Castor Seed &Oil Monthly Research Report

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Outlook and Review At Domestic Front:

Ups and downs trend were seen in Castor physical market after improved demand. Castor seed average price increased by*1.83% from Rs. 3583.18 in October -2016 to Rs. 3648.91 per qtl. in December -2016 after lower arrivals. However, demand from importing countries are remained less which may curb castor prices hike further. Cash flow in cash market are improving slowly which may affect on price momentum. Some of buyers /sellers prefer to stay away from market as they still hope market to improve. Farmers are not showing much interest to sell their stocks at the current level and waiting for further hike. As per the Solvent Extractor's Association, the production of castor seed in India is likely to decline by 19% to 11.30 lakh tonnes for the season 2016/17 as compared to previous year record i.e. 14 lakh tonnes. Cash markets are remained disturbed and virtually closed for sometimes due to cash crunch and demonstration against it. As a result, there was no trade reported from major markets as farmers ,traders and plants are facing shortage of money three weeks before.*

Castor oil export increased slightly by 0.19 percent in Novemer-2016. India exported 35608 tonne castor *oil in November 2016/17 season against 45002 tonne in November-2015/2016. India shipped lower castor oil if comparing to month on month basis at 47112 MT in October 2016/17. Export pace is expected to go down as availability of oil is higher and price is comparatively low on account of cash problem. We are expecting same trend in the upcoming week.*

Major buyers have fulfilled its 80 % requirements and they are in position *to wait for new crop, likely to hit market by Jan end. Fresh buying is expected from March onward. However, crop size is expected to be lower this year, castor seed price should move up from current level.*

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.*

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.*

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.*

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.*

Recommendation:

Agriwatch advises to buy seed around Rs 3400 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.

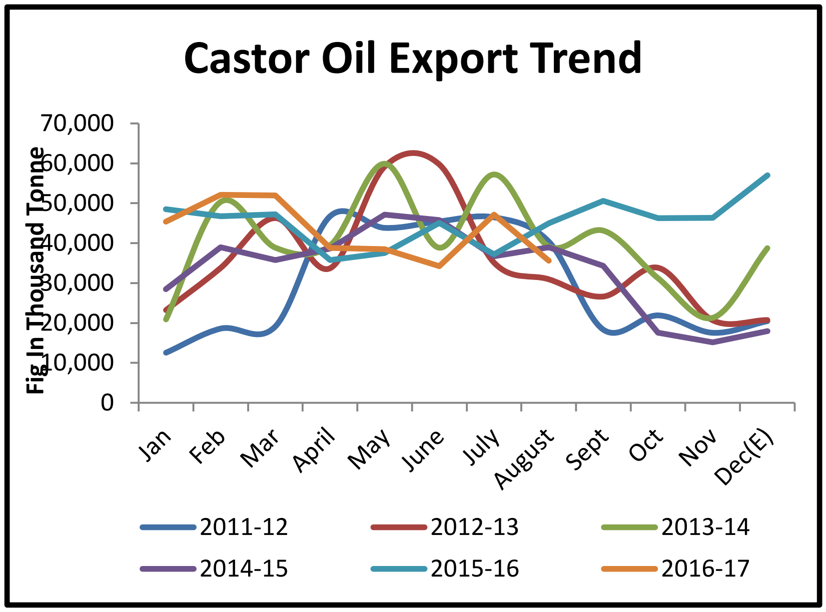
Castor Oil Supply & Demand Projection For 2016-17			
Unit in lakh tonne	2014-15	**2015-16**	**2016-17(E)**
Carry in	0.15	0.25	0.5
Production	6	6.5	7
Imports	0	0	0
Total Availability	**6.15**	**6.75**	**7.5**
Consumption (domestic)	0.9	1	1
Exports	5	5.25	5.5
Total Usage	5.9	6.25	6.5
Carry out	**0.25**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

Castor Oil Monthly Export Trend & Seed Ave Price:

At oil export front, volume was seen down in comparison to October-2016. India exported 35608 tonne castor oil in Nov-2016.

It had exported 47112 tonne in October 2016. 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 284.76 crore in November-2016, lower (21.18%) than previous month record. More dip in average FoB quote will remain as Agriwatch expects market to not to stabilize on account of cash problem.

