



Castor Weekly Research Report

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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 3rd week of September, all India arrival of castor seed is 58909 quintals which is 25047 quintals lower than last week arrival of 83955 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 22nd September-2017 (in Lakh Hectare):

State (in Lakh Ha.)	Area(2017)	Last Year(2016)	% Change	Normal Area
Gujarat	5.76	5.58	3.23	7.37
Rajasthan	1.6	1.71	-6.43	2.25
Telangana	0.31	0.43	-27.91	0.82
Andhra Pradesh	0.26	0.31	-16.13	0.89
Karnataka	0.07	0.11	-36.36	0.12
Maharashtra	0.07	0.12	-41.67	0.16
Others	0.1	0.13	-23.08	0.23
Total	8.17	8.39	-2.62	11.84

As per the data from Agriculture Ministry, castor acreage in Gujarat increase by 3.23% till Sept 22, 2017 to 5.67 lakh hectares as compared to 5.58 lakh hectares last year while Rajasthan recorded a down of 6.43% in area to 1.6 lakh hectares in the same time frame. Overall area is slightly down from last year which may not affect the production much but late sowing in major growing states (Gujarat and Rajasthan) could affect the final yield to some extent.

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. 4550-4750 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.

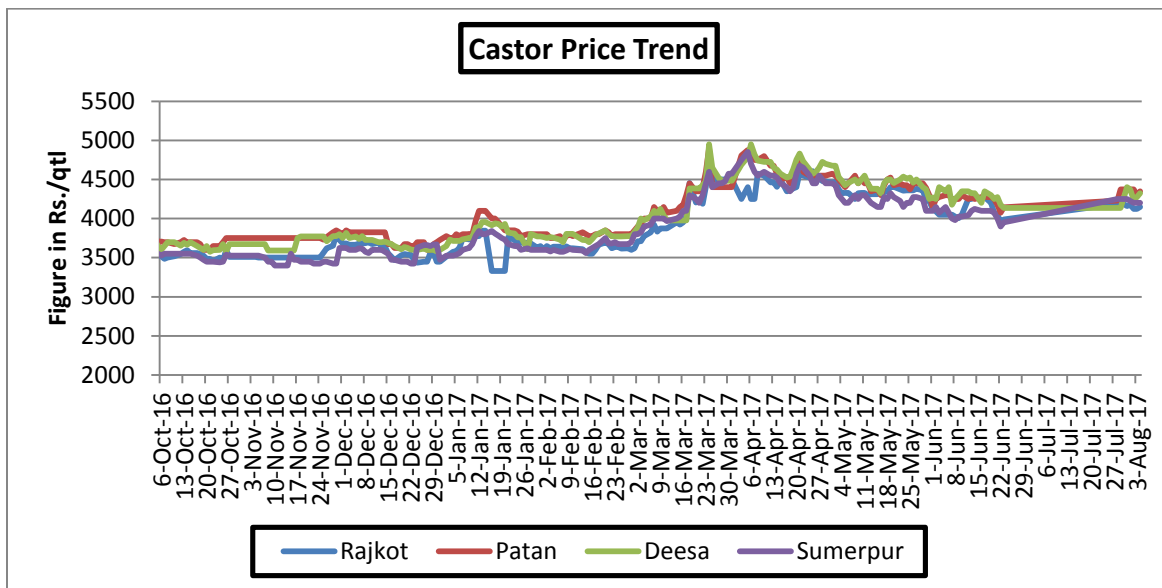
International market Outlook:

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.

