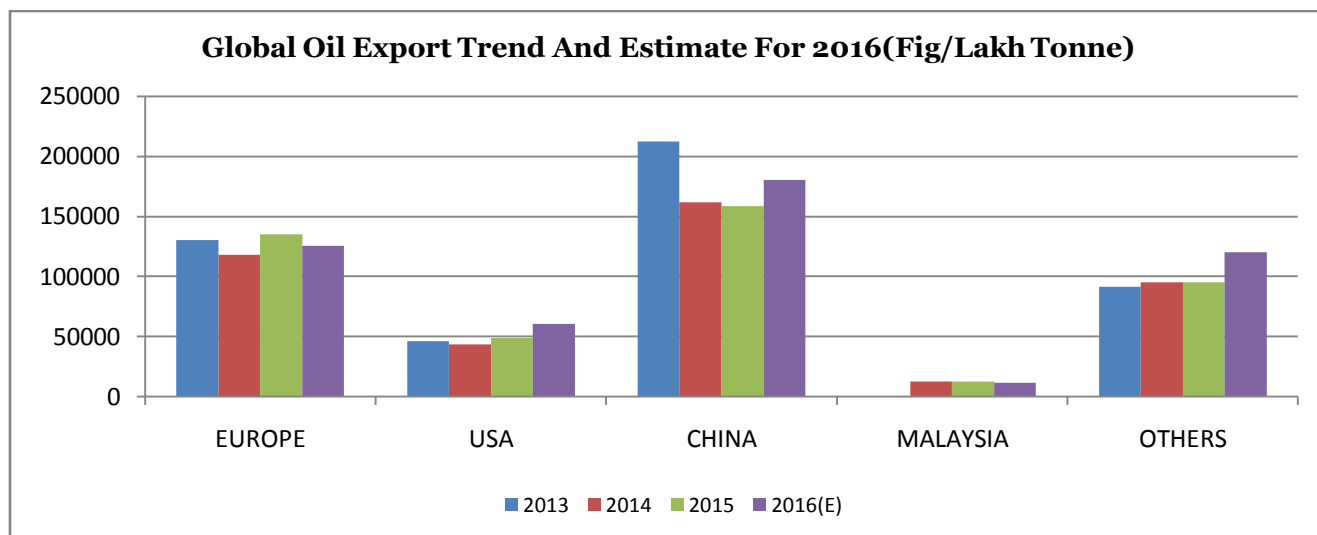
**For July:**

| Expected Range | Rs/Qtl.(Low) | Rs /Qtl.(High) |
|-----------------------|--------------|----------------|
| Short term (15 days) | 3900-4000 | 4000-4050 |
| Medium Term (30 days) | 4050-4100 | 4100-4175 |

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. Good sowing condition in India would remain restricted for any unexpected uptrend.
- The season 2014-15 ended with 4.5 lakh tonne castor oil export. The new season started (April to March) with higher volume of export and in first three months India exported 1.36 lakh tonne castor oil against 1.31 lakh tonne last year during the same period last 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) as per oil world estimate. New season estimate is awaited from Oil World.
- Castor oil in Rotterdam decreased from \$1575 to \$1539 per tonne in last one month and may trade down in the weeks ahead. It was being traded at \$1830 per tonne on July 2014. Lower price shows higher availability in global market.

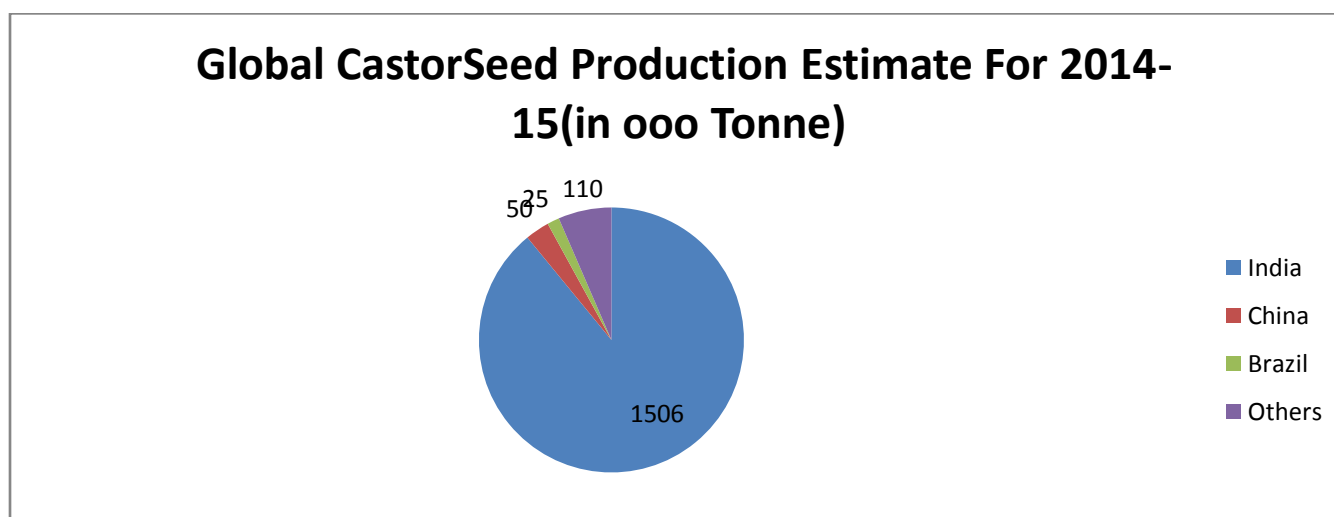
20. Major Oil Importers And Estimate For-2016:



The season 2014-15 ended with 4.5 lakh tonne castor oil export. The new season started (April to March) with higher volume of export and in first three months India exported 1.36 lakh tonne castor oil against 1.31 lakh tonne last year during the same period last year. China, USA and Others are likely to buy more oil this year. However, Europe and Malaysia will buy less quantity this year due to weak economic conditions there.

Total export volume in 2015-16 is expected to touch around 5 lakh tonne, almost higher by 50,000 tonne from last year. Demand for castor acid in global market has come down considerably, So buying from China would not cross 2013 level this year..

21. Oil World Estimate For Global Castor Seed Production:



Source: Oil world

Overall View On Market Sentiments For July-2015:

Castor seed market is likely to trade weak in the month of July. Lower demand from global market for oil and good production prospects this year, supported by good rainfall before sowing, remain restrictive for cash market fundamentals. Besides, actual demand is not growing. Seed traded in markets is not going to planters. It is changing its place from one godown to other.

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