

Castor Weekly Research Report

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Castor Domestic Market Fundamentals:

Mostly prices declined in castor seed physical market during the week ended 21st October 2016 after selling pressures against improved demand. Arrival improved almost in each of the markets. Buyers are not so much aggressive as they are waiting further decline in prices. Lower crop estimation may push castor seed prices on higher side in long run.

As per sources, Gujarat has covered total 5.65 lakh Ha. castor crops sowing as on 13th October 2016 lower than previous year record i.e. 7.81 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 13th 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.

Rajasthan too is lagging behind by 13.63% to 1.71 lakh ha as on 13th Oct 2016 against 1.98 lakh Ha. in previous year in the same period of time. However, coverage area is running slightly ahead in AP and Telangana. Overall coverage area is expected to fall by 25 to 30 % this year as farmers have shifted to pulses and other lucrative crops.

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 sources, total 8.40 lakh hectares of castor sowing area has been covered as on 13th October 2016 with a decline of 24.18% against 11.08 lakh hectares during corresponding period last year and 10.36 lakh Ha in 2014. Normal coverage area of five years average stood at 12.51 lakh Ha. While, sowing area is recorded at 8.35 lakh Ha. and 8.30 lakh Ha. respectively as on 29th September 2016 and 22nd September 2016. Continuous rains in growing region have delayed sowing by two weeks for early maturity varieties. Delay in sowing may cause increased decline in area.

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 27th Jan-2016

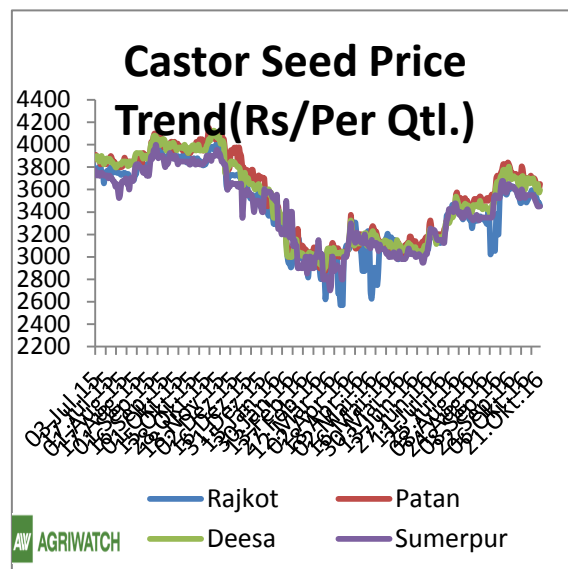
Stake holders in cash market may opt for buying seed around Rs 3450 to 3500 Rs. for stock purpose.

Castor Seed Price Chart:
Price Trend:

Prices are ruling in ups and down zone due to arrivals pressure in October month. Fear of lower area coverage and depleting old stock is expected to lend support to cash market fundamental in the weeks ahead.

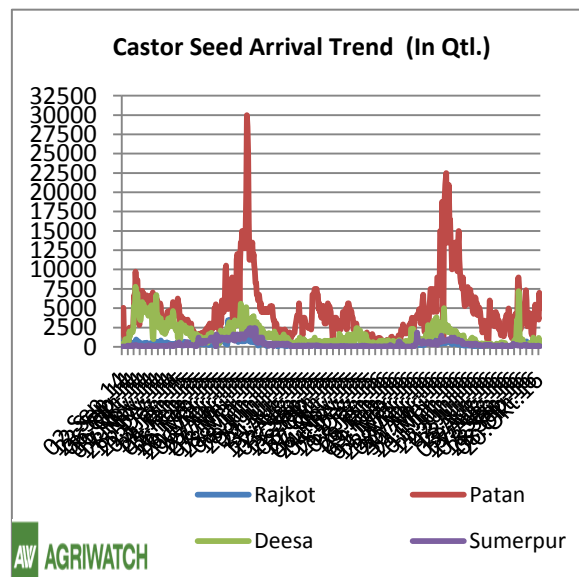
Seed market is expected to hover in the range of Rs. 3400 to Rs 3600 per qtl.

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. Overall outlook remains firm.

