
Oil Meal Monthly Research Report

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Executive Summary

Soybean futures at NCDEX witnessed the bearish trend on the cues from international market which remained under the influence of anticipation of bumper crop in the coming harvest season. WASDE to upwards revised the yield to 51.6 bushels from 48.5 bushels of July estimate. CME bean prices though recovered after posting good exports sales, downward revision in the crop ratings under good to excellent and also expected positive outcome over new trade talks between US and China. However all these fizzled out down the month and CME bean prices plunged to new lows. Upcoming WASDE again remain crucial for the price direction and US yield is the key for the scenario coming in the WASDE report in terms of SND. Down the month weekly exports sales and NOPA crush which is giving positive in the market. The stage is set for upcoming WASDE report with speculations mainly over the yield and production numbers of US soybean. Market is expecting yield to be at 51 bushels per acre in the upcoming WASDE report. We are also expecting the yield to be around 51 bushles per acre.

In the domestic market, all eyes will be on the crop progress as the sowing data clearly indicates normal soybean acreages at 111.7 lakh hectares. As the rains has been well spread with drier period not extending above 3 weeks and limited atrack of pest and disease we are expecting all India yield to remain average to above average. There are potential lower yield in Gujarat and in almost 10% of area in rest of states to witness belwo average yield. SOPA has done the crop survey and indicated the same.

CBOT Soy meal broke the three month long consolidation phase to inch towards the \$300 per short ton mark giving bearish signals in the international meal market. Argentinean Soymeal to plunged to \$335 per ton on FIB basis and thus paving the way for even higher falls of Indian soymeal to gain the parity. Current season exports market is underpinned by the demand from EU and satellite nations as the SE Asian nations have been away from Indian markets. It will be interesting to see SE Asian buyer's preference in buying soymeal in between South America and US. Iran's demand of soymeal is to look forward carefully as US has imposed unilateral sanctions on Iran and further Iran is finding it difficult to source soybean and meal from SA nations

Rapeseed prices is underpinned by the stocks held by NAFED and with NAFED started auctioning the same through e-platform of NeML the rate of offloading is going to determine the bearishness in the market. As of now there is very limited response from traders and crushers and stock still remains intact. Thus as 8.7 lakh tons is not available in the market for crush mustard potential to inch higher remain intact. However the extent of bullishness depends on the spread between Soy and Mustard. Mustard futures already has plunged to multi-week low following Soybean

Overall market is expected to edge low with the bean making new lows whereas Mustard weakness will remain restricted. However, aggressive falls in Soybean with ha repercussion in Mustard too.

Outlook – Cash Market

Outlook - Soybean (Spot, Indore): Soybean Indore is expected to trade range in between the range of 3250 to 3400. With the current situation of higher y-o-y acreages and forecast of favorable weather the old crop is expected to fall further as market is betting on new crop rather on old crop. This prices is expected to inch down further in coming weeks to 3250. New crop futures and forwards however is going to reel under the impression of higher crop.

Outlook – Soy meal (Spot, Indore): With Soybean under the influence of bear the Indian meal should correct towards 24000 to 22000 in order to find exports parity and later the upward movement will depend on the pace of soymeal exports and how soon India disposes its exportable surplus.

Outlook - Rapeseed-Mustard (Spot, Jaipur basis): As NAFED has been unable to dispose the stocks aggressively prices is expected to remain supported. Further as the soybean is expected to remain bearish upside potential is also capped. Hence the Mustard prices is expected to trade rang bound.

IMD Monsoon Forecast and Current Rainfall Status

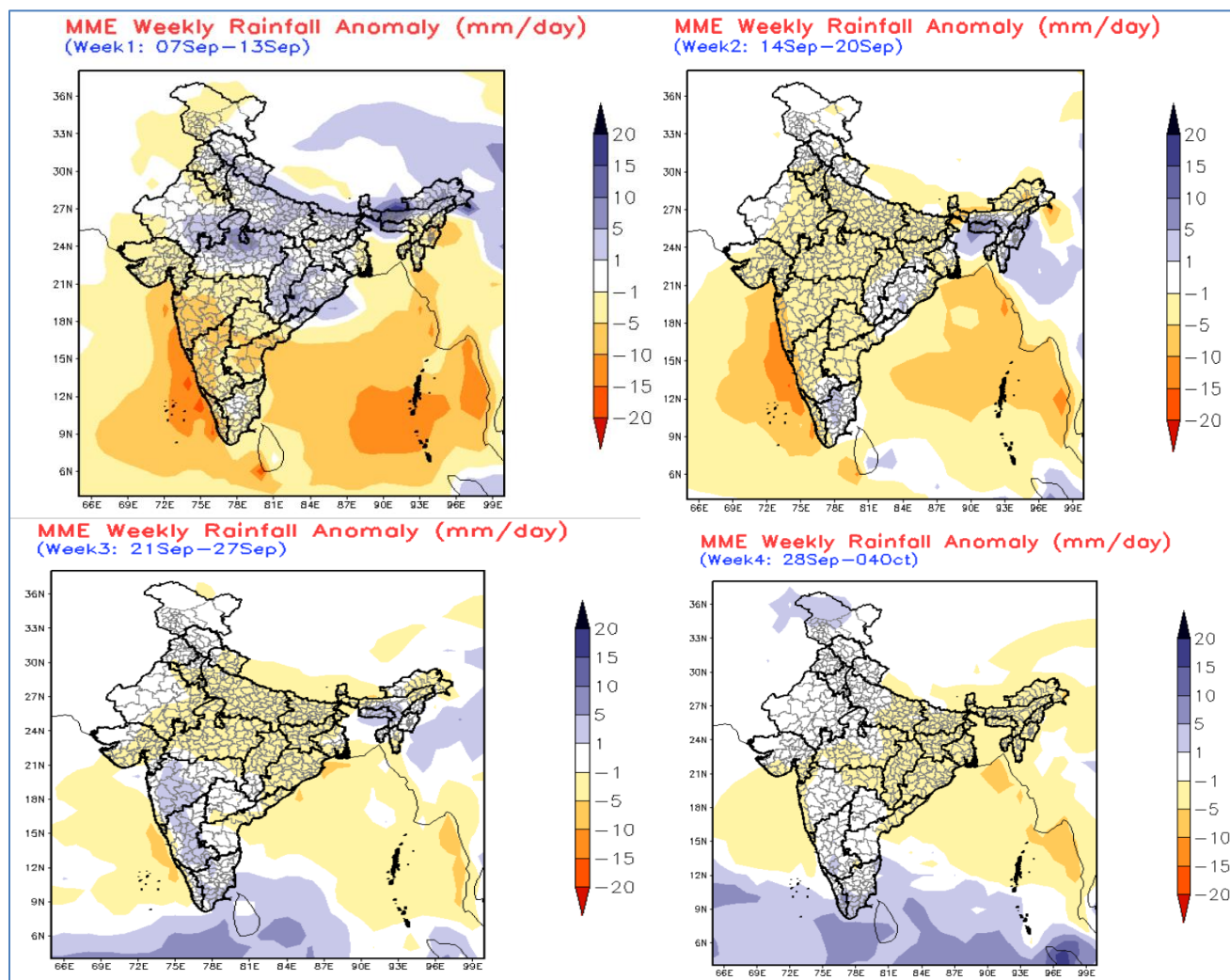
Forecast for the Rainfall during the Second Half of the Southwest Monsoon Rainfall:

- The rainfall during August 2018 is likely to be $96 \pm 9\%$ of LPA and expected to be higher than predicted in June.
- Quantitatively, the rainfall for the country as a whole during the second half of the season (August and September) is likely to be 95% of LPA with a model error of $\pm 8\%$.
- The tercile probability forecasts for the rainfall over the country as a whole during the 2018 second half of the monsoon season are given in the table below.

Category	Rainfall Range (% of LPA)	Forecast Probabil (%)
Below Normal	<94	47
Normal	94 -106	41
Above Normal	>106	12

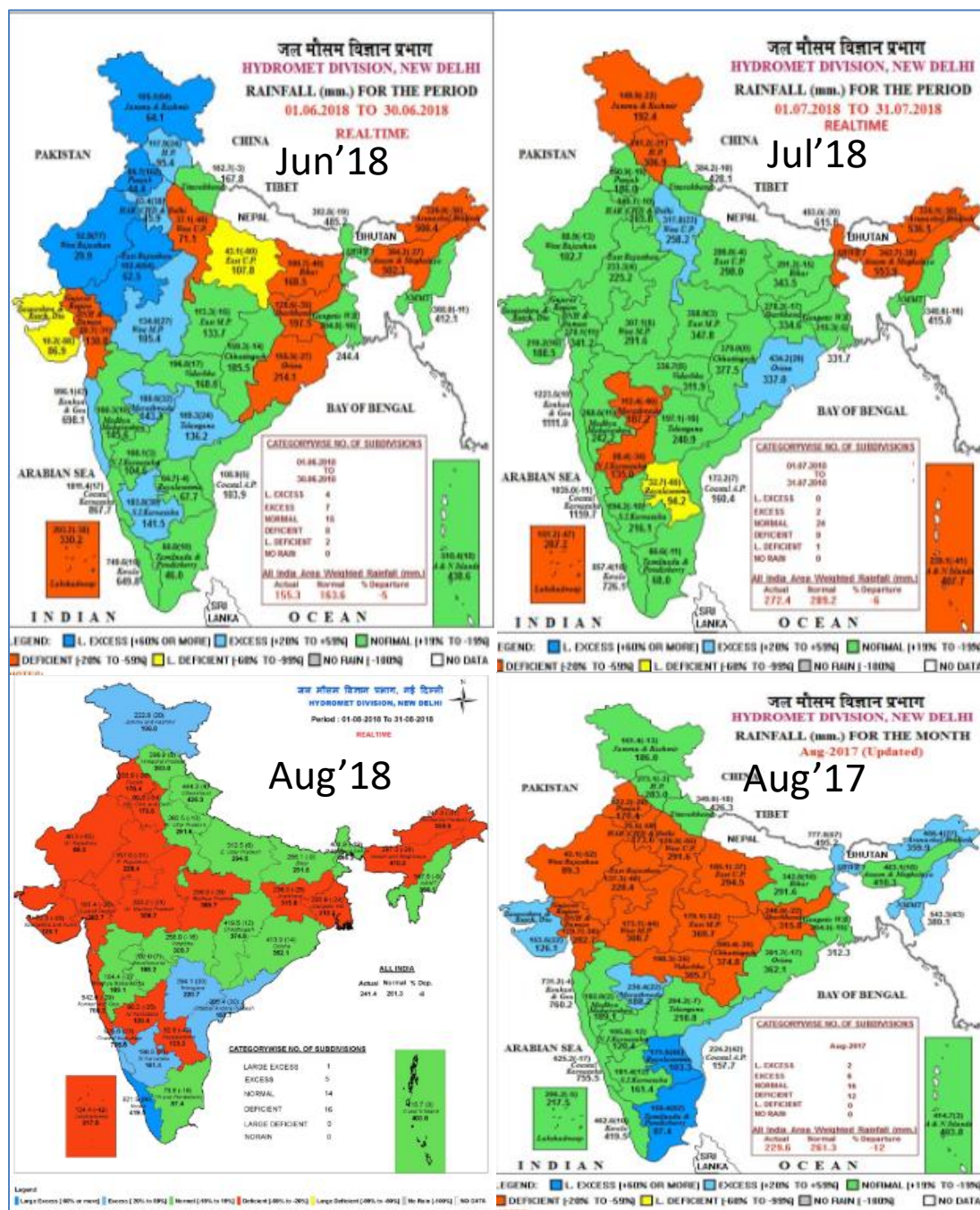
- Mid-season rainfall scenario realised over the country till the end of July 2018 suggests that distribution of rainfall is very good over all parts of the country except Bihar, Jharkhand and NE States. Such a scenario of favorable distribution of rainfall is expected to continue during rest of monsoon season of 2018 so as to remain favorable for agricultural operations.

Medium Range Forecast



Normal daily rainfall has been forecasted in the last three weeks of Sep which is expected to keep yield prospects bright and limit the the further crop losses in areas of poor rains.

Monthly Rainfall Performance



August has been drier in West and Central India (Except Maharashtra) but the spreads of rains was well distributed. Last year the August rainfall vs low in August.

