

# Oil Meal Weekly Research Report

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## **Executive Summary**

The weekly average prices of Soybean Indore plant eased marginally by 0.52% to INR. 7,827/qrtl during the week under review. Prices were in the range of INR. 7,675-7,950/qrtl during the period. In the coming week soybean prices likely to remain firm on overall strong sentiment for oilseed complex and Indonesia's plan to ban palm oil export.

The weekly average prices of soymeal went down by 2.6% to INR 60,166/MT as compared to last week at INR 61,750/MT.

According to Solvent Extractor Association of India, country's March'2022 soymeal exports declined by 25% to 2,42,043 metric tonne compared to 3,22,850 metric tonne in the same period last year.

RM seed prices went up by 2.1% during the period and is expected to trade with firm bias on Indonesia's plan to ban palm oil exports.

The export of rapeseed meal in Mar'22 is reported at 93,984 metric tonnes against 84,276 metric tonnes during the last year same period i.e., up by 12%. Rapeseed meal export is picking up on new crop crushing and firm export demand.

**Soybean Production Estimates: Fig. In Lakh tonnes**

India's Soybean Production	2021-22	2020-21	% Change
Ministry of Agriculture	131.16	128.97	2%
Agriwatch	117.2	104.5	12%
USDA	119	104.5	14%

As per Agriwatch, India's 2021-22 Soybean production is estimated at 117.2 Lakh tonnes 12% up as compared to previous year. Whereas USDA and GoI has estimated soybean production at 119 and 131.16 Lakh tonnes respectively.

## Outlook – Cash Market

**Outlook - Soybean (Spot, Nagpur):** In coming week, soybean prices are expected to remain with firm bias amid tight arrivals and Indonesia's plan to ban palm oil export.. The prices (Indore, Plant basis) are expected to feature range bound movement in the price band of 7,800 – 8,200 level in the near term.

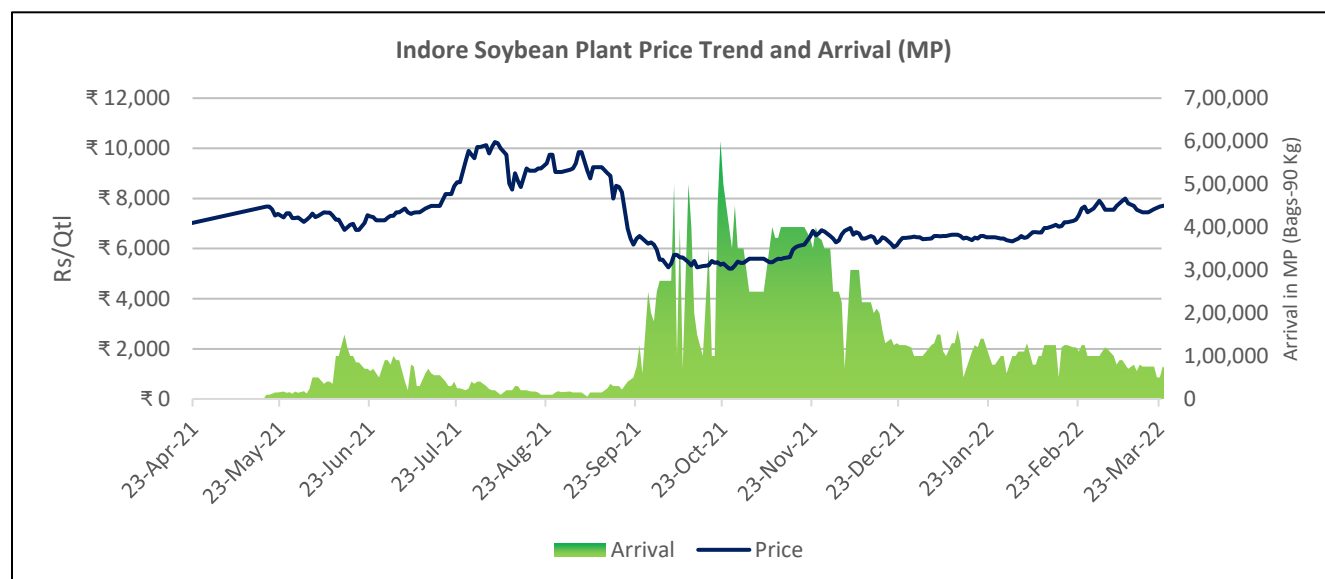
**Outlook – Soy meal:**

The soy meal prices (Indore) are likely to feature range-bound with firm bias between INR. 58,000 – 63,000/MT on the back of bullish oilseed complex.

**Outlook - Rapeseed-Mustard (Spot, Jaipur basis):** Rapeseed-Mustard is expected trade range bound with firm bias amid palm oil export ban plan by Indonesia. The seed prices are likely to trade in the range between 7,200 – 7,400/Qtl. in the short-run.

