

# Castor Seed & Oil Monthly Research Report

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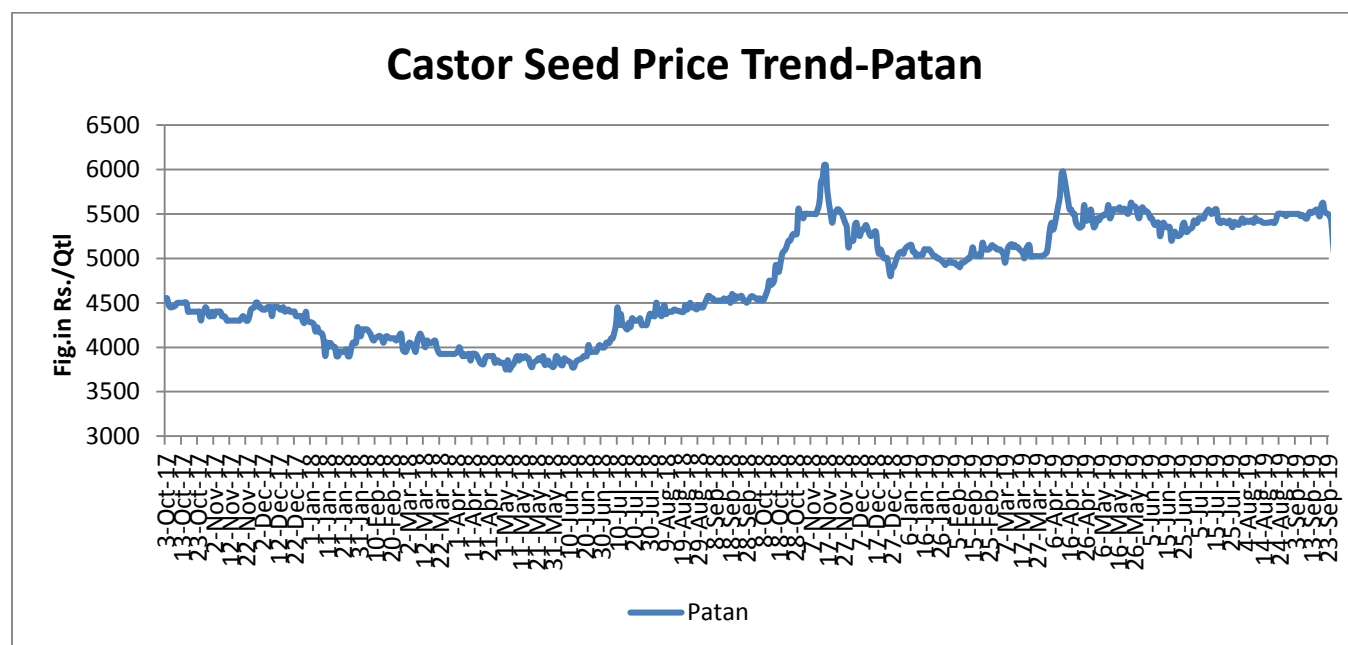
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**Castor Domestic Market Fundamentals:**

- Despite the imposition of special 20 per cent margin on short position, prices are moving downwards due to technical selling. Some brokers had failed to pay additional mark-to-market margins after downward movement in October-December contracts over three trading sessions, compelling the exchange's clearing house to use these traders' collaterals to settle their pay-out obligations.
- However, according to the market participants, at present all India castor stock is lower than the average stocks which might give support to the falling prices.
- According to latest sowing report as on 27<sup>th</sup> September 2019, all India Castor sowing is reported 9.38 lakh hectares in 2019 which is 6.95 per cent higher than last year acreage of 8.77 lakh hectares in the same time period. Higher castor acreage is reported in Gujarat at 7.02 lakh hectares this year as compare to 5.22 lakh hectares last year in the same time period. However, in Rajasthan castor acreage has decreased to 1.54 lakh hectares from 2.64 lakh hectares last year.
- Despite higher sowing acreage in Gujarat, there is fear of damage in the standing castor crop in some districts due to excess rains.
- As per market sources, castor oil exports in the month of September 2019 is 40.927 thousand MT which is 10.33 per cent lower than August exports of 45.645 thousand MT. On a cumulative basis, exports were 2.36 Lakh MT from April to Aug 2019 which is 12.27 per cent lower than last year exports of 2.69 Lakh MT during the same period.
- According to the AGMARK data, all India castor crop arrivals in the last week of September is reported at 3.61 Thousand MT which is 55 percent lower than last year arrivals of 8.04 thousand MT in the same time period. Lower arrivals are due to recent downward movement in prices in the domestic Mandis.
- 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.

