

Castor Weekly Research Report

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Castor Domestic Market Fundamentals:

Castor seed market surged in most of the physical markets on strong buying activities majorly from Gujarat and Maharashtra states. Higher prices attracted domestic buyers further to enhance crushing process to extract oil and oil meal in expectation to gain more profit. On the other hand, arrivals are in mixed trend as growers are expecting further higher prices. In August, arrivals was comparatively 50% lower due to unattractive price and retention.

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.

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 season's normal of 2.15 lakh ha. Overall area coverage is lagging behind by 20.77% so far. Farmers have shifted 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 prevailing attractive price.

According to recent released IBIS data, India shipped approx. 1187.165 tonne castor oil during the period started from 5th Sep 2016 to 9th September 2016 with a total FOB price Rs.9.014 crore mostly from Mundra port via sea mode in India. USA, Italy, Turkey, China, Vietnam Japan Russia are the main buyer for Indian castor oil. India shipped around 44710 tonne castor oil in the month of August, which is higher by 10.49 percent from July-2016. However, latest data of current month is awaited. 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.

It is expected that total stock of castor seed in Deesa market are likely to 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. This year retention of seed is higher at farmers end due to lower price.

Progressive Area Coverage: -

According to the government data, total 8.15 lakh hectares or 71% of castor sowing area has been covered against 10.83 lakh ha last year during the same period of time. It is 24.74 % lower than corresponding period last year. Normal coverage area as on date stood at 10.42 lakh hectares. Continuous rains in growing region have delayed sowing by two weeks for early maturity varieties. As sowing has got delayed, area decline may increase over 30 percent this year by the end of September.

Outlook & Recommendation: -

Overall market sentiment is showing firmness in the short to medium term. Agriwatch expects market to go upside. Higher rain fall delayed plantings initially which is supporting prices to increase on lower crop prospectus.

Call:

Futures contracts have been suspended on 27th Jan-2016

Castor Seed Price Chart: Price Trend:

After consolidation phase in May-2016 castor cash market started improving and uptrend may continue as arrivals have decreased considerably in August too. Fear of lower area coverage and depleting old stock is expected to lend support to cash market fundamental in the weeks ahead.

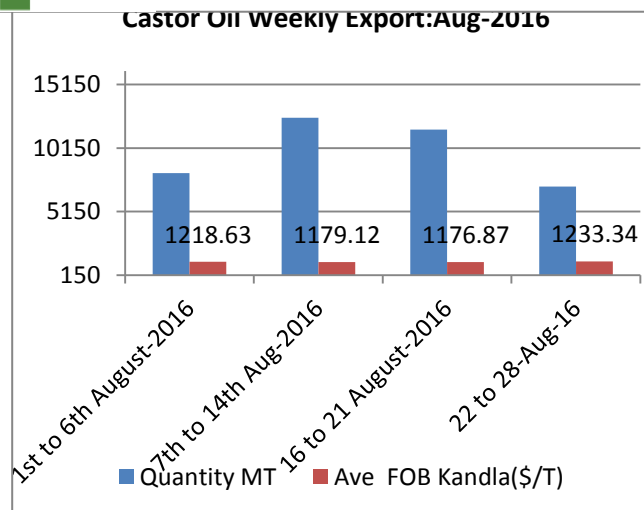
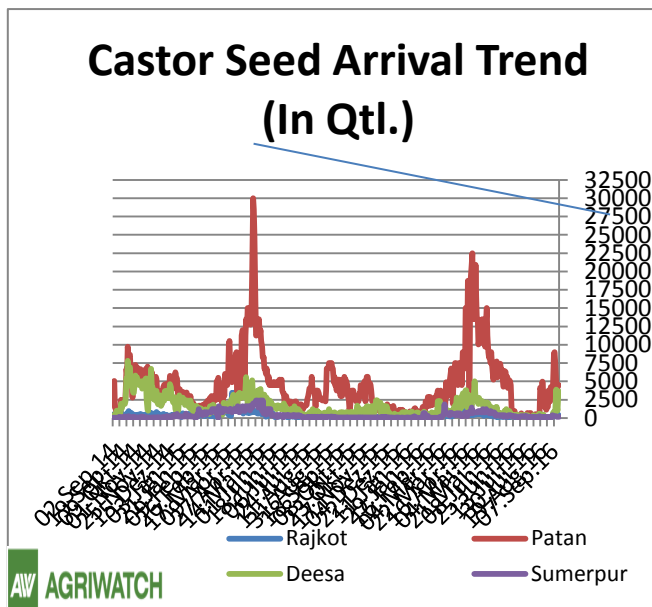
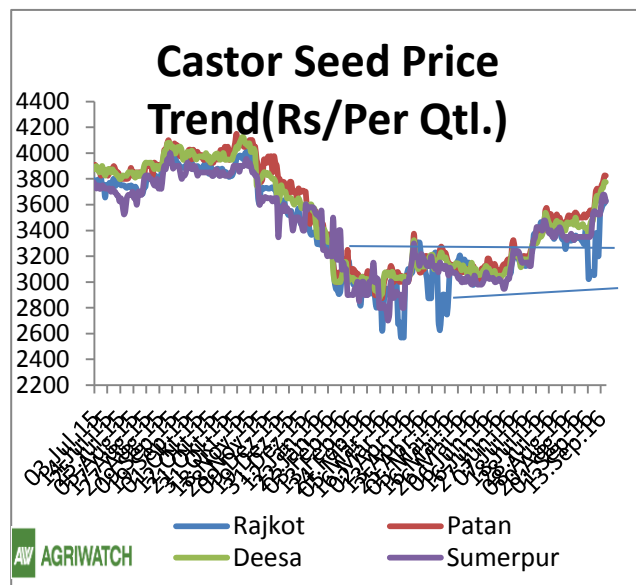
Seed market is expected to hover in the range of Rs 3350 to Rs 3600 per qtl. Rajkot market average price for September comes to Rs. 3288.50 per qtl. For Patan It is Rs 3762.50 per qtl. Average price in Deesa comes to Rs. 3718.33 per qtl.

