

## Executive Summary

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Soybean, meal and rapeseed-mustard fell primarily on weak global factors during the month under review.

Projections of near record 2015/16 US soybean production which pressured the benchmark, CBOT prices to six-year low and fall in Malaysian palm oil below Malaysian Ringgit 2000 per ton remained negative factors for the oils and fats market.

Besides, falling crude and concern over Chinese demand followed by its economy worries, remained bearish for the market.

The domestic and US soybean crop is better than the 5 year average but Indian soybean yield is negatively affected due to adverse weather conditions in key growing areas.

The oilseeds will remain under pressure on bearish global supply scenario and falling crude in near and medium-term.

## Outlook – Cash Market

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**Outlook - Soybean (Spot, Indore):** Soybean prices are expected to feature range bound movement with weak-bias for short-term. Higher global supply scenario, demand concern, weakness in crude and soy meal export from India will limit the upside. The prices are likely to be between 3100 – 3350 levels (Indore, Plant basis) during the month.

**Outlook – Soy meal:** India's soy meal prices fell in sync with soybean. Bearish underlying factors including weak exports remained the influencing factors. Competitive meal price in South America has led to demand shift to the region and Indian meal exports are badly hit. Indian meal exporters are advised to aggressively explore the lost markets of last season especially traditional South and Far-East Asian destinations and Iran. The domestic meal prices are likely to feature range bound movement with weak bias in near-term. FOR, Kandla (Sep. – Oct. delivery) is expected to witness Rs. 26,000 – 28,000/MT levels in September.

**Outlook - Rapeseed-Mustard (Spot, Jaipur basis)** In spot, the RM seed is expected to feature range-bound movement with firm bias on thin supplies and better demand. However, weakness in Malaysian palm oil will limit the gains. The seed prices are likely to be between 4650 – 4700 levels in September.

## International Highlights

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- ❖ FCStone has slashed its US 2015/16 soybean production estimates to 3.791 billion bushels from 3.797 billion bushels forecasted in August. The analyst have pegged average US soybean yield at 45.4 bushels per acre, up from its August figure of 45.0 bushel per acres.
- ❖ Pro Farmer has pegged US soybean outturn at 3.887 billion bushels per acre with an average productivity of 46.5 billion bushels per acre, in the recent crop tour.
- ❖ In the US soybean crop progress report, as on 30 August, about 93% of the crop has pod which is slightly lower than 5 year average of 95%, and lower than 94% last year. 9% of the crop is dropping leaves which are above 5 year average of 7% and 5% during the corresponding period last year. About 63% of the crop is in good to excellent condition as against 72% during the same period last year.
- ❖ The estimate is lower than the USDA's recent report where it is projected at 3.916 billion bushels considering 46.6 bushels per acre.
- ❖ Informa Economics forecasted U.S. soybean production at 3.789 billion bushels, lower than USDA's July forecast of 3.885 billion. Informa pegged the U.S. soy yield at 45.4 bushels per acre against USDA's 46.0 bushels.
- ❖ The National Oilseed Processors Association reported that its members crushed 145.2 million bushels of soybeans in July 2015 which is above average trade estimates of 141.5 million. Further, NOPA reported US July soy oil inventories higher at 1.624 billion lbs against 1.574 billion lbs in June. The market expectation of the stock was at 1.592 billion lbs.
- ❖ Soy meal exports by US during July totaled to 590,582 tons, up from 391,781 tons a year earlier.
- ❖ US soybean production for 2015/16 is projected at 3.916 billion bushels, up 31 million as a higher yield offsets a lower harvested area. Harvested area is revised 0.9 million acres down from the July estimate to 83.5 million mainly on lower acreage in Missouri. The first survey-based soybean yield forecast of 46.9 bushels per acre is 0.9 bushels above last month's projected trend and 0.9 bushels below last year's record yield. (USDA - August)

- ❖ Argentina's crushing units crushed a record 18.5 million tonnes of soybeans in the first 6 months of the year, 0.9% more than the corresponding period last season, said the Agricultural Ministry. This translates into better exports, mainly to China and South East Asia.
- ❖ European Commission has slashed monthly forecast for 2015 EU rapeseed crop to 20.7 Mln T from 21.7 Mln T in June. This is mainly due to dry weather; which will increase the dependency on soy and palm oil.
- ❖ USDA has kept the soybean exports unchanged at 48.31 million tonnes since its first forecast for the year 2015/16 MY in May. This is despite the sluggish new-crop exports.
- ❖ Germany's 2015 winter rapeseed crop is expected to decline by 20% from a year earlier to 4.99 million tonnes.
- ❖ China is estimated to import a record 77 million tons of the oilseed in 2015/16 (Oct-Sept), a surge of 5.5% from the previous year, according to an official published report.

**Oil Meal Prices at Key Spot Markets:**

| Soy DOC Rates at Different Centers |                           |           |   |
|------------------------------------|---------------------------|-----------|---|
| Centers                            | Ex-factory rates (Rs/ton) |           |   |
|                                    | 31-Aug-15                 | 31-Jul-15 | Parity To   |
| Indore (MP)                        | 29000                     | 29000     | Gujarat, MP   |
| Kota                               | 29500                     | 28600     | Rajasthan, Del, Punjab, Haryana                     |
| Dhulia/Jalna                       | 31900                     | 30100     | Mumbai, Maharashtra                                 |
| Nagpur (42/46)                     | 31500                     | 30000     | Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN |
| Nanded                             | 31700                     | 30400     | Andhra, AP, Kar ,TN                                 |
| Latur                              | 32000                     | 30000     | -   |
| Sangli                             | 32400                     | 31000     | Local and South                                     |
| Sholapur                           | 32200                     | 30800     | Local and South                                     |
| Akola                              | 31200                     | 29800     | Andhra, Chattisgarh, Orrisa,Jharkhand, WB           |
| Hingoli                            | 32100                     | 29600     | Andhra, Chattisgarh, Orrisa,Jharkhand, WB           |
| Bundi                              | 29500                     | 28500     | -   |

