# Castor Seed &Oil Monthly Research Report

**Contents**

### *Outlook and Review At Domestic Front:*

***Monthly average prices declined in Castor physical market on lackluster trading activities. Castor seed average price*** *decreased by 1.20% from Rs.3737.7 in January 2017 to Rs. 3692.6 per qtl. in February 2017.* ***S****ome of the needy crushers are buying their regular required seeds. Arrivals are remain in mixed pace in the market. However, continue less demand for Castor oil and castor meal in the international market are influencing castor seed prices. In most of the market arrivals are coming in full pace. Overall outlook of the market is higher in expectation of improved domestic demand and lower castor seep crop size estimates for 2016/17 and 2017/18.*

***According to the Solvent Extractors' Association of India (SEA) , Castor seed production in 2016/17 is*** *expected to stand down by 19% to 11.3 lakh tonnes compared to 14 lakh tonnes in previous year. While, castor seed production for 2016/17 is placed down at 17.38 lakh tonnes against previous year record i.e. 17.52 lakh tonne as per the second advance estimates by the ministry of agriculture department.*

***As per recent second advanced estimates of Haryana agriculture department, caster 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.).*

***Castor oil export of India decreased by 3.44 percent to 34380 MT during December-2016/17 season against*** *35608 MT in 2015/16 season in the same period of time. Total coffee exports of 2016/17 so far is registered down by 30.39% to 378146 as compared to 543274 MT in the same period of time in last year. Export pace is expected to go down as availability of oil is higher and slow buying activities in international market. India exported castor oil at Rs.272.74 crore per tonne in December-2016, down by 4.22% from previous month record. Total FoB quote of this season 2016/17 stood at Rs. 2652.70 crore compared to Rs. 4198.19 crore in previous season.*

***India exported castor meal down by 81.40% to 5263 tonnes in January 2017 than 28305 tonnes*** *in December 2016. Castor meal exports volume is expected to go down in upcoming month on lower demand majorly in international markets. Average castor meal exports ( April 2016 to January 2017) is registered down at 323181 T against 373871 T in previous year during the same period of time. FOB quotes for meal stood down at $65/T in January 2017 during the corresponding period of last year. South Korea, France and Japan bought 8670 tonne, 3561 Tonne and 518 Tonnes castor meal respectively during April- January 2017.*

***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.*

***This year preliminary Agriwatch estimate for 2017/18 shows 10. 67 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 6.20 to 4.96 lakh ha. Overall decline in Rajasthan may be 5% and area would decline from 2.30 to 1.84 lakh ha. In AP /Telangana it may decline by 20 percent to 1.06 lakh ha. As weather remains favorable Agriwatch expects normal yield this year. Based on normal yield seed production may decline to 10.67 lakh tonne given the normal weather condition. Agriwatch would revise preliminary estimate in November-2017.*

### *Recommendation:*

*Agriwatch advises to buy seed around Rs. 3750 to Rs. 3800 per qtl for stock purpose, depending on supply source and retain it at least for three months for better return.*

### *Seed Supply & Demand:*

*Agriwatch estimates for 2016/17 is remain same. Production shows around 14.42 percent lower side this year against 2015/16 season due to crop shifting from castor seed to other lucrative crops. Over all area would decline from 11.18(normal) to 9.90 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 5.35 lakh tonne. It would push seed price up in second and third quarter.*

| Preliminary Forecast For 2017-18 | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **All units in lakh tonnes** | **2012-13** | **2013-14** | **2014-15** | **2015-16** | **2016-17** | **2017-18** | Apr-Jun | July-Sep | Oct-Dec | Jan-Mar |
| Carry in | 5.8 | 6.84 | 6.04 | 5.54 | 5.91 | 5.35 | 5.35 | 9.65 | 5.00 | 1.90 |
| Production | **13.04** | **11.7** | **13** | **15.12** | **12.94** | **10.5** | 10.5 | 0 | 0 | 0 |
| Imports | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Availability | 18.84 | 18.54 | 19.04 | 20.66 | 18.85 | 15.85 | 15.85 | 9.65 | 5.00 | 1.90 |
| Consumption | 12 | 12.5 | 13.5 | 14.75 | 13.5 | 15.5 | 6.2 | 4.65 | 3.1 | 1.55 |
| Exports | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Usage | **12** | **12.5** | 13.5 | 14.75 | 13.5 | 15.5 | 6.2 | 4.65 | 3.1 | 1.55 |
| **Carry out** | **6.84** | **6.04** | **5.54** | **5.91** | **5.35** | **0.35** | 9.65 | 5.00 | 1.90 | 0.35 |
| Av Monthly Consumption | 1.00 | 1.04 | 1.13 | 1.23 | 1.13 | 1.29 | 2.07 | 1.55 | 1.03 | 0.52 |
| Stock to Month Use | 6.84 | 5.80 | 4.92 | 4.81 | 4.76 | 0.27 | 4.67 | 3.23 | 1.84 | 0.68 |
| Stock to Consumption Ratio | 0.570 | 0.483 | 0.41 | 0.40 | 0.40 | 0.02 | 1.56 | 1.08 | 0.61 | 0.23 |

