

# Castor Weekly Research Report

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**Castor Domestic Market Fundamentals:**

- **Most of the physical market of castor seeds are down due to dull trading activities. Arrivals are not in full pace due to cash problem and lower prices.** Demand from importing countries are also less, affecting 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 fall in coming session due to low castor oil demand and expectation of high arrivals.
- **Castor oil export increased slightly by 0.19 percent in November-2016. India exported 35608 tonne castor oil** in November 2016/17 season against 45002 tonne in November-2015/2016. India shipped lower castor oil, month on month basis at 47112 MT in October 2016/17. Export pace is expected to go down as availability of oil is higher and price is comparatively low because of cash problem. We expect to see same trend in the upcoming week.
- **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.
- **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 during corresponding period of previous year. FOB quotes for meal has increased at \$101/T in November 2016 from \$87 per tonne during corresponding period of last year. South Korea bought 278157 tonne meal during April- Nov 2016. India castor oil export in November month dropped at 35,608 metric tonnes against 45,002 metric tonnes a year ago.
- **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. Latest data is awaited.
- **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 demand for castor oil. As per latest update by agriculture department, as on September 23, 2016 total sowing area of castor seed has reached 10.83 lakh hectares, down by 2.3 per cent against corresponding period of last year record. 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 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 is in range-bound zone in the short to medium term. Agriwatch expects steady to slight improvement in upcoming weeks due to slow but smooth ongoing cash flow.

**Call:**

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

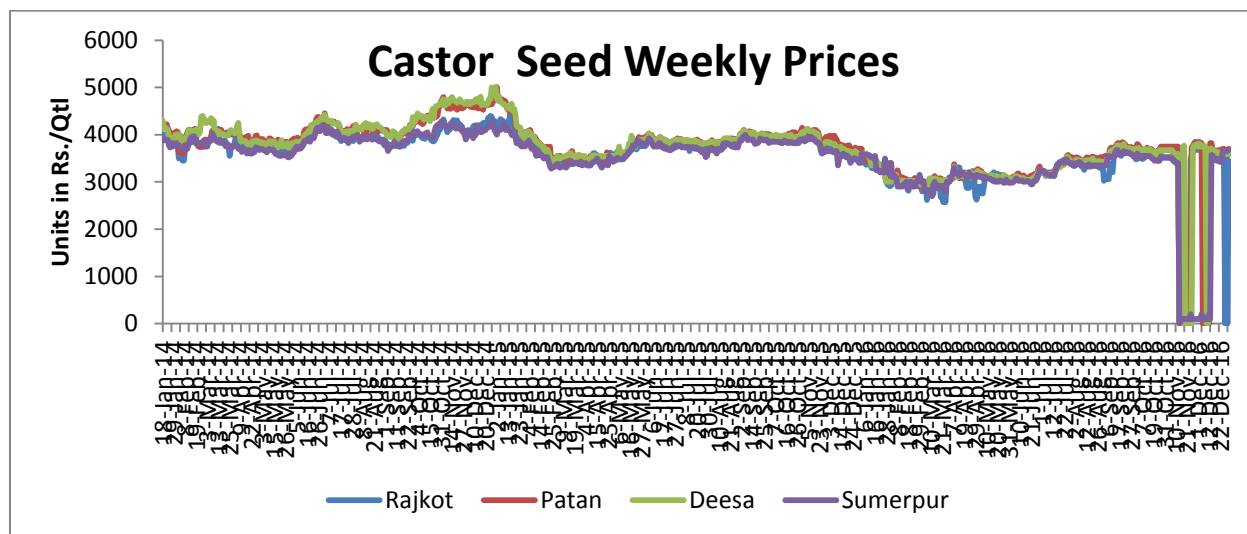
Stake holders in cash market may opt for buying seed around Rs 3400 to 3450 Rs. for stock purpose.

