Castor Seed &Oil Monthly Research Report

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Outlook and Review:

Domestic Front

Castor seed all India average price decreased by 2.13 % from Rs 3136.73(April-2016) to Rs 3069.66 per qtl. in May-2016. Major decrease (16.02%) was seen in Andhra Pradesh, followed by Rajasthan and Tamil Nadu where average prices decreased by 3.29 and 2.21 percent during the month under review. Pressure from new crop and weak inner tonne have restricted upward movement of market . Overall outlook seems weak in June.

Arrivals are comparatively 25 % lower this year due to lower price. Lower prevailing price of seed has discouraged farmers to release entire stock and they have preferred to retain 30 to 40 % crop in anticipation of price hike, generally seen in third and 4th quarter of the year. Good prospects for monsoon rain and lower prevailing price this year has given ground for lower acreage under castor coverage. Planting would start in July as usual.

Agriwatch would publish preliminary area &yield estimates for 2016-17 crop year in July-2016 based on farmer's pre-sowing intention and rainfall status in the beginning of monsoon season supported by prevailing price of the seed in cash market. There is no change in estimate for last year. Seed supply during first half of the year would be at comfortable level. However, most of the old seed stock accumulated in last two years has been consumed now. This year forecast of good rainfall,11 % higher than long period average 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 kharif crops like pulses and spices.

At price front, market is expected to trade near Rs 2900/3000 per qtl. Below this level farmers would prefer to retain their stock in expectation of higher price in the second half of the year. The expected lower area coverage this year along with higher rainfall have potency to destroy standing crop under flowering stages in October –Nov-2016. This may reduce crop size and may support seed price. Buyers for oil are in no hurry to continue bulk buying as they are covered at least for their three months requirements. So any spike in June is unlikely. Seed Buyers/Stockiest would continue to buy around Rs 2900/2950 per qtl. It would restrict market from decreasing below Rs 2850/2950 level in June-2016.

At oil export front, volume was seen increasing in comparison to April-2016. India exported 45948.22 tonne castor oil in May-16, higher by 4.81 %(43839.45 T) 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 $1157.62 per tonne in May-2016, slightly lower 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 one month.

Agricultural Statistics Division, Directorate of Economics & Statistics, India has published its third adv estimate for food grains on 9th May-2016 and estimated 17.75 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.

Sebi and NCDEX, both are engaged in cementing the risk management and surveillance mechanism at their own level. While Sebi has set up a task force and risk management committee, which is considering the methodology for handling default by members, among others, the NCDEX has strengthened mandi-level surveillance, which influences futures the most.

Recommendation:

Agriwatch advises to buy seed around Rs 2800 to Rs 2950 per qtl for stock purpose, depending on supply source.

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 from 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:

May data is tentative. At oil export front, volume was seen increasing in comparison to April-2016. India exported 45948.22 tonne castor oil in May-2016, higher by 1.12 % 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 $1157.62 per tonne in May-2016,slightly lower than 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 between $870 to $920 per tonne during next two months

