Executive Summary

Domestic Seed & Oil Market Summary

Castor seed and oil cash markets recovered in the second fortnight of Oct after trading weak in the first fortnight of the review month. Despite recovery of 4.4 percent (Rs 3975 to RS 4150 per qtl.in Patan) in seed price this month it is ruling lower by9.3 percent from the price realized in October 2014.Seed price was hovering in the range of Rs 4395 to Rs 4400 per qtl. in Oct. 2014. The main reason of recent uptrend in the market is said to be an active participation of bull operators.

Stock of seed (around 55 %)out of total marketable surplus is in strong hands and they are unwilling to release it before Dec-Jan. Prices of seed are expected to rule firm despite higher area coverage of around 75000 ha from last year and good crop condition in Gujarat and Rajasthan. Agriwatch expects a downward correction in the mid of this month and stake holders may go for buying in December contract at around 4375 for the target of 4500.

Oil demand has decreased week on week basis, however, it is higher by 6 to 7 percent from last year. Availability of seed in mandis is comparatively lower and pace of overall arrivals too have decreased. New crop being four months away from now, seed and oil markets are expected to trade firm taking clue from seasonal factors and active buying in futures. 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 4370 levels for a target of 4550 with a stop loss at 4327 on closing basis. We expect castor seed cash market to trade firm in the range of Rs 4100-4250 per qtl. in the near to medium term.*

International Castor Oil Market Summary:

According to IBIS data, India exported around 38000 Tonne castor oil in the month of Oct, higher by 115 percent from Oct 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 4500 to 4550 level by Nov. end.

Overall View:

Seed and Oil markets would continue to trade up. Inner tone remains strong.

Seed Supply & Demand Outlook In Domestic Market:

Castor Seed Quarterly Supply & Demand Projection For 2015-16						
All units in lakh tonnes	**2014-15**	**2015-16**	**Apr-Jun**	**July-Sep**	**Oct-Dec**	**Jan-Mar**
Carry in	6.04	4.54	5.66	14.76	10.56	7.76
Production	12	15.12	15.12	0	0	0
Imports	0	0	0	0	0	0
Total Availability	18.04	19.66	19.66	14.76	10.56	7.76
Consumption	13.5	14	4.9	4.2	2.8	2.1
Exports	0	0	0	0	0	0
Total Usage	13.5	14	4.9	4.2	2.8	2.1
Carry out	4.54	5.66	14.76	10.56	7.76	5.66
Av Monthly Consumption	1.13	1.17	1.63	1.40	0.93	0.70
Stock to Month Use	4.04	4.85	9.04	7.54	8.31	8.09
Stock to Consumption Ratio	0.34	0.40	3.01	2.51	2.77	2.70

Supply-Demand Highlights:

- *MY 2015-16 is likely to end with higher carryout stock from 4.54 lakh tonne to 5.66 lakh tonne. Consumption of seed is expected to increase by 0.50 lakh tonne from 13.5 lakh tonne to 14.0 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 2.8 lakh tone, which will decrease to 2.1 lakh tonne in fourth quarter as usual.*
- *Higher seed availability would depress seed price March-2016 and it may decrease to Rs 3550 to 3650 per qtl. during peak arrival time.*
- *However, private trades expect lower carryout (around 4.75 to 5.0 lakh tonne) for 2015-16 season. Seed consumption is almost steady and it hinges between 13.5 to 14 lakh tonne per year as per trades view. Overall scenario for current quarter is bullish.*

Domestic Market High Lights:

Area coverage during kharif 2015 till 8th Oct-2015 was reported at 11.02 lakh ha in comparison to 10.34 lakh ha during corresponding period last year. It is higher by 6.0 percent from last year. Major producing states like Gujarat and Rajasthan have covered 6.40 and 32 percent higher area this year. Sowing is now almost over and crop condition is good so far. Recent rains have ensured better production prospect.

Area coverage in Rajasthan has increased this year by 32.89 percent to 1.98 lakh ha .and may compensate lower area coverage in Telangana, Maharashtra and Karnataka. Normal area coverage (5 years average) is 10.77 lakh ha. Area coverage in Gujarat has increased around 6.4 percent to 7.81 lakh ha. in 2015-16..

