

Castor Seed & Oil Monthly Research Report

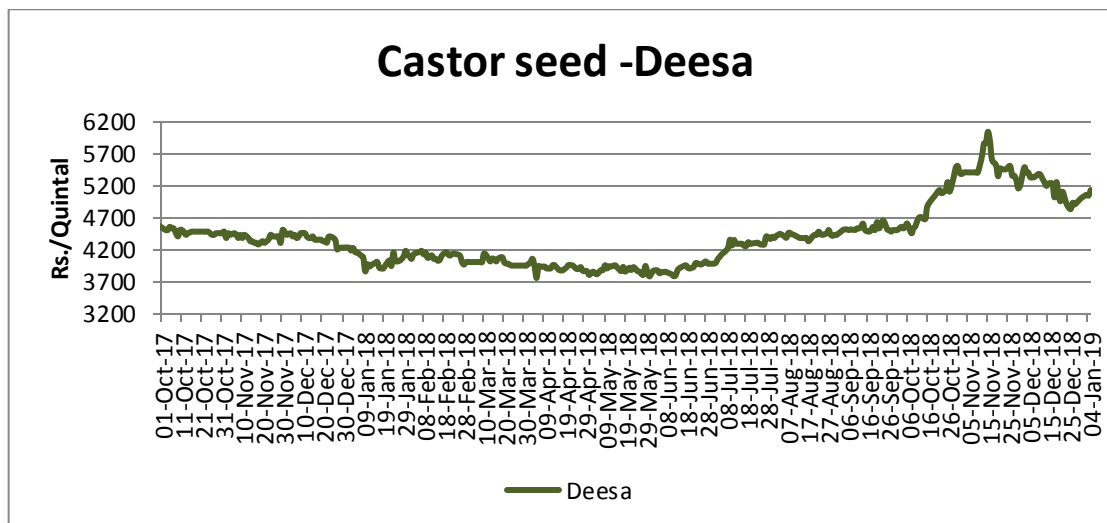
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Castor Domestic Market Fundamentals:

- According to latest sowing report, all India Castor sowing is reported 0.154 lakh hectares in 2019 which is 38.4 per cent lower than last year acreage of 0.25 lakh hectares in the same time period. However, in Gujarat, castor sowing acreage is 2.10 Thousand Ha which is much higher than last year acreage of 0.05 thousand hectares in the same time period. Castor sowing acreage might increase this year as compare to last year due to good prices of castor in domestic mandis throughout last year. Expectation of higher sowing acreage in the coming season might put downward pressure on the castor prices.
- As on 8th July 2019, open interest to castor stock ratio in NCDEX is 55 per cent which seems to be in comfortable position. However, according to the market participants, present stocks of castor seed with stockiest and farmers are much lower than previous year which might push the prices of castor in the coming months.
- Moreover, arrivals of castor seed in the domestic mandis has been lowering down which might further push the prices. According to the AGMARK data, all India castor crop arrivals in the first week of July is reported at 6.97 Thousand MT which is 39.23 percent lower than last year arrivals of 11.47 thousand MT in the same time period.
- According to the SEA latest report, total castor oil export in April-May 2019 is 88.76 Thousand MT which is 23.38 per cent lower than last year exports of 115.85 Thousand MT in the same time period. According to the trade sources, castor oil exports in the month of June 2019 is 50.57 Thousand MT. Lower exports of castor oil are due to higher domestic prices, lower production estimate and lower export demand from China.
- As per the Solvent Extractors' Association of India (SEA), all India castor seed production estimate for 2018-19 is 11.27 Lakh MT which is 21.35 per cent lower than the 2017-18 production estimate of 14.33 Lakh MT. However, according to the AGCON, castor production estimate is 9.13 Lakh MT for 2018-19. Lower production is due to lower sowing coverage acreage and lower yield expectation in major producing states of castor like Rajasthan and Gujarat.

