



Castor Seed Seasonal Outlook

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INTRODUCTION

Oilseed crops have been one of the significant contributors of the agricultural economy of India from time immemorial. Today, these crops are cultivated on about 32 million hectares with total production of nearly 27 million tonnes. The major oilseeds grown in India are Groundnut, Soybean, Rapeseed, Sesame, Linseed, Safflower, Castor, Sunflower and Niger.

Castor (*Ricinus communis L.*) is a non edible oilseed, belonging to the *Euphorbiaceae* family. It is cultivated around the world because of the commercial importance of its oil. India is the world leader in castor production and dominates the international castor oil trade. The Indian variety of castor seed has an oil content of 48% but only 42% can be extracted, while the cake retains the rest. The Castor seed products have widespread application in many industries like Paint, Lubricant, Pharmaceutical, Textiles, etc. These products are growing in importance because of their biodegradable and eco-friendly nature.

SEASONALITY

Castor is a perennial crop but grown as an annual for economic purpose. It is cultivated mostly in the arid and semi- arid regions in the world. The crop duration is 4-5 months. In India, it is sown in July/August and harvesting commences around December /January. The seeds are then dried, de-podded, bagged and brought to the market yards for trading. The arrivals in the market start from December onwards.

	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Gujarat										
Andhra Pradesh										

