AGRIWATCH

Castor Seed &Oil Monthly Research Report

Contents

Outlook and Review -Domestic Front:

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

Apart from rising demand from consuming industries, short position of stocks in the spot markets mainly led to the rise in castor seed futures.

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 15 per cent to 5.08 lakh hectares against 5.76 lakh 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 5,900-6300 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.)	
	2018-19	2017-18	2016-17	2015-16	2018-19	2017-18	2016-17	2015-16	2018-19	2017-18	2016-17	2015-16
Gujarat	508	596	565	781	990.6	1230	850	1150	1950	2066	1504	1472
Rajasthan	264	131	170	198	330	162	123	150	1250	1238	723	758
Andhra Pradesh	33	58	78	93	15.84	28	64	80	480	477	820	860
Others	54	38	32	36	31.86	23	19	20	590	600	594	565
Total	**859**	**823**	**845**	**1108**	**1503.25**	**1433**	**1055**	**1400**	**1750**	**1754**	**1249**	**1264**

As per Agriwatch preliminary estimates, all India castor seed area is expected to reach 859 thousand hectares which is up by 4.37% from last year area of 823 thousand hectares. Overall area under castor seed is increased except Gujarat. Area in Gujarat is down by 15% from last year due to crop shift and also unfavorable weather for castor mainly in north Gujarat. In MY-2018-19 we expect castor seed production reach to 15.03 lakh tons.

State wise Castor Seed Area (2018-19) as on 20.09.2018

	CASTORSEED					
State	**Normal Area**	**Normal Area as on date**	**Area sown reported**			**Absolute Change**
			This Year	**% of Normal**	**Last Year**	
Andhra Pradesh	**0.63**	**0.39**	0.33	52.4	0.26	0.07
Assam	**0.01**	**0.00**	0.00	0.0	0.00	0.00
Gujarat	**6.70**	**6.40**	5.08	75.8	5.76	-0.68
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**	**0.11**	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**	0.10	63.8	0.07	0.03
Odisha	**0.11**	**0.06**	0.05	41.8	0.05	-0.01
Rajasthan	**1.96**	**1.74**	2.64	135.1	1.60	1.04
Tamil Nadu	**0.06**	**0.03**	0.02	38.2	0.02	0.00
Telangana	**0.72**	**0.52**	0.26	35.8	0.31	-0.05
All-India	**10.51**	**9.44**	**8.59**	**81.8**	**8.17**	**0.42**

All India castor seed sowing as on 20th Sept -2018 was 8.59 lakh hectares which is up by 5.19% from last year corresponding period area of 8.17 lakh hectares and 9% down by normal area of corresponding period area of 9.44 lakh hectares. Lower area is reported from the states of Odisha,Telangana and Gujarat.

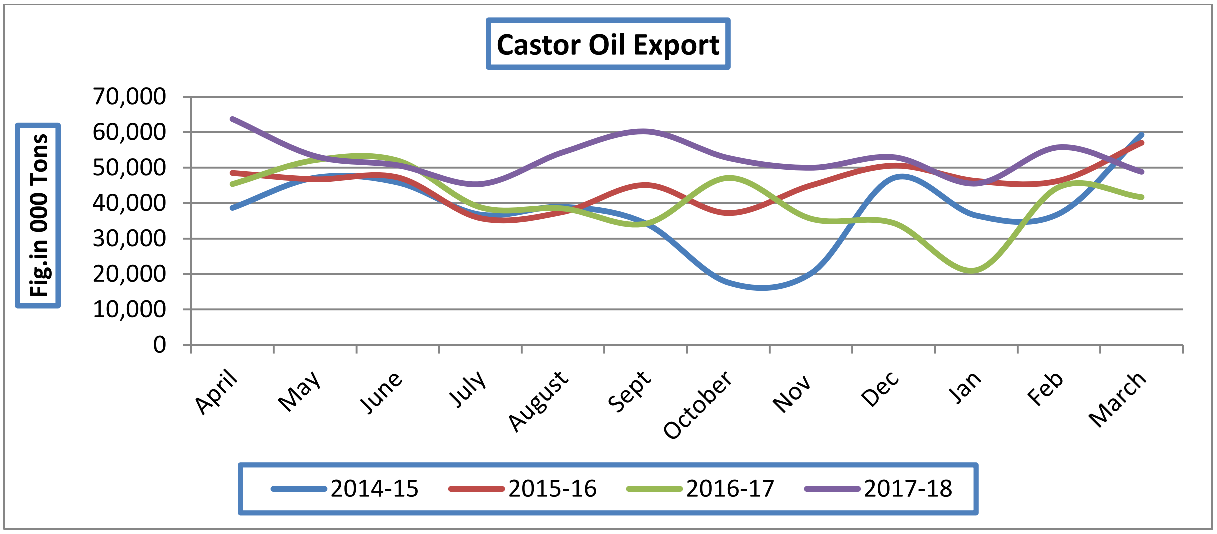
Castor Oil Demand & Supply:

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
Carry out	**6.84**	**6.04**	**5.54**	**5.91**	**5.35**	**0.35**
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

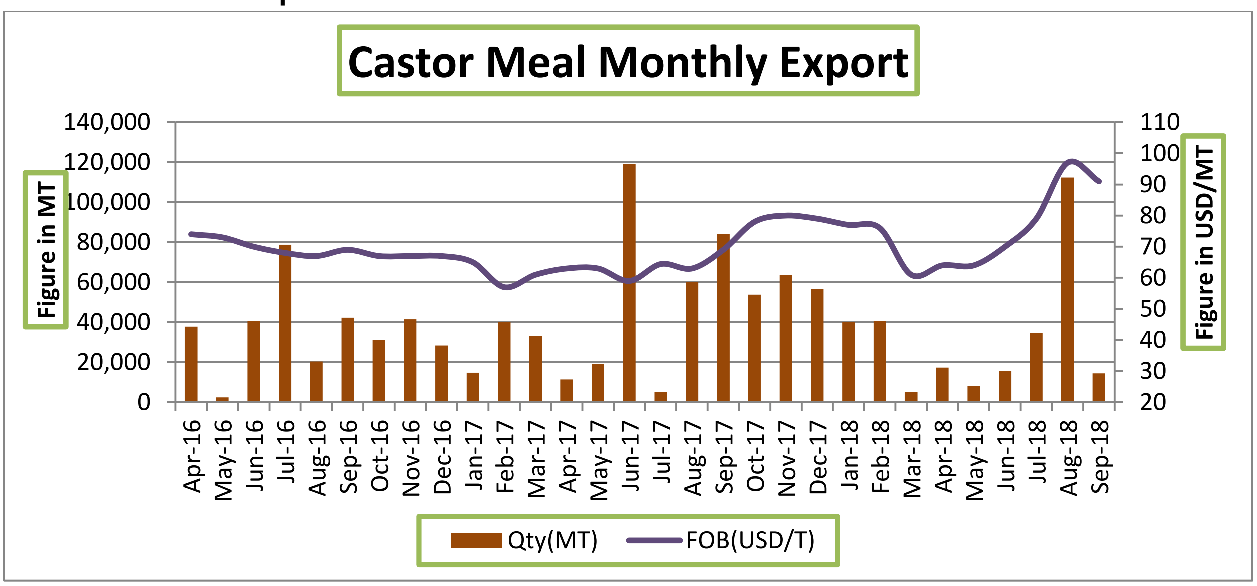
Season 2016-17 would start with 0.5 lakh tons oil as carrying stock. Agriwatch has estimated 7 lakh tons oil production from 2015-16 crops to be marketed in 2016-17 including derivatives use this brings total availability to 7.5 lakh tons .Export has been pegged at 5.5 lakh tons slightly higher than 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
Carry out	**0.25**	**0.5**	**1**

Castor Oil Monthly Export Trend:



Castor Oil Meal Export Trend:

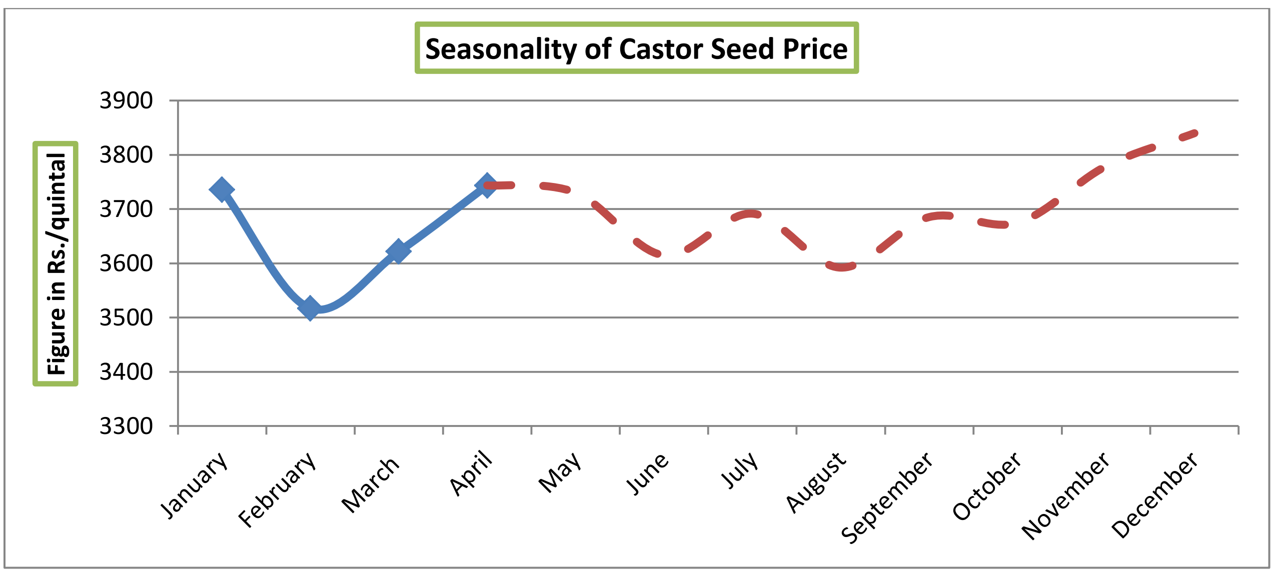


The Solvent Extractors' Association of India has compiled the export data for export of oilmeals for the month of October 2018. The export of oilmeals during October 2018, provisionally reported at 84,143 tons compared to 200,158 tons in October 2017 i.e. down by 58%. The overall export during April to October 2018 is reported at 1,582,589 tons compared to 1,486,036 tons during the same period of last year i.e. up by 6.5%. The export of rapeseed meal is sharply increased to 680,216 (323,358) tons in first seven months, almost doubled 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 other oilmeals. This has compelled China to relook its ban imposed for importing of oilmeals from India since 2012. We understand from Ministry of

Commerce/Export Inspection Council of India that China will resume soon import of Rapeseed Meal from India. Those units already approved by General Administration of Customs of the People's Republic of China, GACC (formely AQSIQ) will able to resume the export of Rapeseed Meal to China once their registration with Chinese Ministry of Agriculture (MoA) is done. In case of resumption of export of Soybean Meal from India to China, may take some time as Chinese GACC team likely to visit during current month to inspect/approve the units. 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. Also, there is possibility; Iranian market may open up soon for Indian soybean meal and other oilmeals in rupee payment. This will further boost the export of oilmeals from India.

During April – Oct., 2018 Vietnam imported 301,681 tons of oilmeals (compared to 281,721 tons); consisting of 7,860 tons of soybean meal, 109,068 tons of rapeseed meal, and 184,625 tons of Rice Bran Extraction. South Korea imported 493,573 tons of oilmeals (compared to 468,794 tons) ; consisting 316,738 tons of rapeseed meal, 14,945 tons of soybean meal and 161,890 tons of castor meal. Thailand imported 189,818 tons of oilmeals (compared to 91,242 tons); consisting 7,041 tons of soybean meal, 10,253 tons of De-oiled Rice Bran Extraction, and 172,488 tons of rapeseed meal. France imported 65,382 tons of oilmeals consisting 62,017 tons of soybean meal and 3,365 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	4700	4800	5054	6400	6500
Pre Weekly Trade Call			**Call**	**Entry**	**T1**	**T2**	**SL**
Castor	NCDEX	Sept	Buy	6000	6150	6200	6300

Castor Oil Export Volume:

Month wise export of castor oil: April to March:(Quantity in MT)				
Month	**2015-16**	**2016-17**	**2017-18**	**2018-19**
April	48,511	45,378	63721	45589
May	46,731	52,133	59259	58725
June	47,257	51,994	50647	59357
July	35,756	38,836	45387	36350
August	37,517	38,497	54365	39661
Sept	45,105	34,208	60219	38743
October	37,205	47,112	52732	
Nov	45,002	35,608	49976	
Dec	50,578	38,442	52950	
Jan	46,250	36001	45531	
Feb	46,327	47540	55763	
March	57,035	57787	48840	
Total	**543,274**	**523,536**	**639,390**	

