

# Oilmeal Weekly Research Report

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## Executive Summary

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Soybean continued positive tone during the week on lower arrivals in the mandis, good demand from the crushers and positive tone of soybean at CBOT during beginning of the week. Soybean at CBOT noticed firm tone amid bullish weekly export sales of soybean and dry weather conditions in Argentina. Harvesting of soybean is over in U.S. in normal time. However overall bearish scenario on the supply side in the global market will continue to remain the limiting factor in the market.

There is good demand from the crushers in the domestic market around current levels. Arrivals are declining in the mandis with harvesting pace slowing down in the growing regions. All India soybean average arrival per day has declined to around 3.5 -4.5 lakh bags per day. Through export promotion scheme (MEIS) govt. would provide additional 2% incentive over and above existing incentives ranges from 2 to 5% for various export products including soya meal. This will make Indian oil meal more competitive in the world market and may result in to larger export of oil meals during current year.

The weekly export sales of soybean released by USDA were above market expectation and was recorded at 2.01 MMT. The dry weather is continuing in the soybean growing regions of Argentina and will continue to support the market in the coming days.

In the month of November, exports of oil meals have increased by 93% compared to previous month.

Rapeseed prices witnessed easy tone during the week amid lack of demand from the retailers and the stockists and weakness in palm oil at BMD. Lack of demand around higher levels added to the weak tone of the market. Palm oil prices at BMD are declining on lower exports, higher production and appreciation of ringgit. Rabi mustard seed acreage till date is lower compared to previous year.

The overall bearish supply scenario in the global market is adding to the weak tone of the market. Rabi sowing progress will give further direction to the market.

## Outlook – Cash Market

**Outlook - Soybean (Spot, Indore):** The soybean witnessed positive tone on good demand from the crushers, lower arrivals in the mandis and upside movement in soybean at CBOT during the beginning of the week. Soybean at CBOT noticed positive tone amid good demand and dry weather in the soybean growing regions of Argentina. The prices are expected to feature range bound movement with firm bias between the price band of 2850 – 3150 level (Indore, Plant basis).

**Outlook – Soy meal (Spot, Indore):** Soy meal noticed firm tone amid good demand in the cash and export market and spillover support from soy meal at CBOT. In the domestic market, oil meal exports have started with a positive tone in the current oil year and have increased by 93% in the month of November compared to previous month. However prices have to remain competitive to retain global share in the market. Soy meal, Indore is expected to be in the range of 23,000 – 24,500/MT levels during the week.

**Outlook - Rapeseed-Mustard (Spot, Jaipur basis):** The rapeseed-mustard noticed weak tone amid lack of demand around higher levels and weakness in palm oil at BMD. There is not much demand from the retailers and the stockists around current levels. Rabi sowing of rapeseed is lower by around 7.5% till date compared to same period previous year. The seed prices are likely to feature range-bound movement with weak bias and witness the levels between 4100 – 4250/Qtl; levels during the week.

## International Highlights

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- ❖ According to data released by the trade ministry, Brazil exported 2.14 MMT soybean in November 2017 compared to 2.49 MMT in October and 0.32 MMT during the same period previous year. Soy meal exports stood at 1.07 MMT in November compared to 1.28 MMT in October and 0.87 MMT during the same period previous year.
- ❖ According to FC Stone, Brazil's soybean crop estimates have been increased to 107.6 MMT compared to previous estimates of 106.1 MMT. Favourable weather in the growing regions is booting the crop yield. It has increased Brazil's soybean agricultural yields estimate from 3.03 tonnes per hectare (45.06 bushels per acre) in its November estimates to 3.08 tonnes per hectare (45.8 bushels per acre) currently.
- ❖ US EPA increased kept soy oil based biodiesel production target unchanged for 2018 at 2.1 billion gallons which is unchanged compared to 2017 has led to weak movement of soy oil prices in near term. This comes after US imposed 72 percent anti dumping duty on imports of soy oil based biodiesel from Argentina which out-priced them from US market.
- ❖ According to Informa, Brazil's 2017/18 soybean crop has been estimated at 110 MMT, down by 1 MMT compared to previous estimates.
- ❖ Soybean crop weather is suffering under dry conditions in Argentina with key grain areas in dry condition while some areas have received beneficial rains. Soybean planting of soybean is expected to fall to 16.8 million hectares from initial estimate of 18.1 million hectares. Yield will be adversely affected by dry conditions.
- ❖ According to the latest monthly estimates from Strategie Grains, soybean production estimates have been increased to 2.7 MMT in 2017/18 from 2.6 MMT in previous season.
- ❖ According to the General Administration of Customs, China imported 8.68 MMT of soybeans in November 2017, an increase of 48 per cent compared to previous month. Imports were 11 per cent higher compared to the same period previous year. Imports were higher in November as a backlog of shipments from United States arrived at the ports.
- ❖ Net sales of 2,015,800 MT of soybean for 2017/2018 were up noticeably from the previous week and from the prior 4-week average. Increases were reported for China (1,292,600 MT, including 447,000 MT switched

