

Oilmeal Weekly Research Report

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Executive Summary

Soybean witnessed mostly weak tone during the week amid lack of demand from the millers. The new crop arrival has started and has higher moisture content of around 20 -25%. Downside was limited amid lower acreage this season.

Soybean planting is over and new crop arrival has started. South –west monsoon is in its withdrawal phase and has brought rains in parts of Madhya Pradesh and North India. The rains will be beneficial for the crop development in the coming days.

The overall monsoon has been normal. However deficit rains in the months of August and September is likely to affect the productivity of soybean crop.

The monthly supply and demand report has been released by USDA for the month of September and soybean production estimates has been increased this month to 4,432 million bushels, up 50 million bushels on higher yields compared to previous month.

Attractive price for soy meal by South America and positive tone in INR is weighing on the market.

Lack of rains in the soybean growing regions of US Midwest will affect the development of soybean crop. Harvesting of soybean has started in U.S. Planting delay in Brazil due to dry weather and record import of soybean by China are positive factors for the market.

The rapeseed-mustard prices continued weak tone amid lack of demand from the solvent extractors. Deficit rain in the month of September is unlikely to provide sufficient moisture for rabi sowing.

The rapeseed-mustard prices will remain under overall higher supply pressure. However festive demand expected in the coming days is likely to lend some support to the market.

Outlook – Cash Market

Outlook - Soybean (Spot, Indore): The soybean noticed mostly weak tone amid lack of demand for the new crop arrival from the oil mills. The new crop arrival has higher moisture content of 20 -25%. Bearish global supply scenario, strength in INR against US dollar and higher soy production will add to the weak tone of the market in the medium -term. Dry weather in the US Midwest growing regions will lend some support to the market. The prices are expected to feature range bound movement with weak bias between the price band of 2950 – 3150 level (Indore, Plant basis).

Outlook – Soy meal: Soy meal witnessed steady to weak tone during the week on lack –lustre demand in the cash and export market. Concern over appreciation in INR against USD will render India's meal exports non-competitive in the international market. In last three months the export of oil meals improved compared to the previous year, thanks to good monsoon, better oilseeds production and price parity. Prices have to remain competitive in order to gain global market share. The domestic meal prices are likely to remain under supply pressure in medium – term. However 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 24,000 – 25,500/MT levels during the week.

Outlook - Rapeseed-Mustard (Spot, Jaipur basis): The rapeseed-mustard continued weak tone amid lack of demand from the solvent extractors. However expected festive demand in the coming days is likely to lend some support to the market. Overall supply pressure is adding to the weak tone of the market. The seed prices are likely to feature range-bound movement with weak bias and witness the levels between 3900 – 4000/Qtl; levels during the week.

International Highlights

- ❖ Net sales of 2,338,100 MT of soybean for 2017/2018 were reported for China (1,403,200 MT, including 329,000 MT switched from unknown destinations), unknown destinations (528,800 MT), Mexico (213,100 MT), Taiwan (68,200 MT), and Pakistan (67,000 MT, including 65,000 MT switched from unknown destinations) during the week according to USDA. Reductions were reported for Spain (60,000 MT) and Cuba (7,200 MT). Exports of 944,900 MT were primarily to China (686,300 MT), Pakistan (67,000 MT), Bangladesh (53,500 MT), Mexico (47,300 MT), and Costa Rica (23,200 MT).
- ❖ European Union soybean imports in the 2017/18 season that began on July 1 had reached 2.5 million tonnes by Sep. 19, down 20 percent from 3.15 million tonnes at the same stage last season according to official data sources. In soy meal, cumulative EU imports so far in 2017/18 were 4.20 million tonnes, up 8 percent from 3.90 million tonnes a year ago.
- ❖ According to Chinese Agriculture ministry, China is expected to import 94.5 MMT of soybean in 2017/18 from previous forecast of 93.16 MMT. Chinese soybean consumption in 2017/18 is estimated at 109.21 MMT from previous estimate of 108.63 MMT. Soybean deficit of the country is estimated at 0.25 MMT from previous estimate of 0.97 MMT.
- ❖ Weather forecasts suggest soybean planting in key regions of Brazil may be delayed due to scarce rains following the end of the following period in states like Paraná, Mato Grosso and Mato Grosso do Sul. The absence of rains over the next 10 days in these three regions, where about 51 percent of Brazil's soybeans are grown, will push back planting this year in comparison to previous year.
- ❖ In the weekly USDA crop progress report released on 18 September; Soybeans dropping leaves are reported at 41% which is less than 43% during the corresponding period last year and down from the 5 year average of 43%. About 59% of the soybean planted crop is under good to excellent condition which is down from 73% during the corresponding period last year. Around 4% of the new soybean crop has been harvested which is same as 4% during the corresponding period last year and down from the 5 year average of 5%.
- ❖ According to Conab, Brazil's agricultural statistics and food supply agency, the country's soybean output in 2016/17 remains unchanged at 114 million tonnes compared to previous month's estimate.

