

# Oilmeals Weekly Research Report

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## Executive Summary

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The domestic soybean and soymeal extended gains on spillover support from the strength in international soy complex and improved soymeal exports from India in recent months.

Better crush margin in the soybean remained encouraging for the oilseed processors who suffered demand setback in soymeal and soyoil early COVID last year.

However, rapeseed-mustard and rapeseed DOC witnessed losses on commencement of harvesting in UP and eastern parts of Rajasthan and on expectation of bigger crop. The new crop supplies will gradually peak in a fortnight, in the Agra and Kota belt.

The rapeseed-mustard will remain under the new crop pressure for sometime. However, robust overseas demand in rapeseed-meal and improved mustard oil demand post COVID will remain positive for the seed in medium-term.

Further, groundnut seed posted gains on strong and persistent overseas demand in the groundnut seed and groundnut oil.

The rapeseed-mustard prices decline by -5% also rapeseed meal fell by -6%, soybean and soymeal posted gains by +2% while groundnut seed rose by +2%, all compared to the previous week's level.

We feel the soy complex to feature range-bound movement with firm-bias on improved overseas soymeal demand and better crush margin and strong international soy complex. Rapeseed-mustard complex to feature range bound movement with weak bias on crop harvest and bigger crop outlook, for short-term. Bullish global soybean supply outlook will continue to support the soy prices at higher level in medium-term. Besides, groundnut prices will also feature range-bound movement with firm bias on bullish outlook following good overseas demand for Indian seed.

## Outlook – Cash Market

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**Outlook - Soybean (Spot, Indore):** *The soybean prices will feature range-bound movement with firm bias on sharp recovery in soymeal export sales in recent months, and spillover support from the international soybean market. The prices (Indore, Plant basis) are expected to feature range bound movement in the price band of 5,200 – 5,300 level.*

**Outlook – Soy meal:** *Soymeal prices are likely to feature gains in association with soybean and strong CBOT soy complex. The soymeal exports continued to be strong during the recent days. However, Soy meal, Indore is expected to be in the range of 39,500 – 40,000/MT levels during the week.*

**Outlook - Rapeseed-Mustard (Spot, Jaipur basis):** *Rapeseed-mustard is expected to feature losses on commencement of the harvesting and expected bigger crop this season. The seed prices are likely to witness the price levels between 6,000 – 6,150/Qtl; levels during the week.*

## International Highlights

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- ❖ CBOT soybeans skid, Friday, after AgResource raised Brazil's 2020/21 soybean harvest to 129.98 million tonnes from 128 million tonnes previously projected. CBOT soybean's most active May contract ended 3.25 cents lower at US \$ 14.04-1/4 per bushel.
- ❖ In the February'21 report, the USDA has kept US 2020/21 soybean unchanged at 112.5 million tonnes compared to previous month. It has kept Brazil's soybean production unchanged at 133.0 million tonnes. Similarly for India and Argentina the estimates are kept unchanged at 10.5 million tonnes and 48.0 million tonnes respectively.
- ❖ The global 2020/21 soybean production is also kept unchanged at 361.0 million tonnes compared to the previous month, in the last report by USDA. World soymeal production is estimated slightly up at 252.9 million tonnes vs 252.8 million tonnes for 2020/21.
- ❖ NOPA members have crushed 184.654 million bushels of soybeans in January 2021, up from 183.159 million bushels in December and 176.940 million bushels in January 2020.
- ❖ It was the biggest-ever January crush and the second largest monthly crush in volume for any month, behind only October 2020.
- ❖ CONAB has projected Brazil's 2020/2021 soybean crop at record 133.817 million tonnes vs 133.692 million tonnes in January forecast and 124.845 million tonnes in 2019/2020 estimate. Export seen at 85.6 million tonnes driven by Chinese demand.
- ❖ Argentina's 2020/21 soybean output is pegged at 50 million tonnes by Rosario Grain Exchange. The country harvested 50.7 million tonnes in 2019/20. The Buenos Aires Grains Exchange has estimated the soy crop at 46.5 million tonnes vs 49.6 million tonnes last season and increase the area under bean by 0.6% this year vs 17.3 million hectares last year.

## Sown Area – *Rabi* Oilseeds, India 2020-21

In the latest official rabi oilseeds planting report, by the Ministry of Agriculture, the total coverage area under rabi oilseeds is reported at 83.60 lakh hectares, up 5% from 79.37 lakh ha in the corresponding period of last year. Of the major oilseeds, rapeseed-mustard sowing is reported up by 7% at 73.89 lha compared to 68.84 lha during the corresponding period of last year. Groundnut at 4.57 lha vs 4.65 lha, safflower at 0.58 lha vs 0.63 lha, sunflower at 1.01 lha vs 1.02 lha, sesamum 0.44 lha vs 0.56 lha, linseed at 2.90 lha vs 3.34 lha and other 0.21 lha vs 0.33 lha during the same period last year.

