

# Castor Seed & Oil Monthly Research Report

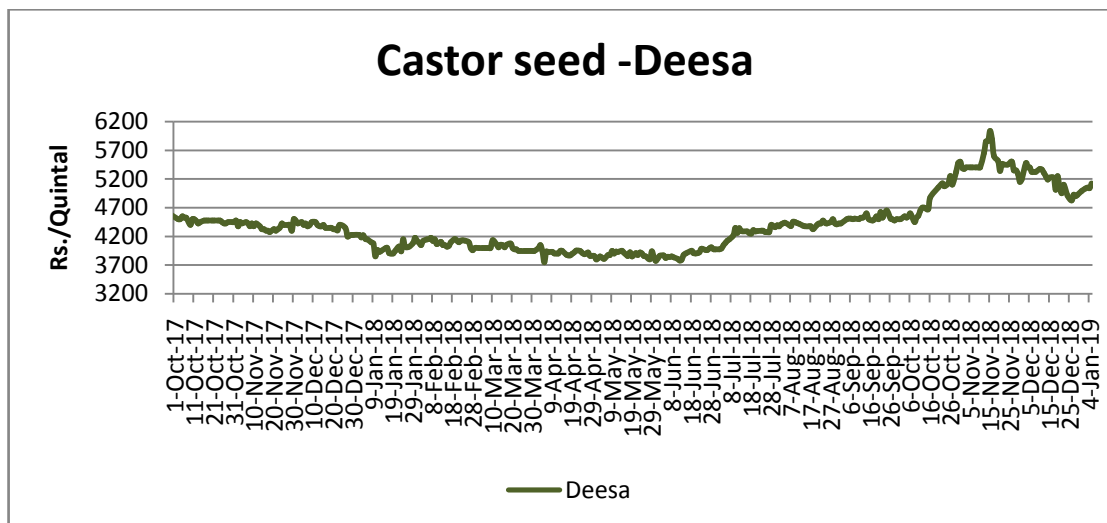
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### Castor Domestic Market Fundamentals:

- Castor seed prices in most of the spot markets in the country remained firmed with lower production estimates and higher overseas demand mainly from china.
- As per traders view, around 50956 tons of castor oil exported in the month of march, out of which around 20 thousand tons were exported alone in china.
- All India Castor seed acreage in 2018 increased to 9.18 lakh hectares up by 5.05 per cent from last year acreage of 8.74 lakh hectares and 25 per cent down by normal area of 10.51 lakh hectares.
- According to the latest second advance estimates by Ministry of Agriculture, Castor seed production for 2018-19 is estimated to decline by 21.37 per cent at 11.77 lakh tonnes as compared to 14.97 lakh tonnes last year. The target set by government for 2018-19 castor seed production is 18.31 lakh tonnes.
- As per trade sources, the decline in all India castor production is mainly due to lower crop estimates from Gujarat because of deficient rainfall during monsoon 2018 in key Castor growing belts (Mehsana, Patan, and Surendranagar).
- Castor seed acreage in Gujarat during 2018 was reported around 5.33 lakh hectares as against 5.95 lakh hectares in Kharif 2017. The seasonal normal Castor acreage in Gujarat is 6.48 lakh tonnes.
- As per the latest revised second advance estimates for 2018-19 crop by the Department of Agriculture Gujarat, Castor seed production is estimated to decline by 35.24 per cent at 9.61 lakh tonnes as against 14.84 lakh tonnes during 2017-18.
- As per market sources, Rajasthan Castor seed production for 2018-19 crop is likely to decline at 1.47 lakh tonnes as compared to 1.66 lakh tonnes during 2017-18.
- As per the Solvent Extractors' Association of India (SEA) latest data Castor seed meal exports during April 2018 to January 2019, declined at 326885 metric tonnes as against 513335 metric tonnes last year.

