
Oilseeds Monthly Research Report

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Executive Summary

Soybean, rapeseed mustard and soy meal fell on feeble buying activity and bearish global factors, during the month in review.

The trade activity in the cash markets of Madhya Pradesh, especially in Indore and some market yards in Maharashtra were badly hit after clash between farmers and traders in Indore on weak buying quotation in soybean.

The soybean prices have gone below MSP in recent days due to oversupplies.

Several cash market yards remained closed in Madhya Pradesh and Maharashtra in protest against the clash. The soybean supplies are badly hit as many farmers have stopped bringing the bean to the mandis due to weak buying quotations.

Strong South American soy supplies, higher US soybean inventories and rise in US soybean planting intention for 2017 continued to pressure the international soy market which is subsequently exerting pressure on domestic soy too.

Again, appreciation of INR against USD continued to put pressure on the soy meal exports as the scenario is making exports from India noncompetitive. However, India's soy meal exports are better despite appreciation of INR against US dollar, but future looks bleak.

This is when the global soy supplies are rising with record Brazilian crop harvest along with the third largest producer, Argentina.

Continued fall of rapeseed-mustard below MSP after good harvest by India this year, remained a cause of concern for the farmers and the stockists. The seed supplies are still higher than the corresponding period last year.

The rapeseed-mustard prices are under supply pressure and will continue to remain under the pressure further, in near to medium-term.

Outlook – Cash Market

Outlook - Soybean (Spot, Indore): The soybean fell on higher supplies and limited demand, bearish global supply scenario, strength in INR against US dollar, which may hit the soy meal exports and higher production. Further, record South American soybean supply outlook will continue to be pressurizing factor for the domestic soybean. The prices are expected to feature range bound movement between the price band of 2750 – 2950 level (Indore, Plant basis).

Outlook – Soy meal: Soy meal prices featured losses in tandem with soybean. Concern over appreciation in INR against USD will render India's meal exports non-competitive in the international market. Indian meal exporters are advised to explore new markets and aggressively try to regain the lost markets of peak exports season especially traditional South and Far-East Asian destinations including Japan in the upcoming season. The domestic meal prices are likely to remain under supply pressure and feature range bound movement in near-term. Soy meal, Indore is expected to be in the range of 22,500 – 24,500/MT levels during June.

Outlook - Rapeseed-Mustard (Spot, Jaipur basis): The rapeseed-mustard is expected to remain under pressure buying support by the solvent extractors will limit the losses. Further, higher seed production after increase in the area under rapeseed this season, will limit the gains. The seed prices are likely to feature weakness and witness the levels between 3700 – 3800/Qtl; levels during June.

International Highlights

- ❖ Inform Economics has once again raised Brazil's 2016/17 soybean production estimate to 114.5 million tonnes from 113 million forecast previous month.
- ❖ The agency has also raised its Argentina's 206/17 soybean production forecast to 58 million tonnes from 56.8 million projected in May.
- ❖ Abiove has kept Brazil's 2016/17 soybean production projection unchanged at 112.5 million tonnes, from its May'17 outlook.
- ❖ Abiove has also kept its Brazil's 2016/17 soybean export projection stable at 61.7 million tonnes.
- ❖ Brazil's soybean shipment has hit a record 10.9 million tonnes in May'17 and they are on the track to hit all-time high in 2017.
- ❖ Anec has reported that Brazil's soy shipment volumes have risen by 15% to 37.1 million tonnes since the beginning of marketing season through May 31.
- ❖ However, Brazil's soybean shipments for the 2016/17 season are below market expectation. Anec has projected Brazil's 2016/17 soybean exports between 61-62 million tonnes, which is close to Abiove's estimate.
- ❖ FCStone has once again raised Brazil's 2016/17 soybean crop production estimate to 111.8 million tonnes from 111.55 million tonnes projected in April.
- ❖ The agency has projected Brazil's 2016/17 soybean end stocks at 7.58 million tonnes against 1.48 million tonnes in 2015/16.
- ❖ 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.
- ❖ 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.
- ❖ 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 at 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.
- ❖ Brazil's 2016/17 soybean production is projected at 109.65 million tonnes compared to 105.02 million tonnes in February by Celeres.
- ❖ 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 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.

