

Oilseeds Weekly Research Report

Contents

- ❖ Executive Summary
- ❖ Outlook - Cash Market
- ❖ Sowing Status - Kharif Oilseeds 2018-19
- ❖ Weather Forecast and Current Status
- ❖ Soybean - Domestic & International
- ❖ Soy meal- - Domestic & International
- ❖ Technical Analysis - Soybean
- ❖ Rapeseed - Mustard
- ❖ Technical Analysis - RM Seed
- ❖ Annexure - Prices etc.

Executive Summary

Mixed trend are witnessed in Soybean complex on lower supplies and sometimes improved local demand during the current week. Stockiest are remain holding their crops in wait of better prices as a result arrivals are slow in the market as on date. Export scenario may improve on news that China and U.S are likely to resume and improve their trade deals soon. So far, India is likely to grow for Soybean crop in 2018/19 which may curb any major gain in the soybean prices in long run. Indian Oilseeds prices are also following global market sentiments and trend.

We are still sticking with production estimates for 2018/19 to 104 lakh tons which is higher from 2017/18 crop size. Gujarat, Karnataka, MP, Chhattisgarh and Rajasthan may play a major role to produce higher soybean crop with a support of good weather condition for the beans. The production estimates for India from other sources has been placed in the range of 102 to 118 lakh tons. SOPA has given it first estimated of production at 114.87 lakh tons. Many traders are in view that the SOPA production figures are overestimated and production should be in the range of 105-110 lakh tons.

As per sources, Soybean production of India may rise by 38% to 11.48 million tons this year against 8.36 million tonnes in last year record as supported by better yield, favorable weather condition in the major soybean crop growing states like Madhya Pradesh, Maharashtra and Rajasthan. As per Soybean Processors' Association (SOPA) estimates, Soybean acreage rose to 10.48 million hectares compared to 10.16 million hectares in the last season. Average yield jumped by 29 per cent to 1059 kg per hectare for the current harvesting season from 823 kg per hectare in the previous season. Soybean production in Madhya Pradesh may inch up by 41% to 5.92 million tonnes for the current season from 4.2 million tonnes last year. Total yield in the state is estimated to rise by 30.5 per cent to 1094 kg per hectare for the current season from 838 kg from the previous season.

The sowing of Rapeseed & Mustard is leading at 69.37 Lakh hac. against last year sowing pace i.e. 67.06 lakh hac. and thus has kept the trading sentiments on bearish side. Mustard prices are now being under the influence of weather and market participants starts betting over it. As of now the market seems to be sideways to bearish.

At international front, International prices showed weak tone during the current week as China and other buyers have canceled a flurry of U.S. Soybean orders in early January 2019. As per recent USDA exports sales data, total 610,900 tonnes for old and new crop have been canceled in this week end (Jan 3,2019). China has cancelled total 807,000 tonne and 444,000 tonnes from unknown destinations. China has imported total 7.38 million tonnes of soybeans in January 2019 with a decline of 13 percent from previous year record however import volume is up by 29% from December 2018. As per recent updates, there is a chance to resume and start trade deal again for beans between two countries Us. and China which is a positive clue for global market.

Overall soybean is likely to increase due to fresh demand and Mustard may show weakness in the market on higher crop estimates.

