

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 first week of May, all India arrival of castor seed is 150299 quintals which is 22992 quintals lower than last week arrival of 173291 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.

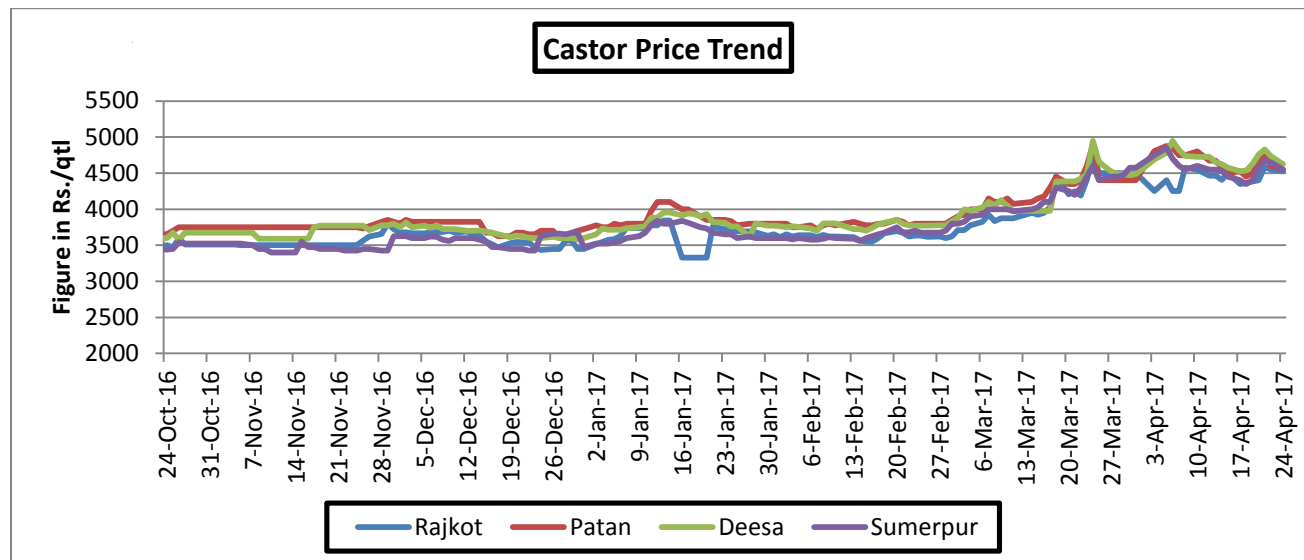
International Market Update:

- 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.

