



Castor Seed & Oil Monthly Research Report

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Outlook and Review:
Domestic Front

Castor seed and oil markets traded down in December-2015 and downward pressure is likely to continue in the month of January-2016 too. All India average prices for seed declined by 9.57 % from Rs 3593.33 to Rs 3249.43 per qtl. Prices of seed in Rajkot decreased by 3.46% from Rs 3980 to Rs 3841.92 per qtl. Castor seed average price in Gujarat markets declined by 5.55 % in December to Rs 3782.25 per qtl. It was being traded at Rs 4004.6 in Nov-2015. In Rajasthan. Average price declined by 4.09 % to Rs 3514.35%. Overall outlook for castor seed markets remains bearish due to higher old stock and bumper production prospect in 2016.

At oil export front, volume was seen increasing in comparison to Nov-2015. India exported 49819.70 tonne castor oil in Dec-15, higher by 5.77 % from Dec 2014. China, EU and US were active buyers throughout the year as seed and oil prices continue to rule lower in comparison to previous year. India exported castor oil at an average FoB of \$1330.93 per tonne in December-2015, lower by 2.24 % from previous month.

India exported 44268.01 tonne castor meal during the same time at an average FoB of \$144.23 per tonne. Major buyers were Taiwan, France Japan and US. Average FoB for the month of December was registered at \$144.23 per tonne. As seed prices are ruling lower, demand for castor meal is likely to continue with same pace in the month of January too.

Good production prospects, higher availability of old stock and declining prices despite better demand for oil from overseas market would continue to encourage buyers to cover their short position. New crop will hit the market one month earlier and pressure on market fundamental may continue. Agriwatch expects peak arrival season in April this year. In April 2016 Prices may touch the level of Rs 3000 per qtl. Major stake holders are eyeing on castor conference scheduled to be held on 13 February, 2016 in Ahmadabad, Gujarat, where, final size of the crop would be clear. Agriwatch expects over 15 lakh tonne seed production this year.

Recommendation:

Agriwatch advises to go short in seed above 3760 for a target of 3670 in February Contract. Stockiest should offload their old stock as any major recovery in cash markets is a remote possibility.

International Castor Oil Market Summary

China, EU and USA were major buyers of castor oil in the month of December. Out of around 50,000 tonne export they collectively bought 60 % oil at an average price of \$1340 per tonne. These countries have covered their 80 % of yearly need so far. So in next three months including January-2016, they may buy around one lakh tonne. This would mean that the total export by the end of the season may cross 5.50 lakh tonne, almost 90000 tonne more than 2014-15.

India Castor oil in Rotterdam decreased from \$1474 to \$1419 per tonne in last one month and may lose \$25 to 30 more in coming months. It was being traded at \$1474 per tonne in 1st week of Dec, 2015.

Generally buying gets slowed in Jan, Feb and Mar due to higher domestic prices. However, this year export increased in Dec-Jan due to cheaper availability of oil. As prices are bound to decrease, buying may continue until the season ends in March-2016.

Seed Supply & Demand:

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 ton, which will decrease to 2.1 lakh tonne in fourth quarter as usual.

Higher seed availability would lower seed price during Jan-March-2016 and it may decrease to Rs 3000 to 3200 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 traders view. Overall scenario for current quarter is bearish upto March-2016.

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 Cons.	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 Cons. Ratio	0.34	0.40	3.01	2.51	2.77	2.70

Castor Oil:

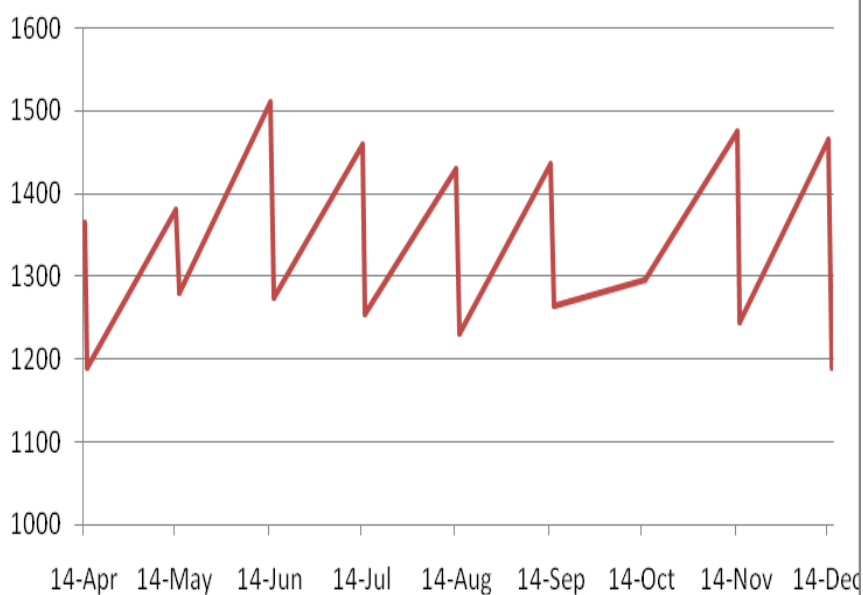
Domestic Market Fundamentals

Castor oil FoB Kandla quote decreased from \$1245 to \$1190 in December-2015 on higher supply and availability of old stock. More dip is likely in coming weeks as supply is higher than actual demand.

Paint, soap and adhesive industries would continue to purchase oil at around Rs 7650 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.

Castor Oil FoB Quote At Kandla(\$/ Per T)



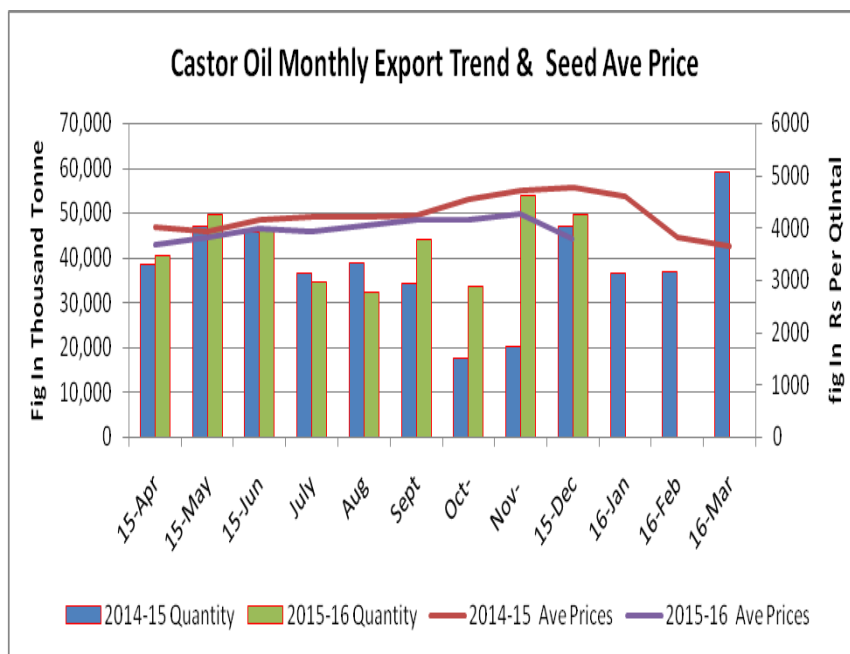
FoB price for oil will continue to remain under pressure in January too.

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

India exported 49819.7 T castor oil during December-2015, lower by 8% from Nov-2015. Ave FoB quote for December was registered at \$1313.09 per tonne.

Castor seed monthly average price decreased from Rs 4268 to Rs 3795 per qtl. in December. As downward pressure on seed continues due to bumper production prospects, average price too may continue to dip from current level.

Seed prices are ruling 8% percent lower than the price realized in November, 2015



