

Oilmeal Weekly Research Report

Contents

- ❖ Executive Summary
- ❖ Outlook – Cash Market
- ❖ AW Oilseeds Index
- ❖ International Highlights
- ❖ Planted Area
- ❖ Soybean – Domestic & International
- ❖ Soy meal
- ❖ Technical Analysis - Soybean
- ❖ Rapeseed - Mustard
- ❖ RM Seed Supply, Rajasthan
- ❖ Technical Analysis – RM Seed
- ❖ Annexure – Prices etc.

Executive Summary

Soybean witnessed mostly positive tone during the week amid good demand in the cash market and lower arrivals in the mandis. However upside was limited on weakness in soy complex at CBOT. Soybean at CBOT closed lower following rains in the soybean growing regions of Argentina and stringent norms specified for U.S. soybean imports in China. NOPA released soybean crush data for the month of November 2017 which is higher compared to same month previous year and lower in comparison to October 2016.

Good buying interest in the cash market added to the firm tone of the market. Arrivals are declining in the mandis. All India soybean average arrival per day is reported to be around 3.0 -3.75 lakh bags.

The weekly export sales of soybean at 1.74 MMT as reported by the USDA was higher compared to previous week. NOPA reported higher soybean crush by 1.7 per cent at 163.546 million bushels compared to November 2016. Crush figures are lower compared to October 2017. Rainfall received in the soybean growing regions of Argentina is likely to fasten planting progress in the coming days. According to USDA, China will reduce the amount of foreign material allowed in shipments of U.S. soybeans as on January 01, 2018.

Soy meal prices remained firm during the week amid good demand in the export market.

Rapeseed prices noticed range –bound to weak tone during the week amid increase in arrivals and weakness in palm oil at BMD and soy oil at CBOT. Edible oils are declining in the global market amid overall bearish supply scenario. Rabi mustard seed acreage till date is lower compared to previous year during the same period.

Prices are driven by overall bearish scenario of edible oils in the global market. Downside is limited amid lower rabi oilseeds sowing progress till date.

Outlook – Cash Market

Outlook - Soybean (Spot, Indore): The soybean witnessed positive tone amid good demand in the cash market and lower arrivals in the mandis. However upside was limited amid weakness in soybean at CBOT. Soybean at CBOT closed lower amid rains in the soybean growing regions of Argentina and stringent norms introduced for U.S. soybean imports in China effective 01, January 2018. The monthly soybean crush figures released for the month of November by NOPA was higher compared to November 2016. Rains in soybean growing regions of Argentina are likely to increase the pace of sowing in the coming days. 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 following soybean and good export demand in the market. However downside was limited following weakness in soy meal at CBOT. Soy meal exports are usually good during the period October –February, when crushing is in full swing in the domestic market. Prices have to remain competitive to retain global share in the market. Soy meal, Indore is expected to be in the range of 22,500 – 24,000/MT levels during the week.

Outlook - Rapeseed-Mustard (Spot, Jaipur basis): The rapeseed-mustard witnessed easy tone during the week amid lack of demand from the retailers and weakness in palm oil at BMD and soy oil at CBOT. Overall bearish supply scenario in the global market is weighing on palm and soya oil. Rabi sowing of rapeseed is lower by around 8.0% 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 3950 – 4100/Qtl; levels during the week.

