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# Oilmeals Monthly Research Report

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## Executive Summary

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The domestic soybean and soymeal continued uptrend on firm global cues and improved soymeal exports from India in recent months.

The crush margin in soybean continues to be encouraging for the bean crushers.

However, rapeseed-mustard and rapeseed DOC continued its downtrend with harvesting of the seed picking up the pace in Uttar Pradesh and some parts of Rajasthan.

The rapeseed-mustard complex will remain under the new crop supply pressure for short-term. However, better demand in mustard oil amidst COVID and good export enquiries on rapeseed-meal DOC will remain positive for the seed in medium-to-long term.

Further, groundnut seed extended gains on strong and persistent overseas demand in the groundnut seed and groundnut oil, mainly from China.

The rapeseed-mustard prices decline by -5% also rapeseed meal fell by -5%, soybean improved by +3% and soymeal posted gains by +1% while groundnut seed rose by +3%, all compared to the previous week's level.

We feel the soy complex to feature range-bound movement with firm-bias on improved overseas soymeal demand and better crush margin and strong international soy complex.

Rapeseed-mustard complex to feature range bound movement with weak bias on crop new crop supply pressure with harvesting gaining momentum and bigger crop outlook this season, for short-term.

Bullish global soybean supply outlook will continue to support the soy prices at higher level in medium-term. Besides, groundnut prices will also feature range-bound movement with firm bias on bullish outlook following good overseas demand for Indian seed.

## Outlook – Cash Market

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**Outlook - Soybean (Spot, Indore):** The soybean prices will improve on increased soymeal export sales in recent months, and spillover support from the international soybean market. The prices (Indore, Plant basis) are expected to feature range bound movement in the price band of 5,500 – 5,700 level.

**Outlook – Soy meal:** Soymeal prices are likely to feature gains in sync with soybean and strong CBOT soy complex. The soymeal exports continued to be strong during the recent months. Soy meal, Indore is expected to be in the range of 41,000 – 42,000/MT levels during the month.

**Outlook - Rapeseed-Mustard (Spot, Jaipur basis):** Rapeseed-mustard is expected to rebound after the arrival pressure, but the gains will be limited due to the expected bigger harvest this season. The seed prices are likely to witness the price levels between 5,800 – 6,200/Qtl; levels during the month.

## International Highlights

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- ❖ In the March'21 report, the USDA has kept US 2020/21 soybean estimates unchanged at 112.5 million tonnes compared to previous month. It has raised the Brazil's soybean production to 134 million tonnes from 133.0 million tonnes last month. Besides, India production estimates is increased to 10.7 million tonnes from 10.5 million tonnes while Argentina's soybean estimate is lowered to 47.5 million tonnes from 48.0 million tonnes previous month.
- ❖ The global 2020/21 soybean production estimate too increased to 361.8 million tonnes vs 361.0 million tonnes in the previous month report by USDA. World soymeal production is estimated slightly up at 254.1 million tonnes vs 252.9 million tonnes for 2020/21.
- ❖ US soybean registered their second-largest monthly crush on record in January 2021, according to data released by the National Oilseed Processors Association (NOPA). NOPA members have crushed 184.654 million bushels of soybeans in January 2021, up from 183.159 million bushels in December and 176.940 million bushels in January 2020. It was the biggest-ever January crush and the second largest crush in volume for any month, behind only October 2020.
- ❖ CONAB has projected Brazil's 2020/2021 soybean crop at record 133.817 million tonnes vs 133.692 million tonnes in January forecast and 124.845 million tonnes in 2019/2020 estimate. Export seen at 85.6 million tonnes driven by Chinese demand.
- ❖ The Buenos Aires Grains Exchange said that it could slash its harvest forecast for Argentina's 2020/21 soybean crop, currently 46 million tonnes, if it does not rain sufficiently in key producing regions over the weeks ahead.
- ❖ 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.

## Soybean

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Soybean continued upward journey on firm global cues and strong overseas soymeal export sales from India. Unfavourable weather with heat and dryness has threatened the Argentine soybean crop leading the CBOT soybean firm on Friday.

The average weekly soybean plant delivery prices at Indore cash market improved by +3% to Rs. 5,213 a quintal compared to Rs. 5,076 a quintal a week ago.

