

# Oilmeals Weekly Research Report

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## Executive Summary

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Soybean and rapeseed mustard posted losses on supply pressure and weak buying by the solvent extractors in cash market. Further, the soy meal weakened and continued losses due to the weak overseas demand, during the period under review.

However, weak seasonal domestic soy meal and oil demand due to the onset of summer season limited the losses.

India's soy meal exports are good despite appreciation of INR against US dollar, but strong supplies from South America and their competitive price for soy along with strength in the Indian Rupee will render India's meal exports noncompetitive in due course.

Gradual rise in rapeseed-mustard supplies with weak buying support remained negative for the seed. The seed supplies are still higher than the corresponding period last year.

Rise in the oil recovery in the rapeseed-mustard by 2-3% across the key growing belt continued to be limiting factor.

The rapeseed-mustard prices are susceptible to the supply pressure after higher seed production this season. Also, soybean and meal will continue to reel under supply pressure in near to medium-term.

## Outlook – Cash Market

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**Outlook - Soybean (Spot, Indore):** The soybean will continue to feature range-bound movement with weak bias on higher supplies and limited demand, strength in INR against US dollar, which will hit the soy meal exports and higher production. Further, record South American soybean supply outlook will continue to be pressurizing factor for the domestic soybean. The prices are expected to feature range bound movement between the price band of 2800–3100 level (Indore, Plant basis).

**Outlook – Soy meal:** Soy meal prices featured losses in sync with soybean. Recent rupee depreciation against USD will provide some support to India's meal exports which at present is non-competitive in the international market. 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 remain under supply pressure and feature range bound movement in near-term. Soy meal, Indore is expected to be in the range of 23,000 – 25,000/MT levels during the week.

**Outlook - Rapeseed-Mustard (Spot, Jaipur basis):** The rapeseed-mustard is expected to remain under pressure but good buying support by the solvent extractors will limit the losses. Further, higher seed production after increase in the area under rapeseed this season, will limit the gains. The seed prices are likely to feature weakness and witness the levels between 3750 –3880/Qtl; levels during the week.

## International Highlights

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- ❖ Brazil is expected to export soybean 61 MMT of soybean in 2017/18 (Feb/Jan) which is above 17 percent compared to 2016/17. The forecast is in line with Abiove estimates. Exports are expected to consume the rise in production. Production is expected at 116.156 MMT in 2017/18. Total soybean demand will be higher by 10 percent to 105.1 MMT: Safras & Mercado
- ❖ Brazil's soybean production in 2016/17 is estimated at 112.5, rise of 1.6 percent from its earlier estimate. It raised soybean export estimate by 2.3 percent at 61.7 MMT: Abiove
- ❖ Informa Economics too has raised Brazil's 2016/17 soybean production projection to 113.0 million tonnes up from 111.0 million tonnes estimated last month.
- ❖ The agency has slashed its Argentina's 2016/17 soybean crop estimate to 56.8 million tonnes from 57.5 million projected previously.
- ❖ FCStone has once again raised Brazil's 2016/17 soybean crop production estimate to 111.8 million tonnes from 111.55 million tonnes projected in April.
- ❖ The agency has projected Brazil's 2016/17 soybean end stocks at 7.58 million tonnes against 1.48 million tonnes in 2015/16.
- ❖ The Ministry of Agroindustry has slightly slashed Argentina's 2016/17 soybean area to 19.42 million hectares from 19.45 million projected in the previous estimated.
- ❖ Paraguay's 2016/17 soybean crop is projected more than 10 million tonnes, said the Agriculture Minister Juan Carlos Baruja. Paraguay is world's No.4 soybean exporter.
- ❖ Allendale has projected US 2017 soybean seeding up to 88.825 million acres from 83.433 million in 2016. The diversion is from corn acreage which is estimated lower at 90.018 million acres in 2017 from 94.004 million in 2016. The agency has also reduced the wheat planting area.
- ❖ If realized, Allendale's forecast for US soybean acreage would be highest on record.
- ❖ Informa too has raised the US 2017 soybean planting projection to 88.7 million acres from 88.647 million acres estimated in January.
- ❖ The agency has projected the US 2017/18 soybean production at 4.22 billion bushels with an average yield of 48.0 bushels per acre.

