Castor Seed &Oil Monthly Research Report

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Outlook and Review -Domestic Front:

Monthly average castor seed price traded weak in October with lower arrival due to heavy flood in major producing districts resultant area loss, Castor seed prices settled lower in spot markets and trading were also thin due to closure of market on the back of GST rollout. Castor seed arrival in the month October is 149410 quital which is 79323 down by last month arrival of 228733 quintal.

Despite lower FOB prices, total castor meal export from India has shrunk by 14% Y/Y in FY-2016-17 due to sluggish demand from major importing countries during the first quarter of FY2017-18, India had exported 0.84 lakh tons of castor meal, increased by 4% Y/Y Japan, Taiwan and France were the top importers of Indian castor meal for the 2016-17.

Castor seed area as on 04th September-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.

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.

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

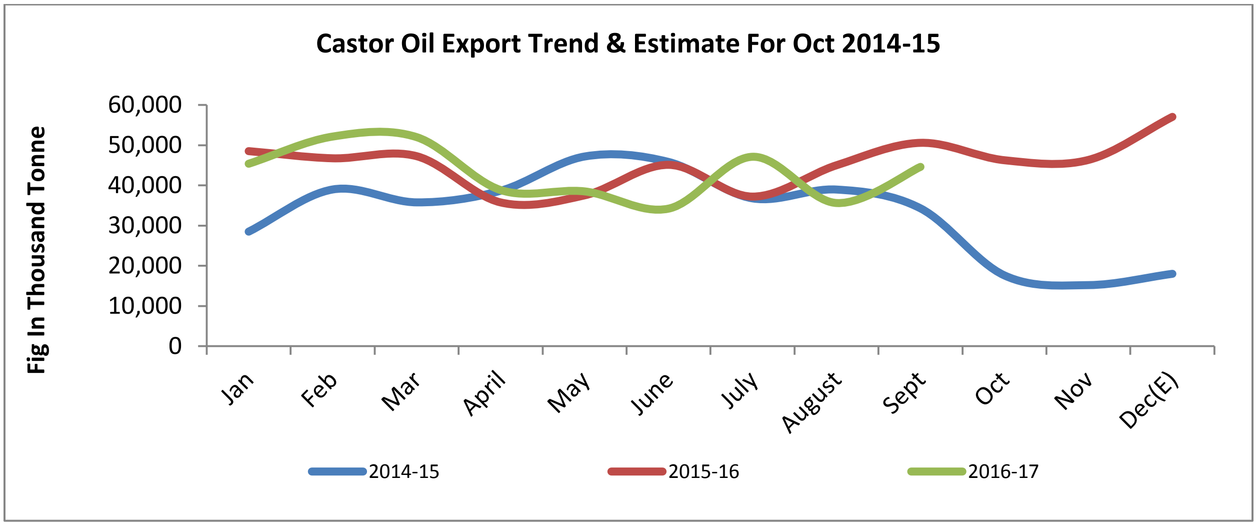
Castor Oil Demand & Supply:

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.

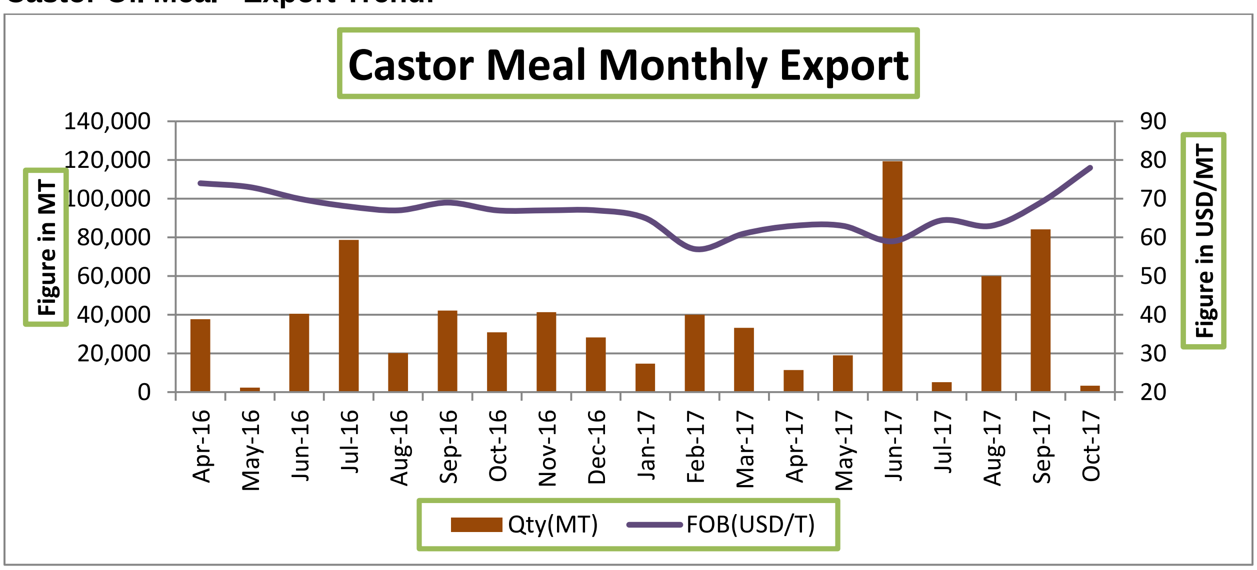
Castor Oil Supply & Demand Projection For 2016-17			
Unit in lakh tonne	**2014-15**	**2015-16**	**2016-17**
Carry in	0.15	0.25	0.5
Production	6	6.5	7
Imports	0	0	0
Total Availability	6.15	6.75	7.5
Consumption (domestic)	0.9	1	1
Exports	5	5.25	5.5
Total Usage	5.9	6.25	6.5
Carry out	**0.25**	**0.5**	**1**

