
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

Domestic soybean, meal and rapeseed-mustard fell on feeble buying and higher international supplies in the international market.

No fresh domestic demand in soy witnessed during the period.

India's soybean planting is underway and it is picking up the pace with the monsoon rains in the key growing belt. Rains in West Madhya Pradesh is reportedly normal, it is deficient in Vadarbha, Marathwada and excess in East Rajasthan.

However, the overall monsoon is forecast to be normal.

As discussed, earlier the domestic soybean planting intention for 2017 has fallen due to the lower remuneration in the crop to the farmers and the area could shift to cotton and urad.

Higher South American soy supplies and rise in US soybean planting intention for 2017 is limiting the gains in the cash markets.

Attractive price offer for soy meal by South America and strength in INR against USD is yet another factor limiting the gains.

The rapeseed-mustard prices, at benchmark Jaipur, too declined and are still near the MSP (Rs. 3700/Qtl) after good harvest by India this year. The seed supplies are still higher than the corresponding period last year.

The rapeseed-mustard prices continued to be under higher supply pressure and it will further weigh on the prices, in near to medium-term.

Outlook – Cash Market

Outlook - Soybean (Spot, Indore): The soybean fell on slack in buying in the domestic cash markets. Bearish global supply scenario, strength in INR against US dollar and higher soy production continued to limit the gains. 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 2850 – 3000 level (Indore, Plant basis).

Outlook – Soy meal: Soy meal fell on feeble demand. Concern over appreciation in INR against USD will render India's meal exports non-competitive in the international market and limit the gains. 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 the month.

Outlook - Rapeseed-Mustard (Spot, Jaipur basis): The rapeseed-mustard posted slight gains on supportive buying in the cash market. The seed prices are likely to feature range-bound movement with weak-bias and witness the levels between 3650 – 3850/Qtl; levels during the month.

International Highlights

- ❖ 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 area 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 South American soybean production for 2016/17 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.

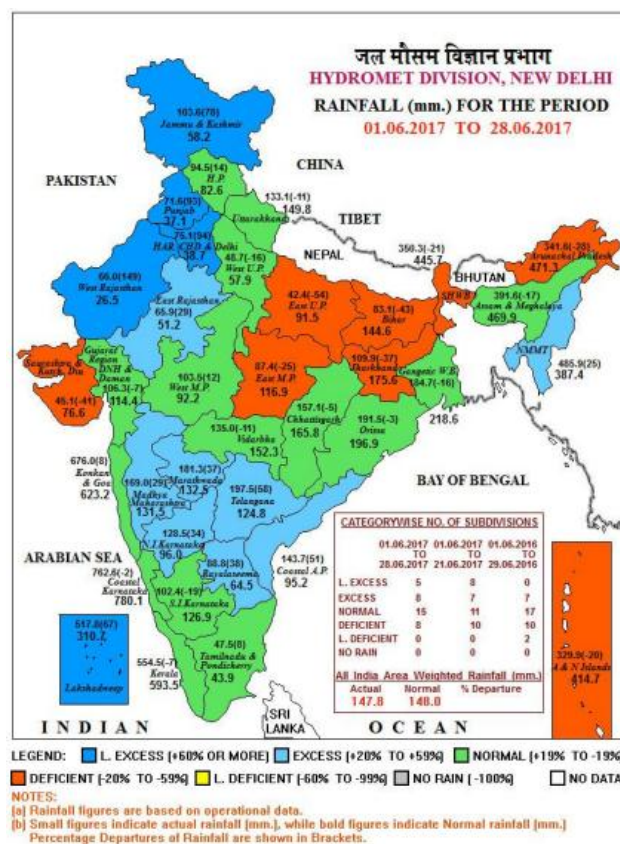
- ❖ China's 2016/17 soybean utilization is estimated at 100.81 million tonnes compared to 99.87 estimated previously.
- ❖ The country's soybean inventory deficit is estimated at 1.89 million tonnes down from deficit of 2.19 million estimated previously, said China's Ministry of Agriculture.
- ❖ USDA 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.
- ❖ 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.

