

Castor Seed & Oil Monthly Research Report

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Castor Domestic Market Fundamentals:

- **Price:** All India average price of castor seed traded weak in the month of December as buyers are sluggish in the market. Castor seed price was around Rs.4363 per quintal against last month's prices of Rs.4553 per Quintal.
- **Arrival:** Down in December -2020, drastically to 201065 quintal from last month's arrivals of 252269 quintal.
- The acreage under Castor Crop has declined by 20-25 %. It is expected that the last Monsoonal rains damaged the castor crops by 5-10%. Besides this damage the acreage under Castor is also anticipated to go down. As per primary estimate, above two factors would lead to a decline of 4-5 lakh tonnes in the total production of Castor seeds. In 2019 total production of Castor Seeds was close to 20 lakh tonnes, which is anticipated to come down to 15 lakh tonnes in 2020.
- Late sowing of Castor is a hot topic of discussion amongst the farmers and traders, but chances of sowing after 15th October is very less. In contrast in certain areas early sowing of Castor has also happened as arrival of Castor seed from current season has also commenced in certain mandis. Now at certain markets mix of new and old season castor seeds is very much visible.
- After 1st phase of Castor Harvest and seeds picking, the news of 2nd phase of picking castor seeds is also coming up. Though this has happened in very few areas. This year the exports of Castor Oil have grown by 15 % as compared to last year. Major chunk has been exported to China. There has been no enhancement in the export of castor seeds to Western Markets.
- And with the news of Corona Vaccine coming up the economic activities would remain bullish so the export of Castor Oil is anticipated to be between the two export numbers achieved during 2019 & 2020. An estimated figure for export during 2021 is 6 lakh tonnes.
- The prices of Castor seeds would go down is very unlikely. Apparently there would be a strong international demand. Chances of major jump in the prices of Castor seeds are very minimal due to current prevailing situation.
- On a day today basis 45000 bags of Castor is arriving whereas 80000 bags of Castor is being crushed in mills every day. So the pipeline is getting shortened. Extra stock with traders is gradually coming down and getting exhausted. The castor oil exports in 2020

has grown up by 18%. The export to China has grown substantially as compared to other global markets.

- In 2020 bumper castor crop was expected. This anticipation by Castor Oil importing countries led to decline in their inventory of Castor Seeds and oil, this led to decline in export numbers. The estimated production of Castor in 2020-21 is 15.10 lakh tonnes and the carry forward stock of Castor would be 3.29 lakh tonnes. In the current prevailing situation when Corona Vaccination has begun in some of the western countries the global economic activities are expected to remain bullish in 2021. This indicates that the demand of Castor Seeds and oil in the international market would remain strong.
- The export numbers to China has remained substantially good. Though during the Lunar New Year the demand for Castor might slow down, but once that gets over the demand would again pick up. And in western market especially US and West European markets the demand for Castor Oil has started picking up after Christmas.
- 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.

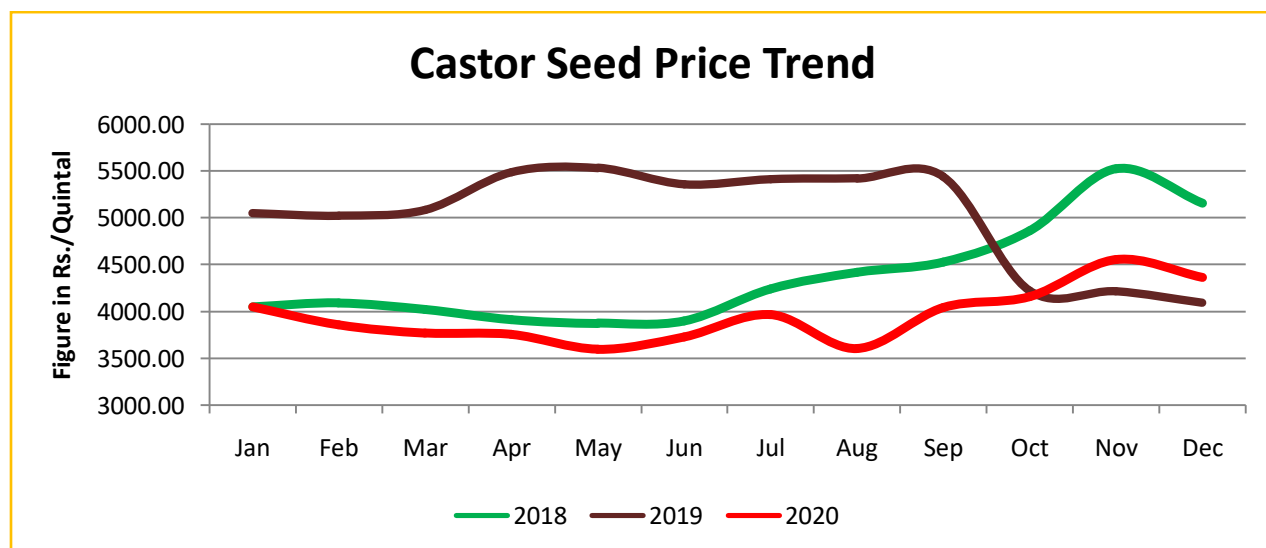
State wise Wholesale Prices Monthly Analysis for Castor Seed December, 2020

