Castor Seed &Oil Monthly Research Report

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Outlook and Review -Domestic Front:

Monthly average castor seed price increased in July with lower arrival due to heavy flood in major producing districts, Castor seed prices settled higher in spot markets but trading were thin due to closure of market on the back of GST rollout. Castor seed arrival in the month of July is 53695 quital which is 117332 down by last month arrival of 171027 quintal.

Castor meal export in June, 17 is around at 62,516 MT and traded at USD 59/T @ Indian port (FOB) versus 19141 MT of last month at US$63/T and 132,771 MT of June 2016 at US$70/T. Expectation of hike in price in coming months is the main reason for higher export. Exports for the period of Jan-June are reported up by 64% at 499,140 MT.

Castor seed area as on 04th August-2017 is around 2.72 lakh hectares which is up by 27% normal area as on date of 2.15 lakh hectares and also up by 78% from last year area till date of 1.53 lakh hectares. The main reason for increasing area is expectation of higher return in coming season of 2017-18 as stock is getting thinner day by day, also it is reported that 2.5-3 lakh bags of castor seed is destroyed in Banaskantha and Patan districts of Gujarat which also affect to push the price in northward in coming months.

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.

Acreage over Gujarat is expected to increase by 2% due to shift in acreage from Potato in Deesa belts. In Rajasthan and South India acreage is likely to drop by 2% & 12.2% respectively as farmers are opting for Groundnut. Production for the next season is expected at 10.86 lakh tons basis last five year average yields.

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:

In the coming month, seed and Oil prices are expected to trade higher as GST roll out is completed. Seed prices are expected to trade towards Rs 4,500 – 4,600 per Qtl and Oil prices are expected to trade higher towards Rs 95,000 – 97,000 per MT. Meal prices are likely to remain steady to weak on subdued demand from South Korea.

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 - 2016-17comes 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

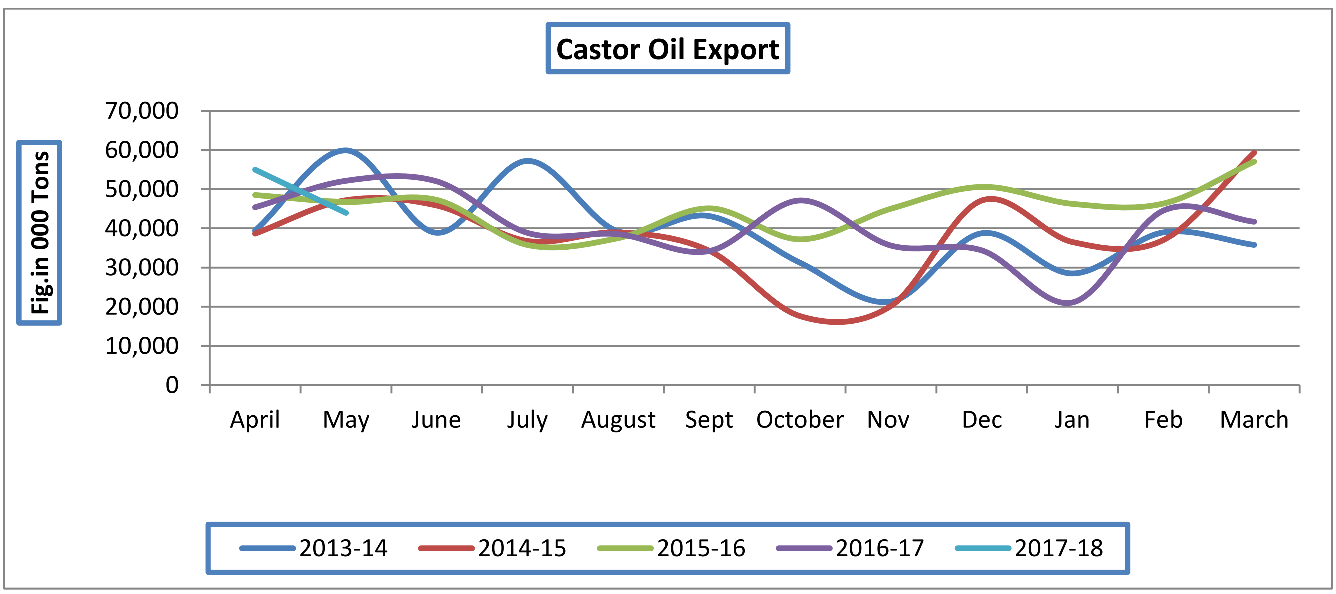
Castor Oil Demand & Supply:

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:

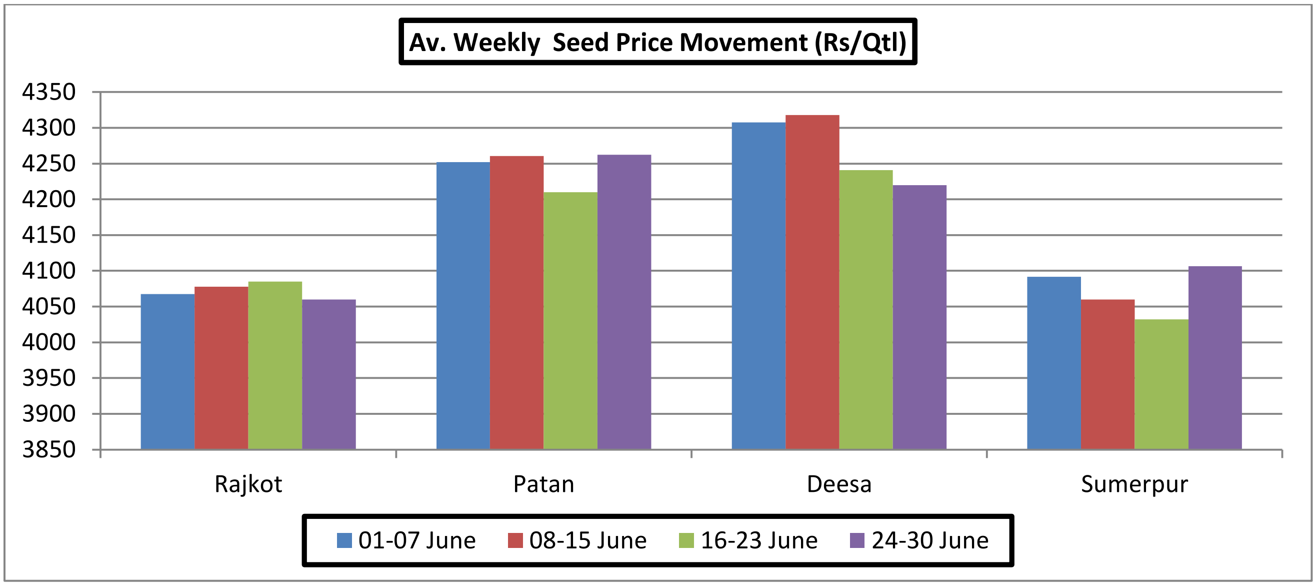
Castor oil export in may-17(MY-2017-18) is 43,975MT and in the month of May it is likely to go down by 43500 MT due to frail demand and high volatile price. Castor oil export in the month of April was 55,000 tons and In terms of value, it is down by Rs.492.96 crore in April from Rs.338.63 crore in March17.



