

## Executive Summary

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Soybean, meal and rapeseed-mustard edged-up on bullish domestic and international factors followed by improved buying support during the month under review.

Gains in benchmark CBOT followed by fresh soybean orders by China and on bullish US quarterly soybean stock figures in association of strong Malaysian palm oil on better export sales remained positive factors for oilseeds in the cash market. Buyers in new crop soybean including the solvent extractors and stockists in the cash market continued to lend support to the bean and seed at higher prices.

The soybean harvesting has picked up pace in US and in India leading to improved supplies in the same.

Fresh buying in soybean will push the soybean prices up besides, continued buying in rapeseed-mustard will remain positive for the seed.

## Outlook – Cash Market

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**Outlook - Soybean (Spot, Indore):** Soybean prices are expected to feature gains on fresh buying by the solvent extractors and the stockists in short-term. However, higher global supply scenario, weakness in crude and weak soy meal export from India will limit the upside in near-term. The prices are likely to be between 3450 – 3750 levels (Indore, Plant basis).

**Outlook – Soy meal:** India's soy meal prices featured gains and pushed up by the bullish news on soybean. Bearish underlying factors including weak exports limited the gains. 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 in near-term. FOR, Kandla (Oct. – Nov. delivery) is expected to witness Rs. 31,100 – 33,100/MT levels during the month.

**Outlook - Rapeseed-Mustard (Spot, Jaipur basis):** In spot, the RM seed is expected to feature firm tone on better buying and gains in Malaysian palm oil in recent days on better export sales in CPO. The seed prices are likely to be between 5100 – 5400 levels during the week.

## International Highlights

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- ❖ In the quarterly USDA report the US soybean stocks as on 01 September 2015 were reported about 108% Y-o-Y at 5,209,730 metric tonnes compared to 2,503,580 during the corresponding period last year. The On farms stocks are reported at 13,52610 mt (58,0370 mt) and Off farms is reported at 38,57,120 mt (19,23,210 mt). The stocks are slightly lower than market expectations but higher than the corresponding period last year.
- ❖ In the US soybean crop progress report, as on 27 September, about 74% of the crop is dropping leaves which are above 5 year average of 74% and 66% during the corresponding period last year. Soybean harvested is reported by 21% which is up from 5 year average of 16% and up from 9% during the corresponding period last year. About 62% of the crop is in good to excellent condition as against 72% during the corresponding period last year.
- ❖ The National Oilseed Processors Association has, in its monthly report stated that its members processed 135.304 million bushels of soybeans in August which is up 22% from the same period last year. The volume was the highest for August month since 2007, when NOPA members crushed 137.564 million bushels.
- ❖ Soybean planting in Brazil has commenced and it is 1.7% complete, reported by AgRural. The planting is up 1.6% from the corresponding period last year and 5 year average. The planting has begun in the southern state of Parana which is forecast to receive better rains in coming days.
- ❖ Celeres has estimated Brazil's 2015-16 soybean crop at 97.1 million tonnes, up 1.2% than the previous season (95.9 million tonnes).
- ❖ The planting is expected to increase by 2.3% to 32.2 million hectares or 80 million acres from last season.
- ❖ FCStone has estimated Brazil's 2015-16 soybean production at 100.9 million tonnes, up from 96.2 million this season, 2014-15. Brazil's soybean planting is expected to commence in coming weeks.
- ❖ US is likely to harvest near record soybean in coming days, and if realized, the production will add to the global supply.
- ❖ 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.
- ❖ Informa Economics has 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.
- ❖ 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.

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

Soy DOC Rates at Different Centers			
Centers	Ex-factory rates (Rs/ton)		
	30-Sept-15	31-Aug-15	Parity To
Indore (MP)	32000	29000	Gujarat, MP
Kota	32200	29500	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	33300	31900	Mumbai, Maharashtra
Nagpur (42/46)	31000	31500	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	33000	31700	Andhra, AP, Kar, TN
Latur	33500	32000	-
Sangli	33500	32400	Local and South
Sholapur	32500	32200	Local and South
Akola	30700	31200	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Hingoli	31900	32100	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Bundi	32500	29500	-

Soy DOC at Port			
Centers	Port Price		
	30-Sep-15	31-Aug-15	Change
Kandla (FOR) (INR/MT)	31000	30500	500
Kandla (FAS) (USD/MT)	469	460	9

