

Oilmeal Weekly Research Report

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Executive Summary

Soybean, rapeseed mustard and soy meal rebound on weak supplies which couldn't meet the current demand which is already low.

Widespread farmer's protest and agitation mainly in the state of Madhya Pradesh and Maharashtra has hampered the trade activities in the APMC mandis.

The farmers are demanding reasonable price for their produce, substantial increase in the MSP, procurement of their produce at MSP and waiver of loan taken for agriculture.

The trade activity in the cash markets of around 7 districts of West Madhya Pradesh and market yards in Maharashtra were badly hit in last 8-10 days of the protest.

Though the oilseeds demand is not very strong from solvent extractors but the drastic fall in the supplies have affected the domestic crushing which was already reeling under pressure.

As discussed earlier, strong South American soy supplies, higher US soybean inventories and rise in US soybean planting intention for 2017 continued to pressure the international soy market which is subsequently exerting pressure on domestic soy too.

Strength in INR against USD is yet another factor which is pressuring the soy meal exports as the appreciation is making exports from India noncompetitive. However, India's soy meal exports are better year-on-year.

Despite some gains in rapeseed-mustard, the prices are still near the MSP after good harvest by India this year, remained a cause of concern for the farmers. The seed supplies are still higher than the corresponding period last year.

The rapeseed-mustard prices are under supply pressure and will continue to remain under the pressure further, in near to medium-term.

Outlook – Cash Market

Outlook - Soybean (Spot, Indore): The soybean rebound on weak supplies in the domestic cash markets. However, bearish global supply scenario, strength in INR against US dollar and higher soy production will limit the gains. 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 2850 – 2950 level (Indore, Plant basis).

Outlook – Soy meal: Soy meal prices featured gains in tandem with soybean. However, concern over appreciation in INR against USD will render India's meal exports non-competitive in the international market and limit the gains. 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 22,700 – 24,000/MT levels during the week.

Outlook - Rapeseed-Mustard (Spot, Jaipur basis): The rapeseed-mustard is expected to remain under pressure 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 3725 – 3790/Qtl; levels during the week.

International Highlights

- ❖ Inform Economics has once again raised Brazil's 2016/17 soybean production estimate to 114.5 million tonnes from 113 million forecast previous month.
- ❖ The agency has also raised its Argentina's 206/17 soybean production forecast to 58 million tonnes from 56.8 million projected in May.
- ❖ Abiove has kept Brazil's 2016/17 soybean production projection unchanged at 112.5 million tonnes, from its May'17 outlook.
- ❖ Abiove has also kept its Brazil's 2016/17 soybean export projection stable at 61.7 million tonnes.
- ❖ Brazil's soybean shipment has hit a record 10.9 million tonnes in May'17 and they are on the track to hit all-time high in 2017.
- ❖ Anec has reported that Brazil's soy shipment volumes have risen by 15% to 37.1 million tonnes since the beginning of marketing season through May 31.
- ❖ However, Brazil's soybean shipments for the 2016/17 season are below market expectation. Anec has projected Brazil's 2016/17 soybean exports between 61-62 million tonnes, which is close to Abiove's estimate.
- ❖ 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.
- ❖ Brazil's 2016/17 soybean crop production is estimated up at 107.3 million tonnes compared to 104.6 million tonnes projected in February by Abiove.
- ❖ 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.

Soybean

The domestic soybean rebound on short supplies due to widespread farmer's agitation mainly in Madhya Pradesh and Maharashtra in past couple of weeks.

The soybean arrivals drastically fell as most of the key cash market yards remained closed due to the farmer's protest on demand of considerable remuneration of their produce and waiver of farm loan.

The domestic 2017 soybean planting intention is expected to be lower due to the poor remuneration in the bean during the current season. The farmers are cautious in planting early this season and some are likely to shift to cotton or pulses which will eventually reduce the planted area under soybean this year.

The average daily bean supplies in Madhya Pradesh have fallen to 6,000-8,000 from recent average of 50,000 – 55,000 bags a day.

The monsoon is progressive towards the central and North India. Currently it is active in Southern parts of India. The IMD has forecast normal monsoon (98% of LPA) this season.