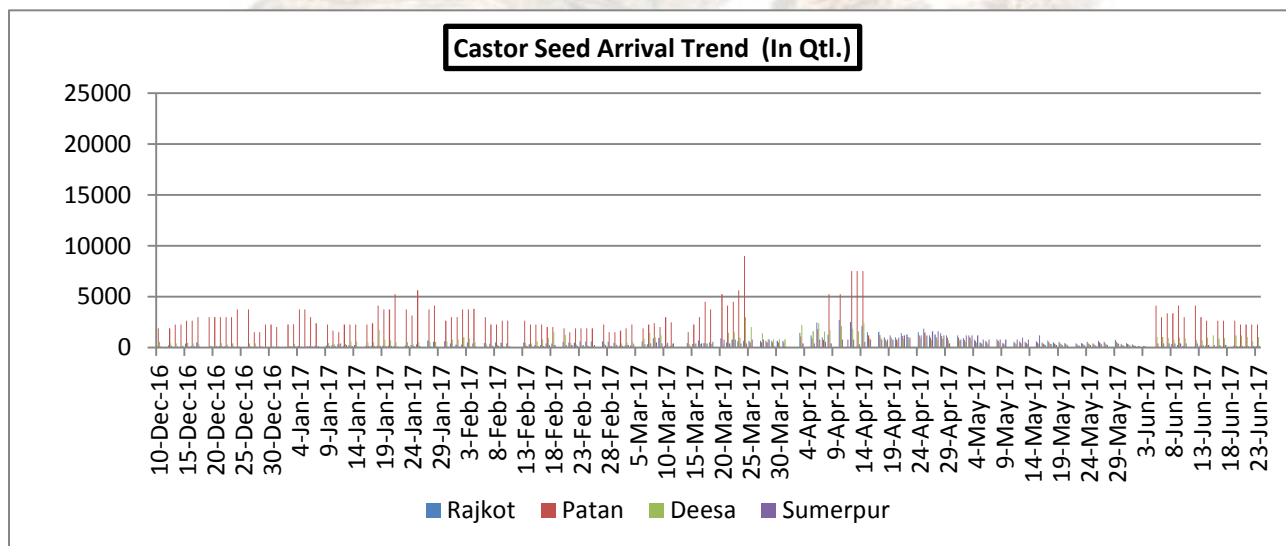
Castor Price Trend:



Source: Agriwatch

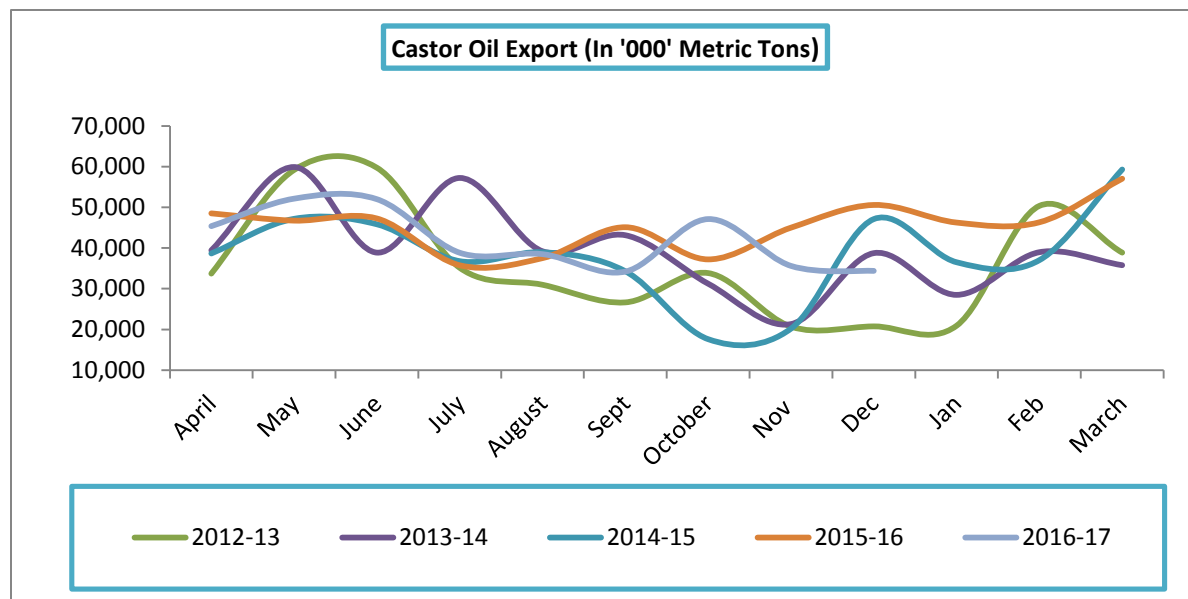
Castor Seed Arrival Chart:

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

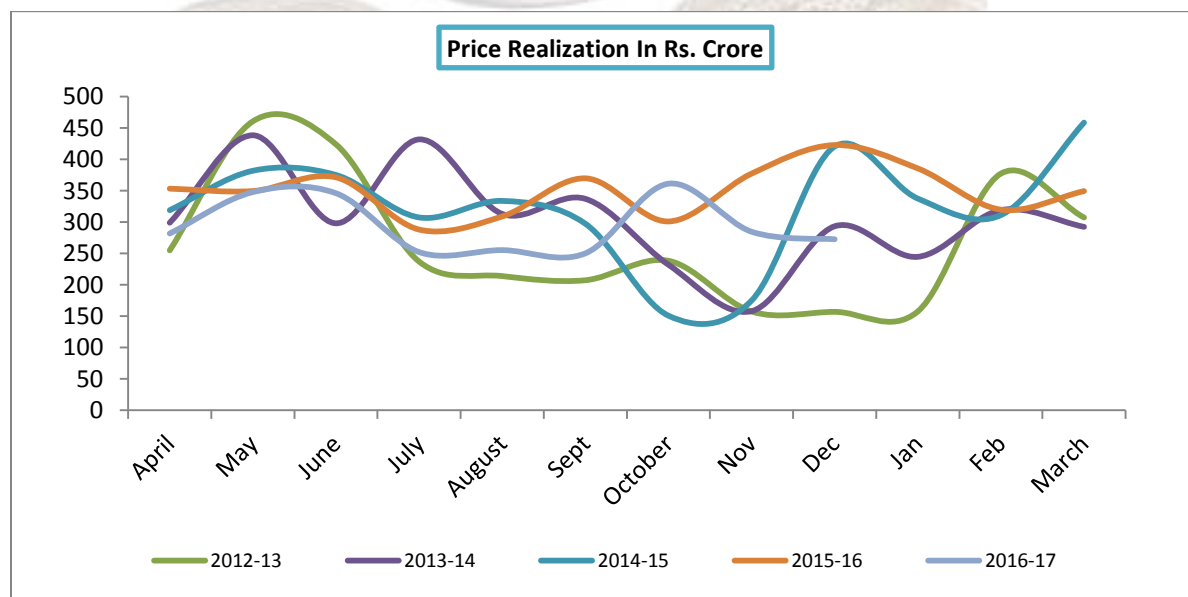


Source: Agriwatch

Castor Oil Export Trend:



Source: Sea Of India

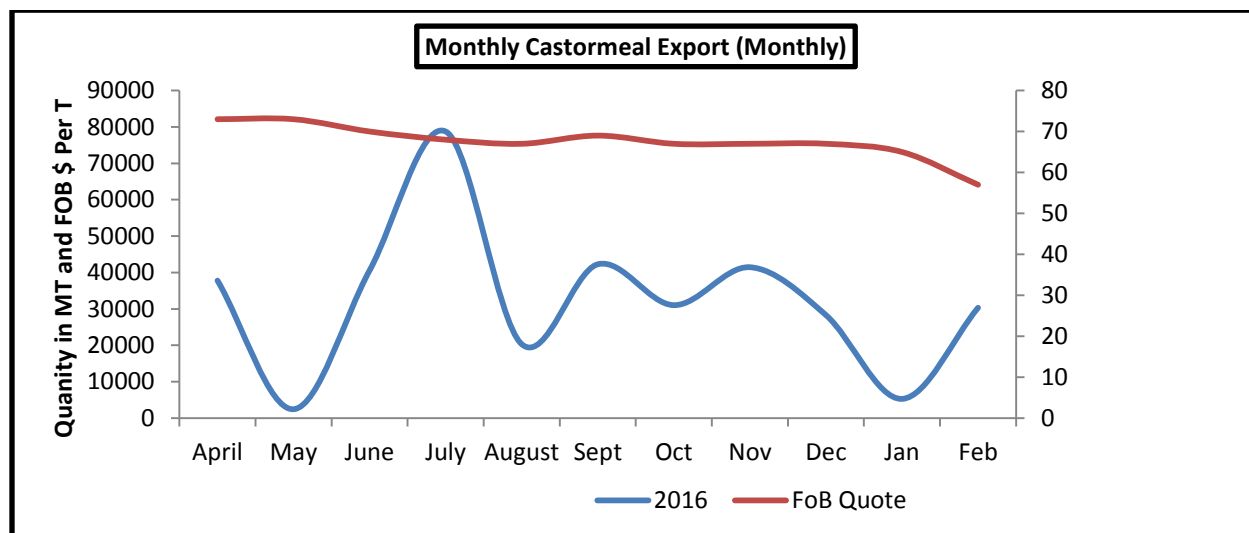


Source: Sea Of India

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)	4550-4700	4800-5000
Medium Term (30 days)	4750-4850	5100-5250

Comparative Prices Of Castor Products Including Seed

	15th Sep'17	8th Sep'17	15th Aug'17	15th Sep'16	CHANGE %
Castorseed (Gujarat)((Rs./M.T) Ex-Mandi	45750	45700	44350	37391	18.27
Castor Meal Export (FAS) (US\$ / MT),Ex Kandla	69	68.00	63.00	69.00	0.00
EXPORT (FOR) Ports (Rs./MT)Castor meal bulk Kandla	4350	4300	4050	4561	-4.85
Castor Oil (First Grade) FOB Kandla (Export)\$ /Tonne	1550	1525	1520	1191	23.16
Local rates for oil in domestic market(Rs./M.T.) for comm.	99000	98500	98000	79457	19.74

Source: SEA.