Soybean

The domestic soybean continued downtrend on feeble buying activity and dull market activities during the month in consideration.

Several key cash market yards remained closed in Madhya Pradesh and Maharashtra during the week. Clash between farmers and traders at Indore market yard due to lower buying quotes for soybean eventually led to the closure of the several key cash market yards in Madhya Pradesh.

Further, the traders have called on strike in the market yards of Maharashtra too. The yards are likely to be closed in the second week too.

This has resulted in drastic fall in the soybean supplies in both the states and buyers were in the wait and watch situation.

The bean supplies in Madhya Pradesh have fallen to 12,000 bags from recent 50,000 – 55,000 bags a day, the fall is due.

The monsoon has hit Kerala a couple of days prior to the normal and the forecast of monsoon by IMD is normal.

The farmers are cautious about planting the bean, due to lower remuneration this season. The seed demand for planting is quite weak this year. Usually the companies supply seed to their distributors before the monsoon.

Government decision to keep oilseeds, taxable under 5% GST rate already proved bearish for the market.

Besides, increase in supplies from South America after harvesting remained pressurizing factor for Indian bean, which was reeling under pressure with the beginning of the new marketing season.

Forecast of normal monsoon this year remained bearish for the bean. However, lower remuneration in soybean will remain discouraging factor for the cultivators.

The domestic oilseeds processors are consistently urging the government to increase the import duty on edible oils which has paved the way for cheap import of edible oils mainly from Argentina, Malaysia, Indonesia and Ukraine.

This in turn has hurt the oilseeds processing industry leading to lower crush margin and strengthening of INR against USD has led to the decline in revenues from the byproducts.

We expect India's soy meal exports to ease in coming months. Seasonally India's soy meal exports are at high volume, during October thru February due to higher pace in crushing the bean.

Stronger INR against US dollar, huge South American soy supplies continued to remain weak factor as the Indian soy meal price has been out-priced in the international market in recent weeks.

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

Currently, the bean prices have gone below the MSP and are lower than 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, DivyaJyoti, 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, Sawariyaltarsi, Sitashri, Vippy (10-2-2 specification) for Dewas and Mandsaur delivery during the week.

Previous Update

CACP has raised the recommendation of MSP for soybean to Rs 2,850 a quintal for the 2017-18 season, an increase of Rs.75/-. That for groundnut is recommended to be maintained at Rs 4,220 a quintal.

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 international benchmark CBOT soybean declined to 14-month low on technical selling and on dry weather outlook. The dry weather outlook in the US Midwest will help foster development of the newly seeded soybean crop.

The US soybean planting is now ahead the normal which was lagging in previous weeks due to rains in recent weeks.

US soybean planting is 83% complete as on 4 June 2017 which is above from 82% in the corresponding period last year and also above from 5 year average of 79%.

Soybean emergence is reported at 58% which is less from 62% during the corresponding period last year but below from 5 year average of 59%.

Besides, record-large soybean harvest in Brazil, weakness in real and good Argentine soybean production estimate and weakness in crude oil too remained bearish for soy.

At CBOT, the soybean, in the most active July contract, ended at US \$ 9.21/bushel compared to US \$ 9.26/bushel last week.

US soy inventories are still 11 years high said USDA, in its monthly supply and demand report.

U.S. April NOPA member soybean crush fell 9.0 percent to 139.134 million bushels from 153.060 million bushels in March 2017. Crush of soybean in April 2016 was 147.614 million bushels.

Production of soy oil in U.S. in April rose to 1.627 billion lbs from 1.789 billion lbs in March 2017.

