



Castor Weekly Research Report

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Castor Domestic Market Fundamentals:

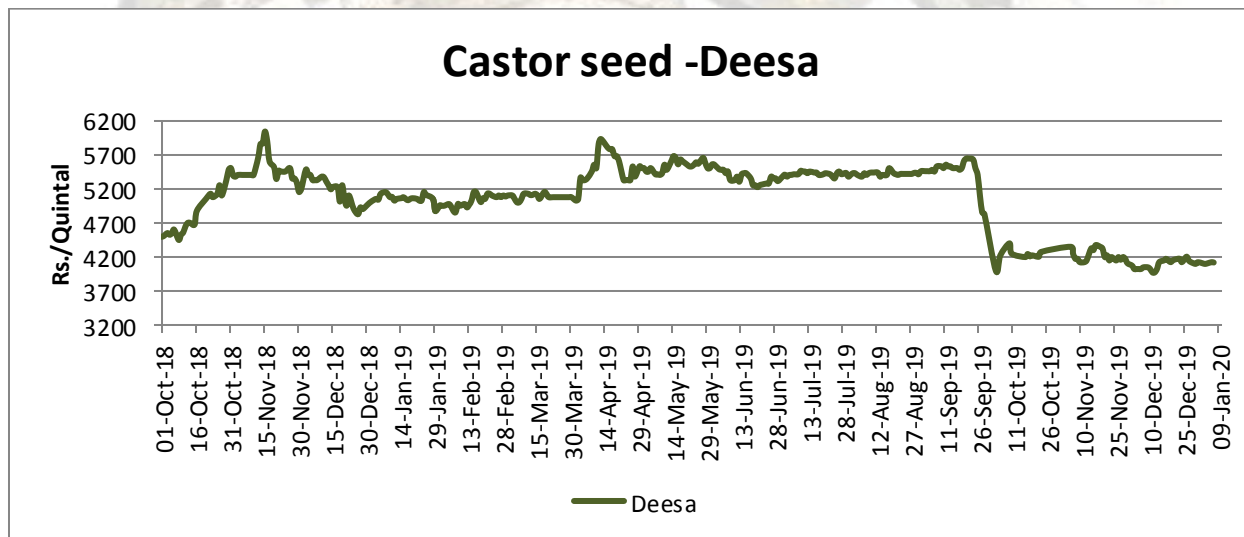
- Despite the corona impact, future castor seed markets are traded firm due to limited stocks in pipeline and almost null arrival with curfew and lockdown in many mandis.
- All mandis are closed due to corona virus
- While disruptions of castor oil shipments to China have eased, its export to Europe is now threatened with the continent in the grip of the novel coronavirus (Covid-19). Europe is the second largest importer of castor oil from India after China.
- According to Government 02nd advance estimate, castor production in 2019-20 is estimated at 21.6 lakh tonnes.
- Castor seed production in India is expected to grow 88% to 20.36 lakh tonne in 2019-20 compared to the previous year, according to a survey conducted by Agriwatch. Last year, the country produced 10.82 lakh tonne of castor seed. According to the survey conducted by 'Agriwatch' or Indian Agribusiness Systems, commissioned by the Solvent Extractors Association of India (SEA), castor seed production in Gujarat, a major producer of the commodity, is estimated to be 17.44 lakh tonne in 2019-20, 96% more than 8.89 lakh tonne produced last year.
- Exports of castor oil from India to China may slow on concern the spread of corona virus will impact port logistics in the world's most populous country, according to India's top shipper.
- Some Chinese buyers of castor oil have go slow on shipments as they anticipate ports may be affected because of the spread of coronavirus.
- Mostly castor mandi traded weak on Wednesday with higher arrival. All India castor seed arrival today is 4501 quintals which is up by 363 quintals by last day arrivals of 4139 quintals.
- Robust sowing, supported by increased water availability following extended rains, has brightened the castor crop prospects in the largest growing States, Gujarat and Rajasthan.
- According to farmers and trade sources, the current crop condition appears good and the output is likely to cross 17 lakh tonnes, a likely record in at least the past seven years. In 2011-12, castor crop output was recorded at 16.2 lakh tons.
- Castor crop looks good at present and it is expected that the crop size will be much higher than last year's. Farmers are estimating the crop to be between 17-19 lakh tonnes. Thanks to increased acreage and likely favorable climate, the crop will give a record output this year.
- Gujarat is the largest producer of the oilseed, which is used by multiple industries. At 7, 40,484 hectares, the State saw a nearly 39 per cent jump in castor sowing for kharif 2019, as against 5, 33,789 hectares in the previous year. Good castor prices last year have also encouraged farmers to take up the oilseed in a big way.
- Rajasthan has also witnessed about 20 per cent rise in castor sowing at 1, 54,200 hectares, as against 1, 28,300 hectares in the previous year.
- The Solvent Extractors' Association of India (SEA) estimated castor output for the year 2018-19 at about 9.35 lakh tons.



