Oilmeals Monthly Research Report

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Executive Summary

Weak trends are witnessed at most of the Soybean trading centers during June month due to poor demand from the local crushers. More supplies are reported in the market, Expectation of rise in sowing area, farmers and traders want to book profit at the current level. RM seed prices showed weak trend due to poor demand and ample stocks available in the market. NCDEX prices of Soybean and RM seed closed lower amid speculators selling activities. The RM Seed market is mainly being driven by crop arrivals and local crushers & stockiest demand and Nafed procurement activities. CBOT prices closed remain lower on weak global sentiments.

According to recent Ministry report, India has covered total oil seeds kharif sowing area as on 28thJune 2019 about 13.43 lakh Ha. has been reported compared to normal corresponding week (24.19 lakh Ha.) from previous year. Thus 10.76 lakh. Ha less area has been covered compared to normal corresponding week in previous year. Major sowing area is reported from the state of Gujarat (2.26 lakh Ha.), Rajasthan (2.25 lakh Ha.), Uttarakhand (0.06 lakh Ha) Madhya Pradesh (7.69 lakh ha), Maharashtra (3.01 lakh Ha), Karnataka (2.62 lakh ha.), Telangana (0.94 lakh ha), Andhra Pradesh (0.83 lakh Ha), Odisha(0.19 lakh ha) etc.

As per market sources, there is chances of increase in area of soybean crop in this season up to 120 lakh hectares compared with 112 lakh hectares last year in case of normal monsoon in Madhya Pradesh and Maharashtra (account up to 80 percent of total Soybean production in the country). As per to the third advanced estimate of Ministry, Soybean production is placed at 137.43 lakh tonnes for 2018/19 which is higher by 25 per cent against previous year production and highest in the last five years record. Soybean acreage may increase or may be at the same in this year as soybean prices performed well. Government estimates Mustard seed output at 87.82 lakh tonnes for 2018/19 higher by 4.2% from 84.3 lakh tonnes in 2017/18. It estimates groundnut crop size at 65.02 lakh tonnes for 2018/19 against 92.53 lakh tonnes. Farmers have started to cover kharif oilseeds sowing area of Groundnut, Soybean, Sesamum and Sunflower with slow pace because of late arrivals of monsoon in last weeks.

CBOT Soybean July future contract are continued heading for a gain due to improved demand from Chinese importers on Friday after US and China at the Group of 20 summit held in Japan starting on June 28, 2019.China agreed to import 14 million tonnes from US, more than 8 million tonnes has been shipped to China, still 6 million tonnes including Friday sale need to be delivered. US has completed 88% of Soybean cultivation as on 23rd June 2019 from 77% last week, out of which 59% of the crop is good to excellent, however lower from previous year record i.e. 96%. It is also lower from 93% of average 5-year record. USDA expects U.S. Soybean yield size for 2019/20 at 3.33 metric tons per hectare lower from 3.47 metric tons per hectares in 2018/19. As a result, it forecasts lower production estimates at 112.95 million metric tons for 2019/20 lower from 123.66 million metric tons in 2018/19. Lower sowing area, improved buying activities of Chinese, may support CBOT prices to rise in coming days.

Overall soybean may trade in steady to lower side on higher crop estimates and normal monsoon forecast. Mustard may trade steady to weak tone on poor demand.

Outlook – Cash Market

Outlook - Soybean (Spot, Indore): *Soybean Indore plant showed weak trend on increased supplies. We expect steady to weak trend in coming days due to higher crop estimates and normal monsoon forecast by IMD. Prices are likely to trade in the range of 3600 to 3750 in July month. The market sentiments are now depending on the surplus bean stocks to be carried over to the next marketing year and millers and exporters demand. As we move to August contract, NCDEX soybean is likely to trade in weak zone due to lack of buyers' interests on weak sentiments.*
Outlook – Soy meal (Spot, Indore): *Meal prices is expected to trade in steady to weak zone as the exports has been declined 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 in fear of ample availability.*
Outlook - Rapeseed-Mustard (Spot, Jaipur basis)*: Poor local demand and ample stocks in the physical market. However, Supplies are less as sellers expect higher prices of Mustard seed in coming days. Higher crop estimates and normal monsoon forecast may curb any major rally in prices.*

Weather Forecast (For Kharif Oilseeds)

Monsoon 2019-IMD Forecast

Widespread rainfall with isolated heavy/very heavy falls likely over northern plains, northeast India and along the West coast. Scattered to Fairly widespread rainfall likely over the rest of the country outside west Rajasthan, Gujarat and southeast peninsular India where isolated rainfall is likely.

Heavy to very heavy rainfall at a few places with extremely heavy rainfall at isolated places very likely over Telangana, East Madhya Pradesh, Vidarbha and Chhattisgarh; Heavy to very heavy rainfall at isolated places over Konkan & Goa, Kerala & Mahe, Coastal Karnataka, Madhya Maharashtra and Marathawada; heavy rainfall at isolated places over Interior Karnataka, Coastal Andhra Pradesh, East Rajasthan and Odisha.

