

# Castor Weekly Research Report

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**Castor Domestic Market Fundamentals:**

**All India average price for castor seed increased by 3.35 % from Rs 3029.5 to Rs 3131.09 per qtl during the week ended 9<sup>th</sup> July-2016.** It is lower by 5.65 % from the price registered in the first week of July, 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 around 40 % crop in anticipation of price hike, generally seen in third and 4th quarter of the year.

**Castor cash markets continue to trade range bound as uncertainty prevails on planting front** due to uncertain rainfall status so far. Castor sowing has barely taken off this season due to slow monsoon. As on 08.07.2016 total 34,000 ha area under castor has been covered against 55,000 ha last year till first week of July -2015. Given the low prices in the past season farmers are waiting for rainfall. If rains pick up in first half of July, farmers may shift 15 % castor area to other cash crops. In opposite case (if rains pick up in second half of the month, castor area may be same as last year despite lower prevailing price. As rains in growing regions start, Agriwatch expects a fall in acreage of up to 15/20 %.

**Farmers may shift castor area to moong, moth, turmeric, cotton, chilly, peanuts and Urad** as prices of these commodities rule considerably higher this year. Govt. has fixed MSP for Pulses and it would buy it to make a buffer stock. So farmers are sure to get MSP for these crops. There is a common gossip in the market that area in Gujarat may decline by 30 percent while it may increase by 4/5 % in Rajasthan. It will decrease in Telangana /AP by 4 % this year as farmers intend to grow pulses, cotton and turmeric due to attractive price.

**Export demand for oil continues and around 80 % old accumulated stock is said to be consumed so far.** However, farmers have retained 40 to 45 % seed from new crop. Arrivals have declined by 35 percent and supply at current level is bound to contract. It would push seed price up in coming months from current level. However, clear picture would emerge by the end of this month, by then rainfall status too would be clear. Farmers prefer pulses, cotton and turmeric this season.

**Castor oil export decreases by 31.57 % to 8584.37 tonne during the week ended 3rd July, 2016.** Price realization too has decreased by 0.54 % from previous week to \$1140.48 per tonne. India had exported 12545.18 tonne oil previous week. As prices of seed are ruling lower, export volume is expected to remain at higher level next week too. Cash market is expected to move up due to lower arrivals and increasing fear of lower acreage.

**Stock of castor seed in Deesa market could be around 3.75 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. In Sumerpur region of Rajasthan stock is said to be around 2.25 lakh bag, slightly lower than last year at this point of time.

**Progressive Area Coverage: -**

Till last week only 34,000 ha has been covered against 55,000 ha last year. Normal area coverage at this point of time is 65,000 ha. With good rainfall and higher pulses price under castor may decrease by over 20 %. 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.

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 second week of July as rains in next two weeks in growing region would decide price trend.

**Call:**

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

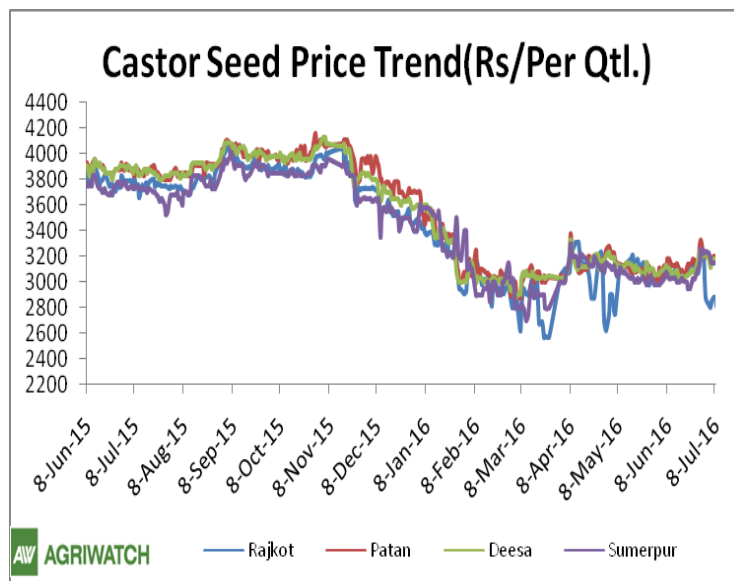
Stake holders in cash market may opt for buying seed around Rs 2950 to Rs 3050 for stock purpose.

### 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 inner tone. Market may trade steady to slightly firm during second week of July.

