



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.
- According to the Solvent Extractors' Association of India (SEA), Castor seed production in 2016/17 is expected to stand down by around 25% to 10.55 lakh tonss compared to 14 lakh tonss in previous year. While, castor seed production for 2016/17 is placed down at 15.54 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, however price will move in range bound to some extent in near term due to arrival pressure.

Stake holders in cash market may opt for buying seed around Rs. 4320-4400 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.

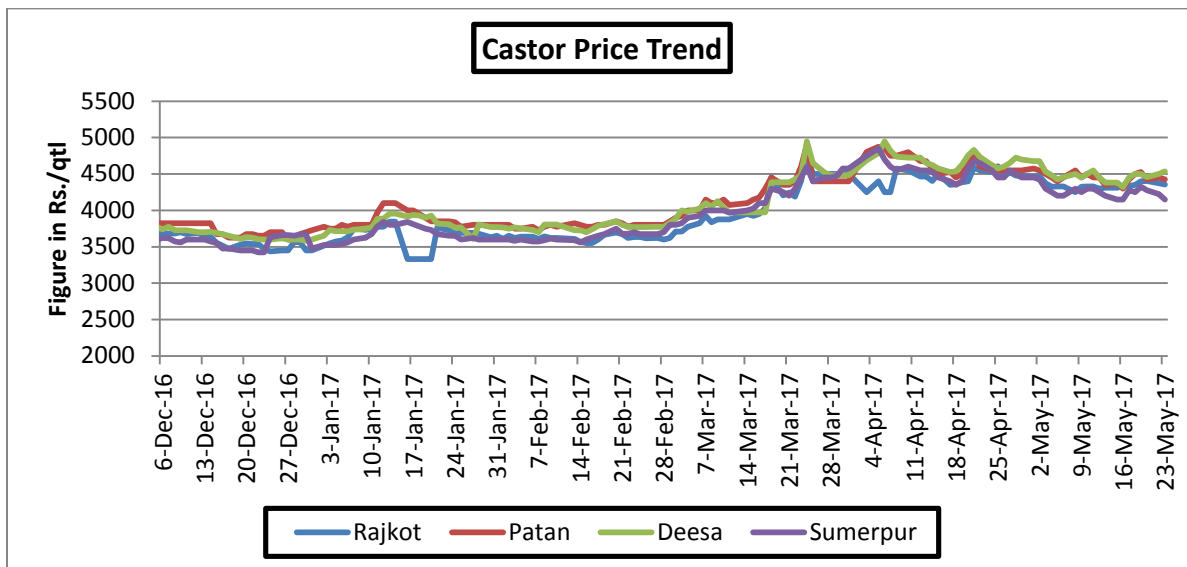
International market Outlook:

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.

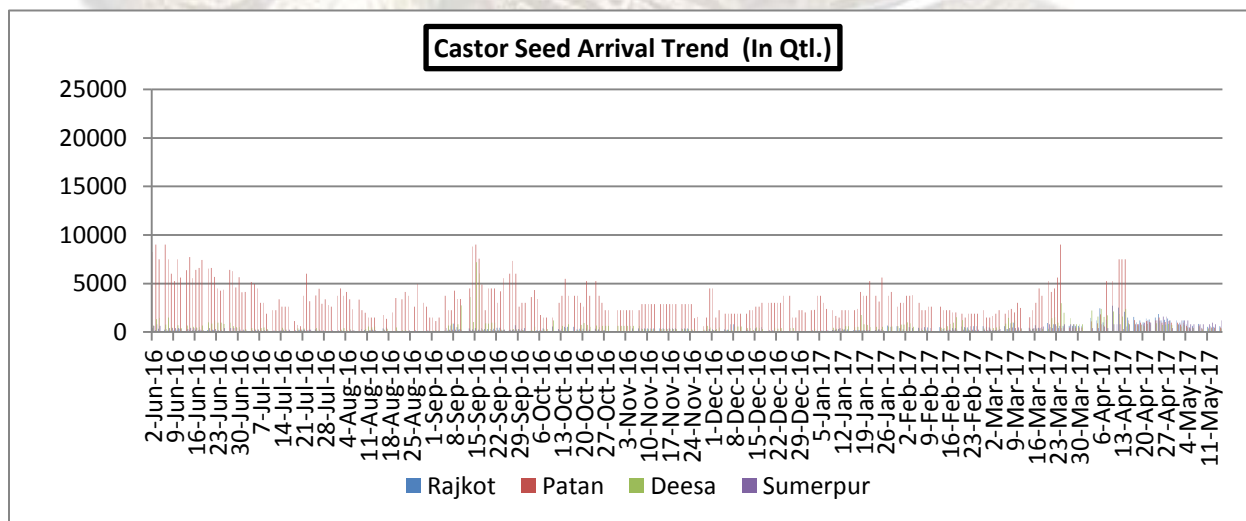
Castor Price Trend:



Source: Agriwatch

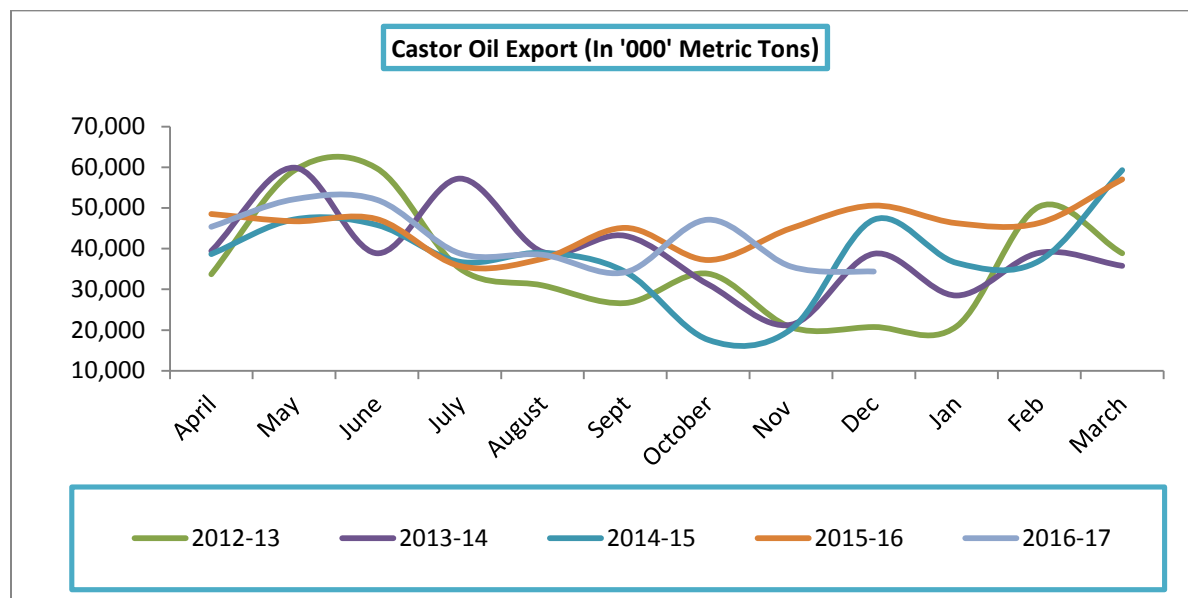
Castor Seed Arrival Chart:

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.

