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# Oilseeds Weekly Research Report

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## Executive Summary

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Soybean, soy meal and rapeseed-mustard extended previous losses on disparity of crushing beans, lower meal exports and ahead new marketing season for rapeseed-mustard.

Besides, bearish global factors remained negative for the market, fall in crude below US \$35/bbl and forecast of more rains in key soy growing regions of Brazil which reduced the crop output concern. Further, Chinese demand concern from China remained additional bearish factor.

Rapeseed-mustard crop is under development stage and there are some concerns and reduction in potential yield output followed by the higher than the normal weather temperature in the key growing belts..

Soybean, meal and rapeseed-mustard are expected to feature range-bound movement with weak bias on forecast of beneficial rains in Brazil's key soybean growing states, weakness in crude, lower soy meal exports from India, higher edible oil stocks with India after huge imports and approaching new rapeseed-mustard marketing season, in near-term.

## Outlook – Cash Market

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**Outlook - Soybean (Spot, Indore):** Soybean prices are expected to feature range-bound movement with weak-bias. Weak soy meal exports, forecast of beneficial rains in Brazil, higher edible oil inventories, higher global supply scenario and weakness in crude will continued to pressure the market in near-term. The prices are expected to feature mild losses and witness 3625 – 3750 levels (Indore, Plant basis).

**Outlook – Soy meal:** Competitive soy meal price in South America has led to demand shift to the region and Indian meal exports were badly hit last two seasons. Indian meal exporters are advised to explore new markets and aggressively try to regain the lost markets of peak exports season especially traditional South and Far-East Asian destinations and Iran. The domestic meal prices are likely to feature range bound movement in near-term. Soy meal, Indore is expected to witness Rs. 32,500 – 33,000/MT levels during the week.

**Outlook - Rapeseed-Mustard (Spot, Jaipur basis):** In spot, the RM seed is expected to feature range-bound movement with weak-bias ahead new marketing season, besides higher Malaysian and Indonesian palm oil stocks will continue to pressure the market. The seed prices are likely to be between 4650 – 4700; levels during the week.

## International Highlights

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- ❖ China the largest soybean importer is expected to purchase 2 million tonnes more in 2015/16 at 80 million tonnes, up 2.1% compared to 2014/15 on likely higher crushing demand in the new marketing season, said China National Grain and Oils Information Center.
- ❖ According to Indonesia Palm Oil Association (GAPKI), Indonesia's palm and palm kernel oil exports fell in November by 9.4 percent at 2.385 MMT from 2.61 MMT in October 2015. Top buyers were India at 506,390 tons (679,380 tons), China at 436,910 tons (378,970 tons), European Union at 418,050 tons (324,990 tons), Pakistan at 158,950 tons (129,960 tons), Bangladesh at 165,210 tons (99,960 tons) and Middle East at 165,210 tons (172,410 tons). Values in brackets are figures of October 2015.
- ❖ In the National Oilseed Processors Association, NOPA, December report, the US soybean crush is reported lower than expected. This is despite the record soybean harvest during the month.
- ❖ NOPA reported that its members processed 156.134 million bushels of soybean in November, down from 158.895 million during October. Lowest November crush since 2011.
- ❖ Franca Junior has lowered its forecast for Brazil's 2015/16 soybean crop to 97.9 million tonnes from 101.1 million in its previous estimate.
- ❖ Brazil is expected to export 55 million tonnes of soybean in 2015/16 higher compared to 53.8 million tonnes forecasted in October by Abiove.
- ❖ FCStone has slashed 1 million tonnes of their forecast for Brazil's 2015/16 soybean crop to 97.8 million tonnes followed by initial losses on yield output due to dry weather condition in the key soybean growing areas in November and December.
- ❖ However, Informa has kept its Brazil's soybean forecast of 2015/16 unchanged at 101.4 million tonnes.
- ❖ Celeres has raised their 2015/16 projections for Brazil's production to 101.9 million tonnes from 97.1 million tonnes earlier.
- ❖ Ukraine's soybean harvest is expected to increase by 30% to 4.92 million tonnes while sunflower seed production is likely to increase by 6% to 12 million tonnes, said UkrAgroConsult.
- ❖ This will certainly increase the sunoil supplies, like in 2013 and bean exports from the country in 2016.

