

Castor Domestic Fundamentals: -

- Castor seed markets in various trading hubs in Rajasthan and Gujarat traded weak during the week under review. Seed prices in Rajkot, Deesa, Patan and Sumerpur decreased almost by Rs 100 to Rs 150 per qtl during the week. Considerable decline in castor seed cash market is mainly attributed to weak inner tone and release of position in nearby months by stake holders.
- Prices are likely to decline more in the coming week as importers of castor oil are engaged in only needful buying. As they expect prices to fall more in anticipation of higher arrival, market is bound to trade lower. We expect market to stabilize near Rs 3675 to 3775 per qtl. by the end of February. Major arrivals are expected in the month of March-April.
- Some big players are active in the market and they would try to buy seed at lowest level in next two months as they are well aware of shortfall this year. After March –April market would start moving up and can test a new high.
- This year crop size is expected to be lower by 2 lakh tonne from previous year to 12.04 lakh tonne against last year's production of 14.04 lakh tonne. Traders estimate is even lower at around 11 lakh tonne. This indicates that crop is lower from last year from every point of view. This will fuel prices in the months ahead as the new crop's pressure comes to an end.
- This year area under castor seed decreased sharply from 11.77 lakh ha. to 9.84 lakh ha, almost 1.93 lakh ha. lower than 2012-13. Considerable decrease in area has been seen in Gujarat and Andhra Pradesh. Total area collectively in both states is lower by 1.58 lakh ha.
- Total availability this year is expected to remain at 15.38 lakh tonne against the last year's availability of 17.84 lakh tonne including carryout. Against this our domestic demand is around 17 to 18 lakh tonnes. Sensing the overall situation major players would hold on seed for long time and it will continue to fuel market throughout the lean season.
- Major importers of castor oil are buying only to fulfil their immediate requirement. They would start fresh buying during peak arrival season in March. By the time price of castor seed is expected to stabilize near Rs 3700 to 3800 per qtl.
- Among bulk buyers only Ruchi is active buyers while stockists and planters are buying to fulfil their immediate requirements. Market participants are well aware of the fact that seed production is lower by 2.5 to 3 lakh tonne this year from previous year.

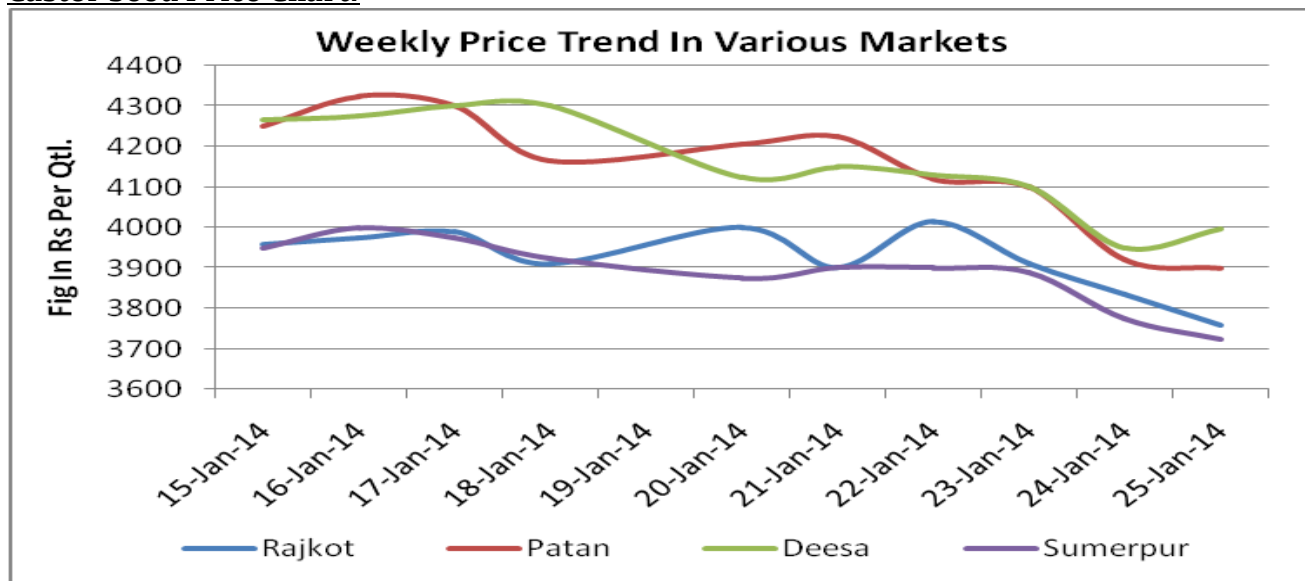
International Market Update:

- China, France, European Union and Australia remain the major buyers for Indian castor oil. However, domestic users like soap and paints industries would continue to buy for their normal needs. Some sluggishness in buying is visible at this point of time as importers are waiting for stabilization in the market. Castor oil is being exported from India at \$1250 to \$1275 per T while Rotterdam quotes \$1550 per T. This means Indian exporters have opportunity to get more price in the international market.

