

Castor Weekly Research Report

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Castor Domestic Market Fundamentals:

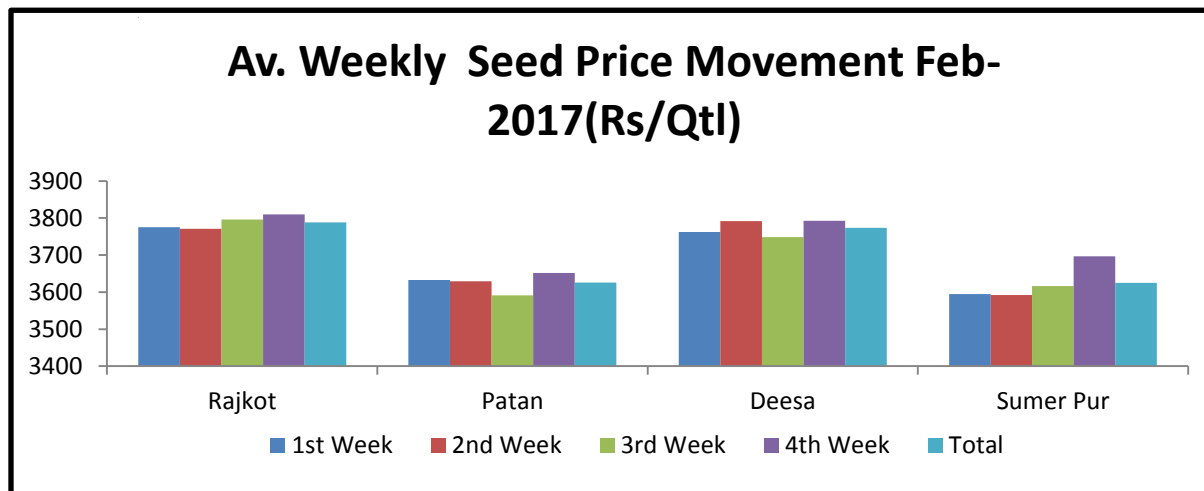
- **Ups and downs trend were seen in the castor physical market on account of improved in demand.** Crushers are buying to fulfill their daily needful castor seed further for crushing. Spot market is also getting support from the future market. In the long run, prices may go up in the long term as lower production estimates of this season. Arrivals are coming with full pace in the market. However, continue less demand for Castor oil and castor meal in the international market are influencing castor seed prices. 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 further hike. Overall, spot markets of castor seed are likely to improved in expectation of good demand of Traders and exporters as some of the European countries are active but slow pace to buy castor oil.
- **India exported castor meal down by 81.40% to 5263 tonnes in January 2017 than 28305 tonnes in December 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 January 2017) is registered down at 323181 T against 373871 T in previous year during the same period of time. FOB quotes for meal stood down at \$65/T in January 2017 during the corresponding period of last year. South Korea, France and Japan bought 8670 tonne, 3561 Tonne and 518 Tonnes castor meal respectively during April- January 2017.
- **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.
- **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.).**
- **This year preliminary Agriwatch estimate for 2017/18 shows 10. 67 lakh tonne production based on farmers feedback and initial field survey in Gujarat, Rajasthan and AP.** Area in Gujarat is likely to decline by over 20 % from 6.20 to 4.96 lakh ha. Overall decline in Rajasthan may be 5% and area would decline from 2.30 to 1.84 lakh ha. In AP /Telangana it may decline by 20 percent to 1.06 lakh ha. As weather remains favorable Agriwatch expects normal yield this year. Based on normal yield seed production may decline to 10.67 lakh tonne given the normal weather condition. Agriwatch would revise preliminary estimate in November-2017.

Outlook & Recommendation: - Overall market sentiment is likely to move in steady to higher zone in the short to medium term. Agriwatch expects steady to uptrend in upcoming weeks due to improved local demand.

Stake holders in cash market may opt for buying seed around Rs 3800 to 3850 Rs. for stock purpose.

