

Castor Domestic Fundamentals: -

- **As expected in the month of May, castor seed and its products posted** smart gains in major trading hubs in Rajasthan, Gujarat and Andhra Pradesh in June. Average monthly price of seed increased from Rs 3940.27 to Rs 4096.17 per qtl. up to 24th June, 2014. Seed price in last one month increased by 3.95 percent. The upward momentum is likely to continue as lower production, private stock retention (around 3 lakh tonnes) and good demand for oil and oil-meal from overseas markets remain supportive for seed market fundamentals. However, profit booking at higher level may lead to downward correction in the short term.
- **As availability of seed for crushing has declined fast during last one month,** prices are getting firmer week on week basis. Seed crushing in June upto 24th of the month was reported 75,000 tonnes and total crushing may end up with 90,000 tonnes against the normal monthly demand for one lakh tonne seed.
- **Oil demand from overseas market including domestic demand exceeded** 60,000 per month now and it is likely to continue with same pace for next two three months. On the basis of 47/48 percent oil recovery planters are able to produce only 42 to 43 thousand tonnes of oil per month. This denotes shortfall in production against oil demand and hints towards bullish outlook from second week of July.
- **Market participants expect that farmers have retained almost** 15 to 20 percent marketable surplus and would release it in Nov. Dec when prices are expected to be at highest level. Stockists/ major stake holders too would not release stock at a time. They would prefer to release stock in parts to keep market buoyant.
- **FOB Quote for Castor oil first grade at Kandla has decreased** from \$1510 to \$1500 per tonne in last one week. However, it is almost 13 percent higher than the price realised in June 2013. As market sentiment remains firm with good back up by demand, it may cross \$1550 in August. In local market commercial grade castor oil is being quoted at Rs 8800 per quintal, in \$ term it comes to \$1485/1490 per tonne. It is 18.0 percent higher than the price in June, 2013.
- **Seed and meal prices have decreased in the week under review.** Castor seed Gujarat ex-mandi price (fine variety) too have decreased from Rs 43750 to Rs 43150 per tonne. It is ruling higher by 18 percent from June, 2013. Castor meal export price for bulk quantity stayed steady at \$115 per tonne. It is higher by 17.39 percent from June 2013. Demand is good and uptrend is likely to continue.
- **Govt has released third adv. Estimate of foodgrains** for 2013-14 on 15, May, 2014. The govt. has estimated 16.64 lakh tonne production this year against the target of 15.81 lakh tonne. Market participants are surprised to see the inflated figure of castor seed production this year. Govt.. Market experts see production at around 11.5 to 11.8 lakh tonne. Trans-planting of castor seed would start by the end of this month.
- **Overall outlook for castor oil, seed and meal remains firm for July.** Short supply of seed and regular demand of oil in domestic and international market would continue to support cash market. However, progress of monsoon needs to be watched closely. Adverse weather can impact guar area in Gujarat and if crop gets damaged, farmers would prefer to use this area for castor seed. If it happens so, castor production may increase considerably, given the trend of deficit rainfall so far.

