
Oilseeds Monthly Research Report

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Executive Summary

Soybean witnessed easy tone during the month amid increase in arrivals in the mandis after the festival of Diwali and spillover weakness from soy complex at CBOT during the initial part of the month. Soybean at CBOT noticed easy tone amid harvesting pressure in U.S. Midwest. However, harvesting in U.S. is lagging, behind 5-year average.

Planting is expected to pick up in Brazil amid expected rains in the coming days. Delay in planting of soybean in Argentina coupled with good demand from China will continue to remain positive factor for the market.

At the domestic front, new crop soybean arrivals have picked up and are above 700,000 bags at all India level. With the arrivals in full swing, expected good demand from the crushers should lend some support to the market. South-west monsoon has withdrawn and north –east monsoon has set in the country. North –east monsoon is active in southern peninsula and will not have any impact in the soybean growing regions.

The weekly soybean export sales released by USDA are above analysts' expectation. However, it has been negated following harvesting pressure in U.S. Planting is lagging in Argentina and is expected to pick up in Brazil in the coming week.

Soy meal exports remain attractive amid weakness in INR.

The rapeseed-mustard prices witnessed mostly positive tone amid increase in MSP for the upcoming rabi season by the government and good demand from the retailers. However some weakness was noticed towards the end of the month amid increase in arrivals.

Overall supply pressure in the global market will weigh on the market in the coming days. Sowing of the rabi crop will influence the market in the coming days.

Outlook – Cash Market

Outlook - Soybean (Spot, Indore): The soybean witnessed easy tone amid increase in arrivals in the mandis and spillover weakness from CBOT. Soybean at CBOT continued weak tone amid harvesting pressure in U.S. Midwest. The bullish weekly export sales of soybean released by the USDA was negated amid harvesting pressure and expected pick up in planting pace in Brazil. Planting is lagging behind in Argentina, which continues to remain positive factor for the market. The prices are expected to feature range bound movement with weak bias between the price band of 2700 – 3000 level (Indore, Plant basis).

Outlook – Soy meal: Soy meal continued weak tone on lack –lustrelackcluster demand in the cash market and weakness in soy meal at CBOT. New crop soybean arrivals, is picking up in the mandis and pace of crushing will also increase in the coming days thereby leading to more soy meal production. Good export demand is usually expected during the period November – February. The recent weakness in INR against US dollar will make India's meal exports attractive. Overall this year exports of oil meals have been higher following good monsoon, better oilseeds production and price parity. Prices must remain competitive in the coming year also, to hold major global share. Prices are likely to feature range bound movement with weak bias in near-term. Soy meal, Indore is expected to be in the range of 20,000 – 22,000/MT levels during the month.

Outlook - Rapeseed-Mustard (Spot, Jaipur basis): The rapeseed-mustard noticed firm tone during the month amid buying interest in the cash market and increase in MSP for the upcoming rabi season by the government. Market will get cue from sowing progress of rabi crop in the coming days. Upside movement will be limited amid overall supply pressure in the global market. The seed prices are likely to feature range-bound movement with weak bias and witness the levels between 3850 – 4050/Qtl; levels during the month.

