Oil Meals Monthly Research Report

Contents

Executive Summary

Soybean continued rally of more than 35% from last month amid tight inventory at various trading centre. More than 50% crushing mills have been shut because of tight inventory and prices are expected to remain elevated till new crop arrival.

Indore Soybean witnessed Higher prices in July’21 with an average monthly price of Rs 8229/Qtl with monthly high of Rs 10050/Qtl and low of Rs 7300/Qtl. against Rs.7157/Qtl. with monthly high of Rs. 7450/Qtl. low of Rs. 6738/Qtl.

Besides, the rapeseed-mustard and rapeseed oilcake also inclined as compared to last month amid tight crushing.

In Rajkot, the monthly average groundnut bold seed prices stood at Rs 5,766 /Qtl in June while last year in July 2020 was at 5,279.

The rapeseed-mustard prices increased by 5% and rapeseed oilcake inclined by 6%, soybean also inclined by 22% and soymeal inclined by 20%, groundnut seed price also inclined, all compared to the previous month-May level.

We feel the soy and rapeseed-mustard complex to remain elevated amid tight inventory and trailing sowing progress. Also, if government allows import of GM soymeal, then prices is likely to cool down. Additionally, Global factor will also support prices to oilseed complex.

As per recent USDA July’21 report, Soybean production in the world is likely to increase by 6% to 385.22 million tonnes in next season (September- 2021- August 2020) in expectation of higher crop size in US and India. Total crop size in India may stand higher by 750,000 tonnes to 11.2 Million tonnes against 10.45 Million tonnes in this season. Higher soybean prices in this season will encourage farmers in India to cover higher soybean area.

India’s June 2021 soymeal exports declined by 54% to 25,918 metric tonnes compared to 56,938 metric tonnes in the same period last year. Further, the soymeal shipments too declined by 9% to 118,057 metric tonnes in aggregate, during the months (April-June.) of financial year 2020-21 compared to 129,192 metric tonnes during the corresponding period last year.

Export of oilmeals for the month of June 2021 provisionally reported at 203,612 tons compared to 229,230 tons in June 2020 i.e., down by 11%. The overall export of oilmeals during April – June 2021 is reported at 735,312 tons compared to 579,387 tons i.e., up by 27%.

Bullish global soybean outlook from last week 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.

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Outlook – Cash Market

Outlook - Soybean (Spot, Nagpur): *The soybean prices is expected to remain elevated higher with firm bias on tight crushing amid inventory shortage. However, Bullish sentiments in international soybean markets will also lend a support. The prices (Nagpur, Plant basis) are expected to feature range bound movement in the price band of 8,500 – 10,300 level.*
Outlook – Soy meal: *The soymeal prices is expected to remain elevated backed by soybean price. However strength in soybean and other oilseed complex may draw support to soymeal as well. The soy meal prices (Indore) are likely to feature range-bound movement between Rs. 85,000 – 100,000 /MT.*
Outlook - Rapeseed-Mustard (Spot, Jaipur basis)*: Arrival of mustard seed in mandis has declined at all places in the country which may support the prices, there is huge shortage of mustard seed to crushers. However, Rapeseed-mustard is expected to feature firm tone in near term due to domestic and international factors. The seed prices are likely to witness the price levels between 7,300 –8,200/Qtl. in short-run.*

International Highlights

- CBOT Aug soybean futures closed 1.36% lower at $ 14.14 1/4. New crop November soybean futures also closed 2.07 % lower at $ 13.49 3/4, on Friday.
- As of 25th July, the US soybean the US soybean condition for week ending 19 July stood at 11% Excellent, against last week 11 % while last year it was 15 %, 47% good, 30%fair, 9%poor and 3% Very poor.
- The Brazilian state-run agricultural agency, CONAB Brazil's July 2020/21 soybean crop estimate increased at 135.92 million tonnes vs 135.86 million tonnes in June'21 forecast and 124.845 million tonnes in 2019/20 in its recent report.
- USDA attache sees for 2021/22, Post forecasts soybean planted area for Brazil at 40.40 million hectares (ha), and production at 144.00 million metric tons (MMT), based on a yield of 3.56 mt per ha (hectare)
- In June'21 according to the data released by NOPA, US crushed pegged at 152.410 million bushels which compares to April 163.52 million bushels of soybeans. The soybean processing was down from 154.00 million bushels in June 2021 also lower from 167.00 million bushels in May 2021.
- Buenos Aires Gain Exchange has kept the Argentina 2020/21 soybean crop harvest estimate higher at 43.5 million tonnes vs 43 million tonnes from its previous estimates in expectation of better crop yield. However, it is 10% lower than the 2019/20 estimates.
- As per recent USDA July'21 report, Soybean production in the world is likely to increase by 6% to 385.22 million tonnes in next season (September- 2021- August 2020) in expectation of higher crop size in US and India. Total crop size in India may stand higher by 750,000 tonnes to 11.2 Million tonnes against 10.45 Million tonnes in this season. Higher soybean prices in this season will encourage farmers in India to cover higher soybean area.
- China's June soybean imports jump 11.6% from May on surging demand.
    - 10.7 mmt June (+11.6% mom) (-4% yoy)
    - Jan-Jun totals 49 mmt (+9% yoy)
    - Recovery from ASF boosting soy demand Pig herd to cross 440M heads in 2021 (+22% yoy)
- The Argentina government approved a measure allowing a reduction in the amount of soy-based biofuel to be mixed into diesel. The new law will likely show a minimum use of biodiesel of 5%, and could drop to 3%, from a 10% blend previous. Lowering the blend rate is likely to spark a jump in soybean oil exports.