| Soy DOC at Port       |            |           |        |
|-----------------------|------------|-----------|--------|
| Centers               | Port Price |           |        |
|                       | 31-Aug-15  | 31-Jul-15 | Change |
| Kandla (FOR) (INR/MT) | 30500      | 29500     | 1000   |
| Kandla (FAS) (USD/MT) | 460        | 461       | -1     |

| International Soy DOC |           |           |        |
|-----------------------|-----------|-----------|--------|
| Argentina FOB USD/MT  | 31-Aug-15 | 31-Jul-15 | Change |
| Soybean Pellets       | 357       | 374       | -17    |
| Soybean Cake Flour    | 357       | 374       | -17    |
| Soya Meal             | 365       | 382       | -17    |
| Soy Expellers         | 365       | 382       | -17    |

| Sunflower (DOC) Rates |           | Ex-factory rates (Rs/ton) |        |
|-----------------------|-----------|---------------------------|--------|
| Centers               | 31-Aug-15 | 31-Jul-15                 | Change |
| Adoni                 | 20000     | 19000                     | 1000   |
| Khamgaon              | NA        | NA                        | -      |
| Parli                 | 19800     | 19400                     | 400    |

|       |       |       |     |
|-------|-------|-------|-----|
| Latur | 19700 | 19000 | 700 |
|-------|-------|-------|-----|

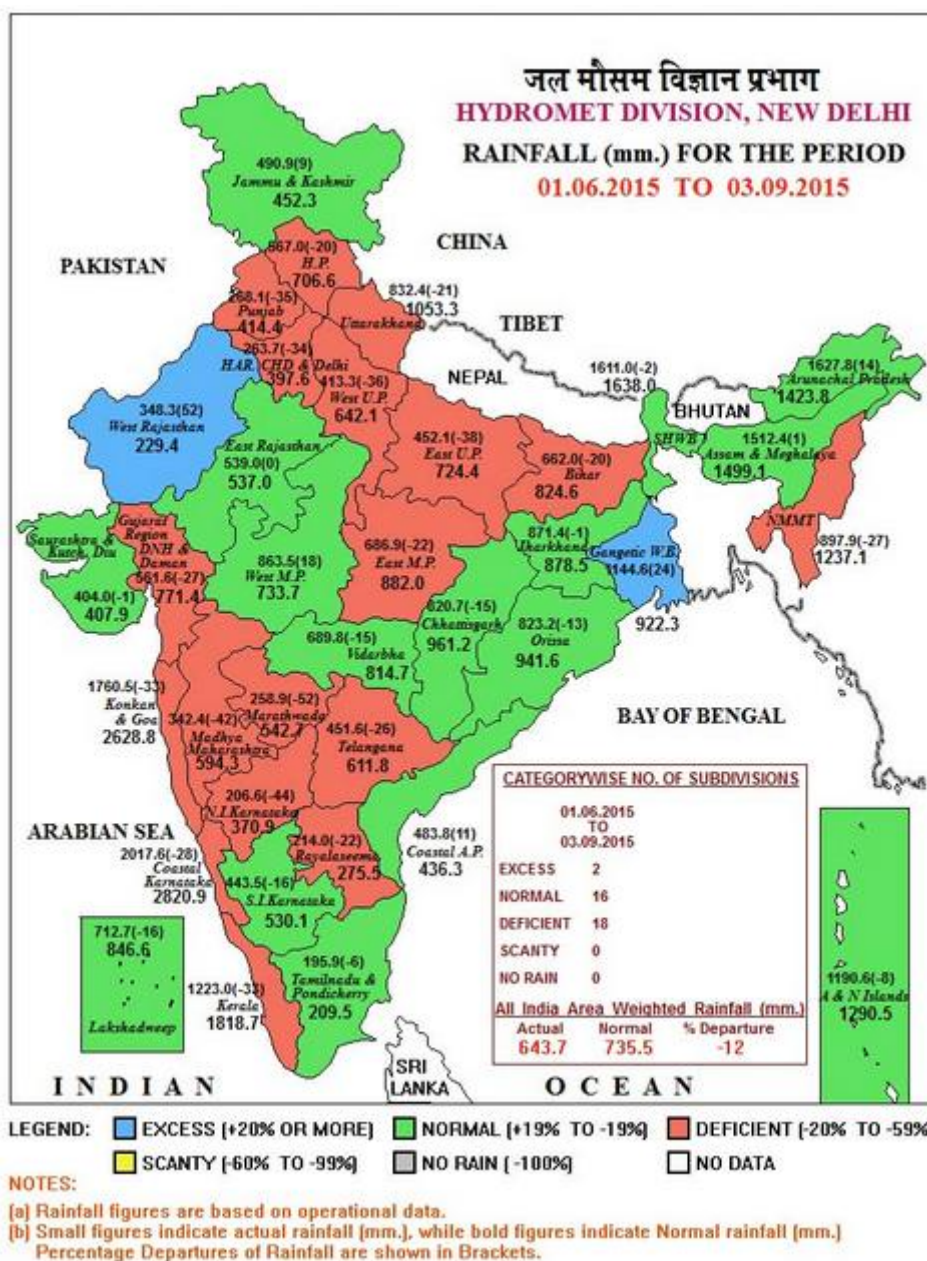
| Groundnut Meal (Rs/MT) | 31-Aug-15 | 31-Jul-15 | Change |
|------------------------|-----------|-----------|--------|
| Basis 45%, Saurashtra  | 28000     | 27500     | 500    |
| Basis 40%, Saurashtra  | 25000     | 24500     | 500    |
| GN Cake, Gondal        | 27000     | 27500     | -500   |

| Mustard DOC/Meal        | 31-Aug-15 | 31-Jul-15 | Change |
|-------------------------|-----------|-----------|--------|
| Jaipur (Plant delivery) | 18200     | 17000     | 1200   |
| Kandla (FOR Rs/MT)      | 19100     | 17500     | 1600   |
| Sri Ganganagar          | 2220      | 2090      | 130    |

## IMD Monsoon Forecast

In the IMD's Operational 2<sup>nd</sup> stage Long Range Forecast for the 2015, Southwest monsoon rainfall is likely to be 88% of the Long Period Average (LPA) compared to the previous forecast of 93% of the LPA with a model error of  $\pm 4\%$ . The deficiency probability is forecast at 66% while 27% below normal.

