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# Oil Meal Monthly Research Report

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## Executive Summary

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Soybean futures at NCDEX witnessed more or less consolidation in the entire month except a sharp fall indicative of possible bottom. 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 coupled with robust arrivals in the market which is indicating a record soybean crop this year. USDA has upwards revised the yield to 53.1 bushels from 52.8 bushels of Sep estimate which is again all-time high record yield. CME bean prices inched towards 10 years low but recovered later on strong exports for few weeks but fell again as the net sales were pathetically low over almost no presence of China. Ups and downs were seen in the market by statements by US govt in resuming talks and then showing least concern over trade disruptions. US Crop harvest has delayed over soggy conditions and continuous rains and there have been reports of crop damages. The weather improved mid of Oct but harvesting was below 5 year average. Soybean which was maturing fast and was above year average is harvested late due to rains. Upcoming WASDE again remains crucial for the price direction and US yield is the key for the scenario coming in the WASDE report in terms of SND especially how much yield USDA is going to take especially with crop damage reported due to unfavourable weather. Down the month 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. Market is still expecting yield to be above 53 bushels per acre in the upcoming WASDE report. Considering such high yields has brought some questions in mind but the yield trend indicates to remain open for such yields. Further development from US China ties is also going to be instrumental in the upcoming G20 meet scheduled on 29<sup>th</sup> Nov.

In the domestic market, market is talking about production number to be anything between 104 to 110 lakh tons. Oct arrivals have been very high and have not been seen past few years. Govt has started procurement of soybean at MSP and thus the market is expected to remain supportive as nearly 25% of the produce is going to be under BBY by MP Govt. Prospects of higher exports to Iran have also helped in lifting up the prices with China too agreeing to buy Indian soymeal after removing the multi-year ban on Indian oil meals. Now everything will depend on the exports pace and how soon India is able to dispose the surplus of soybean/soymeal.

MP has started the Bhavantar Bhugtan Yojana on 20<sup>th</sup> Oct and also has offered INR 500 flat payments irrespective of what the farmers are going to get in the market. Rajasthan is going to procure nearly 1 lakh tons of soybean which is meagre and is not going to impact SND down the line.

According to SOPA Oil meal exports have recorded 1.6 lakh tons which is a good start of the new season. Iran has booked nearly 2 lakh tons with shipments in Nov. China has also booked its first consignment. Indian soymeal is competitive and thus exports booking are expected to further ramp up.

CBOT Soy meal remained in consolidation after breaking three months of prolonged consolidation and also inched close to \$300 per short ton once and then regained further. Argentinean Soymeal is also following the same. Indian soymeal FAS remained more or less stable. Soymeal at Indore fell as the domestic price was not in tune with exports price offered at Indian ports.

Rapeseed price remained in tight range and was not able to post any aggressive gains over the higher sowing pace as compared to 5 year average and nearly 2 lakh tons of release of mustard in auction by NAFED in Oct.

month. Rapeseed crush demand also slowed down seasonally and next rise in crush demand is expected to happen post mid of Nov.

Overall market is expected to edge high. However, scope of aggressive gains in Soybean and Mustard is very limited.

## Outlook – Cash Market

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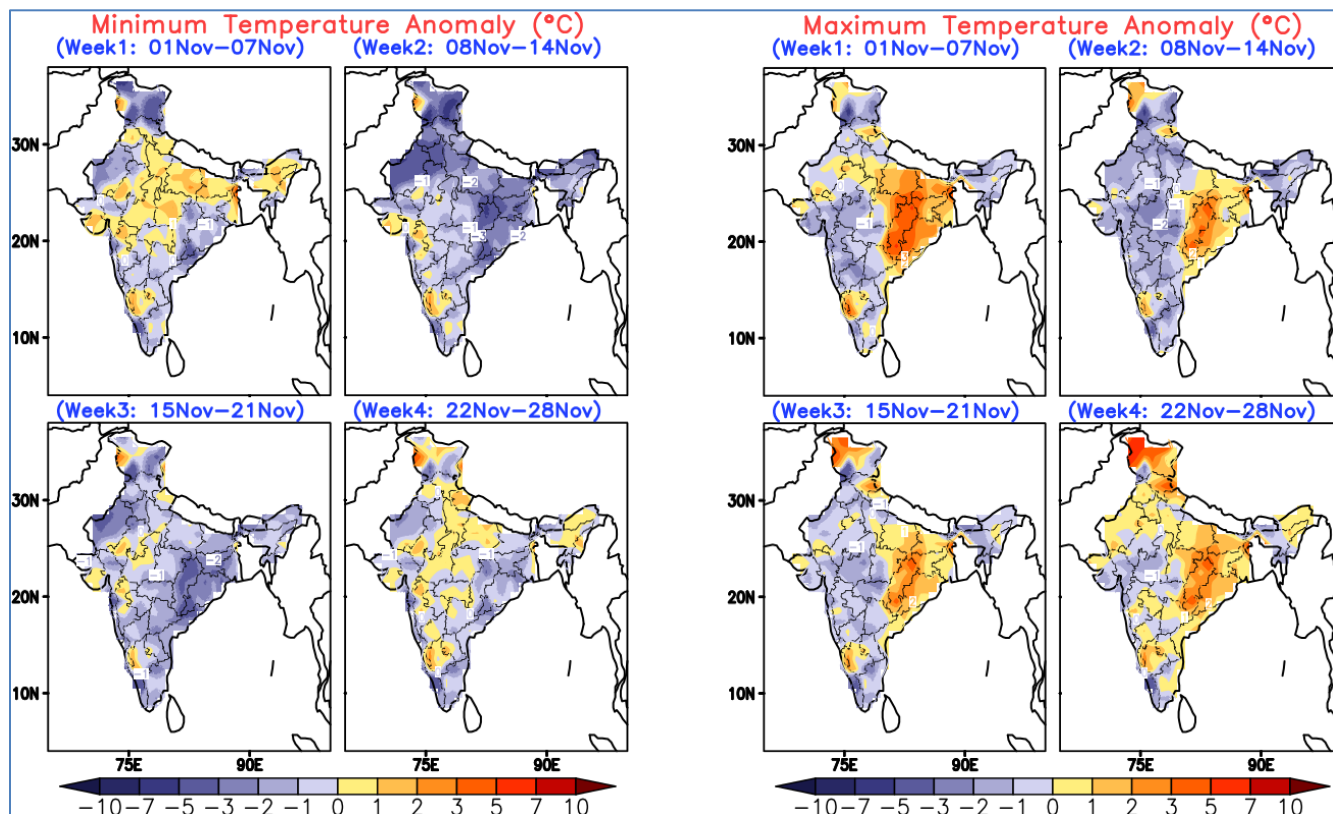
**Outlook - Soybean (Spot, Indore):** Soybean Indore is expected to gain towards 3300 to 3450 but any chance of aggressive gains is limited for the time being. With the current situation of higher y-o-y production and bearishness in international market the soybean prices is expected to trade in range bound manner in Nov month. Soybean seems to have placed its seasonal bottom.

