Castor Seed &Oil Monthly Research Report

Contents

Outlook and Review:
Domestic Front

Castor seed all India average monthly price decreased by 0.56 % from Rs 3063.6(Feb-2016) to Rs 3046.27 per qtl. in March-2016. However, average price increased in Gujarat, followed by Andhra Pradesh, Karnataka and Telangana where average prices increased by 2.27, 0.81,5.08 and 2.08 percent respectively. Arrivals from newly harvested crop have 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 brokers' 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. Agriwatch has not revised its estimate and has stood to previous estimate.

At price front, market may trade almost steady at current level as farmers are unwilling to sell their produce at current price. Castor seed may trade in the range of Rs 2750/2850 per qtl in April. Any unexpected dip is unlikely despite expectation of higher arrival from mid April. Small farmers would continue to sell their stock at lower price as they need cash for other activities. As oil export is continuously increasing since last four months, any major dip in seed price seems a remote possibility.

At oil export front, volume was seen decreasing in comparison to Feb-2016. India exported 42997.05 tonne castor oil in Mar-16, lower by 10.27 % from Feb- 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 $1085.9 per tonne in March-2016.. More dip in average FoB quote is unlikely as Agriwatch expects market to stabilize around $1075to $1100 per tonne. For common commercial grade it may hover between $900 to $925 per tonne during next one month.

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, Panel 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 tonnes.*

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 hinge in the range of 14 to 15 lakh tonne for this year.

Castor seed price may rule stable to slightly weak as demand for oil may decrease. Major importers have covered their two months need and they are in no hurry to buy oil at higher price. Agriwatch expects recovery in second half as plantings may decline this year due to lower price and expectation of normal rainfall in monsoon season. Stake holders should stock seed at current price.

Recommendation:

Agriwatch advises to buy seed around Rs 2750 to Rs 2850 per qtl for stock purpose. Better return is expected in second half of the year.

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 further to Rs 2700 to 2800 per qtl. April-2016 onward.

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. Agriwatch would publish 2016-17 supply & demand scenario in June 2016, before the planting, which starts in July.

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:

There is no change in oil supply-demand side.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**

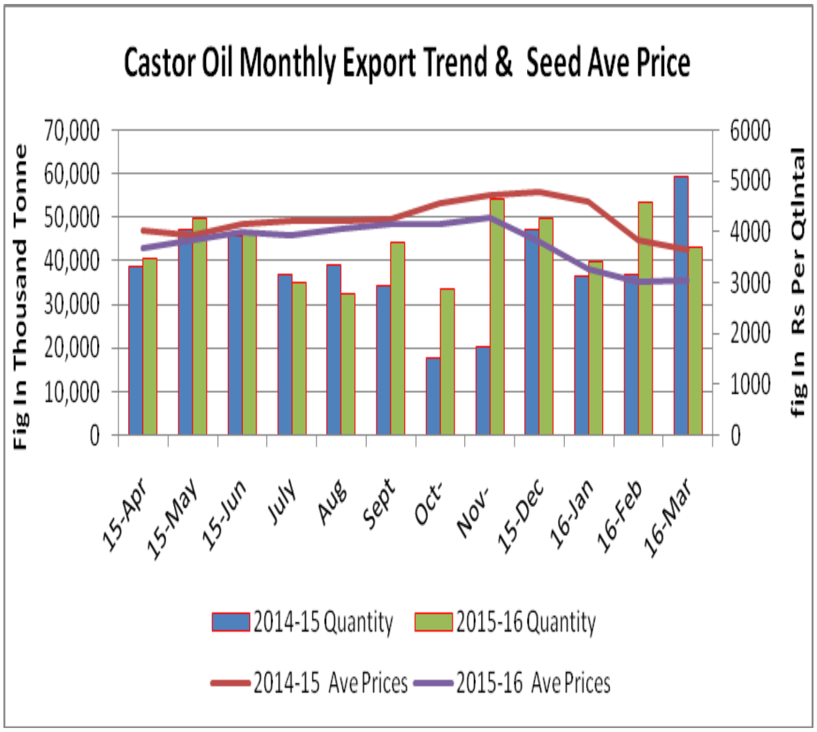
Castor Oil Monthly Export Trend & Seed Ave Price:

Castor oil monthly export declined by19 % in March-2016 in comparison to Feb due to one week holiday at year end closing /settlement. Demand for oil is expected to remain weak as mostly importers have covered their immediate needs taking advantage of lower price.