The event may hit the yield and subsequently production this season, as the kharif oilseeds are rain-fed.



## Sown Area – *Kharif* Oilseeds, India

In the official *kharif oilseeds* planting report (week ending 28 Aug. 2015), the total coverage area under *Kharif* oilseeds is reported at 174.6 lakh hectares, up 1.4% from 172.27 lakh ha of corresponding period last year. Of the major oilseeds, soybean sowing is reported up by 3.5% at 114.17 lha compared to 110.30 lha during the corresponding period last year. Groundnut at 34.72 lha vs 35.73 lha, sunflower at 0.91 lha vs 1.56 lha, sesamum 15.96 vs 15.38, niger at 1.21 lha vs 0.77 lha, and castor at 7.63 lha vs 8.53 lha during the corresponding period last year.

| <b>Crop</b>           | <b>As on 28 Aug 2015</b> | <b>As on 28 Aug 2014</b> | <b>% Change</b> |
|-----------------------|--------------------------|--------------------------|-----------------|
| Groundnut             | 34.72                    | 35.73                    | <b>-2.8</b>     |
| Soybean               | 114.17                   | 110.30                   | <b>3.5</b>      |
| Sunflower             | 0.91                     | 1.56                     | <b>-41.7</b>    |
| Sesamum               | 15.96                    | 15.38                    | <b>3.8</b>      |
| Niger                 | 1.21                     | 0.77                     | <b>57.2</b>     |
| Castor                | 7.63                     | 8.53                     | <b>-10.6</b>    |
| <b>Total Oilseeds</b> | <b>174.60</b>            | <b>172.27</b>            | <b>1.4</b>      |

(Area in lakh hectares) Source: GOI

## Soybean

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The domestic soybean continued downtrend for the consecutive third straight month, primarily on bearish global supply outlook with US production expected to near all-time high.

In the official planting report, India's soybean planting is reported up compared to the corresponding period last year (114.17 lha vs 110.30 lha). This year's area under soybean will surpass the previous year's planting.

In a recent India's soybean crop report, SOPA has ascertained that of total sown area of 114.17 lakh hectares about 13.77 lakh hectares is in very poor condition.

About 19.37 lakh hectares is under moisture stress, 59.74 lha under normal conditions and above 21 lha is under good to very good condition.

Considering the facts, India's soybean yield is expected to be negatively hit.

The domestic crop is in the development stage and weather will play a decisive role in the productivity. The erratic rains have already hit the soybean yield and the production could fall from the yield expected earlier.

India's actual seasonal rainfall from 1 June to 29 August 2015 is reported at 618 mm compared to 700 mm normal and the departure stood at -12%.

The actual rains in west MP is still reported excess at 840 mm vs 685 mm from the normal with the departure of +23%.

Overall, the situation is reported to be normal with exception of the report of incidents of Yellow Mosaic Virus in some parts of Madhya Pradesh.

Total damage due to disease and excess moisture accounts for around 3.6 lakh hectares in Malwa, Madhya Pradesh

The rainfall in Vidharba, Maharashtra is reported normal with 668.5 mm vs 767 mm and departure at -13%, it is reportedly deficient in Marathwada (-49%) with actual rains of 256 mm vs 503.6 mm. The crop is in moisture stress in these areas.

Moderate intensity of Stem Fly in soybean was also noticed in some pocket of Yavatmal district of Maharashtra accounting 21,000 hectares of soybean area. Besides, the crop is under moisture stress in Marathwada and Vidarbha, Maharashtra.

East Rajasthan has received adequate rains (+6%) with 535 mm vs 505 mm and the crop in the region is good without any severe reports of disease or pest attack. The overall crop condition in Rajasthan is reported to be normal.

Incidence of Hairy caterpillar and Semi Looper in soybean crop in Banswara district of South Rajasthan in Low to Moderate intensity and Hairy caterpillar in soybean crop in Mahesana, Patan, Sabarkantha and Banaskantha districts of Gujarat in Low intensity was recorded.



Central India received rainfall at 663 mm compared to 776 mm normal while the actual rainfall in Northwest is reported at 454 mm vs 494 mm normal.

The soybean crop has been hit due to erratic rains in recent weeks.

**International:** Soybean fell in the international benchmark, CBOT, on expected near all-time high US production this season and Chinese demand concerns considering its economy during the week under review.

The soybean hit six year low at benchmark CBOT with forecast of favourable weather for soybean crop in Midwest.

FCStone has slashed its US 2015/16 soybean production estimates to 3.791 billion bushels from 3.797 billion bushels forecasted in August.

The analyst have pegged average US soybean yield at 45.4 bushels per acre, up from its August figure of 45.0 bushel per acres.

Pro Farmer has pegged US soybean outturn at 3.887 billion bushels per acre with an average productivity of 46.5 billion bushels per acre, in the recent crop tour.

The estimate is lower than the USDA's recent report where it is projected at 3.916 billion bushels considering 46.6 bushels per acre.

The recent US soybean production forecast by FCStone and Pro Farmer are slightly lower than the latest USDA's estimate the outturn is still close to the record production of last season.

In the US soybean crop progress report, as on 30 August, about 93% of the crop is pod which is slightly lower than 5 year average of 95%, and lower than 94% last year. 9% of the crop is dropping leaves which are above 5 year average of 7% and 5% during the corresponding period last year. About 63% of the crop is in good to excellent condition as against 72% during the same period last year.

