

# Castor Weekly Research Report

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**Castor Domestic Market Fundamentals:**

**All India average price for castor seed decreased by 1.85 % from Rs 3184.91 to Rs 3125.97 per qtl during the week ended 6<sup>th</sup> May-2016.** It is lower by 6.64 % from the price registered during the second week of May-2015. When we compare average price of seed week on week basis from April 2<sup>nd</sup> week, it is lower by 12.15 % from current average price (Rs 3125.97 per qtl.). Decrease in demand for seed at higher level restricted firm tone during the week under review. However, more dip is unlikely as pace for seed arrivals in markets has declined.

**India exported 43839.45 tonne castor oil during month ended 1<sup>st</sup> May-2016 at an average price of \$1136.9 per MT.** It is higher by 46.01% from previous week. India had exported 8931.04 tonne oil in the 4<sup>th</sup> week of April. However, price realization has increased by 8.42% from last week. The maximum and minimum prices were registered at \$4417 and \$508 per MT. Castor oil export would continue to stay steady as prices are ruling lower than normal expectation and availability is higher. Major importers like China followed by USA and Netherlands are stocking oil, taking advantage of lower price. Even non regular buyer/consumer like Malaysia is making inventory taking advantage of lower price.

**Prices of castor seed in Gujarat and Telangana have increased last week by 0.71 and 0.72% respectively.** However, it decreased in AP, Rajasthan and Tamil Nadu by 1.03, 1.19 & 9.14 % last week. The main reason for decrease in seed price in Tamil Nadu is mainly attributed to poor local demand. In Patan stock of castor seed is likely to increase by 20,000 bags compared to corresponding period of last year. Last year castor seed stock was around 4 lakh bags.

**In Deesa market, prices are likely to trade slightly down in the near term. Stock of castor seed could be around 2-3 lakh bags, same compared to corresponding period of last year. This year retention of seed is higher at farmers end due to lower price.**

**.Progressive Area Coverage: -**

At price front, market may stabilize near Rs 2900/3000 per qtl. ,below this level farmers would prefer to retain stock in expectation of higher price in the second half of the year. as pressure is building up from new crop. They expect lower area coverage this year and higher rainfall have potency to destroy standing crop under flowering stages, that may reduce yield and price would shoot up in third quarter of the year. Buyers for oil are in no hurry to continue bulk buying as they have covered at least for their three months requirements. So any spike in May is unlikely. Seed Buyers/Stockiest may start buying around Rs 2850/2950 per qtl..It would restrict market to decrease below Rs 2850/2950 level in May-2016.

Agricultural Statistics Division, Directorate of Economics & Statistics, India has published its second adv estimate for food grains on 15th Feb-2016 and estimated 17.27 lakh tonne castor seed production for 2015-16 crop year, to be marketed in MY 2016-17. The production target for the year had been fixed at 20.34 lakh tonne. India had produced 18.70 lakh tonne castor seed last year as per final estimate by DES. Against this, private estimates hinge in the range of 14 to 15 lakh tonne for this year.

**Outlook & Recommendation: -**

Overall market sentiment remains steady to slightly weak in the short term. As futures contracts have been suspended and prices are ruling at lower level even before arrival pressure, farmers would prefer not to sell their stock below 580 per 20 kg. Agriwatch expects market to stay steady to weak in second week of May due to weak demand.

**Call:**

Futures contracts have been suspended on 27<sup>th</sup> Jan-2016

Stake holders in cash market should buy seed around Rs 2900 to Rs3000 for stock purpose.