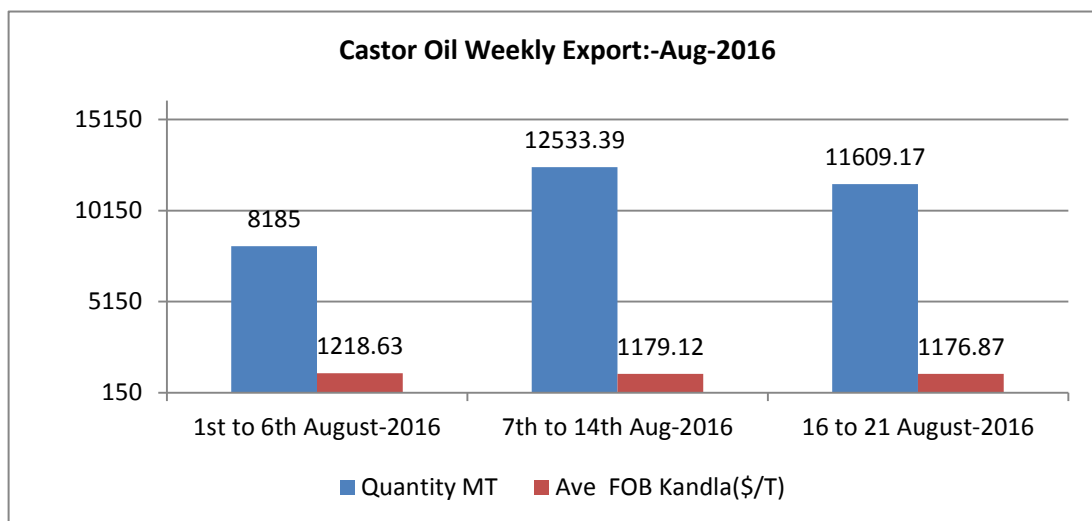


Castor Seed Arrival Chart: Arrivals of seed declined in the third week of October 2016 against previous week record in major market. Stake holders would prefer to wait for stabilization in the cash market. Market participants say that arrival pace would increase now.

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.



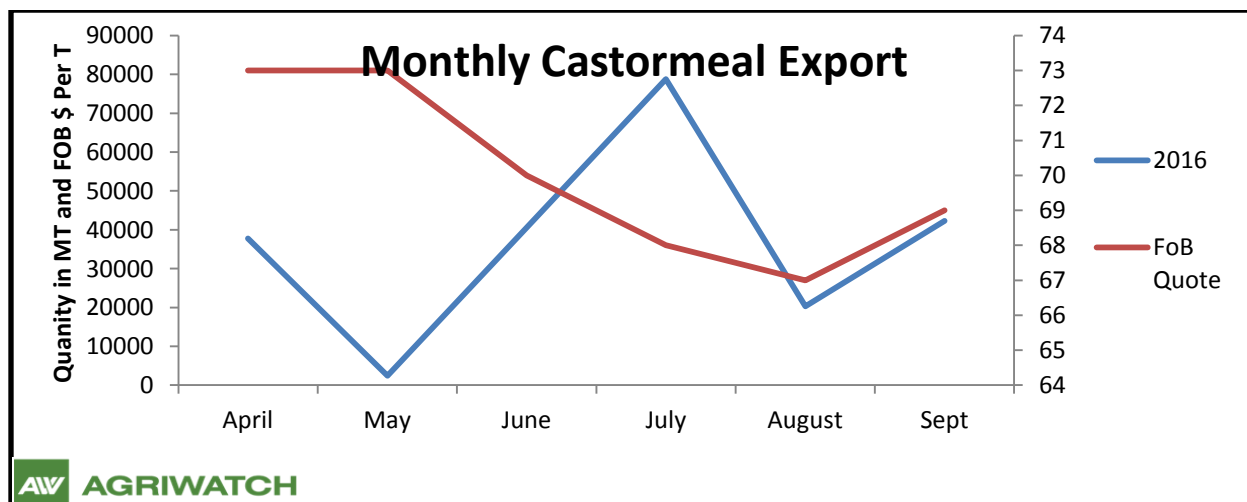
Castor Oil Export Trend:-At oil export front, volume was almost steady in August in comparison to July-2016. India exported 39452 tonne castor oil till 28th Aug-2016. It had exported 40657 tonne in July-2016. China, EU and US were active buyers throughout the year as seed and oil prices continue to rule 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 exported total 42269 tonnes castor meal in September 2016 higher than 20301 tonnes in August 2016. As seed price is ruling lower, export volume is expected to go up in October-2016 as well. Average castor meal exports (April 2016 to September 2016) is registered down at 222137 T against 252037 T in previous year during the same period of time. FOB quotes for meal has decreased at \$69/T in September 2016 from \$110 per tonne in last year during the same period of time. South Korea bought 213847 tonne meal during April- Sep 2016 at an average price of \$101.65 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	3600-3800
Medium Term (30 days)	3600-3800	3750-3900

