



# Castor Weekly Research Report

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### Castor Domestic Market Fundamentals:

- Castor cash markets traded weak this week 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 sideways in coming weeks.
- In third week of June, all India arrival of castor seed is 24874 quintals which is 3679 quintals lower than last week arrival of 38552 quintals.
- Castor Oil export in May, 17 was expected at 43,500 MT versus 55,000 MT of last month and 46,140 MT of May, 2016. High unpredictability in price keep the exporter away from markets. Exports for the period of Jan-May are reported lower by 4.3% at 2.12 lakh tons.
- 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.
- Castor seed Acreage for MY-2017-18 in Gujarat is likely to up by 8.5%, in Rajasthan by 5.5% but in Andhra/Telangana acreage is likely to down by 12%. Overall acreage is expected to increase by 5-7%. other alternatives crop like Moong, Moth and cotton which has better price is likely to keep area down than expected.
- 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 in the medium 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. 4200-4450 Rs. for stock purpose.**

#### **International Market Update:**

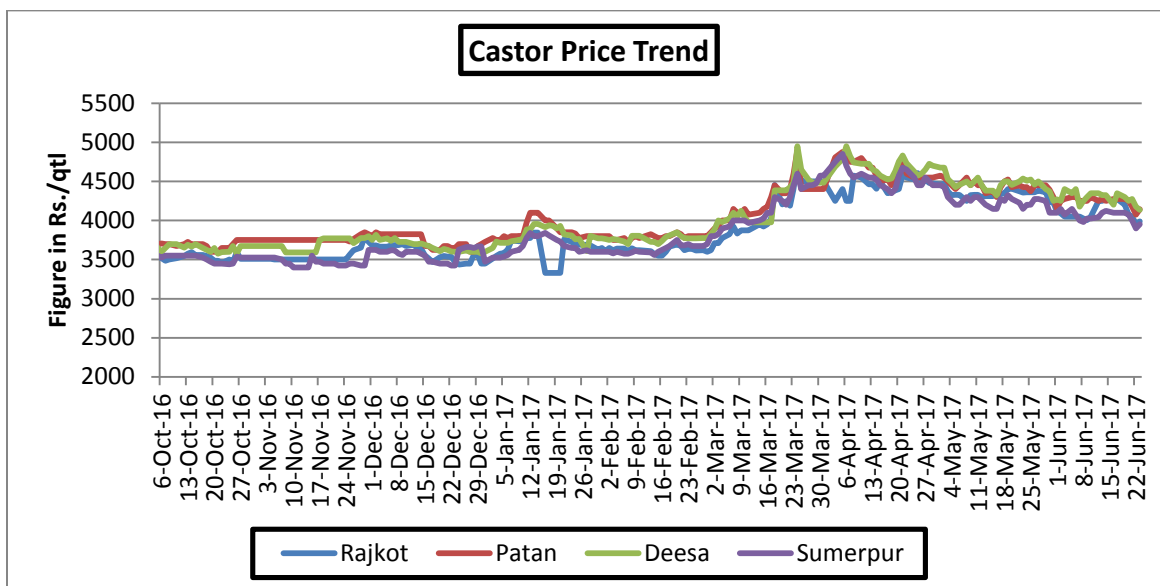
- FOB quotes In Kandla has decreased considerably from \$1575 to \$1565 per tons in last one week.
- Demand from China, EU, US and Japan is expected to remain steady till June. Major players would buy only need based buying until arrival gets its peak.
- Overall market sentiment remains steady in June.

#### **International market Outlook:**

Import demand for castor oil continues from China, E.U and U.S. Even, Malaysia remains active for castor oil.

