
Oil meals Monthly Research Report

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Executive Summary

Domestic soybean, meal and rapeseed-mustard witnessed positive tone on renewed buying interest, spillover support from CBOT and lower kharif soybean acreage till date.

Recent rains in the growing regions of Madhya Pradesh and Rajasthan will be beneficial for the crop in this month. The erratic distribution of rainfall this season will affect the productivity of the crop.

India's soybean planting is in full swing with the monsoon rains in the key growing belt. However the overall sowing progress is below previous year's level.

The overall monsoon is forecast to be normal.

We expect the domestic 2017 soybean planting lower compared to the previous year due to the lower remuneration in the crop to the farmers and the area is much likely to shift to cotton and urad.

Attractive price for soy meal by South America and positive tone in INR is limiting the gains in the cash market.

Increase in US soybean planting intention for 2017 and higher supplies of soybean in South America will cap gains in the market.

The rapeseed-mustard prices witnessed recovery amid good demand from the solvent extractors and are well above the MSP of Rs.3700/Qtl.

The rapeseed-mustard prices will remain under overall higher supply pressure and it will limit any major upside movement in near to medium-term.

Outlook – Cash Market

Outlook - Soybean (Spot, Indore): The soybean witnessed recovery amid renewed buying interest in the market, lower kharif acreage and spillover support from CBOT. Bearish global supply scenario, strength in INR against US dollar and higher soy production will cap gains in the medium -term. Further, record South American soybean supply outlook will continue to be pressurizing factor for the domestic soybean. Progress of south-west monsoon will be another influencing factor in the coming days. The prices are expected to feature range bound movement with weak bias between the price band of 2850 – 3050 level (Indore, Plant basis) assuming monsoon to be normal.

Outlook – Soy meal: Soy meal noticed steady to firm tone on good demand in the cash market. Concern over appreciation in INR against USD will render India's meal exports non-competitive in the international market will limit the gains. 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 24,000 – 26,000/MT levels during the month.

Outlook - Rapeseed-Mustard (Spot, Jaipur basis): The rapeseed-mustard remained mostly in the positive territory amid good buying interest in the cash market. The seed prices are likely to feature range-bound movement with firm bias and witness the levels between 3850 – 4050/Qtl; levels during the month. However higher supply pressure and overall bearish scenario of palm oil at BMD will cap upside movement.

International Highlights

- ❖ According to the Ministry of Agriculture, soybean production in Brazil is expected to decline by 2 per cent to 110.66 million tonnes in 2017-18 compared to previous year.
- ❖ In its July crop report, soybean production in Argentina has been reduced to 55 million tonnes compared to 57 million tonnes estimated in the month of June according to the Ministry of Agriculture. Production has declined as a result of lower planting area.
- ❖ In the weekly USDA crop progress report released on 31 July; Soybeans blooming are reported at 82% which is down from 84% during the corresponding period last year and up from the 5 year average of 80%. Soybean crop setting pods are reported at 48% which is down from 51% during the corresponding period last year and also up from the 5 year average of 45%. About 59% of the soybean planted crop is under good to excellent condition which is down from 72% during the corresponding period last year.
- ❖ The IGC has reduced the global soybean output in 2017/18 following overly dry weather in North America, the EU and Australia. Global soybean production in 2017/18 was put at 345 million tonnes, down from a previous forecast of 348 million but still the second-biggest crop on record.
- ❖ According to NOPA, 138.074 million bushels soybean was crushed in June 2017 compared to 149.246 million bushels previous month. It is below analyst's expectation of 143.093 million bushels. Soy meal exports during the month declined to 562,684 tons compared to 592,924 tons in May and 594,710 tons a year earlier. Soy oil stocks as of June 30, fell to 1.703 billion pounds from 1.749 billion at the end of May. NOPA reported soy oil stocks of 1.985 billion pounds at the end of June 2016.
- ❖ Farmers in Brazil's top producing state of Mato Grosso have sold 9.36 percent of their 2017/18 soybean crop, estimated at 30.6 million tonnes which is 4.2 percent higher of that volume in June according to Imea, the state's agricultural research agency.
- ❖ U.S. oilseed production for 2017/18 is projected at 127.0 million tons, up 0.2 million from last month, with increases for soybeans, canola, and peanuts only partly offset with a lower forecast for sunflowerseed and cottonseed. Soybean production is projected at 4,260 million bushels, up 5 million on increased harvested

area. Harvested area, estimated at 88.7 million acres in the June 30 Acreage report, is up 0.1 million from last month.

