

Oilseeds Monthly Research Report

Contents

- ❖ Executive Summary
- ❖ Outlook – Cash Market
- ❖ International Highlights
- ❖ Planted Area
- ❖ Soybean – Domestic & International
- ❖ Balance Sheet – Soybean, India
- ❖ Soy meal
- ❖ Soybean Crush Margin
- ❖ Technical Analysis - Soybean
- ❖ Rapeseed - Mustard
- ❖ RM Seed Supply, Rajasthan
- ❖ Balance Sheet – Rapeseed-Mustard Seed, India
- ❖ Technical Analysis – RM Seed
- ❖ Annexure – Prices etc.

Executive Summary

Soybean and soy meal posted mild gains supported by slight improvement in the international benchmark, CBOT, highest in last six weeks.

However, rapeseed-mustard witnessed steep fall on commencement new *toria* crop and early rapeseed-mustard varieties which eventually added to the seed supplies and expected rise in the supplies.

However, weakness in crude, record production of beans in the key producing countries restricted the gains.

The domestic crop prospects of rapeseed-mustard have slightly improved with dip in weather temperature and rains over few key growing belts in January.

Soybean, meal are expected to feature range-bound movement with firm bias while rapeseed-mustard is likely to witness further fall on expected rise in new crop seed supplies in coming days.

However, Brazil's progressive soybean harvesting, weakness in crude, lower soy meal exports from India, higher edible oil stocks with India after huge imports will limit the gains in bean and meal, in near-term.

Outlook – Cash Market

Outlook - Soybean (Spot, Indore): Soybean prices are expected to feature range-bound movement with firm-bias. Sluggish soy meal exports from India, commencement of soybean harvesting in Brazil, higher edible oil inventories, higher global supply scenario and weakness in crude will continue to pressurize the market in near-term. The prices are expected to feature range-bound movement and witness 3750– 3850 levels (Indore, Plant basis).

Outlook – Soy meal: Weak soy meal exports from India, competitive soy meal price in South America has led to demand shift to the region and Indian meal exports were badly hit last two seasons. Indian meal exporters are advised to explore new markets and aggressively try to regain the lost markets of peak exports 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. Soy meal, Indore is expected to be in the range of Rs. 33,700 – 34,700/MT levels during the month, Feb.

Outlook - Rapeseed-Mustard (Spot, Jaipur basis): In spot, the RM seed is expected to continue downtrend with increasing harvesting pace and rising supplies of *toria* and rapeseed-mustard in the new marketing season. Besides higher Malaysian and Indonesian palm oil stocks will continue to pressure the market. The seed prices are likely to be between 3950 – 4100; levels during the month, Feb.

International Highlights

- ❖ Informa Economics has raised its forecast of 2015/16 soybean outturn in Argentina to 60 million tonnes compared to 58.5 million tonnes in December.
- ❖ However, Informa has lowered its Brazil's forecast of 2015/16 soybean production to 100.5 million tonnes from 101.4 in December.
- ❖ According to cereal exporters association of Brazil-ANEC, Brazil is estimated to export 57 MMT of soybean in 2016. Most of the shipments will be from new northern ports exporting, 4.00 MMT higher than last year.
- ❖ Informa Economics, private analytics, has slashed the US 2016 soybean plantings to 84.537 million acres, from 85.3 million projected in its previous forecast. US cultivators planted 83.2 million acres of soybeans in 2015, according to USDA.
- ❖ China the largest soybean importer is expected to purchase 2 million tonnes more in 2015/16 at 80 million tonnes, up 2.1% compared to 2014/15 on likely higher crushing demand in the new marketing season, said China National Grain and Oils Information Center.
- ❖ Safras & Mercado, Brazilian analyst, has slashed its forecast for Brazil's 2015/16 soybean crop by 561,000 tonnes, citing losses in the Northeast and in parts of top growing State Mato Grosso due to dry weather. Safras & Mercado's production estimates are still record crop of 99.8 million tonnes which is lower 0.56% from the December forecast of 100.4 million tonnes.
- ❖ Brazil is expected to export 55 million tonnes of soybean in 2015/16 up compared to 53.8 million tonnes forecasted in October by Abiove.
- ❖ AGR Brasil has slightly raised its 2015/16 soybean forecast of Brazil to 100.6 million tonnes from 100.5 million.
- ❖ Lanworth, US crop forecaster has projected Brazil's 2015/16 soybean production to a record 103.0 million tonnes just after Conab, the Brazil government's crop supply agency, reduced its projections citing dry weather in top soy growing belts in November and December.
- ❖ Conab, the Brazil government's crop supply agency, has slashed Brazil's 2015/16 soybean production forecast to 102.1 million tonnes from 102.5 million projected in December.

