

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 27th Jan-2016

Stake holders in cash market may opt for buying seed around Rs 3500 to 3600 Rs. for stock purpose.

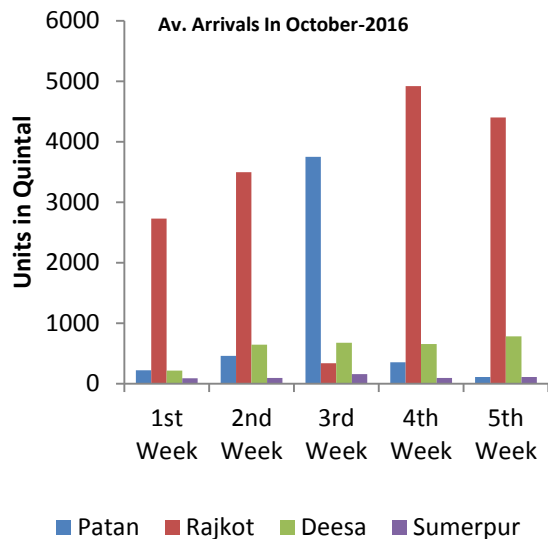
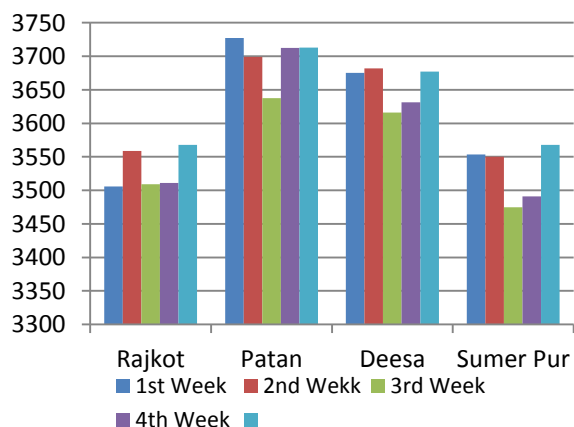
Castor Seed Price Chart:**Price Trend:**

Weekly average prices in mixed zone. In some of the market arrivals are slow as a result the prices increased during the current weekly. The uptrend may continue as arrivals have decreased considerably in November too. Fear of lower area coverage and depleting old stock is expected to lend support to cash market fundamental in the long run. Seed market is expected to hover in the range of Rs. 3500 to Rs 3850 per quintal.

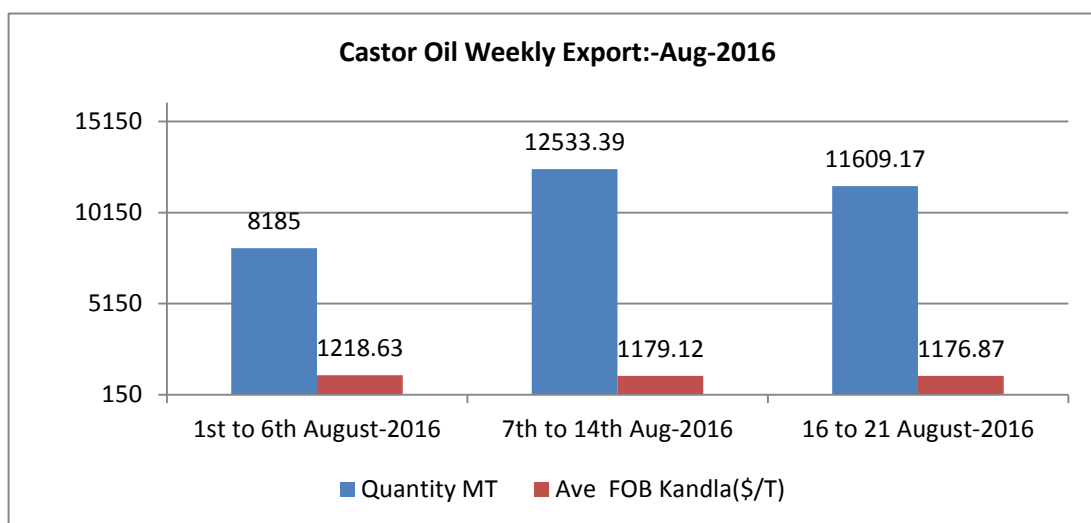
Possibility of good rainfall and lower area coverage may support market in the second half of the year. Restricted demand for oil from overseas market may continue to restrict one way uptrend. Sometimes lower arrivals seems supportive to the market fundamental. Overall outlook remains firm.

Castor Seed Arrival Chart: Arrivals of seed declined in the last 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.

Few farmers may wait till 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 in arrivals is seen in Patan and Rajkot market.