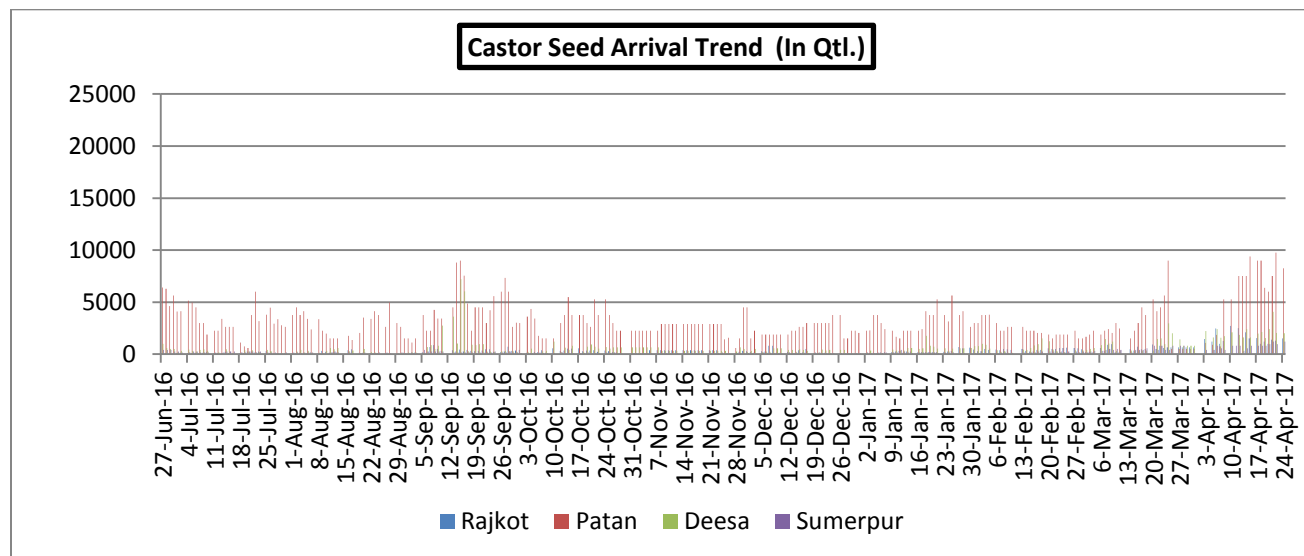
Castor Seed Price Trend Chart:-

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.



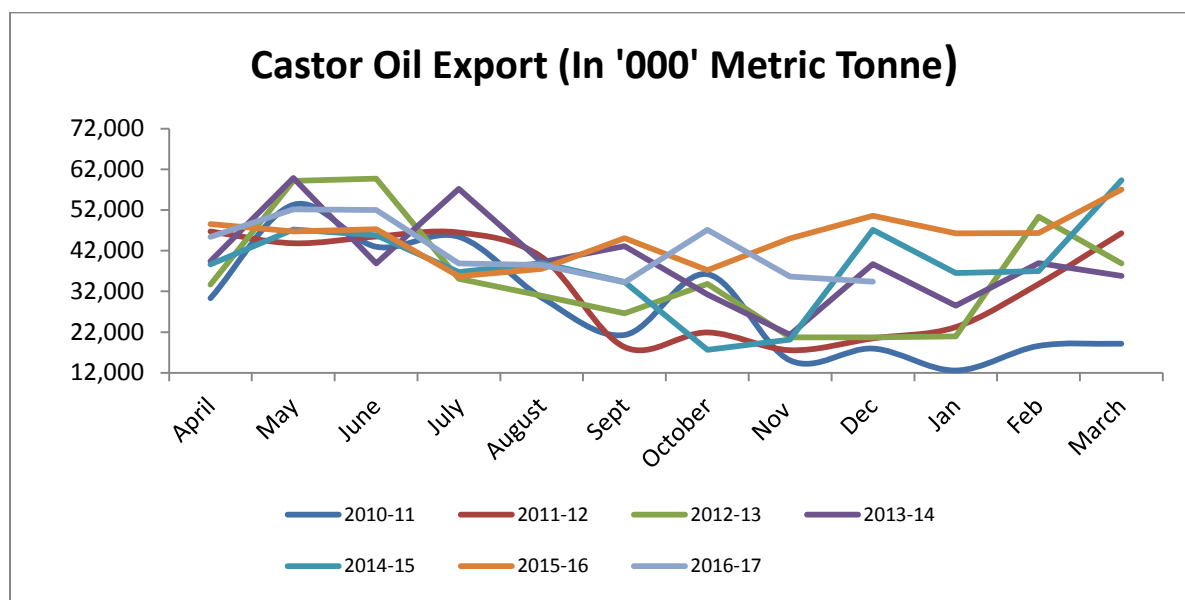
Source: Agriwatch

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.