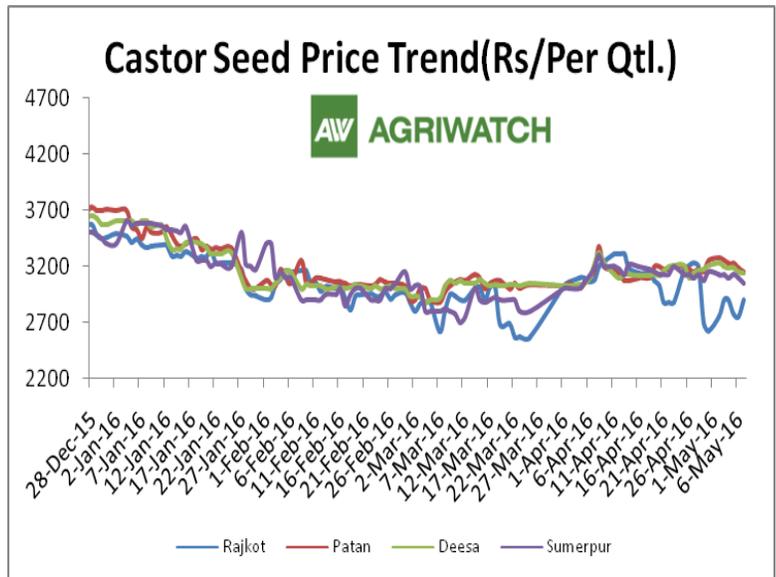
**Castor Seed Price Chart:**

**Price Trend:**

Cash markets traded slightly down last week due to poor demand for seed as plants have restricted buying at higher level. Market may trade steady to slightly weak during the week under review. Agriwatch expects market to stay steady to slightly weak in the second week of May too.

Seed market is expected to hover in range of Rs 2900 to Rs 3000 per qtl. Higher decrease was seen in Rajkot. Other markets traded slightly down.

As arrival is weak any major dip from current level is unlikely. Farmers have decided to retain 40 % of stock until price gets stabilized.



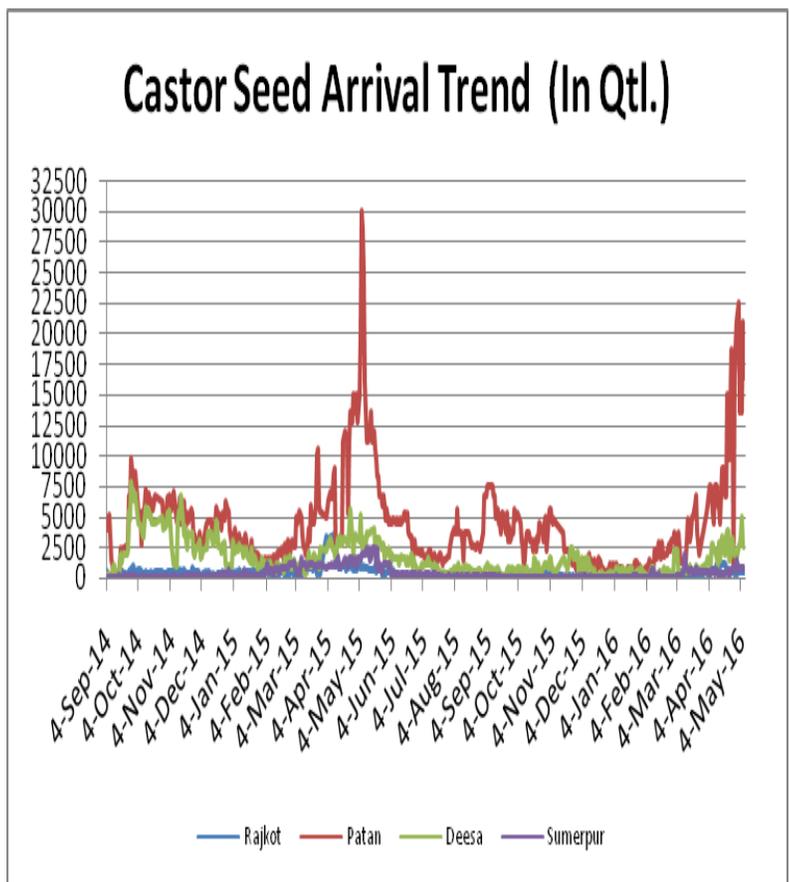
**Castor Seed Arrival Chart:**

Arrivals of seed have started increasing in all major markets despite lower price. However, it is lower by 35 % from arrivals in May last year. Fresh buying spree may push seed price from May end and it may encourage farmers to release stock to help manage their money for their various activities including kharif field preparation.

