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# Oilmeal Monthly Research Report

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## Contents

- ❖ Executive Summary
- ❖ Outlook – Cash Market
- ❖ AW Oilseeds Index
- ❖ International Highlights
- ❖ 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, India
- ❖ Technical Analysis – RM Seed
- ❖ Annexure – Prices etc.

## Executive Summary

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Soybean and soy meal fell primarily on expectation of better 2016/17 soybean crop after forecast of higher than normal monsoonal rains this season.

Further, the soybean supplies improved in June as farmers and the stockists increased the pace in offloading the bean on fag end.

The domestic soybean planting has picked up the pace in the last week of June after a couple of rain spells needed for the planting. The monsoons have covered almost the entire country in the first week of July this will boost the remaining kharif oilseeds planting across the key growing belts.

However, rapeseed-mustard continued upward movement primarily on active buying by the millers to meet the upcoming fresh rapeseed-mustard oil demand in near to medium term.

The USDA's June planting report reveals US 2016 soybean planting is all time high with 1% higher than previous year's acreage under soybean, but slightly below trade expectations.

The domestic soybean and meal are expected feature further losses on fag end and expectation of boost in the soybean crop this season.

Rapeseed-mustard will continue its upward movement on better buying in the seed but expectations of likely higher area under *kharif* oilseeds will limit the gains to some extent.

## Outlook – Cash Market

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**Outlook - Soybean (Spot, Indore):** Onset of monsoon, expectation of boost in the bean production this season, weak soy meal exports, higher inventories in edible oils and fall in CBOT soybean after rains over US Midwest will pressure the domestic soybean. However, losses in the Argentina's soybean will limit the losses to some extent. The prices are expected to feature losses and witness 3500 – 3600 levels (Indore, Plant basis) in July.

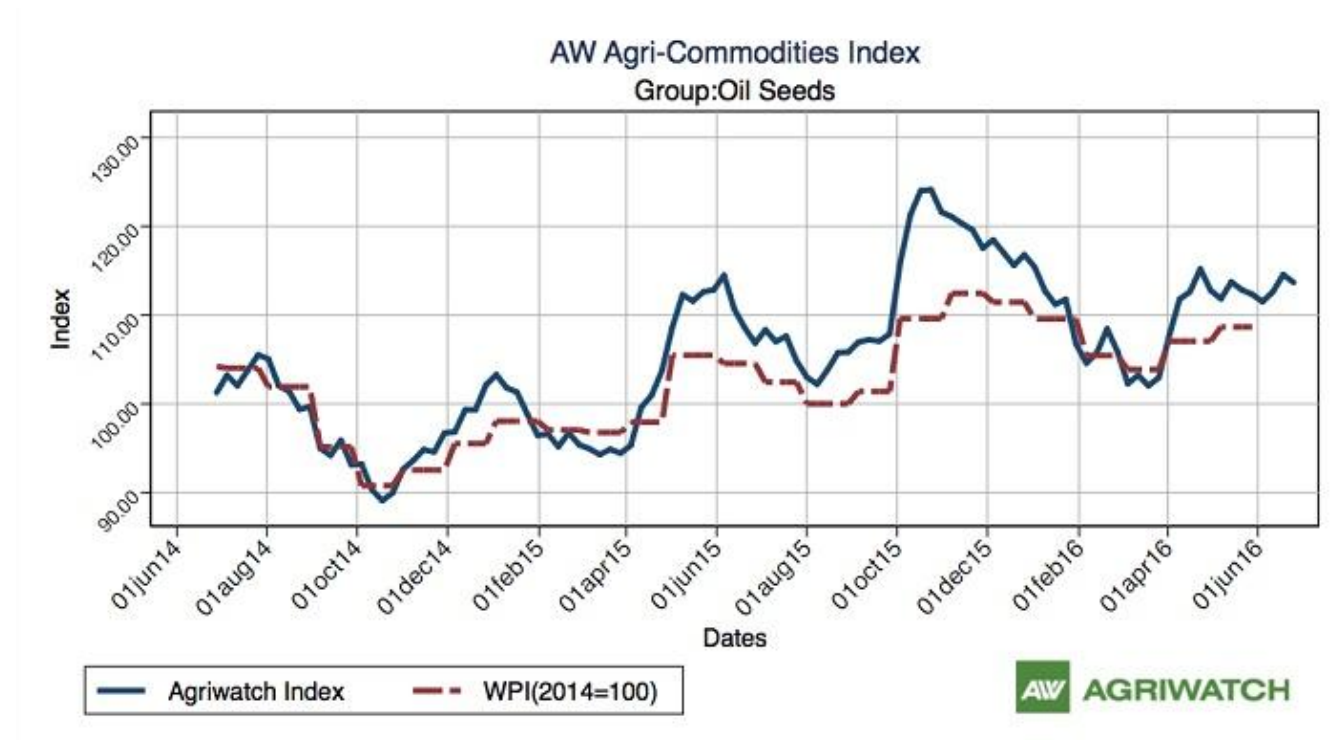
**Outlook – Soy meal:** Expectation of good soybean crop owing to likelihood of better distribution of seasonal rainfall in the key soybean domestic regions and weak soy meal exports has pressured the soy meal market. Indian meal exporters are advised to explore new markets and aggressively try to regain the lost markets of peak exports season especially traditional South and Far-East Asian destinations including Japan. The domestic meal prices are likely to feature range bound movement with weak bias in near-term. Soy meal, Indore is expected to be in the range of Rs. 31,000 – 33,000/MT levels during the month - July.

