Castor Seed &Oil Monthly Research Report

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Outlook and Review:
Domestic Front

Castor seed all India average price increased by 2.96 % from Rs 3046.27(March-2016) to Rs 3136.73. per qtl. in April-2016. Major increase(22%) was seen in Andhra Pradesh, followed by Rajasthan and Tamil Nadu where average prices increased by 9.53 and 8.43 percent in one month after the suspension of futures contracts in January-2016.Arrivals from newly harvested crop has not been up to the mark due to lower price in cash market..Overall outlook seems stable in May as plants are engaged in need based buying. 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. Findings are still being assessed.

There is no change in previous estimate. 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. However, mostly stock of old seed accumulated in last two years has been consumed now. This year forecast of good rainfall,10 % higher than normal may reduce area under castor seed by one lakh ha and it may be around 10.5 lakh ha(11.56 lakh ha last year).Good rainfall would boost yield and it may compensate area loss to some extent. Farmers may shift to other lucrative spices,sesamom crop.

At price front, market may stabilize near Rs 2900/3000 per qtl. ,below this level farmers would prefer to retain stock in expectation of higher price in the second half of the year.as pressure is building up from new crop. They expect lower area coverage this year and higher rainfall have potency to destroy standing crop under flowering stages, that may reduce yield and price would shoot up in third quarter of the year. Buyers for oil are in no hurry to continue bulk buying as they have covered at least for their three months requirements. So any spike in May is unlikely. Seed Buyers/Stockiest may start buying around Rs 2850/2950 per qtl..It would restrict market to decrease below Rs 2850/2950 level in MaY-2016.

At oil export front, volume was seen increasing in comparison to Mar-2016. India exported 46683 tonne castor oil in April-16, higher by 15.17 % from April- 2015.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 $1109.03 per tonne in April-2016,higher by by 2.96 % from previous month. More dip in average FoB quote is unlikely as Agriwatch expects market to stabilize around $1100 to $1120 per tonne for common grade, Commercial grade may hover in between $870 to $920 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.*

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 2950 per qtl for stock purpose.

Seed Supply & Demand:

There is no change in supply-demand side 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:

April data is tentative. At oil export front, volume was seen increasing in comparison to Mar-2016. India exported 46683 tonne castor oil in April-16, higher by 15.17 % from April-2015.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 $1109.03 per tonne in April-2016,higher by by 2.96 % from previous month. More dip in average FoB quote is unlikely as Agriwatch expects market to stabilize around $1100 to $1120 per tonne for common grade, Commercial grade may hover in between $870 to $920 per tonne during next two months

