
Oilmeal Monthly Research Report

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Executive Summary

Soybean and meal posted gains on supportive buying in bean by the oilseeds processors and good overseas demand in soy meal. However, rapeseed-mustard declined on seasonal supply pressure and increase in production in the same this season.

Besides, rise in the oil recovery in the rapeseed-mustard by 2-3% across the key growing belt remained bearish for the seed.

The bean prices slightly edged-up and are moving within the price band of 2900 – 3110 levels but they are still close to the price witnessed during peak supplies at the time of soybean harvest. This is to keep the soy meal prices competitive against the South American meal prices.

India's soy meal exports are good despite appreciation of INR against US dollar, strength in currency will hurt the exports in coming days. Besides strong seasonal soy supplies from South America will remain limiting factor for the domestic soybean.

Rapeseed-mustard arrivals continued to be strong and it is continuously pressuring the seed market.

The rapeseed-mustard prices will continue to remain under pressure and they are expected to slightly move lower from current levels in near-term. Also, soybean and meal will continue to reel under supply pressure in near to medium-term.

Outlook – Cash Market

Outlook - Soybean (Spot, Indore): The soybean prices slightly edged-up on buying support and strength in INR against US dollar but higher production will limit the gains. Further, record South American soybean supply outlook will continue to be pressurizing factor for the domestic soybean. The prices are expected to feature range bound movement between the price band of 2900–3100 level (Indore, Plant basis) during the month - May.

Outlook – Soy meal: Soy meal prices featured some gains in tandem with soybean. But, appreciation in INR against USD will render India's meal exports non-competitive in the international 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 remain under supply pressure and feature range bound movement in near-term. Soy meal, Indore is expected to be in the range of 25,000 – 26,000/MT levels during the month.

Outlook - Rapeseed-Mustard (Spot, Jaipur basis): The rapeseed-mustard is expected to remain under pressure supply pressure, but good buying support by the solvent extractors will limit the losses. Further, higher domestic seed production this season will remain bearish for the season. The seed prices are likely to feature weakness and witness the levels between 3700 – 3850/Qtl; levels during the month - May.

International Highlights

- ❖ Brazil's 2016/17 soybean crop production is estimated up at 107.3 million tonnes compared to 104.6 million tonnes projected in February by Abiove.
- ❖ Brazil's 2017 soy shipments are projected at 59.8 million tonnes up from 58.7 million tonnes estimated in February.
- ❖ The Ministry of Agroindustry has slightly slashed Argentina's 2016/17 soybean area to 19.42 million hectares from 19.45 million projected in the previous estimated.
- ❖ The Buenos Aires Grains Exchange has projected Argentina's 2016/17 soybean production at 56.5 million tonnes which is up from its previous forecast of 54.8 million.
- ❖ Paraguay's 2016/17 soybean crop is projected more than 10 million tonnes, said the Agriculture Minister Juan Carlos Baruja. Paraguay is world's No.4 soybean exporter.
- ❖ Allendale has projected US 2017 soybean seeding up to 88.825 million acres from 83.433 million in 2016. The diversion is from corn acreage which is estimated lower at 90.018 million acres in 2017 from 94.004 million in 2016. The agency has also reduced the wheat planting area.
- ❖ If realized, Allendale's forecast for US soybean acreage would be highest on record.
- ❖ Informa too has raised the US 2017 soybean planting projection to 88.7 million acres from 88.647 million acres estimated in January.
- ❖ The agency has projected the US 2017/18 soybean production at 4.22 billion bushels with an average yield of 48.0 bushels per acre.
- ❖ Rosario Stock Exchange has raised its Argentina's 2016/17 soybean production estimate at record 56 million tonnes up from 54.5 million tonnes projected in January.
- ❖ USDA in its monthly demand and supply report projected Brazil's 2016/17 soybean production to a record 108 million tonnes up from 104 million estimated in its February report.
- ❖ Conab has once again raised Brazil's 2016/17 soybean crop production estimate 107.6 million tonnes which is up 2 million tonnes from its previous estimate in February 2017.
- ❖ The agency has projected Brazil's 2016/17 soybean exports at 59 million tonnes compared to 51.5 million tonnes in previous estimates.

