

# Castor Weekly Research Report

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**Castor Domestic Market Fundamentals:**

**Castor seed market is expected to trade in strong zone on good buying activities mainly from Gujarat and Maharashtra states.** Castor seeds are getting support from government data which is showing 27.24% lower sowing area so far this year against last year record. Arrival increased on good price. Seed may continue to trade in the range of Rs 3350 to Rs 3640 per qtl. in the near term. Export demand for oil stayed steady and global buyers remain active. Agriwatch expects firmness in the medium term. Stake holders would prefer to wait for stabilization in the cash market. Market participants say that arrival pace would not increase until prices move up above Rs3650 per qtl. Possibility of good rainfall and lower area coverage may support market in the second half of the year. Restricted demand for oil from overseas market may continue to restrict one way uptrend. Lower arrivals seems supportive to the market fundamental. Overall outlook remains firm.

**According to sources, weekly prices of Castor seed in India declined by 1.68% to Rs. 3189.03/ qtl during the week** started from 1st Sep 2016 to 8th Sep 2016 against Rs. 3243.79/ qtl in the previous week. The prices depicts lower trend if we compare to previous year record in the same period of time i.e. Rs. 3509.74/ qtl. Farmers may wait till Oct./Nov as seed price usually start moving up from July and touches its peak in Nov-Dec. New crop starts hitting the market from January.

**This year production of castor seed is bound to decrease as area would decline by 25/30 percent** followed a deduction in area of Gujarat and Sumerpur castor growing regions. Total available stock is around 10 lakh tonne. Over one lakh tonne seed crushing would continue till March -next year. Thus, 7 to 7.5 lakh tonne seed would be crushed by the end of March-2017. It would drag down carry out below 3 lakh tonne. This would lend support to cash market fundamentally.

**Castor seed sowing area may decline by 24 to 30 per cent in the year 2016-17 as farmers are shifting towards groundnut, spices and pulses.** Since the beginning of the year (Feb) castor prices have been reeling under extreme pressure due to higher accumulated stock and steady almost steady demand for castor oil.

**India shipped around 44710 tonne castor oil in the month of August,** which is higher by 10.49 percent from July-2016. During last three weeks castor oil export has been on higher side due to lower prevailing prices in domestic market. Prices of oil may move up as crop size is expected to be lower by 25 to 30 percent. Final Sowing status is awaited by the end of this month. As seed price is getting firmer, FoB quotes is likely to move up from current level.

**Progressive Area Coverage: -**

**Castor seed planting is lagging behind by 27.24 % to 7.45 lakh ha as on 09.09.2016.** Indian farmers had planted 10.24 lakh ha in corresponding period last year. It is lower by 14.37% from the beginning of September normal planting of 9.83 lakh ha against 11.48. Major decrease has been seen in Gujarat states.

**Outlook & Recommendation: -**

Overall market sentiment is showing firmness in the short to medium term. Agriwatch expects market to go upside. Higher rain fall may delay plantings and may support inner tone once again in the span of time. Farmers/ stockiest would retain stock and lower coverage area would result 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

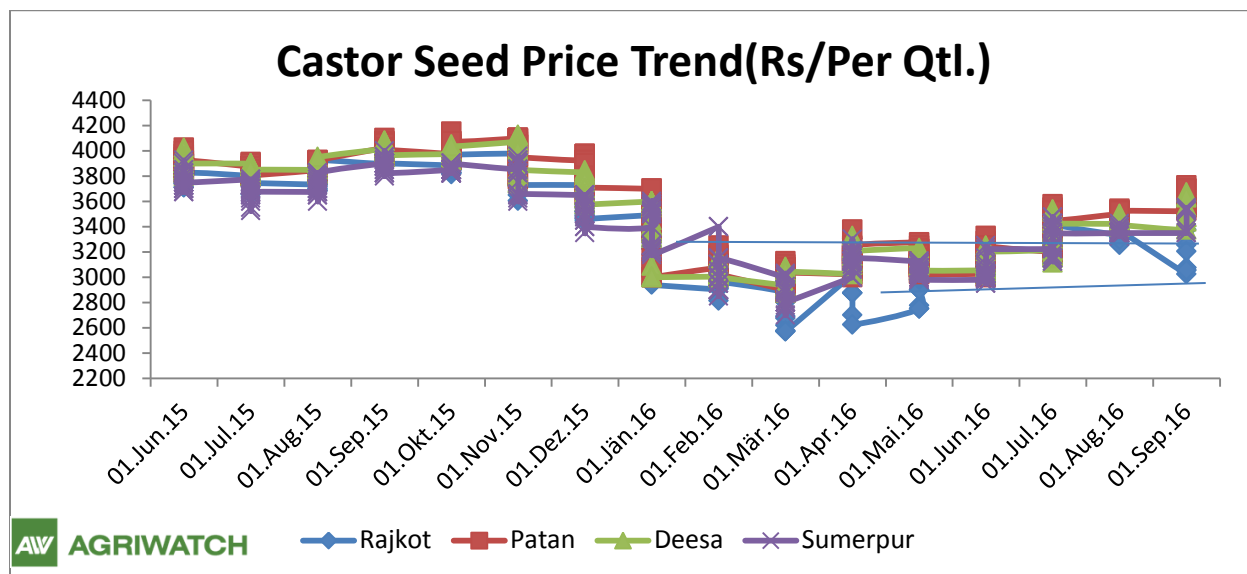
Stake holders in cash market may opt for buying seed around Rs 3350 to Rs3640 for stock purpose.

