

# Oilmeal Weekly Research Report

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## Executive Summary

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Soybean noticed range –bound to firm tone during the week amid good demand from the crushers in the cash market, lower rabi oilseeds acreage till date and weakness in soybean at CBOT during mid-week. Soybean at CBOT noticed weak tone with almost 90 per cent of the harvesting being done and bearish monthly supply and demand report released by the USDA for the month of November. Planting pace in Brazil has picked up and is in line with 5 –year average. However it is lower compared to previous year.

In the domestic market, there is good demand from the crushers in the cash market. Meal production will subsequently increase in the coming days. Exports of oil meals in the month of October have declined. However it has increased by 95% during the period April to October 2017. All India soybean arrivals on an average are above 8 lakh bags. North –East monsoon is likely to bring heavy rain in coastal Tamil Nadu and southern coastal Andhra Pradesh during the next 3 -4 days. This will not have any impact on soybean and could slow down rabi oilseeds sowing to some extent.

The monthly supply and demand data released by the USDA for the month of November is bearish with only some fractional changes in yields. Analysts and traders had been expecting cut down in yield levels from previous month's estimates of 49.5 bushels per acre. Larger crop size in U.S. and Brazil this season will weigh on the overall market scenario. Planting pace in Brazil and Argentina will give further direction to the market.

Soy meal exports remain attractive amid weakness in INR.

Mixed tone featured in rapeseed markets during the week. Good demand from the retailers ahead of the winter season and lower rabi acreage till date supported the market. However weakness in palm oil and soy oil in the overseas markets continued to be the limiting factor.

Harvesting pressure in the global market will limit upside movement. Sowing of the rabi crop will influence the market in the coming days. Sufficient soil moisture likely to support sowing.

## Outlook – Cash Market

**Outlook - Soybean (Spot, Indore):** The soybean noticed firm tone during the week amid good demand from the crushers in the cash market. However upside was limited amid weakness in soybean at CBOT during mid week. Soybean at CBOT witnessed easy tone amid bearish supply and demand report released for the month of November and harvesting is 90 per cent complete. Planting in Brazil is in line with 5 –year average but lower compared to previous year. The prices are expected to feature range bound movement with weak bias between the price band of 2700 – 2900 level (Indore, Plant basis).

**Outlook – Soy meal:** Soy meal noticed mostly weak tone during the week on lack luster demand in the cash market. There is not much export demand around current levels .However it is expected to pick up in the coming days as exports peak during the period November – February. With increase in crushing activities, meal production is expected to increase in the coming days. Weakness in Indian rupee will remain attractive for soy meal exports. Prices have to remain competitive to gain global share in the market. Prices are likely to notice range – bound to weak tone in near –term. Soy meal, Indore is expected to be in the range of 20,500 – 22,000/MT levels during the week.

**Outlook - Rapeseed-Mustard (Spot, Jaipur basis):** The rapeseed-mustard noticed steady tone during the week. Good demand from retailers ahead of winter season on one hand supported the market and weakness in edible oils in the overseas markets on the other hand weighed on the market. Sowing of the rabi crop is behind previous year's coverage. Upside movement will be limited amid overall supply pressure in the global market. The seed prices are likely to feature range-bound movement with firm bias and witness the levels between 3950 – 4050/Qtl; levels during the week.

## International Highlights

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- ❖ Argentina is expected to produce 53 MMT of soybean in 2017/18, according to Argentina agriculture ministry. Soybean planting has shrunk due to lifting of export on corn and wheat. Soybean production will decrease due to lower yields due to crop rotation on years of overplanting of soybean. However, soybean planting area shrinkage is expected to stop from 2018/19 when government intends to cut export taxes from present level of 30 percent.
- ❖ According to AgRural consultancy, soybean planting in Brazil has covered 43% of the area in line with 5-year average of 44% but below 53% below corresponding period last year. In the largest growing state of Mato Grosso planting has reached 61%, below 5-year average of 62% and below 81% in corresponding period last year. Brazil center west is facing dry conditions, which has slowed down planting. In the state of Gaios in center west, planting has reached 33% compared to 69% in corresponding period last year and 5-year average of 46%. Beneficial rains reached top soybean producing states except center west states like Gaios which still lacks moisture.
- ❖ Brazil is expected to win a larger share of China's soybean imports in the coming months. This will affect U.S. soybean exporters during the peak marketing season. According to trade sources, China is expected to purchase around 5 MMT of soybean from Brazil during the fourth quarter of 2017, about double in quantity compared to 2.49MMT during the same period previous year. Brazil has usually little left for exports in October, but record 2016/17 crop of 114.1 MMT lead to unsold stocks.
- ❖ In the weekly USDA crop progress report released on 06 November; around 90% of the new soybean crop has been harvested which is less than 92% during the corresponding period last year and down from the 5 year average of 91%.
- ❖ According to Safras & Mercado, soybean farmers in Brazil have sold 19.1 per cent of the 2017/18 crop in advance. Previous year during the same period farmers had sold around 25 per cent and the average for the period is 29 per cent. According to Safras, Brazil is expected to produce 114.7 million metric tonnes of soybean this season.

