

Castor Weekly Research Report

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Castor Domestic Market Fundamentals:

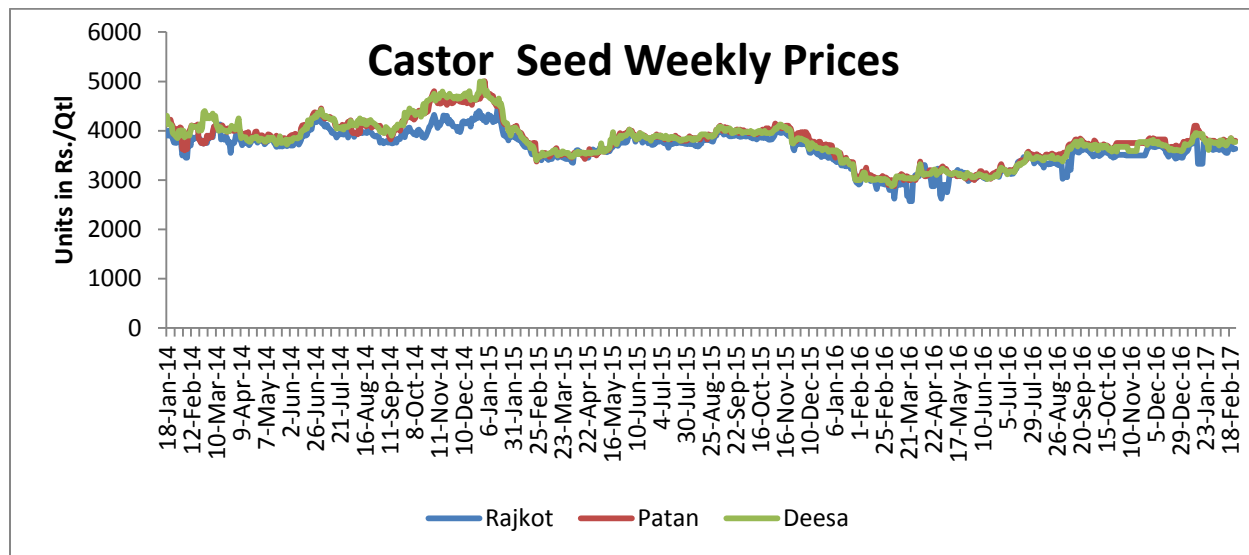
- **Higher tone were seen in the castor physical market on account of improved in demand.** Some of the needy crushers are buying their regular required seeds. Arrivals are remain in mixed pace in the market. However, continue less demand for Castor oil and castor meal in the international market are 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. New crop is entering now at maturity stages, especially early sown crop and started hitting in the market now, which may curb castor seed price hike further. **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.
- **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 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 3800 to 3850 Rs. for stock purpose.

