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# Oilseeds Monthly Research Report

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## Contents

- ❖ Executive Summary
- ❖ Outlook – Cash Market
- ❖ AW Oilseeds Index
- ❖ International Highlights
- ❖ Soybean – Domestic & International
- ❖ Balance Sheet – Soybean, India
- ❖ Soy meal
- ❖ Soybean Crush Margin
- ❖ Technical Analysis - Soybean
- ❖ Rapeseed - Mustard
- ❖ RM Seed Supply, Rajasthan
- ❖ Balance Sheet – Rapeseed-Mustard, India
- ❖ Technical Analysis – RM Seed
- ❖ Annexure – Prices etc.

## Executive Summary

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Soybean, meal and rapeseed-mustard extended previous month's losses on commencement of soybean harvesting and increase in new soybean crop supplies in the cash market with harvesting gradually picking up the pace.

However, the domestic soybean harvesting has slowed due to the recent rains over the key growing belts of Madhya Pradesh and Maharashtra. However, it is expected to pick up the pace and the peak arrivals are expected hit around mid-October.

The soybean harvesting in Rajasthan has also started, in the first week of October.

The new crop supplies have eventually pressured the soy meal too.

Besides, US soybean harvesting is also lagging behind from its normal pace due to the rains in previous weeks over US Midwest. The CBOT soybean is under supply pressure but strong demand for US soybean limited the losses.

Further, the rapeseed-mustard was under pressure primarily due to the commencement of the new soybean crop supplies and on expected rise in the *kharif* oilseeds production this season. We expect the seed to recover for fresh demand from millers to meet the festive mustard oil demand.

The domestic soybean and meal are expected to feature range-bound movement with firm bias on expectation fresh new *kharif* oilseeds demand from stockists and solvent extractors.

The rapeseed-mustard too is expected recover in near-term but weakness in soybean is pressuring the seed. We feel the seed prices will recover on fresh millers demand in anticipation of renewed festive demand in the mustard oil.

## Outlook – Cash Market

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**Outlook - Soybean (Spot, Indore):** The soybean fell with the commencement of harvest and increase in new crop supplies. We feel prices have bottomed out and are around the lowest levels. However, expectation of higher domestic soybean crop this season, weak soy meal exports, forecast of record US soybean production and lower crude will pressurize the domestic soybean to some extent. The prices are expected to feature range bound movement and witness 3050 – 3350 levels (Indore, Plant basis).

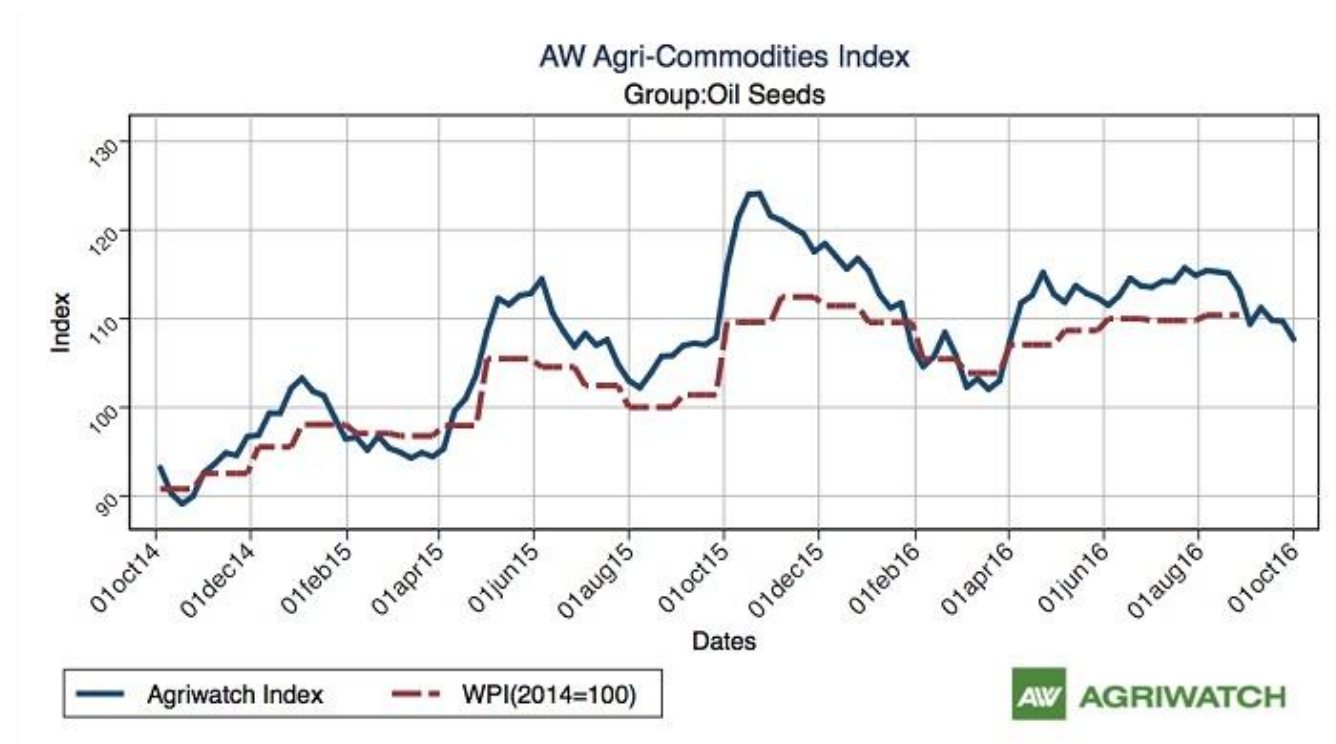
**Outlook – Soy meal:** Soy meal too extended losses in sync with soybean. We feel that the prices are near the season's lowest levels. Further, expectation of higher crushing on likely good soybean production after better distribution of seasonal rainfall in the key soybean domestic regions and weak soy meal exports is restricting gains in the domestic soy meal. 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 26,000 – 28,000/MT levels in October.

