

# Oilseeds Weekly Research Report

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## Executive Summary

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The domestic soybean extended gain supported by consistent and firm demand in domestic and overseas markets. Soymeal also settled higher on good overseas demand and improved poultry demand in India. Higher soy products enquiries in international markets along with declining cases of bird flu and COVID in India may remain support prices to rise in coming days.

Rapeseed-mustard declined at various trading centers after good pace of arrivals of new crops. Good price hike in this season prompted farmers to release their stocks at the current level. The harvesting of the new mustard crops in UP & MP states may speed up after 15th March 2021. While, farmers have commenced harvesting but slow pace in few districts of Rajasthan. Traders in Rajasthan expect lower mustard crop yield in this season as the length of new crop seed is not as good as expected earlier. However, the standing crops are in good condition in UP states and farmers expect good yield in this season. New crop arrivals of mustard seeds are expected to be higher in March month. Nafed will commence procurement from mid of March for mustard new crop.

The rapeseed-mustard is likely to be under the new crop pressure for sometime. However, robust overseas demand in rapeseed-meal and improved mustard oil demand post COVID will remain positive for the seed in medium-term.

Soybean made higher price record in this week and leader among all the oilseeds on strong overseas demand in the seed, soymeal & the soy oil this season.

The rapeseed-mustard prices rose by 1% at Jaipur center while rapeseed meal closed remain steady, soybean posted gains by +4.96% soymeal surged by 6.38% and groundnut seed rose by +3.15%, all compared to the previous week's level.

We feel the soy complex to feature range-bound movement with firm-bias on improved overseas soymeal demand and better crush margin. Rapeseed-mustard complex to feature range bound movement with weak bias ahead crop harvest for short-term. Bullish global soybean supply outlook will continue to support the soy prices at higher level in medium-term. Besides, groundnut prices will also feature range-bound movement with firm bias on bullish outlook following good overseas demand for Indian seed.

## Outlook – Cash Market

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**Outlook - Soybean (Spot, Indore):** The soybean prices will feature range-bound movement with firm bias on higher soymeal export sales and soy oil demand in recent months. The prices (Indore, Plant basis) are expected to feature range bound movement in the price band of 4950 – 5,100 level.

**Outlook – Soy meal:** Soymeal prices are likely to feature range bound movement with firm bias on strong export demand in the last couple of months. We can see good demand in poultry sector on improved condition of bird flu in India. Soy meal, Indore is expected to be in the range of 38,000 – 39,000/MT levels in week ahead.

**Outlook - Rapeseed-Mustard (Spot, Jaipur basis):** Rapeseed-mustard is expected to feature range-bound movement with weak bias in hope of heavy new crop arrivals . However, better rapeseed meal export sales and good winter mustard oil demand will support prices from any major fall. The seed prices are likely to witness the price levels between 5,850 – 5,900/Qtl; levels in next week.

## International Highlights

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- ❖ At the weekend, CBOT's most-active soybean contract extended gain by 0.4% to US \$ 13.83 a bushel against previous session as strong demand for U.S. stocks countered rising South American supplies. The South American soybean harvest continues to ramp up. As per USDA, supplies of soybean in U.S. will remain tight 2022. It forecasted the crop 9% higher at 4.525 billion bushels compared to the previous marketing year. Ending stocks were seen rising to 145 million bushels, up from 120 million a year earlier however it will be remain historically low.
- ❖ As per Refinitiv Commodities Research, soybean output in Argentina may reach 48.3 million tonnes in 2020-21 which is higher by 1% from its previous forecast on account of good weather conditions. The soybean crops in fields are at the vegetative phase in most of the growing belts of Argentina. USDA kept unchanged soybean crop size at 48 million tonnes in its Feb '21 monthly report.
- ❖ NOPA members, US, crushed 184.65 million bushels of soybean during January 2021, higher from 183.15 million bushels in December 2020 also higher by 3.5% to 176.94 million bushels in January 2020. Good margins and ample supplies of soybean have encouraged crushers.
- ❖ The monthly US soybean crush surged compared to last year record on account of higher soybean prevailing prices which has attracted farmers to sell their higher quantity of bean to the processing plants.
- ❖ As per Conab recent estimates, Brazil may grow 133.81 million tonnes of soybean in 2020/21 slightly higher than 133.69 million tonnes from Jan month forecast. It is also kept higher against 124.85 million tonnes in last year. Yield is likely to reduce at 3497 kg/Ha compared to 3500 kg/Ha from Jan month's forecast however higher from 3379 kg/Ha from the previous season. Brazil may ship soybean around 85.6 million tonnes in 2020/21.
- ❖ According to AgRural, Brazil has harvested 9.1% of soybean area so far less than half of the 21.4% harvested in last year. The harvest is likely to speed up in the southern area of Brazil however it may remain slow in the Northern area of Brazil. Prolonged wet weather conditions may reduce seed quality.
- ❖ In the February'21 report, the USDA has kept US 2020/21 soybean production remain at 112.5 million tonnes compared to last month however it is higher from 96.66 million tonnes in last year. It has kept Brazil's soybean

production unchanged at 133.0 million tonnes. Similarly for India, the estimates are unchanged at 10.5 million tonnes from previous month. Soybean production in Argentina's 2020/21 has kept similar at 48.0 million tonnes like last month.

- ❖ The global 2020/21 soybean production is estimated slightly higher at 361.07 million tonnes vs 362 million tonnes in the last report by USDA. World soymeal exports estimates are kept higher at 66.50 million tonnes vs 65.97 million tonnes in Feb 2021.
- ❖ As per Refinitiv commodity research, the export of soymeal in Argentina went up by 38% in January 2021 against the previous year's record. The shipment of soy oil also increased and touched the level of 477 thousand tons, the highest January export since 2017. However, the export may fall in the coming month once the harvesting will start in Brazil and buyers may switch to the Brazilian soybean crop.
- ❖ As per USDA report, U.S exported total 8.1 million tonnes of soybean in Jan 2021 higher against six year record.
- ❖ Aprosoja, in its recent Brazil's 2020/21 soybean estimate has reduced the output by 2 million tonnes to 127 million tonnes from 129 million tonnes in its previous forecast, due to the month long dryness in the key producing regions.
- ❖ As per Rosario grains exchange, Argentina is likely to grow soybean at 49 million tonnes in 2020/21 revised higher from its earlier forecast 47 million tonne after good rainfall in the country.