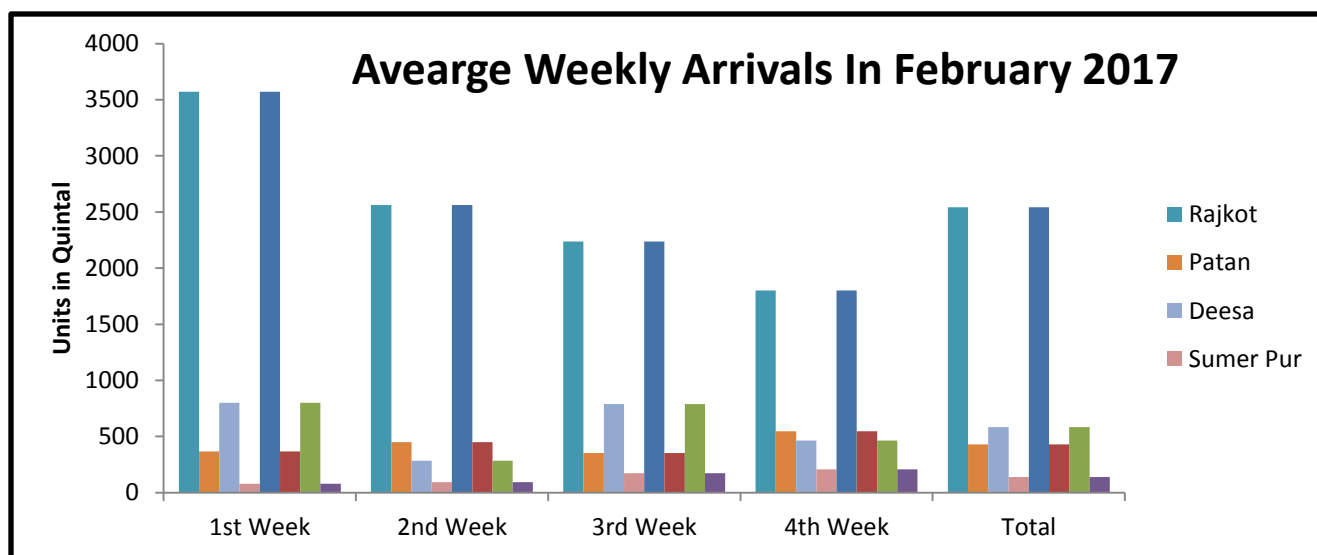
Castor Seed Price Trend Chart:-

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.