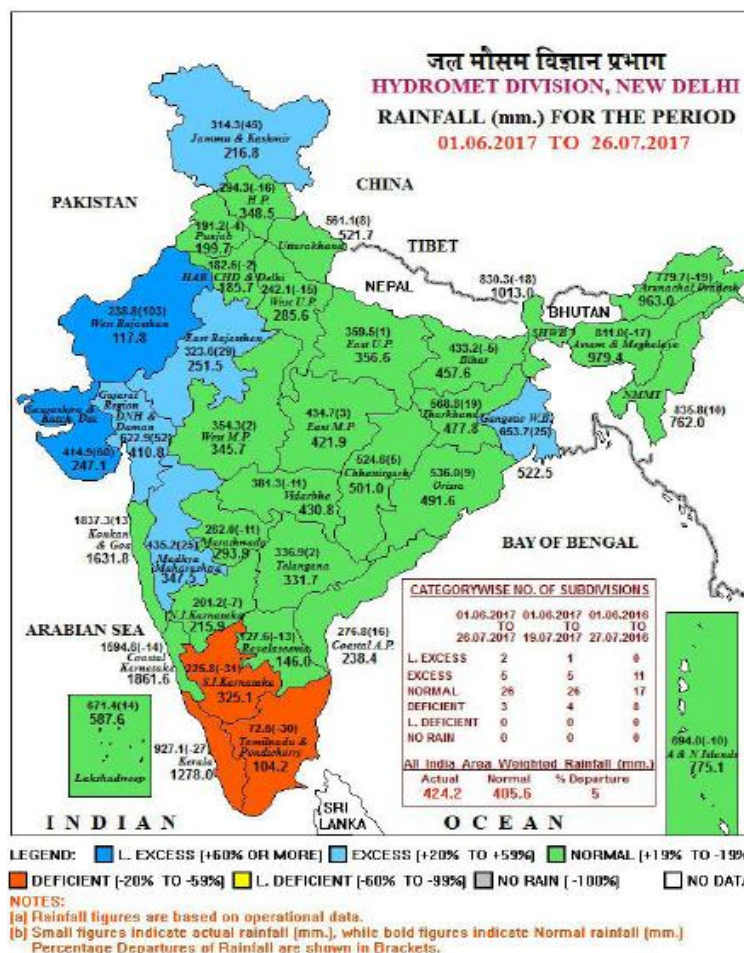
- ❖ Soybean exports for 2016/17 are projected at 2,100 million bushels, up 50 million, reflecting shipments and outstanding sales through early July. Soybean crush is reduced 10 million bushels to 1,900 million on lower projected soybean meal exports and domestic use. Soybean ending stocks for 2016/17 are projected at 410 million bushels, down 40 million from last month.
- ❖ China imported 44.81 million tonnes of soybeans in the first half of this year, up 14.2 percent from last year, supported by strong demand.
- ❖ China's soybean imports declined by 20 per cent to 7.69 million tonnes in June compared to previous month, below market expectations amid plentiful stocks at crushers and a change in taxes.
- ❖ Informa Economics has raised its US 2017 Soybean planting projection to 89.662 million acres; it is above USDA's figure of 89.5 million acres.
- ❖ Oil World has raised their forecast of South American soybean production for 2016/17 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.
- ❖ 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.
- ❖ 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.

IMD Monsoon Forecast and Current Rainfall Status

In the IMD's Operational 2nd stage Long Range forecast for the 2016:

- Rainfall over the country as a whole for the 2017 southwest monsoon season (June to September) is most likely to be NORMAL (96% to 104% of long period average (LPA).
- Quantitatively, monsoon season rainfall for the country as a whole is likely to be 98% of the LPA with a model error of $\pm 4\%$.
- Region wise, the season rainfall is likely to be 96% of LPA over North-West India, 100% of LPA over Central India, 99% of LPA over South Peninsula and 96% 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 96% of its LPA during July and 99% of LPA during August both with a model error of $\pm 9\%$.

The event should prove beneficial for the *kharif* oilseeds as they are rain-fed.



Soybean

The domestic soybean witnessed positive tone amid renewed buying interest, lower kharif acreage till date and spillover support from CBOT. Overall bearish scenario in the global market and strength in INR vs. Dollar will limit upside movement in the coming days.

The domestic soybean planting is underway and currently it is lagging from the corresponding period last year. The soybean cultivators are cautious in planting the bean this year, as they couldn't get the considerable remuneration for their produce this season. Recent rains will be beneficial for crop development in the coming week.