## Soybean

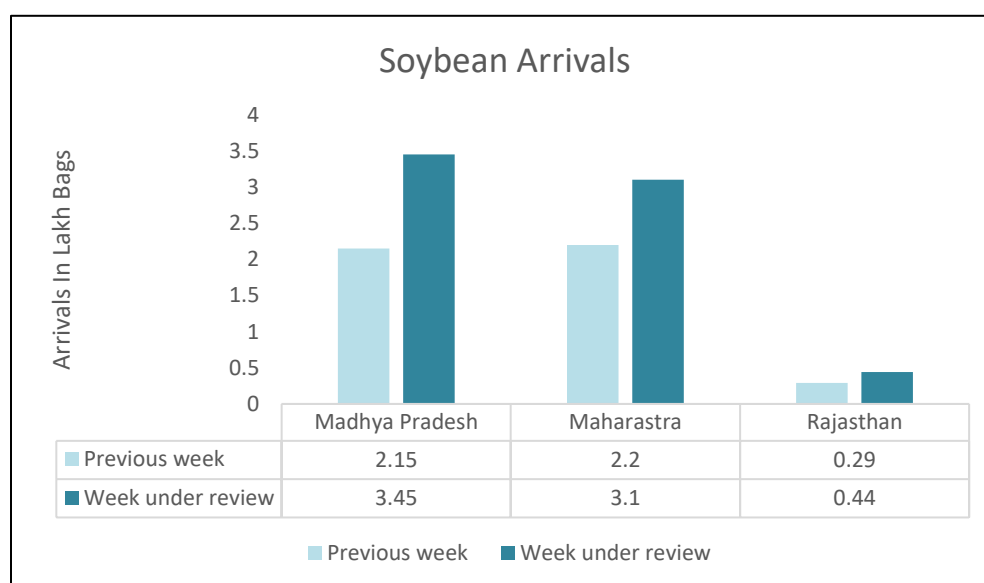
During the week, Soybean Indore plant weekly average prices mostly remained sideways with slightly weak bias. Prices eased marginally by 0.52% to INR. 7,827/qrtl. During the past week, arrivals were lower due to festivities however, arrivals rebounded to 3.45 Lakh bags in MP after the festivities. At present, farmers are releasing their stocks as per their requirement and upon low arrivals and tight crush margin, crushing remained sluggish.



This week, the total arrival in MP stood at 3.45 Lakh bags Vs 2.15 Lakh bags last week. In Maharashtra arrivals stood at 3.1 Lakh bags Vs 2.2 Lakh bags last week and in Rajasthan the arrivals stood at 0.44 Lakh bags Vs 0.29 Lakh bags previous week. This week arrivals recorded high as mandis opened after festivities.

Indonesia is planning to ban palm oil exports to

curb its domestic prices. This has made Malaysia the largest palm oil exporter,



whose supply side is already tight, the ban will be effective from 28<sup>th</sup> April. Oil seed complex was already tight before the ban. Drought condition in South America has already dented Soy production, similar situation in Canada too for canola, leaving little available supply and then Russia's invasion of Ukraine has kept edible oil market in turmoil. Agriwatch expects due to this chaos, Soybean prices expected to rise further.

#### **SOPA Soy Crush and Arrivals-**

Due to firm Soy prices in Feb and March, farmers released their stocks and arrivals recorded 26% higher at 6 Lakh tonnes. In April and May too, farmers may continue to offload their stocks on need based selling for kharif sowing preparation.

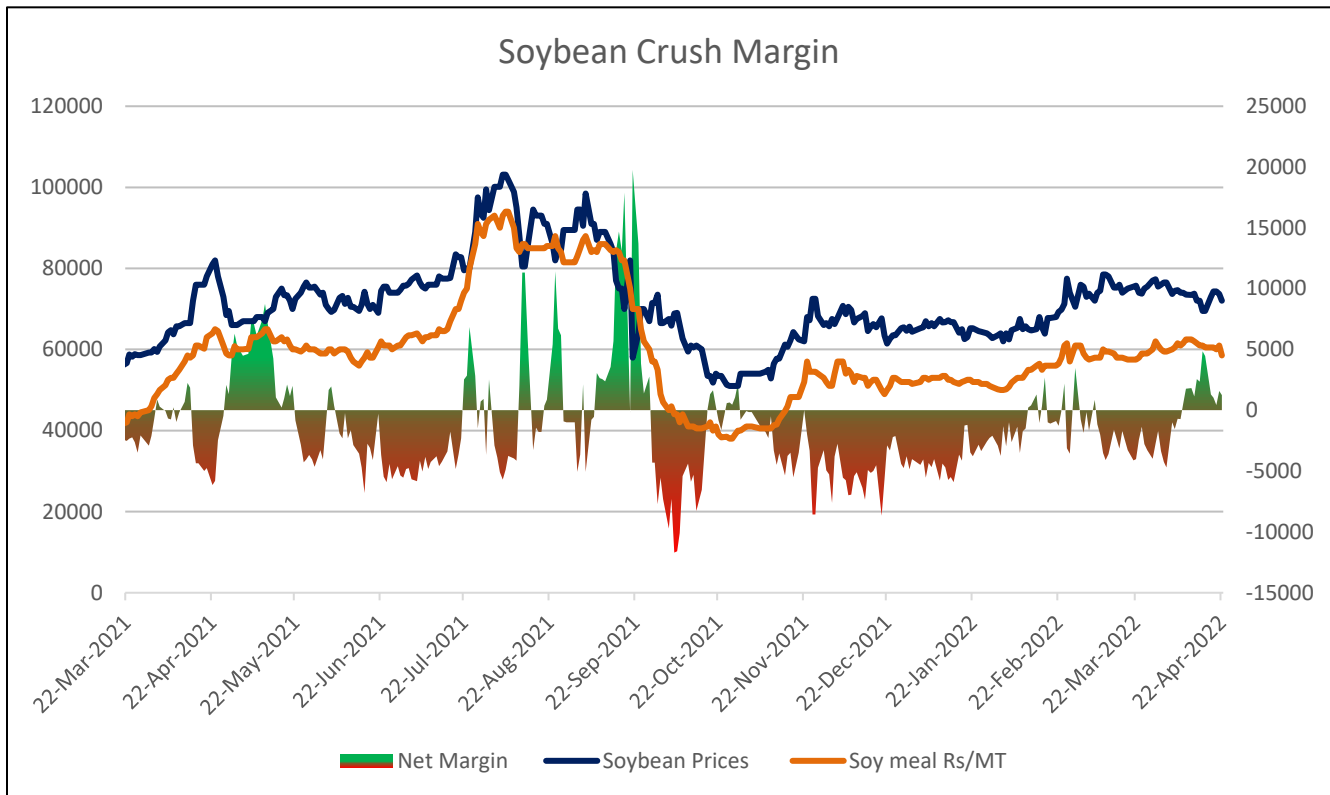
Despite firm arrivals as compared to previous years, Soy crushing remained low on disparity and low soy meal export and domestic demand amid higher prices. In April and May too, crushing is likely to remain weak for the same reason.