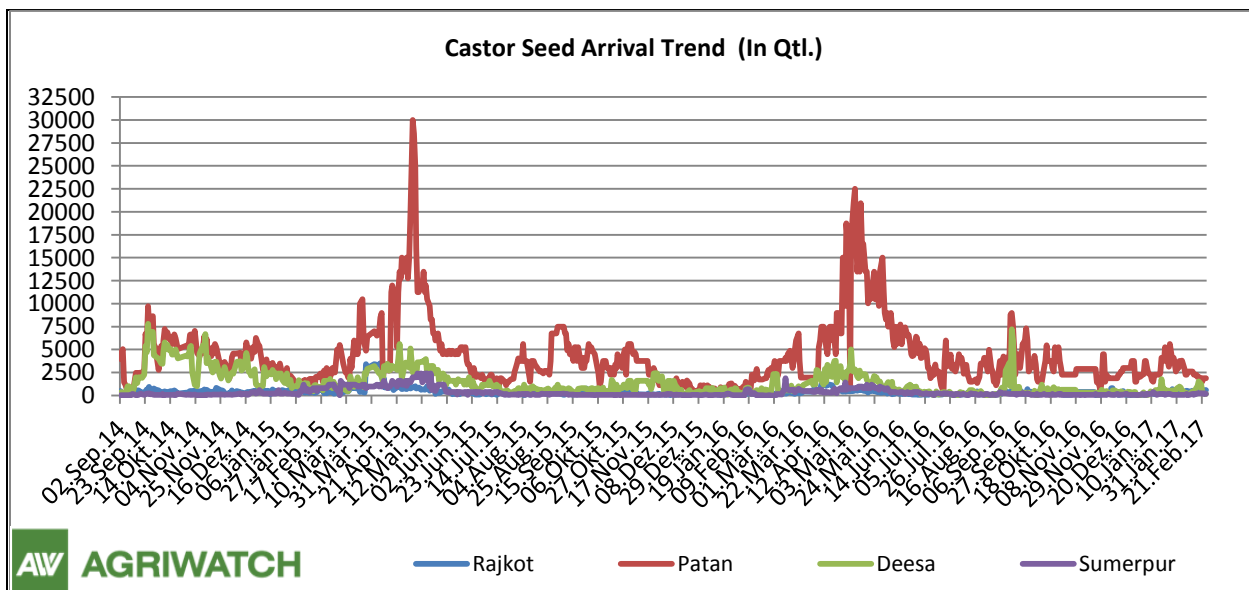
Castor Seed Price Trend Chart:-

Higher trend were seen in most of the markets due to fluctuation in demand with mixed pace of arrivals. Despite good yield of this season, production are likely to decrease which will help to increase price in long term. On Weekly front, prices are likely to go down on account of lower demand.

