

# Castor Weekly Research Report

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**Castor Domestic Market Fundamentals:**

**All India average price for castor seed quoted lower trend** during the week ended 7th October 2016 after higher supplies in the market. Arrival improved almost each markets. Sellers are releasing their holding stocks now to gain current profit. Arrivals are comparatively 50 % higher in October 2016 due to good prevailing price. Higher seed prices prompted sellers to be active in the market. Prices may increase from the current level in upcoming week on lower availability.

**As per sources, Gujarat has covered total 565400 Ha. castor crops sowing as on 3rd October 2016 lower than** previous year record i.e. 781400 Ha. during the corresponding period of time followed by sowing area in North Gujarat region, Middle Gujarat region, Saurashtra and South Gujarat region as they have completed sowing area around 3108 Ha, 777, 855, 38 Ha .respectively. Normal sowing area last three years stood at 714400 Ha of this season as on 3rd October 2016.

**As per sources, Andhra Pradesh has covered total 0.31 lakh hectare of castor sowing as on 28th September 2016** which is 39% of this season. Sowing area was covered near 0.46 lakh hectare and 0.45 lakh hectare in the corresponding period of time in 2015 and 2014 respectively. Normal sowing area stood at 0.74 lakh hectares as on 28th Sep 2016 while targeted area of castor seed is mentioned at 0.90 for the same period of time.

**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.

**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: -**

**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.

**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

### 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. 3500 to Rs 3800 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.

**Castor Seed Arrival Chart:** Arrivals of seed continued increased in September in comparison to Sep month-2016 in major market. Stake holders would prefer to wait for stabilization in the cash market. Market participants say that arrival pace would increase now.

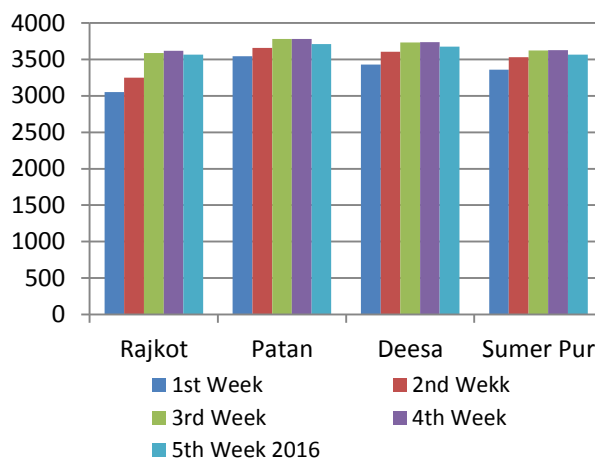
Farmers may wait till Oct./Nov as seed price usually start moving up from July and touches its peak in Nov-Dec. New crop starts hitting the market from January. This year production of castor seed is bound to decrease as area would decline by 25/30 percent. Major decline may be seen in Gujarat and Sumerpur.

**Castor Oil Export Trend:-**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.

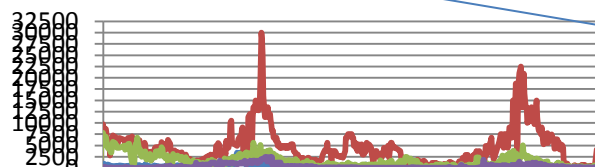
### Castor Meal Export

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

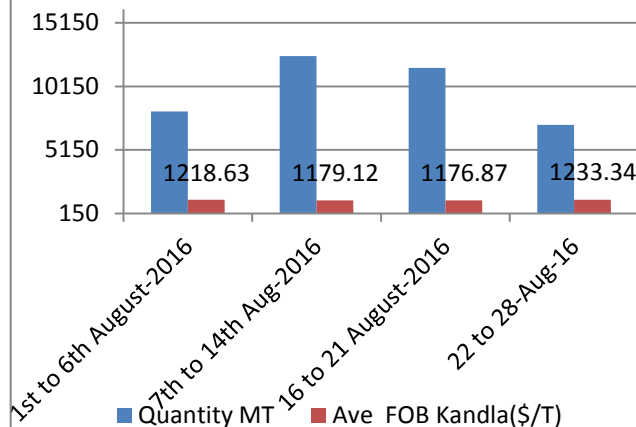
### Av. Weekly Seed Price Movement Sep-2016(Rs/Qtl)



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



### Castor Oil Weekly Export: Aug-2016



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)	3500-3650	3600-3750
Medium Term (30 days)	3550-3700	3650-3800

#### Comparative Prices Of Castor Products Including Seed

	30th Sept '16	23rd Sept '16	30th Aug '16	30th Sept '15	CHANGE %
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Castorseed (Gujarat)((Rs./M.T) Ex-Mandi	37450	37950	35600	41159	<b>-9.90</b>
Castor Meal Export (FAS) (US\$ / MT),Ex Kandla	68	70	67	110	<b>-61.76</b>
EXPORT (FOR) Ports (Rs./MT)Castor meal bulk Kandla	4450	4700	4500	7050	<b>-58.43</b>
Castor Oil (First Grade) FOB Kandla (Export)\$ /Tonne	1180	1215	1115	1264	<b>-7.12</b>
Local rates for oil in domestic market(Rs./M.T.) for comm.	79000	81500	76500	85700	<b>-8.48</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		
Andhra Pradesh	2016	2015	% Ch
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.

