

# Castor Weekly Research Report

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**Castor Domestic Market Fundamentals:**

**All India average price for castor seed decreased by 0.86 % from Rs 3196.78 to Rs 3168.06 per qtl during the week ended 30<sup>th</sup> July-2016.** It is lower by 2.77 % from the price registered in the fourth week of July, 2015. As prices are ruling lower, buyers remain active. Arrivals are comparatively 45 % 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.

**India exported 11068.04 tonne castor oil during week ended 24th, July-2016,** lower by 20.52 % from previous week. However, average price realization increased by 4.44 % to \$1197.03 per tonne. It had exported 13926.36 tonne oil at an average price of \$ 1146.44 per tonne in mid July. Export volume is unlikely to increase as most buyers have covered their two-three months need and they are in no hurry to buy aggressively in rising market price. So Agriwatch expects steady export in coming weeks.

**As on 29th July, total coverage under castor seed was reported 1.04 lakh ha** against last year's coverage of 1.21 ha. Till fourth week of July normal area coverage is 1.99 lakh ha. Lower coverage and farmers sowing intention show the possibility of 25 % lower coverage in Gujarat. Area may decline 5 to 6 percent in Rajasthan too from seasons normal of 2.15 lakh ha.

**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. It will decrease in Telangana /AP by 4/5 % this year as farmers intend to grow pulses, cotton and turmeric due to attractive price.

**Stock of castor seed in Deesa market could be around 3.80 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 2.50 lakh bag, slightly lower than last year at this point of time.

**.Progressive Area Coverage: -**

As on 25.07.2016 only 17,700 ha has been covered against 22,000 ha in Gujarat last year till date. Normal area coverage in Gujarat is 714,400 ha. In Rajasthan total coverage has been reported 2.25 thousand ha against 1.5 thousand ha previous week. State govt has set target of 2.01 lakh ha for this year. Sowing may increase by mid of August.

In Telangana and Andhra Pradesh coverage under castor seed is lagging behind by 20 % so far. However, it may pick up from mid August. Continuous rains in growing region have delayed sowing by two weeks for early maturity varieties.

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 August. Higher rain fall may delay plantings.

**Call:**

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

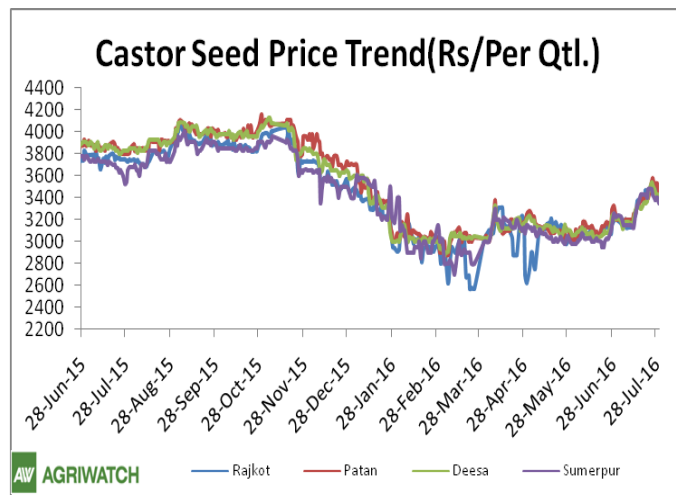
Stake holders in cash market may opt for buying seed around Rs 3250 to Rs 3350 for stock purpose.

### Castor Seed Price Chart:

#### Price Trend:

Cash markets traded slightly down last week due to weak demand and buying interest by plants. However, fear of lower area coverage has continued to back up prevailing inner tone. Market may trade steady to slightly firm during first week of August.

