

Executive Summary

Domestic Seed & Oil Market Summary

Castor seed and oil cash markets traded weak in the first fortnight of Sep and started showing sign of recovery in the second fortnight of the review month. The main reason of recent uptrend in the market is said to be strong demands for oil from overseas and domestic buyers and lower stock despite report of higher area coverage from main producing states like Gujarat and Rajasthan.

Stock of seed (around 65 %) is in strong hands and they are unwilling to release it before Oct-Nov. Lean season and stock retention would continue to support seed and oil markets in the month of October too. However, Agriwatch expects a down ward correction in the mid of this month.

Higher demand for oil, lower availability of seed in mandis and arrivals from new crop being five months away from now seed and oil markets are expected to trade firm. Buyers like China, EU and Malaysia would remain active in the third quarter of the year too.

Recommendation:

Monthly Call - : Market participants are advised to go long in seed above 4200 levels for a target of 4350 with a stop loss at 4186 on closing basis. We expect castor seed to stay steady to firm in the range of Rs 3950-4000 per qtl. in the near to medium term.

International Castor Oil Market Summary:

According to IBIS data, India exported 44060 Tonne castor oil in the month of Sept, higher by 28.51 percent from Sept. last year. As exported volume this year has been higher, prices of oil is may rule higher in the third quarter based on higher seed price.

Buyers like China , Malaysia, US and Belgium are still active and so demand for oil could be stronger in Nov, Dec this year .New crop is expected by the end of Feb and till then market would continue to trade up. Seed price in domestic market may test 4400 to 4500 level by Nov end.

Overall View:

Seed and Oil market may trade up. Inner tone remains strong.

Seed Supply & Demand Outlook In Domestic Market:

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

Supply-Demand Highlights:

- 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.

Preliminary Castor Seed Production Estimate For 2015-16:

All units in lakh tonnes	2013-14	2014-15	2015-16 (Forecast)
Carry in	6.84	6.04	4.54
Production	11.7	12	15.12
Imports	0	0	0
Total Availability	18.54	18.04	19.66
Consumption	12.5	13.5	14
Exports	0	0	0
Total Usage	12.5	13.5	14
Carry out	6.04	4.54	5.66

Castor seed production is likely increase from 12 lakh tonne to 15.12 lakh tonne in 2015-16. It is preliminary estimate based on area coverage and farmers feedback. Agriwatch has considered 11 lakh ha. area for 2015-16. Agriwatch will revise preliminary production estimate in December-2015 considering growth of plant, weather impact and yield prospects.

Domestic Market High Lights:

Area coverage during kharif 2015 till 28th Sept was reported at 10.96 lakh ha in comparison to 10.34 lakh ha during same period last year. It is higher by 6.0 percent from last year. Major producing states like Gujarat and Rajasthan have covered 6.21 and 29.30 percent higher area this year. Sowing is now almost over.

Area coverage in Rajasthan has increased this year by 0.45 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. Rajasthan has covered 2 lakh ha and Gujarat 7.7 lakh ha. in 2015-16. Area has decreased in Andhra Pradesh and Telangana.

Agriculture statistics Division, DES has released its 1st Adv estimates of Production of food-grains for 2015-16 on 16.09.2015. It has estimated 19.44 lakh tonne seed production this year. The production target for 2015-16 has been fixed at 20.34 lakh ton. India has produced 19.63 lakh tonne castor seed in 2014-15 as per revised 1st Adv estimate. Private trade estimate for the year is much lower and is between 15 to 16 lakh tonne for 2015-16. However, it is too early to talk about the final size as sowing is just over.

Castor meal extraction is being shipped out from Kandla port at \$114 per tonne on FoB basis. It is 1.36 percent lower than the price realized in the first week of Oct, 2014. Average meal price has increased by \$3 per tonne to \$114 per tonne. Meal market is expected to move up in the end of Oct. as seed prices are expected to move up. India exported 108.9 tonne meal last week at an Ave price of 4164.65 per tonne. France brought castor meal at higher price

Castor oil export during week ending 28th sep-to 4th Oct was registered at 2143.44 tonne at an Average FoB price of \$1388.15 per T. Quantity wise it has increased by 73.42 percent week on week basis. India had exported 21762.51 tonne a week earlier. However, price realization too has increased by 3.48 percent last week. As prices of seed are expected to decrease. FoB quotes are bound to go down this week.

Castor Oil FoB quote stayed steady at \$1265 per tonne at Kandla port. As seed prices are ruling higher, FoB quote may go up in current quarter. Castor oil commercial grade is being traded at 85500 per tonne in domestic market. It may stay steady to slightly firm as demand from local soap, paint industries continue.

