

# Oilmeal Weekly Research Report

## Contents

- ❖ Executive Summary
- ❖ Outlook – Cash Market
- ❖ AW Oilseeds Index
- ❖ International Highlights
- ❖ Planted Area
- ❖ Soybean – Domestic & International
- ❖ Soy meal
- ❖ Technical Analysis - Soybean
- ❖ Rapeseed - Mustard
- ❖ RM Seed Supply, Rajasthan
- ❖ Technical Analysis – RM Seed
- ❖ Annexure – Prices etc.

## Executive Summary

---

Soybean and meal continued downtrend while rapeseed-mustard managed to recover on renewed buying in the seed during the week in review.

Favorable weather for soybean across the key growing belts and higher domestic 2016/17 soybean production prospects remained pressurizing factors for bean as well as for meal.

The soybean crop is mostly in pod formation stage and rainfall in next one or two weeks will be beneficial.

Overall the soybean and other kharif oilseeds crop health is good across the key growing belts.

Further, US soybean production is expected to be record this season on higher projected yield.

The rapeseed-mustard recovered, as expected as millers showed buying interest in anticipation of fresh festive demand in the mustard oil.

The domestic soybean and meal are expected to feature range-bound movement with weak bias on expectation higher soybean production prospects.

We feel the rapeseed-mustard prices will recover further on fresh demand in rapeseed-mustard oil in near-term.

## Outlook – Cash Market

---

**Outlook - Soybean (Spot, Indore):** *The soybean remained under pressure during the week and we expect them to be near the season's lowest levels and feel prices will rebound some more fall. Expectation of higher domestic soybean crop this season, weak soy meal exports, higher inventories in edible oils, expected record US soybean production and lower crude will pressurize the domestic soybean to some extent. The prices are expected to feature range bound movement and witness 3250 – 3300 levels (Indore, Plant basis).*

**Outlook – Soy meal:** *Soy meal too remained under pressure after steep fall in tandem with soybean, in recent weeks. We expect them to be near the season's lowest levels and feel prices will rebound after some more fall. Expectation of higher crushing on likely good soybean production on better distribution of seasonal rainfall in the key soybean domestic regions and weak soy meal exports is restricting gains in the domestic soy meal. 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 including Japan in the upcoming season. The domestic meal prices are likely to feature range bound movement with weak bias in near-term. Soy meal, Indore is expected to be in the range of 29,000 – 29,500/MT levels during the week.*

**Outlook - Rapeseed-Mustard (Spot, Jaipur basis):** *The seed recovered as expected, during the week. Renewed buying by miller's, to meet the fresh mustard oil demand for upcoming festivities will push up the seed prices. The seed prices are likely to edged-up and witness the levels between 4900 – 4950; levels during the week.*

## International Highlights

- ❖ About 26% of the US soybean crop is dropping leaves which down from 30% during the corresponding period last year but slightly above from 25% with the 5 year average.
- ❖ About 73% of the newly planted US soybean crop is under good to excellent conditions which is up from 61% during the same period last year, reported in the US crop progress report dated 12 Sept. 2016.
- ❖ Pro Farmer has projected US soybean production at a record 4.093 billion bushels, considering an average yield of 49.3 bushels per acre after the recent crop tour; this is above USDA's August WASDE - outlook for a 4.060 billion bushels production with an average yield of 48.9 bushels per acre.
- ❖ In the latest IGC, report the 2016/17 world soybean outturn is projected to improve by 3% y-o-y, to a record of 325 million tonnes, tied to anticipated area gains and enhanced yields in leading producers. With total consumption seen expanding further on growing demand for soybean products, especially in Asia, global stocks are expected to ease to a three-year low of 31.5 million tonnes.
- ❖ US oilseeds processors have crushed 4.604 million tonnes of soybean during July which is down from 4.673 million tonnes during the corresponding period last year and marginally down from 4.624 million tonnes processed during June this year, reported USDA. US soybean inventories stood at 419,802 tonnes up from 281,038 tonnes in June.
- ❖ Brazil has exported 3.82 million tonnes of soybean in August against 5.16 million tonnes during the corresponding period last year and 5.79 million tonnes in July 2016.
- ❖ Brazil has exported 1.09 million tonnes of soy meal in August against 1.11 million tonnes during the corresponding period last year and 1.39 million tonnes in July 2016.
- ❖ Brazil's soybean output growth is projected at average 4.1% per year in next 10 years and soybean output is expected surpass 140million tonnes by 2025 by FCStone.
- ❖ In the June USDA acreage report, US soybean planted area for 2016 is estimated at a record high 83.7 million acres, up 1 percent from last year. Area for harvest, at 83.0 million acres, is also up 1 percent from 2015 and will be a record high if realized. Record high planted acreage is estimated in Michigan, Minnesota, New York, North Dakota, Ohio, Pennsylvania, and Wisconsin.
- ❖ The Argentina's government has raised its 2015/16 soybean crop to 58 million tonnes from its previous forecast of 57.6 million tonnes followed by faster than expected recovery of area considered lost to floods hit area in Argentina.

