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# Oilseeds Monthly Research Report

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## Executive Summary

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Soybean and soy meal extended losses in July primarily on expectation of better domestic 2016/17 soybean crop and bearish US soybean supply outlook.

The soybean crop in India as well as in US is under development phase and the crop condition is good compared to the previous season.

However, rapeseed-mustard continued upward movement on persistent strong buying support from millers, to meet the fresh demand during monsoon and upcoming festivities.

The domestic soybean and meal are expected to feature range-bound movement with firm bias on improved enquiries for soy meal in the cash market.

Rapeseed-mustard will extend gains in near to medium-term after some correction in July, on fresh miller's demand to meet the upcoming mustard oil demand in near to medium-term.

## Outlook – Cash Market

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**Outlook - Soybean (Spot, Indore):** The bean prices are expected to feature gain on domestic enquiries in soy meal. **However,** expectation of boost in the soybean production this season, weak soy meal exports, higher inventories in edible oils, lower crude will pressurize the domestic soybean to some extent. The prices are expected to feature range bound movement with firm bias and witness 3750 – 3900 levels (Indore, Plant basis).

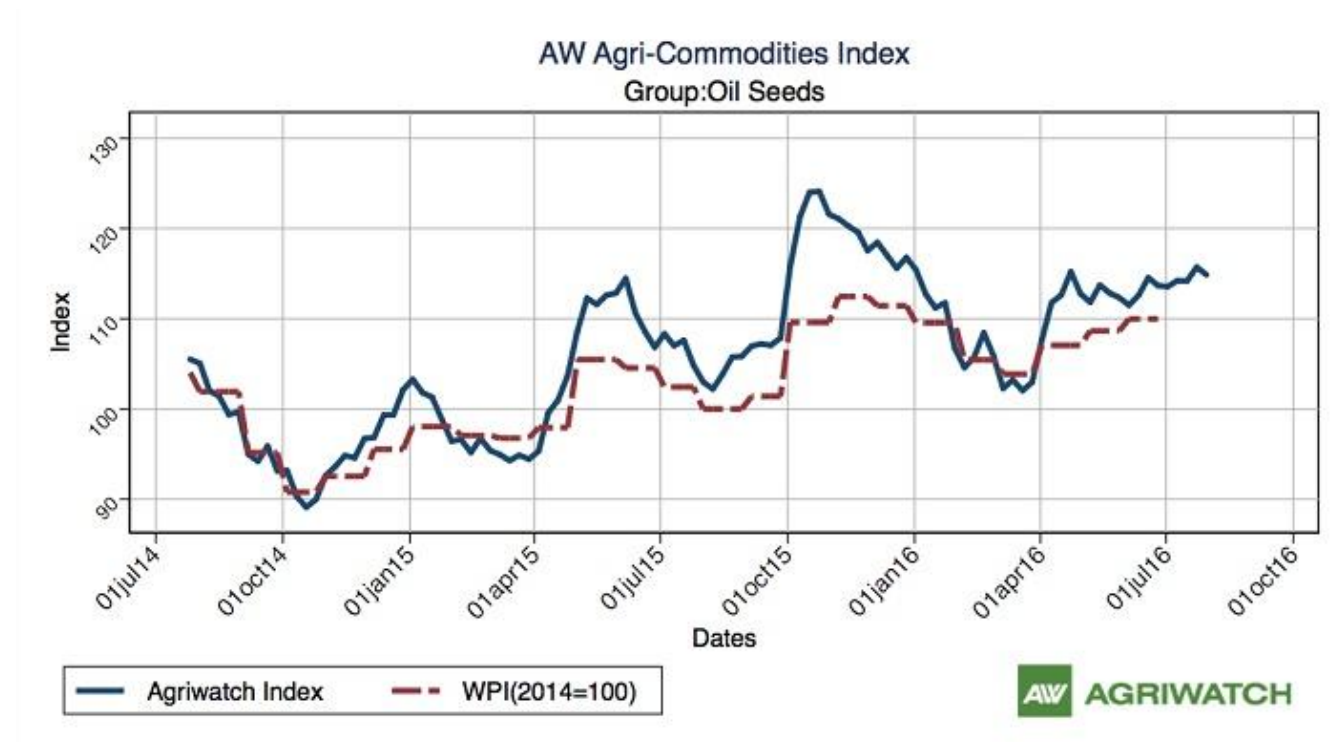
**Outlook – Soy meal:** The meal prices edged-up on increase in domestic enquiries. However, expectation of good soybean crop owing to likelihood of better distribution of seasonal rainfall in the key soybean domestic regions and weak soy meal exports has pressured the soy meal market. Indian meal exporters are advised to explore new markets and aggressively try to regain the lost markets of peak exports season especially traditional South and Far-East Asian destinations including Japan in the upcoming season. The domestic meal prices are likely to feature range bound movement in near-term. Soy meal, Indore is expected to be in the range of 33,500 – 34,000/MT levels during the month - August.

**Outlook - Rapeseed-Mustard (Spot, Jaipur basis):** Continued buying in the seed remained bullish for the seed for. Sentiments are expected to remain strong on likely strong miller's buying to meet the fresh mustard oil demand during monsoon and upcoming festivities. The seed prices are likely to be between 5150 – 5300; levels during the month.

## AW Oilseeds Index – 31 July 2016

The Agriwatch Agri Commodities Index dipped 0.64% to 120.70 during the week ended July 30, 2016 from 121.47 during the previous week, led by easing in prices of pulses, cereals and cotton. The base for the Index and all sub-Indices is 2014 (= 100).

In the commodity group sub-index, Oilseeds Index stood at 114.87 (-0.73%) week-on-week.