**Outlook - Rapeseed-Mustard (Spot, Jaipur basis):** Strong fundamentals on better buying by the millers to meet the upcoming mustard oil demand during monsoon will keep the seed prices strong during the month - July. The seed prices are likely to be between 4850 – 5050; levels during the month - July.

## AW Oilseeds Index – 03 July 2016

The Agriwatch Agri Commodities Index rose 0.91% to 118.11 during the week ended July 2, 2016, its 5th straight weekly gain, led by higher price of pulses. The base for the Index and all sub-Indices is 2014 (= 100).

In the commodity group sub-index, Oilseeds Index stood at 113.55 (-0.11%) week-on-week.



"Agriwatch has recently launched its AW Agri Commodity Indices to enable organizations access independent Indices to track and use to benchmark their purchases and sales. The Indices are based on the daily prices in the key benchmark markets for each commodity that AW has been covering for the past decade. The indices include an Aggregate Index, Category Indices and individual commodity indices. The weekly indices are free to access on our website [www.agriwatch.com](http://www.agriwatch.com). The daily indices are available on subscription. Please contact for more details."

## International Highlights

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- ❖ In the June USDA acreage report, US soybean planted area for 2016 is estimated at a record high 83.7 million acres, up 1% from last year. Area for harvest, at 83.0 million acres, is also up 1% from 2015 and will be a record high if realized. Record high planted acreage is estimated in Michigan, Minnesota, New York, North Dakota, Ohio, Pennsylvania, and Wisconsin.
- ❖ The Argentina's government has raised its 2015/16 soybean crop to 58 million tonnes from its previous forecast of 57.6 million tonnes followed by faster than expected recovery of area considered lost to floods hit the area in Argentina.
- ❖ US soybean planting is complete as on 26 June 2016. Further, about 95% of the newly planted US soybean has emerged which is up from 88% during the corresponding period last year and also up from 5 year average of 91%.
- ❖ About 9% of the newly planted US soybean is blooming which is up from 7% during the corresponding period last year and 5-year average. Also 72% of the newly planted US soybean crop is under good to excellent conditions which is up from 63% during the same period last year.
- ❖ Rosario Gains Exchange have revised its forecast for Argentina's 2015/16 soybeans up to 55.3 million tonnes from 55 million tonnes previously. This is despite severe crop damage after flood in April.
- ❖ Argentina has lost around 3.7 – 4.0 million tonnes of soybean due to flood and storm in April. Besides, an additional 1 million tonnes have been reported in quality damage, reported a concerned government official. In the official figure Argentina's soybean production is estimated to decline to 57.6 million tonnes from 61.4 million tonnes.
- ❖ INTL FC Stone has slashed the Brazil's 2015-16 by 1 million tonnes to 96.5 million tonnes, in its recent. Besides, Informa has lowered the Brazil's and Argentina's 2015/16 soybean production from 100.5 vs 100.1 mln t and 55.0 vs 59.5 mln t respectively.
- ❖ Abiove, the Brazil's vegetable oils association has kept Brazil's soybean production forecast unchanged at record 99.7 million tonnes. It has estimated Brazil's soybean exports at 55.3 million, unchanged from its March estimate.

