Oilseeds Domestic Fundamentals: In Indore, soybean plant prices went up on the back of bullish CBOT soybean. Jaipur RM seed prices went up amid new crop arrivals. RM seed prices likely to correct as arrivals pick up.

Soybean

- Ukraine russia conflict may disrupt soybean supply chain, Russia Imports soybean majorly from Argentina, Brazil and Paraguay. Higher crude oil prices due to supply concern and geopolitical crisis pushing soy oil even higher.
- Upon lower supplies in Brazil, Argentina and Paraguay, CBOT soybean is trading near nine month high and have jumped 20% so far in 2022. Crop short fall due to weather concern in south American continent already pushing soy prices higher.
- Solvent Extractors Association (SEA) reported India's Soy oil imports in Jan'22 down by 0.3% percent m-o-m to 3.91 lakh tonne as compared to 3.92 lakh tonne in Jan'21. Additionally, soy oil import in Jan'22 went up by 341% as compared to previous month. The import of soybean oil is up due to decline in domestic crushing trigged by low soymeal demand and tight crush margin.
- As per 2nd Advance Estimates, released by the Department of Agriculture and Farmers Welfare, the estimated production of soybean during 2021-22 is 131.16 lakh tonne vs 128.97 lakh tonne last year.
- According to SOPA, Oct'21-Jan'22 soy crush remained low by 40% at 27.5 lakh tonne as compared to 46 lakh tonne previous year same period, while arrival too remained low by 25% at 48 lakh tonne as compared to 64 lakh tonne same period last year.
- Despite higher production in MY 2021-22, soy arrivals remained low in the first four months of this season. In Jan'22, arrivals remained low by 33% at 8 lakh tonne as compared to 12 lakh tonne same period previous year.
- Given the squeeze in crush margins and low soymeal export demand, soybean crush too remained lower in Jan'22 by 48% at 6.5 lakh tonne as compared to 12.5 lakh tonne previous year and kept soy prices sluggish.
- According to USDA February'22 report, 2021-22 Soy production estimate for India has been kept unchanged at 11.9 million tonne as compared to Jan'22 and last year at 10.45 million metric tonne (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

- 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 per AgriWatch estimates, total availability of soymeal in the country for MY 2021-22 is likely to be 80 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 80 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.

International updates

- Higher soy prices has led to negative crush soy margin in china and has compelled to look for other hog feed alternatives.
- According to CONAB, as on 19th Feb, in Brazil 33% harvesting has been completed as compared to 36.4% previous year same period.
- According to USDA, US soybean crush hit a record high of 5.95 million metric tonne (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.
- 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 decreased by 1.5 MMT to 45 MMT as compared to previous month at 46.5MMT while last year it was 46.20 MMT, Brazil soy production too reduced by 5 MMT to 134 MMT as compared to previous month at 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 estimates, it has slashed China's 2021-22 soybean import 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

- Upon higher acreage, for MY 2022-23 RM seed production, AgriWatch estimated a 25% higher production at 107.1 lakh tonne, this compares with 85.40 lakh tonne in 2021-22.
- New crop arrivals have commenced in early sowing regions. Eastern Rajasthan districts such as alwar and bharatpur is expected to witness new crop arrivals in first fortnight of March and peak arrivals is likely to be after mid-March. While Western and North Rajasthan is likely to witness new crop arrivals from first week of March and peak arrivals is likely to be around last week of March.
- As per 2nd Advance Estimates, released by the Department of Agriculture and Farmers Welfare, the estimated production of RM seed during 2021-22 is 114.59 lakh tonne vs 102.1 lakh tonne last year.
- According to USDA Feb'22 report, India's 2021-22 RM seed production estimated at 10.8 MMT as compared to 9.5 MMT in Jan'22 estimates and previous year production estimated at 8.5 MMT.
- 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.
- Trade body Central Organization for Oil Industry and Trade (COOIT) expects mustard Rabi 2022 crop at 100-110 LT backed by higher acreage and high yielding varieties. Whereas, P K Rai, Director of Mustard Research expects mustard crop Production to reach 135 Lakh tonnes on average yield of 1500 Kg per Ha. Agriwatch has estimated the RM seed production to be at 107.1 lakh tonnes for year 2021-22.
- According to Solvent Extraction Association of India Mustard crop production is estimated at 120 lakh tonne assuming favourable weather condition in rabi season.
- 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.

