

# Castor Seed & Oil Monthly Research Report

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**Outlook and Review -Domestic Front:**

**Having arrested the nine-month-long downward slide, castor seed prices have surged 23 per cent** in the past two months due to higher export demand for oil and meal. Lower acreage, diminishing supplies and improving export demand will keep prices firm in the coming months.

**Castor seed prices have been falling since October from Rs 4,438 per quintal. Higher domestic production** and slower exports have been keeping prices under pressure during the second half of 2017 and first half of this year. Good climatic conditions and higher yield had taken production higher by 35 per cent to 1.433 million tons in FY18 against 1.055 million tons in FY17.

**The arrivals started slowing down by mid-June as the new sowing season started. As per latest reports**, the acreage under castor crop in Gujarat has shrunk by about 28 per cent to 103,000 hectares against 144,000 hectares last year. Most of the castor-producing districts of Gujarat have received very less rain during this monsoon.

**Castor meal too was in demand during this time. At 30,471 tonnes, meal exports in July were double that** of the previous month and was about five times higher than July 2017. In FY18 castor meal exports had surged by about 43 per cent to 573,000 tonnes against just 400,000 tonnes in previous year. This rise in exports has been primarily attributed to pick up in demand from South Korea, the largest importer of castor meal from India. About 82 per cent of India's castor meal is exported to South Korea.

**Higher exports and lower acreage reports started pushing castor seed prices up as they surged by 23 per cent** in the last two months. Slow start of the sowing season also helped prices to rise. Low carryover stocks due to higher exports in last financial year also is supporting prices. By August 8, prices hit a one-year high of Rs 4,780 per quintal.

**Castor futures may trade positive in coming months towards Rs 4,900 per quintal, supported by lower acreage**, diminishing supplies and improving export demand for castor oil and meal. In the seasonal index, we see some corrections during August-September but the trend will be positive in the second half of 2018

**States Wise APY of Castor Seed in India:**

States	Estimated Area (000 Ha.)				Estimated Production (000 Tons)				Est. Yield (Kg./Ha.)			
	2017-18	2016-17	2015-16	2014-15	2017-18	2016-17	2015-16	2014-15	2017-18	2016-17	2015-16	2014-15
Gujarat	596	565	781	734	1230	850	1150	1067	2066	1504	1472	1454
Rajasthan	131	170	198	213	162	123	150	183	1238	723	758	859
Andhra Pradesh	58	78	93	111	28	64	80	75	477	820	860	674
Others	38	32	36	42	23	19	20	24	600	594	565	560
<b>Total</b>	<b>823</b>	<b>845</b>	<b>1108</b>	<b>1100</b>	<b>1433</b>	<b>1055</b>	<b>1400</b>	<b>1349</b>	<b>1754</b>	<b>1249</b>	<b>1264</b>	<b>1226</b>

Total Castor seed area in MY-2017-18 (starting from Oct-Sept) was 823 thousand hectares which is almost 4 years low in consecutive years but due to favorable weather at the time of picking yield was better and thus production reached to 1433 thousand tons. In MY-2018-19 Agriwatch expects that area could go down from normal area of corresponding period as castor acreage may shift towards pulses and other crop in which govt. announce better MSP and thus farmers intensions is to shifting of area which drive the production down from last year.