As expected the demand for soybeans from the biggest importer China has slowed in recent weeks, with forward bookings for successive months running at only half of levels during the corresponding period last year. This is due to the recent devaluation of the Yuan, which made China's imports expensive.

Crushing of oilseeds for China has become unviable with stronger US dollar.

As discussed the US soybean has hit six-year low and it is around \$ 8.5 a bushel.

China has placed orders of about 2 million tonnes of soybean for November delivery against 4 million tonnes during the corresponding period last year.

According to customs data, China purchased a record 9.5 million tonnes of soybeans in July, which is 17.4% from June and 27% on year.

China is expected to import a record 76 million tonnes of the oilseed in the year ending September, up 8% from last season, according to an estimate from the China National Grain and Oils Information Center.

In the latest estimate, Argentina's Agriculture Ministry has revised its 2014-15 soybean production up to 61.4 million tonnes from 60.8 million.

*Chinese demand concern, lower crude, higher edible oil imports by India, poor soy meal shipments from India, bearish global soybean supply scenario and improved weather conditions in US will continue to pressurize the domestic soybean in near and medium-term.*

## Balance Sheet – Soybean, India

Fig. in MnT

| Oil Year (Oct-Sep)        | 2011-12      | 2012-13      | 2013-14      | 2014-15     | 2015-16      |
|---------------------------|--------------|--------------|--------------|-------------|--------------|
| <b>Carry In</b>           | <b>0.37</b>  | <b>0.40</b>  | <b>0.32</b>  | <b>0.32</b> | <b>0.23</b>  |
| <b>Production</b>         | <b>12.00</b> | <b>12.50</b> | <b>10.00</b> | <b>9.50</b> | <b>9.80</b>  |
| Imports                   | 0.00         | 0.00         | 0.00         | 0.00        | 0.00         |
| <b>Total Availability</b> | <b>12.37</b> | <b>12.90</b> | <b>10.33</b> | <b>9.83</b> | <b>10.03</b> |
| Crush                     | 11.97        | 12.58        | 10.00        | 9.60        | 9.70         |
| Exports                   | 0.00         | 0.00         | 0.00         | 0.00        | 0.00         |
| Total Usage               | 11.97        | 12.58        | 10.00        | 9.60        | 9.70         |
| <b>Carry Out</b>          | <b>0.40</b>  | <b>0.32</b>  | <b>0.32</b>  | <b>0.23</b> | <b>0.33</b>  |
| Monthly Use               | 1.00         | 1.05         | 0.83         | 0.80        | 0.81         |
| Stock/Consumption Ratio   | 0.03         | 0.03         | 0.03         | 0.02        | 0.03         |
| Stock to Month Use Ratio  | 0.40         | 0.31         | 0.39         | 0.28        | 0.40         |

Source: Agriwatch

- **Trade Observations: The buying remains dull due to weak soy meal exports commitment and eventually fall in crushing.**
- We have revised down our preliminary estimate (11 mln T) and pegged India's 2015-16 soybean production at 9.8 million tonnes. This is due to the fall in potential yield output due to unfavorable weather conditions during vegetative and flowering stage.
- We have revised India's 2014-15 soybean production to 9.5 million tonnes in our final production estimates.
- We expect 2015/16 soybean crush to be above 11.0 million tons. India's soy meal prices have to compete with the meal prices of South America in 2015/16 also.

## Soy meal

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The domestic soy meal fell in line with soybean due to the bearish global fundamentals including supply and demand.

Fall in soy meal at the international benchmark CBOT, competitive prices offered by South America and poor demand of Indian soy meal from the international buyers remained negative for the domestic soy meal.

The underlying fundamentals continue to be bearish for soy meal.

As stated earlier we expect the domestic soy meal demand to improve with the expected increase in seasonal poultry demand in coming days. The Indian poultry prices have already spiked due to varied factors including loss during heat wave and bird flu before monsoon.

The increase in seasonal poultry demand will boost the demand in soy meal which may lend support to the meal prices in coming days.

As expected the August exports remained weak.

India's soy meal exports during August, 2015 were just 769 tons as compared to 2,778 tons in August, 2014 showing a decrease of 72.33% over the same period of last year.

On a financial year basis, India's export during April'2015 to August'2015 is 35,858 tons as compared to 96,201 tons in the same period of previous year showing a decrease of 62.73%.

During current Oil year, (October – September), total exports during October 2014 to August, 2015 is 5,85,485 tons as against 20,60,782 tons last year, showing a decrease by 71.59%.

Fall in India's soy meal exports, especially in the last two seasons, is attributed to the demand shift to South America for meal due to the attractive offer price compared to India. Forward booking continues to be weak and discouraging.

According to Oil World, Brazil's soy meal consumption nearly doubled within the past ten years and it is expected to reach 15.4 Mn T in 2015/16, exceeding exports of an estimated 14.9 Mn T.

Chinese imports of rapeseed meal are estimated at 150,000 tonnes during 2015/16 (June/May), which is lower by 25% from a year ago (imported from other countries). China's demand is projected around 10.8 million tonnes for the year, according to a CNGOIC estimate.