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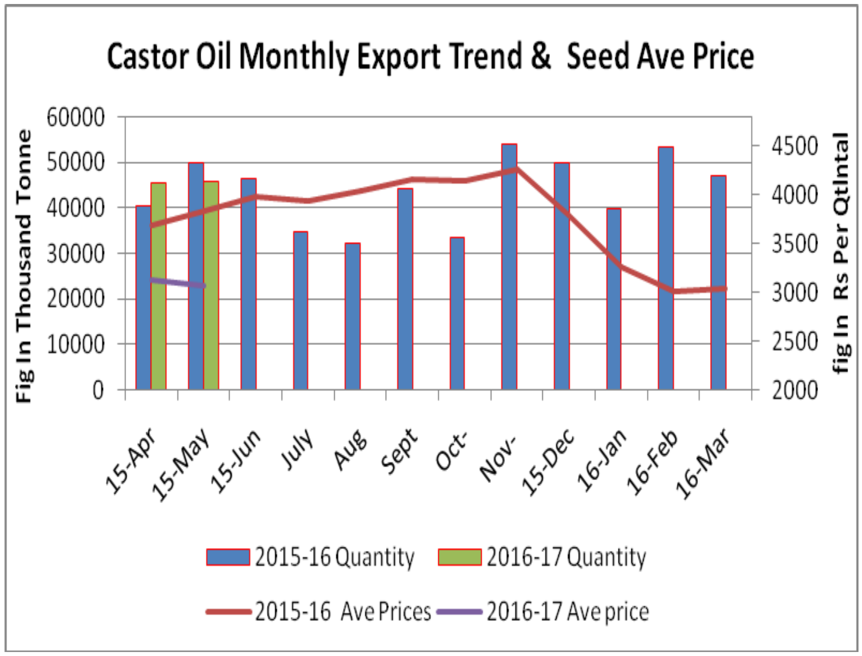
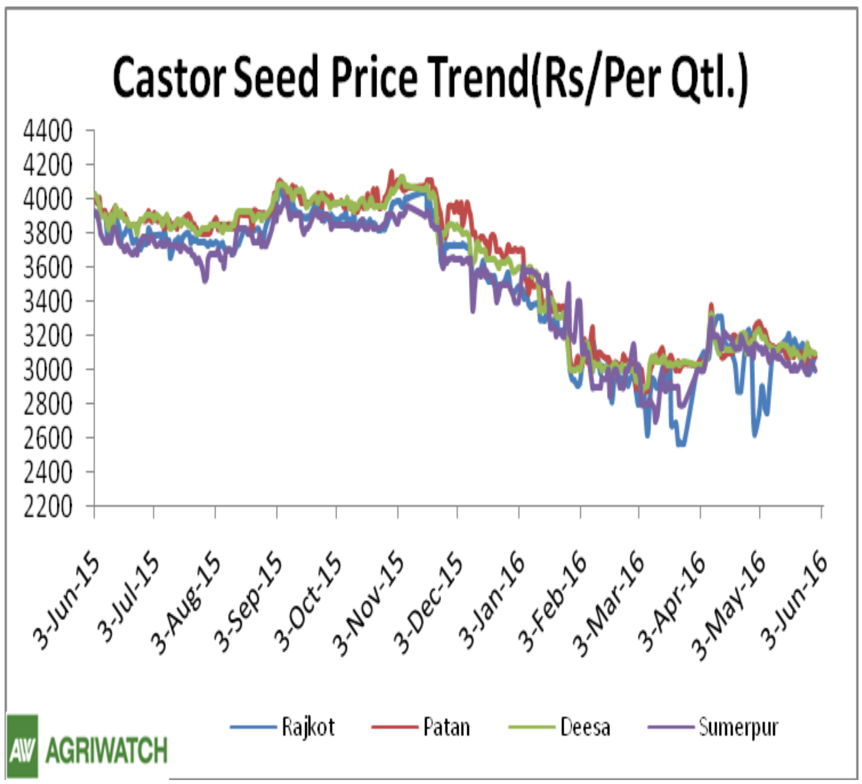


Castor Seed Price Trend:

Cash markets traded slightly down last month due to poor buying interest by plants and weak demand from stockiest. Market may trade steady to slightly weak during first week of June.

Seed market is expected to hover in range of Rs 2950 to Rs 3050 per qtl. Rajkot market average price for the week comes to Rs 3002.92 per qtl. For Patan It is Rs 3092.85 per qtl. Average price in Deesa comes to Rs 3110.15 per qtl.

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.



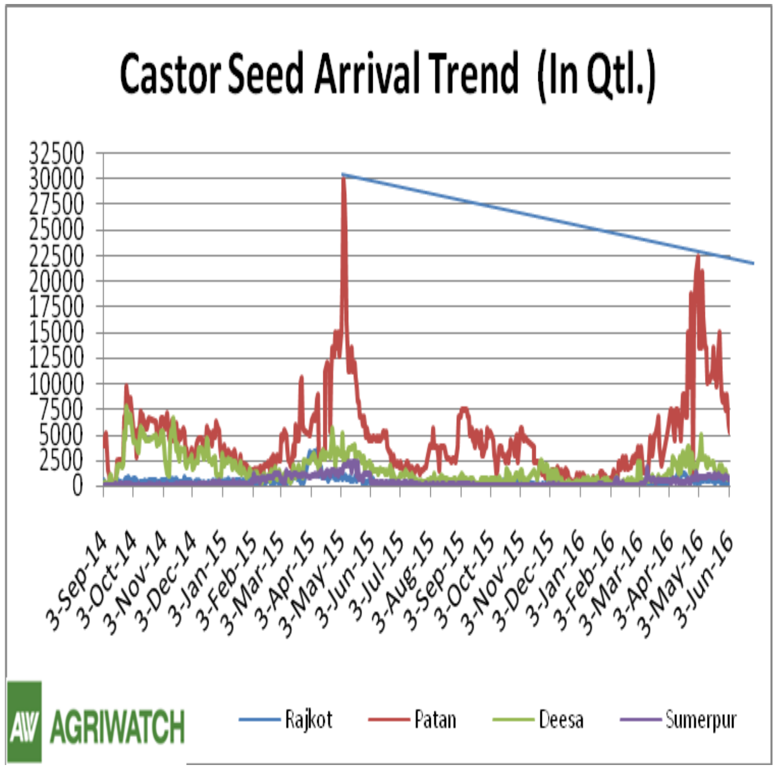
Castor Seed Arrival Trend:

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 June as seed price is ruling lower by 11.5 % 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.