International Highlights

- ❖ Informa increased soybean acreage to a record 91.387 million acres in 2018 compared to previous month's estimates of 89.627 million acres. Soybean yield has been estimated at 49.7 bushels per acre compared to USDA's figure of 49.5 bushels per acre. Soybean production has been estimated at 4.450 billion bushels.
- ❖ According to National Oilseed Processors Association (NOPA), U.S. November soybean crush rose 1.7 percent to 163.546 million bushels from 160.752 million bushels in November 2016. Crush of soybean in October 2017 was 164.242 million bushels. Soy oil stocks in U.S. at the end of November increased to 1.326 billion lbs compared to 1.224 billion lbs in end October 2017. Soy meal exports during the month increased to 896,145 metric tonnes, up from 643,199 metric tonnes in October and 804,322 tons during the same period previous year.
- ❖ According to consultancy Safras & Mercado, Brazilian soybean output is expected at 114.57 MMT in 2017 - 18 compared to 114.7 MMT estimated in the month of October. Safras has forecast a 5 percent rise in Brazil's soybean planted area at 35.49 million hectares (87.7 million acres) this season.
- ❖ According to meteorologists, Argentina's main farm belt received rainfall during the weekend, which brought relief to the parched soybean growing areas. Planting is expected to pick up in the coming days. Around 60 per cent of the central farm belt has received ample rain.
- ❖ According to USDA, China will reduce the amount of foreign material allowed in shipments of U.S. soybeans as on January 01, 2018. Shipments of U.S. soybeans arriving at Chinese ports and containing 1 per cent of foreign material will be expedited. Shipments with more than 1 per cent foreign material would be held back for testing. According to traders, this will make difficult for U.S. shipments to compete with South American exports.
- ❖ According to Abiove, Brazil's soybean production has been kept unchanged at 109.5 MMT in 2018 compared to December 12 estimates. Soybean exports have been kept unchanged at 65 MMT.
- ❖ Net sales of 1,742,900 MT for 2017/2018 were up 20 percent from the previous week and 34 percent from the prior 4-week average. Increases were reported for China (1,577,400 MT, including 884,000 MT switched from unknown destinations and decreases of 134,500 MT), Mexico (110,900 MT, including decreases of 600 MT), Thailand (94,300 MT, including decreases of 100 MT), Costa Rica (80,000 MT), Egypt (67,600 MT,

including 65,000 MT switched from unknown destinations), and South Korea (61,100 MT, including 56,000 MT switched from unknown destinations) during the week December 08 -14, 2017. Reductions were reported for unknown destinations (360,800 MT), Japan (48,100 MT), and Pakistan (44,400 MT). For 2018/2019, net sales of 20,000 MT were reported for unknown destinations. The current week's net sales are higher compared to net sales of 1,452,600 MT during the previous week.

Soybean

Soybean noticed mostly positive tone during the week amid good demand in the cash market and decline in arrivals in the mandis. However upside was limited amid weakness in soy complex at CBOT. Soybean at CBOT closed lower amid rains in the soybean growing regions of Argentina and stringent norms specified for U.S. soybean imports in China. NOPA released soybean crush data for the month of November 2017 which is higher compared to same period previous year and lower compared to October 2017. The weekly export sales of soybean released by the USDA were higher compared to previous week.

In the domestic market, buying interest added to the positive tone of the market. Arrivals are declining in the mandis. All India average soybean arrivals per day is around 3.0 -3.75 lakh bags.

The total weekly soybean arrivals in the cash markets of Madhya Pradesh are reported at 7,60,000 bags compared to 9,05,000 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
	Grand Total	54.010	109.714	1047	101.561	901	91.457

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 15th December 2017, is lower compared to the previous year's level which is down by 6.92% at 70.73 lakh hectares compared to 74.46 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

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.

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 witness range –bound to firm tone on good demand in the cash market and lower arrivals in the mandis.

International:

The international benchmark, CBOT soybean closed lower on rains in the soybean growing regions of Argentina and stringent norms specified for U.S. soybean imports in China.

At CBOT, the soybean, in the most active January contract, ended lower at US \$ 9.49/bushel compared to US \$ 9.67/bushel last week.

