

Castor Weekly Research Report

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Castor Domestic Market Fundamentals:

- Castor cash markets traded weak this week even with lower arrival from major markets. Pressure is unlikely 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 second week of May, all India arrival of castor seed is 96714 quintals which is 53585 quintals lower than last week arrival of 150299 quintals.
- Castor oil exports of India decreased by 27% to 41,682 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. In terms of value, it is down by Rs.15.32 crore in March from Rs.353.95 crore in Feb to Rs.338.63 Crore in March-17.
- India exported castor meal higher at 33238 tonss in March 2017 than 44010 tonss in February 2017. However, Castor meal exports volume is expected to go down in upcoming month on lower demand majorly in international markets. Total castor meal exports (April 2016 to March 2017) is registered higher at 410915 T against 367979 T in previous year during the same period of time. FOB quotes for meal stood down by 12.30% to USD61/T in March 2017 against \$57/T during the corresponding period of last year. Japan bought 3343 tons meal in the month of March.
- 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 tonss compared to 14 lakh tonss in previous year. While, castor seed production for 2016/17 is placed down at 17.38 lakh tonss against previous year record i.e. 17.52 lakh tons 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 Tonss), 1 (000 hect.) and 1267(kgs./hect.).
- This year preliminary Agriwatch estimate for 2017/18 shows 10. 67 lakh tons 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 tons 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. 4200-4400 Rs. for stock purpose.

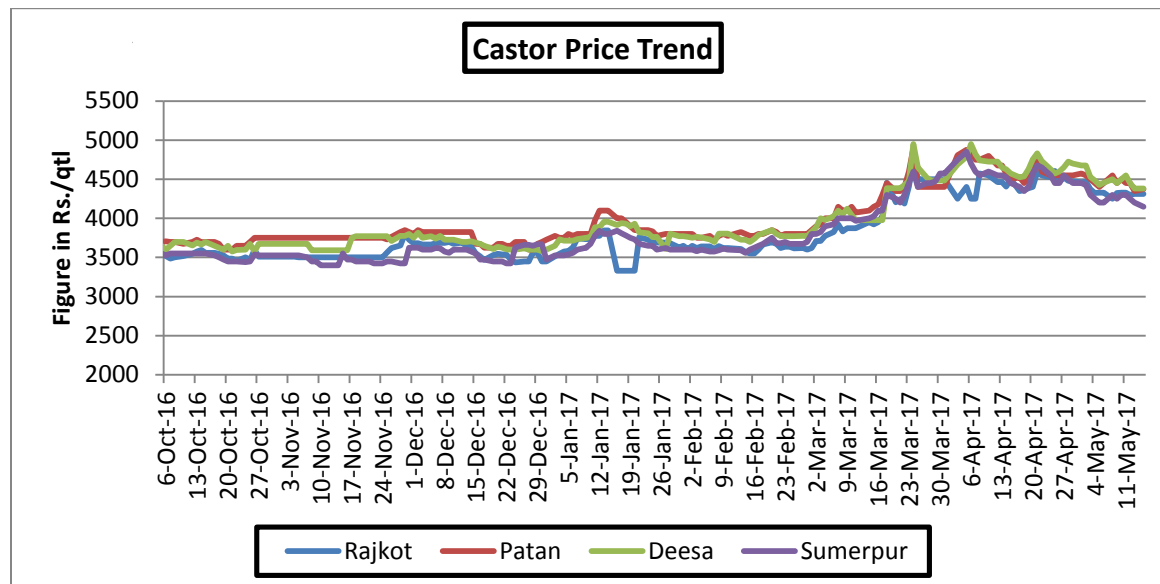
International Market Update:

- FOB quotes In Kandla has decreased considerably from \$1610 to \$1575 per tons 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 tons 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.

