
Oilseeds Monthly Research Report

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Executive Summary

Soybean, soy meal and rapeseed mustard fell on seasonal supply pressure in rapeseed and higher bean arrivals after improved production this season.

Overall, the bean supplies are good and comparatively higher than the same period last year.

However, improved soy meal exports from India are expected limit the losses in medium-term. Solvent extractors are the key bean buyers and are keen to meet the increased overseas soy meal exports obligations.

However, weak domestic soy meal demand remained limiting factor for the soy in recent days. Further, attractive soy meal and soy oil exports price at the international market too remained limiting factors.

The rapeseed-mustard harvesting has gained momentum and it is in full swing, increasing the seed supplies in recent weeks at the key market centers

The rapeseed-mustard is expected to feature range bound movement with weak bias on rising new crop supplies, higher production estimate this season coupled. Besides, soybean will continue to remain under supply pressure in near-term.

Outlook – Cash Market

Outlook - Soybean (Spot, Indore): The soybean prices will continue to reel under supply pressure and lower than expected demand. Higher domestic soybean production this season, weak record global soybean production continued to be pressurizing factor for the domestic soybean. However, better soy meal exports will lend some support in coming days. The prices are expected to feature range bound movement between the price band of 2,950 – 3,150 levels (Indore, Plant basis), during March.

Outlook – Soy meal: Soy meal prices are expected to feature rebound movement during the month. Expectation of higher crushing on good soybean production continues to be a pressurizing factor for 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 remain under new crop supply pressure and feature range bound movement in near-term. However improved overseas demand in meal will lend some support to the prices. Soy meal, Indore is expected to be in the range of 23,000 – 24,000/MT levels during March.

Outlook - Rapeseed-Mustard (Spot, Jaipur basis): The rapeseed-mustard continued downtrend on new crop supply pressure in the seed during the week in review. Expectation of higher seed production after increase in the area under rapeseed this season and upcoming new marketing season will continue to pressure the seed further. The seed prices are likely to feature weakness and witness the levels between 3600 – 3800/Qtl; levels during the week.

International Highlights

- ❖ US 2017 soybean seeding is seen up at 88 million acres compared to 83.4 million in 2016 while corn area is reduced to 90 million acres from 94 million in 2016, projected by USDA.
- ❖ Agroconsult has projected Brazil's 2016/17 soybean production at 107.8 million tonnes up from 105.3 million projected initially in February. The agency has estimated Brazil's 2016/17 soy exports at 61.1 million tonnes.
- ❖ Argentina's Agriculture Ministry has slashed its estimate for planted soybean to 19.45 million hectares from 19.8 million hectares estimated previously.
- ❖ EU soybean imports fell 3% in 2016/17 season and registered imports of 8.4 million tonnes by Feb. 21 from 8.7 million tonnes during the corresponding period last season.
- ❖ EU soy meal imports during Jul. – Jun. 2016/17 season stood at 11.7 million tonnes, down 15% from 13.7 million tonnes during the corresponding period last year.
- ❖ Safras and Mercado has projected its Brazil's 2016/17 soybean production estimate at record 107.1 million tonnes up 10.2% from previous season.
- ❖ In the monthly report Informa has raised the Brazil's 2016/17 soybean to 106.5 million tonnes, up 105 million in its previous estimate in December.
- ❖ INTL FC Stone has raised its Brazil's 2016/17 soybean production estimate to 104.1 million tonnes which is up from 102.8 million estimated in the January.
- ❖ AgRural consultancy estimated that the 2016/17 Brazil soybean crop harvest reached 4.3% of the area higher compared to 1.5% harvest in the corresponding period last year and 1.2% in the five-year average.
- ❖ The Rosario Grain Exchange has slashed the Argentina's soybean production forecast to 52.9 million tonnes from its earlier forecast of 54.4 million tonnes.
- ❖ Global soybean outturn in 2016/17 is seen at 334 million tonnes, down from a previous projection of 336 million but still a record high, reported in IGC.
- ❖ Conab, the Brazilian government agency, has raised Brazil's 2016/17 soybean production forecast to 103.8 million tonnes from its December forecast of 102.45 million tonnes.

- ❖ Informa Economics has raised its projection for the U.S. 2017 soybean planting at 88.612 million acres surpassing the record high of 83.17 million acres planted in 2016. The projected U.S. 2017 area under corn is slashed to 90.841 million acre from 90.971 million previously, which will divert to soybean.
- ❖ Informa has kept the US 2016 soybean yield at 52.8 bushels per acre which is up from USDA's estimate of 52.5 bushels which is all time high.
- ❖ 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 from 4.357 billion bushels projected in October.
- ❖ U.S. Environmental Protection Agency (EPA) increased US biodiesel production target by 6.5 percent in 2017 to 19.28 billion gallons compared to previous mandate of 18.11 billion gallons. Conventional biodiesel use is raised to 15 billion gallons which is mainly corn based biodiesel. Remaining 4.28 billion gallons is set for advanced biodiesel mandate where soy oil is the major contributor. This step will decrease soy oil end stocks in US.
- ❖ 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.
- ❖ After AgRural and Conab, Agroconsult has raised Brazil's 2016/17 soybean production projection to 104.4 million tonnes from 102.6 million tonnes estimated in November.
- ❖ Brazil's 2016/17 soybean production is projected at 106 million tonnes by CRF, the production is much higher than the previous season (96.4 Mn T), when Brazil was hit by drought during the soybean crop development stage.
- ❖ Brazil's 2017 soybean exports are projected at 60 million tonnes which is up from 51-52 million estimated for the current marketing year 2016, reported by the National Association of Exporters of Cereals (ANEC).
- ❖ Further, CRF has projected Paraguay's soybean production at 8.6 million tonnes against 6.4 million tonnes produced last year.
- ❖ 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.

