
Oil meals Monthly Research Report

Contents

- ❖ Executive Summary
- ❖ Outlook – Cash Market
- ❖ AW Oilseeds Index
- ❖ International Highlights
- ❖ Soybean – Domestic & International
- ❖ Balance Sheet – Soybean, India
- ❖ Soy meal
- ❖ Soybean Crush Margin
- ❖ Technical Analysis - Soybean
- ❖ Rapeseed - Mustard
- ❖ RM Seed Supply, Rajasthan
- ❖ Balance Sheet – Rapeseed-Mustard, India
- ❖ Technical Analysis – RM Seed
- ❖ Annexure – Prices etc.

Executive Summary

Soybean noticed weak tone during the month amid lack –luster demand in the domestic market and weakness in soybean at CBOT. Expectation of normal monsoon and higher kharif acreage this season added to the weak tone of the market. Soybean at CBOT closed lower during the week amid renewed tension between U.S. and China and worries pertaining to decline in demand from China in the coming days. Planting of soybean is progressing ahead of previous year and ahead of 5 –year average. In Brazil, the trucker's' strike across the country is affecting soybean export shipment and availability for the crushing plants. The Agriculture Ministry of Argentina has further reduced soybean output in its latest estimates.

In the domestic market, south-west monsoon has arrived ahead of time. Farmers have started sowing activities in limited areas. Sowing operations will pick up depending on further progress in the coming days.

In U.S., soybean planting till May 29 is reported at 77%, which is higher than 65% during the corresponding same period previous year. Trade rift between U.S. and China has renewed resumed and demand is likely to decline from China in the coming days. The White House is planning to put 25% tariff on \$50 billion worth of Chinese goods and the list is likely to be issued by June 15, 2018. In Brazil trucker's strike is continuing following increase in fuel prices. This is affecting soybean export shipment and availability in the country. The Agriculture Ministry of Argentina has further reduced soybean output to 36.6 MMT compared to previous estimates of 37.6 MMT in its latest estimates.

Soy meal prices witnessed easy tone following other legs of the complex. Weakness in soy meal at CBOT added to the weak tone of the market. Expectation of normal monsoon has raised hopes of higher soybean production and in turn higher meal production.

Rapeseed prices witnessed mostly positive tone during the month amid good demand from the millers and lower availability in the domestic market. The State government of Haryana continued procurement under the minimum support scheme of the Central government till May 31, 2018. All India average arrival of rapeseed was around 2.50 lakh bags per day during the last week of the month.

Overall record supply in the global market will weigh on the market in the coming days.

Outlook – Cash Market

Outlook - Soybean (Spot, Indore): The soybean witnessed easy tone during the month amid lack –luster demand in the cash market and weakness in soybean at CBOT. Expectation of normal monsoon and higher kharif acreage this season added to the weak tone of the market. Soybean at CBOT closed lower amid renewed trade rift between U.S. and China and likely decline in demand from China in the coming days. U.S. soybean planting is progressing ahead of previous year and 5 –year average. In Brazil truckers’s strike is affecting soybean export shipment and availability for the crushing plants. The Agriculture Ministry of Argentina has further reduced soybean output estimates. The prices are expected to feature range bound movement with weak bias between the price band of 3400 – 3800 level (Indore, Plant basis).

Outlook – Soy meal (Spot, Indore): Soy meal noticed weak tone during the month following other legs of the complex. Weakness in soy meal at CBOT added to the weak of the market. Expectation of normal monsoon this season has raised hopes of higher soybean production and in turn higher meal production. Soy meal, Indore is expected to be in the range of 28,000 – 32,000/MT levels during the month.

Outlook - Rapeseed-Mustard (Spot, Jaipur basis): The rapeseed-mustard noticed firm tone during the month following overall firm trend in edible oils and good demand in the domestic market. The State government of Haryana continued procurement of rapeseed under the minimum support scheme of the Central government, till May 31, 2018. All India average arrival of rapeseed was reported to be around 2.50 lakh bags per day during the last week of the month. The seed prices are likely to feature range-bound movement with firm bias and witness the levels between 3900 – 4200/Qt; levels during the month.

International Highlights

- ❖ According to the latest attached report by USDA, exports of rapeseed from Ukraine in 2018-19 is likely to increase by around 19% to 2.5 MMT compared to previous year.
- ❖ In the weekly USDA crop progress report released on 29 May; Soybeans planting are reported at 77% which is up from 65% from the corresponding period last year and higher compared to the 5 year average of 62%. About 47% of the crop has emerged which is higher than 34% during the corresponding period last year and also up from the 5 year average of 32%.
- ❖ Soybean crushing has increased to record levels in US and EU following shortage of soy meal in Argentina and good demand. This is likely to support the market in the coming days.
- ❖ Brazilian truck drivers have blocked soybean roadways around the country's largest grain state to protest increase in fuel prices. This will reduce availability in the near –term.
- ❖ According to sources, China has been enquiring about U.S. soybean for the first time since April. Trade tension between U.S. and China is easing and is likely to increase demand for U.S. soybean in the coming days. According to trade sources, one Chinese importer has purchased a cargo U.S. soybean for August shipment from the U.S. Pacific North West.
- ❖ According to Treasury Minister, Argentina is likely to halt the gradual lowering of soybean export taxes to help the government to speed up its deficit-cutting effort. The tax had started the year at 30 percent and was being reduced by a half percentage point every month for two years. The levy currently stands at 27.5 percent. Soy growers and exporters have counted on its continued reduction through the end of 2019.
- ❖ According to National Oilseed Processors Association (NOPA), U.S. April soybean crush rose to a record level of 161.016 million bushels from 139.134 million bushels in April 2017 amid strong processing margins. Crush of soybean in March 2018 was 171.858 million bushels. Soy meal exports in April increased to 946,291 metric tonnes, from 878,582 metric tonnes the previous month and higher than 595,468 metric tonnes in April 2017. Soy oil stocks as of April. 30 increased to 2.092 billion pounds, up from 1.946 billion pounds at the end of March 2018. This is the highest stock on record since June 2013.
- ❖ According to Informa, U.S. 2018 soybean plantings is expected at 89.4 million acres, higher than the recent USDA's forecast of 89.0 million acres.

