

# Oilmeals Weekly Research Report

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## Executive Summary

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The domestic soybean continued weak trend on dull demand from the crushers/millers mainly on slack in soymeal demand.

However, rapeseed-mustard rallied on strong buying support from crushers/millers, stockists to cover their stocks. While Nafed too is actively procuring the RM seed from the major producing states under Price Support Scheme – PSS.

Besides, the soymeal too fell on poor demand from poultry sector. Poultry consumption is severely hit due to coronavirus pandemic. We expect it to gradually revive with the easing of lockdown and subsiding fear of the virus.

Minimum Support Prices of all the major Kharif oilseeds Soybean, Groundnut, Sunflower seed, Sesamum and Nigerseed are adequately raised for 2020-21 marketing year by the cabinet committee of economic affairs, chaired by the Prime Minister.

Monsoon has hit Kerala and southern parts of India on June 01, 2020, on time, and it is expected to be normal this year.

The Kharif oilseeds planting is expected to be normal this year with normal forecast of the seasonal rains and the area under groundnut cultivation is expected to rise on better realization to farmers last season.

Soybean is likely to remain under pressure with ongoing weak demand in soymeal. The poultry demand is expected to improve with the relaxation in lockdown, currently the COVID cases are rapidly increasing in India.

However, rapeseed-mustard prices will continue feature firm tone on good buying support from solvent extractors and stockists, in near-term.

Weak demand from poultry sector will continue to weigh on the soymeal prices in near-term.

## Outlook – Cash Market

**Outlook - Soybean (Spot, Nagpur):** The soybean prices will continue to feature range-bound movement with weak bias, decline in crushing with fall in soymeal demand and forecast of good monsoon this season will continue to weigh on the bean prices. **Easing lockdown has raised the hope of fresh demand from crushers in coming days, though.** Trade is not happening in the benchmark market, Indore. The prices (Nagpur, Plant basis) is expected to feature range bound movement between the price bands of 3800 – 3950 level.

**Outlook – Soy meal:** Weak demand from poultry sector and poor overseas demand with expectation of higher stock during the season will continue pressuring the domestic soymeal. Soymeal prices are likely to witness range-bound movement with weak bias on slack in demand from poultry sector. Coronavirus pandemic has led to the decline in poultry consumption in last couple of months and thus meal demand is badly affected during the period meal. Indian meal exporters are advised to explore new markets aggressively and try to regain the lost markets especially traditional South and Far-East Asian destinations including Japan in the coming days. The domestic meal prices are likely to remain under supply pressure and feature range bound movement in near-term. **Easing lockdown has raised the hope of fresh demand from poultry sector in coming days, though** Soy meal, Indore is expected to be in the range of 32,000 – 33,000 /MT levels during the week.

**Outlook - Rapeseed-Mustard (Spot, Jaipur basis):** The rapeseed-mustard is expected feature gains on strong buying support by the solvent extractors. The new crop arrivals are at the good pace and the solvent extractors and stockists are covering their stock. The seed prices are likely to feature gains and witness the levels between 4750 - 4800/Qtl; levels during the week.

## International Highlights

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- ❖ In the weekly USDA crop progress report released on 01 June 2020; The US Soybeans planting is reported at 75% up from 36% same period last year and 68% from 5 year average.
- ❖ Soybean emerged is reported at 52% up from 17% same period last year and 44% from 5 year average. About 60% of the crop is under good condition, 10% at excellent condition and 26% at fair condition.
- ❖ Grain exporter group Anec has estimated Brazilian soybean exports between 17th May and 31st May to reach 7.2 million tonnes with the total volume for May'20 at 14.7 million tonnes.
- ❖ Anec said, the port operation won't be affected even if there is a state of lockdown in Sao Paulo, Santos ports, but courier services and issuance of documents required for shipping could be affected.
- ❖ In Brazil a record volume of the soybean crop was already disposed of until mid-May'20. Brazilian farmers took advantage of the weak domestic currency - Real. They have already sold about 80% of this year's production and made even forward or advance sales of almost 30% of the soybean crop expected in early 2021, indicating good overseas demand for Brazilian soybean.
- ❖ World crushings of soybeans fall short of expectations. Oil World's new estimate of 304.7 Mn T is 1.9 Mn T below a month earlier and up only slightly by 1.3% from last season's reduced level.
- ❖ In the weekly USDA crop progress report released on 18 May 2020; The US Soybeans planting is reported at 53% up from 16% same period last year and 38% from 5 year average. Soybean emerged is reported at 18% up from 4% same period last year and 12% from 5 year average.
- ❖ US soybean crush declined 5.3% from its all-time record during April'20 but still topped market expectation for the 5th month in a row, reported by National Oilseed Processors Association (NOPA) in its May'20 report.
- ❖ US soymeal shipments in April fell to 890,931 tons, from 973,741 tons in March. In April 2019, soymeal exports were 763,203 tons, according to NOPA.
- ❖ In the May'20 WASDE report by USDA, the US 2020/21 soybean area is projected at 83.5 million acres compared to 76.1 million acres in 2019/20. US soybean yield for 2020/21 is projected at 49.8 bushels per acre vs 47.4 bushels per estimated in 2019/20 and the total US soybean production is pegged at 4125 million bushels (112.26 MnT) compared to 3557 million bushels (96.79 Mn T) estimated in 2019/20.