- ❖ Argentina's 2016/17 soybean production is expected to stand at 56 million tonnes against 58.8 million tonnes produced in 2015/16, said agriculture ministry.
- ❖ 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.
- ❖ 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 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 has 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.
- ❖ 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 crushing, reports Oil World.
- ❖ 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.
- ❖ As per the estimates by the government agency, Argentina's 2015/16 soybean production is estimated near 60 Mn T which is below last year production of 61.4 Mn T.
- ❖ China's total soybean imports in 2016 stood at 83.9 million tonnes which is up 2.7% from 2015. This was the smallest growth registered in years due to slowdown in China's economy and rise in country's own soybean production and sales from state inventories.
- ❖ 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.

Sown Area – *Rabi* Oilseeds, India

In the official Rabi oilseeds planting report, by the Ministry of Agriculture, the total coverage area under Rabi oilseeds is reported at 84.35 lakh hectares, up 6.2% from 79.42 lakh ha in the corresponding period of last year. Of the major oilseeds, rapeseed-mustard sowing is reported up by 9.3% at 70.56 lha compared to 64.53 lha during the corresponding period of last year. Groundnut at 6.16 lha vs 5.96 lha, safflower at 0.95 lha vs 1.17 lha, sunflower at 1.69 lha vs 3.21 lha, sesamum 0.57 vs 0.71 and Linseed at 3.84 lha vs 2.93 lha during the same period last year.

Area in Lakh Hectares

<i>Crop</i>	2017	2016	% Change
Rapeseed/Mustard	70.56	64.53	9.3
Groundnut	6.16	5.96	3.4
Safflower	0.95	1.17	-18.8
Sunflower	1.69	3.21	-47.4
Sesamum	0.57	0.71	-19.7
Linseed	3.84	2.93	31.1
Others	0.58	0.91	-36.3
Total Oilseeds	84.35	79.42	6.2

Source: MoA, GOI

Soybean

The domestic soybean fell on higher supplies in bean and limited or need based buying from solvent extractors to cater improved soy meal exports commitment, during the month under review.

However, higher domestic production and better supplies of bean kept the lip on the gains.

Currently, about 0.65 – 1.20 lakh bags of soybean are arriving in cash markets of Madhya Pradesh against 0.15 – 0.35 lakh bags during the corresponding period last year.

Slack in domestic soy meal offtake due to weak poultry demand too remained limiting factor.

Besides, cheap soy oil imports remained bearish for the bean.

However, better soy meal exports from India could lend support to bean in coming days.

The crushers are still not eager to quote higher for the bean in a bid to keep the meal prices attractive for the foreign buyers and keep the exports window open for some more time.

Currently, the bean prices are around the levels where they were at the time of harvest in October.

The rabi oilseeds has gained momentum and the oilseeds production is forecast to be higher.

The major buyers in Madhya Pradesh are as follows: Amrit Mandsaur, Ambika Joara, Agrawal Soy Dewas, Agrawal Neemuch, Adani, Agro Sol. Datia, Avi Agro, Bansal, Bajrang, Betul Oil, Dhanuka, Divya Jyoti, G. Ambuja, Itarsi, Indian Soya, Khandwa, Khyati, Kriti, K.P. Newari, Mahakali, M.S. Neemuch, Prakash, Oyster Exim, Prestige, Ruchi, Rama, RH Solvex, SSA Mandideep, Shanti Overseas, Sawariya Itarsi, Sitashri, Vippy (10-2-2 specification) for Dewas and Mandsaur delivery during the week.

Previous Update

Higher soybean supplies mean increase in crushing and eventually availability of more soy meal, which if not exported in time will lead to huge disparity in crushing.

India's domestic soy meal consumption is around 5 million tonnes and the production is expected to be 8 million tonnes, the surplus 3 million needs to be exported for the good crush market during the season.

The lower soy meal prices have increased the exports prospects which is expected to recover this season, after 3-years of weak soy meal exports of Indian origin. The oilseeds processors want the meal prices to be lower so that the soy meal exports window remains open for some more time, especially when India has produced higher soybean this season.

The soybean supplies continued to be higher not only in Madhya Pradesh but also in the key cash markets of Maharashtra and Rajasthan.

The domestic soybean prices are likely to feature range-bound movement with firm bias on fresh buying by the solvent extractors and stockists. However, higher soybean production this season, weak soy meal export sales will limit the gains in soybean in near-term.

International:

The benchmark CBOT soybean posted gains on logistic constraints in Brazil due to heavy rains, prospects for rise in demand for soy based biodiesel after White House statement that no executive order was in the works on ethanol, during the month under review.

