

# Castor Seed & Oil Monthly Research Report

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**Castor Domestic Market Fundamentals:**

**Castor prices both in futures and spot markets in the month of December continue to trade with bearish tone** as buyers opted to wait and watch policy due to sharp losses in castor seed prices over the last one month and also the expectation of new crops arrivals in Gujarat kept the market sentiments on lower side.

**As per trade sources, currently arrivals of castor seed are pegged at 1,500-2,000 bags (1 bag = 75 kg)** compared to 3,000-4,000 bags during the corresponding period last year as arrivals this season have been delayed by up to two weeks.

**Last year, the new crop arrivals started in the first week of December. Arrivals in the state are likely to gain pace from mid-January.**

**The long-term sentiments are still bullish due to lower crop outlook. Castor seed crop this season is expected to be** around 7-8 lakh bags as compared to 14-15 lakh bags last year as adverse weather likely to damage the crop significantly in Gujarat.

**All India Castor seed acreage in 2018 increased to 8.59 lakh hectares up by 5.15 per cent from last year acreage of 8.78 lakh hectares** and 25 per cent down by normal area of 8.66 lakh hectares.

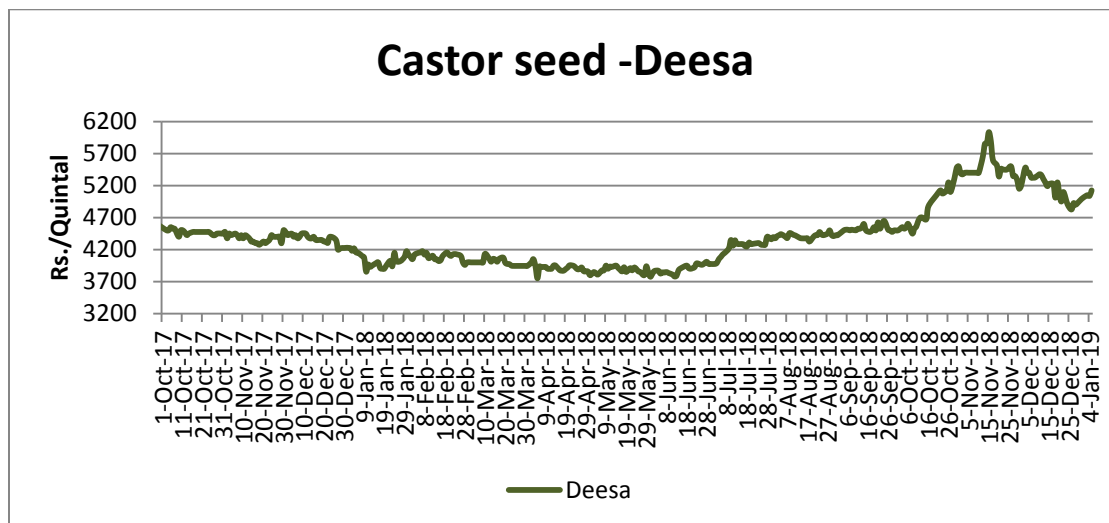
**As per the Ministry of Agriculture 1st Advance Estimates for 2018-19, Castor seed production is estimated** at 15.17 lakh tonnes as compared to 15.68 lakh tonnes in 2017-18.

**Gujarat Agriculture Department in its first advance estimates for 2018- 19 estimated Castor crop to decline more** than 20 per cent to 11.73 lakh tonnes versus 14.84 lakh tonnes.

**As per the Solvent Extractors' Association of India, castor oil exports plunged 30.5 per cent year-on-year** to 36,669 tonnes in October, slowdown in demand from China, which accounts for around 70 per cent of India's non-edible oil exports. The outlook for exports is bearish as demand in the global market is unlikely to gather pace in the coming months. During April-October, India shipped 334,519 tonnes of castor oil compared with 386,330 tonnes a year ago. In FY 2017-18, India's total exports were pegged at 651,326 tonnes as against 556,778 tonnes in the previous year. Japan, European countries, and the US are the prominent buyers of Indian castor oil besides China.

**Castor meal export during the month of November surged 68.59 per cent at 30,724 metric tonnes as compared** to 18,224 metric tonnes a month ago. Shipment during April-November however dropped 37.7 per cent at 259,319 metric tonnes against 416,699 metric tonnes in the same period a year ago.

**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 bullish after some correction in last month as traders and millers are likely to active due to lower stock with them which may push the price even in arrival season.

