

Castor Weekly Research Report

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Castor Domestic Market Fundamentals:

- **Mixed trend were seen in Castor Physical market on ups and downs in demand. Low crush margin and lower castor oil demand are affecting to the castor seed prices.** New crop is entering now at maturity stages, especially early sown crop and would start hitting the market from next months, so market is expected to dip from current level. Peak arrival season may be seen in April as usual and preliminary indication shows that yield would be better than last year. So impact of lower area coverage may be nullified by higher yield. However, weather condition in March and April would remain crucial and stake holders need to have a close eye on weather development in growing belts like Rajasthan, Gujarat and MP. Overall outlook remains bearish. We expects castor seed prices to go down for the short period of time.
- **As per recent second advanced estimates of Haryana agriculture department, castor seed crop production, Area and Yield for the season 2016/17 are estimated at 1.3(000 Tonnes), 1 (000 hect.) and 1267 (kgs./ hect.).**
- **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.
- **Castor meal exports of India is registered down by 31.72% at 28.30 thousands MT in December 2016 compared to 41.45 thousands MT in November 2016.**
- **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. 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: -

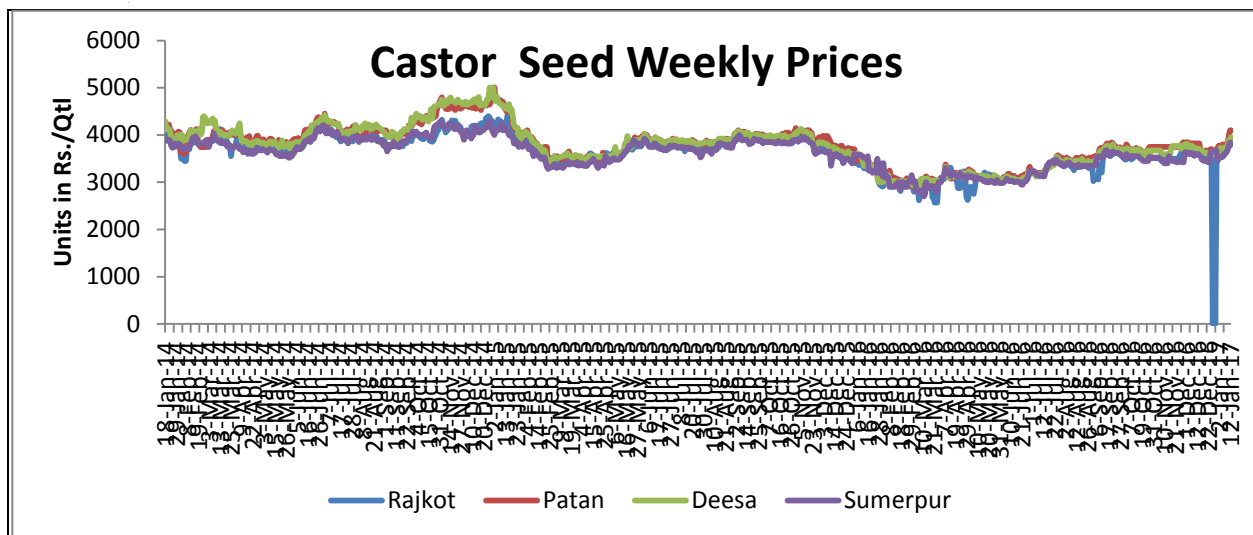
Agricultural Statistics Division, Directorate of Economics & Statistics, India has published its fourth adv estimate for food grains on 2nd August-2016 and estimated 16.50 lakh tonne castor seed production for 2015-16 crop year, to be marketed in MY 2016-17. It has decreased production estimate from 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 down zone in the short to medium term. Agriwatch expects steady to downtrend in upcoming weeks due to lackluster demand.

Stake holders in cash market may opt for buying seed around Rs 3700 to 3750 Rs. for stock purpose.

