

# Castor Weekly Research Report

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**Castor Domestic Market Fundamentals:**

**All India average price for castor seed increased by 1.84 %** from Rs 3018. 46 to Rs 3074.28 per qtl during the week ended 23rd June-2016. It is lower by 7.73 % from the price registered in the third week of June, 2015. As prices are ruling lower, buyers remain active. Arrivals are comparatively 35 % lower this year due to unattractive price. Lower prevailing price of seed has discouraged farmers from releasing entire stock and they have preferred to retain 35 to 40 % crop in anticipation of price hike, generally seen in third and 4<sup>th</sup> quarter of the year.

**India exported 12280 MT castor oil during week ended 19<sup>th</sup> June`-2016** at an average price of \$1108.92 per MT. It is lower by 25.76 % quantity wise from previous week. The maximum and minimum prices were registered at \$2250.13 and 250.36 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 by Sep end. Sowing would start from July. Fear of area shifting is getting ground now as rainfall is still 16 percent lower than normal of LPA. Around 20 percent acreage is expected to decline this year in Gujarat while area may increase by 10 % in Rajasthan based on feed back received from farmers..

**Prices of seed increased in AP, Gujarat and Telangana by 1.83,0.28 and 0.83% respectively last week.** However, it decreased in Maharashtra and Tamil Nadu by 4.51 and 1.48 % respectively. Seed price in Maharashtra decreased from Rs 3063 to Rs 2925 per qtl.

**Castor seed market in Sumerpur located in the region of Rajasthan traded flat on weak sentiments.** Stockiest remained active as arrival is being reported at 650/700 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 2975/3000 per qtl. Stock in the region is said to be around 2.8 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 3.6 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.

**Farmers in Rajasthan and Gujarat would prefer to shift from castor seed to pulses and spices this year** due to huge price difference. Major decline may be seen in Gujarat. Total area may decrease from 11.25 lakh ha to 10.03 lakh ha. However, yield is expected to increase by 15 percent due to better prospects of rains this year.

**Progressive Area Coverage: -**

This year castor area may decrease by over 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 in Rajasthan and Gujarat.

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. Agriwatch expects market to stay steady to slightly firm in the first week of July due to increasing fear of lower area coverage and higher percentage of retention.

**Call:**

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

Stake holders in cash market may opt for buying seed around Rs 2950 to Rs3050 for stock purpose.

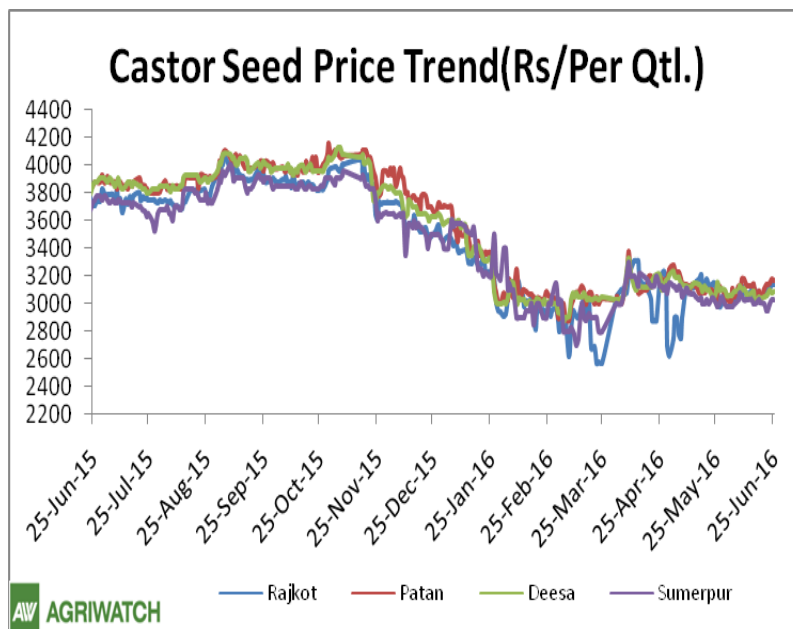
### Castor Seed Price Chart:

#### Price Trend:

Cash markets traded slightly up last week due to weak arrival and fresh buying interest by plants. Fear of lower area coverage has backed up prevailing innertone. Market may trade steady to slightly firm during first week of July.

Seed market is expected to hover in range of Rs 2900 to Rs 3050 per qtl. Rajkot market average price for the week comes to Rs 3068.5 per qtl. For Patan It is Rs 3125 per qtl. Average price in Deesa comes to Rs 3063.06 per qtl.

Prices of seed are likely to trade firm as buyers interest is expected at lower level. Seed price may move up by Rs 50 per qtl. from current level .