Area in Lakh Hectares

<b>Crop</b>	<b>Normal Area (5 Year Avg.)</b>	<b>As on 22 Jan. 2021</b>	<b>As on 22 Jan. 2020</b>	<b>% Change</b>
Rapeseed/Mustard	59.44	73.89	68.84	<b>7.3</b>
Groundnut	7.28	4.57	4.65	<b>-1.7</b>
Safflower	1.18	0.58	0.63	<b>-7.9</b>
Sunflower	2.41	1.01	1.02	<b>-1.0</b>
Sesamum	0.00*	0.44	0.56	<b>-21.4</b>
Linseed	2.75	2.90	3.34	<b>-13.2</b>
Others	0.13	0.21	0.33	<b>-36.4</b>
<b>Total Oilseeds</b>	<b>73.19</b>	<b>83.60</b>	<b>79.37</b>	<b>5.3</b>

Source: MoA, GOI

## Soybean

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Soybean extended gains mainly on spillover effect from the international soy market and persistent overseas soymeal demand in recent months.

The sentiments in the soy complex is bullish on decline in global soybean production scenario, dwindling global soybean stock and strong Chinese demand.

The average weekly soybean plant delivery prices at Indore cash market improved by +2% to Rs. 5,076 a quintal compared to Rs. 4,956 a quintal a week ago.

Further, CBOT soybeans skid, Friday, after AgResource raised Brazil's 2020/21 soybean harvest to 129.98 million tonnes from 128 million tonnes previously projected. CBOT soybean's most active May contract ended 3.25 cents lower at US \$ 14.04-1/4 per bushel.

The Brazil's soybean harvesting is gradually advancing and it is lagging last year's pace as well as historical five-year average. Brazil has harvested above 12% last week and it is half of 24% harvested during the same period last year and behind historical average of 24%.

According to ANEC, Brazil's soybean exports are seen touching 6-7.99 million tonnes in February vs 6.6 million tonnes during the same period last year.

Further, recent rains will improve the newly sown soybean crop prospects in Argentina, recent rains have proved beneficial for the crop but more rains needed in coming days to boost the crop prospect. weather conditions over the coming weeks will be key to maintaining these expectations.

CONAB has projected Brazil's 2020/2021 soybean crop at record 133.817 million tonnes vs 133.692 million tonnes in January forecast and 124.845 million tonnes in 2019/2020 estimate. Export seen at 85.6 million tonnes driven by Chinese demand.

Brazil's 2020/21 soybean crop is estimated at 132.4 million tonnes vs 133.2 million tonnes forecast in the previous forecast by Agroconsult. The average soybean yield is seen at 57.4 kg bags/ha. vs 57.9 kg/ha. The production figure is still higher than last year's production figure of 125.0 million tonnes by the government.

Recent rains and good productivity in some areas have improved the production outlook for this year's crop.

In the February'21 report, the USDA has kept US 2020/21 soybean unchanged at 112.5 million tonnes compared to previous month. It has kept Brazil's soybean production unchanged at 133.0 million tonnes. Similarly for India and Argentina the estimates are kept unchanged at 10.5 million tonnes and 48.0 million tonnes respectively.

The global 2020/21 soybean production is also kept unchanged at 361.0 million tonnes compared to the previous month, in the last report by USDA. World soymeal production is estimated slightly up at 252.9 million tonnes vs 252.8 million tonnes for 2020/21.

China's soybean imports surged 13% to an annual record in 2020, showed customs data, led by increased soybean crushing on improved crush margin and strong demand from country's recovering pig sector which was hit due to the swine flu last year.

The soymeal shipments improved by +92% to 11,71,369 metric tonnes in aggregate, during the last nine months (Apr.-Jan.) of financial year 2020-21 compared to 61,1075 metric tonnes during the corresponding period last year.

Agriwatch has revised its India's 2020/21 soybean output estimate to 10.7 million tonnes, up 22% from 8.74 million tonnes in 2019/20. USDA has pegged it at 11.2 million tonnes,

SOPA has pegged India's 2020/21 soybean estimate at 10.45 million tonnes against 9.31 million tonnes estimated for 2019. The yield is estimated at 883 kg/ha vs 865 kg/ha for the same period.

We expect India's soymeal exports to improve by 70-80% year-on-year for coming months, after fall in the soybean crushing in Argentina and Brazil as their stocks dried up.

India had imported 34,86,125 metric tonnes of edible oils in January 2021 to meet the supply gap, up 4%, compared to 33,64,927 metric tonnes in January 2020.

Further, during January 2021, India's degummed soyoil imports sharply fell by -66% to 88,667 metric tonnes compared to 2,60,650 metric tonnes same period last year. But the Nov.-Jan. imports in the same is up by 12% at 6,62,260 metric tonnes.

