

Castor Weekly Research Report

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Castor Domestic Market Fundamentals:

- **Firm tone witnessed in castor physical market after improved demand and smooth cash flow in the market.** Arrivals pace is almost higher in most of the physical market. Aggressive buying activities of crushers are supporting to spot market prices as of now. Crushers are willing to stocks seed for further crushing in fear of lower crop availability. However, farmers are not much interested to release their stocks at the current market prices in expectation of further higher price. 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.
- **Castor oil export decreased by 20.87 percent to 35608 MT in Novemer-2016/17 against 45002 MT in 2015/16 season in the same period of time.** India shipped 21.18% lower castor oil while comparing to 47112 MT in October month during 2016/17 record. Export pace is expected to go down as availability of oil is higher. We are expecting 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 from17.75 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 firm tone in upcoming weeks due to slow but smooth ongoing cash flow and improved demand..

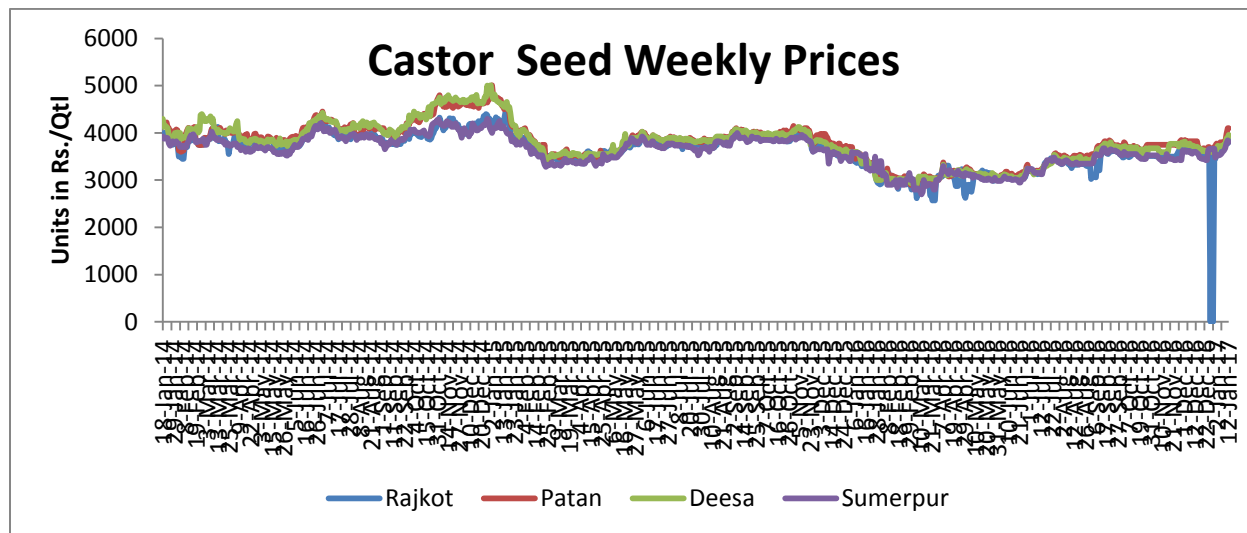
Stake holders in cash market may opt for buying seed around Rs 3600 to 3650 Rs. for stock purpose.

Castor Seed Price Chart:

Price Trend:

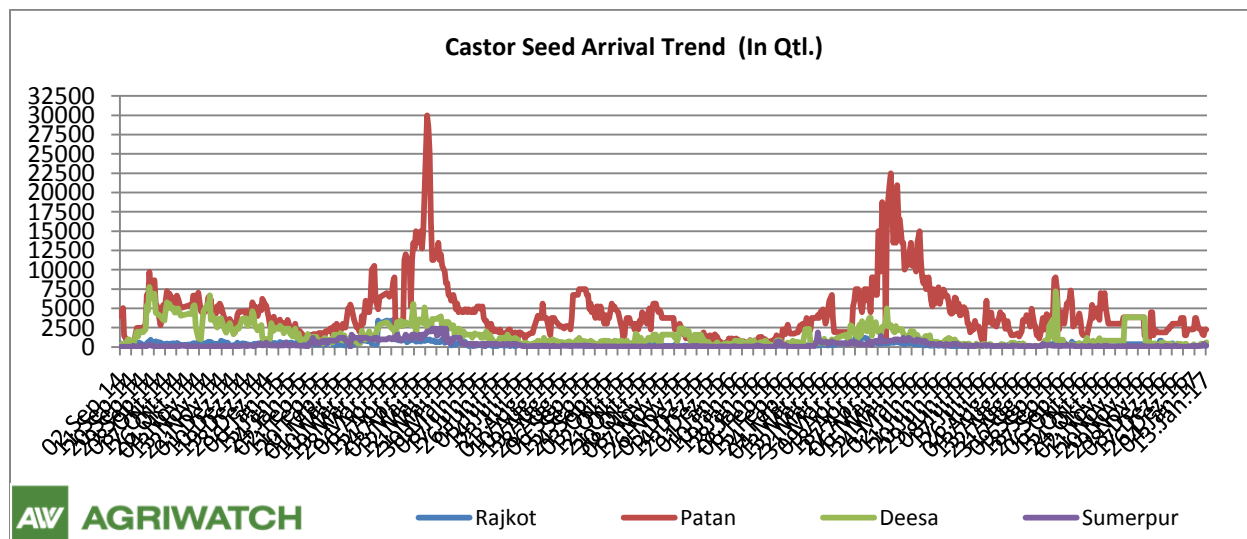
Weekly average prices increased in most of the markets after overcoming problem of cash flow and improved demand.