- ❖ Informa Economics has lowered its forecast for US 2016 soybean planting to 84.0 million acres from its previous estimate of 85.23 million acres. However, the area is higher compared to 82.7 million acres planted in 2015.
- ❖ 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 to another above-average increase in soybean crushings, reports Oil World.
- ❖ Agroconsult has projected Brazil's 2016/17 area under soybean higher by 600,000 hectares. The consultant has projected Brazil's 2015/16 soybean production at 101.7 million tonnes in its final estimate.
- ❖ Conab, the Brazil government's crop supply agency, has raised Brazil's 2015/16 soybean crop to a record 101.18 million tonnes, which is up from 100.93 million tonnes from its previous estimate in February followed by increase in planted area and yields.
- ❖ FCStone has increased Brazil's 2015/16 soybean production forecast to 98.6 million tonnes from 98 million tonnes in its previous estimates.
- ❖ Again, Informa has raised its forecast for Brazil's 2015/16 soybean production in its monthly report to 101.3 million tonnes from 100.5 million tonnes last month.
- ❖ However, it has lowered Argentina's 2015/16 soybean production forecast to 59.0 million tonnes from 60.0 million tonnes in February.
- ❖ Brazil's Congress has passed a bill that will increase the country's biodiesel blend from its current 7% to 10% over the next three years.
- ❖ AgRural has increased its forecast for Brazil's 2015/16 soybean to 99.7 million tonnes from 98.7 million after beneficial rains.
- ❖ Rosario Grains Exchange has raised Argentina's 2015/16 soybean production forecast to 59 million tonnes from 58.5 million tonnes in its earlier estimates. The increase is due to the higher than expected yield in the major growing belts.
- ❖ CRF reported that Argentina's soybean production is nearing last year's record of around 61 million tonnes. It also projected Paraguay 2015/16 soybean production at record 9.7 million tonnes which is above USDA's estimate of 8.8 million tonnes.

- ❖ However, according to the estimates by the government agency, Argentina's 2015/16 soybean production is estimated near 60 MMT which is below last year production of 61.4 MMT.
- ❖ China is forecast to import 85 million tonnes of soybeans in 2016/17, up from the prior season, however, higher inventories is expected to limit the rise in buying.

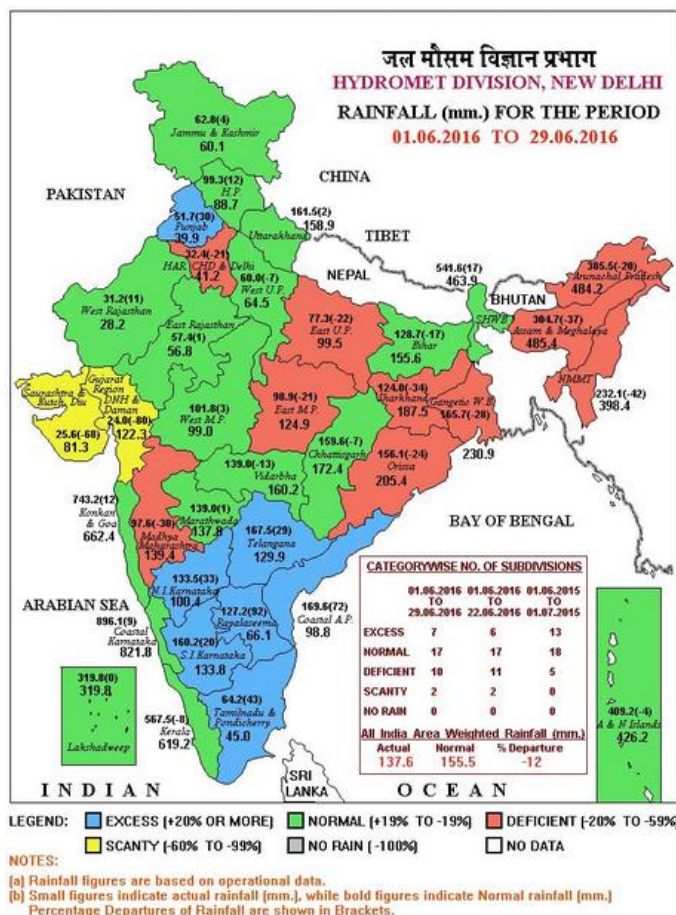
China National Grain and Oils Information Center (CNGOIC), said in the IGC grain conference that the country's soybean imports were expected to reach 82 million tonnes in the 2015/16 year on an October-September season compared to 78.35 million tonnes during the same period in 2014/15.

## IMD Monsoon Forecast and Current Rainfall Status

In the IMD's Operational 2<sup>nd</sup> stage Long Range forecast for the 2016:

- Rainfall over the country as a whole for the 2016 southwest monsoon season (June to September) is most likely to be **above normal** (>104% to 110% of long period average (LPA).
- Quantitatively, monsoon season rainfall for the country as a whole is likely to be 106% of the long period average with a model error of  $\pm 4\%$ .
- Region wise, the season rainfall is likely to be 108% of LPA over North-West India, 113% of LPA over Central India, 113% of LPA over South Peninsula and 94% of LPA over North-East India all with a model error of  $\pm 8\%$ .
- The monthly rainfall over the country as whole is likely to be 107% of its LPA during July and 104% of LPA during August both with a model error of  $\pm 9\%$ .

The event should boost the yield and subsequently production this season, as the *kharif* oilseeds are rain-fed.