**Outlook - Rapeseed-Mustard (Spot, Jaipur basis):** The seed fell primarily due to pressure by new soybean supplies in the cash market, in recent weeks. Likely improved buying by miller's, to meet the fresh mustard oil demand for upcoming festivities will push up the seed prices. The seed prices are likely to edged-up and witness the levels between 4700 – 4900; levels during the week.

## AW Oilseeds Index – 01 October 2016

The Agriwatch Agri Commodities Index edged down 0.20% to 115.90 during the week ended Oct 1, 2016 from 116.13 during the previous week. The base for the Index and all sub-Indices is 2014 (= 100).

In the commodity group sub-index, Oilseeds Index stood at 107.67 (-1.83 %) 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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- ❖ In the USDA Quarterly grain stock report, released on September 30, the US soybean stocks were reported at a five-year high of 197 million bushels for old crop soybeans stored in all positions on 1 September 2016.
- ❖ Of which on farms stocks totaled at 41.6 million bushels, down 16% from a year ago. Off-farm stocks totaled at 155 million bushels, down 10% from September 2015. Analysts were expecting soybean stocks of 201 million bushels.
- ❖ US oilseeds processors have crushed 4.219 million tonnes (140.6 million bushel) of soybean during August 2016 which is down from 4.337 million tonnes during the corresponding period last year and down from 4.604 million tonnes processed in July 2016.
- ❖ The crushing is lightly lower than the analyst's average of 4.231 million tonnes, reported by USDA.
- ❖ USDA weekly crop progress report has revealed that about 68% of the US soybean crop is dropping leaves which down from 69% during the corresponding period last year but above from 64% with the 5 year average.
- ❖ Harvesting is reported at 10%, down compared to 17% during the corresponding period last year and from 13% from 5 year average. About 73% of the newly planted US soybean crop is under good to excellent conditions which is up from 62% during the same period last year, reported in the US crop progress report dated 26 Sept. 2016.
- ❖ Pro Farmer has projected US soybean production at a record 4.093 billion bushels, considering an average yield of 49.3 bushels per acre after the recent crop tour; this is above USDA's August WASDE - outlook for a 4.060 billion bushels production with an average yield of 48.9 bushels per acre.
- ❖ US oilseeds processors have crushed 4.604 million tonnes of soybean during July which is down from 4.673 million tonnes during the corresponding period last year and marginally down from 4.624 million tonnes processed during June this year, reported USDA. US soy meal inventories stood at 419,802 tonnes up from 281,038 tones in June.
- ❖ Abiove has forecast Brazil's 2017 soybean production at record 101.3 million tonnes compared to 96 – 98 million tonnes estimated for 2016 by various agencies. Abiove has estimated the Brazil will be able to export 57 million tonnes of soybean in 2017.

- ❖ Brazil has exported 1.09 million tonnes of soy meal in August against 1.11 million tonnes during the corresponding period last year and 1.39 million tonnes in July 2016.
- ❖ Brazil's soybean output growth is projected at average 4.1% per year in next 10 years and soybean output is expected surpass 140million tonnes by 2025 by FCStone.
- ❖ Argentine government has postponed a tax slash premeditated for next marketing year on exports of soy and its products. The country is reeling into economic slump and dependent of the fiscal revenue.
- ❖ 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.
- ❖ 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 report. 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.
- ❖ 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. 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 previous season, however, higher inventories is expected to limit the rise in buying.

