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# Oilmeals Monthly Research Report

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## Executive Summary

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The domestic oilseeds like soybean & groundnut seed extended gain on firm demand from the oilseed crushers and overseas markets to meet winter edible oil demand and meal demand.

However, rapeseed-mustard declined ahead harvesting of the seed and on expectation of bigger crop. The harvesting of New Mustard crop in UP & MP state has speed-up now while other growing regions are likely to begin soon. Farmers have commenced harvesting but slow pace in few districts of Rajasthan. Traders in Rajasthan expect lower mustard crop yield in this season as the length of new crop seed is not as good as expected earlier. New crop arrivals of mustard seed are expected to be higher in March month.

Continued mustard oil demand along with winter demand may support seed prices from any major fall.

The rapeseed-mustard prices declined by -1.59% also the rapeseed meal closed down by -0.57%, the soybean posted gains by +2.73% while the soymeal edged higher by 9.23% and groundnut seed rose by 13%, all compared to the previous month's level.

Continued and need based buying in the soybean witnessed on better soymeal export enquiries and good local soyoil demand.

Groundnut seed made another higher price record in this month and remained leader among all the oilseeds on strong overseas demand in the seed and the groundnut oil this season.

We feel the soy complex and groundnut to feature range bound movement with firm bias on bullish global supply outlook and demand. Besides, mustard prices may fall range-bound movement with weak bias on good supplies of new crops in India.

## Outlook – Cash Market

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**Outlook - Soybean (Spot, Indore):** The soybean prices will feature range-bound movement with firm bias on renewed buying by the oilseeds' crushers, to meet the improved overseas soymeal demand. Recovery in soymeal export sales in recent months and decline in the soyoil import should also lend support to the bean prices. The prices (Indore, Plant basis) are expected to feature range bound movement in the price band of 4,750 – 5,200 level.

**Outlook – Soy meal:** Soymeal prices are likely to feature range bound movement with firm demand. The fresh demand of poultry sector may support in the market. Export demand in last couple of months may help it continue to gain. Soy meal, Indore is expected to be in the range of 34,700 – 37,000/MT levels during the month.

**Outlook - Rapeseed-Mustard (Spot, Jaipur basis):** Rapeseed-mustard is expected to feature range-bound movement with weak bias on heavy crop supplies of new crop. However, good export demand of rapeseed meal may support prices from any major fall. The seed prices are likely to witness the price levels between 6,020 – 6,125/Qtl; levels during the month.

## International Highlights

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- ❖ At the weekend, CBOT's most-active soybean contract closed up by 7% to US \$1.379 a bushel in expectations of continue export demand from China.
- ❖ In the December'20 report, the USDA has kept US 2020/21 soybean production unchanged to 113.5 million tonnes compared to previous month. It has also kept Brazil's soybean production unchanged at 133.0 million tonnes compared to the last month. Similarly for India the estimates are unchanged at 10.5 million tonnes from previous month. However, it has slashed the Argentina's 2020/21 soybean production to 50.0 million tonnes from 51.0 million tonnes last month.
- ❖ The global 2020/21 soybean production is estimated at 362.1 million tonnes vs 362.6 million tonnes in the last report by USDA. World soymeal exports are expected to decline by 3.1 Mn T in 2020.
- ❖ US soybean processors have marked their largest November crush on record of 181.018 million bushels surpassing previous mark of 166.959 million bushels in November 2018. According to data released by the National Oilseed Processors Association (NOPA). However, the figure is down from the record 185.245 million bushels in October 2020 but up from 164.909 million bushels in November 2019.
- ❖ According to the General Administration of Customs data Chinese imports of US soybean in November 2020 more than doubled to 6.04 million tonnes, up 136% from 2.56 million tonnes during the same period last year.
- ❖ The November purchases were also up from 3.4 million tonnes in October 2020. In the first 11 months of the calendar year, China imported 20.05 million tonnes of US soybean, which is up 45% from 13.85 million tonnes bought during the corresponding period last year.
- ❖ Agroconsult has estimated Brazil's 2020/21 soybean production at 133.2 million tonnes versus government estimate of 134.953 million tonnes. Aprosoja, in its recent Brazil's 2020/21 soybean estimate has reduced the output by 2 million tonnes to 127 million tonnes from 129 million tonnes in its previous forecast, due to the month long dryness in the key producing region.
- ❖ 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 has estimated the soy crop 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 last year.

## Sown Area – *Rabi* Oilseeds, India 2020-21

In the latest official rabi oilseeds planting report, by the Ministry of Agriculture, the total coverage area under rabi oilseeds is reported at 83.95 lakh hectares, up 4.97% from 79.98 lakh ha in the corresponding period of last year. Of the major oilseeds, rapeseed-mustard sowing is reported up by 7.03% at 73.94 lha compared to 69.08 lha during the corresponding period of last year. Groundnut at 4.76 lha vs 4.82 lha, safflower at 0.59 lha vs 0.63 lha, sunflower at 1.04 lha vs 1.05 lha, sesamum 0.48 lha vs 0.60 lha, linseed at 2.94 lha vs 3.47 lha and other 0.21 lha vs 0.33 lha during the same period last year.

