

Oilseeds Domestic Fundamentals: In Indore, soybean plant prices went up amid firm arrivals as compared to previous day. Jaipur RM seed prices witnessed gains amid tight arrivals and record acreage in the country. RM seed prices likely to correct as arrivals pick up in second fortnight of February.

Soybean

- On 03rd of Feb22, Department of Food and Public Distribution has issued a stock limit notification on oilseed and edible oil paralleled with the earlier stock limit which was issued on 8th Oct'21 and was expected to expire on 31st March'22. In its recent notification, Govt. has imposed stock limit on edible oil and oilseed with specified quantity till 30th June22. However, six states, Uttar Pradesh, Karnataka, Himachal Pradesh, Telangana, Rajasthan and Bihar are exempted from the quantities specified, as they have already imposed stock limit. And few exceptions have been given to importer and exporter.
- | Name of Essential Commodity | Retail | Wholesale | Bulk consumers (Big chain retailers shops) | | Processor |
|-----------------------------|--------------|---------------|--|---------------|---|
| | | | Retail outlets | Depot | |
| Edible Oil | 30 Quintals | 500 Quintals | 30 Quintals | 1000 Quintals | 90 days of storage capacity |
| Edible Oilseeds | 100 Quintals | 2000 Quintals | -- | | 90 days production of edible oils, as per daily input production capacity |
- Solvent Extractors Association (SEA) reported India's Soy oil imports in Dec'21 increased by 22% percent m-o-m to 3.92 lakh tonne as compared to 3.22 lakh tonne in Dec'20. Additionally, soy oil import in Dec'21 went down by 17% as compared to previous month. The import of soybean oil is up due to decline in domestic crushing triggered by low soymeal demand and tight crush margin.
 - SOPA has requested to govt. to consider subsidy for inland freight to support exporters to compete for export of soy products as soymeal exports have fallen due to high prices in international market.
 - As Crushing has been lower in first quarter of this season, if soymeal demand and crushing in rest of three quarter doesn't pick up, carry out stocks may be much higher than previous year and prices may remain under pressure.
 - SOPA reported Oct-Dec'21 soy crush down by 37% at 21 lakh tonne as compared to 33.5 lakh tonne previous year same period, while arrival too remained low by 23% at 40 lakh tonne as compared to 52 lakh tonne previous year same period. Additionally, estimated December'21 stock is at 90.86 lakh tonne vs 65.93 lakh tonne previous year. Low domestic and global soymeal demand and also lower crush margin and tight crushing kept soy prices checked.
 - It is inferred from SOPA data that arrivals are slower as farmers are holding back their soybean on expectation of better prices for soybean, but on the other hand industry is unable to find sufficient demand for soybean deoiled cake even at current prices.
 - As per AgriWatch estimates, total availability of soymeal in the country for MY 2021-22 is likely to be 84.8 lakh tonne. Annual soymeal consumption stands between 60-65 lakh tonne while 15-18 lakh tonne soymeal is exported annually. So, demand and supply of soymeal in the country seems balanced.
 - AgriWatch has estimated India's 2021-22 soybean output estimate at 12 million tonne, vs 10.45 million tonne in 2020-21.
 - Department of Consumer Affairs, Food and Public Distribution has imposed stock limit on soymeal till June 30, 2022. Soymeal millers, processors or plants are allowed to hold stocks only up to 90 days of production, the limits were imposed after amending the Essential Commodities Act of 1955 to include soymeal in the category. We think the stock limit on soymeal will have minimal impact as generally crushers store soymeal for 10-15 days. As per AgriWatch estimates, total production of soymeal in the country for MY 2021-22 is likely to be 84.8 lakh tonne. Annual soymeal consumption stands between 60-65 lakh tonne while 15-18 lakh tonne soymeal is exported annually. So, demand and supply of soymeal in the country seems balanced.
 - As per 1st Advance Estimates, released by the Department of Agriculture and Farmers Welfare, the estimated production of soybean during 2021-22 is 127.20 lakh tonne vs 128.97 lakh tonne last year.

International updates

- According to USDA, US soybean crush hit a record high of 5.95 MMT in Dec'21 up 3% YoY and 4% MoM.
- AgRural has slashed its previously estimated Brazil soybean production by 3.4 MMT. Earlier it was estimated to all-time record of 133.4 MMT but it has now been reduced to 130 MMT. Dry weather condition prevailing in Argentina and Brazil has adversely affected soy yield. As on 29th Jan, Brazil's 2021-22 soybean harvesting has reached to 10%.
- According to USDA January'21 report, 2021-22 Soy production estimate for India kept unchanged at 11.9 million tonne while last year it was 10.45 MMT. US soy production increased slightly higher at 120.70 MMT as compared to previous month at 120.42 MMT while last year it was 114.74 MMT.
- However, Argentina's 2021-22 soy production decreased by 3 MMT to 46.5 MMT while last year it was 46.20 MMT, Brazil soy production too reduced by 5 MMT to 139 MMT while last year it was 138 MMT. Dry weather condition in south America has resulted in production cut.
- According to National Association of Grain Exporters (ANEC), Brazil's soy export in Dec'21 stood at 2.54 MMT compared with 0.7 MMT in the same month last year.
- As on 27th Jan, according to Buenos Aires Grain Exchange (BAGE), Soybean sowing progress in Argentina stood at 99.3% Vs 100% last year same period and 1 00% five-year average. And BAGE has estimated 38% soy crop is in excellent to good condition Vs 30% previous week, 43% soy crop is in fair condition Vs 43% previous week and 19% soy crop is in poor/very poor condition Vs 27% previous week. This week crop condition has improved slightly. However, on long time frame weather condition has worsened soy crop condition and resulted in production cut by 3 MMT to 46.5 MMT by USDA in its January'22 estimates