According to Soybean Processors Association (SOPA), India's soybean output is estimated at 11.49 million tonnes for the year 2016 -17. Overall availability of soybean for crushing and direct consumption stood at 11.93 million tonnes, taking into account a carryover stock of 441,000 tonnes. Around 8.5 million tonnes of the overall availability is estimated to be used for crushing. Farmers are likely to use 1.2 million tonnes for sowing in the ongoing kharif season.

The domestic bean prices are 5 year low and we feel the prices are not expected to recover soon on record global supply pressure.

The total monthly soybean arrivals in the cash markets of Madhya Pradesh are reported at 10,75,000 bags compared to 5,07,000 bags reported in the previous week. The supplies improved after cash mandi yards resumed their operation which were closed in protest of GST, the operations were closed by the mandi traders.

The seasonal monsoon rains have covered most of India and the amount of precipitation so far is within expectations according to IMD raising hopes for higher farm output.

Excessive rains have been reported in certain soybean growing regions of Madhya Maharashtra and East Rajasthan. The uneven distribution of rainfall this season will affect the productivity of the crop.

IMD in its weekly Southwest monsoon progress report (01.06.2017 to 26.07.2017) has reported India's actual rainfall at 424.2 mm against the normal 405.6 mm and departure stands at 5% till 26 July 2017.

In West Madhya Pradesh, the departure of Southwest monsoon has increased to normal by 2%, actual rains is reported at 354.3 mm vs 345.7 mm normal till 26 July 2017 by IMD. Vidarbha reported the departure of -11%, actual rains 381.3 mm vs 430.8 mm normal. Marathwada reported the departure of -11% with actual rains of 262.0 mm vs 293.9 mm, East Rajasthan reported a departure of 29% with actual rains 323.6 mm vs 251.5 mm normal.

Forecast of normal seasonal/monsoon this season will be beneficial for crop development in the coming weeks.

The area coverage under soybean, as on 28th July, is reported down 10.31% at 95.66 lakh hectares compared to 106.66 lakh hectares at the same period last year.

Crop	As on 28 Jul. 2017	As on 28 Jul. 2016	% Chg.
Groundnut	33.05	37.32	-11.46
Soybean	95.66	106.66	-10.31
Sunflower	1.12	1.27	-11.83
Sesamum	9.65	10.05	-3.94
Niger	0.43	0.31	37.94
Castor	2.41	1.04	130.68
Total Oilseeds	142.31	156.65	-9.16

Source: MoA

The total sown area under *kharif* oilseeds, as on 28th July, is lower compared to the previous year's level which is down by 9.16% at 142.31 lakh hectares compared to 156.65 lakh hectares during the corresponding period last year.

India's total area under soybean in 2016 was 114.78 lakh hectares which was lower by 1.4% from 2015.

In Madhya Pradesh, the government has announced to procure soybean from farmers at Minimum Support Price.

We expect India's area under soybean in 2017 to be lower than 2016 with the fall in planting intention due to the lower remuneration for the crop to the farmers. The farmers are cautious in planting early this season and some are likely to shift to cotton or pulses which will eventually reduce the planted area under soybean this year.

Higher domestic soybean production which subsequently improved soy meal production outlook and cheap soy oil imports will continue to pressure the bean. Improvement in domestic soy meal offtake due to good poultry demand will lend some support to the market.

The major buyers in Madhya Pradesh are as follows: Amrit Mandsaur, Ambika Joara, 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

The domestic oilseeds processors are consistently urging the government to increase the import duty on edible oils which has paved the way for cheap import of edible oils mainly from Argentina, Malaysia, Indonesia and Ukraine.

This in turn has hurt the oilseeds processing industry leading to lower crush margin and strengthening of INR against USD has led to the decline in revenues from the byproducts.

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

Stronger INR against US dollar, huge South American soy supplies continued to remain weak factor as the Indian soy meal price has been out-priced in the international market in recent weeks.

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 for the good crush market during the season.

The lower soy meal prices have increased the exports prospects which is expected to recover this season, 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, especially when India has produced higher soybean this season.

The soybean supplies continued to be higher 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 higher supplies and strength in INR vs USD in near-to-medium-term.

International:

The international benchmark, CBOT soybean edged-up on technical buying and concerns of lack of rainfall in U.S. Midwest growing regions.

At CBOT, the soybean, in the most active November contract, ended higher at US \$ 10.07/bushel compared to US \$ 9.54/bushel last month.

Informa has projected US 2017 soybean production at 4.253 billion bushels with a productivity of 47.9 bushels per acre.

In the weekly USDA crop progress report released on 31 July; Soybeans blooming are reported at 82% which is down from 84% during the corresponding period last year and up from the 5 year average of 80%.

Soybean crop setting pods are reported at 48% which is down from 51% during the corresponding period last year and also up from the 5 year average of 45%.

