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# Oilmeals Monthly Research Report

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## Executive Summary

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Domestic soybean and soymeal fell primarily on newly harvested oilseeds' arrival. The soybean and groundnut supplies are picking pace as harvesting gains momentum.

Overall, the fundamentals of the soy complex are weak on slack in soymeal demand and its weak exports increasing soyoil imports at competitive price and the forecast of higher soybean production for India this season.

However, the rapeseed-mustard fundamentals continues to be strong on good buying support from the oilseeds' crushers, mainly on good mustard oil demand and improved rapeseed extract exports in recent months.

The recent ban on blending any other edible oils with rapeseed-mustard oil, should also improve the demand in the seed by millers

Besides, the Government of India has increased the MSP of rapeseed-mustard for 2021-22 crop by Rs.225, well ahead the season, lending support to the seed prices at higher levels.

In the final official progressive kharif planting report, India's area under oilseeds coverage is reported up by 10.5%. This year area coverage under soybean is 121.21 lha, up by 7% from the 113.41 lha normal area. Agriwatch has pegged India's 2020/21 soybean output up 38% from previous season after increase in the sown area under the bean.

Soy fundamentals are expected to remain weak in near-to-medium term on fall in demand while the rapeseed-mustard fundamentals will remain strong on better demand and good crush margin to crushers. However, we feel rapeseed-mustard prices will come under pressure with increase in the new crop soybean supplies.

We expect soybean and soymeal prices to feature range-bound movement with weak-bias on bearish domestic and global supply outlook.

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## Outlook – Cash Market

**Outlook - Soybean (Spot, Indore):** The soybean prices will feature range-bound movement with weak bias with the commencement of newly harvested bean arrivals, weak soymeal demand and higher soyoil imports. Further, expectation of higher soybean production this season will continue to weigh on the soy prices. However, fresh buying will limit any major fall. The prices (Indore, Plant basis) are expected to feature range bound movement in the price band of 3,500 – 3,700 level.

**Outlook – Soy meal:** Persistent 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. 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. Soy meal, Indore is expected to be in the range of 27,500 – 28,700/MT levels during the month.

**Outlook - Rapeseed-Mustard (Spot, Jaipur basis):** The rapeseed-mustard is expected to feature range-bound movement with firm bias, on good crushing demand backed by good demand in rapeseed-mustard oil and improved exports of rapeseed-mustard oilcake. The seed arrivals are gradually falling week-on-week. The seed prices are likely to be under pressure with the commencement of newly harvested soybean supplies and witness the levels between 5,700–5,900/Qtl; levels during the month.

## International Highlights

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- ❖ US soybean exports may surge to 46-48 Mn T in Sept/Feb 2020/21. Huge exports to China will tighten supplies for the rest of the world.
- ❖ US soybean harvesting is progressing well and yields are better than expected.
- ❖ NOPA has reported US August 2020 soybean crush at 165.055 million bushels, the lowest monthly crush since November. It was down from 172.794 million bushels in July 2020 and 168.085 million bushels processed in August 2019
- ❖ In the September'20 report, the USDA has slashed US 2020/21 soybean production to 117.3 million tonnes from 120.4 million tonnes forecast in August'20 report.
- ❖ China's August imports of soybeans from Brazil increased by 22% from a year ago, China brought in 8.15 million tonnes of soybean from Brazil in August, up from 6.68 million tonnes last year, data from GAC.
- ❖ **Revised September'20:** Brazil's 2020/21 soybean output is forecast up by around 5-6% between 127.3 million tonnes to 133.5 million tonnes by various agribusiness consultancies like Rabobank (127.3 Mn T), Abiove (131.5 Mn T), Datagro (131.69 Mn T), Celeres (131.4 Mn T), AgRural (131.3 Mn T) and Conab (133.5 Mn T) and USDA has pegged it at 133 Mn T currently.
- ❖ These agencies have pegged the Brazil's 2020/21 planted area to 37.9 - 38.2 million hectares (an increase of 1.3 – 2.5 million hectares over the 2019/20 final estimates).
- ❖ Brazil has harvested 125.5 million tonnes of soybean in 2019/20 which is slightly higher than 125 million tonnes in 2018/19.
- ❖ Argentina's 2020/21 soybean output is pegged at 50 million tonnes by Rosario Grain Exchange. The country harvested 50.7 million tonnes in 2019/20. The Buenos Aires Grains Exchange soy crop has estimated at 46.5 million tonnes vs 49.6 million tonnes last season. And increase the area under bean by 0.6% this year vs 17.3 million hectares.