International Soy DOC			
Argentina FOB USD/MT	29-Sep-15	30-Aug-15	Change
Soybean Pellets	346	357	-11
Soybean Cake Flour	346	357	-11
Soya Meal	354	365	-11
Soy Expellers	354	365	-11

Sunflower (DOC) Rates	Ex-factory rates (Rs/ton)		
Centers	30-Sep-15	31-Aug-15	Change
Adoni	20400	20000	400

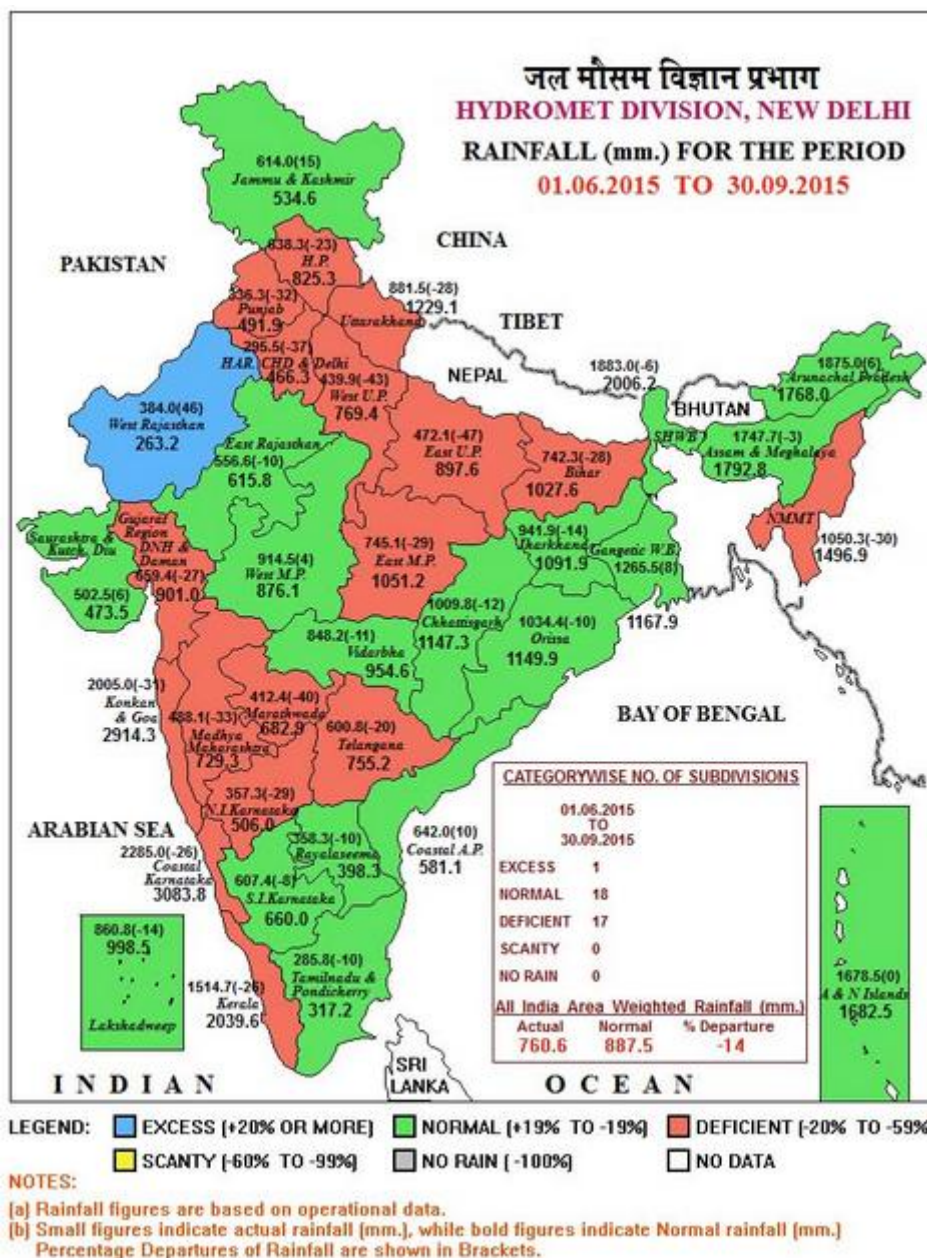
Khamgaon	NA	NA	-
Parli	20600	19800	800
Latur	20200	19700	500

