

# Oilmeals Weekly Research Report

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## Executive Summary

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Mixed tone are featured at major trading centers during this week amid mixed pace of arrivals. Soybean prices improved at most of the trading centers as compared to last week after improved demand of local buyers and crushers. Soybean plant prices in Nagpur Agriculture Produce Marketing Committee (APMC) auctions closed upside after good seasonal demand from local crushing plants because of less supply from producing region due to unseasonal rains. However, soybean prices are likely to go down due to ample stock availabilities with big millers like ITC, Olam, Cargil. Farmers and traders hold total 20 to 30 lakh tonnes of soybean seed and likely to release in March end or April 2020. Mustard seed prices traded in mixed tone and likely to decline in expectation of rise in arrivals of new mustard crop. Traders expect 20% higher mustard crop of this season in Rajasthan belt. Standing mustard crops in the fields are in good condition so far. NCDEX soybean and Mustard seed prices declined after speculative selling activities. CBOT future soybean prices increased in this week after firm global sentiments.

As per recent released data of Ministry, the total area under Oilseeds is reported lower by 0.07 lakh hectares to 80.29 lakh hectares as on 31<sup>st</sup> Jan 2020 against 80.36 lakh hectares in the previous year in the corresponding period of time. There is a drop-in sowing of Mustard seed to 69.51 lakh hectares lower by 0.24 lakh hac. against 69.76 lakh hectares in last year. Sunflower has been planted on 1.04 lakh hectares lower against 1.13 lakh hectares in last year. Sesame has been planted on 0.56 lakh hectares lower from last year i.e.0.71 lakh hac. However, total covering area of groundnut stood at 4.76 lakh hectares higher against 4.59 lakh hectares in last year. Safflower has been planted on 0.63 lakh hectares higher from last year record i.e.0.43 lakh hectares. Linseed has been planted on 3.46 lakh hectares higher against 3.44 lakh hectares in last year.

As per source, state government has extended the date to sell farmers' groundnut stock to Nafed upto Feb 19, 2020 at MSP. Farmers are happy as prevailing prices in mandies are still quoting lower form MSP prices. Nafed has bought total 1.51 lakh tonnes of groundnut in Rajasthan so far at MSP level i.e. Rs. 5090 per quintal. The oilseed is being procured at around 180 centers across the state. Total 65845 farmers has been benefited. As per trader, groundnut prices may be under pressure if the government will curb on groundnut exports. As per Farm ministry, Groundnut output for Kharif season in 2019-20 will reach at 6.3 million tonnes higher against 5.4 million tonnes in last season.

Agriwatch estimates 8.74 million tonnes of Soybean output in India for 2019-20 season which is sharply down by 42.73% against 12.59 million tonnes in 2018-19 despite covering 1.02% higher soybean area in this year due to bad weather condition. Rains in MP came when harvest has ongoing and crop was damaged to the extent of 20% in the Malwa region. Damage was 30-35% in Neemuch, Mandsaur, Nagada and Janora and 10-15% in Indore, Dewas and Ujjain. Soybean seed was damaged and quality of soybean was inferior. The size of seed was small and quality of seed was bad. Some crop was damaged while drying in some areas. Rains came in Maharashtra when harvest was in progress. Crop damage is 5% of the total while 10% of area was affected in which damage was 50%. Waterlogging was the main reason for damage which led to seed damage and bad quality of the seed due to fungus. Vidharba reported higher damage with losses as high as 50% of the crop damaged in 20% of the area. Akola reported major damage. Latur, Solapur and Beed reported 10% damage while Parbani, Nanded and Hingoli reported 15% damage to the crop.

***Soybean prices may trade in steady to weak tone on weak demand of crushers while Mustard seed may trade lower side after good supplies of new crop.***

## Outlook – Cash Market

**Outlook-Soybean (Spot, Indore):** Soybean Indore plant prices closed higher side after improved demand. However, Prices may decrease in next week in expectation of weak demand of millers. Prices are likely to trade in the range of 4050 to 4125 in next week. The market sentiments are now depending on the stocks to be carried over to the next marketing year, buyers demand & weather condition and Kharif crop size estimates.

**Outlook –Soy meal (Spot, Indore):** Soymeal prices closed higher side on improved demand of south based traders. Prices may trade steady to weak tone in the coming days. Prices are also being driven by global market's outlook and may trade between Rs.31500 to 32300/MT in Indore market. Exporters are remain less active in the market.

**Outlook-Rapeseed-Mustard (Spot, Jaipur basis)** Mustard seed prices at Jaipur market showed mixed trend on mixed sentiments in them market. Prices may decline in coming week in expectation of good supplies of new crop. Prices are likely to trade in the range of 4100 to 4250 in next week. Nafed is likely to start disposal of Mustard seed soon which may weigh on prices. However, NCDEX future prices of RM Seed may decline in expectation on speculating selling activities at exchange.

## Weekly Weather Report

**Tuesday 11 February 2020**



**Tuesday 11 February 2020**



**Thursday 13 February 2020**



**Friday 14 February 2020**



Rise in minimum temperature over northwest India by 2-3 degree C during next 3 days and fall by 2 to 4 degree C thereafter. Gradual rise in minimum temperature by 2 to 4 degree C over West India during next 3 to 4 days. No large Change in minimum temperature over east India during next 2 days.

Shallow to moderate fog in isolated places over parts of northwest, central, east and northwest India during next 24 hours.