## Monsoon 2020-21, Subdivision Rainfall Status

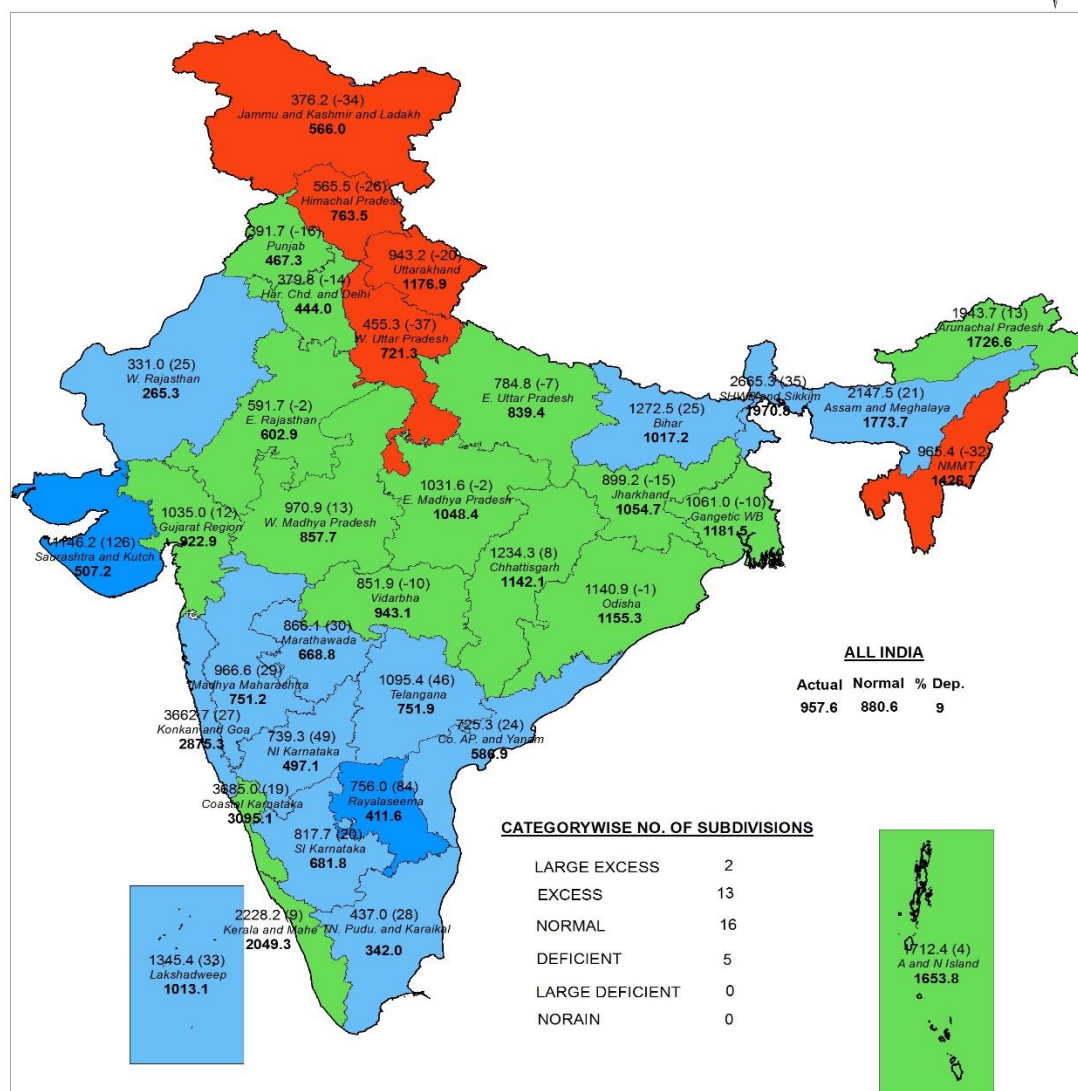


भारत मौसम विज्ञान विभाग  
INDIA METEOROLOGICAL DEPARTMENT

जल मौसम विज्ञान प्रभाग, नई दिल्ली  
HYDROMET DIVISION, NEW DELHI

### SUBDIVISION RAINFALL MAP

Period : 01-06-2020 To 30-09-2020



#### Legend

Large Excess [ 60% or more] Excess [ 20% to 59%] Normal [-19% to 19%] Deficient [-59% to -20%] Large Deficient [-99% to -60%] No Rain [-100%] No Data

#### NOTES :

- RainFall figures are based on operation data.
- Small figures indicate actual rainfall (mm), while bold figures indicate Normal rainfall (mm).
- Percentage Departures of rainfall are shown in brackets.