Stake holders would prefer to wait for stabilization in the cash market. Market participants say that arrival pace would not increase much as small farmers may prefer to retain half of their stock due to lower price.

Arrivals have increased in Patan, Deesa while it decreased in Sumerpur. It is expected to touch its peak around mid May.

However, overall arrival pace is lower than last year as prices of seed is ruling lower by 12.15 % from last year at this point of time .



**Castor Oil Export Trend:-**

Castor oil export decreased 46 % to 8931.40 tonne from 16542 tonne during the week ended 1st,May-2016. Agriwatch expects stable export demand in the Second week of May.

Average export price was registered at \$1187.98 per tonne. The maximum and minimum prices were registered at \$4407 and 508.23 per MT.

Castor oil export would continue to stay steady as prices are lower than normal expectation and availability is higher. Major importers like China followed by USA and Netherlands are stocking oil taking advantage of lower price.

As prices of seed are expected to stay steady to firm in the medium term, FoB quotes too may move up in the weeks ahead.

**Castor Meal Export**

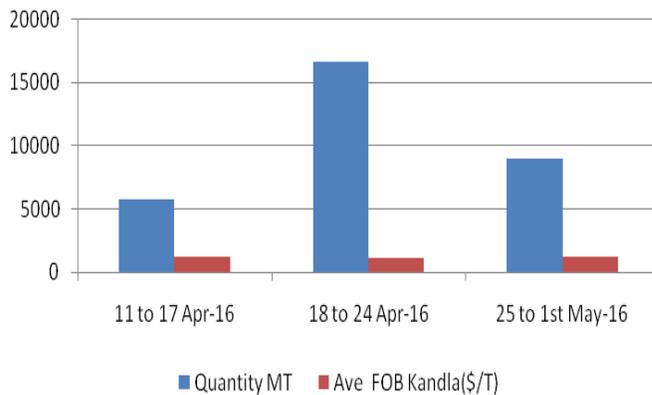
Castor meal export volume decreased by 9.98 percent in April-2016 in comparison to March-2016. It is likely to increase in the weeks ahead as seed arrivals have increased and prices are hovering at affordable level.

FOB quotes for meal too has decreased slightly this week from \$91 to \$88 per tonne. France bought 2808.9 tonne meal last week at an ave price of \$101.65 per tonne.