International Highlights

- ❖ According to AgRural consultancy, soybean planting in Brazil has covered 30% of the area in line with 5-year average, but more than 10% below corresponding period last year. Second largest soybean growing province of Parana showed impressive 67% planting which is above 5-year average of 55% and above 2% in corresponding period last year. In the largest growing state of Mato Grosso planting has reached 43%, in line with 5-year average of 45% but below 68% in corresponding period last year. Brazil center west is facing dry conditions, which has lagged slowed down planting. State of Goyas in center west, planting has reached 6% compared to 42% in corresponding period last year and 5-year average of 28%.
- ❖ According to official sources, Argentina is likely to start cutting its 30 per cent export tax on soybean exports from next year onwards. This should help in augmenting soybean planting area. Argentina is the world's third largest exporter of soybeans and started planting its 2017/18 crop this month, with harvesting expected between March and June. According to Rosario exchange, soybean planting area in 2017/18 will be 18.1 million hectares compared to 20.1 million hectares in 2015/16. If export tax is eliminated, area will increase from 2018/19 season.
- ❖ Soybean projections in Brazil have been increased by AgRural compared to previous estimates earlier this month. Soybean area is expected to increase to 34.655 million hectares this season compared to previous estimate of 34.563 million hectares. Soybean production estimates has been increased to 110.2 million metric tonnes compared to previous estimates of 109.9 million metric tonnes. In the previous year, Brazil had produced 114.1 million metric tonnes.
- ❖ In the weekly USDA crop progress report released on 30 October; around 83% of the new soybean crop has been harvested which is less than 85% during the corresponding period last year and down from the 5 year average of 84%.
- ❖ Unfavourable weather condition in summer this season, has lowered the protein content of soybeans in U.S. and as such the crushing plants producing soy meal will be low on protein content and other key ingredients. This is likely to increase the costs of meat and animal feed. Early data suggests that the U.S. soybean crop would average about 34 to 34.5 percent protein, down from 35 percent normally.

- ❖ According to the State Agricultural Federation, farmers in Goias State of Brazil are rushing to plant the entire soybean area to avoid potential productivity losses. Planting was delayed amid low rainfall. Goias, the fourth largest soybean producing state in Brazil is expected to produce 10.5 million metric tonnes in 2017/18 compared to 11.4 million metric tonnes in 2016/17. According to AgRural consultancy, farmers in the State have covered 6 per cent of the area as on 26 October 2017 compared with 42 per cent during the same corresponding period previous year and five-year average of 28 per cent.
- ❖ According to the latest monthly estimates from Strategie Grains, soybean production estimates have been increased to 2.63 million metric tonnes in European Union for 2017/18 compared to previous estimates of 2.60 million metric tonnes and 2.49 million metric tonnes in 2016/17.
- ❖ According to China's General Administration of Customs, China imported 53,909 metric tonnes of soy meal during the period January –September 2017, an increase of 304.7% compared to the same corresponding period previous year. In the month of September 2017, China's imports of soy meal increased by 127.49% to 2,047 metric tonnes. According to China's General Administration of Customs, China imported 71,451,175 metric tonnes of soybean during the period January –September 2017, an increase of 15.49% compared to the same corresponding period previous year. In the month of September 2017, China's imports of soybean increased by 12.74% to 8,112,677 metric tonnes.
- ❖ According to official sources, soybean output in China is expected to touch 14.4 million metric tonnes in 2017-18. According to market sources, Chinese soybean prices recorded 18-month's low amid concerns that the government may lower its price or suspend state buying of the soybean as farmers are harvesting, the largest soybean crop since 2011-12.
- ❖ The IGC has kept the global soybean output in 2017/18 unchanged from its previous estimates. Global soybean production in 2017/18 was put at 348 million metric tonnes which is unchanged from previous projection and up from previous forecast of 347 million but still below the 2016/17 record crop of 351 million metric tonnes. Soybean consumption is likely to increase to 353 million metric tonnes up from previous forecast of 351 million metric and higher compared to 338 million metric tonnes in 2016/17.

Soybean

Soybean notice weak tone during the month amid increase in new crop arrivals in the mandis and spillover weakness from soybean at CBOT during the beginning of the month. Soybean at CBOT continued easy tone amid harvesting pressure in U.S. Midwest and expected rains in Brazil in the coming days. Slow pace of planting in Argentina will continue to remain positive factor for the market.

At the domestic front, arrival of the new crop is in full swing in the mandis and this will weigh on the market in the coming days. Expected good demand from the crushers during the season should lend some support to the market. South –west monsoon has withdrawn according to the Indian Meteorological Department. North –East monsoon has set in the country with rains over Southern Peninsula. However, it will not have any impact on soybean as Southern Peninsula is not a major soybean growing region.