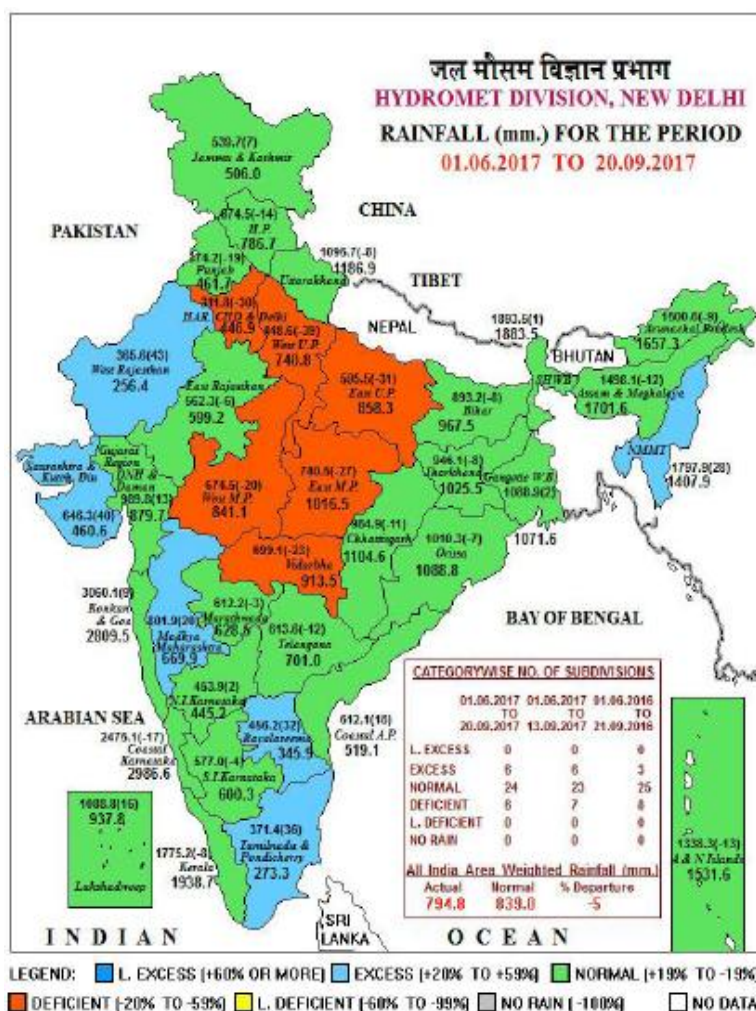
- ❖ According to an industry association, Brazilian soy exports in the month of August hit an all time high of 5.7 million tonnes, 500,000 tonnes above August 2015. In this year, total exports of soy have reached 57.6 million tonnes.
- ❖ In its first forecast related to the next crop 2018, Abiove has forecasted Brazilian soybean exports at 65 million tonnes. Soybean output is forecast at 108.5 million tonnes in 2017/18 compared to 113.8 million tonnes in the previous season.
- ❖ China's import of soybean increased by 10.02% to 8.45 million tonnes in August compared to July and is the highest for the month of August. China brought in 63.34 million tonnes from January to August, up 16.8 percent from the same period last year according to the General Administration of Customs.
- ❖ FC Stone has raised its forecast of the U.S. 2017 soybean yield to 49.8 bpa, up from its Aug. 1 figure of 47.7. The firm forecast U.S. soybean production at 4.418 billion bushels, up from 4.235 billion.
- ❖ According to NOPA, 142.42 million bushels soybean was crushed in August 2017 compared to 144.718 million bushels previous month. It is above analyst's expectation of 137.50 million bushels. Soy meal exports during the month declined to 426,896 tons compared to 596,767 tons in July and 574,802 tons a year earlier.
- ❖ U.S. oilseed production for 2017/18 is projected at 132.8 million tons, up 1.9 million tons from last month mainly due to higher soybean yield in the September monthly supply and demand report released by USDA. Soybean production is projected at a record 4,431 million bushels, up 50 million on a higher yield forecast. Soybean supplies are raised with higher production only partly offset by lower beginning stocks. With increased supplies and lower prices, soybean exports are raised to 2,250 million bushels leaving ending stocks unchanged.
- ❖ The IGC has reduced the global soybean output in 2017/18 following overly dry weather in North America, the EU and Australia. Global soybean production in 2017/18 was put at 345 million tonnes, down from a previous forecast of 348 million but still the second-biggest crop on record.

IMD Monsoon Forecast and Current Rainfall Status

In the IMD's Operational 2nd half Long Range forecast for the 2017:

- The rainfall over the country as a whole during second half of southwest monsoon season (August to September) is most likely to be normal (94%-106% of LPA).
- Quantitatively, the rainfall for the country as a whole during the second half of the season is likely to be 100% of LPA with a model error of $\pm 8\%$.
- The rainfall during August is likely to be $99 \pm 9\%$ of LPA.
- The seasonal (June to September) rainfall over the country as a whole is likely to be normal (96% - 104% of LPA) as predicted in June.

The event should prove beneficial for the *kharif* oilseeds as they are rain-fed.



