

Castor Seed & Oil Monthly Research Report

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Castor Domestic Market Fundamentals:

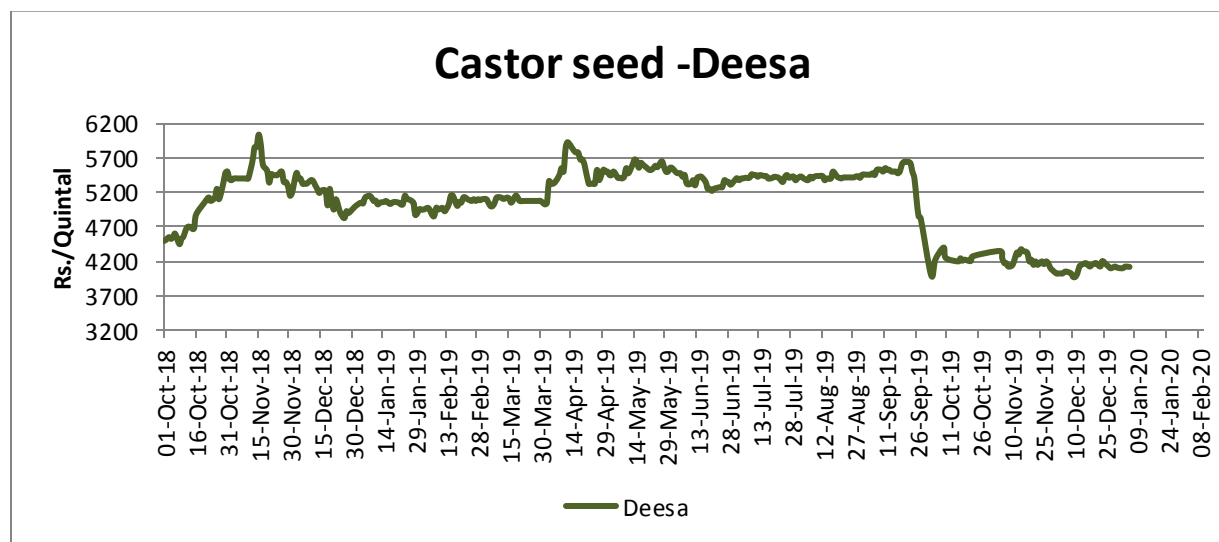
- Difficulty for Indian Domestic Castor Oil Industry after Domestic & International demand for Castor Oil gone Down drastically. Due to slowdown in global economy as the aftereffects of Covid-19, the manufacturing & trading activities have gone down. This lead to drastic decline in the International exports of Castor Oil. In 2018-19 we exported 5.7 lakh tons of Castor Oil, whereas this export came down to 5 lakh tons.
- During this current year reports of exports is not very encouraging. It is very remarkable that India is the largest producer of Castor in the world. And India is also the largest exporter of Castor in the international market. So in one sense India has established its near monopoly in International Castor Market.
- According to industry analyst the exports in April compared to March declined by 2.5% to 30000 tons. On the similar line there is very strong probability that exports would decline in May as well.
- According to market source, the export of castor oil in the month of May is likely to decline by 50% as compared to last month. According to director of SEA, the major reason for decline in export is slow down in the automobile sector.
- During the period of lockdown, drastically fall in oil production and trade has been observed. Basically castor oil is used to produce sebacic acid which is thereby use in plastic, lubricant, cosmetic, candles, paint Industry as raw material.
- Due to undergoing lockdown in many countries, manufacturing sector has been hit hard. Since the demand of castor oil amongst the major importing countries like China, Japan, USA and many European countries has weakened, so in the coming months the export shipment would be impacted very harshly.
- India export almost 50% of its castor oil to China. But good news for castor farmers is that, the demand by pharmaceutical industry pretty much normal.
- The production of castor oil in indigenous crushing and processing units has declined to 35-40% of its total capacity which earlier used to be 70-80% of total capacity.
- In the domestic market also, the demand for castor oil has come down by 40-45% during the lockdown.

- On the other side, the arrival of Castro seed is increasing day by day in the mandis. In the largest producing state Gujarat, on 4 May, one lack bag arrived which increased to 1.10 lack bag on 5 May(75kg of each bag). In the Deesa Mandi, the price of Castor seed reduced to Rs.3600/qtl .