According to the latest estimates of SOPA, soybean production in the country for 2017 has been estimated at 91.46 lakh tonnes compared to 114.91 lakh tonnes during the previous year. Madhya Pradesh is estimated to produce 45.36 lakh tonnes compared to 57.17 lakh tonnes in 2016. Maharashtra's soybean production is estimated at 31.39 lakh tonnes in 2017 compared to 39.46 lakh tonnes during previous year. Rajasthan is estimated to produce 7.62 lakh tonnes in 2017 compared to 9.50 lakh tonnes during the previous year.

The domestic bean prices are at 5 year low and we feel the prices are not expected to recover soon amid harvesting pressure in the domestic and global markets.

The total weekly soybean arrivals in the cash markets of Madhya Pradesh are reported at 15,25,000 bags in the last week of October compared to 330,000 bags reported in the previous week. Arrivals have increased as mandis have opened after the festival of Diwali.

SOPA SOYEAN PRODUCTION ESTIMATES KHARIF 2017

Area in Lakh Ha, Yield in Kg. Per Hectare, Production In Lakh MT

S.No.	Division/District	Kharif 2016			Kharif 2017		
		Area	Yield	Production	Area	Yield	Production
1	Madhya Pradesh	54.010	1058	57.168	50.100	905	45.359
2	Maharashtra	35.809	1102	39.456	34.484	925	31.894
3	Rajasthan	9.812	968	9.499	9.245	825	7.629
4	Andhra Pradesh (Telangana)	2.993	815	2.439	1.652	840	1.388
5	Karnataka	3.240	785	2.543	2.710	840	2.276
6	Chattisgarh	1.340	975	2.543	1.320	860	1.135
7	Gujarat	1.379	1005	1.307	1.290	905	1.167
8	Rest Of India	1.131	980	1.386	0.760	800	0.608
	Grand Total	109.714	1047	110.8	101.561	901	91.457

As per Agriwatch estimates, soybean production in the current kharif season is expected to be 98 lakh metric tonnes compared to 115 lakh metric tonnes in the previous season. Lower soybean production will lend some support to the market. However comfortable carry-in stocks and harvest of soybean in U.S. Midwest will continue to be the limiting factor.

The major buyers in Madhya Pradesh are as follows: Amrit Mandsaur, Ambika Kalapipal, Agrawal Neemuch, Adani, Agro Sol. Datia, Avi Agro, Bansal, Bajrang, Betul Oil, Dhanuka, DivyaJyoti, G. Ambuja, Itarsi, Indian Soya (3-2-10 specification), Khandwa, Khyati, Kriti (2-2-11 specification), K.P. Newari, Mahakali, M.S. Neemuch, Prakash, Oyster Exim, Prestige, Ruchi, Rama, RH Solvex, SSA Mandideep, Shanti Overseas (1-2-10 specification), Sawariyaltarsi, Sitashri, Vippy for Dewas and Mandsaur delivery during the week.

Previous Update

We expect India's soy meal exports to pick up 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.

Weaker INR against US dollar and huge South American soy supplies continue to influence the market as the Indian soy meal price has been out-priced in the international market in recent weeks.

Lower soybean supplies this season, mean decline in crushing and eventually, availability of less soy meal, eventually leading to lower exports.

India's domestic soy meal consumption is around 5 million tonnes and the production is expected to be 7-7.5 million tonnes, the surplus 2.5 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 to keep that the soy meal exports window remains open for some more time.

The soybean supplies were higher in the key markets of Madhya Pradesh, Maharashtra and Rajasthan during the week.

The domestic soybean prices are likely to feature range-bound movement with weak bias amid harvesting pressure in the domestic and global markets.

International:

The international benchmark, CBOT soybean noticed firm tone amid slow pace of planting in Brazil and Argentina and good demand from China.

At CBOT, the soybean, in the most active November contract, ended higher at US \$ 9.75/bushel compared to US \$ 9.68/bushel last month.