Around 3000 trucks and 11 ships are stranded on highway and port respectively as the rains have washed out roads disrupting trucks carrying soybean to key ports for exports.

However, forecast of record soybean crop in the Brazil and bumper global bean supplies along with technical selling limited the gains.

The average CBOT soybean price of March contract stood at US \$ 10.37/bushel compared to US \$ 10.30/bushel last week.

Brazil's 2016/17 soybean crop production is forecast at 105 million tonnes which is up from 95.4 million tonnes estimated in 2015/16 by Oil World.

Brazil is expected to export around 52.3 million tonnes during February/August 2017 against 47.8 million tonnes in the corresponding period last year.

Informa Economics has also raised its Brazil's 2016/17 soybean production estimate to 108 million tonnes from 106.5 million tonnes projected previously.

Informa has projected Argentina's 2016/17 soybean crop at 55.0 million tonnes.

EU soybean imports fell 1% by 28 February 2016/17 and registered imports of 8.8 million tonnes from 8.9 million acres during the corresponding period last season.

EU soy meal imports during Jul. – Jun. 2016/17 season stood at 11.8 million tonnes, down 15% from 13.9 million tonnes during the corresponding period last year.

US 2017 soybean seeding is seen up at 88 million acres compared to 83.4 million in 2016 while corn area is reduced to 90 million acres from 94 million in 2016, projected by USDA.

Agroconsult has projected Brazil's 2016/17 soybean production at 107.8 million tonnes up from 105.3 million projected initially in February.

The agency has estimated Brazil's 2016/17 soy exports at 61.1 million tonnes.

Argentina's Agriculture Ministry has slashed its estimate for planted soybean to 19.45 million hectares from 19.8 million hectares estimated previously.

EU soybean imports fell 3% in 2016/17 season and registered imports of 8.4 million tonnes by Feb. 21 from 8.7 million acres during the corresponding period last season.

EU soy meal imports during Jul. – Jun. 2016/17 season stood at 11.7 million tonnes, down 15% from 13.7 million tonnes during the corresponding period last year.

US soybean crushers crushed higher than the market expectations in January, third highest January crush on record, said National Oilseed Processors Association.

NOPA reported that its members have processed 160.621 million bushels during January, up from 150.453 million bushels during the corresponding period last year and up from 160.176 million bushels in December 2016.

The US soyoil inventories of January 31 surged to 1.629 billion lbs from 1.582 billion lbs in January 2016 and also from from 1.434 billion lbs at the end of December.

AgRural consultancy has raised its Brazil's 2016/17 soybean production forecast to 105.4 million tonnes from 103.1 million tonnes projected previous month.

Previous updates:

Brazil's 2016/17 soybean production is projected at 104.6 million tonnes against 101.7 million tonnes projected in December by Abiove.

Abiove has estimated Brazil's 2017 soy exports at 58.7 million tonnes compared to 58 million projected in December.

Brazil had exported 51.58 million tonnes of soybean in 2016 up from Abiove's December estimate of 51.7 million tonnes.

Rosario grains exchange has raised Argentina's 2016/17 soybean crop production estimate at 54.5 million tonnes up from its previous estimate of 52.9 million tonnes on improved yield potential, which has offset the decline in the planted area this season.

Agroconsult has raised Brazil's 2016/17 soybean production estimate up to 105.3 million tonnes compared to 104.4 million predicted in early January.

Safras and Mercado have projected its Brazil's 2016/17 soybean production estimated at record 107.1 million tonnes up 10.2% from previous season.

The rise in production is attributed to favorable weather which has boosted the yield potential mainly in Midwest and Southeast.

In the monthly report Informa has raised Brazil's 2016/17 soybean to 106.5 million tonnes, up 105 million in its previous estimate.

It has kept the Argentina's 2016/17 soybean production unchanged at 55.0 million tonnes.

INTL FC Stone has raised its Brazil's 2016/17 soybean production estimate to 104.1 million tonnes which is up from 102.8 million estimated in the January.

The Rosario Grain Exchange has slashed Argentina's soybean production forecast to 52.9 million tonnes from its earlier forecast of 54.4 million tonnes.

Informa Economics has raised Brazil's 2016/17 soybean crop and kept Argentina's production estimate unchanged.

Global soybean outturn in 2016/17 is seen at 334 million tonnes, down from a previous projection of 336 million but still a record high, reported in IGC.

Informa Economics has slashed its US 2017 soybean plantings to 88.647 million acres from 88.862 million acres projected in December.

This is after the rise in US 2017 corn planting projections to 90.489 million acres from 90.151 million acres in the previous month.

Conab, the Brazilian government agency, has raised Brazil's 2016/17 soybean production forecast to 103.8 million tonnes from its December forecast of 102.45 million tonnes.

The raise is attributed to the favorable weather which has boosted the yield.

Brazil's 2015/16 soybean production stood at 95.4 million tonnes, when the production was hit due to the dry weather conditions.

Further Brazil is likely to export 57 million tonnes of soybean in 2016/17 compared to 51.6 million tonnes in 2015/16.

