

# Castor Seed & Oil Monthly Research Report

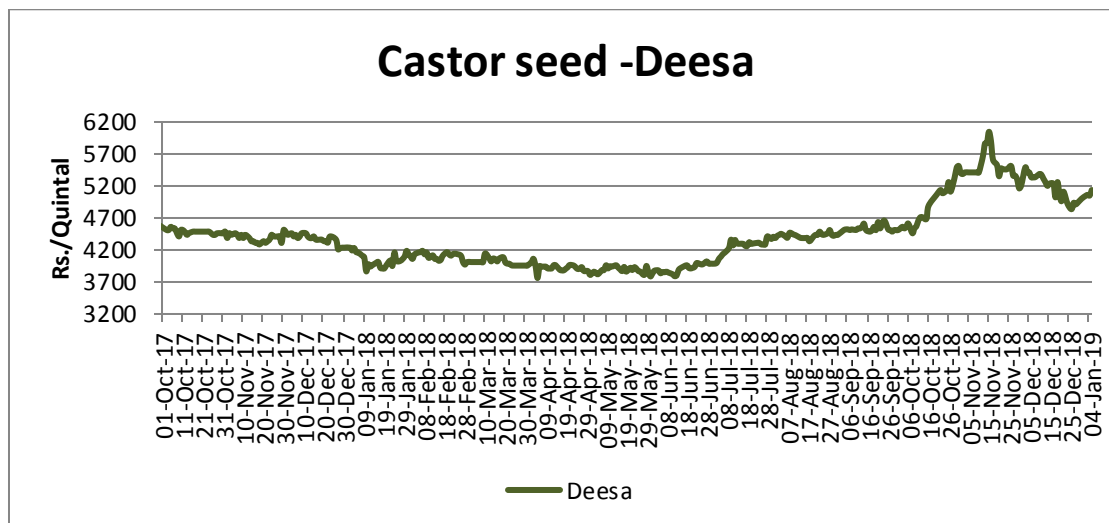
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**Castor Domestic Market Fundamentals:**

- Castor seed prices in most of the spot markets in the country remained range bound with slight weak tone due to higher availability of the commodity against subdued demand.
- Traders reported that demand of castor seed from millers remained weak due to slow off take of castor oil. In addition to it millers are aware of the fact that new crop supply will increase from March onwards which will help them to procure castor seed at lower price level. Overall trend of castor seed is down for near term.
- All India Castor seed acreage in 2018 increased to 9.18 lakh hectares up by 5.05 per cent from last year acreage of 8.74 lakh hectares and 25 per cent down by normal area of 10.51 lakh hectares.
- According to the latest second advance estimates by Ministry of Agriculture, Castor seed production for 2018-19 is estimated to decline by 21.37 per cent at 11.77 lakh tonnes as compared to 14.97 lakh tonnes last year. The target set by government for 2018-19 castor seed production is 18.31 lakh tonnes.
- As per trade sources, the decline in all India castor production is mainly due to lower crop estimates from Gujarat because of deficient rainfall during monsoon 2018 in key Castor growing belts (Mehsana, Patan, and Surendranagar).
- Castor seed acreage in Gujarat during 2018 was reported around 5.33 lakh hectares as against 5.95 lakh hectares in Kharif 2017. The seasonal normal Castor acreage in Gujarat is 6.48 lakh tonnes.
- As per the latest revised second advance estimates for 2018-19 crop by the Department of Agriculture Gujarat, Castor seed production is estimated to decline by 35.24 per cent at 9.61 lakh tonnes as against 14.84 lakh tonnes during 2017-18.
- As per market sources, Rajasthan Castor seed production for 2018-19 crop is likely to decline at 1.47 lakh tonnes as compared to 1.66 lakh tonnes during 2017-18.
- As per the Solvent Extractors' Association of India (SEA) latest data Castor seed meal exports during April 2018 to January 2019, declined at 326885 metric tonnes as against 513335 metric tonnes last year.
- Castor meal exports in the month of January 2019 reported at 34,374 metric tonnes as against 17,230 metric tonnes in December 2018. South Korea was the major importer with 32,081 tonnes and Taiwan imported 2,072 tonnes.

## Castor Price Trend Deesa Mandi:



Source: Agriwatch

Above price chart is of Deesa Mandi in Gujarat, which is a major mandi for castor seed. Price trend is showing bullish after some correction in last month as traders and millers are likely to active due to lower stock with them which may push the price even in arrival season.