The Buenos Aires Grains Exchange said last week that it could slash its harvest forecast for Argentina's 2020/21 soy crop which is currently 46 million tonnes, if it does not rain sufficiently in key producing regions over the weeks ahead.

Besides, fast depleting soybean stocks with US on Chinese spree buying and lower than expected US soybean crop estimate will remain bullish for the soy complex.

The most-active CBOT May soybean contract rose 19-1/2 cents to \$14.30 a bushel. Last week, the most-active contract traded up to \$14.45-3/4 a bushel, the highest price since June 2014.

However, expectation of record Brazilian soybean harvest this season and lull in temporary Chinese demand has capped the rally in international soybean to some extent.

The Brazil's soybean harvesting is picking up the pace but it is lagging last year's pace as well as historical five-year average.

AgResource raised Brazil's 2020/21 soybean harvest to 129.98 million tonnes from 128 million tonnes previously projected.

CONAB has projected Brazil's 2020/2021 soybean crop at record 133.817 million tonnes vs 133.692 million tonnes in January forecast and 124.845 million tonnes in 2019/2020 estimate. Country's soybean export seen at 85.6 million tonnes driven by Chinese demand.

Brazil's 2020/21 soybean crop is estimated at 132.4 million tonnes vs 133.2 million tonnes forecast in the previous forecast by Agroconsult. The average soybean yield is seen at 57.4 kg bags/ha. vs 57.9 kg/ha. The production figure is still higher than last year's production figure of 125.0 million tonnes by the government.

Recent rains and good productivity in some areas have improved the production outlook for this year's crop.

In the February'21 report, the USDA has kept US 2020/21 soybean unchanged at 112.5 million tonnes compared to previous month. It has kept Brazil's soybean production unchanged at 133.0 million tonnes. Similarly for India and Argentina the estimates are kept unchanged at 10.5 million tonnes and 48.0 million tonnes respectively.

The global 2020/21 soybean production is also kept unchanged at 361.0 million tonnes compared to the previous month, in the last report by USDA. World soymeal production is estimated slightly up at 252.9 million tonnes vs 252.8 million tonnes for 2020/21.

China's soybean imports surged 13% to an annual record in 2020, showed customs data, led by increased soybean crushing on improved crush margin and strong demand from country's recovering pig sector which was hit due to the swine flu last year.

The soymeal shipments improved by +92% to 11,71,369 metric tonnes in aggregate, during the last nine months (Apr.-Jan.) of financial year 2020-21 compared to 61,1075 metric tonnes during the corresponding period 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 70-80% year-on-year for coming months, after fall in the soybean crushing in Argentina and Brazil as their stocks dried up.

India had imported 34,86,125 metric tonnes of edible oils in January 2021 to meet the supply gap, up 4%, compared to 33,64,927 metric tonnes in January 2020.

Further, during January 2021, India's degummed soyoil imports sharply fell by -66% to 88,667 metric tonnes compared to 2,60,650 metric tonnes same period last year. But the Nov.-Jan. imports in the same is up by 12% at 6,62,260 metric tonnes.

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

The average weekly soybean plant delivery prices at Indore cash market improved by +3% to Rs. 5,213 a quintal (Rs 5,150 – 5,300/Qtl) from Rs. 5,076 a quintal (Rs 4,950 -5,200/Qtl) a week ago.

The arrivals of bean slightly improved to 3,55,000 bags in the cash market yards of Madhya Pradesh, during the week against 3,50,000 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 feature range-bound movement with firm bias on improved soymeal export sales from India and firm global cues.***

## **International:**

According to China's custom data, China's total soybean imports in 2020 stood around 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.

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 were 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.

**Revised February'21:** 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 Agroconsult (132.4 Mn T), 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 (133.82 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.

*Tight global soybean supply scenario and strong Chinese soybean demand and lower than expected global soybean production and inventories to keep the soybean prices strong in the medium-term.*

## 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 witnessed mild gains in sync with soybean prices on firm global cues amid Argentina's soybean output concerns due to dry weather, Argentina is the world's largest soymeal exporter.

The soymeal prices improved by +1% alongside soybean on strong soymeal export data.