- ❖ AgRural, Brazilian consultancy, has slashed its forecast for the 2015/16 soybean crop to 98.7 million tonnes from 99.7 million citing incessant irregular rains over the major soybean growing states including Mato Grosso, Maranhao, Tocantins, Piaui and Bahia.
- ❖ Franca Junior has lowered its forecast for Brazil's 2015/16 soybean crop to 97.9 million tonnes from 101.1 million in its previous estimate.
- ❖ Brazil is expected to export 55 million tonnes of soybean in 2015/16 higher compared to 53.8 million tonnes forecasted in October by Abiove.
- ❖ FCStone has slashed 1 million tonnes of their forecast for Brazil's 2015/16 soybean crop to 97.8 million tonnes followed by initial losses on yield output due to dry weather condition in the key soybean growing areas in November and December.
- ❖ Celeres has raised their 2015/16 projections for Brazil's production to 101.9 million tonnes from 97.1 million tonnes earlier.
- ❖ EU soybean purchases are seen increasing to 14.6 Mn T this season and crushings may improve by 1.0 Mn T to a multi-year high of 15.0 Mn T.
- ❖ Ukraine's soybean harvest is expected to increase by 30% to 4.92 million tonnes while sunflower seed production is likely to increase by 6% to 12 million tonnes, said UkrAgroConsult.
- ❖ This will certainly increase the sunoil supplies and bean exports from the country in 2016, like in 2013.
- ❖ Indonesia's palm oil output in 2016 will be at 33 MMT, 5.00 lakh tons lesser than previously estimated 33.5 MMT due to El Nino. Current year output forecast is at 31.5 MMT, Indonesian Palm Oil Board.
- ❖ 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, Palm Oil Association.
- ❖ Argentina's area under soybean is likely to be at 19.8 million hectares in 2015/16 season, which is 1% lower than the last season. The area is estimated by Buenos Aires Grains Exchange.
- ❖ As per Rosario grains exchange, Argentina's 2015/16 area coverage under soybean is expected to be at 20.5 million hectares from 20.2 million hectares in the corresponding period last year.

Sown Area – *Rabi* Oilseeds, India

In the official Rabi oilseeds planting report, by the Ministry of Agriculture, (week ending 28 Jan. 2016), the total coverage area under Rabi oilseeds is reported at 77.43 lakh hectares, down 2.6% from 79.51 lakh ha in the corresponding period of last year. Of the major oilseeds, rapeseed-mustard sowing is reported down by 1% at 64.51 lha compared to 65.17 lha during the corresponding period of last year. Groundnut at 4.45 lha vs 5.96 lha, safflower at 1.10 lha vs 0.96 lha, sunflower at 2.95 lha vs 3.19 lha, sesamum 0.56 vs 0.88 and Linseed at 2.93 lha vs 3.19 lha during the same period last year.