- ❖ According to Indonesian Palm Oil Board, Indonesia's palm oil output in 2016 will be at 33 MMT, 5.00 lakh tons lesser than previously estimated 33.5 MMT due to El Nino. Current year output forecast is at 31.5 MMT. El Nino conditions in Indonesia will continue till December.
- ❖ According to Indonesia Palm Oil Association, Indonesia's 2016 palm oil production has been estimated at 31-31.5 MMT v/s 32.5 MMT in 2015 down due to El Nino.
- ❖ Argentina's area under soybean is likely to be at 19.8 million hectares in 2015/16 season, which is 1% lower than the last season. The area is estimated by Buenos Aires Grains Exchange.
- ❖ However, Rosario grain exchange had estimated 20.5 million hectares up from their previous season's estimate of 20.2 million hectares.
- ❖ As per Rosario grains exchange, Argentina's 2015/16 area coverage under soybean is expected to be at 20.5 million hectares from 20.2 million hectares in the corresponding period last year.
- ❖ European Commission has slashed monthly forecast for 2015 EU rapeseed crop to 20.7 Mln T from 21.7 Mln T in the previous forecast. This is mainly due to dry weather; which will increase the dependency on soy and palm oil.

## Sown Area – *Rabi* Oilseeds, India

In the official *Rabi oilseeds* planting report, by the Ministry of Agriculture, (week ending 01 Jan. 2016), the total coverage area under *Rabi* oilseeds is reported at 71.47 lakh hectares, down 6.1% from 76.11 lakh ha in the corresponding period of last year. Of the major oilseeds, rapeseed-mustard sowing is reported down by 5.6% at 60.86 lha compared to 64.44 lha during the corresponding period of last year. Groundnut at 3.31 lha vs 4.26 lha, safflower at 1.04 lha vs 0.91 lha, sunflower at 2.64 lha vs 2.58 lha, sesamum 0.37 vs 0.67 and Linseed at 2.58 lha vs 2.88 lha during the same period last year.

### State wise Area Covered under Kharif Oilseeds for Week Ending as on 01 Jan. 2016

*Area in Lakh Hectares*

State	Rapeseed/Mustard		Groundnut		Safflower		Sunflower		Sesamum		Linseed		Total	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Andhra Pradesh	0.00	0.00	0.56	0.49	0.00	0.01	0.09	0.25	0.07	0.27	0.00	0.00	0.80	1.10
Arunachal Pradesh	0.30	0.28	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.30	0.28
Assam	2.05	2.92	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.05	2.92
Bihar	1.21	1.22	0.00	0.00	0.00	0.00	0.02	0.02	0.00	0.00	0.36	0.32	1.59	1.56
Chhattisgarh	1.07	1.18	0.05	0.04	0.05	0.06	0.03	0.02	0.02	0.02	0.42	0.49	1.68	1.85
Gujarat	1.84	1.93	0.00	0.00	0.00	0.06	0.00	0.00	0.00	0.00	0.00	0.00	2.00	2.04
Haryana	5.80	5.25	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.80	5.25
Himachal Pradesh	0.04	0.03	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.06	0.03
J&K	0.31	0.29	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.31	0.29
Jharkhand	0.73	0.69	0.00	0.00	0.00	0.01	0.00	0.00	0.00	0.00	0.07	0.20	0.80	0.90
Karnataka	0.00	0.00	0.43	0.61	0.50	0.35	2.13	1.88	0.00	0.00	0.06	0.05	3.14	2.91
Kerala	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

