

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 November as buyers are active in the market. Castor seed price was around Rs.4570 per quintal against last month's prices of Rs.4181 per Quintal.
- **Arrival:** Down in November -2020, drastically to 252269 quintal from last month's arrivals of 338299 quintal.
- All the Edible oil players are of the opinion that during 1st half of 2021 the Castor Prices would remain strong. It is expected that due to less usage of certified seeds the productivity of Castor might go down by 10 % in current season.
- Further it is also expected that between January to September there would be an increase of 5% in Castor Oil price, taking the exports during the year up by 5%. Meanwhile, the prices if castor would stay strong till arrival of new castor crop begins from February end. Earlier due to COVID-19, it was expected that there would be a decline of 10% in Castor exports.
- But due to overstocking by China, the export of Castor has gone up by 12% during January to September. During current year the Castor Exports has been 2.14 Lakh tonnes where as last year corresponding period, total export was 1.85 lakh tonnes.
- Due to less availability of Hybrid Castor seeds the productivity this year might go down by 10%. Last year, per hectare productivity was 2200 Kgs, which is expected to go down to 1900-2000Kgs. As per government data, during current year the sowing of Castor has gone down by 16%. But there has been late sowing also, which got impacted due to rainfall leading to damage to 10% of the total sowing area.
- During Rabi season, since the prices of other crops is higher than castor, so farmers would prefer to shift to crops other than castor. If this happens the sowing area of Castor might go down by 20-25%.
- Moreover, since there has been increased in Castor exports along with reduction in sowing area by 16% so the castor prices would stay strong till the arrival of new castor crop. In coming 2 months, the prices of Castor might go up to Rs.4300/ to Rs. 4500/quintal.

- The castor export between January to September has gone up by 10-12%. In the overall export data for castor, exports to China has gone up by 17%, to Europe it has gone down by 1-2%.
- The estimated production of Castor in current year was 22 Lakh tonnes, out of which 13 Lakh tonnes has already arrived in market. So by the time new Castor crop arrival after February, the total availability of Castor for Industries is only 8.5-9 Lakh tonnes.

Sowing Updates of Castor Seed:

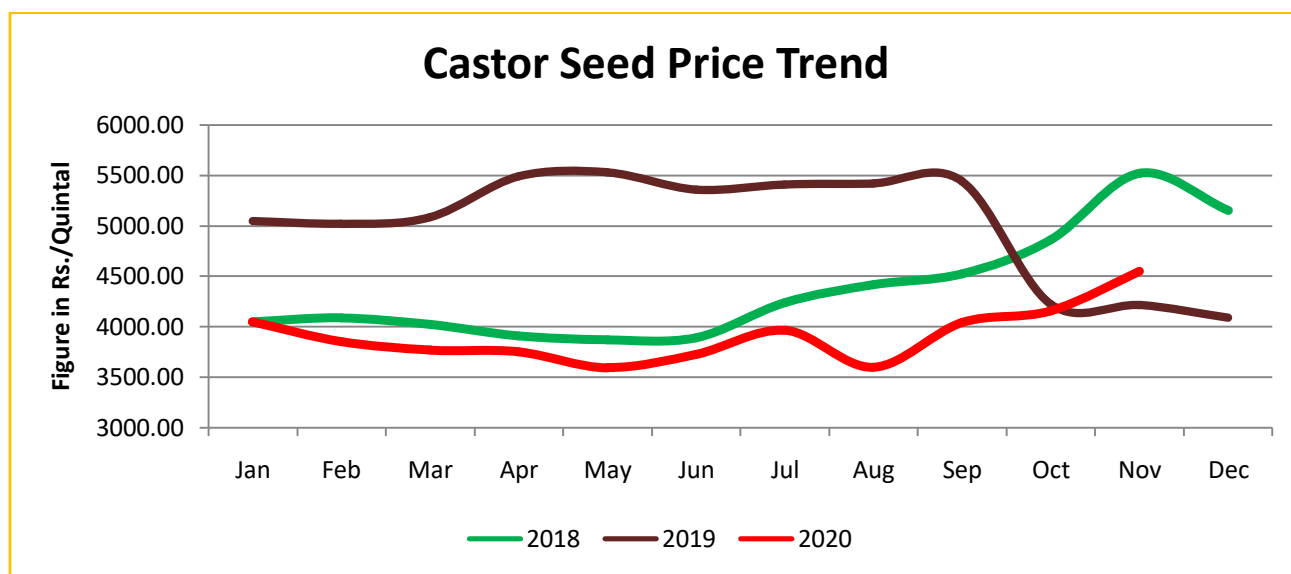
State Wise castor Seed Sowing as on 18.09.2020				
State	2020	2019	Absolute Change	Normal Area
Gujarat	5.80	6.75	-0.99	6.15
Rajasthan	1.40	1.54	-0.15	1.69
Telangana	0.14	0.23	-0.09	0.23
Andhra Pradesh	0.18	0.33	-0.15	0.40
Karnataka	0.08	0.06	0.02	0.13
Maharashtra	0.06	0.06	0.00	0.13
Total	7.74	9.10	-1.36	9.07