Castor Oil Demand-Supply Side:

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

Highlights:

- ❖ The season 2014-15 started with lower oil stock of 15000 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.

Variation In Production Estimates & Forecast For 2015-16:

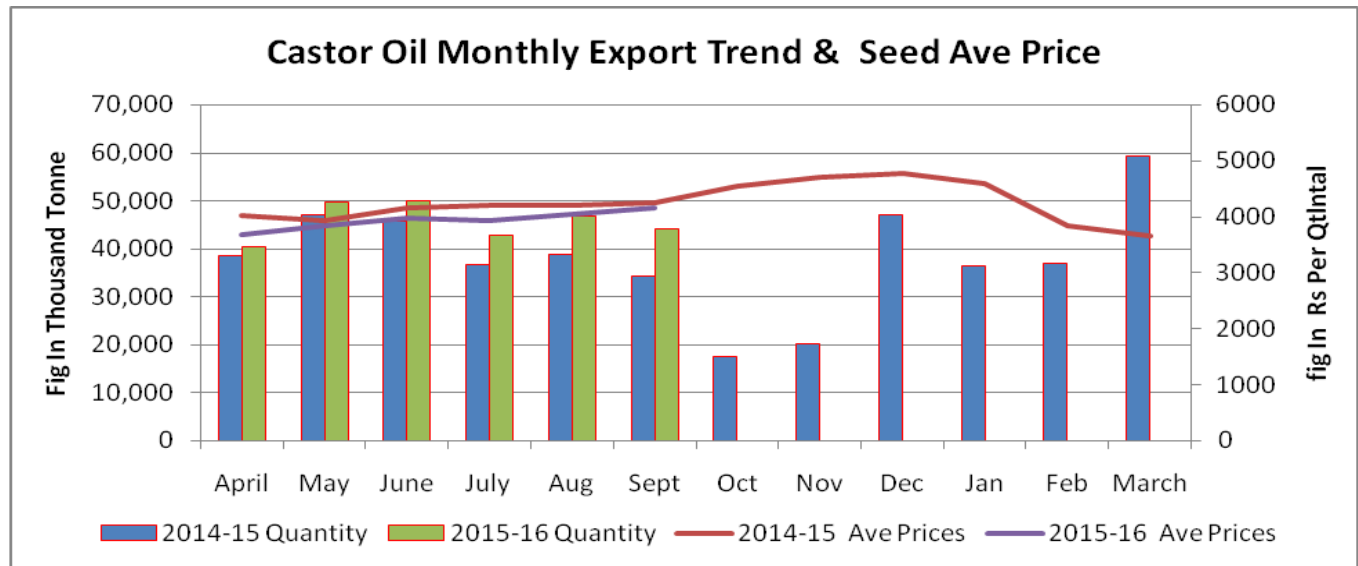
Comparable Production Estimates(Fig. In Lakh Tonne)						
	Govt.Fig	Oil world	Private Trades	Agriwatch	Nelson/Area govt	COOIT
2011-12	22.95	15.8	18.8	Not available	15.73	14.8
2012-13	19.64	11	13.2	Not available	13.8	11.43
2013-14	16.89	10.5	11.8	11.7	11.6	11.3
2014-15	17.33	15.06	11 to 13	12	12.78	12.95
2015-16*	19.4	-	-	15.12	-	-
*1 st Adv..Estimate for 2015-16						

- ❖ As per Govt 1st Adv estimate castor production could be around 19.4 lakh tonne in 2015-16
- ❖ Agriwatch preliminary estimate is 15.12 lakh tonne

Castor Area With % Change In 2015 as on 28 th Sep-2015:

Progressive Castor Seed Area In Lakh Ha.Till 28th Sep, ,2015			
	2015	2014	% Ch
Andhra Pradesh	0.44	0.45	-2.22
Telangana	0.42	0.65	-35.38
Arunachal Pradesh			#DIV/0!
Assam			#DIV/0!
Bihar	0.01	0	#DIV/0!
Chhattisgarh			#DIV/0!
Gujarat	7.7	7.25	6.21
Haryana	0.03	0.02	50.00
Himachal Pradesh			#DIV/0!
Jammu & Kashmir			#DIV/0!
Jharkhand			#DIV/0!
Karnataka	0.11	0.14	-21.43
Kerala			#DIV/0!
Madhya Pradesh			#DIV/0!
Maharashtra	0.14	0.17	-17.65
Odisha	0.07	0.07	0.00
Punjab			#DIV/0!
Rajasthan	2	1.55	29.03
Tamil Nadu	0.04	0.04	0.00
Uttar Pradesh			#DIV/0!
Uttarakhand			#DIV/0!
West Bengal			#DIV/0!
Others			#DIV/0!
Total – All India	10.96	10.34	6.00