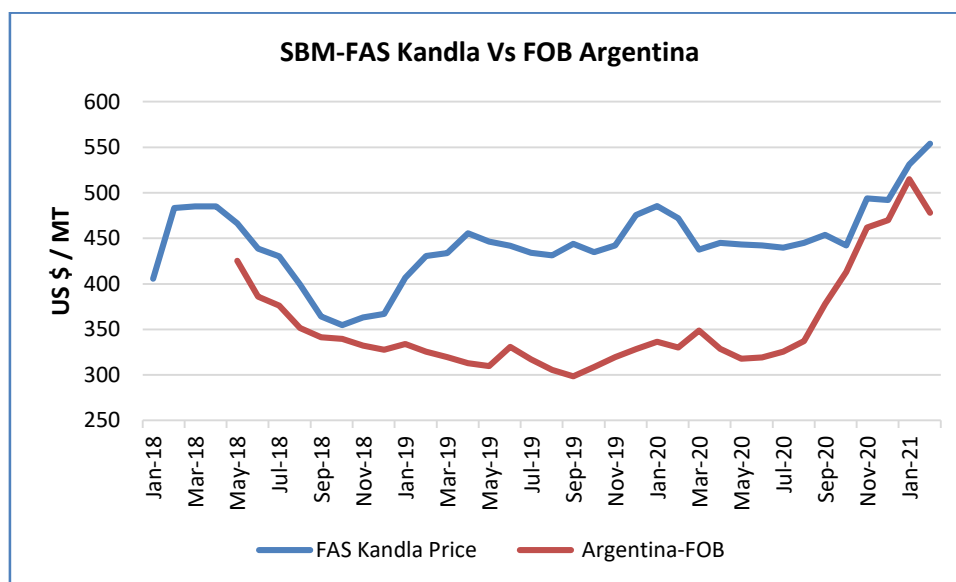
Under the lead of Argentina, world soymeal shipments rebounded in January and are expected to significantly improve on the year in Jan-March and subsequent quarters, said Oilworld.

Overall, the global soymeal outlook is bullish on likely upcoming demand mainly from China with rising China's pig herd which fell last year due to swine flu.

Robust Chinese soy demand, lower than expected soybean production estimates in US and other major soybean producing countries will remain bullish for soymeal.

The gains are backed by the strong and continued overseas soymeal demand of Indian origin.

The international soymeal prices slightly got competitive on, the Argentine soymeal prices have got slightly cheaper in last month on crushing of remaining seed ahead new crop supplies, The soymeal export price spread of India vs Argentina have further narrowed to US \$ 76/MT in February'21 vs US \$ 16/MT in January'21, making India's exports challenging.



India's January 2021 soymeal exports improved by +579% to 28,3167 metric tonnes compared to 41,726 metric tonnes in the same period last year. Further, the soymeal shipments improved by +92% to 11,71,369 metric tonnes

in aggregate, during the last nine months (Apr.-Jan.) of financial year 2020-21 compared to 61,1075 metric tonnes during the corresponding period last year.

India's export of oilmeals for the month of January 2021 is reported at 4,98,060 metric tonnes compared to 1,69,397 metric tonnes in January 2020 i.e. up by +194%.

The overall export of oilmeals during April to January 2021 is also reported up by +39% at 29,62,680 metric tonnes compared to 21,27,635 metric tonnes during the same period last year.

Of the total soymeal exports of 28,3167 metric tonnes in January 2021, Germany, Indonesia and US remained to top buyers with imports figures touching 92,037 metric tonnes, 60,770 metric tonnes and 22,617 metric tonnes respectively.

India's exports for rapeseed meal during April-January 2021 was down +18% at 9,90,955 metric tonnes compared to 8,39,197 metric tonnes during the same period previous marketing season.

The export of rapeseed meal in January'21 is reported at 74,240 metric tonnes against last year 97,998 metric tonnes during the same period i.e. down by-24%, and ricebran extraction exports is reported at 89,776 metric tonnes against last year 15,925 metric tonnes i.e. +464% higher compared to the same period last year.

However, the domestic demand continues to be dull on COVID. Poultry industry contributes more than 60% of the total domestic soymeal demand and thus soymeal prices are expected to be under pressure for short-term.