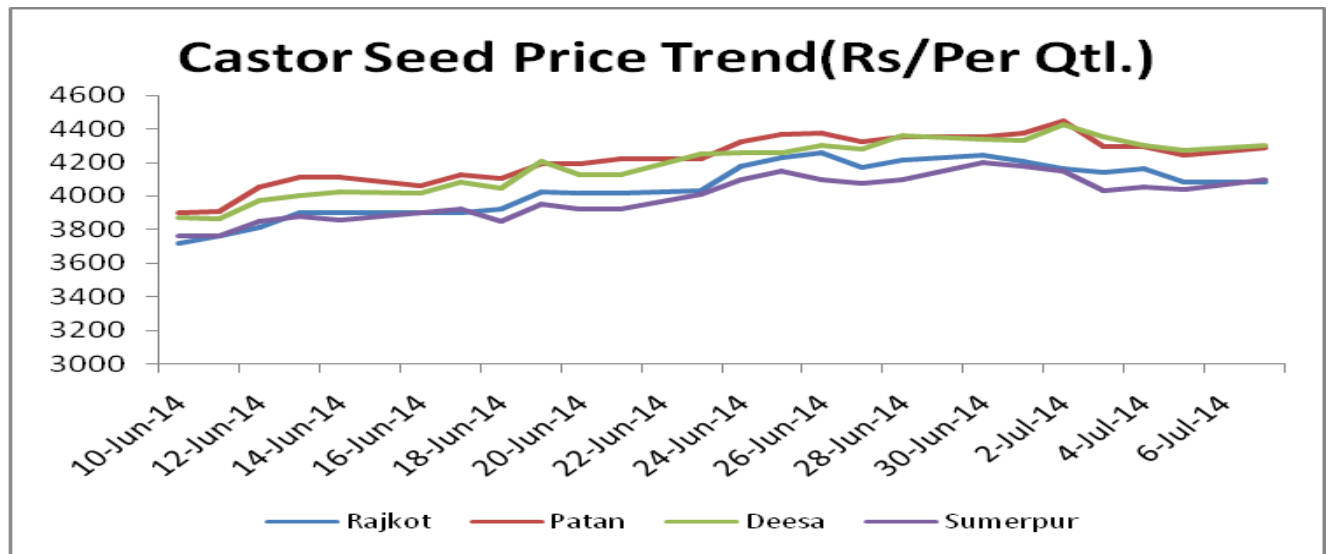
International Market Update:

- **FoB quotes for castor oil at Kandla are being quoted around \$ 1500 to \$1505** for export. Price has decreased almost \$5 to \$10 per tonne in last one week as seed prices declined on selling pressure. Stockists released 15 to 17 percent stock to avail the benefit of higher price. Demand for castor meal and oil continues from EU, USA and China. As buyers remain active FOB price is bound to go up in July end and August. Export quote for meal stayed steady at \$115 per tonne. China, EU and Belgium brought almost 4500, 5500 tonne meal respectively in last two weeks.
- **Price of castor oil in Rotterdam too has increased from \$1685 to \$1825** per metric tonne during last ten days. As castor oil prices are moving up in domestic market, oil price in Rotterdam is bound to increase. EU and China would remain major oil importer as oil consumption in these countries are increasing at the rate of 7 to 8 percent per year.
- **US and Chinese buyers may enter into the market from mid July for fresh buying** as they have stock only for a month's requirement.

Domestic market Outlook:

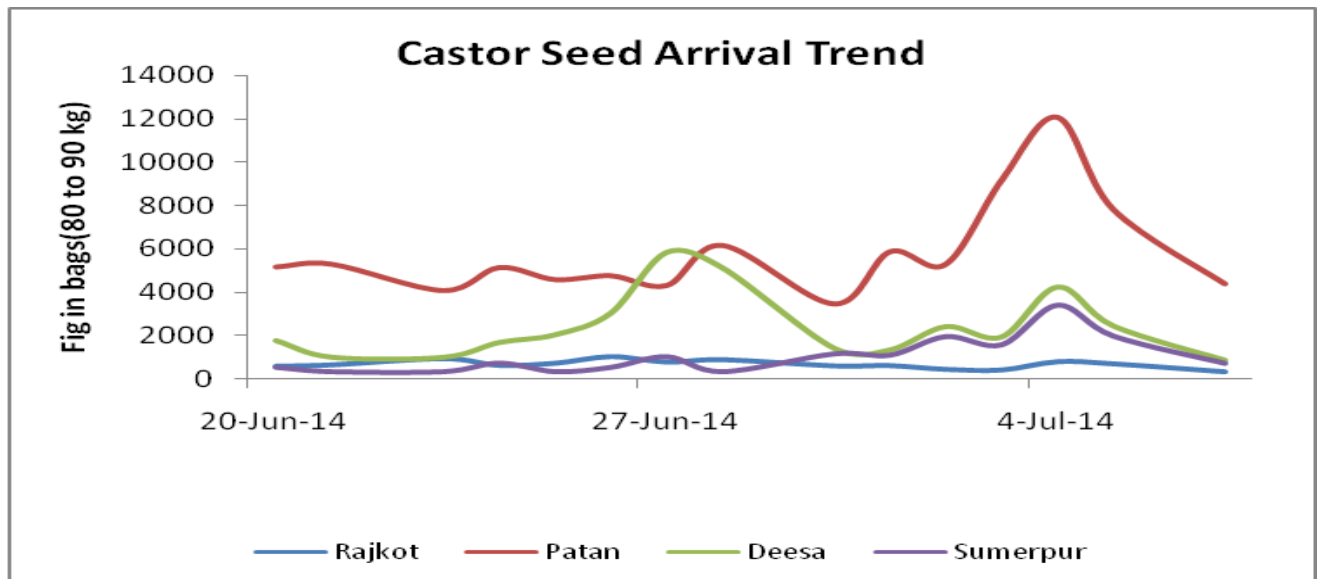
Market is likely to trade firm in the second week of July.