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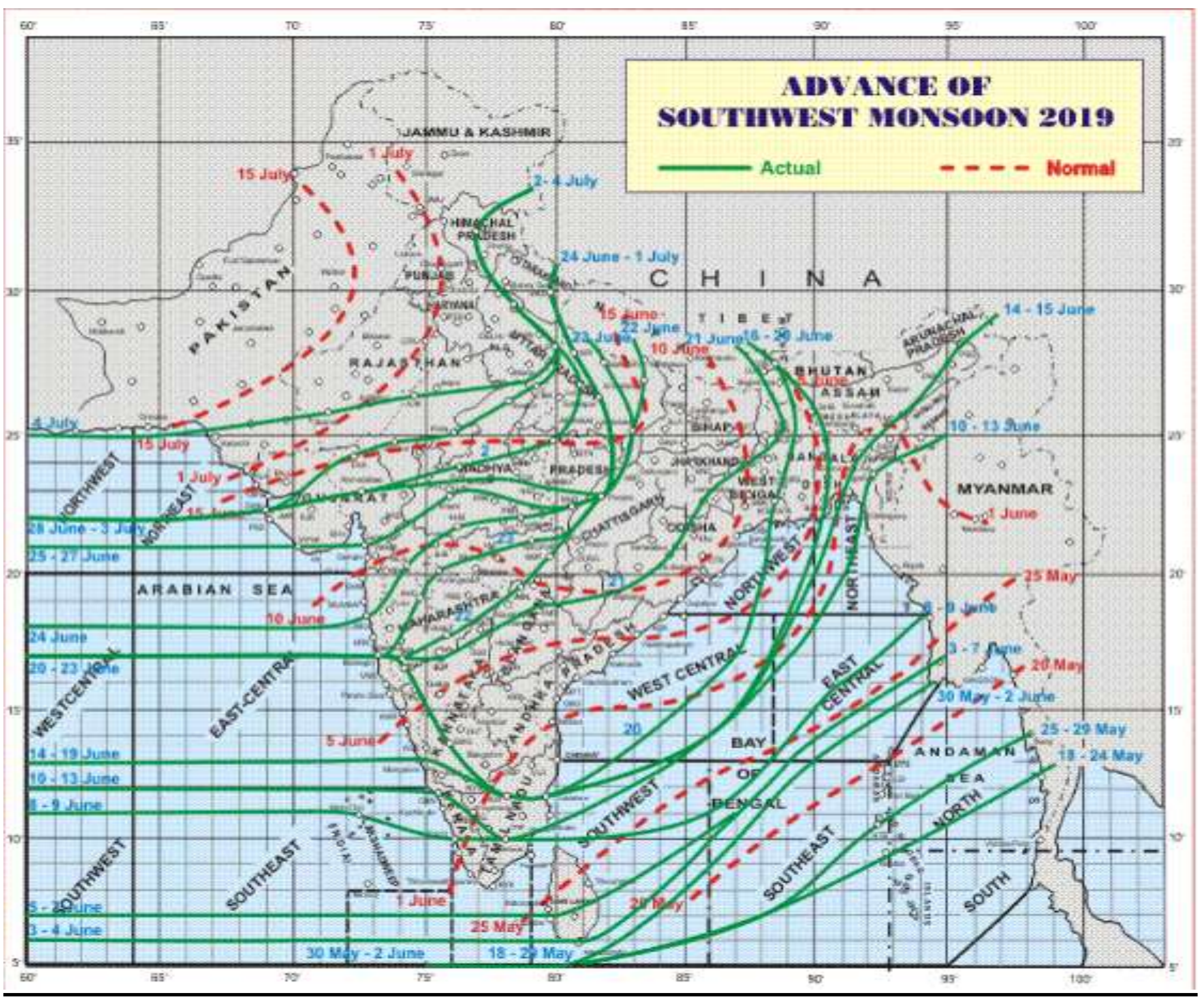


Rabi Oilseed Sowing Progress

Rabi Oilseeds Sowing as on 22.02.2019						
	Normal Area	Average Area Sowing as on Date	2017-18	2018-19	% Change (Y-o-Y)	% Average Area as on Date
Rapeseed & Mustard	61.25	67.76	67.06	69.37	**2.3**	**1.6**
Groundnut	7.85	6.67	6.27	4.81	**-1.5**	**-2.0**
Safflower	1.62	1.08	0.81	0.45	**-0.4**	**-0.6**
Sunflower	3.68	2.80	1.75	1.14	**-0.6**	**-1.7**
Sesamum	3.04	0.85	0.70	0.79	**0.1**	**-0.1**
Linseed	2.93	3.56	4.02	3.48	**-0.5**	**-0.1**
Total Oilseed (Nine)	80.36	83.42	80.98	80.40	**-0.6**	**-3.0**

Soybean

Soybean prices declined on poor demand. Increased supplies have been noticed in market. Some of sellers are ready to book profit at the current level.

In the third advanced estimates, ministry expects higher Indian Soybean crop (Kharif) at 137.43 lakh tonnes for 2018/19 season against 109.33 lakh tonnes in 2017/18. Normal rainfall at the maturity stage of crop improved yield of crop. The estimates are higher than 2016/17 crop size i.e. 131.59 lakh tonnes.

As per recent forecast of NCML, India may produce oilseeds in the range of 28 to 29.5 million metric tonnes (both Kharif and Rabi season) in 2019/20 in expectation of below normal monsoon. Total oilseeds for 2018/19 was estimated at 31.50 million metric tonnes including 21.25 million metric tonnes of Kharif crop and 10.25 million metric tonne of Rabi crop as per ministry second advanced estimate. Soybean crop size are expected in the range of 10 to 11million metric tonnes for this year lower by 20 to 27 percent from 13.7 million metric tonnes in 2018/19 estimates in hope of less rainfall. Out of the 50 districts which contribute to around 86 per cent of the total soybean production, 45 districts are in Madhya Pradesh, Rajasthan and Maharashtra, which are vulnerable to below-normal monsoon. Farmers in Maharashtra and Telangana had already shifted its Soybean crop area to Maize and cotton on account of higher profit margin, which may also lower soybean production for 2019/20.

As per Agriwatch estimates, soybean production in the current Kharif season is expected to be 105 lakh metric tonnes compared to 98.1 lakh metric tonnes in the previous season. Higher soybean production will curb any major rally in the market. However comfortable carry-in stocks and record soybean crop in U.S. Midwest will continue to be the limiting factor.

The total sown area under Rabi oilseeds, as on 22nd February 2019, is lower compared to the previous year's level which is down by 0.58% at 80.40 lakh hectares compared to 80.98 lakh hectares during the corresponding period last year.

As per SOPA, Soybean production of India may rise by 38% to 11.48 million tons this year against 8.36 million tonnes in last year record as supported by better yield, favorable weather condition in the major soybean crop growing states like Madhya Pradesh, Maharashtra and Rajasthan. Soybean acreage rose to 10.48 million hectares compared to 10.16 million hectares in the last season. Average yield jumped by 29 per cent to 1059 kg per hectare for the current harvesting season from 823 kg per hectare in the previous season. Soybean production in Madhya Pradesh may inch up by 41% to 5.92 million tonnes for the current season from 4.2 million tonnes last year. Total yield in the state is estimated to rise by 30.5 per cent to 1094 kg per hectare for the current season from 838 kg from the previous season.

The domestic soybean prices are likely to notice in steady to weak tone.

International:

As per USDA annual acreage report on 28th June, farmers planted 80.0Million acres of soybean compared to the march forecasts 84.6 million acres, however analysts are expected 84.4 million acres of soybean due to delay in corn planting farmers had boosted their soybean cultivation.

