

ICOA – COVID-19 UPDATE BULLETIN - Dated November 30, 2020

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Hello everyone.

The year of 2020 has been exceptionally a VUCA year due to Covid-19 Pandemic, Geopolitical tensions, US elections and many more events. Large parts of Europe are in a second lockdown as new wave of infections sweeps through the continents. Cases in US are reaching new records.

The downside risks to growth still persist in view of a possible second wave of COVID-19 and an uncertainty over vaccine availability, even though the latest data suggests that economic activity has gathered pace.

Covid-19 India update:

India's total covid-19 cases tallied to 9.4 million and a death toll of 0.14 million. Following the festive season in India, the Covid-19 infection already showed an increasing trend with stronger signs of a second wave in the country.

As per the latest guidelines for December 2020 from Ministry of Home Affairs, Govt. of India, the States and Union Territories can impose local restrictions such as night curfew to check the spread of Covid-19, but they will have to consult the Centre before imposing any lockdown outside the containment zones.

Some state governments have already started imposing night curfew in more affected areas. Due to the recent severe spike in cases in major cities, Govt. of Gujarat has also imposed night curfew between 9 pm and 6 am, in Ahmedabad, Surat, Vadodara and Rajkot.

All activities have been permitted outside Containment Zones with certain restrictions on the number of people allowed for gatherings. International travel is still restricted except those allowed by MHA, Govt. of India.

Supply Chain Disruption:

During July-September 2020, India's exports, in terms of volume, grew by 24% from a year earlier. However, the imports reduced by 28%. In October, while exports registered a 5.4 percent fall, imports registered an even higher fall of 11.26 percent. This sudden improvement in exports and a slump in imports, especially from China, have created a shortage of containers for exports. Rising exports and falling

imports should be good news for any country. However, it is not so good when the country doesn't have enough containers to carry out exports.

Moreover, shipping companies themselves had cut down their capacity by around 25 percent on the backs of low demand due to the pandemic. Vessels being quarantined, additional checks on Chinese shipments and an overall negative outlook for China has also worsened the issue.

The ocean freight for containers from India to almost all countries have sharply increased in the past few months. There is a 3-4-week backlog to secure a booking at some of the Indian ports. Some shipping companies have stopped giving more free days at destination ports.

With the Indian festive season just finished, the Chinese New Year holidays expected and lockdown in many countries due to second Covid-19 wave, the cycle is unlikely to be regularized until March 2021.

Castor Market :

Total Castor oil exports from India during Jan-Oct 2020 is reported to be 540kt as against 468kt during same period last year, showing an increase of 15%.

The major increase in export is to China. China imported 264kt during Jan-Oct versus 205kt previous year showing an increase of 29% whereas remaining all other countries imported 276kt versus 264kt showing a marginal increase of around 5%.

The export continues to be increasing. We expected Castor oil export numbers to surpass 2018 export number of 598kt. However, looking to the export commitments during November and December 2020, the total export of Castor oil during 2020 would cross the all-time high number of 630kt of 2017.

Considering total consumption of around 840kt of Castor oil, the seed consumption would be slightly above 1.8 mmt during 2020. This would lead to a carry out of around 0.4 mmt from 2020 to 2021.

The major chunk of current seed stock this year is still with farmers and the availability of seeds from current stock and new crop would depend on the selling behavior of farmers. Though the prices of castor seeds have increased during recent months, the same is still much lower as compared to other major commodities.



As per the presentations in recent ICOA Webinar, the upcoming crop size can be estimated to be around 1.3-1.5 mmt. This would lead to a total availability of 1.7-1.9 mmt of castor seeds during 2021 as against 2.2 mmt during 2020. S&D during 2021 is expected to be nearly matching numbers. There has to be a surplus of minimum 0.5 mmt to keep the prices under control and avoid speculative activities.

We need to closely watch the factors like Covid-19 infection trend, Covid-19 Vaccine developments, Global Economic trends, Indo China Tensions, Crude prices, veg oil Price trends etc. which shall be affecting the demand and supply. Any change in these factors may affect the pricing behavior.

Wish you all and your dear ones a happy and healthy time ahead. Please stay safe.