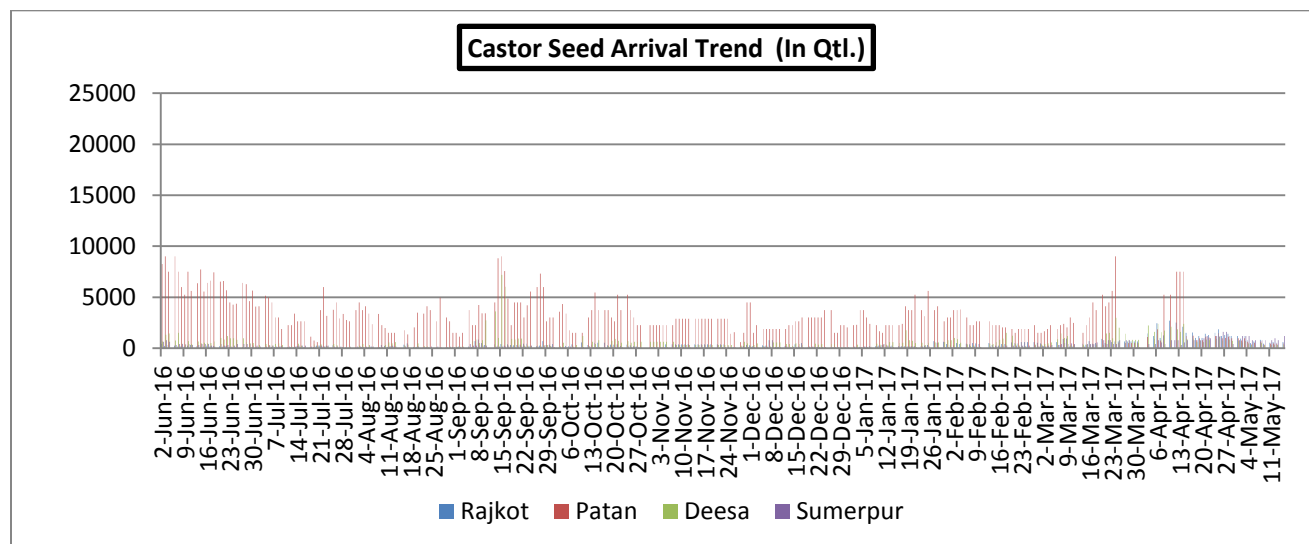
Castor Seed Price Trend Chart:-

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.

