

# Castor Weekly Research Report

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**Castor Domestic Market Fundamentals:**

**All India average price for castor seed decreased by 0.56 % from Rs 3168.62 to Rs 3150.58 per qtl during the week ended 6<sup>th</sup> August-2016.** It is lower by 9.96 % from the price registered in the first week of August, 2015. As prices are ruling lower, buyers remain active. Arrivals are comparatively 40 % 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 8185 tonne castor oil during week ended 6<sup>th</sup> August-2016,** lower by 21.95 % from previous week. Average price realization increased by 5.84 % to \$1218.63 per tonne. It had exported 6711.95 tonne oil at an average price of \$ 1151.35 per tonne in the fourth week of 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 bearish market trend.

**As on 5th August, total coverage under castor seed was reported 1.52 lakh ha** against last year's coverage of 1.48 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 10 to 15 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 05.08.2016 only 52,700 ha has been covered against 64,000 ha in Gujarat last year till date..Normal area coverage in Gujarat is 714,400 ha. In Rajasthan total coverage has been reported 27 thousand ha against 25 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 15 % 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 weak in the short to medium term. Agriwatch expects market to stay steady to slightly weak in the second week of August .Higher rain fall may delay plantings and encourage weak sentiments.

**Call:**

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

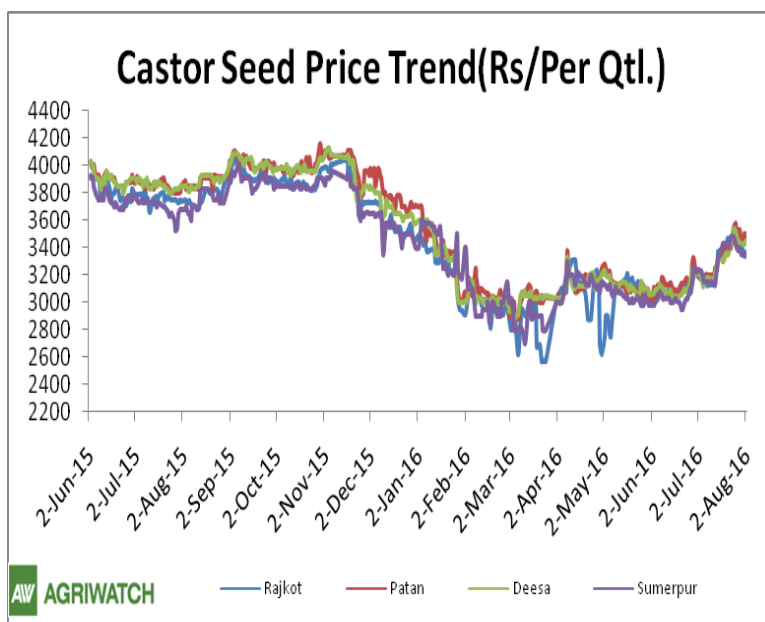
Stake holders in cash market may opt for buying seed around Rs 3250 to Rs 3350 for stock purpose.

### 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 weak during second week of August with higher rainfall in producing area.