from unknown destinations and decreases of 135,600 MT), Thailand (141,800 MT, including 66,000 MT switched from unknown destinations and decreases of 100 MT), Indonesia (101,500 MT, including 93,000 MT switched from unknown destinations and decreases of 100 MT), Germany (69,300 MT, previously reported as the Netherlands), and the Netherlands (69,300 MT, including 66,000 MT switched from unknown destinations) during the period November 24 -30, 2017. Reductions were reported for unknown destinations (54,600 MT), Venezuela (600 MT), and Malaysia (200 MT). For 2018/2019, net sales of 70,400 MT were reported for unknown destinations (66,000 MT) and Japan (4,400 MT). Exports of 2,018,100 MT were primarily to China (1,271,400 MT), Thailand (156,500 MT), Indonesia (122,200 MT), Germany (69,300 MT, previously reported as the Netherlands), and the Netherlands (69,300 MT). The current week's net sales are higher compared to net sales of 942,900 MT during the previous week.

## Soybean

Soybean noticed firm tone during the week amid good demand from the crushers, lower arrivals in the mandis and upside movement of soybean at CBOT during the beginning of the week. Soybean at CBOT witnessed positive tone amid good demand and dry weather in the soybean growing regions of Argentina. Bullish weekly export sales of soybean added to the positive tone of the market and was recorded at 2.01 MMT.

There is good demand from the crushers in the domestic market around current levels. Arrivals are declining in the mandis with harvesting pace declining in the growing regions. All India average soybean arrival in the mandis per day has declined to around 3.5 -4.5 lakh bags.

The total weekly soybean arrivals in the cash markets of Madhya Pradesh are reported at 8,60,000 bags compared to 13,65,000 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>109.714</b>	<b>1047</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 record soybean crop in U.S. Midwest will continue to be the limiting factor.

The total sown area under rabi oilseeds, as on 8<sup>th</sup> December 2017, is lower compared to the previous year's level which is down by 7.55% at 67.79 lakh hectares compared to 72.16 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 soybean supplies were lower in the key markets of Madhya Pradesh, Maharashtra and Rajasthan during the week.

***The domestic soybean prices are likely to notice range –bound to firm tone amid good demand from the crushers and lower arrivals in the mandis.***

**International:**

The international benchmark, CBOT soybean closed lower as expectation of a bumper crop in South America is likely to reduce the share of U.S. soybean exports.

At CBOT, the soybean, in the most active January contract, ended lower at US \$ 9.990/bushel compared to US \$ 9.94/bushel last week.

Net sales of 2,015,800 MT for 2017/2018 were up noticeably from the previous week and from the prior 4-week average. Increases were reported for China (1,292,600 MT, including 447,000 MT switched from unknown destinations and decreases of 135,600 MT), Thailand (141,800 MT, including 66,000 MT switched from unknown destinations and decreases of 100 MT), Indonesia (101,500 MT, including 93,000 MT switched from unknown destinations and decreases of 100 MT), Germany (69,300 MT, previously reported as the Netherlands), and the Netherlands (69,300 MT, including 66,000 MT switched from unknown destinations) during the period November 24 -30, 2017. Reductions were reported for unknown destinations (54,600 MT), Venezuela (600 MT), and Malaysia (200 MT). For 2018/2019, net sales of 70,400 MT were reported for unknown destinations (66,000 MT) and Japan (4,400 MT). Exports of 2,018,100 MT were primarily to China (1,271,400 MT), Thailand (156,500 MT), Indonesia (122,200 MT), Germany (69,300 MT, previously reported as the Netherlands), and the Netherlands (69,300 MT). The current week's net sales are higher compared to net sales of 942,900 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 a latest long –term crop forecast report released by the USDA, soybean acreage in 2018 is forecast at a record 91.0 million acres compared to 90.2 million acres in 2017. It will be another year of bumper soybean supply assuming weather remains favourable in the growing regions.

