



Castor Seed & Oil Monthly Research Report

Contents

- ❖ Outlook and Review
- ❖ Recommendations
- ❖ Seed Supply & Demand
- ❖ Oil Supply & Demand
- ❖ Domestic Market Fundamentals
- ❖ Technical Analysis (Futures Market)
- ❖ Castor Seed WPI
- ❖ International Castor Oil Market Summary
- ❖ Monthly spot price comparison
- ❖ Overall View

Outlook and Review -Domestic Front:

Monthly average castor seed prices fall sharply in Castor physical market with the back of change in credit policy by APMC amidst confusion over GST. Arrival is also recorded lower in this month of May with fall of price. Prices in market are expected to up from current level in upcoming month. Overall outlook remains steady to bullish for coming months.

India exported castor meal higher at 2810 tonnes in April 2017 than 33238 tonnes in March 2017, Castor meal exports volume is sharply fall down in this month on lower demand majorly in international markets especially from South Korea. FOB quotes for meal stood up at 3.27% to USD 63/T in April 2017 against \$61/T during the corresponding period of last year. S. Korea bought 202 tons meal in the month of April.

Castor Oil export in May, 17 was expected at 43,500 MT versus 55,000 MT of last month and 46,140 MT of May, 2016. High unpredictability in price keep the exporter away from markets. Exports for the period of Jan-May are reported lower by 4.3% at 2.12 lakh tons.

Castor seed Acreage for MY-2017-18 in Gujarat is likely to up by 8.5%, in Rajasthan by 5.5% but in Andhra/Telangana acreage is likely to down by 12%. Overall acreage is expected to increase by 5-7%. other alternatives crop like Moong, Moth and cotton which has better price is likely to keep area down than expected.

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 third advanced estimates of Department of Agriculture, castor 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 4750 per qtl for stock purpose, depending on supply source and retain it at least for three months for better return.

Seed Supply & Demand:

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 12.94 lakh tons this year.

This season started with 5.35 lakh tons as carryout and thus total availability for current MY - 2016-17 comes to 15.85 lakh tons it estimated production of 10.5 lakh tons for MY-2017-18 is included. Lower production would drag carryout down from 5.35 to 0.35 lakh tons. 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

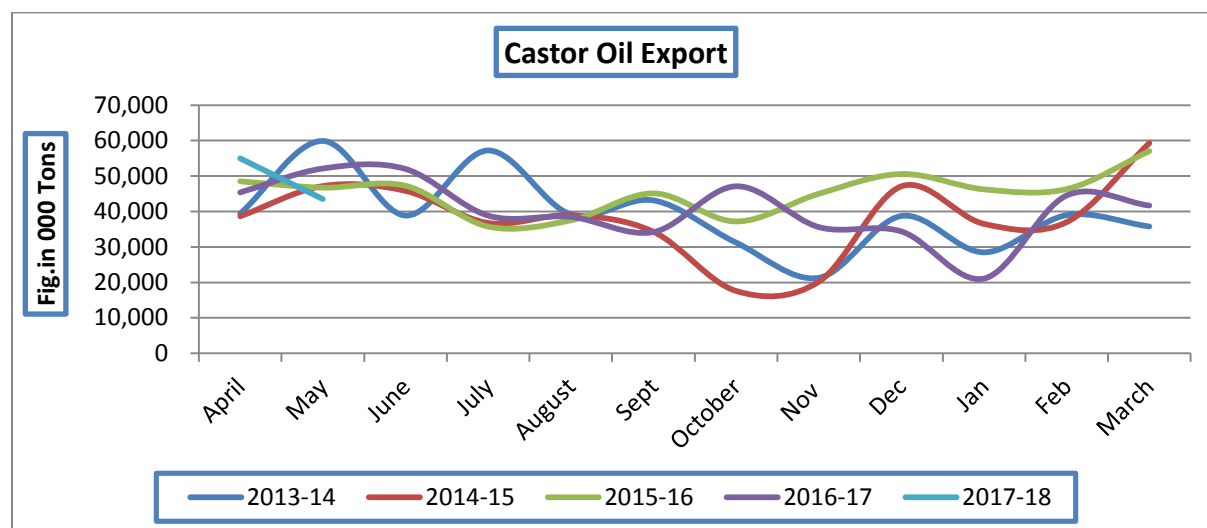
Castor Oil Demand & Supply:

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 tons .Export has been pegged at 5.5 lakh tons 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
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:

