

Castor Weekly Research Report

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Castor Domestic Market Fundamentals:

- Climatic adversity such as untimely rains, strong winds and hailstorms in parts of castor-sowing regions of Gujarat is set to cause a dip in the output of the oilseed.
- In its final crop estimate, trade body Solvent Extractors' Association of India (SEA) has revised its castor crop outlook for the year 2019-20 downward by about 3.5 per cent or 74,000 tonnes to 19.62 lakh tonnes (lt) as against the first estimate of 20.36 lakh tons reported in February this year.
- Per the final estimates, castor output in the country will be lower by about 15,000 tonnes from 19.77 lakh tons reported in 2018-19.
- India's average castor seed productivity after the third and fourth survey has been revised down to 1,977 kg per hectare against 2,052 kg/ha estimated in the first estimate. This is due to some crop damage in Gujarat from untimely rains and strong winds. However, Rajasthan crop conditions were a little better than the first estimate.
- According to sowing data released by Ministry of Agriculture, India, Acreage under castor seed is 9.92 lakh hectares.
- Gujarat will continue to be the largest castor seed producer with an estimated output of 16.60 lakh tons or nearly 85 per cent of the country's output. The first estimate had put the Gujarat output at 17.44 lakh tons.
- Strong winds, rains and hailstorm in some tehsils of Banaskantha, Gandhinagar, Mehsana and Ahmedabad (districts) during March 2020 had slightly damaged the standing castor crop. Farmers have also gone slow on selling castor seed in the market primarily due to the lockdown and lower prices.
- Rajasthan, on the other hand, is set to see an improvement in the average yield, which is revised upward to 1,593 kg/ha after the fourth round of survey, as against the first estimate of 1,523 kg/ha, due to favourable weather conditions and availability of water for irrigation.
- Also the area under castor in Rajasthan is believed to be higher for 2019-20 at 1, 54,240 hectares per government estimates over last year's 1, 38,000 hectares. Meanwhile final production for the State is estimated to be 2.46 lakh tonnes as against the first estimate of 2.35 lakh tonnes.
- The output in Andhra Pradesh and Telangana is estimated to be 33,000 tonnes, which is the same as last year's estimate of 24,000 lt.
- Castor seed prices hovered in the range of Rs.3,240-3,620 per quintal at the markets in this week.

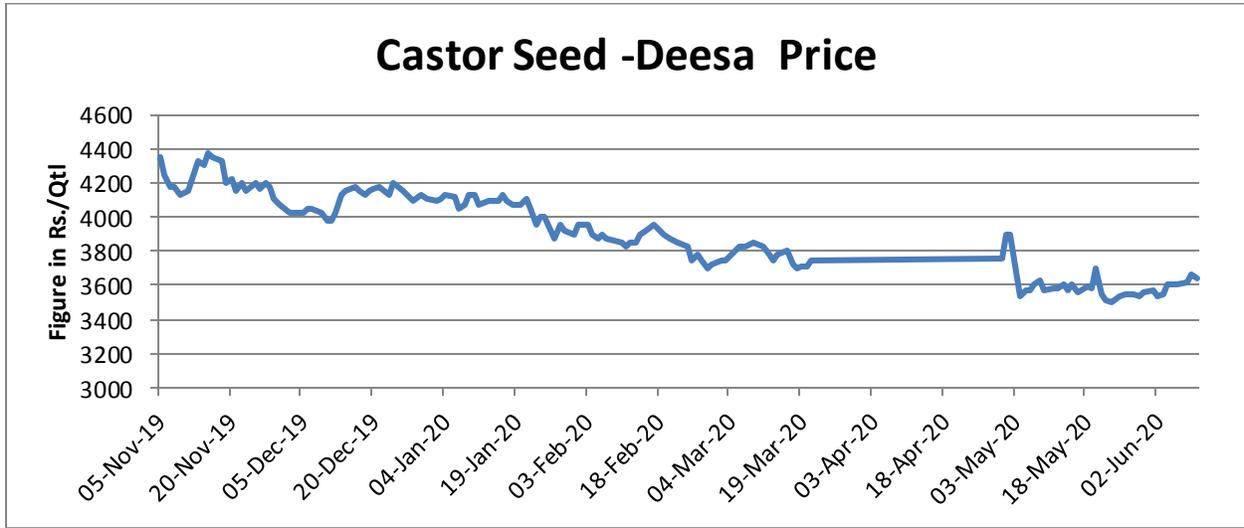
Castor Seed & Oil Weekly Report

Date – 15th June 2020

- 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.

