
Oilseeds Monthly Research Report

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

Soybean remained flat, soy meal featured some gains on steady exports while rapeseed-mustard witnessed losses on strong seed supplies in the cash market.

Soybean demand is steady from solvent extractors to meet the soy meal exports commitment as the meal exports are consistent and better compared to last couple of years back. But the bean is quoted lower primarily due the stiff soy price competition with South America and US.

Currently, India's soy meal exports are better in and we expect exports volume to be 500% higher compared to the corresponding period last year.

Competitive exports prices in meal continued to remain attractive for the foreign buyers. But continued appreciation of Indian Rupee against US dollar will hurt the competitiveness of soy meal export prices - Indian origin.

Rapeseed-mustard supplies have further got stronger, as expected, and the supplies could be around at its peak.

The rapeseed-mustard prices will remain under pressure they are expected to remain around current levels for some more time. Besides, soybean and meal will continue to reel under supply pressure in medium-term.

Outlook – Cash Market

Outlook - Soybean (Spot, Indore): The soybean prices will continue to reel under supply pressure and lower than expected demand. Appreciation of INR against US dollar, higher domestic soybean production this season, record global soybean production continued to be pressurizing factor for the domestic soybean. The prices are expected to feature range bound movement between the price band of 2,950 – 3,150 levels (Indore, Plant basis), during April.

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 23,500 – 24,500/MT levels during April.

Outlook - Rapeseed-Mustard (Spot, Jaipur basis): The rapeseed-mustard continued downtrend on new crop supply pressure in the seed during the month 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 3,850 – 4,100/Qtl; levels during the month.

International Highlights

- ❖ 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 Argentina's 2016/17 soybean production unchanged at 55.0 million tonnes.
- ❖ 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.
- ❖ 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.
- ❖ 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.

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

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

Crop	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 featured steady tone as expected on bearish domestic and global supply scenario, during the month in review.

Indian Rupee is getting stronger against the US Dollar which will eventually render non-competitiveness in soy meal exports from India, making the exports dearer for foreign buyers. Indian Rupee appreciated by 5% in 2017.

Higher domestic soybean production subsequently higher soy meal production outlook will limit the gains in bean. Slack in domestic soy meal offtake due to weak poultry demand and cheap soy oil imports too remained limiting factor.

The bean supplies have fallen week-on-week. About 7,000 – 60,000 bags of soybean have arrived in a day in the cash markets of Madhya Pradesh in a day against 12,000 – 35,000 bags during the corresponding period last year.

Weak supplies are attributed closer of several market yards before closing of financial year as the traders are busy maintaining their books.

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 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 weak bias on strength in INR vs USD, weakness in international soybean, in near-to-medium-term.

International:

The benchmark CBOT soybean continued downtrend and hit 5-month low on ample South American soy supply scenario, record US 2017 soybean planting intention and higher U.S. soybean stocks as of March 1.

The CBOT soybean continued downtrend and the most active May contract witnessed the soybean prices at US \$ 10.35/bushel on 31 Mar. compared to US \$ 9.46/bushel on 28 Feb.

The USDA has reported U.S. soybean stocks as of March 1 at 1.735 billion bushels which is up 13% from the corresponding period last year and even above an average of trade expectations for 1.684 billion bushels.

USDA has projected US 2017 soybean plantings at record 89.5 million acres against 83.433 million planted in 2016.

If realized, this would be biggest to date, the average trade estimates stood at 88.2 million acres.

Brazil's 2016/17 soybean crop harvesting is 74% complete of the area planted; the figure is above 5 year average of 70% but below 76% harvested in the corresponding period last year, said AgRural.

Informa Economics has once again raised Brazil's 2016/17 soybean production estimate at 111.0 million tonnes from 108.0 million previously projected.

The agency has also raised Argentina's 2016/17 soybean crop at 57.5 million tonnes from 55.0 million estimated in the previous forecast.

Brazil's 2016/17 soybean production is raised by Agroconsult and projected at record 113.3 million tonnes compared to 111 million tonnes estimated in early March.

The agency projected Brazil's 2017 soybean exports at 2017 at 61.4 million tonnes compared to 61 million tonnes estimated early March.

Brazil's 2017 soybean exports are projected at 61.4 million tonnes which is up 9.8 million tonnes from 2016 by Oil World.

