

Castor Seed & Oil Monthly Research Report

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**Castor Domestic Market Fundamentals:**

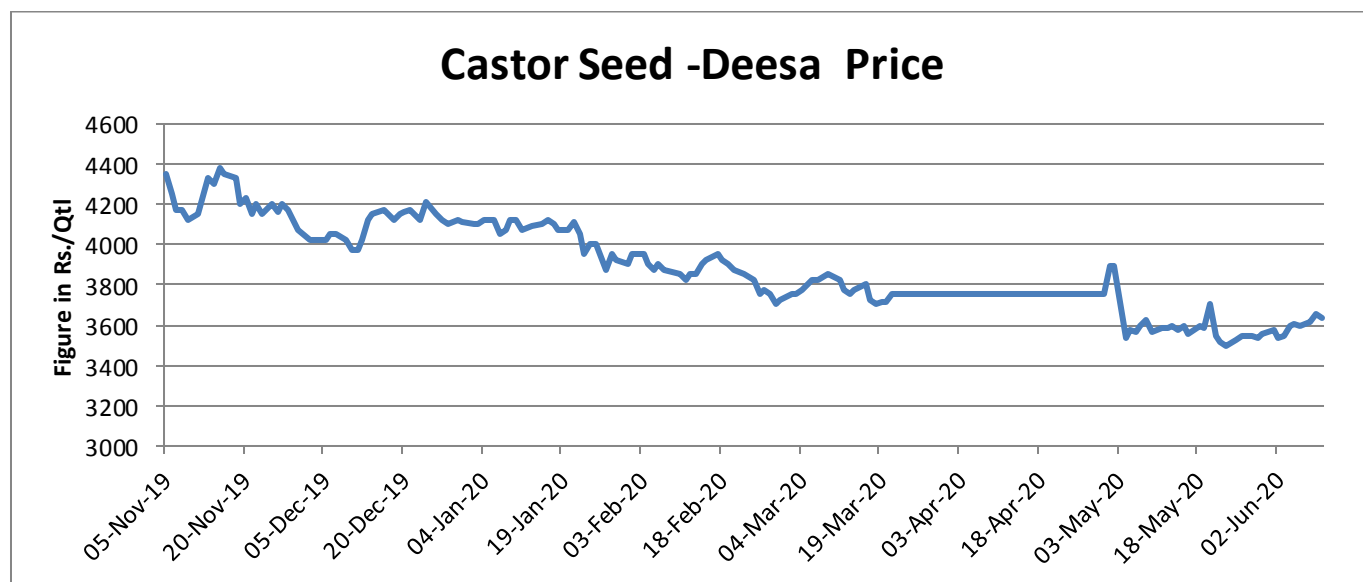
- After complete lockdown in April-2020 due to lockdown, arrival of castor seed has been increased in the month of May. Castor seed arrival in the May is 654266 quintal which is up by 611425 quintal from last month arrival of 42842 quintal.
- After the announcement of un-lockdown 1, Castor rose from 150 to 200, On June 8, June futures had a low of 3586, and we expect castor seed prices expected to move up in the coming weeks.
- In view of the Coronas Crisis in China, speaking of large crop, there was a chance of a decrease in the report and despite a 60-day lapse, MAY 2020. India exports around 54800 tons, which is the closest to the highest export. The crop was going to be 18-20 lakh tons, but some of the crop may have eaten by locust.
- Total area under castor in Andhra Pradesh and Telangana for 2019-20 is taken to be 57,350 hectare as against last year's estimate of 60,270 hectare, which has declined by 5% over last year.
- 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.
- The total area under castor in Gujarat for 2019-20 is taken to be 7,40,600 hectare as against last year's estimate of 5,33,800 hectare, which has increased by about 39% over the previous year. Estimated average yield for 2019-20 is revised slightly downwards by 4.92% to 2,239 kg/ha from 2,355 kg/ha estimated earlier. Subsequently, the total seed production in the state is revised and estimated downward to 16.58 lakh tonne from 17.44 lakh tonne estimated earlier. Supplies will be delayed this year due to delayed sowing on incessant rains during sowing time and subsequent slowdown in the picking/harvesting due to the countrywide lockdown to curtail the spread of Covid-19
- According to Government 02nd advance estimate, castor production in 2019-20 is estimated at 21.6 lakh tonnes.
- According to last 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.

- 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 Castror 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
Impact of COVID-19	Bearish
Higher Production Estimates for 2019-20	Bearish
Lower Demand	Bearish
Lower Demand of Castor Oil	Bearish
Impact of Locust on Crop	Bullish
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	19.25
Imports	0.00	0.00	0
Total Availability	18.69	16.69	23.44
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	10.24
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