- ❖ Brazil's 2016/17 soybean production is projected at 109.65 million tonnes compared to 105.02 million tonnes in February by Celeres.
- ❖ Chinese agribusiness group New Hope and Cargill are jointly installing soybean crushing unit in the China's Hebei province with a daily crush capacity of 50,000 tonnes.
- ❖ Brazil's 2016/17 soybean crop production is forecast at 105 million tonnes which is up from 95.4 million tonnes estimated in 2015/16 by Oil World.
- ❖ Brazil is expected to export around 52.3 million tonnes during February/August 2017 against 47.8 million tonnes in the corresponding period last year.
- ❖ Informa has projected Argentina's 2016/17 soybean crop at 55.0 million tonnes.
- ❖ US 2017 soybean seeding is seen up at 88 million acres compared to 83.4 million in 2016 while corn area is reduced to 90 million acres from 94 million in 2016, projected by USDA.

## Sown Area – *Rabi* Oilseeds, India

In the official Rabi oilseeds planting report, by the Ministry of Agriculture, the total coverage area under Rabi oilseeds is reported at 84.35 lakh hectares, up 6.2% from 79.42 lakh ha in the corresponding period of last year. Of the major oilseeds, rapeseed-mustard sowing is reported up by 9.3% at 70.56lha compared to 64.53lha during the corresponding period of last year. Groundnut at 6.16 lhavs5.96lha, safflower at 0.95lhavs1.17lha, sunflower at 1.69lhavs3.21lha, sesamum0.57vs0.71 and Linseed at 3.84lhavs2.93lha during the correspondingperiod last year.

Area in Lakh Hectares			
<b>Crop</b>	<b>2017</b>	<b>2016</b>	<b>% Change</b>
Rapeseed/Mustard	70.56	64.53	<b>9.3</b>
Groundnut	6.16	5.96	<b>3.4</b>
Safflower	0.95	1.17	<b>-18.8</b>
Sunflower	1.69	3.21	<b>-47.4</b>
Sesamum	0.57	0.71	<b>-19.7</b>
Linseed	3.84	2.93	<b>31.1</b>
Others	0.58	0.91	<b>-36.3</b>
<b>Total Oilseeds</b>	<b>84.35</b>	<b>79.42</b>	<b>6.2</b>

Source: MoA, GOI

## Soybean

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The domestic soybean witnessed losses on weak miller's buying due to firm supplies in domestic markets, during the period in review.

IMD has predicted normal monsoon this year, if realized this should boost the bean cultivation this year. However, lower remuneration in soybean will remain discouraging factor too.

Further, we expect the India's soy meal exports to ease in coming months if soy meal prices do not correct to become internationally competitive. Seasonally India's soy meal exports are at high in volume during October thru February due to higher pace in crushing the bean.

Stronger INR against US dollar, huge South American soy supplies continued to remain limiting factor as the Indian soy meal price has been out-priced in the international market with the rise of US \$ 20-30/ton.

However, depreciation of INR against US dollar and fall in soy meal prices will be supporting factor in near term.

Higher domestic soybean production subsequently improved soy meal production outlook will continue to limit the gains in bean. Slack in domestic soy meal offtake due to weak poultry demand and cheap soy oil imports too remained limiting factor.

The bean supplies have increased week-on-week. However they are stronger y-o-y, about 60,000– 70,000 bags of soybean have arrived in the cash markets of Madhya Pradesh in a day against 12,000 – 35,000 bags during the corresponding period last year.

Currently, the bean prices are around the levels where they were at the time of harvest in October.

***The major buyers in Madhya Pradesh are as follows: AmritMandsaur, AmbikaJoara, Agrawal Soy Dewas, Agrawal Neemuch, Adani, Agro Sol. Datia, Avi Agro, Bansal, Bajrang, Betul Oil, Dhanuka, DivyaJyoti, G. Ambuja, Itarsi, Indian Soya, Khandwa, Khyati, Kriti, K.P. Newari, Mahakali, M.S. Neemuch, Prakash, Oyster Exim, Prestige, Ruchi, Rama, RH Solvex, SSA Mandideep, Shanti Overseas, Sawariyaltarsi, Sitashri, Vippy (10-2-2 specification) for Dewas and Mandsaur delivery during the week.***

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**Previous Update**

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CACP has raised the recommendation of MSP for soybean to Rs 2,850 a quintal for the 2017-18 season, an increase of Rs 75. That for groundnut is recommended to be maintained at Rs 4,220 a quintal.

