

Oilmeal Weekly Research Report

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Executive Summary

Soybean continued positive tone during the week amid good buying interest from the millers and lower arrivals in the mandis. Recovery in soybean at CBOT added to the positive tone of the market. Soybean at CBOT noticed firm tone amid dry weather concerns in the soybean growing regions of Argentina and bullish soybean crush report released by the USDA for the month of November. However overall scenario remains bearish in the global market amid record supply, favourable weather condition in Brazil and stringent Chinese import rules introduced for U.S. soybean effective 01 January, 2018.

There is good demand from the millers in the domestic market and arrivals are declining in the mandis. Positive tone in edible oils in the domestic market also lent support to prices. All India average arrival of soybean per day was around 2.5 -3.5 lakh bags during the week.

The monthly soybean crush report released by the USDA for the month of November was reported at 191 million bushels. This is higher than analyst's estimates of around 175 million bushels. Dry weather in the soybean growing regions of Argentina is likely to reduce soybean planting in 2017/18, thereby lending support to the market. However weather condition remains favourable in the soybean growing regions of Brazil.

Soy meal prices witnessed positive tone during the week amid good demand in the cash and domestic market. There is forward booking of shipments in January and February. However the recent strength in Indian rupee will remain unattractive for soy meal exports.

Rapeseed prices witnessed recovery in domestic markets. Buying interest in the cash market and recovery in palm oil at BMD lent support to the market. Lower acreage is reported under mustard seed in the current rabi season compared to previous year.

Arrivals are declining in the mandis. However overall bearish supply scenario in the global market will weigh on prices in the medium –term.

Outlook – Cash Market

Outlook - Soybean (Spot, Indore): *The soybean continued positive tone in the domestic market amid good demand from the millers and lower arrivals in the mandis. Recovery in soybean at CBOT added to the positive tone of the market. Soybean at CBOT noticed firm tone on dry weather in the soybean growing regions of Argentina and bullish soybean crush report released for the month of November by USDA. Weather remains favourable in Brazil. This coupled with recent stringent imports norms introduced by China for U.S. soybean will limit upside movement. The prices are expected to feature range bound movement with firm bias between the price band of 3000 – 3300 level (Indore, Plant basis).*

Outlook – Soy meal (Spot, Indore): *Soy meal continued firm tone during the week amid good demand in the cash and export market. Spillover support from soy meal at CBOT added to the positive tone of the market. The recent strength in Indian rupee will limit upside movement in the coming days. Soy meal, Indore is expected to be in the range of 23,500 – 25,500/MT levels during the week.*

Outlook - Rapeseed-Mustard (Spot, Jaipur basis): *The rapeseed-mustard noticed firm tone during the week recovering the recent losses to certain extent. Buying interest in the cash market and recovery in palm oil at BMD supported the market. Rabi sowing of rapeseed is lower by around 6.0% till date compared to same period previous year. The seed prices are likely to feature range-bound movement with firm bias and witness the levels between 4000 – 4150/Qt; levels during the week.*

International Highlights

- ❖ According to the agriculture ministry, Argentina has cut its soybean export tax to 29.5 per cent from 30 per cent previously. This is the first step towards gradually reducing the levy to 18 per cent in the next two years. According to the plan, there will be tax cut of one half percentage point per month in the next twenty four months.
- ❖ According to USDA, 191 million bushels soybean was crushed in November 2017. This is higher than average analyst's expectation. According to analyst's estimates, crush figures were likely to be around 173.5 -175 million bushels. NOPA had estimated soybean crush figure at 163.546 million bushels for the month of November 2017.
- ❖ According to the data released by the Commerce Department of the Ministry of Industry, Foreign Trade and Services, Brazil exported a record 68.15 MMT of soybean in 2017, an increase of 32 per cent compared to 2016. The figure is slightly higher than 67.8 MMT of soybean exports estimated by Abiove. Brazil produced a record 114 MMT of soybean in 2017.
- ❖ Argentina's bread-basket province of Buenos Aires will remain mostly dry over the days ahead, according to the meteorologists, after reporting scant rains over the weekend in the country's biggest and most productive farm area. The drought in some parts of Buenos Aires has led to recovery in international soy prices, on supply worries.
- ❖ Brazil exported 2.36 MMT of soybean in December 2017 compared to 2.14 MMT in November 2017 and 0.65 MMT during the same period previous year. It exported 0.67 MMT of soy meal in December 2017 compared to 1.07 MMT in November 2017 and 1.01 MMT during the same period previous year. Soy oil exports stood at 46,467 metric tonnes in December 2017 compared to 73,500 metric tonnes in November 2017 and 66,157 metric tonnes during the same period previous year.
- ❖ According to Rabobank, Brazil's soybean output in 2017/18 is estimated at 107 MMT, the second highest in the history of agriculture. The acreage under soybean will touch a new record of 34.5 million hectares. However productivity is expected to decline by 9% to 3.1 metric tonnes per hectare compared to 2016 -17 amid unfavourable weather conditions in certain soybean growing regions.