- ❖ According to Abiove, Brazil's soybean output in the 2017-18 season is estimated at 108.8 MMT compared to previous month's estimates of 108.5 MMT. Abiove maintained its estimates of 65 MMT of soy exports and 43 MMT of soy processing next year.
- ❖ In the State of Parana, Brazil soybean planting till 06 November, 2017 covered 80 per cent of the area, up by 7% compared to previous week according to the Department of Economics. Parana is expected to harvest 19.5 MMT of oilseed in the 2017/18 crop year, with the area advancing to a record 5.45 million hectares.
- ❖ According to the General Administration of Customs, China imported 5.86 MMT of soybeans in October 2017, a decline of 28 per cent compared to previous month. However imports were higher compared to 5.21 MMT during the same period previous year. Imports were lower in October amid delayed shipments and it is expected to increase in the months of November and December.
- ❖ According to the country's Agriculture Ministry, China increased its soybean imports estimates to 95.97 MMT in 2017/18 crop year compared to previous estimates of 94.5 MMT. China will crush 94.38 MMT of soybean during the period compared to the previous estimates of 93.08 MMT.
- ❖ According to Conab, government's food supply and statistics agency, Brazilian soybean farmers are expected to produce 106.4 MMT -108.6 MMT of soybean in 2017/18 crop cycle. Previous year 114 MMT of soybean was produced.
- ❖ The U.S. Department of Agriculture's monthly supply and demand report for the month of November forecasts U.S. soybean production at 4,425 million bushels, down 5 million bushels due to a fractionally lower yield compared to previous month's estimates. Total U.S. oilseed production for 2017/18 is projected at 132.1 MMT, down 0.1 MMT from previous month amid lower soybean and peanut production. Soybean production for Brazil is increased 1 MMT to 108 MMT on higher reported area for Parana and Rio Grande do Sul. Peanut production is increased for India on higher yields for the state of Gujarat. Sunflower seed production is lower for Ukraine, Argentina, and South Africa. Global soybean ending stocks for 2017/18 are forecast at 97.90 MMT up from previous month's forecast of 96.05 MMT, mostly reflecting increases for China, Argentina, and Brazil.

## Soybean

Soybean witnessed range –bound to firm tone during the week amid good demand from the crushers in the cash market and weakness in soybean at CBOT. Soybean at CBOT witnessed easy tone amid bearish monthly supply and demand data released for the month of November by USDA and ongoing harvesting pressure. Planting pace has picked up in Brazil and is in line with 5 –year average. However it is lower compared to previous year. There is fractional change in yield level in the latest supply and demand data released by the USDA. Analysts and traders were expecting yield level to be below previous month's estimates of 49.5 bushels per acre.

At the domestic front, arrivals of new soybean crop are in full swing. All India soybean arrivals on an average are above 8 lakh bags. With the increase in crushing soy meal production will increase in the coming days. Exports of oil meals were lower in the month of October. However it was higher during the period April to October 2017. North –East monsoon will bring heavy rain in coastal Tamil Nadu and southern coastal Andhra Pradesh during next week. This will not have any impact on the soybean market.

According to the latest estimates of SOPA, soybean production in the country for 2017 has been estimated at 91.46 lakh tonnes compared to 114.91 lakh tonnes during the previous year. Madhya Pradesh is estimated to produce 45.36 lakh tonnes compared to 57.17 lakh tonnes in 2016. Maharashtra's soybean production is estimated at 31.39 lakh tonnes in 2017 compared to 39.46 lakh tonnes during previous year. Rajasthan is estimated to produce 7.62 lakh tonnes in 2017 compared to 9.50 lakh tonnes during the previous year.

The total weekly soybean arrivals in the cash markets of Madhya Pradesh are reported at 19,73,000 bags compared to 24,25,000 bags reported in the previous week.

### SOPA SOYEAN PRODUCTION ESTIMATES KHARIF 2017

Area in Lakh Ha, Yield in Kg. Per Hectare, Production In Lakh MT

S.No.	Division/District	Kharif 2016			Kharif 2017		
		Area	Yield	Production	Area	Yield	Production
1	Madhya Pradesh	54.010	1058	57.168	50.100	905	45.359
2	Maharashtra	35.809	1102	39.456	34.484	925	31.894
3	Rajasthan	9.812	968	9.499	9.245	825	7.629
4	Andhra Pradesh (Telangana)	2.993	815	2.439	1.652	840	1.388
5	Karnataka	3.240	785	2.543	2.710	840	2.276
6	Chattisgarh	1.340	975	2.543	1.320	860	1.135
7	Gujarat	1.379	1005	1.307	1.290	905	1.167
8	Rest Of India	1.131	980	1.386	0.760	800	0.608
	<b>Grand Total</b>	<b>54.010</b>	<b>1047</b>	<b>1.108</b>	<b>101.561</b>	<b>901</b>	<b>91.457</b>

*As per Agriwatch estimates, soybean production in the current kharif season is expected to be 98 lakh metric tonnes compared to 115 lakh metric tonnes in the previous season. Lower soybean production will lend some support to the market. However comfortable carry-in stocks and harvest of soybean in U.S. Midwest will continue to be the limiting factor.*

The total sown area under *rabi* oilseeds, as on 10 November, is lower compared to the previous year's level which is down by 2.85% at 40.93 lakh hectares compared to 42.13 lakh hectares during the corresponding period last year.

