

Castor Weekly Research Report

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Castor Domestic Market Fundamentals:-

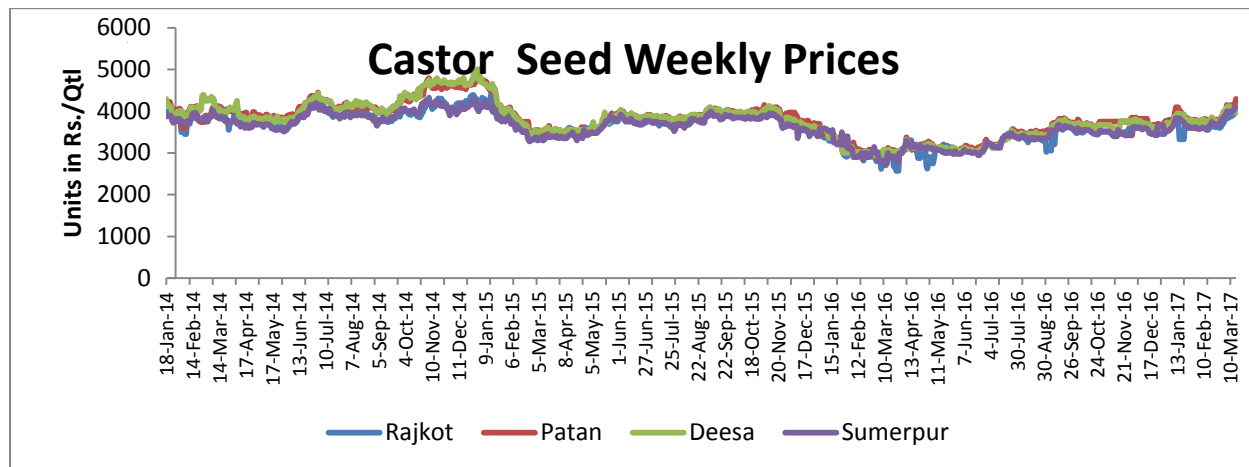
- **Firm tone witnessed in the castor physical market on higher demand despite higher supplies.** Stockiest and millers are active in the market further to buy raw materials. On the other hand, farmers are not interested to release their holding stocks at the current market prices. They are waiting for Rs. 4300/100 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. 4000 to 4200 Rs. for stock purpose.

