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# Oilmeals Monthly Research Report

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## Executive Summary

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The domestic soybean continued weak trend on dull demand from the crushers/millers mainly on slack in soymeal demand.

However, rapeseed-mustard rallied on strong buying support from crushers/millers, stockists to cover their stocks. While Nafed too is actively procuring the RM seed from the major producing states under Price Support Scheme – PSS.

Besides, the soymeal too fell on poor demand from poultry sector. Poultry consumption is severely hit due to coronavirus pandemic. We expect it to gradually revive with the easing of lockdown and subsiding fear of the virus.

Minimum Support Prices of all the major Kharif oilseeds Soybean, Groundnut, Sunflower seed, Sesamum and Nigerseed are adequately raised for 2020-21 marketing year by the cabinet committee of economic affairs, chaired by the Prime Minister.

Monsoon has hit Kerala and southern parts of India on June 01, 2020, on time, and it is expected to be normal this year.

The Kharif oilseeds planting is expected to be normal this year with normal forecast of the seasonal rains and the area under groundnut cultivation is expected to rise on better realization to farmers last season.

Soybean is likely to remain under pressure with ongoing weak demand in soymeal. The poultry demand is expected to improve with the relaxation in lockdown, currently the COVID cases are rapidly increasing in India.

However, rapeseed-mustard prices will continue feature firm tone on good buying support from solvent extractors and stockists, in near-term.

Weak demand from poultry sector will continue to weigh on the soymeal prices in near-term.

## Outlook – Cash Market

**Outlook - Soybean (Spot, Nagpur):** The soybean prices will continue to feature range-bound movement with weak bias, decline in crushing with fall in soymeal demand and forecast of good monsoon this season will continue to weigh on the bean prices. **Relaxation in lockdown has raised the hope of fresh demand from crushers in coming days, though.** Trade in the benchmark market, Indore have started happening. The prices (Indore, Plant basis) is expected to feature range bound movement between the price bands of 4000 – 4100 level.

**Outlook – Soy meal:** Weak demand from poultry sector and poor overseas demand with expectation of higher stock during the season will continue pressuring the domestic soymeal. Soymeal prices are likely to witness range-bound movement with weak bias on slack in demand from poultry sector. Coronavirus pandemic has led to the decline in poultry consumption in last couple of months and thus meal demand is badly affected during the period meal. Indian meal exporters are advised to explore new markets aggressively and try to regain the lost markets especially traditional South and Far-East Asian destinations including Japan in the coming days. The domestic meal prices are likely to remain under supply pressure and feature range bound movement in near-term. **Relaxation in lockdown has raised the hope of fresh demand from poultry sector in coming days, though** Soy meal, Indore is expected to be in the range of 32,000 – 33,000 /MT levels during the month.

**Outlook - Rapeseed-Mustard (Spot, Jaipur basis):** The rapeseed-mustard is expected feature gains on strong buying support by the solvent extractors. The new crop arrivals are at the good pace and the solvent extractors and stockists are covering their stock. The seed prices are likely to feature gains and witness the levels between 4850 – 4950/Qtl; levels during the month.

## International Highlights

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- ❖ In the weekly USDA crop progress report released on 08 June 2020; The US Soybeans planting is reported at 86% up from 54% same period last year and 79% from 5 year average.
- ❖ Soybean emerged is reported at 67% up from 30% same period last year and 61% from 5 year average. About 60% of the crop is under good condition, 10% at excellent condition and 26% at fair condition.
- ❖ Ukraine's APK-Inform agriculture consultancy has raised its forecast for Ukraine's sunflower seed output in 2020 to 16.0 – 16.2 million tonnes from its previous forecast of 15.5 million tonnes.
- ❖ Precipitation in the month of May is the reason cited for the increase. Ukraine's sunseed production was estimated at 15.45 million tonnes in 2019.
- ❖ Brazil's May soybean shipments jumped 45% on the year and touched 15.5 million tonnes, the second-highest monthly soy exports ever, in the latest foreign trade department data released on June 1.
- ❖ Of which a huge 74% (49 million tonnes) of this volume was bound for China, which is 40% jump from a year ago, as Chinese crushers opted more competitively priced Brazilian beans over US origin soybeans supply, this is despite the US-China Phase 1 trade deal signed in January.
- ❖ The sector analysts have forecast Brazilian soybeans output for 2019-20 to hit a record high average of 122 - 125 million tonnes.
- ❖ Market participants, projected Brazil's 2019-2020 soybean exports to rise as high as 78 million tonnes due to the pandemic-fueled Chinese buying spree and the weak real.
- ❖ Argentina's soybean harvest is nearing completion with 98.6% of the planted area. The soybean yield is estimated an average of 2.96 tonnes per hectare and the country's soybean production is pegged at 49.5 million tonnes, said the Buenos Aires Grains Exchange.
- ❖ World crushings of soybeans fall short of expectations. Oil World's new estimate of 304.7 Mn T is 1.9 Mn T below a month earlier and up only slightly by 1.3% from last season's reduced level.
- ❖ US soybean crush declined 5.3% from its all-time record during April'20 but still topped market expectation for the 5th month in a row, reported by National Oilseed Processors Association (NOPA) in its May'20 report.

