



# 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.4005/quintal which is up by 2.85% from last week price of Rs.3894/quintal and up by 29% from same period last year price of Rs.3104/quintal.
- In fourth week of August, all India arrival of castor seed is 65263 quintals which is 44673 quintals higher than last week arrival of 20590 quintals.
- In the monsoon season, at All-India level, the rainfall during the week (20th July, 2017 – 26th July, 2017) has been 22% 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 48% in East & North East India, 35% in Central India and 29% in North West India but lower than LPA by 56% in South Peninsula.
- 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.
- Acreage in Gujarat are likely to increase by around 8-10% while in Rajasthan is expected to increase by 15-20%. Recent flood will help to increase the acreage in Rajasthan.
- Ending stocks are expected to remain at seven year low on the back of drastic fall in production during last season amid good crushing demand.
- 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 Sowing Updates as on 25<sup>th</sup> August-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	0.36	0.17	19.1	0.28	-0.11
Assam	0.01			0.0		0.00
Bihar	0.00	0.01	0.00		0.01	-0.01
Gujarat	7.37	4.30	3.01	40.9	3.27	-0.26
Haryana	0.01	0.01	0.01	160.0	0.02	-0.01
Jharkhand	0.01	0.01	0.01		0.01	
Karnataka	0.12	0.10	0.05	41.7	0.09	-0.04
Madhya Pradesh	0.02			0.0		0.00
Maharashtra	0.16	0.17	0.07	42.9	0.12	-0.05
Odisha	0.12	0.06	0.05	42.9	0.06	0.00
Rajasthan	2.25	1.35	1.00	44.4	1.24	-0.24
Tamil Nadu	0.06	0.02	0.01	10.3	0.02	-0.01
Telangana	0.82	0.73	0.31	37.9	0.43	-0.12
Others		0.00	0.00		0.00	
<b>All-India</b>	<b>11.84</b>	<b>7.12</b>	<b>4.70</b>	<b>39.7</b>	<b>5.54</b>	<b>-0.84</b>

Castor seed area as on 25<sup>th</sup> August-2017 is around 4.70 lakh hectares which is down by 34.07% normal area as on date of 7.12 lakh hectares and down by 15.19% from last year area till date of 5.54 lakh hectares.

**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, lower stocks and also lower area coverage.

**Stake holders in cash market may opt for selling seed around Rs. 4450-4650 Rs. for profit 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.

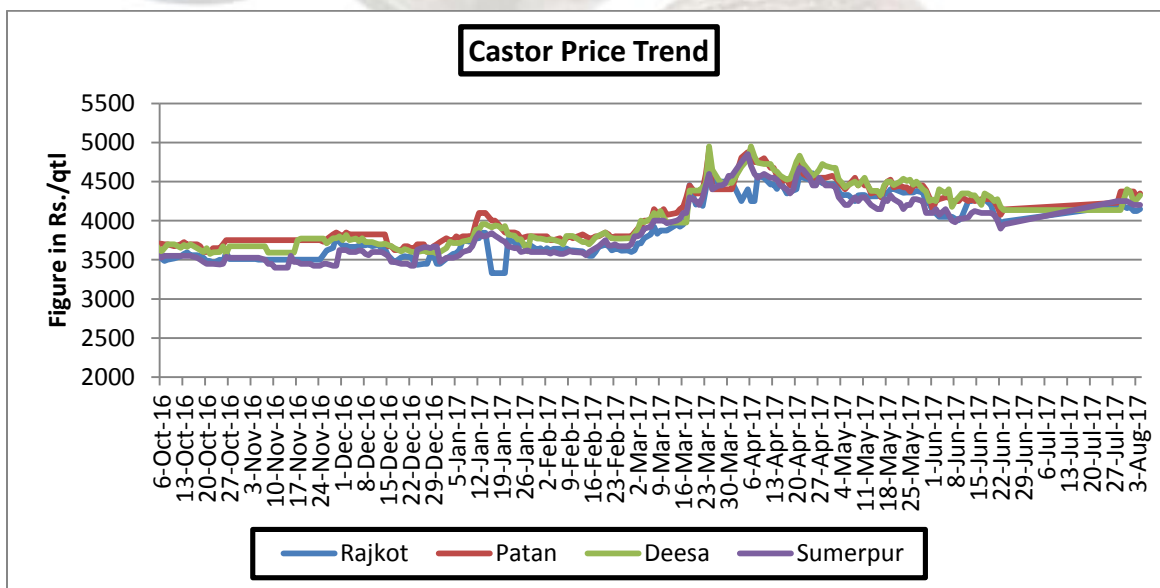
### International market Outlook:

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 moving in the upward direction due to continuous demand and diminishing stock.

