

Oilmeals Weekly Research Report

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Executive Summary

Soybean complex depicts dull trading activities despite lower supplies. Sluggish demand of local crushers and exporters could not support soybean prices to rise. Mustard seed prices closed lower side on heavy supplies. Farmers are bringing their new harvested crop at the current market prices. Nafed is also disposing its seeds stocks in the various states which is weighing on prices. As a result, mustard seed prices are not gaining much. Higher crop estimates of Mustard will limit further gain in the market. The market is mainly being driven by new crop arrivals and local crushers activities. CME Soybean are continued on lower side as traders are remain confuse for U.S & China trade war.

We expects Soybean production at 105.5 lakh tons in 2018/19 higher by 7.60% against 98.1 Lakh tonne in last year supported by higher yield in all the key states after good rainfall at the time of maturity stage. The production estimates has been in the range of 102 to 115 lakh tons with one lobby whereas the other lobby keeping production between 111 to 118 lakh tons. SEA has given its final estimates of production at 102.30 lakh tons for 2018/19. While, many traders has been opined that the production should be in the range of 105-110 lakh tons. SEA keeps Kharif Oilseeds production estimates down by 0.24% at 156.25 lakh tonnes for 2018/19 compared to 156.64 lakh tonnes in previous year as it has decreased yield to 884 kgs/ha against 903 kgs/ha. last year.

According to Solvent Extractors Association (SEA), India's February oilseeds exports at ports reported lower at 1,339,384 tons In Kandla, 327417 at Mumbai/JNPT, 384,539 tonnes at Mundra, 368,963 tonnes at Kolkata during Apr'18 to February 2019 against 1,362,569 tonnes, 385,516 tonnes, 236,394 tonnes, 513,038 tonnes respectively in the corresponding period of time last year. India shipped 43% lower oilmeals to 141,779 tonnes in February 2019 compared to 248,663 tons in last year record during the corresponding period of time due to lower exports demand. However, overall shipments during April 2018 to February 2019 stood higher at 2,786,574 tons against 2,765,320 tons of previous year in the same period of time. Vietnam, South korea, Thailand, France and Iran were the main buyers of Indian oilmeals.

At international front, CBOT soybean March contract declined at the current week compared to last week average prices due to continue uncertainty about U.S. & China trade deal. Higher U.S. planting intentions and full swing of supplies from Brazil and South America are weighing on global prices. As per sources, Soybean farmers in U.S. may plant 84.25 million acres of Soybean in 2019 despite lower sale of last year crop on account of U.S. China trade war. U.S. government expects old crop soybean stocks with farmers at 900 million bushels or approx. \$8 billion after harvesting new soybean crop. The USDA hopes further fall in soybean prices in 2019 due to China's tariffs and rising supply. However, soybean futures prices Sv1 have performed relatively well, considering the disruption to markets from tariffs. Overall soybean price rose around 5.3 percent since China imposed a 25 percent tariff in July which shows many growers have booked little profit from seeding soybeans. U.S. Farmers are also positive towards government-subsidized crop insurance plans and resolving China & U.S. trade war soon.

Overall soybean is likely to fall on lower exports buying activities. Mustard may remain trade steady to lower side on sufficient supplies.