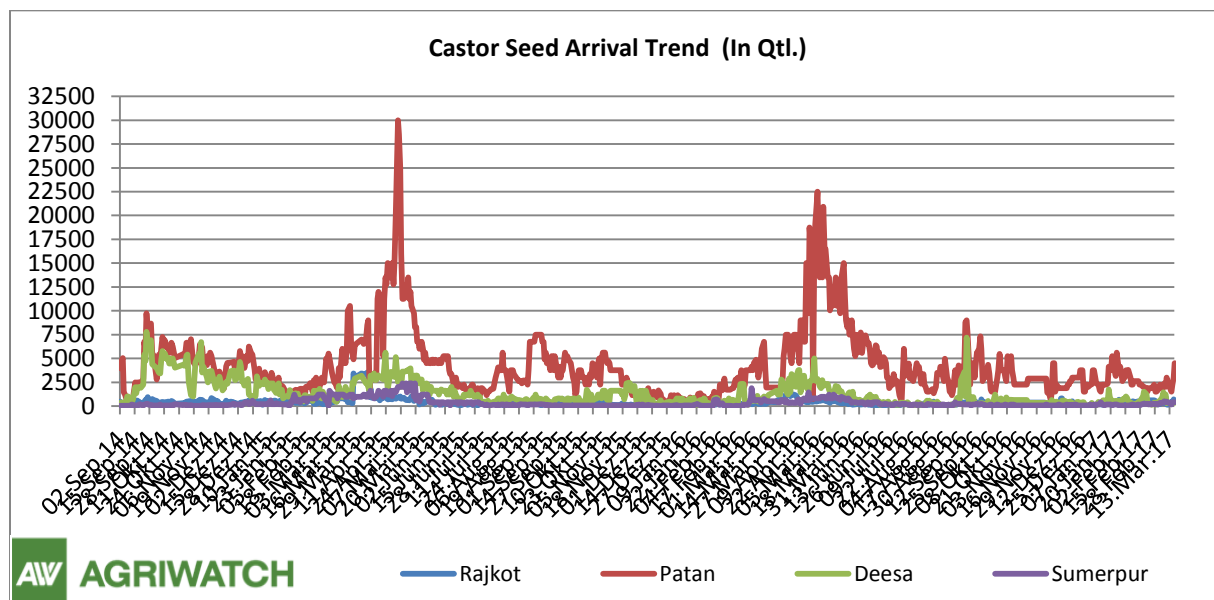
Castor Seed Price Trend Chart:-

Firm trend are were seen 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 un supported by good demand.