The decline in soyoil imports will support the domestic soybean crushing, but this seems short lived as import parity for soyoil may lose the opportunity after peak soybean crushing window.

The average weekly soybean plant delivery prices at Indore cash market improved by +2% to Rs. 5,076 a quintal (Rs 4,950 -5,200/Qtl) from Rs. 4,965 a quintal (Rs 4,850-5,075/Qtl) a week ago.

The arrivals of bean fell to 3,50,000 bags in the cash market yards of Madhya Pradesh, during the week against 3,85,000 bags a week ago.

*The major buyers are as follows: Agrawal, Neemuch, Shanti Overseas, Living Food, Goyal Protein, 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.*

***The domestic soybean prices are likely to feature range-bound movement with firm bias on improved soymeal exports from India and winter edible oil demand.***

**International:**

According to China's custom data, China's total soybean imports in 2020 stood around 101-105 million tonnes, compared to last year's 88.6 million tonnes.

USDA attache has projected China's 2020/21 soybean imports at 95 million tonnes which is lower than 98.5 million tonnes imported in 2019/20 by the country. The reason cited is the higher beginning stocks in the new marketing season following a buying spree in 2019/20.

Brazil eliminated import tariffs for soybean and corn on 16th October 2020, seeking to maintain the supply balance amid record domestic prices for both commodities. For soybean, tariff-free imports were valid until 15 January 2021, while for corn the license goes until 31 March 2021.

According to Safras & Mercado the tariffs suspension in Brazil is likely to push soy imports to a maximum of 1 million tonnes this year, as compared with a current projection of 850,000

Argentina has temporarily slashed soybean export duty by 3% points to 30% to help stimulate trade, as the country struggles with recession and declining foreign reserves.

Argentina's 2019/20 soybean yield is estimated an average of 2.96 tonnes per hectare and the country's soybean production is pegged at 49.5 million tonnes, said the Buenos Aires Grains Exchange. The reduction is mainly due to the dry weather during the crop development phase.

**Revised February'21:** Brazil's 2020/21 soybean output is forecast up by around 5-6% between 127.3 million tonnes to 133.5 million tonnes by various agribusiness consultancies like Rabobank (127.3 Mn T), Abiove (131.5 Mn T), Datagro (131.69 Mn T), Celeres (131.4 Mn T), AgRural (131.3 Mn T) and Conab (133.82 Mn T) and USDA has pegged it at 133 Mn T currently.

These agencies have pegged the Brazil's 2020/21 planted area to 37.9 - 38.2 million hectares which is up 1.3 – 2.5 million hectares estimated by these agencies for 2019/20.

Industry estimates suggest this year's Brazilian soybean export may reach 80 million tonnes or more, which means another 12 million tonnes could be exported over the next few months.

China's domestic soybean production is seen at 18.81 million tonnes in 2020, up 3.9% from the previous year, according to forecasts of the agriculture ministry. The country's soybean crushing volumes were pegged at 85.98 million tonnes this year.

The strong Chinese demand will continue to lend support to the international soy prices during the season.

*Tight global soybean supply scenario and strong Chinese soybean demand and lower than expected global soybean production and inventories to keep the soybean prices strong in the medium-term.*



## Soymeal

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The domestic soymeal edged-up in sync with soybean on persistent and improved overseas demand and stronger international soybean market on depleting soy stock in the key producing countries.

Robust Chinese soy demand, lower than expected soybean production estimates in US and other major soybean producing countries will remain bullish for soymeal.

The soymeal prices improved by +2% alongside soybean on strong soymeal export data.

recovered in sync with soybean after a short-term fall on outbreak of bird flu and rains in South America.

The gains are backed by the strong and continued overseas soymeal demand of Indian origin.

India's January 2021 soymeal exports improved by +579% to 28,3167 metric tonnes compared to 41,726 metric tonnes in the same period last year. Further, the soymeal shipments improved by +92% to 11,71,369 metric tonnes in aggregate, during the last nine months (Apr.-Jan.) of financial year 2020-21 compared to 61,1075 metric tonnes during the corresponding period last year.

India's export of oilmeals for the month of January 2021 is reported at 4,98,060 metric tonnes compared to 1,69,397 metric tonnes in January 2020 i.e. up by +194%.

The overall export of oilmeals during April to January 2021 is also reported up by +39% at 29,62,680 metric tonnes compared to 21,27,635 metric tonnes during the same period last year.

Of the total soymeal exports of 28,3167 metric tonnes in January 2021, Germany, Indonesia and US remained to top buyers with imports figures touching 92,037 metric tonnes, 60,770 metric tonnes and 22,617 metric tonnes respectively.

India's exports for rapeseed meal during April-January 2021 was down +18% at 9,90,955 metric tonnes compared to 8,39,197 metric tonnes during the same period previous marketing season.

