



Castor Weekly Research Report

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Castor Domestic Market Fundamentals:

- All India average castor price is around Rs.3822/quintal which is up from last week price of Rs.3730/quintal and up by 11% from same period last year price of Rs.3213/quintal.
- In 04th week of October, all India arrival of castor seed is 12477 quintals which is 2363 quintals higher than last week arrival of 10114 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 13th October September-2017 (in Lakh Hectare):



State	Area(2017)	Last Year(2016)	% Change	Normal Area
Gujarat	5.96	5.64	5.67	7.37
Rajasthan	1.6	1.72	-6.98	2.25
Telangana	0.31	0.43	-27.91	0.82
Andhra Pradesh	0.33	0.43	-23.26	0.89
Karnataka	0.07	0.11	-36.36	0.12
Maharashtra	0.07	0.12	-41.67	0.16
Others	0.38	0.33	15.15	0.23
Total	8.45	8.59	-1.63	11.84

As per the data from Agriculture Ministry, castor acreage in Gujarat increase by 5.67% till Oct-13, 2017 to 5.96 lakh hectares as compared to 5.64 lakh hectares last year while Rajasthan recorded a down of 6.98% 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.

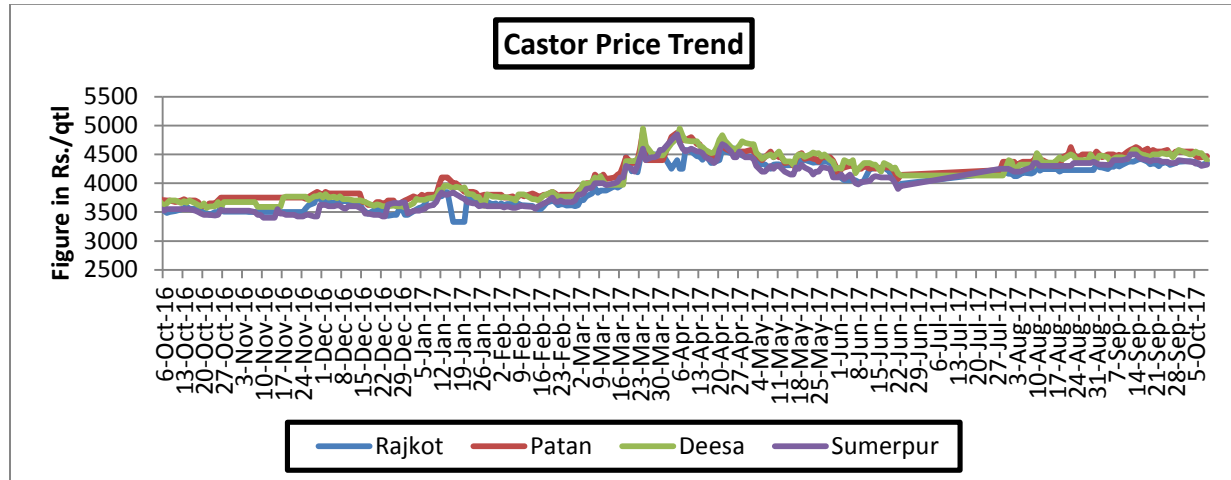
International market Outlook:

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:

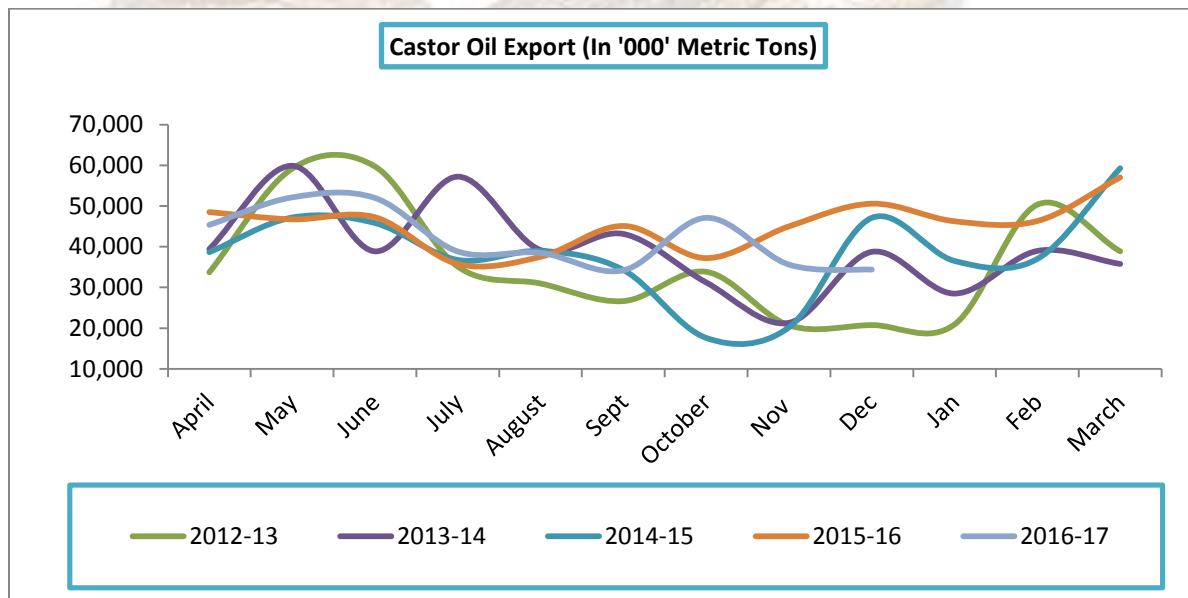
Mostly all castor markets are moving in the upward direction due to continuous demand and diminishing stock.