Outlook – Cash Market

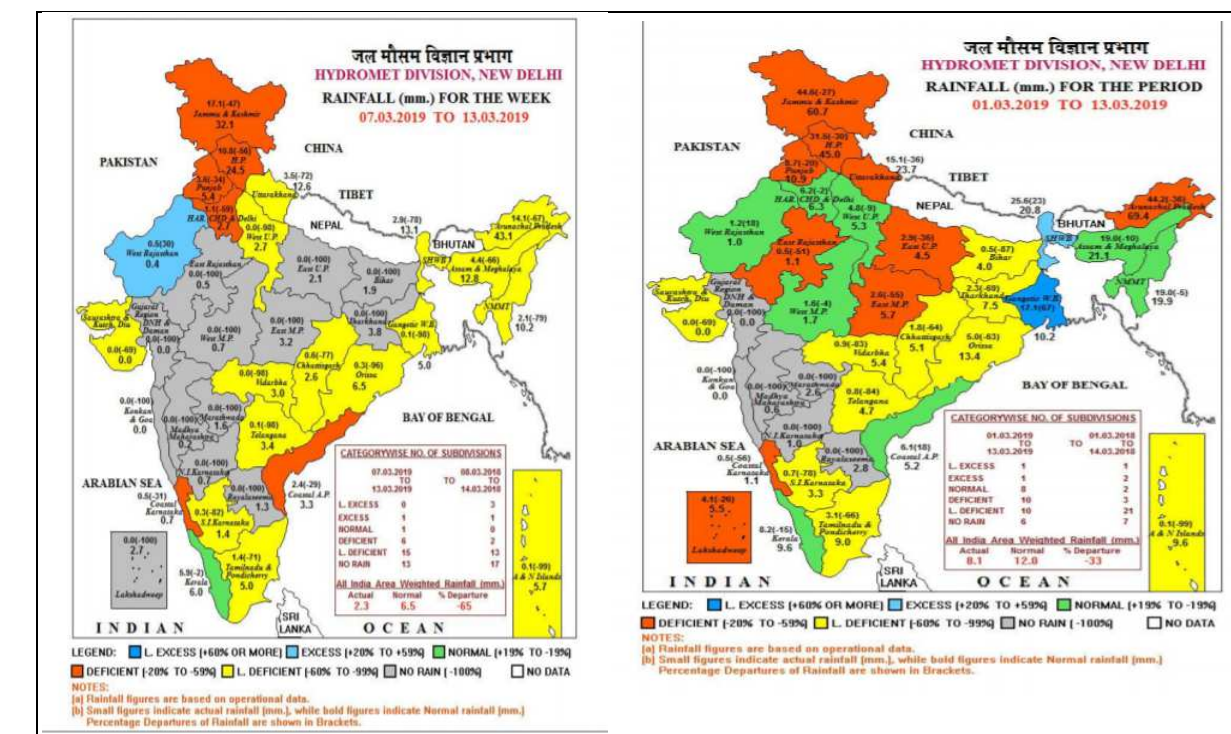
Outlook - Soybean (Spot, Indore): Soybean Indore prices settled down on lackluster trading activities. We expect prices to fall in coming days on weak demand of exporters and retailers. Prices are likely to trade in the range of 3650 to 3800 in next week on sluggish demand. Supplies may decline as traders are in wait and watch condition. They want better soybean prices.

Outlook – Soy meal (Spot, Indore): Meal prices declined at the current week amid subdued local traders demand. Ample stocks availability against less demand will lead Soy meal prices down. 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 remain on lower side after full swing of arrivals. Normal rainfall increased yield estimates of Mustard crop size for 2018/19 which may limit any major gain in prices in long run. Good quality of new harvested crop is encouraging buyers to increase their buying quantities which is supporting mustard seed prices from major fall. NCDEX prices are also down on technical selling.

Weather Forecast (For Rabi Oilseeds)

Weather Forecast



A cyclonic circulation lay over Comorin area & adjoining Tamilnadu at 1.5 km above mean sea Level on 7th March 2019. It lay over Comorin area & neighbourhood at 1.5 km above mean sea level on 8 & 9th and has become less marked on 10th March 2019.

A trough/wind discontinuity at 0.9 km above mean sea level ran from Marathwada to Comorin area across interior Karnataka and Tamilnadu on 10th March 2019. It ran from South Interior Karnataka to Vidarbha across North Interior Karnataka and Marathwada on 11th; it was seen as a trough from Chhattisgarh to North Interior Karnataka across Vidarbha & Marathwada on 12th and it has become less marked on 13th March 2019.

Heat wave conditions were observed at isolated places over Rayalaseema and Tamilnadu on two days each during the week.

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 slumped in absence of buyers. Retailers and exporters are very slow as of now. Only millers and local crushers are buying however quantity is very less. Weak global sentiments are also leading soybean prices down. US-China trade settlement will support soybean prices in domestic market.

In Telangana, Nafed has sold total 200 MT Soybean at the rate Rs. 3541/quintal on 14th March 2019 and total available balance stood at 7488.47 MT. NAFED auction has witnessed good response as the prices are lower and is competitive to the market.

In the second advanced estimates, ministry expects higher Indian Soybean crop (Kharif) at 136.89 lakh tonnes for 2018/19 season against 113.90 lakh tonnes in 2017/18. Normal rainfall at the maturity stage of crop improved yield of crop. The estimates is higher than 2016/17 crop size i.e. 131.59 lakh tonnes.

As per SOPA, 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.

The domestic soybean prices are likely to trade steady to downside in the domestic market.