Brazil's 2015/16 soybean production fell due to the unfavorable weather condition and the country could harvest only 96.3 million tonnes of soybean.

Rosario Grains Exchange has raised its Argentina's 2016/17 soybean production estimate to 54.5 million tonnes up from its previous forecast of 52.9 million citing higher yield potential.

Argentina is forecast to harvest 54.8 million tonnes of soybean in 2016/17, said Buenos Aires Grains Exchange. The agency has raised the figure from its previous forecast of 53.5 million tonnes on improved weather in the country.

Argentina's 2016/17 soybean production is expected to stand at 56 million tonnes against 58.8 million tonnes produced in 2015/16, said agriculture ministry.

World exports of soybean were boosted by 23 million tonnes in the past 24 months. Soybean shipments of 5 top producing countries surged by 1.4 million tonnes in January'17, said Oil World.

Chinese soybean imports for Jan/Mar. 2017 are expected to be up by 3.0 million tonnes from the corresponding period last year, reports Oil World.

China's total soybean imports in 2016 stood at 83.9 million tonnes which is up 2.7% from 2015. This was the smallest growth registered in years due to slowdown in China's economy and rise in country's own soybean production and sales from state inventories.

Buenos Aires Grain Exchange has lowered Argentina's 2016/17 soybean planting estimate to 19.3 million hectares from its previous forecast of 19.6 million. Fall in area is attributed to the dry weather in Southeast Buenos Aires province. Argentina's 2015/16 area under soybean was reported at 20.1 million hectares

Conab, the Brazil's government crop supply agency has forecast Brazil's 2016/17 soybean production at 102.45 million tonnes, up 7% from the last season.

China is estimated to import 86 million tonnes of soybean in 2016/17 season, which will be highest ever.

Brazil's soy group Abiove has projected country's soybean exports at 58 million tonnes of soybean in 2017.

The group has estimated 2 million tonnes of additional soy meal production from March 2017 on biodiesel blend.

It has projected Brazil's 2016/17 soybean crop at 101.7 million tonnes and 41 million tonnes of soybean crush in 2017.

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.

Paraguay's soybean 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 on record global supply scenario.

Balance Sheet – Soybean, India

Fig. in MnT

Soybean (Fig in Mn T) MY- Oct.-Sep.			Q3	Q4	Q1	Q2
	2015- 16E	2016- 17F	Oct-Dec'16 F	Jan-Mar'17 F	Apr-Jun'17 F	July-Sep 17 F
Carry In	0.23	0.23	0.23	4.83	2.65	1.38
Production	9.00	11.50	11.5	0	0	0
Imports	0.00	0.00	0	0	0	0
Total Availability	9.23	11.73	11.73	4.83	2.65	1.38
Processing/Crushing	7.50	10.00	6.65	1.94	0.77	0.65
Exports & Direct Consumption	0.50	0.50	0.25	0.25	0.00	0.00
Seeding/Retained for Sowing	1.00	1.00	0	0	0.5	0.5
Total Usage	9.00	11.50	6.90	2.185	1.265	1.15
Carry Out	0.23	0.23	4.83	2.65	1.38	0.23
Monthly Use	0.75	0.96				
Stock/Consumption Ratio	0.03	0.02				
Stock to Month Use Ratio	0.30	0.23				

Source: Agriwatch

- **Trade Observations: Active buying is featured in soybean at various key cash markets. The solvent extractors and stockists are covering their stock future and to meet the soy meal commitments both at overseas and domestic front.**
- India's 2016/17 soybean production is projected at 11.5 million tonnes against 9.0 million last season.
- We expect India's 2016/17 soybean crush at 10.0 million tonnes vs 7.5 million in 2015/16.
- This translates into availability of 8 million tonnes of soy meal and 1.8 million tonnes of soy oil in 2016/17.
- Higher crushing mean increase in the availability of soy meal. India's soy meal prices have to compete with the meal prices of South America in 2016/17 also.

Soy meal

The domestic soy meal featured losses in tandem with soybean on higher supply outlook. Besides, weak domestic offtake in meal due to slack in poultry demand remained pressurizing factor.

However, soy meal witnessed gains in the international market and the average March CBOT soy meal prices stood at US \$ 336.8 per short ton compared to US \$ 330.5 per short ton last month.

As discussed earlier, India's soy meal exporters want to keep the meal prices attractive for the foreign buyers, in a bid to keep the exports window open and compete with the South American meal prices.

India's soy meal shipments have significantly improved this season after sluggish exports in last 3 seasons. We expect India's February exports figure higher than the corresponding period last year.

India's meal exports are expected to ease once the new crop crushing and exports picks up the pace in Argentina and Brazil.

Brazil's soybean crop harvesting is underway and it has gained momentum in recent days, but disruption in logistics due to heavy rains will prove supportive for India's. Argentina's soybean harvesting is expected to commence within a fortnight.

India's soy meal exports are up consistently y-o-y. In January'17 soy meal exports surged 446% after it registered a gain of 736% in December 2017.

The domestic soy meal prices at Indore, fell and were quoted at Rs 22,500 – 23,700/MT during February compared to Rs 22,500 – 24,300/MT in January.

