



Castor Weekly Research Report

Contents

- ❖ Outlook and Review
- ❖ Castor Seed price Chart
- ❖ Export
- ❖ NCDEX Spot Price
- ❖ Outlook
- ❖ Future Chart
- ❖ Progressive Sowing
- ❖ Weekly Spot Price change
- ❖ International Market Update

Castor Domestic Market Fundamentals:

- All India average castor price is around Rs.3665/quintal which is higher by 4.93% from last week price of Rs.3493/quintal and up by 22.28% from same period last year price of Rs.2997/quintal.
- Castor seed prices settled higher in spot markets but trading were thin due to closure of market on the back of GST rollout. Markets remain closed this week too. Pressure is unlikely to continue by July 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 second week of July, all India arrival of castor seed is 1073 quintals which is 509 quintals lower than last week arrival of 1581 quintals.
- Heavy rains witnessed over Castor growing regions of Gujarat during last week. This may lead to increase in acreage under Groundnut, Grains and Cotton. Moreover, sudden fall in prices after making high of Rs 950 per 20 kg also sent wrong message among the farmers. Farmers opined their intention to keep acreage at last year level against anticipation of increase in acreage during June 1st week. There are reports that acreage under Groundnut is expected to increase by almost 100% in Surendra Nagar and Banaskant districts which will limit the acreage gain in Castor to great extent.
- 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.

- 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. 4450-4600 Rs. for stock purpose.

International Market Update:

Castor oil prices increased on higher demand from China, EU and other Asian nations. Roll out of GST dragged the prices much lower during June which helped surge in demand in export market. Currently, Castor oil prices (average) for China are quoting at Rs 93,200 per MT versus Rs 88,800 of previous week.

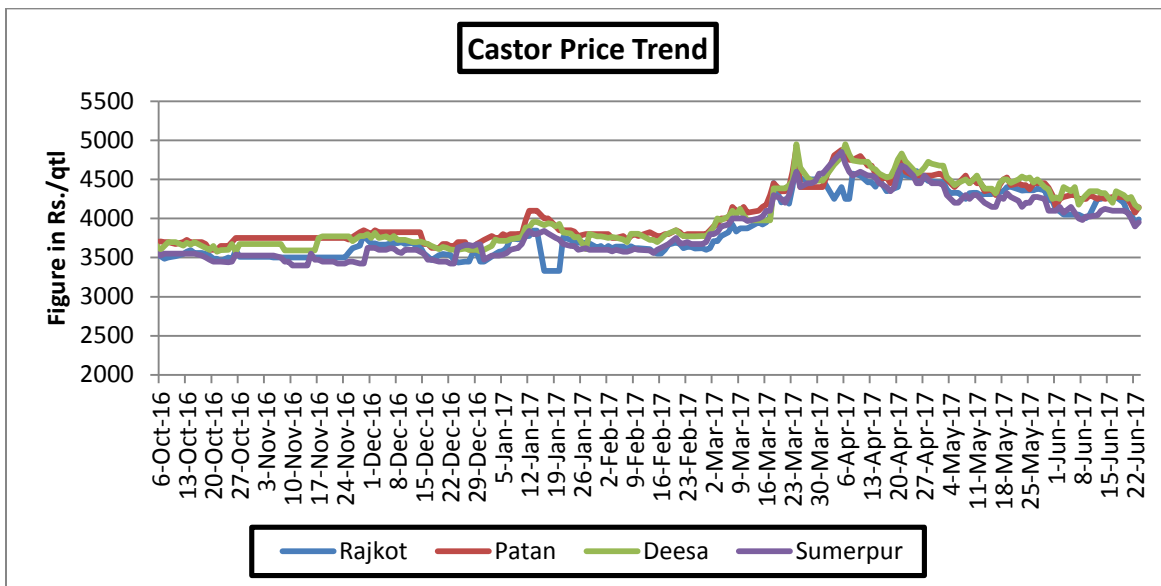
International market Outlook:

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:

Mostly all castor markets are closed in previous week to protest for GST and thus there is no movement in price trend.

