

Castor Seed & Oil Monthly Research Report

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Castor Domestic Market Fundamentals:

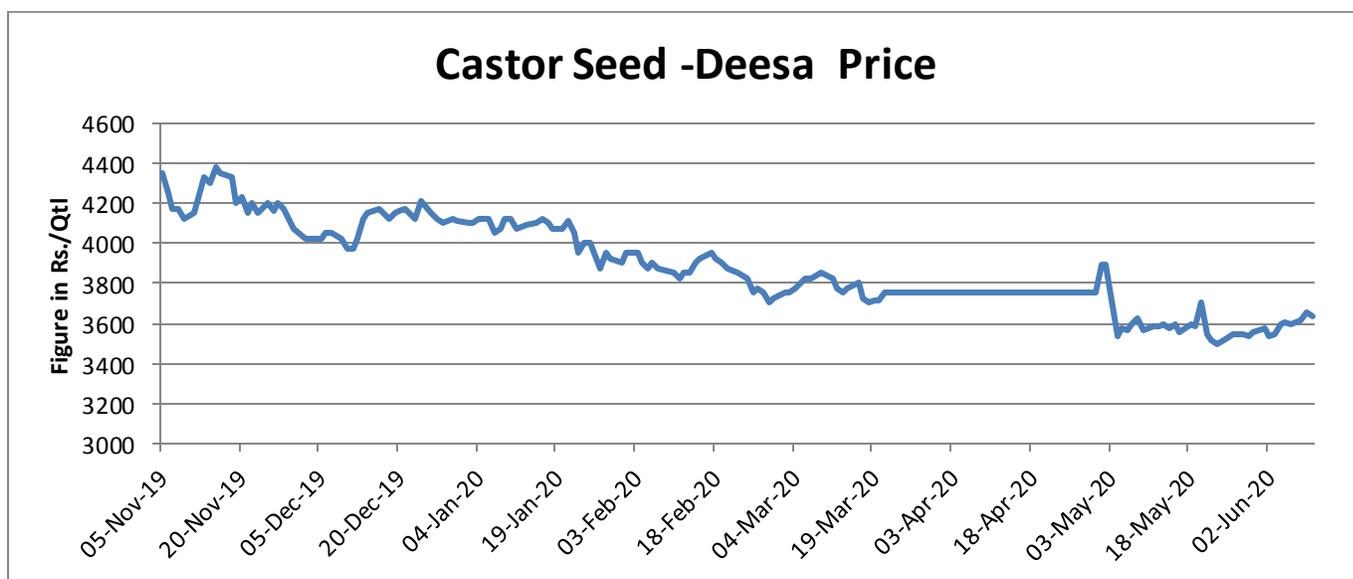
- All India castor seed prices traded firm in the month of June with lower arrival. Total arrival in June was around 640257 quintal which is down by 14009 quintal from last month arrival of 654266 quintal.
- Castor Seed futures on the NCDEX are witnessing a range-bound movement but the counter continues to see buying support at lower levels as traders are wondering if there is likely to be some negative impact on the sowing of the commodity in leading producing state of Gujarat. Gujarat kharif sowing continues rigorously. The latest data shows that total acreage under the crops stands at 40.88 lakh hectares as on 17th July- 2020, soaring by 48.16%.
- 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 been 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.

• **Sowing Updates of Castor Seed:**

State Wise castor Seed Sowing as on 27.06.2020				
State	2020	2019	% Change	Normal Area
Gujarat	0.91	0.49	34.48	6.36
Rajasthan	1.20	1.54	-41.67	1.8
Telangana	2.6	0.23	-11.54	0.58
Andhra Pradesh	0.57	0.34	3.03	0.47
Karnataka	0.02	0.06	-14.29	0.1
Maharashtra	0.1	0.11	-8.33	0.13
Total	9.38	9.38	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
<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	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:

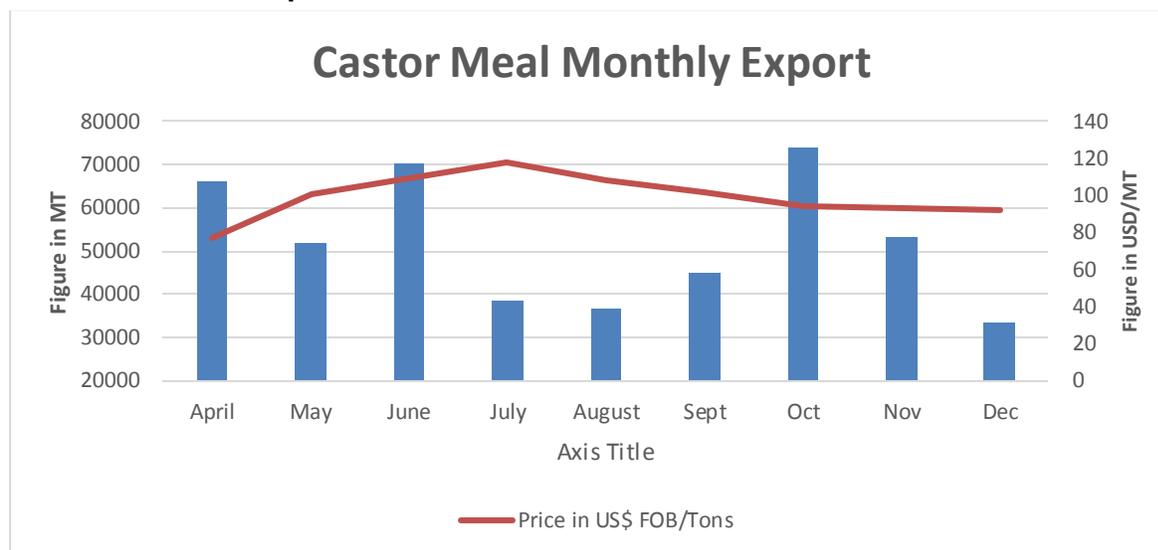
Preliminary Forecast For 2018-19				
All units in lakh tons	2015-16	2016-17	2017-18	2018-19*
Carry in	5.54	6.79	4.39	5.49

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.

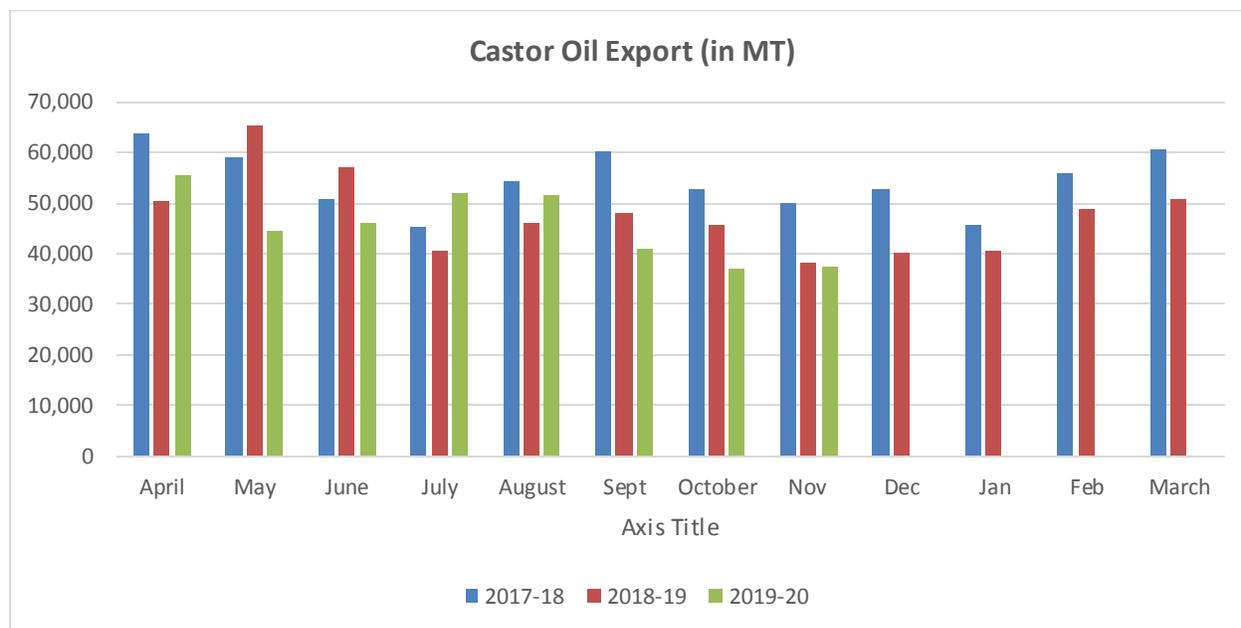
Castor Oil Meal Export Trend:



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.