### Castor Seed Price Chart:

#### Price Trend:

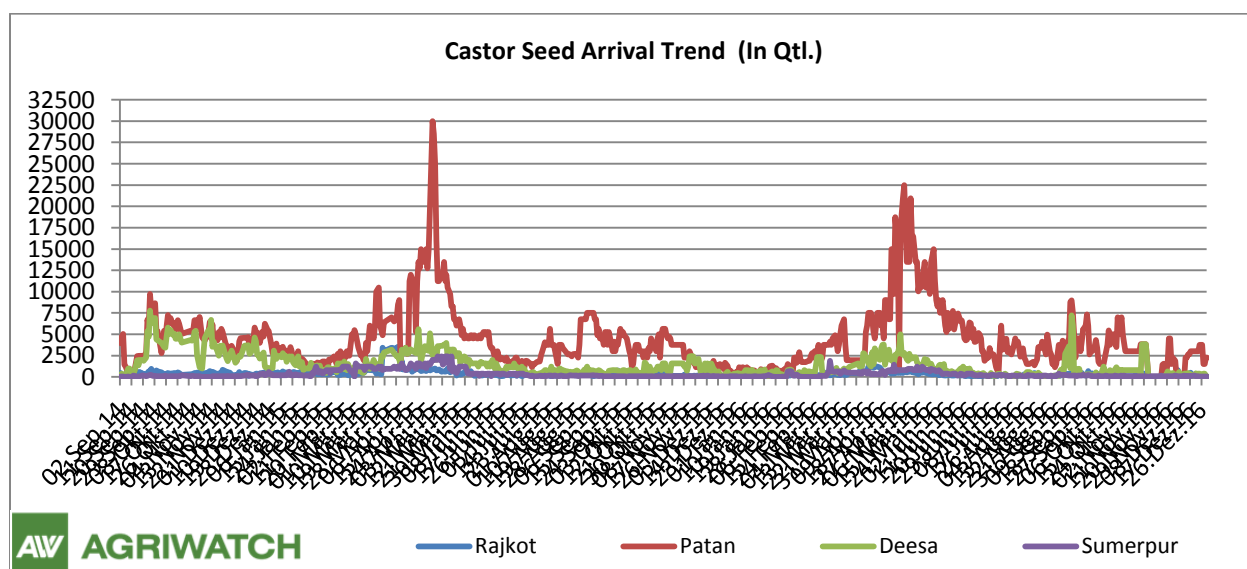
Weekly average prices decreased in the markets due to cash problem and slow pace of arrivals.

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 seem supportive to the market fundamental. Range bound price momentum could be seen in 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.



