

### **Castor Domestic Fundamentals: -**

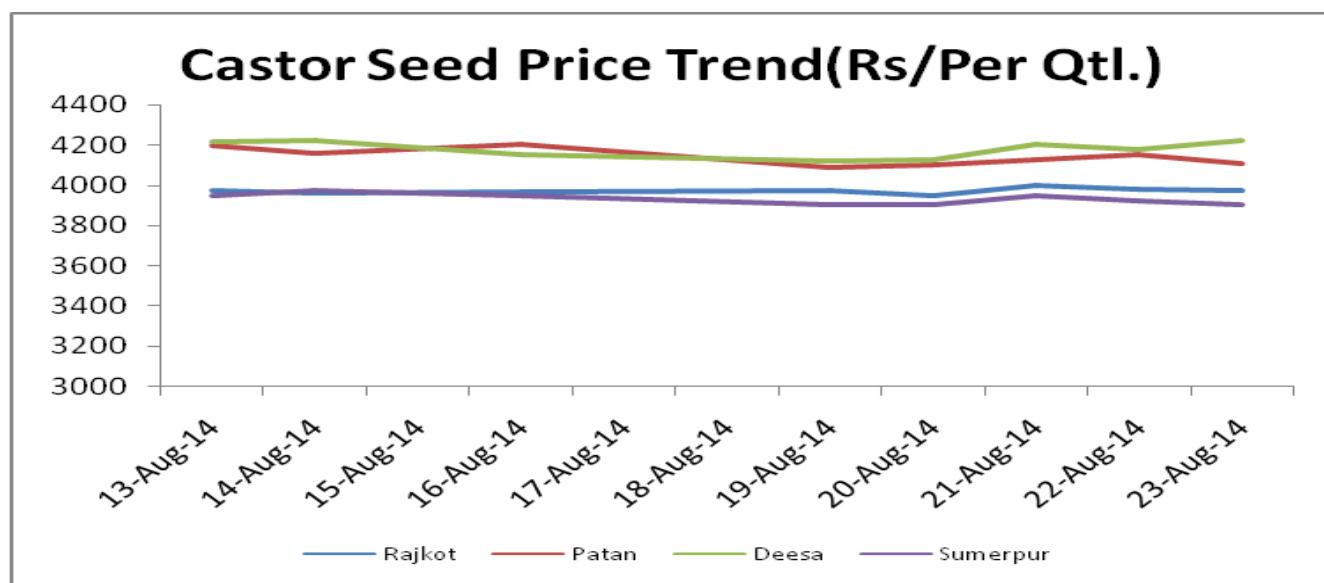
- **Castor seed market traded weak during the week** ended 23<sup>th</sup> August, 2014. Improved coverage area and sluggish demand for castor products at this point of time remain the price limiting factors. Seed market is likely to trade range bound to slightly weak in the weeks ahead. Fresh buying interest may be seen by the end of this month.
- **Planters are offering Rs 790 per 20 kg. In Mehsana and are unwilling to** offer higher price for castor seed at this point of time. Castor oil FOB quote is hovering in the range of \$1440 to \$1442 per tonne. As area coverage has improved considerably amid sluggish demand, any uptrend in the short term is unlikely.
- **Area coverage till 14<sup>th</sup> August has been registered at 5.52 lakh ha.,** higher than last year (4.89 lakh ha.) till date. Normal area for whole kharif season is 10.37 lakh ha. Area under castor seed is likely to increase at least by 9 to 10 percent from 9.83 to 10.54 lakh ha. in 2014-15. However, it would not impact price much in the third quarter, as new crop would hit market next year in January.
- **No major change in castor products price has been** witnessed from previous trading session. Castor meal FOR is being quoted at Rs 6300 per tonne at previous trading session. It is higher by 12.5 percent from August 2013.. FOB Quote for Castor oil first grade at Kandla has increased from \$1440 to \$1445 per tonne in last one week. However, it is almost 19.32 percent higher than the price realised in August 2013. Castor meal export price for bulk quantity too has traded at same level at \$108 per tonne. It is higher by 12.50 percent from August, 2013.
- **Castor seed x-mandi price in Gujarat has declined slightly from Rs 43000** per tonne to Rs 42750 per tonne during the week. Price of seed was hovering near 43000 per tonne in the second week of July. However, it was ruling at Rs 35135 per tonne in August 2013, almost 17.86 percent lower than current price. Any major dip from current level is unlikely as stockists have preferred to hold stock than to sell it at lower price.
- **Govt has released fourth adv. Estimate of food grains for 2013-14 on 14,** August, 2014. The govt. has estimated 16.89 lakh tonne production this year against the target of 15.81 lakh tonne. Govt's production target for 2014-15 has been set at 16.65 lakh tonne.
- **Overall outlook for seed market remains steady to** slightly weak in the short term. Buyers for bulk buying may enter into the market by August end. Players/stake holders may go for buying in futures contract in long months after expected dip of Rs 50 to Rs 60 per qtl. from current level.