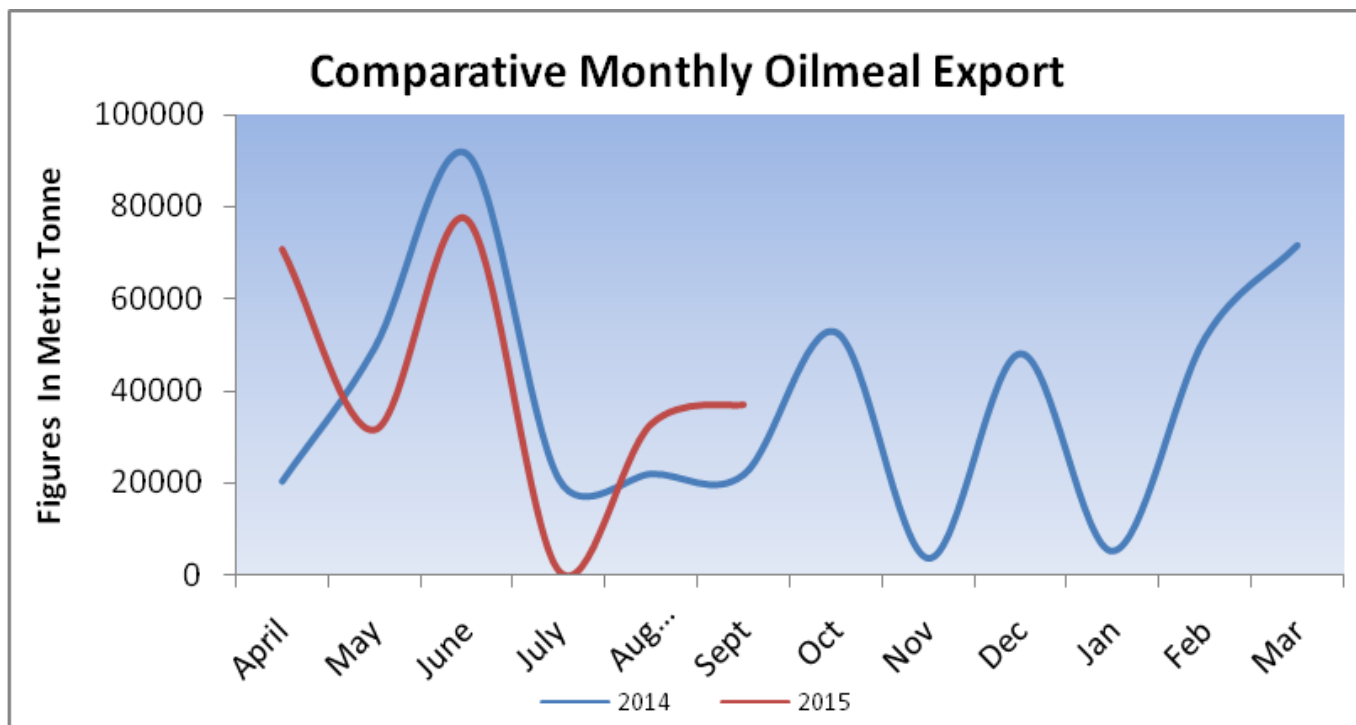
Overall castor area coverage is higher by 6 percent from last year.Gujarat and Rajasthan-the leading producing states- have covered higher area.

Castor Oil Export Volume And Seed Price Trend :-


The above given bar chart shows that castor oil export volume continued to rise from the beginning of this MY in comparison to 2014-15. However, average prices ruled lower from last year. As prices are ruling lower export volume is expected to improve even in Oct. Last week oil export volume increased by 170 percent and Malaysia emerged as major buyer for castor oil last week, buying more than 8000 tonnes.