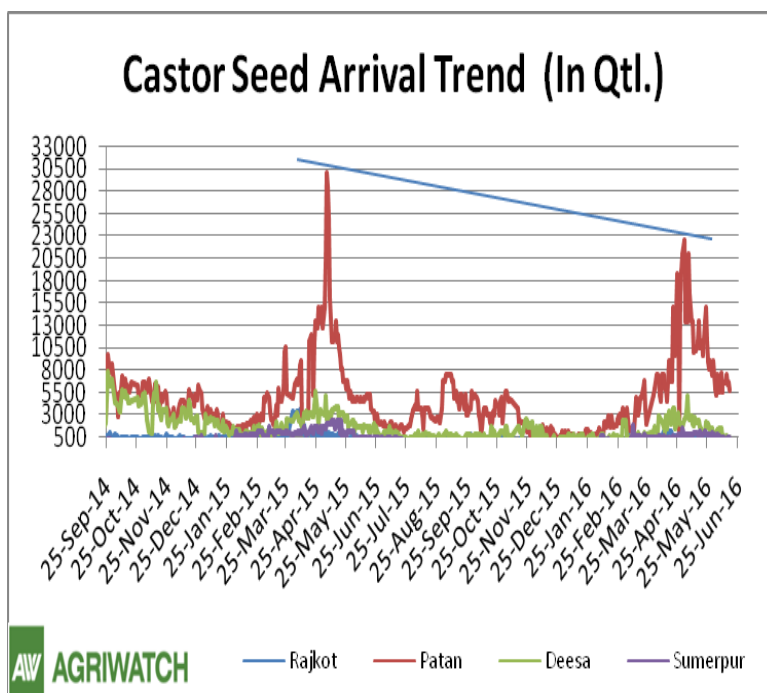


### Castor Seed Arrival Chart:

Arrivals of seed have started decreasing in all major markets due to prevailing lower price. Fresh buying spree may support price at lower level and it may encourage farmers to release stock to 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 40 % of their stock due to lower price.

It has decreased in Sumerpur from 600 qtl to 250 qtl per day. Stockiest remain active in anticipation of higher price in second half of the year.



### Castor Oil Export Trend:-

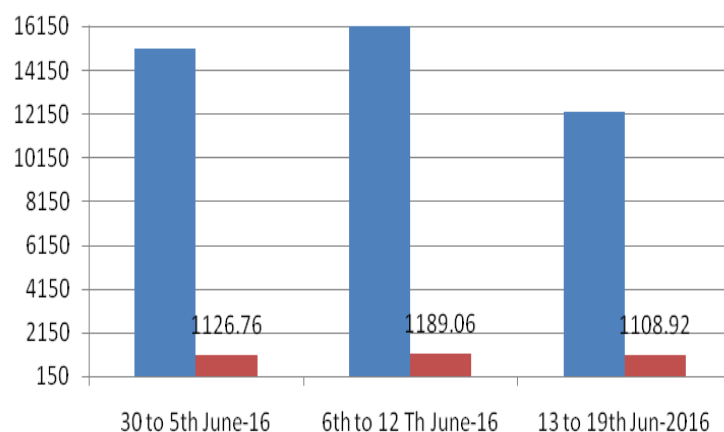
Castor oil export could not sustain its pace and it decreased after three weeks gain. India exported 12280 tonne oil last week, lower by 25.76 % from previous week. India had exported 16541.37 tonne oil last week.

Average price realization too has decreased to \$1108.92 per tonne, lower by 6.74 % from previous week.

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 firm in the medium term, FoB quotes too may move up in the weeks ahead from current level..

### Castor Oil Weekly Export: June-2016

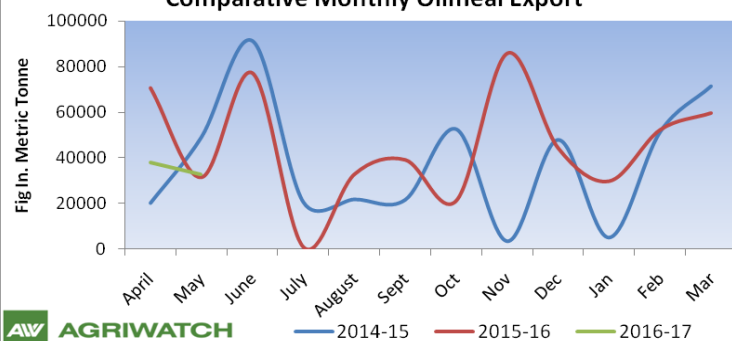


### Castor Meal Export

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 average price of \$101.65 per tonne.