CBOT May soymeal improved by US \$ 1.60 and closed at US \$ 418.20 per short ton, Friday.

However, as expected, India's soymeal exports improved after lower soybean crushing in Argentina and Brazil providing fresh opportunities for India's exports.

In the February 2021, USDA report the world soymeal exports estimates are slightly higher at 62.87 million tonnes vs 62.81 million tonnes for 2020/21.

The domestic weekly average soymeal prices at Indore surged to Rs 38,783/MT and was quoted between Rs 38,500 – 39,000/MT compared to the weekly average of Rs 38,450/MT and was traded between the price ranges of Rs 38,000 – 39,000/MT previous week.

At Latur the weekly average soymeal prices improved to Rs 41,267/MT compared to Rs. 40,467/MT a week ago and in Nanded too it was quoted higher at Rs. 41,717/MT compared to Rs. 40,650/MT a week ago. Besides, in Kota, the meal improved to Rs. 41,450/MT compared to Rs. 40,467/MT previous week.

India's Y-o-Y soy meal prices, Indore, are currently lower. Soy meal Indore was quoted higher between Rs 38,500 – 39,000/MT during the week compared to Rs 30,800 – 31,300/MT during the corresponding period last year.

*The soy meal prices (Indore) are likely to feature range-bound movement between Rs. 39,000 – 39,200/MT on cases strong overseas soymeal demand.*

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**Previous updates:**

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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.

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 have 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)

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
<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	251
<b>Jan</b>	475	620	364	104	28	155	106	86	42	283
<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>853</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 Argentina and surge in Chinese imports.

## Soybean Crush Margin

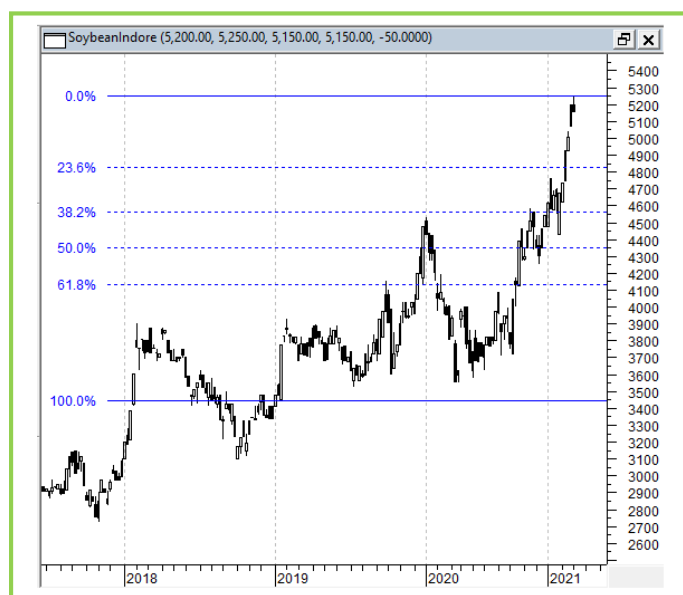
Avg Crush Margin – Feb 2021		Avg Crush Margin – Jan 2021		Avg Crush Margin – Feb 2020	
<b>-1280</b>		<b>-440</b>		<b>-1483</b>	
Min	Max	Min	Max	Min	Max
<b>-1960</b>	<b>-30</b>	<b>-2040</b>	<b>-95</b>	<b>-2170</b>	<b>-745</b>

## Technical Analysis:

### NCDEX Soybean Futures



### Soybean Spot, Indore



\*Daily Chart

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

S1	S2	PCP	R1	R2
4800	4600	5023	5500	5700

- 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 – Apr.) Month: **BUY** Above 5030. Levels: T1 – 5300; T2- 5500, SL - 4868.

## Rapeseed - Mustard Seed

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Rapeseed-mustard continued downtrend on new crop supply pressure in some of the key cash market yards. The harvesting of the seed is advancing in the Agra and Kota belt of Uttar Pradesh and Rajasthan respectively and the arrivals are increasing week-on-week.