## Soybean

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The domestic soybean extended losses on expectation of higher 2016/17 soybean production after forecast of good monsoon rains this season by the met department.

The soybean planting in India is in full swing after monsoon rains covered almost entire country. Most of the farmers in Madhya Pradesh, Maharashtra and Rajasthan are done with soybean planting while some are half done with it.

Currently, the weather is favourable and there is adequate soil moisture for the newly planted bean with well distribution of the seasonal rains.

IMD in its weekly Southwest monsoon progress report has reported India's actual rainfall at 137.6 mm against the normal 155.5 mm and departure -12% till 29 June 2016.

In West Madhya Pradesh, the departure of Southwest monsoon has improved to normal by 3%, actual rains is reported at 101.8 mm vs 99 mm normal till 29 June 2016 by IMD. Vidarbha reported the departure of -13%, actual rains 139 mm vs 160 normal. Marathwada reported the departure of +1%, actual rains is reported East Rajasthan reported a departure of 3% with actual rains 57.4 mm vs 56.8 mm normal.

Further, forecast of higher than normal seasonal rains – monsoon this season is expected to boost the soy planting.

The area coverage under soybean, as on 01<sup>st</sup> July, is reported down by 49% at 18.86 lakh hectares compared to 36.89 lakh hectares during the corresponding period last year.

The total sown area under *kharif* oilseeds, as on 01<sup>st</sup> July, is reported lower by 47% at 28.71 lakh hectares compared to 54.24 lakh hectares during the corresponding period last year.

India's total area under soybean in 2015 was 116.4 lakh hectares which was higher by 5.8% from 2014.

We expect India's area under soybean in 2016 to be near 116 lha as few farmers have diverted to *Urad* as its prices were all time high during the season.

The major buyers in Madhya Pradesh are as follows: Amrit Mandsaur, Ambika Joara, ABIS Rajnandgaon, Laxmi Solvex, Sanwariya – Itarasi, SSA Mandideep, Bansal, Khandwa Oil, Ruchi, Agrawal Neemuch, Betul Oil, Prakash, Bajrang, Prestige, Ambuja, Prakash, Sitashri, Divya Jyoti, Avi Agro, Rama Sitashri Vippp, 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 will continue to feature losses on bearish domestic fundamentals including forecast of higher than normal monsoonal rains, lower soy meal exports, higher edible oil inventory after huge imports in previous months, lower crude and bearish domestic fundamentals will pressure the market in near-term.***

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**International:**

The international soybean extended the gains on bargain buying, forecast of dry and stressful weather for soybean in US Midwest in the second half of July.

Besides, better export demand for US soybean remained positive too.

However, In the June USDA acreage report, US soybean planted area for 2016 is estimated at a record high 83.7 million acres, up 1 percent from last year.

Area for harvest, at 83.0 million acres, is also up 1% from 2015 and will be a record high if realized. Record high planted acreage is estimated in Michigan, Minnesota, New York, North Dakota, Ohio, Pennsylvania, and Wisconsin.

In the US crop progress report, as on 3 July 2016, the newly planted US soybean is blooming at 22% which is up from 17% during the corresponding period last year and also up from 5 year average of 16%.

Also about 70% of the newly planted US soybean crop is under good to excellent conditions which is up from 63% during the same period last year..

Informa Economics has forecast U.S. 2016 soybean production at 3.89 billion bushels with a yield of 46.9 bushels per acre.

US soybean processors are reported to have crushed 4.83 million tonnes of soybean during May which is up from 4.75 million tonnes processed during April.

The May crush is even higher compared to 4.68 million tonnes processed during the corresponding period last year, as reported by USDA.

In the NOPA monthly crush report, U.S. May soybean crush rose to 152.82 million bushels from 147.614 million bushels in April, up by 3.5 percent m-o-m.

Crush of soybean in May 2015 was 148.416 million bushels which was record in May. May crush is record in history. Production of soy oil in U.S. in April rose to 1.786 billion lbs from 1.729 billion lbs, up by 3.3 percent m-o-m. The June crush report is yet to release.

Brazil has shipped about 7.76 million tonnes of soybean in June down from 9.92 million tonnes in May and 9.81 million tonnes during the corresponding period last year.

Informa Economics has slashed Brazil's 2015/16 soybean crop to 98.5 million tonnes from 100.1 million tonnes in May.

Abiove have projected Brazil's 2015/16 soybean production at record 98.6 million tonnes and its exports of 55.3 million tonnes in 2016.

Argentina's government has raised its 2015/16 soybean crop to 58 million tonnes from its previous forecast of 57.6 million tonnes followed by faster than expected recovery of area considered lost to floods which hit the area in Argentina.