Castor Price Trend:

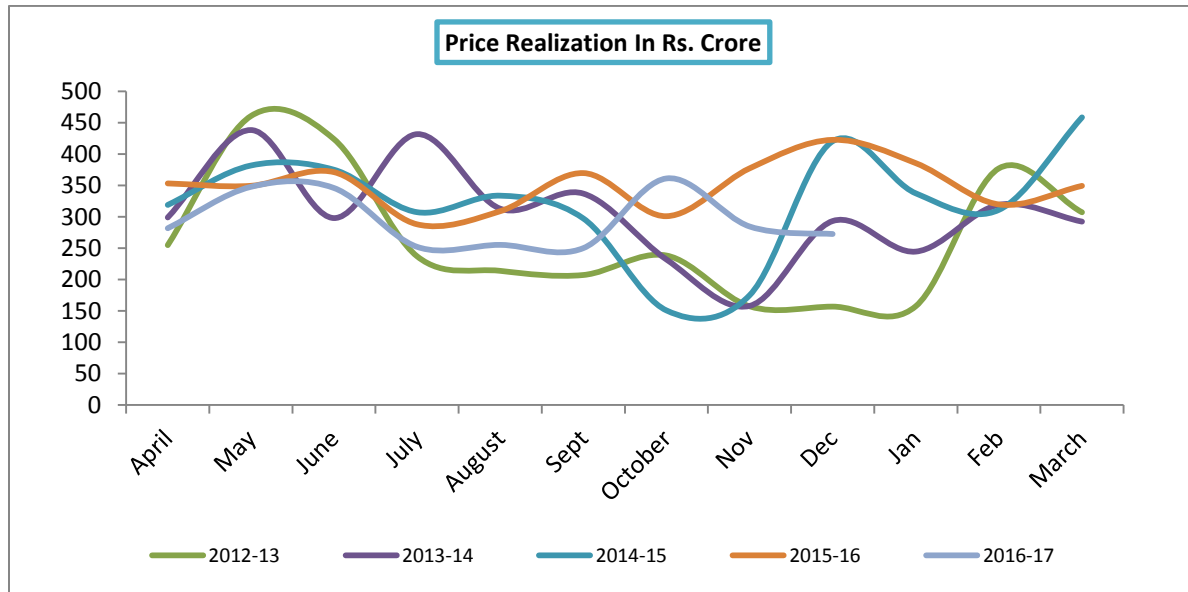


Source: Agriwatch

Castor Oil Export Trend:



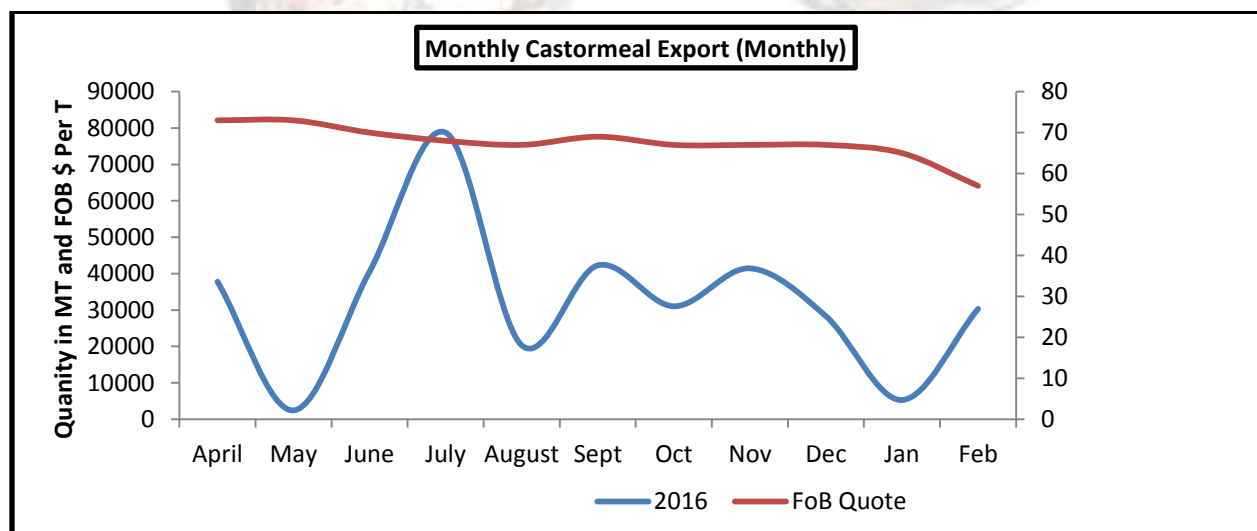
Source: Sea Of India



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 04th week October, 2017

State	Prices 24-31 Oct 2017	Prices 16-23 Oct 2017	Prices 24-31 Oct 2016	% Change(Over Previous Week)	% Change(Over Previous Year)
Andhra Pradesh	3311.38	3244.24	3050.18	2.07	8.56
Gujarat	4323.08	4357.92	3596.74	-0.8	20.19
Karnataka	4083.33		2638	—	54.79
Maharashtra				—	—
Rajasthan	3829.78	3642	3421.79	5.16	11.92
Tamil Nadu			3413.5	—	—
Telangana	3562.17	3678.41	3155.02	-3.16	12.9
Average	3821.95	3730.64	3212.54		

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

	6th Oct'17	29th Sept'17	6th Sept'17	6th Oct'16	CHANGE %
Castorseed (Gujarat)((Rs./M.T) Ex-Mandi	46150	46150	45700	37391	18.98
Castor Meal Export (FAS) (US\$ / MT),Ex Kandla	71	69	63	69	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	9900	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	4100	4210	4387	4750	4800
Pre Weekly Trade Call			Call	Entry	T1	T2	SL
Castor	NCDEX	Oct	Sell	4540	4470	4450	4552

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.

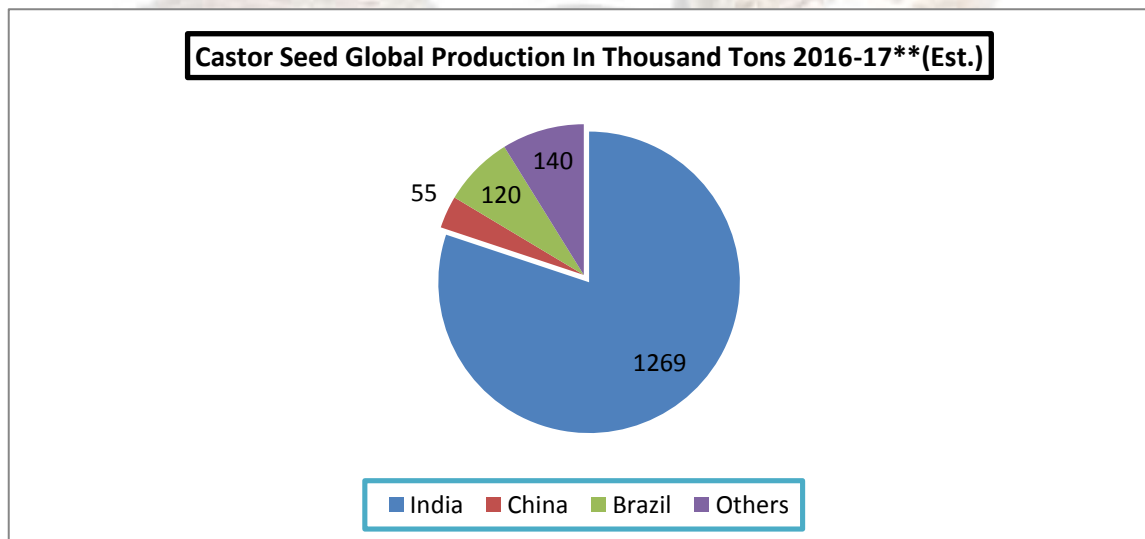
Castor Seed Supply & Demand for MY-2017-18:



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:



Outlo

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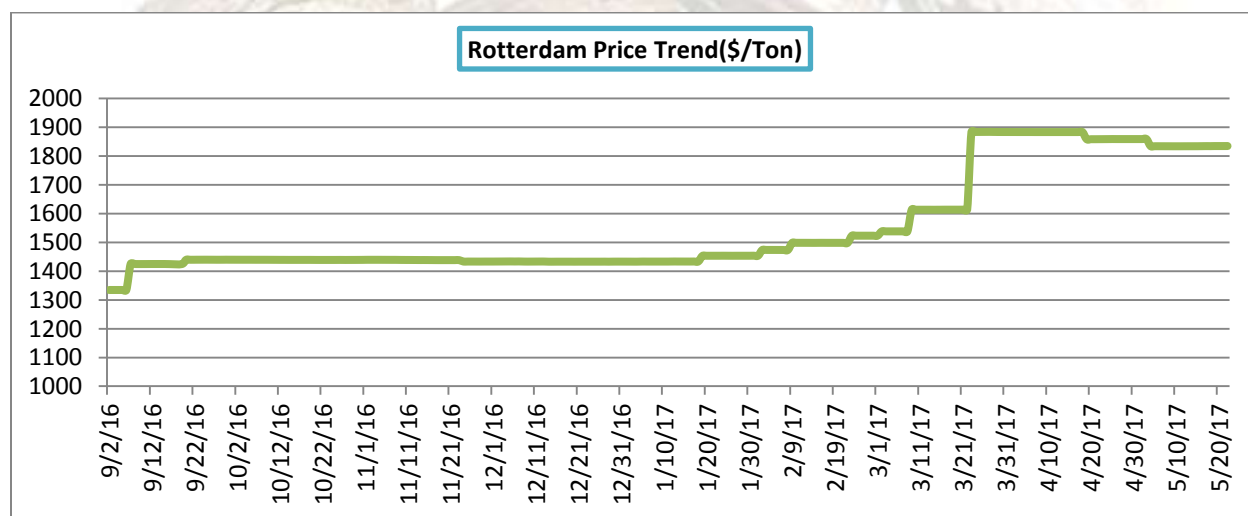
Castor seed market is likely to continue up in the second quarter of 2017, as demand is going to remain up with diminishing stocks. Millers and crushers are likely to be active in the market after May onwards. Less arrivals pace and improved oil demand will support castor prices hike further.

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		21st October to 27th October 2017	14th October to 20th October 2017	
Gujarat	Patan	4350	4500	-150
	Harij	NA	NA	-
	Rajkot	4243	4318	-75
	Gondal	4293	4393	-101
	Deesa	4433	4463	-30
	Bhabar	4375	NA	-
	Mehsana	4340	4425	-85
	Kadi	4475	4510	-35
	Sabarkatha	4300	4475	-175
	Gandhi Nagar	4408	4475	-67
	Ahmedabad (Sanand)	4255	NA	-
	Halvad	4250	4300	-50
	Junagadh	4155	NA	-
	Dhrol	3840	NA	-
Rajasthan	Jodhpur	4214	4428	-214
	Sumerpur	4244	4375	-131

Week on Week Price: Scenario of Castor Seed :

Commodity	Market	Today	Week ago	Month ago	Year ago
Center		27-Oct-17	20-Oct-17	27-Sep-17	27-Oct-16
Gujarat	Patan	Closed	Closed	4500	3750
	Harij	NR	Closed	Closed	3690
	Rajkot	4325	Closed	4335	3510
	Gondal	Closed	Closed	4380	3505
	Deesa	4425	Closed	4450	3675
	Bhabar	Closed	Closed	NR	NR
	Mehsana	4425	Closed	4450	3620
	Kadi	4475	Closed	4550	3685
	Sabarkatha	NR	Closed	4475	3650
	Gandhi Nagar	4450	Closed	4500	3675
	Ahmedabad (Sanand)	NA	Closed	NA	3585
	Halvad	NA	Closed	4375	3535
	Junagadh	NA	Closed	4250	3505
	Dhrol	3840	Closed	NA	NA



Rajasthan	Jodhpur	4060	Closed	4490	3610
	Sumerpur	4260	Closed	4350	3525

Castor Seed Cumulative Arrivals in Key Centers:

Center	Market	21st October to 27th October 2017	14th October to 20th October 2017	Change
Gujarat	Patan	4500	3375	1125
	Harij	NA	NA	-
	Rajkot	247	370	-123
	Gondal	240	518	-278
	Deesa	1920	1560	360
	Bhabar	2080	NA	-
	Mehsana	1313	450	863
	Kadi	960	2640	-1680
	Sabarkatha	38	113	-76
	Gandhi Nagar	375	825	-450
	Ahmedabad (Sanand)	1	NA	-
	Halvad	NA	75	-
	Junagadh	60	NA	-
	Dhrol	2	NA	-
Rajasthan	Jodhpur	503	68	435
	Sumerpur	240	120	120
Total Arrivals/Above Markets		12477	10114	2363

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