The all-India rapeseed-mustard weekly arrivals improved to 35,45,000 bags compared to 25,35,000 bags in the previous week. The arrivals stood around 13,0000 bags during the same period last year.

However, the new crop supplies from Alwar, Sri Ganganagar and Bikaner is yet to arrive (mid-March), which is expected after mid-March. The rapeseed-mustard crop remained under moisture stress due to dry weather and deficit rains during its development period also there was scarcity of water from irrigation during the period.

We have projected India's 2021-22 rapeseed-mustard crop production up by 11% at 8.0 million tonnes vs 7.21 million tonnes in 2020-21, on higher planted acreage of 73.94 lakh hectares vs 69.08 lakh hectares last season.

Overall, the standing rapeseed-mustard crop is in good state and mostly in pod formation or at maturity stage.

The yield in rapeseed-mustard seed have been hit by around 15% in Sri Ganganagar and Bikaner due to the scarcity of water for irrigation and deficit rains during the crop development stage. Besides, productivity the recovery in oil is also expected to decline by 1-2% to average 38% from the normal 40%.

However, the rain in January has improved the crop prospect in Agra belt and boosted the recovery level in the seed by around +1% to 35-36% from the normal 34-35%, Agra belt is the key seed growing region of Uttar Pradesh.

India has not imported any rape oil (canola) in January too as in last several months. We expect, India will not import the rape oil in coming months too.

India's export of rapeseed meal in January'21 is reported at 74,240 metric tonnes against last year 97,998 metric tonnes during the same period i.e. down by-24% due to decline in crushing of the seed on dried up stock.

However, India's exports for rapeseed meal during April-January 2021 was down +18% at 9,90,955 metric tonnes compared to 8,39,197 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.

The all India rapeseed-mustard arrivals improved week-on-week and were reported at 25.35 lakh bags during the week compared to around 14.55 lakh bags, previous week. The supplies for the same were 5.80 lakh bags during the corresponding period last year.

In Jaipur, RM seed prices declined by -5% to the weekly average price of Rs 5,798 a quintal from Rs 6,114 a quintal previous week and Rs 4,220 a quintal during the corresponding period last year.

The rapeseed-mustard meal too declined by -5% to the weekly average price of Rs. 2428/qrtl compared to the the weekly average price of Rs. 2551/qrtl previous week.

At NCDEX futures, the April contract of rapeseed-mustard fell and ended at 5,471/Qtl compared to 5,536/Qtl previous week.

### RM Seed Supply, Pan India

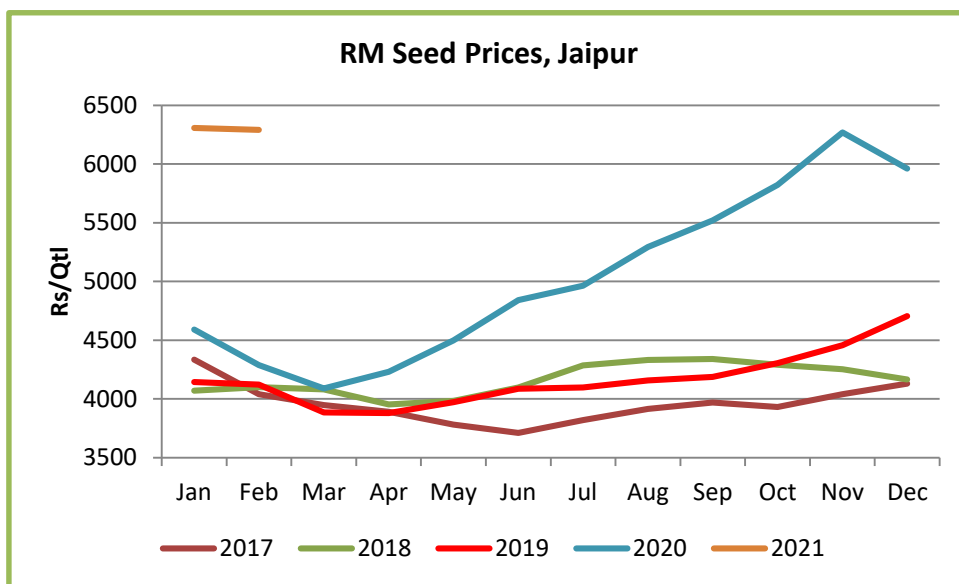
RM Seed Arrivals Pan India in Bags (85 kg each).		
Monthly Arrivals– Feb.	1 Month Ago	Corresponding Period Last Year
64,00,000	20,10,000	28,30,000

The all India rapeseed-mustard arrivals surged to 64.0 lakh bags during February'21 compared to 20.10 lakh bags in January.