According to the National Oilseed Processors Association (NOPA), 136.419 million bushels soybean was crushed in September 2017 compared to 142.424 million bushels previous month. It is below analyst's expectation of 138.071 million bushels and highest for the month in ten years. Soy oil stocks in U.S. at the end of September fell 8.12 percent to 1.302 billion lbs compared to 1.417 billion lbs in end August 2017. Stocks of soy oil in end September was lower by 5.38 percent compared to end September 2016, which was reported at 1.376 million lbs. Soy meal exports during the month declined to 487,397 tons compared to 426,896 tons in August and 439,605 tons a year earlier.

In the weekly USDA crop progress report released on 30 October; around 83% of the new soybean crop has been harvested which is less than 85% during the corresponding period last year and down from the 5 year average of 84%.

Previous updates

In the USDA quarterly stock report, it has been reported that the US soybeans stored in all positions on September 1, 2017 totaled 301 million bushels, up 53 percent from September 1, 2016.

On-farm stocks totaled 88 million bushels, up 110 percent from a year agoearlier. Off-farm stocks, at 213 million bushels, are up 37 percent from a year agoearlier.

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

Informa raised its U.S. 2018 soybean plantings forecast to 90.347 million acres, up from its month-ago projection of 89.057 million acres. U.S. farmers in 2017 planted 90.2 million acres to soybeans according to USDA.

China's stocks of soybean oil are at record levels following huge imports of beans this year. Stocks of the oil, a byproduct of crushing beans into meal for animal feed, touched 1.6 million tonnes this week at major crushers compared to 1.3 million tonnes during the same time previous year according to the China National Grain and Oils Information Center. The high stocks are as a result of record arrivals of beans, with 93.5 million tonnes arriving in the 2016/17 crop year that ended in September, up 12 percent compared to previous year.

According to consultancy, Safras & Mercado, Brazil is expected to produce 114.7 million metric tonnes of soybean in 2017 -18 season. According to Safras, planting area is expected to increase by 5.1 per cent to 35.54 million hectares.

According to consultancy Celeres, acreage under soybean in Brazil is expected to increase in 2017/18 by 2.5% to 34.7 million hectares compared to previous season. This is due to shift in acreage from corn to soybean by farmers in the Center-South region.

The U.S. Department of Agriculture's monthly supply and demand report for the month of October forecasts U.S. soybean production at 4,431 million bushels, down 1 million bushel on higher harvested area and lower yields compared to previous month's estimates. Global soybean production is projected down 0.6 million tons to 347.9 million on lower forecasts for Russia and Ukraine. With lower beginning stocks, soybean ending stocks are forecast at 96.05 million metric tonnes compared to 97.53 million metric tonnes in previous month's estimates. USDA kept soy oil imports from India unchanged at 4.10 million metric tonnes same as previous month.

According to Energy Administration Agency (EIA), U.S. produced 149 million gallons in July compared to 140 million gallons in June, higher by 6.4 percent m-o-m. Soy oil was the largest feedstock with 606 million lbs in July compared to 549 million lbs in June.

According to Chinese Agriculture ministry, China is expected to import 94.5 MMT of soybean in 2017/18 from previous forecast of 93.16 MMT. Chinese soybean consumption in 2017/18 is estimated at 109.21 MMT from previous estimate of 108.63 MMT. Soybean deficit of the country is estimated at 0.25 MMT from previous estimate of 0.97 MMT.

According to the Buenos Aires Grains Exchange, Argentine 2017/18 soybean crop is expected at 54 million metric tonnes compared to 57.5 million metric tonnes in 2016 -17 as farmers have shifted to wheat and corn. Soy planting area in the 2017/18 season is seen at 18.1 million hectares, down from 19.2 million in 2016/17.

In its first forecast related to the 2018 next crop 2018, Abiove has forecasted Brazilian soybean exports at 65 million metric tonnes. Soybean output is forecast at 108.5 million metric tonnes in 2017/18 compared to 113.8 million metric tonnes in the previous season.

The international soybean prices are expected to feature range bound movement with weak bias on harvesting pressure in U.S. Midwest and expected rains in Brazil in the coming days which will increase the pace of planting. Slow pace of planting in Argentina continue to remain supporting factor for the market.