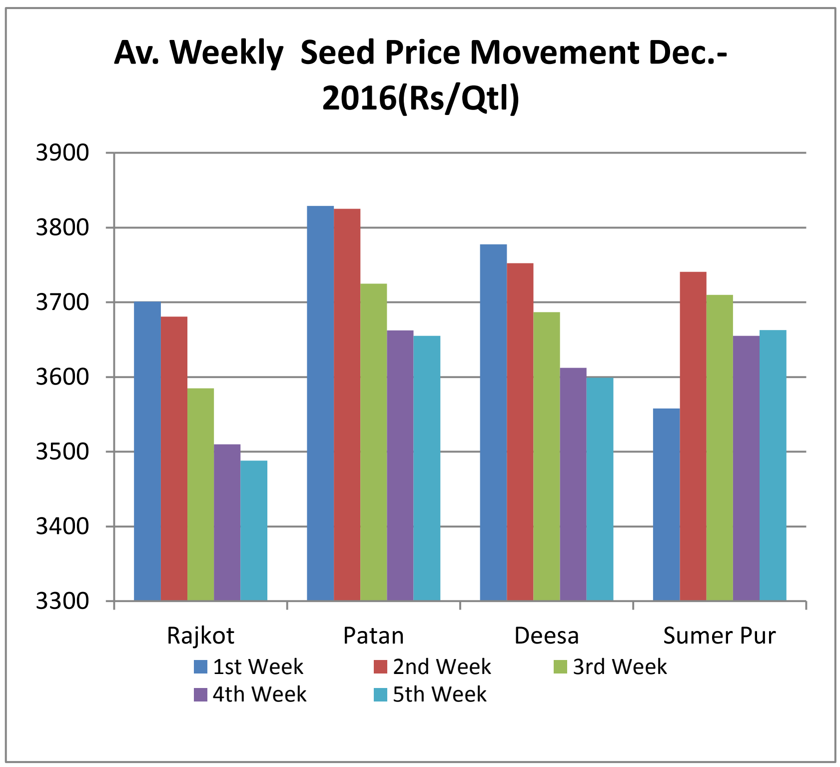


Castor Seed Price Trend:

Depsite in Sumerpur market, Castor prices decline in Dec month due to cash problem .In the long run, Fear of lower area coverage and depleting old stock is expected to lend support to cash market fundamental.

Seed market is expected to hover in the range of Rs 3400 to Rs 3600 per qtl. Rajkot market average price for December comes to Rs. 3585.43 per qtl. For Patan, It is Rs 3708.75 per qtl. Average price in Deesa comes to Rs 2098.77 per qtl.

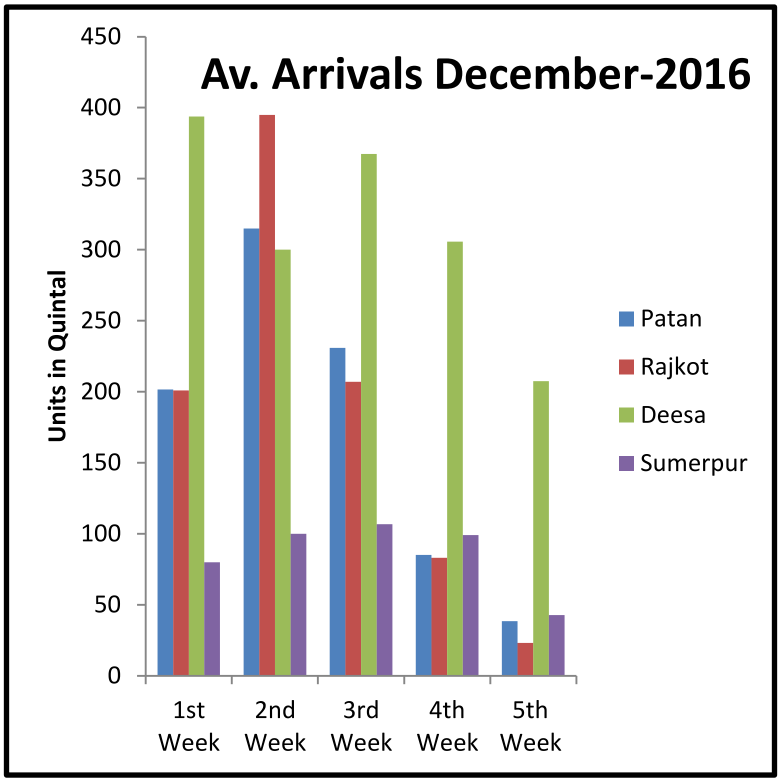
Possibility of good rainfall and lower area coverage may support market in the second half of the year. Restricted demand for oil from overseas market may continue to restrict one way uptrend. Lower arrivals seems supportive to the market fundamental. Overall outlook remains firm.



