

Castor Weekly Research Report

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Castor Domestic Market Fundamentals:

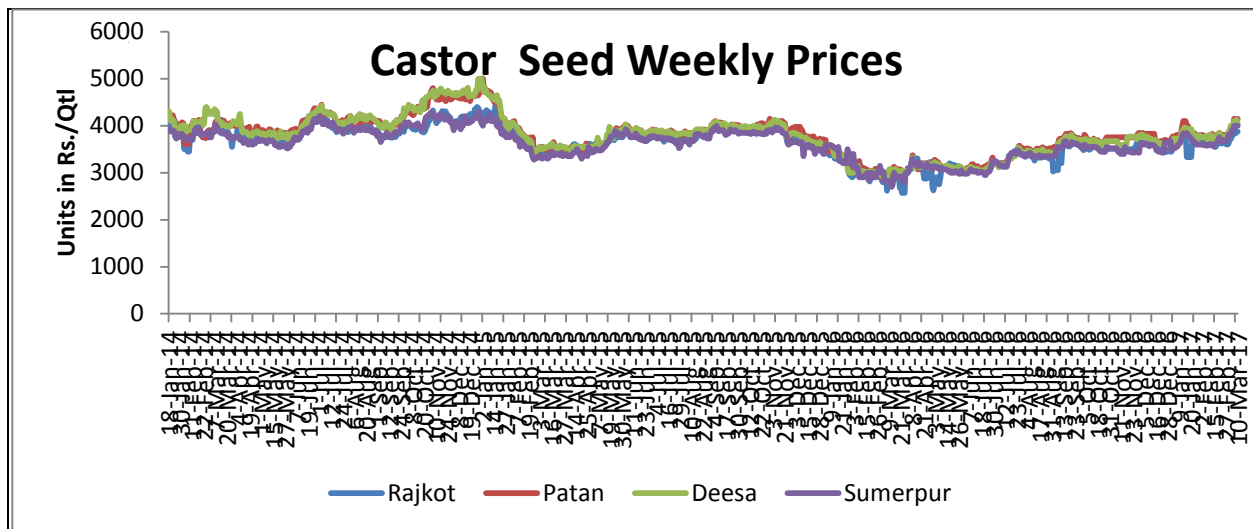
- **Higher tone were seen in the castor physical market on account of improved demand.** Crushers bought their daily needful castor seed further for crushing. Stockiest and millers are active in the market. Stockiest and millers are active to buy raw material. On the other hand, farmers are not interested to release their holding stocks at the current market prices. They are waiting for Rs. 4250/100 kg. Castor seed futures prices are trading in premium compared to spot market prices, which influenced traders to increase buying activities for the purpose of inventory. In the long run, prices may go up in the long term as lower production estimates of this season.
- **India exported castor meal higher at 30312 tonnes in February 2017 than 5263 tonnes in January 2017.** However, 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 February 2017) is registered higher at 414311 T against 367979 T in previous year during the same period of time. FOB quotes for meal stood down by 12.30% to \$57/T in February 2017 against \$65/T during the corresponding period of last year. South Korea bought 333576 tonne meal during April- February 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.
- **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 3920 to 3950 Rs. for stock purpose.