#### **Castor Seed Price Trend Chart:**

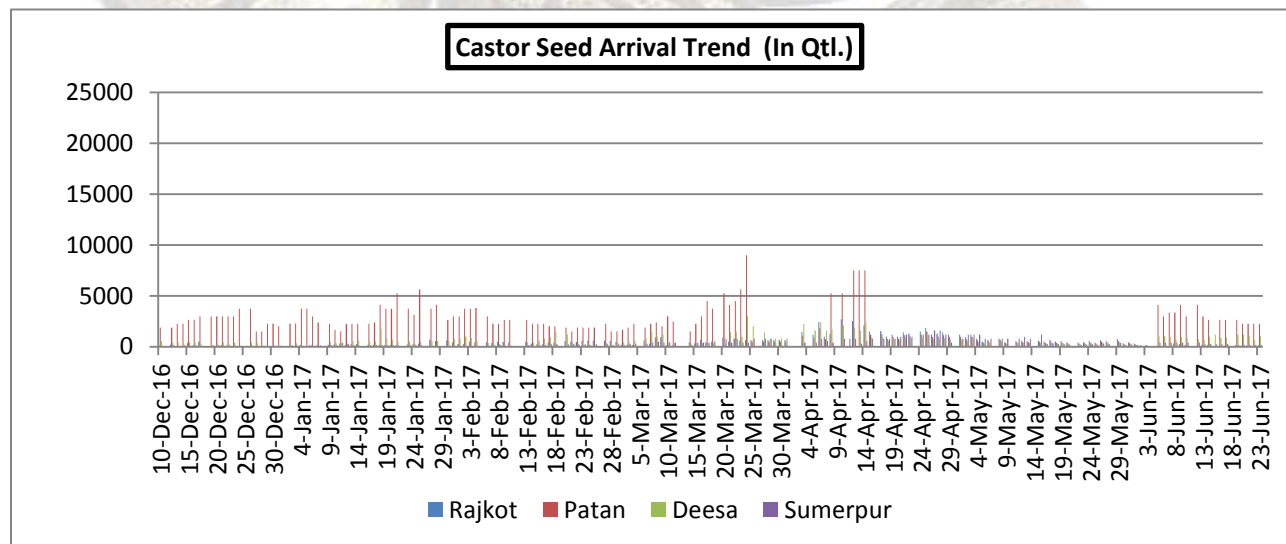
Steady trend were seen during this week ahead lower arrivals and good demand. Despite good yield of this season, production is likely to decrease which will help to increase price in long term. On Weekly front, prices are likely to remain steady due to lower arrival.

**Castor Price Trend:**


Source: Agriwatch

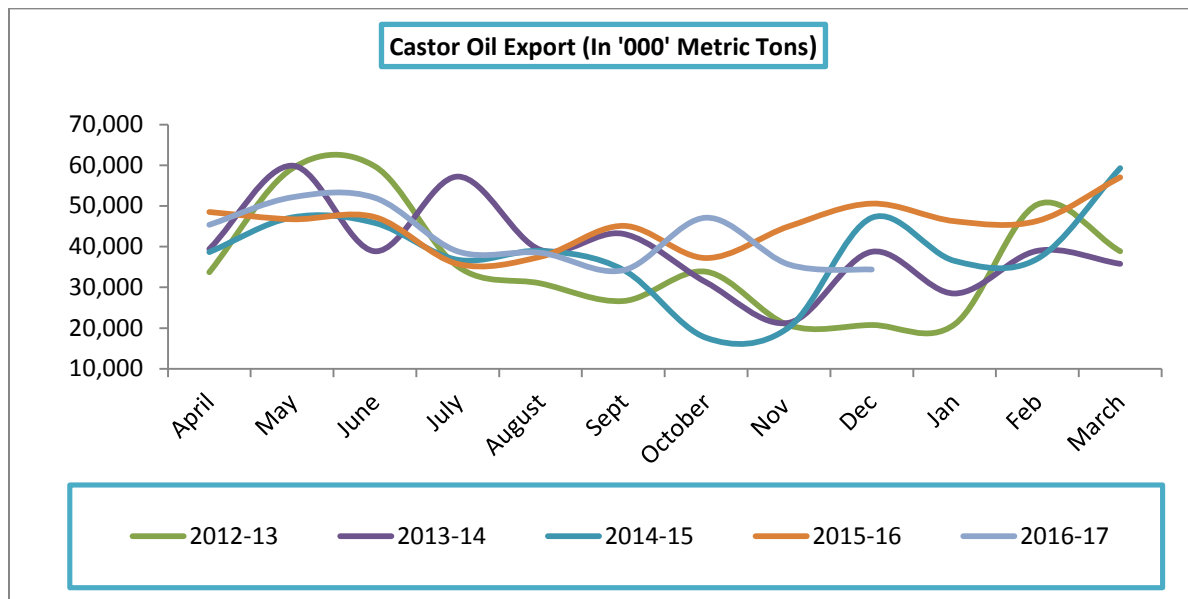
**Castor Seed Arrival Chart:**

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 down due to frail demand in the upcoming week.

