
Oil Meal Monthly Research Report

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Executive Summary

Soybean futures at NCDEX witnessed more or less consolidation in the entire month except a short impulsive rally followed by fall. The bearish trend continued in domestic market on the sustained weakness in international market with an all-time higher crop in US and all time higher global and US Soybean end stocks. USDA has upwards revised the yield to 52.8 bushels from 51.6 bushels of Aug estimate which is an all-time high record yield. CME bean prices closed in towards 10 years low but recovered later on strong exports sales even after the imposition of hefty import duty by China on US soybeans. Ups and downs was seen in the market by statements by US govt in resuming talks and then showing least concern over trade disruptions. US Crop conditions remained in good to excellent condition to the tune of 68%. Lately the rains has impacted the harvest and has slowed down a bit but still the harvest pace is above 5 year average. 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 is expected to give positive in the market with development in Brazilian crop becoming pivot for fundamental views as dynamics changes from Northern to Southern hemisphere.. The stage is set for upcoming WASDE report with speculations mainly over the yield and production numbers of US soybean and also the end stocks of 2017-18 MY. USDA Quarterly Grain report has indicated upward revision in the 2017-18 ends stock and is likely to remain same in Oct WASDE. Market is expecting yield to be above 53 bushels per acre in the upcoming WASDE report. Considering such high yields has bring some questions in mind but the yield trend indicates to remain open for such yields. The yield trend is suggesting some technological changes in the seed technology as it has remained more or less, less susceptible to adverse weather conditions especially the drought. The drought was prevalent in most of the time in US in August month this year.

In the domestic market, the last sowing data is indicating area to be covered under soybean to be at 112.6 lakh hectares. As the rains has been well spread with drier period not extending above 3 weeks and limited attack of pest and disease we are expecting all India yield to remain average to above average. There are reports some crop damages in the last rains which lasted for only one to two days and thus it is expected that it will bring more of benefits than loss in terms of yield. SEA has estimated the crop to be at 102 lakh tons. Oil world is at 104 lakh tons. We have kept the production at 104 lakh tons. Many traders are out of the belief that the production can be near to 110 lakh tons with GOI is estimating the production to be at 136 lakh tons. Arrivals in coming months are going to confirm about the production number. It has to be noted that there is limited stocks with farmers this season and arrivals recorded is expected to mainly for new crop unlike last year when the stocks were at record high. SOPA production estimates is expected to be released in the soy conclave this month.

MP continued to go for the Bhavantar Bhugtak Yojana and thus farmers is expected to offload most of its stock to lock at least MSP for its produce. BBY is going to start from 102th of Oct.

Oil meal exports have recorded 3 lakh tons in forwards bookings and with hopes of resuming exports to China more bookings can be seen in the coming months. Thus with our traditional buyers and China coming in to buy Indian soymeal there are fair chances to record OND quarter to be highest in recent years. India used to exports 70-80% of soymeal in OND months and China also is looking for other destinations as the stocks in Brazil dwindles and US Soybean China doesn't want to import.

CBOT Soy meal remained in consolidation after breaking three month of prolonged consolidation. Argentinean Soymeal is also following the same. Indian soymeal FAS remained more roles stable. Soymeal at Indore fell as the domestic price was not in tune with exports price offered at Indian ports. 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

A rapeseed price remained tight and 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 very slow and as on 5th NAFED held 8.19 lakh tons of stocks in their godowns. . As of now there is very limited response from traders and crushers and stock still remains 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 has repercussion in Mustard too.

Outlook – Cash Market

Outlook - Soybean (Spot, Indore): Soybean Indore is expected to trade range in between the range of 3050 to 3350. With the current situation of higher y-o-y acreages and forecast of favorable weather and price shift from old crop to new crop the same has to remain bearish for the market. The prices is expected to inch down further in coming weeks to 3050 levels.

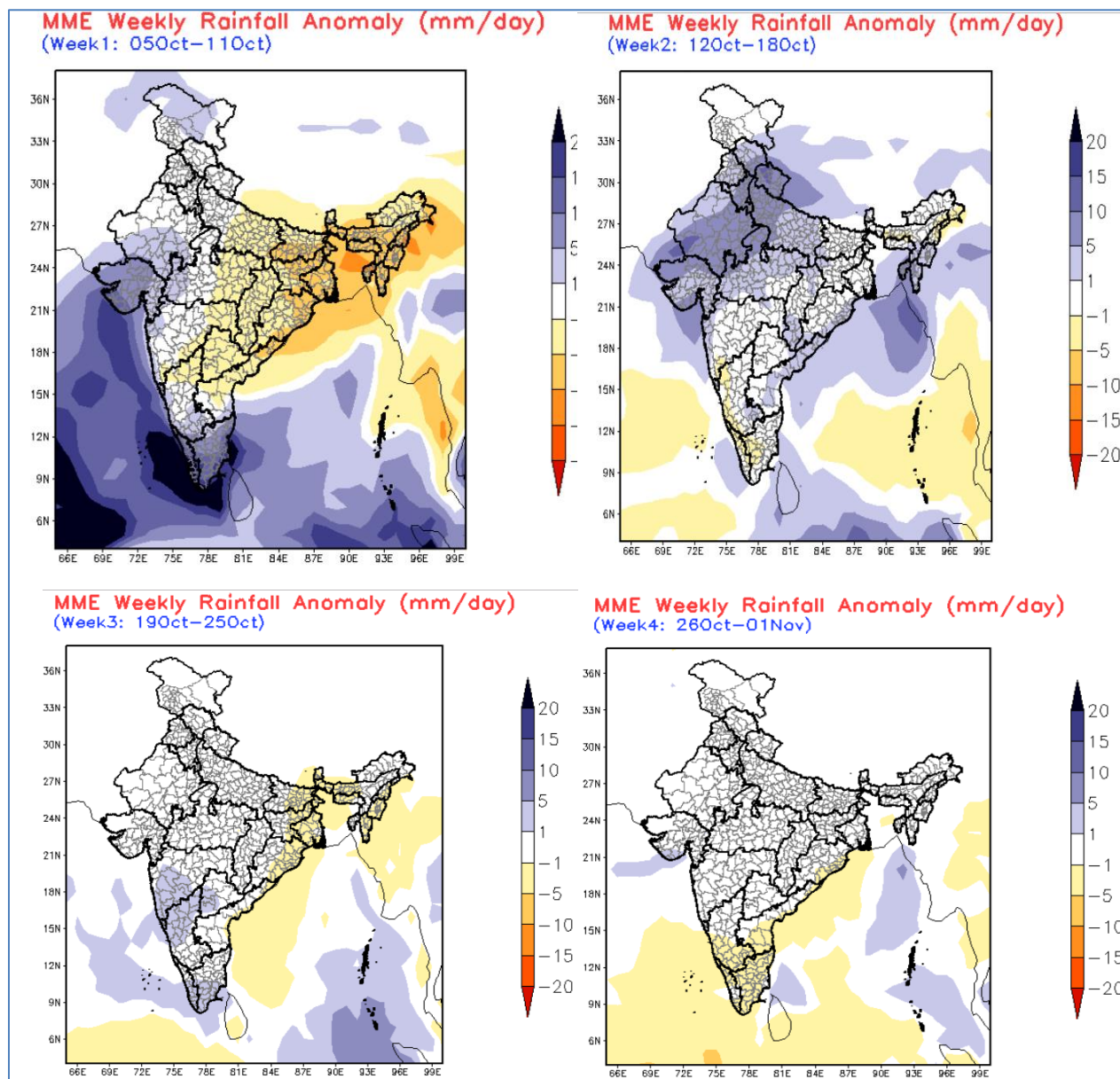
Outlook – Soy meal (Spot, Indore): With Soybean under the influence of bear the Indian meal should correct towards 24000 to 26000 in order to find exports parity and later the upward movement will depend on the pace of soymeal exports and how soon India disposes its exportable surplus. Aggressive falls is expected to be limited for the time as apprehensions over soymeal demand from China is going to keep the demand prospects bright.