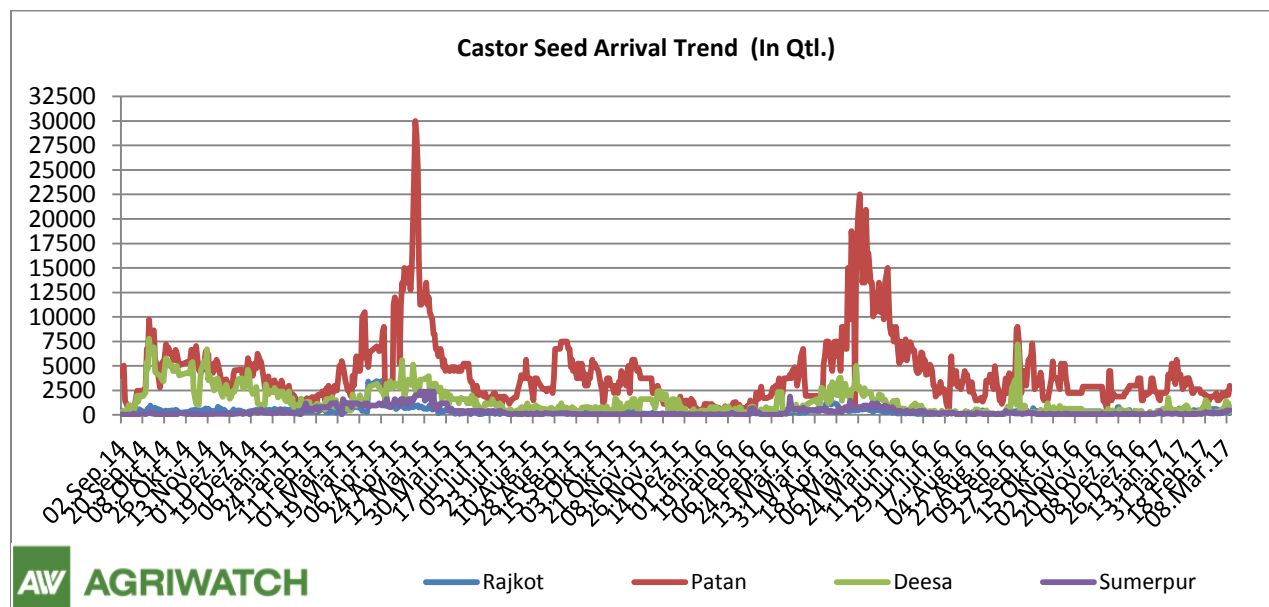
Castor Seed Price Trend Chart:-

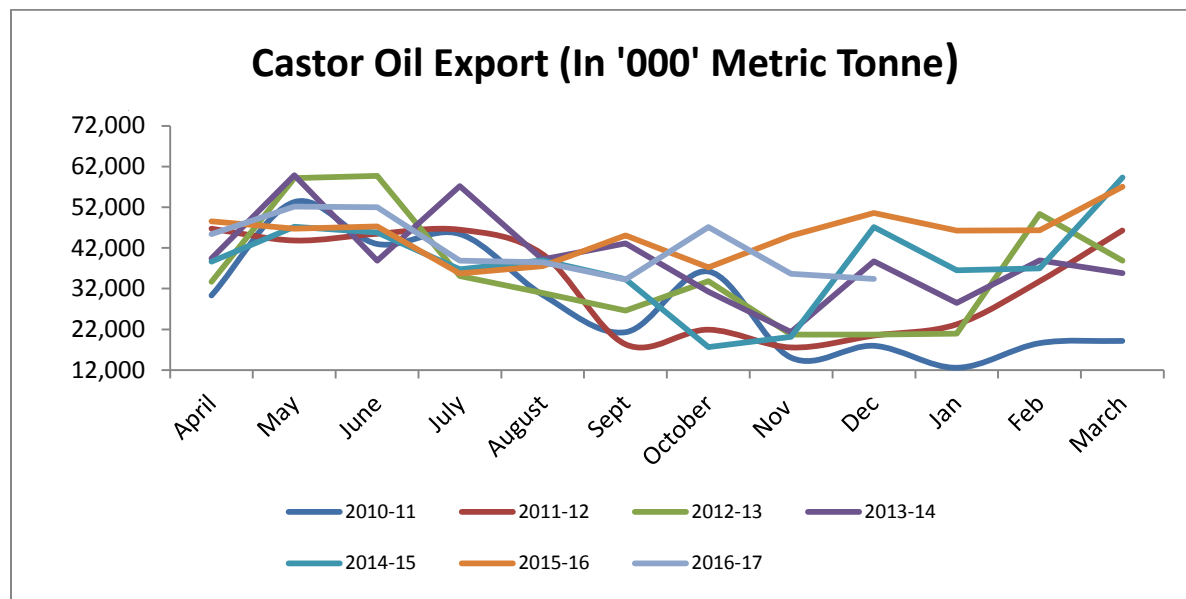
Higher trend are continued in the markets due to improved demand despite good pace of arrivals. Despite good yield of this season, production are likely to decrease which will help to increase price in long term. On Weekly front, prices are likely to go up on account of further improved demand.



