

Castor Seed & Oil Monthly Research Report

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Outlook and Review At Domestic Front:

Monthly average prices surged in Castor physical market good demand by traders. Castor seed average price increased by 3.49% from Rs. 3627.06 in December -2017 to Rs. 3737.68 per qtl. in December -2016. Arrival are also recorded higher after new crop availability. However, lower crush margin of castor seed and poor castor oil demand may curb further hike of castor seed prices. Castor oil demand is likely to go down in near term as China is in holiday for Lunar new year celebration till February 03. New crop arrivals, favorable weather condition and higher production estimates in Gujarat may pressurize castor seed prices in future. New crop is entering now at maturity stages, especially early sown crop and started to hit with full speed in the market. Prices in market is expected to dip from current level in upcoming month. Peak arrival season may be seen in April as usual and preliminary indication shows that yield would be better than last year. So impact of lower area coverage may be nullified by higher yield. In view of farmers, recent low temperature is beneficial for the castor crop as a result yield is likely to be higher side with good quality. Overall outlook remains bearish.

As per recent second advanced estimates of Haryana agriculture department, castor seed crop production, Area and Yield for the season 2016/17 are estimated at 1.3(000 Tonnes), 1 (000 hect.) and 1267 (kgs./ hect.).

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.

Castor meal exports of India is registered down by 31.72% at 28.30 thousands MT in December 2016 compared to 41.45 thousands MT in November 2016.

According to the recent second advance production estimate of Gujarat, Castor production is estimated at 14.2 lakh tonnes for 2016-17 tonnes against 14.1 lakh tonnes for 2015-16 on account of higher area coverage estimate and higher yield expectation. Higher Gujarat production estimate may have bearish impact on the prices.

Castor oil export increased slightly by 0.19 percent in November-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.

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 3600 to Rs 3650 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 acreage 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 with 5.91 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 from 5.91 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

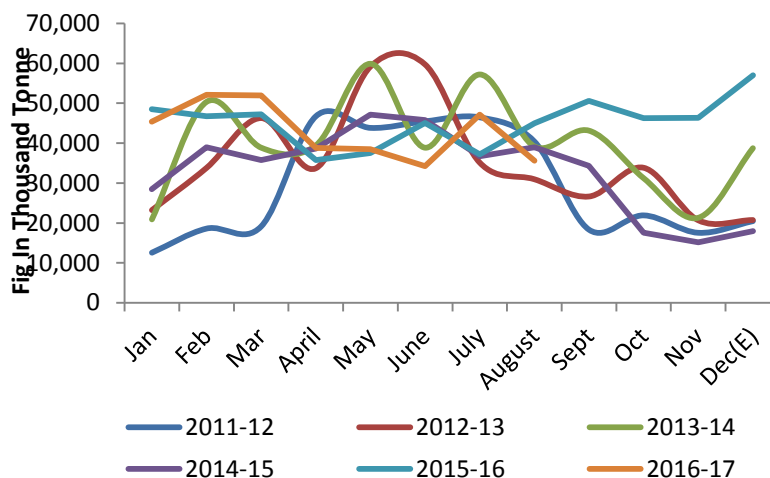
Castor Oil Monthly Export Trend & Seed Ave Price:

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 Oil Export Trend



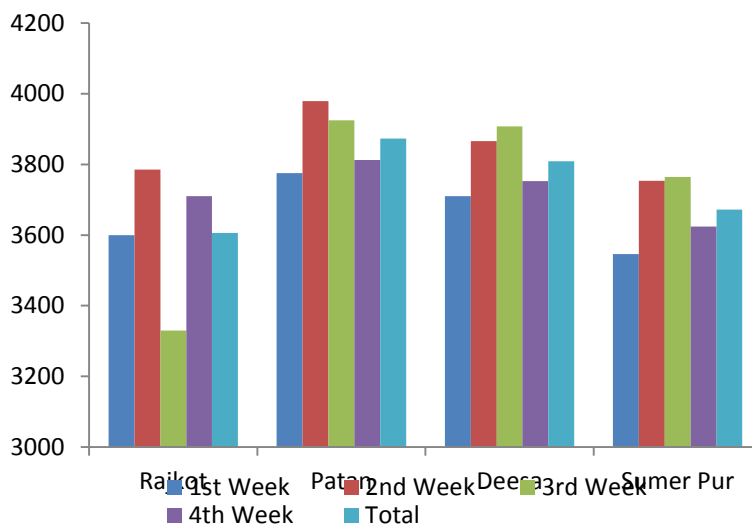
Castor Seed Price Trend:

Monthly Average Castor prices in Jan month increased supported by higher prices in future market and improved demand. However, the trend will not be continue on improved yield and declining demand which may curb further hike in the market.