Groundnut Meal (Rs/MT)	30-Sep-15	31-Aug-15	Change
Basis 45%, Saurashtra	29300	28000	1300
Basis 40%, Saurashtra	26300	25000	1300
GN Cake, Gondal	28500	27000	1500

Mustard DOC/Meal	30-Sep-15	31-Aug-15	Change
Jaipur (Plant delivery)	19200	18200	1000
Kandla (FOR Rs/MT)	19800	19100	700
Sri Ganganagar	2320	2220	100

## Rainfall Status 01 Jul. – 30 Sept. – IMD

As per IMD's Operational 2<sup>nd</sup> stage Long Range forecast for the 2015, Southwest monsoon rainfall 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 has hit the bull's eye. At the end of monsoon the all India departure of rain is reported at -14% (July. 01 – Sept. 30 2015).



## Sown Area – *Kharif* Oilseeds, India

In the official *kharif oilseeds* planting report (week ending 01 Oct. 2015), the total coverage area under *Kharif* oilseeds is reported at 184 lakh hectares, up 3.8% from 177.25 lakh ha in the corresponding period of last year. Of the major oilseeds, soybean sowing is reported up by 5.5% at 116.29 lha compared to 110.23 lha during the corresponding period of last year. Groundnut at 36.56 lha vs 37.21 lha, sunflower at 1.5 lha vs 1.95 lha, sesamum 17.22 vs 16.34, niger at 1.61 lha vs 1.62 lha, and castor at 10.82 lha vs 9.9 lha during the same period last year.

Overall the *kharif* oilseeds area increased but the decline in yield potential will reduce the oilseeds production this season.

<b>Crop</b>	<b>As on 01 Oct 2015</b>	<b>As on 01 Oct 2014</b>	<b>% Change</b>
Groundnut	36.56	37.21	-1.7
Soybean	116.29	110.23	5.5
Sunflower	1.50	1.95	-23.1
Sesamum	17.22	16.34	5.4
Niger	1.61	1.62	-0.6
Castor	10.82	9.90	9.3
<b>Total Oilseeds</b>	<b>184.00</b>	<b>177.25</b>	<b>3.8</b>

(Area in lakh hectares) Source: GOI

## Soybean

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The domestic soybean posted gains on bullish international and domestic factors during the month under review.

Chinese soybean orders from US for 2015/16 delivery, reports of soybean stocks lower than the market expectations and lower estimates of India's soybean production estimates by various analysts remained bullish for the bean market.

The domestic soybean harvesting is gaining momentum and the average daily new crop supplies have edged-up compared to the previous month. The peak supplies are expected to be around third week of October. Reduction in moisture is witnessed with sunny forecast ahead.

The new soybean prices at benchmark, Indore shot up by 4% within a week, while it gained by 8% in the futures market.

SOPA has estimated India's 2015/16 soybean production at 86 lakh tonnes compared 90 lakh tonnes in 2014/15. However, Agriwatch pegged 90 lakh tonnes of soybean production compared 95 lakh tonnes in the previous season.

This is despite rise in planted area in soybean this season by 5 – 6 per cent. India's area under soybean is currently reported at 116 vs 110.22 lakh hectares last year.

Crushing the beans will produce 72 – 75 lakh tonnes of soy meal and 16 – 17 lakh tonnes of soyoil domestically.

The latest IMD report suggests India's rain deficit at -14%, erratic/deficit rains have negatively hit the soybean yield. The crop is mostly under pod formation and maturity stage in the key soybean growing regions.

This year SOPA has conducted satellite based survey to ascertain the area under soybean cultivation in 58 major soybean growing districts in Madhya Pradesh, Maharashtra and Rajasthan. For rest of the country, Government's area figures have been considered.

To access the estimates of productivity and production, an extensive survey of standing and under harvest Crop was conducted in Madhya Pradesh, Maharashtra and Rajasthan during 15th September, 2015 to 24th September, 2015. To calculate the realistic productivity and production of Soybean, all the major factors have been taken into account.

According to satellite survey, the area under Soybean Cultivation is 110.656 lakh hectares in the country, which is 5.629 lakh hectares less than Government of India's figure of 116.285 lakh hectares. According to SOPA's assessment, the production estimates of Soybean during kharif 2015 is 86.426 lakh tonnes, which is 3.574 lakh tonnes down (3.97 per cent) as compared to previous year's revised estimates of 90 lakh tonnes.

