

Oilmeals Weekly Research Report

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Executive Summary

Mostly weak tone witnessed in the Oilseeds complex during the current week amid sluggish demand. Only groundnut seed prices closed on higher side followed by lower crop estimates and rising demand. New mustard crops arrivals have started to hit in the domestic market which is weighing on mustard seed prices. Beneficial rainfall at the maturity stage for Mustard crops, helped farmers to get better yield of this season as a result we expect higher mustard crop size for 2018/19 and 2019/20. Higher crop estimates will limit further gain in the market.

As per recent SEA released data, Rapeseed mustard production is likely to increase by 19% to 8.5 million tonnes in 2018/19 supported by good weather condition compared to previous year record. Farmers have covered higher areas under planting on account of higher seed prices. Rapeseed mustard is the main winter-sown oilseed in India. Higher production estimates may limit India to import edible oil from other countries. Good rainfall at flowering and maturity stage helped for better yield. So far, Farmers have harvested around 20 to 25% of rapeseed crop of this season and the remaining will be harvested in 3 to 4 weeks. India buys palm oil from Indonesia and Malaysia, Soya oil from Argentina and Brazil, sunflower oil from Ukraine and canola oil from Canada. SEA expects higher Rapeseed crop estimates in Rajasthan at 3.37 million tonnes, Madhya Pradesh at 1.01 million tonnes and Uttar Pradesh at 1.49 million tonnes for 2018/19 followed by better yield and higher acreage.

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.

At international front, CBOT soybean future declined on heavy supplies in the market as of now. New Brazilian soybean crop started to enter in the market which may reduce U.S. soybean demand. Unseasonal rain in Argentina helped to improve standing Soy crop. Argentina is likely to grow 53 million tonnes of Soybean for 2018/19 season. Harvesting can be started in next month. Farmers in Brazil have harvested about 45 percent of fields as on 25th Feb 2019 for the 2018/19 season followed by good supportive weather condition in top state Mato Grosso. It is higher almost 20% against last year record at the same time period and 27% higher compared to last 5 years records. In Mato Grosso, farmers have harvested about 80% of fields. South America is harvesting its soybean crop in full pace. On the other hand, traders are waiting for the confirmation of China to buy U.S. Soybean again. There is remain unclear picture about China and U.S. trade deal negotiation.

Overall soybean may trade lower side in expectation of dull local and export demand. Mustard may move steady to declining phase on less demand and higher crop estimates.

Outlook – Cash Market

Outlook - Soybean (Spot, Indore): Soybean Indore closed down on poor demand. Prices may slump further and trade in the range of 3600 to 3950 in next week as traders are very slow in the market. Higher crop estimates for India and higher stock availability of the world are weighing to pull down soybean prices. Market may show steady to weak trend in coming week.

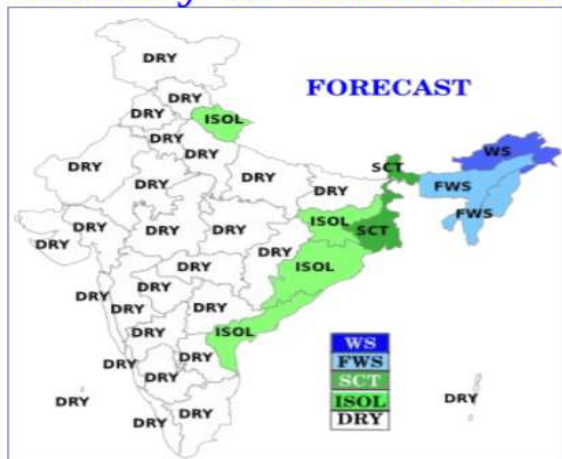
Outlook – Soy meal (Spot, Indore): Meal prices are remain down in this week due to less demand. Exporters are inactive in the market. Traders are remain in worried about trade talk and negotiations between China and U.S. as a result domestic prices are ruling steady to lower prices trend. The spread between soybean and Soy meal narrows in the off season and thus potential rally in Soy meal 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 declined amid sufficient supplies during this week. The trend may extend on higher crop estimates of India. Continue fall in mustard oil prices and less crushing and retail demand may pull down prices in coming week. NCDEX prices are also quoting downside due to speculative selling.

