

# Castor Weekly Research Report

## Contents

- ❖ Outlook and Review
- ❖ Castor Seed price Chart
- ❖ Export
- ❖ NCDEX Spot Price
- ❖ Outlook
- ❖ Future Chart
- ❖ Progressive Sowing
- ❖ Weekly Spot Price change
- ❖ International Market Update

Castor Domestic Market Fundamentals:

- **Ups and downs trend were seen in the castor physical market after mixed in demand. Some of the buyers are less active.** However, some of the needy crushers are buying their regular required seeds. Arrivals are remain in mixed pace in the market. However, continue less demand for Castor oil and castor meal in the international market are influencing castor seed prices. In most of the market arrivals are coming in full pace. Overall outlook of the market is down in expectation of higher supplies against slow demand. 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. While, castor seed production for 2016/17 is placed down at 17.38 lakh tonnes against previous year record i.e. 17.52 lakh tonne as per the second advance estimates by the ministry of agriculture department. In the long run, prices may go up in the long term as lower production estimates of this season. Supply and demand level is on same track which is affecting coffee 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.
- **Castor oil export of India decreased by 3.44 percent to 34380 MT during December-2016/17 season** against 35608 MT in 2015/16 season in the same period of time. Total coffee exports of 2016/17 so far is registered down by 30.39% to 378146 as compared to 543274 MT in the same period of time in last year. Export pace is expected to go down as availability of oil is higher and slow buying activities in international market. India exported castor oil at Rs.272.74 crore per tonne in December-2016, down by 4.22% from previous month record. Total FoB quote of this season 2016/17 stood at Rs. 2652.70 crore compared to Rs. 4198.19 crore in previous season.
- **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.).**
- **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 in the long run.
- **Castor seed sowing area may decline by 24 to 30 per cent in the year 2016-17 as farmers have shifted 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 lower demand for castor oil.

Progressive Area Coverage: -

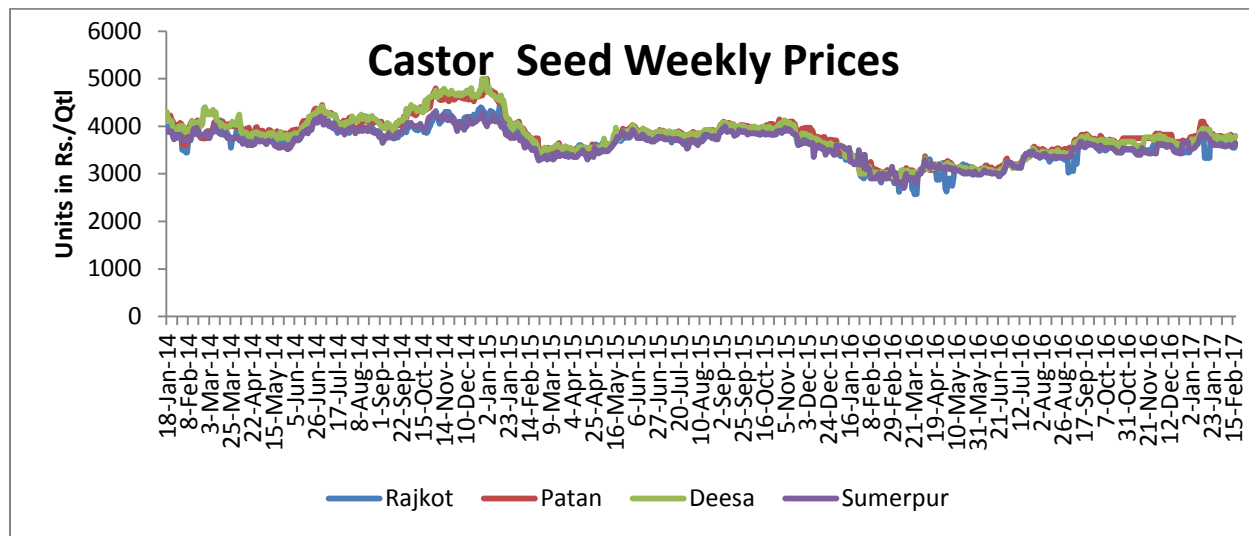
**Agricultural Statistics Division, Directorate of Economics & Statistics, India has published its fourth adv estimate for food grains on 2nd August-2016 and estimated 16.50 lakh tonne castor seed production for 2015-16 crop year, to be marketed in MY 2016-17. It has decreased production estimate from 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 less demand.