**Outlook – Soy meal (Spot, Indore):** Soymeal also seems to have placed its bottom and the upward movement will depend on the pace of soymeal exports and how soon India disposes its exportable surplus. Thus the meal prices is expected to remain in a tight range in the Nov month

**Outlook - Rapeseed-Mustard (Spot, Jaipur basis):** With market digesting the y-o-y higher acreages in Mustard as seasonal rally is expected late in this month's when the winter demand of mustard oil is going result in higher crush demand of Mustard. However the supplies in the market seem to be adequate and by Dec at least 2 LT of stocks is expected to be released from NAFED auction.

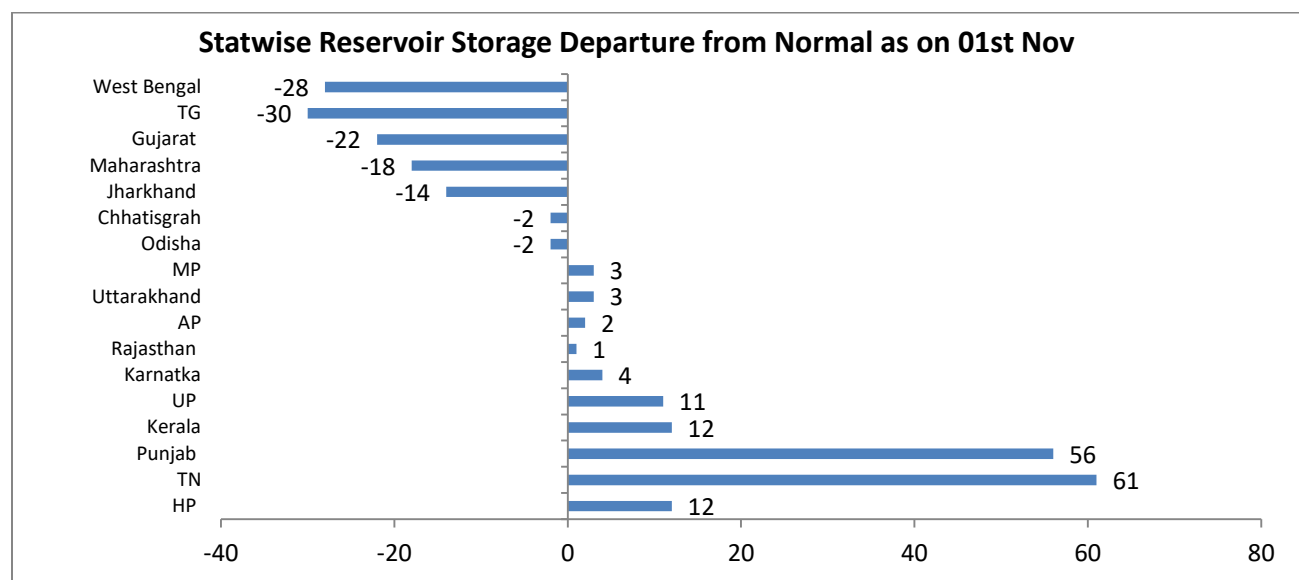
## Weather Forecast (For Rabi Oilseeds)

### Temperature



Eastern Mustard growing region is forecasted to witness above normal temperature profile.

## Reservoir Status in States



## Rabi Oilseed Sowing Progress

Rabi Oilseeds Sowing as on 5.11.2018						
	Normal Area	Normal Sowing as on Date	2017-18	2018-19	% Change (Y-o-Y)	% Sown of Normal
Rapeseed & Mustard	61.25	23.52	26.57	27.84	5%	45.5%
Groundnut	7.85	1.23	1.16	0.96	-17%	12.2%
Safflower	1.62	0.34	0.23	0.06	-74%	3.7%
Sunflower	3.78	1.29	0.68	0.33	-51%	8.7%
Sesamum	3.04	0.06	0.02	0.06	200%	2.0%
Linseed	2.93	0.48	0.62	0.58	-6%	19.8%
Other Oilseeds	0.15	0.06	0.07	0.06	-14%	40.0%
Total	80.62	26.98	29.35	29.89	2%	37.1%

## Soybean

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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.

Nafed signed an in-principle agreement with a Chinese trade agency for the export of oil meal. The Chinese official delegation may come next month to inspect soybean processing plants so that they can resume the process of approval.

Centre has approved the procurement of Soybean under PSS and the center has given directives to start procuring it from 15th of Oct. MP State govt has announced the procurement to start from 20th of Oct and will continue till 19th of Jan as the state has given 90 days window for the farmers to sell their produce under PSS scheme. MP state has decided to start procurement on 20th over festivals ending on 19th.

On direction from center Maharashtra has approved procurement of 2.5 lakh tons of soybean whereas Rajasthan has got approval of procurement of 3.69 lakh tons.

Soybean purchases/procurement will be carried by NAFED, FCI, and SFAC and the payment will be done straight to their accounts.

MP govt has also brought a scheme in which the farmers will get flat INR 500 per quintal as price difference support, irrespective of what the price farmers is getting. The state govt Department of Farmer's Welfare and Agriculture Development has said that soybean sold in the window of 20th Oct to 19th Jan will be eligible for such scheme. The Scheme is applicable for any sale at or above MSP of below MSP as per govt notification. Further MP state has also decreased the APMC Cess by .5% to 1.5%.

SOPA is complaining about unavailability of Railway rakes for exports to satellite nations (Nepal and Bangladesh). In 2017-18 lack of rack of availability of racks has impacted exports to neighboring nations.

