

# **Castor Seed & Oil Monthly Research Report**

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**Castor Domestic Market Fundamentals:**

- **Price:** All India average price of castor seed traded firm in the month of September as buyers are active in the market. Castor seed price was around Rs.3720 per quintal against last month's prices of Rs.3600 per Quintal.
  - **Arrival:** down drastically to 203200 quintal from last month's arrivals of 482390 quintal.
  - According to Government 1<sup>st</sup> advance estimate, castor production in 2020-21 is estimated at 17.24 lakh tonnes. Last year total production of seed was reported 18.49 lakh tonnes which was a record in a decade.
  - As per statement given by Abhay Udeshi, Chairman of SEA of India, due to shortage of Hybrid seeds in the market, yield is likely to be down this year.
  - **Export:** India's castor oil exports gained by 35% from 48,589 tonnes to 65,682 tons in Aug,2020, according to data by The Solvent Extractors' Association of India. For Apr-July-2020, exports of the castor oil were at 195,478 tonnes, compared with 198,440 during the year-ago period.
  - Contrary to the fear of drop in castor oil exports due to the pandemic, last year between January to August,3.89 lakh million tonnes were exported, which has increased to 4.15 lakh million tonnes, this year.
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- On observing the current export quantum and the current available stock in the market it may not be possible to export any more until new arrivals enter the market and prices correct.
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- Prices of castor seed have risen from Rs.3700/quintal to Rs.4200/quintal in the last six months. Technically market prices will hover between Rs.3880-4400/quintal in the near future.

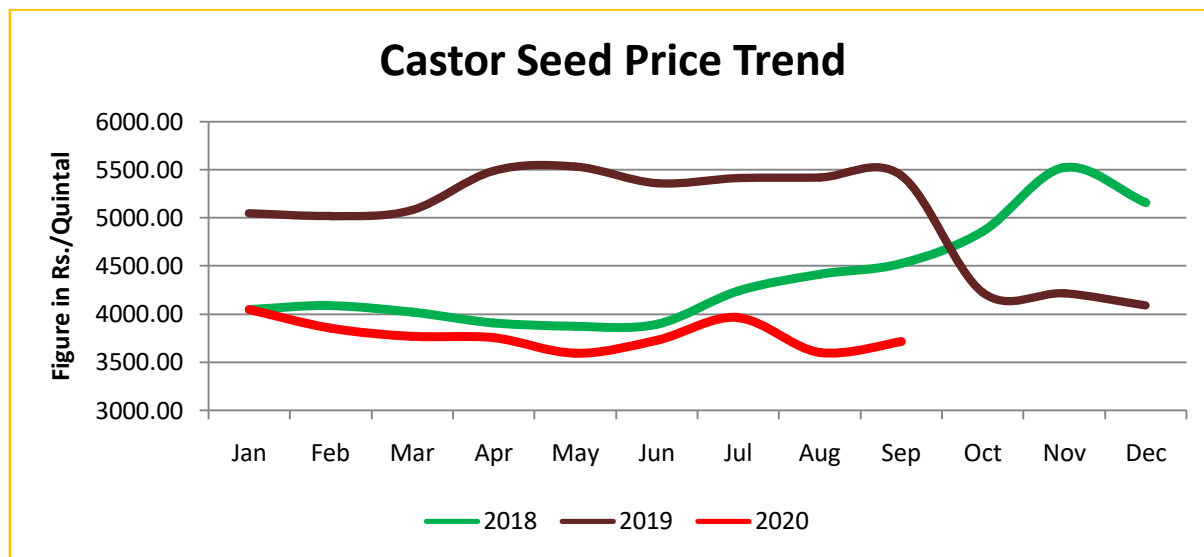
**Sowing Updates of Castor Seed:**

State Wise castor Seed Sowing as on 18.09.2020				
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
<b>Total</b>	<b>7.74</b>	<b>9.10</b>	<b>-1.36</b>	<b>9.07</b>

**Sowing:** According to the last sowing report as on 18<sup>th</sup> September 2020, all India Castor acreage is reported at 7.74 lakh hectares which is 14.92% lower than last year acreage of 9.10 lakh hectares in the same time period. Castor acreage in Gujarat this year is 5.80 lakh hectares against 6.79 lakh hectares, last year. Meanwhile acreage under castor seed is also reported down in other major producing states like Rajasthan, A.P. & Telangana.