According to SOPA, In Oct-March'22 crush remained low by 35% at 40.5 Lakh tonnes as compared to 62.5 Lakh tonnes previous year same period. Arrivals too recorded low by 18% to 61 Lakh tonnes as compared to 74.75 Lakh tonnes same period last year. According to Agriwatch, out of the total availability of 125.9 Lakh tonnes 61 Lakh tonnes have been arrived till March'22 in the market while 40.5Lakh tonnes crushing have been done. Prices are high despite higher ending stocks at 17%, as farmers are holding major chunks in anticipation of better prices. Crush to arrival ratio in March'22 stood at 108% as compared to previous month at 93%.

Solvent Extractor Association of India has said the storage control order of government is not serving the purpose of checking price of edible oil, but it is creating problems in maintaining a smooth supply chain and suggested to revisit norms of storage for wholesalers and retailers and fix a limit of 15 days of storage based on average sale of retailer or whole seller for the last six months sales based on GST returns filed by them.

#### **Soybean Crush Margin-**

Soybean crush margin continued to improve during the week under review. Weekly average soybean net crush margin improved to INR. 1678/ MT on firm soy oil prices. If Soymeal and Soy oil prices continued to remain firm, crush margin likely to remain on positive side in coming weeks.



**International:** This week, CBOT Soybean MAY futures remained highly volatile and went up by 2.01% to \$17.16/ bushel. On Friday it touched multi year high and then profit booking dragged it to the sidelines.

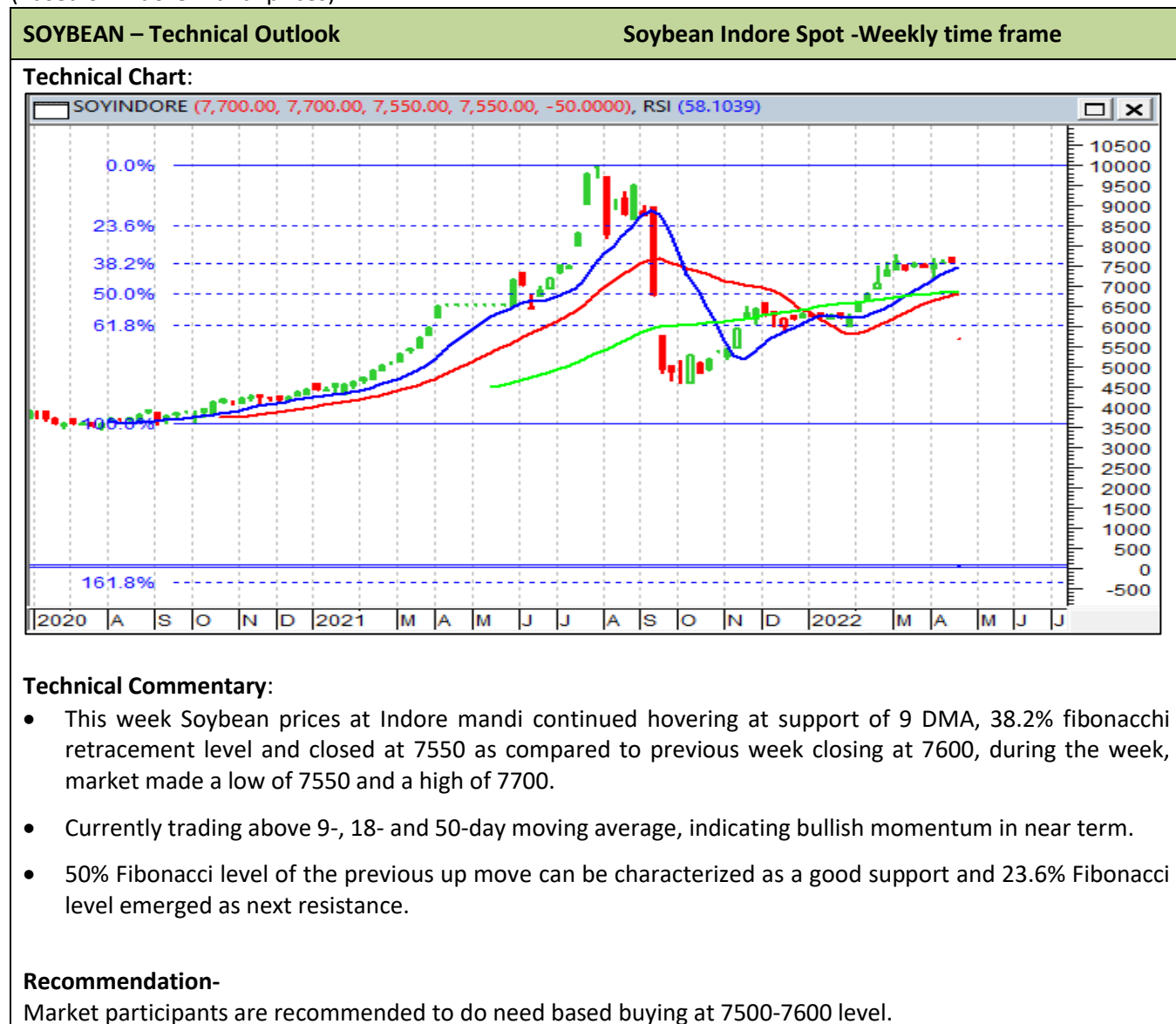
As per recent available data, Brazil's 2021-22 soybean harvesting, is at 87% which is lower than 90% last year. whereas Argentina's Soybean harvesting stood at 14.4% as compared to 27% previous year. Argentina's harvesting is lagging due to energy crisis in the country.