- ❖ COFO has stated that China is likely to speed up the purchased of US farm goods and will implement the phase 1 trade deal with US.
- ❖ China's soybean imports in 2019/20 are expected at 87.50 million tonnes of which 13.7 million tonnes are expected to come from the United States.
- ❖ Brazilian soybean exports to China in 2019/20 are expected to be 63.73 million tonnes.
- ❖ Brazil soybean shipments could reach 11.9 million tonnes in May 2020, given the cargo ships that are scheduled to embark or have already positioned to load said industry group ANEC.
- ❖ The Buenos Aires Grains Exchange in the report, has forecasted Argentina's 2091/20 soybean production at 49.5 million tonnes.
- ❖ Conab has reported that in April, Brazil is likely to grow 1.72% lower soybean at 122.06 million tons in 2019-20 (crop year September-August) from its March month estimates i.e. 124.20 however 6.13% higher from last year record due to supportive weather condition. Soya yield is likely to stay lower at 3313 KG/ Ha. against 3373 Kg/Ha. in March month forecast however higher from 3206 Kg/Ha. in last year. Planting area is estimated 0.05% higher to 36.84 million ha.against 36.80 million Ha. in March month and 2.70% higher from 35.87 million Ha. in 2018-19.

## Sown Area – *Rabi* Oilseeds, India

In the final official Rabi oilseeds planting report, by the Ministry of Agriculture, the total coverage area under Rabi oilseeds is reported at 80.3 lakh hectares, slightly down 0.1% from 80.37 lakh ha in the corresponding period of last year. Of the major oilseeds, rapeseed-mustard sowing is reported down by 0.4% at 69.51 lha compared to 69.76 lha during the corresponding period of last year. Groundnut at 4.76 lha vs 4.59 lha, safflower at 0.63 lha vs 0.43 lha, sunflower at 1.04 lha vs 1.13 lha, sesamum 0.56 vs 0.71 and Linseed at 3.46 lha vs 3.44 lha during the same period last year.

Area in Lakh Hectares

| <b>Crop</b>           | <b>Normal Area (5 Year Avg.)</b> | <b>2019-20</b> | <b>2018-19</b> | <b>% Change</b> |
|-----------------------|----------------------------------|----------------|----------------|-----------------|
| Rapeseed/Mustard      | 60.48                            | 69.51          | 69.76          | <b>-0.4</b>     |
| Groundnut             | 7.76                             | 4.76           | 4.59           | <b>3.7</b>      |
| Safflower             | 1.41                             | 0.63           | 0.43           | <b>46.5</b>     |
| Sunflower             | 2.96                             | 1.04           | 1.13           | <b>-8.0</b>     |
| Sesamum               | 3.12                             | 0.56           | 0.71           | <b>-21.1</b>    |
| Linseed               | 2.99                             | 3.46           | 3.44           | <b>0.6</b>      |
| Others                | 0.14                             | 0.34           | 0.31           | <b>9.7</b>      |
| <b>Total Oilseeds</b> | <b>78.86</b>                     | <b>80.3</b>    | <b>80.37</b>   | <b>-0.1</b>     |

Source: MoA, GOI

## Soybean

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Soybean extended losses on weak overseas and domestic demand in soymeal, higher bean stock, lower crushing, during the week under review.

Relaxation in COVID-19 lockdown across India have raised the hope of improvement in soymeal demand with likely demand in soymeal from poultry sector.

Indore, Dewas and Ujjain cash market yards of Madhya Pradesh remained closed since the announcement of nationwide lockdown. However, these markets will start their operations with the relaxation in the lockdown from June.

Further, in a major development Cabinet Committee on Economic Affairs (CCEA) chaired by the Hon'ble Prime Minister Shri Narendra Modi has approved the increase in the Minimum Support Prices (MSPs) for all mandated Kharif crops for marketing season 2020-21.

Government has increased the MSP of Kharif crops for marketing season 2020-21, to ensure remunerative prices to the growers for their produce.

Among the Kharif oilseeds the MSP for Soybean-Yellow to Rs. 3880 a quintal to Rs. 3710 per quintal last season, an increase of Rs. 170 a quintal.