At Latur and Nanded, Maharashtra, soy meal witnessed steady to weak tone and were quoted at Rs 24,200/MT and 23,600/MT respectively compared to Rs 23,400/MT in Indore and Rs 23,500/MT in Kota.

NOPA report reveals that the US soy meal shipments stood at 891,143 tons up from 686,493 tons during the corresponding period last year but down from 949,615 tons in December 2016.

EU soy meal imports during Jul. – Jun. 2016/17 season stood at 11.7 million tonnes, down 15% from 13.7 million tonnes during the corresponding period last year.

Previous Updates

India is expected to produce 8 million tonnes of soy meal this season. Out of which 5 million tonnes will be consumed domestically but another 3 million must be shipped overseas, failing which, the disparity on crushing soybean will increase.

India's forward booking for soy meal are better than the corresponding period last year, further sharp fall in the export prices in recent weeks in soy meal have made the imports from India lucrative.

The meal prices are unlikely to post sharp gains to keep the exports window open at least for the period when India's soybean crushing is at a higher pace for first 4 - 5 months (Oct-Feb) of the new marketing season.

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

We expect India's soy meal exports to recover slightly in the new season with higher 2016/17 soybean production leading to higher crushing eventually increasing the meal supplies.

India's 2016/17 soy meal exports are expected to witness 3 year high and expected to jump 2 million tonnes from 2,61,051 exported last year, stated industry officials.

The exporters have contracted to ship around 500,000 tonnes soy meal for December-March delivery.

However, currently the domestic soy meal demand is sluggish due to weak demand from poultry owing to fall in poultry demand after demonetization.

India's soy meal and its other value added products (HS Code 2304) during January 2017 is 1,55,164 tons compared to 28,398 tons in January 2016 showing an increase of 446.38% over the same period of last year.

On a financial year basis, the export during April'2016 to January'2017 is 6,01,294 tons as compared to 3,30,702 tons in the same period of previous year showing an increase of 81.82%.

During current Oil year, (October – September), total exports during October 2016 to January 2017 is 5,25,562 tons as against 1,29,174 tons last year, showing an increase by 306.86%, as reported by SOPA.

Japan (47703.830 MT), Bangladesh (44100.000 MT), France (35700.000 MT), Myanmar (12451.030 MT) and Indonesia (6435.000 MT) remained the top buyers of the soy meal of Indian origin during the month of January 2017.

Recovery in exports is primarily due to drastic fall in the Indian soy meal prices making it price competitive to South America.

Indian meal prices need 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 22,700 – 23,500/MT during the week compared to Rs 32,300 – 33,800/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 limit the gains market, in near-term.

Soy Meal Export (In MT)

	2009	2010	2011	2012	2013	2014	2015	2016	2017
Jan	521243	240318	574996	474993	619793	364443.7	103934	28400	155160
Feb	375098	220552	540360	344240	577589	183551	64514	29951	
Mar	224639	163666	410537	460464	302131	232176	46670	26645	
Apr	100106	60264	305033	313832	100312	75884	18017	12295	
May	77018	60575	176819	142588	97547	8226	14045	10400	
Jun	109923	98400	117600	180987	213564	2636	2098	17930	
Jul	58268	166632	139547	168341	107038	6682	929	12270	
Aug	127299	176138	165510	10005	183555	2778	768	10615	
Sep	171955	290868	225921	6525	173381	868	6886	12210	
Oct	219721	404960	223594	49840	182724	29071	4237	31390	
Nov	297340	443488	397659	517103	503269	110806	8909	97750	
Dec	328225	611157	798041	510698	451314	193832	5667	241250	
Total	2610835	2937018	4075617	3179616	3512217	843874	276674	531106	155160

Source: SEA

India's soy meal exports have seen commendable growth this season with attractive price offer, after multi-year fall in exports 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 – Feb. 2017		Avg Crush Margin – Jan. 2016		Avg Crush Margin – Feb. 2016	
-771		-420		-1209	
Min	Max	Min	Max	Min	Max
-1270	-214	-1120	990	-2055	-350

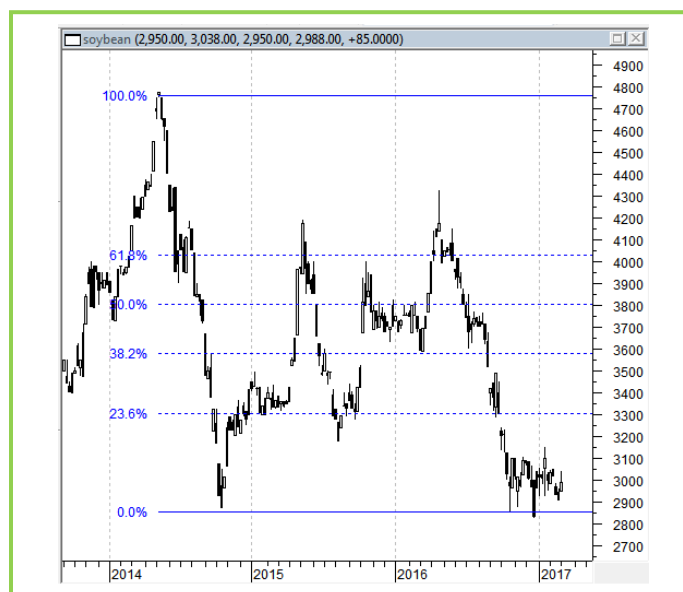
The domestic soybean crush margins in February 2017 better from the corresponding period last year after surge in the soy meal exports from India in the new 2016/17 marketing season.

