

# Castor Weekly Research Report

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Castor Domestic Market Fundamentals:

- **Dull trading activities were seen in the Castor Physical markets. Arrivals are not in full pace due to cash problem and lower prices.** Demand from importing countries are also less which is affecting on castor seed prices. Lower cash flow in cash market and weak trading activities are affecting price of seed at this point of time. Buyers /sellers both have preferred to stay away from market as they still hope market to improve. However some of the needy farmers are selling their stocks against cheque or online payments. However, emerging scenario hints market to trade range bound despite normal flow of oil export. Old accumulated stock is being used. There is no hope for market to back on right track soon. Castor seed prices may down in coming session due to low castor oil demand and expectation of high arrivals.
- **Seed stock in Gujarat and Rajasthan is said to be lower by 25 % this year** at this point of time. As stockiest are waiting for improvement in price, arrival of seed is lower. New crop would hit market from end January and its impact may be felt on price. Cash crunch too is affecting normal trading activities. Overall outlook remains flat and seed market would continue to trade range bound.,
- **Major buyers have fulfilled its 80 % requirements and they are in position** to wait for new crop, likely to hit market by Jan end. Fresh buying is expected from March onward. However, crop size is expected to be lower this year, castor seed price should move up from current level.
- **According to recent released IBIS data, India shipped approximately 13500 tonne castor oil during the period** started from 21st November 2016 to 26th November 2016 with an average FOB price 1655.52 \$/Tonne mostly from JNPT port via sea mode in India. Total 5500 kgs were exported in Turkey and 8000 were shipped in Saudi with a FOB price 1709\$/ T and 1601.04 \$/Tare the main buyer for Indian castor oil.
- **According to the sources, total 8.40 lakh hectares of castor sowing area in India 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.
- **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. As per latest update by agriculture department, as on September 23, 2016 total sowing area of castor seed has reached to 10.83 lakh hectares, down by 2.3 per cent against last year record in the corresponding period of time. India's total planted area was about 1.13 million hectares in 2015-16.

Progressive Area Coverage: -

**Agricultural Statistics Division, Directorate of Economics & Statistics, India** has published its fourth advance 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 are in range-bound zone in the short to medium term. Agriwatch expects steady to weak tone in upcoming weeks due to cash problem and dull trading activities.

**Call:**

Futures contracts have been suspended on 27<sup>th</sup> Jan-2016

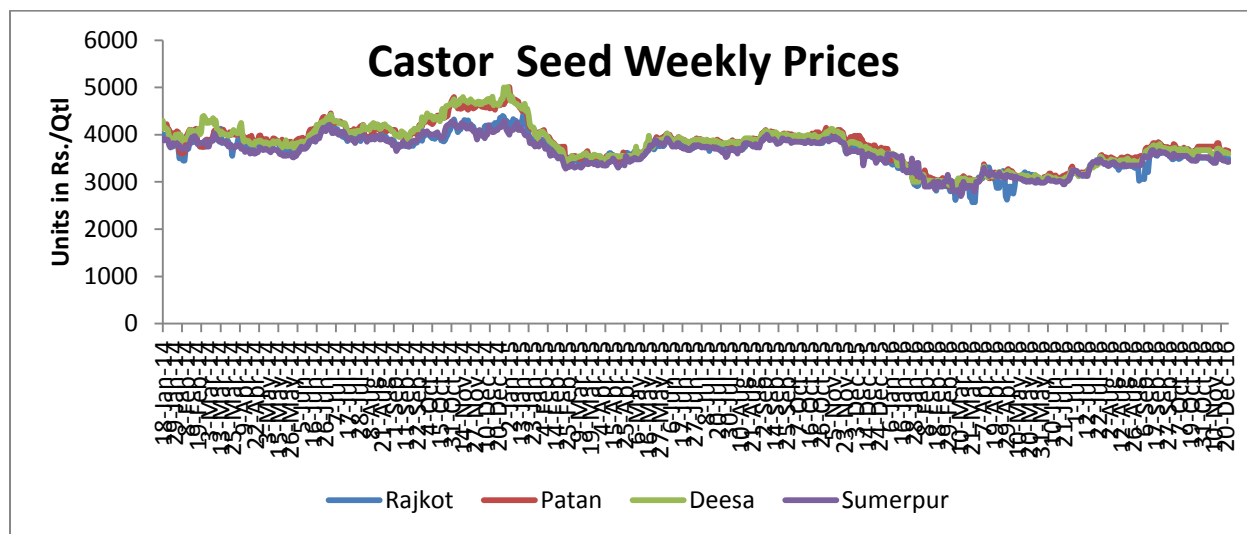
Stake holders in cash market may opt for buying seed around Rs 3400 to 3450 Rs. for stock purpose.