The export of rapeseed meal in January'21 is reported at 74,240 metric tonnes against last year 97,998 metric tonnes during the same period i.e. down by-24%, and ricebran extraction exports is reported at 89,776 metric tonnes against last year 15,925 metric tonnes i.e. +464% higher compared to the same period last year.

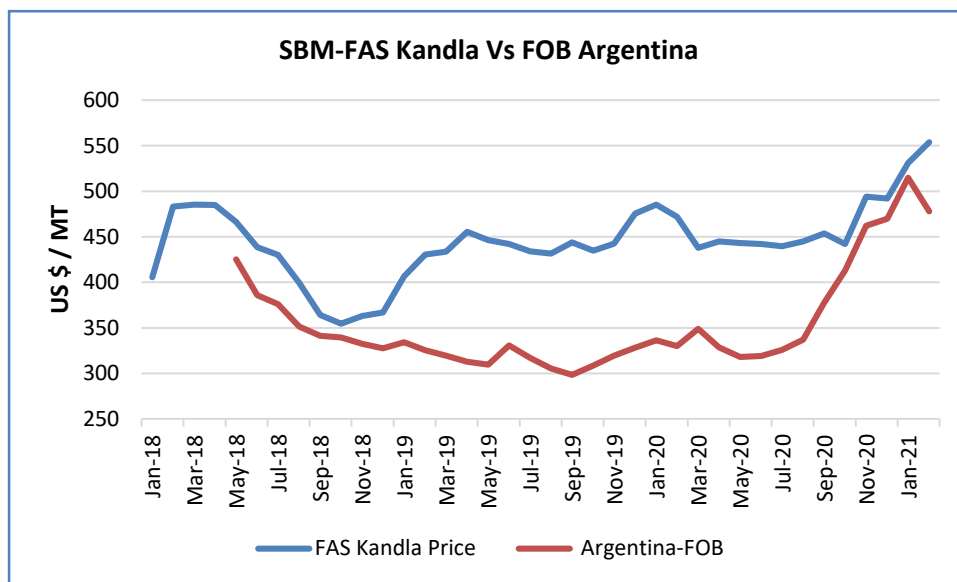
The global soy outlook is bullish as the Latin America is hit by dry weather conditions, downward revision of the US 2020/21 crop which have been recently harvested and strong Chinese soy demand

However, the domestic demand continues to be dull on COVID. Poultry industry contributes more than 60% of the total domestic soymeal demand and thus soymeal prices are expected to be under pressure for short-term.

CBOT May soymeal fell by US \$ 1.60 and closed at US \$ 421.40 per short ton, Friday.

The international soymeal prices are once again getting competitive after rains in South America, improving the soybean crop prospect. The soymeal export price spread of India vs Argentina (FAS Kandla and FOB Argentina) have once again widened to US \$ 76/MT in February'21 vs US \$ 16/MT in January'21, creating incompetiveness for Indian soymeal.

However, as expected, India's soymeal exports improved after lower soybean crushing in Argentina and Brazil providing fresh opportunities for India's exports.



In the February 2021, USDA report the world soymeal exports estimates are slightly higher at 62.87 million tonnes vs 62.81 million tonnes for 2020/21.

The domestic weekly average soymeal prices at Indore surged to Rs 38,450/MT and was quoted between Rs 38,000 – 39,000/MT compared to the weekly average of Rs 37,550/MT and was traded between the price ranges of Rs 37,000– 38,300/MT previous week.

At Latur the weekly average soymeal prices improved to Rs 40,467/MT compared to Rs. 39,333/MT a week ago and in Nanded too it was quoted higher at Rs. 40,650/MT compared to Rs. 39,617/MT a week ago. Besides, in Kota, the meal improved to Rs. 40,467/MT compared to Rs. 39,583/MT previous week.

India's Y-o-Y soy meal prices, Indore, are currently lower. Soy meal Indore was quoted higher between Rs 38,000 – 39,000/MT during the week compared to Rs 31,500 – 32,500/MT during the corresponding period last year.

*The soy meal prices (Indore) are likely to feature range-bound movement between Rs. 39,000 – 39,200/MT on cases strong overseas soymeal demand.*

**Previous updates:**

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The international soy market is strong on bullish global supply scenario due forecast to lower than expected soybean production and likely fall in the US soy inventories in August 2021 followed by the Chinese buying spree.

In a major blow to the domestic soymeal market, which was already reeling under pressure, DGFT has blocked the online registration of Merchandise Export from India Scheme Claims (MEIS), this week, on its portal from exports undertaken 01.04.2020 onwards.

This will result in further decline in soymeal exports from India, as MEIS benefit of 5% is a significant incentive to compete in the world market. SOPA has made a representation to the government to revoke the suspension of the MEIS benefit immediately.

The revenue department have argued against continuing the MEIS, calling it wasteful and inefficient.

Instead of extending the Merchandise Exports of India Scheme, which cost Rs 43,500 crore in 2019-20, the NITI Aayog and the Ministry of Finance have called for putting financial resources into new Production-Linked Incentive (PLI) schemes in select sectors with core competency and potential for global exports.

