

Castor Weekly Research Report

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Castor Domestic Market Fundamentals:

Castor seed market maintained its higher trend in most of the physical markets on strong buying activities majorly from Gujarat and Rajasthan states. However, Kadi one of the major physical market in Gujarat quoted lower prices during this week after higher supplies. Higher prices attracted domestic buyers further to enhance crushing process to extract oil and oil meal in expectation to gain more profit. Despite Deesa market of Gujarat, arrival improved in most of the markets like Patan (Gujarat), Rajkot (Gujarat), and Sumerpur (Rajasthan). In September, Arrivals are significantly higher side as compared to August month arrivals due to attractive prices.

As per sources, Gujarat has covered total 557500 Hec. castor crops sowing as on 19th September 2016 lower than previous year record i.e. 771300 Hec. during the corresponding period of time followed by sowing area in North Gujarat region, Middle Gujarat region, Saurashtra and south region which have completed sowing area around 3082 Hec, 729, 855, 33 Hec .respectively. Normal sowing area last three years stood at 714400 Hec of this season as on 19th September 2016.

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 with 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 approximately 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 oils in the month of August, which is higher by 10.49 percent from July-2016. However, latest data of current months 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 current government data, total 8.30 lakh hectares or 72.3% of castor sowing area has been covered as on 23rd Sep 2016 with a decline of 2.6% against 10.83 lakh hectares in last year during the same period of time. Normal coverage area as on date stood lower by 2.3% to 10.58 lakh hectares against previous season. 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 markets 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.

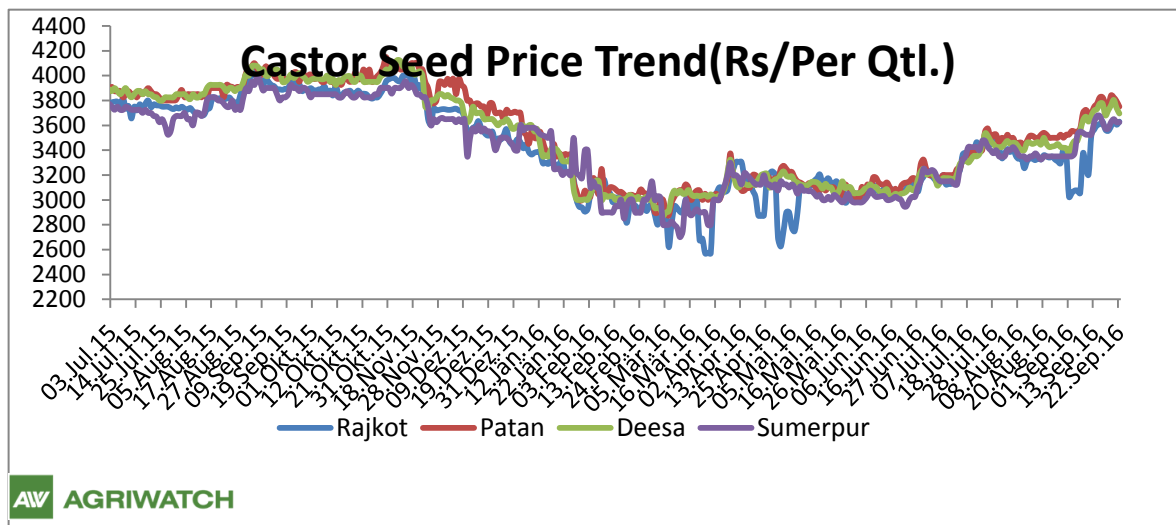
Call:

Futures contracts have been suspended on 27th jan-2016

Castor Seed Price Chart: Price Trend:

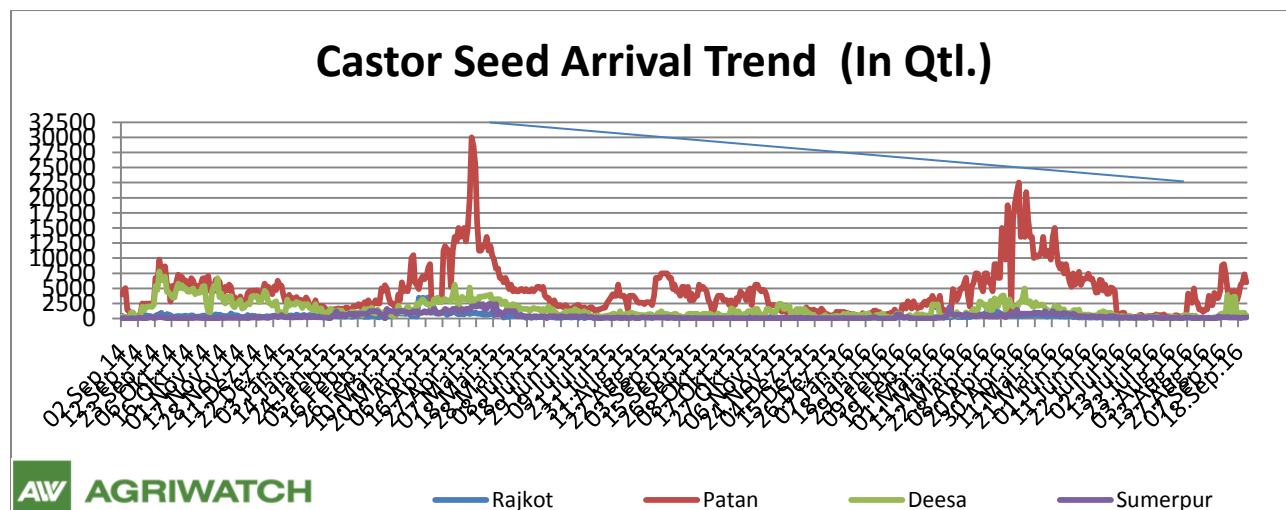
After consolidation phase in May-2016 castor cash market started improving and uptrend may continue on the expectation of lower production. Weekly Average price is in mixed trend. Fear of lower area coverage and depleting old stock is expected to lend support to cash market fundamental in the weeks ahead.

Seed market is expected to hover in the range of Rs 3550 to Rs 3800 per qtl. Rajkot market average price for September comes to Rs. 3402.10 per qtl. For Patan, it is Rs. 3710 per qtl. Average price in Deesa comes to Rs. 3649.47 per qtl. lower area coverage may support market in the second half of the year.

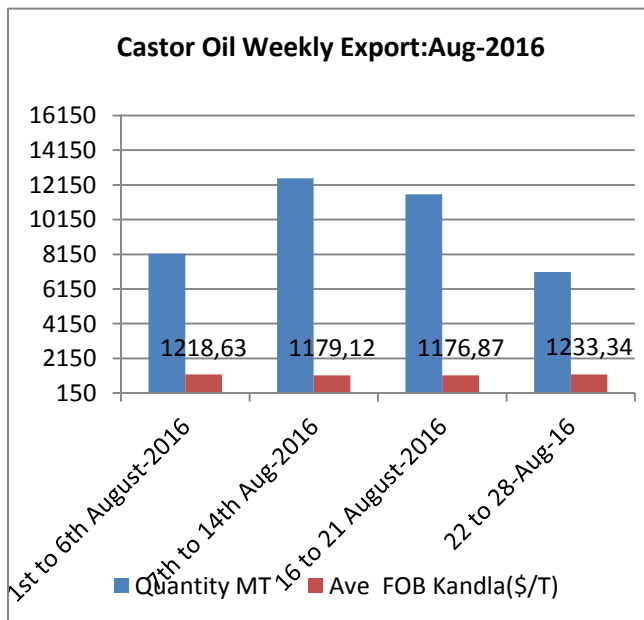


Source: Agriwatch

Castor Seed Arrival Chart: Arrivals of seed are improving in September compared to August month record as most of the sellers are willing to book profit on the current level. Some of the stake holders prefer to wait for stabilization in the cash market. Market participants say that arrival pace will increase if prices would go up from the level of Rs. 3600 per qtl.



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.