Sowing Status – Kharif Oilseeds 2018-19 as on 6th Sep, India

Sowing Progress as on 07th September 2018							
Oilseeds	Normal Area	Normal For Corresponding Week	2017-18	2018-19	% Change from Last Year	% of Normal Area 2017-18	% of Normal Area 2018-19
Groundnut	42	40.57	40.76	39.87	-2%	97%	95%
Soybean	112.5	113.83	105.2	111.92	6%	94%	99%
Sunflower	2.1	1.67	1.34	1.09	-19%	64%	52%
Sesame	14.5	15.05	13.47	13.72	2%	93%	95%
Niger	2.6	1.5	1.48	0.86	-42%	57%	33%
Castor	10.5	8.66	6.87	6.49	-6%	65%	62%
Total	184.2	181.28	169.12	173.95	3%	92%	94%
All figures in Lakh Hectares							

Source: Agricoop

Soybean

MP CM Shivraj Singh Chauhan has requested center to include Kharif 2018 Soybean, Sesame to be included under PSS in coming season. Further Suresh Prabhu had a meeting with MP CM on increasing the exports of soybean and other agri based products.

According to a report published in Indian Council of research on international economic affairs, In total, 10.59 lakh soybean farmers registered with the Bhavantar Bhugtan Yojana (BBY) scheme which formed 48 percent of the total farmers registered. Out of 50 lakh total cropped area under soybean, but only 25 lakh ha (50 percent) was registered under the scheme. Out of total soybean production of 69.4 lakh MT, only 12.84 lakh MT of produce (18.5 percent) was compensated by the scheme.

India might see booking of soybean to China if the price falls below 2900 per quintal and there is limited fall of US Soybean FOB from current levels. Indian bean at Chinese ports in that event will become cheaper over the US soybean. Thus with production remaining crucial Indian bean is expected to continue to trade in the range bound manner.

Further as the domestic demand of soymeal is itself increasing and thus prices is expected to hesitate to fall below the 3000 per quintal mark.

As the central India is observing good rains the weather premium if any has faded away and now all eyes will be on final production numbers. Market is saying production in between 90-100 lakh. According to our estimates,

a production number of 104 lakh tons is on cards with further development of monsoon remaining crucial for yield. We are expecting all India yield to remain above median as of now.

SOPA survey is indicating lower pod setting in 5-10% of crop in MP and Maharashtra due to moisture stress and this may result in the lower pod settings and we can expected below average production these areas but which can be easily offset by many areas where the weather conditions remained on time and above average yield can easily offset the lower yield in these areas.

SOPA is aiming to capture at least 2-3 per cent of the Chinese bean/meal market which could translates into export 30-35 lakh tonnes of the meal. All depends on now the Chinese demand as China can single handedly can take all exportable surplus of India.

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 domestic soybean prices are likely to notice range –bound to firm tone amid lower availability in the domestic market.

International:

According to the latest WASDE report the end stock has been revised up by 35% against July WASDE estimates which is almost double as compared to the 2017-18 end stock. In 2018-19 the US end stock is projected at 21.352 million tons against 11.691 million ton in 2017-18.

The major highlight of this report was upward revision of the US yield for the current crop. The yield has been taken at 51.6 bushels per acre (3.47 tons per hectares) against 48.5 bushels in July WASDE report. Y-o-Y the exports has been estimated down by 1.36 million tons but almost unchanged from the previous WASDE report.

Conab estimates Brazil's 2017/18 soybean crop at reported 118.98 million tons, just above last month's 118.88.

According to Oil World China may resume importing US Soybean in coming weeks as South American supplies tapers which might escalate Chinese domestic soybean prices. Or China may cut down its livestock production that will lead to higher domestic meal prices. There are also chances China may import soymeal instead but that will also result in redirection of US soybean via Argentina. Argentina already importing US Soybean after 20 years over crop failure in post drought period this season.

In the latest move by President Donald Trump to put pressure on Beijing to negotiate trade concessions, Washington is set to begin collecting 25 percent tariffs on another \$16 billion in Chinese goods on Aug. 23.

According to the data released by China's General Administration of Customs China Imported 8.01 million tons of soybean as compared to 8.7 million tons last month. The imports are down by 2.07 million tons as compared to previous year figure in the same time frame.

According to the latest import figures released by European, 37 percent of the EU's soybean imports in June came from the US, compared with 9 percent in July 2017. This was due to the discounts available in US soybean against South American Soybean.

According to China state media Economic Daily report, China is likely to cut imports of soybeans by more than 10 million tonnes this year, over new soymeal technology and the use of supplements such as sunflower seeds and palm seeds,

The use of low-protein formula in animal feed could cut China's annual demand for soymeal by 5-7 percent, equal to about 5 million tonnes of soybeans, citing Yin Yulong of China Academy of Science

China could also raise imports of animal feed made of sunflower seeds, palm seeds and rapeseed that can replace annual soymeal demand of about 4.8 million tonnes, equivalent to about 6 million tonnes of soybeans, the report said

Soymeal demand is expected to remain lackluster in the coming few months due to losses for some pig farmers, the paper added. Soymeal consumption fell 1.3 percent between April and June over the same year-ago period.

Trump administration said it would start collecting tariffs on another \$16 billion worth of Chinese imports from Aug. 23, as it tries to put pressure on China to negotiate trade concessions. Beijing has said it will give tight responses in tit for tat deals and policies.

Soggy conditions in parts of the Midwest as scattered showers move across the central U.S has helped the US soybean crop to come over the drier conditions. This will help in improvement in crop ratings to be released coming Monday. As of now analysts are keeping the yield based on VHI below latest WASDE estimate. Further, a look at the latest seven-day cumulative forecast map from NOAA shows a significant amount of rainfall is likely to fall across much of the Ohio River Valley between now and August 22.

NOPA reported crush of 167.773 million bushels in July month as compared to 159.288 bushels previous month. This was the largest for July month and it was the second highest for all the months in history.

China sold 4.7 million bushels of its state reserves of 2013 soybeans at auction Wednesday, which was 42.1% of the total available for sale. China also sold 20,113 metric tons of its 2011 imported soybean reserves, which was 35.5% of the total available for sale.

According to China's Ministry of Commerce, a Chinese delegation led by vice commerce minister Wang Shouwen will travel to the United States for trade talks in late August.

The visit of trade delegations from China, India, Italy and Spain in September, have been canceled amid trade tensions which has not helped in brightening any exports prospects of US Agriculture produce.

China sold 2.7 million bushels of its state reserves of 2013 soybeans at auction Wednesday, which was 25.5% of the total available for sale.

According to market sources, by the end of September, the country's imported soybean stocks will be 3 million tons more compared to the same period last year, and domestic soybean processing companies will have sufficient raw materials even by January 2019.

That is because due to the increase in domestic soybean meal prices and processing profits from March to April, Chinese companies have already imported large amounts of soybeans from South America.