<b>Madhya Pradesh</b>	6.23	6.46	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.17	1.07	7.40	7.53
<b>Maharashtra</b>	0.00	0.00	0.00	0.00	0.46	0.39	0.16	0.15	0.01	0.01	0.16	0.17	0.87	0.80
<b>Odisha</b>	0.65	1.01	0.57	0.91	0.00	0.00	0.02	0.05	0.15	0.25	0.05	0.19	1.48	2.45
<b>Punjab</b>	0.04	0.30	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.18	0.30
<b>Rajasthan</b>	24.25	26.41	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.01	24.26	26.42
<b>Tamil Nadu</b>	0.00	0.00	0.58	0.87	0.00	0.00	0.05	0.04	0.10	0.09	0.00	0.00	0.74	1.01
<b>Telengana</b>	0.00	0.01	1.00	1.25	0.03	0.03	0.04	0.09	0.00	0.01	0.00	0.00	1.08	1.41
<b>Uttar Pradesh</b>	11.06	11.42	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.19	0.32	11.25	11.74
<b>Uttarakhand</b>	0.17	0.18	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.17	0.18
<b>West Bengal</b>	4.74	4.74	0.12	0.09	0.00	0.00	0.08	0.08	0.01	0.02	0.04	0.05	5.03	5.01
<b>Others</b>	0.37	0.13	0.00	0.00	0.00	0.00	0.02	0.00	0.02	0.00	0.06	0.00	0.00	0.13
<b>All-India</b>	<b>60.86</b>	<b>64.44</b>	<b>3.31</b>	<b>4.26</b>	<b>1.04</b>	<b>0.91</b>	<b>2.64</b>	<b>2.58</b>	<b>0.37</b>	<b>0.67</b>	<b>2.58</b>	<b>2.88</b>	<b>71.47</b>	<b>76.11</b>

## Soybean

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Soybean fell on sluggish demand from solvent extractors followed by widening disparity on crushing during the period in review.

The trade volume was lower in the cash market and need based buying was featured during the period and the supplies reduced from the recent normal levels.

Continued weak soy meal exports from India and huge edible imports in recent months at attractive prices have led to the increase in oil inventories at Indian ports.

Reports of soy meal imports by major poultry giant, Suguna, at much attractive price lent additional pressure on the bean market.

The factors consequently widened the disparity on crushing the beans with limited buying in the key cash markets. Crushing bean continued to be unviable for several crushing players including the international giants operating in India.

However, the domestic soy meal demand from mainly the poultry units remained slightly supportive for the bean in recent days. This is due to the seasonal rise in the poultry consumption.

The major solvent extractors continued to refrain from aggressive buying and crushing while most of the crushing units are running at much lower crushing capacity and some are closed due to unviability on crushing.

ADM continues to have selling interest in soybean from Dewas, Khandwa and Mandsaur on as is where is basis even this week. ITC was out of the market to buy the bean this week.

The major buyers in Madhya Pradesh are as follows: SSA Mandideep, Cargill, ADM, Adani, Bansal, Khandwa Oil, Ruchi, Agrawal Neemuch, Betul Oil, Prakash, Bajrang, Prestige, Ambuja, Prakash, Sitashri, Divya Jyoti, AV Agro, Rama Sitashri Vippy, Kriti, Mahakali, Mahalaxmi, Dhanuka, Khyati, Premier, Dhan Laxmi, Dhanuka Soy, Indian Solvent (ABIS) and Advantage Overseas (10-2-2 specification) for Dewas and Mandsaur delivery during the week.

Further, the soybean supplies increased week-on-week but they are still quite low compared to the corresponding period last.

The domestic soybean prices are likely to feature range bound movement with weak-bias on bearish global and domestic scenario in upcoming weeks.

### **International:**

The international soybean edged-up on short-covering and technical buying ahead USDA monthly demand and supply report in conjunction with stabilizing global economy during the week under review.

As per United States Department of Agriculture report, US processors crushed 4.97 MMT of soybean in November compared to 5.10 MMT crushed in October 2015, down 2.6 percent m-o-m. USDA reported soy meal stocks at the end of November at 0.34 MMT from 0.36 MMT in October. Crude Soy oil stocks were reported at 1.493 billion lbs. at the end of November.

Informa Economics, private analytics, has slashed the US 2016 soybean plantings to 84.537 million acres, from 85.3 million projected in its previous forecast. US cultivators planted 83.2 million acres of soybeans in 2015, according to USDA.

EU soybean purchases are seen increasing to 14.6 Mn T this season and crushings may improve by 1.0 Mn T to a multi-year high of 15.0 Mn T.