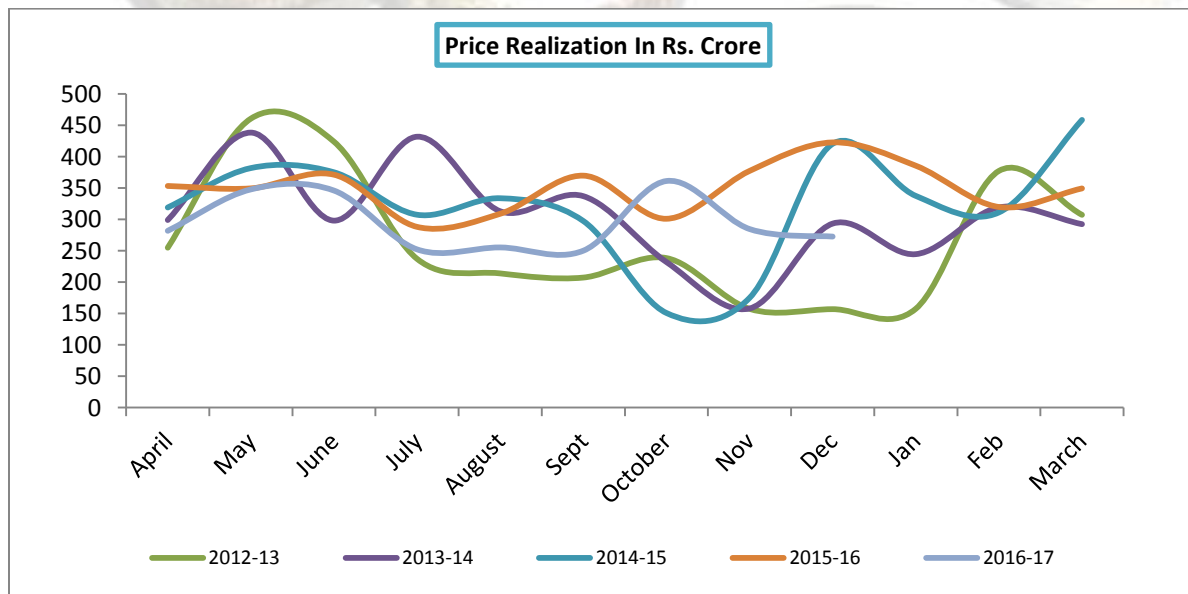


Source: Agriwatch

## Castor Oil Export Trend:



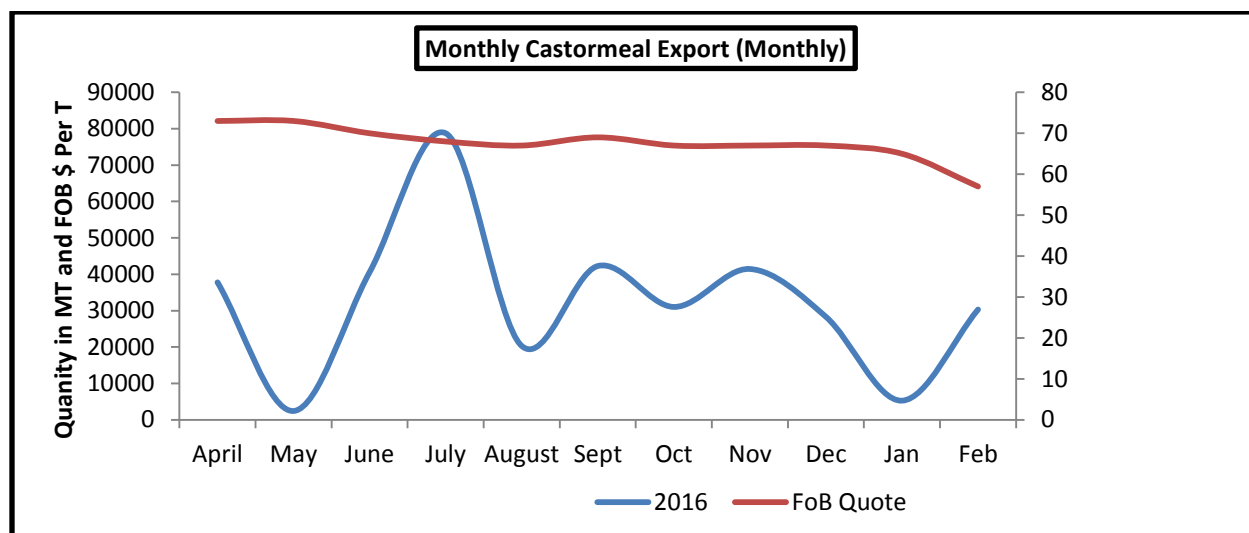
Source: Sea Of India



Source: Sea Of India

## Castor Meal Export:

India exported castor meal higher at 2810 tonnes in April 2017 than 33238 tonnes in March 2017, Castor meal exports volume is sharply fall down in this month on lower demand majorly in international markets especially from South Korea. FOB quotes for meal stood up at 3.27% to USD 63/T in April 2017 against \$61/T during the corresponding period of last year. S. Korea bought 202 tons meal in the month of April.