However, SOPA has sought a stimulus package from the Centre to support the soybean industry, which has been hit by the lockdown and the collapse of poultry sector. It has asked the Center to increase the import duty in edible oils.

Besides, the SOPA members have addressed to Ministry of Agriculture and Farmers Welfare have demanded exemption of GST on soybean and soymeal, the same time.

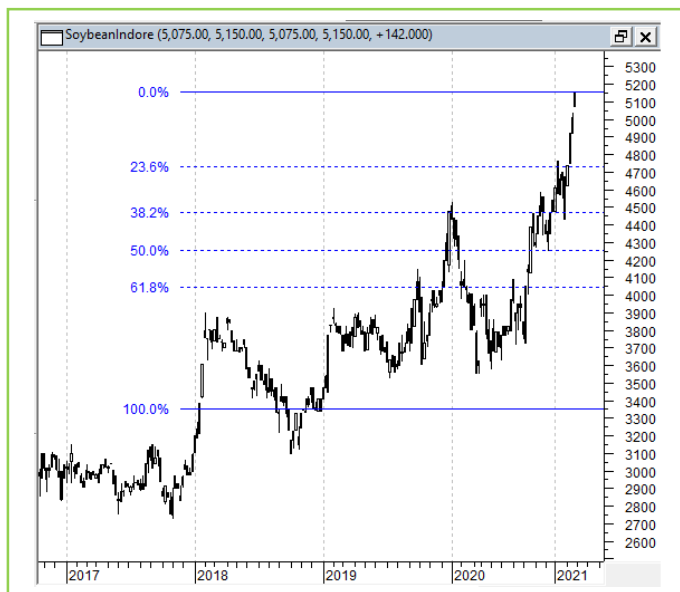
The poultry sector consumes 60% of the soymeal in India and there are no takers for it leading around half of the processing units being shut.

## Technical Analysis:

### NCDEX Soybean Futures



### Soybean Spot, Indore



\*Note: Daily Chart

### Support & Resistance NCDEX Soybean – Apr. contract

S1	S2	PCP	R1	R2
4700	4600	5023	5300	5400

- Soybean posted gains on buying support in the market.
- Prices closed above 18-day EMA.
- RSI and stochastic are heading upwards in the neutral zone.
- MACD is rising in the positive territory.
- The prices are expected to feature gains the coming week.
- Trade Recommendation (NCDEX Soybean – Apr.) Week: **BUY** Above 5020. Levels: T1 – 5120; T2- 5220, SL - 4960.

## Rapeseed - Mustard Seed

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Rapeseed-mustard declined on picking up the harvesting pace and slack in demand from the crushers due to squeeze in the crush margin after the seed prices skyrocketed in recent while.

The harvesting of the rapeseed-mustard crop is progressing in Agra belt of Uttar Pradesh and Kota belt of Rajasthan the arrivals in the region will peak mid-March.

However, the harvesting of the seed in Sri Ganganagar and Alwar will commence in mid-March and peak by 15<sup>th</sup> April.

We have projected India's 2021-22 rapeseed-mustard crop production up by 11% at 8.0 million tonnes vs 7.21 million tonnes in 2020-21, on higher planted acreage of 73.94 lakh hectares vs 69.08 lakh hectares last season.

Overall, the standing rapeseed-mustard crop is in good state and mostly in pod formation or at maturity stage.

The yield in rapeseed-mustard seed have been hit by around 15% in Sri Ganganagar and Bikaner due to the scarcity of water for irrigation and deficit rains during the crop development stage. Besides, productivity the recovery in oil is also expected to decline by 1-2% to average 38% from the normal 40%.

However, the rain in January has improved the crop prospect in Agra belt and boosted the recovery level in the seed by around +1% to 35-36% from the normal 34-35%, Agra belt is the key seed growing region of Uttar Pradesh.

India has not imported any rape oil (canola) in January too as in last several months. We expect, India will not import the rape oil in coming months too.

India's export of rapeseed meal in January'21 is reported at 74,240 metric tonnes against last year 97,998 metric tonnes during the same period i.e. down by-24% due to decline in crushing of the seed on dried up stock.

However, India's exports for rapeseed meal during April-January 2021 was down +18% at 9,90,955 metric tonnes compared to 8,39,197 metric tonnes during the same period previous marketing season.

NAFED and HAFED have been gradually disposing rapeseed-mustard. The Nafed has sold about 11.5 lakh tonnes of old and new stocks while Hafed has offloaded around 4.8 lakh tonnes of the seed of the total 5.30 lakh tonnes procured by the agency this year.

The all India rapeseed-mustard arrivals improved week-on-week and were reported at 25.35 lakh bags during the week compared to around 14.55 lakh bags, previous week. The supplies for the same were 5.80 lakh bags during the corresponding period last year.

