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# Oil meals Monthly Research Report

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## Executive Summary

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Firm trends are witnessed at most of the Soybean trading centers during Aug month due to improved demand from the local crushers and south based traders. Supplies are decreased at major trading center due to heavy rains as farmers and traders holding the stocks in expectation of further rise in Soybean prices. RM seed prices showed firm trend due to firm demand and decreased arrivals in the market. NCDEX soybean future prices rose up sharply in August due to rise in spot markets and started falling. RM seed future prices showed range bound movement and closed lower side due to speculators selling activities. The RM Seed and Soybean market is mainly being driven by crop arrivals and local crushers & stockiest demand. CBOT soybean futures remain lower on weak global sentiments.

According to recent Ministry report, India has covered total oil seeds kharif sowing area as on 30 Aug, 2019 about 170.78 lakh Ha. has been reported compared to normal corresponding week (171.15 lakh Ha.) from previous year. Thus 0.37 lakh. Ha less area has been covered compared to normal corresponding week in previous year. Farmers have sown 4.86 lakh ha. In Andhra Pradesh against 6.64 lakh ha. Previous year, 21.95 lakh ha. In Gujarat against 19.74 Previous year, 7.30 lakh ha. In Karnataka against 8.45 lakh ha. Previous year, 60.82 lakh ha. In MP against 60.15 lakh ha. Previous year, 41.69 lakh ha. In MH against 41.44 lakh ha. Previous year, 20.03 lakh ha. In Rajasthan against 20.67 lakh ha. Previous year, 2.11 lakh ha. In Telangana against 2.23 lakh ha Previous year, 5.51 lakh ha in UP against 4.60 lakh ha. Previous year.

As per USDA recent release estimates, soybean production for marketing year 2019/20 (Oct.-Sept.) is revised lower to 10.5 million metric tons (MMT) on 11.2 million hectares. The national average yield will settle below last year's level due to concerns over prevailing weather conditions. During the period of heavy rainfall in the second week of August, short-duration cultivars were in their reproductive stage (full flowering and pod development) and susceptible to both biotic and abiotic stress. Late planted and long-duration soybean cultivars may benefit from recent heavy rainfall activity, if excessive rains do not continue. The proportion of late-planted soybeans may be slightly higher than usual due to the late monsoon and extended planting window through July

CBOT Soybean future contract rose up by the end of the week due to improved export sales. As per USDA soybean weekly crop progress as on Tuesday, 56% of the crop is good to excellent, up from 55% a week ago. AS per WASDE latest report, U.S. oilseed production for 2019/20 is projected at 111.5 million tons, down by 4.5 million tonnes from last month mainly due to a lower soybean production forecast.

Soybean production is forecast at 3.68 billion bushels, down by 165 million bushels on lower harvested area. Harvested area is forecast at 75.9 million acres, down by 3.4 million acres from the NASS June Acreage Report led by reductions for Ohio and South Dakota. With lower production partly offset by higher beginning stocks, soybean supplies for 2019/20 are projected at 4.77 billion bushels, down by 3 percent from last month. U.S. soybean exports are reduced 100 million bushels to 1.78 billion bushels reflecting reduced global import demand, mainly for China. Lower sowing area, decreased global production estimates, may support CBOT prices to rise in coming days.

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

## Outlook – Cash Market

**Outlook - Soybean (Spot, Indore):** Soybean Indore plant showed firm trend on decreased supplies. We expect steady to weak trend in coming days due to higher crop estimates and favourable monsoon forecast by IMD. Prices are likely to trade in the range of 3450 to 3550 in Sept 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 Oct 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.

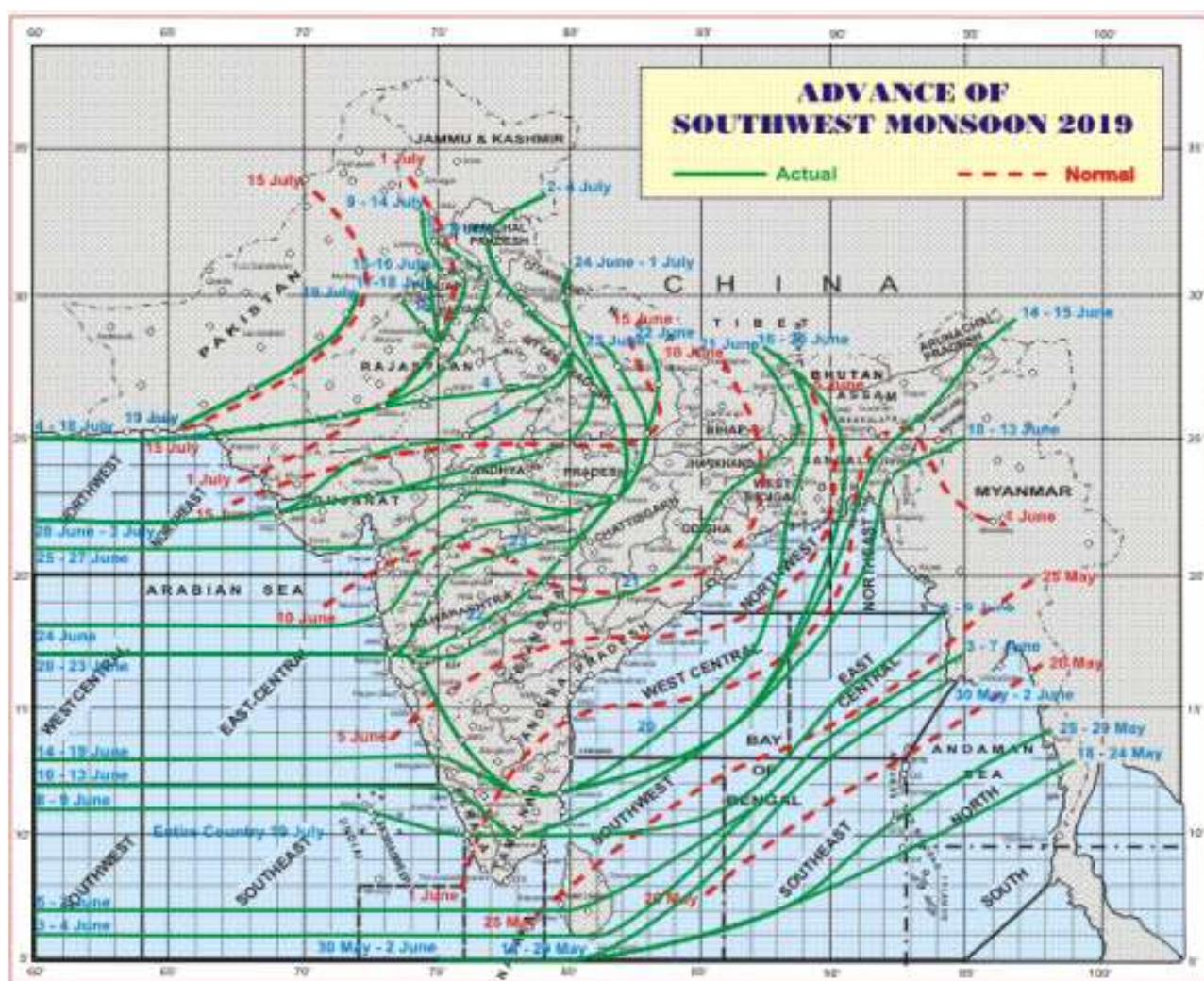
**Outlook - Rapeseed-Mustard (Spot, Jaipur basis):** Poor local demand and ample stocks in the physical market. However, Supplies are less as sellers expect higher prices of Mustard seed in coming days. Higher crop estimates and normal monsoon forecast may curb any major rally in prices.