IMD Monsoon Forecast and Current Rainfall Status

In the IMD's Operational 2nd stage Long Range forecast for the 2016:

- Rainfall over the country as a whole for the 2017 southwest monsoon season (June to September) is most likely to be NORMAL (96% to 104% of long period average (LPA).
- Quantitatively, monsoon season rainfall for the country as a whole is likely to be 98% of the LPA with a model error of $\pm 4\%$.
- Region wise, the season rainfall is likely to be 96% of LPA over North-West India, 100% of LPA over Central India, 99% of LPA over South Peninsula and 96% of LPA over North-East India all with a model error of $\pm 8\%$.
- The monthly rainfall over the country as whole is likely to be 96% of its LPA during July and 99% of LPA during August both with a model error of $\pm 9\%$.

The event should prove beneficial for the *kharif* oilseeds as they are rain-fed.



Soybean

The domestic soybean witnessed weak tone on feeble buying by the solvent extractors, however, expected fall in domestic soybean planting and strength in the international soybean limited the fall, during the week under review.

Further, higher soy oil imports at competitive prices remained bearish for domestic soybean.

The domestic soybean planting is underway and currently it is lagging from the corresponding period last year. The soybean cultivators are cautious in planting the bean this year, as they couldn't get the considerable remuneration for their produce this season.

The domestic bean prices are 5 year low and we feel the prices are not expected to recover soon on record global supply pressure.

The total monthly soybean arrivals in the cash markets of Madhya Pradesh are reported at 5,07,000 bags compared to 13,30,000 bags reported in the previous month.

The surge of monsoon has weakened in last couple of weeks in the key soybean growing belt, but forecast of improved rainfall in July could push the planting pace in soybean.

The overall rainfall over Madhya Pradesh, Maharashtra and Rajasthan is reportedly normal to higher rains.

IMD in its weekly Southwest monsoon progress report (01.06.2017 to 28.06.2017) has reported India's actual rainfall at 147.8 mm against the normal 148 mm and departure stands at 0% till 28 June 2017.

In West Madhya Pradesh, the departure of Southwest monsoon has improved to normal by +12%, actual rains is reported at 103.5 mm vs 92.2 mm normal till 28 June 2017 by IMD. Vidarbha reported the departure of -11%, actual rains 135 mm vs 152.3 mm normal. Marathwada reported the departure of +37% with actual rains of 181.3 mm vs 132.5 mm, East Rajasthan reported a departure of +29% with actual rains 65.9 mm vs 51.2 mm normal.

Forecast of normal seasonal/monsoon this season is expected to boost the soybean production.

The area coverage under soybean, as on 30th June, is reported down -19.2% at 15.29 lakh hectares compared to 18.92 lakh hectares at the same period last year.

Crop	As on 30 Jun. 2017	As on 30 Jun. 2016	% Chg.
Groundnut	9.15	7.84	16.7
Soybean	15.29	18.92	-19.2
Sunflower	0.27	0.56	-51.8
Sesamum	0.96	0.81	18.5
Niger	0.02	0.02	0.0
Castor	0.21	0.21	0.0
Total Oilseeds	25.90	28.36	-8.7

The total sown area under *kharif* oilseeds, as on 30th June, is lower compared to the previous year's level which is down by 8.7% at 25.9 lakh hectares compared to 28.36 lakh hectares during the corresponding period last year.

India's total area under soybean in 2016 was 114.78 lakh hectares which was lower by 1.4% from 2015.

We expect India's area under soybean in 2017 to be lower than 2016 with the fall in planting intention due to the lower remuneration for the crop to the farmers. The farmers are cautious in planting early this season and some are likely to shift to cotton or pulses which will eventually reduce the planted area under soybean this year.

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 continued to remain limiting factor.

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

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 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 edged-up on technical buying and position-squaring ahead USDA's quarterly inventory and acreage report. Further, spillover strength from wheat remained supportive too.

At CBOT, the soybean, in the most active August contract, ended higher at US \$ 9.47/bushel compared to US \$ 9.18/bushel last month.

Both, the US soybean stocks and acreage figures were reported lower than the trade expectations in the report released by USDA on last Friday of the month - June.