Soybean

Soybean continued rally of more than 35% from last month amid tight inventory at various trading center. More than 50% crushing mills have been shut because of tight inventory. Additionally, another oilseed complex also supported soybean price. Flood has been reported in soybean key growing areas which have affected crop condition. If the government consider imposing stock limits on edible oils and oilseeds to cool prices in the domestic market which may drag prices lower.

Indore Soybean witnessed Higher prices in July'21 with an average monthly price of Rs 8229/Qtl with monthly high of Rs 10050/Qtl and low of Rs 7300/Qtl. against Rs.7157/Qtl. with monthly high of Rs. 7450/Qtl. low of Rs. 6738/Qtl.

The arrivals of bean declined in July and witnessed 130,0000 bags in the cash market yards of Madhya Pradesh during the week against 1822000 bags in june21.

GOI announced MSP for 2021-2022 marketing year, soybean Rs 3950 (70 Rs. up). India's soybean area is expected to rise 9.9% on year to a record high of 13.3 mln ha in the crop year.

Floods cause crop losses on 1.5 lakh hectares in Maharashtra, the preliminary crop loss is pegged at 1.5 lakh hectares but may increase. As of now, crop damage has been reported in Pune, Kolhapur, Sangli, Raigad, Ratnagiri, Palghar, Thane, Parbhani, Nanded, Akola, Washim, Nagpur and Wardha. Agricultural land has been submerged in in Konkan, Kolhapur and Sangli.

As on 30 July soybean sowing is trailing by 3%. In MP sowing is lagging by 13%, in maharastra sowing is up by 8%, in rajasthan sowing is down by 5%, in karnataka sowing is up by 16%, in gujrat sowing is up by 53%.

Agriculture Minister Narendra Singh Tomar launched a seed minikit programme to to enhance production and productivity of pulses and oilseeds by distributing high yielding varieties of seeds of oilseeds to farmers which is provided by the central agencies National Seeds Corporation (NCS), NAFED and Gujarat State Seeds Corporation and wholly-funded by the Centre through the National Food Security Mission. The supply of minikit seeds will last till June 15, 2021 so that the seeds reach the farmers before the Kharif sowing starts. Government of India likely to distribute more than eight lakh soybean seed minikits and more than seventy thousand groundnut minikits free of cost to farmers.

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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, though 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.

As per recent USDA July'21 report, Soybean production in the world is likely to increase by 6% to 385.22 million tonnes in next season (September- 2021- August 2020) in expectation of higher crop size in US and India. Total crop size in India may stand higher by 750,000 tonnes to 11.2 Million tonnes against 10.45 Million tonnes in this season. Higher soybean prices in this season will encourage farmers in India to cover higher soybean area.

As per USDA, India soybean crush is kept higher by 300,000 tons to 9.7 million ton on account of higher crop propesctus. Continued growth in domestic soybean meal consumption will pressure soybean meal exports to 1.7 million tons, lower than the previous year but near the 5-year average. Soybean oil imports are unchaged at 3.7 million tons as rising domestic supplies and high prices slow import demand.

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In USDA July report, World 2021/22 soybean ending stocks came in at 94.49 million tonnes, above the average expectation of 92.60 million (range 91.20-93.50 million) and up from 92.55 million last month as higher stocks for Brazil and Argentina are partly offset by lower Chinese stocks.

The USDA took down its estimates for China's soybean imports, with the current 2020-21 season easing 2 million metric tons to 98 million and the upcoming season by 1 million to 102 million metric tons.

US Soybean 2020/21 production is projected at 119.88 mmt, unchanged from last month. Harvested area, forecast at 86.7 million acres in the June 30 Acreage report, is unchanged

USDA pegged the 2020/2021 Brazilian soybean production at 137.0 mmt vs. the trade's expectation of 136.1 mmt and the USDA's estimate last month of 137.0 mmt.

For Argentina's soybean 2020/2021 output, the USDA pegged its crop at 46.5 mmt. vs. the trade's expectation of 48.8 mmt and the USDA's June estimate of 48.8 mmt.

For India Production Is projected at 11.20 mmt Unchanged from Last month.

Quantitatively, the monsoon seasonal (June to September) rainfall is likely to be 98% of the Long Period Average (LPA) with a model error of ± 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.

The overall export of oilmeals during April – June 2021 is reported at 735,312 tons compared to 579,387 tons i.e. up by 27%.

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,

We expect India's soymeal exports to improve if government allows import of GM soymeal, however export demand is very low at higher levels.

India had imported 7,483,380 metric tonnes of edible oils in during Nov.'20 – Mar.'21 to meet the supply gap, up compared to 6,912,366 metric tonnes in during the same period last year.

