



# Castor Weekly Research Report

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## Castor Domestic Market Fundamentals:

- All India average castor price is around Rs.3763/quintal which is down from last week price of Rs.4114/quintal and up by 32% from same period last year price of Rs.2860.6/quintal.
- In 01<sup>st</sup> week of October, all India arrival of castor seed is 42065 quintals which is 16844 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 06<sup>th</sup> October 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
<b>Total</b>	<b>8.17</b>	<b>8.39</b>	<b>-2.62</b>	<b>11.84</b>

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.

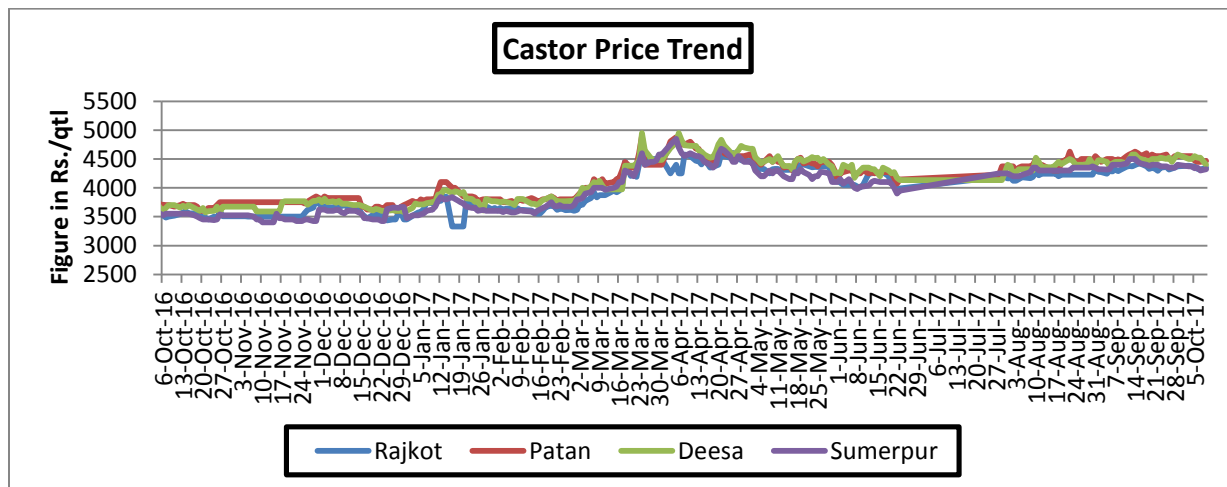
### International market Outlook:

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:

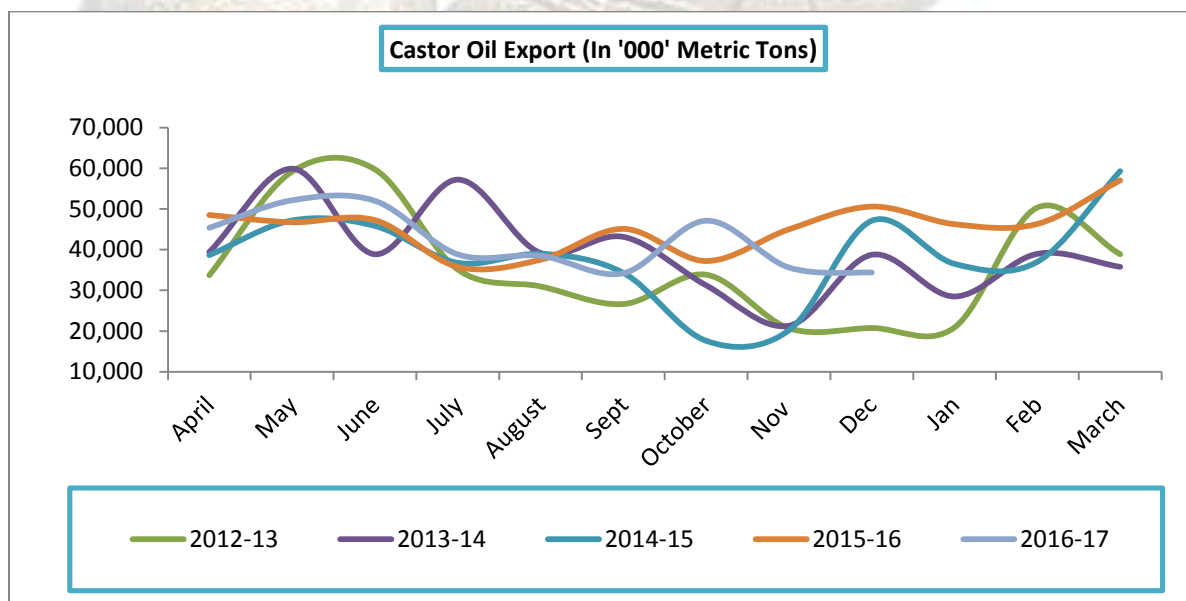
Mostly all castor markets are moving in the upward direction due to continuous demand and diminishing stock.

