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# Oil Meal Monthly Research Report

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## Executive Summary

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Soybean spot prices have been more or less sideways with high of INR 3500 and lows of 3370 per quintal over limited strong price driving fundamental cues. Market after digesting the production number and bottoming out is looking towards exports pace of soymeal and arrivals of soybean. Most active Soybean Jan contract at NCDEX traded in a tight channel in Dec over the same reason. The arrivals have been y-o-y higher in the OND quarter and thus there is very limited potential of any drastic reduction of production estimates by SOPA and SEA. However minor revision is expected especially from SOPA in this month and given the fact that USDA has also lowered their estimates by 1 lakh ton from previous we are expecting the SOPA should bring down their production figures at 110 lakh tons or below.

At the soymeal exports front SEA has upwards revised the Oct Soymeal exports to 1.5 lakh tons and kept Nov exports at 2.1 lakh tons. We are expecting 2.5 lakh tons of soymeal exports in Dec month and hence cumulative exports for OND quarter estimated at 7 to 7.5 lakh tons. SEA can also upward revise the Nov exports too. However with such exports number by Dec we will be able to hardly export 50% of the exportable surplus of bean/meal which doesn't give any strong bullish scenario from the domestic side.

At international front the CBOT soymeal which has remained relatively bullish to CBOT bean has been now relatively at discount over CBOT bean over rising soymeal stocks in US. Thus meal didn't respond as sharply as bean has responded to the US – China truce and potential rise in exports to China. Thus any rally in Indian soymeal is going to potentially lose its exports market as Argentinean basis is already tight and is depending on CBOT bean for price direction. Argentinean meal has remained very stable in Dec and thus any spread narrowing from Argentinean meal didn't happen. As a result of which the Indian FAS soymeal quote restricted to take premium over \$50 per ton.

Taking a glimpse to the international market, US and China has indicated easing trade tensions between these two major economies post G20 meet which held at the end of Nov. However post that there wasn't any development in Dec and China didn't lower the tariff on US soybean. However some consignment has been booked to China after almost nil exports to China in Nov. The booking was mainly due to narrowed spread between US and Brazil soybean after the G20 meets. New year started with two bullish news and first from US side as US trade delegation heads to Beijing for talks on Jan. 7 coupled with the drier conditions in Central Brazil and unnecessary rains in Argentina. Jan month is looking towards the WASDE report and SA Soybean production number and US Soybean exports pace. However in any case there is very limited scope of any aggressive rallies.

Rapeseed sowing is y-o-y high and the weather parameter is so far looking good to result in average to above average yield and thus we are expecting the acreages to be around 67-68 lakh hectares and production to be also the same taking average all India yield at 1 tons per hectare. We have forecast of rains this week and next week which will help in giving some soil moisture. Dec has witnessed very limited days of fog and frost reported in isolated places in western UP. The key is the seasonal hailstorm and rains in the Feb and March months.

Overall soybean and Mustard is expected to trade in range bound manner.

## Outlook – Cash Market

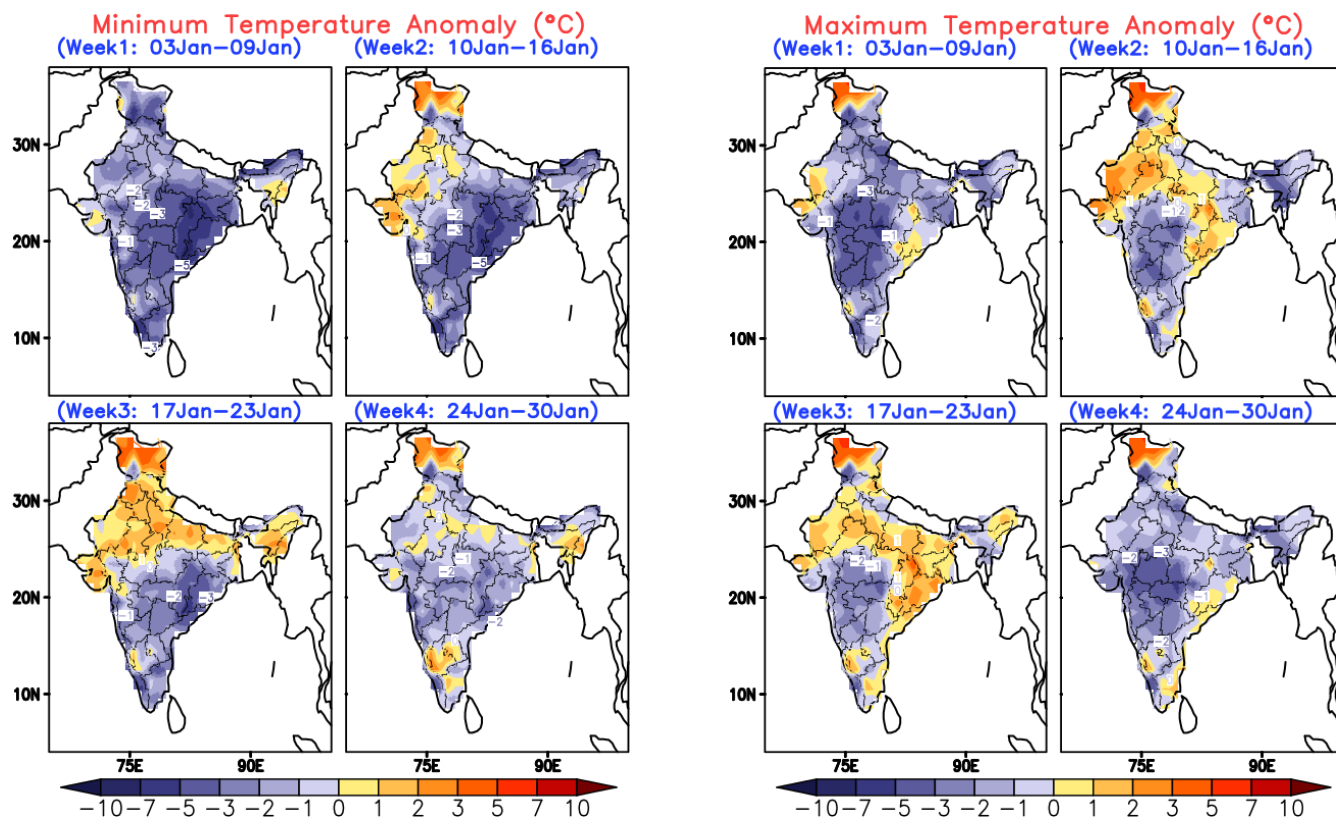
**Outlook - Soybean (Spot, Indore):** Soybean Indore is expected to trade above 3400 levels and then a correction is expected which can lead the spot prices towards 3300. As we move to Jan months onwards NCDEX soybean is going to find good co-relationship with CBOT prices