- ❖ INTL FCStone have raised Brazil's 2016/17 soybean crop production estimate by 5 million tonnes to 109.7 million tonnes from its previous estimate and about 15 million tonnes from its previous season's estimate.
- ❖ The raise is attributed to higher yield potential on favourable weather.
- ❖ Brazil's 2016/17 soybean production is projected at 109.65 million tonnes compared to 105.02 million tonnes in February by Celeres.
- ❖ Besides, FC Stone has also increased Brazil's 2016/17 soybean production estimate to 109.07 million tonnes, up by 15 million compared to the previous season. Record output yield potential this season is attributed to the rise in the production estimate.
- ❖ China, the world's largest soybean buyer, is now expected to import 87 million tonnes this year, up from the 86 million that USDA issued last month. This is an all-time high for the country, which imported 83.23 million tonnes of soybeans last year.
- ❖ USDA has projected China's 2016/17 soybean imports to 87 million tonnes in the monthly demand and supply report which is up from 86 million estimated in February report.
- ❖ The import volume is all-time high for China which imported 83.23 million tonnes in 2015/16.
- ❖ Chinese agribusiness group New Hope and Cargill are jointly installing soybean crushing unit in the China's Hebei province with a daily crush capacity of 50,000 tonnes.
- ❖ Brazil's 2016/17 soybean crop production is forecast at 105 million tonnes which is up from 95.4 million tonnes estimated in 2015/16 by Oil World.
- ❖ Brazil is expected to export around 52.3 million tonnes during February/August 2017 against 47.8 million tonnes in the corresponding period last year.
- ❖ Informa Economics has also raised its Brazil's 2016/17 soybean production estimate to 108 million tonnes from 106.5 million tonnes projected previously.
- ❖ Informa has projected Argentina's 2016/17 soybean crop at 55.0 million tonnes.
- ❖ US 2017 soybean seeding is seen up at 88 million acres compared to 83.4 million in 2016 while corn area is reduced to 90 million acres from 94 million in 2016, projected by USDA.

Sown Area – *Rabi* Oilseeds, India

In the official Rabi oilseeds planting report, by the Ministry of Agriculture, the total coverage area under Rabi oilseeds is reported at 84.35 lakh hectares, up 6.2% from 79.42 lakh ha in the corresponding period of last year. Of the major oilseeds, rapeseed-mustard sowing is reported up by 9.3% at 70.56 lha compared to 64.53 lha during the corresponding period of last year. Groundnut at 6.16 lha vs 5.96 lha, safflower at 0.95 lha vs 1.17 lha, sunflower at 1.69 lha vs 3.21 lha, sesamum 0.57 vs 0.71 and Linseed at 3.84 lha vs 2.93 lha during the same period last year.

Area in Lakh Hectares

Crop	2017	2016	% Change
Rapeseed/Mustard	70.56	64.53	9.3
Groundnut	6.16	5.96	3.4
Safflower	0.95	1.17	-18.8
Sunflower	1.69	3.21	-47.4
Sesamum	0.57	0.71	-19.7
Linseed	3.84	2.93	31.1
Others	0.58	0.91	-36.3
Total Oilseeds	84.35	79.42	6.2

Source: MoA, GOI

Soybean

The domestic soybean featured some gains on supportive buying by the oilseeds processors to cater the overseas soy meal demand, during the month under review.

Gains in the international soybean too remained somewhat supportive.

We expect the volume of soy meal exports to ease in coming months. Seasonally India's soy meal exports are at high in volume during October thru February due to higher pace in crushing the bean.

But, the strength in INR against US dollar remained limiting factor as the Indian soy meal price has been out-priced in the international market with the rise of US \$ 20-30/ton.

Higher domestic soybean production subsequently improved soy meal production outlook will continue to limit the gains in bean. Slack in domestic soy meal offtake due to weak poultry demand and cheap soy oil imports too remained limiting factor.

The bean supplies have fallen month-on-month. About 20,000– 80,000 bags of soybean have arrived in the cash markets of Madhya Pradesh in a day against 10,000 – 45,000 bags during the corresponding period last year.

CACP has raised the recommendation of MSP for soybean to Rs 2,850 a quintal for the 2017-18 season, an increase of Rs 75. That for groundnut is recommended to be maintained at Rs 4,220 a quintal.

Currently, the bean prices are around the levels where they were at the time of harvest in October.

The major buyers in Madhya Pradesh are as follows: AmritMandsaur, AmbikaJoara, Agrawal Soy Dewas, Agrawal Neemuch, Adani, Agro Sol. Datia, Avi Agro, Bansal, Bajrang, Betul Oil, Dhanuka, DivyaJyoti, 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 Overseas, Sawariyaltarsi, Sitashri, Vippy (10-2-2 specification) for Dewas and Mandsaur delivery during the week.

Previous Update

Higher soybean supplies mean increase in crushing and eventually availability of more soy meal, which if not exported in time will lead to huge disparity in crushing.

India's domestic soy meal consumption is around 5 million tonnes and the production is expected to be 8 million tonnes, the surplus 3 million needs to be exported on time for parity in crush margin and for the betterment of the industry during the season.