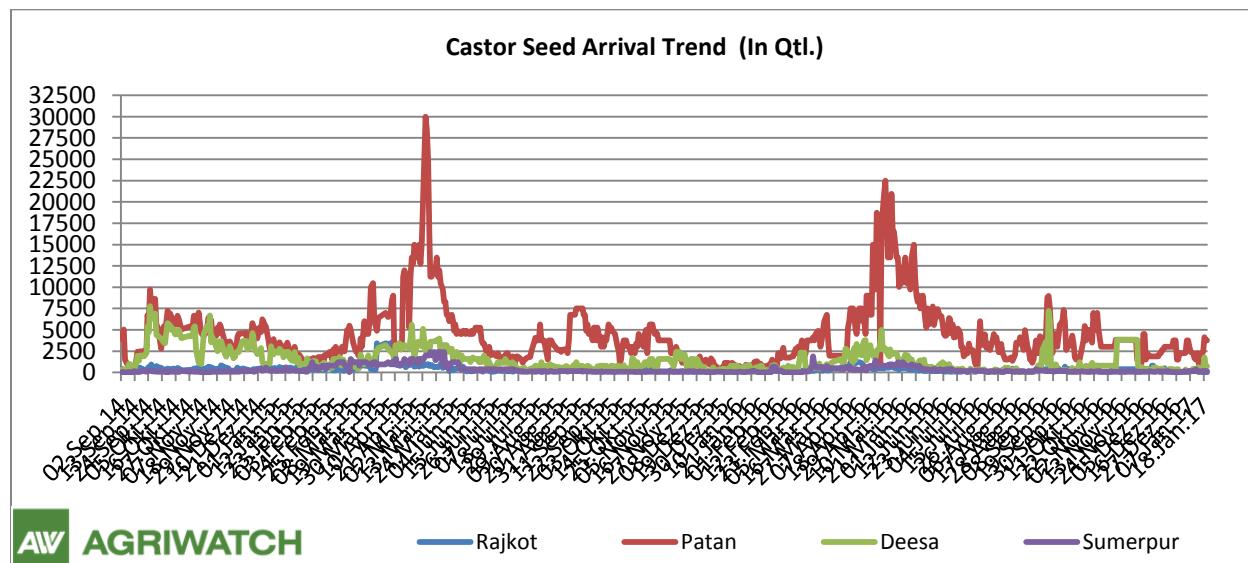
Castor Seed Price Chart:
Price Trend:

Weekly average prices declined in most of the markets due to lower demand and higher pace of arrivals. The expectation of good yield of this season will help to improve the production of castor seed. As a result prices are likely to go down in expectation of improved production and lower demand.



Source: Agriwatch

Castor Seed Arrival Chart: Arrivals improved in the cash market after new crop entries 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 with full speed.