- ❖ According to the latest estimates by the Buenos Aires Exchange, Argentina's soybean output has been reduced to 36 MMT compared to previous estimates of 38 MMT. Drought during the growth period and recent heavy rains during harvesting has affected output.
- ❖ According to the Association of German farm co-operatives, the output of winter rapeseed is likely to decline by 3.3 per cent to 4.12 MMT in 2018 compared to previous forecast. Output has been reduced as warm weather in the growing regions, has affected the growth of the plants.
- ❖ According to China's General Administration of Customs, soybean imports in April 2018 declined by 22.3 per cent to 6.92 MMT compared to previous month. It declined by 13.7 per cent compared to 8.02 MMT in April 2017. During the period January –April 2018, China imported 26.49 MMT soybeans. Arrivals were delayed due to tougher port inspections and changes in value –added-tax (VAT).
- ❖ The monthly supply and demand report of U.S. Department of Agriculture's monthly supply and demand report for the month of May, forecasts U.S. soybean stocks at 415 million bushels in 2018-19, down 115 million bushels from 2017-18. U.S. soybean exports are forecast at 2,290 million bushels, up 225 million bushels compared to 2017-18. Soybean production is estimated at 4,280 million bushels in 2018-19, compared to 4296 million bushels previous year. Soybean production for Argentina is projected up 17.0 million tons to 56.0 million tons in 2018-19. Production for Brazil is flat with the revised 2017/18 crop at 117 million tons as a 4 percent increase in harvested area. The 2018/19 soybean crop for China is down 0.1 million tons to 14.1 million tons. Global soybean stocks are forecast at 92.16 million tons in 2017-18 compared to previous month's estimates of 90.8 million tons.
- ❖ According to Argentina's Agriculture Ministry, soybean production estimates have been revised to 36.6 MMT compared to previous estimates of 37.6 MMT.
- ❖ Argentina's government is increasing export tax on biodiesel to 15 per cent from the existing 8 per cent according to a decree published in the official Gazette.
- ❖ According to USDA, in 2017-18 Argentina's soybean ending stocks are estimated to decline by 40% to 10.9 MMT. In 2018-19, soybean beginning stocks are likely to draw down 7.6 MMT to fulfill export and crush commitments. This will represent the highest draw down of soybean stocks in Argentina's history.

Soybean

Soybean noticed weak tone during the month following lack –luster demand in the cash market and weakness in soybean at CBOT. Expectation of normal monsoon and higher kharif acreage added to the weak tone of the market. Soybean at CBOT closed lower during the week amid renewed trade rift between U.S. and China and likely decline in demand from China in the coming days. U.S. soybean planting is progressing ahead of previous year and 5 –year average. In Brazil, truckers’ strike across the country is affecting soybean export shipment and availability for the crushing plants. The Agriculture Ministry of Argentina has further reduced soybean output in its latest estimates.

According to Indian Meteorological Department, Indian south-west monsoon has entered Kerala on May 29, 2018 ahead of the normal date of June 01. Advancement of monsoon is likely to encourage farmers to increase sowing activities of soybean. Soybean sowing has started in some limited areas.

Kharif Soybean MSP for 2018-19 has been increased from Rs.3050/Qtl to Rs.3325/Qtl. According to industry sources earlier, acreage under soybean was expected to increase by around 15% this season. Farmers are likely to shift from cotton and pulses towards soybean. Higher soybean production will translate into higher soy meal production. This is likely to increase soy meal exports in the coming season. In 2017, soybean acreage was reported at 105.92 lakh hectares according to the Ministry Of Agriculture.

The total monthly soybean arrivals in the cash markets of Madhya Pradesh are reported at 12,82,000 bags compared to 10,64,000 bags reported in the previous week.

According to SOPA, the total supply of soybean has been estimated at 96.50 lakh metric tonnes for the oil year 2017 -18 in its latest estimates released in April. For the period October -April of the current oil year, the production is estimated at 83.50 lakh metric tonnes, while the carryover from the previous year is put at 13.00 lakh metric tonnes.

The demand for crushing is likely to be around 80.00 lakh metric tonnes, while exports are projected at 2 lakh metric tonnes.

With 12 lakh metric tonnes retained for sowing and 1.5 lakh metric tonnes for direct consumption, the carryover for the coming year is estimated at 1.00 lakh metric tonnes.

SOPA SOYEAN REVISED PRODUCTION ESTIMATES KHARIF 2017 As on 07.02.2018

Area in Lakh Ha, Yield in Kg. Per Hectare, Production In Lakh MT

S.No.	Division/District	Kharif 2016 Production	Kharif 2017 Production
1	Madhya Pradesh	54.01	42.00
2	Maharashtra	35.81	29.00
3	Rajasthan	9.81	7.50
4	Andhra Pradesh & Telangana	2.99	1.06
5	Karnataka	3.24	1.73
6	Chattisgarh	1.34	0.86

7	Gujarat	1.38	0.89
8	Rest Of India	1.13	0.46
	Grand Total	109.71	83.50

The area coverage under soybean, as on 01 June, is reported down 55% at 0.04 lakh hectares compared to 0.08 lakh hectares at the same corresponding period last year.

Crop	As on 01 Sep. 2017	As on 01 Sep. 2016	% Chg.
Groundnut	0.11	0.12	-7.56
Soybean	0.04	0.08	-55.00
Sunflower	0.09	0.09	-7.94
Sesamum	0.26	0.20	29.29
Niger	0.00	0.01	-100.00
Castor	0.01	0.01	66.67
Total Oilseeds	0.50	0.51	-1.48

Source: MoA

The total sown area under *kharif* oilseeds, as on 01 June, is lower compared to the previous year's level which is down by 1.48% at 0.50 lakh hectares compared to 0.51 lakh hectares during the corresponding period last year.

India's total area under soybean in 2017 was 105.92 lakh hectares which was lower by 7.72% from 2016.

As per Agriwatch estimates, soybean production in the 2017-18 kharif season has been revised to 94 lakh metric tonnes compared to previous estimates of 98 lakh metric tonnes. India produced 115 lakh metric tonnes in 2016-17. Lower soybean production will lend some support to the market. However, comfortable carry-in stocks and record soybean crop in U.S. Midwest will continue to be the limiting factor.

The total sown area under rabi oilseeds, as on 9th February 2018, is lower compared to the previous year's level which is down by 5.27% at 80.87 lakh hectares compared to 84.85 lakh hectares during the corresponding period last year.

The major buyers in Madhya Pradesh are as follows: Amrit Mandsaur, Ambika Kalapipal, Agrawal Neemuch, Adani Shujalpur, Agro Sol. Datia, Avi Agro, Bansal, Bajrang, Betul Oil, Dhanuka, DivyaJyoti, G. Ambuja, Itarsi, Indian Soya (3-2-10 specification), Khandwa, Khyati, Kriti, K.P. Newari, Mahakali, M.S. Neemuch, Prakash, Oyster Exim, Prestige, Ruchi, Rama, RH Solvex, SSA Mandideep, Shanti Overseas, Sawariya, Itarsi, Sitashri, Vippy for Dewas and Mandsaur delivery during the week.