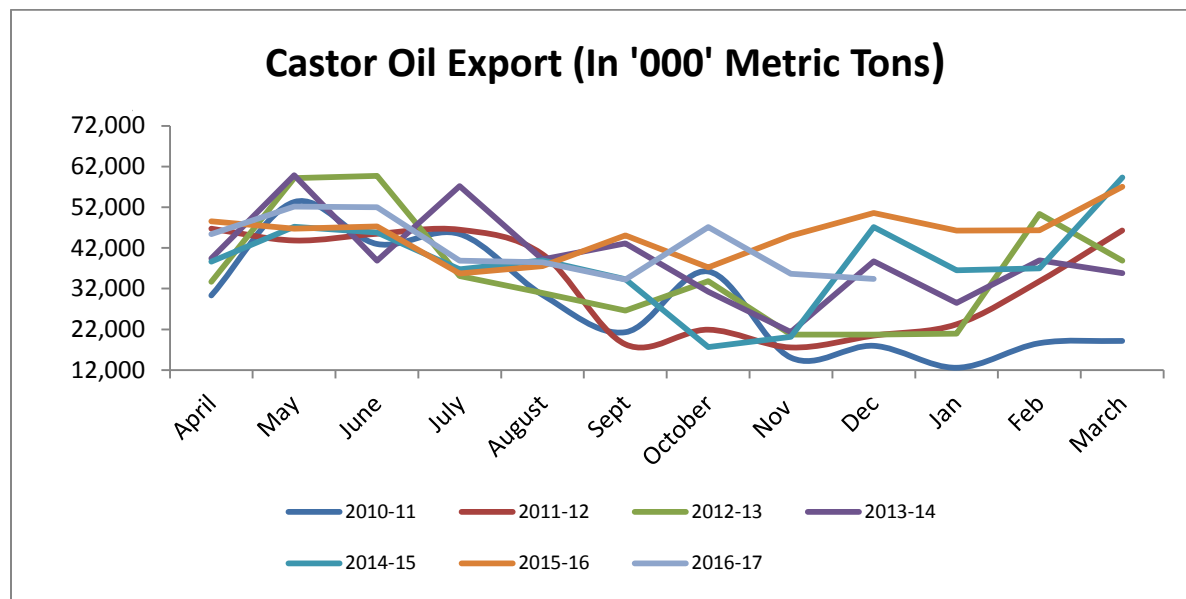


Source: Agriwatch

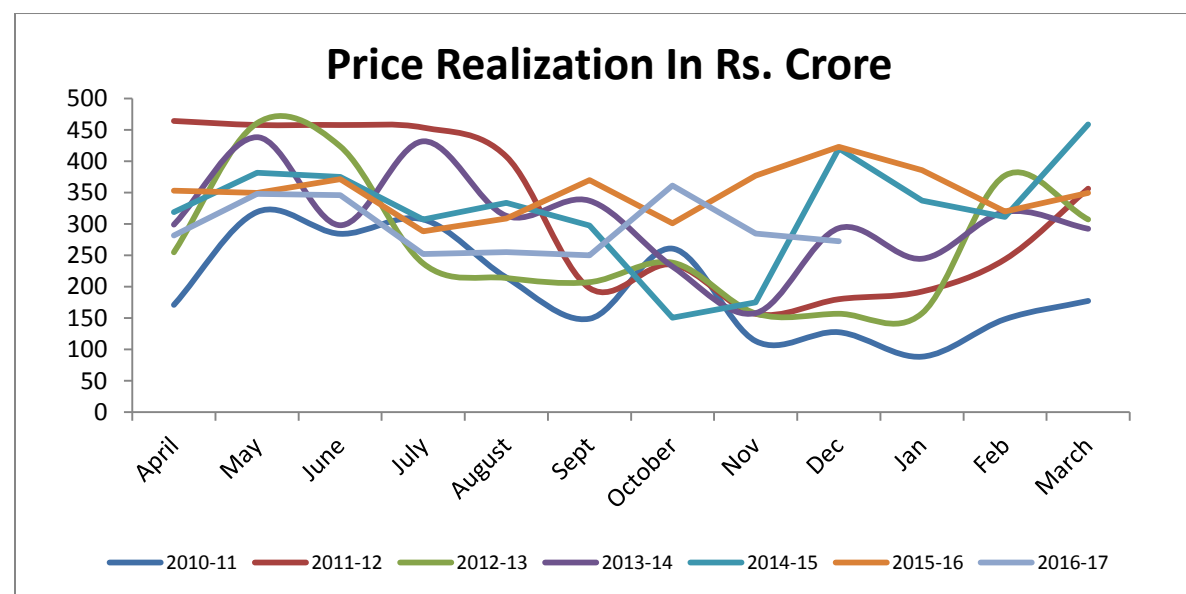
Castor Seed Arrival Chart: Arrivals are registered lower side as sellers are waiting further good prices in the market. Crushers and millers are very active in the market. Arrivals are likely to go up in the upcoming week after good prices.