It has been reported that the US soybeans stored in all positions on June 1, 2017 totaled 963 million bushels, up 11 percent from June 1, 2016.

On-farm stocks totaled 333 million bushels, up 18 percent from a year ago. Off-farm stocks, at 631 million bushels, are up 7 percent from a year ago.

Indicated disappearance for the March - May 2017 quarter totaled 775 million bushels, up 18 percent from the same period a year earlier.

The U.S. Department of Agriculture's National Agricultural Statistics Service (NASS) estimated a record high 89.5 million acres of soybeans planted in the United States for 2017, up 7 percent from last year.

Further, US soybean area for harvest is estimated at a record high 88.7 million acres, if realized, up 7 percent from 2016.

As reported on 25 June, the US soybean planting is complete.

Soybeans emergence are reported at 94% which is at par with the corresponding period last year and also up from 5 year average of 91%.

Soybeans blooming are reported at 9% which is up from 8% from the corresponding period last year and also up from the 5 year average of 7%.

About 66% of the soybean planted crop is under good to excellent condition which is down from 72% during the corresponding period last year.

Abiove has once again raised Brazil's 2016/17 soybean production projection to 113.2 million tonnes which is up from the previous forecast of 112.5 million tonnes.

Brazil's soybean exports projection for the year increased to 63 million tonnes from 61.7 million tonnes estimated earlier and the soybean processing is forecast at 41 million tonnes.

Previous updates

Argentina's soybean crop has been harvested by now. Argentine government has slashed its 2016/17 soybean forecast to 57 million tonnes from 58 million previously, citing decline in the harvested area.

Rosario grains exchange has raised its Argentina's 2016/17 soybean production estimate to 57.3 million tonnes from 57 million estimated in previous forecast. The soybean harvesting in Argentina is underway and it is in full swing.

Conab has raised Brazil's 2016/17 soybean production estimate for the sixth time this year to 113.92 million tonnes, which is up from 113 million tonnes projected in May.

Agroconsult has projected Brazil's 2016/17 soybean production at 115 million tonnes and exports of 61 million tonnes during the season.

Brazil's 2016/17 soybean crop production is projected at 113.3 million tonnes by the Safras.

Informa 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 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% at 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

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

Steady to slightly weak tone witnessed in soy meal on steady domestic demand and higher global supply pressure at attractive price in the international market.

Forecast of normal monsoon is expected to boost the poultry demand with the fall in weather temperature, which is likely to boost the domestic meal demand. The monsoon is expected to grip the whole country by the first week of July.

The domestic meal demand was sluggish in recent weeks as poultry demand reduces during summer and the feed intake volume by birds decline as well during the hot weather.

However, competitive price offer by South America for soy meal has already witnessed reduction in the international meal demand from India.

Significantly lower domestic soy meal price, this season, have obviously lend support to India's soy meal exports in previous months.

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

Strength in INR against USD in recent months and improved seasonal South American soy supplies still continues to be concern for meal exports from India.

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

Soy meal ended up in international market, during the month, the August contract CBOT soy meal settled at US \$ 306.20 per short ton compared to US \$ 299.4 per short ton last month.

The domestic soy meal prices at Indore, were quoted at Rs 23,300 – 23,500/MT in the last week of June compared to Rs 22,400 – 23,300/MT in the last week of May.

At Latur and Nanded, Maharashtra, soy meal witnessed steady to weak tone and were quoted at Rs 24,200/MT and 24,700/MT respectively compared to Rs 23,500/MT in Indore and Rs 23,600/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 are expected to rebound on record Brazil's 2016/17.

Previous Updates

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 export prices further during the season ending September.

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 export 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.

The Solvent Extractors' Association of India has compiled the export data for export of oilmeals for the month of May 2017.

The export during May 2017 is reported at 97,871 tons compared to 57,954 tons in May 2016 i.e. up by 69%.

The overall export of oilmeals during April - May 2017 provisionally reported at 301,569 tons compared to 171,932 tons during the same period of last year i.e. up by 75%.

