Castor Seed &Oil Monthly Research Report

Contents

Outlook and Review At Domestic Front:

Castor seed average price surged by 19.93% from Rs. 3583.18 September -2016 to Rs. 3603 per qtl. in October -2016. *Fear of lower acreage is now obvious and overall area coverage may decrease by over 24 %. 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.*

According to the sources, total 8.40 lakh hectares of castor sowing area in India has been covered as on *13th October 2016 with a decline of 24.18% against 11.08 lakh hectares during corresponding period last year and 10.36 lakh Ha in 2014. Normal coverage area of five years average stood at 12.51 lakh Ha. While, sowing area is recorded at 8.35 lakh Ha. and 8.30 lakh Ha. respectively as on 29th September 2016 and 22nd September 2016. Continuous rains in growing region have delayed sowing by two weeks for early maturity varieties. Delay in sowing may cause increased decline in area.*

As per sources, Telangana has covered total 0.43 lakh hactare of Castor sowing as on 13th October 2016 which is down *by 8.51% from last year record i.e. 0.47 lakh hectares. Maharashtra has completed 41.66 % lower castor sowing at 0.07 lakh hactares in 2016 against 0.12 lakh hactares in 2015.*

Castor seed sowing area may decline by 24 to 30 per cent in the year 2016-17 as farmers are shifting towards *groundnut, spices and pulses. Since the beginning of the year(Feb)castor prices have been reeling under extreme pressure due to higher accumulated stock and steady almost steady demand for castor oil. As per latest update by agriculture department, as on September 23,2016 total sowing area of castor seed has reached to 10.83 lakh hectares, down by 2.3 per cent against last year record in the corresponding period of time. India's total planted area was about 1.13 million hectares in 2015-16.*

Rajasthan too is lagging behind by 13.63% to 1.71 lakh ha as on 13th Oct 2016 against 1.98 lakh Ha. in previous year in *the same period of time. However, coverage area is running slightly ahead in AP and Telangana. Overall coverage area is expected to fall by 25 to 30 % this year as farmers have shifted to pulses and other lucrative crops.*

India exported total 42269 tonnes castor meal in September 2016 higher than 20301 tonnes in August 2016. As *seed price is ruling lower, export volume is expected to go up in October-2016 as well. Average castor meal exports (April 2016 to September 2016) is registered down at 222137 T against 252037 T in previous year during the same period of time. FOB quotes for meal has decreased at $69/T in September 2016 from $110 per tonne in last year during the same period of time. South Korea bought 213847 tonne meal during April- Sep 2016 at an average price of $101.65 per tonne.*

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.*

It is expected that total stock of castor seed in Deesa market are likely to be around 4.00 lakh bags at present, slightly *lower than corresponding period last year. This year retention of seed is higher at farmers end due to lower price. New entrants are hesitant to stock castor seed this year due to divided opinion on price outlook so far. In Sumerpur region of Rajasthan stock is said to be around 3.00 lakh bags, slightly higher than last year at this point of time. This year retention of seed is higher at farmers end due to lower price.*

Recommendation:

Agriwatch advises to buy seed around Rs 3450 to Rs 3500 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.

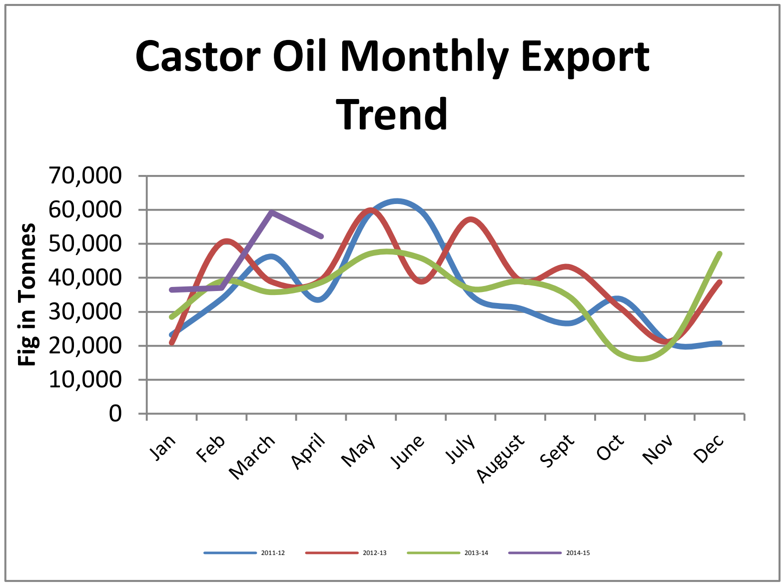
Castor Oil Supply & Demand Projection For 2016-17			
Unit in lakh tonne	2014-15	**2015-16**	**2016-17(E)**
Carry in	0.15	0.25	0.5
Production	6	6.5	7
Imports	0	0	0
Total Availability	**6.15**	**6.75**	**7.5**
Consumption (domestic)	0.9	1	1
Exports	5	5.25	5.5
Total Usage	5.9	6.25	6.5
Carry out	**0.25**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

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.