Castor Seed Price Trend:

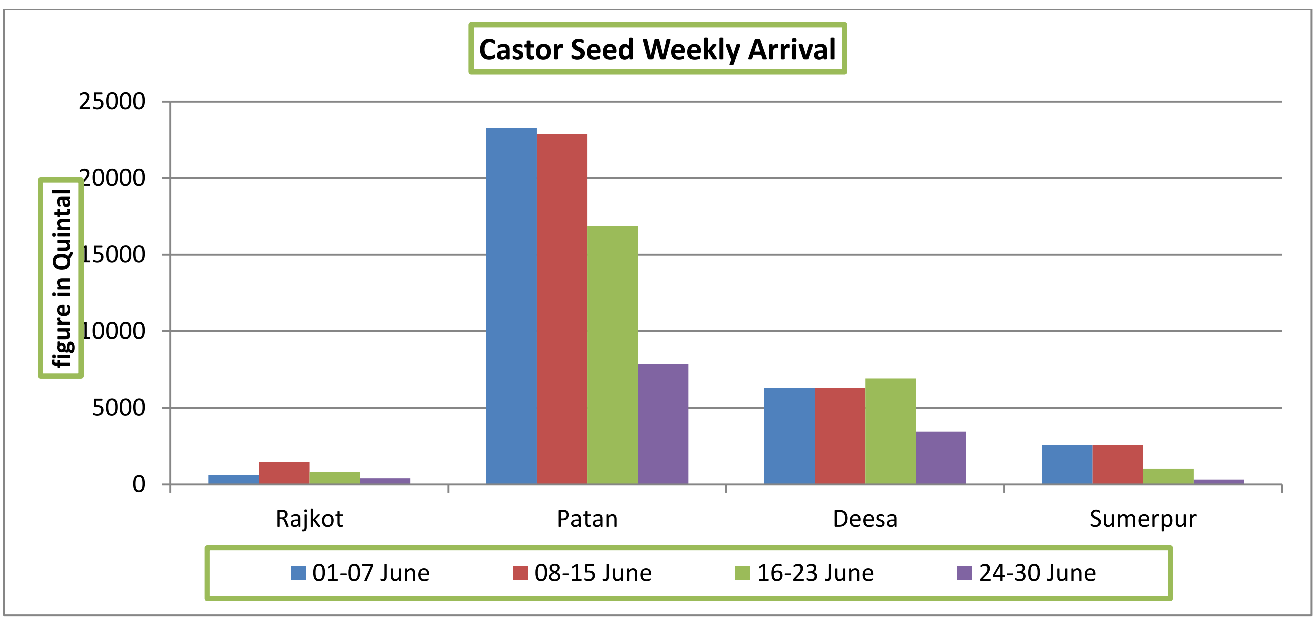
Monthly Average Castor prices in June month decreased supported by lower prices in future market and frail demand due to GST concern. However, the trend will not be continuing on lower stock and uptrend is likely to keep on in coming month.

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 weeks.