- ❖ US soymeal shipments in April fell to 890,931 tons, from 973,741 tons in March. In April 2019, soymeal exports were 763,203 tons, according to NOPA.
- ❖ In the May'20 WASDE report by USDA, the US 2020/21 soybean area is projected at 83.5 million acres compared to 76.1 million acres in 2019/20. US soybean yield for 2020/21 is projected at 49.8 bushels per acre vs 47.4 bushels per estimated in 2019/20 and the total US soybean production is pegged at 4125 million bushels (112.26 MnT) compared to 3557 million bushels (96.79 Mn T) estimated in 2019/20.
- ❖ COFCO has stated that China is likely to speed up the purchased of US farm goods and will implement the phase 1 trade deal with US.
- ❖ China's soybean imports in 2019/20 are expected at 87.50 million tonnes of which 13.7 million tonnes are expected to come from the United States.
- ❖ Brazilian soybean exports to China in 2019/20 are expected to be 63.73 million tonnes.
- ❖ The Buenos Aires Grains Exchange in the report, has forecasted Argentina's 2091/20 soybean production at 49.5 million tonnes.
- ❖ Conab has reported that in April, Brazil is likely to grow 1.72% lower soybean at 122.06 million tons in 2019-20 (crop year September-August) from its March month estimates i.e. 124.20 however 6.13% higher from last year record due to supportive weather condition. Soya yield is likely to stay lower at 3313 KG/ Ha. against 3373 Kg/Ha. in March month forecast however higher from 3206 Kg/Ha. in last year. Planting area is estimated 0.05% higher to 36.84 million ha against 36.80 million Ha. in March month and 2.70% higher from 35.87 million Ha. in 2018-19.

## IMD Monsoon Forecast and Current Rainfall Status

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In the IMD's Operational 1st stage Long Range forecast Summary for the 2020:

- Southwest monsoon seasonal (June to September) rainfall over the country as a whole is likely to be normal (96-104%).
- Quantitatively, the monsoon seasonal (June to September) rainfall is likely to be 100% of the Long Period Average (LPA) with a model error of  $\pm 5\%$ . The LPA of the season rainfall over the country as a whole for the period 1961-2010 is 88 cm.
- Neutral El Nino Southern Oscillation (ENSO) conditions are prevailing over the Pacific Ocean and Neutral Indian Ocean Dipole (IOD) conditions are prevailing over the Indian Ocean. Some climate model forecasts indicate these conditions are likely to persist during the ensuing monsoon season. However, a few other global climate models indicate possibility of development of weak La Nina conditions over the Pacific Ocean during the second half of the season.
- As sea surface temperature (SST) conditions over the Pacific and Indian Oceans are known to have strong influence on Indian monsoon, IMD is carefully monitoring the evolution of sea surface conditions over the Pacific and the Indian oceans.
- IMD will issue the updated forecasts in the last week of May/ first week of June 2020 as a part of the second stage forecast. Along with the updated forecast, separate forecasts for the monthly (July and August) rainfall over the country as a whole and seasonal (June-September) rainfall over the four broad geographical regions of India will also be issued.
- If the forecast turns out to be correct, the event should prove beneficial for the *kharif* oilseeds as they are rain-fed.

## Sown Area – *Rabi* Oilseeds, India

In the final official Rabi oilseeds planting report, by the Ministry of Agriculture, the total coverage area under Rabi oilseeds is reported at 80.3 lakh hectares, slightly down 0.1% from 80.37 lakh ha in the corresponding period of last year. Of the major oilseeds, rapeseed-mustard sowing is reported down by 0.4% at 69.51 lha compared to 69.76 lha during the corresponding period of last year. Groundnut at 4.76 lha vs 4.59 lha, safflower at 0.63 lha vs 0.43 lha, sunflower at 1.04 lha vs 1.13 lha, sesamum 0.56 vs 0.71 and Linseed at 3.46 lha vs 3.44 lha during the same period last year.

Area in Lakh Hectares

<b>Crop</b>	<b>Normal Area (5 Year Avg.)</b>	<b>2019-20</b>	<b>2018-19</b>	<b>% Change</b>
Rapeseed/Mustard	60.48	69.51	69.76	<b>-0.4</b>
Groundnut	7.76	4.76	4.59	<b>3.7</b>
Safflower	1.41	0.63	0.43	<b>46.5</b>
Sunflower	2.96	1.04	1.13	<b>-8.0</b>
Sesamum	3.12	0.56	0.71	<b>-21.1</b>
Linseed	2.99	3.46	3.44	<b>0.6</b>
Others	0.14	0.34	0.31	<b>9.7</b>
<b>Total Oilseeds</b>	<b>78.86</b>	<b>80.3</b>	<b>80.37</b>	<b>-0.1</b>

Source: MoA, GOI

## Soybean

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Soybean showed sign of recovery on hope of fresh crushers demand after the relaxation in lockdown, during the first week of June. However, it remained under pressure during May'20 on weak soymeal demand.

In a major development, Indore, Dewas and Ujjain cash market yards of Madhya Pradesh have started their operations with the relaxation which consequently improved some soybean supplies in Madhya Pradesh. These markets were closed since India announced its lockdown – 1.0 in March 24, 2020.

Relaxation in COVID-19 lockdown across India have raised the hope of improvement in soymeal demand with likely demand in soymeal from poultry sector.

Government has increased the MSP of Kharif crops for marketing season 2020-21, to ensure remunerative prices to the growers for their produce.

Among the Kharif oilseeds the MSP for Soybean-Yellow to Rs. 3880 a quintal to Rs. 3710 per quintal last season, an increase of Rs. 170 a quintal.

The MSP of groundnut has been increased to Rs. 5275 per quintal for marketing season 2020-21 from Rs. 5090 per quintal in 2019-20 an increase of Rs. 18 a quintal, sunflower to Rs. 5885 a quintal from earlier Rs. 5650 per quintal an increase of Rs. 235 per quintal, Sesamum to Rs. 6855 a quintal from 6485 earlier, an increase of Rs. 370 a quintal and the MSP of Nigerseed have been increased to Rs. 6695 a quintal from Rs. 5940 a quintal earlier, increase of Rs. 755 per quintal.

Of all the Kharif crops, the highest increase in MSP is proposed for Nigerseed (Rs. 755 per quintal) followed by Sesamum (Rs. 370 per quintal), Urad (Rs. 300 per quintal) and Cotton (long staple) (Rs. 275 per quintal). The differential remuneration is aimed at encouraging crop diversification.

Need based buying in soybean continues in the key bean mandis of Maharashtra like, Nagpur, Latur and Akola.

Soybean plant delivery edged-up in the Nagpur cash market yard to 3,800 – 3,950 from 3,750 – 3,880 previous week, on need based buying in the market.