Weather Forecast (For Rabi Oilseeds)

Weather Forecast

Tuesday 05 March 2019



Wednesday 06 March 2019



Thursday 07 March 2019



Friday 08 March 2019



Thunderstorm accompanied with lightning & gusty winds at isolated places very likely over north Coastal Andhra Pradesh, Odisha and Arunachal Pradesh, West Bengal.

Maximum temperatures are likely to rise by about 2-3° C over many parts of south peninsular India from tomorrow, it may cause heat wave conditions at isolated pockets over Tamilnadu & Kerala on 6th & 7th March, over Rayalaseema on 6th March and over south Coastal Andhra Pradesh on 7th March.

Rabi Oilseed Sowing Progress

Rabi Oilseeds Sowing as on 22.02.2019						
	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

Soybean prices declined despite lower supplies as demand was sluggish. Local crushers as well as exporters are waiting to improve soybean prices. Lower trend of Soybean market may extend on higher crop estimates and dull demand.

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 22nd Feb 2019. However, Rapeseed sowing area of this year is recorded higher by 2.3% to 69.37 Lakh Ha. against 67.06 Lakh Ha. in last year.

Maharashtra may cover 36.39 lakh ha. area of Soybean crop in this year as per SOPA estimates. 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 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 domestic soybean prices are likely to trade steady to downside in the domestic market.

International Market

According to recent USDA export sales data, U.S. sold total 2.1 million tonnes Soybean for 2018/19 delivery during the weeks ended Feb 21, 2019. As per Reuters, U.S. soybean crushing may stand total at 5.480 million short tons, or 182.7 million bushels. Estimates ranged from 180.6 million bushels to 183.4 million bushels, with a median of 183.1 million bushels. The figure is down from a 183.6 million-bushel crush in December 2018 but above the January 2018 crush of 174.6 million bushels. Currently, U.S. traders are holding about 14.1 million tonnes of Soybean further to sell by Aug. 31, 2019 and it should cover average sales of 500,000 tonnes per week going forward.

As per sources, China has imported total 135,814 tonnes of soybeans in January 2019 higher by 95% against 69,298 tonnes in December 2018 due to hefty duty imposed on shipment from the United States. However, it is down from 5.82 million tonnes in previous year record. China imported 4.93 million tonnes of Brazilian soybeans in January which is almost double from previous year volume i.e. 2.07 million tonnes. As per USDA report, China has imported total 7.4 million tonnes of U.S. Soybean so far in this year which is lower from 26 million tonnes in last year record. African swine fever in China has also reduced the demand for Soybean there.

As per USDA report U.S. may plant less Soybean at 85 million acres against 89.2 million acres in last year as farmers are likely to shift soybean area to corn. While Reuters analyst expect at 86.1 million acres. Soybean crop in Argentina is in good condition supported by recent hot and dry weather which is helping to stabilize flooded areas. Argentina may harvest 53 million tonnes of Soybean in the current season. U.S. soybean supplies are expected to make a record at 910 million bushels which is just double from last year record due to higher Soybean crop estimates in South America and U.S. trade dispute with China.

South America is harvesting its soybean crop in full pace. Exports may commence in May for new crop. U.S. and Brazilian soybean export prices are very close and competitive for each. Argentina received good rainfall which may help standing soybean crops. Farmers in Brazil have harvested about 45 percent of fields as on 25th Feb 2019 for the 2018/19 season followed by good supportive weather condition in top state Mato Grosso. It is higher almost 20% against last year record at the same time period and 27% higher compared to last 5 years records. In Mato Grasso, farmers have harvested about 80% of fields.

As per Agribusiness consultancy AgRural, Brazil is likely to export soybean at 70.2 million tonnes in 2019 lower from its previous forecast of 73 million tonnes because China and U.S trade war could not effect much on Brazilian soybean demand. Even, shipment of Brazil may fall further more after resolving trade war of the countries. It says that Brazil is likely to produce Soybean crop at 116.4 million tonnes in 2018/19 which is lower than its previous forecast i.e. 116.5 million tonnes due to continue dry spell in the country. While, farmers of Brazil expect crop size at 114.6 million tonnes lower from 119.3 million tonnes in the last crop year as dryness and excessive heat in key planting regions from December 2018 affected development of the beans in the filling stage. While, INTL FC stone expects Brazil's soybean output at 113 million tonnes in 2019 lower from its previous estimate i.e. 112.195 million tonnes in February. It expects exports at 79 million tonnes for 2019.