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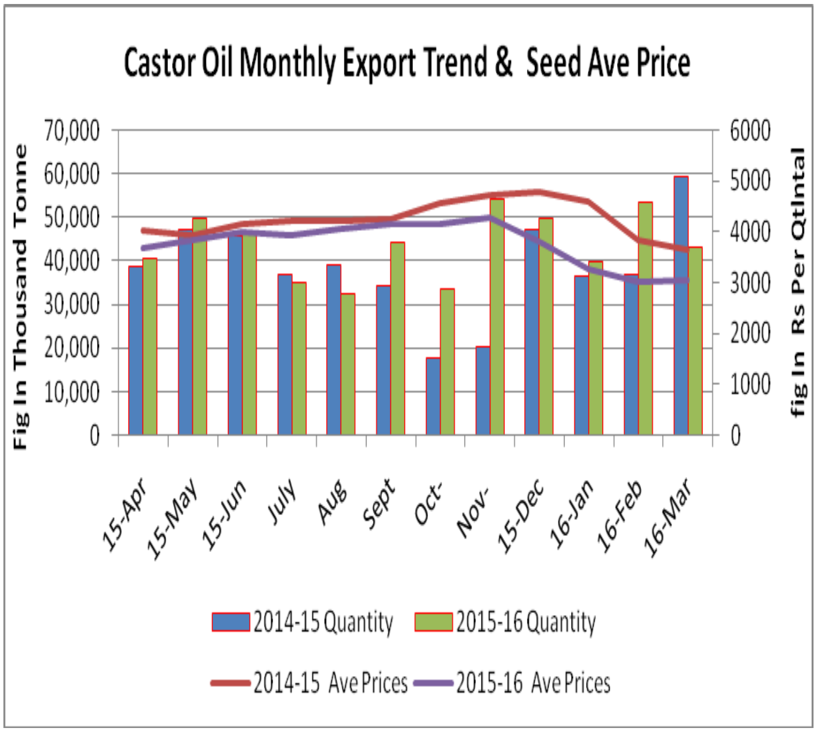
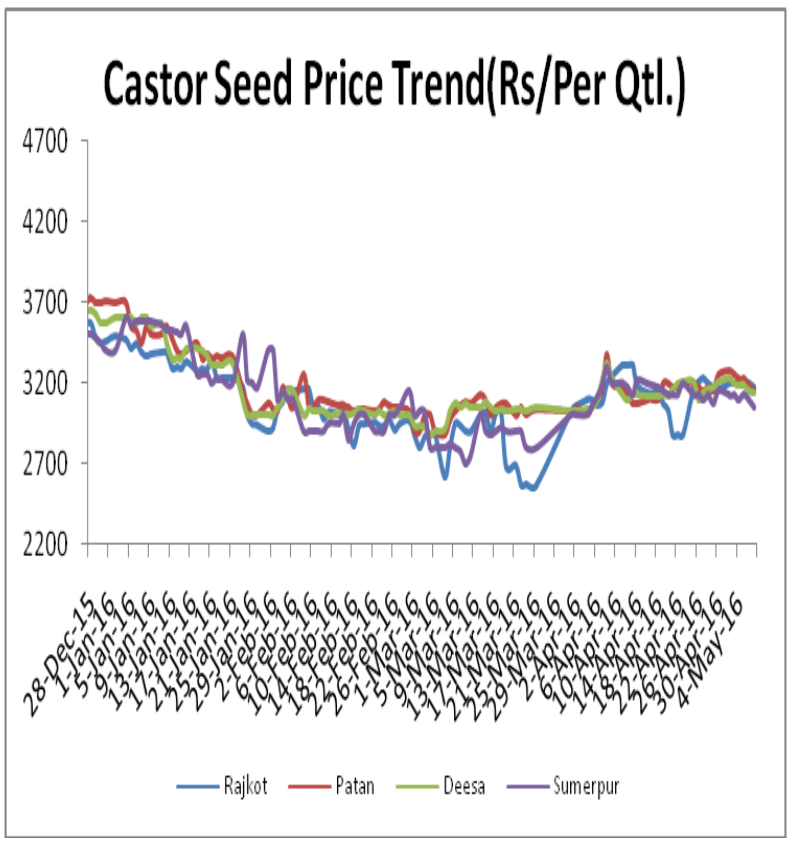


Castor Seed Price Trend:

Castor seed market could not sustain its uptrend as predicted by Agriwatch last month. Prices are expected to move range bound to slightly firm in May-2016. Any smart recovery at this stage is unlikely as inner tone remains weak. Agriwatch expects market to stay steady to slightly firm in may 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.

Farmers may wait for recovery in the market. Importers have restricted buying so demand for seed would be poorer than normal in May. It would not allow market to post any smart gain.

Possibility of good rainfall and lower area coverage may support market in the second half of the year. Restricted demand for oil from overseas market may continue to restrict one way uptrend. Lower arrivals seems supportive to the market fundamental.