# Weather Forecast (For Kharif Oilseeds)

## Monsoon 2019-IMD Forecast

Fairly widespread to widespread rainfall with isolated heavy to very heavy falls likely over northeastern states, Scattered to fairly widespread rainfall with isolated heavy falls likely over East & Central India and along west coast. Isolated to Scattered rainfall likely over rest parts of the country, outside Jammu & Kashmir, Himachal Pradesh, West Rajasthan, Andhra Pradesh and Telangana where rainfall is likely to be isolated.

The monsoon trough at mean sea level now pass through Bikaner, Ajmer, Sagar, Pendra Road, Jharsuguda, centre of low-pressure area over north coastal Odisha & adjoining Gangetic West Bengal and thence southeastwards to east central Bay of Bengal.



## Kharif Oilseed Sowing Progress

Kharif Oilseeds Sowing as on 30.08.2019 (In lakh Hectare)						
	Normal Area	Normal area as on date	2019	2018	Change (Y-o-Y)	% change of normal area
Groundnut	42.36	38.83	36.83	39.04	-2.21	86.79
Soybean	111.49	110.96	112.70	111.75	0.95	101.75
Sunflower	1.91	1.31	0.90	1.08	-0.18	47.4
Sesamum	17.25	14.56	12.72	13.54	-0.82	73.8
Niger	2.51	1.20	1.18	0.68	0.50	47.1
Castor	9.69	7.12	6.45	5.06	1.39	66.5
Total Oilseed	185.28	173.99	170.78	171.15	-0.37	92.17

## Soybean

Firm trends are witnessed at most of the soybean trading center due to decreased supplies in the market and improved demand from the local crushers and south based traders. Soybean prices may come under pressure once the supplies will increase in the market.

As per the sources, India's soybean output is seen rising this year, on increase in acreage and copious rains in the key growing regions of Madhya Pradesh, Rajasthan. Soybean production will be higher this year and we expect it to be at least around 14 million tonnes. Farmers in MP and Rajasthan have planted more area while the area has shrunk in Maharashtra. However, last week, SOPA maintained that there was no widespread or excessive damage to the crop from excess rains. The harvesting of the early maturing varieties will begin by September 20-25 and full-scale harvesting will be from October 15.

Announcement of a higher minimum support price (MSP) for MY 2019/20 likely encouraged additional oilseed planting during an extended planting window in anticipation of higher returns, stable yields, and relatively lower crop maintenance compared to cotton. The GOIs MSP announcement claims that farmers receive 1.5 times the production cost of planting a crop.

As per USDA, the latest planting report indicates that kharif groundnut were planted on 3.5 million hectares compared to 3.6 million hectares planted last season. Post estimates that both winter and summer planting of groundnuts will likely be normal. During the current season, an additional 85,000 hectares came from Gujarat, Maharashtra, Tamil Nadu, and Madhya Pradesh, but 42 percent of the net decline reported from Andhra Pradesh, Karnataka, Rajasthan, Odisha, and other states.

As per the sources, recovery of monsoon this season in August has pulled down the prices of agricultural commodities during the past three days on expectations of a recovery in kharif output and favorable climatic condition for the rabi harvest for 2020. Although crop damages have been reported in few areas due to excess rain, which is minimal. However, for rabi crops, including mustard seed, good rain in September (as forecast by weather agencies), would provide better soil moisture for sowing. Besides, there are huge procured stocks of mustard seed with government, and the prices Mustard will remain under pressure.



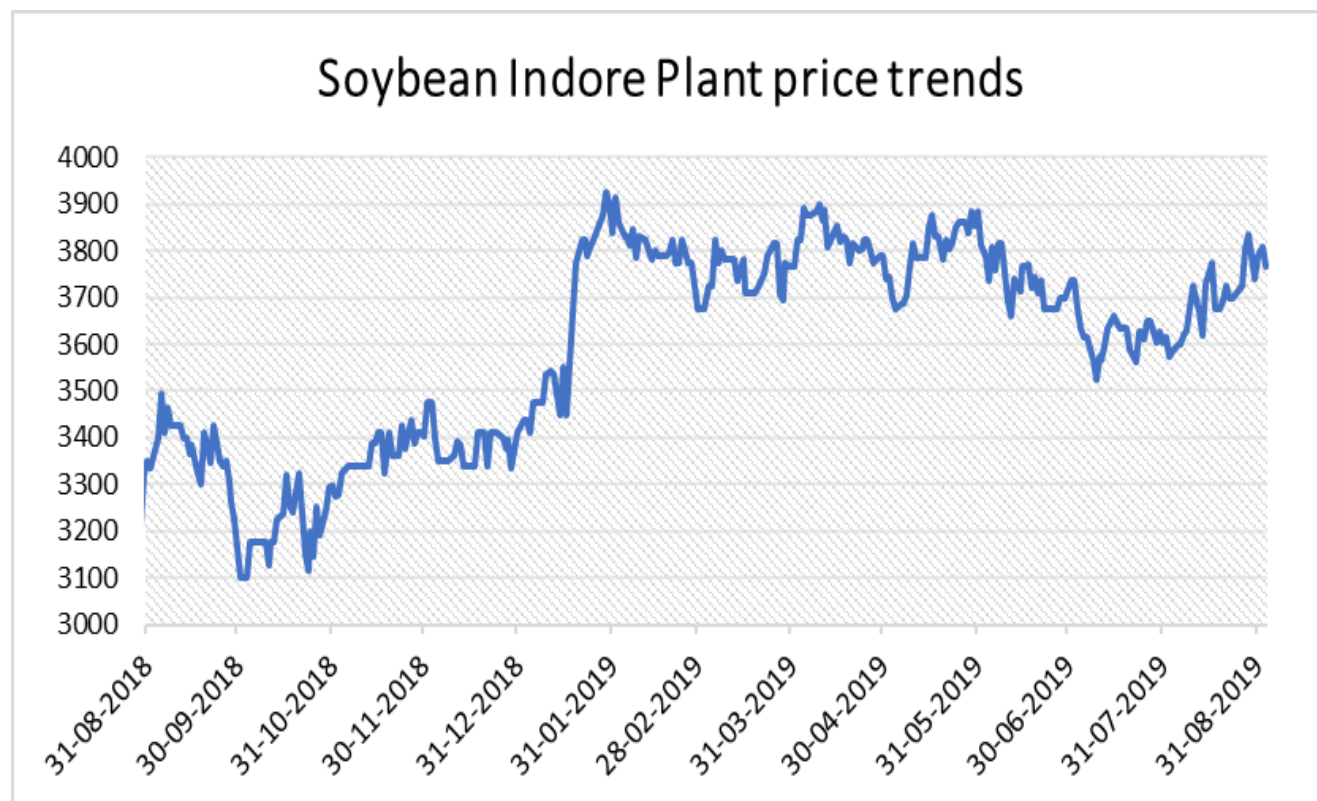
As per the sources, soybean yield is likely to increase in Madhya Pradesh due to sufficient water and use of new varieties of seeds with early maturity has raised hopes for better yields resulting in higher output and negating the impact of crop damage in some regions of the state due to heavy rains. The yields are anticipating to increase between 1300 to 1350kg per hectare as against 1250 kg per hectare in the last season. Over all crop is in very good stage and developing well.

As per Fourth Advance Estimates for 2018-19, total food grain production in the country is estimated at 284.95 million tonnes which is nearly steady compared with 285.01 million tonnes of production for 2017-18, while it is higher by 19.20 million tonnes than the previous five years' (2013-14 to 2017-18) average production of food grain. Total Oilseeds production in the country during 2018-19 is estimated at 32.26 million tonnes which is higher than the production of 31.46 million tonnes during 2017-18. Moreover, the production of oilseeds during 2018-19 is also higher by 2.61 million tonnes than the average oilseeds production.