Buying interest led to the increase in the soybean arrivals in Nagpur mandi to 1000 – 1700 bags a day from 500 – 890 bags a week ago.

The crushers are still cautious and are not eager to quote higher for the bean in a bid to keep the meal prices attractive for domestic as well as the foreign buyers and keep the exports prices lower which are already struggling to match the South American soymeal prices.

The domestic soybean market could show a slight improvement with the hope of fresh demand after relaxation of lockdown.

***The major buyers are as follows: Agrawal, Neemuch, Shanti Overseas, Living Food, Goyal Protein, Bansal-Bhopal, Vipin-Dewas, ABIS, Sneha, Ruchi Soya, Shalimar Katol, Vipin Dewas, Dhanuka Neemuch, Avi Agri Ujjain, M.S. Neemuch, RH Seoni, Prakash, Kriti Dewas, Mahakali, Prestige Dewas, Itarsi Oil, Sanwaria Itarsi, MS Solvex Neemuch, MS Soya Pachore, during the week.***



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**Previous Update**

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Agriwatch estimates 87.4 lakh tonnes of soybean output in India for 2019-20 season which is sharply down by 42.73% against 125.9 lakh tonnes in 2018-19.

All India planting of soybean stood at 114.24 lakh hectares compared to 113.10 lakh hectares as on 04.10.2019. Sowing of soybean is higher in Madhya Pradesh at 55.16 lakh tonnes against 53.18 lakh tonnes in last year and Rajasthan at 10.61 lakh tones compared to 10.46 lakh tonnes in previous year.

As per the second advanced crop estimates 2019-20 of Ministry of Agriculture, Soybean production is estimated higher at 136.28 lakh tonnes as compared to 132.68 lakh tonnes in 2018-19.

The Ministry of Agriculture has fixed higher Minimum Support Price of Soybean (Yellow) at Rs 3710 per quintal for 2019-20 an increase of Rs 311 from Rs. 3399 per quintal in 2018-19.

***The domestic soybean prices are likely to feature range-bound movement with weak bias on slack in soymeal demand. However, countywide relaxation on lockdown will encourage the poultry consumption leading to improved demand in soymeal which should limit the losses, in near-to-medium-term.***

**International:**

Chinese purchases of soybeans will reach new monthly records in May and June. In Oct/Sept 2019/20 they are now expected to reach 94.4 Mn T, a new high – Oil World.

US soybean exporters have confirmed their first soybean export deal with China in nearly two year. Beijing in bid to fulfill its purchase commitments in the phase 1, USDA said private exporters reported the sale of 20,000 tonnes of soyoil for delivery to China in the 2019/20 marketing year.

Traders expect soybean arrivals for China to top 9 million tonnes a month in May, June and July, which is well above normal levels. China has booked more than 90 million tonnes of soybeans this year.

In 2019, China brought in 16.94 million tonnes of U.S. soybeans, up from 16.6 million tonnes in 2018 when shipments fell to half from the previous year due to the trade dispute.

In the weekly USDA crop progress report released on 18 May 2020; The US Soybeans planting is reported at 53% up from 16% same period last year and 38% from 5 year average. Soybean emerged is reported at 18% up from 4% same period last year and 12% from 5 year average.

US soybean crush declined 5.3% from its all-time record during April'20 but still topped market expectation for the 5th month in a row, reported by NOPA in its May'20 report.

In the May'20 WASDE report by USDA, the US 2020/21 soybean area is projected at 83.5 million acres compared to 76.1 million acres in 2019/20. US soybean yield for 2020/21 is projected at 49.8 bushels per acre vs 47.4 bushels

per estimated in 2019/20 and the total US soybean production is pegged at 4125 million bushels (112.26 MnT) compared to 3557 million bushels (96.79 Mn T) estimated in 2019/20.

China's domestic soybean production is seen at 18.81 million tonnes in 2020, up 3.9% from the previous year, according to forecasts from the agriculture ministry.

The country's soybean crushing volumes were pegged at 85.98 million tonnes this year, said the agriculture ministry during on the outlook for agriculture.

China's Soybean imports are forecast at 92.48 million tonnes this year, rising to 96.62 million tonnes in 2025 and 99.52 million tonnes in 2029, by the agriculture ministry conference on the outlook for agriculture.

Brazilian soybean shipments in April reached 16.3 million tonnes, it is an all-time record for a single month and an increase from 9.4 million tonnes in corresponding period last year, according to average daily export data released by the government.

The previous record was 12.35 million tonnes, set in May 2018. Brazil, had exported 11.64 million tonnes of soybeans in March, according to government data.

European Union bought total 11.5 million tonnes of Soybean till April 19, 2020 (season started on July 1) which is lower by 4% from last year record in Apr 14. EU soymeal imports had reached higher by 3% to 14.27 million tonnes against the year-earlier period, while Rapeseed imports went up by 45% to 5.13 million tonnes against last year record. However, palm oil imports stood down by 15% to 4.48 million tonnes.

Rifinitiv Agriculture said Brazil shipped total 12.6 million tonnes in March 2020 which is 35% above last month and also 43% higher from last five years average March exports as supported by robust demand of China. China bought total 7.8 million tonnes in March 2020 which is higher by 2% from last year record i.e. 5.8 million tonnes in the corresponding period of time.

Conab has reduced Brazilian soybean harvest by more than 2 million tonnes to 122.06 million attributed to the drought predominantly in Rio Grande do Sul. By the end of March, soils in the far southern state were among the driest they had been in any month in at least 20 years.

Brazilian farmers have taken advantage of record weakness in their currency - Real, which has given them a profitability boost when selling their products in dollars on the global market. This, combined with a record crop, has particularly lifted the country's soybean exports.

Brazil 2020 soybean export forecast has been revised to 76 million tonnes vs 74.07 million tonnes in previous forecast by INTL FCSTONE.

Rosario Grains Exchange have to reduce Argentine soybean crop estimates 50.5 million tonnes from its previous forecast of 51.5 million tonnes. This was after soybean crop was damaged by pockets of dry, hot weather in March, when harvesting was just hitting the ground.