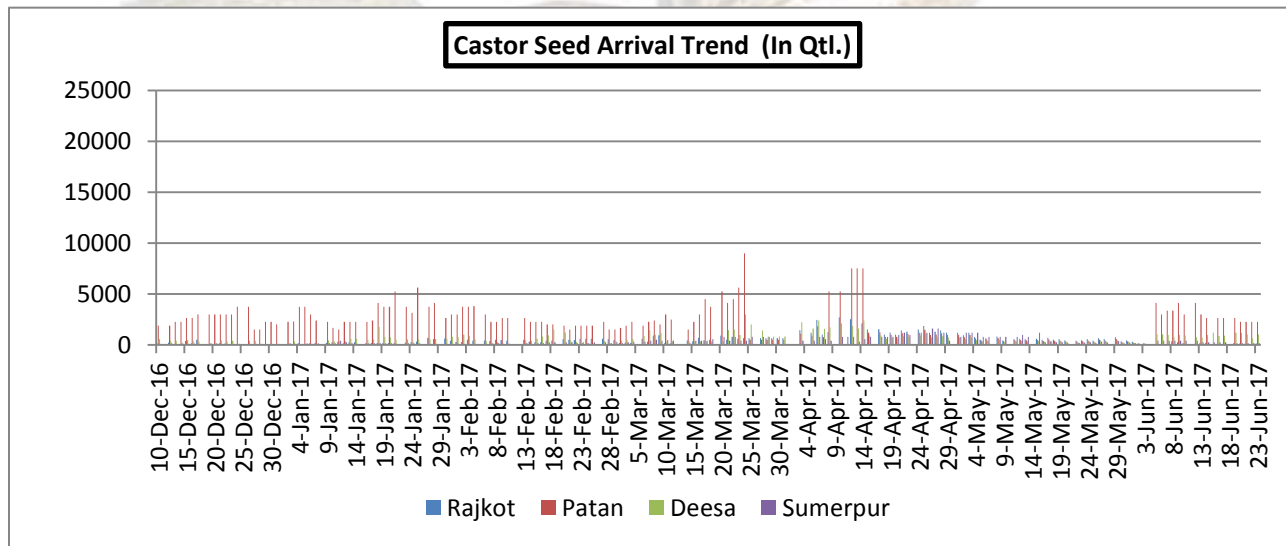
Castor Price Trend:



Source: Agriwatch

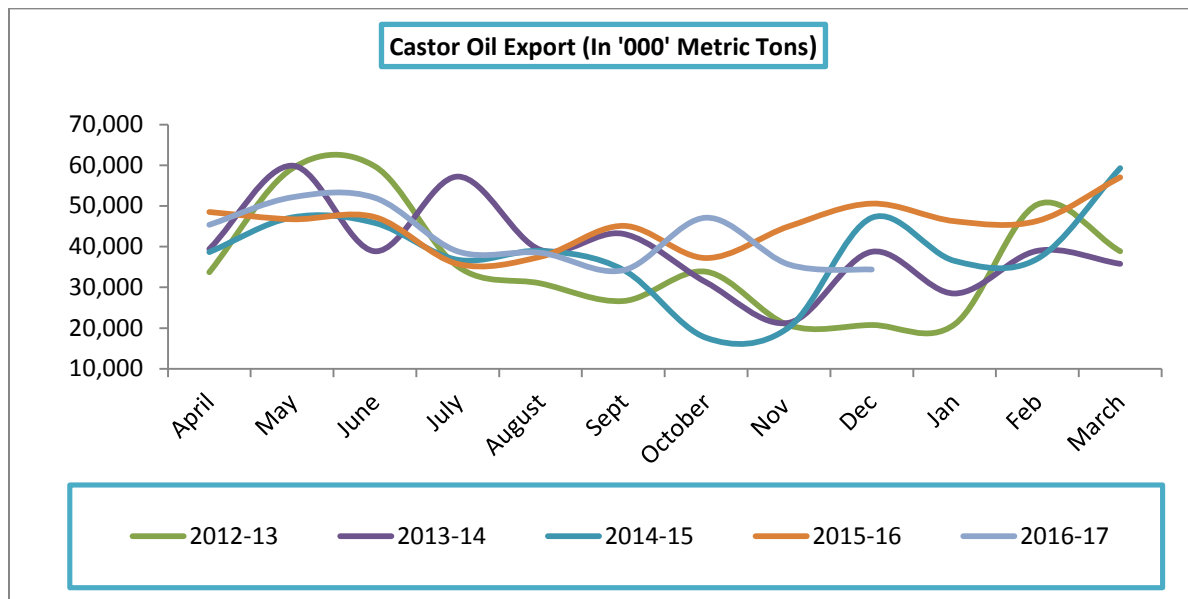
Castor Seed Arrival Chart:

Arrival is negligible in almost all major mandis and so arrival is not updated.

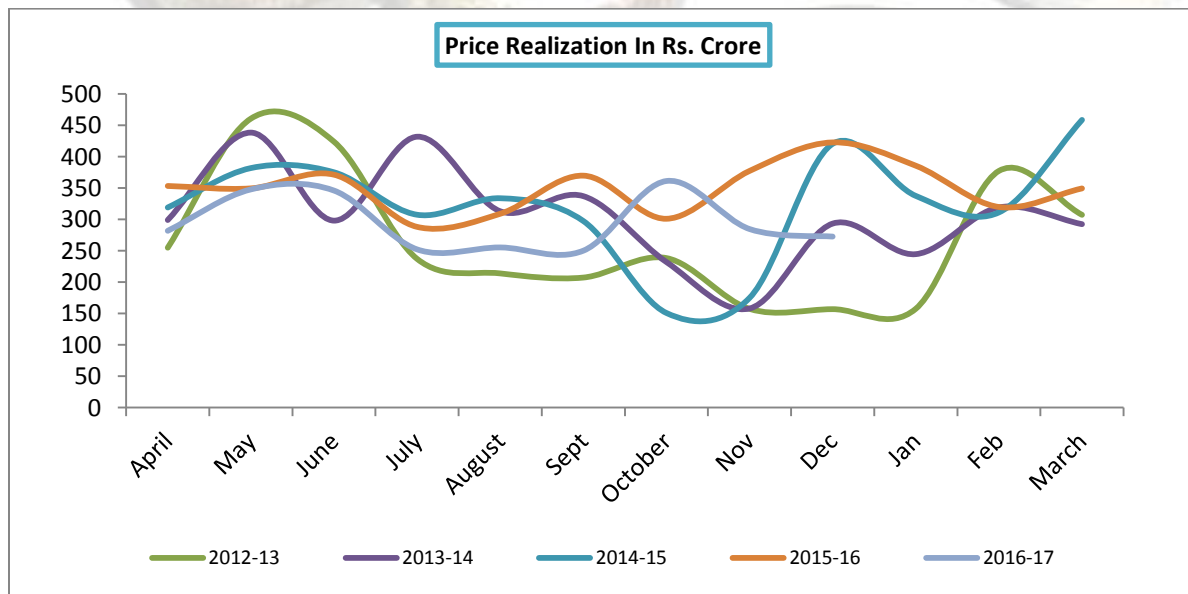


Source: Agriwatch

Castor Oil Export Trend:



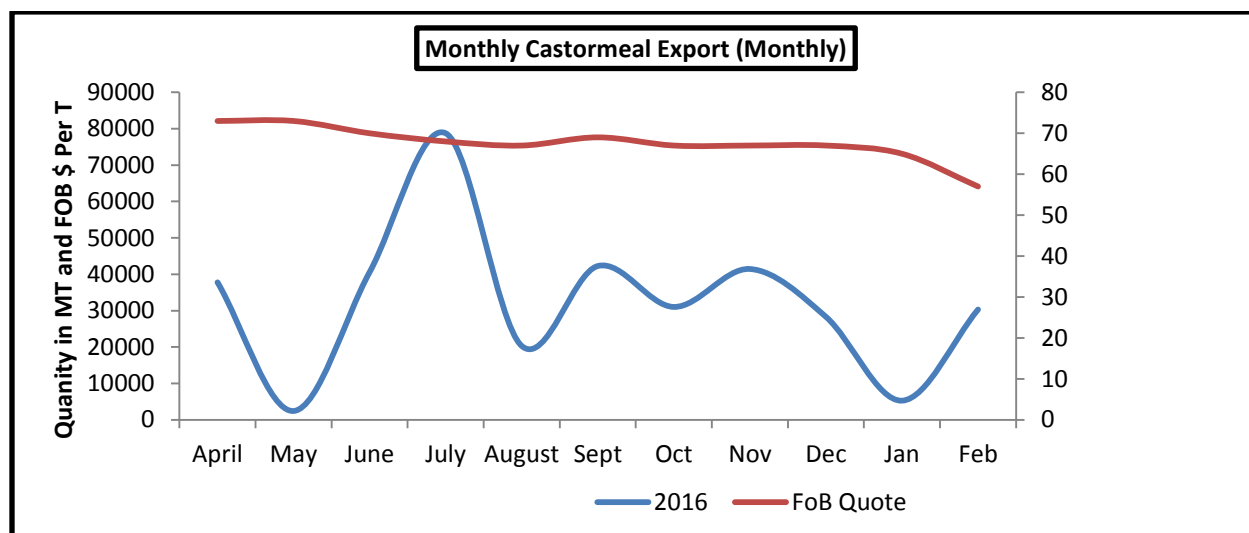
Source: Sea Of India



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 02nd week July, 2017

State	Prices 09-15 Jul 2017	Prices 01-08 Jul 2017	Prices 09-15 Jul 2016	% Change(Over Previous Week)	% Change(Over Previous Year)
Andhra Pradesh	3772.25	3727.9	3277.34	1.19	15.1
Gujarat	4214.16	4169	3178.58	1.08	32.58
Karnataka	3644.74	3850	2877.78	-5.33	26.65
Madhya Pradesh	3439.41	2775	2505	23.94	37.3
Maharashtra	3814	3180		19.94	—
Rajasthan	3924.21	2804.9	3119.86	39.91	25.78
Tamil Nadu	2900	3501		-17.17	—
Telangana	3611.13	3933	3024.07	-8.18	19.41
Average	3664.99	3492.6	2997.1		

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



Castor Weekly Price Comparison

Comparative Prices Of Castor Products Including Seed					
	7th July'17	30th June'17	7th June'17	7th July'16	CHANGE %
Castorseed (Gujarat)((Rs./M.T) Ex-Mandi	NQ	NQ	43500	33904	-
Castor Meal Export (FAS) (US\$ / MT),Ex Kandla	NQ	NQ	61.00	68.00	-
EXPORT (FOR) Ports (Rs./MT)Castor meal bulk Kandla	NQ	NQ	3850	4490	-
Castor Oil (First Grade) FOB Kandla (Export)\$/Tonne	NQ	NQ	1455	1054	-
Local rates for oil in domestic market(Rs./M.T.) for comm.	95000	96000	94500	72260	23.94

Source: SEA.

Technical Analysis:

Castor – Technical Outlook

Technical Commentary:

- Prices are likely to move in the range bound to firm tone in upcoming week.
- Increase in prices with higher volume and OI indicates long build up.