***The major buyers in Madhya Pradesh are as follows: Amrit Mandsaur, Ambika Kalapipal, Agrawal Neemuch, Adani Shujalpur, Agro Sol. Datia, Avi Agro, Bansal, Bajrang, Betul Oil, Dhanuka, DivyaJyoti, G. Ambuja, Itarsi, Indian Soya (3-2-10 specification), Khandwa, Khyati, Kriti, K.P. Newari, Mahakali, M.S. Neemuch, Prakash, Oyster Exim, Prestige, Ruchi, Rama, RH Solvex, SSA Mandideep, Shanti Overseas, Sawariya, Itarsi, Sitashri, Vippy for Dewas and Mandsaur delivery during the week.***

#### Previous Update

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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.

Weaker INR against US dollar and huge South American soy supplies continue to influence the market as the Indian soy meal price has been out-priced in the international market in recent weeks.

Lower soybean supplies this season, mean decline in crushing and eventually, availability of less soy meal, eventually leading to lower exports.

India's domestic soy meal consumption is around 5 million tonnes and the production is expected to be 7-7.5 million tonnes, the surplus 2.5 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.

The soybean supplies were higher in the key markets of Madhya Pradesh, Maharashtra and Rajasthan during the week.

***The domestic soybean prices are likely to notice sideways movement with weak bias amid increase in arrivals in the mandis and harvesting pressure in U.S.***

**International:**

The international benchmark, CBOT soybean closed slightly after early weakness amid short –covering ahead of the weekend. However harvesting pressure and increasing planting pace in Brazil will continue to weigh on the market.

At CBOT, the soybean, in the most active January contract, ended slightly higher at US \$ 9.87/bushel compared to US \$ 9.86/bushel last week.

In the weekly USDA crop progress report released on 06 November; around 90% of the new soybean crop has been harvested which is less than 92% during the corresponding period last year and down from the 5 year average of 91%.

Net sales of 1,160,600 MT of soybean for 2017/2018 were down 39 percent from the previous week and 34 percent from the prior 4-week average. Increases were reported for China (1,156,900 MT, including 716,000 MT switched from unknown destinations and decreases of 23,800 MT), Mexico (196,000 MT, including decreases of 5,000 MT), the Netherlands (84,600 MT, including 74,000 MT switched from unknown destinations), Saudi Arabia (71,500 MT, including 66,000 MT switched from unknown destinations), and Germany (65,300 MT) during the week October 27 –November 02, 2017. Reductions were reported for unknown destinations (707,500 MT), Bangladesh (11,500 MT), and Burma (500 MT). For 2018/2019, net sales of 400 MT were reported for Japan. Exports of 2,520,200 MT were primarily to China (1,790,800 MT), Mexico (157,100 MT), the Netherlands (84,600 MT), Saudi Arabia (71,500 MT), and Egypt (66,400 MT). The current week's net sales are lower compared to net sales of 1,967,000 MT during the previous week.

**Previous updates**

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In the USDA quarterly stock report, it has been reported that the US soybeans stored in all positions on September 1, 2017 totaled 301 million bushels, up 53 percent from September 1, 2016.

On-farm stocks totaled 88 million bushels, up 110 percent from a year ago. Off-farm stocks, at 213 million bushels, are up 37 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 the National Oilseed Processors Association (NOPA), 136.419 million bushels soybean was crushed in September 2017 compared to 142.424 million bushels previous month. It is below analyst's expectation of 138.071 million bushels and highest for the month in ten years. Soy oil stocks in U.S. at the end of September fell 8.12 percent to 1.302 billion lbs compared to 1.417 billion lbs in end August 2017. Stocks of soy oil in end September was lower by 5.38 percent compared to end September 2016, which was reported at 1.376 million lbs. Soy meal exports during the month declined to 487,397 tons compared to 426,896 tons in August and 439,605 tons a year earlier.

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According to official sources, Argentina is likely to start cutting its 30 per cent export tax on soybean exports from next year onwards. This should help in augmenting soybean planting area. Argentina is the world's third largest



exporter of soybeans and started planting its 2017/18 crop this month, with harvesting expected between March and June. According to Rosario exchange, soybean planting area in 2017/18 will be 18.1 million hectares compared to 20.1 million hectares in 2015/16. If export tax is eliminated, area will increase from 2018/19 season.