Higher soybean supplies mean increase in crushing and eventually availability of more soy meal, which if not exported in time will lead to huge disparity in crushing.

India's domestic soy meal consumption is around 5 million tonnes and the production is expected to be 8 million tonnes, the surplus 3 million needs to be exported for the good crush market during the season.

The lower soy meal prices have increased the exports prospects which is expected to recover this season, after 3-years of weak soy meal exports of Indian origin. The oilseeds processors want the meal prices to be lower so that the soy meal exports window remains open for some more time, especially when India has produced higher soybean this season.

The soybean supplies continued to be higher not only in Madhya Pradesh but also in the key cash markets of Maharashtra and Rajasthan.

***The domestic soybean prices are likely to feature range-bound movement with weak bias on higher supply scenario and strength in INR vs USD, weakness in international soybean, in near-to-medium-term.***

**International:**

The benchmark CBOT soybean fell on improving US planting weather, weak Brazilian Real which will lead to higher supply of soybean in international markets, which spillover weakness from soybean complex, rising South American soybean crop estimate, and bearish USDA's WASDE monthly report citing stronger soy supplies, during the period in review.

Further, US soy inventories are still 11 years high according to USDA, in its monthly supply and demand report said

At CBOT, the soybean, in the most active July contract, ended at US \$ 9.53/bushel compared to US \$ 9.63/bushel last week.

US soybean planting is 32% complete as on 14 May 2017 compared down from 34% in the corresponding period last year, and at 5 year average of 32%.

Brazil is expected to export soybean 61 MMT of soybean in 2017/18 (Feb/Jan) which is above 17% compared to 2016/17. The forecast is in line with Abiove estimates. Exports are expended to consume the rise in production. Production is expected at 116.156 MMT in 2017/18. Total soybean demand will be higher by 10% to 105.1 MMT: Safras & Mercadeo

Brazil's soybean production in 2016/17 is estimated at 112.5, rise of 1.6 percent from its earlier estimate. It raised soybean export estimate by 2.3 percent at 61.7 MMT: Abiove

Informa Economics has raised its US 2017 Soybean planting projection to 89.662 million acres, it is above USDA's figure of 89.5 million acres.

The figure is higher than the Informa March forecast of 88.7 million acres.

Informa has projected US 2017 soybean production at 4.27 billion bushels considering an average yield of 48.0 bushels per acre and harvested are of 89.017 million acres.

Safras has raised Brazil's 2016/17 soybean production estimate by 1.68% against previous month to 113.384 million tonnes which is 16.7% higher than the previous season.

Conab has raised Brazil's 2016/17 soybean crop fifth time this year to 113 million tonnes from 110.2 million tonnes projected earlier.

The China's demand is strong and also the soy supplies are high this season. Brazil's 2017 soy exports are expected to be higher but will be below expectation, said the agency.

Buenos Aires Grains Exchange has raised Argentina's 2016/17 soybean to 57.5 million tonnes from 56.5 million tonnes estimated earlier by the agency.

Rosario Grain Exchange has also raised Argentina's 2016/17 soybean production projected to 57 million tonnes, which is up from 56 million estimated last month.

EU soybean imports fell 4% by 09 May 2017 and registered imports of 11.7 million tonnes from 12.1 million tonnes during the corresponding period last season.

EU soy meal imports during Jul. – Jun. 2016/17 season stood at 15.0 million tonnes, down 13% from 17.3 million tonnes during the corresponding period last year.

Brazil's soybean cultivators had sold about 50% of the record harvested 2016/17 crop by the first week of May'17.

The volume is below 5 year average of 65% sales and also below 67% sales in the corresponding period last year.

Brazilian soybean producers are reportedly holding their crop in anticipation of rise in the prices which are under severe pressure due to global glut and pressure in the benchmark CBOT soy.

