

Castor Weekly Research Report

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Castor Domestic Market Fundamentals:

Ups and downs momentum were seen in the castor physical market after fluctuating buying activities. While, In Rajasthan, traders are active in buying activities to fulfill regular demand of millers for crushing. However, traders and stockiest are showing their interest to buy as prices are almost 3 to 4% down in last 15 days especially in Rajkot market. Millers are also active but in slow pace as they want to fulfill the requirements of daily needs for crushing. Castor oil demand is not yet improved which is influencing castor price momentum. In Most of the market arrivals are coming in full pace. Overall outlook of the market is down in expectation of higher supplies. According to the Solvent Extractors' Association of India (SEA) , Castor seed production in 2016/17 is expected to stand down by 19% to 11.3 lakh tonnes compared to 14 lakh tonnes in previous year. In the long run, prices may go up in the long term as lower production estimates of this season. China is slow in buying activities of Castor oil as industrial production of the country is slow on account of pollution clean drive. On the other hand, export demand for castor meal were also weak from South Korea, due to which buying interest for raw material in spot market is down.

India exported castor meal down by 31.71% to 28305 tonnes in December 2016 than 41451 tonnes in November 2016. Castor meal exports volume is expected to go down in upcoming month on lower demand majorly in international markets. Average castor meal exports (April 2016 to December 2016) is registered down at 322918 T against 370522 T in previous year during the same period of time. FOB quotes for meal is remained at \$67/T in December 2016 during the corresponding period of last year. South Korea bought 304932 tonne meal during April- December 2016.

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 and holiday season in China. Major importing countries are also less active.

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.

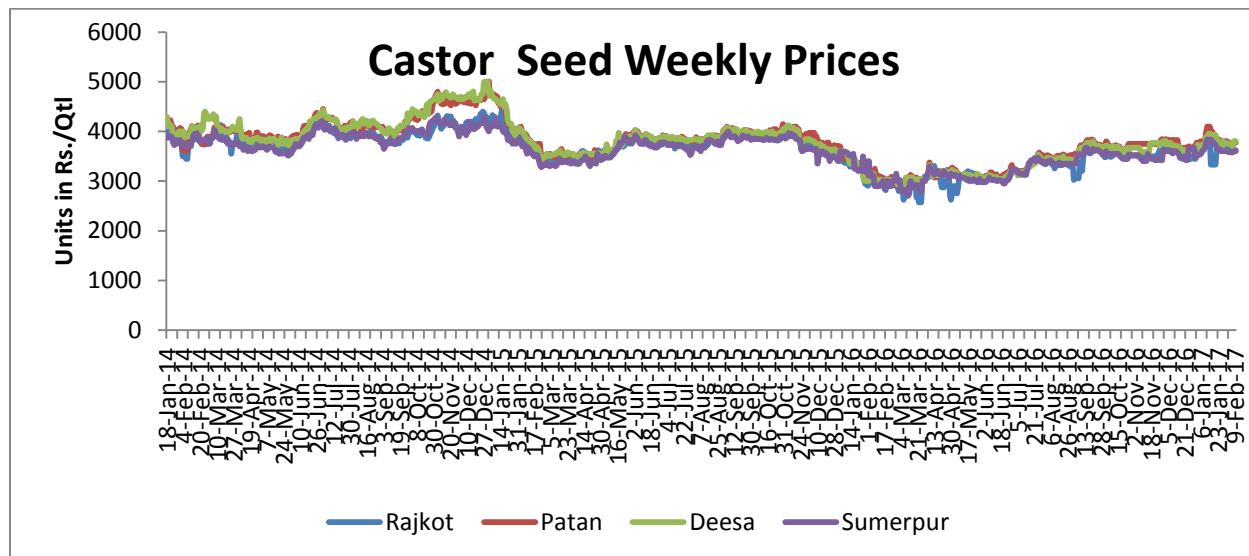
Outlook & Recommendation: - Overall market sentiment is likely to move in steady to lower zone in the short to medium term. Agriwatch expects steady to downtrend in upcoming weeks due to sluggish demand.

Stake holders in cash market may opt for buying seed around Rs 3650 to 3670 Rs. for stock purpose.