**Sowing Updates of Castor Seed:**

State Wise castor Seed Sowing as on 27.09.2019				
State	2019	2018	% Change	Normal Area
Gujarat	7.02	5.22	34.48	6.36
Rajasthan	1.54	2.64	-41.67	1.8
Telangana	0.23	0.26	-11.54	0.58
Andhra Pradesh	0.34	0.33	3.03	0.47
Karnataka	0.06	0.07	-14.29	0.1
Maharashtra	0.11	0.12	-8.33	0.13
<b>Total</b>	<b>9.38</b>	<b>8.77</b>	<b>6.96</b>	<b>9.69</b>

**Castor Price Trend Patan Mandi:**


Source: Agriwatch

Above price chart is of Patan Mandi in Gujarat, which is a major mandi for castor seed. Castor seed price traded weak from last few months due to speculation from big companies and selling activity in future markets.


**FUNDAMENTAL SUMMARY**

Price Drivers	Impact
Technical selling in the market	Bearish
20 per cent margin on short selling	Bullish
Lower exports of castor oil	Bearish
Lower stocks of castor seed	Bullish
Higher sowing acreage	Bearish

*Based on Primary & Secondary Sources*

**Comparative of Castor Seed Arrival Trend in Major state(in Tons):**

Gujarat				Rajsthan			
Arrival in Tons	2017	2018	2019	2016	2017	2018	2019
Jan	40150.31	27267.71	31565.82	289.43	445.85	799.55	569.25
Feb	51402.12	52870.56	40342.51	639.48	688.71	2187.52	933.22
Mar	297015.6	73551.05	61015.09	1832.18	2501.19	1515.32	2810.4
Apr	125706.2	161684.5	154064.3	2899.47	2617.99	4522.41	2772.17
May	83664.34	99414.17	118251.9	3464.62	3119.1	3834.13	6956.48
Jun	40015.71	58432.73	29052.67	804.98	937.8	1574.52	1447.27
Jul	10257.02	51303.9	82503.39	716.5	206.8	385.78	657.37
Aug	39717.13	45438.48	26534.73	349.48	164.76	288.98	523.5
Sep	59984.98	31107.23	23076.49	429.9	179.35	66.99	428.5
Oct	24544.89	35885.99		493.79	74.62	352.39	
Nov	22801.71	25591.07		83.46	54	327.34	
Dec	19064.86	25993.13		199.19	174.51	995.35	
<b>Total</b>	<b>814324.9</b>	<b>688540.5</b>	<b>566407</b>	<b>12202.48</b>	<b>11164.68</b>	<b>16850.28</b>	<b>17098.16</b>

Source-Agmarknet

**Castor Seed Demand & Supply:**

Preliminary Forecast For 2019-20*			
All units in lakh tons	2017-18	2018-19	2019-20*
Carry in	4.39	5.49	4.19
<b>Production</b>	<b>14.30</b>	<b>11.20</b>	<b>14.05</b>
Imports	0.00	0.00	0
Total Availability	18.69	16.69	18.24
Consumption	13.20	13.00	13.2
Exports	0.00	0.00	0
Total Usage	13.20	12.50	13.20
<b>Carry out</b>	<b>5.49</b>	<b>4.19</b>	<b>5.04</b>
Av Monthly Consumption	1.10	1.08	1.10
Stock to Month Use	4.99	3.87	4.58
Stock to Consumption Ratio	1.10	1.08	1.10

Agriwatch is estimating that castor seed production is likely to up in this crop year-2019-20, as area is increasing in Gujarat which is one of the major producing state, however area is down in other states like Andhra Pradesh, Telangana and Rajasthan. This year it is estimated around 14 lakh tons of castor seed production which is up by 25% from last year production of 11.20 lakh tons. Prices is likely to down once picking starts in producing states and likely to trade steady as carry over stock expected to up in next season.

