



# Castor Weekly Research Report

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## Castor Domestic Market Fundamentals:

- All India average castor price is around Rs.3865/quintal which is higher by 4.75% from last week price of Rs.3686/quintal and up by 22% from same period last year price of Rs.3169/quintal.
- In fourth week of July, all India arrival of castor seed is 6686 quintals which is 21117 quintals lower than last week arrival of 27804 quintals. Heavy rain/flood in major districts is the major reason for drastic fall in castor seed arrival.
- In the monsoon season, at All-India level, the rainfall during the week (13th July, 2017 – 19th July, 2017) has been 11% higher than Long Period Average (LPA). Rainfall in the four broad geographical divisions of the country during the above period have been higher than LPA by 70% in Central India and 13% in South Peninsula but lower than LPA by 52% in East & North East India and 20% in North West India.
- Castor meal export in June, 17 is around at 62,516 MT and traded at USD 59/T @ Indian port (FOB) versus 19141 MT of last month at US\$63/T and 132,771 MT of June 2016 at US\$70/T. Expectation of hike in price in coming months is the main reason for higher export. Exports for the period of Jan-June are reported up by 64% at 499,140 MT.
- 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.

#### Castor Seed Sowing Updates as on 28<sup>th</sup> July-2017 (in Lakh Hectare):

State	Normal Area	Normal Area as on date	Area sown reported			Absolute Change
			This Year	% of Normal	Last Year	
Andhra Pradesh	0.89	0.19	0.11	12.4	0.20	-0.09
Assam	0.01			0.0		0.00
Bihar	0.00	0.00	0.00		0.01	0.00
Gujarat	7.37	0.55	1.29	17.4	0.18	1.11
Haryana	0.01	0.01	0.01	140.0	0.01	0.00
Jharkhand	0.01	0.00	0.00		0.00	
Karnataka	0.12	0.06	0.04	33.3	0.06	-0.02
Madhya Pradesh	0.02			0.0		0.00
Maharashtra	0.16	0.10	0.07	41.7	0.12	-0.05
Odisha	0.12	0.03	0.03	26.9	0.04	-0.01
Rajasthan	2.25	0.19	0.55	24.2	0.05	0.50
Tamil Nadu	0.06	0.01	0.00	5.2	0.01	0.00
Telangana	0.82	0.51	0.31	37.9	0.38	-0.07
West Bengal	0.00			0.0		0.00
Others		0.00	0.00		0.01	
All-India	11.83	1.66	2.41	20.3	1.04	1.36

Castor seed area as on 28<sup>th</sup> July is around 2.41 lakh hectares which is up by 45% normal area as on date of 1.66 lakh hectares and also up by 131% from last year area till date of 1.04 lakh hectares. The main reason for increasing area is expectation of higher return in coming season of 2017-18 as stock is getting thinner day by day, also it is reported that 2.5-3 lakh bags of castor seed is destroyed in Banaskantha and Patan districts of Gujarat which also affect to push the price in northward in coming months.

### Outlook & Recommendation:

Overall market sentiment is likely to go steady in the medium term, however price will move in range bound to firm tone in 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 Exports to China were reported around 15,000 MT lower than normal level of 20,000 MT per month. Lower prices during June have helped to increase the export higher during June. Exports for the period of Jan-June are reported lower by 1.6%, is likely to narrow further in coming months.