State wise report is as under:

**Madhya Pradesh:** According to satellite survey, the area under soybean cultivation in Madhya Pradesh is 56.127 lakh hectares, as compared to Government's figures of 59.062 lakh hectares. SOPA has estimated the production at 44 lakh tonnes which is 7.604 lakh tonnes down (14.74 per cent) as compared to previous year's revised estimates of 51.604 lakh tonnes.



**Maharashtra:** The government has released the area under soybean cultivation in Maharashtra as 37.739 lakh hectares. As per SOPA's satellite survey, the area under soybean cultivation in Maharashtra is 35.852 lakh hectares. The production is estimated to be 27.835 lakh tonnes which is 3.835 lakh tonnes higher (15.98 per cent) as compared to previous year's revised estimates of 24 lakh tonnes.

**Rajasthan:** In Rajasthan, according to satellite survey the area under soybean cultivation during Kharif 2015 is 10.241 lakh hectares as compared to 11.047 lakh hectares of government's figure. The estimated production will be 9.292 lakh tonnes which is 2.653 lakh tonnes higher than previous year's figures of 6.639 lakh tonnes showing an increase of 39.96 per cent.

**Other States:** In Andhra Pradesh, Karnataka, Chhattisgarh, Gujarat and other states, satellite survey was not carried out and the area under soybean cultivation as per government is 8.437 lakh hectares and a production of 5.300 lakh tonnes is estimated during Kharif 2015.

### **International:**

Soybean featured range-bound movement in the international benchmark, CBOT, primarily on Chinese soybean orders for new crop for 2015/16 delivery during the week under review.

US soybean harvesting has gained pace and it is in full swing. US is looking for the big buyers for 2015/16 and 2016/17 delivery.

In a recent international Globoil 2015 conference on oils and fats in Mumbai, the renowned analysts presented their mixed views on demand and supply in oils and fats in the new season.

Oversupply of soybean on higher production estimates while fall in palm oil production due to El Nino factors on the other was pointed out by most of the analysts in the conference.

The September report of World Agriculture Supply And Demand Estimate by USDA has already increased the US soy production estimate to 3.935 billion bushel up 0.5% from 3.916 billion bushel estimated in August. It has increased the yield to 47.1 bushels per acre from previous 46.9 bpa. The market is waiting for the USDA's October WASDE report; we expect it to be bearish on likely higher production estimates.

In the quarterly USDA report the US soybean stocks as on 01 September 2015 were reported about 108% Y-o-Y at 5,209,730 metric tonnes compared to 2,503,580 during the same period last year.

The On farms stocks are reported at 13,52610 mt (58,0370 mt) and Off farms is reported at 38,57,120 mt (19,23,210 mt). The stocks are slightly lower than market expectations but higher than the same period last year.

In the US soybean crop progress report, as on 27 September, about 74% of the crop is dropping leaves which are above 5 year average of 74% and 66% during the corresponding period last year.

Soybean harvested is reported by 21% which is up from 5 year average of 16% and up from 9% during the corresponding period last year. About 62% of the crop is in good to excellent condition as against 72% during the corresponding period last year.

China has recently signed agreements in Iowa to import about 13.18 million tonnes of US soybean amounting to US \$ 5.3 billion. The deals are for 2015/16 shipments (MY Sep-Aug) with some exceptions of 2016/17 delivery.

According to CNGOIC China is expected to purchase 79 million tonnes of soybean in 2015/16 season. US soybean exports to China in the new season reported slowest in seven years due to oversupply.

There is a Chinese demand concern for soybean in the new season, which is unlikely to improve at the pace it was growing (about 10%). In 2015/16 the demand in Chinese soybean growth is likely to be just 2.5% at 79 million tonnes. China imported about 77 million tonnes of soybean in 2014/15 up 9.4% from 70.4% in 2013/14.

Soybean planting has commenced in Brazil and it is 1.7% complete, reported by AgRural. The planting is up 1.6% from the corresponding period last year and 5 year average. The planting has begun in the southern state of Parana which is forecast to receive better rains in coming days.

Celeres has estimated Brazil's 2015-16 soybean crop at 97.1 million tonnes, 1.2% more than the previous season (95.9 million tonnes). The planting is expected to increase by 2.3% to 32.2 million hectares or 80 million acres from last season.

The Celeres estimates are lower than the recent forecast of FC Stone of about 100.1 million tonnes, but above its own production estimate for the current season.

FCStone has estimated Brazil's 2015-16 soybean production at 100.9 million tonnes, up from 96.2 million this season, 2014-15. Brazil's soybean planting is expected to commence in coming weeks.