About 59% of the soybean planted crop is under good to excellent condition which is down from 72% during the corresponding period last year.

EU 2016/17 season, that ended June 30, soybean imports fell by 4% compared to the corresponding period 2015/16. EU registered soybean imports of 13.9 million tonnes during the period.

EU soy meal imports during Jul. – Jun. 2016/17 were 18.1 million tonnes, down 11% from 20.3 million tonnes during the corresponding period last year.

Previous updates

In the USDA quarterly stock report, It has been reported that the US soybeans stored in all positions on June 1, 2017 totaled 963 million bushels, up 11 percent from June 1, 2016.

On-farm stocks totaled 333 million bushels, up 18 percent from a year ago. Off-farm stocks, at 631 million bushels, are up 7 percent from a year ago.

Indicated disappearance for the March - May 2017 quarter totaled 775 million bushels, up 18 percent from the same period a year earlier.

Brazil's has exported a record 45.5 million tonnes of soybean in the 1st half of the marketing season.

ANEC sees Brazil's July'17 soybean exports at 7 million tonnes.

Abiove has once again raised Brazil's 2016/17 soybean production projection to 113.2 million tonnes which is up from the previous forecast of 112.5 million tonnes.

Brazil's soybean exports projection for the year increased to 63 million tonnes from 61.7 million tonnes estimated earlier and the soybean processing is forecast at 41 million tonnes.

The U.S. Department of Agriculture's National Agricultural Statistics Service (NASS) estimated a record high 89.5 million acres of soybeans planted in the United States for 2017, up 7 percent from last year.

Further, US soybean area for harvest is estimated at a record high 88.7 million acres, if realized, up 7 percent from 2016.

Brazil's 2016/17 soybean crop production is projected at 113.3 million tonnes by the Safras.

Informa Economics has once again raised Brazil's 2016/17 soybean production estimate to 114.5 million tonnes from 113 million forecast previous month.

Anec has projected Brazil's 2016/17 soybean exports between 61-62 million tonnes, which is close to Abiove's estimate.

Further, Brazil's Agriculture Ministry expects the country's 2018 planting to increase between 2 – 3%.

Soybean planting in Brazil covered an area of 33.8 million hectares in 2017 which was up 1.8% from the previous season, said food supply and statistics agency Conab.

Safras & Mercado have forecast Brazil's soybean export at 61 million tonnes in 2017/18 (Feb/Jan) which is 17% higher compared to 2016/17. The forecast is in line with Abiove estimates.

Safras has raised Brazil's 2016/17 soybean production estimate by 1.68% against previous month to 113.384 million tonnes which is 16.7% higher than the previous season.

The soybean production is expected at 116.156 MMT in 2017/18. Total soybean demand will be higher by 10% at 105.1 million tonnes, said the agency.

Buenos Aires Grains Exchange has raised Argentina's 2016/17 soybean crop estimate to 57.5 million tonnes from 56.5 million tonnes estimated earlier. Higher soybean crop is due to high yields brought by wet weather.

The international soybean prices are expected to feature range bound movement with weak-bias on record global supply scenario and improving weather conditions in the growing regions.

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: Traders are mostly doing need based buying on higher edible imports at competitive prices.**
- 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 means 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 meal prices noticed firm tone amid good demand from the poultry sector and spillover support from soy meal at CBOT.

The monsoon has covered almost whole country leading fall in the weather temperature by 5-8 degrees Celsius in recent days.

Monsoon will give respite to the poultry birds from heat waves and the feed intake is expected to improve which falls during summers.

Besides, we expect increase in the poultry demand with the fall in temperature, in coming days.

The domestic soybean planting is underway and forecast of normal monsoon should prove favourable for the bean production. But, the planted area under soybean is expected to fall this season. Till date sowing is lagging behind previous year.

Further, competitive price offer by South America for soy meal has already witnessed reduction in the international meal demand from India.

But, significantly lower domestic soy meal price, this season, have obviously lend support to India's soy meal exports in previous months.

India's soy meal exports and its other value added products (HS Code 2304 and 1208) during June 2017 is 0.64 lakh tons compared to 0.41 lakh tons in June 2016 showing an increase of 56% over the same period of last year.

On a financial year basis, the export during April'2017 to June'2017 stands at 3.41 lakh tons as compared to 0.90 lakh tons in the same period of previous year showing an increase of 278%.

During current oil year, (October – September), total exports during October 2016 to June 2017 is 15.19 lakh tons as against 3.19 lakh tons during the same period last year, showing an increase by 376%, reported by SOPA.

Currently, the domestic meal prices are lower compared to the corresponding period last year.

