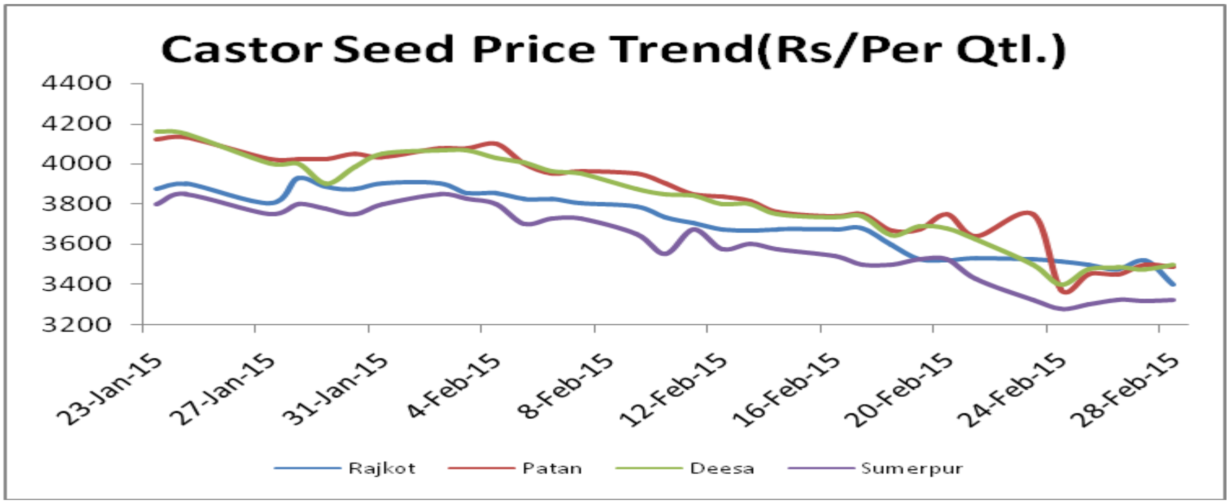
AGRIWATCH

Castor Weekly Report
2thMar, 2015

Castor Domestic Fundamentals: -

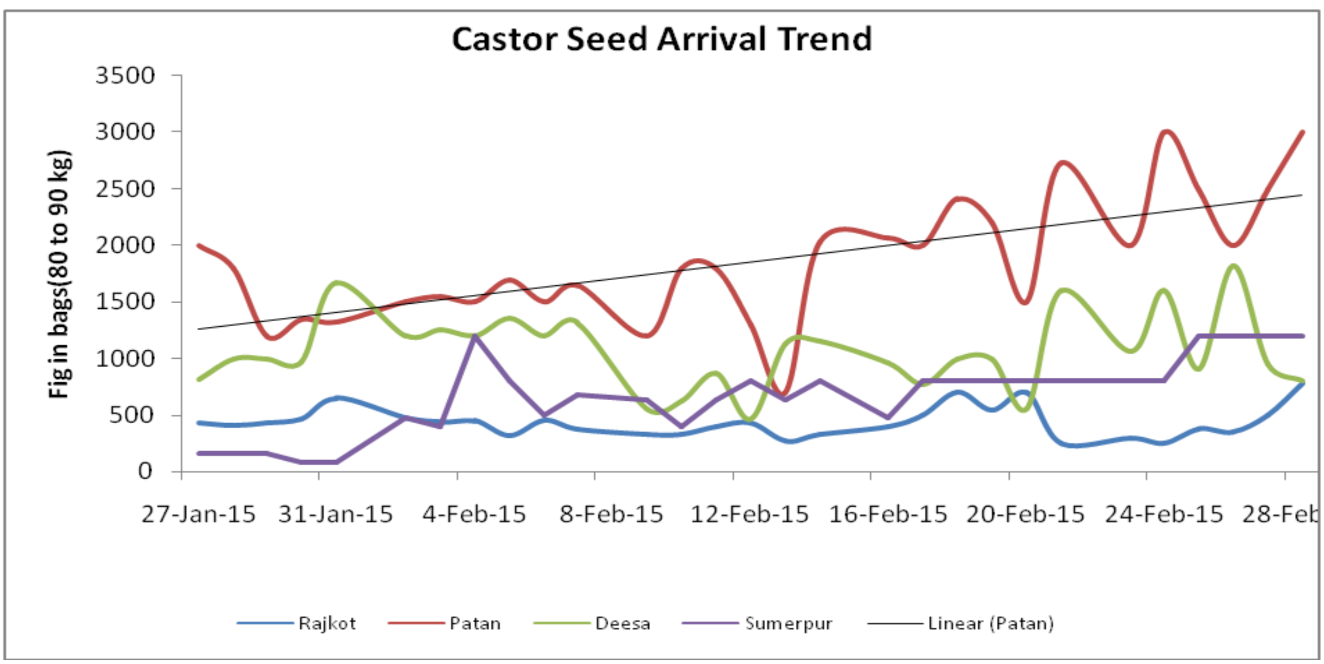
- **Markets traded weak in the first half of the week** and improved considerably at the fag end of the past week . Despite improvement on the back of buying support, market is likely to decrease once again as arrivals would increase in the weeks ahead. Recent production estimates and higher carryout would continue to pull market down at least for the first half of the year.
- **All India production estimates for the year 2014-15** would range between 12. 95 to 13.78 lakh tonne as was presented in the castor conference, Ahmedabad on 21st Feb,2015. This clearly indicates that production would be over 13 lakh tonne and with 5.5 to 6 lakh tonne carry out total availability would be around 18.5 to 19 lakh tonne this year.
- **It is more than sufficient for yearly crushing requirement** that is around 11 lakh tonne. If we include seed and other requirements, total consumption of seed may be around 12 lakh tonne. This means next season -2015-16 would start with 6.5 to 7 lakh tonne carryout. In the second half sowing status and export demand would be the main price driving force and if prices continue to rule below Rs 675 per 20 kg, farmers may shift from castor to cash crop and it may support market once again as think the market participants.
- **At export front there is no encouraging factor. Reduced** demand for Cebasic Acid has discouraged Chinese buyers to go slow for castor oil buying. Economic slowdown in European union hints that these countries would not buy more this year. Only US demand may be stable. So overall export would be not more than 4.20/25 lakh tonne despite lower price. There is also a possibility that FOB price at Kandla port may test lower level of $1100 per tonne by the end of April.
