

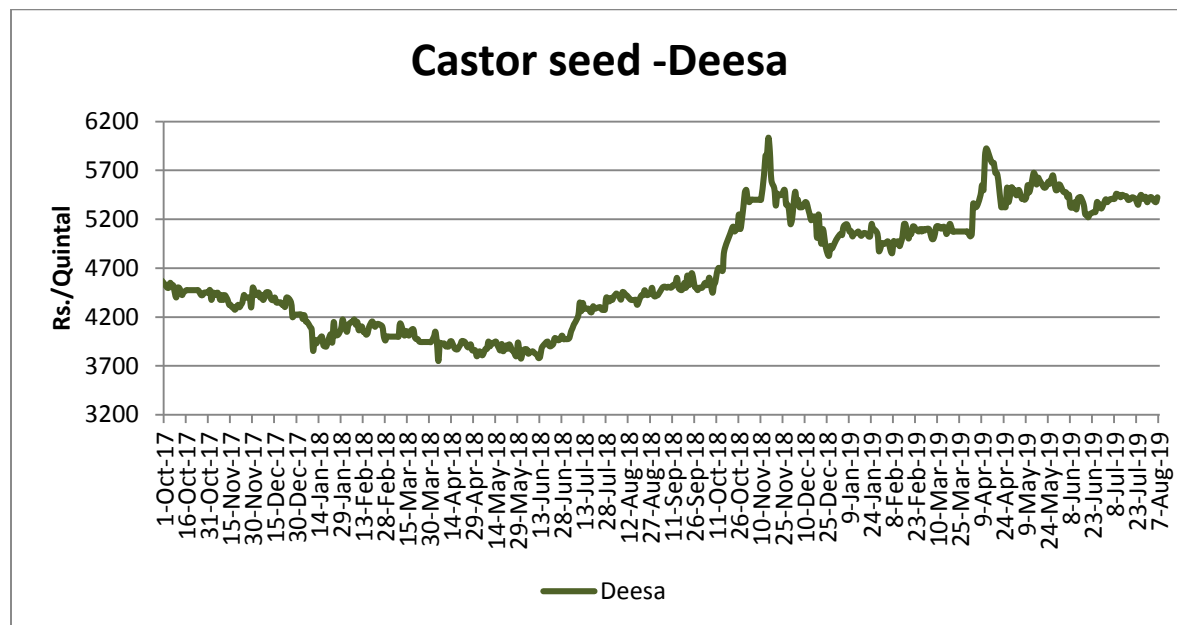
# Castor Seed & Oil Monthly Research Report

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**Castor Domestic Market Fundamentals:**

- According to latest sowing report as on 02nd August 2019, all India Castor sowing is reported 1.105 lakh hectares in 2019 which is 26.43 per cent lower than last year acreage of 1.502 lakh hectares in the same time period. However, in Gujarat, castor sowing acreage is 0.495 Lakh hectares which is much higher than last year acreage of 0.369 Lakh hectares in the same time period. According to the trade sources, castor sowing acreage in Gujarat might increase this year as compare to last year due to good prices of castor in domestic Mandis throughout last year. Expectation of higher sowing acreage in the coming season might put downward pressure on the castor prices.
- According to the trade sources, castor acreage may decrease in other producing region due to lower rainfall received and farmers are opting for other crops like cumin seed , pulses, cotton, groundnut etc in which prices were higher last year and government may also procure these crops directly from farmers at MSP.
- According to the trade sources, castor oil exports in the month of July 2019 are 44.101 thousand MT which is 13 per cent lower than June exports of 50.577 thousand MT. On a cumulative basis, exports were 1.83 Lakh MT during the first four months of the financial year beginning from April which is 13.96 per cent lower than last year exports of 2.13 Lakh MT during the same period. Lower export is due to lower demand from traditional buyers like China.
- According to the market participants, at present castor seed stocks with stockiest are around 4.5 lakh tonnes which is lower than average stock of 5-6 lakh tonnes every year. Lower stocks are due to lower production estimate of castor crop in 2018-19. New crop is expected to come from A.P.-Telangana in October-November. Till then, millers are dependent on the present lower stocks which might push the prices northward in the coming months.
- As per the Solvent Extractors' Association of India (SEA), all India castor seed production estimate for 2018-19 is 11.27 Lakh MT which is 21.35 per cent lower than the 2017-18 production estimate of 14.33 Lakh MT. However, according to the AGCON, castor production estimate is 9.13 Lakh MT for 2018-19.
- According to the AGMARK data, all India castor crop arrivals in the last week of July is reported at 6.02 Thousand MT which is 47.92 percent lower than last year arrivals of 11.56 thousand MT in the same time period. Lower arrivals in the domestic Mandis may push the prices northward.

