

Castor Weekly Research Report

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Castor Domestic Market Fundamentals:

- **Most of the physical market of castor seeds increased after improved demand and smooth cash flow in the market.** Arrivals are also improved compared to previous week record. Fresh enquiries from importing countries are also seen which may influence castor seed prices. However, some of buyers /sellers both prefer to stay away from market as they still hope market to improve. Currently, some of the needy farmers are selling their stocks against cheque or online payments. Old accumulated stock is being used. There is no hope for market to back on right track soon. As per the Solvent Extractor's Association, the production of castor seed in India is likely to decline by 19% to 11.30 lakh tonnes for the season 2016/17 as compared to previous year record i.e. 14 lakh tonnes. We expects castor seed prices to go up in the long run. As per sources, National Commodity & Derivatives Exchange Ltd. (NCDEX) have already introduced new contracts for future trading in Castor seed.
- **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 20.34lakh 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 likely to move in steady to firm zone in the short to medium term. Agriwatch expects steady to slight improvement in upcoming weeks due to slow but smooth ongoing cash flow.

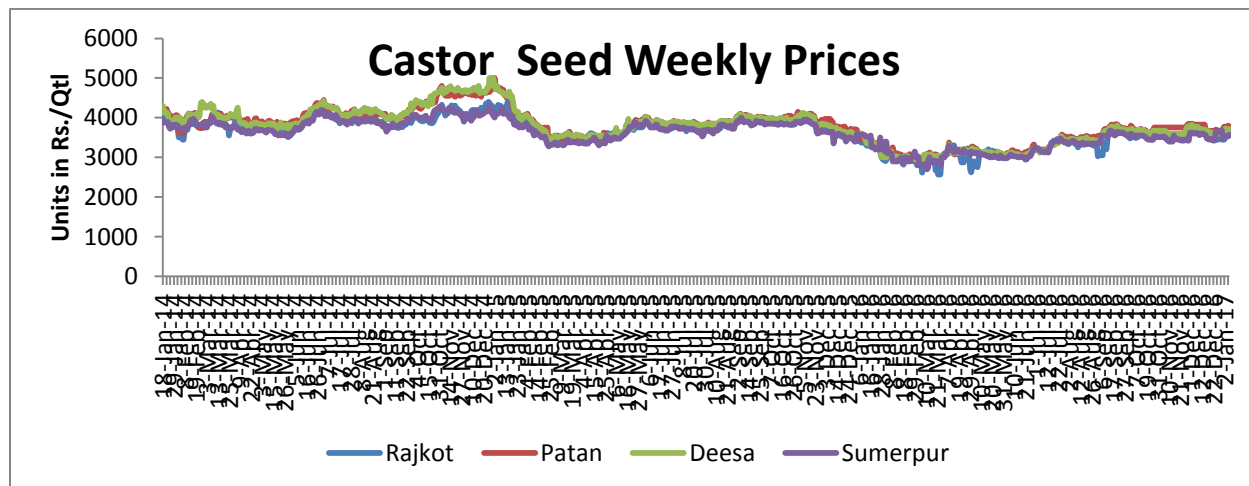
Stake holders in cash market may opt for buying seed around Rs 3400 to 3450 Rs. for stock purpose.

Castor Seed Price Chart:

Price Trend:

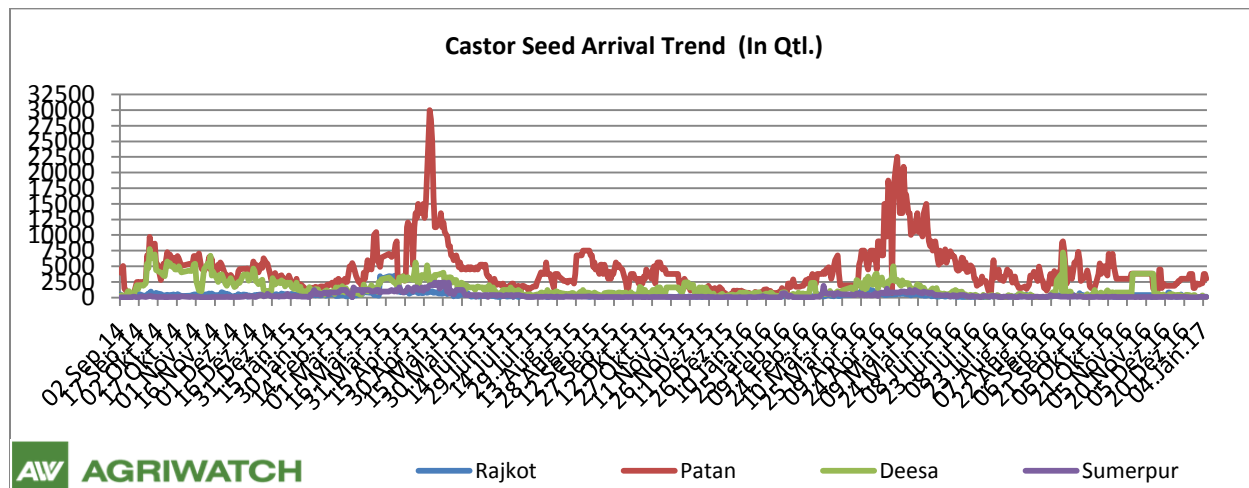
Weekly average prices increased in most of the markets after overcoming problem of cash flow and improved demand.