According to China's General Administration of Customs, China imported 53,909 metric tonnes of soy meal during the period January –September 2017, an increase of 304.7% compared to the same period previous year. In the month of September 2017, China's imports of soy meal increased by 127.49% to 2,047 metric tonnes. According to China's General Administration of Customs, China imported 71,451,175 metric tonnes of soybean during the period January –September 2017, an increase of 15.49% compared to the same period previous year. In the month of September 2017, China's imports of soybean increased by 12.74% to 8,112,677 metric tonnes.

According to trade Ministry, Brazil exports 2.49 million metric tonnes of soybean in October 2017 compared to 4.27 million metric tonnes in September 2017 and 1.00 million metric tonne during the same period previous year. It exports 1.28 million metric tonnes of soy meal in October 2017 compared to 1.16 million metric tonnes in September 2017 and 0.72 million metric tonne during the same period previous year. According to Intl FCStone, Brazil's soybean output is expected to reach 106.07 million metric tonnes in the 2017/18 crop, lower than a 106.73 million metric tonnes projection released in October.

The IGC has kept the global soybean output in 2017/18 unchanged from its previous estimates. Global soybean production in 2017/18 was put at 348 million metric tonnes which is unchanged from previous projection and up from previous forecast of 347 million but still below the 2016/17 record crop of 351 million metric tonnes. Soybean consumption is likely to increase to 353 million metric tonnes up from previous forecast of 351 million metric and higher compared to 338 million metric tonnes in 2016/17.

U.S. commerce department imposed preliminary anti dumping duty on imports of soy oil based biodiesel from Argentina and palm oil based biodiesel from Indonesia. U.S. commerce department imposed 54.36 percent to 70.05 percent on imports of biodiesel from Argentina. U.S. commerce department imposed 50.71 percent on all palm oil based biodiesel imports from Indonesia.

China's stocks of soybean oil are at record levels following huge imports of beans this year. Stocks of the oil, a byproduct of crushing beans into meal for animal feed, touched 1.6 million tonnes this week at major crushers compared to 1.3 million tonnes during the same time previous year according to the China National Grain and Oils Information Center. The high stocks are as a result of record arrivals of beans, with 93.5 million tonnes arriving in the 2016/17 crop year that ended in September, up 12 percent compared to previous year.

According to consultancy, Safras & Mercado, Brazil is expected to produce 114.7 million metric tonnes of soybean in 2017 -18 season. According to Safras, planting area is expected to increase by 5.1 per cent to 35.54 million hectares.

According to Brazilian Food Supply and Statistics, soybean output in 2017-18 is expected to decline to 108.2 million metric tonnes in 2017/18 compared to 114 million metric tonnes in the previous season. Output is expected to be lower this season amid less favourable weather this season compared to previous year.

According to consultancy Celeres, acreage under soybean in Brazil is expected to increase in 2017/18 by 2.5% to 34.7 million hectares compared to previous season. This is due to shift in acreage from corn to soybean by farmers in the Center-South region.

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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.

According to the Buenos Aires Grains Exchange, Argentine 2017/18 soybean crop is expected at 54 million tonnes compared to 57.5 million tonnes in 2016 -17 as farmers have shifted to wheat and corn. Soy planting area in the 2017/18 season is seen at 18.1 million hectares, down from 19.2 million in 2016/17.

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*The international soybean prices are expected to feature range bound movement with weak bias amid record crop expected this season and expected increase in planting pace in Brazil and Argentina in the coming days.*

## Soy meal

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The domestic meal prices continued easy tone in the domestic market amid lack of good export demand around current levels. With the increase in crushing pace, meal production is increasing subsequently. Overall supply pressure added to the weak tone of the market.

According to seasonality, export demand is good through October –February. According to market sources there is forward booking for soy meal. Soy meal ready for delivery in PP bags at Dhule was quoted at 22700+GST by MOEPI during the weekend. This is with 46.5% protein content. However, it was quoted at 22800+GST at Latur by ADM for ready delivery, 23300 for December delivery, 23800 for January delivery and 24300 for February delivery. This is with 46% protein content and 10% deposit is required for December, January and February contracts.

In the month of October, the exports of oil meal were lower. However it is expected to pick up in the coming days. Prices have to remain competitive during the season to increase share in the global market. In the current year meal exports have been good following good monsoon and higher production. Lower soybean production this season will translate into lower meal production in 2017 -18 oil year.

Further, competitive price offer by South America for soy meal has reduced demand for Indian soy meal in the global market.

***On a financial year basis, India's export of oil meals during April 2017 to October 2017 stands at 1,358,651 metric tonnes as compared to 698,169 metric tonnes in the same period of previous year showing an increase of 95% according to data released by the Solvent Extractor's Association of India.***

***In the month of October 2017, export of oil meals declined by 29% to 73,863 metric tonnes compared to the same period previous year. Soy meal exports during the period April 2017 to October 2017 was reported at 537,145 metric tonnes compared to 107,110 metric tonnes during the same period previous year.***

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

Recent weakness in INR against USD will remain positive factor for meal exports from India.

Soy meal increased in international market, during the week.

CBOT soy meal December contract settled at US \$ 314.50 per short ton compared to US \$ 313.90 per short ton last week.