## Sown Area – *Rabi* Oilseeds, India

In the last official Kharif oilseeds planting report dated 25<sup>th</sup> September 2020, by the Ministry of Agriculture, the total coverage area under Kharif oilseeds is reported at 197.18 lakh hectares, an increase by 9.8% from 179.63 lakh ha in the corresponding period of last year. Of the major oilseeds, soybean sowing is reported up by 6.4% at 121.24 lha compared to 113.95 lha during the corresponding period of last year, groundnut at 50.98 lha vs 39.48 lha, sesamum 14.14 lha vs 13.73 lha, castor seed at 7.92 lha vs 9.44 lha and niger at 1.67 lha vs 2.04 lha, during the same period last year. We feel country's final area under oilseeds to be above normal by 8-9% this season.

Area in Lakh Hectares

<b>Crop</b>	<b>Normal Area (5 Year Avg.)</b>	<b>As on 25 Sep. 2020</b>	<b>As on 25 Sep. 2019</b>	<b>% Change</b>
Groundnut	42.43	50.98	39.48	<b>29.1</b>
Soybean	111.49	121.24	113.95	<b>6.4</b>
Sunflower	1.84	1.23	0.99	<b>24.2</b>
Sesamum	14.13	14.14	13.73	<b>3.0</b>
Niger	2.41	1.67	2.04	<b>-18.1</b>
Castor	9.65	7.92	9.44	<b>-16.1</b>
<b>Total Oilseeds</b>	<b>181.95</b>	<b>197.18</b>	<b>179.63</b>	<b>9.8</b>

Source: MoA, GOI

## Soybean

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Soybean couldn't sustain the previous week's gain on bearish supply scenario this season. The harvesting of soybean is gaining momentum across all the key growing states and the arrivals are picking pace.

The moisture in the newly harvested soybean is reported between 10%-17%, where upto 10% is considered as FAQ and is within NCDEX quality specifications. Any lot with moisture above 17% is rejected by the millers.

Forecast of higher soybean production this season, decline in local soymeal demand, weak soymeal export sales and increasing soyoil imports continued to remain bearish for the soy complex.

The traders in about 270 cash market yards of Madhya Pradesh are still on strike demanding reduction in the mandi fee on the purchase of agricultural produce.

The traders' body said that they are not opposing the farm bill passed recently by the government but urge the state government to protect their business interests by reducing *mandi* duty.

They have demanded the state government to slash the *mandi* fee on the purchase of agriculture produce to 0.5% from the current 1.5%.

The arrivals of the newly harvested soybean have already been hit in mandis of the state and will continue until there is some form of resolution.

Forecast of higher soybean production for the new season, weak soymeal demand and increasing soyoil imports will continue to pressure the soybean complex and the keep the crush margins lower in medium-to-long term.

India's soyoil imports surged by 14% to 2,78,9867 tonnes during the last five months (Apr.-Aug.) of oil year 2019-20 compared to 2,45,2362 tonnes during the corresponding period last year.

Soymeal exports are reported down by 24% during April-August 2020 compared to the same period last season.

In the last progressive planting report by the Ministry of Agriculture dated September 25, 2020, India's soybean sowing is reported up by 6.4% at 121.24 lha compared to 113.95 lha during the corresponding period of last year.

IMD's subdivision rainfall data of 30 September 2020 reveals that the West Madhya Pradesh has received 971 mm of rainfall vs 858 mm (+13% departure), Vidarbha 852 mm vs 943 mm (-10% departure) and East Rajasthan received 592 mm rainfall vs 603 mm normal (-2% departure).

Agriwatch has pegged India's 2020/21 soybean output at 12.06 million tonnes, up 38% from 8.74 million tonnes in 2019/20. SOPA has pegged India's 2020 soybean output at 12.25 Mn T after a recent crop survey. USDA has pegged it at 11.2 Mn T, up from the 10.5 Mn T previous estimate.

In the latest update by SOPA, the association has revised the import of soybean for the oil year 2019/20 upwards from 3 lakh tonnes to 5 lakh tonnes, soybean crushing during the same period is revised upwards from 73 lakh

tonnes to 81 lakh tonnes, soymeal consumption for food from 6 lakh tonnes to 6.5 lakh tonnes and for feed from 47 lakh tonnes to 52.5 lakh tonnes.

Agriwatch has estimated the carry out stock of soybean in October 2020 to 1.0 million tonnes while SOPA has estimated India's carry out stock 0.61 million tonnes for the same.

Soybean plant delivery prices have fell in Indore cash market at Rs 3,725 – 3,950 a quintal compared Rs 3,880 – 4,020 to the previous week.

The supplies of bean were not reported in the cash market yards of Madhya Pradesh last week bags which were 4,00,000 bags a week ago.

Government has set the MSP of soybean for kharif marketing season at Rs. 3880/Qtl vs Rs. 3710/Qtl last season. This will lend some support to the bean.

*The major buyers are as follows: Agrawal, Neemuch, Shanti Overseas, Living Food, Goyal Protein, 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, higher soybean oil imports and expectation of good crop this season.***

## **International:**

Argentina has temporarily slashed soybean export duty by 3% points to 30% to help stimulate trade, the government announced, as the country struggles with recession and declining foreign reserves.