Soybean harvesting has commenced in Brazil, initially in the top growing states of Mato Grosso and Parana with farmer's concern on output followed by incessant rains which damaged the crop in the center-west region.

The harvesting is around 1% complete in Mato Grosso which is behind same period last year.

Mato Grosso is expected to harvest 28 million tonnes while Parana to harvest 18.1 million tonnes. Overall, Brazil is likely to harvest around 100 million tonnes.

FCStone has slashed 1 million tonnes of their forecast for Brazil's 2015/16 soybean crop to 97.8 million tonnes followed by initial losses on yield output due to dry weather condition in the key soybean growing areas in November and December.

However, Informa has kept its Brazil's soybean forecast of 2015/16 unchanged at 101.4 million tonnes.

AGR Brasil has slightly raised its soybean forecast of Brazil's 2015/16 to 100.6 million tonnes from 100.5 million.

The global supplies of soybean would still be ample even if Brazil's soybean crop outturn falls by 3 – 5 million tonnes from the private estimates.

Brazil is expected to export 55 million tonnes of soybean in 2015/16 up compared to 53.8 million tonnes forecasted in October by Abiove.

Franca Junior has already lowered its forecast for Brazil's 2015/16 soybean crop to 97.9 million tonnes from 101.1 million in its previous estimated.

Brazil's 2015/16 soybean production was lowered and was estimated between 96 to 99 million tonnes by various agro-consultants. Despite crop losses, Brazil will produce record soybean in 2015/16 season.

Brazil exported 0.73 MMT of soybean in December 2015 v/s 1.44 MMT exported in November 2015, down 97 percent m-o-m. Exports rose 421 percent compared to December 2014 when the exports were 0.14 MMT.

Soy meal exports by Brazil in December 2015 were 1.04 MMT v/s 1.13 MMT in November 2015 and 0.87 MMT in December 2014. Soy oil exports were 0.164 MMT in December 2015 v/s 0.11 MMT in November 2015 and 0.65 MMT in December 2015.

According to cereal exporters association of Brazil-ANEC, Brazil is estimated to export 57 MMT of soybean in 2016. Most of the shipments will be from new northern ports exporting, 4.00 MMT higher from last year. Brazil

largest port (Santos) is running at full capacity and rains in south Brazil on El Nino is expected to slow exports from Sao Francisco do Sul, Rio Grande and Paranagua ports. Shipments of soybean slowed down in December on higher shipments of corn.

Argentina's 2015/16 soybean production is estimated near 60 MMT which is below last year production of 61.4 MMT, the estimates are by the government agency.

Argentina has estimated soybean area at 20 million hectares, according to Argentina government. This would mean that production estimate could be revised higher depending on the crop situation.

The weather in Argentina continues to be favourable. Lower than expected farmer's selling in Argentina has lent support to the international soybean during the week.

China the largest soybean importer is expected to purchase 2 million tonnes more in 2015/16 at 80 million tonnes, up 2.1% compared to 2014/15 on likely higher crushing demand in the new marketing season, said China National Grain and Oils Information Center.

China imported around 78.36 million tonnes of soybean previous season, i.e. between October and September.

The projected growth of 2.1 percent is the lowest since 2011/12 as the country's overall economy is slowing.

The rise in demand is cited due to higher than expected demand for soy meal due to rise in China's hog stocks.

However, the projected growth of 2.1% is the lowest since 2011/12 due to sluggish Chinese economy.

China's rapeseed meal production is expected to ease 3.7% in 2015/16 from last year and cottonseed meal is likely to fall by 18% year-on-year, CNGOIC

*Forecast of beneficial rains in Brazil's soybean growing region, plunge in crude, higher soybean inventories in Argentina and Brazil, higher inventories of edible oils at Indian ports, poor soy meal shipments from India will keep the soybean prices under pressure in near-term.*

## Soy meal

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Soy meal edged-lower in sync with soybean followed by sluggish meal exports from India and fall in international soy meal continued to remain bearish for the domestic market.