Net sales of 212,900 MT for 2017/2018 were reported for Mexico (111,300 MT, including decreases of 1,200 MT), Thailand (50,000 MT, switched from unknown destinations), Japan (25,900 MT), Canada (22,400 MT, including decreases of 500 MT), Peru (19,400 MT), and Guatemala (18,200 MT, including 14,100 MT switched from unknown destinations) during the week October 27 –November 02, 2017. Reductions were reported for unknown destinations (44,100 MT), Bangladesh (38,000 MT), and the French West Indies (4,200 MT). Exports of 195,500 MT were reported to Colombia (39,900 MT), Mexico (35,900 MT), Peru (31,400 MT), Guatemala

(18,500 MT), Honduras (17,900 MT), Canada (17,100 MT), and Panama (8,000 MT). The current week's net sales for 2017/18 are lower compared to net sales of 225,000 MT during the previous week.

According to China's General Administration of Customs, China imported 53,909 metric tonnes of soy meal during the period January –September 2017, an increase of 304.7% compared to the same period previous year. In the month of September 2017, China's imports of soy meal increased by 127.49% to 2,047 metric tonnes.

The domestic soy meal prices at Indore, were quoted at Rs 21,000 – 21,500/MT compared to Rs. 21,300/MT - 21,700/MT in previous week. At Latur and Nanded, Maharashtra, soy meal noticed steady to weak tone and were quoted at Rs 23,200/MT and 22,500/MT respectively compared to Rs 21,000/MT in Indore and Rs 21,600/MT in Kota.

### **Previous Updates**

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India has registered gains in the soy meal exports in the current season. Weakness in INR against dollar will eventually make India's soy meal export prices attractive and help to regain market share.

India is expected to produce 7-7.5 million metric tonnes of soy meal this season. Out of which 5 million metric tonnes will be consumed domestically but another 2 -2.5 million metric tonnes must be shipped overseas, failing which, the disparity on crushing soybean will increase.

We expect India's soy meal exports to decline slightly in the new season with lower 2017/18 soybean production leading to lower crushing eventually decreasing 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.*

India's Y-o-Y soy meal prices, Indore, are currently lower. Soy meal Indore was quoted lower between Rs 21,000 – 21,500/MT during the week compared to Rs 23,300 – 24,200/MT during the corresponding period last year.

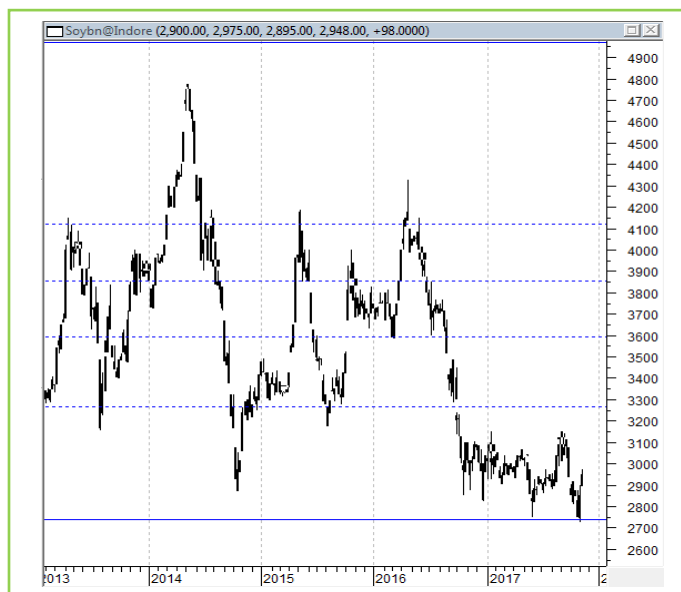
*The soy meal prices are likely to feature range-bound movement with weak bias amid increase in production in the coming days.*

### **Technical Analysis:**

#### **NCDEX Soybean Futures**



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



**\*Note: Daily Chart**

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

<b>S1</b>	<b>S2</b>	<b>PCP</b>	<b>R1</b>	<b>R2</b>
<b>2800</b>	<b>2750</b>	<b>2852</b>	<b>3000</b>	<b>3050</b>

- Soybean noticed weakness, during the week.
- Prices closed below 18-day EMA.
- RSI is declining and stochastic is increasing in the neutral zone.
- MACD is declining in the negative territory.
- The prices are expected to feature loss in the coming week.
- Trade Recommendation (NCDEX Soybean – Dec.): **SELL** Below 2900. Levels: T1 – 2800; T2- 2750, SL -2960.

## Rapeseed - Mustard Seed

The domestic rapeseed-mustard noticed mixed tone during the week amid good demand from the retailers ahead of winter season and lower rabi acreage till date. Weakness in edible oils weighed on the market to certain extent.

According to Government of India figures, rapeseed and mustard seed has been sown in 9.94 lakh hectares as on 10 November 2017 compared to 16.34 lakh hectares during the same period previous year.

According to data compiled by the Mustard Oil Producers Association of India (MOPA), since the start of the crushing season in February 2017, oil mills have crushed about 43 lakh tonnes of mustard seed compared to total arrivals of 46 lakh tonnes during the period.

