Castor Seed &Oil Monthly Research Report

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Outlook and Review:
Domestic Front

Castor seed all India average price decreased by 10.04 % from Rs 3351.56(Jan-2016) to Rs 3015 per qtl. in February-2016. Major decrease was seen in Gujarat, followed by Rajasthan where average price decreased by 11.34 and 9.85 percent in one month after the suspension of futures contracts in January-2016.Arrivals from newly harvested crop started increasing and overall outlook seems bearish as crop size is higher this year. In absence of futures contract, price recovery is fully dependant now on physical market force. The NCDEX would try to re-launch futures contract in castor seed soon after making sure that mal-practices at broker's level would not happen again.

Agriwatch expects the season to start with 4.54 lakh tonne carryout and with estimated 15.12 lakh tonne production total availability would cross 19.50 lakh tonne against the actual seed requirement of 14 lakh tonne. This means the season would end with higher carryout once again. Seed supply throughout the year would be at comfortable level.

At price front, market may decrease by Rs 100 to Rs 150 per qtl from current level as pressure is building up from new crop. However, any unexpected dip is unlikely as farmers would not prefer to sell seed below Rs 2700/2750 per qtl. In case of lower price farmers would wait for improvement in price. As oil export is continuously increasing from last three months, any major dip in seed price seems a remote possibility. Seed Buyers/Stockiest may start buying around Rs 2750/2800.It would restrict market to decrease below rs 2700/2750 level in March-2016.

At oil export front, volume was seen increasing in comparison to Jan-2016. India exported 43500 tonne castor oil in Feb-16, higher by 8.14 % from Jan 2016.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 $1151.47 per tonne in Feb-2016,lower by 0.96 % from previous month. More dip in average FoB quote is unlikely as Agriwatch expects market to stabilize around $1125 to $1150 per tonne. For common grade commercial grade it may hover between $875 to $925 per tonne during next two months.

*In Global Castor Conference, held in **Ahmadabad on 13th Feb-2016 experts estimated production at 14 lakh** tonne. Total area coverage has been considered at 11.36lakh ha. Average yield has been calculated @1229 kg /Ha. However, Panal's members' views differed. Gujarat production may touch11.50 lakh tonne, Rajasthan may end up with 1.44 lakh tonne while AP/ Telangana may produce79 thousand tones, contribution of other States has been pegged at 24 thousand tones.*

*Production estimates in castor conference held on **24 Jan-2016 in Palanpur (Gujarat) range from 15.50 to 16 lakh** tonne for new incoming crops. In Bhuj area production is likely to double due to higher acreage and good yield. In Patan production would increase by 10 to 15 % from last year while in other area slightly lower production is expected as last year. Rajasthan too would produce around two lakh tonne seed this year. However, private trade differs on area coverage.*

Agricultural Statistics Division, Directorate of Economics & Statistics, India has published its second adv estimate for foodgrains on 15th Feb-2016 and estimated 17.27 lakh tonne castor seed production for 2015-16 crop year, to be marketed in MY 2016-17.The production target for the year had been fixed at 20.34lakh tonne. India had produced 18.70 lakh tonne castor seed last year as per final estimate by DES..Against this private estimates hinges in the range of 14 to 15 lakh tonne for this year.

Recommendation:

Agriwatch advises to buy seed around Rs 2800 to Rs 2850 per qtl for stock purpose.

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 Demand & Supply:

Season 2016-17 would start with 0.5 lakh tonne oil as carryin stock.Agriwatch has estimated 7 lakh tonne oil production form 2015-16 crop to be marketed in 2016-17 including derivatives use.

This brings total availability to 7.5 lakh tonne.Export has been pegged at 5.5 lakh tonne slightly higher than 2015-16 as supply is higher and price is lower.

Carryout for next year would be at higher side(around 1lakh tonne) despite higher export volume.

