

Castor Weekly Research Report

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Castor Domestic Market Fundamentals:

- Castor seed is witnessing heavy lifting. After 7 consecutive lower circuits, castor seed futures have an upper circuit of 4 per cent on Monday.
- Last week, the exchange cut 50 per cent open positions on its behalf due to the default of traders after a continuous fall in prices, which were valued at around Rs 735 crore. But now, due to the upper circuit in futures, the difficulty of traders has increased. According to sources, the government has ordered an inquiry into the arrest in Castor.
- Despite the imposition of special 20 per cent margin on short position, prices are moving downwards due to technical selling. Some brokers had failed to pay additional mark-to-market margins after downward movement in October-December contracts over three trading sessions, compelling the exchange's clearing house to use these traders' collaterals to settle their pay-out obligations.
- However, according to the market participants, at present all India castor stock is lower than the average stocks which might give support to the falling prices.
- According to latest sowing report as on 27th September 2019, all India Castor sowing is reported 9.38 lakh hectares in 2019 which is 6.95 per cent higher than last year acreage of 8.77 lakh hectares in the same time period. Higher castor acreage is reported in Gujarat at 7.02 lakh hectares this year as compare to 5.22 lakh hectares last year in the same time period. However, in Rajasthan castor acreage has decreased to 1.54 lakh hectares from 2.64 lakh hectares last year.
- Despite higher sowing acreage in Gujarat, there is fear of damage in the standing castor crop in some districts due to excess rains.
- As per market sources, castor oil exports in the month of September 2019 is 40.927 thousand MT which is 10.33 per cent lower than August exports of 45.645 thousand MT. On a cumulative basis, exports were 2.36 Lakh MT from April to Aug 2019 which is 12.27 per cent lower than last year exports of 2.69 Lakh MT during the same period.
- According to the AGMARK data, all India castor crop arrivals in the last week of September is reported at 3.61 Thousand MT which is 55 percent lower than last year arrivals of 8.04 thousand MT in the same time period. Lower arrivals are due to recent downward movement in prices in the domestic Mandis.
- As per the Solvent Extractors' Association of India (SEA), all India castor seed production estimate for 2018-19 is 11.27 Lakh MT which is 21.35 per cent lower than the 2017-18

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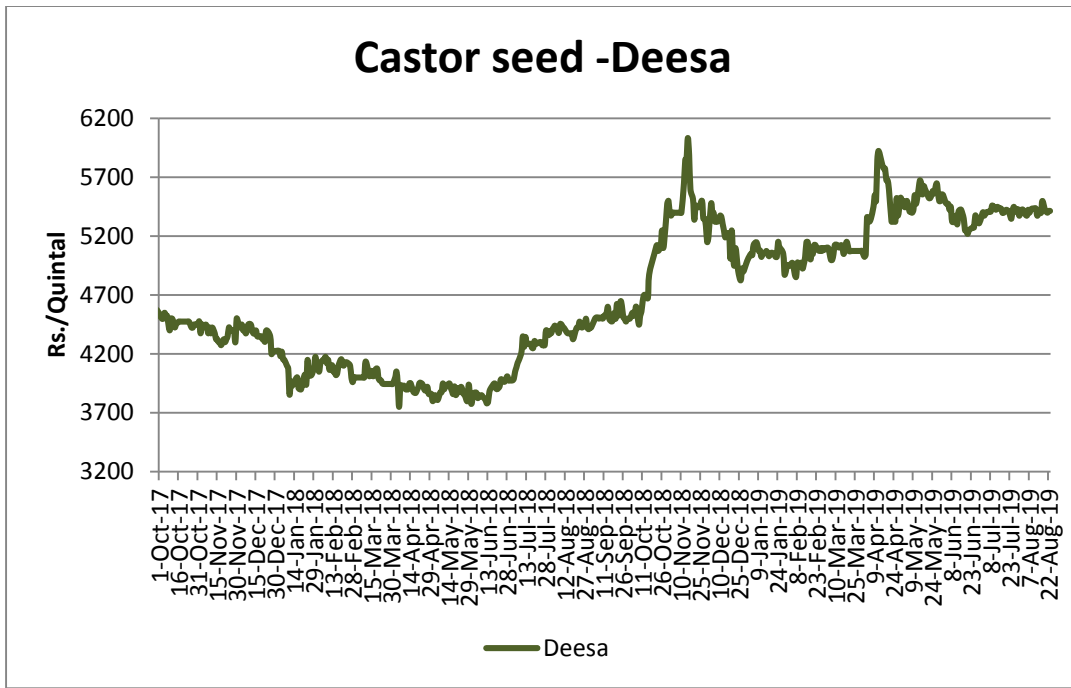
production estimate of 14.33 Lakh MT. However, according to the AGCON, castor production estimate is 9.13 Lakh MT for 2018-19.