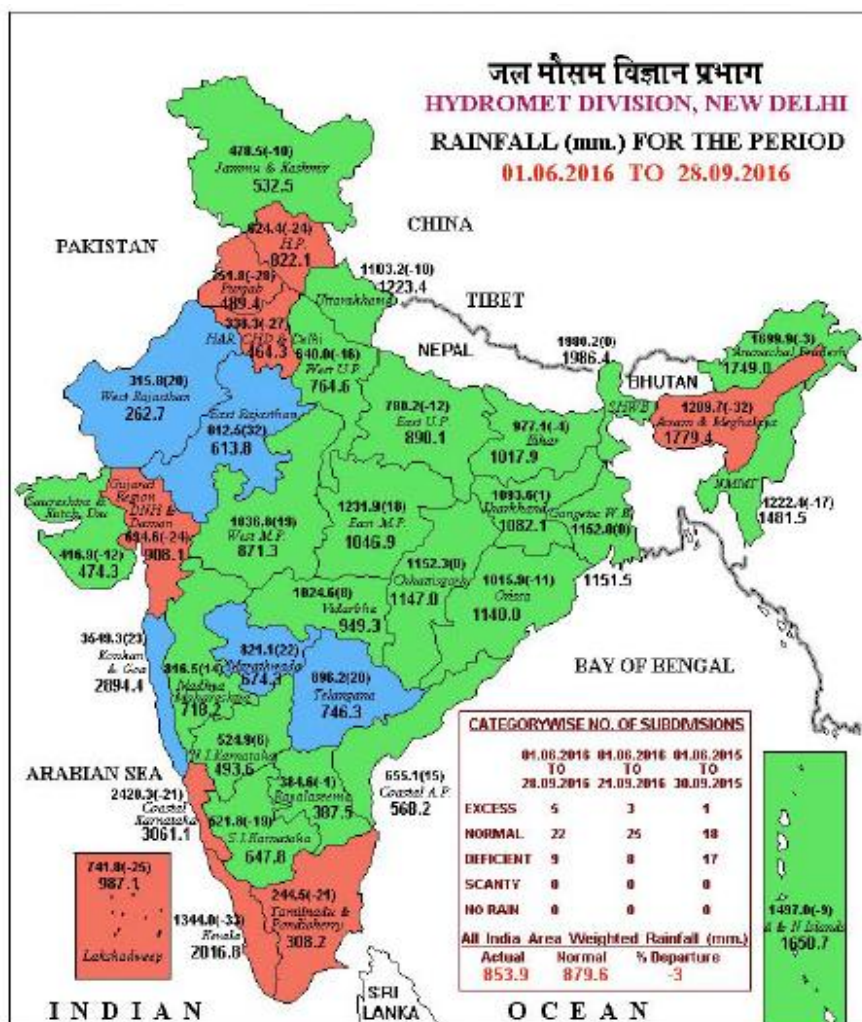
China National Grain and Oils Information Center (CNGOIC), said in the IGC grain conference that the country's soybean imports were expected to reach 82 million tonnes in the 2015/16 year on an October-September season compared to 78.35 million tonnes during the corresponding period in 2014/15.



## 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  $\pm 9\%$ .
- However, IMD has recently revealed that the seasonal rains will be within normal.



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



## Soybean

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The domestic soybean witnessed steep fall primarily due to the surge in new soybean crop supply. The prices fell by 8% in September compared to August.

The soybean harvesting in Madhya Pradesh and Maharashtra was slightly slowed due to rains in the previous weeks but it has gained momentum now with clear weather in the key growing belts.

The new crop bean is quoted above Rs 3200/quintal. The moisture in the new crop bean is reported between 14-15% at varying from center to center. The moisture in the newly harvested bean is comparatively higher in Maharashtra due to prolonged wet weather conditions and the beans is selling at discount there.

But forecast of rains over Maharashtra and scattered rains over Madhya Pradesh in near-term may hamper the harvest to some extent.

The soybean harvesting in Rajasthan is yet to hit the ground and it is likely commence by first and second week of October, weather has to be supportive, forecast of any wet weather can hinder the harvest in Rajasthan.

The domestic soybean crop is under maturity stage and the crop needs clear and sunny weather for good health. However, there are no reports of any major crop damage, disease or pest infestation.

The overall rainfall over Madhya Pradesh, Maharashtra and Rajasthan at the end of the month – September reportedly stood normal and above normal in various key belts.

IMD in its weekly Southwest monsoon progress report has reported India's actual rainfall at 853.9 mm against the normal 879.6 mm and departure stands at -3%, till 28 September 2016.