Castor Oil Supply & Demand Projection For 2016-17			
Unit in lakh tonne	2014-15	**2015-16**	**2016-17(E)**
Carry in	0.15	0.25	0.5
Production	6	6.5	7
Imports	0	0	0
Total Availability	**6.15**	**6.75**	**7.5**
Consumption (domestic)	0.9	1	1
Exports	5	5.25	5.5
Total Usage	5.9	6.25	6.5
Carry out	**0.25**	**0.5**	**1**

Castor Oil Monthly Export Trend & Seed Ave Price:

Castor Oil export has been on rise due to renewed buying interest at lower level amid ample supply side and higher incoming crop size this year.

February is likely to end with 8 percent higher oil export in comparison to january-2016.India had exported 39878 tonne oil in January,while it may touch 43124.63 tonne in Feb-2016.

Against it, seed price too has been ruling lower by 9 percent from last year in Feb.Wider gap between average price is likely to continue as arrival from new crop would continue to increase and seed price may hover in the range of rs 2800 to Rs 3000 per qtl.
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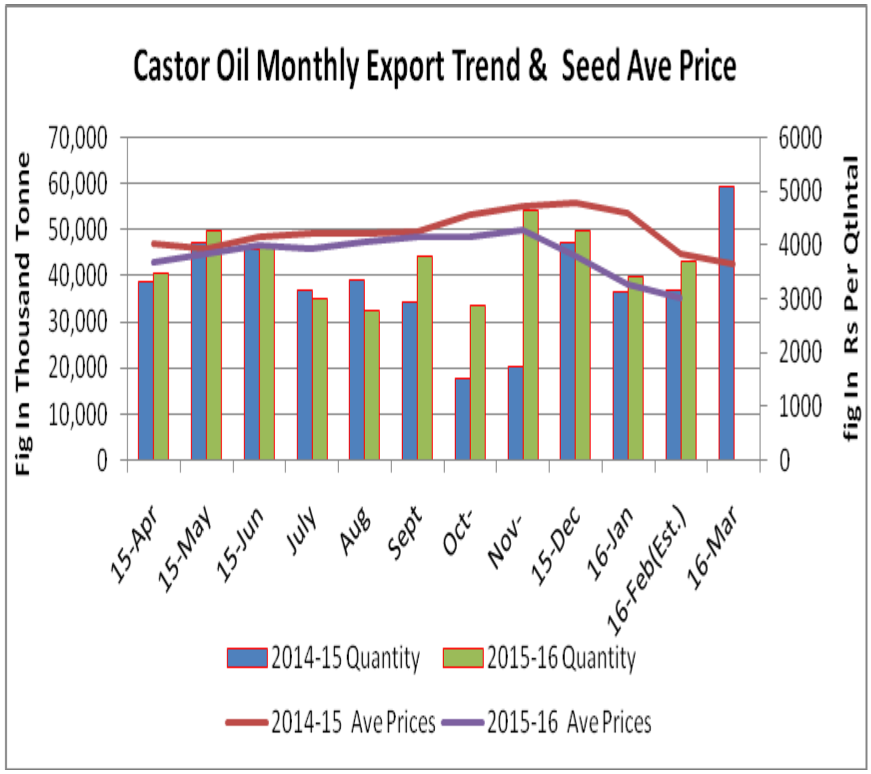
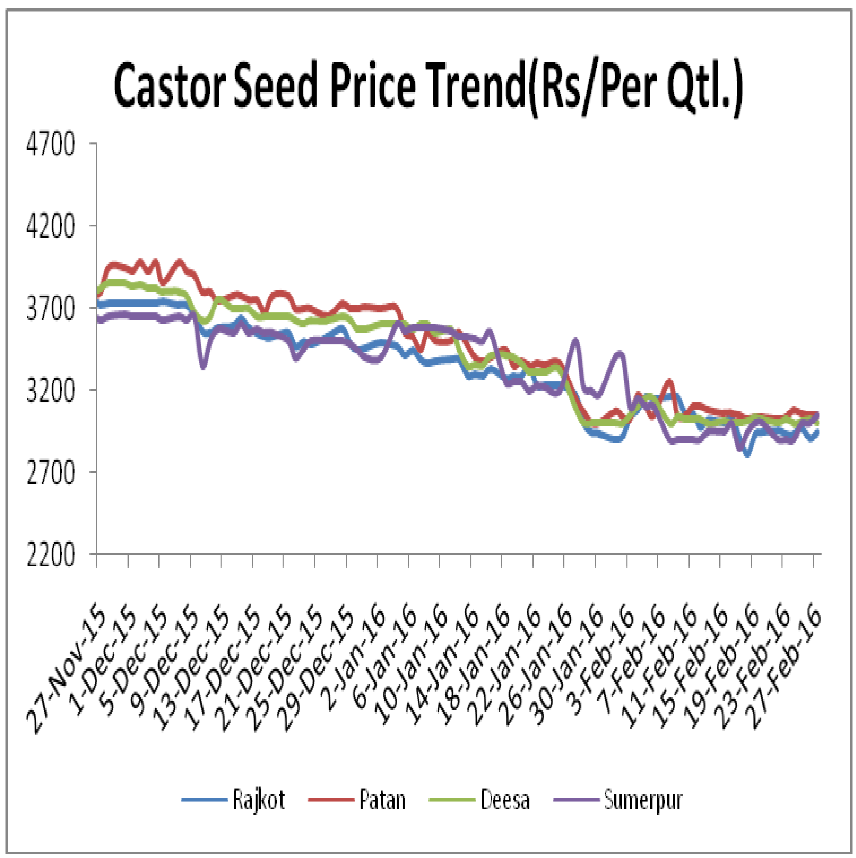