Castor Seed Arrival Trend:

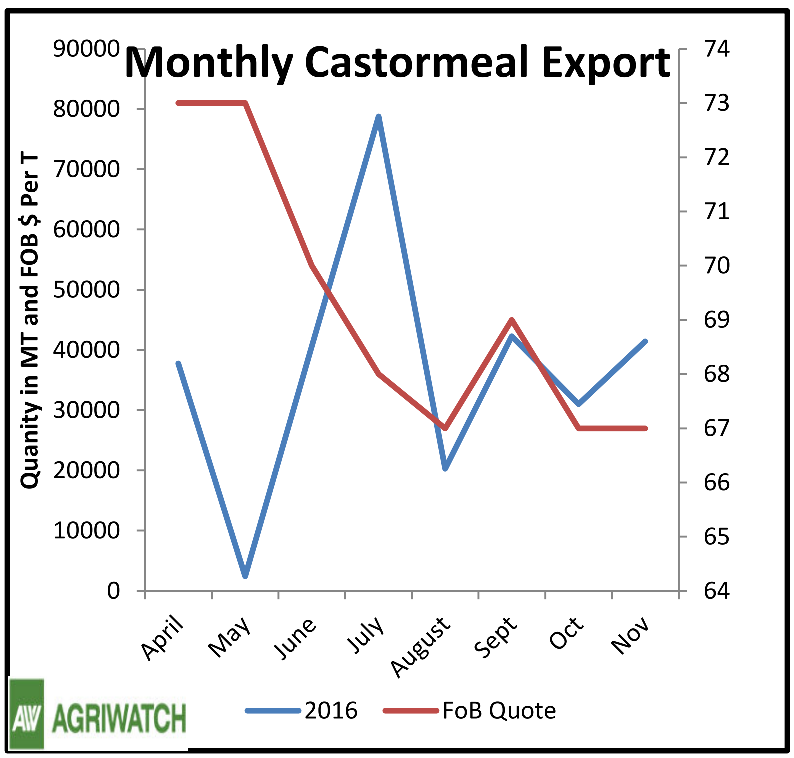
Arrivals of seed declined in the last week of December 2016r in comparison to previous week record. Arrival may improve further after improving condition of cash in the market.

Stake holders would prefer to wait for stabilization in the cash market. New crop starts hitting the market from January 2016. 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 exported total India exported total 41451 tonnes castor meal in November 2016 higher than 31025 tonnes in October 2016. As seed price is ruling lower, export volume is expected to go up in December-2016 as well. Average castor meal exports (April 2016 to November 2016) is registered down at 294613 T against 337814 T in previous year during the same period of time. FOB quotes for meal has increased at $101/T in November 2016 from $87 per tonne during the corresponding period of last year.. South Korea bought 278157 tonne meal during April- Nov 2016.



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)