China's 2022 Soybean demand may fall up to 6% on dip in feed requirement. Negative crush margin since Feb'22 too attributed to dip in demand.



## Technical Analysis

(Based on Indore Mandi prices)

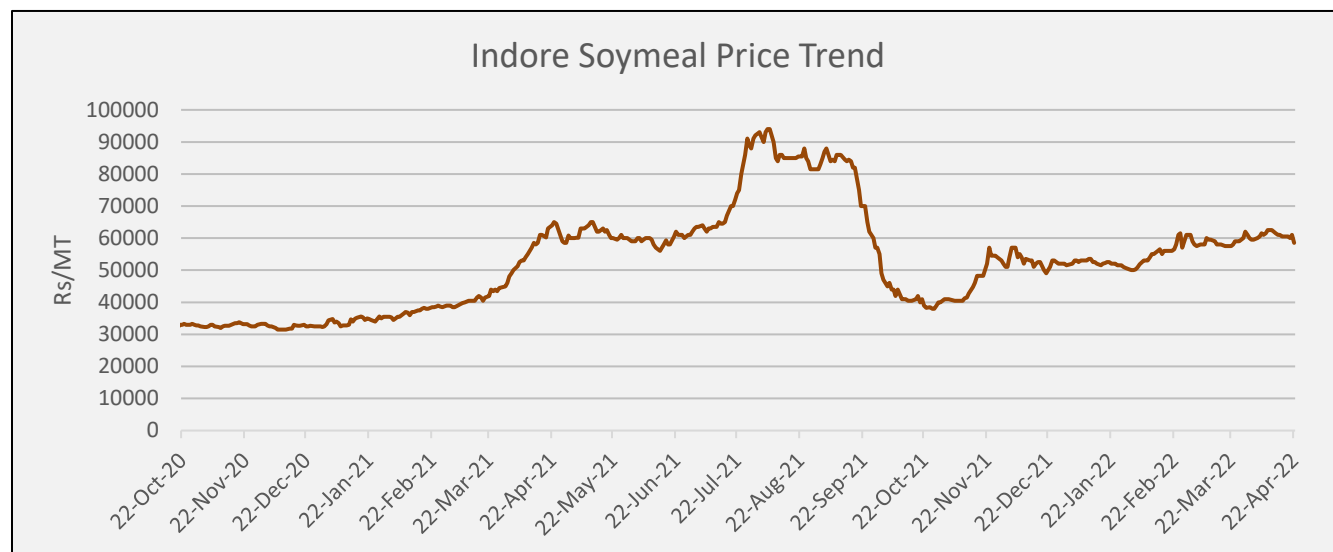


**Soybean Price Outlook for coming week:** Indore Soybean mandi is currently trading at INR. 7550/ctl. Soybean are expected to trade with firm bias on the back of likely palm oil ban by Indonesia and bullish oilseed complex.

Soybean Mandi Price Outlook (INR./Qtl)	Previous week 02nd-08 <sup>th</sup> April'22	Week Under review 09 <sup>th</sup> -15 <sup>th</sup> April'22	Next week 16 <sup>th</sup> -22 <sup>nd</sup> April'22
Weekly Average Price	7,593	7,616	7,500-7,800

## Soymeal

During the week under review, Indore Soymeal traded with weak sentiment in tandem with Soybean prices. However, in upcoming week Soymeal is expected to trade with firm bias on bullish oilseed complex due to expected palm oil export ban by Indonesia.



The weekly average prices of soymeal went down by 2.6% at INR 60,166/MT as compared to last week at INR 61,750/MT. Overall the prices quoted between INR 58,500 – 61,000/MT throughout the week.

At Latur, the weekly average prices went down to INR. 62,083/MT compared to INR. 64,266/MT a week ago. In Nanded too it eased slightly to INR. 62,250/MT compared to INR. 63,166/MT a week ago. In Kota the meal prices were up at INR. 62,316/MT compared to INR. 65,816/MT previous week.

USDA in its April'22 report, kept 2021-22 soymeal production estimate unchanged at 8.16 million tonnes Vs 7.6 million tonnes last year. However, ending stocks is estimated higher at 6.27 Lakh tonnes Vs last year's 3.82 Lakh tonnes.

### Soymeal Production till March'22

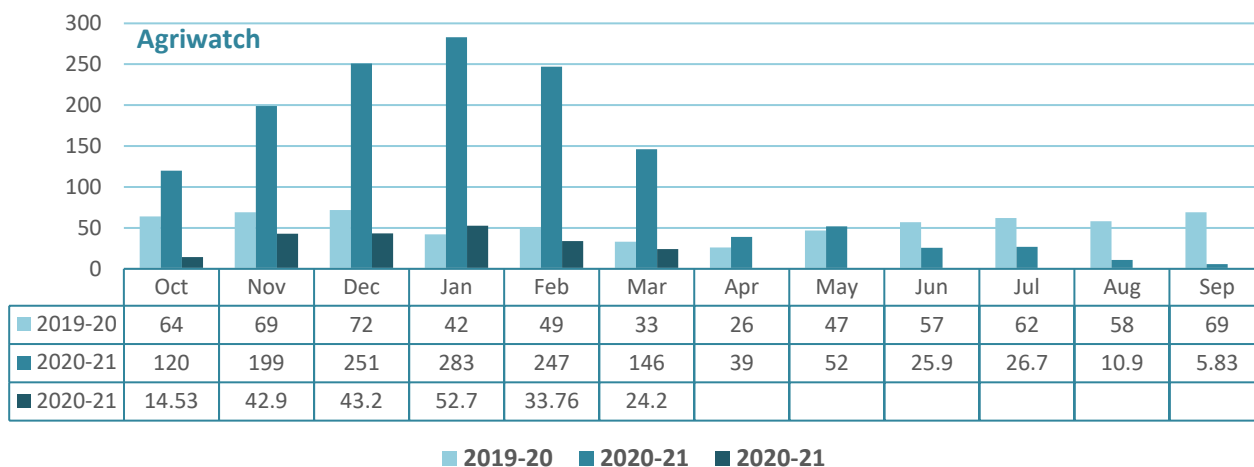
Upon weak export and domestic soymeal feed demand due to high prices coupled with tight crush margin, Soymeal production remained low by 23% in March'22 at 5.19 Lakh tonnes as compared to 6.78 Lakh tonnes previous year. We expect low crushing in April and May'22 for the same reason.