- **Area under castor seedwas recorded at 10.35 lakh ha. on 10th Oct ,2014** against 9.84 lakh ha covered in last year. It is 52 thousand ha higher than last year. Area in Gujarat was recorded at 7.33 lakh ha against 6.22 lakh ha last year. However, area has decreased in Rajasthan from 1.92 to 1.49 lakh ha this year. Area in Andhra Pradesh has increased slightly from 1000 ha to 45 thousand ha this year. However in Telengana it has decreased from 83 to 66 thousand ha. this year. In other states. There has been no major change in area. Higher area coverage hints higher production this year as weather has been favourable till now.
- **FOB quote at Kandla has decreased from $1275 to $1190 in recent** weeks and further dip is expected this week.Buyers may take interest at $1175 during first half of the March.In February 2014 it was ruling at $1355 per tonne.It is almost 12.18 percent lower than the price realised in Feb 2014.In last two weeks Prices have decreased from $1275 to $1190 per tonne.
- **With decreasing seed prices castor meal at Kandla** has decreased to Rs 7100 per tonne. However it is 54 .56 percent higher than the price realised in Feb 2014. Meal price may dip further as arrival pressure is yet to realised.In $ terms it is being traded at $127 per tonne while it was traded at $132 per tonne in the mid of Feb-2015.
- **Castor oil commercial grade is being traded at 7400 per qtl.**, almost Rs 500 per qtl lower than previous week. It was traded at 8175 per qtl in Feb-2014.Actually, higher production and likely availability is keeping price under pressure and more dip is expected in the weeks ahead. Buyers are busy only for need based buying at this point of time.