The lower soy meal prices have increased the exports prospects leading the competitive against the South American meal prices, after 3-years of weak soy meal exports of Indian origin. The oilseeds processors want the meal prices to be lower so that the soy meal exports window remains open for some more time, when India has produced higher soybean this season.

The soybean supplies continued to be higher compared to the corresponding period last year, not only in Madhya Pradesh but also in the key cash markets of Maharashtra and Rajasthan.

The domestic soybean prices are likely to feature range-bound movement with weak bias on strength in INR vs USD, weakness in international soybean, in near-to-medium-term.

International:

The benchmark CBOT soybean remained under pressure primarily on expectation of higher 2017 US soybean planting and strong

At CBOT, the soybean, in the most active May contract, witnessed the prices at US \$ 9.45/bushel compared to US \$ 9.46/bushel last week.

Above has once again raised Brazil's 2016/17 soybean production forecast to 110.7 million tonnes, up 3.2% from the previous estimate released in March.

The agency has also raised Brazil's 2016/17 soybean exports forecast to 60.3 million tonnes, which is slightly above its previous estimate by 0.8%.

Higher than expected soybean yields across Argentina could offset the losses in 1 million hectares lost due to drought and flooding this season, said Buenos Aires grains Exchange.

The exchange has estimated Argentina's 2016/17 soybean production at 56.5 million tonnes.

Argentina's 2016/17 harvesting has advanced by 16% over the previous week to a total of 32.3% of the total planted area. The harvesting window lasts from March to June.

EU soybean imports fell 5% by 25 April 2017 and registered imports of 10.9 million tonnes from 11.5 million tonnes during the corresponding period last season.

EU soy meal imports during Jul. – Jun. 2016/17 season stood at 14.4 million tonnes, down 14% from 16.7 million tonnes during the corresponding period last year.

NOPA member's soybean crush figures stood below expectations during March, this was yet another pressurizing factor for the international soybean.

The National Oilseed Processors Association (NOPA) reported that its members processed 153.060 million bushels during March, down from 156.690 million bushels during the corresponding period last year and also below from market expectations.

The volume is higher compared to 142.792 million bushels crushed in February.

Previous updates:

Argentina's next season's soybean planting is expected to decline for the second consecutive year and shift to corn.

Oil World has raised their forecast of 2016/17 South American soybean production to a record 182.4 million tonnes which is up 16.9 million tonnes from the previous season.

The agency – Oil World has projected China's Oct/Sept 2016/17 soybean imports to 89.0 million tonnes, the figure is higher compared to the China's official figures which estimated the imports at 86.5 million tonnes during the same period.

Conab has increased Brazil's 2016/17 soybean production estimate for the fourth time to 110.2 million tonnes, up 2.4% from its previous forecast in March.

The agency has raised the forecast for country's soybean shipments to 61 million tonnes, up from previous estimate of 59 million tonnes. It has also raised the domestic soybean consumption by 7% in the current season to 46.5 million tonnes.

China's 2016/17 soybean imports are projected up at 86.5 million tonnes compared to the previous forecast of 85.31 million tonnes, China's Ministry of Agriculture.

China's 2016/17 soybean utilization is estimated at 100.81 million tonnes compared to 99.87 estimated previously.

The country's soybean inventory deficit is estimated at 1.89 million tonnes down from deficit of 2.19 million estimated previously, said China's Ministry of Agriculture.

China's soybean imports in the first quarter stood at 19.52 million tonnes, up 20% from the corresponding period last year.

China's soy imports in January stood at 7.66 million tonnes and in February at 5.54 million tonnes, figures from the General Administration of Customs of China showed.

USDA has forecast that U.S. farmers would plant a record-high 89.5 million acres of soybeans in 2017 acres against 83.433 million planted in 2016.

If realized, this would be biggest to date, the average trade estimates stood at 88.2 million acres.

Argentina's 2016/17 soybean harvesting has picked-up the pace last week despite heavy rains, storm and floods in the west of Argentina , said Buenos Aires Grains Exchange.

The agency said that the farmers had harvested 5.9% of the soybean planted area. It has estimated Argentina's 2016/17 soybean production at 56.5 million tonnes.

AgRural has raised Brazil's 2016/17 soybean production estimate to 111.6 million tons from 107 million tons in March, citing favourable weather conditions which boosted the productivity.

Brazil's soybean exports stood at 9.7 million tonnes in March, highest on record for March, according to Anec with record soybean productivity in 2016/17 season.

Anec is expecting Brazil's 2017 soybean exports at 60 million tons.

Brazil's 2016/17 soybean sales have estimated to have reached 46% (51.07 Mn T) of the total projected production as of first week of April, which is up from 57% of the historical average and 61% in the corresponding period last year, said the Safras& Mercado.