The exports figure by the agency is above 59.8 million tonnes projected by Abiove – Brazilian vegetable oil industry association.

Oil World has projected Brazil's 2016/17 soybean production at 108.5 million tonnes compared to 95.43 million tonnes estimated for last year.

EU soybean imports fell 7% by 28 March 2016/17 and registered imports of 9.5 million tonnes from 10.2 million tonnes during the corresponding period last season.

EU soy meal imports during Jul. – Jun. 2016/17 season stood at 12.85 million tonnes, down 17% from 15.4 million tonnes during the corresponding period last year.

Previous updates:

Brazil's 2016/17 soybean crop production is estimated up at 107.3 million tonnes compared to 104.6 million tonnes projected in February by Abiove.

Brazil's 2017 soy shipments are projected at 59.8 million tonnes up from 58.7 million tonnes estimated in February.

The Ministry of Agroindustry has slightly slashed Argentina's 2016/17 soybean area to 19.42 million hectares from 19.45 million projected in the previous estimated.

The Buenos Aires Grains Exchange has projected Argentina's 2016/17 soybean production at 56.5 million tonnes which is up from its previous forecast of 54.8 million.

Paraguay's 2016/17 soybean crop is projected more than 10 million tonnes, said the Agriculture Minister Juan Carlos Baruja. Paraguay is world's No.4 soybean exporter.

Allendale has projected US 2017 soybean seeding up to 88.825 million acres from 83.433 million in 2016. The diversion is from corn acreage which is estimated lower to 90.018 million acres in 2017 from 94.004 million in 2016. The agency has also reduced the wheat planting area.

If realized, Allendale's forecast for US soybean acreage would be highest on record.

Informa too has raised the US 2017 soybean planting projection to 88.7 million acres from 88.647 million acres estimated in January.

The agency has projected the US 2017/18 soybean production at 4.22 billion bushels with an average yield of 48.0 bushels per acre.

Rosario Stock Exchange has raised its Argentina's 2016/17 soybean production estimate at record 56 million tonnes up from 54.5 million tonnes projected in January.

USDA in its monthly demand and supply report projected Brazil's 2016/17 soybean production to a record 108 million tonnes up from 104 million estimated in its February report.

Conab has once again raised Brazil's 2016/17 soybean crop production estimate 107.6 million tonnes which is up 2 million tonnes from its previous estimate in February 2017.

The agency has projected Brazil's 2016/17 soybean exports at 59 million tonnes compared to 51.5 million tonnes in previous estimates.

INTL FCStone have raised Brazil's 2016/17 soybean crop production estimate by 5 million tonnes to 109.7 million tonnes from its previous estimate and about 15 million tonnes from its previous season's estimate.

The raise is attributed to higher yield potential on favourable weather.

Brazil's 2016/17 soybean production is projected at 109.65 million tonnes compared to 105.02 million tonnes in February by Celeres.

Besides, FC Stone has also increased the Brazil's 2016/17 soybean production estimate at 109.07 million tonnes, up by 15 million compared to the previous season. Record output yield potential this season is attributed to the rise in the production estimate.

AgRural has also raised Brazil's 2016/17 soybean crop production estimate to 107 million tonnes against 105.4 million projected in February.

Besides, Buenos Aires Grains Exchange its Argentina's 2016/17 harvest estimate steady at 54.8 million tonnes.

China's February soybean imports surged by 23% year-on-year to 5.54 million tonnes it is the highest volume since the year 2010, according to the figures released by the General Administration of Customs of China.

However, the imports are 28% lower from 7.66 million tonnes in January this year.

China's cumulative soybean imports for January and February 2017 stood at 13.19 million tonnes, up 30% (10.17 million tonnes) from the corresponding period last year.

China, the world's largest soybean buyer, is now expected to import 87 million tonnes this year, up from the 86 million that USDA issued last month. This is an all-time high for the country, which imported 83.23 million tonnes of soybeans last year.

USDA has projected China's 2016/17 soybean imports to 87 million tonnes in the monthly demand and supply report which is up from 86 million estimated in February report.

The import volume is all-time high for China which imported 83.23 million tonnes in 2015/16.