**Previous updates:**

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In the USDA April report, the estimated U.S. soybean production for 2019/20 is kept unchanged at 96.84 million tons in April 2020. The exports has been declined by 1.36 million tonnes to 48.30 million tonnes in its April month report from 49.66 million tonnes in last month however higher from 47.56 million tonnes in 2018-19. U.S crushing is kept higher side at 57.83 million tonnes in April 2020 against 57.28 million tonnes in March month and also from 56.93 million tonnes in last year. Ending stocks of the country is expected to be higher at 13.07 million tonnes in Apr. month review against 11.55 million tonnes in last month however lower from 24.74 million tonnes in 2018/19.

Brazil's soybean shipment volume during 1Q20 was the highest on record, up by 13.5% from 1Q19. About 75% (or 13.3 million tonnes) of the Brazilian exports during the first quarter of 2020 was headed to China.

The large Brazilian harvest this season along with the significant depreciation of the local currency Real against the US dollar (the Brazilian real lost almost one third of its value since January), this eventually made Brazilian soybeans cheaper – which in turn triggered more buying from Chinese crushers.

About 75% (or 13.3 million tonnes) of the Brazilian shipments during the first quarter of 2020 headed to China. The large Brazilian harvest this season along with the significant depreciation of the local currency against the US dollar (Brazilian real lost a third of its value since January), this eventually made Brazilian beans cheaper triggered more buying from Chinese crushers.

China's soybean demand in the 2019-2020 marketing year is forecast at 89 million tonnes, up 8% year on year, the USDA said in its April WASDE report.

China's soybeans import in April is estimated at 13 million-14 million tonnes, surge by 225% month on month and 75% higher on the year.

*The international soybean prices are expected to feature range bound movement with weak bias on spat between US and China over coronavirus outbreak rising risk of new trade war between the two countries.*

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## Balance Sheet – Soybean, India

*Fig. in MnT*

Soybean (Fig in Mn T) MY- Oct.-Sep.			Q3	Q4	Q1	Q2
	2018-19 E	2019-20 F	Oct- Dec'19 F	Jan- Mar'20 F	Apr- Jun'20 F	July-Sep 20 F
Carry In	1.91	1.97	1.97	5.47	3.81	2.90
Production	12.59	8.74	8.74	0	0	0
Imports	0.00	0.10	0	0	0.05	0.05
Total Availability	14.50	10.82	10.72	5.47	3.86	2.95
Processing/Crushing	11.40	8.27	5.00	1.41	0.46	0.37
Exports & Direct Consumption	0.13	0.05	0.25	0.25	0.00	0.00
Seeding/Retained for Sowing	1.00	1.00	0	0	0.5	0.5
Total Usage	12.53	9.32	5.25	1.66	0.96	0.87
Carry Out	1.97	1.50	5.47	3.81	2.90	2.07
Monthly Use	1.04	0.78				
Stock/Consumption Ratio	0.16	0.16				
Stock to Month Use Ratio	1.89	1.93				

Source: Agriwatch

- **Trade Observations:** *Limited buying is featured in soybean at various cash markets, due to weak soymeal demand from poultry sector attributed to COVID-19 pandemic and ongoing lockdown. The solvent extractors and stockists are buying to cover their stock for future.*
- India's 2019-20 soybean production is projected at 8.75 million tonnes against 12.59 million last season.
- We expect India's 2019-20 soybean crush at 8.27 million tonnes vs 11.40 million in 2018-19.
- This translates into availability of 6.62 million tonnes of soy meal and 1.49 million tonnes of soy oil in 2019/20 MY.
- Lower crushing mean decrease in the availability of soy meal. India's soy meal prices have to compete with the meal prices of South America in 2019/20 to keep continued overseas supplies.

## Soy meal

Soymeal continued to witness weak tone mainly on sluggish demand from the poultry sector. There is very thin demand from the poultry and other feed manufactures due to the fall in poultry or animal protein consumption in last couple of months.

Currently, India's poultry industry have been severely hit due to coronavirus pandemic and rumours linking poultry bird possible carrier of the virus.

Relaxation in lockdown across India have raised the hope that it could boost the poultry consumption which will subsequently improve the demand in domestic soymeal.

Need based buying is featured in the cash market and there is very limited soymeal export demand of Indian origin.

India's oilmeal shipments fell 60% in April from a year earlier, as higher government-set oilseed MSP made the shipments uncompetitive.

India exported 102,001 tonnes of oilmeal in April 2020, said the Solvent Extractors' Association of India.

Again, oversupply scenario of soymeal remains the pressurizing factor meal, this is view of higher soybean stock for the remaining of the marketing season.

In the discussion Dr. BV Mehta said, with currently 4 Mn T of soybean in hand translating into the availability of 3-3.2 Mn T of soymeal could be challenging for the meal price in marketing year (Oct-Sep).

There is a very thin exports demand in oilmeals of Indian origin as competitive price offered in soymeal by South America.

The domestic soymeal prices at Indore, fell and was quoted between Rs 32,000 – 32,200/MT compared to Rs 32,000 – 32,400/MT previous week.

At Latur and Nanded, Maharashtra, soy meal witnessed steady to weak tone and were quoted at Rs 32,800 – 33,500/MT and Rs. 33,200-33,500/MT respectively compared to Rs 32,000 – 32,200/MT in Indore and Rs 33,000-33,200/MT in Kota.

India's Y-o-Y soy meal prices, Indore, are currently higher. Soy meal Indore was quoted higher between Rs 32,000 – 32,200/MT during the week compared to Rs 31,500 – 32,100/MT during the corresponding period last year.

*The soy meal prices (Indore) are likely to feature range-bound movement between Rs. 32,000 – 33,800/MT on slack in demand from poultry sector, in near to medium-term.*

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**Previous updates:**

India's soymeal shipments may fall to around 500,000 MT in 2019-20 (Oct-Sep), less than one fourth of the year-ago figure of 2.1 million tonnes due to subdued demand from traditional overseas buyers amid ongoing countrywide lockdown, said Soybean Processors Association of India Chairman Davish Jain.