## Rabi Oilseed Sowing Status

| Rabi Oilseeds Sowing as on 31.1.2020 (In lakh Hectare) |              |              |              |                |
|--|--------------|--------------|--------------|----------------|
|  | Normal Area  | 2019-20      | 2018-19      | Change (Y-o-Y) |
| <b>Rapeseed &amp; Mustard</b>                          | 60.48        | 69.15        | 69.76        | <b>-0.24</b>   |
| <b>Groundnut</b>                                       | 7.76         | 4.76         | 4.59         | <b>0.17</b>    |
| <b>Safflower</b>                                       | 1.41         | 0.63         | 0.43         | <b>0.20</b>    |
| <b>Sunflower</b>                                       | 2.96         | 1.04         | 1.13         | <b>-0.09</b>   |
| <b>Sesamum</b>   | 3.12         | 0.56         | 0.71         | <b>-0.15</b>   |
| <b>Linseed</b>   | 2.99         | 3.46         | 3.44         | <b>0.02</b>    |
| <b>Others Oilseeds</b>                                 | 0.14         | 0.34         | 0.30         | <b>0.04</b>    |
| <b>Total-Oilseeds (Nine)</b>                           | <b>78.85</b> | <b>80.29</b> | <b>80.36</b> | <b>-0.07</b>   |

## Soybean

### Domestic Market

Soybean prices traded higher at most of the trading centers during this week after ups and downs trend of arrivals. Soybean prices may trade in steady to weak tone on less buying activities of crushers.

Total balance stock of Soybean with Nafed is 10,677.68 MT consisting 10,651.45 MT in Telangana and 26.23 MT in Maharashtra.

Continuous heavy rainfall received during monsoon season has severely damaged the crop in Rajasthan and Madhya Pradesh. Incidence of sucking pest and yellow mosaic virus has been observed in the field. Overall crop condition is below normal and yield is expected to be below normal. As per traders, total 20 to 25% soybeans are damaged in MP state majorly in the districts of Ratlam, Mandsaur and Neemuch. Traders expect Soybean production in India at 85 lakh tonnes for 2019/20 due to heavy crop loss in MP& Rajasthan.

As per SOPA, Soybean arrivals is registered at 12 lakh tonnes in October month lower from 21 lakh tonnes in last year in same month and also lower of 4 years record due to less supplies. India has shipped total 0.20 lakh tonnes in Oct month less than 0.24 lakh tonnes in last year. Planters, Traders and Farmers held 75.64 lakh tonnes of Soybean stocks so far of this season. India has crushed total 6.50 lakh tonnes in Oct 2019 lower from 9.50 lakh tonnes in previous year during the same month. India may produce total 89.84 lakh tonnes in 2019/20 season. SOPA expects carry over stock from last year at 1.70 lakh tonnes and 1.54 lakh tonnes for carry forward in next year. Imports of India are likely to stand at 3 lakh tonnes. Retained for sowing will be at 12 lakh tonnes while direct consumption is estimated at 2 lakh tonnes. Exports for 2019/20 may record at 1.50 lakh tonnes and crushing is estimated at 77.50 lakh tonnes. Soymeal production of the country is likely to stand at 62.78 lakh tonnes. Carry over stock of Soymeal is estimated at 1.59 lakh tonnes and 1.37 lakh tons of carry forward stocks. While export sea and land may stand at 10 lakh tonnes. Domestic consumption of Soymeal (Food) is estimated

at 5.50 lakh tonnes and 47.50 lakh tonnes for Feed. In October month, India has exported total 0.50 lakh tonnes of Soymeal lower against 1.31 in Oct 2018 on lower overseas demand.

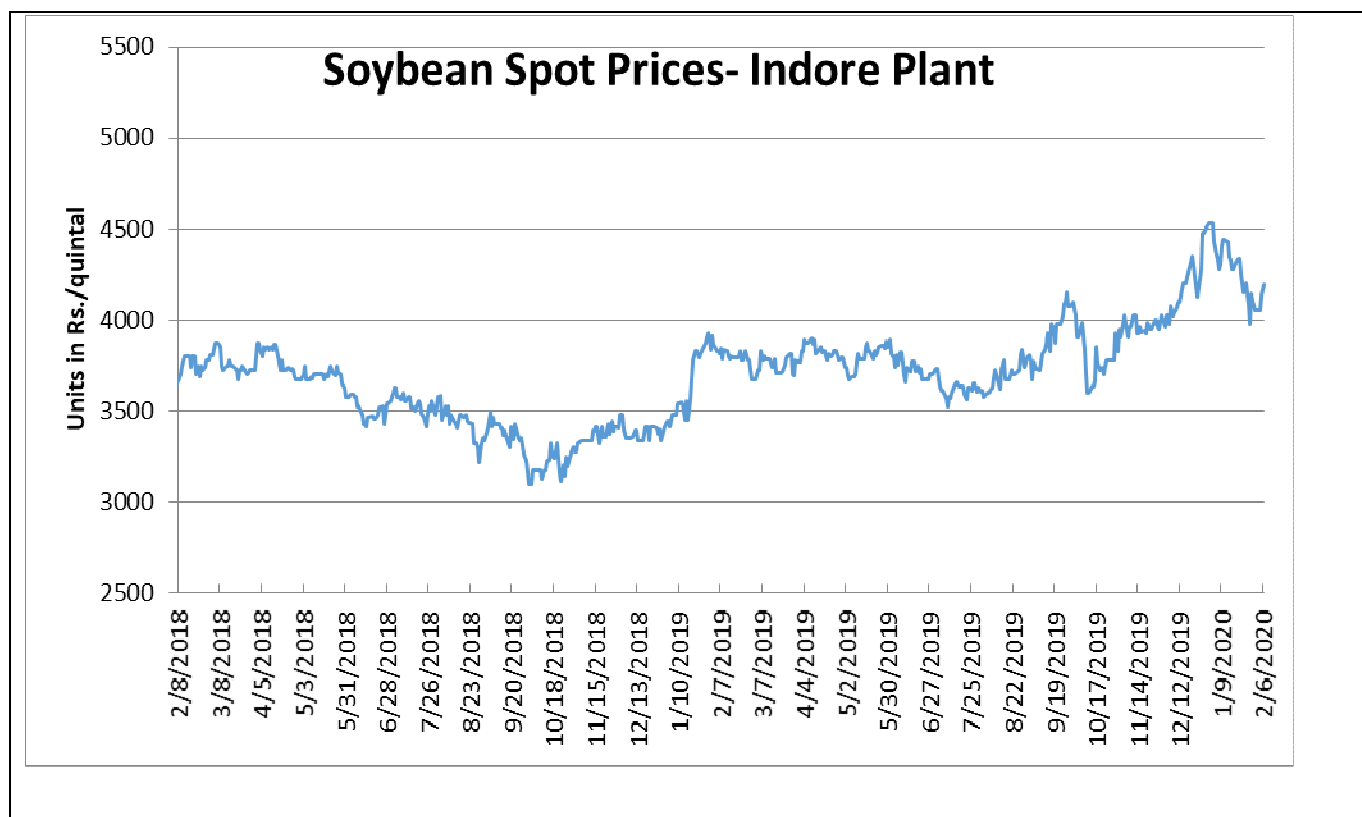
As per recent updates of SOPA, India may harvest 17.7 per cent lower Soybean crop at 89.9 lakh tonnes in 2019 against 109.3 lakh tonnes in 2018. The major Soybean producing states like Gujarat, Karnataka, Madhya Pradesh may harvest lower Soya crop by 30 per cent to 0.86 lakh tonnes, 7.1 per cent to 2.69 lakh tonnes, 31.1 per cent to 40.10 lakh tonnes respectively against last year record.