Outlook – Cash Market

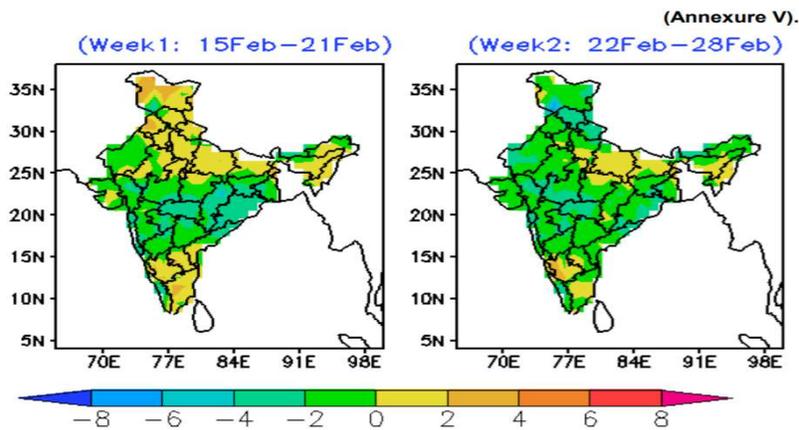
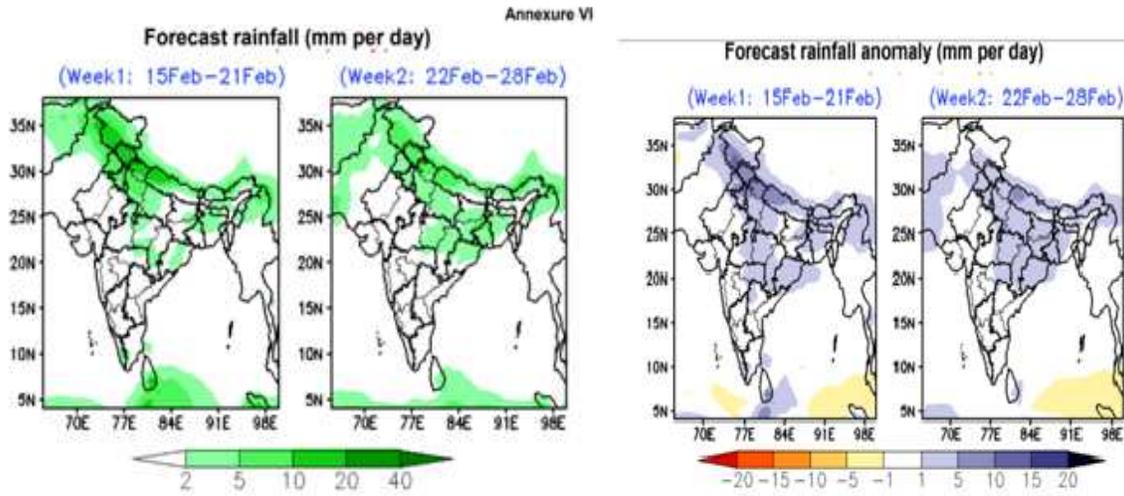
Outlook - Soybean (Spot, Indore): Soybean Indore is expected to trade in the range of 3750 to 3925 in week ahead on improved demand. However, higher crop estimates for India and higher stock availability of the world will remain a hurdle for any major rally in Soybean prices. Market may show steady to higher trend in coming week getting support from local crushers.

Outlook – Soy meal (Spot, Indore):Meal prices declined in the current week on dull demand. We expect steady to weak trend in coming week due to unsupportive exports news from local and international markets. However, there is probability to improve and resume trade deal talks between China and U.S. which may support global prices to rise. The spread between soybean and soymeal narrows in the off season and thus potential rally in Soymeal remains and which will be depending on the exports. Meal hasn't gained as much as the bean has.

Outlook - Rapeseed-Mustard (Spot, Jaipur basis) Mustard prices are continue down and likely to extend its lower trend on higher crop estimates of India. Overall mustard is expected to find support at current levels after factoring good sowing progress and falling veg oil prices. NCDEX prices are also down due to continue technical selling.

Weather Forecast (For Rabi Oilseeds)

Weather Forecast



Strong winds speed reaching 30-40 kmph gusting to 50 kmph is likely to occur over plains of northwest India and adjoining central India during next 24 hours .

During the week, rainfall was above Long Period Average (LPA) by 12% over the country as a whole.

Rabi Oilseed Sowing Progress

Rabi Oilseeds Sowing as on 15.02.2019						
	Normal Area	Average Area Sowing as on Date	2017-18	2018-19	% Change (Y-o-Y)	% Average Area as on Date
Rapeseed & Mustard	61.25	67.76	67.06	69.37	2.3	1.6
Groundnut	7.85	6.67	6.27	4.81	-1.5	-2.0
Safflower	1.62	1.08	0.81	0.45	-0.4	-0.6
Sunflower	3.68	2.80	1.75	1.14	-0.6	-1.7
Sesamum	3.04	0.85	0.70	0.79	0.1	-0.1
Linseed	2.93	3.56	4.02	3.48	-0.5	-0.1
Total Oilseed (Nine)	80.36	83.42	80.98	80.40	-0.6	-3.0

Soybean

Domestic Market

improved local demand may support Soybean prices to go up in coming days. Poultry farmers may get active ahead of Holi Festival. We can see exporters to get active in the market after a decision to resume talks for easing beans trade between China and U.S.