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.

India exported 9636.22 tonne castor meal extraction in Oct at an average price of 4159.17 per tonne Castor meal export volume has decreased by 67 percent week on week basis. As prices of seed has increased, meal demand is expected to decline with decreasing availability too.

Castor Oil FoB quote stayed steady at $1265 per Tonne at Kandla port. FoB quote may increase by $10 to 15 per tonne this week as seed price increased 2 to 3 percent in last four days. Castor oil commercial grade

is being traded at 85000 per tonne in domestic market. It may move up too as seed procurement has increased considerably last week.

*Castor oil export during week ending 25th Oct was registered lower by 51.76 **%** to 4313.73 tonne at an Average FoB price of $1377.19 per T. India had exported 9978.77 tonne oil during the week ending18th Oct-2015. Price realization too has increased by 4.28 percent last week. As prices of seed are expected to increase, FoB quotes are bound to trade firm*

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

There is no change in oil supply-demand side

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**	**-**	**-**
*1st Adv..Estimate for 2015-16						

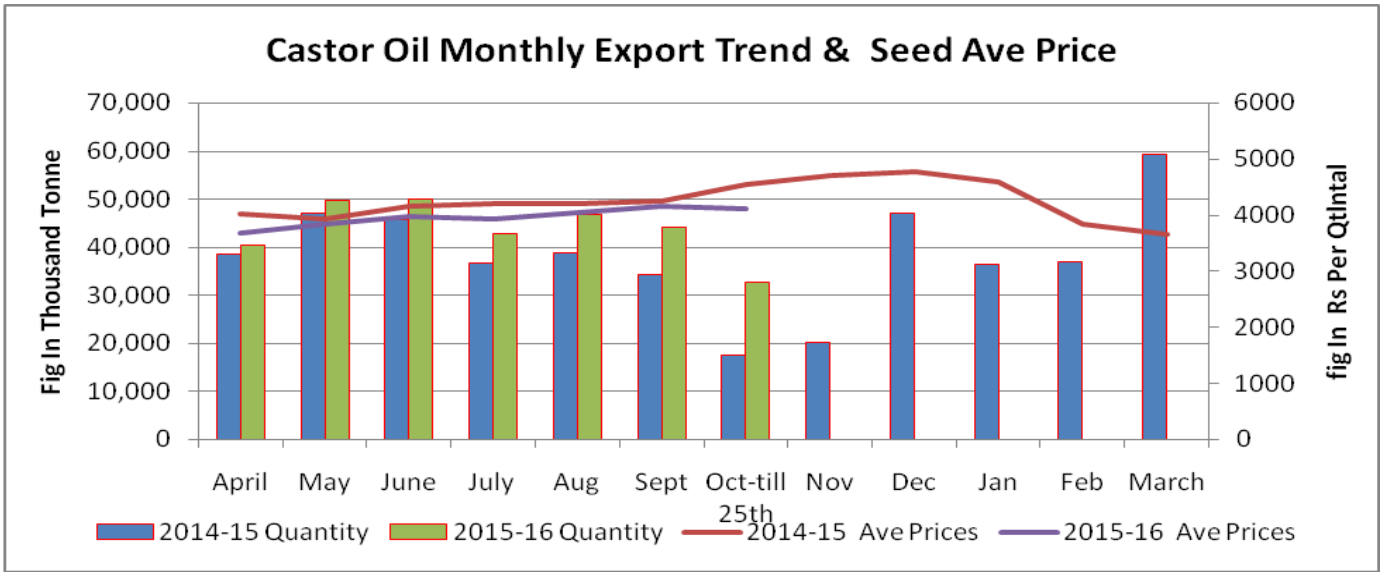
- As per Govt 1st Adv estimate castor production could be around 19.4 lakh tonne in 2015-16
- Agriwatch preliminary estimate is 15.12 lakh tonne