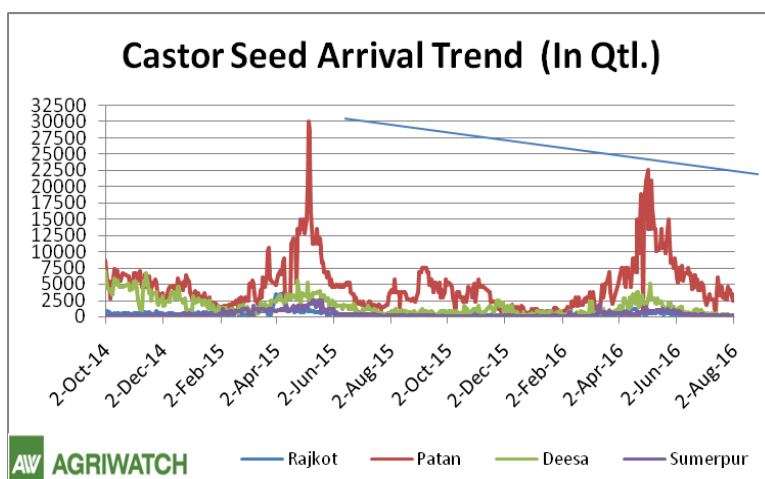
Seed market is expected to hover in range of Rs 3320 to Rs 3400 per qtl. Rajkot market average price for the week comes to Rs 3272.71 per qtl. For Patan It is Rs 3250 per qtl. Average price in Deesa comes to Rs 3178.06 per qtl. Prices of seed are likely to trade range bound as buyers interest is expected at lower level. Seed price may move down 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.

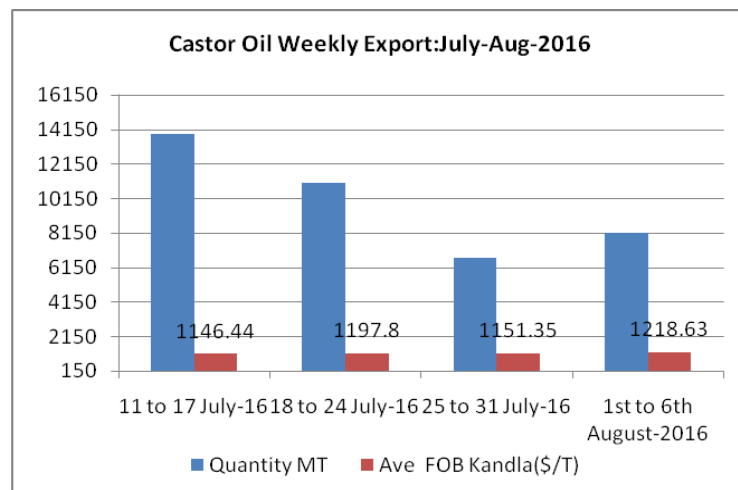
Stake holders would prefer to wait for stabilization in the cash market. Market participants say that arrival pace would not increase much as small farmers may prefer to retain 40 % of their stock due to lower price.



### Castor Oil Export Trend:-

Castor oil export decreased slightly by 21.95 to 8185 tonne week on week basis. India had exported 6711.95 tonne oil previous week. Average price realization increased by 5.84 % to \$1218.63 per tonne.

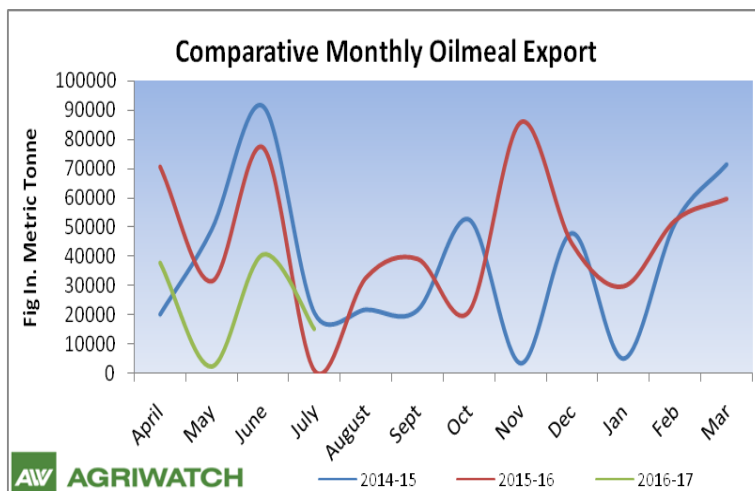
Castor oil export would continue to stay steady as prices are lower than normal expectation and availability is higher. Farmers /Stockiest may hold seed until planting status gets clearly visible. FoB quote is likely to stay steady.