RM seed prices witnessed mild loss of -0.3% to the monthly average of Rs 6,291 a quintal from Rs 6,308 a quintal previous month and up +46% Rs 4,289 a quintal during the corresponding period last year in Jaipur.

The rapeseed-mustard meal too fell by -1.5% to the monthly average price of Rs. 2,428/qrtl compared to the the monthly average price of Rs. 2,607/qrtl previous month.

At NCDEX futures, the April contract of rapeseed-mustard surged and closed at 5,536/Qtl compared to 5,074/Qtl previous week.



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**Previous Updates**

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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.

Favorable weather have raised 2020/21 Australia rapeseed outturn by above 2% to 3.4 from 3.0 million tons earlier.

Strategie Grains expects the planted area for the 2021 rapeseed crop in the European and Britain down compared with the current year harvest.

The farmers in Europe once again faced dry planting conditions during the late-summer sowing window for rapeseed, mainly in France.

Strategie Grains has kept this year's weather-hit rapeseed outturn for EU plus Britain unchanged at 17.1 million tonnes, slightly below 17.3 million tonnes estimated for 2019.

The consultancy has estimated EU and Britain rapeseed 2020-21 import to record 6.3 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 price will witness a supply pressure for short term with harvesting of the crop gaining momentum, the prices will feature range-bound movement with weak bias. Overall, the near-to-medium term fundamentals are strong.*



## Balance Sheet – Rapeseed-Mustard Seed, India

(Fig in MnT)

Rapeseed-Mustard (Fig in Mn T) MY-Feb.-Jan.	2020-21	2021-22
Carry In	0.33	0.13
Production	7.21	8.00
Imports	0.00	0.00
Total Availability	7.53	8.13
Processing/Crushing	7.10	7.52
Exports	0.00	0.00
Retained for Sowing & Direct Consumption	0.30	0.30
Total Usage	7.40	7.82
Carry Out/Ending Stock	0.13	0.30
Monthly Use	0.62	0.65
Stock/Consumption Ratio	0.02	0.04
Stock to Month Use Ratio	0.21	0.48

(Source: AgriWatch)

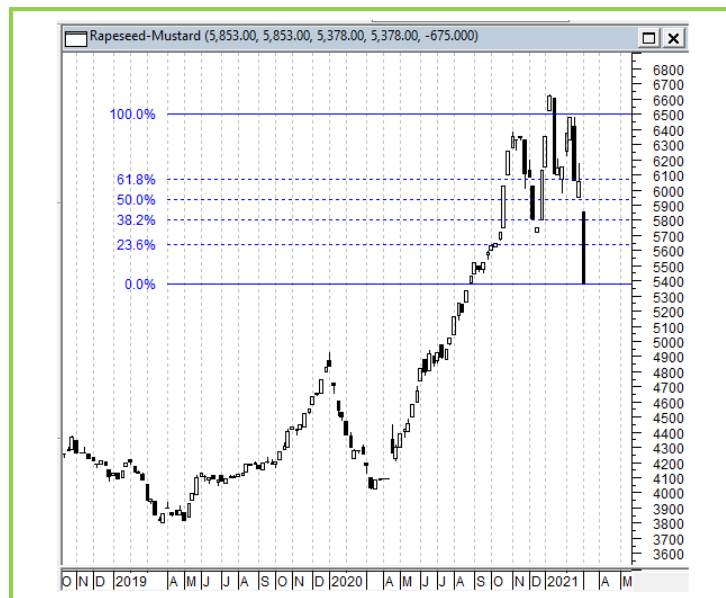
- We have pegged India's 2021/22 Rapeseed-mustard outturn at 8.0 million tonnes, higher by 11% compared to the 2020/21 production at 7.2 million tonnes.
- India's production is above 5 year average of around 6.7 million tonnes.
- **Trade Observations: India is an import dependent country in edible oils, hence the oilseeds produced almost gets crushed fully, prices to remain strong in 2021/22 season due to improved demand post COVID and lower imports of canola/rape oil.**
- India's rapeseed-mustard prices are up at cash market in 2021/22 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
5200	5100	5536	5800	6000