The consultancy has projected Brazil's 2016/17 soybean production at 115.5 million tonnes.

The USDA has reported U.S. soybean stocks as of March 1 at 1.735 billion bushels which is up 13% from the corresponding period last year and even above an average of trade expectations for 1.684 billion bushels.

USDA has projected US 2017 soybean plantings at record 89.5 million acres against 83.433 million planted in 2016.

If realized, this would be biggest to date, the average trade estimates stood at 88.2 million acres.

Informa Economics has once again raised Brazil's 2016/17 soybean production estimate at 111.0 million tonnes from 108.0 million previously projected.

The agency has also raised Argentina's 2016/17 soybean crop at 57.5 million tonnes from 55.0 million estimated in the previous forecast.

Brazil's 2016/17 soybean production is raised by Agroconsult and projected at record 113.3 million tonnes compared to 111 million tonnes estimated in early March.

The agency projected Brazil's 2017 soybean exports at 2017 at 61.4 million tonnes compared to 61 million tonnes estimated early March.

Brazil's 2017 soybean exports are projected at 61.4 million tonnes which is up 9.8 million tonnes from 2016 by Oil World.

The exports figure by the agency is above 59.8 million tonnes projected by Abiove – Brazilian vegetable oil industry association.

Oil World has projected Brazil's 2016/17 soybean production at 108.5 million tonnes compared to 95.43 million tonnes estimated for last year.

The international soybean prices are expected to feature range bound movement with weak-bias on record global supply scenario.

Balance Sheet – Soybean, India

Soybean (Fig in Mn T) MY- Oct.-Sep.			Fig. in MnT			
			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 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 availability of 8 million tonnes of soy meal and 1.8 million tonnes of soy oil 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 prices posted extended gains in tandem with soybean on continued overseas demand in meal.

India's soy meal prices have surged by over 6% (Rs 1500/MT) during April.

The forward booking for soy meal is good while the domestic demand is weak due to demand from poultry industry.

Slack in seasonal domestic soy meal demand remained a limiting factor. The poultry demand falls during summers across the country subsequently reducing the soy meal demand for feed.

Despite some gains, the current domestic meal prices are lower compared to the corresponding period last year.

India's soy meal exports have made commendable gains right from the beginning of new marketing season, October, the shipments remained weak for last three seasons.

Soy meal fell in international market, during the week, the May CBOT soy meal settled at US \$ 311.7 per short ton compared to US \$ 309.6 per short ton last week.

Brazil's harvesting is almost complete and Argentina's soybean crop harvesting is in full swing and the global bean supplies are strong.

The domestic soy meal prices at Indore, were quoted at Rs 24,000 – 26,000/MT during April compared to Rs 23,000 – 24,300/MT compared to previous month.

In the last week of April, at Latur and Nanded, Maharashtra, soy meal witnessed steady to weak tone and were quoted at Rs 26,300/MT and 25,800/MT respectively compared to Rs 25,200/MT in Indore and Rs 26,200/MT in Kota.

Previous Updates

Despite strength in INR against US dollar, India has registered gains in the soy meal exports in the current season. The INR has appreciated by 5% in 2017 and it will eventually make India's soy meal exports prices unattractive.

India's soy meal exports registered gains, as expected, in March (y-o-y) by 579%. India's oilmeal exports in March edged up 42 percent from a year earlier to 150,773 tonnes as shipments of soy meal rose from the last year's upper base.

India is expected to produce 8 million tonnes of soy meal this season. Out of which 5 million tonnes will be consumed domestically but another 3 million must be shipped overseas, failing which, the disparity on crushing soybean will increase.

India's forward booking for soy meal are better than the corresponding period last year, further sharp fall in the export prices in recent weeks in soy meal have made the imports from India, lucrative.

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 recover slightly in the new season with higher 2016/17 soybean production leading to higher crushing eventually increasing the meal supplies.

India's 2016/17 soy meal exports are expected to witness 3 year high and expected to jump 2 million tonnes from 2,61,051 exported last year, stated industry officials.

The exporters have contracted to ship around 500,000 tonnes soy meal for December-March delivery.

However, currently the domestic soy meal demand is sluggish due to weak demand from poultry owing to fall in poultry demand after demonetization.

India's soy meal and its other value added products (HS Code 2304) during March 2017 is 1,80,884 tons compared to 26,645 tons in March 2016 showing an increase of 578.85% over the same period of last year.

On a financial year basis, the export during April'2016 to March'2017 is 9,90,155 tons as compared to 3,87,298 tons in the same period of previous year showing an increase of 155.66%.

During current Oil year, (October – September), total exports during October 2016 to March 2017 is 9,14,423 tons as against 1,85,770 tons last year, showing an increase by 392.23%, as reported by SOPA.

