Castor Seed &Oil Monthly Research Report

Contents

Outlook and Review At Domestic Front:

Castor seed all India average price increased by 1.62 % from Rs 3085.26(July-2016) to Rs 3135.35 per qtl. in August-2016. Despite recent firmness current average price is still lower by 3.35 % from August-2015. Major increase was seen in M.P, followed by Gujarat and Telangana where average prices increased by 8.62, 4.73 and 4.23 percent respectively during the month under review. Fear of lower acreage is now obvious and overall area coverage may decrease by over 24 %. By the end of August area coverage lagged behind by 24.61 percent to 5.76 lakh ha from corresponding period last year.. Farmers have preferred to shift 20 to 25 % area to other lucrative crops like moong, urad, moth and cotton and turmeric, groundnut. All these developments (including higher oil export) hints uptrend to continue in the second quarter of the year.

This year preliminary Agriwatch estimate shows 12.70 lakh tonne production based on farmers feedback and initial field survey in Gujarat, Rajasthan and AP. Area in Gujarat is likely to decline by over 20 % from 7.75 to 6.20 lakh ha. Overall decline in Rajasthan may be 15 % and area would decline from 2.21 to 1.88 lakh ha.In AP /Telangana it may decline by 10 percent to 1.24 lakh ha. As weather remains favorable Agriwatch expects normal yield this year. Based on normal yield seed production may decline to 12.69 lakh tonne given the normal weather condition. Area may decline further if rains continues in growing regions. Agriwatch would revise preliminary estimate in November-2016.

Current sowing status (as on 25th August)shows that area coverage in Gujarat is lagging behind by 35% to 3.27 lakh ha.Area in Rajasthan too is 8% behind from last year till review period. AP has covered 20% lower area so far. However, it is higher by 8% in Telangana and 33% in Maharashtra till 25th August-2016.Area may decline more as sowing of early varieties got delayed by 15 days now.By Sept end clear picture would emerge.

At arrival front there has been considerable decline in August due to lower price and retention of seed. Arrival in Gujarat (Patan) declined by 25 % to 59178 qtl in comparison to July-2016.It has declined by 22% in Deesa to 5217 qtl during the same period. In Sumerpur region of Rajasthan it declined by 55% to 3000 qtl. Farmers and stockiest would prefer to retain stock till third quarter of the year. Agriwatch expects arrival to decline further as prices are much below farmers' expectation. Retention and likely lower crop size would remain supportive to the market fundamental in the medium term.

As on 25 ,August-2016 total area coverage under castor seed was reported at 5.76 lakh ha. against 7.64 lakh ha last year. Normal area under castor seed is 11.21 lakh ha. The season is likely to end with 9.43 lakh ha planted area this year.

At oil export front, volume was seen almost steady in August in comparison to July-2016. India exported 39452 tonne castor oil till 28th Aug-2016. It had exported 40657 tonne in July-2016.China, EU and US were active buyers throughout the year as seed and oil prices continue to rule lower by 3.35 and 11.3 % respectively in comparison to August-2015. India exported castor oil at an average FoB of $1201.99 per tonne in August-2016, slightly up from previous month. Average FoB quote is likely to move up from current level as Agriwatch expects market to get firmer in Sept and average price may move up to$1225 per tonne.

Agricultural Statistics Division, Directorate of Economics & Statistics, India has published its fourth adv estimate for food grains on 2nd August-2016 and estimated 16.50 lakh tonne castor seed production for 2015-16 crop year, to be marketed in MY 2016-17. It has decreased production estimate from17.75 to 16.50 lakh tonne in fourth Adv estimate 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 3300 to Rs 3400 per qtl for stock purpose, depending on supply source and retain it at least for three months for better return.

Seed Supply & Demand:

There is no change in preliminary estimate. Agriwatch Preliminary estimates regarding area and production shows around 16 percent lower acerage this year due to crop shifting from castor seed to other lucrative crops. Over all area would decline from 11.21(normal) to 9.43 lakh ha this year. The estimate is based on initial ground level survey and feedback received from farmers. Agriwatch expects above normal rainfall this year and hopes normal yield too. Based on normal yield realization seed production would decline from 15.12 to 12.69 lakh tonne this year.