### Castor Seed Price Chart:

#### Price Trend:

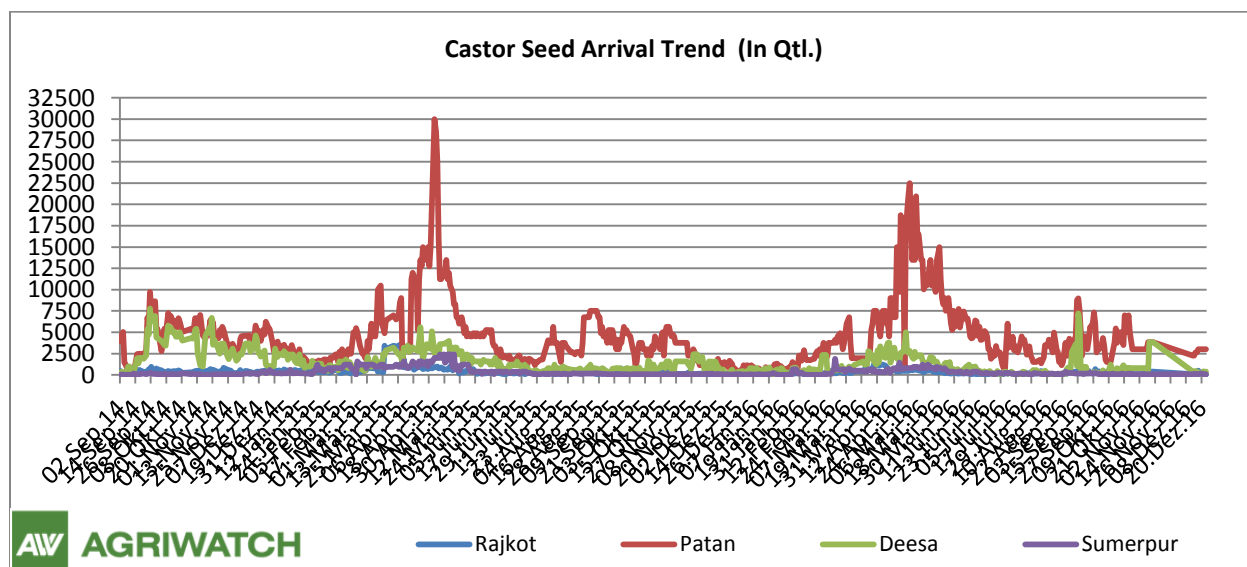
Weekly average prices decreased in the markets on account of cash problem and slow pace of arrivals.

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. Range bound price momentum could be seen the market in the next week ahead.



