

**Executive Summary:**

Castor seed and oil markets are expected to move up from current level and seed may test 4500 level in Sept-Oct, 2015. Lower area coverage (till August), down by 0.90 lakh ha to 7.63 lakh ha has raised fear of lower production this year too. Besides, carryout stock would decrease to 5.54 lakh tonne. Market participants say that around 2.75 lakh tonne seed is in the custody of strong hands and they would not release it before Dec-Jan. Hence cash market may face tight supply like condition.

Oil export volume is expected to go up by 10 percent to over 5 lakh tonne in 2015-16 (Around 4.6 lakh tonne last year) led by lower price till August, this year despite economic slowdown in China and EU. Other countries remain active buyers for castor oil. Demand from local paints and adhesive industry is likely to increase.

Expected deficit in rainfall by more than 12 per cent this year may reduce normal yield in Gujarat and Rajasthan. It may further impact the final size of the crop.

Overall outlook remains bullish in second and third quarter of this marketing year.

**1. Seed Supply & Demand In Current MY:**

<b>Castor Seed Quaterly Balance Sheet-2014-15</b>						
<b>All units in lakh tonnes</b>	<b>2013-14</b>	<b>2014-15</b>	<b>Apr-Jun</b>	<b>July-Sep</b>	<b>Oct-Dec</b>	<b>Jan-Mar</b>
Carry in	6.84	6.04	6.04	13.32	9.27	6.57
Production	11.7	12	12	0.00	0.00	0.00
Imports	0	0	0	0.00	0.00	0.00
<b>Total Availability</b>	<b>18.54</b>	<b>18.04</b>	<b>18.04</b>	<b>13.32</b>	<b>9.27</b>	<b>6.57</b>
Consumption	12.5	13.5	4.725	4.05	2.70	2.03
Exports	0	0	0	0.00	0.00	0.00
<b>Total Usage</b>	<b>12.5</b>	<b>13.5</b>	<b>4.725</b>	<b>4.05</b>	<b>2.70</b>	<b>2.03</b>
<b>Carry out</b>	<b>6.04</b>	<b>4.54</b>	<b>13.315</b>	<b>9.27</b>	<b>6.57</b>	<b>4.54</b>
Av Monthly Consumption	1.04	1.13	1.58	1.35	0.90	0.68

**Source:** Agriwatch.

- ❖ MY 2014-15 is likely to end with lower carryout stock from 6.04 lakh tonne to 4.54 lakh tonne. Consumption of seed is expected to increase by 1 lakh tonne from 12.5 lakh tonne to 13.5 lakh tonne.
- ❖ Quarterly S/D table shows consumption in third and fourth quarter would decrease continuously. In third quarter it is expected to be around 2.7 lakh tonne, which will decrease to 2.03 lakh tonne in fourth quarter as usual.
- ❖ Despite higher seed availability prices of seed is bound to increase as major portion of stock is in strong hands and restricted release by major stock holders would remain encouraging to the market fundamentals.
- ❖ Private trades expect lower carryout (around 4.5 to 4.75 lakh tonne) for 2015-16 season. Seed consumption is almost steady and it hinges between 12 to 13 lakh tonne per year as per trades view. Overall scenario for the remaining quarter remains bullish.

**2. Market Highlights:**

Area coverage during kharif 2015 till 28<sup>th</sup> August was reported at 7.63 lakh ha in comparison to 8.53 lakh ha during same period last year. It is lagging behind by 0.9 lakh ha. It is trailing in all major growing states like Gujarat and Telangana. Gujarat has covered only 5.01 against 5.75 lakh ha, and Telangana covered 0.39 against 0.58 lakh ha. Rajasthan has covered 1.63 lakh ha. against 1.4 lakh ha. last year.

Area coverage in Rajasthan has increased this year by 0.23 lakh ha. and may compensate lower area coverage in other states to some extent. Normal area coverage (5 years average) is 10.77 lakh ha. This year too it may hinge between 10.30 to 10.50 lakh ha. Sowing would be completed by end September.

Agriculture statistics Division, DES has released its 4<sup>th</sup> Adv estimates of Production of food-grains for 2014-15 on 17.07.2015. It has revised castor production estimate down from 18.24 to 17.33 lakh tonne in the final estimate. The production target for 2014-15 was 16.65 lakh ton. India has produced 17.27 lakh tonne castor seed in 2013-14. However private trade estimate for the year is much lower in between 11 to 12.5 lakh tonne for 2014-15.

Castor seed meal export from Kandla port is being shipped out at \$112 per tonne on FoB basis. It is 3.47 percent higher than the price realized in August, 2014. Average meal price has been almost steady over the last four weeks at \$112 per tonne. Meal market is expected to move up in Sept as seed prices are moving up.

