

Castor Weekly Research Report

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Castor Domestic Market Fundamentals:-

- Castor cash markets traded weak this week due to arrival pressure from newly harvested crop. Pressure is likely to continue by mid-May and after that uptrend in market might continue as crop size is lower and carry stock from old crop is dwindling fast. Buyers remain active at every dip. Overall sentiments remain firm.
- In third week, all India arrival of castor seed is 173291 quintals which is 55120 quintals higher than last week arrival of 118171 quintals.
- Castor oil export of India decreased by 26.92 percent to 41682 MT during March-2016/17 season against 57035 MT in 2015/16 season in the same period of time. 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.338.63 crore per tonne in March-2017, down by 4.33% from previous month record.
- 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.
- 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 medium to long term. Agriwatch expects prices remain weak due to new crop arrival pressure.

Stake holders in cash market may opt for buying seed around Rs. 4350-4550 Rs. for stock purpose.

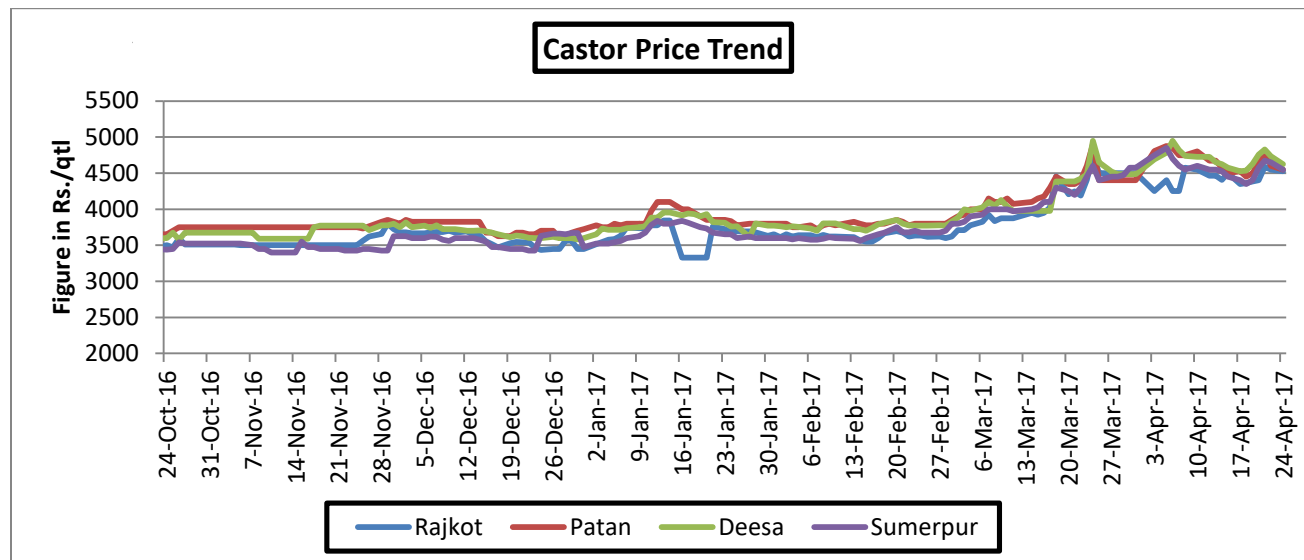
International Market Update:

- FOB quotes In Kandla has decreased considerably from \$1610 to \$1575 per tonne in last one week.
- Demand from China, EU, US and Japan is expected to remain weak till January. Major players would buy only need based buying until arrival gets its peak.
- Total export of oil this year may decreased to 4 lakh tonne from January to December)
- Overall market sentiment remains steady to slightly firm in Dec.

International market Outlook: Import demand for castor oil continues from China, E.U and U.S. Even, Malaysia remains active for castor oil. Castor oil price in Reuter shows firm trend.

