



# Castor Weekly Research Report

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## Castor Domestic Market Fundamentals:

- Castor cash markets traded mixed this week even with higher 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 range bound.
- In third week of May, all India arrival of castor seed is 84552 quintals which is 6694 quintals higher than last week arrival of 77858 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 steady to 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. 4330-4400 Rs. for stock purpose.**

### **International Market Update:**

- FOB quotes In Kandla has decreased considerably from \$1575 to \$1565 per tons in last one week.
- Demand from China, EU, US and Japan is expected to remain steady till June. 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.

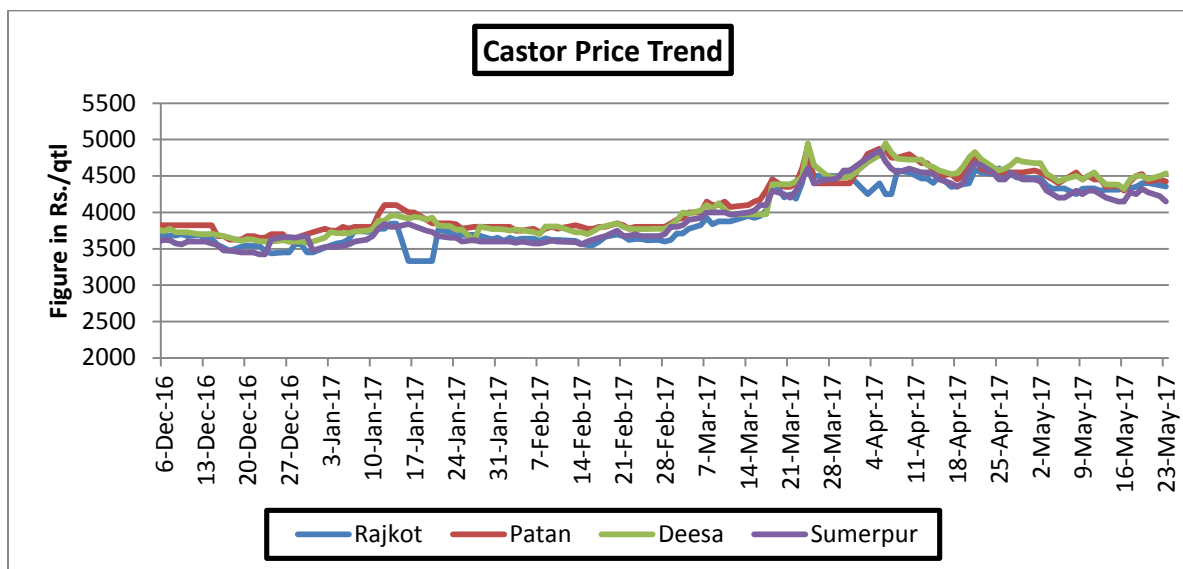
### **International market Outlook:**

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.

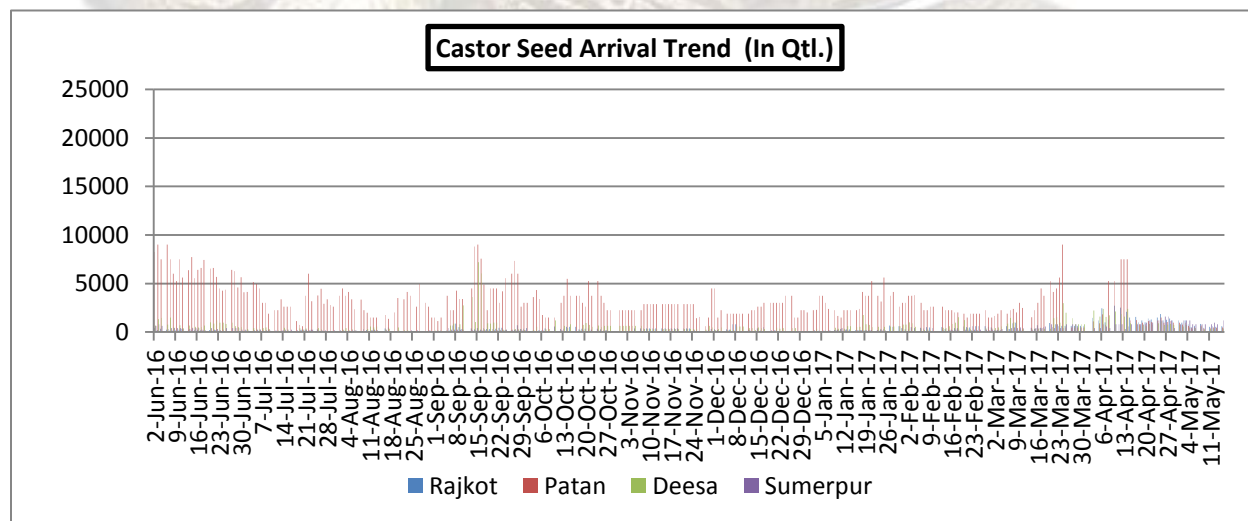
### Castor Price Trend:



Source: Agriwatch

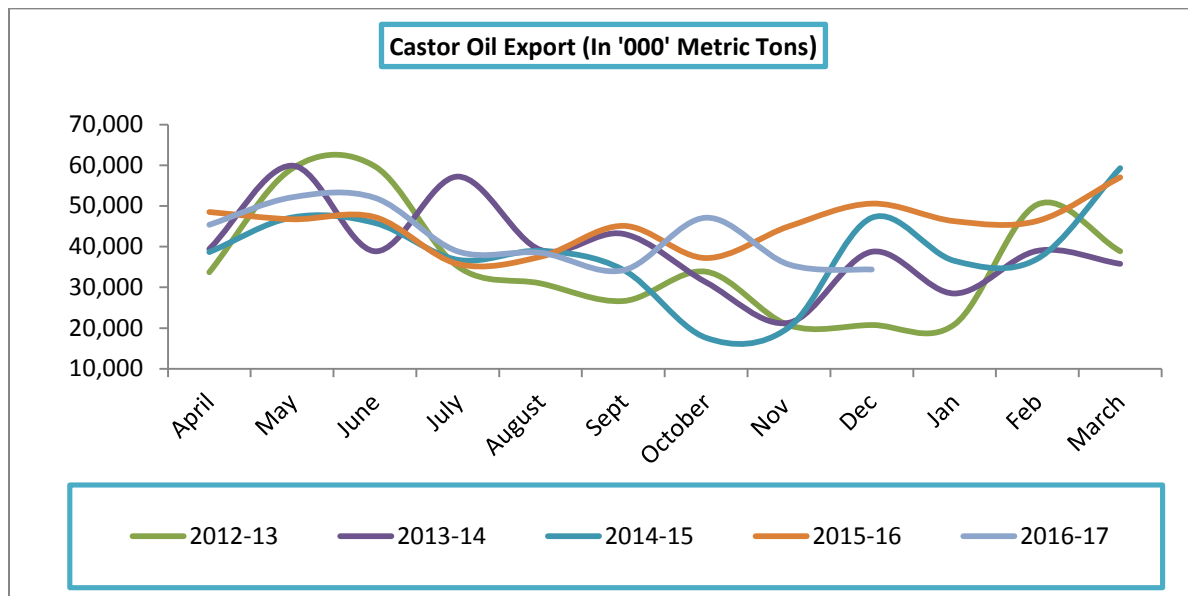
### Castor Seed Arrival Chart:

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.