**Outlook – Soy meal (Spot, Indore):** Meal prices is expected to remain sideways and potential remains to fall as the exports has not been enough and International meal prices are not bullish enough. As the domestic demand declines in coming months as we move to summer domestic price is expected to fall.

**Outlook - Rapeseed-Mustard (Spot, Jaipur basis):** New crop prospects have started impacting the prices with continuous disposals from NAFED prices is going to hesitate to inch higher in Jan. In Feb weather will be crucial for price direction and thus finger are crossed.

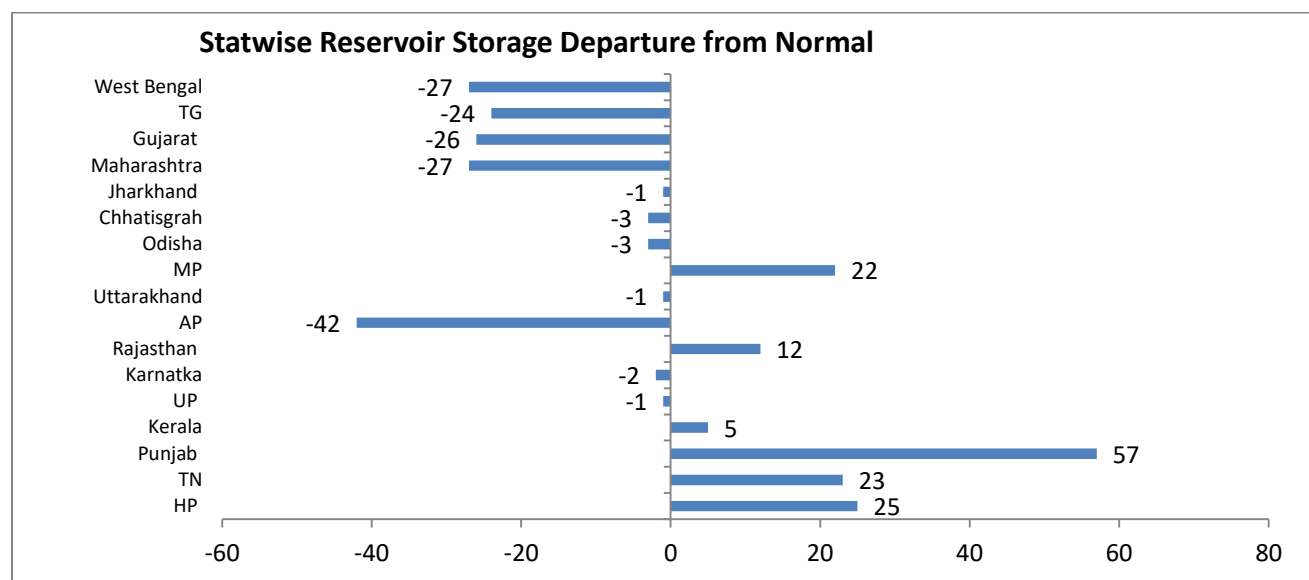
## Weather Forecast (For Rabi Oilseeds)

### Temperature



Temperature forecast profile is still looking favorable for crop growth and the probability of frost has been declined as there is forecast of rainfall in the northern plains.

## Reservoir Status in States 03.01.2019



## Rabi Oilseed Sowing Progress

Rabi Oilseeds Sowing as on 28.12.2018						
	Normal Area	Normal Sowing as on Date	2017-18	2018-19	% Change (Y-o-Y)	% Sown of Normal
Rapeseed & Mustard	61.25	65.63	63.82	65.79	3.1%	107.4%
Groundnut	7.85	4.05	4.26	3.29	-23%	41.9%
Safflower	1.62	1.02	0.72	0.34	-53%	21.0%
Sunflower	3.78	2.31	1.39	0.97	-30%	25.7%
Sesamum	3.04	0.47	0.29	0.4	38%	13.2%
Linseed	2.93	3.23	3.63	3.1	-15%	105.8%
Other Oilseeds	0.15	0.47	0.29	0.26	-10%	173.3%
Total	80.62	77.18	74.4	74.15	0%	92.0%

## Soybean

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According sources, the Chinese government this week asked the Indian government for a draft of protocol for Indian soybean meal, to be discussed during the GACC visit to India starting December 10. A Chinese trade delegation is coming to India on Dec. 10 to inspect soymeal plants. Earlier China has cleared few soybean plants.

According to the Ministry of Commerce/Export Inspection Council of India stated that China will resume import of Rapeseed Meal from India. Five units have already approved by General Administration of Customs of the People's Republic of China, GACC (formerly AQSIQ) and will able to resume the export of Rapeseed Meal to China once their registration with Chinese Ministry of Agriculture (MoA) is done which is cumbersome process and takes a long time.