India had imported 1,213,142 metric tonnes of edible oils in during May'21, down compared to 720,976 metric tonnes in during the same period last year.

Import during May '21 up by 19% compared to April 2021 due to lower stock in pipeline and lesser import during earlier months and increase in demand due to lifting of the lock down. Secondly, May '21 import showing 68% increase compared to May '20, as there was a complete lockdown which had affected the import during May '20. Thirdly, high price of Sunflower Oil discouraged its import, while Soybean oil import marginally improved.

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.

Domestic soybean prices are likely to feature firm tone amid bullish domestic and international factors. More than 11% jump in soybean import in June21 by china supported the price globally. Additionally, monsoon progress may also impact prices in near term.

The domestic soybean prices are likely to remain elevated until new crop arrival. Additionally, strength in other oilseed complex may support soy prices. However, extremely higher prices are making the crushing unviable and hence mills have shut.

International:

The Brazilian state-run agricultural agency, CONAB Brazil's July 2020/21 soybean crop estimate increased at 135.92 million tonnes vs 135.86 million tonnes in June'21 forecast and 124.845 million tonnes in 2019/20 in its recent report.

As of 25th July, the US soybean the US soybean condition for week ending 19 July stood at 11% Excellent, against last week 11 % while last year it was 15 %, 47% good, 30%fair, 9%poor and 3% Very poor.

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).

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

According to the Buenos Aires Grain Exchange, the nationwide average soybean yield is 3,030 kg/ha (45.1 bushel/acre), which is unchanged from last week. The yields are ranging from 1,670 kg/ha to 3,250 kg/ha (24.8 bushel/acre to 48.4 bushel/acre). The Buenos Aires Grain Exchange kept their soybean estimate higher at 43.5 million tons.

Brazil's soybean exports is estimated to reach to 7.64 million metric tonnes in july – ANEC.

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 Hemishphere.

USDA attache has projected China's 2021/22 soybean imports at 102 million tonnes which is higher than 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. This is below the average growth observed prior to the arrival of African swine fever (ASF) in 2018 as domestic soybean production remains 35 percent above pre-ASF levels at 19.0 million tons. Crush growth continues at historic levels while stocks are projected to reach a record of 34.0 million tons.

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

Fig. in MnT

Soybean (Fig in Mn T)	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: Fresh buying is limited on higher level; however, speculators remain aggressive amid higher volatility.
- India's 2020-21 soybean production was projected at 10.5 million tonnes against 8.74 million last seasons.
- 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

In Indore July 21 Soymeal prices inclined by 20% as compared to last month, tight soybean crush, weak export numbers and strength in other oilseed complex supported soymeal prices. SEA of India asked govt to allow soymeal import including GM soymeal variety which is available in plenty in global market at less than half price and also does not pose a quarantine issue, till Sept to cool down the skyrocketing prices in the domestic market.

During July'21 the soymeal prices witnessed lower prices where the average monthly price stood at Rs. 71,703/MT with low price at Rs 62,000/MT and high Rs 92,000/MT during the month against 59,511/ MT last month.

World 2021/22 soymeal production is estimated higher at 260.62 million tonnes vs 253.12 million tonnes against last year record, in USDA July report.

India's June 2021 soymeal exports declined by 54% to 25,918 metric tonnes compared to 56,938 metric tonnes in the same period last year. Further, the soymeal shipments too declined by 9% to 118,057 metric tonnes in aggregate, during the months (April-June.) of financial year 2020-21 compared to 129,192 metric tonnes during the corresponding period last year.

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Soya meal prices jumped in early July and touched record price of US$ 890 during 2nd week of July compared to US$ 400 (FOB) Argentina. Indian soybean meal export during first quarter was over 120,000 tons mainly shipped to Europe and U.S.A. due to preference for Non-GM Soymeal. However, India is now totally outpriced in world market for the export of soyameal as soybean average price jumped from Rs. 43,100 per tons in Nov'20 touched to Rs.76,000 per tons in July and so soymeal price gone up from Rs.36,100 per tons in Nov'20 to Rs. 65,000 per tons at present. The high price of soybean meal has hit not only the export of soymeal but also the poultry farmers mainly small farmers and finding very difficult to survive in this difficult time. High input cost for eggs and chicken has also escalated the chicken prices which effecting consumer. India's exports for rapeseed meal during April-May 2021 was up +66% at 274,692 metric tonnes compared to 165,737 metric tonnes during the same period previous marketing season. It's a high time that the Government may consider to allow import of soybean meal including GM varieties which does not pose quarantine issue for short period up to 30th Sept, 2021 to cool down prices of both soybean and soybean meal to support the poultry industry to face crisis time.