April is likely to end with 4 to 5 percent lower oil export in comparison to March-2016.India has exported 42997 tonne oil in March,while it may touch 40,000 tonne in April,-2016.

Against it, seed price is ruling higher by 10.07 percent from last year in March-2016.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 2750 to Rs 2850 per qtl. in coming weeks.

.

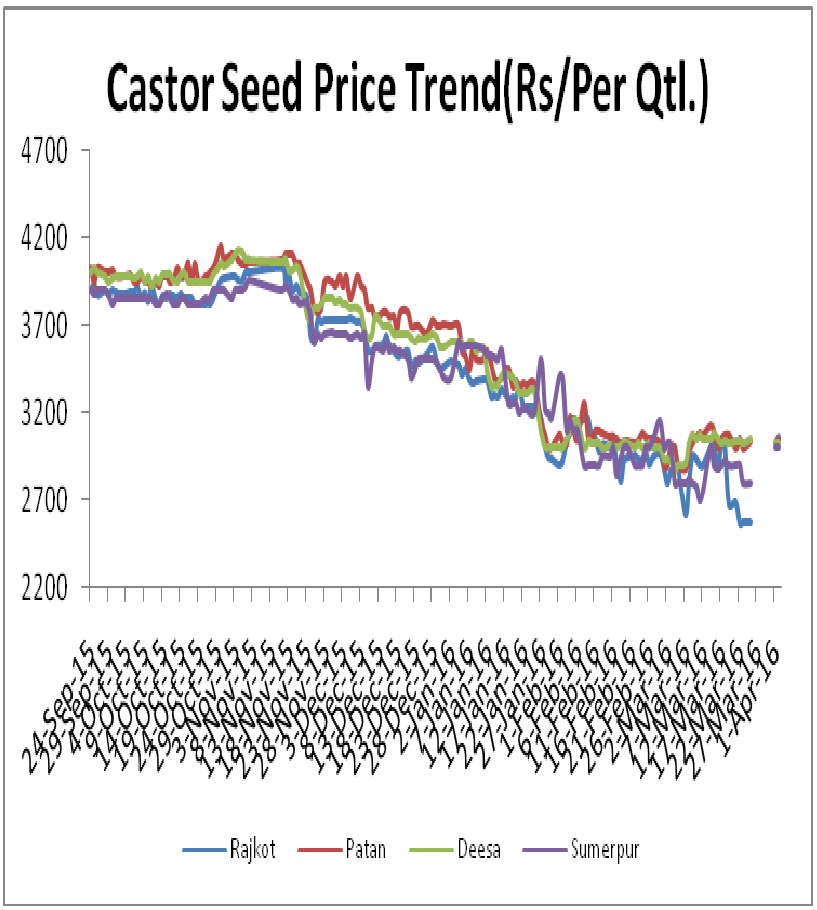


Castor Seed Price Trend:

Castor seed market could not sustain its uptrend as predicted by Agriwatch last month. Prices are expected to move range bound inApril-2016. Any smart recovery at this stage is unlikely as inner tone remains weak. Agriwatch expects market to stay steady to slightly weak in April as supply demand side is balanced and buyers are unwilling to buy in bulk volume. Market may trade in the range of Rs 2750 to 2850 In cash markets.

Farmers may wait for recovery in the market. Importers have restricted buying so demand for seed would be poorer than normal in April. It would not allow market to get firmer.

Higher area coverage and weak 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 in coming weeks.