India's oilmeal shipments fell by 54% to 177,003 tonnes in March'20 from a year earlier, as soymeal exports declined due to higher domestic prices, provisional data released by SEA reported the figures.

Country's oilmeal exports during the 2019-20 fiscal year beginning April declined 27% to 2.43 million tonnes, said the Solvent Extractors' Association of India.

SOPA is concerned on the falling demand from the traditional buyers like France, Japan, Iran, Korea and Nepal of soymeal of Indian origin.

SOPA has sought a stimulus package from the Centre to support the soybean industry, which has been hit by the lockdown and collapse of poultry sector.

The poultry sector consumes 60% of the soymeal in India and there are no takers for it leading around half of the processing units being shut.

With no operations, no sale and no access to funds, there is no cash flow and the industry is cash-starved and requires urgent attention of the government, Jain said.

The association has urged the Centre to increase the soymeal export incentive to 7.5% from 5.0% currently to ramp up the shipments.

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## Soy Meal Export (In Thd T)

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	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
<b>Oct</b>	405	224	50	183	29	4	31	71	150	63
<b>Nov</b>	443	398	517	503	111	9	98	208	186	69
<b>Dec</b>	611	798	511	451	194	6	241	169	170	72
<b>Jan</b>	575	475	620	364	104	28	155	106	86	41
<b>Feb</b>	540	344	578	184	65	30	208	74	132	20
<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	62	
<b>Jul</b>	140	168	107	7	1	12	81	64	76	
<b>Aug</b>	166	10	184	3	1	11	88	60	95	
<b>Sep</b>	226	7	173	1	7	12	102	45	35	
<b>Total</b>	<b>4117</b>	<b>3522</b>	<b>3454</b>	<b>2015</b>	<b>593</b>	<b>179</b>	<b>1330</b>	<b>1049</b>	<b>464</b>	<b>245</b>

Source: SEA / SOPA

India's soy meal exports continues to be weak on attractive price offer from South America, South American soy meal prices are at discount over Indian origin meal.

## Soybean Crush Margin

Avg Crush Margin – May 2020		Avg Crush Margin –April 2020		Avg Crush Margin –May 2019	
Avg		Avg		Avg	
Min	Max	Min	Max	Min	Max
-	-	-	-		

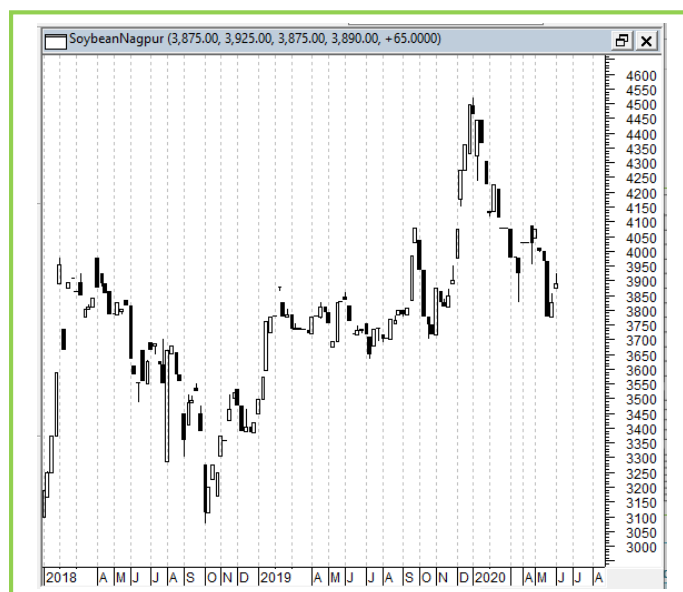
We are unable to furnish the crush margin details as the soybean is not quoted at benchmark, Indore for ongoing lockdown amidst COVID-19.

## Technical Analysis:

### NCDEX Soybean Futures



### Soybean Spot, Indore



\*Daily Chart

### Support & Resistance NCDEX- Soybean Jul. Contract

S1	S2	PCP	R1	R2
3556	3300	3766	4100	4250

- Side-ways movement featured in the soybean during the month.
- Prices closed below 40-day EMA.
- MACD is easing in the positive territory.
- RSI and stochastic are easing in neutral zone.
- Trade Recommendation (NCDEX Soybean – Jul.) – 1 Month: **SELL** Below 3800 T1 – 3700; T2 - 3650; SL –3860.



## Rapeseed - Mustard Seed

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The rapeseed-mustard continued uptrend on strong buying support in the key cash market yards during the month under review.

The seed prices skyrocketed in last one and half months after oilseed crushers and the stockists started covering newly harvested rapeseed-mustard stock for future, at the current prices.

Nafed is actively procuring the rapeseed-mustard from various centers in Uttar Pradesh, Rajasthan, Gujarat, Haryana and Madhya Pradesh.

Crushing of rapeseed-mustard by oilseeds crushers in India rose 6.7% on year to 800,000 tonnes in May, said Mustard Oil Producers Association of India. Rapeseed-mustard crushing stood at 750,000 tonnes during the same period last year.

As on 05 Jun 2020, the progressive purchase of rapeseed mustard by Nafed under PSS from these states stands at 710262.7 metric tonnes with a total value of Rs. 314291.24 Lakh and the total number progressive number of farmers benefited from the scheme stands at 2,79,404.

India's mustard meal shipments fell 14% on year in 2019-20 to 961,312 tonnes and in April, it fell 82% on year to 21,493 tonnes, data released today by The Solvent Extractors' Association of India. South Korea, Vietnam, Thailand and few other south-east Asian countries were the major buyers of mustard meal of Indian origin.

RM seed prices further gained by 2% to Rs 4670 – 4785 from Rs 4565 - 4705 previous week in Jaipur.

Dull trade in soybean in key markets have continued to lend additional support to the rapeseed-mustard.