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	46573
July	45,417	46,471	35,130	57,214	36,766	34835
August	30,461	40,426	30,963	39,196	38,960	42275
Sept	21,295	18,319	26,641	43,139	34,285	44060
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	257,551

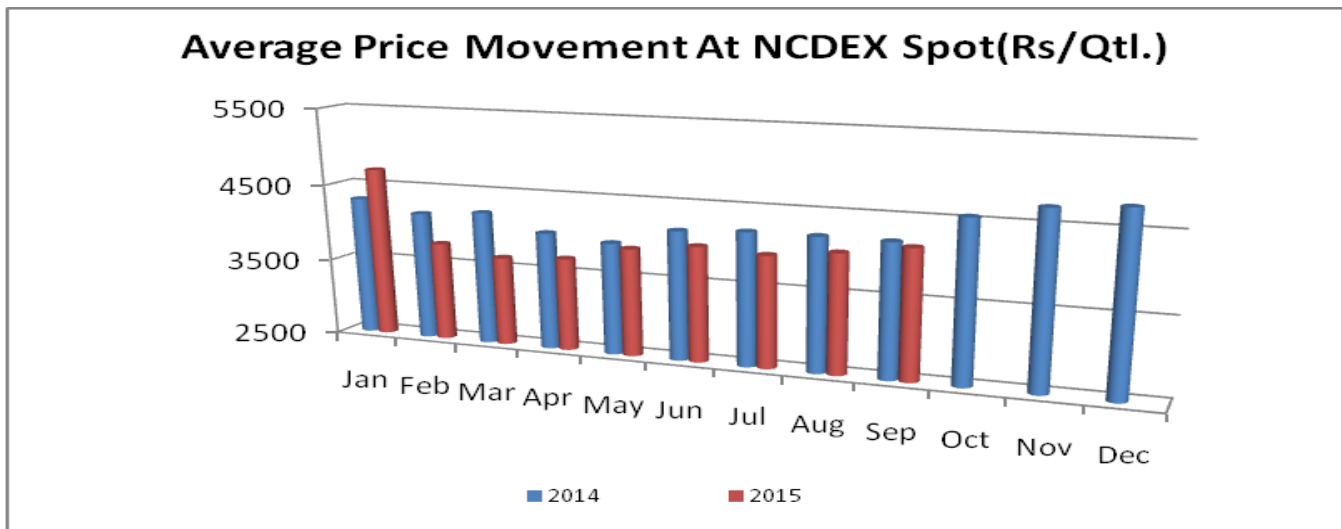
Source: IBIS,SOPA

Castor Meal Export Trend :-


Castor meal export volume increased from August to Sept and is likely to follow the previous year trend. . FOB quotes for meal has increased slightly this week from \$112 to \$114 per tonne. France brought 108.9 tonne meal last week at an ave price of \$164.65 per tonne.

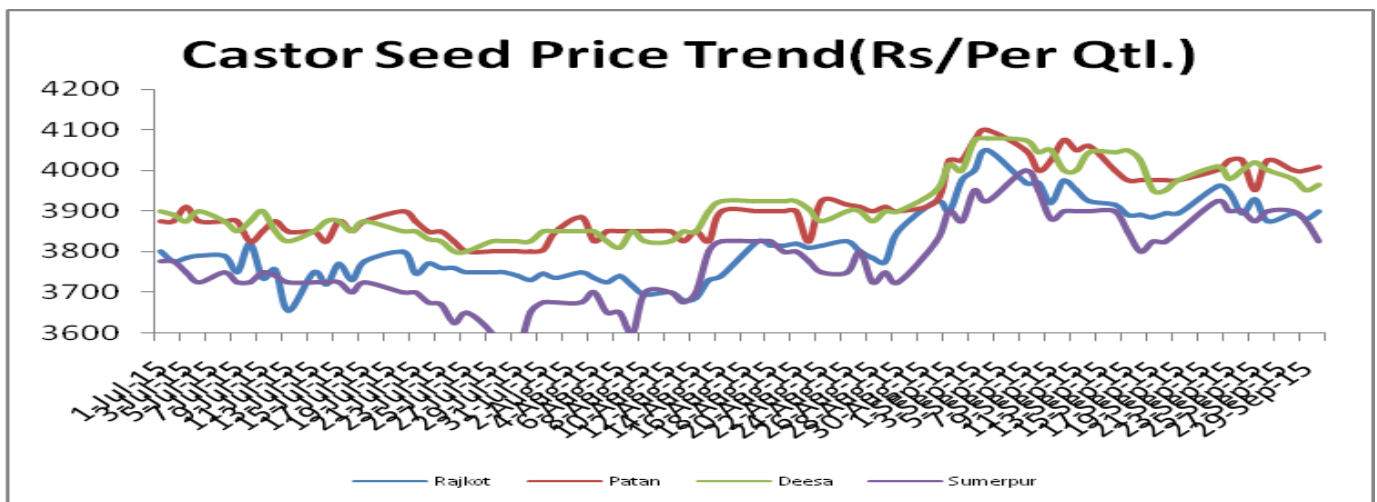
Domestic Seed/Oil & Meal Comparative Price :