Castor Oil (First Grade) FOB Kandla (Export) is being traded at \$1245 PER tonne. It is 17.45 percent lower than the price seen in August, 2014.

Castor oil export has decreased week on week Basis. Castor oil export during week ending 30<sup>th</sup> Aug, was registered at 6168.37 tonne against 11893.56 tonne in previous week. Average FoB realization too has increased from \$1338.62 to \$1371.57 tonne.

Local rates for oil in domestic market for comm. grade is being quoted at Rs 84000 per tonne. It is 3.92 percent lower than August, 2014 price.

Demand for oil from China and EU has decreased considerably in August. However, other buyers remain active throughout the month.

### 3. Castor Oil Demand/Supply:

Unit in lakh tonne	2013-14	2014-15 (E)
Carry in	<b>0.4</b>	<b>0.15</b>
Production	5	6
Imports	0	0
Total Availability	<b>5.4</b>	<b>6.15</b>
Consumption (domestic)	0.75	0.9
Exports	<b>4.5</b>	<b>5</b>
Total Usage	5.25	5.9
<b>Carry out</b>	0.15	0.25

\*Agriwatch has revised oil consumption estimate in May,2015.

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

- ❖ The season 2014-15 started with lower oil stock of 15 lakh tonnes as carry in. Production is estimated at 6 lakh tonne considering 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 from 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.
- ❖ India 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.
- ❖ China, Netherlands and Belgium remain major buyers for castor oil. However, over all buying in the month of July has decreased by 15 percent in comparison to last month. Fresh buying by EU may start from next month as new enquiry has been seen from EU importers.

#### 4. 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
<b>2014-15*</b>	17.33	15.06	<b>11 to 13</b>	12	<b>12.78</b>	<b>12.95</b>
<b>2015-16</b>	Awaited					
*Revised production figure in 4th 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 at 17.33 lakh tonne in 4<sup>th</sup> Adv estimate, published on 18.07 2015. Agriwatch has revised production estimate at 13.00 lakh tonne for 2015.

#### 5. Castor Area With % Change In 2015 as on 28 th August:

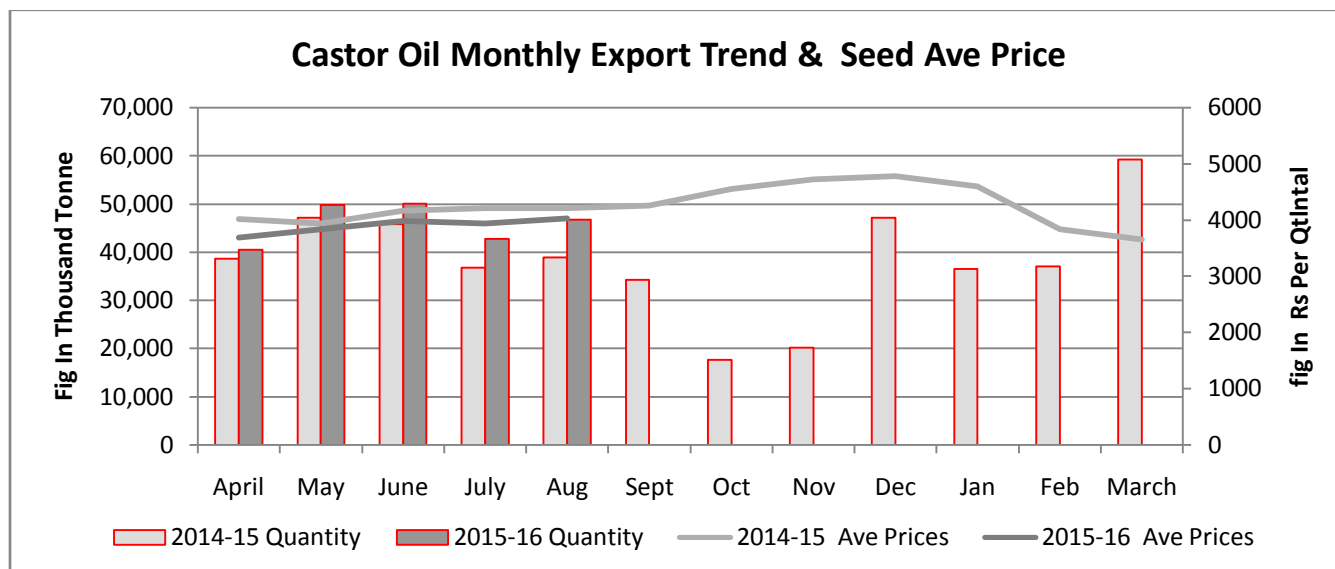
Progressive Castor Seed Area In Lakh Ha. Till 28 <sup>th</sup> August, 2015			
	2015	2014	% ch
Andhra Pradesh	0.35	0.43	-18.60
Telangana	0.39	0.58	-32.76
Arunachal Pradesh	-	-	
Assam	-	-	
Bihar	0.01	-	
Chhattisgarh	-	-	
Gujarat	5.01	5.75	-12.87
Haryana	0.01	0.01	0
Himachal Pradesh	-	-	
Jammu & Kashmir	-	-	
Jharkhand	-	-	
Karnataka	0.08	0.1	-20.00
Kerala	-	-	
Madhya Pradesh	-	-	
Maharashtra	0.09	0.18	-50
Odisha	0.05	0.06	-16.66
Punjab	-	-	
Rajasthan	1.63	1.4	16.43
Tamil Nadu	0.02	0.02	0
Uttar Pradesh	-	-	
Uttarakhand	-	-	
West Bengal	-	-	
Others	-	-	
<b>Total – All India</b>	<b>7.63</b>	<b>8.53</b>	<b>-10.55</b>