As per the IMD, Overall monsoon rainfall was normal to excess as on Friday compared with 91% of LPA until July end, the declined in sowing area of all kharif crops has considerably narrowed down. According to the kharif sowing data released by the Agriculture Ministry on Friday, plantings have covered nearly 1,010 lakh hectares (lh), compared with 1,027 lh in the corresponding period last year. There is substantial improvement in oilseeds planting too. The increase was mainly in soybean, which surpassed last year by 1 lh till this week. Good rains in Gujarat also helped increase the acreage of groundnut, even though the overall area under groundnut is still down by 2 per cent

***The domestic soybean prices are likely to notice in steady to weak tone in the coming days.***

### **Soybean Indore price trends:**



**International:**

As per USDA soybean weekly crop progress as on Tuesday, 56% of the crop is good to excellent, up from 55% a week ago.

As per Commodity brokerage INTL FC Stone late Wednesday raised its forecast of the US 2019 soybean yield to 48.3 bushels per acre, from its Aug. 1 figure of 47.2. The US soybean production at 3.661 billion bushels, down from 3.743 billion previously, reflecting a smaller harvested acreage figure from last month.

As per the sources, China's customs said on Thursday that it has allowed imports of soybean meal, rapeseed meal, sunflower meal and sugar beet pulp from Russia. Exporters of these animal feed ingredients must be inspected and approved by Russian authorities and also registered with the Chinese regulator. The trade move came after China approved more soybean, wheat and barley imports from Russia, as a festering Sino-U.S. trade war curbed American agricultural shipments.

As per the sources, the area planted with soybeans in Brazil for 2019/2020 season, which starts this month, will grow by 1.1% to 36.3 million ha, the smallest increase in 13 years, as a global trade war and swine fever in China cloud the outlook for farmers.

Brazilian soybean exports fell by 23% to 7.82 million tonnes in July month and down by 11.4% in the first eight months of the year, compared to the same period of 2018. Due to China's demand for soya, which is used to make animal feed, has fallen as the spread of African swine fever has wiped out millions of hogs in the Asian country.

As per the sources, the soybean cultivation is expected to increase in Argentina because it requires more investment in fertilizers and new seeds each season, which is around 70% more than soya. Estimated farmers would likely to cut the area intended for corn this season by 200,000 hectares. Soybeans would take that area to reach 17.7 million hectares.

As per the sources, Germany's rapeseed harvest will fall 21.9% on the year to about 2.9 million tonnes. A sharp drop had been generally expected because of a big reduction in rapeseed plantings following dry weather in autumn 2018.

China's July soybean imports from the United States jumped three-fold from the previous year and Brazil at 6.42 million tonnes, down 8.9% from last year's 7.04 million tonnes but up 16.8% from 5.498 million tonnes in June. China, brought 911,888 tonnes of oilseed from the United States up from last year's 308,127 tonnes. The figures were also up 48.3% from 614,805 tonnes in June. China's total soybean imports rose in July from the same month last year.

AS per WASDE latest report, U.S. oilseed production for 2019/20 is projected at 111.5 million tons, down 4.5 million tonnes from last month mainly due to a lower soybean production forecast. Soybean production is forecast at 3.68 billion bushels, down by 165 million bushels on lower harvested area. Harvested area is forecast at 75.9 million acres, down by 3.4 million acres from the NASS June Acreage Report led by reductions for Ohio and South Dakota. With lower production partly offset by higher beginning stocks, soybean supplies for 2019/20 are projected at 4.77 billion bushels, down by 3 percent from last month. U.S. soybean exports are reduced 100 million bushels to 1.78 billion bushels reflecting reduced global import demand, mainly for China.

As per WASDE, this month's 2019/20 global oilseed supply and demand forecasts include lower production, trade, and stocks compared to last month. Lower soybean, rapeseed, and peanut production are partly offset by higher sunflower seed output. Rapeseed production is lowered for the EU mainly on a lower area and yield for France. India's soybean and peanut harvested area is reduced due to slow planting progress to date. Ukraine's sunflower seed production is forecast higher, as timely rainfall in late July and early August boosted yield prospects. Global 2019/20 oilseed exports are reduced by 3.0 million tons mainly on a 2-million-ton reduction to soybean trade. China's soybean imports are lowered by 2 million tons to 85 million reflecting lower soybean meal crush in 2019/20. With crush also lowered in 2018/19, China's protein meal consumption growth is forecasted flat in 2019/20. Global 2019/20 soybean ending stocks are lower relative to last month due to lower stocks in the United States and China.

As per the sources, (16-Aug-22-Aug-2019) US sold 95,200 MT for 2018/2019 resulting in increases for China (76,700 MT, including 70,000 MT switched from unknown destinations and decreases of 800 MT), Japan (59,200 MT, including 18,800 MT switched from unknown destinations and decreases of 600 MT), South Korea (56,800 MT, including 63,000 MT switched from unknown destinations and decreases of 6,200 MT), Taiwan (39,900 MT, including decreases of 400 MT), Thailand (4,600 MT, including decreases of 100 MT), were partially offset by reductions for unknown destinations (157,700 MT). For 2019/2020, net sales of 353,100 MT were primarily for unknown destinations (136,200 MT), Mexico (123,000 MT), Egypt (50,000 MT), Malaysia (17,000 MT), and Taiwan (11,000 MT). Exports of 873,300 MT were down 26 percent from the previous week and 15 percent from the prior 4-week average. The destinations were primarily to China (544,700 MT), Mexico (73,000 MT), South Korea (56,900 MT), Egypt (53,600 MT), and Japan (52,400 MT)

As per the sources, U.S. President Donald Trump's announcement of further tariffs on another \$300 billion of Chinese imports last week, China's government on Aug. 5 announced that Chinese companies will stop buying U.S. agricultural products. The United States traditionally has been China's biggest supplier of soybeans. In recent months, China has bought only a fraction of the soybeans it typically buys from the United States, and the Aug. 5 announcement seemed to indicate the potential for a complete boycott of U.S. soybeans as well as other grains and oilseeds.

As per the sources, China's largest grain, oilseeds and food company, COFCO International plans to increase investment in Brazilian soybean production, which would buy 5% more soybeans each year from Brazil over the next five years and would finance the expansion of more than 60 million acres of soybean production in Brazil. COFCO last year exported from Brazil to China more than 13 million metric tons of grain and soybeans.

As per the sources, Brazil could see record soya harvests in the 2019-20 season dependent on good weather, and is expected to expand the soybean planted area by 2% to 36.8 million hectares in the upcoming season. That could result in production of 125 million to 126 million tonnes of the oilseeds, compared with 116.76 million tonnes during this year's harvest, which was affected by drought. It would also allow Brazil to overtake the United States as the world's top soya producer. Brazil to export 78 million tonnes of soya during the 2019-20 cycle, compared with 71.7 million tonnes in the 2018-19 harvest.



## 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

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Firm trends are featured in Soymeal complex on improved demand from the local crushers and south based traders. Lower overseas demand and ample stocks availability in the market are affecting the sentiments. Weak trends are in International soymeal prices also affecting the sentiments.

As per the Solvent Extractors' Association of India the export of oilmeals during August 2019 is provisionally reported at 98,871 tons compared to 359,752 tons in August, 2018 i.e. down by 73%. The overall export of oilmeals during April-Aug., 2019 is reported at 1,016,682 tons compared to 1,326,626 tons in April-Aug., 2018 i.e. down by 23%. This is mainly due to higher price of domestic produce soybean meal. This make the domestic oilmeal expensive in international market compare to other origins. The export of castor seed meal has increased to 247,820(188,040) tons, mainly exported to South Korea.

During April-August 2019 Vietnam imported 147,869 tons of oilmeals (compared to 265,699 tons); consisting of 2,411 tons of soybean meal, 88,087 tons of rapeseed meal and 53,929 tons of De-oiled Rice Bran Extraction. South Korea imported 398,048 tons of oilmeals (compared to 431,084 tons); consisting 18,367 tons of soybean meal, 184,512 tons of rapeseed meal and 195,169 tons of castor seed meal. Thailand imported 118,178 tons of oilmeals (compared to 135,229 tons) consisting 97,229 tons of rapeseed meal, 17,581 tons of Rice Bran Extractions and 3,368 tons of soybean meal.