Inform Economics has once again raised Brazil's 2016/17 soybean production estimate to 114.5 million tonnes from 113 million forecast previous month.

The agency has also raised its soybean production forecast for Argentina's 206/17 to 58 million tonnes from 56.8 million projected in May.

Abiove has kept Brazil's 2016/17 soybean production projection unchanged at 112.5 million tonnes, from its May'17 outlook.

Abiove has also kept its Brazil's 2016/17 soybean export projection stable at 61.7 million tonnes.

Brazil's soybean shipment has hit a record 10.9 million tonnes in May'17 and they are on the track to hit all-time high in 2017.

Anec has reported that Brazil's soy shipment volumes have risen by 15% to 37.1 million tonnes since the beginning of marketing season through May 31.

However, Brazil's soybean shipments for the 2016/17 season are below market expectation. Anec has projected Brazil's 2016/17 soybean exports between 61-62 million tonnes, which is close to Abiove's estimate.

Further, Brazil's Agriculture Ministry expects the country's 2018 planting to increase between 2 – 3%.

Soybean planting in Brazil covered an area of 33.8 million hectares in 2017 which was up 1.8% from the previous season, said food supply and statistics agency Conab.

Argentina's port inspection workers had called on a 3 day strike which had hampered the soy shipment during the period.

China's soybean importers are cancelling or postponing their soybean cargoes mainly ordered from suppliers in Brazil as they have made huge losses processing soybean into cooking oil and animal feed ingredients.

China, took advantage of huge crushing profits at the beginning of the year and lower prices following record harvests in Brazil to aggressively buy the oilseed.

However, the profits have been washed away with biggest losses in nearly three years after China's edible oil markets were flooded with rapeseed oil, auctioned from national reserves and by growing imports of other alternative vegetable oils.

Argentina's agriculture ministry has forecast the country's 2016/17 soybean production at 58 million tonnes. This was first monthly estimate by the government in 2016/17.

Safras & Mercado have forecast Brazil's soybean export at 61 million tonnes in 2017/18 (Feb/Jan) which is 17% higher compared to 2016/17. The forecast is in line with Abiove estimates.

Safras has raised Brazil's 2016/17 soybean production estimate by 1.68% against previous month to 113.384 million tonnes which is 16.7% higher than the previous season.

The soybean production is expected at 116.156 MMT in 2017/18. Total soybean demand will be higher by 10% to 105.1 million tonnes, said the agency.

Buenos Aires Grains Exchange has raised Argentina's 2016/17 soybean crop estimate to 57.5 million tonnes from 56.5 million tonnes estimated earlier. Higher soybean crop is due to high yields brought by wet weather.

Conab has raised Brazil's 2016/17 soybean crop estimate to 113 million tonnes up from 110.2 million tonnes estimated in its previous estimate. This is fifth raise in its estimate for 2016/17. Higher soybean crop is on rise in productivity by 18.4% and rise in planted area.

Previous updates:

Informa Economics has raised its US 2017 Soybean planting projection to 89.662 million acres, it is above USDA's figure of 89.5 million acres.

The figure is higher than the Informa March forecast of 88.7 million acres.

Informa has projected US 2017 soybean production at 4.27 billion bushels considering an average yield of 48.0 bushels per acre and harvested are of 89.017 million acres.

China's demand is strong and also the soy supplies are high this season. Brazil's 2017 soy exports are expected to be higher but will be below expectation, said the agency.

Buenos Aires Grains Exchange has raised Argentina's 2016/17 soybean to 57.5 million tonnes from 56.5 million tonnes estimated earlier by the agency.

Rosario Grain Exchange has also raised Argentina's 2016/17 soybean production projected to 57 million tonnes, which is up from 56 million estimated last month.

FCStone has once again raised Brazil's 2016/17 soybean crop production estimate to 111.8 million tonnes from 111.55 million tonnes projected in April.