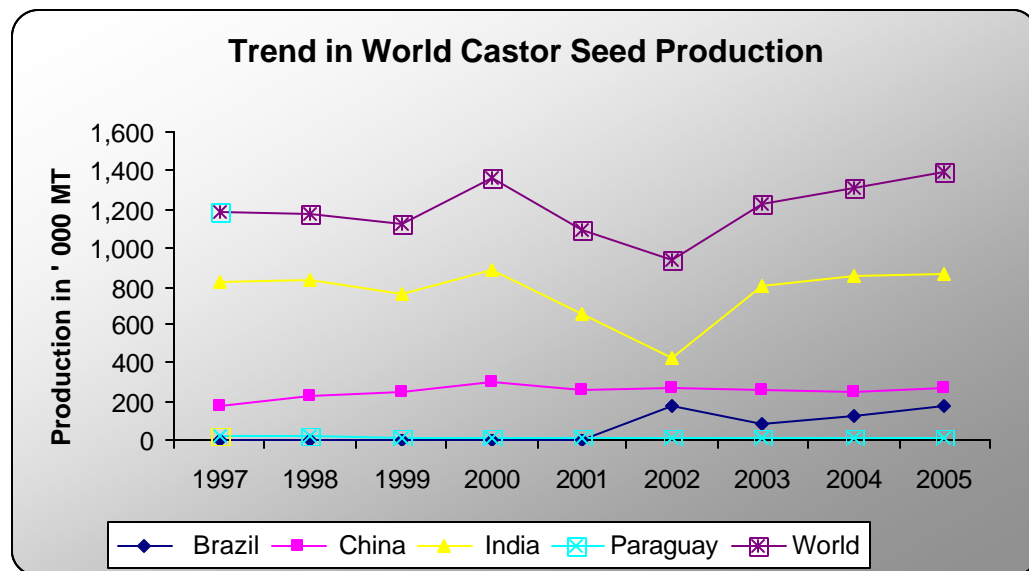
Sowing
 Growth stage
 Harvesting

VARIETIES TRADED IN CASTOR SEEDS

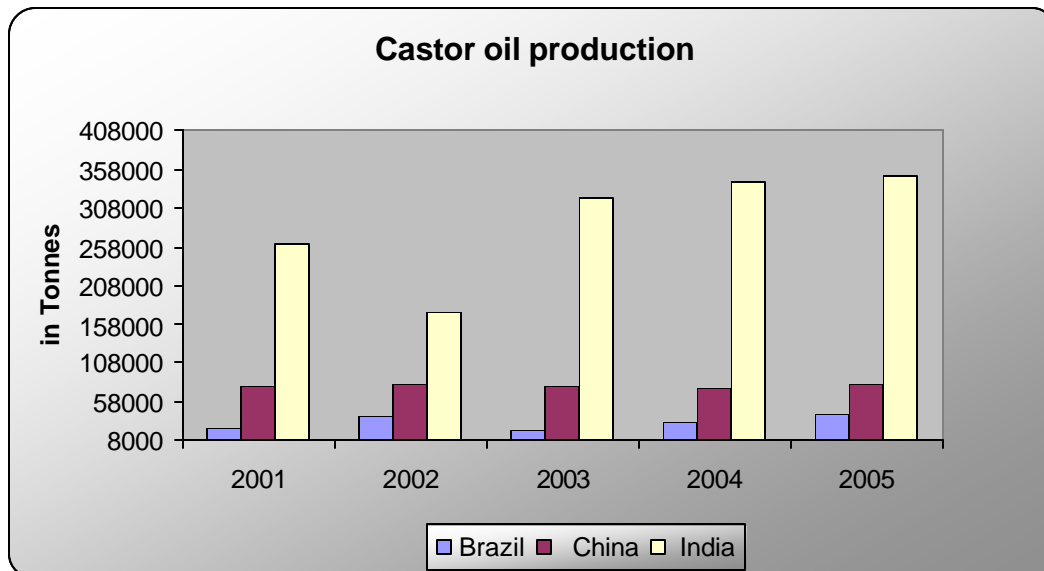
In common trading parlance, the most commonly traded Castor varieties are the Gujarat small seed and Andhra big seed. The Gujarat seed has oil content up to 48-50% which is more than the Andhra variety. Gujarat contributes nearly 70% of the Indian Castor production hence; Gujarat small seed forms the basis of the contract.

INTERNATIONAL SCENARIO

The average world area and production for the last five years for Castor seed has been decreasing. However, after a slight decline till 2002, it recovered to some extent in last 3 years. The major producing countries are India, China and Brazil which altogether constitute 93% of total world production.



The world output of castor seed rose from 11.88 lakh tons in 1997 to 17.48 lakh tons in 2000 before falling to 13.21 lakh tons in 2001. In 2005 the world production again rose to highest ever of 14 lakh tons. India is the world's leading castor seed producer with 62.42% share, followed by China and Brazil with 19.22% & 12.68% share respectively in 2005. All these countries noted fall in production in 2001 as compared to previous year because of crop failure. However, the drop in China's production was significant, from 5.13 lakh tons in 2000 to only 3.0 lakh tons in 2001 due to shift in cropping pattern.



The world output of castor oil rose from 4.63 lakh tons in 1999 to 5.83 lakh tons in 2000 due to a jump in the production in China from 1.09 lakh tons in 1999 to 2.18 lakh tons in 2000. India is the leading producer of castor seed oil at 3.25 lakh tons, followed by China and Brazil with 0.8 and 0.4 lakh tons respectively in 2002.