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

Progressive Castor Seed Area In Lakh Ha.Till 8th Oct, ,2015			
	2015	2014	% Ch
Andhra Pradesh	0.48	0.45	6.67
Telangana	0.4	0.5	-20.00
Arunachal Pradesh			
Assam			
Bihar	0.01	0	
Chhattisgarh			
Gujarat	7.81	7.34	6.40
Haryana	0.02	0.01	100.00
Himachal Pradesh			
Jammu & Kashmir			
Jharkhand			
Karnataka	0.1	0.12	-16.67
Kerala			
Madhya Pradesh			
Maharashtra	0.12	0.17	-29.41
Odisha	0.07	0.07	0.00
Punjab			
Rajasthan	1.98	1.49	32.89
Tamil Nadu	0.03	0.04	-25.00
Uttar Pradesh			
Uttarakhand			
West Bengal			
Others			
Total – All India	11.02	10.19	8.15

Overall castor area coverage is higher by 8.15 percent from last year.Gujarat and Rajasthan-the leading producing states- have covered higher area.

Castor Oil Export Volume And Seed Price Trend -:

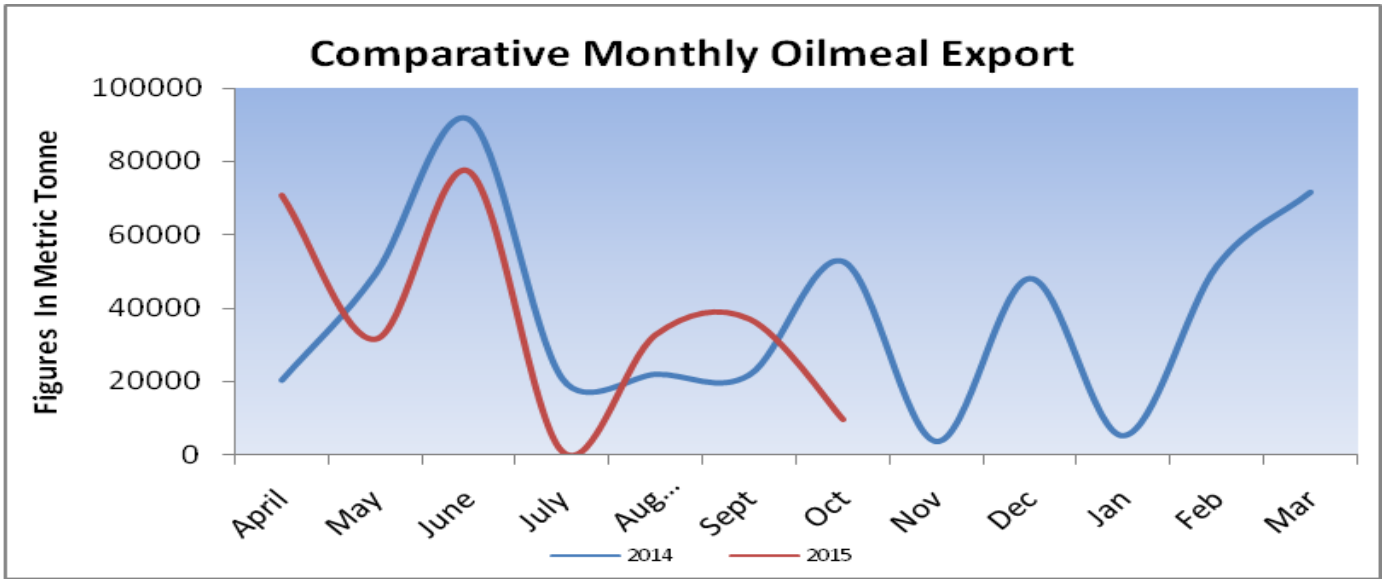


The above given bar chart shows that castor oil export volume continued to rise from the beginning of this MY in comparison to 2014-15. However, average prices ruled lower from last year. As prices are ruling lower export volume is expected to improve even in Oct. Last week oil export volume increased 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	36500
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**	**294061**

Source: IBIS,SOPA

Castor Meal Export Trend -:

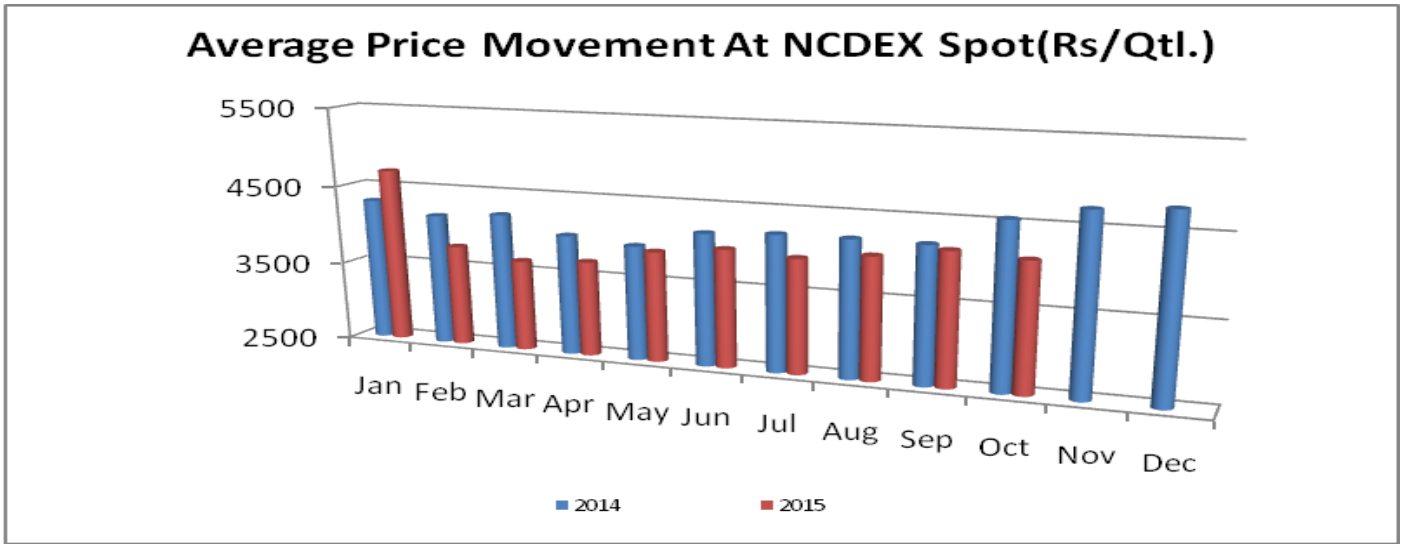


Castor meal export volume decreased by 81.74 percent in Oct in comparison to Sept and is likely to decrease in the weeks ahead. . FOB quotes for meal has increased slightly this week from $112 to $114 per tonne. France bought 208.9 tonne meal last week at an ave price of $164.65 per tonne.

***Domestic Seed/Oil & Meal Comparative Price* :**

Comparative Prices Of Castor Products Including Seed					
	30th Oct '15	**23th Oct '15**	**30th Sep'15**	**30th Oct '14**	**30th Oct '15**
Castorseed (Gujarat)((Rs./M.T) Ex-Mandi	41500	40750	40750	43150	**-3.98**
Castor Meal Export (FAS) (US$ / MT),Ex Kandla	103	103	109	112	**-8.74**
EXPORT (FOR) Ports (Rs./MT)Castor meal bulk Kandla	6450	6450	7000	6576	**-1.95**
Castor Oil (First Grade) FOB Kandla (Export)$/Tonne	1295	1265	1255	1453	**-12.20**
Local rates for oil in domestic market(Rs./M.T.) for comm.	85000	84000	86000	85071	**-0.08**

NCDEX SPOT Seed Price Trend:

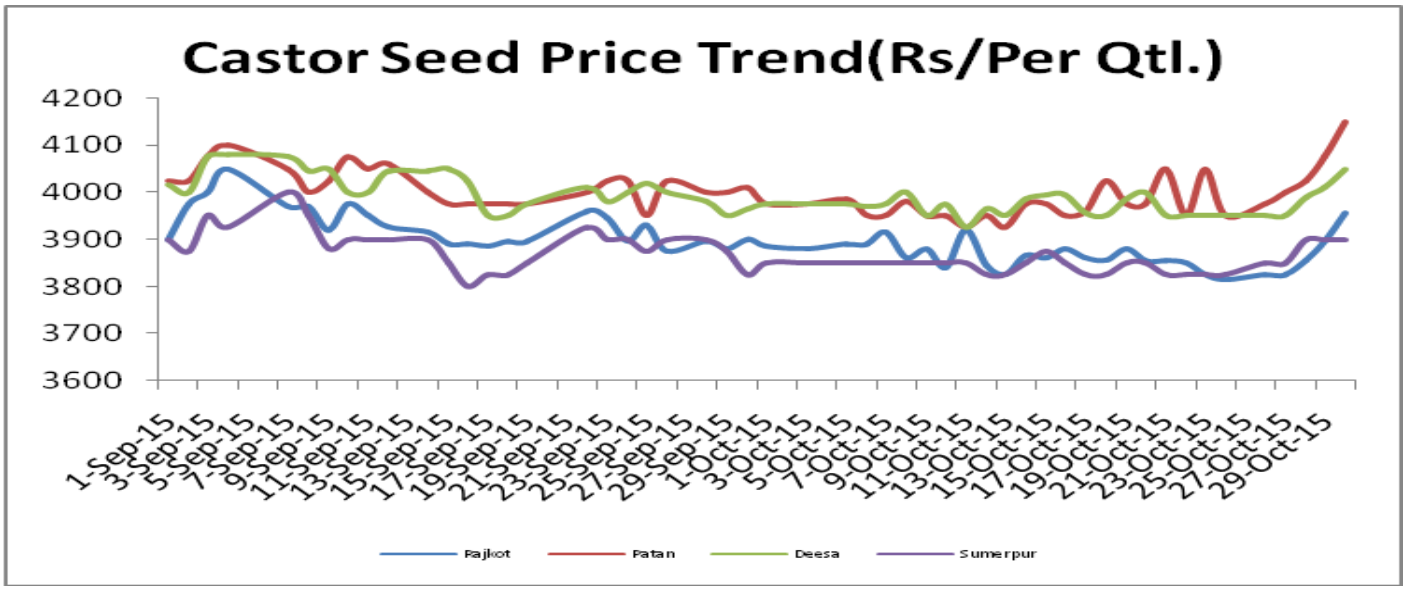


Cash Market(Deesa)Expected Price Range For October-2015:-

Expected Range	Rs/Qtl.(Low)	Rs /Qtl.(High)
Short term (15 days)	4050-4100	4150-4200
Medium Term (30 days)	4200-4250	4250-4275

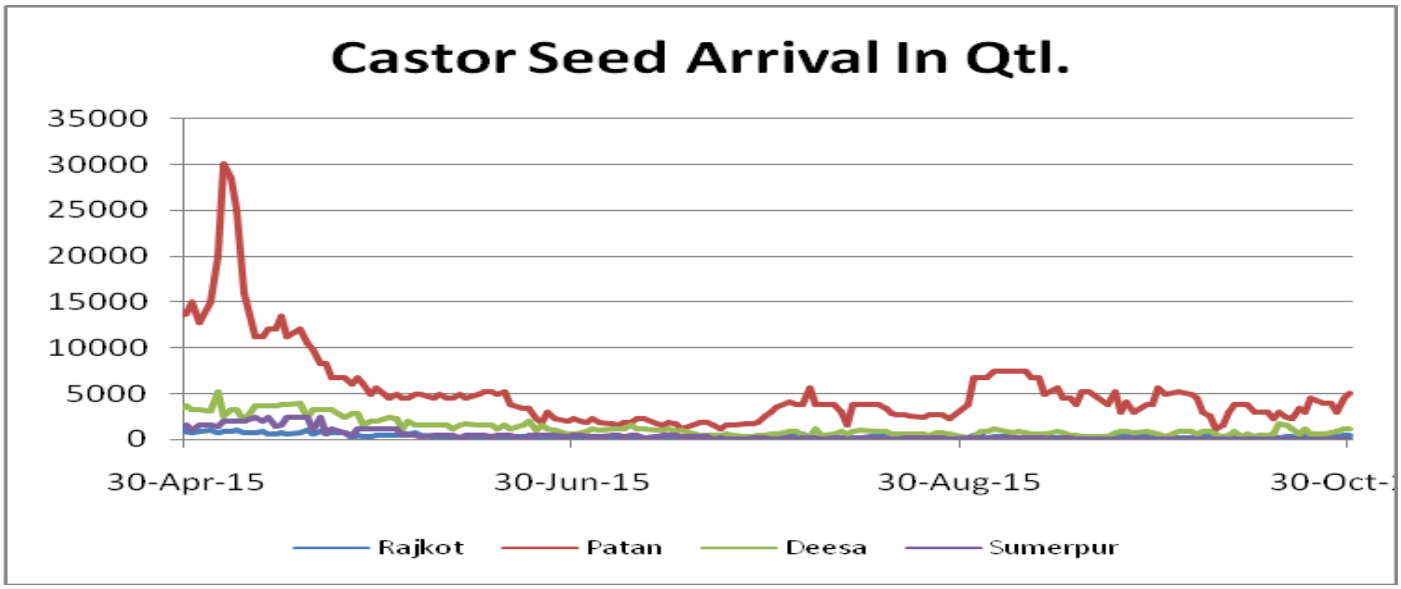
Cash market may trade in the range of 4100 to 4250 per qtl.in November.