Source: Agriwatch

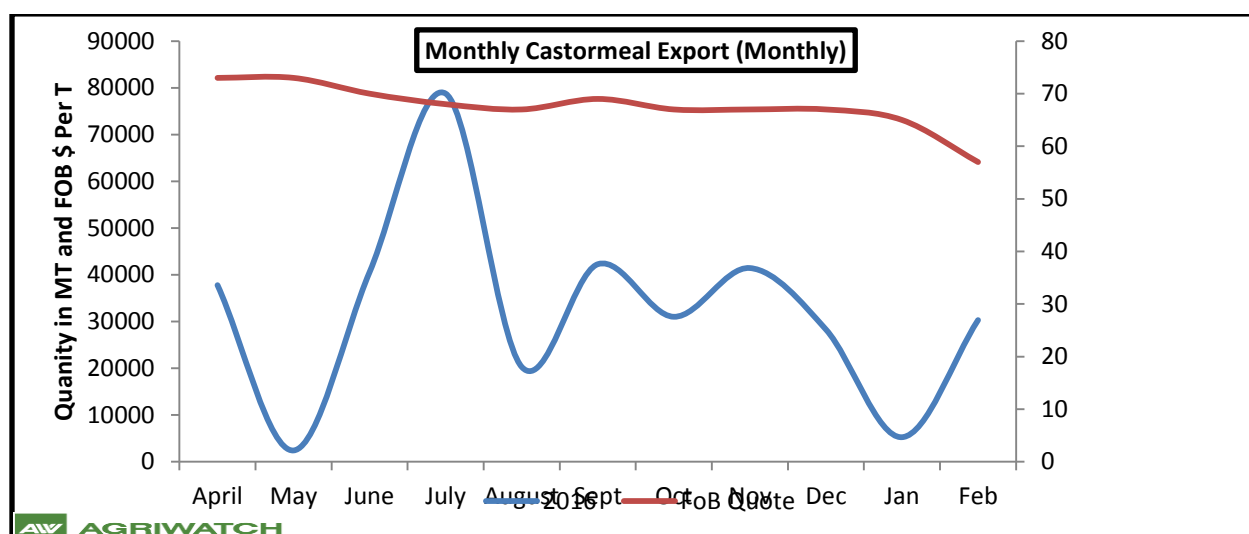
Castor Oil Export Trend:-


Source: Sea Of India



Source: Sea Of India

Castor Meal Export:- India exported castor meal higher at 33238 tonss in March 2017 than 44010 tonss in February 2017. However, Castor meal exports volume is expected to go down in upcoming month on lower demand majorly in international markets. Total castor meal exports (April 2016 to March 2017) is registered higher at 410915 T against 367979 T in previous year during the same period of time. FOB quotes for meal stood down by 12.30% to USD61/T in March 2017 against \$57/T during the corresponding period of last year. Japan bought 3343 tons meal in the month of March.



source: Sea of India

State wise Wholesale Prices Weekly Analysis for Castor Seed 02nd week May, 2017

State	Prices 09-15 May 2017	Prices 01-08 May 2017	Prices 24-30 Apr 2017	Prices 09-15 May 2016	% Change(Over Previous Week)	% Change(Over Previous to Previous Week)	% Change(Over Previous Year)
Andhra Pradesh	3847.34	3938.62	3946.55	3185.99	-2.32	-2.51	20.76
Gujarat	4408.51	4466.92	4560.69	3087.05	-1.31	-3.34	42.81
Karnataka	3900	3500		3600	11.43	—	8.33
Maharashtra	3289	3593.03	3689.41	2940	-8.46	-10.85	11.87
Rajasthan	4156.94	4221.43	4358.54	2961.06	-1.53	-4.63	40.39
Tamil Nadu	3757.42	3455.39		3903.61	8.74	—	-3.74
Telangana	3909.22	3998.76	4008.14	3244.19	-2.24	-2.47	20.5
Average	3895.49	3882.02	4112.67	3274.56			

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)	4350-4400	4500-4700
Medium Term (30 days)	4900-5100	5200-5500

Comparative Prices Of Castor Products Including Seed

	5th May'17	28th Apr'17	5th Apr'17	16th May'16	CHANGE %
Castorseed (Gujarat)((Rs./M.T) Ex-Mandi	45650	47650	NQ	32121	29.64
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	4000	4050	4100	4895	-22.38
Castor Oil (First Grade) FOB Kandla (Export)\$/Tons	1515	1590	1650	1000	33.99
Local rates for oil in domestic market(Rs./M.T.) for comm.	97000	101000	107000	68662	29.21

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	4325	4800	4950
Pre Weekly Trade Call			Call	Entry	T1	T2	SL
Castor	NCDEX	May	Buy	4318	4355	4380	4300

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 tons this year.

