AGRIWATCH

Castor Seed & Oil Weekly Report
Date-11th Dec-2017

# Castor Weekly Research Report

Contents

## Castor Domestic Market Fundamentals:

- All India average castor price is around Rs.3694/quintal which is up from last week price of Rs.3552/quintal and up by 11.44% from same period last year price of Rs.3315/quintal.

- Castor seed prices is likely to trade firm in coming week of December as demand from local buyers is higher than supply in the markets. Daily requirement of traders is around 5-6 lakh bags however daily supply is only 2-2.5 lakh bags.

- Fresh arrival of castor seed is around 2.-3 months away and stock of seed is only with big stockiest, also there is report of yield loss in some districts; all these factors drive the castor seed price accordingly.

- Monthly demand from local as well overseas buyers is 20-25% higher than last year and stock in pipeline is lower, which may also push the seed price towards northward direction till the pressure of new crop hits in the markets.

- 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 tons 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.

- 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.

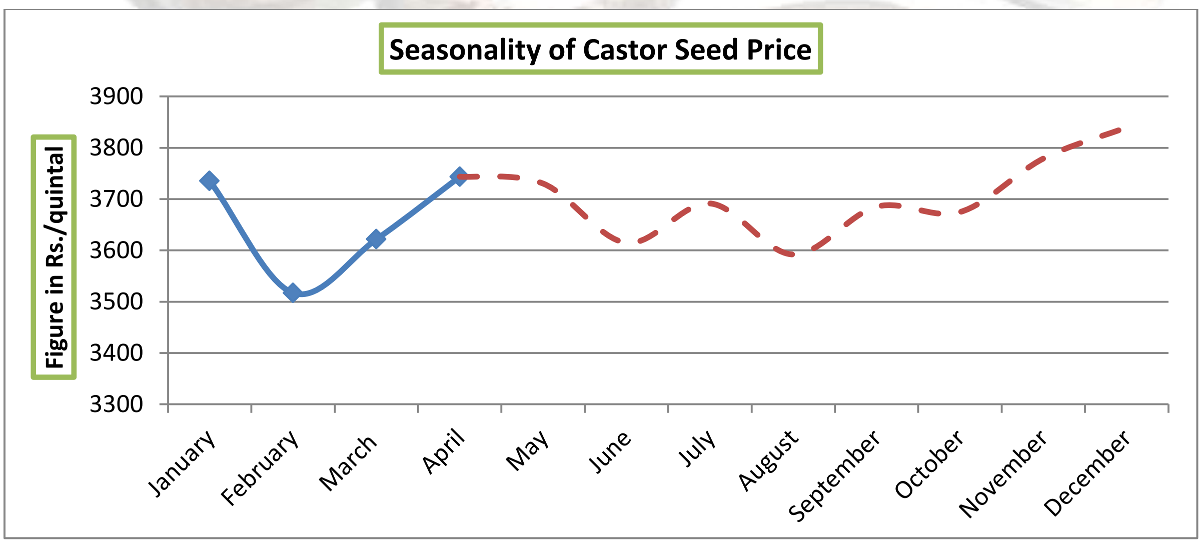
- Castor weekly cast market is traded weak in 01st Week of December-2017 even with lower arrival, all India castor seed arrival is 26239 quintals which is 11589 quintals lower than last week arrival of 37828 quintals.