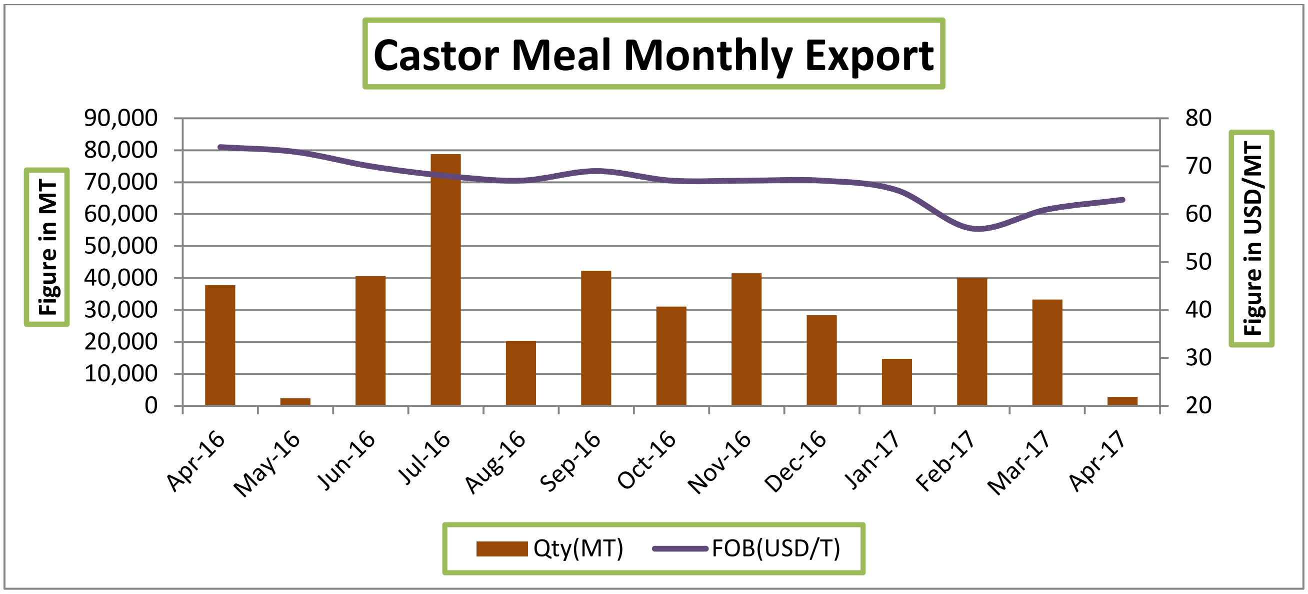


Castor Seed Arrival Trend:

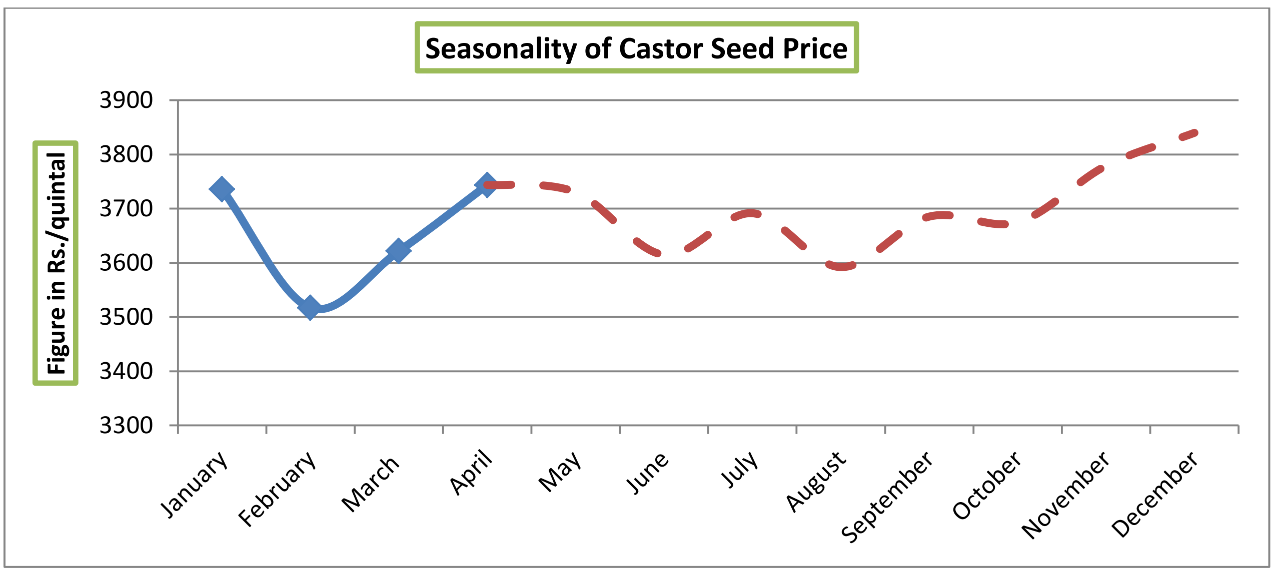
Arrivals of seed lower in the last week of June 2017 in all market in comparison to previous week arrivals. Arrival may sluggish after declining of stock in the market.



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.