The export from Kandla is reported at 399,127 tons (39%), followed by Mundra handled 322,915 tons (32%), and Mumbai including JNPT handled 77,981 tons (8%) and Kolkata handled 78,073 tons (8%) and Others Ports handled 138,586 tons (14%).

As per USDA release data, soybean meal exports slid in the last four months and are likely to stay subdued through September 2019 due to poor overseas demand and uncompetitive pricing. However, Indian soymeal may appeal to those who are willing to pay a more for the non-genetically modified tag and shorter transit time. The export basket will include 2 MMT of soymeal, a little less than 1 MMT of rapeseed meal, and some quantity of groundnut meal. During the first 10 months of MY 2018/19, total oil meal exports (including surface transport) have risen eight percent to 2.3 MMT.

As per USDA, The July 2019 FOB quote for India soybean meal is \$440/MT as against \$330/MT (average) quoted by international suppliers in the United States and Brazil. Between the two, U.S. soymeal is selling at an eight percent premium. Estimated soymeal exports to reach 1.7 MMT, which is 0.2 MMT less than originally forecast in April 2019. Poor soybean export sales will weigh on total oilmeal exports and therefore estimate has revised down total oilmeal exports for MY 2018/19 to 2.6 MMT against its April 2019 annual forecast of 2.9 MMT.

During the week (Aug 16 -Aug 22, 2019) US sold 52,600 MT for 2018-19, resulting in increases for Vietnam (48,000 MT, switched from unknown destinations), Mexico (22,700 MT), the Philippines (7,500 MT), Jamaica (6,600 MT), and Guatemala (6,300 MT, including 5,500 MT switched from Honduras, 3,000 MT switched from El Salvador, 600 MT switched from Panama, and decreases of 200 MT), were partially offset by reductions for unknown destinations (49,500 MT) and Honduras (11,900 MT). For 2019/2020, net sales of 245,400 MT were primarily for the Philippines (90,600 MT), unknown destinations (61,500 MT), Ecuador (30,000 MT), Guatemala (24,400 MT), and Canada (13,400 MT). Exports of 295,300 MT were up noticeably from the previous week and up 59 percent from the prior 4-week average. The destinations were primarily to the Philippines (96,500 MT), Mexico (41,700 MT), Colombia (39,000 MT), Guatemala (29,900 MT), and Dominican Republic (26,800 MT).

As per NOPA, U.S. soybean crushing likely declined for a third straight month in June by 154 million bushels. Crush forecasts for June ranged from 147.937 million to 164.500 million bushels, with a median estimate of 152.200 million bushels which is less from the May crush of 154.796 million bushels and a crush of 159.228 million bushels in June 2018.

Indian Soymeal premium quoted higher side by \$126 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 month and prices is expected to decline in near future.***

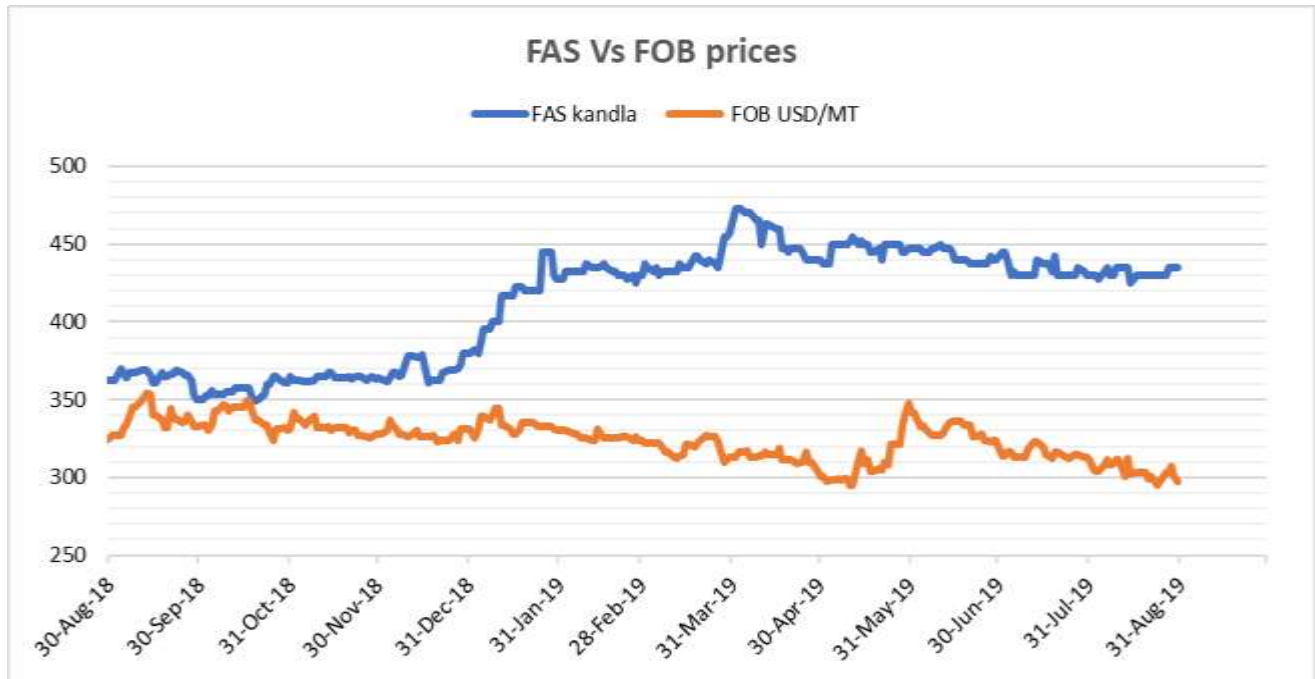
## Soy Meal Export (In Thousand Tons)

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
<b>Oct</b>	405	224	50	183	29	4	31	71	150
<b>Nov</b>	443	398	517	503	111	9	98	208	186
<b>Dec</b>	611	798	511	451	194	6	241	169	170
<b>Jan</b>	575	475	620	364	104	28	155	106	86
<b>Feb</b>	540	344	578	184	65	30	208	74	132
<b>Mar</b>	411	460	302	232	47	27	107	39	193
<b>Apr</b>	305	314	100	76	18	12	124	68	40
<b>May</b>	177	143	98	8	14	10	49	41	53
<b>Jun</b>	118	181	214	3	2	18	46	104	18
<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	