However, government's decision to keep oilseeds, taxable under 5% GST rate, increase in supplies from South America after harvesting remained pressurizing factor for Indian bean, which was reeling under pressure since the beginning of the new marketing season.

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

Currently, the bean prices are slightly above the MSP and are lower than the levels where they were at the time of harvest in October.

The major buyers in Madhya Pradesh are as follows: Amrit Mandsaur, Ambika Joara, 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.

Previous Update

The domestic oilseeds processors are consistently urging the government to increase the import duty on edible oils which has paved the way for cheap import of edible oils mainly from Argentina, Malaysia, Indonesia and Ukraine.

This in turn has hurt the oilseeds processing industry leading to lower crush margin and strengthening of INR against USD has led to the decline in revenues from the byproducts.

We expect India's soy meal exports to ease in coming months. Seasonally India's soy meal exports are at high 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 weak factor as the Indian soy meal price has been out-priced in the international market in recent weeks.

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 strength in INR vs USD, weakness in international soybean, in near-to-medium-term.

International:

The international benchmark CBOT soybean rebound on technical buying and US Midwest weather concern, which is forecast to be stressful hot after temperature seen above normal in the region.

The hot temperature forecast in the US Midwest could stress newly planted soybean.

At CBOT, the soybean, in the most active July contract, ended at US \$ 9.41/bushel compared to US \$ 9.21/bushel last week.

The soybean planting in US Midwest is in full swing after it was hurt due to rains initially during planting and the emergence of the newly is crop is reported around 60% during the week under consideration.

US soybean planting is 83% complete as on 4 June 2017 which is above from 82% in the corresponding period last year and also above from 5 year average of 79%.

Soybean emergence is reported at 58% which is less from 62% during the corresponding period last year but below from 5 year average of 59%.

However, the gains were slightly restricted after the release of monthly supply and demand report by U.S. Department of Agriculture, which raised its US 2016/17 soybean ending stocks projection to 450 million bushels in June from 435 million in May.

Conab has raised Brazil's 2016/17 soybean production estimate for the sixth time this year to 113.92 million tonnes, which is up from 113 million tonnes projected in May.

Agroconsult has projected Brazil's 2016/17 soybean production at 115 million tonnes and exports of 61 million tonnes during the season.

Brazilian soybean cultivators have sold about 58% of the projected crop production in the current season due to reserve selling by the farmers in hope of better price in future, said Safras and Mercados.

However, about 76% of the produce was sold by this time during the same period last year. The average for this period of the year stands at 74%, said Safras & Mercados.

Brazil's 2016/17 soybean crop production is projected at 113.3 million tonnes by the Safras. This translates into total soybean exports by Brazil at 66 million tonnes until 5 June.

EU soybean imports fell 6% by 6 June 2017 and registered imports of 12.95 million tonnes from 13.6 million tonnes during the corresponding period last season.

EU soy meal imports during Jul. – Jun. 2016/17 were 16.6 million tonnes, down 12% from 18.8 million tonnes during the corresponding period last year.

Informa Economics has once again raised Brazil's 2016/17 soybean production estimate to 114.5 million tonnes from 113 million forecast previous month.

The agency has also raised its soybean production forecast for Argentina's 206/17 to 58 million tonnes from 56.8 million projected in May.

Abiove has kept Brazil's 2016/17 soybean production projection unchanged at 112.5 million tonnes, from its May'17 outlook.

Abiove has also kept its Brazil's 2016/17 soybean export projection stable at 61.7 million tonnes.

Brazil's soybean shipment has hit a record 10.9 million tonnes in May'17 and they are on the track to hit all-time high in 2017.

Anec has reported that Brazil's soy shipment volumes have risen by 15% to 37.1 million tonnes since the beginning of marketing season through May 31.

However, Brazil's soybean shipments for the 2016/17 season are below market expectation. Anec has projected Brazil's 2016/17 soybean exports between 61-62 million tonnes, which is close to Abiove's estimate.

Further, Brazil's Agriculture Ministry expects the country's 2018 planting to increase between 2 – 3%.

Soybean planting in Brazil covered an area of 33.8 million hectares in 2017 which was up 1.8% from the previous season, said food supply and statistics agency Conab.

Argentina's port inspection workers had called on a 3 day strike which had hampered the soy shipment during the period.

