

# CASTOR SEED



## News & Development

NCDEX Castor Seed Futures has been trading mixed during the January month so far, owing to lower demand in the states of Gujarat and Rajasthan post the Diwali season. Moreover, prices has also witnessed decline due to fall in exports of castor oil and castor meal in Europe and United States. But then, higher exports to China amid easing lockdown in their country had also sentimentally supported the spot and future prices from extreme bearishness. By 22nd January, NCDEX Castor Seed futures closed at Rs.4406/quintal, lower by 3.12% compared to Rs.4444/quintal reported on 31st December.

Fundamentally for the coming month, we are expecting NCDEX Castor Seed futures to trade mixed with reports of higher arrivals of castor seed in the major mandis of Deesa, Palanpur and Patan in Gujarat. However, higher prices of other vegetable oils such as Crude Palm Oil and Soy Oil is estimated to support Castor seed prices from any major downside movement. Castor Oil buying could also show recoveries in the domestic market with easing lockdown situation in India and improved industrial demand. Moreover, exports which had been sluggish in the last month post Diwali season and second covid-19 wave in Europe and US; could be relatively better in this month and coming month especially from China as they are overstocking high amount of castor seeds. As per Directorate of Gujarat, final report of Castor Seed sowing in Gujarat has been reported 638,020 hectares, lower by 13.84% compared to previous year, while all India sowing has been reported lower by 19.58% to 8.42 lakh hectares for the 2020-21 compared to 10.47 lakh hectares of 2019-20. Due to less availability of Hybrid Castor seeds the productivity this year might go down by 10%. Last year, per hectare productivity was 2200 Kgs, which is expected to go down to 1900-2000 Kgs. Harvesting in Gujarat is expected to begin in later February or first week of March onwards. Until then, we continue to remain mixed in NCDEX Castor Seed Futures for the month ahead.



On the daily chart, NCDEX Castor Seed (Feb) has been trading in a **“Rectangle Formation”**, which signals choppiness in the market. Moreover, the counter’s **“Bollinger Band”** has contracted which indicates reduced volatility and sideways move. Additionally, price has been trading below its **50 days “Simple Moving Average”** which confirms weakness. But, price has sustained above its **200 days “Simple Moving Average”** which confirms positive momentum. Also, momentum indicator **RSI (14)** has sustained below its 50 level which indicates bearishness in the counter. **So, based on the above mixed technical structure, we can expect a sideways to bearish movement in NCDEX Castor Seed (Feb) futures for the month ahead. On the higher end, the price may find the resistance around 4630 levels, while on the lower end; it may test the support at 4280 levels.**