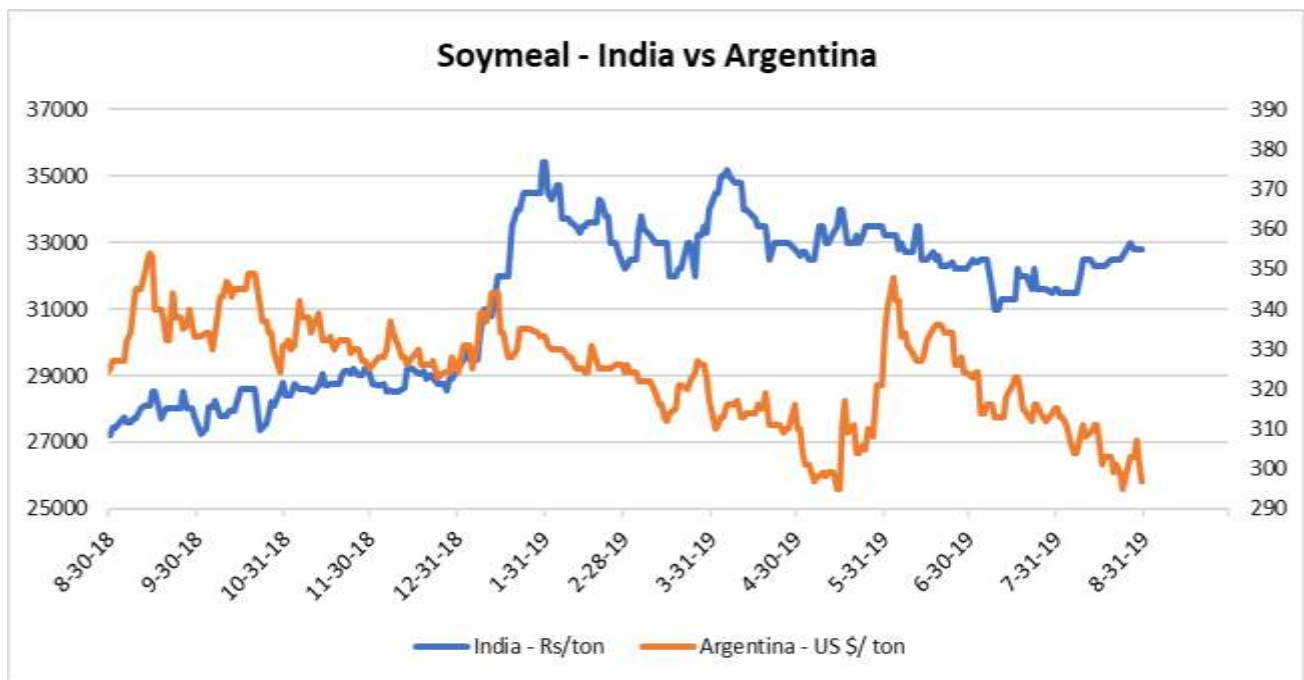
Source: SEA

## Soymeal prices:

### FAS SBM, Kandla Vs FOB SBM, Argentina – (US \$/tonne):



### Soymeal India vs Argentina:



## 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 –Sept): **Sell-Below- 3750** Levels: Target –T1 3650; T2- 3550, SL –above 3810.
- In Reverse case, traders can start buying on above 3680 and can add on positions on every 20 points above.

## Support & Resistance NCDEX Soybean Sept. contract

Sept contract as on 5 <sup>th</sup> Sept				
S1	S2	PCP	R1	R2
3440	3500	3743	3850	3920
Oct contract as on 5 <sup>th</sup> Sept				
S1	S2	PCP	R1	R2
3370	3460	3581	3670	3750



## Rapeseed - Mustard Seed

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RM seed prices showed firm trends due to improved demand in the market. Average mustard seed prices can get support at 4000/qtl in Jaipur market. At the end of week, mustard closed higher at 4195 per quintal against 4175 per quintal last week at the benchmark, Jaipur.

As per Mustard Oil Producers Association of India mills crushed 575,000 tn mustard seed in August, up 15% on year, around 10% higher than 525,000 tn mustard crushed in July. A rise in demand for mustard meal from exporters and a pick-up in purchases by oil millers led to higher crushing. Farmers brought 515,000 tn mustard to markets in August, lower than 685,000 tn in the year-ago period. In Rajasthan, the top producer, total supply of mustard seed was 190,000 tn in August, in Uttar Pradesh 85,000 tn, and in Madhya Pradesh 60,000 tn. Stock with farmers, processors, stockists and state-run agencies were at 3.8 mln tn in August, compared with 2.6 mln tn in the yearago period. The association has estimated mustard output in the country at 8.1 mln tn in 2018-19, up from 7.1 mln tn in the previous year. However, this is lower than 9.3 mln tn, which is what the farm ministry forecast in its fourth advance estimate.

Rapeseed meal exports grew this year due to improved demand from South Korea, Thailand, and Vietnam. Post expects that by September 2019, India will be able to sell a little less than 1 MMT. Currently, it is quoted at \$220/MT (July, FOB Indian port) and is very competitive compared to \$225/MT (July, FOB Hamburg) quoted by international suppliers.

As per Fourth advanced estimates of government, It estimates Mustard seed output at 9.39 lakh tonnes for 2018/19 higher by 9.09 lakh tonnes from 84.3 lakh tonnes in 2017/18. It estimates groundnut crop size at 66.95 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.

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 weak tone on declined demand.**

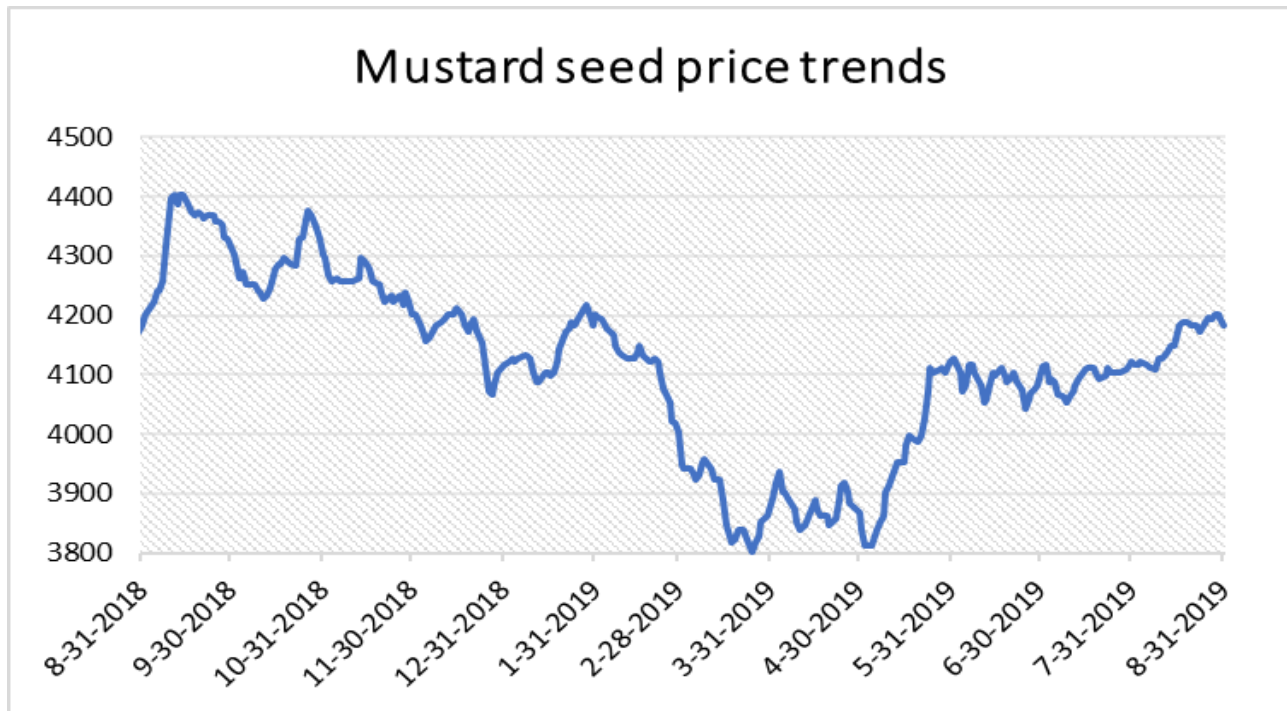
## Balance Sheet – Rapeseed-Mustard Seed, India

(Fig in MnT)