The all India rapeseed-mustard supplies further improved with the relaxation in lockdown and it is reported between 3.25 – 3.75 lakh bags in a day compared to around 2.75 – 3.50 bags a day, previous week. The supplies were 2.25 – 2.50 lakh bags a day during the corresponding period last year.

The new crop seed is quoted at around Rs 4,565 – 4,705 a quintal compared to Rs 4,070 – 4,130 a quintal during the corresponding period last year at the benchmark, Jaipur.

At NCDEX futures, the July contract edged-up and closed at 4,622/Qtl compared to 4,308/Qtl previous week.

The government has fixed the Minimum Support Price for rapeseed-mustard at Rs 4425/Qtl.

Agriwatch has projected India's MY 2020/21 rapeseed production at 7.2 million tonnes while Solvent Extractors of India has estimated the seed production at 7.7 million tonnes.

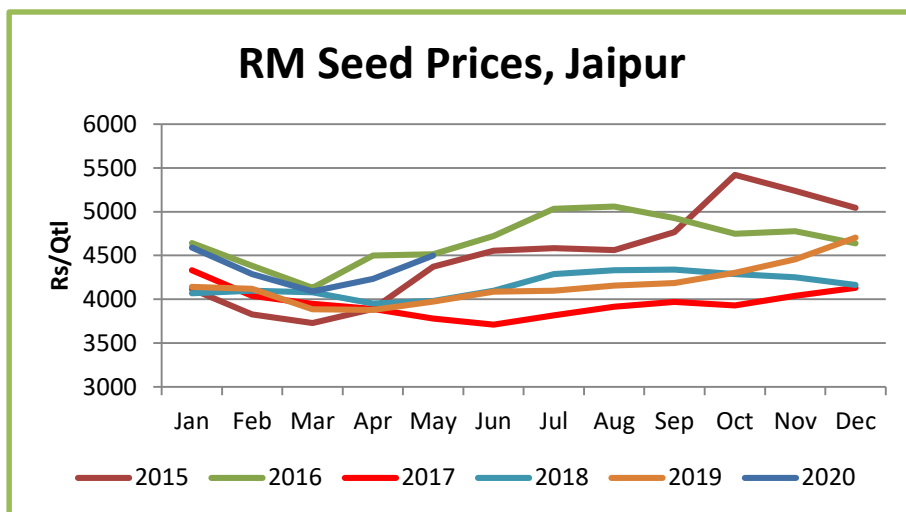
## RM Seed Supply, Pan India

RM Seed Arrivals Pan India in Bags (85 kg each).		
Monthly Arrivals– May	1 Month Ago	Corresponding Period Last Year
65,25,000	48,95,000	67,35,000

The seed prices are higher at spot and were quoted at around Rs 4750– 4850 a quintal compared to Rs 4100 – 4120 a quintal during the corresponding period last year at the benchmark, Jaipur.

At NCDEX futures, the July contract have rallied and the seed is trading around 4,600/Qtl compared to 4,450/Qtl previous month.

The rapeseed-mustard prices are driven by India's edible oil imports majorly Malaysian palm oil. India's edible oil imports fell in April.



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**Previous Updates**

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India's 2019/20 rapeseed oil import estimate have been reduced to 0.25 lakh tons from 1.2 lakh tons in its earlier estimate, lower by 79.2 percent. Rapeseed oil consumption have been reduced to 27.30 lakh tons from 27.80 lakh tons in its earlier estimate, lower by 1.8 percent. End stocks of rapeseed oil in 2019/20 raised to 1.89 lakh ton from 1.38 lakh tons, lower by 36.95 percent, United States Department of Agriculture (USDA) April estimate.

As per Notification Number 2/2020-21 dated 13, April 2020, issued by Ministry of commerce and Industry, India has imposed more restriction on imports of RBD palmolein. With respect to notification number 39/2015-20 dated 8th Jan 2020 has been amended for the import policy of refined palm oil to "restricted" from "Free". Further, more conditions have been imposed for palm oil imports as mentioned below:

- i. The applications for import authorization should be accompanied with prepurchase agreement and details of the import of the above items for past three years.
- ii. Validity period of import licenses/authorizations for refined palm oil will be 06 months in place of usual 18 months.
- iii. Total non-utilization of import authorization by the applicant will lead to disqualification of the importer from getting any further license for these items in future.
- iv. Customs will be required to diligently enforce the Rules of Origin criteria for import of these items originating from Nepal and Bangladesh.

This issues with the approval of competent Authority.

Malaysia Palm Oil Board (MPOB), Malaysia reduced May crude palm oil export tax to 4.5 percent from 5.0 percent last month. Export duty of palm oil is calculated at reference price of 2460.89 ringgit per ton. Tax is calculated between 2,250-2,400 ringgit per ton at 3.0 percent and is taxed maximum of 8.0 percent when prices are above 3,450 ringgit per ton.

*Outlook: The rapeseed-mustard is expected to feature gains on supportive buying by the stockists and the solvent extractors to cover their stocks, in the cash market.*

## Balance Sheet – Rapeseed-Mustard Seed, India

(Fig in MnT)

Rapeseed-Mustard (Fig in Mn T) MY-Feb.-Jan.	2019-20	2020-21	Feb-Apr	May-Jul	Aug-Oct	Nov-Jan
Carry In	0.23	0.33	0.33	3.93	2.13	1.23
Production	7.90	7.21	7.21	0.00	0.00	0.00
Imports	0.00	0.00	0.00	0.00	0.00	0.00
Total Availability	8.13	7.53	7.53	3.93	2.13	1.23
Processing/Crushing	7.50	7.10	3.55	1.75	0.80	0.80
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	7.80	7.40	3.60	1.80	0.90	0.90
Carry Out/Ending Stock	0.33	0.13	3.93	2.13	1.23	0.33
Monthly Use	0.65	0.62				
Stock/Consumption Ratio	0.04	0.02				
Stock to Month Use Ratio	0.50	0.21				

(Source: AgriWatch)