**Castor Seed Sowing Updates as on 13th October September-2017 (in Lakh Hectare):**

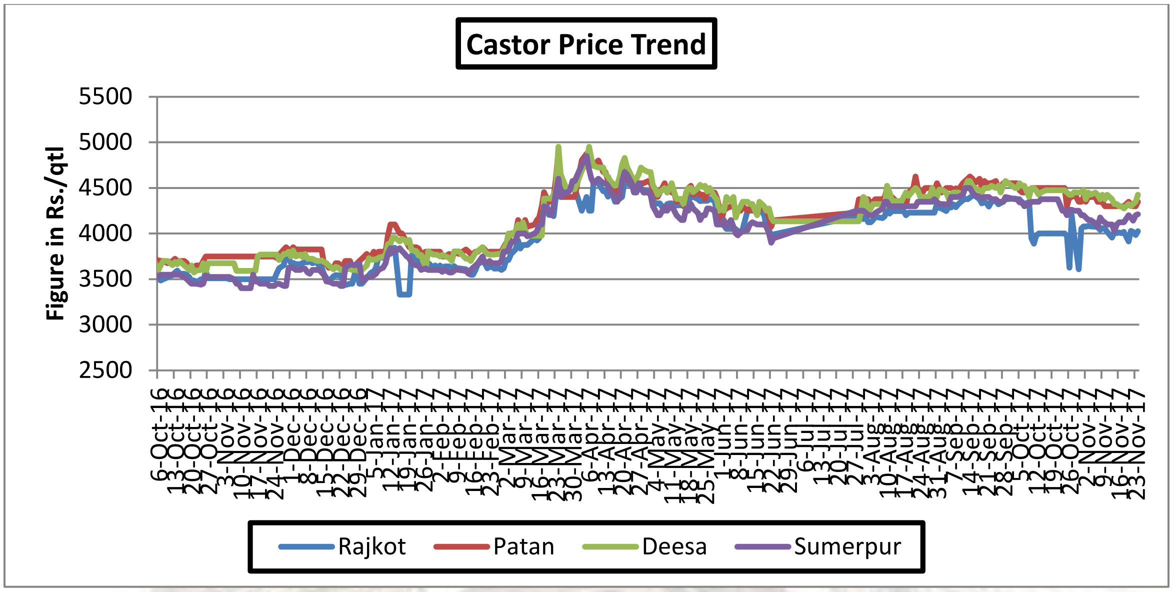
| State | Area(2017) | Last Year(2016) | % Change | Normal Area |
|---|---|---|---|---|
| Gujarat | 5.96 | 5.64 | 5.67 | 7.37 |
| Rajasthan | 1.6 | 1.72 | -6.98 | 2.25 |
| Telangana | 0.31 | 0.43 | -27.91 | 0.82 |
| Andhra Pradesh | 0.33 | 0.43 | -23.26 | 0.89 |
| Karnataka | 0.07 | 0.11 | -36.36 | 0.12 |
| 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** |

**Stake holders in cash market may opt for buying seed around Rs. 4500-4550 for profit purpose.**

**Seasonality of Castor Seed Price**



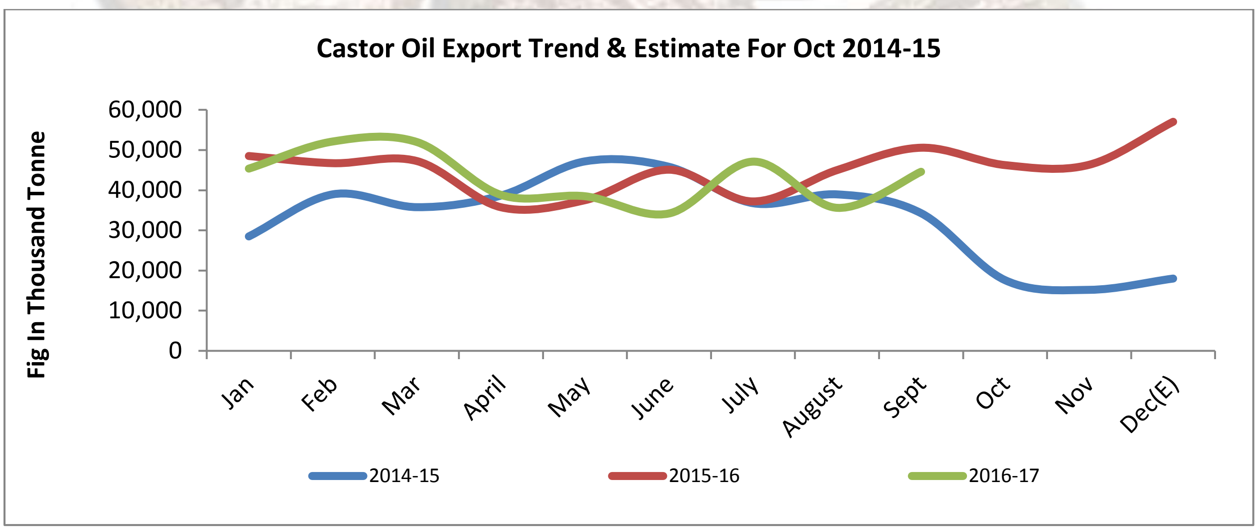
## Castor Price Trend:




Source: Agriwatch

Indian castor seed market was in steady trend during the period from Oct 2017 to Nov 2017, now prices are expected to trade firm in coming months due to lower supply, higher demand and late arrival.