Soybean

Soybean witnessed easy tone during the week amid lack of demand from the millers for new crop arrival. New crop arrival has started and is expected to pick up in the coming days. Higher moisture content of 20 -25% is reported in the new crop. Soybean witnessed mixed tone during the week amid lower new crop arrival and spillover support from soybean at CBOT.

Monsoon has entered the withdrawal phase and has brought rains to parts of Madhya Pradesh, Maharashtra and North India. Soybean planting is almost over and new crop arrival has started. New crop arrival is reported in Dhar, Indore and Mhow mandis of Madhya Pradesh. Deficit rainfall in the oilseed growing regions is likely to affect soybean crop development and rabi sowing this season amid lack of sufficient moisture level.

Madhya Pradesh Government has cleared scheme to compensate farmers for lower prices. Soybean is also covered under the scheme. The scheme will provide fair price to the farmers and will encourage them to grow more oilseeds and pulses. To avail this scheme, farmers will have to register themselves with mandis by sharing their Aadhaar, bank account and mobile numbers and details of crop cultivation.

The domestic bean prices are at 5 year low and we feel the prices are not expected to recover soon on record global supply pressure.

The total weekly soybean arrivals in the cash markets of Madhya Pradesh are reported at 172,000 bags compared to 370,000 bags reported in the previous week. Arrivals have declined as some of the mandis remained closed for 'Agrasen Jayanti'.

The southwest monsoon has remained weak in recent weeks, which has widened the country's total rainfall deficit for the season to 5%. The withdrawal phase of monsoon has started and rains were reported in Madhya Pradesh, Maharashtra and North India. Monsoon rainfall continues to remain below normal after reaching the excess mark in the first half of the season. August recorded a 12% deficit in normal rainfall after the preceding two months saw above normal rainfall.

The lack of rains is expected to impact the standing kharif crop and, moreover, could leave its imprint in the coming rabi planting season as well.

IMD in its weekly Southwest monsoon progress report (01.06.2017 to 20.09.2017) has reported India's actual rainfall at 794.0 mm against the normal 839.0 mm and departure stands at -5% till 20 September 2017.

In West Madhya Pradesh, the departure of Southwest monsoon has declined to normal by -20%, actual rains is reported at 674.5 mm vs 841.1 mm normal till 20 September 2017 by IMD. Vidarbha reported the departure of -23%, actual rains 699.1 mm vs 913.5 mm normal. Marathwada reported the departure of -3% with actual rains of 612.2 mm vs 628.5 mm, East Rajasthan reported a departure of -6% with actual rains 562.3 mm vs 599.2 mm normal.

Erratic monsoon this season till date is expected to affect the productivity of soybean.

The area coverage under soybean, as on 22 September, is reported down 7.67% at 105.91 lakh hectares compared to 114.72 lakh hectares at the same period last year.

Crop	As on 22 Sep. 2017	As on 22 Sep. 2016	% Chg.
Groundnut	41.52	46.88	-11.42
Soybean	105.91	114.72	-7.67
Sunflower	1.37	1.60	-14.62
Sesamum	13.98	16.00	-12.63
Niger	1.98	1.86	6.67
Castor	8.17	8.39	-2.63
Total Oilseeds	172.94	189.45	-8.72

Source: MoA

The total sown area under *kharif* oilseeds, as on 22 September, is lower compared to the previous year's level which is down by 8.72% at 172.94 lakh hectares compared to 189.45 lakh hectares during the corresponding period last year.

India's total area under soybean in 2016 was 114.78 lakh hectares which was lower by 1.4% from 2015.

Lower acreage along with fear of lower yields in the current season due to erratic rains in the growing regions will continue to be the supporting factor. Further progress of rainfall, which is important for crop development will give direction to the market in the near –term. Slack in domestic soy meal offtake due to weak poultry demand and cheap soy oil imports continued to remain limiting factor.

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

We expect India's soy meal exports to pick up 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.

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 were lower in the key markets of Madhya Pradesh, Maharashtra and Rajasthan.

The domestic soybean prices are likely to feature range-bound movement with weak bias on new crop arrival in the mandis and lack of demand in the cash market.

International:

The international benchmark, CBOT soybean posted gains amid strong export demand and dry weather in the US Midwest is likely to affect the development of soybean crop.

At CBOT, the soybean, in the most active November contract, ended higher at US \$ 9.69/bushel compared to US \$ 9.84/bushel last week.

According to NOPA, 142.42 million bushels soybean was crushed in August 2017 compared to 144.718 million bushels previous month. It is above analyst's expectation of 137.50 million bushels. Soy meal exports during the month declined to 426,896 tons compared to 596,767 tons in July and 574,802 tons a year earlier.

In the weekly USDA crop progress report released on 18 September; Soybeans dropping leaves are reported at 41% which is less than 43% during the corresponding period last year and down from the 5 year average of 43%.

Around 4% of the new soybean crop has been harvested which is same as 4% during the corresponding period last year and down from the 5 year average of 5%.

About 59% of the soybean planted crop is under good to excellent condition which is down from 73% during the corresponding period last year.