### **International Market Update:**

- **FoB quote for castor oil at Kandla has increased from** \$1430 to \$1440 for export in last three days. Price has increased almost \$10 per tonne today despite lower quotes for seed. Buyers like China, EU and Japan may enter in to the market in second half of August for bulk buying.
- **Demand for castor meal continues from EU, USA and China. However,** recent dip has slowed down fresh deal for the same. As buyers remain inactive FOB price is bound to stay steady in the third week of August. Export quote for meal increased slightly by \$2 to \$108 per tonne today.
- **Price of castor oil in Rotterdam too has decreased from \$1730 to** \$1710 per metric tonne during last one weeks. Buyers like EU, USA and China remain sidelined.
- **As buyers are well aware of emerging scenario of seed any steep** fall from current level is unlikely. No meal trade was reported during the week under review.

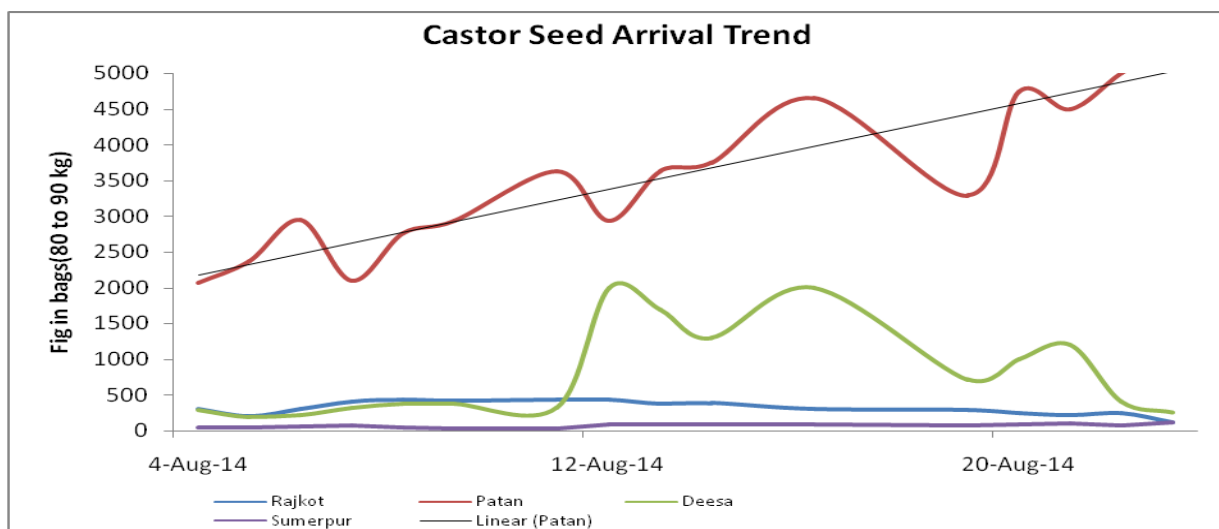
**Domestic market Outlook:** Market may trade steady to slightly weak.