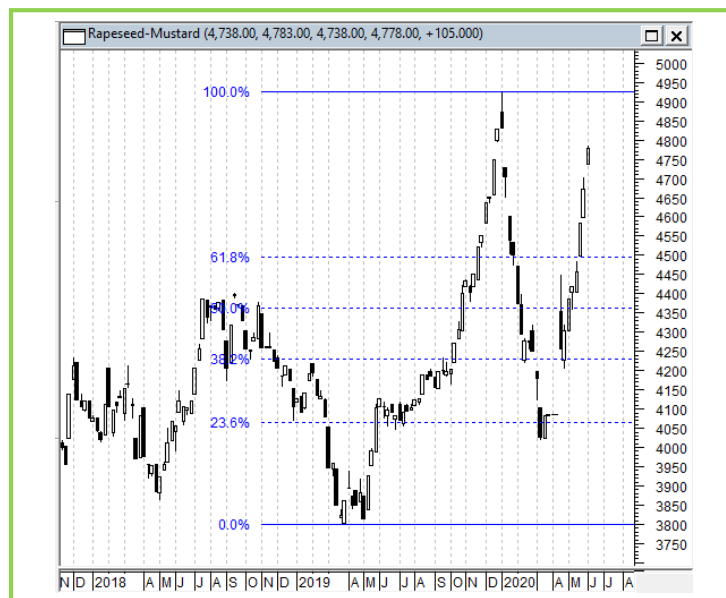
- We have pegged India's 2020/21 Rapeseed-mustard outturn at 7.2 million tonnes, lower by than 9% compared to the 2019/20 production at 7.9 million tonnes.
- India's production is above 5 year average of around 6.7 million tonnes.
- **Trade Observations: India is an import dependent country in edible oils, hence the oilseeds produced almost gets crushed fully, prices to remain steady to slightly strong in 2020/21 season due to expected good demand in the seed.**
- India's rapeseed-mustard prices are up at cash market in 2020/21 season and they are 36-month high in benchmark Jaipur.

### Technical Analysis:

#### NCDEX RM Seed Futures



#### RM Seed Spot, Jaipur



\*Daily Chart

#### Support & Resistance NCDEX - RM Seed Jul Contract

S1	S2	PCP	R1	R2
4000	3950	4448	4700	4850

- Rapeseed-mustard edged-up on buying support in the market.
- Prices closed above 40-day EMA.
- MACD is rising in positive territory.
- RSI and stochastic are rising in overbought zone.
- Trade Recommendation (NCDEX RM Seed – Jul) – 1 Month: **BUY** Above 4400. T1 – 4600; T2 - 4700; SL – 4280.

## Groundnut

Rabi groundnut harvesting in Gujarat is complete.

The MSP for groundnut has been increased to Rs. 5275 per quintal for marketing season 2020-21 from Rs. 5090 per quintal in 2019-20, an increase of Rs.18 a quintal.

SOMA is of view that the improved availability of water for irrigation in the state and forecast of normal monsoon this year will increase the yield prospects in the groundnut crop to 2,758 kg per hectare which is double from 1,382 kg per hectare estimated for 2018-19

Kharif groundnut planting is underway in South Indian states and Gujarat.

GN planting in Gujarat have picked-up the pace and it has already crossed 13,900 hectare mark vs 1,319 hectare last year by the beginning of June, indicating possibility of massive sowing of groundnut in Gujarat.

India's groundnut exports jumped 40% on year to 606,317 tonnes during Apr-Feb, according to Agricultural and Processed Food Products Export Development Authority's data.

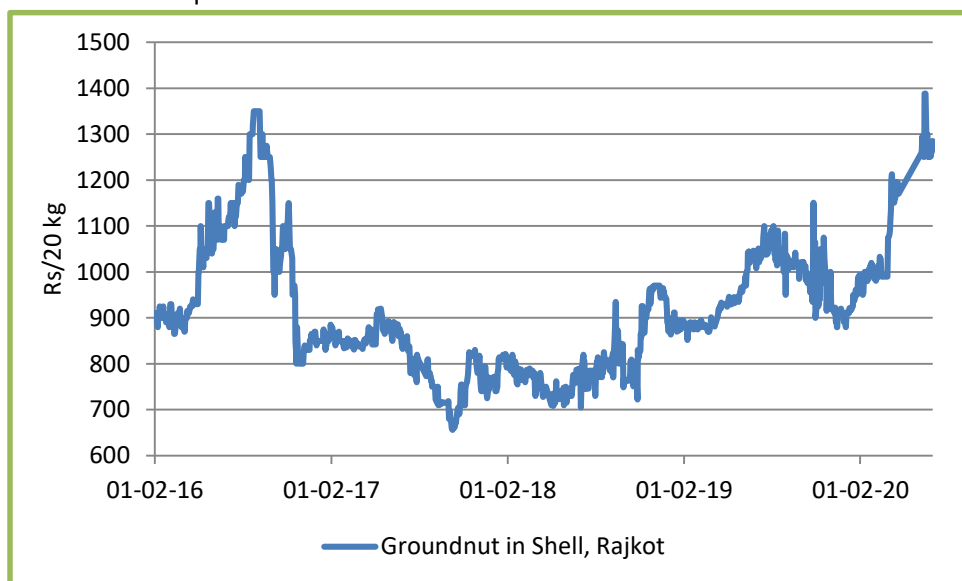
Need based buying is featured by the millers on steady groundnut oil demand.

Relaxation in lockdown across the country will improve the groundnut supplies in the cash market yards in coming days.

Crushing of the groundnut is expected to increase with the increase in the supplies and better groundnut oil demand.

However, shortage of labour will still remain a challenge, but logistic supply chain conditions should improve.

We feel the kharif'20 area under groundnut to increase in Andhra Pradesh as well as in the major producing states supported by higher realization by the farmers in the nut in the last season.