Source: Sea of India

### State wise Wholesale Prices Weekly Analysis for Castor Seed 03<sup>rd</sup> week June, 2017

State	Prices 16-23 Jun 2017	Prices 09-15 Jun 2017	Prices 01-08 Jun 2017	Prices 16-23 Jun 2016	% Change(Over Previous Week)	% Change(Over Previous to Previous Week)	% Change(Over Previous Year)
Andhra Pradesh	3767.69	3648.34	3808.39	3182.83	3.27	-1.07	18.38
Gujarat	4133.19	4209.34	4209.07	3020.65	-1.81	-1.8	36.83
Karnataka	3300	3708.33	3541.5		-11.01	-6.82	—
Maharashtra	3481.5	3266.67	3025	2925	6.58	15.09	19.03
Rajasthan	3857.01	4017.34	4072.29	2878.09	-3.99	-5.29	34.01
Tamil Nadu	3686.28		3533.29	3310.46	—	4.33	11.35
Telangana	3855.92	3706.84	3791.02	3120.75	4.02	1.71	23.56
Uttar Pradesh	3100				—	—	—
Average	3647.7	3759.48	3711.51	3072.96			

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

	16th June'17	9th June'17	16th May'17	16 June'16	CHANGE %
Castorseed (Gujarat)((Rs./M.T) Ex-Mandi	43800	43400	45200	31777	27.45
Castor Meal Export (FAS) (US\$ / MT),Ex Kandla	61.00	61.00	63.00	70.00	-14.75
EXPORT (FOR) Ports (Rs./MT)Castor meal bulk Kandla	3850	3850	4000	4762	-23.69
Castor Oil (First Grade) FOB Kandla (Export)\$ /Tonne	1455	1450	1530	982	32.51
Local rates for oil in domestic market(Rs./M.T.) for comm.	97000	97000	97500	57531	40.69

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	July	3850	3900	4380	4450	4500
Pre Weekly Trade Call			Call	Entry	T1	T2	SL
Castor	NCDEX	July	Buy on Dips	4225	4250	4280	4195



**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.

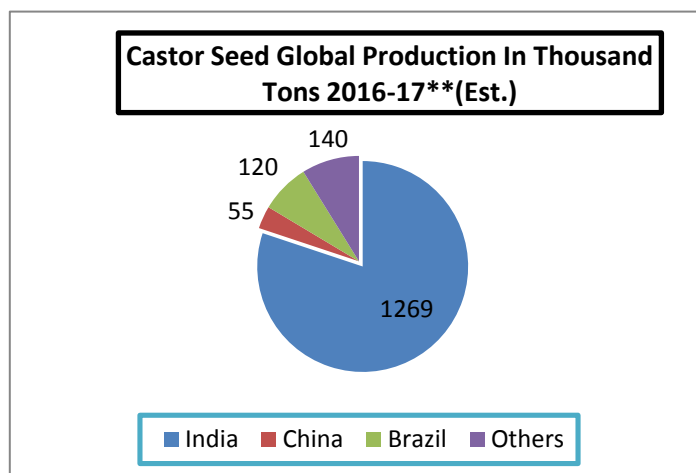
The season started with 5.91 lakh tons as carryout. Thus total availability for current marketing year comes to 18.6 lakh tons if estimated production of 12.69 lakh tons is included. Lower production would drag carryout down from 5.91 to 5.35 lakh tons. It would push seed price up in second and third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

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

<b>Preliminary Forecast For 2017-18</b>									
<b>All units in lakh tonss</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>Apr-Jun</b>	<b>July-Sep</b>	<b>Oct-Dec</b>	<b>Jan-Mar</b>
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  
Production share:**
**Global**

