

A background image of several castor seeds, which are oval-shaped with a mottled brown and tan pattern, scattered across the page.

Castor Weekly Research Report

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Castor Domestic Market Fundamentals:

- All India average castor price is around Rs.4112/quintal which is firm from last week price of Rs.4050/quintal and up by 30% from same period last year price of Rs.3160/quintal.
- In 04th week of September, all India arrival of castor seed is 44749 quintals which is 14160 quintals lower than last week arrival of 58909 quintals.
- In the monsoon season, at All-India level, the rainfall during the week (14th September, 2017 – 20th September, 2017) has been 13% 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 80% in Central India and 47% in South Peninsula but lower than LPA by 73% in North West India and 34% in East & North East India.
- 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.

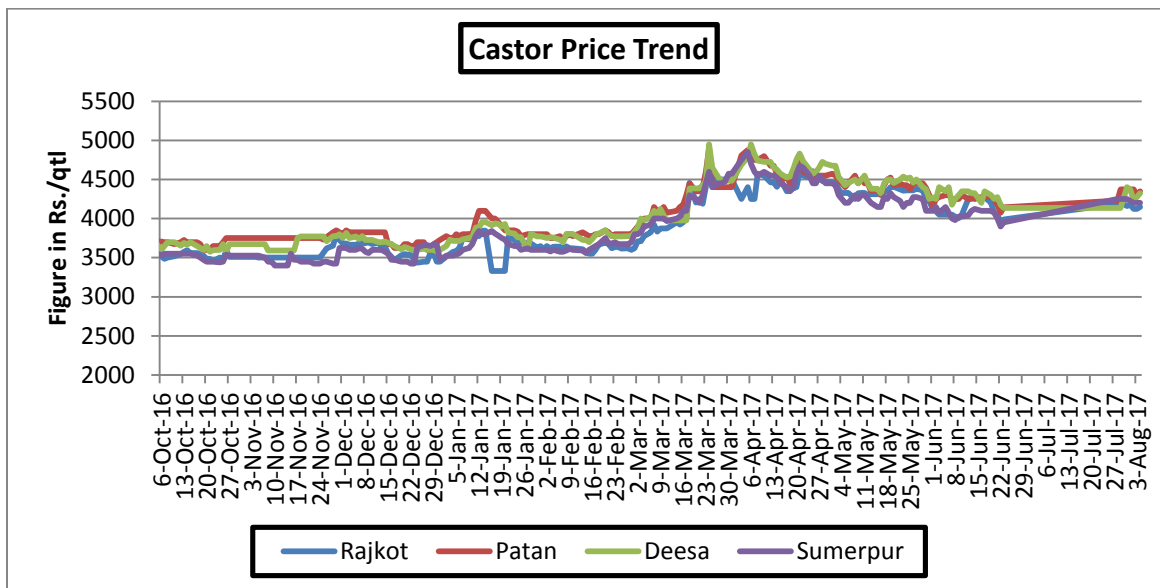
International market Outlook:

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.