According to the Chinese Official statistics showed that from May to August, more than 36 million tons of soybeans have been shipped to Chinese ports from South America, while domestic soybean meal demand is more than 400,000 tons short from expectations per month since May, influenced by the decline in pig prices.

According to Industry Sources, Chinese companies are confident in securing overseas supplies of soybeans and soybean meal substitutes to counter the fall in imports of U.S. soybeans. State-owned grains trader COFCO has made inquiries on canola, cottonseed and sunflower seed meals with countries including India, Canada, and Ukraine to fill in the gap left by reduced U.S. imports. Canadian canola meal set to arrive in December is priced at about 2,300 yuan (about 334 U.S. dollars) per tonne.

According to Chinese news agency Xinhua, China bought over 36 million tonnes of soybeans from South American countries during the May-August period this year.

Soybean old crop sales are beginning to fade as the 2017/18 marketing year wraps up, finding only 3.4 million bushels last week. With another 20.0 million bushels in new crop sales, that brought total sales to 23.4 million bushels.

According to Safras and Mercado, sales of soy from the 2017/18 campaign, which is nearing its end, have reached 84 percent of the production compared to 74 percent at this time last year. Sales of soy yet to be produced in the new, 2018/19 season are at 18 percent of expected production versus 8 percent last year.

The Argentinean officials expects to export significant amounts of soybean meal to China starting after the next harvest in May, a top agriculture ministry official said on Friday, as the South American grains powerhouse moves to take advantage of U.S.-China trade strife. Argentine officials were in Beijing on Friday finalizing the paperwork needed to ship the country's livestock feed to China.

U.S. farmers could receive cash payments from a planned \$12 billion aid package as soon as late September, United States Agriculture Secretary Sonny Perdue told Reuters on Saturday.

According to study by bank Banco Itaú BBA., falling margins for soy growers in Brazil from currency swings and rising transport costs is not expected to derail farmers' plans to plant a record crop come September, as strong Chinese demand is expected to buoy the market.

Farmers' margins on soy are expected to fall to half of the previous crop cycle or to between 1,200 reals and 1,500 reals (about \$325-\$400) per hectare, as the weaker Brazilian currency boost the cost of imported farm inputs like fertilizers.

The international soybean prices are likely to witness range –bound to weak tone on upcoming harvest prospects of record crop this season.

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

Soy meal

According to the SEA, India exported 148983 tons of oilmeal in July 2018 as compared to 125904 tons in July 2017, in which soymeal exports recorded 63747 tons against 80797 tons in July 2017. Rapemeal exports have been recorded at 46364 tons in July'18 against 14753 tons in July'17.

Soymeal exports for the period Oct-July has been below last year in the same time frame by 17% and is at 9.44 lakh tons as compared to 11.41 lakh ton last marketing season.

There is nothing anomalous in exports figures that can spark any sudden rallies in the market. Major importing nations are already milking the opportunity to buy cheap US soybean and has already booked huge quantity. Bangladesh too has been too looking forward to import more bean over meal. Thus Indian meal exports prospects in Aug and Sep doesn't seems to be too rosy as of now with limited scope of any spot bookings and thus the Indian meal is expected to start correcting in coming weeks to compete with at least Argentinean meal.

According to the SOPA, in July India exported 1.01727 lakh tons of soymeal. Cumulatively in between Oct-July India exported 15.13 lakh tons of soymeal as being reported by DGFT.

At the end of July 73 lakh tons of soybean has been crushed as against 72.5 lakh tons last year. Stocks at the end of July is at 9.28 lakh tons. ---

India consumed 43.6 lakh tons of meal by the end of July that includes 39 lakh tons of meal consumed as feed and 4.6 lakh tons as food. Stocks of soymeal are at .62 lakh tons at the end of July.

As there has been gloomy soybean conditions overseas, advance or forward booking of new crop soy meal is expected to remain low and exporters may find only need based demand. Interesting is to see how much Bangladesh is keen to buy Indian meal given sharp discount available in US soybean and same goes for SE Asian nations which are more price elastic..

The Indian meal is inching lower to find exports parity against the International meal, and thus giving bearish signal to entire meal basket. Seasonally the Indian meal tends to even out the spreads with Argentinean meal the top exporters of Soymeal to start looking for exports market in the OND window which happens to be the peak exporting season of Indian soy-meal.

Indian soymeal was offered in international market at a premium of \$55-58 per ton over Argentinean soymeal thus the premium is more or less competitive enough and extent of correction by \$20-30 per ton will mostly depends on the upcoming production number and thus exportable surplus.

Oil meal ratio has been well above 2.3 since May indicating the higher soy oil share and thus crushers may tends towards crushing bean even for oil if the import duty remains consistently high.

The soy meal prices are likely to notice range –bound to firm tone amid expected good demand in the market.

Soy Meal Export (In Thousand Tons)

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Oct	405	224	50	183	29	4	31	71
Nov	443	398	517	503	111	9	98	208
Dec	611	798	511	451	194	6	241	169
Jan	575	475	620	364	104	28	155	106
Feb	540	344	578	184	65	30	208	74
Mar	411	460	302	232	47	27	107	39
Apr	305	314	100	76	18	12	124	68
May	177	143	98	8	14	10	49	41
Jun	118	181	214	3	2	18	46	104
Jul	140	168	107	7	1	12	81	64
Aug	166	10	184	3	1	11	88	
Sep	226	7	173	1	7	12	102	
Total	4116	3521	3453	2015	592	180	1331	
Till July	3724	3505	3096	2011	584	157	1141	944

Source: SEA

India's soy meal exports in Oct- July is short by 17% y-o-y as India could not bale to exports soymeal to Bangladesh to an extent of last year due to limited availability of railway racks. At this pace India could hardly able to exports 12 lakh tons by the end of the 2017-18 marketing season.

Technical Analysis:

NCDEX Soybean Futures C1 Chart



Soybean Spot, Indore



Support & Resistance NCDEX Soybean –Oct. contract

S1	S2	PCP	R1	R2
3070	3190	3222	3310	3340

- Soybean breached 61.8% fibo level of 3191 briefly and witnesses strong pull back to close at 3222.
- A breakout of 3191 level will help the Soybean to extend it's weakness towards 3070.
- Soybean is trading within the descending channel and trading below 9 and 18 day EMA.
- MACD has been in the negative zone and RSI has been in oversold zone
- Trade Recommendation (NCDEX Soybean – Sep.): Buy on Dips from current levels and sell on highs. Trades are advised to go long at 3200-3220 and opt for add on every 10 rupees fall with a target of 3310 and 3340 and can liquidate half of their positions at 3310 and the rest at 3340.
- Any move above 3340 is a selling opportunity and traders are advised to building shorts on every rise above 3340.