According to Solvent Extractors Association (SEA), India's January edible oil stocks at ports and pipelines rose 4.20 percent m-o-m to 21.10 lakh tons from 20.25 lakh tons in Dec 2018. Stocks of edible oil at ports in Jan fell to 805,000 tons (CPO 445,000 tons, RBD Palmolein 160,000 tons, Degummed Soybean Oil 70,000 tons, Crude Sunflower Oil 130,000 ton and about 1,305,000 tons in pipelines. (Stocks at ports were 805,000 tons in Dec 2018). India is presently holding 33 days of edible oil requirement on 1st Feb, 2019 at 21.10 lakh tons compared to 32 days of requirements last month at 20.25 lakh tons. India's monthly edible oil requirement is 19.0 lakh tons.

As per Soybean Processors' Association (SOPA) estimates, Soybean production of India may rise by 38% to 11.48 million tons this year against 8.36 million tonnes in last year record as supported by better yield, favorable weather condition in the major soybean crop growing states like Madhya Pradesh, Maharashtra and Rajasthan. Soybean acreage rose to 10.48 million hectares compared to 10.16 million hectares in the last season. Average yield jumped by 29 per cent to 1059 kg per hectare for the current harvesting season from 823 kg per hectare in the previous season. Soybean production in Madhya Pradesh may inch up by 41% to 5.92 million tonnes for the current season from 4.2 million tonnes last year. Total yield in the state is estimated to rise by 30.5 per cent to 1094 kg per hectare for the current season from 838 kg from the previous season. While, Maharashtra may cover 36.39 lakh ha. area of Soybean crop in this year. The estimate is down by 10% from government

estimates of 40.43 lakh Ha area. Soybean production of the state may increase by 32% to 38.4 lakh tonnes in this year.

As per recent ministry report, Rabi Oilseeds crop sowing area in 2018/19 season stood slightly down by 0.6% to 80.40 lakh Ha. in India as compared to 80.98 Lakh Ha. in 2017-18. Currently, farmers have covered total 80.36 lakh Ha. normal area as on 15th Feb 2019.

As per recent updates, GSCSL (Gujarat State Civil Supplies Corporation Limited) procured total 4.25 lakh tonnes of Groundnut from 2.10 lakh farmers of the state at the cost of Rs. 2127 crore. The operation of procurement of groundnut from farmers by the central government under price support scheme (PSS) ended in Gujarat on 12th Feb 2019.

The domestic soybean prices are likely to trade steady to slight firm zone in the domestic market.

International Market

As per sources, Argentina may produce 50 million tonnes higher Soybean crop to 52 million tonnes during the 2018/19 from its earlier forecast despite damages of some crops due to rain. However, excess rain report may cut the forecast of Soybean crop in upcoming days.

As per Agribusiness consultancy AgRural, Brazil may produce Soybean crop at 112.5 million tonnes in 2018/19 which is lower than its previous forecast i.e. 116.9 million tonnes due to continue dry spell in the country. The pace of Brazil's 2018/19 soybean harvest is ahead at 26 percent of the planted area, compared with 10 percent a year ago and the five-year average of 12 percent. While, sources Sarfas revised down its projection to 115.402 million tonnes from a 115.718 million-tonne forecast in January 2019 due to a drought that has stressed fields subsided.

According to National Oilseed Processors Association (NOPA), U.S. January soybean crush fell marginally 171.630 million bushels from 171.759 million bushels in December 2018. Crush of soybean in January was higher by 5.22 percent compared to January 2018 figure of 163.111 million bushels. Soy oil stocks in U.S. at the end of January rose 3.41 percent to 1.594 billion lbs compared to 1.498 billion lbs in end December 2018. Stocks of soy oil in end January was lower by 10.36 percent compared to end January 2018, which was reported at 1.728 million lbs.