Possibility of good rainfall and lower area coverage may support market in the second half of the year. Lower arrivals seems supportive to the market fundamental. Overall outlook remains firm.

Castor Seed Arrival Chart: Arrivals of seed continued to decrease in mid- September 2016 in comparison to August- 2016 in major markets despite improved price. There is no hope for higher arrival in end of the Sept too as farmers may wait for further hike in the prices. 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.

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. Major decline may be seen in Gujarat and Sumerpur.

Castor Oil Export Trend:- Latest data is awaited. 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



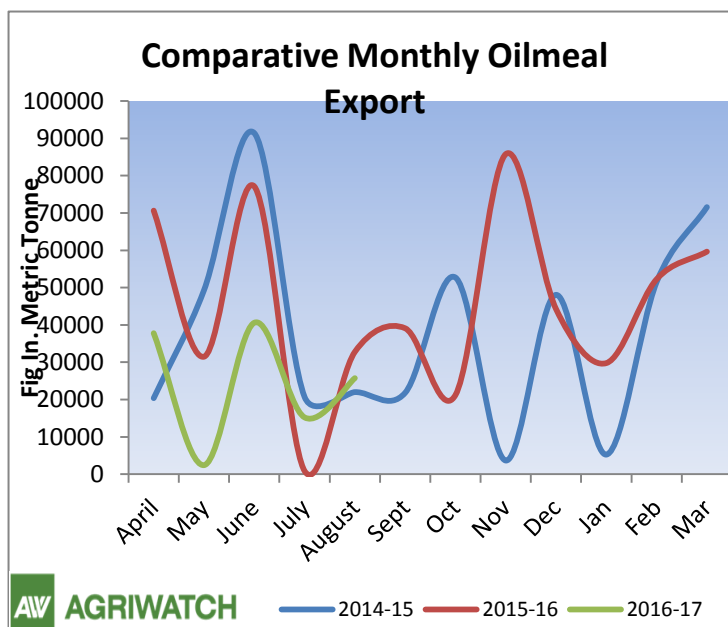
market to get firmer in Sept and average price may move up to \$1225 per tonne.

Castor Meal Export

Latest data is awaited. India had exported only 25750 tonne castor meal in Aug, 2016. It had exported over 15000 tonne in July.