## FUNDAMENTAL SUMMARY

Price Drivers	Impact
Buyers opting to wait before initiating fresh trade due to significant losses in castor seed over the last one month	Bearish
Expectations of new crops arrivals in spot markets of Gujarat and other states	Bearish
All India Castor acreage increased to 8.59 lakh hectares up by 5.15 per cent from last year	Bearish
Lower crop production estimates from Gujarat due to dry weather conditions during crop growth	Bullish
Castor oil exports declined by 30.5 per cent in October due to slowdown in demand from China	Bearish
Buying at lower levels due to expectation of lower crop this season	Bullish
Based on Primary & Secondary Sources	

**Castor Oil Demand & Supply:**

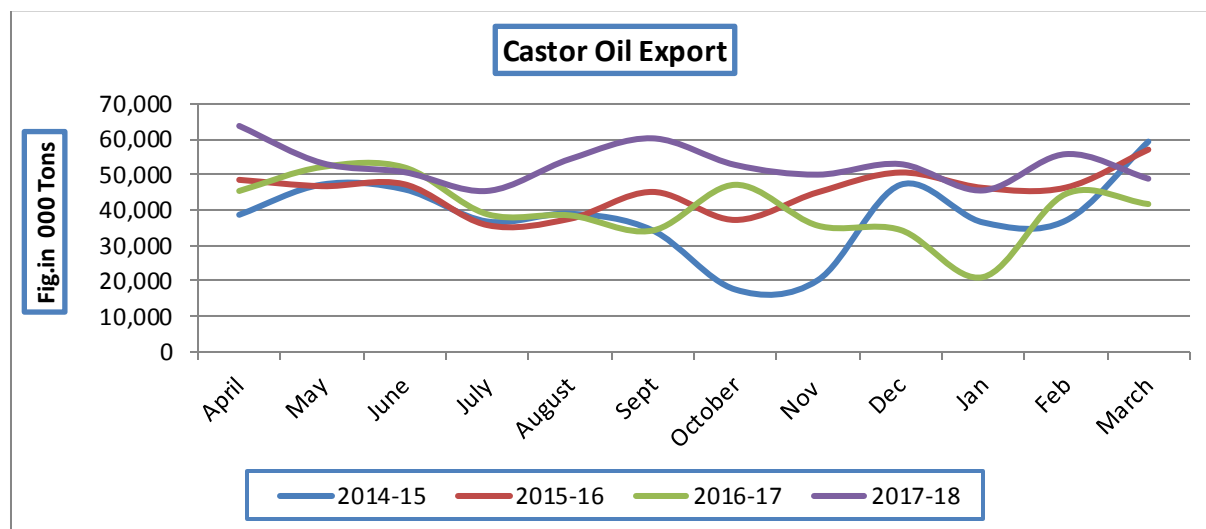
<b>Preliminary Forecast For 2018-19</b>							
<b>All units in lakh tonnes</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19*</b>
Carry in	5.80	8.04	9.04	5.54	6.79	4.39	5.64
<b>Production</b>	13.04	12.00	13.52	14.00	10.60	14.45	10.20
Imports	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Availability	18.84	20.04	22.56	19.54	17.39	18.84	15.84
Consumption	10.80	11.00	12.60	12.75	13.00	13.20	13.00
Exports	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Usage	10.80	11.00	12.60	12.75	13.00	13.20	13.00
<b>Carry out</b>	<b>8.04</b>	<b>9.04</b>	<b>9.96</b>	<b>6.79</b>	<b>4.39</b>	<b>5.64</b>	<b>2.84</b>
Av Monthly Consumption	0.90	0.92	1.05	1.06	1.08	1.10	1.08
Stock to Month Use	8.93	9.86	9.49	6.39	4.05	5.13	2.62
Stock to Consumption Ratio	0.08	0.08	0.08	0.08	0.08	0.08	0.08

