

Castor Seed & Oil Monthly Research Report

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Castor Domestic Market Fundamentals:

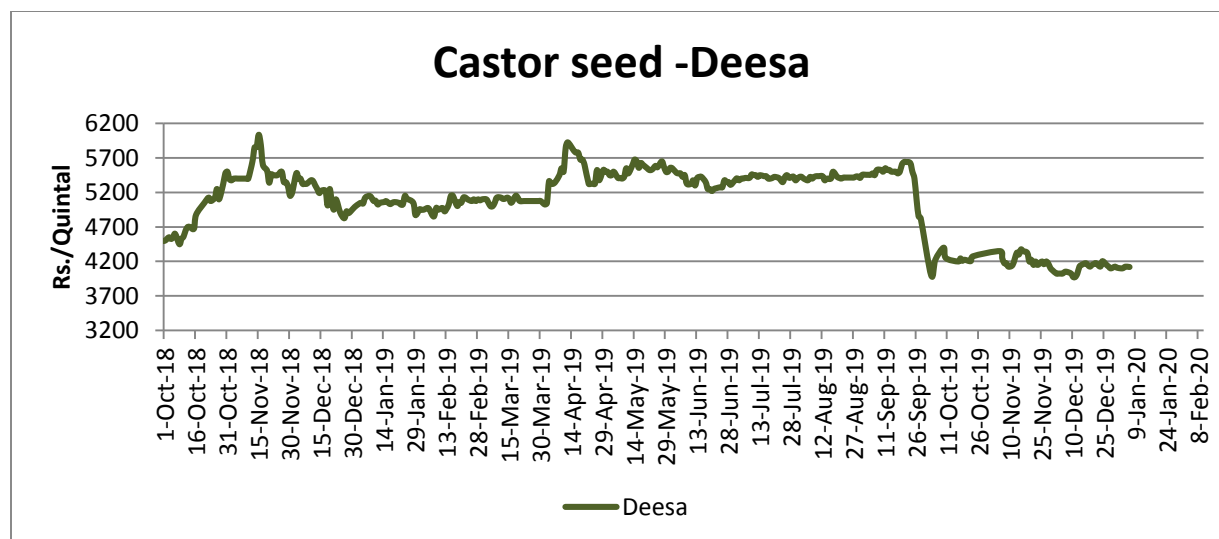
- **Exports of castor oil from India to China may slow on concern the spread of corona virus will impact port logistics in the world's most populous country, according to India's top shipper.**
- **Some Chinese buyers of castor oil have go slow on shipments as they anticipate ports may be affected because of the spread of coronavirus.**
- **It's too early to estimate the impact of the outbreak on the industry, the ongoing spread of the corona virus in China** has rippled through commodity trade flows around the world, with logistical constraints at some Chinese ports holding up cargoes of agricultural goods. Also, demand for some foodstuffs including edible oils and meat is expected to be hurt as more people stay at home and avoid big meals at restaurants.
- **Castor oil prices in India fell about 8% to 82 rupees (\$1.20) a kilogram (2.2 pounds) in the 10 days since news broke** about the outbreak of the virus in China.
- **India, the world's biggest producer of castor seeds, exports about 500,000 tons to 600,000 tons of castor oil annually.** Of that, China buys 240,000 tons to 250,000 tons. for about 35% to 40% of India's total castor oil exports.
- **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.

- **Robust sowing, supported by increased water availability following extended rains, has brightened the castor crop prospects** in the largest growing States, Gujarat and Rajasthan.
- **According to farmers and trade sources, the current crop condition appears good and the output is likely to cross 17 lakh tonnes**, a likely record in at least the past seven years. In 2011-12, castor crop output was recorded at 16.2 lakh tons.
- **Castor crop looks good at present and it is expected that the crop size will be much higher than last year's. Farmers are** estimating the crop to be between 17-19 lakh tonnes. Thanks to increased acreage and likely favorable climate, the crop will give a record output this year.
- **Gujarat is the largest producer of the oilseed, which is used by multiple industries. At 7, 40,484 hectares, the State saw** a nearly 39 per cent jump in castor sowing for kharif 2019, as against 5, 33,789 hectares in the previous year. Good castor prices last year have also encouraged farmers to take up the oilseed in a big way.

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 and impact of corona virus also push the prices downwards.