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 in range.

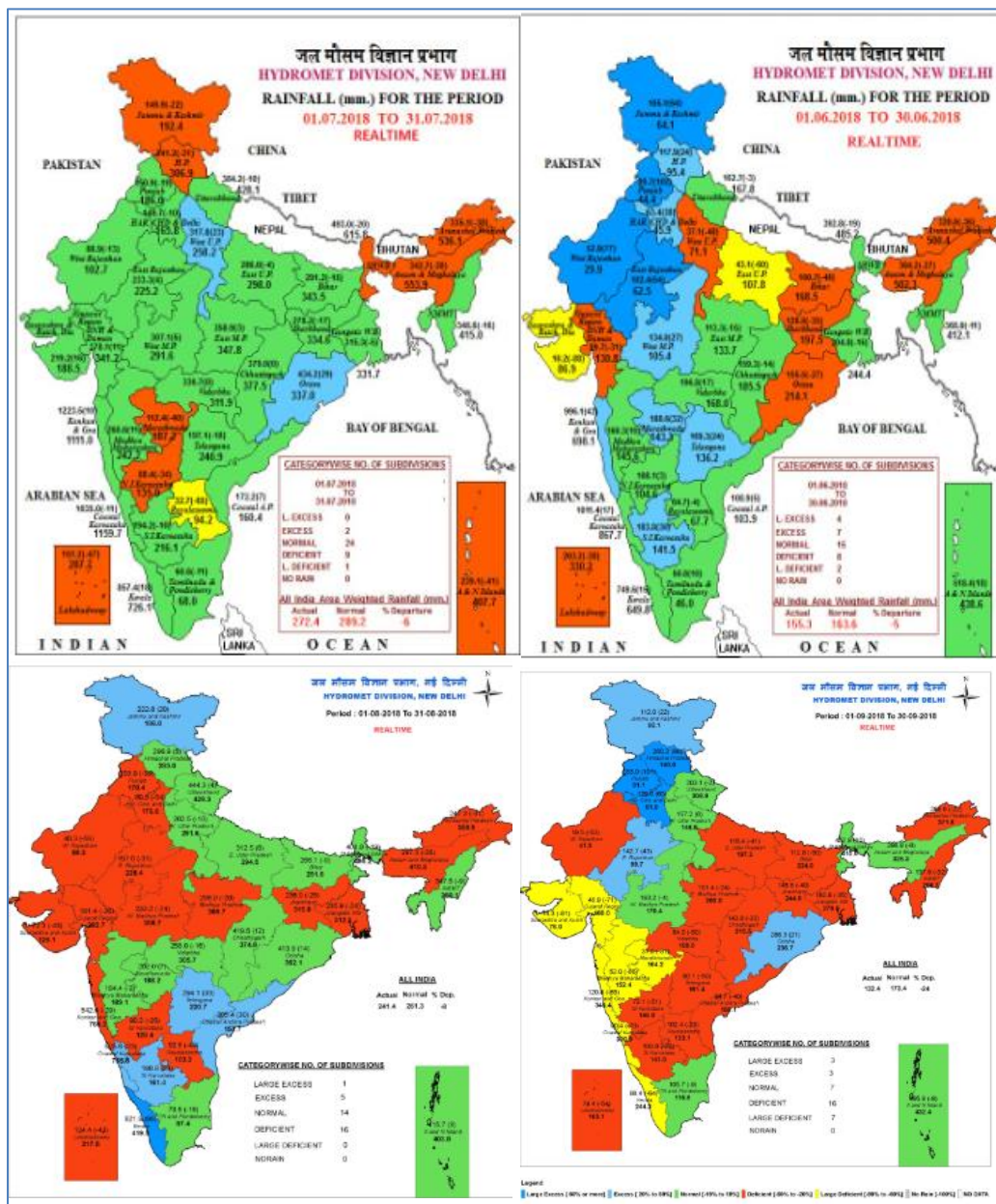
IMD Rainfall Forecast and Monthly Performance of SW Monsoon

Medium Range Forecast

Good rains is forecasted in the second week of Oct threatening the matured crop in the fields especially in Gujarat.



Monthly Rainfall Performance



September was the driest month in the recent years which helped the All indian SW monsoon rain falling to 9% of LPA.

Soybean

As soybean Marketing season 2017-18 nears its close, India is estimated to left with 2.5 lakh tons. As the stocks has tightened significantly from 13.03 lakh tons to 2.5 lakh tons the daily arrivals has been low by half from last year daily average arrivals. Current spell of rains is going to delay the harvest by another 1-2 weeks and thus the tight supplies is expected to continue. Further at the time of arrivals farmers might look for government announcement on the procurement of soybean at MSP as the current prices is already below the MSP. MP State government has already registered farmers under BBY. Rajasthan and Maharashtra is yet to decide to select schemes under the umbrella of schemes decided by centre.

SOPA will soon release their production estimates probably in in the international soy conference.

The Soybean basis is high and as we move into Oct month the basis is going to decline as the spot prices shift from old to new crop. Seasonally the basis is lowest in Oct and thus we might see spot falling more aggressively than futures.

In comparison to International soybean Indian soybean has not been bearish enough and hence the potential fall for Indian bean remains intact.

Indian soymeal exporters are passing the 10% export incentives under MEIS and thus the FAS prices are being quoted at lower rate as compared to their actual costing. GOI has revised up the MEIS twice for soymeal exports in past one year and currently stands at 10%.

According to 1st estimate of production released by Gujarat government Soybean production is pegged at 90 thd tins as against 115 thd tons last year. Groundnut production is pegged at 26.95 lakh tons as against 38.43 lakh tons last year.

GGN which is an associated to the trade body SEA has estimated soybean production to be 100-102 lakh tons factoring the erratic rains. The agency is of the view that production can be higher by another 1-2 lakh tons with recent round of rains. GGN has further estimated the production of groundnut to be at 37 lakh tons on in shell basis. Further GGN is estimating the rabi + Summer groundnut production to be at 14 lakh tons of in shell groundnut. GGN has kept the production of Mustard at 65 lakh tons as of now and said that if there are good rains in Jan the production can reach upto 70 lakh tons. Sesame production has been kept at 7 lakh tons including 4 lakh tons in Kharif and 3 lakh tons in rabi+Summer.

Our's estimate for soybean is at 104 lakh tons and for groundnut is 40-41 lakh tons on in shell basis. Oilworld has estimated India's soybean production at 104 lakh tons.

According to SOPA, India's soymeal exports in 2018/19 could jump as much as 70 percent from a year ago, buoyed by expected purchases from the world's biggest soybean buyer China. A depreciation in the rupee and a jump in soybean output will help India gain market share in China, which is looking for new suppliers after imposing tariffs on key U.S. farm commodities as part of a Sino-U.S. trade row. According to SOPA India can exports 2.5 million tonnes to 3 million tonnes from this year's 1.75 million tonnes.