### Castor Meal Export

India had exported 15230 tonne castor meal in July, 2016. India had exported only 887 tonne in July 2015. As seed price is ruling lower, export volume is expected to stay steady in August-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 average price of \$101.65 per tonne.



### State Wise Weekly Price Trend:

#### State wise Wholesale Prices Weekly Analysis for Castor Seed First week August, 2016

State	Prices 01-08 Aug 2016	Prices 24-31 Jul 2016	Prices 16-23 Jul 2016	Prices 01-08 Aug 2015	% Change(Over Previous Week)	% Change(Over Previous to Previous Week)	% Change(Over Previous Year)
Andhra Pradesh	3410.87	3436.47	3348.67	3752.77	-0.74	1.86	-9.11
Gujarat	3412.15	3446.54	3320.02	3808.83	-1	2.77	-10.41
Karnataka	3119		3800	3200	—	-17.92	-2.53
Madhya Pradesh	2462.5	2136.75	2163.28	2913.67	15.25	13.83	-15.48
Maharashtra				3247.33	—	—	—
Rajasthan	3274.02	3295.43	3315.44	3645.46	-0.65	-1.25	-10.19
Tamil Nadu	3102.5	3259	3238.5	3671	-4.8	-4.2	-15.49
Telangana	3273	3437.56	3191.08	3755.58	-4.79	2.57	-12.85
Average	3150.58	3168.62	3196.71	3499.33			

Source :Agmark.net

Castor Oil Export Fig In Tonne	2016-May	2016-June	2016-July	2016-Aug	% CH
1st Week	9628.55	15157.48	8584.37	8185	-4.65
2nd Week	9992.98	16541.37	7078.99		
3rd Week	11996.83	12280	13926.36		
4th Week	14329.86	12545.18	11068.04		
Total	45948.22	56524.03	40657.76	8185	

### Cash Market Price Outlook For Deesa Spot

Expected Range	Rs/Qtl.(Low)	Rs /Qtl.(High)
Short term (15 days)	3320-3350	3350-3375
Medium Term (30 days)	3375-3390	3390-3400

**Comparative Prices Of Castor Products Including Seed**

	5 <sup>th</sup> Aug '16	29th July '16	5 <sup>th</sup> July '16	Aug '15	CHANGE %
Castorseed (Gujarat)((Rs./M.T) Ex-Mandi	35850	35500	32850	40223	<b>-11.37</b>
Castor Meal Export (FAS) (US\$ / MT),Ex Kandla	67	67	68	111	<b>-39.64</b>
EXPORT (FOR) Ports (Rs./MT)Castor meal bulk Kandla	4500	4450	4500	7080	<b>-36.44</b>
Castor Oil (First Grade) FOB Kandla (Export)\$ /Tonne	1105	1110	1005	1243	<b>-11.10</b>
Local rates for oil in domestic market(Rs./M.T.) for comm.	76500	76000	70000	82828	<b>-7.64</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 Ssate wise break up is awaited..

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

Commodity	Market	Price (Rs/ Quintal)		Change
Center		30th July to 05th Aug 2016	23th to 29th July 2016	
Gujarat	Patan	3492	3513	-21
	Harij	3479	3527	-48
	Rajkot	3390	3471	-81
	Gondal	3468	3580	-113
	Deesa	3448	3473	-25
	Bhabar	3402	3478	-76
	Mehsana	3434	3466	-32
	Kadi	3488	3504	-16
	Sabarkatha	3456	3483	-28

Rajasthan	Gandhi Nagar	3469	3513	-43
	Ahmedabad (Sanand)	3463	3463	Unch
	Halvad	3402	3461	-59
	Junagadh	3367	3499	-132
	Dhrol	3161	3476	-315
	Jodhpur	3278	3248	30
	Sumerpur	3379	3425	-46