Area in Lakh Hectares

<i>Crop</i>	<i>Normal Area (5 Year Avg.)</i>	<i>As on 29 Jan. 2021</i>	<i>As on 29 Jan. 2020</i>	<i>% Change</i>
Rapeseed/Mustard	59.44	73.94	69.08	<b>7.03</b>
Groundnut	7.28	4.76	4.82	<b>-1.23</b>
Safflower	1.18	0.59	0.63	<b>-7.19</b>
Sunflower	2.41	1.04	1.05	<b>-0.85</b>
Sesamum	0.00*	0.48	0.60	<b>-19.74</b>
Linseed	2.75	2.94	3.47	<b>-15.28</b>
Others	0.13	0.21	0.33	<b>-36.32</b>
<b>Total Oilseeds</b>	<b>73.19</b>	<b>83.95</b>	<b>79.98</b>	<b>4.97</b>

Source: MoA, GOI

## Soybean

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Soybean surged supported by regular demand from oilseed processors to meet the strong overseas soymeal demand and local soyoil demand. Recently, there is no any major updates about confirmed cases of bird flu in India.

The sentiments in the soy complex is bullish on decline in global soybean production scenario, likely fall in the soybean inventories and strong Chinese demand.

The average weekly soybean plant delivery price at Indore edged-up by +2.73% to Rs. 4700 a quintal compared to Rs. 4575 a quintal previous week.

At the weekend, CBOT's most-active soybean contract closed up by 7% to US \$1.379 a bushel in expectations of continue export demand from China.

Indian Government has increased taxes on imports on of the tropical oil's crude variety in favor of mustard farmers, whose crop is ready for harvest. India cut the basic import tax on crude palm oil to 15% from 27.5%, but imposed a 17.5% "cess" - a separate tax - on the imports. While import duties have been cut on edible oils. The new imposed duty is 15% for crude soybean and sunflower oil revised from 35% from its previous import duty.

Soybean Processors Association of India has urged the government to maintain the existing duty structure on soybean oil and sunflower seed oil in the interest of Indian oilseed farmer, as reduction will benefit only the Indian importers and the exporting countries, and consumers may-not get the benefit.

Improved local winter edible oil demand, bullish global soy supply outlook on dry weather in Latin America which will hit the bean output in Argentina and Brazil. Argentine and workers strike after wage talk failed remained bullish for the international soy complex.

The harvesting of soybean in Brazil is remain slow after heavy rainfall & water log in the fields. The harvesting may hamper again in expectation of more rainfall in next week of February 21. Brazil's soy harvesting moves at the slowest pace in 10 years, vessels are lined up at ports such as Santos and Paranaguá, which are expected to ship some 8.5 million tonnes of the soybeans this month. In Parana, the growing belt of soybean in Brazil, the harvesting of soybean could not begin due to bad weather.

CONAB, in its December 2020 report, has forecast Brazil's 2020/1 soybean production estimate to 134.451 Mn T vs 134.953 Mn T in November 2020 and 124.845 Mn T in 2019/20.

The agency cites dryness as the major factor which has hit the soybean yield this season. The soybean yield projected at 3,522 kg/ha vs 3,528 kg/ha in November forecast and 3,379 kg/ha last year.

Agriwatch has revised its India's 2020/21 soybean output estimate to 10.7 million tonnes, up 22% from 8.74 million tonnes in 2019/20. USDA has pegged it at 11.2 million tonnes,

SOPA has pegged India's 2020/21 soybean estimate at 10.45 million tonnes against 9.31 million tonnes estimated for 2019. The yield is estimated at 883 kg/ha vs 865 kg/ha for the same period.

We expect India's soymeal exports to improve by 50-60% year-on-year for coming months, after fall in the soybean crushing in Argentina and Brazil after their stocks dried up.

India had imported 2,50,784 metric tonnes of crude soyoil in November 2020 to meet the supply gap, up +52%, compared to 1,64,750 metric tonnes in October 2020. This is mainly a seasonal surge.

Further, during November 2020, India's edible oil imports fell by -2% to 11,02,899 metric tonnes compared to 11,27,220 metric tonnes same period last year.

The decline in imports will support to the domestic soybean crushing, but this seems short lived as import parity for soyoil may lose the opportunity after peak soybean crushing window.

The monthly soybean plant delivery prices at Indore cash market edged-up by +2.73% to Rs. 4700 a quintal (Rs 4460-4725/Qtl) from Rs. 4575 a quintal (Rs 4300-4575/Qtl) a week ago.

The arrivals of bean declined to 20, 25,000 bags in the cash market yards of Madhya Pradesh, during the month against 26, 80,000 bags a week ago.

*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 recover on good winter edible oil demand and possible soymeal exports opportunities for India, in near-term.***

## **International:**

As per USDA report, U.S exported total 8.1 million tonnes of soybean in Jan 2021 higher against six year record.

As per T-Stonex, Brazil may harvest 132.77 million tonnes of soybean in 2020-21. The forecast is slightly higher from its previous forecast. While, Brazil's Agriculture Minister Tereza expect 133 million tonnes of soybean for this season.

Further, Brazilian farmers are expected to reap a record harvest of 132.2 million tonnes of soybeans in 2021 despite drought, according to the average of recent estimates in a poll in of 13 analysts, up from 125 million tonnes harvested by the farmers in the last season. The figure is also up from the last estimate, in December, the consensus forecast stood at 131.79 million tonnes.