State wise Area Covered under Kharif Oilseeds for Week Ending as on 28 Jan. 2016

Area in Lakh Hectares

State	Rapeseed/Mustard		Groundnut		Safflower		Sunflower		Sesamum		Linseed		Total	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Andhra Pradesh	0.01	0.00	0.72	0.57	0.00	0.01	0.13	0.32	0.08	0.32	0.00	0.00	1.05	1.30
Arunachal Pradesh	0.30	0.28	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.30	0.28
Assam	2.11	3.07	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.11	3.07
Bihar	1.23	1.25	0.00	0.00	0.00	0.00	0.03	0.03	0.00	0.00	0.38	0.40	1.64	1.68
Chhattisgarh	1.26	1.35	0.14	0.09	0.06	0.07	0.06	0.03	0.02	0.02	0.50	0.63	2.08	2.23
Gujarat	1.91	1.93	0.00	0.00	0.00	0.06	0.00	0.00	0.00	0.00	0.00	0.00	2.10	2.14
Haryana	5.80	5.25	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.80	5.25
Himachal Pradesh	0.04	0.03	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.06	0.03
J&K	0.31	0.30	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.32	0.30
Jharkhand	1.94	0.80	0.00	0.00	0.02	0.01	0.01	0.00	0.00	0.00	0.27	0.20	2.24	1.01
Karnataka	0.00	0.00	0.45	1.44	0.50	0.35	2.15	1.97	0.00	0.00	0.06	0.05	3.18	3.83
Kerala	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Madhya Pradesh	6.25	6.63	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.17	1.14	7.42	7.77
Maharashtra	0.00	0.00	0.00	0.00	0.47	0.41	0.17	0.18	0.01	0.02	0.16	0.18	0.91	0.88
Odisha	0.96	1.10	0.97	1.11	0.00	0.00	0.09	0.07	0.28	0.34	0.08	0.21	2.43	2.87
Punjab	0.40	0.30	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.54	0.30
Rajasthan	25.44	26.41	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.01	25.56	26.42
Tamil Nadu	0.00	0.00	0.93	1.29	0.00	0.00	0.05	0.06	0.12	0.14	0.00	0.00	1.12	1.50
Telangana	0.00	0.01	1.05	1.30	0.04	0.05	0.10	0.10	0.01	0.03	0.00	0.00	1.21	1.51
Uttar Pradesh	11.23	11.42	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.19	0.32	11.42	11.74
Uttarakhand	0.19	0.18	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.19	0.18
West Bengal	4.76	4.74	0.19	0.17	0.00	0.00	0.14	0.09	0.01	0.02	0.05	0.05	5.22	5.09
Others	0.38	0.13	0.00	0.00	0.00	0.00	0.02	0.00	0.02	0.00	0.06	0.00	0.53	0.13
All-India	64.51	65.17	4.45	5.96	1.10	0.96	2.95	2.84	0.56	0.88	2.93	3.19	77.43	79.51

Soybean

Soybean witnessed mild gains on fresh seasonal domestic soy meal demand during the month under review. However, the gains were limited due to the continued weak meal exports from India and cheap soy oil imports in recent months.

India's domestic soy meal demand picked up due to seasonal factors. The poultry demand improves in winters which eventually lead to the rise in feed demand contributing higher soy meal purchases by the poultry farmers and the feed manufactures.

However, the gains were limited due to poor soy meal exports. Hence, no aggressive buying featured in the soybean witnessed by the major or international crushing giants due to the absence of meal exports obligations.

Only domestic solvent extractors showed buying interest to meet the domestic meal and oil demand, leading to hand to mouth purchases of beans. The soybean market continued its range bound movement in the key market centers.

The market is waiting for India's January edible oil import figures. India's December 2015 edible oil imports too rose by 25.2% y-o-y to 14.07 lakh tons from 11.24 lakh tons in December 2014 in association with the steep fall in soy meal exports in December, 2015 to 5,667 tons as compared to 1,94,012 tons in December, 2014 showing a decrease of 97% over the same period of last year.

The major buyers in Madhya Pradesh are as follows: Amrit Mandsaur, ABIS Rajnandgaon, Laxmi Solvex, Sanwariya – Itarasi, SSA Mandideep, Adani, Cargill, Adani, Bansal, Khandwa Oil, Ruchi, Agrawal Neemuch, Betul Oil, Prakash, Bajrang, Prestige, Ambuja, Prakash, Sitashri, Divya Jyoti, AV Agro, Rama Sitashri Vippy, Kriti, Mahakali, Mahalaxmi, Dhanuka, Khyati, Premier, Dhan Laxmi, Dhanuka Soy, Indian Solvent (ABIS) and Advantage Overseas (10-2-2 specification) for Dewas and Mandsaur delivery during the week.

The domestic soybean prices are likely to feature range bound movement with firm-bias on domestic meal demand but weak overseas meal demand, lower crude and continued bearish global factors will limit any sharp gains in domestic soybean in upcoming months.

International:

The international soybean at benchmark, CBOT, posted gains on couple of bullish factors developed during the month.

Rains over key soybean growing regions of Brazil after mid-January during harvesting pushed up the international soybean prices.

Besides, concern about dry weather in Argentina which is negatively hurting the productivity of soybean crop, remained another bullish factor for the international soybean.

The soybean harvesting in Brazil is underway and it is currently in line with the five-year average. It was 8.4% harvested by the end of the week under review, up sharply from 3.9% previous week.