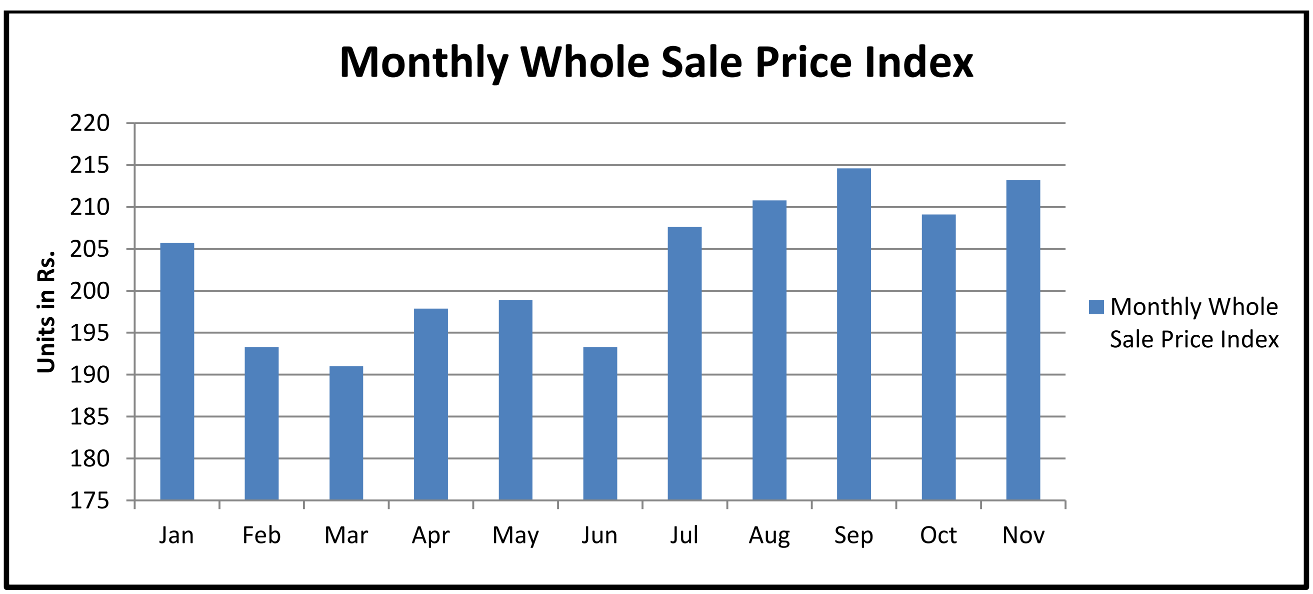
Castor Oil Export Volume:

EXPORT OF CASTOR OIL								
DURING APRIL TO NOVEMBER 2016 (08 MONTH)								
	2016-17		**2015-16**		**2014-15**		**2013-14**	
Month / Year	Qty MT. Bulk+	Value	Qty MT. Bulk+	Value	Qty MT. Bulk+	Value	Qty MT. Bulk+	Value
	Container	Rs. Cr.	Container	Rs. Cr.	Container	Rs. Cr.	Container	Rs. Cr.
April	45,378	281.90	48,511	353.43	38,661	319.10	39,422	299.15
May	52,133	347.95	46,731	349.60	47,176	381.96	59,900	438.50
June	51,994	346.10	47,257	371.39	45,824	375.22	38,868	298.15
July	38,836	252.31	35,756	288.22	36,766	307.53	57,214	431.94
August	38,497	255.41	37,517	309.07	38,960	333.88	39,196	313.10
September	34,208	250.22	45,105	369.88	34,285	297.57	43,139	337.20
October	47,112	361.31	37,205	301.15	17,600	150.92	31,228	232.15
November	35,608	284.76	45,002	377.39	20,189	174.98	21,307	158.10
December			50,578	422.90	47,104	420.64	38,744	293.45
January			46,250	385.74	36,501	337.60	28,490	244.70
February			46,327	319.90	37,018	311.23	38,974	319.30
March			57,035	349.52	59,294	458.71	35,773	292.50
Total	**343,766**	**2379.96**	**543,274**	**4198.19**	**459,378**	**3869.34**	**472,255**	**3658.24**

Source: SEA

Castor oil export increased slightly by 0.19 percent in Novemer-2016. India exported 35608 tonne castor oil in November 2016/17 season against 45002 tonne in November-2015/2016. India shipped lower castor oil if comparing to month on month basis at 47112 MT in October 2016/17. Export pace is expected to go down as availability of oil is higher and price is comparatively low on account of cash problem. We are expecting same trend in the upcoming week.