*Renewed Chinese buying from US, fresh buying in domestic cash market will push the bean prices up but gaining momentum in US and domestic soybean harvesting, lower crude, higher edible oil imports by India, poor soy meal shipments from India will limit the gains 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>9.00</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>9.23</b>
Crush	11.97	12.58	10.00	9.60	9.00
Exports	0.00	0.00	0.00	0.00	0.00
Total Usage	11.97	12.58	10.00	9.60	9.00
<b>Carry Out</b>	<b>0.40</b>	<b>0.32</b>	<b>0.32</b>	<b>0.23</b>	<b>0.23</b>
Monthly Use	1.00	1.05	0.83	0.80	0.75
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	0.30

Source: Agriwatch

- **Trade Observations: The new crop harvesting is picking up the pace. Moisture content is still higher in the beans and the supplies are not sufficient to pressure the market.**
- We have revised down our preliminary estimate (11 mln T) and pegged India's 2015-16 soybean production at 9.0 million tonnes. This is due to the fall in potential yield output due to erratic/deficient rains 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 extended gains along with soybean and supportive Malaysian palm oil during the month under review. Both, soybean and BMD CPO were weak initially in the month of September, but surged thereafter.

Both international and domestic factors remained influential for the meal. After a big deal on Chinese soybean buying from US last week, the USDA released quarterly US stock report on oilseeds and the figures were lower than the market expectations, though inventories were higher by 108% y-o-y .

Comfortable soybean stock with the key producers, expected oversupply in bean this season and subsequently in soy meal will make India's meal price uncompetitive in the international market which will in turn lead to poor soy meal exports from India.

Estimates of higher Brazilian soybean acreage and eventually increased production of soybean coupled with a near all-time high US production estimates will lead to oversupply this year too, especially with concern over Chinese demand growth in the new season.

Hence, towards the trade security, the domestic soy crushers have aggressively started looking for the domestic soy meal market anticipating Indian meal prices to be uncompetitive compared to the South American prices in the new season also.

The optimum soy meal exports from India are between October and January, besides the domestic demand too improves from poultry industry during this period.

The exports enquiries continued to be weak and the chances of the revival of the exports are bleak.

The market is waiting for India's September exports figure. 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 corresponding 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%.

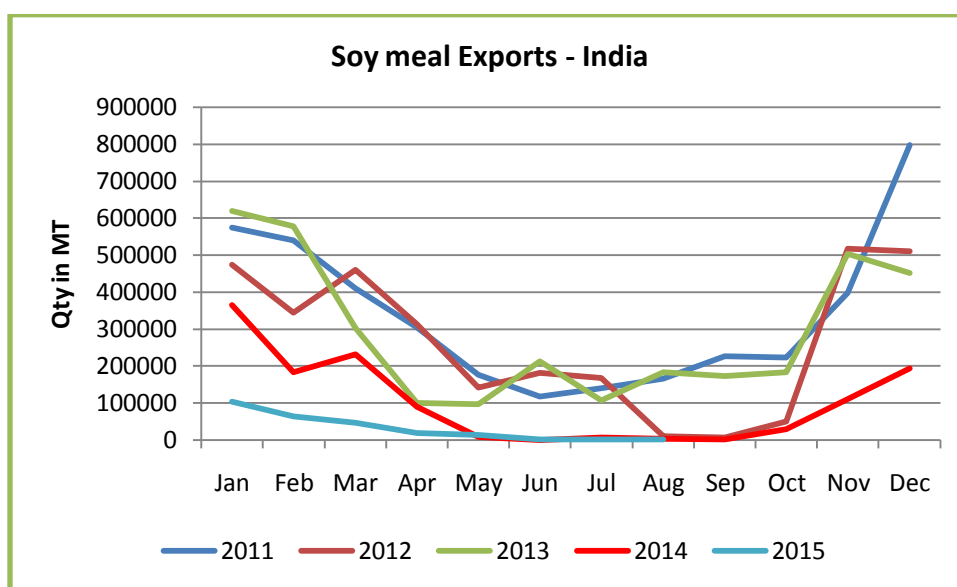
The demand shift to South America for meal due to the attractive offer price compared to India is the major reason for the shift. Forward booking from overseas market continues to be weak and discouraging for Indian meal. The underlying fundamentals continued to be bearish for India's soy meal with India's weak soy meal exports.