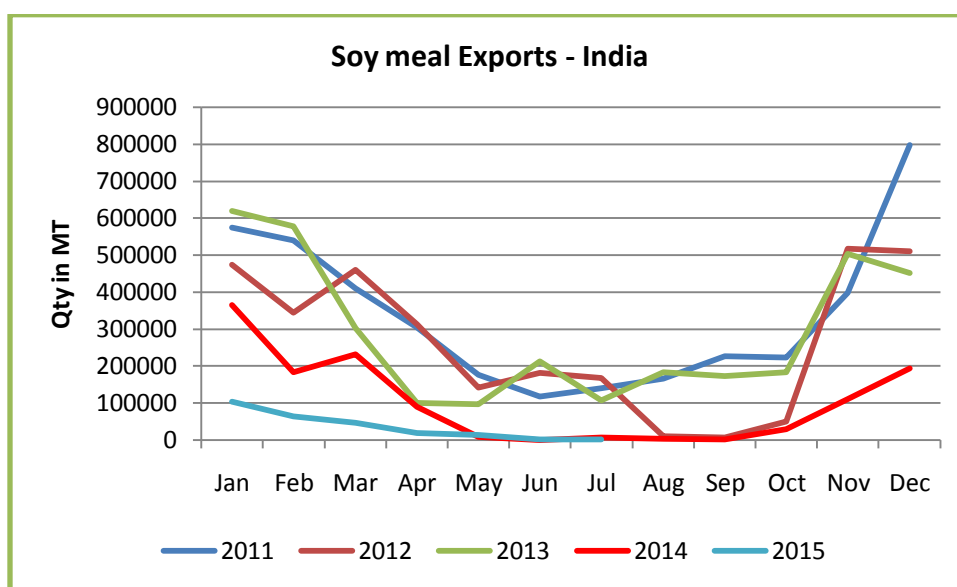
China has started placing orders for rapeseed meal of Indian origin at low volumes.

We expect the domestic soy meal consumption of the Poultry Industry to rise in coming days, with the likely increase in seasonal poultry consumption. This will limit any sharp fall in the meal price. The underlying soy meal fundamentals remain weak for the season.

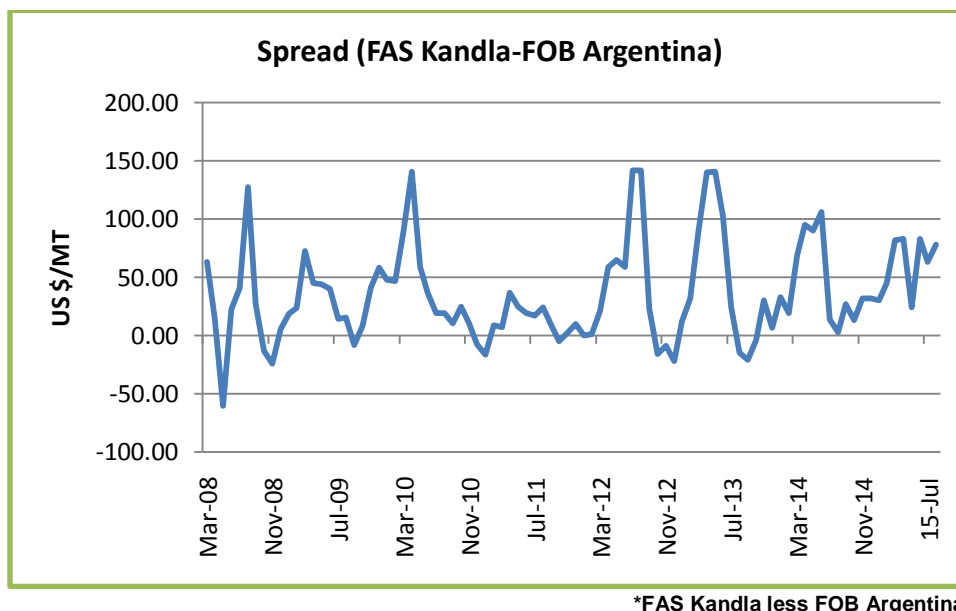
*Considering the current global supply scenario, we feel, India may not be able to regain the market it lost last season due to competitive prices in US, and South American meal followed by record supply scenario.*

*Preference of the soy meal of Indian origin mainly by the South-East countries due to logistic and freight advantage and demand for non-GMO meal has lost the ground owing to much higher soy meal price of Indian origin compared to the South American meal. Iran, Japan, Europe, Thailand, Vietnam, Indonesia and South Korea were the major destinations for Indian soy meal exports, whose demand shifted to South America.*

The soy meal prices are likely to feature range-bound movement with weak bias followed by improved supply scenario in near-term.



India's Y-o-Y soy meal prices are lower. Soy meal export price, FOR Kandla (Sep. – Oct. delivery) was quoted lower between Rs 28,500 – 30,750/MT during August compared to Rs 35,500 – 38,375/MT during the same period last year.



The average monthly soy meal price spread between FAS Kandla and FOB Argentina has widened in August and was recorded at US \$78/MT in Aug. 2015 compared to US \$63/MT in Jul. 15. Argentine soy meal export prices continued to be attractive as compared to the India's. Notably, India's soy meal exports are at the optimum levels during the period, October through January, the exports witnessed sharp fall during the period too. (\*Spread - FAS Kandla less FOB Argentina). The global supply scenario will continue to keep India's meal exports lower this season.

| Soymeal         | Aug. 2015 | Jul 2015 | Aug. 2014 |
|-----------------|-----------|----------|-----------|
| FAS – Kandla    | 440       | 450      | 480       |
| FOB – Argentina | 362       | 387      | 477       |

## Soybean Crush Margin

| Avg Crush Margin – Aug. 2015 |             | Avg Crush Margin – Jul. 2015 |             | Avg Crush Margin – Aug. 2014 |             |
|------------------------------|-------------|------------------------------|-------------|------------------------------|-------------|
| <b>-1029</b>                 |             | <b>-1109</b>                 |             | <b>-1015</b>                 |             |
| Min                          | Max         | Min                          | Max         | Min                          | Max         |
| <b>-2300</b>                 | <b>-175</b> | <b>-1559</b>                 | <b>-605</b> | <b>-1615</b>                 | <b>-280</b> |

The disparity in soybean crushing in August has widened compared to July month, and it is narrow compared to the corresponding period last year. The widening of the disparity remained discouraging for the solvent extractors in August, and the buying continued to be dull during the month. Increasing imports of cheaper edible oil and weak soy meal export sales continued to remain negative for the soy complex.

