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# Oilmeals Monthly Research Report

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## Executive Summary

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The domestic oilseeds and oilmeals extended the rally during April, mainly on firm global oils and fats market and improved oilmeal exports from India in last few months.

However, there was a small correction witnessed in the oilseeds and oilmeals towards the end of the month, as expected. The market was waiting for the fall as the prices were unnecessarily at the very higher levels for consumers and the processing was getting unviable day by day.

Surge in coronavirus cases across the country has once again hit out of house food consumption consequently leading to some decline in edible oil demand. Besides, consumers are also done with majority of Ramadan buying, which has also added to the decline oilseeds and edible oils.

However, both soybean and soymeal extended the rally in sync on good demand. The average monthly soybean plant delivery price at Nagpur is quoted up by +24% at Rs. 6,913/qlt in April compared to Rs. 5,579/qlt last month.

Besides, the rapeseed-mustard and rapeseed oilcake continued upward movement on good demand for the mustard oil and the improved overseas demand for the rapeseed-mustard meal.

However, the groundnut prices fell on new rabi crop arrival supply pressure. Persistent overseas demand in the groundnut seed and groundnut oil, mainly from China limited the losses.

The rapeseed-mustard prices rose by +18% while rapeseed oilcake posted gains by +17%, soybean surged by +24% and soymeal improved by +39%, however groundnut seed fell by -4.5%, all compared to the previous month-March level.

We feel the soy and rapeseed-mustard complex to remain under pressure on weak demand at the higher prices. However, strong overseas soymeal and rapeseed meal demand and overall strong international soy complex will limit the losses to some extent.

The overall India's export of oilmeals during April to March 2021 is also reported up by +51% at 36,80084 metric tonnes compared to 24,33617 metric tonnes during the same period last year.

Bullish global soybean 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 in coming days, on bullish outlook following good overseas demand for Indian seed. However, short-term domestic scenario to remain bearish to some extent.

## Outlook – Cash Market

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**Outlook - Soybean (Spot, Nagpur):** The soybean prices will feature range-bound movement with weak bias on decline in crushing demand for seed at the higher prices, however, higher international soybean market will limit the losses. The prices (Nagpur, Plant basis) are expected to feature range bound movement in the price band of 5,500 – 6,000 level.

**Outlook – Soy meal:** Soymeal prices are expected to fall on lower offtake from the poultry and feed manufacturers, but strong soymeal export sales and strength in CBOT soy complex will limit the losses. The soymeal exports continued to be strong since the commencement of marketing season. Soy meal, Indore is expected to be in the range of 55,000 – 65,000/MT levels during the month.

**Outlook - Rapeseed-Mustard (Spot, Jaipur basis):** Rapeseed-mustard is expected to feature range-bound movement on weak-bias on slack in demand at the higher prices. The seed prices are likely to witness the price levels between 6,800 – 7,200/Qtl; levels during the month.

## International Highlights

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- ❖ CBOT July soybean futures closed 32 cents up at \$ 15.34 1/4. New crop November soybean futures closed 21 cents up at \$ 13.39 3/4, on the last trading session of April.
- ❖ According to the data released by NOPA, US crushed 178 million bushels of soybeans in March 21, second consecutive month of reduction also slightly less than expected. The soybean processing was down from 181.4 million bushels in March 2020 but up from 155.2 million bushels in March 2020. The market is expected lower US soybean crush figure for April'21 on dwindling stocks.
- ❖ In the April'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 136 million tonnes from 134 million tonnes last month.
- ❖ Further, India's and Argentine production estimates is kept unchanged at 10.7 million tonnes and 47.5 million tonnes respectively, from previous month.
- ❖ The global 2020/21 soybean production estimate too increased to 363.18 million tonnes vs 361.82 million tonnes in the previous month report by USDA. World 2020/21 soybean production is estimated slightly down at 253.3 million tonnes vs 254.14 million tonnes in its previous estimate.
- ❖ In the prospective planting report, released on March 31, by the National Agricultural Statistics Service (NASS), Agricultural Statistics Board, (USDA), the soybean planted area for 2021 is estimated at 87.6 million acres, up 5 percent from last year (83.084 million acres). Compared with last year, planted acreage is up or unchanged in 23 of the 29 estimating States.
- ❖ CONAB has raised Brazil's 2020/21 soybean crop estimate to 135.54 million tonnes vs 135.131 million tonnes in March forecast and 124.845 million tonnes in 2019/20.
- ❖ Brazil's soybean exports is estimated to reach to 16.1 million tonnes in March vs 16.4 million tonnes forecast in previous week – ANEC
- ❖ Buenos Aires Grain Exchange has lowered the Argentine 2020/21 soybean crop harvest estimate to 44 million tonnes vs 46 million tonnes in its previous estimate.
- ❖ The Rosario exchange has slashed its Argentina's 2020/21 soy harvest forecast to 45 million tonnes from a previous 49 million tonnes, on high temperatures and scant rainfall during crop development phase.