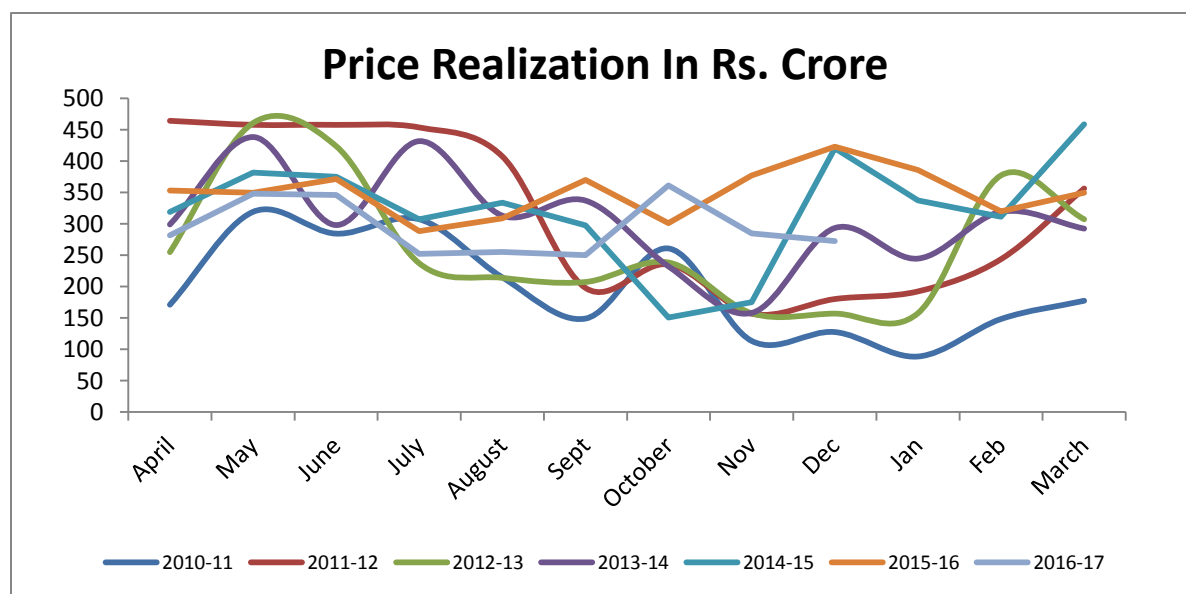
Source: Agriwatch

Castor Seed Arrival Chart: Arrivals improved in the cash market after new crop entries and improved castor prices. Some of the needy farmers have started to bring their stocks in the market on account of good prices. New crop starts hitting the market with full speed. Arrivals are likely to go up in the upcoming week as well.