Groundnut							
Center	Variety	% Change over	% Change over	As on	Month Ago	Year Ago	2 Year Ago
		Previous year	Previous month	31-May-20	31-April-2020	31-May-19	31-May-18
Rajkot	GN in Shell (Rs/20kg)	-	-	Closed	1170*	966	736
Shaurashtra	GN Seed Kernel (Rs/MT)	-	-	-	-	-	-
(Source: AW)							

## Annexure

Soy DOC Rates at Different Centers			
Centres	Ex-factory rates (Rs/ton)		
	30-May-20	30-Apr-20	Parity To
Indore - 45%, Jute Bag	32200	32000	Gujarat, MP
Kota - 45%, PP Bag	33000	32600	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna - 45%, PP Bag	33500	34000	Mumbai, Maharashtra
Nagpur - 45%, PP Bag	32500	33200	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	33200	34500	Andhra, AP, Kar, TN
Latur	32800	34500	-
Sangli	32800	33800	Local and South
Solapur	32000	33200	Local and South
Akola – 45%, PP Bag	32300	33700	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Hingoli	33500	34500	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Bundi	32800	32400	-

Soy DOC at Ports			
Centers	Port Price		
	30-May-20	30-Apr-20	Change
Kandla (FOR) (INR/MT)	33800	32000	1800
Kandla (FAS) (USD/MT)	445	445	Unch
CNF Indonesia – Yellow SBM (USD/MT)	0	0	Unch

Rapeseed Meal	30-May-20	30-Apr-20	Change
FAS Kandla (USD/MT)	0	0	Unch
FOR Kandla (Rs/MT)	0	0	Unch
FOR Mundra (Rs/MT)	0	0	Unch
CNF Indonesia (USD/MT)	0	0	Unch

International Soy DOC			
Argentina FOB USD/MT	30-May-20	30-Apr-20	Change
Soybean Pellets	314	320	-6



Soybean Cake Flour	314	320	-6
Soya Meal	312	306	6
Soy Expellers	312	306	6

Sunflower (DOC) Rates	Ex-factory rates (Rs/ton)		
Centers	30-May-20	30-Apr-20	Change
Adoni	22800	23200	-400
Khamgaon	-	-	-
Parli	-	-	-
Latur	22200	22800	-600

Groundnut Meal (Rs/MT)	30-May-20	30-Apr-20	Change
Basis 45%, Saurashtra	28500	-	-
Basis 40%, Saurashtra	26000	-	-
GN Cake, Gondal	30000	-	-

Mustard DOC	30-May-20	30-Apr-20	Change
Jaipur (Plant delivery)	14500	16600	-2100
Kandla (FOR Rs/MT)	15200	17300	-2100

Mumbai Oil Meal Quotes:			
Rs/M.T.	30-May-20	30-Apr-20	Change
G.N. Extr (45%)	27500	28000	-500
Kardi Extr	-	-	-
Undec Cottonseed Exp	23500	23000	500
Rice Bran Extr.	0	0	Unch
Sunflower Extr.	20500	20500	Unch
Rapeseed Extr.	-	-	-
Soymeal 48%	33600	33391	209
Castor Extr.	-	-	-

## MSP of Kharif Oilseeds for Marketing Season 2020-21 - GOI

Sl. No	Crops	MSP for Kharif 2020-21	MSP for Kharif 2019-20	Increase in MSP (Absolute)
1	Groundnut	5275	5090	185
2	Sunflower seed	5885	5650	235
3	Soybean (yellow)	3880	3710	170
4	Sesamum	6855	6485	370
5	Nigerseed	6695	5940	755

The Cabinet Committee on Economic Affairs (CCEA) chaired by the Hon'ble Prime Minister Shri Narendra Modi has approved the increase in the Minimum Support Prices (MSPs) for all mandated Kharif crops for marketing season 2020-21.

Government has increased the MSP of Kharif crops for marketing season 2020-21, to ensure remunerative prices to the growers for their produce.

Among the Kharif oilseeds the MSP for groundnut has been increased to Rs. 5275 per quintal for marketing season 2020-21 from Rs.5090 per quintal in 2019-20 an increase of Rs.18 a quintal.

The MSP of sunflower to Rs. 5885 a quintal from earlier Rs. 5650 per quintal an increase of Rs 235 per quintal, Soybean-yellow to Rs. 3880 a quintal to Rs. 3710 per quintal last season, an increase of Rs. 170 a quintal, Sesamum to Rs. 6855 a quintal from 6485 earlier, an increase of Rs. 370 a quintal and the MSP of Nigerseed have been increased to Rs. 6695 a quintal from Rs. 5940 a quintal earlier, increase of Rs 755 per quintal.

Among all the Kharif crops, the highest increase in MSP is proposed for Nigerseed (Rs 755 per quintal) followed by Sesamum (Rs 370 per quintal), Urad (Rs 300 per quintal) and Cotton (long staple) (Rs 275 per quintal). The differential remuneration is aimed at encouraging crop diversification.

## India's Oilseeds Production Seen Record at 34.2 Mn T vs 31.5 Mn in 2nd Adv Est. for 2019-20 - GOI

The 2nd Advance Estimates of production of oilseeds for 2019-20 have been released by the Department of Agriculture, Cooperation and Farmers Welfare on 18<sup>th</sup> February, 2020. The assessment of production of different crops is based on the feedback received from States and validated with information available from other sources.

The estimated production of major Oilseeds during 2019-20 is as under:

Oilseeds – 34.2 million tonnes in 2019-20 vs 31.5 million tonnes in 2018-19

- Soybean – 13.62 million tonnes vs 13.27 million tonnes in 2018-19
- Rapeseed-Mustard - 9.11 million tonnes vs 9.26 million tonnes in 2018-19
- Groundnut - 8.24 million tonnes vs 6.73 million tonnes in 2018-19

India's total oilseeds production during 2019-20 is estimated at 34.19 million tonnes which is higher by 2.67 million tonnes than the production of 31.52 million tonnes during 2018-19.

The production of oilseeds during 2019-20 is also higher by 4.54 million tonnes than the five year average oilseeds production.

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