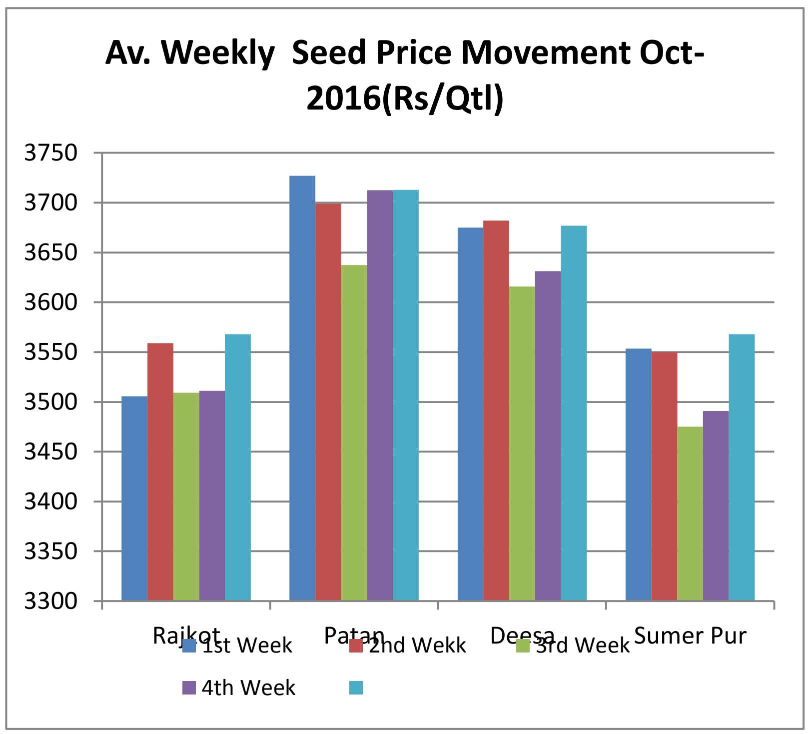


Castor Seed Price Trend:

After consolidation phase in May-2016 castor cash market started improving and uptrend may continue as arrivals have decreased considerably in September 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 3400 to Rs 3700 per qtl. Rajkot market average price for September comes to Rs 3415.15 per qtl. For Patan It is Rs 3695.76 per qtl. Average price in Deesa comes to Rs 3636.90 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.

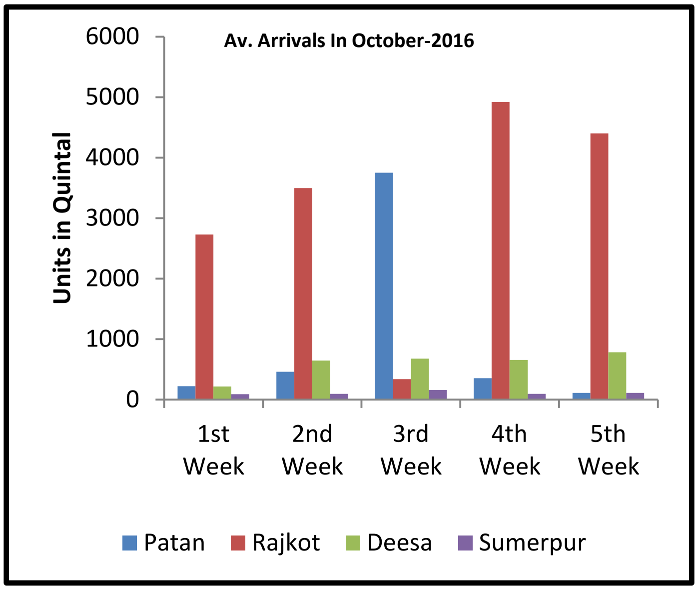


Castor Seed Arrival Trend:

Arrivals of seed improved in October in comparison to September-2016 in major markets on account of higher prices. Arrival may be seen in mixed trend as some of the farmers are willing to book the profit however some of them are in view to hold the stocks for future profit.

Stake holders would prefer to wait for stabilization in the cash market. Market participants are also in view to rise in pace of arrival in upcoming days as well.