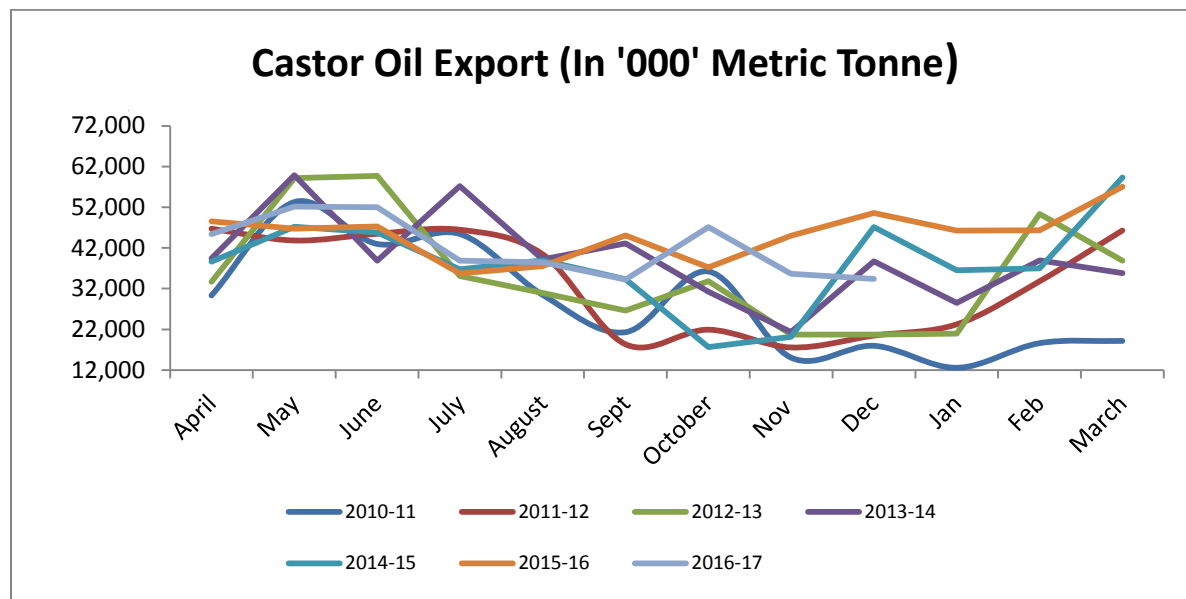


Source: Agriwatch

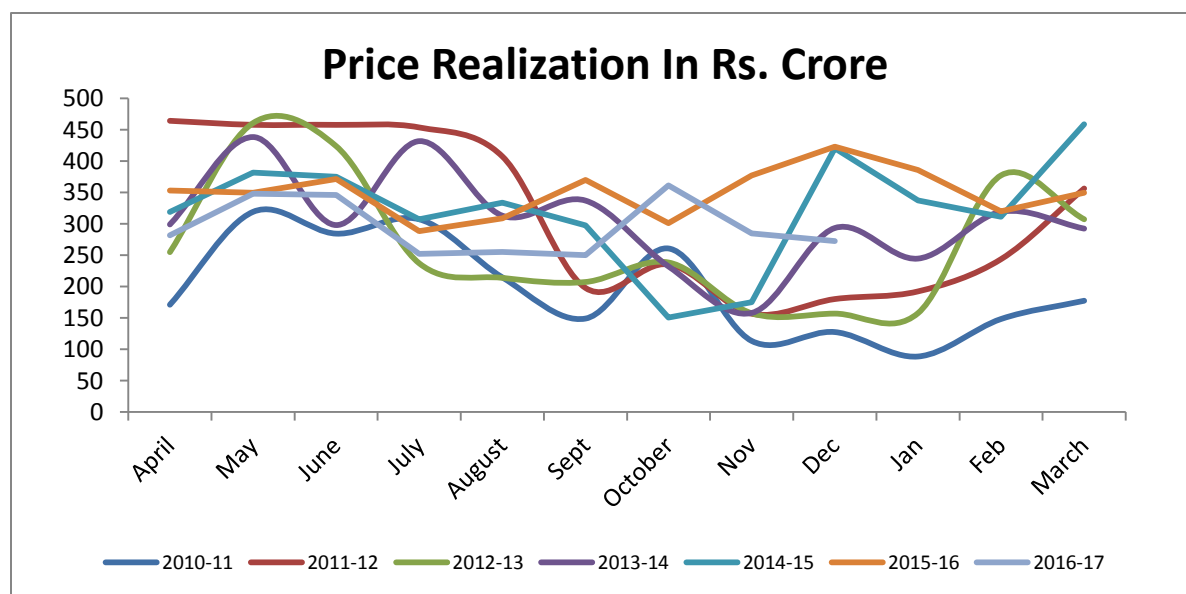
Castor Seed Arrival Chart: Arrivals improved in the cash market after new crop entries and less problem for cash. Some of the needy farmers have started to bring their stocks in the market due to their financial issue. New crop starts hitting the market with full speed.