The Cabinet Committee on Economic Affairs has approved the Minimum Support Prices (MSPs) for Rabi Oilseeds Crops of 2017-18 season are as follows: The MSP of Rapeseed/Mustard is raised (8.1%) by Rs. 300/Qtl to Rs. 4,000/Qtl from Rs. 3,700/Qtl earlier.

**The all India seed supplies were reported between 1.35 – 1.70 lakh bags in a day compared to around 1.25 – 1.75 bags a day, previous week. The supplies were 0.55 – 0.85 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 3,990 – 4,020 a quintal compared to Rs 4,715 – 4,825 a quintal during the corresponding period last year at the benchmark, Jaipur.

At NCDEX futures, the seed prices at December contract ended lower at 3964/Qtl compared to 3982/Qtl previous week.

The area coverage under rapeseed, as on 10 November, is reported down 3.54% at 37.05 lakh hectares compared to 38.41 lakh hectares at the same period last year.

<b>Crop</b>	<b>As on 10 Nov. 2017</b>	<b>As on 10 Nov. 2016</b>	<b>% Chg.</b>
Rapeseed/Mustard	37.05	38.41	-3.54
Groundnut	1.67	1.79	-6.70
Safflower	0.33	0.26	26.92
Sunflower	0.76	0.86	-11.63
Sesamum	0.11	0.06	83.33
Linseed	0.92	0.70	31.43
Others	0.09	0.05	80.00
<b>Total Oilseeds</b>	<b>40.93</b>	<b>42.13</b>	<b>-2.85</b>

Source: Government of India

The total sown area under *rabi* oilseeds, as on 10 November, is lower compared to the previous year's level which is down by 2.85% at 40.93 lakh hectares compared to 42.13 lakh hectares during the corresponding period last year.

India's total area under rapeseed in 2017 was 70.56 lakh hectares which was higher by 9.3% from 2016.

According to United States Department of Agriculture (USDA) in its November review raised India's 2017/18 imports of palm oil by 0.1 MMT to 9.5 MMT. Consumption of palm oil in India in 2017/18 has been raised to 9.8 MMT from 9.5 MMT. However, end stocks of palm oil were reduced to 0.349 MMT from 0.546 MMT in 2017/18.

According to United States Department of Agriculture (USDA) November estimate, U.S 2017/18 ending stock of soy oil is rose 5.1 percent to 1,711 million lbs from 1,632 million lbs in October estimate. Opening stocks are increased to 1,711 million lbs from 1,632 million lbs. Production of soy oil in 2017/18 is unchanged at 22,505 million lbs. Imports in 2017/18 were unchanged at 300 million lbs in October estimate. Biodiesel use in 2017/18 is unchanged at 7,000 million lbs. Food, feed and other industrial use in 2017/18 was unchanged at 13,800 lbs. Exports in 2017/18 were kept unchanged at 2,100 million lbs. Average price range estimate is kept unchanged in 2017/18 at 32.5-36.5 cents/lbs. Rise in end stock in 2017/18 is due to lower opening stocks.

According to the latest monthly estimates from Strategie Grains, rapeseed production estimates have been reduced to 21.86 million metric tonnes in European Union for 2017/18 compared to previous estimates of 21.89 million metric tonnes and 20.34 million metric tonnes in 2016/17.

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 September.

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### Previous Updates

Agriwatch had 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 tonnes in 2015/16 while Solvent Extractors of India had estimated India's seed production at 7.2 million tonnes.

According to Solvent Extractors Association (SEA), India's September edible oil imports rose 9 percent y-o-y to 15.01 lakh tons from 13.77 lakh tons in September 2016. Palm oil imports in September rose 20.6 percent y-o-y to 9.32 lakh tons from 7.73 lakh tons in September 2016. CPO Imports rose 15.4 percent y-o-y to 6.52 lakh tons from 5.65 lakh tons in September 2016. RBD palmolein imports rose 27.8 percent y-o-y to 2.62 lakh tons from 2.05 lakh tons in September 2016. Soy oil imports fell 14.7 percent y-o-y to 3.57 lakh tons from 4.70 lakh tons in September 2016. Sunflower oil imports rose 88.4 percent y-o-y to 1.97 lakh tons from 1.04 lakh tons in September 2016. Rapeseed (canola) oil imports in September fell 46.7 percent to 0.16 lakh tons compared 0.30 lakh tons in September 2016.

According to Solvent Extractors Association (SEA), India's September edible oil stocks at ports and pipelines rose 3.7 percent m-o-m to 25.89 lakh tons from 24.97 lakh tons in August 2017. Stocks of edible oil at ports rose to 979,000 tons (CPO 300,000 tons, RBD Palmolein 230,000 tons, Degummed Soybean Oil 290,000 tons, Crude Sunflower Oil 150,000 tons and Rapeseed Oil (Canola Oil) & other Oils 9,000 tons) and about 1,610,000 tons in pipelines (stocks at ports were 907,000 and in pipelines were at 1,590,000 tons in August 2017).