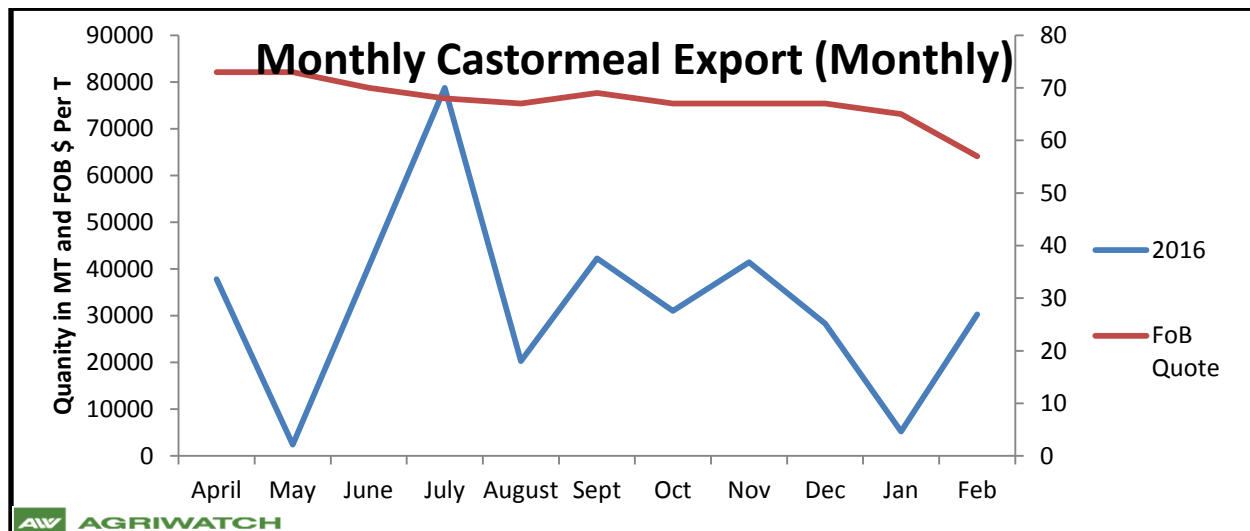
Castor Oil Export Trend:-


Source: Sea Of India



Source: Sea Of India

Castor Meal Export:- India exported castor meal higher at 30312 tonnes in February 2017 than 5263 tonnes in January 2017. However, 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 February 2017) is registered higher at 414311 T against 367979 T in previous year during the same period of time. FOB quotes for meal stood down by 12.30% to \$57/T in February 2017 against \$65/T during the corresponding period of last year. South Korea bought 333576 tonne meal during April- February 2017.



source: Sea of India

State wise Wholesale Prices Weekly Analysis for Castor Seed Second week March, 2017 (Price in Rs./Quintal)

State	Prices 09-15 Mar 2017	Prices 01-08 Mar 2017	Prices 24-28 Feb 2017	Prices 09-15 Mar 2016	% Change(Over Previous Week)	% Change(Over Previous to Previous Week)	% Change(Over Previous Year)
Andhra Pradesh	3556	3402.6	3296.95	3024.84	4.51	7.86	17.56
Gujarat	4024.02	3937.96	3726.58	3047.12	2.19	7.98	32.06
Karnataka	3400		2855	3057.14	—	19.09	11.22
Maharashtra	3500	2668.75		2937.5	31.15	—	19.15
Rajasthan	3650	3794.3	3612.39	2762.85	-3.8	1.04	32.11
Tamil Nadu			4719	3319	—	—	—
Telangana	3394.77	3522.17	3365.06	3139.56	-3.62	0.88	8.13

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)	3950-4200	3980-4250
Medium Term (30 days)	3940-4250	4100-4300

Comparative Prices Of Castor Products Including Seed

	03rd Mar'17	24th Feb'17	03rd Feb'17	03rd Mar'16	CHANGE %
Castorseed (Gujarat)((Rs./M.T) Ex-Mandi	39700	NQ	NQ	31029	21.84
Castor Meal Export (FAS) (US\$ / MT),Ex Kandla	60	NQ	63	74	-23.33
EXPORT (FOR) Ports (Rs./MT)Castor meal bulk Kandla	3850	NQ	4150	4856	-26.13
Castor Oil (First Grade) FOB Kandla (Export)\$/Tonne	1265	NQ	1210	946	25.22
Local rates for oil in domestic market(Rs./M.T.) for comm.	83500	NO	83500	64448	22.82

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 lower Volume and higher prices indicates short covering phase of the market.



Strategy: Buy on Lower Side

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Castor	NCDEX	Feb	3800	3935	4226	4390	4430
Pre Weekly Trade Call			Call	Entry	T1	T2	SL
Castor	NCDEX	Feb	Buy	4205	4290	4350	4150

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		04th Mar to 10th.March.17	25th Feb to 3rd.March.17	
Gujarat	Patan	4083	3846	238
	Harij	4087	3810	277
	Rajkot	3852	3646	206
	Gondal	3847	3676	171
	Deesa	4053	3838	215
	Bhabar	3823	3644	179
	Mehsana	4049	3808	241
	Kadi	4145	3863	282
	Sabarkatha	4059	3803	256
	Gandhi Nagar	4092	3848	244
	Ahmedabad (Sanand)	4062	3757	305
	Halvad	3763	3655	108
	Junagadh	3964	3706	258
	Dhrol	3688	3376	313
Rajasthan	Jodhpur	4023	3794	229
	Sumerpur	3971	3746	225

Week on Week Price: Scenario of Castor Seed :

