Castor Seed &Oil Monthly Research Report

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Outlook and Review At Domestic Front:

Castor seed all India average price increased by 2.92 % from Rs 3069.21(May-2016) to Rs 3158.84 per qtl. in June-2016. Major increase was seen in Maharashtra, followed by Karnataka where average prices increased by 4.22 and 0.79 percent during the month under review. Fear of lower area coverage and unattractive price in comparison to other kharif cash crops have lent support to cash market fundamental. Area shifting from castor to kharif pulses like moong, urad, moth and cotton , turmeric is taking place with good rainfall in Gujarat, Rajasthan and Telangana /AP.

With initial feedback received from farmers and planting intention show 20 to 25 percent decrease in area in Gujarat, Telangana and to some extent in Rajasthan too. These States had covered around 10.5 lakh ha. while other States had contributed only 50 thousand ha. out of 11 lakh ha. This year area may decline to 9.0 lakh ha. However, picture would be clear by August end and Agriwatch would publish its preliminary production estimate in October report,by then planting activity would be over.

At arrival front all major markets have seen considerable drop in arrivals in comparison to May-2016.It decreased by 84% in Dhrol, 65 % in Deesa, 51% in Patan and 58% in Ahmadabad. All India arrivals have declined by 44 percent from742454 to 418402 qtl. in June-2016.Arrival would continue to dip due to lower price. Increasing fear of lower area coverage would continue to push price up at current level. Agriwatch expects firmness of Rs250 to 450 per qtl by October end.

At price front, market is expected to trade near Rs 3000/3150 per qtl. in July-2016. Around 80 percent old crop has been crushed so far. However, higher percentage of retention from new crop and lower demand from importers may restrict one way uptrend in the second quarter of the year. This year importers have brought 15 to 20 percent higher oil, taking advantage of lower price. So, if prices get firmer, they can slow buying and it would cap uptrend in the market.

As on 1st,July, 2016 total area coverage under castor seed was reported 0.23 lakh ha. against 0.42 lakh ha last year. Normal area under castor seed is 11.48 lakh ha. The season is likely to end with 9 lakh ha area this year.As rainfall status has improved and more rains expected in the weeks ahead,yield is bound to return to normal level.If India receives higher rainfall in the beginning of October, it may harm castor crop under flowering stages. Overall outlook remains firm but not having without downward correction in the market.

At oil export front, volume was seen increasing in comparison to May-2016. India exported 56524.03 tonne (up to 26th June) castor oil in June-16, higher by 23.02 %(45948.22T) from May- 2016.China, EU and US were active buyers throughout the year as seed and oil prices continue to rule lower by 5.12 % in comparison to June last year. India exported castor oil at an average FoB of $1142.85 per tonne in June-2016, slightly lower from previous month. More dip in average FoB quote is unlikely as Agriwatch expects market to get firmer to $1120 to $1150 per tonne for common grade, Commercial grade may hover in between $950 to $975 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.

Recommendation:

Agriwatch advises to buy seed around Rs 3000 to Rs 3050 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.

The new season (2016-17) has started with 5.66 lakh tonne opening stock. Agriwatch would publish 2016-17 supply & demand scenario in August end/Oct- 2016, before the planting gets over, which starts in July.

However, private traders 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.

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.

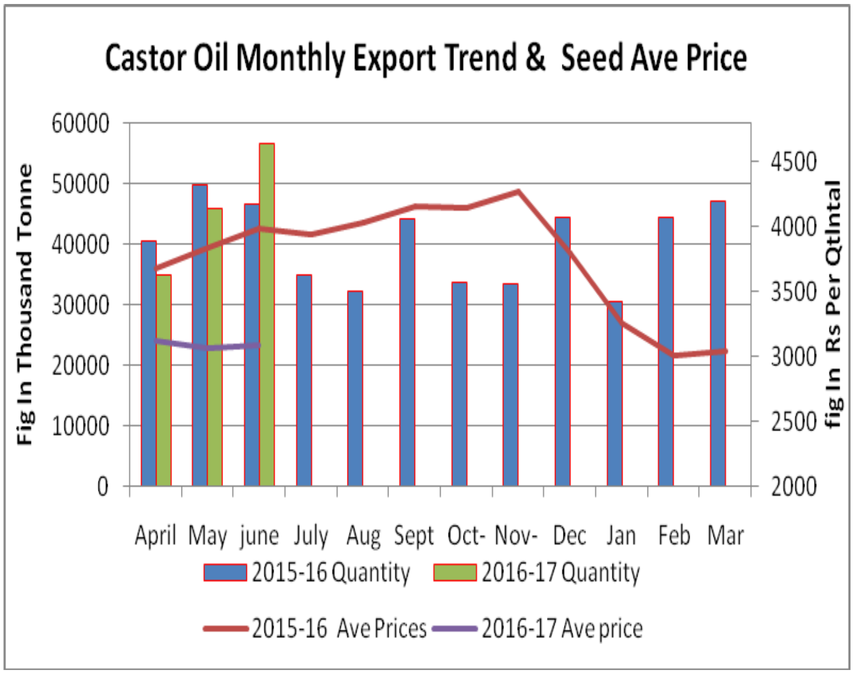
Castor Oil Supply & Demand Projection For 2016-17