Castor Seed Price Trend:

After a month of suspension of castor futures contract, cash market price stayed steady after some dip in past weeks. Market has recovered last week as sellers restricted selling at lower price despite increasing arrivals in the markets.. However, any smart recovery is unlikely in the first week of Mar-2016 as inner tone remains weak. Agriwatch expects market to stay steady to slightly weak this week as supply demand side is balanced and buyers are unwilling to buy in bulk volume. Market may trade in the range of Rs 2850 to 2950 In cash markets.

Medium term (Feb-March) outlook remains firm as farmers may retain stock. Pressure may be felt in April when prices are expected to rule around Rs2700/2800 per qtl.

Higher area coverage and normal demand for oil from overseas market may continue to restrict one way uptrend. Production prospect is good and stock is ample. Expectation of higher arrival too may weigh on market fundamentals.



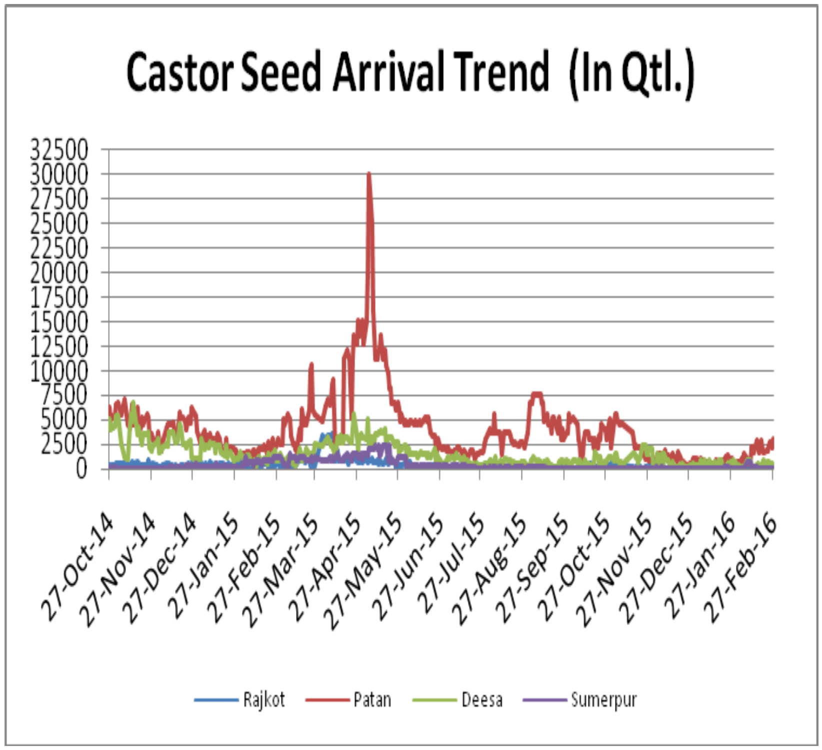
Castor Seed Arrival Trend:

Arrivals of seed have started increasing in all major markets despite lower price. Pressure would continue to rise as higher arrival is expected in the weeks ahead.

Stake holders would prefer to wait for stabilization in the cash market. Market participants say that arrival pace would increase as small farmers need money for various activities and they will continue to sell.

Arrivals have increased in Patan, Deesa and Sumerpur. It is expected to touch its peak around mid April.

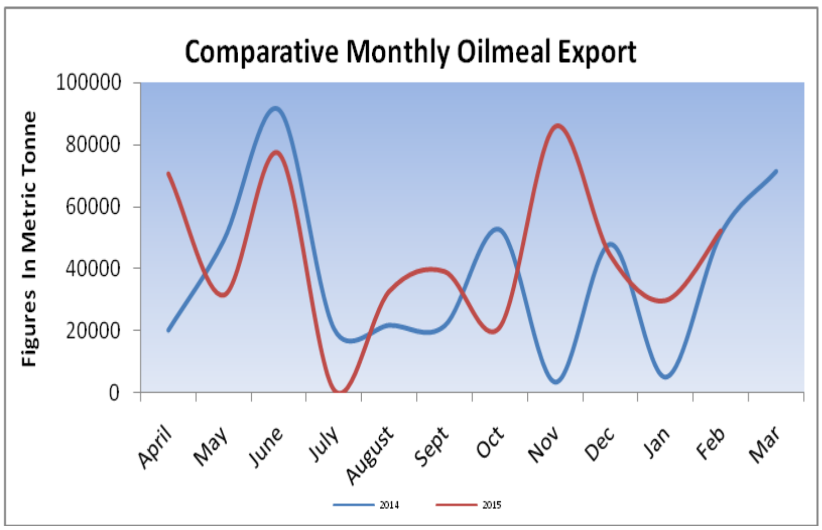
Overall arrival pace is lower than last year as prices of seed is ruling lower by 17 % from last year at this point of time ..



Castor Oil Meal Export Trend:

Castor meal export volume increased by 1.47 percent Till Feb third week in comparison to Feb-2015 and is likely to increase in the weeks ahead as seed arrivals have increased and decreased seed price.

FOB quotes for meal too has decreased slightly this week from $97 to $95 per tonne. France bought 2208.9 tonne meal last week at an ave price of $124.65 per tonne. Whole Feb Month Data is awaited .



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*	**17.2**	-	**14.50**	**15.12**	**13.97-**	**-**
*2nd Adv..Estimate for 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 Previuos Year	2014(export)MT
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	33464	1361.48	65.75	20189
2015-December	49819.7	1330.93	5.77	47104
2015-January	39878.08	1298.8	9.25	36501
2015-February	43124.63	1169.25	16.5	37018
2015-March				59294
Total	448099.41	1335.56		569378

Source: Agriwatch, IBIS & Sopa

Comparative Prices Of Castor Products Including Seed					
	26th Feb '16	**19th Feb '16**	**26th Jan '16**	**26th Feb '15**	**Change %**
Castorseed (Gujarat)((Rs./M.T) Ex-Mandi	31500	32000	34500	38522	**-22.29**
Castor Meal Export (FAS) (US$ / MT),Ex Kandla	75	74	87	130	**-73.33**
EXPORT (FOR) Ports (Rs./MT)Castor meal bulk Kandla	5050	5050	5600	7439	**-47.31**
Castor Oil (First Grade) FOB Kandla (Export)$/Tonne	935	940	1010	1298	**-38.82**
Local rates for oil in domestic market(Rs./M.T.) for comm.	65300	65500	73000	80609	**-23.44**