SOPA released its final estimates of Soybean SND for 2017-18. SOPA According to SOPA the 2017-18 Marketing Year beginning stock was 13 LT, Crop size was 83.5 LT, Import recorded is 1.62 LT, New crop arrived in Sep month is at 2 LT and with 12 Lt kept for sowing the Marketable surplus is at 88.12 LT

The arrivals recorded is at 88.12 LT. The disposals accounted as 2.42 LT of exports, direct use at 1.5 LT, Crush of 82 LT keeping 2.2 LT as losing stock of 2017-18.

According to SOPA soymeal production has been at 66.42 LT, exports is at 17 LT, domestic use is at 49.25 LT and thus ending stock is at .45 LT.

In a recent move, US has granted India to waive from Iran sanctions for oil imports till March 2019. The US planned to re-impose oil-related sanctions to Iran from Nov 4. India has been engaged with US and successfully persuaded US in removal of trade sanctions. However the Oil imports is restricted to 1/3rd of the annual Imports.

Thus as such there is no change in the current system except that the Oil Volumes will reduce and thus the Indian currency available for the payments is going to fall by 1/3 but still significant enough to cover most of the payments under barter system for the agricultural commodities, Iran buys from India. Currently Iran is looking for Indian soymeal and has booked 2 lakh tons of soymeal.

Iran is finding difficult to source soymeal/bean from other countries due to US sanctions but US has been enforcing sanctions only on Crude oil Imports. Countries who are supplying soymeal/bean to Iran doesn't want to get in to matter and thus are staying away from the trade.

Under the influence of this development Indian soybean has gained and despite of record daily arrivals.

In Rajasthan, 3.45 lakh farmers have registered online for the procurement of Urad, Moong, Soybean and Groundnut for the current Kharif procurement season. According to the MD of Rajfed 15609 farmers have registered for Groundnut procurement and 664 farmers have registered for Soybean as on 28th Oct. Earlier center has approved the procurement of 3.79 lakh tons of groundnut procurement and 88750 tons of soybean in the state.

In Maharashtra, Plants are buying soybean from MP due to easy availability, premium in local prices and quality. Lower soybean production also has restricted availability in certain areas.

GOI has given approval for procurement of 26 lakh tons of oilseeds (Soybean, Groundnut and Sunflower) in 9 states Telangana, Andhra Pradesh, Uttar Pradesh, Rajasthan, Madhya Pradesh, Maharashtra, Karnataka and Tamil Nadu Under Pradhan Mantri Annadata Aay Sanrakshana Abhiyan (PM- AASHA). Procurement will be carried by Food Corporation of India and National Agricultural Cooperative Marketing Federation of India Ltd (NAFED). The state warehousing corporation and central warehousing corporation is offering space of nearly 20 lakh tons this season.

Center has sent the guide lines for PDPS (Price Deficiency Payment Scheme) in oilseeds under PM-AASHA umbrella scheme for the states. As it is difficult to procure all the oilseeds under PSS scheme due to shortage of warehouse space a minimum 25% of MSP will be compensated.

MP govt has started the flat Bhavantar Yojana from 20th of Oct. Under this scheme farmers have to show his registration number at the gate of APMC and a unique ID will be generated which is sent at the mobile directly. This number will be entered in the documents generated at the time of weighing, agreement document and payment documents. Anything that is sold at APMC, 50% of the value or INR 10000, whichever will be low will be credited to the farmers directly into their account.

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

### **International:**

A tweet from President Trump about his phone conversation with China's President Xi has helped bean to clock single day gains in over 4 months on last week's Thursday.

Brazil planting ahead of pace implying new crop beans available for January export. Brazil reported October soybean exports at 5.35 MMT vs. 4.6 MMT last month and 2.48 MMT last October.

According to International FC Stone, soybean yield is estimated at 53.2 bpa from 54.0 in October and compares to USDA October estimate of 53.1 bpa

According to JCI, China imported 5.872 million tons in Oct which is lower as compared to market anticipation of .7.5 million tons. Stocks at Chinese ports are at 7.081 million tons.

According to Oil World in the period Nov to Jan the imports by China is going to be down by 11 million tons y-o-y.

China is taking steps to reduce meal in feed rations and is reporting its efforts would reduce its soybean consumption by 14 MMT with soymeal consumption expected to fall by 11 MMT.

In order to reduce the exports of soymeal which China does for the eastern part of Russia and some satellite countries Chinese finance ministry has scrapped the 1% export rebate on soymeal effective from 1st of Nov. This is among the slew of measures taken to decrease the dependency on soybean imports.

There are fair chances of some soybean trade between the two countries to resume in the coming months as the Brazilian 2017/18 export season ends, but China will revert back to Brazilian soy as soon as it can.

Brazil's Safras & Mercado consultancy estimates the country's 2019/20 soybean exports could top 2.903 billion bushels.

According to INTL FCSTONE Brazil's 2018/19 soy crop is expected to be at 119.34 million tonnes, up from 119.17 million tonnes in its prior forecast. The agency also revised soy area up to 35.892 million hectares compared to 35.855 million hectares previously. The soy exports in 2018-19 are estimated at 71.50 million tonnes, with China expected to buy as much Brazilian soy as possible thanks to its trade war with the United.

According to EC, European Union soybean imports in the 2018/19 season that started on July 1 totaled 3.2 million tonnes by Sept. 30, up 7 percent from 3.0 million a year earlier. EU 2018/19 soymeal imports had reached 4.2 million tonnes, down 19 percent from a year-earlier 5.2 million, the official data showed.

The United States and Canada forged a last-gasp deal on Sunday to salvage NAFTA as a trilateral pact with Mexico



According to Brazil Ministry of trade, Brazil exports 4.61 mln t soybeans in September vs 8.13 mln t in august and 4.27 mln t yr ago and 1.29 mln t soy meal in September vs 1.46 mln t in august and 1.16 mln t yr ago.

According to weekly crop progress report by USDA, US soybeans is harvested in 23 pct 14 pct wk ago (20 pct 5-yr avg). 68 pct condition is in good/excellent vs 68 pct wk ago (60 pct yr ago).

According to the USDA WASDE Oct report, US soybean yield is estimated at 53.1 bpa. Pod counts went up vs. September while pod weights went down.

World ending stocks for soybeans saw mixed results 2017/18 and 2018/19, with USDA dropping this year's estimates to 96.65 million metric tons and raising next year's projected totals to 110.04 MMT.