Castor Seed Price Chart:

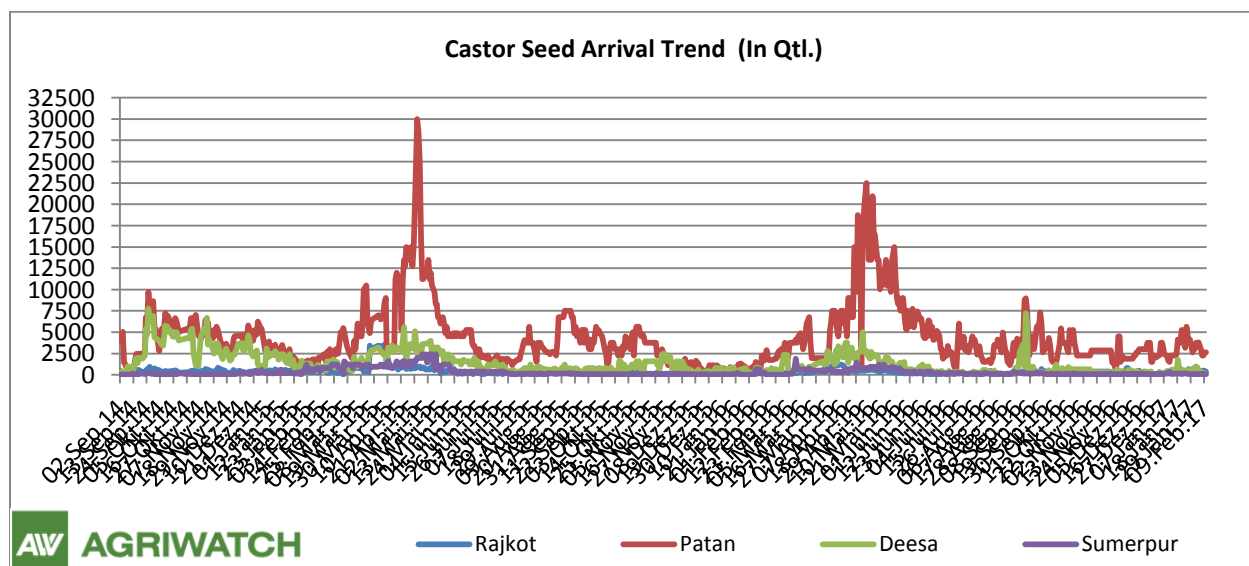
Price Trend:

Weekly average prices declined in most of the markets due to continue lower demand and higher pace of arrivals. However, lower crop production estimates in the next year will push castor prices to go up in the long run. In upcoming week, prices are likely to trade in steady to higher zone in expectation of slightly improved demand.



Source: Agriwatch

Castor Seed Arrival Chart: Arrivals improved in the most of the cash market after new crop entries and less problem for cash. New crops is available in the market with full pace. Arrival is likely to increase in week ahead as well.



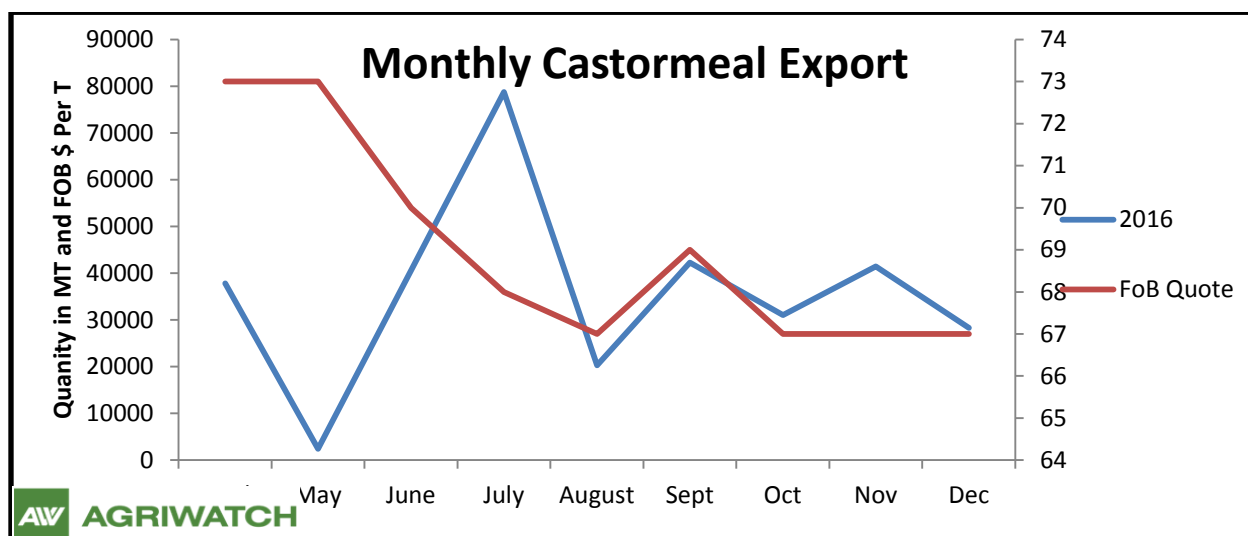
Source: Agriwatch

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 castor meal down by 31.71% to 28305 tonnes in December 2016 than 41451 tonnes in November 2016. Castor meal exports volume is expected to go down in upcoming month on lower demand majorly in international markets. Average castor meal exports (April 2016 to December 2016) is registered down at 322918 T against 370522 T in previous year during the same period of time. FOB quotes for meal is remained at \$67/T in December 2016 during the corresponding period of last year. South Korea bought 304932 tonne meal during April- December 2016.