NAFED Soybean procurement under PSS has been only 17360.15 tons as on 26th Dec. Soybean procurement has been going on in Rajasthan, Maharashtra, Telangana and Karnataka. In MP soybean is under BBY and thus NAFED has not been procuring soybean there. As the market prices has improved and is close to MSP the soybean farmers are preferring selling their soybean in open market.

The developments of US soybean crush on good crush margins has resulted in the rising stock of soymeal which eventually didn't allowed the Argentinean meal to gain. If such situation continues India's export potential is going to decline if there is any bullishness in Indian soy complex. With Indian exports still not enough for Indian complex to get decoupled from International market.

Further USDA has declined India's soybean production by 2 lakh tons and has kept the production at 113 lakh tons from its previous estimate of 115 lakh tons.

With the season slipping towards New Year arrivals assessment will be crucial for production estimate revision by SOPA as well as SEA which drives the market.

With the current pace of arrivals estimating production over 104 lakh tons doesn't seems to be logical enough. The arrivals is 19% higher on y-o-y basis and which translates into 100 to 102 lakh production. Further there can be distortions in the normal pace of arrivals due to BBY but since the last year also there was BBY y-o-y comparisons seems to be apt. It will be interesting to see how the arrivals are going to be post expiry of the BBY window which is 19th Jan.

With BJP govt out of the MP and congress taking the chair there can be some changes in the BBY scheme but as the kharif crop is over the new state govt probably might not alter the scheme in a big way. Meanwhile state government has waived off the farm loan of 2 lakh farmers.

In soybean the Dec exports are crucial in determining the % of exports to the exportable surplus. In Dec there are reports of 1.1 lakh tons of soymeal to be loaded and dispatched through bulk exports.

***The domestic soybean prices are likely to notice range-bound trade.***

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**International:**

Argentina Nov Soybean exports has been highest since 2007. Soybean import in Argentina in the period Jan to Nov has been at 5.7 million tons which was just 1.842 million tons last year in the same time frame.

There is only one trading day left in 2018 and the Ag markets are becoming devoid of new fundamental information. With government shutdown there was no weekly export sales report this morning nor will there be an afternoon Commitment of Traders report. The shutdown is expected to continue well into the beginning of the New Year.

Argentina forecast is for above normal rains for central regions which could impact newly planted soybeans. Brazil rainfall for January looks to be a continuation of December which was a drier than normal pattern for southern Brazil. Northern Brazil rainfall has improve but drag to yields in Parana and Rio Grande du Sol could limit upside potential to production.

Brazil crop is still looking good with crop expected to be early this year. There has been reports of drought in core central area of Brazil but this will help in early harvest which is already been reported to be early this year against normal. Thus with the peak OND quarter for US soybean coming to close Jan WASDE may reflect an all-time high US and world stock.

China has removed import tariffs on rapeseed meal, cotton meal, sunflower meal and palm meal effective January 1. Imports of these alternative meal options are not huge but do offer end users some other options. Tariffs on imports of US soybeans remains and DDGs were not mentioned. November imports of US beans was zero for first time since trade war started. China imported 5.07 MMT of beans from Brazil, up 80% from last year's 2.76 MMT. US imports last November were 4.7 MMT and 67,000 MT last month. Bangladesh seeks 50,000 MT of wheat. Jordan issued another tender to buy 120,000 MT of feed barley.

Brazilian soybean farmers could see their current crop diminished by drought, according to analysts at consultancy AgRural, who added that any drought-related losses cannot yet be quantified. Brazil's government released earlier production estimates of 4.409 billion bushels for 2018/19.

China bought 1.5 MMT in announced sales last week and trade looks additional to come in Thursday's weekly export sales of report.

NOPA reported US Soybean November crush at 166.96 million vs. an average estimate of 168.44 million bushels. Crush was down from October's record of 172.3 but was up 2.1% from last year. Three months into the marketing year, NOPA crush is running 7.7% ahead of last year with USDA forecasting crush to increase 1.2% year-on-year.

In Dec China confirmed two more cases of African swine fever on Sunday. This brings total number of cases reported to 90 since the first case of ASF was reported in August. African swine fever has been reported in 17 provinces. Of the latest cases, one was reported in southwestern Sichuan province, killing 26 pigs and the other in northeastern Heilongjiang where 24 pigs died. Estimates are that China has culled more than 600,000 pigs

due to the disease but it has nominal impact on supplies. China produces approximately 700 million pigs a year and culls 2 million on an average day.

If China fails to contain this outbreak, a bigger impact will be felt in 2019. China has been a buyer of US pork and is expected to buy additional pork imports as part of trade talks but to also meet domestic demand. Impact of ASF will also be felt in soybean and soymeal demand. China has already been diversify its animal feed due to tariff war and any spread of disease could further cut import needs. China's government currently estimates its annual soybean import demand at 84.0 MMT. This is the first year-on-year decline in demand since high prices stalled demand growth in 2012/13. USDA left China import demand at 90.0 MMT in the December WASDE report.

In the G20 Summit held in Buenos Aires, Argentina a lot of positives is coming out of it from US and China over easing tensions between Beijing and Washington. Trump has agreed upon leaving tariffs on \$200 billion worth of product at the 10% rate, and not raise it to 25% at this time from Jan 1. On the other hand China will agree to purchase a not yet agreed upon, but very substantial, amount of agricultural, energy, industrial, and other product from the United States to reduce the trade imbalance between our two countries. Further China agreed to start purchasing agricultural product from our farmers immediately. No additional tariffs will be imposed after January 1 and negotiations between the two sides will continue.

Both parties agree that they will endeavor to have this transaction completed within the next 90 days. If at the end of this period of time, the parties are unable to reach an agreement, the 10% tariffs will be raised to 25%.