International Market

U.S. sold total 1.91 Million tonne of Soybean for 2018/2019 during the weekend period March 1-7, 2019. China bought (1,707,600 MT, including 53,000 MT switched from unknown destinations and decreases of 7,100 MT), Mexico (67,500 MT, including decreases of 1,700 MT), Bangladesh (57,000 MT), Japan (40,800 MT, including 15,200 MT switched from unknown destinations and decreases of 1,000 MT), and Colombia (21,800 MT, including 20,000 MT switched from unknown destinations). Reductions were primarily for Taiwan (52,500 MT). The figure is very close to the forecast range i.e. 1.2 million to 2.05 million tonnes.

As per sources, Soybean farmers in U.S. may plant 84.25 million acres of Soybean in 2019 despite lower sale of last year crop on account of U.S. China trade war. U.S. government expect farmers old crop soybean stocks at 900 million bushels or approx. \$8 billion when farmers will start harvesting the next soybean crop. The USDA hopes further fall in soybean prices in 2019 due to China's tariffs and rising supply. However, soybean futures prices Sv1 have performed relatively well, considering the disruption to markets from tariffs. Overall soybean price rose around 5.3 percent since China imposed a 25 percent tariff in July which shows many growers have booked little profit from seeding soybeans. U.S. Farmers are also positive towards government-subsidized crop insurance plans and resolving China & U.S. trade war soon.

Source, INTL FCStone keeps its projection for U.S. Soybean planting 2019 at 87.7 million acres. USDA will release U.S. planting intentions report on March 29, 2019.

According to China's General Administration of Customs (CNGOIC), China's Feb soybean imports fell 39.5 percent to 4.46 MMT from 7.37 MMT in Jan 2019. Imports in Feb are 17.8 percent lower than Feb 2018 import of 5.42 MMT. Year to date soybean imports fell 14.9 percent to 11.83 MMT. As per sources, China may import higher soybean to 85 million tonnes during 2018/19 crop year. It is higher from previous month forecast i.e. 83.65 million tonnes as China may suspend some canola imports from Canada. Canola, like soybeans, is crushed into meal to feed livestock.

According to National Oilseed Processors Association (NOPA), Members have crushed down by 9.98% to 154.49 million bushels of Soybean in February 2019 against 171.63 million bushels in January 2019. It is also below that the estimates of other sources. However, the figure is higher from 153.71 million bushels in February 2018.

According to AgRural recent updates, Brazil is likely to produce higher soybean crop at 112.9 million tonnes in 2018/19 supported by recent rainfall which is helpful to increase yield in certain regions. The forecast is higher from its earlier forecast i.e. 112.5 million tonnes. Goias, Bahia and Santa Catarina may get higher yield due to irregular rains. Higher rate of harvest of soybean in Brazil will mean that global soybean supplies are surging much faster which will lead to additional bargaining tool for China in US-China trade settlement. China will look for higher purchase of soybean from Brazil leading to higher than expected soybean stock in US.

As per recent USDA report, Brazil's soybean crop estimates are placed down at 116.5 million tonnes against 117 million tonnes as estimated in February 2019 however it is above an average of analyst estimates for 115.73 million. USDA expects higher global soya ending stocks to 107.17 million tonnes in 2018/19 from 106.72 million last month in expectation of higher crush while soy oil end stocks was cut due to higher demand from biodiesel partially set off by higher production.

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.

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.

Soy meal

Weak sentiments pulled down Soymeal prices at the current week. South based traders and exporters are very low in the market. We expect further fall in Soymeal prices on ample meals availability.

According to recent WASDE report, Soybean meal production of India is estimated at 7.20 million metric tonnes for 2018/19 higher from previous year record i.e. 6.16 million metric tonnes. Ending stocks is placed at 0.23 million metric tonnes for this year higher from 0.11 million metric tonnes of previous year record.

U.S. sold total 226,000 MT of Soymeal and cake for 2018/2019 during this weekend 1-7 March 2019. Mexico bought total 70,400 MT, including decreases of 2,700 MT, Israel (34,000 MT), the Philippines (28,700 MT), Guatemala (27,400 MT, including decreases of 600 MT), and Colombia (23,500 MT, including decreases of 500 MT).

As per SEA recent report, India shipped 43% lower oilmeals to 141,779 tonnes in February 2019 compared to 248,663 tons in last year record during the corresponding period of time due to lower exports demand. However, overall shipments during April 2018 to February 2019 stood higher at 2,786,574 tons against 2,765,320 tons of previous year in the same period of time. Vietnam, South Korea, Thailand, France and Iran were the main buyers of Indian oilmeals. Iran has bought total 3 lakh tonnes of Soybean meal during current year from April 2018 to February 2019 which is significantly higher from 23,000 tons in April 2017 to February 2018, supporting export of oilmeals from India.

