



# Castor Weekly Research Report

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**Castor Domestic Market Fundamentals:**

- Castor seed prices have been moving up since June due to estimates of lower production. With fundamentals continuing to support, prices are expected to move up further in the coming months.
- Prices have been moving sideways with a negative bias since the beginning of the year till June. According to the agriculture ministry data, castor acreage across the country was 5.2 per cent up at 8,59,400 hectares this season due to a sharp rise in area under cultivation in Rajasthan.
- As per the data, acreage in Rajasthan was 64.8 per cent up at 2,64,400 hectares, though acreage in Gujarat was down by 11.8 per cent at over 500,000 hectares. The decline in Gujarat was compensated by the rise in acreage in Rajasthan. Gujarat is the largest castor seed producing state accounting for 70 per cent area and 86 per cent production, followed by Rajasthan and Andhra Pradesh.
- However, since June prices started moving up after the crop estimates were released. In its first advance estimates for 2018-19, the Gujarat agriculture department estimated castor crop to decline by 21 per cent to 1.173 million tonnes against 1.484 million tonnes last year, said Ritesh Kumar Sahu, fundamental analyst, agri commodities, Angel Broking.
- Gujarat production forecast also affected the national production estimates. Against the production target of 1.831 million tonnes, the agriculture ministry in its first advance estimate predicted the production to be 1.517 million tonnes, down 17.2 per cent from last year. The country had produced 1.568 million tonnes of castor seed last year. Late arrival of monsoon rains in castor producing areas of Gujarat and Rajasthan also supported prices.
- Between June and September, castor seed prices moved up by 17 per cent from Rs 4,100 per quintal to Rs 4,800 per quintal. But during August-September prices also remained stagnant for some time reacting to the export demand for castor oil and castor meal.
- Between April and August, castor oil exports were down by more than 12 per cent at 239,000 tonnes. While castor oil exports to China went up by 12.3 per cent to 1,03,951 tonnes, that to the US, the Netherlands and France declined by 27.6 per cent, 15.35 per cent and 25.5 per cent, respectively. China is main export destination for Indian castor oil followed by the Netherlands, the US and France. The country had shipped around 639,000 tonnes of castor oil in 2017-18.
- Castor meal exports too were down in the first half of 2018-19 – between April and September – by about 32 per cent at 2,02,407 tonnes against 2,99,271 tonnes during the same period last year. Castor meal export prices have been higher by average 40 per cent during the last two months against the same period last year. This affected the demand for castor meal. South Korea is the largest buyer of Indian castor meal, accounting for more than 75 per cent of exports, followed by Taiwan.

- As far as prices are concerned, more upside is expected in the coming months. "With the expectation of lower crop production in Gujarat and increase in meal exports, we anticipate castor prices to trade positive in coming months. In the current season, the peak arrivals may delay by 15-30 days due to late arrival of monsoon rains. Moreover, drier climate in main castor producing districts of Banaskantha, Patan and Mehsana in Gujarat may affect castor crop yield. Hence, we expect the prices to move towards Rs 5,100-5,300 per quintal in short to medium term," said Sahu.

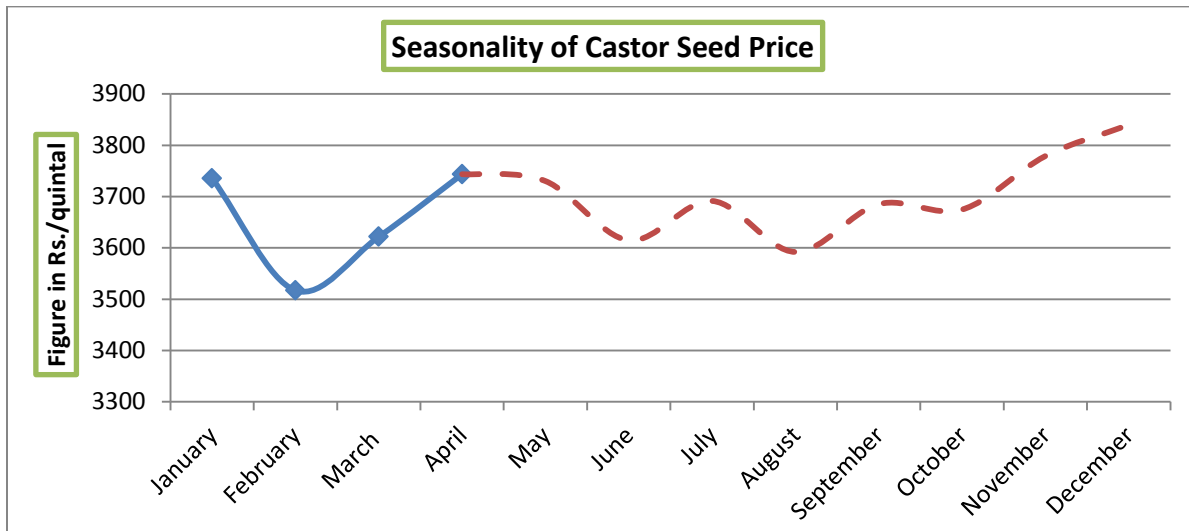
**Kharif Castor Seed Sowing Updates as on 20.09.2018 (in Lakh Hectare):**