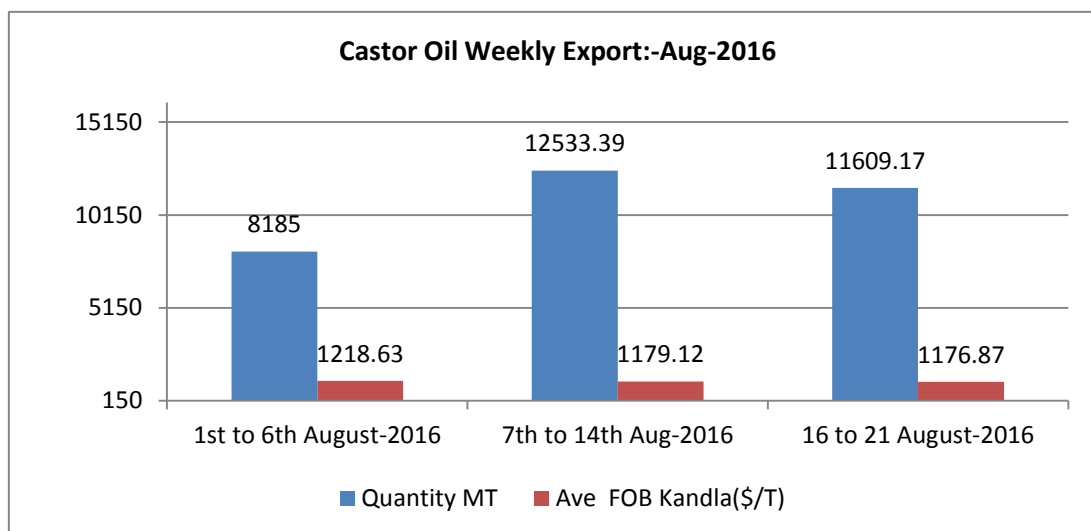
Source: Agriwatch

**Castor Seed Arrival Chart:** Arrivals declined after ban for Rs. 500 and 1000. Starting days of the month, there was no trading activities in the markets. However some of the needy farmers have started to bring their stocks in the market due to their financial issue. 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.



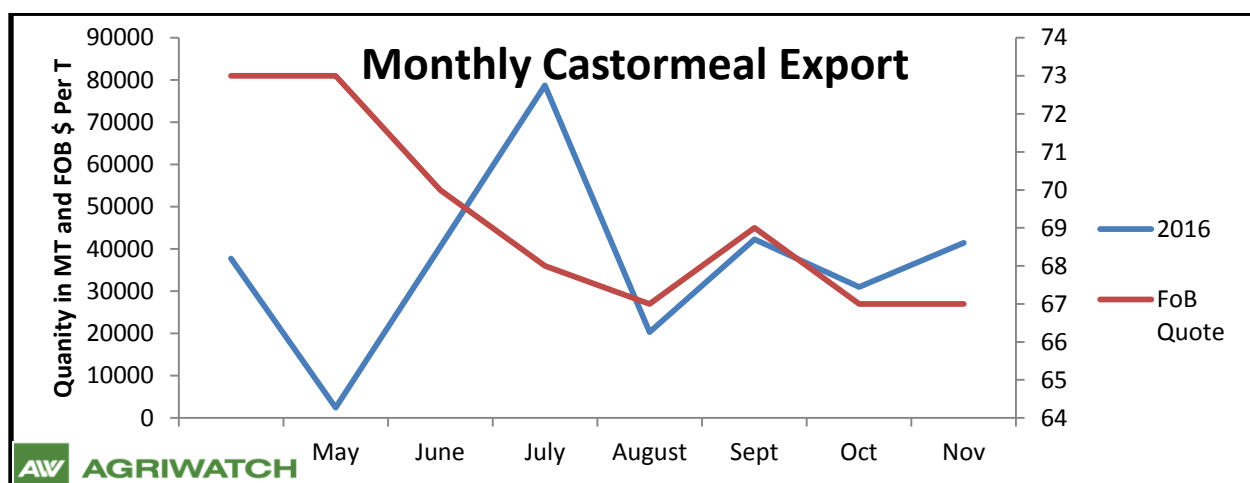
Source: Agriwatch

**Castor Oil Export Trend:-** India castor oil export in November month dropped at 35,608 metric tonnes against 45,002 metric tonnes same period a year ago. 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. Latest data is awaited.



Source: Sea Of India ( Latest Data Awaited)

**Castor Meal Export:-** India exported total 41451 tonnes castor meal in November 2016 higher than 31025 tonnes in October 2016. As seed price is ruling lower, export volume is expected to go up in December-2016 as well. Average castor meal exports ( April 2016 to November 2016) is registered down at 294613 T against 337814 T in previous year during the same period of time. FOB quotes for meal has increased at \$101/T in November 2016 from \$87 per tonne in last year during the same period of time. South Korea bought 278157 tonne meal during April- Nov 2016.



source: Sea of India

### State Wise Weekly Price Trend:

State wise Wholesale Prices Weekly Analysis for Castor Seed Third week December, 2016							
State	Prices 16-23 Dec 2016	Prices 09-15 Dec 2016	Prices 01-08 Dec 2016	Prices 16-23 Dec 2015	% Change(Over Previous Week)	% Change(Over Previous to Previous Week)	% Change(Over Previous Year)
Andhra Pradesh	2958.76	3033.18	3218.72	3229.04	-2.45	-8.08	-8.37
Gujarat	3570.01	3668.88	3703.94	3967.88	-2.69	-3.62	-10.03
Karnataka	3012.67	3200	3241.5	2760	-5.85	-7.06	9.15
Madhya Pradesh	3178.88	3149.76	3167.33	3150	0.92	0.36	0.92
Rajasthan	3384.76	3456.56	3532.18	3425.96	-2.08	-4.17	-1.2
Tamil Nadu				3619	--	--	---
Telangana	3060.32	3195.42	3281.52	3303.31	-4.21	-6.72	-7.34
Average	3194.33	3283.97	3357.53	3350.74			