The MSP of groundnut has been increased to Rs. 5275 per quintal for marketing season 2020-21 from Rs.5090 per quintal in 2019-20 an increase of Rs.18 a quintal, sunflower to Rs. 5885 a quintal from earlier Rs. 5650 per quintal an increase of Rs 235 per quintal, Sesamum to Rs. 6855 a quintal from 6485 earlier, an increase of Rs. 370 a quintal and the MSP of Nigerseed have been increased to Rs. 6695 a quintal from Rs. 5940 a quintal earlier, increase of Rs 755 per quintal.

Of all the Kharif crops, the highest increase in MSP is proposed for Nigerseed (Rs 755 per quintal) followed by Sesamum (Rs 370 per quintal), Urad (Rs 300 per quintal) and Cotton (long staple) (Rs 275 per quintal). The differential remuneration is aimed at encouraging crop diversification.

Soybean supplies are expected to improve as the mandis of Rajasthan resumed their operations after they remained closed for over 10 days in protest against the announcement of the new mandi cess. The soybean supplies too resumed in these mandis which paused after the announcement of the COVID-19 lockdown in March.

Thin trade was happening in key soybean mandis of Maharashtra like, Nagpur, Latur and Akola, with lower volume.

Soybean plant delivery extended losses in the Nagpur cash market yard to 3750 – 3880 from 3900– 4020 previous week, on need based buying in the market.

Weak demand from crushers continued to pressure the domestic soybean market, the soybean arrivals in Nagpur mandi improved and stood at 500 – 890 bags a day from 350 – 500 bags a week ago.

The domestic soybean market will featured steady to weak tone on weak demand in soymeal from poultry sector due to coronavirus pandemic.

The crushers are not eager to quote higher for the bean in a bid to keep the meal prices attractive for domestic as well as the the foreign buyers and keep the exports window open for some more time.

We expect the demand for bean to improve from the crushers with the relaxation of lockdown. Currently, the bean prices are lower compared to the prices prior to the lockdown on COVID19.

***The major buyers are as follows: Agrawal, Neemuch, Shanti Overseas, Living Food, Goyal Protien, Bansal-Bhopal, Vippy-Dewas, ABIS, Sneha, Ruchi Soya, Shalimar Katol, Vippy Dewas, Dhanuka Neemuch, Avi Agri Ujjain, M.S. Neemuch, RH Seoni, Prakash, Kriti Dewas, Mahakali, Prestige Dewas, Itarsi Oil, Sanwaria Itarsi, MS Solvex Neemuch, MS Soya Pachore, during the week.***

### Previous Update

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Various markets are remain closed on account of lock down in India on coronavirus pandemic. Millers are crushing soybean but in limited capacity due to lack of labor, transportation issues and un-availability of raw material.

Agriwatch estimates 87.4 lakh tonnes of soybean output in India for 2019-20 season which is sharply down by 42.73% against 125.9 lakh tonnes in 2018-19.

All India planting 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 tones compared to 10.46 lakh tonnes in previous year.

As per the second advanced crop estimates 2019-20 of Ministry of Agriculture, Soybean production is estimated higher at 136.28 lakh tonnes as compared to 132.68 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 feature range-bound movement with weak bias on slack in soymeal demand. However, countywide relaxation on lockdown will encourage the poultry consumption leading to improved demand in soymeal should limit the losses, in near-to-medium-term.***

### International:

Chinese purchases of soybeans will reach new monthly records in May and June. In Oct/Sept 2019/20 they are now expected to reach 94.4 Mn T, a new high – Oil World.

US soybean exporters have confirmed their first soybean export deal with China in nearly two year. Beijing in bid to fulfill its purchase commitments in the phase 1, USDA said private exporters reported the sale of 20,000 tonnes of soyoil for delivery to China in the 2019/20 marketing year.

Traders expect soybean arrivals for China to top 9 million tonnes a month in May, June and July, which is well above normal levels. China has booked more than 90 million tonnes of soybeans this year.

In 2019, China brought in 16.94 million tonnes of U.S. soybeans, up from 16.6 million tonnes in 2018 when shipments fell to half from the previous year due to the trade dispute.

In the weekly USDA crop progress report released on 18 May 2020; The US Soybeans planting is reported at 53% up from 16% same period last year and 38% from 5 year average. Soybean emerged is reported at 18% up from 4% same period last year and 12% from 5 year average.

US soybean crush declined 5.3% from its all-time record during April'20 but still topped market expectation for the 5th month in a row, reported by NOPA in its May'20 report.

In the May'20 WASDE report by USDA, the US 2020/21 soybean area is projected at 83.5 million acres compared to 76.1 million acres in 2019/20. US soybean yield for 2020/21 is projected at 49.8 bushels per acre vs 47.4 bushels per estimated in 2019/20 and the total US soybean production is pegged at 4125 million bushels (112.26 MnT) compared to 3557 million bushels (96.79 Mn T) estimated in 2019/20.