Refinitive's trade flows have recorded 9.7 million tonnes of soybean imports by China during November 2020, the highest volume over the past three years during the same period.

Of the total about 6.8 million tonnes (70%) were shipped from the US which is double compared to October's US soybean imports by China.

China's soybean purchases are likely to remain strong over the next couple of months. It also said, in December, imports from the US will continue to increase to 7.6 million tonnes.

According to China's custom data, China's total soybean imports in 2020 will likely range between 101-105 million tonnes, compared to last year's 88.6 million tonnes.

USDA attache has projected China's 2020/21 soybean imports at 95 million tonnes which is lower than 98.5 million tonnes imported in 2019/20 by the country. The reason cited is the higher beginning stocks in the new marketing season following a buying spree in 2019/20.

China also imported 2.74 million tonnes of Brazilian soybean in November 2020, down 29% from 3.86 million tonnes same period last year. Brazilian exports during Jan-Nov'20 stood at 63.1 million tonnes, up 19% from 52.84 million tonnes corresponding period last year.

Brazil eliminated import tariffs for soybean and corn on 16th October 2020, seeking to maintain the supply balance amid record domestic prices for both commodities. For soybean, tariff-free imports are valid until 15 January 2021, while for corn the license goes until 31 March 2021.

According to Safras & Mercado the tariffs suspension in Brazil is likely to push soy imports to a maximum of 1 million tonnes this year, as compared with a current projection of 850,000

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

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.

**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 (133.7 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 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.

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 demand will continue to lend support to the international soy prices during the season.

*The international soybean prices are expected to feature range bound movement with firm bias on bullish supply outlook on poor weather condition in South America and strong Chinese soybean demand.*



## Balance Sheet – Soybean, India

Soybean (Fig in Mn T)	Fig. in MnT	
	2019-20	2020-21
Carry In	0.50	0.45
Production	8.74	10.50
Imports	0.10	0.30
Total Availability	9.35	11.25
Processing/Crushing	7.20	9.00
Seeding/Retained for Sowing	1.00	1.00
Domestic Consumption	8.20	10.00
Exports	0.70	0.50
Total Usage	8.90	10.50
Carry Out	0.45	0.75
Monthly Use	0.74	0.88
Stock/Consumption Ratio	0.05	0.07
Stock to Month Use Ratio	1.67	1.17

Source: Agriwatch

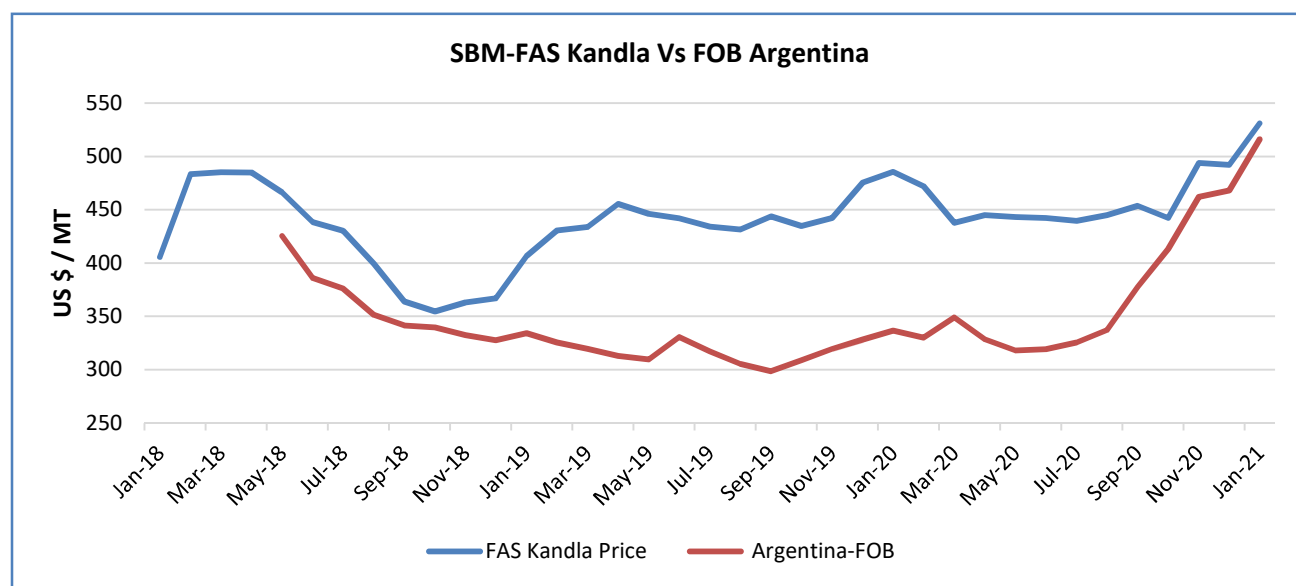
- **Trade Observations:** Limited buying is featured in soybean at various cash markets, due to weak soymeal demand from poultry sector attributed to COVID-19 pandemic and ongoing lockdown. The solvent extractors and stockists are buying to cover their stock for future.
- India's 2020-21 soybean production was projected at 10.5 million tonnes against 8.74 million last season.
- India's 2020-21 soybean crush was estimated at 9.0 million tonnes vs 7.2 million in 2019-20.
- This translates into availability of 7.2 million tonnes of soy meal and 1.62 million tonnes of soy oil in 2020-21 MY.