- Rapeseed-mustard posted gains on buying support during the month in the market.
- Prices closed below 40-day EMA.
- MACD is rising in positive territory.
- RSI and stochastic are heading upwards in the neutral zone.
- Trade Recommendation (NCDEX RM Seed – Apr.) – 1 Month: **BUY** Above 5530. T1 – 5730; T2 - 5830; SL – 5410.

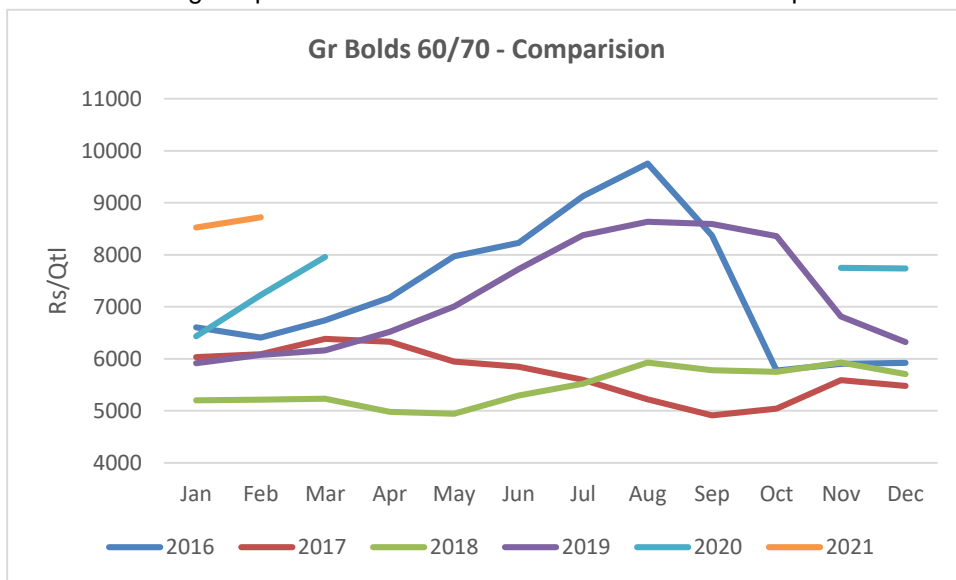
## Groundnut

The groundnut seed prices witnessed gains by 21% y-o-y while it posted gains by 2% in February compared to January 2021.

There was no major activity in the market during the period in review. The oilseed crushers and exporters are the active participants in the market.

NAFED has procured about 2,84,733 metric tonnes of groundnut seed under PSS by 12th February 2021-valued at Rs. 1,502 crores including Gujarat (2,02,630 MT), Haryana (691 MT), Andhra Pradesh (257 MT), Rajasthan (74,511 MT) and UP (6528 MT) and Karnataka (116 MT).

NAFED is done with the procurement of the seed with the last above reported figures, the lowest procurement since 2016.



China continues to buy groundnut oil and seed aggressively from India to meet its the demand gap after its groundnut production was hit by 25-30% against the normal output of around 17 million tonnes of the output, due to the floods.

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.

India's export of groundnut has witnessed a continued upward journey hitting 19% growth in terms of volume followed by strong overseas demand.