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:

June Export volume data was tentative upto 26th June-2016.. At oil export front, volume was seen increasing in comparison to May-2016 by23.02 percent. India exported 56524.03 tonne castor oil in june-2016. It had exported 45948.22 tonne in May. 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 $1142.85 per tonne in June-2016, slightly lower (2.16%) than previous month. More dip in average FoB quote is unlikely as Agriwatch expects market to stabilize around $1150 to $1175 per tonne for common grade, Commercial grade may hover in the range of $950 to $975 per tonne in next two months.

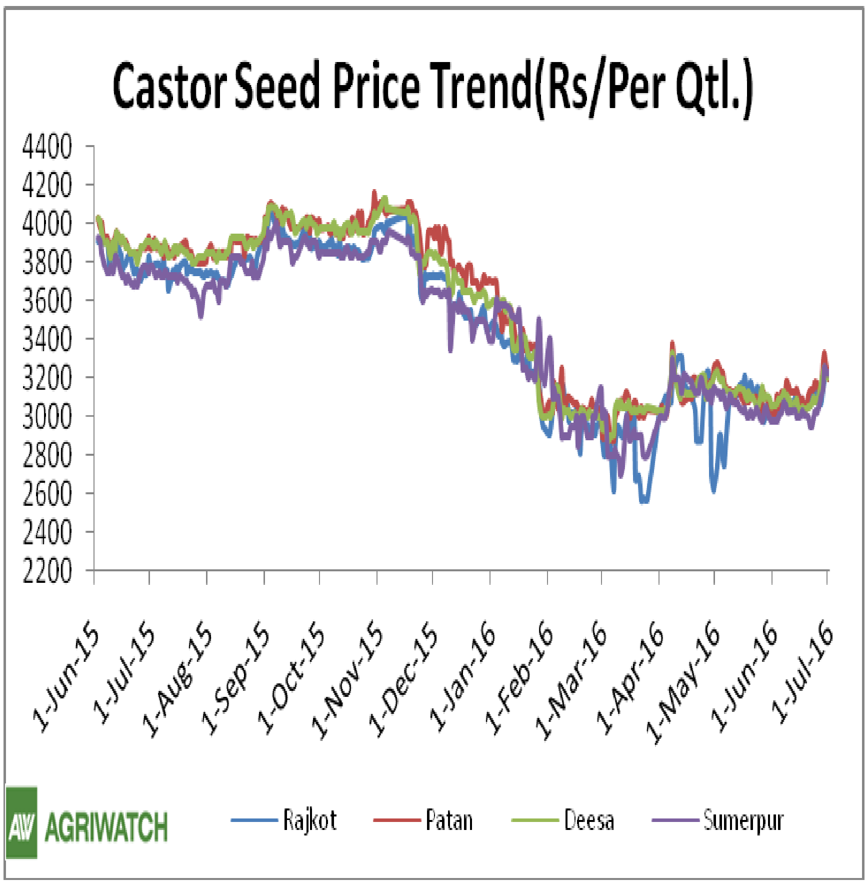


Castor Seed Price Trend:

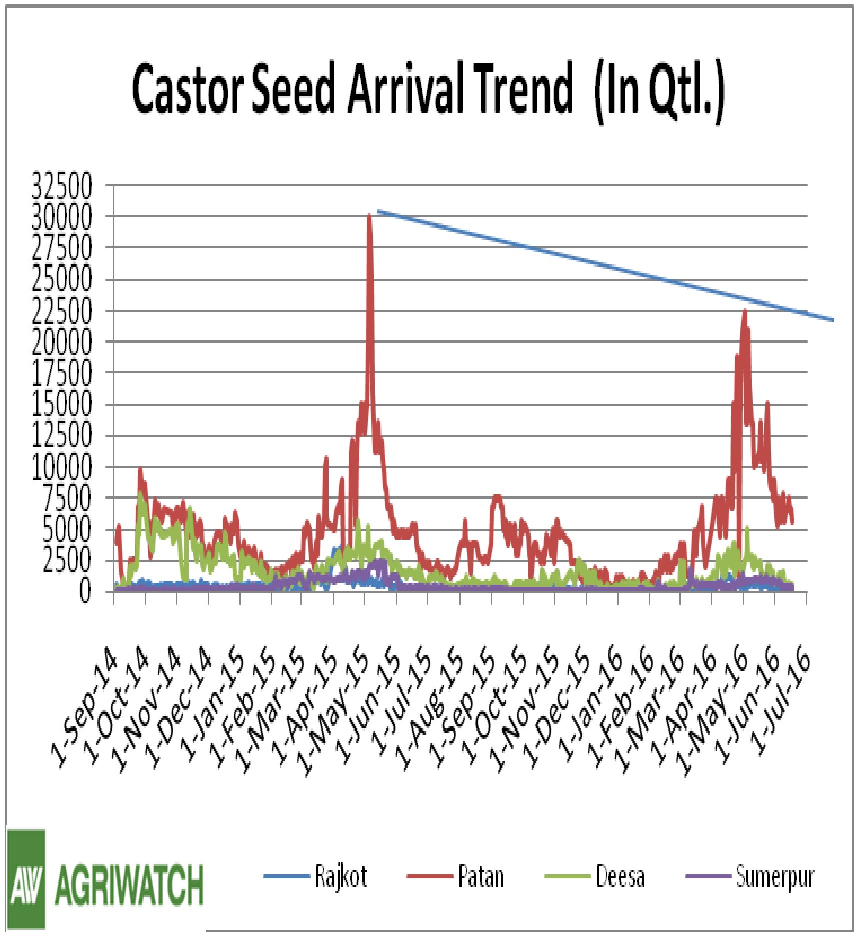
After consolidation phase in May-2016 castor cash market started improving and uptrend may continue as arrivals have decreased considerably in June .Fear of lower area coverage and depleting old stock is expected to lend support to cash market fundamental in the weeks ahead.

Seed market is expected to hover in the range of Rs 3000 to Rs 3150 per qtl. Rajkot market average price for June comes to Rs 3089.82 per qtl. For Patan It is Rs 3130.76 per qtl. Average price in Deesa comes to Rs 3092.69 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. Overall outlook remains firm.



Castor Seed Arrival Trend:



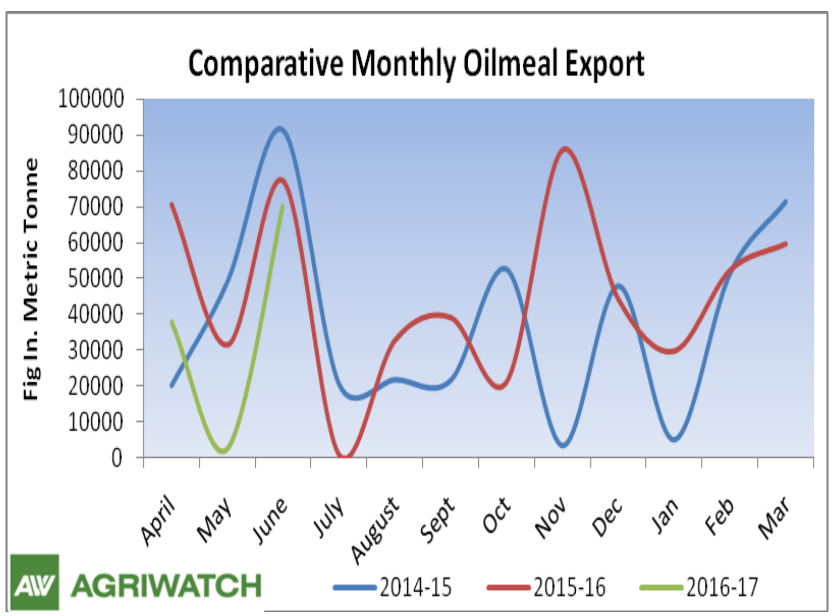
Arrivals of seed continued to decrease in comparison to May- 2016 in major markets despite improved price. There is no hope for higher arrival in July as seed price is ruling lower by 5.12 % from previous year.