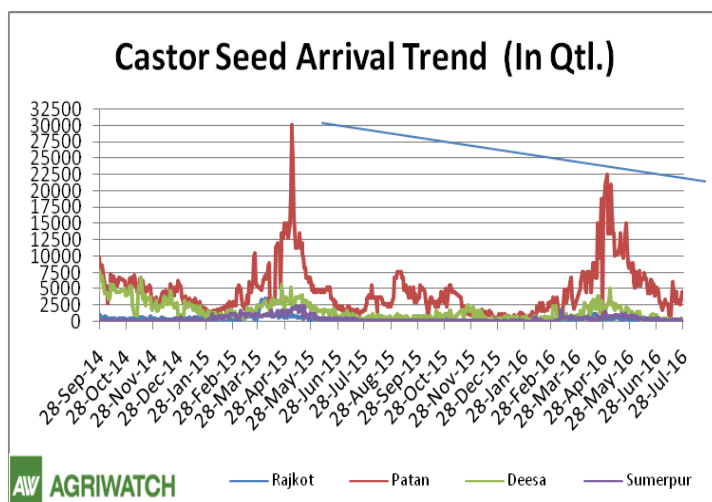
Seed market is expected to hover in range of Rs 3300 to Rs 3400 per qtl. Rajkot market average price for the week comes to Rs 3275.71 per qtl. For Patan It is Rs 3255 per qtl. Average price in Deesa comes to Rs 3183.06 per qtl. Prices of seed are likely to trade range bound as buyers interest is expected at lower level. Seed price may move up by Rs 50 per qtl. more 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.

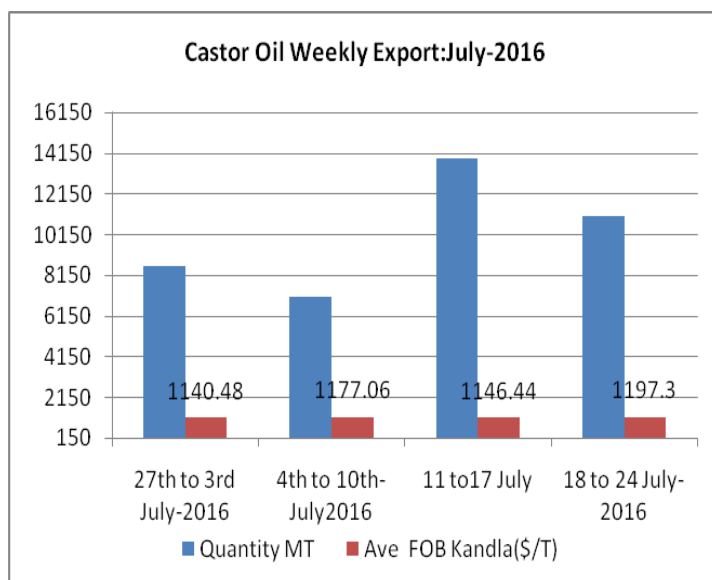
Stake holders would prefer to wait for stabilization in the cash market. Market participants say that arrival pace would not increase much as small farmers may prefer to retain 40 % of their stock due to lower price.



### Castor Oil Export Trend:-

Castor oil export decreased slightly by 20.52 to 11068.04 tonne week on week basis. India had exported 13926.36 tonne oil previous week. Average price realization increased by 4.44% to \$1197.03 per tonne.

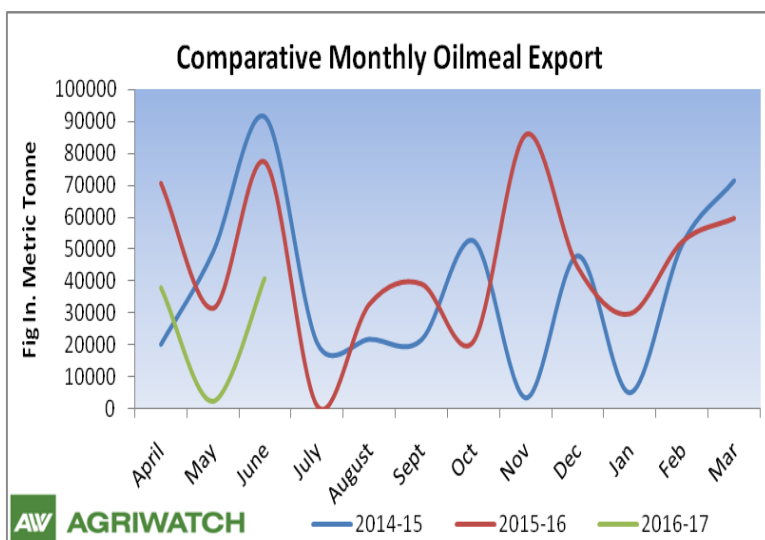
Castor oil export would continue to stay steady as prices are lower than normal expectation and availability is higher. Farmers /Stockiest may hold seed until planting status gets clearly visible. FoB quote is likely to stay steady.