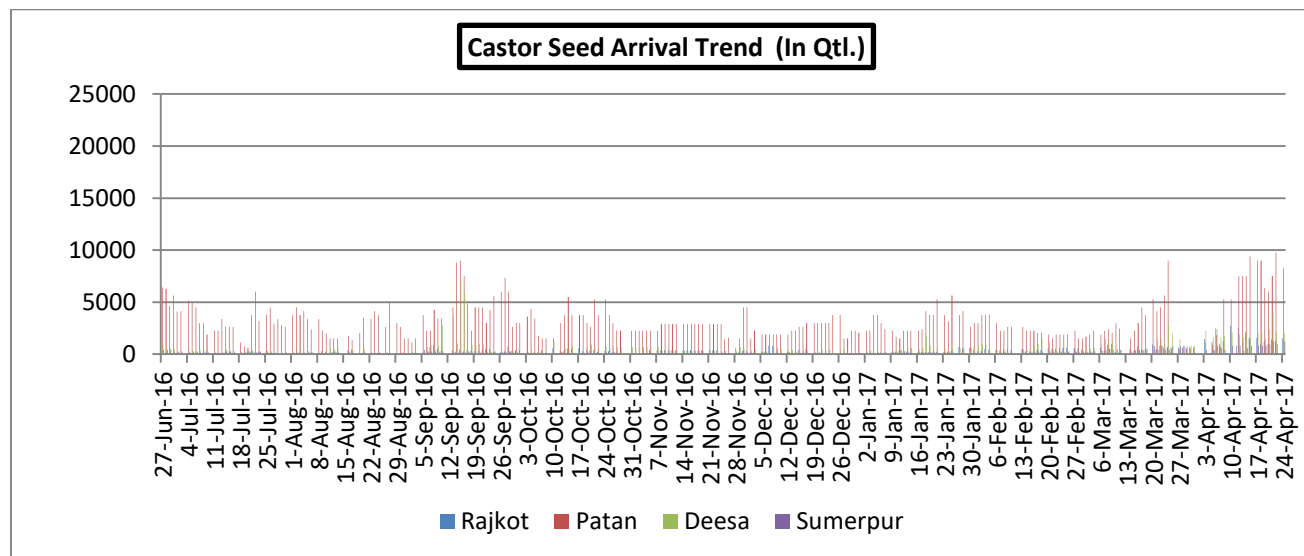
Castor Seed Price Trend Chart:-

Ups and downs trend were seen during this week ahead lower arrivals and good demand. Despite good yield of this season, production is likely to decrease which will help to increase price in long term. On Weekly front, prices are likely to remain weak due to arrival pressure.



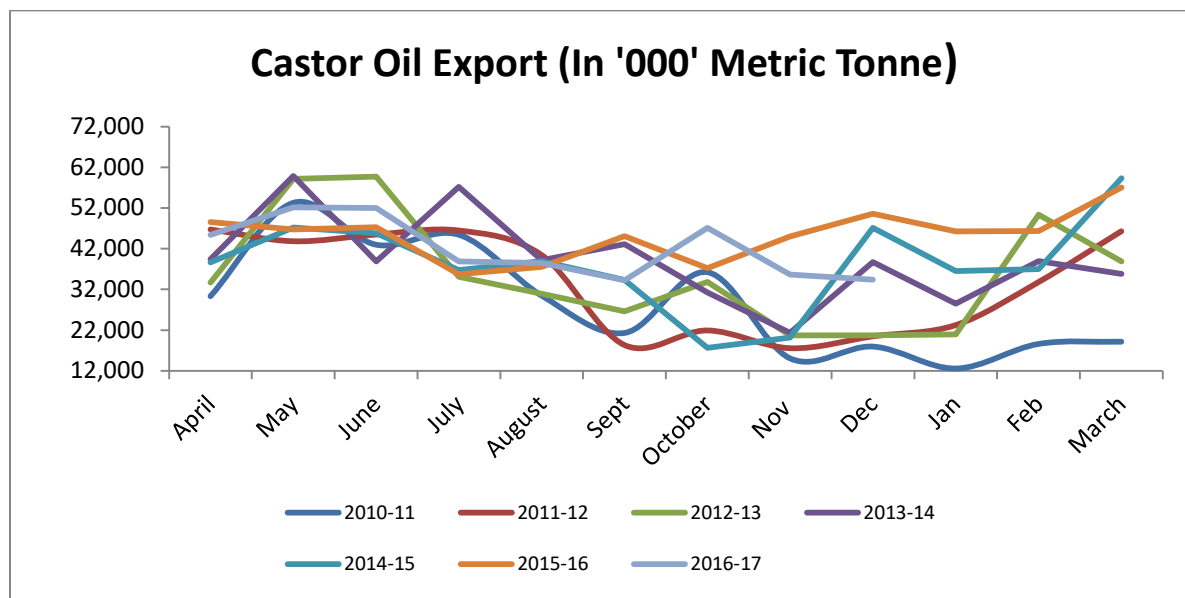
Source: Agriwatch

Castor Seed Arrival Chart: Arrivals are registered lower side as sellers are waiting further good prices in the market. Crushers and millers are very active in the market. Arrivals are likely to go up in the upcoming week after good prices.