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.



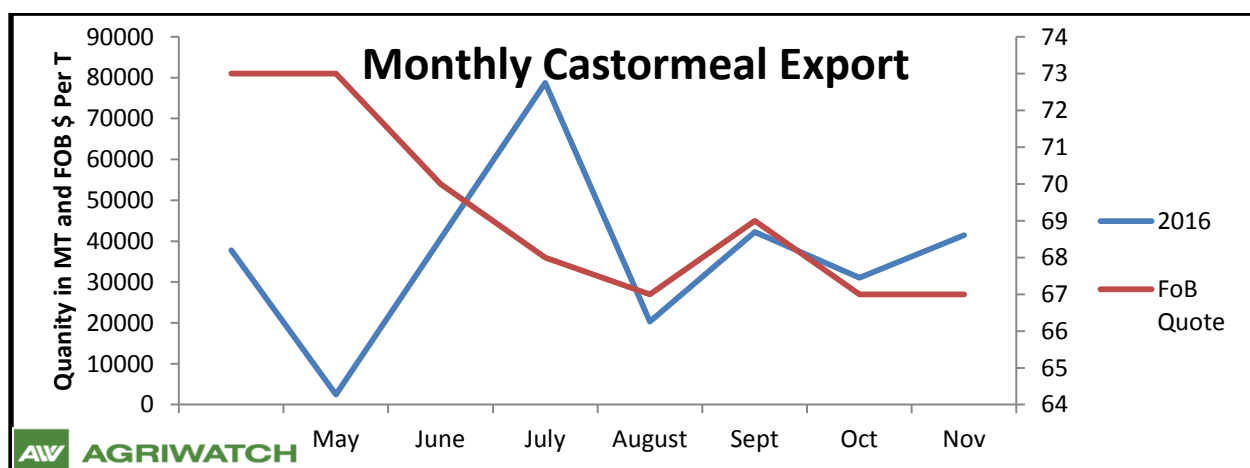
Source: Agriwatch

Castor Oil Export Trend:-

EXPORT OF CASTOROIL								
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	Prices 09-15 Jan 2017	Prices 01-08 Jan 2017	Prices 24-31 Dec 2016	Prices 09-15 Jan 2016	% Change(Over Previous Week)	% Change(Over Previous to Previous Week)	% Change(Over Previous Year)
Andhra Pradesh	3093.4	3002.61	2975.5	3260.92	3.02	3.96	-5.14
Gujarat	3833.84	3664.49	3581.28	3409.83	4.62	7.05	12.43
Karnataka	3200		3114	2200	—	2.76	45.45
Madhya Pradesh			3100		—	—	—
Maharashtra		3250			—	—	—
Rajasthan	3496.08	3399.24	3413.75	3244.12	2.85	2.41	7.77
Tamil Nadu		3401		4460	—	—	—
Telangana	3291.25	3732.51	3100.14	3121.89	-11.82	6.16	5.42
Average	3382.91	3408.31	3214.11	3282.79			

Source: Agmarket.net

Cash Market Price Outlook For Deesa Spot

Expected Range	Rs/Qtl.(Low)	Rs /Qtl.(High)
Short term (15 days)	3600-3650	3700-3850
Medium Term (30 days)	3750-3900	3800-4200