Castor Seed Price Chart:



Cash market traded up during the first week of July after a downward correction in major bench mark markets. At the end of the first week prices move up once again. Market participants expect uptrend to continue as there is a visible short supply of seed. Lower supply of seed and continuous demand for oil would lend support to seed markets. Stockists have to prove their ability.

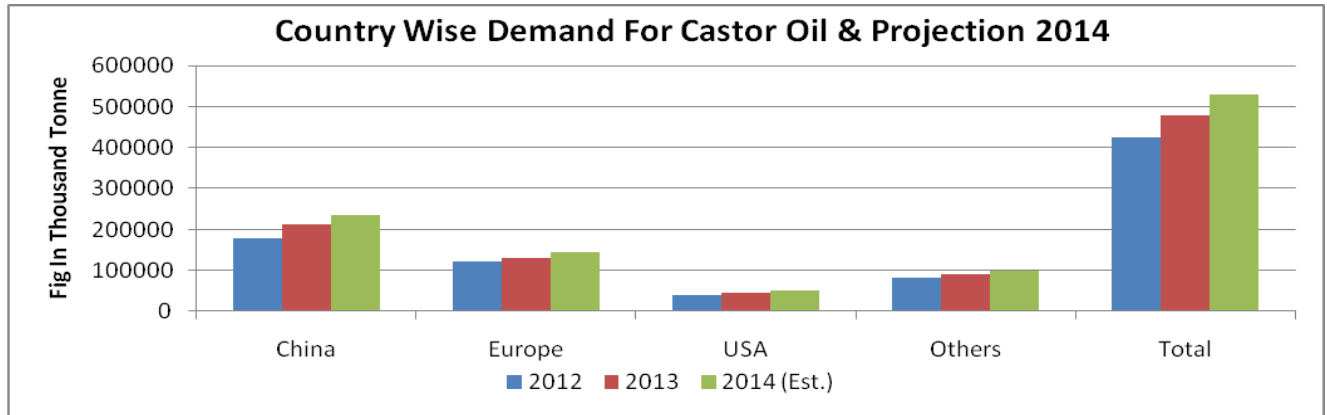
Castor Seed arrival Chart:



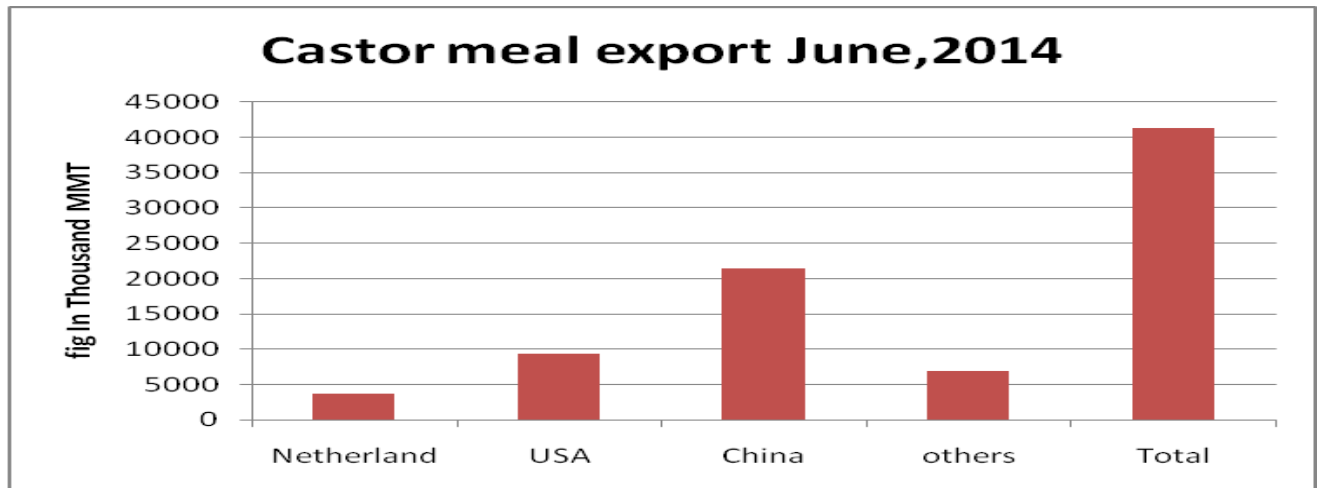
Castor seed arrivals have decreased considerably in Patan in the week under review. Even in other markets it has decreased too on selling pressure. However, it trades steady in Rajkot. Now arrivals would decrease further as most farmers have sold out their stock (almost 80 percent). The rest marketable surplus would hit the market in Nov-Dec when prices are expected to rule the highest level. This may support price once again.

Country Wise Demand For Castor Oil:

Big buyers like China,EU and US would continue to buy oil with higher pace.Total import by china may cross 2.2 lakh tonne this year. This hints monthly average buying by China at 18000 tonnes.EU countries would buy 10,000 tonnes of oil on an average monthly basis. China has brought over 60,000 tonnes of oil from April.EU buying in last three months up to June has touched 28550 tonne. US monthly buying has been steady at 4250 tonne.



Castor Meal Export:

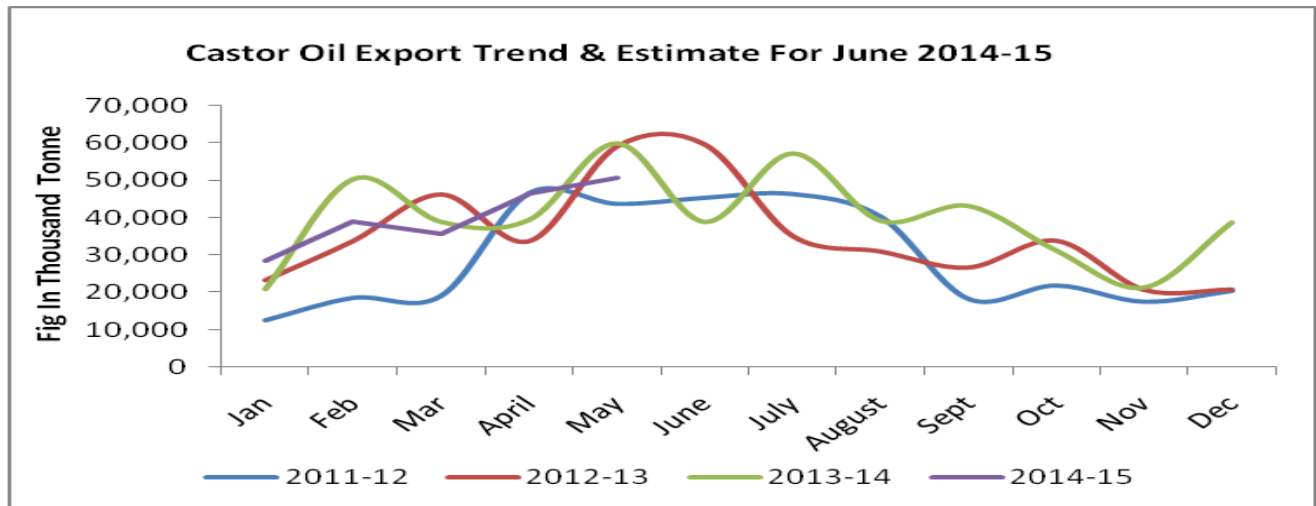


Castor meal export during the fourth week of June was registered at around 41,300 Metric tonne, higher by 1.5 percent percent from previous month. Major buyers were China , USA and Netherland. Japan and Uk too have brought small quantity. The same buying trend is expected in the first week of July. FOB quotes from Kandla are \$115 per tonne and may stay steady in the first week of July.