Stake holders in cash market may opt for buying seed around Rs 3750 to 3850 Rs. for stock purpose.

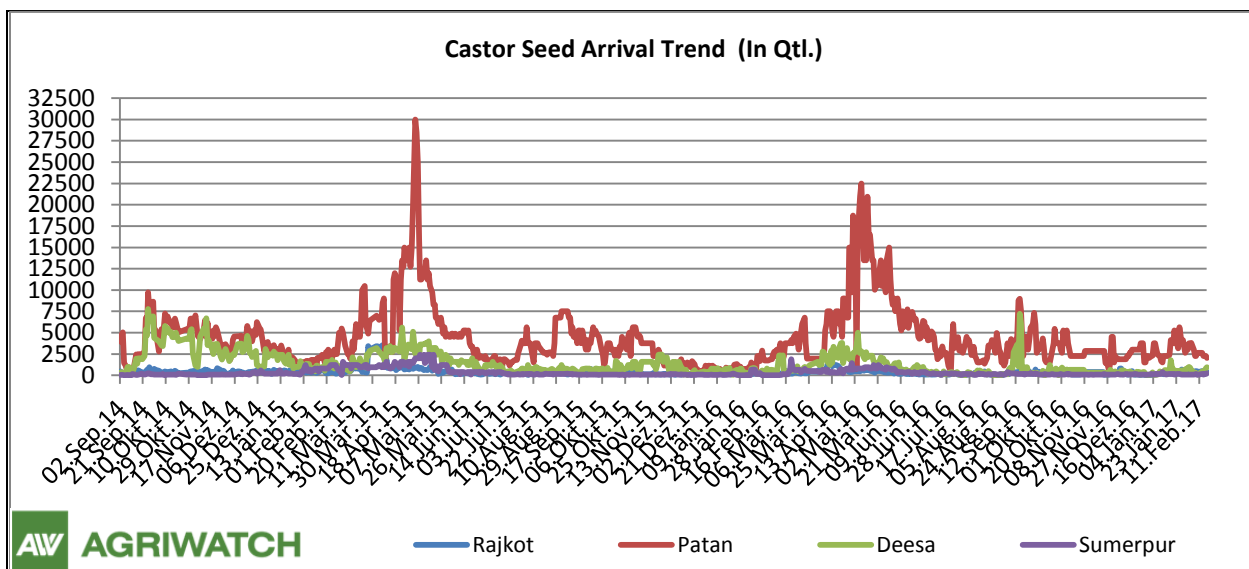
### Castor Seed Price Trend Chart:-

Ups and downs trend were seen in most of the markets due to fluctuation in demand with mixed 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.

