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# Oilmeal Monthly Research Report

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## Executive Summary

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Soybean, meal and rapeseed-mustard fell in sync on expectation of higher kharif oilseeds production this season. This includes soybean, the largest *kharif* oilseed crop.

However, heavy rains in recent weeks have negatively affected the productivity in soybean in low lying areas of Madhya Pradesh and Rajasthan. The damages are not severe, as they are confined to small pockets only.

Overall the soybean crop health is good across the key growing belts.

Besides, US soybean production is expected to be record this season on higher projected yield.

The rapeseed-mustard fell consecutive fourth week as millers refrained from the buying in anticipation of further fall in the prices.

The domestic soybean and meal are expected to feature range-bound movement with firm bias on expectation of fresh seasonal crusher's demand but higher soybean production prospects will cap the gains.

We feel the rapeseed-mustard prices will rebound on fresh demand in rapeseed-mustard oil in near-term.

## Outlook – Cash Market

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**Outlook - Soybean (Spot, Indore):** The bean prices are expected to feature range-bound movement with firm bias on likely fresh seasonal demand in bean and domestic enquiries in soy meal. However, expectation of boost in the soybean production this season, weak soy meal exports, projected record US soybean production and lower crude will pressurize the domestic soybean to some extent. The prices are expected to feature range bound movement with firm bias and witness 3400 – 3550 levels (Indore, Plant basis).

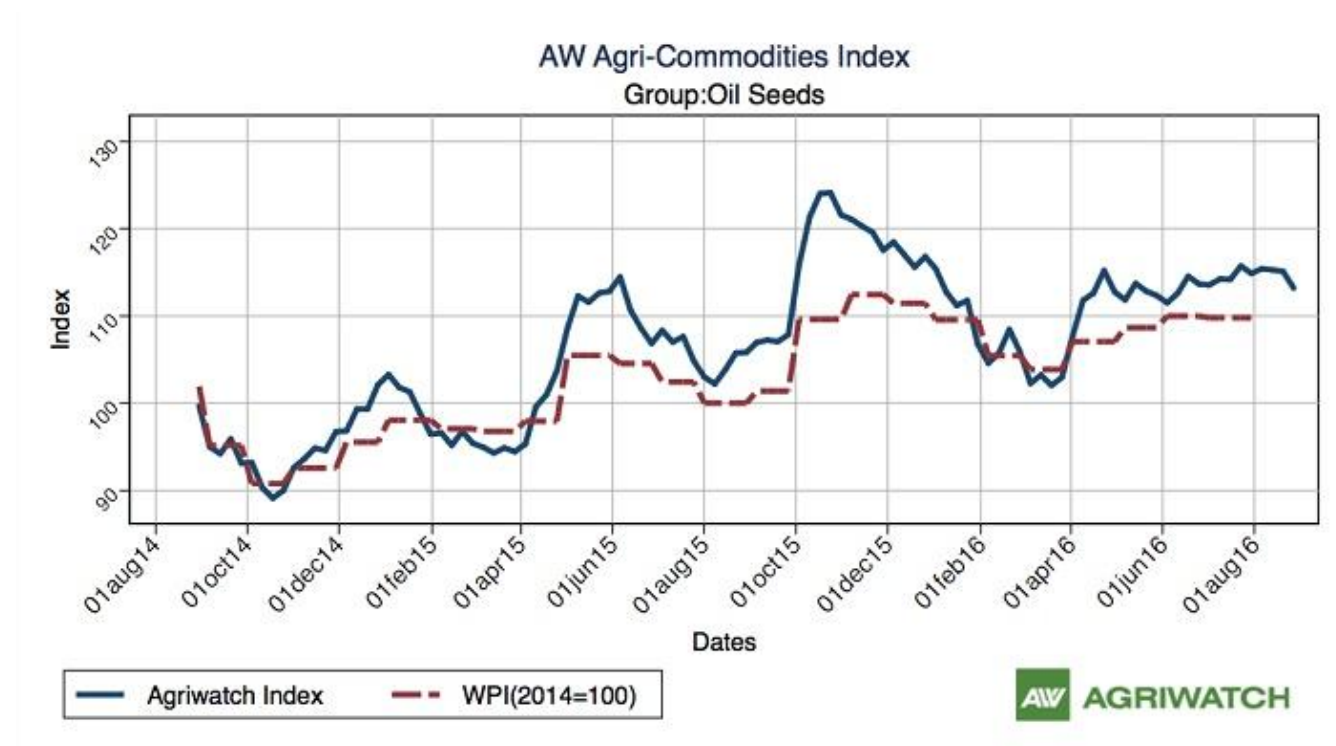
**Outlook – Soy meal:** The meal prices liked to edged-up on expected increase in meal demand for inventories by the poultry units. However, expectation of good soybean crop owing to likelihood of better distribution of seasonal rainfall in the key soybean domestic regions and weak soy meal exports has 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 in the upcoming season. 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 29,000 – 32,000/MT levels during the month - September.