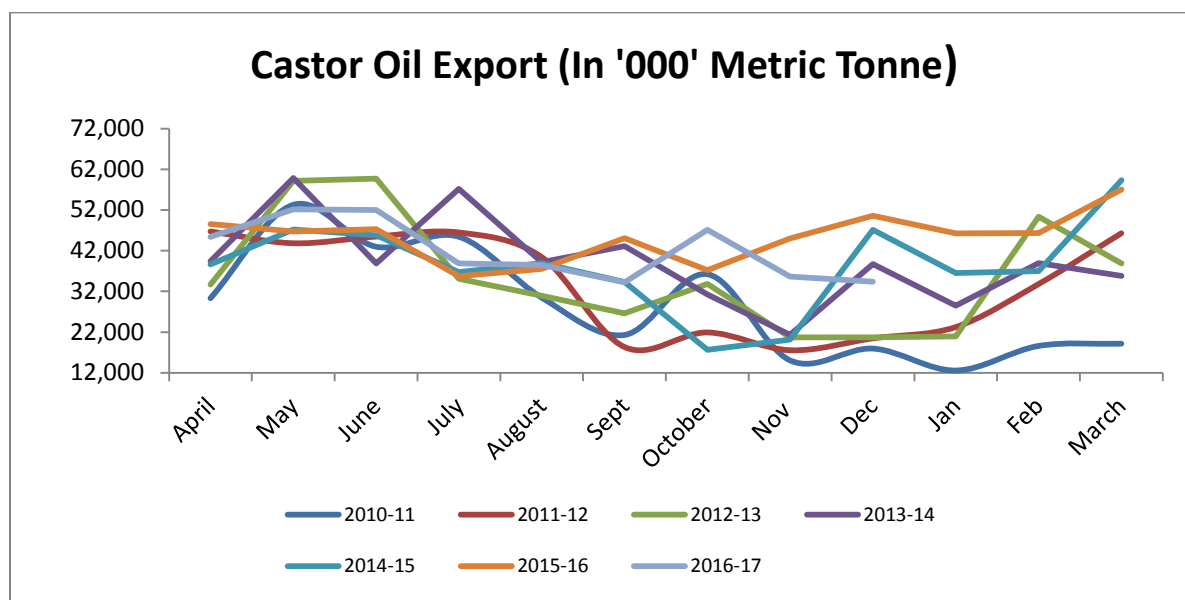
Source: Agriwatch

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.