Seed market is expected to hover in the range of Rs 3600 to Rs 3850 per qtl. Rajkot market average price for January comes to Rs. 3606.42 per qtl. For Patan, It is Rs. 3872.79 per qtl. Average price in Deesa comes to Rs. 3809.08 per qtl.

Arrivals are in full pace which may restrict castor seed prices in upcoming month. Steady to weak trend could be seen in upcoming days.

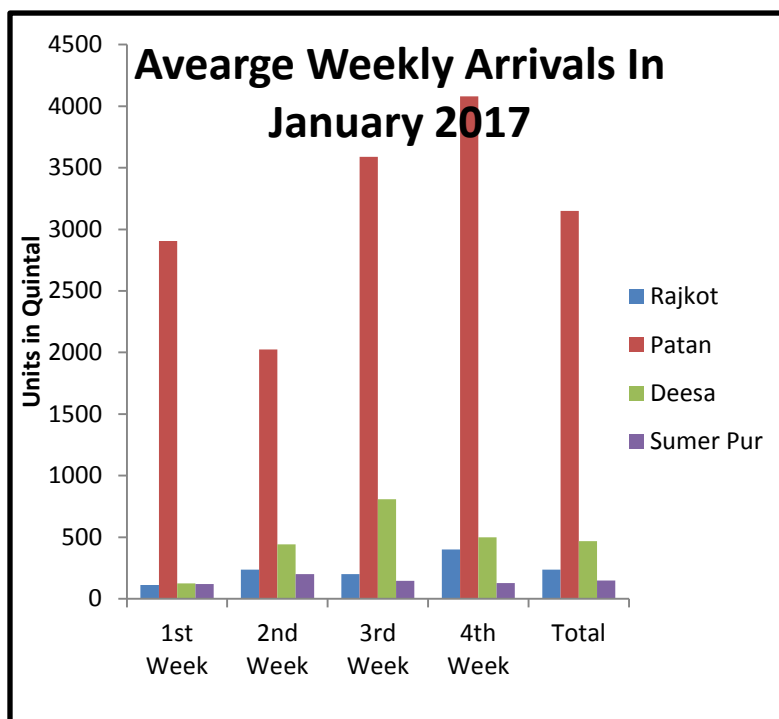
Av. Weekly Seed Price Movement Jan-2017(Rs/Qtl)



Castor Seed Arrival Trend:

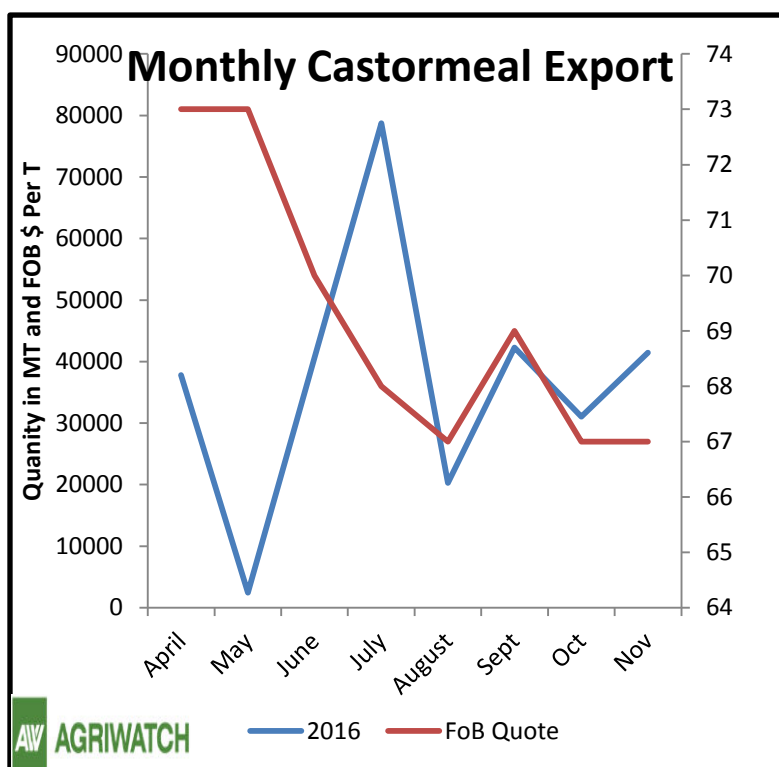
Arrivals of seed improved in the last week of January 2017 in comparison to previous week record. Arrival may improve further after improving condition of cash in the market and new crops availability.