Previous Update

We expect India's soy meal exports to pick up 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.

Huge South American soy supplies, continue to influence the market as the Indian soy meal price has been out-priced in the international market in recent weeks.

Lower soybean supplies this season, mean decline in crushing and eventually, availability of less soy meal, eventually leading to lower exports.

India's domestic soy meal consumption is around 5 million tonnes and the production is expected to be 7-7.5 million tonnes, the surplus 2.5 million needs to be exported for the good crush market during the season.

The soybean supplies were higher in the key markets of Madhya Pradesh and Maharashtra and lower in Rajasthan during the month.

The domestic soybean prices are likely to notice range –bound to weak tone on expectation of higher kharif acreage this season.

International:

The international benchmark, CBOT soybean closed lower amid renewed trade rift between U.S. and China and likely decline in demand from China in the coming days.

At CBOT, the soybean, in the most active July contract, ended lower at US \$ 10.19/bushel compared to US \$ 10.49/bushel last month.

Net sales reductions of 139,500 MT of soybean for 2017/2018 were down noticeably from the previous week and from the prior 4-week average. Increases reported for Pakistan (248,000 MT, all late reporting including decreases of 5,000 MT), Bangladesh (173,100 MT, including 172,500 MT switched from unknown destinations and decreases of 2,300 MT), Indonesia (81,800 MT, including 50,000 MT switched from unknown destinations and decreases of 100 MT), Germany (75,200 MT), and the Netherlands (66,000 MT, switched from unknown destination), were partially offset by decreases of unknown destinations (894,500 MT) and China (52,500 MT) during the week May 11 -17, 2018. For 2018/2019, net sales of 6,900 MT were reported for Malaysia (5,000 MT), Thailand (4,800 MT), Indonesia (4,000 MT), and Canada (1,100 MT), were partially offset by decreases for unknown destinations (8,000 MT). Exports of 903,900 MT were up 56 percent from the previous week and 65 percent from the prior 4-week average. The destinations were primarily to China (133,200 MT), Mexico (114,500 MT), Bangladesh (113,300 MT), Germany (75,200 MT), and Vietnam (74,400 MT). The current week's net sales are lower compared to net sales of 281,900 MT during the previous week.

Previous updates

In the latest USDA quarterly stock report, it has been reported that the US soybeans stored in all positions on March 1, 2018 totaled 2.11 billion bushels, up 21 percent from March 1, 2017. It is higher than average trade estimate of 2.030 billion bushels.

On -farm stocks are estimated at 855 million bushels, up 28 percent from a year ago. Off-farm stocks, at 1.25 billion bushels, are up 17 percent from last March.

Indicated disappearance for the December 2017 - February 2018 quarter totalled 1.05 billion bushels, down 9 percent from the corresponding same period a year earlier.

According to the latest attached report by USDA, exports of rapeseed from Ukraine in 2018-19 is likely to increase by around 19% to 2.5 MMT compared to previous year.

In the weekly USDA crop progress report released on 21 May; Soybeans planting are reported at 56% which is up from 50% from the corresponding period last year and higher compared to the 5 year average of 44%. About 26% of the crop has emerged which is higher than 17% during the corresponding period last year and also up from the 5 year average of 15%.

Soybean crushing has increased to record levels in US and EU following shortage of soy meal in Argentina and good demand. This is likely to support the market in the coming days.

Brazilian truck drivers have blocked soybean roadways around the country's largest grain state to protest against increase in fuel prices. This will reduce availability in the near-term.

According to sources, China has been enquiring about U.S. soybean for the first time since April. Trade tension between U.S. and China is easing and is likely to increase demand for U.S. soybean in the coming days. According to trade sources, one Chinese importer has purchased a cargo U.S. soybean for August shipment from the U.S. Pacific North West.

According to Treasury Minister, Argentina is likely to halt the gradual lowering of soybean export taxes to help the government to speed up its deficit-cutting effort. The tax had started the year at 30 percent and was being reduced by a half percentage point every month for two years. The levy currently stands at 27.5 percent. Soy growers and exporters have counted on its continued reduction through the end of 2019.

According to Abiove, Brazil's soybean output has been revised higher by 0.9 per cent to 118.4 MMT in May 2018 compared to previous month. Soybean exports have been revised upwards by 1.1 per cent to 71.2 MMT compared to previous month.

According to Abiove, Brazil will surpass U.S. as the world's largest producer of soybean this year. The U.S. is expected to produce 116.48 MMT soybean in 2018 and Brazil is expected to produce 117 MMT soybean. Brazilian increase in soybean production has resulted from logistical improvements, gains from planting second corn as a rotation crop, all of which increase farmer yields. Brazil also has the ability to increase its planted area.

According to National Oilseed Processors Association (NOPA), U.S. April soybean crush rose to a record level of 161.016 million bushels from 139.134 million bushels in April 2017 amid strong processing margins. Crush of soybean in March 2018 was 171.858 million bushels. Soy meal exports in April increased to 946,291 metric tonnes, from 878,582 metric tonnes the previous month and higher than 595,468 metric tonnes in April 2017. Soy oil stocks as of April. 30 increased to 2.092 billion pounds, up from 1.946 billion pounds at the end of March 2018. This is the highest stock on record since June 2013.

According to Informa, U.S. 2018 soybean plantings is expected at 89.4 million acres, higher than the recent USDA's forecast of 89.0 million acres.

According to the latest attaché report released by the USDA, sunflower and rapeseed planted areas are projected to increase for MY2018/19 in Ukraine. Soybean seed area is likely to reduce due to recent changes in domestic tax policy. Those changes will give soybean crushers an advantage for processing versus exporting unprocessed soybeans, which will result in more exports of soybean meal and oil. Soybean production is expected to decline by 14% to 3.3 MMT in 2018-19. The USDA forecasts sunflower seed production in 2018-19 at 15.6 MMT, a 16% increase over the previous year. Rapeseed planted area is forecast to increase by 25% while production is projected to rise by 21% to 2.6 MMT.

According to the Association of German farm co-operatives, the output of winter rapeseed is likely to decline by 3.3 per cent to 4.12 MMT in 2018 compared to previous forecast. Output has been reduced as warm weather in the growing regions has affected the growth of the plants.