Soy meal at CBOT fell 5-1/2 year low during the week. January soy meal fell to US \$ 265.40 per short ton which is the lowest spot price on a continuous chart since April 2010.

Record global supply scenario with US production all time high and likely record bean production in South America remained bearish for the domestic soy meal exports.

However, steady domestic meal demand is somewhat lending support to the market. The domestic demand is mainly from poultry and poultry feed manufacturing units.

At Sangli, Maharashtra soy meal was quoted at Rs 35,600/MT compared to Rs 32,700/MT in Indore, M P. on Friday. Higher meal price of Maharashtra is due to the proximity to South India where the poultry units are concentrated.

There is a freight advantage for the South-Indian poultry units from Maharashtra over Madhya Pradesh.

India's soy meal prices are unlikely to get competitive to South American meal prices due to higher productivity in soybean in S. America and improved demand shift towards the region.

Suguna, domestic poultry giant has imported 494 tonnes of soy meal of Ukrain origin valued Rs. 161 lakh which landed at Tuticorin.

The domestic meal supplies will be surplus with weak overseas demand for the non-GM soy meal which India was the largest exporter 2 years back.

The overseas buyers of Indian soy meal were limited to Thailand, Kenya, Taiwan, Tanzania, Sri Lanka, Oman, Kuwait, New Zealand and Peru in December.

India's export enquiries continued to be poor and the data reveals that the meal exports in November were quite low.

***India's soy meal exports during December, 2015 was just 5,667 tons as compared to 1,94,012 tons in December, 2014 showing a decrease of 97% over the same period of last year.***

***On a financial year basis, the export during April 2015 to December 2015 is 61,559 tons as compared to 4,31,368 tons in the same period of previous year showing a decrease of 85.73%.***

***During current Oil year, (October – September), total exports during October 2015 to December, 2015 is 18,814 tons as against 3,34,508 tons last year, showing a decrease by 94.37%.***

The demand shift to South America for meal due to the attractive offer price compared to India is the major reason for the decline in the meal exports.

*Considering the bearish global supply scenario, we feel, India may not be able to regain the market it lost last season due to competitive prices in South American and China's.*

*Preference of the soy meal of Indian origin mainly by the South-East countries due to logistic and freight advantage and demand for non-GMO meal has lost the ground owing to much higher soy meal price of Indian origin compared to the South American meal. Iran, Japan, Europe, Thailand, Vietnam, Indonesia and South Korea were the major destinations for Indian soy meal exports, whose demand shifted to South America.*

India's Y-o-Y soy meal prices, Indore, are lower. Soy meal export price, Indore was quoted higher between Rs 32,700 – 33,300/MT compared to Rs 29,000 – 29,500/MT during the corresponding period last year.

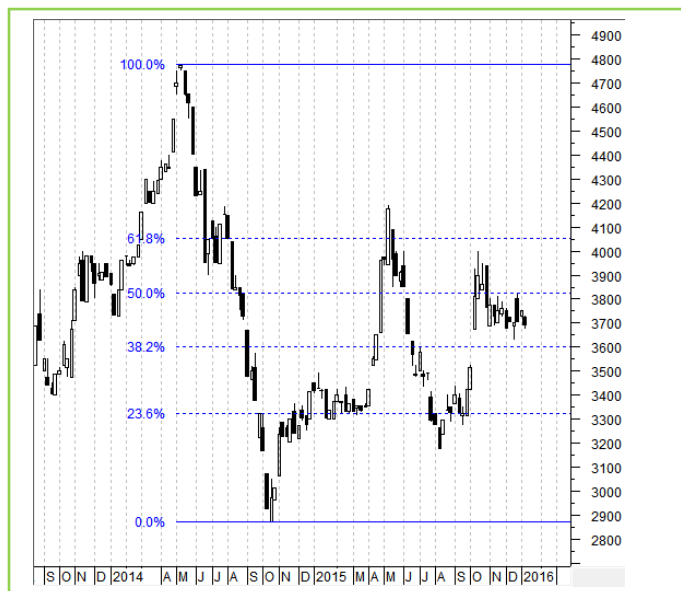
*The soy meal prices will feature range-bound movement with weak bias on sluggish exports from India and bearish global supply scenario in near -term.*

