
Oilseeds Monthly Research Report

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Executive Summary

Soybean, meal and rapeseed-mustard witnessed losses on soybean and other *kharif* oilseeds harvest pressure..

The domestic soybean harvesting is almost complete in the key growing belts.

The soybean supplies are strong but have fallen from its peak witnessed a fortnight back. The moisture content in the bean too has reduced with clear weather and reduction in the soil moisture.

Improved soy meal exports enquiries primarily from South-East Asian countries at the current level will remain supportive for the bean in the medium-term.

Further, the groundnut harvest is picking up the pace in the key growing belts. Better *kharif* oilseeds production will limit the gains in the oilseeds in near to medium-term.

However, CBOT soybean posted gains on strong demand for US soybean.

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

Further, the rapeseed-mustard continued to be under pressure primarily on new soybean crop supplies and on expected rise in the *kharif* oilseeds production this season. However, we expect the seed to recover on improved demand from millers, to meet the winter mustard oil demand in lean season.

Outlook – Cash Market

Outlook - Soybean (Spot, Indore): The soybean prices are under new crop supply pressure but we expected to improve in November. We feel the prices have bottomed out and are hovering around the lowest levels. However, expectation of higher domestic soybean crop this season, weak soy meal exports, forecast of record US soybean production will pressurize the domestic soybean to some extent. The prices are expected to feature range bound movement and witness 31,00 – 32,00 levels (Indore, Plant basis).

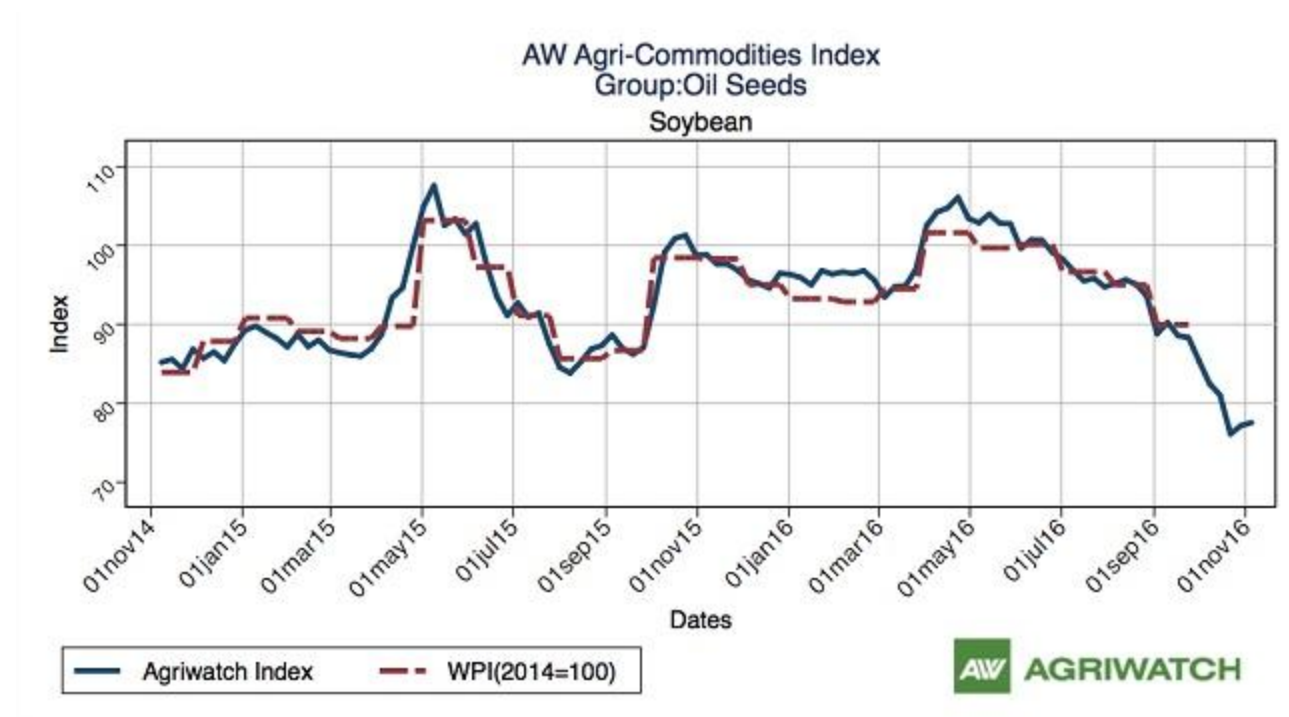
Outlook – Soy meal: Soy meal prices too are under pressure in sync with soybean. Expectation of higher crushing on likely good soybean production on better distribution of seasonal rainfall in the key soybean domestic regions and weak soy meal exports is limiting the gains in the domestic soy meal. Indian 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 with firm-bias in near-term. Soy meal, Indore is expected to be in the range of 25,500 – 26,000/MT levels during the month, November.