**State wise Castor Seed Area (2018-19) as on 07.09.2018**

State	CASTORSEED in Lakh Hectares					
	Normal Area	Normal Area as on date	Area sown reported			Absolute Change
			This Year	% of Normal	Last Year	
Andhra Pradesh	0.63	0.37	0.33	52.4	0.22	0.11
Assam	0.01	0.00	0.00	0.0	0.00	0.00
Bihar	0.00	0.01	0.00		0.00	0.00
Gujarat	6.70	5.78	4.26	63.7	5.11	-0.85
Haryana	0.01	0.01	0.01	122.4	0.01	0.00
Jharkhand	0.01	0.00	0.01		0.01	
Karnataka	0.11	0.10	0.07	66.0	0.07	0.00
Madhya Pradesh	0.05	0.00	0.00	0.0	0.00	0.00
Maharashtra	0.15	0.16	0.09	57.5	0.07	0.02
Odisha	0.11	0.06	0.05	41.2	0.05	-0.01
Rajasthan	1.96	1.62	1.36	69.6	1.00	0.36
Tamil Nadu	0.06	0.02	0.02	38.2	0.02	0.01
Telangana	0.72	0.52	0.26	35.8	0.31	-0.05
Others		0.00	0.03		0.00	
<b>All-India</b>	<b>10.51</b>	<b>8.66</b>	<b>6.49</b>	<b>61.7</b>	<b>6.87</b>	<b>-0.38</b>

All India castor seed sowing as on 07th Sept -2018 was 6.49 lakh hectares which is down by 5.55% from last year corresponding period area of 6.87 lakh hectares and 25% down by normal area of corresponding period area of 8.66 lakh hectares. Lower area is reported from the states of Telangana and Gujarat, while higher acreage is only reported from Andhra Pradesh.

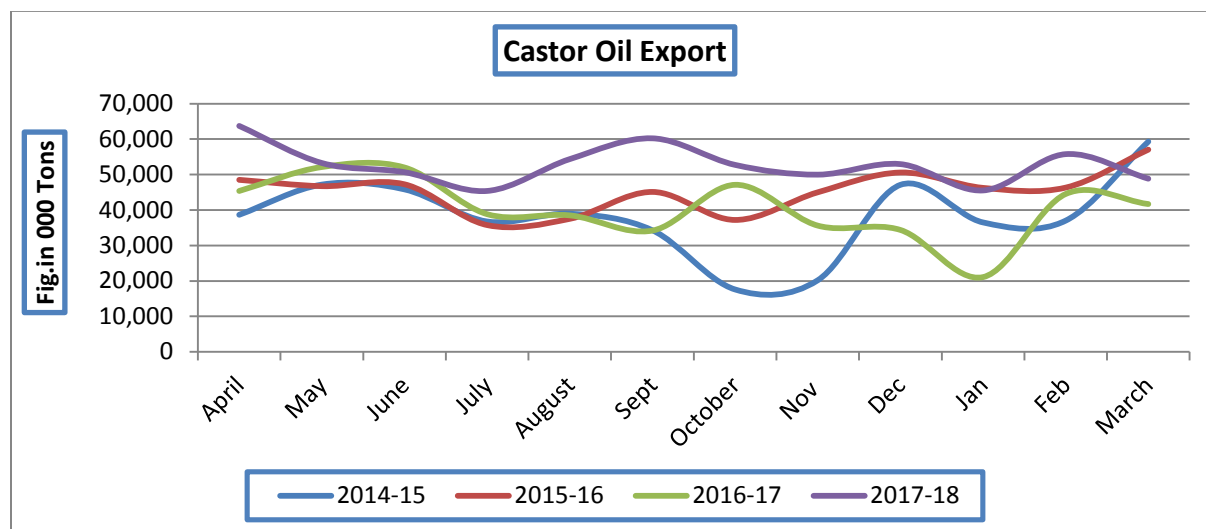
**Castor Oil Demand & Supply:**

All units in lakh tons	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Carry in	5.8	6.84	6.04	5.54	5.91	5.35
Production	13.04	11.7	13	15.12	12.94	10.5
Imports	0	0	0	0	0	0
Total Availability	18.84	18.54	19.04	20.66	18.85	15.85
Consumption	12	12.5	13.5	14.75	13.5	15.5
Exports	0	0	0	0	0	0
Total Usage	12	12.5	13.5	14.75	13.5	15.5
<b>Carry out</b>	<b>6.84</b>	<b>6.04</b>	<b>5.54</b>	<b>5.91</b>	<b>5.35</b>	<b>0.35</b>
Av Monthly Consumption	1	1.04	1.13	1.23	1.13	1.29
Stock to Month Use	6.84	5.8	4.92	4.81	4.76	0.27
Stock to Consumption Ratio	0.57	0.483	0.41	0.4	0.4	0.02

