

# Oilmeal Monthly Research Report

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## Executive Summary

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The domestic soybean fell in association with soymeal and rapeseed-mustard on subdued demand in meal and cheaper edible oil imports.

Weak export sales in soymeal and expectation of higher area under soybean crop this kharif, continued to weigh on the soybean prices.

We expect further fall in the soymeal and soybean prices on bearish domestic supply outlook.

Kharif oilseeds planting is in full swing and the planting pace in major oilseeds is higher than the same period last year. The seasonal monsoonal rains have gripped the whole country and the major growing states have received adequate rains for planting the seed.

We expect India's total area under soybean cultivation to increase this season as it is less labour intensive crop and have considerably higher MSP, but poor demand for soymeal of Indian origin and lower than expected returns to farmers in soybean could limit the gains in the planted area.

Soybean is likely to remain under pressure on bearish global and domestic scenario. We expect the poultry demand to improve with the relaxation in lockdown, however, rapidly increasing COVID cases in India is posing risk in improvement in poultry demand.

The continued gains in rapeseed-mustard prices is likely to slow down with gradual fall in the seed demand after strong buying support in last couple of months by oilseeds' crushers and stockists. The millers are almost done with covering their stock.

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

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## Outlook – Cash Market

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**Outlook - Soybean (Spot, Indore):** The soybean prices will feature range-bound movement with weak bias, weak soymeal demand, decline in crushing and forecast of good monsoon this season will continue to weigh on the bean prices. The prices (Indore, Plant basis) is expected to feature range bound movement in the price bands of 3500 – 3700 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 28,800 – 29,000/MT levels during the month.

**Outlook - Rapeseed-Mustard (Spot, Jaipur basis):** The rapeseed-mustard is expected to feature range-bound movement with weak bias, as the crushers are almost done with covering their stock. The new crop arrivals gradually falling week-on-week. The seed prices are likely to feature losses and witness the levels between 4800 – 4900/Qtl; levels during the month.

## International Highlights

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- ❖ In the weekly USDA crop progress report released on 06 July 2020; The US Soybean is blooming 31% up from 8% same period last year and 24% from 5 year average. Soybeans setting pods at 2% up from 1% same period last year but down from 4% from 5 year average. About 57% of the crop is under good condition, 14% at excellent condition and 24% at fair condition.
- ❖ Brazil's solvent extractors' group ABIOVE has raised the country's soybean export forecast at 79.5 million tonnes from 78 million from its previous forecast.
- ❖ Besides, Abiove has raised Brazil's 2020 soybean production at 125 million tonnes compared to 124.5 million tonnes in previous forecast.
- ❖ Brazil's soybean exports in June'20 totaled 13.8 million tonnes compared to 8.6 million tonnes in the same period last year, Brazil's government trade data.
- ❖ As per Anec, Brazil's June soybean exports figure is expected at 11.9 million tonnes, up 37% from the same period last year. The surge is mainly contributed by the strong Chinese demand and normal port operations, Anac said. Country's July soybean exports is predicted to be 7.25 million tonnes
- ❖ Anec has also increased its Brazil's annual exports projection for 2020 to 78 million tonnes of soybeans, up from 73 million tonnes predicted in April.
- ❖ Strategie Grains has slashed its forecast for 2020/21 rapeseed production in European Union plus Britain to 16.54 million tonnes compared with 16.68 million tonnes estimated previous month.
- ❖ Strategie Grains has raised its projection of EU rapeseed imports in 2020/21 to a record 6.2 million tonnes, but reduced the volume of expected crush in the bloc.
- ❖ Brazil's soybean farmers have sold about 39.8% of their projected 49.6 million tonnes of 2020/21 crop, according to Safras & Mercado.
- ❖ Brazil's soybean farmers have sold 92.9% of the current season 2019/2020 crop up from 71.1% same period last year and a 74.8% historical average. Safras & Mercado has pegged that country have harvested 124.6 million tonnes of soybeans this season.

- ❖ Talks between US and China raised the hopes that Beijing would continue to buy American farm goods as called for under a trade agreement – Reuters.
- ❖ US soybean crushings declined by 1.3% in May, while end-of-month soyoil stocks fell from seven year high, according to the figures released by NOPA. US, processed 169.584 million bushels of soybeans in May, down from 171.754 million bushels in April but up from the 154.796 million bushels processed in the same period last year, May 2019.
- ❖ In the Jun'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.
- ❖ 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 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.