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

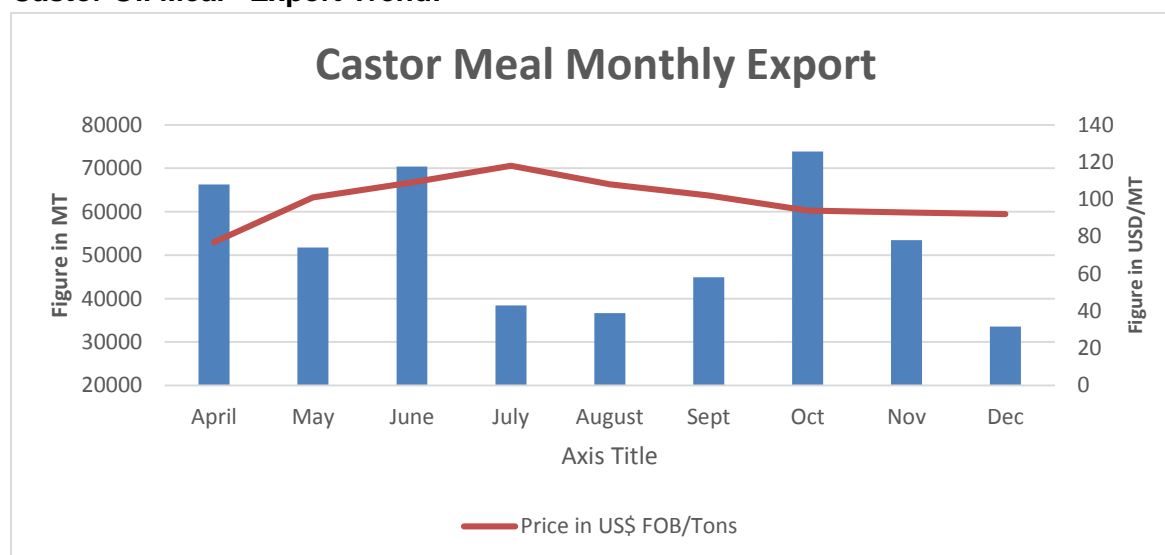
Agriwatch is estimating that castor seed production is likely to up in this crop year-2019-20, as area is increasing in Gujarat which is one of the major producing state, however area is down in other states like Andhra Pradesh, Telangana and Rajasthan. This year it is estimated around 17 lakh tons of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

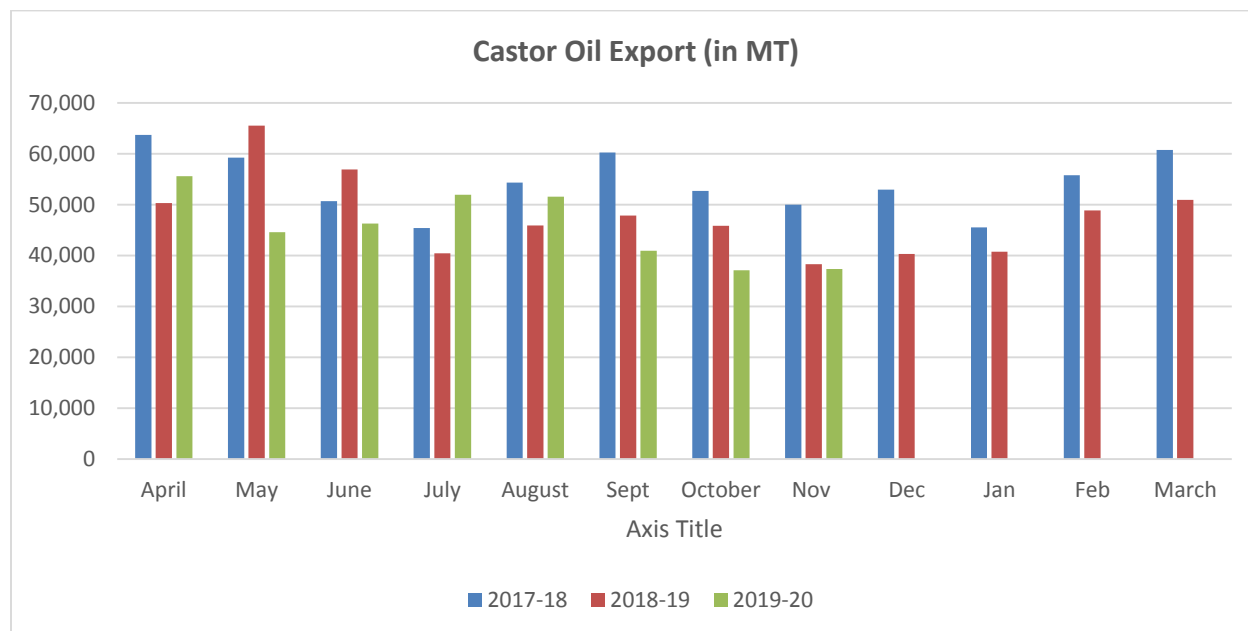
Castor Seed- Balance Sheet for 2018-19:

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.