### Comparative Monthly Oilmeal Export



### State Wise Weekly Price Trend:

State	Prices 16-23 Jun 2016	Prices 09-15 Jun 2016	Prices 01-08 Jun 2016	Prices 16-23 Jun 2015	% Change(Over Previous Week)	% Change(Over Previous to Previous Week)	% Change(Over Previous Year)
Andhra Pradesh	3191.69	3134.42	3141.51	3682.04	1.83	1.6	-13.32
Gujarat	3019.67	3011.19	3030.55	3842.96	0.28	-0.36	-21.42
Karnataka		3200	3157.14	1788.1	—	—	—
M P		2400	3705.77	3050	—	—	—
Maharashtra	2925	3063	2971.43	3256.67	-4.51	-1.56	-10.18
Rajasthan	2878.09	2883.98	2883.6	3682.63	-0.2	-0.19	-21.85
Tamil Nadu	3310.46	3360.11	3461.23	3742.86	-1.48	-4.36	-11.55
Telangana	3120.75	3094.95	3085.87	3611.91	0.83	1.13	-13.6
Average	3074.28	3018.46	3179.64	3332.15			

Castor Oil Export Fig. in Tonne				
	2015, April	2016, April	2016-May	2016-June
<b>1st Week</b>	12400	3285.3	9628.55	15157.48
<b>2nd Week</b>	10000	9323.64	9992.98	16541.37
<b>3rd Week</b>	8476	5756.88	11996.83	12280
<b>4th Week</b>	9657	16542.23	14329.86	
<b>Total</b>	40533	34908.05	45948.22	43978.85

### Cash Market Price Outlook For Deesa Spot

Expected Range	Rs/Qtl.(Low)	Rs /Qtl.(High)
<b>Short term (15 days)</b>	2950-3000	3000-3050
<b>Medium Term (30 days)</b>	3050-3075	3075-3100

Comparative Prices Of Castor Products Including Seed					
	17th June '16	10th June '16	17th May '16	17th June '15	CHANGE %
Castorseed (Gujarat)((Rs./M.T) Ex-Mandi	31250	31500	32100	39870	<b>-27.58</b>
Castor Meal Export (FAS) (US\$ / MT), Ex Kandla	72	72	73	112	<b>-55.56</b>
EXPORT (FOR) Ports (Rs./MT) Castor meal bulk Kandla	4800	4800	4950	7184	<b>-49.67</b>
Castor Oil (First Grade) FOB Kandla (Export) \$/Tonne	960	975	995	1279	<b>-33.23</b>
Local rates for oil in domestic market (Rs./M.T.) for comm.	66800	67000	68500	83012	<b>-24.27</b>

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
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
Center		18th to 24th June.2016	11th to 17th June.2016	
Gujarat	Patan	3123	3084	39
	Harij	3113	3055	58
	Rajkot	3091	3062	29
	Gondal	3159	3149	10
	Deesa	3066	3053	13
	Bhabar	3081	3035	46
	Mehsana	3068	3037	31
	Kadi	3122	3081	41
	Sabarkatha	3070	3053	17
	Gandhi Nagar	3104	3061	43
	Ahmedabad (Sanand)	3046	3020	26
	Halvad	2978	2999	-21
	Junagadh	3083	3082	1
	Dhrol	2795	2816	-21
Rajasthan	Jodhpur	2908	2929	-21
	Sumerpur	2989	3013	-24

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

Commodity	Market	Today	Week ago	Month ago	Year ago
Center		24-Jun-16	17-Jun-16	24-May-16	24-Jun-15
Gujarat	Patan	3175	3000	3050	3850
	Harij	3160	3060	3080	3850
	Rajkot	3140	3055	3100	3755
	Gondal	3205	3180	3155	3855
	Deesa	3080	3050	3055	3800
	Bhabar	3110	3030	3075	3850
	Mehsana	3090	3025	3075	3850
	Kadi	3130	3075	3120	3855
	Sabarkatha	3100	3025	3100	3900
	Gandhi Nagar	3125	3050	3110	3850
	Ahmedabad (Sanand)	3055	3015	3040	3810



Rajasthan	Halvad	3015	2980	3090	3700
	Junagadh	3150	3135	3140	3800
	Dhrol	NA	2860	3050	NA
	Jodhpur	2880	3000	2895	3600
	Sumerpur	3025	3010	3025	3675