As per ministry report, All India sowing of soybean stood at 114.24 lakh hectares compared to 113.10 lakh hectares as on 04.10.2019. Sowing of soybean is higher in Madhya Pradesh at 55.16 lakh tonnes against 53.18 lakh tonnes in last year and Rajasthan at 10.61 lakh tonnes compared to 10.46 lakh tonnes in previous year.

As per the First Advance crop estimates 2019-20 of Ministry of Agriculture, Soybean production is estimated at 135.05 lakh tonnes as compared to 137.86 lakh tonnes in 2018-19.

The Ministry of Agriculture has fixed higher Minimum Support Price of Soybean (Yellow) at Rs 3710 per quintal for 2019-20 an increase of Rs 311 from Rs. 3399 per quintal in 2018-19.

***The domestic soybean prices are likely to trade in steady to firm tone in coming days.***



Source: Agriwatch

## International Market

CBOT futures prices are closed higher side supported by higher exports sales data of U.S. and China's announcement to reduce tariff on U.S. soybean from 30% to 27.5%. However, higher crop expectation in South America will curb any major gain.

As per sources, European Union bought total 8.07 million tonnes of Soybean till Feb 2, 2020 (season started on July 1) which is lower by 4% from last year record in Jan.27. EU soymeal imports had reached higher by 7% to 10.90 million tonnes against the year-earlier period, while Rapeseed imports went up by 51% to 4.04 million tonnes against last year record. However, palm oil imports stood down by 18% to 3.17 million tonnes.

As per sources, Argentina may harvest total 53.1 million tonnes of soybean in 2019-20 which is higher from 51 million tonnes as forecasted in October month. However, the estimate is below than 55.1 million tonnes in last year.

During the week (Jan.24 to 30 Jan, 2020) US sold higher soybean by 76% to 703,800 MT for 2019/2020 from the previous week and 29% higher from prior 4-week average. Increases primarily for Egypt (264,400 MT), the Netherlands (205,600 MT, including 194,000 MT switched from unknown destinations and decreases of 800 MT), Taiwan (116,900 MT, including 117,000 MT switched from unknown destinations and decreases of 6,800 MT), Germany (69,100 MT), and Spain (63,500 MT, including 63,000 MT switched from unknown destinations and decreases of 3,300 MT), were offset by reductions primarily for unknown destinations (238,800 MT). For 2020/2021, total net sales of 4,000 MT were for Japan. Exports of 1,448,300 MT were up 25 percent from the previous week and 28 percent from the prior 4-week average. The destinations were primarily to China (552,500 MT), the Netherlands (205,600 MT), Taiwan (163,900 MT), Spain (118,500 MT), and Mexico (72,700 MT).

Below table shows exports details of Brazil (as per Brazil's government monthly export released data as per):-

| Brazil's Exports   |        |        |        |
|--------------------|--------|--------|--------|
| Products           | Jan-20 | Dec-19 | Jan-19 |
| Soybean (MIn Tons) | 1.49   | 3.44   | 2.04   |
| Soymeal (MIn Tons) | 1.06   | 1.67   | 1.24   |
| Soyoil (Tonnes)    | 12600  | 29100  | 38100  |

As per AgRural, farmers in Brazil have harvested 4.2% of the soybean area as on 23<sup>rd</sup> Jan 2020 of this season. It is lower by 13% against last year record during the same period of time. Harvesting is majorly done in Mato Grasso which is the largest grain state of Brazil. Farmers have started harvesting in other state like Parana, Mato Grasso do Sul and Goias however only in small areas. Farmers are likely to start full pace of harvesting in February 2020 on account of planting delay. AgRural expects total 123.9 million tonnes of soybean harvest in 2019-20.

According to China's General Administration of Customs (CNGOIC), China's Dec soybean imports rose 15.3 percent to 9.54 MMT from 8.28 MMT in Nov 2019. Imports in Dec are 66.80 percent higher than Dec 2018 import of 5.72 MMT. Year to date soybean imports rose 0.5 percent to 88.511 MMT. As per agriculture ministry, soybean import in China may increase in 2020. Total soybean import from U.S. declined in 2019 due to trade war between



U.S. and China. The country bought total 88.51 million tonnes soybean in 2019 higher from 88.03 million tonnes in 2018 however lower from 95.53 million tonnes in 2017 before the trade war was broke. African swine fever disease in China has also affected total volume of China's imports.

As per USDA recent released report, U.S. Soybean production for 2019/20 is forecasted slightly higher to 96.84 million tons in January against previous month. Exports of U.S are unchanged at 48.30 million tonnes in this month. U.S crushing is also unchanged at 57.28 million tonnes in Jan. month. Ending stocks of the country is expected lower at 12.91 million tonnes in Jan. month review against 12.92 million tonnes in Dec. Month estimates.

USDA reduced soybean area estimates to 30.36 million hac. for 2019-20 compared to 35.44 million hac. in 2018-19 in its Jan review. Soybean stocks estimate fell due to lowering of soybean crop in US. Soybean crop in US is weakest in years and all the crop parameters are at multi year lows. Soybean crop was below and reported at 96.84 Million tons for 2019-20 lower against 120.51 million tons in previous year due to adverse condition during crop progress.