## Sown Area – *Rabi* Oilseeds, India 2020-21

In the latest official rabi oilseeds planting report, by the Ministry of Agriculture, the total coverage area under rabi oilseeds is reported at 83.95 lakh hectares, up 4.97% from 79.98 lakh ha in the corresponding period of last year. Of the major oilseeds, rapeseed-mustard sowing is reported up by 7.03% at 73.94 lha compared to 69.08 lha during the corresponding period of last year. Groundnut at 4.76 lha vs 4.82 lha, safflower at 0.59 lha vs 0.63 lha, sunflower at 1.04 lha vs 1.05 lha, sesamum 0.48 lha vs 0.60 lha, linseed at 2.94 lha vs 3.47 lha and other 0.21 lha vs 0.33 lha during the same period last year.

Area in Lakh Hectares

<b>Crop</b>	<b>Normal Area (5 Year Avg.)</b>	<b>As on 29 Jan. 2021</b>	<b>As on 29 Jan. 2020</b>	<b>% Change</b>
Rapeseed/Mustard	59.44	73.94	69.08	<b>7.03</b>
Groundnut	7.28	4.76	4.82	<b>-1.23</b>
Safflower	1.18	0.59	0.63	<b>-7.19</b>
Sunflower	2.41	1.04	1.05	<b>-0.85</b>
Sesamum	0.00*	0.48	0.60	<b>-19.74</b>
Linseed	2.75	2.94	3.47	<b>-15.28</b>
Others	0.13	0.21	0.33	<b>-36.32</b>
<b>Total Oilseeds</b>	<b>73.19</b>	<b>83.95</b>	<b>79.98</b>	<b>4.97</b>

Source: MoA, GOI

## Soybean

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Soybean surged after good and regular demand from oilseed processors to meet the strong overseas soymeal demand and local soyoil demand. Recently, there is no any major updates about confirmed cases of bird flu in India.

The sentiments in the soy complex is bullish on decline in global soybean production scenario, likely fall in the soybean inventories and strong Chinese demand.

The weekly soybean plant delivery prices at Indore cash market improved by 4.96% to Rs.5050 a quintal compared to Rs. 4825 a quintal a week ago.

At the weekend, CBOT's most-active soybean contract extended gain by 0.4% to US \$ 13.83 a bushel against previous session as strong demand for U.S. stocks countered rising South American supplies.

According to AgRural, Brazil has harvested 9.1% of soybean area so far less than half of the 21.4% harvested in last year. The harvest is likely to speed up in the southern area of Brazil however it may remain slow in the Northern area of Brazil. Prolonged wet weather conditions may reduce seed quality.

As per Conab recent estimates, Brazil may grow 133.81 million tonnes of soybean in 2020/21 slightly higher than 133.69 million tonnes from Jan month forecast. It is also kept higher against 124.85 million tonnes in last year. Yield is likely to reduce at 3497 kg/Ha compared to 3500 kg/Ha from Jan month's forecast however higher from 3379 kg/Ha from the previous season. Brazil may ship soybean around 85.6 million tonnes in 2020/21.

The Soybean crop in Brazil may touch 128 million tonnes in 2020/21 as per AgResource. The estimates is lower than its earlier figure and USDA's crop estimates due to excess rainfall in the field. It expects that China may buy a record soybean around 110 million tonnes in the 2021/22 crop year. On the other hand, Safras & Mercado expects soybean crop size in Brazil at 133.1 million tonnes for 2020/21 season higher from its previous forecast after improved crop condition in the field.

As per T-Stonex, Brazil may harvest 132.77 million tonnes of soybean in 2020-21. The forecast is slightly higher from its previous forecast. While, Brazil's Agriculture Minister Tereza expect 133 million tonnes of soybean for this season.

Further, Brazilian farmers are expected to reap a record harvest of 132.2 million tonnes of soybeans in 2021 despite drought, according to the average of recent estimates in a poll in of 13 analysts, up from 125 million tonnes harvested by the farmers in the last season. The figure is also up from the last estimate, in December, the consensus forecast stood at 131.79 million tonnes.

Brazilian farmers are expected to export 83 million tonnes of soybeans in 2021 vs 83.2 million tonnes forecast in November.

In the February'21 report, the USDA has unchanged US 2020/21 soybean production to 112.5 million tonnes compared to last month.

It has kept Brazil's soybean production unchanged at 133.0 million tonnes. Similarly for India, the estimates are unchanged at 10.5 million tonnes from previous month. However, it has also unchanged the Argentina's 2020/21 soybean production to 48.0 million tonnes from Jan 2021.

The global 2020/21 soybean production is estimated slightly higher at 361.07 million tonnes vs 361 million tonnes in the last report by USDA. World soymeal exports estimates are higher at 66.50 million tonnes vs 65.97 million tonnes for 2020/21.

China's soybean imports surged 13% to an annual record in 2020, showed customs data, led by increased soybean crushing on improved crush margin and strong demand from country's recovering pig sector which was hit due to the swine flu last year.

China bought 100.3 million tonnes of oilseed in 2020, which is up from 88.51 million tonnes in 2019, according to the General Administration of Customs.

India's December 2020 soymeal exports improved by +248% to 2,51,221 metric tonnes compared to 72,233 metric tonnes in the same period last year. Further, the soymeal shipments improved by +56% to 8,88,202 metric tonnes in aggregate, during the last eight months (Apr.-Dec.) of financial year 2020-21 compared to 5,69,349 metric tonnes during the corresponding period last year.