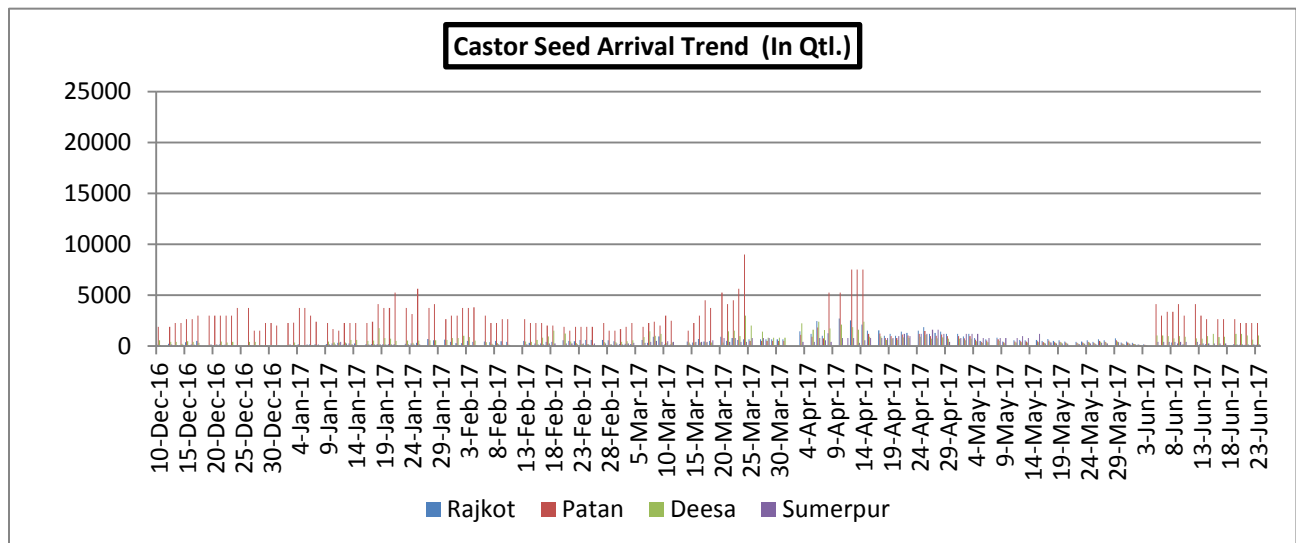
### Castor Price Trend:



Source: Agriwatch

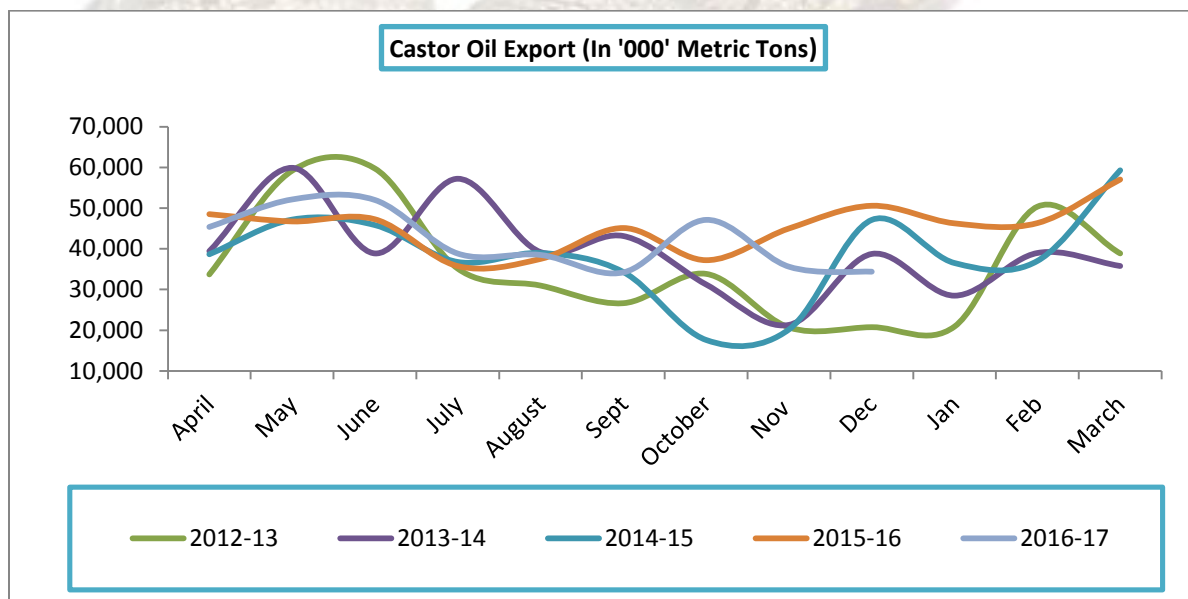
## Castor Seed Arrival Chart:

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

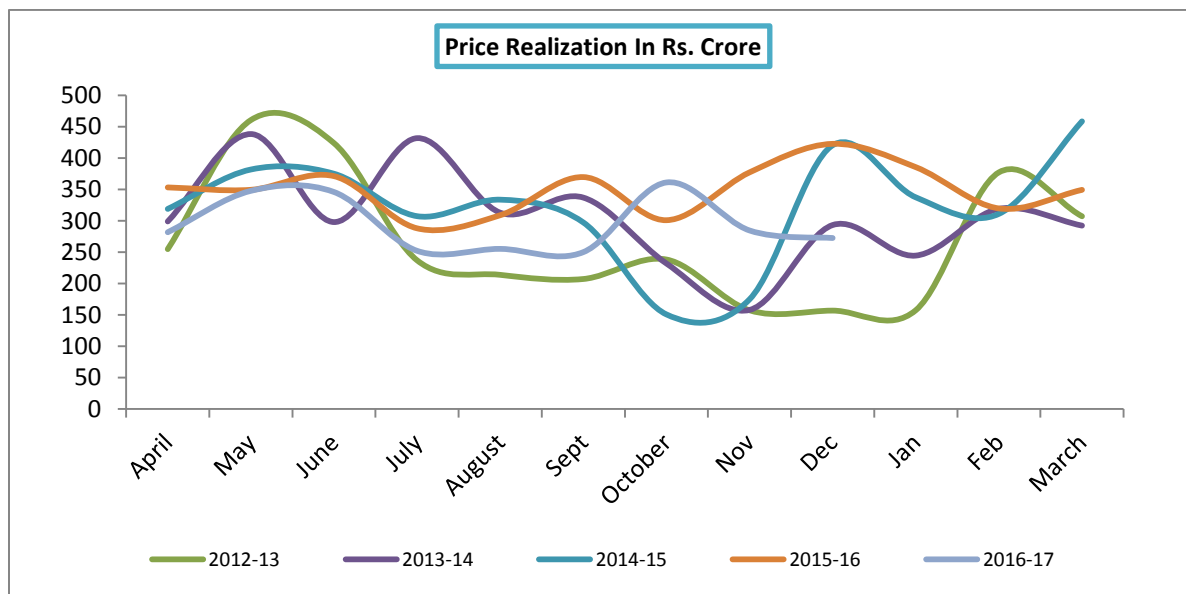


Source: Agriwatch

## Castor Oil Export Trend:



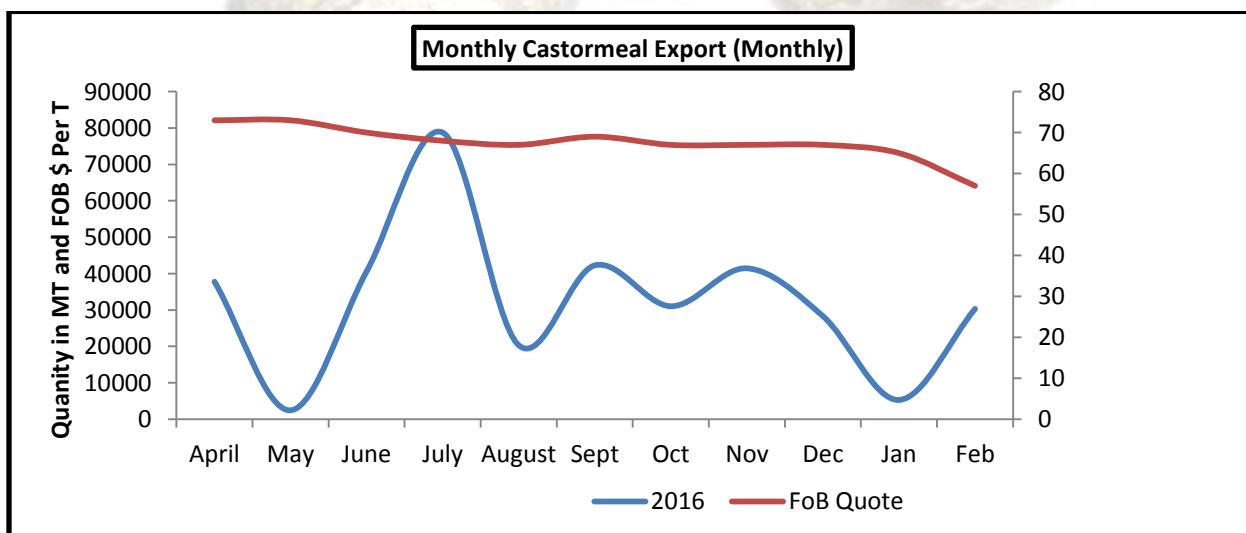
Source: Sea Of India



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 02<sup>nd</sup> week August, 2017