**State wise Wholesale Prices Monthly Analysis for Castor Seed October, 2020**

State	Prices Oct, 2020	Prices Sept, 2020	Prices September, 2019	% Change(Over Previous Month)	% Change(Over Previous Year)
Andhra Pradesh	3628.87	3334.55	4621.85	8.83	-21.48
Gujarat	3960.71	3899.64	5429.21	1.57	-27.05
Karnataka	3601.88	3818.35	5000	-5.67	-27.96
Madhya Pradesh			3115.95	---	---
Maharashtra	3500	3278.33	4650	6.76	-24.73
Odisha			3828.57	---	---
Rajasthan	4053.74	3748.31	5231.22	8.15	-22.51
Tamil Nadu		3536.25	5225.43	---	---
Telangana	3572.75		4543.8	---	-21.37
Average	3719.66	3602.57	4627.34		

**Castor Price Trend:**


Source: Agriwatch

Above price chart is of DeesaMandi in Gujarat, which is a major market for castor seed. Castor seed price traded firm in last month due higher export as well domestic demand.

FUNDAMENTAL SUMMARY	
Price Drivers	Impact
Lower Production Estimates for 2020-21	Bullish
Higher Carryover stock	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	7.3
Production	14	11.25	19.5	17
Imports	0	0	0	0
Total Availability	18.29	16.29	21.8	24.3
Consumption (crushing)	13.25	14	14.5	15
Exports	0	0	0	0
Total Usage	13.25	14	14.5	15
<b>Carry out</b>	<b>5.04</b>	<b>2.29</b>	<b>7.3</b>	<b>9.3</b>
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 down in most producing states including Gujarat which is one of the major producing state. This year it is estimated around 17lakh tons of castor seed will be produced which is down by 12.8% from last year's production of 19.5 lakh tons. Carryover stock is continuously increasing which would not push the price in upward for long term. However, demand of castor Oil during festive season may support the price in near to midterm.

**Castor Oil Demand & Supply:**

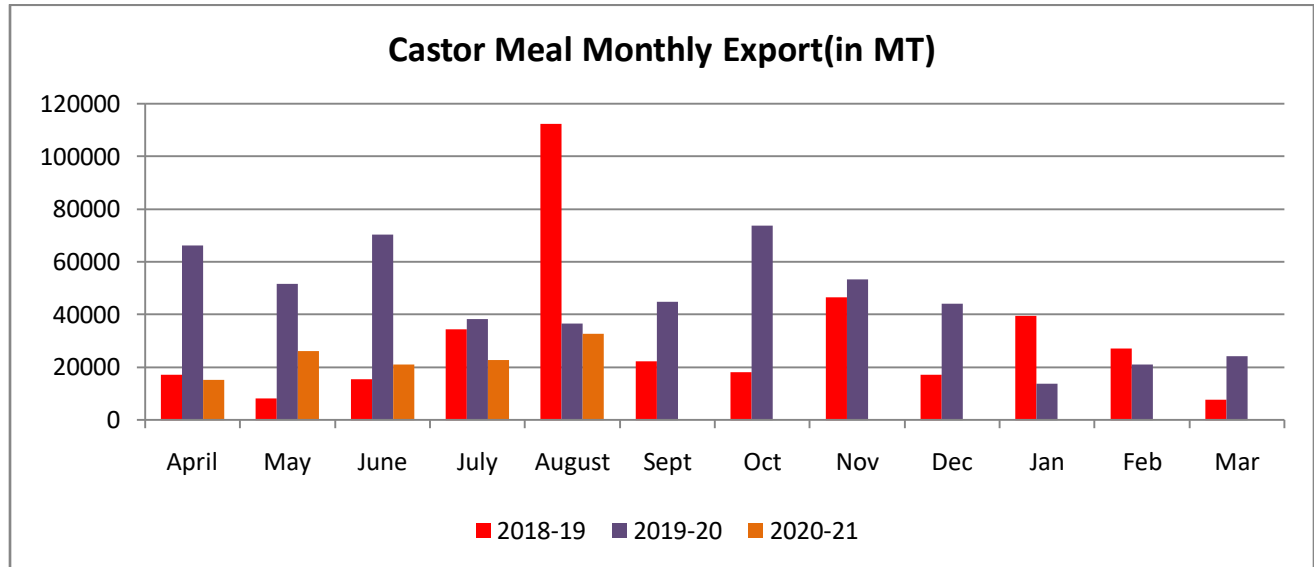
Preliminary Forecast For 2020-21				
All units in lakh tons	2017-18	2018-19	2019-20	2020-21
Carry in	2.31	1.80	0.58	3.75
<b>Production</b>	6.90	5.19	9.36	7.02
Imports	0.00	0.00	0.00	0.00
Total Availability	9.21	6.99	9.94	10.77
Consumption	0.90	0.70	0.80	1.25
Exports	6.51	5.71	5.39	5.80
Total Usage	7.41	6.41	6.19	7.05
<b>Carry out</b>	<b>1.80</b>	<b>0.58</b>	<b>3.75</b>	<b>3.72</b>
Av Monthly Consumption	0.08	0.06	0.07	0.10