Net sales of 1,452,600 MT for 2017/2018 were down 28 percent from the previous week, but up 20 percent from the prior 4-week average. Increases were reported for China (872,300 MT, including 384,200 MT switched from unknown destinations and decreases of 74,100 MT), Japan (151,800 MT, including 40,500 MT switched from unknown destinations and decreases of 200 MT), Taiwan (88,800 MT, including 66,000 MT switched from unknown destinations and decreases of 7,000 MT), the Netherlands (70,700 MT, including 66,000 MT switched from unknown destinations), Mexico (69,900 MT, including decreases of 300 MT), and Egypt (65,500 MT, including 60,000 MT switched from unknown destinations) during the period December 1 -7, 2017. Reductions were reported for unknown destinations (130,200 MT). For 2018/2019, net sales of 113,200 MT were reported for unknown destinations (111,000 MT) and Japan (2,200 MT). Exports of 1,261,300 MT were primarily to China (768,400 MT), Taiwan (99,700 MT), the Netherlands (70,700 MT), Egypt (65,500 MT), and Bangladesh (52,800 MT). The current week's net sales are lower compared to net sales of 2,015,800 MT during the previous week.

Previous updates

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 consultancy AgRural, Brazilian farmers are expected to produce 12.9 MMT of soybeans in the 2017-18 season. The forecast is higher compared to 110.2 MMT estimates in November. Production estimates have increased as soybean acreage has been increased by 108,000 hectares to 34.8 million hectares.

According to a report released by the agriculture ministry, China's soybean imports are expected to increase by 2.7 per cent to 95.97 MMT in 2017 -18 compared to previous year. Soybean output is expected to increase by 15.1 per cent to 14.89 MMT during the period. Consumption is expected to increase by 2.3 per cent to 111 MMT in 2017 -18 compared to previous year.

According to IMEA (Mato Grosso Institute of Agricultural Economics), Brazilian farmers have sold 38.6 per cent of the 2017/18 soybean crop as on 11 December, 2017 in Mato Grosso. This is 5.84 per cent higher from the start index of November. Mato Grosso is expected to produce 30.60 MMT of soybean in 2017/18.

According to Conab, Brazilian soybean output is expected at 109.2 MMT in 2017 -18 season compared to 114.1 MMT during the previous season.

The U.S. Department of Agriculture's monthly supply and demand report for the month of December forecasts U.S. soybean stocks at 445 million bushels, up 20 million bushels from last month due to lower exports. Total U.S. oilseed production for 2017/18 is projected at 132.2 MMT, up 0.1 MMT from previous month amid higher cottonseed production. Global oilseed production is forecast at 579.5 MMT, up 0.7 MMT mostly reflecting higher rapeseed, peanut, and palm kernel production. Global soybean ending stocks for 2017/18 are forecast at 98.32 MMT up from previous month's forecast of 97.90 MMT, mostly reflecting increases for United States and European Union.

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.

Argentina will put an 8 percent tax on biodiesel exports starting next year according to government sources. According to the U.S. International Trade Commission (ITC), biodiesel imports from Argentina and Indonesia harm U.S. producers as imports coming to the country are below the cost of production. It announced that anti-dumping and anti-subsidy duties would remain for at least five years.

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.

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 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 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.

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.

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.

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 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.

The international soybean prices are expected to notice range –bound to weak tone amid rains in the soybean growing regions of Argentina and stringent norms specified for U.S. soybean exports in China.

Soy meal

The domestic meal prices noticed steady to firm tone during the week amid good export demand in the market. However upside was limited amid weakness in soy meal at CBOT.

Good export demand in the market around current levels added to the positive tone of the market. Soy meal ready for delivery in PP bags at Dhule was quoted at 24400+GST by MOEPI. This is with 46.5% protein content. However, it was quoted at 25300+GST in jute bags at Dharwad by ADM for 1 -15 January delivery.

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.

Till date in the current financial year, exports of oil meals have been higher compared to previous year's levels. 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.

Soy meal declined in international market, during the week.

CBOT soy meal January contract settled at US \$ 312.70 per short ton compared to US \$ 320.60 per short ton last week.