As per WASDE January report, world oilseed production for 2019/20 is projected at 574.63 million tons in Jan month, unchanged with higher soybean sunflower seed crops offsetting declines for palm kernel, cotton seed and rapeseed. Total oilseeds crushing has been increased at 190,000 tons to 496.69 million tons due to higher crushing estimates in China and Mexico. Ending stocks for the world is kept 1 million tons higher at 112.32 million tonnes against 111.57 million tons in previous year due to higher sunflower seed crop in Russia and reductions in feed, seed and waste consumption for soybeans in Brazil.

As per recent report of Conab, Brazil may grow 6.3% higher soybean to 122 million tonnes in 2019-20 compared to previous year record as farmers have increased acreage for soybean after supportive weather condition. Sowing is almost finished in Brazil.

As per NOPA recent data, NOPA members have crushed total 174.81 million bushels of Soybeans in December 2019 which is higher from 164.90 million bushels in November 2019. It is also higher from 171.75 million bushels in December 2018. Crushing is above than the average trade estimate of 171.64 million bushels, based on data gathered by Reuters from 8 analysts. It was also above all trade estimates that ranged from 168.21 million to 174.03 million bushels, with a median of 171.5 million. Soybean oil stocks rose to 1.75 billion pounds at the end of December against 1.44 billion pounds in November month and 1.498 billion pounds at the end of December 2018. Soymeal exports has been reported higher in December 2019 at 902,534 tons against 868,769 tons in November 2019 and 826,404 tons exported in December 2018.

As per sources, Argentina may grow higher soybean crop at 53.6 million tons in 2019/20 supported by stable weather condition. USDA kept unchanged production estimates i.e. 53 million tons in January month report and lower from previous year record. Farmers in country may plant total 18.2 million hectares in this season higher from 17.7 million hectares in last year record. As per ministry report, Argentina has covered 64% soybean planting area as on 12th Dec 2019 which is slightly lower from 66% in last year record and also below from the five years average of 67%.

As per USDA, the soybean planted area in Brazil is likely to increase by 2% to 37 million hectares for 2019-20 against last year record and soybean production is forecast higher by 5% to 123 million T in normal weather condition as compared to last year. While, the consultancy expects, total soybean planting area in Brazil at 36.4 million hac.and the production at 120.7 million tonnes in the current season.



China has opened soy meal market for imports from Argentina and Ukraine, in an effort to improve supply of soy meal in the country. Supplies of Argentina meal will start from the harvest of its crop in 2020. China has allowed poultry imports from Europe to tide over shortage of meat in its domestic market. Further, China has allowed cotton meal imports from Brazil and allowed poultry and meat imports from Canada and US to tide over rising domestic meat prices. China has also allowed to import rapeseed meal from Ukraine. It is likely to give permission to import rice bran and palm meal from Thailand.

As per USDA, U.S. Gulf FOB soybean export bids in December averaged \$363/ton, higher \$6 from November. Brazil Paranagua FOB averaged \$369/ton unchanged from November. Argentina Up River FOB averaged \$367/ton, up \$14.

As per USDA forecast, soybean production of Brazil in 2019-20 is projected at 123 million tonnes higher against the previous year 117 million tonnes due to supportive weather condition and unchanged from previous month record. Exports of soybean in 2019-20 is expected to 76 million tonnes higher from 74.94 million tonnes in 2018-19.

As per the latest update from USDA, China soybean production is estimated at 18.10 MMT on higher-than-expected area. Encouraged by subsidies favoring soybean production, farmers have increased planted area; the subsidy has been particularly effective in Northeast provinces. Weather has been favorable as slightly higher yields are expected. Total imports of China are estimated at 8.5 million tonnes for 2019/20 season unchanged from Dec. month. While crushing is forecasted higher at 8.50 million tonnes against 8.45 million tonnes in Dec. month estimates.

As per IGC (International Grain Council), Global soybean output may decline by 18 million tonne to 341 million tonnes due to slight shortfall in U.S Soybean output for this season and lower planting area so far in Brazil.

As per sources, Ukraine may export lower soybean by 19.8% to 2 million tonnes in 2019/20 against previous year record. While, it may export higher sunoil by 0.8% to 6.1 million tonnes in 2019/20 from last year record. The country may export 16.7% higher Rapeseed to 2.86 million tonnes in 2019/20 against 2018/19 season.

As per Abiove, Brazil is likely to produce total 122.8 million tons in 2020 higher from 117.8 million tonnes in 2019. The country may export total 75 million tonnes lower from 83.26 million tonnes in 2019. Soy processing is forecast at 44 million tonnes higher against 42.9 million tonnes in 2019. Soy crushing may increase in 2020 due to higher biodiesel mix in diesel. However, soy planting area is still lagging behind last year record.

As per Agro consult, Brazil is likely to ship to China between 54 million tons to 59 million tons in 2019/20 lower against 60 million tons in last year. Total shipment of the country may stand between 76.5 million tons to 78 million tons depend on trade war settlement between U.S. and China. Brazil may produce total 124 million tons of soybean in this year higher from 118 million tons in last year.

## Soy meal

Firm tone are featured in Soymeal complex after improved demand of South based traders. Weak global sentiments will put pressures in domestic soymeal prices.

According to trade source, one vessel (Federal delta) is at birth and likely to discharge at Tuticorin port for sunflower seed meal with total capacity of 26385 tons. One more vessel (Soldoy) is at birth and likely to discharge at Visakhapatnam port for sunflower seed meal with total capacity of 25352 tons.

During the week (Jan.24 to 30 Jan, 2020) US sold lower soybean cake and meal by 52% 212,700 MT for 2019/2020 from the previous week and 44% lower from prior 4-week average. Increases primarily for Spain (60,000 MT), Morocco (47,000 MT), unknown destinations (24,100 MT), Mexico (12,100 MT), and Canada (10,900 MT, including decreases of 2,000 MT), were offset by reductions primarily for Ecuador (2,000 MT), Nicaragua (1,300 MT), and Kuwait (200 MT). Exports of 171,900 MT were down 9 percent from the previous week and 16 percent from the prior 4-week average. The destinations were primarily to the Philippines (51,000 MT), Mexico (25,000 MT), Canada (21,600 MT), Guatemala (20,500 MT), and Colombia (18,900 MT).