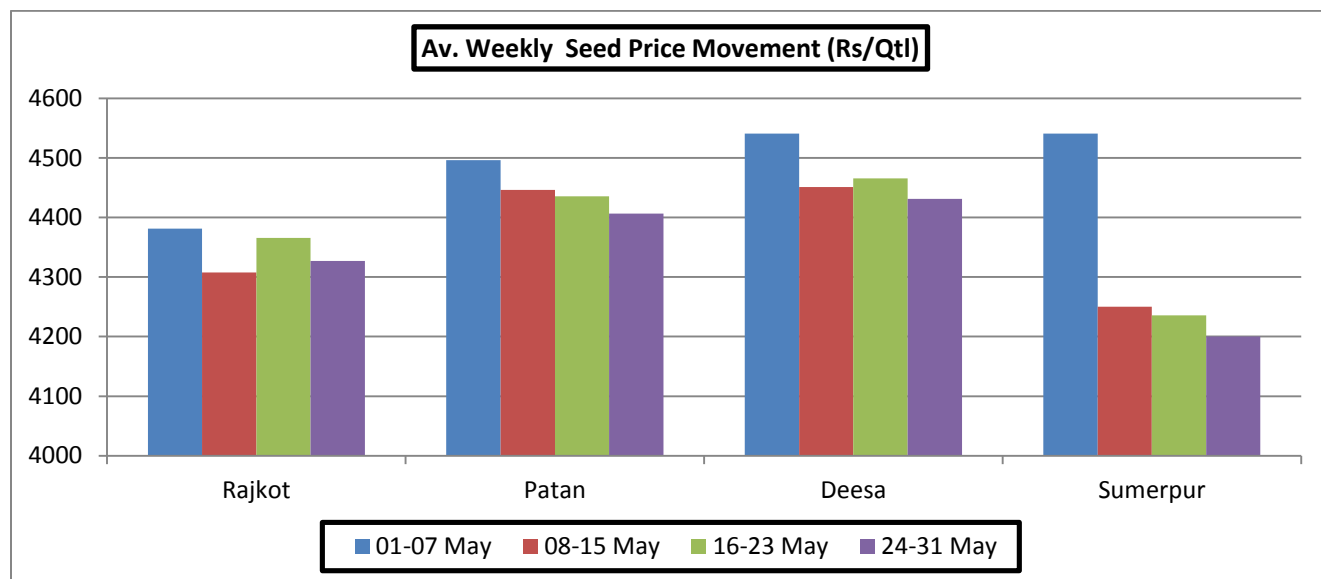
Castor oil export in April-17(MY-2017-18) is 55000 MT and in the month of May it is likely to go down by 43500 MT due to frail demand and high volatile price. castor oil export in the month of March was 41682 tons which is 6.3% down from last month export of 44527 tons. In terms of value, it is down 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:

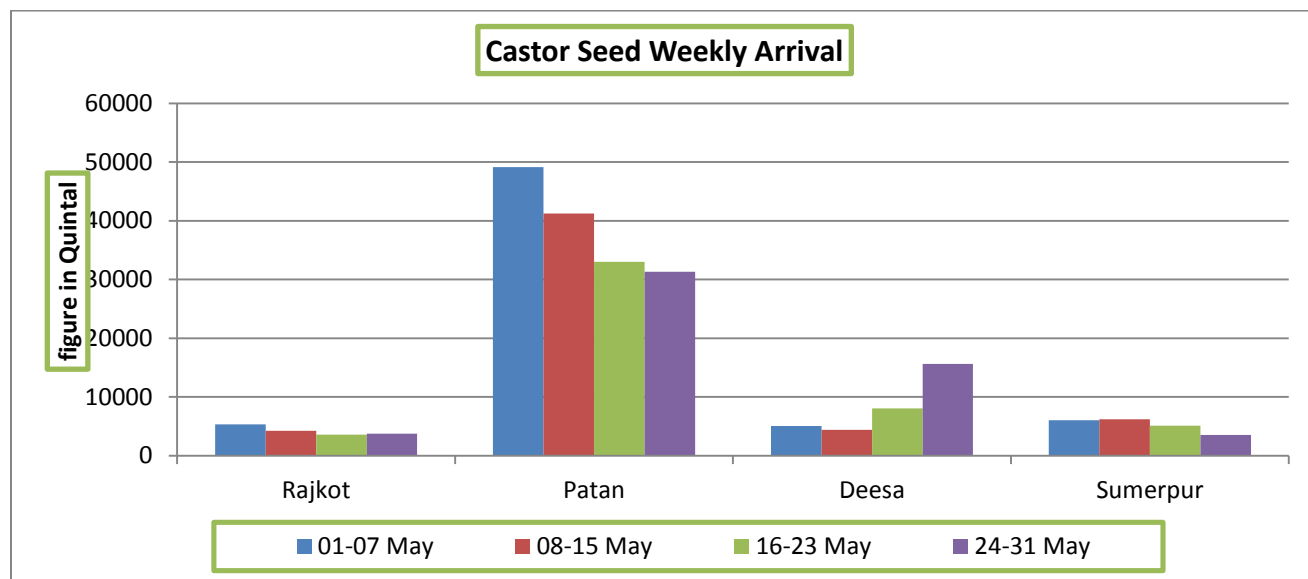
Monthly Average Castor prices in May month decreased supported by lower prices in future market and frail demand. However, the trend will not be continuing on lower stock and uptrend is likely to keep on in coming month.