China's soybean importers are cancelling or postponing their soybean cargoes mainly ordered from suppliers in Brazil as they have made huge losses processing soybean into cooking oil and animal feed ingredients.

China, took advantage of huge crushing profits at the beginning of the year and lower prices following record harvests in Brazil to aggressively buy the oilseed.

However, the profits have been washed away with biggest losses in nearly three years after China's edible oil markets were flooded with rapeseed oil, auctioned from national reserves and by growing imports of other alternative vegetable oils.

Argentina's agriculture ministry has forecast the country's 2016/17 soybean production at 58 million tonnes. This was first monthly estimate by the government in 2016/17.

Safras & Mercado have forecast Brazil's soybean export at 61 million tonnes in 2017/18 (Feb/Jan) which is 17% higher compared to 2016/17. The forecast is in line with Abiove estimates.

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.

The soybean production is expected at 116.156 MMT in 2017/18. Total soybean demand will be higher by 10% to 105.1 million tonnes, said the agency.

Buenos Aires Grains Exchange has raised Argentina's 2016/17 soybean crop estimate to 57.5 million tonnes from 56.5 million tonnes estimated earlier. Higher soybean crop is due to high yields brought by wet weather.

Conab has raised Brazil's 2016/17 soybean crop estimate to 113 million tonnes up from 110.2 million tonnes estimated in its previous estimate. This is fifth raise in its estimate for 2016/17. Higher soybean crop is on rise in productivity by 18.4% and rise in planted area.

Previous updates

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.

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.

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.

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.

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.

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.

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.

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.

Soy meal

The domestic soy meal edged-up in tandem with soybean during the week in consideration. Steep fall in the soybean supplies had hit the domestic crushing, which was catering the overseas and domestic meal demand.

The overseas meal demand is better y-o-y and currently the domestic demand is steady to weak due to summer when poultry demand falls and the bird feed intake declines.

However, with the advent of monsoon in Southern parts of India and progressive monsoon, has raised the hope in the renewed poultry demand.

Strength in INR against USD and improved seasonal South American soy supplies has already raised the concern on meal exports.

The forward booking for soy meal has fallen with competitive price offers by South America.

Currently, the domestic meal prices are lower compared to the corresponding period last year.

The India's oilseeds industry body, Solvent Extractors Association has slashed India's 2016/17 soy meal exports forecast by 25% to 1.5 million tonnes from its previous outlook. The situation will either leave higher meal inventories or the exporters have to cut down the exports prices further during the season ending September.

Soy meal edged-up in international market, during the week, the July CBOT soy meal settled at US \$ 305.9 per short ton compared to US \$ 301.9 per short ton last week.

The domestic soy meal prices at Indore, were quoted at Rs 22,400 – 24,000/MT compared to Rs 22,400 – 23,000/MT compared to previous week.

At Latur and Nanded, Maharashtra, soy meal witnessed steady to weak tone and were quoted at Rs 24,000/MT and 24,500/MT respectively compared to Rs 23,700/MT in Indore and Rs 23,600/MT in Kota.

The soy meal exports from Brazil and Argentina is at full swing after the good harvest of beans.

Brazil's May'17 soy meal exports fell to 15.5% and stood at 1.63 million tonnes compared to 1.93 million during the corresponding period last year but it is up by 22.5% from 1.33 million tonnes in April'17.

Further, soybean exports are expected to rebound on record Brazil's 2016/17.

Previous Updates

Despite strength in INR against US dollar, India has registered gains in the soy meal exports in the current season. It will eventually make India's soy meal exports prices unattractive.

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 months 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.

We expect India's soy meal exports to recover slightly in the new season with higher 2016/17 soybean production leading to higher crushing eventually increasing the meal supplies.

India's soy meal 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 (25,861 Tonnes), Germany (25,351.33 Tonnes), Indonesia (11,851 Tonnes) and Vietnam (7,279.77 Tonnes) 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, who 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 22,400 – 24,000/MT during the week compared to Rs 35,500 – 36,000/MT during the corresponding period last year.