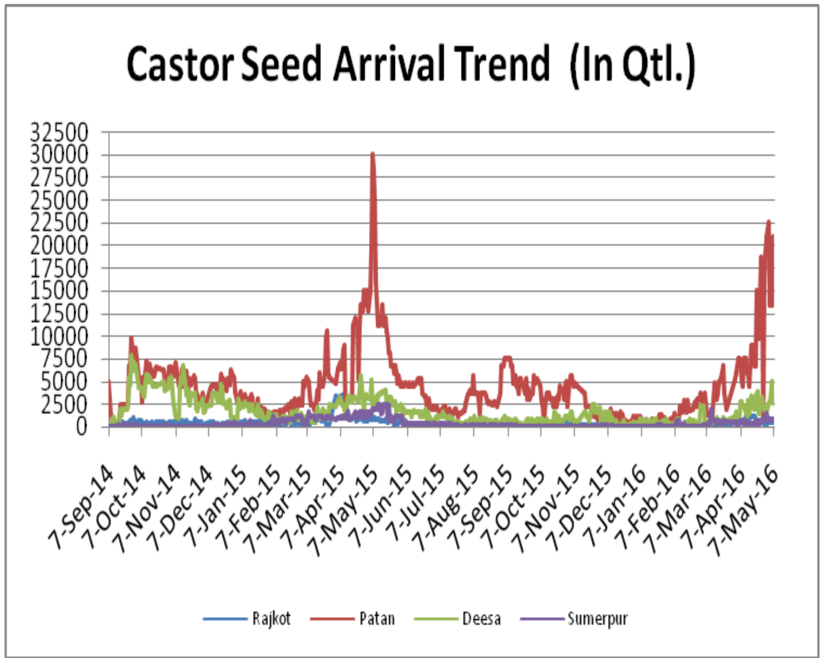


Castor Seed Arrival Trend:

Arrivals of seed have not increased in comparison to May- 2015 in major markets despite stable price.There is no hope for higher arrival in May as seed price is ruling lower by 11 % from previous year.

Stake holders would prefer to wait for stabilization in the cash market. Market participants say that arrival pace would not increase until prices move up above Rs3200 per qtl.

Overall arrival pace is lower than last year as prices of seed is ruling lower by 10118 % from last year at this point of time .

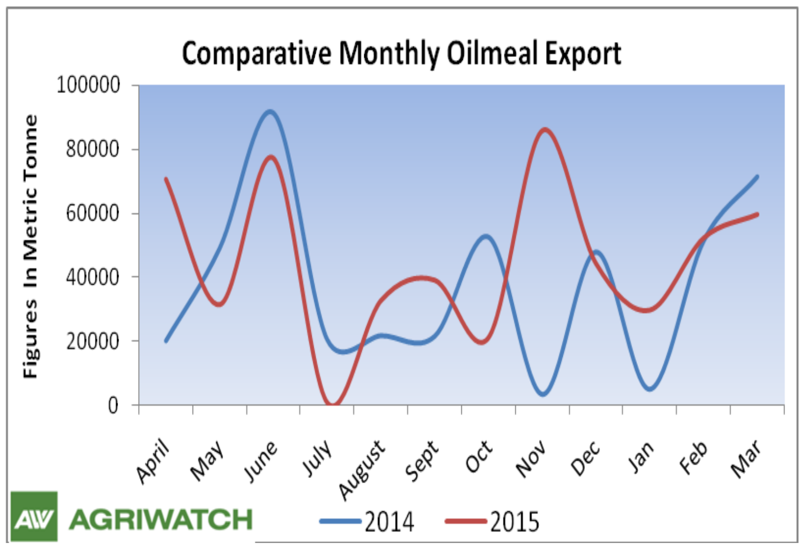


Castor Oil Meal Export Trend:

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.



<u>Variation In Production Estimates & Forecast For 2015-16:</u>

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					
	29th Apr '16	22nd Apr '16	29th Mar '16	29th Apr '15	CHANGE %
Castorseed (Gujarat)((Rs./M.T) Ex-Mandi	32450	32300	NQ	35469	-9.30
Castor Meal Export (FAS) (US$ / MT),Ex Kandla	73	73	73	106	-45.21
EXPORT (FOR) Ports (Rs./MT)Castor meal bulk Kandla	4850	4800	4800	6415	-32.27
Castor Oil (First Grade) FOB Kandla (Export)$/Tonne	1015	1010	965	1197	-17.93
Local rates for oil in domestic market(Rs./M.T.) for comm.	68500	68000	65500	75896	-10.80