### 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 carrying 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** |

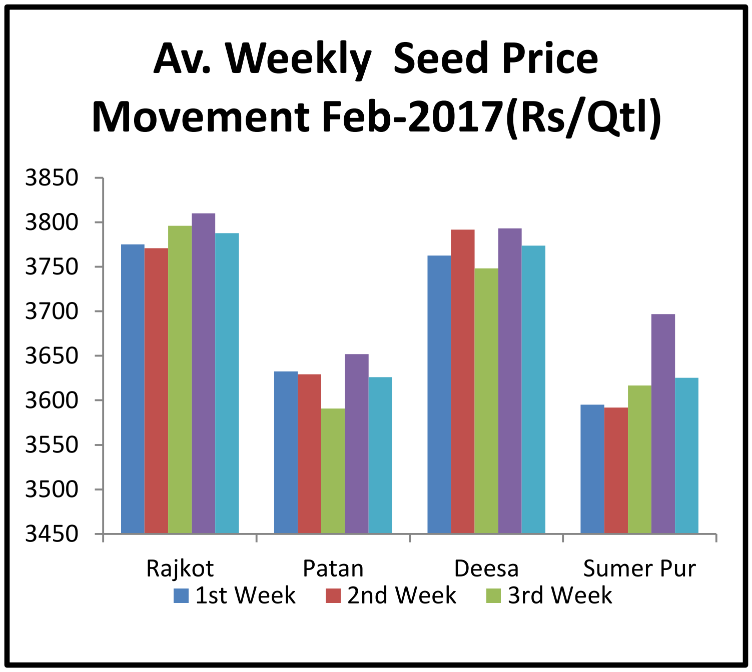
## Domestic Price Trend

**Castor Seed Price Trend:**

*Monthly Average Castor prices in Feb month declined followed by lower demand. However, prices may get support in the next month from future market and improved domestic demand.*

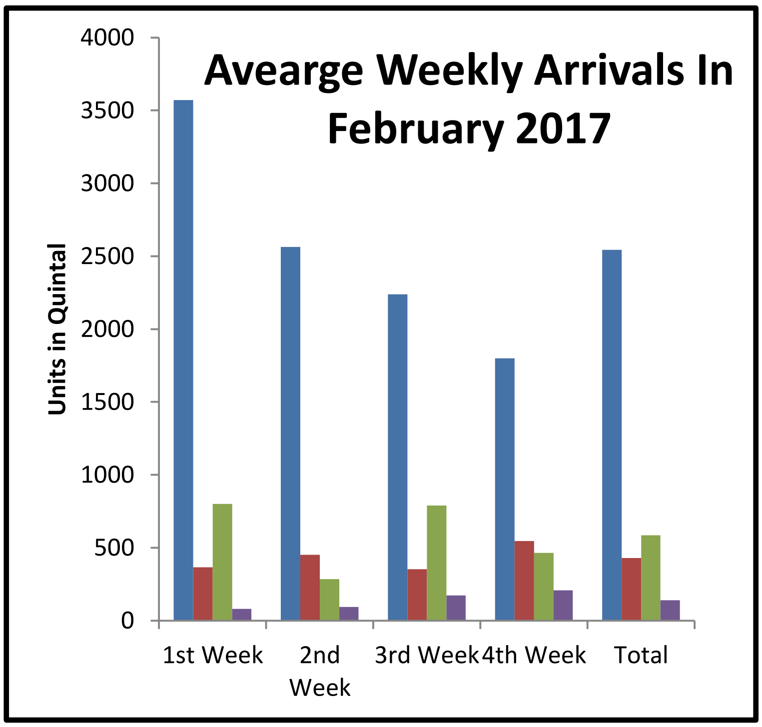
*Seed market is expected to hover in the range of Rs 3750 to Rs 3900 per qtl. In Rajkot market average price for January comes to Rs. 3787.91 per qtl. For Patan, It is Rs.3626.12 per qtl. Average price in Deesa comes to Rs. 3625.12 per qtl.*

*Steady to higher trend could be seen in upcoming days.*




**Castor Seed Arrival Trend:**

*Arrivals are continue declining in the weeks of February month 2017. Arrival may come in mixed pace in next month. As prices are likelyin go ups and downs zone. New crop starts hitting in the market.*



**Technical Analysis**:

| **Castor – Technical Outlook** | |
|---|---|
| **Technical Commentary**:<br><br>• Prices are traded on higher side in February month. Prices are likely to go up in upcoming month supported by fresh demand in the market.<br><br>• On the other hand, lower volume and higher prices indicates short covering phase of the market. |  |

