

**Oilseeds Domestic Fundamentals:** In Indore, soybean plant prices down as compared to previous day. Jaipur RM seed prices went down amid new crop arrivals. RM seed prices likely to correct as arrivals pick up.

### Soybean

- Overall Oilseed complex is likely to remain bullish due to supply concern, as India imports 90% of sunflower oil from Russia and Ukraine. Also, 85% of soy oil is imported from Argentina and Brazil where weather concern has resulted into production cuts. Besides, all palm oil demand is met from Indonesia and Malaysia where less production coupled with export restriction by government underpinning prices. Additionally, higher crude oil prices pushing soy oil prices higher.
- 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 triggered 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

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

quantities specified, as they have already imposed stock limit. And few exceptions have been given to importer and exporter.

- 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 19<sup>th</sup> Feb, in Brazil 33% harvesting has been completed as compared to 36.4% previous year same period.
- 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. Brazil's 2021-22 soybean harvesting has reached to 33% as compared to 24% previous week and 15% last year same period.
- CONAB in its Feb'22 estimates, slashed Brazil 2021-22 soybean production by 15 MMT to 125.47 MMT.
- 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 slashed 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 slashed by 5 MMT to 134 MMT as compared to previous month at 139 MMT while last year it was 138 MMT. Dry weather conditions in south America has resulted in production cut.
- USDA in its Feb'22 estimates, China's 2021-22 soybean import slashed 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.
- According to sources, China's multiple soybean crushing plants shut down because of soybean shortage. According to Xinhua news agency, China can reduce its soybean demand by 30 MMT by promoting alternate feed options.

- As on 24th Feb, according to Buenos Aires Grain Exchange (BAGE), 24% soy crop is in excellent to good condition Vs 31% previous week, 48% soy crop is in fair condition Vs 46% previous week and 28% soy crop is in poor/very poor condition Vs 23% previous week. On long time sframe 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.

	Normal area	As on 04th Feb'22		
		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%
Arunachal 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		

- 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.
- 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 and crude oil. The prices are expected to be in the range of 7500-8000/qrtl 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	03-Mar-22		02-Mar-22		
	Low	High	Low	High	
Indore –Plant	7700	7800	7800	8000	-200
Indore–Mandi	7500	7700	7500	7600	100
Nagpur-Plant	7500	7600	7500	7700	-100
Nagpur – Mandi	7000	7400	6000	7500	-100
Latur – Mandi	6900	7575	Closed	Closed	-
Akola – Mandi	6900	7300	Closed	Closed	-
Kota-Plant	7500	7780	7600	7950	-170
Kota – Mandi	7400	7580	7500	7750	-170
Bundi-Plant	7500	7720	7600	7850	-130
Bundi-Mandi	7100	7420	7200	7550	-130
Baran-Plant	7600	7870	7900	8030	-160
Baran-Mandi	6900	7770	7100	7930	-160

Bhawani Mandi Jhalawar–Plant	7600	7920	7900	8040	<b>-120</b>
Jhalwar-Mandi	7100	7650	Closed	Closed	-
<b>Rapeseed/Mustard</b>					
Jaipur-(Condition)	7225	7250	7400	7425	<b>-175</b>
Alwar-(Condition)	6800	6900	7000	7100	<b>-200</b>
Sri Ganganagar-(Non-Condition)	6650	6750	6850	6950	<b>-200</b>
New Delhi–(Condition)	7400	7500	7300	7400	<b>100</b>
Kota-(Condition)	6750	6950	6900	7100	<b>-150</b>
Agra-(Condition)	7190	7286	7333	7429	<b>-143</b>
Neewai-(Condition)	6600	6800	6900	7100	<b>-300</b>
Hapur (UP)-(Condition)	6700	6800	6900	7000	<b>-200</b>
<b>Groundnut Seed</b>					
Rajkot	1018	1018	1040	1040	<b>-22</b>
<b>Sunflower Seed</b>					
Gulbarga	5000	5800	Closed	Closed	-
Latur	7700	7900	Closed	Closed	-
Sholapur	7700	7900	Closed	Closed	-
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
<b>Soybean</b>	<b>03-Mar-22</b>	<b>02-Mar-22</b>	
Madhya Pradesh	110000	100000	<b>10000</b>
Maharashtra	125000	100000	<b>25000</b>
Kota	15000	13000	<b>2000</b>
Bundi (Raj)	200	50	<b>150</b>
Baran (Raj)	1700	800	<b>900</b>
Jhalawar (Raj)	2000	Closed	-
<b>Rapeseed/Mustard</b>			
Rajasthan	475000	450000	<b>25000</b>
Alwar	9000	7000	<b>2000</b>
Sri Ganganagar	400	300	<b>100</b>
Kota	36000	30000	<b>6000</b>
<b>Groundnut Seed</b>			
Rajkot (Gujarat)	3500	4500	<b>-1000</b>
<b>Sunflower Seed</b>			

Sholapur (Maharashtra)	1000	Closed	-
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**Other Oilseed Prices at Mumbai (INR/100 Kg):**

Oilseeds	3-Mar-22	2-Mar-22	Change
Groundnut Kernel	7750	8000	-250
Gr. Bolds 60/70	8650	8600	50
Gr. Javas 60/70	10150	10100	50
Gr Javas 70/80	10050	10000	50
Gr.Javas 80/90	9550	9500	50
KardiSeed 2% Exp Qly	5500	5500	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	6100	6100	Unch
Niger Seed (4% FM)	8400	8400	Unch

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