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 23,300 – 23,500/MT during the last week of June compared to Rs 34,000 – 34,300/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	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 – June 2017		Avg Crush Margin – May 2017		Avg Crush Margin – June 2016	
-827		-850		-1388	
Min	Max	Min	Max	Min	Max
-1490	-64	-1100	-310	-2040	-750

The domestic soybean crush margins in June 2017 were better from the corresponding period last year and also compared to May'17 owing to the lower soybean and meal prices.

Technical Analysis:

NCDEX Soybean Futures



Soybean Spot, Indore



*Daily Chart

Support & Resistance NCDEX- Soybean Aug. Contract

S1	S2	PCP	R1	R2
2700	2600	2925	3100	3180

- Soybean edged-up on supportive buying in the market.
- Prices closed above 40-day EMA.
- MACD is rising in the negative territory.
- RSI and stochastic are easing in oversold zone.
- Trade Recommendation (NCDEX Soybean – Aug.) – 1 Month: **BUY** Above 2900. T1 – 3100; T2 - 3150; SL –2780.

Rapeseed - Mustard Seed

The domestic rapeseed-mustard fell on higher edible oil imports by India at competitive price during the month under review.

Further, higher domestic production and eventually increase in supplies continued to weighed on the seed prices. The fall is restricted as there is a continued demand in the seed mainly by the solvent extractors.

The all India seed supplies were reported between 1.50 – 1.70 lakh bags in a day compared to around 1.70 – 2.0 bags a day, previous week. The supplies were 1.35 – 1.40 lakh bags a day during the corresponding period last year.

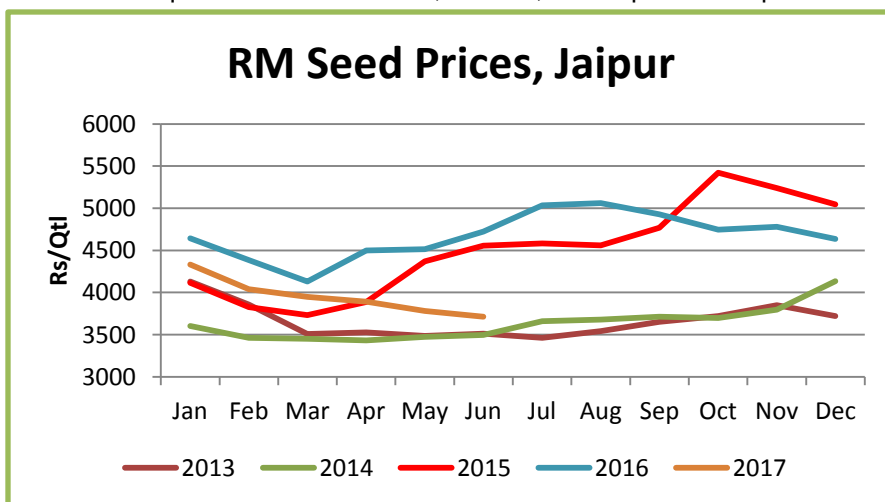
RM Seed Supply, Pan India

RM Seed Arrivals Pan India in Bags (85 kg each).		
Monthly Arrivals– July	1 Month Ago	Corresponding Period Last Year
41,85,000	65,05,000	41,35,000

The seed prices are still lower at spot and were quoted at around Rs 3,670 – 3,725 a quintal compared to Rs 4,820 – 4,850 a quintal during the corresponding period last year at the benchmark, Jaipur.

At NCDEX futures, the seed prices at July contract ended higher at 3605/Qtl compared to 3503/Qtl previous week.

The rapeseed-mustard prices are driven by India's edible oil imports and Malaysian palm oil. India's edible oil imports increased in May.



Previous Updates

Agriwatch has projected India's 2016/17 rapeseed production at 7.0 million tonnes with an average yield of about 1000 kg/ha compared to 5.8 million in 2015/16 while Solvent Extractors of India has estimated India's seed production at 7.2 million tonnes.

India's May edible oil imports rose 31.7 percent y-o-y to 13.24 lakh tons from 11.05 lakh tons in May 2016. Palm oil imports in May rose 21.5 percent y-o-y to 7.98 lakh tons from 6.57 lakh tons in May 2016. CPO Imports rose 25.5 percent y-o-y to 4.92 lakh tons from 3.92 lakh tons in May 2016.