Brazilian analysts are likely to increase their soybean crop forecast this season after unfavourable climatic conditions have waned and the crop is developing well in the growing regions. According to an average of forecasts compiled in a recent poll, Brazil is expected to harvest 109.43 MMT soybean in the 2017/18 season.

According to the U.S. Energy Information Administration, U.S. biodiesel production declined to 147 million gallons in September compared to 149 million gallons previous month. Soy oil remained the largest biodiesel feedstock, with 604 million pounds used in September. In August 608 million pounds was used for biodiesel production.

According to National Oilseed Processors Association (NOPA), U.S. October soybean crush rose 20.4 percent to 164.242 million bushels from 136.419 million bushels in September 2017. Crush of soybean in October 2016



was 164.641 million bushels. Soy oil stocks in U.S. at the end of October fell 6.0 percent to 1.224 billion lbs compared to 1.302 billion lbs in end September 2017. Stocks of soy oil in end September was lower by 8.9 percent compared to end October 2016, which was reported at 1.410 million lbs.

According to Informa, soybean planting intention in U.S. has been reduced to 89.627 million acres in 2018 compared to previous month's forecast of 90.347 million acres. This year, 90.2 million acres has been planted under soybean.

According to Anec, cereal exporters association, soybean exports in Brazil in 2018 are estimated between 66 -67 MMT compared to previous estimates of 66 MMT released in early November.

According to Agroconsult, Brazilian soybean output is estimated at 111 MMT in 2017/18, maintaining the same forecast released in September. Soybean acreage is likely to increase by 3 per cent to a record 35 million hectares this season as farmers have shifted from corn to soybean. If climatic conditions remain favourable, soybean output could touch 115 MMT. Previous year's soybean output was estimated at 114.7 MMT according to Conab.

According to Argentine Ministry of Agriculture, soybean acreage in 2017/18 is likely to decline to 16.8 million hectares in 2017/18 compared to 18 million hectares previous season.

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.

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 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 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.

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 witness range –bound to firm tone on good demand from China and dry weather in the soybean growing regions of Argentina.*

## Soy meal

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The domestic meal prices noticed firm tone on good demand in the cash and export market. Ositive tone of soy meal at CBOT added to the positive tone of the market.

Soy meal demand is good through October -February seasonally as there is increase in crushing activities. Soy meal ready for delivery in PP bags at Dhule was quoted at 24500+GST by MOEPI. This is with 46.5% protein content. However, it was quoted at 24400+GST in PP bags at Latur by ADM for Dec 1 -15 and 24600 for 15 -31 December delivery, 25100 for January delivery. This is with 46% protein content and 10% deposit is required for January contract.

Through export promotion scheme (MEIS) govt. would provide additional 2% incentive over and above existing incentives ranges from 2 to 5% for various export products including soya meal. This will make Indian oil meal more competitive in the world market and may result in to larger export of oil meals during current year.

In the previous oil year meal exports have been good following good monsoon and higher production. In the current oil year, prices have to remain competitive to gain global share. 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 November 2017 stands at 1,813,037 metric tonnes as compared to 868,358 metric tonnes in the same period of previous year showing an increase of 109% according to data released by the Solvent Extractor's Association of India.***

***In the month of November 2017, export of oil meals increased by 93% to 328,091 metric tonnes compared to the same period previous year. Soy meal exports during the period April 2017 to November 2017 was reported at 768,981 metric tonnes compared to 204,860 metric tonnes during the same period previous year.***

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

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 January contract settled at US \$ 331.70 per short ton compared to US \$ 330.20 per short ton last week.