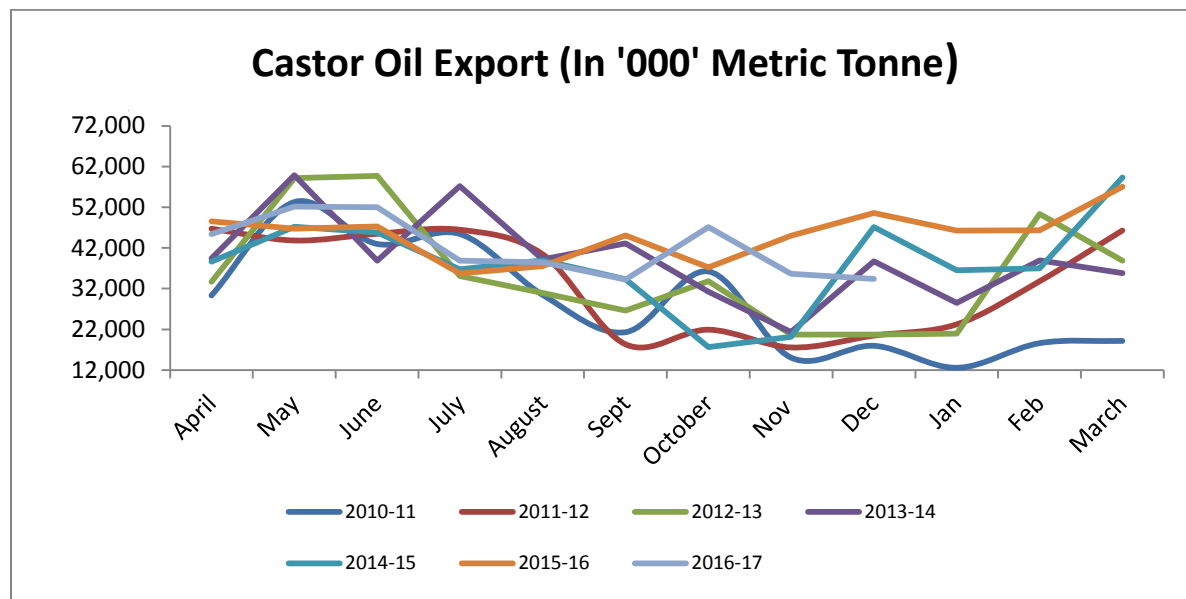


Source: Agriwatch

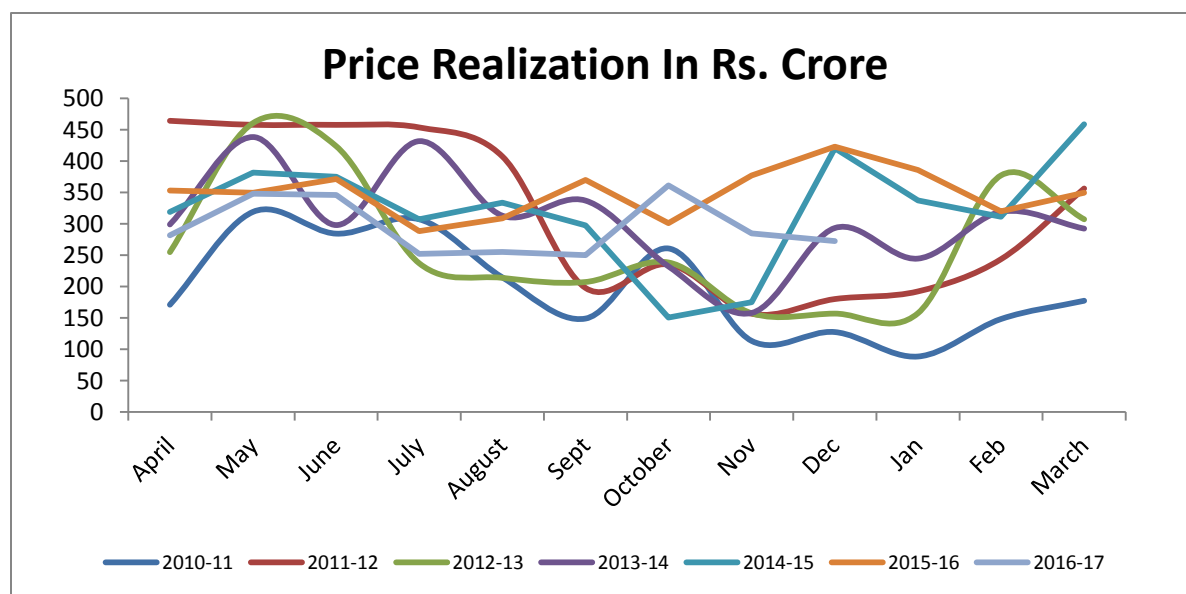
Castor Seed Arrival Chart: Arrivals also improved in the cash market after new crop entries and improved castor prices. Some of the needy farmers have started to bring their stocks in the market on account of good prices. Crushers and millers are very active in the market. Arrivals are likely to go up in the upcoming week as well.