FCStone has once again raised Brazil's 2016/17 soybean crop production estimate to 111.8 million tonnes from 111.55 million tonnes projected in April.

The agency has projected Brazil's 2016/17 soybean end stocks at 7.58 million tonnes against 1.48 million tonnes in 2015/16.

Informa Economics too has raised Brazil's 2016/17 soybean production projection to 113.0 million tonnes up from 111.0 million tonnes estimated last month.



The agency has slashed its Argentina's 2016/17 soybean crop estimate to 56.8 million tonnes from 57.5 million projected previously.

Dry weather has led to the advancement of Argentine's soybean harvest to 55% advancing a slightly 16.8% points over the last seven days, said Buenos Aires Grains Exchange.

This translates to 30.6 million tonnes of total harvest to date.

Cordoba, Buenos Aires, Entre Rios and Santa Fe provinces have registered the fastest pasce in harvesting.

The exchange has kept its Argentina's 2016/17 soybean production estimate unchanged at 56.5 million tonnes. The average productivity is of the crop is estimated at 3.44 tonnes per hectares.

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#### **Previous updates:**

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Abiove has once again raised Brazil's 2016/17 soybean production forecast to 112.5 million tonnes, up 1.6% from the previous estimate.

The agency has also raised Brazil's 2016/17 soybean exports forecast to 61.7 million tonnes, which is lower from its previous estimate by 2.3%.

The exchange has estimated Argentina's 2016/17 soybean production at 56.5 million tonnes.

Argentina's next season's soybean planting is expected to decline for the second consecutive year and shift to corn.

Oil World has raised their forecast of 2016/17 South American soybean production to a record 182.4 million tonnes which is up 16.9 million tonnes from the previous season.

The agency – Oil World has projected China's Oct/Sept 2016/17 soybean imports to 89.0 million tonnes, the figure is higher compared to the China's official figures which estimated the imports at 86.5 million tonnes during the same period.

China's 2016/17 soybean imports are projected up at 86.5 million tonnes compared to the previous forecast of 85.31 million tonnes, China's Ministry of Agriculture.

China's 2016/17 soybean utilization is estimated at 100.81 million tonnes compared to 99.87 estimated previously.

The country's soybean inventory deficit is estimated at 1.89 million tonnes down from deficit of 2.19 million estimated previously, said China's Ministry of Agriculture.

China's soybean imports in the first quarter stood at 19.52 million tonnes, up 20% from the corresponding period last year.

China's soy imports in January stood at 7.66 million tonnes and in February at 5.54 million tonnes, figures from the General Administration of Customs of China showed.

USDA has forecast that U.S. farmers would plant a record-high 89.5 million acres of soybeans in 2017 against 83.433 million planted in 2016.

If realized, this would be biggest to date, the average trade estimates stood at 88.2 million acres.

Argentina's 2016/17 soybean harvesting has picked-up the pace last week despite heavy rains, storm and floods in the west of Argentina, said Buenos Aires Grains Exchange.

AgRural has raised Brazil's 2016/17 soybean production estimate to 111.6 million tons from 107 million tons in March, citing favourable weather conditions which boosted the productivity.

Brazil's soybean exports stood at 9.7 million tonnes in March, highest on record for March, according to Anec with record soybean productivity in 2016/17 season.

Anec is expecting Brazil's 2017 soybean exports at 60 million tons.

Brazil's 2016/17 soybean sales have estimated to have reached 46% (51.07 Mn T) of the total projected production as of first week of April, which is up from 57% of the historical average and 61% in the corresponding period last year, said the Safras& Mercado.

The consultancy has projected Brazil's 2016/17 soybean production at 115.5 million tonnes.

The USDA has reported U.S. soybean stocks as of March 1 at 1.735 billion bushels which is up 13% from the corresponding period last year and even above an average of trade expectations for 1.684 billion bushels.

USDA has projected US 2017 soybean plantings at record 89.5 million acres against 83.433 million planted in 2016.

If realized, this would be biggest to date, the average trade estimates stood at 88.2 million acres.

Informa Economics has once again raised Brazil's 2016/17 soybean production estimate at 111.0 million tonnes from 108.0 million previously projected.