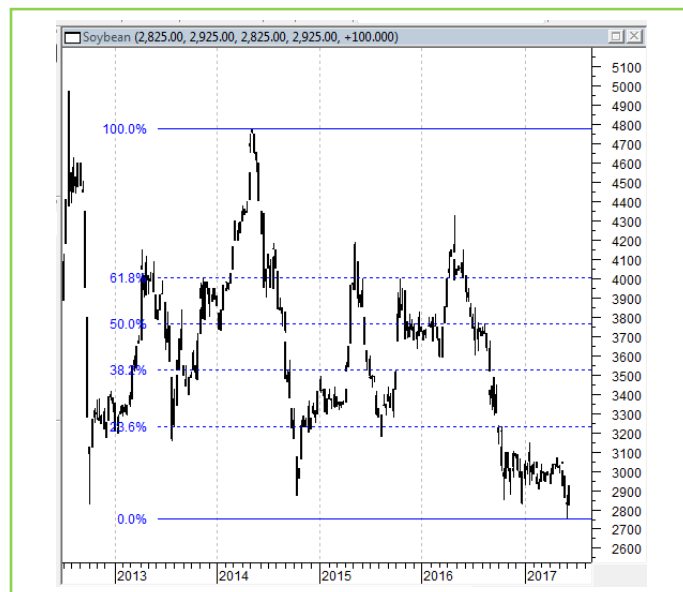
The soy meal prices are likely to feature range-bound movement with weak-bias on strength in INR against US dollar and higher domestic and international soybean production will limit the gains market, in near-term.

Technical Analysis:

NCDEX Soybean Futures



Soybean Spot, Indore



*Note: Daily Chart

Support & Resistance NCDEX Soybean – Jul. contract

S1	S2	PCP	R1	R2
2650	2560	2785	2902	3300

- Soybean edged-up on buying support in the market, during the week.
- Prices closed below 18-day EMA.
- RSI and stochastic are rising 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 – Jul.): **BUY** Above 2700. Levels: T1 – 2900; T2- 2950, SL - 2688.

Rapeseed - Mustard Seed

The domestic rapeseed-mustard rebound on supportive buying after the soybean arrivals witnessed a drastic fall in Madhya Pradesh and Maharashtra due to the farmer's protest for their multiple demands including higher remuneration for their produce and waiver of loans for agriculture.

There is a continued demand in the seed but higher domestic production and eventually increase in supplies has weighed on the seed prices.

Further, the all-India daily seed supplies have fallen by around 1.0 lakh bags in a fortnight.

The all India seed supplies were reported between 1.55 – 1.85 lakh bags in a day compared to around 1.7 – 2.35 lakh bags a day, previous week. The supplies were 1.65 – 1.85 lakh bags a day during the corresponding period last year.

The seed prices at spot slightly improved and were quoted at around Rs 3,710– 3,755 a quintal compared to Rs 3,695– 3,755 a quintal during the corresponding period last year at the benchmark, Jaipur.

At NCDEX futures, the seed prices at June contract ended slightly up at 3528/Qtl compared to 3519/Qtl previous week.

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

Further, weakness in the rival - soy oil in the international market too restricted the gains in the domestic rapeseed-mustard.

The rise in Malaysian palm oil exports in May, which is expected to be between 5-7% from April m-o-m on Ramadan demand, was offset by the expected higher output by 5.5% from April to 1.63 million tonnes.

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 from 0.51 lakh tons in April 2016, according to 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 Solvent Extractors Association (SEA).

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, according to Malaysia Palm Oil Board (MPOB).

Malaysia's May 1-25 palm oil exports rose 18.6 percent to 1,006,853 tons compared to 891,725 tons in corresponding period last month. Top buyers were European Union at 210,765 tons (245,993 tons), India at 172,485 tons (135,300 tons), China at 98,130 tons (127,450 tons), Pakistan at 41,000 tons (10,000 tons) and United States at 37,520 tons (40,155 tons). Values in brackets are figures of corresponding period last month, said a cargo surveyor Societe Generale de Surveillance.

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.

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 to medium-term on higher production and strong supplies in the cash market.