Net sales of 184,100 MT for 2017/2018 were down 60 percent from the previous week and 38 percent from the prior 4-week average. Increases were reported for Colombia (35,500 MT, including 20,000 MT switched from unknown destinations and decreases of 500 MT), Peru (30,000 MT), Turkey (26,000 MT, switched from unknown destinations), Mexico (25,600 MT), the United Kingdom (21,000 MT), and unknown destinations (20,000 MT) during the week December 08 -14, 2017. Reductions were reported for Spain (25,000 MT) and the French West Indies (3,900 MT). For 2018/2019, net sales reductions of 26,000 MT resulted as increases for Colombia (400 MT), were more than offset by reductions for unknown destinations (20,000 MT) and Canada (6,400 MT). The current week's net sales for 2017/18 are lower compared to net sales of 455,400 MT during the previous week.

The domestic soy meal prices at Indore, were quoted at Rs 23,000 – 23,300/MT compared to Rs. 23,000/MT - 23,500/MT in previous week. At Latur and Nanded, Maharashtra, soy meal noticed firm tone and were quoted at Rs 24,500/MT and 24,000/MT respectively compared to Rs 23,200/MT in Indore and Rs 24,000/MT in Kota.

Previous Updates

India has registered gains in the soy meal exports in the current season. Recovery in INR against dollar will eventually make India's soy meal export prices unattractive and help South American soy meal to gain 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 slightly lower. Soy meal Indore was quoted lower between Rs 23,000 – 23,300/MT during the week compared to Rs 22,650 – 23,500/MT during the corresponding period last year.

The soy meal prices are likely to feature range-bound movement with firm bias amid expected good demand in the coming days.

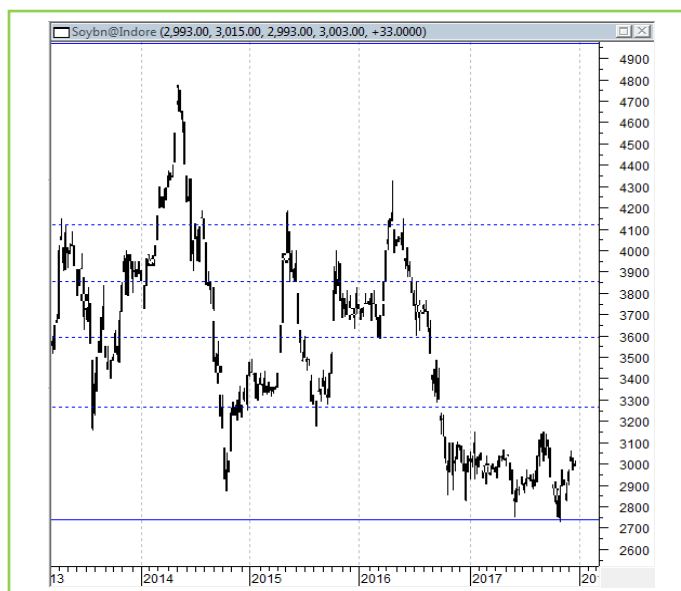
.

Technical Analysis:

NCDEX Soybean Futures



Soybean Spot, Indore



*Note: Daily Chart

Support & Resistance NCDEX Soybean – Jan. contract

S1	S2	PCP	R1	R2
2950	2900	3070	3200	3250

- Soybean noticed upward movement, during the week.
- Prices closed below 18-day EMA.
- RSI is declining in the neutral region and stochastic is increasing in the neutral zone.
- MACD is declining in the positive territory.
- The prices are expected to feature loss in the coming week.
- Trade Recommendation (NCDEX Soybean – Jan.): **SELL** Below 3150. Levels: T1 – 3050; T2- 3000, SL -3210.

Rapeseed - Mustard Seed

The domestic rapeseed-mustard noticed range –bound to weak tone during the week amid increase in arrivals and weakness in palm oil at BMD and soy oil at CBOT. Rabi oilseeds acreage till date is lower compared to same period previous year, thereby lending 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 62.80 lakh hectares as on 22 December 2017 compared to 68.22 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.