Source: Agmarket.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

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)	3500-3750	3600-3750

Comparative Prices Of Castor Products Including Seed					
	16th Dec'16	9th Dec'16	16th Nov'16	16th Dec'15	CHANGE %
Castorseed (Gujarat)((Rs./M.T) Ex-Mandi	36950	38100	NQ	38630	-4.55
Castor Meal Export (FAS) (US\$ / MT),Ex Kandla	66	68	NQ	96	-45.45
EXPORT (FOR) Ports (Rs./MT)Castor meal bulk Kandla	4300	4450	NQ	6174	-43.58
Castor Oil (First Grade) FOB Kandla (Export)\$ /Tonne	1170	1195	NQ	1197	-2.31
Local rates for oil in domestic market(Rs./M.T.) for comm.	79000	81500	79000	80212	-1.53

Source: SEA

**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 13th October,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

As on 13th October 2016, total coverage under castor seed was reported 8.4 lakh ha against last year's coverage of 11.08 ha.in the same period of time.

## Castor Seed Weekly Prices at Key Spot Markets:

Commodity	Market	Price (Rs/ Quintal)		Change
Center		17th to 23rd Dec 2016	10th to 16th Dec 2016	
Gujarat	Patan	3650	3750	-100
	Harij	3638	NR	-
	Rajkot	3516	3615	-99
	Gondal	3605	NR	-
	Deesa	3621	3694	-73
	Bhabar	NR	NR	-
	Mehsana	3638	3721	-83
	Kadi	3651	3741	-90
	Sabarkatha	3606	3710	-104
	Gandhi Nagar	3643	3701	-58
	Ahmedabad (Sanand)	3345	NR	-
	Halvad	3519	3638	-118
	Junagadh	3587	3708	-121
	Dhrol	NR	NR	-
Rajasthan	Jodhpur	3663	3723	-59
	Sumerpur	3446	3567	-121

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

Commodity	Market	Today	Week ago	Month ago	Year ago
Center		23-Dec-16	16-Dec-16	23-Nov-16	23-Dec-15
Gujarat	Patan	3650	3675	Closed	3700
	Harij	3625	Closed	Closed	3625
	Rajkot	3470	3515	Closed	3495
	Gondal	NR	NR	3630	3855
	Deesa	3600	3675	Closed	3625
	Bhabar	NR	NR	Closed	3610
	Mehsana	3600	3675	3665	3600
	Kadi	3640	3725	3720	3650
	Sabarkatha	3610	3650	3650	3600
	Gandhi Nagar	3600	3625	3675	3625
	Ahmedabad (Sanand)	NA	NA	NA	3300
	Halvad	3495	3630	Closed	3625



Rajasthan	Junagadh	3600	3700	NA	3600
	Dhrol	NA	NA	Closed	3550
	Jodhpur	3610	3700	3500	3640
	Sumerpur	3425	3475	3550	3450

