



Castor Weekly Research Report

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Castor Domestic Market Fundamentals:

- After the announcement of un-lockdown 1, Castor rose from 150 to 200, On June 8, June futures had a low of 3586, and we expect castor seed prices expected to move up in the coming weeks.
- In view of the Coronas Crisis in China, speaking of large crop, there was a chance of a decrease in the report and despite a 60-day lapse, MAY 2020. India exports around 54800 tons, which is the closest to the highest export. The crop was going to be 18-20 lakh tons, but some of the crop may have eaten by locust.
- Total area under castor in Andhra Pradesh and Telangana for 2019-20 is taken to be 57,350 hectare as against last year's estimate of 60,270 hectare, which has declined by 5% over last year.
- 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.
- The total area under castor in Gujarat for 2019-20 is taken to be 7,40,600 hectare as against last year's estimate of 5,33,800 hectare, which has increased by about 39% over the previous year. Estimated average yield for 2019-20 is revised slightly downwards by 4.92% to 2,239 kg/ha from 2,355 kg/ha estimated earlier. Subsequently, the total seed production in the state is revised and estimated downward to 16.58 lakh tonne from 17.44 lakh tonne estimated earlier. Supplies will be delayed this year due to delayed sowing on incessant rains during sowing time and subsequent slowdown in the picking/harvesting due to the countrywide lockdown to curtail the spread of Covid-19
- According to Government 02nd 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.

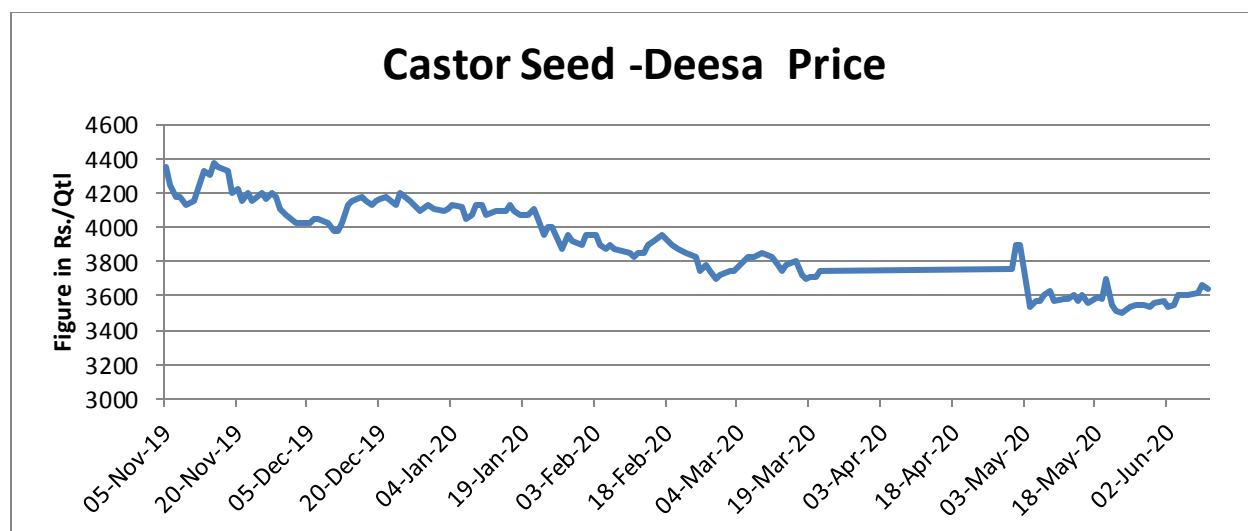
- Difficulty for Indian Domestic Castor Oil Industry after Domestic & International demand for Castor Oil gone down drastically. Due to slowdown in global economy as the aftereffects of Covid-19, the manufacturing & trading activities have gone down. This lead to drastic decline in the International 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 Castro 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 Castror seed reduced to Rs.3600/qtl.
- According to Government 02nd advance estimate, castor production in 2019-20 is estimated at 21.6 lakh tonnes.