Safras & Mercado has reported that Brazil's 2015/16 soybean crop is 51% sold which is above five-year average of 44% and 38% sold during the corresponding period last year.

World supplies of soybeans are likely to increase sharply by 19 Mn T in 2015/16, despite a global prospective production decline by 3 Mn T, leading another above-average increase in soybean crushings, reports Oil World.

Soybean farmers in Argentina are selling their produce at much lower pace and far below market expectations.

Argentina is likely to produce 58 million tonnes of soybean in 2015/16. This is the first estimate by Buenos Aires Grain Exchange in the weekly report last week.

However, according to the estimates by the government agency, the Argentina's 2015/16 soybean production is estimated near 60 MMT which is below last year production of 61.4 MMT.

Argentina has estimated soybean area at 20 million hectares, according to Argentina government. This would mean that production estimate could be revised higher depending on the crop situation.

China is expected to import record volumes of the oilseed again this season as crushers take advantage of overseas supplies at attractive price to meet nearly all the demand for protein-rich meals.

China's crushing industry is expected to grow by 10% in 2016 to a capacity of 179 million tonnes. The capacity increased by 4% to 162 million tonnes in 2015.

China imported around 78.36 million tonnes of soybean previous season, i.e. between October and September, it is expected to import 82 – 84 million tonnes this season. The projected growth of 2.1 percent is the lowest since 2011/12 as the country's overall economy is slowing.

The rise in demand is cited due to higher than expected demand for soy meal due to rise in China's hog stocks.

Increasing soybean harvesting pace in Brazil, lower crude, higher soybean inventories in Argentina and Brazil, higher inventories of edible oils at Indian ports, poor soy meal shipments from India will continue to keep the soybean prices under pressure in near-term.

Balance Sheet – Soybean, India

Fig. in MnT

Soybean (Fig in Mn T) MY-Oct.-Sep.			Q3	Q4	Q1	Q2
	2014-15E	2015-16F	Oct-Dec'15 F	Jan-Mar'16 F	Apr-Jun'16 F	July-Sep 16 F
Carry In	0.32	0.23	0.23	3.83	2.12	1.13
Production	9.50	9.00	9	0	0	0
Imports	0.00	0.00	0	0	0	0
Total Availability	9.83	9.23	9.23	3.83	2.12	1.13
Processing/Crushing	9.60	9.00	5.15	1.46	0.49	0.40
Exports & Direct Consumption	0.00	0.00	0.25	0.25	0.00	0.00
Seeding/Retained for Sowing	0.00	0.00	0	0	0.5	0.5
Total Usage	9.60	9.00	5.4	1.71	0.99	0.9
Carry Out	0.23	0.23	3.83	2.12	1.13	0.23
Monthly Use	0.80	0.75				
Stock/Consumption Ratio	0.02	0.03				
Stock to Month Use Ratio	0.28	0.30				

Source: Agriwatch

- **Trade Observations: Need based buying is featured in soybean due to lower soy meal exports and higher edible oil inventories at Indian ports. The new crop supplies are gradually falling in the key cash markets.**
- We have revised down projection and pegged India's 2015-16 soybean production to 9.0 million tonnes from 11 million in preliminary estimate. This is due to the fall in potential yield output due to erratic/deficient rains during vegetative and flowering stage. Last year's soybean production is estimated at 9.5 million tonnes.
- The total availability for crushing stands at 7.5 million tonnes which translates the domestic availability of meal at 6 million tonnes and soy oil at 1.35 million.

Soy meal

Firm sentiments were noticed in the domestic soy meal followed by better domestic demand during the month under review. However, the overseas demand remained sharply lower which fell 93% in January.

Fresh seasonal demand in poultry has pushed up the demand in the meal mainly from poultry units and feed manufacturers restricted fall despite lower meal exports.

The meal prices of Maharashtra centers continued to be at premium compared to the centers in Madhya Pradesh due to the proximity to South India where the poultry units are concentrated. At Latur, Maharashtra soy meal shot up to Rs 37,000/MT compared to Rs 33,700/MT in Indore, M P. in the last week of January.

This is due to the freight advantage for the South-Indian poultry units from Maharashtra over Madhya Pradesh.

India's export of soy meal during January, 2016 was just 7,707 tons as compared to 1,03,934 tons in January, 2015 showing a decrease of 92.58% over the same period of last year.

