

Castor Weekly Research Report

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Castor Domestic Market Fundamentals:

All India average price for castor seed increased by 4.79 % from Rs 3124.28 to Rs 3274.1 per qtl during the week ended 14th May-2016. It is lower by 9.14 % from the price registered during the second week of May-2015. Higher private participation for stock purpose and 20 percent lower than normal arrival at this point of time has lent support to cash seed markets. There is a common gossip in the market that this year castor area coverage would be 15 to 20 percent due to better rainfall prospects and lower prevailing prices of seed in physical market despite good demand for oil.

India exported 9628.55MT castor oil during week ended 8th May-2016 at an average price of \$1138.30 per MT. It is lower by 2.35.% from previous week. The maximum and minimum prices were registered at \$3793.77 and 910.44 per MT. Castor oil export would continue to stay steady as prices are lower than normal expectation and availability is higher. With changing sentiments oil FoB quotes may move up as intension for retention has increased. Farmers /Stockiests may hold seed until planting status gets clearly visible.

Prices of seed in Gujarat, A.P. and Rajasthan have decreased by 1.34, 1.25 & 3.07 percent last week despite overall increase in average price. Prices of seed increased in Maharashtra, Tamil Nadu and Telangana by 4.38, 18.92 and 0.15 % respectively last week. In Patan stock of castor seed is likely to increase by 30,000 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 steady in the near term. Stock of castor seed could be around 2.5-3 lakh bags, same compared to corresponding period of last year. This year retention of seed is higher at farmers end due to lower price.

NCDEX has announced that it will pay money to those net sellers who had sold castor seed when castor seed contracts were suspended in January-2016 as per announced formula. The exchange has announced the close out price for the seed during that time. The person who had deposited seed in exchange-accredited warehouses as hedgers at that time too would get money as compensation. Protecting investors by paying them money is first such move by any commodity derivative exchange.

Progressive Area Coverage: -

This year castor area may decrease by 20 % due to lower price and increasing possibility of higher rainfall. Farmer would prefer to shift to other lucrative cash crops in Gujarat and Rajasthan. Total area coverage may decline below 10 lakh ha. India had covered 11.38 lakh ha area under castor seed last year. Sowing is expected to commence from July. However, it would be better to wait for actual rainfall this year.

Agricultural Statistics Division, Directorate of Economics & Statistics, India has published its third adv estimate for food grains on 9th May-2016 and estimated 17.75 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 firm in the short to medium term. As futures contracts have been suspended and prices are ruling at lower level, farmers would prefer not to sell their stock below 600 per 20 kg. Agriwatch expects market to stay steady to range bound in third week of May due to increasing fear of lower area coverage.

Call:

Futures contracts have been suspended on 27th Jan-2016

Stake holders in cash market should buy seed around Rs 2950 to Rs3050 for stock purpose.

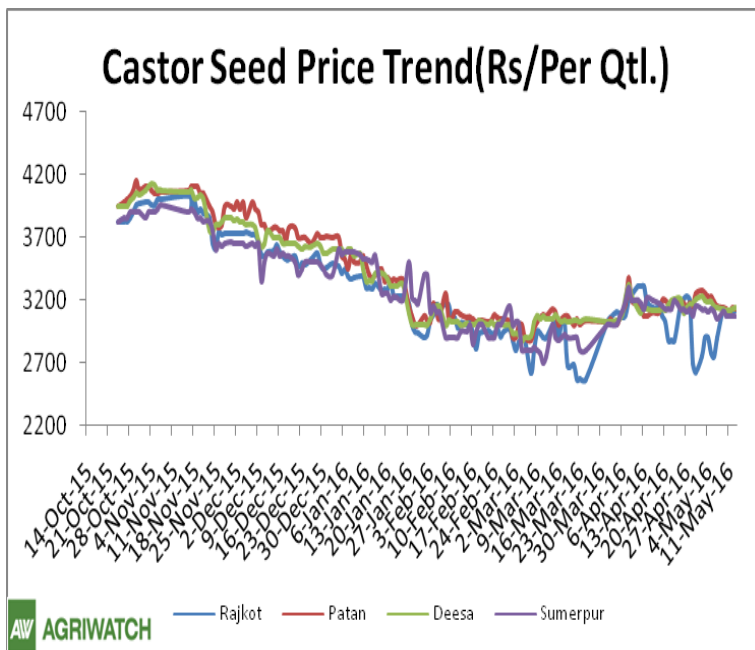
Castor Seed Price Chart:

Price Trend:

Cash markets traded slightly up last week due to growing fear of higher retention and growing fear of lower area coverage. Market may trade steady under during range bound movement.

