



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 June onwards as crop size is lower and carry stock from old crop is dwindling fast. Buyers will likely to active at every dip. Overall sentiments remain range bound.
- In fourth week of May, all India arrival of castor seed is 78460 quintals which is 6092 quintals lower than last week arrival of 84552 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. 4320-4450 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.

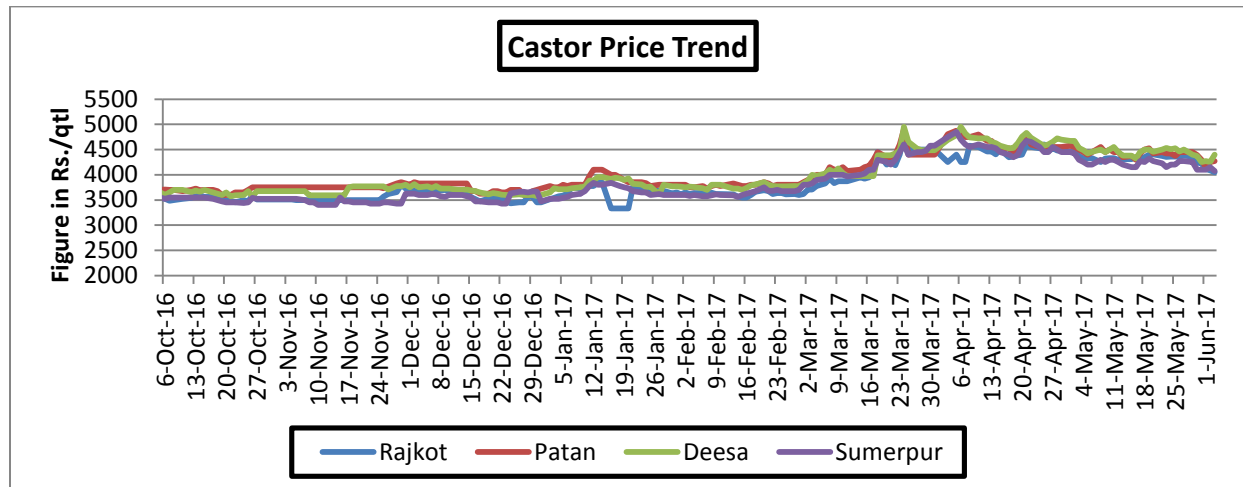
International market Outlook:

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:

Steady 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 steady due to lower arrival.

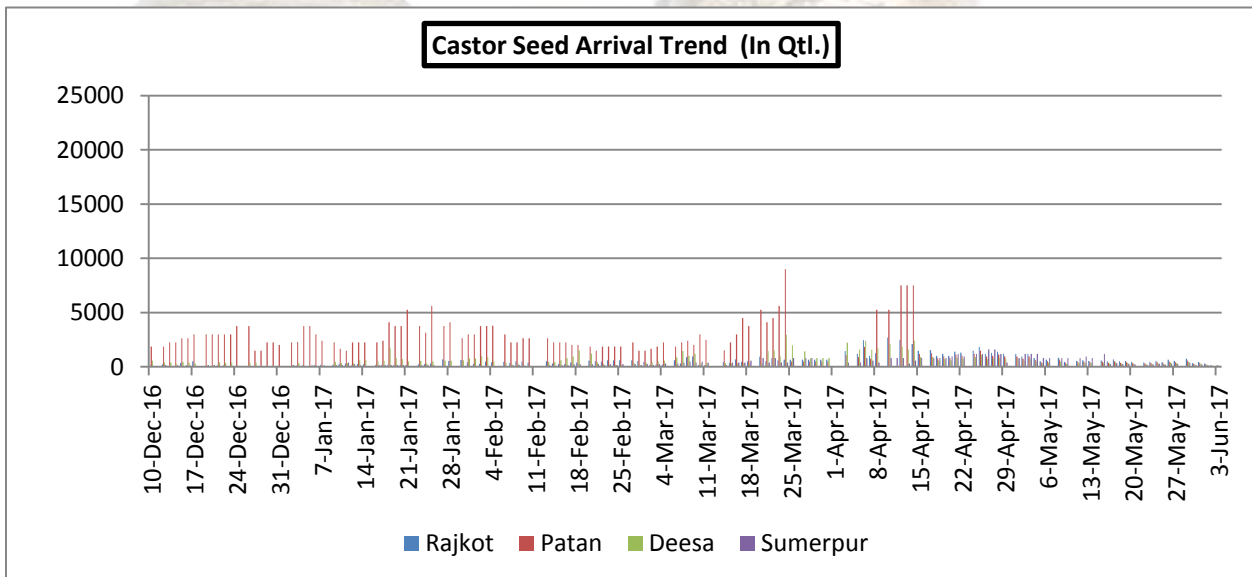
Castor Price Trend:



Source: Agriwatch

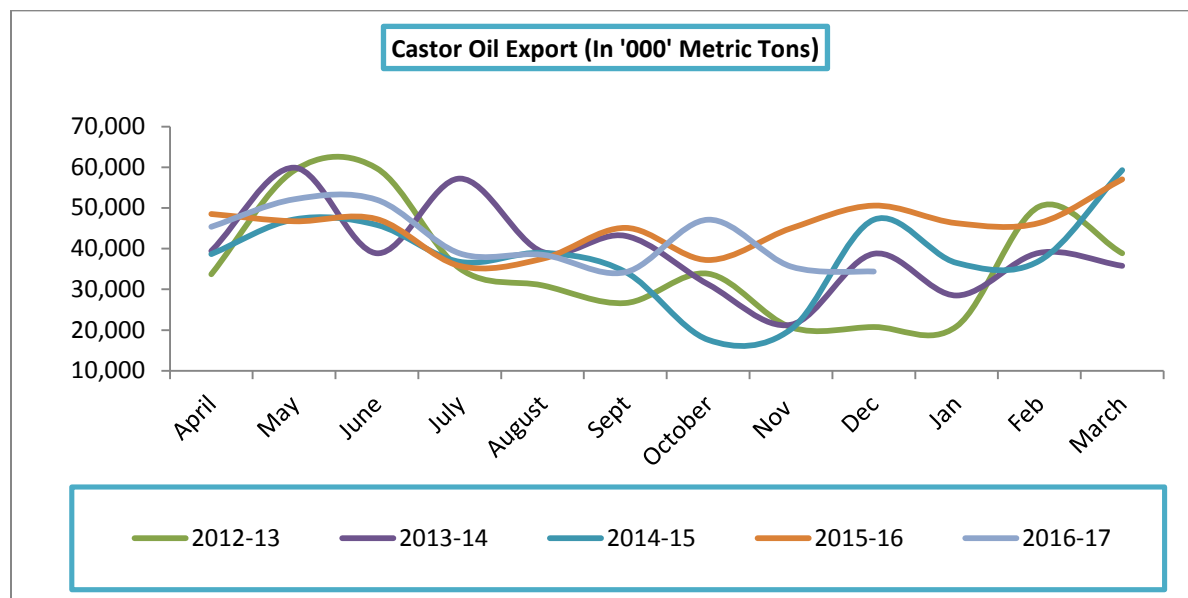
Castor Seed Arrival Chart:

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.