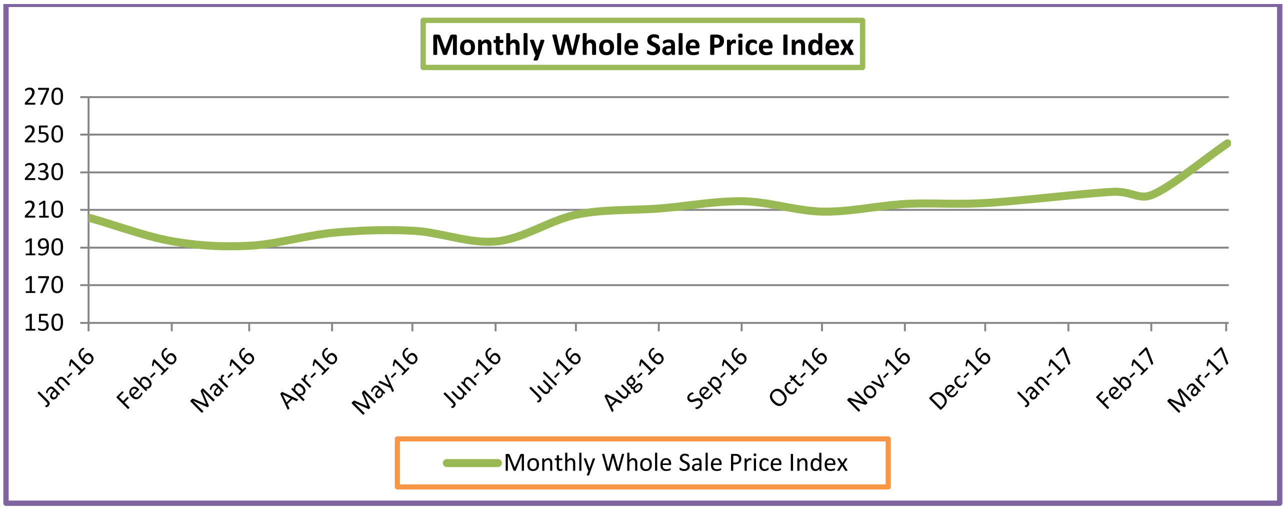
Castor Oil Export Volume:

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	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					
	28th July'17	21st July'17	28th June'17	28th July'16	CHANGE %
Castorseed (Gujarat)((Rs./M.T) Ex-Mandi	NQ	44150	43400	33904	-
Castor Meal Export (FAS) (US$ / MT),Ex Kandla	NQ	56	56.00	68.00	-
EXPORT (FOR) Ports (Rs./MT)Castor meal bulk Kandla	NQ	3600	3500	4490	-
Castor Oil (First Grade) FOB Kandla (Export)$/Tonne	NQ	1505	1455	1054	-
Local rates for oil in domestic market(Rs./M.T.) for comm.	97000	96000	93500	72260	25.51

Cash Market (Deesa) Expected Price Range for July-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