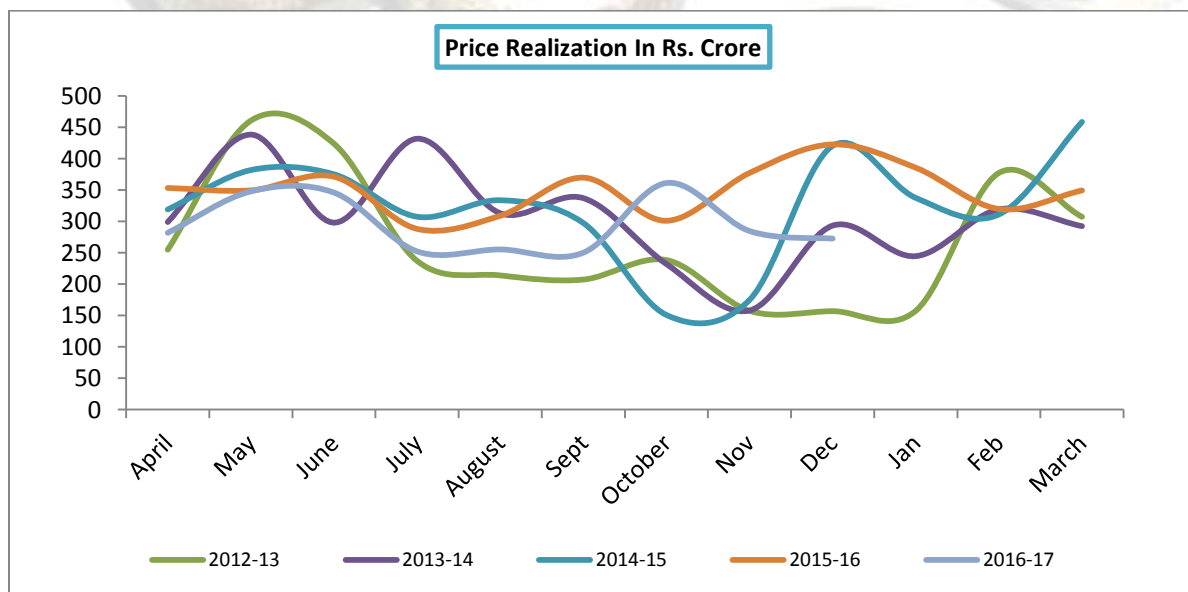


Source: Agriwatch

## Castor Oil Export Trend:



Source: Sea Of India

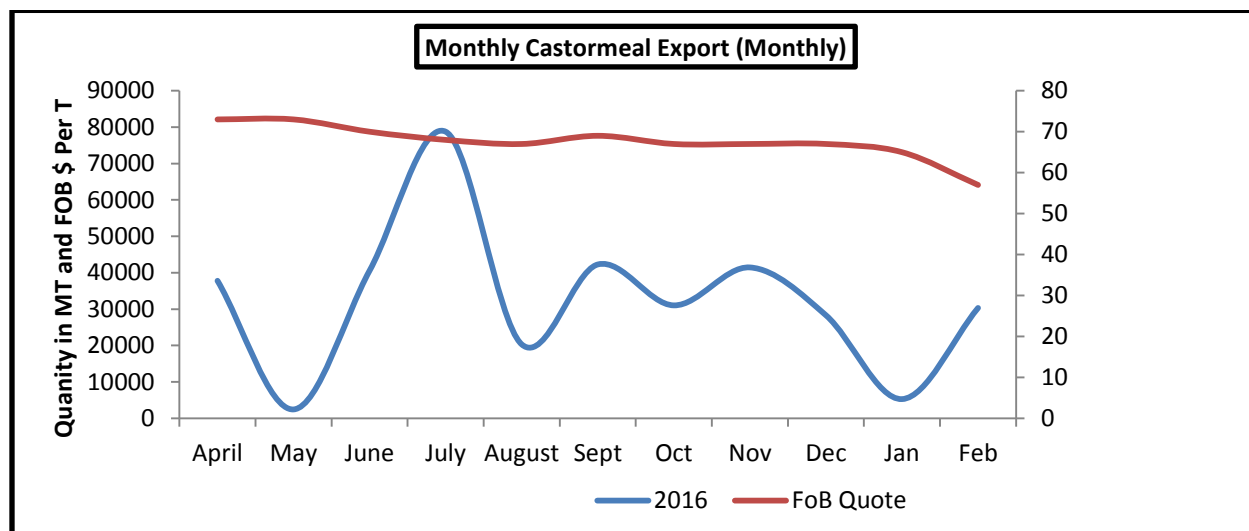


Source: Sea Of India

## 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 04<sup>th</sup> week May, 2017

State	Prices 24-31 May 2017	Prices 16-23 May 2017	Prices 09-15 May 2017	Prices 24-31 May 2016	% Change(Over Previous Week)	% Change(Over Previous to Previous Week)	% Change(Over Previous Year)
Andhra Pradesh	3866.74	3874.26	3847.34	3113.32	-0.19	0.5	24.2
Gujarat	4385.22	4419.69	4402.29	3041.04	-0.78	-0.39	44.2
Karnataka	3718.18	3600	3900		3.28	-4.66	—
Maharashtra	3400	3495.31	3289	2699.62	-2.73	3.37	25.94
Rajasthan	4158.08	4177.07	4154.13	2875.1	-0.45	0.1	44.62
Tamil Nadu	3500	3600	3754.02	3383.68	-2.78	-6.77	3.44
Telangana	3934.99	3889.98	3908.67	3192.71	1.16	0.67	23.25
<b>Average</b>	<b>3851.89</b>	<b>3865.19</b>	<b>3893.64</b>	<b>2972.21</b>			

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
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### Comparative Prices Of Castor Products Including Seed

	17th May'17	12th May'17	17th Apri'17	17th May'16	CHANGE %
Castorseed (Gujarat)((Rs./M.T) Ex-Mandi	45950	46000	46500	32121	30.10
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	4050	4895	-22.38
Castor Oil (First Grade) FOB Kandla (Export)\$/Tonne	1545	1525	1530	1000	35.28
Local rates for oil in domestic market(Rs./M.T.) for comm.	97500	98500	100000	68662	29.58

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	4354	4800	4950
Pre Weekly Trade Call			Call	Entry	T1	T2	SL
Castor	NCDEX	May	Buy on Dips	4330	4360	4380	4300

