

Oilseeds Domestic Fundamentals: In Indore, soybean plant prices went up followed by strength of CBOT soybean amid firm arrivals as compared to previous day. Jaipur RM seed prices witnessed loss amid new crop arrivals. RM seed prices likely to correct as arrivals are set to pick up in second fortnight of February.

Soybean

- According to USDA February'22 report, 2021-22 Soy production estimate for India has been kept unchanged at 11.9 million tonne similar to Jan'22 estimate. Last year production estimate was of 10.45 MMT.
 - 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 February'22 report, 2021-22 US soy production kept unchanged at 120.70 MMT as compared to previous month while last year it was 114.74 MMT.
- However, Argentina's 2021-22 soy production estimate decreased by 1.5 MMT to 45 MMT as compared to previous month estimate of 46.5MMT while last year it was 46.20 MMT. Brazil soy production estimate too reduced by 5 MMT to 134 MMT as compared to previous month of 139 MMT while last year it was 138 MMT. Dry weather condition in south America has resulted in production cut.
- USDA in its Feb'22 estimate, has reduced the China's 2021-22 soybean import projection by 3 MMT at 97 MMT as compared to previous months estimates and previous year at 99.7 MMT. Oct'21 to Dec'21 soybean import is down by 13%. The pace of soybean processing has slowed since October 2021 as margins are squeezed and crushers have been hampered by high input costs and low feed demand.
- According to National Association of Grain Exporters (ANEC), Brazil's soy export in Jan'22 stood at 2.4 MMT compared with 0.51 MMT in the same month last year.
- As on 10th Feb, according to Buenos Aires Grain Exchange (BAGE), Soybean sowing progress in Argentina stood at 100% Vs 100% last year same period and 100% five-year average. And BAGE has estimated 37% soy crop is in excellent to good condition Vs 37% previous week, 46% soy crop is in fair condition Vs 45% previous week and 17% soy crop is in poor/very poor condition Vs 18% previous week. On long time frame weather condition has worsened soy crop condition and resulted in production cut by 1.5 MMT to 45 MMT by USDA in its Feb'22 estimates.

RM seed

- According to USDA Feb'22 report, India's 2021-22 RM seed production estimated at 10.8 MMT as compared to 9.5 MMT and previous year production estimated at 8.5 MMT.
- Today all India mustard arrivals stood at 1.40 lakh bags and new mustard arrival was 65,000 bags. New RM seed traded between Rs. 7,925-7,950/qtl.

		As on 04th Feb'22		
	Normal area	2021-22	2020-21	% Change
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	

- 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.
- New crop arrival has begun in few mandis of Rajasthan with moisture content ranging between 10-20%.
- Solvent Extractors 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 Feb'22 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 Feb'22 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	11-Feb-22		10-Feb-22		
	Low	High	Low	High	
Indore –Plant	6750	6900	6600	6675	225
Indore–Mandi	6450	6650	6200	6600	50
Nagpur-Plant	6400	6600	6500	6650	-50
Nagpur – Mandi	5400	6300	5300	6350	-50
Latur – Mandi	6000	6420	6000	6420	Unch
Akola – Mandi	5000	6320	5300	6280	40
Kota-Plant	6700	6885	6700	6775	110
Kota – Mandi	6300	6785	6300	6675	110
Bundi-Plant	6400	6800	6400	6700	100
Bundi-Mandi	6200	6650	6200	6550	100

Baran-Plant	6600	6850	6600	6800	50
Baran-Mandi	6200	6750	6200	6700	50
Bhawani Mandi Jhalawar-Plant	6600	6850	6600	6770	80
Jhalwar-Mandi	6400	6800	6400	6720	80
Rapeseed/Mustard					
Jaipur-(Condition)	7975	8000	8100	8125	-125
Alwar-(Condition)	7500	7600	7700	7800	-200
Sri Ganganagar-(Non-Condition)	7000	7100	7170	7270	-170
New Delhi-(Condition)	7450	7500	7550	7600	-100
Kota-(Condition)	7300	7400	7400	7500	-100
Agra-(Condition)	8000	8190	8095	8286	-95
Neewai-(Condition)	7100	7300	7200	7400	-100
Hapur (UP)-(Condition)	7400	7500	7700	7800	-300
Groundnut Seed					
Rajkot	912	912	923	923	-11
Sunflower Seed					
Gulbarga	4850	5500	4800	5600	-100
Latur	6400	6500	6400	6500	Unch
Sholapur	6400	6500	6400	6500	Unch
Soybean Prices are in INR/qrtl. (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/qrtl.					

Oilseed Arrivals in Key Centres:

Commodity / Centre	Arrivals in Bags/QtI		Change
Soybean	11-Feb-22	10-Feb-22	
Madhya Pradesh	125000	100000	25000
Maharashtra	120000	120000	Unch
Kota	13000	12000	1000
Bundi (Raj)	80	100	-20
Baran (Raj)	1500	1700	-200
Jhalawar (Raj)	150	250	-100
Rapeseed/Mustard			
Rajasthan	30000	35000	-5000
Alwar	1500	200	1300

Sri Ganganagar	300	400	-100
Kota	1100	600	500
Groundnut Seed			
Rajkot (Gujarat)	3000	3000	Unch
Sunflower Seed			
Sholapur (Maharashtra)	500	500	Unch

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

Oilseeds	11-Feb-22	10-Feb-22	Change
Groundnut Kernel	6650	6650	Unch
Gr. Bolds 60/70	8600	8600	Unch
Gr. Javas 60/70	10100	10100	Unch
Gr Javas 70/80	10000	10000	Unch
Gr.Javas 80/90	9500	9500	Unch
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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