FUNDAMENTAL SUMMARY	
Price Drivers	Impact
Buyers opting to wait before initiating fresh trade due to significant losses in castor seed over the last one month	Bearish
Expectations of new crops arrivals in spot markets of Gujarat and other states	Bearish
All India Castor acreage increased to 8.59 lakh hectares up by 5.15 per cent from last year	Bearish
Lower crop production estimates from Gujarat due to dry weather conditions during crop growth	Bullish
Castor oil exports declined by 30.5 per cent in October due to slowdown in demand from China	Bearish
Buying at lower levels due to expectation of lower crop this season	Bullish

*Based on Primary & Secondary Sources*

**Castor Oil Demand & Supply:**

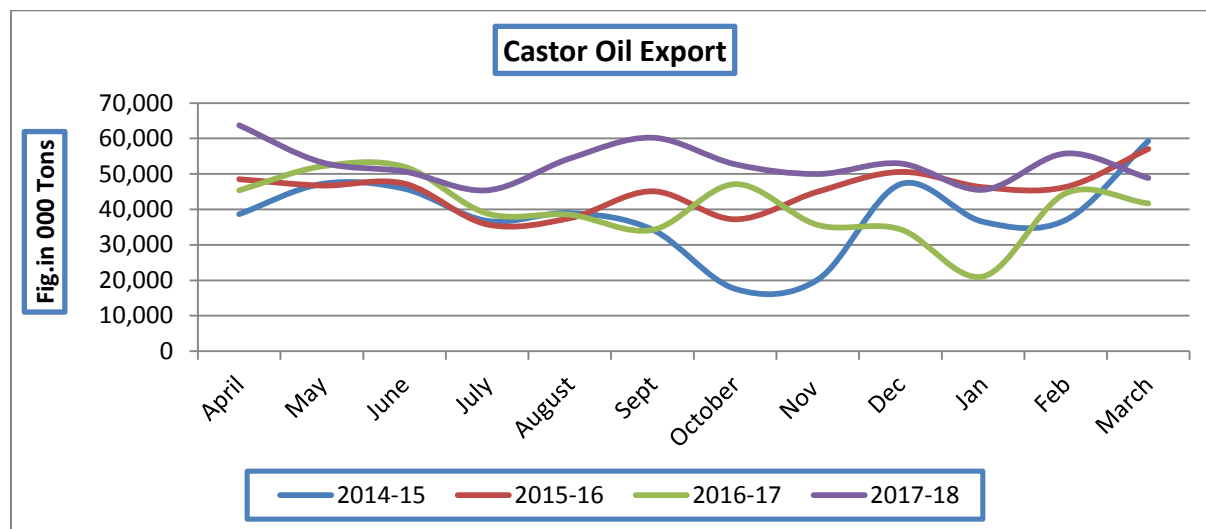
<b>Preliminary Forecast For 2018-19</b>							
<b>All units in lakh tonnes</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19*</b>
Carry in	5.80	8.04	9.04	5.54	6.79	4.39	5.64
<b>Production</b>	13.04	12.00	13.52	14.00	10.60	14.45	10.20
Imports	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Availability	18.84	20.04	22.56	19.54	17.39	18.84	15.84
Consumption	10.80	11.00	12.60	12.75	13.00	13.20	13.00
Exports	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Usage	10.80	11.00	12.60	12.75	13.00	13.20	13.00
<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>5.64</b>	<b>2.84</b>
Av Monthly Consumption	0.90	0.92	1.05	1.06	1.08	1.10	1.08
Stock to Month Use	8.93	9.86	9.49	6.39	4.05	5.13	2.62
Stock to Consumption Ratio	0.08	0.08	0.08	0.08	0.08	0.08	0.08