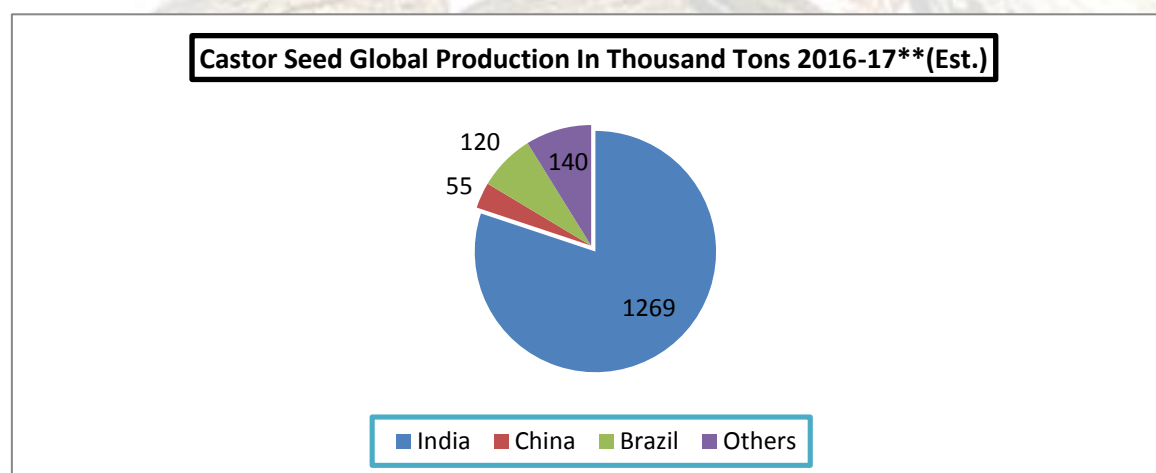


### Castor Seed- Balance Sheet for 2017-18:

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:**

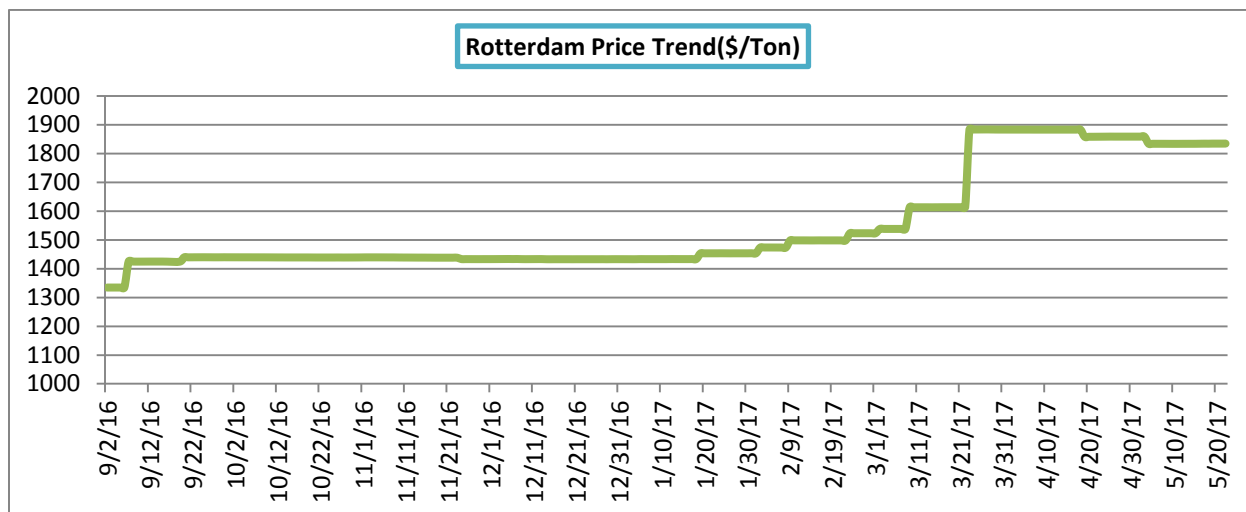
Castor seed market is likely to continue up in the second quarter of 2017, as demand is going to remain up with diminishing stocks. Millers and crushers are likely to be active in the market after May onwards. Less arrivals pace and improved oil demand will support castor prices hike further.

### **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
		20th to 26th May 2017	13th to 19th May 2017	
Gujarat	Patan	4425	4413	13
	Harij	4479	4454	25
	Rajkot	4369	4341	28
	Gondal	4368	4335	33
	Deesa	4498	4422	76
	Bhabar	NR	NR	-
	Mehsana	4457	4450	7
	Kadi	4538	4541	-4
	Sabarkatha	4479	4478	2
	Gandhi Nagar	4496	4504	-8
	Ahmedabad (Sanand)	4386	4432	-46
	Halvad	4354	4375	-21
	Junagadh	4363	4263	101
	Dhrol	4068	4070	-3
Rajasthan	Jodhpur	4488	4500	-12
	Sumerpur	4221	4225	-4



Week on Week Price: Scenario of Castor Seed :					
Commodity	Market	Today	Week ago	Month ago	Year ago
Center		26-May-17	19-May-17	26-Apr-17	26-May-16