The agency has also raised Argentina's 2016/17 soybean crop at 57.5 million tonnes from 55.0 million estimated in the previous forecast.

Brazil's 2016/17 soybean production is raised by Agroconsult and projected at record 113.3 million tonnes compared to 111 million tonnes estimated in early March.

The agency projected Brazil's 2017 soybean exports at 2017 at 61.4 million tonnes compared to 61 million tonnes estimated early March.

Brazil's 2017 soybean exports are projected at 61.4 million tonnes which is up 9.8 million tonnes from 2016 by Oil World.

The exports figure by the agency is above 59.8 million tonnes projected by Abiove – Brazilian vegetable oil industry association.

Oil World has projected Brazil's 2016/17 soybean production at 108.5 million tonnes compared to 95.43 million tonnes estimated for last year.

*The international soybean prices are expected to feature range bound movement with weak-bias on record global supply scenario and higher US soybean planting prospects this season.*

## Soy meal

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The domestic soy meal prices fell on low demand from overseas and strength in INR against USD which hurt the export. However, rupee depreciation and fall in soy meal prices in near term will support exports.

However, weak seasonal domestic soy meal demand due to summer season will be restricting factor.

The domestic demand in poultry reduces in summer also the bird's diet naturally decreases during the period, thus lower offtake in the meal for feed, during summer.

The overseas forward booking for soy meal is good despite appreciation of INR against the US dollar.

Slack in seasonal domestic soy meal demand remained a limiting factor. The poultry demand falls during summers across the country subsequently reducing the soy meal demand for feed.

Despite losses, the current domestic meal prices are lower compared to the corresponding period last year.

India's soy meal exports surged over 800% in April 2017, y-o-y.

India's soy meal exports have made commendable gains right from the beginning of new marketing season, October, the shipments remained weak for last three seasons.

Soy meal fell in international market, during the week, the May CBOT soy meal settled at US \$ 307 per short ton compared to US \$ 311.7 per short ton last week.

The domestic soy meal prices at Indore, were quoted at Rs 23,700 – 25,000/MT compared to Rs 24,800 – 25,000/MT compared to previous week.

At Latur and Nanded, Maharashtra, soy meal witnessed weak tone and were quoted at Rs 24,500/MT and 25,000/MT respectively compared to Rs 23,700/MT in Indore and Rs 23,400/MT in Kota.

Brazil's April soy meal exports fell 25% from the corresponding period last year. But it was up in April by 1.3% to 1.13 million tonnes compared to March.

The shipments in the first four months of the marketing season is about 4% below previous year and equivalent to 2015.

Further, soybean exports are expected to rebound on record soybean crop in Brazil's 2016/17. Depreciation of Brazilian Real will increase supply of soybean in international markets.

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### **Previous Updates**

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Despite strength in INR against US dollar, India has registered gains in the soy meal exports in the current season. The INR has appreciated by 5% in 2017 and it will eventually make India's soy meal exports prices unattractive.

India's soy meal exports registered gains, as expected, in March (y-o-y) by 579%. India's oilmeal exports in March edged up 42 percent from a year earlier to 150,773 tonnes as shipments of soymeal rose from the last year's upper base.

India is expected to produce 8 million tonnes of soy meal this season. Out of which 5 million tonnes will be consumed domestically but another 3 million must be shipped overseas, failing which, the disparity on crushing soybean will increase.

India's forward booking for soy meal are better than the corresponding period last year, further sharp fall in the export prices in recent weeks in soy meal have made the imports from India, lucrative.

Higher domestic soybean production in 2016/17 will eventually increase the soybean crushing which will further increase the availability in soy meal this season.

India's 2016/17 soy meal exports are expected to witness 3 year high and expected to jump 2 million tonnes from 2,61,051 exported last year, stated industry officials.

However, currently the domestic soy meal demand is sluggish due to weak demand from poultry owing to fall in poultry demand after demonetization.