**Castor Seed- Balance Sheet for 2018-19:**

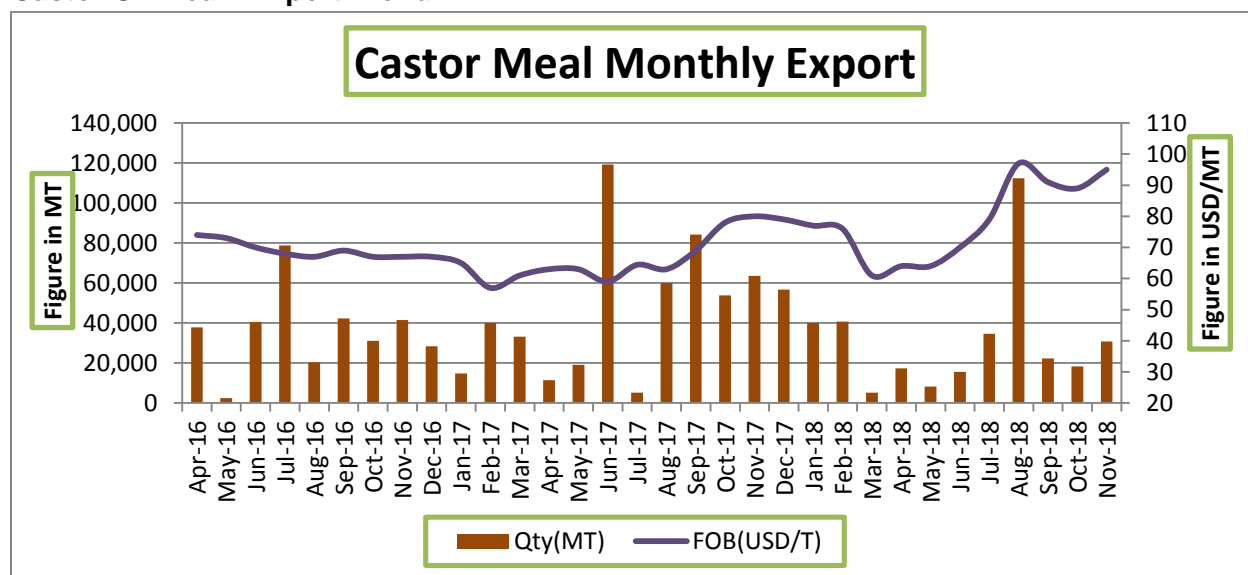
Production shows around 28-30% lower side this year against 2017-18 seasons due to damage of crop in major producing states like Gujarat as lower rainfall recorded during the growth phase. Over all area is slightly up from last from 8.170 lakh hectares to 8.59 lakh hectares but mostly area down in major producing states like Telangana, Gujarat and Haryana. Andhra Pradesh is facing the worst drought of recent times with crop in lakhs of hectares under stress including castor seed which may impact on yield. The failure of the northeast monsoon has hit farmers really hard. While a rainfall deficit of 73% was recorded in October — the first month of the northeast monsoon — there seems to be no letup in the second month recording a rainfall deficit of 64%. The estimate is based on data received from final kharif sowing progress by Ministry of Agriculture. Agriwatch expects below normal rainfall this year and hopes lower yield too. Based on lower yield realization seed production would decline from 14.45 to 10.20 lakh tons this year.

The season started with 5.64 lakh tons as carryout. Thus total availability for current marketing year comes to 15.84 lakh tons with estimated production of 10.20 lakh tons is included. Lower production would drag carryout down from 5.64 to 2.84 lakh tons. It would push seed price up in coming month of year 2018 once picking complete till March end to mid of April.