Source: Agriwatch

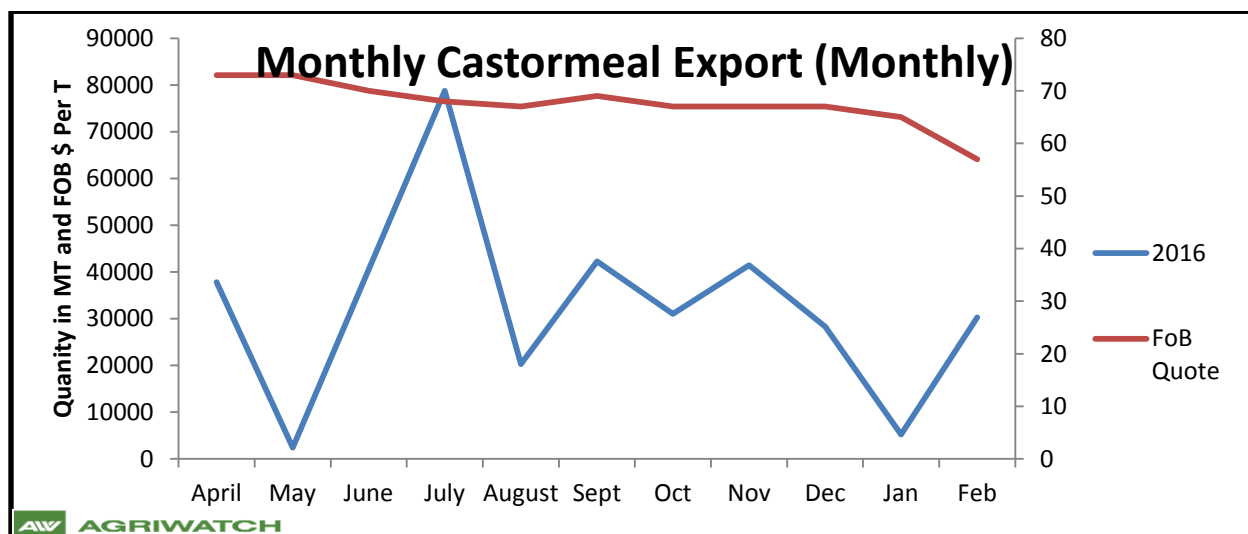
Castor Oil Export Trend:-


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 Third week March, 2017

State	Prices 16-23 Mar 2017	Prices 09-15 Mar 2017	Prices 01-08 Mar 2017	Prices 16-23 Mar 2016	% Change(Over Previous Week)	% Change(Over Previous Week)	% Change(Over Previous Year)
Andhra Pradesh	3711.44	3566.67	3406.67	3118.58	4.06	8.95	19.01
Gujarat	4244.1	4019.88	3940.53	2973.48	5.58	7.7	42.73
Karnataka	3440	3400	2000	3077	1.18	72	11.8
Maharashtra		2735	2668.75	2777.78	—	—	—
Rajasthan	4063.44	3991.92	3781.99	2781.19	1.79	7.44	46.1
Tamil Nadu		3810		3212	—	—	—
Telangana	3754.23	3496	3522.17	3176.98	7.39	6.59	18.17
Average	3842.64	3574.21	3220.02	3016.72			

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)	3920-4000	3980-4170
Medium Term (30 days)	3940-4250	4100-4300

Comparative Prices Of Castor Products Including Seed

	10th Mar'17	03rd Mar'17	10th Feb'17	10th Mar'16	CHANGE %
Castorseed (Gujarat)((Rs./M.T) Ex-Mandi	41600	39700	38500	31029	25.41
Castor Meal Export (FAS) (US\$ / MT),Ex Kandla	60	60	63	74	-23.33
EXPORT (FOR) Ports (Rs./MT)Castor meal bulk Kandla	3850	3850	4150	4856	-26.13
Castor Oil (First Grade) FOB Kandla (Export)\$/Tonne	1315	1265	1210	946	28.06
Local rates for oil in domestic market(Rs./M.T.) for comm.	88000	83500	82500	64448	26.76

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	4110	4220	4411	4590	4640
Pre Weekly Trade Call			Call	Entry	T1	T2	SL
Castor	NCDEX	Feb	Buy	4400	4490	4530	4380

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

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Castor Seed Weekly Prices at Key Spot Markets:

Commodity	Market	Price (Rs/ Quintal)		Change
Center		11st Mar to 17th.March.17	04th Mar to 10th.March.17	
Gujarat	Patan	4160	4083	77
	Harij	4160	4087	73
	Rajkot	3945	3852	93
	Gondal	3915	3847	68
	Deesa	3975	4053	-78
	Bhabar	4002	3823	179
	Mehsana	4104	4049	55
	Kadi	4172	4145	27
	Sabarkatha	4131	4059	72
	Gandhi Nagar	4155	4092	63
	Ahmedabad (Sanand)	4152	4062	90
	Halvad	3989	3763	226
	Junagadh	4008	3964	44
	Dhrol	3731	3688	43
Rajasthan	Jodhpur	4086	4023	63
	Sumerpur	4039	3971	68

Week on Week Price: Scenario of Castor Seed :

Commodity	Market	Today	Week ago	Month ago	Year ago
Center		17-Mar-17	10-Mar-17	17-Feb-17	17-Mar-16
Gujarat	Patan	4300	4150	3800	3050
	Harij	4330	4125	3730	3025
	Rajkot	4025	3875	3600	3015
	Gondal	4030	3830	3605	3030
	Deesa	Closed	4040	3790	3030
	Bhabar	4015	4000	3705	3040
	Mehsana	4210	4050	3760	3025
	Kadi	4300	4250	3825	3000
	Sabarkatha	4225	4075	3750	3050
	Gandhi Nagar	4325	4100	3775	3075