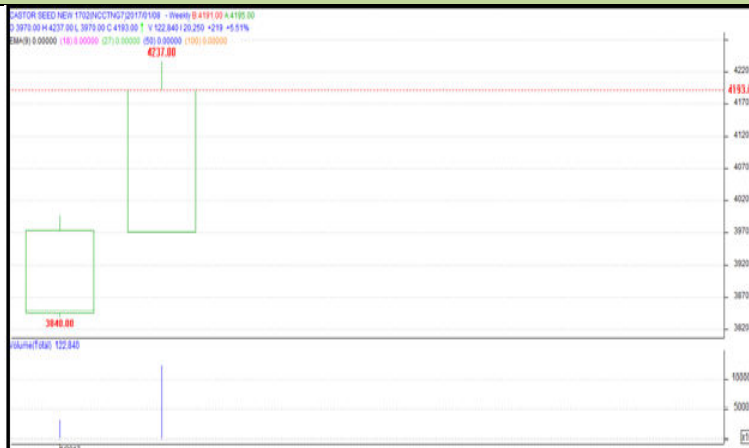
Comparative Prices Of Castor Products Including Seed

	6th Jan Dec'17	30thDec'16	6th Jan'17	6th Jan'16	CHANGE %
Castorseed (Gujarat)((Rs./M.T) Ex-Mandi	38400	37400	38600	35043	8.47
Castor Meal Export (FAS) (US\$ / MT),Ex Kandla	65	65	69	87	-33.85
EXPORT (FOR) Ports (Rs./MT)Castor meal bulk Kandla	4350	4350	4500	5743	-32.02
Castor Oil (First Grade) FOB Kandla (Export)\$ /Tonne	1180	1155	1200	1053	10-56
Local rates for oil in domestic market(Rs./M.T.) for comm.	81000	79000	82000	73957	8.70

Source: SEA.

Technical Analysis:
Castor – Technical Outlook
Technical Commentary:

- Prices are likely to go up in upcoming week after improved demand and active buying activities in the market.
- Volume is also high which will support prices to improve further.


Strategy: Sell On Rise

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Castor	NCDEX	Feb	3800	3950	4237	4390	4450
Pre Weekly Trade Call			Call	Entry	T1	T2	SL
Castor	NCDEX	Feb	Buy	4150	4250	4350	4000

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		7th Jan.17 to 13th Jan.17	31st Dec.16 to 06th Jan.17	
Gujarat	Patan	3929	3763	167
	Harij	3877	3700	177
	Rajkot	3768	3550	218
	Gondal	3805	3668	138
	Deesa	3818	3688	131
	Bhabar	NR	NR	-
	Mehsana	3869	3666	203
	Kadi	3925	3713	212
	Sabarkatha	3847	3665	182
	Gandhi Nagar	3881	3688	193
	Ahmedabad (Sanand)	3748	3619	129
	Halvad	3722	3515	207
	Junagadh	3800	3578	223
	Dhrol	3415	NA	-
Rajasthan	Jodhpur	3760	3614	146
	Sumerpur	3720	3529	191

Week on Week Price: Scenario of Castor Seed :

Commodity	Market	Today	Week ago	Month ago	Year ago
Center		13-Jan-17	6-Jan-17	13-Dec-16	13-Jan-16
Gujarat	Patan	4100	3775	3825	3475
	Harij	4000	3725	3690	3400
	Rajkot	3845	3630	3640	3295
	Gondal	3930	3755	NA	3280
	Deesa	3955	3715	3700	3350
	Bhabar	NR	NR	NA	3355
	Mehsana	3975	3735	3750	3350
	Kadi	4025	3765	3780	3380
	Sabarkatha	3975	3675	3725	3400
	Gandhi Nagar	4000	3750	3725	3425
	Ahmedabad (Sanand)	NA	3640	NA	3400
	Halvad	3870	3510	3515	3350

Rajasthan	Junagadh	3870	3685	3725	3320
	Dhrol	NA	NA	NA	3400
	Jodhpur	3820	3600	3730	3530
	Sumerpur	3800	3560	3600	3300