### Outlook & Recommendation:

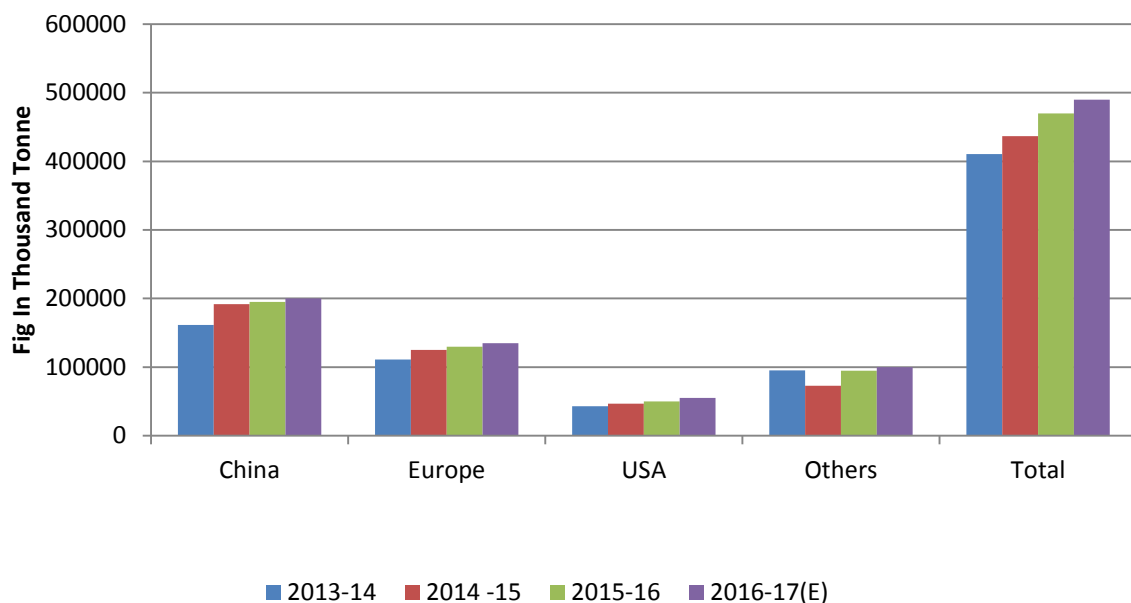
Castor seed market is expected to trade steady to slightly firm in the third week of November. It will continue to consolidate in span of time due to lower acreage so far. Availability for crushing is lower as farmers have retained stock. Fear of lower acreage may lend support to cash market fundamentals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

### Castor Seed Cumulative Arrivals in Key Centers:

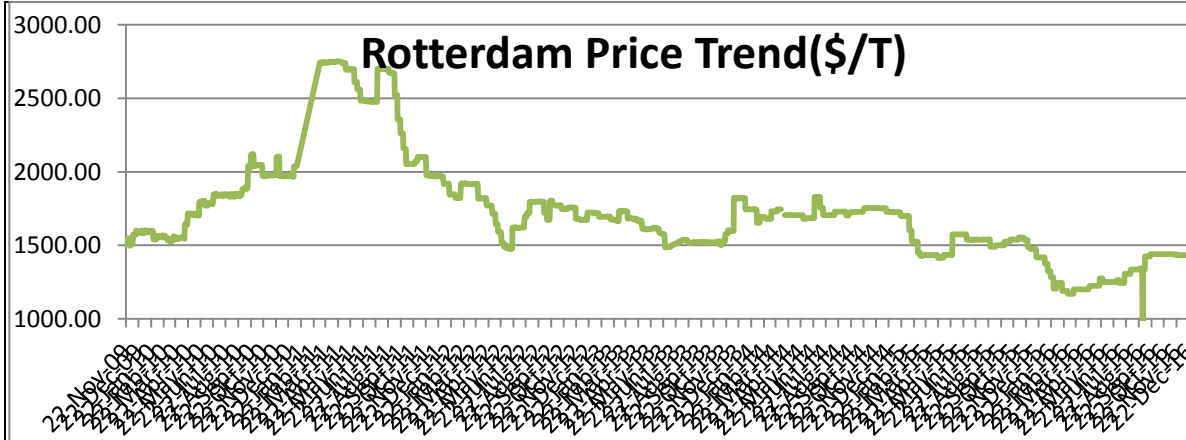
Center	Market	17th to 23rd Dec 2016	10th to 16th Dec 2016	Change
Gujarat	Patan	18000	9750	8250
	Harij	1148	NR	-
	Rajkot	945	940	5
	Gondal	391	NR	-
	Deesa	1754	1884	-130
	Bhabar	NR	NR	-
	Mehsana	2063	2550	-488
	Kadi	4744	5760	-1016
	Sabarkatha	330	600	-270
	Gandhi Nagar	1125	2063	-938
	Ahmedabad (Sanand)	2	NR	-
	Halvad	750	353	398
	Junagadh	170	360	-190
	Dhrol	NR	NR	-
Rajasthan	Jodhpur	266	248	19
	Sumerpur	640	640	Unch
Total Arrivals/Above Markets		32327	25147	7181

**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**


Castor oil Rotterdam Price quoted steady to weak tone from November-2016 to December 2016. It declined a little from \$1433.40 per tonne to \$1433 per tonne. It is likely to trade down during the end month of December 2016.

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


*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 in the long term. For short term, prices are expected to be move in the range bound area due to cash problem.*

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