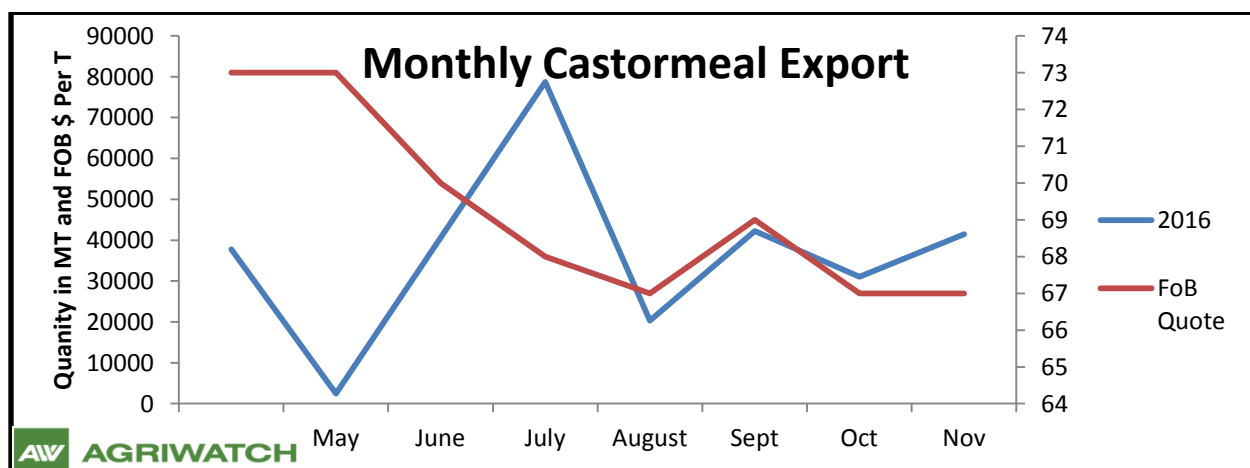
Source: Agriwatch

**Castor Oil Export Trend:-**Castor oil export increased slightly by 0.19 percent in November-2016. India exported 35608 tonne castor oil in November 2016/17 season against 45002 tonne in November-2015/2016. India shipped lower castor oil on month on month basis at 47112 MT in October 2016/17. Export pace is expected to go down as availability of oil is higher and price is comparatively low on account of cash problem. We expect same trend in the upcoming week.

EXPORT OF CASTOR OIL								
DURING APRIL TO NOVEMBER 2016 (08 MONTH)								
	2016-17		2015-16		2014-15		2013-14	
Month/Year	Qty MT. Bulk+	Value	Qty MT. Bulk+	Value	Qty MT. Bulk+	Value	Qty MT. Bulk+	Value
	Container	Rs.Cr.	Container	Rs.Cr.	Container	Rs.Cr.	Container	Rs.Cr.
April	45,378	281.90	48,511	353.43	38,661	319.10	39,422	299.15
May	52,133	347.95	46,731	349.60	47,176	381.96	59,900	438.50
June	51,994	346.10	47,257	371.39	45,824	375.22	38,868	298.15
July	38,836	252.31	35,756	288.22	36,766	307.53	57,214	431.94
August	38,497	255.41	37,517	309.07	38,960	333.88	39,196	313.10
September	34,208	250.22	45,105	369.88	34,285	297.57	43,139	337.20
October	47,112	361.31	37,205	301.15	17,600	150.92	31,228	232.15
November	35,608	284.76	45,002	377.39	20,189	174.98	21,307	158.10
December			50,578	422.90	47,104	420.64	38,744	293.45
January			46,250	385.74	36,501	337.60	28,490	244.70
February			46,327	319.90	37,018	311.23	38,974	319.30
March			57,035	349.52	59,294	458.71	35,773	292.50
Total	343,766	2379.96	543,274	4198.19	459,378	3869.34	472,255	3658.24

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 during the corresponding period of last year.. 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 Fourth week December, 2016 (Price in Rs./Quintal)							
State	Prices 24-31 Dec 2016	Prices 16-23 Dec 2016	Prices 09-15 Dec 2016	Prices 24-31 Dec 2015	% Change(Over Previous Week)	% Change(Over Previous to Previous Week)	% Change(Over Previous Year)
Andhra Pradesh	2974.15	2959.22	3033.18	3223.3	0.5	-1.95	-7.73
Chattisgarh				2500	—	—	—
Gujarat	3578.72	3576.23	3668.88	3566.03	0.07	-2.46	0.36
Karnataka	3157.5	3012.67	3200		4.81	-1.33	—
Madhya Pradesh	3100	3150.78	3149.76	3200	-1.61	-1.58	-3.12
Rajasthan	3426.18	3370.16	3456.56	3436.05	1.66	-0.88	-0.29
Telangana	3086.01	3065.93	3195.42	3792.85	0.65	-3.42	-18.64

Source: Agmarket.net

### Cash Market Price Outlook For Deesa Spot

Expected Range	Rs/Qtl.(Low)	Rs /Qtl.(High)
Short term (15 days)	3500-3600	3600-3700
Medium Term (30 days)	3500-3750	3600-3750

**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		24th to 30 <sup>th</sup> Dec 2016	17th to 23rd Dec 2016	
Gujarat	Patan	3662	3650	12
	Harij	3619	3638	-19
	Rajkot	3475	3516	-41
	Gondal	NR	3605	-
	Deesa	3603	3621	-18
	Bhabar	NR	NR	-
	Mehsana	3602	3638	-36
	Kadi	3630	3651	-21
	Sabarkatha	3610	3606	4
	Gandhi Nagar	3607	3643	-36
	Ahmedabad (Sanand)	NA	3345	-
	Halvad	3512	3519	-7
	Junagadh	3550	3587	-37
	Dhrol	3420	NR	-
Rajasthan	Jodhpur	3656	3663	-7
	Sumerpur	3441	3446	-5

