
Oilmeal Monthly Research Report

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Executive Summary

Soybean and meal fell primarily on supply pressure while rapeseed-mustard witnessed some gains on improved buying in the physical market, during the month under review.

The *kharif* oilseed supplies are strong after newly harvesting of soybean and groundnut seed. However, the soybean arrivals are gradually falling from its peak, tested in mid-October.

Solvent extractors and stockists are actively buying the newly harvested oilseeds to cover their stock.

Slight improvement in seasonal and overseas demand in soy meal remained supportive for soy meal. However, we rule out any sharp rise in the meal, in near-term.

The domestic rapeseed-mustard planting is reportedly ahead previous level and we feel India's area under rapeseed-mustard should increase by 3 – 5% this season.

CBOT soybean has extended gains on strong demand for US soybean and technical buying during the month in review.

The domestic soybean and meal are expected to feature range-bound movement with firm bias on expectation of good *kharif* oilseeds demand from stockiest and solvent extractors.

Further, the rapeseed-mustard is expected to edge-up on winter demand but rise in the *kharif* oilseeds production will limit the gains.

Outlook – Cash Market

Outlook - Soybean (Spot, Indore): The soybean fell primarily on supply pressure and record US soybean production. Besides, higher domestic soybean production this season, weak soy meal exports, record US soybean production will limit the gains in the domestic soybean to some extent. The prices are expected to feature range bound movement between the price band of 2950 – 3150 levels (Indore, Plant basis).

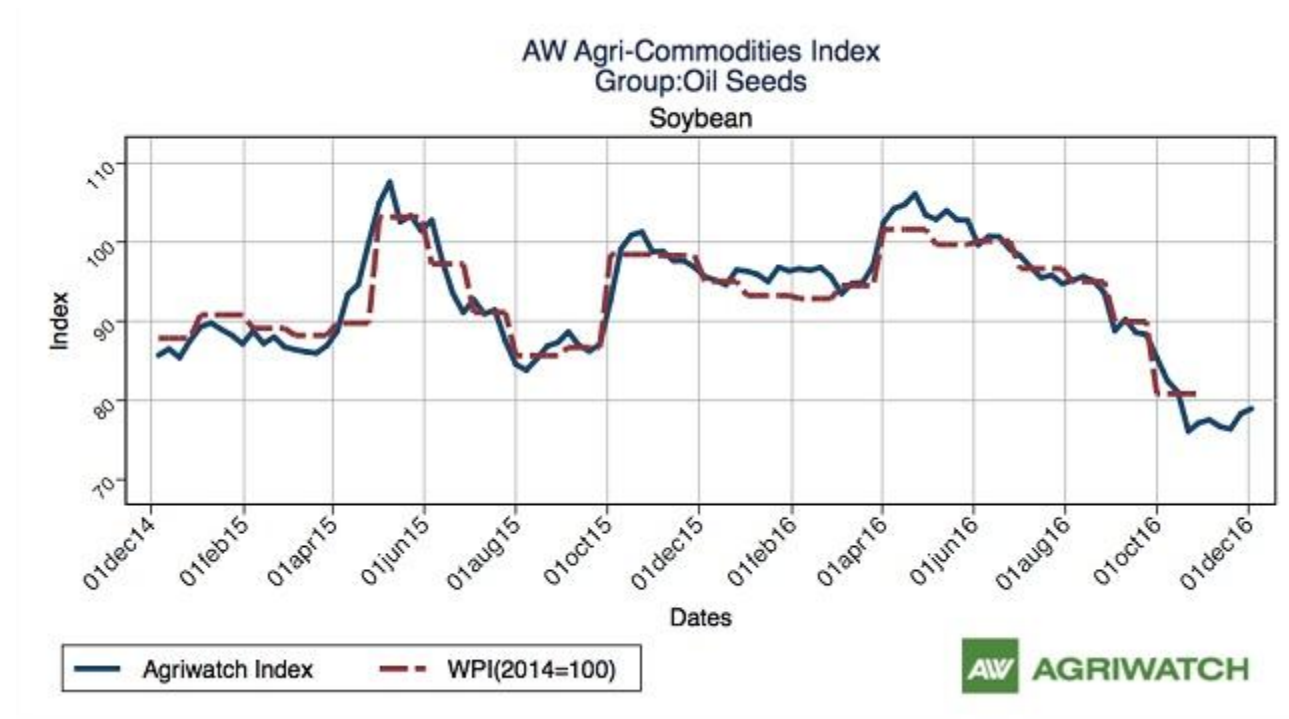
Outlook – Soy meal: Soy meal fell in tandem with soybean on bearish outlook this season. Expectation of higher crushing on likely good soybean production on better distribution of seasonal rainfall in the key soybean domestic regions and weak soy meal exports is limiting the gains in the domestic soy meal. 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 within near-term. Soy meal, Indore is expected to be in between the range of 23,000 – 25,000/MT levels during December.