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

Expected Range	**Rs/Qtl.(Low)**	**Rs /Qtl.(High)**
Short term (15 days)	2800-2850	2850-2900
Medium Term (30 days)	2800-2900	2750-2800

Outlook For March-2016:

Castor seed cash market is likely to trade steady to slightly weak as seed supply in domestic market would continue to increase with higher crop estimate. Market may trade in the range of Rs 2800 to Rs 2900 per qtl in March. Below this level farmers may restrict selling seed. Oil demand from overseas market is high and it would continue to support cash market around 2800/2850 level. Overall outlook is bearish.

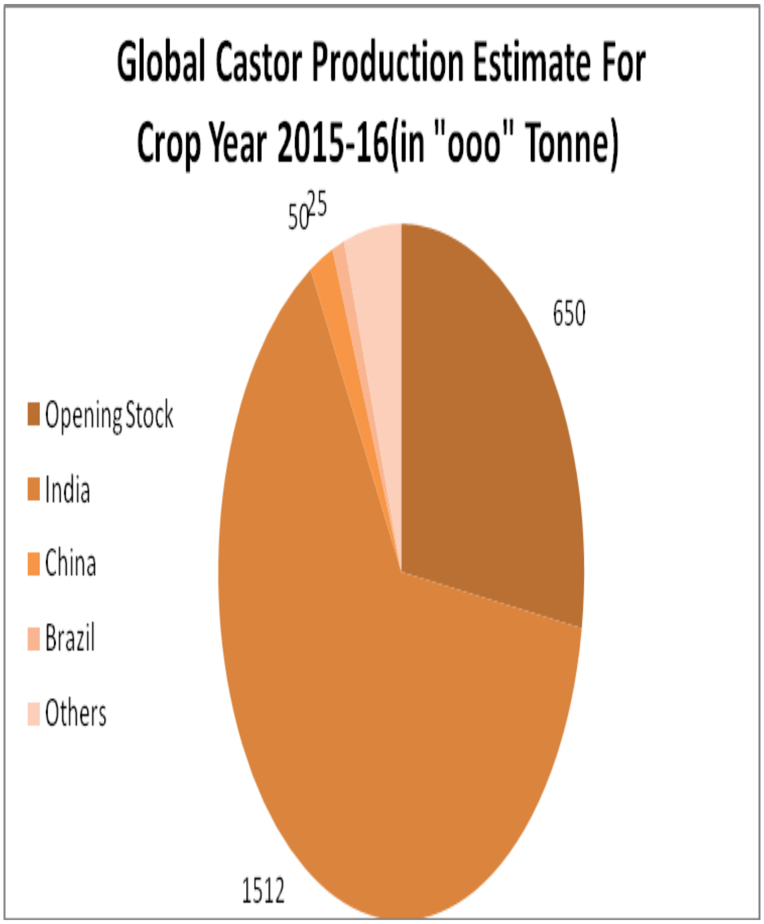
International Market Updates:

Global Castor Seed production is expected to touch 17.0 7lakh Tonne in 2015-16 against 1691 last year excluding opening stock around 6.5 lakh tonne. Thus total availability for seed comes to 23.57 lakh tonne against 22.41 lakh tonne last year.

It is a preliminary estimate and will be revised in April-2016 once again .India dominates global market in seed production with 90 percent contribution. .The below given diagram shows production contribution of various countries.

As production in India has increased, availability for seed would be ample throughout the year. India may crush 14 lakh tonne seed in 2016 as oil demand is good at lower price.

If China and EU decide to accumulate stock at current price, crushing may exceed this year. Major buyers may prefer to stock oil taking advantage of current price.