	Ahmedabad (Sanand)	4150	4085	3660	2985
	Halvad	4000	4000	3625	3000
	Junagadh	4050	3975	3630	3120
	Dhrol	3765	3740	3445	2915
Rajasthan	Jodhpur	4170	4030	3740	2900
	Sumerpur	4100	4000	3650	2900

Castor Seed Cumulative Arrivals in Key Centers:

Center	Market	11st Mar to 17th.March.17	04th Mar to 10th.March.17	Change
Gujarat	Patan	13747	13800	-53
	Harij	6225	8475	-2250
	Rajkot	2100	3125	-1025
	Gondal	2774	5902	-3128
	Deesa	340	5392	-5052
	Bhabar	NA	NA	-
	Mehsana	3075	3750	-675
	Kadi	18160	27036	-8876
	Sabarkatha	1200	2475	-1275
	Gandhi Nagar	5250	7125	-1875
	Ahmedabad (Sanand)	172	198	-26
	Halvad	1125	1080	45
	Junagadh	165	471	-306
	Dhrol	75	55	20
Rajasthan	Jodhpur	199	263	-64
	Sumerpur	1760	2408	-648
Total Arrivals/Above Markets		56367	81554	-25188

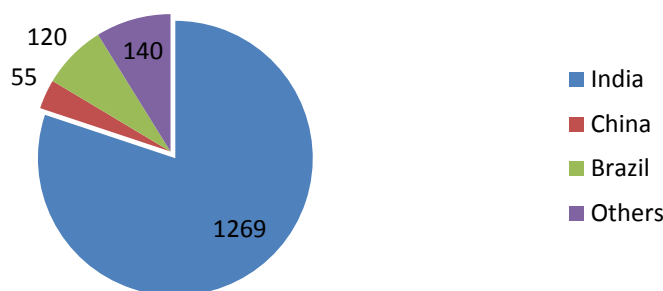
Outlook & Recommendation:

Castor seed market is likely to continue up in the third 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.

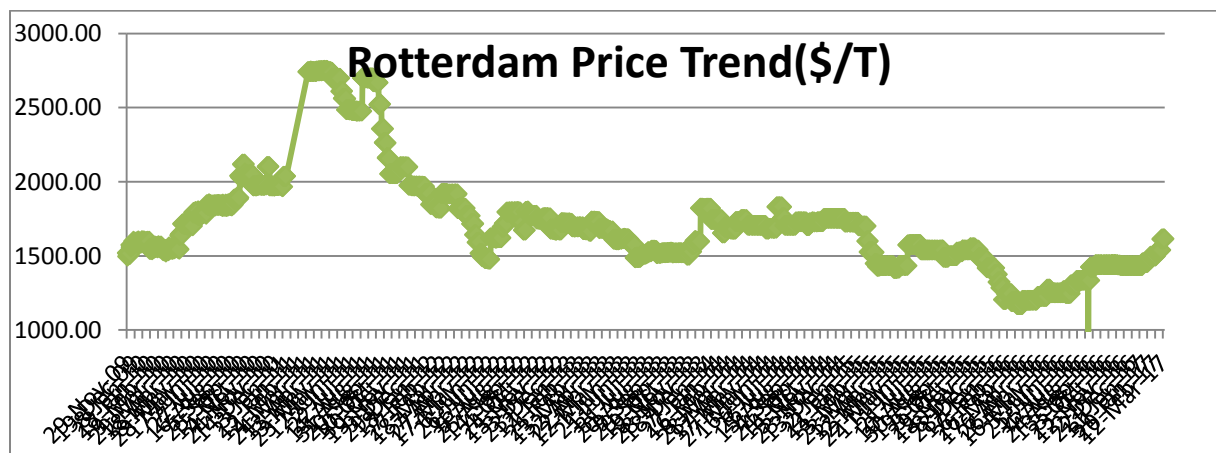
International market update:

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 shows slightly higher trend in this week against 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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