## Technical Analysis:

### NCDEX Soybean Futures



### Soybean Spot, Indore



\*Note: Daily Chart

### Support & Resistance NCDEX Soybean – Feb. contract

S1	S2	PCP	R1	R2
3520	3410	3731	4025	4169

- Soybean extended losses on selling pressure during the week.
- Prices closed below 18-day EMA.
- RSI and stochastic are falling in neutral region.
- MACD is falling in the negative territory.
- The prices are expected to feature losses in the coming week.
- Trade Recommendation (NCDEX Soybean – Feb.) Week: **SELL** Below 3800. Levels: T1 – 3700; T2- 3650, SL - 3860.

## Rapeseed - Mustard Seed

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Rapeseed-mustard extended previous losses on weak rapeseed-mustard oil demand and subsequently feeble seed demand from solvent extractors during the week under review.

Besides, nearing new crop harvest which is fetched at much lower prices with the start of new marketing season kept the seed prices under pressure, as expected.

India's rapeseed mustard seed crop is under pod formation stage. The crop is under good condition. There are no reports of crop damage due to any disease or any abnormal conditions.

However, we feel that the absence of winter chill will negatively hit the yield potential and oil recovery.

The weather temperature in key mustard seed growing belts is above 4 – 5 degrees centigrade and overall, the weather not adverse, in the key growing regions of Rajasthan, Uttar Pradesh, Madhya Pradesh, Haryana and West Bengal.

Besides, there is no forecast of adverse (prolonged cold wave and ground fog) weather for the crop in near-term and no forecast of rains in any of these regions by IMD.

In the official planting report of the ministry of agriculture, dated 01 Jan. 2016, India's planted area under rapeseed-mustard is reported down by 6% at 60.86 lakh hectares compared to 64.44 lakh hectares during the corresponding period last year.

*India's total 2014/15 area under rapeseed-mustard stood at 65.17 lakh hectares lower by about 9% from 2013/14 area of 71.0 lakh hectares.*

*We expect 2015/16 area under rapeseed-mustard to near previous year's level of 65.0 lakh hectares as the farmers' planting intentions reduced from initial figures owing to the inadequate soil moisture followed by weak monsoon.*

The harvesting of the crop is expected to be delayed by 15 – 20 days this season, due to the delayed planting this season. Normally the early sown crop is harvested towards the end of January.

Decline in mustard oil demand has forced the key solvent extractors like Ruchi Soya and Adani Wilmar to drop the oil prices. Adani Wilmar has reduced 8-10% while Ruchi Soya has eased mustard oil prices by 5-6% while some other are mulling on to drop the prices by 10-15%.

"Mustard oil demand has eased over the past two to three months by almost 60% as consumers are not keen to shell out Rs 120-130 for a litre," Angshu Mallick, chief operating officer at Adani Wilmar, told Economic Times.

Huge edible oil imports in previous months at the attractive price has swelled India's oil stocks, the market is waiting for India's December 2015 oil imports figure.