China's domestic soybean production is seen at 18.81 million tonnes in 2020, up 3.9% from the previous year, according to forecasts from the agriculture ministry.

The country's soybean crushing volumes were pegged at 85.98 million tonnes this year, said the agriculture ministry during on the outlook for agriculture.

China's Soybean imports are forecast at 92.48 million tonnes this year, rising to 96.62 million tonnes in 2025 and 99.52 million tonnes in 2029, by the agriculture ministry conference on the outlook for agriculture.

Brazilian soybean shipments in April reached 16.3 million tonnes, it is an all-time record for a single month and an increase from 9.4 million tonnes in corresponding period last year, according to average daily export data released by the government.

The previous record was 12.35 million tonnes, set in May 2018. Brazil, had exported 11.64 million tonnes of soybeans in March, according to government data.

European Union bought total 11.5 million tonnes of Soybean till April 19, 2020 (season started on July 1) which is lower by 4% from last year record in Apr 14. EU soymeal imports had reached higher by 3% to 14.27 million tonnes against the year-earlier period, while Rapeseed imports went up by 45% to 5.13 million tonnes against last year record. However, palm oil imports stood down by 15% to 4.48 million tonnes.

Rifinitiv Agriculture said Brazil shipped total 12.6 million tonnes in March 2020 which is 35% above last month and also 43% higher from last five years average March exports as supported by robust demand of China. China bought total 7.8 million tonnes in March 2020 which is higher by 2% from last year record i.e. 5.8 million tonnes in the corresponding period of time.

Conab has reduced Brazilian soybean harvest by more than 2 million tonnes to 122.06 million attributed to the drought predominantly in Rio Grande do Sul. By the end of March, soils in the far southern state were among the driest they had been in any month in at least 20 years.

Brazilian farmers have taken advantage of record weakness in their currency - Real, which has given them a profitability boost when selling their products in dollars on the global market. This, combined with a record crop, has particularly lifted the country's soybean exports.

Brazil 2020 soybean export forecast has been revised to 76 million tonnes vs 74.07 million tonnes in previous forecast by INTL FCSTONE.

Rosario Grains Exchange have to reduce Argentine soybean crop estimates 50.5 million tonnes from its previous forecast of 51.5 million tonnes. This was after soybean crop was damaged by pockets of dry, hot weather in March, when harvesting was just hitting the ground.

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**Previous updates:**

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In the USDA April report, the estimated U.S. soybean production for 2019/20 is kept unchanged at 96.84 million tons in April 2020. The exports has been declined by 1.36 million tonnes to 48.30 million tonnes in its April month report from 49.66 million tonnes in last month however higher from 47.56 million tonnes in 2018-19. U.S crushing is kept higher side at 57.83 million tonnes in April 2020 against 57.28 million tonnes in March month and also from 56.93 million tonnes in last year. Ending stocks of the country is expected to be higher at 13.07 million tonnes in Apr. month review against 11.55 million tonnes in last month however lower from 24.74 million tonnes in 2018/19.

Brazil's soybean shipment volume during 1Q20 was the highest on record, up by 13.5% from 1Q19. About 75% (or 13.3 million tonnes) of the Brazilian exports during the first quarter of 2020 was headed to China.

The large Brazilian harvest this season along with the significant depreciation of the local currency Real against the US dollar (the Brazilian real lost almost one third of its value since January), this eventually made Brazilian soybeans cheaper – which in turn triggered more buying from Chinese crushers.

About 75% (or 13.3 million tonnes) of the Brazilian shipments during the first quarter of 2020 headed to China. The large Brazilian harvest this season along with the significant depreciation of the local currency against the US dollar (Brazilian real lost a third of its value since January), this eventually made Brazilian beans cheaper triggered more buying from Chinese crushers.

China's soybean demand in the 2019-2020 marketing year is forecast at 89 million tonnes, up 8% year on year, the USDA said in its April WASDE report.

China's soybeans import in April is estimated at 13 million-14 million tonnes, surge by 225% month on month and 75% higher on the year.

*The international soybean prices are expected to feature range bound movement with weak bias on spat between US and China over coronavirus outbreak rising risk of new trade war between the two countries.*

## Soy meals

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Soymeal remained under pressure in conjunction with soybean on continued weak overseas and domestic demand mainly from poultry sector.

Ease in COVID-19 lockdown across India have raised the hope that it could boost the poultry consumption which will subsequently improve the demand in domestic soymeal.

No major developments happened in the meal market during the week under review.

Need based buying is featured in the cash market and there is very limited soymeal export demand of Indian origin.