**Castor Price Trend Deesa Mandi:**


Source: Agriwatch

Above price chart is of Deesa Mandi in Gujarat, which is a major mandi for castor seed. Castor seed price traded firm from last few months due to lower production estimates and also supported by good domestic demand.

FUNDAMENTAL SUMMARY	
Price Drivers	Impact
Higher sowing acreage of castor in Gujarat	Bearish
Lower castor acreage in other producing states	Bullish
Lower exports of castor oil	Bearish
Lower stocks of castor seed	Bullish
Lower production estimate in 2018-19	Bullish
Lower arrivals in the domestic Mandis	Bullish
Based on Primary & Secondary Sources	

**Castor Seed Demand & Supply:**

Preliminary Forecast For 2019-20*					
All units in lakh tonnes	2015-16	2016-17	2017-18	2018-19	2019-20*
Carry in	5.54	6.79	4.39	5.49	3.74
<b>Production</b>	14.00	10.60	14.30	10.75	13.07
Imports	0.00	0.00	0.00	0.00	0
Total Availability	19.54	17.39	18.69	16.24	16.81
Consumption	12.75	13.00	13.20	13.00	13.2
Exports	0.00	0.00	0.00	0.00	0
Total Usage	12.75	13.00	13.20	12.50	13.20
<b>Carry out</b>	<b>6.79</b>	<b>4.39</b>	<b>5.49</b>	<b>3.74</b>	<b>3.61</b>
Av Monthly Consumption	1.06	1.08	1.10	1.08	1.10
Stock to Month Use	6.39	4.05	4.99	3.45	3.28
Stock to Consumption Ratio	1.06	1.08	1.10	1.08	1.10

- During current kharif season as per Agriwatch preliminary estimates, 2019 castor seed production is around at 13.07 lakh tons against 10.75 lakh tons last year, up by 2.32 lakh tons due to increasing in area. Consumption of castor seed in MY-2019-20 is likely to slightly up to 13.2 lakh tons and carry over stock for next year is expected to remain 3.61 lakh tons which is slightly lower than this year, however Agriwatch revise the production estimate once sowing will be finalize in the month of September.

**Castor Oil Demand & Supply:**

Preliminary Forecast For 2018-19				
All units in lakh tons	2015-16	2016-17	2017-18	2018-19*
Carry in	5.54	6.79	4.39	5.49
<b>Production</b>	14.00	10.60	14.30	9.45
Imports	0.00	0.00	0.00	0.00
Total Availability	19.54	17.39	18.69	14.94
Consumption	12.75	13.00	13.20	13.00
Exports	0.00	0.00	0.00	0.00
Total Usage	12.75	13.00	13.20	13.00
<b>Carry out</b>	<b>6.79</b>	<b>4.39</b>	<b>5.49</b>	<b>1.94</b>
Av Monthly Consumption	1.06	1.08	1.10	1.08
Stock to Month Use	6.39	4.05	4.99	1.79
Stock to Consumption Ratio	1.06	1.08	1.10	1.08

