

Castor Seed & Oil Monthly Research Report

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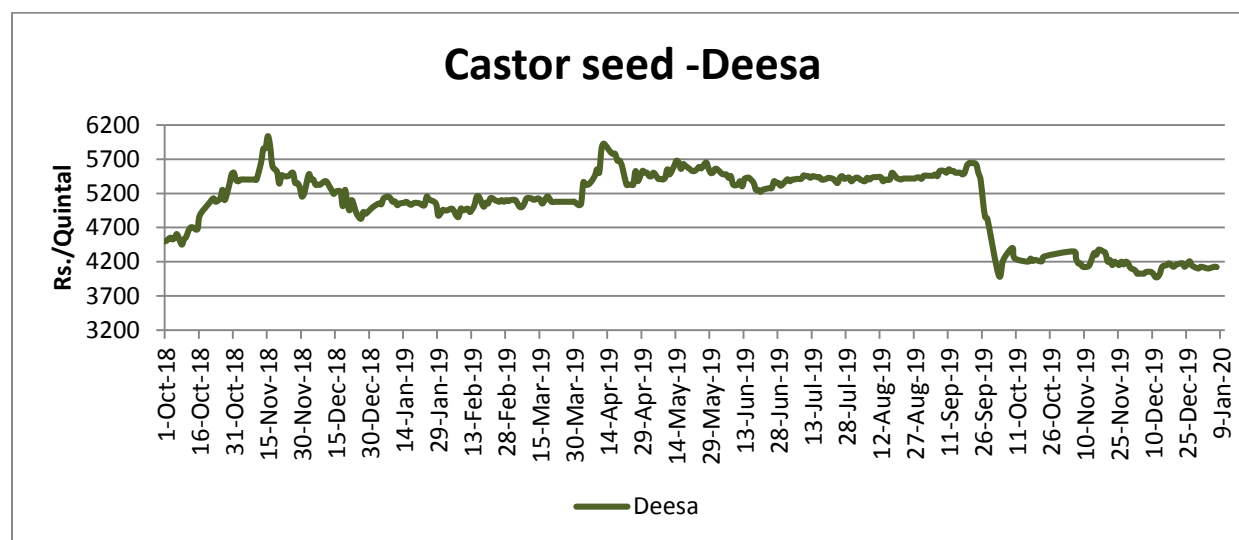
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**Castor Domestic Market Fundamentals:**

- **In what is being termed as the biggest locust swarm attack in over two decades**, several parts of North Gujarat have seen crops like castor, cumin and mustard take a major hit. According to the AGMARK data, all India castor crop arrivals in the third week of November is reported at 3.17 Thousand MT which is 55 percent higher than last year arrivals of 6.57 thousand MT in the same time period. Lower arrivals in the domestic mandi may push the prices upward.
- **Castor, cumin and mustard have seen the highest impact, being the major crops in North Gujarat. Of these, Banaskantha** district has seen most impact due to its proximity to Rajasthan's desert region from where the locusts have entered Gujarat. Meanwhile, despite witnessing presence of locusts, the Kutch district has seen little to no damage to the crop.
- **According to latest sowing report as on 27th 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 this year as compare to last year. However, in Rajasthan castor acreage has decreased to 1.54 lakh hectares from 2.64 lakh hectares last year.
- **Gujarat castor acreage is reported at 7.40 lakh hectares which is 38.57 per cent higher than last year acreage** of 5.34 lakh hectares. Farmers in Gujarat had re-sowed castor crop where damaged was observed due to rains. However, yield is expected to be lower than normal in those areas due to late sowing.
- **According to Government 1st advance estimate, castor production in 2019-20 is estimated at 17.37 lakh tonnes.**
- **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
Total	9.38	8.77	6.96	9.69

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 weak from last few months due to higher area coverage under Castor this year.