State	Prices 16-23 Aug 2017	Prices 09-15 Aug 2017	Prices 16-23 Aug 2016	% Change(Over Previous Week)	% Change(Over Previous Year)
Andhra Pradesh	4095.22	4002.2	3289.5	2.32	24.49
Gujarat	4432.78	4344.28	3427.57	2.04	29.33
Karnataka	4000		1764.16	---	126.74
Madhya Pradesh		3100	2353.99	---	---
Maharashtra	3412.5		3162.5	---	7.91
Rajasthan	4100.46	4126.29	3290.82	-0.63	24.6
Tamil Nadu			4222	---	---
Telangana	3985.29		3321.14	---	20
Average	4004.38	3893.19	3103.96		

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)	4400-4600	4800-5000
Medium Term (30 days)	4700-4850	5300-5500

## Castor Weekly Price Comparison

Comparative Prices Of Castor Products Including Seed					
	18th August'17	11th August'17	18th July'17	18th August'16	CHANGE %
Castorseed (Gujarat)((Rs./M.T) Ex-Mandi	45450	44750	NQ	35414	22.08
Castor Meal Export (FAS) (US\$ / MT),Ex Kandla	63	63	NQ	67.00	-6.35
EXPORT (FOR) Ports (Rs./MT)Castor meal bulk Kandla	4050	4050	NQ	4494	-10.96
Castor Oil (First Grade) FOB Kandla (Export)\$ /Tonne	1520	1510	NQ	1106	27.24
Local rates for oil in domestic market(Rs./M.T.) for comm.	98000	97000	95500	75800	22.65

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	Sept	4453	4516	4694	4850	4900
Pre Weekly Trade Call			Call	Entry	T1	T2	SL
Castor	NCDEX	Sept	Buy on Dips	4650	4690	4735	4635

**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.

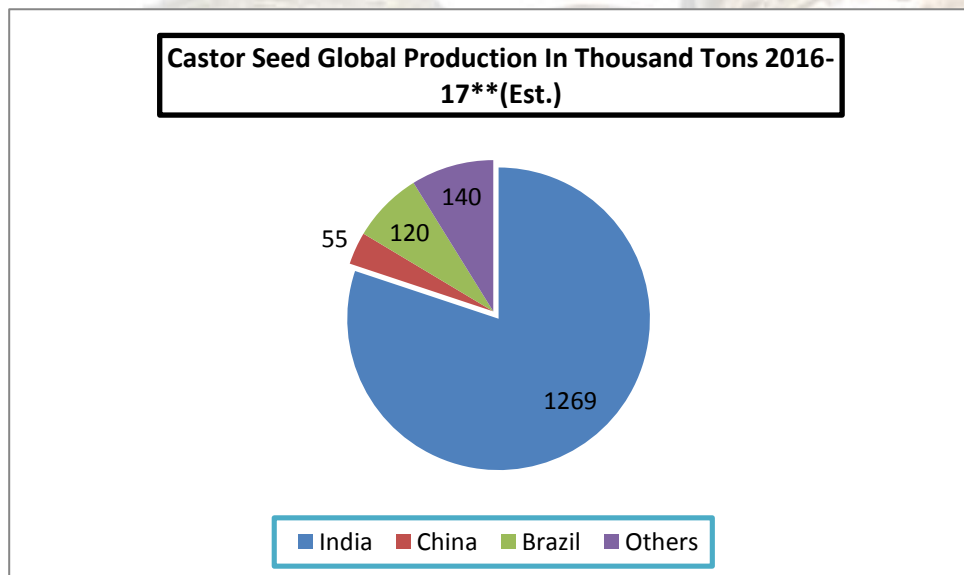
The season started with 5.91 lakh tons as carryout. Thus total availability for current marketing year comes to 18.6 lakh tons if estimated production of 12.69 lakh tons is included. Lower production would drag carryout down from 5.91 to 5.35 lakh tons. It would push seed price up in second and third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

