

Castor Weekly Research Report

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Castor Domestic Market Fundamentals:

All India average price for castor seed increased by 1.28 % from Rs 2972.54 to Rs 3010.64 per qtl during the week ended 4th June-2016. It is lower by 15.21 % from the price registered in the beginning of June, 2015. As prices are ruling lower, buyers remain active. Arrivals are comparatively 20 % lower this year due to lower price. Lower prevailing price of seed has discouraged farmers to release entire stock and they have preferred to retain 30 to 40 % crop in anticipation of price hike, generally seen in third and 4th quarter of the year. Good prospects for monsoon rain and lower prevailing price this year has given ground for lower acreage under castor coverage.

India exported 14329.86 MT castor oil during week ended 29th May-2016 at an average price of \$1192.95 per MT. It is higher by 19.45 % quantity wise from previous week. The maximum and minimum prices were registered at \$5479.28 and 918.61 per MT. Castor oil export volume would continue to move up as prices are lower and availability is higher. As prices are ruling lower FoB quotes for castor oil may stay steady in the weeks ahead. Farmers /Stockiest may hold seed until planting status gets clearly visible. Sowing would start from July.

Prices of seed in Andhra Pradesh and Maharashtra have increased by 1.21, & 10.07 percent last week despite pre sowing intention of farmer hints lower area coverage. Major price dip has been seen in Tamil Nadu and Telangana last week. Price of seed in Rajasthan decreased slightly too as buyers remain uncertain over short term sentiments.

Castor seed market in Sumerpur located in region of Rajasthan traded down on weak sentiments. Stockiest remained active as arrival is being reported at 850/950 bags per day. As price is ruling lower, buyers have started accumulating stock in anticipation of higher price in second half of the year. Currently seed price is ruling at Rs 2950/2975 per qtl. Stock in the region is said to be around 2 lakh bags. As arrival has started decreasing, stock would not increase above 3 lakh bags this year.

Stock of castor seed in Deesa market could be around 2.8-3 lakh bags at present, almost same as compared to corresponding period last year. This year retention of seed is higher at farmers end due to lower price. New entrants are hesitant to stock castor seed this year due to divided opinion on price outlook so far.

Sebi and NCDEX, both are engaged in cementing the risk management and surveillance mechanism at their own level. While Sebi has set up a task force and risk management committee, which is considering the methodology for handling default by members, among others, the NCDEX has strengthened mandi-level surveillance, which influences futures the most.

Progressive Area Coverage: -

This year castor area may decrease by 20 % due to lower price and increasing possibility of higher rainfall. Farmers 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. Farmers may prefer to shift to pulses and other spice crops.

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 weak in the short to medium term. Agriwatch expects market to stay steady in second week of June due to increasing fear of lower area coverage and higher percentage of retention.

Call:

Futures contracts have been suspended on 27th Jan-2016

Stake holders in cash market may opt for buying seed around Rs 2800 to Rs2950 for stock purpose.

Castor Oil Export Trend:-

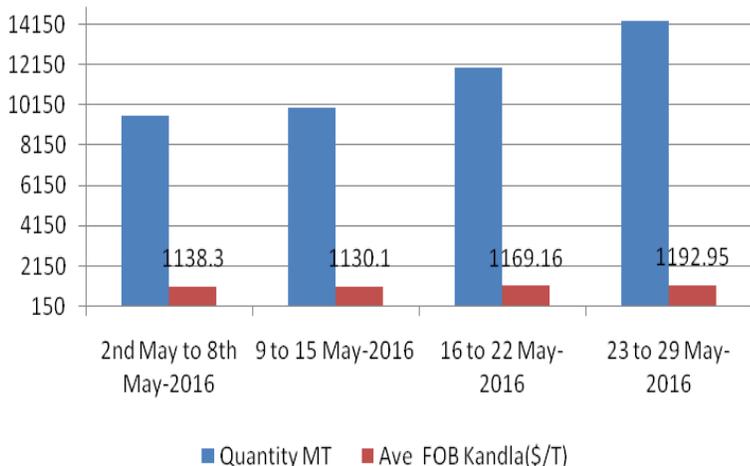
Castor oil export has been on rise from last four weeks and it reached at 14329.86 T last week, almost higher by 19 percent from previous week. Average price realization too increased by 2.03 % in comparison to last week.