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

Commodity	Market	Price (Rs/ Quintal)		Change
Center		01st to 07th Oct 2016	24th to 30th Sept 2016	
Gujarat	Patan	3732	3715	17
	Harij	3684	3708	-24
	Rajkot	3507	3558	-51
	Gondal	3593	3572	21
	Deesa	3671	3684	-13
	Bhabar	#DIV/o!	NR	-
	Mehsana	3674	3681	-7
	Kadi	3697	3708	-11
	Sabarkatha	3690	3717	-27
	Gandhi Nagar	3696	3713	-17
	Ahmedabad (Sanand)	3557	3608	-51
	Halvad	3536	3578	-42
	Junagadh	3441	3510	-69
	Dhrol	3318	3373	-54
Rajasthan	Jodhpur	3551	3571	-20
	Sumerpur	3554	3578	-23

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

Commodity	Market	Today	Week	Month	Year
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Center			ago	ago	ago
		7-Oct-16	30-Sep-16	6-Sep-16	7-Oct-15
Gujarat	Patan	3700	3720	3575	NA
	Harij	3675	3675	3585	3975
	Rajkot	3485	3480	3405	3860
	Gondal	3580	3580	3455	3905
	Deesa	3650	3630	3555	4000
	Bhabar	NR	NR	3605	3980
	Mehsana	3640	3650	3525	3985
	Kadi	3680	3675	3575	4000
	Sabarkatha	3675	3675	3575	4000
	Gandhi Nagar	3675	3675	3575	3975
	Ahmedabad (Sanand)	3555	3575	3420	3915
	Halvad	3500	3550	3390	3900
	Junagadh	3400	3350	3460	3825
	Dhrol	NA	3225	3310	3710
Rajasthan	Jodhpur	3500	3550	3515	4030
	Sumerpur	3550	3525	3550	3850

## Castor Seed Cumulative Arrivals in Key Centers:

Center	Market	01st to 07th Oct 2016	24th to 30th Sept 2016	Change
Gujarat	Patan	18974	18974	17590
	Harij	3975	3975	2175
	Rajkot	1980	1980	1435
	Gondal	2824	2824	2221
	Deesa	1590	1590	1208
	Bhabar	NA	NA	-
	Mehsana	4650	4650	3375
	Kadi	9275	9275	7680
	Sabarkatha	1650	1650	863
	Gandhi Nagar	4350	4350	3675
	Ahmedabad (Sanand)	58	58	74
	Halvad	6701	6701	4035
	Junagadh	355	355	335
	Dhrol	5	5	6
Rajasthan	Jodhpur	154	154	198
	Sumerpur	1120	1120	560