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:

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

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)	3400-3600	3500-3800
Medium Term (30 days)	3450-3700	3500-3950

Comparative Prices Of Castor Products Including Seed

	9th Sept '16	2nd Sept '16	9th Aug '16	9th Sept '15	CHANGE %
Castorseed (Gujarat)((Rs./M.T) Ex-Mandi	36900	35600	35100	41159	-11.54
Castor Meal Export (FAS) (US\$ / MT),Ex Kandla	67	67	67	110	-64.18
EXPORT (FOR) Ports (Rs./MT)Castor meal bulk Kandla	4300	4500	4500	7050	-63.95
Castor Oil (First Grade) FOB Kandla (Export)\$ /Tonne	1180	1125	1100	1264	-7.12
Local rates for oil in domestic market(Rs./M.T.) for comm.	79000	76000	75500	85700	-8.48

Source:SEA. Latest data awaited

Technical Analysis:

Castor – Technical Outlook

Technical Commentary:

Futures Contracts Were suspended on 27th 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	0.32	0.31	3.23
Telangana	0.55	0.54	1.85
Arunachal Pradesh	0	0	
Assam	0	0	
Bihar	0.1	0.1	0.00
Chhattisgarh	3.27	5.12	-36.13
Gujarat	0.2	0.28	-28.57
Haryana		0.01	-100.00
Himachal Pradesh			
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.

Castor Seed Weekly Prices at Key Spot Markets:

Commodity	Market	Price (Rs/ Quintal)		Change
Center		10th to 16th Sept 2016	03rd to 09th Sept 2016	
Gujarat	Patan	3763	3650	113
	Harij	3769	3649	120
	Rajkot	3586	3468	118
	Gondal	3485	3525	-40
	Deesa	3726	3594	132
	Bhabar	3680	3573	108
	Mehsana	3680	3570	110
	Kadi	3764	3598	166
	Sabarkatha	3760	3598	162
	Gandhi Nagar	3744	3590	154

	Ahmedabad (Sanand)	3573	3510	63
	Halvad	3602	3431	171
	Junagadh	3561	3478	83
	Dhrol	3413	3240	173
Rajasthan	Jodhpur	3500	3469	31
	Sumerpur	3625	3507	118

Week on Week Price: Scenario of Castor Seed :

Commodity	Market	Today	Week ago	Month ago	Year ago
Center		16-Sep-16	9-Sep-16	16-Aug-16	16-Sep-15
Gujarat	Patan	Closed	3700	3500	3975
	Harij	3790	3660	3525	3990
	Rajkot	3630	3480	3320	3890
	Gondal	3600	3555	3355	3930
	Deesa	Closed	3630	3460	3950
	Bhabar	NR	3625	NR	3990
	Mehsana	Closed	3600	3425	3985
	Kadi	3765	3630	3465	3990
	Sabarkatha	3790	3650	3435	4000
	Gandhi Nagar	Closed	3625	3475	4010
	Ahmedabad (Sanand)	NA	3555	3385	3770
	Halvad	3660	3455	3370	3855
	Junagadh	3625	3475	3375	3875
	Dhrol	3450	3290	3135	3600
Rajasthan	Jodhpur	3600	3400	3100	4030
	Sumerpur	3625	3525	3375	3800

Castor Seed Cumulative Arrivals in Key Centers:

Center	Market	10th to 16th Sept 2016	03rd to 09th Sept 2016	Change
Gujarat	Patan	16125	33271	-17146
	Harij	3900	4050	-150
	Rajkot	1616	1380	236
	Gondal	2659	2552	107
	Deesa	3091	2334	756
	Bhabar	2741	7389	-4648
	Mehsana	3150	5025	-1875

	Kadi	15748	13206	2542
	Sabarkatha	975	1913	-938
	Gandhi Nagar	4350	5250	-900
	Ahmedabad (Sanand)	2	20	-18
	Halvad	6225	4200	2025
	Junagadh	330	565	-235
	Dhrol	21	24	-3
Rajasthan	Jodhpur	65	107	-42
	Sumerpur	880	1280	-400
Total Arrivals/Above Markets		61877	82566	-20689