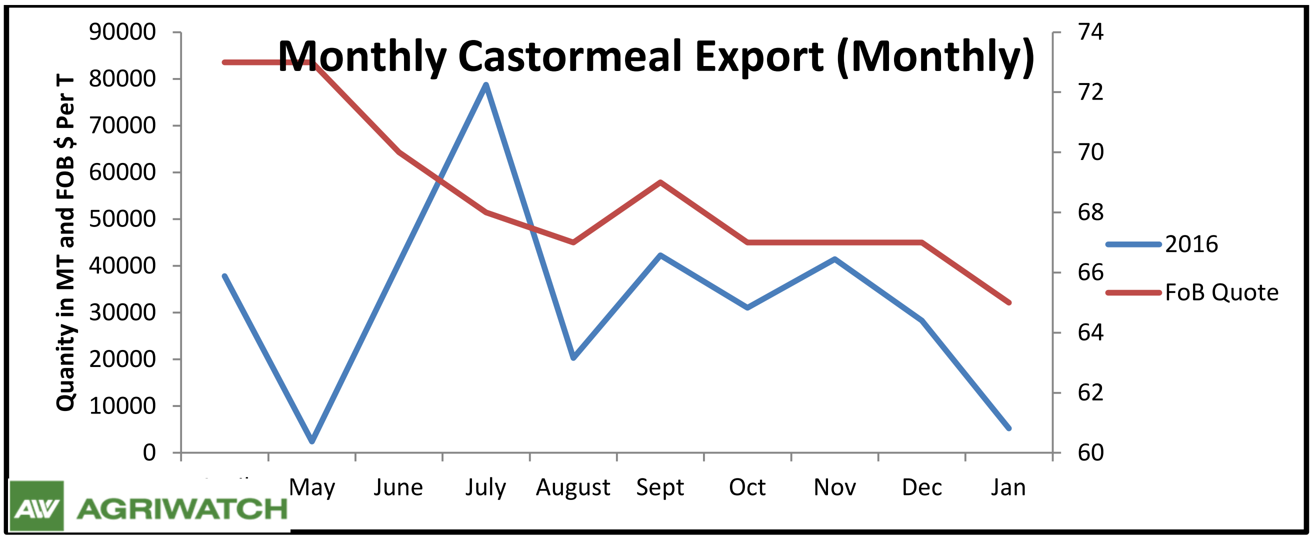


**Strategy: Buy on Lower Side**

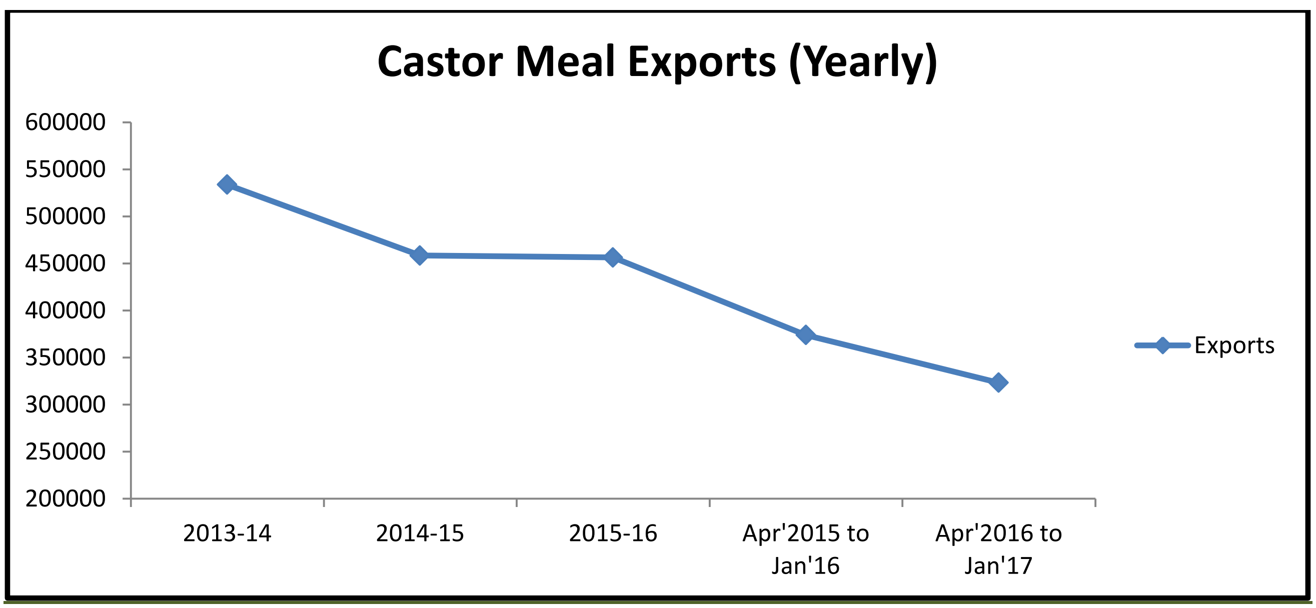
| **Intraday Supports & Resistances** | | | **S2** | **S1** | **PCP** | **R1** | **R2** |
|---|---|---|---|---|---|---|---|
| Castor | NCDEX | Feb | 3750 | 3820 | 4105 | 4275 | 4300 |
| **Pre Weekly Trade Call** | | | **Call** | **Entry** | **T1** | **T2** | **SL** |
| Castor | NCDEX | Feb | **Buy** | 4050 | 4200 | 4250 | 3850 |