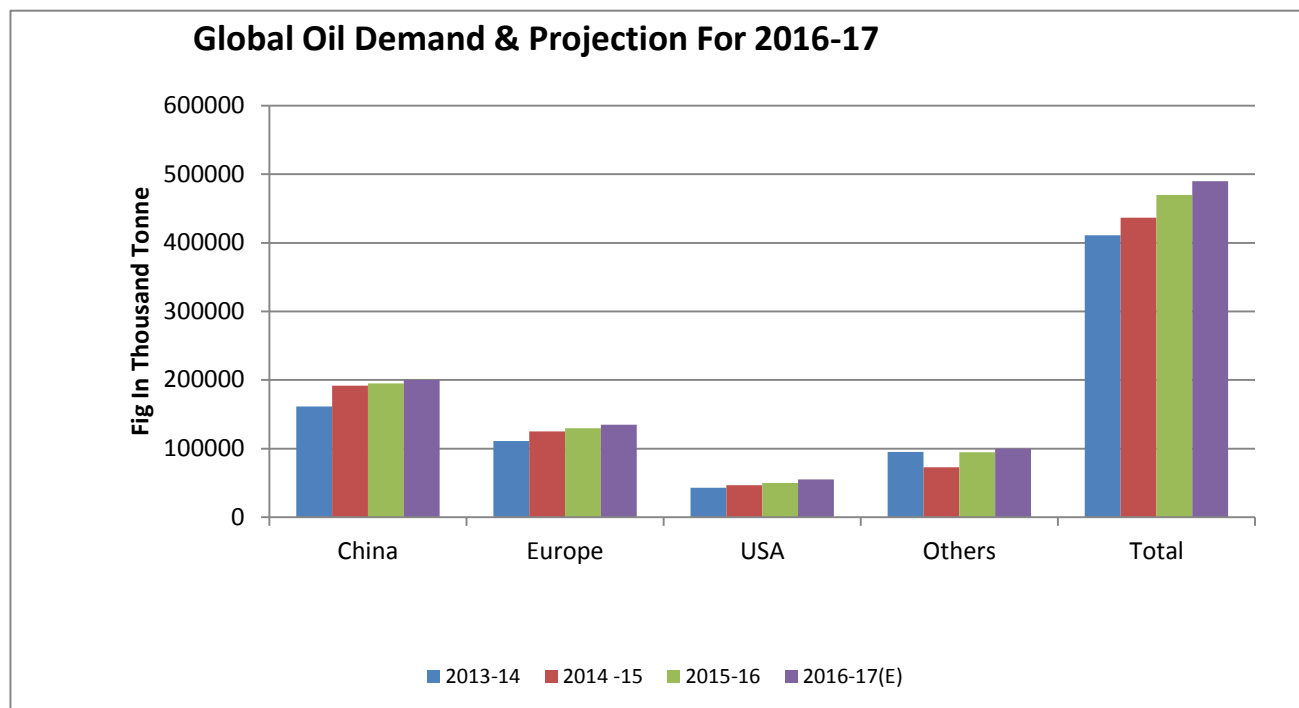
<b>Total Arrivals/Above Markets</b>	<b>57661</b>	<b>57661</b>	<b>45429</b>
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### Outlook & Recommendation:

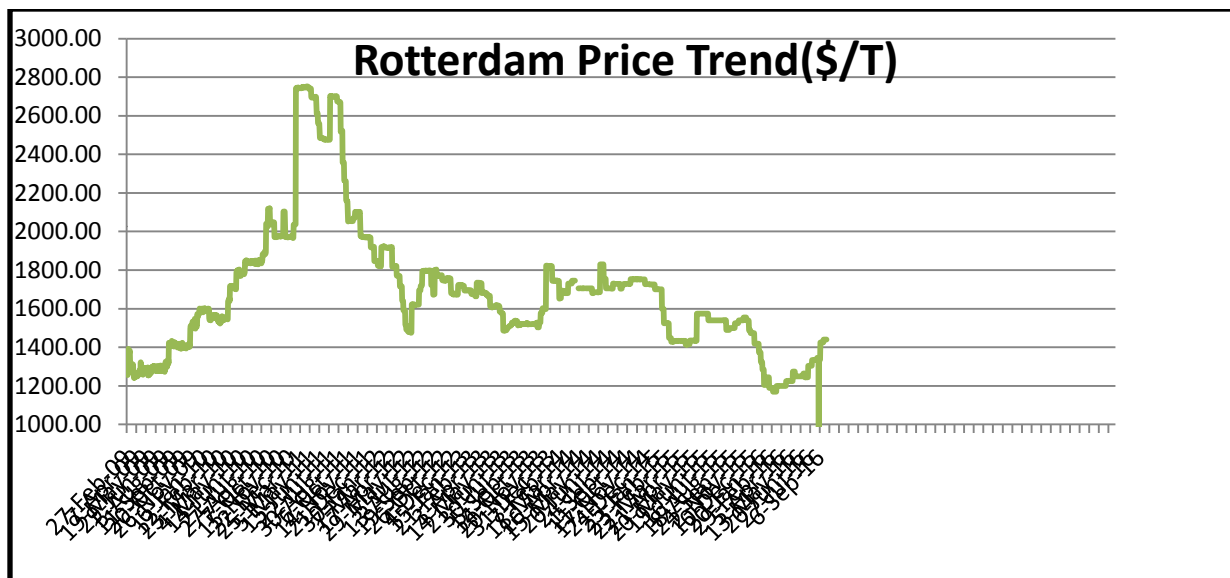
Castor seed market is expected to trade steady to slightly firm in the second week of October. It will continue to consolidate in span of time due to lower acreage so far. Availability for crushing is lower as farmers have retained stock. Fear of lower acreage may lend support to cash market fundamentals 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 September-2016 to October 2016. It improved from \$1334 per tonne to \$1439.60 per tonne. It is likely to trade up in month of October despite downward correction as price in India is bound to go up.*

**Outlook:**

*Demand from global market is likely to go up in the short term however major buyers like China, EU and USA have covered their immediate needs for second quarter taking advantage of lower price which may affect price momentum. 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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