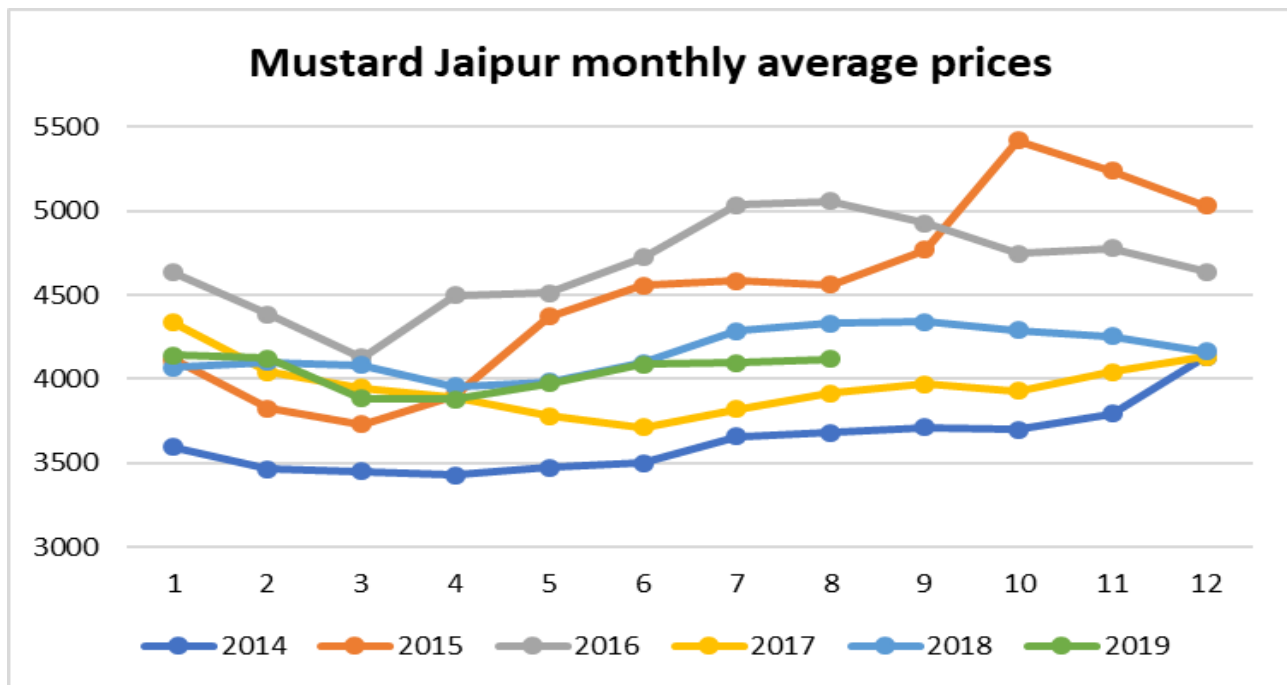
Rapeseed-Mustard (Fig in Mn T) MY-Feb.-Jan.	2018-19	2019-20	Feb-Apr	May-Jul	Aug-Oct	Nov-Jan
Carry In	0.10	0.15	0.15	4.10	2.13	1.14
Production	7.10	7.90	7.90	0.00	0.00	0.00
Imports	0.00	0.00	0.00	0.00	0.00	0.00
Total Availability	7.20	8.05	8.05	4.10	2.13	1.14
Processing/Crushing	6.75	7.30	3.90	1.93	0.89	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)

**Mustard seed price trends of Jaipur:**



**Mustard Monthly average price trends of Jaipur:**



**Technical Analysis:**

**NCDEX RM Seed Futures Daily C1 Chart**



**RM Seed Spot, Jaipur Weekly Chart**



- The Candlestick depicts weakness in the market on sellers' interests.
- MACD has been in the negative zone and RSI is at oversold zone.
- Trade Recommendation (NCDEX Soybean –Sept):
- **Buy- Below- 3870** Levels: Target –T1 3950; T2- 4020, SL –above 3840.
- In Reverse case, traders can start selling on above 3900 and can add on positions on every 20 points below.

**Support & Resistance NCDEX RM Seed – Sept contract as on 5<sup>th</sup> Sept**

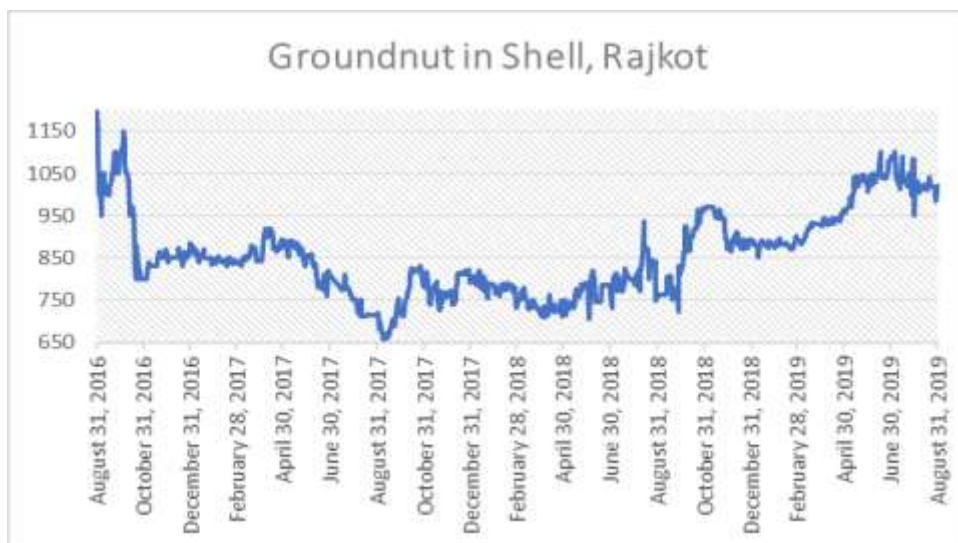
S1	S2	PCP	R1	R2
3740	3800	3888	4060	4120

**Support & Resistance NCDEX RM Seed – Oct contract as on 5<sup>th</sup> Sept**

S1	S2	PCP	R1	R2
3800	3870	3967	4050	4150

## Groundnut

Groundnut in Shell auction prices at Rajkot APMC fetched between INR 4628 and 5000 per quintal and likely to decrease in the entire month. Groundnut prices on monthly basis is rising on lower crop estimates. 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:** Bumper groundnut crop is not expecting in Gujarat and Andhra Pradesh, due to prolonged dry spell and the significant rainfall in last fortnight in groundnut growing regions, which is too late and worried about pest attack and yield will be less, still have to wait for 3-4 rounds of rains. NAFED has started to sale its groundnut stocks of 2017 & 2018 season in the market at MSP price.

### Fundamentals:

As per recent released data by GOI, Total groundnut kharif sowing area all over the country is 36.03 lakh ha. as on 23<sup>th</sup> Aug 2019 lower by 1.53 lakh ha. from 37.55 lakh ha. in previous year during the same period.

Farmers have sown 4.15 lakh ha, in Andhra Pradesh lower against 5.08 lakh ha. previous year, 15.36 lakh ha. in Gujarat lower against 14.67 lakh ha. previous year, 3.04 lakh ha. in Karnataka lower against 3.39 lakh ha. previous year, 1.47 lakh ha. in Tamil nadu against 1.36 lakh ha. previous year, 1.12 lakh ha. in Uttar Pradesh against 1.09 lakh ha. previous year, 2.11 lakh ha. In Madhya Pradesh against 2.28 lakh ha. previous year, 1.88 lakh ha. In Maharashtra against 1.82 lakh ha. previous year, 5.34 lakh ha in Rajasthan lower against 6.07 lakh ha, 0.05 lakh ha. in other parts of India higher against 0.01 lakh ha. Lower sowing area reported in few states compared to the previous year record due to late monsoon activity.

As per 4th advanced estimates, ministry estimates lower Indian groundnut crop (Kharif and Rabi) at 66.95 lakh tonnes for 2018/19 season against 92.53 lakh tonnes in 2017/18. Kharif groundnut crop size during 2018-19 is estimated at 53.63 lakh tonnes which is 22.32 lakh tonnes lower than 75.95 lakh tonnes in 2017-18. Less rainfall at initial stage of crop and lower acreage are the main reason to cut output of Groundnut.

AS per SEA of India latest report the exports of Groundnut meal in July 2019 is 199MT, and total 290MT from April -July, 2019 had been exported which is less compared to 3210MT from April-July, 2018.



As on 3 Sept, 2019 Nafed sold total of 50MT of K-17 and 1065MT of K-18 holdings. It disposed total of 10.26 lakh tonnes of groundnut K-17 and holds remaining balance at 0.18 lakh tonnes. It disposed total 4.60 lakh tonnes of groundnut K-18 and holds remaining balance at 2.54 lakh tonnes till date.