Currently, India's poultry industry have been severely hit due to coronavirus pandemic and rumours linking poultry bird possible carrier of the virus.

India's oilmeal shipments fell 60% in April from a year earlier, as higher government-set oilseed MSP made the shipments uncompetitive.

India exported 102,001 tonnes of oilmeal in April 2020, said the Solvent Extractors' Association of India.

In the SEA- Globoil second Webinar on Demand – supply situation of oilmeals and future outlook Dr, Davish Jain and Dr. BV Mehta raised concern on the oversupply of the soymeal in the remaining marketing season.

Mr. Balram Singh Yadav, MD Godrej Agrovet Ltd. said that if the COVID situation improves the poultry demand can bounce back to 60-65% by July'20.

In the discussion Dr. BV Mehta said, with currently 4 Mn T of soybean in hand translating into the availability of 3-3.2 Mn T of soymeal could be challenging for the meal price in marketing year (Oct-Sep).

Exports in oilmeals of Indian origin is already a challenge with competitive price offered in soymeal by South America.

India's soymeal shipments may fall to around 500,000 MT in 2019-20 (Oct-Sep), less than one fourth of the year-ago figure of 2.1 million tonnes due to subdued demand from traditional overseas buyers amid ongoing countrywide lockdown, said Soybean Processors Association of India Chairman Davish Jain.

The domestic soymeal prices at Indore, fell and was quoted between Rs 32,000 – 32,400/MT compared to Rs 32,300 – 32,500/MT previous week.

At Latur and Nanded, Maharashtra, soy meal witnessed steady to weak tone and were quoted at Rs 32,500 – 33,000/MT and Rs. 33,000-34,000/MT respectively compared to Rs 32,000 – 32,400/MT in Indore and Rs 32,500-33,000/MT in Kota.

India's Y-o-Y soy meal prices, Indore, are currently higher. Soy meal Indore was quoted slightly lower between Rs 32,000 – 32,400/MT during the week compared to Rs 32,300 – 32,500/MT during the corresponding period last year.

*The soy meal prices are likely to feature range-bound movement between Rs. 32,000 – 33,800/MT on slack in demand from poultry sector, in near to medium-term.*

**Previous updates:**

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India's oilmeal shipments fell by 54% to 177,003 tonnes in March'20 from a year earlier, as soymeal exports declined due to higher domestic prices, provisional data released by SEA reported the figures.

Country's oilmeal exports during the 2019-20 fiscal year beginning April declined 27% to 2.43 million tonnes, said the Solvent Extractors' Association of India.

SOPA is concerned on the falling demand from the traditional buyers like France, Japan, Iran, Korea and Nepal of soymeal of Indian origin.

SOPA has sought a stimulus package from the Centre to support the soybean industry, which has been hit by the lockdown and collapse of poultry sector.

The poultry sector consumes 60% of the soymeal in India and there are no takers for it leading around half of the processing units being shut.

With no operations, no sale and no access to funds, there is no cash flow and the industry is cash-starved and requires urgent attention of the government, Jain said.

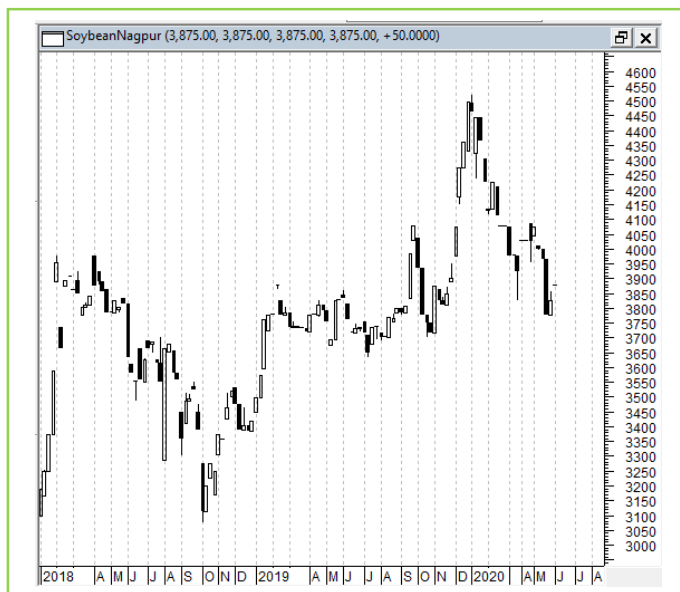
The association has urged the Centre to increase the soymeal export incentive to 7.5% from 5.0% currently to ramp up the shipments.