"Agriwatch has recently launched its AW Agri Commodity Indices to enable organizations access independent Indices to track and use to benchmark their purchases and sales. The Indices are based on the daily prices in the key benchmark markets for each commodity that AW has been covering for the past decade. The indices include an Aggregate Index, Category Indices and individual commodity indices. The weekly indices are free to access on our website [www.agriwatch.com](http://www.agriwatch.com). The daily indices are available on subscription. Please contact for more details."

## International Highlights

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- ❖ The US soybean crop is blooming at 85% which is up from 78% during the corresponding period last year and also up from 5 year average of 79%. About 54% soybean is setting pod which is up from 48% during the corresponding period last year and also up from 5 year average of 44%.
- ❖ Also about 72% of the newly planted US soybean crop is under good to excellent conditions which is up from 63% during the same period last year, reported in the US crop progress report dated 31 July 2016.
- ❖ In the June USDA acreage report, US soybean planted area for 2016 is estimated at a record high 83.7 million acres, up 1 percent from last year. Area for harvest, at 83.0 million acres, is also up 1 percent from 2015 and will be a record high if realized. Record high planted acreage is estimated in Michigan, Minnesota, New York, North Dakota, Ohio, Pennsylvania, and Wisconsin.
- ❖ The Argentina's government has raised its 2015/16 soybean crop to 58 million tonnes from its previous forecast of 57.6 million tonnes followed by faster than expected recovery of area considered lost to floods hit area in Argentina.
- ❖ Rosario Gains Exchange have revised its forecast for Argentina's 2015/16 soybeans up to 55.3 million tonnes from 55 million tonnes previously. This is despite severe crop damage after flood in April.
- ❖ Argentina has lost around 3.7 – 4.0 million tonnes of soybean due to flood and storm in April. Besides, an additional 1 million tonnes have been reported in quality damage, reported a concerned government official. In the official figure Argentina's soybean production is estimated to decline to 57.6 million tonnes from 61.4 million tonnes.
- ❖ INTL FC Stone has slashed the Brazil's 2015-16 production by 1 million tonnes to 96.5 million tonnes, in its recent. Besides, Informa has lowered the Brazil's and Argentina's 2015/16 soybean production from 100.5 vs 100.1 mln t and 55.0 vs 59.5 mln t respectively.
- ❖ Abiove has trimmed Brazil's 2015/16 soybean crop to 96.6 million tonnes (during Feb. – Jan.) from 97.3 million projected earlier. It has lowered Brazil's soybean exports estimate to 53 million tonnes from 53.8 million tonnes Brazil had shipped 54.3 million tonnes in previous season.

- ❖ Informa Economics has lowered its forecast for US 2016 soybean planting to 84.0 million acres from its previous estimate of 85.23 million acres. However, the area is higher compared to 82.7 million acres planted in 2015.
- ❖ World supplies of soybeans are likely to increase sharply by 19 Mn T in 2015/16, despite a global prospective production decline by 3 Mn T, leading to another above-average increase in soybean crushings, reports Oil World.
- ❖ Agroconsult has projected Brazil's 2016/17 area under soybean higher by 600,000 hectares. The consultant has projected Brazil's 2015/16 soybean production at 101.7 million tonnes in its final estimate.
- ❖ Conab, the Brazil government's crop supply agency, has raised Brazil's 2015/16 soybean crop to a record 101.18 million tonnes, which is up from 100.93 million tonnes from its previous estimate in February followed by increase in planted area and yields.
- ❖ FCStone has increased Brazil's 2015/16 soybean production forecast to 98.6 million tonnes from 98 million tonnes in its previous estimates.
- ❖ Again, Informa has raised its forecast for Brazil's 2015/16 soybean production in its monthly report to 101.3 million tonnes from 100.5 million tonnes last month.
- ❖ However, it has lowered Argentina's 2015/16 soybean production forecast to 59.0 million tonnes from 60.0 million tonnes in February.
- ❖ Brazil's Congress has passed a bill that will increase the country's biodiesel blend from its current 7% to 10% over the next three years.
- ❖ AgRural has increased its forecast for Brazil's 2015/16 soybean to 99.7 million tonnes from 98.7 million after beneficial rains.
- ❖ Rosario Grains Exchange has raised Argentina's 2015/16 soybean production forecast to 59 million tonnes from 58.5 million tonnes in its earlier estimates. The increase is due to the higher than expected yield in the major growing belts.
- ❖ CRF reported that Argentina's soybean production is nearing last year's record of around 61 million tonnes. It also projected Paraguay 2015/16 soybean production at record 9.7 million tonnes which is above USDA's estimate of 8.8 million tonnes.

- ❖ However, according to the estimates by the government agency, Argentina's 2015/16 soybean production is estimated near 60 MMT which is below last year production of 61.4 MMT.
- ❖ China is forecast to import 85 million tonnes of soybeans in 2016/17, up from the prior season, however, higher inventories is expected to limit the rise in buying.
- ❖ China National Grain and Oils Information Center (CNGOIC), said in the IGC grain conference that the country's soybean imports were expected to reach 82 million tonnes in the 2015/16 year on an October-September season compared to 78.35 million tonnes during the corresponding period in 2014/15.

