



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.3372/quintal which is steady from last week price of Rs.3376/quintal and up by 2.9% from same period last year price of Rs.3275/quintal.
- In Second week of September, all India arrival of castor seed is 83955 quintals which is 49435 quintals higher than last week arrival of 34520 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.
- Overall Castor area in Gujarat is likely to down by 5-10% from last year which may not affect the production much, but due to late sowing in major producing areas, yield may affect to certain level which would affect the production in coming season.
- Domestic use of Castor Oil is likely to remain muted year on year basis but, the demand from derivative exports are reported higher by 7.7% y/y.
- 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 15th September-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	0.43	0.22	24.8	0.31	-0.09
Assam	0.01			0.0		0.00
Bihar	0.00	0.01	0.01		0.01	-0.01
Gujarat	7.37	6.36	5.54	75.1	5.44	0.09
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	0.11	0.07	58.3	0.10	-0.03
Madhya Pradesh	0.02			0.0		0.00
Maharashtra	0.16	0.18	0.07	42.9	0.12	-0.05
Odisha	0.12	0.07	0.05	44.5	0.06	0.00
Rajasthan	1.72	1.60	71.2	1.71	-0.10	1.72
Tamil Nadu	0.04	0.01	24.1	0.04	-0.03	0.04
Telangana	0.76	0.31	37.9	0.43	-0.12	0.76
Others		0.00	0.00		0.00	
All-India	11.84	9.70	7.90	66.8	8.24	-0.34

Castor seed area as on 15th September-2017 is around 7.90 lakh hectares which is down by 19% normal area as on date of 9.7 lakh hectares and down by 4% from last year area till date of 8.24 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. 4500-4650 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.

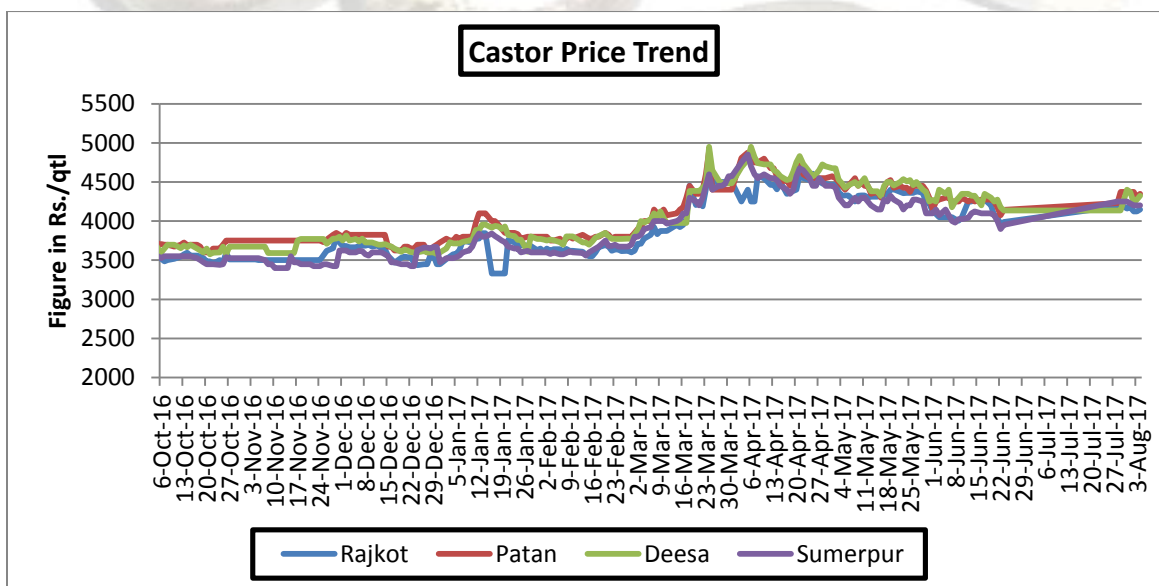
International market Outlook:

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.