- ❖ 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 - COFCO.
- ❖ 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 2019/20 soybean production at 49.5 million tonnes.
- ❖ Conab has reported that, 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. and 2.70% higher from 35.87 million Ha. in 2018-19.

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## IMD Monsoon Forecast and Current Rainfall Status

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In the IMD's Operational 2nd stage Long Range forecast Summary for the 2020:

- Rainfall over the country as a whole for the 2020 southwest monsoon season (June to September) is most likely to be NORMAL (96% to 104% of long period average (LPA)).
- Quantitatively, monsoon season rainfall for the country as a whole is likely to be 102% of the LPA with a model error of  $\pm 4\%$ .
- Region wise, the season rainfall is likely to be 107% of LPA over North-West India, 103% of LPA over Central India, 102% of LPA over South Peninsula and 96% of LPA over North-East India, all with a model error of  $\pm 8\%$ .
- The monthly rainfall over the country as whole is likely to be 103% of its LPA during July and 97% of LPA during August, both with a model error of  $\pm 9\%$ .
- Currently, ENSO Neutral conditions are prevailing over the equatorial Pacific and Neutral IOD conditions are prevailing over the Indian Ocean. Global models are indicating cool ENSO conditions are likely to prevail during the monsoon season with some possibility of development of weak La Niña conditions in the later part of the monsoon season.

## Sown Area – *Rabi* Oilseeds, India

In the progressive official Kharif oilseeds planting report dated 03<sup>rd</sup> July 2020, by the Ministry of Agriculture, the total coverage area under Kharif oilseeds is reported at 109.20 lakh hectares, surge by 224.7 % from 33.63 lakh ha in the corresponding period of last year. Of the major oilseeds, soybean sowing is reported up by 397.9% at 81.81 lha compared to 16.43 lha during the corresponding period of last year, groundnut at 25.05 lha vs 15.58 lha, sesamum 1.75 vs 1.18, castor seed at 0.16 lha vs 0.13 lha and niger at 0.07 lha vs 0.13 lha, during the same period last year.

Area in Lakh Hectares

<b>Crop</b>	<b>Normal Area (5 Year Avg.)</b>	<b>As on 03 Jul 2020</b>	<b>As on 03 Jul 2019</b>	<b>% Change</b>
Groundnut	42.43	25.05	15.58	<b>60.8</b>
Soybean	111.49	81.81	16.43	<b>397.9</b>
Sunflower	1.84	0.36	0.25	<b>44.0</b>
Sesamum	14.13	1.75	1.18	<b>48.3</b>
Niger	2.41	0.07	0.06	<b>16.7</b>
Castor	9.65	0.16	0.13	<b>23.1</b>
<b>Total Oilseeds</b>	<b>181.95</b>	<b>109.20</b>	<b>33.63</b>	<b>224.7</b>

Source: MoA, GOI



## Soybean

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Soybean continued downtrend on slack in demand followed by weak soymeal export sales, lower domestic demand in the same and cheaper edible oil imports prospective, during the week under review.

Higher than normal soybean stock with crushers, and good seasonal/monsoonal rains too continue to weigh on the bean prices.

The soybean planting is in full swing in all the key growing states of Maharashtra, Madhya Pradesh and Rajasthan after monsoonal rains have gripped the whole country.

In the last progressive planting report by the Ministry of Agriculture dated July 03, 2020, India's soybean sowing is reported up at 81.81 lha compared to 16.43 lha during the corresponding period of last year.

India's normal area under soybean is estimated to above 111.0 lakh hectares and we expect it to be near or above normal in kharif 2020.

Higher MSP for kharif marketing season (Rs. 3880/Qtl vs Rs. 3710/Qtl) and forecast of normal monsoon have improved the farmers' planting intention in soybean.

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

Soybean plant delivery price further declined in Indore cash market to 3,500-3,740 from 3,650-3,920 previous week, on very limited buying in the market.

The supplies of bean increased in various cash market yards of Madhya Pradesh to 75,000 – 1,35,000 bags a day from 70,000 – 1,00,000 bags a day, week ago.

Soybean farmers are almost done with their planting preparations and hence there is an increase in soybean supplies during the week.