### 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 Fourth week July, 2016							
State	Prices 24-31 Jul 2016	Prices 16-23 Jul 2016	Prices 09-15 Jul 2016	Prices 24-31 Jul 2015	% Change(Over Previous Week)	% Change(Over Previous to Previous Week)	% Change(Over Previous Year)
Andhra Pradesh	3436.47	3348.67	3277.34	3745.71	2.62	4.86	-8.26
Gujarat	3448.29	3320.02	3178.58	3762.3	3.86	8.49	-8.35
Karnataka		3800	2877.78	1733.33	—	—	—
Madhya Pradesh	2136.75	2163.28	2505	2857	-1.23	-14.7	-25.21
Rajasthan	3295.43	3315.44	3119.86	3654.94	-0.6	5.63	-9.84
Tamil Nadu	3259	3238.5		3415.67	0.63	—	-4.59
Telangana	3437.56	3191.08	3024.07	3647.04	7.72	13.67	-5.74
Average	3168.92	3196.71	2997.1	3259.43			

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	7078.99	-57.20
3rd Week	11996.83	12280	13926.36	13.41
4th Week	14329.86	12545.18	11068.04	-11.77
Total	45948.22	56524.03	40657.76	-28.07

**Cash Market Price Outlook For Deesa Spot**

Expected Range	Rs/Qtl.(Low)	Rs /Qtl.(High)
Short term (15 days)	3350-3375	3375-3400
Medium Term (30 days)	3420.3440	3425-3450

Comparative Prices Of Castor Products Including Seed					
	29 <sup>th</sup> July '16	22 <sup>nd</sup> July '16	29 <sup>th</sup> June '16	July '15	CHANGE %
Castorseed (Gujarat)((Rs./M.T) Ex-Mandi	35550	34450	32950	39358	<b>-9.80</b>
Castor Meal Export (FAS) (US\$ / MT),Ex Kandla	67	67	68	114	<b>-41.23</b>
EXPORT (FOR) Ports (Rs./MT)Castor meal bulk Kandla	4450	4400	4700	7223	<b>-38.39</b>
Castor Oil (First Grade) FOB Kandla (Export)\$ /Tonne	1110	1075	1025	1258	<b>-11.72</b>
Local rates for oil in domestic market(Rs./M.T.) for comm.	76000	73000	70000	81981	<b>-7.30</b>

Source:SEA. Latest data awaited

**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	0.15	0.08	87.50
Telangana	0.13	0.35	-62.86
Arunachal Pradesh	-	-	#VALUE!
Assam	-	-	#VALUE!
Bihar	-	-	#VALUE!
Chhattisgarh	-	-	#VALUE!
Gujarat	0.05	0.08	-37.50
Haryana			#DIV/0!
Himachal Pradesh			#DIV/0!
Jammu & Kashmir			#DIV/0!
Jharkhand			#DIV/0!
Karnataka	0.05	0.05	0.00
Kerala			#DIV/0!
Madhya Pradesh			#DIV/0!
Maharashtra	0.12	0.1	20
Odisha	0.03	0.03	0
Punjab			#DIV/0!
Rajasthan	0.04	0.31	-87.10
Tamil Nadu	0.01	0.01	0
Uttar Pradesh			#DIV/0!
Uttarakhand			#DIV/0!
West Bengal			#DIV/0!
Others			#DIV/0!
Total – All India	0.58	1.01	-42.57

As on 29th July, total coverage under castor seed was reported 1.04 lakh ha against last year's coverage of 1.21 ha. The latest State wise break up is awaited..