Outlook - Rapeseed-Mustard (Spot, Jaipur basis): The rapeseed-mustard witnessed some gains on good buying support during the month. Likely renewed buying by miller's, to meet the seasonal and fresh mustard oil demand for upcoming winter demand will push up the seed prices. The seed prices are likely to edge-up and witness the levels between 4,700 – 4,900/Qtl; levels during the month - December.

AW Oilseeds Index – 04 December 2016

The Agriwatch Agri Commodities Index rose 0.44% to 116.24 during the week ended Dec 3, 2016 from 115.72 during the previous week. The base for the Index and all sub-Indices is 2014 (= 100).

In the commodity group sub-index, Oilseeds Index stood at 104.39 (+0.82%) 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. The daily indices are available on subscription. Please contact for more details."

International Highlights

- ❖ In the recent forecast Informa Economics has projected Argentina's 2016/17 soybean production at 56.0 million tonnes.
- ❖ Argentina's soybean planting is 57.6 percent (11.29 million hectares) complete of the 19.6 million hectares projected to be planted with soybean in 2016/17. The planting is higher by 11.6% from the corresponding period last year. Further, the weather is favorable for the soybean after recent rainfall which has increased the soil moisture, reported by Buenos Aires Grains Exchange.
- ❖ Informa Economics has raised its projection for the U.S. 2017 soybean planting at 88.612 million acres surpassing the record high of 83.17 million acres planted in 2016. The projected U.S. 2017 area under corn is slashed to 90.841 million acre from 90.971 million previously, which will divert to soybean.
- ❖ Informa Economic has raised its forecast of US 2016 soybean productivity to 52.4 bushels per acre in November from 51.6 bpa estimated in October.
- ❖ Informa has projected 2016 US soybean production at 4.353 billion bushels up from 4.3 billion bushels projected previous month.
- ❖ FCStone has raised its forecast for US 2016 soybean productivity to a record 52.8 bushels per acre from 52.5 in its October report.
- ❖ Further, FCStone has raised its US 2016 soybean production estimate to 4.386 billion bushels 4.357 billion bushels projected in October.
- ❖ 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 crop tour.
- ❖ Brazil's 2016/17 soybean crop is forecast up at 102.6 million tonnes compared to 96.3 million tonnes in 2015/16 marketing season, reported by Agroconsult.
- ❖ Brazil's 2016/17 soybean production is projected at 106 million tonnes by CRF, the production is much higher than the previous season (96.4 Mn T), when Brazil was hit by drought during the soybean crop development stage.
- ❖ Brazil's 2017 soybean exports are projected at 60 million tonnes which is up from 51-52 million estimated for the current marketing year 2016, reported by the National Association of Exporters of Cereals (ANEC).

- ❖ Further, CRF has projected Paraguay's soybean production at 8.6 million tonnes against 6.4 million tonnes produced last year.
- ❖ Abiove has forecast Brazil's 2017 soybean production at record 101.3 million tonnes compared to 96 – 98 million tonnes estimated for 2016 by various agencies. Abiove has estimated that Brazil will be able to export 57 million tonnes of soybean in 2017.
- ❖ Brazil's soybean output growth is projected at average 4.1% per year in next 10 years and soybean output is expected to surpass 140 million tonnes by 2025 by FCStone.
- ❖ Heavy rains over Argentina in October had delayed the soybean planting but have improved the soil moisture which has boosted the 2016/17 soybean production estimate by 2% to 55.3 million tonnes compared to last year's estimates which stood between 45.8 million tonnes, estimated by various agencies.
- ❖ Argentina postpones its decision to slash the soy export taxes for this year and 2017. The Argentine government has decided to ease the tax by 0.5% per month from January 2018 to December 2019, stated the President Mauricio Macri early this week.
- ❖ Macri had already cut the export tax from 35% to 30% in December shortly after Macri was elected as President and taking over the office.
- ❖ 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 Brazil's 2015-16 production by 1 million tonnes to 96.5 million tonnes, in its recent report. Besides, Informa has lowered 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 crushing, 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, as per 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.