Strength in INR against USD in recent months and improved seasonal South American soy supplies still continue to be concern for meal exports from India.

The forward booking for soy meal have reduced as compared to the previous months with competitive price offers by South America.

Soy meal increased in international market, during the month.

CBOT soy meal December contract settled at US \$ 325.40 per short ton compared to US \$ 311.2 per short ton last month.

The domestic soy meal prices at Indore, were quoted at Rs 24,700 – 25,000/MT in the last week of July compared to Rs 23,300 – 25,500/MT in the last week of June.

At Latur and Nanded, Maharashtra, soy meal witnessed firm tone and were quoted at Rs 26,600/MT and 26,400/MT respectively compared to Rs 24,600/MT in Indore and Rs 24,600/MT in Kota.

Previous Updates

India's oilseeds industry body, Solvent Extractors Association has slashed India's 2016/17 soy meal exports forecast by 25% to 1.5 million tonnes from its previous outlook. The situation will either leave higher meal inventories or the exporters have to cut down the export prices further during the season ending September.

Despite strength in INR against US dollar, India has registered gains in the soy meal exports in the current season. It will eventually make India's soy meal export prices unattractive.

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 months 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.

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, who 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 25,000 – 25,300/MT during the last week of July compared to Rs 33,000 – 33,500/MT during the corresponding period last year.

The soy meal prices are likely to feature range-bound movement amid good domestic and export demand and higher supplies in the market. Strength in INR against US dollar and higher domestic and international soybean production will cap upside movement, in near-medium 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	124374
May	77018	60575	176819	142588	97547	8226	14045	10400	48900
Jun	109923	98400	117600	180987	213564	2636	2098	17930	41328
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	684798

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 – July 2017		Avg Crush Margin – June 2017		Avg Crush Margin – July 2016	
503		-827		-1178	
Min	Max	Min	Max	Min	Max
-265	1270	-1490	-64	-2070	-570

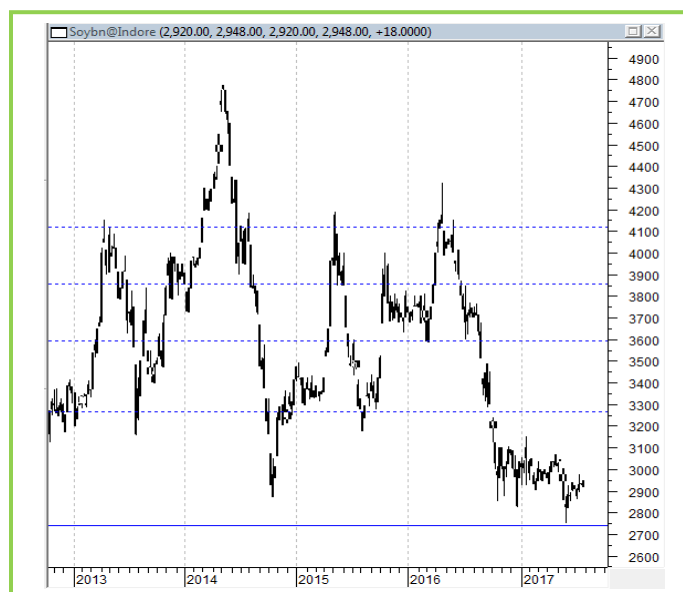
The domestic soybean crush margins in July 2017 were better from the corresponding period last year and also compared to June'17 owing to the higher soybean and meal prices.

Technical Analysis:

NCDEX Soybean Futures



Soybean Spot, Indore



*Daily Chart

Support & Resistance NCDEX- Soybean Aug. Contract

S1	S2	PCP	R1	R2
2840	2700	2960	3100	3180

- Soybean edged-down on selling in the market.
- Prices closed above 40-day EMA.
- MACD is declining in the negative territory.
- RSI and stochastic are easing in neutral zone.
- Trade Recommendation (NCDEX Soybean – Aug.) – 1 Month: **SELL** Below 3050. T1 – 2850; T2 - 2800; SL –3180.

Rapeseed - Mustard Seed

The domestic rapeseed-mustard witnessed recovery amid good demand from the solvent extractors and lower arrivals in the mandis.

Further, higher domestic production and eventually increase in supplies will weigh on the market in the medium – term. The fall is restricted as there is a continued demand in the seed mainly by the solvent extractors.

The all India seed supplies were reported between 0.85 – 1.60 lakh bags in a day compared to around 1.50 – 2.0 bags a day, previous month. The supplies were 0.50 – 1.30 lakh bags a day during the corresponding period last year.