INDIAN SCENARIO

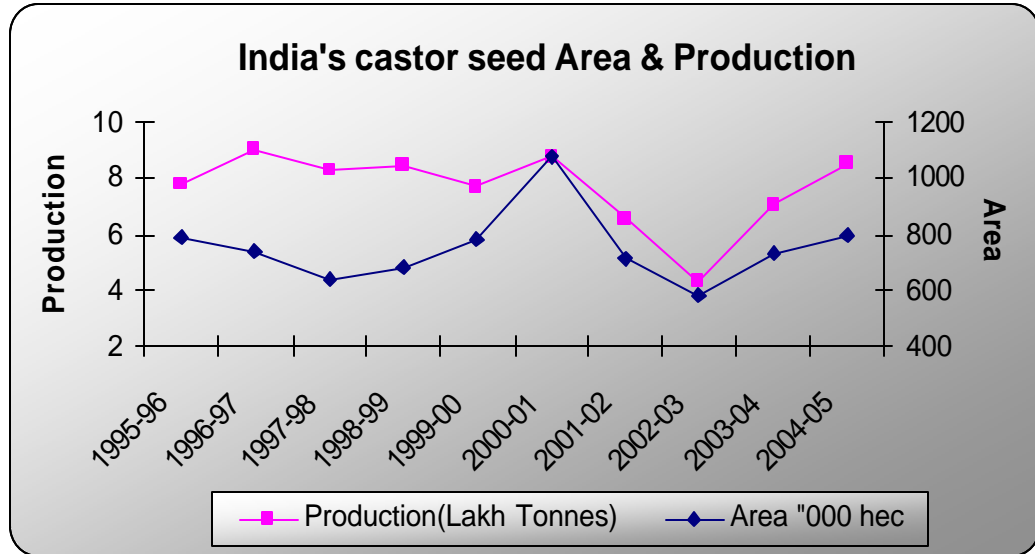
India is the largest producer of Castor Seed and Castor Oil in the world. In 2004 - 2005, the Castor seed production and acreage in India was 8.5 lakh tones and 8 lakh Ha, respectively. India contributes about 52-55% of total world production. India is having 55% share of total area which is under castor cultivation.

PRODUCTION AND ACREAGE IN INDIA

	2000-01	2001-02	2002-03	2003-04	2004-05
Area (Lakh Ha)	10.80 (59%)	7.16(55%)	5.85 (53%)	7.32 (54%)	8.00 (55%)
Production(Lakh Mt)	8.82(56%)	6.52(58%)	4.28 (41%)	5.80 (50.7%)	8.5 (55%)

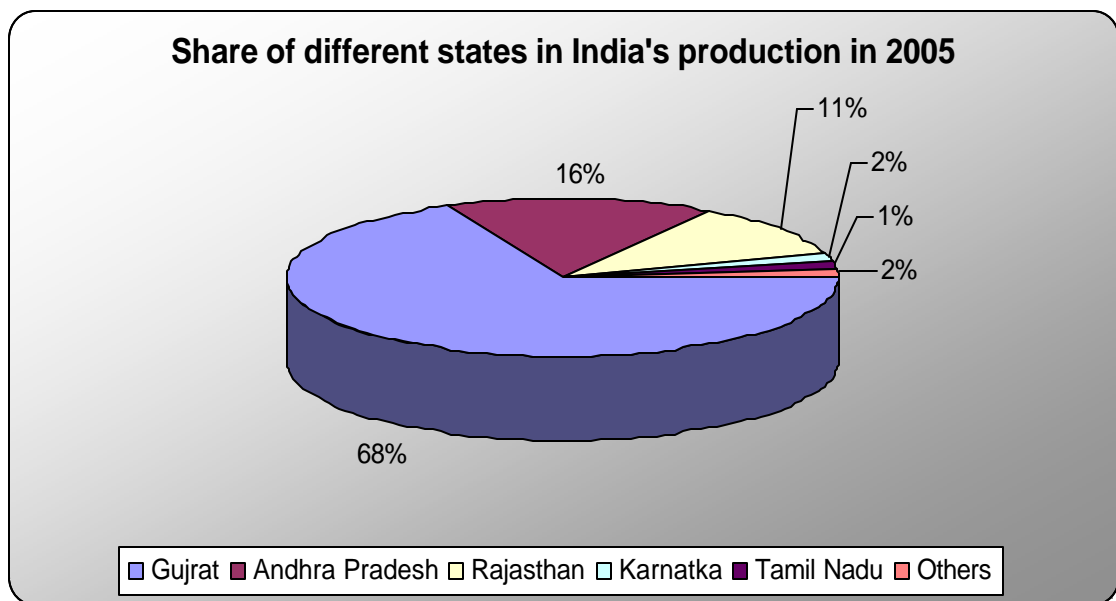
(Source: FAO)

NOTE: The figures in the brackets indicate the share of India's Castor seed production in the world.