The season started with5.91 lakh tonne as carryout. Thus total availability for current MY comes to 18.6 lakh tonne if estimated production of 12.69 lakh tonne is included. Lower production would drag carryout down from5.91 to 3.1 lakh tonne. It would push seed price up in second and third quarter.

All units in lakh tonnes	Quarterly Castor Seed Supply-Demand For MY 2016-17					
Particulars	2015-16	2016-17	Apr-Jun	July-Sep	Oct-Dec	Jan-Mar
Carry in	5.54	5.91	5.91	12.4	7.75	4.65
Production	15.12	12.69	12.69	0	0	0
Imports	0	0	0	0	0	0
Total Availability	20.66	18.6	18.6	12.4	7.75	4.65
Consumption	14.75	15.5	6.2	4.65	3.1	1.55
Exports	0	0	0	0	0	0
Total Usage	14.75	15.5	6.2	4.65	3.1	1.55
Carry out	5.91	3.1	12.4	7.75	4.65	3.1

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.

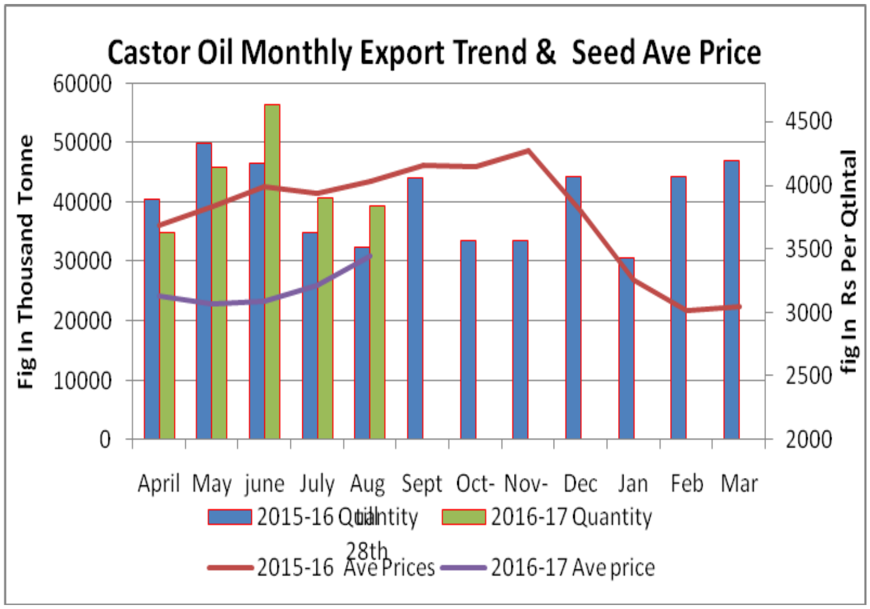
Castor Oil Supply & Demand Projection For 2016-17			
Unit in lakh tonne	2014-15	**2015-16**	**2016-17(E)**
Carry in	0.15	0.25	0.5
Production	6	6.5	7
Imports	0	0	0
Total Availability	**6.15**	**6.75**	**7.5**
Consumption (domestic)	0.9	1	1
Exports	5	5.25	5.5
Total Usage	5.9	6.25	6.5
Carry out	**0.25**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

Castor Oil Monthly Export Trend & Seed Ave Price:

August export volume data was tentative upto 28th Aug-2016.. At oil export front, volume was seen almost steady in comparison to July-2016. India exported 39452 tonne castor oil in Aug-2016 till 28th Aug.

It had exported 40485 tonne in July. 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 $1201 per tonne in August-2016, slightly higher (4.16%) than previous month. More dip in average FoB quote is unlikely as Agriwatch expects market to stabilize around $1200 to $1225 per tonne for common grade, Commercial grade may hover in the range of $1100 to $1125 per tonne in next two months.

