

Castor Weekly Research Report

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Castor Domestic Market Fundamentals:-

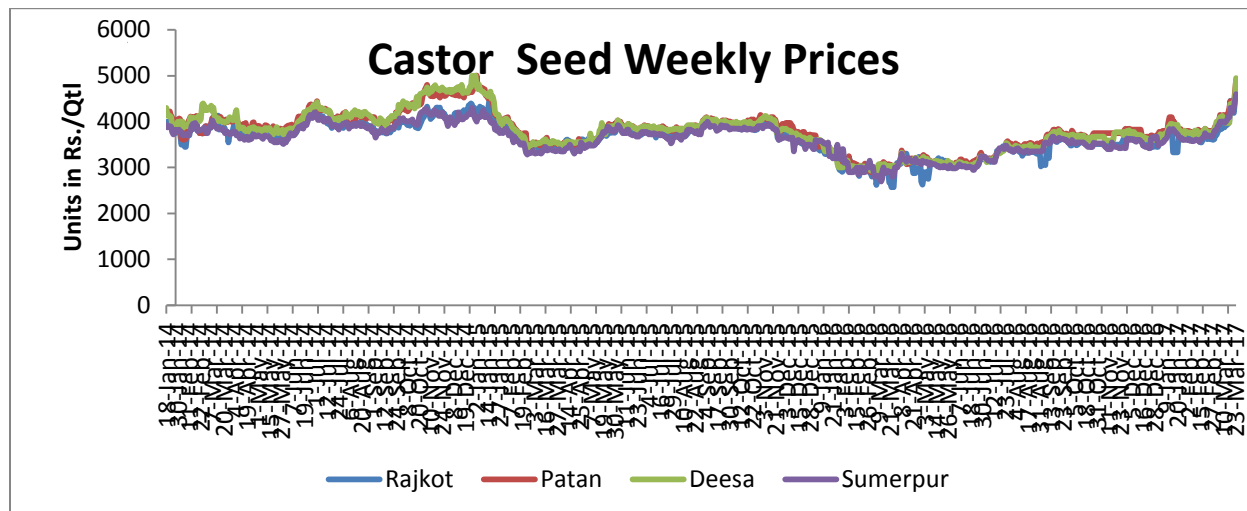
- **Castor seed prices are continue on higher side on account of good demand in all the castor physical markets.** Buyers are aggressive in the market. Sellers were very active to book profit at the current market prices. Stockiest and millers are active in the market further to buy raw materials. Castor 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 go up in the short to medium term. Agriwatch expects remain uptrend in upcoming weeks after good demand.

Stake holders in cash market may opt for buying seed around Rs. 4450 to 4800 Rs. for stock purpose.