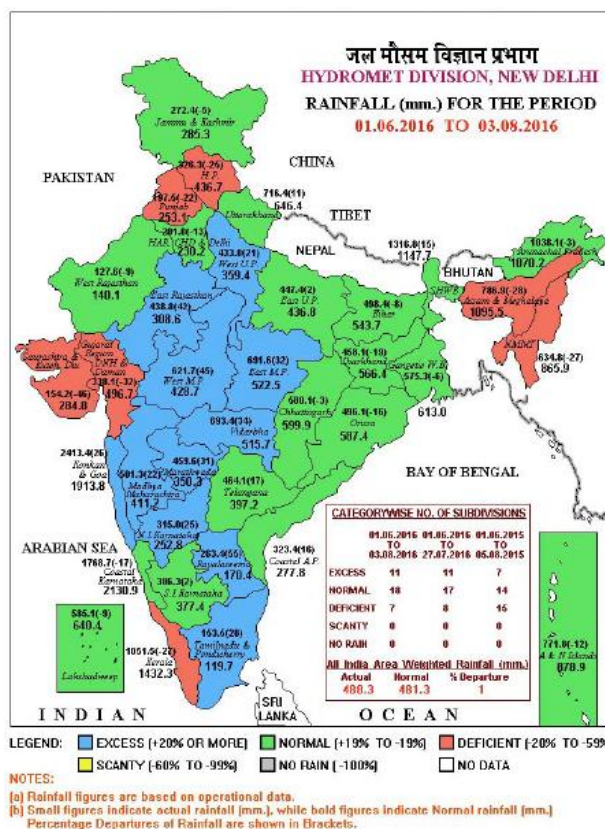
Global palm oil production will fall by almost 3.00 million tons in September 2016. Indonesia's palm oil output estimate is cut by 1.2 million tons. Malaysia's palm oil production estimate is cut by 1.5 million tons to 18.4 million tons. Consumers will get relief from July 2016. Palm oil stock buildup will possibly start from September 2016.

## IMD Monsoon Forecast and Current Rainfall Status

In the IMD's Operational 2<sup>nd</sup> stage Long Range forecast for the 2016:

- Rainfall over the country as a whole for the 2016 southwest monsoon season (June to September) is most likely to be **above normal** (>104% to 110% of long period average (LPA).
- Quantitatively, monsoon season rainfall for the country as a whole is likely to be 106% of the long period average with a model error of  $\pm 4\%$ .
- Region wise, the season rainfall is likely to be 108% of LPA over North-West India, 113% of LPA over Central India, 113% of LPA over South Peninsula and 94% of LPA over North-East India all with a model error of  $\pm 8\%$ .
- The monthly rainfall over the country as whole is likely to be 107% of its LPA during July and 104% of LPA during August both with a model error of  $\pm 9\%$ .

The event should boost the yield and subsequently production this season, as the *kharif* oilseeds are rain-fed.





# Soybean

The domestic soybean fell on expectation of higher production and bearish global supply scenario during the month under review.

The crop health of the newly planted soybean is under development stage and in good condition across the key growing regions. The growth or the plant size varies from 20 cm to 1.5 feet, pockets with plants with smaller size indicate replanting after heavy rains damaged the ??

Heavy to very heavy rains are reported in key soybean growing belts of Madhya Pradesh, Maharashtra and Rajasthan. The soybean crop is under development phase in the key growing regions and no crop damage reported after re-sowing in few parts of the belts initially.

However, clear wea

Scattered to heavy rains are reported in the key soybean growing belts and there are no fresh reports of crop damage, disease to the developing crop.

The overall rainfall over Madhya Pradesh, Maharashtra and Rajasthan is still reportedly much higher than the normal rains.

IMD in its weekly Southwest monsoon progress report has reported India's actual rainfall at 488.3 mm against the normal 481.3 mm and departure stands at 1% till 03 August 2016.

In West Madhya Pradesh, the departure of Southwest monsoon has improved to normal by +45%, actual rains is reported at 621 mm vs 428.7 mm normal till 03 August 2016 by IMD. Vidarbha reported the departure of +34%, actual rains 693.4 mm vs 515.7 mm normal. Marathwada reported the departure of +31% with actual rains of 459.6 mm vs 350.3 mm, East Rajasthan reported a departure of +42% with actual rains 438.8 mm vs 308.6 mm normal.

Better seasonal/monsoon rains this season is expected to boost the soybean production.

The area coverage under soybean, as on 27th July, is reported up 3% at 109.16 lakh hectares which has surpassed the previous year's figure of 106.27 lakh hectares at the same period last year.

<b>Crop</b>	<b>As on 29 Jul 2016</b>	<b>As on 29 Jul 2015</b>	<b>% Chg.</b>
Groundnut	38.57	28.70	34.4
Soybean	109.16	106.27	2.7
Sunflower	1.28	0.56	128.6
Sesamum	9.42	10.90	-13.6
Others	1.35	1.55	-12.9
<b>Total Oilseeds</b>	<b>159.78</b>	<b>147.98</b>	<b>8.0</b>

The total sown area under *kharif* oilseeds, as on 27th July, has surpassed the previous year's level which is up by 8% at 159.78 lakh hectares compared to 147.98 lakh hectares during the corresponding period last year.

India's total area under soybean in 2015 was 116.4 lakh hectares which was higher by 5.8% from 2014.

We expect India's area under soybean in 2016 to be near 2015 level at 116 lha.

The major buyers in Madhya Pradesh are as follows: Amrit Mandsaur, Ambika Joara, ABIS Rajnandgaon, Laxmi Solvex, Sanwariya – Itarasi, SSA Mandideep, Bansal, Khandwa Oil, Ruchi, Agrawal Neemuch, Betul Oil, Prakash, Bajrang, Prestige, Ambuja, Prakash, Sitashri, Divya Jyoti, Avi Agro, Rama Sitashri Vippy, Kriti, Mahakali, Mahalaxmi, Dhanuka, Khyati, Premier, Dhan Laxmi, Dhanuka Soy, Indian Solvent (ABIS) and Advantage Overseas (10-2-2 specification) for Dewas and Mandsaur delivery during the week.