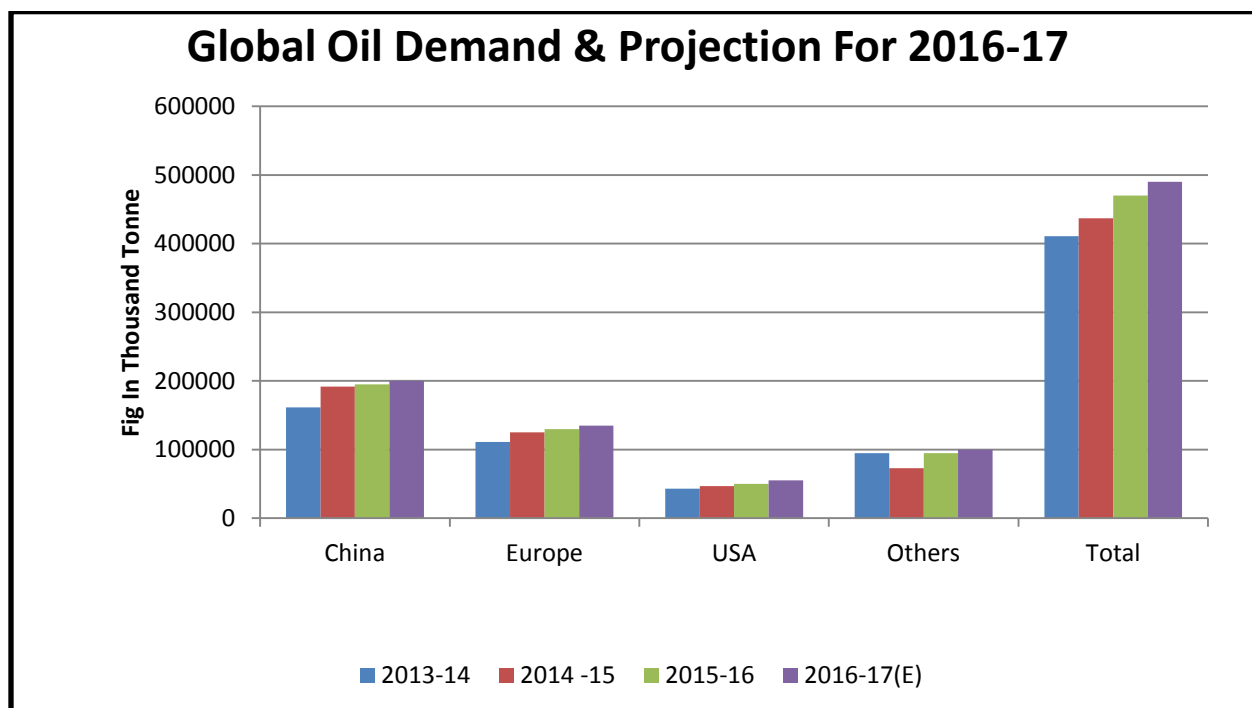
Castor Seed Cumulative Arrivals in Key Centers:				
Center	Market	7th Jan.17 to 13th Jan.17	31st Dec.16 to 06th Jan.17	Change
Gujarat	Patan	12300	17063	-4763
	Harij	2175	1500	675
	Rajkot	1340	521	819
	Gondal	1719	1063	656
	Deesa	1797	710	1086
	Bhabar	NR	NR	-
	Mehsana	2138	1425	713
	Kadi	10240	6560	3680
	Sabarkatha	525	375	150
	Gandhi Nagar	1650	863	787
	Ahmedabad (Sanand)	22	16	6
	Halvad	1688	368	1320
	Junagadh	330	200	130
	Dhrol	667	NA	-
Rajasthan	Jodhpur	379	448	-69
	Sumerpur	1280	640	640
Total Arrivals/Above Markets		38248	31751	6497

Outlook & Recommendation:

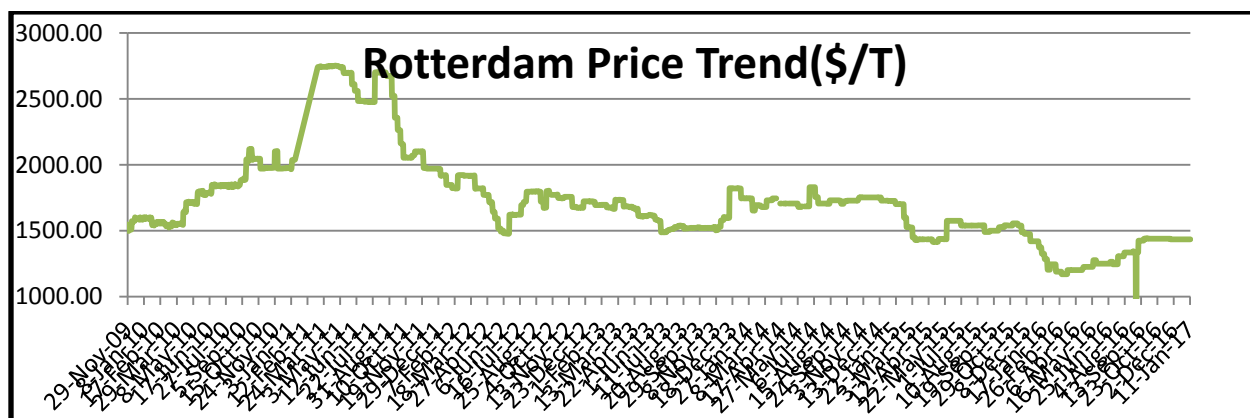
Castor seed market is expected to trade steady to slightly firm in the third week of January 2017 as demand is likely to improve after lower crop estimation. It will continue to consolidate in span of time due to lower acreage so far. Availability for crushing is lower as farmers have retained stock. 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. per tonne to \$1433.10 per tonne. It is likely to trade upside during the third week of January 2017.



Source: Agriwatch

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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