

# Castor Weekly Research Report

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Castor Domestic Market Fundamentals:

**All India average price for castor seed recovered smartly by 6.12 % from Rs 3104 to Rs3294.06 per qtl during the week ended 27<sup>th</sup> August-2016.** It is lower by 5.74 % from the price registered in the fourth week of August, 2015. As prices are ruling lower, buyers remain active. Arrivals are comparatively 50 % lower in August due to unattractive price and retention. Lower prevailing price of seed has discouraged farmers from releasing entire stock and they have preferred to retain around 30-35 % crop in anticipation of price hike, generally seen in third and 4th quarter of the year.

**Castor seed planting is lagging behind by 24.37 % to 5.74 lakh ha as on 26.08.2016.** Indian farmers had planted 7.75 lakh ha in corresponding period last year. It is lower by 27 % from August's normal planting of 8.00 lakh ha. Major decrease has been seen in Gujarat where area lags behind by 34 % to 3.27 lakh ha. It had covered 5.05 lakh ha last year till date.

**Rajasthan too is lagging behind by 35 thousand ha to 1.15 lakh ha so far.** However, coverage area is running slightly ahead in AP and Telangana. Overall coverage area is expected to fall by 20 % this year as farmers have shifted to pulses and other lucrative crops.

**India exported 11609.17 tonne castor oil during week ended 21<sup>st</sup> August-2016, lower by 7.37 %** from previous week. Average price realization decreased by 0.19 % to \$1176.87 per tonne. It had exported 12533.39 tonne oil at an average price of \$ 1179.12 per tonne in the second week of August-2016 . 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.

**Stock of castor seed in Deesa market could be around 4.00 lakh bags at present,** slightly lower than 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 3.00 lakh bags, slightly higher than last year at this point of time.

.Progressive Area Coverage: -

**As on 26.08.2016 around 5.77 lakh ha has been covered against 7.63 lakh ha** last year till date. It is 24 % lower than corresponding period last year. Normal area coverage in Gujarat is 714,400 ha. and it has covered only 3.27 lakh ha. All India normal till August is 8 lakh ha. It may pick up further from end 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 fourth adv estimate for food grains on 2nd August-2016 and estimated 16.50 lakh tonne castor seed production for 2015-16 crop year, to be marketed in MY 2016-17. It has decreased production estimate from 17.75 to 16.50 lakh tonne in fourth Adv estimate 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 with firm bias likely to continue. Higher rain fall may delay plantings and may support inner tone once again in the span of time. Farmers/ stockiests would retain stock and lower coverage area would lower crop size. Besides, steady export pace would remain supportive to the market fundamental.

**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 3350 to Rs3450 for stock purpose.

### Castor Seed Price Chart: Price Trend:

Cash markets traded mixed last week due to supply-demand factors. Major decline was seen in Sumerpur and Rajkot. 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 Sept with higher rainfall in producing area.

Seed market is expected to hover in range of Rs 3350 to Rs 3475 per qtl. Rajkot market average price for the week comes to Rs 3335.95 per qtl. For Patan It is Rs 3511 per qtl. Average price in Deesa comes to Rs 3425.08 per qtl. Prices of seed are likely to trade range bound to firm as buyers interest is expected to continue at lower level.

**Castor Seed Arrival Chart:** Arrivals have in Patan only last week due to higher price offered to farmers stockiest. In other markets it declined as farmers have preferred to retain stock and wait for better 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 planting.

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 have preferred to retain 35% of their stock due to lower price.