### Castor Oil Meal Export Trend:

*India exported castor meal down by 31.71% to 28305 onnes in December 2016 than 41451 tonnes in November 2016. Castor meal exports volume is expected to go down in upcoming month on lower demand majorly in international markets. Average castor meal exports ( April 2016 to December 2016) is registered down at 322918 T against 370522 T in previous year during the same period of time. FOB quotes for meal is remained at $67/T in December 2016 during the corresponding period of last year. South Korea bought 304932 tonne meal during April-December 2016.*




***Source:SEA***




***Source: SEA***

## *Variation In Production Estimates & Forecast From 2011-12 to 2017/18:*

| 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** | - | - |
| 2017-18 | - | - | - | **10.67**** | - | - |

** Agriwatch preliminary estimate for 2017-18

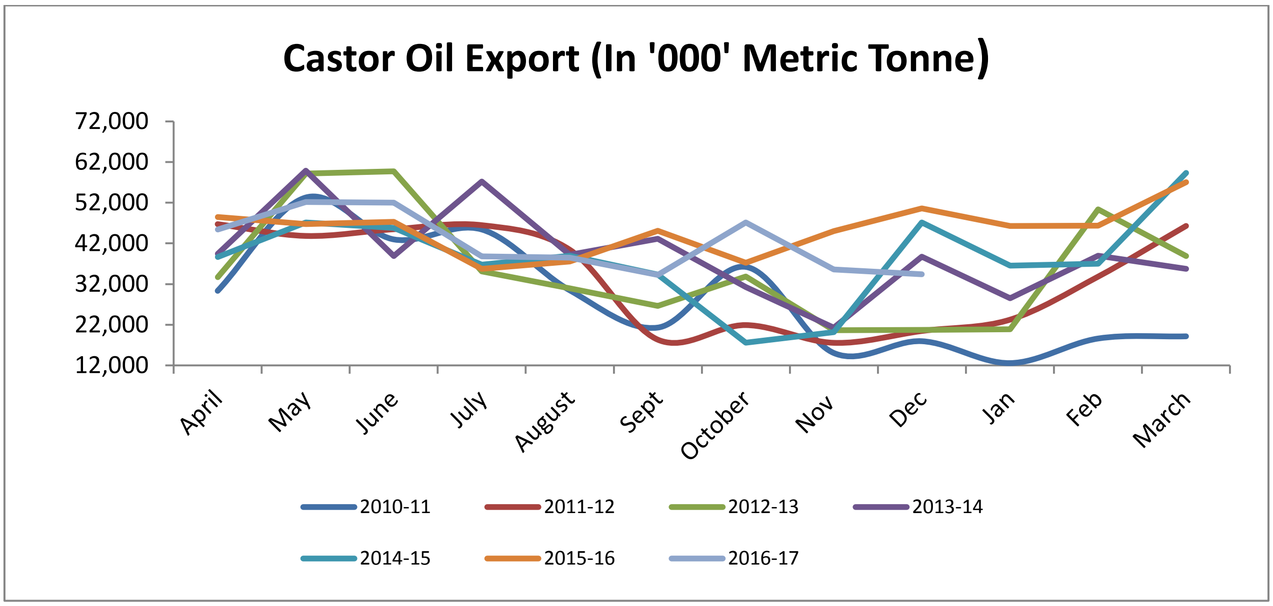
**Agriwatch Preliminary Area & Production Forecast For Crop Year 2017-18**