USDA fractionally lowered its 2018 U.S. soybean production estimates from 4.693 billion bushels in September down to 4.690 billion bushels in today's WASDE report.

Conab raises estimates for soybean production to 117 - 119.4 MMT. In the 2017-18 season Brazil produced a record 119.3 MMT. WASDE has Brazil at 120.50. Presidential frontrunner Jair Bolsonaro deemed a friend to the farmer, rolling back environmental restrictions and the elimination of the science ministry part of his platform.

According to Industry group ABIOVE, Soybean crop is estimated at 119.5 MT for the 2018-19 MY. Soybean Exports has been estimated at 77 Mln T Vs 76.1 Mln T In in previous forecast. Soybean Crushing is estimated at 43.6 Mln T Vs 43.6 Mln T In previous forecasts.

National Grain Trade Centre, China sold 101,057 tonnes of soybean at auction of state reserves at an average price of 3,196 yuan (\$461.98) per tonne.

According to Chinese customs data, China bought 8.01 million tonnes of soybeans in September, down from 9.15 million tonnes in August and below the 8.11 million tonnes in September 2017.

The National Oilseed Processors Association's (NOPA) September soybean is scheduled to be released today. Trade expectation are indicating towards record Sep crush for the month as soy plants are enjoying good crush margins on relatively higher prices of soy meal over soybean. Trade estimated for Sep crush is at 157.406 million bushels of soybeans against 136.419-million-bushel September crush in 2017, high by 15.4 percent. It would also top the previous September NOPA crush record, set in 2007, by more than 17.5 million bushels.

September is typically a low month for soy crushing as plants typically schedule seasonal maintenance downtime ahead of the new harvest. NOPA's August crush of 158.885 million bushels fell short of trade expectations due to processor downtime.

El Nino probability is increasing and is going to be instrumental in Dec-Jan as fundamentals. Warming Pacific waters could lead to an improvement in Argentina dryness, with wetter conditions expected there. Northern Brazil will be dry with southern Brazil warmer than usual. Australia also looks to be warmer than usual.

Brazil soy meal exports up 25% from last year, while Argentina down 14%.

According to AgRural, Brazilian farmers planted 20 percent of the projected area by Thursday Last week as compared to 12 percent of plantings. The five-year average is 10 percent.

According to Chinese customs data, China has imported 4 million ton of soybean in the first 25 days of Oct against average import of 7.5 million tons. Nearly 7 million tons of soybean is available at the ports. According to Chinese officials in the OND quarter soybean import is estimated at 19 million ton down by 5 million ton from last year.

China soybean imports from Brazil are up 20% till Sep whereas U.S. soybean exports to China drop to near zero. China is planning to completely stop buying US Soybean.

October is typically the busiest month of the year for U.S. soybean shippers, and in recent years, an average of 76 percent of October's exports head to China, the largest share of any month. Soybean inspections from the Sept. 1 start of the 2018-19 marketing year through Oct. 18 totaled 5.94 million tonnes, down 40 percent on the year. Between Oct. 1 and Oct. 18, just two U.S. soybean cargoes totaling 134,729 tonnes have sailed for China, representing 5 percent of all shipments so far this month. That compares with 3.4 million tonnes in the first 18 days of October 2017, which was 65 percent of the total. Trade sources indicate that this was a purchase made several months back that was not canceled for some reason or another. Through Oct. 11, China's commitments for the current marketing year totaled 1.09 million tonnes compared with 12.87 million at the same point a year ago.

Argentina's, total U.S. soy bookings to all destinations through Oct. 11 stood at 20.8 million tonnes versus 26.3 million a year ago.

Chinese Imports in January-September is 70mn tonnes, down 2.0% y-o-y, and July-September imports is at 25mn tonnes, down 5.5% y-o-y. Imports from the US have been limited in last few months, but this is broadly in line with China's general importing patterns which are very seasonal and evolve with the US and Brazil's harvest seasons. China's soybean prices have also remained weak, highlighting that the domestic market is still relatively well-supplied

The November-January period is the key to determine how China's soybean and soybean crushing sectors are able to withstand the impacts of trade tensions with the US, as stocks in Brazil get exhausted. Thus China eventually start looking towards booking some soybean from the US in the coming months given its rather inelastic demand and the size of its usual imports (around 90mn tonnes yearly or 65% of global imports).

China's medium term plans to reduce its reliance on soy imports will take time and be difficult to implement, suggesting its soybean imports needs will remain elevated.

At this time last year, the U.S. had exported 4.66 million metric tons of soybeans to China since September 1, according to USDA. This marketing year, a mere 201,700 metric tons of U.S. soybeans have been exported to China, a nearly 96 percent drop.

*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 the latest vessel line up data vessel with a capacity of 53700 tons of has been berthed on 24th Oct tons for exports of soymeal. Another vessel of 11000 tons of soymeal has been in line for berthing which has been arrived on the same date.

According to SOPA Oct Soybean arrivals is at 15 LT out of which 8 LT has been crushed. Nearly 10 LT of soymeal has been booked for exports in which shipment of 8 LT is expected to be done in the Oct-Dec quarter. Further in Jan-March shipments can reach upto 10 LT.

Iran has booked 2 LT of soymeal but only by govt agencies and private importers are not allowed due to which aggressive imports demand is expected to be limited. In Last sanction Iran imported 2.4 LT of Soymeal. According to SOPA president, bulk imports by China are expected to be limited and only some scattered shipping is expected to happen.

According to SEA, Oilmeal exports fell in Sep month as compared to August month. Soymeal exports reported at 21 thd tons as compared to 59 thd tons in August. Mustard meal fell drastically to just 36 thd tons as compared to 163 thd tons in August. Total oilmeal exports recorded just 81 thd tons as compared to 358 thd tons.

Last year there has been a problem with railways rake availability which has been used for the transportation of Soymeal to Bangladesh which has resulted in limited exports on monthly basis to the neighboring nation. In

2016-17 India was able to exports most of the Bangladesh demand within OND quarter. This year railways have promised for regular availability of rakes in the current exports season.

China is set to bridge its deficit after supply from the US reduced under the ongoing trade war between the two leading world economies.

According to Industry sources, China's inter-ministerial General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) has already taken a decision to lift its nearly six-year-old ban on import of oilmeal from India.