State	Prices December,	Prices November,	Prices December,	% Change(Over Previous	% Change(Over Previous
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	2020	2020	2019	Month)	Year)
Andhra Pradesh	3826.98	4101.09	3683.94	-6.68	3.88
Gujarat	4371.6	4494	4069.64	-2.72	7.42
Karnataka	3653.57	3907.22	4402.63	-6.49	-17.01
Maharashtra		3500		---	---
Rajasthan	4166.07	4092.9	4079.43	1.79	2.12
Tamil Nadu	4022.14	3857.2		4.28	---
Telangana			3849.75	---	---
Average	4008.07	3992.07	4017.08		

*Report Generation: As per the data reported by APMCs
Prices in Rs/Quintal

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 weak in last month due to higher carryover stock estimate.

FUNDAMENTAL SUMMARY	
Price Drivers	Impact
Lower Production Estimates for 2020-21	Bullish
Higher Carryover stock	Bearish
Higher Export Demand of Meal	Bullish
Higher Demand of Castor Oil	Bullish
Impact of Rain on Crop	Bullish
<i>Based on Primary & Secondary Sources</i>	

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:

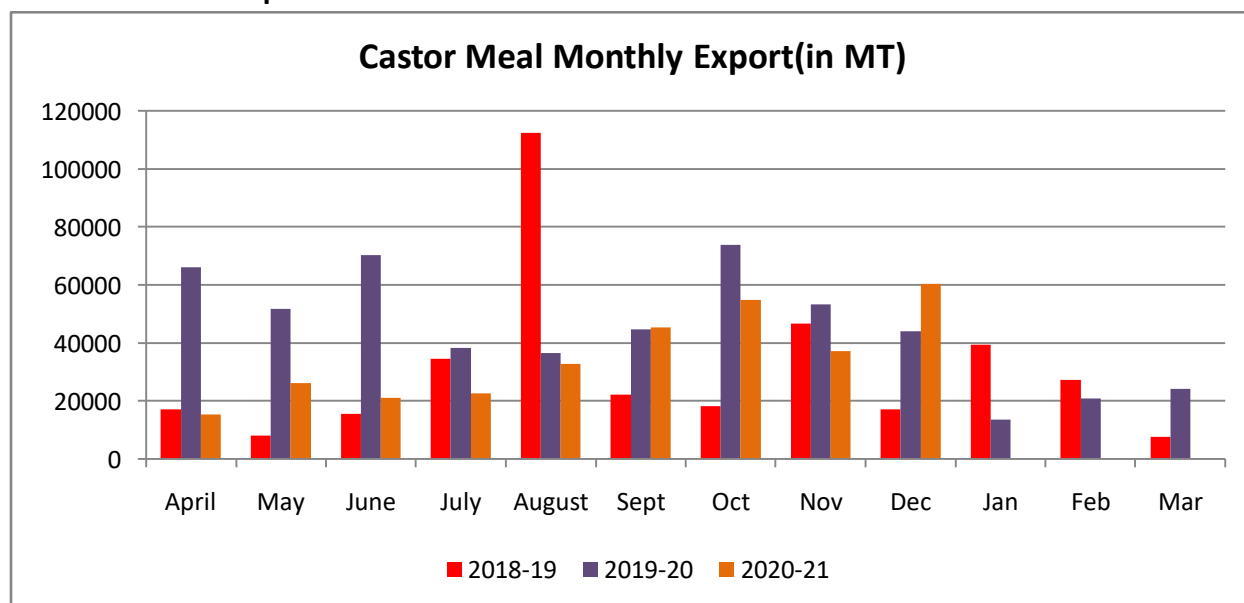
Preliminary Forecast For 2020-21				
All units in lakh tons	2017-18	2018-19	2019-20	2020-21
Carry in	2.31	1.80	0.58	3.75

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:



During April-Dec., 2020, South Korea imported 680,791 tons of oilmeals (compared to 727,194 tons); consisting of 425,369 tons of rapeseed meal, 208,809 tons of castorseed meal and 46,613 tons of soybean meal. Vietnam imported 326,630 tons of oilmeals (compared to 242,622 tons); consisting of 183,737 tons of De-oiled Rice Bran, 137,290 tons of rapeseed meal, 5,378 tons of soybean meal and 225 tons of groundnut meal. Thailand imported 132,737 tons of oilmeals (compared to 185,327 tons); consisting of 124,220 tons of rapeseed meal, 6,101 tons of soybean meal and 2,380 tons of rice bran extraction. U.S.A. imported 176,528 tons of oilmeals

(compared to 150,191 tons); consisting of 175,798 tons of soybean meal and small quantity of 620 tons of rapeseed meal and 110 tons of castorseed meal. Bangladesh turn out to big importer of rapeseed meal and ricebran extraction. Bangladesh imported 340,771 tons of oilmeals (compared to 34,552 tons), consisting of 162,771 tons of rapeseed meal, 94,241 tons of ricebran extractions and 83,759 tons of soybean meal. Also export of soybean meal to Iran picking up and during December, 2020 about 42,000 tons shipped.