- ❖ Rosario Gains Exchange have revised its forecast for Argentina's 2015/16 soybeans up to 55.3 million tonnes from 55 million tonnes previously. This is despite severe crop damage after flood in April.
- ❖ In the official figure Argentina's soybean production is estimated to decline to 57.6 million tonnes from 61.4 million tonnes.
- ❖ INTL FC Stone has slashed the Brazil's 2015-16 production by 1 million tonnes to 96.5 million tonnes, in its recent report. Besides, Informa has lowered the Brazil's and Argentina's 2015/16 soybean production from 100.5 vs 100.1 mln t and 55.0 vs 59.5 mln t respectively.
- ❖ Abiove has trimmed Brazil's 2015/16 soybean crop to 96.6 million tonnes (during Feb. – Jan.) from 97.3 million projected earlier. It has lowered Brazil's soybean exports estimate to 53 million tonnes from 53.8 million tonnes Brazil had shipped 54.3 million tonnes in previous season.
- ❖ World supplies of soybeans are likely to increase sharply by 19 Mn T in 2015/16, despite a global prospective production decline by 3 Mn T, leading to another above-average increase in soybean crushings, reports Oil World.
- ❖ Agroconsult has projected Brazil's 2016/17 area under soybean higher by 600,000 hectares. The consultant has projected Brazil's 2015/16 soybean production at 101.7 million tonnes in its final estimate.
- ❖ Conab, the Brazil government's crop supply agency, has raised Brazil's 2015/16 soybean crop to a record 101.18 million tonnes, which is up from 100.93 million tonnes from its previous estimate in February followed by increase in planted area and yields.
- ❖ FCStone has increased Brazil's 2015/16 soybean production forecast to 98.6 million tonnes from 98 million tonnes in its previous estimates.
- ❖ Again, Informa has raised its forecast for Brazil's 2015/16 soybean production in its monthly report to 101.3 million tonnes from 100.5 million tonnes last month. It has lowered Argentina's 2015/16 soybean production forecast to 59.0 million tonnes from 60.0 million tonnes in February.
- ❖ Brazil's Congress has passed a bill that will increase the country's biodiesel blend from its current 7% to 10% over the next three years.
- ❖ AgRural has increased its forecast for Brazil's 2015/16 soybean to 99.7 million tonnes from 98.7 million after beneficial rains.