Comparative Prices Of Castor Products Including Seed					
	01th Oct '15	24th Sep '15	01th Sep'15	01th Oct '14	CHANGE %
Castorseed (Gujarat)((Rs./M.T) Ex-Mandi	41000	41000	41000	43150	-5.24
Castor Meal Export (FAS) (US\$ / MT),Ex Kandla	109	110	110	112	-2.75
EXPORT (FOR) Ports (Rs./MT)Castor meal bulk Kandla	7000	7050	7000	6576	6.06
Castor Oil (First Grade) FOB Kandla (Export)\$ /Tonne	1265	1265	1250	1453	-14.86
Local rates for oil in domestic market(Rs./M.T.) for comm.	85500	86000	85000	85071	0.50

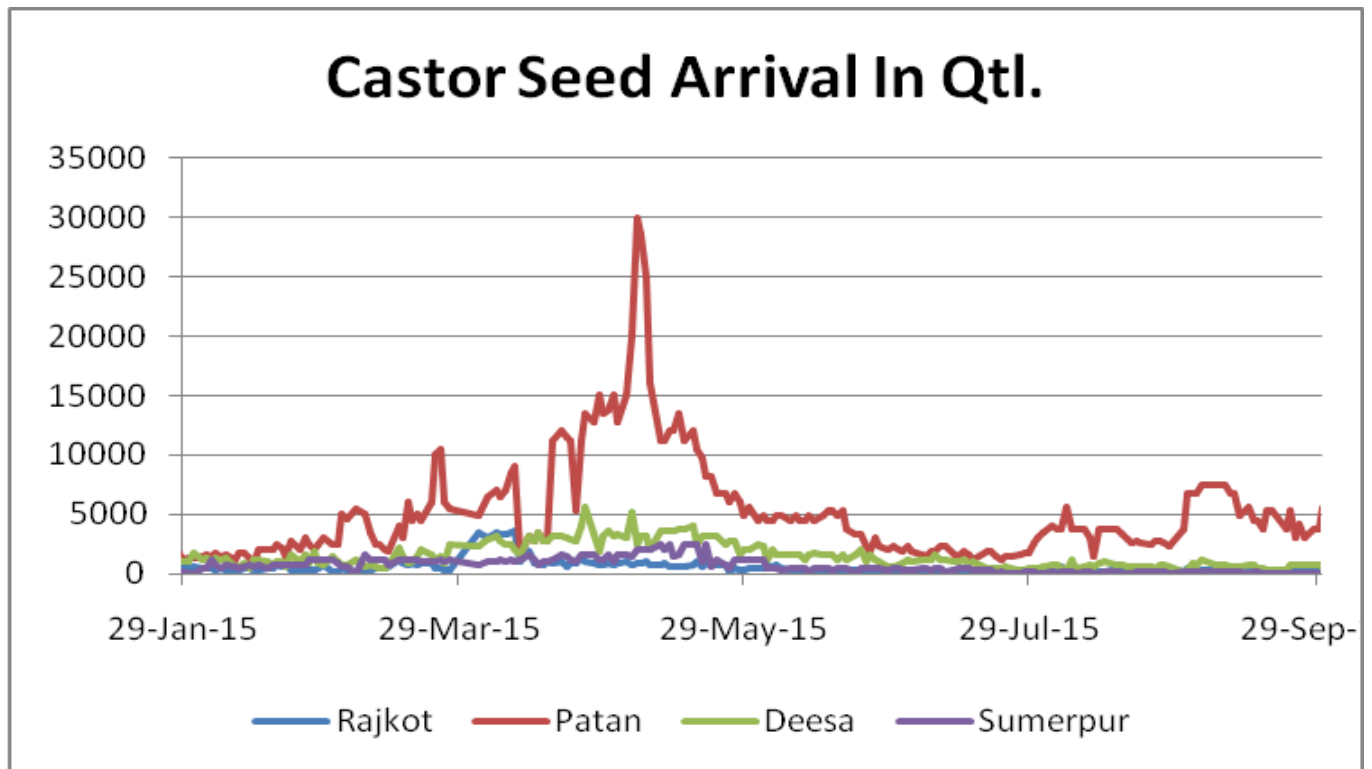
NCDEX SPOT Seed Price Trend:

Cash Market(Deesa)Expected Price Range For October-2015:-

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

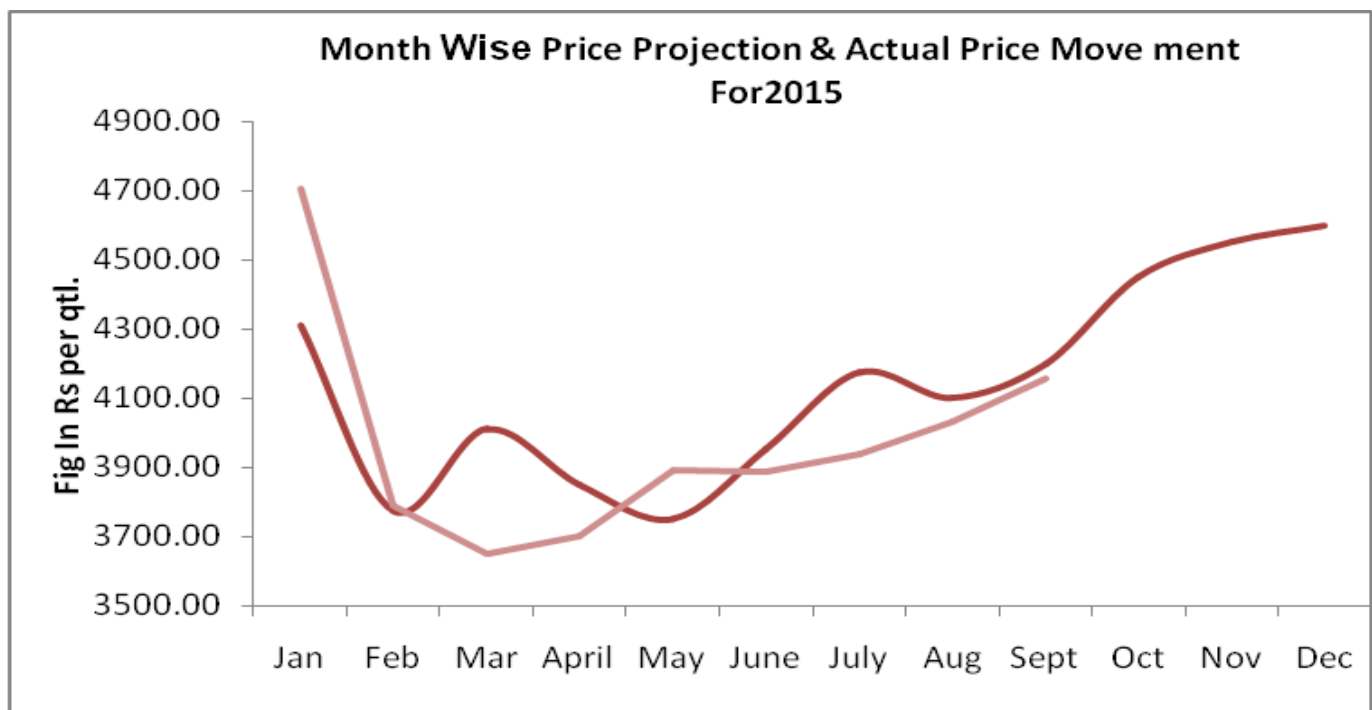
Cash market may trade in the range of 4050 to 4150 per qtl.in October.

Castor Seed Price Trend In Various Spot Markets:


As expected, Castor seed market recovered once again in the fourth the week of September. However, it decreased in Sumerpur. Retention of stock and higher demand for oil from overseas market may lend support to the cash market fundamental despite higher area coverage and better condition for plant growth. Other market fundamentals too remain supportive for uptrend in Oct.