## Soybean

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Soybean fell on decline in demand from the oilseeds' processor at the current market price. The soybean crush margin continued to fall deeper in the negative territory making crushing unviable day by day, fall in the prices will improve the crush margin to some extent.

Further, the Ramadan demand for edible oils have also eased in recent weeks, which remained bears for the market at the price levels in the recent while.

Soybean witnessed all time high prices in April'21 with an average monthly prices of Rs 6,900/Qtl with monthly high of Rs 8,400/Qtl and low of Rs 5,925/Qtl.

Several soybean cash market yards remained closed for COVID lockdown restrictions during the week. As expected India's March'21 soymeal and other oilmeal exports figures remained strong, this will certainly limit the losses in coming days.

CBOT July soybean futures closed 32 cents up at \$ 15.34 1/4. New crop November soybean futures closed 21 cents up at \$ 13.39 3/4, on Friday.

CBOT soy complex continued to be strong and the prices are near seven-year high despite record soybean production, persistent strong demand, mainly Chinese demand remained supportive for the international soy market.

Strong Chinese demand lower than expected US soybean planting intentions of 87.6 million acres, thought it is 5% higher compared to the previous year, and lower US soybean inventory number of 1.56 billion bushels in March 01 which 31% lower compared to same period last year kept the international soybean market strong.

In the April'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 136 million tonnes from 134 million tonnes last month.

Further, India's and Argentine production estimates is kept unchanged at 10.7 million tonnes and 47.5 million tonnes respectively, from previous month.

The global 2020/21 soybean production estimate too increased to 363.18 million tonnes vs 361.82 million tonnes in the previous month report by USDA. World 2020/21 soymeal production is estimated slightly down at 253.3 million tonnes vs 254.14 million tonnes in its previous estimate.

U.S. ending stocks were 120 million bushels vs. the March estimate of 120 million bushels. The trade expected the USDA to print 119 million bushels today

For soybeans, the world ending stocks are estimated at 86.9 mmt. vs. the trade's expectation of 83.52 mmt. and the USDA's December estimate of 83.74 mmt.

In the prospective planting report by the National Agricultural Statistics Service (NASS), Agricultural Statistics Board, (USDA), the soybean planted area for 2021 is estimated at 87.6 million acres, up 5 percent from last year (83.084 million acres). Compared with last year, planted acreage is up or unchanged in 23 of the 29 estimating States.

CONAB has once again raised Brazil's 2020/21 soybean crop estimate to 135.54 million tonnes vs 135.131 million tonnes in March forecast and 124.845 million tonnes in 2019/20.

The soybean harvesting is underway in Brazil and it is in full-swing while the soybean crop is in the maturity stage in Argentina.

Buenos Aires Grain Exchange and Rosario exchange has slashed the Argentine 2020/21 soybean crop harvest estimate to 44 million tonnes vs 46 million tonnes and to 45 million tonnes from 49 million tonnes respectively, reduction citing persistent high temperatures and scant rainfall during the crop development phase.

Further, In the USDA's Foreign Agriculture Service post in Beijing China's soybean imports are forecast to reach a record 100 million tonnes in the marketing year 2021/22 and estimated 99 million tonnes in 2020/21 to meet the feed demand from the livestock and poultry sectors.