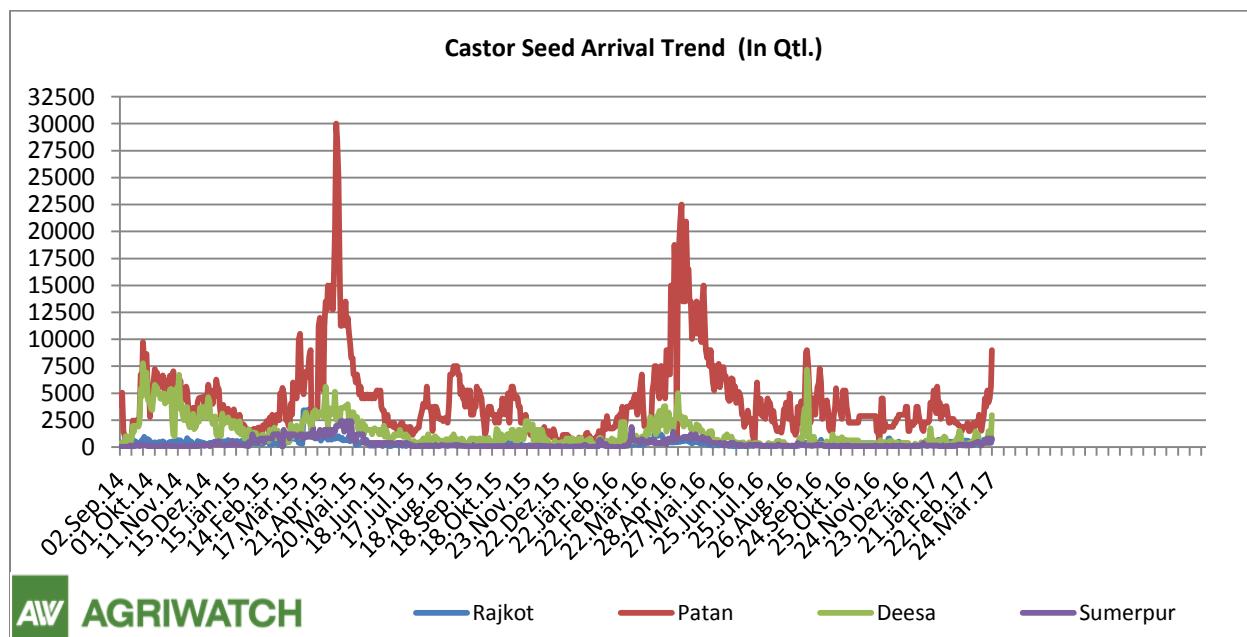
Castor Seed Price Trend Chart:-

Prices quoted in higher zone in all the physical markets due to strong 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 supported by good demand.