Outlook - Rapeseed-Mustard (Spot, Jaipur basis): The seed witnessed losses during October. Likely renewed buying by miller's, to meet the seasonal and fresh mustard oil demand for upcoming winter demand will push up the seed prices. The seed prices are likely to edged-up and witness the levels between 4800 – 4900; levels during the month, November.

AW Oilseeds Index – 06 November 2016

The Agriwatch Agri Commodities Index eased for the fourth straight week, declining 0.81% to 114.30 during the week ended Nov 5, 2016 from 115.24 during the previous week. The base for the Index and all sub-Indices is 2014 (= 100). The Index is now at its lowest since the week ending June 11, 2016 when it had closed at 113.62.

In the commodity group sub-index, Oilseeds Index stood at 102.30 (+0.82%) 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. The daily indices are available on subscription. Please contact for more details."

International Highlights

- ❖ **USDA weekly crop progress report has revealed that US soybean harvesting is complete by at 93% lower compared to 94% during the corresponding period last year but up from 91% from 5 year average, reported on 06 November 2016.**
- ❖ Brazil's soybean planting has reached 52.5 percent as on November 4, 2016 compared to 42.3 percent in corresponding period last year and 48.7 percent (5-year average).
- ❖ Informa Economic has raised its forecast of US 2016 soybean productivity to 52.4 bushels per acre in November from 51.6 bpa estimated in October.
- ❖ Informa has projected 2016 US soybean production at 4.353 billion bushels up from 4.3 billion bushels projected previous month.
- ❖ FCStone has raised its forecast for US 2016 soybean productivity to a record 52.8 bushels per acre from 52.5 in its October report.
- ❖ Further, FCStone has raised its US 2016 soybean production estimate to 4.386 billion bushels 4.357 billion bushels projected in October.
- ❖ 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.
- ❖ 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.
- ❖ 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 crop tour.
- ❖ 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's soybean output growth is projected at average 4.1% per year in next 10 years and soybean output is expected surpass 140 million 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 Brazil's 2015-16 production by 1 million tonnes to 96.5 million tonnes, in its recent report. Besides, Informa has lowered 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.

Soybean

The domestic soybean witnessed steep fall during the month in review. New crop soybean supply had pressured the market.

The soybean harvesting is complete but the farmers are reluctant to sell their produce at the current lower prices.

Further, stockists and the solvent extractors are actively participating in the market to cover their stock for future.

Improved export enquires for forward booking at the current levels will lend support to the bean in medium-term.

The new crop bean have slightly edged-up and was quoted between Rs 2850/quintal to Rs 31,00/quintal at Indore depending on the quality and moisture.

India's 2016 soybean production is projected around 11.5 million tonnes by Agriwatch which is higher than 9 million tonnes.

In the USDA's WASDE October report India's soybean production forecast are kept unchanged at 9.7 million tonnes from September. However, 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 it's 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 firm bias on expectation of fresh buying by the solvent extractors. However, higher soybean production this season, weak soy meal export sales will pressure the bean market in near-term.

International:

The CBOT soybean featured gains on strong demand for US soybean mainly by China, during the period under review. However, the gains are limited due to the record US soybean crop and its supplies in the market.