Source: Agriculture Ministry

Overall castor area till 28<sup>th</sup> August is lagging behind by 10.55 percent and will impact overall expected area by 5 to 6 percent. Higher area coverage (16.43 percent so far) may make up for loss in other states.



### 6. Castor Oil Export Volume Ave Seed Price Trend In NCDEX-2015:



Castor oil monthly export trend shows higher export volume in August this year as against August last year. This is clearly evident from the above given chart.. In the month of August export volume followed previous year's trend and decreased with expected increase in prices of seed.

### 7. Castor Oil Monthly Export Quantity in Tonne:

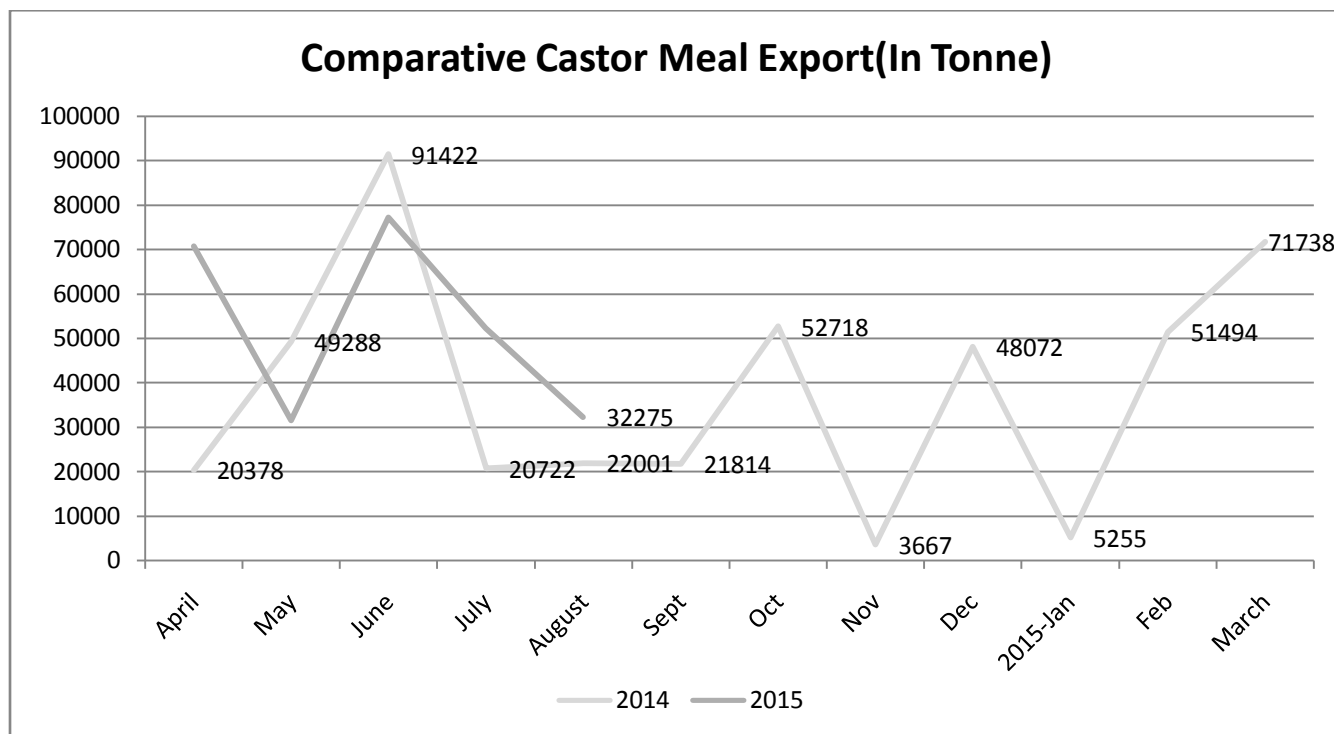
Month wise export of castor oil: April to March:(Quantity in MT)						
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
April	30,327	46,723	33,709	39,422	38,661	40,533
May	53,269	43,832	59,193	59,900	47,176	49,863
June	42,981	45,474	59,718	38,868	45,824	50,141.28
July	45,417	46,471	35,130	57,214	36,766	42,775.15
August	30,461	40,426	30,963	39,196	38,960	46,725.18
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