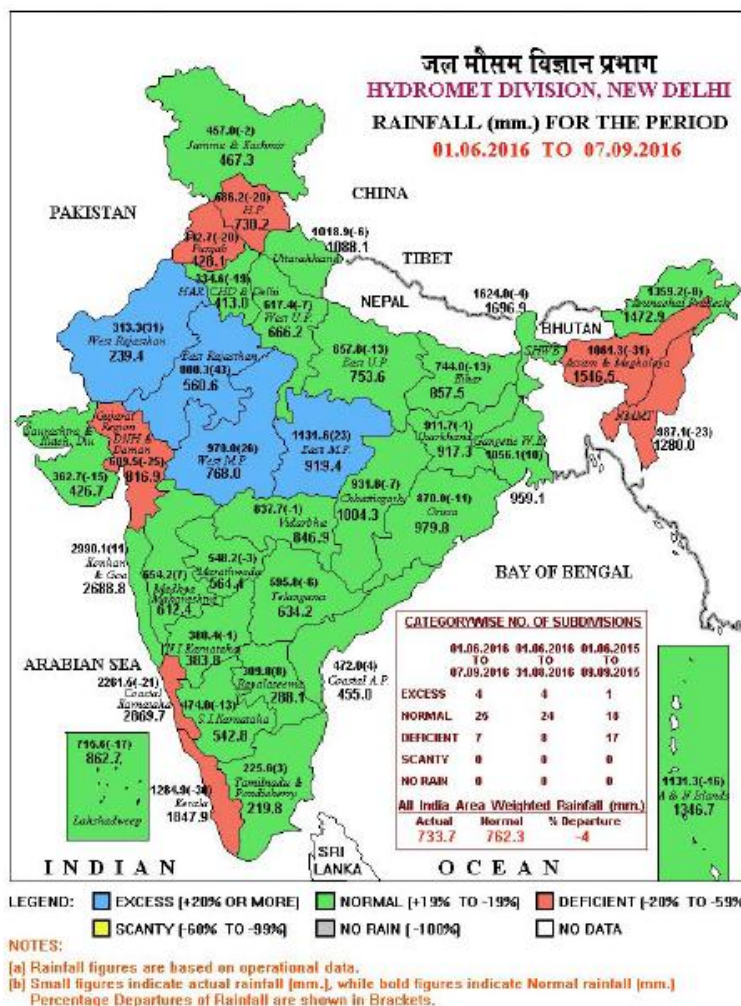
- ❖ Rosario Grains Exchange has raised Argentina's 2015/16 soybean production forecast to 59 million tonnes from 58.5 million tonnes in its earlier estimates. The increase is due to the higher than expected yield in the major growing belts.
- ❖ CRF reported that Argentina's soybean production is nearing last year's record of around 61 million tonnes. It also projected Paraguay 2015/16 soybean production at record 9.7 million tonnes which is above USDA's estimate of 8.8 million tonnes.
- ❖ However, according to the estimates by the government agency, Argentina's 2015/16 soybean production is estimated near 60 MMT which is below last year production of 61.4 MMT.
- ❖ China is forecast to import 85 million tonnes of soybeans in 2016/17, up from the previous season, however, higher inventories is expected to limit the rise in buying.
- ❖ China National Grain and Oils Information Center (CNGOIC), said in the IGC grain conference that the country's soybean imports were expected to reach 82 million tonnes in the 2015/16 year on an October-September season compared to 78.35 million tonnes during the corresponding period in 2014/15.

Global palm oil production will fall by almost 3.00 million tons in September 2016. Indonesia's palm oil output estimate is cut by 1.2 million tons. Malaysia's palm oil production estimate is cut by 1.5 million tons to 18.4 million tons. Consumers will get relief from July 2016. Palm oil stock buildup will possibly start from September 2016.

## IMD Monsoon Forecast and Current Rainfall Status

In the IMD's Operational 2<sup>nd</sup> stage Long Range forecast for the 2016:

- Rainfall over the country as a whole for the 2016 southwest monsoon season (June to September) is most likely to be **above normal** (>104% to 110% of long period average (LPA).
- Quantitatively, monsoon season rainfall for the country as a whole is likely to be 106% of the long period average with a model error of  $\pm 4\%$ .
- Region wise, the season rainfall is likely to be 108% of LPA over North-West India, 113% of LPA over Central India, 113% of LPA over South Peninsula and 94% of LPA over North-East India all with a model error of  $\pm 8\%$ .
- The monthly rainfall over the country as whole is likely to be 107% of its LPA during July and 104% of LPA during August both with a model error of  $\pm 9\%$ .
- However, recently the IMD has recently revealed that the seasonal rains will be within normal.



The event should boost the yield and subsequently production this season, as the *kharif* oilseeds are rain-fed.

## Soybean

---

The domestic soybean continued downward move on expectation of higher than previous year harvest and forecast of record soybean production in US.

Further, better production prospects of other *kharif* oilseeds including groundnut remained negative for soybean.

The soybean crop is in good health across the key growing belts of Madhya Pradesh, Maharashtra and Rajasthan. The weather remained clear and sunny, but the crop in Madhya Pradesh needs rain in a week for better development.

The crop is under pod formation stage in Madhya Pradesh, Maharashtra and Rajasthan. There are no reports of widespread disease or pest infestation in the crop.

In a major development, the soybean harvesting has commenced and a very small quantity bags have of new crop have arrived in few key mandis of Madhya Pradesh and Maharashtra. However, the moisture in the bean is higher.

In a recent crop health survey by SOPA about 14% of the crop is reported at very poor condition, 57% in normal and 29% in good to very good condition in Madhya Pradesh.