# Soymeal

The domestic soymeal sharply gained 9.23% mainly after good export demand for soymeal. Improving condition of Bird flu and COVID may support prices to rise further.

Currently, India's soymeal exports enquiries are good and the shipments are performing well this season compared to the previous year, mainly due to the global tight supplies.

The international soymeal prices are strong on the supply concerns, the Argentine soymeal prices have got dearer in last couple of months due to lean season, The soymeal export price spread of India vs Argentina have further narrowed to US \$ 15/MT in January'20 vs US \$ 24/MT in December'20, creating exports opportunity for India.



As expected, India's soymeal exports improved after lower soybean crushing in Argentina and Brazil leading fresh opportunity for India's export in the same.

India's December 2020 soymeal exports improved by +248% to 2,51,221 metric tonnes compared to 72,233 metric tonnes in the same period last year. Further, the soymeal shipments improved by +56% to 8,88,202 metric tonnes in aggregate, during the last eight months (Apr.-Dec.) of financial year 2020-21 compared to 5,69,349 metric tonnes during the corresponding period last year.

India's export of oilmeals for the month of December 2020 is reported at 5,12,997 metric tonnes compared to 2,20,404 metric tonnes in December 2019 i.e. up by +13%.

The overall export of oilmeals during April to December 2020 is also reported up by +26% at 24,61,696 metric tonnes compared to 19,55,276 metric tonnes during the same period last year.

Of the total soymeal exports of 2,51,221 metric tonnes in December 2020, Bangladesh, Iran and US remained to top buyers with imports figures touching 43,794 metric tonnes, 42,000 metric tonnes and 26,051 metric tonnes respectively..

In-spite of tough competition in world market, export of rapeseed meal and ricebran extraction performed well, during the last seven months of financial year 2020-21.

The domestic weekly average soymeal prices at Indore fell to Rs 32,460/MT and was quoted between Rs 32,300 – 32,500/MT compared to the weekly average of Rs 32,683/MT and was traded between the price ranges of Rs 32,500 – 33,000/MT previous week.

At Latur soymeal prices remained flat at Rs 35,000 – 36,000/MT from a week ago and in Nanded it was quoted lower at Rs. 34,000 – 35,000/MT compared to Rs. 34,500 – 34,800/MT a week ago. Besides, in Kota, the meal slightly fell to Rs. 33,500 – 34,000/MT compared to Rs. 33,700 – 34,200/MT previous week.

India's Y-o-Y soy meal prices, Indore, are currently higher. Soy meal Indore was quoted between Rs 32,500 – 35,600/MT during the month compared to Rs 32,300 – 33,500/MT during the corresponding period last year.

*The soy meal prices (Indore) are likely to feature range-bound with firm bias movement between Rs. 34,000 – 37,000/MT on better export demand.*

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**Previous updates:**

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India's November 2020 soymeal exports improved by +186% to 1,98,776 metric tonnes compared to 69,415 metric tonnes in the same period last year. Further, the soymeal shipments improved by +28% to 6,36,981 metric tonnes in aggregate, during the last seven months (Apr.-Nov.) of financial year 2020-21 compared to ,49,7116 metric tonnes during the corresponding period last year.

India's export of oilmeals for the month of November 2020 is reported at 3,31,171 metric tonnes compared to 2,08,401 metric tonnes in November 2019 i.e. up by +59%.

The overall export of oilmeals during April to November 2020 is also reported up by +12% at 19,48,699 metric tonnes compared to 17,34,875 metric tonnes during the same period last year.

The international soy market is strong on bullish global supply scenario due forecast to lower than expected soybean production and likely fall in the US soy inventories in August 2021 followed by the spree Chinese buying.

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.

## Soy Meal Export (In Thd T)

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2019-20
<b>Oct</b>	224	50	183	29	4	31	71	150	64	120
<b>Nov</b>	398	517	503	111	9	98	208	186	69	199
<b>Dec</b>	798	511	451	194	6	241	169	170	72	246
<b>Jan</b>	475	620	364	104	28	155	106	86	42	
<b>Feb</b>	344	578	184	65	30	208	74	132	49	
<b>Mar</b>	460	302	232	47	27	107	39	193	33	
<b>Apr</b>	314	100	76	18	12	124	68	41	26	
<b>May</b>	143	98	8	14	10	49	41	53	47	
<b>Jun</b>	181	214	3	2	18	46	104	62	57	
<b>Jul</b>	168	107	7	1	12	81	64	76	62	
<b>Aug</b>	10	184	3	1	11	88	60	95	58	
<b>Sep</b>	7	173	1	7	12	102	45	35	69	
<b>Total</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>658</b>	<b>319</b>

Source: SEA / SOPA

India's soy meal exports have improved on bullish global supply scenario on lower global soybean output and stock estimates, mainly on dry weather conditions in South America and surge in Chinese imports.