`	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%
Uttrakhand	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 Agriculture and Agri-Food Canada's (AAFC) For 2021-22, canola supplies have tightened as compared to last year, declining 37% to 14.5 MMT, due to a 49% drop in carry-in stocks and 35% lower production following last summer's drought-reduced production in Canada.
- Moreover, tight supplies and strong demand in Canada is underpinning record high prices for canola processing of canola is estimated down by 18% from last year to 8.5 Mt, by comparison exports are expected to fall by 49%, to 5.4 Mt, due to the tight supplies.
- Global rapeseed production is revised upwards to 70.62 MMT in USDA's February report from 69.27 MMT in previous report, whereas, on y-o-y comparison it is at downward compared to the 73.16 MMT last year. Global rapeseed oil production is also revised in latest report to 28.30 MMT compared to previous estimate of 27.87 MMT in January while, on y-o-y comparison it is lower compared to 29.16 MMT last year. Production is down for the year due to prolonged heat stress in Canada, whereas upward monthly revision in oil and oilseed is due to record production in India.

Outlook: Soybean (plant delivery, Indore) prices are expected to trade rangebound with firm bias on the back of bullish CBOT soybean. The prices are expected to be in the range of 7000-7500/qtl levels in the near-term. RM seed prices are expected to correct from higher level amid new crop arrivals.

Oilseed Prices at Key Spot Markets:

Commodity / Centre	Prices (Rs/Qtl)				Change
Soybean	**24-Feb-22**		**23-Feb-22**		
	Low	**High**	**Low**	**High**	
Indore –Plant	7500	7700	7250	7400	300
Indore–Mandi	7300	7600	7000	7300	300
Nagpur-Plant	7050	7200	6950	7010	190
Nagpur – Mandi	5500	7000	5500	6810	190
Latur – Mandi	6900	7460	6690	7160	300
Akola – Mandi	5625	6760	5625	6760	Unch
Kota-Plant	7500	7750	7100	7350	400
Kota – Mandi	7000	7650	6600	7250	400
Bundi-Plant	7500	7700	7050	7250	450
Bundi-Mandi	7300	7550	6850	7100	450
Baran-Plant	7600	7820	7050	7270	550
Baran-Mandi	6700	7700	6450	7150	550
Bhawani Mandi Jhalawar–Plant	7500	7900	7000	7350	550
Jhalwar-Mandi	7300	7800	6700	7250	550
Rapeseed/Mustard					
Jaipur-(Condition)	7550	7575	7225	7250	325
Alwar-(Condition)	7500	7600	7300	7350	250

Sri Ganganagar-(Non-Condition)	7550	7650	6800	6900	750
New Delhi–(Condition)	7150	7250	6800	6900	350
Kota-(Condition)	7600	7700	7100	7200	500
Agra-(Condition)	7619	7810	7429	7619	190
Neewai-(Condition)	7300	7500	6700	6900	600
Hapur (UP)-(Condition)	7000	7100	6800	6900	200
Groundnut Seed					
Rajkot	940	940	935	935	5
Sunflower Seed					
Gulbarga	5000	5800	5000	5800	Unch
Latur	6600	6700	6600	6700	Unch
Sholapur	6600	6700	6600	6700	Unch
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	**24-Feb-22**	**23-Feb-22**	
Madhya Pradesh	125000	110000	15000
Maharashtra	115000	110000	5000
Kota	15000	15000	Unch
Bundi (Raj)	450	250	200
Baran (Raj)	5000	3000	2000
Jhalawar (Raj)	1000	1200	-200
Rapeseed/Mustard			
Rajasthan	320000	300000	20000
Alwar	4000	2000	2000
Sri Ganganagar	500	400	100
Kota	25000	20000	5000
Groundnut Seed			
Rajkot (Gujarat)	4800	6000	-1200
Sunflower Seed			
Sholapur (Maharashtra)	800	800	Unch

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

Oilseeds	24-Feb-22	23-Feb-22	Change
Groundnut Kernel	7500	7250	250
Gr. Bolds 60/70	8500	8500	Unch
Gr. Javas 60/70	10000	10000	Unch
Gr Javas 70/80	9900	9900	Unch
Gr.Javas 80/90	9400	9400	Unch
KardiSeed 2% Exp Qly	6100	6100	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