**Castor Seed- Balance Sheet for 2018-19:**

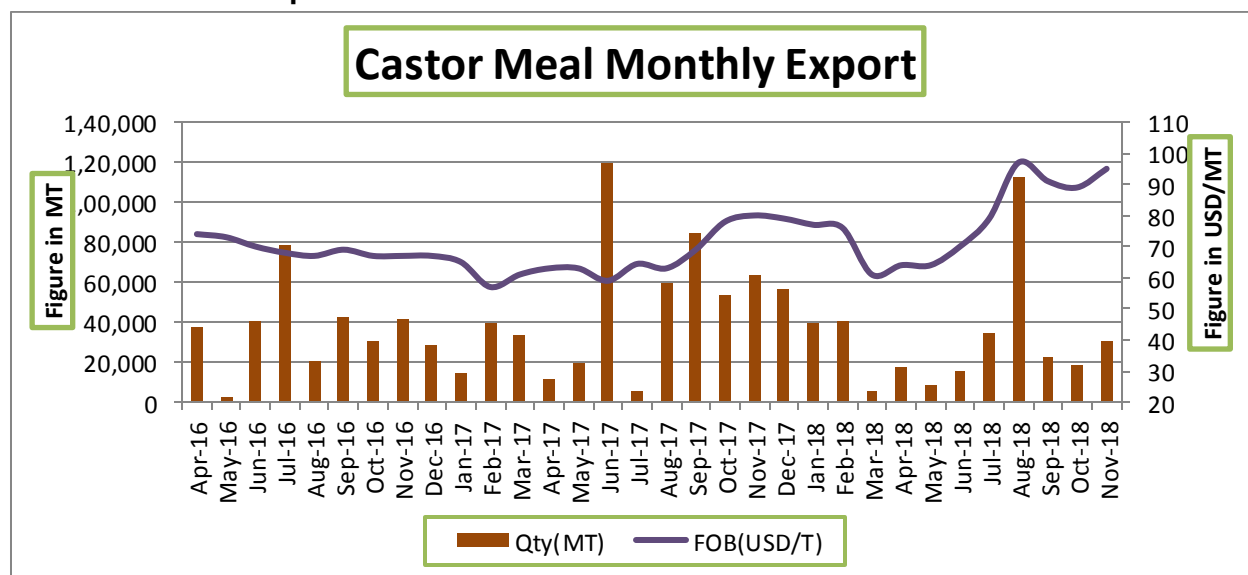
Production shows around 28-30% lower side this year against 2017-18 seasons due to damage of crop in major producing states like Gujarat as lower rainfall recorded during the growth phase. Over all area is slightly up from last from 8.170 lakh hectares to 8.59 lakh hectares but mostly area down in major producing states like Telangana, Gujarat and Haryana. Andhra Pradesh is facing the worst drought of recent times with crop in lakhs of hectares under stress including castor seed which may impact on yield. The failure of the northeast monsoon has hit farmers really hard. While a rainfall deficit of 73% was recorded in October — the first month of the northeast monsoon — there seems to be no letup in the second month recording a rainfall deficit of 64%. The estimate is based on data received from final kharif sowing progress by Ministry of Agriculture. Agriwatch expects below normal rainfall this year and hopes lower yield too. Based on lower yield realization seed production would decline from 14.45 to 10.20 lakh tons this year.

The season started with 5.64 lakh tons as carryout. Thus total availability for current marketing year comes to 15.84 lakh tons with estimated production of 10.20 lakh tons is included. Lower production would drag carryout down from 5.64 to 2.84 lakh tons. It would push seed price up in coming month of year 2018 once picking complete till March end to mid of April.