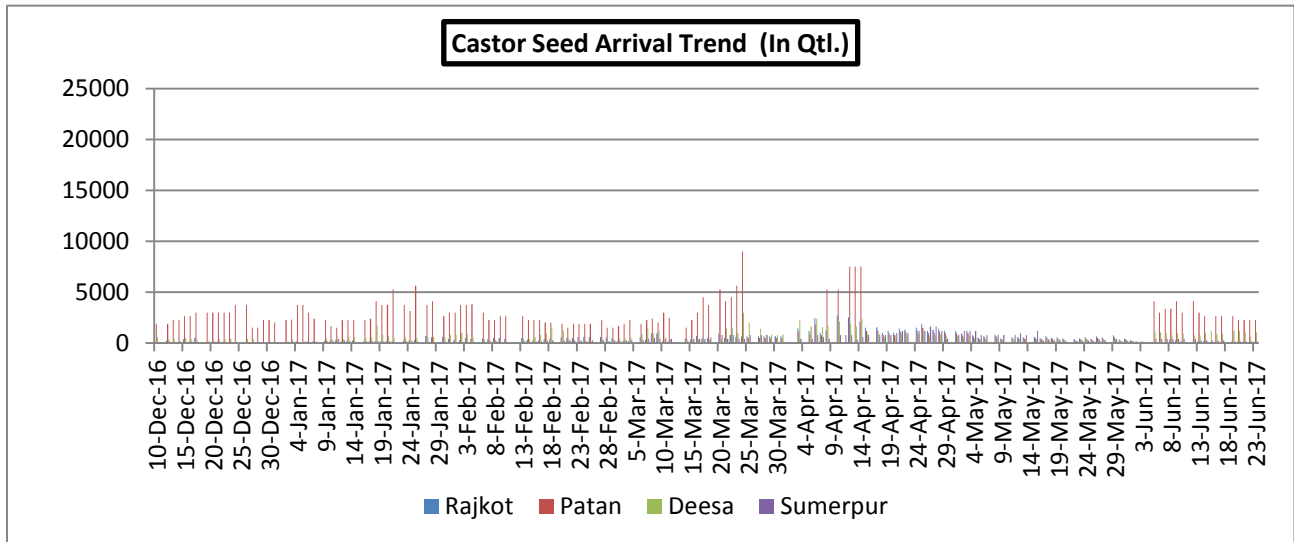
Castor Price Trend:



Source: Agriwatch

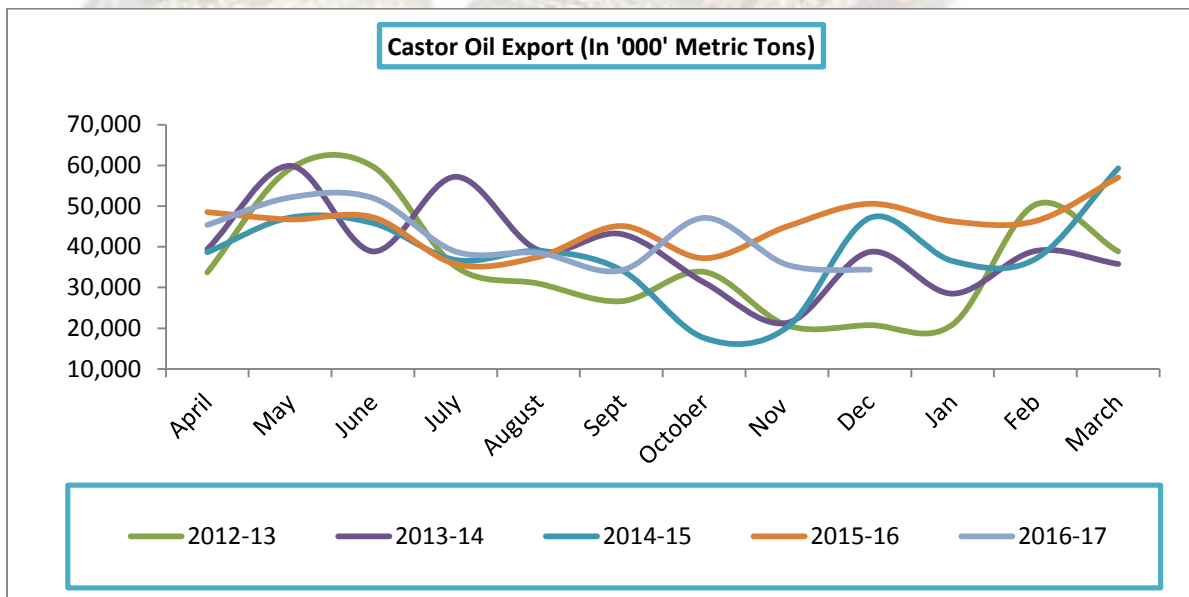
Castor Seed Arrival Chart:

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

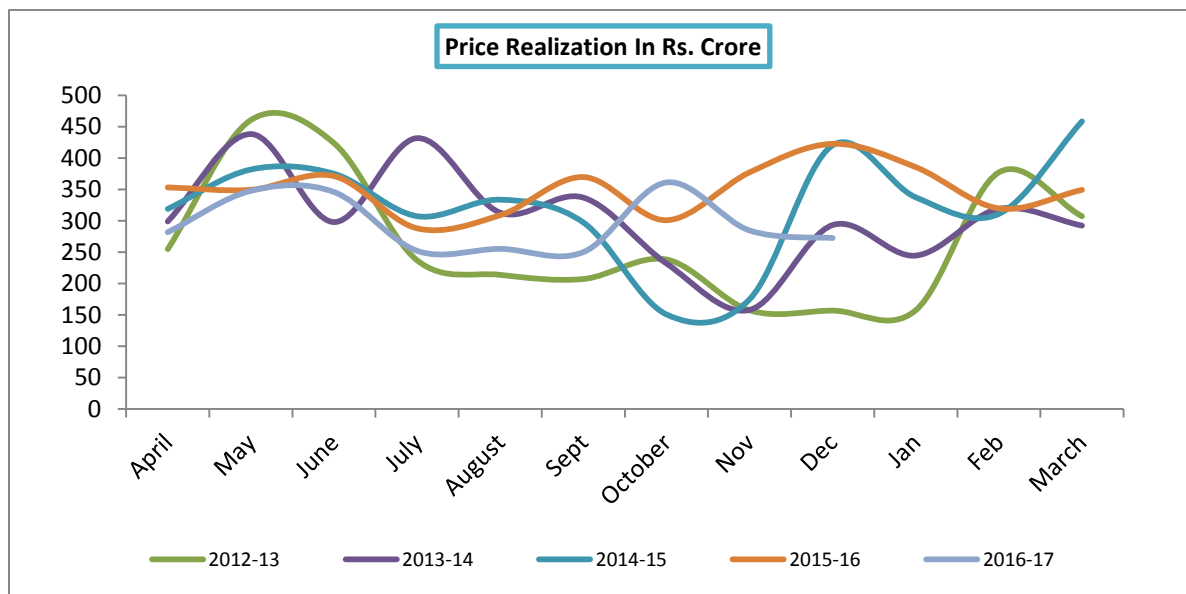


Source: Agriwatch

Castor Oil Export Trend:



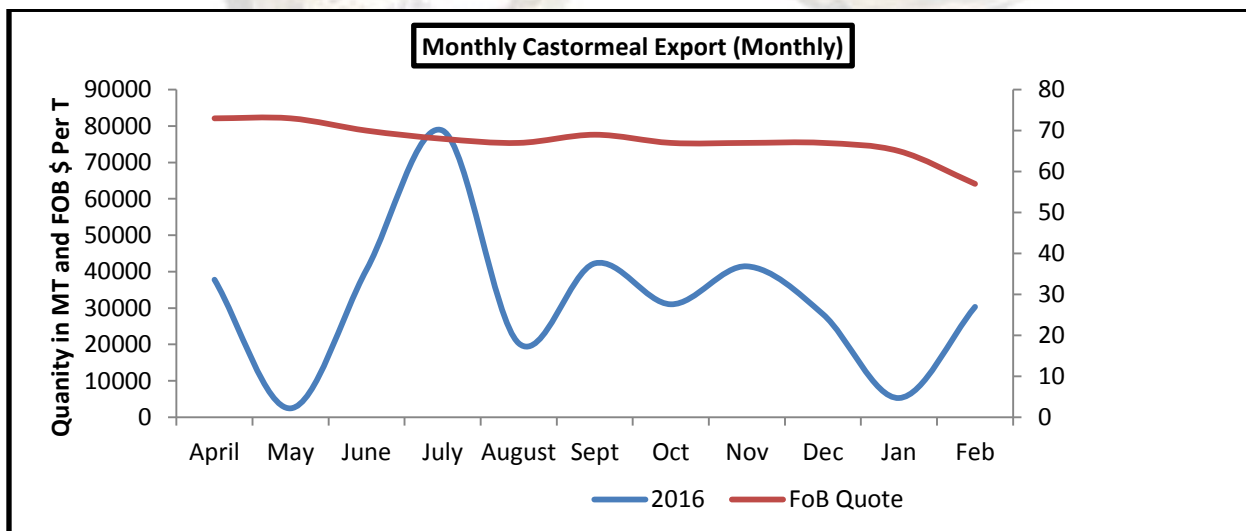
Source: Sea Of India



Source: Sea Of India

Castor Meal Export:

Meal exports during July'17 are reported lower by 52.4% m/m and 26.4% y/y. Meal exports till July are running lower by 18.9% y/y. For the year exports likely to remain lower by 16%. Meal exports are likely to pick up from this month onwards on the back of prevailing lower prices. Exports to Taiwan and Japan are expected to improve significantly this season. Domestic demand is kept higher by 14.1%, after increase of 9.2% during last season on the back of lower prices.



Source: Sea of India



State wise Wholesale Prices Weekly Analysis for Castor Seed 02nd week September, 2017

State	Prices 09-15 Sep 2017	Prices 01-08 Sep 2017	Prices 09-15 Sep 2016	% Change(Over Previous Week)	% Change(Over Previous Year)
Andhra Pradesh	4129.93	4125.92	3203.95	0.1	28.9
Chhattisgarh	1000	800		25	---
Gujarat	4492.41	4403.13	3661.2	2.03	22.7
Karnataka	2977.36	3145.75	3100	-5.35	-3.96
Madhya Pradesh	2849.88	2850		0	---
Maharashtra			2850	---	---
Rajasthan	4107.58	4151.96	3607.09	-1.07	13.88
Telangana	4025.2	4156.17	3229.8	-3.15	24.63
Uttar Pradesh	3400			---	---
Average	3372.8	3376.13	3275.34		

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					
	08th Sep'17	1st Sep'17	8th Aug'17	08th Sep'16	CHANGE %
Castorseed (Gujarat)((Rs./M.T) Ex-Mandi	45750	45700	44350	37391	18.27
Castor Meal Export (FAS) (US\$ / MT),Ex Kandla	68.00	68.00	63.00	69.00	-1.47
EXPORT (FOR) Ports (Rs./MT)Castor meal bulk Kandla	4300	4300	4050	4561	-6.07
Castor Oil (First Grade) FOB Kandla (Export)\$ /Tonne	1525	1525	1505	1191	21.90
Local rates for oil in domestic market(Rs./M.T.) for comm.	98500	97500	96500	79457	19.33

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	4677	4850	4900
Pre Weekly Trade Call			Call	Entry	T1	T2	SL
Castor	NCDEX	Sept	Buy	4625	4680	4720	4615

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.

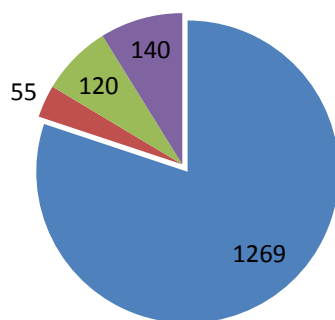
The season started with 5.91 lakh tons as carryout. Thus total availability for current marketing year comes to 18.6 lakh tons if estimated production of 12.69 lakh tons is included. Lower production would drag carryout down from 5.91 to 5.35 lakh tons. It would push seed price up in second and third 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 In Thousand Tons 2016-17(Est.)**



■ India ■ China ■ Brazil ■ Others

Castor Seed Global Production share:

Outlook & Recommendation:

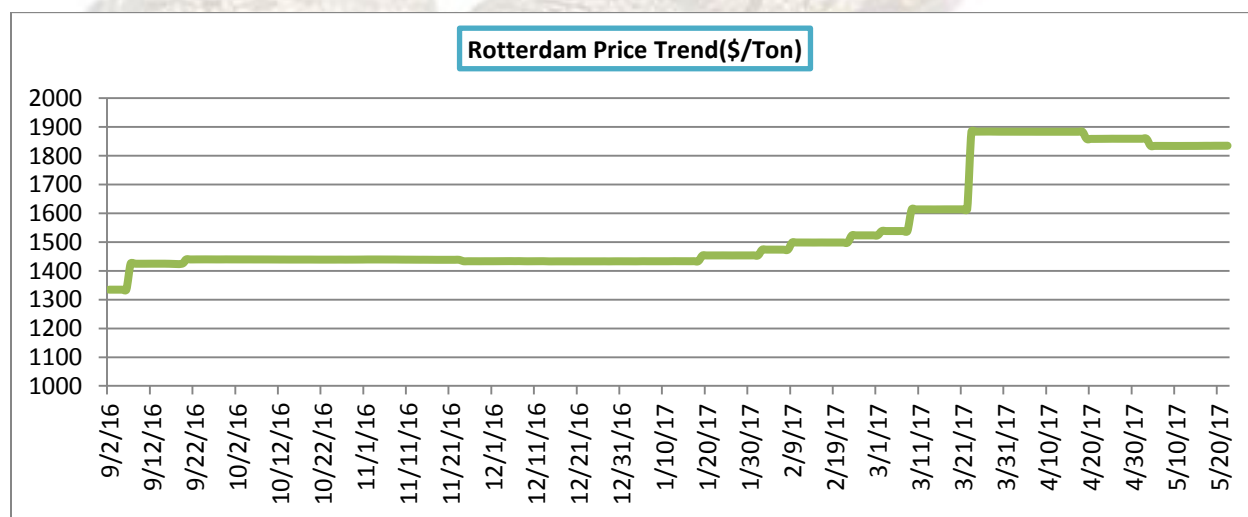
Castor seed market is likely to continue up in the second quarter of 2017, as demand is going to remain up with diminishing stocks. Millers and crushers are likely to be active in the market after May onwards. Less arrivals pace and improved oil demand will support castor prices hike further.

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 firm tone due to improved demand amid higher arrivals pace.

Castor Seed Weekly Prices at Key Spot Markets:

Commodity	Market	Price (Rs/ Quintal)		Change
Center		9th September to 15th September 2017	2nd September to 8th September 2017	
Gujarat	Patan	4571	4484	87
	Harij	4539	4431	108
	Rajkot	4375	4285	90
	Gondal	4468	4240	228
	Deesa	4508	4430	78
	Bhabar	NA	NA	-
	Mehsana	4517	4415	102
	Kadi	4590	4479	111
	Sabarkatha	4552	4430	122
	Gandhi Nagar	4554	4490	64
	Ahmedabad (Sanand)	4130	4295	-165
	Halvad	4417	4356	61
	Junagadh	4345	4285	60
	Dhrol	3977	3795	182
Rajasthan	Jodhpur	4565	4468	97
	Sumerpur	4463	4362	101

Week on Week Price: Scenario of Castor Seed :

Commodity	Market	Today	Week ago	Month ago	Year ago
Center		15-Sep-17	8-Sep-17	16-Aug-17	15-Sep-16
Gujarat	Patan	4600	4495	4300	3825
	Harij	4500	4450	4350	3825
	Rajkot	4415	4290	Closed	3610
	Gondal	4430	4280	4155	3155
	Deesa	4525	4450	4355	3775
	Bhabar	NA	4470	Closed	3690
	Mehsana	4550	4450	Closed	3730
	Kadi	4610	4480	4450	3800
	Sabarkatha	4550	4475	Closed	3775



	Gandhi Nagar	4575	4475	Closed	3775
	Ahmedabad (Sanand)	NA	NA	Closed	3600
	Halvad	4450	4375	Closed	3630
	Junagadh	4350	4320	Closed	3660
	Dhrol	NA	3750	Closed	3475
Rajasthan	Jodhpur	4580	4440	4300	3500
	Sumerpur	4450	4400	Closed	3675

Castor Seed Cumulative Arrivals in Key Centers:				
Center	Market	9th September to 15th September 2017	2nd September to 8th September 2017	Change
Gujarat	Patan	22313	3825	18488
	Harij	4425	1125	3300
	Rajkot	2536	2944	-408
	Gondal	2628	2201	427
	Deesa	6640	5011	1629
	Bhabar	NR	NR	-
	Mehsana	8850	2775	6075
	Kadi	24143	10064	14079
	Sabarkatha	3825	900	2925
	Gandhi Nagar	6975	3750	3225
	Ahmedabad (Sanand)	2	3	-2
	Halvad	555	398	158
	Junagadh	180	260	-80
	Dhrol	9	4	5
Rajasthan	Jodhpur	315	420	-105
	Sumerpur	560	840	-280
Total Arrivals/Above Markets		83955	34520	49435

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