As per USDA recent report, Output of Oilseed for the World is forecast lower at 593.3 million tons due to major decline in Soybean production. Soybean production may fall by 8.2 million tons to 361.0 million in 2018/19. Total soybean imports are expected to down by 1.0 million with a reduced forecast for China offsetting an increase in Argentina. Soybean exports are down 1.7 million after lower exports volume from Brazil, United States, Uruguay, and Paraguay. The U.S. season-average farm price for soybeans is projected unchanged at \$8.60 per bushel. U.S. soybean export bids in January 2019, FOB Gulf, averaged \$346/ton, up \$5 from December and \$17 from November. In comparison, Brazil Paranagua averaged \$349/ton, down \$3 from December and \$34 from November.

As per USDA recent report, China exported 2.603 million tonnes of soybeans during 2018/19 season. The soybeans will be delivered to China during the current marketing year, which ends on Aug. 31,2019. Total 274,000 tonnes of U.S. soybean has been shipped to unknown destination also. China bought 60% of the 2017 U.S. soybean crop so far which is lower than previous year record due to trade tension between U.S and China.

Soy meal

Weak tone featured in Soybean prices after poor export demand. Exports are waiting to get any positive global news before making any fresh positions. Exports scenario may change after resuming trade deal negotiations between China and U.S.

Now, Iran is ready to buy Soybean meal from India. Iran bought total 2.8 lakh tons of Indian Soybean meal during April to January 2019 which is higher from 23000 tons in previous year record.

According to recent WASDE report, There is no changes in Soybean meal production as the higher crush is offset by a lower extraction rate. Lower supplies and increased crush are partly offset with a 25-million-bushel reduction in exports. Ending stocks are estimated down by 45 million to 910 million bushels from its earlier forecast.

As per SEA recent report, India exports total 283,850 tons of Oilmeals during January 2019 higher than 269,668 tons in previous year during the corresponding period of time. Total exports volume of Oilmeals is recorded up by 7% at 2,692,452 tons during April 2018 to January 2019 against 2,516,657 in previous year during the same period of time. Total shipment of Rapeseed meal went up at 897,537 tons in first ten months (April to January 2019) against 486,917 during the same period of time in previous year supported by major buyers like South Korea, Vietnam and Thailand. Thailand shipped 65% higher rapeseed meals to 263,280 tonnes in the current season .

For KMS Oct-Sep Soybean meal has been exported to a tune of 1.1 lakh tons OND and thus by mid of season India is expected to export nearly 2.6 LT of soymeal which Iran will compensate, the loss of exports to Bangladesh. Post mid of 2018-19 Soybean season, it should be noted that US will again force India to put a trade sanction on Iran after the expiry of the grace period. In this period prospects of soymeal exports to Iran has to be evaluated given the fact Iran has already a contingency plan to bypass US restriction by doing barter trade with India with Iran's bank opening its banking facility branch in Mumbai to facilitate transaction in Indian rupee.

Indian soymeal premium has gained over Argentinean meal with Indian meal bullishness producing the premium rather than Argentinean meal bearishness. Such premium is going to result very limited bookings of Indian Soybean meal for forward as well as spot market.

Technical Analysis:

NCDEX Soybean FUTURE*



Soybean Spot, Indore



*Note: Daily Chart

Support & Resistance NCDEX Soybean – March Contract

S2	S1	PCP	R1	R2
3550	3600	3781	3868	3968

- Soybean March contract went upside and likely to find support at 3600 and resistance at 3968.
- On the upside, 3868 shall act as immediate resistance followed by INR 3968
- On the downside, INR 3600 shall act as immediate support followed by 3550
- Trade Recommendation (NCDEX-Soybean – Mar) Buy

Weekly trade call: **Buy** 3780-3787 Target – T1-3820; T2- 3860, SL – 3700

Rapeseed - Mustard Seed

All India weekly seed supplies are continue on lower side against previous week records as stockiest don't want to release their holdings at the current market prices due to less price quote.