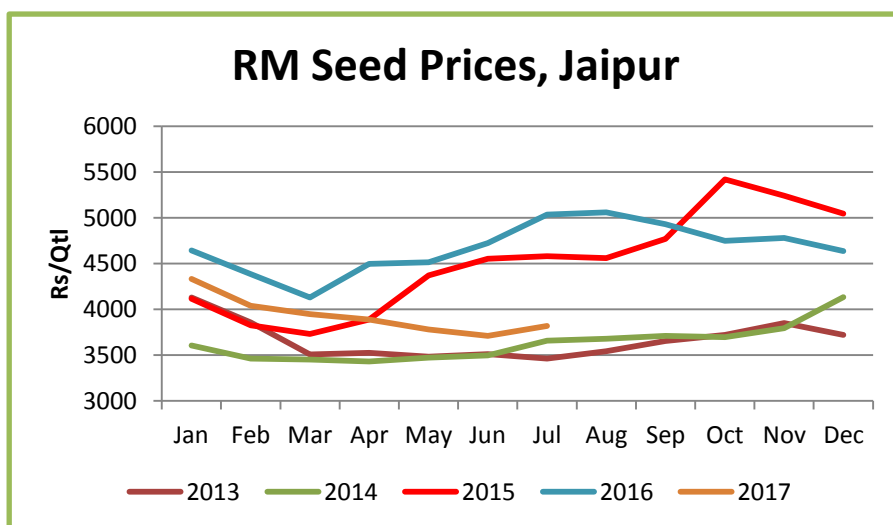
RM Seed Supply, Pan India

RM Seed Arrivals Pan India in Bags (85 kg each).		
Monthly Arrivals– July	1 Month Ago	Corresponding Period Last Year
27,95,000	41,85,000	24,80,000

The seed prices are still lower at spot and were quoted at around Rs 3,715 – 3,880 a quintal compared to Rs 4,875 – 5,170 a quintal during the corresponding period last year at the benchmark, Jaipur.

At NCDEX futures, the seed prices at August contract ended higher at 3699/Qtl compared to 3651/Qtl previous month.

The rapeseed-mustard prices are driven by India's edible oil imports and Malaysian palm oil. India's edible oil imports increased in June.



Previous Updates

Agriwatch has projected India's 2016/17 rapeseed production at 7.0 million tonnes with an average yield of about 1000 kg/ha compared to 5.8 million in 2015/16 while Solvent Extractors of India has estimated India's seed production at 7.2 million tonnes.

According to Solvent Extractors Association (SEA), India's June edible oil imports rose 11.6 percent y-o-y to 12.94 lakh tons from 11.59 lakh tons in June 2016. Palm oil imports in June rose 34.9 percent y-o-y to 8.2 lakh tons from 6.08 lakh tons in June 2016. CPO Imports rose 38.4 percent y-o-y to 5.72 lakh tons from 4.16 lakh tons in June 2016.

RBD palmolein imports rose 26.3 percent y-o-y to 2.40 lakh tons from 1.90 lakh tons in June 2016. Soy oil imports fell 24.6 percent y-o-y to 2.91 lakh tons from 3.86 lakh tons in June 2016. Sunflower oil imports rose 15 percent y-o-y to 1.69 lakh tons from 1.47 lakh ton in June 2016. Rapeseed (Canola) oil rose to 0.13 lakh tons in June compared to 0.18 lakh tons in June 2016.

According to Solvent Extractors Association (SEA), India's June edible oil stocks at ports and pipelines rose 5 percent m-o-m to 22.78 lakh tons from 21.60 lakh tons in May 2017. Stocks of edible oil at ports fell to 738,000 tons (CPO 270,000 tons, RBD Palmolein 150,000 tons, Degummed Soybean Oil 160,000 tons, Crude Sunflower Oil 140,000 tons and 18,000 tons of Rapeseed (Canola) Oil) and about 1,540,000 tons in pipelines (stocks at ports were 770,000 and in pipelines were at 2,160,000 tons in May 2017).

India is presently holding 39 days of edible oil requirement on 1st July, 2017 at 22.78 lakh tons compared to 37 days of requirements last month. India's monthly edible oil requirement is 17.5 lakh tons.

According to cargo surveyor Intertek Testing Services (ITS), Malaysia's July 1-25 palm oil exports rose 3.2 percent to 1,016,689 tons v/s 985,534 tons in corresponding period last month. Top buyers were European Union at 276,721 tons (195,600 tons), India & subcontinent at 195,600 tons (233,100 tons) and China at 127,226 tons (87,300 tons). Values in brackets are figures of corresponding period last month.