Technical Analysis:

NCDEX Soybean Futures



Soybean Spot, Indore



*Daily Chart

Support & Resistance NCDEX- Soybean Apr. Contract

S1	S2	PCP	R1	R2
2700	2650	3007	3211	3364

- Soybean extended losses on selling pressure in the market.
- Prices closed below 40-day EMA.
- MACD is falling in the negative territory.
- RSI and stochastic are easing in oversold zone.
- Trade Recommendation (NCDEX Soybean – Apr.) – 1 Month: **SELL** Below 3100. T1 – 2800; T2 - 2750; SL –3220.

Rapeseed - Mustard Seed

The domestic rapeseed-mustard continued downward movement on rising new crop supplies with harvesting in full swing across the key producing regions.

The all India seed supplies surged to 1.85 – 3.85 lakh bags per day compared to 1.45 – 3.25 lakh bags during the corresponding period last year.

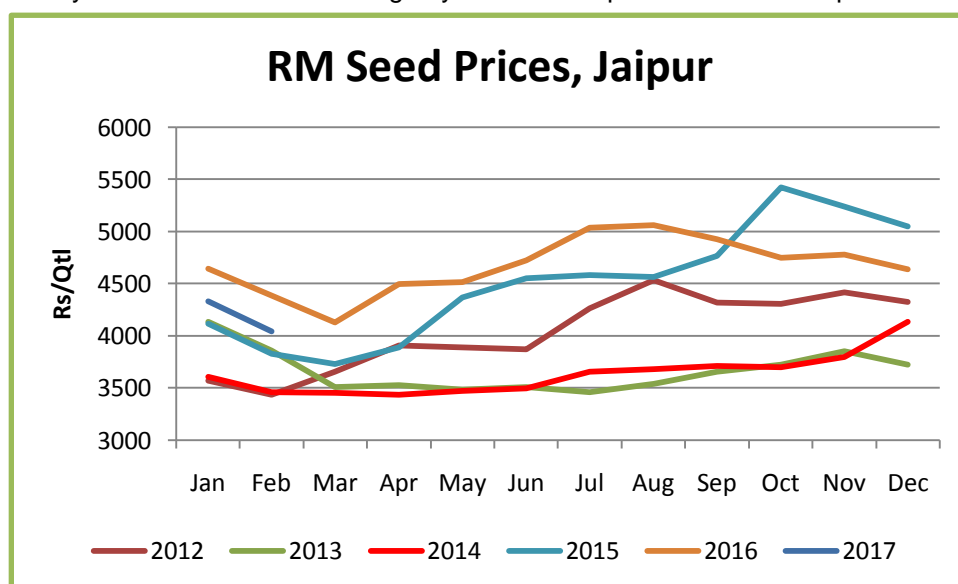
RM Seed Supply, Pan India

RM Seed Arrivals Pan India in Bags (85 kg each).		
Monthly Arrivals– Feb.	1 Month Ago	Corresponding Period Last Year
29,35,000	16,55,000	33,65,000

The seed harvesting is in full swing in the key producing states of Rajasthan, UP and Madhya Pradesh. The supplies are likely to consistently increase further in coming days and it is expected to reach its peak in first half of April.

The standing mustard seed crop is mostly under maturity phase and there are no reports of crop damage yet due to adverse weather or disease yet.

The new crop seed is quoted around Rs 3,825 – 3,955 a quintal compared to Rs 4,015 – 4,380 a quintal during the corresponding period last year at the benchmark, Jaipur.



At NCDEX futures, the April contract has improved and the seed is trading around 3900/Qtl compared to 3770/Qtl previous week.

India's edible oil imports are consistently falling m-o-m on improved domestic oilseeds crushing.

India's January edible oil imports fell 19.7 percent y-o-y to 10.08 lakh tons from 12.55 lakh tons in January 2016. Palm oil imports fell 11.5 percent y-o-y to 6.08 lakh tons y-o-y from 6.88 lakh tons in January 2016. CPO Imports fell 23 percent y-o-y to 4.08 lakh tons from 5.30 lakh tons in January 2016. RBD palmolein imports rose 30.7 percent y-o-y to 1.97 lakh tons from 1.50 lakh tons in January 2016.

Soy oil imports fell 62 percent y-o-y to 1.67 lakh tons from 4.41 lakh tons in January 2016. Sunflower oil imports rose 27.1 percent y-o-y to 2.15 lakh tons from 1.18 lakh ton in January 2016. Rapeseed (Canola) oil imports rose 134 percent y-o-y to 0.18 lakh tons from 0.07 lakh tons in January 2016, reported by Solvent Extractors Association (SEA).

