Castor Seed &Oil Monthly Research Report

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Outlook and Review -Domestic Front:

Monthly average prices inclined in Castor physical market with good demand by traders. Arrival is also recorded higher in this month. Prices in market are expected to up from current level in upcoming month. Overall outlook remains steady to slightly bullish for coming months.

Firm tone is 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. In the long run, prices may go up in the long term as lower production estimates of this season.

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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 exports of India decreased by 27% to 41,682 MT during March-2016/17 season against 57035 MT in 2015/16 season in the same period of time**.** Export pace is expected to go down as availability of oil is higher and slow buying activities in international market. In terms of value, it is down by Rs.15.32 crore in March from Rs.353.95 crore in Feb to Rs.338.63 Crore in March-17.

As per recent third advanced estimates of Department of Agriculture, caster seed crop production, for the season 2017/18 is estimated at 15.54 lakh tons which is lower by 1.02 lakh tons from last year production of 17.52 lakh tons in MY-2016-17.

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 4600 to Rs 4700 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 - 2016-17comes 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 tons	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	1.04	1.13	1.23	1.13	1.29
Stock to Month Use	6.84	5.8	4.92	4.81	4.76	0.27
Stock to Consumption Ratio	0.57	0.483	0.41	0.4	0.4	0.02

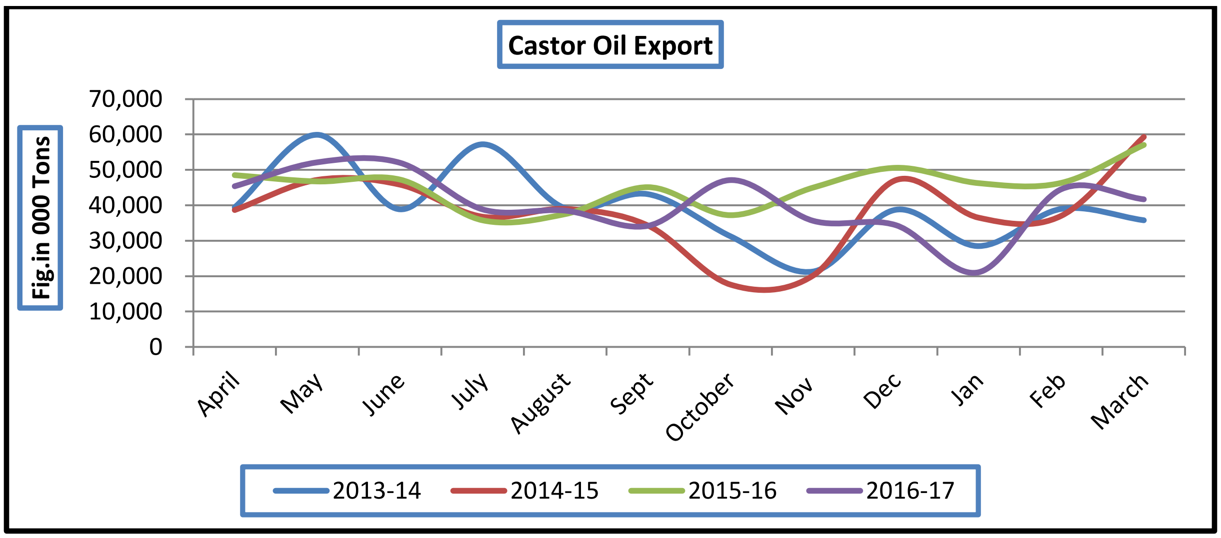
Castor Oil Demand & Supply:

Season 2016-17 would start with 0.5 lakh tons oil as carrying stock. Agriwatch has estimated 7 lakh tons oil production from 2015-16 crops 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 tons) 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:

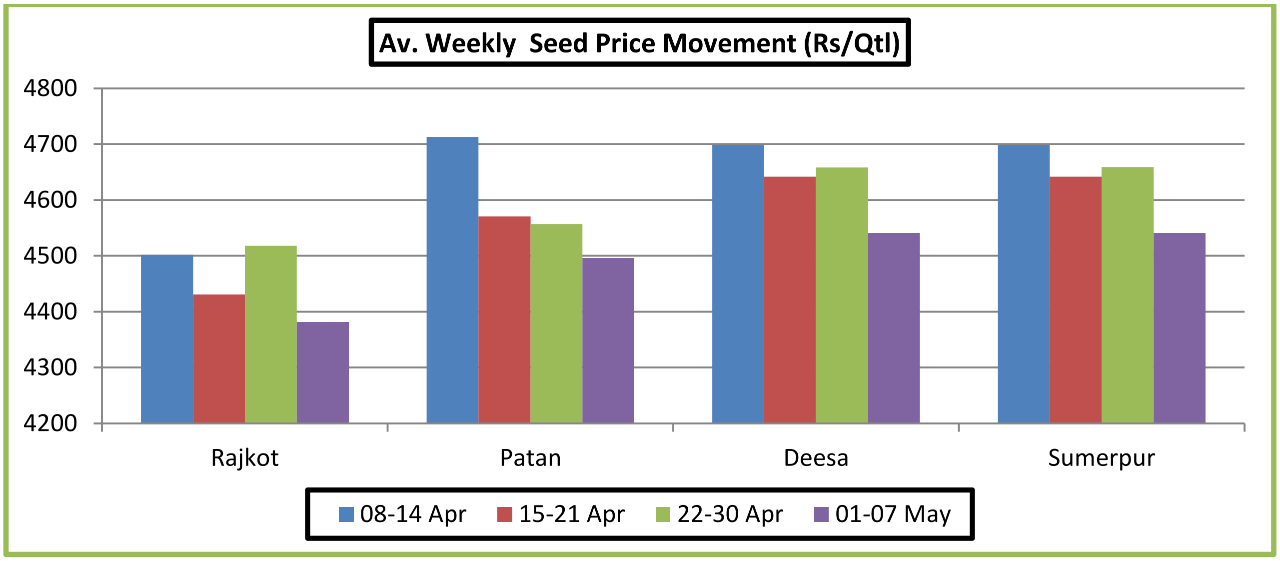
Total castor oil export in MY-2016-17 till March is 485445 MT which is down by around 11% from last year export of 543274 MT. castor oil export in the month of March was 41682 tons which is 6.3% down from last month export of 44527 tons. In terms of value, it is down by Rs.15.32 crore in March from Rs.353.95 crore in Feb to Rs.338.63 Crore in March-17.



Castor Seed Price Trend:

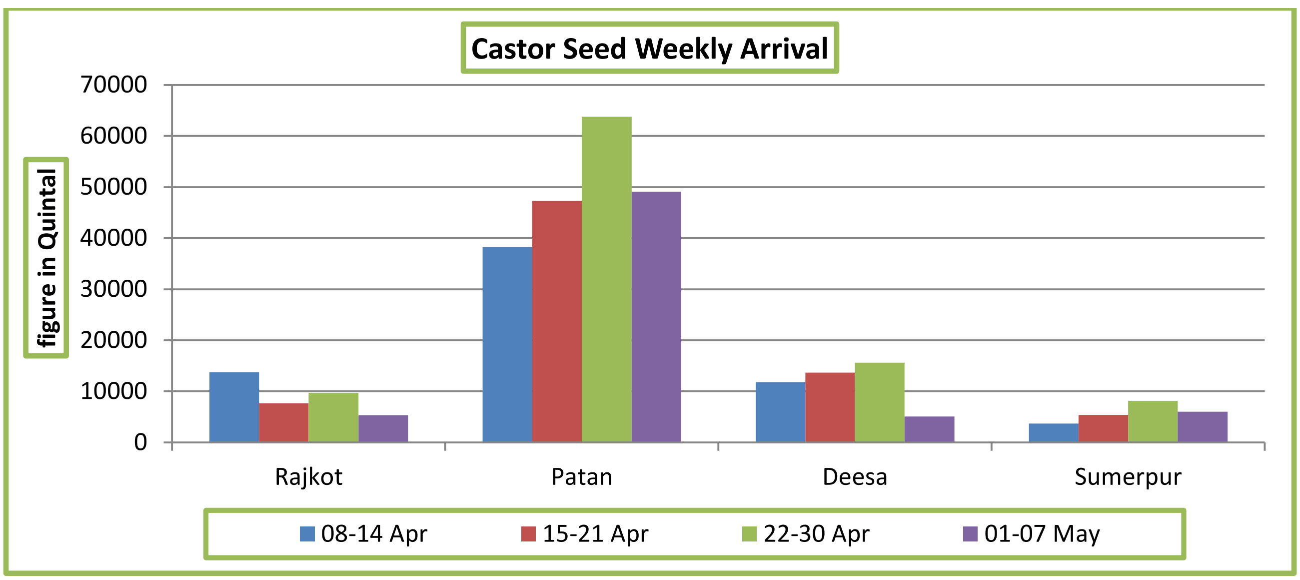
Monthly Average Castor prices in May month decreased supported by lower prices in future market and frail demand. However, the trend will not be continuing on lower stock and uptrend is likely to keep on in coming month.