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. Steady to firm tone could be seen in the market in the next week ahead.



Source: Agriwatch

Castor Seed Arrival Chart: Arrivals improved in the cash market after good demand and less problem for cash. 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.



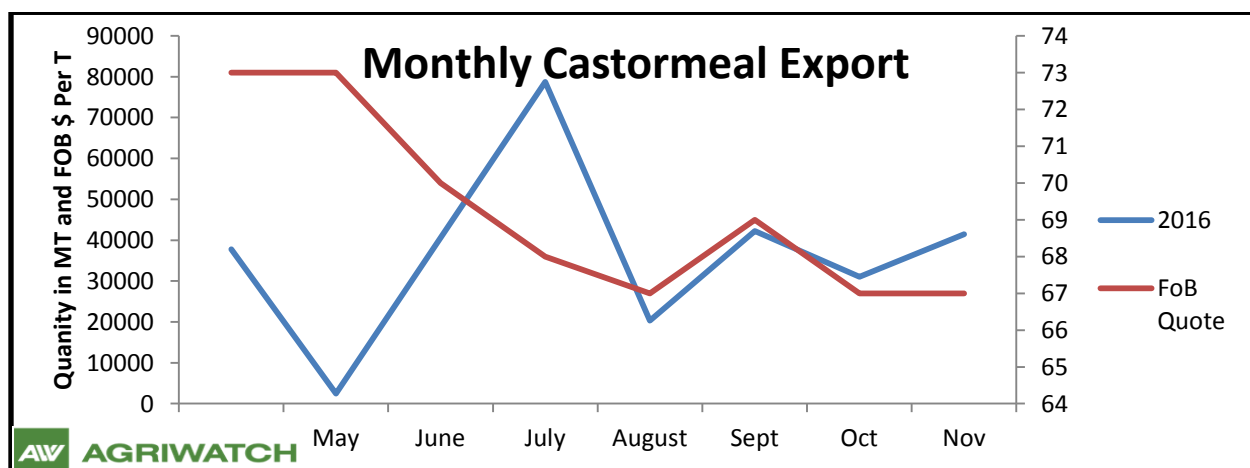
Source: Agriwatch

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 CASTOROIL								
DURING APRIL TO NOVEMBER 2016 (08 MONTH)								
Month/Year	2016-17		2015-16		2014-15		2013-14	
	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	Prices 01-08 Jan 2017	Prices 24-31 Dec 2016	Prices 16-23 Dec 2016	Prices 01-08 Jan 2016	% Change(Over Previous Week)	% Change(Over Previous to Previous Week)	% Change(Over Previous Year)
Andhra Pradesh	3001.76	2975.5	2959.22	3246.39	0.88	1.44	-7.54
Gujarat	3650.17	3581.28	3576.23	3534.91	1.92	2.07	3.26
Karnataka		3114	3012.67	3100	—	—	—
Madhya Pradesh		3100	3150.78		—	—	—
Maharashtra	3250				—	—	—
Rajasthan	3371.56	3413.75	3370.16	3352.81	-1.24	0.04	0.56
Tamil Nadu	3401			3617.82	—	—	-5.99
Telangana	3802.86	3100.14	3065.93	3290.68	22.67	24.04	15.56
Average	3412.89	3214.11	3189.16	3357.1			