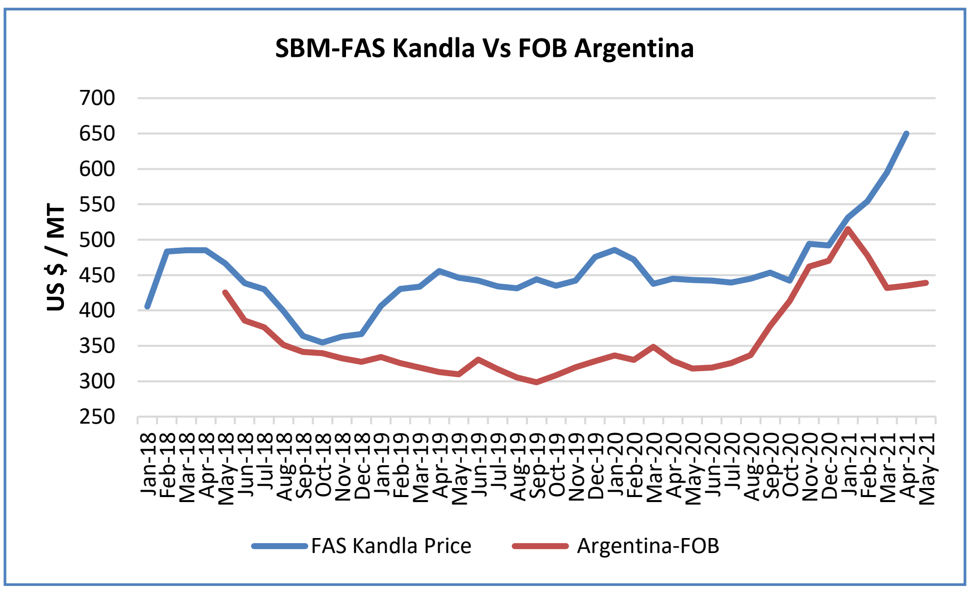
During Apr.- June '21, **South Korea** imported 252,063 tons of oilmeals (compared to 182,136 tons); consisting of 199,635 tons of rapeseed meal, 41,472 tons of castorseed meal and 10,956 tons of soybean meal. **Vietnam** imported 114,857 tons of oilmeals (compared to 120,943 tons); consisting of 88,306 tons of Rice Bran Extraction, 25,523 tons of rapeseed meal and 1,028 tons of soybean meal. **Thailand** imported 77,003 tons of oilmeals (compared to 65,188 tons); consisting of 65,479 tons of rapeseed meal, 9,816 tons of castorseed meal, 898 tons of soybean meal and 810 tons of Rice Bran Extraction. **Bangladesh** sourcing rapeseed meal and ricebran extraction from India and imported 90,589 tons of oilmeals (compared to 25,540 tons), consisting of 52,131 tons of ricebran extractions and 38,357 tons of rapeseed meal. **Taiwan** imported 23,944 tons of oilmeals (compared to 37,529 tons); consisting of 15,382 tons of castorseed meal, 6,381 tons of rapeseed meal and 2,181 tons of soybean meal.

The domestic soymeal demand has considerably recovered in prevous months, from poultry sector, but still below pre-COVID levels. Poultry industry contributes more than 60% of the total domestic soymeal demand and higher prices led to low export 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 declined to US $ 210/MT in May'21 vs US $ 215/MT in April'21, leading in competitiveness for Indian soymeal exports.

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

During July'21 the soymeal prices witnessed average monthly price stood at Rs. 71,703/MT with low price at Rs 62,000/MT and high Rs 92,000/MT during the month.



At Latur the monthly average soymeal prices inclined to Rs 77,796 /MT compared to Rs 64,211/MT a month ago and in Nanded too it was quoted higher at Rs. 72,407 /MT compared to Rs. 64,096/MT a month ago. Besides, in Kota the meal prices slightly improved to Rs. 73,344 /MT compared to Rs.61,226/MT previous month.

India’s Y-o-Y soy meal prices, Indore, are currently higher. Soy meal Indore was quoted higher between Rs 62,000 – 92,000/MT during the month compared to Rs 28,300– 29,000/MT during the corresponding period last year.

The soy meal prices (Indore) are likely to feature range-bound movement between Rs. 85,000 – 110,000/MT on tight demand at the current prices, for short-term. Tight inventory will also support prices. However, if government allows GM soymeal import, then prices are likely to come down.

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
Oct	224	50	183	29	4	31	71	150	64	120
Nov	398	517	503	111	9	98	208	186	69	199
Dec	798	511	451	194	6	241	169	170	72	251
Jan	475	620	364	104	28	155	106	86	42	283
Feb	344	578	184	65	30	208	74	132	49	247
Mar	460	302	232	47	27	107	39	193	33	146
Apr	314	100	76	18	12	124	68	41	26	39
May	143	98	8	14	10	49	41	53	47	52
Jun	181	214	3	2	18	46	104	62	57	25
Jul	168	107	7	1	12	81	64	76	62	
Aug	10	184	3	1	11	88	60	95	58	
Sep	7	173	1	7	12	102	45	35	69	
Total	**3522**	**3454**	**2015**	**593**	**179**	**1330**	**1049**	**464**	**658**	**1285**

Source: SEA

India’s soy meal exports have declined on tight crushing and price non competitiveness to global markets, 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	
-664		-2058		NR	
Min	Max	Min	Max	Min	Max
-6040	**6400**	**-1200**	**-3395**	**NR**	**NR**

Technical Analysis:

Soybean Spot, Indore

NCDEX Soybean Futures (September contract)

***Daily Chart**

Support & Resistance NCDEX- Soybean Jul. Contract				
S2	S1	PCP	R1	R2
8000	8500	8868	9200	9500

- July contract of soybean closed higher side.
- Prices closed above 18-day EMA.
- RSI and stochastic are up.
- MACD Cross over also giving bullish cues.
- Trade Recommendation (NCDEX Soybean – Sept) Month: sell Above 9100. Levels: T1 – 8700; T2- 8500, SL - 9150.