RBD palmolein imports rose 12.6 percent y-o-y to 2.94 lakh tons from 2.61 lakh tons in May 2016. Soy oil imports fell 91 percent y-o-y to 3.40 lakh tons from 1.78 lakh tons in May 2016. Sunflower oil imports rose 3.3 percent y-o-y to 1.55 lakh tons from 1.50 lakh ton in May 2016. Rapeseed (Canola) oil rose to 0.29 lakh tons in May compared to from 0.18 lakh tons in May 2016, according to Solvent Extractors Association (SEA).

India's May edible oil stocks at ports and pipelines rose 1.87 Percent m-o-m to 21.60 lakh tons from 21.20 lakh tons in April 2017. Stocks of edible oil at ports fell to 770,000 tons (CPO 230,000 tons, RBD Palmolein 160,000 tons, Degummed Soybean Oil 190,000 tons, Crude Sunflower Oil 170,000 tons and 20,000 tons of Rapeseed (Canola) Oil) and about 1,390,000 tons in pipelines (stocks at ports were 785,000 and in pipelines were at 2,120,000 tons in April 2017).

India is presently holding 37 days of edible oil requirement on 1st June, 2017 at 21.60 lakh tons compared to 39 days of requirements last month. India's monthly edible oil requirement is 17.5 lakh tons, according to Solvent Extractors Association (SEA).

Malaysia's May palm oil end stocks fell 2.64 percent to 15.58 lakh tons compared to 16 lakh tons in April. Production of palm oil in May rose 6.88 percent to 16.54 lakh tons compared to 15.48 lakh tons in April. Exports rose 17.33 percent to 15.06 lakh tons compared to 12.83 lakh tons in April. Imports of palm oil in May fell 12.9 percent to 0.47 lakh tons compared to 0.54 lakh tons in April. This was the weakest May since last eight years, according to Malaysia Palm Oil Board (MPOB).

Malaysia's June palm oil exports fell 7.6 percent to 1,210,359 tons compared to 1,310,320 tons in corresponding period last month. Top buyers were European Union at 245,163 tons (280,215 tons), India at 238,350 tons (283,820 tons), Pakistan at 98,830 tons (60,000 tons), United States at 69,082 tons (60,607 tons) and China at 65,500 tons (105,090 tons). Values in brackets are figures of corresponding period last month. Values in brackets are figures of corresponding period last month, Societe Generale de Surveillance (SGS).

Malaysia increased July crude palm oil export duty to 6.5 percent from 6 percent in June. Tax is calculated at reference price of 2890.04 ringgit (\$676.53) 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 maintains zero export duty on crude palm oil for July as it expects that it will miss certain thresholds, according to Indonesia trade ministry. Indonesia keeps export taxes at zero on or below USD 750 per ton.

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 to medium-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.	2016-17	2017-18	Feb-Apr	May-Jul	Aug-Oct	Nov-Jan
Carry In	0.20	0.10	0.10	3.41	1.78	0.94
Production	5.80	6.80	6.80	0.00	0.00	0.00
Imports	0.00	0.00	0.00	0.00	0.00	0.00
Total Availability	6.00	6.90	6.90	3.41	1.78	0.94
Processing/Crushing	5.90	6.80	3.44	1.58	0.74	0.74
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	5.90	6.80	3.49	1.63	0.84	0.84
Carry Out/Ending Stock	0.10	0.10	3.41	1.78	0.94	0.10
Monthly Use	0.49	0.57				
Stock/Consumption Ratio	0.02	0.01				
Stock to Month Use Ratio	0.20	0.18				

(Source: AgriWatch)