## Castor Oil Export Trend:

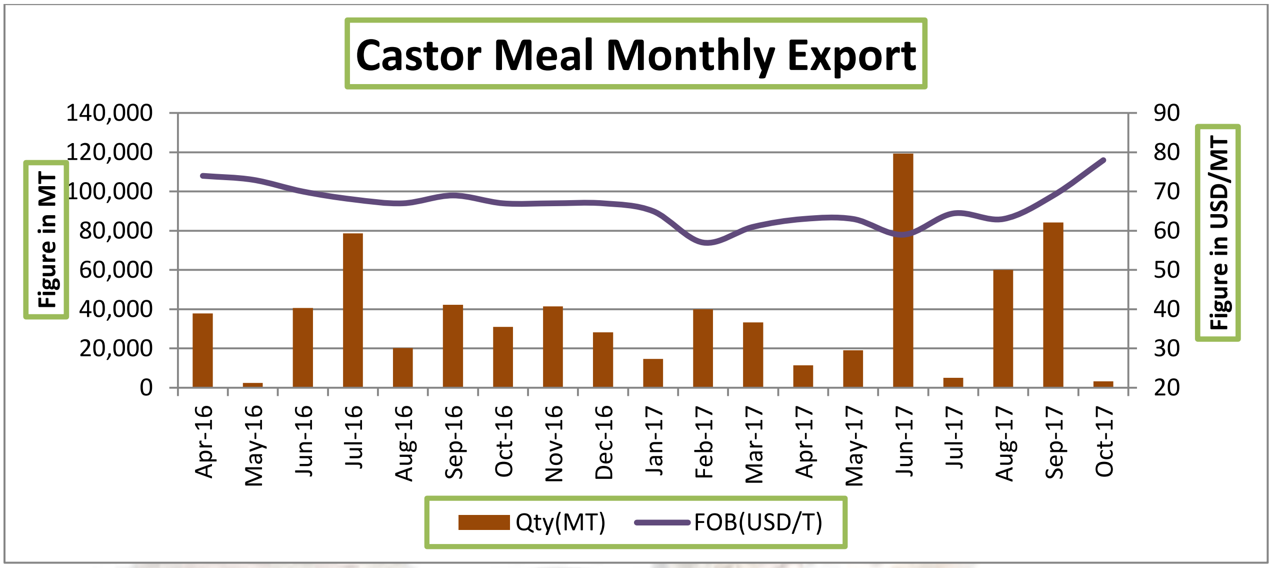



Source: Sea Of India

As per latest data released by SEA of India, Castor oil export in the month of September was 44591 thousand tons which is up by 25% from last month export of 35608 thousand tons and 12% down from corresponding period last year export of 50578 thousand tons. Weakened demand from the international market due to higher prices of castor seed in domestic market led to lower exports. However, in the first two month of FY2017-18, total castor oil exported was around 1 lakh tons, which is up by 2% Y/Y on higher consumption demand from US, Netherland, Russia and Japan

### Castor Meal Export:

Despite lower FOB prices, total castor meal export from India has shrunk by 14% Y/Y in FY-2016-17 due to sluggish demand from major importing countries during the first quarter of FY2017-18, India had exported 0.84 lakh tons of castor meal, increased by 4% Y/Y Japan, Taiwan and France were the top importers of Indian castor meal for the 2016-17.