**Outlook - Rapeseed-Mustard (Spot, Jaipur basis):** The seed prices fell on seasonal soybean pressure. However, likely renewed miller's demand to meet the fresh mustard oil demand for upcoming festivities will push up the seed prices. The seed prices are likely to be between 4850 – 5000; levels during the month.

## AW Oilseeds Index – 27 August 2016

The Agriwatch Agri Commodities Index fell 1.33% to 117.15 during the week ended August 27, 2016 from 118.73 during the previous week, led by sharply lower pulses prices. The base for the Index and all sub-Indices is 2014 (= 100).

In the commodity group sub-index, Oilseeds Index stood at 113.21 (-1.65%) 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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- ❖ The US soybean crop is reported to be setting pod at 97% up compared to 95% during the corresponding period last year and it is at par with 5 year average. About 12% of the crop is dropping leaves which down from 15% during the corresponding period last year but at par with the 5 year average.
- ❖ About 73% of the newly planted US soybean crop is under good to excellent conditions which is up from 63% during the same period last year, reported in the US crop progress report dated 04 September 2016.
- ❖ Pro Farmer has projected US soybean production at a record 4.093 billion bushels, considering an average yield of 49.3 bushels per acre after the recent crop tour; this is above USDA's August WASDE - outlook for a 4.060 billion bushels production with an average yield of 48.9 bushels per acre.
- ❖ In the latest IGC, report the 2016/17 world soybean outturn is projected to improve by 3% y-o-y, to a record of 325 million tonnes, tied to anticipated area gains and enhanced yields in leading producers. With total consumption seen expanding further on growing demand for soybean products, especially in Asia, global stocks are expected to ease to a three-year low of 31.5 million tonnes.
- ❖ US oilseeds processors have crushed 4.604 million tonnes of soybean during July which is down from 4.673 million tonnes during the corresponding period last year and marginally down from 4.624 million tonnes processed during June this year, reported USDA. US soybean inventories stood at 419,802 tonnes up from 281,038 tonnes in June.
- ❖ Brazil has exported 3.82 million tonnes of soybean in August against 5.16 million tonnes during the corresponding period last year and 5.79 million tonnes in July 2016.
- ❖ Brazil has exported 1.09 million tonnes of soy meal in August against 1.11 million tonnes during the corresponding period last year and 1.39 million tonnes in July 2016.
- ❖ Brazil's soybean output growth is projected at average 4.1% per year in next 10 years and soybean output is expected surpass 140million tonnes by 2025 by FCStone.
- ❖ 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 percent 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.