***India's soymeal and its other value added products (HS Code 2304) during April 2017 is 1,11,800 tons compared to 12,195 tons in April 2016 showing an increase of 809.3% over the same period of last year.***

***During current Oil year, (October – September), total exports during October 2016 to April 2017 is 10,26,223 tons as against 1,98,065 tons last year, showing an increase by 418.12%, as reported by SOPA.***

***Bangladesh (29,400 Tonnes), France (25,861Tonnes), Germany(25,351.33Tonnes), Indonesia(11,851Tonnes) and Vietnam(7,279.77Tonnes) remained the top buyers of the soy meal of Indian origin during the month of April 2017.***

Recovery in exports is primarily due to drastic fall in the Indian soy meal prices making it price competitive to South America.

*Indian meal prices need to be highly competitive against the South American and China's meal prices to regain the 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 once again recovered the lost ground but with stiff price competition against the South American meal. Iran, Japan, Europe, Thailand, Vietnam, Indonesia and South Korea were the major destinations for Indian soy meal exports, whose have once again started buying from India whenever the offer is attractive compared to South America.*

India's Y-o-Y soy meal prices, Indore, are currently lower. Soy meal Indore was quoted lower between Rs 23,700 – 25,000/MT during the week compared to Rs 36,000 – 36,800/MT during the corresponding period last year.

*The soy meal prices are likely to feature range-bound movement with weak-bias on strength in INR against US dollar and higher domestic and international soybean production will limit the gains market, in near-term.*

## Technical Analysis:

### NCDEX Soybean Futures



\*Note: Daily Chart

### Soybean Spot, Indore



### Support & Resistance NCDEX Soybean - Jun contract

S1	S2	PCP	R1	R2
2800	2750	2835	3047	3140

- Soybean fell on selling pressure in the market, 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 – Jun) Week: **SELL** Below 2900. Levels: T1 – 2800; T2- 2750, SL -2950.

## Rapeseed - Mustard Seed

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The domestic rapeseed-mustard posted losses on supply pressure.

Higher domestic seed production, higher farmer release, pressure on Malaysian palm oil after appreciation of Ringgit and rise in palm oil production last month – highest in six months remained limiting factors.

Further weak rival - soy oil, the biggest edible oil traded in volume, globally too restricted the gains in the domestic rapeseed-mustard.

Further, improved recovery in oil by 2-3% is witnessed this season, which is again bearish for the seed.

The all India seed supplies were reported between 2.55– 2.6 lakh bags in a day compared to around 2.4– 2.7 bags a day, previous week. The supplies were 1.75 – 2.15 lakh bags a day during the corresponding period last year.

As expected the seed arrivals are gradually easing from its peak in the states of Rajasthan, Madhya Pradesh, Haryana, Punjab and Uttar Pradesh. The traders have partially switched to wheat trade.

The seed prices fell and was quoted at around Rs 3798 – 3868 a quintal compared to Rs 4,483 – 4,568 a quintal during the corresponding period last year at the benchmark, Jaipur.

At NCDEX futures, the seed prices at June contract fell and was quoted at 3682 /Qtl compared to 3761/Qtl previous week.

Agriwatch has projected India's 2016/17 rapeseed production at 7.0 million tonnes while Solvent Extractors of India has estimated the seed production at 7.2 million tonnes.

India's April edible oil imports rose 7.1 percent y-o-y to 13.24 lakh tons from 12.36 lakh tons in April 2016. Palm oil imports in April rose 2.3 percent y-o-y to 7.52 lakh tons from 7.35 lakh tons in April 2016. CPO Imports rose 28 percent y-o-y to 5.11 lakh tons from 3.99 lakh tons in April 2016.

RBD palmolein imports fell 28.5 percent y-o-y to 2.32 lakh tons from 3.26 lakh tons in April 2016. Soy oil imports fell 12.36 percent y-o-y to 3.05 lakh tons from 3.48 lakh tons in April 2016. Sunflower oil imports rose 135 percent y-o-y to 2.35 lakh tons from 1.00 lakh ton in April 2016. Rapeseed (Canola) oil fell to 0.32 lakh tons in April compared to 0.51 lakh tons in April 2016, reported by Solvent Extractors Association (SEA).