## Technical Analysis:

### NCDEX Soybean Futures



### Soybean Spot, Indore



\*Daily Chart

### Support & Resistance NCDEX- Soybean Oct. Contract

| S1   | S2   | PCP  | R1   | R2   |
|------|------|------|------|------|
| 2950 | 2900 | 3226 | 3452 | 3610 |

- Candlestick chart pattern reveals that prices closed above previous month's level.
- Prices closed above 40-day SMA.
- MACD is rising in negative territory.
- RSI and stochastic are rising in neutral zone.
- Trade Recommendation (NCDEX Soybean – Oct.) – 1 Month: **SELL** Below 3300. T1 – 3100; T2 - 3050; SL –3220.

## Rapeseed - Mustard Seed

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RM seed witnessed mild losses in mirroring Malaysian palm oil during the month. The fall is limited due to the thin supplies and continued demand from the millers.

The stockists and the farmers were keen to offload the produce in the cash market with the signs of rise in prices towards the end of the month under review.

The all India seed arrivals fell and were reported at a total of about 17,43,000 bags in August compared to about 18,45,000 bags in July.

In Rajasthan too the supplies were reported lower about 8,80,000 bags during the month compared to 9,86,000 bags previous month.

Fall in Malaysian palm oil continued to limit the gains in the domestic RM seed.

Despite, some gains towards the weekend, the Malaysian palm oil remained weak due to drastic fall in Malaysian Ringgit to an all-time low.

The BMD CPO is below 2000 Ringgits during the month dragging the recent month contracts.

Currently, Malaysian Ringgit is the worst performing currency against the US dollar and its weakness is exerting pressure on palm oil and subsequently on rapeseed-mustard.

According to SGS, Malaysia's exports of palm oil for August 2015 rose by 0.2 percent to 1,542,017 tons (1,539,583 tons). Top buyers are European Union at 353,073 tons (257,983 tons), India at 284,150 tons (358,200 tons), China at 227,510 tons (299,947 tons), Pakistan at 73,200 tons (30,300 tons) and United States at 72,575 tons (115,104 tons). Values in brackets are figures of July 2015.

The market is waiting for the MPOB's monthly demand and supply report, which is expected to be bearish as the country is expected to register gains in the seasonal palm oil production.

Malaysian Palm Oil Board (MPOB) in its July monthly report pegged ending stocks of palm oil higher by 2.93 percent at 22.65 lakh tons in July 2015 against revised June 2015 ending stocks figure at 21.5 lakh tons.

Malaysia's palm oil production rose 2.93 percent to 18.16 lakh tons (17.64 lakh tons) in July 2015. Exports fell by 5.61 percent to 16.02 lakh tons in July 2015 against revised figure of 16.97 lakh tons in June 2015. Imports rose to 1.43 lakh tons (1.03 lakh tons) in July 2015. Values in brackets are figures of June 2015. Ending stocks are higher than trade estimates polled by Reuters which estimated ending stocks at 21.86 lakh tons.

Besides, Indonesia's July palm and palm kernel oil shipments fell by 8 percent in July to 2.09 tons from 2.27 tons in June. Leading export destinations were India at 427,340 tons, China at 407,330 tons, European Union at 380,130 tons, Pakistan at 195,830 tons, Bangladesh at 47,000 tons and Middle East at 100,320.

The outlook for domestic rapeseed-mustard remains strong for medium and long-term owing to the lower production this season leading to tight supplies.

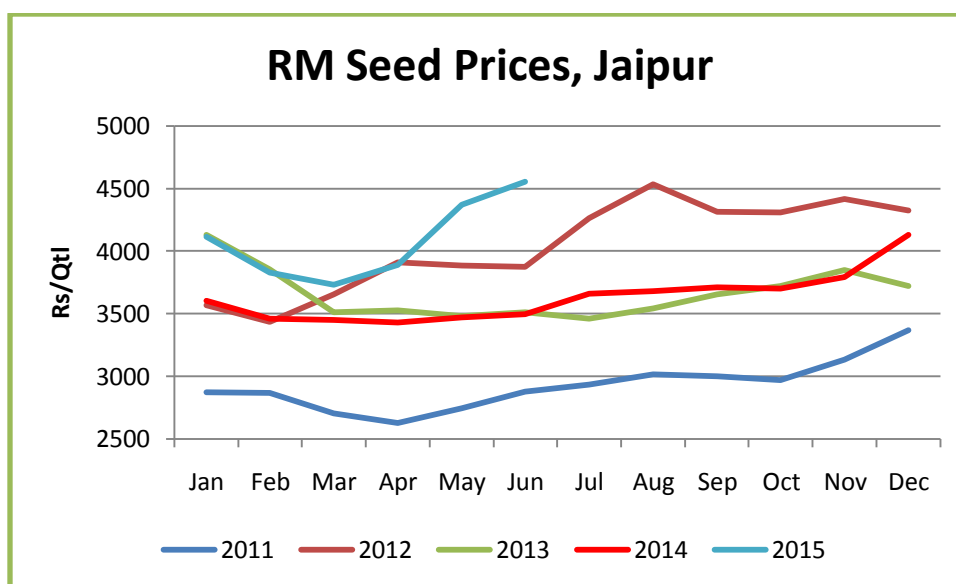


## RM Seed Supply, Rajasthan

| RM Seed Arrivals in Rajasthan in Bags (85 kg each). |             |                                |
|---|-------------|--------------------------------|
| Monthly Arrivals– August                            | 1 Month Ago | Corresponding Period Last Year |
| 8,80,000  | 9,86,000    | 13,30,000                      |

*Steep fall in Malaysian palm oil due to weak Malaysian Ringgit, higher palm oil stocks, increase in India's vegetable oil imports and weakness in soy complex will pressure the rapeseed-mustard prices in near-term. However, improved exports from major exporting countries and likely rise in domestic seasonal demand in the seed will limit any sharp fall.*