**Castor Oil Demand & Supply:**

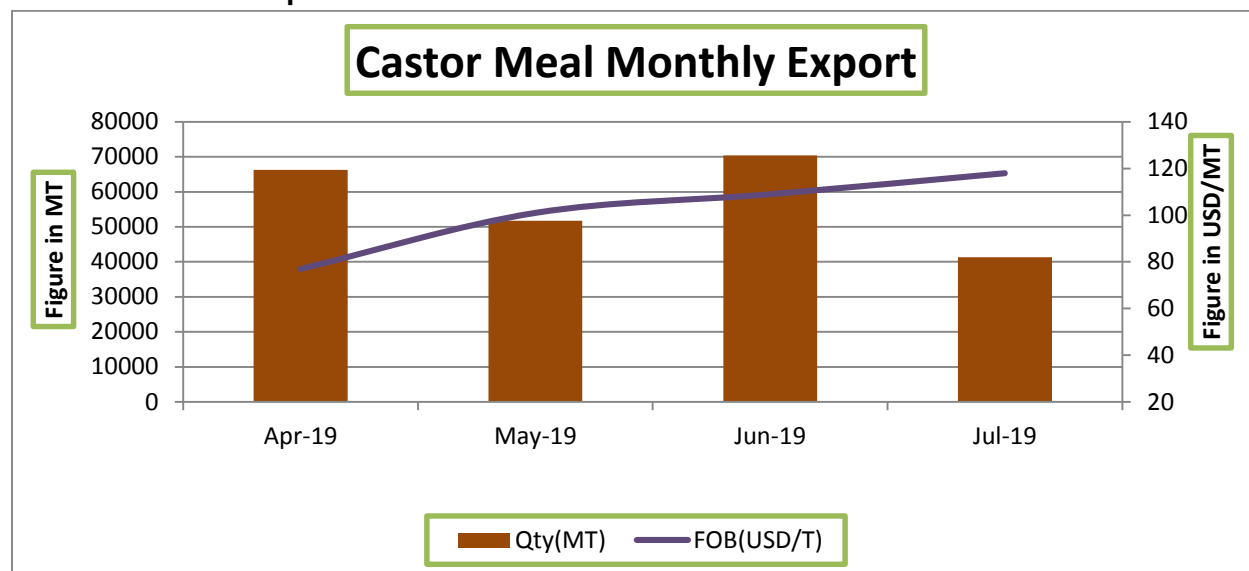
Preliminary Forecast For 2018-19				
All units in lakh tons	2015-16	2016-17	2017-18	2018-19*
Carry in	5.54	6.79	4.39	5.49
<b>Production</b>	<b>14.00</b>	<b>10.60</b>	<b>14.30</b>	<b>9.45</b>
Imports	0.00	0.00	0.00	0.00
Total Availability	19.54	17.39	18.69	14.94
Consumption	12.75	13.00	13.20	13.00
Exports	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:**