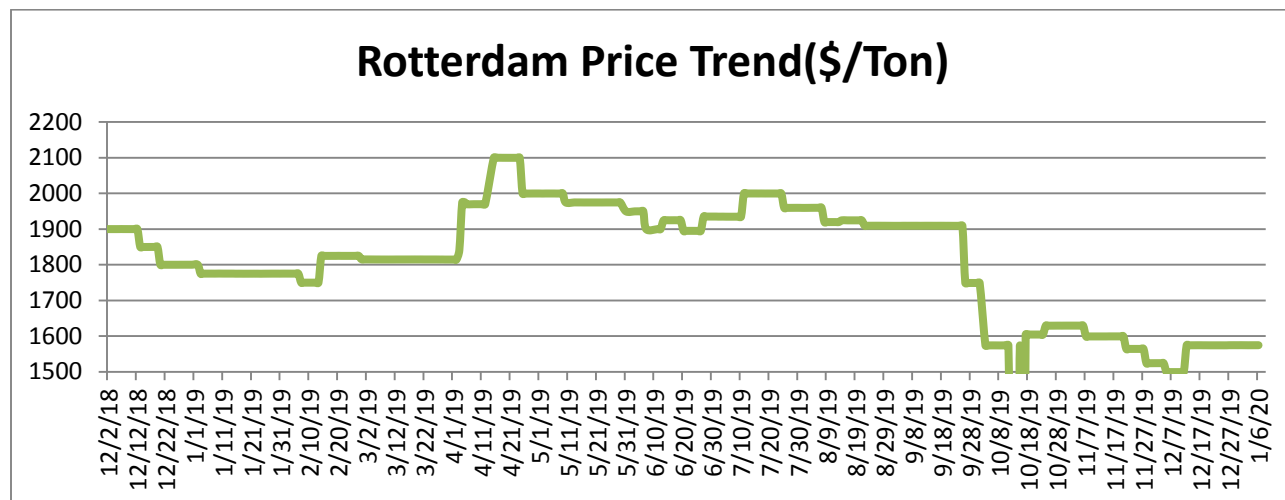
Castor oil exports drop 30% in October on poor off take from China:



Technical Analysis:

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

	31st Jan'20	24th Jan'20	31st Dec'19	31st Jan'19	CHANGE %
Castorseed (Gujarat)((Rs./M.T) Ex-Mandi	40000	41250	42500	51719	-29.30
Castor Meal Export (FAS) (US\$ / MT),Ex Kandla	75.00	77.00	91.00	81.00	-8.00
EXPORT (FOR) Ports (Rs./MT)Castor meal bulk Kandla	5050	5250	6250	5575	-10.40
Castor Oil (First Grade) FOB Kandla (Export)\$ /Tonne	1180	1215	1245	1517	-28.56
Local rates for oil in domestic market(Rs./M.T.) for comm.	83500	86500	90000	107204	-28.39

Source: SEA

Castor Seed - Products Monthly Average Prices:

Commodity	Monthly Average Prices (Rs/ Quintal)			Change
Center	Market	Jan-20	Dec-19	
Gujarat	Patan	4083	4073	10
	Harij	4079	4088	-9
	Rajkot	3905	4002	-97
	Gondal	3980	4051	-71
	Deesa	4051	4094	-43



	Bhabar	4067	4123	-56
	Mehsana	4068	4082	-14
	Kadi	4073	4076	-3
	Sabarkatha	4064	NA	-
	Gandhi Nagar	4069	4111	-42
	Ahmedabad (Sanand)	NA	NA	-
	Halvad	4067	4302	-235
	Junagadh	4075	NA	-
	Dhrol	3635	3820	-185
Rajasthan	Jodhpur	4102	4190	-88
	Sumerpur	3999	4072	-73

Castor Seed Cumulative Monthly Sum Arrivals in Key Centers:

Center	Market	Monthly Arrivals (Quintal)		Change
		Jan-20	Dec-19	
Gujarat	Patan	10196	4119	6077
	Harij	5370	4515	855
	Rajkot	1449	594	855
	Gondal	1171	929	242
	Deesa	5753	7313	-1560
	Bhabar	9650	4384	5266
	Mehsana	1502	1033	469
	Kadi	11504	2896	8608
	Sabarkatha	628	NA	-
	Gandhi Nagar	1545	686	859
	Ahmedabad (Sanand)	NA	NA	-
	Halvad	8288	4628	3660
	Junagadh	33	NA	-
	Dhrol	6	218	-212
Rajasthan	Jodhpur	NA	NA	-
	Sumerpur	4840	1036	3804



Total Arrivals/Above Markets	61935	32351	29584
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