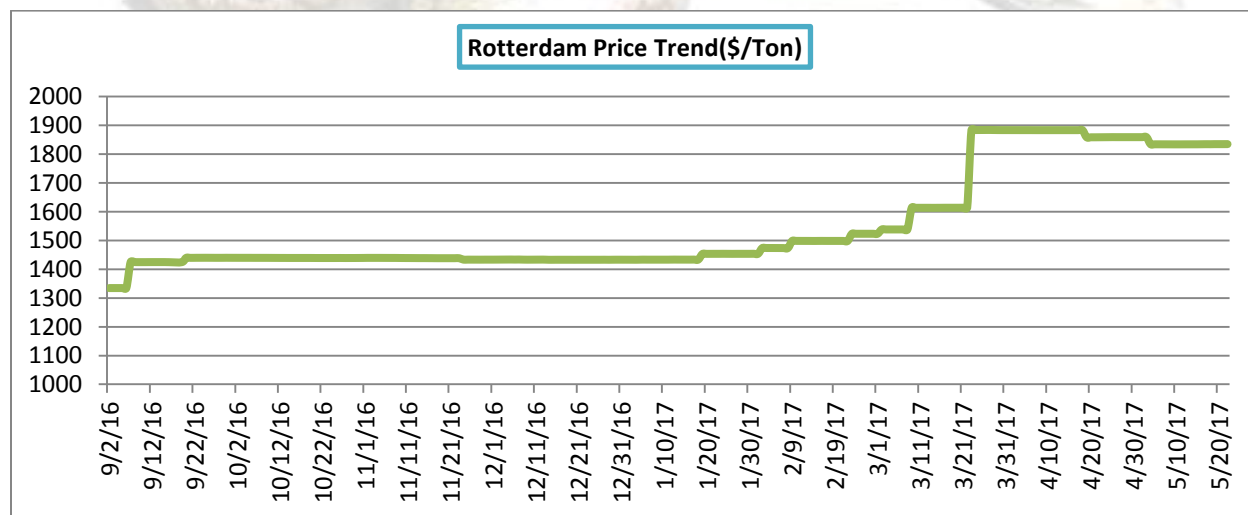
after May onwards. Less arrivals pace and improved oil demand will support castor prices hike further.

### 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		19th to 25th August 2017	12th to 18th August 2017	
Gujarat	Patan	4505	4350	155
	Harij	4450	4342	108
	Rajkot	4230	4223	8
	Gondal	4285	4188	97
	Deesa	4452	4391	61
	Bhabar	NR	NR	--
	Mehsana	4440	4350	90
	Kadi	4554	4484	70
	Sabarkatha	4471	4425	46
	Gandhi Nagar	4500	4452	48
	Ahmedabad (Sanand)	4367.5	4100	268
	Halvad	4420	4275	145
	Junagadh	4308	4050	258
	Dhrol	NA	NA	--
Rajasthan	Jodhpur	4482	4359	123
	Sumerpur	4350	4300	50

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

Commodity	Market	Today	Week ago	Month ago	Year ago
Center		25-Aug-17	18-Aug-17	25-Jul-17	24-Aug-16
Gujarat	Patan	Closed	Closed	Closed	3500
	Harij	Closed	Closed	Closed	3525
	Rajkot	NR	4200	4120	3360
	Gondal	4330	4180	NR	3355
	Deesa	Closed	4450	Closed	3425
	Bhabar	NA	NA	NA	NR
	Mehsana	Closed	Closed	Closed	3460
	Kadi	Closed	4550	Closed	3470
	Sabarkatha	4450	4425	NA	3450
	Gandhi Nagar	Closed	4455	NA	3475
	Ahmedabad (Sanand)	Closed	NA	Closed	3285
	Halvad	4450	Closed	NA	3405
	Junagadh	4280	Closed	Closed	3300
	Dhrol	Closed	NA	3950	3135



Rajasthan	Jodhpur	4200	4480	4350	3220
	Sumerpur	4350	Closed	4250	3350

Castor Seed Cumulative Arrivals in Key Centers:				
Center	Market	19th to 25th August 2017	12th to 18th August 2017	Change
Gujarat	Patan	23625	6375	17250
	Harij	2925	1800	1125
	Rajkot	101	173	-72
	Gondal	1180	558	622
	Deesa	5065	2910	2155
	Bhabar	NR	NR	--
	Mehsana	4875	375	4500
	Kadi	19647	6276	13371
	Sabarkatha	1013	450	563
	Gandhi Nagar	5475	1163	4313
	Ahmedabad (Sanand)	3	1	2
	Halvad	420	150	270
	Junagadh	140	35	105
	Dhrol	NA	NA	--
Rajasthan	Jodhpur	475	285	190
	Sumerpur	320	40	280
Total Arrivals/Above Markets		65263	20590	44673

### Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at © 2017 Indian Agribusiness Systems Pvt. Ltd.