

Castor Domestic Fundamentals:-

- **Castor cash market trades under pressure and more downward** correction is expected this week too as buyers are watching market's move very carefully at this point of time. Mostly cash markets traded down taking clue from futures market during the week under review. Supply side improved considerably during the week.
- **Major cash markets like Rajkot , Gondal, Patan, Deesa, Mehsana, Kadi,** Ahmedabad decreased in the range of 0.5 to 3.5 percent during the week. Major dip has been seen in Kadi where price dipped from Rs 4450 to Rs 4200 per qtl. Ample delivery is due this month from NCDEX go-downs. Besides, stockists have released almost 15 to 18 percent seeds for taking advantage of higher price in the cash market.
- **Actually rainfall status would set the direction for castor seed for** third quarter. If it improves in next ten days castor market would increase further. However, if it gets delayed by 15 days from now area under castor seed would increase in Rajasthan and Gujarat. Farmers would prefer to sow it in Guar field as has been seen in past years.
- **There is a general view in the market that seed price would go up** once again after July contract expiry. By then rainfall status would be clear in major kharif growing belts of Rajasthan and Gujarat. The sowing would start by the end of July in Andhra Pradesh, followed by Rajasthan and Gujarat in August. Castor meal FOR is being quoted at Rs 6300 per tonne, slightly lower (Rs 6350 per tonne) than last week. However, it is 16.05 percent higher than the price realized during July 2013.
- **FOB Quote for Castor oil first grade at Kandla has decreased** from \$1500 to \$1475 per tonne in last one week. However, it is almost 14.31 percent higher than the price realised in July 2013. Firmness would depend on rainfall status in the month of July. If the growing region receives the normal rainfall in it would be restrictive for any bull run in the market. In local market commercial grade castor oil is being quoted at Rs 87000 per tonne, almost Rs 1000 per tonne lower from last week. In \$ term it comes to \$1456/1457 per tonne. It is 17.16 percent higher than the price in June, 2013.
- **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** August. However, rainfall status remains crucial for any bull run. Short supply of seed and regular demand of oil in domestic and international market would continue to support cash market. New arrivals would start in December from Andhra Pradesh. However, lower quantity would not impact market in the beginning of the fourth quarter. 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.

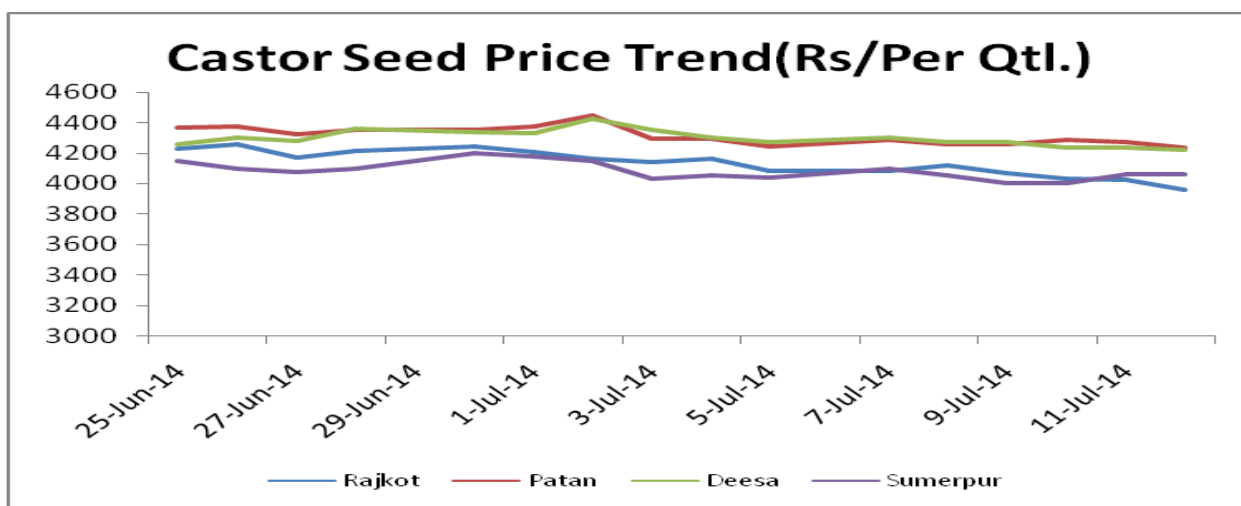
International Market Update:

- **FoB quotes for castor oil at Kandla are being quoted around \$ 1475 per tonne** for export. Price has decreased almost \$25 per tonne in last one week as seed prices declined on selling pressure. Seed availability for this month is ample as considerable quantity from NCDEX ware houses for delivery in July is due.
- **Demand for castor meal and oil continues from EU, USA and China.** However, recent dip has slowed down fresh deal for the same. As buyers remain active FOB price is bound to go up in the fourth week of July and August. Export quote for meal stayed steady at \$110 per tonne.
- **Price of castor oil in Rotterdam too has decreased from \$1830 to \$1755** per metric tonne during last ten days. As castor oil prices are moving down in domestic market, oil price in Rotterdam is bound to decrease slightly for short term. 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 by the end of July for fresh buying** as they have stock only for a month's requirement.