European Union soybean imports in the 2017/18 season that began on July 1 had reached 2.5 million tonnes by Sep. 19, down 20 percent from 3.15 million tonnes at the same stage last season according to official data sources.

In soy meal, cumulative EU imports so far in 2017/18 were 4.20 million tonnes, up 8 percent from 3.90 million tonnes a year ago.

Previous updates

In the USDA quarterly stock report, it has been reported that the US soybeans stored in all positions on June 1, 2017 totaled 963 million bushels, up 11 percent from June 1, 2016.

On-farm stocks totaled 333 million bushels, up 18 percent from a year ago. Off-farm stocks, at 631 million bushels, are up 7 percent from a year ago.

Indicated disappearance for the March - May 2017 quarter totaled 775 million bushels, up 18 percent from the same period a year earlier.

According to Abiove, soybean crop forecast in 2017/18 increased to 113.8 million tonnes, higher by 0.5% compared to forecast in June. Brazil's soybean export forecast as been increased to 64 million tonnes from 63 million tonnes.

According to a recent estimate released by FC Stone during the week, US soybean harvest in 2017 is forecast at 4.235 billion bushels with an average yield of 47.7 bushels per acre.

According to Informa, U.S. 2017 soybean production is forecast at 4.196 billion bushels with a yield of 47.3 bushels per acre.

According to the Ministry of Agriculture, soybean production in Brazil is expected to decline by 2 per cent to 110.66 million tonnes in 2017-18 compared to previous year.

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.

The soybean production is expected at 116.156 MMT in 2017/18. Total soybean demand will be higher by 10% at 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.

The international soybean prices are expected to feature range bound movement with weak-bias on record global supply scenario. Good demand from China and dry weather in US Midwest will lend some support to the market in the coming days.

Soy meal

The domestic meal prices witnessed steady to weak tone during the week on lack luster demand in the cash market. However downside was limited amid gains in soy meal at CBOT.

Poultry demand should improve in the coming days amid lower temperature. However higher supplies in the domestic and international market is likely to negate good demand in medium -term.

According to the latest press release by the Solvent Extractor's Association of India (SEA), cottonseed oilcake will attract nil GST rate and all other oilcakes will bear 5% GST irrespective of their end use.

The domestic soybean planting is almost over and erratic monsoon this season is likely to affect the productivity of soybean. The planted area under soybean is lower compared to previous season. Lower production will translate into lower meal production in the domestic market this season.

Further, competitive price offer by South America for soy meal has already witnessed reduction in the international meal demand from India.

But, significantly lower domestic soy meal price, this season, have obviously lend some support to India's soy meal exports in previous months.

The export of Soybean meal and its other value added products (HS Code 2304 and 1208) during August 2017 is 0.50 lakh tons compared to 0.27 lakh tons in August 2016 showing an increase of 86% over the same period of last year.

On a financial year basis, the export during April'2017 to August'2017 is 5.57 lakh tons as compared to 1.47 lakh tons in the same period of previous year showing an increase of 280% according to data compiled by SOPA.

During current Oil year, (October – September), total exports during October 2016 to August 2017 is 17.35 lakh tons as against 3.75 lakh tons during the same period last year, showing an increase of 362.13%.

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

Strength in INR against USD in recent months and improved seasonal South American soy supplies still continue to be concern for meal exports from India.

The forward booking for soy meal have reduced as compared to the previous months with competitive price offers by South America.

Soy meal increased in international market, during the week.

CBOT soy meal December contract settled at US \$ 319.00 per short ton compared to US \$ 311.40 per short ton last week.

Net sales of 25,200 MT of soybean cake and meal for 2016/2017 were reported for Mexico (9,300 MT), Canada (5,700 MT), Trinidad (4,500 MT, including 3,200 MT switched from unknown destinations and 1,300 MT switched from the French West Indies), Japan (3,900 MT), and Burma (2,800 MT, including 2,000 MT switched from Bangladesh) during the week according to USDA. Reductions were reported for the French West Indies (3,900 MT), unknown destinations (3,200 MT), Bangladesh (2,000 MT), and Haiti (1,300 MT). For 2017/2018, net sales of 147,200 MT were reported primarily for unknown destinations (50,000 MT), Bangladesh (38,000 MT), Colombia (25,000 MT), and Canada (12,700 MT). Exports of 154,300 MT were up 39 percent from the previous week, but down 4 percent from the prior 4-week average. The destinations were primarily the Philippines (48,700 MT), Japan (30,100 MT), Mexico (28,500 MT), Canada (16,200 MT), and Guatemala (10,400 MT).

The domestic soy meal prices at Indore, were quoted at Rs 25,000 – 25,500/MT compared to Rs. 25,200/MT - 25,700/MT in previous week. At Latur and Nanded, Maharashtra, soy meal witnessed steady to weak tone and were quoted at Rs 26,800/MT and 27,700/MT respectively compared to Rs 25,200/MT in Indore and Rs 26,000/MT in Kota.

Previous Updates

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 export prices further during the season ending September.

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 export 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.