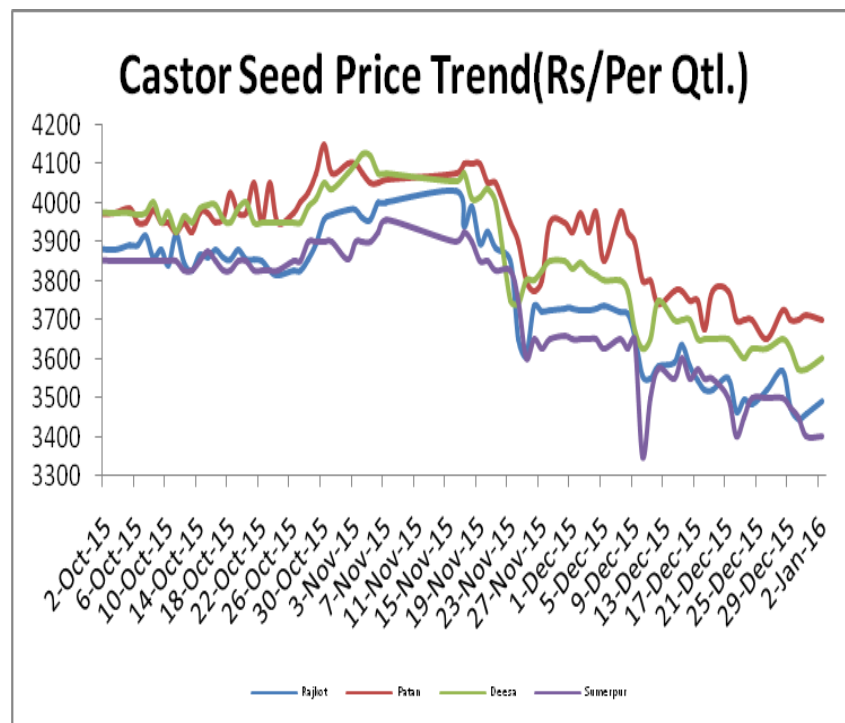
Castor Seed Price Trend:

Domestic Market Fundamentals

Mostly cash markets like Rajkot, Patan, Dessa and Sumerpur traded weak before taking correction during the month under review.

In the month of December seed prices decreased Rs 150 to Rs 200 per qtl in comparison to Nov-2015.

Availability from old stock is higher and new crop is in very good condition. With expectation of early arrivals inner tone in the market has turned weak. Slight correction is expected. However, overall sentiment remains weak for last quarter of the ongoing season.



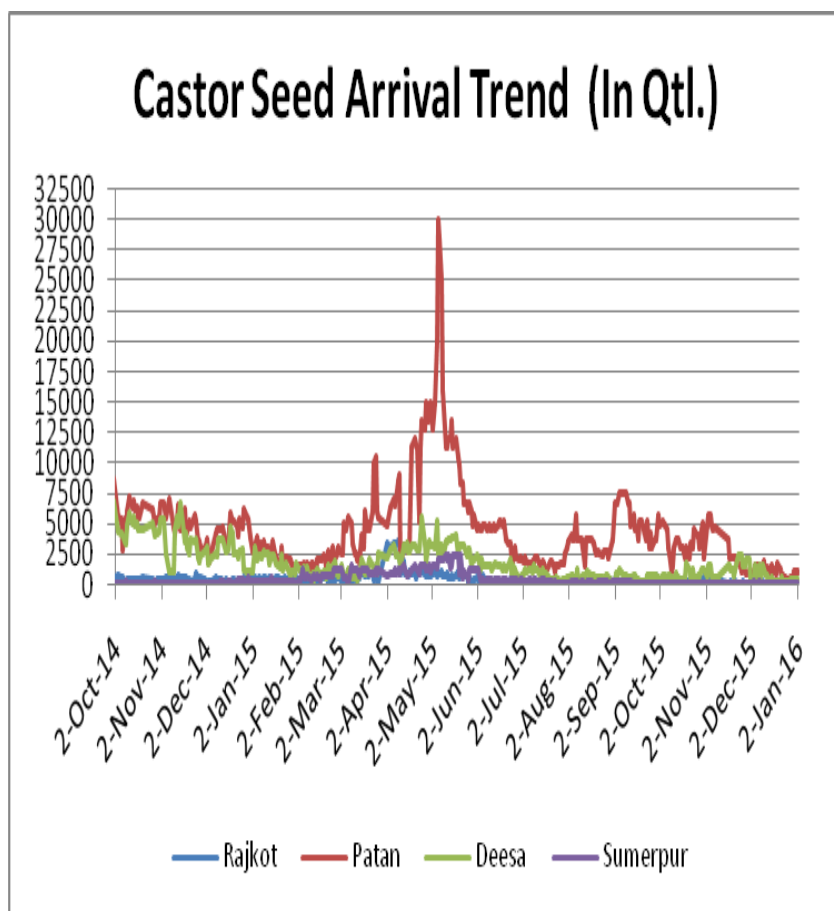
Castor Seed Arrival Trend: Domestic Market Fundamentals

Castor seed arrivals continued to decrease in the month of Dec-2015 with declining prices in the various markets. Major dip was seen in Patan where it decreased by 28 % from 1500 qtl to 1100 Qtl a day.