In West Madhya Pradesh, the departure of Southwest monsoon has improved to normal by +19%, actual rains is reported at 1036.8 mm vs 871.3 mm normal till 28 September 2016 by IMD. Vidarbha reported the departure of +8%, actual rains 1024.6 mm vs 949.3 mm normal. Marathwada reported the departure of +22% with actual rains of 821.1 mm vs 674.3 mm, East Rajasthan reported a departure of +32% with actual rains 812.5 mm vs 613.8 mm normal.

Better seasonal/monsoon rains this season is expected to boost the soybean production. But any further rains over the key soy growing belt will hurt maturity will raise the quality concern in the crop.

In the official planting report by Ministry of Agriculture, dated 23 September 2016, the area coverage under soybean reported slightly lower by 1.4% at 114.71 lakh hectares compared to 116.28 lakh hectares in the corresponding period last year.

<b>Crop</b>	<b>As on 23 Sep. 2016</b>	<b>As on 23 Sep. 2015</b>	<b>% Chg.</b>
Groundnut	46.93	36.38	<b>29.0</b>
Soybean	114.71	116.28	<b>-1.4</b>
Sunflower	1.61	1.48	<b>8.8</b>
Sesamum	15.75	16.91	<b>-6.9</b>
Others	10.16	12.66	<b>-19.7</b>
<b>Total Oilseeds</b>	<b>189.16</b>	<b>183.71</b>	<b>3.0</b>

The total sown area under *kharif* oilseeds, as on 23 September, has surpassed the previous year's level which is up by 3% at 189.16 lakh hectares compared to 183.71 lakh hectares during the corresponding period last year.

India's total area under soybean in 2015 was 116.16 lakh hectares which was higher by 5.8% from 2014.

We expect India's area under soybean in 2016 to be slightly lower than 116 lakh hectares.

In the USDA's WASDE September report India's soybean production forecast are lowered to 9.7 million tonnes from 11.4 million tonnes in August.

In the USDA – FAS grain report, the US attaché in India had projected India's 2016/17 soybean production at 11.5 million tonnes up from its previous forecast of 11 million.

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 feature range-bound movement with weak bias on expectation of higher soybean production this season, weak soy meal export sales will pressure the bean market in near-term. But likely fresh demand for new season will push up the prices in coming weeks.***

## **International:**

Side-ways movement featured in the international soybean with US soybean harvesting picking up the pace and strong demand for US soybean.

The new crop supplies pressured the CBOT soybean while the strong demand for US soybean restricted any big fall in the same.

At CBOT, November contract soybean prices declined and fell to US \$ 9.52/bushel in the last week of September and finally settled at US \$ 9.54/bushel, on 30 September, under the week in review.

USDA weekly crop progress report has revealed that about 68% of the US soybean crop is dropping leaves which down from 69% during the corresponding period last year but above from 64% with the 5 year average.

Harvesting is reported at 10%, down compared to 17% during the corresponding period last year and from 13% from 5 year average. About 73% of the newly planted US soybean crop is under good to excellent conditions which is up from 62% during the same period last year, reported in the US crop progress report dated 26 Sept. 2016.

In the USDA Quarterly grain stock report, released on September 30, the US soybean stocks were reported at a five-year high of 197 million bushels for old crop soybeans stored in all positions on 1 September 2016.

Of which on farms stocks totaled at 41.6 million bushels, down 16% from a year ago. Off-farm stocks totaled at 155 million bushels, down 10% from September 2015. Analysts were expecting soybean stocks of 201 million bushels.

U.S. August soybean crush fell to 131.822 million bushels from 143.715 million bushels in July, down by 7.9 percent m-o-m. Crush of soybean in August 2015 was 135.304 million bushels, According to National Oilseed Processors Association (NOPA).

In the USDA's WASDE September report the US soybean yield is projected up at 50.6 bushels per acre from 48.9 bpa previously, which has eventually increased the production projections to 4.201 billion bushels from 4.060 billion bushels estimated in August.

FCStone has raised its projection of the US 2016 soybean productivity to a record 50.1 bushels per acre (bpa) up from its previous forecast of 48.8 bpa.

Again Informa Economics has increased its US 2016 soybean productivity projections to 49.5 bpa from 47.7 bpa previously.

Pro Farmer has projected US soybean production at a record 4.093 billion bushels, considering an average yield of 49.3 bushels per acre after the recent crop tour; this is above USDA's August WASDE - outlook for a 4.060 billion bushels production with an average yield of 48.9 bushels per acre.

The dry weather in Brazil and Argentina is preventing the timely soybean planting.

Abiove has forecast Brazil's 2017 soybean production at record 101.3 million tonnes compared to 96 – 98 million tonnes estimated for 2016 by various agencies.