Technical Analysis:

Castor – Technical Outlook

Technical Commentary:

- Prices are likely to move steady to weak 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.

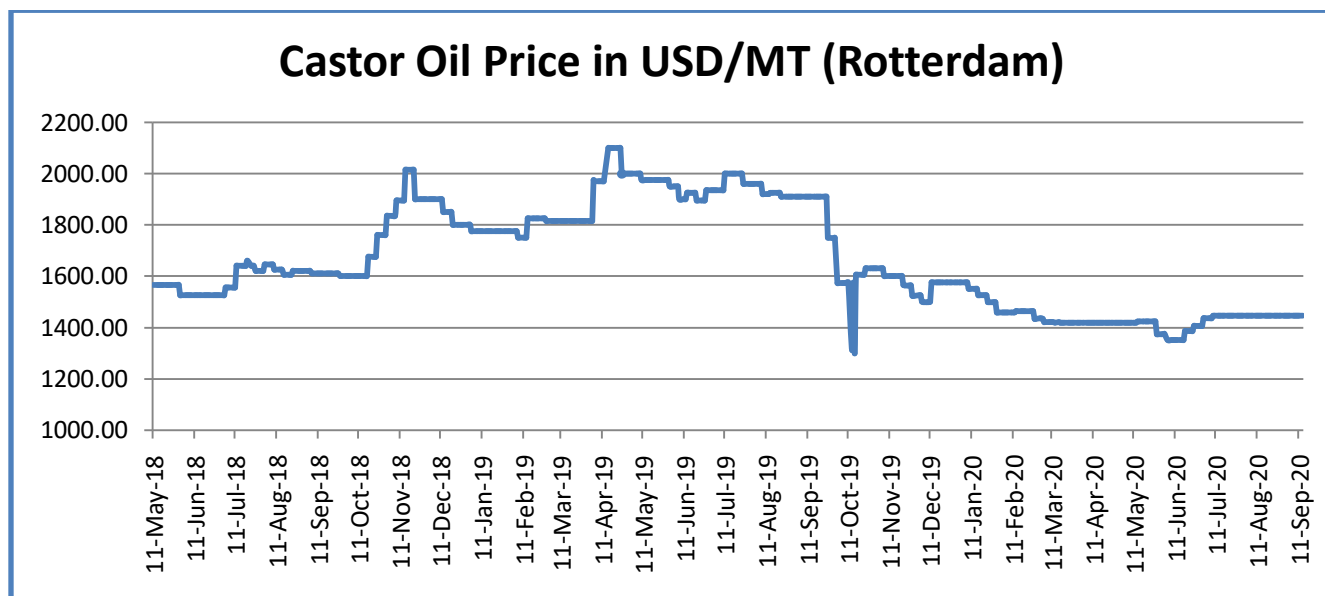


Strategy: Sell

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Castor	NCDEX	Feb	4100	4250	4408	4669	4880
Pre Weekly Trade Call			Call	Entry	T1	T2	SL
Castor	NCDEX	Feb	Sell	4460	4430	4400	4480

Cash Market (Deesa) Expected Price Range for Jan-2021:-

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-Dec	20-Nov	
Gujarat	Patan	4395	4570	-175
	Harij	4400	4610	-210
	Rajkot	4275	4420	-145
	Gondal	4325	4480	-155
	Deesa	4415	4555	-140
	Bhabar	4420	4555	-135
	Mehsana	4415	4565	-150
	Kadi	4390	4540	-150
	Sabarkatha	4425	4440	-15
	Gandhi Nagar	4415	4550	-135
	Ahmedabad (Sanand)	NA	4325	-
	Halvad	4440	4400	40
	Junagadh	4255	4365	-110
	Dhrol	3725	3630	95
Rajasthan	Jodhpur	4335	4405	-70
	Sumerpur	4255	4405	-150

Castor Seed Cumulative Monthly Sum Arrivals in Key Centers:

Center	Market	Monthly Arrivals (Quintal)		Change
		20-Dec	20-Nov	
Gujarat	Patan	65625	49050	16575
	Harij	19500	34725	-15225
	Rajkot	7405	11940	-4535
	Gondal	12650	12121	529
	Deesa	5595	4013	1582
	Bhabar	6970	5760	1210
	Mehsana	17918	18750	-832

	Kadi	27016	44136	-17120
	Sabarkatha	3800	3760	40
	Gandhi Nagar	11813	10763	1050
	Ahmedabad (Sanand)	NA	26	-
	Halvad	15300	51525	-36225
	Junagadh	572	720	-148
	Dhrol	21	20	1
Rajasthan	Jodhpur	NA	NA	-
	Sumerpur	6880	4960	1920
Total Arrivals/Above Markets		201065	252269	-51204

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

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