\*August, 2015 Fig is tentative



tonnes

#### 8. Castor Meal Monthly Export:



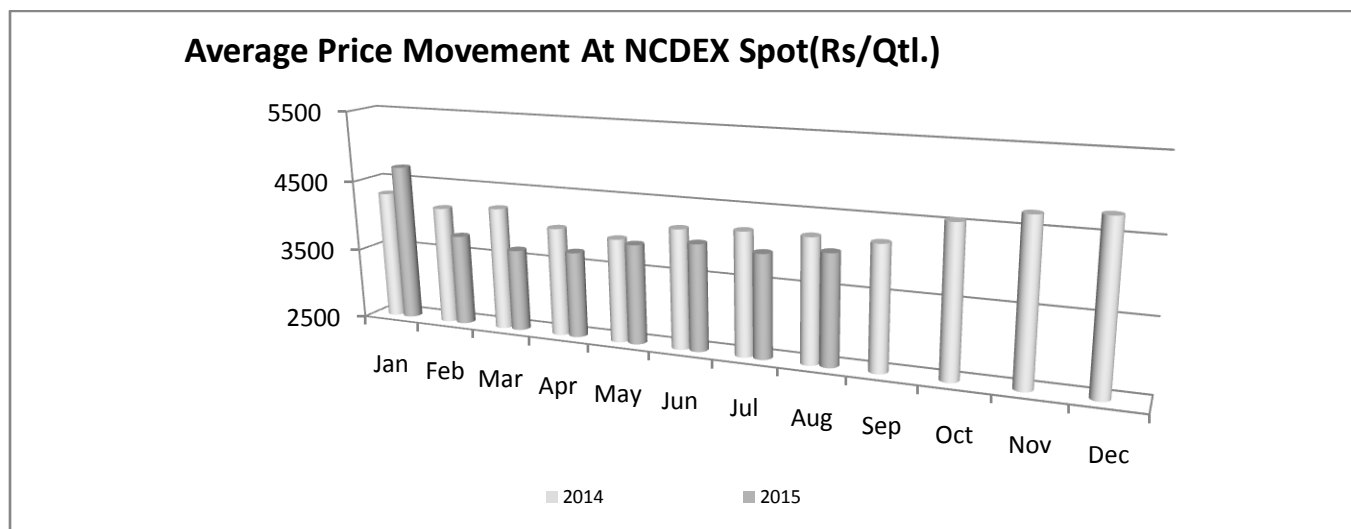
Castor meal export volume decreased from July to August-2015. More dip is expected in the month of Sept due to seasonal factors.

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

Comparative Prices Of Castor Products Including Seed					
	28th Aug '15	21th Aug '15	28th July'15	28th Aug '14	CHANG E %
Castorseed (Gujarat)((Rs./M.T) Ex-Mandi	40500	40500	NA	42298	-4.44
Castor Meal Export (FAS) (US\$ / MT),Ex Kandla	110	110	112	107	2.73
<b>EXPORT (FOR) Ports (Rs./MT)Castor meal bulk Kandla</b>	7000	7000	7100	6208	11.31
Castor Oil (First Grade) FOB Kandla (Export)\$/Tonne	1230	1240	1230	1437	-16.83
<b>Local rates for oil in domestic market(Rs./M.T.) for comm.</b>	83000	84000	82500	85300	-2.77