About 7% of the crop is reported at very poor condition, 57% in normal and 36% in good to very good condition in Maharashtra.

In Rajasthan, about 15% of the crop is reported at very poor condition, 58% in normal and 27% in good to very good condition in Rajasthan.

The overall rainfall over Madhya Pradesh, Maharashtra and Rajasthan is still reportedly normal and above normal in various key belts.

IMD in its weekly Southwest monsoon progress report India's actual rainfall fell and was reported at 733.7 mm against the normal 762.3 mm and departure stands at -4%, till 07 September 2016.

In West Madhya Pradesh, the departure of Southwest monsoon has improved to normal by +26%, actual rains is reported at 970 mm vs 768 mm normal till 07 September 2016 by IMD. Vidarbha reported the departure of -1%, actual rains 837.7 mm vs 846.9 mm normal. Marathwada reported the departure of +3% with actual rains of 548.2 mm vs 564.4 mm, East Rajasthan reported a departure of +43% with actual rains 800.3 mm vs 560.6 mm normal.

Better seasonal/monsoon rains this season is expected to boost the soybean production.

In the official planting report by Ministry of Agriculture, dated 09 September 2016, the area coverage under soybean is reported slightly lower at 114.66 lakh hectares which is down by 1.3% compared to 116.16 lakh hectares in the corresponding period last year.



| <b>Crop</b>           | <b>As on 09 Sep. 2016</b> | <b>As on 09 Sep. 2015</b> | <b>% Chg.</b> |
|-----------------------|---------------------------|---------------------------|---------------|
| Groundnut             | 46.57                     | 35.76                     | <b>30.2</b>   |
| Soybean               | 114.66                    | 116.16                    | <b>-1.3</b>   |
| Sunflower             | 1.58                      | 1.43                      | <b>10.5</b>   |
| Sesamum               | 15.24                     | 16.51                     | <b>-7.7</b>   |
| Others                | 7.67                      | 10.33                     | <b>-25.8</b>  |
| <b>Total Oilseeds</b> | <b>185.72</b>             | <b>180.19</b>             | <b>3.1</b>    |

The total sown area under *kharif* oilseeds, as on 09 September, has surpassed the previous year's level which is up by 3.1% at 185.72 lakh hectares compared to 180.19 lakh hectares during the corresponding period last year.

India's total area under soybean in 2015 was 116.16 lakh hectares which was higher by 5.8% from 2014.

We expect India's area under soybean in 2016 to be slightly lower than 116 lakh hectares.

Surprisingly, in the USDA's WASDE September report India's soybean production forecast are lowered to 9.7 million tonnes from 11.4 million tonnes in August.

In the USDA – FAS grain report, the US attaché in India had projected India's 2016/17 soybean production at 11.5 million tonnes up from it's previous forecast of 11 million.

Good seasonal rains and normal growing conditions are cited behind the increase. The productivity is pointed out to be within 5-year average.

The major buyers in Madhya Pradesh are as follows: Amrit Mandsaur, Ambika Joara, ABIS Rajnandgaon, Laxmi Solvex, Sanwariya – Itarasi, SSA Mandideep, Bansal, Khandwa Oil, Ruchi, Agrawal Neemuch, Betul Oil, Prakash, Bajrang, Prestige, Ambuja, Prakash, Sitashri, Divya Jyoti, Avi 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.

***The domestic soybean prices are likely to feature losses on expectation of higher soybean production this season, weak soy meal export sales and higher edible oil imports will pressure the bean market in near-term. But likely fresh demand for new season will push up the prices in coming weeks.***

**International:**

The international soybean rebound on strong demand for US soybean and wet weather in US Mid-west which threatened to delay soybean harvest.

The demand is mainly China led and we expect big deals from US by the country in coming days to cover their inventories.

The soybean harvesting has commenced in US and likely 20% to be complete by the end of September.

At CBOT, November contract soybean prices recovered and rose to US \$ 9.83/bushel and finally settled at US \$ 9.80/bushel under the week in review.

In the USDA's WASDE September report the US soybean yield is projected up at 50.6 bushels per acre from 48.9 bpa previously, which has eventually increased the production projections to 4.201 billion bushels from 4.060 billion bushels estimated in August.

Further, about 26% of the US soybean crop is dropping leaves which down from 30% during the corresponding period last year but slightly above from 25% with the 5 year average.