**Castor Oil Monthly Export Trend:**



**Castor Oil Meal Export Trend:**

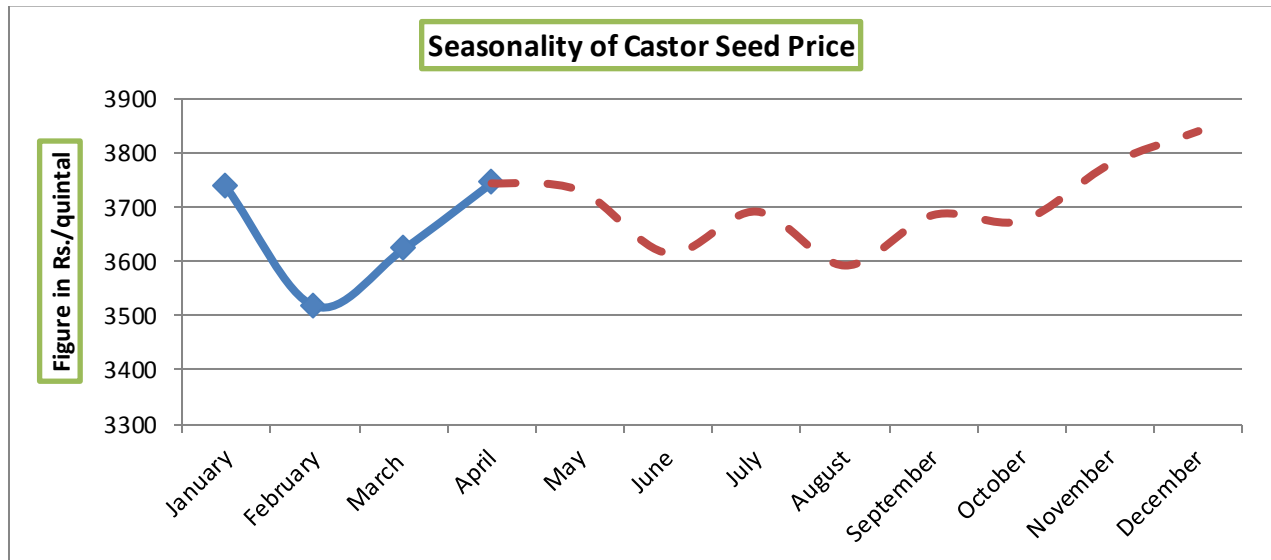


Castor meal export during the month of November surged 68.59 per cent at 30,724 metric tons as compared to 18,224 metric tons a month ago. Shipment during April-November however dropped 37.7 per cent at 259,319 metric tons against 416,699 metric tons in the same period a year ago.

During April – Nov., 2018 Vietnam imported 355,688 tons of oilmeals (compared to 321,803 tons); consisting of 20,573 tons of soybean meal, 123,183 tons of rapeseed meal, and 211,719 tons of Rice Bran Extraction. South Korea imported 550,963 tons of oilmeals (compared to 545,900 tons) ; consisting 349,349 tons of rapeseed meal, 19,032 tons of soybean meal and

182,582 tons of castor meal. Thailand imported 212,159 tons of oilmeals (compared to 127,065 tons); consisting 19,318 tons of soybean meal, 10,306 tons of De-oiled Rice Bran Extraction, and 182,499 tons of rapeseed meal. France imported 140,797 tons of oilmeals consisting 137,799 tons of soybean meal and 2,998 tons of Castormeal.

#### 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 weak 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	Mar	4900	5000	5262	5600	5700
Pre Weekly Trade Call			Call	Entry	T1	T2	SL
Castor	NCDEX	Mar	Buy	5200	5280	5380	5180

**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	65545
June	47,257	51,994	50647	56920
July	35,756	38,836	45387	40423
August	37,517	38,497	54365	45907
Sept	45,105	34,208	60219	47881
October	37,205	47,112	52732	36669
Nov	45,002	35,608	49976	47264
Dec	50,578	38,442	52950	
Jan	46,250	36001	45531	
Feb	46,327	47540	55763	
March	57,035	57787	48840	
<b>Total</b>	<b>543,274</b>	<b>523,536</b>	<b>639,390</b>	<b>390921</b>