India's castor seed area and production noted slight improvement from 1995 to 2000. However, the production of castor seed in the country fell from 7.50 – 8.00 lakh tons in 1999-2000 to 5.00 - 5.50 lakh tons in 2000-01 because of lower acreage due to poor price realization by the farmers from their 1999-2000 crops.

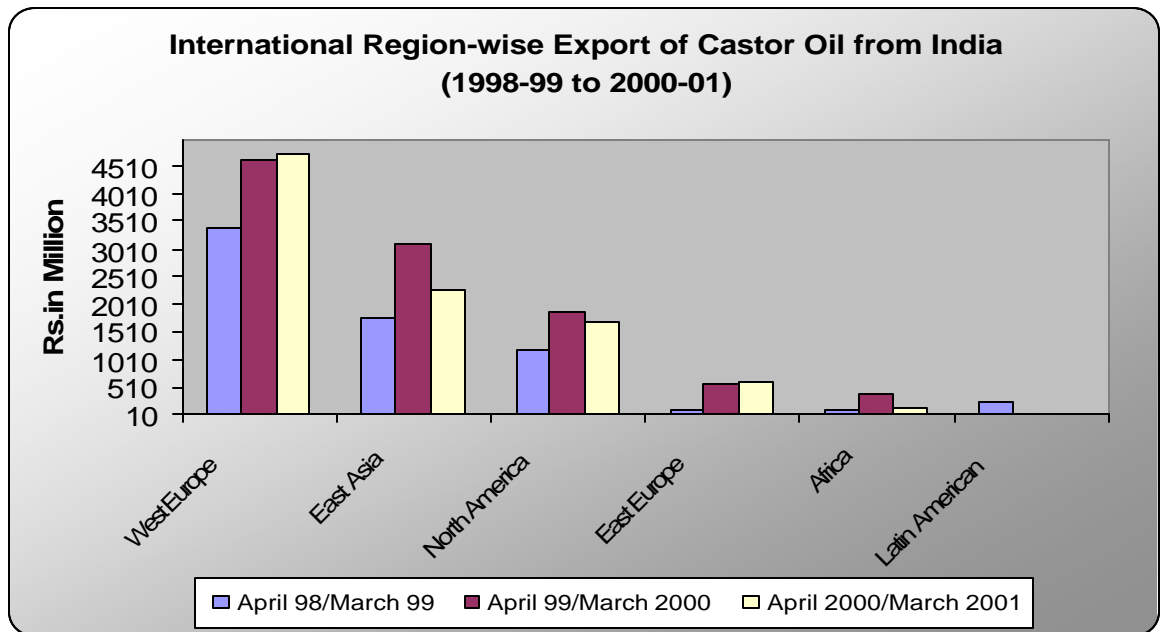
The major states producing Castor are Gujarat, Andhra Pradesh, Rajasthan and Karnataka. Castor production is mainly concentrated in area of Northern Gujarat in districts of Sabarkantha, Banaskantha, and Mehsana etc. The major trading centres in Gujarat are Disa, Palanpur, Patan, Kadi, Dhanera and Sidpur. The major trading centres in Andhra Pradesh are Jedcherla and Yemignoor.