The maximum and minimum prices were registered at \$5479.28 and 918.61 per MT.

Castor oil export would continue to increase as prices are lower than normal expectation and availability is higher. Farmers /Stockiest may hold seed until planting status gets clearly visible.

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

Castor Oil Weekly Export:April-May-2016

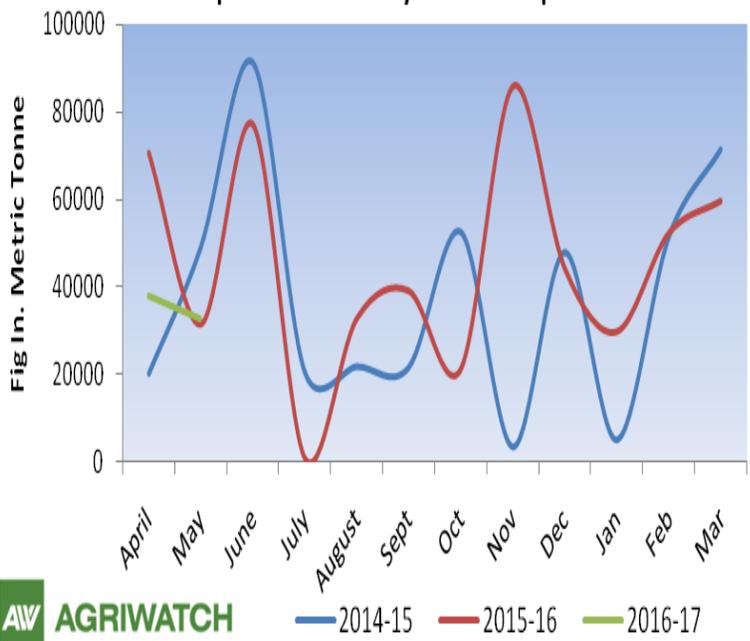


Castor Meal Export

India had exported 37785 tonne castor meal in April, 2016. It is lower than volume exported in March-2016 by 2655 tonne. As seed price is ruling lower, export volume is expected to stay steady in May-2016 too.

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.

Comparative Monthly Oilmeal Export



State Wise Weekly Price Trend:

| State | Prices 01-08 Jun 2016 | Prices 24-31 May 2016 | Prices 16-23 May 2016 | Prices 01-08 Jun 2015 | % Change(Over Previous Week) | % Change(Over Previous to Previous Week) | % Change(Over Previous Year) |
|----------------|-----------------------|-----------------------|-----------------------|-----------------------|------------------------------|--|------------------------------|
| Andhra Pradesh | 3150.89 | 3113.32 | 3131.41 | 3787.98 | 1.21 | 0.62 | -16.82 |
| Chattisgarh | | 2500 | | | — | — | — |
| Gujarat | 2995.32 | 3041.05 | 3074.12 | 3912.33 | -1.5 | -2.56 | -23.44 |
| Karnataka | 3083.33 | | 3000 | | — | 2.78 | — |
| Maharashtra | 2971.43 | 2699.62 | 3051 | 3299.5 | 10.07 | -2.61 | -9.94 |
| Rajasthan | 2851.58 | 2875.1 | 2919.35 | 3718.68 | -0.82 | -2.32 | -23.32 |
| Tamil Nadu | 2919 | 3385.95 | 3565.29 | 3515.71 | -13.79 | -18.13 | -16.97 |
| Telangana | 3102.94 | 3192.71 | 3350.16 | 3802.02 | -2.81 | -7.38 | -18.39 |
| Average | 3010.64 | 2972.54 | 3155.9 | 3550.89 | | | |

| Castor Oil Export Fig. in Tonne | | | | |
|---------------------------------|-------------|-------------|----------|-----------|
| | 2015, April | 2016, April | 2016-May | % Inc.MoM |
| 1st Week | 12400 | 3285.3 | 9628.55 | 193.08 |
| 2nd Week | 10000 | 9323.64 | 9992.98 | 7.18 |
| 3rd Week | 8476 | 5756.88 | 11996.83 | 108.39 |
| 4th Week | 9657 | 16542.23 | 14329.86 | -13.37 |
| Total | 40533 | 34908.05 | 45948.22 | 31.63 |