At CBOT, November contract soybean prices edged-up to US \$ 10.02/bushel compared to US \$ 9.54/bushel last ended last month.

The soybean harvesting in US is underway it is in full swing and slightly lagging and close to the 5 year average.

USDA weekly crop progress report has revealed that harvesting is complete by at 87% lower compared to 91% during the corresponding period last year but up from 85% from 5 year average, reported on 31 October 2016.

Net US weekly soybean export sales stood at 2,514,100 MT for 2016/2017--a marketing-year high--were up 28 percent from the previous week and 34 percent from the prior 4-week average. Increases were reported for China (2,069,200 MT, including 613,000 MT switched from unknown destinations and decreases of 29,900 MT), Germany (151,700 MT), Thailand (139,900 MT, including 128,000 MT switched from unknown destinations), Mexico (130,200 MT, including decreases of 9,100 MT), and Saudi Arabia (69,400 MT, switched from unknown destinations).

Reductions were reported for unknown destinations (363,200 MT). For 2017/2018, net sales of 60,000 MT were reported for Spain. Exports of 2,932,600 MT--a marketing-year high--were up 7 percent from the previous week and 48 percent from the prior 4-week average. The primary destinations were China (2,087,700 MT), Germany (151,700 MT), Thailand (142,000 MT), Mexico (113,700 MT), and Saudi Arabia (69,400 MT).

Informa Economic has raised its forecast of US 2016 soybean productivity to 52.4 bushels per acre in November from 51.6 bpa estimated in October.

Informa has projected 2016 US soybean production at 4.353 billion bushels up from 4.3 billion bushels projected previous month.

U.S. September soybean crush fell to 129.405 million bushels from 131.822 million bushels in August, down by 1.8 percent m-o-m. Crush of soybean in September 2015 was 126.704 million bushels, according to National Oilseed Processors Association (NOPA).

In the October US World Agriculture Supply and Demand Report the US soybean yield is raised to 51.4 bushels per acre from 50.6 bushels in its September report. This has raised the US soybean production further to a record 4,269 million bushels from 4,201 million projected earlier.

ANEC, Brazilian grain export association has slashed its forecast for the country's 2016 soybean export for 52 million tonnes against 57 million tonnes in 2015 season.

However, ANEC expects Brazil's 2017 soybean exports to reach 53 million tonnes.

FCStone has raised its forecast for US 2016 soybean productivity to a record 52.8 bushels per acre from 52.5 in its October report.

Further, FCStone has raised its US 2016 soybean production estimate to 4.386 billion bushels 4.357 billion bushels projected in October.

Brazil's soybean planting has reached 52.5 percent as on November 4, 2016 compared to 42.3 percent in corresponding period last year and 48.7 percent (5-year average). Planting in Mato Grosso has reached 82 percent, higher than 70.2 percent average during this period. In second highest producing state of Parana, planting has reached 73 percent, higher than 72 percent average. Third highest soybean state planting is 9 percent compared to 14.4 percent due to heavy downpour in recent days, reported Safras & Mercado.

Brazil's soybean planting are well ahead of schedule in most parts of the country. In contrast, Argentine soybean planting is lagging behind due to excessive wet weather.

Weather conditions are forecast to improve in South America in a couple of weeks. Much needed moisture is expected to arrive in central Brazil while drier conditions are expected in extreme wet conditions in Argentine areas. This will boost the ongoing soybean planting.

Further South American soybean and meal exports remained weaker than expected in October. Brazil's soybean exports itself fell to 1.0 Mn T and soy meal exports halved from a year ago to 0.72 Mn T, in October.

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 that 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, Brazil's agricultural statistics agency has reported that the country's 2017 soybean production could increase to 104 million tonnes from 95.5 million tonnes in drought hit year 2016.

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 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 2016/17 soybean area is seen down at 20.4 million hectares. The soybean yield is expected 3% lower than the normal at 2.77 tonnes per hectares and eventually production is projected at 54.3 million tonnes.