Chinese agribusiness group New Hope and Cargill are jointly installing soybean crushing unit in the China's Hebei province with a daily crush capacity of 50,000 tonnes.

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.

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.

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 prices posted some gains on better overseas meal demand during the month under review.

However, appreciation of INR against US dollar has limited the gains.

The forward booking for meal is good on competitive price which remained supportive for domestic meal prices. But, the meal prices are lower compared to the same period last year.

India's soy meal exports have made commendable gains right from the beginning of new marketing season (Oct. – Sept.), the shipments remained weak for more than last three seasons.

However, dull domestic soy meal demand on slack in poultry offtake and higher supply outlook in meal this season kept the lid on gains.

Further, appreciation of INR against USD, by 5% in 2017 will eventually pressure the domestic prices to keep them competitive in coming days.

Despite strength in INR against USD, India's soy meal exporters continued to keep the meal prices attractive for the foreign buyers, this is in a bid to keep the exports window open and compete with the South American meal prices.

Soy meal fell in international market, during the week, the May CBOT soy meal settled at US \$ 318.2 per short ton compared to US \$ 318.2 per short ton last week.

India's soy meal shipments have significantly improved this season after sluggish exports in last 3 seasons.

As expected, India's soy meal exports are up y-o-y. In February'17 soy meal exports surged 594% after it registered a gain of 446% in January 2017.

We expect the March exports figure to be higher by more than 500% compared to the corresponding period last year.

India's meal exports are expected to ease once the new crop crushing and exports pick up 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 has hit the soy exports in recent days.

It remained supportive for India's soy meal exports. Argentina's soybean harvesting is expected to commence in a couple of weeks.

The domestic soy meal prices at Indore, were quoted at Rs 23,000 – 24,300/MT compared to Rs 32,300 – 36,500/MT compared to the corresponding period last year and Rs 22,500 – 23,700/MT.

At Latur and Nanded, Maharashtra, soy meal witnessed steady to weak tone and were quoted at Rs 24,800/MT and 24,300/MT respectively compared to Rs 24,300/MT in Indore and Rs 24,300/MT in Kota.

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 February 2017 is 2,07,977 tons compared to 29,951 tons in February 2016 showing an increase of 594.40% over the same period of last year.

On a financial year basis, the export during April'2016 to February'2017 is 8,09,271 tons as compared to 3,60,652 tons in the same period of previous year showing an increase of 124.39%.

During current Oil year, (October – September), total exports during October 2016 to February 2017 is 7,33,539 tons as against 1,59,124 tons last year, showing an increase by 360.98%, showing an increase by 306.86%, as reported by SOPA.

France (81688.38 Tonnes), Bangladesh (53900 Tonnes), Japan (32905 Tonnes), Vietnam (22436.575 Tonnes) and Oman (4070.515 Tonnes) remained the top buyers of the soy meal of Indian origin during the month of February 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 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 23,000 – 24,300/MT during the month compared to Rs 33,300 – 36,500/MT during the corresponding period last year.

The soy meal prices are likely to feature range-bound movement with weak-bias on strength in INR against US dollar and 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	207977
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	363137

Source: SEA

India's soy meal exports have witnessed 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 – Mar. 2017		Avg Crush Margin – Feb. 2017		Avg Crush Margin – Mar. 2016	
-993		-771		-870	
Min	Max	Min	Max	Min	Max
-1610	-550	-1270	-214	-1325	-320

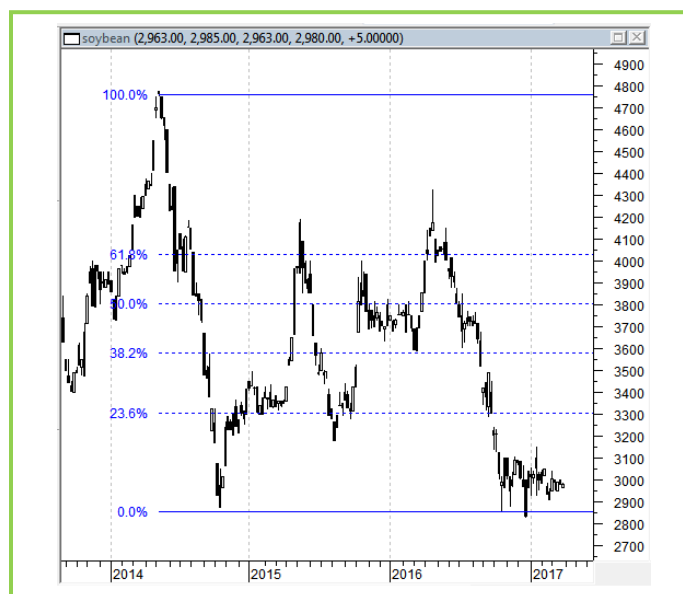
The domestic soybean crush margins in March 2017 once again deteriorated compared to the corresponding period last year and also from previous month after gains in the soy meal exports price and fall in soy oil prices.