Castor Seed Inflation: Castor seed monthly wholesale price index: Weight: 0.04425, Base year: 2004-05=100 *Castor seed monthly WPI Increased by 1.96% to 213.2 in November 2016 against 209.10 in October 2016.*



Source: WPI

Comparative Prices Of Castor Products Including Seed					
	23rd Dec'16	16th Dec'16	23rd Nov'16	23rd Dec'15	CHANGE %
Castorseed (Gujarat)((Rs./M.T) Ex-Mandi	36950	36950	NQ	38630	-4.55
Castor Meal Export (FAS) (US$ / MT),Ex Kandla	66	66	NQ	96	-45.45
EXPORT (FOR) Ports (Rs./MT)Castor meal bulk Kandla	4300	4300	NQ	6174	-43.58
Castor Oil (First Grade) FOB Kandla (Export)$/Tonne	1145	1170	NQ	1197	-4.54
Local rates for oil in domestic market(Rs./M.T.) for comm.	78500	7900	81500	80212	-2.18

Cash Market (Deesa)Expected Price Range For January-2017:-

Expected Range	Rs/Qtl.(Low)	Rs /Qtl.(High)
Short term (15 days)	3400-3450	3400-3550
Medium Term (30 days)	3500-3600	3550-3650

Outlook For January-2017:

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 on account of cash problem in domestic markets after new rule as applied by the government. 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 January, market may trade in the range of Rs 3450 to Rs 3650 per qtl. Farmers would continue to restrict selling seed as they expect firmness in second and third quarter of the year. However, needy farmers are releasing their holding stocks at the current market prices. 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.

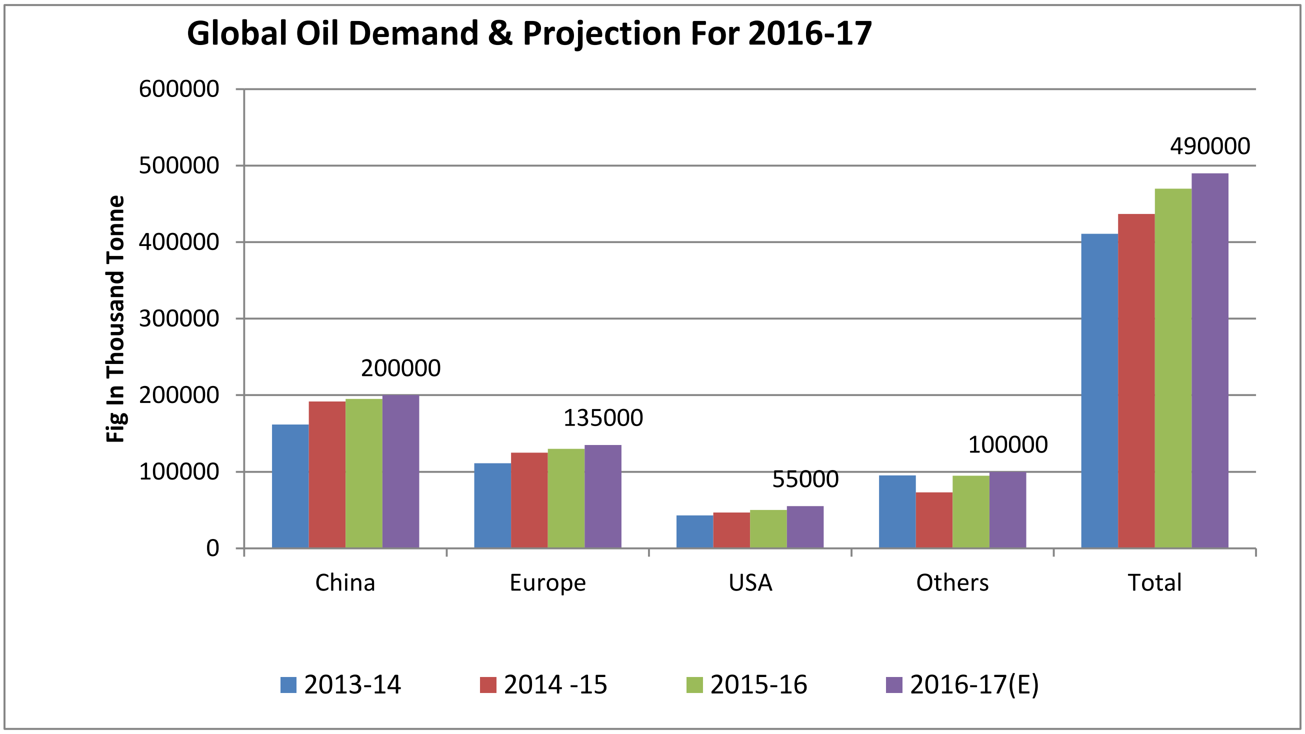
As production in India is likely to decrease, availability for seed would contract in the third quarter of the year. India may crush 15 lakh tonne seed in 2016 as oil demand is good amid lower price