Balance Sheet – Soybean, India

Fig. in MnT

Soybean (Fig in Mn T) MY- Oct.-Sep.			Q3	Q4	Q1	Q2
	2016- 17E	2017- 18F	Oct-Dec'17 F	Jan-Mar'18 F	Apr-Jun'18 F	July-Sep 18 F
Carry In	0.23	0.23	0.23	5.85	3.99	2.91
Production	11.50	9.80	11.5	0	0	0
Imports	0.00	0.00	0	0	0	0
Total Availability	11.73	10.03	11.73	5.85	3.99	2.91
Processing/Crushing	10.00	7.80	5.38	1.36	0.58	0.48
Exports & Direct Consumption	0.50	1.00	0.50	0.50	0.00	0.00
Seeding/Retained for Sowing	1.00	1.00	0	0	0.5	0.5
Total Usage	11.50	9.80	5.88	1.86	1.08	0.98
Carry Out	0.23	0.23	5.85	3.99	2.91	1.93
Monthly Use	0.96	0.78				
Stock/Consumption Ratio	0.02	0.02				
Stock to Month Use Ratio	0.23	0.29				

Source: Agriwatch

- **Trade Observations: Traders are mostly doing need based buying on higher edible imports at competitive prices.**
- India's 2017/18 soybean production is projected at 9.80 million metric tonnes against 11.5 million metric tonnes last season.
- We expect India's 2017/18 soybean crush at 7.80 million metric tonnes vs 10.0 million metric tonnes in 2016/17.
- This translates into availability of 6.2 million metric tonnes of soy meal and 1.4 million metric tonnes of soy oil in 2016/17.
- Lower crushing mean decrease in the availability of soy meal. India's soy meal prices have to compete with the meal prices of South America in 2017/18 also.

Soy meal

The domestic meal prices noticed weak tone amid lack of good demand in the domestic market and spillover weakness from soy meal at CBOT. Demand is expected to pick up with increase in crushing activities in the coming days.

Usually export demand is good through October –February. According to market sources there is forward booking for soy meal in November. Soy meal ready and for November 2017 delivery in jute bags at Latur was quoted between 23500 and 23900 +GST by ADM during the last week of the month. This is with 46% protein and 12.5% moisture condition. However, it was quoted between 23800 and 24000 in PP bags for ready and Nov '17 delivery.

Soy meal prices have to must remain competitive during the season, to increase share in the global market. In the current year meal exports have been good following good monsoon and higher production. Lower soybean production this season will translate into lower meal production.

Further, competitive price offer by South America for soy meal has reduced demand for Indian soy meal in the global market.

On a financial year basis, India's export of oil meals during April 2017 to September 2017 stands at 1,101,689 metric tonnes as compared to 594,529 metric tonnes in the same corresponding period of previous year showing an increase of 85% according to data released by the Solvent Extractor's Association of India.

In the month of September 2017, export of oil meals increased by 5% to 115,083 metric tonnes compared to the same corresponding period previous year. Soy meal exports during the period April 2017 to September 2017 was reported at 397,364 metric tonnes compared to 75,720 metric tonnes during the same corresponding period previous year.

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

Recent weakness in INR against USD will remain positive factor for meal exports from India.

Soy meal declined in international market, during the month.

CBOT soy meal December contract settled at US \$ 311.80 per short ton compared to US \$ 315.80 per short ton last month.

According to China's General Administration of Customs, China imported 53,909 metric tonnes of soy meal during the period January –September 2017, an increase of 304.7% compared to the same corresponding period previous year. In the month of September 2017, China's imports of soy meal increased by 127.49% to 2,047 metric tonnes.

The domestic soy meal prices at Indore, were quoted at Rs 22,000 – 22,400/MT in the last week of October compared to Rs. 23,400/MT -25,200/MT in the last week of September. At Latur and Nanded, Maharashtra, soy meal noticed weak tone and were quoted at Rs 23,000/MT and 22,500/MT respectively compared to Rs 22,000/MT in Indore and Rs 22,500/MT in Kota in the last week of October.