According to the latest estimates by the Buenos Aires Exchange, Argentina's soybean output has been reduced to 36 MMT compared to previous estimates of 38 MMT. Drought during the growth period and recent heavy rains during harvesting has affected output.

According to the latest monthly report released by consultancy, Strategie Grains, rapeseed production estimates in European Union has been lowered to 22.2 MMT compared to previous month's estimates of 22.5 MMT. Lower production is following hampered crop development in the top producing countries of Germany, France, Britain and Poland.

According to China's General Administration of Customs, soybean imports in April 2018 declined by 22.3 per cent to 6.92 MMT compared to previous month. It declined by 13.7 per cent compared to 8.02 MMT in April 2017. During the period January –April 2018, China imported 26.49 MMT soybeans. Arrivals were delayed due to tougher port inspections and changes in value –added-tax (VAT).

According to China's Agriculture ministry, soybean imports in 2018-19 are expected to decline by 0.3 per cent to 95.65 MMT compared to previous ar. Imports are expected to decline for the first time in the last 15 years following trade rift between U.S. and China. Soybean output is expected to increase by 4.9 per cent to 15.27 MMT in 2018 -19 compared to previous year.

The U.S. Department of Agriculture's monthly supply and demand report for the month of May forecasts U.S. soybean stocks at 415 million bushels in 2018-19, down 115 million bushels from 2017-18. U.S. soybean exports are forecast at 2,290 million bushels, up 225 million bushels compared to 2017-18. Soybean production is estimated at 4,280 million bushels in 2018-19, compared to 4296 million bushels previous year. Soybean production for Argentina is projected up 17.0 million tons to 56.0 million tons in 2018-19. Production for Brazil is flat with the revised 2017/18 crop at 117 million tons as a 4 percent increase in harvested area. The 2018/19 soybean crop for China is down 0.1 million tons to 14.1 million tons. Global soybean stocks are forecast at 92.16 million tons in 2017-18 compared to previous month's estimates of 90.8 million tons.

According to the planting intentions report released by Statistics Canada, the total area under canola will decline by 7 per cent to 21.4 million acres in 2018 compared to previous year. Soybean acreage in Canada is expected to decline 11.4 percent from the record planted in 2017, to a total 6.5 million acres.

According to the latest report released by the IGC, soybean production in Argentina has been reduced to 38 MMT following hot and dry weather conditions in the growing regions compared to previous month's estimates of 43 MMT. This is in line with Argentina's Agriculture ministry forecast of 37.8 MMT released previous week.

According to the latest report by consultancy AgRural, Brazil's soybean output in 2017/18 has been estimated at 119 MMT compared to previous month's estimate of 117.9 MMT. According to AgRural, excellent yield in the agricultural frontier Matopiba is boosting output.

According to the latest report released by the Rosario Exchange, Argentina's soybean output in 2017 -18 is estimated at 37 MMT compared to previous estimates of 40 MMT. Prolonged drought in the soybean growing regions has affected yields.

The IGC has reduced the global soybean output in 2017/18 by 2 MMT to 347 MMT from its previous estimates, following lower production in Argentina. Global soybean production in 2017/18 is still below the 2016/17 record crop of 351 MMT. The global harvested area for soybean in 2018-19 is expected to increase by 2 per cent. Soybean consumption is likely to increase to 353 MMT compared to 338 MMT in 2016/17.

The international soybean prices are likely to witness range –bound to weak tone amid increasing progress of soybean planting and likely decline in demand from China, in the coming days.

Balance Sheet – Soybean, India

Fig. in MnT

Soybean (Fig in Mn T) MY- Oct.-Sep.			Q3	Q4	Q1	Q2
	2016- 17E	2017- 18F	Oct-Dec'17 F	Jan-Mar'18 F	Apr-Jun'18 F	July-Sep 18 F
Carry In	0.23	0.23	0.23	4.15	2.29	1.21
Production	11.50	9.80	9.8	0	0	0
Imports	0.00	0.00	0	0	0	0
Total Availability	11.73	10.03	10.03	4.15	2.29	1.21
Processing/Crushing	10.00	7.80	5.38	1.36	0.58	0.48
Exports & Direct Consumption	0.50	1.00	0.50	0.50	0.00	0.00
Seeding/Retained for Sowing	1.00	1.00	0	0	0.5	0.5
Total Usage	11.50	9.80	5.88	1.86	1.08	0.98
Carry Out	0.23	0.23	4.15	2.29	1.21	0.23
Monthly Use	0.96	0.78				
Stock/Consumption Ratio	0.02	0.02				
Stock to Month Use Ratio	0.23	0.29				

Source: Agriwatch

- **Trade Observations: Traders are mostly doing need based buying on higher edible imports at competitive prices.**
- India's 2017/18 soybean production is projected at 9.80 million metric tonnes against 11.5 million metric tonnes last season.
- We expect India's 2017/18 soybean crush at 7.80 million metric tonnes vs 10.0 million metric tonnes in 2016/17.
- This translates into availability of 6.2 million metric tonnes of soy meal and 1.4 million metric tonnes of soy oil in 2016/17.
- Lower crushing mean decrease in the availability of soy meal. India's soy meal prices have to must compete with the meal prices of South America in 2017/18 also.

Soy meal

Soy meal noticed weak tone during the month following other legs of the complex. Weakness in soy meal at CBOT added to the weak tone of the market. Expectation of normal monsoon has raised hopes of higher soybean production and in turn higher meal production.

Soy meal ready for ready delivery in PP bags at Dhule was quoted at 30800+GST by MOEPL in the last week of May. This is with 46.5% protein content. However, it was quoted at 31000+GST at Latur by Octagon on Thursday for delivery in the next 10 days. This is with 46% protein content and it was quoted at 31700+GST for 47% protein content.

According to industry sources, Kharif acreage under soybean this season, is likely to increase by 15 per cent in the domestic market, according to industry sources following increase in soybean price amid highest level of hike in import duty, to the highest level by the government. Higher soybean production will translate into higher soy meal production. This is likely to increase soy meal exports in the coming season.

On a financial year basis, India's export of oil meals during April 2017 to March 2018 stands at 3,025,538 metric tonnes as compared to 1,885,480 metric tonnes in the same period of previous year showing an increase of 60% according to data released by the Solvent Extractor's Association of India.

In the month of April 2018, export of oil meals increased by 14% to 155,069 metric tonnes compared to the correspondingsame period previous year. Soy meal exports during the period April 2018, was reported down at 45,209 metric tonnes compared to 124,374 metric tonnes during the same corresponding period previous year.