The crushers 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 prices will feature range bound movement with weak bias on poor soymeal demand and cheaper vegoil imports.

*The major buyers are as follows: Agrawal, Neemuch, Shanti Overseas, Living Food, Goyal Protien, Bansal-Bhopal, Vippy-Dewas, ABIS, Sneha, Ruchi Soya, Shalimar Katol, Vippy 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.*

*The domestic soybean prices are likely to feature range-bound movement with weak bias on slack in soymeal demand. However, countywide relaxation on lockdown could 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.

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.

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.

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.

*The international soybean prices are expected to feature range bound movement with weak bias on better US soybean crop prospect and bullish South American supply scenario.*

## 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

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Soymeal extended losses on continued dull demand in domestic and international front mainly due to the Coronavirus pandemic. However, limited and need based buying is continues to cater some persisting demand.

Competitive soymeal prices of South America continued to hurt exports of soymeal of Indian origin.

Overall the sentiments in soymeal continues to remain weak as recent weeks.

Weak demand from the poultry and feed manufactures due to the decline in poultry or consumption of animal protein since last couple of months continued to weigh on the soymeal prices.

Despite ease in lockdown, India's poultry industry continued to be under pressure as it has been severely hit due to coronavirus pandemic and rumours linking poultry bird possible carrier of the virus. However, some improvement in poultry demand is visible in recent days.

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

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

We feel the manufacturing of feed will negatively affect in Tamil Nadu, as the state have re-imposed lockdown amidst the COVID-19. There are several feed manufacturers in Tamil Nadu.

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 for meal, this is view of higher soybean stock for the remaining of the marketing season.

There is bullish domestic soymeal supply scenario 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).

Exports demand in oilmeals of Indian origin continues to be thin as competitive price offered in soymeal by South America.

At Latur and Nanded, Maharashtra, At Latur soymeal fell to Rs 32,600 – 32,700/MT from Rs 32,600 – 33,000/MT a week ago and In Nanded it was quoted low at Rs. 32,500 – 33,000/MT compared to Rs. 33,000 – 33,200/MT a week ago. Besides, in Kota, the meal was also quoted low at Rs 29200 - 30200/MT compared to Rs 30,400-31,000/MT previous week.

India's Y-o-Y soy meal prices, Indore, are currently lower. Soy meal Indore was quoted higher between Rs 28,500 – 29,500/MT during the last week of the month compared to Rs 30,300– 30,500/MT during the corresponding period last year.

*The soy meal prices (Indore) are likely to feature range-bound movement between Rs. 28,500 – 29,500/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.

## Soy Meal Export (In Thd T)

	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	41	26
<b>May</b>	177	143	98	8	14	10	49	41	53	47
<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>318</b>

Source: SEA / SOPA

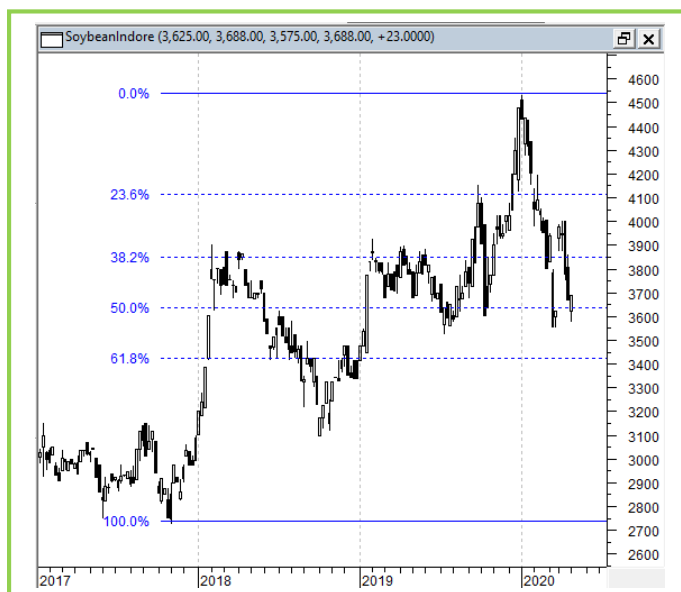
India's soy meal exports continues to be weak on attractive price offer from South America, South American soymeal prices are at discount over Indian origin meal. However, the exports in May'20 improved from April'20.