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
Higher export demand of castor oil	Bullish
Lower export demand of castor meal	Bearish
Expectation of lower arrivals in the coming days	Bullish
Higher demand from millers	Bullish
Lower production estimate in 2018-19	Bullish
Forecast of lower production in 2019-20	Bullish

Based on Primary & Secondary Sources

Castor Oil Demand & Supply:

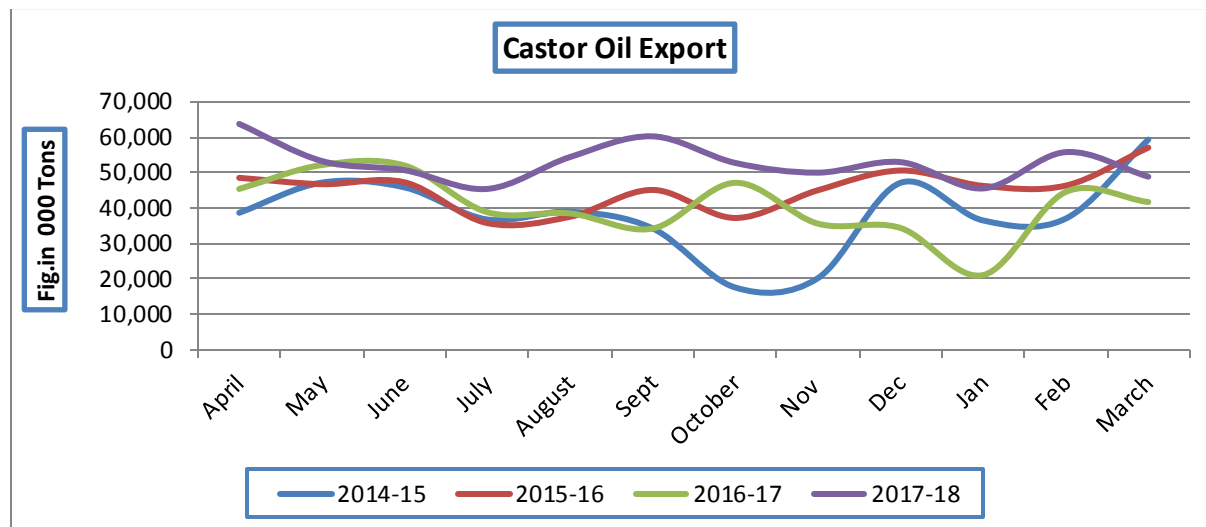
Preliminary Forecast For 2018-19							
All units in lakh tons	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19*
Carry in	5.80	8.04	9.04	5.54	6.79	4.39	5.49
Production	13.04	12.00	13.52	14.00	10.60	14.30	9.45
Imports	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Availability	18.84	20.04	22.56	19.54	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
Carry out	8.04	9.04	9.96	6.79	4.39	5.49	1.94
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:

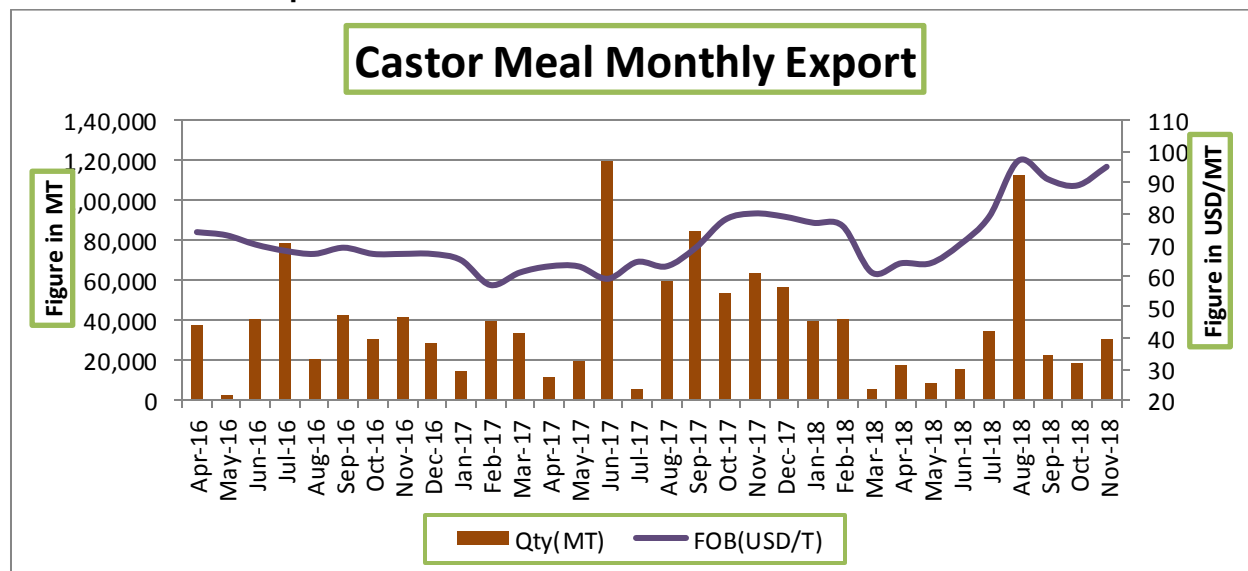
Production shows around 28-30% lower side this year against 2017-18 seasons due to damage of crop in major producing states like Gujarat as lower rainfall recorded during the growth phase. Over all area is slightly up from last from 8.170 lakh hectares to 8.59 lakh hectares but mostly area down in major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