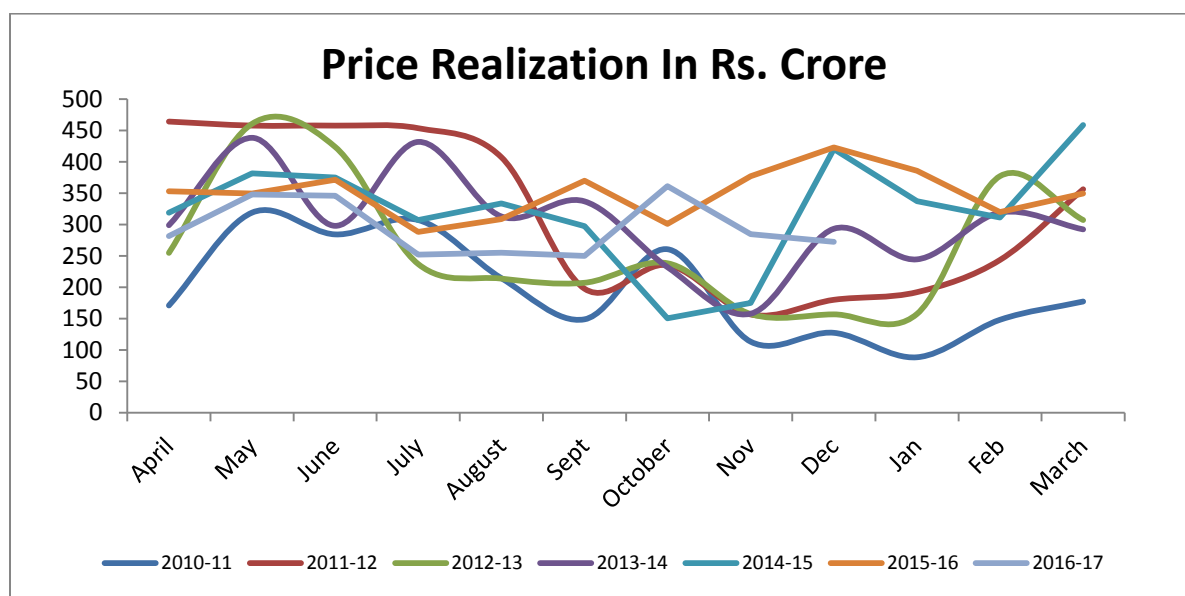


Source: Agriwatch

Castor Oil Export Trend:-

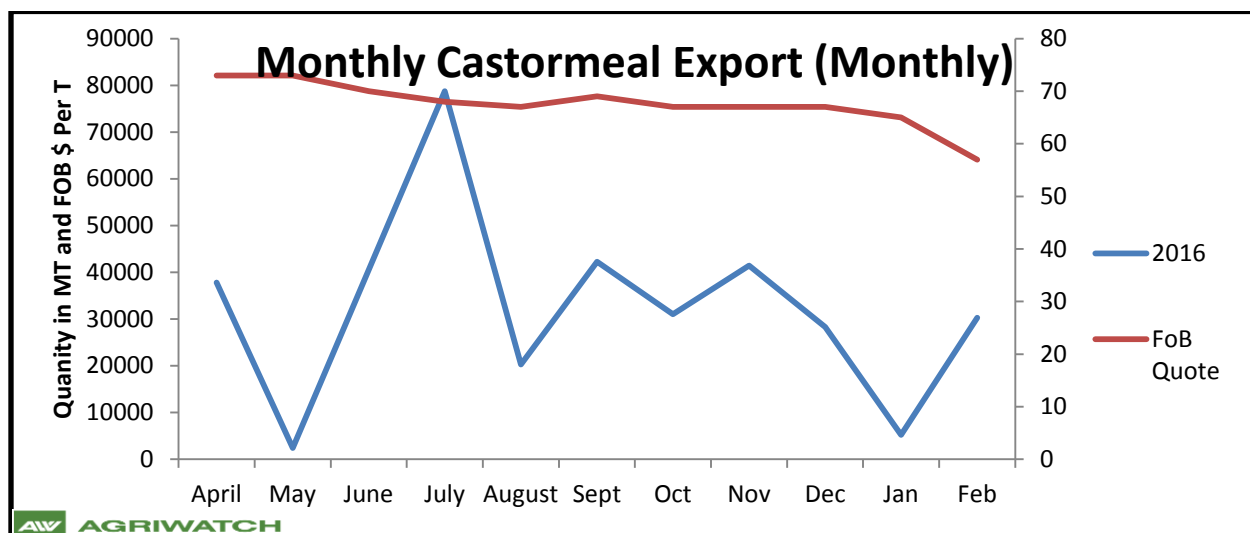


Source: Sea Of India



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 01st week May, 2017

tate	Prices 01-08 May 2017	Prices 24-30 Apr 2017	Prices 01-08 May 2016	% Change(Over Previous Week)	% Change(Over Previous Year)
Andhra Pradesh	3945.96	3946.55	3228.16	-0.01	22.24
Gujarat	4468.06	4560.69	3124.02	-2.03	43.02
Karnataka	3500			—	—
Maharashtra	3632.33	3689.41	2899	-1.55	25.3
Rajasthan	4235.85	4358.54	3054.84	-2.81	38.66
Tamil Nadu	3455.39		3282.67	—	5.26
Telangana	3998.76	4008.14	3239.34	-0.23	23.44
Average	3890.91	4112.67	3138		

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

	28th Apri'17	21st Mar'17	29th Mar'17	28th April'16	CHANGE %
Castorseed (Gujarat)((Rs./M.T) Ex-Mandi	47650	49450	NQ	31981	32.88
Castor Meal Export (FAS) (US\$ / MT),Ex Kandla	63.00	63.00	63.00	73.00	-15.87
EXPORT (FOR) Ports (Rs./MT)Castor meal bulk Kandla	4050	4050	4160	4817	-18.94
Castor Oil (First Grade) FOB Kandla (Export)\$ /Tonne	1590	1615	1535	990	37.74
Local rates for oil in domestic market(Rs./M.T.) for comm.	101000	105000	100000	67528	33.14