Earnings from oilmeal exports increased by 48 per cent to Rs.4758 crores in the financial year 2017 -18. The growth in export earnings in the financial year 2017-18 is attributed to higher export of rapeseed meal at 663,988 tonnes which is more than double compared to previous year, ricebran extraction at 594,129 tonnes (up 77 per cent) and castor seed meal at 572,762 tonnes (up 39 per cent) compared to previous year.

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

Soy meal declined in international market, during the month.

CBOT soy meal July contract settled at US \$ 375.30 per short ton compared to US \$ 393.80 per short ton last month.

Net sales of 239,500 MT of soybean cake and meal for 2017/2018 were down 36 percent from the previous week, but up 2 percent from the prior 4-week average. Increases were reported for the Philippines (134,800 MT, including decreases of 2,000 MT), Canada (25,700 MT, including decreases of 300 MT), Mexico (23,700 MT, including decreases of 100 MT), Tunisia (15,000 MT, switched from unknown destinations), and the Dominican Republic (10,800 MT, including decreases of 1,200 MT) during the week May 11 -17, 2018. Reductions were primarily for Nicaragua (800 MT) and Guatemala (700 MT). For 2018/2019, net sales reductions of 42,600 resulted as increases for Japan (1,400 MT) and Canada (1,000 MT), were more than offset by reductions for the Philippines (45,000 MT). Exports of 257,000 MT were down 1 percent from the previous week and 10 percent from the prior 4-week average. The primary destinations were Colombia (48,100 MT), the Philippines (34,500

MT), Morocco (30,300 MT), Spain (29,600 MT), and Mexico (22,500 MT). The current week's net sales for 2017/18 are lower compared to net sales of 376,000 MT during the previous week.

The domestic soy meal prices at Indore were quoted at Rs 29,300 – 30,800/MT in the last week of May compared to Rs. 30,800/MT -31,200/MT in previous week. At Latur and Nanded, Maharashtra, soy meal noticed weak tone and were quoted at Rs 30,500/MT and 31,300/MT respectively compared to Rs 29,300/MT in Indore and Rs 30,000/MT in Kota.

Previous Updates

India has registered gains in the soy meal exports in the current season. Recovery in INR against dollar will eventually make India's soy meal export prices unattractive and help South American soy meal to gain market share.

India is expected to produce 7-7.5 million metric tonnes of soy meal this season. Out of which 5 million metric tonnes will be consumed domestically but another 2 -2.5 million metric tonnes must be shipped overseas, failing which, the disparity on crushing soybean will increase.

We expect India's soy meal exports to decline slightly in the new season with lower 2017/18 soybean production leading to lower crushing eventually decreasing the meal supplies.

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

India's Y-o-Y soy meal prices, Indore, are currently higher compared to previous year. Soy meal Indore was quoted higher between Rs 29,300 – 30,800/MT in the last week of May compared to Rs 22,400 – 23,000/MT during the corresponding period last year.

The soy meal prices are likely to notice range –bound to weak tone amid lack of demand in the domestic market.

Soy Meal Export (In MT)

	2010	2011	2012	2013	2014	2015	2016	2017	2018
Jan	240318	574996	474993	619793	364443.7	103934	28400	155160	105678
Feb	220552	540360	344240	577589	183551	64514	29951	207977	73816
Mar	163666	410537	460464	302131	232176	46670	26645	107059	39209
Apr	60264	305033	313832	100312	75884	18017	12295	124374	45209
May	60575	176819	142588	97547	8226	14045	10400	48900	
Jun	98400	117600	180987	213564	2636	2098	17930	45975	
Jul	166632	139547	168341	107038	6682	929	12270	80797	
Aug	176138	165510	10005	183555	2778	768	10615	87668	
Sep	290868	225921	6525	173381	868	6886	12210	102212	
Oct	404960	223594	49840	182724	29071	4237	31390	71425	
Nov	443488	397659	517103	503269	110806	8909	97750	207630	
Dec	611157	798041	510698	451314	193832	5667	241250	168865	
Total	2937018	4075617	3179616	3512217	843874	276674	531106	1408042	

Source: SEA

India's soy meal exports had started the current season with commendable growth and 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. However during the last two months exports have been declining due to higher price of soy meal in the domestic market on lower production this season. Prices have to remain competitive this season to gain global market share.

Soybean Crush Margin

Avg Crush Margin – May. 2018		Avg Crush Margin – Apr. 2018		Avg Crush Margin – May. 2017	
-842		-1104		-850	
Min	Max	Min	Max	Min	Max
-1800	-375	-1599	-574	-1100	-310

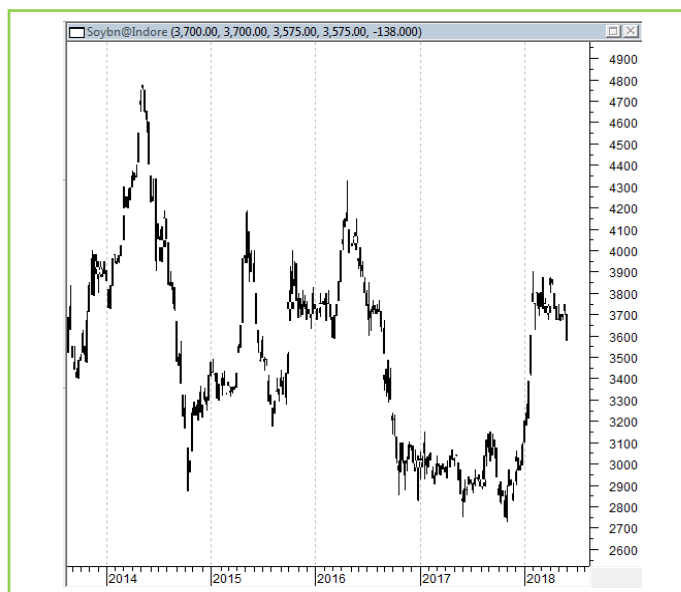
The domestic soybean crush margins in May 2018 were higher from the corresponding period last year owing to the higher soybean and meal prices in May '18.

Technical Analysis:

NCDEX Soybean Futures



Soybean Spot, Indore



*Note: Daily Chart

Support & Resistance NCDEX Soybean –July. contract

S1	S2	PCP	R1	R2
3400	3300	3576	3800	3900

- Soybean noticed range –bound to weak tone, during the month.
- Prices closed below 18-day EMA.
- RSI and stochastic are declining in the oversold zone.
- MACD is declining in the negative territory.
- The prices are expected to feature loss during the month.
- Trade Recommendation (NCDEX Soybean – June.): **SELL** Below 3650. Levels: T1 – 3550; T2- 3500, SL -3710.