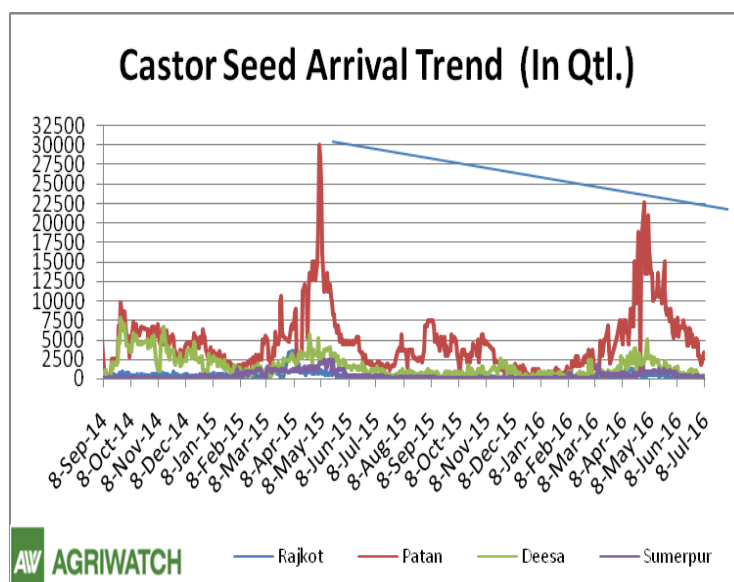
Seed market is expected to hover in range of Rs 2950 to Rs 3050 per qtl. Rajkot market average price for the week comes to Rs 3143.3 per qtl. For Patan It is Rs 3145 per qtl. Average price in Deesa comes to Rs 3073.06 per qtl. Prices of seed are likely to trade range bound as buyers interest is expected 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.

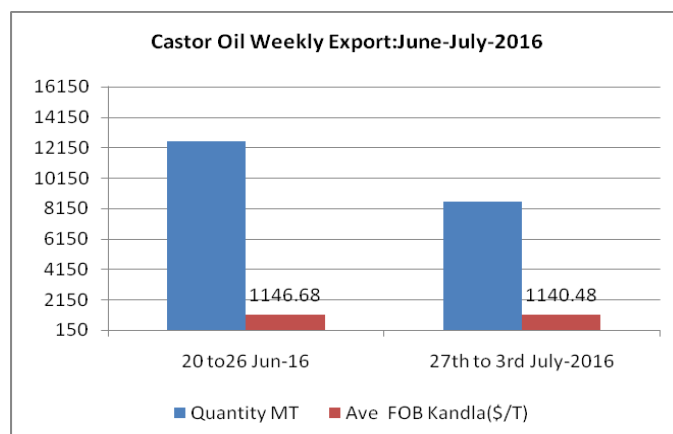


### Castor Oil Export Trend:-

Castor oil export decreased slightly by 31.57 to 8584.37 tonne week on week basis. India had exported 12545.18 tonne oil previous week.

Average price realization to decreased to \$1140.48 per tonne, down by 0.54 % from previous week.

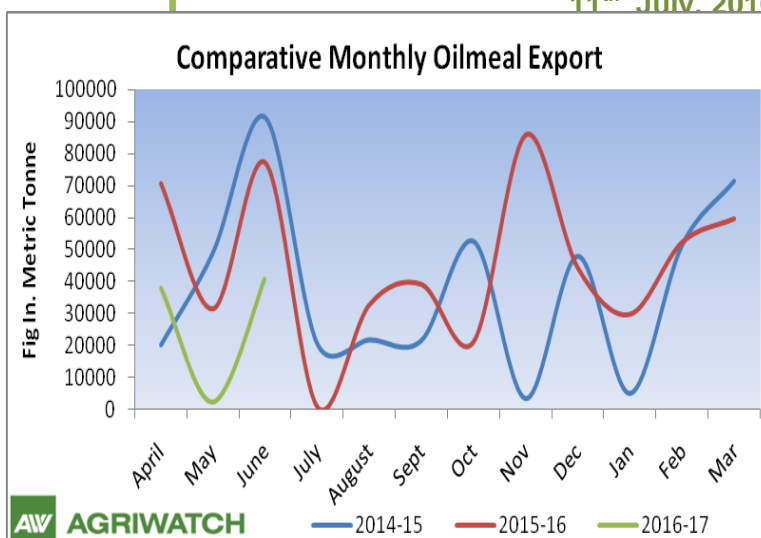
Castor oil export would continue to increase as prices are lower than normal expectation and availability is higher. Farmers /Stockiest may hold seed until planting status gets clearly visible. FoB quote is likely to stay steady.