Source: SEA.

Technical Analysis:
Castor – Technical Outlook
Technical Commentary:

- Prices are likely to go down in upcoming week supported by sluggish buying activities in the market.
- Decrease in prices with lower volume and OI indicates short build up.


Strategy: Buy

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Castor	NCDEX	May	3900	4000	4349	4800	4950
Pre Weekly Trade Call			Call	Entry	T1	T2	SL
Castor	NCDEX	May	Buy	4355	4420	4450	4335

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

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Castor Seed Weekly Prices at Key Spot Markets:

Commodity	Market	Price (Rs/ Quintal)		Change
Center		29th to 4th May 17	22th to 28th April 17	
Gujarat	Patan	4525	4560	-35
	Harij	4587	4662	-75
	Rajkot	4421	4525	-104
	Gondal	4470	4593	-123
	Deesa	4613	4652	-39
	Bhabar	NR	NR	-
	Mehsana	4560	4618	-58
	Kadi	4641	4728	-87
	Sabarkatha	4585	4667	-82
	Gandhi Nagar	4595	4680	-85
	Ahmedabad (Sanand)	4550	#DIV/o!	-

	Halvad	4477	4573	-96
	Junagadh	4361	4473	-112
	Dhrol	4249	4329	-80
Rajasthan	Jodhpur	4578	4620	-42
	Sumerpur	4375	4525	-150

Week on Week Price: Scenario of Castor Seed :