## Technical Analysis:

### NCDEX Soybean Futures



### Soybean Spot, Indore



\*Note: Daily Chart

### Support & Resistance NCDEX Soybean – Jun contract

| S1   | S2   | PCP  | R1   | R2   |
|------|------|------|------|------|
| 3580 | 3360 | 3820 | 4092 | 4296 |

- Soybean closed above previous week's level in the market.
- Prices closed above 9-day EMA.
- RSI and stochastic are rising in the neutral zone.
- MACD is rising in the positive territory.
- The prices are expected to feature gains in the coming week too.
- Trade Recommendation (NCDEX Soybean – Jun) Week: **BUY** Above 3800. Levels: T1 – 3900; T2- 3950, SL - 3740.

## Rapeseed - Mustard Seed

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The rapeseed-mustard rallied on strong and continued buying support in the cash market during the week under review.

The oilseed crushers and the stockists are covering their newly harvested rapeseed-mustard stock for future, at the current prices.

Nafed is actively procuring the rapeseed-mustard from various centers in Uttar Pradesh, Rajasthan, Gujarat, Haryana and Madhya Pradesh.

As on 25 May 2020, the progressive purchase of rapeseed mustard by Nafed under PSS from these states stands at 6,47,698.43 metric tonnes with a total value of Rs. 2,86,607 Lakh and the total number progressive number of farmers benefited from the scheme stands at 2,55,914.

RM seed prices surged by 16% from Rs 4080 - 4085 to Rs 4730 - 4735 in Jaipur, from the 3rd week of March to date, on strong buying support by the millers Nafed alone bought 647698 MT of RM seed from March to date. Rapeseed mustard oil gained by 6% during the same period.

Dull trade in soybean in key markets have continued to lend additional support to the rapeseed-mustard.

The all India seed supplies further improved with easing of lockdown and resumption of Rajasthan mandis and it is reported between 2.75 – 3.50 lakh bags in a day compared to around 2.5 – 3.25 bags a day, previous week. The supplies were 2.0 – 2.60 lakh bags a day during the corresponding period last year.

The new crop seed is quoted at around Rs 4,565 – 4,705 a quintal compared to Rs 4,025 – 4,125 a quintal during the corresponding period last year at the benchmark, Jaipur.

At NCDEX futures, the June contract edged-up and closed at 4,558/Qtl compared to 4,495/Qtl previous week.

The government has fixed the Minimum Support Price for rapeseed-mustard at Rs 4425/Qtl.

Agriwatch has projected India's MY 2020/21 rapeseed production at 7.2 million tonnes while Solvent Extractors of India has estimated the seed production at 7.7 million tonnes.

### Previous Updates

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India's 2019/20 rapeseed oil import estimate have been reduced to 0.25 lakh tons from 1.2 lakh tons in its earlier estimate, lower by 79.2 percent. Rapeseed oil consumption have been reduced to 27.30 lakh tons from 27.80 lakh tons in its earlier estimate, lower by 1.8 percent. End stocks of rapeseed oil in 2019/20 raised to 1.89 lakh ton from 1.38 lakh tons, lower by 36.95 percent, United States Department of Agriculture (USDA) April estimate.

As per Notification Number 2/2020-21 dated 13, April 2020, issued by Ministry of commerce and Industry, India has imposed more restriction on imports of RBD palmolein. With respect to notification number 39/2015-20 dated

8th Jan 2020 has been amended for the import policy of refined palm oil to “restricted” from “Free”. Further, more conditions have been imposed for palm oil imports as mentioned below:

- i. The applications for import authorization should be accompanied with prepurchase agreement and details of the import of the above items for past three years.
- ii. Validity period of import licenses/authorizations for refined palm oil will be 06 months in place of usual 18 months.
- iii. Total non-utilization of import authorization by the applicant will lead to disqualification of the importer from getting any further license for these items in future.
- iv. Customs will be required to diligently enforce the Rules of Origin criteria for import of these items originating from Nepal and Bangladesh.

This issues with the approval of competent Authority.

Malaysia Palm Oil Board (MPOB), Malaysia reduced May crude palm oil export tax to 4.5 percent from 5.0 percent last month. Export duty of palm oil is calculated at reference price of 2460.89 ringgit per ton. Tax is calculated between 2,250-2,400 ringgit per ton at 3.0 percent and is taxed maximum of 8.0 percent when prices are above 3,450 ringgit per ton.