New crop starts hitting the market from January 2017.



Castor Oil Meal Export Trend:

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 & 2016/17:

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 for 2016-17

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
Rajasthan Total	198.33	221.51	188.28	965.75	946.28	946.28	191.54	178.17

AP/Telangana	2015-16	5years average	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.

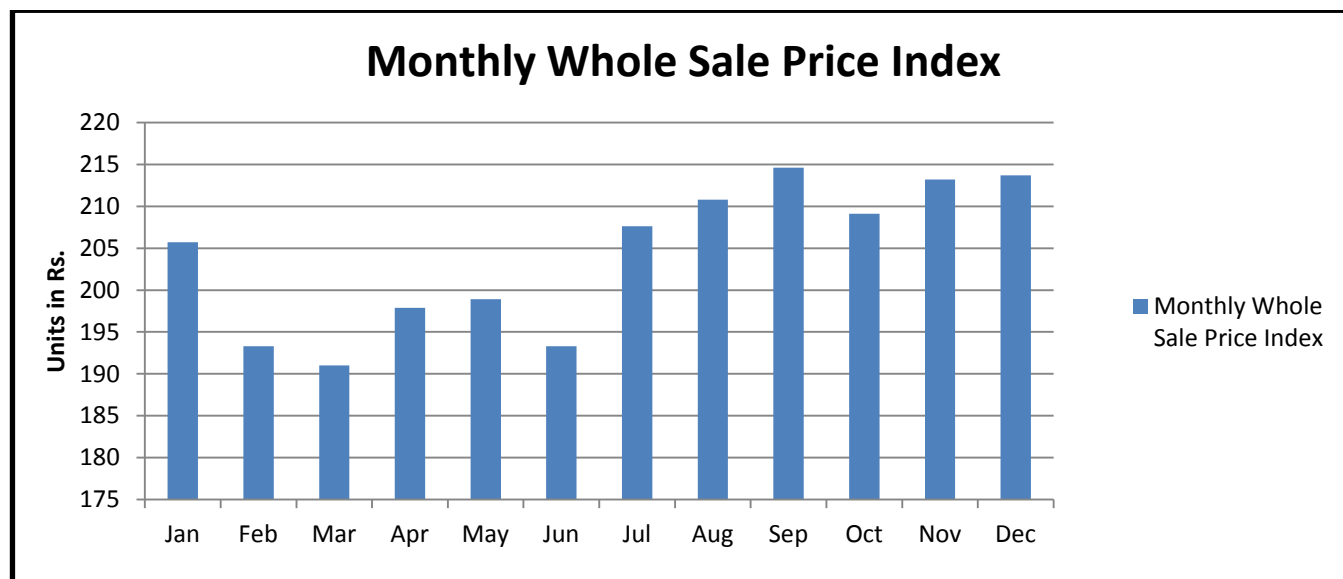
Castor Oil Export Volume:

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 November-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 lower demand. 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 slightly by 0.23% to 213.70 in December 2016 against 213.2 in November 2016.