Source: Agriwatch

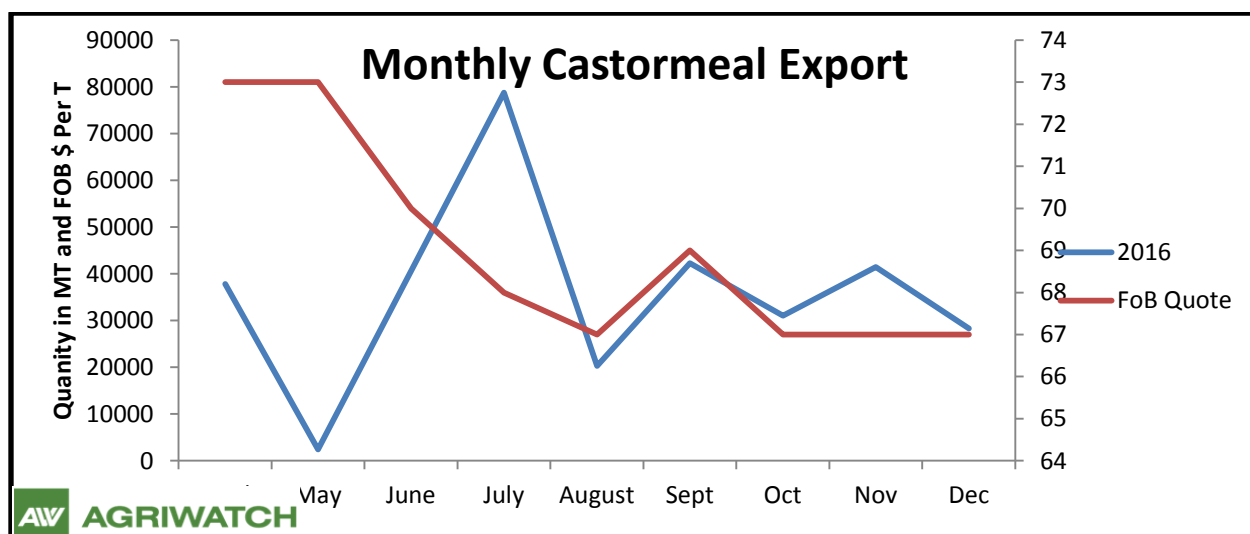
Castor Oil Export Trend:-


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 Fourth week February, 2017

| State | Prices 24-28 Feb 2017 | Prices 16-23 Feb 2017 | Prices 09-15 Feb 2017 | Prices 24-28 Feb 2016 | % Change(Over Previous Week) | % Change(Over Previous to Previous Week) | % Change(Over Previous Year) |
|----------------|-----------------------|-----------------------|-----------------------|-----------------------|------------------------------|--|------------------------------|
| Andhra Pradesh | | 3266.68 | 3210.35 | 3023.12 | — | — | — |
| Gujarat | 3725.65 | 3732.88 | 3689.11 | 2968.9 | -0.19 | 0.99 | 25.49 |
| Karnataka | | 3300 | 3200 | 2841.75 | — | — | — |
| Maharashtra | | 3325 | | | — | — | — |
| Rajasthan | 3570.69 | 3631.25 | 3570.25 | 2767.25 | -1.67 | 0.01 | 29.03 |
| Tamil Nadu | | 4109 | 4217 | | — | — | — |
| Telangana | | 3311.97 | 3236.09 | 3097.01 | — | — | — |
| Average | 3648.17 | 3525.25 | 3520.47 | 2939.61 | | | |

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 | 3925-3950 |
| Medium Term (30 days) | 3840-3975 | 3950-4150 |

Comparative Prices Of Castor Products Including Seed

| | 17th Feb'17 | 10th Feb'17 | 17th Jan'17 | 17th Feb'16 | CHANGE % |
|---|----------------|----------------|----------------|----------------|-------------|
| Castorseed (Gujarat)((Rs./M.T) Ex-Mandi | 38600 | 38500 | 40250 | 31958 | 17.21 |
| 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 | 4300 | 5038 | -21.40 |
| Castor Oil (First Grade) FOB Kandla (Export)\$/Tonne | 1230 | 1210 | 1240 | 945 | 23.17 |
| Local rates for oil in domestic market(Rs./M.T.) for comm. | 82500 | 82500 | 83000 | 65912 | 20.11 |

Source: SEA.

Technical Analysis:
Castor – Technical Outlook
Technical Commentary:

- Prices are likely to go down in upcoming week after slow buying activities in the market.
- On the other hand rising Volume and lower prices indicates short build up phase of the market.


Strategy: Buy on Lower Side

| Intraday Supports & Resistances | | | S2 | S1 | PCP | R1 | R2 |
|---------------------------------|-------|-----|------|-------|------|------|------|
| Castor | NCDEX | Feb | 3700 | 3750 | 3927 | 4150 | 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 |

Castor Seed Weekly Prices at Key Spot Markets:

| Commodity | Market | Price (Rs/ Quintal) | | Change |
|-----------|--------------------|---------------------|---------------------|--------|
| Center | | 18th to 24th.Feb.17 | 11th to 17th.Feb.17 | |
| Gujarat | Patan | 3810 | 3795 | 15 |
| | Harij | 3773 | 3735 | 38 |
| | Rajkot | 3658 | 3583 | 76 |
| | Gondal | 3654 | 3625 | 29 |
| | Deesa | 3801 | 3736 | 65 |
| | Bhabar | 3753 | 3703 | 50 |
| | Mehsana | 3764 | 3722 | 42 |
| | Kadi | 3839 | 3741 | 98 |
| | Sabarkatha | 3765 | 3720 | 45 |
| | Gandhi Nagar | 3810 | 3748 | 62 |
| | Ahmedabad (Sanand) | 3738 | 3648 | 90 |
| | Halvad | 3698 | 3644 | 54 |
| | Junagadh | 3651 | 3616 | 35 |
| | Dhrol | 3556 | 3465 | 91 |
| Rajasthan | Jodhpur | 3732 | 3710 | 22 |
| | Sumerpur | 3693 | 3605 | 88 |

Week on Week Price: Scenario of Castor Seed :

| Commodity | Market | Today | Week ago | Month ago | Year ago |
|-----------|--------------------|-----------|-----------|-----------|-----------|
| Center | | 24-Feb-17 | 17-Feb-17 | 24-Jan-17 | 24-Feb-16 |
| Gujarat | Patan | Closed | 3800 | 3835 | 3085 |
| | Harij | Closed | 3730 | 3825 | 3025 |
| | Rajkot | Closed | 3600 | 3725 | 2930 |
| | Gondal | Closed | 3605 | 3830 | 3130 |
| | Deesa | Closed | 3790 | 3810 | 3000 |
| | Bhabar | Closed | 3705 | 3775 | 3020 |
| | Mehsana | Closed | 3760 | 3825 | 3000 |
| | Kadi | Closed | 3825 | 3865 | 3025 |
| | Sabarkatha | Closed | 3750 | 3800 | 3025 |
| | Gandhi Nagar | Closed | 3775 | 3810 | 3050 |
| | Ahmedabad (Sanand) | Closed | 3660 | 3685 | 2945 |
| | Halvad | Closed | 3625 | 3700 | 3025 |
| | Junagadh | Closed | 3630 | 3750 | 3000 |
| | Dhrol | Closed | NA | NA | 2885 |

| | | | | | |
|-----------|----------|--------|------|------|------|
| Rajasthan | Jodhpur | Closed | 3740 | 3770 | 2900 |
| | Sumerpur | 3675 | 3650 | 3650 | 2900 |