### Castor Seed Price Chart:

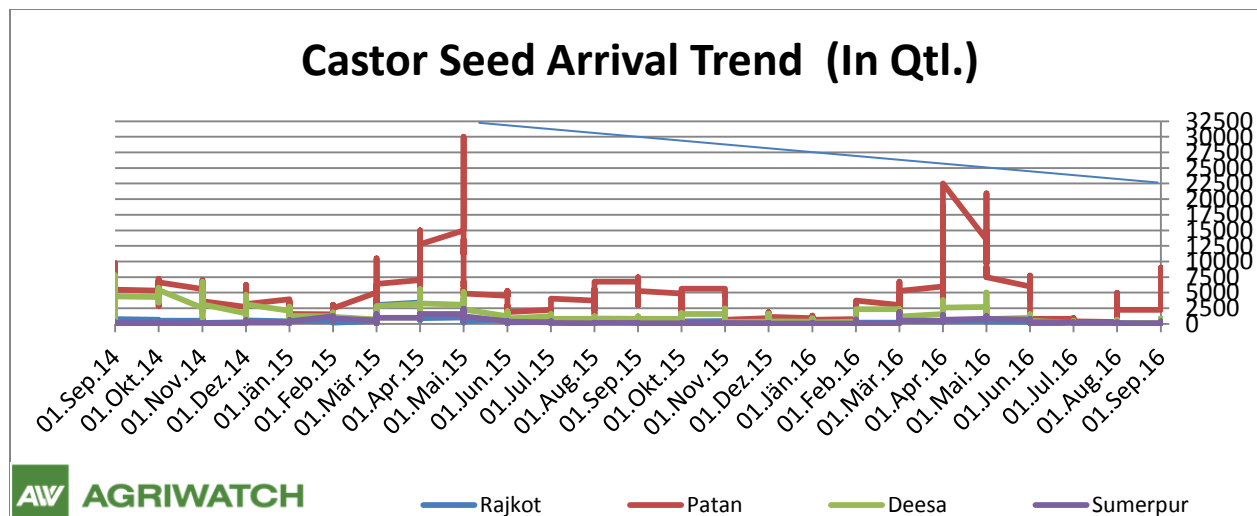
#### Price Trend:

Seed market is expected to move in the range of Rs 3390 to Rs 3500 per qtl. Rajkot market average price for September comes to Rs 3447.14 per qtl. For Patan, It is Rs. 3501 per qtl. Average price in Deesa comes to Rs 3445 per qtl.

After consolidation phase in May-2016 castor cash market started improving and uptrend may continue on lower crop estimates. Fear of lower area coverage and depleting old stock is expected to lend support to cash market fundamental in the long run.



**Castor Seed Arrival Chart:** Arrivals of seed increased in September in comparison to August 2016 in major markets due to good price hike. Arrival may continue increase in Sept too as seed price is ruling higher now.



**Castor Oil Export Trend:-**At oil export front, volume was seen almost steady in August in comparison to July-2016. India exported 39452 tonne castor oil till 28th Aug-2016. It had exported 40657 tonne in July-2016. China, EU and US were active buyers throughout the year as seed and oil prices continue to rule lower by 3.35 and 11.3 % respectively in comparison to August-2015. India exported castor oil at an average FoB of \$1201.99 per tonne in August-2016, slightly up from previous month. Average FoB quote is likely to move up from current level as Agriwatch expects market to get firmer in Sept and average price may move up to \$1225 per tonne.