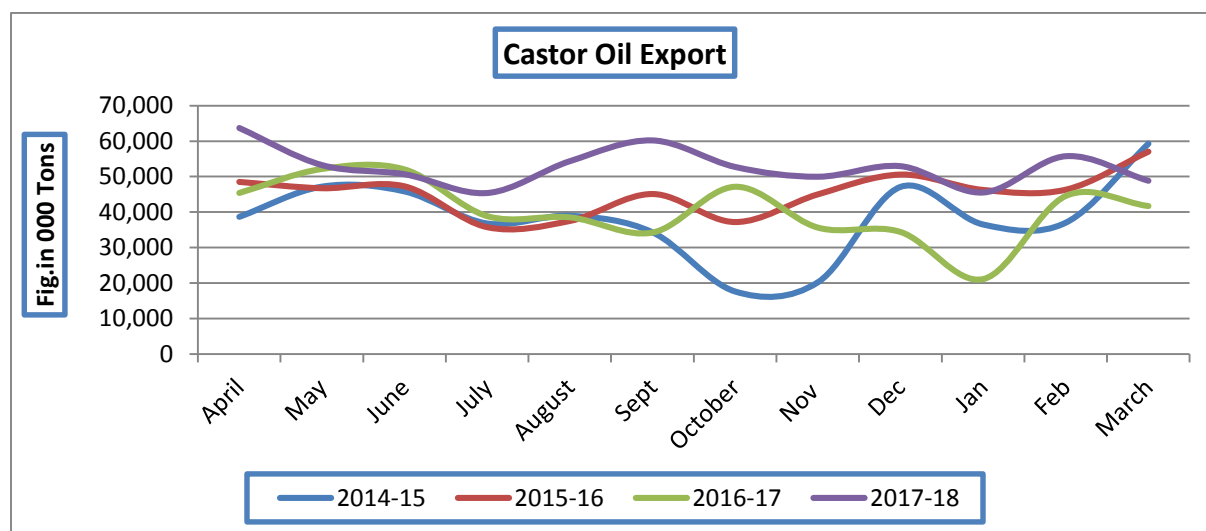
**Castor Seed- Balance Sheet for 2018-19:**

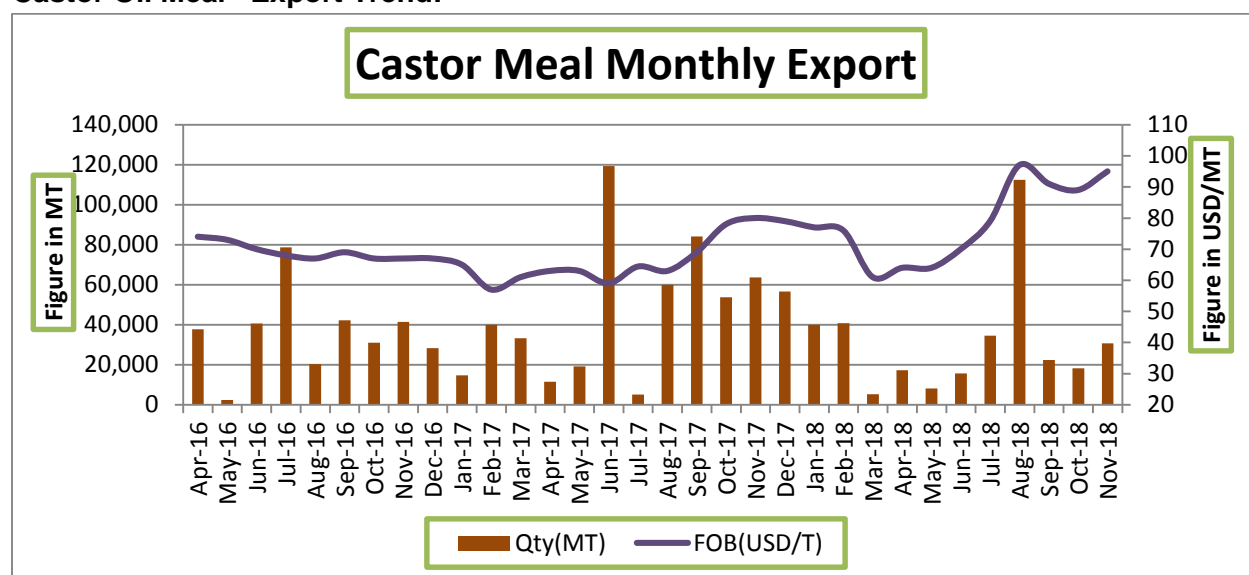
Production shows around 28-30% lower side this year against 2017-18 seasons due to damage of crop in major producing states like Gujarat as lower rainfall recorded during the growth phase. Over all area is

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.