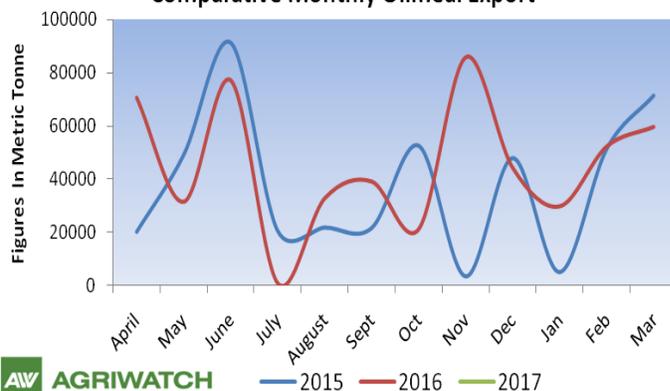
**State Wise Weekly Price Trend:**

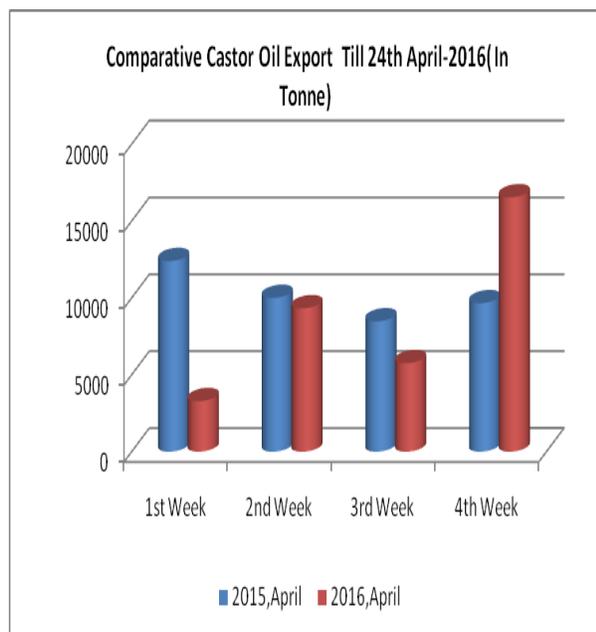
State	Prices 01-08 May 2016	Prices 24-30 Apr 2016	Prices 16-23 Apr 2016	Prices 01-08 May 2015	% Change(Over Previous Week)	% Change(Over Previous to Previous Week)	% Change(Over Previous Year)
Andhra Pradesh	3225.07	3258.71	5673.33	3412.75	-1.03	-43.15	-5.5
Gujarat	3132.06	3109.71	3070.94	3526.24	0.72	1.99	-11.18
Karnataka		3000		3248	—	—	—
M P		3000	3150		—	—	—
Maharashtra	2816.67		3087.5	2950	—	-8.77	-4.52
Rajasthan	3056.86	3093.6	3029.16	3330.48	-1.19	0.91	-8.22
Tamil Nadu	3282.67	3612.84	3659.63	4084.77	-9.14	-10.3	-19.64
Telangana	3242.49	3219.49	3238.05	3473	0.71	0.14	-6.64
Average	3125.97	3184.91	3558.37	3432.18			

**Castor Oil Weekly Export:April-May-2016**



**Comparative Monthly Oilmeal Export**



**Castor Oil Weekly Export Volume:**


Castor Oil Export Fig. in Tonne		
	2015, April	2016, April
1st Week	12400	3285.30
2nd Week	10,000	9323.64
3rd Week	8476	5756.88
4th Week	9657	16542.23
<b>Total</b>	<b>40533</b>	<b>34908.05</b>

**Cash Market Price Outlook For Deesa Spot**

Expected Range	Rs/Qtl.(Low)	Rs /Qtl.(High)
Short term (15 days)	2900-2950	2950-2975
Medium Term (30 days)	2975-3000	3000-3050

Comparative Prices Of Castor Products Including Seed					
	6th May '16	29th Apr '16	6th Apr '16	Ave May'15	CHANGE %
Castorseed (Gujarat)((Rs./M.T) Ex-Mandi	33300	32450	31350	29250	-17.71
Castor Meal Export (FAS) (US\$ / MT),Ex Kandla	73	73	73	110	-33.64
EXPORT (FOR) Ports (Rs./MT)Castor meal bulk Kandla	4950	4850	4800	7025	-29.54
Castor Oil (First Grade) FOB Kandla (Export)\$/Tonne	1020	1015	970	1278	-20.19
Local rates for oil in domestic market(Rs./M.T.) for comm.	69500	68500	60500	83375	-16.64

Source:SEA.

**Technical Analysis:**
**Castor – Technical Outlook**
**Technical Commentary:**

Futures Contracts Were suspended on 27<sup>th</sup> January-2016


**Strategy: Sell On Rise**

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Castor	NCDEX	Feb					
Pre Weekly Trade Call			Call	Entry	T1	T2	SL
Castor	NCDEX	Feb					

**Progressive Sowing Coverage Till 8th Oct,2015:**

Progressive Castor Seed Area In Lakh Ha.Till 8th Oct, ,2015			
	2015	2014	% Ch
<b>Andhra Pradesh</b>	0.48	0.45	6.67
<b>Telangana</b>	0.4	0.5	-20.00
<b>Arunachal Pradesh</b>			
<b>Assam</b>			
<b>Bihar</b>	0.01	0	
<b>Chhattisgarh</b>			
<b>Gujarat</b>	7.81	7.34	6.40
<b>Haryana</b>	0.02	0.01	100.00
<b>Himachal Pradesh</b>			
<b>Jammu &amp; Kashmir</b>			
<b>Jharkhand</b>			
<b>Karnataka</b>	0.1	0.12	-16.67
<b>Kerala</b>			
<b>Madhya Pradesh</b>			
<b>Maharashtra</b>	0.12	0.17	-29.41
<b>Odisha</b>	0.07	0.07	0.00
<b>Punjab</b>			