Rapeseed - Mustard Seed

India is expected to restart rapeseed meal export to China as the country sought towards other sources of protein meal. The Commerce Ministry had organised a video-link with Chinese officials last week to explain to them that their fear of contamination in rapeseed meal is unfounded as all pests are destroyed when rapeseed meal is processed at extreme heat.

Earlier, China had been importing 4-5 lakh tonnes of the material till 2012, when it banned Indian shipments over issues of contamination especially the presence of Malachite Green which is used in labeling the sacks.

NAFED started auctioning mustard seed stock that they have procured under PSS scheme to a tune of 8.73 lakh tons from 3rd August in the open market. The auctioning process is at the NeML platform through e-auction. The auction will be on daily basis, twice in a day. NAFED has started the auction for the deliveries in Gujarat, MP and Rajasthan stocks.

Although NAFED initiated the auction of the Mustard at the end of June, the body has not been successful in offloading huge quantity. Such situation has kept the traders guessing as huge amount of Mustard has been not available for crush. Moreover NAFED is trying to sell Mustard at MSP of 4050 to 4100 and the prevailing prices of equivalent quality in the market is 3900-4100 and is the reason NAFED is not getting buyers.

On the other hand NAFED is not willing to sell below MSP which happens to be the procurement price and is waiting for the prices to inch higher and in such condition if the stocks is not offloaded soon the prices is expected to inch high but NAFED has the dilemma of clearing the godowns to clear the space for Kharif procurements. However there was market grapevine that the NAFED is offering mustard at market price. The last auction on 5th Sep was done in between 3813 to 3898.

NAFED currently holds 8.7 lakh tons of stocks and which has the potential to keep the market stocks situation tight. All depends on the pace of Mustard offloading by NAFED.

Haryana Govt has decided to distribute fortified mustard oil under PDS scheme. The allocation will be two litres per month per family from September 1, 2018.

Arrivals are at the very similar pace as compared to last year. Crushers are finding good margins after the steady rise in Mustard Expeller Oil and Mustard Kachhi Ghani Oils.

As we move towards peak festive season demand the mustard oil is not expected to fall in coming months and thus keeping the crush demand high.

At Mustard front arrivals has been higher as compared to last year in the same time frame and which might be indicating for higher crop or higher offloading by farmers. Things might be even clearer as we move into coming months as there exist an ambiguity over production numbers. Down the line the production might be again revised based on arrival numbers.

Outlook: The rapeseed-mustard is likely to notice range –bound to firm tone amid lower arrivals in the domestic 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)

Technical Analysis:

NCDEX RM Seed Futures Weekly C1 Chart



RM Seed Spot, Jaipur Weekly Chart



Support & Resistance NCDEX RM Seed – Aug. contract				
S1	S2	PCP	R1	R2
3920	3980	3990	4050	4100
Support & Resistance NCDEX RM Seed – Sep contract				
S1	S2	PCP	R1	R2
4000	4046	4070	4100	4150

- Mustard weekly 1M Continuous chart breached the channel and inched towards 61.8% fibo level of 3922.3 and pulled back strongly to stay above 50% fibo level of 3984.9.
- Trade Recommendation (NCDEX Rapeseed-Mustard – Aug and Sep): **Buy on Dips**
Any weakness in the prices is an buying opportunity. Traders can go long whenever the prices falls below 4050 and subsequent fall can be taken as add on opportunity. Traders further can exit 50% of their positions at 4100 and wait for 4150 and above for further liquidation.
A short stop loss 3980 can be used for minimizing the losses. Traders can roll over their positions if their targets are not achieved before the expiry of the contract.
BUY Below 4050. Levels: Target – 4100; T2- 4150, SL –3980.

Groundnut

The domestic groundnut prices gained as limited stocks has been offloaded from the NAFED warehouses, which has kept the supplies tight in the market. NAFED as on 4th Aug has 7.05 lakh tons of in shell groundnut stocks in their warehouses.

NAFED on 6th Sep sold 10092 tons of in shell groundnut in the price range of INR 3612 to 3688 per quintal. Stocks as on 6th Sep stands at 5.91 lakh tons. NAFED has been compelled to sell groundnut at lower prices over limited interest shown by traders and crushers. Firmness in groundnut oil prices has improved the crush margin prospects of groundnut crushers and are positive of selling the in the upcoming rise in demand in the festive season.



Groundnut sowing has revived significantly and all India acreages as on 6th Sep the sown area has been at 39.87 lakh hectares as against the 40.76 lakh hectares last year.

We are expecting the groundnut sown area to come around 40.0-40.2 lakh hectares which are lakh hectares down from last year.

Rainfall in Rayalseema region which forms the major groundnut producing areas is in dismal state with cumulative rainfall deficiency stands at 47% as against the LPA as on 8th of September. Continuous drier spells is forecasted to continue for another two week for the subdivision.

At the exports front as per APEDA report India shipped 38.3 thd tons of groundnut which is high by 2% y-o-y for the month. Cumulative exports in the period Oct-Jun is still down y-o-y.

Groundnut Exports (In Thousand Tons)

Groundnut Exports (Includes In Shell, Blanched and Normal Groundnuts (Thousand Tons))					
	2013-14	2014-15	2015-16	2016-17	2017-18
Oct	21.8	21.0	22.9	25.8	30.4
Nov	71.1	92.6	50.0	80.9	109.6
Dec	79.1	135.9	91.3	145.1	69.4
Jan	47.3	82.2	67.7	105.2	31.7
Feb	48.0	54.0	53.7	78.8	30.7
Mar	52.6	61.7	55.7	67.5	54.8
Apr	48.6	50.4	54.5	45.0	40.2
May	55.2	38.6	41.3	19.1	46.0
Jun	50.0	30.7	58.4	25.4	40.0
Jul	42.7	25.0	39.2	37.2	38.23
Aug	40.8	35.8	16.8	30.6	
Sep	23.8	16.1	12.2	20.1	