Technical Analysis:

NCDEX Soybean Futures



Soybean Spot, Indore



*Daily Chart

Support & Resistance NCDEX- Soybean May Contract

S1	S2	PCP	R1	R2
2800	2700	2941	3180	3300

- Soybean continued downtrend 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 – May) – 1 Month: **SELL** Below 3100. T1 – 2800; T2 - 2750; SL –3220.

Rapeseed - Mustard Seed

The domestic rapeseed-mustard remained almost flat it posted considerable gains a couple of weeks back.

The seed supplies have further increased, as expected, and they close to its peak with harvesting in full swing in the key producing states.

The all India seed supplies were reported at 3.50 – 6.50 lakh bags in a day compared to around 5.10 – 6.05 bags a day, previous week. The supplies were 4.25 – 6.65 lakh bags a day during the corresponding period last year.

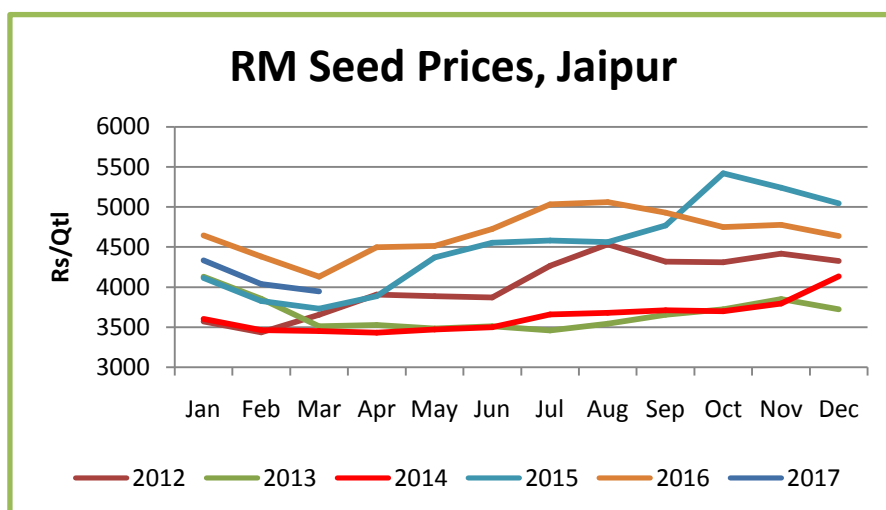
RM Seed Supply, Pan India

RM Seed Arrivals Pan India in Bags (85 kg each).		
Monthly Arrivals– Mar.	1 Month Ago	Corresponding Period Last Year
1,23,65,000	29,35,000	1,24,25,000

The new crop seed is quoted at around Rs 4,000 – 4,055 a quintal compared to Rs 3,960 – 4,105 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 3,900/Qtl compared to 3,955/Qtl previous week.

More than 50% of India's rapeseed-mustard area is harvested and the remaining is expected by the end of April.



The seed harvesting is in progress in the key producing states of Rajasthan, UP and Madhya Pradesh. The yield of the seed is projected to be higher, at around 1000kg/ha, on the favourable weather.

The rapeseed-mustard cultivators are forced to sell the newly harvested seed below MSP. The government has fixed the Minimum Support Price for rapeseed-mustard at Rs 3700/Qtl.

Higher 2016/17 seed production and eventually strong supplies in the physical market yards of the key producing states remained bearish for the market.

However, there is concern that National Agricultural Cooperative Marketing Federation of India (NAFED) have not intervened the seed market yet. Ideally if the seed prices fall below MSP NAFED should start procuring at the MSP set by the government.