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

Commodity	Market	Today	Week ago	Month ago	Year ago
Center		5-Aug-16	29-Jul-16	5-Jul-16	5-Aug-15
Gujarat	Patan	3525	3525	3165	3850
	Harij	3500	3490	3165	3840
	Rajkot	3420	3480	3140	3725
	Gondal	3405	3555	3280	3805
	Deesa	3460	3425	3115	3825
	Bhabar	NR	3460	3180	3850
	Mehsana	3430	3450	3150	3850
	Kadi	3490	3475	3235	3900
	Sabarkatha	3475	3475	3200	3910
	Gandhi Nagar	3475	3475	3200	3900
	Ahmedabad (Sanand)	3470	3480	3135	3770
	Halvad	3355	3365	3230	3750
	Junagadh	3300	3530	3175	3790
	Dhrol	NR	3530	3100	3590
Rajasthan	Jodhpur	3320	3300	2985	3650
	Sumerpur	3425	3400	3175	3650

## Castor Seed Cumulative Arrivals in Key Centers:

Center	Market	30th July to 05th Aug 2016	23th to 29th July 2016	Change
Gujarat	Patan	14819	21525	-6706
	Harij	1950	2925	-975
	Rajkot	524	948	-424
	Gondal	1272	2058	-786
	Deesa	1049	1177	-128
	Bhabar	4398	3658	740

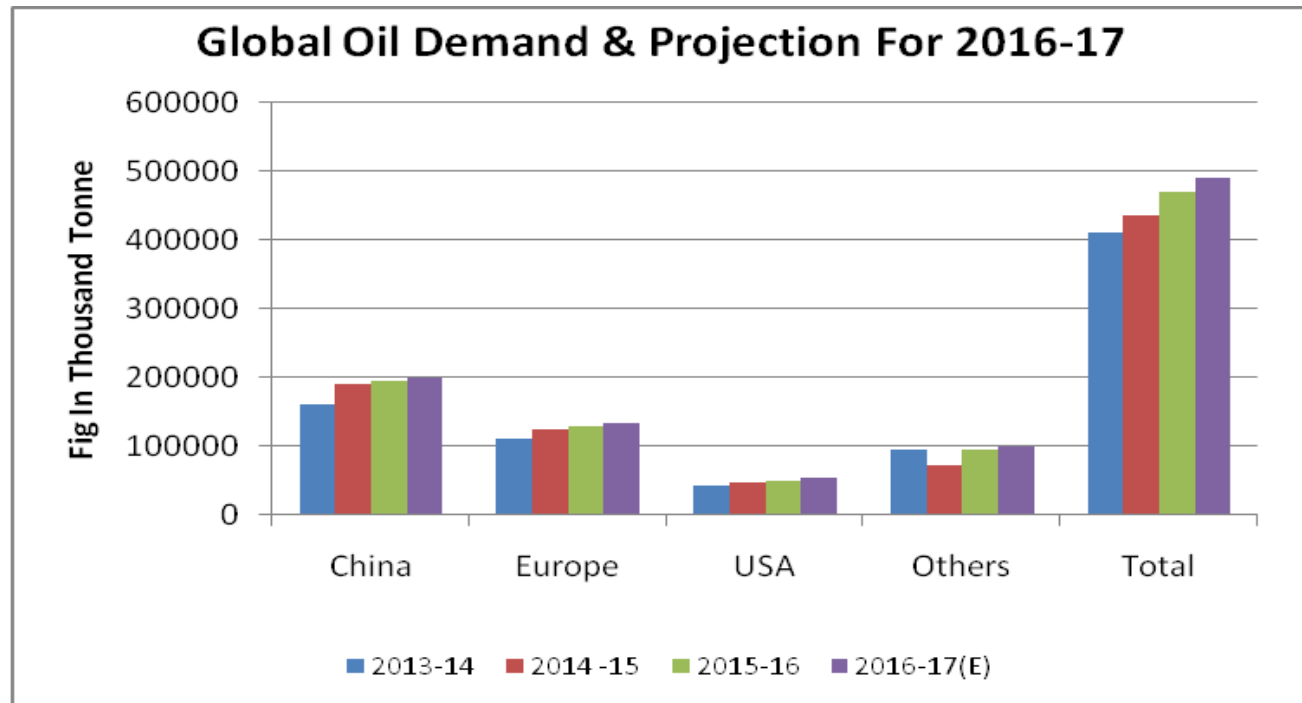
	Mehsana	2475	2925	<b>-450</b>
	Kadi	6160	7560	<b>-1400</b>
	Sabarkatha	803	413	<b>390</b>
	Gandhi Nagar	1425	1425	<b>Unch</b>
	Ahmedabad (Sanand)	34	6	<b>28</b>
	Halvad	563	1125	<b>-563</b>
	Junagadh	245	180	<b>65</b>
	Dhrol	25	11	<b>15</b>
<b>Rajasthan</b>	Jodhpur	263	199	<b>64</b>
	Sumerpur	720	920	<b>-200</b>
<b>Total Arrivals/Above Markets</b>		<b>36724</b>	<b>47053</b>	<b>-10329</b>