Sown Area – *Rabi* Oilseeds, India

In the final official Rabi oilseeds planting report, by the Ministry of Agriculture, (week ending 02 Dec. 2016), the total coverage area under Rabi oilseeds is reported at 70.70 lakh hectares, up 10.1% from 64.21 lakh ha in the corresponding period of last year. Of the major oilseeds, rapeseed-mustard sowing is reported up by 13.6% at 61.73 lha compared to 54.32 lha during the corresponding period of last year. Groundnut at 4.64 lha vs 4.13 lha, safflower at 0.60 lha vs 0.90 lha, sunflower at 1.07 lha vs 2.24 lha, sesamum 0.17 vs 0.18 and Linseed at 2.08 lha vs 1.90 lha during the same period last year.

Area in Lakh Hectares

<i>Crop</i>	<i>As on 02 Dec. 2016</i>	<i>As on 02 Dec. 2015</i>	<i>% Change</i>
Rapeseed/Mustard	61.73	54.32	13.6
Groundnut	4.64	4.13	12.3
Safflower	0.60	0.90	-33.3
Sunflower	1.07	2.24	-52.2
Sesamum	0.17	0.18	-5.6
Linseed	2.08	1.90	9.5
Others	0.41	0.54	-24.1
Total Oilseeds	70.70	64.21	10.1

Source: MoA, GOI

Soybean

The domestic soybean fell primarily on new crop supply pressure and forecast of higher domestic soybean production this season.

Further, fall in the CBOT soybean towards the end of the month remained supportive. However, recent gains in the international soybean marked 4-1/2 month high, currently ruling above US \$ 10/bushel.

The oilseeds processors are covering their soybean stock for future with arrivals at good volume across the key market centers.

Expectation of rise in soy meal export coupled with the domestic seasonal meal demand will lend further support to the bean prices in near-term.

The soybean supplies have once again improved in Madhya Pradesh, Maharashtra and Rajasthan which fell in third and fourth week of November.

We feel the trade volume in the soybean at cash market will improve further to meet the fresh domestic and international demand in oils and fats.

The major buyers in Madhya Pradesh who resumed the trade during the week are as follows: Amrit Mandsaur, Ambika Joara, Agrawal Neemuch, Adani, Agro Sol. Datia, Avi Agro, Bansal, Bajrang, Betul Oil, Dhanuka, Divya Jyoti, G. Ambuja, Itarsi, Indian Soya, Khandwa, Khyati, Kriti, K.P. Newari, Mahakali, M.S. Neemuch, Prakash, Oyster Exim, Prestige, Ruchi, Rama, RH Solvex, SSA Mandideep, Shanti, Sawariya Itarsi, Sitashri, Vippy (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 of fresh buying by the solvent extractors and stockists. However, higher soybean production this season, weak soy meal export sales will limit the gains in soybean in near-term.

International:

The CBOT soybean witnessed 4-1/2 month high prices on multiple factors during the month under review.

Expectation of fall in export demand for US soybean, favourable weather for soybean planting in Brazil and Argentina and end of month position squaring.

The CBOT soybean fell from 4-1/2 month high, January contract soybean prices fell to US \$ 10.12/bushel and finally settled at US \$ 10.27/bushel compared to US \$ 10.46/bushel last week.

Active selling by Brazil and Argentina after weakening of currencies has made South American soy prices competitive. This is expected to shift big buyers like China's demand to South America.

Argentina's soybean planting is 46% (9 million hectares) complete of the 19.6 million hectares projected to be planted with soybean in 2016/17.

The planting is lagging by 8.4% from the corresponding period last year. Further, the weather is favourable for the soybean after recent rainfall which has increased the soil moisture, reported by Buenos Aires Grains Exchange.