The spot price closed steady to downside in the current week . Old crop is going to find support at current levels however new crop is expected to fall towards 3600 given the scenario building towards a good crop this year. At the end of week mustard closed lower at 4140 per quintal as against INR 4150 per quintal last week at the benchmark, Jaipur.

Mustard prices are trending lower side on weak demand despite lower stocks availability. Higher crop estimate is leading prices downside. The potential to rise prices are remains limited and any upside movement is a function of weather at this point of time. Weather is supportive for new mustard crop. There is no major crop damage as reported in India due to hailstorm and rainfall of last month. U.P., West Bengal, and M.P. may get higher mustard crop of this season due to beneficial rainfall. However, less rainfall may affect to the yield of Gujarat, Bihar. We expect higher Mustard crop size for 2018/19 season. At some places, like Mathura, farmers are expecting a decline by 10 to 15 % lower Mustard crop size in Mathura due to crop dislodging.

New Mustard crop has hit the Baran market and was expected as the sowing was early in Rajasthan. Traders are saying about bumper crop this season. Usually the new crop starts arriving from second week of Feb. We expect that arrivals of new crop may increase as a result price is expected to remain under pressure.

Technical Analysis:



RM Seed Futures April Contract, RM Seed Spot, Jaipur

Support & Resistance NCDEX RM Seed – April contract				
S1	S2	PCP	R1	R2
3700	3760	3904	3990	4150

- Mustard April Contract closed downside and further can get support at INR 3760.
- Prices have tested the level of 3990.
- Trade Recommendation (NCDEX Rapeseed-Mustard – April).

Weekly trade call: **Sell**: Below 3904 Target – T1-3810 T2- 3770 , SL – 3915

Soy DOC Rates at Different Centers			
Centres	Ex-factory rates (Rs/ton)		
	14-Feb-19	7-Feb-19	Parity To
Indore - 45%, Jute Bag	30800	315000	Gujarat, MP
Kota - 45%, PP Bag	32000	328000	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna - 45%, PP Bag	32500	33000	Mumbai, Maharashtra
Nagpur - 45%, PP Bag	32200	32800	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	32500	32500	Andhra, AP, Kar ,TN
Latur	32500	33300	-
Sangli	32500	33000	Local and South
Solapur	31800	32200	Local and South
Akola – 45%, PP Bag	31200	32000	Andhra, Chattisgarh, Orrisa,Jharkhand, WB
Hingoli	32500	33400	Andhra, Chattisgarh, Orrisa,Jharkhand, WB
Bundi	31800	32600	-

Soy DOC at Ports			
Centers	Port Price		
	13-Feb-19	6-Feb-19	Change
Kandla (FOR) (INR/MT)	33500	33700	-200
Kandla (FAS) (USD/MT)	440	435	-5
CNF Indonesia – Yellow SBM (USD/MT)	465	460	5

Rapeseed Meal	13-Feb-19	6-Feb-19	Change
FAS Kandla (USD/MT)	212	212	Unch

FOR Kandla (Rs/MT)	15300	15400	-100
FOR Mundra (Rs/MT)	15700	15800	-100
CNF Indonesia (USD/MT)	237	235	2

International Soy DOC			
Argentina FOB USD/MT	13-Feb-19	6-Feb-19	Change
Soybean Pellets	329	327	2
Soybean Cake Flour	329	327	2
Soya Meal	331	328	3
Soy Expellers	331	328	3

Sunflower (DOC) Rates	Ex-factory rates (Rs/ton)		
Centers	14-Feb-19	7-Feb-19	Change
Adoni	24500	25500	1000
Khamgaon	Unq	Unq	Unq
Parli	Unq	Unq	Unq
Latur	Unq	Unq	Unq

Groundnut Meal (Rs/MT)	14-Feb-19	7-Feb-19	Change
Basis 45%, Saurashtra	26300	26000	300
Basis 40%, Saurashtra	Unq	Unq	Unq
GN Cake, Gondal	Unq	Unq	Unq

Mustard DOC	14-Feb-19	7-Feb-19	Change
Jaipur (Plant delivery)	14700	14700	Unch

Kandla (FOR Rs/MT)	15300	15300	Unch
--------------------	-------	-------	-------------