**Outlook & Recommendation:**

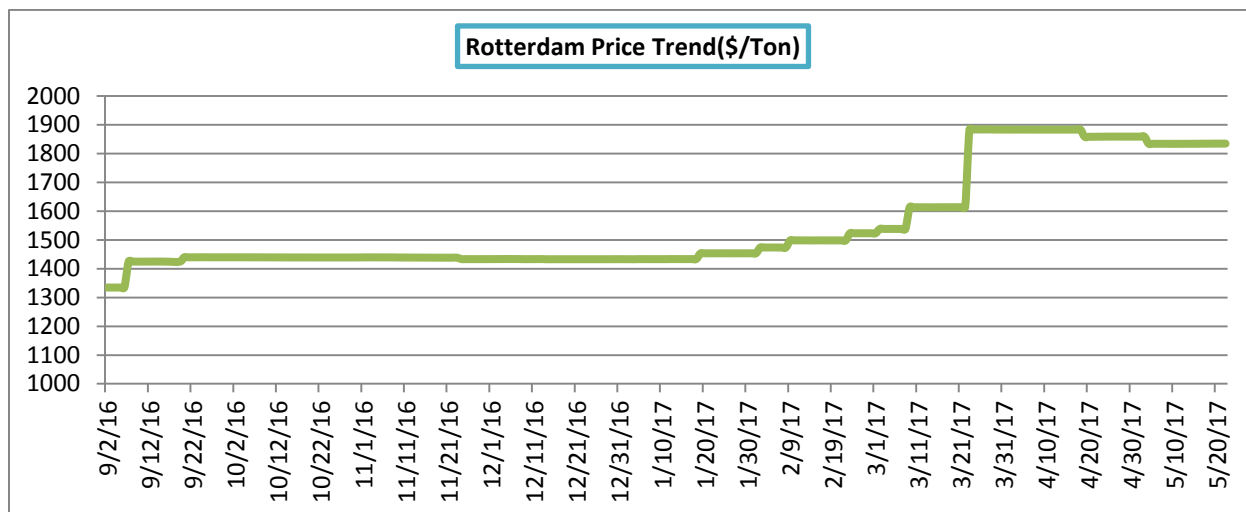
Castor seed market is likely to continue up in the second quarter of 2017, as demand is going to remain up with diminishing stocks. Millers and crushers are likely to be active in the market after May onwards. Less arrivals pace and improved oil demand will support castor prices hike further.

**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
		17th June to 23rd June 2017	10th June to 16th June 2017	
Gujarat	Patan	4199	4270	-71
	Harij	4175	4255	-80
	Rajkot	4074	4106	-32
	Gondal	4055	4154	-99
	Deesa	4248	4313	-65
	Bhabar	NA	NA	-
	Mehsana	4200	4250	-50
	Kadi	4238	4286	-48
	Sabarkatha	4175	4246	-71
	Gandhi Nagar	4253	4300	-48
	Ahmedabad (Sanand)	4145	4107	38
	Halvad	4156	4187	-31
	Junagadh	3973	4035	-63
	Dhrol	3637	NA	-
Rajasthan	Jodhpur	4200	4232	-32



	Sumerpur	4021	4086	<b>-65</b>
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#### Week on Week Price: Scenario of Castor Seed :

Commodity	Market	Today	Week ago	Month ago	Year ago
Center		23-Jun-17	16-Jun-17	23-May-17	23-Jun-16
<b>Gujarat</b>	Patan	4145	4275	4425	3150
	Harij	4050	4250	4500	3160
	Rajkot	3990	4150	4355	3110
	Gondal	3930	4155	4305	3180
	Deesa	4135	4200	4535	3100
	Bhabar	NA	NA	NA	3125
	Mehsana	4050	4250	4450	3085
	Kadi	4125	4305	4520	3130
	Sabarkatha	4025	4250	4475	3100
	Gandhi Nagar	4125	4325	4475	3125
	Ahmedabad (Sanand)	4000	NR	4395	3035
	Halvad	4075	4200	4325	3055
	Junagadh	3800	4050	4360	3120
	Dhrol	3560	NA	3950	2855
<b>Rajasthan</b>	Jodhpur	4180	4280	4470	2875
	Sumerpur	3950	4100	4150	3000

#### Castor Seed Cumulative Arrivals in Key Centers:

Center	Market	17th June to 23rd June 2017	10th June to 16th June 2017	Change
<b>Gujarat</b>	Patan	14250	15375	<b>-1125</b>
	Harij	1875	2550	<b>-675</b>
	Rajkot	715	755	<b>-40</b>
	Gondal	1240	1637	<b>-397</b>



	Deesa	6040	5440	600
	Bhabar	NA	NA	-
	Mehsana	1463	1763	-300
	Kadi	5248	5992	-744
	Sabarkatha	293	199	94
	Gandhi Nagar	1125	1575	-450
	Ahmedabad (Sanand)	34	14	19
	Halvad	743	683	60
	Junagadh	315	360	-45
	Dhrol	8	NA	-
Rajasthan	Jodhpur	503	450	53
	Sumerpur	1024	1760	-736
Total Arrivals/Above Markets		34874	38552	-3679

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