- **According to SEA officials, supportive monsoon and increased acreage will boost the prospects for the crop this year.** "As per SEA crop survey is under way and we will come out with crop projections in February. But at present, the crop looks good and if the climate remains favorable, we will have a better crop than last year's.
- **In this year the highest crop output in at least past 4-5 years. Domestic demand looks good, while in the international market,** multiple factors including US-China trade deal will hold the key to castor demand.
- **India is the largest producer of castor oil and feeds key markets, including China. International prices currently hover in** the range of \$1,310 per tonne FOB. In the domestic market, however, the prices have corrected by about 15-18 per cent to Rs 4,379 a quintal since December last year.
- **In what is being termed as the biggest locust swarm attack in over two decades,** several parts of North Gujarat have seen crops like castor, cumin and mustard take a major hit. According to the AGMARK data, all India castor crop arrivals in the third week of November is reported at 3.17 Thousand MT which is 55 percent higher than last year arrivals of 6.57 thousand MT in the same time period. Lower arrivals in the domestic mandi may push the prices upward.
- **Castor, cumin and mustard have seen the highest impact, being the major crops in North Gujarat. Of these, Banaskantha** district has seen most impact due to its proximity to Rajasthan's desert region from where the locusts have entered Gujarat. Meanwhile, despite witnessing presence of locusts, the Kutch district has seen little to no damage to the crop.
- **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 this year as compare to last year. However, in Rajasthan castor acreage has decreased to 1.54 lakh hectares from 2.64 lakh hectares last year.
- **Gujarat castor acreage is reported at 7.40 lakh hectares which is 38.57 per cent higher than last year acreage of 5.34 lakh hectares.** Farmers in Gujarat had re-sowed castor crop where damaged was observed due to rains. However, yield is expected to be lower than normal in those areas due to late sowing.
- **China slowdown resulted in exports to that nation plummeting nearly 16%. With the virus hitting China** we are not sure how things would pan out this year. In value terms, castor oil and derivatives contribute about \$1.4 billion or about Rs 10,000 crore to India's export revenues,. China accounts for roughly 70 % of India's castor oil exports.
- **According to Government 02nd advance estimate, castor production in 2019-20 is estimated at 20.43 lakh tonnes.**

FUNDAMENTAL SUMMARY	
Price Drivers	Impact
Lower arrivals of castor in the domestic mandis	Bullish
Higher Sowing Acreage	Bearish
Lower production estimate in 2019-20	Bearish
Lower Demand of Castor Oil	Bearish
Based on Primary & Secondary Sources	