## Soybean Crush Margin

Avg Crush Margin – Jun 2020		Avg Crush Margin – May2020		Avg Crush Margin – Jun 2019	
Avg		Avg		Avg	
Min	Max	Min	Max	Min	Max
-	-	-	-		

We'll soon update the information on the crush margin, it got disrupted due to the absence of data points on coronavirus pandemic.

### **Technical Analysis:**

**NCDEX Soybean Futures**
**Soybean Spot, Indore**


\*Daily Chart

**Support & Resistance NCDEX- Soybean Aug. Contract**

S1	S2	PCP	R1	R2
3500	3450	3748	3950	4000

- Soybean fell on selling pressure, during the month.
- Prices closed below 40-day EMA.
- MACD is easing in the negative territory.
- RSI and stochastic are easing in neutral zone.
- Trade Recommendation (NCDEX Soybean – Aug.) – 1 Month: **SELL** Below 3800 T1 – 3700; T2 - 3650; SL –3860.



## Rapeseed - Mustard Seed

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The rapeseed-mustard fell on subdued buying by the crushers and the stockists as they have almost covered their stock for future.

The seed prices are still at the higher level after they rallied a while back, the correction in prices is as expected after they rallied in recent while.

Nafed continues to procure the rapeseed-mustard actively from various centers in Uttar Pradesh, Rajasthan, Gujarat, Haryana and Madhya Pradesh. However, the pace of purchases have slowed down in last couple of weeks.

As on 04 Jul 2020, the progressive purchase of rapeseed mustard by Nafed under PSS from these states stands at 7,95,945.63 metric tonnes with a total value of Rs. 3,52,205.94 Lakh and the total progressive number of farmers benefited from the scheme stands at 3,15,001.

Rapeseed-mustard stocks with farmers, processors, stockists, and state-run agencies stood at 5.9 Mn T as on May 31 against 5.5 mn T a year ago, figure released by the Mustard Oil Producers Association of India showed.

India's mustard meal exports plunged 82% on year to 21,493 tonnes in April due to sluggish buying by major buyers, as per data released by the Solvent Extractors' Association of India. The data for the month of May'20 is yet to be released by SEA.

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.

RM seed prices witnessed mild losses by 0.5% to Rs 4845 – 4880 a quintal from Rs 4825 – 4940 a quintal previous week in Jaipur.

The all India rapeseed-mustard supplies are falling week-on-week and they were reported between 1.65 – 1.90 lakh bags in a day compared to around 1.90 – 2.15 bags a day, previous week. The supplies were 1.25 – 1.60 lakh bags a day during the corresponding period last year.

## RM Seed Supply, Pan India

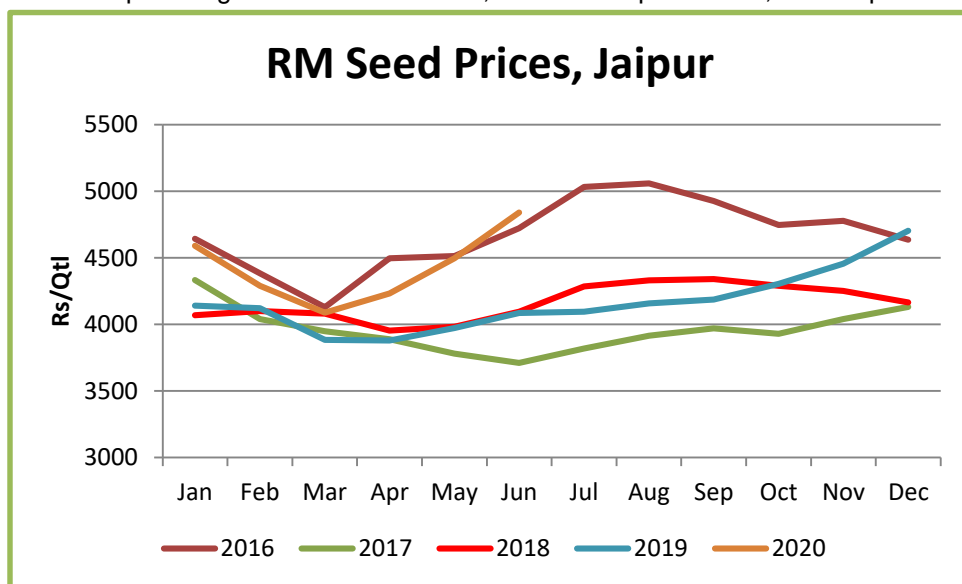
RM Seed Arrivals Pan India in Bags (85 kg each).		
Monthly Arrivals– Jun	1 Month Ago	Corresponding Period Last Year
90,75,000	65,25,000	45,20,000

The crop seed is quoted at around Rs 4735 – 4940 a quintal compared to Rs 4040 – 4130 a quintal during the corresponding period last year at the benchmark, Jaipur.