Improved local winter edible oil demand, bullish global soy supply outlook on dry weather in Latin America which will hit the bean output in Argentina and Brazil. Argentine and workers strike after wage talk failed remained bullish for the international soy complex.

The agency cites dryness as the major factor which has hit the soybean yield this season. The soybean yield projected at 3,522 kg/ha vs 3,528 kg/ha in November forecast and 3,379 kg/ha last year.

Agriwatch has revised its India's 2020/21 soybean output estimate to 10.7 million tonnes, up 22% from 8.74 million tonnes in 2019/20. USDA has pegged it at 11.2 million tonnes.

SOPA has pegged India's 2020/21 soybean estimate at 10.45 million tonnes against 9.31 million tonnes estimated for 2019. The yield is estimated at 883 kg/ha vs 865 kg/ha for the same period.

We expect India's soymeal exports to improve by 50-60% year-on-year for coming months, after fall in the soybean crushing in Argentina and Brazil as their stocks dried up.

India's December edible oil imports rose 20 percent y-o-y to 13.56 lakh tons from 11.28 lakh tons in December 2019.

The weekly soybean plant delivery prices at Indore cash market rose by 4.96% to Rs. 5,050 a quintal (Rs 4,825/- 5050 Qtl) from Rs. 4,825 a quintal (Rs 4,700-4,860/Qtl) a week ago.

The arrivals of bean fell to 4,00,000 bags in the cash market yards of Madhya Pradesh, during the week against 4,75,000 bags a week ago.

*The major buyers are as follows: Agrawal, Neemuch, Shanti Overseas, Living Food, Goyal Protein, Bansal-Bhopal, Vippy-Dewas, ABIS, Sneha, Ruchi Soya, Shalimar Katol, Vippy Dewas, Dhanuka Neemuch, Avi Agri Ujjain, M.S. Neemuch, RH Seoni, Prakash, Kriti Dewas, Mahakali, Prestige Dewas, Itarsi Oil, Sanwaria Itarsi, MS Solvex Neemuch, MS Soya Pachore, during the week.*

***The domestic soybean prices are likely to feature range-bound movement with firm bias on good soymeal exports from India and soy oil demand.***



**International:**

According to AgRural, Brazil has harvested 9.1% of soybean area so far less than half of the 21.4% harvested in last year. The harvest is likely to speed up in the southern area of Brazil however it may remain slow in the Northern area of Brazil. Prolonged wet weather conditions may reduce seed quality.

As per USDA, supplies of soybean in U.S. will remain tight 2022. It forecasted the crop 9% higher at 4.525 billion bushels compared to the previous marketing year. Ending stocks were seen rising to 145 million bushels, up from 120 million a year earlier however it will remain historically low.

As per Refinitiv Commodities Research, soybean output in Argentina may reach 48.3 million tonnes in 2020-21 which is higher by 1% from its previous forecast on account of good weather conditions. The soybean crops in fields are at the vegetative phase in most of the growing belts of Argentina. USDA kept unchanged soybean crop size at 48 million tonnes in its Feb '21 monthly report.

As per USDA report, U.S exported total 8.1 million tonnes of soybean in Jan 2021 higher against six year record.

Refinitiv's trade flows have recorded 9.7 million tonnes of soybean imports by China during November 2020, the highest volume over the past three years during the same period.

China's soybean purchases are likely to remain strong over the next couple of months. It also said, in December, imports from the US will continue to increase to 7.6 million tonnes.

According to China's custom data, China's total soybean imports in 2020 will likely range between 101-105 million tonnes, compared to last year's 88.6 million tonnes.

USDA attache has projected China's 2020/21 soybean imports at 95 million tonnes which is lower than 98.5 million tonnes imported in 2019/20 by the country. The reason cited is the higher beginning stocks in the new marketing season following a buying spree in 2019/20.

China also imported 2.74 million tonnes of Brazilian soybean in November 2020, down 29% from 3.86 million tonnes same period last year. Brazilian exports during Jan-Nov'20 stood at 63.1 million tonnes, up 19% from 52.84 million tonnes corresponding period last year.

Brazil eliminated import tariffs for soybean and corn on 16th October 2020, seeking to maintain the supply balance amid record domestic prices for both commodities. For soybean, tariff-free imports were valid until 15 January 2021, while for corn the license goes until 31 March 2021.

According to Safras & Mercado the tariffs suspension in Brazil is likely to push soy imports to a maximum of 1 million tonnes this year, as compared with a current projection of 850,000

Argentina has temporarily slashed soybean export duty by 3% points to 30% to help stimulate trade, as the country struggles with recession and declining foreign reserves.

Argentina's 2019/20 soybean yield is estimated an average of 2.96 tonnes per hectare and the country's soybean production is pegged at 49.5 million tonnes, said the Buenos Aires Grains Exchange. The reduction is mainly due to the dry weather during the crop development phase.

**Revised September'20:** Brazil's 2020/21 soybean output is forecast up by around 5-6% between 127.3 million tonnes to 133.5 million tonnes by various agribusiness consultancies like Rabobank (127.3 Mn T), Abiove (131.5 Mn T), Datagro (131.69 Mn T), Celeres (131.4 Mn T), AgRural (131.3 Mn T) and Conab (133.7 Mn T) and USDA has pegged it at 133 Mn T currently.

These agencies have pegged the Brazil's 2020/21 planted area to 37.9 - 38.2 million hectares which is up 1.3 – 2.5 million hectares estimated by these agencies for 2019/20.

Industry estimates suggest this year's Brazilian soybean export may reach 80 million tonnes or more, which means another 12 million tonnes could be exported over the next few months.

China's domestic soybean production is seen at 18.81 million tonnes in 2020, up 3.9% from the previous year, according to forecasts of the agriculture ministry. The country's soybean crushing volumes were pegged at 85.98 million tonnes this year.

The strong Chinese demand will continue to lend support to the international soy prices during the season.