- 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.

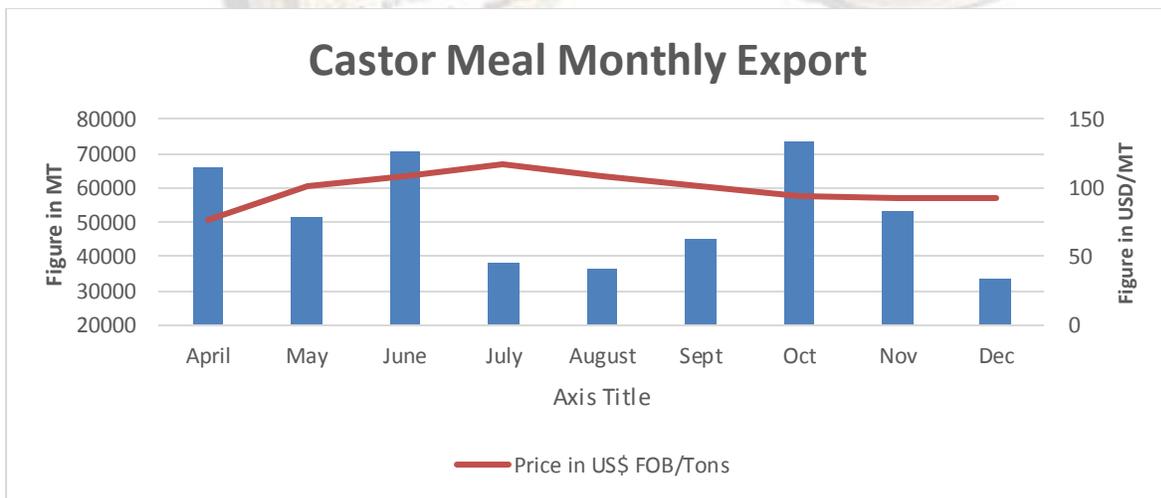
Castor Price Trend Deesa Mandi:



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:



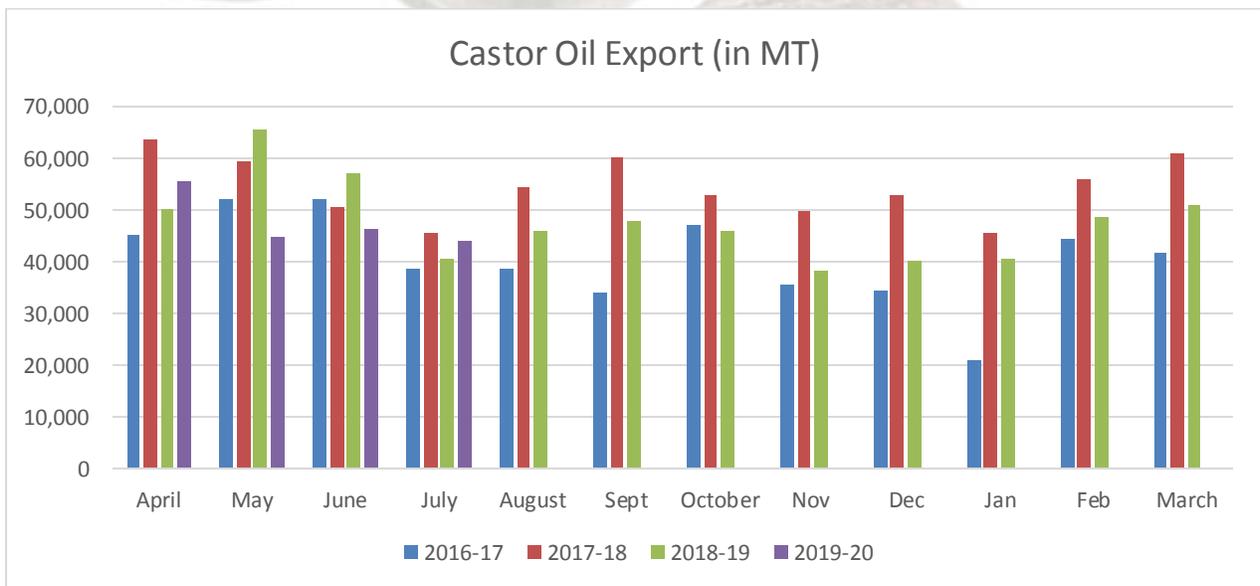
Source: Sea of India

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 March 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	---	---
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							
<p>Technical Commentary:</p> <ul style="list-style-type: none"> • 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 in neutral region. 			 <p>CASTOR SEED NEW 2006(NCCTMM)/20200608 - Daily B:3734.00 A:3740.00 O:3716.00 H:3784.00 L:3698.00 C:3738.00 ↑ V:1,910.17,800 +54 +1.74% EMA(9):3649.7 (18):3647.4 RSI(9,SMA(6)) 67.0923 33.9642 Volume(Total) 1,910 Open Interest(Total) 7,600 B:2020 6</p>				
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