- ❖ Recent drought in Argentina's bread basket province of Buenos Aires is likely to reduce soybean planting this season according to Buenos Aires Exchange on 04 January, 2018. Some of the 18.1 million hectares expected to be sown with soybean might go unplanted. Due to lack of ground moisture in the growing regions, farmers will not be able to plant soybean. Planting season will be over in the next few weeks ahead.
- ❖ Net sales of 554,000 MT of soybean for 2017/2018--a marketing year low--were down 43 percent from the previous week and 64 percent from the prior 4-week average. Increases were reported for China (478,500 MT, including 136,000 MT switched from unknown destinations, 60,000 MT switched from Bangladesh, and decreases of 5,300 MT), Japan (100,000 MT, including 64,000 MT switched from unknown destinations and decreases of 3,200 MT), the Netherlands (79,100 MT, including 67,500 MT switched from unknown destinations), Vietnam (78,100 MT, including 63,000 MT switched from unknown destinations), Egypt (66,000 MT), and Venezuela (60,000 MT) during the week December 22 -28, 2017. Reductions were reported for unknown destinations (343,600 MT), Bangladesh (57,000 MT), and Spain (3,600 MT). For 2018/2019, net sales of 6,800 MT were reported for Japan. The current week's net sales are lower compared to net sales of 947,700 MT during the previous week.

Soybean

Soybean continued positive tone in the domestic market during the week amid good demand from the millers and lower arrivals in the mandis. Recovery in soybean at CBOT added to the positive tone of the market. Soybean at CBOT noticed firm tone on dry weather in the soybean growing regions of Argentina and bullish soybean crush report released for the month of November by USDA. However overall scenario remains bearish in the global market amid record supply, favourable weather in the soybean growing regions of Brazil and recent stringent import norms introduced by China for U.S. soybean effective 01 January, 2018.

There is good demand from the millers in the domestic market and arrivals are declining in the mandis. Recovery in edible oils in the domestic market lent support to the market. All India average soybean arrival per day was reported to be around 2.5 -3.5 lakh bags during the week.

The total weekly soybean arrivals in the cash markets of Madhya Pradesh are reported at 5,55,000 bags compared to 7,30,000 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	1.108	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 5th January 2018, is lower compared to the previous year's level which is down by 6.615% at 76.69 lakh hectares compared to 80.77 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 notice range –bound to firm tone amid good demand from the millers and lower arrivals in the mandis.

International:

The international benchmark, CBOT soybean closed higher amid concerns of dry weather in soybean growing regions of Argentina.

At CBOT, the soybean, in the most active March contract, ended higher at US \$ 9.71/bushel compared to US \$ 9.62/bushel last week.

Net sales of 554,000 MT for 2017/2018--a marketing year low--were down 43 percent from the previous week and 64 percent from the prior 4-week average. Increases were reported for China (478,500 MT, including 136,000 MT switched from unknown destinations, 60,000 MT switched from Bangladesh, and decreases of 5,300 MT), Japan (100,000 MT, including 64,000 MT switched from unknown destinations and decreases of 3,200 MT), the Netherlands (79,100 MT, including 67,500 MT switched from unknown destinations), Vietnam (78,100 MT, including 63,000 MT switched from unknown destinations), Egypt (66,000 MT), and Venezuela (60,000 MT) during the week December 22 -28, 2017. Reductions were reported for unknown destinations (343,600 MT), Bangladesh (57,000 MT), and Spain (3,600 MT). For 2018/2019, net sales of 6,800 MT were reported for Japan. Exports of 1,147,900 MT were down 19 percent from the previous week and 26 percent from the prior 4-week average. The primary destinations were China (679,700 MT), the Netherlands (79,100 MT), Vietnam (72,300 MT), Japan (72,000 MT), and Mexico (60,800 MT). The current week's net sales are lower compared to net sales of 947,700 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.

According to consultancy, AgRural forecast of rains during next two weeks in most soy producing regions of Brazil is likely to support soybean crop. Weather in January will define the crop output and yield. Harvesting will be little later than usual due to delayed planting. Last year Brazil produced 114 MMT of soybean following favourable weather. In the current season it is expected to produce 109 MMT soybean according to Conab.

According to the General Administration of Customs, China imported 458,959 metric tonnes of rapeseed in November 2017, an increase of 50.32 per cent compared to previous month. Imports were 33 per cent higher compared to the same period previous year. It imported 3,860 metric tonnes of soy meal in November 2017, an increase of 328.89 per cent compared to previous month. Imports were 303 per cent higher compared to the same period previous year.