Arrivals of castor seed are likely to go down which support to move price up in northward. Steady to firm trend could be seen in upcoming days.



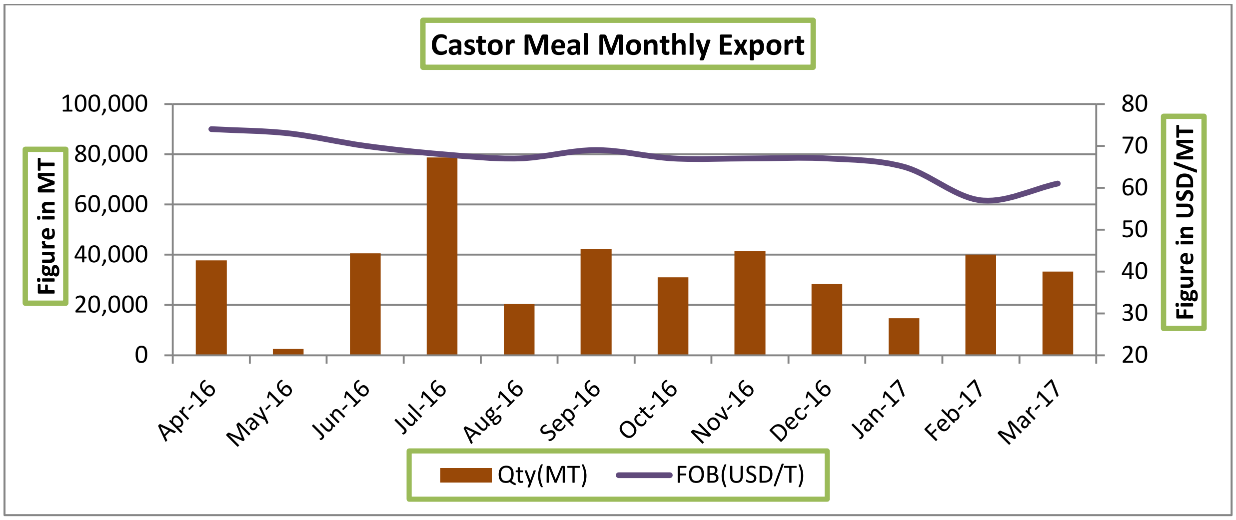
Castor Seed Arrival Trend:

Arrivals of seed improved in the last week of May 2017 in comparison to previous week record. Arrival may dull after declining of stock in the market.