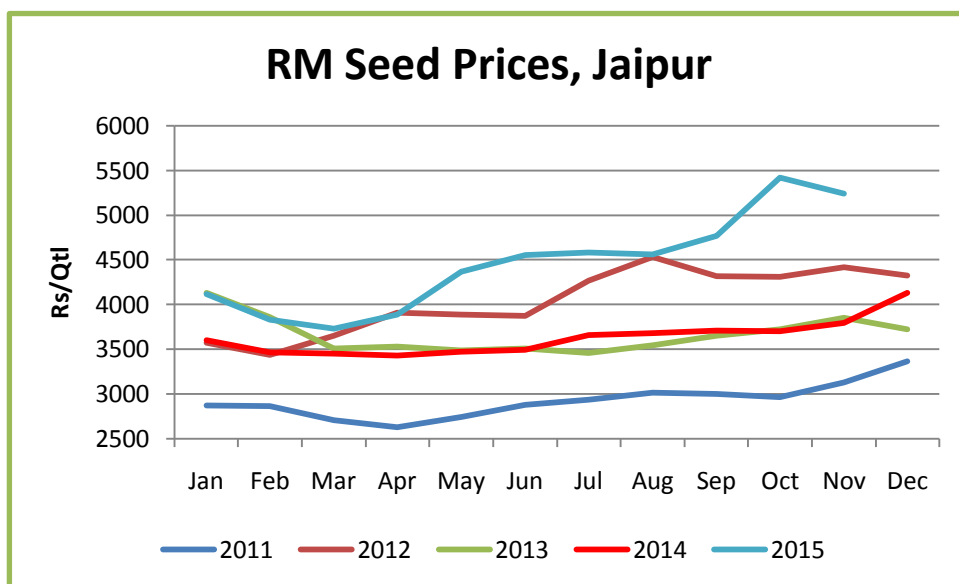
Solvent Extractors Association (SEA) has reported that, India's November 2015 imports of edible oils rose by 14 percent y-o-y, at 13.38 LT compared with 11.49 LT in November 2014. Crude oil to refined oil ratio fell to 83 percent from 95 percent y-o-y. Palm oil imports were 8.74 LT (7.96 LT), higher by 9.8 percent y-o-y. CPO

imports were 6.27 LT (7.13 LT), lower by 12 percent y-o-y. RBD Palmolein was at 2.32 LT (0.56 LT), up by 314 percent y-o-y. Crude Palm Kernel oil was at 0.15 LT (0.28 LT), lower by 46.42 percent y-o-y. Soy oil was at 2.62 LT (1.21 LT), higher by 117 percent y-o-y. Sunflower oil was at 1.78 LT (1.94 LT), lower by 8.24 percent y-o-y. Rapeseed (Canola) oil was at 0.25 LT (0.37 LT), down 32.4 percent y-o-y. Values in brackets are figures of November 2014.

India's edible oil at ports and in pipelines rose to 24.30 LT on 1st December 2015 compared to 23.70 LT on 1st November 2015, higher by 2.47 percent m-o-m. Stocks at ports are estimated at 10.2 LT (CPO 5 LT, RBD Palmolein 1.85 LT, Degummed Soybean Oil 1.55 LT, Crude Sunflower Oil 1.3 LT and 0.5 LT of Rapeseed (Canola) Oil) and about 14.10 LT in pipelines. India is holding stocks equivalent to 46 days of requirement in November 2015, up from 44 days in October 2015. India's monthly requirement is around 16 LT of edible oil for 30 days of stock.

Malaysia has kept palm oil export duty unchanged at zero. Tax is calculated at a reference price of 2,033.94 ringgit (\$472.24) per ton for January. Price above 2,250 ringgit per ton is taxed, starting from 4.5 percent to a maximum of 8.5 percent. Besides, Indonesia too has kept palm oil export duty to zero for January. Both have kept the export tax at zero since September 2014 to ease their palm oil stocks.

According to Societe Generale de Surveillance (SGS), Malaysia's December palm oil exports fell by 5.9 percent to 1,272,150 tons from 1,351,478 tons in November 2015. Top buyers were European Union at 297,015 tons (317,844 tons), India at 293,700 tons (287,590 tons), United States at 108,342 tons (82,505 tons), China at 92,055 tons (164,010 tons) and Pakistan at 39,500 tons (27,000 tons). Values in brackets are figures of November 2015.



However, Central and South America palm oil shipments increased sharply by 17% in Jan/Dec 2015, which clearly indicates the demand diversion from South East Asia to S. America.

According to Solvent Extractors Association (SEA), India should increase import duty on refined edible oils from 20 percent to 27.5 percent. This will reduce import of refined edible oil due higher duty differential from crude edible oils and refined edible oils from 7.5 percent to 15 percent. Presently duty differential is 7.5 percent (present import duty on crude edible oil is 12.5 percent and 20 percent for refined edible oil).

This should increase the capacity utilization of Indian refiners. At present import of refined edible oils is cheaper than domestic produced edible oils especially RBD palmolein. This has led to surge in imports of RBD palmolein

in November. SEA has continuously maintained that duty differential should be 15 percent between crude edible oils and refined edible oils.