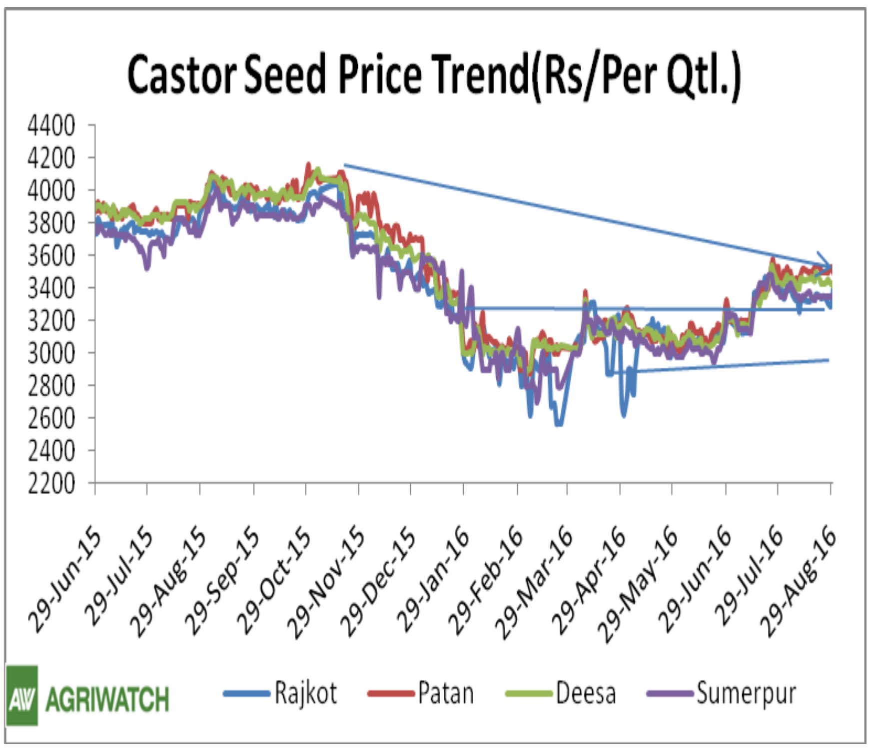


Castor Seed Price Trend:

After consolidation phase in May-2016 castor cash market started improving and uptrend may continue as arrivals have decreased considerably in August too. .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 3350 to Rs 3450 per qtl. Rajkot market average price for August comes to Rs 3347.35 per qtl. For Patan It is Rs 3501 per qtl. Average price in Deesa comes to Rs 3445 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.

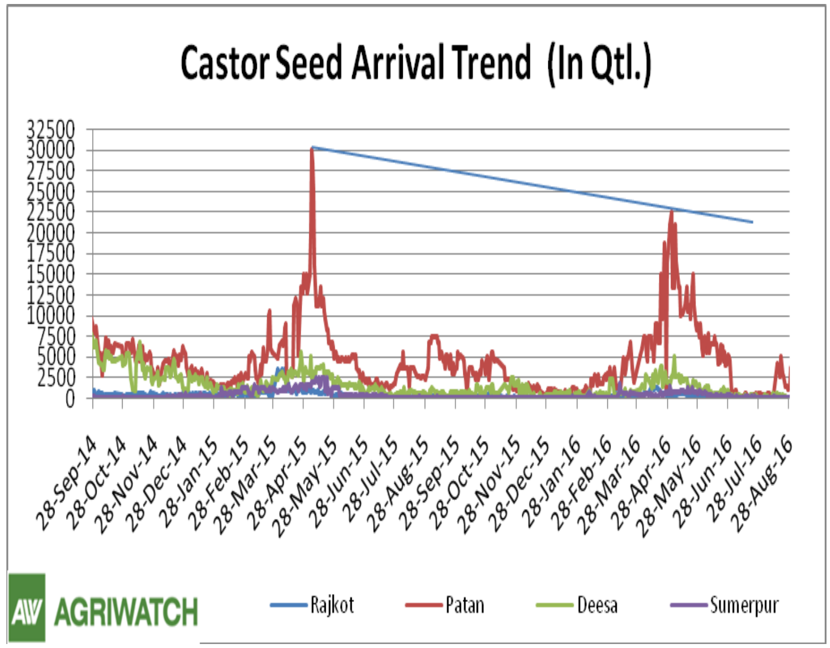


Castor Seed Arrival Trend:

Arrivals of seed continued to decrease in August in comparison to July- 2016 in major markets despite improved price. There is no hope for higher arrival in Sept too as seed price is ruling lower by 5.45 % 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 Rs3650 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 by 16 percent. Major decline may be seen in Gujarat and Sumerpur.