Source: Sea of India

### State wise Wholesale Prices Weekly Analysis for Castor Seed 01st week December, 2017

| State | Prices 01-08 Dec 2017 | Prices 24-30 Nov 2017 | Prices 16-23 Nov 2017 | Prices 01-08 Dec 2016 | % Change(Over Previous Week) | % Change(Over Previous to Previous Week) | % Change(Over Previous Year) |
|---|---|---|---|---|---|---|---|
| Andhra Pradesh | 3968.27 | 3890.89 | 3725.79 | 3218.72 | 1.99 | 6.51 | 23.29 |
| Chhattisgarh | | 4000 | | | __ | __ | __ |
| Gujarat | 4318.45 | 4386.65 | 4204.3 | 3703.94 | -1.55 | 2.72 | 16.59 |
| Karnataka | 4000 | 2710.53 | 3301.43 | 3241.5 | 47.57 | 21.16 | 23.4 |
| Madhya Pradesh | | | | 3167.33 | __ | __ | __ |
| Rajasthan | 4041.49 | 3960.38 | 3960.64 | 3532.18 | 2.05 | 2.04 | 14.42 |
| Telangana | 3861.04 | 3882.58 | 3603.57 | 3281.52 | -0.55 | 7.14 | 17.66 |
| Uttar Pradesh | 3150 | | | | __ | __ | __ |
| Average | 3889.88 | 3805.17 | 3759.15 | 3357.53 | | | |

*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) | 4350-4500 | 4550-4700 |
| Medium Term (30 days) | 4600-4750 | 4750-4900 |

**Comparative Prices Of Castor Products Including Seed**

| | 01st November'17 | 24th November '17 | 01st December'17 | 01st December'16 | CHANGE % |
|---|---|---|---|---|---|
| Castorseed (Gujarat)((Rs./M.T) Ex-Mandi | 45400 | 44250 | 44950 | 37644 | 17.08 |
| Castor Meal Export (FAS) (US$ / MT),Ex Kandla | 80.00 | 80.00 | 80 | 67.00 | 16.25 |
| EXPORT (FOR) Ports (Rs./MT)Castor meal bulk Kandla | 5100 | 5100 | 5100 | 4365 | 14.41 |
| Castor Oil (First Grade) FOB Kandla (Export)$/Tonne | 1480 | 1450 | 1480 | 1170 | 20.95 |
| Local rates for oil in domestic market(Rs./M.T.) for comm. | 95000 | 94000 | 95500 | 79885 | 15.91 |

**Source: SEA.**

## Technical Analysis:

**Castor – Technical Outlook**

**Technical Commentary:**

- Prices are likely to move steady to firm in coming week.
- Increase in prices with higher volume and OI indicates long build up.

**Strategy: Wait**

| Intraday Supports & Resistances | | | S2 | S1 | PCP | R1 | R2 |
|---|---|---|---|---|---|---|---|
| Castor | NCDEX | Oct | 4300 | 4315 | 4507 | 4745 | 5009 |
| **Pre Weekly Trade Call** | | | **Call** | **Entry** | **T1** | **T2** | **SL** |
| Castor | NCDEX | Oct | **Wait** | -- | -- | -- | -- |