*Outlook: The rapeseed-mustard will continue to feature range-bound movement with weak bias, in near-term, sharp gains are ruled out ahead of new marketing season, weakness in veg-oil complex in the international benchmark, BMD and CBOT and higher edible oil inventories with India.*

## Technical Analysis:

### NCDEX RM Seed Futures



\*Note: Daily Chart

### RM Seed Spot, Jaipur



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

S1	S2	PCP	R1	R2
4050	4000	4145	4315	4390

- RM seed continued downtrend, during the week.
- Prices closed below 18-day EMA.
- RSI and stochastic are rising in neutral zone.
- MACD is rising in negative territory.
- The prices are expected to feature losses during the week.
- Trade Recommendation (NCDEX Rapeseed-Mustard – Apr.) Week: **SELL** Below 4200. Levels: Target – 4100; T2- 4050, SL - 4260.

## Annexure

### Oil Meal Prices at Key Spot Markets:

#### Soy DOC Rates at Different Centers

Centres	Ex-factory rates (Rs/ton)		
	8-Jan-16	31-Dec-15	Parity To
Indore (MP)	32700	33000	Gujarat, MP
Kota	32800	32800	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	33900	33800	Mumbai, Maharashtra
Nagpur (42/46)	34300	34500	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	34900	35400	Andhra, AP, Kar ,TN
Latur	34700	34800	-
Sangli	35600	36000	Local and South
Sholapur	35500	35200	Local and South
Akola	34000	34200	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Hingoli	34900	35200	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Bundi	32500	32800	-

#### Soy DOC at Port

Centers	Port Price	
	7-Jan-15	31-Dec-15
Kandla (FOR) (INR/MT)	34250	NA
Kandla (FAS) (USD/MT)	516	NA

#### International Soy DOC

Argentina FOB USD/MT	7-Jan-16	31-Dec-15	Change
Soybean Pellets	295	NA	-
Soybean Cake Flour	295	NA	-
Soya Meal	303	NA	-
Soy Expellers	303	NA	-

Sunflower (DOC) Rates	Ex-factory rates (Rs/ton)		
Centers	8-Jan-16	31-Dec-15	Change
Adoni	23800	24000	-200
Khamgaon	NA	NA	-
Parli	23200	24000	-800
Latur	23200	23500	-300

Groundnut Meal (Rs/MT)	8-Jan-16	31-Dec-15	Change
Basis 45%, Saurashtra	28000	28500	-500
Basis 40%, Saurashtra	25000	25500	-500
GN Cake, Gondal	29000	29000	Unch

Mustard DOC/Meal	8-Jan-16	31-Dec-15	Change
Jaipur (Plant delivery)	20800	21500	-700
Kandla (FOR Rs/MT)	21000	21200	-200
Sri Ganganagar	2385	2435	-50

## MSP of 2015/16 Kharif Oilseeds Increased

The Cabinet Committee on Economic Affairs has given its approval for the Minimum Support Prices (MSPs) for Kharif Crops of 2015-16 seasons. The decision is based on recommendations of Commission for Agricultural Costs and Prices (CACP) for the Price Policy of Kharif Crops for the Marketing Season 2015-16. The MSP of all the kharif oilseeds have been increased.

The MSP of soybean is raised by Rs. 40/qtl from previous season to Rs 2600/qtl, Groundnut by Rs 30/qtl to Rs 4030/qtl, sunflower and Niger seed by Rs 50/qtl to Rs 3800/qtl and Rs 3650/qtl respectively. The MSP of sesamum is increased by Rs 100/qtl to Rs 4700/qtl.

## Rabi MSP 2014-15

- ❖ The Cabinet Committee on Economic Affairs has approved the Minimum Support Prices (MSPs) for Rabi Oilseeds Crops of 2014-15 season to be marketed in 2015-16 as follows: The MSP of Rapeseed/Mustard is raised by Rs. 50/Qtl to Rs. 3100/Qtl from Rs. 3050/Qtl earlier. For Safflower too it is increased by Rs. 50/Qtl to Rs. 3050/Qtl from Rs. 3000/Qtl in 2013-14.

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