Rapeseed - Mustard Seed

The domestic rapeseed-mustard witnessed positive tone during the month amid lower availability in the domestic market and good demand from the millers. All India average arrival of rapeseed was around 2.50 lakh bags per day during the last week of May.

The State Government of Haryana continued procurement of mustard seed till May 31, 2018 under the price support scheme of the central government. Some farmers had been left behind from the procurement of mustard seed following rain and immaturity of the crop.

According to industry sources, India's rapeseed and mustard output in 2017/18 is likely to be around 63 -64 lakh tonnes. Farmers have reduced the area in Rajasthan amid higher temperatures and lack of moisture at the time of sowing. According to Solvent Extractor's Association of India, India produced a record 6.73 MMT rapeseed in the 2016/17 marketing year.

The all India seed supplies were reported between 2.10 – 2.75 lakh bags in a day in the last week of May compared to around 2.55 – 3.55 bags a day, previous week. The supplies were 1.80 -2.40 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– May	1 Month Ago	Corresponding Period Last Year
72,55,000	98,45,000	65,05,000

The seed prices are higher at spot market and are quoted at around Rs 3,985 – 4,070 a quintal in the last week of May compared to Rs 3,690 – 3,755 a quintal during the corresponding period last year at the benchmark, Jaipur.

At NCDEX futures, the seed prices at July contract ended higher at 3958/Qtl compared to 3837/Qtl previous month.

The area coverage under rapeseed, this season is reported down 5.27% at 66.88 lakh hectares compared to 70.56 lakh hectares at the same period last year.

The total sown area under *rabi* oilseeds is lower compared to the previous year's level which is down by 5.27% at 80.87 lakh hectares compared to 84.85 lakh hectares during the corresponding period last year.

India's total area under rapeseed in 2017 was 70.56 lakh hectares which was higher by 9.3% from 2016.

The rapeseed-mustard prices are driven by India's edible oil imports, Chinese veg. oil demand and Malaysian palm oil. India's edible oil imports increased in November.

According to the data released by the General Administration of Customs, China's import of rapeseed declined by 15.48% to 250,034 metric tonnes in March 2018 compared to same period previous year. In the first three months of the year 2018, imports of rapeseed declined by 21.18% to 984,947 metric tonnes compared to

corresponding same period previous year. Imports of rapeseed meal increased by 87.51% to 109,795 metric tonnes in March 2018, compared to same corresponding period previous year. In the first three months of the current year, imports of rapeseed meal increased by 46.26% to 297,848 metric tonnes compared to corresponding same period previous year.

Previous Updates

Agriwatch had 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 tonnes in 2015/16 while Solvent Extractors of India had estimated India's seed production at 7.2 million tonnes.

According to Solvent Extractors Association (SEA), India's April edible oil imports rose 3.37 percent y-o-y to 13.69 lakh tons from 13.24 lakh tons in April 2017. Palm oil imports in April rose 3.59 percent y-o-y to 7.79 lakh tons from 7.52 lakh tons in April 2017. CPO Imports rose 9.0 percent y-o-y to 5.57 lakh tons from 5.11 lakh tons in April 2017. RBD palmolein imports fell 9.48 percent y-o-y to 2.10 lakh tons from 2.32 lakh tons in April 2017. Soy oil imports fell 13.11 percent in April y-o-y to 2.65 lakh tons from 3.05 lakh tons in April 2017. Sunflower oil imports rose 25.11 percent in April percent y-o-y to 2.94 lakh tons from 2.35 lakh tons in April 2017. Rapeseed (canola) oil import fell to 12.5 percent 0.28 lakh tons compared 0.32 imports in April 2017.

According to Solvent Extractors Association (SEA), India's March edible oil stocks at ports and pipelines fell 3.87 percent m-o-m to 21.12 lakh tons from 21.97 lakh tons in February 2018. Stocks of edible oil at ports fell to 770,000 tons (CPO 350,000 tons, RBD Palmolein 160,000 tons, Degummed Soybean Oil 80,000 tons, Crude Sunflower Oil 160,000 tons and 20,000 tons of Rapeseed (Canola) Oil) and about 1,342,000 tons in pipelines (stocks at ports were 757,000 tons in February 2018). India is presently holding 33 days of edible oil requirement on 1st April, 2018 at 21.12 lakh tons compared to 36 days of requirements last month at 21.97 lakh tons. India's monthly edible oil requirement is 18.25 lakh tons.

According to USDA April estimate, India's soy oil imports estimate is reduced to at 33.45 lakh tons from previous estimate of 35.45 lakh tons. Soy oil production estimate is reduced to 14.94 lakh tons from previous estimate of 15.75 lakh tons. Consumption estimate of soy oil is reduced to 51 lakh tons from previous estimate of 52 lakh tons. End stocks estimate of soy oil is reduced to 1.67 lakh tons from 2.18 lakh tons in its previous estimate.

According to China General Administration of Customs (CNGOIC), China's March edible vegetable oil imports rose 14.0 percent to 399,000 tons from 350,000 tons in February. Exports fell 11.3 percent from March 2017 reported at 450,000 tons. Year to date imports fell 5.5 percent to 1,325,000 tons compared to corresponding period in 2017.

According to China's General Administration of Customs (CNGOIC), China's March palm oil imports rose 27.13 percent to 4.80 lakh tons compared to March 2017. Year to date imports of palm oil rose 5.53 percent to 13.21 lakh tons. Imports from Indonesia in March rose 35.29 percent to 3.47 lakh tons compared to March 2017. Year to date imports of palm oil from Indonesia rose 9.84 percent to 9.25 lakh tons. Imports from Malaysia in March rose 9.7 percent to 1.32 lakh tons compared to March 2017. Year to date imports of palm oil from Malaysia fell 3.39 percent to 3.95 lakh tons.

According to cargo surveyor Societe Generale de Surveillance Exports of Malaysian palm oil products for May. 1-20 fell 18.0 percent to 745,309 tonnes from 909,388 tonnes shipped during Apr. 1-20.

According to AmSpec, Palm oil exports from Malaysia dropped 20.9 percent between May 1 and 20 compared with the corresponding period in April. Exports of Malaysian palm oil products for May 1 - 20 fell to 736,942 tonnes from 931,758 tonnes shipped during April 1 – 20.