Japan (33,779Tonnes), Bangladesh (31,850Tonnes), France (28,695Tonnes), Belgium (28,255Tonnes) and Germany (25,050Tonnes) remained the top buyers of the soy meal of Indian origin during the month of March 2017.

Recovery in exports is primarily due to drastic fall in the Indian soy meal prices making it price competitive to South America.

Indian meal prices need to be highly competitive against the South American and China's meal prices to regain the 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 once again recovered the lost ground but with stiff price competition against the South American meal. Iran, Japan, Europe, Thailand, Vietnam, Indonesia and South Korea were the major destinations for Indian soy meal exports, whose have once again started buying from India whenever the offer is attractive compared to South America.

India's Y-o-Y soy meal prices, Indore, are currently lower. Soy meal Indore was quoted lower between Rs 24,000 – 26,000/MT during the month compared to Rs 36,300– 39,500/MT during the corresponding period last year.

The soy meal prices are likely to feature range-bound movement with weak-bias on strength in INR against US dollar and higher domestic and international soybean production will limit the gains market, in near-term.

Soy Meal Export (In MT)

	2009	2010	2011	2012	2013	2014	2015	2016	2017
Jan	521243	240318	574996	474993	619793	364443.7	103934	28400	155160
Feb	375098	220552	540360	344240	577589	183551	64514	29951	207977
Mar	224639	163666	410537	460464	302131	232176	46670	26645	107059
Apr	100106	60264	305033	313832	100312	75884	18017	12295	
May	77018	60575	176819	142588	97547	8226	14045	10400	
Jun	109923	98400	117600	180987	213564	2636	2098	17930	
Jul	58268	166632	139547	168341	107038	6682	929	12270	
Aug	127299	176138	165510	10005	183555	2778	768	10615	
Sep	171955	290868	225921	6525	173381	868	6886	12210	
Oct	219721	404960	223594	49840	182724	29071	4237	31390	
Nov	297340	443488	397659	517103	503269	110806	8909	97750	
Dec	328225	611157	798041	510698	451314	193832	5667	241250	
Total	2610835	2937018	4075617	3179616	3512217	843874	276674	531106	470196

Source: SEA

India's soy meal exports have seen commendable growth this season with attractive price offer, after multi-year fall in exports 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 – Apr. 2017		Avg Crush Margin – Mar. 2017		Avg Crush Margin – Apr. 2016	
-786		-993		-895	
Min	Max	Min	Max	Min	Max
-1255	-210	-1610	-550	-2390	174

The domestic soybean crush margins in April 2017 were better from previous month and also the corresponding period last year with improved meal prices with good soy meal exports from India in the new 2016/17 marketing season.

Technical Analysis:

NCDEX Soybean Futures



Soybean Spot, Indore



*Daily Chart

Support & Resistance NCDEX- Soybean Jun. Contract

S1	S2	PCP	R1	R2
2850	2800	3002	3243	3300

- Soybean continued downtrend 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 – Jun.) – 1 Month: **SELL** Below 3100. T1 – 2900; T2 - 2850; SL –3220.

Rapeseed - Mustard Seed

The domestic rapeseed-mustard extended losses primarily on higher supply outlook after rise in the seed production this season.

Weakness in international palm oil and canola due to the steep fall in the rival - soy oil, the biggest edible oil traded in volume, globally too remained pressurizing factors for domestic rapeseed-mustard.