Previous updates:

U.S. Environmental Protection Agency (EPA) increased US biodiesel production target by 6.5 percent in 2017 to 19.28 billion gallons compared to previous mandate of 18.11 billion gallons. Conventional biodiesel use is raised to 15 billion gallons which is mainly corn based biodiesel. Rest 4.28 billion gallons is set for advanced biodiesel mandate where soy oil is the major contributor. This step will decrease soy oil end stocks in US.

Informa Economics has raised its projection for the U.S. 2017 soybean planting at 88.612 million acres surpassing the record high of 83.17 million acres planted in 2016. The projected U.S. 2017 area under corn is slashed to 90.841 million acres from 90.971 million previously, which will divert to soybean.

Informa Economic has raised its forecast of US 2016 soybean productivity to 52.4 bushels per acre in November from 51.6 bpa estimated in October.

Informa has projected 2016 US soybean production at 4.353 billion bushels up from 4.3 billion bushels projected previous month.

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Brazil's 2017 soybean exports are projected at 60 million tonnes which is up from 51-52 million estimated for the current marketing year 2016, reported by the National Association of Exporters of Cereals (ANEC).

ANEC, Brazilian grain export association has slashed its forecast for the country's 2016 soybean export for 52 million tonnes against 57 million tonnes in 2015 season.

However, ANEC expects Brazil's 2017 soybean exports to reach 53 million tonnes.

Brazil's 2016/17 soybean production is projected at 106 million tonnes by CRF, the production is much higher than the previous season (96.4 Mn T), when Brazil was hit by drought during the soybean crop development stage.

Further, CRF has projected Paraguay's soybean production at 8.6 million tonnes against 6.4 million tonnes produced last year.

However, Brazil's 2016/17 soybean crop is forecast up at 102.6 million tonnes compared to 96.3 million tonnes in 2015/16 marketing season, reported by Agroconsult.

Abiove has forecast Brazil's 2017 soybean production at record 101.3 million tonnes compared to 96 – 98 million tonnes estimated for 2016 by various agencies.

Abiove has estimated that Brazil will be able to export 57 million tonnes of soybean in 2017.

Conab, Brazil's agricultural statistics agency has reported that the country's 2017 soybean production could increase to 104 million tonnes from 95.5 million tonnes in drought hit year 2016.

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

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.

Heavy rains over Argentina in October had delayed the soybean planting but have improved the soil moisture which has boosted the 2016/17 soybean production estimate by 2% to 55.3 million tonnes compared to last year's estimates which stood between 45.8 million tonnes, estimated by various agencies.

Argentina's 2016/17 area under soybean is forecast at 20.22 million hectares (49.96 Mn Acres), reported by the Argentina's agriculture ministry.

Argentina's 2016 area under soybean is expected lower by 2.5% to 19.6 million hectares from last year. This fall is primarily due to the rising cultivation cost and lower bean prices, said Buenos Aires Grains Exchange. About 11% of the Argentina's soybean planting is complete.

Argentina is expected to produce 53 Mn T of soybeans in 2016/17 compared to 56 Mn T in 2015/16. Area will shift towards corn and wheat where export duties were slashed to zero when the current president took the office, said Buenos Aires Grains Exchange.

Argentine government has postponed a tax slash premeditated for next marketing year on exports of soy and its products. The country is reeling into economic slump and dependent of the fiscal revenue.

The imports volume were below market expectations and lowest monthly imports reported since February when the imports were reported at 5 million tonnes, reported by General Administration of Customs of China.

China's 2016/17 soybean imports growth are expected to slow down on higher state reserve or inventories and increase in China's soybean production this season.

China's soybean production is up 13% to 13.1 million tonnes, highest in last 5 years, reported by China National Grain and Oils Information Center (CNGOIC).

China's soybean imports slowed down due to its higher state soy inventories.

Oil World is considering that US exporters will increase shipments to China by 4 Mn T in next six months.

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

Paraguay's area under soybean is expected to increase in 2016/17 due to favorable soy prices and expected better returns also production is forecast up at 8.6 million tonnes compared to 6.4 million tonnes last season.

The international soybean prices are expected to feature range bound movement with firm bias on strong export demand for US soybean, strength in crude oil.