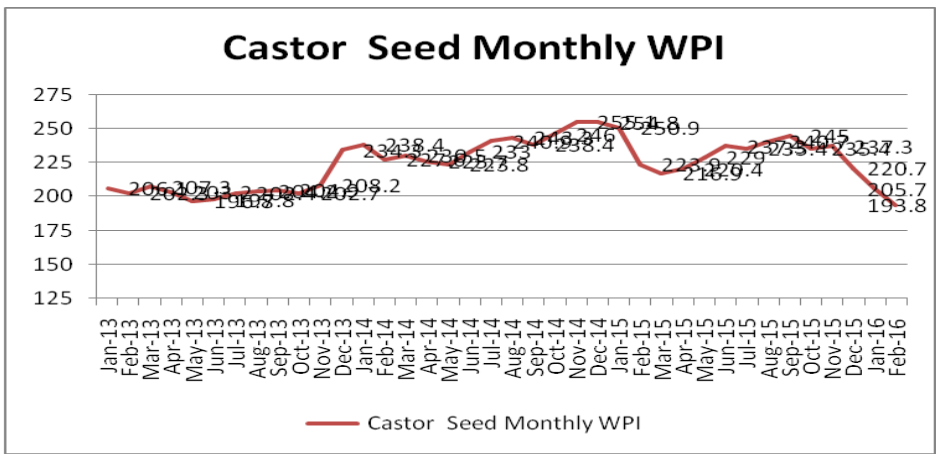
Cash Market (Deesa)Expected Price Range For April-2016:-

Expected Range	Rs/Qtl.(Low)	Rs /Qtl.(High)
Short term (15 days)	2850-2950	2950-2975
Medium Term (30 days)	2975-3000	3000-3050

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



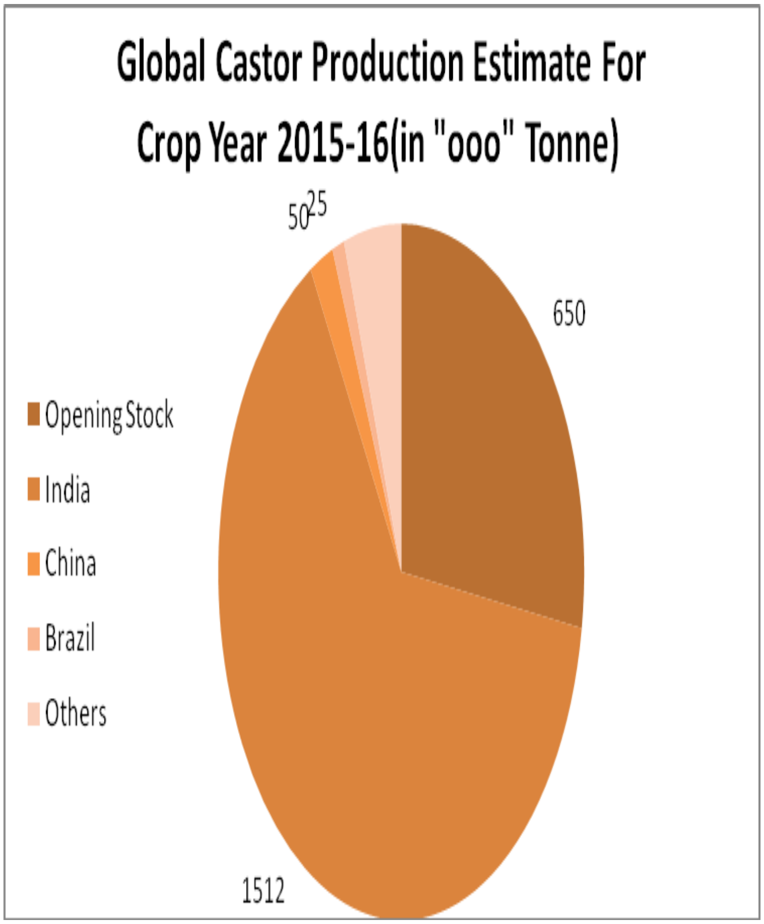
Outlook For May-2016:

Castor seed cash market is likely to trade range bound to slightly firm as seed supply in domestic market is expected to decrease due to higher percentage of retention by farmers. Firmness is expected in second half when area coverage would be clear. Market may trade in the range of Rs 2850 to Rs 2950 per qtl in May Below this level farmers may restrict selling seed as expected by market participants. Oil demand from overseas market too would be lower as they have covered their three months need taking advantage of lower price. Overall outlook remains firm.