Previous Updates

India has registered gains in the soy meal exports in the current season. Weakness in INR against dollar will eventually make India's soy meal export prices attractive and help to regain market share.

India is expected to produce 7-7.5 million metric tonnes of soy meal this season. Out of which 5 million metric tonnes will be consumed domestically but another 2 -2.5 million metric tonnes must be shipped overseas, failing which, the disparity on crushing soybean will increase.

We expect India's soy meal exports to decline slightly in the new season with lower 2017/18 soybean production leading to lower crushing eventually decreasing the meal supplies.

Indian meal prices need to must be highly competitive against the South American and China's meal prices to regain the markets it lost in previous seasons.

India's Y-o-Y soy meal prices, Indore, are currently lower. Soy meal Indore was quoted lower between Rs 22,000 – 22,400/MT during the last week of the month compared to Rs 24,200 – 24,800/MT during the corresponding period last year.

The soy meal prices are likely to feature range-bound movement with weak bias following overall weak tone in the global market and increase in crushing activities in domestic market in the coming days.

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	48900
Jun	109923	98400	117600	180987	213564	2636	2098	17930	45975
Jul	58268	166632	139547	168341	107038	6682	929	12270	80797
Aug	127299	176138	165510	10005	183555	2778	768	10615	87668
Sep	171955	290868	225921	6525	173381	868	6886	12210	9650
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	867560

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. Prices have to must remain competitive to hold on to global market share.

Soybean Crush Margin

Avg Crush Margin – Oct. 2017		Avg Crush Margin – Sep. 2017		Avg Crush Margin – Oct. 2016	
-424		-316		-44	
Min	Max	Min	Max	Min	Max
-985	210	-1214	450	-1150	1186

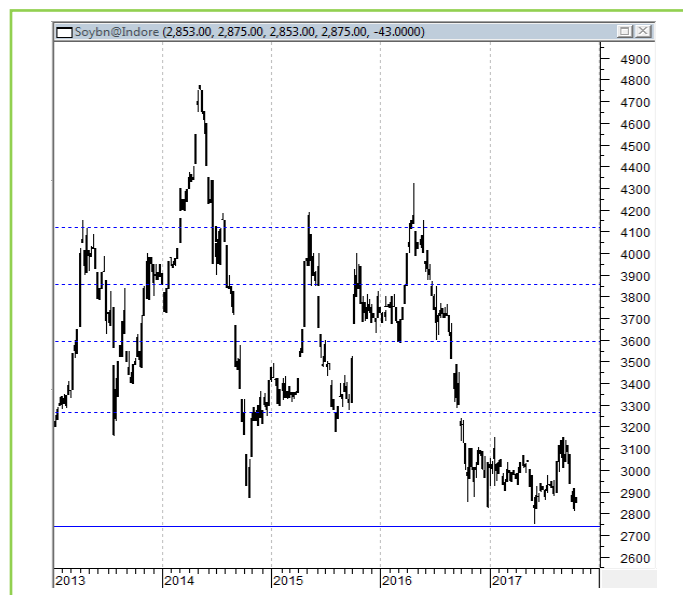
The domestic soybean crush margins in October 2017 were lower from the corresponding period last year owing to the lower soybean and meal prices and lower compared to October'16.

Technical Analysis:

NCDEX Soybean Futures



Soybean Spot, Indore



*Note: Daily Chart

Support & Resistance NCDEX Soybean - Dec. contract

S1	S2	PCP	R1	R2
2700	2600	2823	2950	3050

- Soybean noticed downtrend on selling interest, during the month.
- Prices closed below 18-day EMA.
- RSI and stochastic are increasing in the oversold zone.
- MACD is declining in the negative territory.
- Trade Recommendation (NCDEX Soybean – Dec.) – 1 Month: **SELL** Below 3000. T1 – 2850; T2 - 2800; SL –3080.