*The international soybean prices are expected to continue gain on good export demand. Strong Chinese soybean demand and lower than expected global soybean production and inventories to keep the prices strong in the medium-term.*

## Soymeal

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The domestic soymeal prices increased at the end of this week on continued demand of exporters. Chinese demand is likely to be continued which may further support the prices. Fresh poultry demand is also supporting price to rise.

The gains are backed by the strong and continued overseas soymeal demand of Indian origin.

The soymeal prices rose by 6.38% in this week. Declining cases of COVID and bird flu may boost up further regular soymeal demand.

India's December 2020 soymeal exports improved by +248% to 2,51,221 metric tonnes compared to 72,233 metric tonnes in the same period last year. Further, the soymeal shipments improved by +56% to 8,88,202 metric tonnes in aggregate, during the last eight months (Apr.-Dec.) of financial year 2020-21 compared to 5,69,349 metric tonnes during the corresponding period last year.

India's export of oilmeals for the month of December 2020 is reported at 5,12,997 metric tonnes compared to 2,20,404 metric tonnes in December 2019 i.e. up by +13%.

The overall export of oilmeals during April to December 2020 is also reported up by +26% at 24,61,696 metric tonnes compared to 19,55,276 metric tonnes during the same period last year.

Of the total soymeal exports of 2,51,221 metric tonnes in December 2020, Bangladesh, Iran and US remained to top buyers with imports figures touching 43,794 metric tonnes, 42,000 metric tonnes and 26,051 metric tonnes respectively..

In spite of tough competition in world market, export of rapeseed meal and ricebran extraction performed well, during the last eight months of financial year 2020-21.

The export of rapeseed meal in December'20 is reported at 141,866 metric tonnes against last year 60,178 metric tonnes during the same period i.e. down by +136%, and ricebran extraction is reported at 59,470 metric tonnes against last year 43,891 metric tonnes i.e. +35% higher compared to the same period last year.

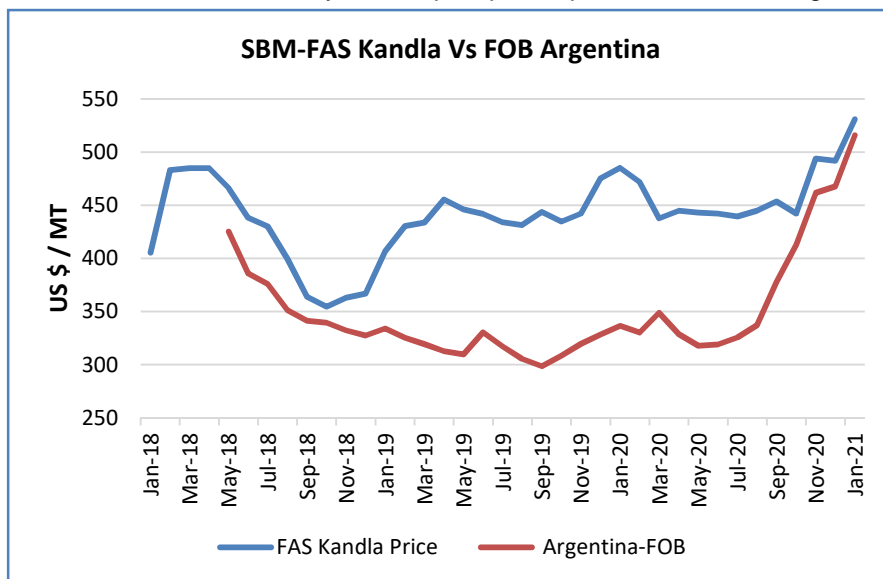
The global soy outlook is bullish as the Latin America is hit by dry weather conditions, downward revision of the US 2020/21 crop which have been recently harvested and strong Chinese soy demand

Soymeal futures eased on unwinding of long soymeal/short soyoil spreads. CBOT March soymeal eased at higher by US \$ 33.7 and settled at US \$ 426.30 per short ton compared to last week price i.e US \$430 per short ton.

The international soymeal prices are remain strong on the supply concerns, the Argentine soymeal prices have got dearer in last couple of months due to lean season, The soymeal export price spread of India vs Argentina (FAS Kandla and FOB Argentina) have further narrowed to US \$ 15/MT in January'20 vs US \$ 24/MT in December'20, creating exports opportunity for India.

As expected, India's soymeal exports improved after lower soybean crushing in Argentina and Brazil providing fresh opportunities for India's exports.

In the February 2020, USDA report the world soymeal exports estimates are higher at 66.50 million tonnes vs 65.97 million tonnes for 2020/21.



The domestic weekly soymeal prices at Indore stood higher at Rs 38300/MT and was quoted between Rs 36,000 – 38,300/MT compared to the weekly ended price of Rs 36,000/MT and was traded between the price ranges of Rs 35500 – 37,000/MT previous week.

At Latur soymeal prices quoted higher at Rs 38,500 – 40,00/MT compared to Rs. 37,500 – 38,500/MT from a week ago and in Nanded it was quoted lower at Rs. 38,500 – 40,000/MT compared to Rs. 36,700 – 39,000/MT a week ago. Besides, in Kota, the meal improved to Rs. 37,700 – 40,200/MT compared to Rs. 36,700 – 38,200/MT previous week.

India's Y-o-Y soy meal prices, Indore, are currently higher. Soy meal Indore was quoted between Rs 36,000 – 38,300/MT during the week compared to Rs 35,500 – 37,000/MT during the corresponding period last year.

*The soy meal prices (Indore) are likely to feature range-bound movement between Rs. 37,900 – 39,500/MT on cases strong overseas soymeal demand.*

**Previous updates:**

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Argentina's 2020/21 soybean output is pegged at 50 million tonnes by Rosario Grain Exchange. The country harvested 50.7 million tonnes in 2019/20. The Buenos Aires Grains Exchange has estimated the soy crop at 46.5 million tonnes vs 49.6 million tonnes last season and increase the area under bean by 0.6% this year vs 17.3 million hectares last year.