### Castor Price Trend:

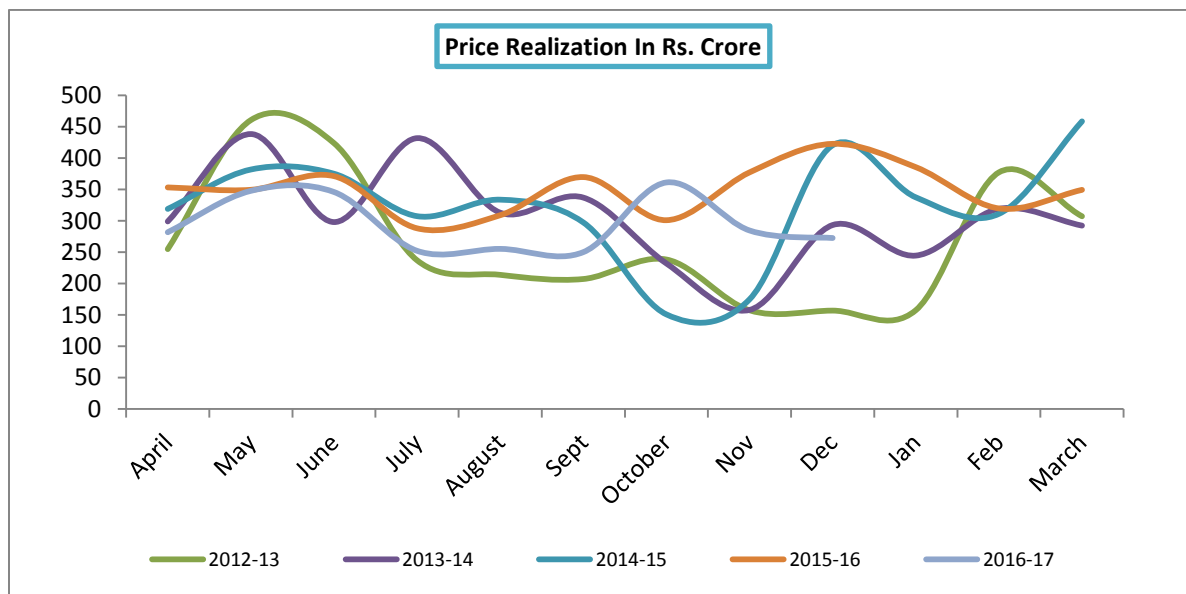


Source: Agriwatch

### Castor Oil Export Trend:



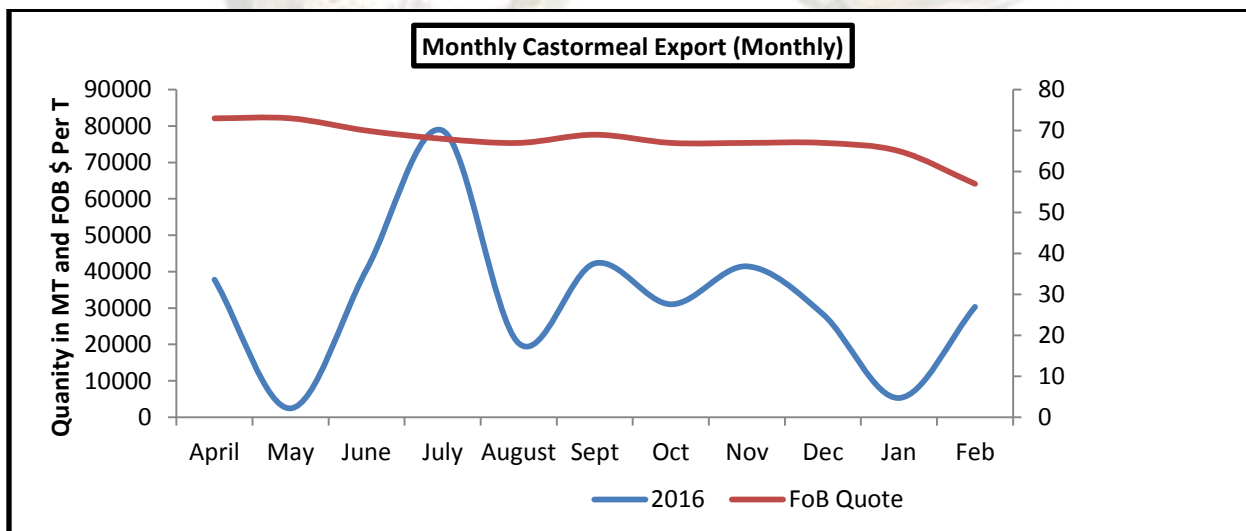
Source: Sea Of India



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 01<sup>st</sup> week October, 2017

State	Prices 01-08 Oct 2017	Prices 24-30 Sep 2017	Prices 16-23 Sep 2017	Prices 01-08 Oct 2016	% Change(Over Previous Week)	% Change(Over Previous to Previous Week)	% Change(Over Previous Year)
Andhra Pradesh	3617.08	3820.09	3915.44	2803.65	-5.31	-7.62	29.01
Gujarat	4434.06	4445.03	4454.18	3663.86	-0.25	-0.45	21.02
Karnataka	3405.48		4447	2841.8	—	-23.42	19.84
Madhya Pradesh				960	—	—	—
Maharashtra	3200		4000		—	-20	—
Rajasthan	4138.42	4342.46	3584.59	3987.68	-4.7	15.45	3.78
Telangana	3782.55	3845.4	3900.86	2906.6	-1.63	-3.03	30.14
Average	3762.93	4113.24	4050.35	2860.6			

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	4860-4900

#### Comparative Prices Of Castor Products Including Seed

	29 <sup>th</sup> Sep'17	22 <sup>nd</sup> Sep'17	29 <sup>th</sup> Aug'17	29 <sup>th</sup> Sep'16	CHANGE %
Castorseed (Gujarat)((Rs./M.T) Ex-Mandi	46150	46150	45700	37391	18.98
Castor Meal Export (FAS) (US\$ / MT),Ex Kandla	73	71	65	69	5.48
EXPORT (FOR) Ports (Rs./MT)Castor meal bulk Kandla	4600	4500	4150	4561	0.85
Castor Oil (First Grade) FOB Kandla (Export)\$ /Tonne	1520	1530	1525	1191	21.64
Local rates for oil in domestic market(Rs./M.T.) for comm.	98500	98500	99500	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: Buy**

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Castor	NCDEX	Oct	4300	4350	4528	4750	4800
Pre Weekly Trade Call			Call	Entry	T1	T2	SL
Castor	NCDEX	Oct	Buy	4450	4515	4535	4438