Source: Sea of India

State Wise Weekly Price Trend:
State wise Wholesale Prices Weekly Analysis for Castor Seed First week February, 2017

State	Prices 01-08 Feb 2017	Prices 24-31 Jan 2017	Prices 16-23 Jan 2017	Prices 01-08 Feb 2016	% Change(Over Previous Week)	% Change(Over Previous to Previous Week)	% Change(Over Previous Year)
Andhra Pradesh	3153.22	3133.01	3195.4	3095.16	0.65	-1.32	1.88
Gujarat	3722.31	3745.59	3847.15	2983.32	-0.62	-3.24	24.77
Karnataka		3300	3200		—	—	—
Maharashtra			2000		—	—	—
Rajasthan	3634.58	3593.63	3691.25	2805.28	1.14	-1.54	29.56
Tamil Nadu		4769	4769	3610.12	—	—	—
Telangana	3178.06	3199.75	3313.18	3064.74	-0.68	-4.08	3.7
Average	3422.04	3623.5	3430.85	3111.72			

Source: Agmarket.net (Prices in Rs./Qtl)

Cash Market Price Outlook For Deesa Spot

Expected Range	Rs/Qtl.(Low)	Rs /Qtl.(High)
Short term (15 days)	3600-3650	3650-3700
Medium Term (30 days)	3720-3750	3800-3850

Comparative Prices Of Castor Products Including Seed

	03rd Feb'17	27th Jan'17	03rd Jan'17	03rd Feb'16	CHANGE %
Castorseed (Gujarat)((Rs./M.T) Ex-Mandi	--	38900	37700	31958	-
Castor Meal Export (FAS) (US\$ / MT),Ex Kandla	63	64	65	76	-20.63
EXPORT (FOR) Ports (Rs./MT)Castor meal bulk Kandla	4150	4200	4350	5038	-21.40
Castor Oil (First Grade) FOB Kandla (Export)\$ /Tonne	1210	1205	1155	945	21.90
Local rates for oil in domestic market(Rs./M.T.) for comm.	83500	83500	79000	65912	21.06

Source: SEA.

Technical Analysis:
Castor – Technical Outlook
Technical Commentary:

- Prices are likely to go down in upcoming week due to lower demand and slow buying activities for castor oil in the market.
- Falling Volume and prices indicates short build up phase in the market.


Strategy: Buy on Lower Side

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Castor	NCDEX	Feb	3700	3750	3876	3980	4000
Pre Weekly Trade Call			Call	Entry	T1	T2	SL
Castor	NCDEX	Feb	Buy	3850	3890	3940	3800

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		04th.Feb.17 to 10th.Feb.17	28th.Jan.17 to 03rd.Feb.17	
Gujarat	Patan	3767	3790	-23
	Harij	3773	3781	-8
	Rajkot	3629	3652	-23
	Gondal	3616	3604	12
	Deesa	3760	3740	20
	Bhabar	3691	3643	48
	Mehsana	3737	3775	-38
	Kadi	3778	3830	-52
	Sabarkatha	3725	3759	-34
	Gandhi Nagar	3771	3805	-34
	Ahmedabad (Sanand)	3450	NR	-
	Halvad	3682	3667	15
	Junagadh	3643	3709	-66
	Dhrol	3413	3400	13
Rajasthan	Jodhpur	3715	3743	-28
	Sumerpur	3592	3597	-5

Week on Week Price: Scenario of Castor Seed :

Commodity	Market	Today	Week ago	Month ago	Year ago
Center		10-Feb-17	3-Feb-17	10-Jan-17	10-Feb-16
Gujarat	Patan	3775	3750	3800	3050
	Harij	3775	3750	3800	3040
	Rajkot	3620	3650	3735	3060
	Gondal	3705	3580	3780	3055
	Deesa	3805	3750	3765	3025
	Bhabar	3885	3630	3690	3050
	Mehsana	3755	3775	3765	3015
	Kadi	3725	3875	3850	3055
	Sabarkatha	3725	3750	3780	3075
	Gandhi Nagar	3750	3800	3825	3075
	Ahmedabad (Sanand)	NA	NR	3690	2940
	Halvad	3700	3660	3615	3025
	Junagadh	3575	3700	3800	3150
	Dhrol	NA	NA	NA	3325
Rajasthan	Jodhpur	3700	3710	3740	3050
	Sumerpur	3600	3580	3675	2900