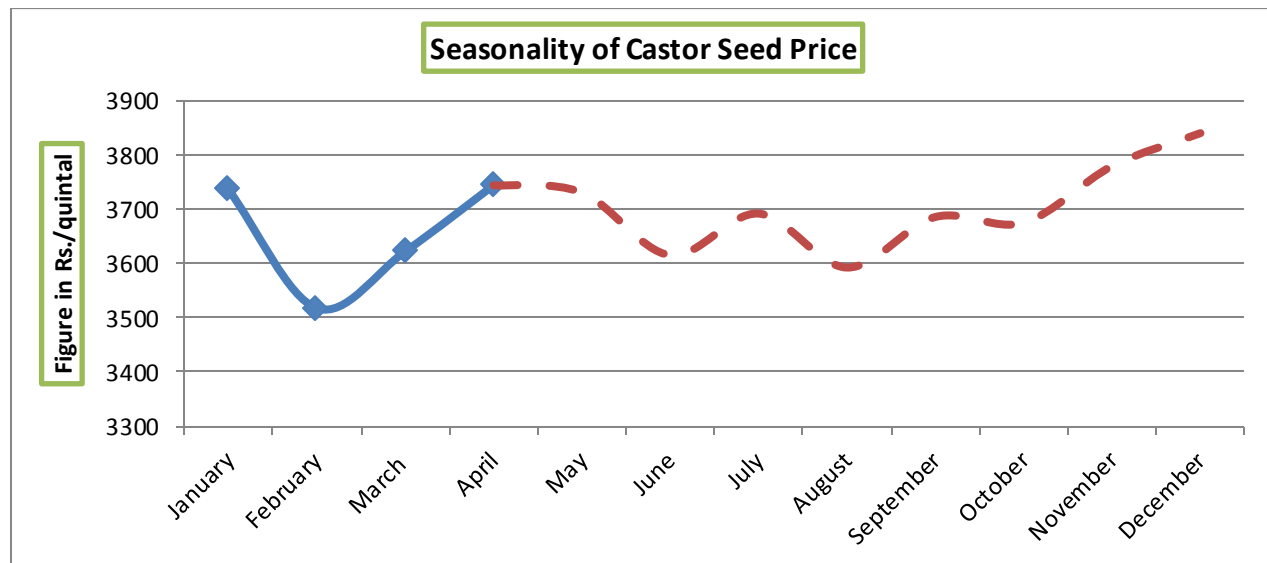
Castor Oil Meal Export Trend:



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 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	
Total	543,274	523,536	639,390	390921