**Castor Seed- Balance Sheet for 2017-18:**

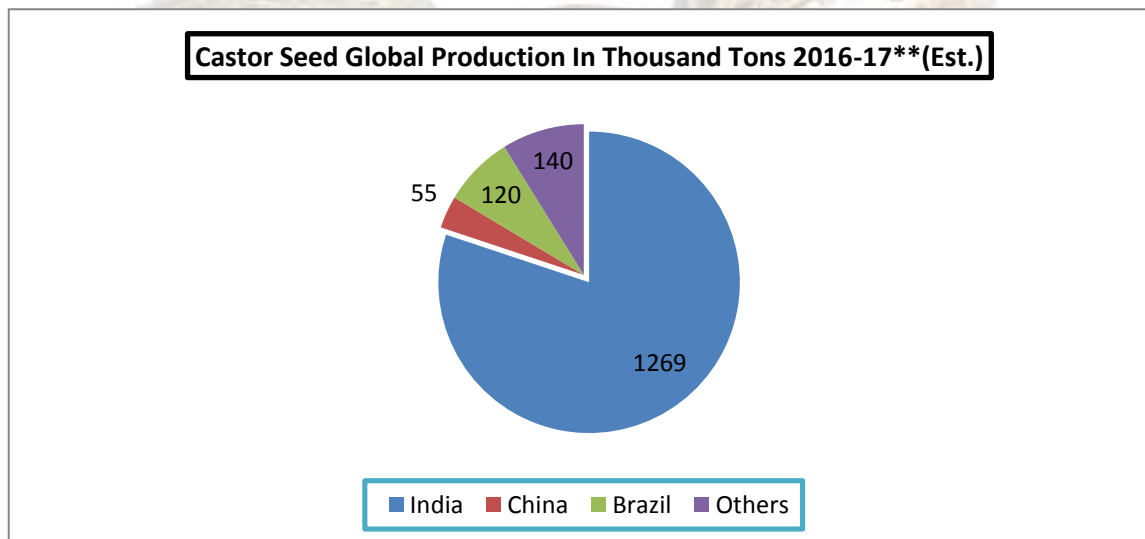
Agriwatch estimates for 2016/17 is remain same. Production shows around 14.42 percent lower side this year against 2015/16 season due to crop shifting from castor seed to other lucrative crops. Over all area would decline from 11.18(normal) to 9.90 lakh ha this year. The estimate is based on initial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