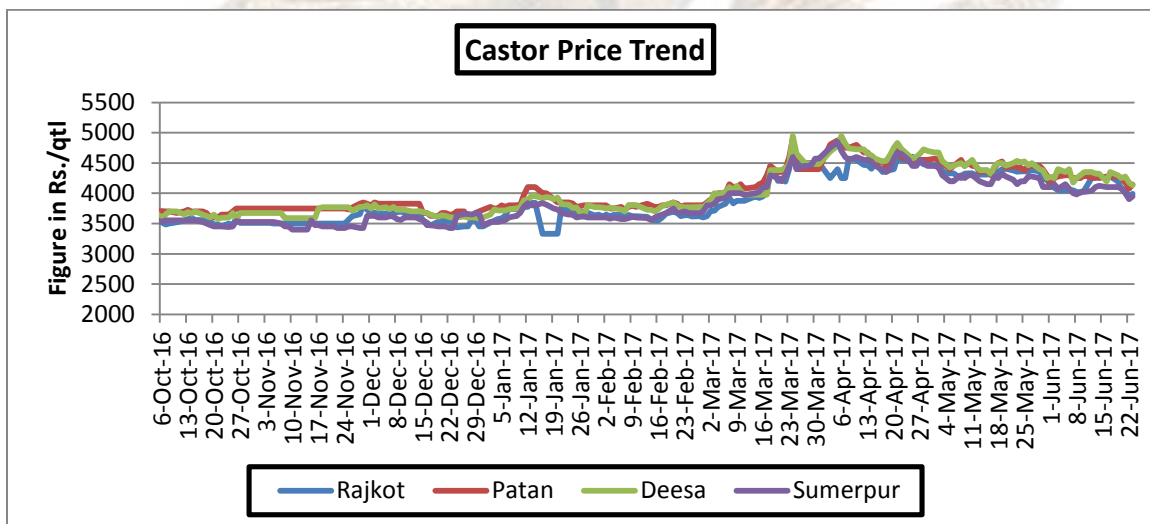
### International market Outlook:

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.

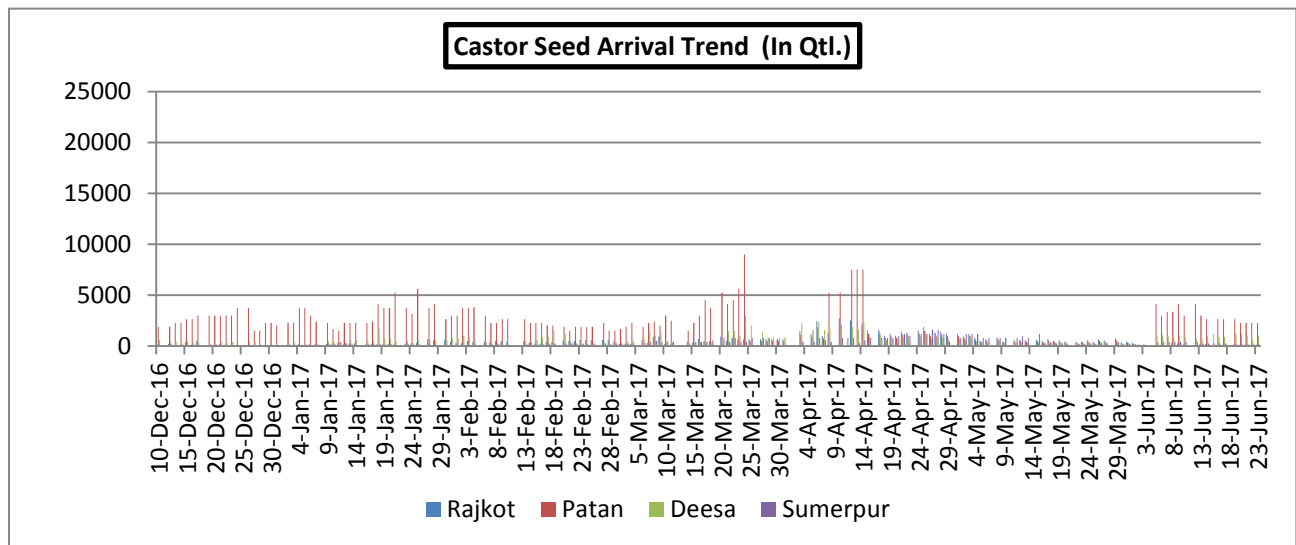
### Castor Price Trend:



Source: Agriwatch

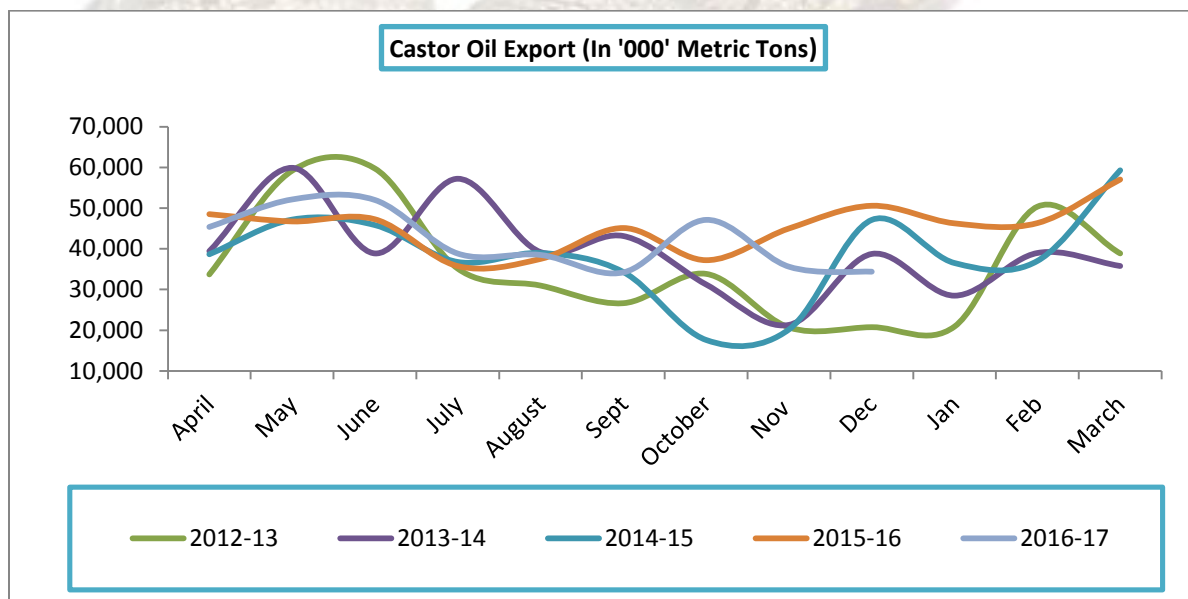
## Castor Seed Arrival Chart:

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

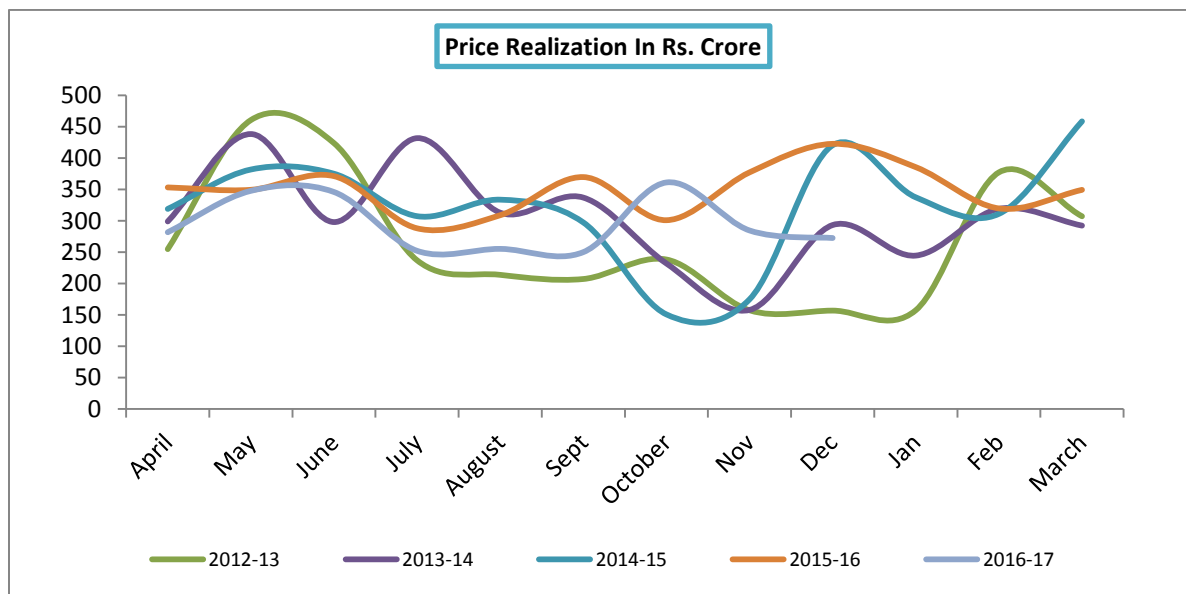


Source: Agriwatch

## Castor Oil Export Trend:



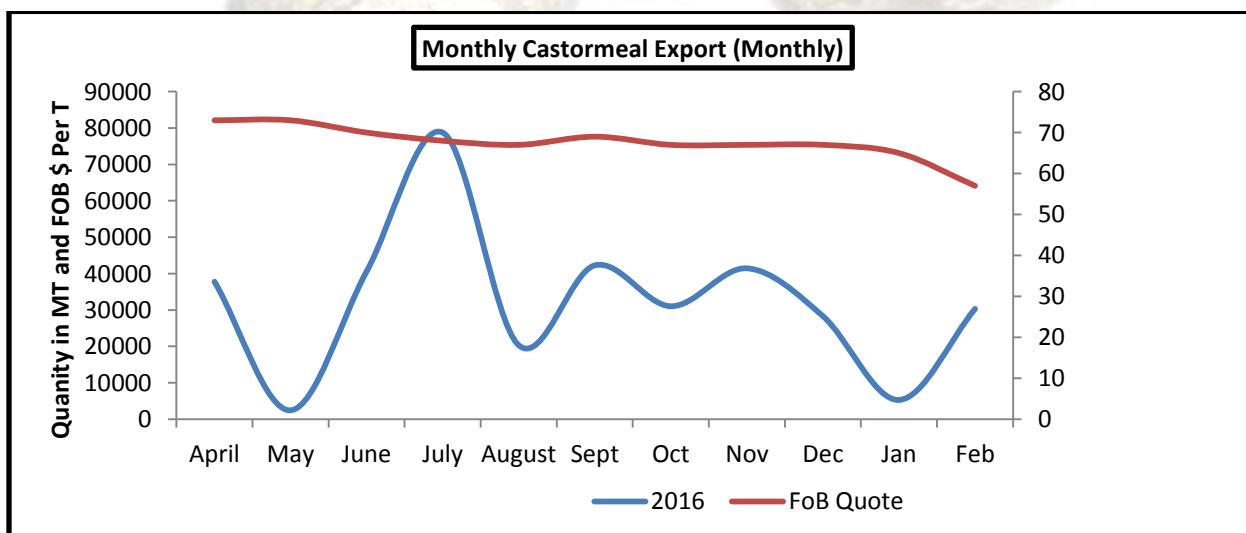
Source: Sea Of India



Source: Sea Of India

## Castor Meal Export:

Meal prices are currently quoting at the level last seen during May, 2010 due to subdued demand from South Korea. Meal exports during June'17 are reported higher by 1462% m/m and higher by 16.6% y/y. Meal exports till June are running lower by 20.4% y/y. For the year exports likely to remain lower by 19%. Sufficient stocks at destination are keeping overall export lower from last two seasons. Lower prices are expected to keep exports higher during second half of the year. Exports to Taiwan and Japan are expected to improve significantly this season.



Source: Sea of India





## State wise Wholesale Prices Weekly Analysis for Castor Seed 04<sup>th</sup> week July, 2017

State	Prices 24-31 Jul 2017	Prices 16-23 Jul 2017	Prices 24-31 Jul 2016	% Change(Over Previous Week)	% Change(Over Previous Year)
Andhra Pradesh	3879.48	3788.21	3436.47	2.41	12.89
Gujarat	4208.59	4303.22	3446.54	-2.2	22.11
Karnataka		3866.67		—	—
Madhya Pradesh		2800	2136.75	—	—
Maharashtra	3600	3600		0	—
Rajasthan	3844.65	4192.08	3295.43	-8.29	16.67
Tamil Nadu	3611	2900	3259	24.52	10.8
Telangana	4021.86	4037.25	3437.56	-0.38	17
Average	3860.93	3685.93	3168.62		