	CASTORSEED					
State	Normal Area	Normal Area as on date	Area sown reported			Absolute Change
			This Year	% of Normal	Last Year	
Andhra Pradesh	0.63	0.39	0.33	52.4	0.26	0.07
Assam	0.01	0.00	0.00	0.0	0.00	0.00
Gujarat	6.70	6.40	5.08	75.8	5.76	-0.68
Haryana	0.01	0.01	0.01	122.4	0.01	0.00
Jharkhand	0.01	0.00	0.01		0.01	
Karnataka	0.11	0.11	0.07	66.0	0.07	0.00
Madhya Pradesh	0.05	0.00	0.00	0.0	0.00	0.00
Maharashtra	0.15	0.16	0.10	63.8	0.07	0.03
Odisha	0.11	0.06	0.05	41.8	0.05	-0.01
Rajasthan	1.96	1.74	2.64	135.1	1.60	1.04
Tamil Nadu	0.06	0.03	0.02	38.2	0.02	0.00
Telangana	0.72	0.52	0.26	35.8	0.31	-0.05
All-India	10.51	9.44	8.59	81.8	8.17	0.42

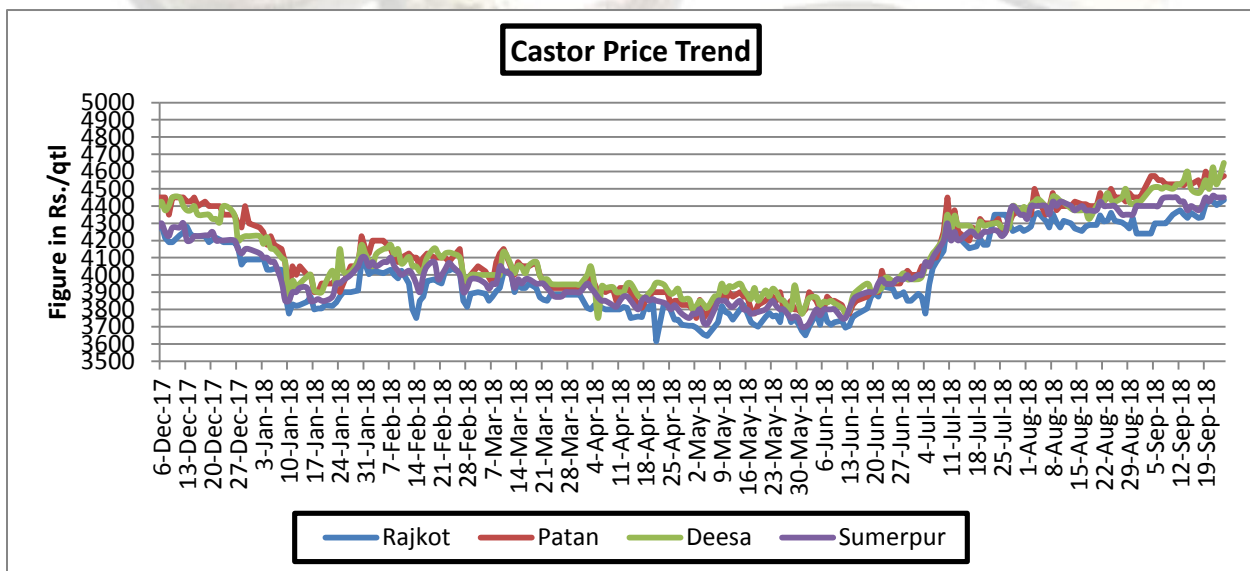
All India castor seed sowing as on 20<sup>th</sup> Sept -2018 was 8.59 lakh hectares which is up by 5.19% from last year corresponding period area of 8.17 lakh hectares and 9% down by normal area of corresponding period area of 9.44 lakh hectares. Lower area is reported from the states of Odisha, Telangana and Gujarat.