Groundnut Prices in Shell

Groundnut							
Center	Variety	% Change over	% Change over	As on	Month Ago	Year Ago	2 Year Ago
		Previous year	Previous month	31-Aug-18	30-Jul-18	31-Aug-17	31-Aug-16
Rajkot	GN in Shell (Rs/20kg)	6.12%	-2.80%	763	785	719	1200
Saurashtra	GN Seed Kernel (Rs/MT)	NA	NA	NA	42000	43500	55500

(Source: AW)

Oil Meal Prices at Key Spot Markets:

Soy DOC Rates at Different Centers			
Centers	Ex-factory rates (Rs/ton)		
	31-Aug-18	30-Jul-18	Parity To
Indore (MP)	27000	28500	Gujarat, MP
Kota	27300	29000	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	28500	30700	Mumbai, Maharashtra
Nagpur (42/46)	27700	29500	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	29000	30200	Andhra, AP, Kar ,TN
Latur	28200	31000	-
Sangli	29000	31000	Local and South
Sholapur	28200	31200	Local and South
Akola	27200	28800	Andhra, Chattisgarh, Orrisa,Jharkhand, WB
Hingoli	27800	31000	Andhra, Chattisgarh, Orrisa,Jharkhand, WB
Bundi	27500	28500	-

Rapeseed Meal	31-Aug-18	01-Aug-18	Change
FAS Kandla (USD/MT)	207	218	-11
FOR Kandla (Rs/MT)	14500	14800	-300
FOR Mundra (Rs/MT)	14800	15200	-400
CNF Indonesia (USD/MT)	228	238	-10

International Soy DOC			
Argentina FOB USD/MT	31-Aug-18	01-Aug-18	Change
Soybean Pellets	329	372	-43
Soybean Cake Flour	329	372	-43
Soya Meal	327	0	327
Soy Expellers	327	0	327

Sunflower (DOC) Rates			
Centers	Ex-factory rates (Rs/ton)		
	31-Aug-18	01-Aug-18	Change
Adoni	21500	21500	Unch
Khamgaon	0	0	Unch
Parli	0	0	Unch
Latur	0	0	Unch

Groundnut Meal (Rs/MT)	31-Aug-18	01-Aug-18	Change
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Basis 45%, Saurashtra	21000	21800	-800
Basis 40%, Saurashtra	18500	19300	-800
GN Cake, Gondal	21000	22000	-1000

Mustard DOC	31-Aug-18	01-Aug-18	Change
Jaipur (Plant delivery)	13700	14000	-300
Kandla (FOR Rs/MT)	14500	14800	-300

Mumbai Oil Meal Quotes:			
Rs/M.T.	31-Aug-18	01-Aug-18	Change
G.N. Extr (45%)	0	0	Unch
Kardi Extr	0	0	Unch
Undec Cottonseed Exp	21200	21000	200
Rice Bran Extr.	0	0	Unch
Sunflower Extr.	21500	22000	-500
Rapeseed Extr.	0	0	Unch
Soymeal 48%	28174	30260	-2086
Castor Extr.	6150	6315	-165

India's Kharif Oilseeds Production Seen at 313.1 Lakh T in 2017-18 vs 312.8 Lakh T in 2016-17 final estimates in 4th Adv Est. - GOI

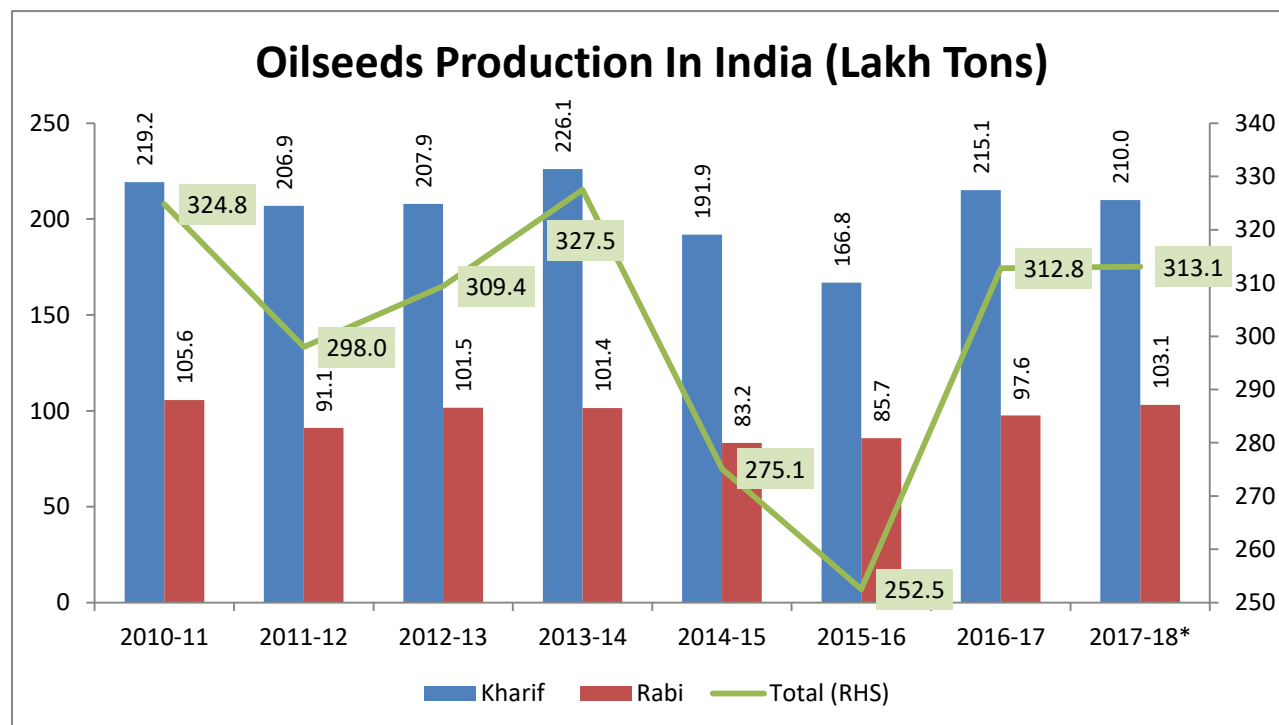
The 4th Advance Estimates of production of major crops for 2017-18 have been released on 28th August, 2018 by the Department of Agriculture, Cooperation and Farmers Welfare. The assessment of production of different crops is based on the feedback received from States and validated with information available from other sources. As a result of floods and erratic rainfall during monsoon 2017, the country has witnessed lower oilseeds production in the current year compared to previous year.