***The domestic soybean prices are likely to gradually move up on likely fall in the area and expected better soy meal export sale in the new season. However, likely higher soybean production on good seasonal rainfall this season, current lower soy meal exports, higher edible oil inventory after huge imports in previous months, lower crude and bearish domestic fundamentals will limit the gains in near-term.***

## **International:**

The international soybean fell primarily on expected record crop production with improved planted area and easing dry weather concern in the Midwest.

Further, fall in crude which is around US \$ 42/bbl limited the gains in the international soybean.

The US soybean crop is under development phase and it is under better conditions. The CBOT soybean is mainly reacting on crop weather forecast which remained changing in previous days.

In the US weekly export sales report, the net sales of soybean were reported noticeable down at 1,400 tons, compared to previous week and from the prior 4 week average.

Increases were reported for China who bought about 226,300 MT including 198,000 MT switched from unknown destinations during the week, registering the reduction in imports week-on-week.

The US soybean crop is blooming at 85% which is up from 78% during the corresponding period last year and also up from 5 year average of 79%. About 54% soybean is setting pod which is up from 48% during the corresponding period last year and also up from 5 year average of 44%.

Also about 72% of the newly planted US soybean crop is under good to excellent conditions which is up from 63% during the same period last year, reported in the US crop progress report dated 31 July 2016.

The USDA reported that US oilseeds processors crushed 4.624 million tonnes of soybean during June which is down from 4.826 million processed in May.

However, the figure is higher compared to 4.549 million tonnes crushed during the corresponding period last year and it is close to the market expectation of 4.626 million.

USDA has reported that US has exported around 45.56 million tonnes of soybean since 1 September 2015 against the projected target of 48.85 million tonnes.

US soybean exports were initially slow in 2015/16 marketing year, but the exports improved in the second half of the marketing season.

The US soybean exports in July itself doubled compared to the corresponding period last year.

FCStone has projected US 2016 soybean production at 4.054 billion bushels, which will be a record production, with estimated yield of 48.8 bushels per acre.

However, USDA has pegged US soybean harvest at 3.88 billion bushels with the yield of 46.7 bpa.

Informa Economics has forecast U.S. 2016 soybean production at 3.89 billion bushels with a yield of 46.9 bushels per acre.

Brazil's 2016/17 soybean area is forecast at 33.54 million hectares, up 1% from 2015/16. Further, Brazil's 2016/17 soybean production is forecast at record 100.6 million tonnes, up from 95.6 million tonnes recorded in 2015/16 by AgRural.

Brazil's 2016/17 (Feb. – Jan.) soybean exports are estimated to ease by 1% to 52.5 million tonnes according to the report by Safras & Mercado.

Safras had forecasted Brazil's 2016/17 soybean crop production at 103.4 million tonnes, up from 97.15 million tonnes projected for this season.

FCStone has pegged Brazil's soybean exports lower by 2.4% at 53 million tonnes in 2015/16 compared to 54.32 million tonnes in 2014/15. The fall cited due to the surge in the local prices has consequently reduced the competitiveness in the international market.

Brazil has shipped about 7.76 million tonnes of soybean in June down from 9.92 million tonnes in May and 9.81 million tonnes during the corresponding period last year.

Informa Economics has slashed Brazil's 2015/16 soybean crop to 98.5 million tonnes from 100.1 million tonnes in May.

Conab has slashed Brazil's 2015/16 soybean crop estimate to 95.57 million tonne from 95.6 million tonnes previously estimated. It has cut the production estimates due to crop damage on hot and dry weather in Northeastern part of the country.

Abiove has trimmed Brazil's 2015/16 soybean crop to 96.6 million tonnes (during Feb. – Jan.) from 97.3 million projected earlier. It has lowered Brazil's soybean exports estimate to 53 million tonnes from 53.8 million tonnes Brazil had shipped 54.3 million tonnes in previous season.

Argentina's Agriculture Ministry has once again raised the country's 2015/16 soybean production estimate in July to 58.8 million tonnes from 58 million tonnes forecasted earlier.

The increase is cited due to the lower than expected crop damage due to flood. Argentina's soy oil and soy meal shipments are hit due to storm and flooding in the key farm regions, which consequently lead to the boost in US soy exports.

Argentina has shipped 31.2 million tonnes of soybean from March thru July 2016 compared to 36.5 million during the corresponding period in 2015, as reported by the agriculture ministry. It also reported that about 4.02 million tonnes of soybean were processed in June 2015 which is down by 11% compared to corresponding period last year.

Informa has kept its forecast of Argentina's 2015/16 soybean crop unchanged at 55.0 million tonnes.

Rosario Gains Exchange have revised its Argentina's forecast for 2015/16 soybeans up to 55.3 million tonnes from 55 million tonnes previously. This is despite severe crop damage after flood in April.

Argentina's soybean crop estimates are lowered between 52 million tonnes and 57 million tonnes from about 60 million by several analysts. This is after Argentina lost around 3.7 – 4.0 million tonnes of soybean due to flood and storm in April and additional 1 million tonne reported in quality damage.

The Buenos Aires Grains Exchange has reduced its harvest forecast and pegged Argentina's 2015/16 soybean production at 56 million tonnes.

China is forecast to import 85 million tonnes of soybeans in 2016/17, up from the previous season, however, higher inventories is expected to limit the rise in buying.

China National Grain and Oils Information Center (CNGOIC), said in the IGC grain conference that the country's soybean imports were expected to reach 82 million tonnes in the 2015/16 year on an October-September season compared to 78.35 million tonnes during the same period in 2014/15.

China's June soybean imports are reportedly down by 1.3% at 7.56 million tonnes compared to 7.66 million tonnes in May 2016 and were down 6.6% on the same month a year ago reported the General Administration of Customs of China.

However, the country's June vegetable oil imports are reported up 10.7% at 310,000 MT compared to May 2016.

