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# Castor Seed & Oil Monthly Research Report

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**Outlook and Review:  
Domestic Front**

Castor seed and oil markets traded up in the first half of Nov and lost its previous gains in the second half of the month. Prices of seed in Rajkot decreased by 3.46% from Rs 3980 to Rs 3841.92 per qtl. However, month on month basis seed prices recovered in Nov by 0.67 % to Rs 3883.25 in comparison to Oct-2015. More decline from current level is unlikely as fresh demand for oil may lend support to cash market fundamentals.

At oil export front, volume was seen increasing in comparison to Oct-2015. China, EU and US were active buyers despite higher seed and oil price. Total oil export in Nov-2015 was registered at 54077.5 T with an ave FoB quote of \$1360.41 per T. Demand for oil from global players is likely to continue and China would continue to maintain its status as the largest buyer in December too.

Castor oil meal export too was registered at 77326.97 T in the month of Nov-2015. Malaysia, Indonesia and Japan were the major buyers for meal during November. Ave FoB quote was reported at \$160.13 per tonne for these countries. As price of seed cooled down, more crushing and export are expected in the month of December.

As production prospect is good, crop is in better shape so far and seed is ruling lower, demand is expected to improve and it may push seed price up once again. Arrival from new crop is expected by end of February. Stockists may try to drag market in their own favor until new crop starts.

**Recommendation:**

We advise to go long in oil above 3890 for a target of 4050 and 4070 with a stop loss at 3855 on closing basis in January contract.

**International Castor Oil Market Summary**

India exported 12638.67 T castor oil during week ended 29 Nov, 2015 at an ave FoB quote of \$1350.57 per tonne. China was the biggest buyer last week, buying 7731.67 T, followed by France 2348.14 T. Other active buyers were Thailand, Poland and Belgium who brought around 3351 tonne. Demand continues from China and it may lend support to cash seed market.

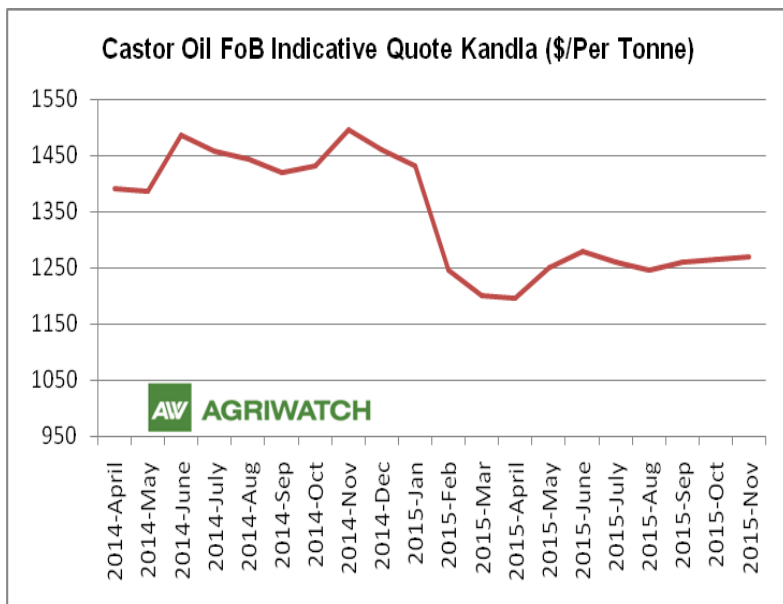
India Castor oil in Rotterdam decreased from \$1535 to \$1520 per tonne in last one week and may stay steady in the weeks ahead. It was being traded at \$1530 per tonne in 1<sup>st</sup> week of Nov, 2015.

Countries like China, EU and US have covered their 70 percent yearly needs of 4.5 lakh tonne so far and Agriwatch expects these countries would buy around 1 lakh tonne more till March, 2016.

Generally buying gets slowed in Jan, Feb and Mar due to higher domestic prices. This year prices are ruling lower so buying from major buyers would continue.

