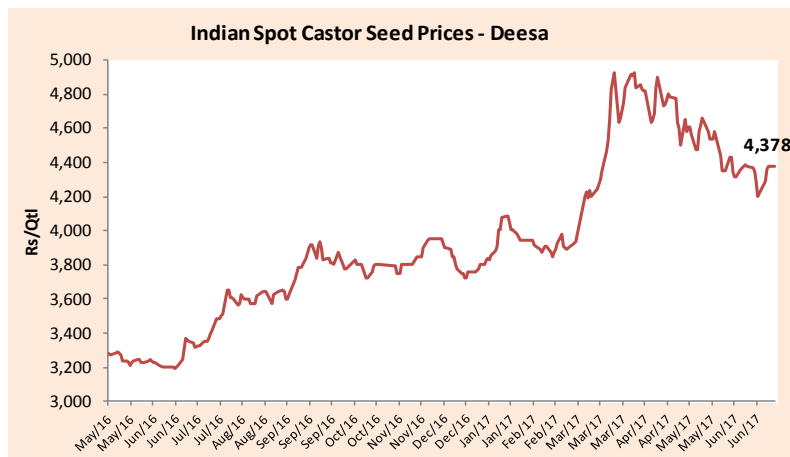




CASTOR SEED

Castor Seed & Bi-Products	03-Jul-17	1 Week	1 Month	3 Month	6 Month	1 Year
Castor Seed (INR/Qtl) NCDEX Future	4,320	-1.4%	0.9%	-13.6%	10.4%	NA
Castor Seed (INR/Qtl) Spot	4,378	2.2%	0.7%	-10.6%	14.5%	30.9%
Castor Meal - Ex Kandla (INR/MT)	3,500	0.0%	-10.3%	-14.6%	-19.5%	-23.9%
Castor Oil - Kandla (INR/MT)	93,200	3.0%	0.3%	-7.6%	18.0%	38.1%
Castor Oil - Rotterdam (\$/MT)	1,750	4.5%	-4.6%	-7.1%	22.1%	38.4%

Price Outlook for Coming Week:



Castor seed prices settled higher in spot markets but trading were thin due to closure of market on the back of GST rollout. Markets remain closed from 30<sup>th</sup> June till 5<sup>th</sup> July. Stock liquidation continued in NCDEX warehouse for the 7<sup>th</sup> consecutive week. Currently, EED stocks are at 73,152 MT from high of 102,000 MT which was seen in mid May. Castor seed prices settled higher by 2.2% in spot market and quoting higher by 31% y/y. Arrivals were reported around 15,000 bags for two days and market remained closed for the rest of the days.

Heavy rains witnessed over Castor growing regions of Gujarat during last week. This may lead to increase in acreage under Groundnut, Grains and Cotton. Moreover, sudden fall in prices after making high of Rs 950 per 20 kg also sent wrong message among the farmers. Farmers opined their intention to keep acreage at last year level against anticipation of increase in acreage during June 1<sup>st</sup> week. There are reports that acreage under Groundnut is expected to increase by almost 100% in Surendra Nagar and Banaskant districts which will limit the acreage gain in Castor to great extent.

Total arrival in the current season is reported at 8.12 lakh tons including stockists selling. Out of which new crop selling is reported around 5.92 lakh tons. Although arrivals are early this year but running lower by 28% y/y due to lower production. Stocks are expected to become tighter during the year end which is likely to keep prices supported during second half.

Oil prices ended higher by 3.0% on good demand from global market. Higher demand from China, EU and other Asian nation supported the prices in global market. Exports in June are reported higher by 13.2% versus last month but lower by 15% y/y. Oil prices over Rotterdam recovered by 4.5% during the week on thin pipeline amidst good buying activity. **Stockists are taking advantage of lower prices which has ruling due to new tax policy.** Prices at Rotterdam are quoting at \$ 1,750 per MT versus \$ 1,675 per MT of last week.

Steady sentiment witnessed in Meal prices after trading weak throughout the year. Prices are currently quoting at seven years low. Ample supply at domestic market amid lower off take from South Korea has pressurised the prices.