Strong global soybean demand and fall in the South American supplies will boost the US soybean exports in Sep/Feb. 2016/17.

*The international soybean prices are expected to feature range bound movement with firm bias on expected new crop orders from the major buyers. However, likely record US soybean crop, fall in crude will limit the gains. Besides, expected higher soybean crop on better monsoon this season in India, higher inventories of edible oils at Indian ports, poor soy meal shipments from India will limit the gains in the domestic soybean in near-term.*

## Balance Sheet – Soybean, India

*Fig. in MnT*

Soybean (Fig in Mn T) MY-Oct.-Sep.			Q3	Q4	Q1	Q2
	2014-15E	2015-16F	Oct-Dec'15 F	Jan-Mar'16 F	Apr-Jun'16 F	July-Sep 16 F
Carry In	0.32	0.23	0.23	3.83	2.12	1.13
Production	9.50	9.00	9	0	0	0
Imports	0.00	0.00	0	0	0	0
Total Availability	9.83	9.23	9.23	3.83	2.12	1.13
Processing/Crushing	9.60	9.00	5.15	1.46	0.49	0.40
Exports & Direct Consumption	0.00	0.00	0.25	0.25	0.00	0.00
Seeding/Retained for Sowing	0.00	0.00	0	0	0.5	0.5
Total Usage	9.60	9.00	5.4	1.71	0.99	0.9
Carry Out	0.23	0.23	3.83	2.12	1.13	0.23
Monthly Use	0.80	0.75				
Stock/Consumption Ratio	0.02	0.03				
Stock to Month Use Ratio	0.28	0.30				

Source: Agriwatch

- **Trade Observations: Need based buying is featured in soybean due to lower soy meal exports and higher edible oil inventories at Indian ports. The new crop supplies are gradually falling in the key cash markets.**
- We have revised down projection and pegged India's 2015-16 soybean production to 9.0 million tonnes from 11 million in preliminary estimate. This is due to the fall in potential yield output due to erratic/deficient rains during vegetative and flowering stage. Last year's soybean production is estimated at 9.5 million tonnes.
- The total availability for crushing stands at 7.5 million tonnes which translates the domestic availability of meal to 6 million tonnes and soy oil at 1.35 million.

## Soy meal

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The domestic soy meal witnessed losses on expectation of higher crushing with likely rise in the soybean production in 2016/17 season.

The market remains dull on weak export sales and there are no fresh activities in the market at buying front.

However, there is a good domestic demand for meal from poultry industry and feed manufacturers. However, export enquiries continued to be weak.

India's soy meal exports are expected to improve in the new season on expectation of better 2016/17 soybean crop production.

Further, soy meal edged-up in the in the international market too with investors short-covering followed by improving export demand for US soybean.

The August CBOT soy meal settled at US \$ 350 per short ton in the last week of July which was US \$ 404.2 per short ton on 1 July 2016.

The domestic soy meal prices at Indore, remained flat between the price band of 32,400 – 34,000 from previous week.

India's soy meal shipments continued to be weak and it is multi-year low, primarily on India's noncompetitive prices compared to the South American meal.

At Latur and Sangli, Maharashtra, soy meal was quoted at Rs 34,500/MT and Rs 36,000/MT respectively compared to Rs 33,200/MT in Indore and Rs 32,800/MT in Kota in the last week of July. The meal prices of the various centers of Maharashtra were at premium compared to the centers of Madhya Pradesh. This is due to the freight advantage for the South-Indian poultry units from Maharashtra over Madhya Pradesh.

**India's export of soy meal and its other value added products during July 2016 is just 12,272 tons compared to 30,688 tons in July 2015 showing a decrease of 60% over the same period of last year.**

**On a financial year basis, the export during April'2016 to July'2016 is 52,906 tons as compared to 1,36,897 tons in the same period of previous year showing a decrease of 61%.**

**During current Oil year, (October – September), total exports during October 2015 to July, 2016 is 2,38,676 tons as against 6,86,525 tons last year, showing a decrease by 65.23%, as reported by SOPA.**

Japan, USA, Myanmar, Kenya and South Korea remained the top buyers of soy meal of Indian origin in May.

Lower exports are mainly due to demand shift to South America. This is mainly due to the attractive offer price compared to India.

Brazil has exported about 1.57 million tonnes of soy meal in June against 1.93 million tonnes and 1.62 million tonnes during the same period last year. The figure reveals slow export pace due rains and disruptions at port.

In its June report, NOPA has reported that US soy meal exports declined to 682,500 tons in May from 769,035 tons in April, but stood significantly up from 551,146 tons recorded in May 2015.

USDA in its August report said that the US soy meal inventories at the end of June stood at 281,038 tonnes which is down from 343,411 tonnes in May.