The AQSIQ is expected to visit Indian units for inspection and approval. Industry sources are saying that Chinese companies are interested in import of rapeseed meal through six-odd approved Indian exporters, including Adani Wilmar and Ambuja Exports.

Soybean crushers, with handsome profit margins tries to crush at their daily capacity to meet the exports liabilities and also tries to push the locally produced soy oil into domestic market which is going to fetch good prices as the import duties are high. As the food inflation is rising, any downwards revision in import duty is going to be at away the margins and hence the crush demand is going to remain high in the OND quarter.

Desan Agro-Tech Pvt Ltd and Suizhong Songzhiyun Vegetable Protein Co. Limited has done buyer seller agreement in which the former has to ship soymeal before 10th of Nov. The transactions value and volume was not disclosed.

As the trade restriction coming into effect on Iran from Nov, Indian officials are trying to circumvent the situation by supplying the agriculture produce in exchange of crude oil India buys and also payments being done in Indian rupees to the Iranian bank branch opened in Mumbai.

There has been again problem of limited availability of railway rakes for soymeal exports done through land in Bangladesh and Nepal.

Indian soymeal prices are competitive in market and given the distance advantage SE Asian nations is also expected to book heavily for immediate deliveries.

*The soy meal prices are likely to notice seasonal weakness in the Oct month and prices is 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
<b>Oct</b>	405	224	50	183	29	4	31	71
<b>Nov</b>	443	398	517	503	111	9	98	208
<b>Dec</b>	611	798	511	451	194	6	241	169
<b>Jan</b>	575	475	620	364	104	28	155	106
<b>Feb</b>	540	344	578	184	65	30	208	74
<b>Mar</b>	411	460	302	232	47	27	107	39
<b>Apr</b>	305	314	100	76	18	12	124	68
<b>May</b>	177	143	98	8	14	10	49	41
<b>Jun</b>	118	181	214	3	2	18	46	104
<b>Jul</b>	140	168	107	7	1	12	81	64
<b>Aug</b>	166	10	184	3	1	11	88	60
<b>Sep</b>	226	7	173	1	7	12	102	21
<b>Total</b>	4116	3521	3453	2015	592	180	1331	1024

Source: SEA

### Technical Analysis:

#### NCDEX Soybean Futures C1 Chart



#### Soybean Spot, Indore



### Support & Resistance NCDEX Soybean –Nov/Dec. contract

Nov				
S1	S2	PCP	R1	R2
3350	3310	3406	3425	3590
Dec				
S1	S2	PCP	R1	R2
3350	3410	3422	3450	3480

- Soybean on Weekly continuous chart is still honoring the fibo level of 23.6% and is well under the horizontal channel. A breakout with confirmation is necessary to extend the gains towards 3582 and further towards 3715. Soybean has been in the 3420 and 3150 range for 15 weeks with testing the respective support and resistance each time.
- Soybean is trading within the descending channel and trading above 9 and 18 day EMA.
- MACD has been in the negative zone and RSI has been inching towards overbought zone
- Trade Recommendation (NCDEX Soybean – Nov/Dec.): **Sell** Below 3400-3450. Levels: Target – T1 3350; T2- 3310, SL –Above 3450.
- Traders can hold their any short positons above 3310 should add on every rise above 3380. New positions can be taken at 3400 and above and can add on every rise. Trades are advised to liquidate half of their positions at 3350 and the rest at 3310. Prices near 3310 and below can be considered for building longs.

## Rapeseed - Mustard Seed

Although Mustard sowing started at a brisk pace but could not able to sustain same momentum and as on 02<sup>nd</sup> Nov 27.84 lakh hectares has been brought under Mustard/rapeseed/Toria against 26.568 lakh hectares last year and 5 year average of 23.522 lakh hectares.

Sowing pace in MP and Haryana is above 5 year average but below last year. Sowing in Rajasthan is well above last year but below 5 year average. Sowing in UP is at par with last year and above year average sowing pace.

Prospects of record Mustard sowing has limited the upside potential and Mustard after discounting this is trading in range bound manner. Planting is expected to reach up 68.5 lakh hectares and can touch 70 lakh hectares given the good soil moisture levels and ambient atmospheric as well as soil temperature.

The acreages in Gujarat is expected to fall y-o-y due to very poor rainfall but remained insignificant as it doesn't form the heart of Mustard production area.

According to Marudhar Trading Agency there is 15 LT of stocks is available at the end of Oct and which enough for the Nov to Jan month and thus there is limited upside potential in Mustard.

*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





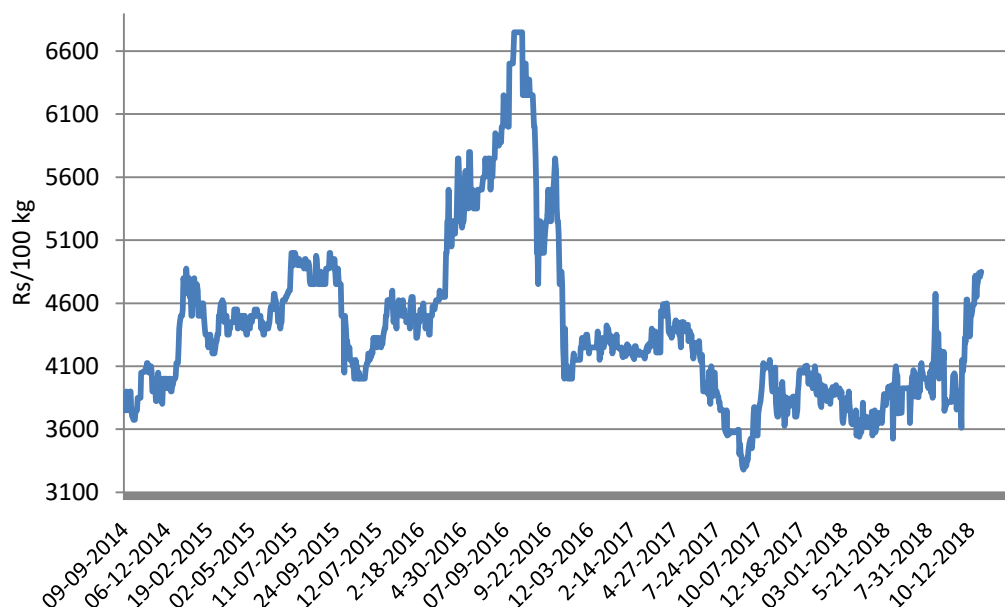
Support & Resistance NCDEX RM Seed – Oct contract				
S1	S2	PCP	R1	R2
4050	4130	4181	4200	4250
Support & Resistance NCDEX RM Seed – Nov contract				
S1	S2	PCP	R1	R2
4150	4200	4241	4250	4300

