

# Castor Weekly Research Report

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**Castor Domestic Market Fundamentals:**

**Mixed trend were witnessed in castor seed physical market** during the week ended 14th October 2016 after lower supplies against improved demand. Arrival declined almost in each of the markets. Sellers are a bit slow in the market as they are waiting for higher prices. Lower crop estimation may push castor seed prices on higher side in long run.

**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. Most of the farmers in Gujarat shifted the castor area towards pulse crop on expectation of higher profit.

**As per sources, Andhra Pradesh has covered total 0.34 lakh hectare of castor sowing as on 12th October 2016** which is 43% of this season. Sowing area was covered near 0.46 lakh hectare and 0.48 lakh hectare, in the corresponding period of time in 2015 and 2014 respectively. Normal sowing area stood at 0.80 lakh hectares as on 12th October 2016 while targeted area of castor seed is mentioned at 0.80 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 ships between 400,000-450,000 tonnes of the oil every year

**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. Other sources like the Solvent Extractors' Association of India (SEA), castor sowing area may decline by 40% in this year. India produced 1.3-1.5 million tonnes of castor seed every year.

**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 during corresponding period last year. 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. Delay in sowing may cause increased decline in area by , 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/ stockiest 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 3500 to 3600 Rs. for stock purpose.

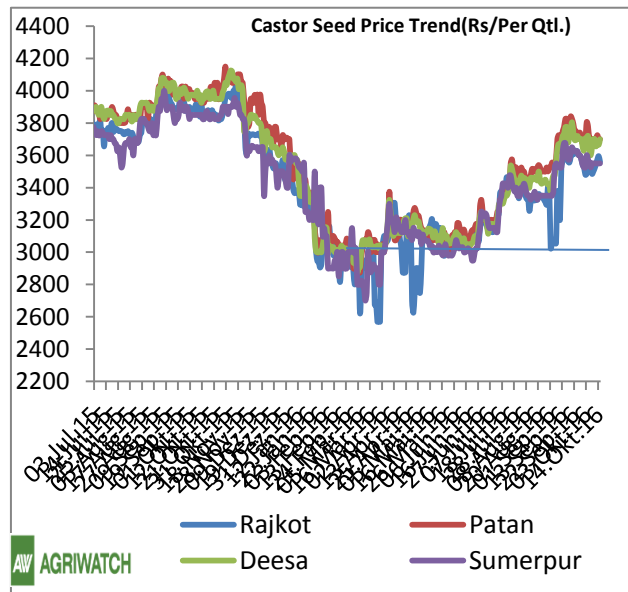
### Castor Seed Price Chart:

#### Price Trend:

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

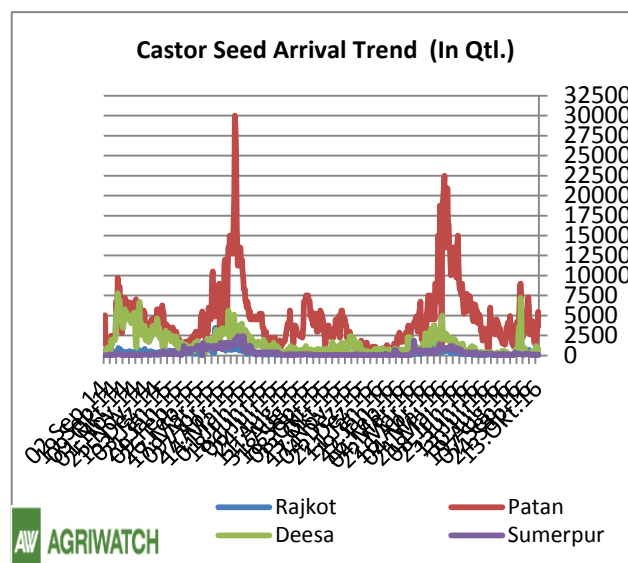
Seed market is expected to hover in the range of Rs. 3550 to Rs 3780 per qtl.

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.