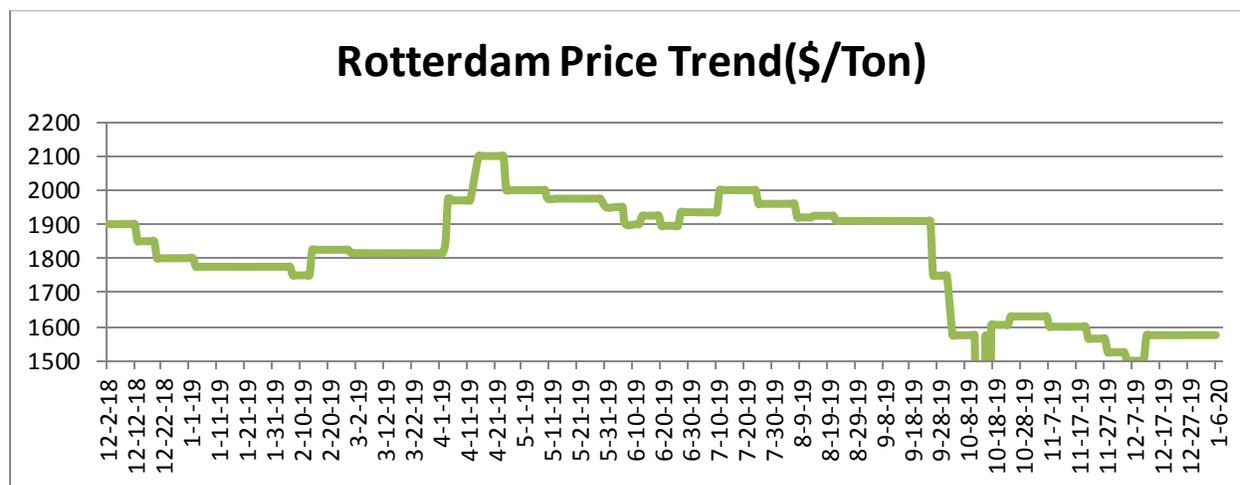
Castor Seed Supply & Demand for MY-2019-20:

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 Center	Market	Price (Rs/ Quintal)		Change
		08 Jun to 15 Jun 2020	01 Jun to 06 Jun 2020	
Gujarat	Patan	3701	3587	114
	Harij	3658	3575	83
	Rajkot	3625	3542	83
	Gondal	3658	3584	74
	Deesa	3663	3577	86
	Bhabar	3686	3572	114
	Mehsana	3657	3543	113
	Kadi	3633	3556	78
	Sabarkatha	3688	3570	118
	Gandhi Nagar	3698	3593	104
	Ahmedabad (Sanand)	0	0	Unch
	Halvad	3383	3392	-8
	Junagadh	3608	2140	1468
	Dhrol	3296	645	2651
Rajasthan	Jodhpur	3500	3421	79
	Sumerpur	3575	3500	75

Castor Seed Cumulative Arrivals in Key Centers:

Center	Market	08 Jun to 15 Jun 2020	01 Jun to 06 Jun 2020	Change
Gujarat	Patan	39825	29250	10575
	Harij	12375	17250	-4875
	Rajkot	6006	4575	1431
	Gondal	3853	4467	-614
	Deesa	9497	11548	-2051
	Bhabar	30400	29840	560
	Mehsana	5475	6000	-525
	Kadi	36000	23840	12160
	Sabarkatha	4320	4240	80
	Gandhi Nagar	5175	5175	Unch
	Ahmedabad (Sanand)	0	0	Unch
	Halvad	7800	3525	4275
	Junagadh	37	446	-409
	Dhrol	123	4	119

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Rajasthan	Jodhpur	184	487	-303
	Sumerpur	12800	9600	3200
Total Arrivals/Above Markets		173869	150247	23623

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