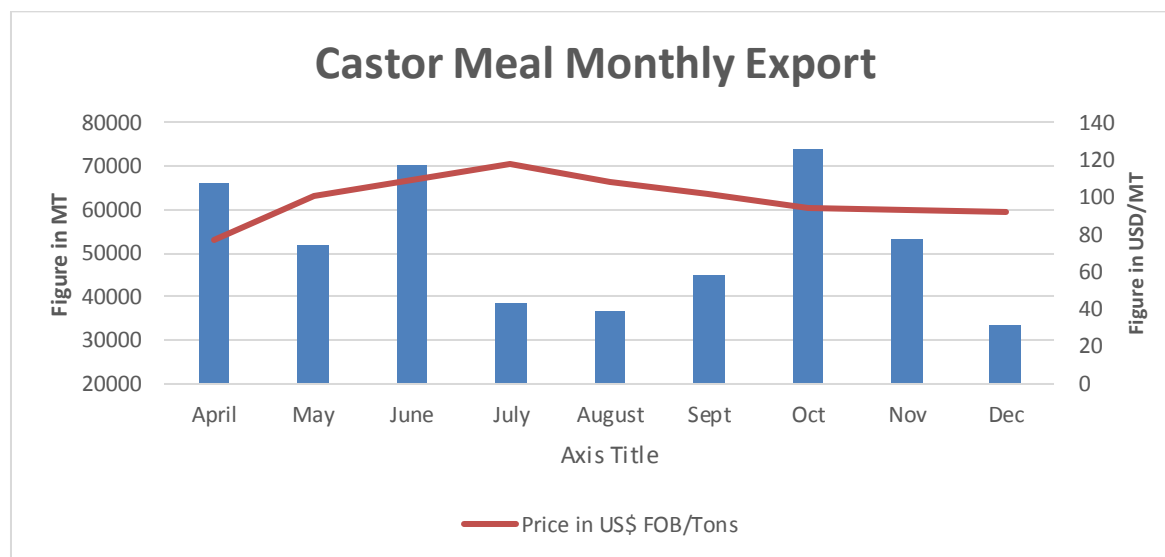
Castor Price Trend Deesa Mandi:



Source: Agriwatch

Above price chart is of Deesa Mandi in Gujarat, which is a major mandi for castor seed. Castor seed price traded weak from last few months due to higher area coverage under Castor this year.

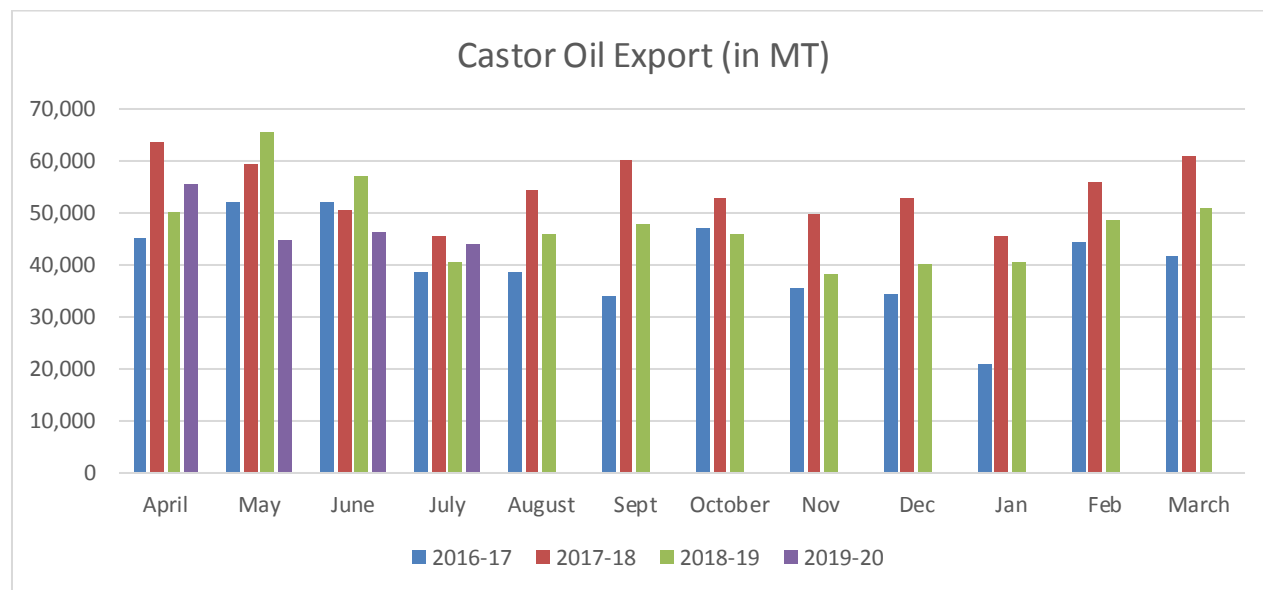
Castor Meal Monthly Export:



Source: Sea of India

Castor Meal Export Summary:

The Solvent Extractors' Association of India has compiled the export data for export of oil meals for the month of December 2019. The export of oil meals during December 2019 is provisionally reported at 67,562 tons compared to 324,927 tons in December, 2018 i.e. down by 79%. The overall export of oil meals during April-Dec., 2019 is reported at 1,802,434 tons compared to 2,411,248 tons in April-Dec., 2018 i.e. down by 25%. This is mainly due to disparity in export of oil meals, specifically soybean meal due to higher MSP of beans which makes the domestic soybean meal expensive in international market compared to other origins. The silver lining of the export is sharp increase in export of Castor meal, jumped by nearly 60% to 469,248 tons from 292,511 tons in the same period of last year.

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

State wise Wholesale Prices Weekly Analysis for Castor Seed First week March, 2020

State	Prices 01-08 Mar 2020	Prices 24-28 Feb 2020	Prices 16-23 Feb 2020	Prices 01-08 Mar 2019	% Change(Over Previous Week)	% Change(Over Previous to Previous Week)	% Change(Over Previous Year)
Gujarat	3734.15	3701.91	3847.86	5000.47	0.87	-2.96	-25.32
Andhra Pradesh		3407.28	3579.69	4762.37	--	--	--
Rajasthan	3569.36	3477.57	3755.33	4902.94	2.64	-4.95	-27.2
Tamil Nadu				4751	--	--	--
Karnataka		4200	3205		--	--	--
Madhya Pradesh				2581.56	--	--	--
Odisha				3658.82	--	--	--
Telangana				4766.02	--	--	--

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Maharashtra				3900	--	--	--
Average	3651.76	3696.69	3596.97	4290.4			

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)	41500-4300	4200-4350
Medium Term (30 days)	4180-4600	4200-4700

Technical Analysis:

Castor – Technical Outlook

Technical Commentary:

- Prices are likely to move steady to weak in coming week.
- Decreases in prices with lower volume and OI indicates short build up.
- RSI is moving is in neutral region..



Strategy: Sell on Rise

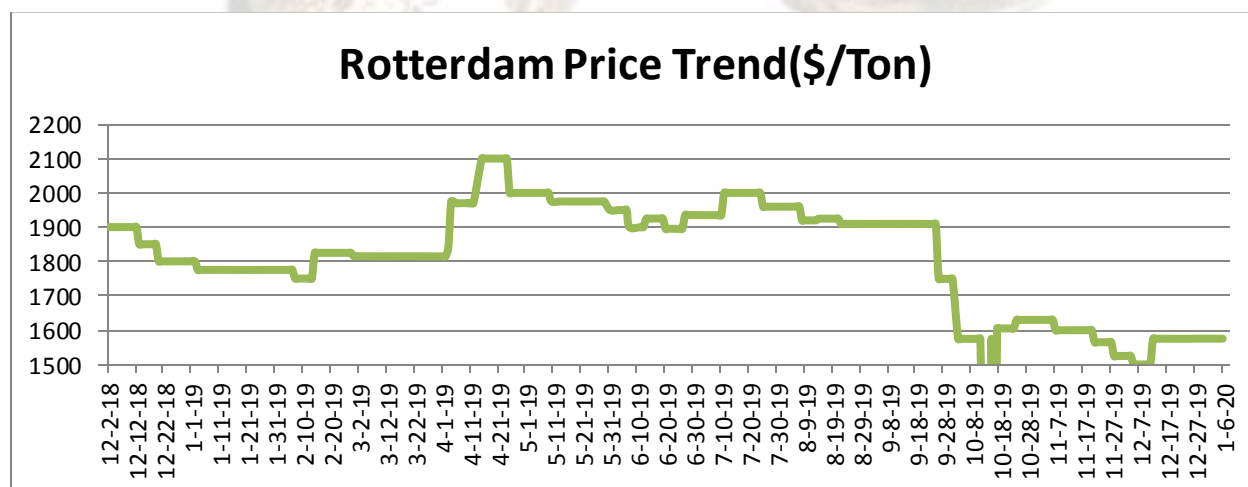
Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Castor	NCDEX	Apr	3400	3450	3816	4250	4400
Pre Weekly Trade Call			Call	Entry	T1	T2	SL
Castor	NCDEX	Apr	Sell	3870	3830	3800	3890

