

Castor Domestic Fundamentals: -

- Castor seed prices traded under pressure on improved arrivals and weak inner tone in cash markets. Major players are offering lower prices for new seed as arrivals are bound to increase in the weeks ahead. Besides, Stake holders in the futures market have released their positions in near months sensing higher arrivals by the end of this month.
- Market participants expect decline in cash market price. Needful buying is taking place and castor oil demand from overseas market too has come down as major buyers expect more decline in castor seed market. 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.
- Prices of castor seed declined in the range of Rs 30 to Rs 45 per qtl. in Rajkot, Gondal and Patan, while some improvement has been seen in Deesa, Gondal and Adoni. Castor seed traded in the range of Rs 3750 to Rs 4050 per qtl. in various markets of Gujarat and Rajasthan.
- 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. As crop size is lower this year, any steep fall from this level is unlikely. Major players would be active around this level.

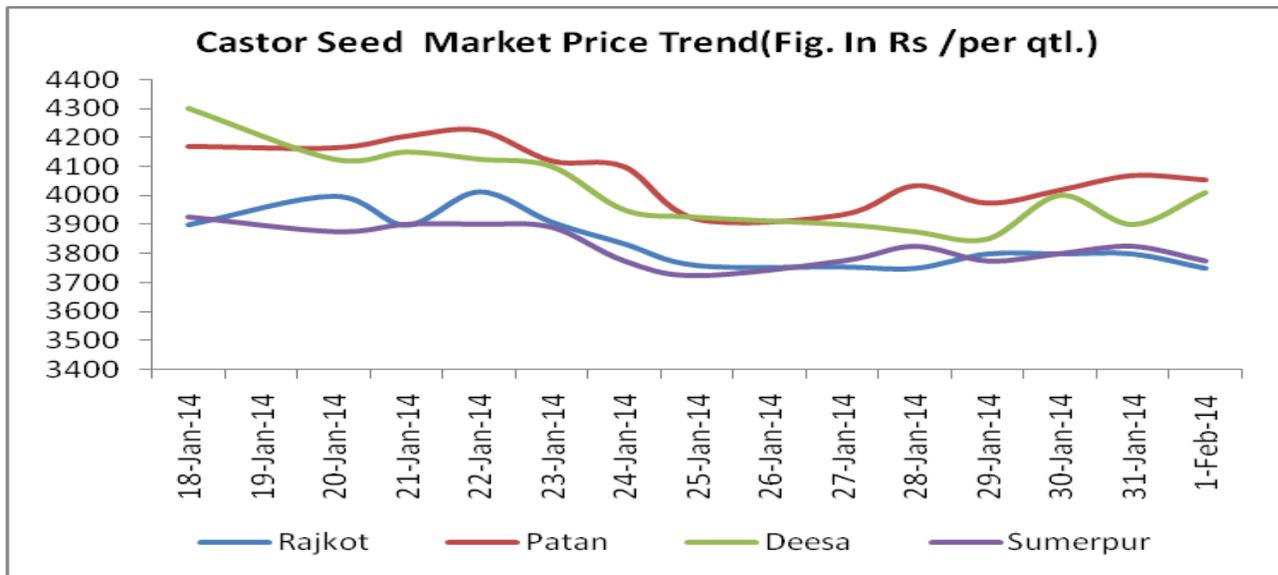
International Market Update:

- Major buyers for castor oil have slowed down their buying. They have bought to fulfil their immediate commitments. There was talk in the market that some forward deals have been struck below \$1250 per tonne last week.
- 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 \$1260 per T while Rotterdam quotes \$1540 per T. This means Indian exporters have opportunity to get more price in the international market.

Domestic market Outlook:

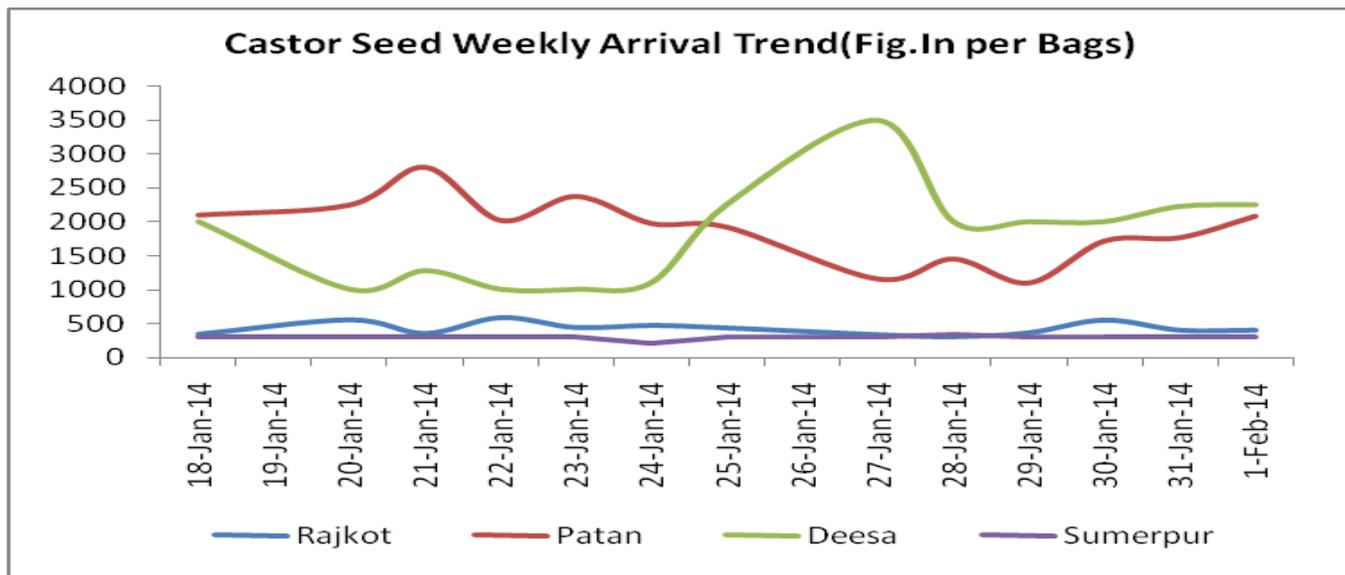
Market is likely to trade steady to slightly weak this week.

Castor Seed Price Chart:



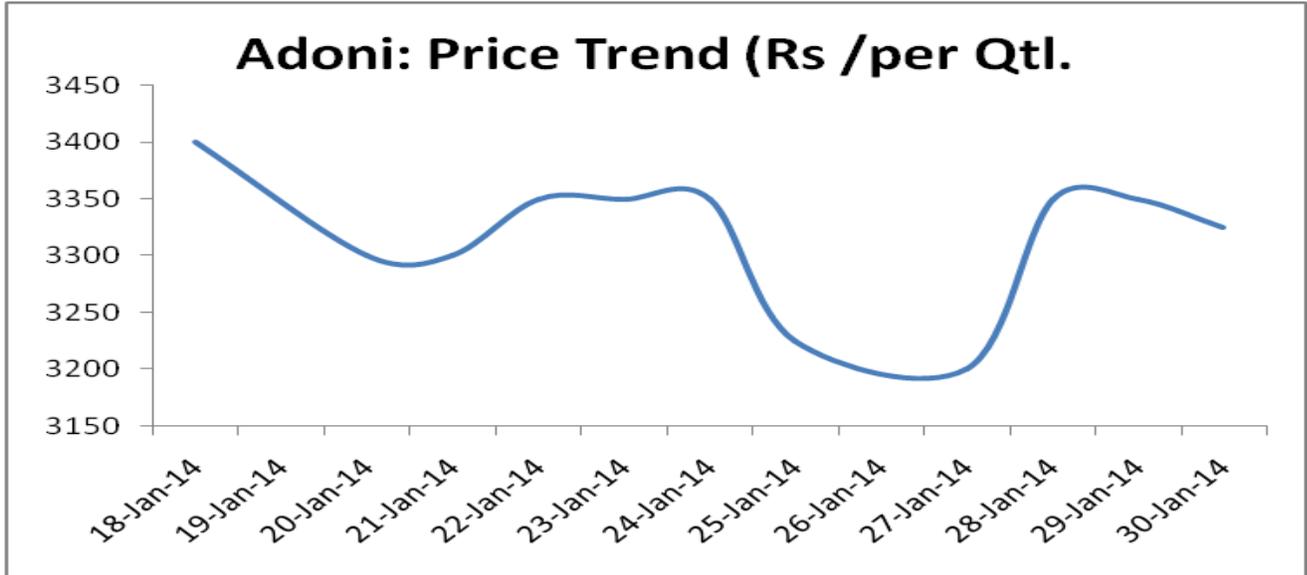
Castor seed prices in Sumerpur and Rajkot decreased slightly during the week ended 1st February, 2014. However, prices in Deesa improved slightly at weekend. We expect prices to dip further on expectation of higher arrivals. Arrivals are expected to improve from current level. Fresh buying spree is likely from mid Feb, 2014.