RM seed

- Today all India mustard arrivals stood at 115000 bags and new mustard arrival was 35,000 bags.

- According to GOI, as on 04th Feb'22, All India Mustard sowing is up by 25.3% at 91.63 Lakh Ha compared with 73.12 Lakh Ha last year.

- RM seed remained volatile amid low availability and record acreage in the country.

- Rs.7,200/Qtl still remains good support for RM seed in near term.

- New crop arrival has begun in few mandis of Rajasthan with moisture content ranging between 10-20%.

- Solvent Extractors

| | Normal area | As on 04th Feb'22 | | % Change |
|--------------------|-------------|-------------------|-----------------|----------|
| | | 2021-22 | 2020-21 | |
| Rajasthan | 25.51 | 35.27 | 25.66 | 37.5% |
| Uttar Pradesh | 6.95 | 14.17 | 12.33 | 14.9% |
| Madhya Pradesh | 6.91 | 11.72 | 7.81 | 50.1% |
| Haryana | 5.63 | 7.67 | 6.10 | 25.7% |
| West Bengal | 5.50 | 6.09 | 5.85 | 4.1% |
| Gujarat | 1.96 | 3.40 | 2.15 | 58.5% |
| Assam | 2.89 | 3.20 | 3.16 | 1.0% |
| Jharkhand | 2.60 | 4.05 | 4.31 | -6.0% |
| Bihar | 0.82 | 1.52 | 1.50 | 1.3% |
| Chattisgarh | 0.44 | 1.41 | 1.40 | 1.1% |
| Odisha | 0.08 | 1.11 | 1.05 | 5.8% |
| Jammu And Kashmir | 0.48 | 0.31 | 0.29 | 7.7% |
| Arunanchal Pradesh | 0.28 | 0.28 | 0.28 | 0.0% |
| Uttarakhand | 0.15 | 0.18 | 0.18 | 0.0% |
| Nagaland | 0.28 | 0.24 | 0.26 | -7.8% |
| Sikkim | 0.03 | 0.03 | 0.03 | 0.0% |
| Total | 61.55 | 91.63 | 73.12 | 25.3% |
| Data source-GOI | | | Area in Lakh ha | |

Association has favoured to resume Mustard futures, stated that suspension has not served the purpose of curbing inflation. As despite ban in futures RM seed prices still trading above 8000/Qtl.

- As per AgriWatch estimates, 2022-23 RM seed production is pegged at 107.1 lakh tonne vs previous year at 85.40 lakh tonne.
- According to Central Organization for Oil Industry and Trade (COOIT) production of the mustard to increase to a record 100-110 lakh tonne this season.
- According to Solvent Extraction Association of India Mustard crop production is estimated at 120 lakh tonne assuming favourable weather condition in rabi season.
- According to Solvent extractors association of India, India's exports for rapeseed meal during April-Dec'2021 was down 22% at 7,13,593 metric tonne compared to 9,16,715 metric tonne during the same period previous marketing season.
- The export of rapeseed meal in December'21 is reported at 12,980 metric tonne against last year 1,41,566 metric tonne during the same period i.e., down by 91%. Rapeseed meal export remained lower due to lower availability of seeds for crushing, new crop will be available from end of February or early of march for crushing.
- USDA in its January'21 report, estimated Canada canola production estimates at 12.6 MMT Vs 19.48 MMT previous year, China at 14 MMT Vs 14 MMT last year, EU at 17.3 MMT Vs 16.28 MMT.
- According to USDA January'21 report, Canada canola exports estimated down to 5.3 MMT Vs 10.51 MMT last year.
- Lower canola production in Canada has disrupted exports and major importers likely turn to Australia to offset displaced imports.

Outlook: Soybean (plant delivery, Indore) prices are expected to trade rangebound with weak bias amid low soymeal demand and tight crush margin. The prices are expected to be in the range of 6200-6700/qtl. levels in the near-term. RM seed prices are expected to correct from higher level amid higher acreage.