- 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 Oct falling to the highest level in two years and witnessed 35% gain within a span of 10-20 days on report of half of the Gujarat production in the survey carried out by SEA. According to SEA the 2018 Kharif Groudnut production in Gujarat is at 15.95 lakh tons against 31.5 lakh tons last year. Later SOMA also released their production estimate in Gujarat and is at 13 lakh tons against the association estimate of 25 lakh tons last year. Market factored





in the new crop and fell steadily throughout the month and gaining sharply as the arrivals are lower than expected arrivals at this point of time.

**Outlook:** Rajkot prices seem has bottomed out and reached its resistance level. From here any aggressive gains is a function of exports pace and thus the price is expected to consolidate. Rabi sowing is in progress and which is going to be followed by Summer. Due to poor rains in Kharif water availability is going to remain limited for summer crop and only areas with irrigation facilities will find some sowing and thus the summer acreages is expected to remain low despite of favorable market price. Rabi crop in South is depending in NE rains which have been poor till now as the NE monsoon arrived late. There is forecast of some heavy rains in Nov and thus traders in south are watchful over it.

#### **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.

According to Solvent Extractors Association of India (SEA) Groundnut production in Gujarat is at 15.95 lakh tons as compared to 31.5 lakh tons last year. All India groundnut production is estimated at 37.25 lakh tons against 52 lakh tons last year.

Major reason for drastic fall in production was due to poor performance of SW monsoon and is evident from following statistics:

1. According to the AP government official reports, groundnut has been damaged in 2,89,327 hectares out of the total sown area of 666054 hectares thus 43% of the sown area of groundnut has been impacted by the deficit rains.
2. Overall Rayalseema witnessed 40% deficit rains against LPA in 2018 SW Monsoon with Chittor Deficit by 35%. Kadapa by 49%, Annantpur by 37.2% and Kurnool by 42%. The rains in the region is one of the lowest in recent years.
3. In other Key Groundnut growing areas such as Saurashtra and Kutch the rains is deficit by 34%, West Rajasthan by 23%, NI Karnataka by 29%. Madhya Maharashtra performed well with 9% Deficit whereas SI Karnataka was surplus by 4%.

Thus by looking at the rainfall profile the groundnut production is expected to remain y-o-y low.

The carryover stock is high (Nearly 6 lakh tons with 5.36 lakh tons of NAFED) the fall in production has been partially nullified. There are only few years when such huge stocks of groundnut has been carried forward in the next season.

Rabi groundnut sowing has started in the country and as on 0225thnd NovOct sowing has been done in .96 lakh hectares as against 5 year average of 1.23 1.23 lakh hectares. Karnataka, Telangana and Tamil Nadu have started their sowing campaign. TN and SI Karnataka has observed good post monsoon rain and with current prices as well as higher MSP is going to tempt farmers to increase their acreages. Sowing in these states has been more or less around 5 year average.

North East Monsoon has arrived on 1st Nov and is forecasted to bring some heavy rains is forecasted in Tamil Nadu and adjoining areas as a low pressure area is forecasted to develop in the south bay of Bengal. Sowing of groundnut thus is expected to accelerate with these rains.

Due to delay in arrival of NE Monsoon the cumulative rainfall for the Oct onwards has been deficit in the South Peninsular India. SI Karnataka rainfall as on 0428th Nov Oct is deficit by 33% cumulatively from 1st Oct is surplus by 14% whereas in , Rayalseema by 64% and Tamil Nadu it is deficit by 84%. Since Oct rainfall has also been deficit late sown crop in Rayalseema also continued to observe the drought situation and there is very limited hope of better yield of groundnut.

NAFED on 0325rdth Nov Oct auctioned managed to sold just 2128 310 tons of groundnut in the price range of INR 4011 to 4031 per quintal. However on 24th NAFED sold 2260 tons of in shell groundnut in the price range of INR 3611 to 3947 per quintal. As market prices has shot up there are fair chances that the auction might witness rise in interest. Stocks as on 0325rdth Nov Oct after auction stands at 3.7796 lakh tons.

This season as the prices are ruling at the MSP in Gujarat and thus procurement by NAFED is expected to be limited on farmers preferring to sell their produce in market rather to NAFED.

## 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	46.5
May	55.2	38.6	41.3	19.1	39.6
Jun	50	30.7	58.4	25.4	40.1
Jul	42.7	25	39.2	37.2	35.5
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-Oct-18	31-09-2018	31-Oct-17	31-Oct-16
Rajkot	GN in Shell (Rs/20kg)	24.36%	17.58%	970	825	780	1100
Saurashtra	GN Seed Kernel (Rs/MT)	NA	NA	NA	NA	NA	NA

(Source: AW)

Soy DOC Rates at Different Centers			
Centres	Ex-factory rates (Rs/ton)		
	31-Oct-18	29-Sep-18	Parity To
Indore - 45%, Jute Bag	26800	26000	Gujarat, MP
Kota - 45%, PP Bag	27000	27500	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna - 45%, PP Bag	28000	28000	Mumbai, Maharashtra
Nagpur - 45%, PP Bag	27500	27800	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	28300	28000	Andhra, AP, Kar, TN
Latur	29000	28000	-
Sangli	#N/A	28000	Local and South
Solapur	28000	29500	Local and South
Akola – 45%, PP Bag	27200	26700	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Hingoli	27500	28500	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Bundi	26800	27300	-

Soy DOC at Ports			
Centers	Port Price		
	31-Oct-18	03-Oct-18	Change
Kandla (FOR) (INR/MT)	28400	27400	1000
Kandla (FAS) (USD/MT)	384	375	9
CNF Indonesia – Yellow SBM (USD/MT)	378	363	15

Rapeseed Meal	31-Oct-18	03-Oct-18	Change
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FAS Kandla (USD/MT)	225	232	-7
FOR Kandla (Rs/MT)	16500	16400	100
FOR Mundra (Rs/MT)	16900	16700	200
CNF Indonesia (USD/MT)	244	244	Unch