Castor Seed Price Trend In Various Spot Markets:



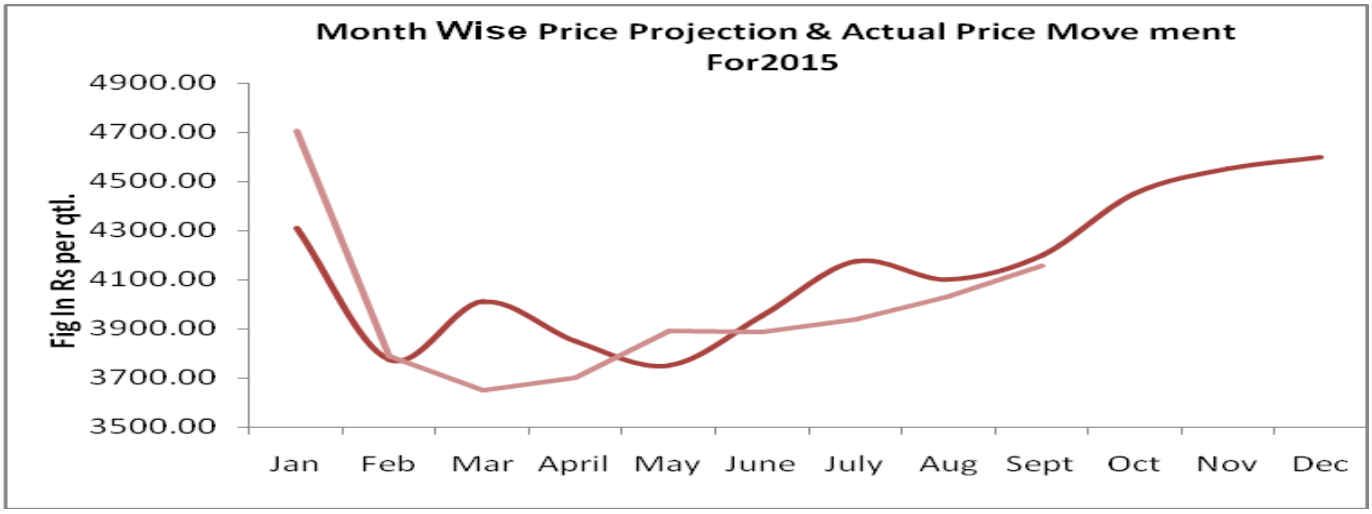
As expected in the last week, Castor seed market traded firm in the fourth week of Oct-2015. Firmness was seen in all major benchmark markets. Uptrend is likely to continue, as bull operators are active. Majority of stock is in strong hands and they intend to retain it till December. However, higher area coverage and lower demand for oil from overseas market may restrict bull- run. Production prospect is good and stock is ample. Recent rains have ensured better growth for the standing crop.

Castor Seed Arrival Chart:



Arrivals of seed increased in major market of Patan in Gujarat. Higher pace of arrival was also seen in Sumerpur. As prices are ruling higher, some improvement in arrival is expected in November from farmers and small traders. Besides, farmers need money for Rabi crop sowing; they would continue to release seed stock at regular intervals. Market participants say that arrival pace would increase in comparison to last week.