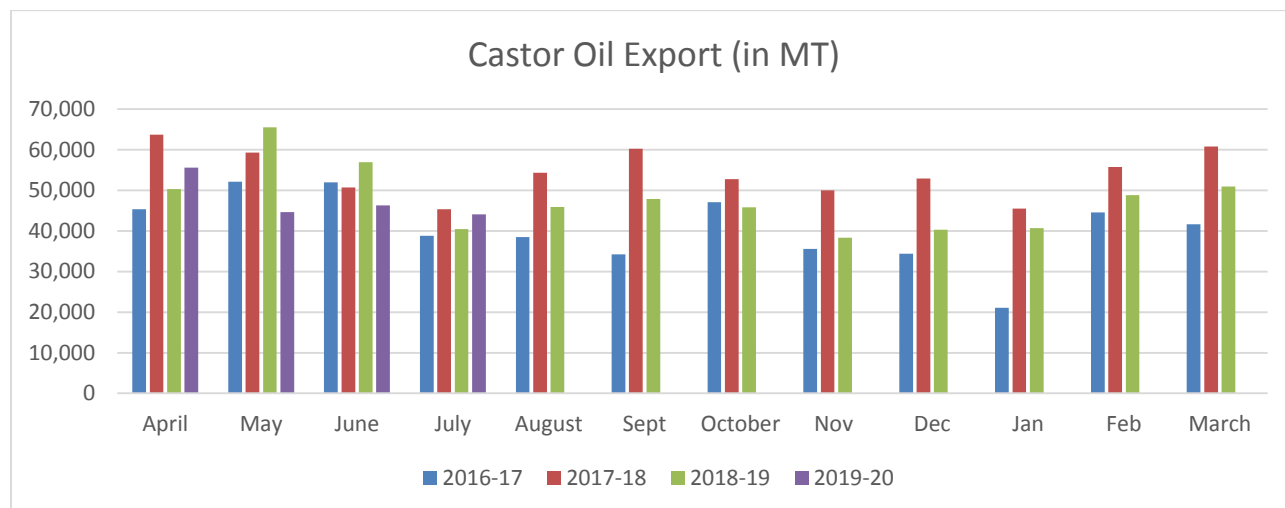
Production shows around 28-30% lower side this year against 2017-18 seasons due to damage of crop in major producing states like Gujarat as lower rainfall recorded during the growth phase. Over all area is slightly up from last from 8.170 lakh hectares to 8.59 lakh hectares but mostly area down in major 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.

### Castor Oil Meal Export Trend:



The Solvent Extractors' Association of India has compiled the export data for export of oilmeals for the month of July 2019. The export of oil meals during July 2019 is provisionally reported at 166,301 tons compared to 215,716 tons in July, 2018 i.e. down by 23%. The overall export of oilmeals during April-July 2019 is reported at 851,070 tons compared to 966,874 tons in April-July 2018 i.e. down by 12%. The export of castor seed meal has increased to 229,820(75,597) tons, being mainly exported to South Korea. During April-July 2019 Vietnam imported 120,889 tons of oil meals (compared to 228,627 tons); consisting of 1,892 tons of soybean meal, 71,683 tons of rapeseed meal and 47,314 tons of De-oiled Rice Bran Extraction. South Korea imported 365,652 tons of oilmeals (compared to 198,304 tons) ; consisting 13,282 tons of soybean meal, 162,487 tons of rapeseed meal and 189,883 tons of castorseed meal. Thailand imported 107,607 tons of oil meals (compared to 129,661 tons) consisting 88,595 tons of rapeseed meal, 17,581 tons of Rice Bran Extractions and 1,431 tons of soybean meal.

**Castor oil exports drop 30% in October on poor off take from China:**

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

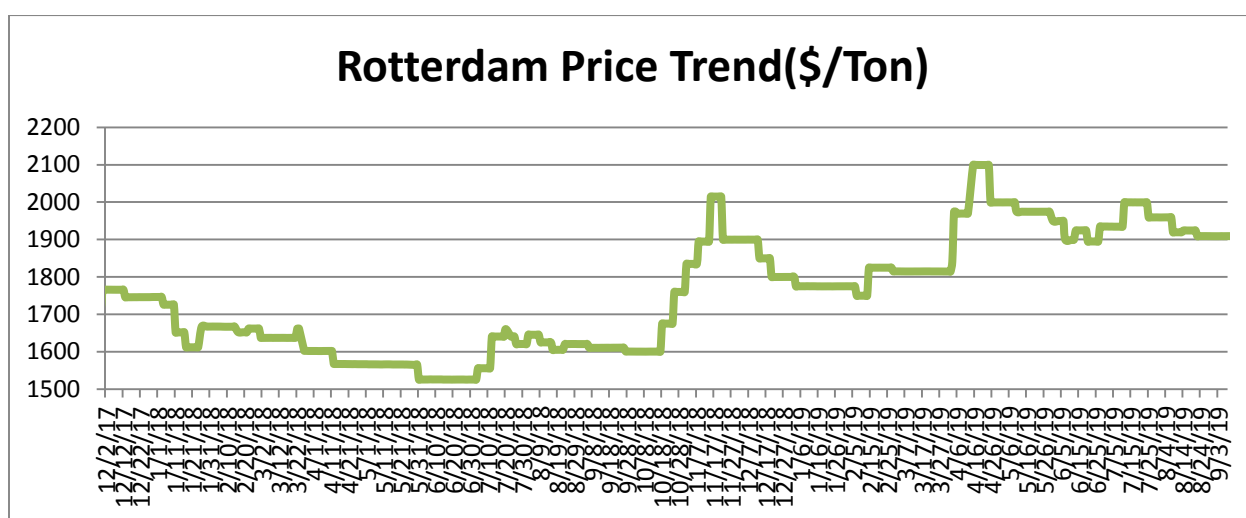
- Dull activity witnessed due to bearish outlook in castor seed.
- Prices are likely to move steady to firm tone in coming week.
- Decrease in prices with lower volume and OI indicates short build up.
- RSI is moving in over sold zone which indicates caution to bears.