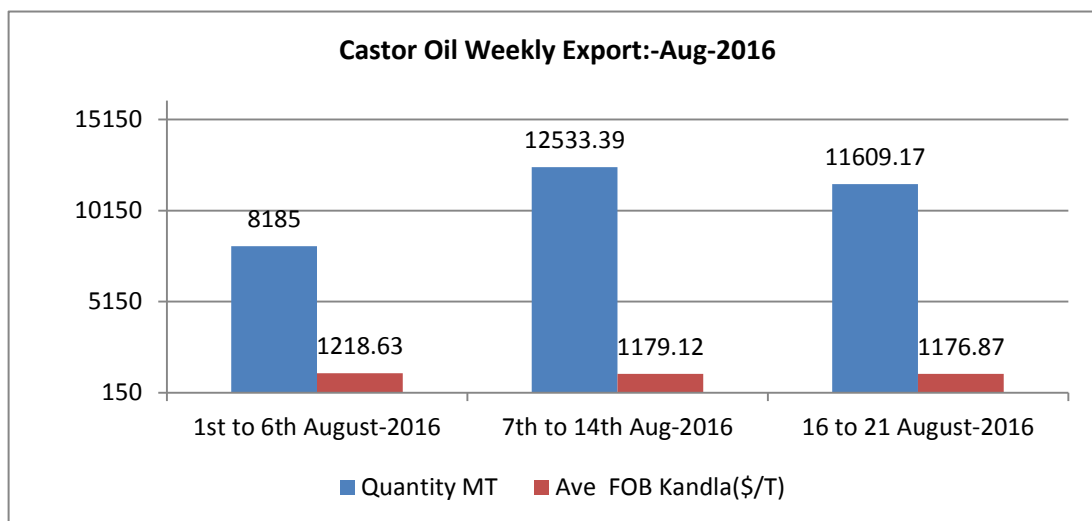


**Castor Seed Arrival Chart:** Arrivals of seed declined in the second week of October 2016 against previous week record in major market. Stake holders would prefer to wait for stabilization in the cash market. Market participants say that arrival pace would increase now .

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 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.

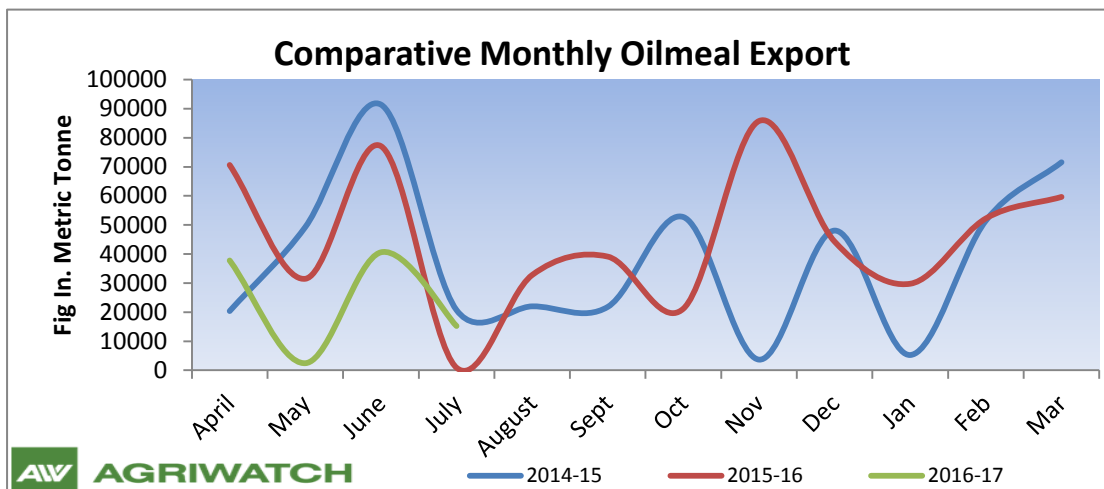


Source: Sea Of India ( Latest Data Awaited)

### Castor Meal Export

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.