India's January edible oil stocks at ports and pipelines fell 6.6% m-o-m to 17.30 lakh tons from 18.45 lakh tons in December 2016. Stocks of edible oil at ports fell to 642,000 tons (CPO 220,000 tons, RBD Palmolein 150,000 tons, Degummed Soybean Oil 180,000 tons, Crude Sunflower Oil 85,000 tons and 7,000 tons of Rapeseed (Canola) Oil) and about 1,088,000 tons in pipelines (stocks in pipelines were at 1,150,000 tons in December 2016).

India is presently holding 32 days of edible oil requirement on 1st February, 2017 at 17.80 lakh tons compared to 34 days of requirements last month. India's monthly edible oil requirement is 16.5 lakh tons

Malaysia's February palm oil exports fell 12 percent to 1,018,604 tons compared to 1,157,288 tons last month. Top buyers were European Union at 195,090 tons (213,950 tons), China at 143,560 tons (145,510 tons), India at 139,790 tons (140,550 tons), United States at 70,030 tons (50,350 tons) and Pakistan at 24,000 tons (31,500 tons). Values in brackets are figures of last month. reported cargo surveyor Societe Generale de Surveillance (SGS).

Previous Updates

India is expected to produce around 7.0 million tonnes of rapeseed-mustard in 2016/17 with an average yield of about 1000 kg/ha compared to 5.8 million in 2015/16.

Malaysia has increased March crude palm oil export duty to 8 percent from 7.5 percent in February. Tax is calculated at reference price of 3,337.30 ringgit (\$748.95) per ton. Tax is calculated above 2,250 ringgit starting from 4.5 percent to a maximum of 8.5 percent, said Malaysia Palm Oil Board (MPOB).

Malaysia's palm oil stocks declined to their lowest volume in 5-months at the end of January 2017. The fall is attributed to fall in the production and rise in exports in 5-months.

However, the inventories remained higher than the market/industry expectations.

The January palm oil inventories fell to 7.6% to 1.54 million tonnes, reportedly first month-on-month fall since August, reported by Malaysian Palm Oil Board (MPOB).

The fall in inventories supported the Malaysian palm oil prices at higher levels at BMD.

According to Indonesia Palm Oil Association, Indonesia's 2017 crude palm oil production is estimated to rise 12.7 percent to 35.5 MMT compared to 31.1 MMT in 2016. Heavy rains in 2016 will support palm oil production and growth in plantation in 2013 will bear fruit in 2017.

Malaysia's palm oil production in 2017 is estimated to rise 12 percent to 19.4 MMT from 17.4 MMT in 2016. Exports of palm oil in 2017 from Malaysia will increase 11.2 percent to 17.85 MMT from 16.05 MMT in 2016.

CPO prices are expected to remain firm in 2017, according to the board, said the Malaysia Palm Oil Board (MPOB).

Indonesia is expected to produce 32-33 MMT of palm oil in 2017 compared to estimated production of 28.5-30 MMT in 2016, higher by 16 percent y-o-y. Production in 2015 was 33 MMT. Wet condition in 2016 in Indonesia is primary reason for higher production in 2017. Exports are expected to grow to 23-25 MMT in 2017 compared to 23 MMT estimated in 2016. Palm oil prices rose in 2016 due to lower stocks of palm on El Nino, crude oil prices and biodiesel mandates in Indonesia and Malaysia, said Indonesia Palm Oil Association (GAPKI).

India's rapeseed-mustard is driven by Malaysian palm oil, India's edible oil imports and Chinese vegoil demand.

Outlook: The rapeseed-mustard is expected to feature weak tone on higher domestic seed production after rise in the acreage under the seed, upcoming new marketing season and better kharif oilseeds production and their supplies.

Balance Sheet – Rapeseed-Mustard Seed, India

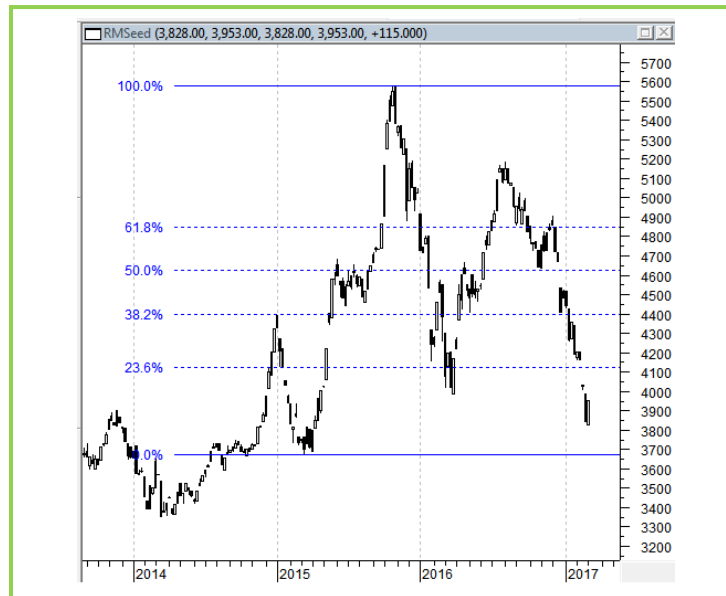
(Fig in MnT)

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 at around Rs 4,653/Qtl, Jaipur basis.