Soyoil and soymeal export taxes, which had been at 33%, will fall to 28% in October, then rise to 29.5% in November, 30% in December and 31% in January, as planned by the Economy Ministry.

In the latest USDA, September'20, report, the department has slashed US 2020/21 soybean production to 117.3 million tonnes from 120.4 million tonnes forecast in August'20 report.

Overall, the global soybean supplies for 2020/21 season is projected to be bearish.

**Revised September'20:** Brazil's 2020/21 soybean output is forecast up by around 5-6% between 127.3 million tonnes to 133.5 million tonnes by various agribusiness consultancies like Rabobank (127.3 Mn T), Abiove (131.5 Mn T), Datagro (131.69 Mn T), Celeres (131.4 Mn T), AgRural (131.3 Mn T) and Conab (133.5 Mn T) and USDA at 133 Mn T.

These agencies have pegged the Brazil's 2020/21 planted area to 37.9 - 38.2 million hectares which is up 1.3 – 2.5 million hectares estimated by these agencies for 2019/20.

Industry estimates suggest this year's Brazilian soybean export may reach 80 million tonnes or more, which means another 12 million tonnes could be exported over the next few months. Their shipping lineup showed 5.3 million tonnes of soybeans scheduled for August. China will be the largest buyers from Brazil.



The above statements with data reveal bearish global oilseeds supply scenario in the upcoming season.

China's domestic soybean production is seen at 18.81 million tonnes in 2020, up 3.9% from the previous year, according to forecasts of the agriculture ministry. The country's soybean crushing volumes were pegged at 85.98 million tonnes this year.

The strong Chinese buying will continue to lend support to the international soy prices during the season.

Argentina's 2019/20 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. The reduction is mainly due to the dry weather during the crop development phase.

*The international soybean prices are expected to feature range bound movement with weak bias on better US soybean crop prospect and South American supply scenario. However, strong Chinese buying will limit the downside.*

## Balance Sheet – Soybean, India

Soybean (Fig in Mn T) MY- Oct.-Sep.			Fig. in MnT			
			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 was projected at 8.75 million tonnes against 12.59 million last season.
- India's 2019-20 soybean crush was estimated 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.

Note: We will update India's 2020/21 soybean outturn projection in next edition.

## Soy meal

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improve in the volume of crushing the bean.

Besides, forecast of higher soybean output in India this season, have again created the bearish supply scenario in soymeal in the coming season.

Weak local demand in soymeal and decline in export sales in the same will continue to pressure the soymeal prices. The domestic poultry demand is still weak and way behind the pre-COVID levels.

The soybean crush margins have slightly improved after relative increase in the prices of soy products ahead festivities.

We feel the volume in soybean crushing to improve on seasonal fundamentals after rise in the availability of the bean with harvesting gaining momentum. Seasonally, India's soybean crushing is at peak during October-March.

India's export of oilmeals for the month of August 2020 is reported at 171,515 tonnes compared to 228,484 tonnes in August, 2019 i.e. down by 25%.

The overall export of oilmeals during April to August 2020 is provisionally also reported down at 1,013,177 tonnes compared to 1,146,295 tonnes during the same period of previous year i.e. down by 12%.

The soymeal exports fell by 6% to 58,190 tonnes in August 2020 compared to 61,957 tonnes in the same period last year. Besides, it fell by 24% to 2,49,339 tonnes during the last five months (Apr.-Aug.) of financial year 2020-21 compared to 3,28,633 tonnes during the corresponding period last year.

The domestic average soymeal prices at Indore, witnessed losses to Rs. 30,000/MT and was quoted between Rs 29,700 – 30,500/MT compared to the average of Rs 30,950/MT traded between the price range of Rs 30,5000 – 31,500/MT previous week.

At Latur soymeal prices fell to Rs 32,500 – 33,500/MT from Rs 33,000 – 34,000/MT a week ago and in Nanded it was quoted lower at Rs. 33,000 - 33,500/MT compared to Rs. 33,700 - 34,500/MT a week ago. Besides, in Kota, the meal too fell to Rs 31, 800 – 32,500/MT compared to Rs 32, 800 – 33,500/MT previous week.

India's Y-o-Y soy meal prices, Indore, are currently lower. Soy meal Indore was quoted higher between Rs 29,700 – 30,500/MT during the week compared to Rs 34,000 – 36,425/MT during the corresponding period last year.

*The soy meal prices (Indore) are likely to feature range-bound movement between Rs. 28,500 – 29,700/MT on slack in demand from poultry sector, in near to medium-term.*

**Previous updates:**

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India has lost the traditional South East Asian markets to South America in recent years as the markets have switched to GM soymeal and India has lost its non-GM advantage it enjoyed until recently. Japan was the biggest buyer of non-GM soymeal of Indian origin earlier.