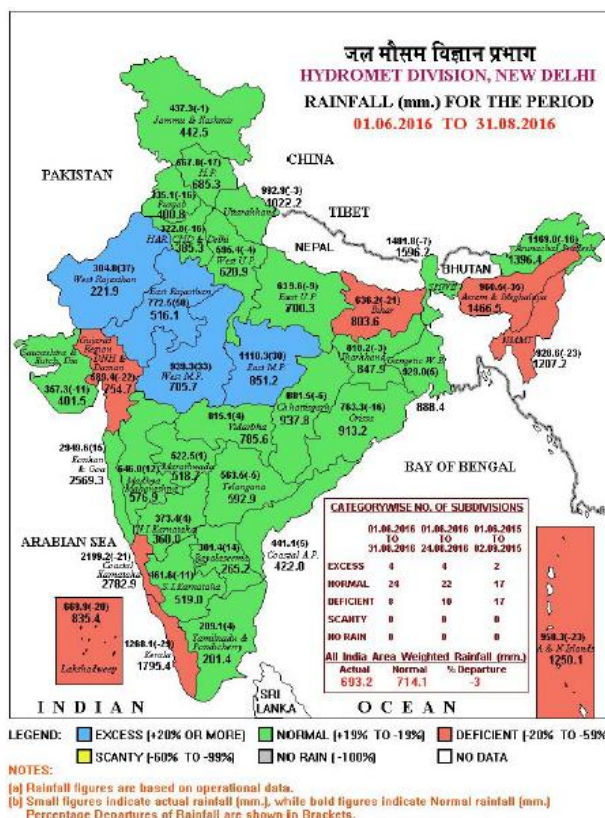
- ❖ The Argentina's government has raised its 2015/16 soybean crop to 58 million tonnes from its previous forecast of 57.6 million tonnes followed by faster than expected recovery of area considered lost to floods hit area in Argentina.
- ❖ Rosario Gains Exchange have revised its forecast for Argentina's 2015/16 soybeans up to 55.3 million tonnes from 55 million tonnes previously. This is despite severe crop damage after flood in April.
- ❖ 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 production by 1 million tonnes to 96.5 million tonnes, in its recent report. 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 has trimmed Brazil's 2015/16 soybean crop to 96.6 million tonnes (during Feb. – Jan.) from 97.3 million projected earlier. It has lowered Brazil's soybean exports estimate to 53 million tonnes from 53.8 million tonnes Brazil had shipped 54.3 million tonnes in previous season.
- ❖ 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. 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 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 corresponding period in 2014/15.
- 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.

## 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  $\pm 9\%$ .
- However, recently the IMD has revealed that the season.



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 fell primarily on better domestic 2016/17 soybean production prospects and bearish global supply scenario.

Besides, other *kharif* oilseeds production like groundnut is also likely to be higher this season. Currently, bearish fundamentals are dominating the oilseeds market.

However, heavy rains in recent weeks have negatively affected the productivity in soybean in low lying areas of Madhya Pradesh and Rajasthan. The damages are not severe, as they are only confined to small pockets.

There are no reports of widespread disease or pest infestation. Currently the weather is clear in the key soybean growing belts.

Overall the crop is in a good condition across the key growing belts of Madhya Pradesh, Maharashtra and Rajasthan, the crop is mostly blooming. It has also entered into pod formation stage in Madhya Pradesh.

In a recent crop health survey by SOPA about 14% of the crop is reported at very poor condition, 57% in normal and 29% in good to very good condition in Madhya Pradesh.

About 7% of the crop is reported at very poor condition, 57% in normal and 36% in good to very good condition in Maharashtra.

In Rajasthan, about 15% of the crop is reported at very poor condition, 58% in normal and 27% in good to very good condition in Rajasthan.

The overall rainfall over Madhya Pradesh, Maharashtra and Rajasthan is still reportedly normal and above normal in various key belts.

IMD in its weekly Southwest monsoon progress report India's actual rainfall fell and was reported at 693.2 mm against the normal 714.1 mm and departure stands at -3%, till 02 September 2016.

In West Madhya Pradesh, the departure of Southwest monsoon has improved to normal by +33%, actual rains is reported at 939.3 mm vs 705.7 mm normal till 02 September 2016 by IMD. Vidarbha reported the departure of +4%, actual rains 815.1 mm vs 785.6 mm normal. Marathwada reported the departure of +1% with actual rains of 522.5 mm vs 518.7 mm, East Rajasthan reported a departure of +50% with actual rains 772.5 mm vs 516.1 mm normal.

Better seasonal/monsoon rains this season is expected to boost the soybean production.