As per sources, Shipment of Brazil for Soybean is likely to decline in March 2019 on account of U.S. competition, strong Brazilian currency and farmers are not releasing their holding beans stocks due to low prices and forecasts for lower output in the world's top exporter of the oilseeds. Brazil exported some 9 million tonnes of soybeans in March of last year and a record of 84 million tonnes in 2018.

Soy meal

Soymeal prices are noted continue on downside on lackluster trading activities. Exporters are absent as of now due to global news. Delay decision on trade negotiations between China and U.S. are affecting domestic Soymeal prices. South based traders are also inactive in the market.

As per sources, India may ship 25% higher Soymeal to 15 lakh tonnes in 2018-19 (Apr-Mar) which may support prices to rise in the long run. However, higher production estimates and supplies may curb any major gain.

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 .

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.

Indian soymeal premium quoted higher side by \$132 per ton over Argentinean meal with Indian meal bullishness producing the premium rather than Argentinean meal bearishness. Such premiums may limit bookings of Indian Soymeal 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
3500	3550	3701	3850	3950

- Soybean March contract went upside and likely to find support at 3550 and resistance at 3850.
- On the upside, 3850 shall act as immediate resistance followed by INR 3950.
- On the downside, INR 3550 shall act as immediate support followed by 3500.
- Trade Recommendation (NCDEX-Soybean – Mar) Sell

Weekly trade call: **Sell** 3690-3700 Target – T1-3610; T2- 3560, SL – 3790

Rapeseed - Mustard Seed

All India weekly seed supplies are continued on higher side as farmers have started to bring their new harvested crop in the market. Traders specially in Baran market are ready to buy new crop at the current market prices due to good seed quality.

The spot prices show downtrend on bulk in supplies. Mustard prices can get support at 3850/ qtl in Jaipur market as traders may increase their buying volume at this level for stock purpose. At the end of week, mustard closed lower at 4005 per quintal as against 4125 per quintal last week at the benchmark, Jaipur.

New Mustard crop has started to hit at the Baran market and was expected as the sowing was early in Rajasthan. Mustard prices in Rajasthan are quoting lower due to new higher crop arrivals. However, the demand for new crop is good at the current market prices as the quality is good. Traders are saying about bumper crop in this season. Higher crop supplies against less demand may curb any major gain in the market.

Higher crop estimate for 2018/19 and 2019/20 is affecting to Mustard prices in the domestic markets. Beneficial recent rainfall in India increased the productivity in all key states like Rajasthan, U.P., Bihar, Gujarat, Haryana and West Bengal. We expect higher Mustard crop size for 2018/19 season on improved yield and higher covering sowing area in some of the key states.

As per recent SEA released data, Rapeseed mustard production is likely to increase by 19% to 8.5 million tonnes in 2018/19 supported by good weather condition compared to previous year record. Farmers have covered higher areas under planting on account of higher previous year's seed prices. Rapeseed mustard is the main winter-sown oilseed in India. Higher production estimates may limit India to import edible oil from other countries. Good rainfall at flowering and maturity stage helped for better yield. So far, Farmers have harvested around 20 to 25% of rapeseed crop of this season and the remaining will be harvested in 3 to 4 weeks. India buys palm oil from Indonesia and Malaysia, Soya oil from Argentina and Brazil, sunflower oil from Ukraine and canola oil from Canada. SEA expects higher Rapeseed crop estimates in Rajasthan at 3.37 million tonnes, Madhya Pradesh at 1.01 million tonnes and Uttar Pradesh at 1.49 million tonnes for 2018/19 followed by better yield and higher acreage.

Technical Analysis:



RM Seed Futures April Contract, RM Seed Spot, Jaipur

Support & Resistance NCDEX RM Seed – April contract				
S1	S2	PCP	R1	R2
3646	3700	3842	3994	4096

- Mustard April Contract remain declined and further can get support at INR 3700.
- Prices have tested the upper level of 3994.
- Trade Recommendation (NCDEX Rapeseed-Mustard – April).