According to few exporters said in the sideline of Globoil conference, Traders have so far signed contracts to export 300,000 tonnes of the new season crop to Europe, Japan and Vietnam for shipments in November and December. According to the director at exporter Maharashtra Oil Extractions Pvt Ltd, bookings were done at \$370 per ton of soymeal at FOB basis.

GOI has released its first advanced production estimate for the 2018-19 crop year. Soybean production has been kept at 134.59 lakh tons against 4th Advanced estimate of 109 lakh tons for the 2017-18 MY.

According to the SEA Rabi Oilseeds production estimates for the crop year 2017-18, India produced 84.19 lakh tons of oilseeds with 13.9 lakh tons of groundnut and 63.8 lakh tons of mustard. SEA has revised down the 2017-18 production to 65 lakh tons from earlier estimates of 71.5 lakh tons. Overall, the rabi oilseeds production is lower by 2.84 lakh tons y-o-y.

The overall 2017-18 production of oilseeds stands at 240.87 lakh tons against 265.94 lakh tons last year. Cottonseed production has been kept at 113.15 lakh tons in 2017-18, high by 8.68 lakh tons as compared to last year. Copra production has been at 3.28 lakh tons down by .47 lakh tons y-o-y.

SOPA president Mr Davish Jain has renounced the hoax of widespread damage circulating in social media. He said he himself has travelled throughout state and has not noticed any widespread damage by pest attacks.

Rajasthan state government has increased the margins for stockiest to 2.25% from existing 2.0%. On issue of getting margins on procurement of agriculture produce by government agencies the body is in further discussion with state government. As of now there is no margins given to traders on procurement by agency from traders.

In terms of crush demand in coming months bean crushers is expected to crush large volume in the OND quarter to meet the expected higher exports demand and excellent crush margin that crushers is enjoying after the hike in import duties of soy oil.

For soybean crucial is the quantum of correction that soymeal has to undergo to find exports parity in the peak months of exports. All depends on how much CBOT meal is going to weaken as the Argentinean basis is already tight.

The standing crop of soybean reportedly, in a few places has been hit white stem fly with a few farmer saying attacks have been seen in several districts of the state. Industry officials however, discount any large-scale impact of white stem fly on the final harvest,

According to SOPA "" In some isolated fields there have been reports of pest attack, but the problem isn't big enough to cause large scale damage and we are hopeful of harvesting a bumper soy crop this year."

Chief Minister of Maharashtra, Devendra Fadnavis held a meeting with the Consul General of China Tang Guocai to discuss the requirement of de-oiled soya cake in the country. They also discussed to what extent Maharashtra can meet the demands, both in terms of quantity and price that have to be internationally competitive.

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India has urged China to withdraw ban on rapeseed meal imports from India at a meeting with government officials and feed makers. The meeting was held at India's embassy in Beijing.

The government has inspected 15 soybean crushing facilities in India to prepare the ground for soymeal export to China and to ensure that proper quality is maintained to fulfil Chinese standards. The inspection team included officials from Export Inspection Council of India, Directorate of Plant Protection Quarantine and Storage, SOPA. Out of 15, 6 were from Indore and others MP, Gujarat and Maharashtra. The inspection was done as the Chinese industrialist may visit Indian soybean plants for inspection before placing orders. More number of plants can be inspected down the line.

MP CM has said that soybean will not be allowed to sell less than the price of Rs 3400 per quintal in Madhya Pradesh. However it was not being cleared that how MP state government will ensure it. Last Year MP introduced BBY for the farmers so that they realize Soybean at MSP.

MP State is registering farmers for 2018 BBY till 20th Sep and has continued the scheme started in 2017. State government being led by BJP wants to not take any chance as 2019 year is an year of general election.

Earlier, the Centre has announced a ₹15,053 crore scheme to ensure that farmers growing oilseeds, pulses and copra actually get the minimum support prices (MSP) they are promised for their crops every year, scheme called as The umbrella policy — Pradhan Mantri Annadata Aay Sanrakshan Abhiyan (PM-AASHA).

The ₹15,053 crore is going to be spent over a two-year period to implement the scheme. Further, the Cabinet approved an additional government credit guarantee of ₹16,550 crore for agencies undertaking procurement.

So there are two mechanism of ensuring MSP to farmers, PSS (Price Support Scheme, Procurement by NAFED) or Price Deficiency Payment (PDP)

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

International:

Harvesting is on the way in US but has been impeded by an active weather pattern which has brought heavier rain Upper Midwest and Northern Plains, slowing field activity. The rainy set-up is likely to continue for most of the upcoming week, especially in the Upper Midwest and Eastern Corn Belt, which could offer some harvest hurdles to growers in those areas.

According to the European Commission latest figures on EU imports of soya beans, U.S. share reached 52% as compared to 25% in the same period last year in the total soybean imports in the period July to mid Sep.

As crop dynamics in Northern Hemisphere is closing in the production picture is getting cleared with US estimated at an all-time high crop. India is witnessing strong recovery in production. China's production is also rising. In the black sea market, In Ukraine and Russia too is expected to witness y-o-y rise in production.

The focus now shifts towards Brazil as the sowing commenced with good weather conditions. With 70% probability of developing El Nino in the first half of 2019, the South American crop is more vulnerable this season.

Compared to the first 12 weeks of the 2017 marketing year (July to mid-September), EU imports of soya beans from the United States are up by 133% at 1,473,749 tonnes. At the time of the first reporting issued on 1 August 2018, and covering the first five weeks of the current marketing year, imports amounted to 360,000 tonnes, corresponding to a 280% year-on-year increase.

Ag Rural has estimated the Brazilian crop to be at 120.3 million tons Soy planting in Brazil's No 2 producer in Parana advances to 11.2% of area vs 1.7% at this time last year and 1.9% of 5 year average.

Analysts are stating that the US Soybean will fall to a level that the parity at Chinese ports even after applying 25% of import duty will favor for US Soybean imports. Oil world is of the view that the CBOT soybean will fall below \$8 per bushels in coming months which is in line with the USDA estimates. USDA has said that the CBOT bean can fall towards \$7.6 bushels in coming months.

Oil world also said that Soymeal is relatively at a premium over soybean. Any rise in soy oil prices will help in fall in soy meal prices and vice versa adjusting their margins. However it is noted that soy oil and soy meal has its own SnD dynamics and meal and Oil share correction happens to a limited extent. Thus rapid rise in soy oil wont guarantee aggressive fall in soy meal given the crush capacity remaining as constrain and cheaper soy meal over SA counterpart has increased the exports demand of the same. Moreover the domestic demand of soy meal is also up on increasing exports demand of meal and poultry.

According to Dorab Mistry a leading edible oil and Oil seed analyst, Brazil is expected to export 5 million tonnes of soybeans to China in January. Brazil's exports of soybeans in January are expected to come from Parana, its second-largest producing state, because its easy port access will enable quicker shipment to China. Dorab has estimated Brazil's production to be at 120 million tons.

According to China's official document published by state-owned Xinhua news agency, China aims to expand Soybean production and has been laid in the 5 year plan on rural rejuvenation published by the country's state council.

As there are soybean traded reshuffling, China is expected to start buying more Argentine soybeans and Argentina will in turn purchase more U.S. soybeans to meet its own needs.