Rapeseed - Mustard Seed

The domestic rapeseed-mustard noticed firm tone during the week amid good demand from the retailers and increase in MSP of mustard by Rs. 300/Qtl in the 2017 -18 Rabi season. Arrivals are higher as the mandis have opened after the festival of Diwali.

The Cabinet Committee on Economic Affairs has approved the Minimum Support Prices (MSPs) for Rabi Oilseeds Crops of 2017-18 season are as follows: The MSP of Rapeseed/Mustard is raised (8.1%) by Rs. 300/Qtl to Rs. 4,000/Qtl from Rs. 3,700/Qtl earlier.

The all India seed supplies were reported between 1.00 – 1.25 lakh bags in a day during the last week of the month compared to around 0.70 – 1.10 bags a day, previous week. The supplies were 0.35 – 0.40 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– Sep	1 Month Ago	Corresponding Period Last Year
26,52,500	31,55,000	16,30,000

The seed prices are still lower at spot market and are quoted at around Rs 3,960 – 4,005 a quintal compared to Rs 4,660 – 4,750 a quintal during the corresponding period last year at the benchmark, Jaipur.

At NCDEX futures, the seed prices at November contract ended higher at 3892/Qtl compared to 3895/Qtl previous week.

According to China's General Administration of Customs, China imported 3,653,757 metric tonnes of rapeseed during the period January –September 2017, an increase of 23.53% compared to the same period previous year. In the month of September 2017, China's imports of rapeseed increased by 52.5% to 295,055 metric tonnes.

According to China's General Administration of Customs, China imported 724,874 metric tonnes of rapeseed meal during the period January –September 2017, an increase of 105.08% compared to the same corresponding period previous year. In the month of September 2017, China's imports of rapeseed meal declined by 35.3% to 83,272 metric tonnes.

The rapeseed-mustard prices are driven by India's edible oil imports, Chinese veg. oil demand and Malaysian palm oil. India's edible oil imports increased in September.

Previous Updates

Agriwatch had 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 tonnes in 2015/16 while Solvent Extractors of India had estimated India's seed production at 7.2 million tonnes.

According to Solvent Extractors Association (SEA), India's September edible oil imports rose 9 percent y-o-y to 15.01 lakh tons from 13.77 lakh tons in September 2016. Palm oil imports in September rose 20.6 percent y-o-y to 9.32 lakh tons from 7.73 lakh tons in September 2016. CPO Imports rose 15.4 percent y-o-y to 6.52 lakh tons from 5.65 lakh tons in September 2016. RBD palmolein imports rose 27.8 percent y-o-y to 2.62 lakh tons from 2.05 lakh tons in September 2016. Soy oil imports fell 14.7 percent y-o-y to 3.57 lakh tons from 4.70 lakh tons in September 2016. Sunflower oil imports rose 88.4 percent y-o-y to 1.97 lakh tons from 1.04 lakh tons in September 2016. Rapeseed (canola) oil imports in September fell 46.7 percent to 0.16 lakh tons compared 0.30 lakh tons in September 2016.

According to Solvent Extractors Association (SEA), India's September edible oil stocks at ports and pipelines rose 3.7 percent m-o-m to 25.89 lakh tons from 24.97 lakh tons in August 2017. Stocks of edible oil at ports rose to 979,000 tons (CPO 300,000 tons, RBD Palmolein 230,000 tons, Degummed Soybean Oil 290,000 tons, Crude Sunflower Oil 150,000 tons and Rapeseed Oil (Canola Oil) & other Oils 9,000 tons) and about 1,610,000 tons in pipelines (stocks at ports were 907,000 and in pipelines were at 1,590,000 tons in August 2017).

India is presently holding 44 days of edible oil requirement on 1st October, 2017 at 25.89 lakh tons compared to 43 days of requirements last month at 24.97 lakh tons. India's monthly edible oil requirement is 17.5 lakh tons.