Castor Seed Price Chart:



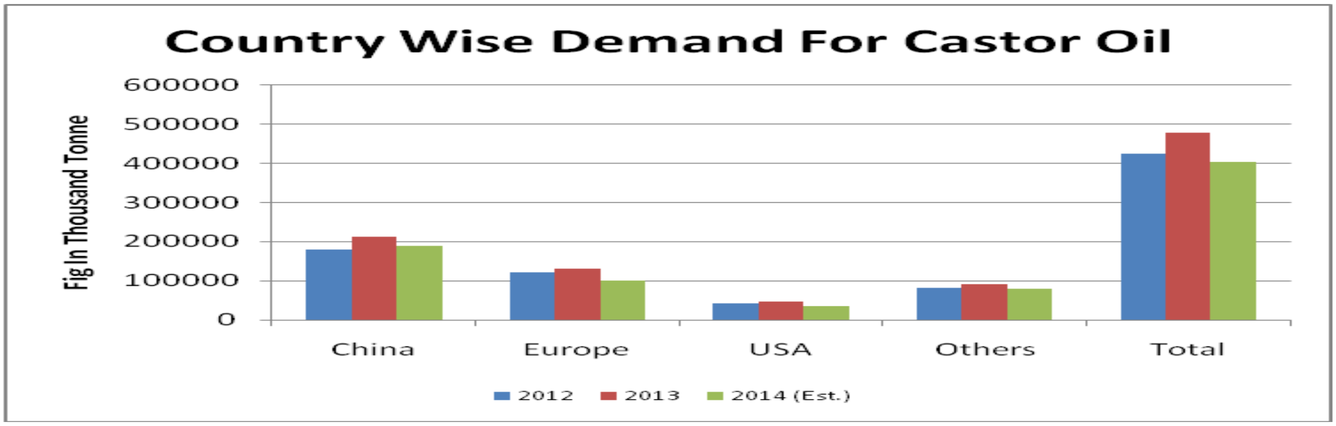
With increasing arrivals , higher carryout and improved production prospects amid lower demand kept seed prices under pressure and it will continue till the end of April.Inner tone in the market remains bearish.

Castor Seed arrival Chart:



Arrivals have improved in recent weeks and are expected to go up in the weeks ahead.More arrivals are expected from mid March.The above given chart shows the improved seed arrivals status in recent weeks .

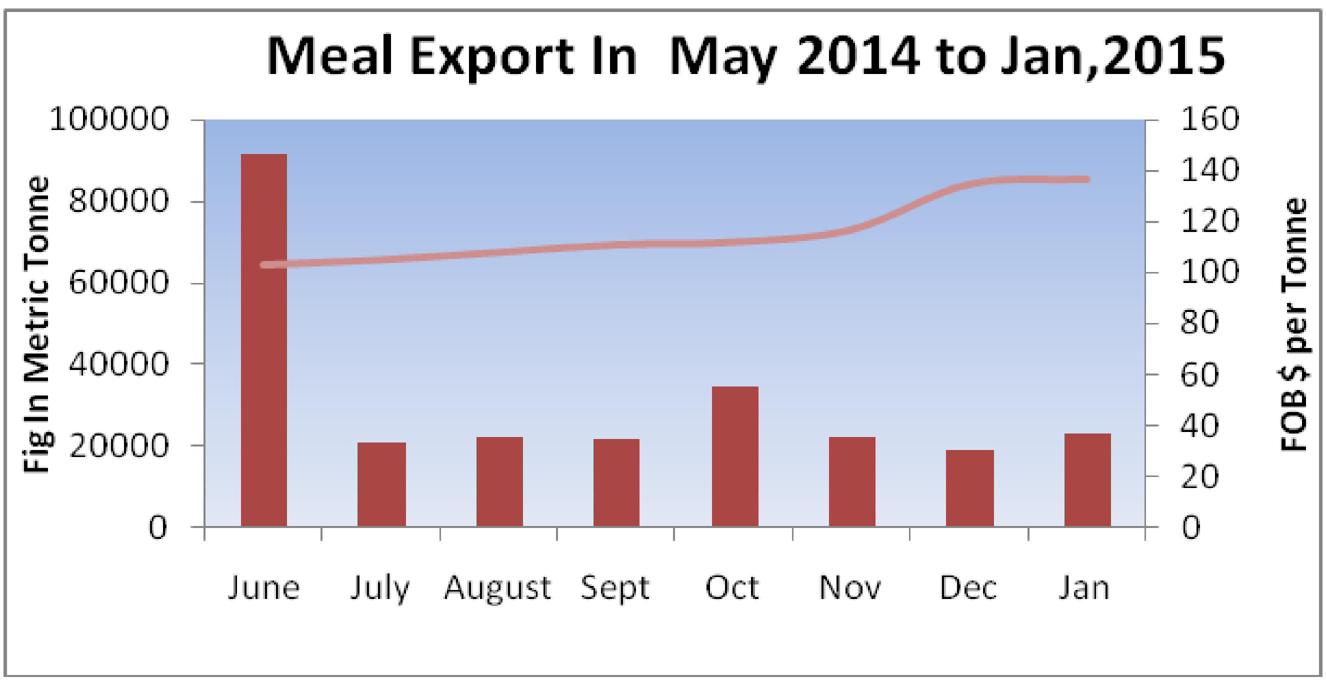
Country Wise Demand For Castor Oil:



Source:IBIS/Agriwatch

Big buyers like China, EU and US would reduce their buying due to high oil price and total export would be around 4lakh tonne, almost 75000 tonne lower than last year. Fresh entry is expected in Feb,2015. China, Europe and US has decreased their buying at this point of time. Local demand is below normal. However, it has improved slightly in last two-three weeks. The season (Jan to Dec) may end with around 4 lakh tonne oil export.

Castor Meal Export:



Castor meal export has increased slightly in January and demand for meal is likely to increase further as prices are ruling lower. Buyers may start fresh buying by the end of this month. Bulk buying is expected in March –April, the peak arrival season and likely lower price.

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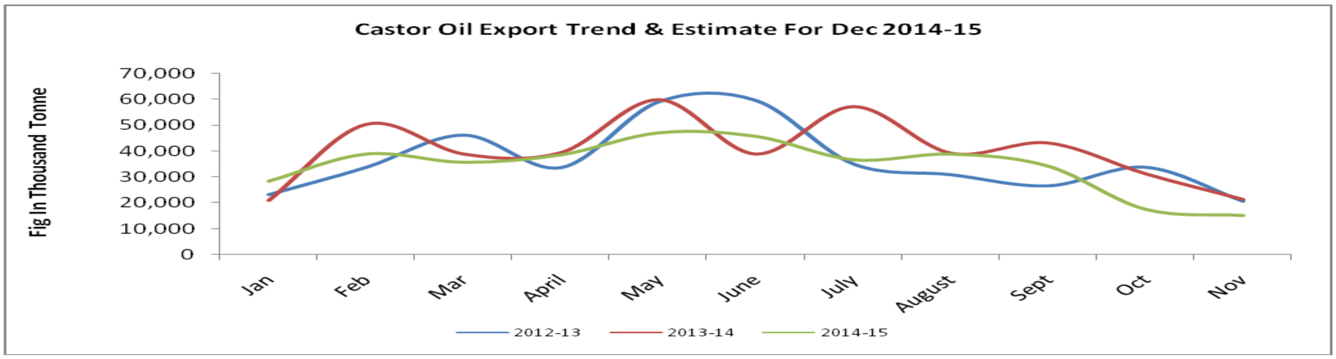
Cash Market Price Outlook For Deesa Spot:

Expected Range	Rs/Qtl.(Low)	Rs /Qtl.(High)
Short term (15 days)	3400-3450	3450-3475
Medium Term (30 days)	3450-3500	3500-3550

Castor Oil Export Trend:



Castor oil export trend shows sluggish demand June onward and continued under pressure till December. Total export during last 12 months was registered at 382298 tonne and Agriwatch expect 18000 tonne export in December.Thus total export from Jan to Dec-2014 would be around 400000 tonne.

Comparative Prices Of Castor Products Including Seed					
	27th feb '15	20th feb '15	27th Jan'15	27th Feb '14	CHANGE %
Castorseed (Gujarat)((Rs./M.T) Ex-Mandi	35750	37750	41500	40913	-14.44
Castor Meal Export (FAS) (US$ / MT),Ex Kandla	127	130	132	97	23.62
EXPORT (FOR) Ports (Rs./MT)Castor meal bulk Kandla	7100	7400	7700	5,700	19.72
Castor Oil (First Grade) FOB Kandla (Export)$/Tonne	1190	1275	1410	1355	-13.87
Local rates for oil in domestic market(Rs./M.T.) for comm.	74000	79000	85500	81761	-10.49