According to Sao Paulo-based grain trader Agribrazil, Brazil is expected to import around 1 million tonnes of the oilseed in coming months from United States, as local supplies dwindle.

According to the Buenos Aires Grains Exchange Argentina's soy crop is expected to be at 53 million tonnes in 2018-19, up from 35.1 million tonnes last season. Further the exchange has opined that Argentina's soybean exports will grow 15.4 million tonnes in the 2018-19 harvest season,

Canada, also wants to take some share in China Soybean market, and is trying to boost exports to China.

In the latest US NOPA Crush report, U.S. processors crushed 158.885 million bushels of soybeans in August, down from the 167.733 million bushels crushed in July. This year's August crush was all time high for the August Month, eclipsing the 142.424 million bushels crushed in August 2017. Soymeal exports in August totaled 761,899 tons, up from 737,465 tons exported in July.

U.S. President Donald Trump imposed 10 percent tariffs on about \$200 billion worth of Chinese imports, and further escalated its protective policies. There is still no retaliatory action from Chinese counterpart.

South Korea's largest feedmaker, Nonghyup Feed Inc. has issued an international tender to purchase up to 69,000 tonnes of corn and 60,000 tonnes of soymeal. The soymeal was sought for shipment in 2019 between Jan. 26 and Feb. 14 if sourced from South America, between Feb. 15 and March 6 if sourced from India or between Jan. 31 to Feb. 19 if sourced from the U.S. Gulf.

Brazilian farmers sped up soybean and corn plantings this week for the country's next grain crop, under favourable weather conditions and a positive market outlook.

Soybean planting in Brazil's second-largest producing state of Paraná reached 9 percent of the expected final area this week, up 8 percentage points from last week and compared with only 1 percent at this time last year, as ample soil moisture allowed for a quick start of fieldwork.

According to the data from Ministry of Agriculture and Rural Affairs, China, the August pig herds count fell 2.4 percent from a year earlier, and dropped 0.3 percent from a month ago. Sow herds dropped 4.8 percent in August from a year ago, and slipped 1.1 percent from the previous month. This was on the backdrop of, more than a dozen of outbreaks of African Swine Fever, which spread rapidly across the world's top producer of pigs

According to the state's National Grain Trade Center, China sells 92,988 tonnes of 2013 soybean at auction of state reserves at average price of 3,060 yuan (\$446.12) per tonne. The Sale represents 100 percent of total 2013 soybean available for the auction.

China imported 9.15 million tonnes of soybeans in August, up 14 per cent from July, customs data showed on Saturday as compared to 8.44 million ton last year in the same time frame, as buyers in the world's top importer continued to buy from Brazil after Beijing imposed tariffs on US shipments.

In July, the buying spree ebbed after China's national soybean and soymeal stocks climbed to a record. China's national soymeal stocks were at 1.18 million tonnes this week, slightly down from the record high level in July at 1.27 million tonnes.

For the first eight months of the year, China brought in 62 million tonnes of soybeans, down 2.1 per cent on the same period a year earlier, according to official data released by the General Administration of Customs on Saturday. Imports in the coming months before November should be over 7 million tonnes per month, but supplies might tighten afterwards, as Brazil's soybean season neared its end. In such event if China do not buy from US, may run out of soybean by start of 2019.

There has been report of crop damages due to early frost in NE provinces of China and has helped the Dalian exchange to gain in the early trading days of last week.

According to report published by USDA China wing, China will import 94 MMT of soybean in 2018-19 and total oilseeds import will be at 100.2 MMT. Oilseed consumption will continue to rise on the y-o-y basis on rise in demand of protein meal by the livestock industry. The total oilseed consumption is forecasted at 159.83 MMT. Demand growth will continue to drive both China's imports of oilseeds and government support to expand oilseed production.

According to Brazilian Agriculture Ministry, Brazil exported 50.9 million tonnes of soybeans to China from January to August, as compared to 44.1 million tonnes of soybeans in the same period last year. Brazil's higher than usual soybean exports are driving down stocks, indicating the country likely will not have much more to offer China until it begins harvesting its next crop in January.

Brazil's government raised by 2 million tonnes in its projection for soybean exports in the 2017/18 crop to 76 million tonnes amid strong Chinese demand, reducing the crop's end-stocks to the lowest on record.

According to the Sep WASDE report, the U.S. soybean yield for the 2018 harvest at 52.8 bushels per acre, higher than both the trade guess and last month's 51.6 bpa. This resulted in record estimate of this year's ending stocks to 845 million bushels from the August projection of 785 million.

U.S. soybean stocks-to-use, which is a measure of both supply and demand, sits at 19.8 percent for the 2018/19 year, up sharply from the latest 2017/18 projection of 9.1 percent.

According to China's Agriculture Ministry, soybean imports for 2018/19 will fall to 83.65 million tonnes from the previous year's 93.9 million. This was down sharply from last month's forecast of 93.85 million tonnes on expectations of low soy content in animal feed and a fall in pig farm profits, increasing the government's supply deficit estimate.

According to business Monitor Online, 2018/19 soybean production in Argentina, for which planting begins in December, will increase, despite the recent suspension of soy export tax reductions and the introduction of a floating export tax on agricultural goods.

According to Rosario Board of Exchange, Argentina's soy harvest is expected to reach 50 million tonnes during the 2018-19 season.

China sold 59,740 tonnes of 2013 soybean at auction of state reserves at an average price of 3,080 yuan (\$447.75) per tonne, as reported by the National Grain Trade Centre.

Snap shot of USDA WASDE report:

- o Argentina 2018/19 Soybean Crop 57.00 Mln Tonnes
- o Brazil 2018/19 Soybean Crop 120.50 Mln Tonnes
- o 2018/19 U.S. soybean crop 4.693 bln bu (prev 4.586 bln bu), yield 52.8 bu/ac (prev 51.6 bu/ac), harvest acres 88.9 mln (prev 88.9 mln)
- o 2018/19 World End Stocks-Soybeans 108.26 Mln

Argentinean govt has said to Immediately Cut Export Tax Specific To Soybeans And Soy Products To 18 Pct, But Additional 4 Peso Per Dollar Tax To Apply.

President Mauricio Macri of Argentina has asked the exporters who have been benefitted by falling peso, to do more to help the country to eliminate primary fiscal deficit next year. Thus Argentina launched floating export tax which is resulting in marginal increase in the export tax of bean complex. Thus it has effectively halted the progressive reduction of export taxes. The economic minister has overhauled the export tax structure. The duties on soybean exports has been declined to on soybean complex 18% from 25.5% and thus the soy meal taxes which is at 23% has also going to be cut.

Instead, a new tax structure is being introduced which is a flat 4 peso duty per US dollar of good exported and which translates effectively into 10.5% tax on soybean at current prices. The tax will change in accordance with the prices of soybean.

The average daytime highs coming in 10 or more degrees cooler than normal for the next several days across much of the Midwest. Plenty of precipitation also moves through the Midwest this weekend, with another 4" or more rainfall dropping on large portions of Missouri, Illinois, Indiana and Ohio through next Monday.

South Korea purchased 551,000 bushels of non-GMO soybeans from the U.S. and China in a tender that closed Tuesday, for arrival in November and December.