FUNDAMENTAL SUMMARY	
Price Drivers	Impact
Higher export demand of castor oil	Bullish
Lower export demand of castor meal	Bearish
Expectation of lower arrivals in the coming days	Bullish
Higher demand from millers	Bullish
Lower production estimate in 2018-19	Bullish
Forecast of lower production in 2019-20	Bullish
<i>Based on Primary & Secondary Sources</i>	

Sowing Updates of Castor Seed:

State Wise castor Seed Sowing as on 04.10.2019				
State	2019	2018	% Change	Normal Area
Gujarat	7.18	5.33	34.48	6.42
Rajasthan	1.54	2.64	-41.67	1.8
Telangana	0.23	0.26	-11.54	0.58
Andhra Pradesh	0.34	0.33	3.03	0.47
Karnataka	0.06	0.07	-14.29	0.1
Maharashtra	0.11	0.12	-8.33	0.13
Total	9.55	8.89	6.96	9.69

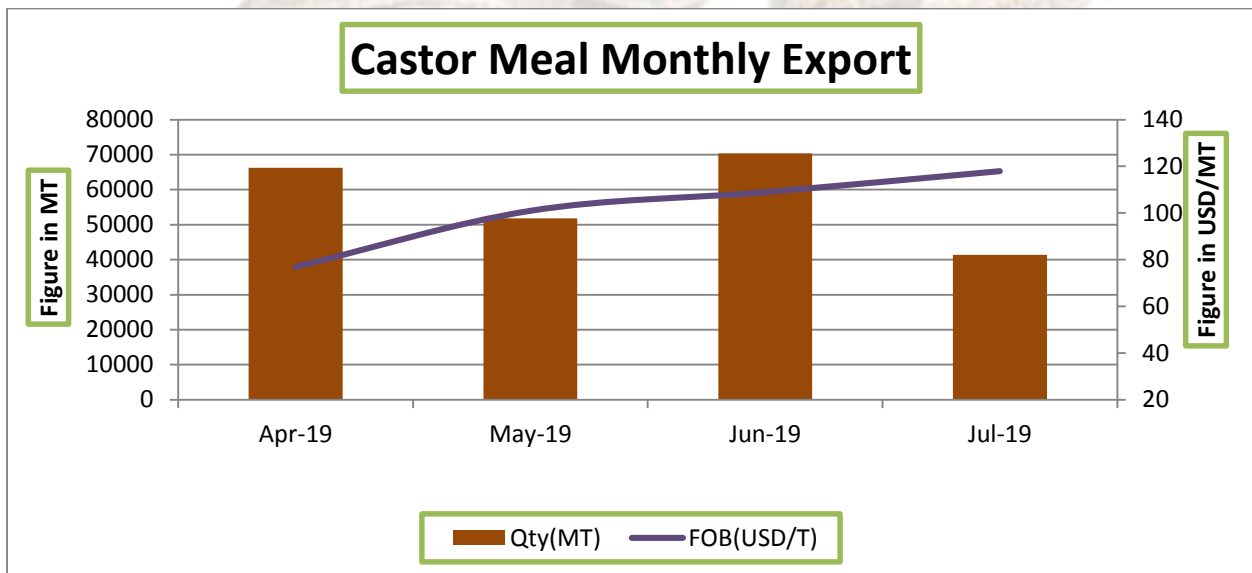
Castor Price Trend Deesa Mandi:



Source: Agriwatch

Above price chart is of Deesa Mandi in Gujarat, which is a major mandi for castor seed. Price trend is showing firm movement, however price is likely to trade steady to firm with lower arrival.