Comparative Prices Of Castor Products Including Seed					
	14th Oct'16	7th Oct'16	14th Sept'16	14th Oct'15	CHANGE %
Castorseed (Gujarat)((Rs./M.T) Ex-Mandi	37550	37750	38400	40927	-8.99
Castor Meal Export (FAS) (US\$ / MT),Ex Kandla	67	68	70	107	-59.70
EXPORT (FOR) Ports (Rs./MT)Castor meal bulk Kandla	4400	4450	4700	6704	-52.36
Castor Oil (First Grade) FOB Kandla (Export)\$ /Tonne	1185	1190	1220	1271	-7.26
Local rates for oil in domestic market(Rs./M.T.) for comm.	77500	77500	81500	84688	-9.27

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 13th October-2016		
	2016	2015	% Change
Andhra Pradesh	0.31	0.46	-32.60869565
Telangana	0.43	0.47	-8.510638298
Arunachal Pradesh	--	--	--
Assam	--	--	--
Bihar	0.01	0.01	Unchanged
Chhattisgarh	--	--	--
Gujarat	5.65	7.81	-27.65685019
Haryana	--	0.02	--
Himachal Pradesh	--	--	--
Jammu & Kashmir	--	--	--
Jharkhand	--	--	--
Karnataka	0.11	0.1	10
Kerala	--	--	--
Madhya Pradesh	--	--	--
Maharashtra	0.07	0.12	-41.66666667
Odisha	0.06	0.07	-14.28571429

Punjab	--	--	--
Rajasthan	1.71	1.98	-13.63636364
Tamil Nadu	0.04	0.04	--
Uttar Pradesh	--	--	--
Uttarakhand	--	--	--
West Bengal	--	--	--
Others	0.01	--	--
Total – All India	8.4	11.08	-24.18772563

Source: Sea of India

Commodity	Market	Price (Rs/ Quintal)		Change
Center		15th to 21st Oct 2016	08th to 14th Oct 2016	
Gujarat	Patan	3646	3699	-53
	Harij	3639	3683	-44
	Rajkot	3527	3547	-20
	Gondal	3534	3569	-35
	Deesa	3633	3682	-49
	Bhabar	NR	NR	-
	Mehsana	3608	3654	-46
	Kadi	3651	3679	-28
	Sabarkatha	3636	3704	-68
	Gandhi Nagar	3625	3675	-50
	Ahmedabad (Sanand)	3569	3555	14
	Halvad	3548	3543	5
	Junagadh	3508	3443	66
	Dhrol	3186	3390	-204
Rajasthan	Jodhpur	3551	3524	27
	Sumerpur	3492	3550	-58

Week on Week Price: Scenario of Castor Seed :

Commodity	Market	Today	Week ago	Month ago	Year ago
Center		21-Oct-16	14-Oct-16	21-Sep-16	21-Oct-15
Gujarat	Patan	3600	3695	3825	3975
	Harij	3610	3675	3840	3990
	Rajkot	3485	3595	3645	3825
	Gondal	3505	3580	3655	3855

	Deesa	3575	3665	3805	NA
	Bhabar	NR	NR	3790	3990
	Mehsana	3535	3660	3760	4025
	Kadi	3650	3700	3825	3995
	Sabarkatha	3600	3700	3840	4025
	Gandhi Nagar	3575	3675	3825	3990
	Ahmedabad (Sanand)	3545	3565	3505	3900
	Halvad	3495	3515	3590	3900
	Junagadh	3400	3570	3585	3810
	Dhrol	3300	3410	3510	NR
Rajasthan	Jodhpur	3500	3450	3630	4030
	Sumerpur	3450	3550	3650	3850

Castor Seed Cumulative Arrivals in Key Centers:

Center	Market	15th to 21st Oct 2016	08th to 14th Oct 2016	Change
Gujarat	Patan	22125	15222	6903
	Harij	4200	1950	2250
	Rajkot	2430	1890	540
	Gondal	3363	2719	644
	Deesa	3396	2734	662
	Bhabar	NR	NR	-
	Mehsana	5925	3000	2925
	Kadi	17600	10800	6800
	Sabarkatha	1313	825	488
	Gandhi Nagar	6000	2400	3600
	Ahmedabad (Sanand)	38	27	10
	Halvad	1088	2775	-1688
	Junagadh	540	360	180
	Dhrol	13	14	-1
Rajasthan	Jodhpur	173	247	-74
	Sumerpur	560	480	80
Total Arrivals/Above Markets		68762	45443	23319