Stake holders would prefer to wait for stabilization in the cash market. Market participants say that arrival pace would not increase much as small farmers may prefer to retain 40 % of their stock due to lower price.

It has improved in Sumerpur from 600 qtl to 900 qtl per day. Stockiest are active in anticipation of higher price in second half of the year.

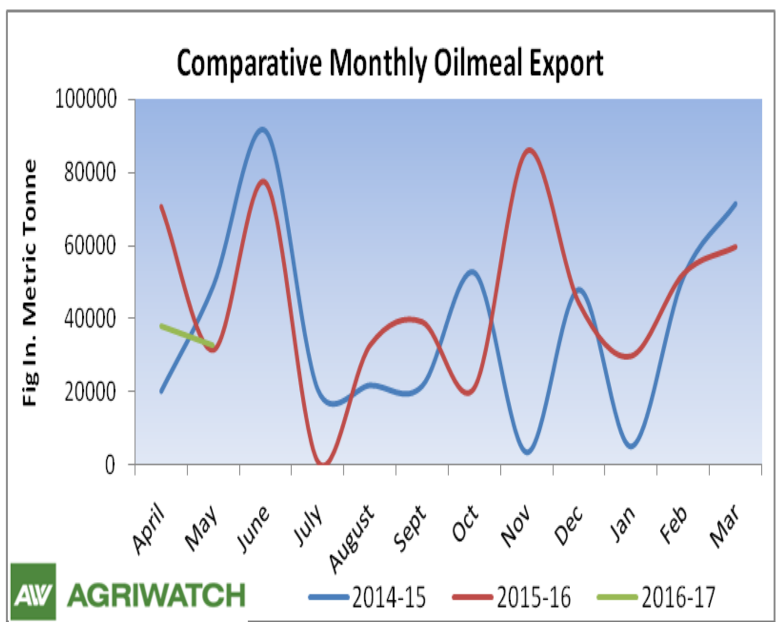


Castor Oil Meal Export Trend:

India had exported 37785 tonne castor meal in April, 2016. It is lower than volume exported in March-2016 by 2655 tonne. As seed price is ruling lower, export volume is expected to stay steady in May-2016 too.

FOB quotes for meal too has decreased slightly this week from $74 to $73 per tonne. France bought 2808.9 tonne meal last week at an ave price of $101.65 per tonne.

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*	**17.75**	-	**14.50**	**15.12**	**13.97-**	**-**
*3rd 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	2015(export)MT
2016-April	43839.45	1155.41	8.16	40533
2016-May(*Tentative)	45948.22	1157.62	-7.85	49863
2016-June				46573
2016-July				34835
2016-August				32335
2016-September				44075
2016-October				33599
2016-November				33464
2016-December				44382
2017-January				30608
2017-February				44378
2017-March				46683.08
Total	89787.67	2313.03		481328.08

Source: Agriwatch, IBIS & Sopa

Comparative Prices Of Castor Products Including Seed					
	3rd June '16	**27th May '16**	**3rd May '16**	**3rd June '15**	**CHANGE %**
Castorseed (Gujarat)((Rs./M.T) Ex-Mandi	31450	31850	32650	39870	**-26.77**
Castor Meal Export (FAS) (US$ / MT),Ex Kandla	72	72	73	112	**-55.56**
EXPORT (FOR) Ports (Rs./MT)Castor meal bulk Kandla	4800	4825	4850	7184	**-49.67**
Castor Oil (First Grade) FOB Kandla (Export)$/Tonne	975	980	1035	1279	**-31.18**
Local rates for oil in domestic market(Rs./M.T.) for comm.	67500	68000	70000	83012	**-22.98**