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
	2017- 18	2018- 19E	Oct- Dec'17	Jan- Mar'18	Apr- Jun'18	July-Sep 18 F
Carry In	0.23	0.23	0.23	5.25	3.48	1.81
Production	9.80	10.40	10.40	0	0	0
Imports	0.15	0.00	0	0	0	0
Total Availability	10.18	10.63	10.63	5.25	3.48	1.81
Processing/Crushing	8.40	8.80	5.28	1.67	0.97	0.88
Exports & Direct Consumption	0.35	0.40	0.10	0.10	0.10	0.10
Seeding/Retained for Sowing	1.20	1.20	0	0	0.6	0.6
Total Usage	9.95	10.40	5.38	1.77	1.67	1.58
Carry Out	0.23	0.23	5.25	3.48	1.81	0.23
Stock/Consumption Ratio	0.02	0.02				

Source: Agriwatch

Soy meal

According to SEA latest estimates of oilmeal exports during April to August 2018, India exported 11.92 lakh tons as compared to 9.86 lakh tons in the same time frame last year. Rapeseed meal exports witnessed sharp rise to clock 4.9 lakh tons which is a rise of 109% as compared to last year.

During April - August 2018 Vietnam imported 235,723 tons of oilmeals (compared to 167,604 tons); consisting of 7,160 tons of soybean meal, 77,160 tons of rapeseed meal, and 151,403 tons of Rice Bran Extraction

South Korea imported 349,992 tons of oilmeals (compared to 337,270 tons) ; consisting 231,610 tons of rapeseed meal, 10,832 tons of soybean meal and 107,550 tons of castor meal. Thailand imported 130,988 tons of oilmeals (compared to 57,228 tons); consisting 4,747 tons of soybean meal, 9,633 tons of De-oiled Rice Bran Extraction, and 116,572 tons of rapeseed meal. France imported 63,493 tons of oilmeals consisting 61,999 tons of soybean meal and 1,494 tons of Castor meal.

Spreads with Argentinean meal is fair enough for exports and the rest will depend on the exports pace and how quickly India disposes its exportable surplus. Failure of which will leads to the bean under the ballooning stocks falling further at the start of 2019 almost a repeat of 2017 when off season bottom was placed.

Indian officials inspected soy bean crusher's plant ahead of Chinses industrialist visiting Indian soybean plants. Indian govt are trying hard to push for soymeal exports in China as the country has appetite to consume all of India's surpluses.

Markfed Kapurtahala has issued tender for procurement of mustard cake and soymeal.

SOPA president is saying that India's soymeal exports is expected to rise by 70% y-o-y and can reach to 25-30 lakh tons. However as 2018-19 will begin with lower end stocks and a production of 104 lakh tons will not result in enough exportable surplus of soymeal. In fact an exports of 16-17 lakh tons of soymeal will be sufficient enough. Thus any heavy bookings will result in prices rising high and rendering the Indian soybean uncompetitive in international market. In that process India may lose some traditional buyers especially price sensitive market in SE Asian nations.

Traders are reporting an export booking of 3 lakh tons for the deliveries in Nov – Dec being booked at \$ 370 per ton.

At the exports prospects the response from Chinese's industrialists and government officials is yet to receive over uplifting the restriction of imports of Indian oil meals. Earlier China has withdrawn the import duties on the oilseeds and oilmeals sourced from SE Asian nations.

The soy meal prices are likely to notice seasonal weakness in the Oct month and prices are expected to remain range-bound after fall.

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

Technical Analysis:

NCDEX Soybean Futures C1 Chart



Soybean Spot, Indore



Support & Resistance NCDEX Soybean –Oct. contract

Oct				
S1	S2	PCP	R1	R2
3250	3150	3249	3280	3310
Nov				
S1	S2	PCP	R1	R2
3250	3180	3269	3280	3310

- Soybean traded range bound in the Sep month
- The next wave can extend 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 – Oct/Nov.): Traders can hold their short positions and should add on every rise above 3250. Trades are advised to liquidate half of their positions at 3200 and the rest at 3150 and further below 3150.

Rapeseed - Mustard Seed

Higher mustard prices has instigated the farmers to offload the stocks available with them as they seek better realization at current prices and uncertainty over prices down the months once the NAFED stocks reaching the market on the increased interest in the auction process. However if the current pace of auction will eventually result in market stocks to become very tight in Nov-Dec if NAFED stocks is not released significantly.

8.19 lakh tons of Mustard is locked and crushers demand is heavy ahead of festival season. NAFED is instrumental in altering Mustard Supply and Demand as it wants to sell Mustard at least at MSP. The agency is waiting for prices to inch further up by holding the stock and creating artificial scarcity. NAFED has now speeded the process and issuing tender on regular basis. However response is still very poor.

Mustard auction by NAFED continued to witness limited interest as the traders doubt over the oil content in the stocks held by NAFED. Crushers and traders calculate the price based on the oil content and the premium or discount is paid over the benchmark price of 42% conditioned mustard. As the crushers are doubting over oil content and market rumours are saying that the oil content is 35% crushers remained away from the auction process.

According to Emami Biotech India's rapeseed mustard production in 2018/19 could jump nearly 17 percent from a year ago to 7 million tonnes as higher prices are likely to prompt farmers to expand areas under planting. The point was further supported over government is supporting farmers by buying the seeds at mandated price, by raising import taxes on edible oils.

Heavy rains in the Northern and North west part of India including Rajasthan West MP and Bundelkhand has brightened the sowing prospects of Mustard sowing as these rains are going to help any abnormal rise in temperatures in the month of Oct and also will provide residual moisture for the rabi crop. The low pressure system developed in third week of Sep has resulted in widespread rainfall in all the key mustard growing regions.

As the GOI is now focusing on increasing the production of oilseeds with agenda of increasing the income of farmers by 1 and ½ times higher than their cost of cultivation, MSP of mustard has been increased by INR 200 to INR 4200 per quintal.

With higher MSP and good profit realization this year, Mustard is expected to find record acreages and 70 lakh hectares of Mustard sowing can happen in the upcoming rabi sowing season. As chana prices didn't brought good profit realizations and farmers expecting NAFED to procure mustard seed again Mustard acreages is expected to gain over Chana.

According to Marudhar Trading agency, Mustard crop is estimated at 70 Lakh tons. Arrivals till August end is at 58 lakh tons and crush is at 44 lakh tons leaving 26 lakh tons of stock. Stocks with farmers is at 12 lakh tons, with traders is at 5.35 lakh tons and with NAFED is 8.65 lakh tons.

Arrivals pace is indicating towards a very similar production as compared to last year. However as SEA has downward revised the production from 71.6 to 66 lakh tons the ambiguity remains over production.

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 – Oct contract				
S1	S2	PCP	R1	R2
4050	4130	4181	4200	4250
Support & Resistance NCDEX RM Seed – Nov contract				
S1	S2	PCP	R1	R2
4150	4200	4241	4250	4300

- Mustard weekly 1M Continuous chart tested 4250 level and witnessed pull back to close at 4181 at the end of Sep month.
- Trade Recommendation (NCDEX Rapeseed-Mustard – Aug and Sep): **Be open for taking longs on further dips**
Any weakness in the prices is an buying opportunity. Traders can go long whenever the prices falls below 4130 and subsequent fall can be taken as add on opportunity. Traders further can exit 50% of their positions at 4200 and wait for 4250 for further liquidation.
A 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.