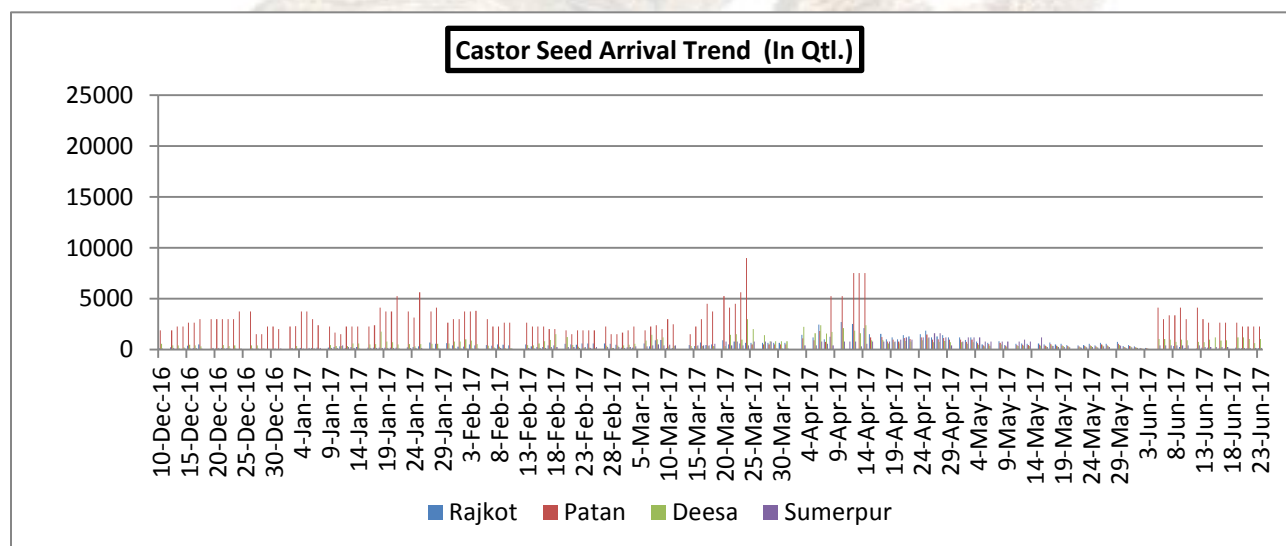
Castor Price Trend:



Source: Agriwatch

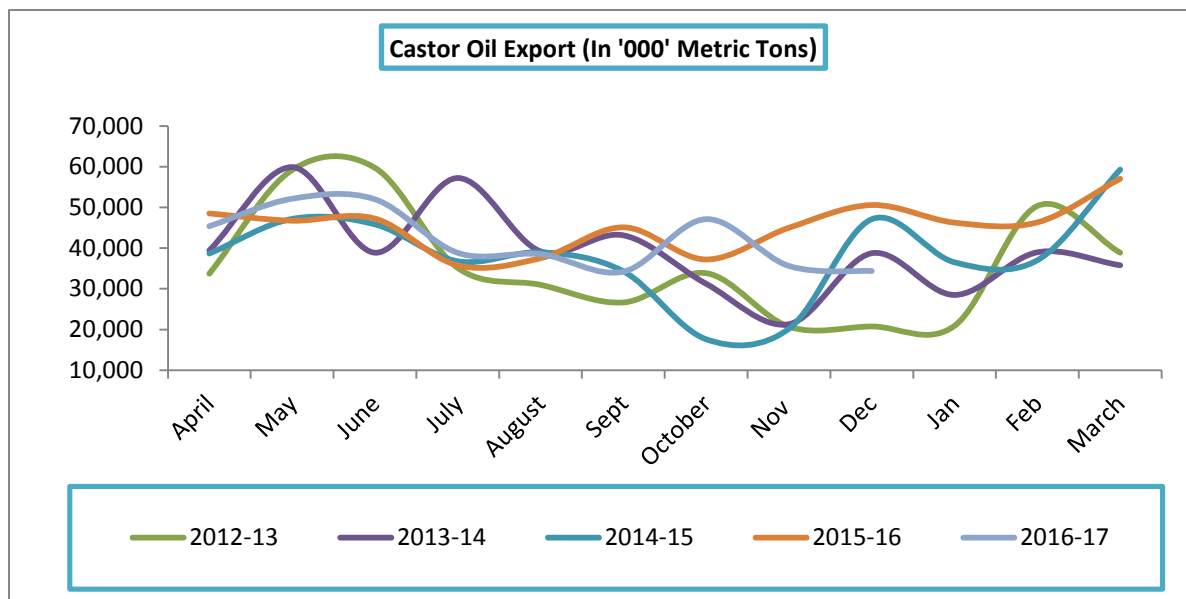
Castor Seed Arrival Chart:

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

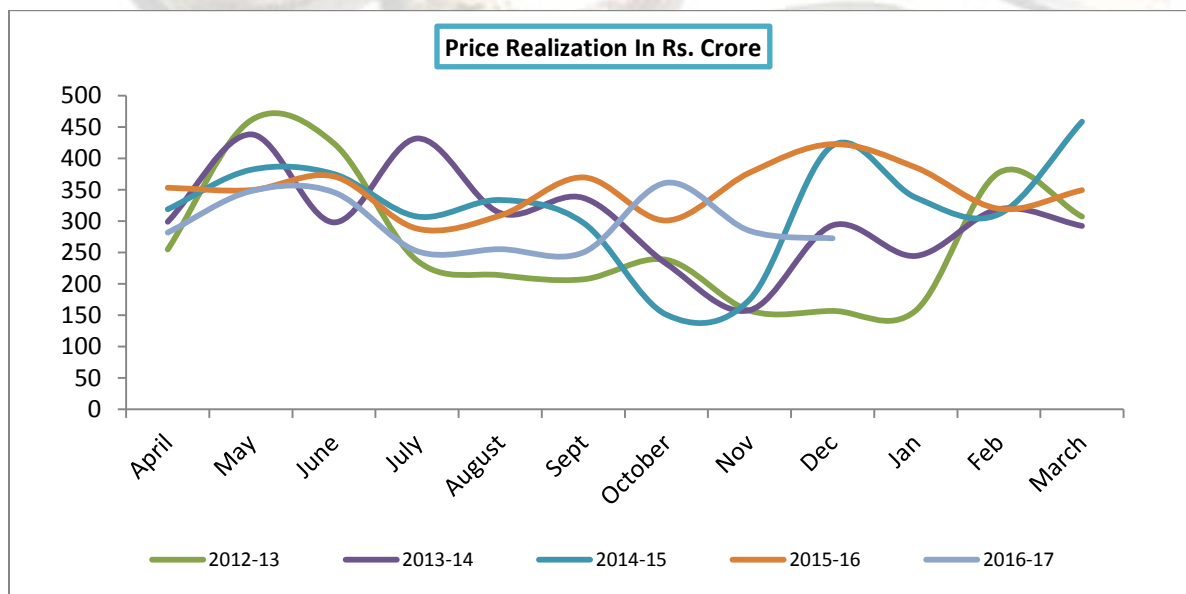


Source: Agriwatch

Castor Oil Export Trend:



Source: Sea Of India

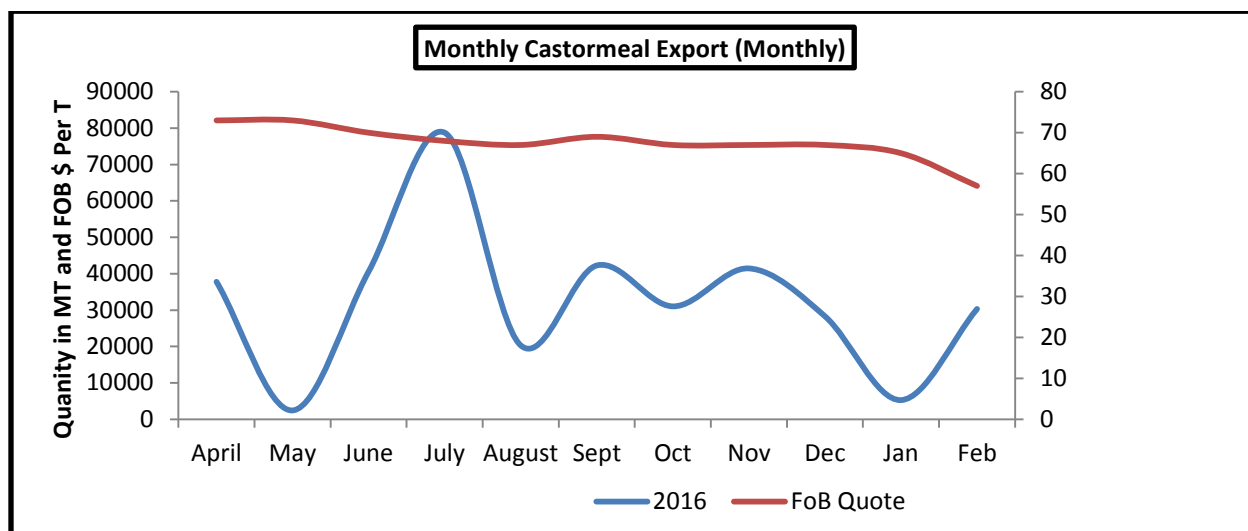


Source: Sea Of India

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

	22 nd Sep'17	15 th Sep'17	22 nd Aug'17	22 nd Sep'16	CHANGE %
Castorseed (Gujarat)((Rs./M.T) Ex-Mandi	46150	46750	46250	37391	18.98
Castor Meal Export (FAS) (US\$ / MT),Ex Kandla	71	69	63.00	69.00	2.82
EXPORT (FOR) Ports (Rs./MT)Castor meal bulk Kandla	4500	4350	4050	4561	-1.36
Castor Oil (First Grade) FOB Kandla (Export)\$ /Tonne	1530	1550	1545	1191	22.16
Local rates for oil in domestic market(Rs./M.T.) for comm.	98500	99000	97500	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.
- 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:

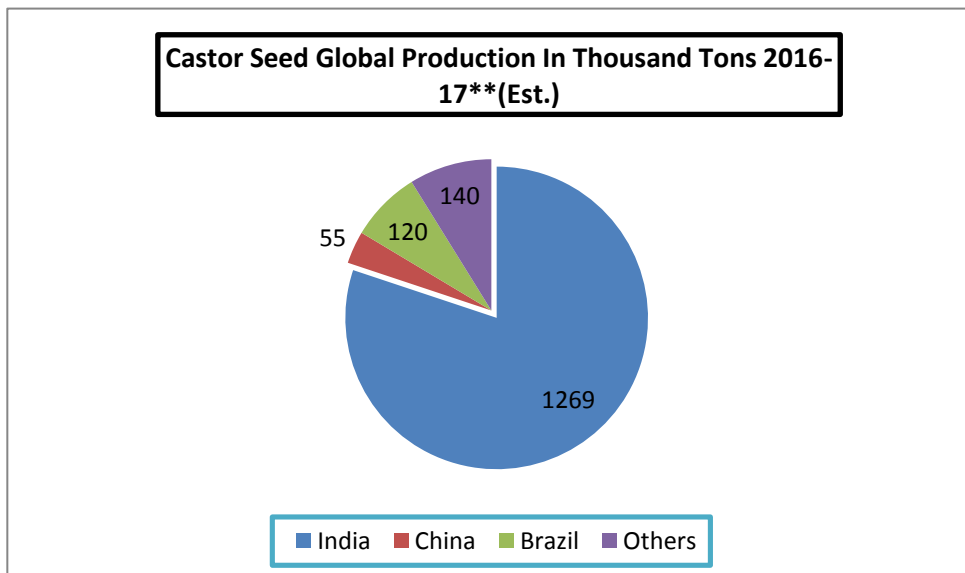
Agriwatch estimates for 2016/17 is remain same. Production shows around 14.42 percent lower side this year against 2015/16 season due to crop shifting from castor seed to other lucrative crops. Over all area would decline from 11.18(normal) to 9.90 lakh ha this year. The estimate is based on initial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