Source: SEA

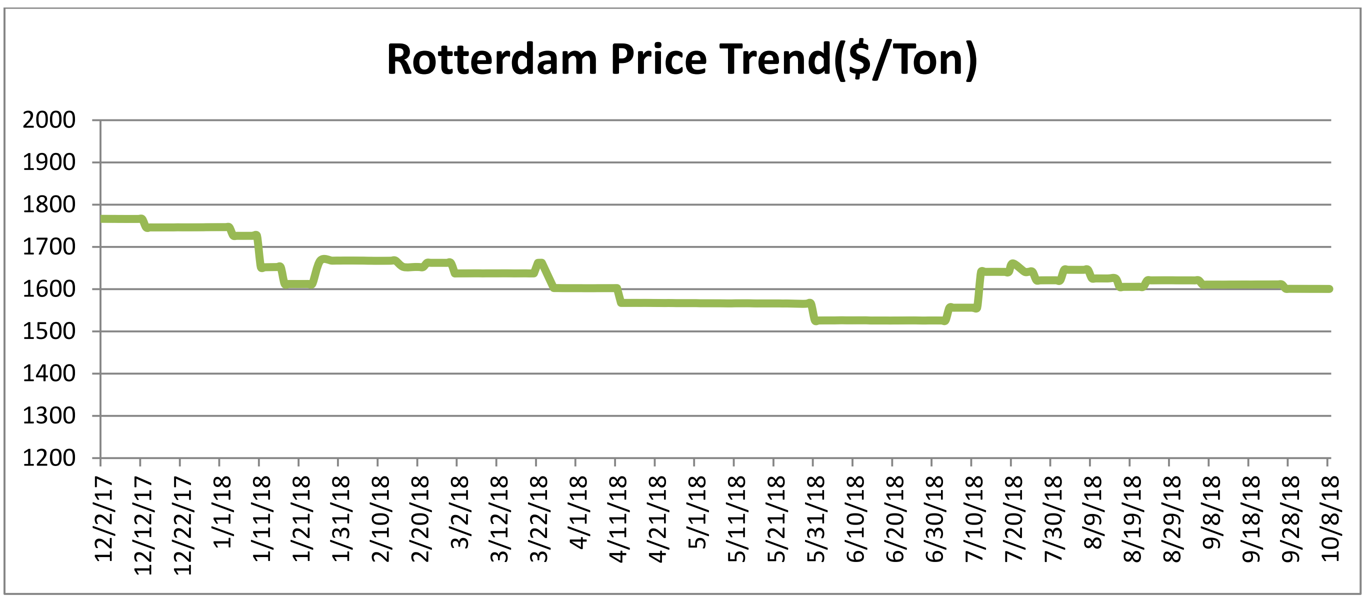
Cash Market (Deesa) Expected Price Range for Nov-2018:-

Expected Range	Rs/Qtl.(Low)	Rs /Qtl.(High)
Short term (15 days)	5900-6200	6000-6300
Medium Term (30 days)	5950-6500	6200-6600

Outlook for Novemebr-2018:

Castor seed cash market is likely to trade firm tone as stock is limited from last year and poor weather for castor yield in Gujarat would play the major role for firming of price. Improved demand will push prices up in upcoming weeks. In October, 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	Oct. 2018	Sep. 2018	
Gujarat	Patan	4874	4536	338
	Harij	4860	4520	340
	Rajkot	4782	4388	394
	Gondal	4748	4396	352
	Deesa	4858	4525	333
	Bhabar	4880	4523	358
	Mehsana	4841	4508	333
	Kadi	4862	4551	311
	Sabarkatha	4867	4537	330
	Gandhi Nagar	4883	4517	366
	Ahmedabad (Sanand)	4623	4505	118
	Halvad	4593	4477	116
	Junagadh	4671	4336	335
	Dhrol	4233	3878	355
Rajasthan	Jodhpur	4808	4317	492
	Sumerpur	4735	4429	306

Castor Seed Cumulative Monthly Sum Arrivals in Key Centers:

Center	Market	Monthly Arrivals (Quintal)		Change
		Oct. 2018	Sep. 2018	
Gujarat	Patan	26925	40200	-13275
	Harij	4537.5	3647.25	890
	Rajkot	4840	5076	-236
	Gondal	7417	4473.5	2944
	Deesa	21504	16064	5440
	Bhabar	41932	39440	2492
	Mehsana	9225	11798	-2573
	Kadi	39115	44657	-5542
	Sabarkatha	8000	8900	-900
	Gandhi Nagar	15075	15225	-150
	Ahmedabad (Sanand)	5	2	3
	Halvad	2888	3398	-510
	Junagadh	1134	629	505
	Dhrol	8	12	-4
Rajasthan	Jodhpur	1658	1241	416

	Sumerpur	2336	1784	552
Total Arrivals/Above Markets		**186599**	**196545**	**-9947**

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