| **Gujarat** | **Area In '000'ha** | | | **Yield In kg/ha** | | | **Production In "000" Tonne** | |
|---|---|---|---|---|---|---|---|---|
| | 2016-17 | 5 years Ave | 2017-18** | 2016-17 | 5 years ave | 2017-18** | 2016-17 | 2017-18** Fore.. |
| Banaskantha | 142.40 | 140.28 | 113.92 | 1695.40 | 1714.28 | 1695.40 | 193.14 | 154.51 |
| Sabarkantha | 66.45 | 67.49 | 53.16 | 2026.00 | 2022.2 | 2026.00 | 107.71 | 86.16 |
| Mehasana | 82.27 | 73.65 | 65.82 | 1375.55 | 1370.86 | 1375.55 | 90.54 | 72.43 |
| Patan | 123.41 | 98.28 | 98.73 | 1569.55 | 1578.46 | 1569.55 | 154.96 | 123.97 |
| Gandhi Nagar | 27.42 | 28.14 | 21.94 | 2011.05 | 2034.26 | 2011.05 | 44.12 | 35.30 |
| Kachchh | 98.10 | 101.42 | 78.48 | 581.10 | 576.72 | 581.10 | 45.60 | 36.48 |
| Surender Ngr | 71.73 | 64.35 | 57.38 | 928.95 | 926.34 | 928.95 | 53.30 | 42.64 |
| Jamnagar | 8.44 | 13.49 | 6.75 | 1098.75 | 1093.5 | 1098.75 | 7.42 | 5.93 |
| Rajkot | 10.55 | 15.11 | 8.44 | 1330.75 | 1331.3 | 1330.75 | 11.23 | 8.98 |
| Vadodara | 28.48 | 41.90 | 22.78 | 1665.40 | 1667.68 | 1665.40 | 37.94 | 30.36 |
| Kheda | 13.71 | 24.94 | 10.97 | 1957.00 | 1960.8 | 1957.00 | 21.47 | 17.17 |
| Ahmedabad | 50.63 | 47.93 | 40.50 | 1980.20 | 1972.64 | 1980.20 | 80.21 | 64.17 |
| Panchmahal | 2.11 | 10.22 | 1.69 | 1784.75 | 1785.7 | 1784.75 | 3.01 | 2.41 |
| Others | 49.58 | 48.12 | 39.66 | 1477.50 | 1478 | 1477.50 | 58.60 | 46.88 |
| **Gujarat Total** | 775.28 | 775.32 | 620.22 | 1534.425 | 1536.62429 | 1534.425 | 951.68 | 761.35 |
| | | | | | | | | |
| **Rajasthan** | 2016-17 | 5 years Ave | 2017-18** | 2016-17 | 5 years ave | 2017-18** | 2016-17 | 2017-18** Fore.. |
| Barmer | 27.04 | 25.41 | 21.63 | 1094.8 | 1110.16 | 1050.8 | 29.60 | 22.73 |

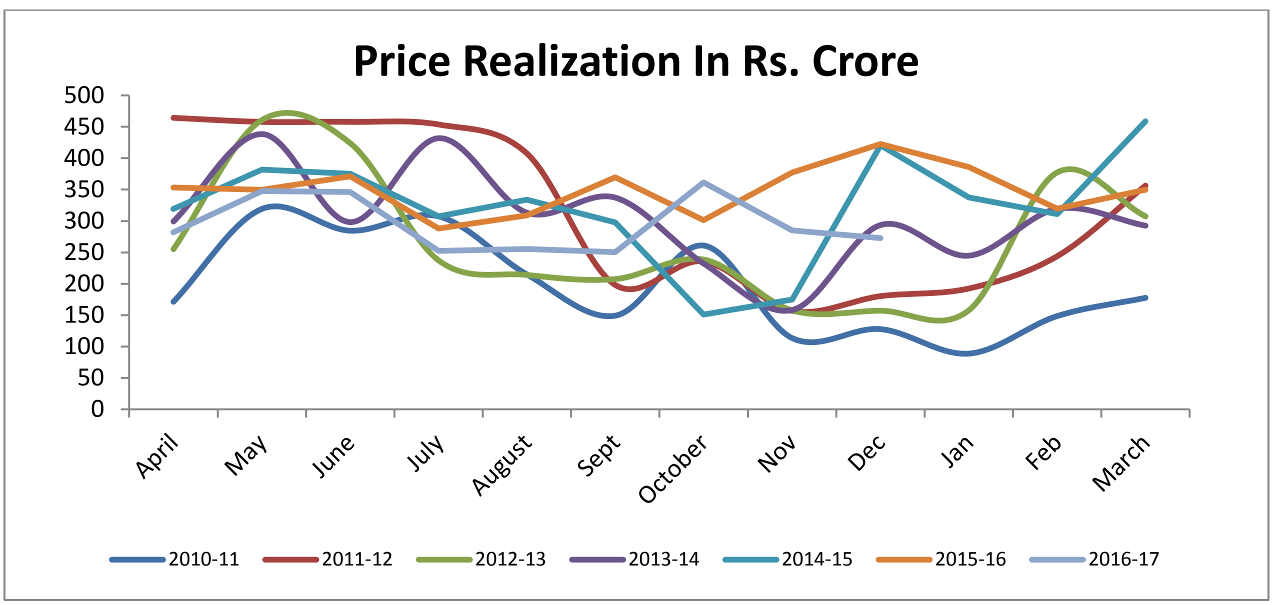
| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Jalore | 74.48 | 67.52 | 59.59 | 1223.8 | 1213.56 | 1220.8 | 91.15 | 72.74 |
| Jodhpur | 58.89 | 55.00 | 47.11 | 487.75 | 486.3 | 470.30 | 28.72 | 22.16 |
| Pali | 5.20 | 3.24 | 4.16 | 739.85 | 739.62 | 690.82 | 3.85 | 2.87 |
| Sirohi | 54.56 | 50.13 | 43.65 | 1100.5 | 1100.4 | 1020.30 | 60.04 | 44.53 |
| Others | 10.19 | 8.04 | 8.15 | 1031 | 1022.2 | 1010.20 | 10.51 | 8.24 |
| **Rajasthan Total** | 230.37 | 209.34 | 184.29 | 946.2833 | 945.37 | 910.54 | 217.99 | 167.81 |
| | | | | | | | | |
| **AP/Telangana** | 2016-17 | 5years average | 2017-18** | 2017-18 | 5 yrs Ave | 2016-17 | 2016-17 | 2017-18** |
| Anantpur | 7.10 | 7.46 | 5.68 | 731.4 | 734.28 | 725.2 | 5.19 | 4.12 |
| Kurnool | 37.63 | 37.52 | 30.10 | 573.7 | 568.24 | 550.2 | 21.59 | 16.56 |
| Mehboob Ngr | 75.27 | 75.83 | 60.22 | 669.65 | 671.98 | 660.98 | 50.41 | 39.80 |
| Nalgonda | 2.10 | 1.80 | 1.68 | 704.4 | 702.68 | 660.20 | 1.48 | 1.11 |
| Rangareddy | 2.56 | 2.17 | 2.05 | 498.8 | 502.36 | 470.36 | 1.28 | 0.96 |
| Others | 7.86 | 7.55 | 6.28 | 658.05 | 662.06 | 620.03 | 5.17 | 3.90 |
| **AP/TelanganaTotal** | 132.512986 | 132.34 | 106.01 | 639.33 | 640.27 | 614.50 | 84.72 | 65.14 |