#### 10. Price Variation In 2014 & 2015:



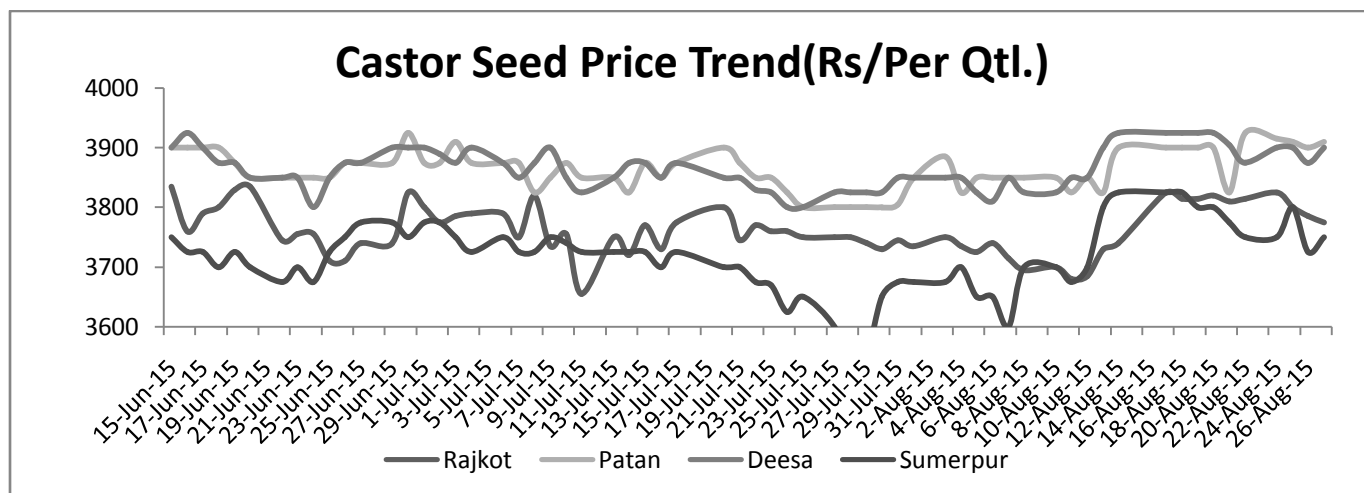
Ave seed prices continue to rule lower from last year. However, seasonality and emerging scenario hints towards uptrend in the months ahead.

#### 12. Cash Market (Deesa) Price Projection For Sept:

Expected Range	Rs/Qtl.(Low)	Rs /Qtl.(High)
Short term (15 days)	4000-4050	4050-4100
Medium Term (30 days)	4175-4200	4200-4250