## RM Seed Prices–Jaipur (Rajasthan)



## Balance Sheet – Rapeseed-Mustard Seed, India

(Fig in MnT)

| Marketing Year (Mar-Feb)       | 2011-12     | 2012-13     | 2013-14     | 2014-15     | 2015-16 (*F) |
|--------------------------------|-------------|-------------|-------------|-------------|--------------|
| <b>Carry In</b>                | <b>0.75</b> | <b>1.25</b> | <b>0.28</b> | <b>0.20</b> | <b>0.20</b>  |
| Production                     | 7           | 6.5         | 7.2         | 7.74        | 5.9          |
| Imports                        | 0           | 0           | 0           | 0           | 0            |
| <b>Total Availability</b>      | <b>7.75</b> | <b>7.75</b> | <b>7.48</b> | <b>7.94</b> | <b>6.10</b>  |
| <b>Crush</b>                   | <b>6.5</b>  | <b>7.47</b> | 7.28        | 7.74        | 5.90         |
| Exports                        | 0           | 0           | 0           | 0           | 0            |
| Total Usage                    | 6.5         | 7.47        | 7.28        | 7.74        | 5.9          |
| <b>Carry Out/Ending Stock</b>  | <b>1.25</b> | <b>0.28</b> | <b>0.20</b> | <b>0.20</b> | <b>0.20</b>  |
| Monthly Use                    | 0.54        | 0.62        | 0.61        | 0.65        | 0.49         |
| <b>Stock/Consumption Ratio</b> | <b>0.19</b> | <b>0.04</b> | <b>0.03</b> | <b>0.03</b> | <b>0.03</b>  |
| Stock to Month Use Ratio       | 2.31        | 0.45        | 0.33        | 0.31        | 0.41         |

(Source: Agriwatch)

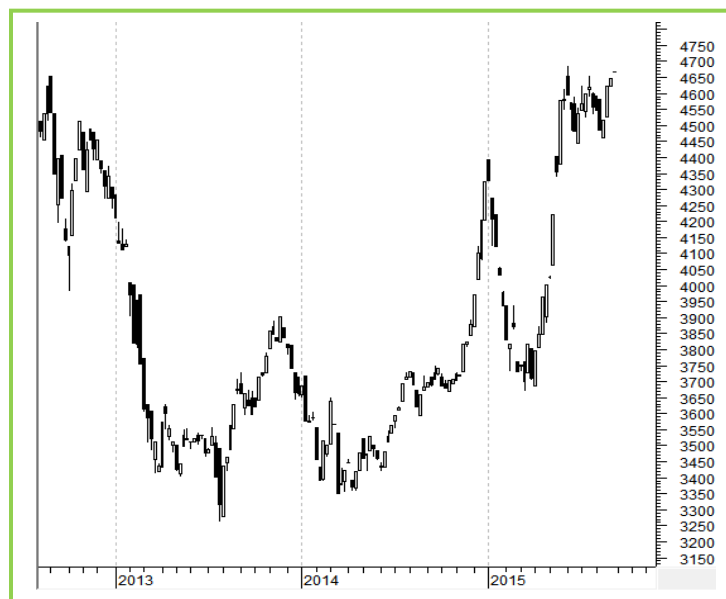
- **Trade Observations: Short Supplies and better demand continued limited any sharp fall.**
- We have pegged India's 2015/16 RM seed outturn at 5.9 Mn T, 2015/16 production at 5.9 million tonnes, down by 24% at 7.7 million tonnes last season. The production fell compared to previous year due to decline in yield potential followed by unseasonal rains in the growing region and fall in sown area by 8.6% (6.52 million hectares vs 7.13 million hectares).
- The carry-in stands at 0.20 million tonnes, this season, which is at par with the previous year level.

### Technical Analysis:

#### NCDEX RM Seed Futures



#### RM Seed Spot, Jaipur



\*Daily Chart

#### Support & Resistance NCDEX - RM Seed Oct. Contract

| S1   | S2   | PCP  | R1   | R2   |
|------|------|------|------|------|
| 4100 | 4000 | 4320 | 4468 | 4535 |

- The RM seed posted gains on buying interest, during the month.
- RSI and stochastic are rising in neutral region.
- Prices are likely to feature gains in September.
- Trade Recommendation (NCDEX RM SEED–Oct.) – 1 Month: **BUY** Above 4270 levels.T1 – 4370; T2 - 4420; SL - 4210.

## Annexure

### MSP of 2015/16 Kharif Oilseeds Increased

The Cabinet Committee on Economic Affairs has given its approval for the Minimum Support Prices (MSPs) for Kharif Crops of 2015-16 season. The decision is based on recommendations of Commission for Agricultural Costs and Prices (CACP) for the Price Policy for Kharif Crops for the Marketing Season 2015-16. The MSP of all the kharif oilseeds have been increased.

The MSP of soybean is raised by Rs. 40/qtl from previous season to Rs2600/qtl, Groundnut by Rs 30/qtl to Rs 4030/qtl, sunflower and niger seed by Rs 50/qtl to Rs 3800/qtl and Rs 3650/qtl respectively. The MSP of sesamum is increased by Rs 100/qtl to Rs 4700/qtl.

### Rabi MSP 2014-15

The Cabinet Committee on Economic Affairs has approved the Minimum Support Prices (MSPs) for Rabi Oilseeds Crops of 2014-15 season to be marketed in 2015-16 as follows: The MSP of Rapeseed/Mustard is raised by Rs. 50/Qtl to Rs. 3100/Qtl from Rs. 3050/Qtl earlier. For Safflower too it is increased by Rs. 50/Qtl to Rs. 3050/Qtl from Rs. 3000/Qtl in 2013-14.