### Castor Meal Export

India had exported only 179868 tonne castor meal during April 2016 to August 2016 lower against 212927 tonnes in previous year during the corresponding period of time.

Meal export may decrease as arrival of seed has declined by 45 to 50 percent in August too. FOB quotes for meal is expected to improve as availability is bound to decrease. Average FoB price for castor meal is \$75 per tonne. It may move up to \$80 per tonne by Sept. end.

France, Taiwan and Japan were the major buyers in June and they would continue to dominate in July too.

### State Wise Weekly Price Trend:

<b>State wise Wholesale Prices Weekly Analysis for Castor Seed First week September, 2016</b>							
State	Prices 01-08 Sep 2016	Prices 24-31 Aug 2016	Prices 16-23 Aug 2016	Prices 01-08 Sep 2015	% Change(Over Previous Week)	% Change(Over Previous to Previous Week)	% Change(Over Previous Year)
Andhra Pradesh	3119.88	3243.32	3289.5	3960.08	-3.81	-5.16	-21.22
Gujarat	3451.43	3426.47	3427.57	3995.62	0.73	0.7	-13.62
Karnataka	2926.92	3105.5	1764.16	3800	-41.17	3.56	-51.92
Madhya Pradesh	2500	2300	2353.99	1940	—	—	—
Maharashtra	3125		3162.5	3150	—	—	—
Rajasthan	3329.02	3300.36	3290.82	3862.38	0.87	1.16	-13.81
Tamil Nadu	3750	4007.35	4222	3448	—	—	—
Telangana	3310	3323.54	3321.14	3921.83	—	—	—
Average	3189.03125	3243.79	3103.96	3509.74			

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 Till 28th	14329.86	12545.18	11068.04	7125.08	-35.62
Total	45948.22	56524.03	40657.76	39452.64	-2.96

**Cash Market Price Outlook For Deesa Spot**

Expected Range	Rs/Qtl.(Low)	Rs /Qtl.(High)
Short term (15 days)	3300-3590	3350-3600
Medium Term (30 days)	3400-3450	3450-3650

Comparative Prices Of Castor Products Including Seed					
	2nd Sept '16	26th Aug '16	2nd Aug '16	2nd Sept '15	CHANGE %
Castorseed (Gujarat)((Rs./M.T) Ex-Mandi	35600	35750	35000	41159	<b>-15.62</b>
Castor Meal Export (FAS) (US\$ / MT),Ex Kandla	67	67	67	110	<b>-64.18</b>
EXPORT (FOR) Ports (Rs./MT)Castor meal bulk Kandla	4500	4500	4450	7050	<b>-56.67</b>
Castor Oil (First Grade) FOB Kandla (Export)\$ /Tonne	1125	1115	1095	1264	<b>-12.36</b>
Local rates for oil in domestic market(Rs./M.T.) for comm.	76000	76000	75500	85700	<b>-12.76</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 26 August,2016:

**Progressive Sowing-2016**

States	Progressive sowing Till 26th August-2016		
	2016	2015	% Ch
Andhra Pradesh	0.42	0.39	7.69
Telangana	---	---	---
Arunachal Pradesh	0	0	
Assam	0	0	
Bihar	0.1	0.1	0.00
Chhattisgarh	3.27	5.01	-34.73
Gujarat	---	0.28	---
Haryana		0.01	---
Himachal Pradesh	---	---	---
Jammu & Kashmir	---	---	---
Jharkhand	0.09	0.08	0.00
Karnataka	---	---	---
Kerala	---	---	---
Madhya Pradesh	0.12	0.09	33.33
Maharashtra	0.05	0.05	Unchanged
Odisha	---	---	---
Punjab	1.50	1.63	7.97
Rajasthan	0.02	0.02	Unchanged
Tamil Nadu	---	---	---
Uttar Pradesh	---	---	---
Uttarakhand	---	---	---
West Bengal	0.01	---	---
Others	5.77	7.63	-24.37
Total – All India			

As on 26th, August total coverage under castor seed was reported 5.77 lakh ha against last year's coverage of 7.63 ha. The latest State wise break up is awaited.