Malaysia's June palm oil exports fell 7.6 percent to 1,210,359 tons compared to 1,310,320 tons in corresponding period last month. Top buyers were European Union at 245,163 tons (280,215 tons), India at 238,350 tons (283,820 tons), Pakistan at 98,830 tons (60,000 tons), United States at 69,082 tons (60,607 tons) and China at 65,500 tons (105,090 tons). Values in brackets are figures of corresponding period last month. Values in brackets are figures of corresponding period last month, Societe Generale de Surveillance (SGS).

According to Malaysia Palm Oil Board (MPOB), Malaysia reduced August crude palm oil export duty to 5.5 percent from 6.5 percent in July. Tax is calculated at reference price of 2699.54 ringgit (\$629.56) per ton. Tax is calculated above 2,250 ringgit starting from 4.5 percent to a maximum of 8.5 percent.

Indonesia maintains zero export duty on crude palm oil for July as it expects that it will miss certain thresholds, according to Indonesia trade ministry. Indonesia keeps export taxes at zero on or below USD 750 per ton.

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).

According to China's General Administration of Customs (CNGOIC), China's imports of edible vegetable oil in May fell 7.1 percent to 3.90 lakh tons compared to 4.20 lakh tons in May. Imports rose 25.8 percent compared to last year which was reported at 3.10 lakh tons. Year to date imports of edible vegetable oil rose 14 percent to 27.70 lakh tons.

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 notice range –bound to firm tone in near to medium-term on good demand and lower arrivals in the mandis.

Balance Sheet – Rapeseed-Mustard Seed, India

(Fig in MnT)

Rapeseed-Mustard (Fig in Mn T) MY-Feb.-Jan.	2016-17	2017-18	Feb-Apr	May-Jul	Aug-Oct	Nov-Jan
Carry In	0.20	0.10	0.10	3.41	1.78	0.94
Production	5.80	6.80	6.80	0.00	0.00	0.00
Imports	0.00	0.00	0.00	0.00	0.00	0.00
Total Availability	6.00	6.90	6.90	3.41	1.78	0.94
Processing/Crushing	5.90	6.80	3.44	1.58	0.74	0.74
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	5.90	6.80	3.49	1.63	0.84	0.84
Carry Out/Ending Stock	0.10	0.10	3.41	1.78	0.94	0.10
Monthly Use	0.49	0.57				
Stock/Consumption Ratio	0.02	0.01				
Stock to Month Use Ratio	0.20	0.18				

(Source: AgriWatch)

- We have pegged India's 207/18 Rapeseed-mustard outturn at 6.8 million tonnes, higher by more than 17% compared to the 2016/17 production at 5.8 million tonnes.
- India's production is slightly above 5 year average of around 6.7 million tonnes.
- **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 fell at cash market in 2016/17 season and they are 36-month low in benchmark Jaipur.

Technical Analysis:

NCDEX RM Seed Futures



RM Seed Spot, Jaipur



*Daily Chart

Support & Resistance NCDEX - RM Seed Aug. Contract

S1	S2	PCP	R1	R2
3400	3350	3648	3883	3985

- Rapeseed-mustard edged-up on buying support in the market.
- 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 – Aug.) – 1 Month: **BUY** Above 3550. T1 – 3750; T2 - 3800; SL – 3420.