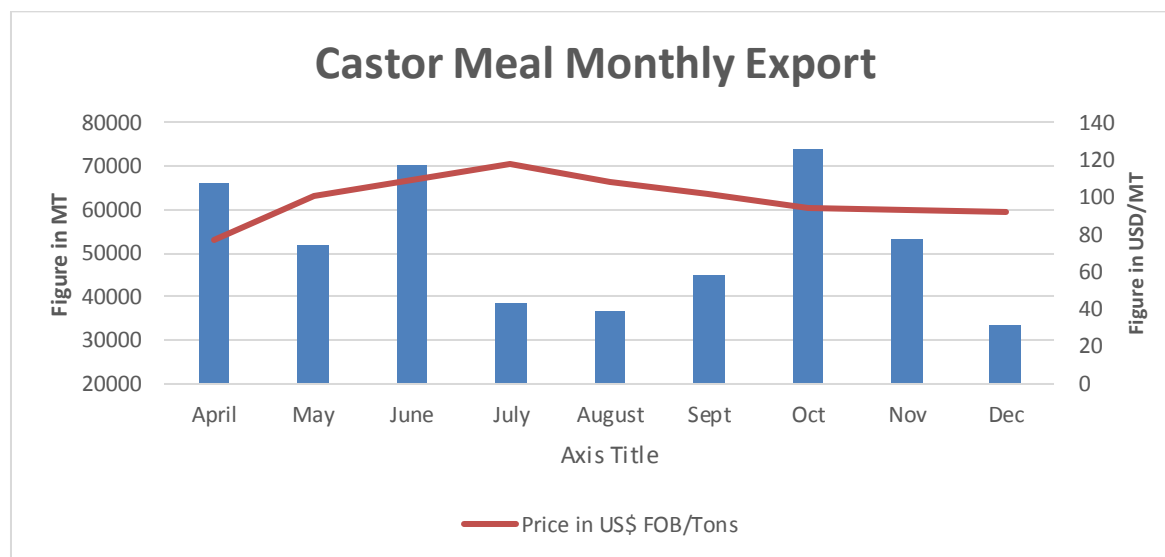
Castor Price Trend Deesa Mandi:



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 and impact of corona virus also push the prices downwards.

Castor Meal Monthly Export:

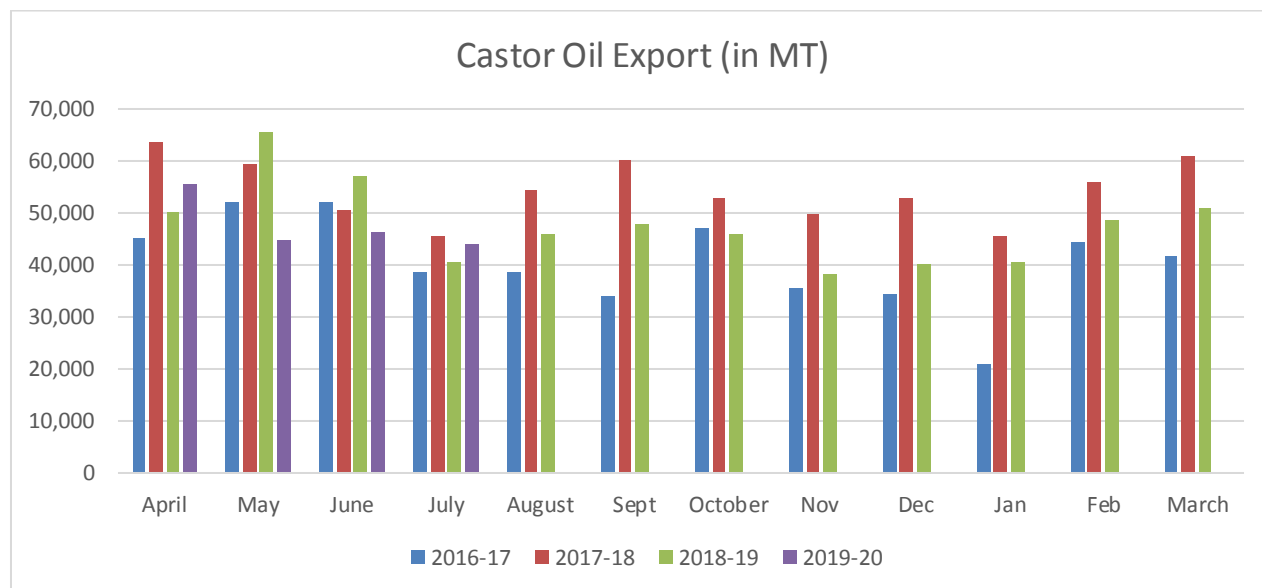


Source: Sea of India

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 2nd 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
Telangana			4929.13	--	--

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Average	3471.75	3428.83	4286.83		
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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 firm in coming week.
- Increase in prices with higher volume and OI indicates long build up.
- RSI is moving is in neutral region.