Argentina is expected to produce 53 Mn T of soybeans in 2016/17 compared to 56 Mn T in 2015/16. Argentina's area under soybean is expected to fall to 19.6 million hectares from 20.1 million hectares in 2015/16. Fall in area under soybean is due to postponing of lifting export taxes on soybean and soybean products until 2018. Area will shift towards corn and wheat where export duties were slashed to zero when the current president took the office, said Buenos Aires Grains Exchange.

Argentina postpones its decision to slash the soy export taxes for this year and 2017. The Argentine government has decided to ease the tax by 0.5% per month from January 2018 to December 2019, stated the President Mauricio Macri early this week.

Macri had already cut the export tax from 35% to 30% in December shortly after Macri was elected as President and taking over the office.

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 September soybean imports fell by 6.3% to 7.19 million tonnes from 7.67 million tonnes in August, reported General Administration of Customs of China.

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 this season..

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

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

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

Paraguay's area under soybean is expected to increase in 2016/17 due to favourable soy prices and expected better returns also production is forecast up at 8.6 million tonnes compared to 6.4 million tonnes last season.

The international soybean prices are expected to feature range bound movement with firm bias on better export demand for US soybean and rising crude. However, harvest pressure and forecast of record US soybean production will limit the gains.

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 near-term.

Balance Sheet – Soybean, India

Fig. in MnT

Soybean (Fig in Mn T) MY-Oct.-Sep.			Q3	Q4	Q1	Q2
	2014-15	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 witnessed mild gains supported by improved exports enquiries at the current price level, which sharply slumped in recent weeks.

Besides, fresh seasonal domestic buying will support the soy meal prices in near-term but the meal prices are unlikely to post sharp gains so as to keep the exports window open for forward booking for some more time.

Further, India's soy meal export remained dull in recent years and we feel it is expected to recover as the meal prices witnessed sharp fall in previous weeks, making Indian meal prices slightly competitive to international meal market, which continued to be remain uncompetitive for long.

Higher domestic soybean demand in 2016/17 will eventually increase the soybean crushing which will further increase the availability in soy meal in the new season.

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 remained witnessed losses and settled at US \$ 309.0 per short ton compared to US \$ 317.5 per short ton last week.

The domestic soy meal prices at Indore, almost flat and quoted between Rs 24,200 – 25,000/MT in the first week of November.

At Latur and Nanded, Maharashtra, soy meal continued downtrend and were quoted at Rs 25,500/MT and Rs 24,700/MT respectively compared to Rs 24,200/MT in Indore and Rs 25,000/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 exports and its other value added products (HS Code 2304) during October 2016 is stood at 19,139 tons compared to 42,104 tons in October 2015 showing a decrease of 54.5% over the same period of last year.

On a financial year basis, the export during April'2016 to October'2016 is 94,871 tons as compared to 2,43,632 tons in the same period of previous year showing a decrease of 61%, as reported by SOPA.

Myanmar (3995.2 MT), Japan (3193.49 MT), Nepal (1945.43), Kenya (1653.36 MT) and USA (1306 MT) were the key buyers of Indian origin meal in October.

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

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.