Net sales of 166,400 MT for 2017/2018 were reported for Colombia (97,500 MT, including 8,000 MT switched from unknown destinations and decreases of 2,400 MT), Mexico (28,300 MT, including decreases of 1,600 MT), the Dominican Republic (16,200 MT, including decreases of 1,000 MT), Canada (15,200 MT, including decreases of 700 MT), Panama (7,300 MT, including 7,500 MT switched from Colombia and decreases of 200 MT), and Morocco (5,000 MT) during the period November 24 -30, 2016. Reductions were reported for Nicaragua (9,000 MT), Israel (8,500 MT), unknown destinations (5,300 MT), and Venezuela (2,000 MT). For

2018/2019, net sales of 20,000 MT were reported for unknown destinations. Exports of 260,200 MT were reported to Mexico (61,400 MT), Thailand (56,900 MT), the Philippines (50,200 MT), Colombia (23,900 MT), and Panama (16,300 MT). The current week's net sales for 2017/18 are lower compared to net sales of 176,600 MT during the previous week.

The domestic soy meal prices at Indore, were quoted at Rs 22,700 – 23,400/MT compared to Rs. 22,000/MT - 22,500/MT in previous week. At Latur and Nanded, Maharashtra, soy meal noticed steady to firm tone and were quoted at Rs 24,000/MT and 23,000/MT respectively compared to Rs 23,400/MT in Indore and Rs 24,000/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 22,700 – 23,400/MT during the week compared to Rs 23,500 – 24,400/MT during the corresponding period last year.

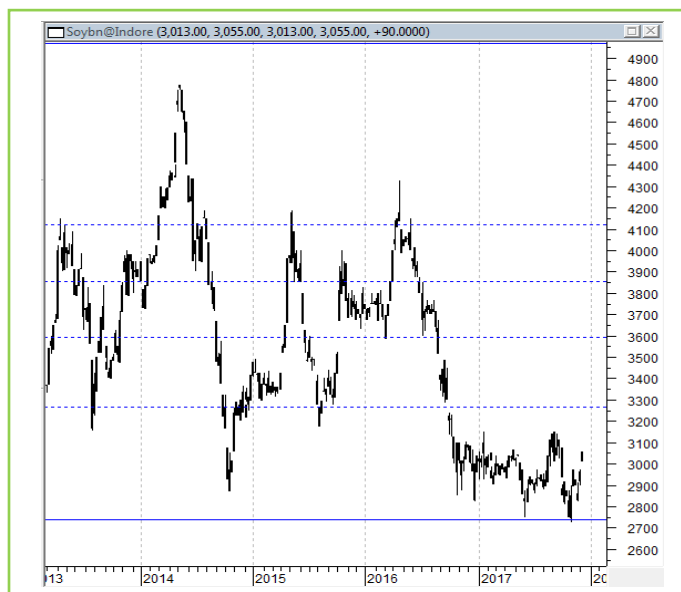
*The soy meal prices are likely to feature range-bound movement with firm bias on good buying interest in the cash market.*

### **Technical Analysis:**

#### **NCDEX Soybean Futures**



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



**\*Note: Daily Chart**

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

<b>S1</b>	<b>S2</b>	<b>PCP</b>	<b>R1</b>	<b>R2</b>
<b>3000</b>	<b>2900</b>	<b>3125</b>	<b>3250</b>	<b>3300</b>

- Soybean noticed upward movement, during the week.
- Prices closed above 18-day EMA.
- RSI is declining in the neutral region and stochastic is declining in the overbought zone.
- MACD is increasing in the positive territory.
- The prices are expected to feature loss in the coming week.
- Trade Recommendation (NCDEX Soybean – Jan.): **SELL** Below 3175. Levels: T1 – 3075; T2- 3025, SL -3235.

## Rapeseed - Mustard Seed

The domestic rapeseed-mustard witnessed easy tone amid lack of demand around higher levels and weakness in palm oil at BMD. There is not much demand from the stockists and the retailers around current levels. Rapeseed prices increased to Rs.4200 levels and are declining currently. Lower rabi mustard seed acreage till date will lend some support to the market.

According to industry sources, India's rapeseed and mustard output in 2017/18 is likely to decline by 10 per cent compared to previous season. According to Government of India figures, rapeseed and mustard seed has been sown in 59.36 lakh hectares as on 08 December 2017 compared to 64.21 lakh hectares during the same period previous year.

Farmers have reduced the area in Rajasthan amid higher temperatures and lack of moisture at the time of sowing. According to Solvent Extractor's Association of India, India produced a record 6.73 MMT rapeseed in the 2016/17 marketing year.