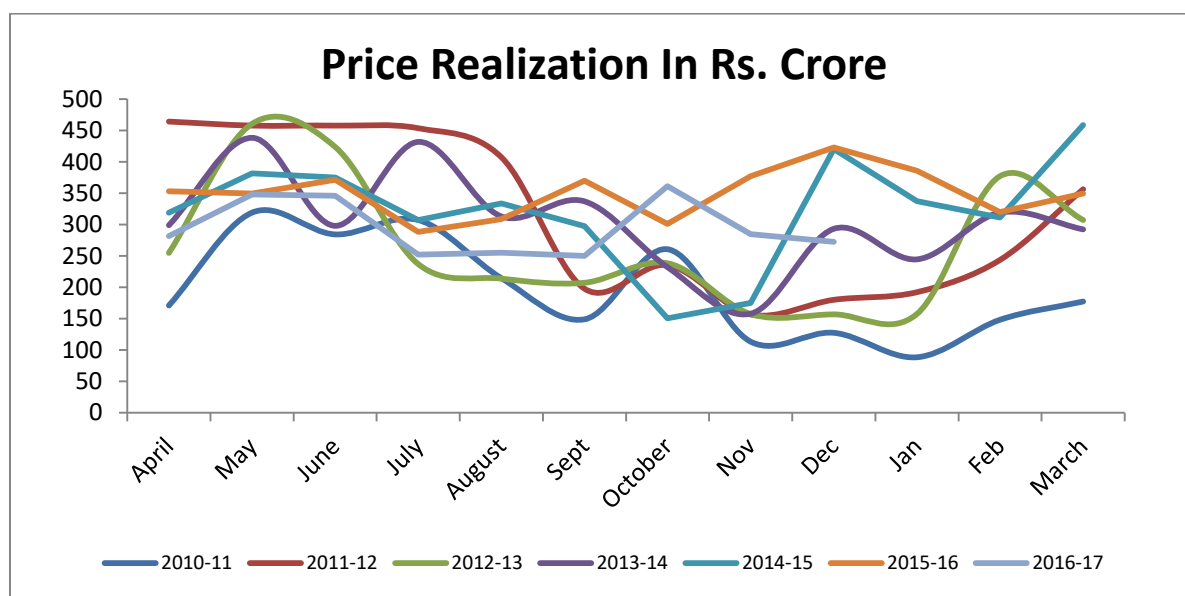


Source: Agriwatch

Castor Oil Export Trend:-

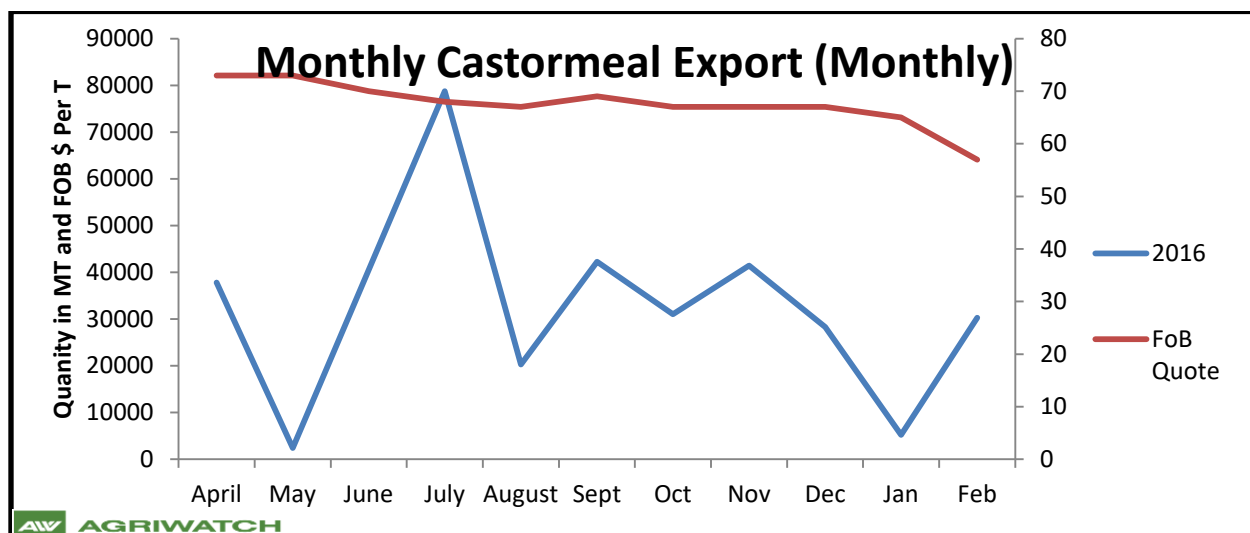


Source: Sea Of India



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 03rd week April, 2017

State	Prices 16-23 Apr 2017	Prices 09-15 Apr 2017	Prices 01-08 Apr 2017	Prices 16-23 Apr 2016	% Change(Over Previous Week)	% Change(Over Previous to Previous Week)	% Change(Over Previous Year)
Andhra Pradesh	3923.08	4012.83	4083.26	5673.33	-2.24	-3.92	-30.85
Gujarat	4562.92	4584.83	4722.79	3070.94	-0.48	-3.39	48.58
Karnataka	3500	4000	3584.8		-12.5	-2.37	—
Maharashtra	3666.18	3667.24	3601.88	3087.5	-0.03	1.79	18.74
Rajasthan	4333.34	4475.24	4640.95	3029.16	-3.17	-6.63	43.05
Tamil Nadu	3756.36	4171.4	4014.63	3659.63	-9.95	-6.43	2.64
Telangana	3984.27	4130.2	4091.63	3238.05	-3.53	-2.62	23.05
Average	3960.88	4148.82	3867.49	3558.37			

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)	4500-4650	4600-4750
Medium Term (30 days)	5000-5300	5200-5500

Comparative Prices Of Castor Products Including Seed

	13th Apri'17	7th Mar'17	14th Mar'17	13th April'16	CHANGE %
Castorseed (Gujarat)((Rs./M.T) Ex-Mandi	47750	48300	41800	31981	33.02
Castor Meal Export (FAS) (US\$ / MT),Ex Kandla	63.00	63.00	60.00	73.00	-15.87
EXPORT (FOR) Ports (Rs./MT)Castor meal bulk Kandla	4050	4100	3850	4817	-18.94
Castor Oil (First Grade) FOB Kandla (Export)\$ /Tonne	1575	1610	1345	990	37.14
Local rates for oil in domestic market(Rs./M.T.) for comm.	104000	104000	88000	67528	35.07