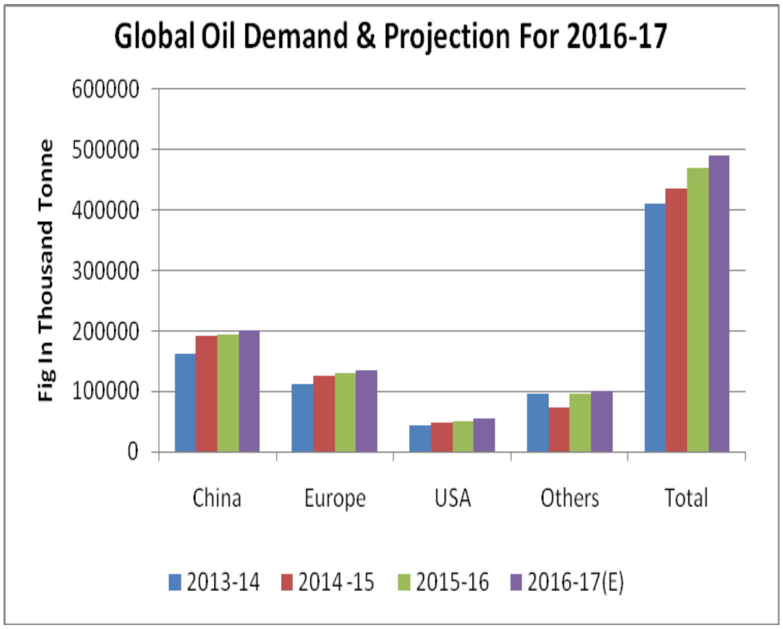
Country wise Demand For Oil:

Castor oil export in 2016-17(new season) may increase by 4.26 % from 4.70 lakh tonne to 4.9 lakh tonne in 2016-17. The projection is for oil. It does not include derivatives.

China, Europe and USA may buy around 2.00,1.35 & 0.55 lakh tonne respectively in the new season.

Other countries too would buy higher oil in 2016-17 as paints and adhesive industries have grown with good pace in all developing countries.

Others countries' contribution may increase from 0.95 lakh tonne to 1.00 lakh tonne this year.



Outlook For March-2016:

Higher production and ample availability would continue to encourage oil buyers to accumulate stock at current price. As arrival pace would increase, seed price may decrease by Rs 100 per qtl. from current level. The best buying level for global stockiest is $900 to &925 per Tonne .In second half of the year price may firm up once again. For March, outlook remains bearish.

Price Table:

Commodity	Monthly Average Prices (Rs/ Quintal)			Change
Center	Market	Feb. 2016	Jan. 2016	
Gujarat	Patan	3066	3407	-341
	Harij	3042	3390	-348
	Rajkot	2999	3287	-288
	Gondal	3081	3319	-238
	Deesa	3025	3392	-367
	Bhabar	3036	3374	-338
	Mehsana	3006	3343	-337
	Kadi	3025	3371	-346
	Sabarkatha	3045	3367	-322
	Gandhi Nagar	3070	3401	-331
	Ahmedabad (Sanand)	2941	3304	-363
	Halvad	3026	3322	-296
	Junagadh	3059	3336	-277
	Dhrol	2849	3278	-429
Rajasthan	Jodhpur	3038	3488	-450
	Sumerpur	2932	3246	-314

Center	Market	Monthly Arrivals (Quintal)		Change
		Feb. 2016	Jan. 2016	
Gujarat	Patan	42918	19422	23496
	Harij	18825	7801	11025
	Rajkot	5750	4940	810
	Gondal	4030	2943	1087
	Deesa	11424	10158	1266
	Bhabar	32816	18272	14545
	Mehsana	3400	1428	1972
	Kadi	33299	28748	4551
	Sabarkatha	4950	2067	2883
	Gandhi Nagar	6428	3055	3374
	Ahmedabad (Sanand)	714	390	324
	Halvad	5235	2903	2333
	Junagadh	708	717	-9

	Dhrol	258	105	153
Rajasthan	Jodhpur	522	996	-474
	Sumerpur	6080	2400	3680
Total Arrivals/Above Markets		177357	106343	71014

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