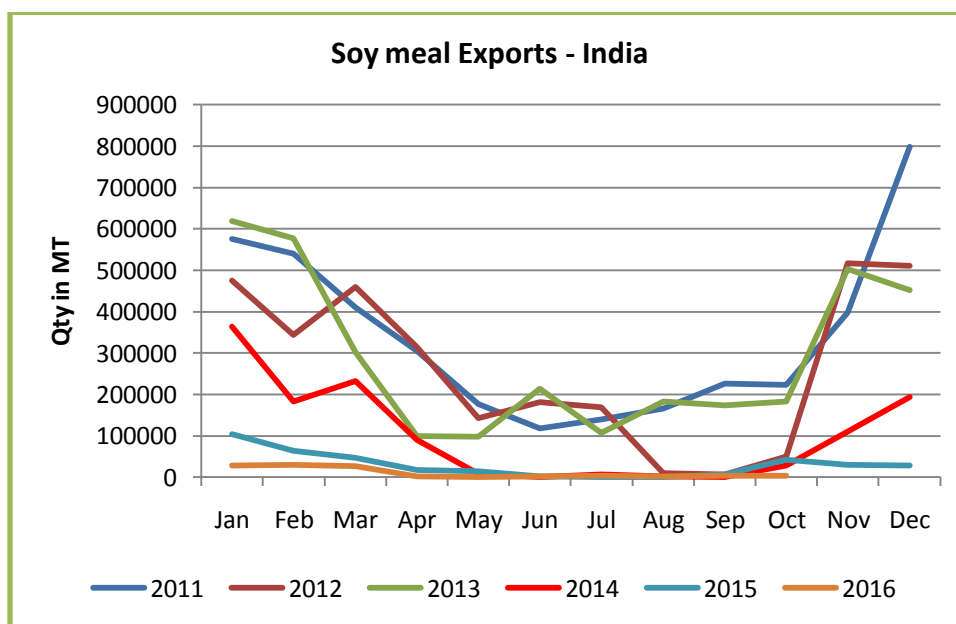
Oil world expects world production of soy meal to rise by about 6% to a record 163.8 Mn T in Jan/Sept 2016, allowing exports to improve by 3.2 Mn T or 7% under the lead of Argentina.

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.

India's Y-o-Y soy meal prices, Indore, are currently lower. Soy meal Indore was quoted lower between Rs 24,200 – 25,000/MT during the week compared to Rs 32,650 – 34,000/MT during the corresponding period last year.

The soy meal prices are likely to feature range-bound movement with firm-bias on likely fresh buying by the poultry and feed manufacturing industry. However, higher domestic and international soybean production will pressure the market, in near-term.



India's Y-o-Y soy meal prices, Indore, are currently lower. Soy meal Indore was quoted lower between Rs 24,200 – 28,500/MT during the month – October compared to Rs 31,500 – 36,400/MT during the corresponding period last year.

Soy Meal Export (In MT)

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Jan	521243	521243	240318	574996	474993	619793	364443.7	103934	7707
Feb	375098	375098	220552	540360	344240	577589	183551	64514	1127
Mar	224639	224639	163666	410537	460464	302131	232176	46670	430.1
Apr	539175	100106	60264	305033	313832	100312	75884	18017	1442
May	326875	77018	60575	176819	142588	97547	8226	14045	1015
Jun	241508	109923	98400	117600	180987	213564	2636	2098	2672
Jul	282438	58268	166632	139547	168341	107038	6682	929	3290
Aug	205890	127299	176138	165510	10005	183555	2778	768	1726
Sep	68443	171955	290868	225921	6525	173381	868	6886	3343
Oct	88723	219721	404960	223594	49840	182724	29071	4237	3177
Nov	647400	297340	443488	397659	517103	503269	110806	8909	-
Dec	655882	328225	611157	798041	510698	451314	193832	5667	-
Total	4177314	2610835	2937018	4075617	3179616	3512217	843874	276674	95139

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 – Oct. 2016		Avg Crush Margin – Sep. 2016		Avg Crush Margin – Oct. 2015	
-44		-218		-963	
Min	Max	Min	Max	Min	Max
-1150	1186	-1065	950	-1690	-5