As on 15<sup>th</sup> June 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

Agricultural minister of Andhra Pradesh announced price subvention scheme of Rs.1500/qt to benefit Groundnut farmers in addition to the current market price of Rs.5000/qt to Rs.6500/qt on July 8<sup>th</sup> as Rythu Dinotsavam (farmers day).

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.

## 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	42.3
May	55.2	38.6	41.3	19.1	39.6	43.1
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

## Oil meals price sheet:

Soy DOC Rates at Different Centers			
Centres	Ex-factory rates (Rs/ton)		
	31-Aug-19	31-Jul-19	Parity To
Indore - 45%, Jute Bag	31200	30000	Gujarat, MP
Kota - 45%, PP Bag	32400	30000	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna - 45%, PP Bag	34000	31700	Mumbai, Maharashtra
Nagpur - 45%, PP Bag	33300	31500	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	33800	32500	Andhra, AP, Kar, TN
Latur	34300	32800	-
Sangli	33000	32000	Local and South
Solapur	33400	32800	Local and South
Akola – 45%, PP Bag	31800	30800	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Hingoli	34000	32800	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Bundi	32200	29800	-

Soy DOC at Ports			
Centers	Port Price		
	30-Aug-19	30-Jul-19	Change
Kandla (FOR) (INR/MT)	32700	31600	1100
Kandla (FAS) (USD/MT)	440	430	10
CNF Indonesia – Yellow SBM (USD/MT)	455	445	10

Rapeseed Meal	30-Aug-19	30-Jul-19	Change
FAS Kandla (USD/MT)	218	218	Unch
FOR Kandla (Rs/MT)	15700	15200	500
FOR Mundra (Rs/MT)	16100	15600	500
CNF Indonesia (USD/MT)	237	240	-3

International Soy DOC			
Argentina FOB USD/MT	30-Aug-19	30-Jul-19	Change
Soybean Pellets	300	312	-12
Soybean Cake Flour	300	312	-12
Soya Meal	297	313	-16
Soy Expellers	297	313	-16

<b>Sunflower (DOC) Rates</b>	<b>Ex-factory rates (Rs/ton)</b>		
<b>Centers</b>	<b>31-Aug-19</b>	<b>31-Jul-19</b>	<b>Change</b>
Adoni	24700	24500	200
Khamgaon	0	0	Unch
Parli	0	0	Unch
Latur	0	0	Unch

<b>Groundnut Meal (Rs/MT)</b>	<b>31-Aug-19</b>	<b>31-Jul-19</b>	<b>Change</b>
Basis 45%, Saurashtra	28000	25000	3000
Basis 40%, Saurashtra	26000	23000	3000
GN Cake, Gondal	28000	26000	2000

<b>Mustard DOC</b>	<b>31-Aug-19</b>	<b>31-Jul-19</b>	<b>Change</b>
Jaipur (Plant delivery)	15300	14600	700
Kandla (FOR Rs/MT)	15600	15100	500

<b>Mumbai Oil Meal Quotes:</b>			
<b>Rs/M.T.</b>	<b>31-Aug-19</b>	<b>31-Jul-19</b>	<b>Change</b>
G.N. Extr (45%)	28000	25000	3000
Kardi Extr	0	0	Unch
Undec Cottonseed Exp	33800	34000	-200
Rice Bran Extr.	0	0	Unch
Sunflower Extr.	23000	24000	-1000
Rapeseed Extr.	0	0	Unch
Soymeal 48%	32557	31304	1253
Castor Extr.	7000	7150	-150

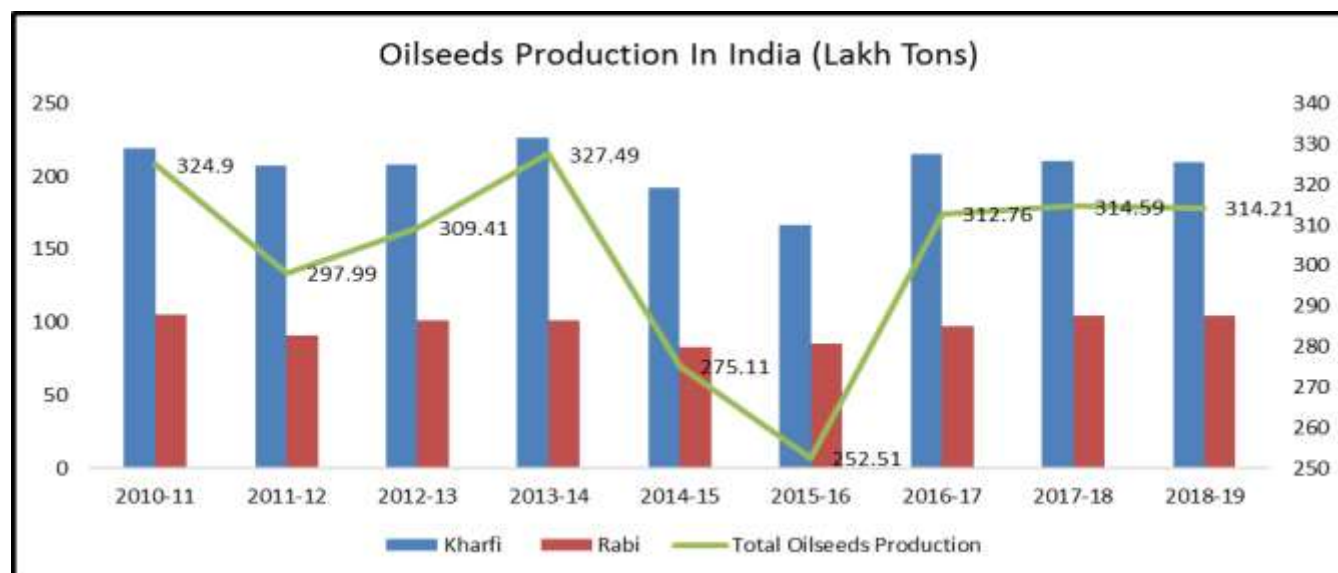
## India's Total Oilseeds Production Seen at 322 Lakh Tons in 4<sup>th</sup> Adv. Est. - GOI (Kharif + Rabi + Summer)

The 4<sup>th</sup> Advance Estimates of production of major crops for 2018-19 have been released on 19<sup>th</sup> Aug, 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 higher by 7.98 lakh tonnes to 322.57 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 – 322.57 Lakh tonnes

- Soybean – 137.86 Lakh Tons
- Groundnut – 66.95 Lakh Tons
- Rapeseed – 93.39 Lakh Tons
- Castorseed – 12.15 Lakh Tons
- Sesame/Sesamum/Gingelly/Til – 7.55 Lakh Tons
- Nigerseed – 0.65 Lakh Tons
- Sunflower – 2.19 Lakh tons
- Linseed - 1.59 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)