On a financial year basis, the export during April'2015 to January'2016 is 69,266 tons as compared to 5,35,303 tons in the same period of previous year showing a decrease of 87.06%.

During current Oil year, (October – September), total exports during October 2015 to January, 2016 is 26,520 tons as against 4,38,442 tons last year, showing a decrease by 93.95%.

Japan, Kenya, Kuwait, Myanmar, New Zealand, Oman, Seychelles and Thailand were the buyers of Indian soy meal in January.

Weaker exports are due to the much higher prices of meal of Indian origin which is unlikely to get competitive to South American meal prices due to higher soybean production in South America and demand shift towards the region.

The demand shift to South America for meal is mainly due to the attractive offer price compared to India is the major reason for the decline in the meal exports.

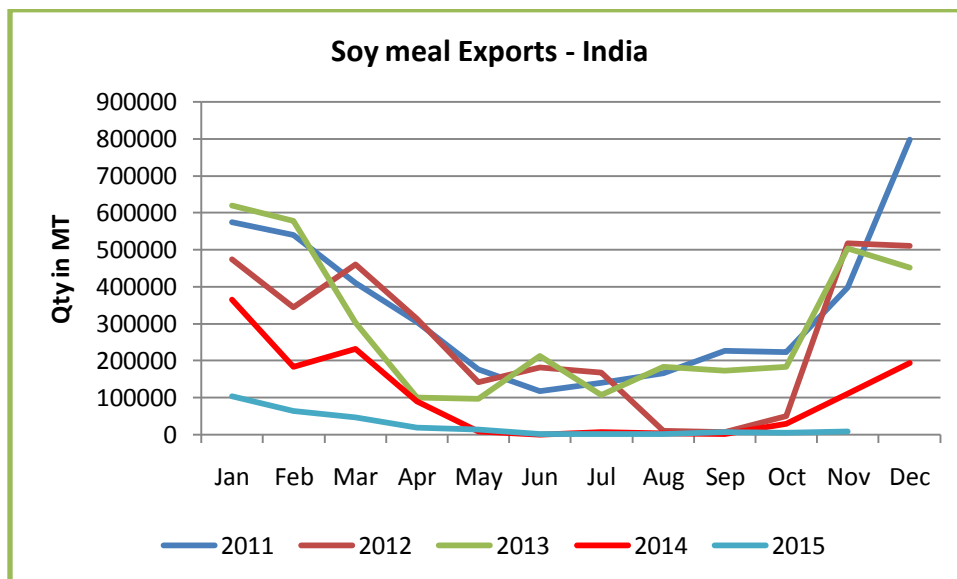
The Global Feed Survey 2016 by Alltech has reported that the global feed (bird and animal) production rose by 1.5% in 2015 on faster growth in poultry.

The survey estimates feed production at 995.5 million tonnes which indicates 14% rise since Alltech's previous survey in 2011. The analysis of five-year trends pointed out growth predominantly from the pig, poultry and aqua feed sectors in the African, Middle Eastern, Latin American and Europe.

Considering the bearish global supply scenario, we feel, India may not be able to regain the market it lost last season due to competitive prices in South American and China's.

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 will feature range-bound movement with firm bias on domestic demand but the gains will be limited due to the weak exports from India and bearish global supply scenario in near -term.



India's Y-o-Y soy meal prices, Indore, are higher. Soy meal export price, Indore was quoted higher between Rs 32,700 – 34,200/MT in Jan. 2016 compared to Rs 27,500 – 29,500/MT during the corresponding period last year.

Soy Meal Export (In MT)

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Jan	521243	521243	240318	574996	474993	619793	364443.7	103934	7707
Feb	375098	375098	220552	540360	344240	577589	183551	64514	
Mar	224639	224639	163666	410537	460464	302131	232176	46670	
Apr	539175	100106	60264	305033	313832	100312	75884	18017	
May	326875	77018	60575	176819	142588	97547	8226	14045	
Jun	241508	109923	98400	117600	180987	213564	2636	2098	
Jul	282438	58268	166632	139547	168341	107038	6682	929	
Aug	205890	127299	176138	165510	10005	183555	2778	768	
Sep	68443	171955	290868	225921	6525	173381	868	6886	
Oct	88723	219721	404960	223594	49840	182724	29071	4237	
Nov	647400	297340	443488	397659	517103	503269	110806	8909	
Dec	655882	328225	611157	798041	510698	451314	193832	5667	
Total	4177314	2610835	2937018	4075617	3179616	3512217	843874	276674	7707

Source: SEA

India's soy meal exports are multi-year low due to the demand shift to South America, owing to the competitive meal price of South America over India's.