About 73% of the newly planted US soybean crop is under good to excellent conditions which is up from 61% during the same period last year, reported in the US crop progress report dated 12 Sept. 2016.

However, the gains in CBOT soybean were capped with the expectation of record US soybean crop this season.

FCStone has raised its projection of the US 2016 soybean productivity to a record 50.1 bushels per acre (bpa) up from its previous forecast of 48.8 bpa.

Again Informa Economics has increased its US 2016 soybean productivity projections to 49.5 bpa from 47.7 bpa previously.

Pro Farmer has projected US soybean production at a record 4.093 billion bushels, considering an average yield of 49.3 bushels per acre after the recent crop tour; this is above USDA's August WASDE - outlook for a 4.060 billion bushels production with an average yield of 48.9 bushels per acre.

In the US weekly export sales report, the net sales for the 2016/17 marketing year, which began September 1, were reported at 1,776,800 MT. Increases were reported for China (843,300 MT, including 129,000 MT switched from unknown destinations).

In the latest IGC, report the 2016/17 world soybean outturn is projected to improve by 3% y-o-y, to a record of 325 million tonnes, tied to anticipated area gains and enhanced yields in leading producers. With total consumption seen expanding further on growing demand for soybean products, especially in Asia, global stocks are expected to ease to a three-year low of 31.5 million tonnes.

Traded volumes are likely to reach a fresh high on bigger deliveries to China, with both Brazil and the US each expected to dispatch well in excess of 50 million tonnes.

Conab has raised its Brazil's 2015/16 soybean production estimate to 95.43 million tonnes, which was harvested in May, from 95.42 million tonnes in the previous estimate.

FC Stone has projected Brazil's 2016/17 soybean production at 101.85 million tonnes compared to 95.4 million tonnes in 2015/16.

Brazil's soybean output growth is projected at average 4.1% per year in next 10 years and soybean output is expected surpass 140million tonnes by 2025 by FCStone.

Brazil's soybean cultivators are unlikely to increase the area in soybean in the new season due to the tight credit followed by severe slowdown in the economy in decades and the likely erratic weather, said FCStone.

The Brazilian farmers are likely to plant 33.56 million hectares (82.9 million acres) with soybean in 2016/17 which will be an increase of just 315,000 hectares, up 0.9%, compared to 2015/16.

The soybean outturn is expected to touch 101.85 million tonnes, considering the average productivity of 2015/16, when production could only reach 95.42 million tonnes due to drought.

Brazil has exported 3.82 million tonnes of soybean in August against 5.16 million tonnes during the corresponding period last year and 5.79 million tonnes in July 2016.

China is forecast to import 85 million tonnes of soybeans in 2016/17, up from the previous season, however, higher inventories is expected to limit the rise in buying.

China National Grain and Oils Information Center (CNGOIC), said in the IGC grain conference that the country's soybean imports were expected to reach 82 million tonnes in the 2015/16 year on an October-September season compared to 78.35 million tonnes during the same period in 2014/15.

Strong global soybean demand and fall in the South American supplies will boost the US soybean exports in Sep/Feb. 2016/17.

*The international soybean prices are expected to feature range bound movement with weak bias on forecast of record production and weak crude. However, fresh Chinese orders for the new crop delivery could jack up the soybean prices in near-term*

*Besides, expected higher soybean crop on better monsoon this season in India and poor soy meal shipments from India will limit any sharp gains in the domestic soybean in near-term.*

## Soy meal

---

The domestic soy meal continued downtrend in sync with soybean on expectation of higher crushing compared to previous year, in the upcoming season starting October 1.

Further, India's August soy meal exports figures too remained discouraging, marking continued weak exports from India.

Likely higher 2016/17 domestic soybean production will subsequently increase the soybean crushing and improve the availability in meal in the new season.

The domestic soy meal demand from poultry continued to be flat but the exports remain weak owing to the competitive soy meal price offer from US and South America.

We expect India's soy meal exports to improve in the new season on expected better 2016/17 soybean crop production leading to higher crushing eventually increasing the meal supplies.

However, soy meal witnessed gains in the international market on better US soy demand and harvesting concern after wet weather. But the gains were restricted on expected record for US soybean, revealed by Pro Farmer, USDA, FCStone and after their survey of US soy and corn productivity.

The October CBOT soy meal edged-up and settled at US \$ 323.3 per short ton compared to US \$ 313.7 per short ton last week.