### Castor Seed Price Chart:



Cash market traded mixed during the fourth week of August. Prices in Patan have declined slightly on bearish inner tone. Market participants expect market to move range bound this week as sellers are reluctant to release stock at current level. However, stock retention by major groups may support cash market by the end of this month.

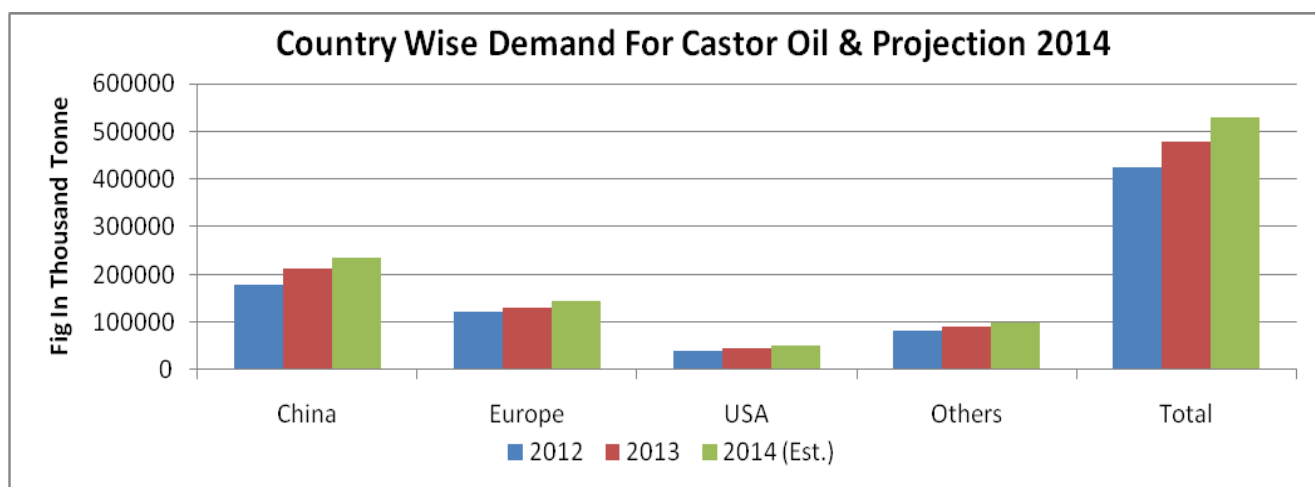
### Castor Seed arrival Chart:



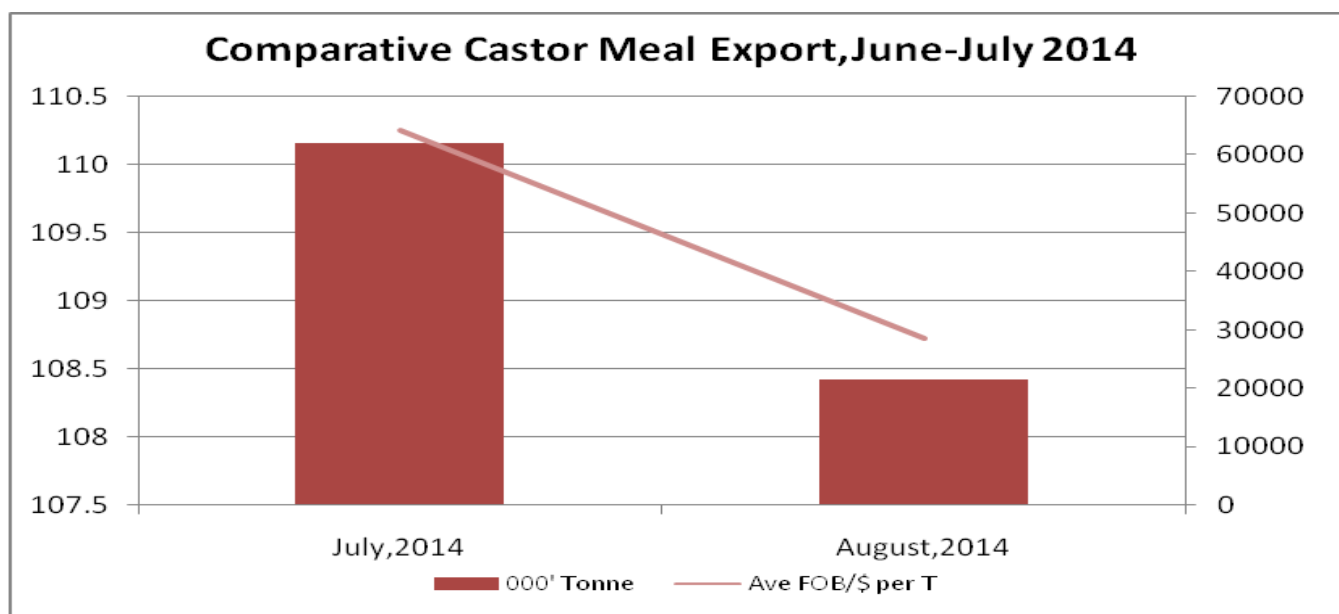
Castor seed arrivals have increased considerably in major market like Patan in the week under review. Now arrivals would decrease further as most farmers have sold out their stock (over 90 percent). The rest marketable surplus would hit the market in Nov-Dec when prices are expected to rule at the highest level. This may support price once again. However arrival in Sumerpur remained almost unchanged in the third week.