Castor Oil Monthly Export Trend:

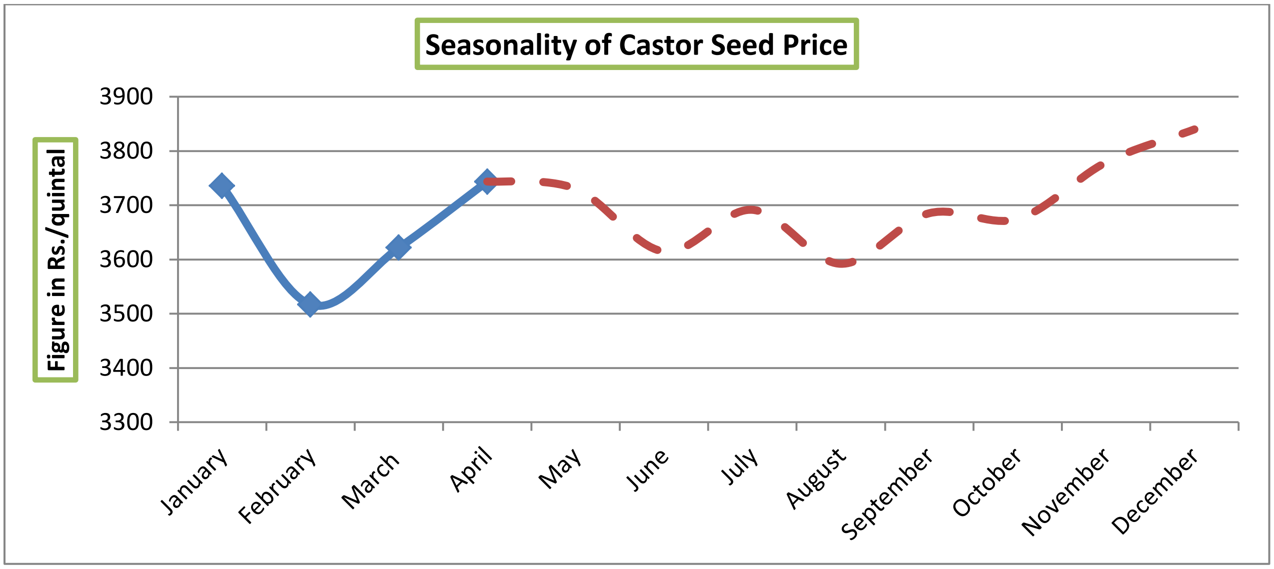
As per latest data released by SEA of India, Castor oil export in the month of September was 44591 thousand tons which is up by 25% from last month export of 35608 thousand tons and 12% down from corresponding period last year export of 50578 thousand tons. Weakened demand from the international market due to higher prices of castor seed in domestic market led to lower exports. However, in the first two month of FY2017-18, total castor oil exported was around 1 lakh tons, which is up by 2% Y/Y on higher consumption demand from US, Netherland, Russia and Japan