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

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



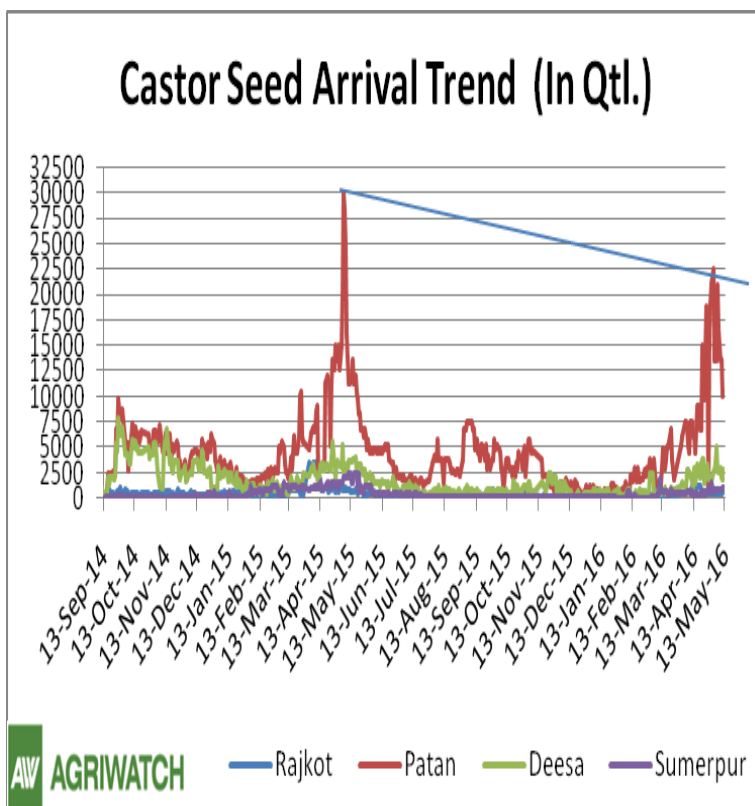
Castor Seed Arrival Chart:

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 up 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 Rajkot. It is expected to touch its peak around end May

However, overall arrival pace is lower but 35% than last year as prices of seed is ruling lower by 12.15 % from last year at this point of time.



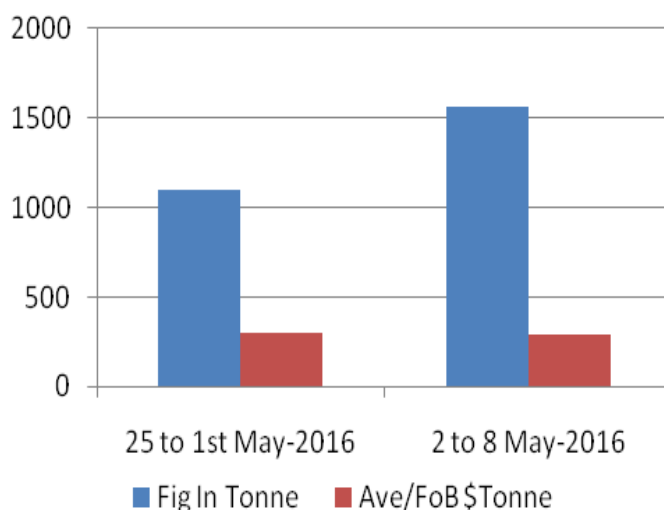
Castor Oil Export Trend:-

India exported 9628.55MT castor oil during week ended 8thMay-2016 at an average price of \$1138.30 per MT. It is lower by 2.35.% from previous week. The maximum and minimum prices were registered at \$3793.77 and 910.44 per MT. Castor oil export would continue to stay steady as prices are lower than normal expectation and availability is higher.

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.