Informa has kept its forecast of Argentina's 2015/16 soybean crop unchanged at 55.0 million tonnes

Rosario Grains Exchange have revised its Argentina's forecast for 2015/16 soybeans up to 55.3 million tonnes from 55 million tonnes previously. This is despite severe crop damage after flood in April.

Argentina has lost around 3.7 – 4.0 million tonnes of soybean due to flood and storm in April. Besides, an additional 1 million tonnes have been reported in quality damaged, reported a concerned government official. In the official figure the Argentina's soybean production is estimated to decline to 57.6 million tonnes from 61.4 million tonnes.

Several analysts have lowered the Argentina's soybean crop estimates between 52 million tonnes and 57 million tonnes from about 60 million.

The Buenos Aires Grains Exchange has reduced its harvest forecast and pegged Argentina's 2015/16 soybean production at 56 million tonnes.

China is forecast to import 85 million tonnes of soybeans in 2016/17, up from the previous season, however, higher inventories is expected to limit the rise in buying.

China National Grain and Oils Information Center (CNGOIC), said in the IGC grain conference that the country's soybean imports were expected to reach 82 million tonnes in the 2015/16 year on an October-September season compared to 78.35 million tonnes during the same period in 2014/15.

Strong global soybean demand and fall in the South American supplies will boost the US soybean exports in Sep/Feb. 2016/17.

*The international soybean prices are expected to stay strong on forecast dry weather in the second half of July, South American supply concern after massive crop damage and better US crushings for short-term. However, forecast of higher than normal seasonal rains-monsoon, higher inventories of edible oils at Indian ports, poor soy meal shipments from India will limit the gains in the domestic soybean 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 to 6 million tonnes and soy oil at 1.35 million.

## Soy meal

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The domestic soy meal fell in sync with soybean on weak soy meal exports and disparity on crushing the bean during the month under review.

Higher than expected soybean supplies despite lean season remained negative for the market too.

The domestic soy meal is under continued pressure due to the fag end and on expectations of better soybean crop in the coming season.

However, continued domestic meal demand from poultry industry and gains in the international soy meal limited the losses. Bargain buying and forecast for dry weather in the second half of July pushed up the soy complex prices including the meal.

The Jul. CBOT soy meal settled at US \$ 404.8 per short ton which had hit high US \$ 411.7 per short ton in the week.

The domestic soy meal prices at Indore, fell and it was traded in the price band of 33,900 – 34,300 level during the week in review.

India's soy meal shipments continued to be weak and it is multi-year low, primarily on India's uncompetitive prices compared to the South American meal.

At Latur and Nanded, Maharashtra, soy meal was quoted at Rs 35,800/MT and Rs 36,000/MT respectively compared to Rs 34,000/MT in Indore and Rs 33,700/MT in Kota last weekend. The meal prices of the various centers of Maharashtra were at premium compared to the centers of Madhya Pradesh. This is due to the freight advantage for the South-Indian poultry units from Maharashtra over Madhya Pradesh.

***India's soy meal shipment during June 2016 stood at 17,934 tons compared to 16,647 tons in June 2015 showing a marginal increase of 7.73% over the same period of last year.***

***On a financial year basis, the export during April'2016 to June'2016 is 40,634 tons as compared to 1,06,209 tons in the same period of previous year showing a decrease of 61.74%.***

***During current Oil year, (October – September), total exports during October 2015 to June, 2016 is 2,26,404 tons as against 6,55,837 tons last year, showing a decrease by 65.47%.***

Indonesia, Japan, South Korea, Nepal and Myanmar remained the top buyers of soy meal of Indian origin in May.

Lower exports are mainly due to demand shift to South America. This is mainly due to the attractive offer price compared to India.

Brazil has exported about 1.57 million tonnes of soy meal in June against 1.93 million tonnes and 1.62 million tonnes during the same period last year. The figure reveals slow export pace due rains and disruptions at port.

USDA has rectified US soy meal stock figure of May to 343,411 tonnes which is down from 365,653 tonnes in April.