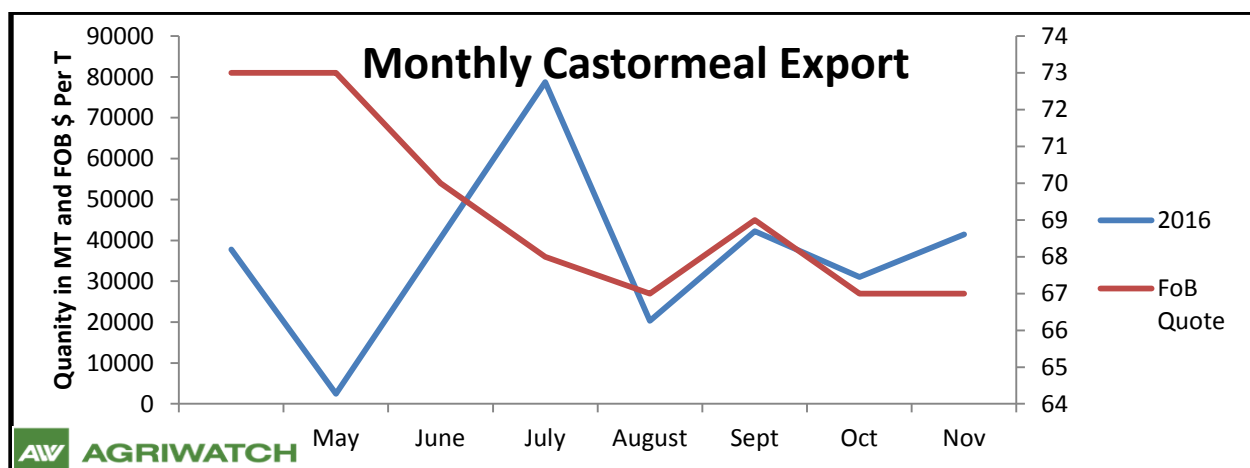
Source: Agriwatch

Castor Oil Export Trend:-

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 wise Wholesale Prices Weekly Analysis for Castor Seed Fourth week January, 2017							
State	Prices 24-31 Jan 2017	Prices 16-23 Jan 2017	Prices 09-15 Jan 2017	Prices 24-31 Jan 2016	% Change(Over Previous Week)	% Change(Over Previous to Previous Week)	% Change(Over Previous Year)
Andhra Pradesh	3146.36	3195.4		3169.86	-1.53	—	-0.74
Gujarat	3751.02	3847.15		3032.73	-2.5	—	23.68
Karnataka	3300	3200		3300	3.12	—	0
Maharashtra		2000			—	—	—
Rajasthan	3567.35	3691.25		3010.65	-3.36	—	18.49
Tamil Nadu		4769		3639	—	—	—
Telangana	3228.29	3313.18		3116.46	-2.56	—	3.59
Average	3398.6	3430.85	NaN	3211.45			

Source: Agmarket.net

Cash Market Price Outlook For Deesa Spot

Expected Range	Rs/Qtl.(Low)	Rs /Qtl.(High)
Short term (15 days)	3750-3800	3870-3900
Medium Term (30 days)	3850-4000	4100-4200

Comparative Prices Of Castor Products Including Seed					
	13th Jan Dec'17	6thDec'16	13th Jan'17	16th Jan'16	CHANGE %
Castorseed (Gujarat)((Rs./M.T) Ex-Mandi	40750	38400	38150	35043	14.00
Castor Meal Export (FAS) (US\$ / MT),Ex Kandla	65	65	67	87	-33.85
EXPORT (FOR) Ports (Rs./MT)Castor meal bulk Kandla	4300	4350	4400	5743	-33.56
Castor Oil (First Grade) FOB Kandla (Export)\$ /Tonne	1245	1185	1195	1053	15.42
Local rates for oil in domestic market(Rs./M.T.) for comm.	84500	81000	81000	73957	12.48

Source: SEA.

Technical Analysis:
Castor – Technical Outlook
Technical Commentary:

- Prices are likely to go down in upcoming week after declining in demand and slow buying activities in the market.
- However, Volume is down and supporting towards short build up phase of the market further.


Strategy: Sell on Rise

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Castor	NCDEX	Feb	3720	3800	3995	4260	4300
Pre Weekly Trade Call			Call	Entry	T1	T2	SL
Castor	NCDEX	Feb	Sell	4150	3950	3880	4190

Castor Seed- Balance Sheet For 2016/17

Preliminary Forecast For 2016-17										
All units in lakh tonnes	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	Apr-Jun	July-Sep	Oct-Dec	Jan-Mar
Carry in	1.5	5.8	6.84	6.04	5.54	5.91	5.91	13.23	8.58	5.48
Production	15.8	13.04	11.7	13	15.12	13.52	13.52	0	0	0
Imports	0	0	0	0	0	0	0	0	0	0
Total Availability	17.3	18.84	18.54	19.04	20.66	19.43	19.43	13.23	8.58	5.48
Consumption	11.5	12	12.5	13.5	14.75	15.5	6.2	4.65	3.1	1.55
Exports	0	0	0	0	0	0	0	0	0	0
Total Usage	11.5	12	12.5	13.5	14.75	15.5	6.2	4.65	3.1	1.55
Carry out	5.8	6.84	6.04	5.54	5.91	3.93	13.23	8.58	5.48	3.93
Av Monthly Consumption	0.96	1.00	1.04	1.13	1.23	1.29	2.07	1.55	1.03	0.52
Stock to Month Use	6.05	6.84	5.80	4.92	4.81	3.04	6.40	5.54	5.30	7.61
Stock to Consumption Ratio	0.504	0.570	0.48	0.41	0.40	0.25	2.13	1.85	1.77	2.54