According to Malaysia Palm Oil Board (MPOB), Malaysia's April palm oil stocks fell 6.42 percent to 21.74 lakh tons compared to 23.23 lakh tons in March. Production of palm oil in April fell 0.99 percent to 15.58 lakh tons compared to 13.74 lakh tons in March. Exports of palm oil in April fell 1.99 percent to 15.41 lakh tons compared to 15.66 lakh tons in March. Imports of palm oil in April fell 10.1 percent to 0.36 lakh tons compared to 0.40 lakh tons in March.

According to Malaysia Palm Oil Board (MPOB), Malaysia's 2018 production is estimated to grow 3 percent to 20.5 MMT from 19.9 MMT in 2017. Malaysia's 2018 exports are estimated to rise 5.1 percent to 17.4 MMT. MPOB estimates palm oil stocks to fall 15.8 percent to 2.3 MMT.

According to Malaysia Palm Oil Board (MPOB), Malaysia kept crude palm oil export duty unchanged at 5 percent for June. Export duty of palm oil is calculated at reference price of 2,421.19 ringgit (\$611.41) per ton. Tax is calculated above 2,250 ringgit starting from 4.5 percent to a maximum of 8.5 percent.

According to GAPKI, exports of palm oil and palm kernel oil dropped 2.8 percent to 2.40 million tonnes in March from a year earlier. Indonesia had palm oil stocks of 3.65 million tonnes by end-March, up from 3.50 a month earlier.

According to the latest monthly estimates from Strategie Grains, rapeseed production estimates have been increased to 22.60 MMT in European Union for 2017/18 compared to previous estimates of 21.86 MMT and 20.34 MMT in 2016/17.

Outlook: The rapeseed-mustard is likely to notice range –bound to firm tone amid lower availability in the market.

Balance Sheet – Rapeseed-Mustard Seed, India

(Fig in MnT)

Rapeseed-Mustard (Fig in Mn T) MY-Feb.-Jan.	2017-18	2018-19	Feb-Apr	May-Jul	Aug-Oct	Nov-Jan
Carry In	0.10	0.10	0.10	3.17	1.66	0.87
Production	6.80	6.30	6.30	0.00	0.00	0.00
Imports	0.00	0.00	0.00	0.00	0.00	0.00
Total Availability	6.90	6.40	6.40	3.17	1.66	0.87
Processing/Crushing	6.80	6.30	3.18	1.46	0.68	0.67
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	6.80	6.30	3.23	1.51	0.78	0.77
Carry Out/Ending Stock	0.10	0.10	3.17	1.66	0.87	0.10
Monthly Use	0.57	0.53				
Stock/Consumption Ratio	0.01	0.02				
Stock to Month Use Ratio	0.18	0.19				

(Source: AgriWatch)

- We have pegged India's 2018/19 Rapeseed-mustard outturn at 6.3 million tonnes, lower by more than 5% compared to the 2017/18 production at 6.8 million tonnes.
- India's production is lower than 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, almost fully. Prices to get some support following increase in import on edible oils and procurement at MSP by the government.

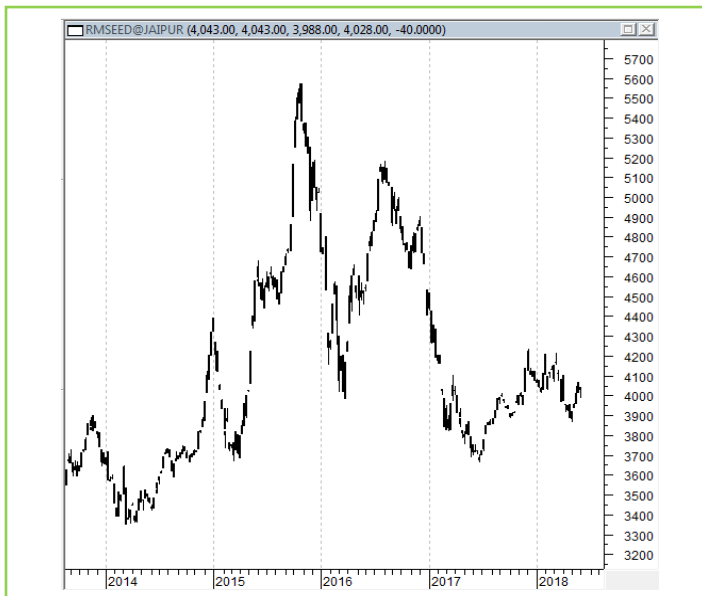
Technical Analysis:

NCDEX RM Seed Futures



*Note: Daily Chart

RM Seed Spot, Jaipur



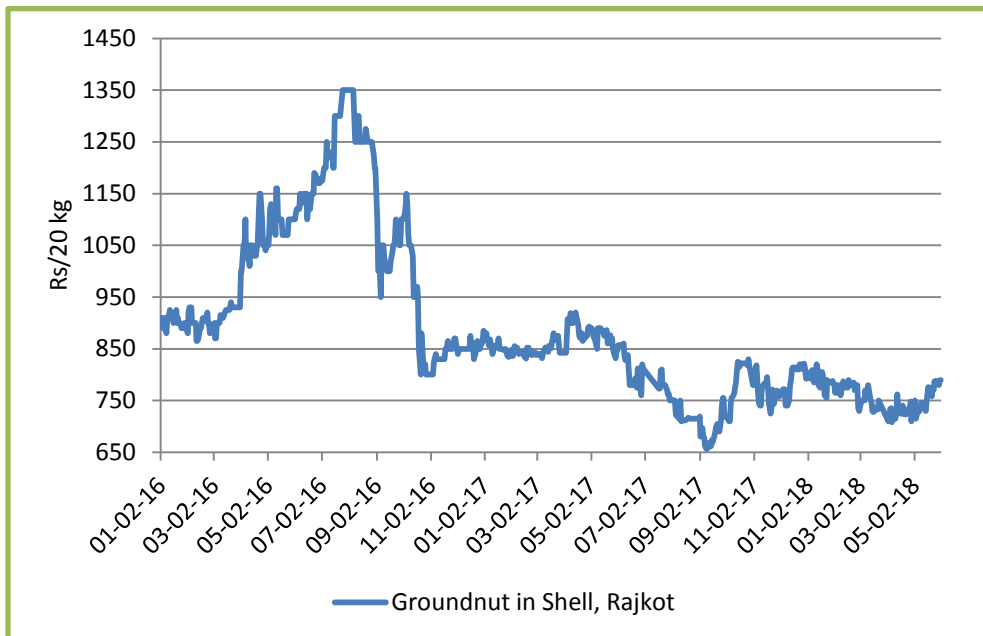
Support & Resistance NCDEX RM Seed – July. contract

S1	S2	PCP	R1	R2
3800	3700	3958	4200	4300

- Upward movement witnessed in RM seed.
- Prices closed above 18-day EMA.
- RSI is increasing and stochastic is declining in the neutral zone.
- MACD is declining in the negative territory.
- The prices are expected to feature range-bound movement with firm bias, during the month.
- Trade Recommendation (NCDEX Rapeseed-Mustard – July) Month: **BUY** Above 3900. Levels: Target – 4000; T2- 4050, SL –3840.