Some of the farmers may wait till November 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.

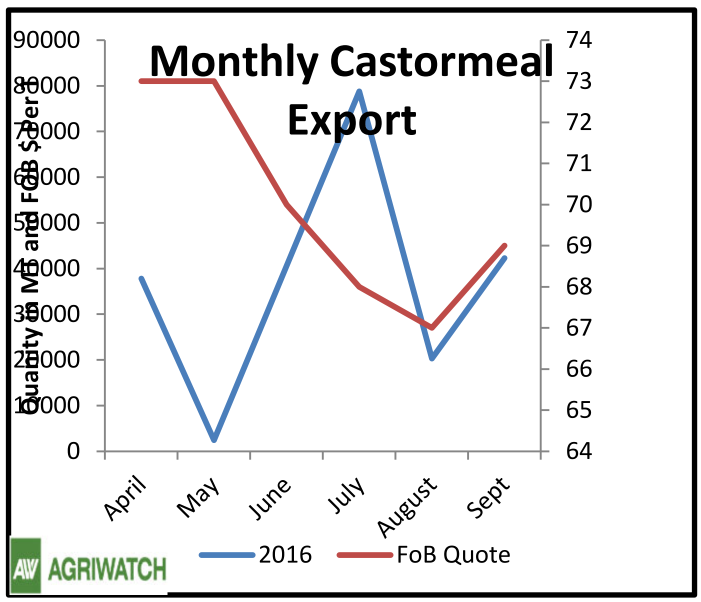


Castor Oil Meal Export Trend:

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

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 August and they would continue to dominate in the market 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-	5years	2016-	2015-	5 yrs Ave	2016-17	2015-	2016-17

	16	average	17	16			16	
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 13th October-2016*:**

States	Progressive sowing Till 13th October-2016		
	2016	**2015**	**% Change**
Andhra Pradesh	**0.31**	**0.46**	-32.60869565
Telangana	0.43	0.47	-8.510638298
Arunachal Pradesh	--	--	--
Assam	--	--	--
Bihar	0.01	0.01	Unchanged
Chhattisgarh	--	--	
Gujarat	5.65	7.81	-27.65685019
Haryana	--	0.02	--
Himachal Pradesh	--	--	--
Jammu & Kashmir	--	--	--
Jharkhand	--	--	--
Karnataka	0.11	0.1	10
Kerala	--	--	--
Madhya Pradesh	--	--	--
Maharashtra	0.07	0.12	-41.66666667
Odisha	0.06	0.07	-14.28571429
Punjab	--	--	--
Rajasthan	1.71	1.98	-13.63636364
Tamil Nadu	0.04	0.04	--
Uttar Pradesh	--	--	--
Uttarakhand	--	--	--
West Bengal	--	--	--
Others	0.01	--	--
Total – All India	8.4	11.08	-24.18772563

Overall castor area coverage lags behind by 24.18 percent from last year. (Latest data is awaited)

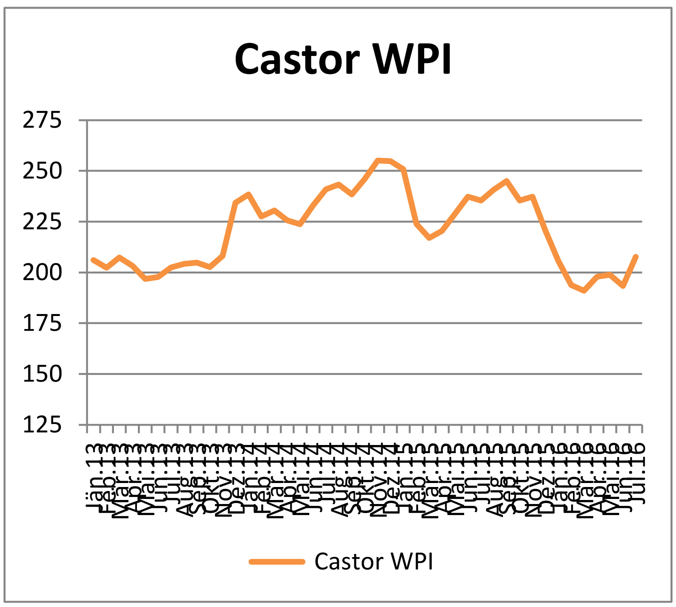
Oil Export Monthly Volume: (Latest Data is awaited)