As per to Container Corporation of India Ltd (CONCOR), export consignment of soybean derivatives declined to almost half in December 2019 as compared to previous year in the corresponding period of time. Total shipments of soybean derivatives has fallen to 3000 containers during September to December 2019 compared to 3417 containers in last year in the same period of time. A lot of export consignment goes through road directly to the port however volumes was reported lower due to limited supplies and high prices in international market.

As per USDA, U.S. soybean meal export bids in December averaged \$344/ton, up \$5 from November. Brazil Paranagua FOB averaged \$326/ton, up \$7 from November, and Argentina Up River FOB averaged \$331/ton, up \$12. The U.S. and Brazil FOB soybean price spread has narrowed as Brazil's FOB soybean price averaged 2 percent above U.S. prices, slightly less than 3 percent last month.

As per sopa, total shipment of soymeal has declined over 70% to 1.13 lakh tonnes in oil year October and November 2019 as compared to 4.57 lakh tonnes in previous year record in the same period of time. India shipped total 63,000 tonnes in October 2019 lower against 1.31 lakh tonnes and 50,000 tonnes in November 2019 lower against 3.26 lakh tonnes in previous year during the corresponding period of time. Higher soybean meal prices has affected poultry sector demand. DOC buyers may switch to other alternative meal products due to higher soymeal prevailing prices.

Soymeal production of the country is likely to stand at 62.78 lakh tonnes. Carry over stock of Soymeal is estimated at 1.59 lakh tonnes and 1.37 lakh tons of carry forward stocks. While export Sea and land may stand at 10 lakh tonnes lower output and noncompetitive prices in world market. India had exported total 22 lakh tonnes in last year in 2018-19 season. Domestic consumption of Soymeal (Food) is estimated at 5.50 lakh tonnes and 47.50 lakh tonnes for Feed. In October month, India has exported total 0.50 lakh tonnes of Soymeal lower against 1.31 in Oct 2018 on lower overseas demand.

As per recent report of USDA, India may produce lower Soymeal to 6.4 million tonnes in 2019/20 compared to 7.6 million tonnes in 2018/19 season. The estimate is unchanged from Nov. month estimates. Domestic consumption is forecast at 5.35 million tonnes for this season higher from 5.2 million tonnes in previous year record however it is unchanged from previous month record.

As per recent SEA report, India shipped Oilmeals lower by 78% to 51,393 tons in January 2020 against 236,213 tons in January 2019. India shipped total 6107 tons of soymeal, 35,664 tons of Rapeseed meal, 4200 tons of Rice Bran Ext., 5422 tons of castor seed meal in Jan 2020. The overall export of oilmeals during April-Jan. 2020 is reported 24% lower to 2,006,669 tons compared to 2,647,461 tons in April-Jan.2019 on account of disparity in export of oilmeals, specifically soybean meal due to higher MSP of beans which makes the domestic soybean meal expensive in international market compared to other origin. However, the export of castor seed meal has increased by 46% to 485,245 against 332,031 tons in Apr-to Jan 2020 compared to last season.

During April-January 2020, Vietnam imported 254,655 tons of oilmeals (compared to 531,132 tons); consisting of 6,227 tons of soybean meal, 155,199 tons of rapeseed meal and 91,185 tons of De-oiled Rice Bran Extraction. South Korea imported 730,431 tons of oilmeals (compared to 633,797 tons); consisting 46,576 tons of soybean meal, 298,739 tons of rapeseed meal and 385,116 tons of castor seed meal. Thailand imported 211,062 tons of oilmeals (compared to 276,340 tons) consisting 190,696 tons of rapeseed meal, 17,581 tons of Rice Bran Extractions and 2785 tons of soybean meal.

During April-January 2020, the export from Kandla is reported at 681,207 tons lower (34%), followed by Mundra handled 651,792 tons (32%), and Mumbai including JNPT handled 152,978 tons (8%) and Kolkata handled 119,461 tons (6%) and Others Ports handled 401,231 tons (20%).

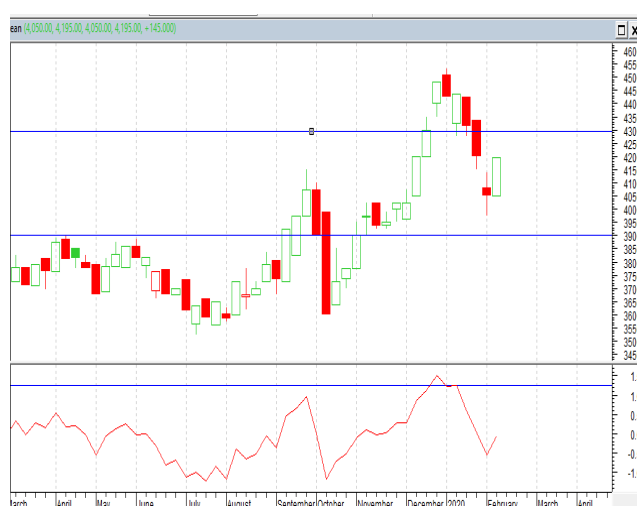
Indian Soymeal premium quoted higher side by \$158 per ton over Argentinean meal with Indian meal bullishness producing the premium rather than Argentinean meal bearishness. Such premiums may limit bookings of Indian Soymeal for forward as well as spot market.