However, it increased in Dessa from 1000 per qtl to 1150 per qtl a day. Actually, stockists released some of their stock sensing bearish outlook.

In Sumerpur arrival of seed decreased from 400 to 525 qtl per day. However in Sumerpur market it increased from 80 qtl to 150 qtl a day.

Seed arrivals in Rajkot remained almost steady and there was no impact on daily arrivals.



Domestic Market High Lights:

- 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 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.

Castor Oil Demand-Supply Side:

Highlights:

The season 2015-16 is likely to start with higher oil stock of 25000 tonnes as carry in. Production is estimated at 6.7 lakh tonne considering higher domestic and overseas demand.

Carryout would increase from 0.25 thousand tonne to 0.45 lakh tonne for 2015-16 due to higher production. Total availability of oil too would increase from 6.15 to 6.95 lakh tonne in 2015-16.

Domestic consumption may slightly increase from 0.9 lakh tonne to 1 lakh tonne in 2016. Soap and other adhesive /paint industries may increase the use of castor oil considerably due to cheaper availability of seed and oil in 2016.

Castor oil export from India may increase from 5 lakh tonne to over 5.5 lakh tonne in 2016 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 2016.

Unit in lakh tonne	2011-12	2012-13	2013-14	2014-15	2015-16(E)
Carry in	0.5	0.7	0.4	0.15	0.25
Production	5.5	6	5	6	6.7
Imports	0	0	0	0	0
Total Availability	6	6.7	5.4	6.15	6.95
Consumption (domestic)	1.4	1.6	0.75	0.9	1
Exports	4.2	4.7	4.5	5	5.5
Total Usage	5.3	6.3	5.25	5.9	6.5
Carry out	0.7	0.4	0.15	0.25	0.45

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 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.

Oil Export Monthly Volume:

Castor Oil Export(Monthly)	Quantity MT	Ave FOB Kandla(\$/T)	% Ch Over Previous Year
2015-April	40533	1391.3	4.84
2015-May	49863	1365.76	5.70
2015-June	46573	1379.28	1.63
2015-July	34835	1338.19	-5.25
2015-August	32335	1335.3	-17.00
2015-September	44075	1361.1	28.55
2015-October	33599	1359.77	90.90
2015-November	54077.5	1361.48	167.86
2015-December	49819.7	1330.93	5.77
2015-January			
2015-February			
2015-March			
Total	385710.2		

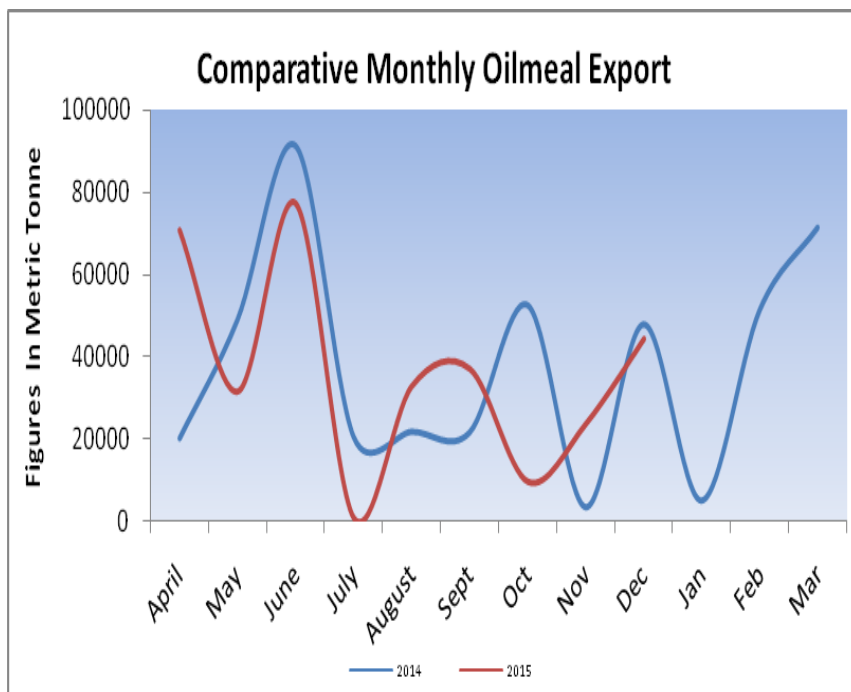
Source: Agriwatch, IBIS & Sopa

Castor Meal Export:

Castor meal export volume decreased by 7.18 % percent in Dec-2015 in comparison to Dec-2014 and is likely to increase in the weeks ahead as seed prices have decreased and availability would increase.