China reports soybean production up 4% in 2018, Corn production at 257.33 MMT, and soybeans at 19.14 MMT. China will suspend additional tariffs on U.S. auto parts and U.S. made vehicles for three months starting Jan. 1 as Beijing continues to move toward mitigation on trade. 300,000 MT of beans to China, 130,000 beans to unknown, with 125,000 corn to Japan on daily reporting. Soybeans slump continues as market awaits more Chinese biz, as first sales still deemed insufficient.

A Brazilian judge has reversed a previous order that resulted in higher truck rates. Brazilian truckers have threatened a strike based on this decision. The next step to be taken from the standpoint of challenging this decision is not clear.



## 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

CBOT soymeal has been under bearish grip and lost nearly \$15 from the day after G20 meet eclipsing the rise after G20 meet and closing at 17 sessions low. However in Jan there is strong recovery mainly due to the positive developments between US and China.

With International meal showing no signs of any strong recovery any aggressive rallies is still at bay and Indian meal may plunge next year if the exports starts declining or International prices comes under the huge supplies from South American crop. Presently the Argentinean meal is not getting an upward push as the basis is already tight and coming crop is y-o-y high with the huge imports from US further contain the deficiency due to 2017-18 poor crop.

Indian soymeal has gained premium and such situation has the potential to restrict export queries. Argentinean meal has not been able to find any upward push as the CBOT meal is now relatively at discount over the bean as US soymeal stock rises. The spread is fluctuating between \$40-\$50 per ton and remain favorable for exports. Indian soymeal under the speculation or rising exports to China and Iran has gained in last few weeks which has resulted in gain in the premium over Argentinean meal and robust domestic demand as poultry farmers were aggressive in buying bean/meal to feed the DOC poultry in order to meet the peak winter demand.

Indian soymeal premium has attained the highest premium which can be adjusted through the freight advantage to the SE Asian nations and satellite countries if India. Any rise in premium has the potential to erode Indian soymeal exports demand.

News are coming of the soybean under drought in Brazil and not so good condition in Argentina, However its too early state anything about the amount of losses due to it. We have seen US yield hitting to the record high even after drought and rains during the harvest.

Indian soybean crush margin continued to remain healthy as the soy oil has again gained after falling to the recent lows. The crush margin that Indian crushers are earning is one of the best in 4-5 years which is mainly over the higher imported duty over soy oil. Indian soy oil prices has remained crucial for soybean crush margin and since it is co related with international market crush margin fluctuations are very high.

In the domestic market India is witnessing peak demand from poultry farmers and also from compound feed manufacturers who are eyeing better sales especially this summer due to poor performance of monsoon in many parts of India. Lack of forage and fodder and crop residues and also the fall in cocud production is expected to increase the demand of cattle feed.

SEA has revised the Oct soymeal exports to 1.5 lakh tons as against .38 lakh tons in its provisional estimates which seemed unrealistic. In Nov SEA has given provisional estimate of 2.17 lakh tons of soymeal exports which is slightly higher y-o-y. In the ND months the exports has been higher y-o-y but still not enough to eat away the surpluses soon. India needs to at least exports 8-10 lakh tons of meal by Dec end or Mid Jan to tighten the Indian situation.

India was able to export 55 thd tons of rapemeal in Nov improving m-o-m but lesser as compared to last year exports considered in the same month. Overall India's rapemeal exports has improved significantly as the prices offered remained very stable and remained well cheap as compared to Soymeal. India this year has able to gain the lost market thus rapeseed crushing season.

Bangladesh a key buyer of soymeal from India has not taken any quantity of soymeal on Nov which is may be due to unavailability of railway rakes and /or aggressive buying of US soybean and crushing at overcapacity domestically, given the discounts US soybean enjoyed after the US-China fiasco.

Bangladesh used to import 2-2.5 lakh tons of soymeal annually in the Oct –Sep period. Iran however took just 55 thd tons of soymeal out of 2 lakh tons the country booked for immediate delivery. Hopefully the remaining will be get exported in Dec month which may result in Dec exports clocking 3.5 lakh tons or even more. Thus in such situation we might able to dispose nearly 50% of the surpluses if the production of bean is at 104-105 lakh tons.

*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	2018-19
<b>Oct</b>	405	224	50	183	29	4	31	71	150
<b>Nov</b>	443	398	517	503	111	9	98	208	218
<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	45	
<b>Total</b>	4116	3521	3453	2015	592	180	1331	1049	

Source: SEA

### Technical Analysis:

#### NCDEX Soybean Futures C1 Chart



#### Soybean Spot, Indore



### Support & Resistance NCDEX Soybean –Jan/Feb. contract

Jan as on 2 <sup>nd</sup> Jan				
S1	S2	PCP	R1	R2
3422	3320	3467	3480	3586
Feb as on 2 <sup>nd</sup> Feb				
S1	S2	PCP	R1	R2
3480	3430	3511	3586	3700

- Soybean on Weekly continuous chart is breached the fibo level of 23.6% and is trading in the upward channel inching towards higher end. A breakout with confirmation is necessary to extend the gains towards 3582 and further towards 3715.
- MACD has been in the positive zone and RSI has been inching towards overbought zone
- Trade Recommendation (NCDEX Soybean – Dec/Jan.): **Sell** 3540-3580. Levels: Target – T1 3480; T2- 3430, SL –below 3600.
- Traders can start building shorts on any rise above 3480 and can add on positons on every 20 points rise.

## Rapeseed - Mustard Seed

Mustard fundamentals continued to remain bearish and according to the latest data released by the GOI as on 28th Dec Mustard has been covered in 65.79 lakh hectares as against 63.82 lakh hectares last year. With this trend final area can be in between 67 to 68 lakh hectares. Our previous estimate of the area was 68.5 lakh hectares.