Soymeal exports volume of India is recorded at 69,428 tonnes in February which is lower than 86,378 tonnes in January 2019. Overall Soymeal shipments during April 2018 to February 2019 stood at 1,080,348 tonnes against 1,117,340 in previous year during the same period of time. Total shipment of Rapeseed meal went down at 41,728 tons in February 2019 from 57,995 tonnes of February 2018. However, it is high at 962,990 tonnes in first eleven months (April to February 2019) against 538,988 tonnes 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.

Indian Soymeal premium quoted higher side by \$116 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 – April Contract

S2	S1	PCP	R1	R2
3420	3500	3633	3780	3890

- Soybean April contract declined at the current weekend and likely to find support at 3500 and resistance at 3780.
- On the upside, 3780 shall act as immediate resistance followed by INR 3890.
- On the downside, INR 3500 shall act as immediate support followed by 3420.
- Trade Recommendation (NCDEX-Soybean – April) Sell

Weekly trade call: **Sell** 3628-3635 Target – T1-3580; T2- 3540, SL – 3720

Rapeseed - Mustard Seed

All India weekly seed reported 51.16% higher supplies against previous week as farmers are releasing their crops at current market prices. We expect same trend in coming days. Nafed has started to dispose mustard seed stocks in the various states of India.

The spot prices are remain weak on ample supplies. Mustard prices can get support at 3750/ qtl in Jaipur market. At the end of week, mustard closed lower at 3920 per quintal as against 3930 per quintal last week at the benchmark, Jaipur.

Nafed has disposed total 3870 MT Of Mustard Seed R-18 in the range of Rs. 3292 - Rs. 3614/ qtls in India as on 14th March 2019 and balance quantity stood at 9271.43 MT so far.

In Haryana, total 4249 MT Mustard seed has been sold in the price range INR 3500 to 3700 per quintal and available stocks stood at 11383.47 MT. NAFED auction has witnessed good response as the prices are lower and is competitive to the market. Rapeseed end stocks in MY 2018-19 is expected to be lower on account of limited crop of rapeseed last year Agriwatch estimated rapeseed crop at 6.9 MMT in MY 2018-19.

As per Mustard Oil Producers Association of India, India crushed total 500,000 tonnes of Mustard seed in February 2019 with an increase of 33.3% from previous year record. Higher arrivals against dull meal exporters demand are the main reason to rise crushing operations. Overall, oilseed crushing of the country stood higher by 25% in Feb month 2019. MOPA expects mustard crop output at 8.1 million tonnes in 2018/19 which is lower than farm ministry's second advance estimates of 8.4 million tonnes. Farm ministry quoted higher mustard acreage at 6.58 million hac. due to higher minimum support price, better realizations.

In the second advanced estimates, ministry expects higher Indian Rapeseed & Mustard crop (Rabi) at 83.97 lakh tonnes for 2018/19 season against 75.40 lakh tonnes in 2017/18. Normal rainfall at the maturity stage of crop improved yield of crop. The estimates is higher than 2016/17 crop size i.e. 79.17 lakh tonnes.

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.

Technical Analysis:



RM Seed Futures April Contract, RM Seed Spot, Jaipur

Support & Resistance NCDEX RM Seed – April contract				
S1	S2	PCP	R1	R2
3580	3670	3766	3869	3918

- Mustard April Contract inched down and further can get support at INR 3670.
- Prices have tested the lower level of 3756.
- Trade Recommendation (NCDEX Rapeseed-Mustard – April).

Weekly trade call: **Sell**: Below 3766 Target – T1-3700 T2- 3650 , SL –3820

Soy DOC Rates at Different Centers			
Centres	Ex-factory rates (Rs/ton)		
	14-Feb-19	7-Feb-19	Parity To
Indore - 45%, Jute Bag	30500	315000	Gujarat, MP
Kota - 45%, PP Bag	31000	328000	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna - 45%, PP Bag	31500	33000	Mumbai, Maharashtra
Nagpur - 45%, PP Bag	31800	32800	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	31800	32500	Andhra, AP, Kar ,TN
Latur	32000	33300	-
Sangli	32000	33000	Local and South
Solapur	31500	32200	Local and South
Akola – 45%, PP Bag	31200	32000	Andhra, Chattisgarh, Orrisa,Jharkhand, WB
Hingoli	32000	33400	Andhra, Chattisgarh, Orrisa,Jharkhand, WB
Bundi	30800	32600	-

