Castor Seed &Oil Monthly Research Report

Contents

Outlook and Review At Domestic Front:

Monthly average prices surged in Castor physical market good demand by traders. *Arrival are also recorded higher after new crop availability. However, lower crush margin of caster seed and poor castor oil demand may curb further hike of castor seed prices. Prices in market is expected to dip from current level in upcoming month. 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.*

Firm tone are witnessed in the castor physical market due to good demand against lower supplies. *Buyers are aggressive in the market. Sellers are seen in wait and watch condition for further hike. Stockiest and millers are active in the market further to buy raw materials. In the long run, prices may go up in the long term as lower production estimates of this season. sometimes physical market are closed on account of financial year closing in March 2017. In the long run, prices may go up in the long term as lower production estimates of this season.*

India exported castor meal higher at 30312 tonnes in February 2017 than 5263 tonnes in January 2017*. However, 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 February 2017) is registered higher at 414311 T against 367979 T in previous year during the same period of time. FOB quotes for meal stood down by 12.30% to$57/T in February 2017 against $65/T during the corresponding period of last year. South Korea bought 333576 tonne meal during April- February 2017.*

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.*

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.*

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.).*

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 4000 to Rs 4090 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 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 from5.91 to 3.1 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
Carry in	5.8	6.84	6.04	5.54	5.91	5.35
Production	**13.04**	**11.7**	**13**	**15.12**	**12.94**	**10.5**
Imports	0	0	0	0	0	0
Total Availability	18.84	18.54	19.04	20.66	18.85	15.85
Consumption	12	12.5	13.5	14.75	13.5	15.5
Exports	0	0	0	0	0	0
Total Usage	**12**	**12.5**	13.5	14.75	13.5	15.5
Carry out	**6.84**	**6.04**	**5.54**	**5.91**	**5.35**	**0.35**
Av Monthly Consumption	1.00	1.04	1.13	1.23	1.13	1.29
Stock to Month Use	6.84	5.80	4.92	4.81	4.76	0.27
Stock to Consumption Ratio	0.570	0.483	0.41	0.40	0.40	0.02

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.

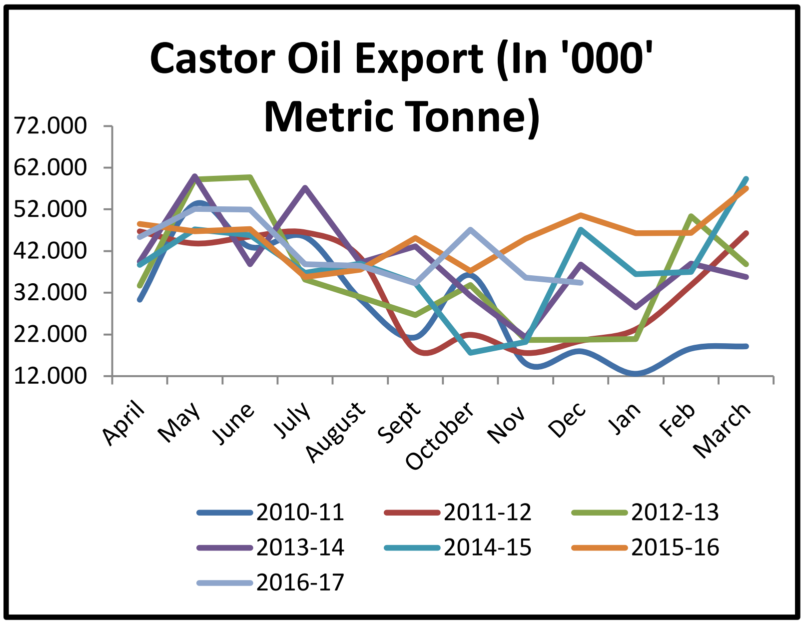
Carryout for next year would be at higher side(around 1lakh tonne) despite higher export volume.

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:

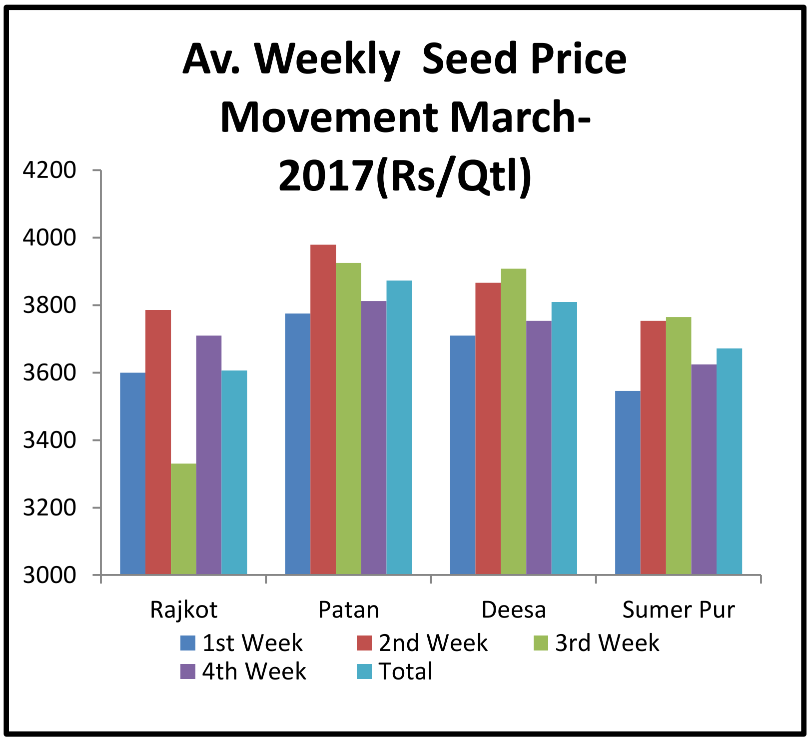
Castor oil export of India decreased by 3.44 percent to 34380 MT during December-2016/17 season against 35608 MT in 2015/16 season in the same period of time. Total coffee exports of 2016/17 so far is registered down by 30.39% to 378146 as compared to 543274 MT in the same period of time in last year. 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.



Castor Seed Price Trend:

Monthly Average Castor prices in March 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.

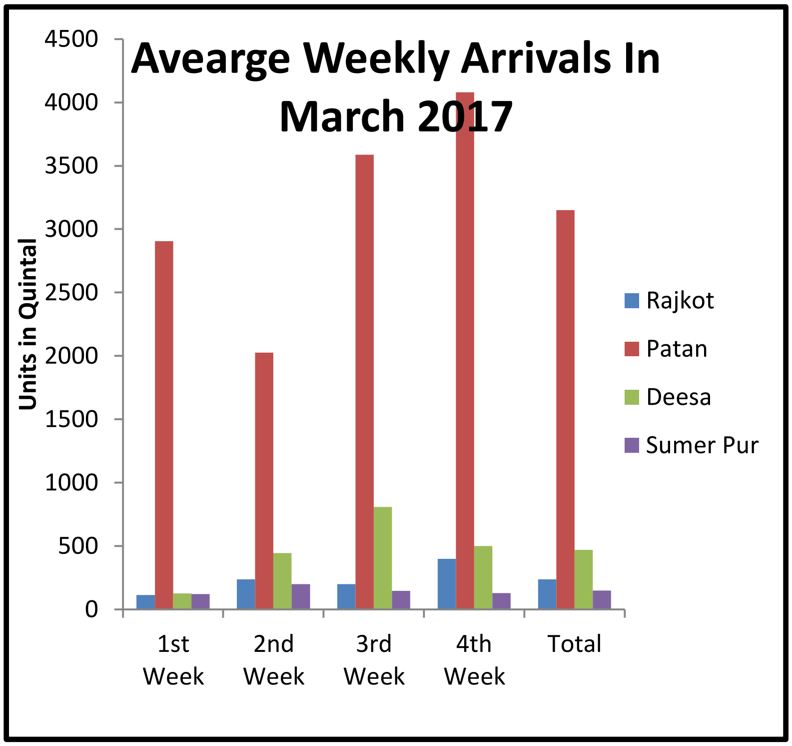
Arrivals are in full pace which may restrict castor seed prices in upcoming month. Steady to weak trend could be seen in upcoming days.



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:

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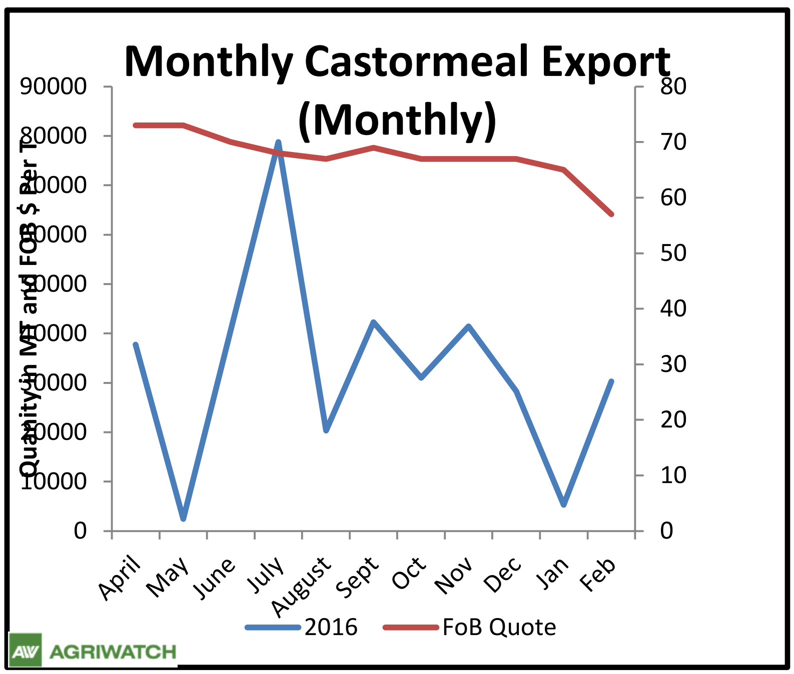


Variation In Production Estimates & Forecast For 2015-16 & 2016/17:

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-	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

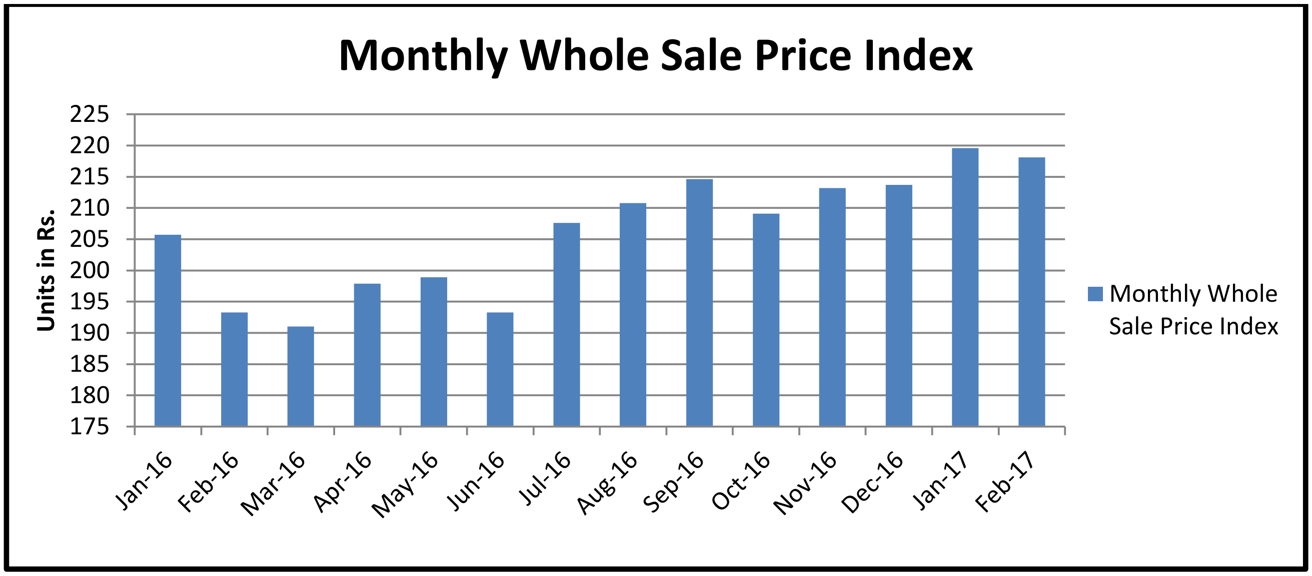
Agriwatch preliminary estimates on area and production are based on farmer's sowing intention and initial ground level survey in some pockets of Rajasthan and Gujarat.

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	34380	272.74	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	**378,146**	**2,653**	**543,274**	**4198.19**	**459,378**	**3869.34**	**472,255**	**3658.24**

Source: SEA

Castor Seed Inflation: Castor seed monthly wholesale price index: Weight: 0.04425, Base year: 2004-05=100 *Castor seed monthly WPI decreased slightly by 0.68% to 218.10 in February 2017 against 219.6 in January 2017.*



Source: WPI

Comparative Prices Of Castor Products Including Seed

	24th Mar'17	17th Mar'17	24th Feb'17	24th Mar'16	CHANGE %
Castorseed (Gujarat)((Rs./M.T) Ex-Mandi	50150	43150	NQ	31029	38.13
Castor Meal Export (FAS) (US$ / MT),Ex Kandla	630	62	NQ	74	88.25
EXPORT (FOR) Ports (Rs./MT)Castor meal bulk Kandla	4050	4000	NQ	4856	-19.90
Castor Oil (First Grade) FOB Kandla (Export)$/Tonne	1650	1400	NQ	946	42.67
Local rates for oil in domestic market(Rs./M.T.) for comm.	105000	95000	NQ	64448	38.62