### 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.

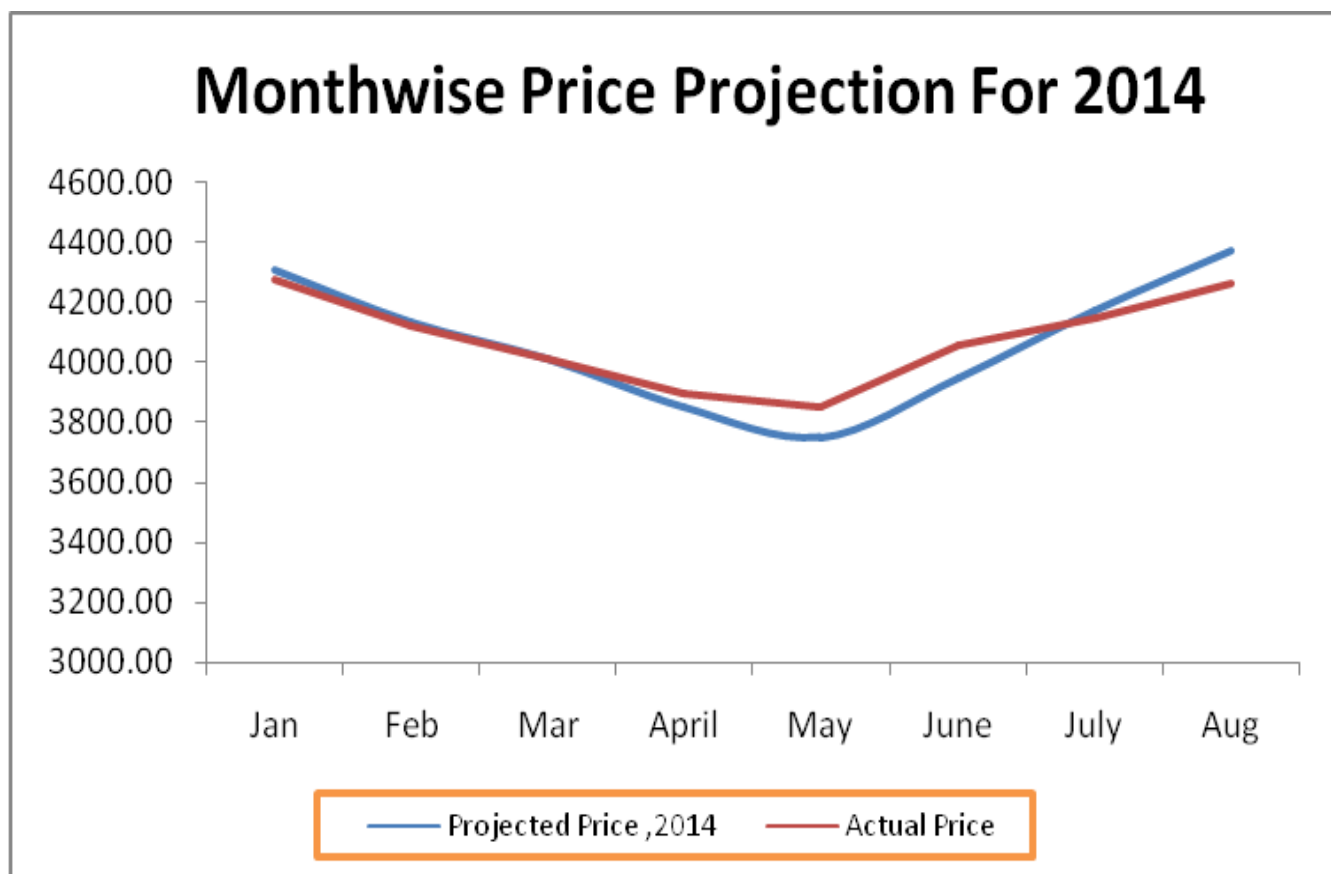


### Castor Meal Export:



Castor meal export declined considerably in August as the above given chart demotes.