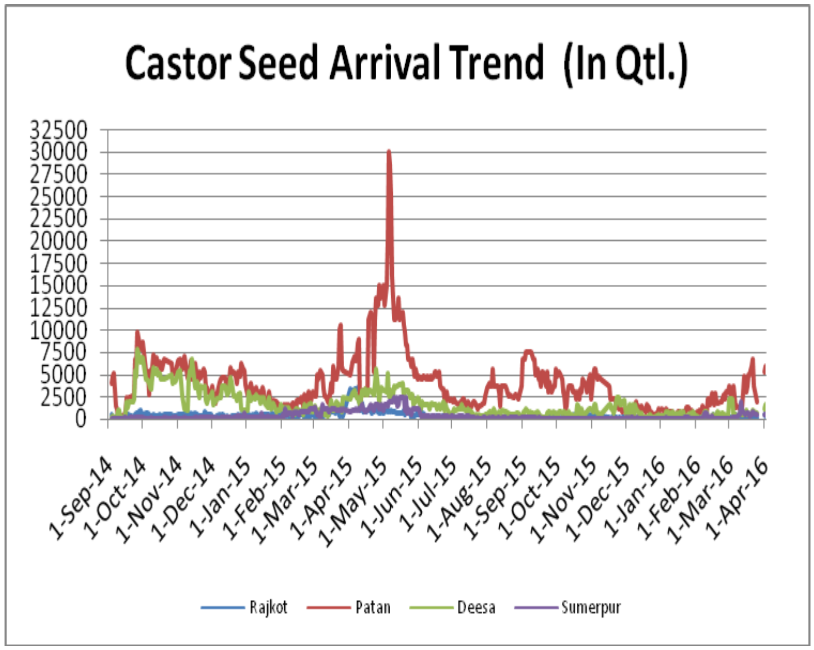


Castor Seed Arrival Trend:

Arrivals of seed have not increased in comparison to April 2015 in major markets despite stable price. Pressure may be felt in May-2016 as shows the line chart.

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 in small quantity.

Overall arrival pace is lower than last year as prices of seed is ruling lower by 10.18 % from last year at this point of time .

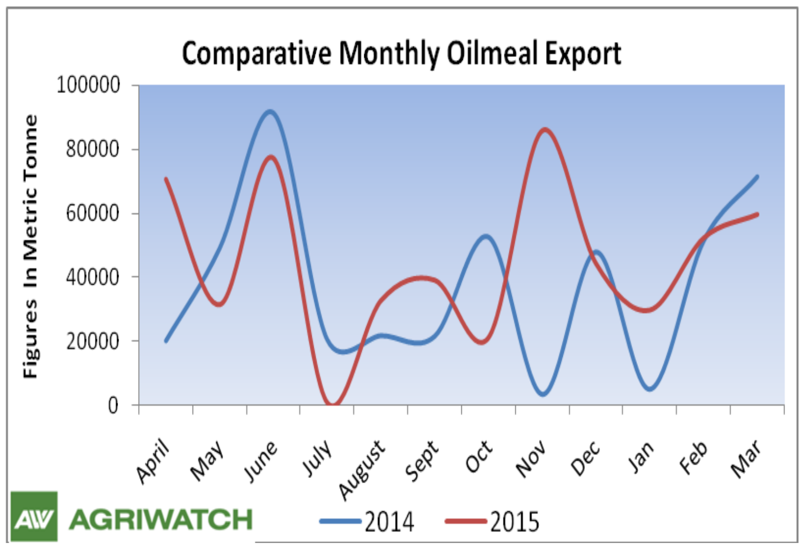


Castor Oil Meal Export Trend:

Castor meal export volume decreased by 16.66 percent in comparison to Feb-2015 and is likely to increase in March despite ample crushing at plants.

FOB quotes for meal too has decreased slightly in March from $89 to $85 per tonne. More dip from current level is unlikely.

Export demand for meal would increase from April as demand for castor meal is expected to increase.



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 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	Ch from previous month
2015-April	40533	1391.3	4.84	38661	-2.82
2015-May	49863	1365.76	5.70	47176	23.02
2015-June	46573	1379.28	1.63	45824	-6.60
2015-July	34835	1338.19	-5.25	36766	-25.20
2015-August	32335	1335.3	-17.00	38960	-7.18
2015-September	44075	1361.1	28.55	34285	36.31
2015-October	33599	1359.77	90.90	17600	-23.77
2015-November	33464	1361.48	65.75	20189	-0.40
2015-December	49819.7	1330.93	5.77	47104	48.88
2015-January	39878.08	1298.8	9.25	36501	-19.96
2015-February	43124.63	1169.25	16.5	37018	8.14
2015-March*Tentative	42997.05	1100.02	-27.48499	59294	-0.30
Total	491096.46	1315.93		569378	

Source: Agriwatch, IBIS & Sopa

Comparative Prices Of Castor Products Including Seed					
	1st April '16	23rd Mar '16	18th March '16	1st April '15 Ave	Change %
Castorseed (Gujarat)((Rs./M.T) Ex-Mandi	31150	NQ	31000	35469	-16.45
Castor Meal Export (FAS) (US$ / MT),Ex Kandla	73	NQ	74	106	-31.13
EXPORT (FOR) Ports (Rs./MT)Castor meal bulk Kandla	4800	NQ	4975	6415	-25.18
Castor Oil (First Grade) FOB Kandla (Export)$/Tonne	960	960	925	1197	-1980
Local rates for oil in domestic market(Rs./M.T.) for comm.	65200	65000	64000	75896	-14.09