In Jaipur, RM seed prices declined by -5% to the weekly average price of Rs 6,114 a quintal from Rs 6,460 a quintal previous week and Rs 4,280 a quintal during the corresponding period last year.

The rapeseed-mustard meal too declined by -6% to the weekly average price of Rs. 2551/qtl compared to the the weekly average price of Rs. 2722/qtl previous week.

At NCDEX futures, the April contract of rapeseed-mustard improved and ended at 5,536/Qtl compared to 5,287/Qtl previous week.

### **Previous Updates**

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The Solvent Extractors' Association (SEA) of India has urged the government to include rational provision in ASEAN agreement to restrict or regulate the imposition of export duty by the palm oil exporting countries. SEA feels that this will ensure a level-playing field for both the countries that export and import palm oil.

In a letter to its members, Atul Chaturvedi, President of SEA, said that there is always a bound rate for imposing highest export duty on palm oil and products imported by India under ASEAN agreement and Comprehensive Economic Cooperation Agreement with Malaysia.

He said the palm oil exporting countries seem to be free to impose export duty and levy as agreements overlook this issue. Indonesia has imposed US \$33 as export duty plus \$180 as a biodiesel levy making crude palm oil (CPO) expensive. Following this, India is compelled to pay high price for the same.

To support their local industry, that country has kept export duty and levy low on finished goods such as RBD palmolein.

Higher palm oil imports by India has always hit the domestic mustard oil demand and the rapeseed-mustard crush margins.

The Food Safety and Standards Authority of India (FSSAI) has withdrawn the order prohibiting blending of mustard oil.

The food regulator had until now allowed 20% blending in mustard oil under the standards for blended edible oil under FSS (Food Product Standards and Food Additives) Regulations. The decision to withdraw the September'20 order was taken after stakeholders made a representation to the authority.

Director, Indian Council of Agricultural Research – Directorate of Rapeseed Mustard Research, expects productivity of the rapeseed-mustard to improve in 2020-21 from last year's level of 1.42-1.48 tonnes per ha, on adequate soil moisture and better package of practices.

The MSP for rapeseed-mustard has been increased in line with the recommendations of Swaminathan Commission to Rs. 4,650 per quintal for marketing season 2021-22 from Rs. 4,425 per quintal in 2020-21 an increase of Rs. 225 a quintal.

India had imported rapeseed oil (canola) of about 20,801 metric tonnes in August for the first time in last four months.

The total procurement of rapeseed-mustard by Nafed under PSS in 2020/21 from major seed producing states (Uttar Pradesh, Rajasthan, Gujarat, Haryana and Madhya Pradesh) stands at 8,03,853.33 metric tonnes with a total value of Rs. 3,55,705.10 Lakh and the total number of farmers benefiting from the scheme so far stands at 3,18,540.

Total procurement of the seed by Hafed in 2020/21 stands at 5,30,000 metric tonnes.

Agriwatch has projected India's MY 2021/22 rapeseed production at 8.0 million tonnes vs 7.2 million tonnes last season while Solvent Extractors of India has estimated the seed production at 8.02 million tonnes vs 7.7 million tonnes last season.

Favorable weather have raised 2020/21 Australia rapeseed outturn by above 2% to 3.4 from 3.0 million tons earlier.

Strategie Grains expects the planted area for the 2021 rapeseed crop in the European and Britain down compared with the current year harvest.

The farmers in Europe once again faced dry planting conditions during the late-summer sowing window for rapeseed, mainly in France.

Strategie Grains has kept weather-hit rapeseed outturn for EU plus Britain unchanged at 17.1 million tonnes for 2020-21, slightly below 17.3 million tonnes estimated for 2019-20.

The consultancy has estimated EU and Britain rapeseed 2020-21 import to record 6.3 million tonnes, after estimating 6.2 million tonnes a month ago. EU had imported 6.0 million tonnes of rapeseed in 2019-20 season.

**Outlook:** *The rapeseed-mustard price will witness a supply pressure for short term with harvesting of the crop gaining momentum, the prices will feature range-bound movement with weak bias. Overall, the near-to-medium term fundamentals are strong.*