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.

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 25,000 – 25,500/MT during the week compared to Rs 29,000 – 30,300/MT during the corresponding period last year.

The soy meal prices are likely to feature range-bound movement with weak bias on lack of demand in the domestic market. Strength in INR against US dollar and higher international soybean production will add to the weak tone of the market in near-term.

Technical Analysis:

NCDEX Soybean Futures



Soybean Spot, Indore



*Note: Daily Chart

Support & Resistance NCDEX Soybean – Oct. contract

S1	S2	PCP	R1	R2
3050	3000	3133	3250	3280

- Soybean noticed range –bound to firm tone, during the week.
- Prices closed above 18-day EMA.
- RSI and stochastic are increasing in the neutral zone.
- MACD is declining in the negative territory.
- The prices are expected to feature gain in the coming week.
- Trade Recommendation (NCDEX Soybean – Oct.): **BUY** Above 3100. Levels: T1 – 3200; T2- 3250, SL - 3020.

Rapeseed - Mustard Seed

The domestic rapeseed-mustard continued weak tone amid lack of demand from the solvent extractors. Deficit rains in the months of August and September is unlikely to provide sufficient soil moisture for rabi sowing.

The hike in import duty on edible oils will lend some support to the market in the near –term. According to Ministry of Finance, Government of India in Notification no 71/2017-Customs, dated August 11, 2017, import duty on crude palm oil have been hiked from 7.5 percent to 15 percent and refined palm oil to 25 percent from 15 percent. Crude edible oils other than crude palm oil import duty are hiked to 17.5 percent from 12.5 percent. All other refined oils will be taxed at 25 percent from current 20 percent.

Decision of hike in import duty has been taken to protect the interest of farmers and encourage domestic crushing industry. However, this decision falls short of industry demand for differential between crude and refined edible oils import duty at 15 percent or more, whereas government has only provided the duty differential at 7.5-10 percent.

However higher domestic production and eventually increase in the seed supplies will weigh on the market in the coming days.

The all India seed supplies were reported between 0.70 – 1.55 lakh bags in a day compared to around 1.20 – 1.50 bags a day, previous week. The supplies were 0.60 – 0.75 lakh bags a day during the corresponding period last year.

The seed prices are still lower at spot market and are quoted at around Rs 3,940 – 3,985 a quintal compared to Rs 4,900 – 5,000 a quintal during the corresponding period last year at the benchmark, Jaipur.

At NCDEX futures, the seed prices at October contract ended lower at 3744/Qtl compared to 3798/Qtl previous week.

The rapeseed-mustard prices are driven by India's edible oil imports, Chinese veg. oil demand and Malaysian palm oil. India's edible oil imports increased in July.

Previous Updates

Agriwatch has projected India's 2016/17 rapeseed production at 7.0 million tonnes with an average yield of about 1000 kg/ha compared to 5.8 million in 2015/16 while Solvent Extractors of India has estimated India's seed production at 7.2 million tonnes.

According to Solvent Extractors Association (SEA), India's August edible oil imports rose 7 percent y-o-y to 13.37 lakh tons from 12.45 lakh tons in August 2016. Palm oil imports in August rose 15 percent y-o-y to 8.69 lakh tons from 7.55 lakh tons in August 2016. CPO Imports rose 10.9 percent y-o-y to 6.00 lakh tons from 5.41 lakh tons in August 2016. RBD palmolein imports rose 26.3 percent y-o-y to 2.95 lakh tons from 2.07 lakh tons in August 2016. Soy oil imports fell 13.2 percent y-o-y to 2.90 lakh tons from 3.34 lakh tons in August 2016.

Sunflower oil imports rose 17.7 percent y-o-y to 1.33 lakh tons from 1.13 lakh tons in August 2016. Rapeseed (canola) oil imports in August fell 6.7 percent to 0.45 lakh tons compared 0.48 lakh tons in August 2016.

According to Solvent Extractors Association (SEA), India's August edible oil stocks at ports and pipelines rose 20.1 percent m-o-m to 29.70 lakh tons from 24.73 lakh tons in July 2017. Stocks of edible oil at ports rose to 907,000 tons (CPO 340,000 tons, RBD Palmolein 150,000 tons, Degummed Soybean Oil 250,000 tons, Crude Sunflower Oil 150,000 tons and 17,000 tons of Rapeseed (Canola) Oil) and about 1,590,000 tons in pipelines (stocks at ports were 883,000 and in pipelines were at 1,590,000 tons in August 2017).

India is presently holding 43 days of edible oil requirement on 1st September, 2017 at 29.70 lakh tons compared to 42 days of requirements last month. India's monthly edible oil requirement is 17.5 lakh tons. Stocks in ports rose in anticipation of hike in import duty. Importers cleared customs and stored edible oils to take advantage of rise in import duty.

According to cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's September 1-20 palm oil exports rose 26.8 percent to 878,422 compared to 692,662 tons in corresponding period last month. Top buyers are China at 163,182 tons (97,600 tons), European Union at 146,369 tons (122,973 tons), India at 77,500 tons (115,240 tons), Pakistan at 64,800 tons (0.0 tons) and United States at 52,750 tons (18,730 tons). Values in brackets are figures of corresponding period last month.