Castor Seed Cumulative Arrivals in Key Centers:

| Center | Market | 18th to 24th.Feb.17 | 11th to 17th.Feb.17 | Change |
|------------------------------|--------------------|---------------------|---------------------|--------|
| Gujarat | Patan | 9150 | 11400 | -2250 |
| | Harij | 5200 | 3675 | 1525 |
| | Rajkot | 2545 | 1465 | 1080 |
| | Gondal | 1371 | 1479 | -108 |
| | Deesa | 3655 | 3222 | 433 |
| | Bhabar | NR | NR | - |
| | Mehsana | 1313 | 1425 | -113 |
| | Kadi | 15552 | 12680 | 2872 |
| | Sabarkatha | 713 | 713 | Unch |
| | Gandhi Nagar | 2438 | 2063 | 375 |
| | Ahmedabad (Sanand) | 122 | 270 | -147 |
| | Halvad | 593 | 458 | 135 |
| | Junagadh | 255 | 205 | 50 |
| | Dhrol | 44 | 16 | 28 |
| Rajasthan | Jodhpur | 259 | 274 | -15 |
| | Sumerpur | 1280 | 800 | 480 |
| Total Arrivals/Above Markets | | 44488 | 40143 | 4345 |

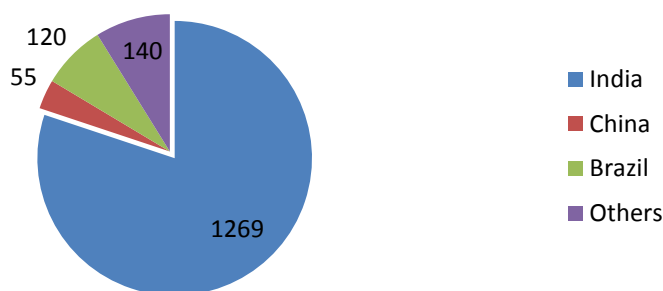
Outlook & Recommendation:

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.

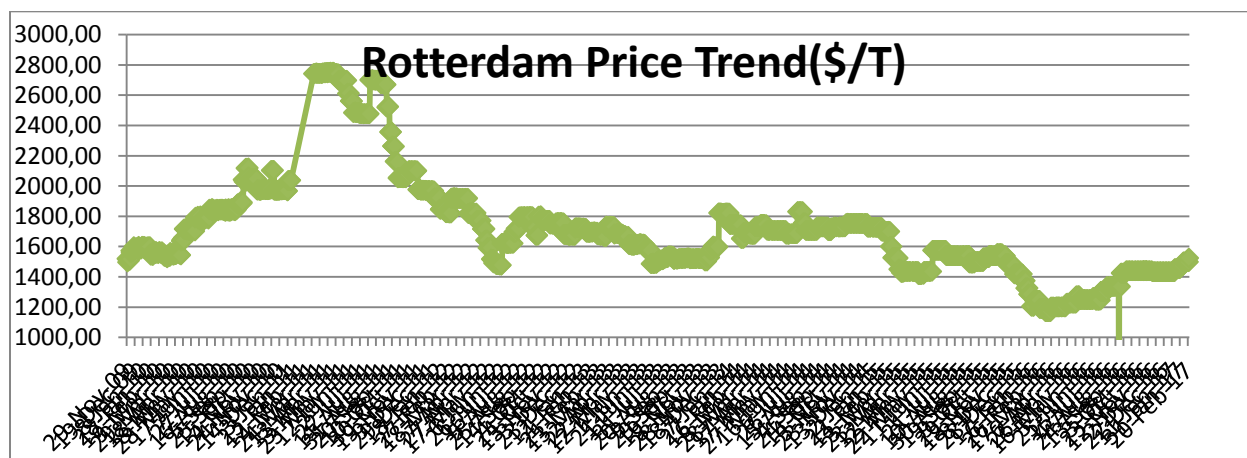
International market update:

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 higher tone from previous week to the last week of February 2017. It stood as \$1523.30 per tonne. It is likely to trade upside in upcoming days.



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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