Castor Price TrendDeesaMandi:



Source:

Agriwatch

Above price chart is of DeesaMandi 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:**

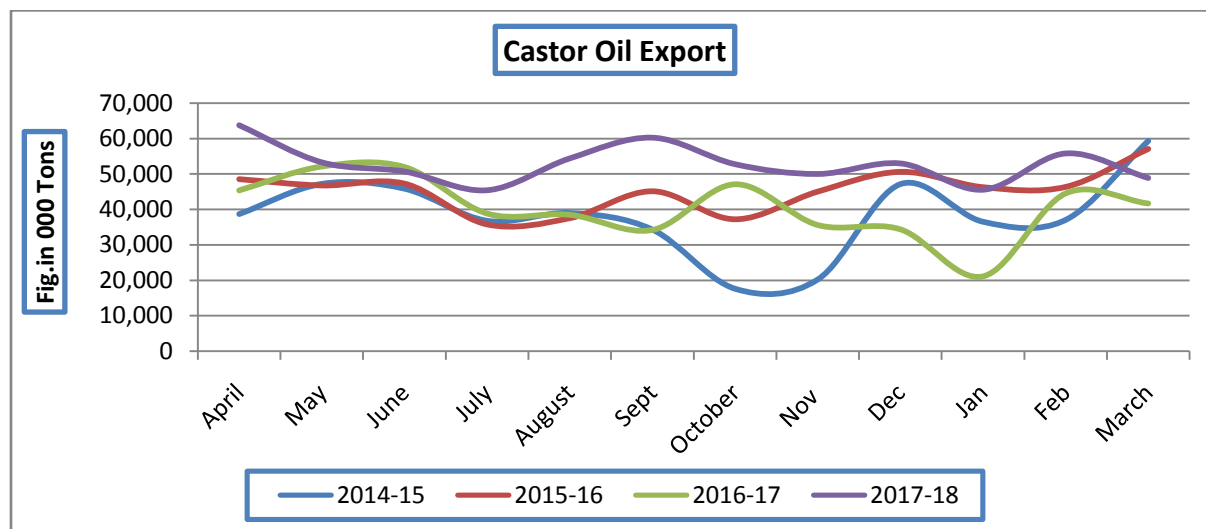
| Preliminary Forecast For 2018-19 |             |             |             |             |             |             |             |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| All units in lakh tons           | 2012-13     | 2013-14     | 2014-15     | 2015-16     | 2016-17     | 2017-18     | 2018-19*    |
| Carry in                         | 5.80        | 8.04        | 9.04        | 5.54        | 6.79        | 4.39        | 5.49        |
| <b>Production</b>                | 13.04       | 12.00       | 13.52       | 14.00       | 10.60       | 14.30       | 9.45        |
| 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       | 18.69       | 14.94       |
| 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>5.49</b> | <b>1.94</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        | 4.99        | 1.79        |
| Stock to Consumption Ratio       | 0.90        | 0.92        | 1.05        | 1.06        | 1.08        | 1.10        | 1.08        |

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

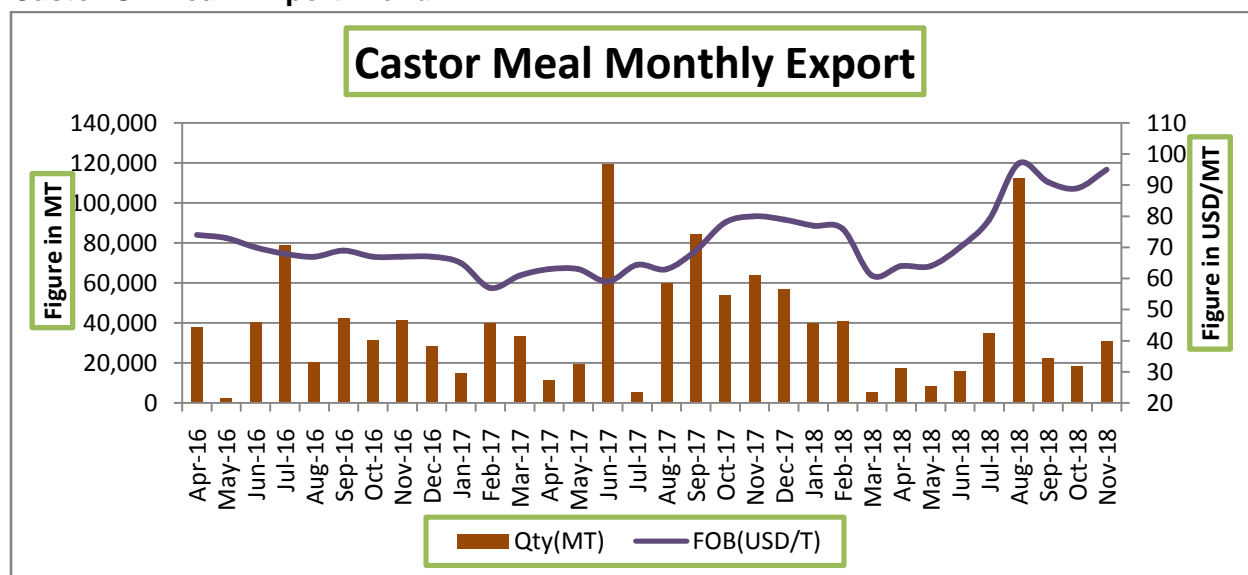
Production shows around 28-30% lower side this year against 2017-18 seasons due to damage of crop in major producing states like Gujarat as lower rainfall recorded during the growth phase. Over all area is slightly up from last from 8.170 lakh hectares to 8.59 lakh hectares but mostly area down in major producing states like Telangana, Gujarat and Haryana. Andhra Pradeshis 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:**