Source: SEA

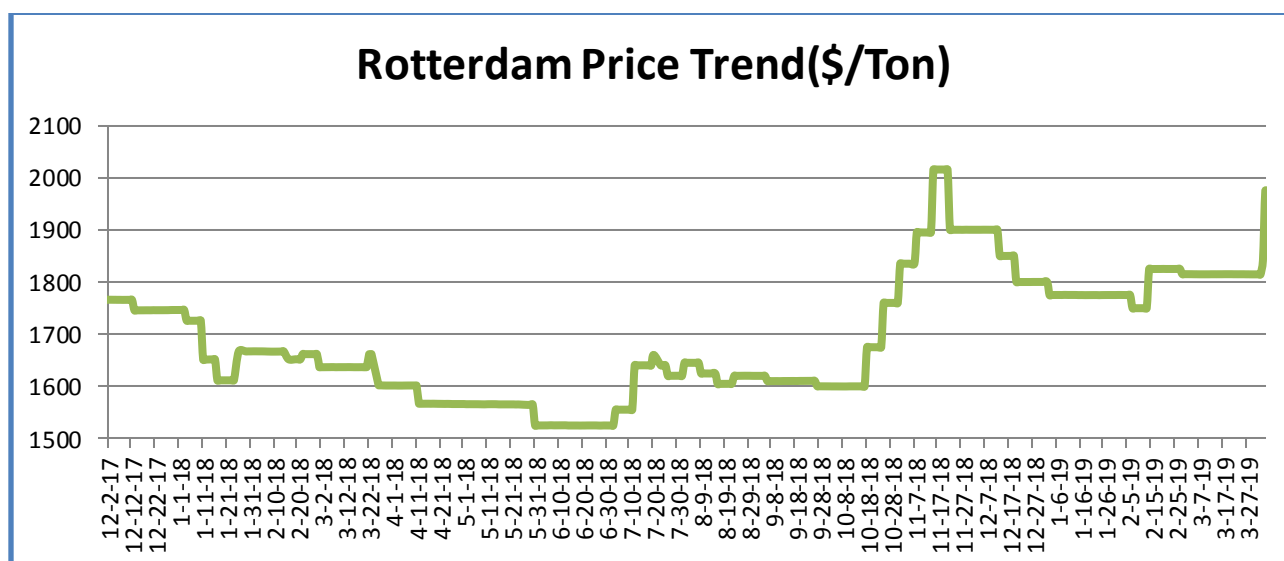
Cash Market (Deesa) Expected Price Range for July-2019:-

Expected Range	Rs/Qtl.(Low)	Rs /Qtl.(High)
Short term (15 days)	5375-5500	5400-5600
Medium Term (30 days)	5550-5725	5725-5910

Outlook for July-2019:

Castor seed prices in most of the spot markets in the country remained weak tone due to weak demand whereas lower availability of the commodity, price may push in this month . Also seed price is likely to trade firm in coming months due to lower production estimates and higher demand from miller's side.

Rotterdam Price:-



Comparative Prices Of Castor Products Including Seed

	28th June'19	21st June'19	28th May'19	28th June'18	CHANGE %
Castorseed (Gujarat)((Rs./M.T) Ex-Mandi	54450	53500	56700	40187	26.19
Castor Meal Export (FAS) (US\$ / MT),Ex Kandla	110.00	108.00	104.00	70.00	36.36
EXPORT (FOR) Ports (Rs./MT)Castor meal bulk Kandla	7450	7300	7050	4725	36.58
Castor Oil (First Grade) FOB Kandla (Export)\$ /Tonne	1645	1600	1700	1246	24.26
Local rates for oil in domestic	114000	113000	117500	84569	25.82

market(Rs./M.T.) for comm.

Castor Seed - Products Monthly Average Prices:

Commodity	Monthly Average Prices (Rs/ Quintal)			Change
Center	Market	June. 2019	May. 2019	
Gujarat	Patan	5358	5515	-157
	Harij	5377	5552	-175
	Rajkot	5241	5426	-185
	Gondal	5314	5450	-136
	Deesa	5354	5536	-182
	Bhabar	5385	5492	-107
	Mehsana	5355	5524	-169
	Kadi	5366	5571	-205
	Sabarkatha	5380	5580	-200
	Gandhi Nagar	5385	5542	-157
	Ahmedabad (Sanand)	5271	5498	-227
	Halvad	5357	5487	-130
	Junagadh	5194	5380	-186
Dhrol	4874	5245	-371	
Rajasthan	Jodhpur	5387	5575	-188
	Sumerpur	5240	5441	-201

Castor Seed Cumulative Monthly Sum Arrivals in Key Centers:

Center	Market	Monthly Arrivals (Quintal)		Change
		June. 2019	May. 2019	
Gujarat	Patan	55800	165574	-109774
	Harij	8925	54113	-45188
	Rajkot	2530	7302	-4772
	Gondal	3986	9936	-5950
	Deesa	27200	63394	-36194
	Bhabar	45200	200692	-155492
	Mehsana	9387	33375	-23988
	Kadi	27120	146582	-119462
	Sabarkatha	2856	19440	-16584
	Gandhi Nagar	8325	36000	-27675

	Ahmedabad (Sanand)	836	2715	-1879
	Halvad	36818	83925	-47107
	Junagadh	1803	5617	-3814
	Dhrol	34	92	-58
Rajasthan	Jodhpur	6450	6293	157
	Sumerpur	8800	52560	-43760
Total Arrivals/Above Markets		246070	887610	-641540

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

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