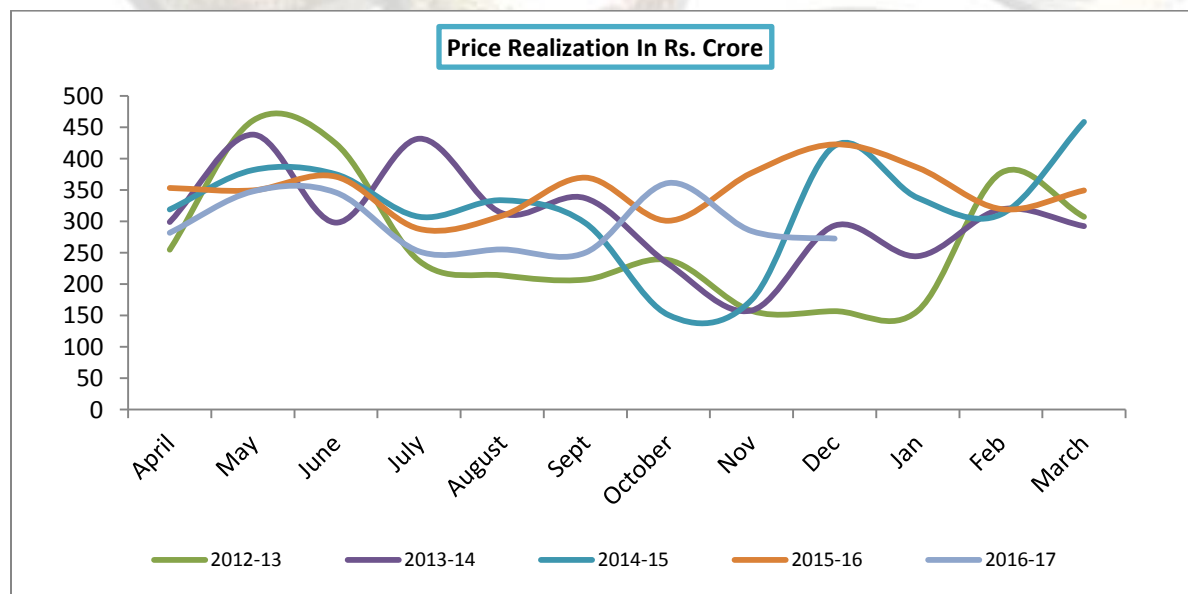


Source: Agriwatch

Castor Oil Export Trend:



Source: Sea Of India

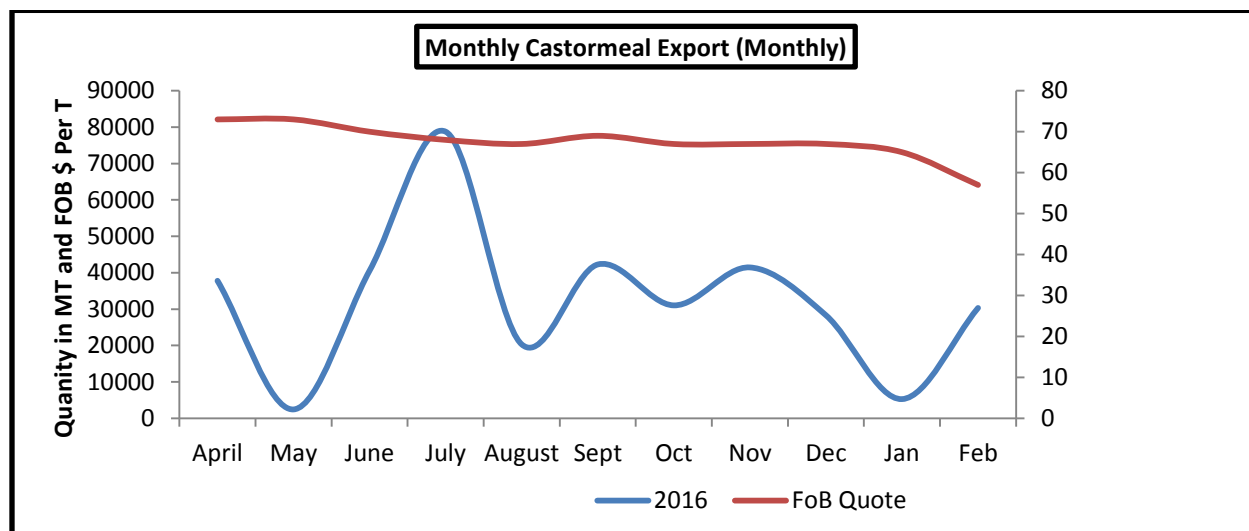


Source: Sea Of India

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 01st week June, 2017

State	Prices 01-08 Jun 2017	Prices 24-31 May 2017	Prices 16-23 May 2017	Prices 01-08 Jun 2016	% Change(Over Previous Week)	% Change(Over Previous to Previous Week)	% Change(Over Previous Year)
Andhra Pradesh	3832.79	3860.74	3842.49	3141.51	-0.72	-0.25	22
Chhattisgarh		1546.01			—	—	—
Gujarat	4229.85	4353.14	4418.89	3030.55	-2.83	-4.28	39.57
Karnataka	3541.5	3650	3600	3157.14	-2.97	-1.62	12.17
Madhya Pradesh		2416.67		3705.77	—	—	—
Maharashtra	3400	3213.89	3495.31	2971.43	5.79	-2.73	14.42
Rajasthan	4093.85	4126.87	4177.07	2883.6	-0.8	-1.99	41.97
Tamil Nadu	3500	4029.08	3600	3461.23	-13.13	-2.78	1.12
Telangana	3867.31	3915.63	3889.98	3085.87	-1.23	-0.58	25.32
Average	3780.76	3456.89	3860.53	3179.64			

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

	26th May'17	17th May'17	26th Apr'17	26th May'16	CHANGE %
Castorseed (Gujarat)((Rs./M.T) Ex-Mandi	46100	45950	47250	32121	30.32
Castor Meal Export (FAS) (US\$ / MT),Ex Kandla	62.00	63.00	63.00	73.00	-17.74
EXPORT (FOR) Ports (Rs./MT)Castor meal bulk Kandla	3900	4000	4050	4895	-25.51
Castor Oil (First Grade) FOB Kandla (Export)\$/Tonne	1535	1545	1585	1000	34.85
Local rates for oil in domestic market(Rs./M.T.) for comm.	100000	97500	101000	68662	31.34

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	3850	3900	4308	4450	4500
Pre Weekly Trade Call			Call	Entry	T1	T2	SL
Castor	NCDEX	May	Buy on Dips	4300	4380	4430	4290

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.

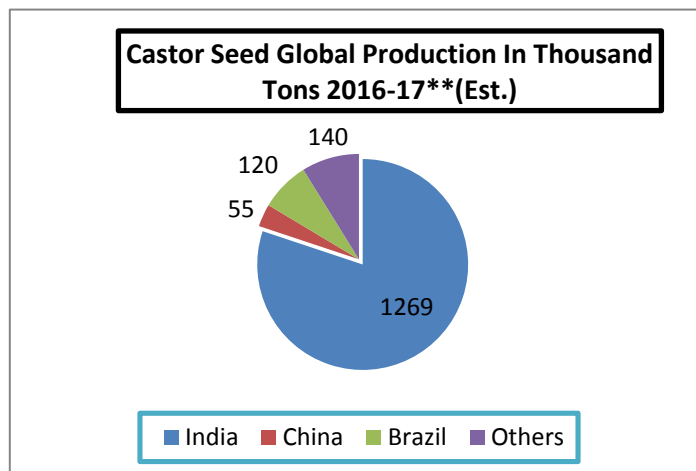
The season started with 5.91 lakh tons as carryout. Thus total availability for current marketing year comes to 18.6 lakh tons if estimated production of 12.69 lakh tons is included. Lower production would drag carryout down from 5.91 to 5.35 lakh tons. It would push seed price up in second and third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

Castor Seed 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

Castor Seed Global Production share:



Outlook & Recommendation:

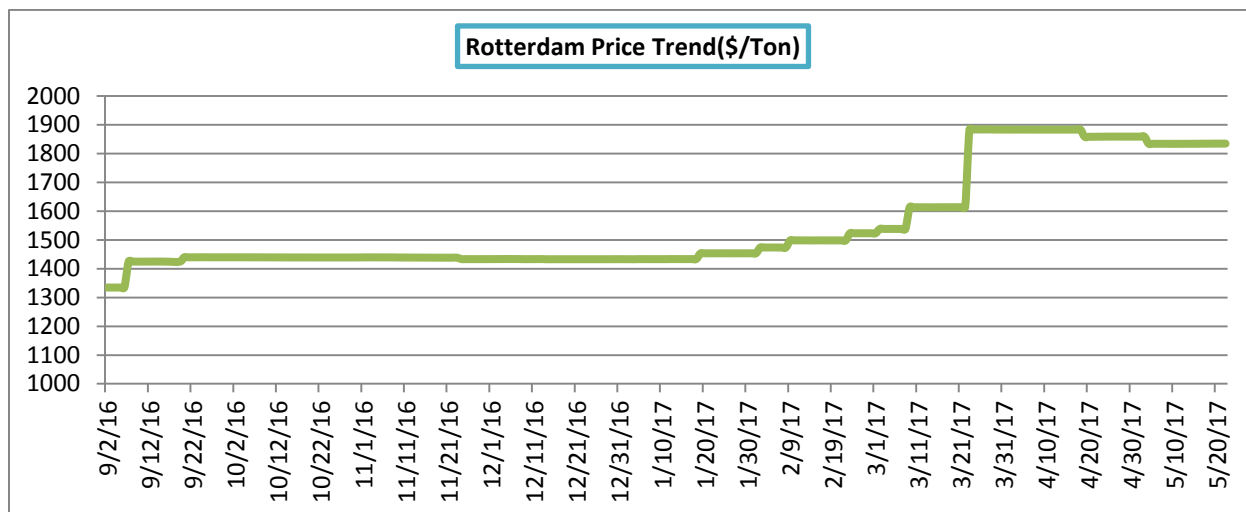
Castor seed market is likely to continue up in the second quarter of 2017, as demand is going to remain up with diminishing stocks. Millers and crushers are likely to be active in the market after May onwards. Less arrivals pace and improved oil demand will support castor prices hike further.

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		27th May to 02nd June 2017	20th to 26th May 2017	
Gujarat	Patan	4333	4425	-93
	Harij	4363	4479	-117
	Rajkot	4236	4369	-133
	Gondal	4209	4368	-158
	Deesa	4341	4498	-157
	Bhabar	NR	NR	-
	Mehsana	4354	4457	-103
	Kadi	4433	4538	-104
	Sabarkatha	4354	4479	-125
	Gandhi Nagar	4418	4496	-78
	Ahmedabad (Sanand)	4333	4386	-53
	Halvad	4277	4354	-78
	Junagadh	4165	4363	-198
	Dhrol	3913	4068	-155



Rajasthan	Jodhpur	4295	4488	-193
	Sumerpur	4163	4221	-58

Week on Week Price: Scenario of Castor Seed :

Commodity	Market	Today	Week ago	Month ago	Year ago
Center		2-Jun-17	26-May-17	2-May-17	2-Jun-16
Gujarat	Patan	4250	4450	4550	3000
	Harij	4300	4500	4650	3050
	Rajkot	4090	4360	4470	3055
	Gondal	4080	4430	4530	3105
	Deesa	4250	4460	4675	3055
	Bhabar	NA	NA	NA	3045
	Mehsana	4275	4430	4625	3035
	Kadi	4350	4535	4700	3080
	Sabarkatha	4275	4475	4650	3075
	Gandhi Nagar	4360	4500	4675	3065
	Ahmedabad (Sanand)	NR	4315	4655	2990
	Halvad	4200	4325	4525	3015
	Junagadh	Closed	4380	4410	2975
	Dhrol	NA	4030	4230	2900
Rajasthan	Jodhpur	4200	4500	4620	2900
	Sumerpur	4150	4275	4425	2980

Castor Seed Cumulative Arrivals in Key Centers:

Center	Market	27th May to 02nd June 2017	20th to 26th May 2017	Change
Gujarat	Patan	27210	26250	960
	Harij	5100	3450	1650
	Rajkot	2550	2915	-365
	Gondal	3469	4358	-889
	Deesa	11000	10240	760
	Bhabar	NR	NR	-
	Mehsana	3600	3600	Unch
	Kadi	17562	22824	-5262
	Sabarkatha	825	2288	-1463
	Gandhi Nagar	2138	3075	-938
	Ahmedabad (Sanand)	36	151	-115
	Halvad	750	713	38
	Junagadh	765	853	-88

	Dhrol	32	47	-15
Rajasthan	Jodhpur	463	349	114
	Sumerpur	2960	3440	-480
Total Arrivals/Above Markets		78460	84552	-6092

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