Sowing: According to the last sowing report as on 18th 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 November, 2020

State	Prices November, 2020	Prices October, 2020	Prices November, 2019	% Change(Over Previous Month)	% Change(Over Previous Year)
Andhra Pradesh	4101.09	3390.1	3542.71	20.97	15.76
Gujarat	4494	4091.55	4262.99	9.84	5.42
Karnataka	3907.22	3561.23	3804.84	9.72	2.69
Maharashtra	3500	3415		2.49	---
Rajasthan	4092.9	3893.09	4094.02	5.13	-0.03

Tamil Nadu	3857.2	4030.42		-4.3	---
Average	3992.07	3730.23	3884.08		

Castor Price Trend:


Source: Agriwatch

Above price chart is of Deesa Mandi 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 and lower arrival.

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
Carry out	5.04	2.29	7.3	9.3
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:

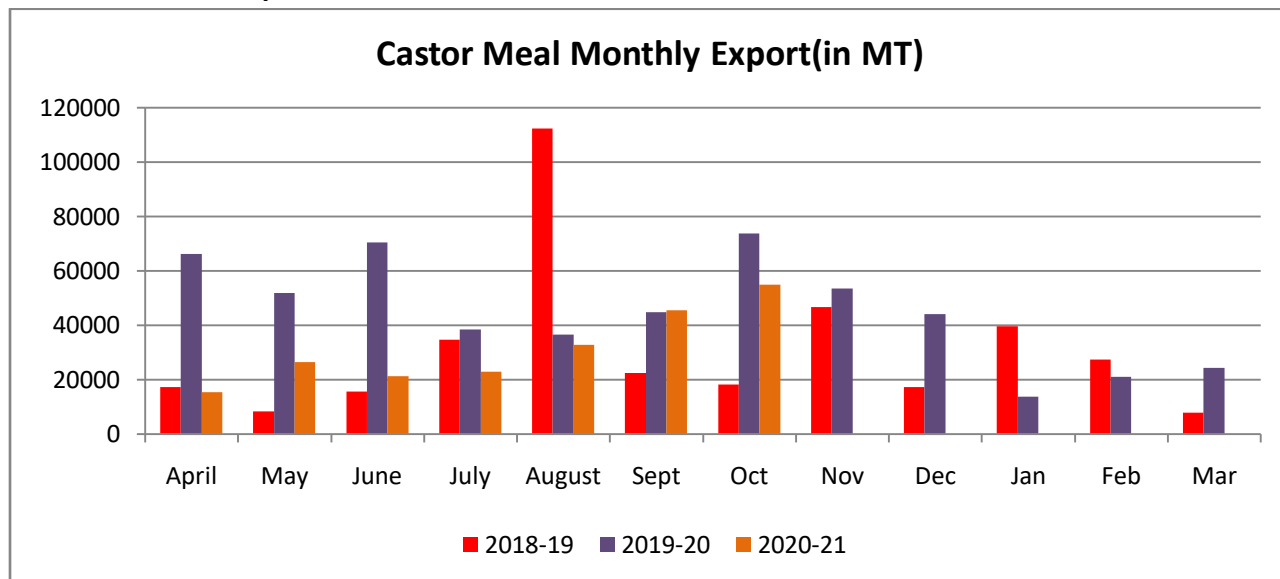
Preliminary Forecast For 2020-21				
All units in lakh tons	2017-18	2018-19	2019-20	2020-21
Carry in	2.31	1.80	0.58	3.75
Production	6.90	5.19	9.36	7.02
Imports	0.00	0.00	0.00	0.00
Total Availability	9.21	6.99	9.94	10.77
Consumption	0.90	0.70	0.80	1.25
Exports	6.51	5.71	5.39	5.80
Total Usage	7.41	6.41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



The Solvent Extractors' Association of India has compiled the export data for export of Oil-meals for the month of October 2020 and provisionally reported at 317,394 tons compared to 238,992 tons in October, 2019 i.e. up by 33%. The overall export of Oil-Meals during April to October 2020 recovered and provisionally report at 1,617,528 tons compared to 1,526,471 tons during the same period of previous year i.e. up by 6%. During April-Oct., 2020, South Korea imported 509,266 tons of Oil-meals (compared to 583,706 tons); consisting of 342,596 tons of rapeseed meal, 133,534 tons of castor seed meal and 33,136 tons of soybean meal.