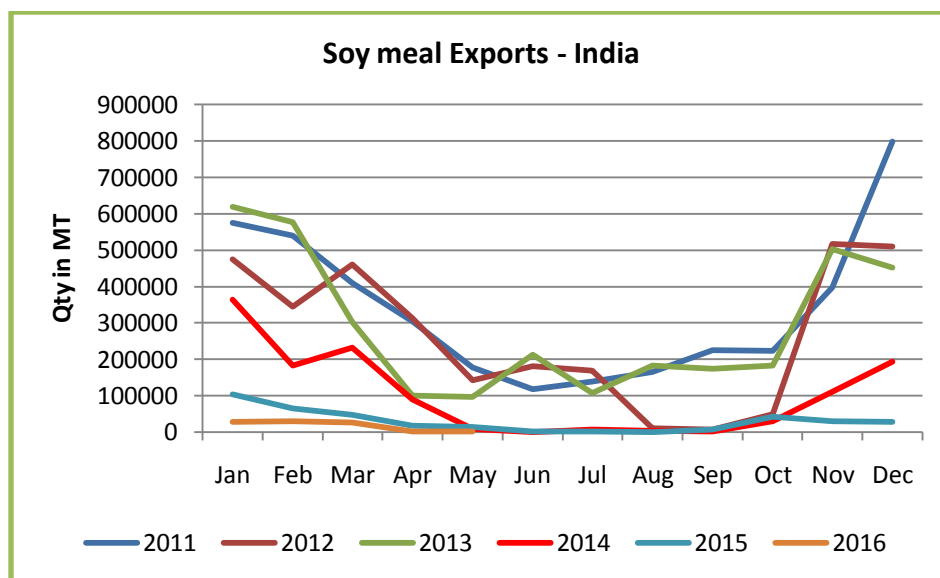
In its June report, NOPA has reported that US soy meal exports declined to 682,500 tons in May from 769,035 tons in April, but stood significantly up from 551,146 tons recorded in May 2015.

Oil world expects world production of soy meal to rise by about 6% to a record 163.8 Mn T in Jan/Sept 2016, allowing exports to improve by 3.2 Mn T or 7% under the lead of Argentina.

*Indian meal prices have to be highly competitive against the South American and China's meal prices to regain the lost markets it lost in previous seasons.*

*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 weak-bias on weak exports from India and seasonal fall in near –term.*



India's Y-o-Y soy meal prices, Indore, are higher. Soy meal export price, Indore was quoted higher between Rs 33,900– 36,000/MT during the month-June compared to Rs 30,500 – 36,200/MT during the corresponding period last year.

## Soy Meal Export (In MT)

	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Jan</b>	521243	521243	240318	574996	474993	619793	364443.7	103934	7707
<b>Feb</b>	375098	375098	220552	540360	344240	577589	183551	64514	1127
<b>Mar</b>	224639	224639	163666	410537	460464	302131	232176	46670	430.1
<b>Apr</b>	539175	100106	60264	305033	313832	100312	75884	18017	1442
<b>May</b>	326875	77018	60575	176819	142588	97547	8226	14045	1015
<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	6886	-
<b>Oct</b>	88723	219721	404960	223594	49840	182724	29071	4237	-
<b>Nov</b>	647400	297340	443488	397659	517103	503269	110806	8909	-
<b>Dec</b>	655882	328225	611157	798041	510698	451314	193832	5667	-
<b>Total</b>	<b>4177314</b>	<b>2610835</b>	<b>2937018</b>	<b>4075617</b>	<b>3179616</b>	<b>3512217</b>	<b>843874</b>	<b>276674</b>	<b>107634</b>

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 – June 2016		Avg Crush Margin – May 2016		Avg Crush Margin – June 2015	
<b>-1388</b>		<b>-1592</b>		<b>-1066</b>	
Min	Max	Min	Max	Min	Max
<b>-2040</b>	<b>-750</b>	<b>-2610</b>	<b>-920</b>	<b>-2150</b>	<b>-455</b>

The disparity in soybean crushing in July 2016 has further narrowed, marginally, compared to July 2015. This is consecutive third month after a long period that the crush margins have narrowed. However, higher imports of cheaper edible oil and weak soy meal export sales will continue to keep the margins negative.

## Technical Analysis:

### NCDEX Soybean Futures



### Soybean Spot, Indore



\*Daily Chart

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

S1	S2	PCP	R1	R2
3759	3638	3880	4107	4334

- Soybean posted gains in June on buying interest.
- Prices closed above 40-day EMA.
- MACD is rising in the positive territory.
- RSI and stochastic are heading upwards in neutral zone.
- Trade Recommendation (NCDEX Soybean – Oct.) – 1 Month: **SELL** Below 3980. T1 – 3880; T2 - 3700; SL –4040.



## Rapeseed - Mustard Seed

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The domestic rapeseed-mustard continued upward movement on active millers buying in the seed to meet the upcoming fresh mustard oil demand in near-term.

The seed supplies continued to fall and millers are the major buyers of the seed.

Ongoing *Ramadan* demand in mustard oil and expectation of fresh demand in the same during monsoon remained positive for the seed.

The seed prices at bench mark, Jaipur have edged-up by around 8% and are ruling around Rs. 4930 – 4935 per quintal compared to Rs. 4540 – 4545 per quintal during the corresponding period last year.

Currently, the all India daily arrivals of the seed are reported between 1.30 – 1.40 lakh bags compared to around 1.7 – 1.8 lakh bags during the corresponding period last month and 0.95 – 1.15 lakh bags during the corresponding period last year.