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

Source: Sea Of India ( Latest Data Awaited)

### Cash Market Price Outlook For Deesa Spot

Expected Range	Rs/Qtl.(Low)	Rs /Qtl.(High)
Short term (15 days)	3550-3700	3700-3850
Medium Term (30 days)	3550-3780	3750-3900

Comparative Prices Of Castor Products Including Seed					
	7th October '16	30th Sept '16	7th Sep '16	7th Oct '15	CHANGE %
Castorseed (Gujarat)((Rs./M.T) Ex-Mandi	37750	37450	37100	40927	-7.78
Castor Meal Export (FAS) (US\$ / MT),Ex Kandla	68	0.00	68	107	-36.45
EXPORT (FOR) Ports (Rs./MT)Castor meal bulk Kandla	4450	4450	4300	6704	-33.62
Castor Oil (First Grade) FOB Kandla (Export)\$ /Tonne	1190	1180	1185	1271	-6.37
Local rates for oil in domestic market(Rs./M.T.) for comm.	77500	79000	79000	84688	-8.49

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			
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			
<b>Total – All India</b>	<b>5.74</b>	<b>7.75</b>	<b>-25.94</b>

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		08th to 14th Oct 2016	01st to 07th Oct 2016	
Gujarat	Patan	3699	3732	-33
	Harij	3683	3684	-1
	Rajkot	3547	3507	40
	Gondal	3569	3593	-24
	Deesa	3682	3671	11
	Bhabar	NR	3688	-
	Mehsana	3654	3674	-20
	Kadi	3679	3697	-18
	Sabarkatha	3704	3690	14
	Gandhi Nagar	3675	3696	-21
	Ahmedabad (Sanand)	3555	3557	-2
	Halvad	3543	3536	7
	Junagadh	3443	3441	2
	Dhrol	3390	3318	72
Rajasthan	Jodhpur	3524	3551	-27
	Sumerpur	3550	3554	-4

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

Commodity	Market	Today	Week ago	Month ago	Year ago
Center		14-Oct-16	7-Oct-16	14-Sep-16	14-Oct-15
Gujarat	Patan	3695	3700	3775	3975
	Harij	3675	3675	3825	3990
	Rajkot	3595	3485	3600	3865
	Gondal	3580	3580	3630	3905
	Deesa	3665	3650	3730	3985
	Bhabar	NR	3660	3690	3985
	Mehsana	3660	3640	3725	4000

	Kadi	3700	3680	3780	3990
	Sabarkatha	3700	3675	3775	4025
	Gandhi Nagar	3675	3675	3750	3975
	Ahmedabad (Sanand)	3565	3555	3545	3915
	Halvad	3515	3500	3625	3925
	Junagadh	3570	3400	3620	3775
	Dhrol	3410	3150	3315	3695
Rajasthan	Jodhpur	3450	3500	3400	4050
	Sumerpur	3550	3550	3675	3850

## Castor Seed Cumulative Arrivals in Key Centers:

Center	Market	08th to 14th Oct 2016	01st to 07th Oct 2016	Change
Gujarat	Patan	15222	18974	-3752
	Harij	1950	3975	-2025
	Rajkot	1890	1980	-90
	Gondal	2719	2824	-105
	Deesa	2734	1590	1144
	Bhabar	NR	4025	-
	Mehsana	3000	4650	-1650
	Kadi	10800	9275	1525
	Sabarkatha	825	1650	-825
	Gandhi Nagar	2400	4350	-1950
	Ahmedabad (Sanand)	27	58	-30
	Halvad	2775	6701	-3926
	Junagadh	360	355	5
	Dhrol	14	5	9
Rajasthan	Jodhpur	247	154	93
	Sumerpur	480	1120	-640
Total Arrivals/Above Markets		45443	61686	-16244