**Stake holders in cash market may opt for buying seed around Rs. 4400 to Rs.4600 for profit purpose.**

## Seasonality of Castor Seed Price



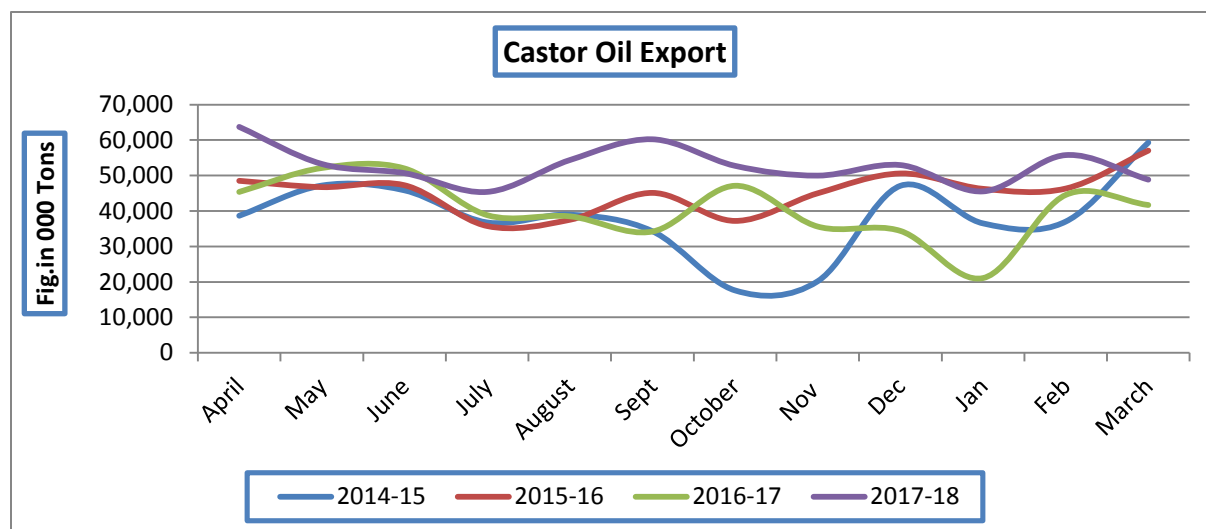
## Castor Price Trend:



Source: Agriwatch

Castor seed price trend is moving steady to firm in coming weeks due to lower arrival from major producing regions and constant demand from consuming states. A decline in ready stocks due to pause in supplies from growing belts amid strengthening demand for consuming industries such as soap, paint and lubricant industries in the spot markets, enthused traders to build up their holdings, marking the uptick in castor seed futures prices.