India is presently holding 44 days of edible oil requirement on 1st October, 2017 at 25.89 lakh tons compared to 43 days of requirements last month at 24.97 lakh tons. India's monthly edible oil requirement is 17.5 lakh tons.



According to cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's November 1-10 palm oil exports fell 4.8 percent to 439,879 compared to 462,082 last month. Top buyers are European Union at 61,369 tons (107,740 tons), India at 59,950 tons (61,880 tons), China at 48,376 tons (82,315 tons), Pakistan at 35,450 tons (38,800 tons) and United States at 11,250 tons (11,050 tons). Values in brackets are figures of last month.

According to cargo surveyor Intertek Testing Services (ITS), Malaysia's November 1-10 palm oil exports fell 2.5 percent to 436,988 tons compared to 448,349 tons in corresponding period last month. Top buyers were India & subcontinent at 106,000 tons (124,780 tons), European Union at 89,532 tons (86,035 tons) and China at 81,796 tons (97,205 tons). Values in brackets are figures of corresponding period last month.

According to Malaysia Palm Oil Board (MPOB), Malaysia's October palm oil stocks rose 8.39 percent to 21.90 lakh tons compared to 20.20 lakh tons in September. Production of palm oil in October rose 12.96 percent to 20.09 lakh tons compared to 17.80 lakh tons in September. Exports of palm oil in October rose 2.04 percent to 15.49 lakh tons compared to 15.18 lakh tons in September. Imports of palm oil in October fell 67.26 percent to 0.13 lakh tons compared to 0.41 lakh tons in September. Rise in palm oil end stocks in October was below trade estimates.

According to Malaysia Palm Oil Board (MPOB), Malaysia increased November crude palm oil export duty to 6.5 percent from 6.0 percent in October. Tax is calculated at reference price of 2,872.58 ringgit (\$681.59) per ton. Tax is calculated above 2,250 ringgits starting from 4.5 percent to a maximum of 8.5 percent: Malaysia Palm Oil Board (MPOB).

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 trade ministry, Indonesia keeps November crude palm oil export duty to zero, unchanged from last month. This is the seventh consecutive month of zero tax. Reference prices of export tax are set at USD 750 per ton. Indonesia kept export duty at zero as it expects that prices will miss certain thresholds.

According to Malaysian government, Malaysia's palm oil production is expected to rise 2.5 percent in 2018 to 20.5 MMT after rise of 15.5 percent rise in production in 2017 at 20 MMT. Malaysia palm oil output was 17.3 MMT in 2016. Average prices of palm oil in 2018 are estimated at 2,750 ringgits per ton due to higher demand by China, EU and India. Average prices of palm oil in 2017 are estimated at 2,700 ringgits (USD 638) per ton.

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).

According to China's General Administration of Customs (CNGOIC), China's imports of edible vegetable oil in September rose 92.6 percent to 6.0 lakh tons compared to 5.2 lakh tons in August. Imports rose 15.4 percent compared to corresponding period last year which was reported at 6.0 lakh tons. Year to date imports of edible vegetable oil rose 5.3 percent to 41.6 lakh tons.



According to China's General Administration of Customs (CNGOIC), China's September palm oil imports rose 43.11 percent to 6.88 lakh tons compared to September 2016. Year to date imports of palm oil rose 13.06 percent to 34.85 lakh tons compared to corresponding period last year. Imports from Indonesia in September rose 129.23 percent to 4.71 lakh tons compared to September 2016. Year to date imports of palm oil from Indonesia rose 24.24 percent to 22.17 lakh tons compared to corresponding period last year. Imports from Malaysia in September fell 21.27 percent to 2.17 lakh tons compared to September 2016. Year to date imports fell 2.01 percent from Malaysia to 12.67 lakh tons compared to corresponding period last year.

According to China's General Administration of Customs, China imported 3,653,757 metric tonnes of rapeseed during the period January –September 2017, an increase of 23.53% compared to the same period previous year. In the month of September 2017, China's imports of rapeseed increased by 52.5% to 295,055 metric tonnes.

According to China's General Administration of Customs, China imported 724,874 metric tonnes of rapeseed meal during the period January –September 2017, an increase of 105.08% compared to the same period previous year. In the month of September 2017, China's imports of rapeseed meal declined by 35.3% to 83,272 metric tonnes.