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.
- Increase in prices with higher volume and OI indicates long build up.


Strategy: Buy

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Castor	NCDEX	May	4413	4602	4791	4939	5087
Pre Weekly Trade Call			Call	Entry	T1	T2	SL
Castor	NCDEX	May	Buy	4668	4768	4818	4618

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 marketing year 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		15th to 21st April 17	8th to 14th April 17	
Gujarat	Patan	4571	4695	-124
	Harij	4615	4680	-65
	Rajkot	4431	4499	-68
	Gondal	4434	4583	-149
	Deesa	4642	4693	-51
	Bhabar	NA	NA	-
	Mehsana	4567	4669	-102
	Kadi	4664	4773	-109
	Sabarkatha	4592	4725	-133
	Gandhi Nagar	4625	4750	-125
	Ahmedabad (Sanand)	4414	4690	-276
	Halvad	4533	4797	-264
	Junagadh	4304	4563	-259
	Dhrol	4139	4298	-158
Rajasthan	Jodhpur	4612	4652	-40
	Sumerpur	4475	4563	-88

Week on Week Price: Scenario of Castor Seed :

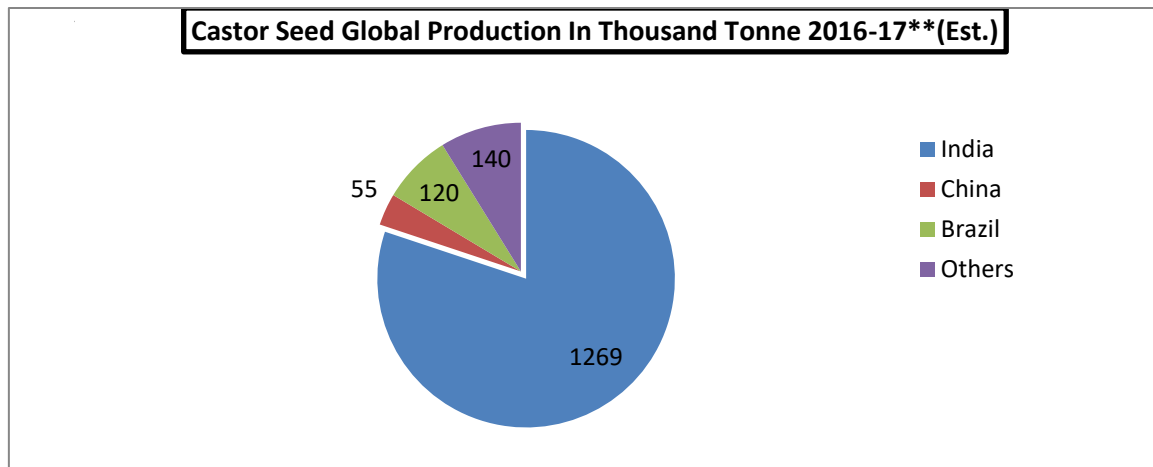
Commodity	Market	Today	Week ago	Month ago	Year ago
Center		21-Apr-17	14-Apr-17	21-Mar-17	21-Apr-16
Gujarat	Patan	4800	4575	4350	3175
	Harij	4840	4675	4400	3110
	Rajkot	4590	4405	4245	2875
	Gondal	4480	4525	4205	3120
	Deesa	4830	4625	4385	3165
	Bhabar	NA	NA	4290	3090
	Mehsana	4750	4650	4400	3125
	Kadi	4870	4720	4410	3150
	Sabarkatha	4825	4675	4460	3100
	Gandhi Nagar	4800	4725	4400	3150
	Ahmedabad (Sanand)	NR	4575	4415	3040
	Halvad	4700	4805	4235	3095
	Junagadh	4555	4450	4225	3150
	Dhrol	4180	4185	3985	3050
Rajasthan	Jodhpur	4640	4620	4320	3100
	Sumerpur	4675	4525	4200	3125