There has been rains lasting for two to three days in WB, Jharkhand and Assam whereas Bihar witnessed 1 day of rains which was wide spread and continuous without any heavy showers due to cyclone Pethai. These rains are very beneficial for all the rabi crop including Mustard as the east Indian has remained rain deficit this SW Monsoon.

After the rains triggered by the cyclone Pethai the acreages in WB, Odisha and Bihar has improved. However in Jharkhand the acreages has remained low as compared to last year which is indicating that the mustard growing areas has been already shifted

Northern India is reeling under extreme cold conditions and reports of frost damages have been coming in from isolated areas. Crop conditions is still under strict vigilant in terms of growth and development at this crucial point of time. There has been forecast of rains across the planes this week and also next week in the later half as there is back to back western disturbance approaching. This rain is going to contain the frost impact and also provide necessary moisture which is very necessary as this year the fog in Dec was very limited especially in Eastern UP.

With the sowing remaining y-o-y high and the temperature profile remaining more or less favorable average to above average yield is on cards with the production estimates coming around 67 to 68 lakh tons. The western India is still not been impacted by any major western disturbances and timing of such rains remain crucial. Hopefully we get some rains before 15th Jan to let the bears taking grip into the market.

The Mustard prices however be critically looking toward the weather in coming weeks as rainfall and temperature development come in to the center stage after the sowing progress playing its role.

Winter has set in and mustard oil demand has also picked up but with the commodity oil falling to multiyear lows the same has also impacted the mustard oil prices which has ate away the margins. However the prices are in recovery mode.

Early sown mustard is in the flowering stage in many parts of Bihar, MP, and Rajasthan and UP. There are no reports of aphid attack as of now.

According to Mustard Oil Millers Association, 5.5 lakh tons of Mustard was crushed which was 29.4% higher on y-o-y basis. Crushing was 22.2% higher on m-o-m basis which was 4.5 lakh ton in Nov 2018. According to the trade body Mustard stocks at the end of Dec was 9.5 lakh tons with 4 lakh tons retained with NAFED. Under such situation the stocks available for crushing is very low to meet crush demand for the Jan and Feb month. However this year sowing was early as compared to last year and a hence new crop arrival is expected to be early this year too.

NAFED Sold 6986 tons of mustard on 1st Jan in the price range INR 3651 to 3885 per quintal. The stocks available as on date is 3.95 lakh tons. NAFED auction has witnessed good response as the prices are lower and is competitive to the market

*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				

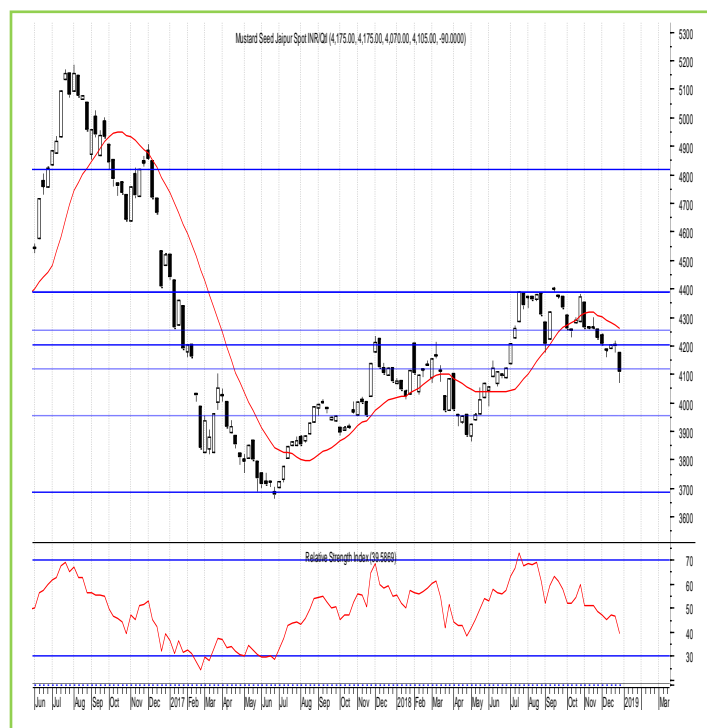
(Source: AgriWatch)

### Technical Analysis:

**NCDEX RM Seed Futures Weekly C1 Chart**



**RM Seed Spot, Jaipur Weekly Chart**



### Support & Resistance NCDEX RM Seed – Jan contract as on 2<sup>nd</sup> Jan

S1	S2	PCP	R1	R2
3920	3800	3940	3990	4150

### Support & Resistance NCDEX RM Seed – Feb contract as on 2<sup>nd</sup> Jan

S1	S2	PCP	R1	R2
3800	3700	3876	3930	3990

- Mustard weekly 1M Continuous chart finding trend line support at 3920-3910. A breakout of this will shift the overall trend. A 61.8% retracement of the corrective wave is going to take the prices to 4200.

However the trend line forms a strong support and pullback is expected which forms good buying levels. The Jan and Feb contract is old crop and there is no March contract. New crop contract is for April.

- Trade Recommendation (NCDEX Rapeseed-Mustard – Jan and Feb):

**Be open for taking longs at 3930 and anything below it. Any further weakness in the prices is an buying opportunity and add on can be taken. However any weekly close below 3900 will change the trend and hence taking stop loss of 3880 can be good level. Traders are advised to be critical in taking the stop loss as one of two trades can breach the trend line support without changing the trend. Traders can further can exit 50% of their positions at 4000 and wait for 4050 for further liquidation.**

**A Stop loss 3870 can be used for minimizing the losses.**

**BUY** Below 3930. Levels: Target – 3990; T2- 4050, SL –3870.

## Groundnut

Groundnut in Shell auction prices at Rajkot APMC fetched between INR 4320 and 4560 per quintal and remained sideways in the entire month. Month on month basis there has been gains. The prices have adjusted to the fundamentals and thus have been looking towards rabi and summer supplies as well



as the pace of NAFED procurement. NAFED has closed the auction of groundnut stocks and is probably using as the buffer for the 2018-19 MY. Rabi sowing progress is slow indicating towards lower rabi groundnut area. Summer crop is also expected to be low due to poor rains. NE Monsoon has underperformed and thus the rabi crop is going to remain small due to lesser acreages as well as lesser yield.