Source: Agriwatch

Castor Seed Weekly Prices at Key Spot Markets:

Commodity	Market	Price (Rs/ Quintal)		Change
Center		21st Jan.17 to 27th Jan.17	14th Jan.17 to 20th Jan.17	
Gujarat	Patan	3822	3940	-118
	Harij	3830	3913	-83
	Rajkot	3715	3330	385
	Gondal	3730	NR	-
	Deesa	3797	3923	-126
	Bhabar	3764	NR	-
	Mehsana	3803	3895	-92
	Kadi	3844	3972	-128
	Sabarkatha	3798	3945	-147
	Gandhi Nagar	3822	3927	-105
	Ahmedabad (Sanand)	3703	NA	-
	Halvad	3706	3874	-168
	Junagadh	3766	3440	326
	Dhrol	3545	3610	-65
Rajasthan	Jodhpur	3746	3826	-80
	Sumerpur	3639	3785	-146

Week on Week Price: Scenario of Castor Seed :

Commodity	Market	Today	Week ago	Month ago	Year ago
Center		27-Jan-17	20-Jan-17	27-Dec-16	27-Jan-16
Gujarat	Patan	3800	3850	3600	3150
	Harij	3825	3875	3625	3075
	Rajkot	3690	NA	3450	3175
	Gondal	3680	NA	NA	3280
	Deesa	3765	3930	3600	3090
	Bhabar	3700	3835	3590	3100
	Mehsana	3790	3850	3600	3200
	Kadi	3815	3925	3625	3150
	Sabarkatha	3765	3900	3625	3250
	Gandhi Nagar	3850	3875	3600	3200
	Ahmedabad (Sanand)	3715	NA	NA	3140
	Halvad	3675	3910	3550	3175
	Junagadh	3770	NA	3560	3145
	Dhrol	3545	NA	NA	3095
Rajasthan	Jodhpur	3760	3820	3660	3500
	Sumerpur	3620	3730	3450	3050

Castor Seed Cumulative Arrivals in Key Centers:

Center	Market	21st Jan.17 to 27th Jan.17	14th Jan.17 to 20th Jan.17	Change
Gujarat	Patan	21525	16275	5250
	Harij	2400	1950	450
	Rajkot	1450	200	1250
	Gondal	613	NR	-
	Deesa	2449	4335	-1886
	Bhabar	NR	NR	-
	Mehsana	2250	1650	600
	Kadi	9495	10724	-1229
	Sabarkatha	488	488	-1
	Gandhi Nagar	2100	1875	225
	Ahmedabad (Sanand)	29	NA	-
	Halvad	683	1050	-368
	Junagadh	275	75	200

	Dhrol	13	5	8
Rajasthan	Jodhpur	266	401	-135
	Sumerpur	640	880	-240
Total Arrivals/Above Markets		44675	39908	4767

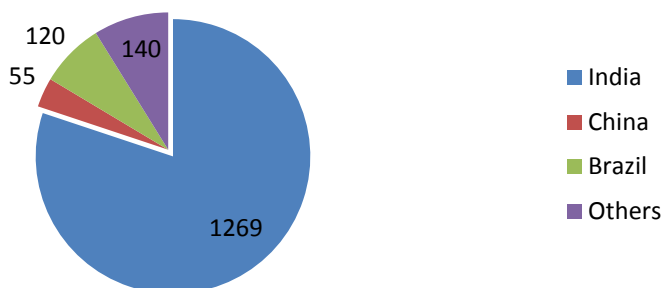
Outlook & Recommendation:

Castor seed market is expected to trade steady to lower trend in the first week of January 2017 as demand is likely to decline. Availability for crushing is lower as farmers have retained stock. Fear of lower acreage may lend support to cash market fundamentals in the long term. However, arrival pressures and lower demand will affect coffee prices to go down.