The USDA attache has projected country's MY 2021/22 soybean production forecast at 18.6 million tonnes down from 19.6 million tonnes projected in USDA's last WASDE report.

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

Indian Meteorological Department in its 1st long range forecast for 2021 Southwest monsoon season has predicted India's Southwest monsoon seasonal (June to September) rainfall over the country as a whole is most likely to be normal (96 to 104 % of Long Period Average (LPA)).

Quantitatively, the monsoon seasonal (June to September) rainfall is likely to be 98% of the Long Period Average (LPA) with a model error of  $\pm 5\%$ . The LPA of the season rainfall over the country as a whole for the period 1961-2010 is 88 cm. If it realizes the kharif oilseeds' crop production, including soybean, will be within normal.

India's soymeal shipments improved by +126% to 15,64,833 metric tonnes in aggregate, during the last ten months (Apr.-Mar.) of financial year 2020-21 compared to 69,2833 metric tonnes during the corresponding period last year.

Further, country's March 2021 soymeal exports improved by +346% to 14,6379 metric tonnes compared to 32,818 metric tonnes in the same period last year.

Agriwatch has estimated 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 remain strong by 90-100% year-on-year for coming months, after fall in the soybean crushing in Argentina and Brazil as their stocks dried up.

India had imported 52,40,326 metric tonnes of edible oils in during Nov.'20 – Mar.'21 to meet the supply gap, down -3%, compared to 53,96,365 metric tonnes in during the same period last year.

Further, during March 2021, India's degummed soyoil imports fell by -3% to 2,84,200 metric tonnes compared to 2,92,996 metric tonnes same period last year. However, during Nov.'20 - Mar.'21 imports in the same is up by 2% at 1,23,2433 metric tonnes during the same period last year.

Decline in edible oil imports could lent the support of the edible oils at the higher levels in medium-term.

The domestic soybean crushing is heading at a steady pace on good overseas soymeal export demand. currently, the daily arrivals in Maharashtra is reported around 25,000 - 28,000 bags 20,000 - 28,000bags last week, and in Rajasthan 10,000 - 18,000 vs 15,000 - 18,000 bags previous week.

The average montly soybean plant delivery prices at Nagpur cash market improved by +24% to Rs. 6,913a quintal (Rs 5,925 – 8,400/Qtl) from Rs. 5,579 a quintal (Rs 5,150 – 5,975/Qtl) a month ago.

The arrivals of bean fell to 8,68,000 bags in the cash market yards of Maharashtra during the week against 18,30,000 bags a month 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. However, extremely higher prices are making the crushing unviable and hence correction inevitable.***

## **International:**

In the virtual Price Outlook Conference (POC) organized by Bursa Malaysia Thomas Mielke is in view that, after establishing new multi-year highs, the global edible oil prices are likely to be close to their peak, as the bullish fundamentals should be largely discounted.

He added that the prices are set to start weakening in the Apr/June quarter followed by further setback in July/Dec, attributed to increasing South East Asian palm oil and South American soyoil production as well as prospective sharp increase in oilseeds plantings in the Northern Hemishpere.

Further, the world soybean supplies will increase in April thru December with South American crop harvest in full swing and US soybean supplies later. We may further see competition in soybean prices between South America and US.

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.

**Revised March'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 (135.54 Mn T) and USDA has pegged it at 136 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.

China's domestic soybean production is seen at 19.6 million tonnes in 2020/21, up 8% from the previous year (18.1 million tonnes), according to forecasts of the USDA. The country's soybean crushing volumes were pegged at 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

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The domestic soymeal surged in tandem with the soybean on spillover support from the international benchmark – CBOT. The domestic soymeal improved by 39% compared to the previous month.

The soymeal alongwith other oilmeal exports continued remain strong in March 2021, as in the recent months.

During April'21 the soymeal prices witnessed all time high prices where the average monthly price stood at Rs. 57,368/MT with low price at Rs 48,000/MT and high Rs 65,000/MT during the month.

The industry market participants were in view that the there is an unnatural price run due to technical reasons and alleged price rigging by speculators leading to the disparity in crushing, the fall in prices was inevitable.