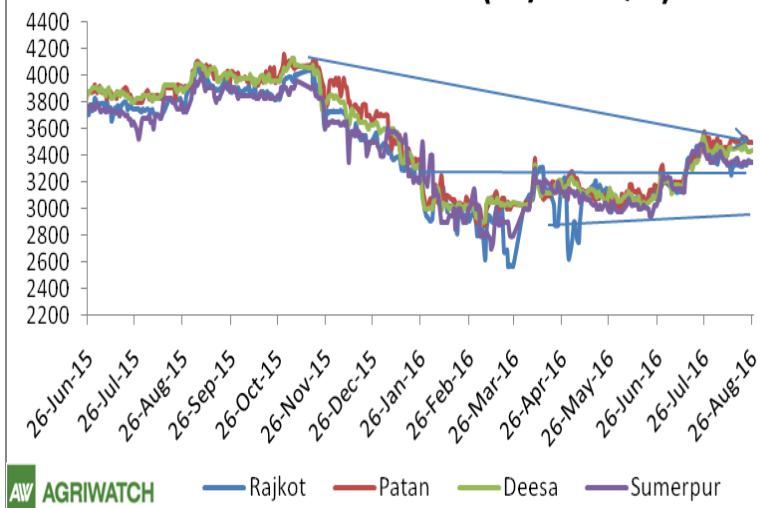
### Castor Oil Export Trend:-

India exported 11609.17 tonne castor oil during third week of August. It is lower by 16.64 % from the same period last month.

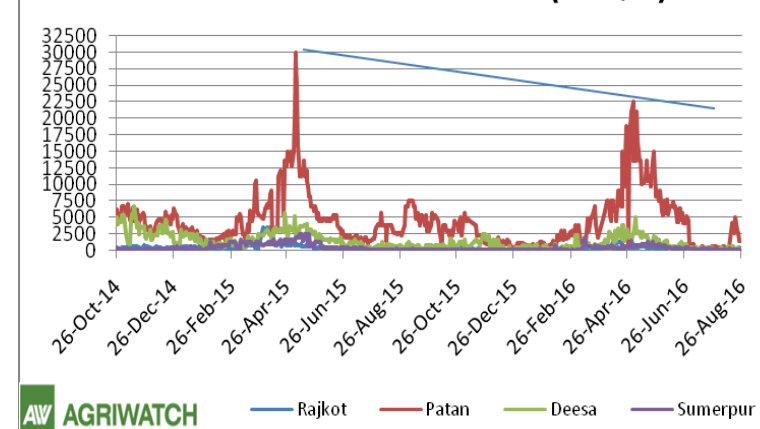
Average price realization too has decreased slightly. Exporters managed to sell oil at an average FoB of \$1176.87 per tonne.

As old seed stock is available crushing is likely to continue and supply would remain at higher level despite lower arrival from new crop.

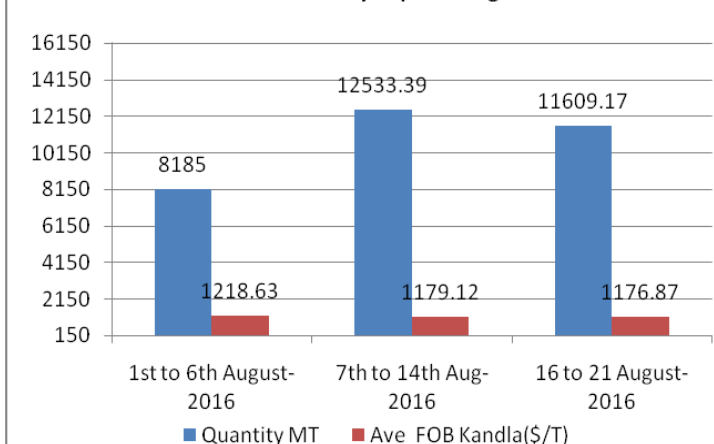
### Castor Seed Price Trend(Rs/Per Qtl.)