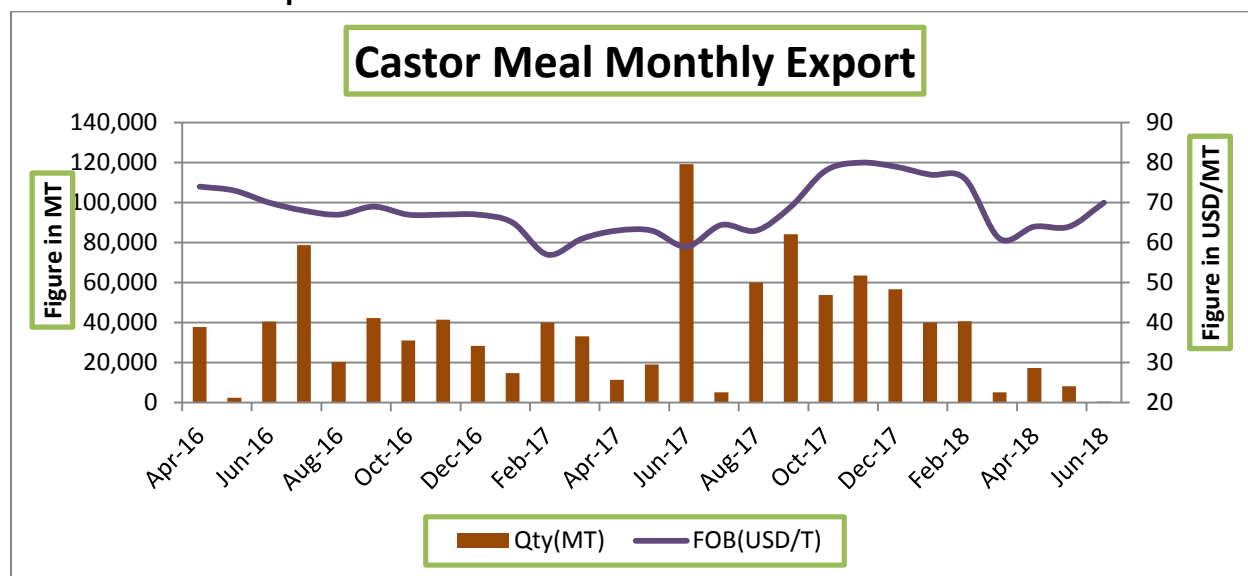
Season 2016-17 would start with 0.5 lakh tons oil as carrying stock. Agriwatch has estimated 7 lakh tons oil production from 2015-16 crops to be marketed in 2016-17 including derivatives use this brings total availability to 7.5 lakh tons .Export has been pegged at 5.5 lakh tons slightly higher than 2015-16 as supply is higher and price is lower. Carryout for next year would be at higher side (around 1lakh tons) despite higher export volume.

Castor Oil Supply & Demand Projection For 2016-17			
Unit in lakh ton	2014-15	2015-16	2016-17
Carry in	0.15	0.25	0.5
Production	6	6.5	7
Imports	0	0	0
Total Availability	6.15	6.75	7.5
Consumption (domestic)	0.9	1	1
Exports	5	5.25	5.5
Total Usage	5.9	6.25	6.5
<b>Carry out</b>	<b>0.25</b>	<b>0.5</b>	<b>1</b>