International Soy DOC			
Argentina FOB USD/MT	31-Oct-18	03-Oct-18	Change
Soybean Pellets	329	338	-9
Soybean Cake Flour	329	338	-9
Soya Meal	331	330	1
Soy Expellers	331	330	1

Sunflower (DOC) Rates	Ex-factory rates (Rs/ton)		
Centers	31-Oct-18	29-Sep-18	Change
Adoni	20000	21600	-1600
Khamgaon	0	0	Unch
Parli	0	0	Unch
Latur	0	0	Unch

Groundnut Meal (Rs/MT)	31-Oct-18	29-Sep-18	Change
Basis 45%, Saurashtra	Closed	22500	-
Basis 40%, Saurashtra	Closed	20000	-
GN Cake, Gondal	Closed	23000	-

Mustard DOC	31-Oct-18	29-Sep-18	Change
Jaipur (Plant delivery)	16000	15500	500
Kandla (FOR Rs/MT)	16500	16300	200

Mumbai Oil Meal Quotes:			
Rs/M.T.	31-Oct-18	29-Sep-18	Change
G.N. Extr (45%)	0	0	Unch
Kardi Extr	0	0	Unch
Undec Cottonseed Exp	22000	20200	1800
Rice Bran Extr.	0	0	Unch
Sunflower Extr.	21000	19500	1500
Rapeseed Extr.	0	0	Unch

Soymeal 48%	27860	27130	730
Castor Extr.	6400	5750	650

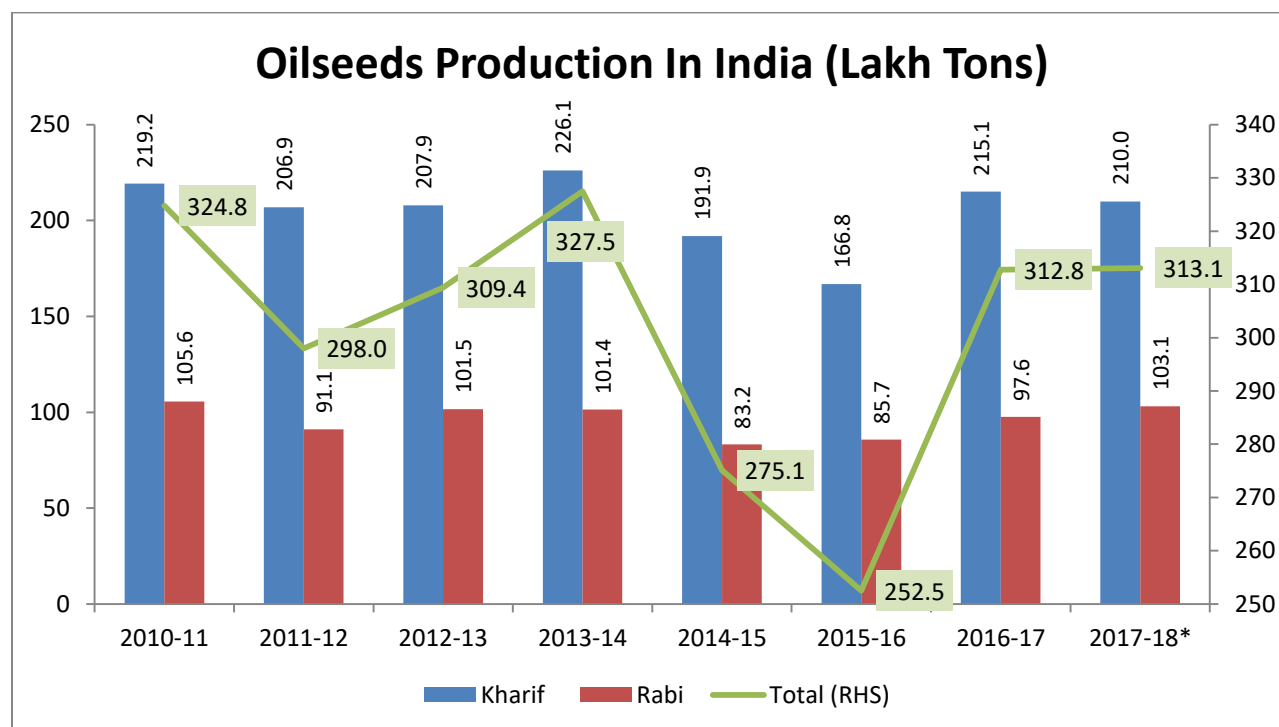
## India's Kharif Oilseeds Production Seen at 313.1 Lakh T in 2017-18 vs 312.8 Lakh T in 2016-17 final estimates in 4<sup>th</sup> Adv Est. - GOI

The 4th Advance Estimates of production of major crops for 2017-18 have been released on 28<sup>th</sup> 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 4<sup>th</sup> 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

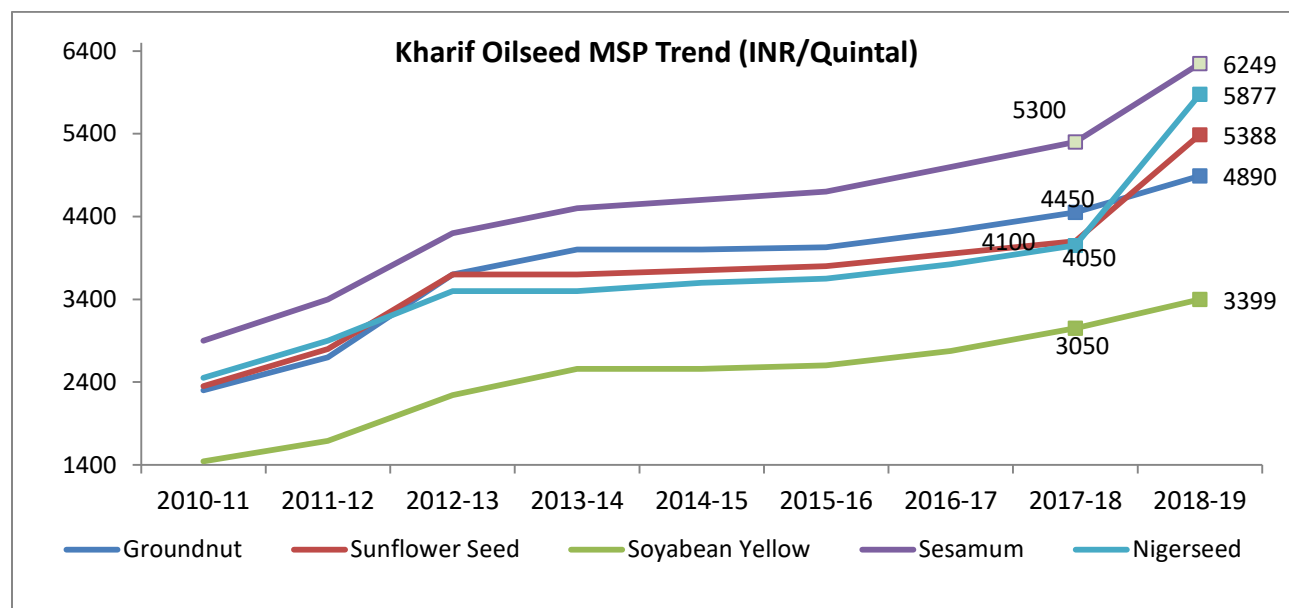
Note: 2017-18 is based on 4<sup>th</sup> Adv estimates.