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 1.20 – 1.65 lakh bags in a day compared to around 1.30 – 1.65 bags a day, previous week. The supplies were 0.50 – 0.55 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 4,090 – 4,125 a quintal compared to Rs 4,430 – 4,665 a quintal during the corresponding period last year at the benchmark, Jaipur.

At NCDEX futures, the seed prices at January contract ended higher at 4013/Qtl compared to 3973/Qtl previous week.

The area coverage under rapeseed, as on 22 December, is reported down 7.94% at 62.80 lakh hectares compared to 68.22 lakh hectares at the same period last year.

Crop	As on 22 Dec. 2017	As on 22 Dec. 2016	% Chg.
Rapeseed/Mustard	62.80	68.22	-7.94
Groundnut	4.14	3.75	10.32
Safflower	0.70	0.86	-19.16
Sunflower	1.35	1.30	3.77
Sesamum	0.29	0.34	-14.66
Linseed	3.48	3.34	4.25
Total Oilseeds	73.03	78.27	-7.94

Source: Government of India

The total sown area under *rabi* oilseeds, as on 22 December, is lower compared to the previous year's level which is down by 7.94% at 73.03 lakh hectares compared to 78.27 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 December review, India's 2017/18 imports of palm oil is hiked 0.4 MMT to 9.9 MMT from 9.5 MMT in its earlier review. Consumption of palm oil in India in 2017/18 is increased to 10.1 MMT from 9.8 MMT in its earlier review. End stocks of palm oil in India in 2017/18 is increased 0.1 MMT to 0.449 MMT from 0.349 MMT.

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 declined in October.

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 November edible oil imports rose 5.97 percent y-o-y to 12.25 lakh tons from 11.56 lakh tons in November 2016. Palm oil imports in November fell 10.5 percent y-o-y to 7.17 lakh tons from 8.01 lakh tons in November 2016. CPO Imports rose marginally y-o-y to 5.60 lakh tons from 5.57 lakh tons in November 2016. RBD palmolein imports fell 39 percent y-o-y to 1.47 lakh tons from 2.41 lakh tons in November 2016. Soy oil imports rose 67 percent y-o-y to 2.74 lakh tons from 1.64 lakh tons in November 2016. Sunflower oil imports rose 32.99 percent y-o-y to 1.94 lakh tons from 1.58 lakh tons in November 2016. Rapeseed (canola) oil imports in November rose 28.1 percent to 0.41 lakh tons compared 0.32 lakh tons in November 2016.

According to Solvent Extractors Association (SEA), India's November edible oil stocks at ports and pipelines fell 3.28 percent m-o-m to 22.67 lakh tons from 23.44 lakh tons in October 2017. Stocks of edible oil at ports fell to 847,000 tons (CPO 345,000 tons, RBD Palmolein 115,000 tons, Degummed Soybean Oil 200,000 tons, Crude Sunflower Oil 180,000 tons and 7,000 tons of Rapeseed (Canola) Oil) and about 1,420,000 tons in pipelines.

India is presently holding 38 days of edible oil requirement on 1st December, 2017 at 22.67 lakh tons compared to 39 days of requirements last month at 23.44 lakh tons. India's monthly edible oil requirement is 18.0 lakh tons.

According to United States Department of Agriculture (USDA) in its December review, India's 2017/18 imports of sunflower oil is hiked 0.15 MMT to 1.85 MMT from 1.7 MMT in its earlier review. Consumption of sunflower oil in India in 2017/18 is increased to 2.1 MMT from 1.9 MMT in its earlier review.

Rapeseed oil production forecasts for 2017/18 declined 240,000 tonnes to 28.45m tonnes in December 2017, from 28.69m tonnes in November the same year according to USDA. Consumption forecasts fell 130,000 tonnes to 29.22m tonnes in December 2017, compared to 29.35m tonnes in November.

According to cargo surveyor Intertek Testing Services (ITS), Malaysia's December 1-20 palm oil exports fell 2.0 percent to 874,022 tons compared to 891,926 tons in corresponding period last month. Top buyers are European Union at 241,607 tons (170,081 tons), China at 116,200 (152,396 tons) and India & subcontinent at 87,880 tons (121,510 tons). Values in brackets are figures of corresponding period last month.