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.

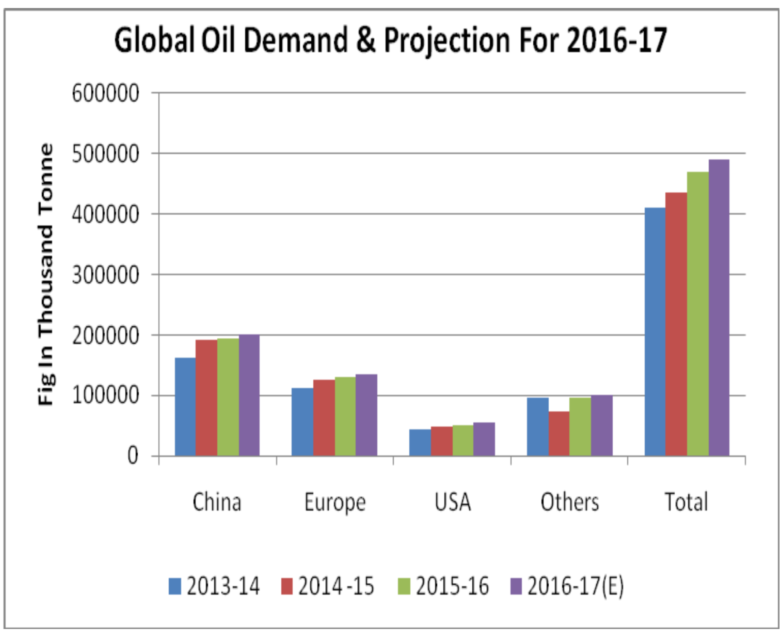
Country wise Demand For Oil:

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.



Price Table:

Castor Seed - Products Monthly Average Prices:

Commodity	Monthly Average Prices (Rs/ Quintal)			Change
Center	Market	April. 2016	March. 2016	
Gujarat	Patan	3144	3007	137
	Harij	3126	2990	136
	Rajkot	3135	2898	237
	Gondal	3167	3057	110
	Deesa	3136	3006	130
	Bhabar	3115	2993	122
	Mehsana	3115	2976	140
	Kadi	3169	2988	180
	Sabarkatha	3115	2998	117
	Gandhi Nagar	3175	3030	145
	Ahmedabad (Sanand)	3064	2930	133
	Halvad	3060	2951	109
	Junagadh	3189	3037	152
	Dhrol	3086	2808	278
Rajasthan	Jodhpur	3162	2869	292
	Sumerpur	3138	2906	232

Castor Seed Cumulative Monthly Sum Arrivals in Key Centers:

Center	Market	Monthly Arrivals (Quintal)		Change
		April. 2016	March. 2016	
Gujarat	Patan	214875	73655	141221
	Harij	70127	24075	46052
	Rajkot	18039	5088	12951
	Gondal	20374	7199	13175
	Deesa	41507	17354	24154
	Bhabar	87995	42525	45470
	Mehsana	26475	8040	18435
	Kadi	108217	35080	73137
	Sabarkatha	17326	7950	9376
	Gandhi Nagar	24825	10203	14623
	Ahmedabad (Sanand)	1118	402	716
	Halvad	56525	11251	45274
	Junagadh	3221	518	2703
	Dhrol	724	502	223
Rajasthan	Jodhpur	1012	4413	-3401
	Sumerpur	13840	11440	2400
Total Arrivals/Above Markets		**706198**	**259693**	**446505**

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