<b>Rajasthan</b>	1.98	1.49	32.89
<b>Tamil Nadu</b>	0.03	0.04	-25.00
<b>Uttar Pradesh</b>			
<b>Uttarakhand</b>			
<b>West Bengal</b>			
<b>Others</b>			
<b>Total – All India</b>	11.02	10.19	8.15

Source: DES

**Castor Seed Weekly Prices at Key Spot Markets:**

Commodity	Market	Price (Rs/ Quintal)		Change
		29th April.16 to 05th May.16	22nd to 28th April.16	
Gujarat	Patan	3230	3180	50
	Harij	3198	3136	62
	Rajkot	3188	3135	53
	Gondal	3209	3195	14
	Deesa	3196	3154	42
	Bhabar	3163	3129	34
	Mehsana	3172	3160	12
	Kadi	3199	3185	14
	Sabarkatha	3200	3148	52
	Gandhi Nagar	3213	3196	17
	Ahmedabad (Sanand)	3131	3155	-24
	Halvad	3143	3136	7
	Junagadh	3253	3259	-6
Dhrol	2913	2988	-75	
Rajasthan	Jodhpur	3136	3133	3
	Sumerpur	3117	3133	-17

**Week on Week Price: Scenario of Castor Seed :**

Commodity	Market	Today	Week ago	Month ago	Year ago
Center		5-May-16	28-Apr-16	5-Apr-16	5-May-15
Gujarat	Patan	3225	3175	3050	3575
	Harij	3175	3125	3060	3580
	Rajkot	3190	3200	3095	3655
	Gondal	3205	3180	3155	3705
	Deesa	3190	3165	3050	3595
	Bhabar	3155	3105	3035	3575
	Mehsana	3175	3200	3030	3550

	Kadi	3180	3175	3025	3655
	Sabarkatha	3200	3175	3045	3550
	Gandhi Nagar	3200	3175	3100	3600
	Ahmedabad (Sanand)	3105	3040	2925	3525
	Halvad	3165	3110	3000	3550
	Junagadh	3200	3310	3105	3595
	Dhrol	2750	2950	2870	3400
<b>Rajasthan</b>	Jodhpur	3150	3100	3085	3400
	Sumerpur	3125	3125	3060	3510

**Castor Seed Cumulative Arrivals in Key Centers:**

		29th April.16 to 05th May.16	22nd to 28th April.16	Change
<b>Gujarat</b>	Patan	104625	60750	<b>43875</b>
	Harij	18000	18150	<b>-150</b>
	Rajkot	2865	2701	<b>164</b>
	Gondal	3612	4157	<b>-545</b>
	Deesa	17337	8792	<b>8545</b>
	Bhabar	33666	35221	<b>-1555</b>
	Mehsana	8250	7350	<b>900</b>
	Kadi	22976	20736	<b>2240</b>
	Sabarkatha	5250	5175	<b>75</b>
	Gandhi Nagar	7050	6900	<b>150</b>
	Ahmedabad (Sanand)	324	371	<b>-47</b>
	Halvad	7899	11025	<b>-3126</b>
	Junagadh	695	510	<b>185</b>
	Dhrol	306	213	<b>93</b>
<b>Rajasthan</b>	Jodhpur	343	384	<b>-41</b>
	Sumerpur	5120	3520	<b>1600</b>
<b>Total Arrivals/Above Markets</b>		<b>238318</b>	<b>185955</b>	<b>52363</b>

**Outlook & Recommendation:**

Castor seed market is expected to trade steady to slightly weak due to poor buying interest from plants and stockiest. Availability is higher and importers are in no hurry to build up inventory under weak inner tone in the short term. Recovery is expected in the second half. Market is expected to trade range bound with weak bias to continue..

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