**Castor Oil Monthly Export Trend:**



**Castor Oil Meal Export Trend:**

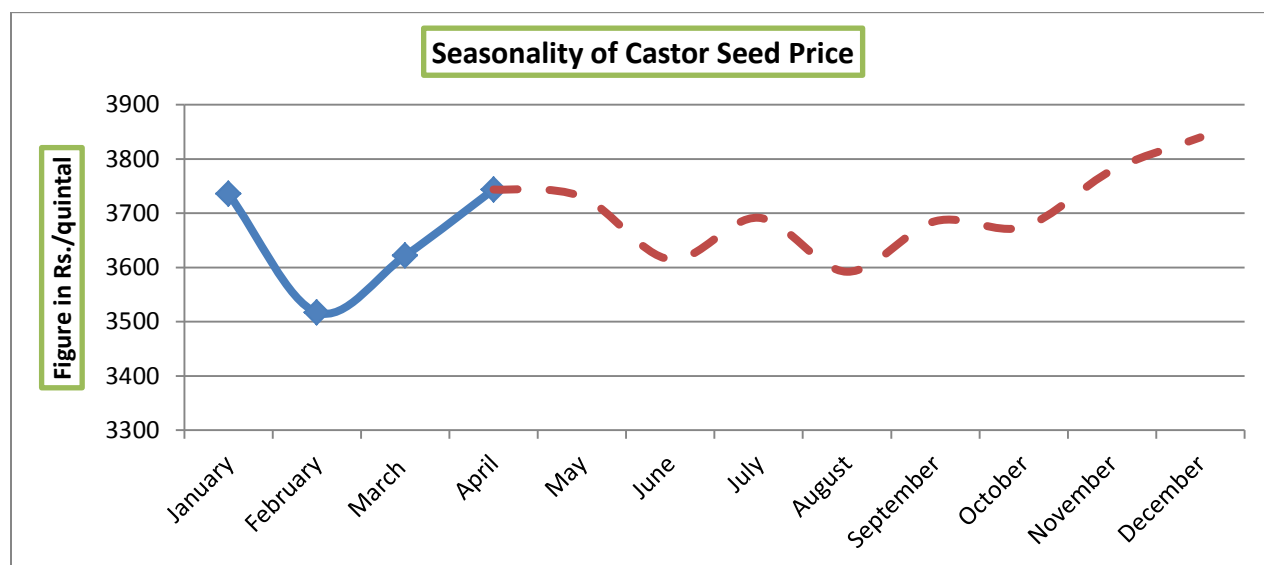


The Solvent Extractors' Association of India has compiled the export data for export of oilmeals for the month of August 2018. The export of oilmeals during August 2018, provisionally reported at 227,939 tons compared to 261,356 tons in August 2017. The overall export during April to August 2018 is reported at 1,192,095 tons compared to 986,606 tons during the same period of last year i.e. up by 21%. The export of rapeseed meal is sharply increased to nearly 490,232 tons (107%), in first five months, mainly exported to South Korea, Vietnam and Thailand. The ongoing trade dispute between USA and China has created a lot of uncertainty and forcing

China to look out to other origins for their requirements of soybean and oilmeals. This has compelled China to relook its ban imposed for importing of oilmeals from India since 2012. This will open up Chinese market for India. Late last month, Ministry of Commerce and Indian Embassy, Beijing discussed the phyto issues and it was decided that India's phyto certificate would cover all the 12 pests. This shall enable China's AQSIQ to clear the Indian Oilmeals. A formal reconfirmation from China is awaited. Prior to ban in 2012, China used to import nearly half a million tons of oilmeals viz. Rapeseed meal 3.5 to 4.0 lakh tons and 1.0 lakh tons of soybean meal from India.

During April - August 2018 Vietnam imported 235,723 tons of oilmeals (compared to 167,604 tons); consisting of 7,160 tons of soybean meal, 77,160 tons of rapeseed meal, and 151,403 tons of Rice Bran Extraction. South Korea imported 349,992 tons of oilmeals (compared to 337,270 tons); consisting 231,610 tons of rapeseed meal, 10,832 tons of soybean meal and 107,550 tons of castor meal. Thailand imported 130,988 tons of oilmeals (compared to 57,228 tons); consisting 4,747 tons of soybean meal, 9,633 tons of De-oiled Rice Bran Extraction, and 116,572 tons of rapeseed meal. France imported 63,493 tons of oilmeals consisting 61,999 tons of soybean meal and 1,494 tons of Castor meal.