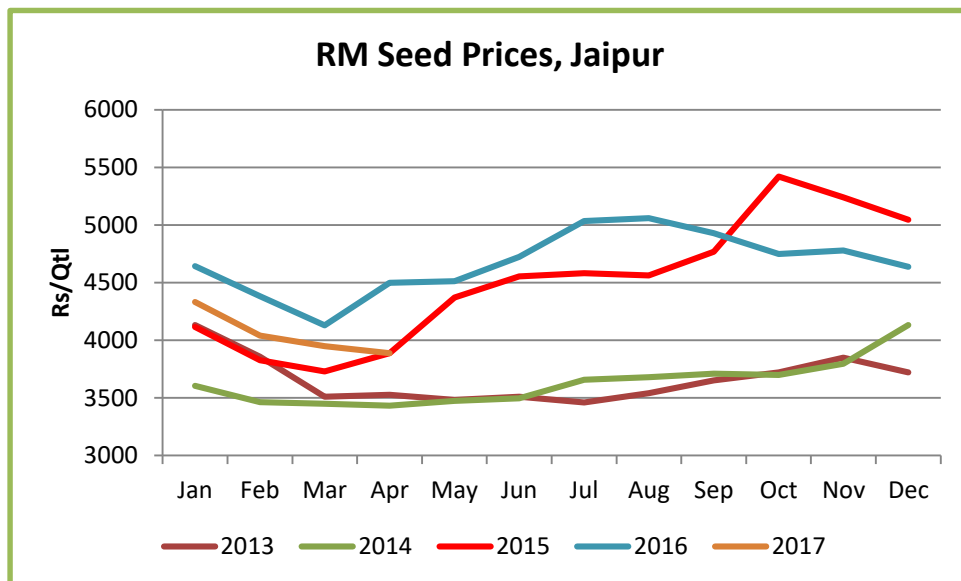
RM Seed Supply, Pan India

RM Seed Arrivals Pan India in Bags (85 kg each).		
Monthly Arrivals– Apr	1 Month Ago	Corresponding Period Last Year
99,50,000	12,36,5,000	12,29,5000

Higher 2016/17 seed production and eventually strong supplies in the physical market yards of the key producing states remained bearish for the market.

Further, higher recovery in oil by 2-3% is witnessed this season, which is again bearish for the seed.

The all India seed supplies were reported between 2.25 – 4.45 lakh bags in a day compared to around 4.44 – 5.0 bags a day, previous week. The supplies were 3.65 – 4.5 lakh bags a day during the corresponding period last year.



As expected the seed arrivals are gradually easing from its peak in the states of Rajasthan, Madhya Pradesh, Haryana, Punjab and Uttar Pradesh. The traders have partially switched to wheat trade.

The new crop seed fell and was quoted at around Rs 3780 – 3855 a quintal compared to Rs 4,485 – 4,620 a quintal during the corresponding period last year at the benchmark, Jaipur.

At NCDEX futures, the seed prices at May contract fell and was quoted at 3760/Qtl compared to 3,800/Qtl previous week.

Agriwatch has projected India's 2016/17 rapeseed production at 7.0 million tonnes while Solvent Extractors of India has estimated the seed production at 7.2 million tonnes.

India's March edible oil imports fell 7 percent y-o-y to 10.93 lakh tons from 11.76 lakh tons in March 2016. Palm oil imports rose 5.9 percent y-o-y to 6.8 lakh tons from 6.42 lakh tons in March 2016. CPO Imports rose 5.8 percent y-o-y to 4.54 lakh tons from 4.29 lakh tons in March 2016.

RBD palmolein imports rose 5.3 percent y-o-y to 2.19 lakh tons from 2.08 lakh tons in March 2016. Soy oil imports fell 28.6 percent y-o-y to 2.30 lakh tons from 3.21 lakh tons in March 2016. Sunflower oil imports fell 4.3 percent y-o-y to 1.77 lakh tons from 1.85 lakh ton in March 2016. Rapeseed (Canola) oil was zero in March compared to from 0.27 lakh tons in March 2016, reported by Solvent Extractors Association (SEA).

India's March edible oil stocks at ports and pipelines fell 1 Percent m-o-m to 19.13 lakh tons from 19.65 lakh tons in February 2017. Stocks of edible oil at ports rose to 688,000 tons (CPO 230,000 tons, RBD Palmolein 150,000 tons, Degummed Soybean Oil 150,000 tons, Crude Sunflower Oil 155,000 tons and 3,000 tons of Rapeseed (Canola) Oil) and about 1,225,000 tons in pipelines (Stocks in pipelines were at 1,190,000 tons in February 2017). India is presently holding 35 days of edible oil requirement on 1st April, 2017 at 19.13 lakh tons compared to 36 days of requirements last month. India's monthly edible oil requirement is 16.5 lakh tons.

Malaysia reduced May crude palm oil export duty to 7 percent from 7.5 percent in April. Tax is calculated at reference price of 3,008.09 ringgit (\$680.41) per ton. Tax is calculated above 2,250 ringgit starting from 4.5 percent to a maximum of 8.5 percent, said Malaysia Palm Oil Board (MPOB).

Malaysia's April palm oil exports rose 4.3 percent to 1,135,340 tons compared to 1,088,677 tons in corresponding period last month. Top buyers were European Union at 278,643 tons (222,584 tons), China at 137,450 tons (114,990 tons), India at 175,300 tons (170,020 tons), United States 59,465 tons (54,120 tons) and Pakistan 37,000 tons (37,500 tons). Values in brackets are figures of corresponding period last month, reported cargo surveyor Societe Generale de Surveillance (SGS).

Indonesia has reduced April crude palm oil export duty to USD 3 per ton from USD 18 per ton in March. Reduction of export duty is due to fall in trigger prices, according to the trade ministry.

Previous Updates

India is expected to produce around 7.0 million tonnes of rapeseed-mustard in 2016/17 with an average yield of about 1000 kg/ha compared to 5.8 million in 2015/16.