## Castor Seed Weekly Prices at Key Spot Markets:

Commodity	Market	Price (Rs/ Quintal)		Change
Center		03rd to 09th Sept 2016	27th Aug to 02nd Sept 2016	
Gujarat	Patan	3650	3522	128
	Harij	3649	3519	130
	Rajkot	3468	3376	92
	Gondal	3525	3411	114
	Deesa	3594	3420	174
	Bhabar	3573	NR	-
	Mehsana	3570	3444	126
	Kadi	3598	3473	126
	Sabarkatha	3598	3474	124
	Gandhi Nagar	3590	3492	98
	Ahmedabad (Sanand)	3510	3345	165
	Halvad	3431	3427	4
	Junagadh	3478	3403	76
	Dhrol	3240	NA	-
Rajasthan	Jodhpur	3469	3294	176
	Sumerpur	3507	3350	157

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

Commodity	Market	Today	Week ago	Month ago	Year ago
Center		9-Sep-16	2-Sep-16	9-Aug-16	9-Sep-15
Gujarat	Patan	3700	3555	3470	4000
	Harij	3660	3550	3460	4025
	Rajkot	3480	3425	3340	3970
	Gondal	3555	3405	3455	3980
	Deesa	3630	3440	3400	4000
	Bhabar	NR	3505	NA	4000
	Mehsana	3600	3475	3425	4000
	Kadi	3630	3495	3430	4055
	Sabarkatha	3650	3500	3425	4050
	Gandhi Nagar	3625	3500	3425	4050
	Ahmedabad (Sanand)	3555	3345	3390	3770
	Halvad	3455	3400	3395	3950
	Junagadh	3475	3375	3300	3955
	Dhrol	3290	NA	3330	3710
Rajasthan	Jodhpur	3400	3450	3325	4075
	Sumerpur	3525	3350	3350	3881

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

Center	Market	03rd to 09th Sept 2016	27th Aug to 02nd Sept 2016	Change
<b>Gujarat</b>	Patan	33271	15125	18146
	Harij	4050	1725	2325
	Rajkot	1380	540	840
	Gondal	2552	437	2115
	Deesa	2334	314	2021
	Bhabar	7389	NR	-
	Mehsana	5025	3075	1950
	Kadi	13206	5061	8146
	Sabarkatha	1913	1275	638
	Gandhi Nagar	5250	2663	2588
	Ahmedabad (Sanand)	20	3	17
	Halvad	4200	728	3473
	Junagadh	565	160	405
	Dhrol	24	NA	-
<b>Rajasthan</b>	Jodhpur	107	155	-48
	Sumerpur	1280	640	640
<b>Total Arrivals/Above Markets</b>		<b>82566</b>	<b>31899</b>	<b>50667</b>