Commodity	Market	Today	Week ago	Month ago	Year ago
Center		10-Mar-17	3-Mar-17	10-Feb-17	10-Mar-16
Gujarat	Patan	4150	3925	3775	3075
	Harij	4125	4000	3775	3025
	Rajkot	3875	3710	3620	2950
	Gondal	3830	3755	3705	3055
	Deesa	4040	4000	3805	3075
	Bhabar	4000	3550	3885	3050
	Mehsana	4050	3900	3755	2990
	Kadi	4250	3965	3725	2900
	Sabarkatha	4075	3900	3725	3025
	Gandhi Nagar	4100	3950	3750	3060
	Ahmedabad (Sanand)	4085	3800	3700	2925
	Halvad	4000	3655	3700	2800
	Junagadh	3975	3800	3575	2950
	Dhrol	3740	3435	3340	2750
Rajasthan	Jodhpur	4030	3920	3700	2825

	Sumerpur	4000	3825	3600	2920
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Castor Seed Cumulative Arrivals in Key Centers:

Center	Market	04th Mar to 10th.March.17	25th Feb to 3rd.March.17	Change
Gujarat	Patan	13800	10650	3150
	Harij	8475	6225	2250
	Rajkot	3125	2590	535
	Gondal	5902	2341	3561
	Deesa	5392	1889	3503
	Bhabar	NR	NR	-
	Mehsana	3750	2363	1388
	Kadi	27036	21040	5996
	Sabarkatha	2475	1463	1013
	Gandhi Nagar	7125	3488	3638
	Ahmedabad (Sanand)	198	272	-74
	Halvad	1080	915	165
	Junagadh	471	440	31
	Dhrol	55	61	-6
Rajasthan	Jodhpur	263	221	41
	Sumerpur	2408	1280	1128
Total Arrivals/Above Markets		81554	55237	26318

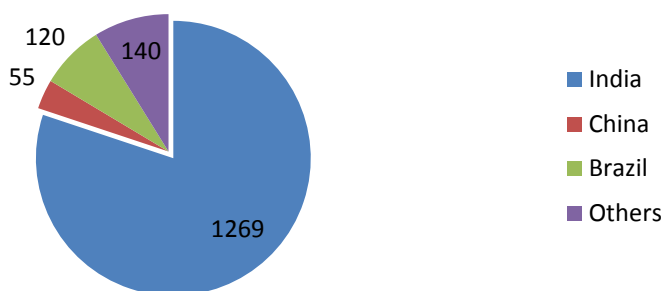
Outlook & Recommendation:

Castor seed market is likely to go up the second week of March 2017 as demand is going to remain up. Millers and crushers are likely to be active in the market. Arrival pressures and improved oil demand will support coffee prices hike further.

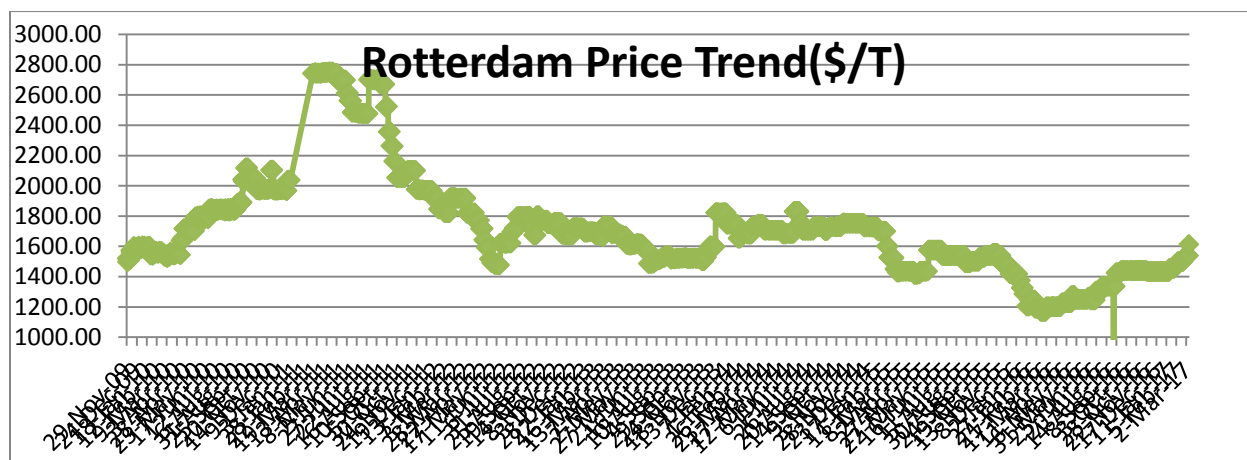
International market update:

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 second week of March 2017. It stood as \$1613.30 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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