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.

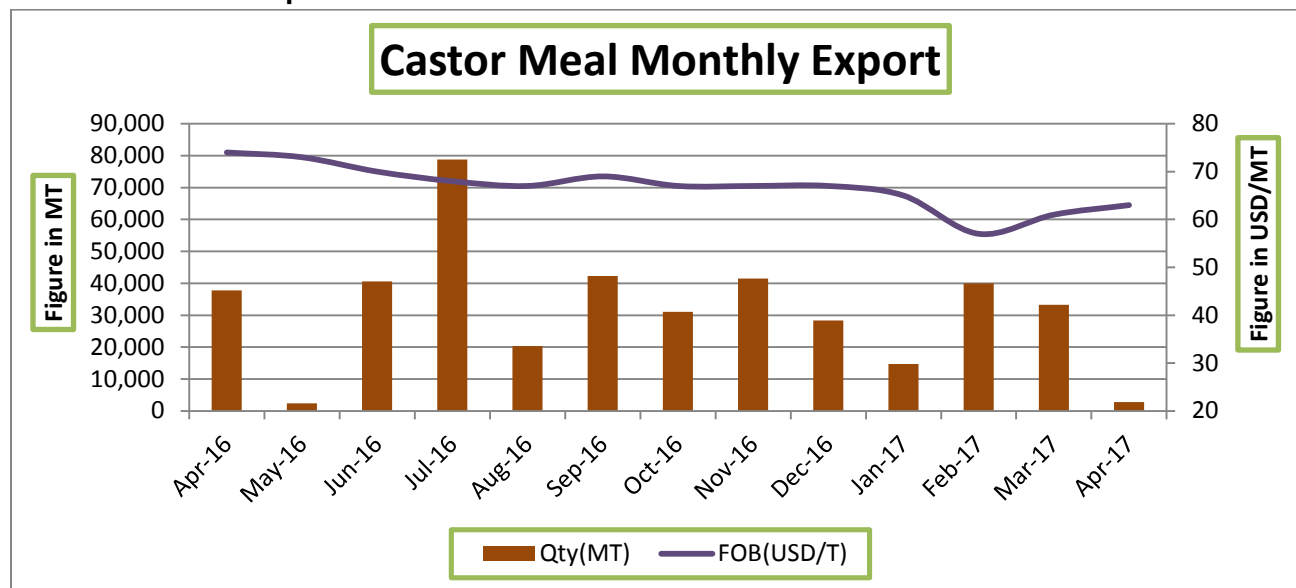


Castor Seed Arrival Trend:

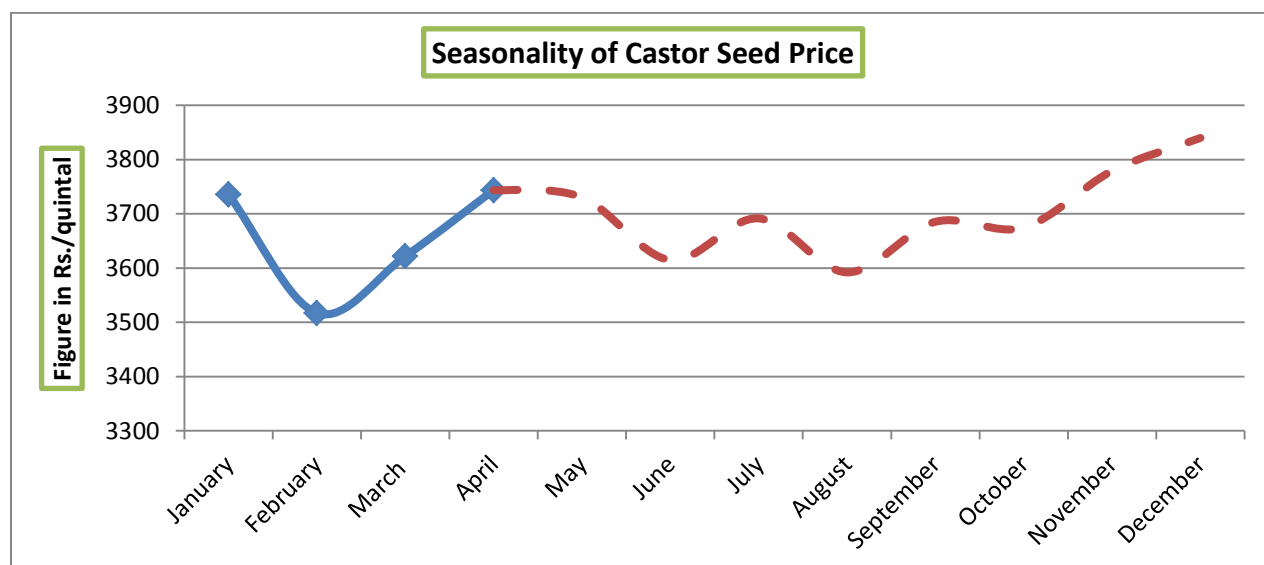
Arrivals of seed lower in the last week of May 2017 except in Deesa market in comparison to previous week arrivals. Arrival may sluggish after declining of stock in the market.



Castor Oil Meal Export Trend:



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 2016-17 & 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**	-	-

*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/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.

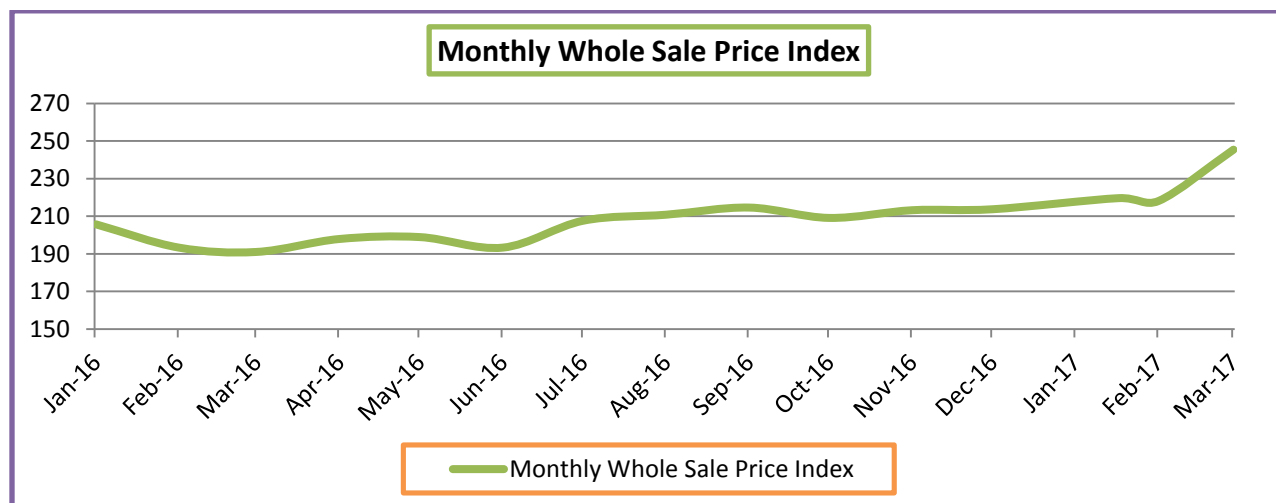
Castor Oil Export Volume:

EXPORT OF CASTOR OIL								
DURING APRIL TO March 2017								
	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	34,380	272.74	50,578	422.90	47,104	420.64	38,744	293.45
January	21,090	169.44	46,250	385.74	36,501	337.60	28,490	244.70
February	44,527	353.95	46,327	319.90	37,018	311.23	38,974	319.30
March	41,682	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					
	26th May'17	17th May'17	26th Apri'17	26th May'16	CHANGE %
Castorseed (Gujarat)((Rs./M.T) Ex-Mandi	46100	45950	47250	32121	30.32
Castor Meal Export (FAS) (US\$ / MT),Ex Kandla	62.00	63.00	63.00	73.00	-17.74
EXPORT (FOR) Ports (Rs./MT)Castor meal bulk Kandla	3900	4000	4050	4895	-25.51
Castor Oil (First Grade) FOB Kandla (Export)\$ /Tonne	1535	1545	1585	1000	34.85
Local rates for oil in domestic market(Rs./M.T.) for comm.	100000	97500	101000	68662	31.34