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

Comparative Prices Of Castor Products Including Seed

	30th Dec'16	23rd Dec'16	30th Dec'16	30th Dec'15	CHANGE %
Castorseed (Gujarat)((Rs./M.T) Ex-Mandi	37400	36950	35000	47070	-25.86
Castor Meal Export (FAS) (US\$ / MT),Ex Kandla	65	66	68	96	-47.69
EXPORT (FOR) Ports (Rs./MT)Castor meal bulk Kandla	4350	4300	4500	6174	-41.93
Castor Oil (First Grade) FOB Kandla (Export)\$ /Tonne	1155	1145	1190	1197	-3.64
Local rates for oil in domestic market(Rs./M.T.) for comm.	79000	78500	82500	80212	-1.53

Source: SEA. Latest data awaited

Technical Analysis:
Castor – Technical Outlook
Technical Commentary:

Futures Contracts are opened now.
 Updated chart will be available in
 next week.


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		31st Dec.16 to 06th Jan.17	24th to 30th Dec 2016	
Gujarat	Patan	3763	3662	101
	Harij	3700	3619	81
	Rajkot	3550	3475	75
	Gondal	3668	NR	-
	Deesa	3688	3603	85
	Bhabar	NR	NR	-
	Mehsana	3666	3602	64
	Kadi	3713	3630	83
	Sabarkatha	3665	3610	55
	Gandhi Nagar	3688	3607	81
	Ahmedabad (Sanand)	3619	NA	-
	Halvad	3515	3512	3
	Junagadh	3578	3550	28
	Dhrol	NA	3420	-
Rajasthan	Jodhpur	3614	3656	-42
	Sumerpur	3529	3441	88

Week on Week Price: Scenario of Castor Seed :

Commodity	Market	Today	Week ago	Month ago	Year ago
Center		6-Jan-17	30-Dec-16	6-Dec-16	6-Jan-16
Gujarat	Patan	3775	3700	3825	3525
	Harij	3725	3600	3690	3550
	Rajkot	3630	3450	3680	3445
	Gondal	3755	NR	NR	3405
	Deesa	3715	3625	3740	3575
	Bhabar	NR	NR	NR	3550
	Mehsana	3735	3600	3750	3500
	Kadi	3765	3625	3790	3540
	Sabarkatha	3675	3625	3775	3500
	Gandhi Nagar	3750	3610	3750	3500
	Ahmedabad (Sanand)	3640	NA	NA	3385
	Halvad	3510	3460	3560	3450
	Junagadh	3685	3540	3740	3450
	Dhrol	NA	NA	NA	3550

Rajasthan	Jodhpur	3600	3670	3770	3580
	Sumerpur	3560	3475	3620	3350

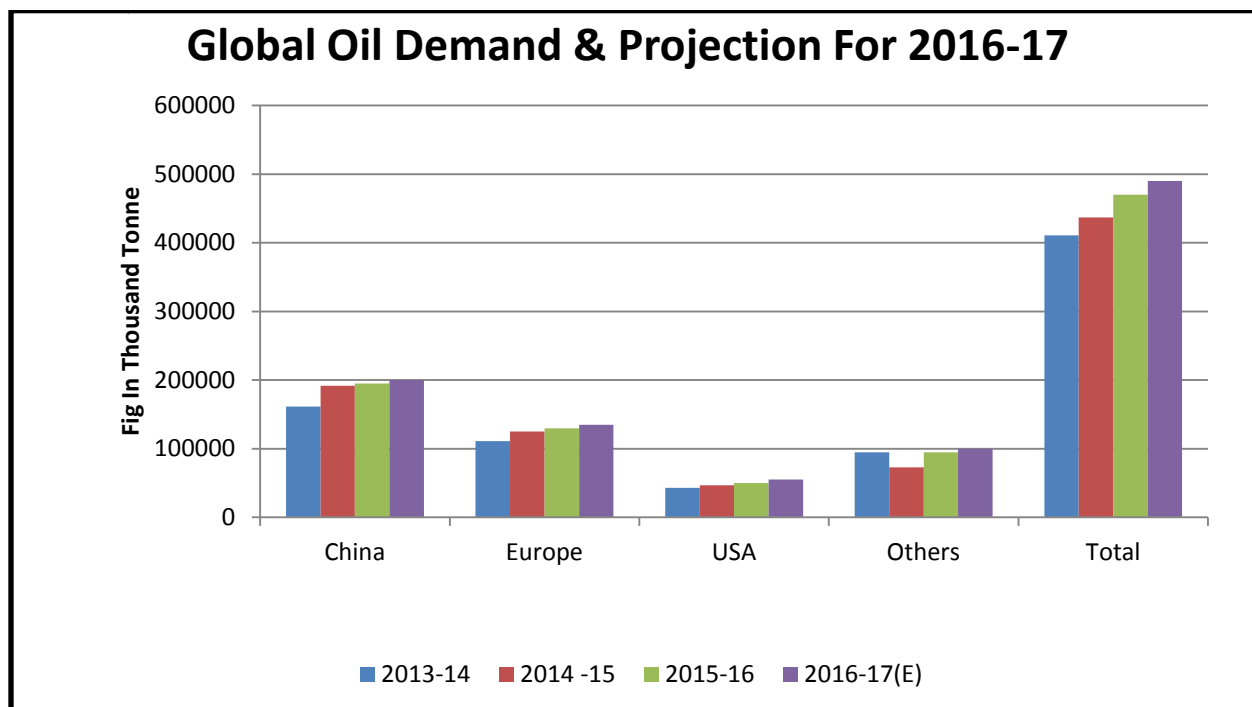
Castor Seed Cumulative Arrivals in Key Centers:				
Center	Market	31st Dec.16 to 06th Jan.17	24th to 30th Dec 2016	Change
Gujarat	Patan	17063	15000	2063
	Harij	1500	1388	112
	Rajkot	521	180	341
	Gondal	1063	NR	-
	Deesa	710	1113	-403
	Bhabar	NR	NR	-
	Mehsana	1425	1200	225
	Kadi	6560	3100	3460
	Sabarkatha	375	353	22
	Gandhi Nagar	863	863	Unch
	Ahmedabad (Sanand)	16	NA	-
	Halvad	368	240	128
	Junagadh	200	195	5
	Dhrol	NA	2	-
Rajasthan	Jodhpur	448	248	200
	Sumerpur	640	440	200
Total Arrivals/Above Markets		31751	24322	7429