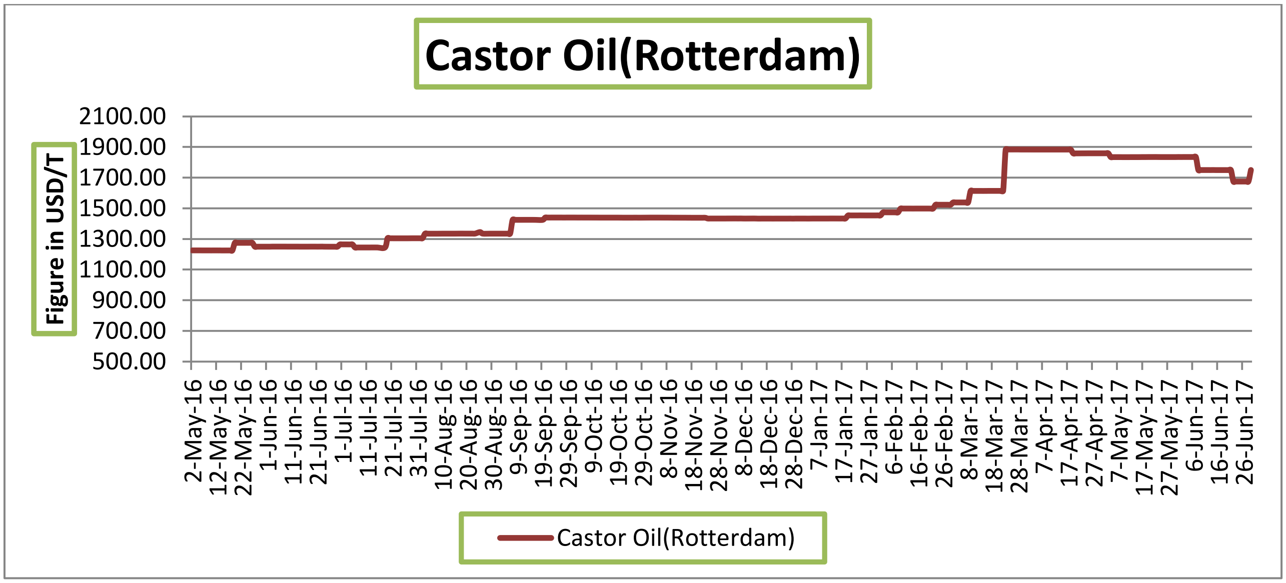
Outlook for August-2017:

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 August, market may trade in the range of Rs 4450 to Rs 4850 per qtl.

International Market Updates:

Castor Oil prices ended higher by 3.0% on good demand from global markets, higher demand from China, EU and other Asian nation supported the prices in global market. Exports in June are reported higher by 13.2% versus last month but lower by 15% y/y. Oil prices over Rotterdam recovered by 4.5% during the week on thin pipeline amidst good buying activity. Stockiest are taking advantage of lower prices which has ruling due to new tax policy. Prices at Rotterdam are quoting at $ 1,750 per MT versus $ 1,675 per MT of last week.

Rotterdam Price:-



Castor Seed - Products Monthly Average Prices:

Commodity	Monthly Average Prices (Rs/ Quintal)			Change
Center	Market	July. 2017	June. 2017	
Gujarat	Patan	4297	4228	69
	Harij	4350	4247	103
	Rajkot	4205	4074	130
	Gondal	4258	4098	160
	Deesa	4347	4274	73
	Bhabar	4367	NA	-
	Mehsana	4350	4232	118
	Kadi	4406	4287	119
	Sabarkatha	4325	4223	102
	Gandhi Nagar	4418	4297	121
	Ahmedabad (Sanand)	4055	4163	-108
	Halvad	4113	4147	-34

	Junagadh	4230	4000	230
	Dhrol	3770	3832	-62
Rajasthan	Jodhpur	4324	4218	106
	Sumerpur	4226	4068	159

Castor Seed Cumulative Monthly Sum Arrivals in Key Centers:

Center	Market	Monthly Arrivals (Quintal)		Change
		July. 2017	June. 2017	
Gujarat	Patan	7359	70875	-63516
	Harij	825	11363	-10538
	Rajkot	1682	3285	-1603
	Gondal	3417	6563	-3146
	Deesa	7260	22920	-15660
	Bhabar	8747	NA	-
	Mehsana	2888	7313	-4425
	Kadi	14581	28459	-13878
	Sabarkatha	490	1219	-729
	Gandhi Nagar	2213	5775	-3563
	Ahmedabad (Sanand)	2	132	-130
	Halvad	165	2805	-2640
	Junagadh	500	1735	-1235
	Dhrol	6	140	-134
Rajasthan	Jodhpur	1579	1980	-401
	Sumerpur	1982	6464	-4482
Total Arrivals/Above Markets		**53695**	**171027**	**-117332**

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