- 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
<i>Based on Primary & Secondary Sources</i>	

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:

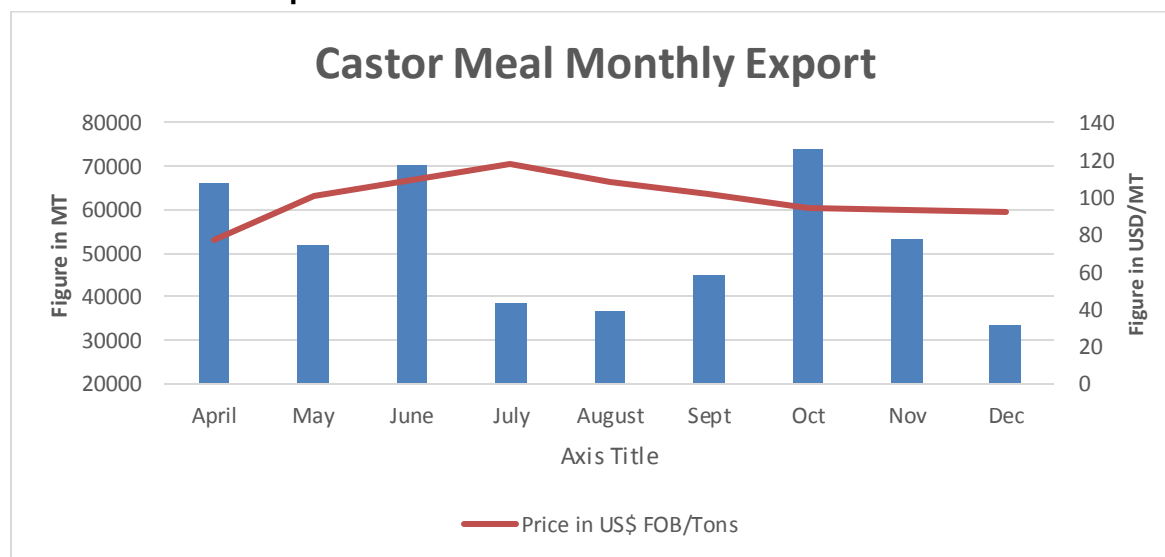
Preliminary Forecast For 2018-19				
All units in lakh tons	2015-16	2016-17	2017-18	2018-19*
Carry in	5.54	6.79	4.39	5.49
Production	14.00	10.60	14.30	9.45
Imports	0.00	0.00	0.00	0.00
Total Availability	19.54	17.39	18.69	14.94
Consumption	12.75	13.00	13.20	13.00
Exports	0.00	0.00	0.00	0.00
Total Usage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

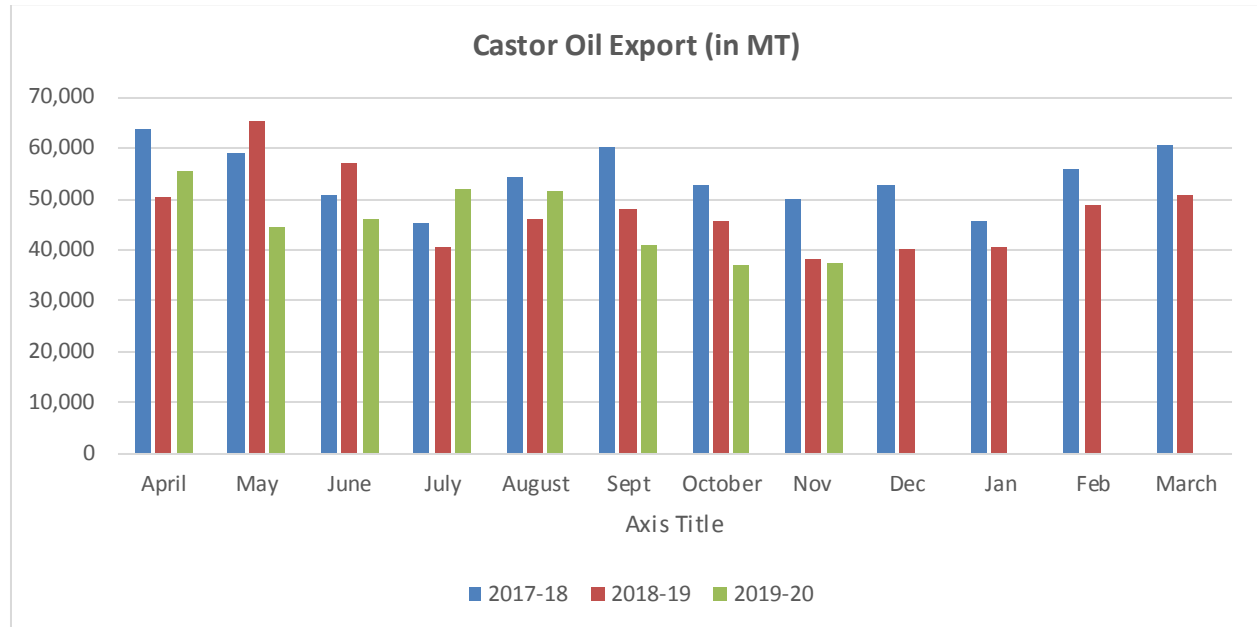
Castor Oil Meal Export Trend:



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.