Domestic market Outlook:

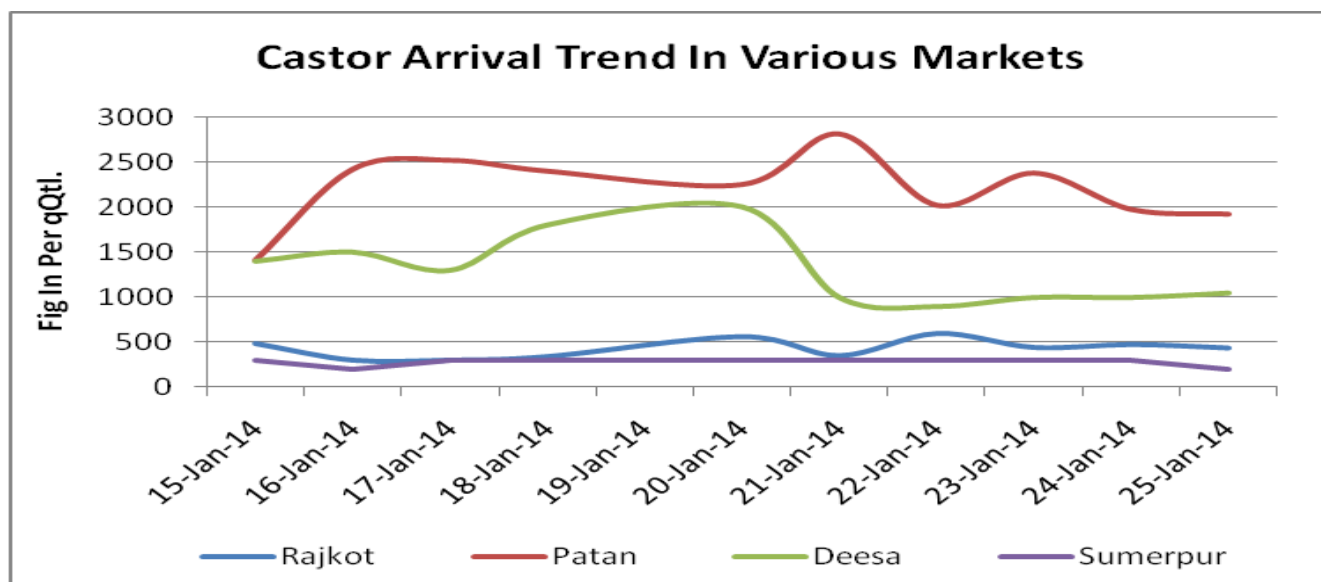
Market is likely to trade weak in the near term. Overall outlook remains bullish due to lower crop size and carryout stock.

Castor Seed Price Chart:



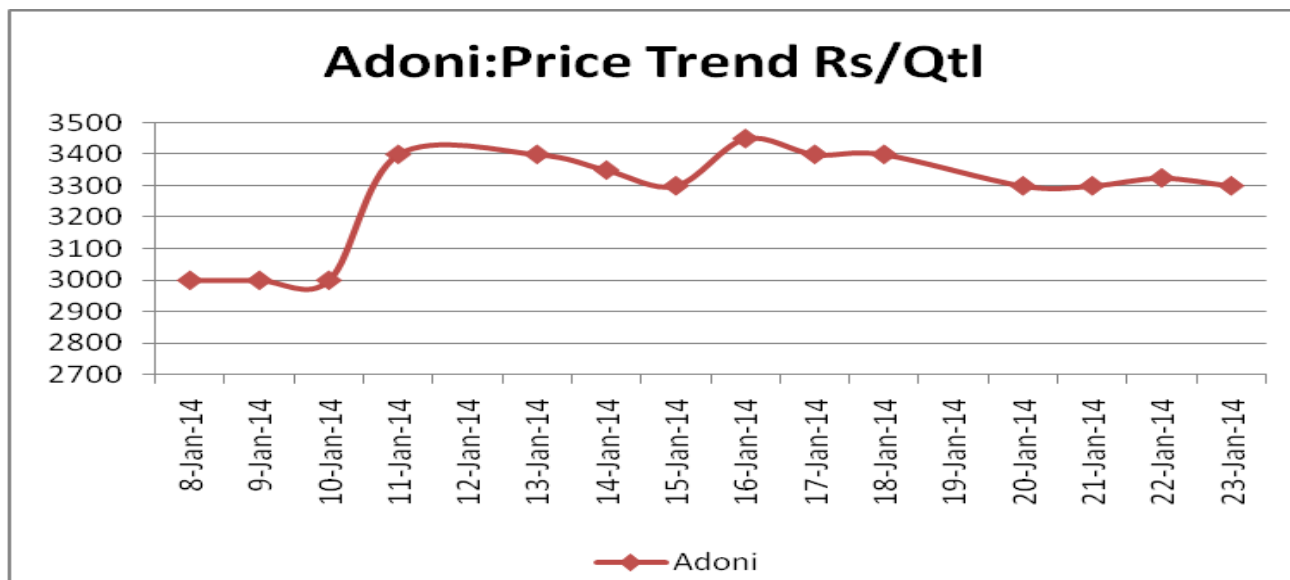
Castor seed prices in Sumerpur and Rajkot and Deesa decreased slightly during the week ended on 25th January, 2014. We expect prices to dip further with opening up weather at the end of this month. Arrivals are expected to improve from current level. However, in Deesa market prices increased to lower arrivals.

Castor Seed arrival Chart:



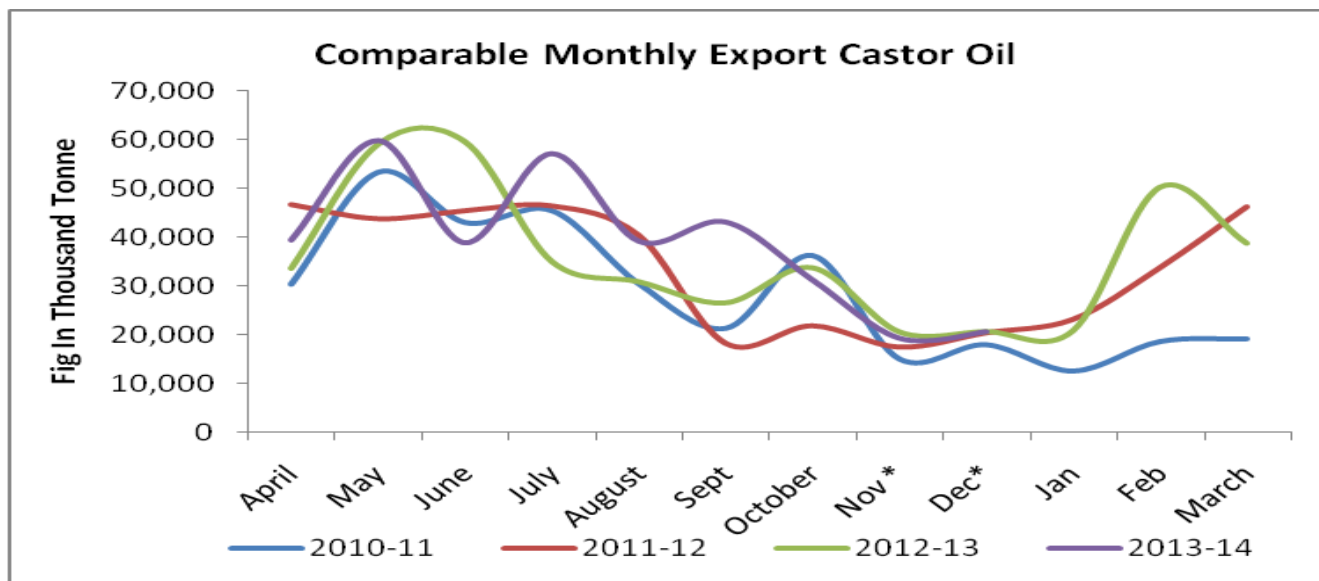
Castor Seed arrivals in major markets have almost steady during the week under review. Only needy farmers are selling seeds from early varieties. They too are releasing smaller quantity in anticipation of uptrend in near future.