In the January'21 report, the USDA has lowered US 2020/21 soybean production to 112.5 million tonnes compared to 113.5 million tonnes previously. It has kept Brazil's soybean production unchanged at 133.0 million tonnes. Similarly for India, the estimates are unchanged at 10.5 million tonnes from previous month. However, it has slashed the Argentina's 2020/21 soybean production to 48.0 million tonnes from 50.0 million tonnes last month.

The global 2020/21 soybean production is estimated at 361.0 million tonnes vs 362.1 million tonnes in the last report by USDA. World soymeal exports estimates are slightly down at 62.81 million tonnes vs 62.84 million tonnes for 2020/21.

India's soymeal shipments improved by +28% to 6,36,981 metric tonnes in aggregate, during April -November of financial year 2020-21 compared to 49,7116 metric tonnes during the corresponding period last year.

The Brazil's soybean crop is in pod formation stage while the planting in Argentina is 98.6% complete which sped up following rains previous week. More moisture is needed was needed to ensure good yields for 2020/21 crop, said Buenos Aires Grains Exchange.

The international soy market is strong on bullish global supply scenario due forecast to lower than expected soybean production and likely fall in the US soy inventories in August 2021 followed by the Chinese buying spree.

In a major blow to the domestic soymeal market, which was already reeling under pressure, DGFT has blocked the online registration of Merchandise Export from India Scheme Claims (MEIS), this week, on its portal from exports undertaken 01.04.2020 onwards.

This will result in further decline in soymeal exports from India, as MEIS benefit of 5% is a significant incentive to compete in the world market. SOPA has made a representation to the government to revoke the suspension of the MEIS benefit immediately.

The revenue department have argued against continuing the MEIS, calling it wasteful and inefficient.

Instead of extending the Merchandise Exports of India Scheme, which cost Rs 43,500 crore in 2019-20, the NITI Aayog and the Ministry of Finance have called for putting financial resources into new Production-Linked Incentive (PLI) schemes in select sectors with core competency and potential for global exports.

However, SOPA has sought a stimulus package from the Centre to support the soybean industry, which has been hit by the lockdown and the collapse of poultry sector. It has asked the Center to increase the import duty in edible oils.

Besides, the SOPA members have addressed to Ministry of Agriculture and Farmers Welfare have demanded exemption of GST on soybean and soymeal, the same time.

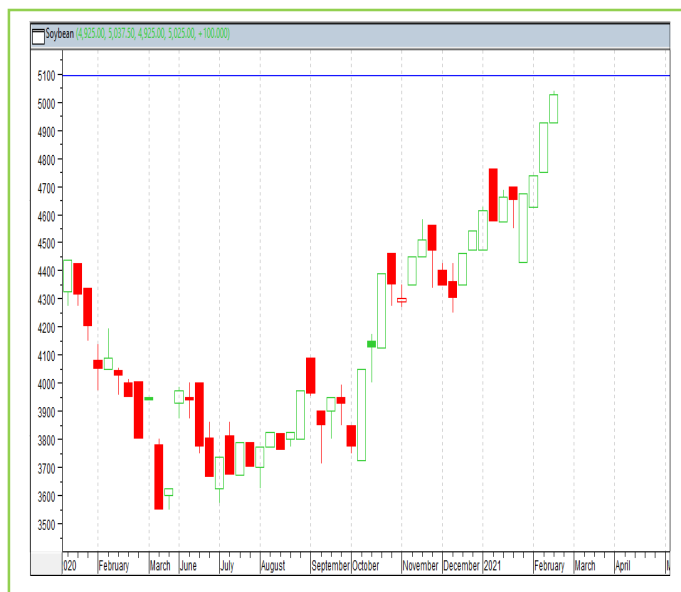
The poultry sector consumes 60% of the soymeal in India and there are no takers for it leading around half of the processing units being shut.

## Technical Analysis:

### NCDEX Soybean Futures



### Soybean Spot, Indore



\*Note: Daily Chart

### Support & Resistance NCDEX Soybean – Mar. contract

S1	S2	PCP	R1	R2
4500	4600	4836	5010	5190

- Soybean edged-down on sellers pressures in the market.
- Prices closed below 18-day EMA.
- RSI and stochastic are moving slight down in the neutral zone.
- MACD is rising in the positive territory.
- The prices are expected to move down in the coming week.
- Trade Recommendation (NCDEX Soybean – Mar.) Week: **Sell** Above 4850. Levels: T1 – 4760; T2- 4620, SL - 4925.

## Rapeseed - Mustard Seed

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Rapeseed-mustard declined at various trading centers on good supplies of new crop. However, higher demand of mustard oil is still supporting seed prices at Jaipur benchmark. The underlying fundamentals are strong on continued overseas rapeseed-mustard meal demand and improved local mustard oil demand post-COVID. However, expected heavy supplies of new crops may curb any major gain.

The seed prices increased by +1% compared to the previous week due to good demand of millers. However, heavy new crop supplies will limit any gain in next week.

In the latest official rabi oilseeds planting report dated 29 January 2021, by the Ministry of Agriculture, the rapeseed-mustard sowing is reported up by 7.03% at 83.95 lha compared to 79.98 lha during the corresponding period last year.

The rapeseed-mustard harvesting in UP & MP has commenced and it will pick up the pace by end week of February, In Kota & Alwar belt of Rajasthan has also started but slow pace. Nafed will commence to procure seed in March month.

India has not imported any rape oil (canola) in December too and as in last several months, on higher domestic crushing and comfortable mustard oil stock. We expect, India will not import the rape oil in coming months too.

The export of rapeseed meal in December'20 is reported at 1,41,866 metric tonnes against last year 60,178 metric tonnes during the same period i.e. up by +136%.

India's exports for rapeseed meal during April-December 2020 was up +24% at 9,16,715 metric tonnes compared to 7,41,199 metric tonnes during the same period previous marketing season.