In this regard, the solvent Extractors' Association of India has already urged SEBI for the intervention on NCDEX soy futures to maintain orderly development in soybean contract. The association believes that the market is widely dominated by the speculators and it's heading upwards every day.

In the letter to SEBI, Atul Chaturvedi, President of SEA of India, said both soy crushing and poultry industry is negatively hit in the process.

July soymeal futures settled \$ 3.10 up at \$ 426.10 per short ton but the prices are up from recent years on better demand, on 30th April 2021.

World 2020/21 soymeal production is estimated slightly down at 253.3 million tonnes vs 254.14 million tonnes in its previous estimate by USDA, in its April report.

Higher 2021/22 US soybean planting estimates in the prospective planting report on March 31 indicates higher availability of the bean and subsequently meal if the crop yield stands at normal.

Robust Chinese soy demand, lower than expected soybean production estimates in US and Argentina will remain bullish for soymeal for some more time.

The gains in local soymeal will be supported by the strong and continued overseas soymeal demand of Indian origin.

India's March 2021 soymeal exports improved by +346% to 14,6379 metric tonnes compared to 32,818 metric tonnes in the same period last year. Further, the soymeal shipments improved by +126% to 15,64,833 metric tonnes in aggregate, during the last ten months (Apr.-Mar.) of financial year 2020-21 compared to 69,2833 metric tonnes during the corresponding period last year.

India's export of oilmeals for the month of March 2021 is reported at 32,1435 metric tonnes compared to 17,7003 metric tonnes in March 2020 i.e. up by +82%.

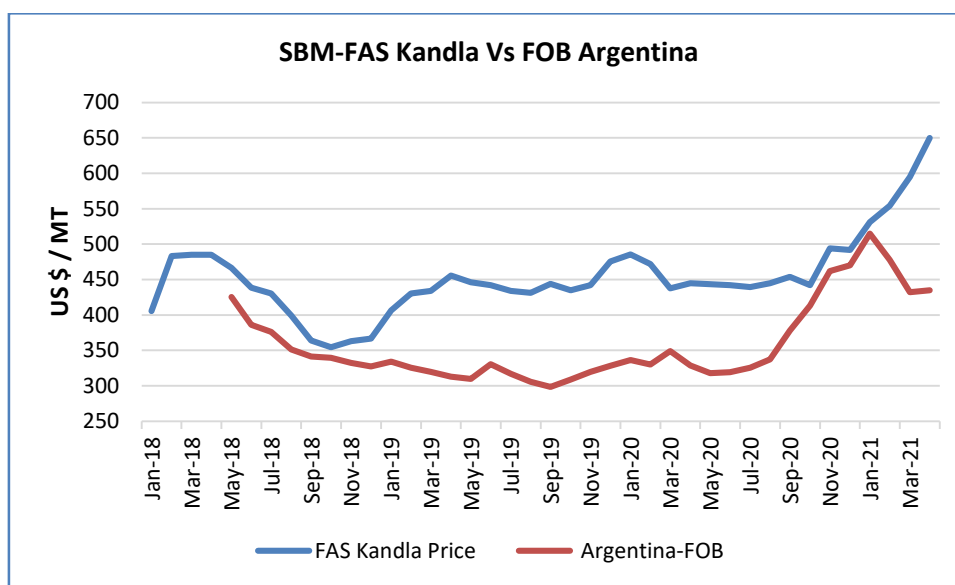
The overall export of oilmeals during April to March 2021 is also reported up by +51% at 36,80084 metric tonnes compared to 24,33617 metric tonnes during the same period last year.

Of the total soymeal exports of 3,21,435 metric tonnes in March 2021, Germany, Vietnam and South Korea remained top buyers with imports figures touching 73,700 metric tonnes, 66,044 metric tonnes and 44,240 tonnes respectively.

India's exports for rapeseed meal during April-March 2021 was up +16% at 11,13,021 metric tonnes compared to 96,1312 metric tonnes during the same period previous marketing season.

The export of rapeseed meal in March'21 is reported at 84,276 metric tonnes against last year 89,235 metric tonnes during the same period i.e. down by -6%, and ricebran extraction exports is reported at 61,200 metric tonnes against last year 30,620 metric tonnes i.e. +100% higher compared to the same period last year.