*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:*** *Castor oil export of India decreased by 3.44 percent to 34380 MT during December-2016/17 season against 35608 MT in 2015/16 season in the same period of time. Total coffee exports of 2016/17 so far is registered down by 30.39% to 378146 as compared to 543274 MT in the same period of time in last year. Export pace is expected to go down as availability of oil is higher and slow buying activities in international market. India exported castor oil at Rs.272.74 crore per tonne in December-2016, down by 4.22% from previous month record. Total FoB quote of this season 2016/17 stood at Rs. 2652.70 crore compared to Rs. 4198.19 crore in previous season.*

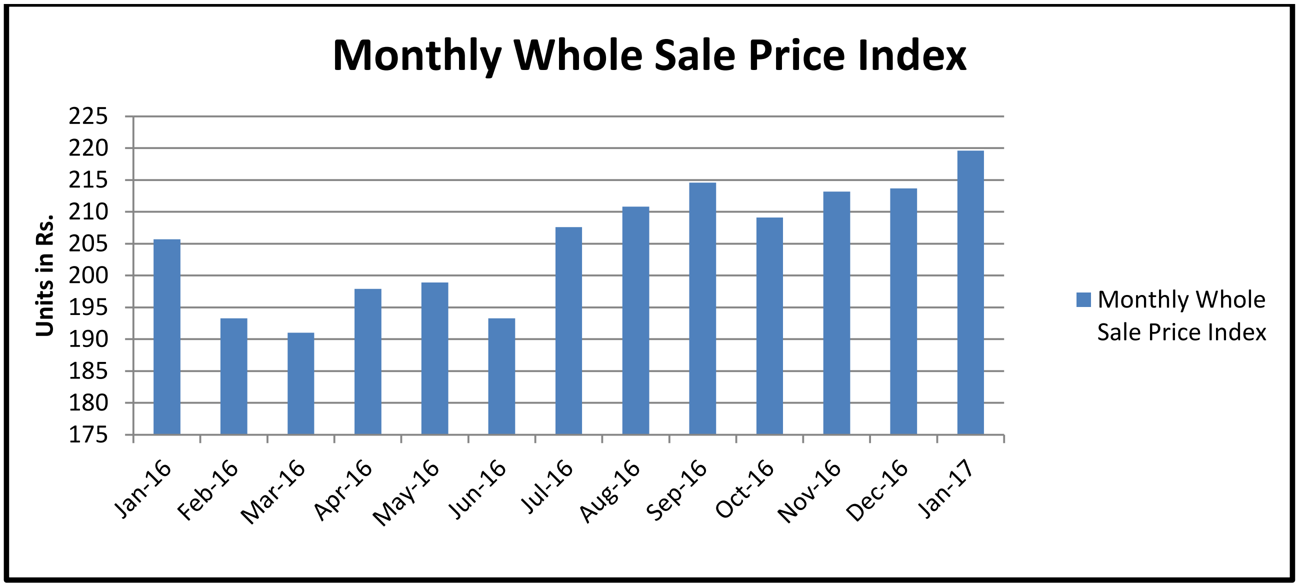



Source: SEA




Source: SEA

**Castor Seed Inflation:** Castor seed monthly wholesale price index: Weight: 0.04425, Base year: 2004-05=100
*Castor seed monthly WPI Increased slightly by 2.76% to 219.6 in January 2017 against 213.7 in December 2016.*