NAFED and HAFED have been gradually disposing rapeseed-mustard. The Nafed has sold about 11.5 lakh tonnes of old and new stocks while Hafed has offloaded around 4.8 lakh tonnes of the seed of the total 5.30 lakh tonnes procured by the agency this year.

The all India rapeseed-mustard arrivals improved week-on-week and were reported at 16.30 lakh bags during the week compared to around 10.60 lakh bags, previous week. The supplies for the same were 8.30 lakh bags during the corresponding period last year.

RM seed prices rose by 1% to the weekly closing of Rs 6,480 a quintal from Rs 6430 a quintal previous week and Rs 4,255 a quintal during the corresponding period last year in Jaipur.

The rapeseed-mustard meal weekly ended price closed remain steady at Rs. 2,725/qtl compared to last week price.

At NCDEX futures, the April contract of rapeseed-mustard steady and ended at 5,293/Qtl compared to the previous week.

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**Previous Updates**

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The Solvent Extractors' Association (SEA) of India has urged the government to include rational provision in ASEAN agreement to restrict or regulate the imposition of export duty by the palm oil exporting countries. SEA feels that this will ensure a level-playing field for both the countries that export and import palm oil.

In a letter to its members, Atul Chaturvedi, President of SEA, said that there is always a bound rate for imposing highest export duty on palm oil and products imported by India under ASEAN agreement and Comprehensive Economic Cooperation Agreement with Malaysia.

He said the palm oil exporting countries seem to be free to impose export duty and levy as agreements overlook this issue. Indonesia has imposed US \$33 as export duty plus \$180 as a biodiesel levy making crude palm oil (CPO) expensive. Following this, India is compelled to pay high price for the same.

To support their local industry, that country has kept export duty and levy low on finished goods such as RBD palmolein.

Mr. Chaturvedi said, "Indirectly, India is subsidising their export duty and levy. Also, Malaysia is likely to impose 8 per cent export duty on export of CPO in early 2021.

Higher palm oil imports by India has always hit the domestic mustard oil demand and the rapeseed-mustard crush margins.

The Food Safety and Standards Authority of India (FSSAI) has withdrawn the order prohibiting blending of mustard oil.

The food regulator had until now allowed 20% blending in mustard oil under the standards for blended edible oil under FSS (Food Product Standards and Food Additives) Regulations. The decision to withdraw the September order was taken after stakeholders made a representation to the authority.

Director, Indian Council of Agricultural Research – Directorate of Rapeseed Mustard Research, expects productivity of the rapeseed-mustard to improve in 2020-21 from last year's level of 1.42-1.48 tonnes per ha, on adequate soil moisture and better package of practices.

The MSP for rapeseed-mustard has been increased in line with the recommendations of Swaminathan Commission to Rs. 4,650 per quintal for marketing season 2021-22 from Rs. 4,425 per quintal in 2020-21 an increase of Rs. 225 a quintal.

India had imported rapeseed oil (canola) of about 20,801 metric tonnes in August for the first time in last four months.

The total procurement of rapeseed-mustard by Nafed under PSS in 2020/21 from major seed producing states (Uttar Pradesh, Rajasthan, Gujarat, Haryana and Madhya Pradesh) stands at 8,03,853.33 metric tonnes with a total value of Rs. 3,55,705.10 Lakh and the total number of farmers benefiting from the scheme so far stands at 3,18,540.

Total procurement of the seed by Hafed in 2020/21 stands at 5,30,000 metric tonnes.



Agriwatch has projected India's MY 2020/21 rapeseed production at 7.2 million tonnes while Solvent Extractors of India has estimated the seed production at 7.7 million tonnes.

Favorable weather have raised 2020/21 Australia rapeseed outturn by above 2% to 3.4 from 3.0 million tons earlier.

Strategie Grains expects the planted area for the 2021 rapeseed crop in the European and Britain down compared with the current year harvest.

The farmers in Europe once again faced dry planting conditions during the late-summer sowing window for rapeseed, mainly in France.

Strategie Grains has kept this year's weather-hit rapeseed outturn for EU plus Britain unchanged at 17.1 million tonnes, slightly below 17.3 million tonnes estimated for 2019.

The consultancy has estimated EU and Britain rapeseed 2020-21 import to record 6.3 million tonnes, after estimating 6.2 million tonnes a month ago. EU had imported 6.0 million tonnes of rapeseed in 2019/20 season.

***Outlook:*** *The rapeseed-mustard is expected to decline and feature range-bound movement with weak bias in expectation of heavy supplies of new crop.*

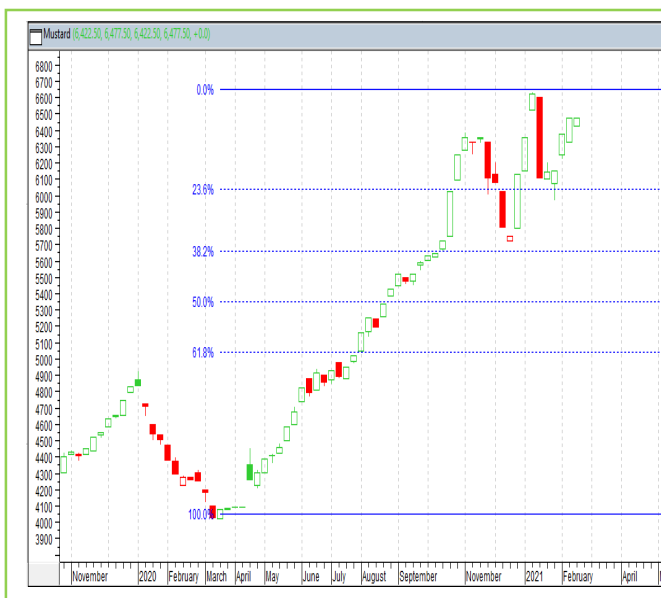
## Technical Analysis:

### NCDEX RM Seed Futures



\*Note: Daily Chart

### RM Seed Spot, Jaipur



### Support & Resistance NCDEX RM Seed – Apr. contract

S1	S2	PCP	R1	R2
4500	4800	5293	5450	5600

- RM seed decreased in this week.
- Prices closed below 18-day EMA.
- RSI and stochastic are falling in the overbought zone.
- MACD is moving in the negative territory.
- The prices are expected to feature loss during the week.
- Trade Recommendation (NCDEX Rapeseed-Mustard – Mar.) Week: below 5300. Levels: Target –5200; T2- 5100, SL – 5400.