### Soymeal Export till March'22

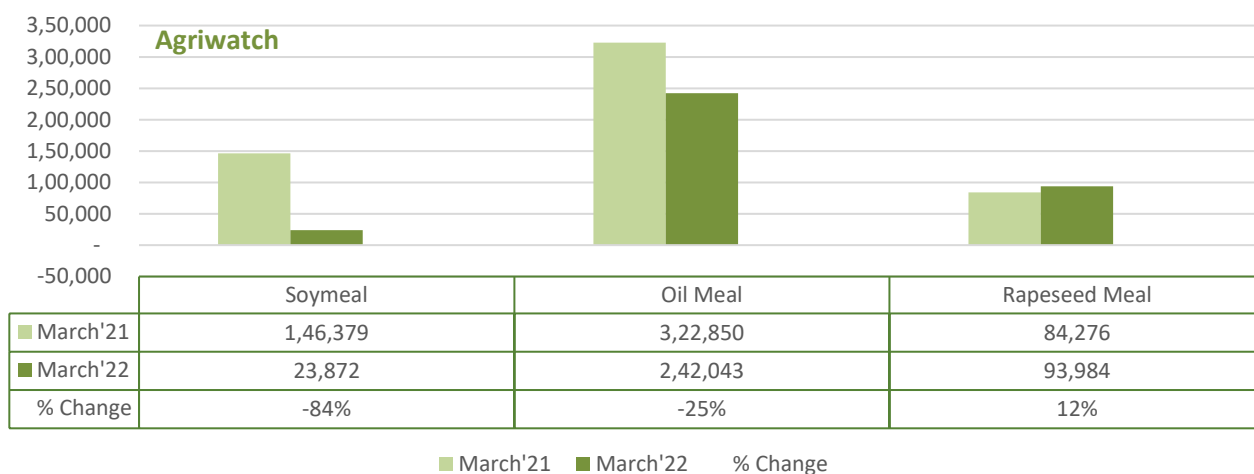


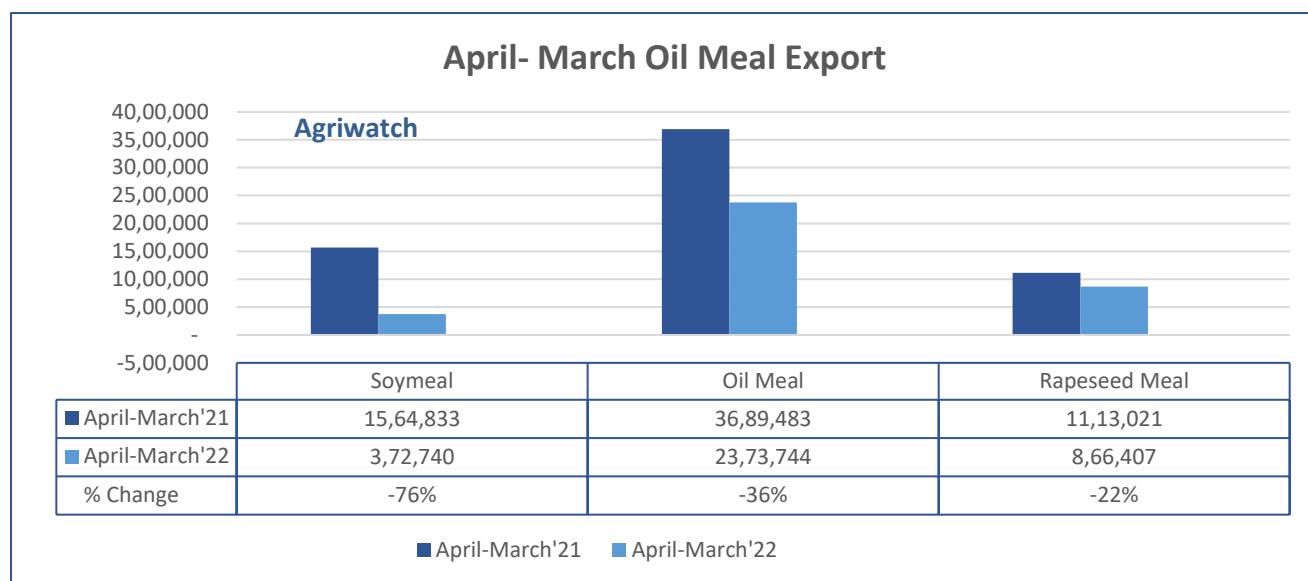


### Soy Meal Export (In Thd T)



### YoY Oil Meal Export





According to Solvent Extractor Association of India, country's March'2022 soymeal exports declined by 25% to 2,42,043 metric tonne compared to 3,22,850 metric tonne in the same period last year.