### Castor Oil Export Trend:

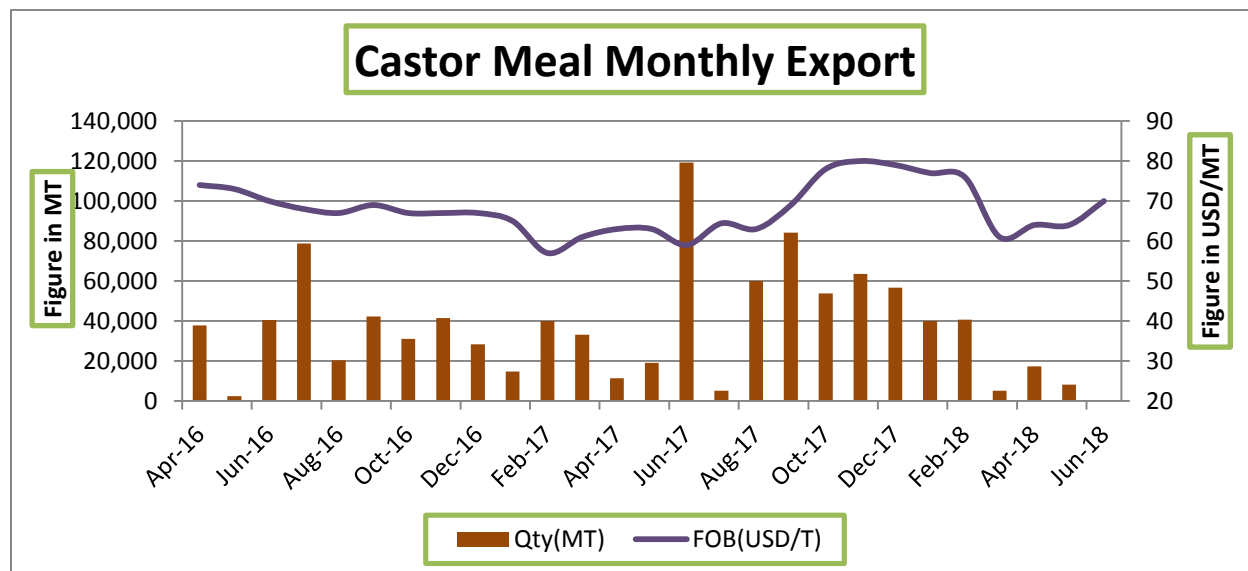


Source: Sea Of India

During April - August 2018 Vietnam imported 235,723 tons of oilmeals (compared to 167,604 tons); consisting of 7,160 tons of soybean meal, 77,160 tons of rapeseed meal, and 151,403 tons of Rice Bran Extraction. South Korea imported 349,992 tons of oilmeals (compared to 337,270 tons); consisting 231,610 tons of rapeseed meal, 10,832 tons of soybean meal and 107,550 tons of castor meal. Thailand imported 130,988 tons of oilmeals (compared to 57,228 tons); consisting 4,747 tons of soybean meal, 9,633 tons of De-oiled Rice Bran Extraction, and 116,572 tons of rapeseed meal. France imported 63,493 tons of oilmeals consisting 61,999 tons of soybean meal and 1,494 tons of Castor meal.

### Castor Meal Export:

The Solvent Extractors' Association of India has compiled the export data for export of oil meals for the month of August 2018. The export of oil meals during August 2018, provisionally reported at 227,939 tons compared to 261,356 tons in August 2017. The overall export during April to August 2018 is reported at 1,192,095 tons compared to 986,606 tons during the same period of last year i.e. up by 21%. The export of rapeseed meal is sharply increased to nearly 490,232 tons (107%), in first five months, mainly exported to South Korea, Vietnam and Thailand. The ongoing trade dispute between USA and China has created a lot of uncertainty and forcing China to look out to other origins for their requirements of soybean and oil meals. This has compelled China to relook its ban imposed for importing of oil meals from India since 2012. This will open up Chinese market for India. Late last month, Ministry of Commerce and Indian Embassy, Beijing discussed the phyto issues and it was decided that India's phyto certificate would cover all the 12 pests. This shall enable China's AQSIQ to clear the Indian Oilmeals. A formal reconfirmation from China is awaited. Prior to ban in 2012, China used to import nearly half a million tons of oilmeals viz. Rapeseed meal 3.5 to 4.0 lakh tons and 1.0 lakh tons of soybean meal from India.



Source: Sea of India

### State wise Wholesale Prices Weekly Analysis for Castor Seed 02<sup>nd</sup> week Oct, 2018

State	Prices 09-15 Oct 2018	Prices 01-08 Oct 2018	Prices 09-15 Oct 2017	% Change(Over Previous Week)	% Change(Over Previous Year)
Andhra Pradesh	4015.84	3997.98	3491.5	0.45	15.02
Gujarat	4567.61	4434.65	4394.57	3	3.94
Karnataka	3727.27		4100	---	-9.09
Madhya Pradesh			3018.35	---	---
Maharashtra		3900	3350	---	---
Rajasthan	4529.6	4172.27	3772.47	8.56	20.07
Telangana	4169.32	4053.18	3719.94	2.87	12.08
Uttar Pradesh		3385		---	---
Average	4201.93	3990.51	3692.4		

Source: Agmarket.net (Prices in Rs./Qtl)



### Cash Market Price Outlook for Future Price

Expected Range	Rs/Qtl.(Low)	Rs /Qtl.(High)
Short term (15 days)	4800-4950	4900-5200
Medium Term (30 days)	4950-5250	5000-5300

Source: SEA.