**Castor Oil- Balance Sheet for 2020-21-**

With the recovery in demand from Overseas and domestic, consumption is likely to grow in MY-2020-21. Production of Oil is expected to down in this season with fall in production of castor seed. Export is once again likely to up by 7.6% from 5.39 lakh tonnes to 5.8 lakh tonnes in 2020-

21. Overall scenario for oil is likely to stay in range bound in terms of price as carryover is also almost same 3.75 lakh tonnes to 3.72 lakh tonnes.

#### Castor Oil Meal Export Trend:



As per the Solvent Extractors' Association of India (SEA), castor meal exports in the month of Aug'20 is reported at 32,825 tonnes which is 25% higher than the exports of July'20 of 22,786 tonnes. On a cumulative basis, exports were 118,432 tonnes from Apr to Aug'2020 which is lower than last year exports of 263,520 tonnes during the same period.

**Technical Analysis:**
**Castor – Technical Outlook**
**Technical Commentary:**

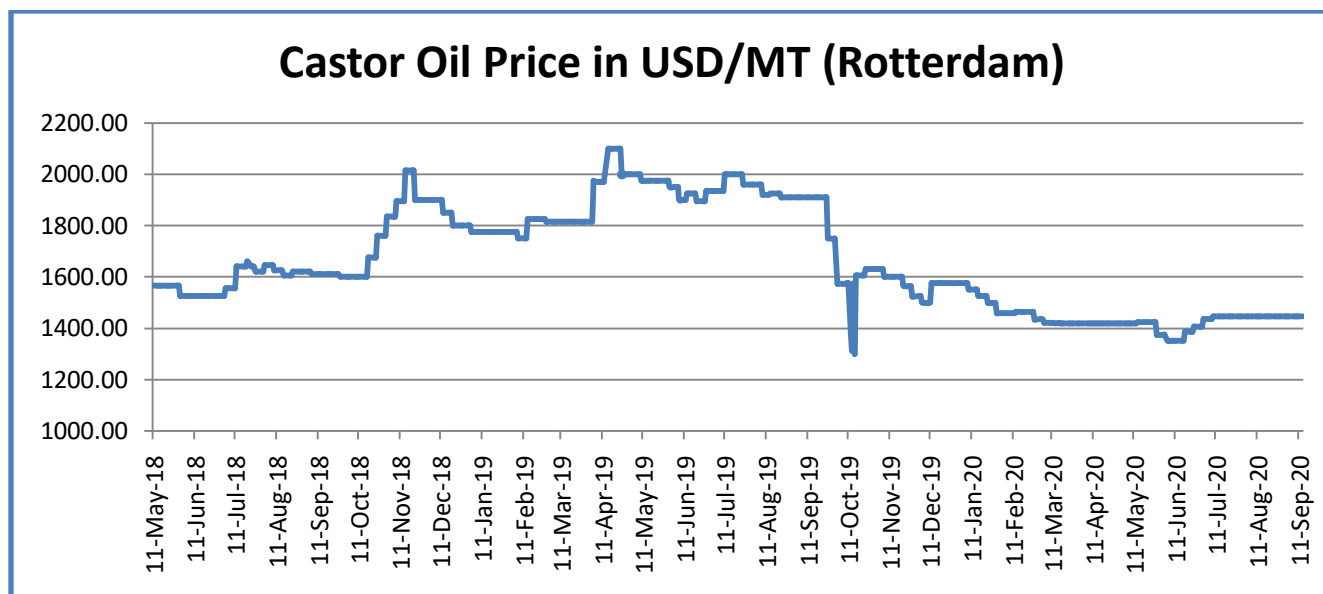
- Bullish in price witnessed due to fresh buying activity outlook in castor seed.
- Prices are likely to move steady to firm tone in coming week.
- Increase in prices with higher volume and OI indicates long build up.
- RSI is moving in neutral zone which indicates caution to bears.