Further, the soymeal shipments too declined by 84% to 3,72,740 metric tonne in aggregate, during the months of April-Mar of the Financial Year 2021-22 compared to 15,64,833 metric tonne during the corresponding period last year. Export remained lower because of soybean crush margins in India are currently squeezed by pressure on meal prices. Additionally, lower crushing of soybean also pushing higher import of crude soybean oil in India.

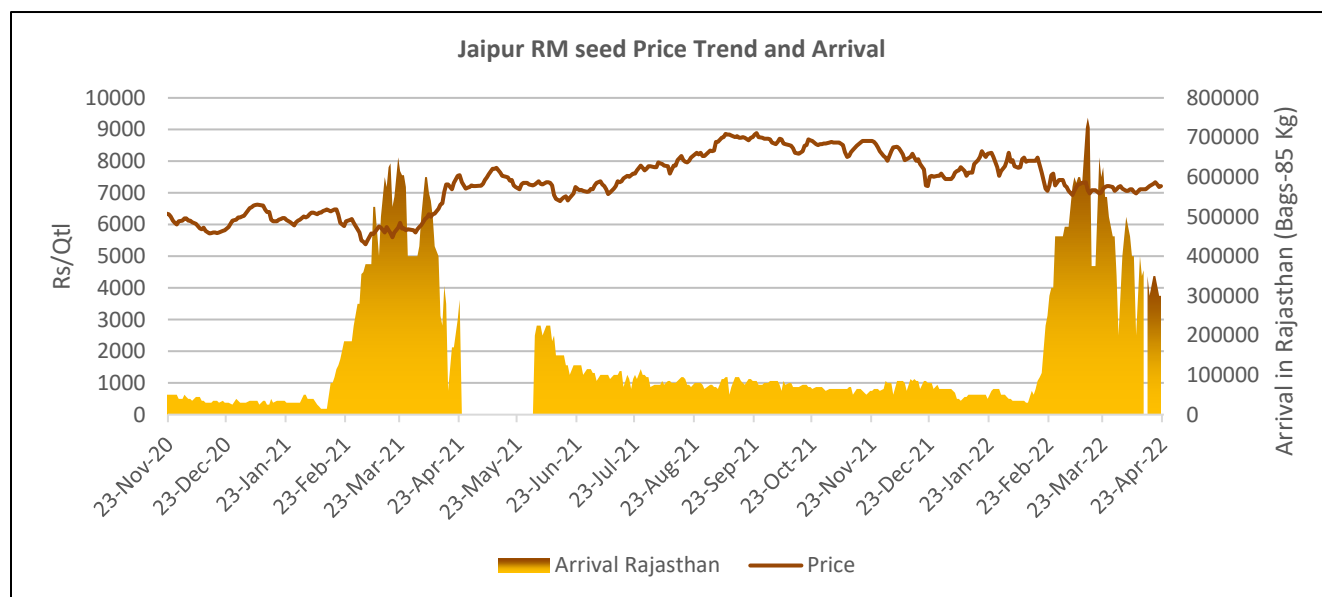
Additionally, export of oilmeals for the month of Mar'2022 provisionally reported at 2,42,043 tonne compared to 3,22,850 tonne last year same period i.e. down by 25%. The overall export of oilmeals during April – Mar'2022 is reported at 23,73,744 tonne compared to 36,89,483 tonne i.e. down by 36%.

**Soymeal Price Outlook for coming week:** Soybean meal prices are expected to rebound from current level on bullish oilseed complex due to palm oil export ban by Indonesia.

Soymeal Indore Price Outlook (INR./MT)	Previous week 02nd-08 <sup>th</sup> April'22	Week Under review 09 <sup>th</sup> -15 <sup>th</sup> April'22	Next week 16 <sup>th</sup> -22 <sup>nd</sup> April'22
Weekly Average Price	61,750	60,166	61,000-63,000

## Rapeseed - Mustard Seed

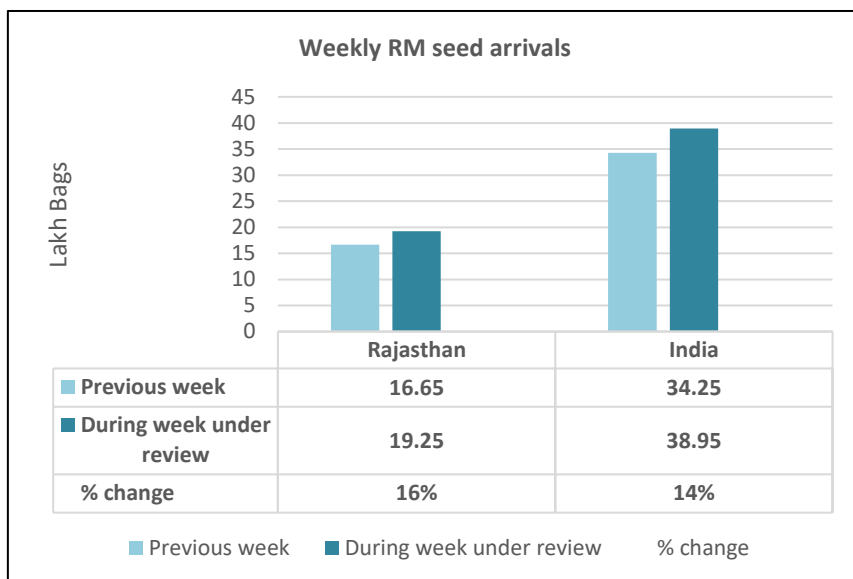
During the week under review, Jaipur RM seed weekly average prices went up by 2.1% to INR. 7,250/qrtl as compared to INR. 7,100/qrtl last week. Lower arrivals supported price gains. As per market sources, farmers are holding RM seed in anticipation of better prices in future.