**Outlook:** Rajkot prices after remaining sideways is poised to inch high as the prospect of lower rabi and summer crop, NAFED procurement from the market and the suspension of NAFED auction is going to tighten the stocks. The exports though has been y-o-y low but decent enough to clock above 5 lakh tons. Thus the market is poised witness an uptick in prices in coming months. NAFED is also expected to make good use of higher market prices in auctioning the groundnut stocks of 2017-18 as well as 2018-19 MY to fill the gap of losses that it made in 2017-18.

### Fundamentals:



The exports in the MY 2017-18 closed with 4.92 lakh tons down by 22%. Thus keeping the disappearance even more low with record production in the 2017-18 MY. Thus the strong bullishness that usually happens after back to back lower production is not likely to happen. However exports remained the key which can negate the above factor. As of now the exports situation is not looking bright.

Sowing in Karnataka and Telangana has been very low due to lack of soil moisture after the dismal performance of SW monsoon in most of the groundnut growing regions. All India groundnut sowing is at one of the lowest in past 5 years and is comparable to 2015-16. Thus the rabi area is expected remain near around 6 lakh hectares. The normal are for rabi season is 7.8 lakh hectares. On y-o-y basis the expected area is going to be marginal lower as last year the rabi area was 6.38 lakh hectares.

Rabi crop sowing has continued to remain slow and as on 280th Dec only 3.292.9 lakh hectares has been brought under groundnut sowing as against 4.601 lakh hectares last year. With another one month remaining before the spring/summer window starts the rabi acreages is going to remain below average.

Sowing didn't improved even after the rains due to cyclone pethan. Thus there is very high probability of y-o-y lower area of groundnut.

NAFED has procured 3.22.54 lakh tons of groundnut as on 272 Dec. The procurement of groundnut this year is significantly low as the crop is less as well as prices are higher which has resulted in farmers selling their produce directly into market.

Cumulative exports in the first two month of MY 2018-19 was down by 29% and was at 99.28 thd tons. The exports was lowest for the first two months in three years. It is too early to say about the MY exports. India will find it difficult to export as the domestic prices has increased whereas international prices has remain mor or less subdued.

The North East Monsoon as on 26<sup>th</sup> Dec closed with overall 41% deficit. Rabi groundnut area such as Telangana was deficit by 65%, SI Karnataka by 41%, NI Karnataka by 65%, Rayalseema by 62% and TN by 22%. Thus the NE monsoon rainfall also didn't assist in rising groundnut acreages despite of the prevailing higher groundnut prices as compared to last year.

## 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	2018-19
Oct	21.8	21	22.9	25.8	30.4	30.4
Nov	71.1	92.6	50	80.9	109.6	68.9
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	39.4	
Aug	40.8	35.8	16.8	30.6	35.5	
Sep	23.8	16.1	12.2	20.1	17.1	

## 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-Dec-18	30-Nov-18	31-Dec-17	31-Dec-16
Rajkot	GN in Shell (Rs/20kg)	12.37%	2.30%	890	870	792	885
Saurashtra	GN Seed Kernel (Rs/MT)	NA	NA	NA	NA	NA	NA

(Source: AW)

### Oil Meal Prices at Key Spot Markets:

Soy DOC Rates at Different Centers			
Centres	Ex-factory rates (Rs/ton)		
	31-Dec-18	30-Nov-18	Parity To
Indore - 45%, Jute Bag	27500	27700	Gujarat, MP
Kota - 45%, PP Bag	27600	28000	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna - 45%, PP Bag	29300	29300	Mumbai, Maharashtra
Nagpur - 45%, PP Bag	28500	29000	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	29000	29500	Andhra, AP, Kar, TN
Latur	28800	29700	-
Sangli	#N/A	29900	Local and South
Solapur	29200	30000	Local and South
Akola – 45%, PP Bag	27200	28800	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Hingoli	29200	29800	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Bundi	27400	27800	-

### Soy DOC at Ports

Centers	Port Price		
	28-Dec-18	28-Nov-18	Change
Kandla (FOR) (INR/MT)	29000	29200	-200
Kandla (FAS) (USD/MT)	414	413	1
CNF Indonesia – Yellow SBM (USD/MT)	394	393	1

Rapeseed Meal	28-Dec-18	28-Nov-18	Change
FAS Kandla (USD/MT)	211	228	-17
FOR Kandla (Rs/MT)	14900	15900	-1000
FOR Mundra (Rs/MT)	15400	16200	-800
CNF Indonesia (USD/MT)	234	247	-13

International Soy DOC			
Argentina FOB USD/MT	28-Dec-18	28-Nov-18	Change
Soybean Pellets	330	329	1
Soybean Cake Flour	330	329	1
Soya Meal	331	326	5
Soy Expellers	331	326	5

Sunflower (DOC) Rates	Ex-factory rates (Rs/ton)		
Centers	31-Dec-18	30-Nov-18	Change
Adoni	21200	20000	1200
Khamgaon	0	0	Unch
Parli	0	0	Unch
Latur	0	0	Unch

Groundnut Meal (Rs/MT)	31-Dec-18	30-Nov-18	Change
Basis 45%, Saurashtra	24000	25500	-1500
Basis 40%, Saurashtra	22500	23000	-500
GN Cake, Gondal	24500	26000	-1500

Mustard DOC	31-Dec-18	30-Nov-18	Change
Jaipur (Plant delivery)	14500	15100	-600
Kandla (FOR Rs/MT)	14900	15500	-600

