



# Castor Weekly Research Report

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### Castor Domestic Market Fundamentals:

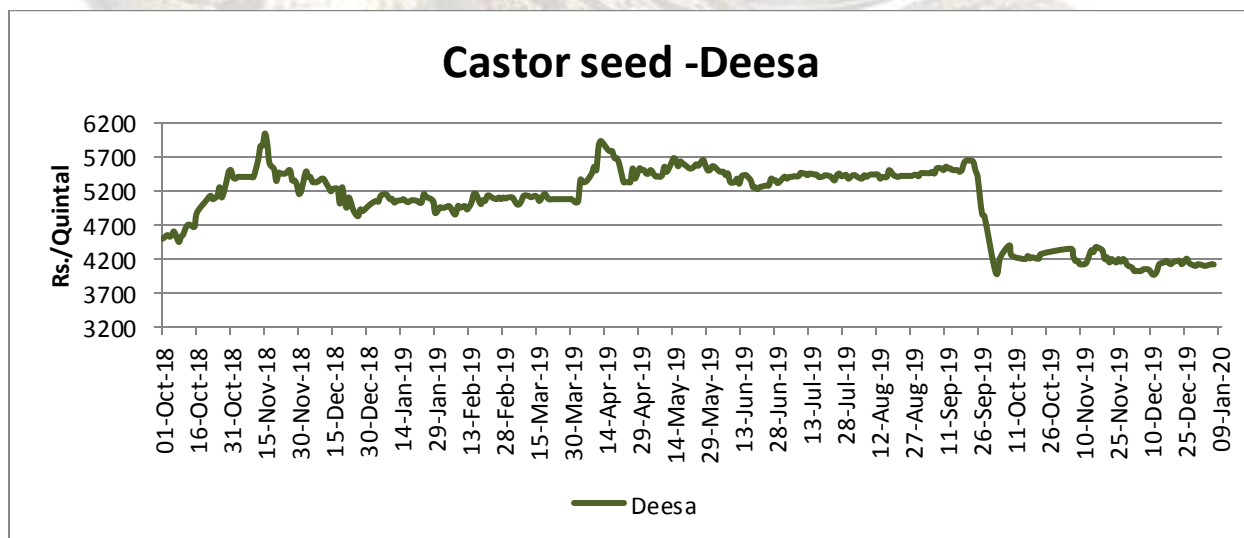
- Difficulty for Indian Domestic Castor Oil Industry after Domestic & International demand for Castor Oil gone down drastically. Due to slowdown in global economy as the aftereffects of Covid-19, the manufacturing & trading activities have gone down. This lead to drastic decline in the International exports of Castor Oil. In 2018-19 we exported 5.7 lakh tons of Castor Oil, whereas this export came down to 5 lakh tons.
- During this current year reports of exports is not very encouraging. It is very remarkable that India is the largest producer of Castor in the world. And India is also the largest exporter of Castor in the international market. So in one sense India has established its near monopoly in International Castor Market.
- According to industry analyst the exports in April compared to March declined by 2.5% to 30000 tons. On the similar line there is very strong probability that exports would decline in May as well.
- According to market source, the export of castor oil in the month of May is likely to decline by 50% as compared to last month. According to director of SEA, the major reason for decline in export is slow down in the automobile sector.
- During the period of lockdown, drastically fall in oil production and trade has been observed. Basically castor oil is used to produce sebacic acid which is thereby use in plastic, lubricant, cosmetic, candles, paint Industry as raw material.
- Due to undergoing lockdown in many countries, manufacturing sector has been hit hard. Since the demand of castor oil amongst the major importing countries like China, Japan, USA and many European countries has weakened so in the coming months the export shipment would be impacted very harshly.
- India export almost 50% of its castor oil to China. But good news for castor farmers is that, the demand by pharmaceutical industry pretty much normal.
- The production of castor oil in indigenous crushing and processing units has declined to 35-40% of its total capacity which earlier used to be 70-80% of total capacity.
- In the domestic market also, the demand for castor oil has come down by 40-45% during the lockdown.