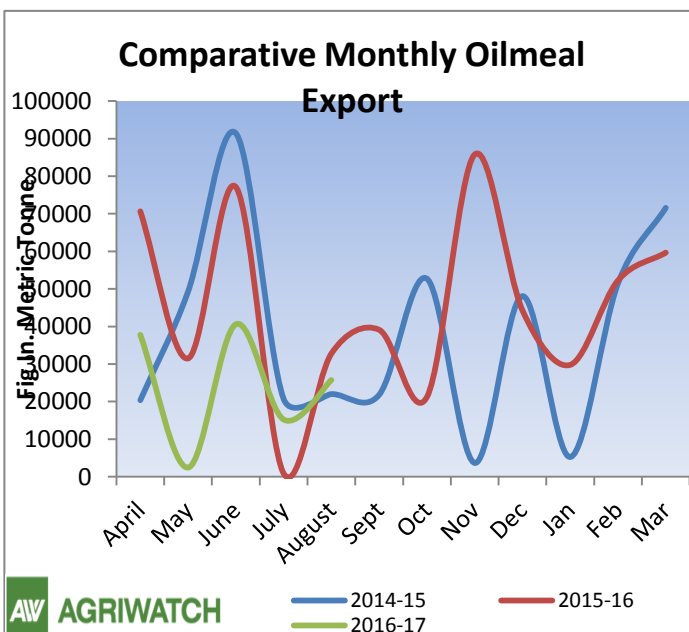


Castor Meal Export

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.



Progressive Sowing Coverage Till 26 August,2016:**Progressive Sowing-2016**

As on 23rd September, total coverage under castor seed was reported 8.30 lakh ha against last year's coverage of 10.90 lakh hectares. The latest State wise break up is awaited.

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	8.30	10.90	-2.6

State Wise Weekly Price Trend:

State	Prices 16-23 Sep 2016	Prices 09-15 Sep 2016	Prices 01-08 Sep 2016	Prices 16-23 Sep 2015	% Change(Over Previous Week)	% Change(Over Previous to Previous Week)	% Change(Over Previous Year)
Andhra Pradesh	3236	3203.95	3206.59	3786.55	1	0.92	-14.54
Chattisgarh				2500	—	—	—
Gujarat	3689.75	3661.2	3528.21	3963.98	0.78	4.58	-6.92
Karnataka	2533.33	3100	1935.48	3300	-18.28	30.89	-23.23
Madhya Pradesh				801	—	—	—
Maharashtra		2850			—	—	—
Rajasthan	3505.48	3607.09	3437.32	3808.88	-2.82	1.98	-7.97
Tamil Nadu				4025	—	—	—
Telangana	3136.26	3229.8	3203.3	3515.13	-2.9	-2.09	-10.78
Average	3220.16	3275.34	3062.18	3212.57			

Source :Agmark.net

Latest Data Awaited for Castor Oil Exports:

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)	3400-3550	3500-3850
Medium Term (30 days)	3450-3700	3650-3950

Comparative Prices Of Castor Products Including Seed

	23rd Sept '16	16th Sept '16	23rd Aug '16	23rd Sept '15	CHANGE %
Castorseed (Gujarat)((Rs./M.T) Ex-Mandi	37950	NQ	35450	41159	-7.38
Castor Meal Export (FAS) (US\$ / MT),Ex Kandla	70	70	67	110	-36.36
EXPORT (FOR) Ports (Rs./MT)Castor meal bulk Kandla	4700	4700	4500	7050	-33.33
Castor Oil (First Grade) FOB Kandla (Export)\$ /Tonne	1215	1220	1110	1264	-3.88
Local rates for oil in domestic market(Rs./M.T.) for comm.	81500	NQ	76000	85700	-4.90

Source: Seaofindia

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					

Castor Seed Weekly Prices at Key Spot Markets:

Commodity	Market	Price (Rs/ Quintal)		Change
Center		17th to 23rd Sept 2016	10th to 16th Sept 2016	
Gujarat	Patan	3789	3763	27
	Harij	3777	3769	8
	Rajkot	3598	3586	12
	Gondal	3621	3485	136
	Deesa	3733	3726	7
	Bhabar	3762	3680	82
	Mehsana	3724	3680	44
	Kadi	3763	3764	-2
	Sabarkatha	3780	3760	20
	Gandhi Nagar	3763	3744	19
	Ahmedabad (Sanand)	3601	3573	29
	Halvad	3605	3602	3
	Junagadh	3587	3561	26
	Dhrol	3479	3413	66
Rajasthan	Jodhpur	3589	3500	89
	Sumerpur	3613	3625	-13

Week on Week Price: Scenario of Castor Seed :

Commodity	Market	Today	Week ago	Month ago	Year ago
Center		23-Sep-16	16-Sep-16	23-Aug-16	23-Sep-15
Gujarat	Patan	3750	3825	3500	4025
	Harij	3750	3790	3525	4000
	Rajkot	3630	3630	3360	3945
	Gondal	3680	3600	3355	3905
	Deesa	3695	3775	3425	3980
	Bhabar	3755	3780	NA	NA
	Mehsana	3725	3730	3460	4025
	Kadi	3735	3765	3470	4005
	Sabarkatha	3750	3790	3450	4050
	Gandhi Nagar	3750	3775	3475	4025
	Ahmedabad (Sanand)	3645	3615	3385	3770
	Halvad	3605	3660	3405	3900
	Junagadh	3500	3625	3300	4030
	Dhrol	3505	3450	NA	3810
Rajasthan	Jodhpur	3600	3600	3400	4100
	Sumerpur	3625	3625	3350	3900