## Technical Analysis:

### NCDEX Soybean FUTURE



### Soybean Spot, Indore



\*Note: Daily Chart

### Support & Resistance NCDEX Soybean – Feb. Contract

| S2   | S1   | PCP  | R1   | R2   |
|------|------|------|------|------|
| 3900 | 3940 | 4046 | 4180 | 4220 |

- Soybean Feb. contract depicts weak trend and likely to find support at 3970 and resistance at 4180
- On the upside, 4180 shall act as immediate resistance followed by INR 4220.
- On the downside, INR 3940 shall act as immediate support followed by 3900.
- Trade Recommendation (NCDEX-Soybean) -**Sell**

Weekly trade call: **Sell** below 4056 Target – T1-4000; T2-3950, SL – 4120

| Soy DOC Rates at Different Centers |                           |           |   |
|------------------------------------|---------------------------|-----------|---|
| Centres                            | Ex-factory rates (Rs/ton) |           |   |
|                                    | 6-Feb-20                  | 30-Jan-20 | Parity To   |
| Indore - 45%, Jute Bag             | 33300                     | 32500     | Gujarat, MP   |
| Kota - 45%, PP Bag                 | 34000                     | 33500     | Rajasthan, Del, Punjab, Haryana                     |
| Dhulia/Jalna - 45%, PP Bag         | 35000                     | 34700     | Mumbai, Maharashtra                                 |
| Nagpur - 45%, PP Bag               | 34800                     | 35000     | Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN |
| Nanded                             | 35000                     | 35000     | Andhra, AP, Kar, TN                                 |
| Latur                              | 34100                     | 34800     | -   |
| Sangli                             | 35000                     | 34800     | Local and South                                     |
| Solapur                            | 34500                     | 34200     | Local and South                                     |
| Akola – 45%, PP Bag                | 34000                     | 33600     | Andhra, Chattisgarh, Orrisa, Jharkhand, WB          |
| Hingoli                            | 35500                     | 34500     | Andhra, Chattisgarh, Orrisa, Jharkhand, WB          |
| Bundi                              | 33800                     | 33300     | -   |

| Soy DOC at Ports                    |            |           |        |
|-------------------------------------|------------|-----------|--------|
| Centers                             | Port Price |           |        |
|                                     | 5-Feb-20   | 29-Jan-20 | Change |
| Kandla (FOR) (INR/MT)               | 34000      | 34500     | -500   |
| Kandla (FAS) (USD/MT)               | 485        | 485       | Unch   |
| CNF Indonesia – Yellow SBM (USD/MT) | Unq        | 0         | -      |

| Rapeseed Meal          | 5-Feb-20 | 29-Jan-20 | Change |
|------------------------|----------|-----------|--------|
| FAS Kandla (USD/MT)    | 218      | 218       | Unch   |
| FOR Kandla (Rs/MT)     | 15750    | 15750     | Unch   |
| FOR Mundra (Rs/MT)     | 16050    | 16100     | -50    |
| CNF Indonesia (USD/MT) | 243      | 243       | Unch   |

| International Soy DOC |          |           |        |
|-----------------------|----------|-----------|--------|
| Argentina FOB USD/MT  | 5-Feb-20 | 29-Jan-20 | Change |
| Soybean Pellets       | 326      | 338       | -12    |
| Soybean Cake Flour    | 326      | 338       | -12    |
| Soya Meal             | 326      | 336       | -10    |
| Soy Expellers         | 326      | 336       | -10    |

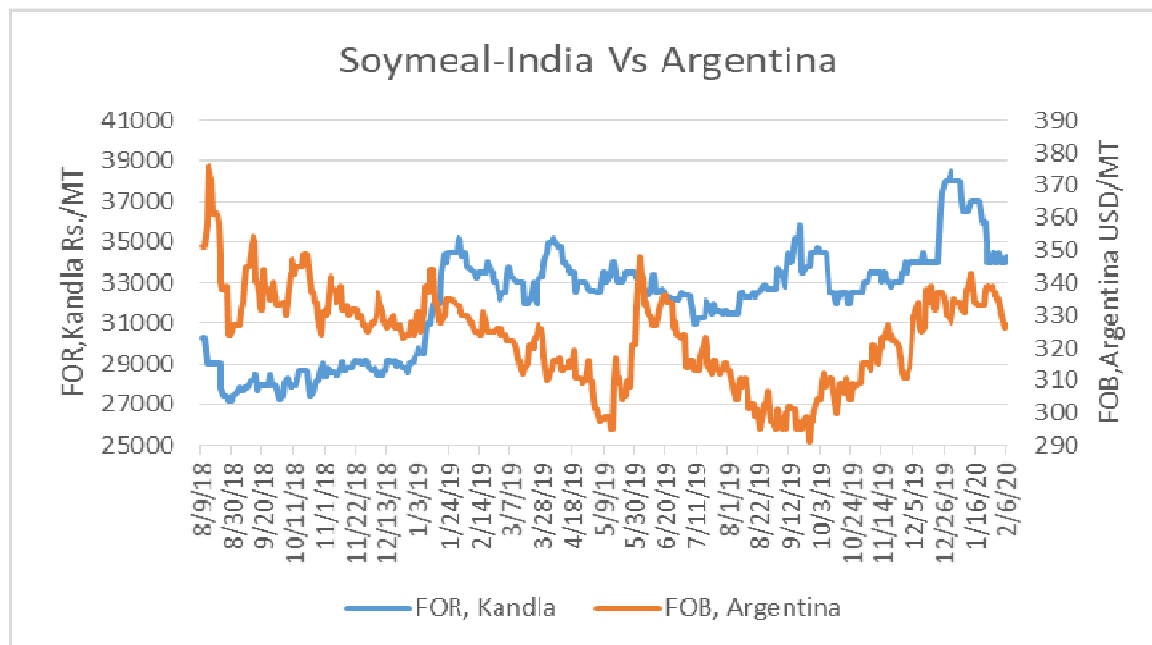
| <b>Sunflower (DOC) Rates</b> | <b>Ex-factory rates (Rs/ton)</b> |                  |               |
|------------------------------|----------------------------------|------------------|---------------|
| <b>Centers</b>               | <b>6-Feb-20</b>                  | <b>30-Jan-20</b> | <b>Change</b> |
| Adoni                        | 24000                            | 24000            | Unch          |
| Khamgaon                     | Unq                              | 0                | -             |
| Parli                        | Unq                              | 0                | -             |
| Latur                        | 23800                            | 23800            | Unch          |

| <b>Groundnut Meal (Rs/MT)</b> | <b>6-Feb-20</b> | <b>30-Jan-20</b> | <b>Change</b> |
|-------------------------------|-----------------|------------------|---------------|
| Basis 45%, Saurashtra         | 28000           | 28000            | Unch          |
| Basis 40%, Saurashtra         | 26000           | 26000            | Unch          |
| GN Cake, Gondal               | 29000           | 29000            | Unch          |