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

Preliminary Forecast For 2019-20*								
All units in lakh tonnes	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20*
Carry in	5.80	8.04	9.04	5.54	6.79	4.39	5.49	4.19
Production	13.04	12.00	13.52	14.00	10.60	14.30	11.20	20.5
Imports	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0
Total Availability	18.84	20.04	22.56	19.54	17.39	18.69	16.69	24.69
Consumption	10.80	11.00	12.60	12.75	13.00	13.20	13.00	13.2
Exports	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0
Total Usage	10.80	11.00	12.60	12.75	13.00	13.20	12.50	13.20
Carry out	8.04	9.04	9.96	6.79	4.39	5.49	4.19	11.49
Av Monthly Consumption	0.90	0.92	1.05	1.06	1.08	1.10	1.08	1.10
Stock to Month Use	8.93	9.86	9.49	6.39	4.05	4.99	3.87	10.45
Stock to Consumption Ratio	0.90	0.92	1.05	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 20.5 lakh tons of castor seed production which is up by 88% 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 to weak as carry over stock expected to up in next season.

Rotterdam Price:


Source: Agriwatch

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Comparative Prices Of Castor Products Including Seed					
	27th Dec'19	20th Dec'19	27th Nov'19	27th Dec'18	CHANGE %
Castorseed (Gujarat)((Rs./M.T) Ex-Mandi	43000	43700	42000	52886	-22.99
Castor Meal Export (FAS) (US\$ / MT),Ex Kandla	91.00	92.00	92.00	82.00	9.89
EXPORT (FOR) Ports (Rs./MT)Castor meal bulk Kandla	6250	6250	6300	5688	8.99
Castor Oil (First Grade) FOB Kandla (Export)\$ /Tonne	1260	1305	1235	1559	-23.73
Local rates for oil in domestic market(Rs./M.T.) for comm.	90000	92000	88000	109756	-21.95

Source: SEA.
Castor Seed Weekly Prices at Key Spot Markets:

Commodity	Market	Price (Rs/ Quintal)		Change
		6th Apr to 12th Apr 2020	31 Mar to 5th Apr 2020	
Gujarat	Patan	#N/A	#N/A	-
	Harij	#N/A	#N/A	-
	Rajkot	#N/A	#N/A	-
	Gondal	#N/A	#N/A	-
	Deesa	#N/A	#N/A	-
	Bhabar	#N/A	#N/A	-
	Mehsana	#N/A	#N/A	-
	Kadi	#N/A	#N/A	-
	Sabarkatha	#N/A	#N/A	-
	Gandhi Nagar	#N/A	#N/A	-
	Ahmedabad (Sanand)	#N/A	#N/A	-
	Halvad	#N/A	#N/A	-
	Junagadh	#N/A	#N/A	-
	Dhrol	#N/A	#N/A	-
Rajasthan	Jodhpur	#N/A	#N/A	-
	Sumerpur	#N/A	#N/A	-

Castor Seed Cumulative Arrivals in Key Centers:

Center	Market	6th Apr to 12th Apr 2020	31 Mar to 5th Apr 2020	Change
Gujarat	Patan	#N/A	#N/A	-

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	Harij	#N/A	#N/A	-
	Rajkot	#N/A	#N/A	-
	Gondal	#N/A	#N/A	-
	Deesa	#N/A	#N/A	-
	Bhabar	#N/A	#N/A	-
	Mehsana	#N/A	#N/A	-
	Kadi	#N/A	#N/A	-
	Sabarkatha	#N/A	#N/A	-
	Gandhi Nagar	#N/A	#N/A	-
	Ahmedabad (Sanand)	#N/A	#N/A	-
	Halvad	#N/A	#N/A	-
	Junagadh	#N/A	#N/A	-
	Dhrol	#N/A	#N/A	-
Rajasthan	Jodhpur	#N/A	#N/A	-
	Sumerpur	#N/A	#N/A	-
Total Arrivals/Above Markets		#N/A	#N/A	-

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