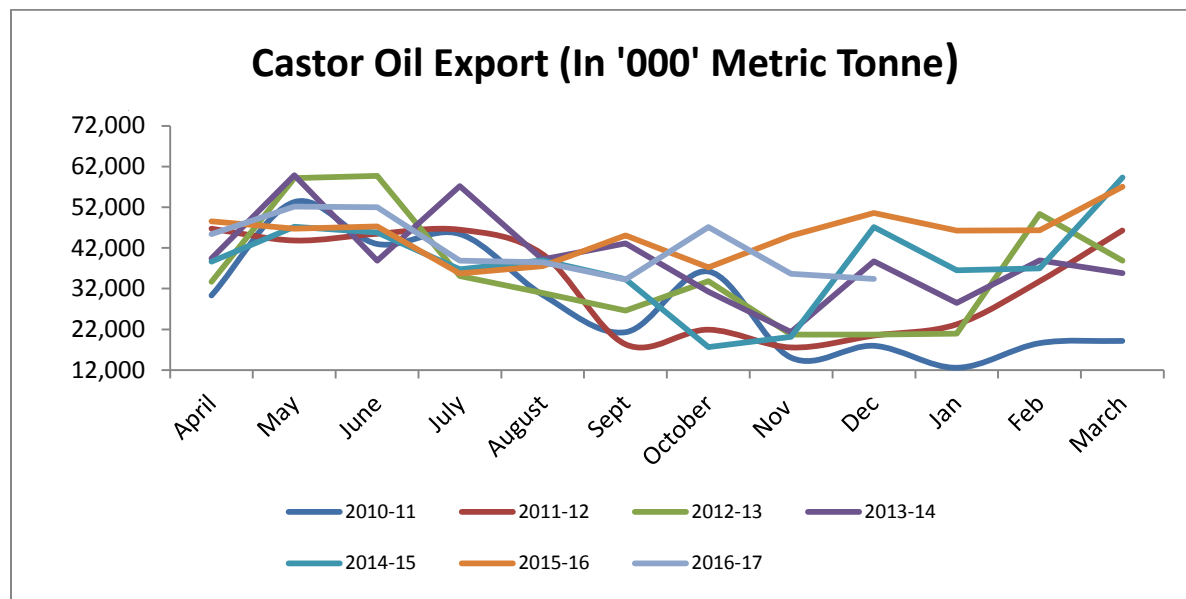


Source: Agriwatch

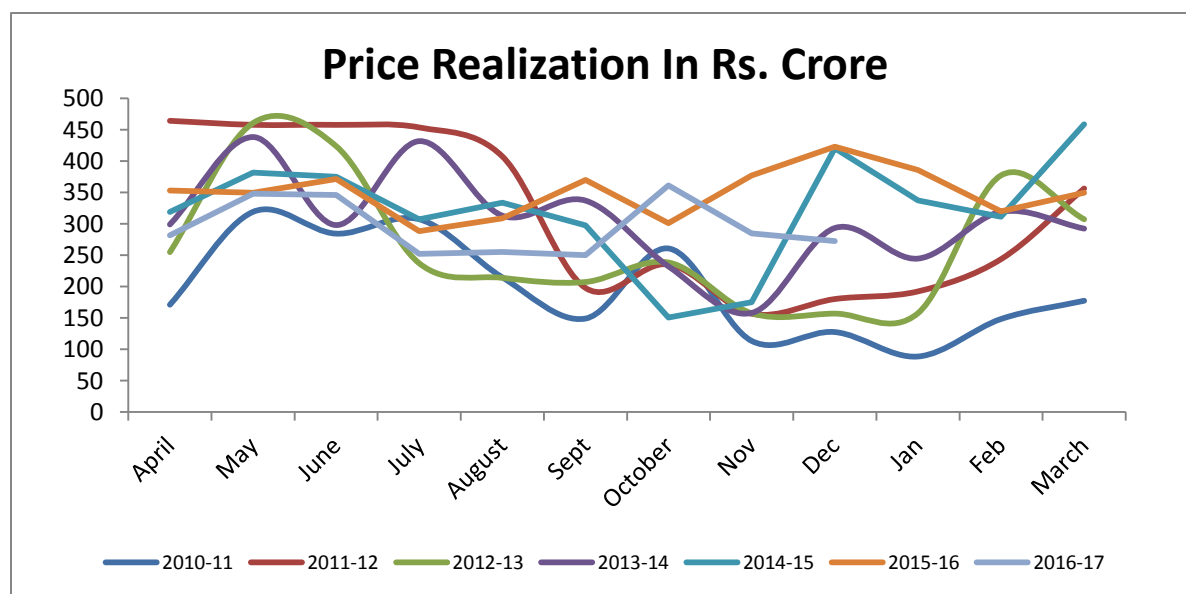
**Castor Seed Arrival Chart:** Arrivals improved in the cash market after new crop entries and less problem for cash. Some of the needy farmers have started to bring their stocks in the market due to their financial issue. New crop starts hitting the market with full speed.