During the week (June 21 -June 27, 2019) US sold 867,600 MT for 2018/2019, were up noticeably from the previous week and from the prior 4-week average. Increases were reported for China (607,300 MT, including 68,000 MT switched from unknown destinations and decreases of 4,900 MT), Mexico (66,600 MT, including decreases of 1,100 MT), the Netherlands (63,900 MT, including 60,000 MT switched from unknown destinations), Malaysia (45,000 MT, including 24,000 MT switched from unknown destinations), and Indonesia (43,900 MT, including decreases of 800 MT). Reductions were reported for unknown destinations (54,000 MT) and Egypt (6,000 MT). For 2019/2020, net sales of 161,500 MT were primarily for Taiwan (86,000 MT) and unknown destinations (66,000 MT). Exports of 791,700 MT were up 9 percent from the previous week and 14 percent from the prior 4-week average. The destinations were primarily to China (396,700 MT), Mexico (88,000 MT), Egypt (69,000 MT), the Netherlands (63,900 MT), and Malaysia (46,100 MT).

As per USDA, China has imported 544000MT soybean on Friday after US and China at the Group of 20 summit held in Japan starting on June 28, 2019.China agreed to import 14 million tonnes from US, more than 8 million tonnes has been shipped to China, still 6 million tonnes including Friday sale need to be delivered.

As per USDA, the estimated stocks of soybean in 2018-19 is 27 million tonnes and estimated production of 2019-20 is 113 million tonnes, However the trade between US and china is still unresolved, even with the normal exports' sales record, the stocks would still more than 20 million tonnes in 2019-20. Bad weather and heavy rainfall caused more delay in soybean planting and supported CBOT prices to rise so far

EU imported total 9% higher soybean at 13.4 million tonnes of the season 2018/19 so far (26th May 2019) against last year record. The country imported 6% lower to 15.9 million tonnes of Soymeal. It imported 1% higher palm oil at 5.7 million tonnes. as compared to last year record.

As per National Oilseeds Processors Association (NOPA, U.S Soybean crushing declined in May 2019 compared to last month as well as last year record. NOPA members reported 154.79 million bushels soybean crushing in May 2019 lower against 159.99 million bushels in April 2019 and 163. 57 million bushels in May 2018. It is also below than expected range of Reuters poll of eight analysts. Soybean oil stocks are reported lower to 1.581 billion pounds in May 2019 compared to 1.787 billion pounds at the end of April 2019 and also below the 1.856 billion pounds in May 2018

As per source Rifinitiv trade flows, China has imported total 7.8 million tons of Soybean in April 2019 from U.S, Brazil & Argentina which is very close to the 3 years average. China may import lower Soybean from these destinations in the range of 6.2- 7.5 million tonnes in May 2019 as compare to 10.4 million tons in previous year record during the corresponding period of time. China imported 2 million tons in April 2019 from U. S higher from 1.8 million tons from 2018 & 2017.However, U.S. Soybean arrivals are likely to decline in May 2019. The trade war between the U.S. and China has cut over 80% of US soybean exports to China so far this market year (September-August). On the other hand, Soybean arrivals of Brazil increased at 5.8 million tons as new crop started hitting in market. However, it is likely to decline and stand in the range of 5.2 to 6.6 million tonnes in May 2019 against 10 million tonnes in May 2018 due to the outbreak of African swine fever and resulting losses in Chinese demand.

As per sources, sunflower oil production of Ukraine is likely to stand at 6.4 million tonnes supported by higher sunflower seed harvesting. It expects exports volume at 5.95 million tonnes higher from 5.93 million tonnes in 2018/19. Ukraine may harvest 14.9 million tonnes sunflower seed in 2019 which is very close to 14.96 million in 2018.

As per CASDE (Chinese Agriculture Supply and Demand), China is likely to grow higher Soybean at 86.6 million tonnes in 2019/20. It forecast china’s import at 84.9 million tonnes.

Balance Sheet – Soybean, India

Soybean (Fig in Mn T) MY-Oct.-Sep.	2018-19F	2019-20 F	Oct-Dec'19 F	Jan-Mar'20 F	Apr-Jun'20 F	July-Sep 20 F
Carry In	0.23	0.38	0.38	4.38	2.48	1.38
Production	10.55	10.01	10.01	0	0	0
Imports	0.00	0.00	0	0	0	0
Total Availability	10.78	10.39	10.39	4.38	2.48	1.38
Processing/Crushing	8.40	8.40	5.76	1.65	0.60	0.50
Exports & Direct Consumption	1.00	1.00	0.25	0.25	0.00	0.00
Seeding/Retained for Sowing	1.00	1.00	0	0	0.5	0.5
Total Usage	10.40	10.10	6.01	1.90	1.10	1.00
Carry Out	0.38	0.29	4.38	2.48	1.38	0.38
Monthly Use	0.87	0.84				
Stock/Consumption Ratio	0.04	0.04				
Stock to Month Use Ratio	0.44	0.34				

Fig. in MnT
Source: Agriwatch

Soy meal

Weak tone is featured in Soymeal complex on weak demand locally. Lower overseas demand mainly from Iran are affecting Soymeal prices. Weak trends in International soymeal prices also affecting the sentiments.

Soymeal exports volume of India is recorded at 18,185 tonnes in June 2019 lower against 53,272 tonnes in previous month. Overall Soymeal shipments in financial year (2018-19) stood at 1,358,083 tonnes higher from 1,187,818 tonnes in FY 2017-18. Total shipment of Rapeseed meal in June 2019 declined at 54,247 tons against 72,895 tonnes in May 2019. However, cumulative exports volume of Rapeseed meal is recorded higher at 1,094,015 tonnes during FY 2018-19 against 663,988 tonnes in previous year supported by major buyers like South Korea, Vietnam and Thailand

As per recent SEA report, India shipped Oilmeals lower by 56% to 114,972 tons in June 2019 against 263,163 tons in June 2018 followed by lower demand of Iran because of US sanctions. India could not import crude oil from Iran from May 2 after the U.S sanction waiver expired and U.S. is not willing further to extend it. During April-June 2019, total Oilmeals exports stood at 571,325 tons lower by 24% from 751,158 tons in previous year record in the corresponding period of time. During April- June 2019, Vietnam bought total 88,055 tons of Oilmeals (including 1193 tons of Soybean meal, 57,058 tons of Rapeseed meals and 29,804 tons of De oil Rice Bran Extraction) lower from 105,459 tons in last year. South Korea bought 247,363 tons of Oilmeals (including 7,500) tons Soybean meal, 114,929 tons of rapeseed meal and 124,934 tons of castor seed meal) higher from 87,003 tons in previous year. Thailand bought 68,166 tons of Oilmeals (including 48,415 tons of Rapeseed meal and 15,330 tons of Rice Bran Extractions and 2,481 tons of soybean meal) lower from 92,911 tons in previous year.