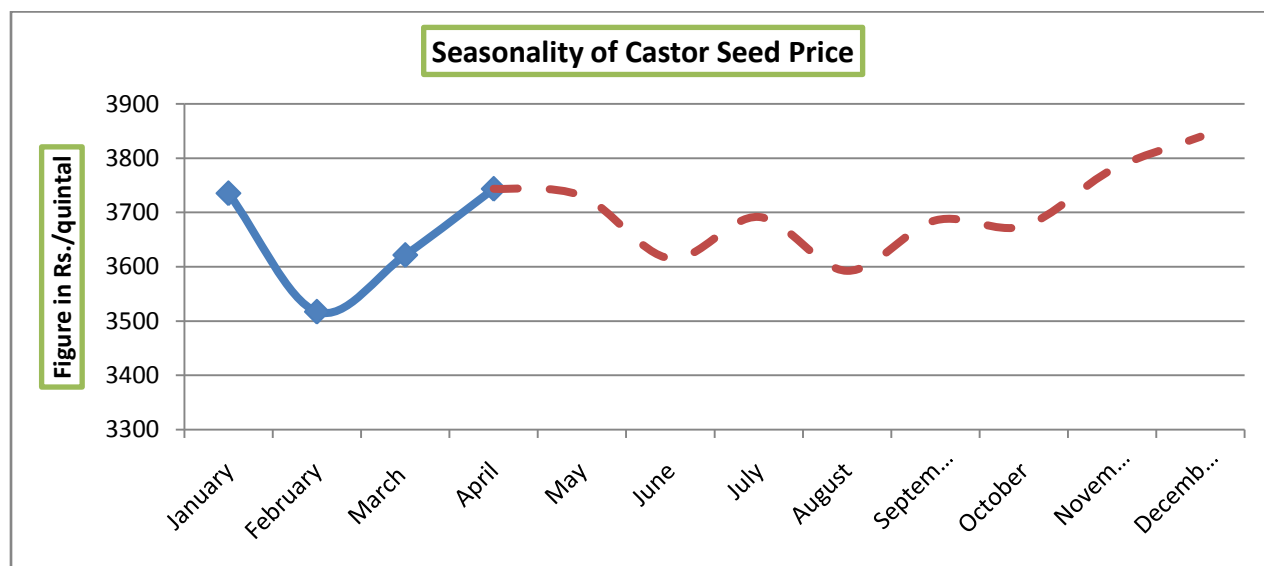
**Castor Oil Meal Export Trend:**



The export of oil meals during March 2019, provisionally reported at 263,817 tons compared to 261,308 tons in March 2018. The overall export during April 2018 to March 2019 is provisionally reported at 3,205,768 tons compared to 3,026,628 tons during the same period of last year i.e. up by 6%. The export of rapeseed meal is sharply increased to 1,051,869 (663,988) tons, mainly exported to South Korea, Vietnam and Thailand, while soybean meal export is also improved and reported at 1,337,215 tons from the previous year 1,187,818 tons in 2017-18. In term of the total earning has increased to Rs. 6221.95 crores compared to 4761.80 crores, up by 31%. During Apr.'18 – Mar.'19, Vietnam imported 615,403 tons of oilmeals (compared to 682,598 tons); consisting of 40,820 tons of soybean meal, 207,415 tons of rapeseed meal, and

366,658 tons of Rice Bran Extraction. South Korea imported 738,795 tons of oilmeals (compared to 841,627 tons) ; consisting 453,541 tons of rapeseed meal, 35,119 tons of soybean meal and 250,135 tons of castor meal. Thailand imported 302,619 tons of oilmeals (compared to 216,814 tons); consisting 17,684 tons of soybean meal, 31,609 tons of De-oiled Rice Bran Extraction, and 253,252 tons of rapeseed meal and Iran imported 508,050 tons of soybean meal compared to 22,910 tons of last year.