**Expected Price In August For Seed:**

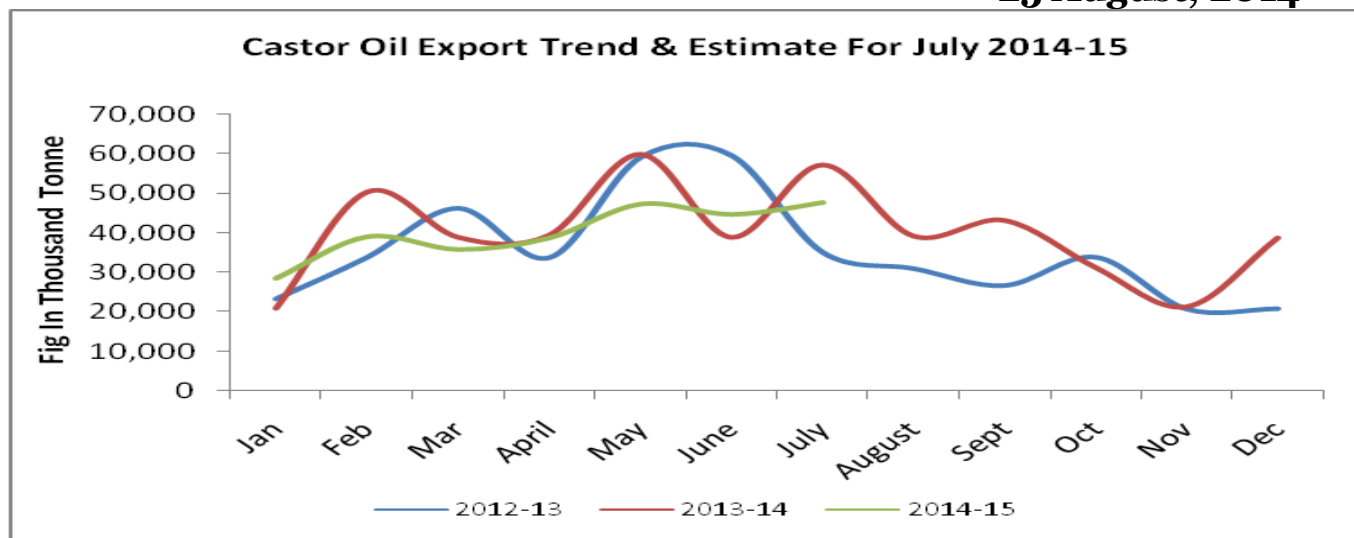


Blue line indicates projected price for seed based on seasonality and demand –supply factors concluded by Agriwatch. Red line indicates actual price movement in the market so far.