## Soybean Crush Margin

Avg Crush Margin – Dec 2020		Avg Crush Margin – Nov 2020		Avg Crush Margin – Dec 2019	
<b>-767</b>		<b>-1277</b>		<b>-1121</b>	
Min	Max	Min	Max	Min	Max
<b>-2040</b>	<b>-95</b>	<b>-2470</b>	<b>-80</b>	<b>-1755</b>	<b>-300</b>

## Technical Analysis:

### NCDEX Soybean Futures



### Soybean Spot, Indore



\*Daily Chart

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

S1	S2	PCP	R1	R2
3900	4100	4692	4980	5200

- Soybean extended the rally on good buying support in the market.
- Prices closed above 18-day EMA.
- RSI and stochastic are rising in the neutral zone.
- MACD is heading upwards in the positive territory.
- The prices are expected to feature gains during the month.
- Trade Recommendation (NCDEX Soybean – Mar.) Month: **BUY** Above 4650. Levels: T1 – 4790; T2- 4920, SL - 4380.

## Rapeseed - Mustard Seed

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Rapeseed-mustard declined, as expected, ahead crop harvest and expectation of bigger crop. The underlying fundamentals are strong on continued overseas rapeseed-mustard meal demand and improved local mustard oil demand post-COVID. However, heavy crop supplies of new crop will lead prices in one directions.

Rapeseed-mustard declined by -1.59% in Jan 2021 against previous month record on good supplies.

In the latest official rabi oilseeds planting report dated 29 January 2021, by the Ministry of Agriculture, the rapeseed-mustard sowing is reported up by 7.03% at 83.95 lha compared to 79.98 lha during the corresponding period last year.

We expect the final acreage under the seed to increase by 8-9% to around 75 lakh hectares, this season from 69 lakh hectares last year.

The standing rapeseed-mustard crop is in good health and the recent rains in the north Indian states proved to be beneficial for the crop which is at the pod formation stage. The rain spell has boosted the recovery level in the seed by around +1% to 35-36% from the normal 34-35%, mainly in the Agra belt which is the key seed growing region of Uttar Pradesh.

The rapeseed-mustard harvesting in UP & MP has commenced and it will pick up the pace by second week of February, In Kota & Alwar belt of Rajasthan has also started but slow pace.

India has not imported any rape oil (canola) in December too and as in last several months, on higher domestic crushing and comfortable mustard oil stock. We expect, India will not import the rape oil in coming months too.

The export of rapeseed meal in December'20 is reported at 1,41,866 metric tonnes against last year 60,178 metric tonnes during the same period i.e. up by +136%.

India's exports for rapeseed meal during April-December 2020 was up +24% at 9,16,715 metric tonnes compared to 7,41,199 metric tonnes during the same period previous marketing season.

NAFED and HAFED have been gradually disposing rapeseed-mustard. The Nafed has sold about 11.5 lakh tonnes of old and new stocks while Hafed has offloaded around 4.8 lakh tonnes of the seed of the total 5.30 lakh tonnes procured by the agency this year.

HAFED, official spokesperson said the High Commissioner of Malawi assured that mutual cooperation between the country and Hafed for the export of rice and mustard oil would be materialized in near future.

## RM Seed Supply, Pan India

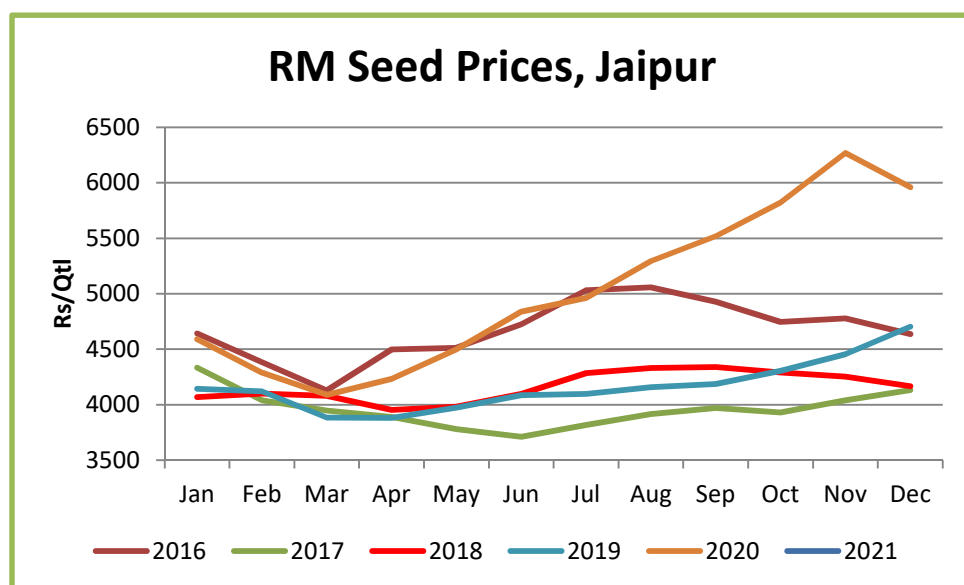
RM Seed Arrivals Pan India in Bags (85 kg each).		
Monthly Arrivals– Dec.	1 Month Ago	Corresponding Period Last Year
80,50,000	18,45,000	13,20,000

The all India rapeseed-mustard arrivals increased month-on-month and were reported at 80.50 lakh bags during Jan-21 compared to around 18.45 lakh bags, in Dec.20. The supplies for the same were 13.20 lakh bags during the corresponding period last year.

RM seed prices edged lower by +1.5% to the monthly ended price of Rs 6,155 a quintal from Rs 6,255 a quintal previous month and Rs 4,925 a quintal during the corresponding period last year in Jaipur.