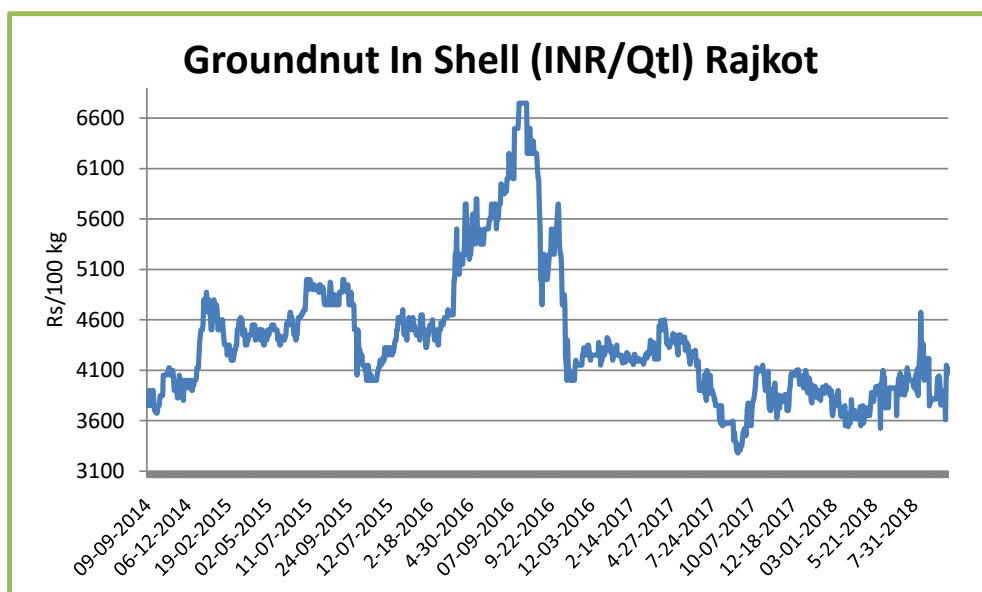
BUY Below 4150. Levels: Target – 4200; T2- 4250, SL –3980.

Groundnut

Groundnut price at Rajkot APMC jumped sharply in the last three days after falling to the lowest levels since June 2018. Market factored in the new crop and fell steadily throughout the month and gaining in last few days as the arrivals are lower than expected arrivals at this point of time. If such condition continued the traders starts expecting a lower crop in this season and is expected to restrict aggressive losses.

Outlook: Rajkot prices seem to have tested the bottom and any fall should not breach the

3600 level and is expected to trade above it in the Oct month. However one to two trades can fall below 3600 over quality and sudden huge arrivals.



Fundamentals:

Early sown Groundnut, are at pod development to pod maturity and harvesting stage. New crop arrivals has started coming in the market and same is expected to improve in coming days.

With the official window of SW Monsoon Closing on 30th Sep Rayalseema remained deficit by 37% against LPA whereas North Interior Karnataka recorded deficit of 29%.

At other groundnut growing regions, Guajarat was deficit by 24%, Saurashtra by 34%, SI Karnataka surplus by 4%, Tamil Nadu deficit by 8%. West Rajasthan Deficit by 23% and East Rajasthan surplus by 3%. There have been very erratic rains in most of the groundnut growing regions especially in NI Karnataka, Maharashtra, Rayalseema and Gujarat.

According to the first advanced estimate of kharif crop by GOI, all India groundnut crop production has been estimated at 63.28 lakh tons which seems to be on higher side. Production estimate has been done on the basis of the sown area till mid of August and production number as on last of the August month.

The second advanced estimate which is going to be released in next year Jan we can witness downward revision in the production numbers. However historically GOI has always revised up the groundnut production numbers in the second advanced estimates.

Overall we are expecting y-o-y lower production, but higher carryover stock is expected to keep supplies decent enough to restrict for any aggressive rallies.

Groundnut crushers are enjoying profitable crush margins in Kurnool and Chennai markets as the higher soft oil prices after the back to back duty hike has not allowed the groundnut oil prices to fall significantly. Groundnut oil has maintained its premium over the sun oil in Chennai market.

As the MY 2017-18 closed NAFED is sitting in record stock of 5.26 lakh tons of groundnut in their warehouses. In coming days fall in groundnut prices in market will not help bigger interest in NAFED groundnut auction. Thus NAFED will find it hard to procure and store new crop.

As the prices are ruling below MSP there are fair chances that centre as well as state will go for the price Difference Payment Scheme for ensuring MSP to farmers.

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	22.9	25.8	30.4
Nov	71.1	92.6	50	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	54	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	40.2

Groundnut Exports (Includes In Shell, Blanched and Normal Groundnuts (Thousand Tons)					
May	55.2	38.6	41.3	19.1	46
Jun	50	30.7	58.4	25.4	40
Jul	42.7	25	39.2	37.2	31
Aug	40.8	35.8	16.8	30.6	
Sep	23.8	16.1	12.2	20.1	

Soy DOC Rates at Different Centers			
Centres	Ex-factory rates (Rs/ton)		
	29-Sep-18	01-Sep-18	Parity To
Indore - 45%, Jute Bag	26000	27200	Gujarat, MP
Kota - 45%, PP Bag	27500	27300	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna - 45%, PP Bag	28000	28800	Mumbai, Maharashtra
Nagpur - 45%, PP Bag	27800	27700	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	28000	29000	Andhra, AP, Kar, TN
Latur	28000	29500	-
Sangli	#N/A	28600	Local and South
Solapur	29500	28600	Local and South
Akola – 45%, PP Bag	26700	27300	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Hingoli	28500	29500	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Bundi	27300	27500	-

Soy DOC at Ports			
Centers	Port Price		
	29-Sep-18	01-Sep-18	Change
Kandla (FOR) (INR/MT)	27800	27500	300
Kandla (FAS) (USD/MT)	383	388	-5
CNF Indonesia – Yellow SBM (USD/MT)	365	380	-15

Rapeseed Meal	29-Sep-18	01-Sep-18	Change
FAS Kandla (USD/MT)	225	207	18
FOR Kandla (Rs/MT)	16200	14500	1700
FOR Mundra (Rs/MT)	16600	14800	1800
CNF Indonesia (USD/MT)	245	228	17

International Soy DOC			
Argentina FOB USD/MT	29-Sep-18	01-Sep-18	Change
Soybean Pellets	340	329	11
Soybean Cake Flour	340	329	11
Soya Meal	333	327	6
Soy Expellers	333	327	6

Sunflower (DOC) Rates	Ex-factory rates (Rs/ton)		
Centers	29-Sep-18	01-Sep-18	Change
Adoni	21600	21500	100
Khamgaon	0	0	Unch
Parli	0	0	Unch
Latur	0	0	Unch

Groundnut Meal (Rs/MT)	29-Sep-18	01-Sep-18	Change
Basis 45%, Saurashtra	22500	21000	1500
Basis 40%, Saurashtra	20000	18500	1500
GN Cake, Gondal	23000	21000	2000

Mustard DOC	29-Sep-18	01-Sep-18	Change
Jaipur (Plant delivery)	15500	13800	1700
Kandla (FOR Rs/MT)	16300	14600	1700

Mumbai Oil Meal Quotes:			
Rs/M.T.	29-Sep-18	01-Sep-18	Change
G.N. Extr (45%)	0	0	Unch
Kardi Extr	0	0	Unch
Undec Cottonseed Exp	20200	21000	-800
Rice Bran Extr.	0	0	Unch
Sunflower Extr.	19500	21000	-1500
Rapeseed Extr.	0	0	Unch
Soymeal 48%	27130	28174	-1044
Castor Extr.	5750	6150	-400