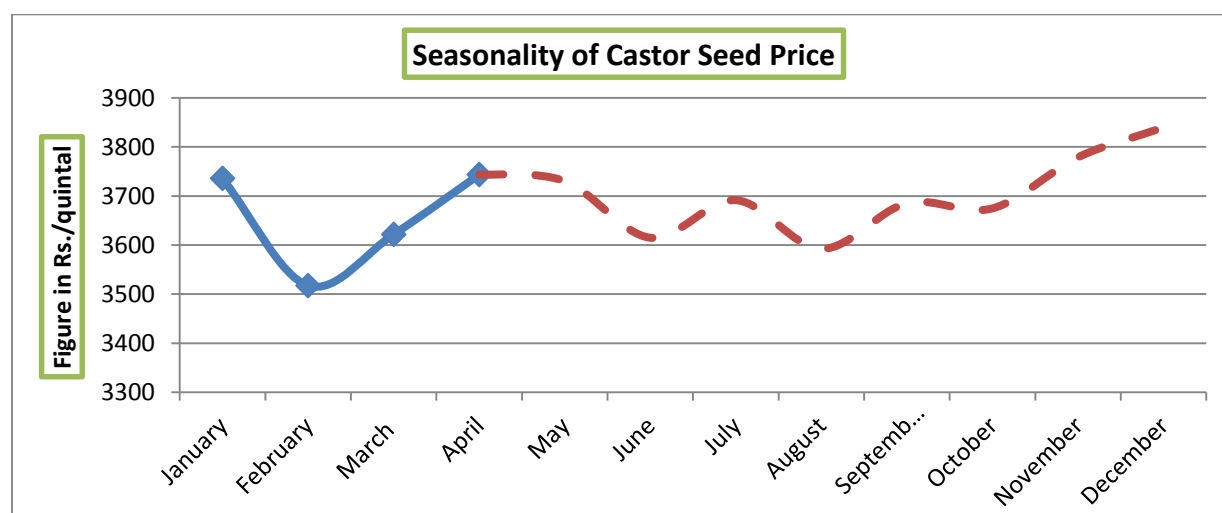
The season started with 5.64 lakh tons as carryout. Thus total availability for current marketing year comes to 15.84 lakh tons with estimated production of 10.20 lakh tons is included. Lower production would drag carryout down from 5.64 to 2.84 lakh tons. It would push seed price up in coming month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

### Castor Oil Monthly Export Trend:



**Castor Oil Meal Export Trend:**


The export of oil meals during March 2019, provisionally reported at 263,817 tons compared to 261,308 tons in March 2018. The overall export during April 2018 to March 2019 is provisionally reported at 3,205,768 tons compared to 3,026,628 tons during the same period of last year i.e. up by 6%. The export of rapeseed meal is sharply increased to 1,051,869 (663,988) tons, mainly exported to South Korea, Vietnam and Thailand, while soybean meal export is also improved and reported at 1,337,215 tons from the previous year 1,187,818 tons in 2017-18. In term of the total earning has increased to Rs. 6221.95 crores compared to 4761.80 crores, up by 31%. During Apr.'18 – Mar.'19, Vietnam imported 615,403 tons of oilmeals (compared to 682,598 tons); consisting of 40,820 tons of soybean meal, 207,415 tons of rapeseed meal, and 366,658 tons of Rice Bran Extraction. South Korea imported 738,795 tons of oilmeals (compared to 841,627 tons) ; consisting 453,541 tons of rapeseed meal, 35,119 tons of soybean meal and 250,135 tons of castor meal. Thailand imported 302,619 tons of oilmeals (compared to 216,814 tons); consisting 17,684 tons of soybean meal, 31,609 tons of De-oiled Rice Bran Extraction, and 253,252 tons of rapeseed meal and Iran imported 508,050 tons of soybean meal compared to 22,910 tons of last year.

**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 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

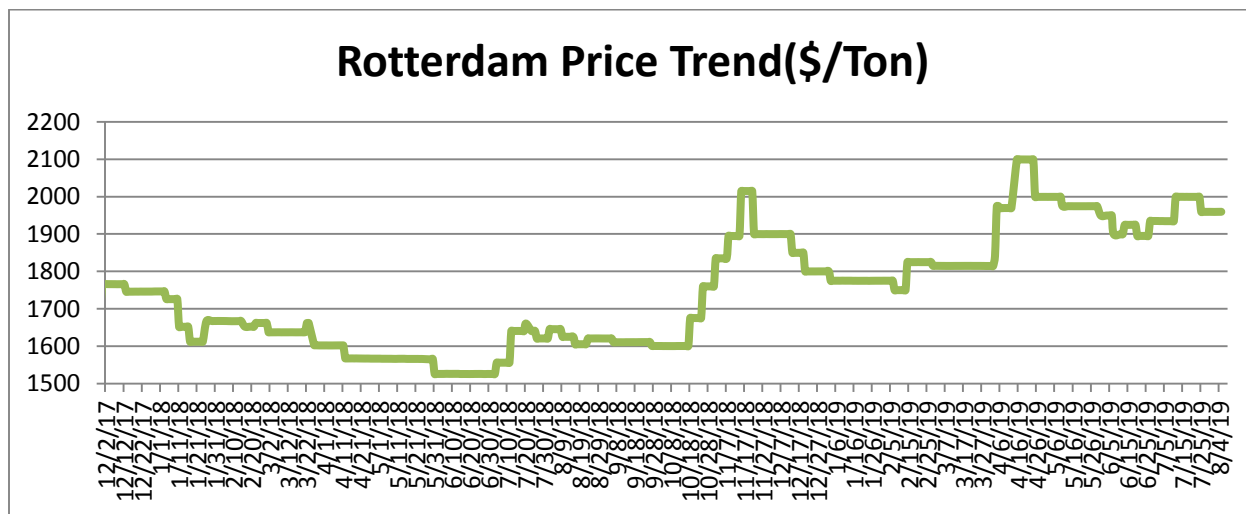
### Cash Market (Deesa) Expected Price Range for Aug-2019:-