### Castor Seed Arrival Trend (In Qtl.)



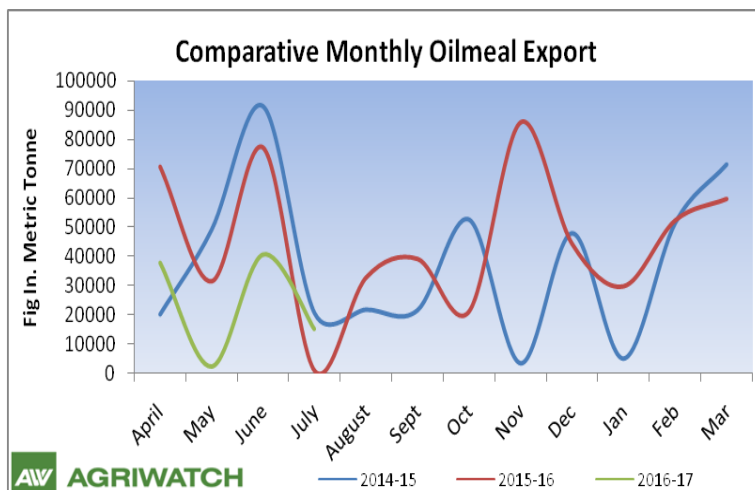
### Castor Oil Weekly Export:-Aug-2016



### 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 Fourth week August, 2016

State	Prices 24-31 Aug 2016	Prices 16-23 Aug 2016	Prices 09-15 Aug 2016	Prices 24-31 Aug 2015	% Change(Over Previous Week)	% Change(Over Previous to Previous Week)	% Change(Over Previous Year)
Andhra Pradesh	3228.53	3289.5	3366.02	3819.09	-1.85	-4.08	-15.46
Chattisgarh				2600	—	—	—
Gujarat	3438.56	3427.86	3387.54	3873.74	0.31	1.51	-11.23
Karnataka	3105.5	1764.16	1600		76.03	94.09	—
Madhya Pradesh		2353.99	1610	2971	—	—	—
Maharashtra		3162.5	3078		—	—	—
Rajasthan	3340.38	3290.82	3254.96	3714.56	1.51	2.62	-10.07
Tamil Nadu		4222		3643.33	—	—	—
Telangana	3357.34	3321.14	3350.38	3843.3	1.09	0.21	-12.64
Average	3294.06	3104	2806.7	3495			

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	12533.39	77.05
3rd Week	11996.83	12280	13926.36	11609.17	-16.64
4th Week	14329.86	12545.18	11068.04		
Total	45948.22	56524.03	40657.76	32327.56	

### Cash Market Price Outlook For Deesa Spot

Expected Range	Rs/Qtl.(Low)	Rs /Qtl.(High)
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<b>Short term (15 days)</b>	3350-3375	3375-3400
<b>Medium Term (30 days)</b>	3400-3450	3450-3500

<b>Comparative Prices Of Castor Products Including Seed</b>					
	<b>26<sup>th</sup> Aug '16</b>	<b>19<sup>th</sup> Aug '16</b>	<b>26<sup>th</sup> July '16</b>	<b>Aug '15</b>	<b>CHANGE %</b>
Castorseed (Gujarat)((Rs./M.T) Ex-Mandi	35750	35450	36050	40223	<b>-11.12</b>
Castor Meal Export (FAS) (US\$ / MT),Ex Kandla	67	67	67	111	<b>-39.64</b>
EXPORT (FOR) Ports (Rs./MT)Castor meal bulk Kandla	4500	4500	4450	7080	<b>-36.44</b>
Castor Oil (First Grade) FOB Kandla (Export)\$ /Tonne	1115	1110	1115	1243	<b>-10.30</b>
Local rates for oil in domestic market(Rs./M.T.) for comm.	76000	75500	75500	82828	<b>-8.24</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**

<b>Intraday Supports &amp; Resistances</b>			<b>S2</b>	<b>S1</b>	<b>PCP</b>	<b>R1</b>	<b>R2</b>
Castor	NCDEX	Feb					
<b>Pre Weekly Trade Call</b>			<b>Call</b>	<b>Entry</b>	<b>T1</b>	<b>T2</b>	<b>SL</b>
Castor	NCDEX	Feb					

**Progressive Sowing Coverage Till 28<sup>th</sup> July,2016:**

**Progressive Sowing-2016**

States	Progressive sowing Till 26th August-2016		
	2016	2015	% Ch
Andhra Pradesh			
Telangana	0.32	0.31	3.23
Arunachal Pradesh	0.55	0.54	1.85
Assam	0	0	
Bihar	0	0	
Chhattisgarh	0.1	0.1	0.00
Gujarat	3.27	5.12	-36.13
Haryana	0.2	0.28	-28.57
Himachal Pradesh		0.01	-100.00
Jammu & Kashmir			
Jharkhand			
Karnataka			
Kerala	0.05	0.06	-16.67
Madhya Pradesh	0.02	0.04	-50.00
Maharashtra	0.33	0.42	-21.43
Odisha	0.12	0.1	20.00
Punjab	0.07	0.09	-22.22
Rajasthan	0.65	0.52	25.00
Tamil Nadu	0.05	0.06	-16.67
Uttar Pradesh	0.01	0.1	-90.00
Uttarakhand			
West Bengal			
Others			
Total – All India	5.74	7.75	-25.94

As on 26th, August total coverage under castor seed was reported 5.74 lakh ha against last year's coverage of 7.75 ha. The latest State wise break up is awaited. It is a tentative figure collected from various sources.