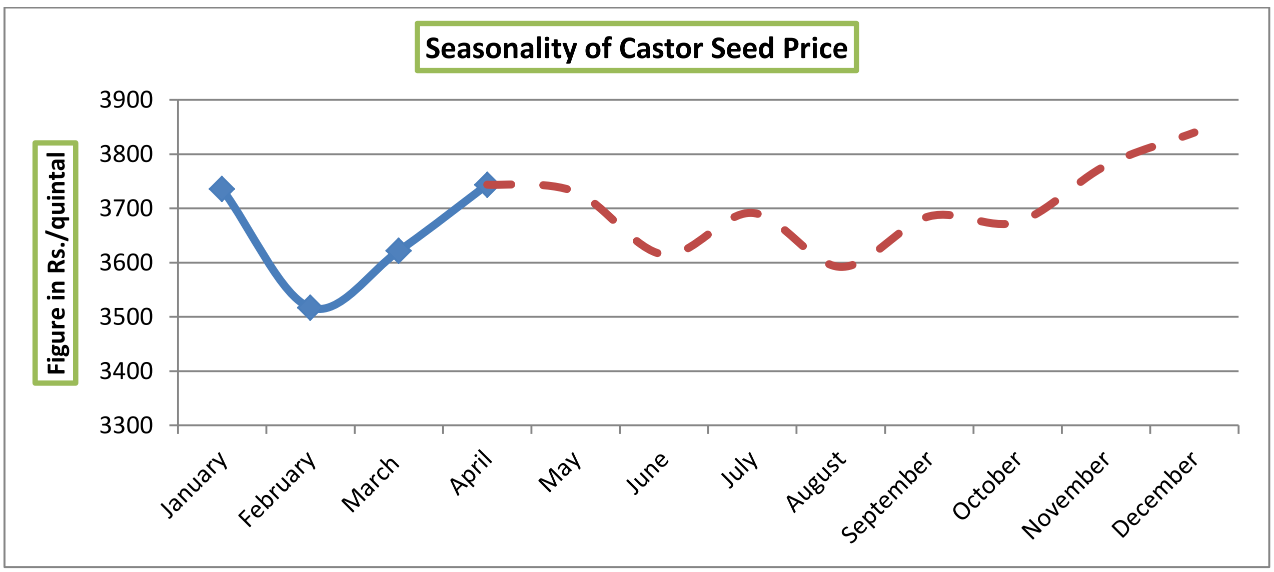


Castor Oil Meal Export Trend:

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



Price Seasonality Trend:



Above chart is for Rajkot market which forecast the price trend for coming months. Chart indicates that castor seed market is likely to move volatile under normal situation (weather, rainfall etc.).Price is expected to move up from October onwards as stock is getting low and demand from China and other major importers is normal.

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/Telangana Total	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.

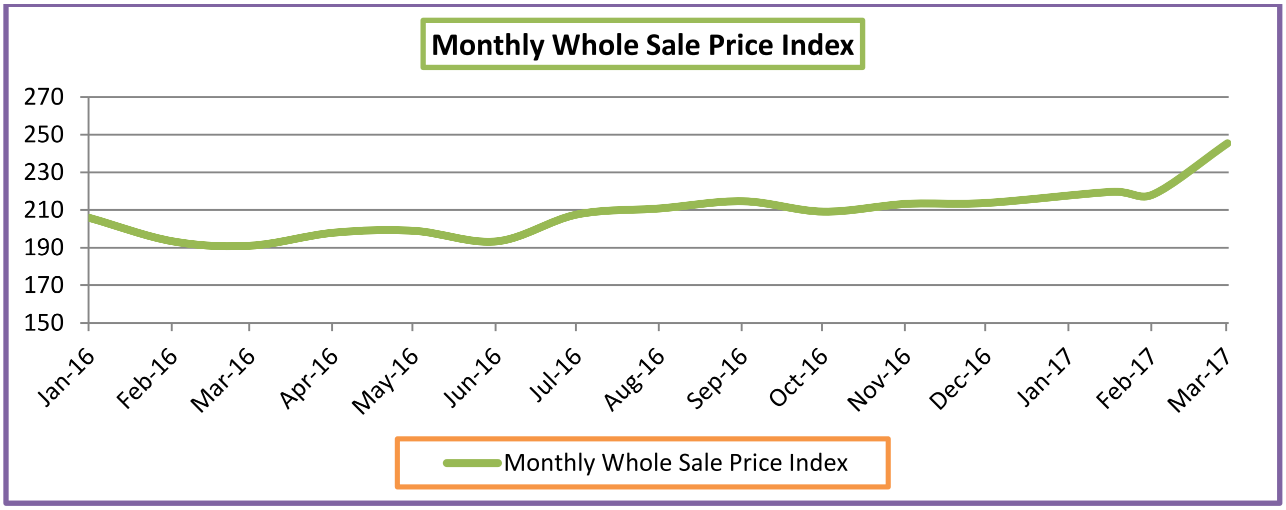
Castor Oil Export Volume:

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	21090	169.44	46,250	385.74	36,501	337.60	28,490	244.70
February	44527	353.95	46,327	319.90	37,018	311.23	38,974	319.30
March	41682	338.63	57,035	349.52	59,294	458.71	35,773	292.50
Total	**485,445**	**3514.72**	**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 increased by 12.51% to 245.4 in March 2017 against 218.1 in February 2017.