Castor Meal Monthly Export:

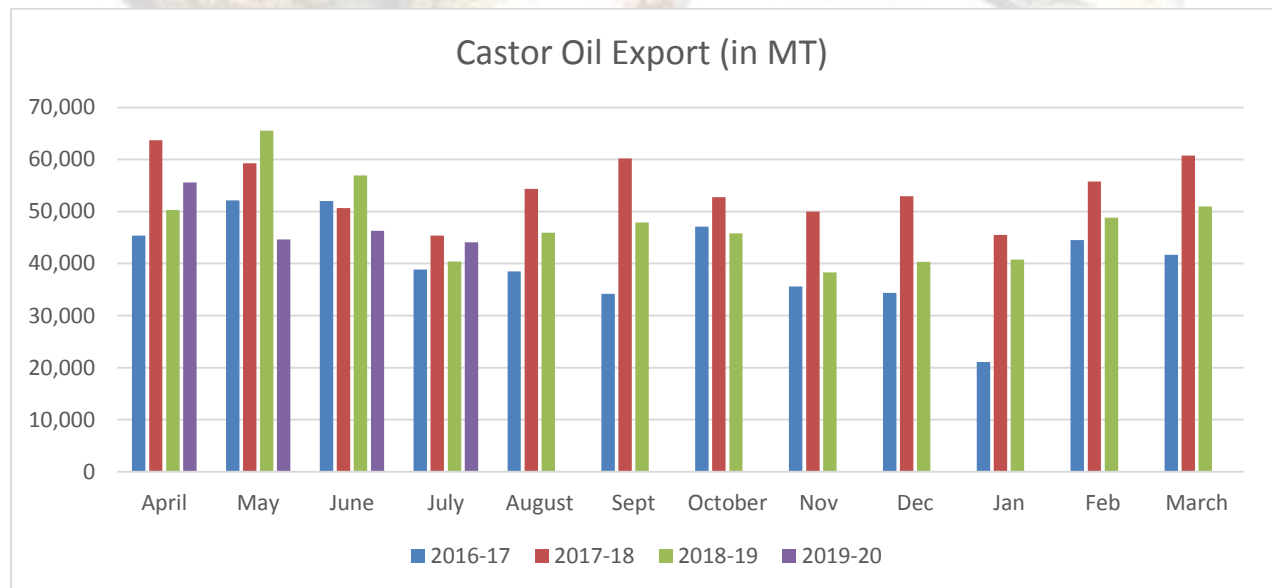


Source: Sea of India

Castor Meal Export Summary:

The Solvent Extractors’ Association of India has compiled the export data for export of oilmeals for the month of July 2019. The export of oilmeals during July 2019 is provisionally reported at 166,301 tons compared to 215,716 tons in July, 2018 i.e. down by 23%. The overall export of oilmeals during April-July 2019 is reported at 851,070 tons compared to 966,874 tons in April-July 2018 i.e. down by 12%. The export of castor seed meal has increased to 229,820(75,597) tons, being mainly exported to South Korea. During April-July 2019 Vietnam imported 120,889 tons of oilmeals (compared to 228,627 tons); consisting of 1,892 tons of soybean meal, 71,683 tons of rapeseed meal and 47,314 tons of De-oiled Rice Bran Extraction. South Korea imported 365,652 tons of oilmeals (compared to 198,304 tons) ; consisting 13,282 tons of soybean meal, 162,487 tons of rapeseed meal and 189,883 tons of castor seed meal. Thailand imported 107,607 tons of oilmeals (compared to 129,661 tons) consisting 88,595 tons of rapeseed meal, 17,581 tons of Rice Bran Extractions and 1,431 tons of soybean meal.