India's April edible oil stocks at ports and pipelines rose 10.8 Percent m-o-m to 21.20 lakh tons from 19.13 lakh tons in March 2017. Stocks of edible oil at ports rose to 785,000 tons (CPO 210,000 tons, RBD Palmolein 140,000 tons, Degummed Soybean Oil 210,000 tons, Crude Sunflower Oil 210,000 tons and 15,000 tons of Rapeseed (Canola) Oil) and about 1,335,000 tons in pipelines (stocks at ports were 688,000 and in pipelines were at 1,225,000 tons in March 2017). The total stock on 1st May, 2017 has increased 207,000 tons v/s 1st Apr., 2017. India is presently holding 39 days of edible oil requirement on 1st May, 2017 at 21.20 lakh tons compared to 35 days of requirements last month. India's monthly edible oil requirement is 16.5 lakh tons.

According to Malaysia Palm Oil Board (MPOB), Malaysia's April palm oil end stocks rose 3.02 percent to 16 lakh tons compared to 15.53 lakh tons in March. Production of palm oil in April rose 5.74 percent to 15.48 lakh tons

compared to 14.64 lakh tons in March. Exports rose 1.39 percent to 12.83 lakh tons compared to 12.65 lakh tons in March. Imports of palm oil in April fell 46.57 percent to 0.54 lakh tons compared to 1.02 lakh tons in March. Stocks came below market expectations on lower than expected rise in production.

Malaysia's May 1-20 palm oil exports rose 20 percent to 846,705 tons v/s 705,372 tons in corresponding period last month. Top buyers were India & subcontinent at 179,100 tons (139,400 tons), European Union at 121,765 tons (116,363 tons) and China at 94,330 tons (97,911 tons). Values in brackets are figures of corresponding period last month, said a cargo surveyor Intertek Testing Services (ITS).

Malaysia reduced June crude palm oil export duty to 6 percent from 7 percent in May. Tax is calculated at reference price of 2844.79 ringgit (\$657.53) per ton. Tax is calculated above 2,250 ringgit starting from 4.5 percent to a maximum of 8.5 percent, said Malaysia Palm Oil Board (MPOB).

Indonesia Palm Oil Association (GAPKI), Indonesia palm and palm kernel oil exports fell 2 percent to 2.47 MMT from 2.53 MMT in February. However, exports rose 42 percent compared to March 2016.

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### **Previous Updates**

India is expected to produce around 7.0 million tonnes of rapeseed-mustard in 2016/17 with an average yield of about 1000 kg/ha compared to 5.8 million in 2015/16.

According to Indonesia Palm Oil Association, Indonesia's 2017 crude palm oil production is estimated to rise 12.7 percent to 35.5 MMT compared to 31.1 MMT in 2016. Heavy rains in 2016 will support palm oil production and growth in plantation in 2013 will bear fruit in 2017.

Malaysia's palm oil production in 2017 is estimated to rise 12 percent to 19.4 MMT from 17.4 MMT in 2016. Exports of palm oil in 2017 from Malaysia will increase 11.2 percent to 17.85 MMT from 16.05 MMT in 2016. CPO prices are expected to remain firm in 2017, according to the board, said the Malaysia Palm Oil Board (MPOB).

Indonesia is expected to produce 32-33 MMT of palm oil in 2017 compared to estimated production of 28.5-30 MMT in 2016, higher by 16 percent y-o-y. Production in 2015 was 33 MMT. Wet condition in 2016 in Indonesia is primary reason for higher production in 2017. Exports are expected to grow to 23-25 MMT in 2017 compared to 23 MMT estimated in 2016. Palm oil prices rose in 2016 due to lower stocks of palm on El Nino, crude oil prices and biodiesel mandates in Indonesia and Malaysia, said Indonesia Palm Oil Association (GAPKI).

India's rapeseed-mustard is driven by Malaysian palm oil, India's edible oil imports and Chinese vegoil demand.

*Outlook: The rapeseed-mustard is expected to remain under pressure in near-term on higher production and strong supplies in the cash market.*



## Technical Analysis:

### NCDEX RM Seed Futures



### RM Seed Spot, Jaipur



### Support & Resistance NCDEX RM Seed – Jun contract

S1	S2	PCP	R1	R2
3650	3600	3682	3751	3832

- RM seed continued downtrend on selling pressure during the week.
- Prices closed below 18-day EMA.
- RSI and stochastic are easing in the oversold zone.
- MACD is falling in the negative territory.
- The prices are expected to feature losses during the week.
- Trade Recommendation (NCDEX Rapeseed-Mustard – Jun) Week: **SELL** Below 3720. Levels: Target – 3620; T2- 3600, SL –3770.