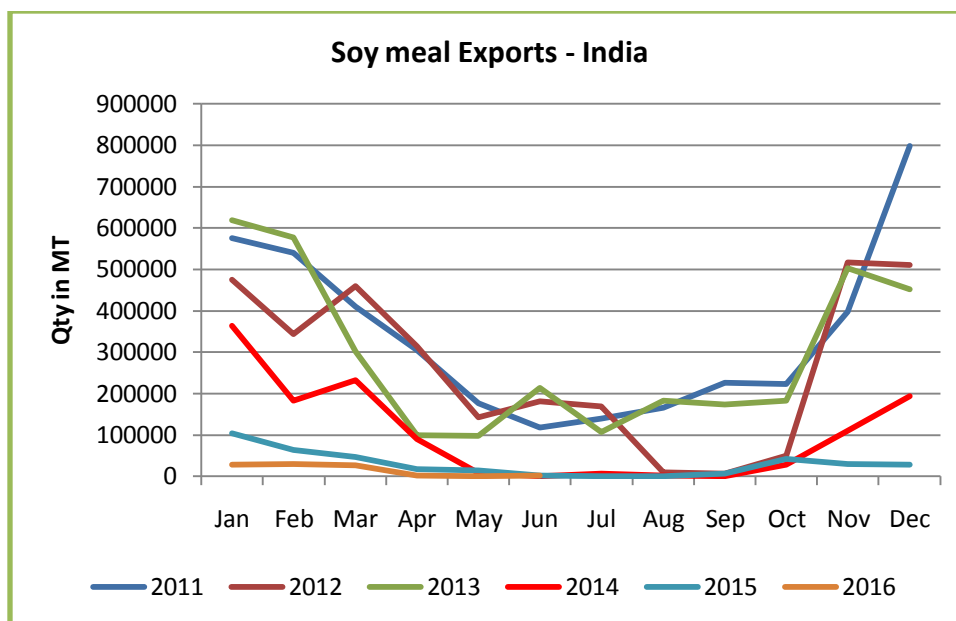
Oil world expects world production of soy meal to rise by about 6% to a record 163.8 Mn T in Jan/Sept 2016, allowing exports to improve by 3.2 Mn T or 7% under the lead of Argentina.

*Indian meal prices have to be highly competitive against the South American and China's meal prices to regain the lost markets it lost in previous seasons.*

*Preference of the soy meal of Indian origin mainly by the South-East countries due to logistic and freight advantage and demand for non-GMO meal has lost the ground owing to much higher soy meal price of Indian origin compared to the South American meal. Iran, Japan, Europe, Thailand, Vietnam, Indonesia and South Korea were the major destinations for Indian soy meal exports, whose demand shifted to South America.*

India's Y-o-Y soy meal prices, Indore, are higher. Soy meal Indore was quoted lower between Rs 32,400 – 34,000/MT during the week compared to Rs 28,000 – 32,000/MT during the corresponding period last year.

*The soy meal prices are looking for a clear direction and will feature range-bound movement, in near-term.*



India's Y-o-Y soy meal prices, Indore, are higher. Soy meal export price, Indore was quoted higher between Rs 32,400 – 34,000/MT during the month-July compared to Rs 28,800 – 32,000/MT during the corresponding period last year.

## Soy Meal Export (In MT)

	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Jan</b>	521243	521243	240318	574996	474993	619793	364443.7	103934	7707
<b>Feb</b>	375098	375098	220552	540360	344240	577589	183551	64514	1127
<b>Mar</b>	224639	224639	163666	410537	460464	302131	232176	46670	430.1
<b>Apr</b>	539175	100106	60264	305033	313832	100312	75884	18017	1442
<b>May</b>	326875	77018	60575	176819	142588	97547	8226	14045	1015
<b>Jun</b>	241508	109923	98400	117600	180987	213564	2636	2098	2672
<b>Jul</b>	282438	58268	166632	139547	168341	107038	6682	929	-
<b>Aug</b>	205890	127299	176138	165510	10005	183555	2778	768	-
<b>Sep</b>	68443	171955	290868	225921	6525	173381	868	6886	-
<b>Oct</b>	88723	219721	404960	223594	49840	182724	29071	4237	-
<b>Nov</b>	647400	297340	443488	397659	517103	503269	110806	8909	-
<b>Dec</b>	655882	328225	611157	798041	510698	451314	193832	5667	-
<b>Total</b>	<b>4177314</b>	<b>2610835</b>	<b>2937018</b>	<b>4075617</b>	<b>3179616</b>	<b>3512217</b>	<b>843874</b>	<b>276674</b>	<b>107634</b>

Source: SEA

India's soy meal exports are multi-year low due to the demand shift to South America, owing to the competitive meal price of South America over India's.

## Soybean Crush Margin

Avg Crush Margin – July 2016		Avg Crush Margin – June 2016		Avg Crush Margin – July 2015	
<b>-1178</b>		<b>-1388</b>		<b>-1109</b>	
Min	Max	Min	Max	Min	Max
<b>-2070</b>	<b>-570</b>	<b>-2040</b>	<b>-750</b>	<b>-1559</b>	<b>-605</b>

The disparity in soybean crushing in July 2016 has narrowed from May 2016 and slightly higher than corresponding period last year. However, cheaper edible oil imports and weak soy meal export sales will continue to keep the margins negative.

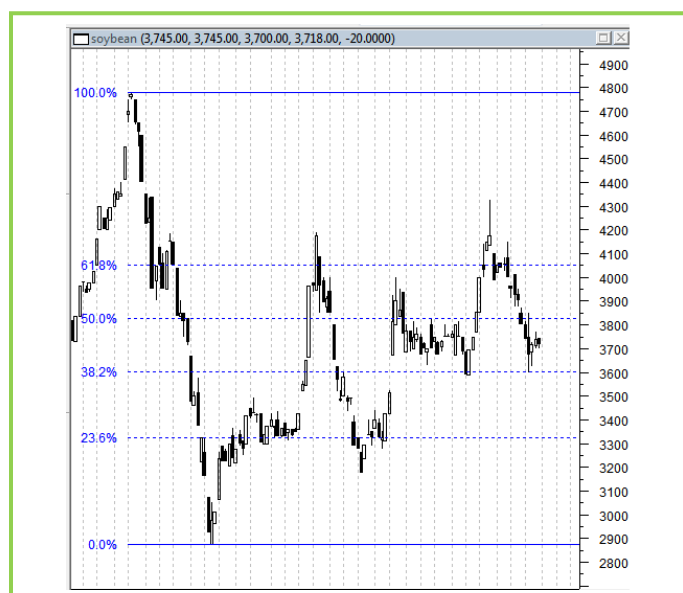


## Technical Analysis:

### NCDEX Soybean Futures



### Soybean Spot, Indore



\*Daily Chart

### Support & Resistance NCDEX- Soybean Oct. Contract

S1	S2	PCP	R1	R2
3350	3200	3557	4000	4200

- Soybean fell on selling pressure in the market.
- Prices closed below 40-day EMA.
- MACD is falling in the positive territory.
- RSI and stochastic are heading upwards in neutral zone.
- Trade Recommendation (NCDEX Soybean – Oct.) – 1 Month: **SELL** Below 3700. T1 – 3500; T2 - 3400; SL –3820.