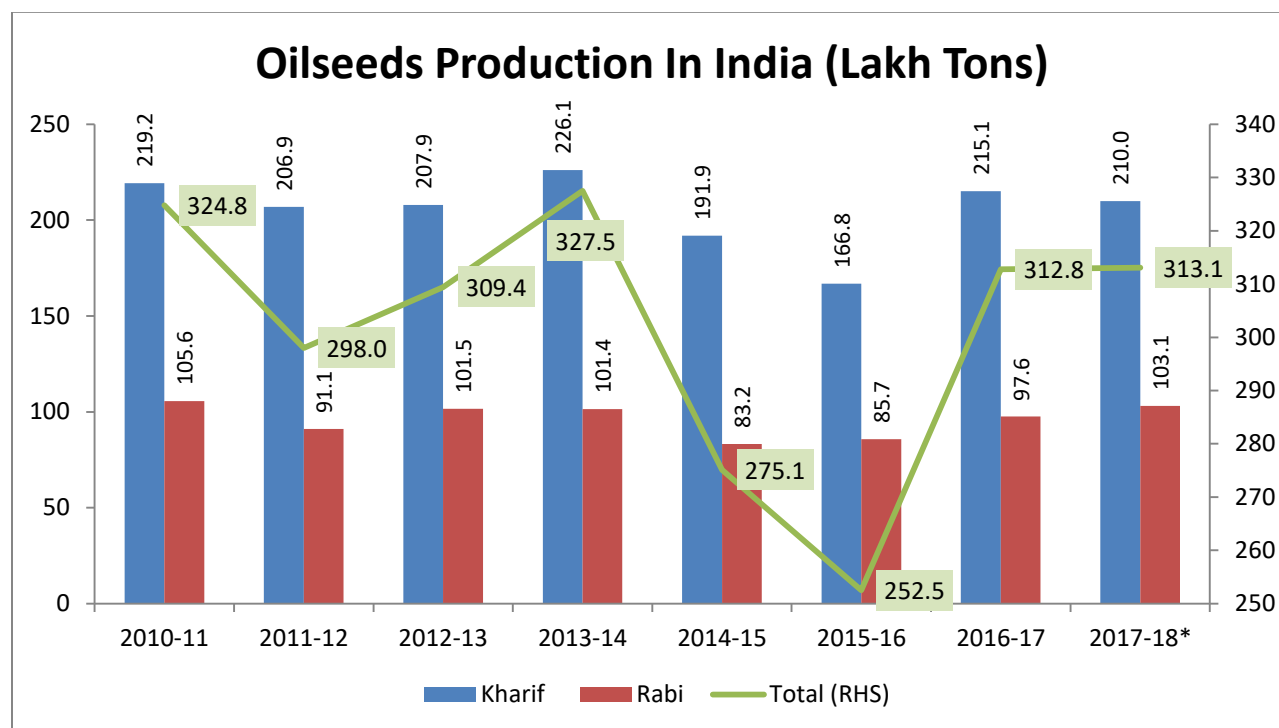
India's Kharif Oilseeds Production Seen at 313.1 Lakh T in 2017-18 vs 312.8 Lakh T in 2016-17 final estimates in 4th Adv Est. - GOI

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

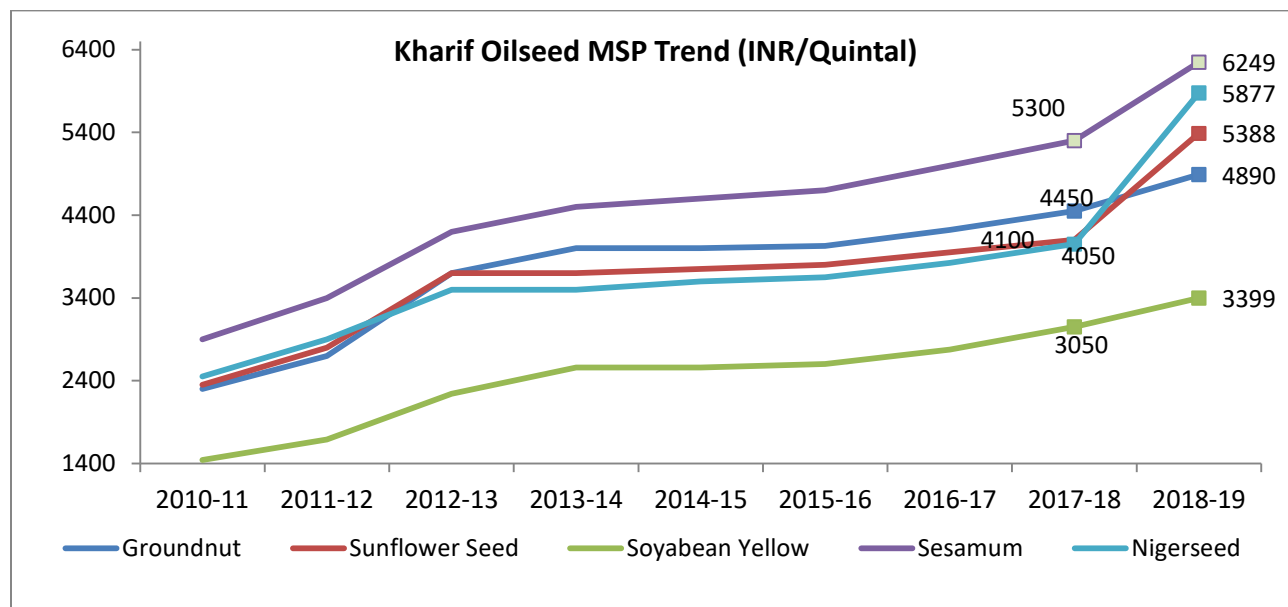
Note: 2017-18 is based on 4th Adv estimates.

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 4,450/Qtl (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