According to cargo surveyor Intertek Testing Services (ITS), Malaysia's September 1-20 palm oil exports rose 25.4 percent to 852,206 tons compared to 679,539 tons in corresponding period last month. Top buyers were China at 178,432 tons (112,850 tons), India & Subcontinent at 174,100 tons (89,250 tons) and European Union at 168,816 tons (176,665 tons). Values in brackets are figures of corresponding period last month.

According to Malaysia Palm Oil Board (MPOB), Malaysia's August palm oil stocks rose 8.79 percent to 19.42 lakh tons compared to 17.84 lakh tons in July. Production of palm oil in August fell 0.90 percent to 18.11 lakh tons compared to 18.27 lakh tons in July. Exports of palm oil in August rose 6.43 percent to 14.88 lakh tons compared to 13.98 lakh tons in July. Imports of palm oil in August fell 21.34 percent to 0.42 lakh tons compared to 0.47 lakh tons in July. Rise in palm oil end stocks in August was above analyst's estimates. Exports growth improved in August due to higher buying by India and China.

According to Malaysia Palm Oil Board (MPOB), Malaysia increased October crude palm oil export duty to 6.0 percent from 5.5 percent in September. Tax is calculated at reference price of 2,754.18 ringgit (\$657.32) per ton. Tax is calculated above 2,250 ringgit starting from 4.5 percent to a maximum of 8.5 percent.

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.

According to Indonesia Palm Oil Association (GAPKI), Indonesia exports of palm and palm kernel oil fell 19 percent to 2.13 MMT from 2.62 MMT in June 2017 and 1.78 MMT in June 2016, higher by 19.7 percent y-o-y.

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).

U.S. Commerce department has ruled to impose countervailing duty on biodiesel imports from Argentina and Indonesia. U.S. commerce department decision comes after complain from US National Biodiesel Board (NBB) in March that both the countries were dumping biodiesel in US market.

According to Energy Administration Agency (EIA), U.S. produced 140 million gallons in June compared to 136 million gallons in May, higher by 2.9 percent m-o-m. Soy oil was the largest feedstock with 549 million lbs in June compared to 546 million lbs in May.

According to China's General Administration of Customs (CNGOIC), China's imports of edible vegetable oil in July fell 30.4 percent to 2.7 lakh tons compared to 3.9 lakh tons in June. Imports fell 40 percent compared to corresponding period last year which was reported at 4.5 lakh tons. Year to date imports of edible vegetable oil rose 5.4 percent to 30.4 lakh tons.

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

Outlook: The rapeseed-mustard is expected to notice range –bound to weak tone in near -term on lack –lustre demand in the market. Expected festive demand will lend some support to the market.

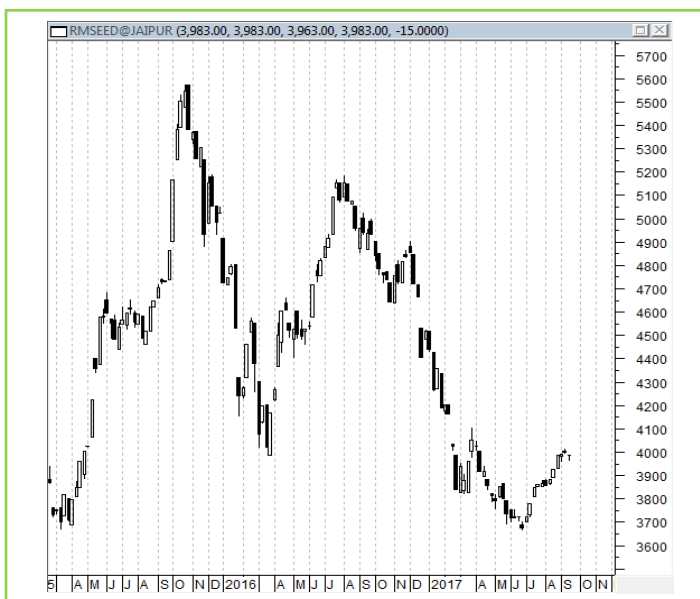
Technical Analysis:

NCDEX RM Seed Futures



*Note: Daily Chart

RM Seed Spot, Jaipur



Support & Resistance NCDEX RM Seed – Sep. contract

S1	S2	PCP	R1	R2
3650	3600	3744	3870	3900

- Downward movement witnessed in RM seed.
- Prices closed below 18-day EMA.
- RSI and stochastic are declining in the neutral zone.
- MACD is declining in the negative territory.
- The prices are expected to feature range-bound movement with weak bias, during the week.
- Trade Recommendation (NCDEX Rapeseed-Mustard – Sep) Week: **SELL** Below 3800. Levels: Target – 3700; T2- 3650, SL –3880.

Rapeseed - Mustard Seed

The domestic rapeseed-mustard noticed weak tone during the week amid lack of buying interest in the cash market. Deficit rains in the months of August and September is unlikely to provide sufficient soil moisture for rabi sowing.