Technical Analysis:
NCDEX RM Seed Futures

RM Seed Spot, Jaipur


*Daily Chart

Support & Resistance NCDEX - RM Seed Apr. Contract

S1	S2	PCP	R1	R2
3750	3650	3848	3998	4140

- Rapeseed-mustard fell on selling pressure in the market.
- Prices closed below 40-day EMA.
- MACD is easing in negative territory.
- RSI and stochastic are falling in neutral zone.
- Trade Recommendation (NCDEX RM Seed – Apr.) – 1 Month: **SELL** Below 3950. T1 – 3750; T2 - 3700; SL –4070.

Annexure

Oilseed Prices at Key Spot Markets:

Commodity / Centre	Prices (Rs/Qtl)				Change
Soybean	28-Feb-17		28-Jan-17		
	Low	High	Low	High	
Indore –Plant	2900	3000	2950	3020	-20
Indore–Mandi	2700	2900	2725	2925	-25
Nagpur-Plant	2825	2950	2850	3000	-50
Nagpur – Mandi	2500	2720	2500	2740	-20
Latur – Mandi	2660	2871	2660	2971	-100
Kota-Plant	2800	2920	2950	3000	-80
Kota – Mandi	2750	2850	2900	2950	-100
Bundi-Plant	2900	2950	3020	3050	-100
Bundi-Mandi	2800	2900	2900	2950	-50
Baran-Plant	2750	2850	2650	3030	-180
Baran-Mandi	2700	2800	2800	2900	-100
Bhawani Mandi Jhalawar–Kota-Plant Delivery	2900	3000	2925	3050	-50
Jhalwar-Mandi	2850	2925	2900	2950	-25
Rapeseed/Mustard					
Jaipur-(Condition)(New Crop)	3875	3880	4155	4160	-280
Alwar-(Condition)(New Crop)	3750	3800	3975	4025	-225
SriGanganagar-(Non-Condition-Unpaid)	3400	3500	3500	3550	-50
New Delhi–(Condition)(New Crop)	3750	3800	4000	4050	-250
Kota-Non-(Condition)(New Crop)	3300	3400	3500	3550	-150
Agra-(Condition)(New Crop)	3975	4025	4350	4400	-375
Neewai(New Crop)	3450	3500	3700	3820	-320
Hapur (UP)(New Crop)	3550	3600	4150	4200	-600
Groundnut Seed					
Rajkot	838	838	848	848	-10
Sunflower Seed					
Gulbarga	2858	3206	2875	3406	-200
Latur	NA	NA	NA	NA	-
Sholapur(New Crop)	NA	NA	NA	NA	-
Sesame Seed					
Mumbai (White98/2/1	7050	7050	6700	6700	350

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
		February,17	January,17	
Soybean				
	Madhya Pradesh	2480000	2730000	-250000
	Maharashtra	2283000	2290000	-7000
	Rajasthan	811000	1242000	-431000
	Bundi (Raj)	3850	4650	-800
	Baran (Raj)	67700	64100	3600
	Jhalawar (Raj)	33500	50300	-16800
Rapeseed/Mustard	Rajasthan	1260000	NA	-
*Soybean: 1 bag = 90 kg; RM Seed: 1 bag = 85 kg				

India's Oilseeds Production Seen Record at 33.6 Mn T vs 25.3 Mn in 2nd Adv Est. - GOI

The 2nd Advance Estimates of production of oilseeds for 2016-17 have been released by the Department of Agriculture, Cooperation and Farmers Welfare on 15th February, 2017. The assessment of production of different crops is based on the feedback received from States and validated with information available from other sources.

The estimated production of major Oilseeds during 2016-17 is as under:

Oilseeds – 33.60 million tonnes (record) in 2016/17 vs 25.3 million tonnes in 2015/16

- Soyabean – 14.13 million tonnes vs 8.6 million tonnes in 2015/16
- Groundnut – 8.47 million tonnes vs 6.33 million tonnes in 2015/16
- Castorseed – 1.74 million tonnes vs 1.75 million tonnes in 2015/16

With an increase of 8.35 million tonnes over the previous year, total Oilseeds production in the country is estimated at record level of 33.60 million tonnes. It is higher by 0.85 million tonnes than the previous record production of 32.75 million tonnes achieved during 2013-14.

The production of Oilseeds during 2016-17 is also higher by 4.34 million tonnes than the five year's average Oilseeds production. The current year's production is significantly higher than the production of 25.25 million tonnes during 2015-16.

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 2016/17 Rabi Oilseeds

The Cabinet Committee on Economic Affairs has approved the Minimum Support Prices (MSPs) for Rabi Oilseeds Crops of 2016-17 season are as follows: The MSP of Rapeseed/Mustard is raised (10.4%) by Rs. 350/Qtl to Rs. 3,700/Qtl from Rs. 3,350/Qtl earlier. For Safflower too it is increased (12.1%) by Rs. 400/Qtl to Rs. 3,700/Qtl from Rs. 3,300/Qtl in 2014-15. Further, to incentivise cultivation of oilseeds, the Cabinet has decided to give a bonus of Rs 100/- per quintal each for Rabi oilseeds including Rapeseeds/Mustards and Safflower, over and above the recommendations of the CACP.

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