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

Commodity	Market	Price (Rs/ Quintal)		Change
Center		23th to 29th July 2016	16th to 22th July 2016	
Gujarat	Patan	3513	3378	134
	Harij	3527	3378	149
	Rajkot	3471	3401	70
	Gondal	3580	3435	145
	Deesa	3473	3338	134
	Bhabar	3478	3353	126
	Mehsana	3466	3329	137
	Kadi	3504	3377	127

	Sabarkatha	3483	3370	<b>113</b>
	Gandhi Nagar	3513	3365	<b>148</b>
	Ahmedabad (Sanand)	3463	3308	<b>155</b>
	Halvad	3461	3244	<b>217</b>
	Junagadh	3499	3298	<b>202</b>
	Dhrol	3476	3161	<b>315</b>
<b>Rajasthan</b>	Jodhpur	3248	3140	<b>108</b>
	Sumerpur	3425	3408	<b>17</b>

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

Commodity	Market	Today	Week ago	Month ago	Year ago
Center		29-Jul-16	22-Jul-16	29-Jun-16	29-Jul-15
<b>Gujarat</b>	Patan	3525	3390	3325	3800
	Harij	3490	3425	3200	3810
	Rajkot	3480	3410	3185	3770
	Gondal	3555	Closed	3305	3605
	Deesa	3425	3370	3250	3825
	Bhabar	3460	3380	3225	3825
	Mehsana	3450	3350	3225	3810
	Kadi	3475	3415	3275	3875
	Sabarkatha	3475	3400	3200	3825
	Gandhi Nagar	3475	3400	3250	3850
	Ahmedabad (Sanand)	3480	NA	3075	3750
	Halvad	3365	3340	3225	NA
	Junagadh	NA	3350	3230	NA
	Dhrol	NA	3165	3000	NA
<b>Rajasthan</b>	Jodhpur	3300	3215	3000	3700
	Sumerpur	3400	3400	3250	3550

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

Center	Market	23th to 29th July 2016	16th to 22th July 2016	Change
<b>Gujarat</b>	Patan	21525	23720	<b>-2195</b>
	Harij	2925	2100	<b>825</b>
	Rajkot	948	1102	<b>-154</b>
	Gondal	2058	1274	<b>784</b>
	Deesa	1177	1480	<b>-303</b>

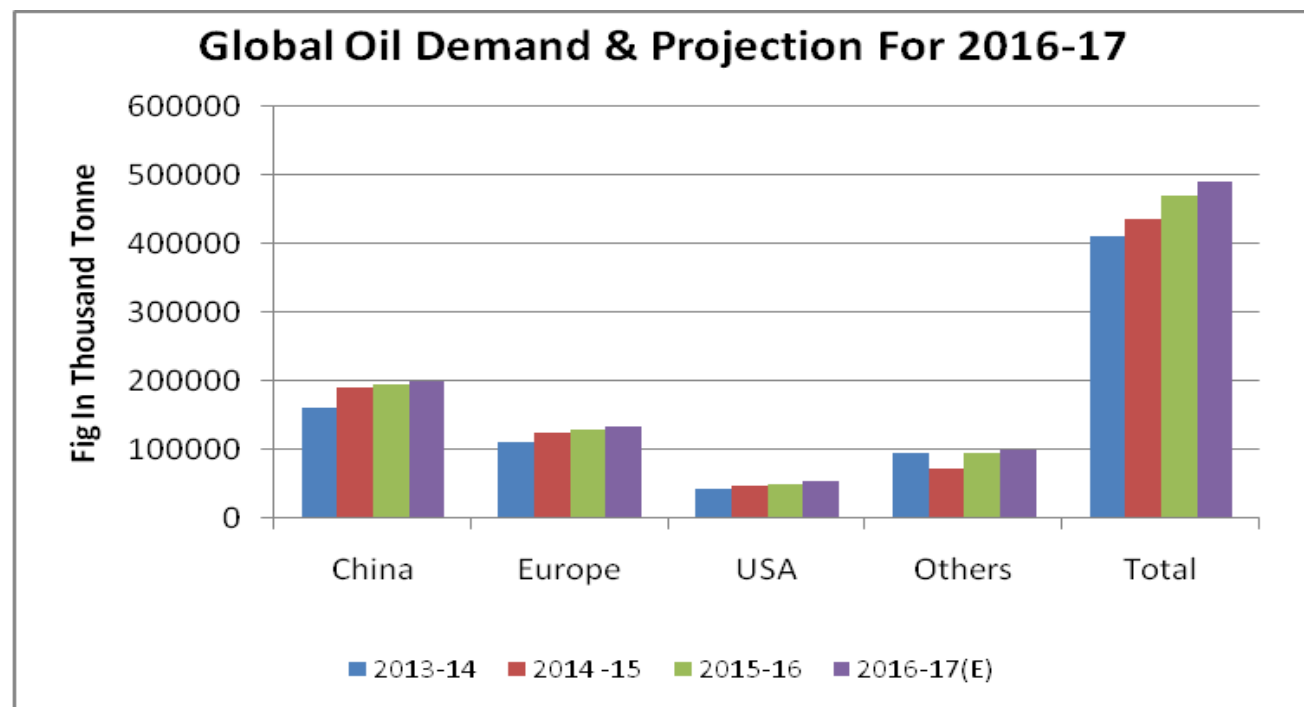
	Bhabar	3658	6270	<b>-2612</b>
	Mehsana	2925	2550	<b>375</b>
	Kadi	7560	7300	<b>260</b>
	Sabarkatha	413	713	<b>-300</b>
	Gandhi Nagar	1425	1088	<b>338</b>
	Ahmedabad (Sanand)	6	3	<b>3</b>
	Halvad	1125	956	<b>169</b>
	Junagadh	180	545	<b>-365</b>
	Dhrol	11	15	<b>-5</b>
<b>Rajasthan</b>	Jodhpur	199	255	<b>-56</b>
	Sumerpur	920	1280	<b>-360</b>
<b>Total Arrivals/Above Markets</b>		<b>47053</b>	<b>50651</b>	<b>-3597</b>