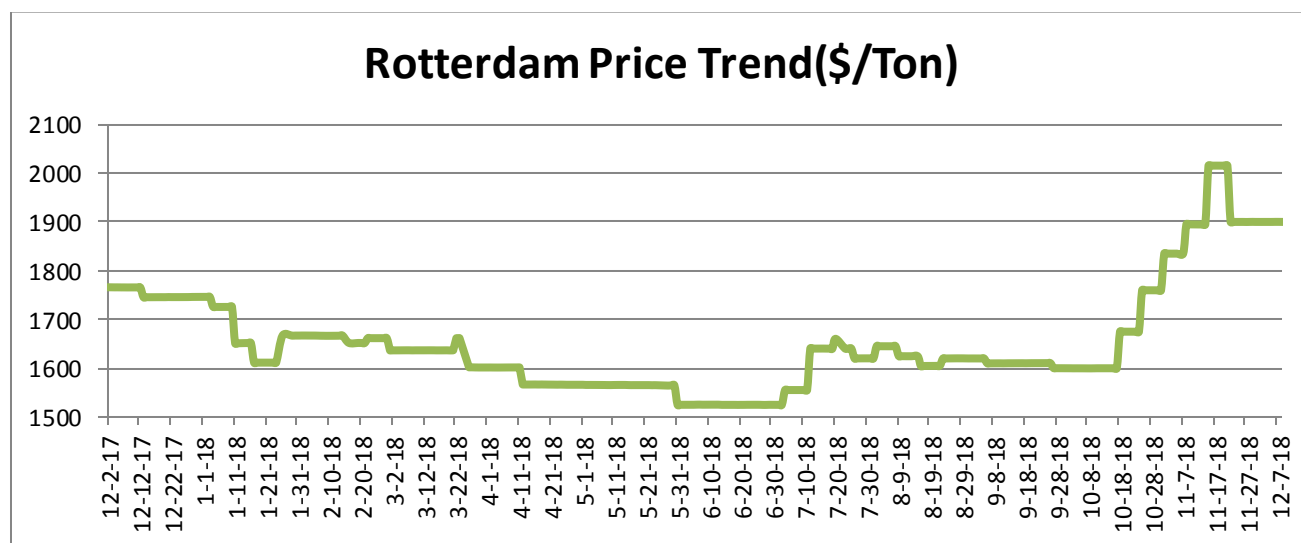
Source: SEA

**Cash Market (Deesa) Expected Price Range for Mar-2019:-**

Expected Range	Rs/Qtl.(Low)	Rs /Qtl.(High)
Short term (15 days)	5100-5300	5250-5400
Medium Term (30 days)	5550-5725	5725-5910

**Outlook for March-2019:**

Castor seed prices in most of the spot markets in the country remained range bound with slight weak tone due to higher availability of the commodity against subdued demand. However seed price is likely to trade firm in coming months due to lower production estimates.

**Rotterdam Price:-**

**Comparative Prices Of Castor Products Including Seed**

	28th Dec '18	21st Dec '18	28th Nov '18	28th Dec '17	CHANGE %
Castorseed (Gujarat)((Rs./M.T) Ex-Mandi	50054	51150	54250	45052	9.99
Castor Meal Export (FAS) (US\$ / MT),Ex Kandla	82.00	82.00	95.00	79.00	3.66
EXPORT (FOR) Ports (Rs./MT)Castor meal bulk Kandla	5550	5600	6650	5041	9.17
Castor Oil (First Grade) FOB Kandla (Export)\$/Tonne	1495	1525	1625	1477	1.20
Local rates for oil in domestic market(Rs./M.T.) for comm.	104000	106500	113500	94646	8.99



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

Commodity	Monthly Average Prices (Rs/ Quintal)			Change
Center	Market	Feb. 2019	Jan. 2019	
<b>Gujarat</b>	Patan	5030	5050	<b>-20</b>
	Harij	5045	5035	<b>10</b>
	Rajkot	4933	4948	<b>-15</b>
	Gondal	4978	4984	<b>-6</b>
	Deesa	5020	5048	<b>-28</b>
	Bhabar	5020	5032	<b>-12</b>
	Mehsana	5033	5034	<b>-1</b>
	Kadi	5040	5048	<b>-8</b>
	Sabarkatha	5053	5056	<b>-3</b>
	Gandhi Nagar	5032	5061	<b>-29</b>
	Ahmedabad (Sanand)	4964	4960	<b>4</b>
	Halvad	5047	5082	<b>-35</b>
	Junagadh	4937	4962	<b>-25</b>
	Dhrol	4603	4741	<b>-138</b>
<b>Rajasthan</b>	Jodhpur	5116	5000	<b>116</b>
	Sumerpur	4945	4932	<b>13</b>

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

Center	Market	Monthly Arrivals (Quintal)		Change
		Feb. 2019	Jan. 2019	
<b>Gujarat</b>	Patan	44843	24749	<b>20094</b>
	Harij	14888	6225	<b>8663</b>
	Rajkot	6547	4290	<b>2257</b>
	Gondal	5157	4091	<b>1066</b>
	Deesa	16912	15170	<b>1742</b>
	Bhabar	51450	28851	<b>22599</b>
	Mehsana	6750	3990	<b>2760</b>
	Kadi	68800	43360	<b>25440</b>
	Sabarkatha	9040	3376	<b>5664</b>
	Gandhi Nagar	9075	3975	<b>5100</b>
	Ahmedabad (Sanand)	982	540	<b>442</b>

	Halvad	10028	3728	<b>6300</b>
	Junagadh	664	531	<b>133</b>
	Dhrol	27	16	<b>11</b>
<b>Rajasthan</b>	Jodhpur	2104	2876	<b>-772</b>
	Sumerpur	14080	15600	<b>-1520</b>
<b>Total Arrivals/Above Markets</b>		<b>261347</b>	<b>161368</b>	<b>99979</b>

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

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