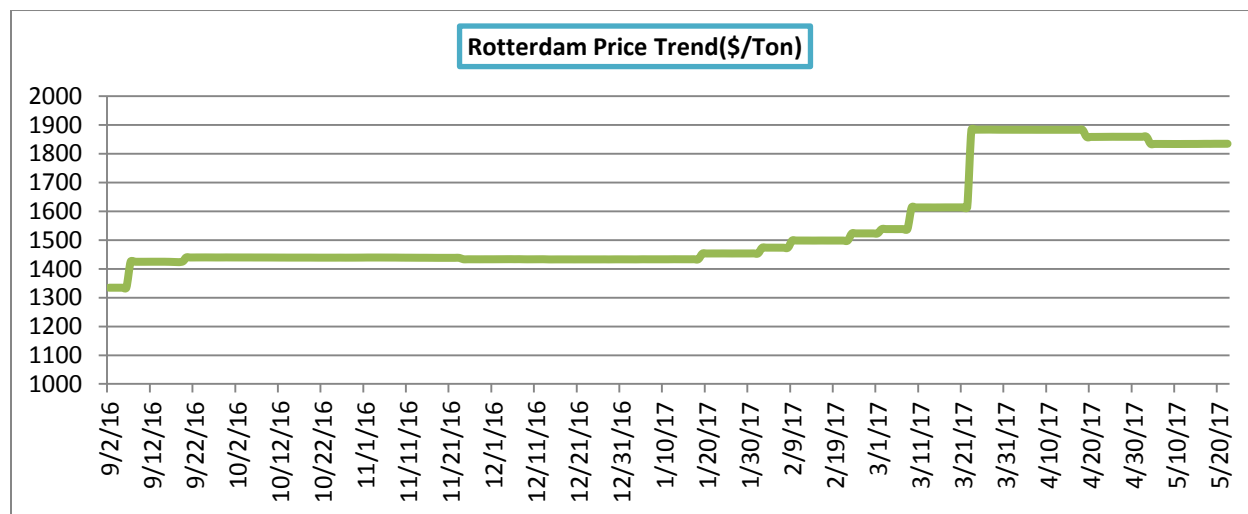
Castor seed market is likely to continue up in the second quarter of 2017, as demand is going to remain up with diminishing stocks. Millers and crushers are likely to be active in the market after May onwards. Less arrivals pace and improved oil demand will support castor prices hike further.

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.



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		23rd September to 29th September 2017	16th September to 22nd September 2017	
Gujarat	Patan	4535	4554	-19
	Harij	4475	4471	4
	Rajkot	4348	4349	-1
	Gondal	4350	4400	-50
	Deesa	4517	4488	29
	Bhabar	NA	NA	-
	Mehsana	4465	4483	-18
	Kadi	4553	4532	21



	Sabarkatha	4513	4528	-15
	Gandhi Nagar	4515	4529	-14
	Ahmedabad (Sanand)	NA	NA	-
	Halvad	4389	4458	-69
	Junagadh	4238	4315	-77
	Dhrol	3825	3840	-15
Rajasthan	Jodhpur	4485	4523	-38
	Sumerpur	4367	4401	-34

Week on Week Price: Scenario of Castor Seed :					
Commodity	Market	Today	Week ago	Month ago	Year ago
Center		29-Sep-17	22-Sep-17	30-Aug-17	29-Sep-16
Gujarat	Patan	Closed	4550	4470	3675
	Harij	NR	4500	4500	3675
	Rajkot	4375	4295	NA	3500
	Gondal	4330	4355	4330	3555
	Deesa	4575	4500	4425	3650
	Bhabar	NA	NA	NA	3755
	Mehsana	Closed	4500	4425	3645
	Kadi	4575	4550	4550	3680
	Sabarkatha	4525	4525	4425	3675
	Gandhi Nagar	Closed	4525	4525	3675
	Ahmedabad (Sanand)	Closed	NA	4250	3600
	Halvad	4410	4475	4450	3560
	Junagadh	NA	4330	4275	3350
	Dhrol	NA	4055	3960	3265
Rajasthan	Jodhpur	4500	4510	4500	3600
	Sumerpur	4400	4400	4375	3540

Castor Seed Cumulative Arrivals in Key Centers:				
Center	Market	23rd September to 29th September 2017	16th September to 22nd September 2017	Change
Gujarat	Patan	12000	17625	-5625
	Harij	600	3375	-2775
	Rajkot	1708	1668	40
	Gondal	1399	1725	-326



	Deesa	4960	5700	-740
	Bhabar	NA	NA	-
	Mehsana	1913	7200	-5288
	Kadi	15296	11204	4092
	Sabarkatha	1163	3525	-2363
	Gandhi Nagar	3825	5250	-1425
	Ahmedabad (Sanand)	NA	NA	-
	Halvad	600	690	-90
	Junagadh	260	60	200
	Dhrol	15	7	8
Rajasthan	Jodhpur	371	304	68
	Sumerpur	640	576	64
Total Arrivals/Above Markets		44749	58909	-14160

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