#### **Cash Market Price Outlook For Deesa Spot:**

Expected Range	Rs/Qtl.(Low)	Rs /Qtl.(High)
Short term (15 days)	4050-4100	4100-4150
Medium Term (30 days)	4150-4200	4200-4250

#### **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 \$1440 per tonne from \$1430 per tonne in previous week.

Comparative Prices Of Castor Products Including Seed					
	22 <sup>nd</sup> Aug'14	14 <sup>th</sup> Aug'14	22 <sup>th</sup> July'14	Aug/Av e/2013	Change % from last year
Castorseed (Gujarat)((Rs./M.T) Ex-Mandi	NQ	42750	42000	35114	-
Castor Meal Export (FAS) (US\$ / MT), Ex Kandla	108	108	107	96	12.50
<b>EXPORT (FOR) Ports (Rs./MT) Castor meal bulk Kandla</b>	6300	6300	6200	5684	10.84
Castor Oil (First Grade) FOB Kandla (Export)\$/Tonne	1445	1440	1430	1211	19.32
<b>Local rates for oil in domestic market(Rs./M.T.) for comm.</b>	85000	85000	84000	72661	16.98

Source:SEA

Prices of castor seed and its products have decreased slightly from last week, however they are ruling higher in comparison to last year average price of August. The above given table shows it clearly. As seeds from NCDEX godowns are being lifted in considerable quantity, price is bound to stay steady at current level. Buyer's interest may be supportive for cash market fundamentals at lower level in the weeks ahead. Overall outlook remains weak at this point of time.

### Technical Analysis:



### Technical Commentary:

- Candlestick chart shows bearish tone in the futures market.
- RSI moving down in neutral region favours bears.
- Momentum indicator MACD is in positive territory cautions bears.
- The nearest buy support is 4134 while first resistance 4310.
- Stake Holders are advised to buy on dip.

### Strategy: Buy on dip

Intraday Supports & Resistances			S1	S2	PCP	R1	R2
Castor Seed	NCDEX	Sept	4134	4075	4150	4251	4310
Pre-Market Intraday Trade Call*			Call	Entry	T1	T2	SL
Castor Seed	NCDEX	Sept	buy	above 4135	4175	4250	4115

### Castor Seed Weekly Prices on 22.7.2014

Commodity	Center	Market	Price (Rs/Q)		Change
			22-Jul-14	14-Jul-14	
Castor Seed	Rajasthan	Sumerpur	3925	3975	-50
		Jodhpur	3800	4000	-200
	Gujarat	Rajkot	4000	3960	40
		Gondal	3905	4030	-125
		Patan	NR	Closed	-
		Deesa	NR	4220	-
		Mehsana	4125	4160	-35
		Kadi	4085	4145	-60
		Ahmedabad	NR	4125	-

Castor Price Weekly						
Commodity	Center	Market	Price (Rs/Q)			
			Today	Week Ago	Month Ago	6 Month Ago
			22-Jul-14	14-Jul-14	22-Jul-14	21-Feb-14
Castor Seed	Rajasthan	Sumerpur	3925	3975	3875	3820
		Jodhpur	3800	4000	3700	NR
	Gujarat	Rajkot	4000	3960	3925	3750
		Gondal	3905	4030	3930	3955
		Patan	NR	Closed	4050	4065
		Deesa	NR	4220	4045	4005
		Mehsana	4125	4160	4010	4010
		Kadi	4085	4145	4000	4050
		Ahmedabad	NR	4125	4000	4025

### Castor Seed Weekly Arrivals Scenario on 22.7.2014

Commodity	Center	Market	Fig. in Quintal		Change %
			22-Jul-14	14-Jul-14	
Castor Seed	Rajasthan	Sumerpur	400	280	42.86
		Jodhpur	1280	1280	Unch
	Gujarat	Rajkot	460	1917	-76.00
		Gondal	51	3893	-98.69
		Patan	7038	14970	-52.99
		Deesa	3316	5943	-44.20
		Mehsana	1760	2248	-21.71
		Kadi	2040	3584	-43.08
		Other Gujarat	24535	37045	-33.77
	Total Arrival		40880	71160	-42.55

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