During the week (June 21 -June 27, 2019) US sold 16,800 MT for 2018/2019, were down by 42 percent from the previous week and by 82 percent from the prior 4-week average. Increases were reported for the Philippines (5,900 MT, including decreases of 40,000 MT), Honduras (5,300 MT, including 5,800 MT switched from unknown destinations and decreases of 500 MT), Canada (4,400 MT, including decreases of 300 MT), Guatemala (4,100 MT, including 4,000 MT switched from El Salvador), and Belgium (3,300 MT). Reductions were primarily for Italy (8,000 MT), El Salvador (4,000 MT), Jamaica (1,700 MT), and unknown destinations (1,300 MT). For 2019/2020, net sales of 8,600 MT were for Italy (8,000 MT) and the Leeward and Windward Islands (600 MT). Exports of 199,200 MT were up 86 percent from the previous week and 33 percent from the prior 4-week average. The destinations were primarily to the Philippines (96,900 MT), Colombia (31,100 MT), Mexico (19,700 MT), Canada (14,600 MT), and Peru (11,800 MT).

As per recent WASDE recent report, Soybean meal production of India is estimated remain at 7.6 million tons for 2019/20 compared to previous year record. It is higher from 6.16 million tons in 2017/18 season. India may export 1.85 million tons Soymeal in 2019/20 same as in previous year. Domestic consumption of the country may stand at 5.75 million tons higher from 5.60 million tons in 2018/19.

Indian Soymeal premium quoted higher side by $116 per ton over Argentinean meal with Indian meal bullishness producing the premium rather than Argentinean meal bearishness. Such premiums may limit bookings of Indian Soymeal for forward as well as spot market.

The soy meal prices are likely to notice seasonal weakness in July month and prices is expected to decline in near future.

Soy Meal Export (In Thousand Tons)

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Oct	405	224	50	183	29	4	31	71	150
Nov	443	398	517	503	111	9	98	208	186
Dec	611	798	511	451	194	6	241	169	170
Jan	575	475	620	364	104	28	155	106	86
Feb	540	344	578	184	65	30	208	74	132
Mar	411	460	302	232	47	27	107	39	193
Apr	305	314	100	76	18	12	124	68	40
May	177	143	98	8	14	10	49	41	53
Jun	118	181	214	3	2	18	46	104	18
Jul	140	168	107	7	1	12	81	64	
Aug	166	10	184	3	1	11	88	60	
Sep	226	7	173	1	7	12	102	45	
Total	4116	3521	3453	2015	592	180	1331	1049	

Source: SEA

Technical Analysis:

NCDEX Soybean Futures C1 Chart

Soybean Spot, Indore weekly Chart

- The Candlestick depicts weakness in the market on sellers' interests.
- MACD has been in the negative zone and RSI has been inching towards lower in oversold zone.
- Trade Recommendation (NCDEX Soybean –July): **Sell-Below-3600** Levels: Target –T1 3580; T2- 3460, SL –above 3725
- In Reverse case, traders can start buying on above 3725 and can add on positions on every 20 points above.

Support & Resistance NCDEX Soybean July. Contract

		July contract as on 5th July		
S1	S2	PCP	R1	R2
3310	3400	3601	3745	3850
		Aug contract as on 5th July		
S1	S2	PCP	R1	R2
3400	3500	3651	3780	3880

Rapeseed - Mustard Seed

Mustard seed prices declined due to poor demand from the local crushers and increased supplies in the market as traders and farmers wants to book profits at current level. Traders and other sources expect bumper crop in this season which may curb any major rise in future. However, aggressive procurement process of Nafed at MSP prices and strong local crushers demand against less supplies are leading prices to make a new high record.

As on 1st July 2019, Nafed, procured total 2779.58 tonnes of Mustard seed of Rabi season at MSP i.e. 4200 per quintals. It has procured total 10.84 lakh tonnes so far from 494049 farmers. Nafed procured total 6.08 lakh tonnes in Rajasthan states, 2.50 lakh tonnes in Haryana, 0.32 lakh tonnes in MP, 0.41 lakh tonnes in Gujarat and 0.00118 lakh tones in UP.

As per third advanced estimates of government, It estimates Mustard seed output at 87.82 lakh tonnes for 2018/19 higher by 4.2% from 84.3 lakh tonnes in 2017/18. It estimates groundnut crop size at 65.02 lakh tonnes for 2018/19 against 92.53 lakh tonnes.

Agriwatch estimated rapeseed crop at 7.1 MMT in MY 2018-19. However, new rapeseed crop for 2019-20 is estimated at 7.9 MMT above last year due to higher rapeseed sown area and yields. This will lead to lower rapeseed prices in future thereby adversely affecting rapeseed oil prices. New rapeseed crop harvest has peaked. SEA projects Mustard seed crop size at 8.5 MT in 2018/19 which is very close to agriculture ministry estimates i.e. 8.32 MT. While, other sources like Central Organization for Oil Industry and Trade keeps its forecast at 8.7 MT for this season. According to NBHC (National Bulk Handling Corporation) Rabi crop recent report, crop size of Mustard seed is likely to go up by 0.30% than last estimate to 8.72 million metric tonne. The figure is also higher by 4.78% over last year record due to favorable weather condition resulting in higher yields in major producing states.

SEA projects Mustard seed crop size at 8.5 MT in 2018/19 which is very close to agriculture ministry estimates i.e. 8.32 MT. While, other sources like Central Organization for Oil Industry and Trade keep its forecast at 8.7 MT for this season. In the second advanced estimates, ministry expects higher Indian Rapeseed & Mustard crop (Rabi) at 83.97 lakh tonnes for 2018/19 season against 75.40 lakh tonnes in 2017/18. Normal rainfall at the maturity stage of crop improved yield of crop. The estimates are higher than 2016/17 crop size i.e. 79.17 lakh tonnes.

USDA expects India's oilseeds production higher by 8% in 2019/20 in expectation of normal weather condition. Higher oilseeds supply may increase oilseeds meal production by 5.5% to 18 million tonnes. It projects oil meals exports at 3.2 million tonne with an increase of 10% in normal market condition and competitive pricing.

MOPA expects mustard crop output at 8.1 million tonnes in 2018/19 which is lower than farm ministry's second advance estimates of 8.4 million tonnes. Farm ministry quoted higher mustard acreage at 6.58 million hac. due to higher minimum support price, better realizations.

In view of NBHC (National Bulk Handling Corporation) Mustard crop size is likely to go up by 0.30% than its last estimate to 8.72 million metric tonne. The figure is also higher by 4.78% over last year record due to favorable weather condition resulting in higher yields in major producing states.