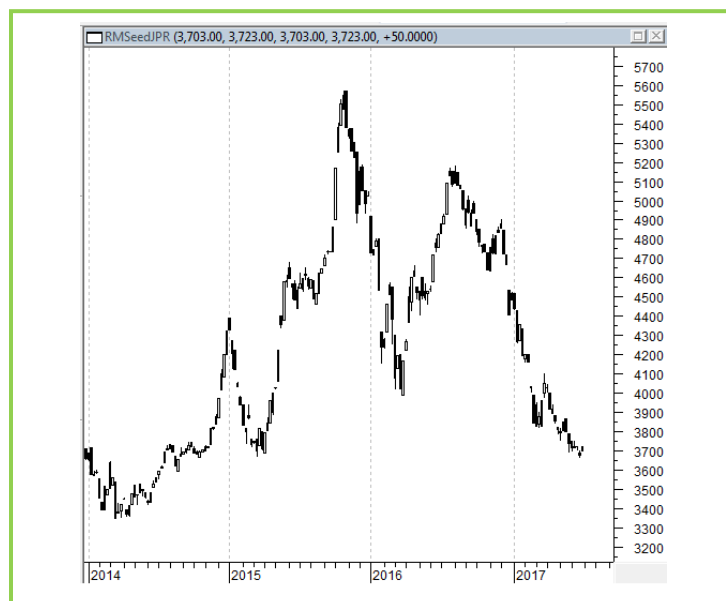
- We have pegged India's 207/18 Rapeseed-mustard outturn at 6.8 million tonnes, higher by more than 17% compared to the 2016/17 production at 5.8 million tonnes.
- India's production is slightly above 5 year average of around 6.7 million tonnes.
- **Trade Observations: India is an import dependent country 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 fell at cash market in 2016/17 season and they are 36-month low in benchmark Jaipur.

Technical Analysis:

NCDEX RM Seed Futures



RM Seed Spot, Jaipur



*Daily Chart

Support & Resistance NCDEX - RM Seed Aug. Contract

S1	S2	PCP	R1	R2
3400	3350	3651	3883	3985

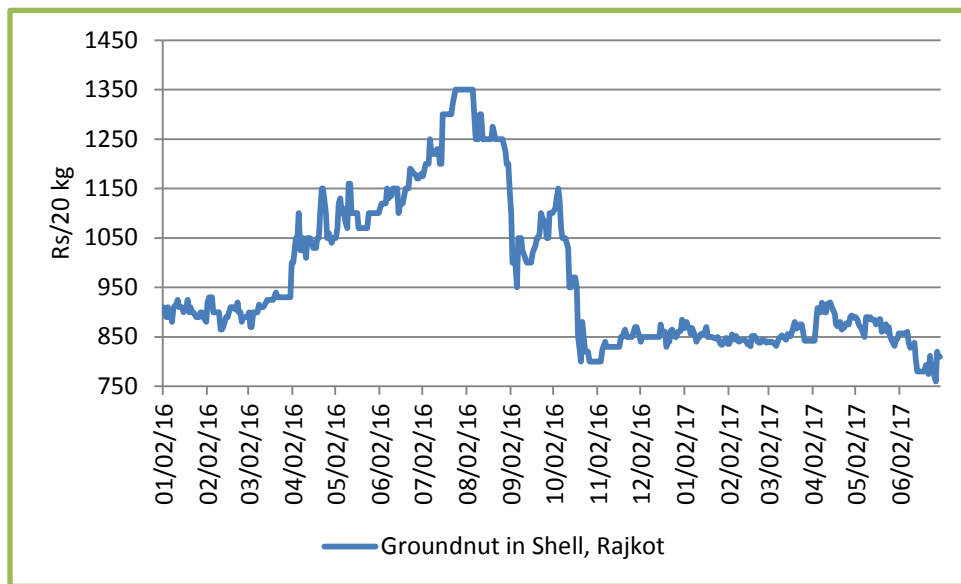
- Rapeseed-mustard edged-up on buying support in the market.
- Prices closed below 40-day EMA.
- MACD is easing in negative territory.
- RSI and stochastic are falling in oversold zone.
- Trade Recommendation (NCDEX RM Seed – Aug.) – 1 Month: **SELL** Below 3550. T1 – 3750; T2 - 3530; SL – 3850.

Groundnut

The domestic groundnut prices extended losses in June pressured by other oilseeds like soybean and rapeseed-mustard. The kharif groundnut planting is underway and it is ahead previous year's figure by 17%, by 30 June 2017.