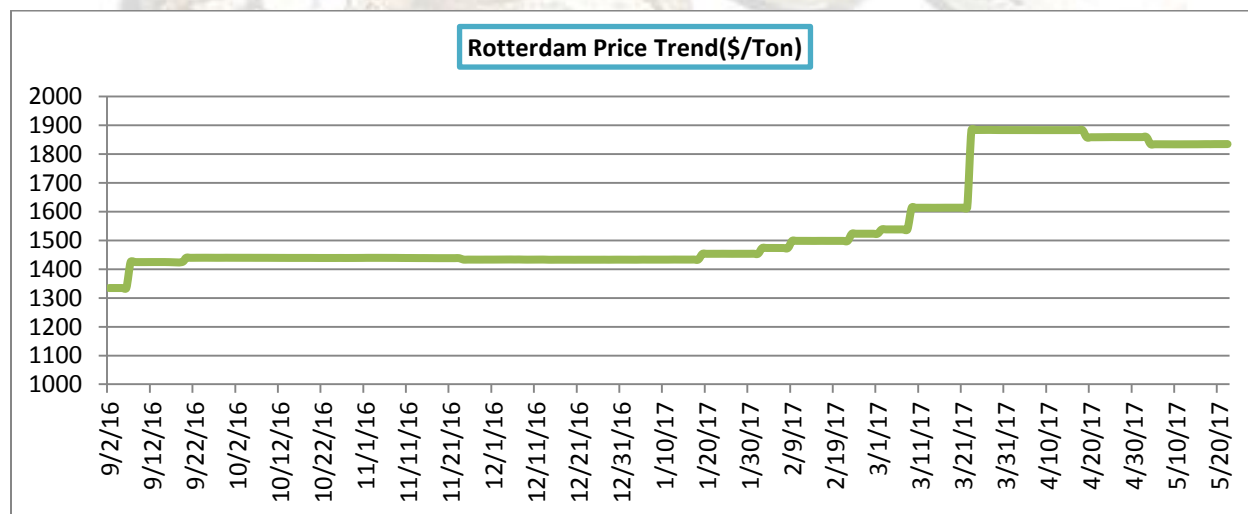


**International market update:**

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		3rd October to 6th October 2017	23rd September to 29th September 2017	
<b>Gujarat</b>	Patan	4506	4535	<b>-29</b>
	Harij	4488	4475	<b>13</b>
	Rajkot	4363	4348	<b>15</b>
	Gondal	4374	4350	<b>24</b>
	Deesa	4519	4517	<b>2</b>
	Bhabar	NA	NA	-
	Mehsana	4481	4465	<b>16</b>
	Kadi	4535	4553	<b>-18</b>
	Sabarkatha	4506	4513	<b>-6</b>
	Gandhi Nagar	4550	4515	<b>35</b>
	Ahmedabad (Sanand)	NA	NA	-
	Halvad	4381	4389	<b>-8</b>
	Junagadh	4325	4238	<b>87</b>
	Dhrol	3963	3825	<b>138</b>
<b>Rajasthan</b>	Jodhpur	4458	4485	<b>-28</b>
	Sumerpur	4360	4367	<b>-7</b>

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

Commodity	Market	Today	Week ago	Month ago	Year ago
Center		6-Oct-17	29-Sep-17	6-Sep-17	6-Oct-16
<b>Gujarat</b>	Patan	4450	Closed	NA	3705
	Harij	NR	NR	NA	3675
	Rajkot	4330	4375	4285	3520
	Gondal	4355	4330	4255	3580
	Deesa	4525	4575	4425	3600
	Bhabar	NA	NA	NA	3650
	Mehsana	4425	Closed	NA	3650
	Kadi	4510	4575	NA	3675
	Sabarkatha	4460	4525	NA	3650
	Gandhi Nagar	4500	Closed	NA	3675
	Ahmedabad (Sanand)	NA	Closed	4290	3555
	Halvad	4425	4410	NA	3500
	Junagadh	4350	NA	4300	3400



	Dhrol	NA	NA	NA	3150
<b>Rajasthan</b>	Jodhpur	4470	4500	4520	3500
	Sumerpur	4350	4400	4400	3525

<b>Castor Seed Cumulative Arrivals in Key Centers:</b>				
<b>Center</b>	<b>Market</b>	<b>3rd October to 6th October 2017</b>	<b>23rd September to 29th September 2017</b>	<b>Change</b>
<b>Gujarat</b>	Patan	12000	17625	<b>-5625</b>
	Harij	1088	3375	<b>-2288</b>
	Rajkot	950	1668	<b>-718</b>
	Gondal	959	1725	<b>-766</b>
	Deesa	3120	5700	<b>-2580</b>
	Bhabar	NA	NA	-
	Mehsana	2400	7200	<b>-4800</b>
	Kadi	15680	11204	<b>4476</b>
	Sabarkatha	1163	3525	<b>-2363</b>
	Gandhi Nagar	3450	5250	<b>-1800</b>
	Ahmedabad (Sanand)	NA	NA	-
	Halvad	338	690	<b>-353</b>
	Junagadh	160	60	<b>100</b>
	Dhrol	3	7	<b>-4</b>
<b>Rajasthan</b>	Jodhpur	315	304	<b>11</b>
	Sumerpur	440	576	<b>-136</b>
<b>Total Arrivals/Above Markets</b>		<b>42065</b>	<b>58909</b>	<b>-16844</b>

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