Soymeal exports to SE Asian countries are continues to remain weak and given the bumper South American soybean crop and expectation of good US bean crop, it is unlikely India's soymeal export prices could compete with them.

Vietnam, Indonesia, Philippines, Thailand, S. Korea and Japan combined together is forecast to import 19.75 Mn T of soymeal in 2020/21 mainly from Argentina, Brazil and US.

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

In a major blow to the domestic soymeal market, which was already reeling under pressure, DGFT has blocked the online registration of Merchandise Export from India Scheme Claims (MEIS), this week, on its portal from exports undertaken 01.04.2020 onwards.

This will result in further decline in soymeal exports from India, as MEIS benefit of 5% is a significant incentive to compete in the world market. SOPA has made a representation to the government to revoke the suspension of the MEIS benefit immediately.

The revenue department have argued against continuing the MEIS, calling it wasteful and inefficient.

Instead of extending the Merchandise Exports of India Scheme, which cost Rs 43,500 crore in 2019-20, the NITI Aayog and the Ministry of Finance have called for putting financial resources into new Production-Linked Incentive (PLI) schemes in select sectors with core competency and potential for global exports.

However, SOPA has sought a stimulus package from the Centre to support the soybean industry, which has been hit by the lockdown and the collapse of poultry sector. It has asked the Center to increase the import duty in edible oils.

Besides, the SOPA members in a letter addressed to Ministry of Agriculture and Farmers Welfare have demanded exemption of GST on soybean and soymeal, the same time.

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.

## 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	57
<b>Jul</b>	140	168	107	7	1	12	81	64	76	62
<b>Aug</b>	166	10	184	3	1	11	88	60	95	58
<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>437</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.

## Soybean Crush Margin

Avg Crush Margin – Sep 2020		Avg Crush Margin – Aug 2020		Avg Crush Margin – Sep 2019	
<b>-6.7</b>		<b>-924</b>		<b>-1368</b>	
Min	Max	Min	Max	Min	Max
<b>-1675</b>	<b>1120</b>	<b>-1590</b>	<b>-250</b>	<b>-2654</b>	<b>-30</b>

## Technical Analysis:

### NCDEX Soybean Futures



### Soybean Spot, Indore



\*Daily Chart

Support & Resistance NCDEX- Soybean Nov. Contract				
S1	S2	PCP	R1	R2
3630	3400	3887	4200	4400

- Soybean fell on selling pressure, during the month.
- Prices closed above 40-day EMA.
- MACD is easing in the positive territory.
- RSI and stochastic are falling in the neutral zone.
- Trade Recommendation (NCDEX Soybean – Nov.) – 1 Month: **SELL** Below 3900; T1 – 3700; T2 - 3600; SL –4020.

## Rapeseed - Mustard Seed

Rapeseed-mustard extended the rally on robust buying support ahead festivities to meet the fresh edible oil demand.

Good crush margin in crushing the seed followed by fall in rape-oil (canola) imports, improved overseas demand in the rapeseed-mustard extract have remained supportive for the strong seed prices.

Further, the MSP for rapeseed-mustard has been increased to Rs. 4,650 per quintal for marketing season 2021-22 from Rs. 4,425 per quintal in 2020-21 an increase of Rs. 225 a quintal.

Besides, the government of India has prohibited blending of any other edible oil with rapeseed-mustard oil for domestic consumption, in public interest.

This should improve the demand in the seed by the millers, especially given that imports of rapeseed (canola) oil have declined. Though India imported some rapeseed (canola) oil in August, after previously importing in March, the overall decline in rapeseed oil imports during the oil year (Nov.-Oct.) has limited the decline to the domestic rapeseed-mustard complex.

Millers are aggressively crushing the rapeseed-mustard as the crush margins are good this season. But, we feel that rapeseed-mustard prices will remain under short-term pressure with the increase in kharif oilseeds' supplies.

NAFED and HAFED are offloading their stock in the market.

Export of rapeseed meal performed well, during the last five months of financial year 2020-21 and reported at 487,060 tonnes against last year during the same period at 460,212 tonnes i.e. up by 6%.

Overall, the rapeseed-mustard sentiments are strong with good buying support and high MSP for the seed.