**Castor Oil Monthly Export Trend:**



**Castor Oil Meal Export Trend:**

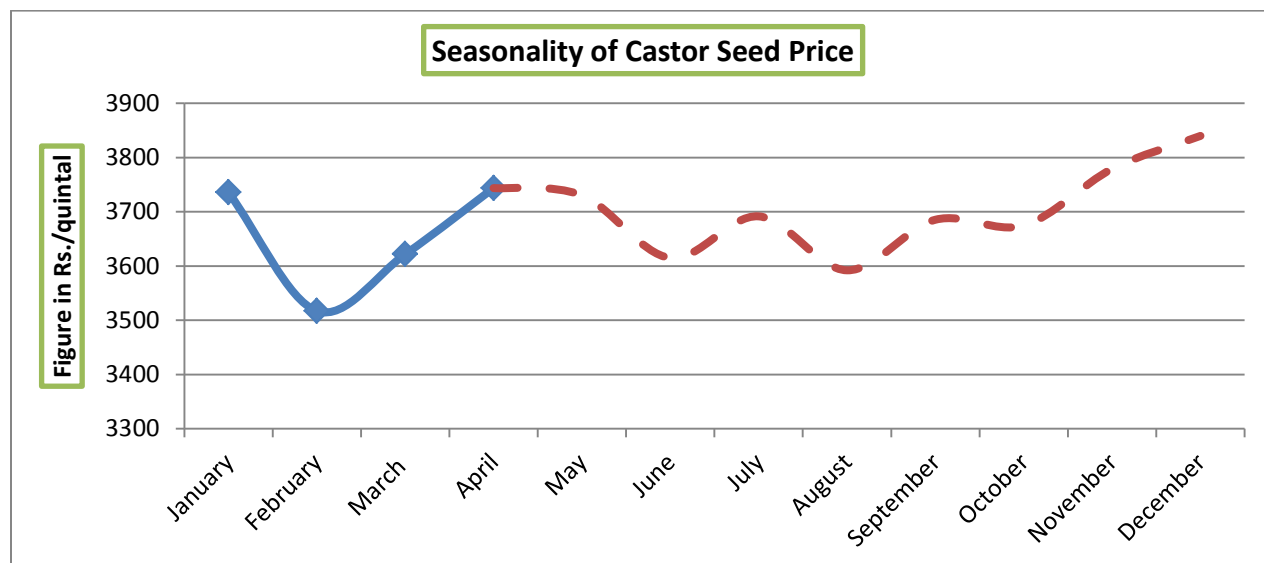


Castor meal export during the month of November surged 68.59 per cent at 30,724 metric tons as compared to 18,224 metric tons a month ago. Shipment during April-November however dropped 37.7 per cent at 259,319 metric tons against 416,699 metric tons in the same period a year ago.

During April – Nov., 2018 Vietnam imported 355,688 tons of oilmeals (compared to 321,803 tons); consisting of 20,573 tons of soybean meal, 123,183 tons of rapeseed meal, and 211,719 tons of Rice Bran Extraction. South Korea imported 550,963 tons of oilmeals (compared to 545,900 tons) ; consisting 349,349 tons of rapeseed meal, 19,032 tons of soybean meal and

182,582 tons of castor meal. Thailand imported 212,159 tons of oilmeals (compared to 127,065 tons); consisting 19,318 tons of soybean meal, 10,306 tons of De-oiled Rice Bran Extraction, and 182,499 tons of rapeseed meal. France imported 140,797 tons of oilmeals consisting 137,799 tons of soybean meal and 2,998 tons of Castormeal.

**Price Seasonality Trend:**



Above chart is for Rajkot market which forecast the price trend for coming months. Chart indicates that castor seed market is likely to move volatile under normal situation (weather, rainfall etc.). Price is expected to move up from March onwards as stock is getting low and demand from China and other major importers is normal.

### Technical Analysis:

#### Castor – Technical Outlook

#### Technical Commentary:

- Prices are likely to move steady to firm in coming week.
- Increase in prices with lower volume and OI indicates short build up.



#### Strategy: Buy

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Castor	NCDEX	Jan	4800	4850	5352	5600	5700
Pre Weekly Trade Call			Call	Entry	T1	T2	SL
Castor	NCDEX	Jan	Buy	5200	5280	5380	5180

### Castor Oil Export Volume:

Month wise export of castor oil: April to March:(Quantity in MT)				
Month	2015-16	2016-17	2017-18	2018-19
April	48,511	45,378	63721	45589
May	46,731	52,133	59259	65545
June	47,257	51,994	50647	56920
July	35,756	38,836	45387	40423
August	37,517	38,497	54365	45907
Sept	45,105	34,208	60219	47881
October	37,205	47,112	52732	36669
Nov	45,002	35,608	49976	47264
Dec	50,578	38,442	52950	
Jan	46,250	36001	45531	
Feb	46,327	47540	55763	
March	57,035	57787	48840	
<b>Total</b>	<b>543,274</b>	<b>523,536</b>	<b>639,390</b>	<b>390921</b>