The hike in import duty on edible oils will lend some support to the market in the near –term. According to Ministry of Finance, Government of India in Notification no 71/2017-Customs, dated August 11, 2017, import duty on crude palm oil have been hiked from 7.5 percent to 15 percent and refined palm oil to 25 percent from 15 percent. Crude edible oils other than crude palm oil import duty are hiked to 17.5 percent from 12.5 percent. All other refined oils will be taxed at 25 percent from current 20 percent.

Decision of hike in import duty has been taken to protect the interest of farmers and encourage domestic crushing industry. However, this decision falls short of industry demand for differential between crude and refined edible oils import duty at 15 percent or more, whereas government has only provided the duty differential at 7.5-10 percent.

However higher domestic production and eventually increase in the seed supplies will weigh on the market in the coming days.

The all India seed supplies were reported between 1.20 – 1.50 lakh bags in a day compared to around 0.80 – 1.50 bags a day, previous week. The supplies were 0.40 – 0.80 lakh bags a day during the corresponding period last year.

The seed prices are still lower at spot market and are quoted at around Rs 3,970 – 4,005 a quintal compared to Rs 4,865 – 4,955 a quintal during the corresponding period last year at the benchmark, Jaipur.

At NCDEX futures, the seed prices at October contract ended lower at 3798/Qtl compared to 3845/Qtl previous week.

The rapeseed-mustard prices are driven by India's edible oil imports, Chinese veg. oil demand and Malaysian palm oil. India's edible oil imports increased in July.

Previous Updates

Agriwatch has projected India's 2016/17 rapeseed production at 7.0 million tonnes with an average yield of about 1000 kg/ha compared to 5.8 million in 2015/16 while Solvent Extractors of India has estimated India's seed production at 7.2 million tonnes.

According to Solvent Extractors Association (SEA), India's July edible oil imports rose 33.18 percent y-o-y to 14.89 lakh tons from 11.18 lakh tons in July 2016. Palm oil imports in July rose 42.1 percent y-o-y to 8.1 lakh tons from 5.70 lakh tons in July 2016. CPO Imports rose 38.4 percent y-o-y to 5.16 lakh tons from 3.63 lakh tons in July 2016.

RBD palmolein imports rose 26.3 percent y-o-y to 2.95 lakh tons from 2.07 lakh tons in July 2016. Soy oil imports rose 34 percent y-o-y to 4.68 lakh tons from 3.49 lakh tons in July 2016. Sunflower oil imports rose 49.25 percent y-o-y to 2.00 lakh tons from 1.34 lakh ton in July 2016. There was no import of rapeseed (canola) oil in July compared to 0.66 lakh tons in July 2016.

According to Solvent Extractors Association (SEA), India's June edible oil stocks at ports and pipelines rose 8.56 percent m-o-m to 24.73 lakh tons from 22.78 lakh tons in June 2017. Stocks of edible oil at ports rose to 883,000 tons (CPO 270,000 tons, RBD Palmolein 140,000 tons, Degummed Soybean Oil 300,000 tons, Crude Sunflower Oil 170,000 tons and 3,000 tons of Rapeseed (Canola) Oil) and about 1,590,000 tons in pipelines (stocks at ports were 738,000 and in pipelines were at 2,278,000 tons in June 2017).

India is presently holding 42 days of edible oil requirement on 1st August, 2017 at 24.73 lakh tons compared to 39 days of requirements last month. India's monthly edible oil requirement is 17.5 lakh tons. Stocks in ports rose in anticipation of hike in import duty. Importers cleared customs and stored edible oils to take advantage of rise in import duty.

According to cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's September 1-15 palm oil exports rose 21.5 percent to 652,350 from 537,022 tons in corresponding period last month. Top buyers are European Union at 122,218 tons (98,118 tons), China at 96,332 tons (57,350 tons), India at 68,000 tons (92,240 tons), Pakistan at 64,800 tons (0.0 tons) and United States at 38,850 tons (14,280 tons). Values in brackets are figures of corresponding period last month.

According to cargo surveyor Intertek Testing Services (ITS), Malaysia's September 1-15 palm oil exports rose 22.2 percent to 625,655 tons compared to 512,039 tons in corresponding period last month. Top buyers were European Union at 144,493 tons (133,840 tons), India & Subcontinent at 137,100 tons (69,250 tons), China at 133,242 tons (73,350 tons) and. Values in brackets are figures of corresponding period last month.

According to Malaysia Palm Oil Board (MPOB), Malaysia's August palm oil stocks rose 8.79 percent to 19.42 lakh tons compared to 17.84 lakh tons in July. Production of palm oil in August fell 0.90 percent to 18.11 lakh tons compared to 18.27 lakh tons in July. Exports of palm oil in August rose 6.43 percent to 14.88 lakh tons compared to 13.98 lakh tons in July. Imports of palm oil in August fell 21.34 percent to 0.42 lakh tons compared to 0.47 lakh tons in July. Rise in palm oil end stocks in August was above analyst's estimates. Exports growth improved in August due to higher buying by India and China.