As per recent ministry report, Rabi Oilseeds crop sowing area in 2018/19 season stood slightly down by 0.6% to 80.40 lakh Ha. in India as compared to 80.98 Lakh Ha. in 2017-18. Currently, farmers have covered total 80.36 lakh Ha. normal area as on 22nd Feb 2019. However, Rapeseed sowing area of this year is recorded higher by 2.3% to 69.37 Lakh Ha. against 67.06 Lakh Ha. in last year.

Outlook: The rapeseed-mustard is likely to notice range –bound to firm tone on strong demand.

Balance Sheet – Rapeseed-Mustard Seed, India

(Fig in MnT)

Rapeseed-Mustard (Fig in Mn T) MY-Feb.-Jan.	2018-19	2019-20	Feb-Apr	May-Jul	Aug-Oct	Nov-Jan
Carry In	**0.10**	**0.15**	**0.15**	**4.10**	**2.13**	**1.14**
Production	**7.10**	**7.90**	**7.90**	**0.00**	**0.00**	**0.00**
Imports	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
Total Availability	**7.20**	**8.05**	**8.05**	**4.10**	**2.13**	**1.14**
Processing/Crushing	**6.75**	**7.30**	**3.90**	**1.93**	**0.89**	**0.89**
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	**7.05**	**7.60**	**3.95**	**1.98**	**0.99**	**0.99**
Carry Out/Ending Stock	**0.15**	**0.45**	**4.10**	**2.13**	**1.14**	**0.15**
Monthly Use	**0.59**	**0.63**				
Stock/Consumption Ratio	**0.02**	**0.06**				
Stock to Month Use Ratio	**0.26**	**0.71**				

(Source: AgriWatch

Technical Analysis:

NCDEX RM Seed Futures Daily C1 Chart

RM Seed Spot, Jaipur Weekly Chart

- Mustard daily Continuous chart finding trend line resistance at 4050-4190. Breaching this will shift the overall trend. The trend line forms a strong resistance and more than above is expected which forms good selling levels.
- Trade Recommendation (NCDEX Rapeseed-Mustard – July and August):
  Be open for taking short position at 3920 and anything below it. Any further bullishness in the prices is buying opportunity and add on can be taken. However, any daily close above 3940 will change the trend and hence taking stop loss of 3950 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 3880.
  A Stop loss 3840 can be used for minimizing the losses.
  Sell- Below 3922. Levels: Target – 3820; T2- 3700, SL –3950

Support & Resistance NCDEX RM Seed – July contract as on 5th July				
S1	S2	PCP	R1	R2
3620	3700	3922	4050	4190
Support & Resistance NCDEX RM Seed – August contract as on 5th June				
S1	S2	PCP	R1	R2
3640	3780	3944	4050	4150

Groundnut

Groundnut in Shell auction prices at Rajkot APMC fetched between INR 4229 and 5261 per quintal and likely to increase in the entire month. Groundnut prices on monthly basis is rising on less supplies. 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. Summer crop is also expected to be low due to poor rains at initial stage. Good Rainfall at maturity stage supported to improve standing crops of Rabi season.

Outlook: Recent monsoon arrivals may support farmers to cover kharif groundnut sowing area in full swing of this season. Farmers are in view to plant more kharif crops after a significant rise in groundnut prices in 2019. However, an aggressive Nafed sale activities may limit major price hike. NAFED has started to sale its groundnut stocks of 2017 & 2018 season in the market at MSP price.

Fundamentals:

According to the state agriculture department of Gujarat, as on July 1st 2019, total Kharif sowing in the state is reported as 28.24 lakh hectares about 33% of the three-year normal acreage of 84.76 lakh hectares. Sowing of groundnut saw a sharp jump of 14.35 lakh hectares covers about 63% to the normal sowing area of the crop. However, Pulses are least preferred although the gave good returns last year because of increased monsoon activity, brightened the groundnut and cotton sowing in the state.

As on 27thJune 2019 Nafed sold total groundnut K-17 -3910MT. It has disposed total 9.74 lakh tonnes of groundnut K-17 and holds remaining balance at 0.70 lakh tonnes so far in Gujarat market only. As on 21.06.2019 Nafed has sold total K-18 – 6830MT. It has disposed total 2.84 lakh tonnes of K-18 groundnut and holds remaining balance 4.18 lakh tonnes so far.

As on 15thJune 2019, Nafed has procured 5.81 MT of Groundnut (Rabi -2019) in the district of Malkangiri of Odisha state. It procured total 130.76 MT at MSP price Rs. 4890 per quintal from 55 farmers

As per APEDA data, groundnut shipment reported lower by 3.13% to 488233 MT during April-March 2019 amounting total Rs. 3296 crores as compared to 504038 MT in last year during the same period of time. However, the shipment is higher by 26.290% as compared to 386594 MT in April to February 2019.

According to SEA report, groundnut crop area in India will stand at 40.12 lakh ha. in 2018/19 down from 41. 35 lakh ha. in last year. Production and yield are estimated at 37.70 lakh tonnes and 931 kgs/ha. respectively against 52.75 lakh tonnes and 1269 kg s/ha. respectively in previous year record.

We expect AP groundnut crop size at 4.21 lakh metric tonnes for 2018/19 season lower from 2017/18-year crop size i.e. 5.48 lakh metric tonnes on lower sowing area. In 2019/20, we expect crop size higher at 5.53 lakh metric tonnes in expectation of normal monsoon.

In the third advanced estimates, ministry expects lower Indian groundnut crop (Kharif and Rabi) at 65.02 lakh tonnes for 2018/19 season against 92.53 lakh tonnes in 2017/18. Kharif groundnut crop size during 2018-19 is estimated at 51.53 lakh tonnes which is lower by 32.15% than the production of 72.15 million tonnes in 3rd Advance Estimates of 2017-18. Less rainfall at initial stage of crop and lower acreage are the main reason to cut output of Groundnut.

The state government got the approval from ministry of Agriculture to procure groundnut and Sunflower seed of Rabi season in Odisha. The proposal for procurement of shelled ground nut has been approved for 6580 tonnes at MSP prices i.e. 4890 per quintal and 10,500 tonnes of Sunflower seeds at MSP price Rs. 5388 per quintal from registered farmers. The procurement operation, which will start on May 24 2019 and will continue for two months till July 27,2019. All the process will be undertaken by National Agricultural Cooperative Marketing Federation of India Ltd (Nafed) through two State agencies - Odisha State Cooperative Marketing Federation (Markfed) and Tribal Development Cooperative Corporation of Odisha Limited (TDCCL). Payments will be made directly to the bank accounts of farmers within three days from the actual delivery of their products to the procuring agency.