Castor Seed Cumulative Arrivals in Key Centers:

Center	Market	15th to 21st April 17	8th to 14th April 17	Change
Gujarat	Patan	47250	33000	14250
	Harij	14573	9000	5573
	Rajkot	7650	8550	-900
	Gondal	9936	13109	-3173
	Deesa	13683	9677	4006
	Bhabar	NA	NA	-
	Mehsana	9750	5250	4500
	Kadi	50948	19960	30988
	Sabarkatha	3825	4200	-375
	Gandhi Nagar	7125	6375	750
	Ahmedabad (Sanand)	193	358	-165
	Halvad	1763	1294	469
	Junagadh	745	3035	-2290
	Dhrol	215	249	-34
Rajasthan	Jodhpur	276	435	-159
	Sumerpur	5360	3680	1680

Total Arrivals/Above Markets
173291
118171
55120
Outlook & Recommendation:

Castor seed market is likely to continue up in the first week of April 2017 as demand is going to remain up. Millers

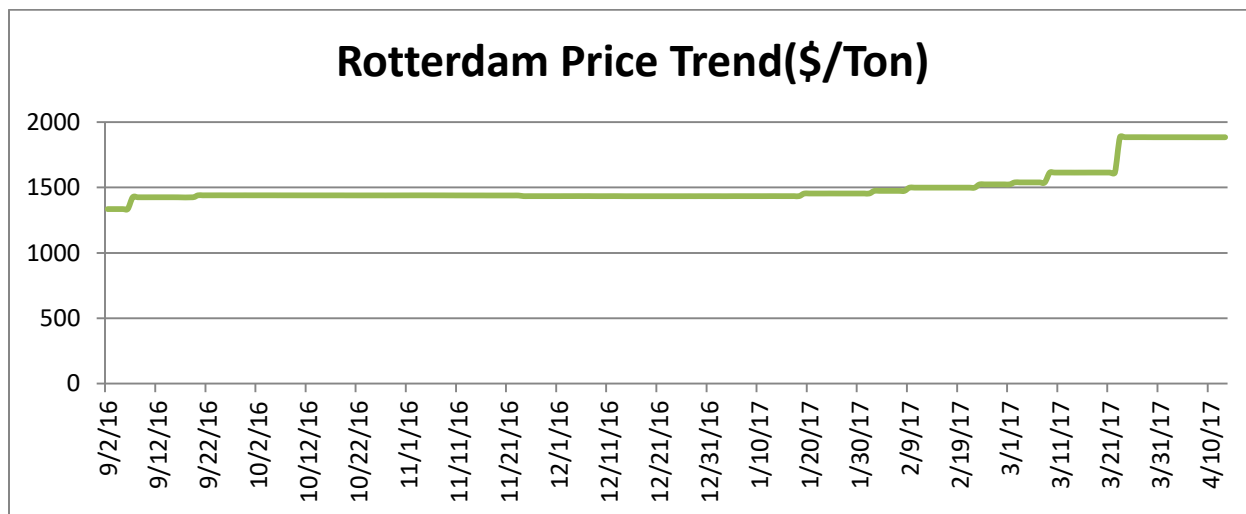


and crushers are likely to be active in the market. Less arrivals pace and improved oil demand will support castor prices hike further.

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.

Rotterdam Price:-Castor oil Rotterdam Price slightly decreased in this week against previous week record to the fourth week of March 2017. It stood as \$1883.70 per tonne against 1613.80. 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 move in the range bound to higher zone due to improved demand amid higher arrivals pace.

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