## Annexure

### Oilseed Prices at Key Spot Markets:

Commodity / Centre	Prices (Rs/Qtl)				Change
Soybean	18-Feb-21		11-Feb-21		
	Low	High	Low	High	
Indore –Plant	5000	5050	4750	4825	225
Indore–Mandi	4850	4950	4500	4700	250
Nagpur-Plant	5050	5100	4820	4870	230
Nagpur – Mandi	4000	4700	4200	4630	70
Latur – Mandi	4500	4960	4100	4765	195
Akola – Mandi	4150	4875	4250	4650	225
Kota-Plant	4750	4900	4635	4785	115
Kota – Mandi	4700	4800	4660	4685	115
Bundi-Plant	4800	4850	4675	4725	125
Bundi-Mandi	4550	4700	4425	4625	75
Baran-Plant	4830	4870	4700	4720	150
Baran-Mandi	4630	4770	4500	4600	170
Bhawani Mandi Jhalawar–Plant	4725	4825	4650	4700	125
Jhalwar-Mandi	4625	4775	4500	4650	125
<b>Rapeseed/Mustard</b>					
Jaipur-(Condition)	6475	6480	6425	6430	50
Alwar-(Condition)	5900	6000	6200	6300	-300
Sri Ganganagar-(Non-Condition)	5525	5675	5700	5800	-125
New Delhi–(Condition)	5800	5900	5900	6000	-100
Kota-(Condition)	5650	5800	5570	5720	80
Agra-(Condition)	6571	6667	6476	6571	95
Neewai-(Condition)	5900	5950	6150	6200	-250
Hapur (UP)-(Condition)	5875	5900	6050	6075	-175
<b>Groundnut Seed</b>					
Rajkot	980	980	950	950	30
<b>Sunflower Seed</b>					
Gulbarga	3650	4800	3000	4000	800
Latur	-	-	-	-	-

Sholapur	5000	5200	5000	5200	Unch
Soybean Prices are in INR/qtl. (1 bag=90 kg). Mandi prices – Loose, Mustard Seed Prices are in INR/qt (1 bag=85 kg) C – Condition (42%), *Groundnut seed in Rs/20 kg, Sunflower Seed in Rs/qtl.					

**Oilseed Arrivals in Key Centers:**

Commodity / Centre	Arrivals in Bags/Qtl		Change
<b>Soybean</b>	<b>18-Feb-21</b>	<b>11-Feb-21</b>	
Madhya Pradesh	70000	15000	55000
Maharashtra	120000	90000	30000
Rajasthan	15000	12000	3000
Bundi (Raj)	1300	400	900
Baran (Raj)	1300	1800	-500
Jhalawar (Raj)	1200	1200	Unch
<b>Rapeseed/Mustard</b>			
Rajasthan	115000	15000	100000
Alwar	400	200	200
Sri Ganganagar	500	150	350
Kota	500	500	Unch
<b>Groundnut Seed</b>			
Rajkot (Gujarat)	4350	4200	150
<b>Sunflower Seed</b>			
Sholapur (Maharashtra)	1000	1000	Unch

**Other Oilseed Prices at Mumbai (INR/100 Kg):**

Oilseeds	18-Feb-21	11-Feb-21	Change
Groundnut Kernel	7365	7375	-10
Gr. Bolds 60/70	8650	8700	-50
Gr. Javas 60/70	9650	9700	-50
Gr Javas 70/80	-	-	-
Gr.Javas 80/90	8550	8600	-50
KardiSeed 2% Exp Qly	4300	4300	Unch
Sesame White 98/2/1 FM	8800	8900	-100
Whitish 95/5/FFA/1FM	8700	8800	-100
Brown 48/2 FFA/4 FM	7700	7700	Unch
Brown 48/3 FFA/4 FM	7400	7400	Unch
Brown 48/4 FM/* No FFA Guarantee	7200	7200	Unch

Sunflower Seed	6000	6000	Unch
Niger Seed (4% FM)	7800	8000	-200

## MSP of Rabi Oilseeds for Marketing Season 2021-22- GOI

Sl. No	Crops	MSP for Rabi 2021-22	MSP for Rabi 2020-21	Increase in MSP (Absolute)
1	Rapeseed-mustard	4,650	4,425	225
2	Safflower	5,327	5,215	112

The Cabinet Committee on Economic Affairs (CCEA) chaired by the Hon'ble Prime Minister Shri Narendra Modi has approved the increase in the Minimum Support Prices (MSPs) for all mandated Rabi crops for marketing season 2021-22.

Government has increased the MSP of Rabi crops for marketing season 2021-22, to ensure remunerative prices to the growers for their produce. This increase in MSP is in line with the recommendations of Swaminathan Commission.

Among the Rabi oilseeds the MSP for rapeseed-mustard has been increased to Rs. 4,650 per quintal for marketing season 2021-22 from Rs. 4,425 per quintal in 2020-21 an increase of Rs. 225 a quintal.

The MSP of safflower to Rs. 5,327 a quintal from earlier Rs. 5,215 per quintal an increase of Rs 112 per quintal.