CASTOR SEED

Meal exports for the period Jan-May are lower by 33.2%. Export to South Korea during Apr-May, 2017 are meagre 438 MT versus 48,851 MT of previous season. Export to Japan is also reported lower this season which is weighing on the meal prices. Currently, meal prices are quoting at 24.9% lower y/y.

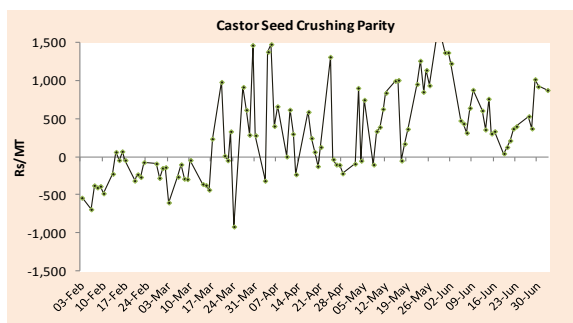
In the coming week, seed and Oil prices are expected to trade higher as GST roll out is completed. Seed prices are expected to trade towards Rs 4,500 – 4,600 per Qtl and Oil prices are expected to trade higher towards Rs 95,000 – 97,000 per MT. Meal prices are likely to remain steady to weak on subdued demand from South Korea.

**Planting prospect for next season: No New Update**

Basis telephonic survey, return on Investment analysis, recent rainfall activity and current prevailing prices, EAR predicts marginal decrease in acreage against increase by 5.5% in our earlier estimates. Acreage over Gujarat is expected to increase by 2% due to shift in acreage from Potato in Deesa belts. In Rajasthan and South India acreage is likely to drop by 2% & 12.2% respectively as farmers are opting for Groundnut. Production for the next season is expected at 10.86 lakh tons basis last five year average yields.

State	Area (Lakh ha)			Yield (kg/ha)			Prod (Lakh tons)		
	2016-17	2017-18e	TY Vs LY	2016-17	2017-18e	TY Vs LY	2016-17	2017-18e	TY Vs LY
Gujarat	5.39	5.50	2.0%	1,491	1,588	6.5%	8.04	8.74	8.7%
Rajasthan	1.35	1.32	-2.0%	913	1,106	21.1%	1.23	1.46	18.7%
Andhra Pradesh	0.74	0.65	-12.2%	600	655	9.1%	0.44	0.43	-4.2%
Others	0.43	0.42	-2.3%	550	570	3.7%	0.24	0.24	1.2%
<b>India</b>	<b>7.91</b>	<b>7.89</b>	<b>-0.2%</b>	<b>1,258</b>	<b>1,377</b>	<b>9.4%</b>	<b>9.95</b>	<b>10.86</b>	<b>9.2%</b>

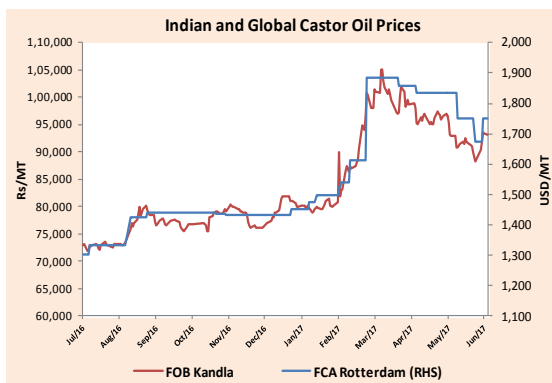
**Castor Seed Crushing Parity:**



Crushing continued to be in parity from last two month with wide volatility due to sharp increase in Oil prices when compared to seed.

During the week, parity further widened to Rs 879 per MT from Rs 402 per MT of last week.

**Indian and Global Castor Oil Price:**



Castor oil prices increased on higher demand from China, EU and other Asian nations. Roll out of GST dragged the prices much lower during June which helped surge in demand in export market. Currently, Castor oil prices (average) for China are quoting at Rs 93,200 per MT versus Rs 88,800 of previous week.