Balance Sheet – Soybean, India

Fig. in MnT

Soybean (Fig in Mn T) MY- Oct.-Sep.			Q3	Q4	Q1	Q2
	2015- 16E	2016- 17F	Oct-Dec'16 F	Jan-Mar'17 F	Apr-Jun'17 F	July-Sep 17 F
Carry In	0.23	0.23	0.23	4.83	2.65	1.38
Production	9.00	11.50	11.5	0	0	0
Imports	0.00	0.00	0	0	0	0
Total Availability	9.23	11.73	11.73	4.83	2.65	1.38
Processing/Crushing	7.50	10.00	6.65	1.94	0.77	0.65
Exports & Direct Consumption	0.50	0.50	0.25	0.25	0.00	0.00
Seeding/Retained for Sowing	1.00	1.00	0	0	0.5	0.5
Total Usage	9.00	11.50	6.90	2.185	1.265	1.15
Carry Out	0.23	0.23	4.83	2.65	1.38	0.23
Monthly Use	0.75	0.96				
Stock/Consumption Ratio	0.03	0.02				
Stock to Month Use Ratio	0.30	0.23				

Source: Agriwatch

- **Trade Observations: Active buying activity is featured in soybean at various key cash markets. The solvent extractors and stockists are covering their stock future and to meet the soy meal commitments both at overseas and domestic front.**
- India's 2016/17 soybean production is projected at 11.5 million tonnes against 9.0 million last season.
- We expect India's 2016/17 soybean crush at 10.0 million tonnes vs 7.5 million in 2015/16.
- This translates into 8 million tonnes of soy meal and 1.8 million tonnes of soy oil availability in 2016/17.
- Higher crushing mean increase in the availability of soy meal. India's soy meal prices have to compete with the meal prices of South America in 2016/17 also.

Soy meal

The domestic soy meal fell in sync with soybean on expectation of higher soybean crushing this season.

We expect the overseas and domestic demand to pick up further in coming days.

The poultry demand increases in winter, which boost the soy meal demand for poultry feed from feed manufactures and directly from poultry units.

However, the meal prices are unlikely to post sharp gains to keep the exports window open and for forward booking for some more time.

Higher domestic soybean production in 2016/17 will eventually increase the soybean crushing which will further increase the availability in soy meal this season.

We expect India's soy meal exports to slightly recover in the new season with higher 2016/17 soybean production leading to higher crushing eventually increasing the meal supplies.

Further, soy meal witnessed losses in the international market and January CBOT soy meal witnessed gains and settled at US \$ 313.5 per short ton compared to US \$ 323.1 per short ton last week.

The domestic soy meal prices at Indore, improved and was quoted at Rs 24,200 – 25,100/MT compared to Rs 24,100 – 25,000/MT in the last week of November.

At Latur and Nanded, Maharashtra, soy meal continued downtrend and were quoted at Rs 25,200/MT compared to Rs 24,200/MT in Indore and Rs 24,500/MT in Kota. In a notable feature, the meal prices of the various centers of Maharashtra fell to the meal price of Indore.

India's soy meal exports and its other value added products (HS Code 2304) during November 2016 is 61,003 tons compared to 29,801 tons in November 2015 showing an increase of 104% over the same period of last year.

On a financial year basis, the export during April'2016 to November'2016 is 1,55,874 tons as compared to 2,73,433 tons in the same period of previous year showing a decrease of 43%.

During current Oil year, (October – September), total exports during October 2016 to November, 2016 is 80,142 tons as against 71,905 tons last year, showing an increase by 11.45%, as reported by SOPA.