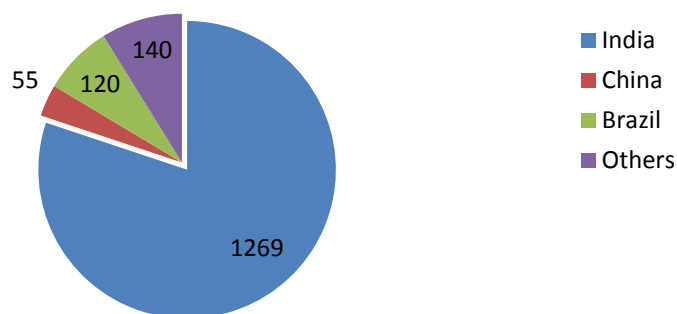
Commodity		Today	Week ago	Month ago	Year ago
Center	Market	5-May-17	28-Apr-17	5-Apr-17	5-May-16
Gujarat	Patan	4400	4550	4875	3225
	Harij	4500	4650	4900	3175
	Rajkot	4330	4480	4710	3190
	Gondal	4330	4555	4680	3205
	Deesa	4425	4725	4950	3190
	Bhabar	NA	NA	NA	3155
	Mehsana	4425	4625	4925	3175
	Kadi	4555	4825	4875	3180
	Sabarkatha	4425	4675	4975	3200
	Gandhi Nagar	4500	4700	4975	3200
	Ahmedabad (Sanand)	4315	NA	4425	3105
	Halvad	4450	4495	4750	3165
	Junagadh	4200	4545	4705	3200
	Dhrol	4130	4345	4505	2750
Rajasthan	Jodhpur	4450	4620	4850	3150
	Sumerpur	4200	4500	4850	3125

Castor Seed Cumulative Arrivals in Key Centers:

Center	Market	29th to 4th May 17	22th to 28th April 17	Change
Gujarat	Patan	44625	46125	-1500
	Harij	7125	6900	225
	Rajkot	5350	8525	-3175
	Gondal	6051	8755	-2704
	Deesa	5539	13622	-8082
	Bhabar	NR	NR	-
	Mehsana	5625	5775	-150
	Kadi	27900	39424	-11524

	Sabarkatha	2850	4350	-1500
	Gandhi Nagar	5625	6075	-450
	Ahmedabad (Sanand)	198	NA	-
	Halvad	1013	1163	-150

Castor Seed Global Production In Thousand Tonne 2016-17**(Est.)



	Junagadh	715	1240	-525
	Dhrol	110	245	-135
Rajasthan	Jodhpur	280	341	-62
	Sumerpur	4800	7760	-2960
Total Arrivals/Above Markets		150299	173291	-22992

Outlook & Recommendation:

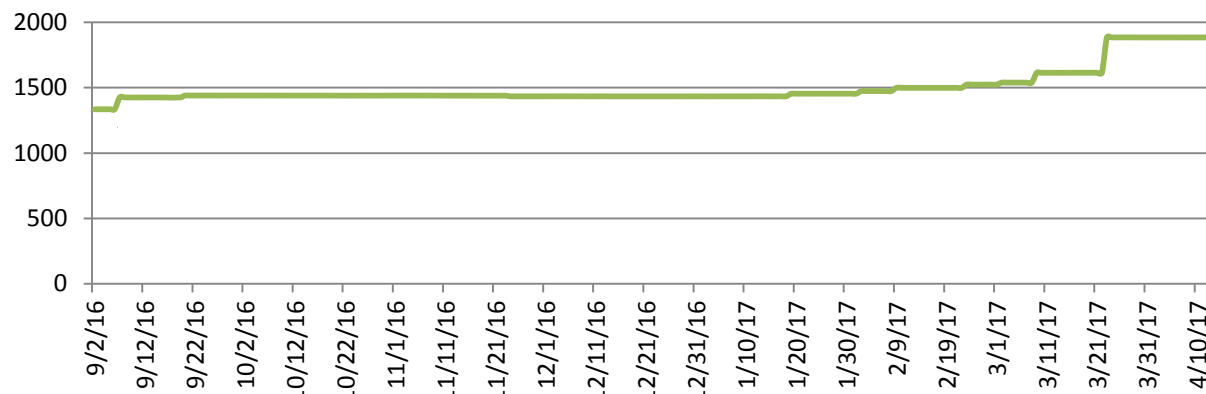
Castor seed market is likely to continue up in the first week of April 2017 as demand is going to remain up. Millers and crushers are likely to be active in the market. Less arrivals pace and improved oil demand will support castor prices hike further.

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.

Rotterdam Price Trend(\$/Ton)



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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