According to Malaysia Palm Oil Board (MPOB), Malaysia increased October crude palm oil export duty to 6.0 percent from 5.5 percent in September. Tax is calculated at reference price of 2,754.18 ringgit (\$657.32) per ton. Tax is calculated above 2,250 ringgit starting from 4.5 percent to a maximum of 8.5 percent.

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.

According to Indonesia Palm Oil Association (GAPKI), Indonesia exports of palm and palm kernel oil fell 19 percent to 2.13 MMT from 2.62 MMT in June 2017 and 1.78 MMT in June 2016, higher by 19.7 percent y-o-y.

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).

U.S. Commerce department has ruled to impose countervailing duty on biodiesel imports from Argentina and Indonesia. U.S. commerce department decision comes after complain from US National Biodiesel Board (NBB) in March that both the countries were dumping biodiesel in US market.

According to Energy Administration Agency (EIA), U.S. produced 140 million gallons in June compared to 136 million gallons in May, higher by 2.9 percent m-o-m. Soy oil was the largest feedstock with 549 million lbs in June compared to 546 million lbs in May.

According to China's General Administration of Customs (CNGOIC), China's imports of edible vegetable oil in July fell 30.4 percent to 2.7 lakh tons compared to 3.9 lakh tons in June. Imports fell 40 percent compared to corresponding period last year which was reported at 4.5 lakh tons. Year to date imports of edible vegetable oil rose 5.4 percent to 30.4 lakh tons.

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Outlook: The rapeseed-mustard is expected to notice range –bound to weak tone in near -term amid lack of sufficient moisture for rabi sowing and lack of demand in the cash market.

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Annexure

Oil Meal Prices at Key Spot Markets:

Soy DOC Rates at Different Centers

Centres	Ex-factory rates (Rs/ton)		
	22-Sep-17	15-Sep-17	Parity To
Indore (MP)	25200	25200	Gujarat, MP
Kota	26000	26200	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	27500	27500	Mumbai, Maharashtra
Nagpur (42/46)	26000	26500	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	27700	27700	Andhra, AP, Kar, TN
Latur	26800	27600	-
Sangli	27500	27000	Local and South
Sholapur	27300	27000	Local and South
Akola	26500	26500	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Hingoli	27500	27500	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Bundi	26000	26600	-

Soy DOC at Port

Centers	Port Price	
	21-Sep-17	14-Sep-17
Kandla (FOR) (INR/MT)	27000	27500
Kandla (FAS) (USD/MT)	418	430

International Soy DOC			
Argentina FOB USD/MT	21-Sep-17	14-Sep-17	Change
Soybean Pellets	Unq	Unq	-
Soybean Cake Flour	Unq	Unq	-
Soya Meal	Unq	Unq	-
Soy Expellers	Unq	Unq	-

Sunflower (DOC) Rates	Ex-factory rates (Rs/ton)		
Centers	22-Sep-17	15-Sep-17	Change
Adoni	17000	17500	-500
Khamgaon	NA	NA	-
Parli	17000	17500	-500
Latur	16800	17200	-400

Groundnut Meal (Rs/MT)	22-Sep-17	15-Sep-17	Change
Basis 45%, Saurashtra	18000	18500	-500
Basis 40%, Saurashtra	16000	16500	-500
GN Cake, Gondal	18000	19000	-1000

Mustard DOC/Meal	22-Sep-17	15-Sep-17	Change
Jaipur (Plant delivery)	13400	13600	-200
Kandla (FOR Rs/MT)	14100	14400	-300
Sri Ganganagar	1640	1665	-25

India's Oilseeds Production Seen at 32.10 Mn T vs 25.2 Mn in 4th Adv Est. - GOI

The 4th 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 food grain production in the current year.

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

Oilseeds – 32.10 million tonnes

- Soyabean – 13.79 million tonnes
- Groundnut – 7.57 million tonnes
- Castorseed – 1.42 million tonnes

With an increase of 6.85 million tonnes over the previous year, total Oilseeds production in the country is estimated at a level of 32.10 million tonnes. It is lower by 0.65 million tonnes than the all time record production of 32.75 million tonnes achieved during 2013-14.

The production of Oilseeds during 2016-17 is also higher by 2.39 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 2017/18 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 2017-18 season, the MSPs of all the Kharif oilseeds are raised for this season.

The MSP of Yellow Soybean is increased by 9.9% to Rs 3050/Qtl (including Rs 100 bonus) for 2017-18 season from Rs 2,775/Qtl in 2016-17, Groundnut -in- shell by 5.5% to Rs 4,450/Qtl (including Rs 100 bonus) from Rs 4,220/Qtl, Sunflower seed by 3.8% to Rs 4,100/Qtl (including Rs 200 bonus) from Rs 3,950/Qtl, Nigerseed by 5.9% to 4,050/Qtl (including Rs 100 bonus) from Rs 3,825/Qtl and Sesamum by 6.0% to Rs 5,300/Qtl (including Rs 200 bonus) from Rs 5,000/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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