The agency has projected Brazil's 2016/17 soybean end stocks at 7.58 million tonnes against 1.48 million tonnes in 2015/16.

Argentina's next season's soybean planting is expected to decline for the second consecutive year and shift to corn.

Oil World has raised their forecast of 2016/17 South American soybean production to a record 182.4 million tonnes which is up 16.9 million tonnes from the previous season.

The agency – Oil World has projected China's Oct/Sept 2016/17 soybean imports to 89.0 million tonnes, the figure is higher compared to the China's official figures which estimated the imports at 86.5 million tonnes during the same period.

China's 2016/17 soybean imports are projected up at 86.5 million tonnes compared to the previous forecast of 85.31 million tonnes, China's Ministry of Agriculture.

China's 2016/17 soybean utilization is estimated at 100.81 million tonnes compared to 99.87 estimated previously.

The country's soybean inventory deficit is estimated at 1.89 million tonnes down from deficit of 2.19 million estimated previously, said China's Ministry of Agriculture.

USDA has forecast that U.S. farmers would plant a record-high 89.5 million acres of soybeans in 2017 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.

AgRural has raised Brazil's 2016/17 soybean production estimate to 111.6 million tons from 107 million tons in March, citing favourable weather conditions which boosted the productivity.

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 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.

The international soybean prices are expected to feature range bound movement with weak-bias 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 eased on slack buying due to the decline in meal demand from poultry and feed manufacturers.

This is primarily due to the fall in the poultry consumption and decline in the quantity of feed in birds/chicken during summer.

As discussed earlier, strength in INR against USD has rendered India's soy meal prices uncompetitive in the international market when seasonal South American soy supplies have risen in recent days.

The forward booking for soy meal has fallen with competitive price offers by South America.

Currently the domestic meal prices are lower compared to the corresponding period last year.

The India's oilseeds industry body, Solvent Extractors Association has slashed India's 2016/17 soy meal exports forecast by 25% to 1.5 million tonnes from its previous outlook. The situation will either leave higher meal inventories or the exporters have to cut down the exports prices further during the season ending September.

Soy meal fell in international market, during the week, the July CBOT soy meal settled at US \$ 301.9 per short ton compared to US \$ 304.7 per short ton last week.

The domestic soy meal prices at Indore, were quoted at Rs 22,400 – 23,000/MT compared to Rs 23,000 – 24,000/MT compared to previous week.

At Latur and Nanded, Maharashtra, soy meal witnessed steady to weak tone and were quoted at Rs 2,800/MT and 24,500/MT respectively compared to Rs 22,800/MT in Indore and Rs 23,000/MT in Kota.

The soy meal exports from Brazil and Argentina is at full swing after the good harvest of beans.

Brazil's May'17 soy meal exports fell to 15.5% and stood at 1.63 million tonnes compared to 1.93 million during the corresponding period last year but it is up by 22.5% from 1.33 million tonnes in April'17.

Further, soybean exports is expected to rebound on record Brazil's 2016/17.

Previous Updates

Despite strength in INR against US dollar, India has registered gains in the soy meal exports in the current season. It will eventually make India's soy meal exports prices unattractive.

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 months in soy meal have made the imports from India, lucrative.

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 soy meal and its other value added products (HS Code 2304) during April 2017 is 1,11,800 tons compared to 12,195 tons in April 2016 showing an increase of 809.3% over the same period of last year.

During current Oil year, (October – September), total exports during October 2016 to April 2017 is 10,26,223 tons as against 1,98,065 tons last year, showing an increase by 418.12%, as reported by SOPA.

Bangladesh (29,400 Tonnes), France (25,861 Tonnes), Germany (25,351.33 Tonnes), Indonesia (11,851 Tonnes) and Vietnam (7,279.77 Tonnes) remained the top buyers of the soy meal of Indian origin during the month of April 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 once again recovered the lost ground but with stiff price competition against the South American meal. Iran, Japan, Europe, Thailand, Vietnam, Indonesia and South Korea were the major destinations for Indian soy meal exports, who have once again started buying from India whenever the offer is attractive compared to South America.