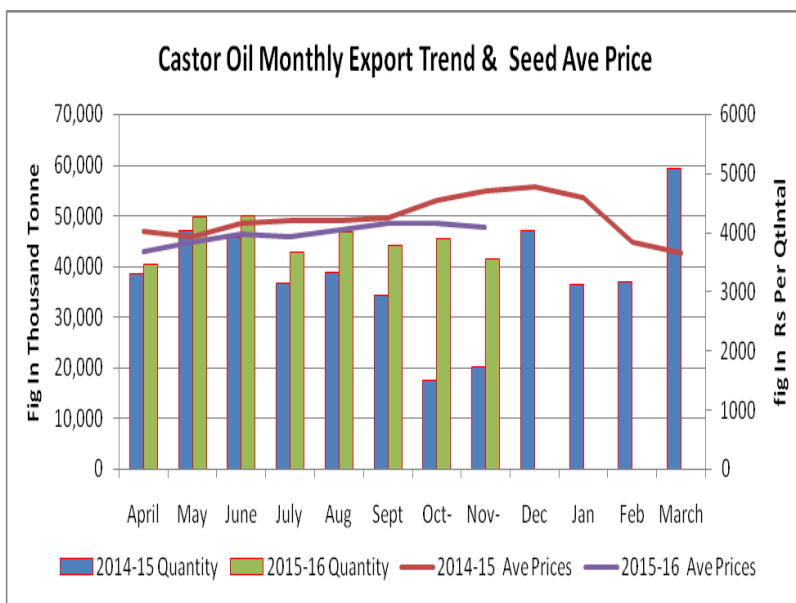
### Castor Oil: Domestic Market Fundamentals

- Castor oil FoB Kandla quote improved slightly in Nov-2015 in comparison to Oct. Average FoB quote at Kandla increased by \$5 per T to \$ 1370 per tonne. This month quote may decrease slightly due to lower seed price. It may trade in the range of \$1260 to \$1265 per tonne.
- Paint, soap and adhesive industries would continue to purchase oil at around Rs 8200 per qtl. for meeting their normal demand. If prices get firmer they may turn to palm stearin. These industries use around 20 percent castor oil out of total production.
- For medicinal purposes its use is limited and demand remains almost steady. Around 2.5 percent is used as medicine in domestic market.
- China , France, Belgium, Thailand, Poland, Japan, US and Netherland brought around 11620 tonne castor oil out of 12638 tonne from India last week and its dominance would continue in Indian markets in December too. Other countries brought around 1020 T oil during the same period.



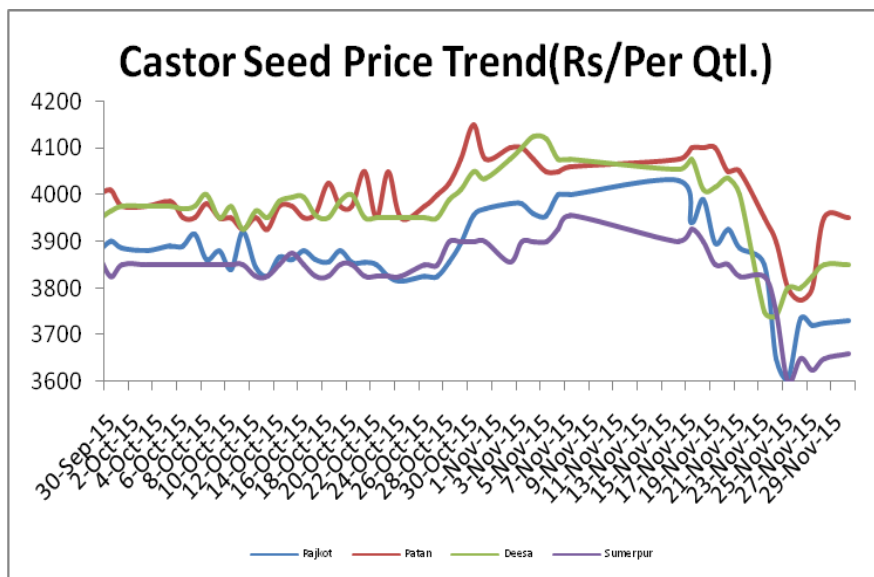
### Castor Oil Monthly Export Trend & Seed Ave Price: Domestic Market Fundamentals

- India exported 12638.67 T castor oil during week ended 29 Nov, 2015 at an ave FoB quote of \$1350.57 per tonne. China was the biggest buyer last week, buying 7731.67 T, followed by France 2348.14 T. Other active buyers were Thailand, Poland and Belgium who brought around 3351 tonne together.. Demand continues from China and it may lend support to seed market in the coming weeks.
- Castor seed monthly average price decreased from Rs 4027 to Rs 3927 per qtl. in the second half of the review month. As downward pressure on seed continues, average price may dip slightly from current level. Seed prices are ruling 5.27 percent lower than the price realized in Nov 2014.
- Castor oil export increased more than 50 percent in the month of Oct and Nov-2015. Upward trend is likely to continue even in the month of December. However, increasing pace of export volume may decrease slightly in comparison to Nov as buyers like China, EU have covered 70 percent of their yearly requirement.
- The only silver lining is other buyers who are still active would continue to buy as seed prices are ruling lower and they would take advantage of cooled castor oil price.