However, the increase in domestic seasonal demand in poultry will boost the demand in soy meal which may eventually lend support to the meal prices in coming days.

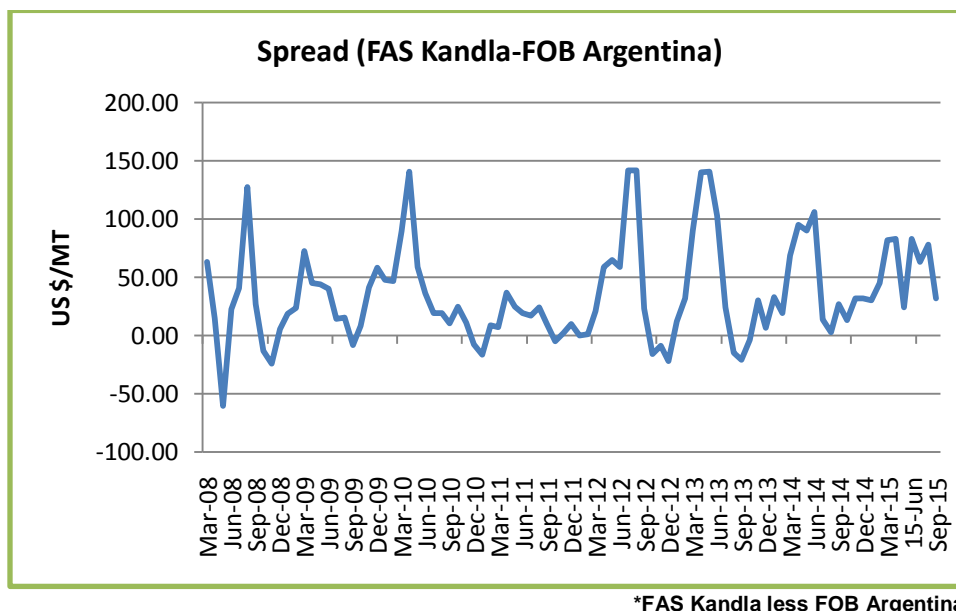
*Considering the current global supply scenario, we feel, India may not be able to regain the market it lost last season due to competitive prices in US, and South American meal followed by record supply scenario.*

*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 firm bias followed by improved soybean prices in near-term.



India's Y-o-Y soy meal prices are lower. Soy meal export price, FOR Kandla (Oct. – Nov. delivery) was quoted higher between Rs 31,200– 31,500/MT compared to Rs 28,500 – 37,500/MT during the corresponding period last year.



The average monthly soy meal price spread between FAS Kandla and FOB Argentina has narrowed in September and was recorded at US \$32/MT in Sep. 2015 compared to US \$78/MT in Aug. 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	Sep. 2015	Aug. 2015	Sep. 2014
FAS – Kandla	388	440	447
FOB – Argentina	356	362	420

## Soybean Crush Margin

Avg Crush Margin – Sep. 2015		Avg Crush Margin – Aug. 2015		Avg Crush Margin – Sep. 2014	
<b>-1094</b>		<b>-1029</b>		<b>-950</b>	
Min	Max	Min	Max	Min	Max
<b>-2136</b>	<b>-190</b>	<b>-2300</b>	<b>-175</b>	<b>-1565</b>	<b>970</b>

The disparity in soybean crushing in September has widened compared to August 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:

### WCDEX Soybean Futures



### Soybean Spot, Indore



\*Daily Chart

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

S1	S2	PCP	R1	R2
3000	2900	3429	3655	3700

- Candlestick chart pattern reveals that prices surged on buying interest.
- Prices closed above 40-day SMA.
- MACD is rising in positive territory.
- RSI and stochastic are rising in overbought zone.
- Trade Recommendation (NCDEX Soybean – Nov.) – 1 Month: **BUY** Above 3400. T1 – 3550; T2 - 3650; SL –3310.



## Rapeseed - Mustard Seed

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RM seed continued uptrend on good buying support from solvent extractors to cover their stock ahead of festivities, to meet the upcoming mustard oil demand.

Extended gains in BMD CPO lent additional support to the seed and remained supportive to the seed market like in previous week.

The stockists and the farmers continued to offload the seed at the current improved prices, hence the supplies increased compared to the arrivals couple of weeks back.

The total all India seed arrivals fell to about 4,25,000 bags during the week under review compared to about 5,95,000 bags previous week.