At NCDEX futures, the August contract posted gains and closed at 4,622/Qtl compared to 4,448/Qtl previous month.

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.



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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)

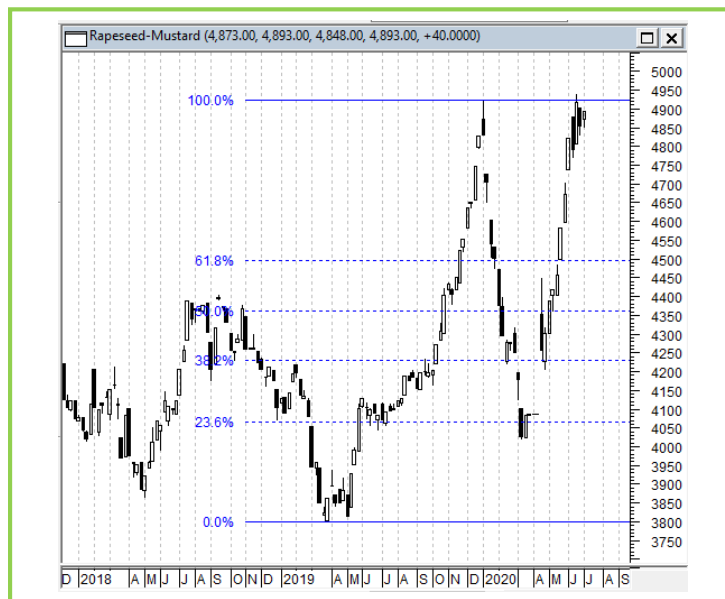
- We have pegged India's 2020/21 Rapeseed-mustard outturn at 7.2 million tonnes, lower by than 9% compared to the 2019/20 production at 7.9 million tonnes.
- India's production is above 5 year average of around 6.7 million tonnes.
- **Trade Observations: India is an import dependent country in edible 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 Aug Contract

S1	S2	PCP	R1	R2
4100	4000	4622	4900	5100

- 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 – Aug) – 1 Month: **BUY** Above 4600. T1 – 4760; T2 - 4850; SL – 4600.

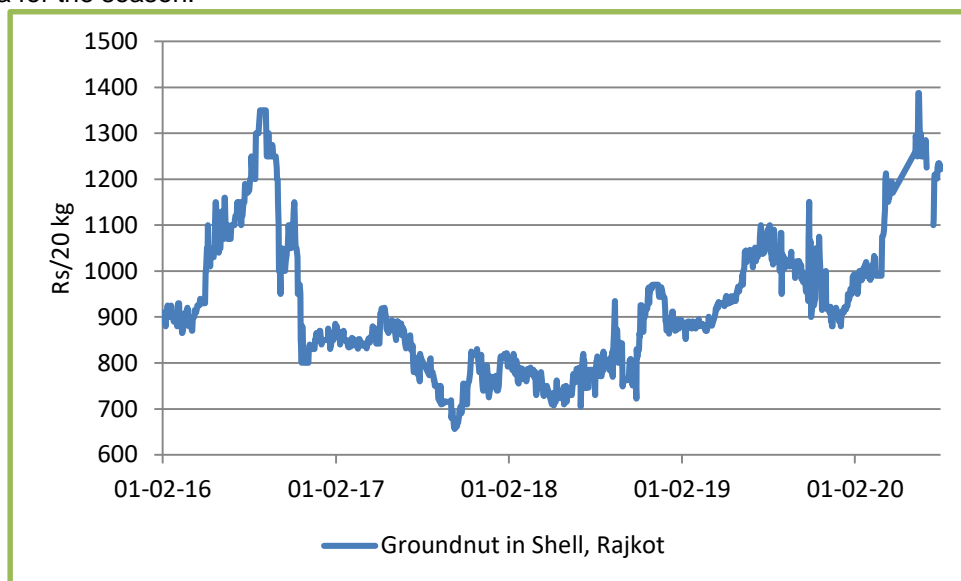
## Groundnut

Kharif groundnut planting is in full swing following the timely onset of monsoon and about 60% of it is done, in comparison to the normal area for the season.