Technical Analysis:

Castor – Technical Outlook

Technical Commentary:

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



Strategy: Sell

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Castor	NCDEX	Oct	4453	4516	4571	4850	4900
Pre Weekly Trade Call			Call	Entry	T1	T2	SL
Castor	NCDEX	Oct	Sell	4635	4610	4585	4642

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.

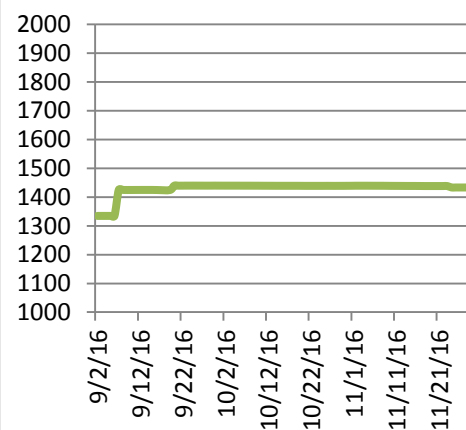
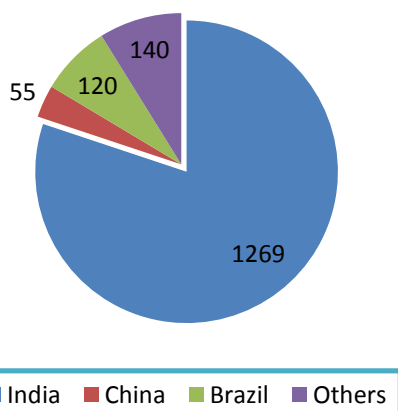
International market update:

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.

Castor Seed Global Production In Thousand Tons 2016-17(Est.)**



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		16th September to 22nd September 2017	9th September to 15th September 2017	
Gujarat	Patan	4554	4571	-17
	Harij	4471	4539	-68
	Rajkot	4349	4375	-26
	Gondal	4400	4468	-68
	Deesa	4488	4508	-21
	Bhabar	NA	NA	-
	Mehsana	4483	4517	-33
	Kadi	4532	4590	-58
	Sabarkatha	4528	4552	-24
	Gandhi Nagar	4529	4554	-25
	Ahmedabad (Sanand)	NA	4130	-
	Halvad	4458	4417	42
	Junagadh	4315	4345	-30
	Dhrol	3840	3977	-137
Rajasthan	Jodhpur	4523	4565	-42
	Sumerpur	4401	4463	-62

Week on Week Price: Scenario of Castor Seed :

Commodity	Market	Today	Week ago	Month ago	Year ago
Center		22-Sep-17	15-Sep-17	22-Aug-17	22-Sep-16
Gujarat	Patan	4550	4600	4500	3795
	Harij	4500	4500	4475	3790
	Rajkot	4295	4415	NA	3605
	Gondal	4355	4430	4305	3655



	Deesa	4500	4525	4475	3740
	Bhabar	NA	NA	NA	3810
	Mehsana	4500	4550	4450	3750
	Kadi	4550	4610	4570	3775
	Sabarkatha	4525	4550	4475	3825
	Gandhi Nagar	4525	4575	4525	3750
	Ahmedabad (Sanand)	NA	NA	4375	3645
	Halvad	4475	4450	4425	3620
	Junagadh	4330	4350	4265	3675
	Dhrol	NA	NA	NA	3510
Rajasthan	Jodhpur	4510	4580	4570	3610
	Sumerpur	4400	4450	4350	3625

Castor Seed Cumulative Arrivals in Key Centers:				
Center	Market	16th September to 22nd September 2017	9th September to 15th September 2017	Change
Gujarat	Patan	17625	22313	-4688
	Harij	3375	4425	-1050
	Rajkot	1668	2536	-868
	Gondal	1725	2628	-903
	Deesa	5700	6640	-940
	Bhabar	NA	NA	-
	Mehsana	7200	8850	-1650
	Kadi	11204	24143	-12939
	Sabarkatha	3525	3825	-300
	Gandhi Nagar	5250	6975	-1725
	Ahmedabad (Sanand)	NA	2	-
	Halvad	690	555	135
	Junagadh	60	180	-120
	Dhrol	7	9	-2
Rajasthan	Jodhpur	304	315	-11
	Sumerpur	576	560	16
Total Arrivals/Above Markets		58909	83955	-25047

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