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- On the other side, the arrival of Castor seed is increasing day by day in the mandis. In the largest producing state Gujarat, on 4 May, one lack bag arrived which increased to 1.10 lack bag on 5 May ( 75kg of each bag). In the Deesa Mandi, the price of Castor seed reduced to Rs.3600/qtl.
- According to Government 02<sup>nd</sup> advance estimate, castor production in 2019-20 is estimated at 21.6 lakh tonnes.
- 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.

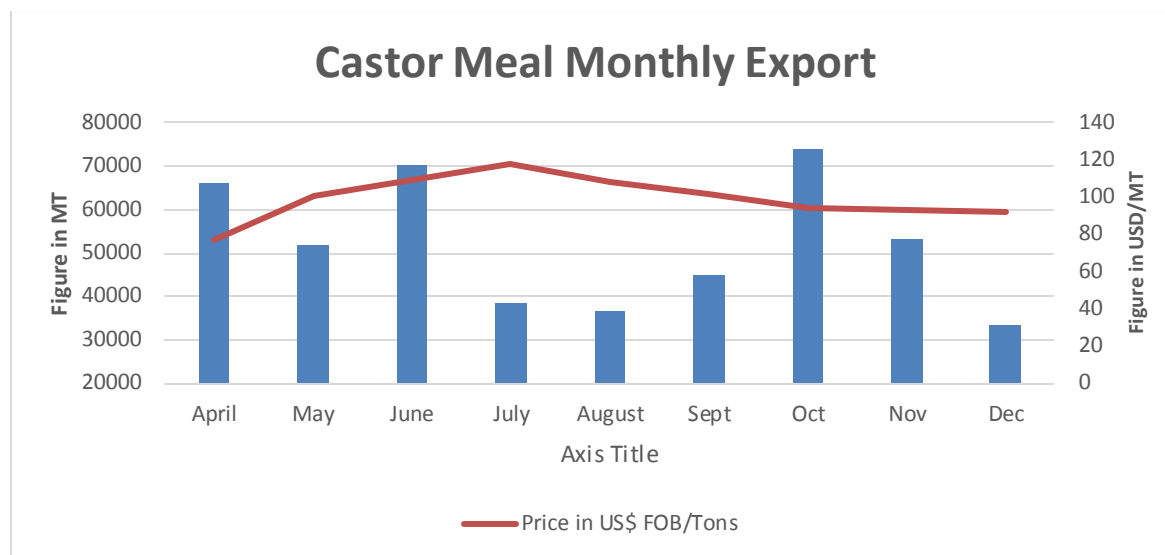
### Castor Price Trend Deesa Mandi:



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.