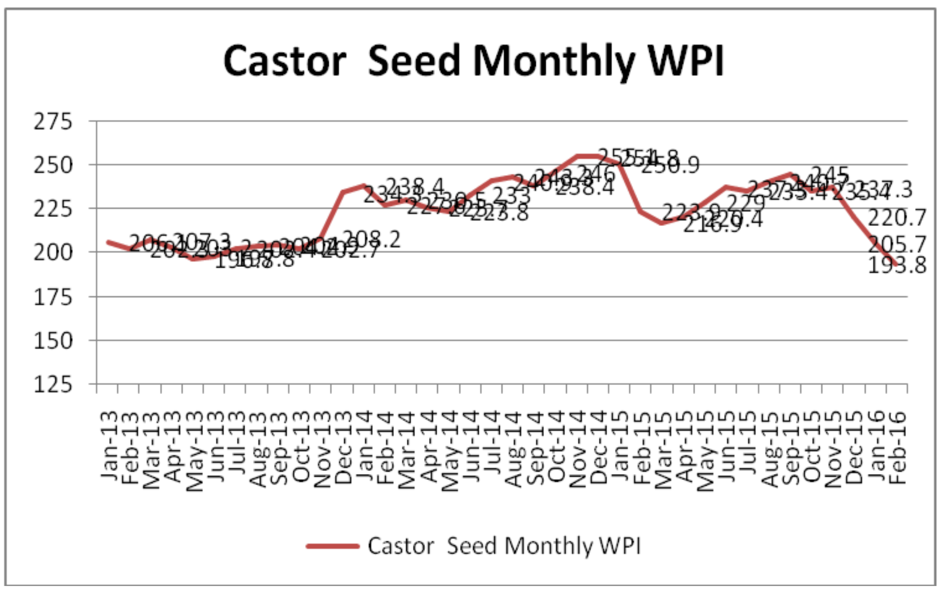
Cash Market (Deesa)Expected Price Range For April-2016:-

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

Seed WPI:

Castor Seed WPI decreased from 205.7 in Jan-2016 to 193.8 in February-2016.March update would be available on 15th April-2016.

Castor seed weight:0.04425
Base Year:2014-05=100



Outlook For April-2016:

Castor seed cash market is likely to trade steady to slightly weak as seed supply in domestic market is expected to increase with higher crop estimate and opening of mandis after a one week gap. Market may trade in the range of Rs 2750 to Rs 2900 per qtl in April. Below this level farmers may restrict selling seed as expected by market participants. Oil demand from overseas market too would be lower .Overall outlook remains weak. Market would trade range bound.

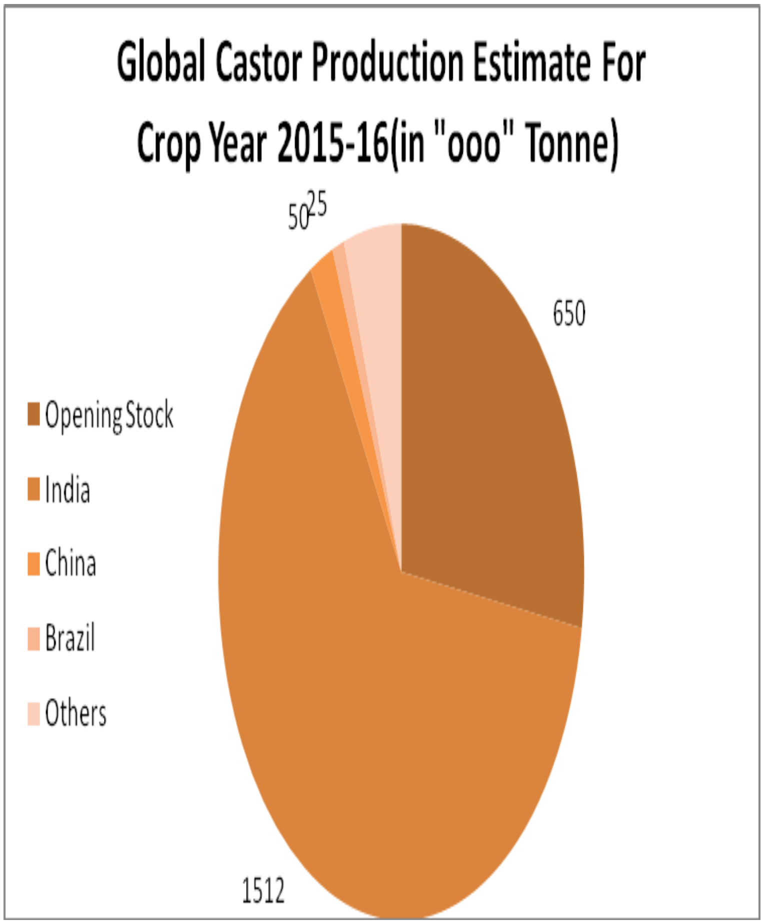
International Market Updates:

There is no change in Global Castor Seed supply –demand side. Production is expected to touch 17.0 7lakh Tonne in 2015-16 against 1691lakh tonne 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 June-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. They have brought 15 % more oil in last four months.



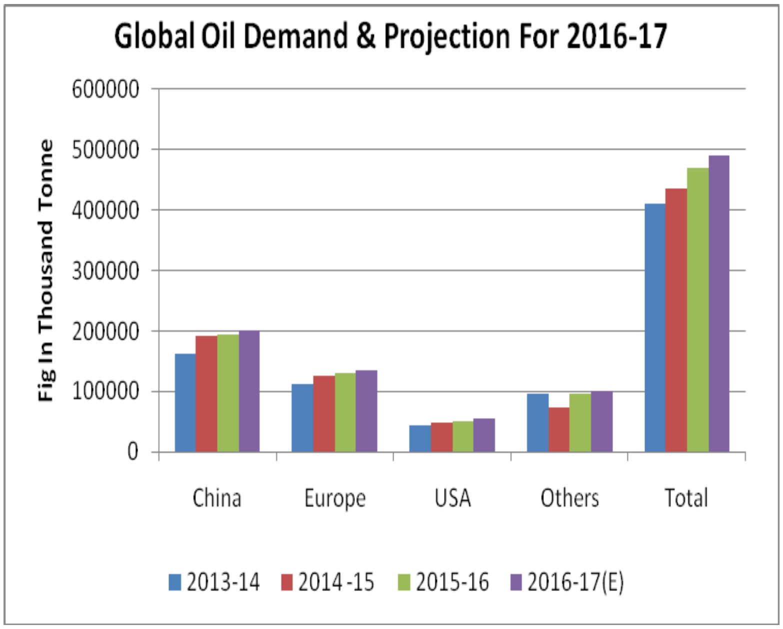
Country wise Demand For Oil:

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.

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



Outlook For April-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 April, outlook remains bearish.

Price Table:

Castor Seed - Products Monthly Average Prices:

Commodity	Monthly Average Prices (Rs/ Quintal)			Change
Center	Market	March. 2016	February. 2016	
Gujarat	Patan	3007	3066	-59
	Harij	2990	3042	-52
	Rajkot	2898	2999	-101
	Gondal	3057	3081	-24
	Deesa	3006	3025	-19
	Bhabar	2993	3036	-44
	Mehsana	2976	3006	-30
	Kadi	2988	3025	-37
	Sabarkatha	2998	3045	-47
	Gandhi Nagar	3030	3070	-40
	Ahmedabad (Sanand)	2930	2941	-11
	Halvad	2951	3026	-75
	Junagadh	3037	3059	-22
	Dhrol	2808	2849	-41
Rajasthan	Jodhpur	2869	3038	-169
	Sumerpur	2906	2932	-26

Castor Seed Cumulative Monthly Sum Arrivals in Key Centers:

Center	Market	Monthly Arrivals (Quintal)		Change
		March. 2016	February. 2016	
Gujarat	Patan	73655	42918	30737
	Harij	24075	18825	5250
	Rajkot	5088	5750	-662
	Gondal	7199	4030	3169
	Deesa	17354	11424	5930
	Bhabar	42525	32816	9709
	Mehsana	8040	3400	4640
	Kadi	35080	33299	1781
	Sabarkatha	7950	4950	3000
	Gandhi Nagar	10203	6428	3775
	Ahmedabad (Sanand)	402	714	-312
	Halvad	11251	5235	6016
	Junagadh	518	708	-190

	Dhrol	502	258	**244**
Rajasthan	Jodhpur	4413	522	**3891**
	Sumerpur	11440	6080	**5360**
Total Arrivals/Above Markets		**259693**	**177357**	**82336**

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