Mumbai Oil Meal Quotes:			
Rs/M.T.	14-Feb-19	7-Feb-19	Change
G.N. Extr (45%)	Unq	Unq	Unq
KardiExtr	Unq	Unq	Unq
Undec Cottonseed Exp	22200	21700	-500
Rice Bran Extr.	Unq	Unq	Unq
Sunflower Extr.	26000	26000	Unch
Rapeseed Extr.	Unq	Unq	Unq
Soymeal 48%	31096	32870	-1774
Castor Extr.	4875	4950	-75

Annexure

India's Total Oilseeds Production Seen at 313.1 Lakh Tons in 4th Adv Est. - GOI (Kharif + Rabi + Summer)

The 4th Advance Estimates of production of major crops for 2017-18 have been released on 26th September, 2018 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 oilseeds production in the current year compared to previous year.

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

Oilseeds – 313.1 Lakhtonnes

- Soyabean – 109.81 Lakh Tons
- Groundnut – 91.79 Lakh Tons
- Rapeseed – 83.22 Lakh Tons
- Castorseed – 15.68 Lakh Tons

- Sesame/Sesamum/Gingelly/Til – 7.51 Lakh Tons
- Nigerseed – 0.74 Lakh Tons
- Sunflower – 2.11 Lakh tons
- Linseed - 1.75 Lakh Tons

India's Kharif Oilseeds Production 2018-19 1st Advanced Estimates

The 4th Advance Estimates of production of major crops for 2017-18 have been released on 26th September, 2018 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.

Oilseeds – 313.1 Lakhtonnes

- Soyabean – 134.59 Lakh Tons
- Groundnut – 63.28 Lakh Tons
- Castorseed – 15.17 Lakh Tons
- Sesame/Sesamum/Gingelly/Til – 7.10 Lakh Tons
- Sunflower – 0.94 Lakh ton

MSP for 2018/19 Kharif Oilseeds

The Cabinet Committee on Economic Affairs, chaired by the Prime Minister Shri Narendra Modi, MSP for 2018/19 is set for Sesamum by 17.9% or Rs.949 to Rs 6249/Qtl from Rs 5,300/Qtl.

MSP for 2018/19 Rabi Oilseeds

Centre has increased the MSP of Mustard/Rapeseed by INR 200 from last year and kept it at INR 4200 per quintal. Last year the MSP of Mustard/rapeseed was INR 400 per quintal including bonus of INR 100.

Safflower MSP has been increased to INR 4945 from INR 4100 per quintal of last year. Last year MSP includes a bonus of INR 100 per quintal.

SOPA Soybean Production Estimates Kharif 2018 As On 08.10.2018

SOPA Estimates of Soybean Production in Lakh Tons				
S.No.	Division/District	2016	2017	2018
1	Madhya Pradesh	54.01	42.0	59.2
2	Maharashtra	35.81	29.0	38.3

3	Rajasthan	9.81	7.5	1.0
4	Andhra Pradesh & Telangana	2.99	1.1	1.6
5	Karnataka	3.24	1.7	2.9
6	Chattisgarh	1.34	0.9	1.1
7	Gujarat	1.38	0.9	1.2
8	Rest Of India	1.13	0.5	1.0
	Grand Total	109.71	83.5	114.8

North East Monsoon forecast for 2019

North East Monsoon forecast for 2019

Weather systems & associated Precipitation during Week 1 (15th – 21st February 2019) and Week 2 (22nd to 28th February 2019)

Forecast for next two weeks: The cumulative rainfall is very likely to be above normal over northwest India, central, east & northeast India and near normal elsewhere during both the weeks.

Above normal night minimum temperatures (by 2-4°C) are likely to prevail over Jammu & Kashmir, Himachal Pradesh, Uttarakhand, Punjab, Haryana, Chandigarh & Delhi, Uttar Pradesh, north Bihar, parts of Rajasthan, Arunachal Pradesh, Assam & Meghalaya, Nagaland, Manipur, Mizoram, Tripura, Tamil Nadu, Puducherry, interior Andhra Pradesh, Karnataka and some parts of Kerala during week-1.

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.