**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 tone 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 | Mar | 5200 | 5000  | 5632 | 595  | 6100 |
| Pre Weekly Trade Call           |       |     | Call | Entry | T1   | T2   | SL   |
| Castor                          | NCDEX | Mar | Buy  | 5656  | 5725 | 5825 | 5610 |

### 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

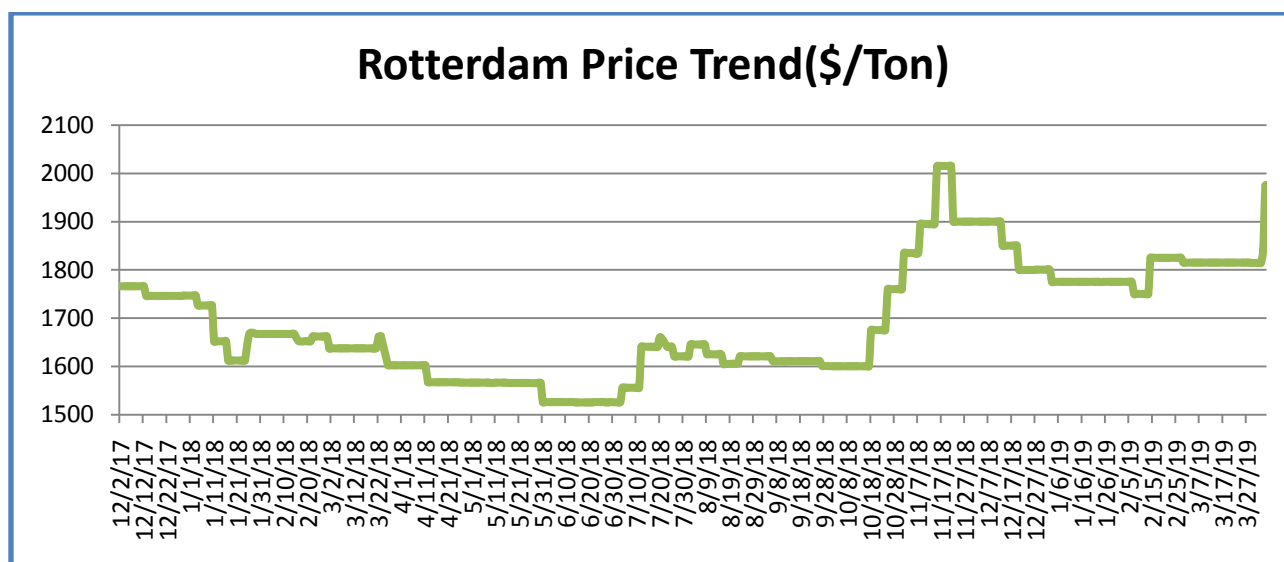
**Cash Market (Deesa) Expected Price Range for Apr-2019:-**

| Expected Range        | Rs/Qtl.(Low) | Rs /Qtl.(High) |
|-----------------------|--------------|----------------|
| Short term (15 days)  | 5300-5500    | 5400-5600      |
| Medium Term (30 days) | 5550-5725    | 5725-5910      |

**Outlook for April-2019:**

Castor seed prices in most of the spot markets in the country remained firm tone due to lower availability of the commodity against fresh overseas demand. Also seed price is likely to trade firm in coming months due to lower production estimates.