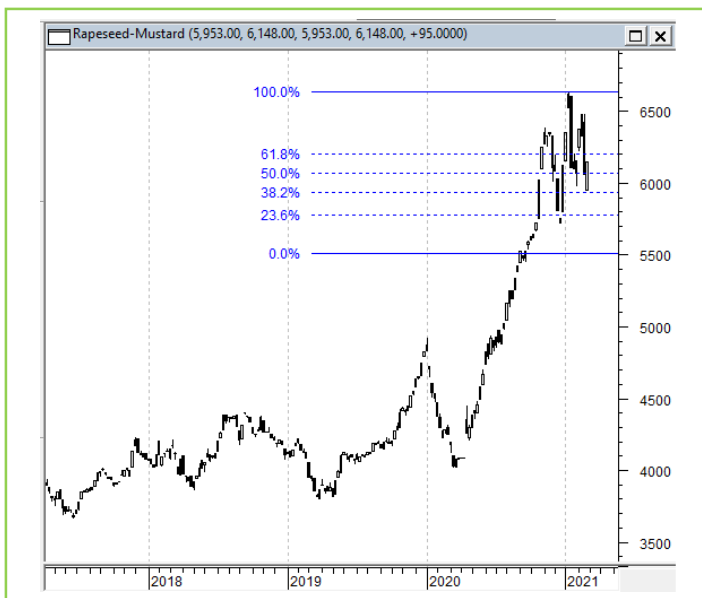
## Technical Analysis:

### NCDEX RM Seed Futures



\*Note: Daily Chart

### RM Seed Spot, Jaipur



### Support & Resistance NCDEX RM Seed – Apr. contract

S1	S2	PCP	R1	R2
5200	5100	5536	5700	6000

- RM seed posted gains on buying support in the market.
- Prices closed above 18-day EMA.
- RSI and stochastic are rising in the neutral zone.
- MACD is heading upwards in the positive territory.
- The prices are expected to feature gains during the week.
- Trade Recommendation (NCDEX Rapeseed-Mustard – Apr.) Week: **BUY** Above 5530. Levels: Target – 5630; T2- 5730, SL – 5470.



## Annexure

Soy DOC Rates at Different Centers			
Centres	Ex-factory rates (Rs/ton)		
	25-Feb-21	19-Feb-21	Parity To
Indore - 45%, Jute Bag	39000	38000	Gujarat, MP
Kota - 45%, PP Bag	41500	40200	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna - 45%, PP Bag	42500	40300	Mumbai, Maharashtra
Nagpur - 45%, PP Bag	41500	39700	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	41300	40000	Andhra, AP, Kar, TN
Latur	41000	39800	-
Sangli	40200	39600	Local and South
Solapur	40100	39200	Local and South
Akola – 45%, PP Bag	40200	38500	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Hingoli	41500	40000	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Bundi	41300	40000	-

Soy DOC at Ports			
Centers	Port Price		
	24-Feb-21	18-Feb-21	Change
Kandla (FOR) (INR/MT)	40000	39500	500
Kandla (FAS) (USD/MT)	565	565	Unch
CNF Indonesia – Yellow SBM (USD/MT)	580	585	-5

Rapeseed Meal	24-Feb-21	18-Feb-21	Change
FAS Kandla (USD/MT)	270	270	Unch
FOR Kandla (Rs/MT)	19000	19500	-500

FOR Mundra (Rs/MT)	19500	19900	-400
CNF Indonesia (USD/MT)	325	330	-5

**International Soy DOC**

Argentina FOB USD/MT	24-Feb-21	18-Feb-21	Change
Soybean Pellets	466	470	-4
Soybean Cake Flour	466	470	-4
Soya Meal	467	467	Unch
Soy Expellers	467	467	Unch

**Sunflower (DOC) Rates**
**Ex-factory rates (Rs/ton)**

Centers	25-Feb-21	19-Feb-21	Change
Adoni	27500	27500	Unch
Khamgaon	NA	0	-
Parli	NA	0	-
Latur	27000	27000	Unch

**Groundnut Meal (Rs/MT)**

	25-Feb-21	19-Feb-21	Change
Basis 45%, Saurashtra	29500	29500	Unch
Basis 40%, Saurashtra	26000	26000	Unch
GN Cake, Gondal	31000	31000	Unch

**Mustard DOC**

	25-Feb-21	19-Feb-21	Change
Jaipur (Plant delivery)	20500	21000	-500
Kandla (FOR Rs/MT)	19500	21500	-2000

**Mumbai Oil Meal Quotes:**

Rs/M.T.	25-Feb-21	19-Feb-21	Change
G.N. Extr (45%)	29000	29000	Unch
Kardi Extr	NA	0	-
Undec Cottonseed Exp	27500	27500	Unch
Rice Bran Extr.	NA	0	-
Sunflower Extr.	28500	28000	500
Rapeseed Extr.	NA	0	-
Soymeal 48%	40696	39652	1044
Castor Extr.	4300	4250	50

## MSP of Rabi Oilseeds for Marketing Season 2021-22- GOI

Sl. No	Crops	MSP for Rabi 2021-22	MSP for Rabi 2020-21	Increase in MSP (Absolute)
1	Rapeseed-mustard	4,650	4,425	225
2	Safflower	5,327	5,215	112

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 Rabi crops for marketing season 2021-22.

Government has increased the MSP of Rabi crops for marketing season 2021-22, to ensure remunerative prices to the growers for their produce. This increase in MSP is in line with the recommendations of Swaminathan Commission.