*Outlook: The rapeseed-mustard is expected to feature gains on supportive buying by the stockists and the solvent extractors to cover their stocks, in the cash market.*

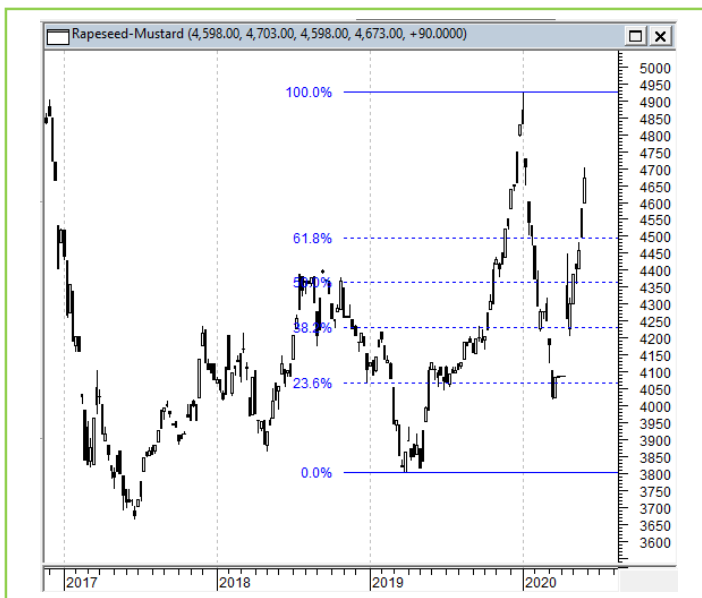
## Technical Analysis:

### NCDEX RM Seed Futures



\*Note: Daily Chart

### RM Seed Spot, Jaipur



### Support & Resistance NCDEX RM Seed – Jun contract

| S1   | S2   | PCP  | R1   | R2   |
|------|------|------|------|------|
| 4447 | 4300 | 4558 | 4700 | 4750 |

- RM seed rallied on buying interest during the week.
- Prices closed above 18-day EMA.
- RSI and stochastic are rising in the neutral zone.
- MACD is rising in positive territory.
- The prices are expected to feature gains during the week.
- Trade Recommendation (NCDEX Rapeseed-Mustard – Jun.) Week: **BUY** Above 4540. Levels: Target – 4650; T2- 4700, SL – 4480.

## Annexure

| Soy DOC Rates at Different Centers |                           |           |   |
|------------------------------------|---------------------------|-----------|---|
| Centres                            | Ex-factory rates (Rs/ton) |           |   |
|                                    | 28-May-20                 | 22-May-20 | Parity To   |
| Indore - 45%, Jute Bag             | 32400                     | 32200     | Gujarat, MP   |
| Kota - 45%, PP Bag                 | 33000                     | 32700     | Rajasthan, Del, Punjab, Haryana                     |
| Dhulia/Jalna - 45%, PP Bag         | 33800                     | 33300     | Mumbai, Maharashtra                                 |
| Nagpur - 45%, PP Bag               | 32700                     | 32800     | Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN |
| Nanded                             | 33200                     | 34000     | Andhra, AP, Kar ,TN                                 |
| Latur                              | 33000                     | 33000     | -   |
| Sangli                             | 32800                     | 33000     | Local and South                                     |
| Solapur                            | 32300                     | 32000     | Local and South                                     |
| Akola – 45%, PP Bag                | 32000                     | 31700     | Andhra, Chattisgarh, Orrisa,Jharkhand, WB           |
| Hingoli                            | 33000                     | 33500     | Andhra, Chattisgarh, Orrisa,Jharkhand, WB           |
| Bundi                              | 32800                     | 32500     | -   |

| Soy DOC at Ports                    |            |           |        |
|-------------------------------------|------------|-----------|--------|
| Centers                             | Port Price |           |        |
|                                     | 28-May-20  | 22-May-20 | Change |
| Kandla (FOR) (INR/MT)               | 33800      | 34250     | -450   |
| Kandla (FAS) (USD/MT)               | 445        | 440       | 5      |
| CNF Indonesia – Yellow SBM (USD/MT) | 0          | 0         | Unch   |

| Rapeseed Meal          | 28-May-20 | 22-May-20 | Change |
|------------------------|-----------|-----------|--------|
| FAS Kandla (USD/MT)    | 0         | 0         | Unch   |
| FOR Kandla (Rs/MT)     | 0         | 0         | Unch   |
| FOR Mundra (Rs/MT)     | 0         | 0         | Unch   |
| CNF Indonesia (USD/MT) | 0         | 0         | Unch   |

| International Soy DOC |           |           |        |
|-----------------------|-----------|-----------|--------|
| Argentina FOB USD/MT  | 28-May-20 | 22-May-20 | Change |
| Soybean Pellets       | 314       | 317       | -3     |
| Soybean Cake Flour    | 314       | 317       | -3     |

|               |     |     |    |
|---------------|-----|-----|----|
| Soya Meal     | 313 | 317 | -4 |
| Soy Expellers | 313 | 317 | -4 |

| Sunflower (DOC) Rates | Ex-factory rates (Rs/ton) |           |        |
|-----------------------|---------------------------|-----------|--------|
| Centers               | 28-May-20                 | 22-May-20 | Change |
| Adoni                 | 22600                     | 22600     | Unch   |
| Khamgaon              | 0                         | 0         | Unch   |
| Parli                 | 0                         | 0         | Unch   |
| Latur                 | 22000                     | 22000     | Unch   |