In the official planting report by Ministry of Agriculture, the area coverage under soybean, as on 02<sup>nd</sup> September, is reported slightly lower at 112.28 lakh hectares which is down by 2.7% compared to 115.35 lakh hectares in the corresponding period last year.

<b>Crop</b>	<b>As on 02 Sep. 2016</b>	<b>As on 02 Sep. 2015</b>	<b>% Chg.</b>
Groundnut	44.24	35.70	<b>23.9</b>
Soybean	112.28	115.35	<b>-2.7</b>
Sunflower	1.55	1.13	<b>37.2</b>
Sesamum	13.86	16.16	<b>-14.2</b>
Others	7.67	10.33	<b>-25.8</b>
<b>Total Oilseeds</b>	<b>179.60</b>	<b>178.67</b>	<b>0.5</b>

The total sown area under *kharif* oilseeds, as on 02 September, has surpassed the previous year's level which is up by 0.5% at 179.60 lakh hectares compared to 178.67 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 slightly lower than 116 lakh hectares.

In the USDA – FAS grain report, the US attaché has projected India's 2016/17 soybean production at 11.5 million tonnes up from its previous forecast of 11 million.

Good seasonal rains and normal growing conditions are cited behind the increase. The productivity is pointed out to be within 5-year average.

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 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 losses initially during September on expectation of higher soybean production this season, weak soy meal export sales and higher edible oil imports will pressure the bean market in near-term. But likely fresh demand for new season will push up the prices in coming weeks.***

**International:**

The international soybean witnessed losses on long liquidation forecast of record US soybean production after Pro Farmer crop tour confirmed the all time high soybean yield.

Pro Farmer has projected US soybean production at a record 4.093 billion bushels, considering an average yield of 49.3 bushels per acre after the recent crop tour; this is above USDA's August WASDE - outlook for a 4.060 billion bushels production with an average yield of 48.9 bushels per acre.

At CBOT, November contract soybean prices were below 200-day moving average – one month low, and hit low at US \$ 9.37/bushel and finally settled at US \$ 9.52/bushel under the week in review.

Further, the US soybean crop is reported to be setting pod at 97% up compared to 95% during the corresponding period last year and it is at par with 5 year average. About 12% of the crop is dropping leaves which down from 15% during the corresponding period last year but at par with the 5 year average.

About 73% of the newly planted US soybean crop is under good to excellent conditions which is up from 63% during the same period last year, reported in the US crop progress report dated 04 September 2016.

In the US weekly export sales report, the net sales of soybean were reported at 107,500 MT for 2015/16 significantly lower than the previous week and down 50% from the prior 4-week average. Increases were for China and 329,900 MT switched from unknown destinations.

US oilseeds processors have crushed 4.604 million tonnes of soybean during July which is down from 4.673 million tonnes during the corresponding period last year and marginally down from 4.624 million tonnes processed during June this year, reported USDA.

The average crush figure of the market participants was 4.596 million tonnes.

US soymeal inventories stood at 419,802 tonnes up from 281,038 tones in June. Crude soy oil inventories are reported at 1.866 billion pounds at the end of July and refined soy oil inventories stood at 348.5 million pounds, said USDA.

In the latest IGC, report the 2016/17 world soybean outturn is projected to improve by 3% y-o-y, to a record of 325 million tonnes, tied to anticipated area gains and enhanced yields in leading producers. With total consumption seen expanding further on growing demand for soybean products, especially in Asia, global stocks are expected to ease to a three-year low of 31.5 million tonnes.

Traded volumes are likely to reach a fresh high on bigger deliveries to China, with both Brazil and the US each expected to dispatch well in excess of 50 million tonnes.

FC Stone has projected Brazil's 2016/17 soybean production at 101.85 million tonnes compared to 95.4 million tonnes in 2015/16.

Brazil's soybean output growth is projected at average 4.1% per year in next 10 years and soybean output is expected surpass 140million tonnes by 2025 by FCStone.