Abiove has estimated the Brazil will be able to export 57 million tonnes of soybean in 2017.

In a major event Brazil's 2016/17 soybean planting has commenced and it is 1.2% complete by September 22.

Conab has raised its Brazil's 2015/16 soybean production estimate to 95.43 million tonnes, which was harvested in May, from 95.42 million tonnes in the previous estimate.

FC Stone has projected Brazil's 2016/17 soybean production at 101.85 million tonnes compared to 95.4 million tonnes in 2015/16.

Brazil's soybean output growth is projected at average 4.1% per year in next 10 years and soybean output is expected to surpass 140million tonnes by 2025 by FCStone.

Brazil's soybean cultivators are unlikely to increase the area in soybean in the new season due to the tight credit followed by severe slowdown in the economy in decades and the likely erratic weather, said FCStone.

The Brazilian farmers are likely to plant 33.56 million hectares (82.9 million acres) with soybean in 2016/17 which will be an increase of just 315,000 hectares, up 0.9%, compared to 2015/16.

The soybean outturn is expected to touch 101.85 million tonnes, considering the average productivity of 2015/16, when production could only reach 95.42 million tonnes due to drought.

Brazil has exported 3.82 million tonnes of soybean in August against 5.16 million tonnes during the corresponding period last year and 5.79 million tonnes in July 2016.

Argentina's soybean crushings are reportedly falling primarily due to the reserved farmer selling and poor soy meal shipment from the country.

Argentine government has postponed a tax slash premeditated for next marketing year on exports of soy and its products. The country is reeling into economic slump and dependent of the fiscal revenue.

China's 2016/17 soybean imports growth are expected to slow down on higher state reserve or inventories and increase in China's soybean production.

China is world's largest soybean importer, with two thirds of the world soybean trades volume. China's imports grew by 5 million tonnes year-on-year since 2004, considering the USDA figure.

China's soybean production is up 13% to 13.1 million tonnes, highest in last 5 years, reported by China National Grain and Oils Information Center (CNGOIC).

China's 2016/17 soybean demand is expected to touch 85 million tonnes, up from 83 million in 2015/16 for the crop year ending September 31.

China continues to ease its soybean inventories and have sold the about 1.4 million tonnes of soybean in its open market since July, reported CNGOIC.

China's August'16 soybean imports are reported down by 1.5% at 7.6 million tonnes compared to 7.7 million tonnes in July'16.

China's soybean imports slowed down due to its higher state soy inventories.

Chinese soybean imports were reported to only 23.0 Mn T in June/Aug 2016, 2.4 Mn T less than a year ago, reported by the Oil World.

Oil World have is considering that US exporters will increase shipments to China by 4 Mn T in next six months.

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.

G-5 soybean shipments have substantially risen by 10.9 Mn T in Sept/Aug 2015/16 compared to the corresponding period last year, Oil World.

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 weak bias on US harvest pressure and forecast of record US soybean production and weak crude. However, fresh Chinese orders for the new crop delivery could jack up the soybean prices in near-term*

*Besides, expected higher soybean crop on better monsoon this season in India and poor soy meal shipments from India will limit any sharp gains in the domestic soybean in medium-term.*

## Balance Sheet – Soybean, India

*Fig. in MnT*

Soybean (Fig in Mn T) MY-Oct.-Sep.			Q3	Q4	Q1	Q2
	2014-15E	2015-16E	Oct-Dec'15 E	Jan-Mar'16 E	Apr-Jun'16 E	July-Sep 16 E
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 caused by 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

The domestic soy meal fell in sync with soybean after the new crop soybean supplies surged in the market yards at the key centers.

The domestic soy meal demand continued to be flat while the exports are reportedly weak due to India's uncompetitive meal price at the international market.

Likely higher 2016/17 domestic soybean production will eventually increase the soybean crushing and improve the availability in meal in the new season.

But India's soy meal prices have to be competitive to improve the meal shipment in the new season. SOPA is likely to push and convince the traditional markets to buy the meal of Indian origin in coming days.

In view of the good crop prospects, SOPA sees a very good possibility of India re-entering these markets with competitive prices and an added advantage of the Indian soy meal being totally Non-GM.

We expect India's soy meal exports to improve in the new season on expected better 2016/17 soybean crop production leading to higher crushing eventually increasing the meal supplies.

Besides, soy meal too fell in the international market on harvesting pressure and expected record US soybean production, projected by various agencies including Pro Farmer, USDA, FCStone and after their survey for US soy and corn productivity.

The December CBOT soy meal edged-lower and settled at US \$ 299.6 per short ton in the last week of September compared to US \$ 308.7 per short ton on 30 August..