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

Comparative Prices Of Castor Products Including Seed					
	27th Oct'17	18th Oct'17	27th Sep'17	27th Oct'16	CHANGE %
Castorseed (Gujarat)((Rs./M.T) Ex-Mandi	45690	NA	46150	37414	18.11
Castor Meal Export (FAS) (US$ / MT),Ex Kandla	79.00	NA	11.27	17.91	77.33
EXPORT (FOR) Ports (Rs./MT)Castor meal bulk Kandla	5050	NA	4500	4374	13.39
Castor Oil (First Grade) FOB Kandla (Export)$/Tonne	1520	NA	1510	1179	22.43
Local rates for oil in domestic market(Rs./M.T.) for comm.	96500	97500	98000	78035	19.13

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

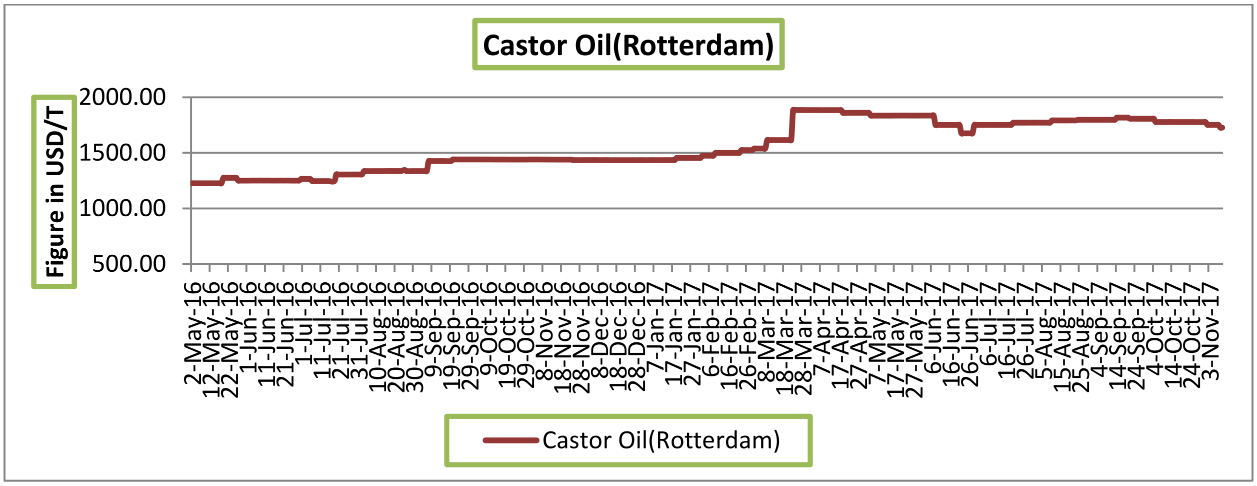
Outlook for November-2017:

Castor seed cash market is likely to trade steady to weak 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**	**October. 2017**	**September. 2017**	
Gujarat	Patan	4457	4537	-80
	Harij	4425	4482	-57
	Rajkot	4309	4337	-28
	Gondal	4338	4366	-28
	Deesa	4471	4488	-17
	Bhabar	4367	NA	-
	Mehsana	4412	4471	-59
	Kadi	4496	4538	-42
	Sabarkatha	4451	4508	-57
	Gandhi Nagar	4477	4521	-44
	Ahmedabad (Sanand)	4168	4265	-97
	Halvad	4313	4405	-92
	Junagadh	4244	4284	-40

	Dhrol	3951	3865	86
Rajasthan	Jodhpur	4361	4508	-147
	Sumerpur	4303	4395	-92

Castor Seed Cumulative Monthly Sum Arrivals in Key Centers:

Center	Market	Monthly Arrivals (Quintal)		Change
		October. 2017	September. 2017	
Gujarat	Patan	43478	57264	-13786
	Harij	600	9975	-9375
	Rajkot	3757	9296	-5539
	Gondal	4268	8334	-4066
	Deesa	16256	22493	-6237
	Bhabar	6320	NA	-
	Mehsana	8888	21488	-12601
	Kadi	45856	62787	-16931
	Sabarkatha	2814	9489	-6675
	Gandhi Nagar	10650	20325	-9675
	Ahmedabad (Sanand)	4.8	7	-2
	Halvad	1359	2318	-960
	Junagadh	750	775	-25
	Dhrol	14	38	-24
Rajasthan	Jodhpur	1738	1450	288
	Sumerpur	1984	2696	-712
Total Arrivals/Above Markets		**149410**	**228733**	**-79323**

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