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.

Farmers may wait till Oct./Nov as seed price usually start moving up from July and touches its peak in Nov-Dec.New crop starts hitting the market from January. This year production of castor seed is bound to decrease as area would decline by20 to 25 percent. Major decline may be seen in Gujarat.

Arrival in Sumerpur has decreased from 2224 Tonne in May to 1064 Tonne in June. As prices are ruling lower, percentage of retention has increased at farmers' end.

Castor Meal Export Trend:



India had exported only 2432 tonne castor meal in May, 2016.It exported 69938.69 tonne in June. Smart recovery in meal export was seen due to lower price and higher availability, supported by higher crushing.

Meal export may decrease as arrival of seed has declined by 42 to 43 percent in June.FOB quotes for meal is expected to improve as availability is bound to decrease. Average FoB price for castor meal is $73 per tonne. It may move up to 480 per tonne in July-August.

France,Taiwan and Japan were the major buyers in June and they would continue to dominate in July too.

Variation In Production Estimates & Forecast For 2015-16:

Comparable Production Estimates(Fig. In Lakh Tonne)						
Crop Year	**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	16.2	14.5	15.12	13.97	14
2016-17						
*3rd Adv Estimate (Target-20.34 lakh tonne)						

State wise Rainfall Distribution (in mm)			
States	Normal Rainfall	Cumulative From 1st to 29th June-2016	% Deviation From Normal
Andhra Pradesh	85.0	151.8	79
Arunachal Pradesh	484.2	385.5	-20
Assam	413.4	305.8	-26
Bihar	155.6	128.7	-17
Chhattisgarh	172.4	159.6	-7
Goa	858.6	1130.4	32
Guajrat	98.9	24.5	-75
Haryana	40.4	31.6	-22
Himachal Pradesh	88.7	99.3	12
J&K	60.1	62.8	4
Jharkhand	187.5	124.0	-34
Karnataka	187.2	220.9	18
Kerala	619.2	567.5	-8
Madhya Pradesh	110.3	100.5	-9
Maharashtra	195.2	178.8	-8
Manipur	408.8	110.7	-73
Meghalaya	751.2	301.0	-60
Mizoram	418.8	386.2	-8
Nagaland	333.2	192.0	-42
Odisha	205.4	156.1	-24
Punjab	39.9	51.7	30
Rajasthan	41.0	42.8	4
Sikkim	478.2	475.6	-1
Tamil Nadu	44.9	64.2	43
Telangana	129.9	167.5	29
Tripura	448.3	219.5	-51
Uttar Pradesh	85.4	70.4	-18
Uttarakhand	158.9	161.5	2
West Bengal	287.2	263.6	-8
Puducherry	47.3	45.9	-3
Others	0.0	0.0	#DIV/0!

All-India	155.5	137.6	-12

Castor Area With % Change In 2016 as on 23rd June-2016:

Progressive Castor Seed Area In Lakh Ha.Till 23rd July ,2016			
	2016	2015	% ch
Andhra Pradesh	0.03	0.02	50.00
Telangana	0.03	0	#DIV/0!
Arunachal Pradesh	-	-	#VALUE!
Assam	-	-	#VALUE!
Bihar		-	#VALUE!
Chhattisgarh	-	-	#VALUE!
Gujarat			#DIV/0!
Haryana			#DIV/0!
Himachal Pradesh			#DIV/0!
Jammu & Kashmir			#DIV/0!
Jharkhand			#DIV/0!
Karnataka	0.04	0.02	100.00
Kerala			#DIV/0!
Madhya Pradesh			#DIV/0!
Maharashtra			#DIV/0!
Odisha			#DIV/0!
Punjab			#DIV/0!
Rajasthan		0.01	-100.00
Tamil Nadu			#DIV/0!
Uttar Pradesh			#DIV/0!
Uttarakhand			#DIV/0!
West Bengal			#DIV/0!
Others			#DIV/0!
Total – All India	0.1	0.05	100.00

Overall castor area coverage lags behind by 50 percent from last year.