Brazil's soybean cultivators are unlikely to increase the area in soybean in the new season due to the tight credit followed by severe slowdown in the economy in decades and the likely erratic weather, said FCStone.

The Brazilian farmers are likely to plant 33.56 million hectares (82.9 million acres) with soybean in 2016/17 which will be an increase of just 315,000 hectares, up 0.9%, compared to 2015/16.

The soybean outturn is expected to touch 101.85 million tonnes, considering the average productivity of 2015/16, when production could only reach 95.42 million tonnes due to drought.

Brazil has exported 3.82 million tonnes of soybean in August against 5.16 million tonnes during the corresponding period last year and 5.79 million tonnes in July 2016.

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 feature range bound movement with weak bias on forecast of record production and weak crude. However, fresh Chinese orders for the new crop delivery could jack up the soybean prices in near-term*

*Besides, expected higher soybean crop on better monsoon this season in India, higher inventories of edible oils at Indian ports, poor soy meal shipments from India will limit any sharp gains in the domestic soybean in near-term.*

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## Balance Sheet – Soybean, India

*Fig. in MnT*

Soybean (Fig in Mn T) MY-Oct.-Sep.			Q3	Q4	Q1	Q2
	2014-15E	2015-16E	Oct-Dec'15 E	Jan-Mar'16 E	Apr-Jun'16 E	July-Sep 16 E
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 caused by 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

The domestic soy meal fell in tandem with soybean on expectation higher crushing in the new season compared to the previous season.

Expectation of higher soybean production this season will eventually improve the bean crushing thus increasing the availability in meal.

The domestic soy meal demand from poultry industry remained flat but the exports continued to remain weak owing to the competitive soy meal price offer from US and South America.

We expect India's soy meal exports to improve in the new season on expected better 2016/17 soybean crop production leading to higher crushing eventually increasing the meal supplies.

Besides, soy meal witnessed losses in the international market on expected record for US soybean, revealed by Pro Farmer, USDA, FCStone and after their survey of US soy and corn productivity.

The October CBOT soy meal fell and settled at US \$ 306.1 per short ton compared to US \$ 318.2 per short ton last week.

The domestic soy meal prices at Indore, fell and were quoted between Rs 29,500 – 30,800/MT compared to Rs 31,000 - 32,000/MT previous week.

At Latur and Nanded, Maharashtra, soy meal was quoted at Rs 31,800/MT and Rs 31,500/MT respectively compared to Rs 30,000/MT in Indore and Rs 30,000/MT in Kota. The meal prices of the various centers of Maharashtra continued to be 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 shipments continued to be weak and it is multi-year low, primarily on India's noncompetitive prices compared to the South American meal.

***India's soy meal shipments and its other value added products during August 2016 is just 10,615 tons compared to 31,157 tons in August 2015 showing a decrease of 66% over the same period of last year.***

***On a financial year basis, the export during April'2016 to August'2016 is 63,522 tons as compared to 1,68,054 tons in the same period of previous year showing a decrease of 62%.***

***During current Oil year, (October – September), total exports during October 2015 to August, 2016 is 2,49,291 tons as against 7,17,682 tons last year, showing a decrease by 65%, as reported by SOPA.***

Japan, USA, South Korea, Sri Lanka and Myanmar remained the top buyers of soy meal of Indian origin in August.

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 1.09 million tonnes of soy meal in August against 1.11 million tonnes during the corresponding period last year and 1.39 million tonnes in July 2016.

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 corresponding period last year. The figure reveals slow export pace due to rains and disruptions at port.