The domestic soy meal prices at Indore, fell and were quoted between Rs 29,200 – 30,500/MT compared to Rs 29,500 – 30,800/MT previous week.

At Latur and Nanded, Maharashtra, soy meal was quoted at Rs 31,500/MT compared to Rs 29,300/MT in Indore and Rs 29,000/MT in Kota. The meal prices of the various centers of Maharashtra continued to be at premium compared to the centers of Madhya Pradesh. This is due to the freight advantage for the South-Indian poultry units from Maharashtra over Madhya Pradesh.

India's soy meal shipments continued to be weak and it is multi-year low, primarily on India's noncompetitive prices compared to the South American meal.

**India's soy meal shipments and its other value added products during August 2016 is just 10,615 tons compared to 31,157 tons in August 2015 showing a decrease of 66% over the same period of last year.**

**On a financial year basis, the export during April'2016 to August'2016 is 63,522 tons as compared to 1,68,054 tons in the same period of previous year showing a decrease of 62%.**

**During current Oil year, (October – September), total exports during October 2015 to August, 2016 is 2,49,291 tons as against 7,17,682 tons last year, showing a decrease by 65%, as reported by SOPA.**

Japan, USA, South Korea, Sri Lanka and Myanmar remained the top buyers of soy meal of Indian origin in August.

Lower exports are mainly due to demand shift to South America. This is mainly due to the attractive offer price compared to India.

Brazil has exported 1.09 million tonnes of soy meal in August against 1.11 million tonnes during the corresponding period last year and 1.39 million tonnes in July 2016.

Brazil has exported about 1.57 million tonnes of soy meal in June against 1.93 million tonnes and 1.62 million tonnes during the corresponding period last year. The figure reveals slow export pace due to rains and disruptions at port.

Oil world expects world production of soy meal to rise by about 6% to a record 163.8 Mn T in Jan/Sept 2016, allowing exports to improve by 3.2 Mn T or 7% under the lead of Argentina.

*Indian meal prices have to be highly competitive against the South American and China's meal prices to regain the lost markets it lost in previous seasons.*

*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 higher. Soy meal Indore was quoted lower between Rs 29,200 – 30,500/MT during the week compared to Rs 30,000 – 31,000/MT during the corresponding period last year.

*The soy meal prices are likely to feature range-bound movement with weak-bias on likely higher domestic and international soybean production, in near-term. However, prices could get strength once the demand for new crop meal creeps into the market in a couple of weeks.*

### **Technical Analysis:**

#### **NCDEX Soybean Futures**



#### **Soybean Spot, Indore**



**\*Note: Daily Chart**

#### **Support & Resistance NCDEX Soybean – Oct. contract**

| S1   | S2   | PCP  | R1   | R2   |
|------|------|------|------|------|
| 3150 | 3100 | 3220 | 3431 | 3526 |

- Soybean continued downtrend during the week.
- Prices closed below 18-day EMA.
- RSI and stochastic are falling in the neutral zone.
- MACD is falling in the negative territory.
- The prices are expected to feature losses in the coming week.
- Trade Recommendation (NCDEX Soybean – Oct.) Week: **SELL** Below 3320. Levels: T1 – 3220; T2- 3180, SL - 3380.

## Rapeseed - Mustard Seed

---

The domestic rapeseed-mustard rebound as expected, after sharp fall in recent weeks. Seasonal fall in soybean with better *kharif* oilseeds production prospects and mustard seed prices at overbought zone warranted the recent fall in the seed.

However, fresh rapeseed-mustard demand from solvent extractors to meet the upcoming festive mustard oil demand remained supportive for the seed.

Besides, gains in the BMD CPO remained positive for the seed.

Currently, the seed prices at benchmark, Jaipur are up by 5% at Rs. 4,925 – 5,025 per quintal compared to Rs. 4,700,– 4,745 per quintal during the corresponding periods last year.

The all India daily arrivals of the seed continued to ease and were reported between 0.40 – 0.80 lakh bags and are lower compared to 1.15 – 1.25 lakh bags during the corresponding period last year.

India's August edible oil imports too are expected to be lower m-o-m. As discussed in previous week that India's edible oil imports fell for consecutive three months in July.