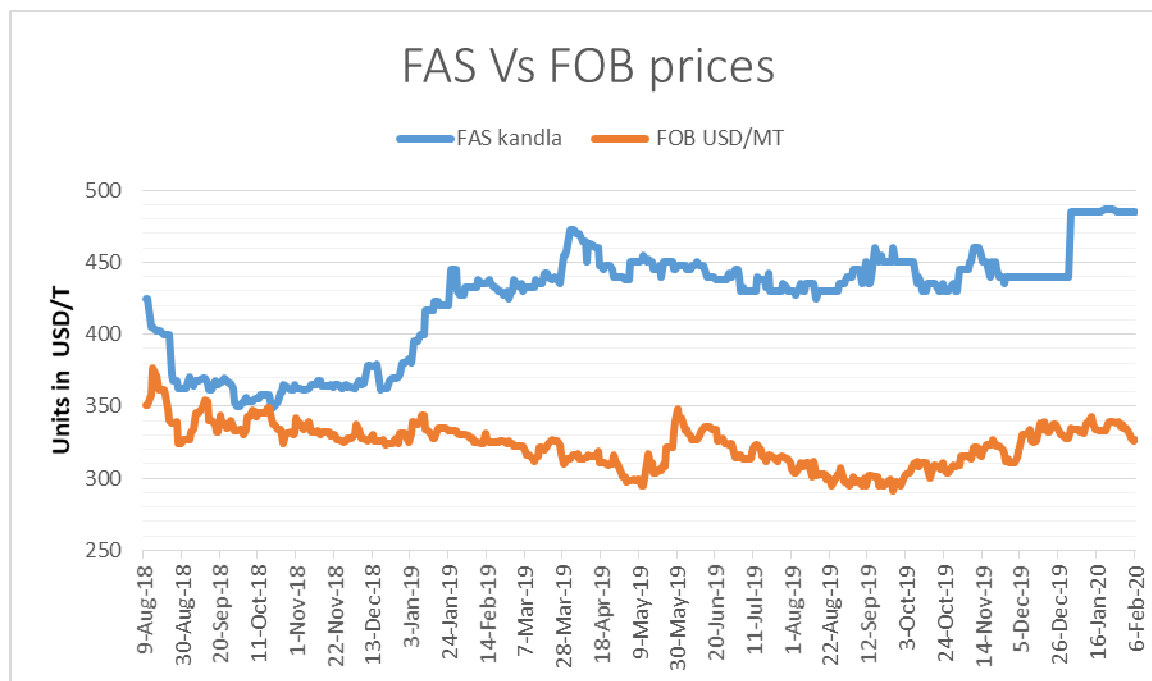
| <b>Mustard DOC</b>      | <b>6-Feb-20</b> | <b>30-Jan-20</b> | <b>Change</b> |
|-------------------------|-----------------|------------------|---------------|
| Jaipur (Plant delivery) | 15000           | 15000            | Unch          |
| Kandla (FOR Rs/MT)      | 15750           | 15800            | -50           |

| <b>Mumbai Oil Meal Quotes:</b> |                 |                  |               |
|--------------------------------|-----------------|------------------|---------------|
| <b>Rs/M.T.</b>                 | <b>6-Feb-20</b> | <b>30-Jan-20</b> | <b>Change</b> |
| G.N. Extr (45%)                | 26000           | 26000            | Unch          |
| KardiExtr                      | Unq             | 0                | -             |
| Undec Cottonseed Exp           | 21000           | 21500            | -500          |
| Rice Bran Extr.                | Unq             | 0                | -             |
| Sunflower Extr.                | 20500           | 21000            | -500          |
| Rapeseed Extr.                 | Unq             | 0                | -             |
| Soymeal 48%                    | 33704           | 33913            | -209          |
| Castor Extr.                   | 4500            | 4600             | -100          |

**Soymeal - India Vs Argentina**



**FAS SBM, Kandla Vs FOB SBM, Argentina – (US \$/tonne)**





## Rapeseed - Mustard Seed

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RM seed prices closed in mixed tone on mixed sentiments in this week. Arrivals are in ups and downs trends. At the end of week, mustard seed prices closed lower at 4330 per quintal as compared to 4430 per quintal in last week at the benchmark, Jaipur.

As per recent Ministry report, India has covered total 69.51 lakh hac. of Mustard area as on 31<sup>st</sup> Jan. 2020 which is lower by 0.24 lakh hac. against 69.75 lakh hac, in 2018-19. In Rajasthan, farmers have covered total 25.09 lakh hac. higher against 24.77 lakh hac. Farmers have covered total mustard seed area at 12.24 lakh hac. in Uttar Pradesh, 7.04 lakh hac. in MP, 5.87 lakh hac. in West Bengal, 5.62 lakh hac. in Haryana, 2.81 lakh hac in Jharkhand, 1.72 lakh hac. in Gujarat.

Acreage of Mustard in the current season is lower against 2018-19. Mustard crop major growing states are Rajasthan, Madhya Pradesh, and Uttar Pradesh and Haryana state. In Rajasthan, traders expect total 2 to 5% lower mustard sowing area as mustard area may shift to garlic and wheat crop due to good price hike in last season compared to mustard seed prices. Recent rainfall will also support to increase yield of wheat and garlic crop compared to mustard crop. In Baran and Kota district, sowing is likely to be lower by 20%. While in Alwar and Bharatpur districts, it is likely to be equal like 2018 season. However, sowing area may increase nearly 2 to 5 % in Ganganagar district due to good water availability.