India's Y-o-Y soy meal prices, Indore, are currently lower. Soy meal Indore was quoted lower between Rs 22,400 – 23,000/MT in the last week on May compared to Rs 35,000 – 36,200/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 to medium-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	107059
Apr	100106	60264	305033	313832	100312	75884	18017	12295	124374
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	470196

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 – May 2017		Avg Crush Margin – Apr. 2017		Avg Crush Margin – May 2016	
-850		-786		-1592	
Min	Max	Min	Max	Min	Max
-1100	-310	-1255	-210	-2610	-920

The domestic soybean crush margins in May 2017 were better from the corresponding period last year but it deteriorated compared to April'17 owing to the steep fall in soybean prices.

Technical Analysis:

NCDEX Soybean Futures



Soybean Spot, Indore



*Daily Chart

Support & Resistance NCDEX- Soybean Jul. Contract

S1	S2	PCP	R1	R2
2600	2500	2762	3195	3300

- 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 – Jul.) – 1 Month: **SELL** Below 2960. T1 – 2760; T2 - 2700; SL –3080.

Rapeseed - Mustard Seed

The domestic rapeseed-mustard extended losses on slack buying by the solvent extractors and weakness in Malaysian palm oil after forecast of rise in production estimates.

The all India seed supplies were reported between 1.7 – 2.35 lakh bags in a day compared to around 1.70 – 1.85 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– May	1 Month Ago	Corresponding Period Last Year
6,50,5000	99,50,000	5,39,5000

The seed prices at spot fell and was quoted at around Rs 3,695– 3,755 a quintal compared to Rs 4,500 – 4,560 a quintal during the corresponding period last year at the benchmark, Jaipur.

At NCDEX futures, the seed prices at June contract fell and was ended at 3519/Qtl compared to 3616/Qtl previous week.

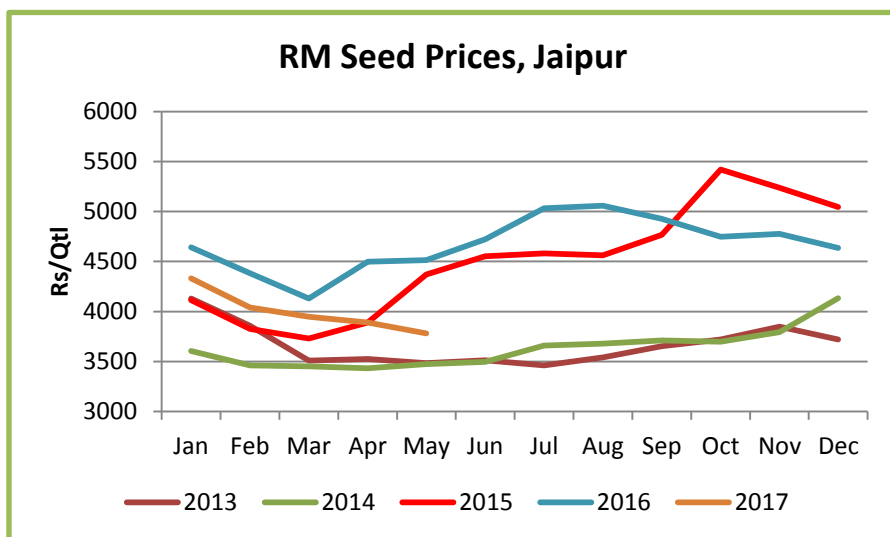
Besides, Indian government's decision to keep oilseeds taxable under 5% GST rate has pressurized the oils and fats market further including the rapeseed-mustard, which were already reeling under pressure.

Further, Genetic Engineering Appraisal Committee (GEAC) on 11 May recommended the release of genetically modified (GM) mustard hybrid DMH-11 for cultivation by farmers, remained bearish for the seed market.