**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.

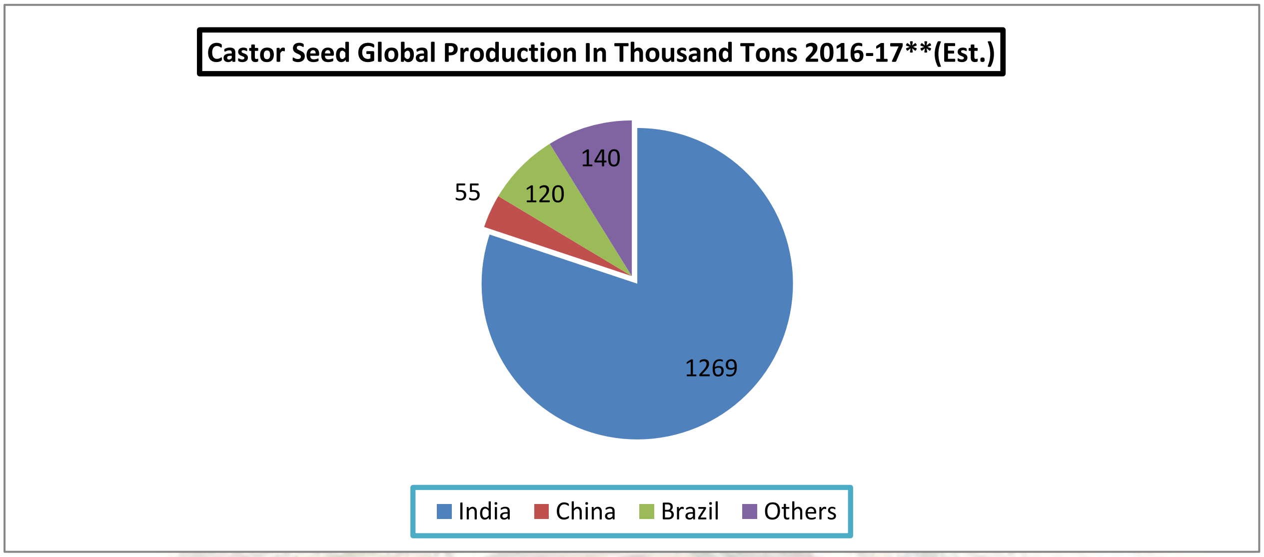
The season started with 5.91 lakh tons as carryout. Thus total availability for current marketing year comes to 18.6 lakh tons if estimated production of 12.69 lakh tons is included. Lower production would drag carryout down from 5.91 to 5.35 lakh tons. It would push seed price up in second and third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

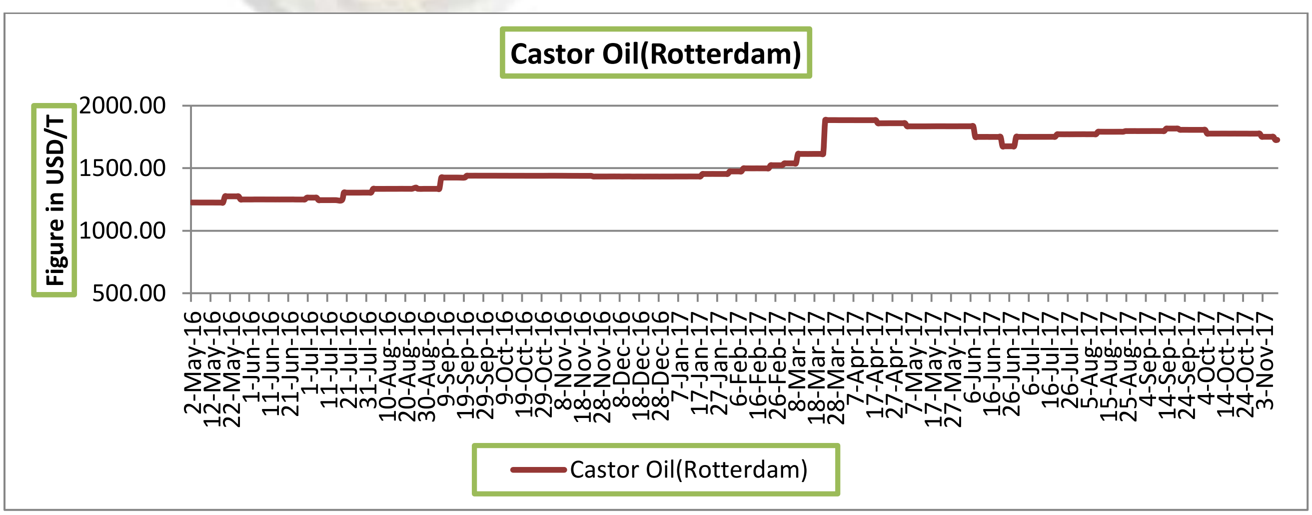
**Castor Seed Global Production share:**




**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:**



*Source: Agriwatch*

**Outlook:**
Despite of lower production during FY2016-17, supply side is expected to be comfortable with decent beginning stocks on the back of lower export volumes in 2016-17; however, recent heavy rainfall in Northern Gujarat and South-East region of Rajasthan has resulted in flood situation which has raised the quality concerns of the stocks stored in the warehouses. On demand front, aggressive purchasing activities by the stockiest as well as crushing units for creating inventories of quality seed may also support the prices positively