FUNDAMENTAL SUMMARY	
Price Drivers	Impact
Lower arrivals of castor in the domestic mandis	Bullish
Higher Sowing Acreage	Bearish
Lower production estimate in 2019-20	Bearish
Lower Demand of Castor Oil	Bearish
Based on Primary & Secondary Sources	

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
Production	14.30	11.20	17.25
Imports	0.00	0.00	0
Total Availability	18.69	16.69	21.44
Consumption	13.20	13.00	13.2
Exports	0.00	0.00	0
Total Usage	13.20	12.50	13.20
Carry out	5.49	4.19	8.24
Av Monthly Consumption	1.10	1.08	1.10
Stock to Month Use	4.99	3.87	7.49
Stock to Consumption Ratio	0.42	0.32	0.62

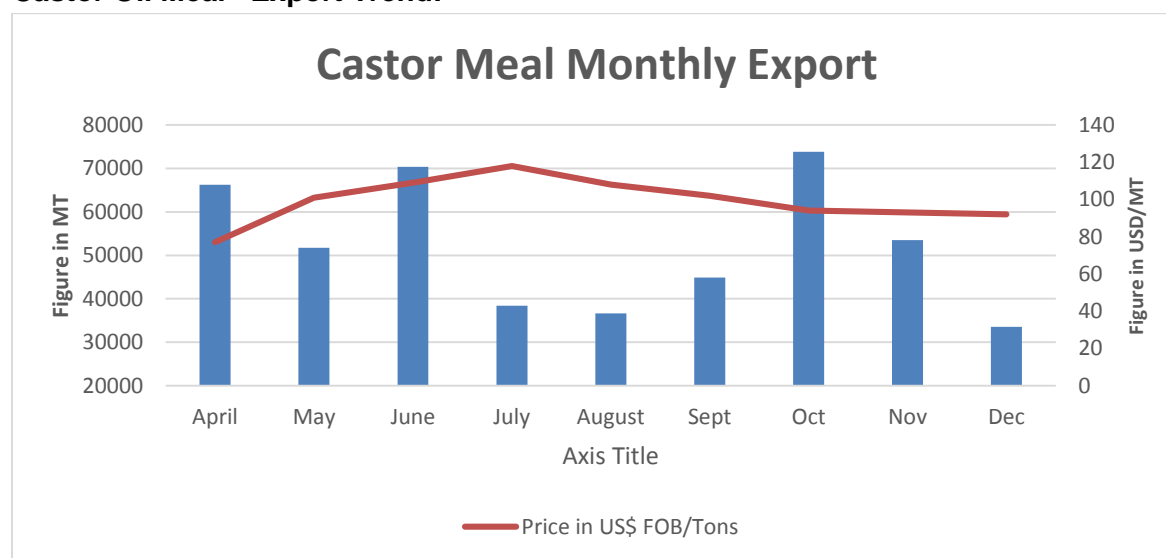
Agriwatch is estimating that castor seed production is likely to up in this crop year-2019-20, as area is increasing in Gujarat which is one of the major producing state, however area is down in other states like Andhra Pradesh, Telangana and Rajasthan. This year it is estimated around 17 lakh tons of castor seed production which is up by 54% 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
Production	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
Carry out	6.79	4.39	5.49	1.94
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