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

Commodity	Market	Price (Rs/ Quintal)		Change
Center		20th to 26th Aug 2016	13th to 19th Aug 2016	
Gujarat	Patan	3513	3506	7
	Harij	3527	3529	-2
	Rajkot	3360	3329	31
	Gondal	3380	3311	69
	Deesa	3453	3455	-3
	Bhabar	NR	NR	-
	Mehsana	3440	3433	7
	Kadi	3485	3467	18
	Sabarkatha	3469	3443	26
	Gandhi Nagar	3488	3488	Unch
	Ahmedabad (Sanand)	3285	NA	-
	Halvad	3405	3393	12

Rajasthan	Junagadh	3300	3325	-25
	Dhrol	NA	3135	-
	Jodhpur	3233	3215	18
	Sumerpur	3350	3350	Unch

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

Commodity	Market	Today	Week ago	Month ago	Year ago
Center		26-Aug-16	19-Aug-16	26-Jul-16	26-Aug-15
Gujarat	Patan	3500	3525	3575	Closed
	Harij	Closed	3525	3580	Closed
	Rajkot	Closed	3325	3515	Closed
	Gondal	Closed	3355	3580	Closed
	Deesa	3435	3445	3515	3875
	Bhabar	NR	NR	3380	3875
	Mehsana	Closed	3450	3525	Closed
	Kadi	Closed	3470	3550	Closed
	Sabarkatha	3475	3475	3525	Closed
	Gandhi Nagar	Closed	3500	3525	Closed
	Ahmedabad (Sanand)	NA	NA	3560	3770
	Halvad	Closed	3400	3485	Closed
	Junagadh	Closed	3250	3540	Closed
	Dhrol	NA	NA	3870	NA
Rajasthan	Jodhpur	3145	3250	3200	3800
	Sumerpur	3350	3325	3425	3725

## Castor Seed Cumulative Arrivals in Key Centers:

Center	Market	20th to 26th Aug 2016	13th to 19th Aug 2016	Change
Gujarat	Patan	13592	13875	-283
	Harij	2100	1875	225
	Rajkot	120	1170	-1050
	Gondal	388	754	-366
	Deesa	775	620	155
	Bhabar	NR	NR	-
	Mehsana	1425	1350	75
	Kadi	3230	2532	698
	Sabarkatha	300	563	-263
	Gandhi Nagar	1163	1575	-413

	Ahmedabad (Sanand)	1	NA	-
	Halvad	60	450	-390
	Junagadh	50	740	-690
	Dhrol	NA	1	-
<b>Rajasthan</b>	Jodhpur	137	80	57
	Sumerpur	560	640	-80
<b>Total Arrivals/Above Markets</b>		<b>23900</b>	<b>26224</b>	<b>-2323</b>

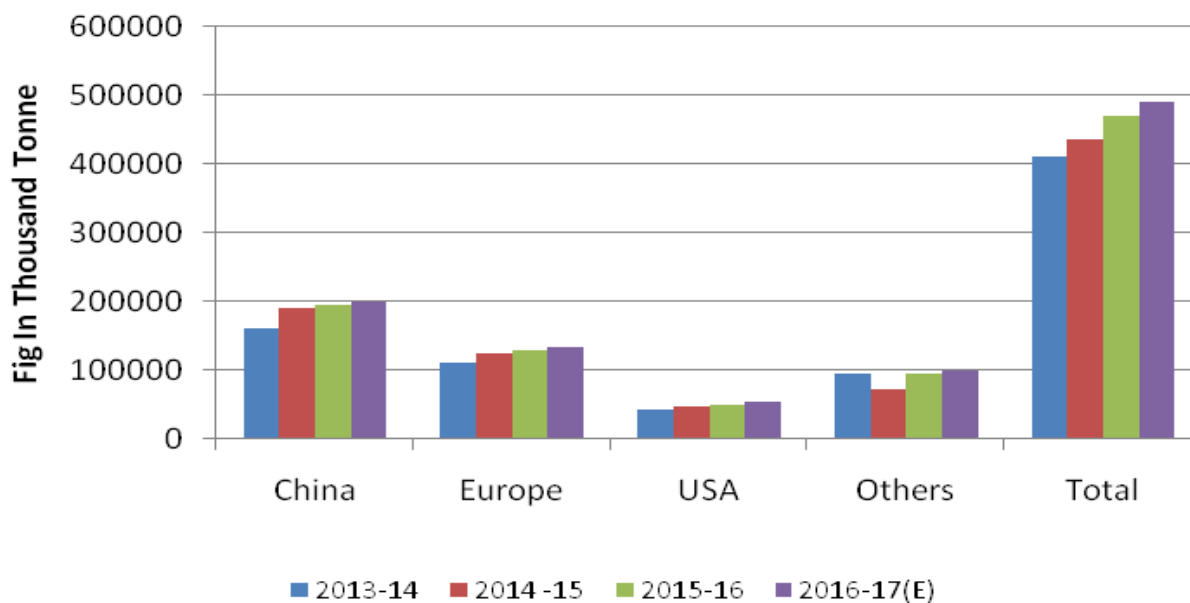
### Outlook & Recommendation:

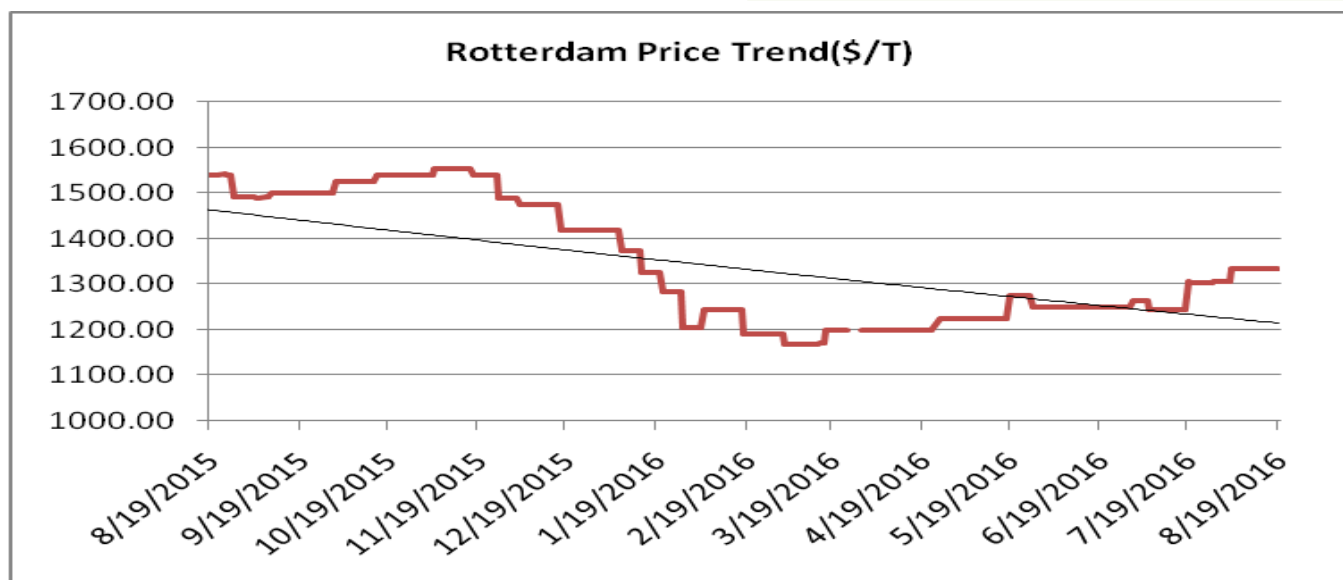
Castor seed market is expected to trade steady to slightly firm in the first week of Sept. It will continue to consolidate in span of time due to lower acreage so far. Availability for crushing is lower as farmers have retained stock. Fear of lower acreage may lend support to cash market fundamentals in the medium term.

### 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 & Projection For 2016-17





Castor oil Rotterdam Price continues to increase from July-2016 to August 2016. It improved from \$1334 per tonne to \$1335.90 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 immediate needs for second quarter taking advantage of lower price. They are in a position to bargain now. 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 medium term, remains firm.

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