### Castor Meal Export

India had exported 40591 tonne castor meal in June, 2016. It is higher than volume exported in May-2016 by 37812 tonne. As seed price is ruling lower, export volume is expected to stay steady in July-2016 too.

FOB quotes for meal too has decreased slightly this week from \$74 to \$73 per tonne. France bought 3808.9 tonne meal last week at an ave price of \$101.65 per tonne.



### State Wise Weekly Price Trend:

#### State wise Wholesale Prices Weekly Analysis for Castor Seed Second week July, 2016

State	Prices 09-15 Jul 2016	Prices 01-08 Jul 2016	Prices 24-30 Jun 2016	Prices 09-15 Jul 2015	% Change(Over Previous Week)	% Change(Over Previous Week)	% Change(Over Previous Year)
Andhra Pradesh	3221.24	3253.66	3157.77	3704.08	-1	2.01	-13.04
Chattisgarh			3000		—	—	—
Gujarat	3143.03	3136.93	3124.77	3818.39	0.19	0.58	-17.69
Karnataka				1300	—	—	—
Madhya Pradesh		2131.3	2600		—	—	—
Maharashtra		3200	2846.67	3523	—	—	—
Rajasthan		3095.11	3007.78	3598.69	—	—	—
Tamil Nadu		3221.53	3351.34	3565.31	—	—	—
Telangana	3029	3168	3155.85	3722.16	-4.39	-4.02	-18.62
Average	3131.09	3029.5	3030.52	3318.8			

Source :Agmark.net

Castor Oil Export Fig In Tonne	2016-May	2016-June	2016-July	% Ch over Last Month
1st Week	9628.55	15157.48	8584.37	-43.37
2nd Week	9992.98	16541.37		
3rd Week	11996.83	12280		
4th Week	14329.86	12545.18		
Total	45948.22	56524.03		

**Cash Market Price Outlook For Deesa Spot**

Expected Range	Rs/Qtl.(Low)	Rs /Qtl.(High)
Short term (15 days)	2950-3050	3050-3075
Medium Term (30 days)	3075-3100	3100-3150

Comparative Prices Of Castor Products Including Seed					
	1st July '16	24th June '16	1st June '16	1st July '15	CHANGE %
Castorseed (Gujarat)((Rs./M.T) Ex-Mandi	33050	32000	31350	39358	-19.09
Castor Meal Export (FAS) (US\$ / MT),Ex Kandla	68	68	72	114	-67.65
EXPORT (FOR) Ports (Rs./MT)Castor meal bulk Kandla	4700	4700	4800	7223	-53.68
Castor Oil (First Grade) FOB Kandla (Export)\$ /Tonne	1020	980	970	1258	-23.33
Local rates for oil in domestic market(Rs./M.T.) for comm.	70000	68000	67900	81981	-17.12

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 July,2016:

**Progressive sowing-2016**

Progressive Castor Seed Area In Lakh Ha.Till 23rd July ,2016			
	2016	2015	% ch
Andhra Pradesh	0.03	0.02	50.00
Telangana	0.03	0	#DIV/0!
Arunachal Pradesh	-	-	#VALUE!
Assam	-	-	#VALUE!
Bihar		-	#VALUE!
Chhattisgarh	-	-	#VALUE!
Gujarat			#DIV/0!
Haryana			#DIV/0!
Himachal Pradesh			#DIV/0!
Jammu & Kashmir			#DIV/0!
Jharkhand			#DIV/0!
Karnataka	0.04	0.02	100.00
Kerala			#DIV/0!
Madhya Pradesh			#DIV/0!
Maharashtra			#DIV/0!
Odisha			#DIV/0!
Punjab			#DIV/0!
Rajasthan		0.01	-100.00
Tamil Nadu			#DIV/0!
Uttar Pradesh			#DIV/0!
Uttarakhand			#DIV/0!
West Bengal			#DIV/0!
Others			#DIV/0!
Total – All India	0.1	0.05	100.00

Till 8<sup>th</sup> July India has covered 34,000 ha against 55,000 ha last year. Normal area till date is 65,000 ha. Statewise update is awaited.