Gujarat	Patan	4450	4525	4550	3075
	Harij	4500	4575	4600	3100
	Rajkot	4360	4400	4465	2980
	Gondal	4430	Closed	4580	3130
	Deesa	4460	4500	4600	3085
	Bhabar	NA	NA	NA	3050
	Mehsana	4430	4550	4550	3075
	Kadi	4535	4635	4575	3085
	Sabarkatha	4475	4570	4600	3085
	Gandhi Nagar	4500	4600	4650	3075
	Ahmedabad (Sanand)	4315	4475	NA	3035
	Halvad	4325	4350	4550	2990
	Junagadh	4380	4410	4470	3070
	Dhrol	4030	4265	4345	3050
Rajasthan	Jodhpur	4500	4600	4630	2850
	Sumerpur	4275	4325	4450	2980

Castor Seed Cumulative Arrivals in Key Centers:				
Center	Market	20th to 26th May 2017	13th to 19th May 2017	Change
Gujarat	Patan	26250	31875	-5625
	Harij	3450	4800	-1350
	Rajkot	2915	3400	-485
	Gondal	4358	3234	1124
	Deesa	10240	6128	4112
	Bhabar	NR	NR	-
	Mehsana	3600	2513	1088
	Kadi	22824	14044	8780
	Sabarkatha	2288	1238	1050
	Gandhi Nagar	3075	2775	300
	Ahmedabad (Sanand)	151	44	107
	Halvad	713	975	-263
	Junagadh	853	1080	-227
	Dhrol	47	283	-236
Rajasthan	Jodhpur	349	270	79
	Sumerpur	3440	5200	-1760

Total Arrivals/Above Markets	84552	77858	6694
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