Rapeseed - Mustard Seed

Influx of mustard in the spot market continued to decline as farmers have put on hold their produce and due to shortage of mustard seeds, more than half of the mills have closed in many states, sources said. Traders are ready to purchase mustard at higher prices but the availability remains limited. This time even NAFED have not procured mustard yet. In such a situation, there is also the possibility of shortage of mustard seeds in the sowing season. There is firm demand for mustard oil especially from the states of North India like Bihar, Uttar Pradesh and West Bengal and likely to increase significantly during the winter season, during the festival and pickle making season. In view of the current price situation, it is being estimated that the acreage of mustard seed might rise sharply in next season.

In Jaipur, RM seed prices witnessed upside by 5% to the monthly average price of Rs 7,438 a quintal from Rs 7,082 a quintal previous month.

It is estimated that approximately 75-80% of the current mustard crop has been crushed, while 20-25% of the crushing is yet to be done.

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 inclined 6% to the monthly average price of Rs. 2,920/qtl compared to the the Monthly average price of Rs. 2,761/qtl previous month.

India imported 1033.06 tons rapeseed (Canola) oil in Apr 2021 v/s 506.00 tons imports in Apr 2020. While, for the period of April2020-March2021 imports rose to 42,720.05 tons compared to 54,426.39 tons in last oil year.

The export of rapeseed meal in June’21 is reported at 110,115 metric tonnes against last year 122,573 metric tonnes during the same period i.e., lower by -10%, However 14% up as compared to May21.

India’s exports for rapeseed meal during April-June 2021 was up +33% at 384,807 metric tonnes compared to 288,310 metric tonnes during the same period previous marketing season.

At NCDEX futures, the September contract of rapeseed-mustard inclined 12% at 7,719/Qtl compared to 6,918/Qtl previous month.

RM Seed Supply, Pan India

RM Seed Arrivals Pan India in Bags (85 kg each).		
Monthly Arrivals– May.	1 Month Ago	Corresponding Period Last Year
7775000	5150000	9075000

The all-India rapeseed-mustard arrivals Inclined to 77.75 lakh bags during June’21 compared to 51.50 lakh bags in May’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 have 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: Monthly RM Seed Spot market has inclined due to overall tight arrival and strength in other oilseed complex However, Canola futures at CME remain elevated in july because of heatwave looked to affect harvest scenario for canola in Canada. High temperature forecast in coming weeks may cause the canola flowers to drop prematurely, lead to drop in yield which may impact domestic prices as well.

Balance Sheet – Rapeseed-Mustard Seed, India

(Fig in MnT)

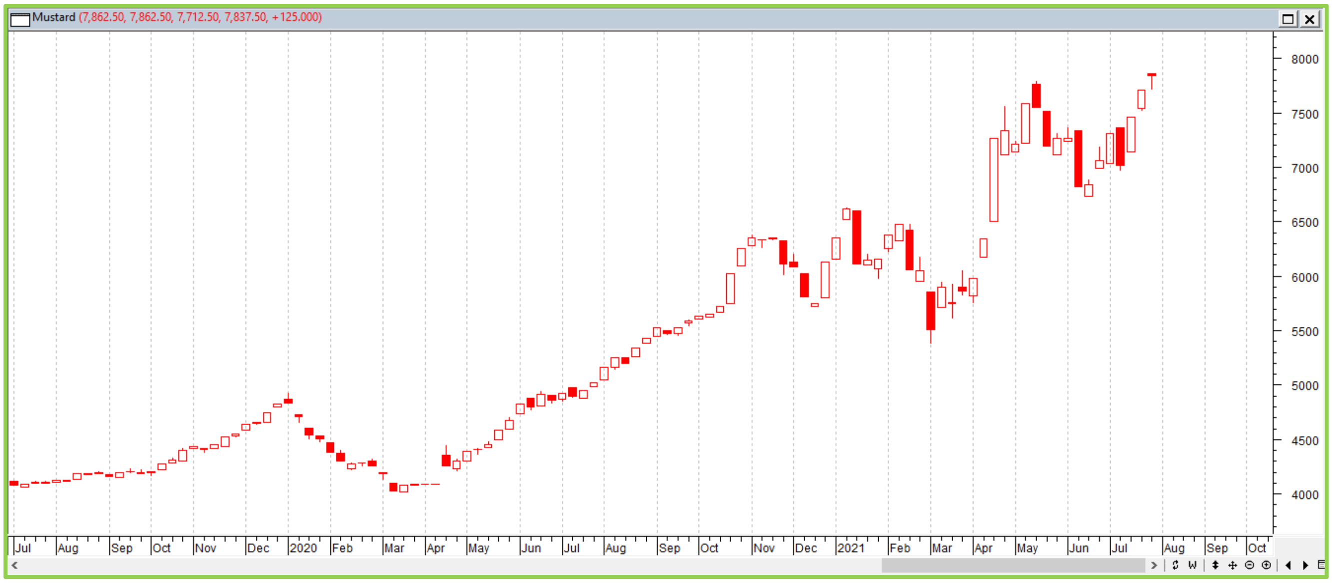
Rapeseed-Mustard (Fig in Mn T) MY-Feb.-Jan.	2020-21	2021-22
Carry In	0.33	0.13
Production	7.21	8.54
Imports	0.00	0.00
Total Availability	7.53	8.6
Processing/Crushing	7.10	8.06
Exports	0.00	0.00
Retained for Sowing & Direct Consumption	0.30	0.30
Total Usage	7.40	8.36
Carry Out/Ending Stock	0.13	0.31
Monthly 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:

RM Seed Spot, Jaipur



NCDEX RM Seed Future September Contract

*Daily Chart

Support & Resistance NCDEX - RM Seed Jul. Contract				
S2	S1	PCP	R1	R2
7000	7500	7821	8000	8300

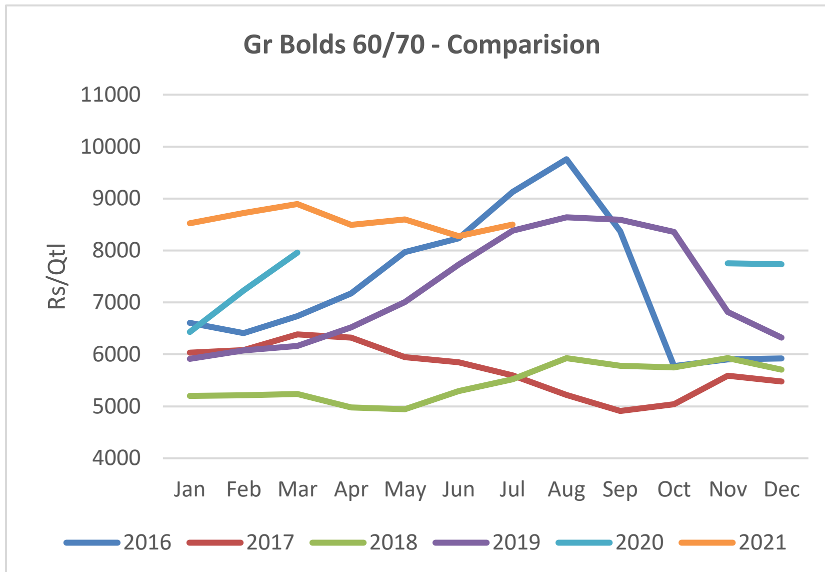
- Rapeseed-mustard closed upside on buyer's interest.
- Prices closed above 9-day EMA.
- RSI and stochastic are heading upwards, good buying strength.
- Trade Recommendation (NCDEX RM Seed – Sept) – 1 Month: BUY Below 7500. T1 –7800; T2 – 7900; SL – 7300.

Groundnut

In Rajkot, the monthly average groundnut bold seed prices stood at Rs 5,766 /Qtl in June while last year in July 2020 was at 5,279.

In India As on 30th July kharif groundnut sowing is trailing by 10%.

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 is expected to continue remaining a top market for groundnut seed and groundnut oil of Indian origin after their crop was damaged by 25-30%, which consequently lowered country's production by 40 lakh tonnes from the normal, this season and on strategic buying in near to medium-term. Further, this week china witnessed severe flood in Henan province which contributes more than 30% of the total groundnut production in china. So, groundnut production in china is likely to decline and china will import from India to fulfil its domestic groundnut oil demand.

As per USDA, the United States is expected to produce 3.0 million tons of peanuts this year as against 2.8 million tons in previous crop. Large-scale sowing has completed in China this year. It is estimated to harvest 18.2 million tons of peanuts against 17.9 million metric tons previous year. In Nigeria planting is in progress and is expected to produce 4.4 million metric ton against 4.3 million metric ton last season.

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.

According to the Department of Commerce, India shipped 6.38 lakh tonnes of groundnut during April to March 2021, down from 6.64 lakh tonnes in fiscal 2020. In March 2021, the county exported a total of 0.48 lakh tonnes, down 17% from 0.58 lakh tonnes in March 2020.

According to the provisional data from Agricultural and Processed Food Products Export Development Authority (APEDA), the groundnut exports from India dropped by 4.07% to 6.38 lakh tonnes during April-March (2020-21) this fiscal vs 6.64 lakh tonnes during the corresponding period last year. Surprisingly in value terms, the exports witnessed a growth of 5.59% to Rs. 5381 crores vs Rs. 5096 crores same period last year.

The MSP for groundnut seed has been raised to Rs 5,550 per quintal for 2021-22, up from Rs 5,275 per quintal in 2020-21.