The season started with 5.91 lakh tons as carryout. Thus total availability for current marketing year comes to 18.6 lakh tons if estimated production of 12.69 lakh tons is included. Lower production would drag carryout down from 5.91 to 5.35 lakh tons. It would push seed price up in second and third quarter.

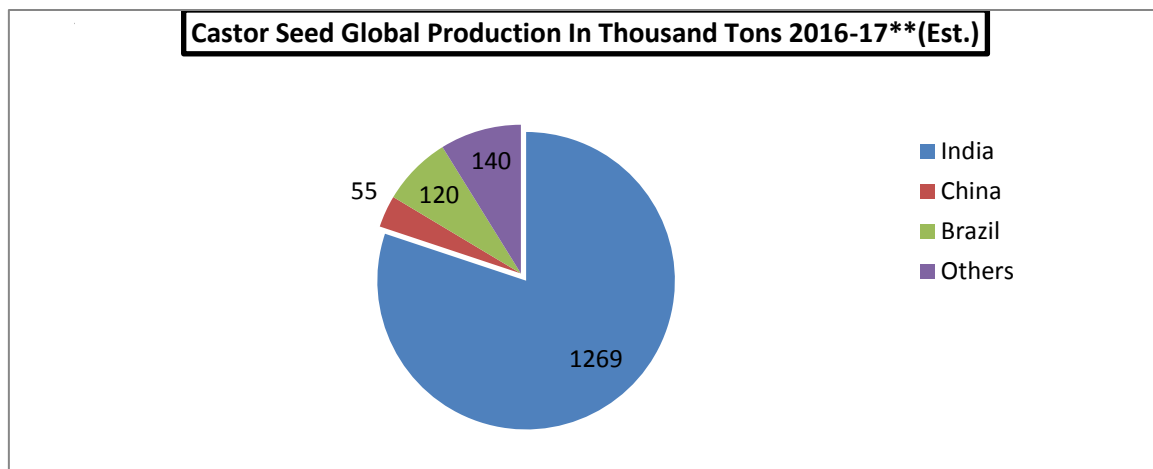
Preliminary Forecast For 2017-18

All units in lakh tonss	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

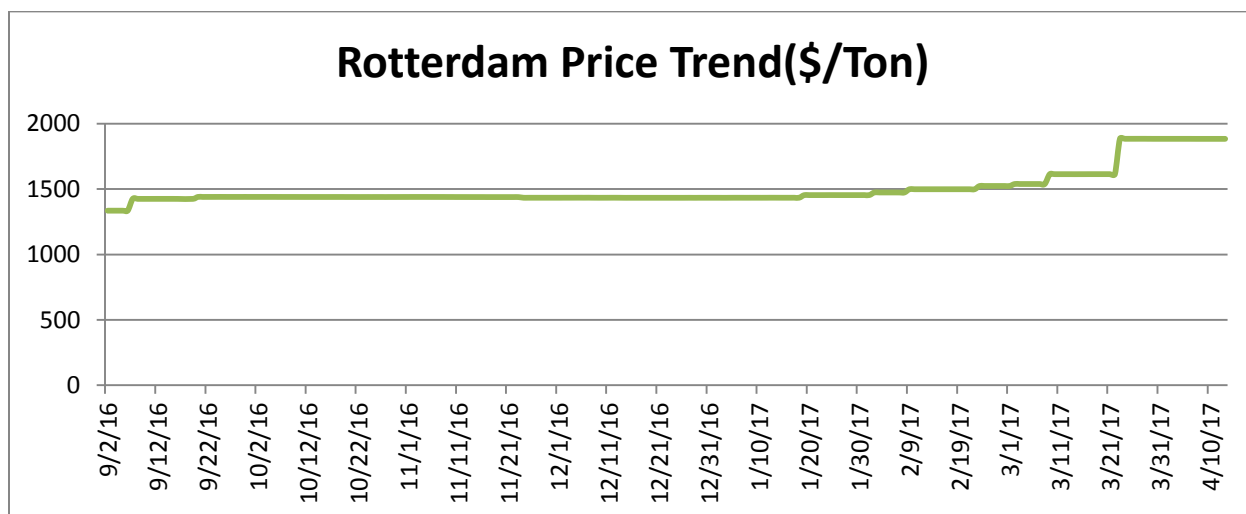
Outlook & Recommendation:

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 tons to 15.84 lakh tons in 2016-17 due to lower crop size expected in India this year. Total availability for seed would decrease to 20 lakh tons including Indian carryout stock of 5.91 lakh tons. 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 tons 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.

Castor Seed Weekly Prices at Key Spot Markets:

Commodity	Market	Price (Rs/ Quintal)		Change
Center		5th to 12th May 17	29th to 4th May 17	
Gujarat	Patan	4464	4525	-61
	Harij	4504	4587	-83
	Rajkot	4314	4421	-107
	Gondal	4369	4470	-101
	Deesa	4472	4613	-141
	Bhabar	NR	NR	-
	Mehsana	4482	4560	-78
	Kadi	4537	4641	-104
	Sabarkatha	4503	4585	-82
	Gandhi Nagar	4527	4595	-68
	Ahmedabad (Sanand)	4363	4550	-187
	Halvad	4430	4477	-47
	Junagadh	4336	4361	-25
	Dhrol	4048	4249	-201
Rajasthan	Jodhpur	4479	4578	-99
	Sumerpur	4257	4375	-118

Week on Week Price: Scenario of Castor Seed :

Commodity	Market	Today	Week ago	Month ago	Year ago
Center		12-May-17	5-May-17	12-Apr-17	12-May-16
Gujarat	Patan	4450	4400	4675	3135
	Harij	4450	4500	4700	3100
	Rajkot	4300	4330	4465	3115
	Gondal	4380	4330	4580	Closed
	Deesa	4450	4425	4725	3125
	Bhabar	NA	NA	0	3110
	Mehsana	4475	4425	4675	3110
	Kadi	4550	4555	4750	3160
	Sabarkatha	4570	4425	4750	3125
	Gandhi Nagar	4500	4500	4775	3125

	Ahmedabad (Sanand)	4405	4315	4615	3070
	Halvad	4400	4450	4800	3080
	Junagadh	4350	4200	4550	3150
	Dhrol	3950	4130	4255	2915
Rajasthan	Jodhpur	4530	4450	4680	2950
	Sumerpur	4250	4200	4550	3070

Castor Seed Cumulative Arrivals in Key Centers:

Center	Market	5th to 12th May 17	29th to 4th May 17	Change
Gujarat	Patan	41250	44625	-3375
	Harij	7425	7125	300
	Rajkot	4225	5350	-1125
	Gondal	3998	6051	-2053
	Deesa	4189	5539	-1350
	Bhabar	NR	NR	-
	Mehsana	3713	5625	-1913
	Kadi	17920	27900	-9980
	Sabarkatha	1275	2850	-1575
	Gandhi Nagar	4125	5625	-1500
	Ahmedabad (Sanand)	73	198	-126
	Halvad	1013	1013	Unch
	Junagadh	1050	715	335
	Dhrol	272	110	162
Rajasthan	Jodhpur	420	280	140
	Sumerpur	5768	4800	968
Total Arrivals/Above Markets		96714	150299	-53585

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