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

Commodity	Market	Today	Week ago	Month ago	Year ago
Center		30-Dec-16	23-Dec-16	30-Nov-16	30-Dec-15
Gujarat	Patan	3700	3650	3825	3700
	Harij	3600	3625	Closed	3600
	Rajkot	3450	3470	3725	3445
	Gondal	NR	NR	3900	3500
	Deesa	3625	3600	3800	3575
	Bhabar	NR	NR	NR	3570
	Mehsana	3600	3600	3775	3500
	Kadi	3625	3640	3800	3575
	Sabarkatha	3625	3610	3775	3525
	Gandhi Nagar	3610	3600	3775	3575
	Ahmedabad (Sanand)	NA	NA	NA	3530



	Halvad	3460	3495	3510	3550
	Junagadh	3540	3600	3765	3540
	Dhrol	NA	3420	NA	3500
<b>Rajasthan</b>	Jodhpur	3670	3610	3600	3670
	Sumerpur	3475	3425	3625	3450

**Outlook&Recommendation:**

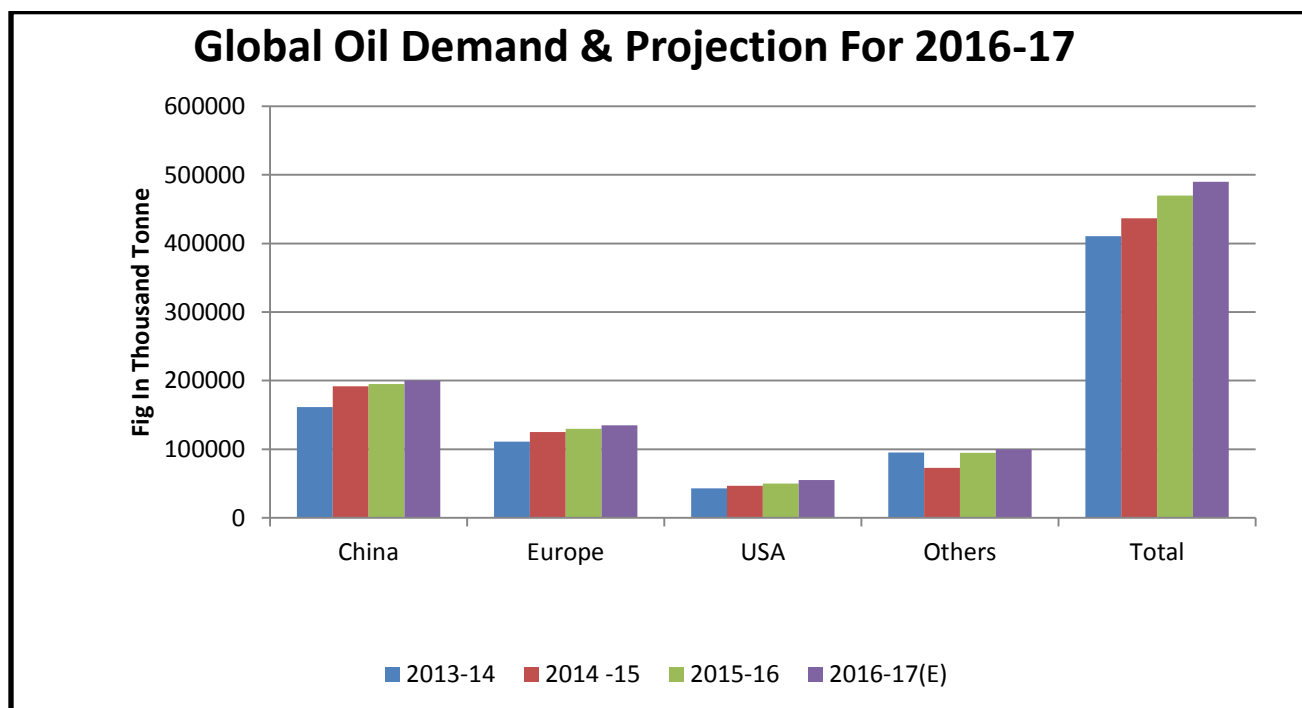
Castor seed market is expected to trade steady to slightly firm in the thirdweek of November.It will continue to consolidate in span of time due to lower acreage so far.Availabilityfor crushing is lower as farmers have retained stock. Fear of lower acreage may lend support to cash market fundamentals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