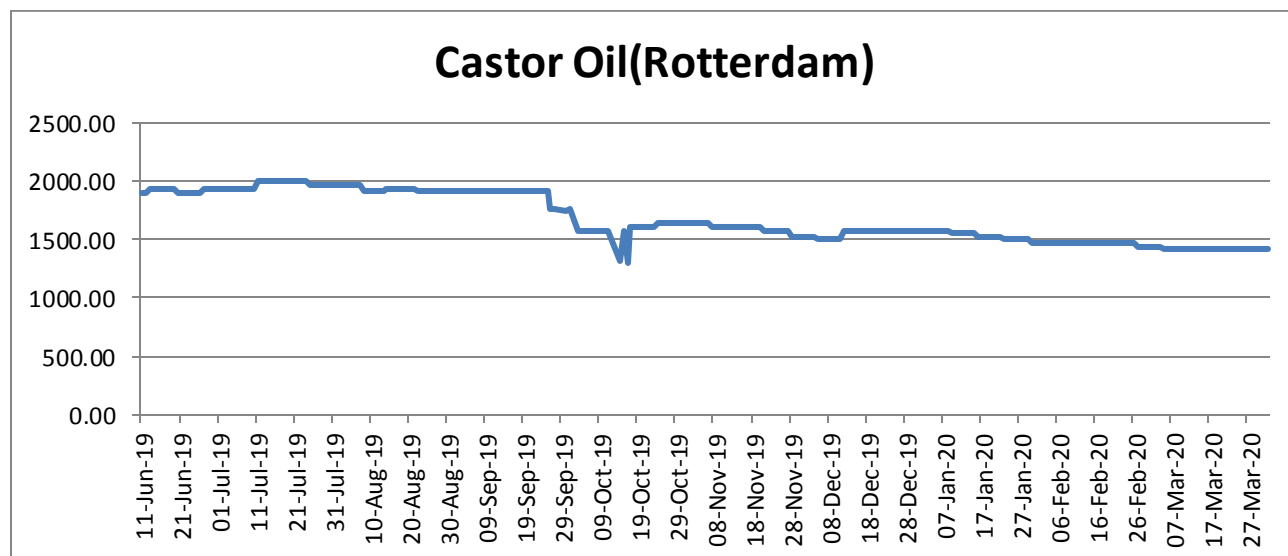
Strategy: Sell

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Castor	NCDEX	June	3800	3850	3880	4044	4200
Pre Weekly Trade Call			Call	Entry	T1	T2	SL
Castor	NCDEX	June	Sell	3950	3900	3875	3960

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

Expected Range	Rs/Qtl.(Low)	Rs /Qtl.(High)
Short term (15 days)	3500-3650	3550-3700
Medium Term (30 days)	3600-3800	3650-3900

Rotterdam Price:-


Comparative Prices Of Castor Products Including Seed

	13th Mar'20	6th Mar'20	13th Feb'20	13th Mar'19	CHANGE %
Castorseed (Gujarat)((Rs./M.T) Ex-Mandi	38500	39000	39450	51907	-34.82
Castor Meal Export (FAS) (US\$ / MT),Ex Kandla	57.00	60.00	69.00	76.00	-33.33
EXPORT (FOR) Ports (Rs./MT)Castor meal bulk Kandla	4050	4300	4650	4839	-19.48
Castor Oil (First Grade) FOB Kandla (Export)\$ /Tonne	1125	1140	1170	1563	-38.93
Local rates for oil in domestic market(Rs./M.T.) for comm.	83500	84000	84000	108596	-30.06

Source: SEA

Castor Seed - Products Monthly Average Prices:

Commodity	Monthly Average Prices (Rs/ Quintal)			Change
Center	Market	Apr-20	Mar-20	
Gujarat	Patan	3686	3761	-75
	Harij	3744	3787	-43
	Rajkot	3645	3679	-34
	Gondal	Closed	3745	-
	Deesa	3755	3770	-15



	Bhabar	3675	3784	-109
	Mehsana	3725	3740	-15
	Kadi	Closed	3758	-
	Sabarkatha	3740	3740	Unch
	Gandhi Nagar	3725	3772	-47
	Ahmedabad (Sanand)	Closed	3645	-
	Halvad	3625	3777	-152
	Junagadh	Closed	3575	-
	Dhrol	Closed	3548	-
Rajasthan	Jodhpur	Closed	3565	-
	Sumerpur	Closed	3676	-

Castor Seed Cumulative Monthly Sum Arrivals in Key Centers:

Center	Market	Monthly Arrivals (Quintal)		Change
		Apr-20	Mar-20	
Gujarat	Patan	13238	24129	-10891
	Harij	10125	24075	-13950
	Rajkot	720	2830	-2110
	Gondal	Closed	1645	-
	Deesa	6813	12848	-6035
	Bhabar	6400	23888	-17488
	Mehsana	1200	4515	-3315
	Kadi	Closed	27800	-
	Sabarkatha	2920	3280	-360
	Gandhi Nagar	1125	7013	-5888
	Ahmedabad (Sanand)	Closed	147	-
	Halvad	300	34875	-34575
	Junagadh	Closed	19	-
	Dhrol	Closed	21	-
Rajasthan	Jodhpur	Closed	1448	-

	Sumerpur	Closed	19320	-
Total Arrivals/Above Markets		42841	187853	-145012

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

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