According to Indonesia Palm Oil Association, Indonesia's 2017 crude palm oil production is estimated to rise 12.7 percent to 35.5 MMT compared to 31.1 MMT in 2016. Heavy rains in 2016 will support palm oil production and growth in plantation in 2013 will bear fruit in 2017.

Malaysia's palm oil production in 2017 is estimated to rise 12 percent to 19.4 MMT from 17.4 MMT in 2016. Exports of palm oil in 2017 from Malaysia will increase 11.2 percent to 17.85 MMT from 16.05 MMT in 2016. CPO prices are expected to remain firm in 2017, according to the board, said the Malaysia Palm Oil Board (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).

India's rapeseed-mustard is driven by Malaysian palm oil, India's edible oil imports and Chinese vegoil demand.

Outlook: The rapeseed-mustard is expected to remain under pressure in near-term on higher production and strong supplies in the cash market.

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)

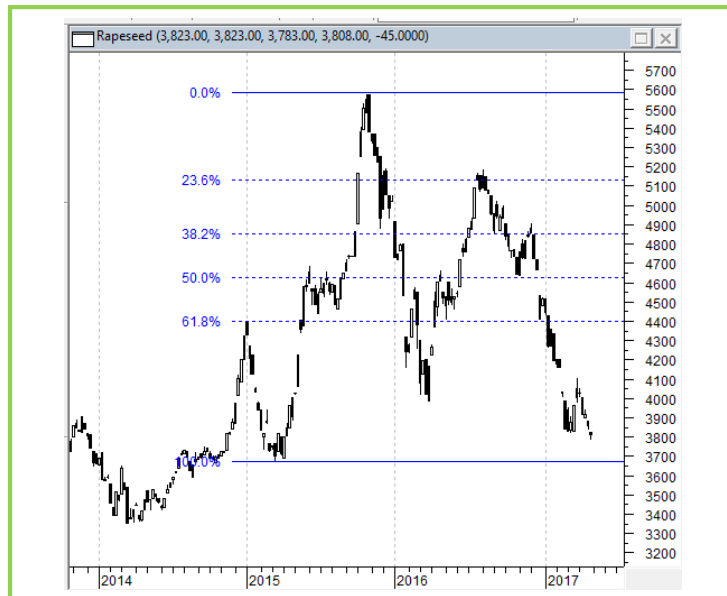
- We have pegged India's 2016/17 Rapeseed-mustard outturn at 5.8 million tonnes, slightly lower by 1% compared to the 2015/16 production at 5.9 million tonnes.
- India's production is below 5 year average of around 7.0 million tonnes. This is mainly due to the fall in sown area in last couple of years.
- **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 at around Rs 4,653/Qtl, Jaipur basis.

Technical Analysis:

NCDEX RM Seed Futures



RM Seed Spot, Jaipur



*Daily Chart

Support & Resistance NCDEX - RM Seed Jun. Contract

S1	S2	PCP	R1	R2
3600	3560	3806	4082	4150

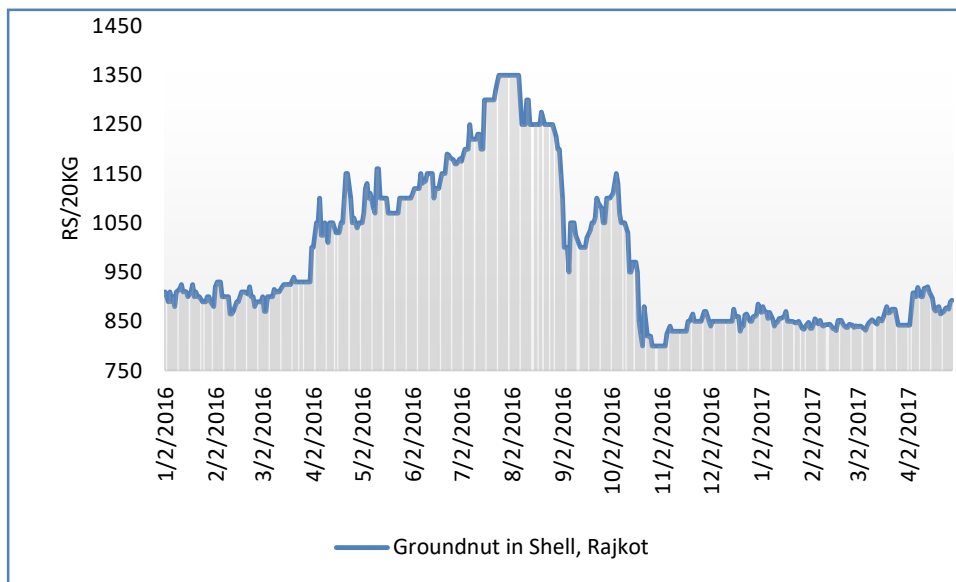
- Rapeseed-mustard fell on selling pressure in the market.
- Prices closed below 40-day EMA.
- MACD is easing in negative territory.
- RSI and stochastic are falling in oversold zone.
- Trade Recommendation (NCDEX RM Seed – Jun.) – 1 Month: **SELL** Below 3900. T1 – 3700; T2 - 3650; SL – 4020.