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 | | | | | |
|--|--------------|--------------|--------------|-----------|---------------|
| | 27th May '16 | 20th May '16 | 27th Apr '16 | 27 May'15 | CHANGE % |
| Castorseed (Gujarat)((Rs./M.T) Ex-Mandi | 3185 | 32500 | 32100 | 39250 | -23.23 |
| Castor Meal Export (FAS) (US\$ / MT),Ex Kandla | 72 | 73 | 73 | 110 | -52.78 |
| EXPORT (FOR) Ports (Rs./MT)Castor meal bulk Kandla | 4825 | 4950 | 4850 | 7025 | -45.60 |
| Castor Oil (First Grade) FOB Kandla (Export)\$ /Tonne | 980 | 990 | 995 | 1278 | -30.41 |
| Local rates for oil in domestic market(Rs./M.T.) for comm. | 68000 | 68500 | 68000 | 83375 | -22.61 |

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 |
|------------------|--------------------|------------------------|-----------------------|-------------|
| | | 28th to 03rd June.2016 | 21st to 27th May.2016 | |
| Gujarat | Patan | 3055 | 3079 | -24 |
| | Harij | 3073 | 3106 | -33 |
| | Rajkot | 3056 | 3093 | -37 |
| | Gondal | 3101 | 3143 | -42 |
| | Deesa | 3072 | 3082 | -10 |
| | Bhabar | 3047 | 3083 | -37 |
| | Mehsana | 3050 | 3089 | -39 |
| | Kadi | 3099 | 3109 | -10 |
| | Sabarkatha | 3104 | 3114 | -10 |
| | Gandhi Nagar | 3088 | 3114 | -27 |
| | Ahmedabad (Sanand) | 3018 | 3045 | -28 |
| | Halvad | 3038 | 3040 | -2 |
| | Junagadh | 3021 | 3114 | -93 |
| | Dhrol | 2924 | 3050 | -126 |
| Rajasthan | Jodhpur | 2887 | 2899 | -13 |
| | Sumerpur | 2995 | 3008 | -13 |

Week on Week Price: Scenario of Castor Seed :

| Commodity | Market | Today | Week ago | Month ago | Year ago |
|----------------|---------|----------|-----------|-----------|----------|
| | | 3-Jun-16 | 27-May-16 | 3-May-16 | 3-Jun-15 |
| Gujarat | Patan | 3105 | 3125 | 3250 | 4025 |
| | Harij | 3090 | 3150 | 3225 | 4050 |
| | Rajkot | 3030 | NR | 3200 | 3900 |
| | Gondal | 3055 | 3155 | 3255 | 3955 |
| | Deesa | 3065 | 3150 | 3195 | 4025 |
| | Bhabar | 3070 | NR | 3175 | 4025 |
| | Mehsana | 3050 | 3100 | 3185 | 4000 |

| | | | | | |
|------------------|--------------------|------|------|------|------|
| | Kadi | 3070 | 3125 | 3225 | 4055 |
| | Sabarkatha | 3100 | 3125 | 3225 | 4035 |
| | Gandhi Nagar | 3075 | 3150 | 3200 | 4035 |
| | Ahmedabad (Sanand) | NA | 3035 | 3255 | NR |
| | Halvad | 3030 | 3025 | 3125 | 3900 |
| | Junagadh | 3020 | 3100 | 3150 | 4020 |
| | Dhrol | 2920 | NR | 2910 | 3850 |
| Rajasthan | Jodhpur | 2895 | 2950 | 3150 | 3900 |
| | Sumerpur | 2980 | 3000 | 3125 | 3925 |

Castor Seed Cumulative Arrivals in Key Centers:

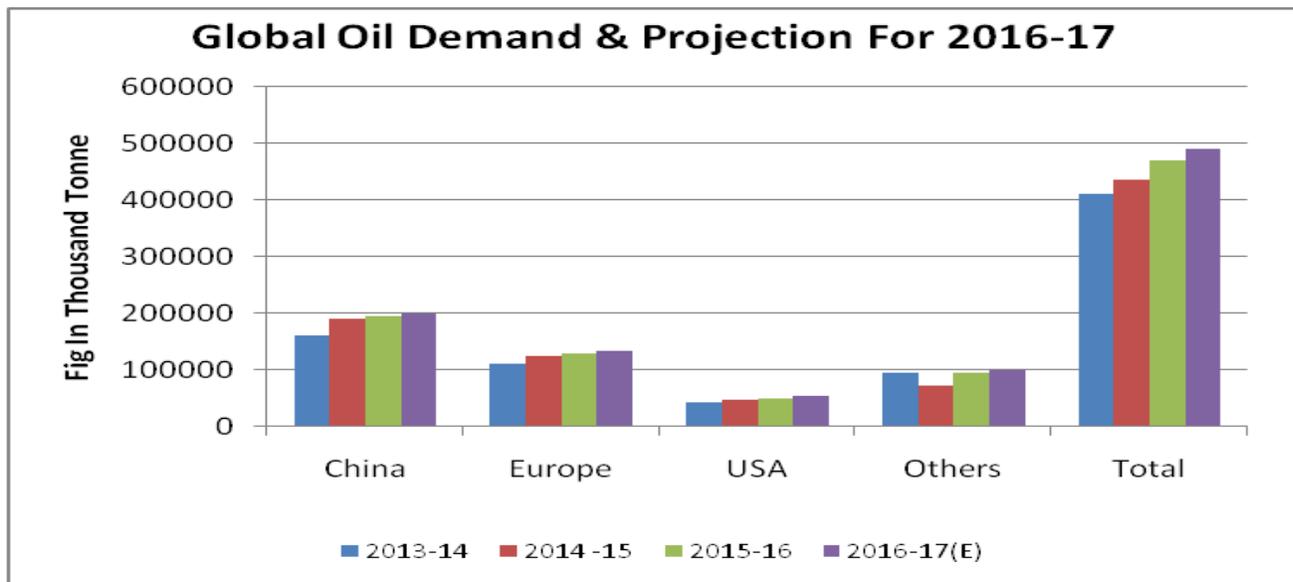
| Center | Market | 28th to 03rd June.2016 | 21st to 27th May.2016 | Change |
|-------------------------------------|--------------------|---------------------------|--------------------------|---------------|
| Gujarat | Patan | 44250 | 66750 | -22500 |
| | Harij | 11775 | 10875 | 900 |
| | Rajkot | 2325 | 2285 | 40 |
| | Gondal | 2051 | 2428 | -377 |
| | Deesa | 6234 | 10950 | -4715 |
| | Bhabar | 8483 | 13066 | -4583 |
| | Mehsana | 5100 | 5775 | -675 |
| | Kadi | 12080 | 12240 | -160 |
| | Sabarkatha | 1950 | 2625 | -675 |
| | Gandhi Nagar | 3863 | 3225 | 638 |
| | Ahmedabad (Sanand) | 200 | 202 | -2 |
| | Halvad | 19125 | 11175 | 7950 |
| | Junagadh | 425 | 697 | -272 |
| Dhrol | 25 | 95 | -70 | |
| Rajasthan | Jodhpur | 203 | 218 | -15 |
| | Sumerpur | 4480 | 5360 | -880 |
| Total Arrivals/Above Markets | | 122568 | 147964 | -25397 |

Outlook & Recommendation:

Castor seed market is expected to trade steady to slightly weak. 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 so far.

International market update:

Castor oil export is expected to increase by 4.26 % in 2016-17 as seed price in India is ruling lower by 15 percent from previous year. China and Europe would continue to dominate by buying major chunk of Indian castor oil. Total oil export may touch 5 lakh tonne this year.



Castor oil Rotterdam Price continue to increase from May-2016 to 2nd June-2016. It improved slightly during last two weeks from \$1224.90 to \$1249.60 per T. It is likely to trade up in month of June..

China brought 5513.21 T castor oil last week, followed by France, it brought 4395.62 T oil in the last week of May-2016.

Outlook:

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 seed and oil price in domestic market. Overall trend for June remains weak.

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