Strategy: Buy

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Castor	NCDEX	July	3850	3900	4533	4600	4650
Pre Weekly Trade Call			Call	Entry	T1	T2	SL
Castor	NCDEX	July	Buy on Dips	4365	4400	4420	4330

Castor Seed- Balance Sheet for 2017-18:

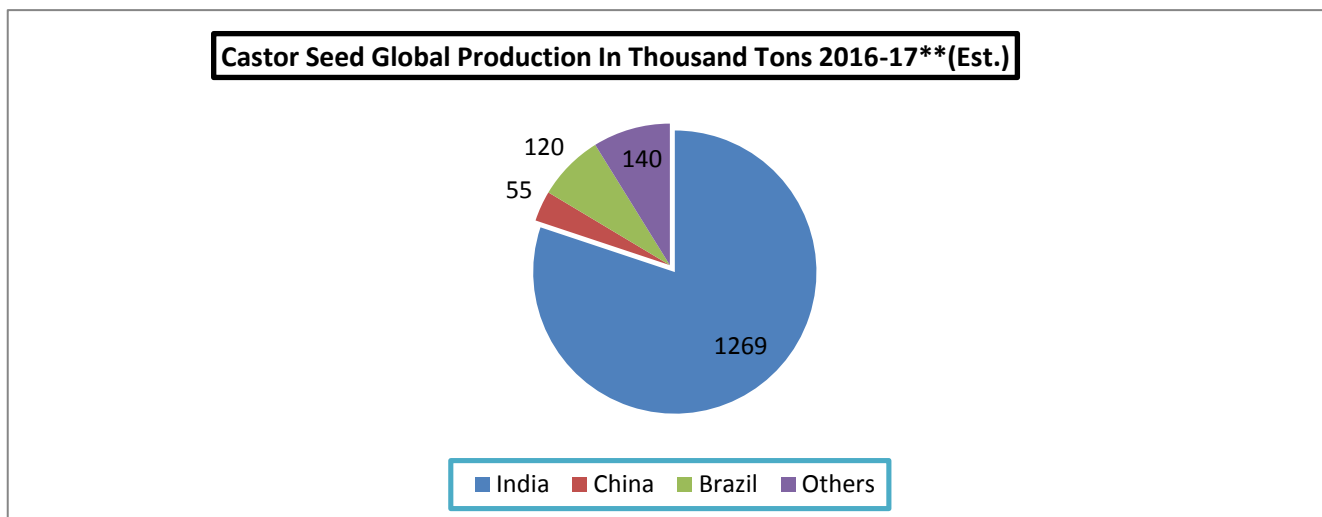
Agriwatch estimates for 2016/17 is remain same. Production shows around 14.42 percent lower side this year against 2015/16 season due to crop shifting from castor seed to other lucrative crops. Over all area would decline from 11.18(normal) to 9.90 lakh ha this year. The estimate is based on initial 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:

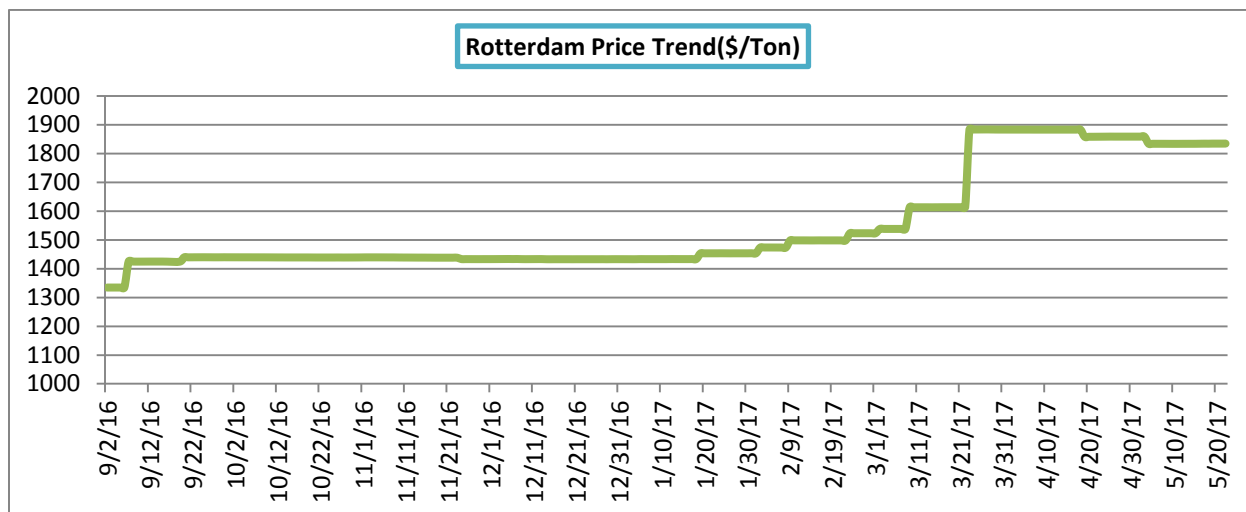
Castor seed market is likely to continue up in the second quarter of 2017, as demand is going to remain up with diminishing stocks. Millers and crushers are likely to be active in the market after May onwards. Less arrivals pace and improved oil demand will support castor prices hike further.