Strategy: Buy

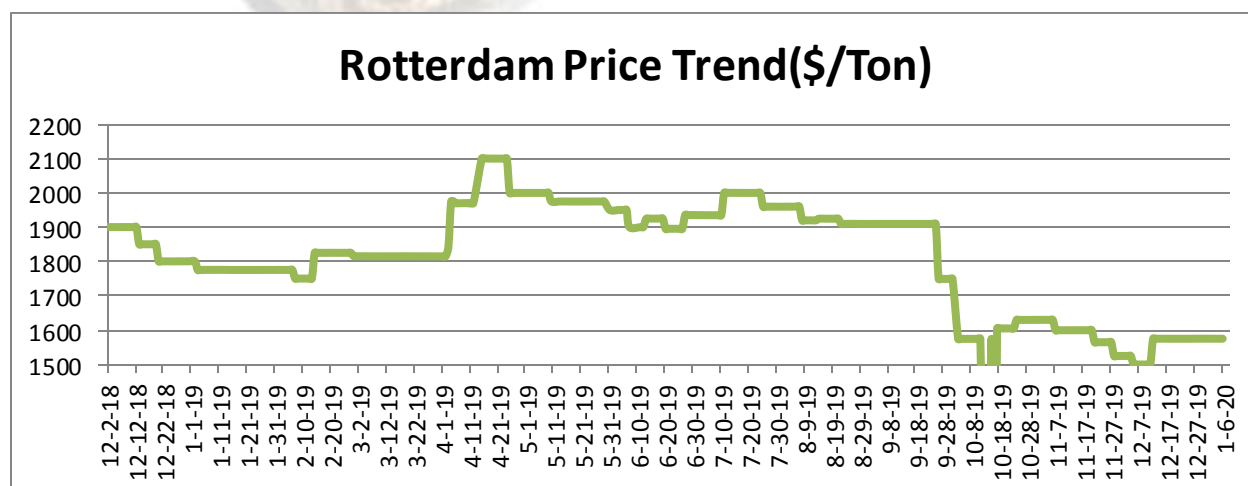
Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Castor	NCDEX	Jun	3200	3300	3674	4250	4400
Pre Weekly Trade Call			Call	Entry	T1	T2	SL
Castor	NCDEX	Jun	Buy	3670	3720	3760	3680

Castor Seed Supply & Demand for MY-2019-20:

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

Comparative Prices Of Castor Products Including Seed					
	15th May'20	8th May'20	15th Apr'20	15th May'19	CHANGE %
Castorseed (Gujarat)((Rs./M.T) Ex-Mandi	36000	36750	40000	56637	-57.33
Castor Meal Export (FAS) (US\$ / MT),Ex Kandla	55.00	55.00	NQ	101.00	-83.64
EXPORT (FOR) Ports (Rs./MT)Castor meal bulk Kandla	4000	4000	NQ	6771	-69.28
Castor Oil (First Grade) FOB Kandla (Export)\$ /Tonne	NQ	NQ	NQ	1696	-
Local rates for oil in domestic market(Rs./M.T.) for comm.	82500	86000	94000	118415	-43.53

Source: SEA.

Castor Seed Weekly Prices at Key Spot Markets:

Commodity	Market	Price (Rs/ Quintal)		Change
		01 Jun to 6 Jun 2020	25 May to 30 May 2020	
Gujarat	Patan	3587	3560	27
	Harij	3575	3517	58
	Rajkot	3542	3536	6
	Gondal	3584	3589	-5
	Deesa	3577	3546	31
	Bhabar	3572	3552	20
	Mehsana	3543	3530	13
	Kadi	3556	3532	24
	Sabarkatha	3570	3540	30
	Gandhi Nagar	3593	3564	29
	Ahmedabad (Sanand)	0	#DIV/o!	-
	Halvad	3392	3406	-15
	Junagadh	2140	2113	27
	Dhrol	645	534	111
Rajasthan	Jodhpur	3421	3317	104
	Sumerpur	3500	3445	55

Castor Seed Cumulative Arrivals in Key Centers:

Center	Market	01 Jun to 6 Jun 2020	11 May to 16 May 2020	Change
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Gujarat	Patan	29250	47250	-18000
	Harij	17250	18750	-1500
	Rajkot	4575	6275	-1700
	Gondal	4467	4800	-333
	Deesa	11548	9080	2468
	Bhabar	29840	17364	12476
	Mehsana	6000	9000	-3000
	Kadi	23840	24020	-180
	Sabarkatha	4240	3520	720
	Gandhi Nagar	5175	5775	-600
	Ahmedabad (Sanand)	0	0	Unch
	Halvad	3525	4950	-1425
	Junagadh	446	305	141
	Dhrol	4	20	-16
Rajasthan	Jodhpur	487	491	-4
	Sumerpur	9600	9600	Unch
Total Arrivals/Above Markets		150247	161200	-10953

Week on Week Price: Scenario of Castor Seed :					
Commodity	Market	Today	Week ago	Month ago	Year ago
Center		08-Jun-20	01-Jun-20	09-May-20	08-Jun-19
Gujarat	Patan	3700	3600	NR	5375
	Harij	NR	NR	Closed	5400
	Rajkot	3565	3600	NR	5230
	Gondal	3605	3580	3580	5330
	Deesa	3615	3575	3565	5325
	Bhabar	3675	3560	3575	5350
	Mehsana	3635	3550	3600	5375
	Kadi	3700	3530	NR	5365
	Sabarkatha	3625	3550	3600	5400
	Gandhi Nagar	3700	3560	3625	5375
	Ahmedabad (Sanand)	0	0	Closed	5250
	Halvad	3375	3350	3525	5400
	Junagadh	3635	0	3610	5265
	Dhrol	3230	3225	0	5190
Rajasthan	Jodhpur	3500	3500	Closed	5300

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	Sumerpur	3575	3500	Closed	5250
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