**Mumbai Oil Meal Quotes:**

Rs/M.T.	31-Dec-18	30-Nov-18	Change
G.N. Extr (45%)	0	0	Unch
Kardi Extr	0	0	Unch
Undec Cottonseed Exp	21000	21200	-200
Rice Bran Extr.	0	0	Unch
Sunflower Extr.	22000	23000	-1000
Rapeseed Extr.	0	0	Unch
Soymeal 48%	28696	28904	-208
Castor Extr.	5150	5950	-800

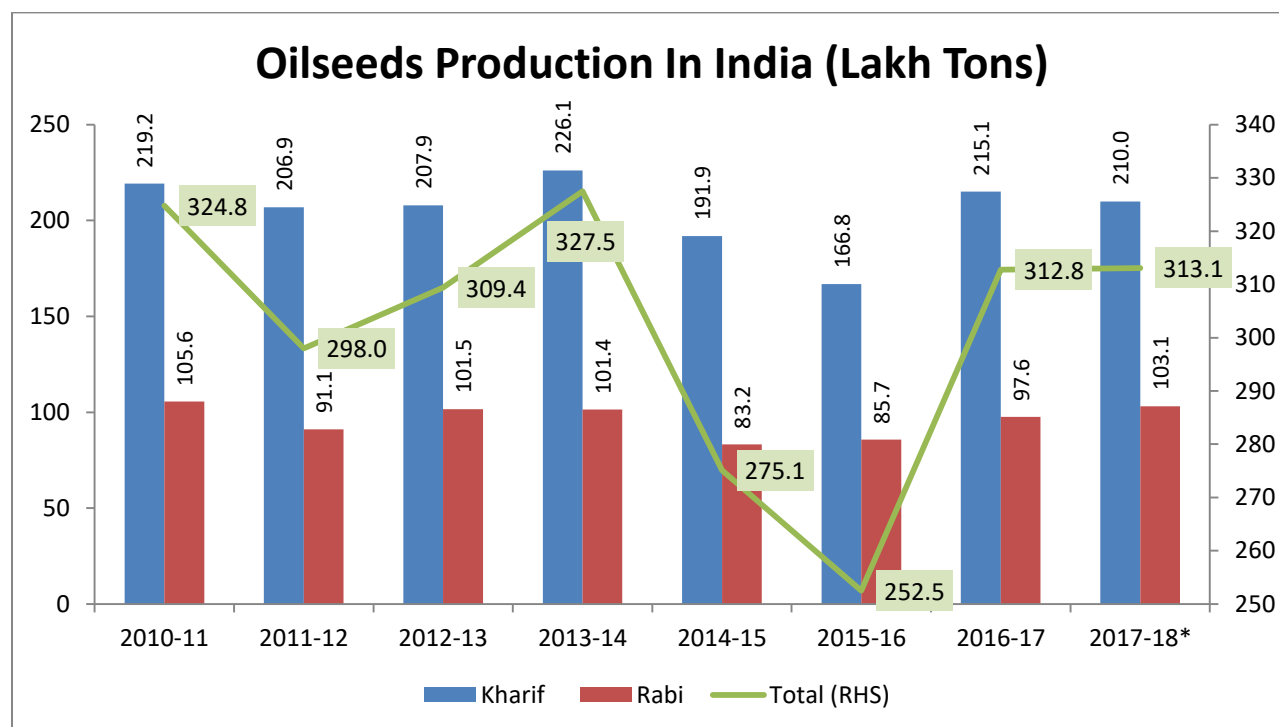
## India's Kharif Oilseeds Production Seen at 313.1 Lakh T in 2017-18 vs 312.8 Lakh T in 2016-17 final estimates in 4<sup>th</sup> Adv Est. - GOI

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

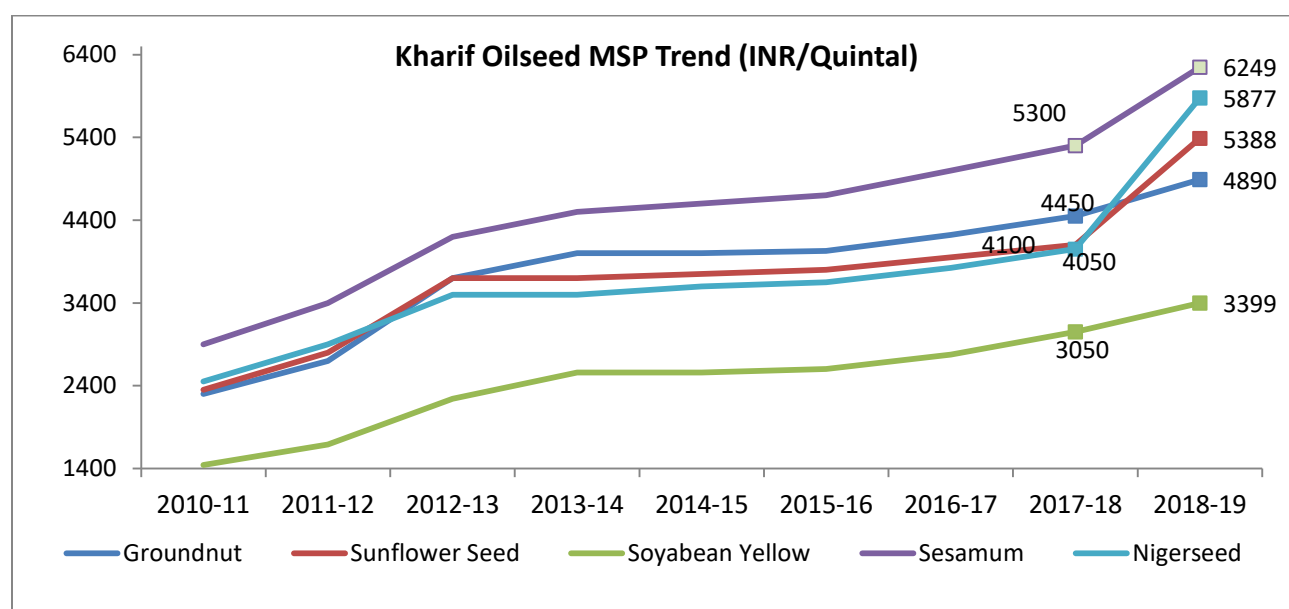
Note: 2017-18 is based on 4<sup>th</sup> Adv estimates.