Cash Market Price Outlook For Deesa Spot:

Expected Range	Rs/Qtl.(Low)	Rs /Qtl.(High)
Short term (15 days)	4300-4350	4350-4450
Medium Term (30 days)	4450-4550	4550-4650

Castor Oil Export Trend:



China, Netherland and USA remained the active buyers among others in the month of June. South Korea brought meal and oil too but in smaller quantity. Oil export quantity for export from 9th to 16th June has registered at 10,300 metric tonne as per IBIS data. In June export volume may increase further due to improvement in demand and total quantity may cross at 50,000 tonne.FOB quote for export for the week registered at \$1550 per tonne from \$1540 per tonne in previous week.

Comparative Prices Of Castor Products Including Seed					
	4th July'14	27th June'14	4th June'14	4th July'13	Change % from last year
Castorseed (Gujarat)((Rs./M.T) Ex-Mandi	43150	43750	39750	35254	18.30
Castor Meal Export (FAS) (US\$ / MT),Ex Kandla	115	115	105	95	17.39
EXPORT (FOR) Ports (Rs./MT)Castor meal bulk Kandla	6350	6350	6300	5289	16.71
Castor Oil (First Grade) FOB Kandla (Export)	1500	1510	1390	1264	15.73
Local rates in domestic market(Rs./M.T.) for comm.	88000	87500	81500	72067	18.11

Technical Analysis:



Technical Commentary:

- Candle stick pattern shows firmness to continue in the market.
- Nearest by support is 4350 while the first resistance is 4500.
- RSI is hovering in neutral zone.
- Players are advised to buy in between 4370-75 maintaining stop loss strictly at 4345.

Strategy: Buy On Dip

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Castor seed	NCDEX	July	4301	4370	4435	4500	4576
Intraday Trade Call			Call	Entry	T1	T2	SL
Castor seed	NCDEX	July	Buy	In-between 4370-75	4450	4575	4345

Castor Seed Weekly Prices on 4.7.2014

Commodity	Center	Market	Price (Rs/Q)		Change
			4-Jul-14	27-Jun-14	
Castor Seed	Rajasthan	Sumerpur	4050	4075	-25
		Jodhpur	3900	4100	-200
	Gujarat	Rajkot	4165	4170	-5

	Gondal	4180	4180	Unch
	Patan	4295	4320	-25
	Deesa	4300	4280	20
	Mehsana	4200	4250	-50
	Kadi	4550	4360	190
	Ahmedabad	4150	4200	-50

Castor Price Weekly						
Commodity	Center	Market	Price (Rs/Q)			
			Today	Week Ago	Month Ago	6 Month Ago
			4-Jul-14	27-Jun-14	4-Jun-14	4-Jan-14
Castor Seed	Rajasthan	Sumerpur	4050	4075	3700	4054
		Jodhpur	3900	4100	3500	NR
	Gujarat	Rajkot	4165	4170	3725	4040
		Gondal	4180	4180	3805	NR
		Patan	4295	4320	3915	4325
		Deesa	4300	4280	3845	4459
		Mehsana	4200	4250	3825	NR
		Kadi	4550	4360	3840	NR
		Ahmedabad	4150	4200	3850	NR

Castor Seed Weekly Arrivals Scenario on 4.7.2014

Commodity	Center	Market	Fig. in Quintal		Change %
			4-Jul-14	27-Jun-14	
Castor Seed	Rajasthan	Sumerpur	1600	2480	-35.48
		Jodhpur	1200	1800	-33.33
	Gujarat	Rajkot	3740	4785	-21.84
		Gondal	2123	2857	-25.69
		Patan	42058	28183	49.23
		Deesa	13199	11704	12.77
		Mehsana	7140	4600	55.22
		Kadi	11285	11112	1.56
		Other Gujarat	133255	123159	8.20
Total Arrival			215600	190680	13.07

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