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

Oilseeds – 313.1 Lakh tonnes

- Soyabean – 109.34 Lakh Tons
- Groundnut – 91.8 Lakh Tons
- Rapeseed – 83.2 Lakh Tons
- Castorseed – 14.9 Lakh Tons
- Sesame/Sesamum/Gingelly/Til – 7.44 Lakh Tons

- Nigerseed – .75 Lakh Tons
- Sunflower – 1.9 Lakh tons
- Linseed - 1.73 Lakh Tons



Source: Ministry of Agriculture

Note: 2017-18 is based on 4th Adv estimates.

Year includes Kharif, rabi and summer (i.e. 2017-18 means kharif harvested in 2017, Rabi in 2018 and summer in 2018 and should not be considered as marketing year)

Oilseed Wise production in India (Kharif+Rabi) Lakh Tons								
Oilseed	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Soybean	127.4	122.1	146.7	118.6	103.7	85.7	131.6	109.8
Groundnut (In Shell)	82.7	69.6	47.0	97.1	74.0	67.3	74.6	91.8
Rapeseed & Mustard	81.8	66.0	80.3	78.8	62.8	68.0	81.0	83.2
Castorseed	13.5	23.0	19.6	17.3	18.7	17.5	13.8	15.7
Sesamum	8.9	8.1	6.9	7.2	8.3	8.5	7.5	7.5
Sunflower	6.5	5.2	5.4	5.0	4.3	3.0	3.0	2.1
Linseed	1.5	1.5	1.5	1.4	1.6	1.3	2.0	1.8
Nigerseed	1.1	1.0	1.0	1.0	0.8	0.7	0.9	0.7
Safflower	1.5	1.5	1.1	1.1	0.9	0.5	1.0	0.5

Source: Ministry of Agriculture

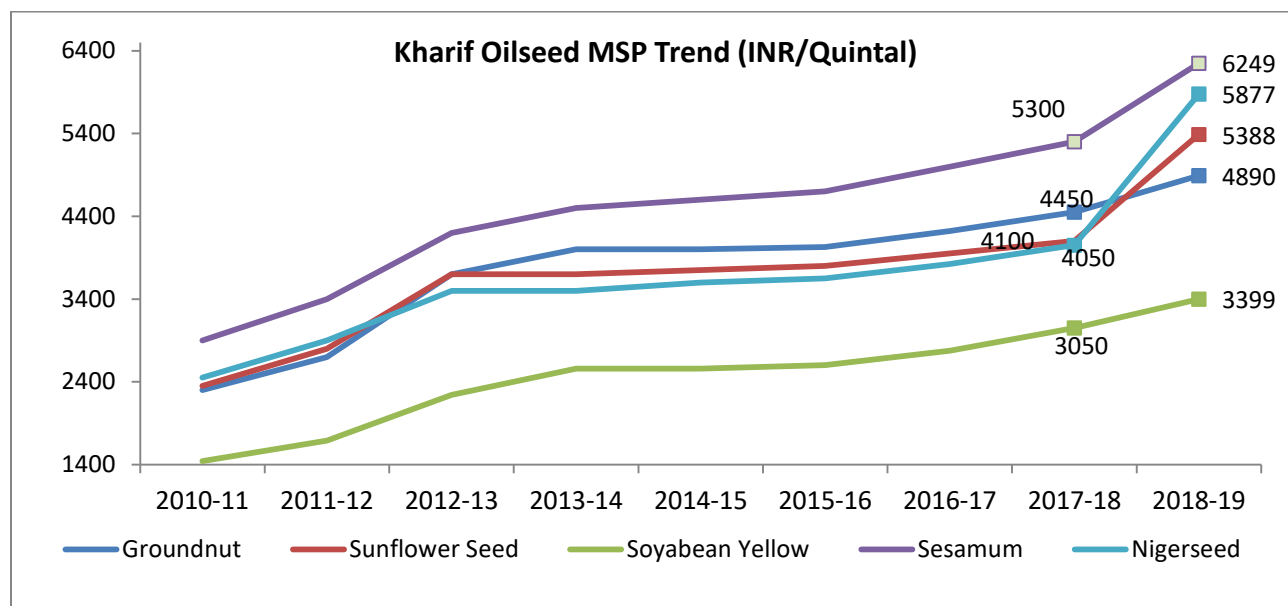
Note: 2017-18 is based on 4th Adv estimates.