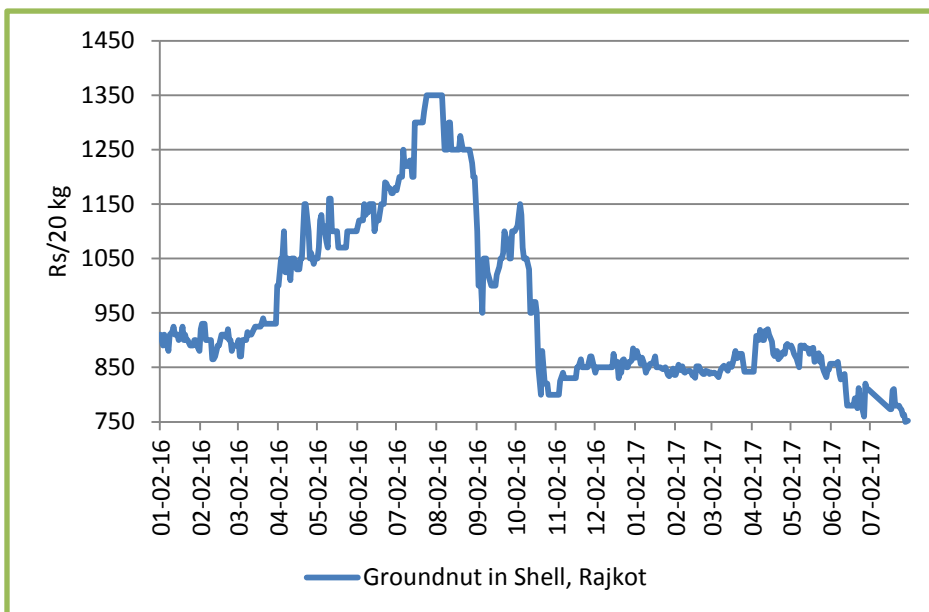
Groundnut

The domestic groundnut prices extended losses in July amid lack of demand in the cash market. Higher edible oil imports at competitive price added to the weak tone of the market. Losses were limited as the kharif groundnut planting is underway and it is behind previous year's figure by 11%, by 28 July 2017.

The groundnut prices (in shell - Rajkot) fell by 0.7% in July compared to June and witnessed the monthly average price of Rs 775 per 20 kg compared to Rs 814 per 20 kg in June.

The groundnut prices in Kernel, Saurashtra are also lower compared to the same period last year. Improved production in the groundnut along with other oilseeds is

cited for the decline. The average monthly price of nuts in Saurashtra was Rs 46980 per metric ton in July 2017 vs Rs 47250 per metric ton in June 2017.



Groundnut							
Center	Variety	% Change over	% Change over	As on	Month Ago	Year Ago	2 Year Ago
		Previous year	Previous month	31-Jul-17	30-Jun-17	30-Jul-16	31-Jul-15
Rajkot	GN in Shell (Rs/20kg)	-44.3	-0.7	752	810	1350	990
Shaurashtra	GN Seed Kernel (Rs/MT)	-17.1	-0.1	46000	46500	55500	50500

(Source: AW)

Annexure

Oil Meal Prices at Key Spot Markets:

Soy DOC Rates at Different Centers			
Centers	Ex-factory rates (Rs/ton)		
	31-Jul-17	30-Jun-17	Parity To
Indore (MP)	24600	23500	Gujarat, MP
Kota	24600	23600	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	26400	24400	Mumbai, Maharashtra
Nagpur (42/46)	25500	24000	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	26400	24700	Andhra, AP, Kar ,TN
Latur	26600	24200	-
Sangli	26700	25000	Local and South
Sholapur	27400	24800	Local and South
Akola	25300	23500	Andhra, Chattisgarh, Orrisa,Jharkhand, WB
Hingoli	26400	24400	Andhra, Chattisgarh, Orrisa,Jharkhand, WB
Bundi	25300	24000	-

Soy DOC at Port			
Centers	Port Price		
	30-Jul-17	30-Jun-17	Change
Kandla (FOR) (INR/MT)	26500	25500	1000
Kandla (FAS) (USD/MT)	414	396	18

International Soy DOC			
Argentina FOB USD/MT	30-Jul-17	30-Jun-17	Change
Soybean Pellets	322	298	24
Soybean Cake Flour	322	298	24
Soya Meal	330	306	24
Soy Expellers	330	306	24

Sunflower (DOC) Rates	Ex-factory rates (Rs/ton)
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Centers	31-Jul-17	30-Jun-17	Change
Adoni	16600	17500	-900
Khamgaon	NA	NA	-
Parli	16500	17500	-1000
Latur	16000	17300	-1300

Groundnut Meal (Rs/MT)	31-Jul-17	30-Jun-17	Change
Basis 45%, Saurashtra	18500	18300	200
Basis 40%, Saurashtra	17000	15500	1500
GN Cake, Gondal	19000	18500	500

Mustard DOC/Meal	31-Jul-17	30-Jun-17	Change
Jaipur (Plant delivery)	13400	13000	400
Kandla (FOR Rs/MT)	14000	13600	400
Sri Ganganagar	1595	1600	-5

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 2017/18 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 2017-18 season, the MSPs of all the Kharif oilseeds are raised for this season.

The MSP of Yellow Soybean is increased by 9.9% to Rs 3050/Qtl (including Rs 100 bonus) for 2017-18 season from Rs 2,775/Qtl in 2016-17, Groundnut -in- shell by 5.5% to Rs 4,450/Qtl (including Rs 100 bonus) from Rs 4,220/Qtl, Sunflower seed by 3.8% to Rs 4,100/Qtl (including Rs 200 bonus) from Rs 3,950/Qtl, Nigerseed by 5.9% to 4,050/Qtl (including Rs 100 bonus) from Rs 3,825/Qtl and Sesamum by 6.0% to Rs 5,300/Qtl (including Rs 200 bonus) from Rs 5,000/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.

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

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