In Rajasthan the supplies were reported lower about 2,30,000 bags during the week compared to about 2,85,000 bags previous week.

India's rapeseed-mustard planting is expected to increase in 2015/16 as the seed prices witnessed new highs this season; this is despite huge edible oil imports during the season.

India recent measure to increase the import duty on vegetable oils by 5% to 12.5% on crude oils and 20% on refined has failed to relieve the solvent extractors and the farmers. India's veg-oil importers are still keen in importing the edible oils at the same pace as prior to the rise in import duty.

Strong imports are mainly due to competitive price offers by the oil exporters. Malaysia and Indonesia are exporting palm oil at zero per cent export duty as the Malaysian ringgit is performing weak against US dollar making it attractive for importers. Higher edible oil imports have restricted the gains in the domestic seed.

The market is waiting for the India's September imports figure. India imported vegetable oils amounting to 1,374,049 tons (1,333,480 tons), up by 3 percent y-o-y. Palm oil imports were at 810,594 tons (805,131 tons), soybean oil at 406,116 tons (350,373 tons), Sunflower oil at 102,568 tons (140,349 tons), Rapeseed oil (Canola oil) at 45,294 tons (25,492 tons). Values in brackets are figures of August 2014. Imports from November to August were at 11,725,065 tons (9,525,374 tons), higher by 23 percent y-o-y.

According to SGS, Malaysia's September palm oil exports rose by 0.7 percent at 1,552,149 tons (1,542,017 tons). Top buyers were India at 355,910 tons (284,150 tons), European Union at 291,260 tons (353,073 tons), China at 221,195 tons (227,510 tons) and United States at 71,619 tons (72,575 tons). Values in brackets are figures of August 2015.

Exports slowed down towards the end of the month. Further fall in exports is expected due to increase in prices.

Malaysia Palm Oil Council (MPOC) cut palm oil output in Malaysia by 1 MMT to 19 MMT in 2016. It also estimated that prices of palm oil could touch 3000 Ringgit/ton on lower production and weak Ringgit. It estimated that September output will be lower than August output on EL Nino. Palm oil reached peak production in August and it is estimated that output will come down in coming months. El Nino has been recently taken seriously on high probability of occurrence, according to the board.

Palm oil output has been impacted by Haze which indicates the occurrence of El Nino. Markets have recently taken it seriously and prices have accordingly adjusted. Indonesian weather agency had forecasted that El Nino will not occur until November/December. Dry spell has started much before its forecast. Production will be affected in both Malaysia and Indonesia in 2016.

This will push the international palm oil prices up and eventually lend support to the rapeseed prices at higher levels.

According to Oil World analyst Thomas Mielke, incremental global palm oil production growth in 2016 will be cut by 50 percent due to El Nino. Palm oil production of September will be below August production. Soybean futures prices will touch new lows on oversupply. Oil World has also stated that Indian farmers will move from rapeseed to pulses in the Rabi season. In the last quarter of 2015 and first quarter of 2016, global production of palm oil will fall from 3 MMT to 1.5 MMT due to lower yields on El Nino.

According to analyst James Fry of LMC International, Palm oil output in 2016 will fall below 2015 output on El Nino. CPO prices are seen up by 40 percent from current prices to \$700/ton on the premise that Indonesia implements its biodiesel policy to its full extent. Global Soybean oil prices could trade at a discount to palm oil in mid 2016, according to James Fry.

Palm oil prices have risen on the impact of El Nino which has set in dry spells in Malaysia and Indonesia. Production will certainly be hit and most of it will be in Indonesia, according to Agriwatch.

According to Indonesia Palm Oil Association, Indonesia's 2016 palm oil production has been estimated at 31-31.5 MMT v/s 32.5 MMT in 2015 down due to El Nino. Indonesia's El Nino conditions will be moderate between July and September mostly affecting from Sumatra to eastern Indonesia. Weather pattern could strengthen from September to December.

International Meteorological Organization (IMO) has already forecasted that present El Nino will be strongest in history. United States Meteorological Organization has forecasted that present El Nino could last till next summer. Japan Meteorological Organization has forecasted that El Nino will be strongest in December.