However, those opposing GM crop technology have strongly protested for the release.

If the Ministry of Environment accepts the GEAC's recommendation, GM mustard would be the first food crop to be permitted for cultivation in India and the second GM crop to be approved after Bt cotton in 2002. The anti-GM activists fear it will give the way to the other GM releases.

Again, higher domestic seed production, weakness in Malaysian palm oil after appreciation of Ringgit and rise in palm oil production last month – highest in six months remained limiting factors.



Further, weakness in the rival - soy oil in the international market too restricted the gains in the domestic rapeseed-mustard.

Improved recovery in oil by 2-3% is witnessed in the seed this season, which is again bearish for the seed.

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 April edible oil imports rose 7.1 percent y-o-y to 13.24 lakh tons from 12.36 lakh tons in April 2016. Palm oil imports in April rose 2.3 percent y-o-y to 7.52 lakh tons from 7.35 lakh tons in April 2016. CPO Imports rose 28 percent y-o-y to 5.11 lakh tons from 3.99 lakh tons in April 2016.

RBD palmolein imports fell 28.5 percent y-o-y to 2.32 lakh tons from 3.26 lakh tons in April 2016. Soy oil imports fell 12.36 percent y-o-y to 3.05 lakh tons from 3.48 lakh tons in April 2016. Sunflower oil imports rose 135 percent y-o-y to 2.35 lakh tons from 1.00 lakh ton in April 2016. Rapeseed (Canola) oil fell to 0.32 lakh tons in April compared to from 0.51 lakh tons in April 2016, according to Solvent Extractors Association (SEA).

India's April edible oil stocks at ports and pipelines rose 10.8 Percent m-o-m to 21.20 lakh tons from 19.13 lakh tons in March 2017. Stocks of edible oil at ports rose to 785,000 tons (CPO 210,000 tons, RBD Palmolein 140,000 tons, Degummed Soybean Oil 210,000 tons, Crude Sunflower Oil 210,000 tons and 15,000 tons of Rapeseed (Canola) Oil) and about 1,335,000 tons in pipelines (stocks at ports were 688,000 and in pipelines were at 1,225,000 tons in March 2017).

The total stock on 1st May, 2017 has increased 207,000 tons v/s 1st Apr., 2017. India is presently holding 39 days of edible oil requirement on 1st May, 2017 at 21.20 lakh tons compared to 35 days of requirements last month. India's monthly edible oil requirement is 16.5 lakh tons, according to Solvent Extractors Association (SEA).

According to Malaysia Palm Oil Board (MPOB), Malaysia's April palm oil end stocks rose 3.02 percent to 16 lakh tons compared to 15.53 lakh tons in March. Production of palm oil in April rose 5.74 percent to 15.48 lakh tons compared to 14.64 lakh tons in March. Exports rose 1.39 percent to 12.83 lakh tons compared to 12.65 lakh tons in March. Imports of palm oil in April fell 46.57 percent to 0.54 lakh tons compared to 1.02 lakh tons in March. Stocks came below market expectations on lower than expected rise in production.

Malaysia's May 1-25 palm oil exports rose 18.6 percent to 1,006,853 tons compared to 891,725 tons in corresponding period last month. Top buyers were European Union at 210,765 tons (245,993 tons), India at 172,485 tons (135,300 tons), China at 98,130 tons (127,450 tons), Pakistan at 41,000 tons (10,000 tons) and United States at 37,520 tons (40,155 tons). Values in brackets are figures of corresponding period last month, said a cargo surveyor Societe Generale de Surveillance.

Malaysia reduced June crude palm oil export duty to 6 percent from 7 percent in May. Tax is calculated at reference price of 2844.79 ringgit (\$657.53) 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).

Indonesia Palm Oil Association (GAPKI), Indonesia palm and palm kernel oil exports fell 2 percent to 2.47 MMT from 2.53 MMT in February. However, exports rose 42 percent compared to March 2016.