Oil Export Monthly Volume:

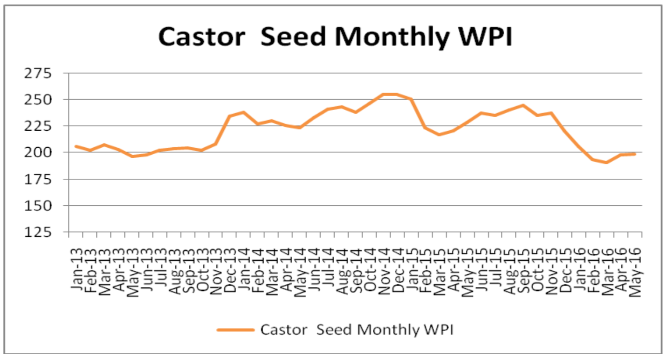
Castor Oil Export Fig. in Tonne				% Ch Over Previous Month
	April-2016	May-2016	June-2016	
1st Week	3285.3	9628.55	15157.48	57.42
2nd Week	9323.64	9992.98	16541.37	65.53
3rd Week	5756.88	11996.83	12280	2.36
4th Week	16542.23	14329.86	12545.18	-12.45
Total	34908.05	45948.22	56524.03	23.02

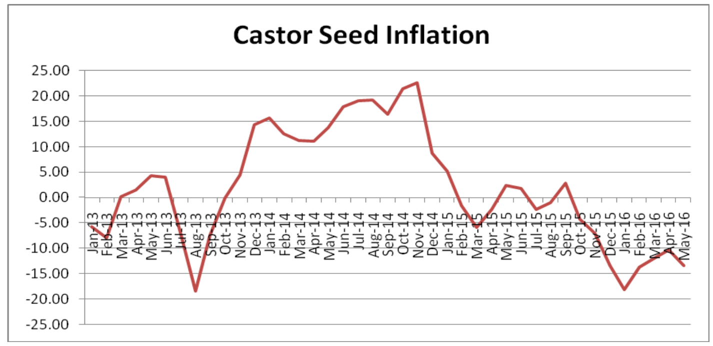
Source: Agriwatch, IBIS & Sopa

Castor oil export increased by 23 percent month on month basis in June-2016.India exported56524.03 tonne castor oil in June against 45948.22 tonne in May-2016. Export pace is expected to stay steady as availability of oil is higher and price is likely to improve in the weeks ahead.

Castor Seed Inflation:

Castor seed monthly wholesale price index: Weight: 0.04425, Base year:2004-05=100





Castor seed monthly WPI increased from 197.9 to 198.6 in May 2016.Slight improvement in price may push WPI up further in June-2016.

Comparative Prices Of Castor Products Including Seed					
	24th June '16	17th June '16	24th May '16	24th June '15	CHANGE %
Castorseed (Gujarat)((Rs./M.T) Ex-Mandi	32000	31250	31700	39870	-24.59
Castor Meal Export (FAS) (US$ / MT),Ex Kandla	68	72	72	112	-64.71
EXPORT (FOR) Ports (Rs./MT)Castor meal bulk Kandla	4700	4800	4850	7184	-52.85
Castor Oil (First Grade) FOB Kandla (Export)$/Tonne	980	960	975	1279	-30.51
Local rates for oil in domestic market(Rs./M.T.) for comm.	68000	66800	68500	83012	-22.08