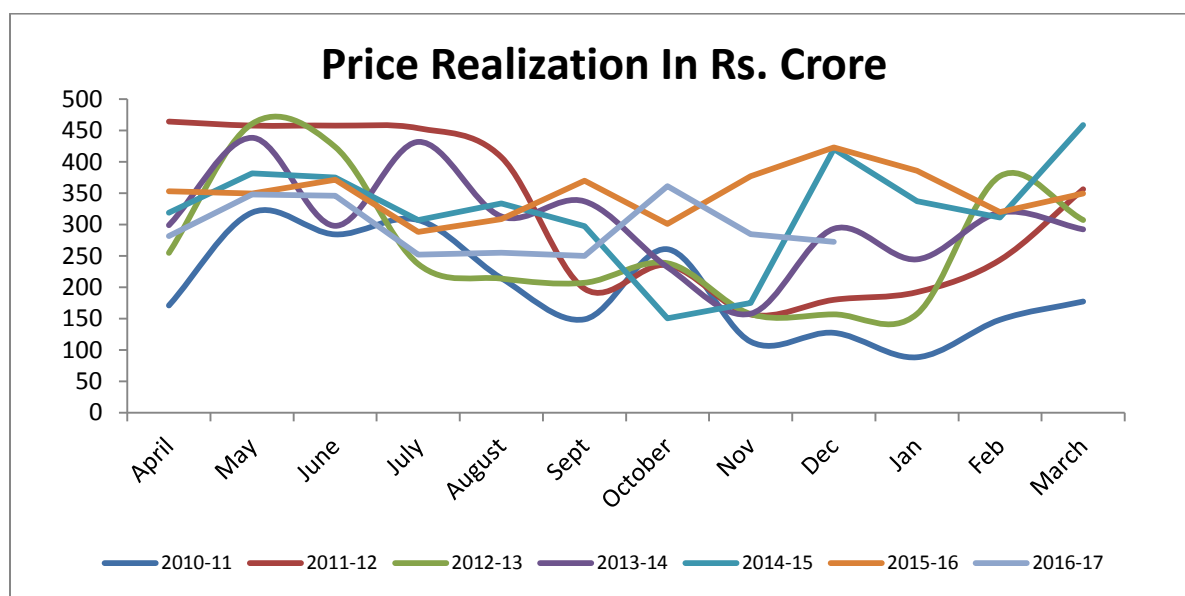


Source: Agriwatch

Castor Oil Export Trend:-

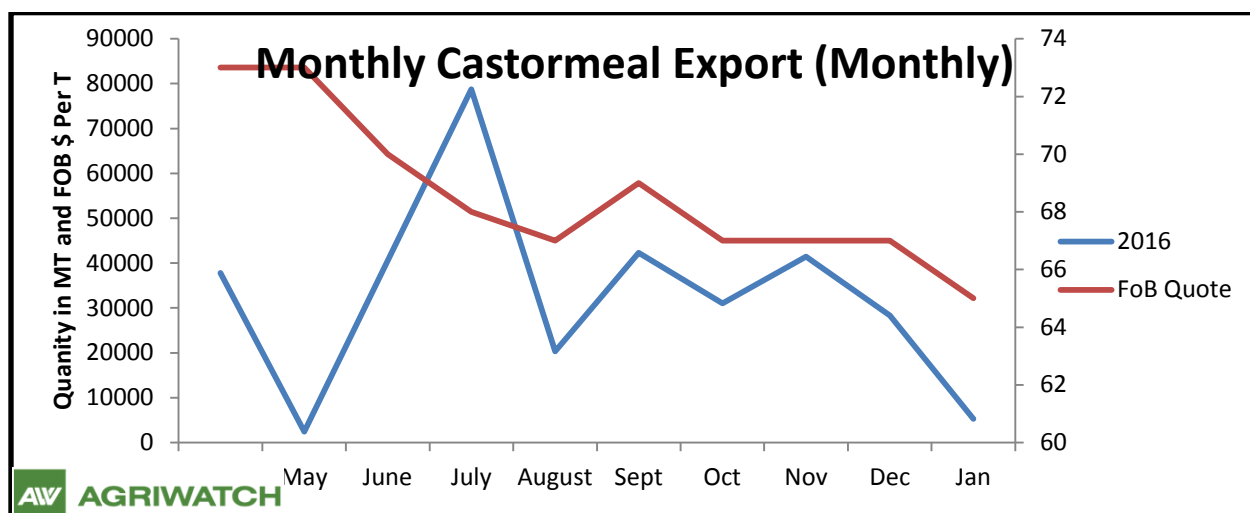


Source: Sea Of India



Source: Sea Of India

Castor Meal Export:- India exported castor meal down by 81.40% to 5263 tonnes in January 2017 than 28305 tonnes in December 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 January 2017) is registered down at 323181 T against 373871 T in previous year during the same period of time. FOB quotes for meal stood down at \$65/T in January 2017 during the corresponding period of last year. South Korea, France and Japan bought 8670 tonne, 3561 Tonne and 518 Tonnes castor meal respectively during April- January 2017.



source: Sea of India

State Wise Weekly Price Trend:

State wise Wholesale Prices Weekly Analysis for Castor Seed Fourth week Febraury, 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	3296.95	3273.48	3207.84	3023.12	0.72	2.78	9.06
Gujarat	3726.11	3733.3	3689.11	2968.9	-0.19	1	25.5
Karnataka	2855	3868.75	3200	2841.75	-26.2	-10.78	0.47
Maharashtra		3325			—	—	—
Rajasthan	3612.39	3629.36	3547.57	2767.25	-0.47	1.83	30.54
Tamil Nadu	4719	4109	4217		14.85	11.9	—
Telangana	3365.06	3311.97	3236.09	3097.01	1.6	3.99	8.66
Average	3595.75	3607.27	3516.27	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)	3780-3850	3850-3900
Medium Term (30 days)	3850-4000	3875-4125

Comparative Prices Of Castor Products Including Seed

	24th Feb'17	17th Feb'17	24th Jan'17	24th Feb'16	CHANGE %
Castorseed (Gujarat)((Rs./M.T) Ex-Mandi	NQ	38600	39150	31958	-
Castor Meal Export (FAS) (US\$ / MT),Ex Kandla	NQ	63	64	76	-
EXPORT (FOR) Ports (Rs./MT)Castor meal bulk Kandla	NQ	4150	4300	5038	-
Castor Oil (First Grade) FOB Kandla (Export)\$ /Tonne	NQ	1230	1205	945	-
Local rates for oil in domestic market(Rs./M.T.) for comm.	NQ	82500	83000	65912	-

Source: SEA.

Technical Analysis:
Castor – Technical Outlook
Technical Commentary:

- Prices are likely to go up in upcoming week supported by active buying activities in the market.
- On the other hand rising Volume and higher prices indicates long build up phase of the market.