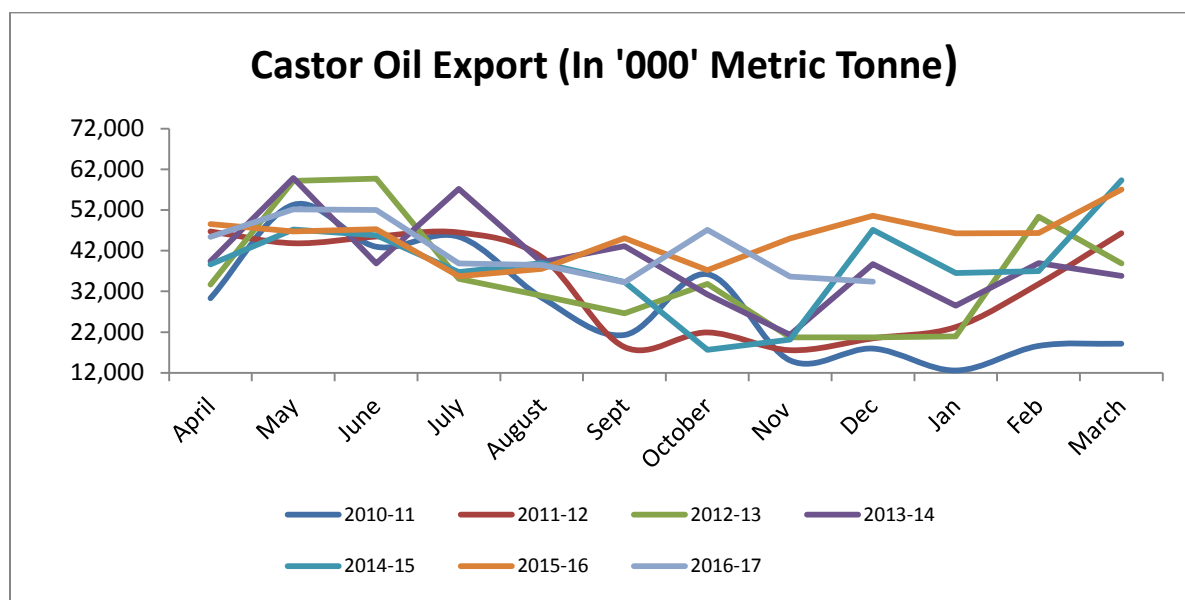


Source: Agriwatch

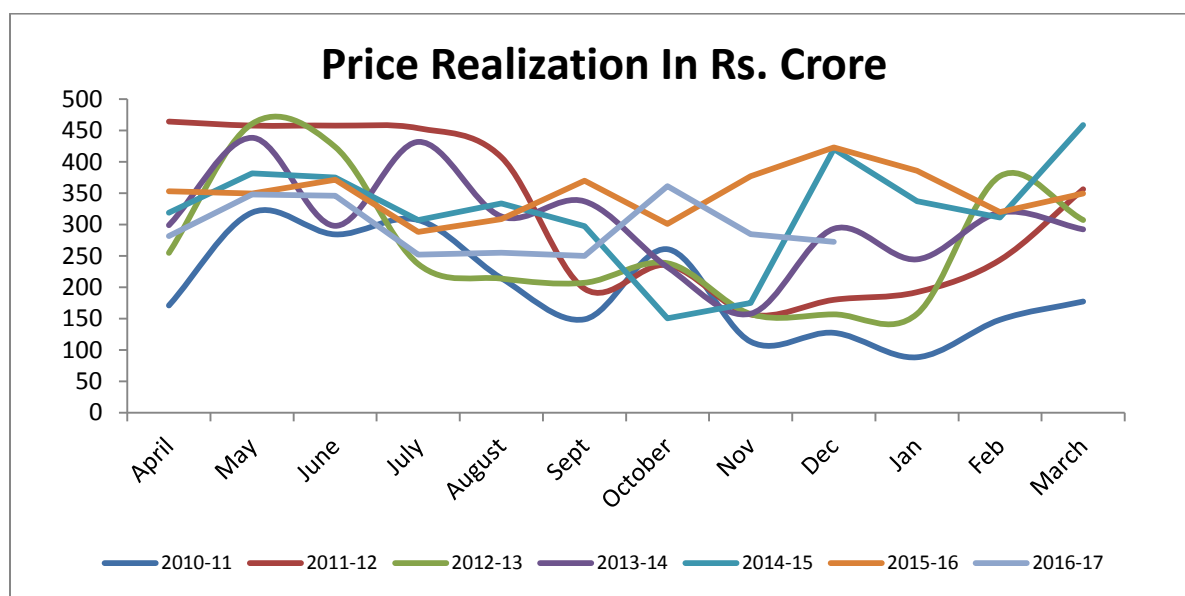
Castor Seed Arrival Chart: Arrivals is also registered on higher side due to good prevailing price to book profit. Attractive castor seed prices influenced sellers to bring their stocks in the market for better returns. Crushers and millers are very active in the market. Arrivals are likely to go up in the upcoming week as well.



Castor Oil Export Trend:-

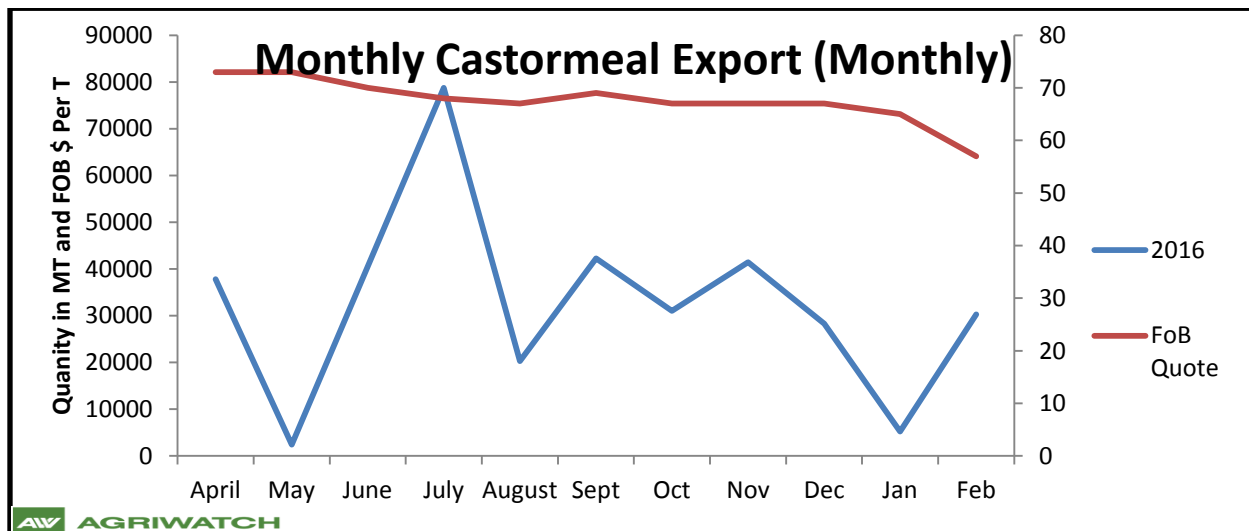


Source: Sea Of India



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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 Fourth week March, 2017

| State | Prices 24-31 Mar 2017 | Prices 16-23 Mar 2017 | Prices 09-15 Mar 2017 | Prices 24-31 Mar 2016 | % Change(Over Previous Week) | % Change(Over Previous to Previous Week) | % Change(Over Previous Year) |
|----------------|-----------------------|-----------------------|-----------------------|-----------------------|------------------------------|------------------------------------------|------------------------------|
| Andhra Pradesh | 4060.37 | 3840.66 | 3566.67 | 3141.01 | 5.72 | 13.84 | 29.27 |
| Gujarat | 4812.26 | 4367.09 | 4024.3 | 2948.32 | 10.19 | 19.58 | 63.22 |
| Karnataka | | 3462.5 | 3400 | 3069.67 | — | — | — |
| Maharashtra | | 3117.69 | 3050 | 2875 | — | — | — |
| Rajasthan | 4271.51 | 4200.11 | 3991.92 | 2862.33 | 1.7 | 7 | 49.23 |
| Tamil Nadu | | 2678.29 | 3810 | 2902 | — | — | — |
| Telangana | 4083.89 | 4040.43 | 3496 | 3154.81 | 1.08 | 16.82 | 29.45 |
| Average | 4307.01 | 3672.4 | 3619.84 | 2993.31 | | | |