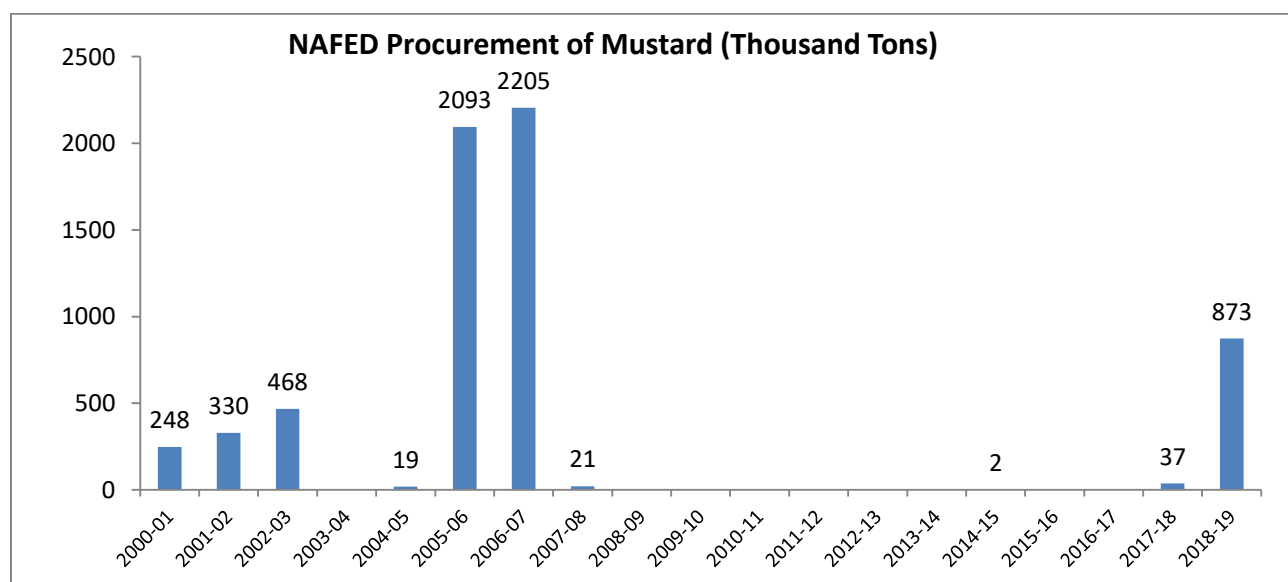


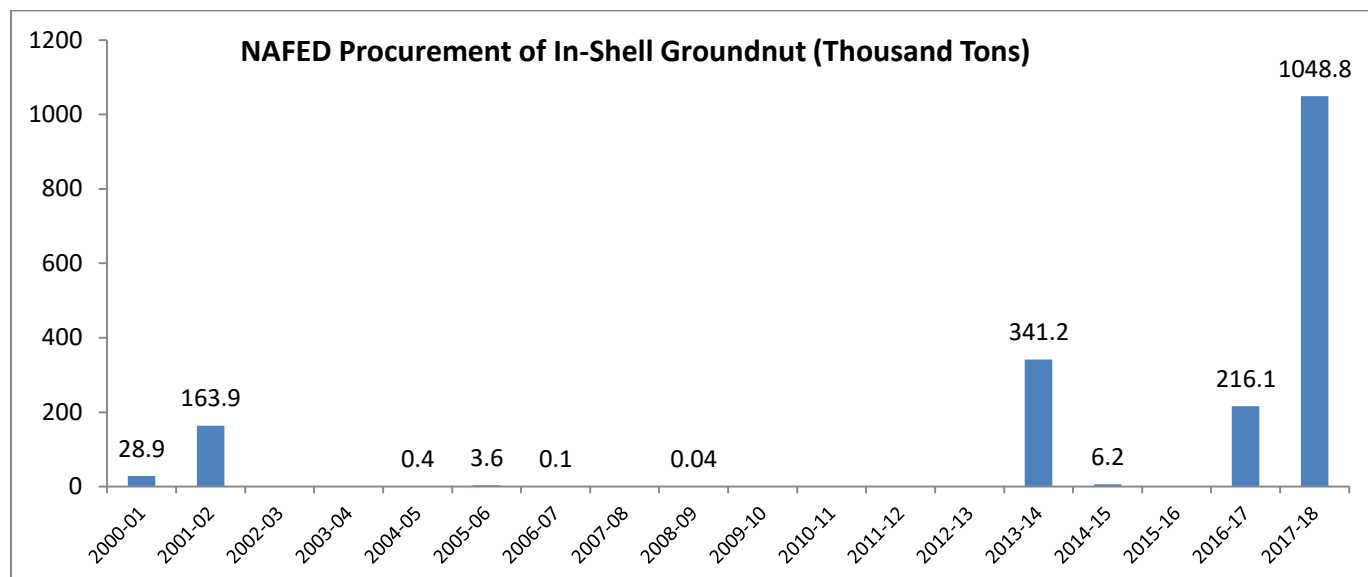
MSP for 2018/19 Rabi Oilseeds

Centre has increased the MSP of Mustard/Rapeseed by INR 200 from last year and kept it at INR 4200 per quintal. Last year the MSP of Mustard/rapeseed was INR 400 per quintal including bonus of INR 100.

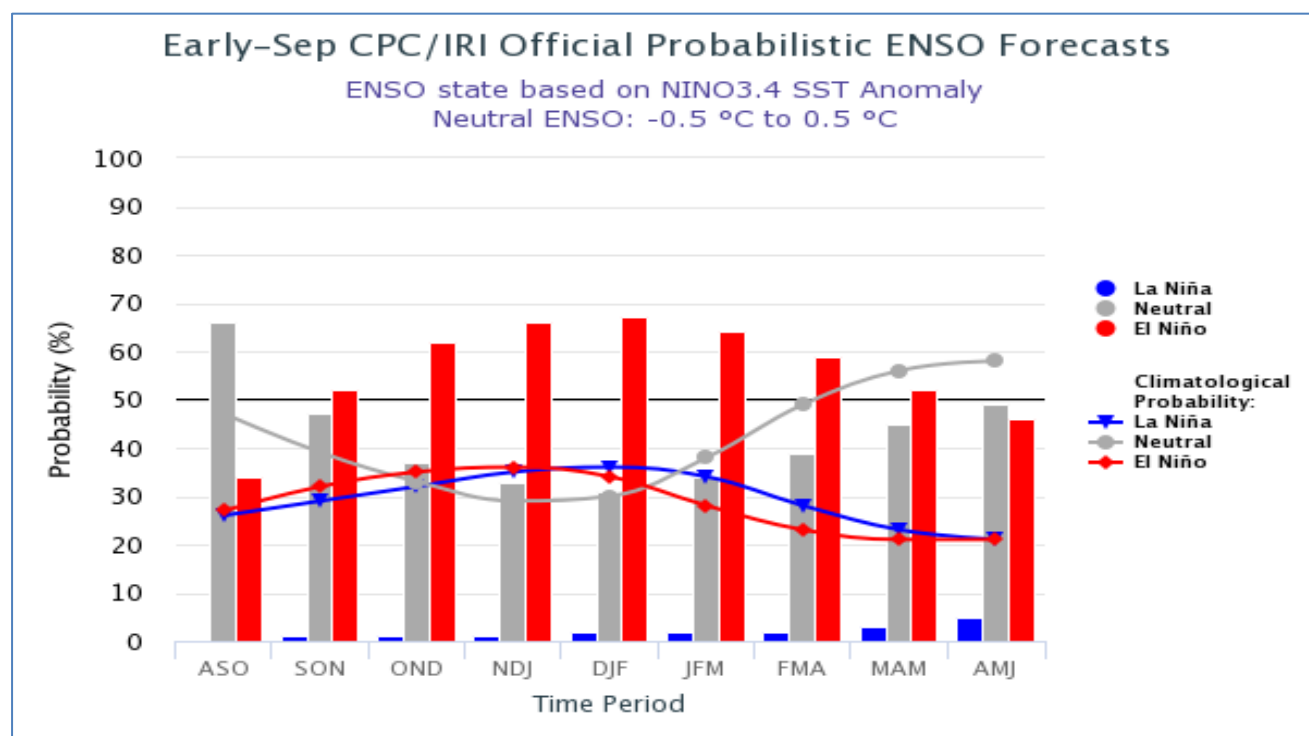
Safflower MSP has been increased to INR 4945 from INR 4100 per quintal of last year. Last year MSP includes a bonus of INR 100 per quintal.

NAFED Procurement of Oilseeds (Mustard and Groundnut) Historically





CPC/IRI Probabilistic ENSO Outlook 13th Sep 2018



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