Strategy: Buy on Lower Side

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Castor	NCDEX	Feb	3800	3935	4130	4200	4250
Pre Weekly Trade Call			Call	Entry	T1	T2	SL
Castor	NCDEX	Feb	Buy	4020	4150	4200	3980

Castor Seed- Balance Sheet For 2017/18

Agriwatch estimates for 2016/17 is remain same. Production shows around 14.42 percent lower side this year against 2015/16 season due to crop shifting from castor seed to other lucrative crops. Over all area would decline from 11.18(normal) to 9.90 lakh ha this year. The estimate is based on initial ground level survey and feedback received from farmers. Agriwatch expects above normal rainfall this year and hopes normal yield too. Based on normal yield realization seed production would decline from 15.12 to 12.69 lakh tonne this year.

The season started with 5.91 lakh tonne as carryout. Thus total availability for current MY comes to 18.6 lakh tonne if estimated production of 12.69 lakh tonne is included. Lower production would drag carryout down from 5.91 to 5.35 lakh tonne. It would push seed price up in second and third quarter.

Preliminary Forecast For 2017-18										
All units in lakh tonnes	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	Apr-Jun	July-Sep	Oct-Dec	Jan-Mar
Carry in	5.8	6.84	6.04	5.54	5.91	5.35	5.35	9.65	5.00	1.90
Production	13.04	11.7	13	15.12	12.94	10.5	10.5	0	0	0
Imports	0	0	0	0	0	0	0	0	0	0
Total Availability	18.84	18.54	19.04	20.66	18.85	15.85	15.85	9.65	5.00	1.90
Consumption	12	12.5	13.5	14.75	13.5	15.5	6.2	4.65	3.1	1.55
Exports	0	0	0	0	0	0	0	0	0	0
Total Usage	12	12.5	13.5	14.75	13.5	15.5	6.2	4.65	3.1	1.55
Carry out	6.84	6.04	5.54	5.91	5.35	0.35	9.65	5.00	1.90	0.35
Av Monthly Consumption	1.00	1.04	1.13	1.23	1.13	1.29	2.07	1.55	1.03	0.52
Stock to Month Use	6.84	5.80	4.92	4.81	4.76	0.27	4.67	3.23	1.84	0.68
Stock to Consumption Ratio	0.570	0.483	0.41	0.40	0.40	0.02	1.56	1.08	0.61	0.23

Agriwatch

Castor Seed Weekly Prices at Key Spot Markets:

Commodity	Market	Price (Rs/ Quintal)		Change
Center		25th Feb to 3rd.March.17	18th to 24th.Feb.17	
Gujarat	Patan	3846	3810	36
	Harij	3810	3773	37
	Rajkot	3646	3658	-12
	Gondal	3676	3654	22
	Deesa	3838	3801	37
	Bhabar	3644	3753	-109
	Mehsana	3808	3764	44
	Kadi	3863	3839	24
	Sabarkatha	3803	3765	38
	Gandhi Nagar	3848	3810	38
	Ahmedabad (Sanand)	3757	3738	19
	Halvad	3655	3698	-43
	Junagadh	3706	3651	55
	Dhrol	3376	3556	-180
Rajasthan	Jodhpur	3794	3732	62
	Sumerpur	3746	3693	53

Week on Week Price: Scenario of Castor Seed :

Commodity	Market	Today	Week ago	Month ago	Year ago
Center		3-Mar-17	24-Feb-17	3-Feb-17	3-Mar-16
Gujarat	Patan	3925	3800	3750	3000
	Harij	4000	3725	3750	2875
	Rajkot	3710	3635	3650	2870
	Gondal	3755	3580	3580	3080
	Deesa	4000	3770	3750	2925
	Bhabar	3550	3720	3630	2885
	Mehsana	3900	3725	3775	2875
	Kadi	3965	3850	3875	2890
	Sabarkatha	3900	3750	3750	2875
	Gandhi Nagar	3950	3775	3800	2975
	Ahmedabad (Sanand)	3800	3735	3715	2850
	Halvad	3655	3675	3660	2900
	Junagadh	3800	3675	3700	3000
	Dhrol	3435	3470	3400	2930
Rajasthan	Jodhpur	3920	3710	3710	3020