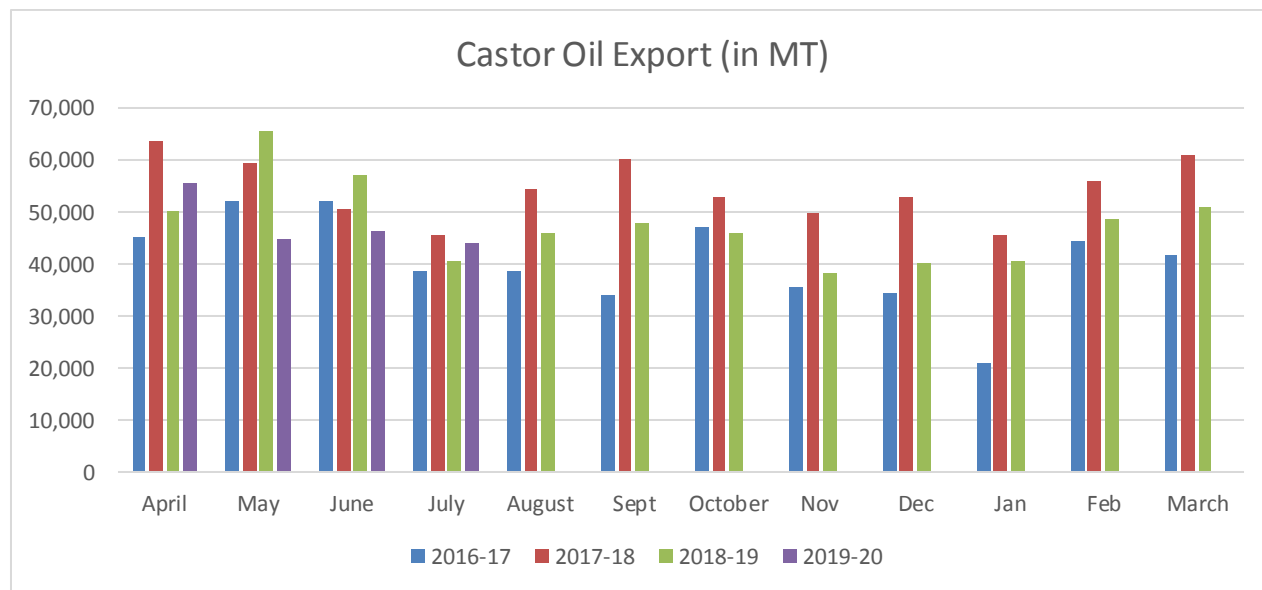
### Castor Meal Monthly Export:



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 2<sup>nd</sup> week May, 2020**
**State wise Wholesale Prices Weekly Analysis for Castor Seed Second week May, 2020**

State	Prices 09-15 May 2020	Prices 01-08 May 2020	Prices 09-15 May 2019	% Change(Over Previous Week)	% Change(Over Previous Year)
AP			5058.37	---	---
Gujarat	3485.34	3441.99	5486.54	1.26	-36.47
Karnataka	3854.75	3763.6	35	2.42	10913.57
MP	2900		3923.86	---	-26.09
Maharashtra	3300	3000	4400	10	-25
Rajasthan		3509.73	5407.71	---	---
Tamil Nadu	3818.67		5054	---	-24.44

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Telangana			4929.13	--	--
Average	3471.75	3428.83	4286.83		

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)	3400-3600	3500-3800
Medium Term (30 days)	4000-4300	3900-4600

### 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 over sold region.



#### Strategy: Sell on Rise

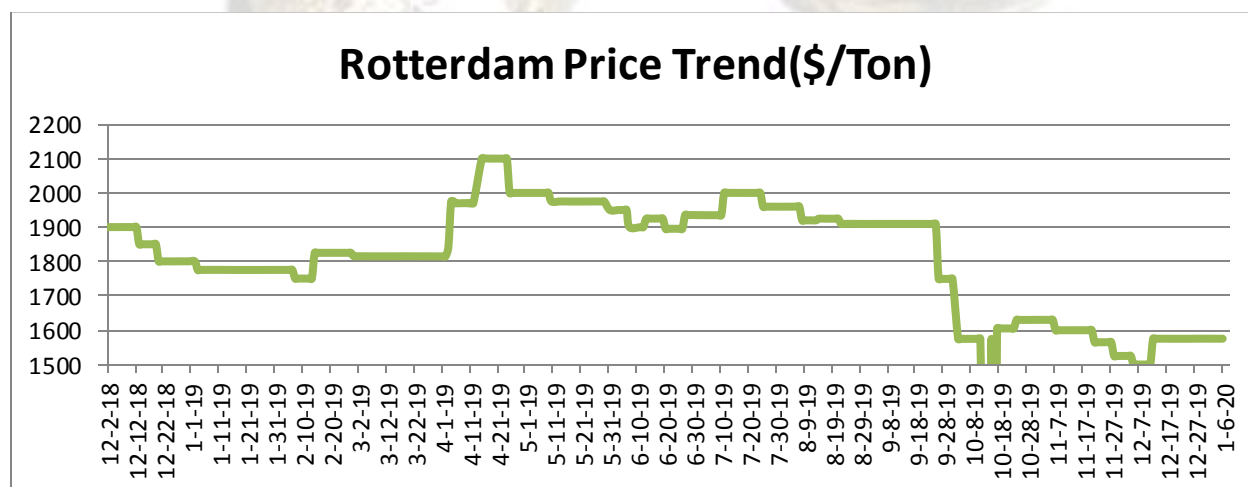
Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Castor	NCDEX	Jun	3400	3450	3624	4250	4400
Pre Weekly Trade Call			Call	Entry	T1	T2	SL
Castor	NCDEX	Jun	<b>Sell</b>	3870	3830	3800	3890