## MSP of Kharif Oilseeds for Marketing Season 2020-21 - GOI

Sl. No	Crops	MSP for Kharif 2020-21	MSP for Kharif 2019-20	Increase in MSP (Absolute)
1	Groundnut	5275	5090	185
2	Sunflower seed	5885	5650	235
3	Soybean (yellow)	3880	3710	170
4	Sesamum	6855	6485	370
5	Nigerseed	6695	5940	755

The Cabinet Committee on Economic Affairs (CCEA) chaired by the Hon'ble Prime Minister Shri Narendra Modi has approved the increase in the Minimum Support Prices (MSPs) for all mandated Kharif crops for marketing season 2020-21.

Government has increased the MSP of Kharif crops for marketing season 2020-21, to ensure remunerative prices to the growers for their produce.

Among the Kharif oilseeds the MSP for groundnut has been increased to Rs. 5275 per quintal for marketing season 2020-21 from Rs.5090 per quintal in 2019-20 an increase of Rs.185 a quintal.

The MSP of sunflower to Rs. 5885 a quintal from earlier Rs. 5650 per quintal an increase of Rs 235 per quintal, Soybean-yellow to Rs. 3880 a quintal to Rs. 3710 per quintal last season, an increase of Rs. 170 a quintal, Sesamum to Rs. 6855 a quintal from 6485 earlier, an increase of Rs. 370 a quintal and the MSP of Nigerseed have been increased to Rs. 6695 a quintal from Rs. 5940 a quintal earlier, increase of Rs 755 per quintal.

Among all the Kharif crops, the highest increase in MSP is proposed for Nigerseed (Rs 755 per quintal) followed by Sesamum (Rs 370 per quintal), Urad (Rs 300 per quintal) and Cotton (long staple) (Rs 275 per quintal). The differential remuneration is aimed at encouraging crop diversification.

## India's Oilseeds Production Seen at 25.73 Mn T vs 22.32 Mn in 1st Adv Est. for 2020-21- GOI

The 1st Advance Estimates of production of oilseeds for 2020-21 have been released by the Department of Agriculture, Cooperation and Farmers Welfare on 22<sup>nd</sup> September, 2020. The assessment of production of different crops is based on the feedback received from States and validated with information available from other sources.

The estimated production of major Kharif Oilseeds during 2020-21 is as under:

Kharif Oilseeds – 257.29 lakh tonnes in 2020-21 vs 223.16 lakh tonnes in 2019-20

- Groundnut – 95.35 lakh tonnes vs 83.67 lakh tonnes in the 4<sup>th</sup> Advance Estimate.
- Castorseed – 17.24 lakh tonnes vs 18.49 lakh tonnes
- Sesamum – 7.49 lakh tonnes vs 7.50 lakh tonnes
- Nigerseed – 0.63 lakh tonnes vs 0.42 lakh tonnes
- Soybean – 135.83 lakh tonnes vs 112.15 lakh tonnes
- Sunflower – 0.75 lakh tonnes vs 0.94 lakh tonnes.

The production estimates does not include the Rabi oilseeds' (rapeseed-mustard, safflower, rabi groundnut, rabi sunflower and Linseed) output estimates as its marketing season starts from February.

## Sown Area – *Kharif* Oilseeds, India

In the last official Kharif oilseeds planting report by the Ministry of Agriculture, the total coverage area under Kharif oilseeds is reported at 197.18 lakh hectares, an increase by 9.8% from 179.63 lakh ha in the corresponding period of last year. Of the major oilseeds, soybean sowing is reported up by 6.4% at 121.24 lha compared to 113.95 lha during the corresponding period of last year, groundnut at 50.98 lha vs 39.48 lha, sesamum 14.14 lha vs 13.73 lha, castor seed at 7.92 lha vs 9.44 lha and niger at 1.67 lha vs 2.04 lha, during the same period last year. We feel country's final area under oilseeds to be above normal by 8-9% this season.

Area in Lakh Hectares				
<b>Crop</b>	<b>Normal Area (5 Year Avg.)</b>	<b>2020-21</b>	<b>2019-20</b>	<b>% Change</b>
Groundnut	42.43	50.98	39.48	<b>29.1</b>
Soybean	111.49	121.24	113.95	<b>6.4</b>
Sunflower	1.84	1.23	0.99	<b>24.2</b>
Sesamum	14.13	14.14	13.73	<b>3.0</b>
Niger	2.41	1.67	2.04	<b>-18.1</b>
Castor	9.65	7.92	9.44	<b>-16.1</b>
<b>Total Oilseeds</b>	<b>181.95</b>	<b>197.18</b>	<b>179.63</b>	<b>9.8</b>

Source: MoA, GOI

## Sown Area – *Rabi* Oilseeds, India 2019-20

In the final official Rabi oilseeds planting report, by the Ministry of Agriculture, the total coverage area under Rabi oilseeds is reported at 80.3 lakh hectares, slightly down 0.1% from 80.37 lakh ha in the corresponding period of last year. Of the major oilseeds, rapeseed-mustard sowing is reported down by 0.4% at 69.51 lha compared to 69.76 lha during the corresponding period of last year. Groundnut at 4.76 lha vs 4.59 lha, safflower at 0.63 lha vs 0.43 lha, sunflower at 1.04 lha vs 1.13 lha, sesamum 0.56 vs 0.71 and Linseed at 3.46 lha vs 3.44 lha during the same period last year.

Area in Lakh Hectares

<b>Crop</b>	<b>Normal Area (5 Year Avg.)</b>	<b>2019-20</b>	<b>2018-19</b>	<b>% Change</b>
Rapeseed/Mustard	60.48	69.51	69.76	<b>-0.4</b>
Groundnut	7.76	4.76	4.59	<b>3.7</b>
Safflower	1.41	0.63	0.43	<b>46.5</b>
Sunflower	2.96	1.04	1.13	<b>-8.0</b>
Sesamum	3.12	0.56	0.71	<b>-21.1</b>
Linseed	2.99	3.46	3.44	<b>0.6</b>
Others	0.14	0.34	0.31	<b>9.7</b>
<b>Total Oilseeds</b>	<b>78.86</b>	<b>80.3</b>	<b>80.37</b>	<b>-0.1</b>

Source: MoA, GOI

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