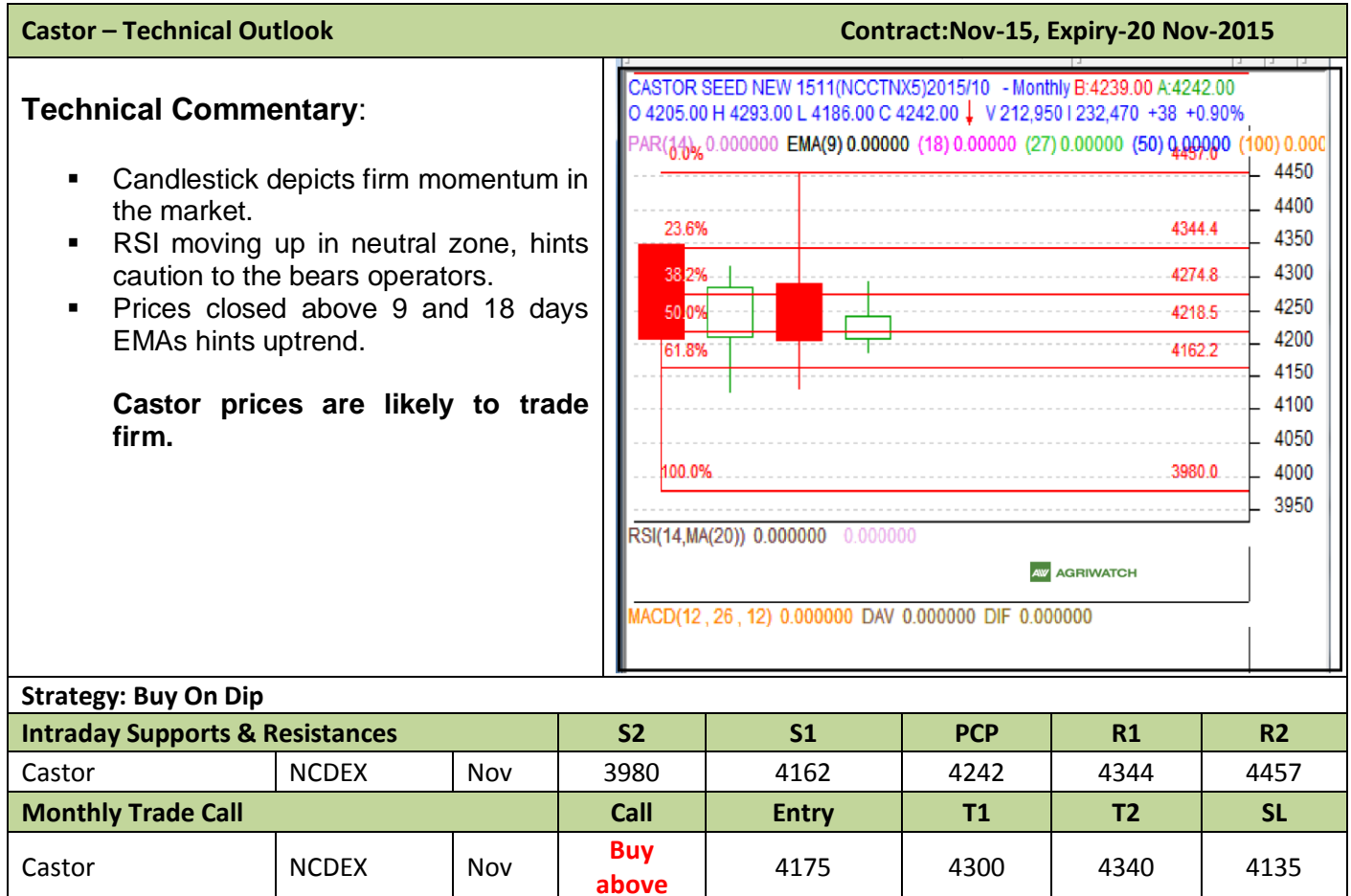
Castor Seed Arrival Chart:


Arrivals of seed continue to decrease except at Patan. No major improvement is expected in the weeks ahead. Overall arrival pace for seed may decrease in the first week of Oct. as inner tone remains firm in the short term. Farmers and stockists may restrict releasing of stock as prices have started recovering.

Projected Month Wise Price Fpr 2015 & Actual Price:-


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

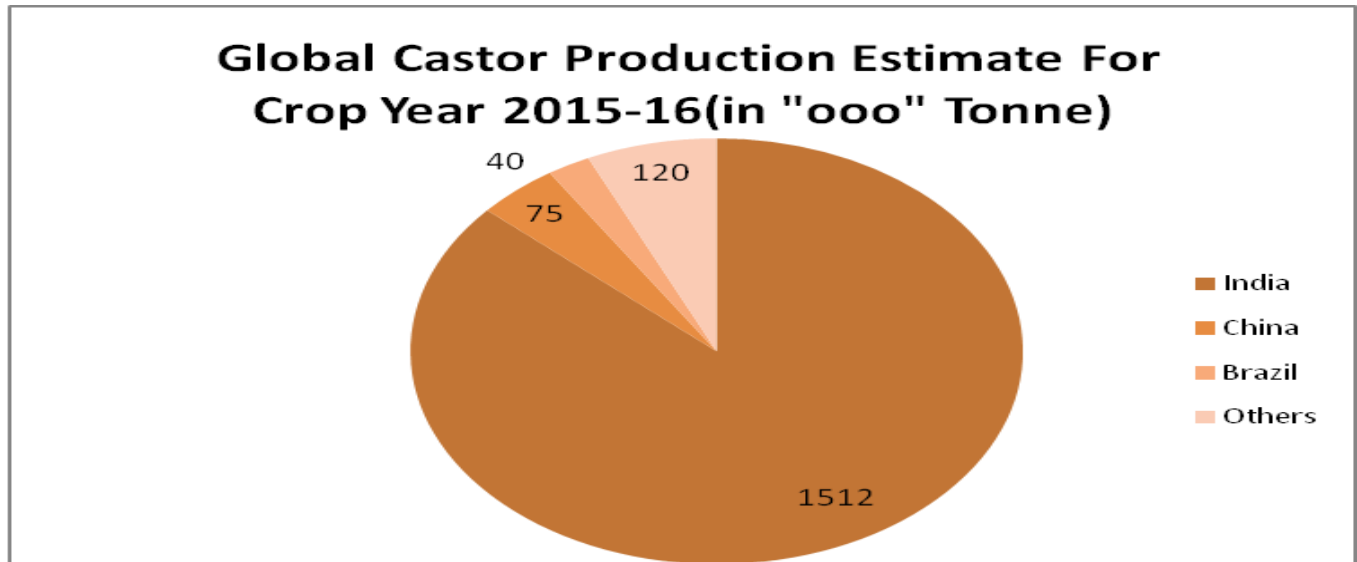
Monthly Technical Analysis:



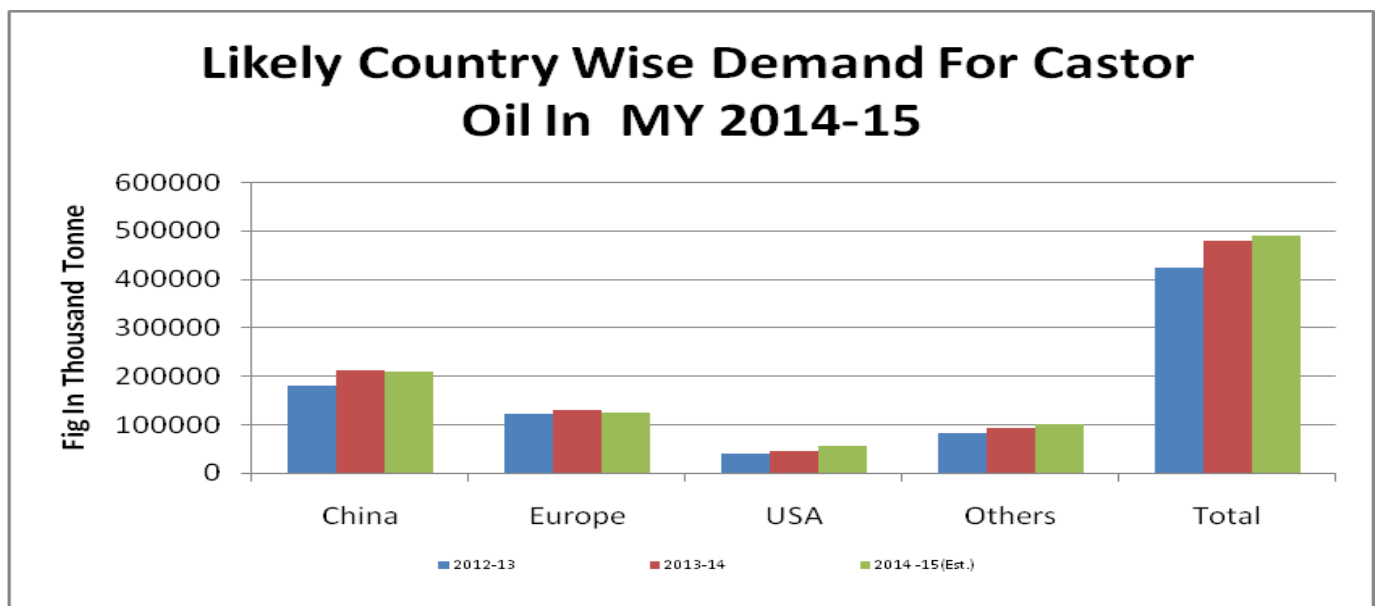
International Market Updates:

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 nine months India exported 2.57.55 lakh tonne castor oil against 2.41.67 lakh tonne during the corresponding period last year. Major buyers were China, EU and US.

Global Castor Seed production is expected to touch 17.47lakh Tonne in 2015-16 against 1691 last year. It's a preliminary estimate and will be revised in December-2015. India dominates in seed production with 90 percent contribution in global market. The below given diagram shows production contribution of various countries.



Castor Oil export may increase this year by 5 to 6 percent by the end of MY 2014-15. Preliminary estimate shows total export may touch 4.9 lqkh tonne in 2014-15. The season will end on March 2016. As of now total export registered 257.55 tonne till sep -2015.



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

Castor seed market is likely to trade firm in Oct-2015 led by higher demand and lower stock. Stockists group who have 60 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 third quarter of the year.

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