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.

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)

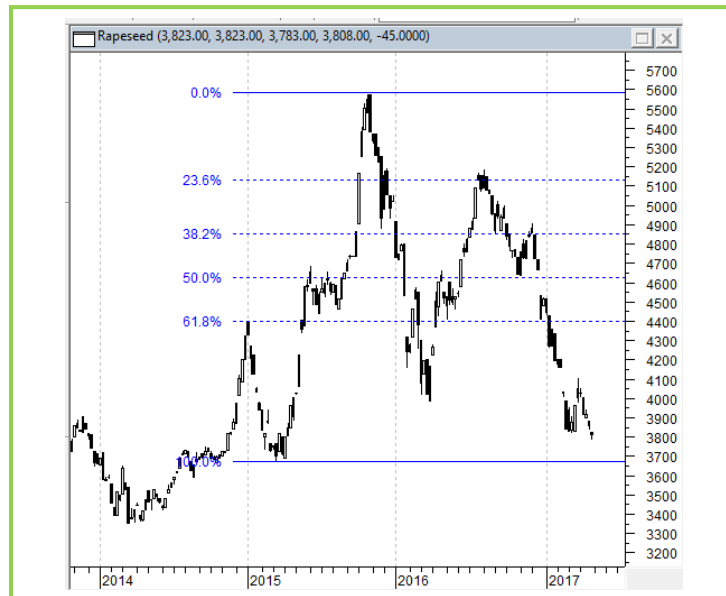
- We have pegged India's 2016/17 Rapeseed-mustard outturn at 5.8 million tonnes, slightly lower by 1% compared to the 2015/16 production at 5.9 million tonnes.
- India's production is below 5 year average of around 7.0 million tonnes. This is mainly due to the fall in sown area in last couple of years.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

S1	S2	PCP	R1	R2
3400	3300	3528	3919	4104

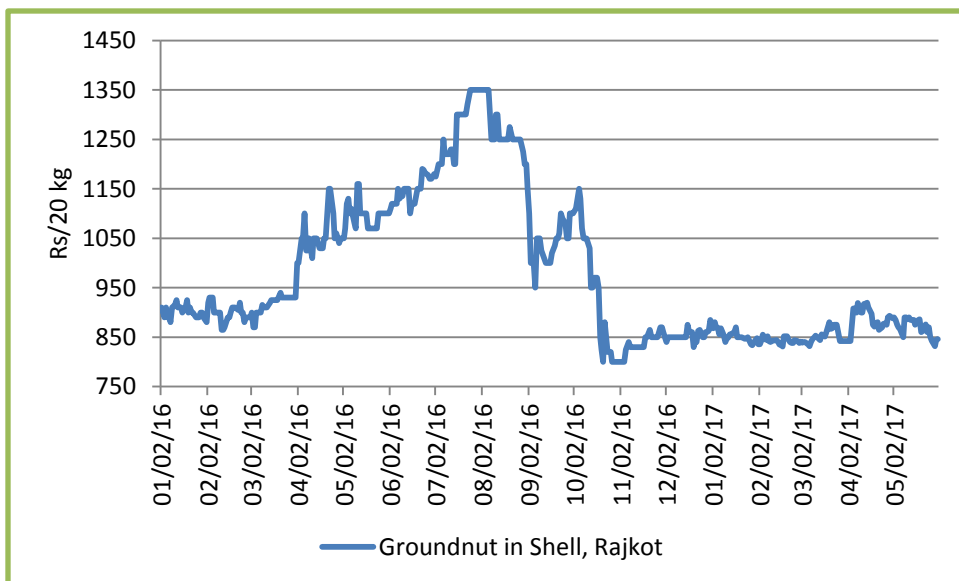
- Rapeseed-mustard fell on selling pressure in the market.
- Prices closed below 40-day EMA.
- MACD is easing in negative territory.
- RSI and stochastic are falling in oversold zone.
- Trade Recommendation (NCDEX RM Seed – Jul.) – 1 Month: **SELL** Below 3730. T1 – 3530; T2 - 3530; SL – 3850.