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

Center	Market	18th to 24th June.2016	11th to 17th June.2016	Change
Gujarat	Patan	31569	37350	-5781
	Harij	5925	6675	-750
	Rajkot	1095	1160	-65
	Gondal	1767	847	920
	Deesa	5182	3104	2078
	Bhabar	13874	13089	785
	Mehsana	4425	4800	-375
	Kadi	14244	9860	4384
	Sabarkatha	1500	1875	-375
	Gandhi Nagar	1763	2888	-1125
	Ahmedabad (Sanand)	62	106	-44
	Halvad	3375	8025	-4650
	Junagadh	264	275	-11
	Dhrol	21	27	-6
Rajasthan	Jodhpur	465	518	-53
	Sumerpur	1520	2240	-720
<b>Total Arrivals/Above Markets</b>		<b>87051</b>	<b>92838</b>	<b>-5788</b>

**Outlook & Recommendation:**

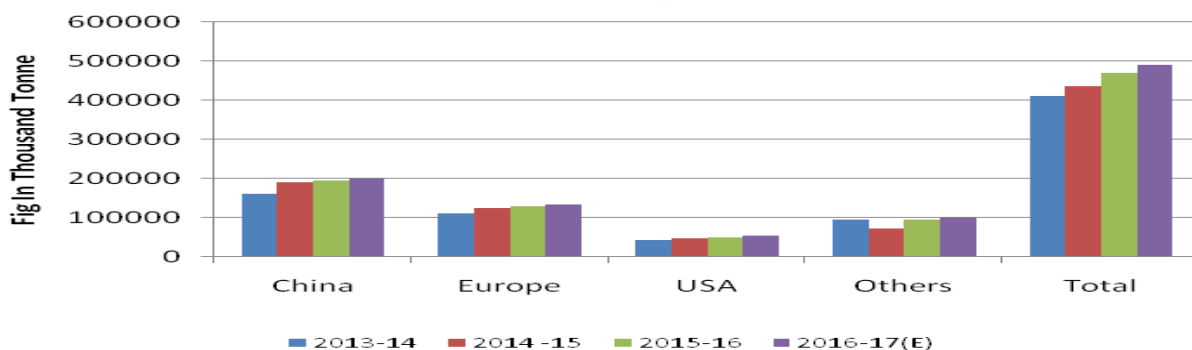
Castor seed market is expected to trade steady to slightly firm. Firmness is expected to continue in second half of the year. Availability is for crushing is lower as farmers have retained stock. Fear of lower acreage may lend support to cash market fundamentals.

**International market update:**

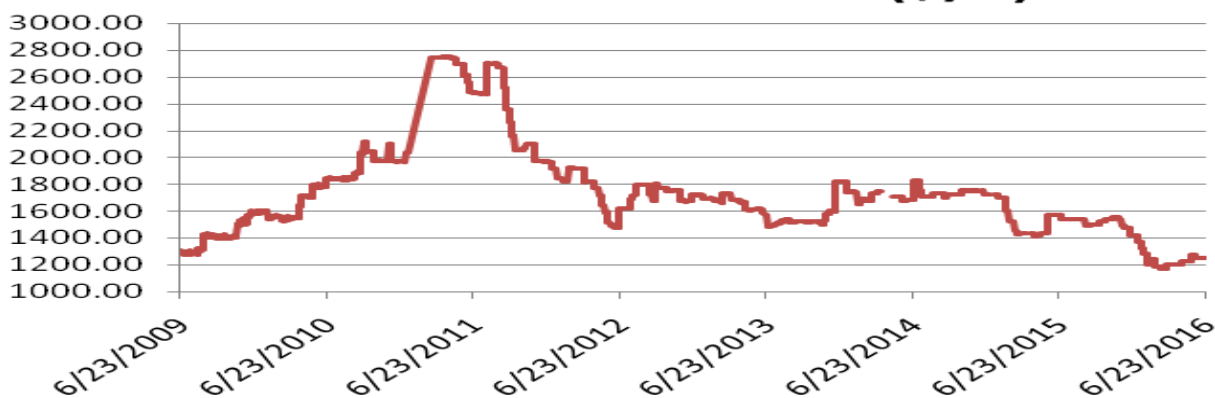
Castor oil export is expected to increase by 4.26 % in 2016-17 as seed price in India is ruling lower by 15 percent from previous year. China and Europe would continue to dominate by buying major chunk of Indian castor oil. Total oil export may touch 5 lakh tonne this year.



## Global Oil Demand &amp; Projection For 2016-17



## Rotterdam Price Trend(\$/T)



Castor oil Rotterdam Price continues to increase from May-2016 to 2<sup>nd</sup> June-2016. It improved slightly during last two weeks from \$1248 to \$1249.60 per T. It is likely to trade up in month of July.

**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 a position to bargain. 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 July remains firm.

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