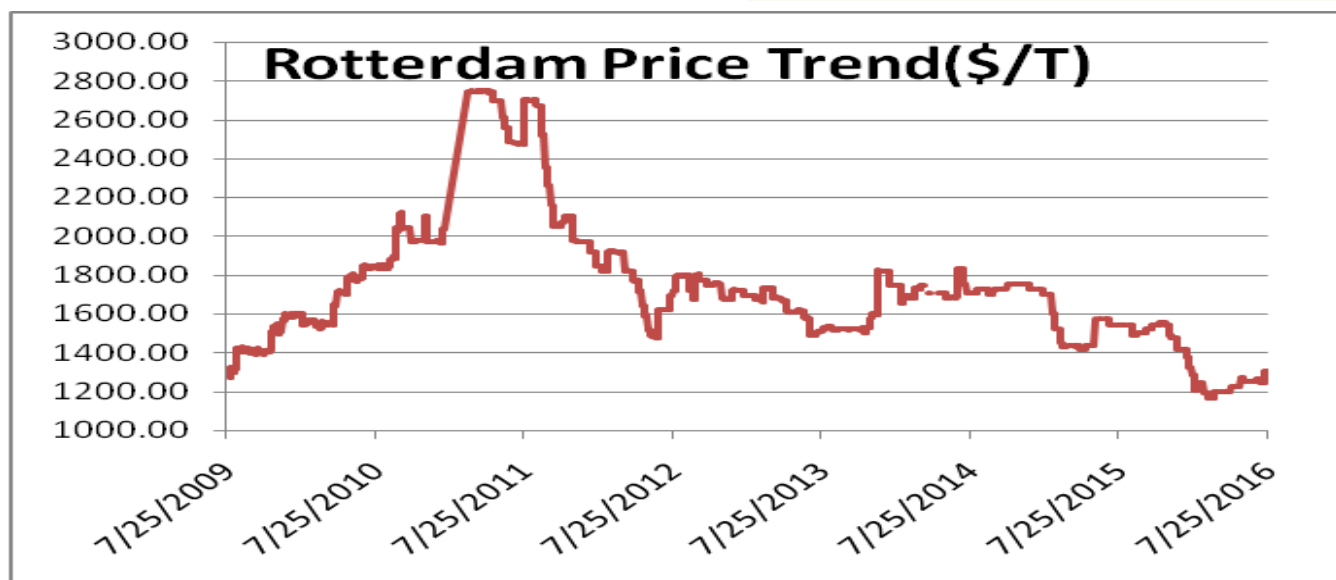
#### **Outlook & Recommendation:**

Castor seed market is expected to trade steady to slightly firm in the month of August. It will continue to consolidate in span of time. 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 one month to \$1304 per tonne. It is likely to trade up in month of August despite downward correction as price in India is bound to go up.

#### Outlook:

Demand from global market is likely to remain stable to 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 August remains firm.

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