Source: WPI

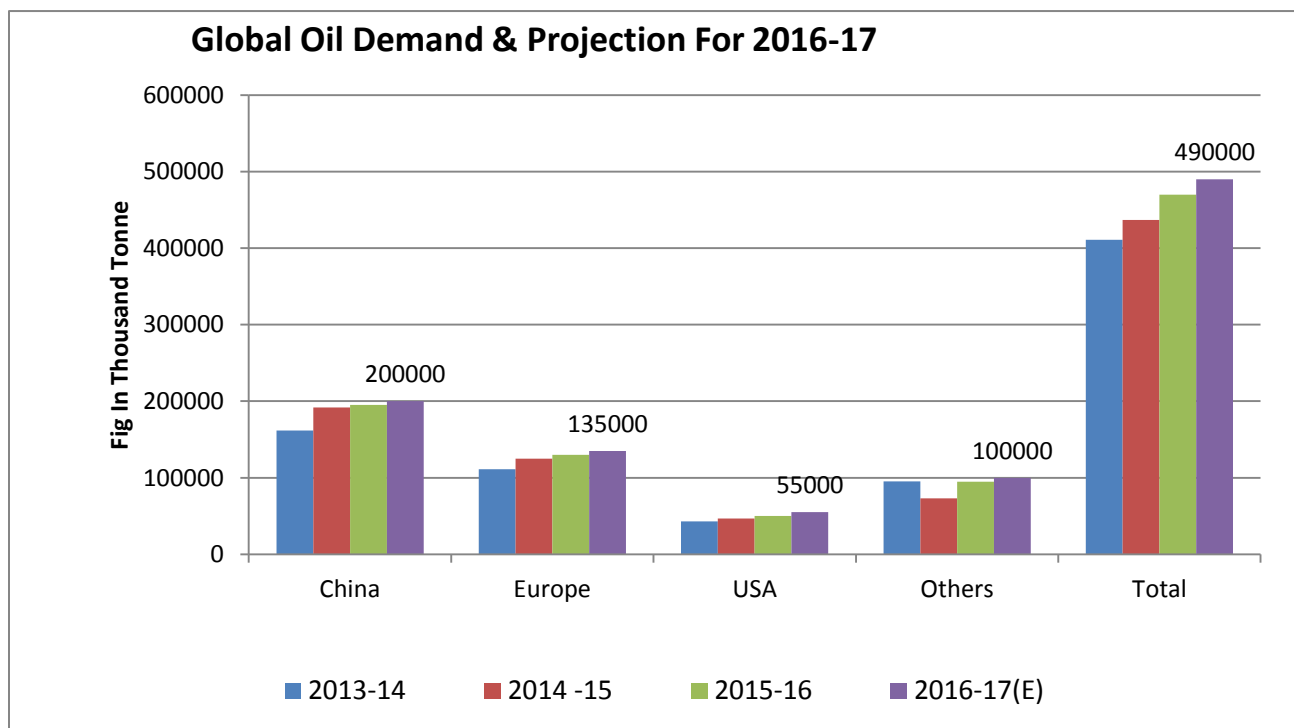
Comparative Prices Of Castor Products Including Seed					
	27th Jan'17	20th Jan'17	27thDec'16	27th Jan'16	CHANGE %
Castorseed (Gujarat)((Rs./M.T) Ex-Mandi	38900	39250	36850	35043	9.92
Castor Meal Export (FAS) (US\$ / MT),Ex Kandla	64	64	65	87	-35.94
EXPORT (FOR) Ports (Rs./MT)Castor meal bulk Kandla	4200	4200	4250	5743	-36.74
Castor Oil (First Grade) FOB Kandla (Export)\$/Tonne	1205	1210	1145	1053	12.61
Local rates for oil in domestic market(Rs./M.T.) for comm.	83500	83000	78500	73957	11.43

Cash Market (Deesan)Expected Price Range For February-2017:-

Expected Range	Rs/Qtl.(Low)	Rs /Qtl.(High)
Short term (15 days)	3600-3650	3700-3750
Medium Term (30 days)	3650-3700	3750-3800

Outlook For February-2017:

Castor seed cash market is likely to trade with steady to down zone as seed supply in domestic market is expected to be improved as new crops are ready now to sell. Improved yield and declining demand will push prices down in upcoming weeks. . In January, market may trade in the range of Rs 3600 to Rs 3800 per qtl. Farmers are selling their new crops and already holding crops at the current market prices as they expects further fall in the prices.