The domestic soymeal demand has considerably recovered in previous months, from poultry sector, but still below pre-COVID levels. Poultry industry contributes more than 60% of the total domestic soymeal demand.



The international soymeal prices are getting competitive after improved the soybean crop prospects. The soymeal export price spread of India vs Argentina (FAS Kandla and FOB Argentina) have further widened to US \$ 215/MT in April'21 vs US \$ 163/MT in March'21, making Indian soymeal exports uncompetitive for far destinations, however, the shipments to South East Asian countries is still viable to a great extent.

The domestic monthly average soymeal prices at Indore improved to Rs 57,368/MT and was quoted between Rs 48,000 – 65,000/MT compared to the monthly average of Rs 41,324/MT and was traded between the price ranges of Rs 38,500 – 46,000/MT previous month.

At Latur the monthly average soymeal prices improved to Rs 62,140/MT compared to Rs. 44,984/MT a month ago and in Nanded too it was quoted higher at Rs. 60,992/MT compared to Rs. 43,596/MT a month ago. Besides, in Kota the meal prices slightly improved to Rs. 59,116/MT compared to Rs. 43,552/MT previous month.

India's Y-o-Y soy meal prices, Indore, are currently higher. Soy meal Indore was quoted higher between Rs 48,000 – 65,000/MT during the month compared to Rs 32,000– 34,000/MT during the corresponding period last year.

*The soy meal prices (Indore) are likely to feature range-bound movement between Rs. 57,000 – 60,000/MT on weak off-take at the higher prices, for short-term. But strong overseas soymeal demand will limit the fall.*

#### Previous updates:

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 Chinese buying spree.

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.

## 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	247
<b>Mar</b>	460	302	232	47	27	107	39	193	33	146
<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>1246</b>

Source: SEA

India's soy meal exports have improved on bullish global supply scenario on lower global soybean output and estimated lower US soybean inventories, mainly on strong Chinese demand and lower than expected soybean production estimates in top producing countries.

## Soybean Crush Margin

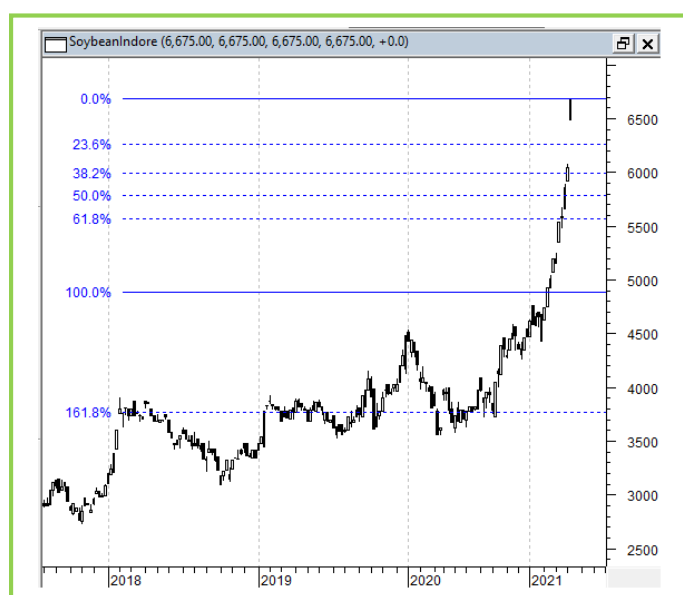
Avg Crush Margin – Apr 2021		Avg Crush Margin – Mar 2021		Avg Crush Margin – Apr 2020	
<b>-664</b>		<b>-2058</b>		<b>NR</b>	
Min	Max	Min	Max	Min	Max
<b>-6040</b>	<b>6400</b>	<b>-1200</b>	<b>-3395</b>	<b>NR</b>	<b>NR</b>

### Technical Analysis:

#### NCDEX Soybean Futures



#### Soybean Spot, Indore



\*Daily Chart

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

S1	S2	PCP	R1	R2
<b>5004</b>	<b>4500</b>	<b>6720</b>	<b>7700</b>	<b>7800</b>

- Soybean extended the rally on good buying support in the market.
- Prices closed above 40-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 – Jun) Month: **BUY** Above 6700. Levels: T1 – 6900; T2- 7000, SL - 6580.