Castor oil exports drop 30% in October on poor off take from China:



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State wise Wholesale Prices Weekly Analysis for Castor Seed 01st Week Oct, 2019

State	Prices 01-08 Oct 2019	Prices 24-30 Sep 2019	Prices 01-08 Oct 2018	% Change(Over Previous Week)	% Change(Over Previous Year)
Andhra Pradesh	3717.01	4366.2	3997.98	-14.87	-7.03
Gujarat	4359.22	5258.54	4434.65	-17.1	-1.7
Karnataka	3800	5000		-24	---
Rajasthan	4305.17	4976.32	4172.27	-13.49	3.19
Telangana	3869.84	4302.11	4053.18	-10.05	-4.52
Average	4010.25	4483.86	3990.51		

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

Cash Market Price Outlook for Spot Price

Expected Range	Rs/Qtl.(Low)	Rs /Qtl.(High)
Short term (15 days)	4100-4300	4200-4350
Medium Term (30 days)	4150-4600	4200-4700

Technical Analysis:

Castor – Technical Outlook							
<p>Technical Commentary:</p> <ul style="list-style-type: none"> • Prices are likely to move steady in coming week. • Increase in prices with lower volume and OI indicates long build up. • RSI is moving is near over bought region which indicates caution to bulls. 			<div style="font-size: 0.8em;"> <p>CASTOR SEED NEW 1910(NCCTN)9/20191006 - Weekly B:4390.00 A:4394.00 C:4340.00 H:4592.00 L:4272.00 C:4394.00 V:33.415 I:0 +14 +2.66% EM4(9):5194.5 (18):5446.0 (27):0.00000 (50):0.00000 (100):0.00000 BOL(SIMPLE, 21, 2.0) 0.000000 0.000000 0.000000</p> </div>  <p>The chart displays a price candlestick pattern with a significant red candle indicating a price drop. Horizontal lines mark resistance levels at 5345.1, 5142.8, 4940.5, 4690.2, and 4285.6. The RSI indicator is near 60, and the volume bar shows a spike corresponding to the price drop. Open interest remains at zero.</p>				
Strategy: Buy on Dips							
Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Castor	NCDEX	Oct	5550	5600	4280	5950	6100
Pre Weekly Trade Call			Call	Entry	T1	T2	SL
Castor	NCDEX	Oct	Buy	4270	4300	4350	4250

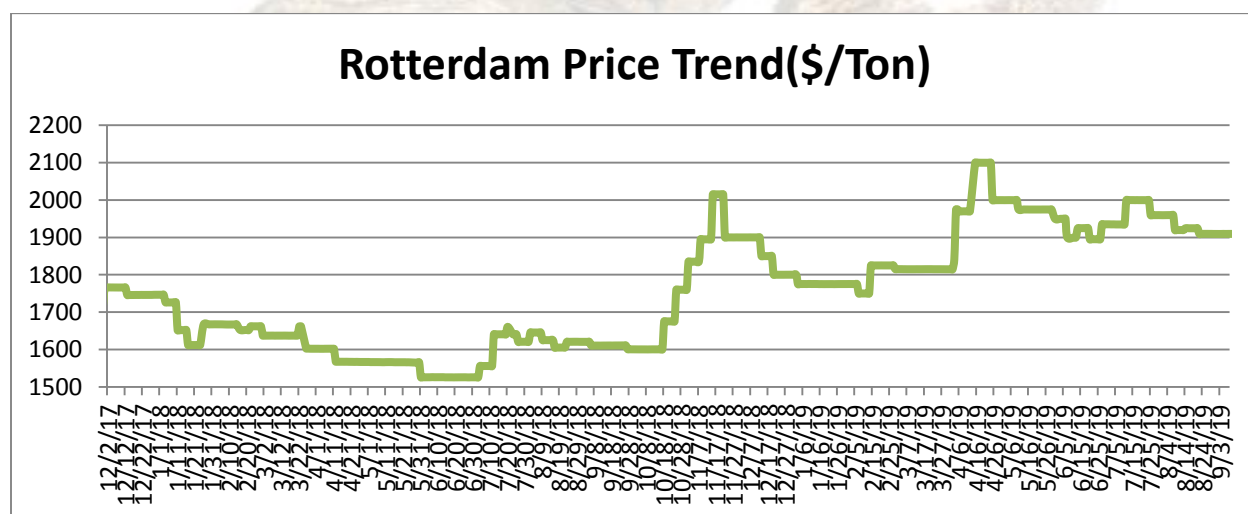
Castor Seed Supply & Demand for MY-2018-19:

Preliminary Forecast For 2019-20*					
All units in lakh tons	2015-16	2016-17	2017-18	2018-19	2019-20*
Carry in	5.54	6.79	4.39	5.49	4.19
Production	14.00	10.60	14.30	11.20	14.05
Imports	0.00	0.00	0.00	0.00	0
Total Availability	19.54	17.39	18.69	16.69	18.24
Consumption	12.75	13.00	13.20	13.00	13.2
Exports	0.00	0.00	0.00	0.00	0
Total Usage	12.75	13.00	13.20	12.50	13.20
Carry out	6.79	4.39	5.49	4.19	5.04
Av Monthly Consumption	1.06	1.08	1.10	1.08	1.10
Stock to Month Use	6.39	4.05	4.99	3.87	4.58
Stock to Consumption Ratio	1.06	1.08	1.10	1.08	1.10

Castor Seed- Balance Sheet for 2019-20*(AW preliminary estimates)

Agriwatch is estimating that castor seed production is likely to up in this crop year-2019-20, as area is increasing in Gujarat which is one of the major producing state, however area is down in other states like Andhra Pradesh, Telangana and Rajasthan. This year it is estimated around 14 lakh tons of castor seed production which is up by 25% from last year production of 11.20 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.

Rotterdam Price:



Source: Agriwatch

Comparative Prices Of Castor Products Including Seed					
	26th July'19	19th July'19	26th June'19	26th July'18	CHANGE %
Castorseed (Gujarat)((Rs./M.T) Ex-Mandi	55150	55650	55250	43717	20.73
Castor Meal Export (FAS) (US\$ / MT),Ex Kandla	118.00	118.00	110.00	79.00	33.05
EXPORT (FOR) Ports (Rs./MT)Castor meal bulk Kandla	7950	7950	7450	5440	31.57
Castor Oil (First Grade) FOB Kandla (Export)\$/Tonne	1640	1660	1645	1323	19.33
Local rates for oil in domestic market(Rs./M.T.) for comm.	115000	115000	114000	91115	20.77

Source: SEA.

Castor Seed Weekly Prices at Key Spot Markets:

Commodity	Market	Price (Rs/ Quintal)		Change
		30th Sept to 05th Oct 2019	23rd Sept to 28th Sept 2019	
Center				
Gujarat	Patan	4225	5320	-1095
	Harij	4250	5375	-1125
	Rajkot	4387	5155	-768
	Gondal	4213	4960	-747
	Deesa	4113	5295	-1183
	Bhabar	4283	5265	-982
	Mehsana	4333	5358	-1025
	Kadi	4440	5309	-869
	Sabarkatha	#DIV/o!	5428	-
	Gandhi Nagar	4390	5348	-958
	Ahmedabad (Sanand)	#DIV/o!	5415	-
	Halvad	4481	5305	-824
	Junagadh	#DIV/o!	4966	-
	Dhrol	#DIV/o!	1517	-
Jodhpur	5400	5230	170	

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Rajasthan	Sumerpur	4290	5075	-785
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Castor Seed Cumulative Arrivals in Key Centers:				
Center	Market	30th Sept to 05th Oct 2019	23rd Sept to 28th Sept 2019	Change
Gujarat	Patan	525	3338	12750
	Harij	38	1965	2625
	Rajkot	42	875	1070
	Gondal	36	557	1254
	Deesa	280	4280	1593
	Bhabar	2000	8640	16000
	Mehsana	83	1200	3413
	Kadi	52	3232	4520
	Sabarkatha	0	320	960
	Gandhi Nagar	360	1500	2250
	Ahmedabad (Sanand)	0	2	10
	Halvad	315	863	458
	Junagadh	0	134	293
	Dhrol	0	1	5
Rajasthan	Jodhpur	38	392	248
	Sumerpur	280	480	400
Total Arrivals/Above Markets		4048	27777	47847

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