India's July edible oil imports fell 24.4 percent y-o-y to 11.18 lakh tons from 14.79 lakh tons in July 2015. Palm oil imports fell 27.87 percent y-o-y to 5.70 lakh tons y-o-y from 7.9 lakh tons in July 2015. CPO imports fell by 52.61 percent y-o-y to 3.63 lakh tons from 7.66 lakh tons in July 2015. RBD palmolein imports rose by 11.9 percent y-o-y to 2.07 lakh tons from 1.85 lakh tons in July 2015.

Soy oil imports were marginally down y-o-y to 3.485 lakh tons from 3.49 lakh tons in July 2015. Sunflower oil imports rose by 9.8 percent y-o-y to 1.34 lakh tons from 1.22 lakh ton in July 2015. Rapeseed (Canola) oil imports rose by 112 percent y-o-y to 0.66 lakh tons from 0.31 lakh tons in July 2015, reported by Solvent Extractor's Association of India.

India's July edible oil stocks at ports and pipelines was lower by 7.35 percent m-o-m at 21.50 lakh tons from 23.20 lakh tons in June 2016. Stocks of edible oil at ports were at 770,000 tons (CPO 180,000 tons, RBD Palmolein 115,000 tons, Degummed Soybean Oil 330,000 tons, Crude Sunflower Oil 115,000 tons and 30,000 tons of Rapeseed (Canola) Oil) and about 1,380,000 tons in pipelines. India is presently holding 39 days of edible oil requirement on 1st August, 2016 at 21.5 lakh tons compared to 42 days of requirements last month. India's monthly edible oil requirement is 16.5 lakh tons per month.

India's rapeseed-mustard follows the international palm oil as India imports the oil in huge quantities.

Malaysia's August palm oil exports rose 26.4 percent to 1,621,480 tons compared to 1,283,050 tons in July 2016. Top buyers were India at 450,929 tons (199,580 tons), China at 289,550 tons (225,856 tons), European Union 269,523 tons (260,908 tons), United States at 78,535 tons (74,800 tons) and Pakistan at 31,000 tons (41,000 tons). Values in brackets are figures of July 2016, cargo surveyor Societe Generale de Surveillance (SGS).

However ITS reported, Malaysia's August palm oil exports rose 27.3 percent to 1,620,795 tons compared to 1,273,543 tons in July 2016. Top buyers were India & Subcontinent at 545,783 tons (266,910 tons), European Union at 287,460 tons (262,224 tons) and China at 243,600 tons (217,400 tons). Values in brackets are figures of July 2016.

In its August report Indonesia's Palm Oil Association (GAPKI) reported that, Indonesia's June palm, palm kernel oil, and biodiesel exports rose by 7.4 percent to 1.89 MMT from 1.76 MMT in May, exports in June 2015 stood at 2.27 MMT. Indonesia exported 1.78 MMT of palm oils excluding biodiesel compared to 1.76 MMT exported in May 2016. Production of palm oil in June was at 2.69 MMT while ending stocks were 1.80 MMT.

Malaysia has kept September export duty on crude palm oil unchanged at 5 percent. Tax is calculated at reference price of 2471.30 ringgit (USD 612.54) per ton. Prices above 2,250 ringgit are taxed with tax starting from 4.5 percent to a maximum of 8.5 percent, reports Malaysian Palm Oil Board (MPOB).

*Outlook: The rapeseed-mustard is expected to witness gains on upcoming fresh demand in mustard oil with upcoming festivities and falling weather temperature.*



## Technical Analysis:

### NCDEX RM Seed Futures



\*Note: Daily Chart

### RM Seed Spot, Jaipur



### Support & Resistance NCDEX RM Seed – Oct. contract

| S1   | S2   | PCP  | R1   | R2   |
|------|------|------|------|------|
| 4573 | 4500 | 4699 | 4903 | 5008 |

- RM seed fell on selling pressure in the market during the week.
- Prices closed well below 18-day EMA.
- RSI and stochastic are falling in neutral zone.
- MACD is falling in negative territory.
- The prices are expected to feature losses during the week.
- Trade Recommendation (NCDEX Rapeseed-Mustard – Oct.) Week: **SELL** Below 4800. Levels: Target – 4700; T2- 4650, SL - 4860.