Government of India (GOI) hiked import duty on imports of various edible oils to check surge in imports of edible oils and support domestic crushing industry which has been reeling due to lower priced imports of edible oils. Import duty on crude rapeseed oil was hiked from 12.5 percent to 25 percent while refined rapeseed oil will be charged import duty of 35 percent from 20 percent earlier.

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 1.60 – 1.75 lakh bags in a day compared to around 1.45 – 1.75 bags a day, previous week. The supplies were 0.40 – 0.65 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 4,120 – 4,225 a quintal compared to Rs 4,750 – 4,870 a quintal during the corresponding period last year at the benchmark, Jaipur.

At NCDEX futures, the seed prices at January contract ended lower at 4015/Qtl compared to 4145/Qtl previous week.

The area coverage under rapeseed, as on 08 December, is reported down 7.55% at 59.36 lakh hectares compared to 64.21 lakh hectares at the same period last year.

<b>Crop</b>	<b>As on 08 Dec. 2017</b>	<b>As on 08 Dec. 2016</b>	<b>% Chg.</b>
Rapeseed/Mustard	59.36	64.21	-7.55
Groundnut	3.21	3.13	2.33
Safflower	0.64	0.79	-19.47
Sunflower	1.21	1.17	3.24
Sesamum	0.22	0.19	16.23
Linseed	2.96	2.28	29.43

<b>Total Oilseeds</b>	<b>67.79</b>	<b>72.16</b>	<b>-7.55</b>
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Source: Government of India

The total sown area under *rabi* oilseeds, as on 08 December, is lower compared to the previous year's level which is down by 7.55% at 67.79 lakh hectares compared to 72.16 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 the latest monthly estimates from Strategie Grains, rapeseed production estimates have been increased to 22.60 MMT in European Union for 2017/18 compared to previous estimates of 21.86 MMT and 20.34 MMT 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.

## 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 October edible oil imports fell 2.0 percent y-o-y to 11.34 lakh tons from 11.58 lakh tons in October 2016. Palm oil imports in October rose 1.2 percent y-o-y to 7.47 lakh tons from 7.38 lakh tons in October 2016. CPO Imports rose 16.1 percent y-o-y to 5.97 lakh tons from 5.14 lakh tons in October 2016. RBD palmolein imports fell 33.5 percent y-o-y to 1.47 lakh tons from 2.21 lakh tons in October 2016. Soy oil imports fell 20.9 percent y-o-y to 2.20 lakh tons from 2.78 lakh tons in October 2016. Sunflower oil imports rose 32.99 percent y-o-y to 1.29 lakh tons from 0.97 lakh tons in October 2016. Rapeseed (canola) oil imports in October fell 15.9 percent to 0.37 lakh tons compared 0.44 lakh tons in October 2016.

According to Solvent Extractors Association (SEA), India's October edible oil stocks at ports and pipelines fell 1.50 percent m-o-m to 25.50 lakh tons from 25.89 lakh tons in September 2017. Stocks of edible oil at ports fell to 884,000 tons (CPO 330,000 tons, RBD Palmolein 150,000 tons, Degummed Soybean Oil 275,000 tons, Crude Sunflower Oil 115,000 tons and 14,000 tons of Rapeseed (Canola) Oil) and about 1,460,000 tons in pipelines (stocks at ports were 979,000 and in pipelines were at 1,610,000 tons in September 2017). India is presently holding 39 days of edible oil requirement on 1st November, 2017 at 25.50 lakh tons compared to 44 days of requirements last month at 25.89 lakh tons. India's monthly edible oil requirement is 18.0 lakh tons.

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 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 was 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 to 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 cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's November palm oil exports fell 7.5 percent to 1,311,012 compared to 1,416,664 last month. Top buyers are European Union at 246,561 tons (293,425 tons), China at 236,606 tons (262,811 tons), India at 112,960 tons (175,230 tons), Pakistan at 69,450 tons (82,540 tons) and United States at 69,225 tons (61,772 tons). Values in brackets are of last month.

According to cargo surveyor Intertek Testing Services (ITS), Malaysia's November palm oil exports fell 5.3 percent to 1,332,342 compared to 1,406,706 last month. Top buyers are European Union at 306,636 tons (258,770 tons), China at 280,926 (254,230 tons), and India & subcontinent at 177,510 tons (314,210 tons). Values in brackets are figures of 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 December crude palm oil export duty to zero, unchanged from last month. This is the eighth 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 November rose 14.9 percent to 5.4 lakh tons compared to 4.7 lakh tons in October. Imports rose 5.9 percent compared to corresponding period last year which was reported at 5.1 lakh tons. Year to date imports of edible vegetable oil rose 8.5 percent to 51.7 lakh tons.