MSP for 2018/19 Kharif Oilseeds

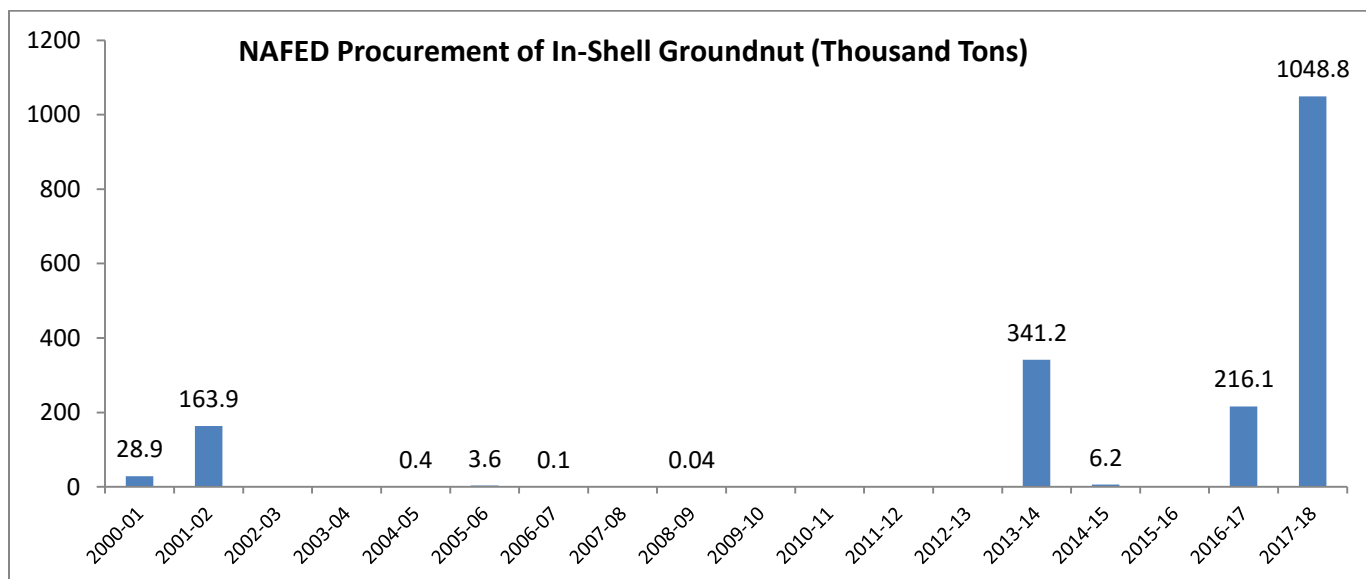
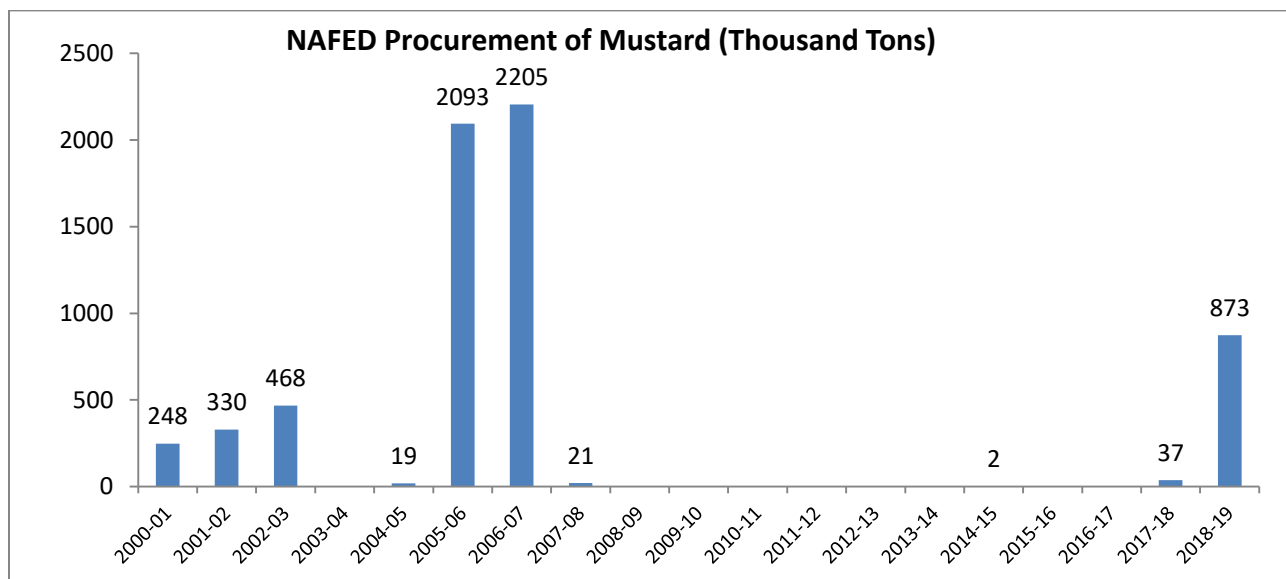
The Cabinet Committee on Economic Affairs, chaired by the Prime Minister Shri Narendra Modi, has given its approval for Minimum Support Prices (MSPs) for Kharif Crops of 2018-19 season, the MSPs of all the Kharif oilseeds are raised for this season.

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).

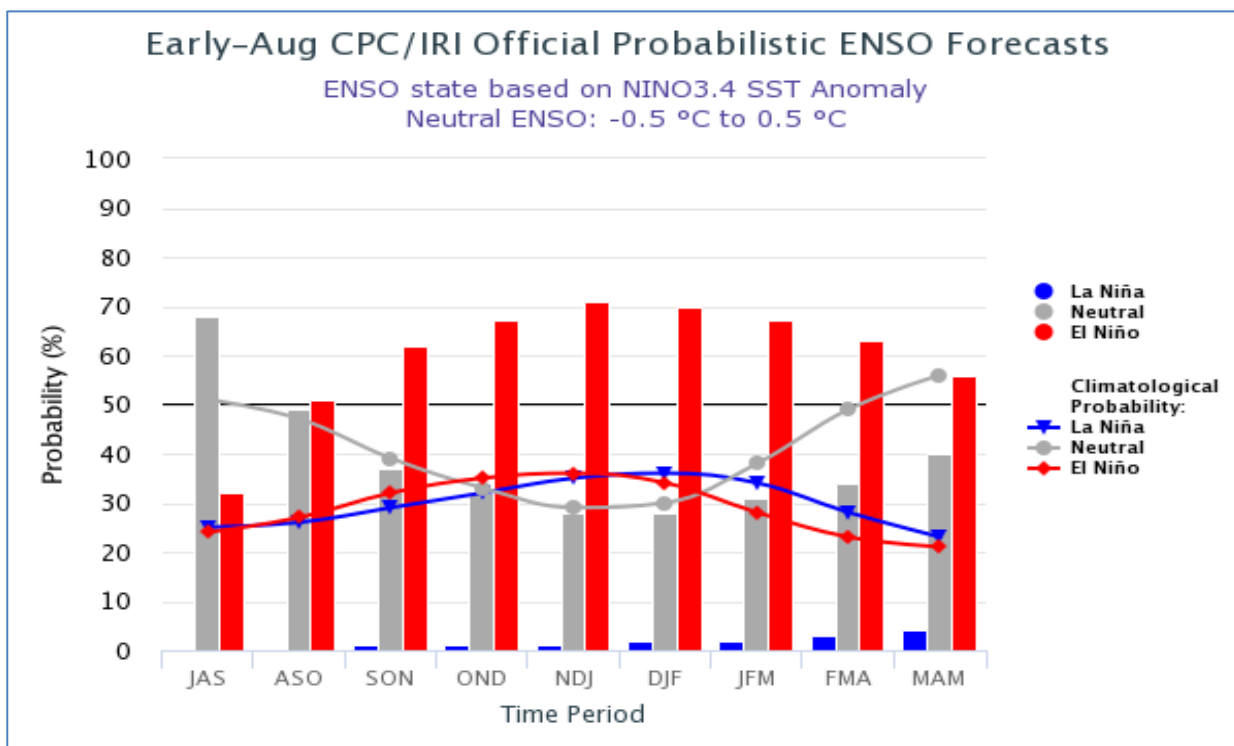
Source: MoA, GOI



NAFED Procurement of Oilseeds (Mustard and Groundnut) Historically



CPC/IRI Probabilistic ENSO Outlook 9th August 2018



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