

Castor Seed & Oil Monthly Research Report

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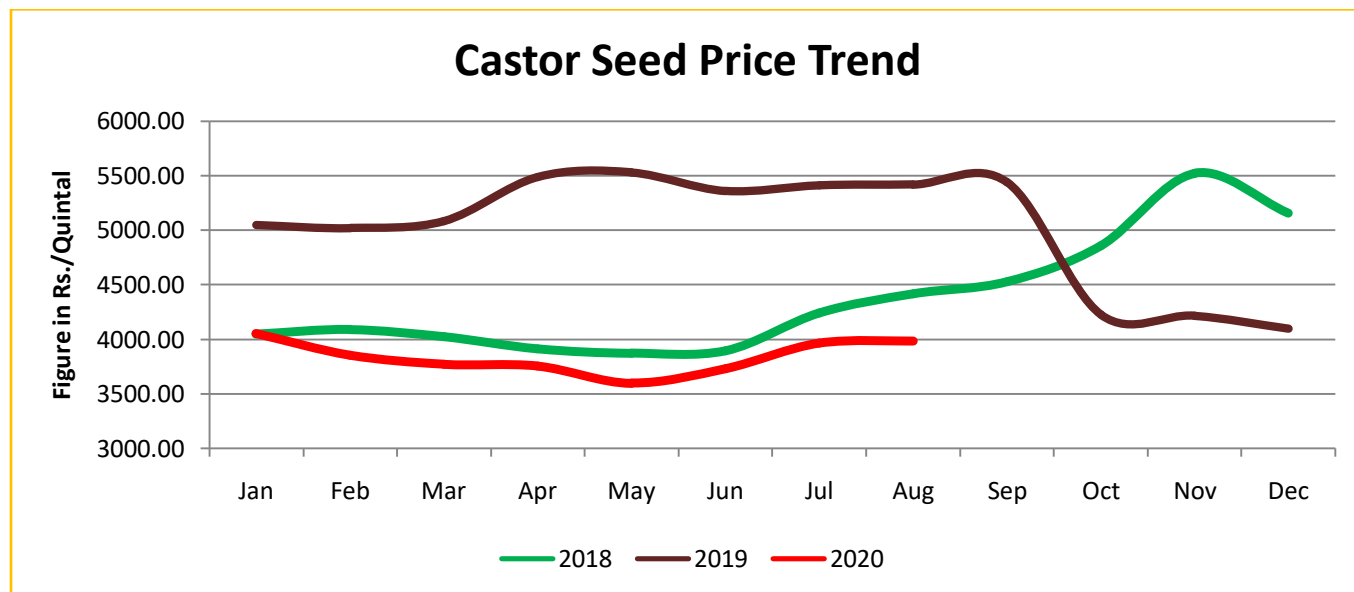
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Castor Domestic Market Fundamentals:

- The estimated production of Castor Seeds in this current year is 22 lakh tonnes. Out of this estimate 11 lakh tonnes of crop has already arrived in the market. The new season for Castor would arrive in next 5.5 months. So in next 5.5 months there would be availability of 11 lakh tonnes of extra Castor.
- Due to corona pandemic there is a news doing round that it is going to have very adverse impact over export of Castor, whereas the government data displays a different story. Last year between January to August the export was 3.89 lakh million tonnes, which during current year in the same period increased to 4.15 lakh million tonnes. So in total the export of castor has increased vis e vis last year.
- While speaking to several buyers of Castor oil, majority were of the view that due to slowdown in automobile, lubricant, paint and other related industries is increasing as a sequel of Corona Pandemic. In such a situation the demand of Castor oil has gone down has gone down. But due to increase in prices of oil by 30% Castor Oil is being used in place of Palm-Soya Oil in few industries, as a result it was expected that export of Castor Oil would decrease. But now in changed situation the demand for Castor Oil is expected to be at the same level as last year. Export in Sept-Dec and Jan-Feb is expected to be 40000 & 30000 tonnes respectively.
- As per government data, the sowing area of castor till date is 7.82 lakh hectares, which was 9.37 lakh hectares last year. So till date the sowing area has gone down by 20%. The clear report on Castor Sowing area would come in next 2-4 weeks.
- On observing the current export situation and the current available stock in the market there is no chance of any recovery in exports. Till the new arrivals the prices per 20 kgs would hover in the range of around 780-840.