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 likely to notice range –bound to weak tone amid lack of demand from the retailers and stockists around current levels.*

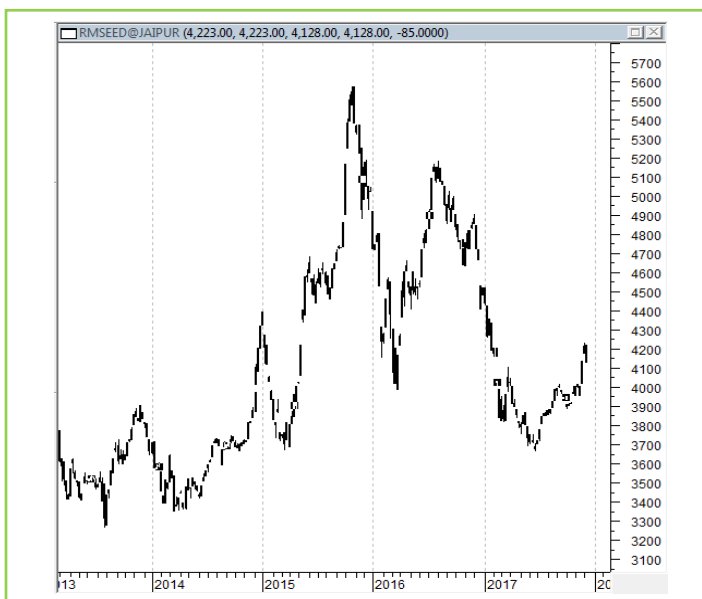
## Technical Analysis:

### NCDEX RM Seed Futures



\*Note: Daily Chart

### RM Seed Spot, Jaipur



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

S1	S2	PCP	R1	R2
3900	3850	4015	4150	4200

- 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 positive territory.
- The prices are expected to feature range-bound movement with weak bias, during the week.
- Trade Recommendation (NCDEX Rapeseed-Mustard – Jan) Week: **SELL** Below 4100. Levels: Target – 4000; T2- 3950, SL –4160.

## Annexure

### Oil Meal Prices at Key Spot Markets:

#### Soy DOC Rates at Different Centers

Centres	Ex-factory rates (Rs/ton)		
	8-Dec-17	1-Dec-17	Parity To
Indore (MP)	23400	22500	Gujarat, MP
Kota	24000	23000	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	24800	23500	Mumbai, Maharashtra
Nagpur (42/46)	23500	23000	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	23000	23000	Andhra, AP, Kar, TN
Latur	24000	23800	-
Sangli	24600	23600	Local and South
Sholapur	24500	23500	Local and South
Akola	23000	22900	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Hingoli	24500	23500	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Bundi	23200	22800	-

#### Soy DOC at Port

Centers	Port Price	
	7-Dec-17	1-Dec-17
Kandla (FOR) (INR/MT)	25200	24000
Kandla (FAS) (USD/MT)	380	372

#### International Soy DOC

Argentina FOB USD/MT	7-Dec-17	1-Dec-17	Change
Soybean Pellets	NA	NA	-
Soybean Cake Flour	NA	NA	-
Soya Meal	NA	NA	-
Soy Expellers	NA	NA	-

Sunflower (DOC) Rates	Ex-factory rates (Rs/ton)		
Centers	8-Dec-17	1-Dec-17	Change
Adoni	14500	14500	Unch
Khamgaon	NA	NA	-
Parli	NA	NA	-
Latur	14800	NA	-

Groundnut Meal (Rs/MT)	8-Dec-17	1-Dec-17	Change
Basis 45%, Saurashtra	19300	19300	Unch
Basis 40%, Saurashtra	16800	16800	Unch
GN Cake, Gondal	20000	20000	Unch

Mustard DOC/Meal	8-Dec-17	1-Dec-17	Change
Jaipur (Plant delivery)	13800	14000	-200
Kandla (FOR Rs/MT)	14300	14400	-100
Sri Ganganagar	1800	1795	5

## 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 0.57 vs 0.71 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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