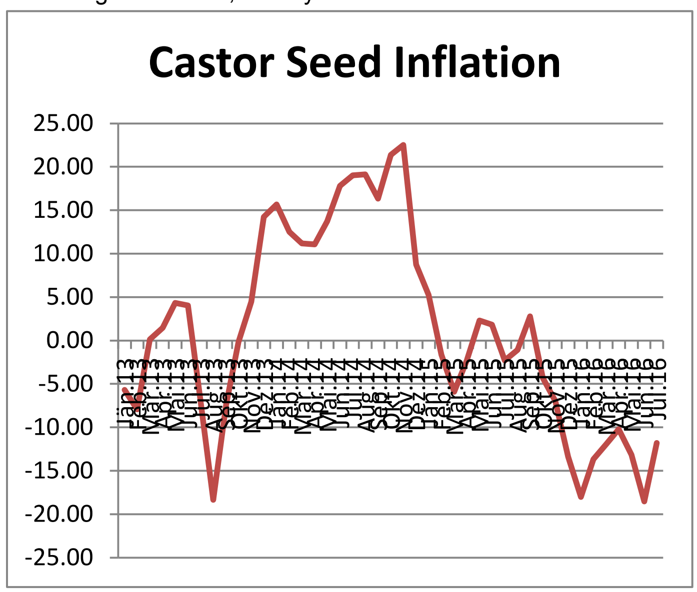
Castor Oil Export Fig In Tonne	2016-May	2016-June	2016-July	2016-Aug	% CH
1st Week	9628.55	15157.48	8584.37	8185	-4.65
2nd Week	9992.98	16541.37	7078.99	12533.39	77.05
3rd Week	11996.83	12280	13926.36	11609.17	-16.64
4th Week Till 28th	14329.86	12545.18	11068.04	7125.08	-35.62
Total	45948.22	56524.03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

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					
	21st Oct'16	14th Oct'16	21st Sept'16	21st Oct'15	CHANGE %
Castorseed (Gujarat)((Rs./M.T) Ex-Mandi	36500	37550	38900	40927	-12.13
Castor Meal Export (FAS) (US$ / MT),Ex Kandla	65	67	70	107	-64.62
EXPORT (FOR) Ports (Rs./MT)Castor meal bulk Kandla	4200	4400	4700	6704	-59.62
Castor Oil (First Grade) FOB Kandla (Export)$/Tonne	1160	1185	1230	1271	-9.57
Local rates for oil in domestic market(Rs./M.T.) for comm.	77000	77500	81500	84688	-9.98

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

Expected Range	Rs/Qtl.(Low)	Rs /Qtl.(High)
Short term (15 days)	3450-3600	3600-3700
Medium Term (30 days)	3650-3800	3700-3850

Outlook For October-2016:

Castor seed cash market is likely to trade with steady to firm zone 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 November, market may trade in the range of Rs 3600 to Rs 3750 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.

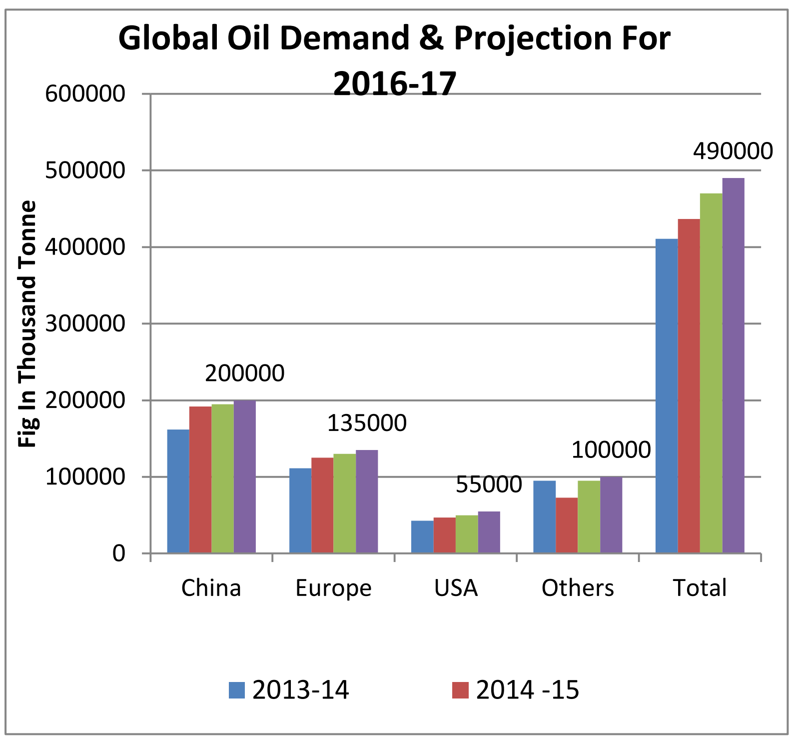
As production in India is likely to decrease, availability for seed would contract in the third quarter of the year. India may crush 15 lakh tonne seed in 2016 as oil demand is good amid lower price