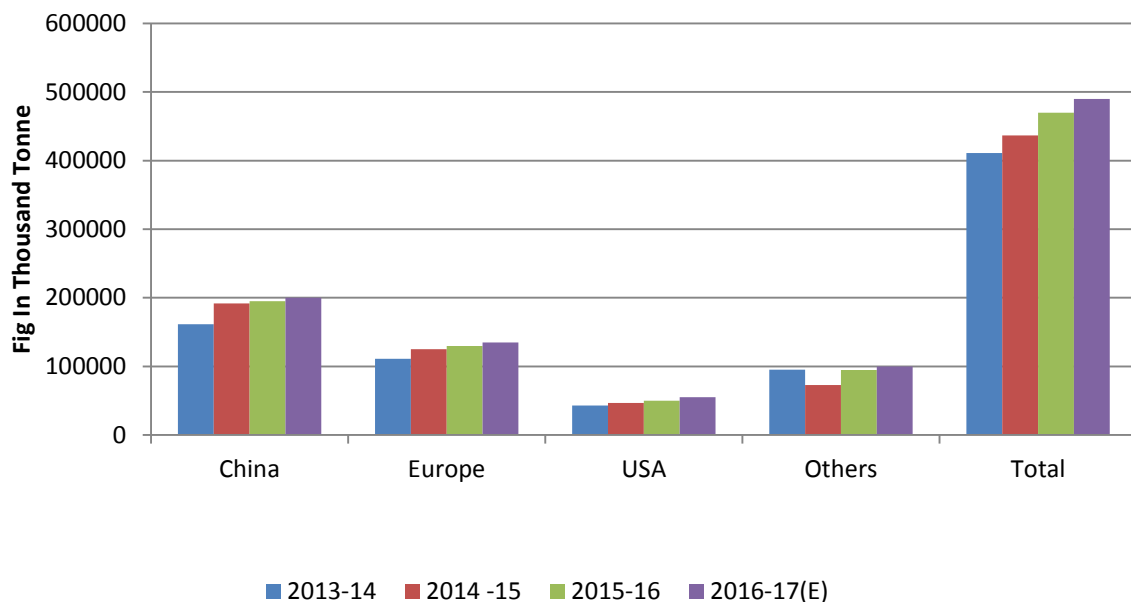
Outlook & Recommendation:

Castor seed market is expected to trade steady to slightly firm in the last 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.

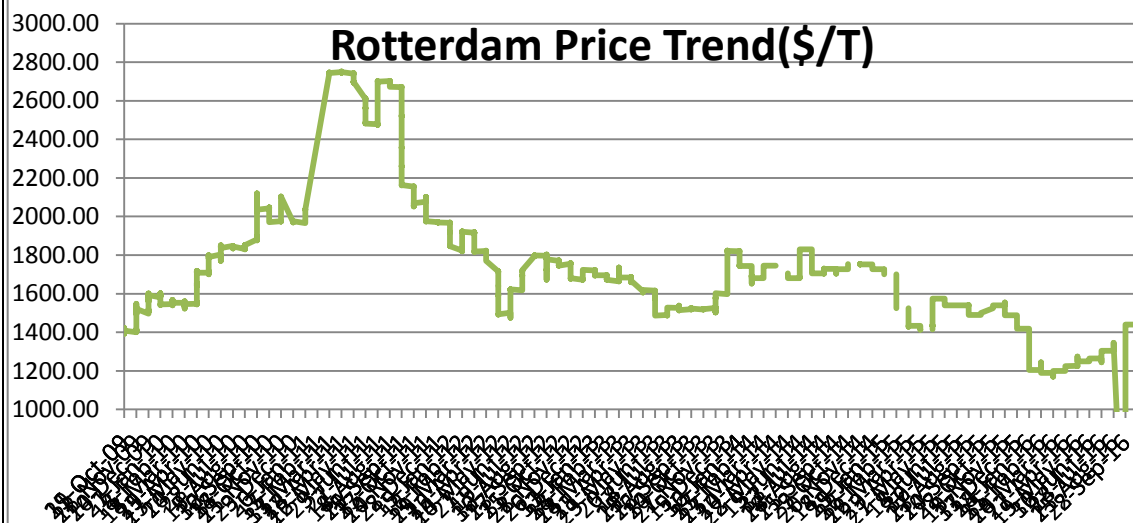
International market update:

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



Rotterdam Price Trend(\$/T)



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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