Groundnut

The domestic groundnut prices have posted gains in April on supportive buying by the oilseeds processors and better exports prospects after good production in kharif as well as improved output in rabi.

The groundnut prices surged by 4.5% in April compared to March and witnessed the monthly average price of Rs 889 per 20 kg compared to Rs 851 per 20 kg in March.

However, the nut prices are lower compared to the same period last year, improved production is cited for the decline. The average monthly price of nuts in Rajkot was Rs 1055 per 20 kg in April 2016.



Groundnut							
Center	Variety	% Change over	% Change over	As on	Month Ago	Year Ago	2 Year Ago
		Previous year	Previous month	29-Apr-17	29-Mar-17	29-Apr-16	29-Apr-15
Rajkot	GN in Shell (Rs/20kg)	-14.1	0.6	893	842	1040	880
Shaurashtra	GN Seed Kernel (Rs/MT)	6.1	1.1	52000	47000	49000	49450

(Source: AW)

Annexure

Oil Meal Prices at Key Spot Markets:

Soy DOC Rates at Different Centers			
Centers	Ex-factory rates (Rs/ton)		
	29-Apr-17	29-Mar-17	Parity To
Indore (MP)	25200	24300	Gujarat, MP
Kota	25200	24300	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	26500	25200	Mumbai, Maharashtra
Nagpur (42/46)	26200	24300	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	25800	24300	Andhra, AP, Kar ,TN
Latur	26300	24800	-
Sangli	27200	24900	Local and South
Sholapur	26500	25700	Local and South
Akola	25800	24400	Andhra, Chattisgarh, Orrisa,Jharkhand, WB
Hingoli	26400	24700	Andhra, Chattisgarh, Orrisa,Jharkhand, WB
Bundi	25300	24000	-

Soy DOC at Port			
Centers	Port Price		
	29-Apr-17	29-Mar-17	Change
Kandla (FOR) (INR/MT)	26500	26000	500
Kandla (FAS) (USD/MT)	413	400	13

International Soy DOC			
Argentina FOB USD/MT	28-Apr-17	29-Mar-17	Change
Soybean Pellets	320	325	-5
Soybean Cake Flour	320	325	-5
Soya Meal	328	333	-5
Soy Expellers	328	333	-5

Sunflower (DOC) Rates	Ex-factory rates (Rs/ton)		
Centers	29-Apr-17	29-Mar-17	Change
Adoni	17500	17500	Unch
Khamgaon	NA	NA	-
Parli	NA	17300	-
Latur	NA	17200	-

Groundnut Meal (Rs/MT)	29-Apr-17	29-Mar-17	Change
Basis 45%, Saurashtra	19600	20000	-400
Basis 40%, Saurashtra	17800	18500	-700
GN Cake, Gondal	21500	21000	500

Mustard DOC/Meal	29-Apr-17	29-Mar-17	Change
Jaipur (Plant delivery)	14800	15000	-200
Kandla (FOR Rs/MT)	15500	15200	300
Sri Ganganagar	1850	1850	Unch

India's Oilseeds Production Seen Record at 33.6 Mn T vs 25.3 Mn in 2nd Adv Est. - GOI

The 2nd Advance Estimates of production of oilseeds for 2016-17 have been released by the Department of Agriculture, Cooperation and Farmers Welfare on 15th February, 2017. The assessment of production of different crops is based on the feedback received from States and validated with information available from other sources.

The estimated production of major Oilseeds during 2016-17 is as under:

Oilseeds – 33.60 million tonnes (record) in 2016/17 vs 25.3 million tonnes in 2015/16

- Soyabean – 14.13 million tonnes vs 8.6 million tonnes in 2015/16
- Groundnut – 8.47 million tonnes vs 6.33 million tonnes in 2015/16
- Castorseed – 1.74 million tonnes vs 1.75 million tonnes in 2015/16

With an increase of 8.35 million tonnes over the previous year, total Oilseeds production in the country is estimated at record level of 33.60 million tonnes. It is higher by 0.85 million tonnes than the previous record production of 32.75 million tonnes achieved during 2013-14.

The production of Oilseeds during 2016-17 is also higher by 4.34 million tonnes than the five year's average Oilseeds production. The current year's production is significantly higher than the production of 25.25 million tonnes during 2015-16.

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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