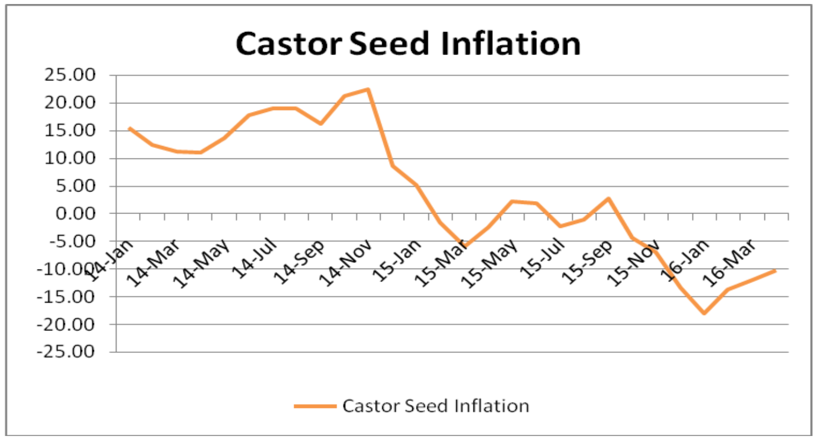
Cash Market (Deesa)Expected Price Range For April-2016:-

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 improved slightly from 190.9 (March) to 197.9 in April-2016 .

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



Outlook For June-2016:

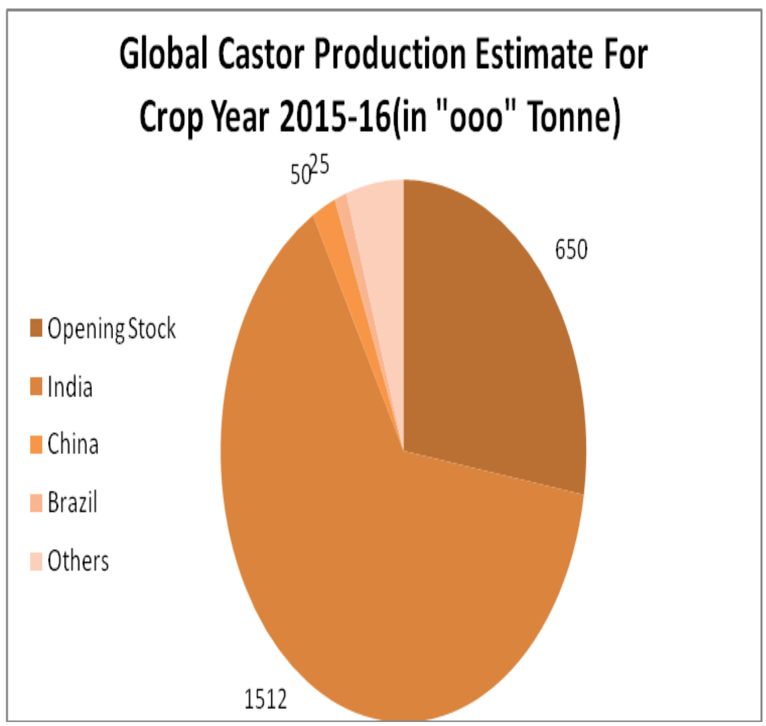
Castor seed cash market is likely to trade range bound to slightly weak as seed supply in domestic market is expected to remain balanced against poor demand for seed. Firmness is expected in second half when area coverage would be clear. Market may trade in the range of Rs 2900 to Rs 2950 per qtl in June. 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 weak.

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. Estimate for 2016-17 would be published in July –Aug this year, by which time, the overall picture would be clear.

.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.



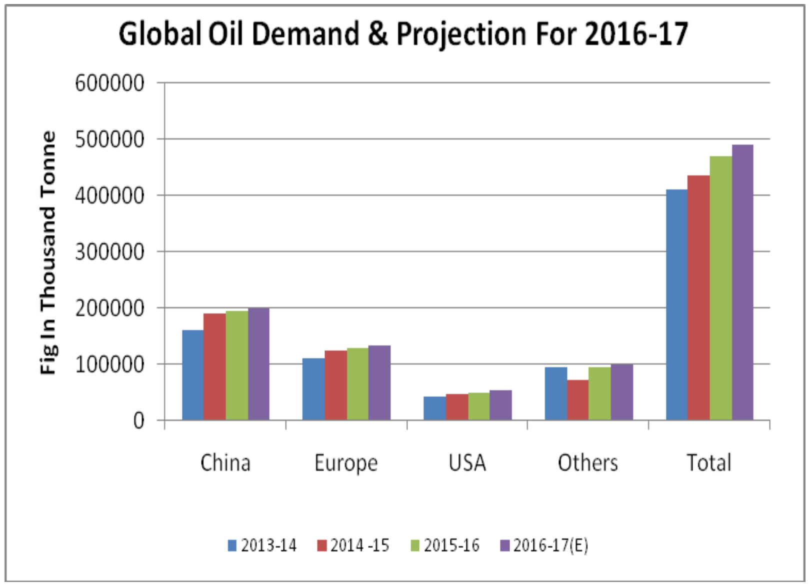
Country wise Demand For Oil:

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.

Contribution by other countries 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.