## Annexure

### Oil Meal Prices at Key Spot Markets:

#### **Soy DOC Rates at Different Centers**

| Centres        | Ex-factory rates (Rs/ton) |          |                                                     |
|----------------|---------------------------|----------|-----------------------------------------------------|
|                | 9-Sep-16                  | 2-Sep-16 | Parity To                                           |
| Indore (MP)    | 29200                     | 30000    | Gujarat, MP                                         |
| Kota           | 29300                     | 30000    | Rajasthan, Del, Punjab, Haryana                     |
| Dhulia/Jalna   | 31000                     | 31200    | Mumbai, Maharashtra                                 |
| Nagpur (42/46) | 31400                     | 31000    | Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN |
| Nanded         | 31500                     | 31500    | Andhra, AP, Kar ,TN                                 |
| Latur          | 31500                     | 31000    | -                                                   |
| Sangli         | 32000                     | 31500    | Local and South                                     |
| Sholapur       | 31000                     | 30500    | Local and South                                     |
| Akola          | 31000                     | 30800    | Andhra, Chattisgarh, Orrisa,Jharkhand, WB           |
| Hingoli        | 32500                     | 31000    | Andhra, Chattisgarh, Orrisa,Jharkhand, WB           |
| Bundi          | 28800                     | 29700    | -                                                   |

#### Soy DOC at Port

| Centers               | Port Price |          |
|-----------------------|------------|----------|
|                       | 8-Sep-16   | 1-Sep-16 |
| Kandla (FOR) (INR/MT) | 32000      | 33000    |
| Kandla (FAS) (USD/MT) | 482        | 493      |

| <b>International Soy DOC</b> |                 |                 |               |
|------------------------------|-----------------|-----------------|---------------|
| <b>Argentina FOB USD/MT</b>  | <b>8-Sep-16</b> | <b>1-Sep-16</b> | <b>Change</b> |
| Soybean Pellets              | 351             | 348             | 3             |
| Soybean Cake Flour           | 351             | 348             | 3             |
| Soya Meal                    | 359             | 356             | 3             |
| Soy Expellers                | 359             | 356             | 3             |

| <b>Sunflower (DOC) Rates</b> | <b>Ex-factory rates (Rs/ton)</b> |                 |               |
|------------------------------|----------------------------------|-----------------|---------------|
| <b>Centers</b>               | <b>9-Sep-16</b>                  | <b>2-Sep-16</b> | <b>Change</b> |
| Adoni                        | 23500                            | 23500           | Unch          |
| Khamgaon                     | NA                               | NA              | -             |
| Parli                        | 23500                            | 23500           | Unch          |
| Latur                        | 21000                            | 21000           | Unch          |

| <b>Groundnut Meal (Rs/MT)</b> | <b>9-Sep-16</b> | <b>2-Sep-16</b> | <b>Change</b> |
|-------------------------------|-----------------|-----------------|---------------|
| Basis 45%, Saurashtra         | 27500           | 27500           | Unch          |
| Basis 40%, Saurashtra         | 24500           | 24500           | Unch          |
| GN Cake, Gondal               | 27000           | 27000           | Unch          |

| <b>Mustard DOC/Meal</b> | <b>9-Sep-16</b> | <b>2-Sep-16</b> | <b>Change</b> |
|-------------------------|-----------------|-----------------|---------------|
| Jaipur (Plant delivery) | 19200           | 19500           | -300          |
| Kandla (FOR Rs/MT)      | 19600           | 19800           | -200          |
| Sri Ganganagar          | 2375            | 2390            | -15           |

## MSP for 2016/17 Kharif Oilseeds

---

The Cabinet Committee on Economic Affairs, chaired by the Prime Minister Shri Narendra Modi, has given its approval for Minimum Support Prices (MSPs) for Kharif Crops of 2016-17 season, the MSPs of all the Kharif oilseeds are raised for this season.

The MSP of Yellow Soybean is increased by 6.7% to Rs 2775/Qtl (including Rs 100 bonus) for 2016-17 season from Rs 2600/Qtl in 2015-16, Groundnut -in- shell by 4.7% to Rs 4220/Qtl (including Rs 100 bonus) from Rs 4030/Qtl, Sunflower seed by 3.9% to Rs 3950/Qtl (including Rs 200 bonus) from Rs 3800/Qtl, Nigerseed by 4.8% to 3825/Qtl (including Rs 100 bonus) from Rs 3650/Qtl and Sesamum by 6.4% to Rs 5000/Qtl (including Rs 200 bonus) from Rs 4700/Qtl.

## MSP for 2015/16 Rabi Oilseeds

---

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.

### Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>  
© 2016 Indian Agribusiness Systems Pvt Ltd.