Groundnut

The domestic groundnut prices witnessed some recovery during the month, following some export demand around current levels. However, overall market sentiment remains bearish. In Gujarat, demand remains subdued in the domestic market following lower demand of groundnut oil during summer season and availability of other cheaper oils in the market. According to market sources, though Government has increased the MSP recently, it will be not helpful much help in boosting acreage in the current kharif season. Most of the farmers do not get MSP for their produce and have to sell it at lower levels in the market, to meet their immediate requirement. As per Gujarat state agriculture, as on 7th May, 2018 52,300 hectares has been brought under groundnut against 69,700 hectares last year and against 59,700 hectares of three year average. Sowing of summer crop has been completed in the State. Summer crop arrival has started in limited quantity. Most of the summer crop arrival is exported.



The groundnut prices (in shell - Rajkot) increased by 7.3% in May compared to April and witnessed the monthly average price of Rs 757 per 20 kg compared to Rs 727 per 20 kg in April.

The groundnut prices in Kernel, Saurashtra are lower compared to the same corresponding period last year. Lower arrivals are reported in the mandis.

Groundnut							
Center	Variety	% Change over	% Change over	As on	Month Ago	Year Ago	2 Year Ago
		Previous year	Previous month	31-May-18	30-Apr-18	31-May-17	31-May-16
Rajkot	GN in Shell (Rs/20kg)	-6.6	7.3	790	736	846	1100
Saurashtra	GN Seed Kernel (Rs/MT)	NA	NA	NA	42500	50000	51000

(Source: AW)

Annexure

Oil Meal Prices at Key Spot Markets:

Soy DOC Rates at Different Centers			
Centers	Ex-factory rates (Rs/ton)		
	31-May-18	30-Apr-18	Parity To
Indore (MP)	29500	30000	Gujarat, MP
Kota	30000	31000	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	31000	31900	Mumbai, Maharashtra
Nagpur (42/46)	31000	31500	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	31300	32300	Andhra, AP, Kar ,TN
Latur	31000	31800	-
Sangli	31900	32500	Local and South
Sholapur	31000	32500	Local and South
Akola	30200	30500	Andhra, Chattisgarh, Orrisa,Jharkhand, WB
Hingoli	31000	32000	Andhra, Chattisgarh, Orrisa,Jharkhand, WB
Bundi	30500	30500	-

Soy DOC at Port			
Centers	Port Price		
	30-May-18	29-Apr-18	Change
Kandla (FOR) (INR/MT)	32300	32300	Unch
Kandla (FAS) (USD/MT)	485	485	Unch

International Soy DOC			
Argentina FOB USD/MT	30-May-18	29-Apr-18	Change
Soybean Pellets	416	NA	-
Soybean Cake Flour	416	NA	-
Soya Meal	NA	NA	-
Soy Expellers	NA	NA	-

Sunflower (DOC) Rates	Ex-factory rates (Rs/ton)		
Centers	31-May-18	30-Apr-18	Change
Adoni	19200	19100	100
Khamgaon	NA	NA	-
Parli	NA	NA	-
Latur	NA	19000	-

Groundnut Meal (Rs/MT)	31-May-18	30-Apr-18	Change
Basis 45%, Saurashtra	20000	21500	-1500
Basis 40%, Saurashtra	17500	19000	-1500
GN Cake, Gondal	19000	20000	-1000

Mustard DOC/Meal	31-May-18	30-Apr-18	Change
Jaipur (Plant delivery)	14200	14600	-400
Kandla (FOR Rs/MT)	14500	15500	-1000
Sri Ganganagar	1750	1785	-35

India's Kharif Oilseeds Production Seen at 20.36 Mn T vs 21.51 Mn T in 2nd Adv Est. - GOI

The 2nd Advance Estimates of production of major crops for 2017-18 have been released on 27 February, 2018 by the Department of Agriculture, Cooperation and Farmers Welfare. The assessment of production of different crops is based on the feedback received from States and validated with information available from other sources. As a result of floods and erratic rainfall during monsoon 2017, the country has witnessed lower food grain production in the current year compared to previous year.

The estimated production of major Kharif Oilseeds during 2017-18 is as under:

Oilseeds – 20.36 million tonnes

- Soyabean – 11.39 million tonnes
- Groundnut – 6.61 million tonnes
- Castorseed – 1.49 million tonnes

With a decline of 1.15 million tonnes over the previous year, total kharif Oilseeds production in the country is estimated at a level of 20.36 million tonnes. It is lower by 2.25 million tonnes than the all time record production of 22.61 million tonnes achieved during 2013-14.

The production of Oilseeds during 2017-18 is higher by 0.204 million tonnes than the five year's average Oilseeds production. The current year's production is lower than the kharif production of 21.51 million tonnes during 2016-17.

MSP for 2018/19 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 2018-19 season, the MSPs of all the Kharif oilseeds are raised for this season.

The MSP of Yellow Soybean is increased by 9.0% to Rs 3325/Qtl for 2018-19 season from Rs. 3050/Qtl (including Rs 100 bonus) in 2017-18, Groundnut -in- shell by 5.2% to Rs 4,680/Qtl from Rs 4,450Qtl (including Rs 100 bonus), Sunflower seed by 3.7% to Rs 4,250/Qtl from Rs 4,100/Qtl (including Rs 200 bonus), Nigerseed by 5.5% to 4,275/Qtl from Rs 4,050/Qtl (including Rs 100 bonus) and Sesamum by 5.7% to Rs 5,600/Qtl from Rs 5,300/Qtl (including Rs 200 bonus).

MSP for 2016/17 Rabi Oilseeds

The Cabinet Committee on Economic Affairs has approved the Minimum Support Prices (MSPs) for Rabi Oilseeds Crops of 2017-18 season are as follows: The MSP of Rapeseed/Mustard is raised (8.1%) by Rs. 300/Qtl to Rs. 4,000/Qtl from Rs. 3,700/Qtl earlier. For Safflower too it is increased (10.8%) by Rs. 400/Qtl to Rs. 4,100/Qtl from Rs. 3,700/Qtl in 2016-17.

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

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>
© 2017 Indian Agribusiness Systems Pvt Ltd.