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					
	21th July'17	14th July'17	21st June'17	21th July'16	CHANGE %
Castorseed (Gujarat)((Rs./M.T) Ex-Mandi	44150	NQ	43100	33904	23.21
Castor Meal Export (FAS) (US\$ / MT),Ex Kandla	56	NQ	56.00	68.00	-21.43
EXPORT (FOR) Ports (Rs./MT)Castor meal bulk Kandla	3600	NQ	3500	4490	-24.72
Castor Oil (First Grade) FOB Kandla (Export)\$ /Tonne	1505	NQ	1425	1054	29.97
Local rates for oil in domestic market(Rs./M.T.) for comm.	96000	96000	93000	72260	24.73

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	Aug	3850	3900	4506	4600	4650
Pre Weekly Trade Call			Call	Entry	T1	T2	SL
Castor	NCDEX	Aug	Buy on Dips	4445	4490	4540	4430

**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.

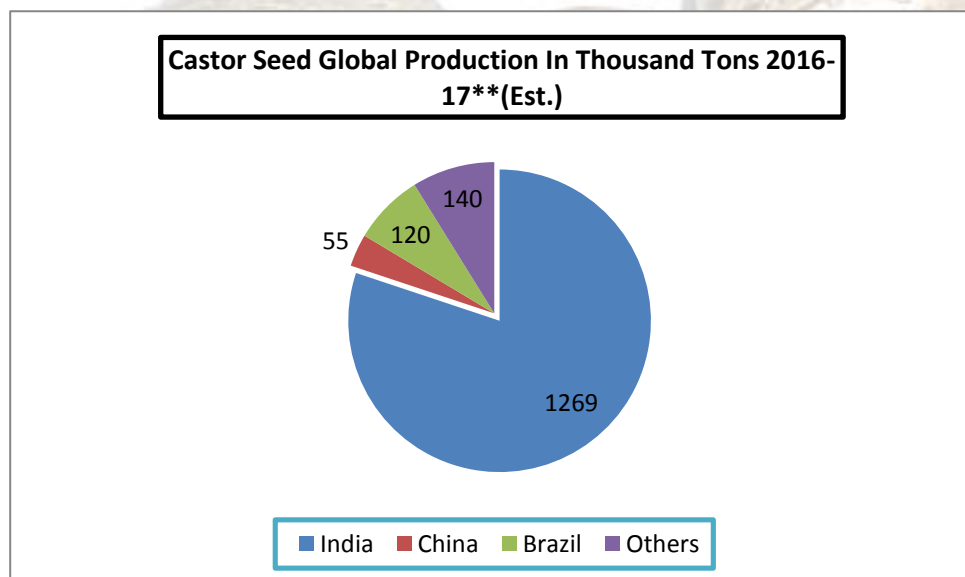
The season started with 5.91 lakh tons as carryout. Thus total availability for current marketing year comes to 18.6 lakh tons if estimated production of 12.69 lakh tons is included. Lower production would drag carryout down from 5.91 to 5.35 lakh tons. It would push seed price up in second and third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