*Outlook: The rapeseed-mustard is expected to notice range –bound to weak tone amid overall supply pressure in the domestic market and weakness in overseas edible oils.*

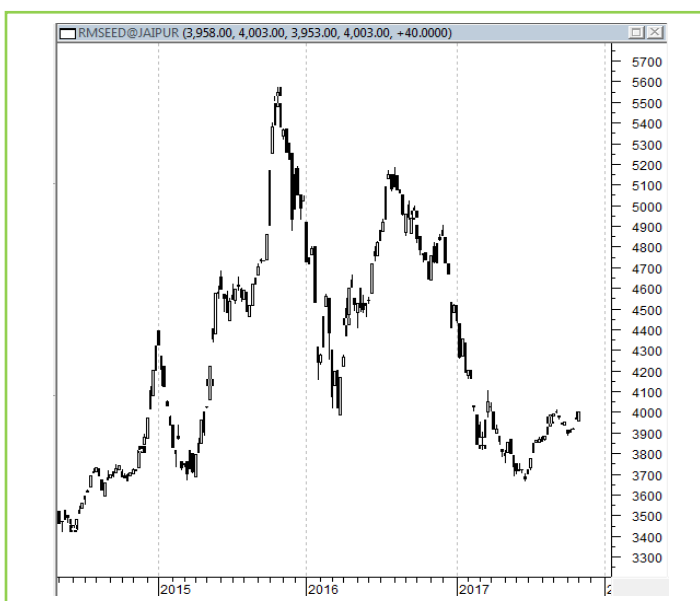
## Technical Analysis:

### NCDEX RM Seed Futures



\*Note: Daily Chart

### RM Seed Spot, Jaipur



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

S1	S2	PCP	R1	R2
3850	3800	3964	4050	4100

- Downward movement witnessed in RM seed.
- Prices closed above 18-day EMA.
- RSI is declining and stochastic is increasing in the neutral zone.
- MACD is increasing in the positive territory.
- The prices are expected to feature range-bound movement with weak bias, during the week.
- Trade Recommendation (NCDEX Rapeseed-Mustard – Nov) Week: **SELL** Below 4050. Levels: Target – 3950; T2- 3900, SL –4110.

## Annexure

### Oil Meal Prices at Key Spot Markets:

#### Soy DOC Rates at Different Centers

Centres	Ex-factory rates (Rs/ton)		
	10-Nov-17	3-Nov-17	Parity To
Indore (MP)	21100	21600	Gujarat, MP
Kota	21800	22500	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	22700	21600	Mumbai, Maharashtra
Nagpur (42/46)	22000	22500	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	22500	22500	Andhra, AP, Kar ,TN
Latur	23200	23500	-
Sangli	22800	23000	Local and South
Sholapur	22800	23200	Local and South
Akola	22400	22800	Andhra, Chattisgarh, Orrisa,Jharkhand, WB
Hingoli	23000	23000	Andhra, Chattisgarh, Orrisa,Jharkhand, WB
Bundi	21500	Closed	-

#### Soy DOC at Port

Centers	Port Price	
	9-Nov-17	2-Nov-17
Kandla (FOR) (INR/MT)	23300	23800
Kandla (FAS) (USD/MT)	360	363

International Soy DOC			
Argentina FOB USD/MT	9-Nov-17	2-Nov-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	10-Nov-17	3-Nov-17	Change
Adoni	15800	15500	300
Khamgaon	NA	NA	-
Parli	15600	15700	-100
Latur	15600	15500	100

Groundnut Meal (Rs/MT)	10-Nov-17	3-Nov-17	Change
Basis 45%, Saurashtra	18250	18250	Unch
Basis 40%, Saurashtra	15750	15750	Unch
GN Cake, Gondal	18250	18250	Unch

Mustard DOC/Meal	10-Nov-17	3-Nov-17	Change
Jaipur (Plant delivery)	14000	13900	100
Kandla (FOR Rs/MT)	14300	14300	Unch
Sri Ganganagar	1745	1725	20

## India's Kharif Oilseeds Production Seen at 20.68 Mn T vs 22.40 Mn in 1<sup>st</sup> Adv Est. - GOI

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The 1<sup>st</sup> Advance Estimates of production of major crops for 2017-18 have been released on 22 September, 2017 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 floods and erratic rainfall during monsoon 2017, the country has witnessed lower food grain production in the current year compared to previous year.

The estimated production of major Kharif Oilseeds during 2017-18 is as under:

Oilseeds – 20.68 million tonnes

- Soyabean – 12.22 million tonnes
- Groundnut – 6.21 million tonnes
- Castorseed – 1.40 million tonnes

With a decline of 1.72 million tonnes over the previous year, total kharif Oilseeds production in the country is estimated at a level of 20.68 million tonnes. It is lower by 1.93 million tonnes than the all time record production of 22.61 million tonnes achieved during 2013-14.

The production of Oilseeds during 2017-18 is higher by 0.346 million tonnes than the five year's average Oilseeds production. The current year's production is lower than the kharif production of 22.40 million tonnes during 2016-17.

## MSP for 2017/18 Kharif Oilseeds

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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 2017/18 Rabi Oilseeds

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The Cabinet Committee on Economic Affairs has approved the Minimum Support Prices (MSPs) for Rabi Oilseeds Crops of 2017-18 season are as follows: The MSP of Rapeseed/Mustard is raised (8.1%) by Rs. 300/Qtl to Rs. 4,000/Qtl from Rs. 3,700/Qtl earlier. For Safflower too it is increased (10.8%) by Rs. 400/Qtl to Rs. 4,100/Qtl from Rs. 3,700/Qtl in 2016-17.

## 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			
<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

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