	Sumerpur	3825	3675	3580	2775
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Castor Seed Cumulative Arrivals in Key Centers:

Center	Market	25th Feb to 3rd.March.17	18th to 24th.Feb.17	Change
Gujarat	Patan	10650	9150	1500
	Harij	6225	5200	1025
	Rajkot	2590	2545	45
	Gondal	2341	1371	970
	Deesa	1889	3655	-1766
	Bhabar	NR	NR	-
	Mehsana	2363	1313	1050
	Kadi	21040	15552	5488
	Sabarkatha	1463	713	750
	Gandhi Nagar	3488	2438	1050
	Ahmedabad (Sanand)	272	122	150
	Halvad	915	593	323
	Junagadh	440	255	185
	Dhrol	61	44	17
Rajasthan	Jodhpur	221	259	-38
	Sumerpur	1280	1280	Unch
Total Arrivals/Above Markets		55237	44488	10748

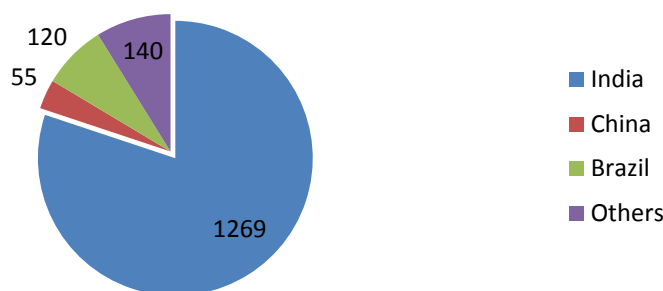
Outlook & Recommendation:

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.

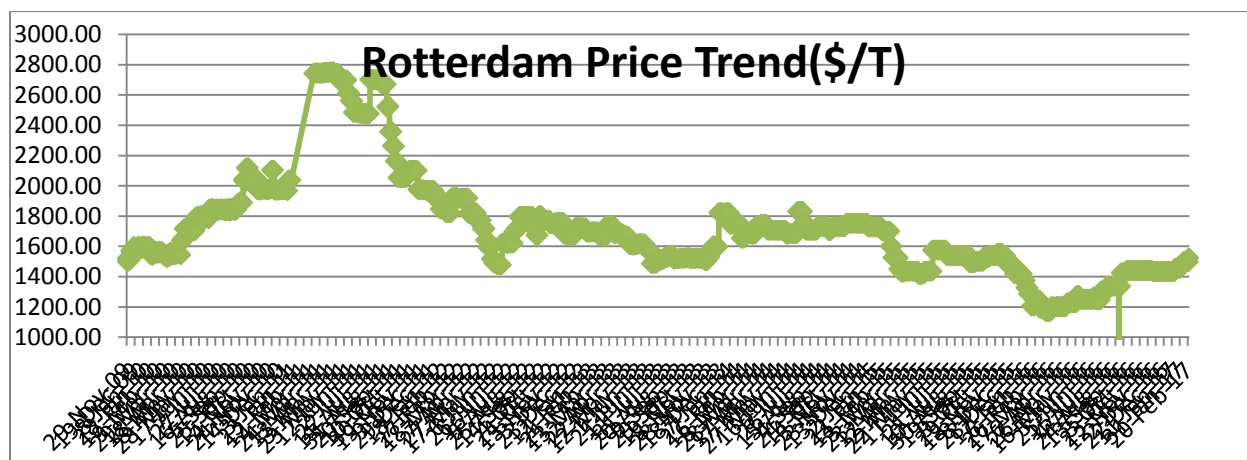
International market update:

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.)



Rotterdam Price:- 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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