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) | 4400-4800 | 4650-4990 |
| Medium Term (30 days) | 4450-4950 | 4700-5100 |

Comparative Prices Of Castor Products Including Seed

| | 17th Mar'17 | 10th Mar'17 | 17th Feb'17 | 17th Mar'16 | CHANGE % |
|------------------------------------------------------------|-------------|-------------|-------------|-------------|----------|
| Castorseed (Gujarat)((Rs./M.T) Ex-Mandi | 43150 | 41600 | 38600 | 31029 | 28.09 |
| Castor Meal Export (FAS) (US\$ / MT),Ex Kandla | 62 | 60 | 63 | 74 | -19.35 |
| EXPORT (FOR) Ports (Rs./MT)Castor meal bulk Kandla | 4000 | 3850 | 4150 | 4856 | -21.40 |
| Castor Oil (First Grade) FOB Kandla (Export)\$ /Tonne | 1400 | 1315 | 1382 | 946 | 32.43 |
| Local rates for oil in domestic market(Rs./M.T.) for comm. | 95000 | 88000 | 82500 | 64448 | 32.16 |

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 higher Volume and prices indicates long build up phase of the market.


Strategy: Buy

| Intraday Supports & Resistances | | | S2 | S1 | PCP | R1 | R2 |
|---------------------------------|-------|-----|------|-------|------|------|------|
| Castor | NCDEX | Apr | 4750 | 4850 | 5035 | 5350 | 5500 |
| Pre Weekly Trade Call | | | Call | Entry | T1 | T2 | SL |
| Castor | NCDEX | Apr | Buy | 5010 | 5090 | 5200 | 4910 |

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 | | 18th Mar to 24th March 17 | 11th Mar to 17th March 17 | |
| Gujarat | Patan | 4508 | 4160 | 348 |
| | Harij | 4617 | 4160 | 457 |
| | Rajkot | 4377 | 3945 | 432 |
| | Gondal | 4295 | 3915 | 380 |
| | Deesa | 4560 | 3975 | 585 |
| | Bhabar | 4353 | 4002 | 351 |
| | Mehsana | 4540 | 4104 | 436 |
| | Kadi | 4598 | 4172 | 426 |
| | Sabarkatha | 4510 | 4131 | 379 |
| | Gandhi Nagar | 4550 | 4155 | 395 |
| | Ahmedabad (Sanand) | 4451 | 4152 | 299 |
| | Halvad | 4322 | 3989 | 333 |
| | Junagadh | 4361 | 4008 | 353 |
| | Dhrol | 4093 | 3731 | 362 |
| Rajasthan | Jodhpur | 4530 | 4086 | 444 |
| | Sumerpur | 4350 | 4039 | 311 |

Week on Week Price: Scenario of Castor Seed :

| Commodity | Market | Today | Week ago | Month ago | Year ago |
|-----------|--------------------|-----------|-----------|-----------|-----------|
| Center | | 24-Mar-17 | 17-Mar-17 | 24-Feb-17 | 23-Mar-16 |
| Gujarat | Patan | 4900 | 4300 | 3800 | 3035 |
| | Harij | 5050 | 4330 | 3725 | 3025 |
| | Rajkot | 4760 | 4025 | 3635 | 2925 |
| | Gondal | 4755 | 4030 | 3580 | 3055 |
| | Deesa | 4950 | Closed | 3770 | 3045 |
| | Bhabar | 4800 | 4015 | 3720 | 3025 |
| | Mehsana | 4900 | 4210 | 3725 | 3030 |
| | Kadi | 5000 | 4300 | 3850 | 3000 |
| | Sabarkatha | 4900 | 4225 | 3750 | 3025 |
| | Gandhi Nagar | 4850 | 4325 | 3775 | 3050 |
| | Ahmedabad (Sanand) | 4650 | 4150 | 3735 | 2920 |
| | Halvad | 4610 | 4000 | 3675 | 3000 |
| | Junagadh | 4750 | 4050 | 3675 | 3055 |
| | Dhrol | 4455 | 3765 | 3470 | 2870 |
| Rajasthan | Jodhpur | 4770 | 4170 | 3710 | 2800 |
| | Sumerpur | 4600 | 4100 | 3675 | 3025 |