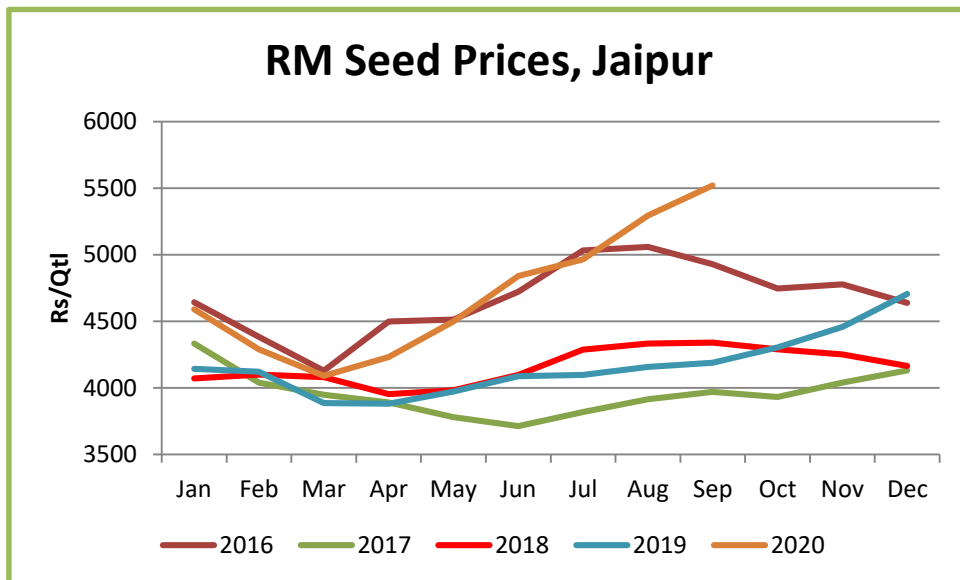
### RM Seed Supply, Pan India

RM Seed Arrivals Pan India in Bags (85 kg each).		
Monthly Arrivals– Sep.	1 Month Ago	Corresponding Period Last Year
37,10,000	25,70,000	30,55,000

The all India rapeseed-mustard supplies slightly improved week-on-week and were reported at 7.85 lakh bags during the week compared to around 8.05 lakh bags, previous week. The supplies were 7.75 lakh bags during the corresponding period last year.

RM seed prices improved by 1.2% to Rs 5,570 – 5,635 a quintal from Rs 5,470 – 5,600 a quintal previous week and Rs 4,160 – 4,225 a quintal during the corresponding period last year in Jaipur.

At NCDEX futures, the November contract rapeseed-mustard posted gains at 5,536/Qtl compared to 5,458/Qtl previous week.



### Previous Updates

The MSP for rapeseed-mustard has been increased in line with the recommendations of Swaminathan Commission to Rs. 4,650 per quintal for marketing season 2021-22 from Rs. 4,425 per quintal in 2020-21 an increase of Rs. 225 a quintal.

India had imported rapeseed oil (canola) of about 20,801 metric tonnes in August for the first time in last four months.

The total procurement of rapeseed-mustard by Nafed under PSS in 2020/21 from major seed producing states (Uttar Pradesh, Rajasthan, Gujarat, Haryana and Madhya Pradesh) stands at 8,03,853.33 metric tonnes with a total value of Rs. 3,55,705.10 Lakh and the total number of farmers benefiting from the scheme so far stands at 3,18,540.

Total procurement of the seed by Hafed in 2020/21 stands at 5,30,000 metric tonnes.

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.

India's 2019/20 rapeseed oil import estimate has 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) has left unchanged its previous estimate.

Strategie Grains has raised its forecast for 2020-21 rapeseed production in the European Union plus Britain to 16.79 million tonnes from 16.54 million in its previous estimates.

The upward revision, after six consecutive downward monthly projections was mainly due to favourable weather condition in Poland and Lithuania.

The rapeseed outturn is estimated to be still below previous year's poor crop harvest of 17.12 million tonnes, due to weak output in France, Britain, Central and Eastern Europe.

The production is hit mainly due to the very dry spring in parts of Europe as well widespread damage due to insects.

Strategie Grains has estimated EU rapeseed 2020-21 import to record 6.1 million tonnes, after estimating 6.2 million tonnes a month ago. EU had imported 6.0 million tonnes of rapeseed in 2019/20 season

**Outlook:** *The rapeseed-mustard is expected to stay strong and feature range-bound movement with firm bias, as the stockists and the solvent extractors have almost covered their stocks, in the cash market. Good rapeseed-mustard oil demand and improved overseas demand in rapeseed extract will continue to lend support to the seed prices are higher levels.*