Castor Seed arrival Chart:



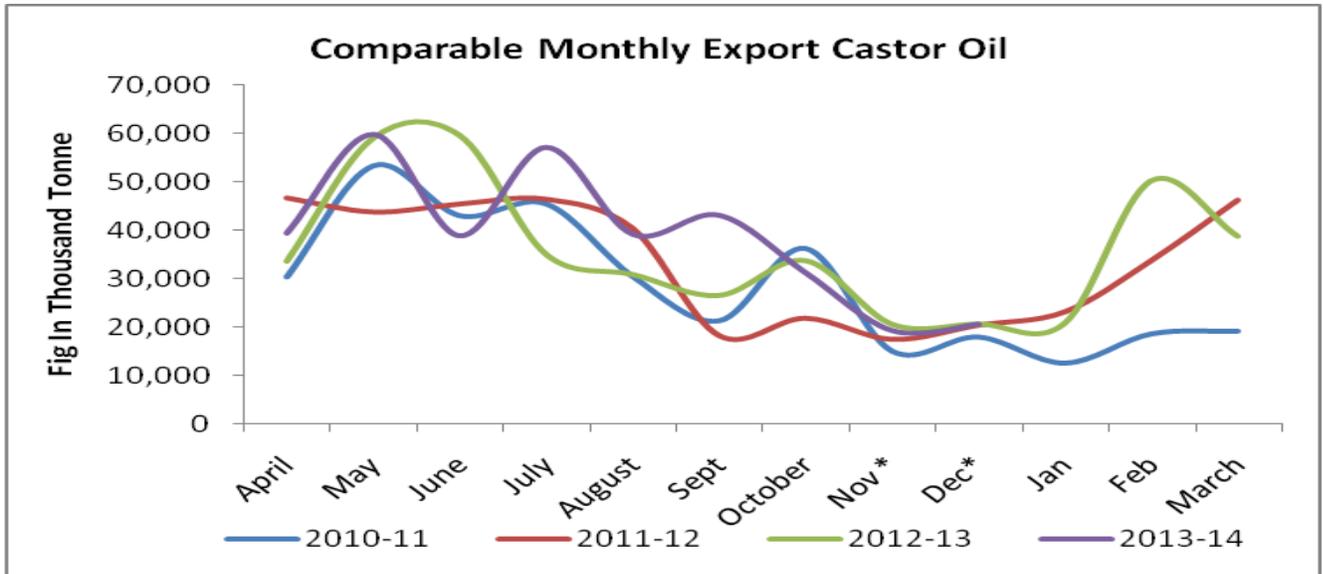
Castor Seed arrivals in major markets like Deesa and Patan have been on the rise during the week under review. However, it is almost steady in Sumerpur and Rajkot. Arrivals are expected to improve in the weeks ahead

Adoni Market(Andhra Pradesh):



Prices in Andhra Pradesh too have declined during the week under review. However, more dip from current level is unlikely as buyers are active there. Market may touch Rs 3000/Rs 3100 per qtl. by the end of February. Arrivals are hovering around 300 to 500 qtl. per day.

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 4065.

Strategy: Buy

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Castor seed	NCDEX	Feb	4066	4091	4105	4201	4300
Intraday Trade Call			Call	Entry	T1	T2	SL
Castor seed	NCDEX	Feb	Buy	Above 4090	4170	4200	4065

Castor Seed Price: Week on Week Basis Ch.			
	01.02.2014	25.01.2014	Overall Ch
Rajkot	3750	3760	-10
Deesa	4010	3997	-13
Patan	4055	3920	-135
Sumerpur	3775	3725	50

Castor Seed Arrivals on 1.02.2014

Commodity	Center	Market	Fig. in per bags(80kg)		Change
			1-Feb-14	31-Jan-14	
Castor Seed	Gujarat	Rajkot	400	400	Unch
		Gondal	141	165	-24
		Patan	2084	1765	319
		Deesa	2227	2000	227
		Mehsana	250	200	50
		Kadi	1500	1000	500
	Rajasthan	Sumerpur	300	300	Unch
	Total Arrival			6902	5830

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