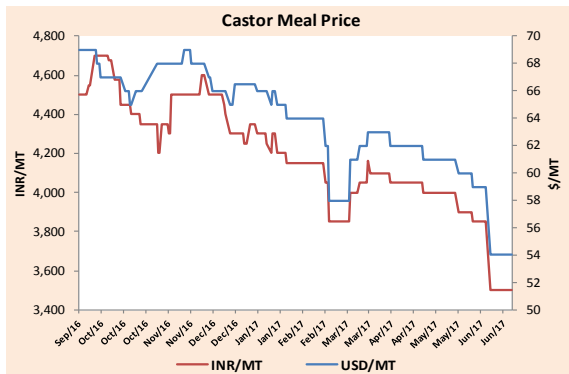
Prices at Rotterdam recovered after a sharp fall during last month. Prices settled higher by 4.5% during last week on thin pipeline. Currently, prices are quoting at \$1,750 per MT, higher by 38.4% y/y. Prices are expected to remain higher on lower Oil availability this season on the back of lower seed production.



CASTOR SEED

Castor oil prices in domestic market (Mumbai delivery) surged by 4.6% on increase in seed prices. Prices are quoting at Rs 96,500 per MT versus Rs 91,500 per MT of previous week. Prices continue to stay higher over last year by 42%. Average prices during last year were at Rs 67,530 per MT.

In the long term, thinner pipeline in EU and stronger import demand from China on the back of good return from Sebacic Acid is likely to support the oil prices.



Steady sentiment witnessed in Meal prices after a sharp fall during previous week. Prices have fallen by 12.5% during a month on subdued export demand to South Korea.

Excess supply at the millers and sufficient stocks at the destination is weighing on the meal prices.

Meal export are expected to be thin in coming days due to ample supply over destination which may weigh on meal prices in the near term. Currently, its lagging behind by 23.9% y/y on lesser off take from South Korea.

Exports to South Korea are reported lower by 36.4% for Jan-May period and this gap is likely to narrow as prices touched multi year low.

**FED Stocks and NCDEX Price:**

Location	Months	26-Jun	03-Jul	Change
BHABHAR	5-Aug-17	627	627	0
BHABHAR	5-Sep-17	455	455	0
BHABHAR	5-Oct-17	1,103	1,103	0
BHABHAR	5-Nov-17	414	414	0
BHABHAR	5-Dec-17	121	121	0
DEESA	5-Aug-17	1,367	749	-618
DEESA	5-Sep-17	2,042	1,972	-70
DEESA	5-Oct-17	900	900	0
DEESA	5-Nov-17	849	849	0
DEESA	5-Dec-17	91	91	0
KADI	5-Jul-17	162	131	-31
KADI	5-Aug-17	4,438	4,288	-150
KADI	5-Sep-17	5,351	5,241	-110
KADI	5-Oct-17	6,327	6,196	-131
KADI	5-Nov-17	5,733	5,733	0
KADI	5-Dec-17	504	504	0
KADI	5-Jan-18	20	20	0
PATAN	5-Jul-17	263	41	-222
PATAN	5-Aug-17	11,660	11,238	-422
PATAN	5-Sep-17	14,607	13,929	-678
PATAN	5-Oct-17	15,760	15,680	-80
PATAN	5-Nov-17	2,789	2,789	0
PATAN	5-Dec-17	81	81	0
<b>GRAND TOTAL</b>		<b>75,664</b>	<b>73,152</b>	<b>-2,512</b>

Contract	Future Price (INR)			Open Interest		
	26-Jun	03-Jul	% Change	26-Jun	03-Jul	% Change
Jul' 2017	4,256	4,320	1.5%	77,300	50,800	-34.3%
Aug' 2017	4,339	4,404	1.5%	27,580	54,430	97.4%
Sep' 2017	4,430	4,500	1.6%	70	130	85.7%
<b>TOTAL</b>				<b>1,04,950</b>	<b>1,05,360</b>	<b>0.4%</b>

EED Stocks further decreased by 2,512 MT during last week due to selling pressure from stockists on the back of GST roll out. However, liquidation was lower when compared to previous week. Higher liquidation was reported over Patan, followed by Deesa. Stockists have liquidated around 25,000-30,000 MT in last one month.

Prices increased by 1.5% - 1.6% across the contracts and OI was increased by 0.4%. OI was decreased in July due to nearing expiry. Fresh long positions have helped to surge in prices in Aug contract fresh long positions.



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