Arrivals has rebounded, during the week under review after festivities, in Rajasthan, total mustard arrivals were up by 16% at 19.25 Lakh bags as compared to previous week's 16.65 Lakh bags. All India arrivals stood at 38.95 Lakh bags Vs 34.25 Lakh bags previous week.

In coming week, arrivals is expected to decline and prices may remain elevated.

Indonesia has planned to ban palm oil exports from 28<sup>th</sup> April'22. Indonesia, too, has been battling high edible oil prices amid domestic shortages and soaring prices which has resulted into



export ban. India imports 77.5 Lakh tonnes Palm oil annually and India sources half of its palm oil imports from Indonesia.

Upon palm oil export ban by Indonesia, RM seed and Mustard oil too expected to trade with firm sentiment in upcoming week.

**Production-** As per Agriwatch, the production is expected to be 107.1 Lakh tonnes, which is all time high production. Rajasthan's mustard crop production estimated at 45.1 Lakh tonnes, Madhya Pradesh at 11.7 Lakh tonnes, Uttar Pradesh at 14.10 Lakh tonnes. It is estimated that 102.5 Lakh tonnes will be crushed, which would translate into 43.05 Lakh tonnes oil and 59.45 Lakh tonnes RM seed DOC production.

According to USDA's April'22 reports India's 2021-22 RM seed production estimated at 108 Lakh tonnes as compared to last year estimates at 85 Lakh tonnes, crushing estimated at 96.50 Lakh tonnes as compared to 75 Lakh tonnes previous year.

As per 2nd Advance estimate released by the Department of Agriculture and Farmers Welfare, RM seed production during 2021-22 is estimated at 114.59 Lakh tonnes vs 102.1 Lakh tonnes last year.

Trade body Central Organization for Oil Industry and Trade (COOIT) has estimated Mustard Rabi 2022 crop at 113 Lakh tonnes marginally up from 110 Lakh tonnes last month, total production includes taramira too. COOIT has estimated mustard crop production in Rajasthan at 51 Lakh tonnes, 17 Lakh tonnes in Uttar Pradesh, 12.5 Lakh tonnes in Madhya Pradesh.

**Rapeseed meal export-** According to Solvent extractor association of India, India's exports for rapeseed meal during April-Mar'2022 was down 22% at 8,66,407 metric tonne compared to 11,13,021 metric tonne during the same period previous year.

The export of rapeseed meal in Mar'22 is reported at 93,984 metric tonnes against 84,276 metric tonnes during the last year same period i.e., up by 12%. Rapeseed meal export is picking up on new crop crushing and firm export demand.

According to of Agriculture and Agri-Food Canada's (AAFC), Demand for Canadian Canola remains firm on a strong world oilseed crush and high prices for competing oilseeds and vegetable oils. Disruption of Black Sea exports of sunflower seed oil as a result of the Russian invasion of Ukraine is tightening world supplies and supporting world prices. Domestically, processing of canola is estimated to fall to 8.5 Mt, a drop of 18% from last year, while exports are expected to fall by 49% to 5.4 Mt, as commercial buyers outbid exporters for the tight supplies. For the crop year, the major importers of Canadian canola to-date are China, Japan, Mexico and the European Union.

In order to check blending of mustard oil with other edible oil, FSSAI has directed state food safety officials. And has also sought an action taken report from the states by May 15, 2022, and added that the enforcement department should be informed at regular intervals about the same.

Canada farmers move away from Canola due to surging fertilizer cost and fear of drought.

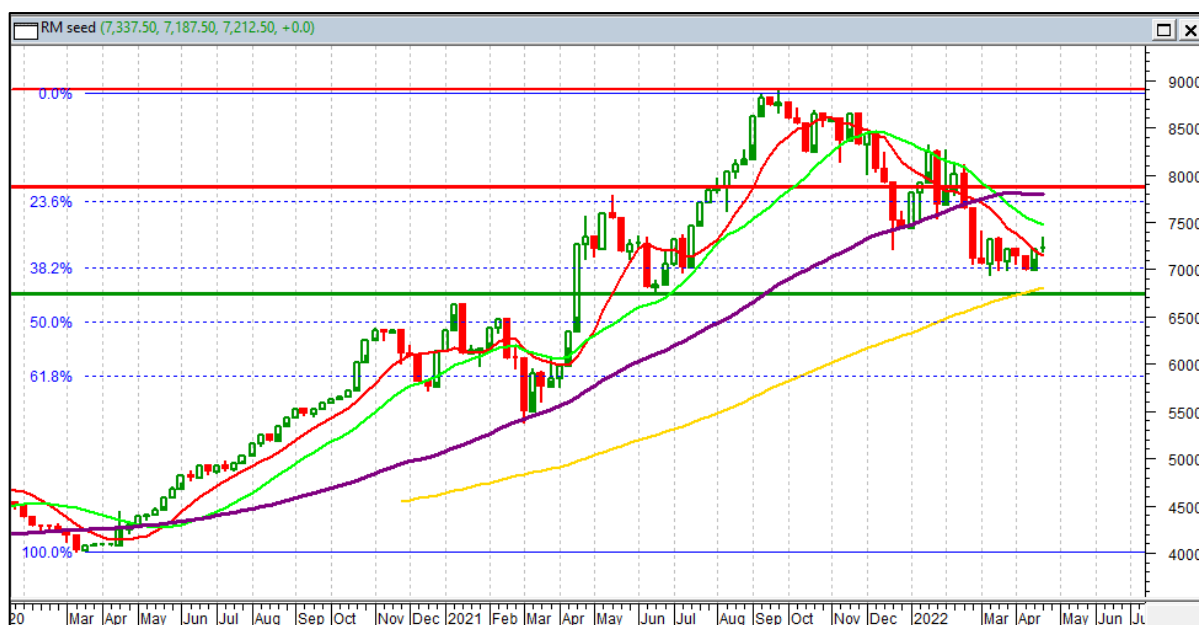
## Technical Analysis

(Based on Jaipur Mandi prices)

### RM seed – Technical Outlook

### RM seed Jaipur Spot -Weekly time frame

#### Technical Chart:



#### Technical Commentary:

- This week RM seed prices at Jaipur mandi continued to remain above Fibonacci support level of 38.2% and closed to INR.7,213 per quintal this week, market made low at 7188 and high at 7338.
- Currently crossed 9 DMA indicating firm momentum and 100 DMA can be characterized as support.
- Fibonacci retracement level 38.2% has emerged as a near term support.