The rapeseed-mustard meal too posted loss by -0.57% to the monthly ended price of Rs. 2,605/qrtl compared to the last month Rs. 2,620/qrtl.

At NCDEX futures, the April contract of rapeseed-mustard surged to 5,106/Qtl compared to 5,604/Qtl previous week.



## Previous Updates

The Solvent Extractors' Association (SEA) of India has urged the government to include rational provision in ASEAN agreement to restrict or regulate the imposition of export duty by the palm oil exporting countries. SEA feels that this will ensure a level-playing field for both the countries that export and import palm oil.

In a letter to its members, Atul Chaturvedi, President of SEA, said that there is always a bound rate for imposing highest export duty on palm oil and products imported by India under ASEAN agreement and Comprehensive Economic Cooperation Agreement with Malaysia.

He said the palm oil exporting countries seem to be free to impose export duty and levy as agreements overlook this issue. Indonesia has imposed US \$33 as export duty plus \$180 as a biodiesel levy making crude palm oil (CPO) expensive. Following this, India is compelled to pay high price for the same.

To support their local industry, that country has kept export duty and levy low on finished goods such as RBD palmolein.

Mr. Chaturvedi said, “Indirectly, India is subsidising their export duty and levy. Also, Malaysia is likely to impose 8 per cent export duty on export of CPO in early 2021.

Higher palm oil imports by India has always hit the domestic mustard oil demand and the rapeseed-mustard crush margins.

Further, India didn't import rape oil (canola) in the month of November 2020 in anticipation of decline in the demand.

The Food Safety and Standards Authority of India (FSSAI) has withdrawn the order prohibiting blending of mustard oil.

The food regulator has until now allowed 20% blending in mustard oil under the standards for blended edible oil under FSS (Food Product Standards and Food Additives) Regulations. The decision to withdraw the September order was taken after stakeholders made a representation to the authority.

Director, Indian Council of Agricultural Research – Directorate of Rapeseed Mustard Research, expects productivity of the rapeseed-mustard to improve in 2020-21 from last year's level of 1.42-1.48 tonnes per ha, on adequate soil moisture and better package of practices.

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.

**Outlook:** *The rapeseed-mustard is expected to decline and feature range-bound movement with weak bias, amid heavy supplies in the 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)

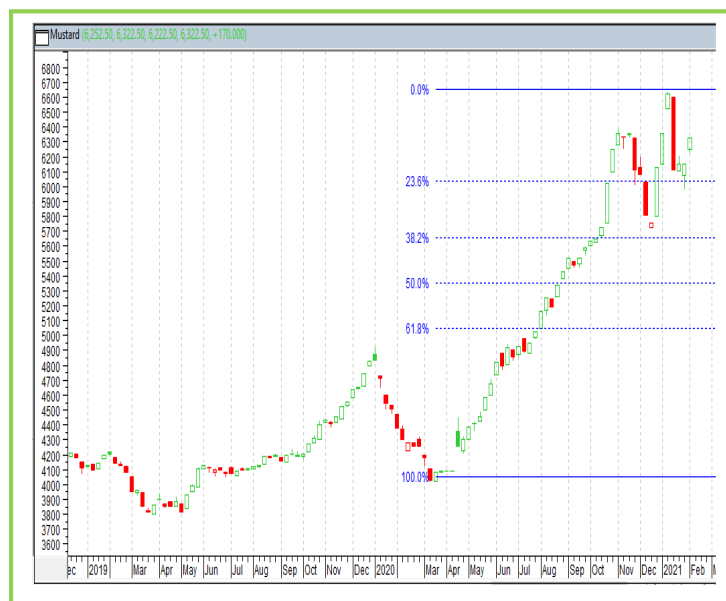
- We have pegged India's 2020/21 Rapeseed-mustard outturn at 7.2 million tonnes, lower by than 9% compared to the 2019/20 production at 7.9 million tonnes.
- India's production is above 5 year average of around 6.7 million tonnes.
- **Trade Observations: India is an import dependent country in edible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

### Technical Analysis:

#### NCDEX RM Seed Futures



#### RM Seed Spot, Jaipur



\*Daily Chart

#### Support & Resistance NCDEX - RM Seed Apr. Contract

S1	S2	PCP	R1	R2
4650	4800	5106	5500	5650

- Rapeseed-mustard posted loss on selling pressures during the month in the market.
- Prices closed above 40-day EMA.
- MACD is falling in negative territory.
- RSI and stochastic are heading downwards in the neutral zone.
- Trade Recommendation (NCDEX RM Seed – Apr.) – 1 Month: **Sell** Above 5150. T1 – 5050; T2 - 4920; SL – 5250.

## Groundnut

The groundnut seed prices witnessed sharp gain during January 2021 compared to the December 2020 also higher by 11.11% than the same period last year, on strong demand.

The oilseed crushers and exporters are the active participants in the market.

In the progressive purchase, NAFED has procured about 2,84,732.86 metric tonnes of groundnut seed under PSS by 4 February 2021, valued Rs 1,50,196.58 lakh including Gujarat (2,02,629.85 MT), Haryana (691 MT), **Andhra Pradesh (256.87 MT)**, Rajasthan (74,511.43 MT) and UP (6527.62 MT) & Karnataka (116.09 MT).