Oilseed Prices at Key Spot Markets:

| Commodity / Centre | Prices (Rs/Qtl) | | | | Change |
|--------------------|-----------------|------|-----------|------|--------|
| Soybean | 09-Feb-22 | | 08-Feb-22 | | |
| | Low | High | Low | High | |
| Indore –Plant | 6600 | 6675 | 6600 | 6700 | -25 |
| Indore–Mandi | 6200 | 6600 | 6250 | 6500 | 100 |
| Nagpur-Plant | 6400 | 6600 | 6650 | 6850 | -250 |
| Nagpur – Mandi | 5000 | 6300 | 5000 | 6500 | -200 |
| Latur – Mandi | 5105 | 6490 | 6155 | 6475 | 15 |
| Akola – Mandi | 5500 | 6375 | 5695 | 6175 | 200 |
| Kota-Plant | 6500 | 6700 | 6500 | 6700 | Unch |
| Kota – Mandi | 6000 | 6600 | 6200 | 6600 | Unch |
| Bundi-Plant | 6350 | 6650 | 6350 | 6650 | Unch |
| Bundi-Mandi | 6000 | 6500 | 6000 | 6500 | Unch |
| Baran-Plant | 6500 | 6750 | 6500 | 6750 | Unch |
| Baran-Mandi | 6100 | 6650 | 6100 | 6650 | Unch |

| | | | | | |
|---|------|------|------|------|------|
| Bhawani Mandi Jhalawar–Plant | 6400 | 6700 | 6400 | 6700 | Unch |
| Jhalwar-Mandi | 6200 | 6650 | 6200 | 6650 | Unch |
| Rapeseed/Mustard | | | | | |
| Jaipur-(Condition) | 8050 | 8075 | 7800 | 7825 | 250 |
| Alwar-(Condition) | 7550 | 7650 | 7500 | 7600 | 50 |
| Sri Ganganagar-(Non-Condition) | 6950 | 7050 | 6900 | 7000 | 50 |
| New Delhi–(Condition) | 7600 | 7650 | 7400 | 7450 | 200 |
| Kota-(Condition) | 7350 | 7450 | 7300 | 7400 | 50 |
| Agra-(Condition) | 8190 | 8381 | 7810 | 8000 | 381 |
| Neewai-(Condition) | 7200 | 7400 | 7000 | 7200 | 200 |
| Hapur (UP)-(Condition) | 7700 | 7800 | 7400 | 7500 | 300 |
| Groundnut Seed | | | | | |
| Rajkot | 925 | 925 | 940 | 940 | -15 |
| Sunflower Seed | | | | | |
| Gulbarga | 5000 | 5400 | 5000 | 5400 | Unch |
| Latur | 6400 | 6500 | 6200 | 6300 | 200 |
| Sholapur | 6400 | 6500 | 6200 | 6300 | 200 |
| Soybean Prices are in INR/qtl. (1 bag=90 kg). Mandi prices – Loose, Mustard Seed Prices are in INR/qt (1 bag=85 kg) C – Condition (42%), *Groundnut seed in Rs/20 kg, Sunflower Seed in Rs/qtl. | | | | | |

Oilseed Arrivals in Key Centers:

| Commodity / Centre | Arrivals in Bags/Qtl | | Change |
|-------------------------|----------------------|------------------|--------|
| Soybean | 09-Feb-22 | 08-Feb-22 | |
| Madhya Pradesh | 100000 | 80000 | 20000 |
| Maharashtra | 120000 | 100000 | 20000 |
| Kota | 12000 | 7000 | 5000 |
| Bundi (Raj) | 120 | 70 | 50 |
| Baran (Raj) | 2200 | 2000 | 200 |
| Jhalawar (Raj) | 500 | 300 | 200 |
| Rapeseed/Mustard | | | |
| Rajasthan | 35000 | 35000 | Unch |
| Alwar | 300 | 250 | 50 |
| Sri Ganganagar | 700 | 600 | 100 |
| Kota | 700 | 500 | 200 |

| | | | |
|------------------------|------|------|-------------|
| Groundnut Seed | | | |
| Rajkot (Gujarat) | 3150 | 4000 | -850 |
| Sunflower Seed | | | |
| Sholapur (Maharashtra) | 500 | 300 | 200 |

Other Oilseed Prices at Mumbai (INR/100 Kg):

| Oilseeds | 9-Feb-22 | 8-Feb-22 | Change |
|----------------------------------|-----------------|-----------------|---------------|
| Groundnut Kernel | 6650 | 6650 | Unch |
| Gr. Bolds 60/70 | 8500 | 8400 | 100 |
| Gr. Javas 60/70 | 10000 | 9900 | 100 |
| Gr Javas 70/80 | 9900 | 9800 | 100 |
| Gr.Javas 80/90 | 9400 | 9300 | 100 |
| KardiSeed 2% Exp Qly | 6300 | 6300 | Unch |
| Sesame White 98/2/1 FM | 9700 | 9700 | Unch |
| Whitish 95/5/FFA/1FM | 9500 | 9500 | Unch |
| Brown 48/2 FFA/4 FM | 9100 | 9100 | Unch |
| Brown 48/3 FFA/4 FM | 8800 | 8800 | Unch |
| Brown 48/4 FM/* No FFA Guarantee | 8500 | 8500 | Unch |
| Sunflower Seed | 6300 | 6300 | Unch |
| Niger Seed (4% FM) | 8200 | 8200 | Unch |



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