#### Recommendation-

Market participants are recommended to do need based buying at current levels.

**RM seed Price Outlook for coming week:** RM Seed is expected to trade range bound with firm bias in the range of 7200-7400 amid palm oil export ban by Indonesia.

Jaipur RM seed Mandi Price Outlook (INR./Qtl)	Previous week 02nd-08 <sup>th</sup> April'22	Week Under review 09 <sup>th</sup> -15 <sup>th</sup> April'22	Next week 16 <sup>th</sup> -22 <sup>nd</sup> April'22
Weekly Average Price	7,100	7250	7200-7400

## Annexure

	% Change over previous week	Today	Week Ago	Month Ago	Year Ago	
<b>Soy DOC Rates at Different Centers</b>		22-Apr-22	16-Apr-22	22-Mar-22	22-Apr-21	
<b>Centres</b>		<b>Ex-factory rates (Rs/ton)</b>				parity To
Indore - 45%, Jute Bag	-3%	58500	60500	57500	64000	Gujarat, MP
Kota - 45%, PP Bag	-4%	59500	62000	62500	66700	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna - 45%, PP Bag	-2%	62500	63500	61000	70000	Mumbai, Maharashtra
Nagpur - 45%, PP Bag	-3%	61000	63000	60000	69000	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	-6%	60000	63500	61000	70000	Andhra, AP, Kar ,TN
Latur	-8%	58500	63500	59500	68000	-
Sangli	-5%	57500	60500	57000	71000	Local and South
Solapur	-5%	56000	59000	56500	65500	Local and South
Akola – 45%, PP Bag	-2%	59500	60500	58000	67000	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Hingoli	-3%	61500	63500	61500	60000	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Bundi	-4%	59300	61800	62300	66500	-
<b>Soy DOC at Ports</b>						
<b>Centers</b>		<b>Port Price</b>				
		22-Apr-22	16-Apr-22	22-Mar-22	22-Apr-21	
Kandla (FOR) (INR/MT)	-2%	63000	64000	63500	-	
Kandla (FAS) (USD/MT)	-3%	825	850	835	-	
CNF Indonesia – Yellow SBM (USD/MT)	-	NA	-	-	-	
<b>Rapeseed Meal</b>		22-Apr-22	16-Apr-22	22-Mar-22	22-Apr-21	
FAS Kandla (USD/MT)	-	308	-	-	-	
FOR Kandla (Rs/MT)	-	22600	-	-	-	
FOR Mundra (Rs/MT)	-	NA	-	-	-	
CNF Indonesia (USD/MT)	-	NA	-	-	-	
<b>International Soy DOC</b>						

<b>Argentina FOB USD/MT</b>		<b>22-Apr-22</b>	<b>16-Apr-22</b>	<b>22-Mar-22</b>	<b>22-Apr-21</b>	
Soybean Pellets	-	525	-	-	-	
Soybean Cake Flour	-	525	-	-	-	
Soya Meal	-	NR	-	-	-	
Soy Expellers	-	NR	-	-	-	
<b>Sunflower (DOC) Rates</b>		<b>Ex-factory rates (Rs/ton)</b>				
<b>Centers</b>		<b>22-Apr-22</b>	<b>16-Apr-22</b>	<b>22-Mar-22</b>	<b>22-Apr-21</b>	
Adoni	0%	36000	36000	35000	35000	
Khamgaon	-	NA	-	-	-	
Parli	-	NA	-	-	-	
Latur	0%	35000	35000	34000	34500	
<b>Groundnut Meal (Rs/MT)</b>		<b>22-Apr-22</b>	<b>16-Apr-22</b>	<b>22-Mar-22</b>	<b>22-Apr-21</b>	
Basis 45%, Saurashtra	-10%	36000	40000	38000	Closed	
Basis 40%, Saurashtra	-11%	32000	36000	32000	Closed	
GN Cake, Gondal	-10%	37000	41000	39000	Closed	
<b>Mustard DOC</b>		<b>22-Apr-22</b>	<b>16-Apr-22</b>	<b>22-Mar-22</b>	<b>22-Apr-21</b>	
Jaipur (Plant delivery)	-4%	21200	22000	22500	25500	
Kandla (FOR Rs/MT)	-3%	22400	23000	24200	25000	
<b>Mumbai Oil Meal Quotes:</b>						
<b>Rs/M.T.</b>		<b>22-Apr-22</b>	<b>16-Apr-22</b>	<b>22-Mar-22</b>	<b>22-Apr-21</b>	
G.N. Extr (45%)	-3%	39000	40000	40000	44000	
Kardi Extr	-	NA	-	-	-	
Undec Cottonseed Exp	0%	36500	36500	37000	32000	
Rice Bran Extr.	-	NA	-	-	-	
Sunflower Extr.	-7%	28000	30000	27500	31000	
Rapeseed Extr.	-	NA	-	-	-	
Soymeal 48%	-2%	62087	63652	61565	64696	
Castor Extr.	-3%	9950	10250	12250	4950	

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