**Castor Seed Weekly Prices at Key Spot Markets:**

| Commodity | Market | Price (Rs/ Quintal) | | Change |
|---|---|---|---|---|
| Center | | 02nd to 08th December 2017 | 25th November to 1st December 2017 | |
| Gujarat | Patan | 4425 | 4463 | -38 |
| | Harij | 4320 | 4360 | -40 |
| | Rajkot | 4241 | 4227 | 14 |
| | Gondal | 4285 | 4270 | 15 |
| | Deesa | 4413 | 4413 | Unch |
| | Bhabar | 4385 | 4410 | -25 |
| | Mehsana | 4388 | 4352 | 36 |
| | Kadi | 4433 | 4418 | 14 |
| | Sabarkatha | 4394 | 4425 | -31 |
| | Gandhi Nagar | 4400 | 4404 | -4 |
| | Ahmedabad (Sanand) | NA | NA | - |
| | Halvad | 4245 | 4304 | -59 |
| | Junagadh | NA | NA | - |
| | Dhrol | 3775 | NA | - |
| Rajasthan | Jodhpur | 4360 | 4350 | 10 |
| | Sumerpur | 4267 | 4279 | -13 |

| Week on Week Price: Scenario of Castor Seed : | | | | | |
|---|---|---|---|---|---|
| Commodity | Market | Today | Week ago | Month ago | Year ago |
| Center | | 8-Dec-17 | 1-Dec-17 | 7-Nov-17 | 8-Dec-16 |
| Gujarat | Patan | 4350 | 4450 | 4350 | 3825 |
| | Harij | 4275 | 4350 | 4285 | 3690 |
| | Rajkot | 4190 | 4250 | 4175 | 3685 |
| | Gondal | 4230 | 4305 | 4055 | NA |
| | Deesa | 4400 | 4475 | 4425 | 3725 |

| | | | | | |
|---|---|---|---|---|---|
| | Bhabar | NR | 4375 | 4310 | 3775 |
| | Mehsana | 4325 | 4400 | 4250 | 3760 |
| | Kadi | 4350 | 4415 | 4300 | 3750 |
| | Sabarkatha | 4375 | 4400 | 4300 | 3750 |
| | Gandhi Nagar | 4350 | 4400 | 4375 | 3760 |
| | Ahmedabad (Sanand) | NA | NA | NA | NA |
| | Halvad | 4175 | 4275 | 4275 | 3675 |
| | Junagadh | NA | NA | NA | 3740 |
| | Dhrol | NA | NA | NA | NA |
| **Rajasthan** | Jodhpur | 4360 | 4340 | 4250 | 3750 |
| | Sumerpur | 4225 | 4275 | 4075 | 3575 |

**Castor Seed Cumulative Arrivals in Key Centers:**

| Center | Market | 02nd to 08th December 2017 | 25th November to 1st December 2017 | Change |
|---|---|---|---|---|
| **Gujarat** | Patan | 6225 | 7650 | **-1425** |
| | Harij | 1125 | 938 | **188** |
| | Rajkot | 710 | 955 | **-245** |
| | Gondal | 1404 | 504 | **900** |
| | Deesa | 6440 | 7760 | **-1320** |
| | Bhabar | 1572 | 3000 | **-1428** |
| | Mehsana | 769 | 1050 | **-281** |
| | Kadi | 5672 | 12720 | **-7048** |
| | Sabarkatha | 244 | 368 | **-124** |
| | Gandhi Nagar | 750 | 938 | **-188** |
| | Ahmedabad (Sanand) | NA | NA | **Unch** |
| | Halvad | 375 | 610 | **-235** |
| | Junagadh | NA | NA | **Unch** |
| | Dhrol | 1 | NA | **1** |
| **Rajasthan** | Jodhpur | 473 | 473 | **Unch** |
| | Sumerpur | 480 | 864 | **-384** |
| **Total Arrivals/Above Markets** | | 26239 | 37828 | **-11589** |

**Disclaimer**

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