Wheat Weekly Export Trend May-2016

AW AGRIWATCH


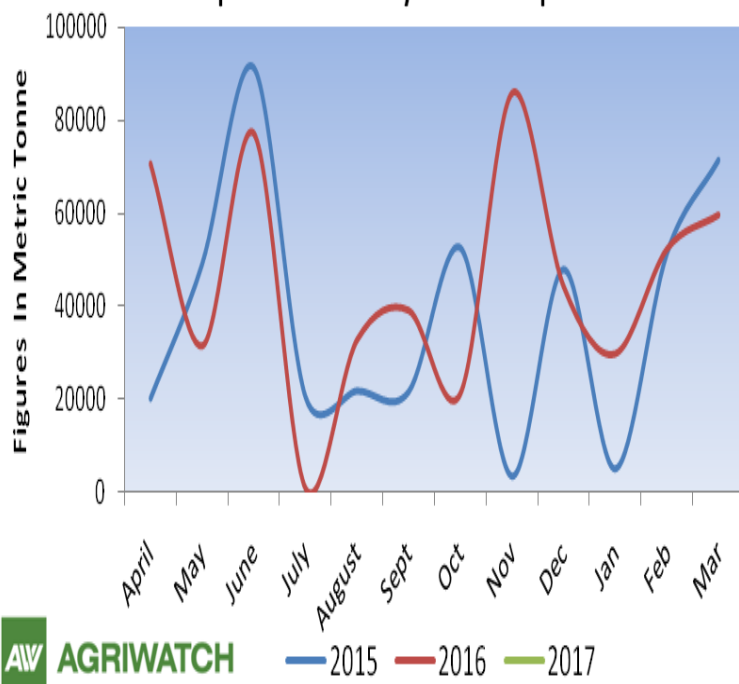
Castor Meal Export

Castor meal export volume decreased by 46.51 percent in April-2016 in comparison to April-2015. India exported 37785 tonne meal in April-2016.

FOB quotes for meal too has decreased slightly this week from \$74 to \$73 per tonne. France bought 2808.9 tonne meal last week at an ave price of \$101.65 per tonne.

Meal export is likely to continue with same pace as seed prices are ruling lower.

Comparative Monthly Oilmeal Export



State Wise Weekly Price Trend:

State	Prices 09-15 May 2016	Prices 01-08 May 2016	Prices 24-30 Apr 2016	Prices 09-15 May 2015	% Change(Over Previous Week)	% Change(Over Previous to Previous Week)	% Change(Over Previous Year)
A P	3184.8	3228.16	3258.71	3569.83	-1.34	-2.27	-10.79
Gujarat	3085.06	3124.02	3109.71	3585.07	-1.25	-0.79	-13.95
Karnataka	3600		3000	2373.13	—	20	51.7
M P			3000		—	—	—
Maharashtra	2940	2816.67		3212.5	4.38	—	-8.48
Rajasthan	2961.06	3054.84	3093.6	3389.51	-3.07	-4.28	-12.64
Tamil Nadu	3903.61	3282.67	3612.84	4141.89	18.92	8.05	-5.75
Telangana	3244.19	3239.34	3219.49	3570.64	0.15	0.77	-9.14
Average	3274.1	3124.28	3184.91	3406.08			

Castor Oil Export Fig. in Tonne

	2015, April	2016, April	2016-May
1st Week	12400	3285.3	1564.76
2nd Week	10,000	9323.64	
3rd Week	8476	5756.88	
4th Week	9657	16542.23	
Total	40533	34908.05	

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	32300	32450	303	31350	2.94
Castor Meal Export (FAS) (US\$ / MT),Ex Kandla	73	73	73	110	-50.68

EXPORT (FOR) Ports (Rs./MT)Castor meal bulk Kandla	4950	4850	4800	7025	-41.92
Castor Oil (First Grade) FOB Kandla (Export)\$ /Tonne	1020	1015	970	1278	-25.29
Local rates for oil in domestic market(Rs./M.T.) for comm.	69500	68500	65500	83375	-19.96

Source:SEA.