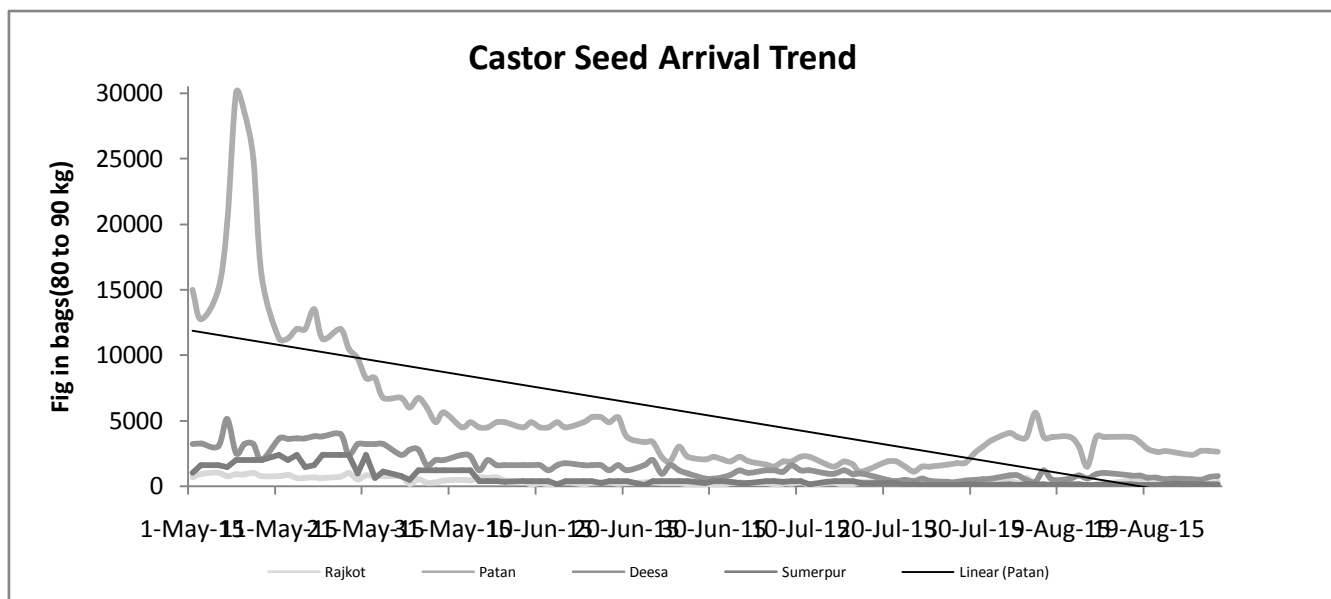


### 13.Castor Seed Price Trend In Various Markets:



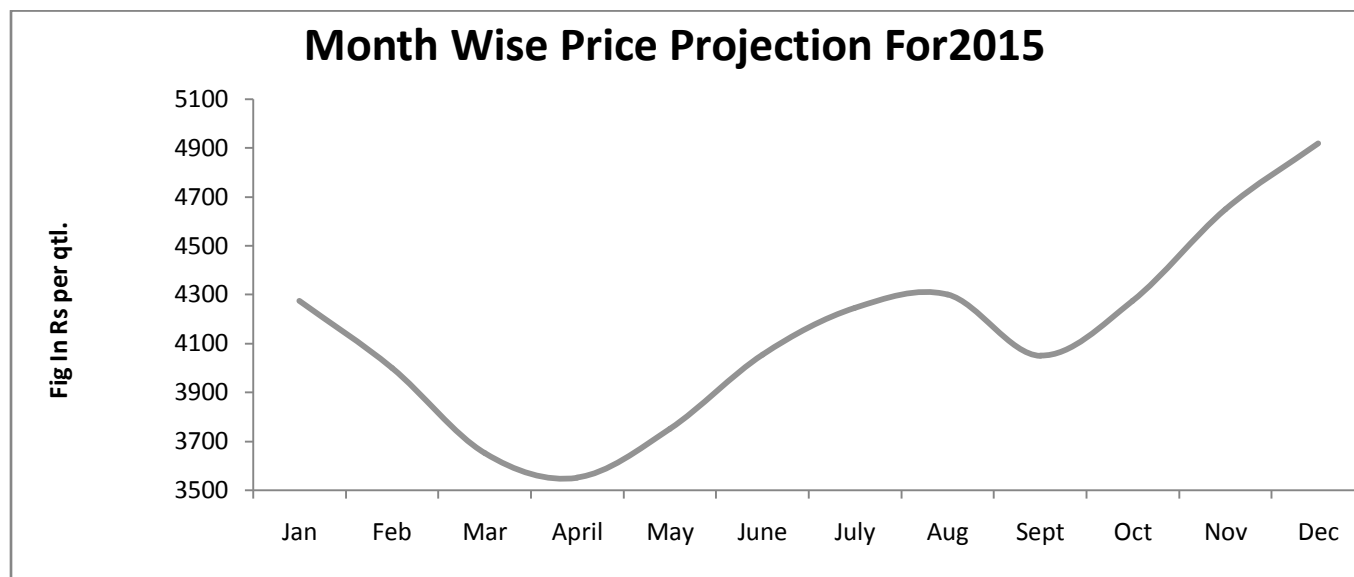
Castor seed traded down in the beginning of the last week in Rajkot and Sumerpur. However it marginally recovered in Patan and Deesa. Upward correction is expected in the medium term. Market may see fresh buying interest at lower level as overall inner tone remains firm.

### 14.CastorSeed Arrival Trend:



Arrival trend shows decreasing arrival week on week basis. Overall arrival pace for seed may decrease in the last week of August too despite firm inner tone. Farmers are expected to remain busy in kharif sowing. They may wait for recovery in price.

**15.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 has been considered here.

**Monthly Technical Analysis:**

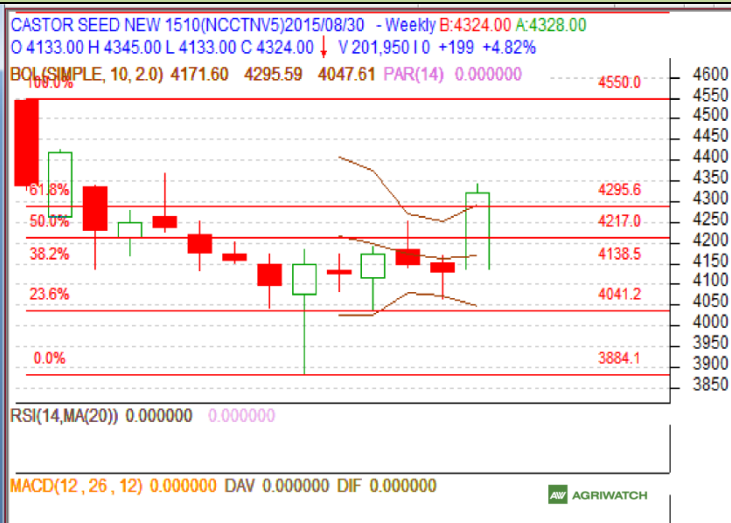
## Castor – Technical Outlook

Contract: Oct-15, Expiry-20 Oct

### Technical Commentary:

- Candlestick depicts firm momentum in the market.
- RSI moving up in neutral zone, hints caution to the bears operators.
- Prices closed above 9 and 18 days EMAs.

