

Latest Fundamentals in Castor Market

Castor Seed all India average price decreased by 1.12 % to Rs 3391.97 per qtl week on week basis. It was being traded at Rs 3430.64 .19 per qtl during the week ended 25th Jan-2016. More dip from current level is likely due to better production prospects, increasing hope for early arrival and higher available stock in private and public warehouses. New arrival has started now and pressure is expected by Feb end (March-April) one month earlier than last year. Stake holders, especially stockiest may try to drag futures market up to some extent. However price would not sustain at higher level. Demand for oil from importers continues at lower rate. Any bull run is unlikely now.

Production estimates in castor conference held on 24 Jan-2016 in Palanpur (Gujarat) range from 15.50 to 16 lakh MT for new incoming crops. In Bhuj area production is likely to double due to higher acreage and good yield In Patan production would increase by 10 to 15 % from last year while in other area similar production is expected as last year. Rajasthan too would produce above two lakh MT seed this year. Telangana, AP and others may contribute around one lakh MT. Gujarat may contribute around 12.5 lakh MT this year.

India has exported 337814 MT castor meal from April to Nov-2015 against 282010 MT in the corresponding time last year. Last week India exported over 15000 MT oil meal. Higher demand from overseas market and ample seed availability encouraged seed crushing in recent weeks. Plants continued to crush due to good demand for oil. More export is expected in coming weeks as crushing continues. FoB quote has decreased from \$107 to \$101 per MT at Kandla.

Castor Oil export during the week ended 17thJan-2016 was registered at 6624.08 MT, higher by 21.78 % from previous week (5442.65 MT). India exported at an average FoB price of \$1308.97 per MT, lower by 2.97 percent from previous week. It had exported 5442.65 MT oil during the week ended 10th Jan-2016 at an average price of \$1343.51 per MT.

Castor Sowing & Price Updates

Agriculture statistics Division, DES has released its 1st Adv. estimates of Production of food-grains for 2015-16 on 16.09.2015. It has estimated 19.44 lakh MT seed production this year. The production target for 2015-16 has been fixed at 20.34 lakh ton. India has produced 19.63 lakh MT castor seed in 2014-15 as per revised 1st Adv. estimate. Private trade estimate for the year is much lower and is between 14 to 15 lakh MT for 2015-16. However, it is too early to comment about the final size because weather for next two –three months would be crucial for the standing crop.

Medium term (Feb-March) outlook remains weak as new crop is not far away from now. Majority of stock is in strong hands and now they intend to offload their maximum stock by mid Feb-2016 before pressure starts from new crop. Higher area coverage and normal demand for oil from overseas market may continue to restrict one way uptrend. Production prospect is good and stock is ample. Expectation of early arrival too may weigh on market fundamentals. In peak arrival season market may dip below Rs3000 per quality as per normal market expectation.

Indian castor Seed Balance Sheet

With carry over stock of 5.50 lakh MT and the crop during 2014-15 estimated at 15.06 lakh MT, the total availability of castor seed would be 20.56 lakh MT as compared to 15.80 lakh MT during previous year. Main reasons for better crop size are higher acreage and yield, particularly in Gujarat.

It is clear that even after meeting expected demand we shall end up with huge carry over stock of seed 820000 MT.

Castor Balance Sheet

Particulars	2014	2015 (Est.)
Opening Stock Of Castor Seed	45000	275000
Unreported Stock available	0	275000
Crop Size	1130000	1506000
Total Supply Of Castor Seed	1580000	2056000
A. Total Qty. In Terms Of Oil (46%)	726800	945760
Less		
1. Actual Exports of Oil from India	410797	380000
2. Stock transfer of Oil from India	19005	18500
3. Derivatives	120000	120000
4. Domestic Consumption	50000	50000
B. Total Usage (1+2+3+4)	599802	568500
C. Surplus / Shortage (-) Oil (A-B)	126998	377260
In Terms of Seed	276080	820125
i.e. Rounded off	275000	820000

Global Castor Scenario

World crop size for 2014-15 estimated at 17.03 lakh MT which is higher by 29.12% and as compared to crop in 2013-14 (13.18 lakh MT). However if we add carry over stock of 5.50 lakh MT in India, the overall global supply position in 2014-15 would be 22.53 MT higher by 27.43% as compared to 2013-14 (17.68 lakh MT). In addition 37500 MT oil (equivalent to 81500 MT of Seeds) stock transferred from India to Rotterdam and Malaysia would also be available. - India's crop size is estimated at 15.06 lakh MT during 2014-15 as against 11.30 lakh MT last year- up by 33.27%. Crop of China, Brazil and other country more or less unchanged.

Global Demand

Export of Castor Oil from India decline sharply by 14.28% at 410797 MT as compared to 479231 MT during previous year, as per details given below.

It may be noted here that 19005 MT oil (6600 MTs to Rotterdam and 12405 MT to Malaysia) was practically stock transferred from India during November & December 2014. Also another quantity of 18500 MT (8000 MT to Rotterdam and 10500 MTS to Malaysia), during January 2015. This quantity of total 37505 MT would be available to foreign buyers during 2015. Considering this fact we feel export from India will go down by 7.50% at 380000 MT during 2015 as compared to 410797 MT during 2014.

Particulars	2013	2014	2015(Est.)
Europe	130331	117735	108000
USA	45666	42943	42500
China	211941	161655	147500
Malaysia	0	12405	10500
Others	91293	95064	90000
Total	479231	429802	398500
Less: Stock - Transfer from India	0	19005	18500
Actual Exports - from India	479231	410797	380000

Source: Sea of India

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