Source: Agriwatch

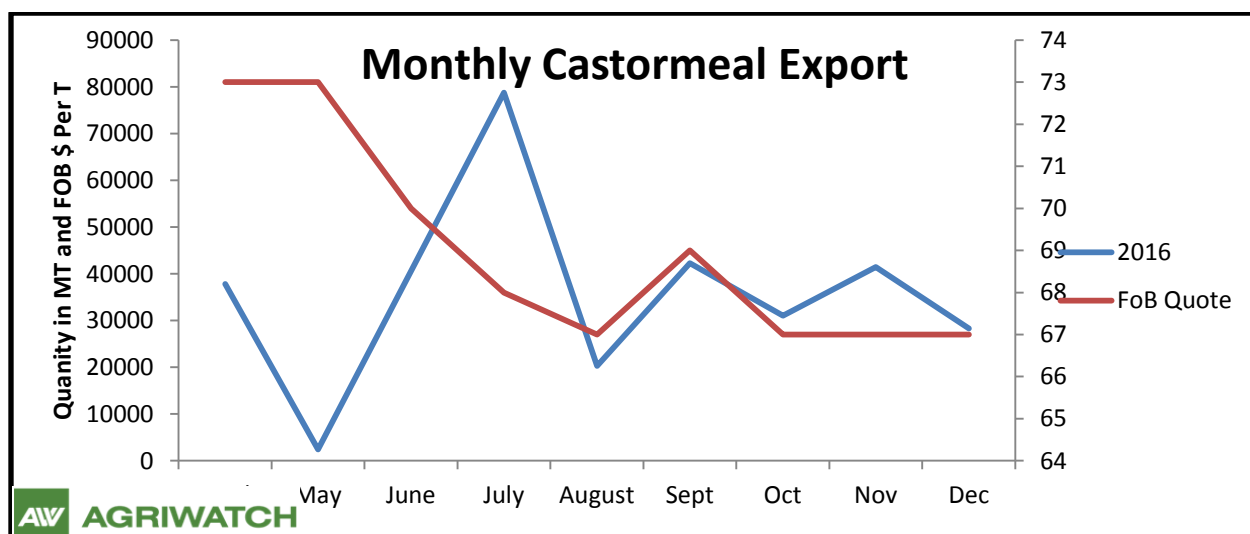
**Castor Oil Export Trend:-**


Source: Sea Of India



Source: Sea Of India

**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 Third week February, 2017

State	Prices 16-23 Feb 2017	Prices 09-15 Feb 2017	Prices 01-08 Feb 2017	Prices 16-23 Feb 2016	% Change(Over Previous Week)	% Change(Over Previous to Previous Week)	% Change(Over Previous Year)
Andhra Pradesh	3258.91	3210.35	3167.8	3042	1.51	2.88	7.13
Gujarat	3621.23	3688.37	3706.73	2974.14	-1.82	-2.31	21.76
Karnataka		3200		3015	—	—	—
Maharashtra			3575.5		—	—	—
Rajasthan		3570.25	3570.75	2855.43	—	—	—
Tamil Nadu		4217		3519	—	—	—
Telangana	3253.01	3233.79	3204.58	3058.68	0.59	1.51	6.35
Average	3377.72	3519.96	3445.07	3077.38			

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)	3800-3850	3850-3900
Medium Term (30 days)	3840-3975	3950-4150

**Comparative Prices Of Castor Products Including Seed**

	10th Feb'17	03rd Feb'17	10th Jan'17	10th Feb'16	CHANGE %
Castorseed (Gujarat)((Rs./M.T) Ex-Mandi	38500	--	39050	31958	16.99
Castor Meal Export (FAS) (US\$ / MT),Ex Kandla	63	63	65	76	-20.63
EXPORT (FOR) Ports (Rs./MT)Castor meal bulk Kandla	4150	4150	4350	5038	-21.40
Castor Oil (First Grade) FOB Kandla (Export)\$/Tonne	1210	1210	1210	945	21.90
Local rates for oil in domestic market(Rs./M.T.) for comm.	82500	83500	82500	65912	20.11

Source: SEA.

**Technical Analysis:**
**Castor – Technical Outlook**
**Technical Commentary:**

- Prices are likely to go up in upcoming week despite slow buying activities in the market.
- Falling Volume and rising prices indicates short covering phase of the market.


**Strategy: Buy on Lower Side**

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Castor	NCDEX	Feb	3750	3800	3835	4092	4236
Pre Weekly Trade Call			Call	Entry	T1	T2	SL
Castor	NCDEX	Feb	Buy	3940	3990	4150	3850

### 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
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		11th to 17th.Feb.17	04th to 10th.Feb.17	
Gujarat	Patan	3795	3767	28
	Harij	3735	3773	-38
	Rajkot	3583	3629	-47
	Gondal	3625	3616	9
	Deesa	3736	3760	-24
	Bhabar	3703	3691	12
	Mehsana	3722	3737	-15
	Kadi	3741	3778	-37
	Sabarkatha	3720	3725	-5
	Gandhi Nagar	3748	3771	-23
	Ahmedabad (Sanand)	3648	3450	198
	Halvad	3644	3682	-38
	Junagadh	3616	3643	-27
	Dhrol	3465	3413	53
Rajasthan	Jodhpur	3710	3715	-5
	Sumerpur	3605	3592	13