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

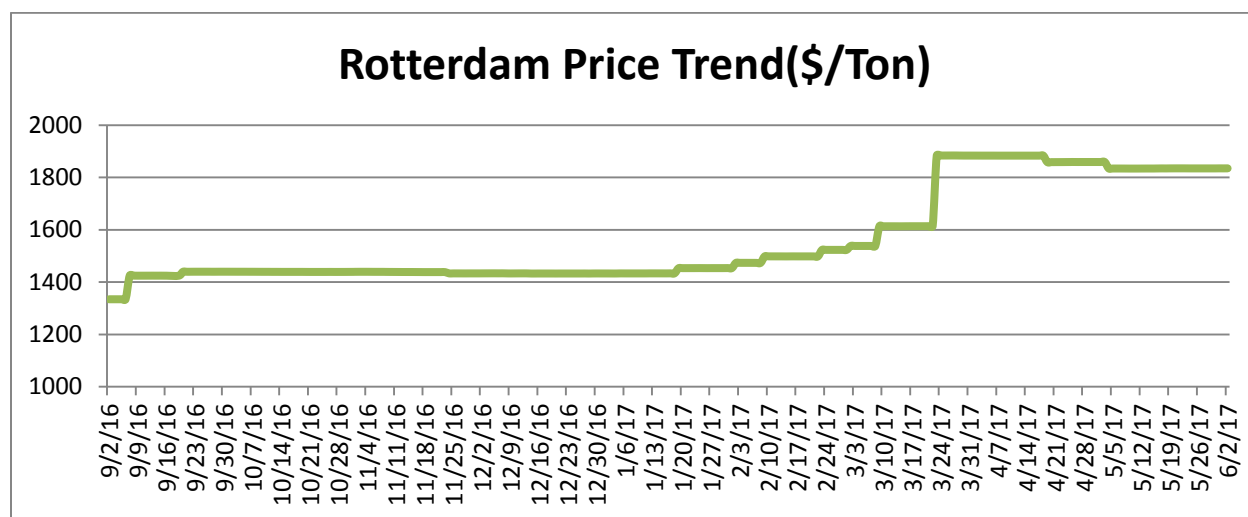
Outlook for June-2017:

Castor seed cash market is likely to trade bullish 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 June, market may trade in the range of Rs 4600 to Rs 4750 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	May. 2017	April. 2017	
Gujarat	Patan	4442	4633	-191
	Harij	4484	4674	-190
	Rajkot	4344	4523	-179
	Gondal	4363	4546	-184
	Deesa	4471	4694	-224
	Bhabar	NR	NR	-
	Mehsana	4468	4640	-172

	Kadi	4544	4719	-176
	Sabarkatha	4489	4683	-194
	Gandhi Nagar	4514	4699	-184
	Ahmedabad (Sanand)	4408	4530	-121
	Halvad	4389	4650	-261
	Junagadh	4311	4477	-166
	Dhrol	4064	4305	-241
Rajasthan	Jodhpur	4479	4659	-180
	Sumerpur	4245	4557	-312

Castor Seed Cumulative Monthly Sum Arrivals in Key Centers:

Center	Market	Monthly Arrivals (Quintal)		Change
		May. 2017	April. 2017	
Gujarat	Patan	154710	159513	-4803
	Harij	24375	42248	-17873
	Rajkot	16790	32675	-15885
	Gondal	19429	44136	-24707
	Deesa	33634	47602	-13968
	Bhabar	NR	NR	-
	Mehsana	17250	27375	-10125
	Kadi	94796	134468	-39672
	Sabarkatha	7838	14850	-7013
	Gandhi Nagar	16050	26250	-10200
	Ahmedabad (Sanand)	500	829	-329
	Halvad	4088	5869	-1781
	Junagadh	4288	5755	-1467
	Dhrol	733	940	-207
Rajasthan	Jodhpur	1511	1367	144
	Sumerpur	20808	19760	1048
Total Arrivals/Above Markets		416799	563636	-146837

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



Disclaimer: The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.php> © 2016 Indian Agribusiness Systems Pvt Ltd.