All India groundnut sowing is reported at 25.05 lha vs 15.58 lha same period last year as per the latest official planting report. India's normal groundnut planting is estimated around 42.43 lha.

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

Weak demand in groundnut oilcake and with groundnut oil prices at a premium over soy, sunflower and palm oil weighed on the groundnut seed prices.



Demand in groundnut oil is seen falling gradually, which was strong a while back.

Besides, expectation of higher coverage area under the groundnut seed, this kharif, and forecast of good monsoon, has led to the gradual fall in the groundnut seed prices.

The recent increase in MSP for groundnut to Rs. 5275 per quintal for marketing season 2020-21 from Rs. 5090 per quintal in 2019-20, an increase of Rs.185 a quintal, and good return to farmers previous season have increased the planting intention of kharif groundnut.

Groundnut							
Center	Variety	% Change over	% Change over	As on	Month Ago	Year Ago	2 Year Ago
		Previous year	Previous month	30 - Jun-20	30-May-2020	30-Jun-19	30-Jun-18
Rajkot	GN in Shell (Rs/20kg)	13.1	-0.5	1221	1285	1080	730
Shaurashtra	GN Seed Kernel (Rs/MT)	-	-	-	-	-	-

(Source: AW)

## Annexure

Oilmeal Spot Prices			
Centres	Ex-factory rates (Rs/ton)		
	30-Jun-20	30-May-20	Parity To
Indore - 45%, Jute Bag	28500	32200	Gujarat, MP
Kota - 45%, PP Bag	29200	33000	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna - 45%, PP Bag	32000	33500	Mumbai, Maharashtra
Nagpur - 45%, PP Bag	30500	32500	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	32500	33200	Andhra, AP, Kar, TN
Latur	32500	32800	-
Sangli	31000	32800	Local and South
Solapur	31000	32000	Local and South
Akola – 45%, PP Bag	29800	32300	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Hingoli	32500	33500	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Bundi	29000	32800	-

Soy DOC at Ports			
Centers	Port Price		
	30-Jun-20	30-May-20	Change
Kandla (FOR) (INR/MT)	32500	33800	-1300
Kandla (FAS) (USD/MT)	440	445	-5
CNF Indonesia – Yellow SBM (USD/MT)	435	0	435

Rapeseed Meal	30-Jun-20	30-May-20	Change
FAS Kandla (USD/MT)	202	0	202
FOR Kandla (Rs/MT)	15300	0	15300
FOR Mundra (Rs/MT)	15700	0	15700

CNF Indonesia (USD/MT)	230	0	230
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International Soy DOC			
Argentina FOB USD/MT	30-Jun-20	30-May-20	Change
Soybean Pellets	319	314	5
Soybean Cake Flour	319	314	5
Soya Meal	319	312	7
Soy Expellers	319	312	7

Sunflower (DOC) Rates	Ex-factory rates (Rs/ton)		
Centers	30-Jun-20	30-May-20	Change
Adoni	22500	22800	-300
Khamgaon	0	0	Unch
Parli	0	0	Unch
Latur	22100	22200	-100

Groundnut Meal (Rs/MT)	30-Jun-20	30-May-20	Change
Basis 45%, Saurashtra	26500	28500	-2000
Basis 40%, Saurashtra	24000	26000	-2000
GN Cake, Gondal	28000	30000	-2000

Mustard DOC	30-Jun-20	30-May-20	Change
Jaipur (Plant delivery)	14200	14500	-300
Kandla (FOR Rs/MT)	14900	15200	-300

Mumbai Oil Meal Quotes:			
Rs/M.T.	30-Jun-20	30-May-20	Change
G.N. Extr (45%)	26500	27500	-1000
Kardi Extr	0	0	Unch
Undec Cottonseed Exp	23000	23500	-500
Rice Bran Extr.	0	0	Unch
Sunflower Extr.	20000	20500	-500
Rapeseed Extr.	0	0	Unch
Soymeal 48%	29739	33600	-3861
Castor Extr.	0	0	Unch



## 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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