## Annexure

### Oil Meal Prices at Key Spot Markets:

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

Centres	Ex-factory rates (Rs/ton)		
	19-May-17	12-May-17	Parity To
Indore (MP)	23700	24800	Gujarat, MP
Kota	23400	24600	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	24800	26000	Mumbai, Maharashtra
Nagpur (42/46)	24900	25500	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	25000	25700	Andhra, AP, Kar ,TN
Latur	24500	25200	-
Sangli	26000	26400	Local and South
Sholapur	25200	25700	Local and South
Akola	24700	25400	Andhra, Chattisgarh, Orrisa,Jharkhand, WB
Hingoli	25200	25700	Andhra, Chattisgarh, Orrisa,Jharkhand, WB
Bundi	23200	24500	-

### **Soy DOC at Port**

Centers	Port Price	
	18-May-17	11-May-17
Kandla (FOR) (INR/MT)	25500	26200
Kandla (FAS) (USD/MT)	396	407

### **International Soy DOC**

Argentina FOB USD/MT	18-May-17	11-May-17	Change
Soybean Pellets	310	317	-7
Soybean Cake Flour	310	317	-7
Soya Meal	318	325	-7
Soy Expellers	318	325	-7

### **Sunflower (DOC) Rates**

Ex-factory rates (Rs/ton)
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Centers	19-May-17	12-May-17	Change
Adoni	17400	17400	Unch
Khamgaon	NA	NA	-
Parli	NA	NA	-
Latur	NA	NA	-

Groundnut Meal (Rs/MT)	19-May-17	12-May-17	Change
Basis 45%, Saurashtra	19800	19600	200
Basis 40%, Saurashtra	17500	17800	-300
GN Cake, Gondal	21000	21500	-500

Mustard DOC/Meal	19-May-17	12-May-17	Change
Jaipur (Plant delivery)	14600	15000	-400
Kandla (FOR Rs/MT)	15200	16200	-1000
Sri Ganganagar	1795	1865	-70

## India's Oilseeds Production Seen Record at 33.6 Mn T vs 25.3 Mn in 2nd Adv Est. - GOI

The 3rd Advance Estimates of production of major crops for 2016-17 have been released today by the Department of Agriculture, Cooperation and Farmers Welfare. The assessment of production of different crops is based on the feedback received from States and validated with information available from other sources. As a result of very good rainfall during monsoon 2016 and various policy initiatives taken by the Government, the country has witnessed record foodgrain production in the current year.

The estimated production of major Oilseeds during 2016-17 is as under:

- Oilseeds** – 32.52 million tonnes
- Soyabean – 14.01 million tonnes
  - Groundnut – 7.65 million tonnes
  - Castorseed – 1.55 million tonnes

With an increase of 8.35 million tonnes over the previous year, total Oilseeds production in the country is estimated at record level of 33.60 million tonnes. It is higher by 0.85 million tonnes than the previous record production of 32.75 million tonnes achieved during 2013-14.

The production of Oilseeds during 2016-17 is also higher by 4.34 million tonnes than the five year's average Oilseeds production. The current year's production is significantly higher than the production of 25.25 million tonnes during 2015-16.

## 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 2016/17 Rabi Oilseeds

The Cabinet Committee on Economic Affairs has approved the Minimum Support Prices (MSPs) for Rabi Oilseeds Crops of 2016-17 season are as follows: The MSP of Rapeseed/Mustard is raised (10.4%) by Rs. 350/Qtl to Rs. 3,700/Qtl from Rs. 3,350/Qtl earlier. For Safflower too it is increased (12.1%) by Rs. 400/Qtl to Rs. 3,700/Qtl from Rs. 3,300/Qtl in 2014-15. Further, to incentivize cultivation of oilseeds, the Cabinet has decided to give a bonus of Rs 100/- per quintal each for Rabi oilseeds including Rapeseeds/Mustards and Safflower, over and above the recommendations of the CACP.

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