Groundnut

The domestic groundnut prices have eased in May pressured by other oilseeds like soybean and rapeseed-mustard. The buyers are in wait and watch situation and there is slack in buying the seed.

The groundnut prices (in shell - Rajkot) fell by 2% in May compared to April and witnessed the monthly average price of Rs 871 per 20 kg compared to Rs 889 per 20 kg in April.

The groundnut prices in Kernel, Saurashtra are also lower compared to the same period last year, improved production in the groundnut and other oilseeds is cited for the decline. The average monthly price of nuts in Saurashtra was Rs 51926 per metric ton in May 2017 vs Rs 51010 per metric ton in May 2017.



Groundnut							
Center	Variety	% Change over	% Change over	As on	Month Ago	Year Ago	2 Year Ago
		Previous year	Previous month	31-May-17	29-Apr-17	31-May-16	30-May-15
Rajkot	GN in Shell (Rs/20kg)	-23.1	-0.5	846	893	1100	880
Shaurashtra	GN Seed Kernel (Rs/MT)	-2.0	-0.4	50000	52000	51000	48500

(Source: AW)

Annexure

Oilseed Prices at Key Spot Markets:

Commodity / Centre	Prices (Rs/Qtl)				Change
Soybean	31-May-17		30-Apr-17		
	Low	High	Low	High	
Indore –Plant	2700	2800	2975	3060	-260
Indore–Mandi	2450	2700	2750	2950	-250
Nagpur-Plant	2750	2820	2950	3100	-280
Nagpur – Mandi	2400	2650	2500	2850	-200
Latur – Mandi	2630	2822	2750	3000	-178
Kota-Plant	2700	2800	2925	2950	-150
Kota – Mandi	2600	2750	2775	2875	-125
Bundi-Plant	2750	2775	2925	2975	-200
Bundi-Mandi	2700	2750	2900	2950	-200
Baran-Plant	2650	2775	2850	2900	-125
Baran-Mandi	2500	2750	2800	2825	-75
Bhawani Mandi Jhalawar–Kota-Plant Delivery	2700	2750	2975	3000	-250
Jhalwar-Mandi	2650	2720	2800	2950	-230
Rapeseed/Mustard					
Jaipur-(Condition)(New Crop)	3695	3700	3805	3810	-110
Alwar-(Condition)(New Crop)	3400	3450	3600	3625	-175
SriGanganagar-(Non-Condition-Unpaid)	3200	3250	3300	3350	-100
New Delhi–(Condition)(New Crop)	3480	3500	3510	3560	-60
Kota-Non-(Condition)(New Crop)	3100	3150	3300	3400	-250
Agra-(Condition)(New Crop)	3850	3900	3800	3825	75
Neewai(New Crop)	3400	3450	3545	3575	-125
Hapur (UP)(New Crop)	3575	3625	3600	3625	Unch
Groundnut Seed					
Rajkot	846	846	893	893	-47
Sunflower Seed					
Gulbarga	2852	3052	2658	3005	47
Latur	NA	NA	NA	NA	-
Sholapur(New Crop)	NA	NA	NA	NA	-
Sesame Seed					
Mumbai (White98/2/1	6450	6450	6750	6750	-300

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
		May,17	April,17	
Soybean				
	Madhya Pradesh	1330000	1225000	105000
	Maharashtra	1162000	1003000	159000
	Rajasthan	471000	463000	8000
	Bundi (Raj)	3300	2810	490
	Baran (Raj)	78100	33700	44400
	Jhalawar (Raj)	57900	33500	24400
Rapeseed/Mustard	Rajasthan	3440000	5890000	-2450000
*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.

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

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