The domestic soy meal prices at Indore, fell and were quoted between Rs 27,500 – 29,000/MT compared to Rs 29,000 – 30,300/MT previous week.

At Latur and Nanded, Maharashtra, soy meal was quoted at Rs 32,300/MT and Rs 31,200/MT respectively compared to Rs 27,500/MT in Indore and Rs 27,400/MT in Kota. The meal prices of the various centers of Maharashtra continued to be 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 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.

***India's export of soy meal and its other value added products during Oil year 2015-16 declined by 65% as compared to previous year.***

***Exports of soy meal and its other value added products during current oil year 2015-16 was 2.62 lac tons as compared to 7.51 lac tons in the same period of previous year.***

***The top 10 destinations for export of soy meal and its other value added products during last oil year were Sri Lanka – 34,821 tons, Japan – 28,859, Indonesia – 26,890, Kenya – 24,009, Taiwan – 16,380, USA – 15,056, Korea – 14,112, Thailand – 12,636, Myanmar – 11,846 and Oman – 9,528 tons.***



***On a financial year basis, the export of soy meal and its other value added products during April'2016 to September'2016 is 0.76 lac tons as compared to 2.02 lac tons in the same period of previous year showing a decrease of 62.5%, as reported by SOPA.***

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 1.09 million tonnes of soy meal in August against 1.11 million tonnes during the corresponding period last year and 1.39 million tonnes in July 2016.

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 corresponding period last year. The figure reveals slow export pace due to rains and disruptions at port.

G-5 soy meal shipments were at a combined 10.1 Mn T in July/Aug 2016 below the high year ago level, said Oil World.

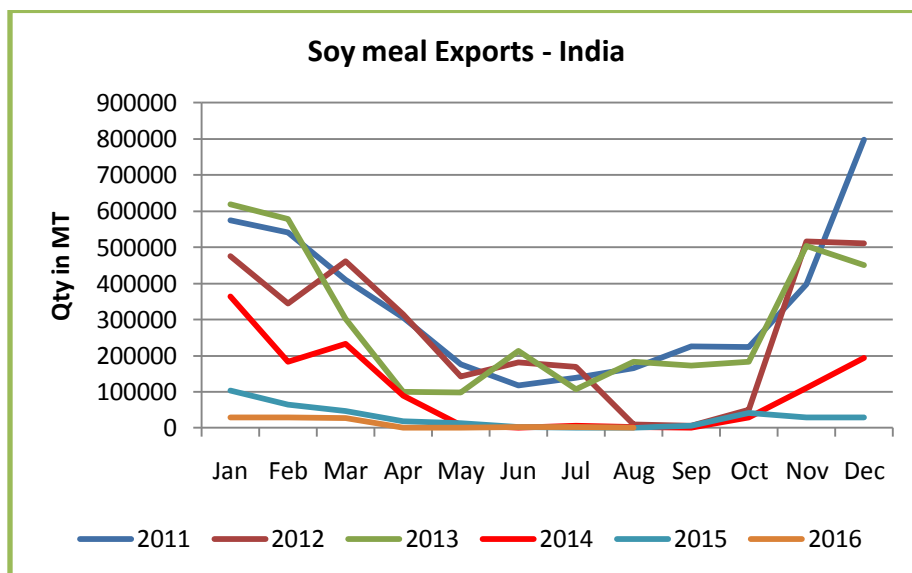
Oil world expects world production of soy meal to rise by about 6% to a record 163.8 Mn T in Jan/Sept 2016, allowing exports to improve by 3.2 Mn T or 7% under the lead of Argentina.

*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.*

*The soy meal prices are likely to feature range-bound movement with weak-bias on likely higher domestic and international soybean production, in near-term. However, prices could get strength once the demand for new crop meal creeps into the market, which could be seen in a couple of weeks.*

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India's Y-o-Y soy meal prices, Indore, are currently lower. Soy meal Indore was quoted lower between Rs 27,500 – 30,500/MT during the month – September compared to Rs 29,500 – 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	3290
<b>Aug</b>	205890	127299	176138	165510	10005	183555	2778	768	1726
<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>95139</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 – Sep. 2016		Avg Crush Margin – Aug. 2016		Avg Crush Margin – Sep. 2015	
<b>-218</b>		<b>-947</b>		<b>-1100</b>	
Min	Max	Min	Max	Min	Max
<b>-1065</b>	<b>950</b>	<b>-1385</b>	<b>-235</b>	<b>-2136</b>	<b>-190</b>