Nafed procured a total of 2.02 lakh tonnes of Groundnut seed from Gujarat lowest in six-year from October 26 to January 12, 2021.

The procurement is below than the allotted quota i.e. 11 lakh tonnes. The procurement was happening in the backdrop of farmers' protests in New Delhi against the three new farm laws. Also higher prevailing prices in the spot market prompted farmers to sell groundnut there.

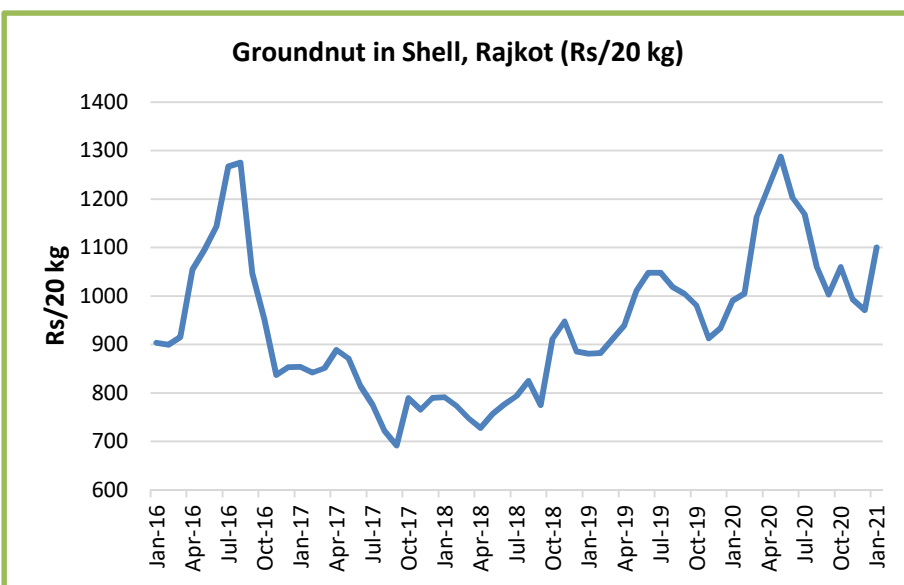
According to the latest official rabi oilseeds planting report, by the Ministry of Agriculture, 4.76 lakh hectares of groundnut has been sown compared to 4.82 lakh hectares during the same period last year, including 1.66 lakh ha in **Andhra Pradesh** which is higher from last year record i.e. 1.64 lakh ha.

The groundnut oil exports from India to China has crossed 1.10 lakh tonnes till the end of December 2020 compared to the total shipment of 40,000 tonnes in the previous financial year.

The groundnut seed crushing units in Rajkot are working overtime to meet the demand and the millers from Saurashtra are purchasing the seed from Rajasthan, said the President Saurashtra Oil Mills Association (SOMA). The groundnut oil exports to exceed 2 lakh tonnes this year.

Gujarat was the largest groundnut exporter has accounted for 55% of the groundnut exports during April-September.

Currently, Indonesia, Vietnam, Malaysia, Philippines, Thailand and China are the top buyers of India's groundnut seed. Few country's demand diverted to India due to short supplies from China.



Groundnut							
Center	Variety	% Change over	% Change over	As on	Month Ago	Year Ago	2 Year Ago
		Previous year	Previous month	Jan-21	Dec-20	Jan-19	Jan-18
Rajkot	GN in Shell (Rs/20kg)	11.11	13.28	1100	971	990	791
(Source: AW)							

## Annexure

### Oilseed Prices at Key Spot Markets:

Commodity / Centre	Prices (Rs/Qtl)				Change
Soybean	30-Jan-21		31-Dec-20		
	Low	High	Low	High	
Indore –Plant	4650	4700	4525	4575	125
Indore–Mandi	4500	4650	4250	4500	150
Nagpur-Plant	4650	4700	4500	4550	150
Nagpur – Mandi	3950	4425	3870	4400	25
Latur – Mandi	3800	4555	3990	4360	195
Akola – Mandi	3950	4450	3400	4245	205
Kota-Plant	4560	4720	4475	4525	195
Kota – Mandi	4600	4620	4275	4475	145
Bundi-Plant	4650	4700	4470	4520	180
Bundi-Mandi	4400	4600	4170	4420	180
Baran-Plant	4700	4750	4530	4580	170
Baran-Mandi	4520	4620	4380	4480	140
Bhawani Mandi Jhalawar–Plant	4665	4715	4480	4530	185
Jhalwar-Mandi	4415	4565	4330	4430	135
Rapeseed/Mustard					
Jaipur-(Condition)	6150	6155	6250	6255	-100
Alwar-(Condition)	5615	5715	5800	5900	-185
Sri Ganganagar-(Non-Condition)	5300	5350	5250	5400	-50
New Delhi–(Condition)	5800	5850	5750	5800	50
Kota-(Condition)	5200	5340	5125	5250	90
Agra-(Condition)	6095	6190	6286	6381	-190

Neewai-(Condition)	5750	5800	5800	5950	<b>-150</b>
Hapur (UP)-(Condition)	6050	6100	6200	6250	<b>-150</b>
<b>Groundnut Seed</b>					
Rajkot	960	960	950	950	<b>10</b>
<b>Sunflower Seed</b>					
Gulbarga	4000	4500	3515	4625	<b>-125</b>
Latur	0	0	0	0	<b>Unch</b>
Sholapur	5600	5800	5400	5600	<b>200</b>
Soybean Prices are in INR/qtl. (1 bag=90 kg). Mandi prices – Loose, Mustard Seed Prices are in INR/qt (1 bag=85 kg) C – Condition (42%), *Groundnut seed in Rs/20 kg, Sunflower Seed in Rs/qtl.					