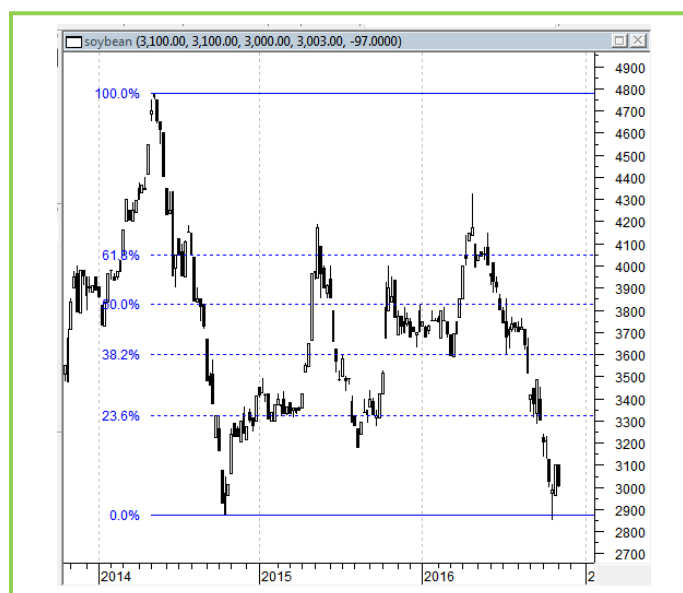
The domestic soybean crush margins remarkably improved in October 2016 with soy oil remained almost flat while soybean and meal fell relatively lower. It has recovered from previous month and also pretty better than the corresponding period last year.

Technical Analysis:

NCDEX Soybean Futures



Soybean Spot, Indore



*Daily Chart

Support & Resistance NCDEX- Soybean Dec. Contract

S1	S2	PCP	R1	R2
2800	2700	3195	3500	3693

- Soybean, Dec. contract, witnessed sharp losses on selling pressure in the 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 – Dec.) – 1 Month: **BUY** Above 3100. T1 – 3250; T2 - 3300; SL –3010.

Rapeseed - Mustard Seed

The domestic rapeseed-mustard featured losses pressured by new kharif oilseeds supplies during the week under review.

Further, slump in the BMD CPO remained negative for the domestic seed market.

However, the seed witnessed some gains towards the weekend. The boost could be a signal towards the winter demand for seed on likely improved demand in mustard oil.

We expect rapeseed-mustard prices to remain under pressure for some more time, till the soybean and other newly kharif oilseeds supplies remain strong.

The seed prices at benchmark, Jaipur was quoted between Rs. 4,635 – 4720 per quintal and they are lower than the previous year's level of Rs. 5,315 – 5,425 per quintal witnessed in the corresponding periods last year.

The all India daily arrivals of the seed continued to ease and were reported between 0.50 – 0.60 lakh bags and are lower compared to 0.95 - 1.1 lakh bags during the corresponding period last year.

RM Seed Supply, Rajasthan

RM Seed Arrivals in Rajasthan in Bags (85 kg each).		
Monthly Arrivals– Oct.	1 Month Ago	Corresponding Period Last Year
8,70,000	9,10,000	13,50,000

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

The market is waiting for India's October edible oil imports figure. We expect them to be slightly lower year-on – year for likely increase in the domestic oil availability with improved seasonal crushing in *kharif* oilseeds.

India's September edible oil imports rose 8.2 percent y-o-y to 13.77 lakh tons from 12.06 lakh tons in September 2015. Palm oil imports fell by 1.15 percent y-o-y to 7.74 lakh tons y-o-y from 7.83 lakh tons in September 2015. CPO Imports fell 5.2 percent y-o-y to 5.65 lakh tons from 5.96 lakh tons in September 2015. RBD palmolein imports rose 18.5 percent y-o-y to 2.05 lakh tons from 1.73 lakh tons in September 2015.

Soy oil imports rose 46.4 y-o-y to 4.70 lakh tons from 3.21 lakh tons in September 2015. Sunflower oil imports rose by 52.9 percent y-o-y to 1.03 lakh tons from 0.68 lakh ton in September 2015. Rapeseed (Canola) oil imports fell 10.0 percent y-o-y to 0.30 lakh tons from 0.33 lakh tons in September 2015, reported by Solvent Extractor's Association of India.

India's September edible oil stocks at ports and pipelines rose 1.95 percent m-o-m at 20.90 lakh tons from 20.50 lakh tons in August 2016. Stocks of edible oil at ports rose to 860,000 tons compared 755,000 tons in August. Stocks of edible oil at ports were 860,000 tons (CPO 260,000 tons, RBD Palmolein 140,000 tons, Degummed Soybean Oil 375,000 tons, Crude Sunflower Oil 70,000 tons and 15,000 tons of Rapeseed (Canola) Oil) and

about 1,230,000 tons in pipelines (stocks in pipelines were at 1,300,000 tons in August). India is presently holding 38 days of edible oil requirement on 1st October, 2016 at 20.90 lakh tons compared to 37 days of requirements last month. India's monthly edible oil requirement is 16.5 lakh tons.