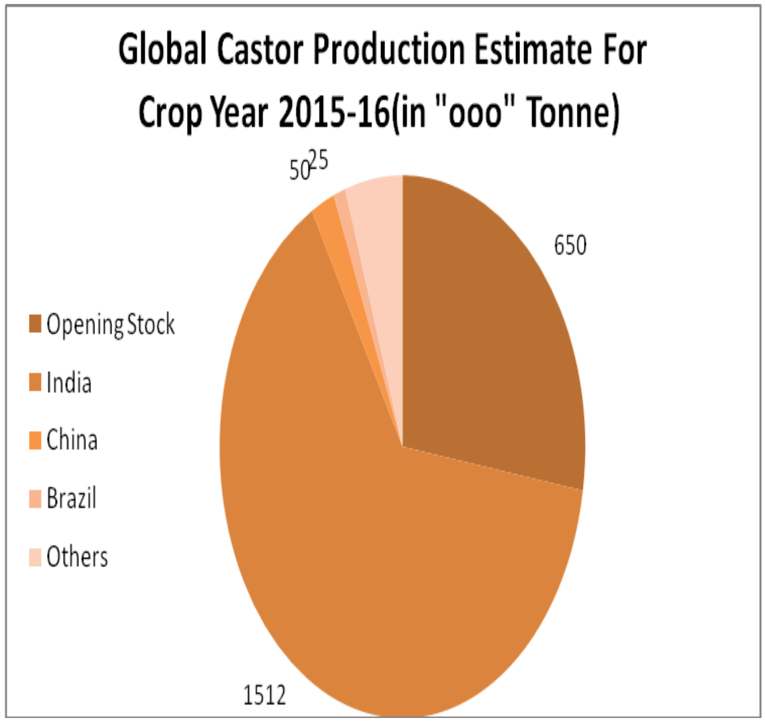
Cash Market (Deesa)Expected Price Range For July-2016:-

Expected Range	Rs/Qtl.(Low)	Rs /Qtl.(High)
Short term (15 days)	3000-3100	3100-3150
Medium Term (30 days)	3150-3175	3150-3200

Outlook For July-2016:

Castor seed cash market is likely to trade range bound to slightly firm as seed supply in domestic market is expected to be tight against normal demand from plants. Firmness is expected to continue in second half when status for area coverage would be clear. This year area under castor seed is likely to decline by 20 to 25 percent and it would lower the crop size next year. In July, market may trade in the range of Rs 3100 to Rs 3150 per qtl.

Farmers would continue to restrict selling seed as they expect firmness in second and third quarter of the year. Oil demand from overseas market too would improve as prices continue to improve. 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. Estimate for 2016-17 would be published in Aug-Sep this year, by which time, the overall picture would be clear.

India dominates global market in seed production with 90 percent contribution. The 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.

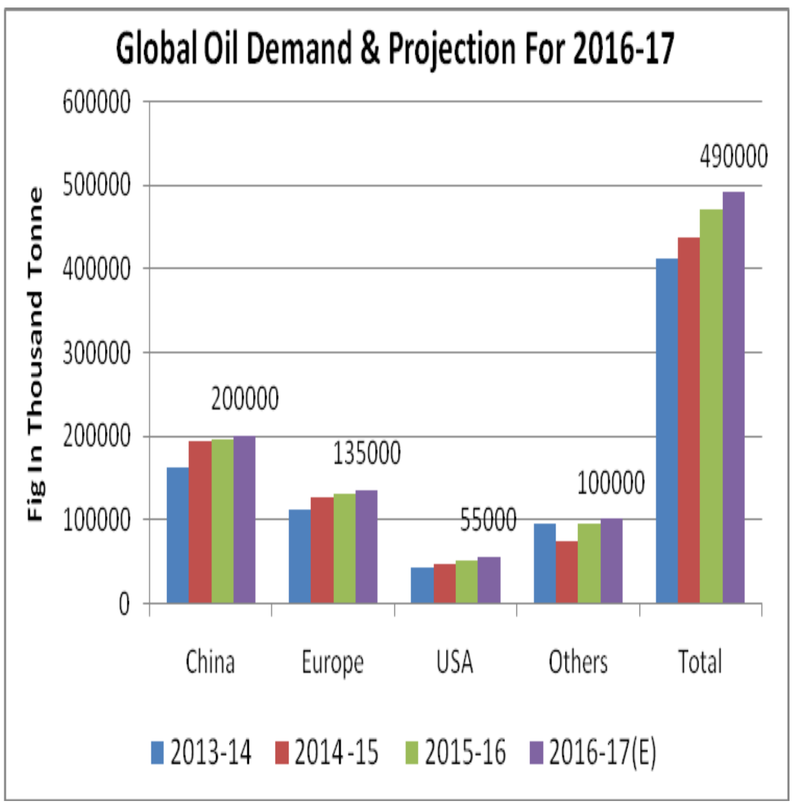
Country wise Demand For Oil:

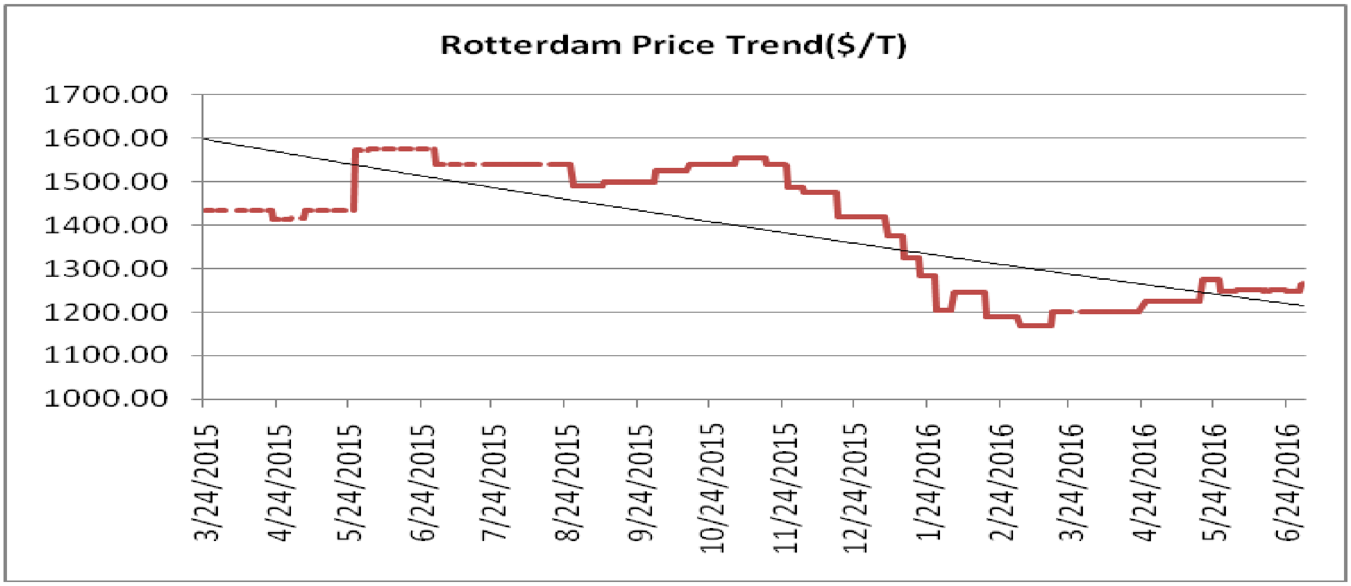
Castor oil export in 2016-17(new season) may increase by 4.26 % from 4.70 lakh tonne to 4.9 lakh tonne in 2016-17. The projection is for oil. It does not include derivatives.

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 at 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	June. 2016	May. 2016	
Gujarat	Patan	3126	3121	5
	Harij	3107	3128	-21
	Rajkot	3090	3134	-43
	Gondal	3162	3173	-11
	Deesa	3093	3124	-32
	Bhabar	3087	3129	-42
	Mehsana	3081	3114	-33
	Kadi	3126	3160	-35
	Sabarkatha	3099	3145	-46
	Gandhi Nagar	3118	3146	-28
	Ahmedabad (Sanand)	3054	3085	-31
	Halvad	3021	3084	-63
	Junagadh	3102	3154	-52
	Dhrol	2860	2915	-55
Rajasthan	Jodhpur	2912	2998	-86
	Sumerpur	3035	3048	-13

Castor Seed Cumulative Monthly Sum Arrivals in Key Centers:

Center	Market	Monthly Arrivals (Quintal)		Change
		June. 2016	May. 2016	
Gujarat	Patan	149687	309962	-160274
	Harij	30150	63000	-32850
	Rajkot	5220	11830	-6610
	Gondal	7708	11094	-3386
	Deesa	19199	54648	-35449
	Bhabar	62048	81574	-19526
	Mehsana	18375	28500	-10125
	Kadi	51704	74862	-23158
	Sabarkatha	7575	16125	-8550
	Gandhi Nagar	11513	21150	-9638
	Ahmedabad (Sanand)	398	954	-557
	Halvad	40875	40936	-61
	Junagadh	1384	3369	-1985
	Dhrol	119	760	-641
Rajasthan	Jodhpur	1808	1441	368
	Sumerpur	10640	22240	-11600
Total Arrivals/Above Markets		**418402**	**742445**	**-324042**

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