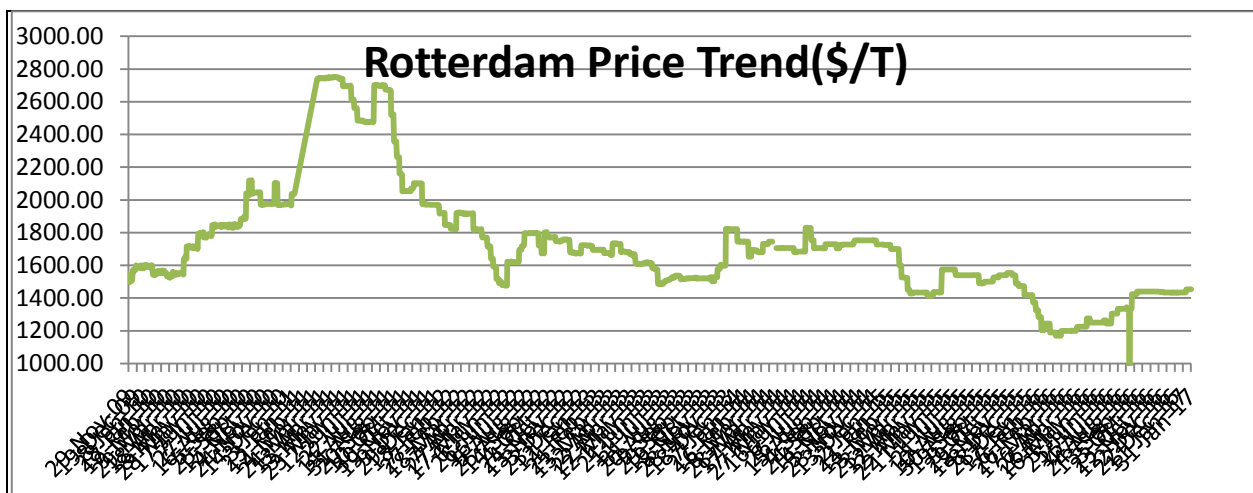
International Market Updates:


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. Lower demand for oil and decreasing seed demand in India may push seed price down 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.

Country wise Demand For Oil:

Demand for castor oil is likely to go down due to Festival in China. Others importing countries are also not much interested to buy castor oil.



Price Table:

Castor Seed - Products Monthly Average Prices:

Commodity	Monthly Average Prices (Rs/ Quintal)			Change
Center	Market	January. 2017	December. 2016	
Gujarat	Patan	3854	3709	145
	Harij	3821	3627	194
	Rajkot	3655	3583	72
	Gondal	3718	3605	113
	Deesa	3792	3673	119
	Bhabar	3727	3903	-176
	Mehsana	3801	3683	118
	Kadi	3851	3707	144
	Sabarkatha	3803	3680	123
	Gandhi Nagar	3823	3682	141
	Ahmedabad (Sanand)	3678	3345	333
	Halvad	3693	3572	121
	Junagadh	3695	3651	44
	Dhrol	3493	3420	73
Rajasthan	Jodhpur	3737	3672	65
	Sumerpur	3662	3521	141

Castor Seed Cumulative Monthly Sum Arrivals in Key Centers:

Center	Market	Monthly Arrivals (Quintal)		Change
		January. 2017	December. 2016	
Gujarat	Patan	76913	54900	22013
	Harij	9000	2685	6315
	Rajkot	5101	4110	991
	Gondal	4803	391	4412
	Deesa	11231	6942	4289
	Bhabar	NR	NR	-
	Mehsana	8325	8663	-338
	Kadi	41182	20668	20514
	Sabarkatha	2288	2258	30
	Gandhi Nagar	7350	7125	225
	Ahmedabad (Sanand)	67	2	65
	Halvad	4073	2066	2007
	Junagadh	1000	1217	-217
	Dhrol	701	2	699
Rajasthan	Jodhpur	1612	918	694
	Sumerpur	3680	2560	1120
Total Arrivals/Above Markets		177325	114507	62818

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

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