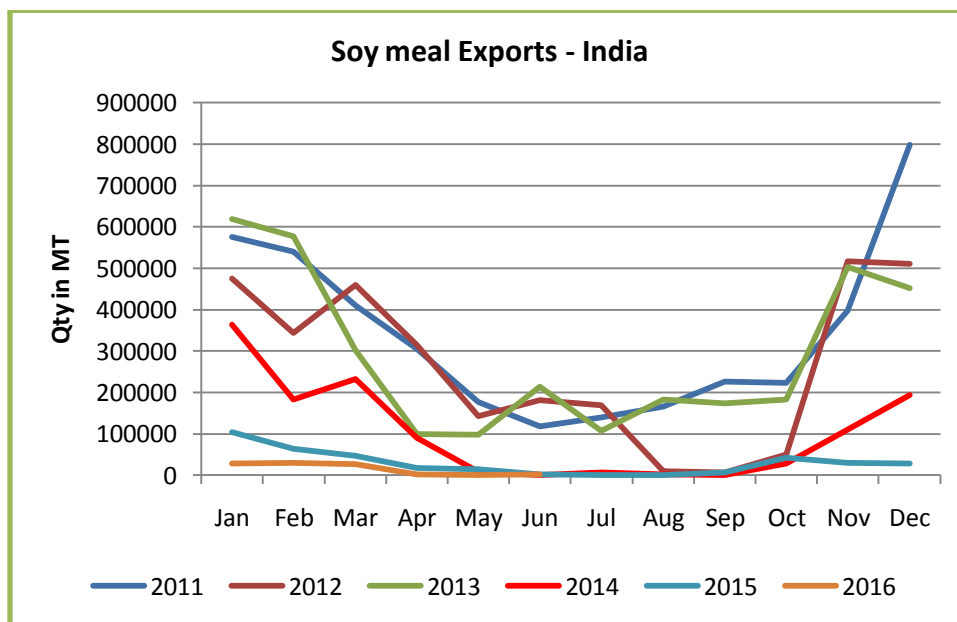
USDA in its August report said that the US soy meal inventories at the end of June stood at 281,038 tonnes which is down from 343,411 tonnes in May.

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 are likely to feature range-bound movement with firm-bias on likely fresh seasonal buying by the major consuming industries like poultry and feed manufacturers. However, higher domestic and international soybean production will cap the gains. The prices should get strength once the demand for new crop meal creeps into the market in a couple of weeks.*



India's Y-o-Y soy meal prices, Indore, are higher. Soy meal Indore was quoted lower between Rs 29,800 – 33,300/MT during the week compared to Rs 27,800 – 30,100/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	2672
<b>Jul</b>	282438	58268	166632	139547	168341	107038	6682	929	3290
<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 – Aug. 2016		Avg Crush Margin – Jul. 2016		Avg Crush Margin – Aug. 2015	
<b>-947</b>		<b>-1178</b>		<b>-1029</b>	
Min	Max	Min	Max	Min	Max
<b>-1385</b>	<b>-235</b>	<b>-2070</b>	<b>-570</b>	<b>-2300</b>	<b>-175</b>

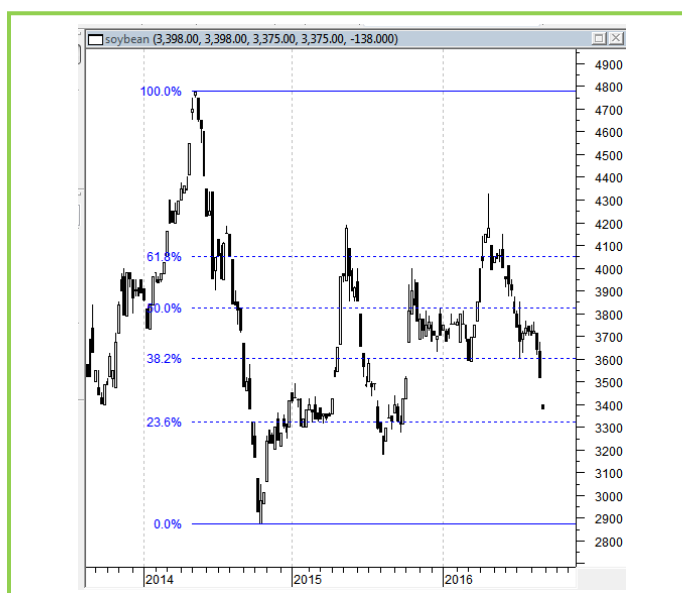
The disparity in soybean crushing in August 2016 has narrowed from July 2016 and also lowered than the corresponding period last year. Soybean relatively fell more than the soy meal and soy oil during the period.