Castor Seed Cumulative Arrivals in Key Centers:

Center	Market	04th.Feb.17 to 10th.Feb.17	28th.Jan.17 to 03rd.Feb.17	Change
Gujarat	Patan	16538	17250	-713
	Harij	2775	2175	600
	Rajkot	2606	2645	-39
	Gondal	978	2026	-1048
	Deesa	1638	3817	-2178
	Bhabar	NA	NA	-
	Mehsana	2213	1913	300
	Kadi	11424	8963	2461
	Sabarkatha	735	713	23
	Gandhi Nagar	2850	1463	1388
	Ahmedabad (Sanand)	18	NR	-
	Halvad	551	435	116
	Junagadh	400	260	140
	Dhrol	16	16	Unch

Rajasthan	Jodhpur	330	350	-20
	Sumerpur	564	480	84
Total Arrivals/Above Markets		43635	42505	1131

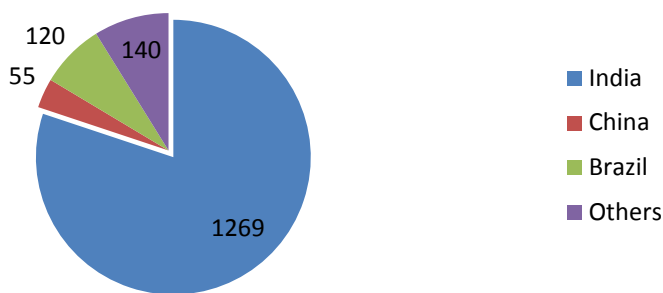
Outlook & Recommendation:

Castor seed market is expected to trade steady to lower trend in the third week of February 2017 due to continue sluggish demand and higher pace of arrivals. Some of the Millers are likely to be active in the market to fulfill their regular demand however they are not going for robust buying as castor seed crush margin is lower. Relatively, higher arrival pressures and less oil demand in international markets will curb coffee prices hike further.

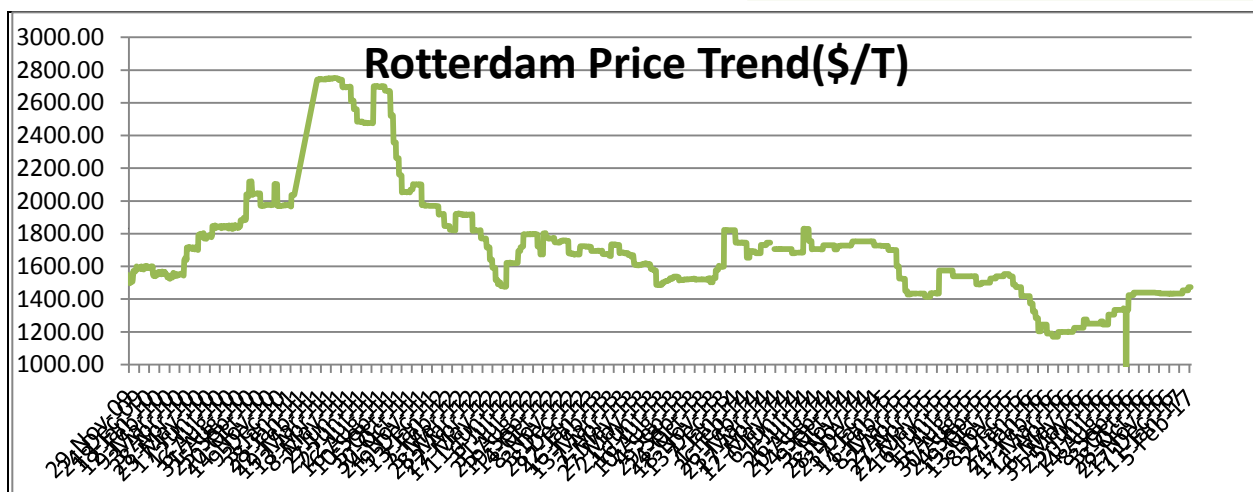
International market update:

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.

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



Rotterdam Prices:- Castor oil Rotterdam Price shows downtrend from previous week to the current week in February 2017. It is lower from \$1473.60 per tonne to \$1453.70 per tonne. It is likely to trade downside during the third week of February 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 and waiting further to come down castor 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 can push seed price up in the long run. It may encourage seed and oil price in domestic market in the long term. For short term, prices are expected to be move in steady to down zone due to low demand and higher arrivals pace.

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