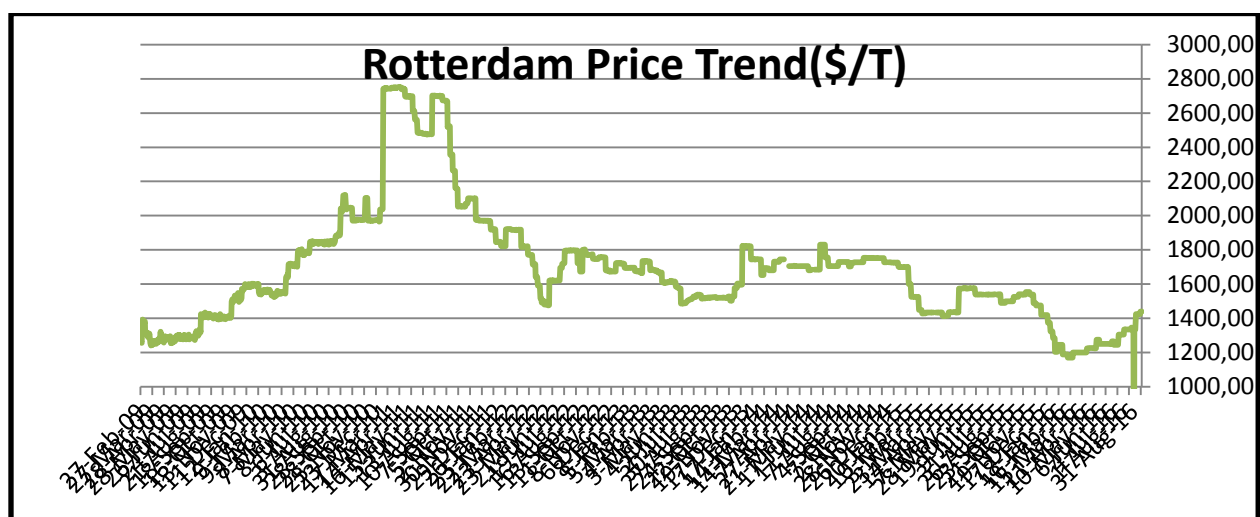
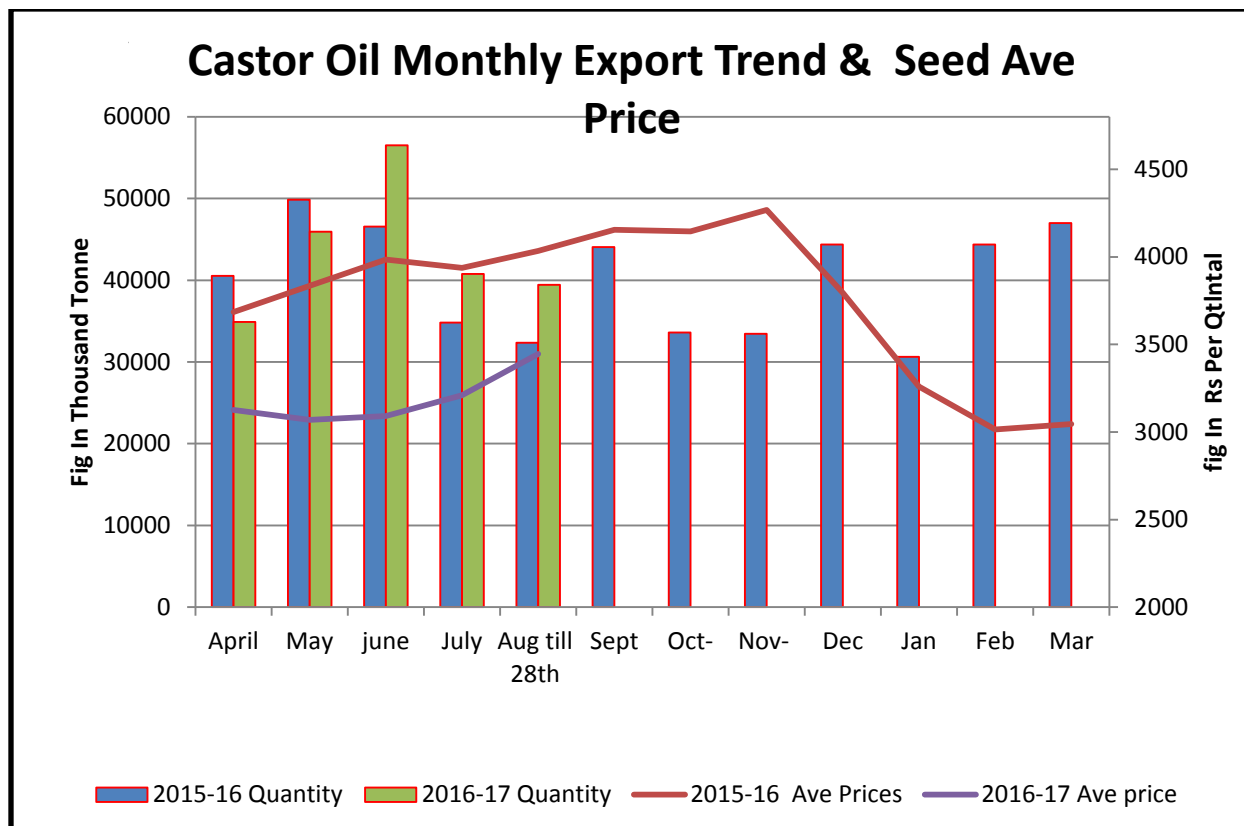
Castor Seed Cumulative Arrivals in Key Centers:				
Center	Market	17th to 23rd Sept 2016	10th to 16th Sept 2016	Change
Gujarat	Patan	32079	16125	15954
	Harij	5575	3900	1675
	Rajkot	2110	1616	494
	Gondal	2470	2659	-189
	Deesa	4177	3091	1086
	Bhabar	5597	2741	2856
	Mehsana	6900	3150	3750
	Kadi	14688	15748	-1060
	Sabarkatha	1950	975	975
	Gandhi Nagar	6225	4350	1875
	Ahmedabad (Sanand)	12	2	10
	Halvad	7200	6225	975
	Junagadh	510	330	180
	Dhrol	40	21	19
Rajasthan	Jodhpur	199	65	134
	Sumerpur	880	880	Unch
Total Arrivals/Above Markets		90612	61877	28735

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. 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 increase from July-2016 to end of September 2016. It improved from \$1334 per tonne to \$1439.70 per tonne. It is likely to trade up in month of October 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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