## Technical Analysis:

### NCDEX Soybean Futures



### Soybean Spot, Indore



\*Daily Chart

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

S1	S2	PCP	R1	R2
3000	3100	3257	3718	3869

- Soybean fell on selling pressure in the market.
- Prices closed below 40-day EMA.
- MACD is falling in the positive territory.
- RSI and stochastic are heading upwards in neutral zone.
- Trade Recommendation (NCDEX Soybean – Oct.) – 1 Month: **SELL** Below 3400. T1 – 3200; T2 - 3100; SL –3520.

## Rapeseed - Mustard Seed

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The domestic rapeseed-mustard witnessed sharp fall during the month, August as millers refrained from the market after the price reached overbought levels. The millers refrained from the seed market in anticipation of further fall in the seed prices.

Fall in other oilseeds including soybean and groundnut exerted pressure on the rapeseed-mustard.

Higher domestic *kharif* oilseeds production prospects have pressured the seed market and they are almost at their lowest levels.

However, falling weather temperature and upcoming festivities will give in to the rise in mustard oil demand which will eventually improve the millers demand in the seed in near-term.

Further fall in the in the BMD CPO remained negative for the seed.

Currently, the seed prices at benchmark, Jaipur fell compared to previous week but they are still up 5% at Rs. 4,850 – 4,955 per quintal compared to Rs. 4,640 – 4,720 per quintal during the corresponding periods last year.

The all India daily arrivals of the seed continued to ease and reported between 0.65 – 0.80 lakh bags but are higher compared to 0.80– 1.10 lakh bags during the corresponding period last year.

However, India's edible oil imports fell for consecutive three months.

India's July edible oil imports fell 24.4 percent y-o-y to 11.18 lakh tons from 14.79 lakh tons in July 2015. Palm oil imports fell 27.87 percent y-o-y to 5.70 lakh tons y-o-y from 7.9 lakh tons in July 2015. CPO imports fell by 52.61 percent y-o-y to 3.63 lakh tons from 7.66 lakh tons in July 2015. RBD palmolein imports rose by 11.9 percent y-o-y to 2.07 lakh tons from 1.85 lakh tons in July 2015.

Soy oil imports were marginally down y-o-y to 3.485 lakh tons from 3.49 lakh tons in July 2015. Sunflower oil imports rose by 9.8 percent y-o-y to 1.34 lakh tons from 1.22 lakh ton in July 2015. Rapeseed (Canola) oil imports rose by 112 percent y-o-y to 0.66 lakh tons from 0.31 lakh tons in July 2015, reported by Solvent Extractor's Association of India.

India's July edible oil stocks at ports and pipelines was lower by 7.35 percent m-o-m at 21.50 lakh tons from 23.20 lakh tons in June 2016. Stocks of edible oil at ports were at 770,000 tons (CPO 180,000 tons, RBD Palmolein 115,000 tons, Degummed Soybean Oil 330,000 tons, Crude Sunflower Oil 115,000 tons and 30,000 tons of Rapeseed (Canola) Oil) and about 1,380,000 tons in pipelines. India is presently holding 39 days of edible oil requirement on 1st August, 2016 at 21.5 lakh tons compared to 42 days of requirements last month. India's monthly edible oil requirement is 16.5 lakh tons per month.

India's rapeseed-mustard follows the international palm oil as India imports the oil in huge quantities.

Malaysia's August palm oil exports rose 26.4 percent to 1,621,480 tons compared to 1,283,050 tons in July 2016. Top buyers were India at 450,929 tons (199,580 tons), China at 289,550 tons (225,856 tons), European Union 269,523 tons (260,908 tons), United States at 78,535 tons (74,800 tons) and Pakistan at 31,000 tons

(41,000 tons). Values in brackets are figures of July 2016, cargo surveyor Societe Generale de Surveillance (SGS).