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

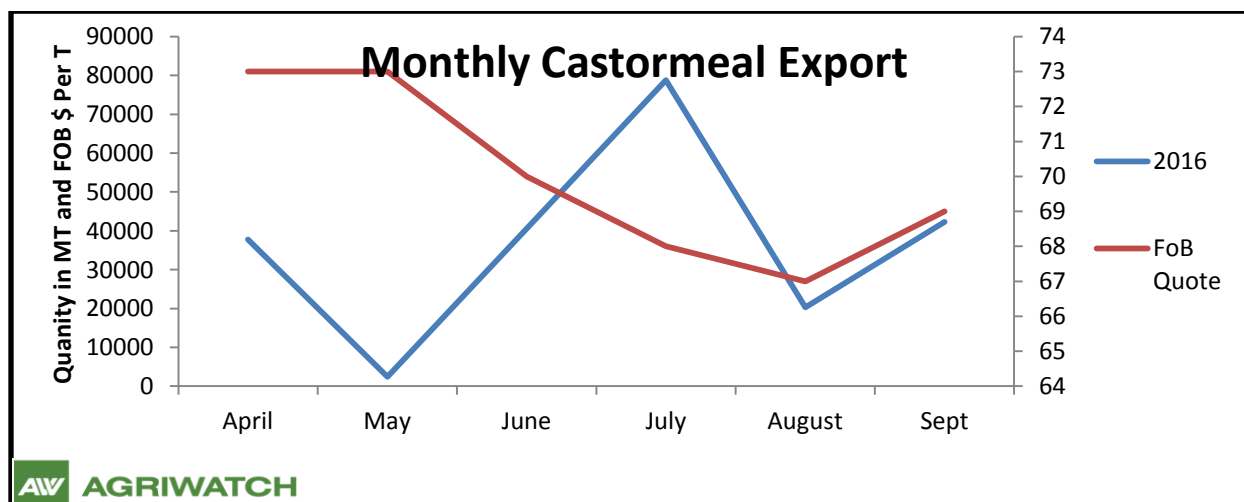
Castor Oil Export Trend:-At oil export front, volume was almost steady in August in comparison to July-2016. India exported 39452 tonne castor oil till 28th Aug-2016. It had exported 40657 tonne in July-2016. China, EU and US were active buyers throughout the year as seed and oil prices continue to rule 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)	3500-3650	3600-3700
Medium Term (30 days)	3550-3750	3600-3850

Comparative Prices Of Castor Products Including Seed					
	21st Oct'16	14th Oct'16	21st Sept'16	21st Oct'15	CHANGE %
Castorseed (Gujarat)((Rs./M.T) Ex-Mandi	36500	37550	38900	40927	-12.13
Castor Meal Export (FAS) (US\$ / MT),Ex Kandla	65	67	70	107	-64.62
EXPORT (FOR) Ports (Rs./MT)Castor meal bulk Kandla	4200	4400	4700	6704	-59.62
Castor Oil (First Grade) FOB Kandla (Export)\$ /Tonne	1160	1185	1230	1271	-9.57
Local rates for oil in domestic market(Rs./M.T.) for comm.	77000	77500	81500	84688	-9.98

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			
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		22nd to 28th Oct 2016	15th to 21st Oct 2016	
Gujarat	Patan	3700	3646	54
	Harij	3666	3639	27
	Rajkot	3502	3527	-25
	Gondal	3511	3534	-23
	Deesa	3624	3633	-9
	Bhabar	NR	NR	-
	Mehsana	3599	3608	-9
	Kadi	3673	3651	22
	Sabarkatha	3630	3636	-6
	Gandhi Nagar	3643	3625	18
	Ahmedabad (Sanand)	3578	3569	10
	Halvad	3518	3548	-30
	Junagadh	3423	3508	-85
	Dhrol	3325	3186	139
Rajasthan	Jodhpur	3577	3551	25
	Sumerpur	3484	3492	-8

Week on Week Price: Scenario of Castor Seed :

Commodity	Market	Today	Week ago	Month ago	Year ago
Center		28-Oct-16	21-Oct-16	28-Sep-16	28-Oct-15
Gujarat	Patan	Closed	3600	3700	4025
	Harij	Closed	3610	3725	4025
	Rajkot	3480	3485	3555	3855
	Gondal	Closed	3505	3580	3880
	Deesa	Closed	3575	3700	3990

	Bhabar	NR	NR	NR	4015
	Mehsana	Closed	3535	3700	4025
	Kadi	Closed	3650	3705	4025
	Sabarkatha	Closed	3600	3725	4025
	Gandhi Nagar	Closed	3575	3725	4025
	Ahmedabad (Sanand)	Closed	3545	3650	3830
	Halvad	Closed	3495	3575	3900
	Junagadh	Closed	3400	3510	3870
	Dhrol	NR	3300	3500	NR
Rajasthan	Jodhpur	3620	3500	3600	4100
	Sumerpur	3500	3450	3575	3900

Castor Seed Cumulative Arrivals in Key Centers:

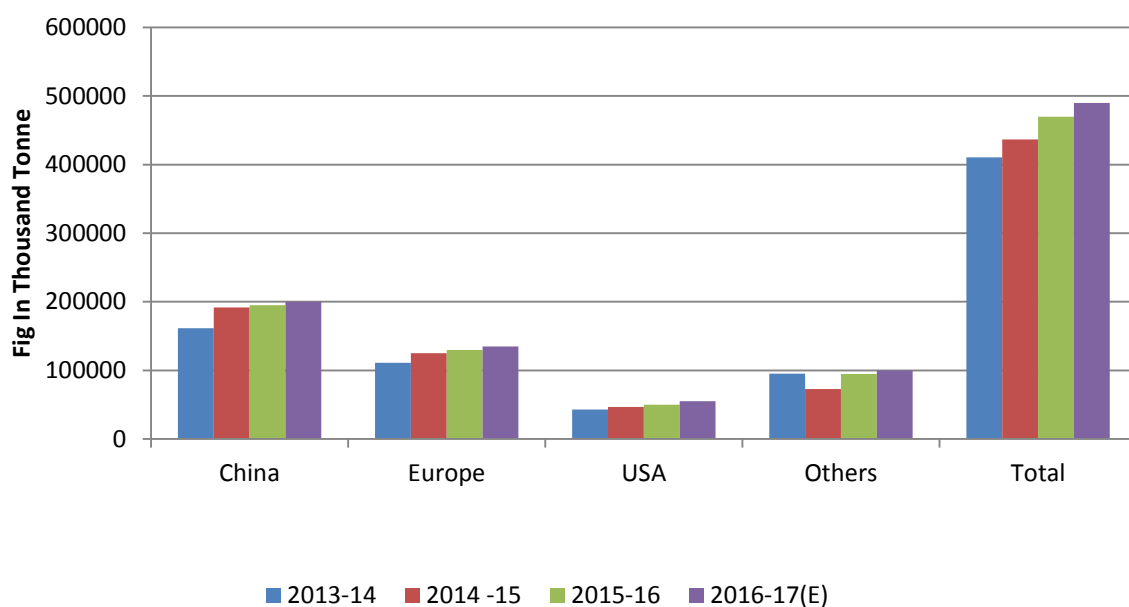
Center	Market	22nd to 28th Oct 2016	15th to 21st Oct 2016	Change
Gujarat	Patan	18000	22125	-4125
	Harij	3150	4200	-1050
	Rajkot	1275	2430	-1155
	Gondal	1442	3363	-1921
	Deesa	3028	3396	-368
	Bhabar	NR	NR	-
	Mehsana	5025	5925	-900
	Kadi	10920	17600	-6680
	Sabarkatha	750	1313	-563
	Gandhi Nagar	2775	6000	-3225
	Ahmedabad (Sanand)	54	38	17
	Halvad	713	1088	-375
	Junagadh	250	540	-290
	Dhrol	10	13	-3
Rajasthan	Jodhpur	249	173	77
	Sumerpur	640	560	80
Total Arrivals/Above Markets		48280	68762	-20481

Outlook & Recommendation:

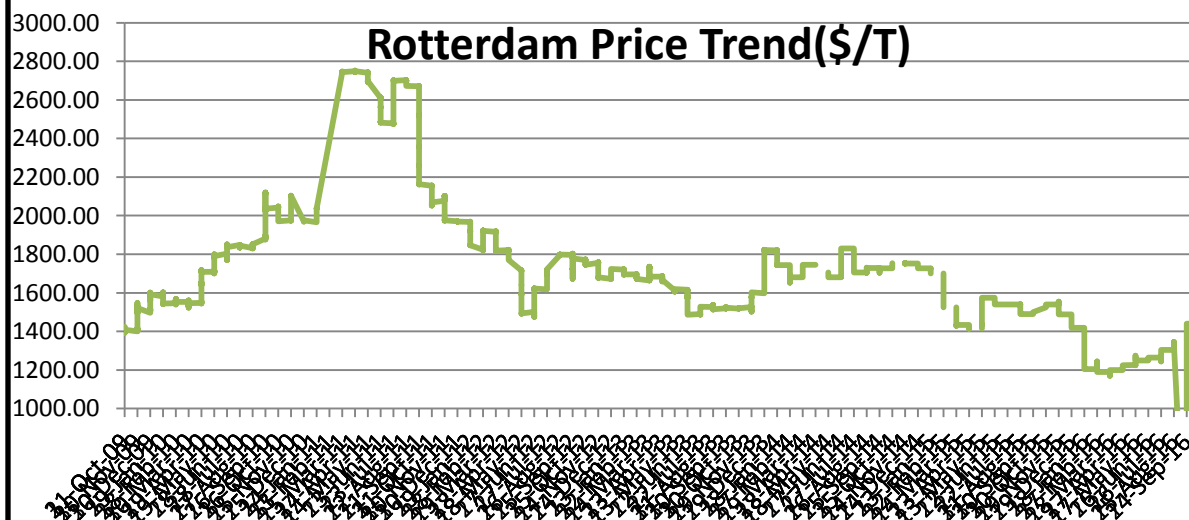
Castor seed market is expected to trade steady to slightly firm in the second week of October. It will continue to consolidate in span of time due to lower acreage so far. Availability for crushing is lower as farmers have retained stock. Fear of lower acreage may lend support to cash market fundamentals 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.

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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