According to cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's December 1-20 palm oil exports fell 2.0 percent to 865,309 tons compared to 882,943 tons in corresponding period last month. Top buyers are European Union at 237,497 tons (159,679 tons), China at 125,228 tons (138,376 tons), United States at 65,005 tons (48,050 tons), India at 49,880 tons (71,960 tons) and Pakistan at 25,000 tons (35,450 tons). Values in brackets are figures of corresponding period last month.

According to Malaysia Palm Oil Board (MPOB), Malaysia's November palm oil stocks rose 16.02 percent to 25.57 lakh tons compared to 22.03 lakh tons in October. Production of palm oil in November fell 3.29 percent to 19.43 lakh tons compared to 20.08 lakh tons in October. Exports of palm oil in November fell 11.94 percent to 13.54 lakh tons compared to 15.38 lakh tons in October. Imports of palm oil in November rose 124 percent to 0.30 lakh tons compared to 0.13 lakh tons in October. Rise in palm oil end stocks in October was above trade estimates.

According to Malaysian Government circular, Malaysia decreased January crude palm oil export duty to 5.5 percent from 6 percent in December. Tax is calculated at reference price of 2,625.31 ringgit per ton. Tax is calculated above 2,250 ringgit starting from 4.5 percent to a maximum of 8.5 percent.

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.

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's October palm oil (excluding biodiesel and oleochemicals) exports fell 5.6 percent to 2.6 MMT from 2.79 MMT in September and 2.41 MMT in October 2016.

End stocks of palm oil in Indonesia in October rose 16 percent to 3.38 MMT from 2.92 MMT in September 2017. Production of palm oil in Indonesia in October rose 3 percent to 4.16 MMT from 4.03 MMT in September 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.

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 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.

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.

Outlook: The rapeseed-mustard is likely to notice range –bound to weak tone amid lack of demand from the retailers and overall weakness in edible oils.

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
3850	3800	4013	4150	4200

- Upward movement witnessed in RM seed.
- Prices closed below 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 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)		
	22-Dec-17	15-Dec-17	Parity To
Indore (MP)	23200	23000	Gujarat, MP
Kota	24000	23400	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	24800	24800	Mumbai, Maharashtra
Nagpur (42/46)	24000	23500	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	24000	23000	Andhra, AP, Kar ,TN
Latur	24500	24000	-
Sangli	24500	24500	Local and South
Sholapur	24500	24200	Local and South
Akola	23500	23000	Andhra, Chattisgarh, Orrisa,Jharkhand, WB
Hingoli	24500	24100	Andhra, Chattisgarh, Orrisa,Jharkhand, WB
Bundi	23500	23500	-

Soy DOC at Port

Centers	Port Price	
	21-Dec-17	14-Dec-17
Kandla (FOR) (INR/MT)	25000	24700
Kandla (FAS) (USD/MT)	375	390

International Soy DOC			
Argentina FOB USD/MT	21-Dec-17	14-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	22-Dec-17	15-Dec-17	Change
Adoni	14500	14500	Unch
Khamgaon	NA	NA	-
Parli	NA	NA	-
Latur	14700	14500	200

Groundnut Meal (Rs/MT)	22-Dec-17	15-Dec-17	Change
Basis 45%, Saurashtra	19300	19300	Unch
Basis 40%, Saurashtra	16800	16800	Unch
GN Cake, Gondal	20500	20000	500

Mustard DOC/Meal	22-Dec-17	15-Dec-17	Change
Jaipur (Plant delivery)	13700	13800	-100
Kandla (FOR Rs/MT)	14200	14200	Unch
Sri Ganganagar	1785	1790	-5

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

The 1st 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

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

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			
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

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>
 © 2017 Indian Agribusiness Systems Pvt Ltd.