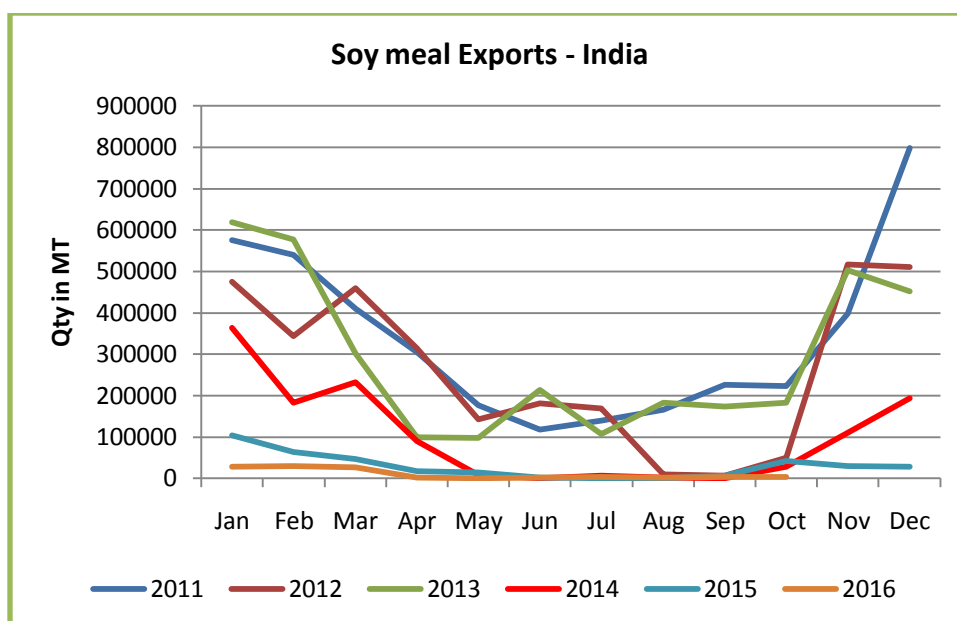
Japan (14,542.5 MT), Myanmar (8,083.546 MT), Sri Lanka (7,435.076 MT), Thailand (6,744.31 MT) and Kuwait (3,262.56 MT) were the key buyers of Indian origin meal in November.

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

Indian meal prices must 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 buying by the poultry and feed manufacturing industry. However, higher domestic and international soybean production will limit the gains market, in near-term.



India's Y-o-Y soy meal prices, Indore, are currently lower. Soy meal Indore was quoted lower between Rs 23,200 – 25,100/MT during the month – November compared to Rs 32650 – 34000/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	1127
Mar	224639	224639	163666	410537	460464	302131	232176	46670	430.1
Apr	539175	100106	60264	305033	313832	100312	75884	18017	1442
May	326875	77018	60575	176819	142588	97547	8226	14045	1015
Jun	241508	109923	98400	117600	180987	213564	2636	2098	2672
Jul	282438	58268	166632	139547	168341	107038	6682	929	3290
Aug	205890	127299	176138	165510	10005	183555	2778	768	1726
Sep	68443	171955	290868	225921	6525	173381	868	6886	3343
Oct	88723	219721	404960	223594	49840	182724	29071	4237	3177
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	95139

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 – Nov. 2016		Avg Crush Margin – Oct. 2016		Avg Crush Margin – Nov. 2015	
-503		-44		-1376	
Min	Max	Min	Max	Min	Max
-1510	250	-1150	1186	-1900	-625

The domestic soybean crush margins of November have deteriorated from October this year but it is much better than the corresponding period last year.

Technical Analysis:

NCDEX Soybean Futures



Soybean Spot, Indore



*Daily Chart

Support & Resistance NCDEX- Soybean Jan. Contract

S1	S2	PCP	R1	R2
3300	3200	3182	3403	3550

- Soybean, Jan. contract, extended losses on selling pressure in the market.
- Prices closed below 40-day EMA.
- MACD is falling in the negative territory.
- RSI and stochastic are easing in oversold zone.
- Trade Recommendation (NCDEX Soybean – Jan.) – 1 Month: **BUY** Above 3280. T1 – 3180; T2 - 3100; SL –3340.

Rapeseed - Mustard Seed

The domestic rapeseed-mustard posted gains on better buying in the seed mainly by the oilseed processors to meet the fresh winter mustard oil demand.

Weak supplies due to lean season remained supportive for the prices at higher levels. However, the gains will be limited due to the strong newly harvested seasonal *kharif* oilseeds supplies.

Continued, gains in BMD CPO will remain positive for the domestic seed market. India's rapeseed-mustard follows the international palm oil as India imports the oil in huge quantities.

The seed prices at benchmark, Jaipur was quoted between Rs. 4,830 – 4,905 per quintal and they are lower from Rs. 4,875 – 5,155 per quintal witnessed in the corresponding periods last year.

The all India daily arrivals of the seed continued to ease and were reported between 0.25 – 0.85 lakh bags and are lower compared to 0.50 – 1.15 lakh bags during the corresponding period last year.