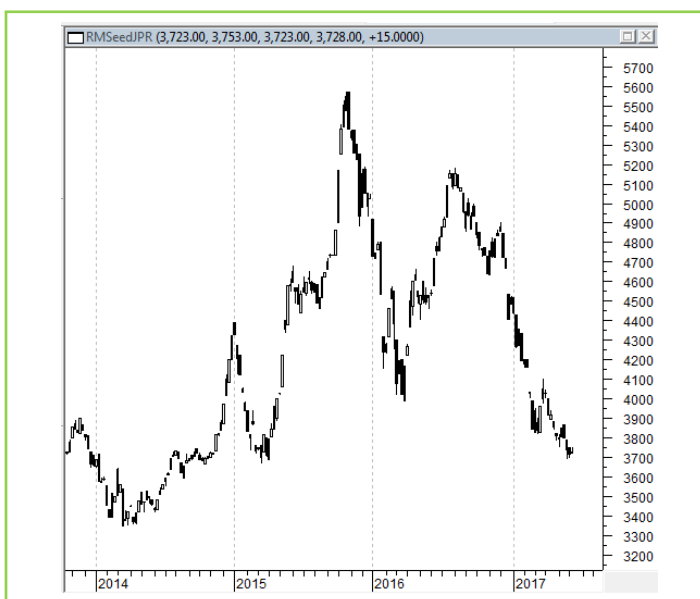
Technical Analysis:

NCDEX RM Seed Futures



*Note: Daily Chart

RM Seed Spot, Jaipur



Support & Resistance NCDEX RM Seed – Jul. contract

S1	S2	PCP	R1	R2
3400	3350	3575	3650	3750

- RM seed rebound after steep fall during the week.
- Prices closed below 18-day EMA.
- RSI and stochastic are heading upwards in the neutral zone.
- MACD is falling in the negative territory.
- The prices are expected to feature gains during the week.
- Trade Recommendation (NCDEX Rapeseed-Mustard – Jun) Week: **BUY** Above 3475. Levels: Target – 3575; T2- 3620, SL –3415.

Annexure

Oil Meal Prices at Key Spot Markets:

Soy DOC Rates at Different Centers

Centres	Ex-factory rates (Rs/ton)		
	9-Jun-17	2-Jun-17	Parity To
Indore (MP)	23700	22800	Gujarat, MP
Kota	23400	23000	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	24000	23500	Mumbai, Maharashtra
Nagpur (42/46)	23800	23000	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	24500	24500	Andhra, AP, Kar ,TN
Latur	24000	23800	-
Sangli	24800	24800	Local and South
Sholapur	23800	23800	Local and South
Akola	23700	23700	Andhra, Chattisgarh, Orrisa,Jharkhand, WB
Hingoli	23500	24200	Andhra, Chattisgarh, Orrisa,Jharkhand, WB
Bundi	23300	22700	-

Soy DOC at Port

Centers	Port Price	
	8-Jun-17	1-Jun-17
Kandla (FOR) (INR/MT)	25000	24500
Kandla (FAS) (USD/MT)	389	380

International Soy DOC

Argentina FOB USD/MT	8-Jun-17	1-Jun-17	Change
Soybean Pellets	311	304	7
Soybean Cake Flour	311	304	7
Soya Meal	319	312	7
Soy Expellers	319	312	7

Sunflower (DOC) Rates	Ex-factory rates (Rs/ton)		
Centers	9-Jun-17	2-Jun-17	Change
Adoni	17400	17500	-100
Khamgaon	NA	NA	-
Parli	17400	NA	-
Latur	17200	NA	-

Groundnut Meal (Rs/MT)	9-Jun-17	2-Jun-17	Change
Basis 45%, Saurashtra	19300	19300	Unch
Basis 40%, Saurashtra	17000	17000	Unch
GN Cake, Gondal	21000	21000	Unch

Mustard DOC/Meal	9-Jun-17	2-Jun-17	Change
Jaipur (Plant delivery)	13600	13800	-200
Kandla (FOR Rs/MT)	14400	14800	-400
Sri Ganganagar	1675	1730	-55

India's Oilseeds Production Seen Record at 32.52 Mn T vs 25.3 Mn in 3rd 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.

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 70.56 lha compared to 64.53 lha during the corresponding period of last year. Groundnut at 6.16 lha vs 5.96 lha, safflower at 0.95 lha vs 1.17 lha, sunflower at 1.69 lha vs 3.21 lha, sesamum 0.57vs0.71 and Linseed at 3.84 lha vs 2.93 lha during the corresponding period last year.

Area in Lakh Hectares

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

Source: MoA, GOI

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