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

Commodity	Market	Price (Rs/ Quintal)		Change
Center		02nd July to 08th July 2016	25th June to 01st July.2016	
Gujarat	Patan	3193	3226	-33
	Harij	3186	3194	-8
	Rajkot	3164	3163	2
	Gondal	3249	3281	-32
	Deesa	3172	3190	-18
	Bhabar	3185	3193	-8
	Mehsana	3173	3184	-11

	Kadi	3256	3243	14
	Sabarkatha	3213	3189	23
	Gandhi Nagar	3220	3231	-11
	Ahmedabad (Sanand)	3130	3098	33
	Halvad	3219	3139	80
	Junagadh	3210	3210	Unch
	Dhrol	3063	2961	102
Rajasthan	Jodhpur	2988	2959	29
	Sumerpur	3182	3163	19

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

Commodity	Market	Today	Week ago	Month ago	Year ago
Center		8-Jul-16	1-Jul-16	8-Jun-16	8-Jul-15
Gujarat	Patan	3200	3200	3180	3825
	Harij	3175	3250	3110	3850
	Rajkot	3125	3205	3125	3820
	Gondal	3180	3330	3130	3780
	Deesa	3175	3215	3100	NA
	Bhabar	3170	3215	3075	3840
	Mehsana	3170	3225	3100	3850
	Kadi	3235	3275	3130	3900
	Sabarkatha	3175	3250	3150	3875
	Gandhi Nagar	3225	3275	3150	3860
	Ahmedabad (Sanand)	3140	3150	3125	NA
	Halvad	3230	3245	3025	3750
	Junagadh	3220	3250	3120	3735
	Dhrol	3040	2800	2710	3630
Rajasthan	Jodhpur	NA	3000	2895	3700
	Sumerpur	3150	3225	3050	3725

## Castor Seed Cumulative Arrivals in Key Centers:

Center	Market	02nd July to 08th July 2016	25th June to 01st July.2016	Change
Gujarat	Patan	13125	25828	-12703
	Harij	3150	5700	-2550
	Rajkot	527	615	-88



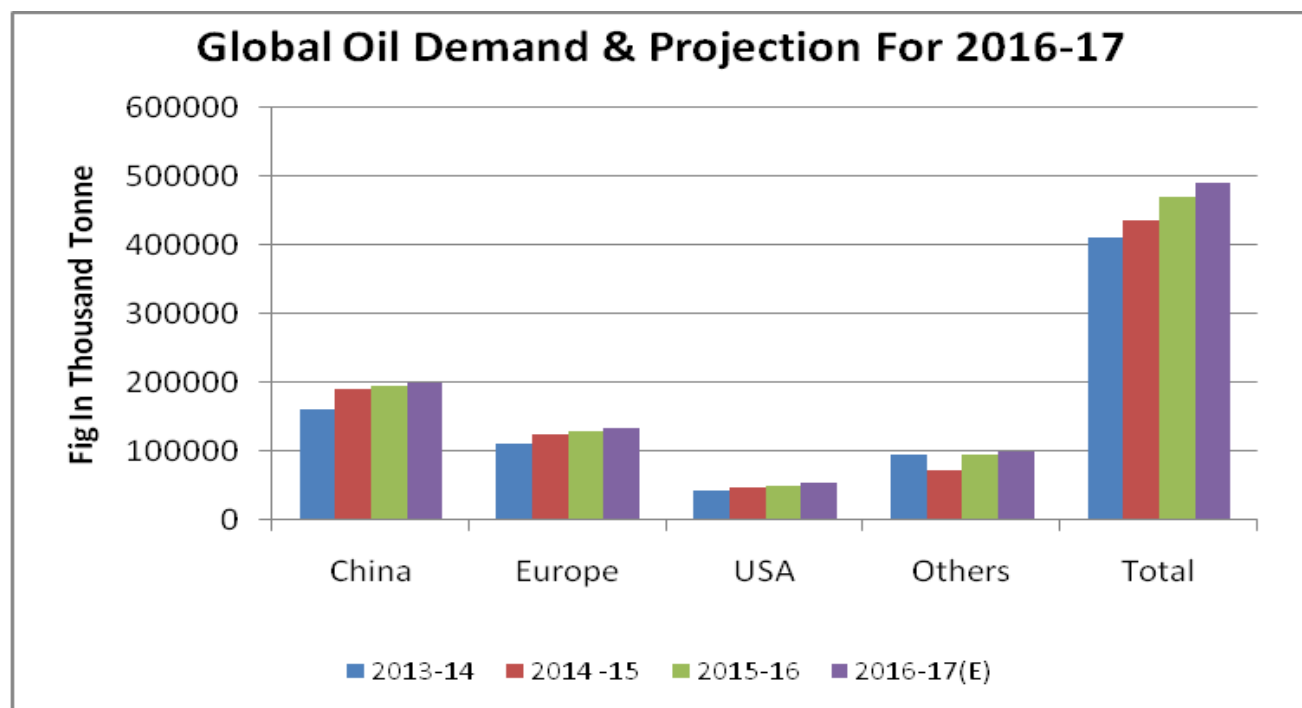
	Gondal	596	2655	<b>-2059</b>
	Deesa	1539	4353	<b>-2814</b>
	Bhabar	6278	14893	<b>-8615</b>
	Mehsana	3113	3750	<b>-638</b>
	Kadi	10192	13760	<b>-3568</b>
	Sabarkatha	300	1013	<b>-713</b>
	Gandhi Nagar	1050	1838	<b>-788</b>
	Ahmedabad (Sanand)	44	122	<b>-78</b>
	Halvad	900	2175	<b>-1275</b>
	Junagadh	100	320	<b>-220</b>
	Dhrol	27	25	<b>3</b>
<b>Rajasthan</b>	Jodhpur	244	368	<b>-124</b>
	Sumerpur	1200	2080	<b>-880</b>
<b>Total Arrivals/Above Markets</b>		<b>42385</b>	<b>79493</b>	<b>-37108</b>