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 too has been considered here.

Monthly Technical Analysis:

Castor – Technical Outlook **Contract:Dec-15, Expiry-20 Dec-2015**

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 hints uptrend.*

Castor prices are likely to trade firm.

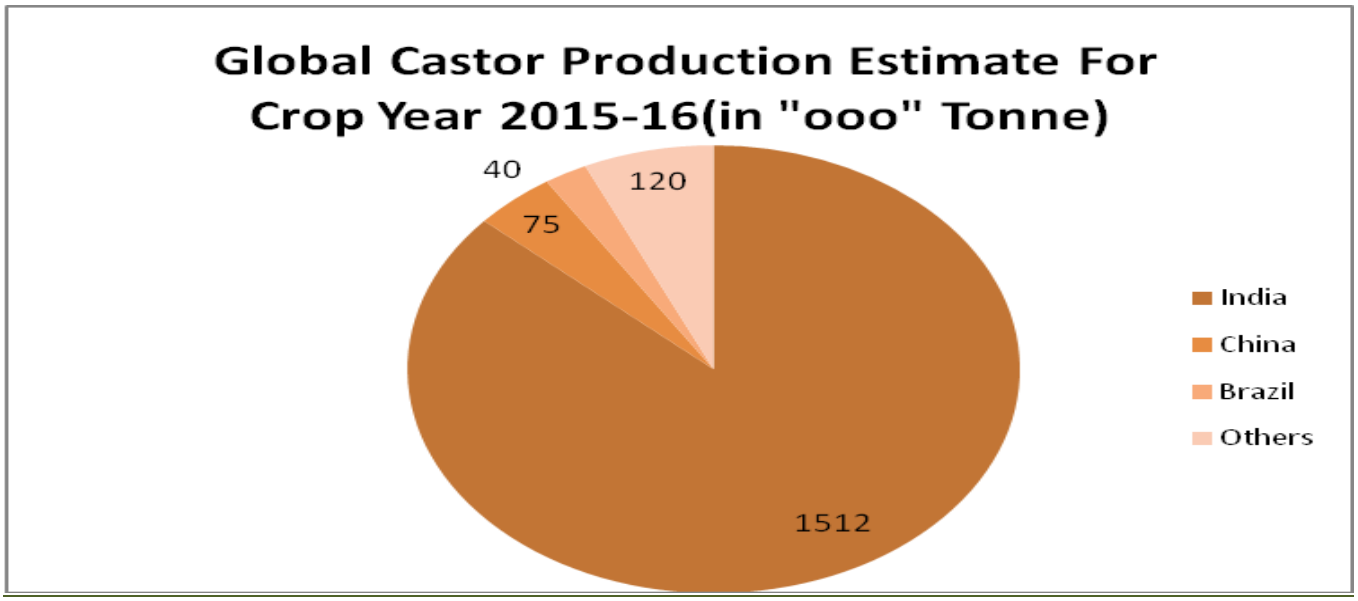
Strategy: Buy On Dip

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Castor	NCDEX	Dec	4288	4321	4350	4515	4575
Monthly Trade Call			**Call**	**Entry**	**T1**	**T2**	**SL**
Castor	NCDEX	Dec	**Buy above**	4350	4450	4510	4320