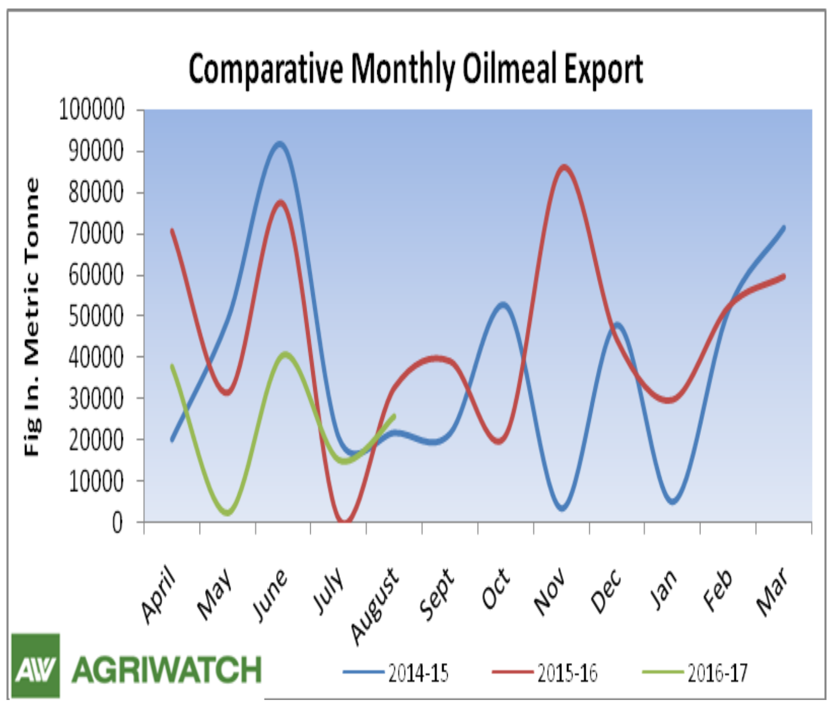


Castor Oil Meal Export Trend:

India had exported only 25750 tonne castor meal in Aug, 2016.It had exported over 15000 tonne in July.

Meal export may decrease as arrival of seed has declined by 45 to 50 percent in August too.FOB quotes for meal is expected to improve as availability is bound to decrease. Average FoB price for castor meal is $75 per tonne. It may move up to $80 per tonne by Sept. end.

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	18.70	15.06	11 to 13	12	12.78	12.95
2015-16*	16.60*	16.2	14.5	15.12	13.97	14
2016-17	-	-	-	**12.69****	-	-

*4th Adv Estimate (Target-20.34 lakh tonne) released on 2nd Aug-2016 ** Agriwatch preliminary estimate for2016-17

Agriwatch Preliminary Area & Production Forecast For Crop Year 2016-17

Gujarat	**Area In '000'ha**			**Yield In kg/ha**			**Production In "000" Tonne**	
	2015-16	5 years Ave	2016-17	2015-16	5 years ave	2016-17	2015-16	2016-17** Fore..
Banaskantha	142.40	140.28	113.92	1681	1695.4	1695.4	239.37	193.14
Sabarkantha	66.45	67.49	53.16	2010	2026	2026	133.57	107.71
Mehasana	82.27	73.65	65.82	1370.75	1375.55	1375.55	112.78	90.54
Patan	123.41	98.28	98.73	1572.75	1569.55	1569.55	194.10	154.96
Gandhi Nagar	27.42	28.14	21.94	2010.25	2011.05	2011.05	55.13	44.12
Kachchh	98.10	101.42	78.48	575.5	581.1	581.1	56.45	45.60
Surender Ngr	71.73	64.35	57.38	925.75	928.95	928.95	66.40	53.30
Jamnagar	8.44	13.49	6.75	1050.75	1098.75	1098.75	8.87	7.42
Rajkot	10.55	15.11	8.44	1334.75	1330.75	1330.75	14.08	11.23
Vadodara	28.48	41.90	22.78	1655	1665.4	1665.4	47.13	37.94
Kheda	13.71	24.94	10.97	1965	1957	1957	26.94	21.47
Ahmedabad	50.63	47.93	40.50	1925	1980.2	1980.2	97.46	80.21
Panchmahal	2.11	10.22	1.69	1760.75	1784.75	1784.75	3.71	3.01
Others	49.58	48.12	39.66	1485.5	1477.5	1477.5	73.64	58.60
Gujarat Total	775.28	775.32	620.22	1523.05	1534.425	1534.425	1180.79	951.68
Rajasthan	2015-16	5 years ave	2016-17	2015-16	5 years ave	2016-17	2015-16	2016-17**
Barmer	26	26	22.1	1150	1094.8	1094.8	29.9	24.20
Jalore	55.1	71.6	60.9	1275	1223.8	1223.8	70.25	74.50
Jodhpur	60.13	56.6	48.1	487.75	487.75	487.75	29.33	23.48
Pali	3	5	4.25	750.25	739.85	739.85	2.25	3.14
Sirohi	48.1	52.46	44.59	1100.5	1100.5	1100.5	52.93	49.07
Others	6	9.8	8.33	1031	1031	1031	6.19	8.59
RajasthanTotal	198.33	221.51	188.28	965.75	946.28	946.28	191.54	178.17
AP/Telangana	2015-16	5years ave	2016-17	2015-16	5 yrs Ave	2016-17	2015-16	2016-17