Indian Oilseeds & Produce Export Promotion Council (IOPEPC) is planning to develop cluster-based production mainly for groundnut and sesame seed which will be pesticide-free. It is also targeting to cultivate other varieties of oilseeds to fulfil global demand as well. It focuses towards drip irrigation facilities so that monsoon dependency for better crop growth could be reduced. In the meeting, council can discuss the expected crop size of groundnut and sesame for Rabi 2019.

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	30.8
Jan	47.3	82.2	67.7	105.2	31.7	39.4
Feb	48	54	53.7	78.8	30.7	38.6
Mar	52.6	61.7	55.7	67.5	54.8	48.8
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	

* Estimated Exports Value

Groundnut Prices in Shell

Soy DOC Rates at Different Centers			
Centres	Ex-factory rates (Rs/ton)		
	29-Jun-19	29-May-19	Parity To
Indore - 45%, Jute Bag	30500	32100	Gujarat, MP
Kota - 45%, PP Bag	31000	32700	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna - 45%, PP Bag	32000	33800	Mumbai, Maharashtra
Nagpur - 45%, PP Bag	32000	32500	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	32500	33500	Andhra, AP, Kar ,TN
Latur	32300	33500	-
Sangli	32500	33200	Local and South
Solapur	32800	33500	Local and South
Akola – 45%, PP Bag	31200	32200	Andhra, Chattisgarh, Orrisa,Jharkhand, WB
Hingoli	32500	33500	Andhra, Chattisgarh, Orrisa,Jharkhand, WB
Bundi	30800	32500	-

Soy DOC at Ports			
Centers	Port Price		
	28-Jun-19	28-May-19	Change
Kandla (FOR) (INR/MT)	32200	33500	-1300
Kandla (FAS) (USD/MT)	440	450	-10
CNF Indonesia – Yellow SBM (USD/MT)	450	465	-15

Rapeseed Meal	28-Jun-19	28-May-19	Change
FAS Kandla (USD/MT)	217	215	2
FOR Kandla (Rs/MT)	15150	15000	150
FOR Mundra (Rs/MT)	15550	15400	150
CNF Indonesia (USD/MT)	236	237	-1

International Soy DOC			
Argentina FOB USD/MT	28-Jun-19	28-May-19	Change
Soybean Pellets	325	330	-5
Soybean Cake Flour	325	330	-5
Soya Meal	324	333	-9
Soy Expellers	324	333	-9

Sunflower (DOC) Rates	Ex-factory rates (Rs/ton)		
Centers	**29-Jun-19**	**29-May-19**	**Change**
Adoni	24400	23800	600
Khamgaon	0	0	Unch
Parli	0	0	Unch
Latur	0	0	Unch

Groundnut Meal (Rs/MT)	29-Jun-19	29-May-19	Change
Basis 45%, Saurashtra	24500	24500	Unch
Basis 40%, Saurashtra	22000	21500	500
GN Cake, Gondal	25500	25000	500

Mustard DOC	29-Jun-19	29-May-19	Change
Jaipur (Plant delivery)	14500	14500	Unch
Kandla (FOR Rs/MT)	15100	15000	100

Mumbai Oil Meal Quotes:			
Rs/M.T.	**29-Jun-19**	**29-May-19**	**Change**
G.N. Extr (45%)	23250	0	23250
Kardi Extr	0	0	Unch
Undec Cottonseed Exp	31300	30600	700
Rice Bran Extr.	0	0	Unch
Sunflower Extr.	24500	23000	1500
Rapeseed Extr.	0	0	Unch
Soymeal 48%	31826	33078	-1252
Castor Extr.	6950	6350	600

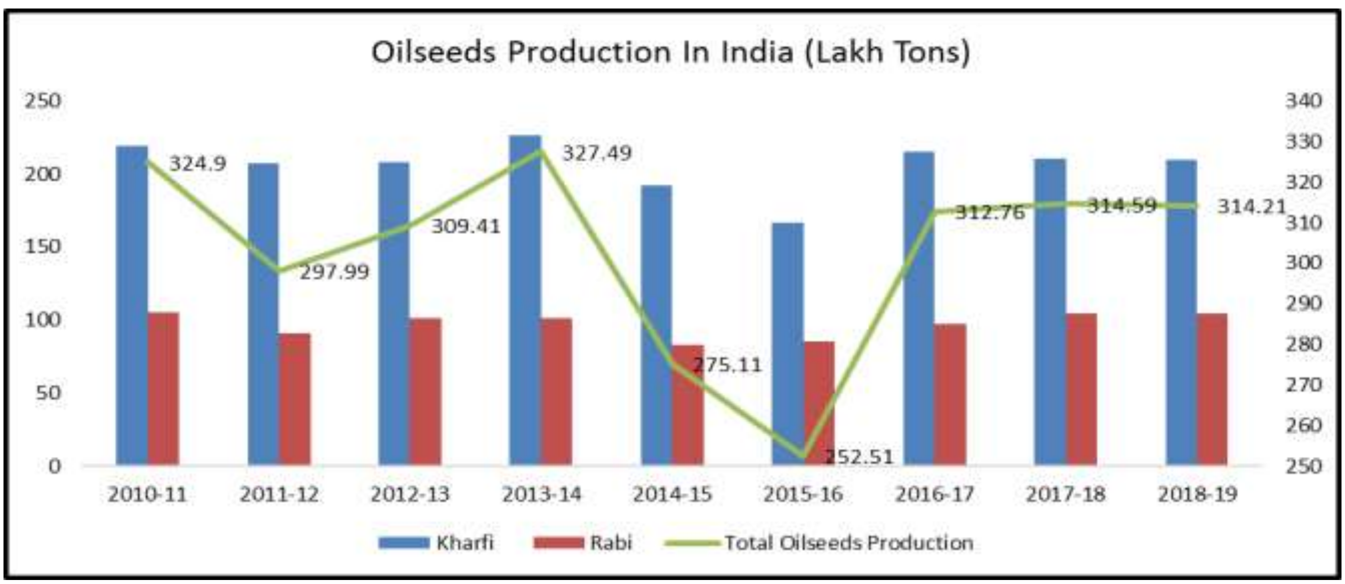
India's Total Oilseeds Production Seen at 315 Lakh Tons in 3rd Adv. Est. - GOI (Kharif + Rabi + Summer)

The 3rd Advance Estimates of production of major crops for 2018-19 have been released on 3rd June, 2019 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. Few the major crops producing states have received less rainfall. As a result, the production of oilseeds crops estimates for 2018-19 has witnessed below than their normal production. Oilseeds production of India is placed lower by 0.4% to 314.21 lakh tonnes against the production of 314.59 lakh tonnes in Final Estimates of 2017-18. However, the estimated figure is high by 17.72 lakh tonnes than five years average oilseeds production.