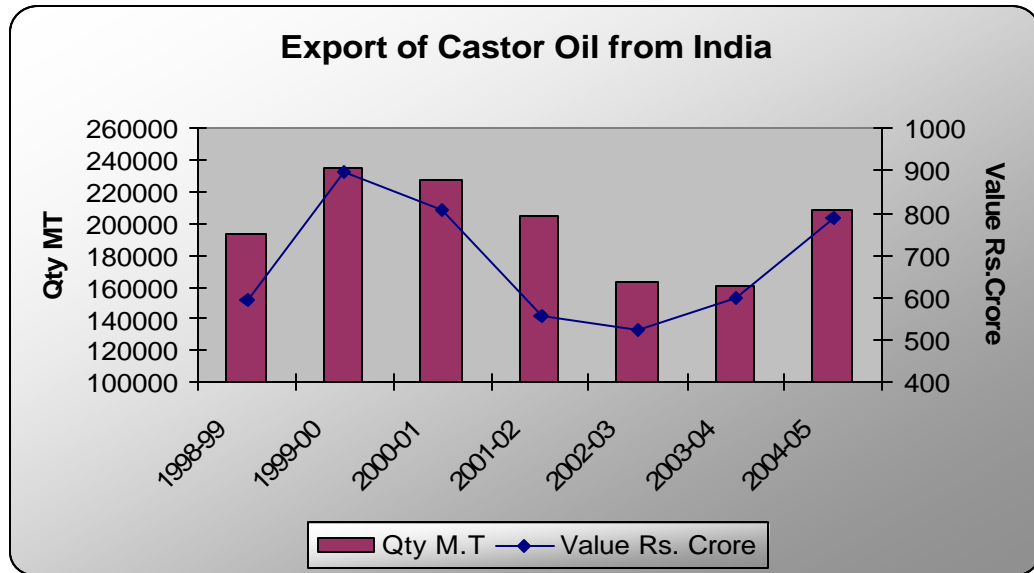
The annual domestic consumption of castor oil in India is only about 80,000-1,00,000 tons. Of this, the the soap industry consumes about 25,000 tons, the paint and allied industries 35,000 tons and the lubricant and derivatives industry 20,000 tons.

IMPORT/EXPORT SCENARIO

The world trade in castor oil was about 2.0 - 2.50 lakh tons per annum in 2001-02. More than castor seeds, it is castor oil that generates high in demand. The demand for castor oil is more in industrialized nation. The major importers of castor oil in the world market are European Union, US and Japan. US is totally dependent upon imports to meet its industry and defense needs. India is the major supplier of castor oil to all these destinations.



India dominates the castor oil exports market as both China and Brazil have a large domestic demand for castor oil and as such their domestic production goes to own industry. India consumes only a small percentage of its castor oil production and exports the maximum part to the countries like US, EU and Japan, which are totally dependent on castor oil imports. The world demand for castor oil is increasing at the rate of about 3-5 % per annum.

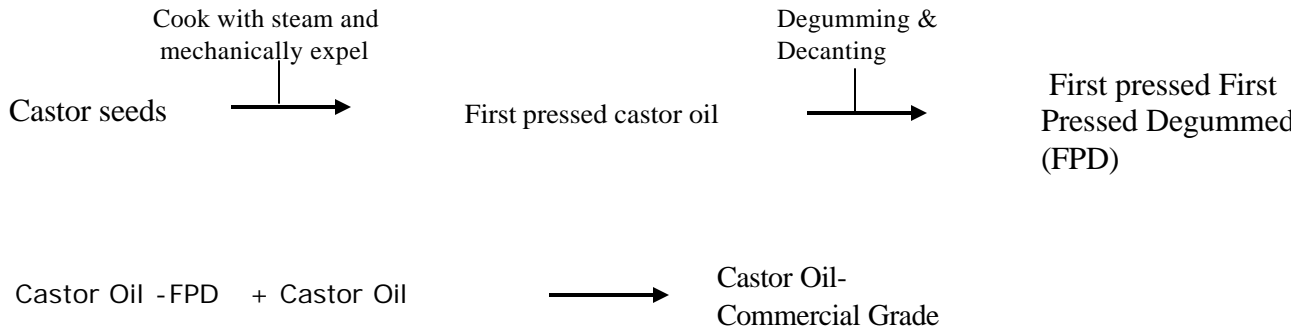


There is a consistent increase in the castor oil export. However, it is more in month of April to May when harvesting is over and produce is ready for market. In March 2005, almost 42,000 MT of castor oil was exported which was highest since 2003.