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

Expected Range	Rs/Qtl.(Low)	Rs /Qtl.(High)
Short term (15 days)	4090-4150	4150-4230
Medium Term (30 days)	4100-4200	4180-4300

Outlook For April-2017:

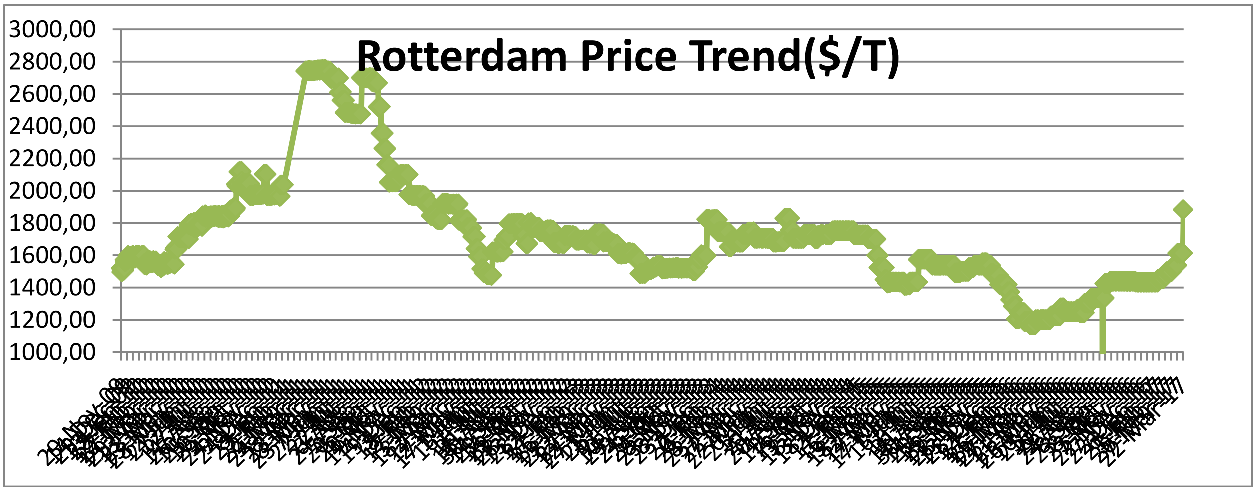
Castor seed cash market is likely to trade with steady to down zone as seed supply in domestic market is expected to be improved as new crops are ready now to sell. Improved yield and declining demand will push prices down in upcoming weeks. . In April, market may trade in the range of Rs 4070 to Rs 4300 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.

Rotterdam Price:-



Price Table:

Castor Seed - Products Monthly Average Prices:

Commodity	Monthly Average Prices (Rs/ Quintal)			Change
Center	**Market**	**March. 2017**	**February. 2017**	
Gujarat	Patan	4211	3789	421
	Harij	4249	3759	490
	Rajkot	4007	3626	381
	Gondal	3999	3626	373
	Deesa	4230	3765	464
	Bhabar	4036	3696	340
	Mehsana	4195	3746	449
	Kadi	4268	3799	469
	Sabarkatha	4236	3740	496
	Gandhi Nagar	4237	3779	458
	Ahmedabad (Sanand)	4214	3633	581
	Halvad	4008	3673	335
	Junagadh	4085	3642	443
	Dhrol	3784	3451	333
Rajasthan	Jodhpur	4263	3725	539

	Sumerpur	4156	3633	522

Castor Seed Cumulative Monthly Sum Arrivals in Key Centers:

Center	Market	Monthly Arrivals (Quintal)		Change
		March. 2017	February. 2017	
Gujarat	Patan	76072	50213	25860
	Harij	33300	16375	16925
	Rajkot	10045	9416	629
	Gondal	18039	5835	12204
	Deesa	18101	11022	7079
	Bhabar	NR	NR	-
	Mehsana	17175	7088	10088
	Kadi	102628	55656	46972
	Sabarkatha	9225	3323	5903
	Gandhi Nagar	22875	9263	13613
	Ahmedabad (Sanand)	1064	566	498
	Halvad	4270	2179	2091
	Junagadh	1461	1190	271
	Dhrol	287	108	179
Rajasthan	Jodhpur	1234	1185	49
	Sumerpur	11128	3524	7604
Total Arrivals/Above Markets		326904	176940	149964

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