## 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)

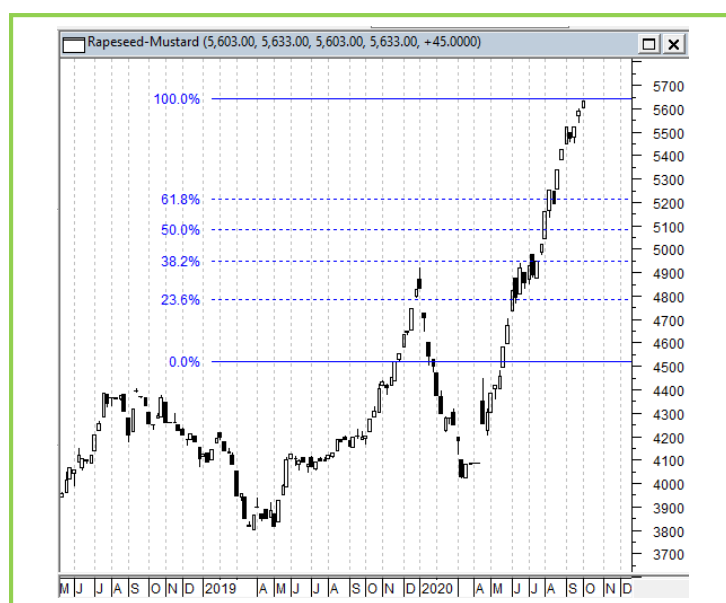
- We have pegged India's 2020/21 Rapeseed-mustard outturn at 7.2 million tonnes, lower by than 9% compared to the 2019/20 production at 7.9 million tonnes.
- India's production is above 5 year average of around 6.7 million tonnes.
- **Trade Observations: India is an import dependent country in edible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

S1	S2	PCP	R1	R2
4989	4800	5488	5800	5900

- Rapeseed-mustard continued to rally 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 – Nov.) – 1 Month: **BUY** Above 5450. T1 – 5650; T2 - 5750; SL – 5330.

## Groundnut

The groundnut seeds continued downtrend, on bearish supply outlook for the new kharif season given the surge in sown area and the expectation of a bigger harvest.

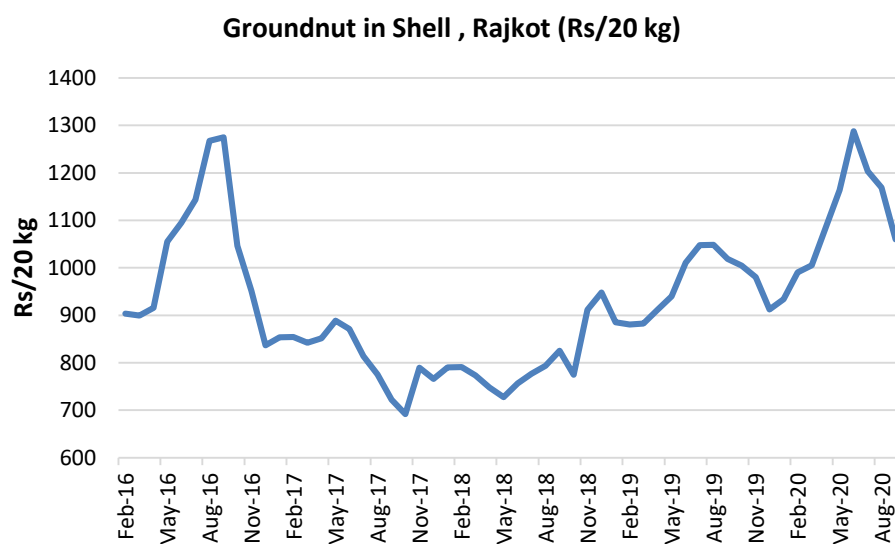
All India Kharif groundnut sowing has crossed the normal area of around 42.43 lha by 19% to 50.36 lha. Of the total sown area 7.44 lha is Andhra Pradesh's share.

Overall, the crop is in good health.

Agriwatch has pegged India's kharif'20 groundnut seed output at 65 lakh tonnes up 17% from 55.53 lakh tonnes in previous season.

Incessant rains in Gujarat's seed growing belt, during the week, have inundated hundreds of acres of groundnut fields.

Overcast sky and high level of humidity over the past 20 days in Saurashtra have dampened the chances of good yield this year. Situation can return to normal if the weather clears next couple of days.



NAFED has disposed 3.88 lakh tonnes of groundnut combined together in the states of Gujarat and Rajasthan, including stocks from Kharif'18 and Kharif'19.

Currently, India's groundnut stock is seen below 2.8 – 3 lakh tonnes, as per Saurashtra Oil Mills Association.