The estimated production of major Oilseeds during 2018-19 is as under:

Oilseeds – 314.21 Lakhtonnes

- Soybean – 137.43 Lakh Tons
- Groundnut – 65.02 Lakh Tons
- Rapeseed – 87.82 Lakh Tons
- Castorseed – 11.98 Lakh Tons
- Sesame/Sesamum/Gingelly/Til – 7.46 Lakh Tons
- Nigerseed – 0.63 Lakh Tons
- Sunflower – 2 Lakh tons
- Linseed - 1.65 Lakh Tons



Source: Ministry of Agriculture

Note: 2018-19 is based on 3rd Adv estimates.

Year includes Kharif, Rabi and summer (i.e. 2018-19 means kharif harvested in 2018, Rabi in 2019 and summer in 2019 and should not be considered as marketing year)

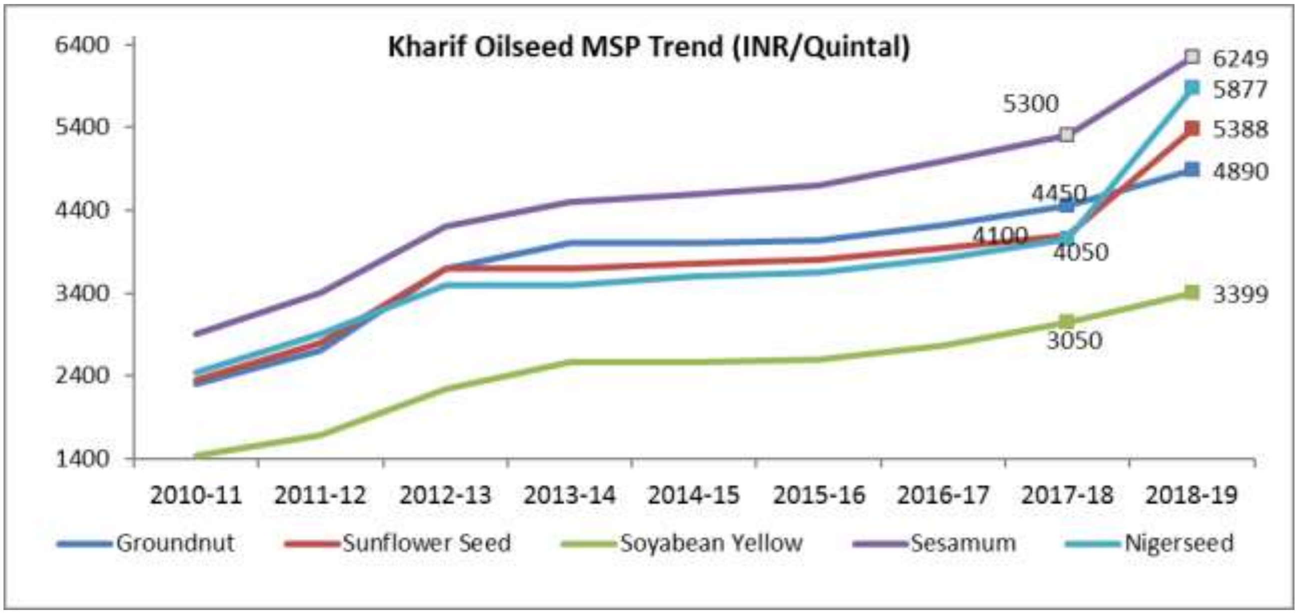
Oilseed Wise production in India (Kharif+Rabi) Lakh Tons									
Oilseed	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Soybean	127.36	122.14	146.66	118.61	103.74	85.7	131.59	109.33	137.43
Groundnut (In Shell)	82.65	69.64	46.95	97.14	74.02	67.33	74.62	92.53	65.02
Rapeseed & Mustard	81.79	66.04	80.29	78.77	62.82	67.97	79.17	84.3	87.82
Castorseed	13.5	22.95	19.64	17.27	18.7	17.52	13.76	15.68	11.98
Sesamum	8.93	8.1	6.85	7.15	8.28	8.5	7.47	7.55	7.46
Sunflower	6.51	5.17	5.44	5.04	4.34	2.96	2.51	2.22	2
Linseed	1.47	1.52	1.49	1.42	1.55	1.26	1.84	1.74	1.65
Nigerseed	1.08	0.98	1.01	0.98	0.76	0.74	0.85	0.7	0.63
Safflower	1.5	1.45	1.09	1.13	0.9	0.53	0.94	0.55	0.22

Source: Ministry of Agriculture
Note: 2018-19 is based on 3rd Adv estimates.

MSP for2018/19Kharif Oilseeds

The Cabinet Committee on Economic Affairs (CCEA) approved increasing the minimum support prices (MSP) of kharif crops for season 2019-20 as follows with comparison to previous season (2018-19) (in Rs per Quintal)

Government of India has hiked MSP of soybean by Rs 311 per qtl to Rs 3710 per qtl from Rs 3,399 per qtl. Cost of cultivation of soybean is calculated at Rs 2,473 per qtl thereby giving a return 50 percent over and above cost of cultivation.MSP of groundnut for Kharif 2019 to Rs 5,090 per Qtl from Rs 4,890 per Qtl, rise of Rs 200 from last year. Cost of cultivation of groundnut is quoted at 3,394 per Qtl there by giving farmers return of 50 percent over and above cost of cultivation of farmers.MSP of sunflower seed by Rs 262 per qtl to Rs 5,650 per qtl from Rs 5,388 per qtl. Cost of cultivation of sunflower seed is calculated at Rs 3,767 per qtl thereby giving farmers return of 50 percent over and above its cost of cultivation.



Source: MoA, GOI

MSP for2018/19 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.