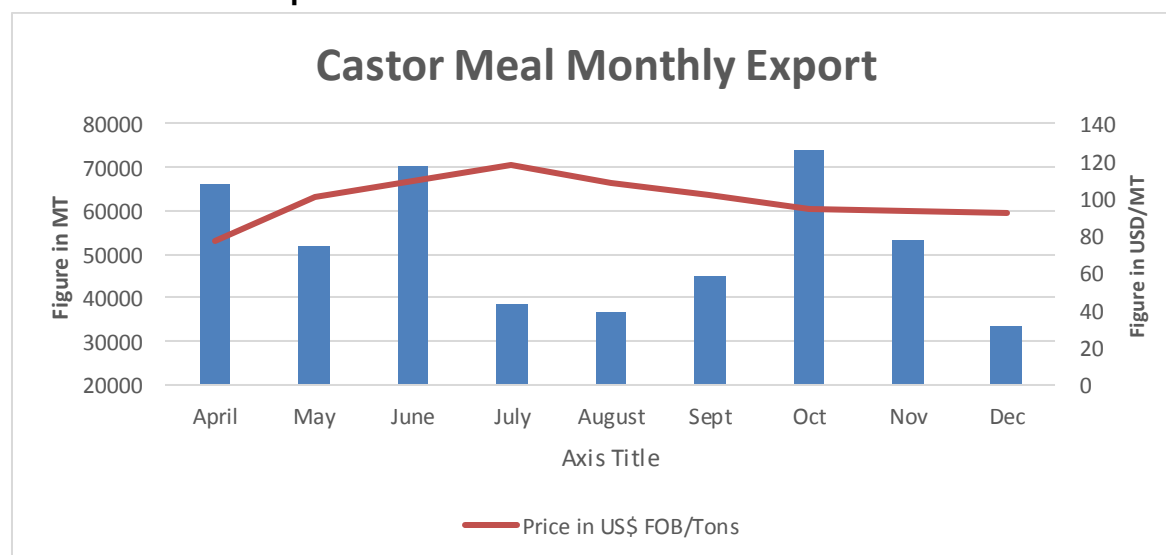
Agriwatch is estimating that castor seed production is likely to up in this crop year-2019-20, as area is increasing in Gujarat which is one of the major producing state, however area is down in other states like Andhra Pradesh, Telangana and Rajasthan. This year it is estimated around 17 lakh tons of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

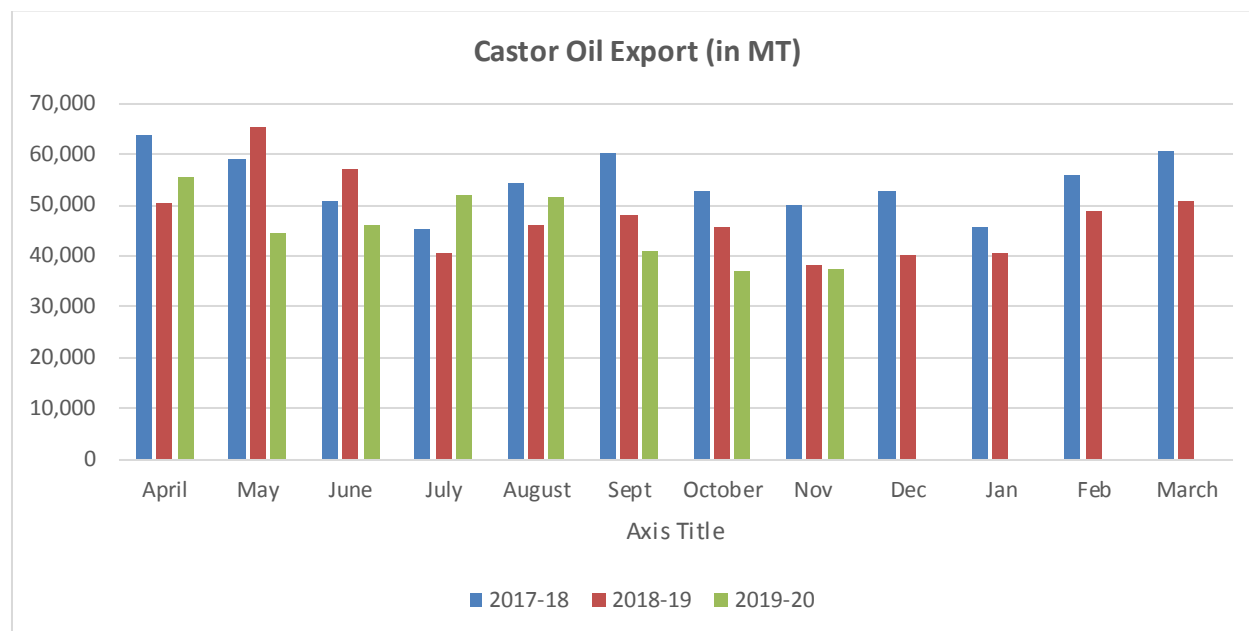
Castor Seed- Balance Sheet for 2018-19:

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:

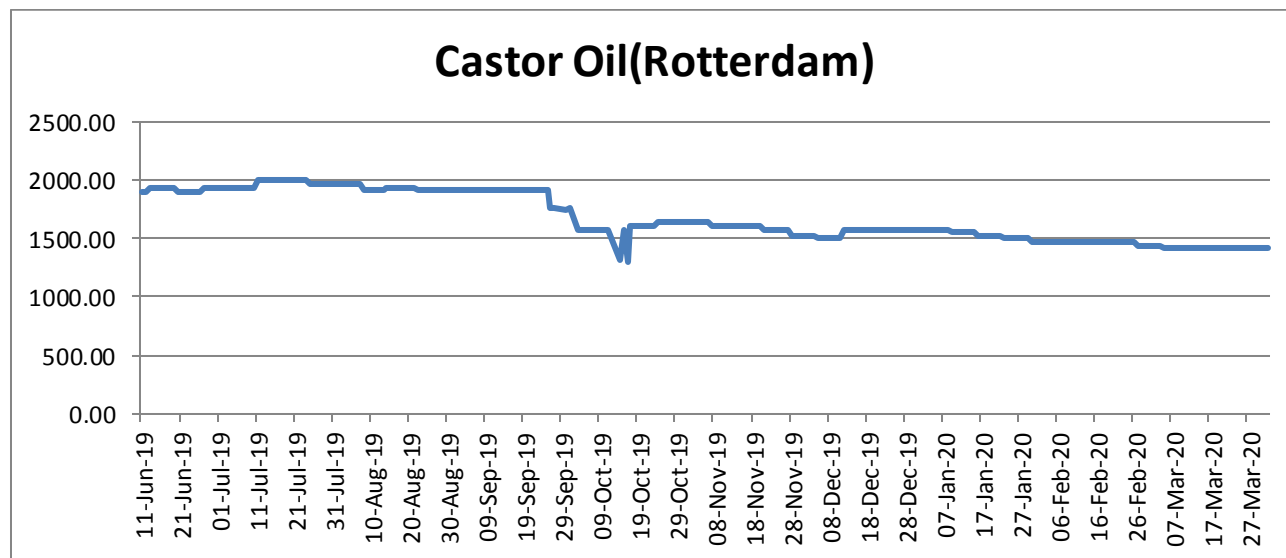
- Bullish in price witnessed due to fresh buying activity outlook in castor seed.
- Prices are likely to move steady to firm tone in coming week.
- Increase in prices with higher volume and OI indicates long build up.
- RSI is moving in neutral zone which indicates caution to bears.


Strategy: Buy

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Castor	NCDEX	June	3400	3300	3674	4044	4200
Pre Weekly Trade Call			Call	Entry	T1	T2	SL
Castor	NCDEX	June	BUY	3670	3720	3760	3650

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

Expected Range	Rs/Qtl.(Low)	Rs /Qtl.(High)
Short term (15 days)	3500-3650	3650-3780
Medium Term (30 days)	3600-3800	3650-3900

Rotterdam Price:-

Comparative Prices Of Castor Products Including Seed

	15th May'20	8th May'20	15th Apr'20	15th May'19	CHANGE %
Castorseed (Gujarat)((Rs./M.T) Ex-Mandi	36000	36750	40000	56637	-57.33
Castor Meal Export (FAS) (US\$ / MT),Ex Kandla	55.00	55.00	NQ	101.00	-83.64
EXPORT (FOR) Ports (Rs./MT)Castor meal bulk Kandla	4000	4000	NQ	6771	-69.28
Castor Oil (First Grade) FOB Kandla (Export)\$ /Tonne	NQ	NQ	NQ	1696	-
Local rates for oil in domestic market(Rs./M.T.) for comm.	82500	86000	94000	118415	-43.53

Source: SEA

Castor Seed - Products Monthly Average Prices:

Commodity	Monthly Average Prices (Rs/ Quintal)			Change
Center	Market	May-20	Apr-20	
Gujarat	Patan	3581	3686	-105
	Harij	3535	3744	-209
	Rajkot	3551	3645	-94
	Gondal	3586	Closed	-

	Deesa	3596	3755	-159
	Bhabar	3579	3675	-96
	Mehsana	3547	3725	-178
	Kadi	3556	Closed	-
	Sabarkatha	3578	3740	-162
	Gandhi Nagar	3589	3725	-136
	Ahmedabad (Sanand)	Closed	Closed	-
	Halvad	3480	3625	-145
	Junagadh	3536	Closed	-
	Dhrol	3308	Closed	-
Rajasthan	Jodhpur	3387	Closed	-
	Sumerpur	3500	Closed	-

Castor Seed Cumulative Monthly Sum Arrivals in Key Centers:

Center	Market	Monthly Arrivals (Quintal)		Change
		May-20	Apr-20	
Gujarat	Patan	172875	13238	159637
	Harij	72000	10125	61875
	Rajkot	22030	720	21310
	Gondal	19555	Closed	-
	Deesa	81584	6813	74771
	Bhabar	110020	6400	103620
	Mehsana	23700	1200	22500
	Kadi	62420	Closed	-
	Sabarkatha	12600	2920	9680
	Gandhi Nagar	22988	1125	21863
	Ahmedabad (Sanand)	Closed	Closed	-
	Halvad	28800	300	28500
	Junagadh	1386	Closed	-
	Dhrol	442	Closed	-
Rajasthan	Jodhpur	1466	Closed	-
	Sumerpur	22400	Closed	-
Total Arrivals/Above Markets		654266	42841	611425

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

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