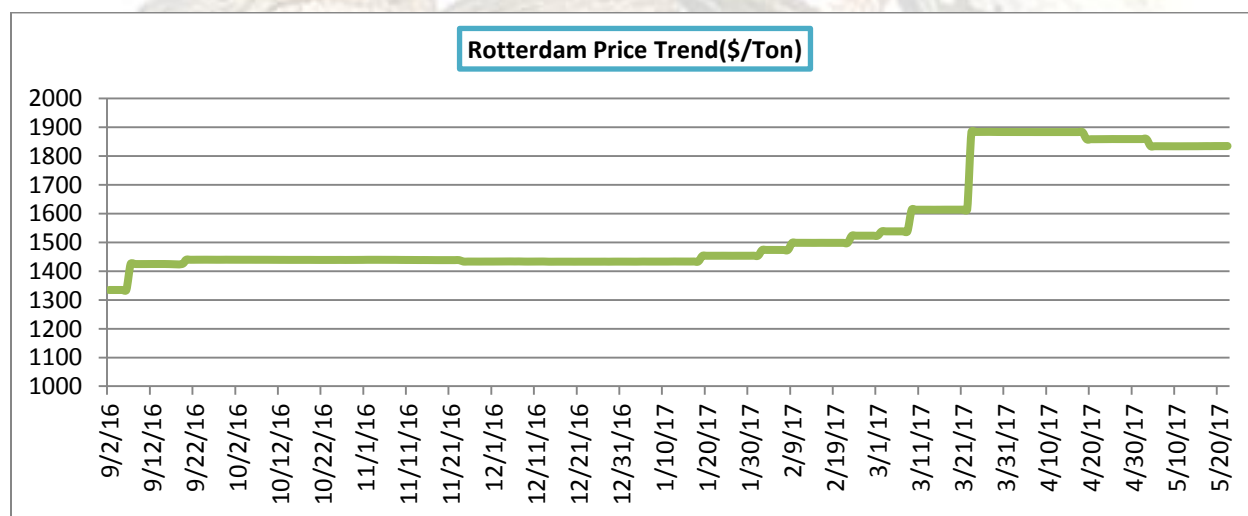
Castor seed market is likely to continue up in the second quarter of 2017, as demand is going to remain up with diminishing stocks. Millers and crushers are likely to be active in the market after May onwards. Less arrivals pace and improved oil demand will support castor prices hike further.

**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
Center		22nd to 28th July 2017	15th to 21th July 2017	



Gujarat	Patan	4215	4300	-85
	Harij	Closed	4350	-
	Rajkot	4161	4258	-96
	Gondal	4230	4290	-60
	Deesa	4375	4365	10
	Bhabar	NA	NA	-
	Mehsana	4338	4355	-18
	Kadi	4365	4430	-65
	Sabarkatha	Closed	4400	-
	Gandhi Nagar	4400	4420	-20
	Ahmedabad (Sanand)	NA	NA	-
	Halvad	4055	4113	-58
	Junagadh	4210	4228	-18
	Dhrol	3770	Closed	-
Rajasthan	Jodhpur	4324	4367	-43
	Sumerpur	4242	4296	-54

#### Week on Week Price: Scenario of Castor Seed :

Commodity	Market	Today	Week ago	Month ago	Year ago
Center		28-Jul-17	21-Jul-17	28-Jun-17	28-Jul-16
Gujarat	Patan	4230	4300	4200	3525
	Harij	Closed	4350	4250	3490
	Rajkot	4190	4230	4085	3465
	Gondal	4230	4205	4080	3655
	Deesa	Closed	4375	4250	3450
	Bhabar	NA	4325	NA	3475
	Mehsana	4325	4325	4200	3475
	Kadi	4335	4405	4280	3530
	Sabarkatha	NA	4425	4225	3500
	Gandhi Nagar	NA	4375	4275	3525
	Ahmedabad (Sanand)	NA	NA	NA	3350
	Halvad	4055	Closed	3975	3515
	Junagadh	4250	4125	4100	3530
	Dhrol	NA	Closed	3600	3530
Rajasthan	Jodhpur	4300	4350	4300	3300
	Sumerpur	4250	4250	4150	3375



Castor Seed Cumulative Arrivals in Key Centers:				
Center	Market	22nd to 28th July 2017	15th to 21th July 2017	Change
Gujarat	Patan	805	4500	-3695
	Harij	Closed	825	-
	Rajkot	800	537	263
	Gondal	1288	1536	-248
	Deesa	560	4460	-3900
	Bhabar	NA	NA	-
	Mehsana	563	1688	-1125
	Kadi	1588	10748	-9160
	Sabarkatha	Closed	218	-
	Gandhi Nagar	188	1800	-1613
	Ahmedabad (Sanand)	NA	NA	-
	Halvad	8	83	-75
	Junagadh	145	240	-95
	Dhrol	6	Closed	-
Rajasthan	Jodhpur	450	450	Unch
	Sumerpur	286	720	-434
Total Arrivals/Above Markets		6686	27804	-21117

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