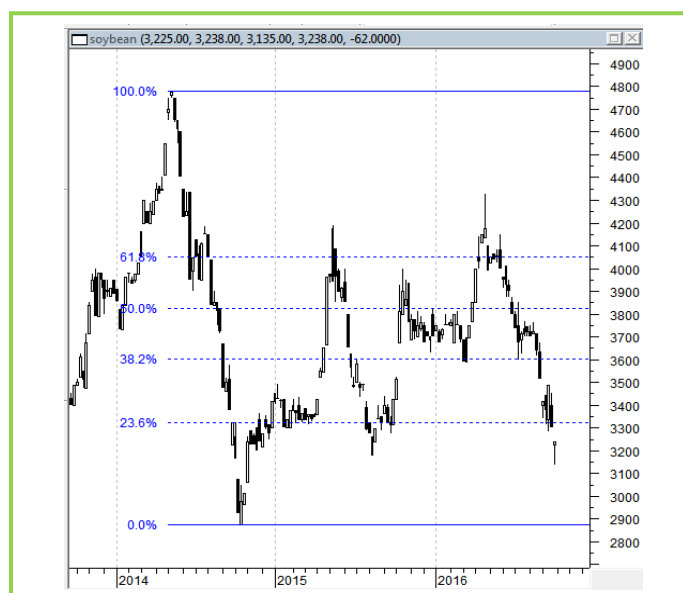
The disparity in soybean crushing in September 2016 has narrowed down from August 2016 and also lowered than the corresponding period last year. Soybean relatively fell more than the soy meal and soy oil during the period.

## Technical Analysis:

### NCDEX Soybean Futures



### Soybean Spot, Indore



\*Daily Chart

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

S1	S2	PCP	R1	R2
3000	3100	3259	3718	3869

- Soybean, Nov. contract, witnessed mild losses in September in the market.
- Prices closed below 40-day EMA.
- MACD is falling in the positive territory.
- RSI and stochastic are easing in neutral zone.
- Trade Recommendation (NCDEX Soybean – Nov.) – 1 Month: **BUY** Above 3150. T1 – 3350; T2 - 3400; SL –3030.

## Rapeseed - Mustard Seed

The domestic rapeseed-mustard eased during September primarily due to the surge in new soybean crop supply pressure along with better *kharif* oilseeds production prospects.

Further, fall in Malaysian palm oil too remained bearish for the seed which closely tracks the international palm oil.

We feel fresh festive mustard oil demand will limit the losses in the rapeseed-mustard and could even boost the seed prices in near-term.

Currently, the seed prices at benchmark, Jaipur were quoted between Rs. 4,815 – 4,930 per quintal but the prices are close to the previous year's level of Rs. 4,800 – 4,980 per quintal during the corresponding periods last year.

The all India daily arrivals of the seed continued to ease and were reported between 0.70 – 0.80 lakh bags and are lower compared to 0.7 – 1.05 lakh bags during the corresponding period last year.

### RM Seed Supply, Rajasthan

RM Seed Arrivals in Rajasthan in Bags (85 kg each).		
Monthly Arrivals– Sep.	1 Month Ago	Corresponding Period Last Year
9,10,000	8,75,000	12,15,000

Recently, the government of India has slashed the import duty on refined palm oil to 15% from 20% earlier and on crude palm oil to 7.2% from 12.5% earlier. This has made the palm oil imports cheaper when the CPO price rose at BMD and Malaysia took decision on rising the export duty.

India's rapeseed-mustard closely tracks international palm oil benchmark, BMD.

India's August edible oil imports fell 8.2 percent y-o-y to 12.49 lakh tons from 13.65 lakh tons in August 2015. Palm oil imports fell 6.9 percent y-o-y to 7.55 lakh tons y-o-y from 8.1 lakh tons in August 2015. CPO Imports fell by 16.25 percent y-o-y to 5.41 lakh tons from 6.46 lakh tons in August 2015. RBD palmolein imports rose by 34.18 percent y-o-y to 2.12 lakh tons from 1.58 lakh tons in August 2015.

Soy oil imports were down 17.7 y-o-y to 3.34 lakh tons from 4.06 lakh tons in August 2015. Sunflower oil imports rose by 10.8 percent y-o-y to 1.13 lakh tons from 1.02 lakh ton in August 2015. Rapeseed (Canola) oil imports rose by 6.7 percent y-o-y to 0.48 lakh tons from 0.45 lakh tons in August 2015, reported by Solvent Extractor's Association of India.

India's August edible oil stocks at ports and pipelines was lower by 4.65 percent m-o-m at 20.50 lakh tons from 21.50 lakh tons in July 2016. Stocks of edible oil at ports were at 755,000 tons (CPO 215,000 tons, RBD palmolein 110,000 tons, Degummed Soybean Oil 300,000 tons, Crude Sunflower Oil 105,000 tons and 25,000 tons of Rapeseed (Canola) Oil) and about 1,300,000 tons in pipelines. India is presently holding 37 days of

edible oil requirement on 1st September, 2016 at 20.5 lakh tons compared to 39 days of requirements last month. India's monthly edible oil requirement is 16.5 lakh tons.