Expected Range	Rs/Qtl.(Low)	Rs /Qtl.(High)
Short term (15 days)	5375-5500	5400-5600
Medium Term (30 days)	5550-5725	5725-5910

### Outlook for Aug-2019:

Castor seed prices in most of the spot markets in the country remained weak tone due to weak demand whereas lower availability of the commodity, price may push in this month . Also seed price is likely to trade firm in coming months due to lower production estimates and higher demand from miller's side.

### Rotterdam Price:-





<b>Comparative Prices Of Castor Products Including Seed</b>					
	<b>23rd Aug'19</b>	<b>16th Aug'19</b>	<b>23rd Jul'19</b>	<b>23rd Aug'18</b>	<b>CHANGE %</b>
Castorseed (Gujarat)((Rs./M.T) Ex-Mandi	55650	56150	55148	45497	<b>18.24</b>
Castor Meal Export (FAS) (US\$ / MT),Ex Kandla	108.00	104.00	118.00	97.00	<b>10.19</b>
EXPORT (FOR) Ports (Rs./MT)Castor meal bulk Kandla	7550	7200	7950	6656	<b>11.84</b>
Castor Oil (First Grade) FOB Kandla (Export)\$ /Tonne	1605	1620	1645	1352	<b>15.76</b>
Local rates for oil in domestic market(Rs./M.T.) for comm.	114700	115500	115000	94180	<b>17.89</b>

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

<b>Commodity</b>	<b>Monthly Average Prices (Rs/ Quintal)</b>			<b>Change</b>
<b>Center</b>	<b>Market</b>	<b>Aug-19</b>	<b>Jul-19</b>	
<b>Gujarat</b>	Patan	5436	5435	<b>1</b>
	Harij	5441	5451	<b>-10</b>
	Rajkot	5322	5313	<b>9</b>
	Gondal	5367	5361	<b>6</b>
	Deesa	5418	5412	<b>6</b>
	Bhabar	5399	5449	<b>-50</b>
	Mehsana	5454	5438	<b>16</b>
	Kadi	5476	5454	<b>22</b>
	Sabarkatha	5483	5494	<b>-11</b>
	Gandhi Nagar	5459	5444	<b>15</b>
	Ahmedabad (Sanand)	5299	5361	<b>-62</b>
	Halvad	5390	5396	<b>-6</b>
	Junagadh	5246	5269	<b>-23</b>
	Dhrol	4767	4862	<b>-95</b>
<b>Rajasthan</b>	Jodhpur	5275	5376	<b>-101</b>
	Sumerpur	5378	5363	<b>15</b>

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

Center	Market	Monthly Arrivals (Quintal)		Change
		Aug-19	Jul-19	
Gujarat	Patan	35912	56059	-20147
	Harij	6450	7200	-750
	Rajkot	4458	2772	1686
	Gondal	3023	2679	344
	Deesa	9053	14056	-5003
	Bhabar	40088	49012	-8924
	Mehsana	11543	9713	1830
	Kadi	26640	33044	-6404
	Sabarkatha	6400	4736	1664
	Gandhi Nagar	9038	10275	-1237
	Ahmedabad (Sanand)	46	68	-22
	Halvad	4127	3495	632
	Junagadh	604	494	110
	Dhrol	3	16	-13
Rajasthan	Jodhpur	1425	4838	-3413
	Sumerpur	3280	3960	-680
Total Arrivals/Above Markets		162090	202417	-40327

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

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