Comparative Prices Of Castor Products Including Seed					
	13th July '18	6th July '18	13th June '18	13th July '17	CHAN GE %
Castorseed (Gujarat)((Rs./M.T) Ex-Mandi	43900	42900	39100	44290	-0.89
Castor Meal Export (FAS) (US\$ / MT),Ex Kandla	75.00	73.00	70.00	57.00	24.00
EXPORT (FOR) Ports (Rs./MT) Castor meal bulk Kandla	5100	5050	4700	3683	27.78
Castor Oil (First Grade) FOB Kandla (Export)\$ /Tonne	1345	1305	1225	1513	-12.49
Local rates for oil in domestic market (Rs./M.T.) for comm.	91500	90000	83500	95465	-4.33



## Technical Analysis:

### Castor – Technical Outlook

#### Technical Commentary:

- Prices are likely to move steady to firm in coming week.
- Increase in prices with lower volume and OI indicates long build up.
- RSI is moving in neutral region which indicates ready for bulls.



#### Strategy: Buy on Dips

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Castor	NCDEX	Oct	4300	4510	4603	4775	4800
Pre Weekly Trade Call			Call	Entry	T1	T2	SL
Castor	NCDEX	Oct	Buy	4650	4685	4700	4635

## Castor Seed- Balance Sheet for 2017-18:

Production shows around 14.42 percent lower side this year against 2015/16 season due to crop shifting from castor seed to other lucrative crops. Over all area would decline from 11.18(normal) to 9.90 lakh ha this year. The estimate is based on initial ground level survey and feedback received from farmers. Agriwatch expects above normal rainfall this year and hopes normal yield too. Based on normal yield realization seed production would decline from 15.12 to 12.69 lakh tons this year.

The season started with 5.91 lakh tons as carryout. Thus total availability for current marketing year comes to 18.6 lakh tons if estimated production of 12.69 lakh tons is included. Lower production would drag carryout down from 5.91 to 5.35 lakh tons. It would push seed price up in second and third quarter.



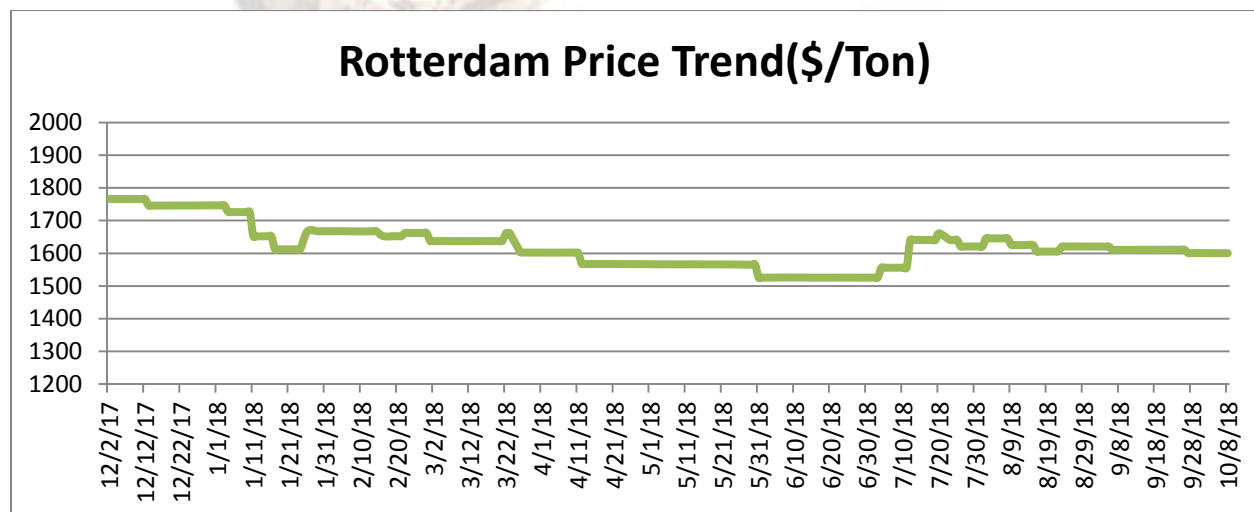
### Castor Seed Supply & Demand for MY-2017-18:

Preliminary Forecast For 2018-19							
All units in lakh tonnes	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19*
Carry in	5.80	8.04	9.04	5.54	6.04	4.54	4.14
<b>Production</b>	13.04	12.00	12.80	14.00	11.50	11.80	10.50
Imports	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Availability	18.84	20.04	21.84	19.54	17.54	16.34	14.64
Consumption	10.80	11.00	12.60	13.50	13.00	12.20	12.00
Exports	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Usage	10.80	11.00	12.60	13.50	13.00	12.20	12.00
<b>Carry out</b>	<b>8.04</b>	<b>9.04</b>	<b>9.24</b>	<b>6.04</b>	<b>4.54</b>	<b>4.14</b>	<b>2.64</b>
Av Monthly Consumption	0.90	0.92	1.05	1.13	1.08	1.02	1.00
Stock to Month Use	8.93	9.86	8.80	5.37	4.19	4.07	2.64
Stock to Consumption Ratio	0.08	0.08	0.08	0.08	0.08	0.08	0.08

### International market update:

Production is expected to decrease from 18.37 lakh tons to 15.84 lakh tons in 2016-17 due to lower crop size expected in India this year. Total availability for seed would decrease to 20 lakh tons including Indian carryout stock of 5.91 lakh tons. Normal demand for oil and decreasing seed stock in India would continue to push seed price up in India. India dominates global market in seed production with 90 percent contribution. The given diagram shows production contribution of various countries. As production in India is likely to decrease, availability for seed would contract in the third quarter of the year

### Rotterdam Price:



Source: Agriwatch

**Castor Seed Weekly Prices at Key Spot Markets:**

Commodity Center	Market	Price (Rs/ Quintal)		Change
		08th to 15th Oct 2018	01st to 07th Oct 2018	
Gujarat	Patan	4629	4531	98
	Harij	4604	4540	64
	Rajkot	4496	4358	138
	Gondal	4513	4385	128
	Deesa	4598	4538	60
	Bhabar	4596	4529	67
	Mehsana	4595	4506	89
	Kadi	4617	4554	63
	Sabarkatha	4604	4533	71
	Gandhi Nagar	4608	4510	98
	Ahmedabad (Sanand)	4380	#DIV/o!	-
	Halvad	4454	4448	6
	Junagadh	4323	4368	-45
	Dhrol	3700	3891	-191
Rajasthan	Jodhpur	4438	4308	130
	Sumerpur	4508	4420	88

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

Center	Market	08th to 15th Oct 2018	01st to 07th Oct 2018	Change
Gujarat	Patan	7275	9900	-2625
	Harij	1088	938	150
	Rajkot	730	785	-55
	Gondal	2028	1430	598
	Deesa	7164	7580	-416
	Bhabar	13720	13460	260
	Mehsana	3315	2865	450
	Kadi	11763	9360	2403
	Sabarkatha	2280	1960	320
	Gandhi Nagar	4275	4575	-300
	Ahmedabad (Sanand)	3	0	3
	Halvad	638	863	-225
	Junagadh	270	317	-47
	Dhrol	1	3	-2

<b>Rajasthan</b>	Jodhpur	420	428	-8
	Sumerpur	656	480	176
<b>Total Arrivals/Above Markets</b>		<b>55625</b>	<b>54943</b>	<b>683</b>

Week on Week Price: Scenario of Castor Seed :					
Commodity	Market	Today	Week ago	Month ago	Year ago
Center		15-Oct-18	8-Oct-18	13-Sep-18	14-Oct-17
<b>Gujarat</b>	Patan	4750	4546.667	0	4500
	Harij	4750	4535	0	0
	Rajkot	4610	4396	0	4335
	Gondal	4580	4425	0	4380
	Deesa	4675	4529.167	0	4450
	Bhabar	4725	4511.667	0	#VALUE!
	Mehsana	4690	4501.667	0	4425
	Kadi	4870	4508.333	0	4510
	Sabarkatha	4700	4505.833	4525	4475
	Gandhi Nagar	4750	4512.5	0	4475
	Ahmedabad (Sanand)	NA	#DIV/o!	0	0
	Halvad	4500	4454.167	4515	4300
	Junagadh	NA	4367.5	4355	0
	Dhrol	NA	4200	3895	0
<b>Rajasthan</b>	Jodhpur	4560	4485	4300	4428
	Sumerpur	4650	4421.667	Closed	4375

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