## Rapeseed - Mustard Seed

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The domestic rapeseed-mustard extended the rally during the month under review. The gains are attributed to the active buying by the millers.

We expect continued good buying support in the seed from millers to meet upcoming festive mustard oil demand and improved demand in the same during monsoon in near-term.

Gains at BMD CPO during July too remained supportive for the domestic rapeseed-mustard.

BMD CPO (Malaysian palm oil) and edible oil imports determine domestic rapeseed-mustard prices.

The seed prices at bench mark, Jaipur are stronger by 14% and are ruling around Rs. 5070 – 5075 per quintal compared to Rs. 4455 – 4555 per quintal during the corresponding period last year.

The all India daily arrivals of the seed continued to ease and reported between 0.80 – 0.95 lakh bags compared to around 1.35 – 1.40 lakh bags during the corresponding period last month and 0.50 – 0.60 lakh bags during the corresponding period last year.

India's edible oil imports and inventories at ports are unchanged with consecutive second month fall in the edible oil imports especially the CPO.

The market is expecting India's bearish edible oil imports figure.

India's June edible oil imports rose 14.3 percent y-o-y to 11.59 lakh tons from 10.13 lakh tons in June 2015. Palm oil imports fell 17.3 percent y-o-y to 6.07 lakh tons y-o-y from 7.34 lakh tons in June 2015. CPO Imports fell by 27.3 percent y-o-y to 4.16 lakh tons from 5.71 lakh tons in June 2015. RBD palmolein imports rose by 28.4 percent y-o-y to 1.9 lakh tons from 1.48 lakh tons in June 2015.

Soy oil imports rose 150 percent y-o-y to 3.86 lakh tons from 1.54 lakh tons in June 2015. Sunflower oil imports rose by 40 percent y-o-y to 1.47 lakh tons from 1.05 lakh ton in June 2015. Rapeseed (Canola) oil imports fell by 10 percent y-o-y to 0.18 lakh tons from 0.20 lakh tons in June 2015, reported by Solvent Extractor's Association of India.

India's June edible oil stocks at ports and pipelines was almost unchanged m-o-m at 23.2 lakh tons from 23.3 lakh tons in May 2016. Stocks of edible oil at ports were at 878,000 tons (CPO 280,000 tons, RBD Palmolein 180,000 tons, Degummed Soybean Oil 300,000 tons, Crude Sunflower Oil 105,000 tons and 13,000 tons of Rapeseed (Canola) Oil) and about 1,442,000 tons in pipelines.

Malaysia has lowered August crude palm oil export duty to 5 percent from 6 percent in July. Tax is calculated at reference prices of 2,522.36 ringgit (\$639.38) per ton starting at 4.5 percent to a maximum of 8.5 percent above price of 2,250 ringgit.

Malaysia's July palm oil exports rose 15.4 percent to 1,283,050 from 1,111,413 tons in June. Top buyers were European Union at 260,908 tons (203,251 tons), China at 225,856 tons (134,675 tons), India at 199,580 tons (195,105 tons), Pakistan at 74,800 tons (69,560 tons) and United States at 41,000 tons (50,000 tons).

Values in brackets are figures of June 2016, reported by the cargo surveyor Societe Generale de Surveillance (SGS).

*Outlook: The rapeseed-mustard will rebound after some correction on fresh demand in mustard oil during monsoon and upcoming festivities.*

### RM Seed Supply, Rajasthan

RM Seed Arrivals in Rajasthan in Bags (85 kg each).		
Monthly Arrivals– July	1 Month Ago	Corresponding Period Last Year
12,35,000	21,10,000	9,86,000

## Balance Sheet – Rapeseed-Mustard Seed, India

(Fig in MnT)

Rapeseed-Mustard (Fig in Mn T) MY-Feb.-Jan.	2015-16	2016-17*F	Feb-Apr	May-Jul	Aug-Oct	Nov-Jan
Carry In	0.20	0.20	0.10	2.92	1.53	0.81
Production	5.90	5.80	5.80	0.00	0.00	0.00
Imports	0.00	0.00	0.00	0.00	0.00	0.00
Total Availability	6.10	6.00	5.90	2.92	1.53	0.81
Processing/Crushing	5.70	5.90	2.93	1.34	0.62	0.61
Exports	0.00	0.00	0.00	0.00	0.00	0.00
Retained for Sowing & Direct Consumption	0.30	0.30	0.05	0.05	0.10	0.10
Total Usage	5.70	5.90	2.98	1.39	0.72	0.71
Carry Out/Ending Stock	0.20	0.10	2.92	1.53	0.81	0.10
Monthly Use	0.48	0.49				
Stock/Consumption Ratio	0.04	0.02				
Stock to Month Use Ratio	0.42	0.20				

(Source: Agriwatch)

- We have pegged India's 2016/17 Rapeseed-mustard outturn at 5.8 million tonnes, slightly lower by 1% compared to the 2015/16 production at 5.9 million tonnes.
- India's production is below 5 year average of around 7.0 million tonnes. This is mainly due to the fall in sown area in last couple of years.
- **Trade Observations: India is an import dependent country in edible oils, hence the oilseeds produced almost gets crushed fully, prices to remain strong in 2016-17 season due to the sharp demand in the seed.**
- India's rapeseed-mustard prices hit all time high at cash market in 2015-16 season to Rs 5,575/Qtl in Jaipur, surpassing the previous high registered in 2012 around Rs 4,653/Qtl, Jaipur basis.