BMD CPO (Malaysian palm oil) and edible oil imports determine domestic rapeseed-mustard prices.

India's edible oil imports and inventories at ports have slightly reduced with recent fall in the edible oil imports especially the CPO.

The market is waiting for the June stock figures of domestic edible oils.

India's May edible oil stocks at ports and pipelines fell by 4.5 percent m-o-m to 23.3 lakh tons from 24.4 lakh tons in April 2015. Stocks of edible oil at ports were 865,000 tons (CPO 270,000 tons, RBD Palmolein 250,000 tons, Degummed Soybean Oil 210,000 tons, Crude Sunflower Oil 110,000 tons and 25,000 tons of Rapeseed (Canola) Oil) and about 1,465,000 tons in pipelines.

India's May edible oil imports fell 26 percent y-o-y to 13.59 lakh tons from 10.05 lakh tons in May 2015. Palm oil imports fell 27.5 percent y-o-y to 6.58 lakh tons y-o-y from 9.07 lakh tons in May 2015. CPO Imports fell by 37 percent y-o-y to 3.92 lakh tons from 6.24 lakh tons in May 2015.

RBD palmolein imports fell by 5 percent y-o-y to 2.61 lakh tons from 2.75 lakh tons in May 2015. Soy oil imports fell 38 percent y-o-y to 1.78 lakh tons from 2.89 lakh tons in May 2015. Sunflower oil imports fell by 2 percent y-o-y to 1.50 lakh tons from 1.53 lakh ton in May 2015. Rapeseed (Canola) oil imports rose by 52 percent y-o-y to 0.19 lakh tons from .09 lakh tons in May 2015, reported by Solvent Extractor's Association of India.

Malaysia raised export duty on crude palm oil from 5.5 percent to 6 percent for July. Tax is calculated at a reference rate of 2,730.51 ringgit (\$665.73) per ton. Price above 2,250 incurs a tax starting from 4.5 percent to a maximum of 8.5 percent.

Malaysia's June palm oil exports fell 11.2 percent to 1,111,413 tons compared to 1,251,695 tons in May 2016. Top buyers were European Union at 203,251 tons (186,277 tons), India at 195,105 tons (362,980 tons), China at 134,675 tons (112,750 tons), United States at 69,560 tons (105,591 tons) and Pakistan at 50,000 tons (47,850 tons). Values in brackets are figures of last May 2016, said cargo surveyor Societe Generale de Surveillance (SGS).

Malaysia's palm oil production in May rose by 4.86 percent to 13.65 lakh tons compared to 13.01 lakh tons in April. Exports in May rose by 9.33 percent to 12.82 lakh tons compared to 11.73 lakh tons in April. Imports in May fell by 71.07 percent to 0.11 lakh tons compared to 0.36 lakh tons in April, reported Malaysia Palm Oil Board (MPOB).

Indonesia's will not charge export duty on export of crude palm oil (CPO) in July compared to \$3/ton duty above reference prices of \$750/ton for June. Uncompetitive exports of palm oil from Indonesia compared to Malaysia's palm products have led to this step, said Indonesia's trade ministry.

Global palm oil production will fall by almost 3.00 million tons in September 2016. Indonesia's palm oil output estimate is cut by 1.2 million tons. Malaysia's palm oil production estimate is cut by 1.5 million tons to 18.4 million tons. Consumers will get relief from July 2016. Palm oil stock buildup will possibly start from September 2016.

*Outlook: The rapeseed-mustard will continue upward movement on expected renewed demand in mustard oil during monsoon and upcoming festivities.*

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

<b>RM Seed Arrivals in Rajasthan in Bags (85 kg each).</b>		
<b>Monthly Arrivals– June</b>	<b>1 Month Ago</b>	<b>Corresponding Period Last Year</b>
21,10,000	28,90,000	24,10,000

## Balance Sheet – Rapeseed-Mustard Seed, India

(Fig in MnT)

Rapeseed-Mustard (Fig in Mn T) MY-Feb.-Jan.	2015-16	2016-17*F	Feb-Apr	May-Jul	Aug-Oct	Nov-Jan
Carry In	0.20	0.20	0.10	2.92	1.53	0.81
Production	5.90	5.80	5.80	0.00	0.00	0.00
Imports	0.00	0.00	0.00	0.00	0.00	0.00
Total Availability	6.10	6.00	5.90	2.92	1.53	0.81
Processing/Crushing	5.70	5.90	2.93	1.34	0.62	0.61
Exports	0.00	0.00	0.00	0.00	0.00	0.00
Retained for Sowing & Direct Consumption	0.30	0.30	0.05	0.05	0.10	0.10
Total Usage	5.70	5.90	2.98	1.39	0.72	0.71
Carry Out/Ending Stock	0.20	0.10	2.92	1.53	0.81	0.10
Monthly Use	0.48	0.49				
Stock/Consumption Ratio	0.04	0.02				
Stock to Month Use Ratio	0.42	0.20				