Soy DOC at Ports			
Centers	Port Price		
	13-Feb-19	6-Feb-19	Change
Kandla (FOR) (INR/MT)	33000	33800	-800
Kandla (FAS) (USD/MT)	435	435	Unch
CNF Indonesia – Yellow SBM (USD/MT)	445	460	-15

Rapeseed Meal	13-Feb-19	6-Feb-19	Change
FAS Kandla (USD/MT)	213	212	1
FOR Kandla (Rs/MT)	14900	15400	-500

FOR Mundra (Rs/MT)	15300	15800	-500
CNF Indonesia (USD/MT)	235	235	Unch

International Soy DOC			
Argentina FOB USD/MT	13-Feb-19	6-Feb-19	Change
Soybean Pellets	316	327	-11
Soybean Cake Flour	316	327	-11
Soya Meal	314	328	-14
Soy Expellers	314	328	-14

Sunflower (DOC) Rates	Ex-factory rates (Rs/ton)		
Centers	14-Feb-19	7-Feb-19	Change
Adoni	25200	25500	-300
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	24600	26000	-1400
Basis 40%, Saurashtra	Unq	Unq	Unq
GN Cake, Gondal	Unq	Unq	Unq

Mustard DOC	14-Feb-19	7-Feb-19	Change
Jaipur (Plant delivery)	14400	14700	Unq
Kandla (FOR Rs/MT)	14800	15300	Unq

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	24500	21700	2800
Rice Bran Extr.	Unq	Unq	Unq
Sunflower Extr.	22500	26000	-3500
Rapeseed Extr.	Unq	Unq	Unq
Soymeal 48%	31826	32870	-1044
Castor Extr.	4450	4950	-500

Annexure

India's Total Oilseeds Production Seen at 315 Lakh Tons in 2nd Adv Est. - GOI (Kharif + Rabi + Summer)

The 2nd Advance Estimates of production of major crops for 2018-19 have been released on 28th February, 2019 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. Most of the major crops producing states have witnessed normal monsoon rainfall. As a result, the production of oilseeds crops estimates for 2018-19 has witnessed higher than their normal production. Oilseeds production of India is placed higher by 1.6% to 315 lakh tonnes against the production of 298.8 lakh tonnes in 2nd Advance Estimates of 2017-18. The estimated figure is also high by 185 lakh tonnes than the average oilseeds production.

The estimated production of major Oilseeds during 2018-19 is as under:

Oilseeds – 315 Lakhtonnes

- Soyabean – 136.89 Lakh Tons
- Groundnut – 69.70 Lakh Tons
- Rapeseed – 83.97 Lakh Tons

- Castorseed – 11.77 Lakh Tons
- Sesame/Sesamum/Gingelly/Til – 7.84 Lakh Tons
- Sunflower – 2.32 Lakh ton

India's Kharif Oilseeds Production 2018-19 2nd Advanced Estimates

The 2nd Advance Estimates of production of major crops for 2018-19 have been released on 28th February, 2019 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 – 315 Lakhtonnes

- Soyabean – 136.89 Lakh Tons
- Groundnut – 54.14 Lakh Tons
- Castorseed – 11.77 Lakh Tons
- Sesame/Sesamum/Gingelly/Til – 7.84 Lakh Tons
- Sunflower – 0.98 Lakh ton

MSP for 2018/19 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 2018-19 season, the MSPs of all the Kharif oilseeds are raised for this season.

The MSP of Yellow Soybean is increased by 9.0% to Rs 3325/Qtl for 2018-19 season from Rs. 3050/Qtl (including Rs 100 bonus) in 2017-18, Groundnut -in- shell by 5.2% to Rs 4,680/Qtl from Rs 4,450/Qtl (including Rs 100 bonus), Sunflower seed by 3.7% to Rs 4,250/Qtl from Rs 4,100/Qtl (including Rs 200 bonus), Nigerseed by 5.5% to 4,275/Qtl from Rs 4,050/Qtl (including Rs 100 bonus) and Sesamum by 5.7% to Rs 5,600/Qtl from Rs 5,300/Qtl (including Rs 200 bonus).

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.

SEA Soybean Production Estimates Kharif 2018-19 As On 18.02.2019

SEA Kharif Estimates of Soybean Production in Lakh Tons			
S.No.	Division/District	2017-18	2018-19
1	Madhya Pradesh	41.25	55
2	Maharashtra	28.6	31
3	Rajasthan	6.7	9
4	Andhra Pradesh & Telangana	1.2	1.3
5	Karnataka	2	2.5
6	Chattisgarh	1	1.3
7	Gujarat	-	-
8	Others	2.25	2.2
	Grand Total	83	102.3

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