Among the Rabi oilseeds the MSP for rapeseed-mustard has been increased to Rs. 4,650 per quintal for marketing season 2021-22 from Rs. 4,425 per quintal in 2020-21 an increase of Rs. 225 a quintal.

The MSP of safflower to Rs. 5,327 a quintal from earlier Rs. 5,215 per quintal an increase of Rs 112 per quintal.

## 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.185 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 at 373.11 Lakh Tonnes vs 332.19 Lakh Tonnes in 2nd Adv Est. for 2020-21- GOI

The 2nd Advance Estimates of production of oilseeds for 2020-21 have been released by the Department of Agriculture, Cooperation and Farmers Welfare on 24th February, 2021. The assessment of production of different crops is based on the feedback received from States and validated with information available from other sources.

The revised estimated production of major Oilseeds during 2020-21 is as under:

Oilseeds – 373.11 lakh tonnes in 2020-21 vs 332.19 lakh tonnes in 2019-20

- Groundnut – 101.46 lakh tonnes vs 99.52 lakh tonnes in 2019-20.
- Castorseed – 17.76 lakh tonnes vs 18.42 lakh tonnes
- Sesamum – 8.12 lakh tonnes vs 6.58 lakh tonnes
- Nigerseed – 0.41 lakh tonnes vs 0.41 lakh tonnes (No difference)
- Soybean – 137.11 lakh tonnes vs 112.26 lakh tonnes
- Sunflower – 2.24 lakh tonnes vs 2.13 lakh tonnes
- Rapeseed-mustard – 104.7 lakh tonnes vs 91.24 lakh tonnes
- Linseed – 1.40 lakh tonnes vs 1.21 lakh tonnes
- Safflower – 0.34 lakh tonnes vs 0.44 lakh tonnes.

## Sown Area – *Kharif* Oilseeds, India

In the last official Kharif oilseeds planting report by the Ministry of Agriculture, the total coverage area under Kharif oilseeds is reported at 197.18 lakh hectares, an increase by 9.8% from 179.63 lakh ha in the corresponding period of last year. Of the major oilseeds, soybean sowing is reported up by 6.4% at 121.24 lha compared to 113.95 lha during the corresponding period of last year, groundnut at 50.98 lha vs 39.48 lha, sesamum 14.14 lha vs 13.73 lha, castor seed at 7.92 lha vs 9.44 lha and niger at 1.67 lha vs 2.04 lha, during the same period last year. We feel country's final area under oilseeds to be above normal by 8-9% this season.

Area in Lakh Hectares				
<b>Crop</b>	<b>Normal Area (5 Year Avg.)</b>	<b>2020-21</b>	<b>2019-20</b>	<b>% Change</b>
Groundnut	42.43	50.98	39.48	<b>29.1</b>
Soybean	111.49	121.24	113.95	<b>6.4</b>
Sunflower	1.84	1.23	0.99	<b>24.2</b>
Sesamum	14.13	14.14	13.73	<b>3.0</b>
Niger	2.41	1.67	2.04	<b>-18.1</b>
Castor	9.65	7.92	9.44	<b>-16.1</b>
<b>Total Oilseeds</b>	<b>181.95</b>	<b>197.18</b>	<b>179.63</b>	<b>9.8</b>

Source: MoA, GOI

## Sown Area – *Rabi* Oilseeds, India 2020-21

In the latest official rabi oilseeds planting report, by the Ministry of Agriculture, the total coverage area under rabi oilseeds is reported at 83.60 lakh hectares, up 5% from 79.37 lakh ha in the corresponding period of last year. Of the major oilseeds, rapeseed-mustard sowing is reported up by 7% at 73.89 lha compared to 68.84 lha during the corresponding period of last year. Groundnut at 4.57 lha vs 4.65 lha, safflower at 0.58 lha vs 0.63 lha, sunflower at 1.01 lha vs 1.02 lha, sesamum 0.44 lha vs 0.56 lha, linseed at 2.90 lha vs 3.34 lha and other 0.21 lha vs 0.33 lha during the same period last year.

Area in Lakh Hectares

<b>Crop</b>	<b>Normal Area (5 Year Avg.)</b>	<b>As on 22 Jan. 2021</b>	<b>As on 22 Jan. 2020</b>	<b>% Change</b>
Rapeseed/Mustard	59.44	73.89	68.84	<b>7.3</b>
Groundnut	7.28	4.57	4.65	<b>-1.7</b>
Safflower	1.18	0.58	0.63	<b>-7.9</b>
Sunflower	2.41	1.01	1.02	<b>-1.0</b>
Sesamum	0.00*	0.44	0.56	<b>-21.4</b>
Linseed	2.75	2.90	3.34	<b>-13.2</b>
Others	0.13	0.21	0.33	<b>-36.4</b>
<b>Total Oilseeds</b>	<b>73.19</b>	<b>83.60</b>	<b>79.37</b>	<b>5.3</b>

Source: MoA, GOI

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