## 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

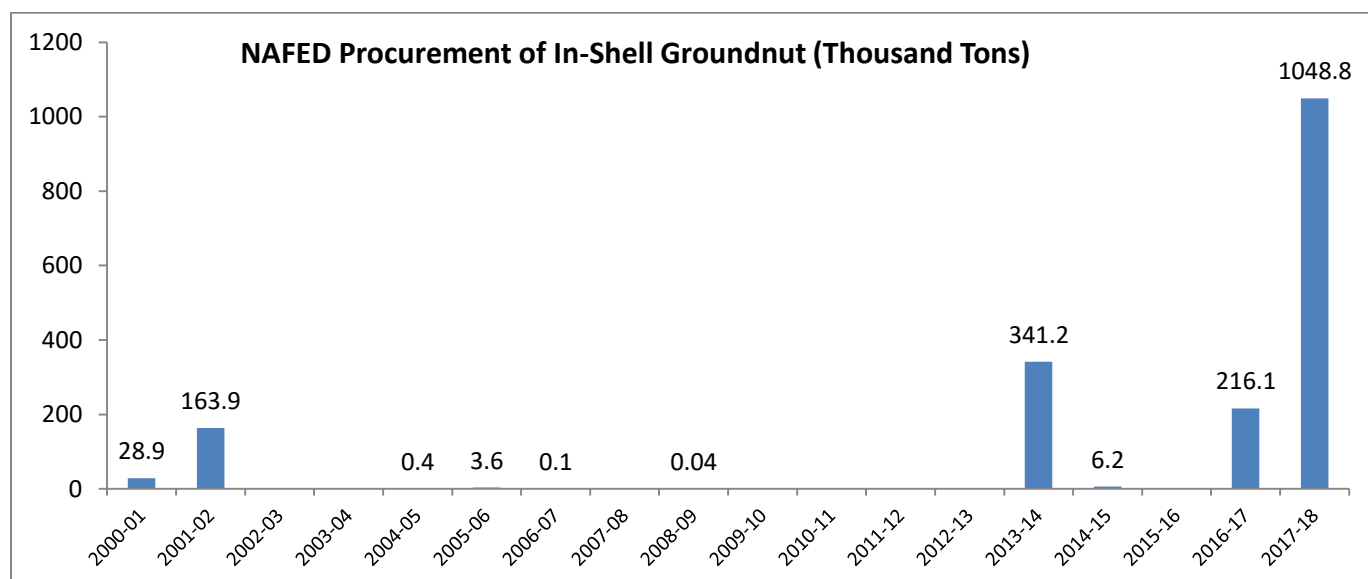
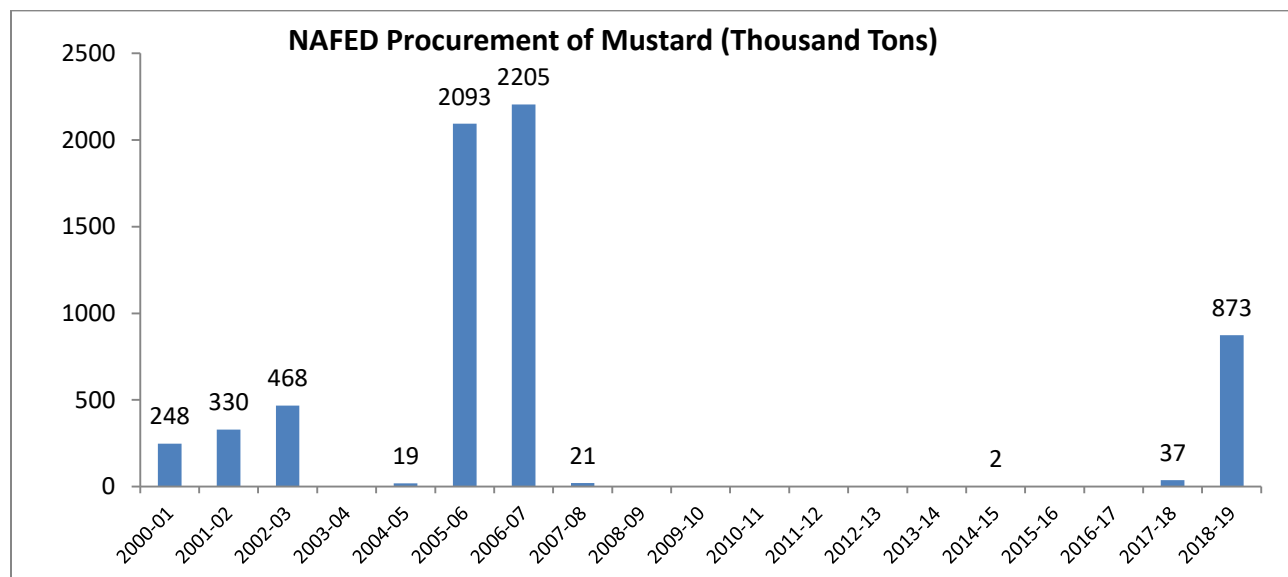


## MSP for 2018/19 Rabi Oilseeds

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



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