Technical Analysis:
Castor – Technical Outlook
Technical Commentary:

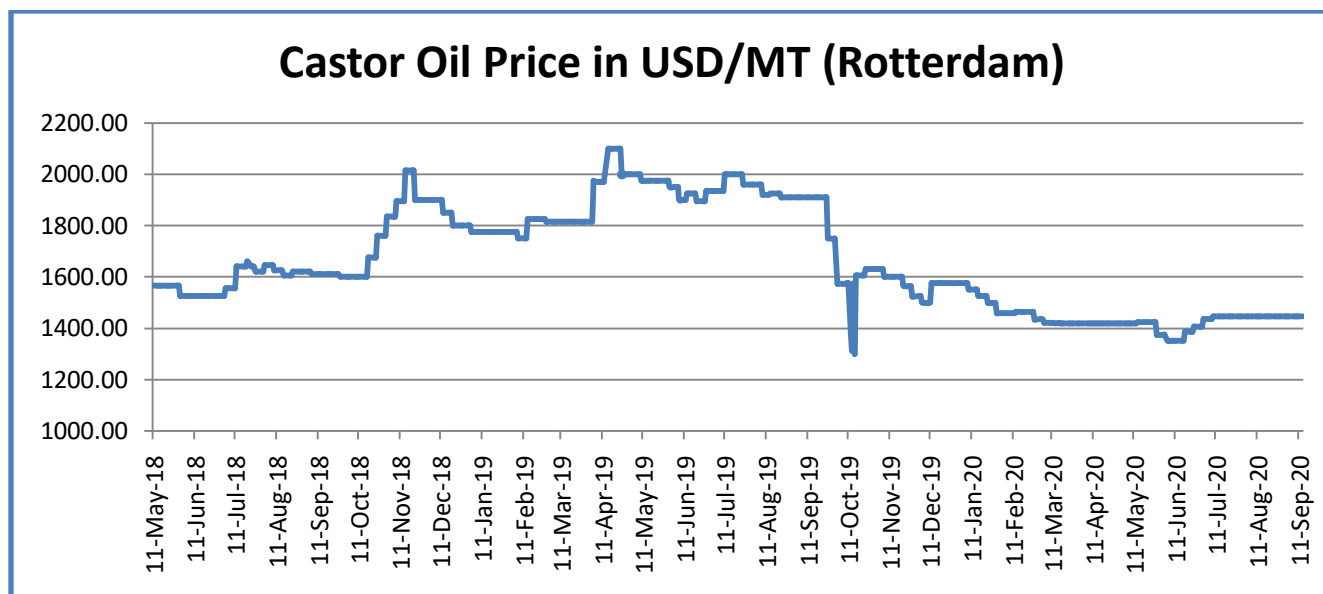
- Prices are likely to move steady tone in coming week.
- Decrease in prices with lower volume and OI indicates short build up.
- RSI is moving in neutral zone which indicates caution to bears.


Strategy: Buy

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Castor	NCDEX	Dec	4100	4200	4598	4890	4950
Pre Weekly Trade Call			Call	Entry	T1	T2	SL
Castor	NCDEX	Dec	BUY	4450	4530	4580	4435

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

Expected Range	Rs/Qtl.(Low)	Rs /Qtl.(High)
Short term (15 days)	4200-4350	4300-4600
Medium Term (30 days)	4400-4500	4400-4900

Rotterdam Price:-


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

Source: SEA

Castor Seed - Products Monthly Average Prices:

Commodity	Monthly Average Prices (Rs/ Quintal)			Change
Center	Market	20-Nov	20-Oct	
Gujarat	Patan	4570	4185	385
	Harij	4610	4125	485
	Rajkot	4420	4025	395
	Gondal	4480	4070	410
	Deesa	4555	4160	395
	Bhabar	4555	4155	400
	Mehsana	4565	4160	405
	Kadi	4540	4180	360
	Sabarkatha	4440	4155	285
	Gandhi Nagar	4550	4160	390
	Ahmedabad (Sanand)	4325	4045	280
	Halvad	4400	4055	345
	Junagadh	4365	3925	440
	Dhrol	3630	3405	225
Rajasthan	Jodhpur	4405	4015	390
	Sumerpur	4405	4045	360

Castor Seed Cumulative Monthly Sum Arrivals in Key Centers:

Center	Market	Monthly Arrivals (Quintal)		Change
		20-Nov	20-Oct	
Gujarat	Patan	49050	64631	-15581
	Harij	34725	36638	-1913
	Rajkot	11940	13695	-1755
	Gondal	12121	16900	-4779
	Deesa	4013	9059	-5046
	Bhabar	5760	7120	-1360
	Mehsana	18750	25575	-6825

	Kadi	44136	79680	-35544
	Sabarkatha	3760	5440	-1680
	Gandhi Nagar	10763	18713	-7950
	Ahmedabad (Sanand)	26	54	-28
	Halvad	51525	51750	-225
	Junagadh	720	1159	-439
	Dhrol	20	15	5
Rajasthan	Jodhpur	NA	30	-
	Sumerpur	4960	7840	-2880
Total Arrivals/Above Markets		252269	338299	-86030

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

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