**Technical Analysis:**

**NCDEX RM Seed Futures**



**RM Seed Spot, Jaipur**



\*Daily Chart

**Support & Resistance NCDEX - RM Seed Sept. Contract**

S1	S2	PCP	R1	R2
4600	4500	4875	5150	5250

- Rapeseed-mustard edged-lower on profit booking in July.
- Prices closed above 40-day EMA.
- MACD is rising in positive territory.
- RSI and stochastic are easing in neutral zone.
- Trade Recommendation (NCDEX RM Seed – Sept.) – 1 Month: **BUY** Above 4750. T1 – 4950; T2 - 5000; SL –4630.

## Annexure

### Oilseed Prices at Key Spot Markets:

Commodity / Centre	Prices (Rs/Qtl)				Change
<b>Soybean</b>	<b>30-Jul-16</b>		<b>29-Jun-16</b>		
	<b>Low</b>	<b>High</b>	<b>Low</b>	<b>High</b>	
Indore –Plant	3675	3760	3700	3800	-40
Indore–Mandi	3450	3675	3500	3700	-25
Nagpur-Plant	3810	3850	3950	4000	-150
Nagpur – Mandi	3140	3580	3400	3800	-220
Latur – Mandi	3300	3585	3410	3816	-231
Kota-Plant	3400	3650	3600	3650	Unch
Kota – Mandi	3300	3650	3450	3550	100
Bundi-Plant	3600	3625	3500	3600	25
Bundi-Mandi	3580	3600	3450	3600	Unch
Baran-Plant	3500	3650	3525	3750	-100
Baran-Mandi	3400	3625	3550	3620	5
Bhawani Mandi Jhalawar–Kota-Plant Delivery	3580	3600	3550	3700	-100
Jhalwar-Mandi	3500	3600	3500	3650	-50
<b>Rapeseed/Mustard</b>					
Jaipur-(Condition)	5075	5080	4855	4860	220
Alwar-(Condition)	4750	4800	4450	4600	200
SriGanganagar-(Non-Condition-Unpaid)	4250	4350	4200	4350	Unch
New Delhi–(Condition)(New Crop)	4820	4850	4660	4700	150
Kota-Non-(Condition)	4300	4500	4100	4300	200
Agra-(Condition)	5225	5250	4975	5025	225
Neewai	4650	4700	4450	4500	200
Hapur (UP)(New Crop)	4725	4750	4640	4650	100
<b>Groundnut Seed</b>					
Rajkot	1350	1350	1175	1175	175
<b>Sunflower Seed</b>					
Gulbarga	3055	3354	3154	3458	-104
Latur	NA	NA	2650	3300	-
Sholapur(New Crop)	3650	3700	3600	3650	50
<b>Sesame Seed</b>					

Mumbai (White98/2/1	7600	7600	6650	6650	<b>950</b>
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Soybean Prices are in INR/Qtl. Mandi prices – Loose, Mustard Seed Prices are in INR/Qtl.C –Condition (42%),  
 \*Groundnut seed in Rs/20 kg, Sunflower Seed in Rs/Qtl

**Oilseed Cumulative Arrivals in Key Centres**

Commodity	Centre	Monthly Arrivals in Bags/Qtl		Change
		July,16	June,16	
<b>Soybean</b>				
	Madhya Pradesh	800000	1187000	<b>-387000</b>
	Maharashtra	415000	656000	<b>-241000</b>
	Rajasthan	246000	355000	<b>-109000</b>
	Bundi (Raj)	1695	5900	<b>-4205</b>
	Baran (Raj)	34200	55800	<b>-21600</b>
	Jhalawar (Raj)	13750	28900	<b>-15150</b>
<b>Rapeseed/Mustard</b>	Rajasthan	1235000	2110000	<b>-875000</b>
<b>*Soybean: 1 bag = 90 kg; RM Seed: 1 bag = 85 kg</b>				

MSP for 2016/17 Kharif Oilseeds

The Cabinet Committee on Economic Affairs, chaired by the Prime Minister Shri Narendra Modi, has given its approval for Minimum Support Prices (MSPs) for Kharif Crops of 2016-17 season, the MSPs of all the Kharif oilseeds are raised for this season.

The MSP of Yellow Soybean is increased by 6.7% to Rs 2775/Qtl (including Rs 100 bonus) for 2016-17 season from Rs 2600/Qtl in 2015-16, Groundnut -in- shell by 4.7% to Rs 4220/Qtl (including Rs 100 bonus) from Rs 4030/Qtl, Sunflower seed by 3.9% to Rs 3950/Qtl (including Rs 200 bonus) from Rs 3800/Qtl, Nigerseed by 4.8% to 3825/Qtl (including Rs 100 bonus) from Rs 3650/Qtl and Sesamum by 6.4% to Rs 5000/Qtl (including Rs 200 bonus) from Rs 4700/Qtl.

## MSP for 2015/16 Rabi Oilseeds

The Cabinet Committee on Economic Affairs has approved the Minimum Support Prices (MSPs) for Rabi Oilseeds Crops of 2014-15 season to be marketed in 2015-16 as follows: The MSP of Rapeseed/Mustard is raised by Rs. 50/Qtl to Rs. 3100/Qtl from Rs. 3050/Qtl earlier. For Safflower too it is increased by Rs. 50/Qtl to Rs. 3050/Qtl from Rs. 3000/Qtl in 2013-14.

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