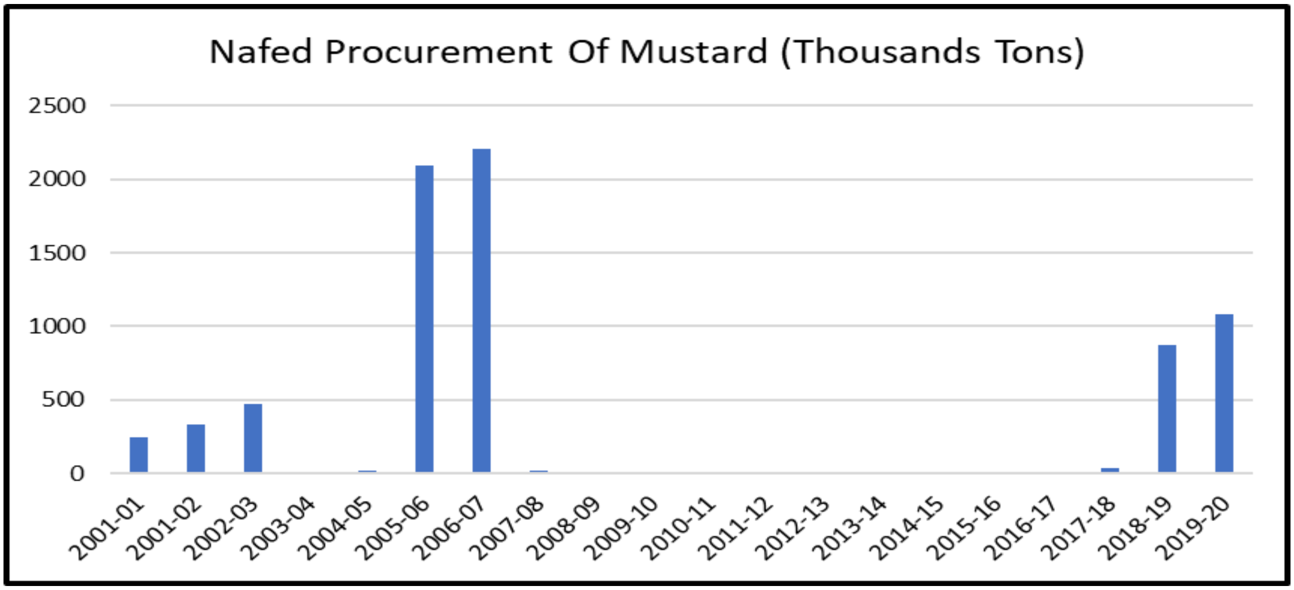
India's Kharif Oilseeds Production 2018-19 3rd Advanced Estimates

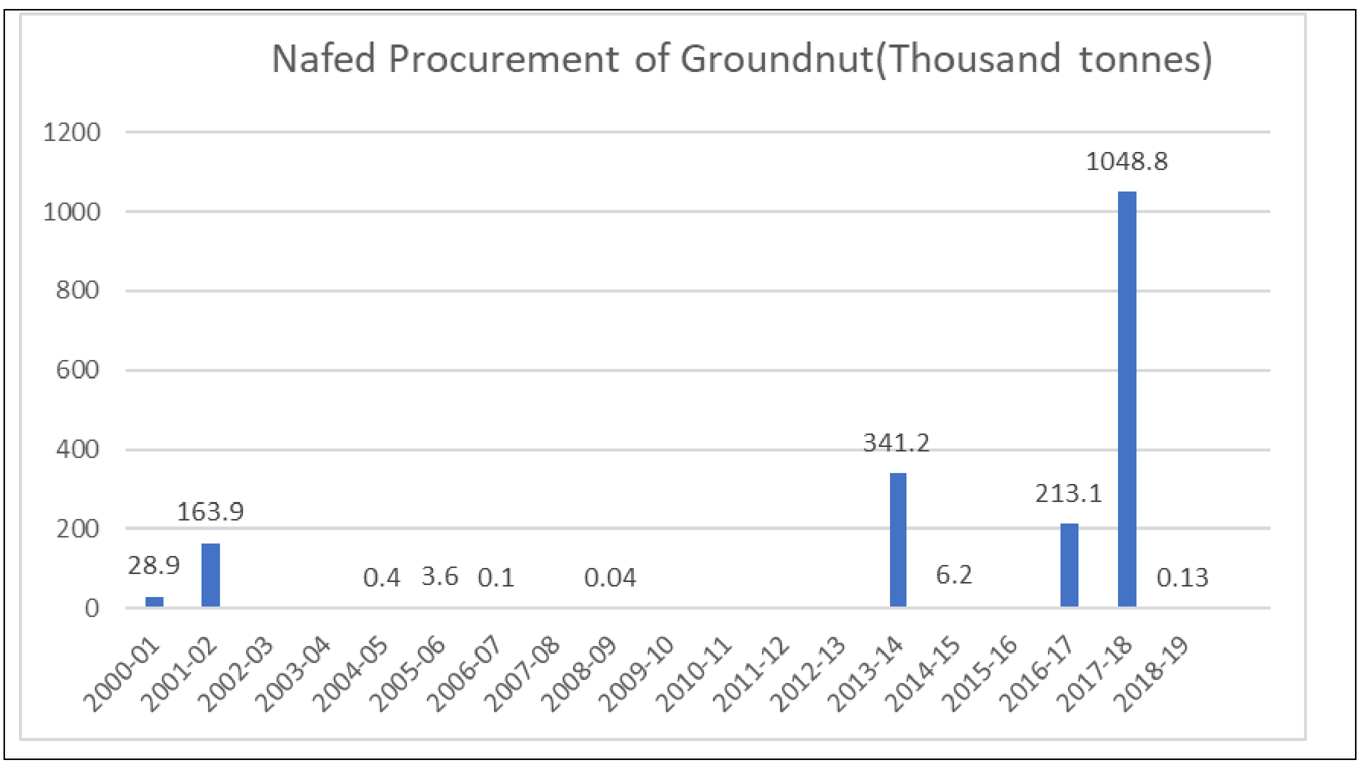
The 3rd Advance Estimates of production of major crops for 2018-19 have been released on 6th June, 2019 by the Department of Agriculture, Cooperation and Farmers Welfare. The assessment of production of different crops is based on the feedback received from States and validated with information available from other sources.

Kharif Oilseeds Production – 209.93 Lakh tonnes

- Soybean – 137.43 Lakh Tons
- Groundnut – 51.53 Lakh Tons
- Castor seed – 11.98 Lakh Tons
- Sesame/Sesamum/Gingelly/Til – 7.46 Lakh Tons
- Sunflower – 0.90 Lakh ton

NAFED Procurement of Oilseeds (Mustard and Groundnut) Historically





SEA OILSEEDS APY ESTIMATES

Oilseeds	2017/18			2018/19		
	Area (Lakh Hac.)	Yield	Production (Lakh Tonnes)	Area (Lakh Hac.)	Yield	Production (Lakh Tonnes)
Groundnut	40.12	931	37.7	41.58	1269	52.75
Soybean	112.5	909	102.3	105.92	784	83
Sunflower	1.1	636	0.7	1.37	584	0.8
Sesame	13.84	170	2.35	14.19	282	4
Castor	7.27	1582	11.5	8.3	1754	14.43
Niger	2	350	0.7	2.06	340	0.7
Total	176.83	884	156.25	173.42	903	156.68

Source: SEA