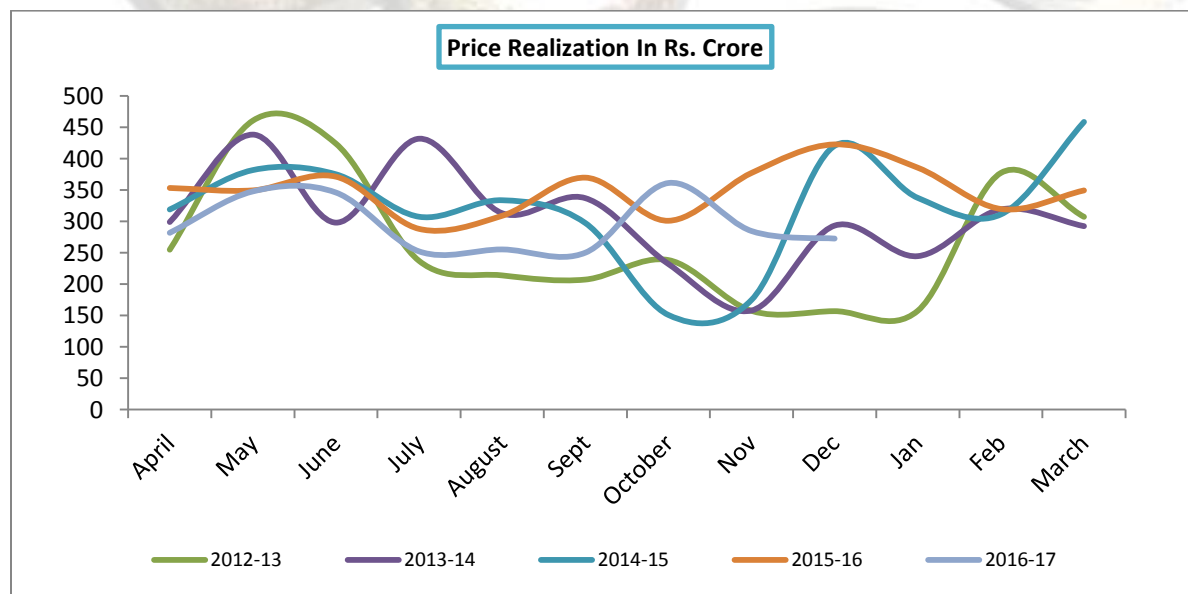


Source: Agriwatch

Castor Oil Export Trend:



Source: Sea Of India

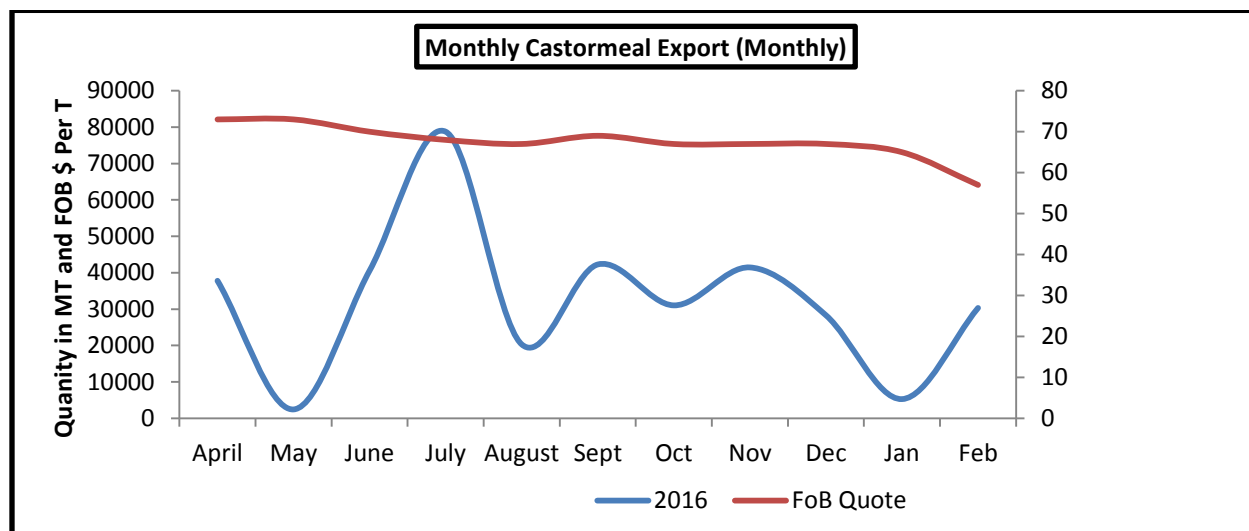


Source: Sea Of India

Castor Meal Export:

India exported castor meal higher at 33238 tons in March 2017 than 44010 tons 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 03rd week May, 2017

State	Prices 16-23 May 2017	Prices 09-15 May 2017	Prices 16-23 May 2016	% Change(Over Previous Week)	% Change(Over Previous Year)
Andhra Pradesh	3874.26	3847.34	3131.41	0.7	23.72
Gujarat	4422.05	4402.29	3074.12	0.45	43.85
Karnataka	3600	3900	3000	-7.69	20
Maharashtra	3544.23	3289	3051	7.76	16.17
Rajasthan	4190.56	4154.13	2919.35	0.88	43.54
Tamil Nadu	3600	3754.02	3565.29	-4.1	0.97
Telangana	3889.98	3908.67	3350.16	-0.48	16.11
Average	3874.44	3893.64	3261.42		

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)	4350-4445	4500-4700
Medium Term (30 days)	4900-5100	5200-5500

Comparative Prices Of Castor Products Including Seed					
	12th May'17	5th May'17	12th April'17	12th May'16	CHANGE %
Castor seed (Gujarat)((Rs./M.T) Ex-Mandi	46000	45650	48250	32121	30.17
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	4000	4100	4895	-22.38
Castor Oil (First Grade) FOB Kandla (Export)\$/Tonne	1525	1515	1590	1000	34.43
Local rates for oil in domestic market(Rs./M.T.) for comm.	98500	97000	65000	68662	30.29

Source: SEA.