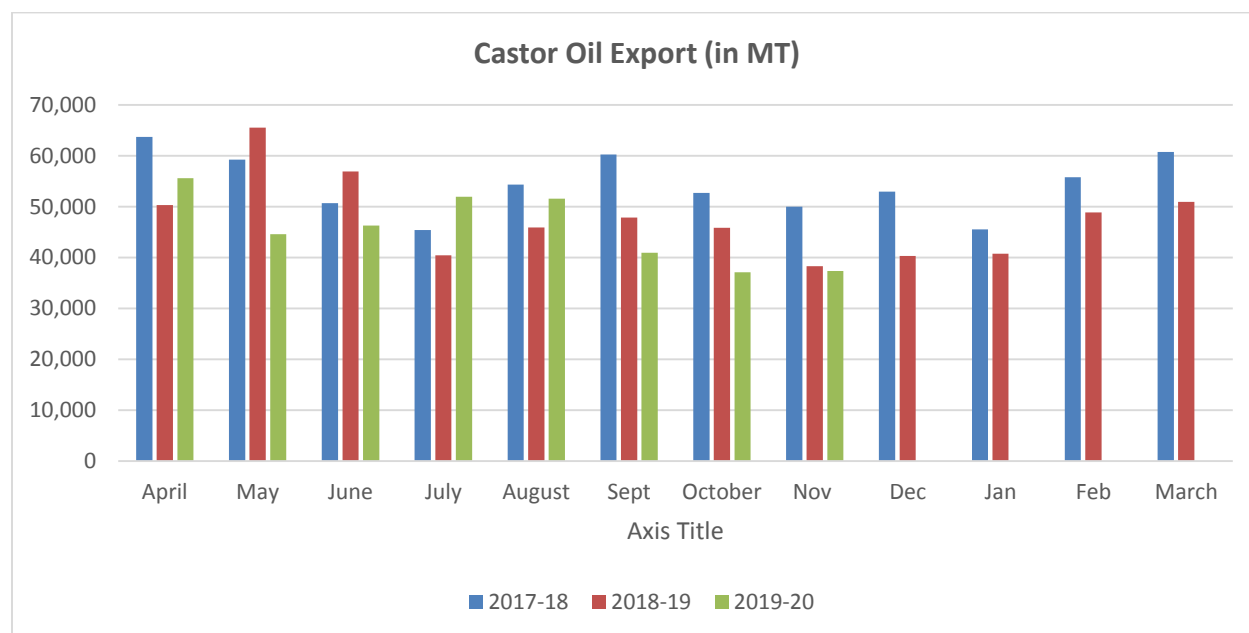
Castor Seed- Balance Sheet for 2018-19:

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 oil meals for the month of December 2019. The export of oil meals during December 2019 is provisionally reported at 67,562 tons compared to 324,927 tons in December, 2018 i.e. down by 79%. The overall export of oil meals during April-Dec., 2019 is reported at 1,802,434 tons compared to 2,411,248 tons in April-Dec., 2018 i.e. down by 25%. This is mainly due to disparity in export of oil meals, specifically soybean meal due to higher MSP of beans which makes the domestic soybean meal expensive in international market compared to other origins. The silver lining of the export is sharp increase in export of Castor meal, jumped by nearly 60% to 469,248 tons from 292,511 tons in the same period of last year.

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



Technical Analysis:

Castor – Technical Outlook

Technical Commentary:

- Bearish in price witnessed due to dull buying activity outlook in castor seed.
- Prices are likely to move steady to weak 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.