*Source: WPI*

| Comparative Prices Of Castor Products Including Seed | | | | | |
|---|---|---|---|---|---|
| | 24th Feb'17 | 17th Feb'17 | 24th Jan'17 | 24th Feb'16 | CHANGE % |
| Castorseed (Gujarat)((Rs./M.T) Ex-Mandi | NQ | 38600 | 39150 | 31958 | - |
| Castor Meal Export (FAS) (US$ / MT),Ex Kandla | NQ | 63 | 64 | 76 | - |
| EXPORT (FOR) Ports (Rs./MT)Castor meal bulk Kandla | NQ | 4150 | 4300 | 5038 | - |
| Castor Oil (First Grade) FOB Kandla (Export)$/Tonne | NQ | 1230 | 1205 | 945 | - |
| Local rates for oil in domestic market(Rs./M.T.) for comm. | NQ | 82500 | 83000 | 65912 | - |

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

| Expected Range | Rs/Qtl.(Low) | Rs /Qtl.(High) |
|---|---|---|
| **Short term (15 days)** | 3750-3800 | 3850-.3875 |
| **Medium Term (30 days)** | 3850-3900 | 3900-3925 |

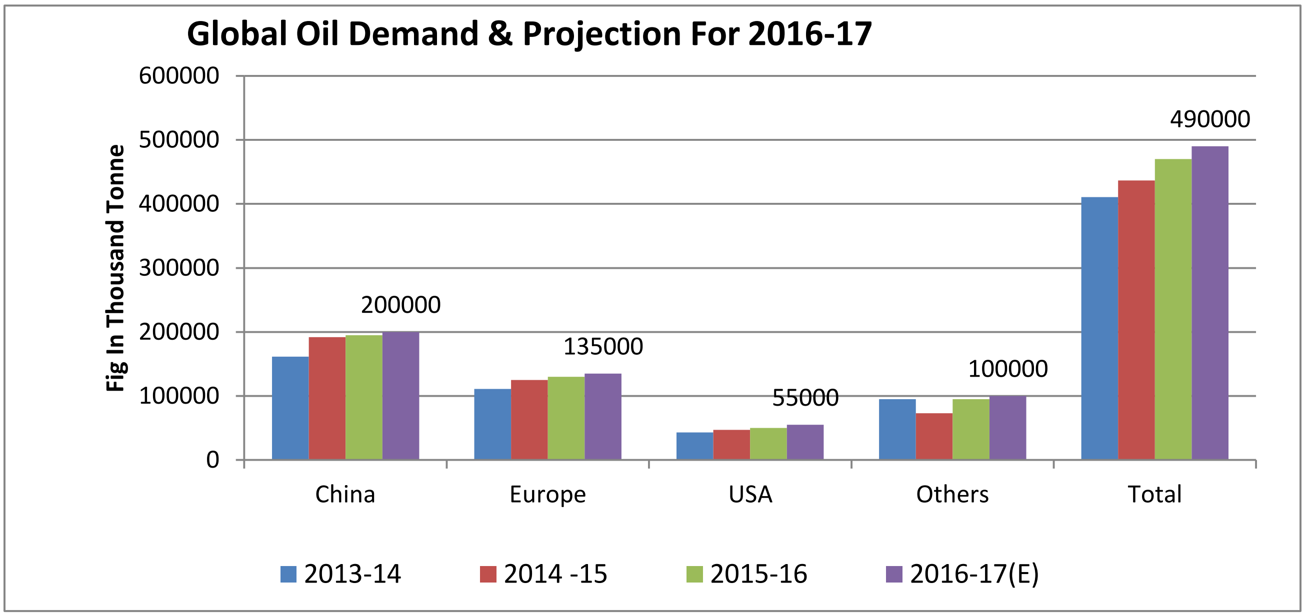
**Outlook For February-2017:**

*Castor seed cash market is likely to trade with steady to up zone on good demand. In March, market may trade in the range of Rs 3750-3900 per qtl. Exporters and traders are likely to be active at the current market price which may push castor seed prices in next month.*