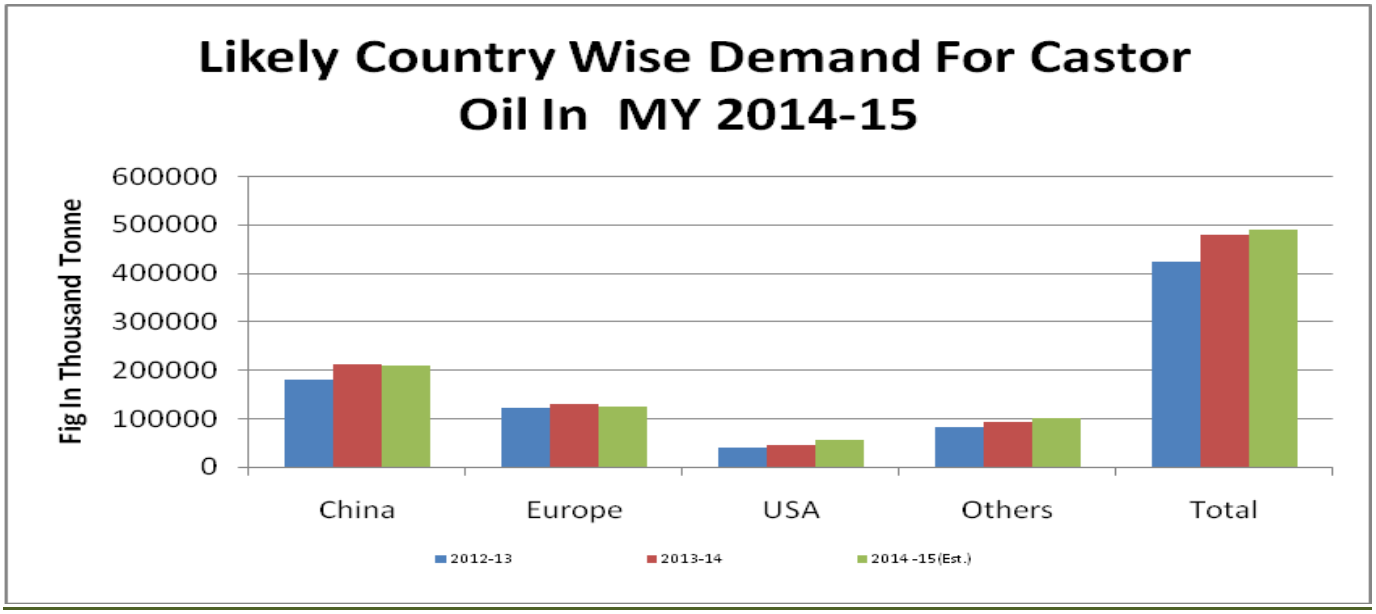
International Market Updates:

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 tonnes 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 global market in seed production with 90 percent contribution. .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 lakh tonne in 2014-15.The season will end on March 2016. As of now total registered export is 257.55 tonne till sep -2015.



Castor Seed Weekly Prices at Key Spot Markets:

Commodity Center	Market	Price (Rs/ Quintal)		Change
		23th to 29th Oct. 15	16th to 21th Oct. 15	
Rajasthan	Sumerpur	3858	3840	18
	Jodhpur	4042	4038	4
Gujarat	Ahmedabad	3830	3875	-45
	Halvad	3883	3870	13
	Rajkot	3840	3828	12
	Gondal	3879	3868	11
	Patan	4013	3977	36
	Harij	3993	3978	15
	Mehsana	3995	3996	-1
	Kadi	4012	3988	24
	Deesa	3970	3973	-3
	Bhabar	3986	3977	9
	Sabarkatha	4015	3990	25
	Gandhi Nagar	3995	3975	20
	Junagadh	3859	3856	3
	Dhrol	NA	3693	-

Center	Market	Weekly Arrivals (Quintal)		Change
		23th to 29th Oct. 15	16th to 21th Oct. 15	
Rajasthan	Sumerpur	64	400	-336
	Jodhpur	84	552	-468
Gujarat	Halvad	768	544	224
	Rajkot	1825	1640	185
	Gondal	1493	1247	246
	Patan	17250	13676	3574
	Harij	2550	2550	Unch
	Mehsana	4080	3440	640
	Kadi	10508	8328	2180
	Deesa	4400	3105	1295
	Bhabar	5063	3713	1350
	Sabarkatha	1613	900	713
	Gandhi Nagar	3488	3563	-75
	Junagadh	547	540	7
	Dhrol	NA	25	-
	Other Gujarat	12	27279	-27267
Total Arrivals/Above Markets		**53745**	**71502**	**-17757**

Overall View On Market Sentiments For Oct-2015:

Castor seed market is likely to trade firm in Nov-2015 led by higher demand, active bull operators and lower stock. Stockists group who have 50 percent seed in their custody would try to pull market in their own favour usually as is often seen in the month of November, December. Overall sentiments remain firm in the third quarter of the year.

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