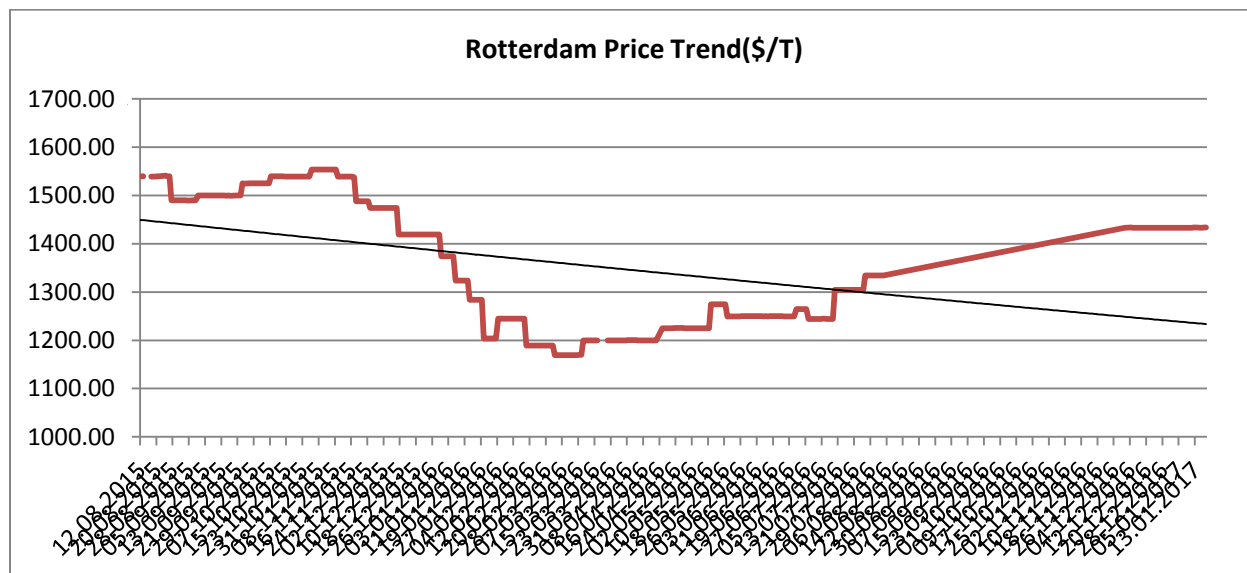
International market update:

There is no change in Global Castor Seed supply –demand side. Production is expected to decrease from 18.37 lakh tonne to 15.84 lakh tonne in 2016-17 due to lower crop size expected in India this year. Total availability for seed would decrease to 20 lakh tonne including Indian carryout stock of 5.91 lakh tonne. Normal demand for oil and decreasing seed stock in India would continue to push seed price up in India. India dominates global market in seed production with 90 percent contribution. The given diagram shows production contribution of various countries. As production in India is likely to decrease, availability for seed would contract in the third quarter of the year. India may crush 15 lakh tonne seed in 2016 as oil demand is good amid lower price.

Castor Seed Global Production In Thousand Tonne 2016-17**(Est.)



Castor oil Rotterdam Price quoted steady to slight up from previous week to the current week in January 2017. It slightly higher from \$1433.30 per tonne to \$1433.60 per tonne. It is likely to trade upside during the last week of January 2017.



Source: Agriwatch

Outlook:

Demand from global market is likely to go down in the short term as 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 to down zone due to low demand and higher arrivals pace.

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