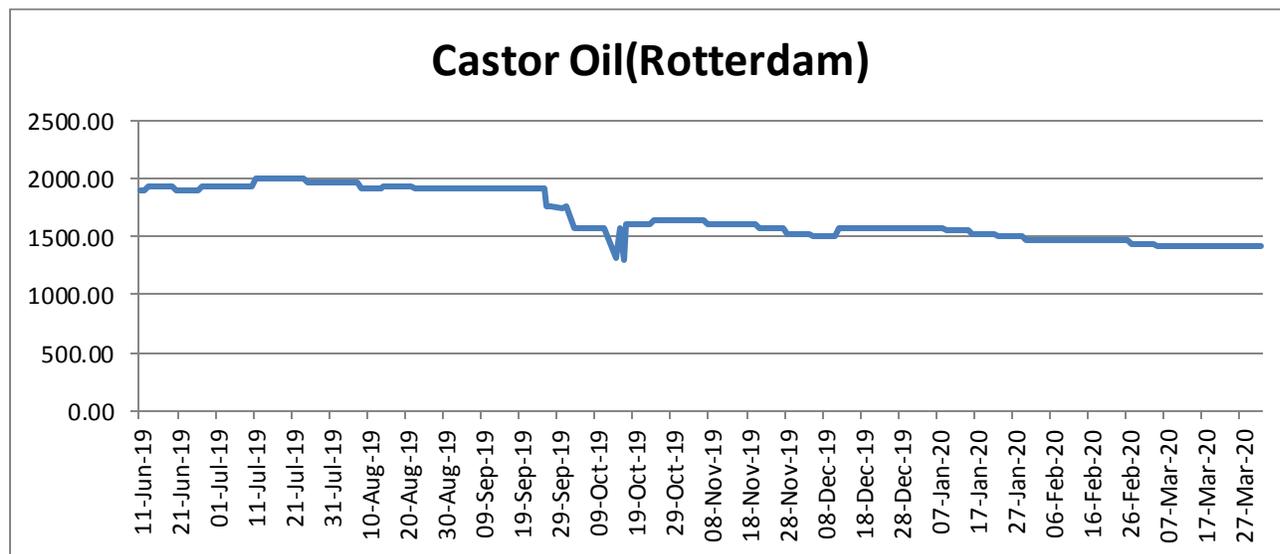
Strategy: Buy

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Castor	NCDEX	Aug	3400	3300	4004	4200	4300
Pre Weekly Trade Call			Call	Entry	T1	T2	SL
Castor	NCDEX	Aug	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

	19th June'20	12th June'20	19th May'20	19th June'19	CHANGE %
Castorseed (Gujarat)((Rs./M.T) Ex-Mandi	38600	37000	36000	54731	-41.79
Castor Meal Export (FAS) (US\$ / MT),Ex Kandla	52.00	50.00	55.00	109.00	-109.62
EXPORT (FOR) Ports (Rs./MT)Castor meal bulk Kandla	3900	3800	4000	7354	-88.56
Castor Oil (First Grade) FOB Kandla (Export)\$/Tonne	1085	NQ	NQ	1629	-50.14
Local rates for oil in domestic market(Rs./M.T.) for comm.	81000	80500	81000	113625	-40.28

Source: SEA

Castor Seed - Products Monthly Average Prices:

Commodity	Monthly Average Prices (Rs/ Quintal)			Change	
	Center	Market	Jun-20		May-20
Gujarat	Patan		3769	3581	188
	Harij		3720	3535	185
	Rajkot		3679	3551	128
	Gondal		3714	3586	128
	Deesa		3729	3596	133

	Bhabar	3741	3579	162
	Mehsana	3706	3547	159
	Kadi	3717	3556	161
	Sabarkatha	3756	3578	178
	Gandhi Nagar	3753	3589	164
	Ahmedabad (Sanand)	NA	Closed	-
	Halvad	3508	3480	28
	Junagadh	3700	3536	164
	Dhrol	3403	3308	95
Rajasthan	Jodhpur	3547	3387	160
	Sumerpur	3614	3500	114

Castor Seed Cumulative Monthly Sum Arrivals in Key Centers:

Center	Market	Monthly Arrivals (Quintal)		Change
		Jun-20	May-20	
Gujarat	Patan	126236	172875	-46639
	Harij	56250	72000	-15750
	Rajkot	22571	22030	541
	Gondal	13700	19555	-5855
	Deesa	32692	81584	-48892
	Bhabar	129400	110020	19380
	Mehsana	26325	23700	2625
	Kadi	123720	62420	61300
	Sabarkatha	15120	12600	2520
	Gandhi Nagar	19650	22988	-3338
	Ahmedabad (Sanand)	NA	Closed	-
	Halvad	30750	28800	1950
	Junagadh	792	1386	-594

	Dhrol	321	442	-121
Rajasthan	Jodhpur	1130	1466	-336
	Sumerpur	41600	22400	19200
Total Arrivals/Above Markets		640257	654266	-14009

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

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