**Castor Seed Cumulative Arrivals in Key Centers:**

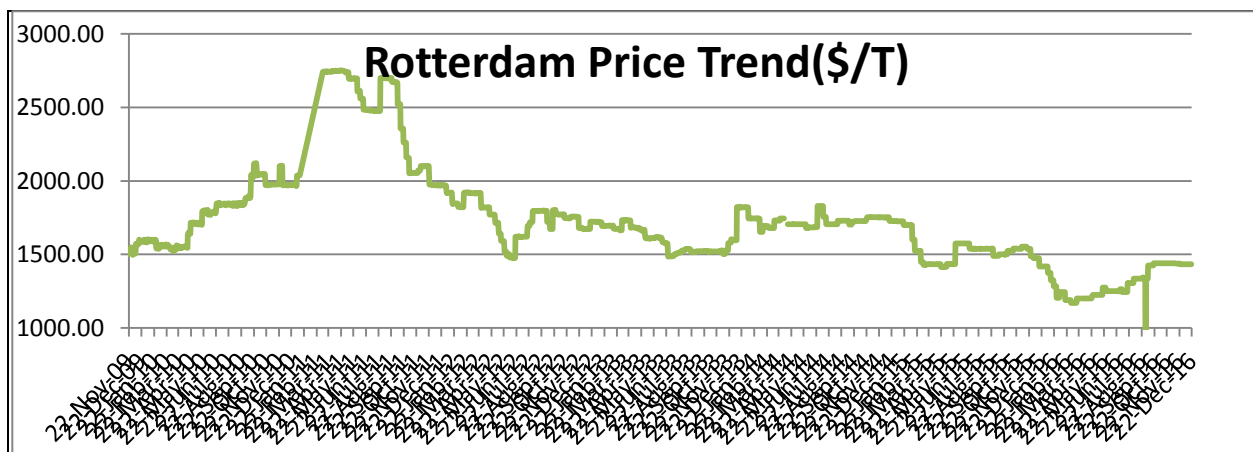
Center	Market	24th to 30 <sup>th</sup> Dec 2016	17th to 23rd Dec 2016	Change
<b>Gujarat</b>	Patan	15000	18000	<b>-3000</b>
	Harij	1388	1148	<b>240</b>
	Rajkot	180	945	<b>-765</b>
	Gondal	NR	391	-
	Deesa	1113	1754	<b>-641</b>
	Bhabar	NR	NR	-
	Mehsana	1200	2063	<b>-863</b>
	Kadi	3100	4744	<b>-1644</b>
	Sabarkatha	353	330	<b>23</b>
	Gandhi Nagar	863	1125	<b>-262</b>
	Ahmedabad (Sanand)	NA	2	-
	Halvad	240	750	<b>-510</b>
	Junagadh	195	170	<b>25</b>
	Dhrol	2	NR	-
<b>Rajasthan</b>	Jodhpur	248	266	<b>-18</b>
	Sumerpur	440	640	<b>-200</b>
<b>Total Arrivals/Above Markets</b>		<b>24322</b>	<b>32327</b>	<b>-8005</b>

**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 quoted steady to weak tone from November-2016 to December 2016. It slightly higher \$1433 per tonne to \$1433.10 per tonne. It is likely to trade down during the end month of December 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 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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