However ITS reported, Malaysia's August palm oil exports rose 27.3 percent to 1,620,795 tons compared to 1,273,543 tons in July 2016. Top buyers were India & Subcontinent at 545,783 tons (266,910 tons), European Union at 287,460 tons (262,224 tons) and China at 243,600 tons (217,400 tons). Values in brackets are figures of July 2016.

In its August report Indonesia's Palm Oil Association (GAPKI) reported that, Indonesia's June palm, palm kernel oil, and biodiesel exports rose by 7.4 percent to 1.89 MMT from 1.76 MMT in May, exports in June 2015 stood at 2.27 MMT. Indonesia exported 1.78 MMT of palm oils excluding biodiesel compared to 1.76 MMT exported in May 2016. Production of palm oil in June was at 2.69 MMT while ending stocks were 1.80 MMT.

Malaysia has kept September export duty on crude palm oil unchanged at 5 percent. Tax is calculated at reference price of 2471.30 ringgit (USD 612.54) per ton. Prices above 2,250 ringgit are taxed with tax starting from 4.5 percent to a maximum of 8.5 percent, reports Malaysian Palm Oil Board (MPOB).

*Outlook: The rapeseed-mustard is expected to recover after on upcoming fresh demand in mustard oil with upcoming festivities and falling weather temperature.*

## **RM Seed Supply, Rajasthan**

<b>RM Seed Arrivals in Rajasthan in Bags (85 kg each).</b>		
<b>Monthly Arrivals– Sep.</b>	<b>1 Month Ago</b>	<b>Corresponding Period Last Year</b>
8,75,000	12,35,000	8,80,000

## 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 Oct. Contract

S1	S2	PCP	R1	R2
4500	4550	4681	5199	5200

- Rapeseed-mustard fell sharply in August.
- Prices closed above 40-day EMA.
- MACD is easing in positive territory.
- RSI and stochastic are easing in neutral zone.
- Trade Recommendation (NCDEX RM Seed – Oct.) – 1 Month: **BUY** Above 4481. T1 – 4681; T2 - 4780; SL –4361.

## Annexure

### Oil Meal Prices at Key Spot Markets:

Soy DOC Rates at Different Centers			
Centers	Ex-factory rates (Rs/ton)		
	31-Aug-16	30-Jul-16	Parity To
Indore (MP)	29800	33200	Gujarat, MP
Kota	29700	32800	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	31200	34400	Mumbai, Maharashtra
Nagpur (42/46)	32000	34750	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	33000	34500	Andhra, AP, Kar, TN
Latur	31000	34500	-
Sangli	30500	36000	Local and South
Sholapur	30700	34400	Local and South
Akola	31800	33700	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Hingoli	34500	34600	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Bundi	30000	32500	-

Soy DOC at Port			
Centers	Port Price		
	31-Aug-16	31-Jul-16	Change
Kandla (FOR) (INR/MT)	33000	36000	-3000
Kandla (FAS) (USD/MT)	492	525	-33

International Soy DOC			
Argentina FOB USD/MT	30-Aug-16	31-Jul-16	Change
Soybean Pellets	350	395	-45
Soybean Cake Flour	350	395	-45
Soya Meal	358	403	-45

Soy Expellers	358	403	<b>-45</b>
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Sunflower (DOC) Rates	Ex-factory rates (Rs/ton)		
Centers	31-Aug-16	31-Jul-16	Change
Adoni	23500	21800	<b>1700</b>
Khamgaon	NA	NA	-
Parli	23500	22200	<b>1300</b>
Latur	21000	21800	<b>-800</b>

Groundnut Meal (Rs/MT)	31-Aug-16	31-Jul-16	Change
Basis 45%, Saurashtra	27500	29800	<b>-2300</b>
Basis 40%, Saurashtra	24500	25800	<b>-1300</b>
GN Cake, Gondal	27000	29800	<b>-2800</b>

Mustard DOC/Meal	31-Aug-16	31-Jul-16	Change
Jaipur (Plant delivery)	19200	19800	<b>-600</b>
Kandla (FOR Rs/MT)	19700	20200	<b>-500</b>
Sri Ganganagar	2355	2405	<b>-50</b>

## 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 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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