**Oilseed Arrivals in Key Centers:**

Commodity / Centre	Arrivals in Bags/Qtl		Change
<b>Soybean</b>	<b>30-Jan-21</b>	<b>31-Dec-20</b>	
Madhya Pradesh	50000	80000	<b>-30000</b>
Maharashtra	70000	130000	<b>-60000</b>
Rajasthan	10000	25000	<b>-15000</b>
Bundi (Raj)	400	400	<b>Unch</b>
Baran (Raj)	1200	1800	<b>-600</b>
Jhalawar (Raj)	300	2300	<b>-2000</b>
<b>Rapeseed/Mustard</b>			
Rajasthan	30000	30000	<b>Unch</b>
Alwar	250	500	<b>-250</b>
Sri Ganganagar	250	300	<b>-50</b>
Kota	500	700	<b>-200</b>
<b>Groundnut Seed</b>			
Rajkot (Gujarat)	4950	3750	<b>1200</b>
<b>Sunflower Seed</b>			
Sholapur (Maharashtra)	600	500	<b>100</b>

**Other Oilseed Prices at Mumbai (INR/100 Kg):**

Oilseeds	30-Jan-21	31-Dec-20	Change
Groundnut Kernel	7150	6950	<b>200</b>
Gr. Bolds 60/70	8800	8000	<b>800</b>
Gr. Javas 60/70	9800	9000	<b>800</b>

Gr Javas 70/80	0	0	Unch
Gr.Javas 80/90	8700	7900	800
KardiSeed 2% Exp Qly	4300	4200	100
Sesame White 98/2/1 FM	9200	9200	Unch
Whitish 95/5/FFA/1FM	9000	9000	Unch
Brown 48/2 FFA/4 FM	8000	8400	-400
Brown 48/3 FFA/4 FM	7700	7900	-200
Brown 48/4 FM/* No FFA Guarantee	7200	7300	-100
Sunflower Seed	5700	5300	400
Niger Seed (4% FM)	7200	6600	600

Soy DOC Rates at Different Centers			
Centres	Ex-factory rates (Rs/ton)		
	30-Jan-21	31-Dec-20	Parity To
Indore - 45%, Jute Bag	35500	32500	Gujarat, MP
Kota - 45%, PP Bag	37000	33700	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna - 45%, PP Bag	37700	35000	Mumbai, Maharashtra
Nagpur - 45%, PP Bag	36500	34800	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	36200	34800	Andhra, AP, Kar, TN
Latur	36800	36000	-
Sangli	36800	34000	Local and South
Solapur	33700	32700	Local and South
Akola – 45%, PP Bag	36000	33200	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Hingoli	36000	34000	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Bundi	36800	33500	-

Soy DOC at Ports			
Centers	Port Price		
	29-Jan-21	30-Dec-20	Change
Kandla (FOR) (INR/MT)	39000	35500	3500
Kandla (FAS) (USD/MT)	545	500	45

CNF Indonesia – Yellow SBM (USD/MT)	562	510	52
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Rapeseed Meal	29-Jan-21	30-Dec-20	Change
FAS Kandla (USD/MT)	295	280	15
FOR Kandla (Rs/MT)	20800	20100	700
FOR Mundra (Rs/MT)	21200	20400	800
CNF Indonesia (USD/MT)	340	323	17

International Soy DOC			
Argentina FOB USD/MT	29-Jan-21	30-Dec-20	Change
Soybean Pellets	493	510	-17
Soybean Cake Flour	493	510	-17
Soya Meal	490	497	-7
Soy Expellers	490	497	-7

Sunflower (DOC) Rates	Ex-factory rates (Rs/ton)		
Centers	30-Jan-21	31-Dec-20	Change
Adoni	26500	24500	2000
Khamgaon	0	0	Unch
Parli	0	0	Unch
Latur	26000	24000	2000

Groundnut Meal (Rs/MT)	30-Jan-21	31-Dec-20	Change
Basis 45%, Saurashtra	25500	23500	2000
Basis 40%, Saurashtra	22000	21000	1000
GN Cake, Gondal	27000	24500	2500

Mustard DOC	30-Jan-21	31-Dec-20	Change
Jaipur (Plant delivery)	20500	19700	800
Kandla (FOR Rs/MT)	21200	20000	1200

Mumbai Oil Meal Quotes:			
Rs/M.T.	30-Jan-21	31-Dec-20	Change
G.N. Extr (45%)	25500	24000	1500
Kardi Extr	0	0	Unch
Undec Cottonseed Exp	24750	22300	2450
Rice Bran Extr.	0	0	Unch
Sunflower Extr.	24500	25000	-500

Rapeseed Extr.	0	0	Unch
Soymeal 48%	37043	33913	3130
Castor Extr.	4350	4200	150

## 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.185 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

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 – *Kharif* Oilseeds, India 2020-21

In the last official Kharif oilseeds planting report 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>2020-21</b>	<b>2019-20</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

## 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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