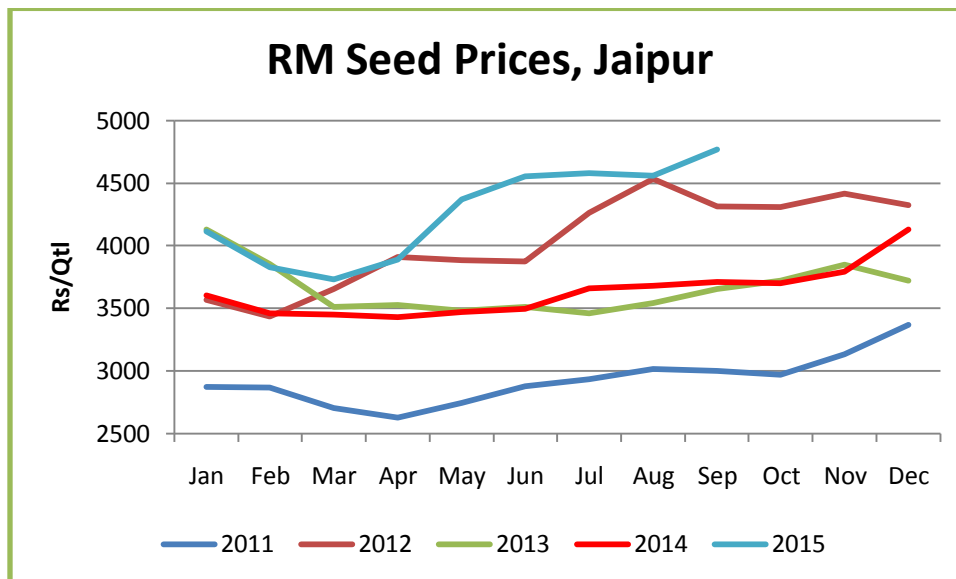
The outlook for domestic rapeseed-mustard remains strong for medium-term owing to better demand from the crushers ahead of festivities when mustard oil is in demand.

### **RM Seed Supply, Rajasthan**

<b>RM Seed Arrivals in Rajasthan in Bags (85 kg each).</b>		
<b>Monthly Arrivals– September</b>	<b>1 Month Ago</b>	<b>Corresponding Period Last Year</b>
12,15,000	8,80,000	13,75,000

*Surge in Malaysian palm oil and gains in soybean will further push the RM seed prices up leading to fresh demand from solvent extractors. However, increased vegetable oil imports by India will limit the gains in rapeseed-mustard prices in near-term.*

**.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 Nov. Contract

S1	S2	PCP	R1	R2
4339	4163	4514	4745	4920

- The RM seed posted gains on buying interest, during the month.
- RSI and stochastic are rising in overbought region.
- Prices are likely to feature gains in October.
- Trade Recommendation (NCDEX RM SEED–Nov.) – 1 Month: **BUY** Above 4490 levels. T1 – 4690; T2 – 4720; SL - 4370.

## 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	768
<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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- ❖ Malaysia Palm Oil Council (MPOC) cut palm oil output in Malaysia by 1 MMT to 19 MMT in 2016. It also estimated that prices of palm oil could touch 3000 Ringgit/ton on lower production and weak Ringgit. It estimated that September output will be lower than August output on EL Nino. Palm oil reached peak production in August and it is estimated that output will come down in coming months. El Nino has been recently taken seriously on high probability of occurrence, according to the board.
- ❖ Palm oil output has been impacted by Haze which indicates the occurrence of El Nino. Markets have recently taken it seriously and prices have accordingly adjusted. In past Indonesian weather agency had forecasted that El Nino will not occur until November/December. Dry spell has started much before its forecast. Production will be affected in both Malaysia and Indonesia in 2016.
- ❖ According to Oil World analyst Thomas Mielke, incremental global palm oil production growth in 2016 will be cut by 50 percent due to El Nino. Palm oil production of September will be below August production. Soybean futures prices will touch new lows on oversupply. Oil World has also stated that Indian farmers will move from rapeseed to pulses in the Rabi season. In the last quarter of 2015 and first quarter of 2016, global production of palm oil will fall from 3 MMT to 1.5 MMT due to lower yields on El Nino.
- ❖ According to analyst James Fry of LMC International, Palm oil output in 2016 will fall below 2015 output on El Nino. CPO prices are seen up by 40 percent from current prices to \$700/ton on the premise that Indonesia implements its biodiesel policy in its full extent. Global Soybean oil prices could trade at a discount to palm oil in mid 2016, according to James Fry.
- ❖ Palm oil prices have risen on the impact of El Nino which has set in dry spells in Malaysia and Indonesia. Production will certainly be hit and most of it will be in Indonesia, according to Agriwatch.
- ❖ 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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