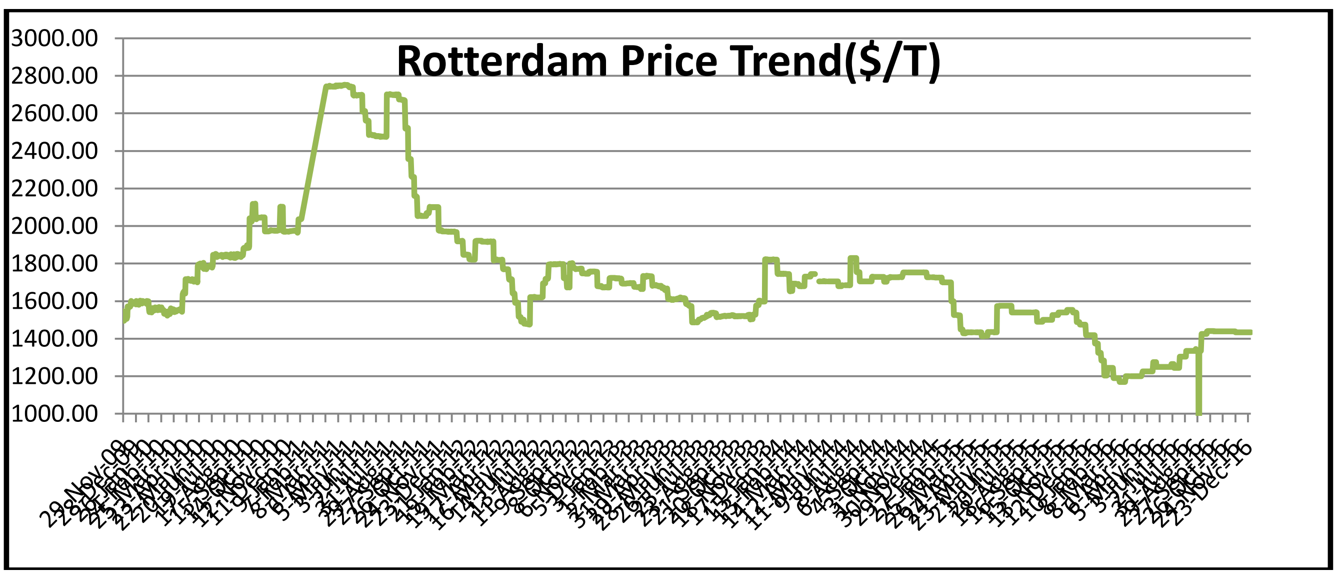
Country wise Demand For Oil:

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	December. 2016	November. 2016	
Gujarat	Patan	3709	3773	-64
	Harij	3627	Closed	-
	Rajkot	3583	3621	-38
	Gondal	3605	3662	-57
	Deesa	3673	3739	-66
	Bhabar	NR	NR	-
	Mehsana	3683	3673	10
	Kadi	3707	3715	-8
	Sabarkatha	3680	3686	-6
	Gandhi Nagar	3682	3696	-14
	Ahmedabad (Sanand)	3345	NA	-
	Halvad	3572	3524	48
	Junagadh	3651	3637	14
	Dhrol	3420	Closed	-
Rajasthan	Jodhpur	3672	3539	133
	Sumerpur	3521	3522	-1

Castor Seed Cumulative Monthly Sum Arrivals in Key Centers:

Center	Market	Monthly Arrivals (Quintal)		Change
		December. 2016	November. 2016	
Gujarat	Patan	54900	12461	42439
	Harij	2685	Closed	-
	Rajkot	4110	1180	2930
	Gondal	391	3451	-3060
	Deesa	6942	1772	5170
	Bhabar	NR	NR	-
	Mehsana	8663	4050	4613
	Kadi	20668	8100	12568
	Sabarkatha	2258	585	1673
	Gandhi Nagar	7125	2250	4875
	Ahmedabad (Sanand)	2	NA	-
	Halvad	2066	668	1398

	Junagadh	1217	781	436
	Dhrol	2	Closed	-
Rajasthan	Jodhpur	918	152	766
	Sumerpur	2560	1670	890
Total Arrivals/Above Markets		**114507**	**37120**	**77387**

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