High water level in most reservoirs will support to increase yield. However, acreage for Rabi season may decline as sowing has been delayed due to recent rainfall in October and November and late harvesting of Kharif crops. Farmers had waited water to dry up the sowing low lying land. The government expects Mustard seed production at 8.24 MT for 2019-20 lower than last year record i.e. 9.33 million tonnes. Government has announced Rs. 225 higher MSP of Mustard seed for Rabi 2020-21 seasons to Rs.4425 against Rs. 4200 in 2019-20.

As per the Mustard Oil Producers Association of India data, India crushed 550,000 tonnes of mustard seed in December 2019 unchanged from previous month record and it is almost same as in last year during the corresponding period of time. Total supply of mustard in Rajasthan recorded at 100,000 tn in December 2019, 45,000 tn in Uttar Pradesh, and 30,000 tn in Madhya Pradesh. Total available stocks with processors, stockiest and state-run agencies stood at 1.2 million tons in December 2019. It pegged total mustard crop output at 8.1 million tonnes in 2018-19 season which is higher from 7.1 million tonnes in last season. The estimated figure is lower than the farm ministry fourth advance estimate i.e. 9.3 million tonnes.

According to United States Department of Agriculture (USDA) January estimates, India may produce total 77 lakh tones of Rapeseed in 2019/20 lower from 80 lakh tonnes in 2018/19. Ending stocks of mustard seed have been lowered to 4.69 lakh tonnes from 5.69 lakh tonnes in last year record. India's 2019-20 Rapeseed oil production is expected at 25.84 lakh tonnes unchanged from previous year while mustard oil import estimates are revised lower at 1.20 lakh tonnes from 1.25 lakh tonnes in previous year.

As per First advanced estimates of government, it estimates Mustard seed output at 82.37 lakh tonnes for 2019/20 lower by 11.02 lakh tonnes from 93.39 lakh tonnes in 2018/19.

## Technical Analysis:

### RM Seed Futures Contract



### Mustard Spot Jaipur



| Support & Resistance NCDEX RM Seed – Feb. Contract |      |      |      |      |
|--|------|------|------|------|
| S1   | S2   | PCP  | R1   | R2   |
| 3770   | 3800 | 3992 | 4100 | 4210 |

- Mustard Feb. contract depicts weakness and further can get immediate support at INR 3800
- Prices have tested the lower level of 3981 in this week.
- Trade Recommendation (NCDEX Rapeseed-Mustard) -**Sell**

Weekly trade call: **Sell** Below –3995 target – T1-3860 T2- 3800, SL –4055

## Annexure

### India's Total Oilseeds Production Seen at 223.89 Lakh Tons in 1<sup>st</sup> Adv. Est. - GOI (Kharif)

The first Advance Estimates of production of major crops for 2019-20 have been released on 23rd Sep, 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. Few the major crops producing states have received good rainfall. As a result, the production of oilseeds kharif crops estimates for 2019-20 has witnessed higher than their normal production. Oilseeds production of India is placed higher by 11.11 lakh tonnes to 223.89 lakh tonnes against the production of 212.78 lakh tonnes in 4th advanced estimates for 2018-19. The estimated figure is also higher by 11.5 lakh tonnes than five years average oilseeds production.

The estimated production of major Oilseeds during 2019-20 is as under:

Oilseeds – 223.89 Lakhtonnes

- Soybean – 135.05 Lakh Tons
- Groundnut – 63.11 Lakh Tons
- Castorseed – 17.37 Lakh Tons
- Sesame/Sesamum/Gingelly/Til – 6.86 Lakh Tons
- Nigerseed – 0.83 Lakh Tons
- Sunflower – 0.67 Lakh tons

### MSP for 2019/20 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 2019-20 season, the MSPs of all the Kharif oilseeds are raised for this season. The MSP of Yellow Soybean is increased by Rs.311 from Rs.3399/qt in 2018- 19 to Rs.3710/qt in 2019-20, Groundnut is increased by Rs.200 from Rs.4890/qt in 2018-19 to Rs.5090/qt in 2019- 20, Sunflower is increased by Rs.262 from Rs.5388/qt in 2018-19 to Rs.5650/qt in 2019-20, Sesamum is increased by Rs.236/qt from Rs.6249/qt in 2018-19 to Rs.6485/qt in 2019-20, Niger seed is increased by Rs.63 from Rs.5877/qt in 2018-19 to Rs.5940/qt in 2019-20.

## MSP for 2020/21 Rabi Oilseeds

Centre has increased the MSP of Mustard/Rapeseed by INR 225 from last year and kept it at INR 4425 per quintal. Last year the MSP of Mustard/rapeseed was INR 4200 per quintal including bonus of INR 200. Safflower MSP has been increased by INR 270 to INR 5215 from INR 4945 per quintal of last year. Last year MSP includes a bonus of INR 100 per quintal.

## SOPA Soybean Production Estimates Kharif 2019-20 As On 10.10.2019

| SOPA Soybean Estimates Kharif |         |       |            |         |       |            |
|-------------------------------|---------|-------|------------|---------|-------|------------|
|                               | 2018-19 |       |            | 2019-20 |       |            |
| State                         | Area    | Yield | Production | Area    | Yield | Production |
| Gujarat                       | 1.32    | 925   | 1.241      | 1.003   | 858   | 0.861      |
| Maharashtra                   | 36.39   | 944   | 34.34      | 37.363  | 971   | 36.295     |
| Karnataka                     | 3.19    | 911   | 2.90       | 3.302   | 816   | 2.694      |
| Madhya Pradesh                | 54.1    | 1075  | 58.18      | 51.952  | 772   | 40.107     |
| Chhattisgarh                  | 1.281   | 865   | 1.108      | 0.742   | 726   | 0.539      |
| Telangana                     | 1.791   | 877   | 1.571      | 1.783   | 846   | 1.508      |
| Rajasthan                     | 9.212   | 971   | 8.945      | 9.627   | 681   | 6.56       |
| Others                        | 1.09    | 955   | 1.041      | 1.841   | 748   | 1.377      |
| Total                         | 108.4   | 940.4 | 109.3      | 107.6   | 802.3 | 89.9       |

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