The groundnut prices (in shell - Rajkot) fell by 0.4% in June compared to May and witnessed the monthly average price of Rs 814 per 20 kg compared to Rs 871 per 20 kg in May.

The groundnut prices in Kernel, Saurashtra are also lower compared to the same period last year. Improved production in the groundnut along with other oilseeds is cited for the decline. The average monthly price of nuts in Saurashtra was Rs 47520 per metric ton in June 2017 vs Rs 51926 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	30-Jun-17	31-May-17	30-Jun-16	30-Jun-15
Rajkot	GN in Shell (Rs/20kg)	-31.1	-0.4	810	846	1175	930
Shaurashtra	GN Seed Kernel (Rs/MT)	-13.9	-0.7	46500	50000	54000	50000

(Source: AW)

Annexure

Oilseed Prices at Key Spot Markets:

Commodity / Centre	Prices (Rs/Qtl)				Change
Soybean	30-Jun-17		30-May-17		
	Low	High	Low	High	
Indore –Plant	2900	2950	2700	2800	150
Indore–Mandi	2700	2875	2450	2700	175
Nagpur-Plant	2850	2930	2750	2820	110
Nagpur – Mandi	2500	2870	2400	2650	220
Latur – Mandi	2625	2800	2630	2822	-22
Kota-Plant	2820	2860	2700	2800	60
Kota – Mandi	2650	2750	2600	2750	Unch
Bundi-Plant	2900	2950	2750	2775	175
Bundi-Mandi	2800	2850	2700	2750	100
Baran-Plant	2890	2960	2650	2775	185
Baran-Mandi	2700	2850	2500	2750	100
Bhawani Mandi Jhalawar–Kota-Plant Delivery	2825	2875	2700	2750	125
Jhalwar-Mandi	2750	2800	2650	2720	80
Rapeseed/Mustard					
Jaipur-(Condition)(New Crop)	3720	3725	3695	3700	25
Alwar-(Condition)(New Crop)	3550	3600	3400	3450	150
SriGanganagar-(Non-Condition-Unpaid)	3200	3300	3200	3250	50
New Delhi–(Condition)(New Crop)	3470	3500	3480	3500	Unch
Kota-Non-(Condition)(New Crop)	3300	3400	3100	3150	250
Agra-(Condition)(New Crop)	3925	3975	3850	3900	75
Neewai(New Crop)	3450	3500	3400	3450	50
Hapur (UP)(New Crop)	3600	3625	3575	3625	Unch
Groundnut Seed					
Rajkot	810	810	846	846	-36
Sunflower Seed					
Gulbarga	2800	2800	2852	3052	-252
Latur	NA	NA	NA	NA	-
Sholapur(New Crop)	NA	NA	NA	NA	-
Sesame Seed					
Mumbai (White98/2/1	6200	6200	6450	6450	-250

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
		June,17	May,17	
Soybean				
	Madhya Pradesh	507000	1330000	-823000
	Maharashtra	969000	1162000	-193000
	Rajasthan	380000	471000	-91000
	Bundi (Raj)	3100	3300	-200
	Baran (Raj)	42300	78100	-35800
	Jhalawar (Raj)	19200	57900	-38700
Rapeseed/Mustard	Rajasthan	2060000	3440000	-1380000
*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 2017/18 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 2017-18 season, the MSPs of all the Kharif oilseeds are raised for this season.

The MSP of Yellow Soybean is increased by 9.9% to Rs 3050/Qtl (including Rs 100 bonus) for 2017-18 season from Rs 2,775/Qtl in 2016-17, Groundnut -in- shell by 5.5% to Rs 4,450/Qtl (including Rs 100 bonus) from Rs 4,220/Qtl, Sunflower seed by 3.8% to Rs 4,100/Qtl (including Rs 200 bonus) from Rs 3,950/Qtl, Nigerseed by 5.9% to 4,050/Qtl (including Rs 100 bonus) from Rs 3,825/Qtl and Sesamum by 6.0% to Rs 5,300/Qtl (including Rs 200 bonus) from Rs 5,000/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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