FOB quotes for meal has decreased slightly Dec from \$114 to \$112 per tonne

More dip is expected in January-2016.



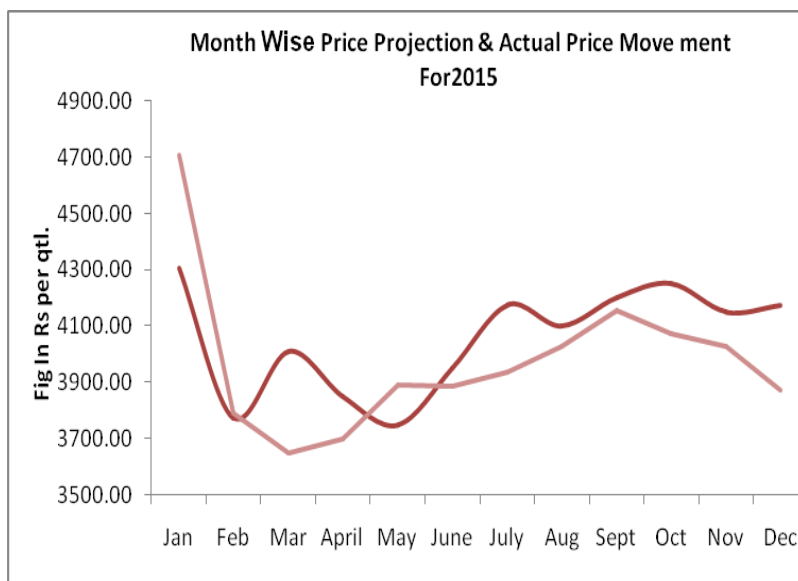
Comparative Prices Of Castor Products Including Seed					
	23rd Dec '15	18th Dec '15	23rd Nov'15	23rd Dec '14	Change
Castorseed (Gujarat)((Rs./M.T) Ex-Mandi	37500	38000	41000	44671	-19.12
Castor Meal Export (FAS) (US\$ / MT),Ex Kandla	93	95	100	136	-46.24
EXPORT (FOR) Ports (Rs./MT)Castor meal bulk Kandla	6000	6250	6500	8146	-35.77
Castor Oil (First Grade) FOB Kandla (Export)\$/Tonne	1160	1185	1275	1457	-25.6
Local rates for oil in domestic market(Rs./M.T.) for comm.	78000	79000	85000	86635	-11.07

Cash Market (Deesa)Expected Price Range For January-2016:-

Expected Range	Rs/Qtl.(Low)	Rs /Qtl.(High)
Short term (15 days)	3450-3500	3500-3550
Medium Term (30 days)	3550-3600	3600-3650

Price Trend In 2014 & 2015:

Price projection was 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: Feb-2016, Expiry-20 Feb-2016			
<div>Technical Commentary:</div> <div><ul style="list-style-type: none">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.</div> <div>Castor prices are likely to trade weak.</div>				<div><div>Candlestick chart for Castor Seed New 1602(NCCTNG6)2016/01. The chart shows a red candlestick with a green wick, indicating a bearish trend. The price is currently at 3712.00, with a high of 3790.00 and a low of 3652.00. The volume is 233,600. The chart also displays horizontal lines for 181.8%, 138.2%, 100.0%, 61.8%, 50.0%, 36.2%, 23.6%, and 0.0%.</div><div>Technical indicators: RSI(14,MA(20)) 0.000000, MACD(12,26,12) 0.000000, ADX(14) 0.000000, +DI 0.000000, -DI 0.000000.</div></div>			
Strategy: Sell On Rise							
Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Castor	NCDEX	Feb	3595	3655	3712	3810	3880
Monthly Trade Call			Call	Entry	T1	T2	SL
Castor	NCDEX	Feb	Sell Below	3775	3700	3660	3800

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 2015-16. Preliminary estimate shows total export may cross 5 lakh tonne in 2015-16. The season will end in March 2016. As of now total registered export is 3.85 lakh tonne till Dec-2015.