RM Seed Supply, Pan India

RM Seed Arrivals Pan India in Bags (85 kg each).		
Monthly Arrivals– Nov.	1 Month Ago	Corresponding Period Last Year
11,05,000	16,30,000	20,25,000

The domestic rapeseed planting is reportedly up by 13.6% at 61.73 lha compared to 54.32 lha during the corresponding period of last year.

The market is waiting for India's November edible oil imports data, we are expecting imports to be lower year-on-year.

India's October edible oil imports fell 29.8 percent y-o-y to 11.58 lakh tons from 16.50 lakh tons in October 2015. Palm oil imports fell 33.8 percent y-o-y to 7.39 lakh tons y-o-y from 11.16 lakh tons in October 2015. CPO Imports fell 41.5 percent y-o-y to 5.14 lakh tons from 8.78 lakh tons in October 2015. RBD palmolein imports fell marginally y-o-y to 2.22 lakh tons from 2.28 lakh tons in October 2015. Soy oil imports rose 31.4 percent y-o-y to 2.78 lakh tons from 4.05 lakh tons in October 2015. Sunflower oil imports fell by 15 percent y-o-y to 0.99 lakh tons from 1.13 lakh ton in October 2015, reported by the Solvent Extractors Association (SEA).

India's October edible oil stocks at ports and pipelines fell 7.4 m-o-m at 19.35 lakh tons from 20.9 lakh tons in September 2016. Stocks of edible oil at ports fell to 705,000 tons (CPO 210,000 tons, RBD Palmolein 95,000 tons, Degummed Soybean Oil 325,000 tons, Crude Sunflower Oil 55,000 tons and 20,000 tons of Rapeseed (Canola) Oil) and about 1,230,000 tons in pipelines (stocks in pipelines were at 1,300,000 tons in September). India was holding 35 days of edible oil requirement on 1st November, 2016 at 19.35 lakh tons compared to 38 days of requirements last month. India's monthly edible oil requirement is 16.5 lakh tons, As per Solvent Extractors Association (SEA).

Malaysia's November palm oil exports fell 12.8 percent to 1,130,172 tons compared to 1,295,576 tons last month. Top buyers were European Union at 215,995 tons (307,685 tons), China at 215,655 tons (178,711 tons), India at 118,010 tons (189,724 tons), United States at 55,556 tons (41,270 tons) and Pakistan at 22,000 tons (59,770 tons). Values in brackets are figures of last month, reported cargo surveyor Societe Generale de Surveillance (SGS).

Malaysia's October palm oil end stocks rose 1.79 percent to 15.74 lakh tons compared to 15.46 lakh tons in September. Palm oil end stocks are much below market expectations. Production fell 2.17 percent to 16.78 lakh tons compared to 17.15 lakh tons in September, said MPOB.

Indonesia is expected to produce 32-33 MMT of palm oil in 2017 compared to estimated production of 28.5-30 MMT in 2016, higher by 16 percent y-o-y. Production in 2015 was 33 MMT. Wet condition in 2016 in Indonesia is primary reason for higher production in 2017. Exports are expected to grow to 23-25 MMT in 2017 compared to 23 MMT estimated in 2016. Palm oil prices rose in 2016 due to lower stocks of palm on El Nino, crude oil prices and biodiesel mandates in Indonesia and Malaysia, said Indonesia Palm Oil Association (GAPKI).

Outlook: The rapeseed-mustard is expected to witness gains on seasonal-winter demand in mustard oil and dwindling seed supplies.

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)