#### Outlook & Recommendation:

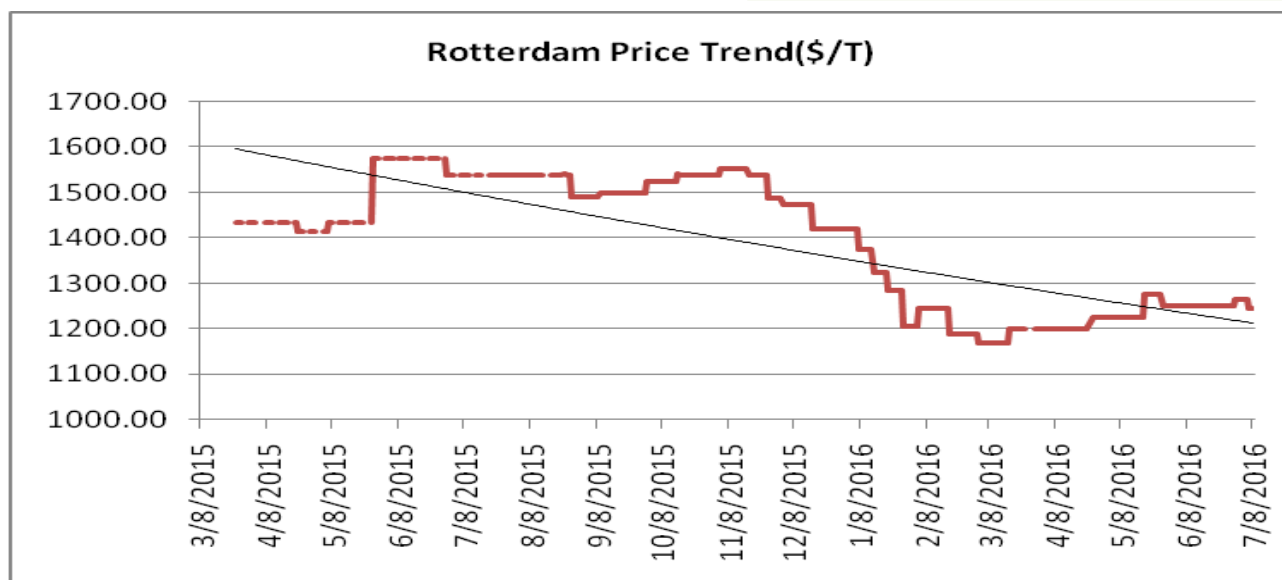
Castor seed market is expected to trade steady to slightly firm in the short term. Firmness is expected in second half of the year. Availability for crushing is lower as farmers have retained stock. Fear of lower acreage may lend support to cash market fundamentals.

#### 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.







Castor oil Rotterdam Price continues to decrease from Aug-2015 to March 2016. However, It improved slightly during last two weeks to \$1244 per tonne. It is likely to trade up in month of July despite downward correction as price in India is bound to go up.

#### Outlook:

Demand from global market is likely to remain stable slightly weak in the short term 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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