Recently the farmers were forced to sell the seed at the rate of Rs 3,200 to Rs 3,500 per quintal in the cash market of Hissar, Haryana. At which the the Bhartiya Kisan Sangh (BKS) had taken steps to draw attention of the administration to initiate the procurement process by the concern agency and save the farmer's interest.

Agriwatch has projected India's 2016/17 rapeseed production at 7.0 million tonnes while Solvent Extractors of India has estimated the seed production at 7.2 million tonnes.

India's edible oil imports have once again improved which had fallen for few month, m-o-m in past, we expect India's March 2017 edible oil imports figure higher from March 2016.

India's February edible oil imports rose 15.9 percent y-o-y to 12.4 lakh tons from 10.66 lakh tons in February 2016. Palm oil imports rose 23.5 percent y-o-y to 7.35 lakh tons from 5.95 lakh tons in February 2016. CPO Imports rose 22 percent y-o-y to 4.98 lakh tons from 4.08 lakh tons in February 2016.

RBD palmolein imports rose 30.9 percent y-o-y to 2.33 lakh tons from 1.78 lakh tons in February 2016. Soy oil imports fell 31 percent y-o-y to 2.52 lakh tons from 3.66 lakh tons in February 2016. Sunflower oil imports rose 140 percent y-o-y to 2.09 lakh tons from 0.87 lakh ton in February 2016. Rapeseed (Canola) oil imports rose 118 percent y-o-y to 0.37 lakh tons from 0.17 lakh tons in February 2016, reported by Solvent Extractors Association (SEA).

India's February edible oil stocks at ports and pipelines rose 13.6 m-o-m to 19.65 lakh tons from 17.30 lakh tons in January 2017. Stocks of edible oil at ports rose to 775,000 tons (CPO 290,000 tons, RBD Palmolein 160,000 tons, Degummed Soybean Oil 180,000 tons, Crude Sunflower Oil 130,000 tons and 15,000 tons of Rapeseed (Canola) Oil) and about 1,190,000 tons in pipelines. (Stocks in pipelines were at 1,088,000 tons in January 2017). India is presently holding 36 days of edible oil requirement on 1st March, 2017 at 19.65 lakh tons compared to 32 days of requirements last month. India's monthly edible oil requirement is 16.5 lakh tons.

Malaysia's March palm oil exports rose 6.9 percent to 1,088,677 tons compared to 1,018,604 tons last month. Top buyers were European Union at 222,584 tons (195,090 tons), India at 170,020 tons (139,790 tons), China at 114,990 tons (143,560 tons), United States at 54,120 tons (70,030 tons) and Pakistan at 37,500 tons (24,000 tons). Values in brackets are figures of last month, reported cargo surveyor Societe Generale de Surveillance (SGS).

Indonesia has reduced April crude palm oil export duty to USD 3 per ton from USD 18 per ton in March. Reduction of export duty is due to fall in trigger prices, according to the trade ministry.

Malaysia's February palm oil end stocks fell 5.32 percent to 14.59 lakh tons compared to 15.41 lakh tons in January. Production dropped 1.43 percent in February to 12.59 lakh tons compared to 12.79 lakh tons in January. Exports in January fell 13.97 percent to 11.07 lakh tons compared to January exports at 12.86 lakh tons. Imports in February fell 43.66 percent to 0.40 lakh tons compared to 0.72 lakh tons in January, reported by Malaysian Palm Oil Board.

China's imports of edible vegetable oil in February fell 25.5 percent to 4.1 lakh tons compared to 5.5 lakh tons in January. Imports rose 2.5 percent compared to last year which was at 4 lakh tons. Year to date imports of edible vegetable oil rose 2.6 percent to 9.6 lakh tons, figures by China's General Administration of Customs (CNGOIC).

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).

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

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 remain under pressure in near-term on higher production and strong supplies in the cash market.