### Castor Seed Price Trend: Domestic Market Fundamentals

- Mostly cash markets like Rajkot, Patan, Dessa and Sumerpur traded weak before taking correction during the month under review. Castor seed market traded weak in the fourth week of Nov-2015. Weakness was seen in all major benchmark markets.
- Uptrend is unlikely to continue in the short term. However, medium term outlook remains firm. Majority of stock is in strong hands and they intend to retain half of their stock till December. However, higher area coverage and lower demand for oil from overseas market may restrict any bull- run now. Production prospect is good and stock is ample. Recent rains have ensured better growth for the standing crop. Increasing expectation of early arrival too weigh on market fundamentals.

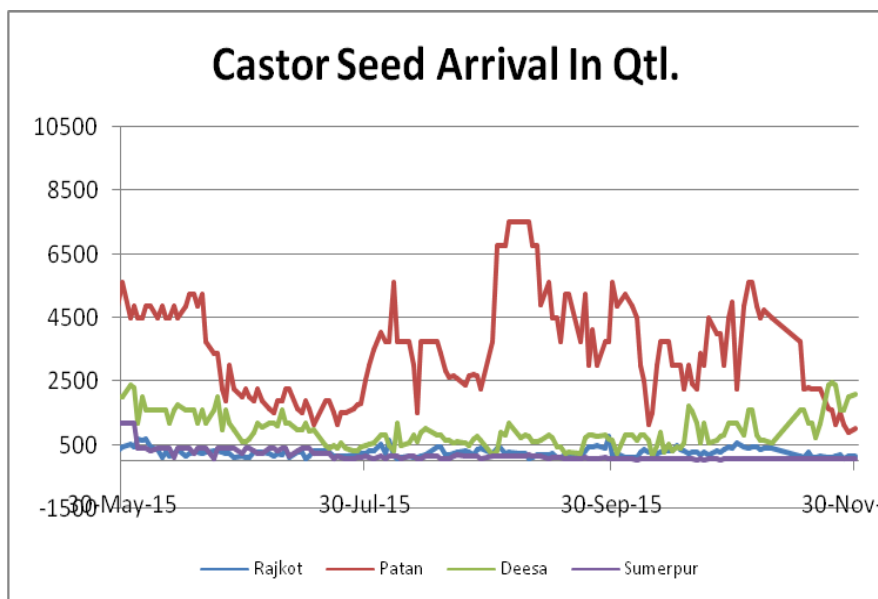


### Castor Seed Arrival Trend: Domestic Market Fundamentals

Castor seed arrivals continue to decrease in the month of Nov-2015 with declining prices in the various markets. Major dip was seen in Patan where it decreased by 60 % from 4275 qtl to 1975 Qtl a day. However, it increased in Patan from 100 per qtl to 2250 per qtl a day. Actually, stockists released some of their stock sensing bearish outlook.

In Sumerpur arrival of seed increased from 80 to 120 qtl per day. However in Dessa market it declined from 2000 qtl to 1600 qtl a day.

Seed arrivals in Rajkot remained almost steady and there was no impact on daily arrivals. Plants fresh buying interest may drive seed price up to some extent. However, any major change in sentiment is unlikely in the first half of December. Medium term outlook remains firm as new crop is still two months away from now.



**Seed Supply & Demand Outlook In Domestic Market:**

<b>Castor Seed Quarterly Supply &amp; Demand Projection For 2015-16</b>						
<b>All units in lakh tonnes</b>	<b>2014-15</b>	<b>2015-16</b>	<b>Apr-Jun</b>	<b>July-Sep</b>	<b>Oct-Dec</b>	<b>Jan-Mar</b>
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 during 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 bearish upto December.

