

The Curious Case of Castor Seed

Looking at the crop survey of castor seed for the year 2013-14 it can be assumed that the prices may remain upward for the entire year. Before going ahead with this one liner strategy, let us go through the statistics given in the survey and also take a look at what technical charts have in store for this unusual commodity which on one hand is non-edible while on other hand, it is instrumental in making soaps, paints and many other industrial products:-

- Estimated total production of castor seeds in India for the year 2013-14 is 1,120,000 tons, down 17% as compared to the previous year.
- Total area under castor crop in India for the year 2013-14 is 916,000 hectares. It has decreased by 16% as compared to the previous year.
- Average yield for the year 2013-14 is 1223 kg/hectare as against 1229 kg/hectare during 2012-13, i.e. down 1% yoy.

As can be seen in analytical estimates above, one of the main causes of short fall in castor seed production this year is decline in the average yield per hectare. In many areas of castor growing states, uneven and excess rainfall disturbed the yield pattern as the growth of Castor seed plants was affected. Water lodging in low level area damaged much of the crop.

Now if we look at castor's by-products and their presence in international scenario, a 20% rise is seen in export of Indian castor meals, as per the statistics given by solvent extractors' association. This fact will definitely shrink the local supply figures as compared to demand. Technical studies are also supporting the above fundamental analysis with daily chart on the verge of giving a breakout of congestion typical in a 4th wave formation. The trend is well set and prices are gearing up for another rally towards 5th wave.



We recommend a Buy NCDEX April contract at CMP Rs. 4400 and on dips to Rs.4300 for targets in the range of Rs4770-Rs5000, keeping the stop loss below Rs.4200.



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