**Castor prices are likely to trade firm.**



### Strategy: Buy On Dip

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Castor	NCDEX	Oct	4201	4265	4324	4475	4550
Monthly Trade Call			Call	Entry	T1	T2	SL
Castor	NCDEX	Oct	Buy above	4270	4360	4400	4240

Do not carry forward for next month

### 16.Cash Market (Deesa) Price Projection For Sept:

Expected Range	Rs/Qtl.(Low)	Rs /Qtl.(High)
Short term (15 days)	4000-4100	4100-4150
Medium Term (30 days)	4150-4200	4250-4300

### 17.InternationalMarket Updates:

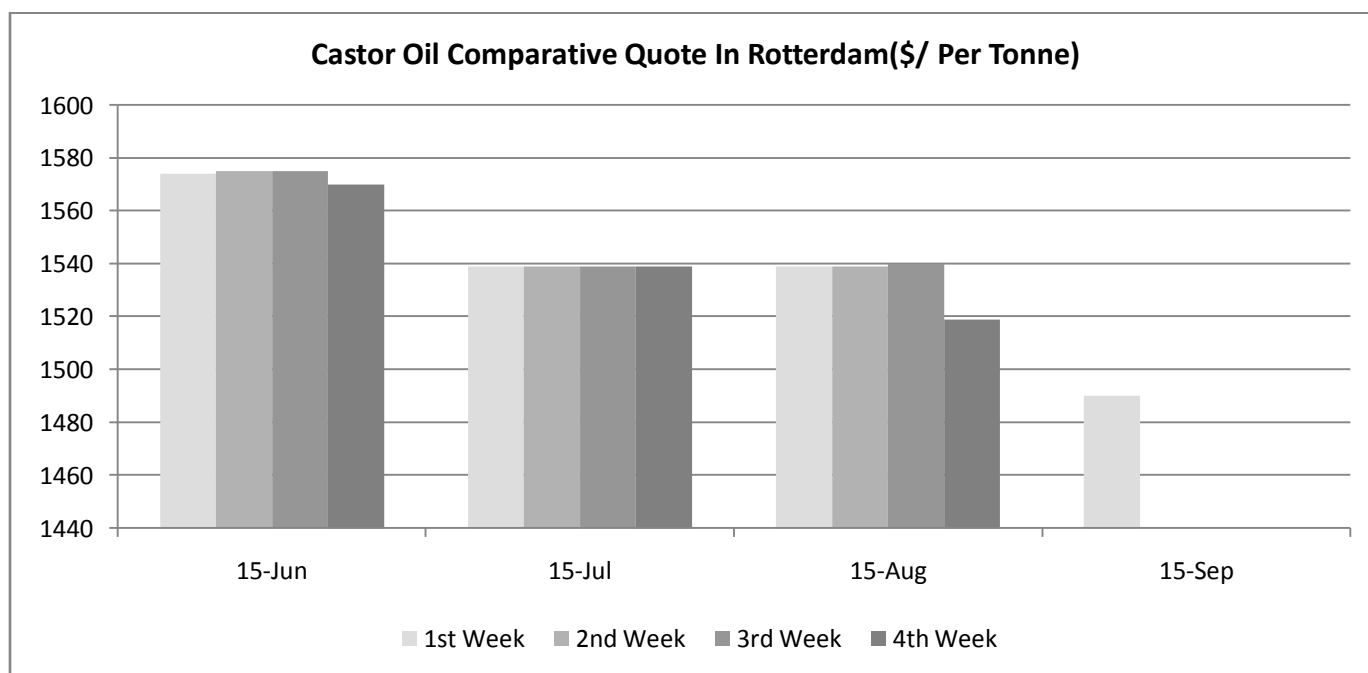
- There is no change in global castor production estimate. It is likely to remain at around 17.47 lakh tonne in 2015-16, slightly higher than last year (16.91 lakh tonne). As cost of



growing castor seed is higher in other countries no improvement in castor production is expected except in India.