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

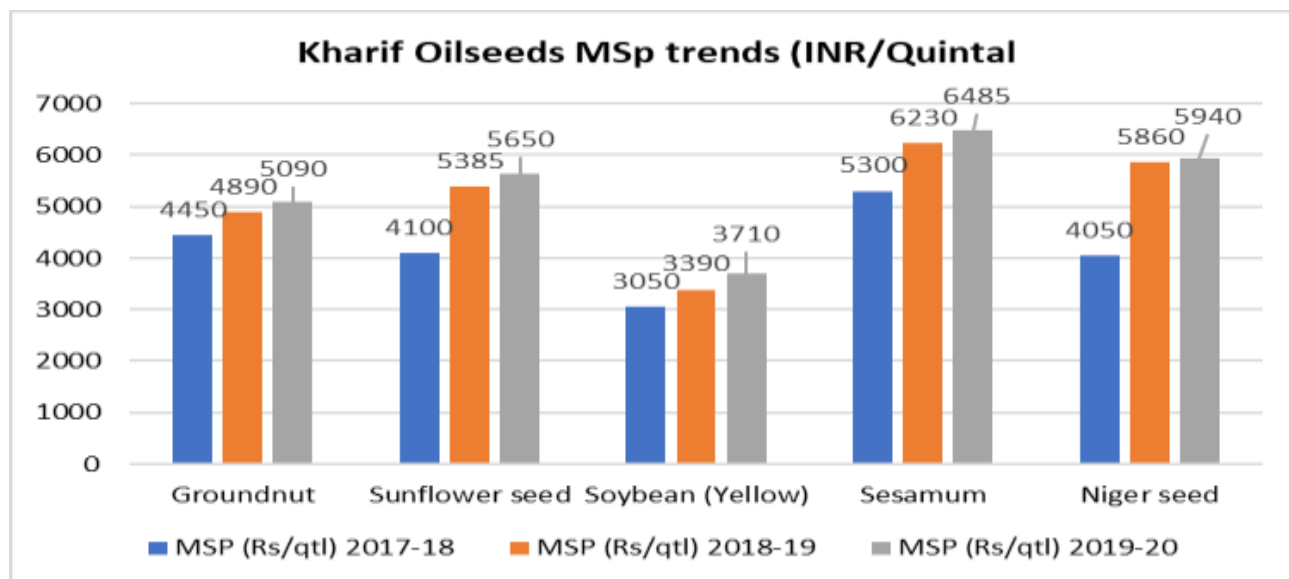
Source: Ministry of Agriculture.

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

## MSP for 2019/20 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 2019-20 season, the MSPs of all the Kharif oilseeds are raised for this season. The MSP of Yellow Soybean is increased by Rs.311 from Rs.3399/qt in 2018-19 to Rs.3710/qt in 2019-20, Groundnut is increased by Rs.200 from Rs.4890/qt in 2018-19 to Rs.5090/qt in 2019-20, Sunflower is increased by Rs.262 from Rs.5388/qt in 2018-19 to Rs.5650/qt in 2019-20, Sesamum is increased by Rs.236/qt from Rs.6249/qt in 2018-19 to Rs.6485/qt in 2019-20, Niger seed is increased by Rs.63 from Rs.5877/qt in 2018-19 to Rs.5940/qt in 2019-20.





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.

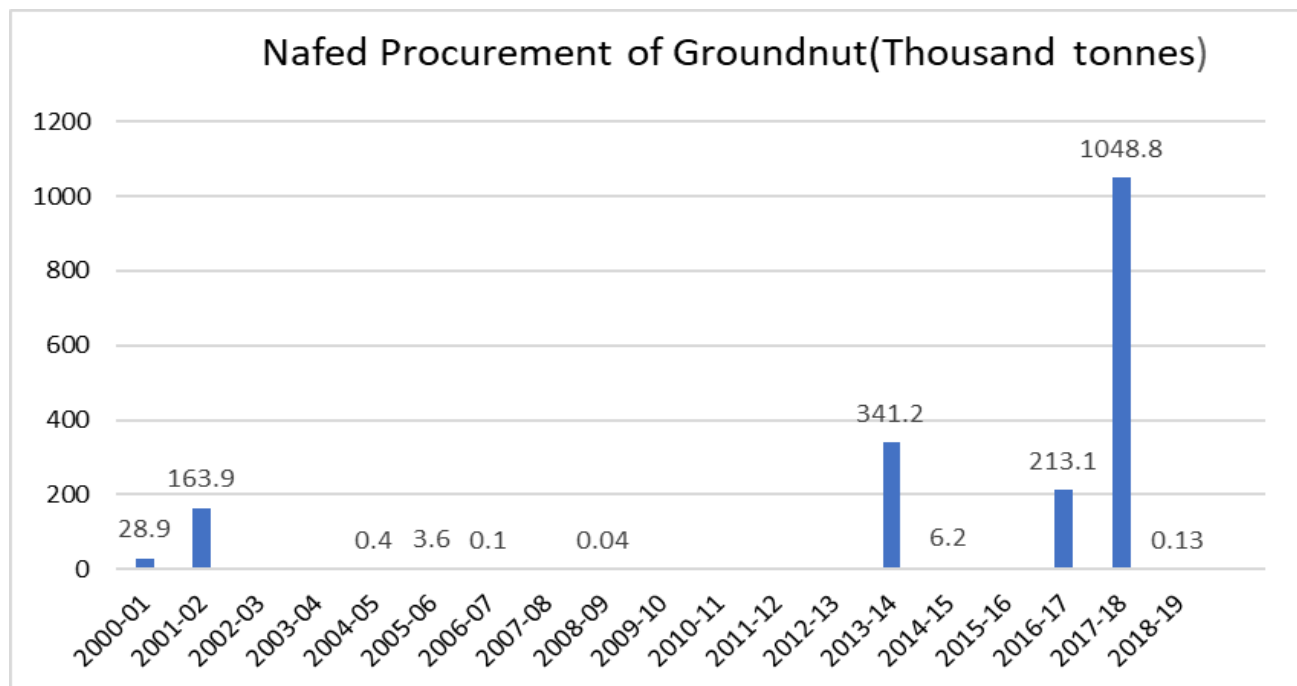
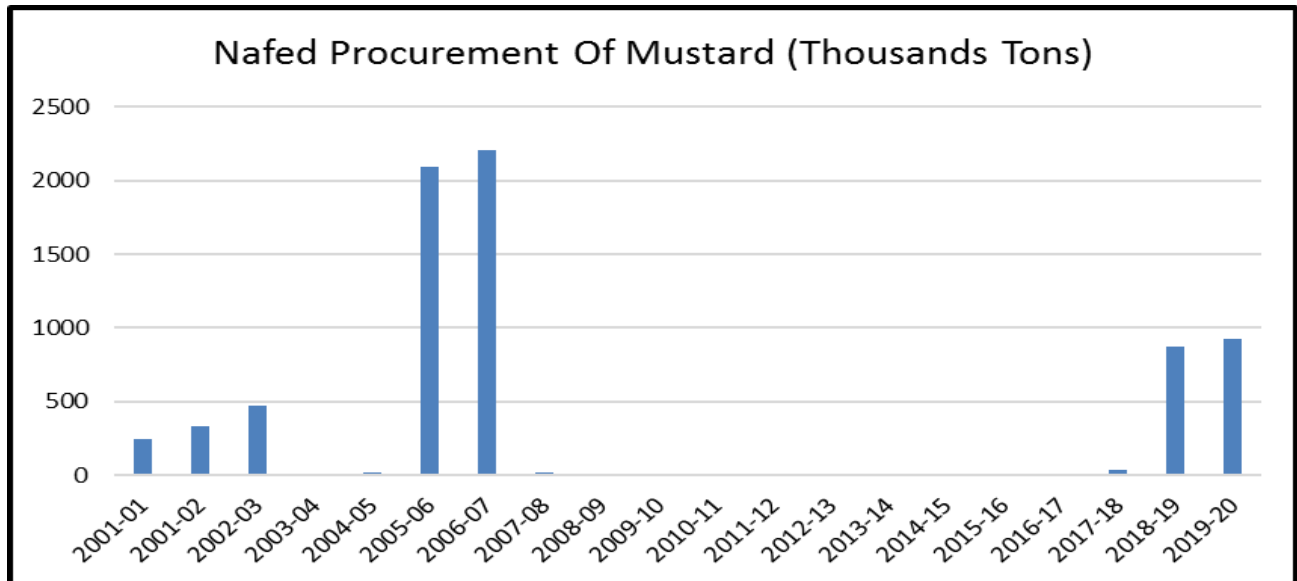
## India's Kharif Oilseeds Production 2018-19 3<sup>rd</sup> Advanced Estimates

The 3<sup>rd</sup> Advance Estimates of production of major crops for 2018-19 have been released on 6<sup>th</sup> 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

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