Technical Analysis:

Castor – Technical Outlook

Technical Commentary:

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



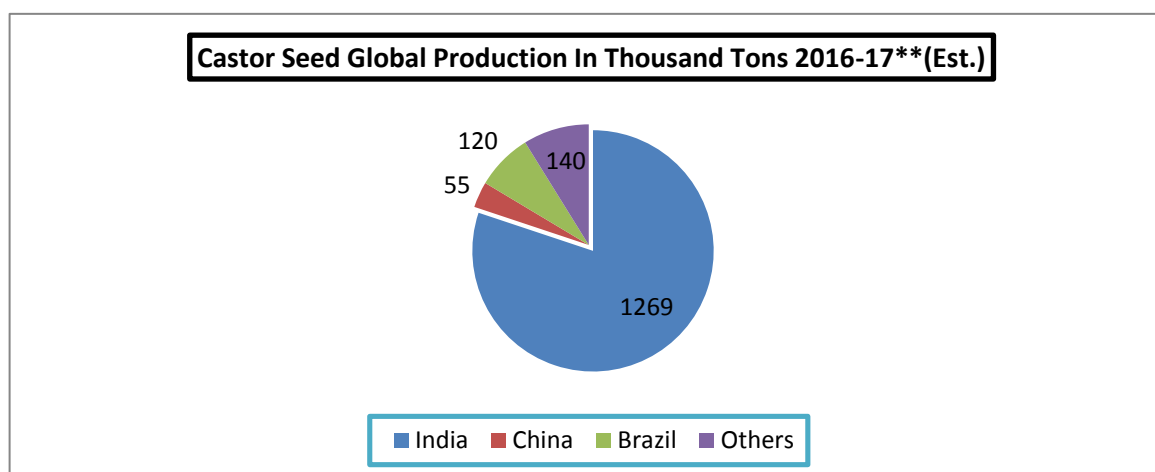
Strategy: Buy

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 on Dips	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.

Castor Seed Global Production share:

Castor Seed Supply & Demand for MY-2017-18:

Preliminary Forecast For 2017-18									
All units in lakh tonss	2013-14	2014-15	2015-16	2016-17	2017-18	Apr-Jun	July-Sep	Oct-Dec	Jan-Mar
Carry in	6.84	6.04	5.54	5.91	5.35	5.35	9.65	5	1.9
Production	11.7	13	15.12	12.94	10.5	10.5	0	0	0
Imports	0	0	0	0	0	0	0	0	0
Total Availability	18.54	19.04	20.66	18.85	15.85	15.85	9.65	5	1.9
Consumption	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
Total Usage	12.5	13.5	14.75	13.5	15.5	6.2	4.65	3.1	1.55
Carry out	6.04	5.54	5.91	5.35	0.35	9.65	5	1.9	0.35
Av Monthly Consumption	1.04	1.13	1.23	1.13	1.29	2.07	1.55	1.03	0.52
Stock to Month Use	5.8	4.92	4.81	4.76	0.27	4.67	3.23	1.84	0.68
Stock to Consumption Ratio	0.483	0.41	0.4	0.4	0.02	1.56	1.08	0.61	0.23

Source: Agriwatch

Outlook & Recommendation:

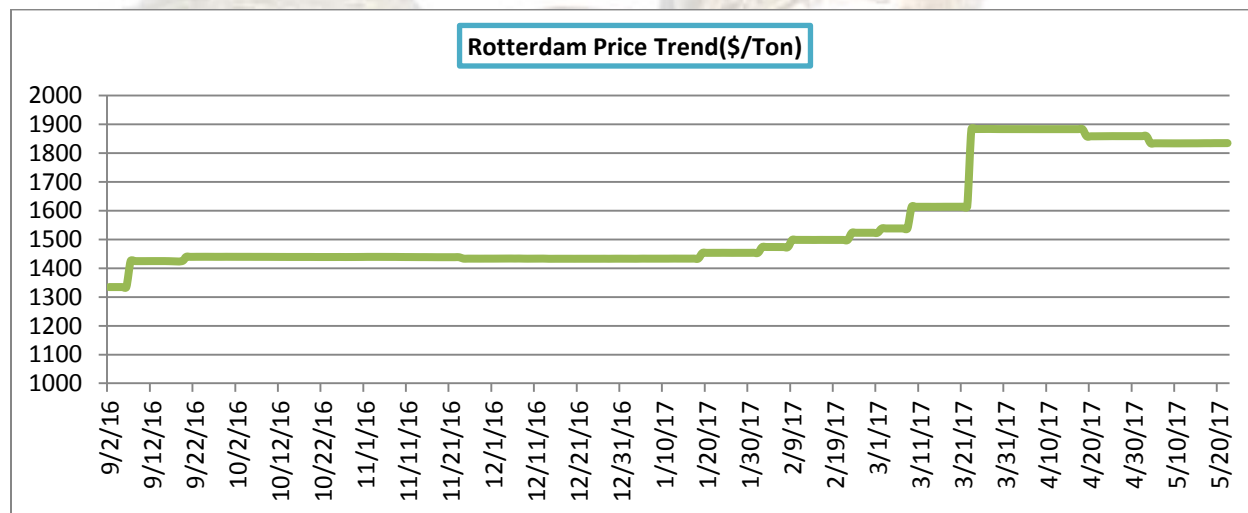
Castor seed market is likely to continue up in the second quarter of 2017, as demand is going to remain up with diminishing stocks. Millers and crushers are likely to be active in the market after May onwards. Less arrivals pace and improved oil demand will support castor prices hike further.

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 move steady in this week against previous week record to the second week of May 2017. It stood as \$1834.70 per tons against USD 1830. 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



Castor Seed Weekly Prices at Key Spot Markets:

Commodity	Market	Price (Rs/ Quintal)		Change
Center		13th to 19th May 2017	6th to 12th May 2017	
Gujarat	Patan	4413	4464	-52
	Harij	4454	4504	-49
	Rajkot	4341	4314	27
	Gondal	4335	4369	-34
	Deesa	4422	4472	-50
	Bhabar	NR	NR	-
	Mehsana	4450	4482	-32
	Kadi	4541	4537	4
	Sabarkatha	4478	4503	-25
	Gandhi Nagar	4504	4527	-23
	Ahmedabad (Sanand)	4432	4363	68
	Halvad	4375	4430	-55
	Junagadh	4263	4336	-73
	Dhrol	4070	4048	22
Rajasthan	Jodhpur	4500	4479	21
	Sumerpur	4225	4257	-32

Week on Week Price: Scenario of Castor Seed :

Commodity	Market	Today	Week ago	Month ago	Year ago
Center		19-May-17	12-May-17	19-Apr-17	19-May-16
Gujarat	Patan	4525	4450	4500	3075
	Harij	4575	4450	4550	3100
	Rajkot	4400	4300	4385	3150
	Gondal	Closed	4380	4380	3055
	Deesa	4500	4450	4630	3130
	Bhabar	NA	NA	0	3100
	Mehsana	4550	4475	4500	3100
	Kadi	4635	4550	4580	3150
	Sabarkatha	4570	4570	4500	3135
	Gandhi Nagar	4600	4500	4550	3150
	Ahmedabad (Sanand)	4475	4405	4370	3060
	Halvad	4350	4400	4375	3090
	Junagadh	4410	4350	4280	3120
	Dhrol	4265	3950	4125	2915
Rajasthan	Jodhpur	4600	4530	4600	3000



	Sumerpur	4325	4250	4400	3000
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Castor Seed Cumulative Arrivals in Key Centers:				
Center	Market	13th to 19th May 2017	6th to 12th May 2017	Change
Gujarat	Patan	31875	41250	-9375
	Harij	4800	7425	-2625
	Rajkot	3400	4225	-825
	Gondal	3234	3998	-764
	Deesa	6128	4189	1939
	Bhabar	NR	NR	-
	Mehsana	2513	3713	-1200
	Kadi	14044	17920	-3876
	Sabarkatha	1238	1275	-38
	Gandhi Nagar	2775	4125	-1350
	Ahmedabad (Sanand)	44	73	-29
	Halvad	975	1013	-38
	Junagadh	1080	1050	30
	Dhrol	283	272	11
Rajasthan	Jodhpur	270	420	-150
	Sumerpur	5200	5768	-568
Total Arrivals/Above Markets		77858	96714	-18856

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