Source: SE A

3. Yearly Average Price Variations At NCDEX :

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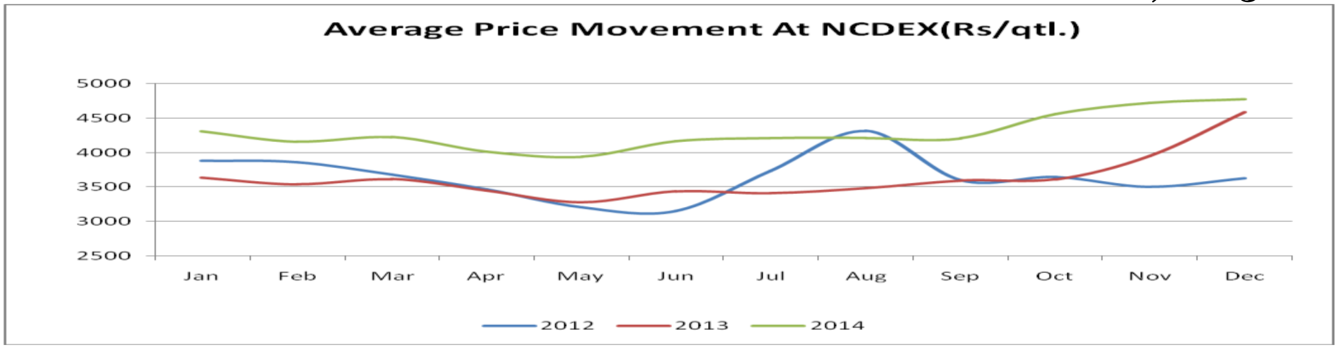

Castor seed prices in major markets continued to trade firm as above given chart shows. Uptrend is unlikely to continue in January as demand for oil is below expectation on higher price.

Technical Analysis:

Castor Seed

Technical Commentary:

- Candlestick chart shows bearish tone in the futures market.
- RSI moving down in neutral zone hints caution to the bulls..
- Prices closed down 9 and 18 days EMAs denotes weakness in the short term.
- The nearest by support is 3650 and resistance is 3751

Strategy:Sell

Intraday Supports & Resistances			S1	S2	PCP	R1	R2
Castor Seed	NCDEX	March	3650	3600	3739	3751	3801
Pre-Market Intraday Trade Call*			**Call**	**Entry**	**T1**	**T2**	**SL**
Castor Seed	NCDEX	March	**Sell**	below 3730	3690	3650	3750

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Cash Markets Price Movement:

Castor Seed Weekly Prices on 27.2.2015

Commodity	Center	Market	Price (Rs/Q)		Change
			27-Feb-15	20-Feb-15	
Castor Seed	Rajasthan	Sumerpur	3320	3525	-205
		Jodhpur	3400	3600	-200
	Gujarat	Rajkot	3520	3520	Unch
		Gondal	3480	3580	-100
		Patan	3500	3750	-250
		Deesa	3475	3680	-205
		Mehsana	3500	3625	-125
		Kadi	3535	3675	-140
		Ahmedabad	3400	3500	-100

Castor Price Weekly						
Commodity	Center	Market	Price (Rs/Q)			
			Today	Week Ago	Month Ago	6 Month Ago
			27-Feb-15	20-Feb-15	27-Jan-15	27-Aug-14
Castor Seed	Rajasthan	Sumerpur	3320	3525	3750	3850
		Jodhpur	3400	3600	3700	3800
	Gujarat	Rajkot	3520	3520	3805	3895
		Gondal	3480	3580	3955	3930
		Patan	3500	3750	4025	4110
		Deesa	3475	3680	4000	4150
		Mehsana	3500	3625	3950	4070
		Kadi	3535	3675	4050	3995
		Ahmedabad	3400	3500	3800	4025

Castor Seed Weekly Arrivals Scenario on 27.2.2015

Commodity	Center	Market	Fig. in Quintal		Change %
			27-Feb-15	20-Feb-15	
Castor Seed	Rajasthan	Sumerpur	6000	4480	133.93
		Jodhpur	64	840	7.62
	Gujarat	Rajkot	2030	2675	75.89
		Gondal	1682	1083	155.31

		Patan	19729	10207	193.29
		Deesa	7938	4646	170.86
		Mehsana	1600	1566	102.17
		Kadi	10452	8132	128.53
		Other Gujarat	123769	59691	207.35
	Total Arrival		**173264**	**93320**	185.67