Technical Analysis:

Castor – Technical Outlook

Technical Commentary:

Futures Contracts Were suspended on 27th 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
Andhra Pradesh	0.48	0.45	6.67
Telangana	0.4	0.5	-20.00
Arunachal Pradesh			
Assam			
Bihar	0.01	0	
Chhattisgarh			
Gujarat	7.81	7.34	6.40
Haryana	0.02	0.01	100.00
Himachal Pradesh			
Jammu & Kashmir			
Jharkhand			
Karnataka	0.1	0.12	-16.67
Kerala			

Madhya Pradesh			
Maharashtra	0.12	0.17	-29.41
Odisha	0.07	0.07	0.00
Punjab			
Rajasthan	1.98	1.49	32.89
Tamil Nadu	0.03	0.04	-25.00
Uttar Pradesh			
Uttarakhand			
West Bengal			
Others			
Total – All India	11.02	10.19	8.15

Source: DES

Castor Seed Weekly Prices at Key Spot Markets:

Commodity	Market	Price (Rs/ Quintal)		Change
		07th to 13th May.2016	30th April.16 to 06th May.16	
Gujarat	Patan	3127	3234	-107
	Harij	3120	3198	-78
	Rajkot	3123	3193	-70
	Gondal	3205	3209	-4
	Deesa	3129	3193	-64
	Bhabar	3120	3171	-51
	Mehsana	3121	3173	-52
	Kadi	3169	3200	-31
	Sabarkatha	3133	3204	-71
	Gandhi Nagar	3143	3207	-64
	Ahmedabad (Sanand)	3084	3139	-55
	Halvad	3096	3142	-46
	Junagadh	3161	3234	-73
	Dhrol	2985	2933	52
Rajasthan	Jodhpur	3060	3117	-57
	Sumerpur	3075	3121	-46

Week on Week Price: Scenario of Castor Seed :

Commodity	Market	Today	Week ago	Month ago	Year ago
		13-May-16	6-May-16	13-Apr-16	13-May-15
Gujarat	Patan	3125	3180	3075	3600
	Harij	3125	3150	3075	3650
	Rajkot	3115	3200	3305	3605
	Gondal	Closed	3205	3205	3605
	Deesa	3145	3150	3130	3650
	Bhabar	3135	3170	3080	3650
	Mehsana	3140	3150	3075	3605

	Kadi	3160	3170	3075	3675
	Sabarkatha	3150	3200	3085	3650
	Gandhi Nagar	3165	3165	3150	3650
	Ahmedabad (Sanand)	3110	3100	3055	3550
	Halvad	3085	3150	3050	3575
	Junagadh	3170	3200	3185	3550
	Dhrol	3100	3050	3200	NA
Rajasthan	Jodhpur	3000	2985	3300	3450
	Sumerpur	3070	3100	3125	3550

Castor Seed Cumulative Arrivals in Key Centers:

Center	Market	07th to 13th May.2016	30th April.16 to 06th May.16	Change
Gujarat	Patan	64777	106435	-41658
	Harij	14850	17625	-2775
	Rajkot	3480	2855	625
	Gondal	2527	3731	-1204
	Deesa	12150	18054	-5905
	Bhabar	19848	30829	-10981
	Mehsana	6750	7950	-1200
	Kadi	19480	22925	-3445
	Sabarkatha	4725	5475	-750
	Gandhi Nagar	5100	7050	-1950
	Ahmedabad (Sanand)	171	351	-180
	Halvad	5999	7499	-1501
	Junagadh	705	720	-15
	Dhrol	81	523	-442
Rajasthan	Jodhpur	365	575	-210
	Sumerpur	5280	5280	Unch
Total Arrivals/Above Markets		166287	237877	-71590

Outlook & Recommendation:

Castor seed market is expected to trade steady with range bound movement likely to continue. Firmness is expected in second half of the year. Availability is higher and importers are in no hurry to build up inventory as they have covered their first quarter need..

International market update:

As usual China continues to buy higher quantity during the week ending 8th May-2016, followed by USA and Belgium. The below given table shows country wise castor oil export. Total export in first week of May was registered at 9628.84 tonne. slightly lower than last week of April.

Castor Oil Export During 1st Week Of May-2016		
Country	QUANTITY inTons	Average of FOB \$/Tonne
CHINA	6332.17	978.67
U S A	529.19	1118.18
BELGIUM	474.03	1124.06
JAPAN	469.32	1056.98
U K	263.99	1025.43
NETHERLANDS	236.46	1334.20
U A E	215.55	1495.28
TURKEY	195.14	1150.10
others	913.01	1136.46
Total	9628.84	1157.71

Demand from global market is likely to remain stable to slightly weak as major buyers like China, EU and USA have covered their first quarter needs taking advantage of lower price. They are in bargaining position. However, depleting seed stock and fear of lower area coverage this year due to better prospects of rains can push seed price up in the second half of the year. It may encourage domestic market oil price.

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