## 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

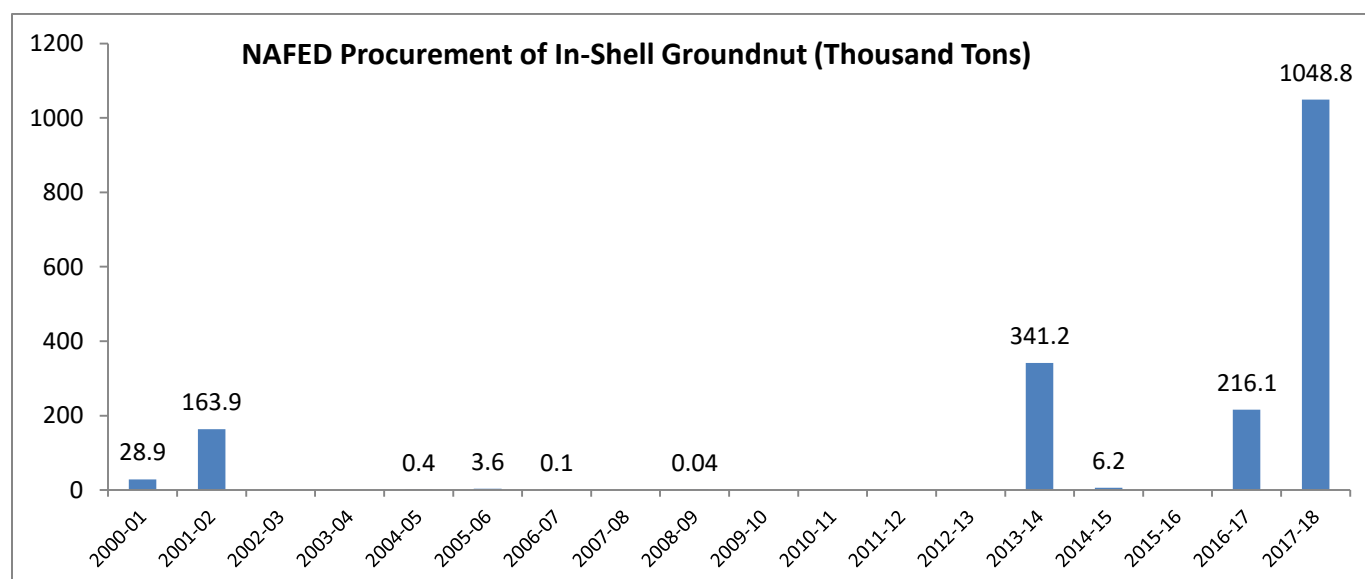
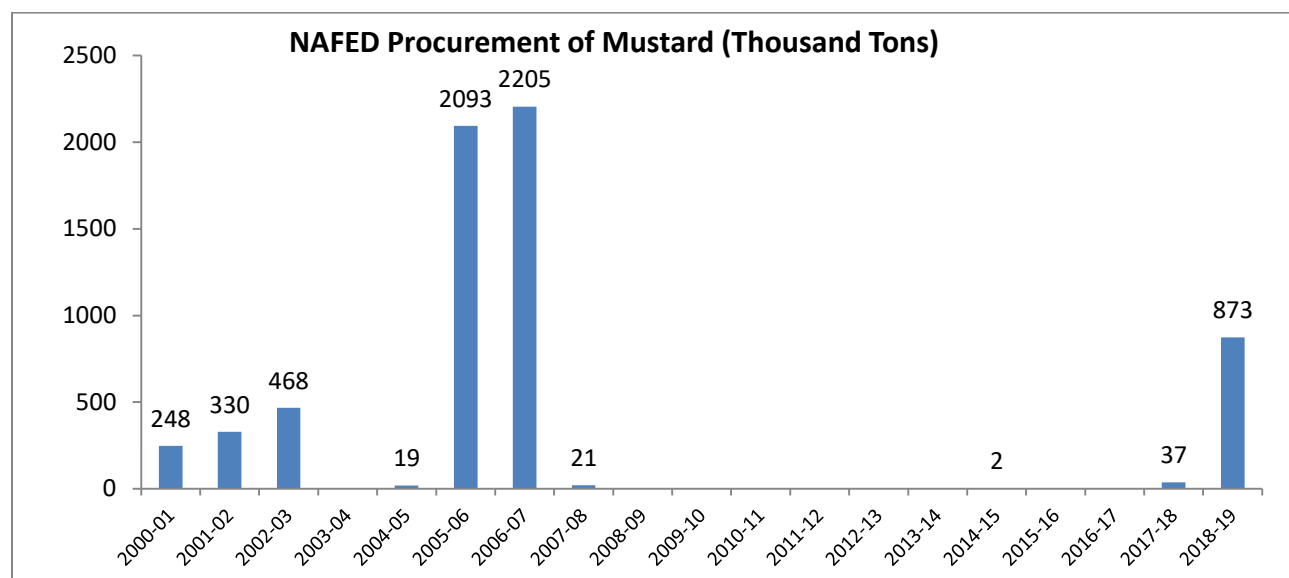


## MSP for 2018/19 Rabi Oilseeds

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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