## Rapeseed - Mustard Seed

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Rapeseed-mustard featured firm tone on oilseeds' crushers demand during the month in review. However, a correction towards the end of the month was visible with the reduced the crushing momentum and market participants refrained from the seed market following it's exceptionally higher, all time high, prices in recent months.

All the domestic oilseeds prices rallied to the levels which market participants strongly feel are unrealistic which doesn't commensurate demand and supply. The substantial rise in the seed prices is gradually leading the crush margin to deeper in negative zone, hence, the prices of the seed declined as expected.

In Jaipur, RM seed prices witnessed posted sharp gains by +18% to the monthly average price of Rs 6,783 a quintal from Rs 5,758 a quintal previous month.

The crushing of the seed is at the steady pace on better mustard oil demand including demand for Public Distribution System in recent past.

NAFED had commenced procuring the rapeseed-mustard and has procured 0.03 MT of rapeseed-mustard valued Rs 0.014 Lakh from Madhya Pradesh at MSP (Rs 4650/qtl) under PSS. However, the procurement couldn't pick-up the pace due to COVID lockdown restrictions.

AW has revised India's 2021/22 rapeseed-mustard production up to 8.54 million tonnes from 8.0 million tonnes estimated in its previous forecast and it is up 18% from 7.21 million tonnes estimated last season.

Further, the rapeseed oilcake eased by -4% to the weekly average price of Rs. 29,62/qtl compared to the the weekly average price of Rs. 3,099/qtl previous week.

India has not imported any rape oil (canola) in March too as in last several months. India is unlikely to import the rape oil in coming months too. Lower imports in rape oil (canola) will lend support to the local rapeseed-mustard prices at the higher levels.

However, India's exports for rapeseed meal during April-March 2021 was up +16% at 11,13,021 metric tonnes compared to 96,1312 metric tonnes during the same period previous marketing season.

The export of rapeseed meal in March'21 is reported at 84,276 metric tonnes against last year 89,235 metric tonnes during the same period i.e. down by -6%.

At NCDEX futures, the June contract of rapeseed-mustard ended up at 6,863/Qtl compared to 5,747/Qtl previous month.

## RM Seed Supply, Pan India

RM Seed Arrivals Pan India in Bags (85 kg each).		
Monthly Arrivals– Apr.	1 Month Ago	Corresponding Period Last Year
1,22,53,500	2,04,85,000	48,95,000

The all India rapeseed-mustard arrivals surged to 122.53 lakh bags during April'21 compared to 48.95 lakh bags in April'21.

## 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.

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

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

The food regulator had 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'20 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.

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 2021/22 rapeseed production at 8.54 million tonnes vs 7.2 million tonnes last season while COOIT has estimated the seed production at 8.95 million tonnes vs 7.5 million tonnes last season.

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 weather-hit rapeseed outturn for EU plus Britain unchanged at 17.1 million tonnes for 2020-21, slightly below 17.3 million tonnes estimated for 2019-20.

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 new crop rapeseed-mustard supplies are easing week-on-week, besides the mustard oil demand is good, both the factors will limit the fall to some extent. The rapeseed-mustard prices will feature range-bound movement with firm-bias in near-to-medium-term.*



## 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	8.54
Imports	0.00	0.00
Total Availability	7.53	8.6
Processing/Crushing	7.10	8.06
Exports	0.00	0.00
Retained for Sowing & Direct Consumption	0.30	0.30
Total Usage	7.40	8.36
Carry Out/Ending Stock	0.13	0.31
Monthly Use	0.62	0.70
Stock/Consumption Ratio	0.02	0.04
Stock to Month Use Ratio	0.21	0.45

(Source: AgriWatch)