Source: SEA

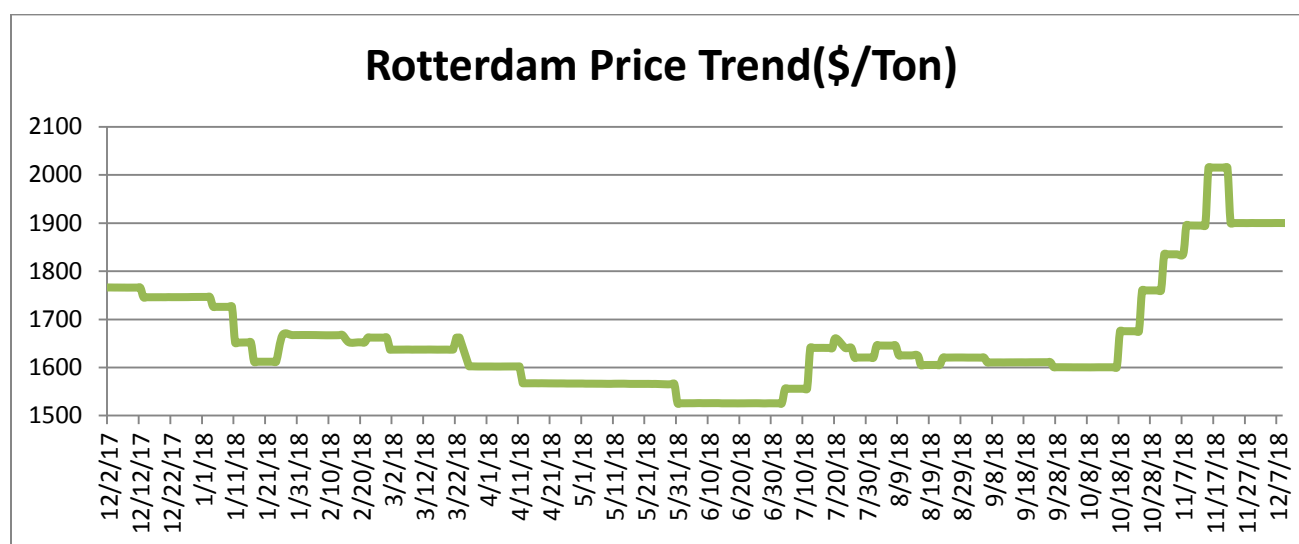
**Cash Market (Deesa) Expected Price Range for Jan-2019:-**

Expected Range	Rs/Qtl.(Low)	Rs /Qtl.(High)
Short term (15 days)	5290-5350	5400-5525
Medium Term (30 days)	5550-5725	5725-5910

**Outlook for January-2018:**

Castor seed cash market is likely to trade steady to slightly weak tone as arrival is likely to hit in major producing region and picking is expected till March-2019 which will drive the price in range bound to slightly down, however lower yield expectation could sustain the price at current level.

**Rotterdam Price:-**



<b>Comparative Prices Of Castor Products Including Seed</b>					
	30th Nov '18	23rd Nov '18	30th Oct '18	30th Nov '17	CHANGE %
Castorseed (Gujarat)((Rs./M.T) Ex-Mandi	52450	NQ	56450	44460	15.23
Castor Meal Export (FAS) (US\$ / MT),Ex Kandla	93.00	NQ	94.00	80.00	13.98
EXPORT (FOR) Ports (Rs./MT)Castor meal bulk Kandla	6450	NQ	6900	5100	20.93



Castor Oil (First Grade) FOB Kandla (Export)\$/Tonne	1605	NQ	1565	1453	9.47
Local rates for oil in domestic market(Rs./M.T.) for comm.	112000	NQ	116000	93892	16.17

**Castor Seed - Products Monthly Average Prices:**

Commodity	Monthly Average Prices (Rs/ Quintal)			Change	
	Center	Market	Dec. 2018		Nov. 2018
Gujarat	Patan		5164	5551	-387
	Harij		5158	5542	-383
	Rajkot		5049	5433	-384
	Gondal		5073	5434	-361
	Deesa		5155	5505	-350
	Bhabar		5181	5520	-339
	Mehsana		5138	5561	-423
	Kadi		5136	5541	-405
	Sabarkatha		5153	5520	-367
	Gandhi Nagar		5181	5543	-362
	Ahmedabad (Sanand)		5023	5233	-210
	Halvad		5230	5452	-222
	Junagadh		4993	5391	-397
	Dhrol		4724	5140	-416
Rajasthan	Jodhpur		5142	5496	-354
	Sumerpur		5039	5407	-367

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

Center	Market	Monthly Arrivals (Quintal)		Change
		Dec. 2018	Nov. 2018	
Gujarat	Patan	23250	35475	-12225
	Harij	5445	6150	-705
	Rajkot	6005	6540	-535
	Gondal	4050	5342	-1292
	Deesa	11602	15156	-3554
	Bhabar	23410	42640	-19230
	Mehsana	3904	6615	-2711
	Kadi	24976	32526	-7550
	Sabarkatha	1600	4200	-2600
	Gandhi Nagar	4163	6713	-2550

	Ahmedabad (Sanand)	212	82	<b>129</b>
	Halvad	2724	2415	<b>309</b>
	Junagadh	1829	1606	<b>223</b>
	Dhrol	36	5	<b>31</b>
<b>Rajasthan</b>	Jodhpur	1841	2048	<b>-206</b>
	Sumerpur	9200	4280	<b>4920</b>
<b>Total Arrivals/Above Markets</b>		<b>124245</b>	<b>171792</b>	<b>-47547</b>

**Note: We have incorporated traded quantity of seed in particular mandis. It does not signify the total arrivals**

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