**Domestic Market High Lights:**

- Agriculture statistics Division, DES has released its 1<sup>st</sup> 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 1<sup>st</sup> 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 speculate about the final size as sowing is just over.
- India exported 54077.5 tonne castor oil during Nov-2015 at an average price of 1361.41 per tonne. Castor oil export increased by 167.86 % in Nov-2015(Y on Y basis). In October India exported 33099 T oil and it increased to over 54000 T in Nov.
- Despite 35% lower post monsoon rain fall, castor crop is in good condition in Gujarat and Rajasthan. Plants are in growth stages and there is no report of any pest attack at early growth stage. Under normal condition production is expected to cross last year's level of 12 lakh tonne and may cross 15 lakh tonne this year. In spite of higher production prospects seed price would continue to trade up as stockists are unwilling to release stock before December. New crop is four months away from now and it may provide opportunity for stockists to drag market up in their own favor.

**Castor Oil Demand-Supply Side:**

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

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:**

<b>Comparable Production Estimates(Fig. In Lakh Tonne)</b>						
	<b>Govt.Fig</b>	<b>Oil world</b>	<b>Private Trades</b>	<b>Agriwatch</b>	<b>Nelson/Area govt</b>	<b>COOIT</b>
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	11 to 13	12	12.78	12.95
<b>2015-16*</b>	<b>19.4</b>	-	-	<b>15.12</b>	-	-
*1 <sup>st</sup> Adv..Estimate for 2015-16						

- As per Govt 1<sup>st</sup> 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:**

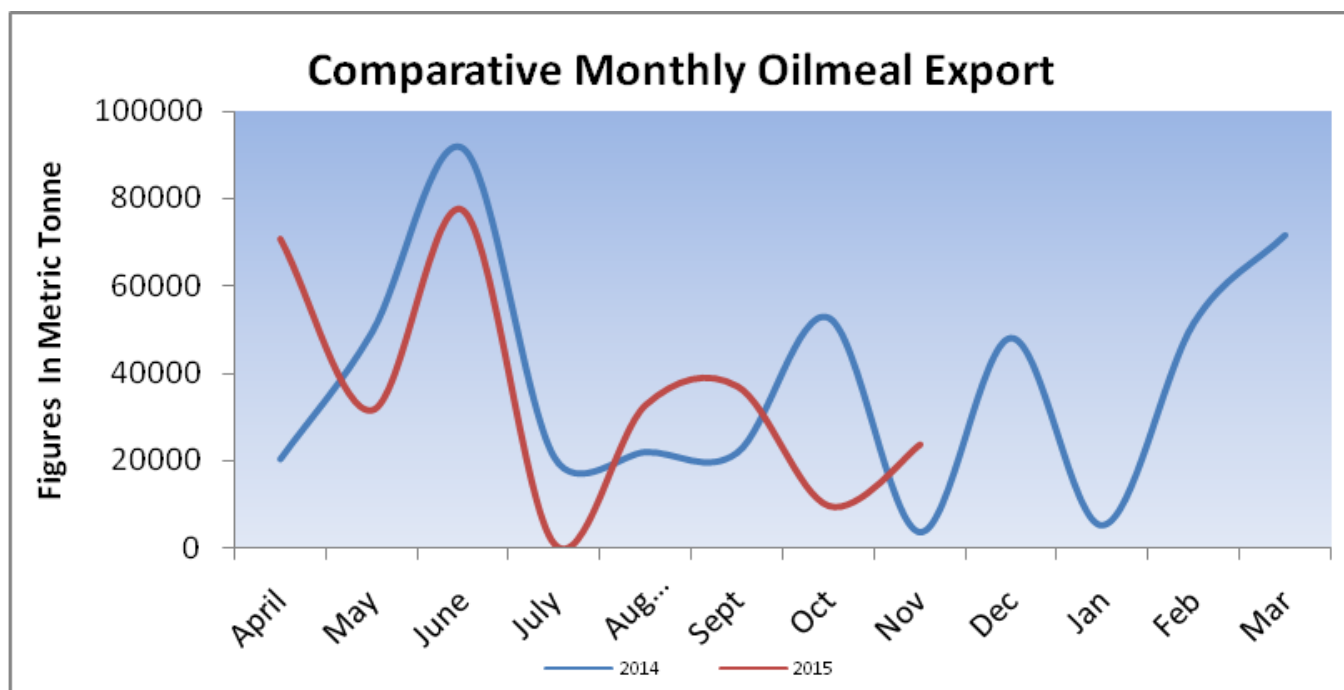
<b>Progressive Castor Seed Area In Lakh Ha.Till 8th Oct, ,2015</b>			
	<b>2015</b>	<b>2014</b>	<b>% Ch</b>
<b>Andhra Pradesh</b>	0.48	0.45	6.67
<b>Telangana</b>	0.4	0.5	-20.00
<b>Arunachal Pradesh</b>			
<b>Assam</b>			
<b>Bihar</b>	0.01	0	
<b>Chhattisgarh</b>			
<b>Gujarat</b>	7.81	7.34	6.40
<b>Haryana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