Adoni Market(Andhra Pradesh):



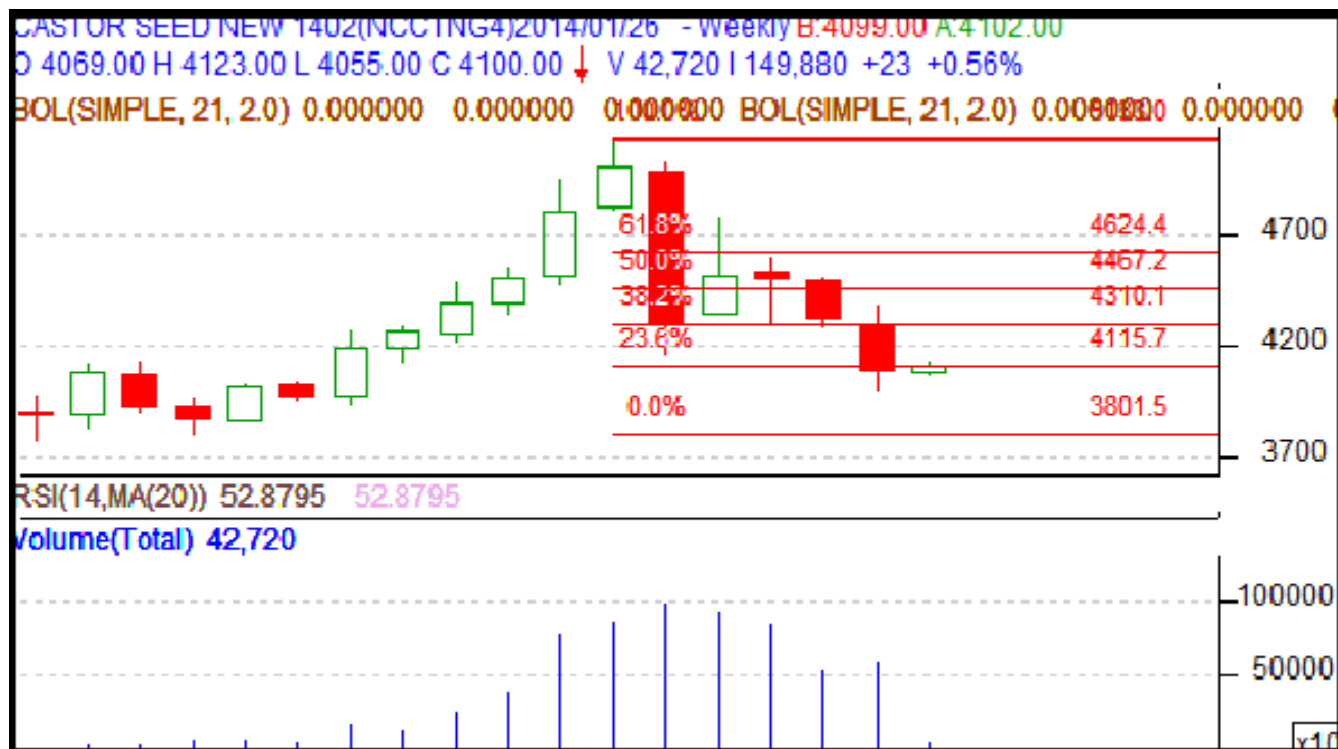
Prices in Andhra Pradesh too have declined during the week under review. Downward correction would continue and market may touch the level of first week of Rs 3000/Rs 3100 per qtl. by the end of February. However buyers are active in Andhra Pradesh as arrivals are higher there than other states like Rajasthan and Gujarat.

Castor Oil Export Trend:



Castor oil export have followed seasonality as usual. As Dec-Jan are considered lean season and prices rules higher, Export volumes come down generally in these months.. However it starts increasing from Feb. as arrival pressure starts building up. In the month of dec-2013 total export registered at around 20,000 tonne against last year's(2012-Dec)/ 20,235 tonne .

Technical Analysis:



Technical Commentary:

- Castor prices are still hovering in an uptrend; however, market is taking downward correction to regain the prices further.
- Prices are hovering at neutral region.
- Last candlestick depicts firmness.
- Players are advised to buy above the given level maintaining stop loss strictly at 3991.

Strategy: Buy

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Castor seed	NCDEX	Feb	4075	4102	4100	4249	4300
Intraday Trade Call			Call	Entry	T1	T2	SL
Castor seed	NCDEX	Feb	Buy	Above 4105	4200	4250	4070

Castor Seed Price: Week on Week Basis Ch.			
	25.01.2014	18.01.2014	Overall Ch
Rajkot	3760	3910	-150
Deesa	3997	4300	-303
Patan	3920	4300	-320
Sumerpur	3725	3925	-200

NCDEX Stock Position:

location	Dematted stock	In process	unit
Bhabhar	1415	0	MT
Deesa	10642	10	MT
Kadi	13912	687	MT
Patan	23289	801	MT

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