According to data reviewed by Reuters, half of U.S. soybeans exported to China this year would not meet Chinese rules for routine delivery in 2018. Stringent import restrictions for soybean imports from U.S. in China will be effective from 01 January, 2018.

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 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.

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 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 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 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 firm tone on dry weather concerns in the soybean growing regions of Argentina. However upside will be limited amid overall bearish supply scenario in the global market.

Soy meal

The domestic meal prices witnessed mostly positive tone during the week amid good demand in the cash and export market. Spillover support from soy meal at CBOT added to the positive tone of the market. According to sources, there is booking of shipments in January and February.

Soy meal ready for delivery in PP bags at Dhule was quoted at 25400+GST by MOEPI. This is with 46.5% protein content. However, it was quoted at 25700+GST by Octagon in Latur. This is with 46% protein content. However, it was quoted at 26200+GST for 47% protein content and 26700+GST for 48% protein content.

Exports of oil meals in the current oil year are higher compared to previous year. Prices have to remain competitive to retain the global market 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. The recent strength in Indian rupee will remain unattractive for soy meal exports.

On a financial year basis, India's export of oil meals during April 2017 to December 2017 stands at 2,090,468 metric tonnes as compared to 1,169,914 metric tonnes in the same period of previous year showing an increase of 79% according to data released by the Solvent Extractor's Association of India.

In the month of December 2017, export of oil meals declined by 22% to 236,000 metric tonnes compared to the same period previous year. Soy meal exports during the period April 2017 to December 2017 was reported up at 937,846 metric tonnes compared to 446,110 metric tonnes during the same period previous year.

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

Soy meal increased in international market, during the week.

CBOT soy meal March contract settled at US \$ 321.90 per short ton compared to US \$ 316.80 per short ton last week.

Net sales of 109,000 MT for 2017/2018 were down 62 percent from the previous week and 60 percent from the prior 4-week average. Increases were reported for Mexico (25,400 MT, including decreases of 400 MT), Guatemala (17,100 MT, including 10,800 MT switched from unknown destinations and decreases of 500 MT), Canada (14,300 MT, including decreases of 100 MT), Panama (14,000 MT, including 3,700 MT switched from Colombia), and the Philippines (9,100 MT) during the week December 22 -28, 2017. Reductions were reported for unknown destinations (1,800 MT), Colombia (1,100 MT), and Cambodia (100 MT). For 2018/2019, net sales of 8,900 MT were reported for Mexico. Exports of 214,400 MT were down 4 percent from the previous week and 15 percent from the prior 4-week average. The primary destinations were to the Philippines (50,200 MT), Mexico (38,400 MT), Ecuador (30,700 MT), Spain (18,800 MT), and Canada (14,600 MT). The current week's net sales for 2017/18 are lower compared to net sales of 288,300 MT during the previous week.

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

quoted at Rs 25,800/MT and 24,600/MT respectively compared to Rs 24,500/MT in Indore and Rs 25,200/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 higher. Soy meal Indore was quoted lower between Rs 23,500 – 24,500/MT during the week compared to Rs 23,000 – 23,650/MT during the corresponding period last year.

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

Technical Analysis:

NCDEX Soybean Futures

Soybean Spot, Indore



*Note: Daily Chart

Support & Resistance NCDEX Soybean – Feb. contract

S1	S2	PCP	R1	R2
3100	3050	3220	3350	3400

- Soybean noticed upward movement, during the week.
- Prices closed above 18-day EMA.
- RSI is declining and stochastic is increasing in the overbought zone.
- MACD is increasing in the positive territory.
- The prices are expected to feature gain in the coming week.
- Trade Recommendation (NCDEX Soybean – Feb.): **BUY** Above 3175. Levels: T1 – 3275; T2- 3325, SL - 3115.

Rapeseed - Mustard Seed

The domestic rapeseed-mustard noticed recovery during the week amid buying interest in the cash market and recovery in palm oil at BMD. Lower rabi oilseeds acreage under mustard seed till date added to the positive tone of 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 65.25 lakh hectares as on 05 January 2018 compared to 69.53 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 – 1.55 lakh bags in a day compared to around 1.50 – 1.55 bags a day, previous week. The supplies were 0.40 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 4,065 – 4,085 a quintal compared to Rs 4,430 – 4,525 a quintal during the corresponding period last year at the benchmark, Jaipur.

At NCDEX futures, the seed prices at March contract ended higher at 4143/Qtl compared to 4113/Qtl previous week.

The area coverage under rapeseed, as on 05 January, is reported down 6.15% at 65.25 lakh hectares compared to 69.53 lakh hectares at the same period last year.