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)

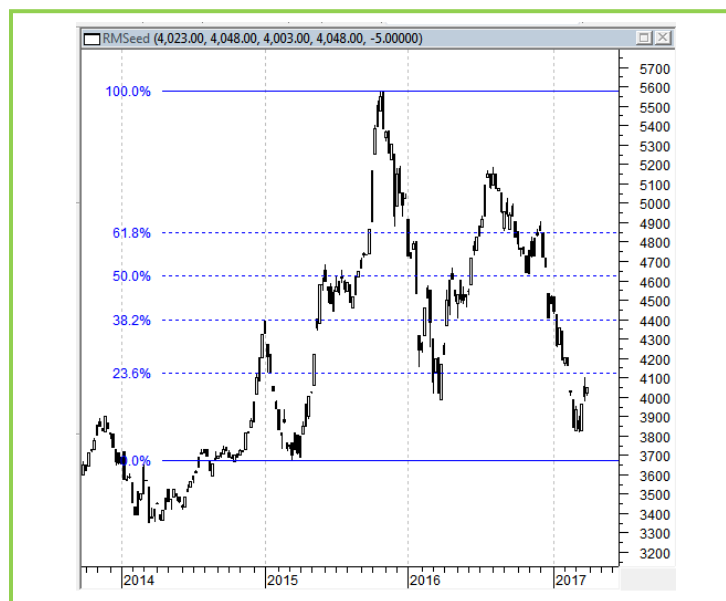
- We have pegged India's 2016/17 Rapeseed-mustard outturn at 5.8 million tonnes, slightly lower by 1% compared to the 2015/16 production at 5.9 million tonnes.
- India's production is below 5 year average of around 7.0 million tonnes. This is mainly due to the fall in sown area in last couple of years.
- **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 May Contract

S1	S2	PCP	R1	R2
3850	3750	3953	4112	4250

- Rapeseed-mustard edged-up on buying support in the market.
- Prices closed above 40-day EMA.
- MACD is rising in negative territory.
- RSI and stochastic are heading upwards in neutral zone.
- Trade Recommendation (NCDEX RM Seed – May) – 1 Month: **BUY** Above 3850. T1 – 4000; T2 - 4050; SL –3760.

Annexure

Oilseed Prices at Key Spot Markets:

Commodity / Centre	Prices (Rs/Qtl)				Change
Soybean	31-Mar-17		28-Feb-17		
	Low	High	Low	High	
Indore –Plant	2950	3010	2900	3000	10
Indore–Mandi	2700	2900	2700	2900	Unch
Nagpur-Plant	2850	2900	2825	2950	-50
Nagpur – Mandi	2500	2700	2500	2720	-20
Latur – Mandi	2281	2790	2660	2871	-81
Kota-Plant	2900	2950	2800	2920	30
Kota – Mandi	2800	2900	2750	2850	50
Bundi-Plant	2950	3000	2900	2950	50
Bundi-Mandi	2900	2950	2800	2900	50
Baran-Plant	2875	2925	2750	2850	75
Baran-Mandi	2750	2900	2700	2800	100
Bhawani Mandi Jhalawar–Kota-Plant Delivery	2900	2950	2900	3000	-50
Jhalwar-Mandi	2850	2875	2850	2925	-50
Rapeseed/Mustard					
Jaipur-(Condition)(New Crop)	4045	4050	3875	3880	170
Alwar-(Condition)(New Crop)	3750	3800	3750	3800	Unch
SriGanganagar-(Non-Condition-Unpaid)	3570	3600	3400	3500	100
New Delhi–(Condition)(New Crop)	3800	3850	3750	3800	50
Kota-Non-(Condition)(New Crop)	3450	3550	3300	3400	150
Agra-(Condition)(New Crop)	4075	4125	3975	4025	100
Neewai(New Crop)	3470	3550	3450	3500	50
Hapur (UP)(New Crop)	3725	3750	3550	3600	150
Groundnut Seed					
Rajkot	842	842	838	838	4
Sunflower Seed					
Gulbarga	2832	3026	2858	3206	-180
Latur	NA	NA	NA	NA	-
Sholapur(New Crop)	NA	NA	NA	NA	-
Sesame Seed					
Mumbai (White98/2/1)	6950	6950	7050	7050	-100

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
		March,17	February,17	
Soybean				
	Madhya Pradesh	1537000	2480000	-943000
	Maharashtra	1383000	2283000	-900000
	Rajasthan	730000	811000	-81000
	Bundi (Raj)	4650	3850	800
	Baran (Raj)	41500	67700	-26200
	Jhalawar (Raj)	20000	33500	-13500
Rapeseed/Mustard	Rajasthan	6680000	1260000	5420000
*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 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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