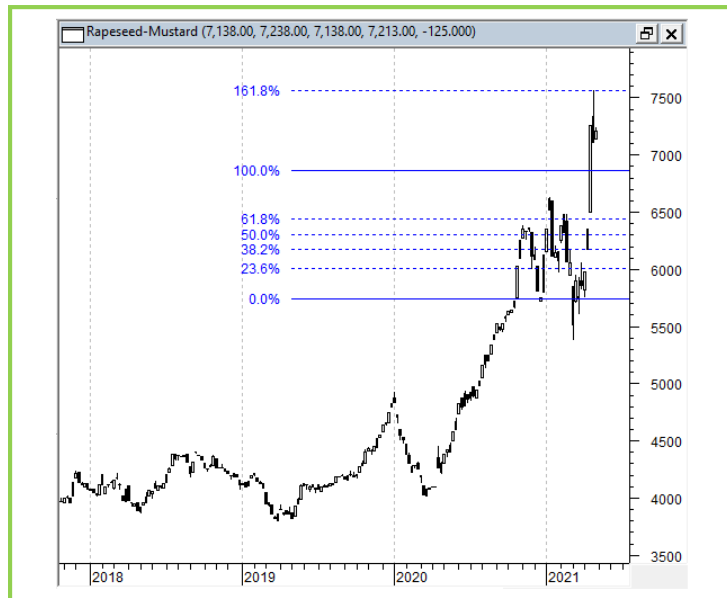
- We have pegged India's 2021/22 Rapeseed-mustard outturn at 8.54 million tonnes, higher by 18% compared to the 2020/21 production at 7.2 million tonnes.
- India's production is above 5 year average of around 6.7 million tonnes.
- **Trade Observations: India is an import dependent country in edible oils, hence the oilseeds produced almost gets crushed fully, prices to remain strong in 2021/22 season due to improved demand in mustard oil, post COVID, higher rapeseed meal export sales and sharp fall in the imports of canola/rape oil.**
- India's rapeseed-mustard prices rallied at the cash market in 2021/22 season and they are at all-time high in benchmark Jaipur.

### Technical Analysis:

#### NCDEX RM Seed Futures



#### RM Seed Spot, Jaipur



\*Daily Chart

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

S1	S2	PCP	R1	R2
5400	5300	6863	7500	7600

- Rapeseed-mustard extended the rally during the month, in the market.
- Prices closed above 40-day EMA.
- MACD is rising in positive territory.
- RSI and stochastic are heading upwards in the neutral zone.
- Trade Recommendation (NCDEX RM Seed – Jun) – 1 Month: **BUY** Above 6860. T1 –7000; T2 - 7100; SL – 6776.

## Groundnut

The groundnut seed prices witnessed losses by -4.5% y-o-y in April 2021 compared to March 2021.

The fall is attributed to the rabi crop harvesting and its supplies in the market in recent weeks.

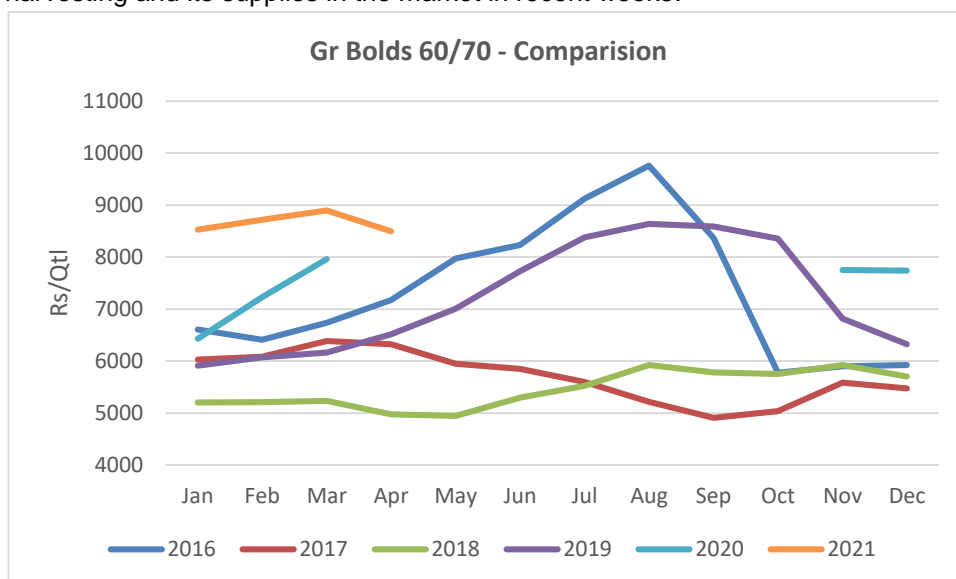
NAFED has procured about 2,84,733 metric tonnes of groundnut seed under PSS by 12th February 2021- valued at Rs. 1,502 crores including Gujarat (2,02,630 MT), Haryana (691 MT), Andhra Pradesh (257 MT), Rajasthan (74,511 MT) and UP (6528 MT) and Karnataka (116 MT).