## 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.*

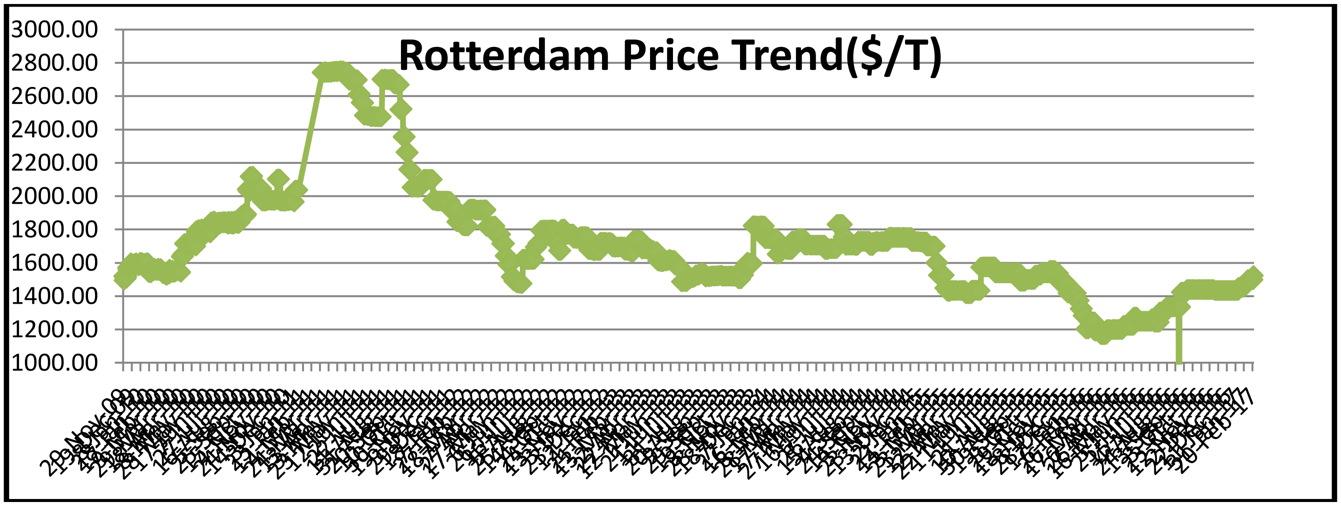
*As production in India is likely to decrease, availability for seed would contract in the third quarter of the year.*




## Country wise Demand For Oil:

*Demand for castor oil is likely to go slight up as some of European countries are showing some buying interest in India for Castor oil..*

**Rotterdam Price:-** Castor Oil prices quoted higher tone from previous week to the last week of February 2017. It stood as $ 1523.00 Tonnes. It is likely to trade upside in upcoming days**.**




**Price Table:**

**Castor Seed - Products Monthly Average Prices:**

| Commodity | Monthly Average Prices (Rs/ Quintal) | | | Change |
|---|---|---|---|---|
| **Center** | **Market** | **February. 2017** | **January. 2017** | |
| **Gujarat** | Patan | 3789 | 3854 | -65 |
| | Harij | 3759 | 3821 | -61 |
| | Rajkot | 3626 | 3655 | -29 |
| | Gondal | 3626 | 3718 | -92 |
| | Deesa | 3765 | 3792 | -26 |
| | Bhabar | 3696 | 3727 | -31 |
| | Mehsana | 3746 | 3801 | -55 |
| | Kadi | 3799 | 3851 | -52 |
| | Sabarkatha | 3740 | 3803 | -62 |
| | Gandhi Nagar | 3779 | 3823 | -45 |
| | Ahmedabad (Sanand) | 3633 | 3678 | -45 |
| | Halvad | 3673 | 3693 | -20 |
| | Junagadh | 3642 | 3695 | -53 |
| | Dhrol | 3451 | 3493 | -42 |
| **Rajasthan** | Jodhpur | 3725 | 3737 | -12 |
| | Sumerpur | 3633 | 3662 | -28 |

**Castor Seed Cumulative Monthly Sum Arrivals in Key Centers:**

| Center | Market | Monthly Arrivals (Quintal) | | Change |
|---|---|---|---|---|
| | | February. 2017 | January. 2017 | |
| Gujarat | Patan | 50213 | 76913 | -26700 |
| | Harij | 16375 | 9000 | 7375 |
| | Rajkot | 9416 | 5101 | 4315 |
| | Gondal | 5835 | 4803 | 1032 |
| | Deesa | 11022 | 11231 | -210 |
| | Bhabar | NR | NR | - |
| | Mehsana | 7088 | 8325 | -1238 |
| | Kadi | 55656 | 41182 | 14474 |
| | Sabarkatha | 3323 | 2288 | 1035 |
| | Gandhi Nagar | 9263 | 7350 | 1913 |
| | Ahmedabad (Sanand) | 566 | 67 | 498 |
| | Halvad | 2179 | 4073 | -1894 |
| | Junagadh | 1190 | 1000 | 190 |
| | Dhrol | 108 | 701 | -593 |
| Rajasthan | Jodhpur | 1185 | 1612 | -427 |
| | Sumerpur | 3524 | 3680 | -156 |
| **Total Arrivals/Above Markets** | | **176940** | **177325** | **-385** |

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