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 Kernel							
Center	Variety	% Change over	% Change over	As on	Month Ago	Year Ago	2 Year Ago
		Previous year	Previous month	Feb-21	Jan-21	Feb-20	Feb-19
Mumbai	GN Kernel	21	2	8721	8525	7228	6073
(Source: Bombay Commodity Association)							

## Annexure

Soy DOC Rates at Different Centers			
Centres	Ex-factory rates (Rs/ton)		
	27-Feb-21	30-Jan-21	Parity To
Indore - 45%, Jute Bag	38500	35500	Gujarat, MP
Kota - 45%, PP Bag	41200	37000	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna - 45%, PP Bag	42300	37700	Mumbai, Maharashtra
Nagpur - 45%, PP Bag	41500	36500	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	41500	36200	Andhra, AP, Kar ,TN
Latur	41000	36800	-
Sangli	41700	36800	Local and South
Solapur	40600	33700	Local and South
Akola – 45%, PP Bag	39000	36000	Andhra, Chattisgarh, Orrisa,Jharkhand, WB
Hingoli	41500	36000	Andhra, Chattisgarh, Orrisa,Jharkhand, WB
Bundi	41000	36800	-

Soy DOC at Ports			
Centers	Port Price		
	27-Feb-21	30-Jan-21	Change
Kandla (FOR) (INR/MT)	40500	39000	1500
Kandla (FAS) (USD/MT)	570	545	25
CNF Indonesia – Yellow SBM (USD/MT)	585	562	23

Rapeseed Meal	27-Feb-21	30-Jan-21	Change
FAS Kandla (USD/MT)	265	295	-30
FOR Kandla (Rs/MT)	19000	20800	-1800
FOR Mundra (Rs/MT)	19400	21200	-1800
CNF Indonesia (USD/MT)	325	340	-15

International Soy DOC			
Argentina FOB USD/MT	27-Feb-21	30-Jan-21	Change
Soybean Pellets	457	493	-36
Soybean Cake Flour	457	493	-36
Soya Meal	461	490	-29
Soy Expellers	461	490	-29

Sunflower (DOC) Rates	Ex-factory rates (Rs/ton)		
Centers	27-Feb-21	30-Jan-21	Change
Adoni	27500	26500	1000
Khamgaon	0	0	Unch
Parli	0	0	Unch
Latur	27000	26000	1000

Groundnut Meal (Rs/MT)	27-Feb-21	30-Jan-21	Change
Basis 45%, Saurashtra	30000	25500	4500
Basis 40%, Saurashtra	27000	22000	5000
GN Cake, Gondal	31000	27000	4000

Mustard DOC	27-Feb-21	30-Jan-21	Change
Jaipur (Plant delivery)	19500	20500	-1000
Kandla (FOR Rs/MT)	20500	21200	-700

Mumbai Oil Meal Quotes:			
Rs/M.T.	27-Feb-21	30-Jan-21	Change
G.N. Extr (45%)	29500	25500	4000
Kardi Extr	0	0	Unch
Undec Cottonseed Exp	27000	24750	2250
Rice Bran Extr.	0	0	Unch
Sunflower Extr.	28500	24500	4000
Rapeseed Extr.	0	0	Unch
Soymeal 48%	40174	37043	3131
Castor Extr.	4250	4350	-100

## 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 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 83.60 lakh hectares, up 5% from 79.37 lakh ha in the corresponding period of last year. Of the major oilseeds, rapeseed-mustard sowing is reported up by 7% at 73.89 lha compared to 68.84 lha during the corresponding period of last year. Groundnut at 4.57 lha vs 4.65 lha, safflower at 0.58 lha vs 0.63 lha, sunflower at 1.01 lha vs 1.02 lha, sesamum 0.44 lha vs 0.56 lha, linseed at 2.90 lha vs 3.34 lha and other 0.21 lha vs 0.33 lha during the same period last year.

Area in Lakh Hectares

<b>Crop</b>	<b>Normal Area (5 Year Avg.)</b>	<b>As on 22 Jan. 2021</b>	<b>As on 22 Jan. 2020</b>	<b>% Change</b>

Rapeseed/Mustard	59.44	73.89	68.84	<b>7.3</b>
Groundnut	7.28	4.57	4.65	<b>-1.7</b>
Safflower	1.18	0.58	0.63	<b>-7.9</b>
Sunflower	2.41	1.01	1.02	<b>-1.0</b>
Sesamum	0.00*	0.44	0.56	<b>-21.4</b>
Linseed	2.75	2.90	3.34	<b>-13.2</b>
Others	0.13	0.21	0.33	<b>-36.4</b>
<b>Total Oilseeds</b>	<b>73.19</b>	<b>83.60</b>	<b>79.37</b>	<b>5.3</b>

Source: MoA, GOI

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