Sowing Updates of Castor Seed:

State Wise castor Seed Sowing as on 19.09.2020				
State	2020	2019	Absolute Change	Normal Area
Gujarat	5.80	6.75	-0.99	6.15
Rajasthan	1.40	1.54	-0.15	1.69
Telangana	0.14	0.23	-0.09	0.23
Andhra Pradesh	0.18	0.33	-0.15	0.40
Karnataka	0.08	0.06	0.02	0.13
Maharashtra	0.06	0.06	0.00	0.13
Total	7.74	9.10	-1.36	9.07

Castor Price Trend:


Source: Agriwatch

Above price chart is of DeesaMandi 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
Higher Demand	Bullish
Higher Demand of Castor Oil	Bullish
Impact of Rain on Crop	Bullish
Based on Primary & Secondary Sources	

Castor Seed Demand & Supply:

All units in lakh tonnes	2017-18	2018-19	2019-20	2020-21*
Carry in	4.29	5.04	2.3	7.4
Production	14	11.25	19.6	18
Imports	0	0	0	0
Total Availability	18.29	16.29	21.9	25.4
Consumption (crushing)	13.25	14	14.5	15
Exports	0	0	0	0
Total Usage	13.25	14	14.5	15
Carry out	5.04	2.29	7.4	10.4
Av Monthly Consumption	1.10	1.17	1.21	1.25

Agriwatch is estimating that castor seed production is likely to down in this crop year-2020-21, as area is decreasing in many producing states including Gujarat which is one of the major producing state. This year it is estimated around 18 lakh tons of castor seed production which is down by 9% from last year production of 19.6 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:

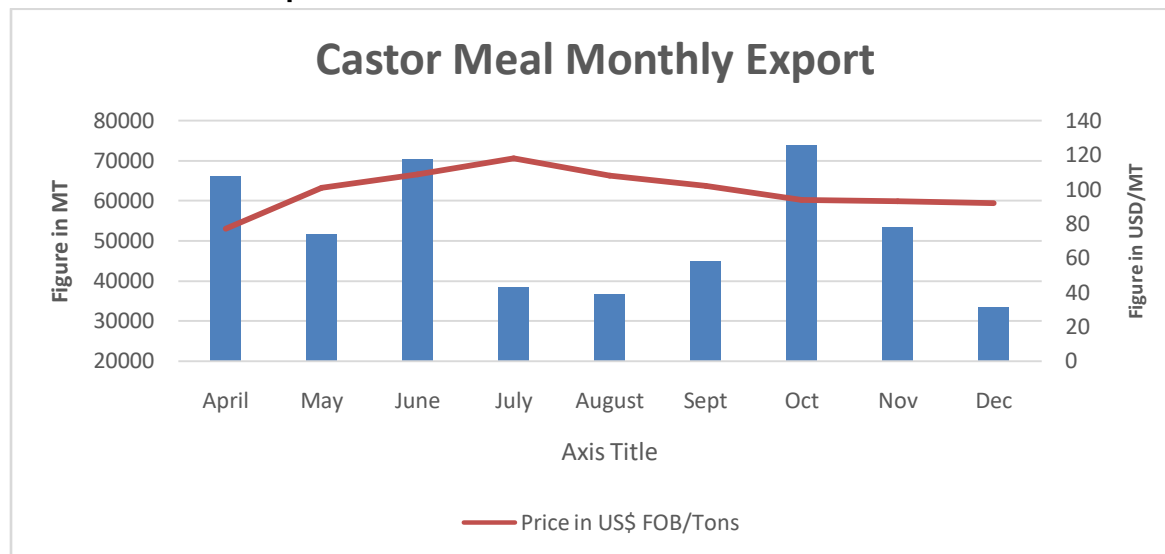
Preliminary Forecast For 2018-19				
All units in lakh tons	2015-16	2016-17	2017-18	2018-19*
Carry in	5.54	6.79	4.39	5.49
Production	14.00	10.60	14.30	9.45
Imports	0.00	0.00	0.00	0.00
Total Availability	19.54	17.39	18.69	14.94
Consumption	12.75	13.00	13.20	13.00
Exports	0.00	0.00	0.00	0.00
Total Usage	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 Pradeshis 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 oilmeals for the month of December 2019. The export of oilmeals 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 oilmeals 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 oilmeals, 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.

Technical Analysis:
Castor – Technical Outlook
Technical Commentary:

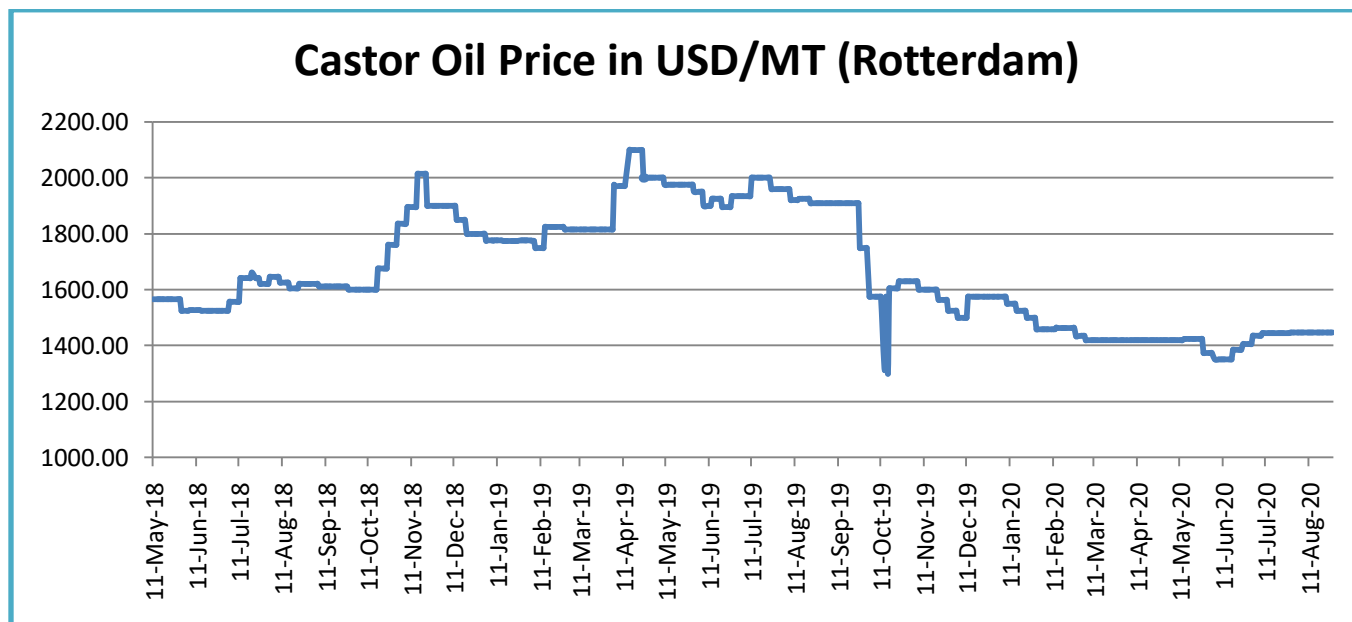
- Bullish in price witnessed due to fresh buying activity outlook in castor seed.
- Prices are likely to move steady to firm tone in coming week.
- Increase in prices with higher volume and OI indicates long build up.
- RSI is moving in neutral zone which indicates caution to bears.


Strategy: Buy

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Castor	NCDEX	Oct	3400	3300	4200	4400	4500
Pre Weekly Trade Call			Call	Entry	T1	T2	SL
Castor	NCDEX	oct	BUY	4140	4180	4190	4170

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

Expected Range	Rs/Qtl.(Low)	Rs /Qtl.(High)
Short term (15 days)	4200-4500	4300-4600
Medium Term (30 days)	4250-4550	4400-4800

Rotterdam Price:-


Comparative Prices Of Castor Products Including Seed					
	21st Aug'20	14th Aug'20	21st Jul'20	21st Aug'19	CHANGE %
Castorseed (Gujarat)((Rs./M.T) Ex-Mandi	40150	40350	40500	55712	-38.76
Castor Meal Export (FAS) (US\$ / MT),Ex Kandla	71.00	71.00	52.00	108.00	-52.11
EXPORT (FOR) Ports (Rs./MT)Castor meal bulk Kandla	4850	5150	3650	7459	-53.79
Castor Oil (First Grade) FOB Kandla (Export)\$ /Tonne	1150	1150	1165	1621	-40.96
Local rates for oil in domestic market(Rs./M.T.) for comm.	85500	85500	86000	115570	-35.17

Source: SEA

Castor Seed - Products Monthly Average Prices:

Commodity	Monthly Average Prices (Rs/ Quintal)			Change
Center	Market	20-Aug	20-Jul	
Gujarat	Patan	3968	4011	-43
	Harij	3943	3994	-51
	Rajkot	3834	3870	-36
	Gondal	3883	3924	-41
	Deesa	3984	3965	19
	Bhabar	3939	3944	-5
	Mehsana	3938	3971	-33
	Kadi	3994	3953	41
	Sabarkatha	3968	4017	-49
	Gandhi Nagar	3955	3992	-37
	Ahmedabad (Sanand)	NA	NA	-
	Halvad	3871	3820	51
	Junagadh	3758	3886	-128
	Dhrol	3671	3661	10
Rajasthan	Jodhpur	3769	3790	-21
	Sumerpur	3851	3860	-9

Castor Seed Cumulative Monthly Sum Arrivals in Key Centers:

Center	Market	Monthly Arrivals (Quintal)		Change
		20-Aug	20-Jul	
Gujarat	Patan	32168	88767	-56599
	Harij	23475	51375	-27900
	Rajkot	7190	15740	-8550
	Gondal	5757	13582	-7825
	Deesa	5735	15044	-9309

	Bhabar	32400	111232	-78832
	Mehsana	12638	21525	-8887
	Kadi	43720	90320	-46600
	Sabarkatha	4000	5680	-1680
	Gandhi Nagar	11475	9375	2100
	Ahmedabad (Sanand)	NA	NA	-
	Halvad	14850	33450	-18600
	Junagadh	325	742	-417
	Dhrol	48	207	-159
Rajasthan	Jodhpur	299	951	-652
	Sumerpur	9120	24400	-15280
Total Arrivals/Above Markets		203200	482390	-279190

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

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