**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)	4150-4300	4300-4600
Medium Term (30 days)	4250-4550	4400-4800

**Rotterdam Price:-**

**Comparative Prices Of Castor Products Including Seed**

	<b>16th Oct'20</b>	<b>9th Oct'20</b>	<b>16th Sep'20</b>	<b>16th Oct'19</b>	<b>CHANGE %</b>
Castorseed (Gujarat)((Rs./M.T) Ex-Mandi	42100	42100	40700	44975	<b>-6.83</b>
Castor Meal Export (FAS) (US\$ / MT),Ex Kandla	85.00	85.00	83.00	94.00	<b>-10.59</b>
EXPORT (FOR) Ports (Rs./MT)Castor meal bulk Kandla	5850	5950	6000	6431	<b>-9.93</b>
Castor Oil (First Grade) FOB Kandla (Export)\$ /Tonne	1210	1210	1180	1321	<b>-9.17</b>
Local rates for oil in domestic market(Rs./M.T.) for comm.	87800	88000	86500	95075	<b>-8.29</b>

**Source: SEA**



**Castor Seed - Products Monthly Average Prices:**

Commodity	Monthly Average Prices (Rs/ Quintal)			Change
Center	Market	20-Oct	20-Sep	
<b>Gujarat</b>	Patan	4185	4045	140
	Harij	4125	4010	115
	Rajkot	4025	3860	165
	Gondal	4070	3913	157
	Deesa	4160	4040	120
	Bhabar	4155	4046	109
	Mehsana	4160	4000	160
	Kadi	4180	4050	130
	Sabarkatha	4155	4034	121
	Gandhi Nagar	4160	4010	150
	Ahmedabad (Sanand)	4045	NA	-
	Halvad	4055	3939	116
	Junagadh	3925	3798	127
	Dhrol	3405	3688	-283
<b>Rajasthan</b>	Jodhpur	4015	3905	110
	Sumerpur	4045	3906	139

**Castor Seed Cumulative Monthly Sum Arrivals in Key Centers:**

Center	Market	Monthly Arrivals (Quintal)		Change
		20-Oct	20-Sep	
<b>Gujarat</b>	Patan	64631	54802	9829
	Harij	36638	33225	3413
	Rajkot	13695	14620	-925
	Gondal	16900	17010	-110
	Deesa	9059	7497	1562

	Bhabar	7120	8808	<b>-1688</b>
	Mehsana	25575	17850	<b>7725</b>
	Kadi	79680	91880	<b>-12200</b>
	Sabarkatha	5440	11560	<b>-6120</b>
	Gandhi Nagar	18713	19463	<b>-750</b>
	Ahmedabad (Sanand)	54	NA	-
	Halvad	51750	37800	<b>13950</b>
	Junagadh	1159	764	<b>395</b>
	Dhrol	15	36	<b>-21</b>
<b>Rajasthan</b>	Jodhpur	30	45	<b>-15</b>
	Sumerpur	7840	10320	<b>-2480</b>
<b>Total Arrivals/Above Markets</b>		<b>338299</b>	<b>325680</b>	<b>12619</b>

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

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