| Castor Seed Cumulative Arrivals in Key Centers: | | | | |
|-------------------------------------------------|--------------------|------------------------------|---------------------------------|--------|
| Center | Market | 18th Mar to 24th March 17 | 11th Mar to 17th March 17 | Change |
| Gujarat | Patan | 32250 | 13747 | 18503 |
| | Harij | 12150 | 6225 | 5925 |
| | Rajkot | 3975 | 2100 | 1875 |
| | Gondal | 8517 | 2774 | 5743 |
| | Deesa | 6894 | 340 | 6554 |
| | Bhabar | NR | NR | - |
| | Mehsana | 7200 | 3075 | 4125 |
| | Kadi | 43512 | 18160 | 25352 |
| | Sabarkatha | 3375 | 1200 | 2175 |
| | Gandhi Nagar | 7200 | 5250 | 1950 |
| | Ahmedabad (Sanand) | 321 | 172 | 149 |
| | Halvad | 1275 | 1125 | 150 |
| | Junagadh | 535 | 165 | 370 |
| | Dhrol | 128 | 75 | 53 |
| Rajasthan | Jodhpur | 293 | 199 | 94 |
| | Sumerpur | 3760 | 1760 | 2000 |
| Total Arrivals/Above Markets | | 131385 | 56367 | 75018 |

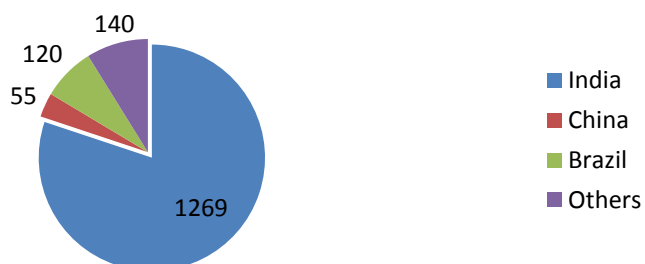
Outlook & Recommendation:

Castor seed market is likely to continue up in the fourth 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 castor prices hike further.

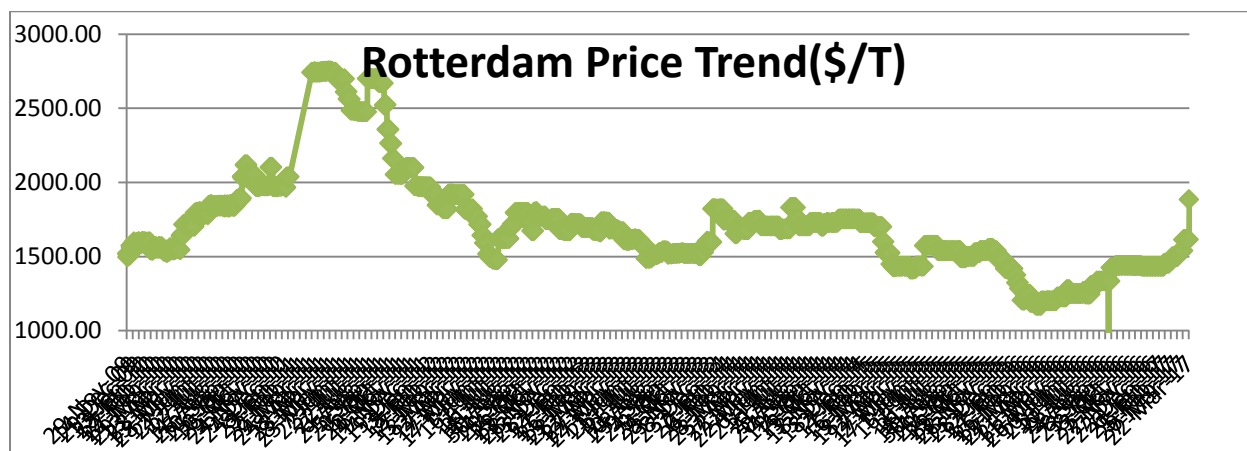
International market update:

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 increased in this week against previous week record to the fourth week of March 2017. It stood as \$1883.80 per tonne against 1613.70. It is likely to trade upside in upcoming days.



Source: Agriwatch

Outlook:

Demand from global market is likely to go up in the short term as major buyers like China, EU and USA may start to buy Castor oil. However, they are in a position to bargain now. Relatively, 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 higher zone due to improved demand amid higher arrivals pace.

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