NCDEX Castor Seed Futures

Commodity at a Glance

- Benchmark Futures contract for castor seed
- Hedging and price risk management tool for value chain
- Efficient and Transparent price discovery
- Robust delivery mechanisms
- Connects the entire value chain

Launched on 23 July 2004

Highest monthly
ADTQ 245,153 MT
ADOI 451,148 MT

Total deliveries till Jan 2019
1.32 Million MT

Note: *Future trading was not available from 28 Jan 2016 – 4 Jan 2017
Source: NCDEX
India is the largest producer exporting majority of its production to the world.
Gujarat is the largest producing state in India.
Key trading centers: Deesa, Palanpur, Patan, Kadi, Dhanera, Sidpur (Gujarat), Mahboobnagar, Nalgonda, Rangareddi (Andhra Pradesh), Sumerpur (Rajasthan).

SEASONALITY
Castor seed is a Kharif crop with sowing taking place between July to October and harvesting from December to March. Major arrival continues till June.

PRICE RISK HEDGING
Processor/ Hedger locks in the Castor Futures price at Rs. 5000/ quintal for a Long position.
If the price of the Castor decreases in the physical market, the gain in the physical market is offset by the loss in the Futures market.
If the price of Castor Seed increases in the physical market, the loss in the physical market is offset by gain in the Futures market.

USES OF CASTOR SEED
- Castor Oil, a derivative of castor seed is used in manufacturing of soaps, lubricants, hydraulic brake fluids, paints, coatings, inks, cold resistant plastics, waxes and polishes, nylon, pharmaceuticals, dyes and perfumes etc.
- It is used either in crude form or in the refined hydrogenated form.
- Sebacic acid & 12 HAS, important derivatives of castor seed have varied applications in China.

FACTORS INFLUENCING THE PRICE
- Production & Acreage Variations
- Monsoon & Level of rainfall
- Seasonal price variations
- Carry-over stocks
- Export demand of castor oil & new uses of the oil.
- Demand in importing countries and domestic demand.
- Shifting cropping patterns

CASTOR SEED MONTHLY PRICE VOLATILITY
Annualised Volatility
- 2015 (21%)
- 2017 (22%)
- 2018 (23%)

Graphs: For illustrative purposes only