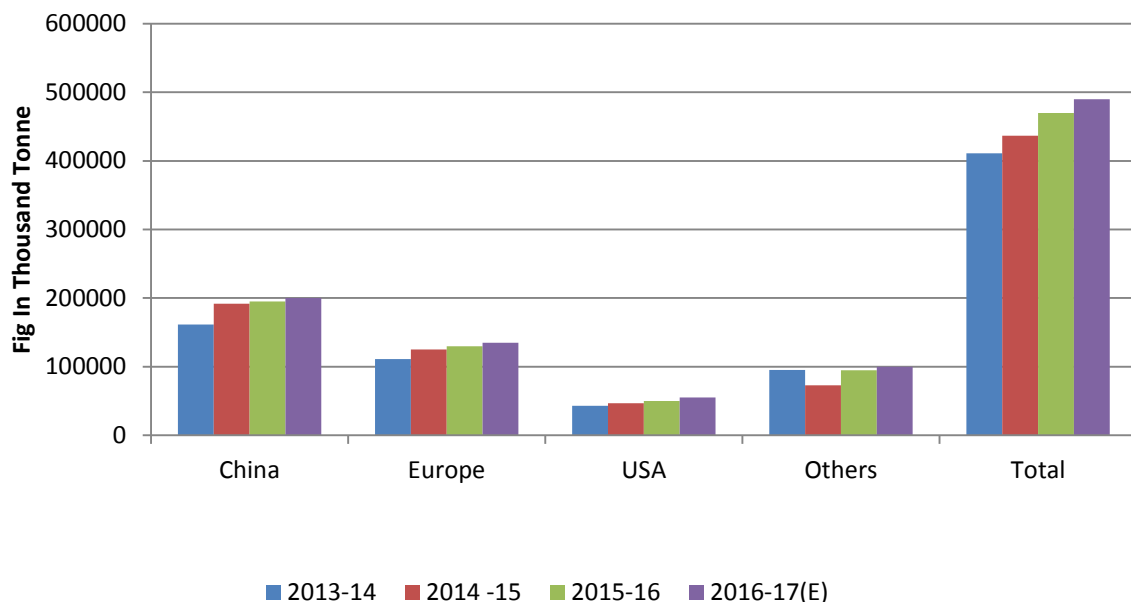
## Outlook &amp; Recommendation:

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.

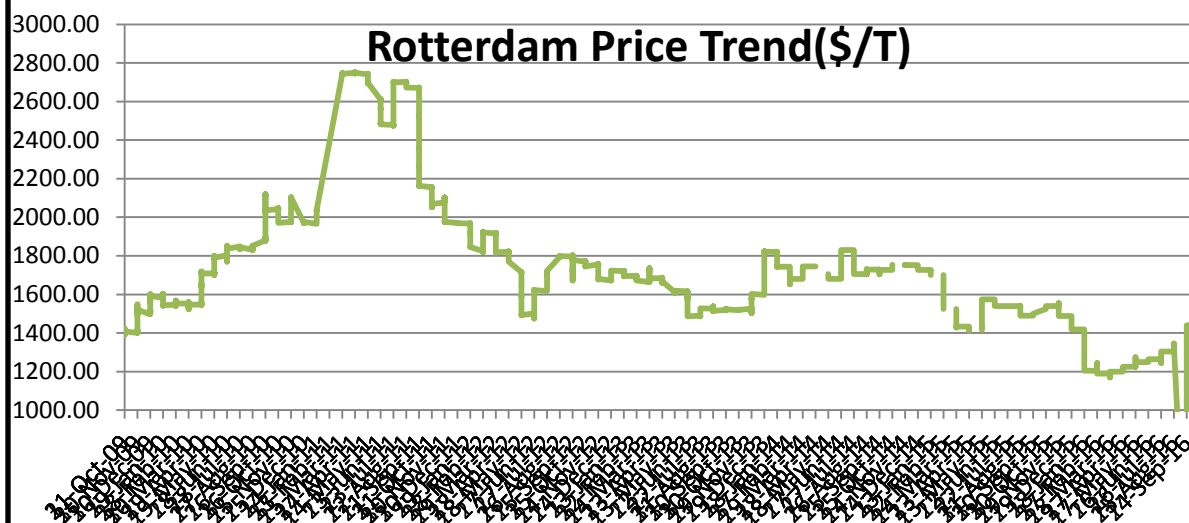


**International market update:**

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.

**Global Oil Demand & Projection For 2016-17**


■ 2013-14 ■ 2014-15 ■ 2015-16 ■ 2016-17(E)

**Rotterdam Price Trend(\$/T)**


Castor oil Rotterdam Price continues to increase from September-2016 to October 2016. It improved from \$1424.80 per tonne to \$1439.20 per tonne. It is likely to trade up in month of October 2016.

**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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