Malaysia's October palm oil exports fell 5.1 percent to 1,295,576 tons compared to 1,365,517 tons in September. Top buyers were European Union at 307,685 tons (252,399 tons), India at 189,724 tons (266,080 tons), China at 178,711 tons (217,430 tons), Pakistan at 59,770 tons (61,175 tons) and United States at 41,270 tons (62,324 tons). Values in brackets are figures of last month, cargo surveyor Societe Generale de Surveillance (SGS).

Malaysia kept November crude palm oil export duty unchanged at 6.5 percent. Tax is calculated at reference price of 2865.40 ringgit (USD 689.63) 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 seasonal-winter demand in mustard oil and dwindling seed supplies.

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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 Dec. Contract

S1	S2	PCP	R1	R2
4200	4100	4498	4900	5000

- Rapeseed-mustard extended previous losses in October.
- Prices closed below 40-day EMA.
- MACD is easing in positive territory.
- RSI and stochastic are falling in neutral zone.
- Trade Recommendation (NCDEX RM Seed – Dec.) – 1 Month: **BUY** Above 4400. T1 – 4600; T2 - 4650; SL –4280.

Annexure

Oilseed Prices at Key Spot Markets:

Commodity / Centre	Prices (Rs/Qtl)				Change
Soybean	31-Oct-16		30-Sep-16		
	Low	High	Low	High	
Indore –Plant	3050	3150	3225	3250	-100
Indore–Mandi	2825	3075	2700	3200	-125
Nagpur-Plant	2980	3100	3570	3600	-500
Nagpur – Mandi	2550	3050	2800	3100	-50
Latur – Mandi	2150	2950	2400	3461	-511
Kota-Plant	3050	3150	3200	3250	-100
Kota – Mandi	2900	3100	3060	3150	-50
Bundi-Plant	3025	3150	3150	3200	-50
Bundi-Mandi	3000	3030	3100	3150	-120
Baran-Plant	3050	3200	2900	3050	150
Baran-Mandi	2920	3125	3000	3060	65
Bhawani Mandi Jhalawar–Kota-Plant Delivery	2975	3100	2950	3000	100
Jhalwar-Mandi	2700	3025	3020	3075	-50
Rapeseed/Mustard					
Jaipur-(Condition)	4635	4640	4815	4820	-180
Alwar-(Condition)	4525	4600	4500	4600	Unch
SriGanganagar-(Non-Condition-Unpaid)	3900	4050	3900	4050	Unch
New Delhi–(Condition)(New Crop)	4600	4650	4700	4725	-75
Kota-Non-(Condition)	3900	4000	4000	4200	-200
Agra-(Condition)	4900	5025	4800	5025	Unch
Neewai	4300	4350	4400	4450	-100
Hapur (UP)(New Crop)	4600	4625	4600	4700	-75
Groundnut Seed					
Rajkot	800	800	1100	1100	-300
Sunflower Seed					
Gulbarga	2955	3255	2658	3256	-1
Latur	NA	NA	NA	NA	-
Sholapur(New Crop)	3300	3335	3550	3600	-265
Sesame Seed					

Mumbai (White98/2/1	6700	6700	6900	6900	-200
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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
		October,16	September,16	
Soybean				
	Madhya Pradesh	7245000	982000	6263000
	Maharashtra	3473000	489000	2984000
	Rajasthan	1677000	332000	1345000
	Bundi (Raj)	45100	1042	44058
	Baran (Raj)	275500	23900	251600
	Jhalawar (Raj)	147500	26000	121500
Rapeseed/Mustard	Rajasthan	835000	910000	-75000
*Soybean: 1 bag = 90 kg; RM Seed: 1 bag = 85 kg				

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 Rs 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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