(Source: Agriwatch)

- We have pegged India's 2016/17 Rapeseed-mustard outturn at 5.8 million tonnes, slightly lower by 1% compared to the 2015/16 production at 5.9 million tonnes.
- India's production is below 5 year average of around 7.0 million tonnes. This is mainly due to the fall in sown area in last couple of years.
- **Trade Observations: India is an import dependent country in edible oils, hence the oilseeds produced almost gets crushed fully, prices to remain strong in 2016-17 season due to the sharp demand in the seed.**
- India's rapeseed-mustard prices hit all time high at cash market in 2015-16 season to Rs 5,575/Qtl in Jaipur, surpassing the previous high registered in 2012 around Rs 4,653/Qtl, Jaipur basis.

**Technical Analysis:**

**NCDEX RM Seed Futures**



**RM Seed Spot, Jaipur**



\*Daily Chart

**Support & Resistance NCDEX - RM Seed Aug. Contract**

S1	S2	PCP	R1	R2
4449	4350	4848	5100	5200

- Rapeseed-mustard prices witnessed gains during June.
- Prices closed above 40-day EMA.
- MACD is rising in positive territory.
- RSI and stochastic are rising in neutral zone.
- Trade Recommendation (NCDEX RM Seed – Aug.) – 1 Month: **BUY** Above 4750. T1 – 4950; T2 - 5000; SL –4630.

## Annexure

### Oil Meal Prices at Key Spot Markets:

Soy DOC Rates at Different Centers			
Centers	Ex-factory rates (Rs/ton)		
	30-Jun-16	31-May-16	Parity To
Indore (MP)	33900	35500	Gujarat, MP
Kota	33500	34800	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	34800	37000	Mumbai, Maharashtra
Nagpur (42/46)	35500	36900	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	36500	37200	Andhra, AP, Kar, TN
Latur	37000	37200	-
Sangli	36000	39000	Local and South
Sholapur	35800	37600	Local and South
Akola	35000	36700	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Hingoli	35600	37300	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Bundi	32800	34800	-

Soy DOC at Port			
Centers	Port Price		
	30-Jun-16	30-May-16	Change
Kandla (FOR) (INR/MT)	36500	37000	-500
Kandla (FAS) (USD/MT)	539	550	-11

International Soy DOC			
Argentina FOB USD/MT	29-Jun-16	30-May-16	Change
Soybean Pellets	437	442	-5
Soybean Cake Flour	437	442	-5
Soya Meal	445	450	-5
Soy Expellers	445	450	-5

<b>Sunflower (DOC) Rates</b>	<b>Ex-factory rates (Rs/ton)</b>		
<b>Centers</b>	<b>30-Jun-16</b>	<b>30-May-16</b>	<b>Change</b>
Adoni	22500	21800	700
Khamgaon	NA	NA	-
Parli	22800	22000	800
Latur	22200	21800	400

<b>Groundnut Meal (Rs/MT)</b>	<b>30-Jun-16</b>	<b>30-May-16</b>	<b>Change</b>
Basis 45%, Saurashtra	29000	30000	-1000
Basis 40%, Saurashtra	26000	27000	-1000
GN Cake, Gondal	29000	31000	-2000

<b>Mustard DOC/Meal</b>	<b>30-Jun-16</b>	<b>30-May-16</b>	<b>Change</b>
Jaipur (Plant delivery)	19700	18700	1000
Kandla (FOR Rs/MT)	20300	19100	1200
Sri Ganganagar	2365	2290	75

## MSP for 2016/17 Kharif Oilseeds

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The Cabinet Committee on Economic Affairs, chaired by the Prime Minister Shri Narendra Modi, has given its approval for Minimum Support Prices (MSPs) for Kharif Crops of 2016-17 season, the MSPs of all the Kharif oilseeds are raised for this season.

The MSP of Yellow Soybean is increased by 6.7% to Rs 2775/Qtl (including Rs 100 bonus) for 2016-17 season from Rs 2600/Qtl in 2015-16, Groundnut -in- shell by 4.7% to Rs 4220/Qtl (including Rs 100 bonus) from Rs 4030/Qtl, Sunflower seed by 3.9% to Rs 3950/Qtl (including Rs 200 bonus) from Rs 3800/Qtl, Nigerseed by 4.8% to Rs 3825/Qtl (including Rs 100 bonus) from Rs 3650/Qtl and Sesamum by 6.4% to Rs 5000/Qtl (including Rs 200 bonus) from Rs 4700/Qtl.

## MSP for 2015/16 Rabi Oilseeds

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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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