Soybean Crush Margin

Avg Crush Margin – Jan. 2016		Avg Crush Margin – Dec. 2015		Avg Crush Margin – Jan. 2015	
-1278		-1343		-669	
Min	Max	Min	Max	Min	Max
-1805	-870	-1820	-810	-1380	-20

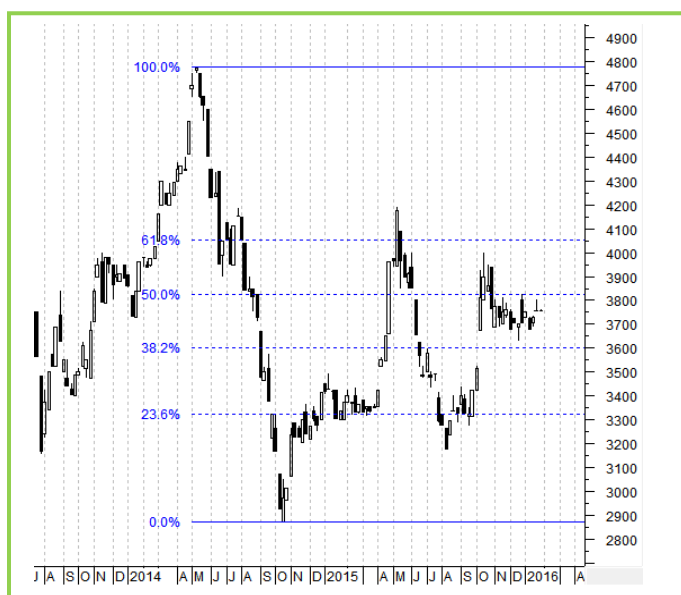
The disparity in soybean crushing in January 2016 has almost doubled compared to January 2015. The y-o-y widening of the disparity continued to remain discouraging for the solvent extractors in January too, and the buying continued to be dull during the month. Increasing imports of cheaper edible oil 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 Mar. Contract

S1	S2	PCP	R1	R2
3560	3500	3780	4110	4324

- Soybean further declined in the month of January.
- Prices closed below 40-day EMA.
- MACD is easing in negative territory.
- RSI and stochastic are falling in neutral zone.
- Trade Recommendation (NCDEX Soybean – Mar.) – 1 Month: **SELL** Below 3700. T1 – 3600; T2 - 3550; SL –3760.

Rapeseed - Mustard Seed

Rapeseed-mustard witnessed steep fall ahead new season and commencement of *toria* and early variety harvesting in the key seed growing belts of Rajasthan and Uttar Pradesh.

The new seed have added on the daily supplies and have surpassed the old seed arrivals. Currently, the daily all India seed arrivals are reported at around 1.15 lakh bags which comprises of 70,000 bags of new crop and 45,000 bags of old crop rapeseed-mustard.

We expect the supplies will gradually improve in the coming weeks with the increase in the harvesting pace in coming days which may peak between mid-March and April.

The fall in weather temperature after second half of January in the key seed producing belts proved to be beneficial for the standing seed crop which was reeling into moisture stress due to more than normal temperature in the development phase of the crop.

Overall, the crop health is good and the productivity is unlikely to be negatively affected as the observation of the Solvent Extractor's Association of India points that the flowering of rapeseed-mustard is up by 10-15% this season compared to the previous years, which is a good sign.

We have forecasted India's 2015/16 rapeseed-mustard production between 5.5 – 6.0 million tonnes.

There are mixed views regarding India's rapeseed-mustard production this season, the government agencies expect. The government estimates India's 2015/16 rapeseed-mustard output higher than in last 3 years citing recent fall in weather temperature, mild rains and absence of frost.

The observation of the Solvent Extractor's Association of India points that the flowering of rapeseed-mustard is up by 10-15% which is good sign.

However, there are views of lower rapeseed-mustard production this season due to higher than normal weather temperature in the key growing belts during the crop development phase.

In the official planting report of the ministry of agriculture, dated 28 Jan. 2016, India's planted area under rapeseed-mustard is reported down by just 1% at 64.51 lakh hectares compared to 65.17 lakh hectares during the corresponding period last year.