**Rotterdam Price:-**



| <b>Comparative Prices Of Castor Products Including Seed</b> |                     |                     |                     |                     |                 |
|---|---------------------|---------------------|---------------------|---------------------|-----------------|
|   | <b>28th Dec '18</b> | <b>21st Dec '18</b> | <b>28th Nov '18</b> | <b>28th Dec '17</b> | <b>CHANGE %</b> |
| Castor seed (Gujarat)((Rs./M.T) Ex-Mandi                    | 50054               | 51150               | 54250               | 45052               | <b>9.99</b>     |
| Castor Meal Export (FAS) (US\$ / MT),Ex Kandla              | 82.00               | 82.00               | 95.00               | 79.00               | <b>3.66</b>     |
| EXPORT (FOR) Ports (Rs./MT)Castor meal bulk Kandla          | 5550                | 5600                | 6650                | 5041                | <b>9.17</b>     |



|  |        |        |        |       |             |
|--|--------|--------|--------|-------|-------------|
| Castor Oil (First Grade) FOB Kandla (Export)\$/Tonne       | 1495   | 1525   | 1625   | 1477  | <b>1.20</b> |
| Local rates for oil in domestic market(Rs./M.T.) for comm. | 104000 | 106500 | 113500 | 94646 | <b>8.99</b> |

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

| Commodity | Monthly Average Prices (Rs/ Quintal) |        |           | Change |            |
|-----------|--------------------------------------|--------|-----------|--------|------------|
|           | Center                               | Market | Mar. 2019 |        | Feb. 2019  |
| Gujarat   | Patan                                |        | 5089      | 5030   | <b>59</b>  |
|           | Harij                                |        | 5071      | 5045   | <b>26</b>  |
|           | Rajkot                               |        | 4995      | 4933   | <b>62</b>  |
|           | Gondal                               |        | 5012      | 4978   | <b>34</b>  |
|           | Deesa                                |        | 5086      | 5020   | <b>66</b>  |
|           | Bhabar                               |        | 5058      | 5020   | <b>38</b>  |
|           | Mehsana                              |        | 5075      | 5033   | <b>42</b>  |
|           | Kadi                                 |        | 5074      | 5040   | <b>34</b>  |
|           | Sabarkatha                           |        | 5106      | 5053   | <b>53</b>  |
|           | Gandhi Nagar                         |        | 5068      | 5032   | <b>36</b>  |
|           | Ahmedabad (Sanand)                   |        | 5039      | 4964   | <b>75</b>  |
|           | Halvad                               |        | 5105      | 5047   | <b>58</b>  |
|           | Junagadh                             |        | 5016      | 4937   | <b>79</b>  |
|           | Dhrol                                |        | 4731      | 4603   | <b>128</b> |
| Rajasthan | Jodhpur                              |        | 5182      | 5116   | <b>66</b>  |
|           | Sumerpur                             |        | 4965      | 4945   | <b>20</b>  |

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

| Center  | Market       | Monthly Arrivals (Quintal) |           | Change       |
|---------|--------------|----------------------------|-----------|--------------|
|         |              | Mar. 2019                  | Feb. 2019 |              |
| Gujarat | Patan        | 58875                      | 44843     | <b>14032</b> |
|         | Harij        | 21488                      | 14888     | <b>6600</b>  |
|         | Rajkot       | 4414                       | 6547      | <b>-2133</b> |
|         | Gondal       | 4379                       | 5157      | <b>-778</b>  |
|         | Deesa        | 22592                      | 16912     | <b>5680</b>  |
|         | Bhabar       | 70442                      | 51450     | <b>18992</b> |
|         | Mehsana      | 20745                      | 6750      | <b>13995</b> |
|         | Kadi         | 79080                      | 68800     | <b>10280</b> |
|         | Sabarkatha   | 14240                      | 9040      | <b>5200</b>  |
|         | Gandhi Nagar | 19950                      | 9075      | <b>10875</b> |

|                                     |                    |               |               |              |
|-------------------------------------|--------------------|---------------|---------------|--------------|
|                                     | Ahmedabad (Sanand) | 1354          | 982           | <b>372</b>   |
|                                     | Halvad             | 10125         | 10028         | <b>97</b>    |
|                                     | Junagadh           | 1011          | 664           | <b>347</b>   |
|                                     | Dhrol              | 46            | 27            | <b>19</b>    |
| <b>Rajasthan</b>                    | Jodhpur            | 3975          | 2104          | <b>1871</b>  |
|                                     | Sumerpur           | 24800         | 14080         | <b>10720</b> |
| <b>Total Arrivals/Above Markets</b> |                    | <b>357516</b> | <b>261347</b> | <b>96169</b> |

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

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