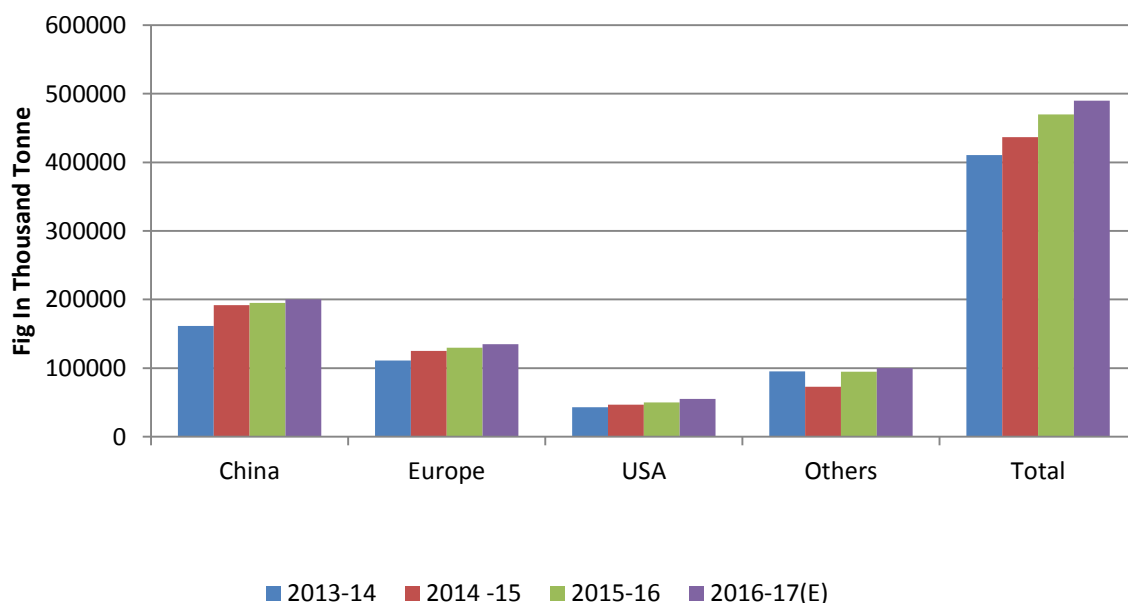
Outlook & Recommendation:

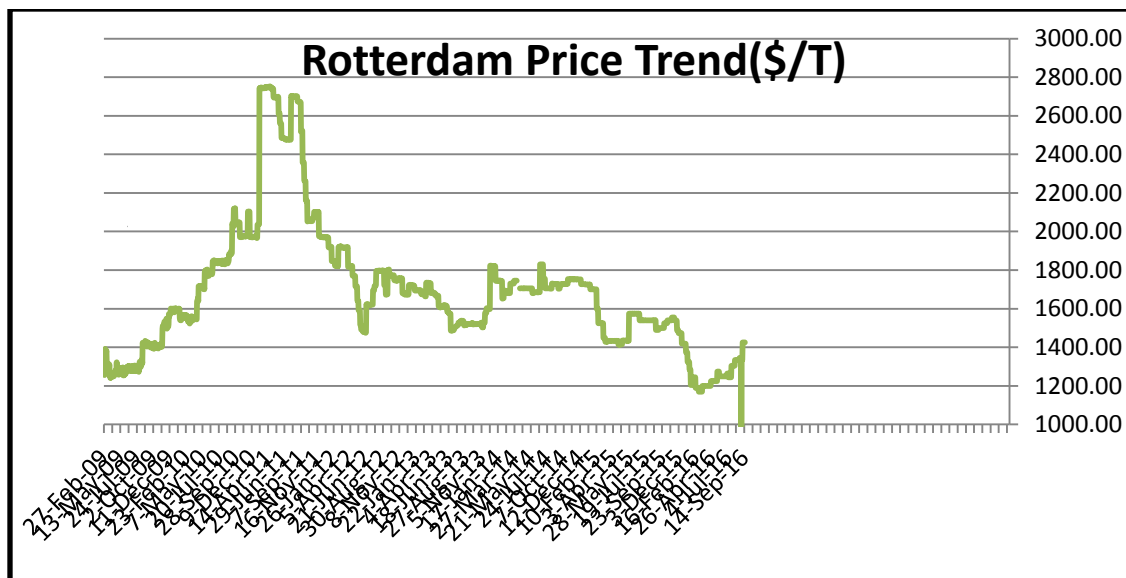
Castor seed market is expected to trade steady to slightly firm in the second week of Sept. It will continue to consolidate in span of time due to lower acreage so far. Availability for crushing is lower as farmers have retained stock. Fear of lower acreage may lend support to cash market fundamentals 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. USA, China, Europe and Italy 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 mid-Sep 2016. It improved from \$1334 per tonne to \$1424.60 per tonne. It is likely to trade up in month of Sep 2016 as price in India is bound to go up.

Outlook:

Demand from global market is likely to increase due to lower crop prospects which may increase prices in future from the current level. In long run, major buyers like China, EU and USA may go buy castor oil to avoid future hike in the prices. However, they are in a position to bargain now. 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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