India's total 2014/15 area under rapeseed-mustard stood at 65.17 lakh hectares lower by about 9% from 2013/14 area of 71.0 lakh hectares.

Malaysia's palm oil production could rise to 20.1 MMT in 2016 from 19.96 MMT in 2015. Matured area is expected to influence crude oil production. Matured area will increase by 3 percent, especially in Sarawak, according to the board. Malaysia's output of palm oil in 2015 was 19.96 MMT, up 1.5 percent y-o-y, said Malaysian Palm Oil Board (MPOB).

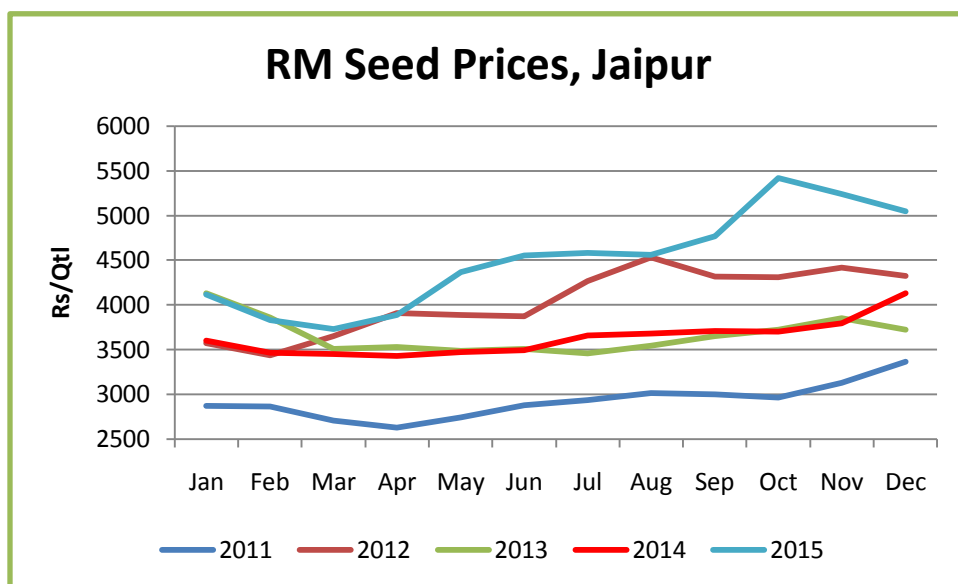
India's December 2015 edible oil imports went up by 25.2 percent y-o-y to 14.07 lakh tons from 11.24 lakh tons in December 2014. Edible oil imports for first two months of the oil year 2015-16 went up by 20.54 percent y-o-y to 27.40 lakh tons from 22.73 lakh tons in first two months of oil year 2014-15.

Soy oil imports went up to 4.91 lakh tons (0.97 lakh tons), up by 406 percent y-o-y. Palm oil imports fell by 6.5 percent y-o-y to 7.88 lakh tons (8.39 lakh tons). Sunflower oil imports fell 46 percent y-o-y to 1.02 lakh tons (1.52 lakh tons). Rapeseed (Canola) oil imports fell by 38.46 percent y-o-y to 0.26 lakh tons (0.36 lakh tons). Values in brackets are figures of December 2014, reports Solvent Extractors Association (SEA).

India's stock at ports and in pipelines rose to 2.51 MMT on 1st January, 2016 from 2.43 MMT on 1st December, 2015. Stocks at ports and in pipelines are at record levels. Stocks at all ports is estimated at 1.11 MMT tons (CPO 0.52 MMT, RBD Palmolein 0.20 MMT, Degummed Soybean Oil 0.25 MMT, Crude Sunflower Oil 0.10 MMT and 0.04 of Rapeseed (Canola) Oil) and around 1.40 MMT in pipelines. Stocks at ports and in pipelines are estimated at 47 days of India's edible oil consumption on 1st January, 2016 v/s 44 days requirement on 1st December, 2015. India's monthly requirement is around 1.6 MMT, reports Solvent Extractors Association (SEA).

Malaysia and Indonesia have kept the export duty on crude palm oil unchanged at zero for February and considering the current palm oil inventories. Malaysia intends to reduce its swelling stocks of palm oil by reducing the duty to zero.