| Groundnut Meal (Rs/MT) | 28-May-20 | 22-May-20 | Change |
|------------------------|-----------|-----------|--------|
| Basis 45%, Saurashtra  | 28500     | 28500     | Unch   |
| Basis 40%, Saurashtra  | 26000     | 26000     | Unch   |
| GN Cake, Gondal        | 30000     | 30000     | Unch   |

| Mustard DOC             | 28-May-20 | 22-May-20 | Change |
|-------------------------|-----------|-----------|--------|
| Jaipur (Plant delivery) | 14400     | 14900     | -500   |
| Kandla (FOR Rs/MT)      | 15000     | 15400     | -400   |

| Mumbai Oil Meal Quotes: |           |           |        |
|-------------------------|-----------|-----------|--------|
| Rs/M.T.                 | 28-May-20 | 22-May-20 | Change |
| G.N. Extr (45%)         | 27500     | 28000     | -500   |
| Kardi Extr              | 0         | 0         | Unch   |
| Undec Cottonseed Exp    | 24000     | 24500     | -500   |
| Rice Bran Extr.         | 0         | 0         | Unch   |
| Sunflower Extr.         | 20500     | 20000     | 500    |
| Rapeseed Extr.          | 0         | 0         | Unch   |
| Soymeal 48%             | 33600     | 33600     | Unch   |
| Castor Extr.            | 0         | 0         | Unch   |

## MSP of Kharif Oilseeds for Marketing Season 2020-21 - GOI

| Sl. No | Crops            | MSP for Kharif 2020-21 | MSP for Kharif 2019-20 | Increase in MSP (Absolute) |
|--------|------------------|------------------------|------------------------|----------------------------|
| 1      | Groundnut        | 5275                   | 5090                   | 185                        |
| 2      | Sunflower seed   | 5885                   | 5650                   | 235                        |
| 3      | Soybean (yellow) | 3880                   | 3710                   | 170                        |
| 4      | Sesamum          | 6855                   | 6485                   | 370                        |
| 5      | Nigerseed        | 6695                   | 5940                   | 755                        |

The Cabinet Committee on Economic Affairs (CCEA) chaired by the Hon'ble Prime Minister Shri Narendra Modi has approved the increase in the Minimum Support Prices (MSPs) for all mandated Kharif crops for marketing season 2020-21.

Government has increased the MSP of Kharif crops for marketing season 2020-21, to ensure remunerative prices to the growers for their produce.

Among the Kharif oilseeds the MSP for groundnut has been increased to Rs. 5275 per quintal for marketing season 2020-21 from Rs.5090 per quintal in 2019-20 an increase of Rs.18 a quintal.

The MSP of sunflower to Rs. 5885 a quintal from earlier Rs. 5650 per quintal an increase of Rs 235 per quintal, Soybean-yellow to Rs. 3880 a quintal to Rs. 3710 per quintal last season, an increase of Rs. 170 a quintal, Sesamum to Rs. 6855 a quintal from 6485 earlier, an increase of Rs. 370 a quintal and the MSP of Nigerseed have been increased to Rs. 6695 a quintal from Rs. 5940 a quintal earlier, increase of Rs 755 per quintal.

Among all the Kharif crops, the highest increase in MSP is proposed for Nigerseed (Rs 755 per quintal) followed by Sesamum (Rs 370 per quintal), Urad (Rs 300 per quintal) and Cotton (long staple) (Rs 275 per quintal). The differential remuneration is aimed at encouraging crop diversification.

## India's Oilseeds Production Seen Record at 34.2 Mn T vs 31.5 Mn in 2nd Adv Est. for 2019-20 - GOI

The 2nd Advance Estimates of production of oilseeds for 2019-20 have been released by the Department of Agriculture, Cooperation and Farmers Welfare on 18<sup>th</sup> February, 2020. The assessment of production of different crops is based on the feedback received from States and validated with information available from other sources.

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

Oilseeds – 34.2 million tonnes in 2019-20 vs 31.5 million tonnes in 2018-19

- Soybean – 13.62 million tonnes vs 13.27 million tonnes in 2018-19
- Rapeseed-Mustard - 9.11 million tonnes vs 9.26 million tonnes in 2018-19
- Groundnut - 8.24 million tonnes vs 6.73 million tonnes in 2018-19

India's total oilseeds production during 2019-20 is estimated at 34.19 million tonnes which is higher by 2.67 million tonnes than the production of 31.52 million tonnes during 2018-19.

The production of oilseeds during 2019-20 is also higher by 4.54 million tonnes than the five year average oilseeds production.

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