Country wise demand For Oil:

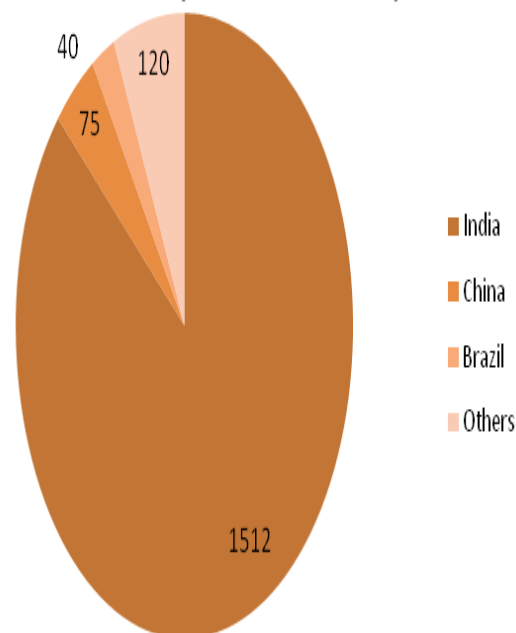
Castor oil export in 2015-16(new season) may increase from 5 lakh tonne to 5.4 lakh tonne.

China, Europe and USA may buy around 2.15, 1.60 & 0.6 lakh tonne respectively in the new season.

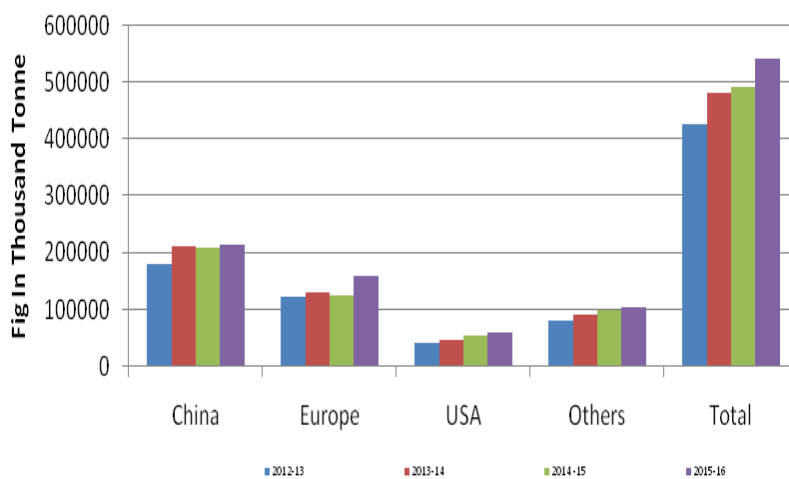
Other countries too would buy higher oil in 2016 as paints and adhesive industries are growth with good pace in all developing countries.

Others countries contribution may increase from 1 lakh tonne to 1.05 lakh tonne this year.

Global Castor Production Estimate For Crop Year 2015-16 (in "ooo" Tonne)



Likely Country Wise Demand For Castor Oil In MY 2015-16



Price Table:

Week on Week Basis Price: Castor Seed :					
Commodity	Market	Today	Week ago	Month ago	Year ago
Center		03-Dec-15	26-Nov-15	03-Nov-15	03-Dec-14
Rajasthan	Sumerpur	3650	3600	3855	4100
	Jodhpur	3790	NR	4110	3900
Gujarat	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

Castor Seed Cumulative Monthly Sum Arrivals in Key Centers:

Center	Market	Monthly Arrivals (Quintal)		Change
		Dec. 2015	Nov. 2015	
Rajasthan	Sumerpur	2132	1440	692
	Jodhpur	1136	1244	-108
Gujarat	Halvad	1676	1265	411
	Rajkot	3570	1340	2230
	Gondal	3638	4495	-857
	Patan	28682	45300	-16618
	Harij	4313	10350	-6037
	Mehsana	2292	14880	-12588
	Kadi	17368	18792	-1424
	Deesa	12539	23611	-11072
	Bhabar	6236	11846	-5610
	Sabarkatha	998	4980	-3982
	Gandhi Nagar	2396	7350	-4954
	Junagadh	995	1189	-194
	Dhrol	34	47	-13
	Ahm (Sanand)	7709	13	7696
Total Arrivals/Above Markets		95714	148142	-52428



Note: We have incorporated traded quantity of seed in particular mandis. It does not signify the total arrivals.

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