**Oil Export Monthly Volume:**

<b>Castor Oil Export(Monthly)</b>	<b>Quantity MT</b>	<b>Ave FOB Kandla(\$/T)</b>	<b>% Ch Over Previous Year</b>	<b>2014(export)MT</b>
2015-April	40533	1391.3	4.84	38661
2015-May	49863	1365.76	5.70	47176
2015-June	46573	1379.28	1.63	45824
2015-July	34835	1338.19	-5.25	36766
2015-August	32335	1335.3	-17.00	38960
2015-September	44075	1361.1	28.55	34285
2015-October	33599	1359.77	90.90	17600
2015-November	54077.5	1361.48	167.86	20189
2015-December				47104
2015-January				36501
2015-February				37018
2015-March				59294
<b>Total</b>	<b>171804</b>			<b>569378</b>

Source: Agriwatch, IBIS & Sopa

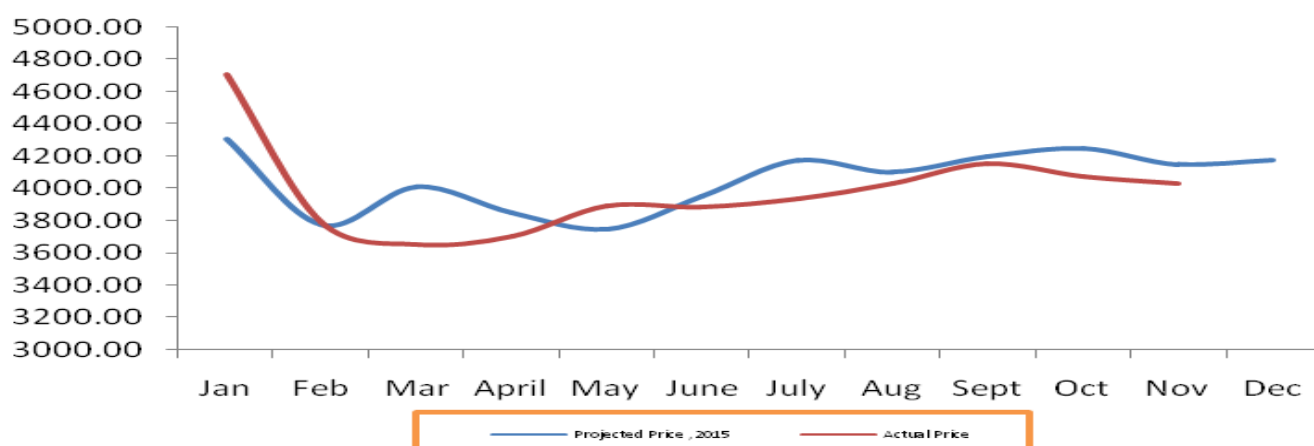
**Castor Meal Export:**


Castor meal export volume decreased by 545 percent in Nov in comparison to Oct and is likely to increase in the weeks ahead as seed prices have decreased. 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.

<b>Comparative Prices Of Castor Products Including Seed</b>					
	27th Nov '15	20th Nov '15	27th Oct'15	27th Nov '14	Change
Castorseed (Gujarat)((Rs./M.T) Ex-Mandi	40250	41000	40750	45313	<b>-12.58</b>
Castor Meal Export (FAS) (US\$ / MT),Ex Kandla	98	100	103	125	<b>-27.55</b>
EXPORT (FOR) Ports (Rs./MT)Castor meal bulk Kandla	6400	6500	6450	7513	<b>-17.39</b>
Castor Oil (First Grade) FOB Kandla (Export)\$/Tonne	1245	1275	1265	1509	<b>-21.20</b>
Local rates for oil in domestic market(Rs./M.T.) for comm.	83000	85500	84000	86565	<b>-4.30</b>

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

Expected Range	Rs/Qtl.(Low)	Rs /Qtl.(High)
<b>Short term (15 days)</b>	3700-3750	3750-3800
<b>Medium Term (30 days)</b>	3800-3850	3850-3900

**Monthwise Price Projection For 2015-16**


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: Jan-2016, Expiry-20 Jan-2016**
**Technical Commentary:**

- Candlestick depicts weak momentum in the market.
- RSI moving down in neutral zone, hints caution to the bears operators.
- Prices closed below 9 and 18 days EMAs hints downtrend.