Weekly trade call: **Sell**: Below 3842 Target – T1-3780 T2- 3700 , SL –3930

Soy DOC Rates at Different Centers			
Centres	Ex-factory rates (Rs/ton)		
	28-Feb-19	21-Feb-19	Parity To
Indore - 45%, Jute Bag	29700	31000	Gujarat, MP
Kota - 45%, PP Bag	30700	32000	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna - 45%, PP Bag	31000	32300	Mumbai, Maharashtra
Nagpur - 45%, PP Bag	31000	32200	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	31700	32500	Andhra, AP, Kar ,TN
Latur	32000	32500	-
Sangli	32000	32500	Local and South
Solapur	31000	33000	Local and South
Akola – 45%, PP Bag	30700	31500	Andhra, Chattisgarh, Orrisa,Jharkhand, WB
Hingoli	32000	32700	Andhra, Chattisgarh, Orrisa,Jharkhand, WB
Bundi	30500	31800	-

Soy DOC at Ports			
Centers	Port Price		
	27-Feb-19	20-Feb-19	Change
Kandla (FOR) (INR/MT)	32200	33900	-1700
Kandla (FAS) (USD/MT)	430	435	-5
CNF Indonesia – Yellow SBM (USD/MT)	455	450	5

Rapeseed Meal	27-Feb-19	20-Feb-19	Change
FAS Kandla (USD/MT)	208	218	-10
FOR Kandla (Rs/MT)	14900	15700	-800

FOR Mundra (Rs/MT)	15300	16100	-800
CNF Indonesia (USD/MT)	232	238	-6

International Soy DOC			
Argentina FOB USD/MT	27-Feb-19	20-Feb-19	Change
Soybean Pellets	324	324	Unch
Soybean Cake Flour	324	324	Unch
Soya Meal	324	325	-1
Soy Expellers	324	325	-1

Sunflower (DOC) Rates	Ex-factory rates (Rs/ton)		
Centers	28-Feb-19	21-Feb-19	Change
Adoni	25300	25500	-200
Khamgaon	25300	Unq	Unq
Parli	Unq	Unq	Unq
Latur	Unq	Unq	Unq

Groundnut Meal (Rs/MT)	28-Feb-19	21-Feb-19	Change
Basis 45%, Saurashtra	25100	25300	-200
Basis 40%, Saurashtra	Unq	Unq	Unq
GN Cake, Gondal	Unq	Unq	Unq

Mustard DOC	28-Feb-19	21-Feb-19	Change
Jaipur (Plant delivery)	14300	15300	-1000
Kandla (FOR Rs/MT)	15000	15650	-650

Mumbai Oil Meal Quotes:			
Rs/M.T.	28-Feb-19	21-Feb-19	
G.N. Extr (45%)	Unq	Unq	Unq
KardiExtr	Unq	Unq	Unq
Undec Cottonseed Exp	22000	22000	Unch
Rice Bran Extr.	Unq	Unq	Unq
Sunflower Extr.	23000	25000	-2000
Rapeseed Extr.	Unq	Unq	Unq
Soymeal 48%	30991	32348	-1357
Castor Extr.	4850	4850	Unch

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 Soyebean 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

Forecast for next Week:

A fresh western disturbance is likely to affect northwest India from 11th March. Isolated to scattered rain/snow likely over Western Himalayan Region; isolated rain/thundershowers over south Peninsular India. Isolated to scattered rain/thundershowers likely over east and northeast India. Dry weather likely over the rest of the country.

The induced cyclonic circulation extending upto 0.9 km above mean sea level now lies over East Rajasthan & adjoining northwest West Madhya Pradesh.

A trough extending upto 0.9 km above mean sea level runs from the above cyclonic circulation to Vidarbha across Madhya Pradesh.

Shallow to moderate fog very likely at isolated pockets over Punjab, Haryana, Chandigarh & Delhi, north Rajasthan, Uttar Pradesh & Bihar in the morning hours of tomorrow.

Maximum temperatures are likely to rise by about 2-3° C over many parts of south peninsular India and no significant change over rest parts of the country during next 48 hours.

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