**Strategy: Buy**

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Castor	NCDEX	Nov	4100	4200	4382	5350	5400
Pre Weekly Trade Call			Call	Entry	T1	T2	SL
Castor	NCDEX	Nov	Buy	4475	4500	4550	4465


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

Expected Range	Rs/Qtl.(Low)	Rs /Qtl.(High)
Short term (15 days)	5000-5300	5250-5400
Medium Term (30 days)	5100-5350	5250-5500

**Rotterdam Price:-**


<b>Comparative Prices Of Castor Products Including Seed</b>					
	<b>27th Sep'19</b>	<b>20th Sep'19</b>	<b>27th Aug'19</b>	<b>27th Sep'18</b>	<b>CHANGE %</b>
Castorseed (Gujarat)((Rs./M.T) Ex-Mandi	50500	57500	56260	4602	<b>7.92</b>
Castor Meal Export (FAS) (US\$ / MT),Ex Kandla	103.00	100.00	107.00	91.00	<b>11.65</b>
EXPORT (FOR) Ports (Rs./MT)Castor meal bulk Kandla	7150	6950	7500	6583	<b>7.93</b>
Castor Oil (First Grade) FOB Kandla (Export)\$ /Tonne	1435	1650	1625	1324	<b>7.74</b>
Local rates for oil in domestic market(Rs./M.T.) for comm.	105000	117000	117000	95339	<b>9.20</b>



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

Commodity	Monthly Average Prices (Rs/ Quintal)			Change
Center	Market	Sep-19	Aug-19	
Gujarat	Patan	5431	5436	-5
	Harij	5484	5441	43
	Rajkot	5313	5322	-9
	Gondal	5289	5367	-78
	Deesa	5417	5418	-1
	Bhabar	5417	5399	18
	Mehsana	5460	5454	6
	Kadi	5445	5476	-31
	Sabarkatha	5467	5483	-16
	Gandhi Nagar	5416	5459	-43
	Ahmedabad (Sanand)	5373	5299	74
	Halvad	5361	5390	-29
	Junagadh	5190	5246	-56
	Dhrol	4806	4767	39
Rajasthan	Jodhpur	5280	5275	5
	Sumerpur	5296	5378	-82

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

Center	Market	Monthly Arrivals (Quintal)		Change
		Sep-19	Aug-19	
Gujarat	Patan	36113	35912	201
	Harij	12090	6450	5640
	Rajkot	4242	4458	-216
	Gondal	6237	3023	3214
	Deesa	18402	9053	9349
	Bhabar	49760	40088	9672
	Mehsana	10238	11543	-1305
	Kadi	17984	26640	-8656
	Sabarkatha	5360	6400	-1040



	Gandhi Nagar	9878	9038	840
	Ahmedabad (Sanand)	62	46	16
	Halvad	3600	4127	-527
	Junagadh	1448	604	844
	Dhrol	92	3	89
<b>Rajasthan</b>	Jodhpur	1862	1425	437
	Sumerpur	2640	3280	-640
<b>Total Arrivals/Above Markets</b>		<b>180008</b>	<b>162090</b>	<b>17918</b>

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