Groundnut							
Center	Variety	% Change over	% Change over	As on	Month Ago	Year Ago	2 Year Ago
		Previous year	Previous month	Sep-20	Aug-20	Sep-19	Sep-18
Rajkot	GN in Shell (Rs/20kg)	-0.1	-0.5	1003	1060	1004	774
Shaurashtra	GN Seed Kernel (Rs/MT)	-	-	-	-	-	-

(Source: AW)

## Annexure

Soy DOC Rates at Different Centers			
Centres	Ex-factory rates (Rs/ton)		
	30-Sep-20	31-Aug-20	Parity To
Indore - 45%, Jute Bag	29700	32500	Gujarat, MP
Kota - 45%, PP Bag	31800	34500	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna - 45%, PP Bag	33000	36000	Mumbai, Maharashtra
Nagpur - 45%, PP Bag	33000	36000	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	33000	35000	Andhra, AP, Kar, TN
Latur	32500	35500	-
Sangli	31500	34500	Local and South
Solapur	30600	34000	Local and South
Akola – 45%, PP Bag	31000	33800	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Hingoli	33000	34500	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Bundi	31600	34300	-

Soy DOC at Ports			
Centers	Port Price		
	30-Sep-20	31-Aug-20	Change
Kandla (FOR) (INR/MT)	35000	32500	2500
Kandla (FAS) (USD/MT)	425	445	-20
CNF Indonesia – Yellow SBM (USD/MT)	450	410	40

Rapeseed Meal	30-Sep-20	31-Aug-20	Change
FAS Kandla (USD/MT)	247	240	7
FOR Kandla (Rs/MT)	17750	17600	150
FOR Mundra (Rs/MT)	18100	18000	100
CNF Indonesia (USD/MT)	275	265	10

International Soy DOC			
Argentina FOB USD/MT	30-Sep-20	31-Aug-20	Change
Soybean Pellets	397	355	42
Soybean Cake Flour	397	355	42

Soya Meal	391	353	38
Soy Expellers	391	353	38

Sunflower (DOC) Rates	Ex-factory rates (Rs/ton)		
Centers	30-Sep-20	31-Aug-20	Change
Adoni	23500	23100	400
Khamgaon	NA	0	-
Parli	NA	0	-
Latur	22800	22000	800

Groundnut Meal (Rs/MT)	30-Sep-20	31-Aug-20	Change
Basis 45%, Saurashtra	25000	29000	-4000
Basis 40%, Saurashtra	23000	26500	-3500
GN Cake, Gondal	26500	28500	-2000

Mustard DOC	30-Sep-20	31-Aug-20	Change
Jaipur (Plant delivery)	17000	17000	Unch
Kandla (FOR Rs/MT)	17700	17600	100

Mumbai Oil Meal Quotes:			
Rs/M.T.	30-Sep-20	31-Aug-20	Change
G.N. Extr (45%)	26000	28500	-2500
Kardi Extr	NA	0	-
Undec Cottonseed Exp	22500	23500	-1000
Rice Bran Extr.	NA	0	-
Sunflower Extr.	18000	19000	-1000
Rapeseed Extr.	NA	0	-
Soymeal 48%	30783	33913	-3130
Castor Extr.	5475	5100	375

## MSP of Rabi Oilseeds for Marketing Season 2021-22- GOI

Sl. No	Crops	MSP for Rabi 2021-22	MSP for Rabi 2020-21	Increase in MSP (Absolute)
1	Rapeseed-mustard	4,650	4,425	225
2	Safflower	5,327	5,215	112

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 Rabi crops for marketing season 2021-22.

Government has increased the MSP of Rabi crops for marketing season 2021-22, to ensure remunerative prices to the growers for their produce. This increase in MSP is in line with the recommendations of Swaminathan Commission.

Among the Rabi oilseeds the MSP for rapeseed-mustard has been increased to Rs. 4,650 per quintal for marketing season 2021-22 from Rs. 4,425 per quintal in 2020-21 an increase of Rs. 225 a quintal.

The MSP of safflower to Rs. 5,327 a quintal from earlier Rs. 5,215 per quintal an increase of Rs 112 per quintal.

## 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 at 25.73 Mn T vs 22.32 Mn in 1st Adv Est. for 2020-21- GOI

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The 1st Advance Estimates of production of oilseeds for 2020-21 have been released by the Department of Agriculture, Cooperation and Farmers Welfare on 22<sup>nd</sup> September, 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 Kharif Oilseeds during 2020-21 is as under:

Kharif Oilseeds – 257.29 lakh tonnes in 2020-21 vs 223.16 lakh tonnes in 2019-20

- Groundnut – 95.35 lakh tonnes vs 83.67 lakh tonnes in the 4<sup>th</sup> Advance Estimate.
- Castorseed – 17.24 lakh tonnes vs 18.49 lakh tonnes
- Sesamum – 7.49 lakh tonnes vs 7.50 lakh tonnes
- Nigerseed – 0.63 lakh tonnes vs 0.42 lakh tonnes
- Soybean – 135.83 lakh tonnes vs 112.15 lakh tonnes
- Sunflower – 0.75 lakh tonnes vs 0.94 lakh tonnes.

The production estimates does not include the Rabi oilseeds' (rapeseed-mustard, safflower, rabi groundnut, rabi sunflower and Linseed) output estimates as its marketing season starts from February.

## 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

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