Anantpur	12.13	7.40	6.66	725.00	731.40	731.40	8.79	4.87
Kurnool	39.19	39.20	35.28	562.50	573.70	573.70	22.04	20.24
Mehboob Ngr	77.25	78.41	70.57	675.25	669.65	669.65	52.16	47.26
Nalgonda	0.62	2.18	1.97	690.00	704.40	704.40	0.43	1.38
Rangareddy	1.62	2.66	2.40	510.00	498.80	498.80	0.82	1.20
Others	7.22	8.18	7.36	645.25	658.05	658.05	4.66	4.85
AP/TelanganaTotal	138.02	138.03	124.23	634.67	639.33	639.33	90.08	79.42

Agriwatch preliminary estimates on area and production are based on farmer's sowing intention and initial ground level survey in some pockets of Rajasthan and Gujarat. Agriwatch would publish 1st estimate on production in November-2016,2nd in Feb-2017 & final in April-2017

Castor Area With % Change In 2016 as on 26th August-2016:

States	Progressive sowing Till 26th August-2016		
Andhra Pradesh	**2016**	**2015**	**% Ch**
Telangana	0.32	0.31	3.23
Arunachal Pradesh	0.55	0.54	1.85
Assam	0	0	
Bihar	0	0	
Chhattisgarh	0.1	0.1	0.00
Gujarat	3.27	5.12	-36.13
Haryana	0.2	0.28	-28.57
Himachal Pradesh		0.01	-100.00
Jammu & Kashmir			
Jharkhand			
Karnataka			
Kerala	0.05	0.06	-16.67
Madhya Pradesh	0.02	0.04	-50.00
Maharashtra	0.33	0.42	-21.43
Odisha	0.12	0.1	20.00
Punjab	0.07	0.09	-22.22
Rajasthan	0.65	0.52	25.00
Tamil Nadu	0.05	0.06	-16.67
Uttar Pradesh	0.01	0.1	-90.00
Uttarakhand			
West Bengal			
Others			
Total – All India	5.74	7.75	-25.94

Overall castor area coverage lags behind by 25.94 percent from last year.

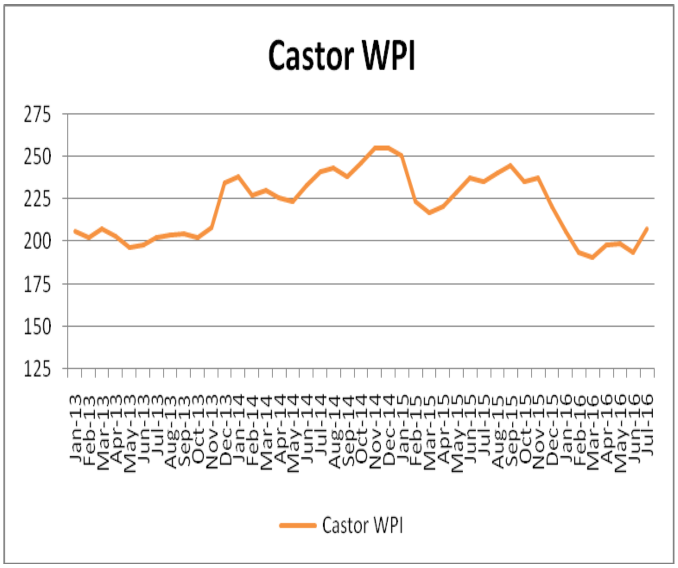
Oil Export Monthly Volume:

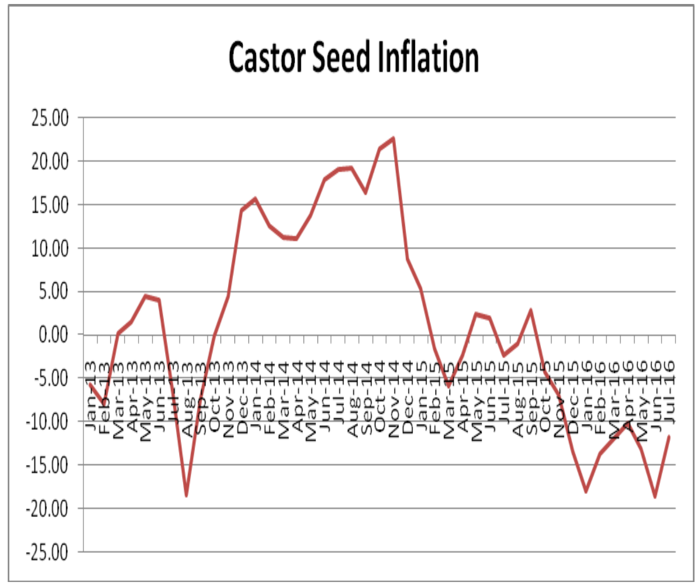
Castor Oil Export Fig In Tonne	2016-May	2016-June	2016-July	2016-Aug	% CH
1st Week	9628.55	15157.48	8584.37	8185	-4.65
2nd Week	9992.98	16541.37	7078.99	12533.39	77.05
3rd Week	11996.83	12280	13926.36	11609.17	-16.64
4th Week Till 28th	14329.86	12545.18	11068.04	7125.08	-35.62
Total	45948.22	56524.03	40657.76	39452.64	-2.96

Source: Agriwatch, IBIS & Sopa (August-2016 figure is tentative)

Castor oil export decreased by 2.96 percent month on month basis in August-2016.India exported 39452.64 tonne castor oil in August against 40657.08 tonne in July-2016.August data is till 28th August. 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 decreased from 193.3(June) to 207.6 in July 2016.Slight improvement in price may push WPI up in August-2016. Monthly castor seed inflation was registered at minus 11.81 percent.

Comparative Prices Of Castor Products Including Seed					
	26th Aug '16	19th ,Aug '16	26th July '16	Aug '15	CHANGE %
Castorseed (Gujarat)((Rs./M.T) Ex-Mandi	35750	35450	36050	40223	-11.12
Castor Meal Export (FAS) (US$ / MT),Ex Kandla	67	67	67	111	-39.64
EXPORT (FOR) Ports (Rs./MT)Castor meal bulk Kandla	4500	4500	4450	7080	-36.44
Castor Oil (First Grade) FOB Kandla (Export)$/Tonne	1115	1110	1115	1243	-10.30
Local rates for oil in domestic market(Rs./M.T.) for comm.	76000	75500	75500	82828	-8.24

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

Expected Range	Rs/Qtl.(Low)	Rs /Qtl.(High)
Short term (15 days)	3400-3450	3450-3475
Medium Term (30 days)	3475-3500	3500-3550

Outlook For September-2016:

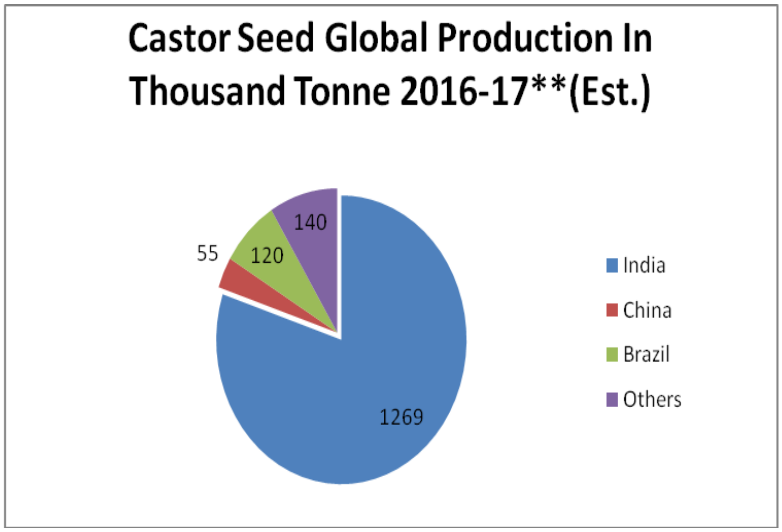
Castor seed cash market is likely to trade firm as seed supply in domestic market is expected to be tight against normal demand from plants. Besides, crop shifting from castor to groundnut and pulses in Gujarat and Rajasthan would continue to support cash market in the short to medium term. This year area under castor seed is likely to decline by 25 percent and it would lower the crop size next year. In Sept, market may trade in the range of Rs 3400 to Rs 3550 per qtl. Farmers would continue to restrict selling seed as they expect firmness in second and third quarter of the year. Overall outlook remains firm.

International Market Updates:

There is no change in Global Castor Seed supply – demand side. Production is expected to decrease from 18.37 lakh tonne to 15.84 lakh tonne in 2016-17 due to lower crop size expected in India this year. Total availability for seed would decrease to 20 lakh tonne including Indian carryout stock of 5.91 lakh tonne. lakh tonne. Normal demand for oil and decreasing seed stock in India would continue to push seed price up in India.

India dominates global market in seed production with 90 percent contribution. The given diagram shows production contribution of various countries.

As production in India is likely to decrease, availability for seed would contract in the third quarter of the year. India may crush 15 lakh tonne seed in 2016 as oil demand is good amid lower price



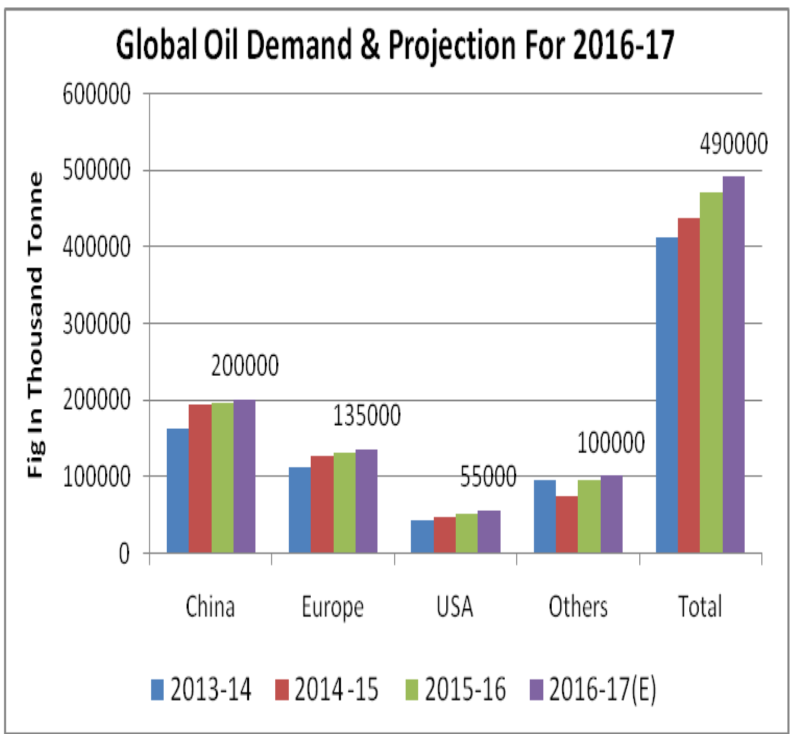
Country wise Demand For Oil:

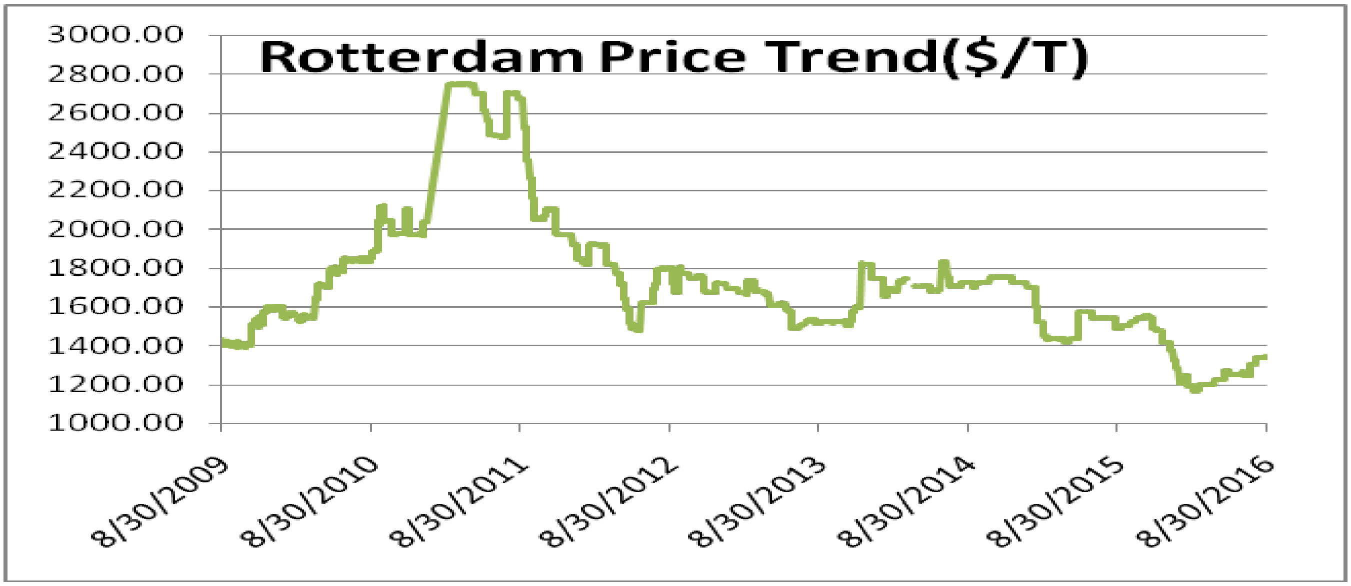
There is no change in global castor oil demand as of now. Castor oil export in 2016-17(new season) may increase by 4.26 % from 4.70 lakh tonne to 4.9 lakh tonne in 2016-17. The projection is for oil. It does not include derivatives.

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	August. 2016	July. 2016	
Gujarat	Patan	3501	3335	165
	Harij	3497	3337	161
	Rajkot	3349	3317	32
	Gondal	3398	3379	19
	Deesa	3449	3307	142
	Bhabar	3388	2530	857
	Mehsana	3430	3304	126
	Kadi	3464	3352	112
	Sabarkatha	3453	3335	118
	Gandhi Nagar	3472	3344	129
	Ahmedabad (Sanand)	3412	3239	173
	Halvad	3399	3282	117
	Junagadh	3313	3308	5
	Dhrol	3154	3154	1
Rajasthan	Jodhpur	3257	3101	156
	Sumerpur	3359	3299	59

Castor Seed Cumulative Monthly Sum Arrivals in Key Centers:

Center	Market	Monthly Arrivals (Quintal)		Change
		August. 2016	July. 2016	
Gujarat	Patan	59178	76220	-17042
	Harij	8775	11550	-2775
	Rajkot	2886	3597	-711
	Gondal	3626	5231	-1605
	Deesa	3942	6307	-2366
	Bhabar	3399	19941	-16542
	Mehsana	8025	12863	-4838
	Kadi	16865	37292	-20427
	Sabarkatha	2858	2153	705
	Gandhi Nagar	6263	5026	1237
	Ahmedabad (Sanand)	116	106	10
	Halvad	1624	4587	-2964
	Junagadh	1190	1011	179
	Dhrol	46	90	-44
Rajasthan	Jodhpur	882	1180	-298
	Sumerpur	3000	4560	-1560
Total Arrivals/Above Markets		122673	191712	-69039

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