**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
<b>Production</b>	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
<b>Carry out</b>	<b>8.04</b>	<b>9.04</b>	<b>9.96</b>	<b>6.79</b>	<b>4.39</b>	<b>5.49</b>	<b>4.19</b>	<b>11.49</b>
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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<b>Comparative Prices Of Castor Products Including Seed</b>					
	<b>27th Dec'19</b>	<b>20th Dec'19</b>	<b>27th Nov'19</b>	<b>27th Dec'18</b>	<b>CHANGE %</b>
Castorseed (Gujarat)((Rs./M.T) Ex-Mandi	43000	43700	42000	52886	<b>-22.99</b>
Castor Meal Export (FAS) (US\$ / MT),Ex Kandla	91.00	92.00	92.00	82.00	<b>9.89</b>
EXPORT (FOR) Ports (Rs./MT)Castor meal bulk Kandla	6250	6250	6300	5688	<b>8.99</b>
Castor Oil (First Grade) FOB Kandla (Export)\$ /Tonne	1260	1305	1235	1559	<b>-23.73</b>
Local rates for oil in domestic market(Rs./M.T.) for comm.	90000	92000	88000	109756	<b>-21.95</b>

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

<b>Commodity</b>	<b>Market</b>	<b>Price (Rs/ Quintal)</b>		<b>Change</b>
		<b>11 May to 16 May 2020</b>	<b>04th May to 09 May 2020</b>	
<b>Gujarat</b>	Patan	3573	3575	<b>-2</b>
	Harij	3545	3550	<b>-5</b>
	Rajkot	3533	3534	<b>0</b>
	Gondal	3580	3580	<b>Unch</b>
	Deesa	3584	3578	<b>6</b>
	Bhabar	3583	3585	<b>-2</b>
	Mehsana	3554	3556	<b>-2</b>
	Kadi	3571	3675	<b>-104</b>
	Sabarkatha	3578	3598	<b>-21</b>
	Gandhi Nagar	3571	3596	<b>-25</b>
	Ahmedabad (Sanand)	#DIV/o!	#DIV/o!	<b>-</b>
	Halvad	3450	3575	<b>-125</b>
	Junagadh	3497	3586	<b>-90</b>
	Dhrol	#DIV/o!	3349	<b>-</b>
<b>Rajasthan</b>	Jodhpur	#DIV/o!	3400	<b>-</b>
	Sumerpur	#DIV/o!	3550	<b>-</b>

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

<b>Center</b>	<b>Market</b>	<b>11 May to 16 May 2020</b>	<b>04th May to 09 May 2020</b>	<b>Change</b>
<b>Gujarat</b>	Patan	38250	27375	<b>10875</b>



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	Harij	17250	15000	2250
	Rajkot	2415	5785	-3370
	Gondal	2316	5776	-3460
	Deesa	24998	28337	-3338
	Bhabar	28640	22560	6080
	Mehsana	4200	1875	2325
	Kadi	15920	2000	13920
	Sabarkatha	2680	3080	-400
	Gandhi Nagar	4800	5025	-225
	Ahmedabad (Sanand)	0	0	Unch
	Halvad	6600	6450	150
	Junagadh	585	255	330
	Dhrol	0	236	-236
Rajasthan	Jodhpur	0	435	-435
	Sumerpur	0	6400	-6400
Total Arrivals/Above Markets		148654	130589	18066

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