India's rapeseed-mustard follows the international palm oil as India imports the oil in huge quantities.

Malaysia's September palm oil exports fell 15.8 percent to 1,365,517 tons compared to 1,621,480 tons last month. Top buyers were India at 266,080 tons (450,929 tons), European Union at 252,399 tons (269,523 tons), China at 217,430 tons (289,550 tons), United States at 62,324 tons (78,535 tons) and Pakistan at 61,175 tons (31,000 tons). Values in brackets are figures of last month, cargo surveyor Societe Generale de Surveillance (SGS).

Malaysia has increased October crude palm oil export duty to 6.5 percent from 5 percent in September. Tax is calculated at reference price of 2879.47 ringgit (USD 698) per ton. Prices above 2,250 ringgit are taxed with tax starting from 4.5 percent to a maximum of 8.5 percent, reports Malaysian Palm Oil Board (MPOB).

*Outlook: The rapeseed-mustard is expected to witness gains on upcoming fresh demand in mustard oil on festivities and falling weather temperature.*

## 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 Nov. Contract

S1	S2	PCP	R1	R2
4387	4188	4642	5038	5166

- Rapeseed-mustard extended previous losses September.
- Prices closed below 40-day EMA.
- MACD is easing in positive territory.
- RSI and stochastic are easing in neutral zone.
- Trade Recommendation (NCDEX RM Seed – Nov.) – 1 Month: **BUY** Above 4500. T1 – 4700; T2 - 4750; SL –4380.

## Annexure

### Oilseed Prices at Key Spot Markets:

Commodity / Centre	Prices (Rs/Qtl)				Change
<b>Soybean</b>	<b>1-Oct-16</b>		<b>31-Aug-16</b>		
	<b>Low</b>	<b>High</b>	<b>Low</b>	<b>High</b>	
Indore –Plant	3225	3250	3350	3400	-150
Indore–Mandi	2700	3200	3000	3200	Unch
Nagpur-Plant	3570	3600	3600	3650	-50
Nagpur – Mandi	2800	3100	3000	3250	-150
Latur – Mandi	2400	3461	3400	3572	-111
Kota-Plant	3200	3250	3200	3300	-50
Kota – Mandi	3060	3150	3000	3150	Unch
Bundi-Plant	3150	3200	3300	3350	-150
Bundi-Mandi	3100	3150	3250	3300	-150
Baran-Plant	2900	3050	3200	3350	-300
Baran-Mandi	3000	3060	3100	3270	-210
Bhawani Mandi Jhalawar–Kota-Plant Delivery	2950	3000	3100	3275	-275
Jhalwar-Mandi	3020	3075	3000	3080	-5
<b>Rapeseed/Mustard</b>					
Jaipur-(Condition)	4815	4820	4855	4860	-40
Alwar-(Condition)	4500	4600	4600	4650	-50
SriGanganagar-(Non-Condition-Unpaid)	3900	4050	4050	4150	-100
New Delhi–(Condition)(New Crop)	4700	4725	4720	4750	-25
Kota-Non-(Condition)	4000	4200	4000	4100	100
Agra-(Condition)	4800	5025	5100	5125	-100
Neewai	4400	4450	4500	4575	-125
Hapur (UP)(New Crop)	4600	4700	4500	4650	50
<b>Groundnut Seed</b>					
Rajkot	1100	1100	1200	1200	-100
<b>Sunflower Seed</b>					
Gulbarga	2658	3256	3003	3354	-98
Latur	NA	NA	NA	NA	-
Sholapur(New Crop)	3550	3600	3620	3700	-100
<b>Sesame Seed</b>					

Mumbai (White98/2/1	6900	6900	7400	7400	<b>-500</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
		September,16	August,16	
<b>Soybean</b>				
	Madhya Pradesh	982000	600000	<b>382000</b>
	Maharashtra	489000	379000	<b>110000</b>
	Rajasthan	332000	221000	<b>111000</b>
	Bundi (Raj)	1042	533	<b>509</b>
	Baran (Raj)	23900	26900	<b>-3000</b>
	Jhalawar (Raj)	26000	14700	<b>11300</b>
<b>Rapeseed/Mustard</b>	Rajasthan	910000	875000	<b>35000</b>
<b>*Soybean: 1 bag = 90 kg; RM Seed: 1 bag = 85 kg</b>				

## MSP for 2016/17 Kharif Oilseeds

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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

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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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