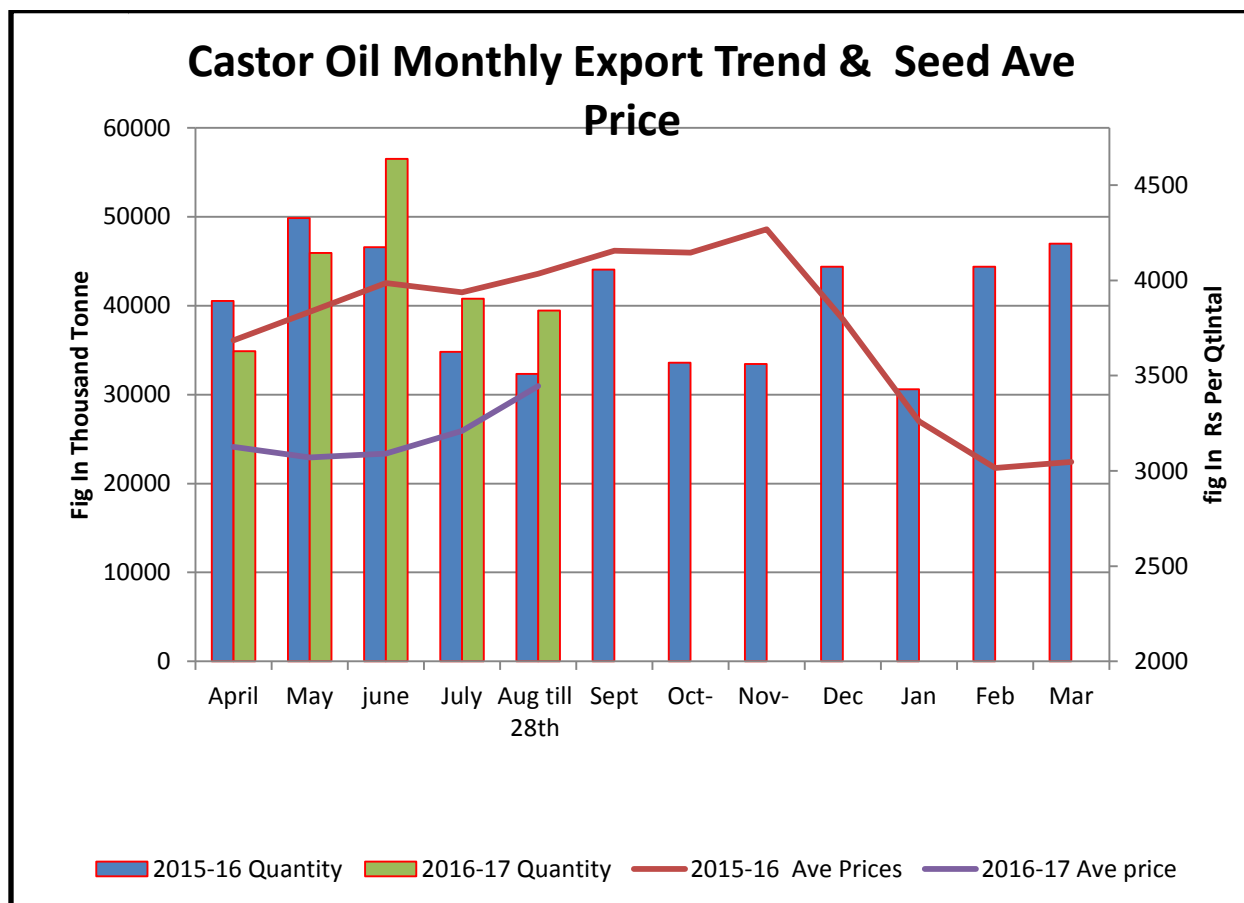
**Outlook & Recommendation:**

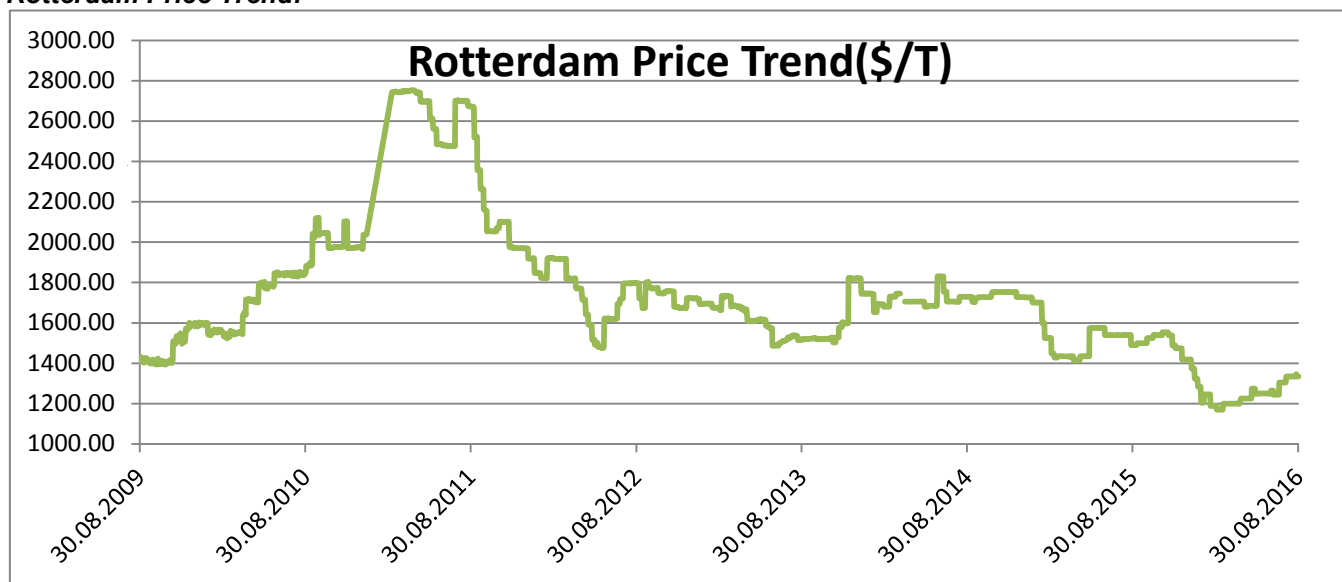
Castor seed market is expected to trade steady to slightly firm in the first week of Sept. It will continue to consolidate in span of time due to lower acreage so far. Availability for crushing is lower as farmers have retained stock. Fear of lower acreage may lend support to cash market fundamentals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



**Rotterdam Price Trend:-**

*Castor oil Rotterdam Price continues to increase from August-2016 to Sep 2016. It improved from \$1334.70 per tonne to \$1424.70 per tonne. It is likely to trade up in month of September 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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