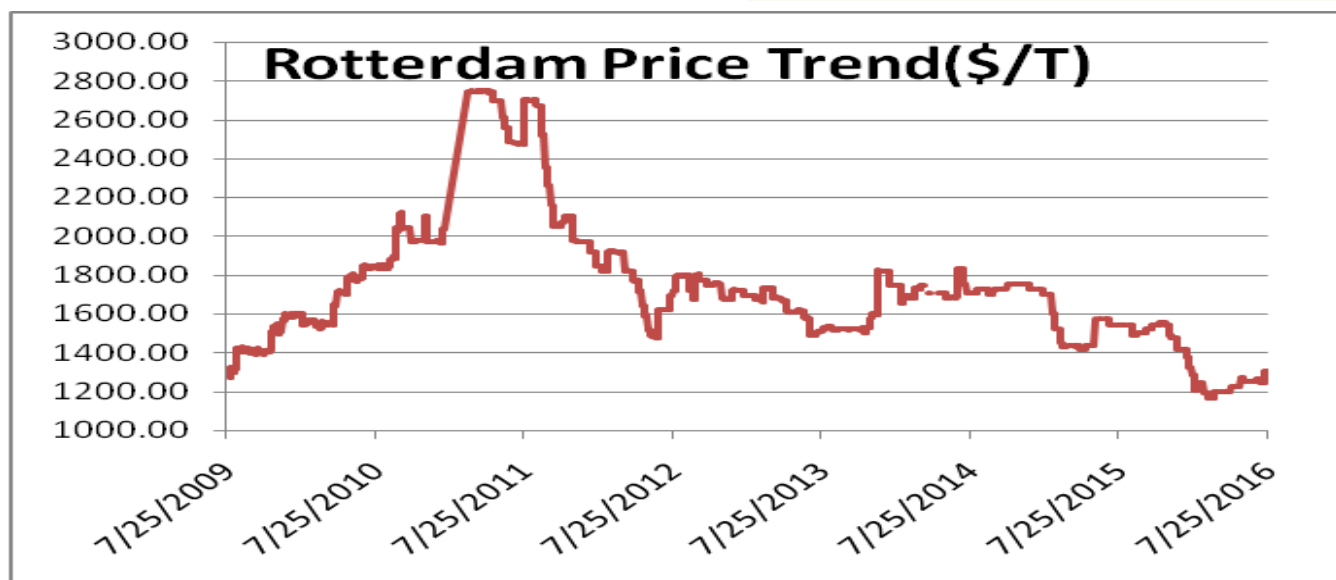
#### **Outlook & Recommendation:**

Castor seed market is expected to trade steady to slightly weak in the second week of August. However, 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 in the short term, remains weak.

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