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 mid 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
		08th to 14th July 2017	01st to 07th July 2017	
Gujarat	Patan	Closed	Closed	-
	Harij	Closed	Closed	-
	Rajkot	Closed	Closed	-
	Gondal	Closed	Closed	-
	Deesa	Closed	4175	-
	Bhabar	NA	NA	-
	Mehsana	Closed	Closed	-
	Kadi	Closed	Closed	-
	Sabarkatha	4263	4258	4
	Gandhi Nagar	Closed	Closed	-
	Ahmedabad (Sanand)	4055	NA	-
	Halvad	Closed	Closed	-
	Junagadh	Closed	Closed	-
	Dhrol	Closed	Closed	-
Rajasthan	Jodhpur	4312	4275	37
	Sumerpur	4188	4144	44



Week on Week Price: Scenario of Castor Seed :					
Commodity	Market	Today	Week ago	Month ago	Year ago
Center		14-Jul-17	7-Jul-17	14-Jun-17	14-Jul-16
Gujarat	Patan	Closed	Closed	4250	3250
	Harij	Closed	Closed	4275	3225
	Rajkot	Closed	Closed	4135	3235
	Gondal	Closed	Closed	4155	3230
	Deesa	Closed	Closed	4325	3290
	Bhabar	NA	NA	NA	3175
	Mehsana	Closed	Closed	4250	3225
	Kadi	Closed	Closed	4295	3300
	Sabarkatha	4275	4275	4250	3250
	Gandhi Nagar	Closed	Closed	4300	3300
	Ahmedabad (Sanand)	NA	NA	4085	3190
	Halvad	Closed	Closed	4200	3165
	Junagadh	Closed	Closed	4050	3200
	Dhrol	Closed	Closed	3875	3160
Rajasthan	Jodhpur	4380	4320	4200	3050
	Sumerpur	4200	4225	4125	3250

Castor Seed Cumulative Arrivals in Key Centers:				
Center	Market	08th to 14th July 2017	01st to 07th July 2017	Change
Gujarat	Patan	Closed	Closed	-
	Harij	Closed	Closed	-
	Rajkot	Closed	Closed	-
	Gondal	Closed	Closed	-
	Deesa	Closed	1040	-
	Bhabar	NA	NA	-
	Mehsana	Closed	Closed	-
	Kadi	Closed	Closed	-
	Sabarkatha	165	17	148
	Gandhi Nagar	Closed	Closed	-
	Ahmedabad (Sanand)	NA	NA	-
	Halvad	Closed	Closed	-
	Junagadh	Closed	Closed	-
	Dhrol	Closed	Closed	-
Rajasthan	Jodhpur	428	124	304
	Sumerpur	480	400	80



Total Arrivals/Above Markets	1073	1581	-509
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