Groundnut Kernel							
Center	Variety	% Change over Previous year	% Change over Previous month	As on June-21	Month Ago May-21	Year Ago May-20	2 Year Ago May-19
Mumbai	GN Bolds 60/70	**NA**	**-4%**	8276	8600	NR	7005
(Source: Bombay Commodity Association)							

Annexure

Oilseed Prices at Key Spot Markets:

Commodity / Centre	Prices (Rs/Qtl)				Change
Soybean	**31-Jul-21**		**30-Jun-21**		
	Low	**High**	**Low**	**High**	
Indore –Plant	9900	10200	7250	7350	**2850**
Indore–Mandi	9600	10000	7000	7200	**2800**
Nagpur-Plant	9300	9575	7500	7650	**1925**
Nagpur – Mandi	8000	9425	6400	7280	**2145**
Latur – Mandi	8000	9900	7050	7490	**2410**
Akola – Mandi	6000	9500	6650	7100	**2400**
Kota-Plant	9850	9950	7375	7425	**2525**
Kota – Mandi	9550	9750	6975	7375	**2375**
Bundi-Plant	9550	9750	7200	7400	**2350**
Bundi-Mandi	9350	9650	6800	7100	**2550**
Baran-Plant	9770	9870	7475	7575	**2295**
Baran-Mandi	9170	9670	6875	7175	**2495**

Bhawani Mandi Jhalawar–Plant	9700	9950	7400	7500	2450
Jhalwar-Mandi	9300	9750	6500	7000	2750
Rapeseed/Mustard					
Jaipur-(Condition)	7825	7850	7120	7125	725
Alwar-(Condition)	7450	7550	6800	6850	700
Sri Ganganagar-(Non-Condition)	7200	7250	6550	6650	600
New Delhi–(Condition)	7450	7500	6900	6950	550
Kota-(Condition)	7050	7150	6400	6500	650
Agra-(Condition)	7810	7952	7095	7190	762
Neewai-(Condition)	7300	7400	6700	6900	500
Hapur (UP)-(Condition)	7600	7650	6900	6950	700
Groundnut Seed					
Rajkot	1011	1011	1005	1005	6
Sunflower Seed					
Gulbarga	0	0	0	0	Unch
Latur	7300	7400	7500	7600	-200
Sholapur	7300	7400	7500	7600	-200
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.					

Soy DOC Rates at Different Centers			
Centres	**Ex-factory rates (Rs/ton)**		
	31-Jul-21	**30-Jun-21**	**Parity To**
Indore - 45%, Jute Bag	92000	62000	Gujarat, MP
Kota - 45%, PP Bag	94000	63200	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna - 45%, PP Bag	97000	68000	Mumbai, Maharashtra
Nagpur - 45%, PP Bag	98000	65000	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	96000	65000	Andhra, AP, Kar ,TN
Latur	99000	69000	-
Sangli	88000	64500	Local and South
Solapur	92000	62000	Local and South

Akola – 45%, PP Bag	75000	63000	Andhra, Chattisgarh, Orrisa,Jharkhand, WB
Hingoli	63500	63500	Andhra, Chattisgarh, Orrisa,Jharkhand, WB
Bundi	92000	63000	-

Soy DOC at Ports			
Centers	**Port Price**		
	30-Jul-21	**01-Jul-21**	**Change**
Kandla (FOR) (INR/MT)	NR	NR	-
Kandla (FAS) (USD/MT)	NR	NR	-
CNF Indonesia – Yellow SBM (USD/MT)	NR	NR	-

Rapeseed Meal	**30-Jul-21**	**01-Jul-21**	**Change**
FAS Kandla (USD/MT)	-	-	Unch
FOR Kandla (Rs/MT)	-	-	Unch
FOR Mundra (Rs/MT)	-	-	Unch
CNF Indonesia (USD/MT)	-	-	Unch

International Soy DOC			
Argentina FOB USD/MT	**30-Jul-21**	**01-Jul-21**	**Change**
Soybean Pellets	378	426	-48
Soybean Cake Flour	378	426	-48
Soya Meal	-	-	Unch
Soy Expellers	-	-	Unch

Sunflower (DOC) Rates	**Ex-factory rates (Rs/ton)**		
Centers	**31-Jul-21**	**30-Jun-21**	**Change**
Adoni	38000	34500	3500
Khamgaon	-	-	Unch
Parli	-	-	Unch
Latur	37500	34000	3500

Groundnut Meal (Rs/MT)	**31-Jul-21**	**30-Jun-21**	**Change**
Basis 45%, Saurashtra	58000	41000	17000
Basis 40%, Saurashtra	54000	37000	17000

GN Cake, Gondal	60000	41500	18500

Mustard DOC	**31-Jul-21**	**30-Jun-21**	**Change**
Jaipur (Plant delivery)	23500	21400	2100
Kandla (FOR Rs/MT)	24400	21800	2600

Mumbai Oil Meal Quotes:			
Rs/M.T.	**31-Jul-21**	**30-Jun-21**	**Change**
G.N. Extr (45%)	60000	41000	19000
Kardi Extr	-	-	Unch
Undec Cottonseed Exp	33000	33000	Unch
Rice Bran Extr.	-	-	Unch
Sunflower Extr.	39000	31500	7500
Rapeseed Extr.	-	-	Unch
Soymeal 48%	95478	65739	29739
Castor Extr.	6650	5050	1600

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 2021-22 - GOI

Sl. No	Crops	MSP for Kharif 2021-22	MSP for Kharif 2020-21	Increase in MSP (Absolute)
1	Groundnut	5550	5275	275
2	Sunflower seed	6015	5885	130
3	Soybean (yellow)	3950	3880	70
4	Sesamum	7307	6855	452
5	Nigerseed	6930	6695	235

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 2021-22.