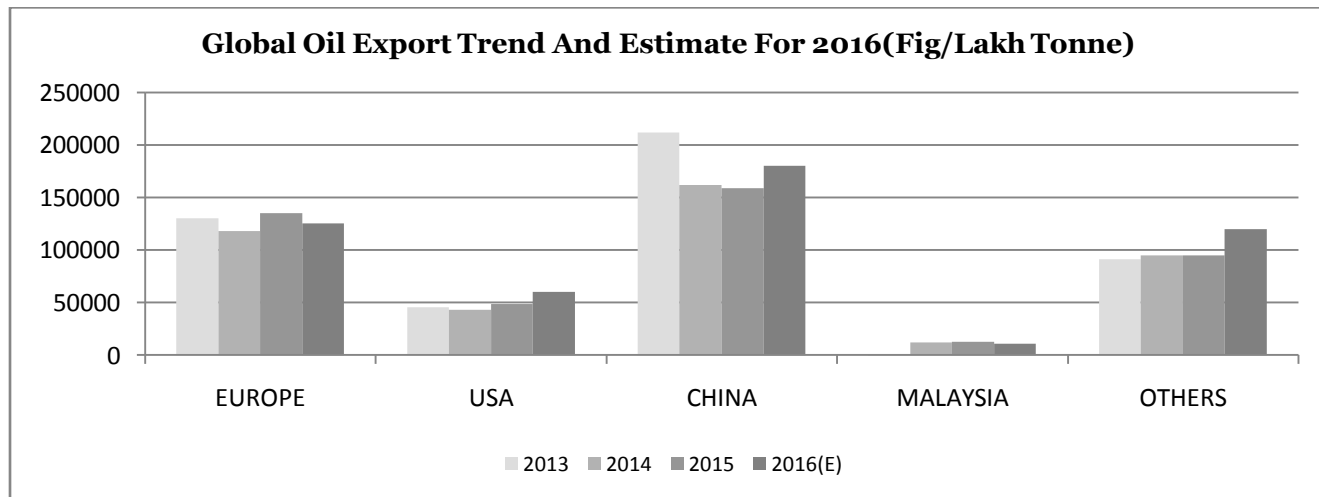
- The season 2014-15 ended with 4.6 lakh tonne castor oil export from India. The new season started (April to March) with higher volume of export and in first five months India exported 2.30 lakh tonne castor oil against 2.07 lakh tonne during the corresponding period last year. Major buyers were China, EU and US.
- India Castor oil in Rotterdam decreased from \$1540 to \$1490 per tonne in last one month and may trade up in the weeks ahead as prices have started firming up in domestic market. It was being traded at \$1539 per tonne in June & July 2015.
- China, Netherlands and Belgium remain major buyers for castor oil. However, over all buying in the month of August had decreased by 15 percent in comparison to previous month. Fresh buying by EU may start from next month as new enquiry has been seen from EU importers.

### 18. Castor Oil Rotterdam Quote:





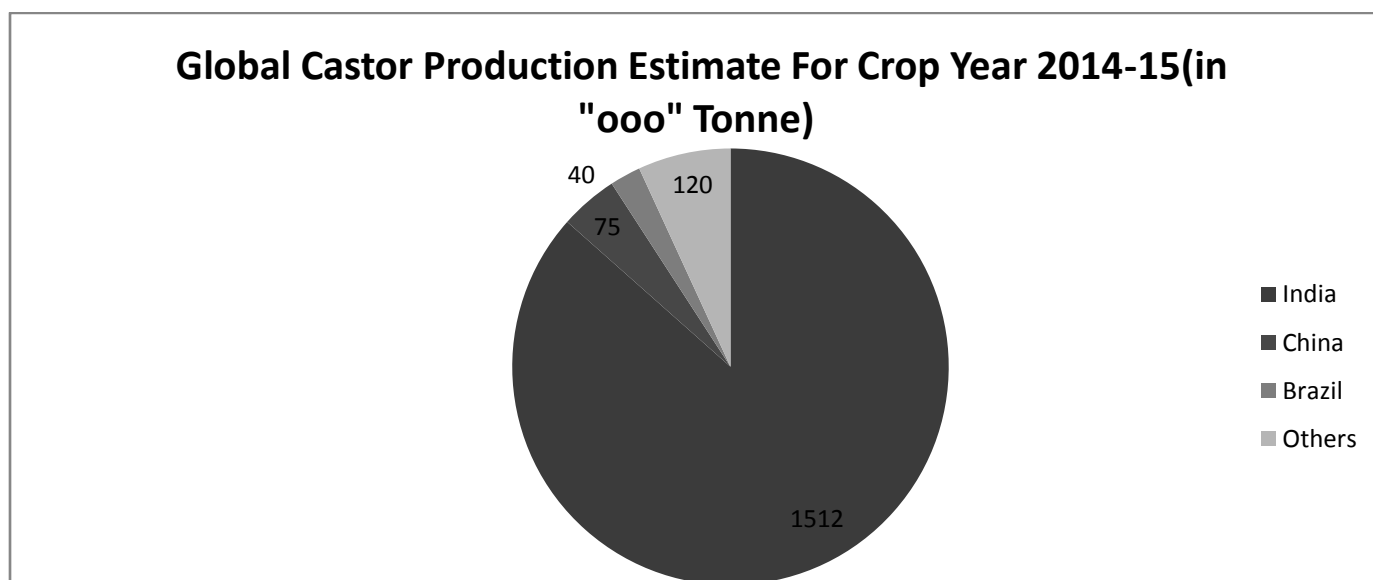
2016:



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. 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 tonnes, higher by almost 50,000 tonne from last year. Demand for cebasic acid in global market has come down considerably, hence buying from China would not cross 2013 level this year.

#### 19.Oil World Estimate For Global Castor Seed Production:



Source:Oil world

**Overall View On Market Sentiments For September-2015:**

Castor seed market is likely to trade firm in Sept led by lower area coverage and higher stock retention. Stockists group who have 30 percent seed in their custody would try to pull market in their own favour. However, actual consumption of seed is not increasing as per market expectation. Overall sentiments remain firm in the second quarter.

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