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


**Strategy: Buy On Dip**

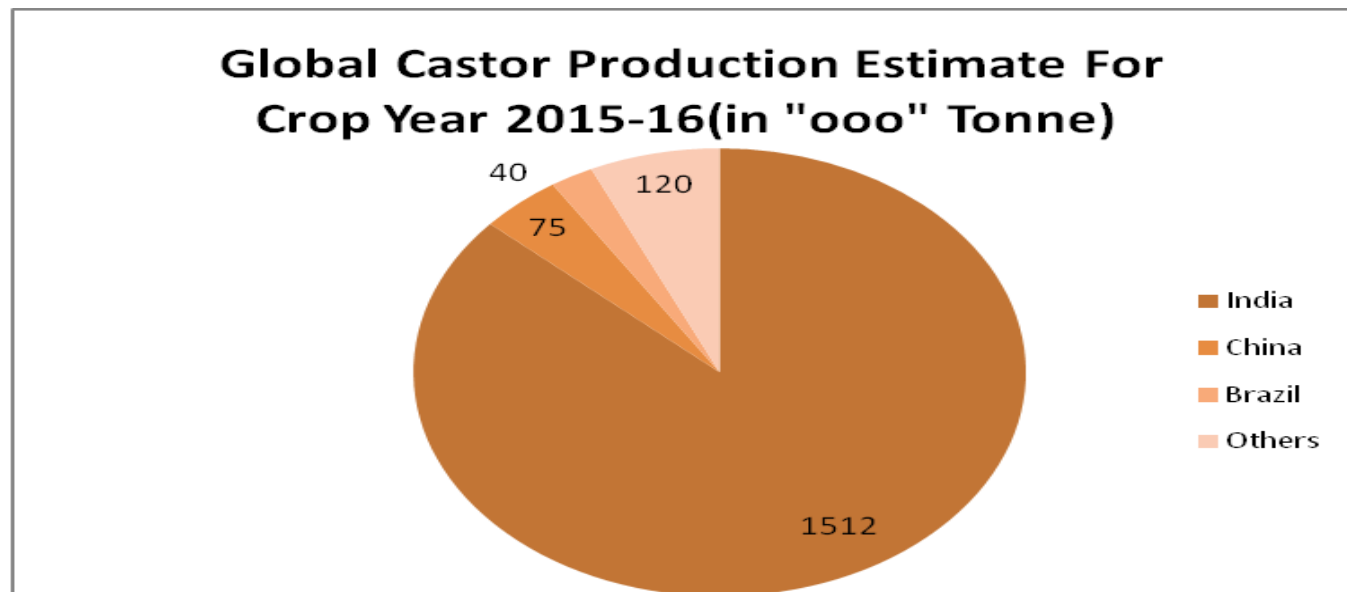
Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Castor	NCDEX	Jan	3785	3810	3939	4077	4160
Monthly Trade Call			Call	Entry	T1	T2	SL
Castor	NCDEX	Jan	Buy above	3900	4000	4050	4077