MARKET INFLUENCING FACTORS

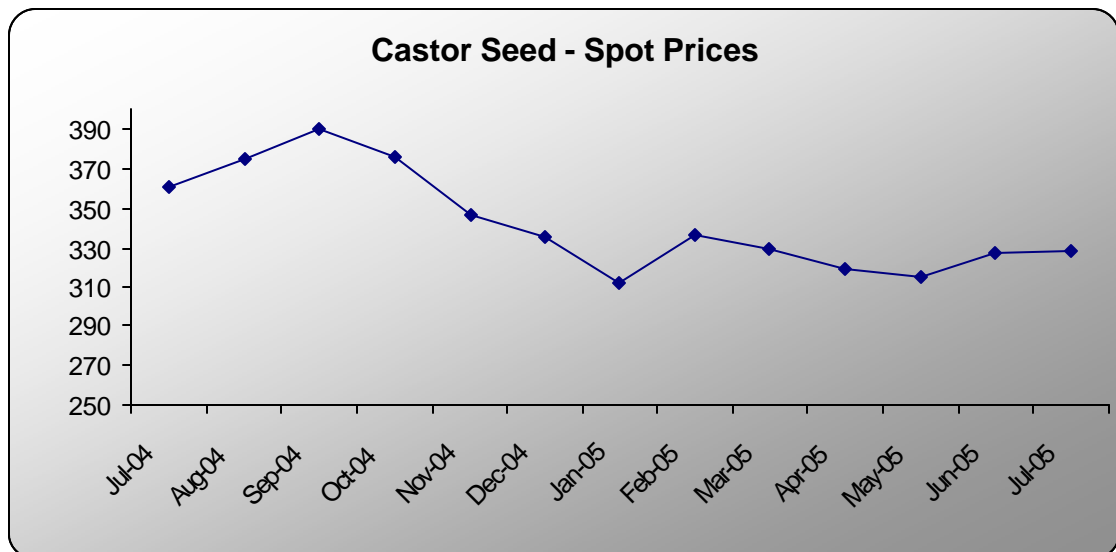
- Production and acreage variations
- Monsoon and rainfall level
- Size of the yield level of other countries
- Prices of other competitive oils like hydrogenated oil, dehydrated oil, sulfated and sulfonated oil etc.
- Demand of the importing countries and domestic demand
- Seasonal price variations
- Hoarding and black-marketing
- Carry over stocks
- Development of new uses of the oil

CASTOR PROCESSING



PRICES ANALYSIS

Castor seed availability/arrival in the market place and its numerous usages makes it a highly volatile commodity. The price of Castor Seed is influenced by climatic conditions, prices of Castor Oil in the world trade, production in India and Rotterdam prices in Europe. Also the large number of down-stream products makes consumption demand of this oil price inelastic. In the international market, castor oil is one of the most expensive vegetable oils. Despite India's dominant position in the global castor market, in the exports market the Indian castor produce doesn't drive the prices.



There is a wide intra and inter seasonal price variation. As can be observed, the prices of castor seeds firm up during the planting period that is Jul – Aug due to lesser availability

in the market. It eases down during the harvesting period (Jan – Feb) as a result of increase in supply. There is a price variation of almost Rs 270 - Rs 390 per 20 Kg between planting and harvesting seasons. In Jan 2006, the arrivals in the Deesa market in Gujarat were 103.5 tons and it was pricing about Rs 282 per 20 kg.

FACTORS TO WATCH OUT:

- Constant production since 2-3 years
- No significant increase in area
- World demand for castor oil is increasing @ 3-5 % per annum.
- Export demand expected to increase in coming months

PRICE TARGET:

For the end of 2006 (October - November), it is expected that castor prices will go up on account of above discussed factors. Prices are expected to touch 340 levels in the end of 2006.