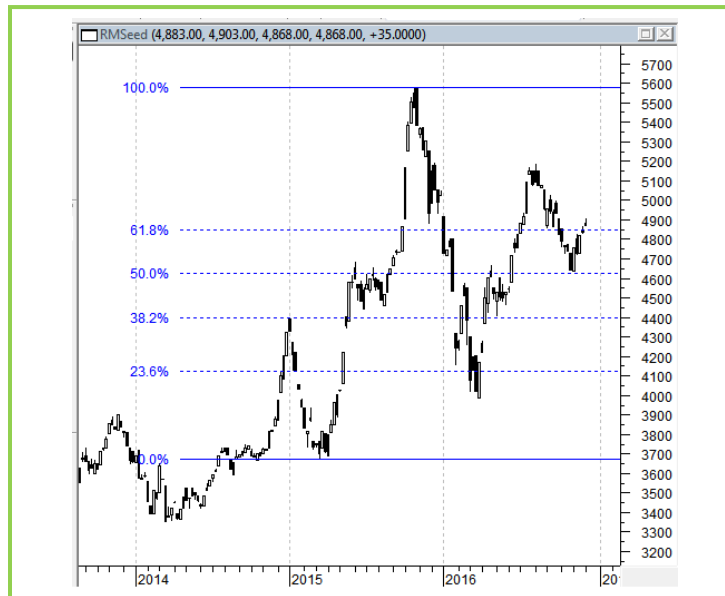
- We have pegged India's 2016/17 Rapeseed-mustard outturn at 5.8 million tonnes, slightly lower by 1% compared to the 2015/16 production at 5.9 million tonnes.
- India's production is below 5 year average of around 7.0 million tonnes. This is mainly due to the fall in sown area in last couple of years.
- **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 Jan. Contract

S1	S2	PCP	R1	R2
4300	4200	4876	5000	5100

- Rapeseed-mustard posted gains in November.
- Prices closed below 40-day EMA.
- MACD is easing in positive territory.
- RSI and stochastic are falling in neutral zone.
- Trade Recommendation (NCDEX RM Seed – Jan.) – 1 Month: **BUY** Above 4770. T1 – 4870; T2 - 4930; SL –4710.

Annexure

Oil Meal Prices at Key Spot Markets:

Soy DOC Rates at Different Centers			
Centers	Ex-factory rates (Rs/ton)		
	30-Nov-16	31-Oct-16	Parity To
Indore (MP)	24500	25000	Gujarat, MP
Kota	24900	25300	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	24300	25000	Mumbai, Maharashtra
Nagpur (42/46)	25800	25500	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	25200	26000	Andhra, AP, Kar, TN
Latur	25200	25000	-
Sangli	26300	25100	Local and South
Sholapur	24300	25101	Local and South
Akola	25200	25000	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Hingoli	25000	24500	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Bundi	25000	24500	-

Soy DOC at Port			
Centers	Port Price		
	30-Nov-16	30-Oct-16	Change
Kandla (FOR) (INR/MT)	26000	25800	200
Kandla (FAS) (USD/MT)	380	386	-6

International Soy DOC			
Argentina FOB USD/MT	29-Nov-16	30-Oct-16	Change
Soybean Pellets	341	342	-1
Soybean Cake Flour	341	342	-1
Soya Meal	349	350	-1
Soy Expellers	349	350	-1

Sunflower (DOC) Rates		Ex-factory rates (Rs/ton)	
Centers	30-Nov-16	30-Oct-16	Change

Adoni	17500	17800	-300
Khamgaon	NA	NA	-
Parli	17600	18200	-600
Latur	17200	NA	-

Groundnut Meal (Rs/MT)	30-Nov-16	30-Oct-16	Change
Basis 45%, Saurashtra	23000	22500	500
Basis 40%, Saurashtra	21000	20500	500
GN Cake, Gondal	25000	23000	2000

Mustard DOC/Meal	30-Nov-16	30-Oct-16	Change
Jaipur (Plant delivery)	19200	18400	800
Kandla (FOR Rs/MT)	19500	18400	1100
Sri Ganganagar	2360	2285	75

MSP for 2016/17 Kharif Oilseeds

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 2016/17 Rabi Oilseeds

The Cabinet Committee on Economic Affairs has approved the Minimum Support Prices (MSPs) for Rabi Oilseeds Crops of 2016-17 season are as follows: The MSP of Rapeseed/Mustard is raised (10.4%) by Rs. 350/Qtl to Rs. 3,700/Qtl from Rs. 3,350/Qtl earlier. For Safflower too it is increased (12.1%) by Rs. 400/Qtl to Rs. 3,700/Qtl from Rs. 3,300/Qtl in 2014-15. Further, to incentivise cultivation of oilseeds, the Cabinet has decided to give a bonus of Rs 100/- per quintal each for Rabi oilseeds including Rapeseeds/Mustards and Safflower, over and above the recommendations of the CACP.

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