Malaysia's January palm oil exports fell by 9.7 percent to 1,149,255 tons from 1,272,150 tons in the corresponding period last month. Top buyers were India at 219,540 tons (293,700 tons), European Union at 216,388 tons (297,015 tons), China at 124,107 tons (92,055 tons), United States at 65,537 tons (108,342 tons) and Pakistan at 42,800 tons (39,500 tons). Values in brackets are figures of corresponding period last month, SGS.



Outlook: The rapeseed-mustard will continue to remain under pressure and fall further on upcoming supply pressure of the new crop with increasing pace in harvesting, weakness in soybean and higher edible oil stocks at Indian ports after huge imports.

RM Seed Supply, Rajasthan

RM Seed Arrivals in Rajasthan in Bags (85 kg each).		
Monthly Arrivals– Jan.	1 Month Ago	Corresponding Period Last Year
7,35,000	13,20,000	13,84,000

The supplies are falling due to the lean season; they are lower than the corresponding period last season due to the lower production. The supplies are expected improve in coming weeks on gaining momentum in harvesting.

Balance Sheet – Rapeseed-Mustard Seed, India

(Fig in MnT)

Marketing Year (Mar-Feb)	2012-13	2013-14	2014-15	2015-16	2016-17
Carry In	1.25	0.28	0.20	0.20	0.20
Production	6.5	7.2	7.74	5.9	5.8
Imports	0	0	0	0	0
Total Availability	7.75	7.48	7.94	6.10	6.00
Crush	7.47	7.28	7.74	5.90	5.90
Exports	0	0	0	0	0
Total Usage	7.47	7.28	7.74	5.9	5.9
Carry Out/Ending Stock	0.28	0.20	0.20	0.20	0.10
Monthly Use	0.62	0.61	0.65	0.49	0.49
Stock/Consumption Ratio	0.04	0.03	0.03	0.03	0.02
Stock to Month Use Ratio	0.45	0.33	0.31	0.41	0.20

(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 Apr. Contract

S1	S2	PCP	R1	R2
3600	3550	3829	4413	4531

- The RM seed extended losses, during the month.
- Prices closed below 40-day SMA
- RSI and stochastic are falling in neutral region.
- Prices are likely to feature losses in February.
- Trade Recommendation (NCDEX RM SEED-Apr.) – 1 Month: **SELL** Below 3900 levels.T1 – 3800; T2 - 3750; SL - 3950.

Annexure

Oil Meal Prices at Key Spot Markets:

Soy DOC Rates at Different Centers

Centres	Ex-factory rates (Rs/ton)		
	30-Jan-16	31-Dec-15	Parity To
Indore (MP)	33700	33000	Gujarat, MP
Kota	32700	32800	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	35000	33800	Mumbai, Maharashtra
Nagpur (42/46)	35000	34500	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	35600	35400	Andhra, AP, Kar, TN
Latur	37000	34800	-
Sangli	35900	36000	Local and South
Sholapur	35500	35200	Local and South
Akola	34700	34200	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Hingoli	35200	35200	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Bundi	32300	32800	-

Soy DOC at Port

Centers	Port Price		
	30-Jan-16	31-Dec-15	Change
Kandla (FOR) (INR/MT)	35000	34500	500
Kandla (FAS) (USD/MT)	516	520	-4

International Soy DOC

Argentina FOB USD/MT	29-Jan-16	30-Dec-15	Change
Soybean Pellets	311	292	19
Soybean Cake Flour	311	292	19
Soya Meal	319	300	19
Soy Expellers	319	300	19

Sunflower (DOC) Rates	Ex-factory rates (Rs/ton)		
Centers	30-Jan-16	31-Dec-15	Change
Adoni	23800	24000	-200
Khamgaon	NA	NA	-
Parli	24000	24000	Unch
Latur	23800	23500	300

Groundnut Meal (Rs/MT)	30-Jan-16	31-Dec-15	Change
Basis 45%, Saurashtra	28500	28500	Unch
Basis 40%, Saurashtra	25500	25500	Unch
GN Cake, Gondal	29500	29000	500

Mustard DOC/Meal	30-Jan-16	31-Dec-15	Change
Jaipur (Plant delivery)	18500	21500	-3000
Kandla (FOR Rs/MT)	18000	21200	-3200
Sri Ganganagar	2125	2435	-310

MSP of 2015/16 Kharif Oilseeds

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.

MASP of 2014/15 Rabi Oilseeds

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.

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