Source: WPI

Comparative Prices Of Castor Products Including Seed					
	21th Apri'17	13th Mar'17	21th Mar'17	21th April'16	CHANGE %
Castorseed (Gujarat)((Rs./M.T) Ex-Mandi	49450	47750	44950	31981	35.33
Castor Meal Export (FAS) (US$ / MT),Ex Kandla	63.00	63.00	62.00	73.00	-15.87
EXPORT (FOR) Ports (Rs./MT)Castor meal bulk Kandla	4050	4050	4000	4817	-18.94
Castor Oil (First Grade) FOB Kandla (Export)$/Tonne	1615	1575	1470	990	38.70
Local rates for oil in domestic market(Rs./M.T.) for comm.	105000	104000	950000	67528	35.69

Cash Market (Deesan) Expected Price Range for May-2017:-

Expected Range	Rs/Qtl.(Low)	Rs /Qtl.(High)
Short term (15 days)	4550-4600	4750-4900
Medium Term (30 days)	4950-5000	5000-5200

Outlook for May-2017:

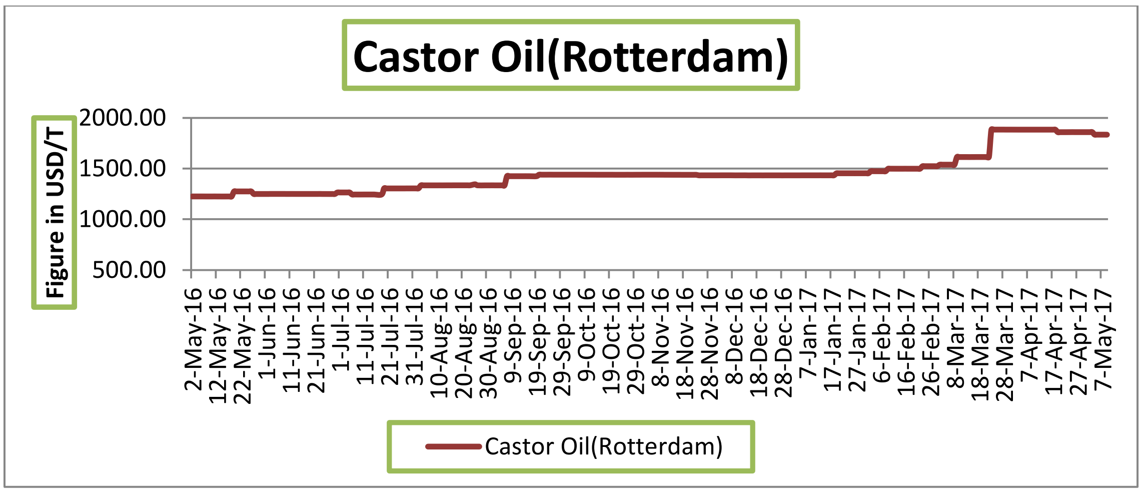
Castor seed cash market is likely to trade with steady tone as seed supply in domestic market is expected to be declined as stock is limited. Improved demand will push prices up in upcoming weeks. In May, market may trade in the range of Rs 4500 to Rs 4700 per qtl.

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**	**April. 2017**	**March. 2017**	
Gujarat	Patan	4633	4211	**422**
	Harij	4674	4249	**425**
	Rajkot	4523	4007	**516**
	Gondal	4546	3999	**548**
	Deesa	4694	4230	**465**
	Bhabar	NR	4036	-
	Mehsana	4640	4195	**445**
	Kadi	4719	4268	**451**
	Sabarkatha	4683	4236	**447**

	Gandhi Nagar	4699	4237	462
	Ahmedabad (Sanand)	4530	4214	316
	Halvad	4650	4008	641
	Junagadh	4477	4085	391
	Dhrol	4305	3784	521
Rajasthan	Jodhpur	4659	4263	396
	Sumerpur	4557	4156	401

Castor Seed Cumulative Monthly Sum Arrivals in Key Centers:

Center	Market	Monthly Arrivals (Quintal)		Change
		April. 2017	March. 2017	
Gujarat	Patan	159513	76072	83441
	Harij	42248	33300	8948
	Rajkot	32675	10045	22630
	Gondal	44136	18039	26097
	Deesa	47602	18101	29501
	Bhabar	NR	NR	-
	Mehsana	27375	17175	10200
	Kadi	134468	102628	31840
	Sabarkatha	14850	9225	5625
	Gandhi Nagar	26250	22875	3375
	Ahmedabad (Sanand)	829	1064	-235
	Halvad	5869	4270	1599
	Junagadh	5755	1461	4294
	Dhrol	940	287	653
Rajasthan	Jodhpur	1367	1234	133
	Sumerpur	19760	11128	8632
Total Arrivals/Above Markets		**563636**	**326904**	236732

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