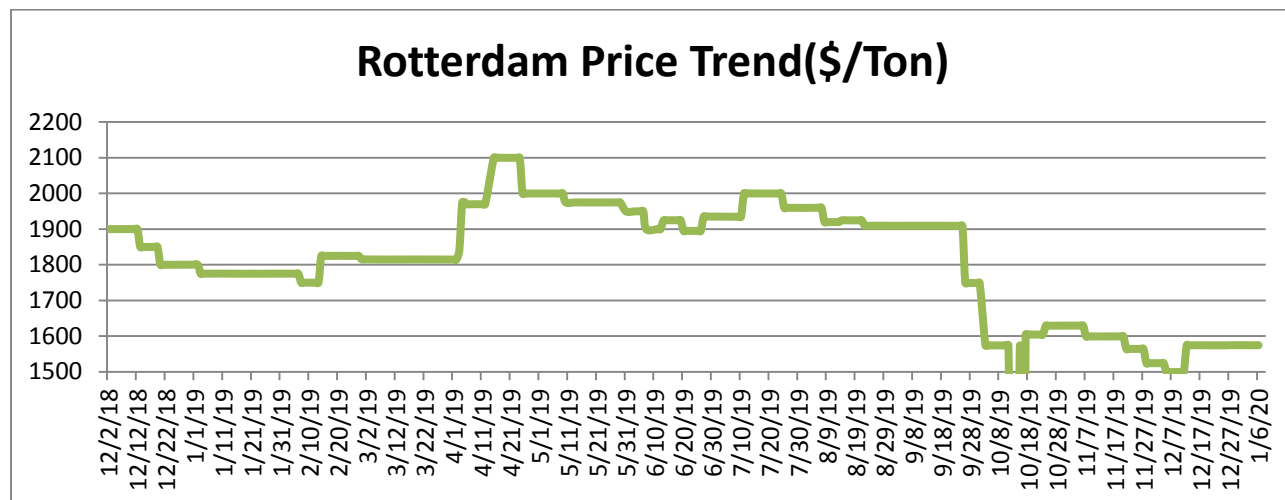


Strategy: Sell

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Castor	NCDEX	Nov	3850	3900	4210	4450	4685
Pre Weekly Trade Call			Call	Entry	T1	T2	SL
Castor	NCDEX	Nov	Sell	4250	4200	4150	4260

Cash Market (Deesa) Expected Price Range for Jan-2020:-

Expected Range	Rs/Qtl.(Low)	Rs /Qtl.(High)
Short term (15 days)	4300-4350	4300-4450
Medium Term (30 days)	4250-4500	4300-4600

Rotterdam Price:-

Comparative Prices Of Castor Products Including Seed

	27th Dec'19	20th Dec'19	27th Nov'19	27th Dec'18	CHANGE %
Castorseed (Gujarat)((Rs./M.T) Ex-Mandi	43000	43700	42000	52886	-22.99
Castor Meal Export (FAS) (US\$ / MT),Ex Kandla	91.00	92.00	92.00	82.00	9.89
EXPORT (FOR) Ports (Rs./MT)Castor meal bulk Kandla	6250	6250	6300	5688	8.99
Castor Oil (First Grade) FOB Kandla (Export)\$ /Tonne	1260	1305	1235	1559	-23.73
Local rates for oil in domestic market(Rs./M.T.) for comm.	90000	92000	88000	109756	-21.95

Source: SEA

Castor Seed - Products Monthly Average Prices:

Commodity	Monthly Average Prices (Rs/ Quintal)			Change
Center	Market	Dec-19	Nov-19	
Gujarat	Patan	4073	4244	-171
	Harij	4088	4249	-161
	Rajkot	4002	4020	-18
	Gondal	4051	4176	-125
	Deesa	4094	4216	-122



	Bhabar	4123	4318	-195
	Mehsana	4082	4241	-159
	Kadi	4076	4250	-174
	Sabarkatha	NA	NA	-
	Gandhi Nagar	4111	4263	-152
	Ahmedabad (Sanand)	NA	4313	-
	Halvad	4302	4621	-319
	Junagadh	NA	4238	-
	Dhrol	3820	3820	Unch
Rajasthan	Jodhpur	4190	4206	-16
	Sumerpur	4072	4172	-100

Castor Seed Cumulative Monthly Sum Arrivals in Key Centers:

Center	Market	Monthly Arrivals (Quintal)		Change
		Dec-19	Nov-19	
Gujarat	Patan	4119	4139	-20
	Harij	4515	4350	165
	Rajkot	594	322	272
	Gondal	929	1106	-177
	Deesa	7313	9790	-2477
	Bhabar	4384	7610	-3226
	Mehsana	1033	774	259
	Kadi	2896	2784	112
	Sabarkatha	NA	NA	-
	Gandhi Nagar	686	1020	-334
	Ahmedabad (Sanand)	NA	121	-
	Halvad	4628	2250	2378
	Junagadh	NA	133	-
	Dhrol	218	218	Unch
Rajasthan	Jodhpur	NA	NA	-
	Sumerpur	1036	1120	-84
Total Arrivals/Above Markets		32351	35737	-3386

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