China continues to buy groundnut oil and seed 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	Apr-21	Mar-21	Apr-20	Apr-19
Mumbai	GN Bolds 60/70	NA	24	8494	6847	NR	6518
(Source: Bombay Commodity Association)							

## Annexure

Soy DOC Rates at Different Centers			
Centres	Ex-factory rates (Rs/ton)		
	30-Apr-21	31-Mar-21	Parity To
Indore - 45%, Jute Bag	60800	46000	Gujarat, MP
Kota - 45%, PP Bag	62000	47500	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna - 45%, PP Bag	64000	49000	Mumbai, Maharashtra
Nagpur - 45%, PP Bag	63500	48000	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	62500	47500	Andhra, AP, Kar ,TN
Latur	62000	50500	-
Sangli	64000	48000	Local and South
Solapur	61000	44500	Local and South
Akola – 45%, PP Bag	60000	46500	Andhra, Chattisgarh, Orrisa,Jharkhand, WB
Hingoli	60000	46500	Andhra, Chattisgarh, Orrisa,Jharkhand, WB
Bundi	61800	47300	-

Soy DOC at Ports			
Centers	Port Price		
	30-Apr-21	31-Mar-21	Change
Kandla (FOR) (INR/MT)	NR	45000	-
Kandla (FAS) (USD/MT)	NR	650	-
CNF Indonesia – Yellow SBM (USD/MT)	NR	595	-

Rapeseed Meal	30-Apr-21	31-Mar-21	Change
FAS Kandla (USD/MT)	0	280	-280
FOR Kandla (Rs/MT)	0	19700	-19700
FOR Mundra (Rs/MT)	0	20100	-20100
CNF Indonesia (USD/MT)	0	336	-336

<b>International Soy DOC</b>			
<b>Argentina FOB USD/MT</b>	<b>30-Apr-21</b>	<b>31-Mar-21</b>	<b>Change</b>
Soybean Pellets	445	445	Unch
Soybean Cake Flour	445	445	Unch
Soya Meal	0	0	Unch
Soy Expellers	0	0	Unch

<b>Sunflower (DOC) Rates</b>	<b>Ex-factory rates (Rs/ton)</b>		
<b>Centers</b>	<b>30-Apr-21</b>	<b>31-Mar-21</b>	<b>Change</b>
Adoni	35000	32500	2500
Khamgaon	0	0	Unch
Parli	0	0	Unch
Latur	34500	32000	2500

<b>Groundnut Meal (Rs/MT)</b>	<b>30-Apr-21</b>	<b>31-Mar-21</b>	<b>Change</b>
Basis 45%, Saurashtra	Closed	30500	-
Basis 40%, Saurashtra	Closed	27000	-
GN Cake, Gondal	Closed	30000	-

<b>Mustard DOC</b>	<b>30-Apr-21</b>	<b>31-Mar-21</b>	<b>Change</b>
Jaipur (Plant delivery)	22800	19300	3500
Kandla (FOR Rs/MT)	23200	20200	3000

<b>Mumbai Oil Meal Quotes:</b>			
<b>Rs/M.T.</b>	<b>30-Apr-21</b>	<b>31-Mar-21</b>	<b>Change</b>
G.N. Extr (45%)	44000	32000	12000
Kardi Extr	0	0	Unch
Undec Cottonseed Exp	32000	28500	3500
Rice Bran Extr.	0	0	Unch
Sunflower Extr.	32000	26500	5500
Rapeseed Extr.	0	0	Unch
Soymeal 48%	62609	48000	14609
Castor Extr.	4900	3975	925

## 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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