### Price Seasonality Trend:



Above chart is for Rajkot market which forecast the price trend for coming months. Chart indicates that castor seed market is likely to move volatile under normal situation (weather, rainfall etc.). Price is expected to move up from March onwards as stock is getting low and demand from China and other major importers is normal.

**Technical Analysis:**
**Castor – Technical Outlook**
**Technical Commentary:**

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


**Strategy: Buy**

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Castor	NCDEX	Sept	4350	4430	4623	4850	4900
Pre Weekly Trade Call			Call	Entry	T1	T2	SL
Castor	NCDEX	Sept	Buy	4575	4200	4280	4565

**Castor Oil Export Volume:**

EXPORT OF CASTOR OIL								
DURING APRIL TO March 2017								
	2016-17		2015-16		2014-15		2013-14	
Month / Year	Qty MT. Bulk+	Value	Qty MT. Bulk+	Value	Qty MT. Bulk+	Value	Qty MT. Bulk+	Value
	Container	Rs. Cr.	Container	Rs. Cr.	Container	Rs. Cr.	Container	Rs. Cr.
April	45,378	281.90	48,511	353.43	38,661	319.10	39,422	299.15
May	52,133	347.95	46,731	349.60	47,176	381.96	59,900	438.50
June	51,994	346.10	47,257	371.39	45,824	375.22	38,868	298.15
July	38,836	252.31	35,756	288.22	36,766	307.53	57,214	431.94
August	38,497	255.41	37,517	309.07	38,960	333.88	39,196	313.10
September	34,208	250.22	45,105	369.88	34,285	297.57	43,139	337.20
October	47,112	361.31	37,205	301.15	17,600	150.92	31,228	232.15
November	35,608	284.76	45,002	377.39	20,189	174.98	21,307	158.10
December	34,380	272.74	50,578	422.90	47,104	420.64	38,744	293.45
January	21,090	169.44	46,250	385.74	36,501	337.60	28,490	244.70
February	44,527	353.95	46,327	319.90	37,018	311.23	38,974	319.30
March	41,682	338.63	57,035	349.52	59,294	458.71	35,773	292.50

<b>Total</b>	<b>485,445</b>	<b>3514.72</b>	<b>543,274</b>	<b>4198.19</b>	<b>459,378</b>	<b>3869.34</b>	<b>472,255</b>	<b>3658.24</b>
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Source: SEA

- All India castor seed weekly prices were traded firm in last month of Aug with lower arrival, all India arrival of castor seed reported were 327868 quintals which was lower by 35031 quintals than last month arrivals of 362899 quintals.