Domestic market Outlook:

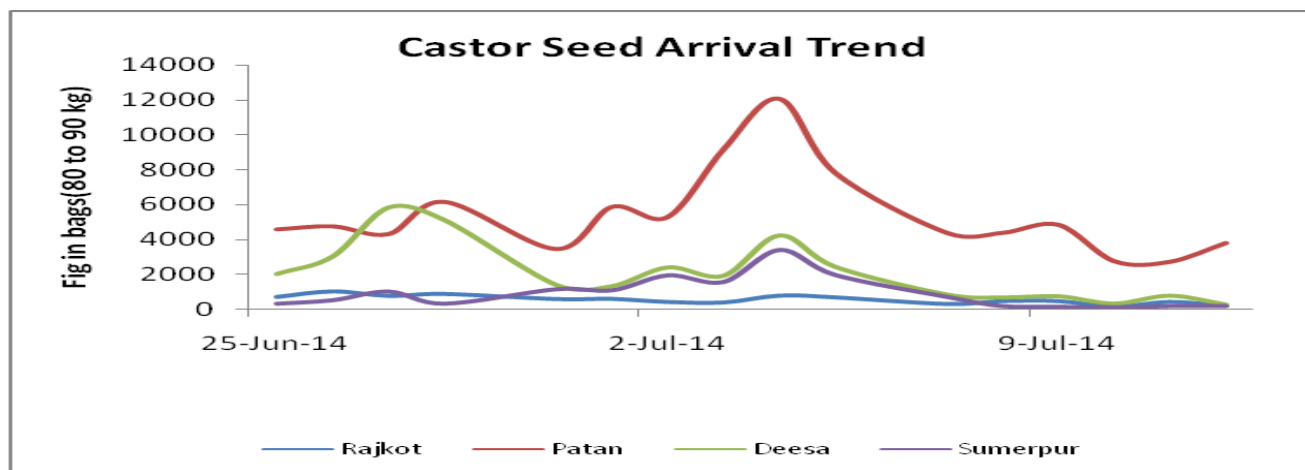
Market is likely trade flat to slightly weak in the third week of July.

Castor Seed Price Chart:



Cash market traded down during the second week of July after a downward correction in major bench mark and futures markets. At the end of the second week prices continue to move down. Market participants expect more dip this week as there is an ample supply of seed including delivery from NCDEX warehouses. However, rainfall in coming weeks remains crucial for cash market directional move. We need to have a close eye on weather development.

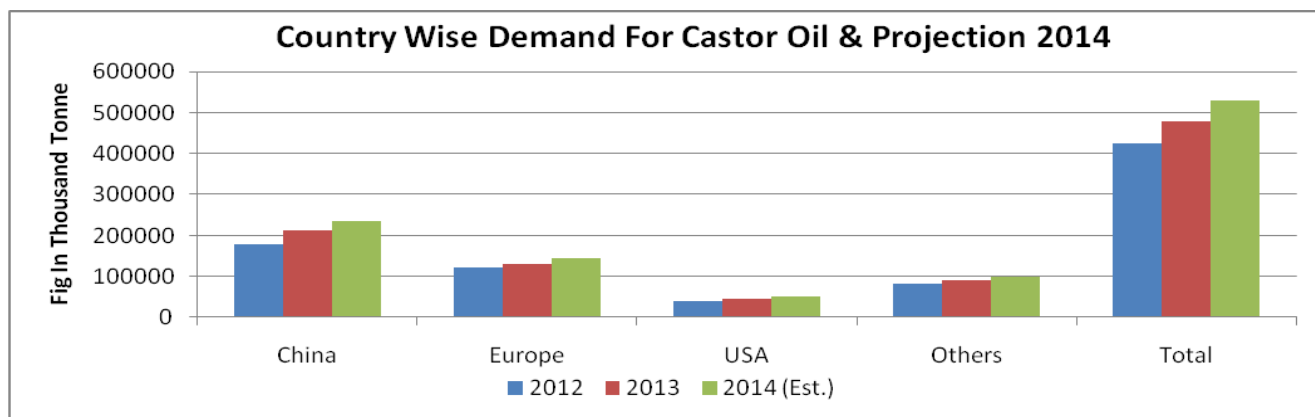
Castor Seed arrival Chart:



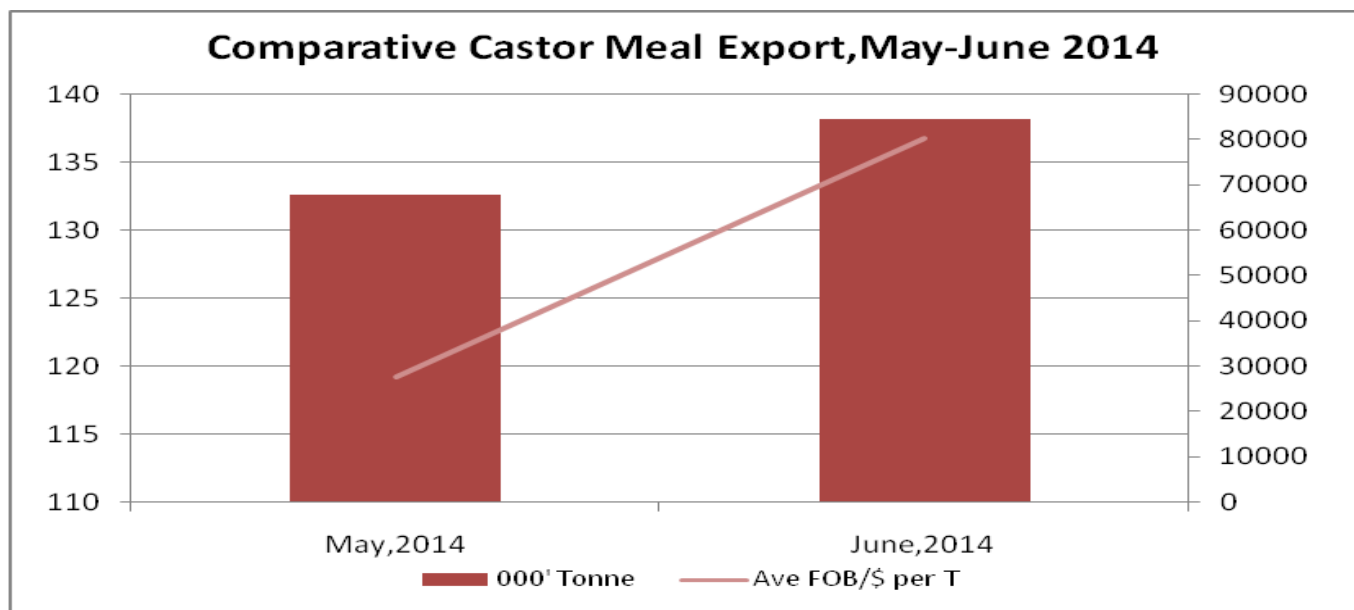
Castor seed arrivals have increased considerably in Patan in the week under review. However, in other markets it has decreased as stockist's restricted release in falling market. Now arrivals would decrease further as most farmers have sold out their stock (almost 80 percent). The rest marketable surplus would hit the market in Nov-Dec when prices are expected to rule the highest level. Sowing progress in August would direct the volume of arrivals in the weeks ahead.

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:

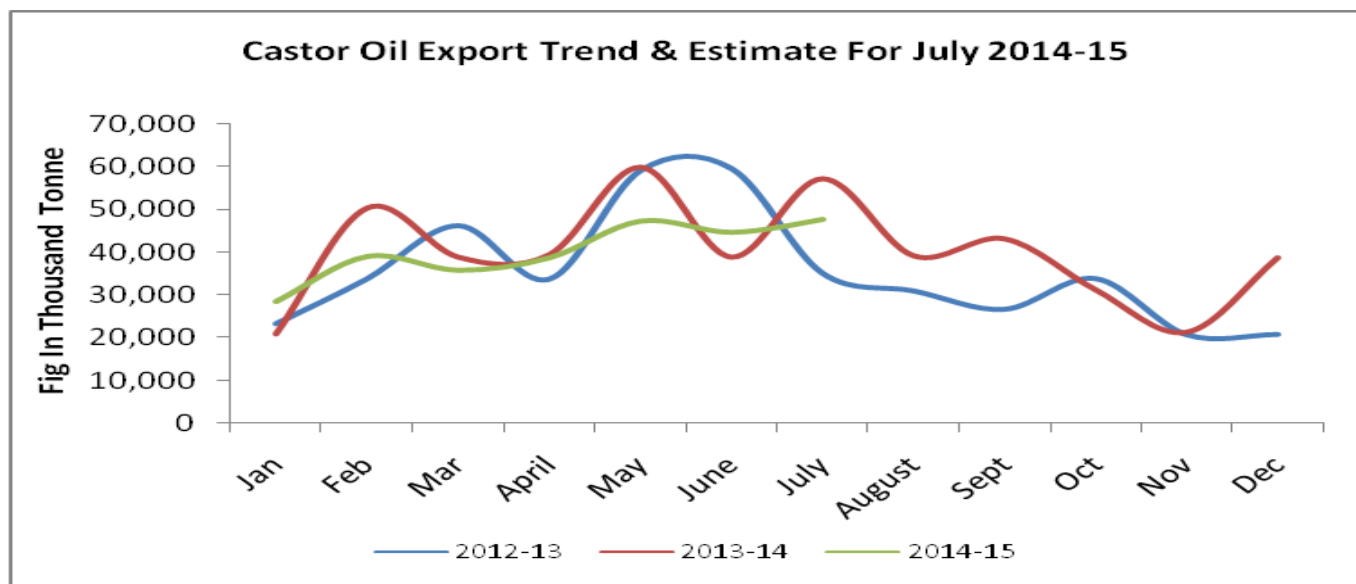


Castor meal export crossed over 85000 tonne in June against over 63000 tonne in May 2014.Average FOB quote too Castor meal export continues to increase from May to June 2014, as the chart shows. Total meal export increased from \$115 to \$ 135 per tonne during the same.However,FOB Kandla for bulk delivery is quoted at \$110 per Tonne.

Cash Market Price Outlook For Deesa Spot:

Expected Range	Rs/Qtl.(Low)	Rs /Qtl.(High)
Short term (15 days)	4250-4300	4300-4350
Medium Term (30 days)	4350-4450	4450-4500

Castor Oil Export Trend:



China, Netherland, Japan and USA remained the active buyers among others in the month of July. South Korea brought meal and oil too but in smaller quantity. Oil export in June was registered at 49,245 metric tonne as per IBIS data. In July export volume may increase further due to improvement in demand and total quantity may cross over 50,000 tonne. FOB quote for export for the week registered at \$1475 per tonne from \$1500 per tonne in previous week.

Comparative Prices Of Castor Products Including Seed					
	11th July'14	4th July'14	11th June'14	11th July'13	Change % from last year
Castorseed (Gujarat)((Rs./M.T) Ex-Mandi	43000	43150	40000	35254	18.01
Castor Meal Export (FAS) (US\$ / MT), Ex Kandla	110	115	110	95	13.64
EXPORT (FOR) Ports (Rs./MT) Castor meal bulk Kandla	6300	6350	6250	5289	16.05
Castor Oil (First Grade) FOB Kandla (Export)	1475	1500	1400	1264	14.31
Local rates in domestic market(Rs./M.T.) for comm.	87000	88000	81500	72067	17.16

Technical Analysis:



Technical Commentary:

- Candle stick pattern shows weakness to continue in the market.
- Nearest by support is 4250 while the first resistance is 4450.
- RSI is hovering in neutral zone.
- Players are advised to buy in between 4250-55 maintaining stop loss strictly at 4225.

Strategy: Buy On Dip

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Castor seed	NCDEX	August	4201	4249	4327	4401	4576
Intraday Trade Call			Call	Entry	T1	T2	SL
Castor seed	NCDEX	August	Buy	In-between 4250-55	4350	4400	4225

Castor Seed Weekly Prices on 11.7.2014

Commodity	Center	Market	Price (Rs/Q)		Change
			11-Jul-14	4-Jul-14	
Castor Seed	Rajasthan	Sumerpur	4060	4050	10
		Jodhpur	NA	3900	-
	Gujarat	Rajkot	4025	4165	-140
		Gondal	4080	4180	-100
		Patan	4270	4295	-25
		Deesa	4235	4300	-65
		Mehsana	4175	4200	-25
		Kadi	4200	4550	-350
		Ahmedabad	4175	4150	25

Castor Price Weekly						
Commodity	Center	Market	Price (Rs/Q)			
			Today	Week Ago	Month Ago	6 Month Ago
			11-Jul-14	4-Jul-14	11-Jun-14	11-Jan-14
Castor Seed	Rajasthan	Sumerpur	4060	4050	3750	4000
		Jodhpur	NA	3900	3650	NR
	Gujarat	Rajkot	4025	4165	3765	4045
		Gondal	4080	4180	3655	NR
		Patan	4270	4295	3910	4325
		Deesa	4235	4300	3865	4350
		Mehsana	4175	4200	3825	NR
		Kadi	4200	4550	3320	NR
		Ahmedabad	4175	4150	NR	NR

Castor Seed Weekly Arrivals Scenario on 11.7.2014

Commodity	Center	Market	Fig. in Quintal		Change %
			11-Jul-14	4-Jul-14	
Castor Seed	Rajasthan	Sumerpur	920	1600	-42.5
		Jodhpur	640	1200	-46.67
	Gujarat	Rajkot	2566	3740	-31.39
		Gondal	1910	2123	-10.03
		Patan	26350	42058	-37.35
		Deesa	4826	13199	-63.44
		Mehsana	5680	7140	-20.45
		Kadi	7969	11285	-29.38
		Other Gujarat	104699	133255	-21.43
	Total Arrival		155560	215600	-27.85

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