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. 5500 per quintal for marketing season 2020-21 from Rs.5275 per quintal in 2019-20 an increase of Rs.275 a quintal.

The MSP of sunflower to Rs. 6015 a quintal from earlier Rs. 5885 per quintal an increase of Rs 130 per quintal, Soybean-yellow to Rs. 3950 a quintal to Rs. 3880 per quintal last season, an increase of Rs. 70 a quintal, Sesamum to Rs. 7307 a quintal from 6855 earlier, an increase of Rs. 452 a quintal and the MSP of Nigerseed have been increased to Rs. 6930 a quintal from Rs. 6695 a quintal earlier, increase of Rs 235 per quintal.

Among all the Kharif crops, the highest increase in MSP is proposed for sesamum (Rs 452 per quintal) followed by Tur (Rs 300 per quintal) and Urad (Rs 300 per quintal). The differential remuneration is aimed at encouraging crop diversification.

India’s Oilseeds Production Seen at 365.7 Lakh Tonnes vs 332.20 Lakh Tonnes in 3nd Adv Est. for 2020-21- GOI

The 2nd Advance Estimates of production of oilseeds for 2020-21 have been released by the Department of Agriculture, Cooperation and Farmers Welfare on 25th May, 2021. The assessment of production of different crops is based on the feedback received from States and validated with information available from other sources.

The revised estimated production of major Oilseeds during 2020-21 is as under:

Oilseeds – 365.7 lakh tonnes in 2020-21 vs 332.19 lakh tonnes in 2019-20

- Groundnut – 101.2 lakh tonnes vs 99.52 lakh tonnes in 2019-20.
- Castorseed – 17.76 lakh tonnes vs 18.42 lakh tonnes
- Sesamum – 8.12 lakh tonnes vs 6.58 lakh tonnes
- Nigerseed – 0.41 lakh tonnes vs 0.41 lakh tonnes (No difference)
- Soybean – 134.1 lakh tonnes vs 112.26 lakh tonnes
- Sunflower – 2.24 lakh tonnes vs 2.13 lakh tonnes
- Rapeseed-mustard – 99.9 lakh tonnes vs 91.24 lakh tonnes
- Linseed – 1.40 lakh tonnes vs 1.21 lakh tonnes
- Safflower – 0.34 lakh tonnes vs 0.44 lakh tonnes.

Sown Area – *Kharif* Oilseeds, India 2021-22

Oilseeds: About 173.50 lakh ha area coverage has been reported compared to normal of corresponding week (164.88 lakh ha). Thus 8.62 lakh ha more area has been covered compared to normal of corresponding week. Higher area is reported] from the States of Maharashtra (6.00 lakh ha), Gujarat (3.33 lakh ha), Karnataka (1.15 lakh ha), Rajasthan (1.05 lakh ha), Tamil Nadu (0.34 lakh ha), Nagaland (0.14 lakh ha), Uttar Pradesh (0.12 lakh ha), Haryana (0.08 lakh ha), Bihar (0.08 lakh ha), Tripura (0.04 lakh ha), Manipur (0.03 lakh ha), Uttarakhand (0.03 lakh ha), West Bengal (0.02 lakh ha), Meghalaya (0.02 lakh ha) and Mizoram (0.01 lakh ha), Less area is reported from the States of Andhra Pradesh (1.40 lakh ha), Telangana (0.80 lakh ha), Chhattisgarh (0.65 lakh ha), Madhya Pradesh (0.50 lakh ha), Punjab (0.04 lakh ha), Jammu & Kashmir (0.03 lakh ha), Odisha (0.02 lakh ha), Jharkhand (0.02 lakh ha), Assam (0.02 lakh ha), Sikkim (0.01 lakh ha) and Arunachal Pradesh (0.01 lakh ha).

Area in Lakh Hectares

Crop	***Normal Area (5 Year Avg.)***	***2021-22***	***2020-21***	**% Change**
Groundnut	41.70	44.40	47.08	**-2.68**
Soybean	112.88	115.14	118.08	**-2.93**
Sunflower	1.42	1.32	0.79	**0.53**
Sesamum	13.13	10.84	11.36	**-0.52**
Niger	1.95	0.23	0.59	**-0.35**
Castor	8.95	1.48	1.73	**-0.25**
Total Oilseeds	**180.03**	**173.50**	**179.71**	**-6.22**

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

Crop	*Normal Area (5 Year Avg.)*	*As on 22 Jan. 2021*	*As on 22 Jan. 2020*	**% Change**
Rapeseed/Mustard	59.44	73.89	68.84	**7.3**
Groundnut	7.28	4.57	4.65	**-1.7**
Safflower	1.18	0.58	0.63	**-7.9**
Sunflower	2.41	1.01	1.02	**-1.0**
Sesamum	0.00*	0.44	0.56	**-21.4**
Linseed	2.75	2.90	3.34	**-13.2**
Others	0.13	0.21	0.33	**-36.4**
Total Oilseeds	**73.19**	**83.60**	**79.37**	**5.3**

Source: MoA, GOI