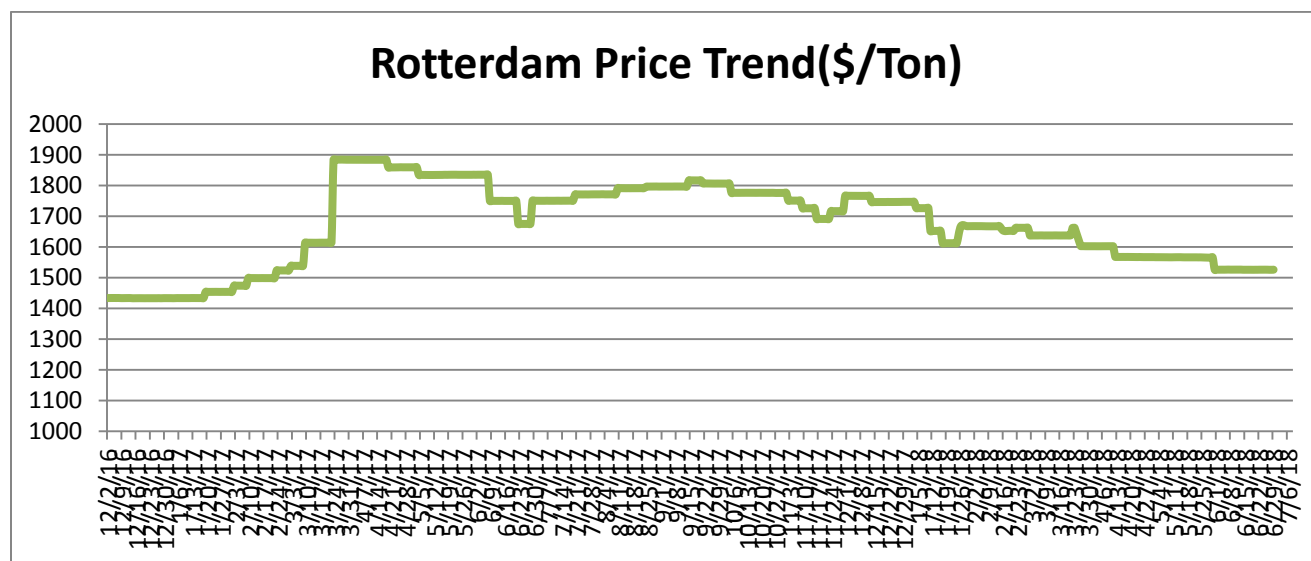
### Cash Market (Deesa) Expected Price Range for Aug-2018:-

Expected Range	Rs/Qtl.(Low)	Rs /Qtl.(High)
Short term (15 days)	4250-4400	4300-4500
Medium Term (30 days)	4300-4600	4250-4750

### Outlook for Sept-2018:

Castor seed cash market is likely to trade firm tone as seed supply in domestic market is expected to be declined as stock is limited. Improved demand will push prices up in upcoming weeks. In Aug, market may trade firm which shows that declining in stock and support price at this level.

### Rotterdam Price:-





**Castor Seed - Products Monthly Average Prices:**

Commodity	Monthly Average Prices (Rs/ Quintal)			Change
Center	Market	Aug. 2018	July. 2018	
Gujarat	Patan	4429	4238	192
	Harij	4430	4272	157
	Rajkot	4303	4150	153
	Gondal	4333	4205	127
	Deesa	4417	4244	173
	Bhabar	4424	4251	173
	Mehsana	4435	4241	194
	Kadi	4450	4277	173
	Sabarkatha	4457	4290	167
	Gandhi Nagar	4441	4276	166
	Ahmedabad (Sanand)	4296	4258	38
	Halvad	4318	4187	131
	Junagadh	4265	4042	223
	Dhrol	3904	3809	95
Rajasthan	Jodhpur	4377	4300	77
	Sumerpur	4387	4218	169

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

Center	Market	Monthly Arrivals (Quintal)		Change
		Aug. 2018	July. 2018	
Gujarat	Patan	85572	96195	-10623
	Harij	16275	17250	-975
	Rajkot	7454	4673	2781
	Gondal	9687.5	6549	3139
	Deesa	9666	19590	-9924
	Bhabar	78895	94250	-15354
	Mehsana	29438	26700	2738
	Kadi	56872	72756	-15884
	Sabarkatha	6400	3920	2480
	Gandhi Nagar	19275	11363	7913
	Ahmedabad (Sanand)	15	29	-14
	Halvad	2700	2974	-274
	Junagadh	870	430	440

	Dhrol	46	52	<b>-6</b>
<b>Rajasthan</b>	Jodhpur	1703	1769	<b>-66</b>
	Sumerpur	3000	4400	<b>-1400</b>
<b>Total Arrivals/Above Markets</b>		<b>327868</b>	<b>362899</b>	<b>-35031</b>

**Note: We have incorporated traded quantity of seed in particular mandis. It does not signify the total arrivals**

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