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

Commodity	Market	Today	Week ago	Month ago	Year ago
Center		17-Feb-17	10-Feb-17	17-Jan-17	17-Feb-16
Gujarat	Patan	3800	3775	4000	3025
	Harij	3730	3775	3940	3035
	Rajkot	3600	3620	3330	2915
	Gondal	3605	3705	3880	3055
	Deesa	3790	3805	3940	3005
	Bhabar	3705	3885	3890	3040
	Mehsana	3760	3755	3925	3000
	Kadi	3825	3725	3995	3025
	Sabarkatha	3750	3725	3950	3050
	Gandhi Nagar	3775	3750	3950	3050
	Ahmedabad (Sanand)	3660	3700	3805	2925
	Halvad	3625	3700	3840	3025
	Junagadh	3630	3575	3440	3140



	Dhrol	NA	NA	NA	2905
Rajasthan	Jodhpur	3740	3700	3850	2850
	Sumerpur	3650	3600	3810	2975

Castor Seed Cumulative Arrivals in Key Centers:				
Center	Market	11th to 17th.Feb.17	04th to 10th.Feb.17	Change
Gujarat	Patan	11400	16538	-5138
	Harij	3675	2775	900
	Rajkot	1465	2606	-1141
	Gondal	1479	978	501
	Deesa	3222	1638	1584
	Bhabar	NR	NR	-
	Mehsana	1425	2213	-788
	Kadi	12680	11424	1256
	Sabarkatha	713	735	-23
	Gandhi Nagar	2063	2850	-788
	Ahmedabad (Sanand)	270	18	252
	Halvad	458	551	-94
	Junagadh	205	400	-195
	Dhrol	16	16	Unch
Rajasthan	Jodhpur	274	330	-56
	Sumerpur	800	564	236
Total Arrivals/Above Markets		40143	43635	-3492

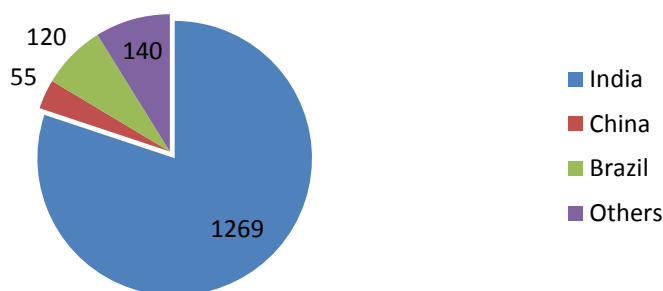
### Outlook & Recommendation:

Castor seed market is expected to trade steady to lower trend in the last week of February 2017 as demand is going to decline. Millers are likely to silent in the market. Arrival pressures and less oil demand will curb coffee prices hike further.

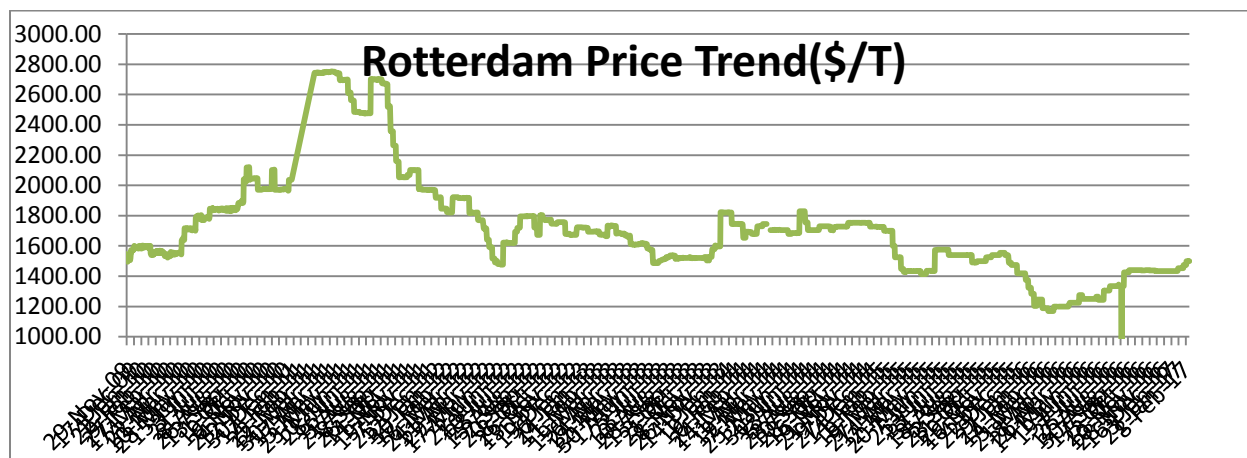
**International market update:**

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.)



Castor oil Rotterdam Price quoted same from previous week to the current week in February 2017. It stood as \$1498.50 per tonne. It is likely to trade upside during the last 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 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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