Crop	As on 05 Jan. 2018	As on 05 Jan. 2017	% Chg.
Rapeseed/Mustard	65.25	69.53	-6.15
Groundnut	4.59	4.28	7.34
Safflower	0.77	1.01	-23.91
Sunflower	1.53	1.41	8.13
Sesamum	0.36	0.43	-16.36
Linseed	3.86	3.62	6.69
Total Oilseeds	76.69	80.77	-6.15

Source: Government of India

The total sown area under *rabi* oilseeds, as on 05 January, is lower compared to the previous year's level which is down by 6.15% at 76.69 lakh hectares compared to 80.77 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 increased in November.

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 palm oil exports rose 6.7 percent to 1,422,070 tons compared to 1,332,342 tons last month. Top buyers are European Union at 437,097 tons (306,636 tons), India & subcontinent at 222,870 tons (177,510), tons and China at 190,600 tons (280,926 tons). Values in brackets are figures of last month.

According to cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's December palm oil exports rose 9.8 percent to 1,439,477 tons compared to 1,311,012 tons last month. Top buyers are European Union at 340,262 tons (246,561 tons), China at 198,728 tons (236,606 tons), India at 87,260 tons (112,960 tons), United States at 97,705 tons (69,225 tons), and Pakistan at 42,000 tons (69,450 tons). Values in brackets are figures of 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 January crude palm oil export duty to zero, unchanged from last month. This is the ninth consecutive month of zero tax. Reference prices of export tax are set at USD 750 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 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.

According to China's General Administration of Customs (CNGOIC), China's November palm oil imports rose 22.57 percent to 5.47 lakh tons compared to November 2016. Year to date imports of palm oil rose 18.77 percent to 45.12 lakh tons compared to corresponding period last year. Imports from Indonesia in November rose 42.47 percent to 3.75 lakh tons compared to November 2016. Year to date imports of palm oil from Indonesia rose 31.37 percent to 28.51 lakh tons compared to corresponding period last year. Imports from Malaysia in November fell 49.59 percent to 6.13 lakh tons compared to November 2016. Year to date imports rose 2.23 percent from Malaysia to 16.60 lakh tons compared to corresponding period last year.

Outlook: The rapeseed-mustard is likely to notice range –bound to firm tone amid recovery in edible oils in the domestic and global market.

Technical Analysis:

NCDEX RM Seed Futures



*Note: Daily Chart

RM Seed Spot, Jaipur



Support & Resistance NCDEX RM Seed – Apr. contract

S1	S2	PCP	R1	R2
4000	3900	4143	4250	4300

- Upward movement witnessed in RM seed.
- Prices closed above 18-day EMA.
- RSI is declining and stochastic is increasing in the neutral zone.
- MACD is declining in the positive territory.
- The prices are expected to feature range-bound movement with firm bias, during the week.
- Trade Recommendation (NCDEX Rapeseed-Mustard – Apr) Week: **BUY** Above 4100. Levels: Target – 4200; T2- 4250, SL –4040.

Annexure

Oil Meal Prices at Key Spot Markets:
Soy DOC Rates at Different Centers

Centres	Ex-factory rates (Rs/ton)		
	5-Jan-18	29-Dec-17	Parity To
Indore (MP)	24200	23500	Gujarat, MP
Kota	24800	24400	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	25000	24600	Mumbai, Maharashtra
Nagpur (42/46)	24300	24400	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	24600	24600	Andhra, AP, Kar ,TN
Latur	25300	24300	-
Sangli	25500	24700	Local and South
Sholapur	25300	24700	Local and South
Akola	24500	24000	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Hingoli	24400	24500	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Bundi	23500	23500	-

Soy DOC at Port

Centers	Port Price	
	4-Jan-18	28-Dec-17
Kandla (FOR) (INR/MT)	25200	25000
Kandla (FAS) (USD/MT)	375	375

International Soy DOC

Argentina FOB USD/MT	4-Jan-18	28-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	5-Jan-18	29-Dec-17	Change
Adoni	15300	14300	1000
Khamgaon	NA	NA	-
Parli	NA	NA	-
Latur	14500	14500	Unch

Groundnut Meal (Rs/MT)	5-Jan-18	29-Dec-17	Change
Basis 45%, Saurashtra	19300	19000	300
Basis 40%, Saurashtra	16800	16500	300
GN Cake, Gondal	20300	20250	50

Mustard DOC/Meal	5-Jan-18	29-Dec-17	Change
Jaipur (Plant delivery)	13600	13700	-100
Kandla (FOR Rs/MT)	14100	14100	Unch
Sri Ganganagar	1765	1765	Unch

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 4,450Qtl (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

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