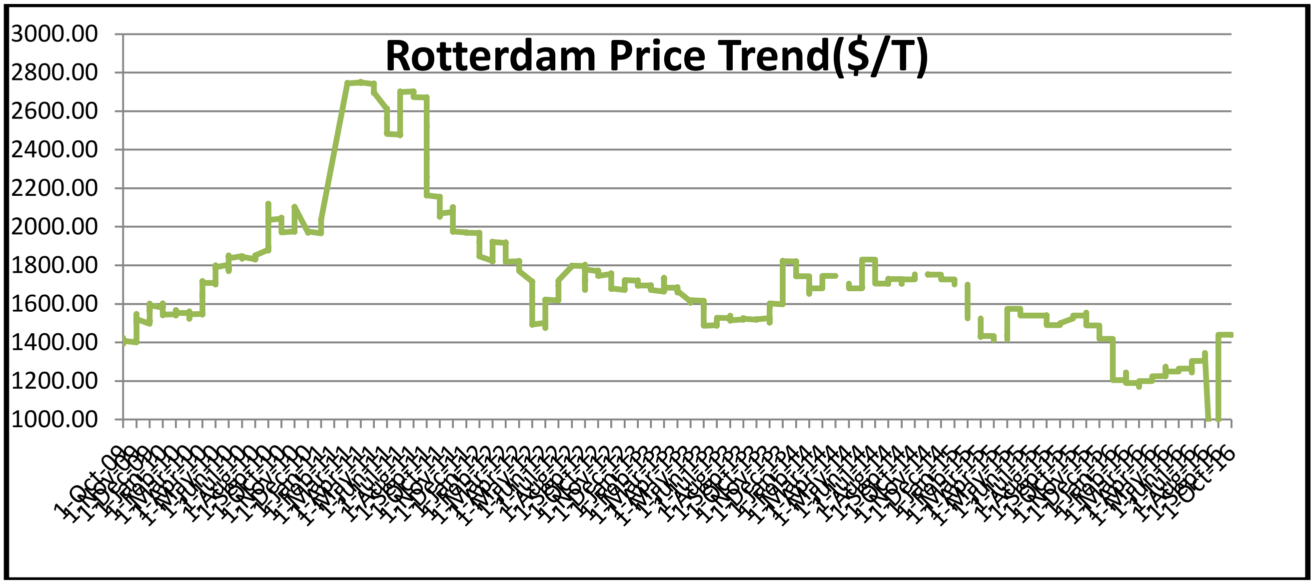
Country wise Demand For Oil:

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. Latest data is awaited.

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**	**October. 2016**	**September. 2016**	
Gujarat	Patan	3694	3713	-20
	Harij	3668	3710	-43
	Rajkot	3519	3546	-26
	Gondal	3554	3551	3
	Deesa	3653	3661	-8
	Bhabar	3688	3685	3
	Mehsana	3635	3648	-13
	Kadi	3676	3691	-15
	Sabarkatha	3663	3690	-28
	Gandhi Nagar	3660	3686	-26
	Ahmedabad (Sanand)	3563	3539	25
	Halvad	3537	3543	-6
	Junagadh	3460	3530	-70
	Dhrol	3290	3372	-82
Rajasthan	Jodhpur	3552	3523	29
	Sumerpur	3519	3560	-42

Castor Seed Cumulative Monthly Sum Arrivals in Key Centers:

Center	Market	Monthly Arrivals (Quintal)		Change
		October. 2016	September. 2016	
Gujarat	Patan	72937	106949	-34012
	Harij	11475	18250	-6775
	Rajkot	7030	7461	-431
	Gondal	9745	10631	-886
	Deesa	10366	11373	-1007
	Bhabar	4025	15727	-11702
	Mehsana	17325	20775	-3450
	Kadi	47000	55685	-8685
	Sabarkatha	3750	6938	-3188
	Gandhi Nagar	14850	21600	-6750
	Ahmedabad (Sanand)	193	91	102
	Halvad	8610	24701	-16091
	Junagadh	1485	1860	-375
	Dhrol	42	90	-49
Rajasthan	Jodhpur	866	545	322
	Sumerpur	2240	4320	-2080
Total Arrivals/Above Markets		**211939**	**306995**	**-95056**

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