Outlook & Recommendation:

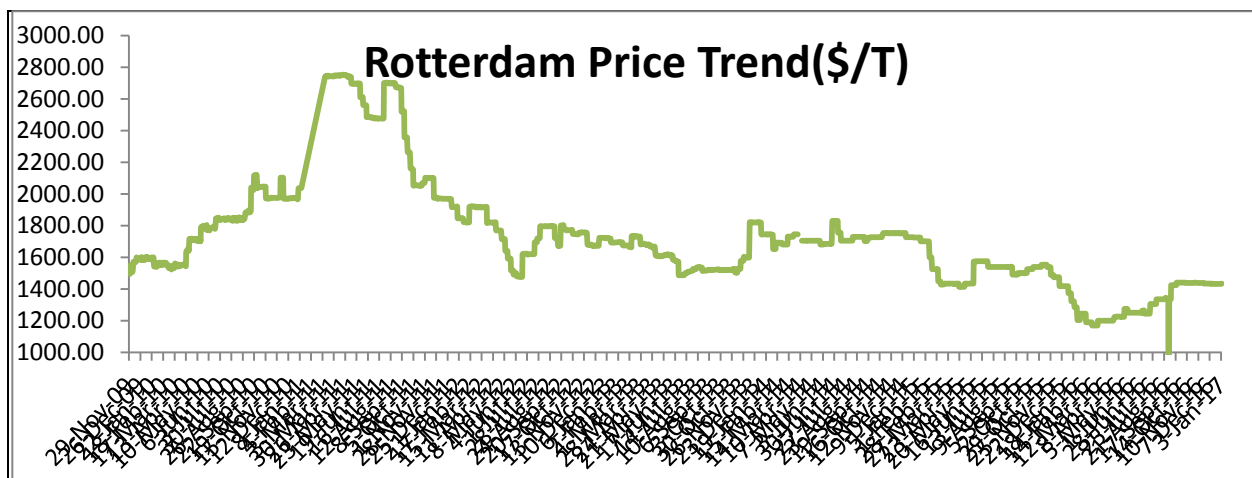
Castor seed market is expected to trade steady to slightly firm in the first week of January 2017 as demand is likely to improve. It will continue to consolidate in span of time due to lower acreage so far. Availability for crushing is lower as farmers have retained stock. Fear of lower acreage may lend 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.



Castor oil Rotterdam Price quoted steady to slight up from December-2016 to January 2017. It slightly higher \$1433.30 per tonne to \$1433.20 per tonne. It is likely to trade upside during the second week of January 2017.



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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