## International Market Fundamentals

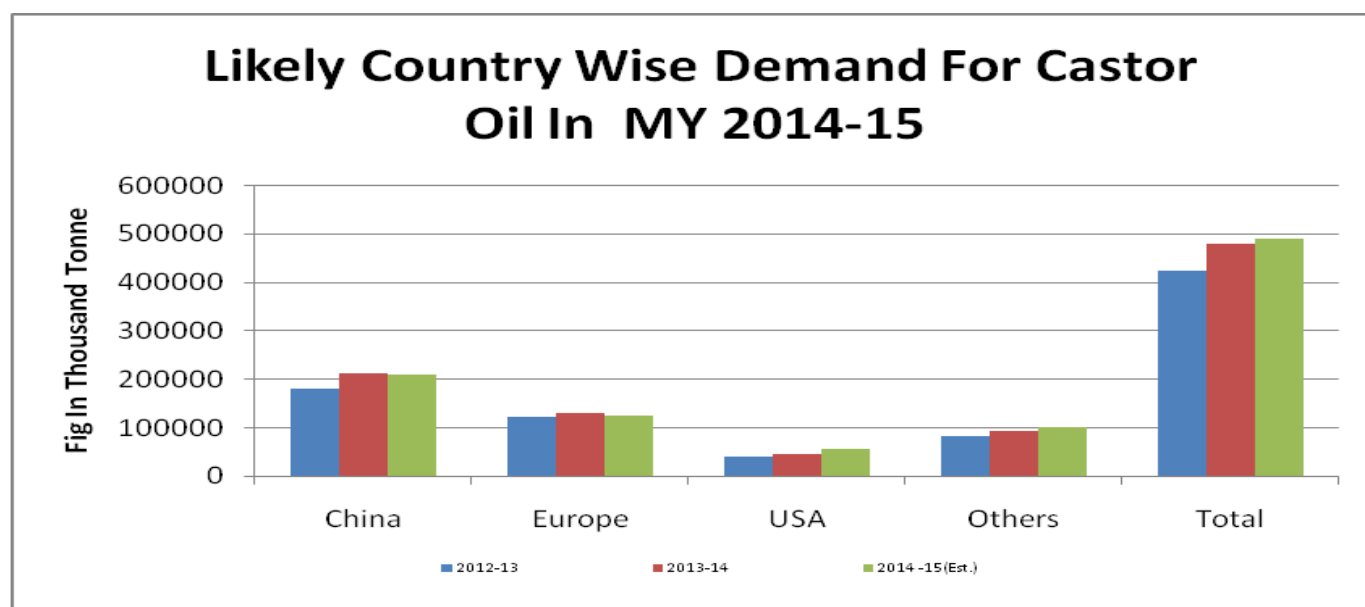
### International Market Updates:

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 in March 2016. As of now total registered export is 257.55 tonne till sep -2015.



**Price Table:**
**Castor Seed Weekly Prices at Key Spot Markets:**

Commodity	Market	Price (Rs/ Quintal)		Change
Center		27 Nov. to 03 Dec. 15	20th to 26th Nov. 15	
<b>Rajasthan</b>	Sumerpur	3646	3781	<b>-135</b>
	Jodhpur	3750	3973	<b>-223</b>
<b>Gujarat</b>	Ahmedabad	3723	3840	<b>-117</b>
	Halvad	3740	3833	<b>-93</b>
	Rajkot	3727	3803	<b>-76</b>
	Gondal	3767	3880	<b>-113</b>
	Patan	3892	3980	<b>-88</b>
	Harij	3848	3975	<b>-127</b>
	Mehsana	3856	3969	<b>-113</b>
	Kadi	3821	3938	<b>-117</b>
	Deesa	3829	3917	<b>-88</b>
	Bhabar	3830	3960	<b>-130</b>
	Sabarkatha	3863	4019	<b>-156</b>
	Gandhi Nagar	3888	3967	<b>-79</b>
	Junagadh	3798	3865	<b>-67</b>
	Dhrol	3662	3678	<b>-16</b>

**Week on Week Price: Scenario of Castor Seed :**

Commodity	Market	Today	Week ago	Month ago	Year ago
Center		03-Dec-15	26-Nov-15	03-Nov-15	03-Dec-14
<b>Rajasthan</b>	Sumerpur	3650	3600	3855	4100
	Jodhpur	3790	NR	4110	3900
<b>Gujarat</b>	Ahmedabad	3715	3755	NA	4400
	Halvad	3700	3700	3950	NA
	Rajkot	3725	3605	3980	4075
	Gondal	3500	3830	3930	4205
	Patan	3925	3800	4100	4605
	Harij	3875	3800	4090	NA
	Mehsana	3850	3800	4075	4325
	Kadi	3825	3710	4075	4300
	Deesa	3825	3800	4100	4605
	Bhabar	NA	3800	4100	NA
	Sabarkatha	3875	NA	4075	NA
	Gandhi Nagar	3850	3800	4100	NA
	Junagadh	3810	3690	3900	4025
	Dhrol	NA	NA	3725	NA



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