### Soy Meal Export (In MT)

|              | 2008           | 2009           | 2010           | 2011           | 2012           | 2013           | 2014          | 2015   |
|--------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------|--------|
| <b>Jan</b>   | 521243         | 521243         | 240318         | 574996         | 474993         | 619793         | 364443.7      | 103934 |
| <b>Feb</b>   | 375098         | 375098         | 220552         | 540360         | 344240         | 577589         | 183551        | 64514  |
| <b>Mar</b>   | 224639         | 224639         | 163666         | 410537         | 460464         | 302131         | 232176        | 46670  |
| <b>Apr</b>   | 539175         | 100106         | 60264          | 305033         | 313832         | 100312         | 75884         | 18017  |
| <b>May</b>   | 326875         | 77018          | 60575          | 176819         | 142588         | 97547          | 8226          | 14045  |
| <b>Jun</b>   | 241508         | 109923         | 98400          | 117600         | 180987         | 213564         | 2636          | 2098   |
| <b>Jul</b>   | 282438         | 58268          | 166632         | 139547         | 168341         | 107038         | 6682          | 929    |
| <b>Aug</b>   | 205890         | 127299         | 176138         | 165510         | 10005          | 183555         | 2778          |        |
| <b>Sep</b>   | 68443          | 171955         | 290868         | 225921         | 6525           | 173381         | 868           |        |
| <b>Oct</b>   | 88723          | 219721         | 404960         | 223594         | 49840          | 182724         | 29071         |        |
| <b>Nov</b>   | 647400         | 297340         | 443488         | 397659         | 517103         | 503269         | 110806        |        |
| <b>Dec</b>   | 655882         | 328225         | 611157         | 798041         | 510698         | 451314         | 193832        |        |
| <b>Total</b> | <b>4177314</b> | <b>2610835</b> | <b>2937018</b> | <b>4075617</b> | <b>3179616</b> | <b>3512217</b> | <b>843874</b> |        |

Source: SEA

## International Updates

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- ❖ Oil World has revised the global oilseeds production upward by 3.5 Mn T from a month earlier, mainly on account of Argentine soybeans.
- ❖ As per Oil World, Indonesia palm oil production is seen at 32.4 million tons for 2014-15 v/s 30.5 million tons last year and Malaysian palm oil production is seen at 19.4 million tons for 2014-15, down one million tons from last year. Moreover, CPO (at Rotterdam) and RBD palmolein (FOB Malaysia) prices for 2015 is seen at USD 770 /T and USD 750/T respectively.
- ❖ Oil World has estimated Argentina's shipments of vegetable oils to improve by approximately 0.6 Mn T this season.
- ❖ EU-28 crushings of rapeseed rose above expectations and touched a record 13.5 Mn T in July/Dec 2014, as reported by Oil World.
- ❖ On the production front, combined crude palm oil output from Malaysia and Indonesia is expected to rise to 51.1 million tons in 2015 v/s 49.2 million tons last year.
- ❖ Oil World has raised the global production of soybeans by 1.3 Mn T to 309.1 Mn T, 24.3 Mn T, above last season – Oil World.
- ❖ As per Oil World, the global supplies of palm oil is expected to rise by only 2.2 Mn T in Oct/Sept 2014/15, which is down from an average annual growth of 3.9 Mn T in the past 3 seasons.
- ❖ China's soybean import is estimated at 73.5 Mn T in Oct/Sept 2014/15 by the Oil World.
- ❖ The total oil meal consumption of five N. African countries in 2014/15 is estimated at 6.2-6.3 Mn, which has more than doubled within 10 years.
- ❖ Oil World has estimated a combined soy meal imports of 8 key countries in Southeast Asia at a record 16.6 Mn T next season, which is up 1.4 Mn T on the year.
- ❖ The palm oil production in Malaysia is estimated to reach a record 19.7 million tons to 19.9 million tons. Further, Indonesia's output is likely to be at an all-time high of 30.5 million tons or more this year. Production is estimated by Dorab Mistry, Director at Godrej International Ltd. Both the countries account for 86% of the world total supplies.

- ❖ Brazil's 2014/15 soybean production is forecasted at 94 million tons, unchanged from a May estimate, by crop analysts FCStone International.
- ❖ Brazil's analyst Abiove raised its estimate for the recent harvested 2014/15 soy crop to 93.06 million tons from the last forecast of 92.69 million tons.
- ❖ AgRural, Brazilian analyst, has estimated Brazil's 2014-15 soybean crop to 93.8 million tons from 93.3 million tonnes earlier. The production is record high, despite late plantings due to the initial dry weather.
- ❖ Brazil based analyst Safras & Mercado forecasts the 2014/15 Brazilian soybean output at 95.0 million tonnes, down from 95.9 million tonnes estimated in December.
- ❖ Brazil's Agriculture Ministry's crop supply agency Conab has estimated its 2014/15 soybean production at record 95.8 million tonnes, higher than the USDA. It also said Brazil is expected to export a record 49.6 million tonnes of the soybean, which is sharply higher from the 45.6 million tonnes estimated to be exported during the current season.
- ❖ Brazil's soybean crop for 2014/15 is estimated at 91 million tons and exports forecast at 48 million tons. As per Oil World, oilseed production may rise to 519.7 million tons, up by 4.31 percent from 2013-14. The total oilseeds production includes 310.80 million tons of soybean, 68 million tons of rapeseed, 41.4 million tons of sunflower seed and others.
- ❖ As per Agroconsult, Brazil is likely to produce 95.1 million tons of soybeans in 2014-15, up 1 million tons from previous estimates. Moreover, Argentina soybean crop output for 2014-15 is seen at 56.6 million tons.
- ❖ Argentina's 2014/15 soybean crop is forecasted at a record 60.8 million tons by the Buenos Aires Grains Exchange, increasing its last estimate of 60.0 million tons.
- ❖ The Argentine government raised its soybean production for the 2014/15 soybean harvest by 1 million tons to 60 million tons.

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