According to cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's October palm oil exports rose 2.3 percent to 1,416,664 compared to 1,384,665 last month. Top buyers are European Union at 293,425 tons (195,869 tons), China at 262,811 tons (227,764 tons), India at 175,230 tons (156,675 tons), Pakistan at 82,540 tons (106,540 tons) and United States at 61,772 tons (66,840 tons). Values in brackets are figures of last month.

According to cargo surveyor Intertek Testing Services (ITS), Malaysia's October palm oil exports rose 2.5 percent to 1,406,706 tons compared to 1,372,990 tons of last month. Top buyers were India and subcontinent at 314,210 tons (261,675 tons), European Union at 258,770 tons (292,155 tons) and China at 254,230 tons (320,512 tons). Values in brackets are figures of last month. According to Malaysia Palm Oil Board (MPOB), Malaysia's September palm oil stocks rose 3.98 percent to 20.19 lakh tons compared to 19.42 lakh tons in August. Production of palm oil in September fell 1.69 percent to 17.80 lakh tons compared to 18.11 lakh tons in August. Exports of palm oil in September rose 1.82 percent to 15.15 lakh tons compared to 14.88 lakh tons in August. Imports of palm oil in September fell 1.17 percent to 0.41 lakh tons compared to 0.42 lakh tons in August. Rise in palm oil end stocks in September was above analyst's estimates.

According to Malaysia Palm Oil Board (MPOB), Malaysia increased November crude palm oil export duty to at 6.5 percent from 6.0 percent in October. Tax is calculated at reference price of 2,872.58 ringgit (\$681.59) per ton. Tax is calculated above 2,250 ringgits starting from 4.5 percent to a maximum of 8.5 percent: Malaysia Palm Oil Board (MPOB).

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.

According to Indonesia trade ministry, Indonesia keeps November crude palm oil export duty to zero, unchanged from last month. This is the seventh consecutive month of zero tax. Reference prices of export tax are set at USD 750 per ton. Indonesia kept export duty at zero as it expects that prices will miss certain thresholds.

According to Malaysian government, Malaysia's palm oil production is expected to rise 2.5 percent in 2018 to 20.5 MMT after rise of 15.5 percent rise in production in 2017 at 20 MMT. Malaysia palm oil output was 17.3 MMT in 2016. Average prices of palm oil in 2018 are estimated at 2,750 ringgits per ton due to higher demand by China, EU and India. Average prices of palm oil in 2017 are estimated at 2,700 ringgits (USD 638) per ton.

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).

U.S. commerce department imposed preliminary anti-dumping duty on imports of palm oil based biodiesel from Indonesia. Anti dumping duty of 50.71 percent has been imposed on all palm oil based biodiesel imports from Indonesia, which is the largest producer of palm oil in the world.

According to China's General Administration of Customs (CNGOIC), China's imports of edible vegetable oil in September rose 92.6 percent to 6.0 lakh tons compared to 5.2 lakh tons in August. Imports rose 15.4 percent compared to corresponding period last year which was reported at 6.0 lakh tons. Year to date imports of edible vegetable oil rose 5.3 percent to 41.6 lakh tons.

According to China's General Administration of Customs (CNGOIC), China's September palm oil imports rose 43.11 percent to 6.88 lakh tons compared to September 2016. Year to date imports of palm oil rose 13.06 percent to 34.85 lakh tons compared to corresponding period last year. Imports from Indonesia in September rose 129.23 percent to 4.71 lakh tons compared to September 2016. Year to date imports of palm oil from Indonesia rose 24.24 percent to 22.17 lakh tons compared to corresponding period last year. Imports from Malaysia in September fell 21.27 percent to 2.17 lakh tons compared to September 2016. Year to date imports fell 2.01 percent from Malaysia to 12.67 lakh tons compared to corresponding period last year.

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

Outlook: The rapeseed-mustard is expected to notice range –bound to weak tone in near -term on overall weak tone in the domestic market amid increasing kharif crop arrival.

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 2017/18 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, almost fully. Prices to remain weak due to overall supply pressure.**
- India's rapeseed-mustard prices fell at cash market in 2016/17 season and they are at 36-month low in benchmark Jaipur.

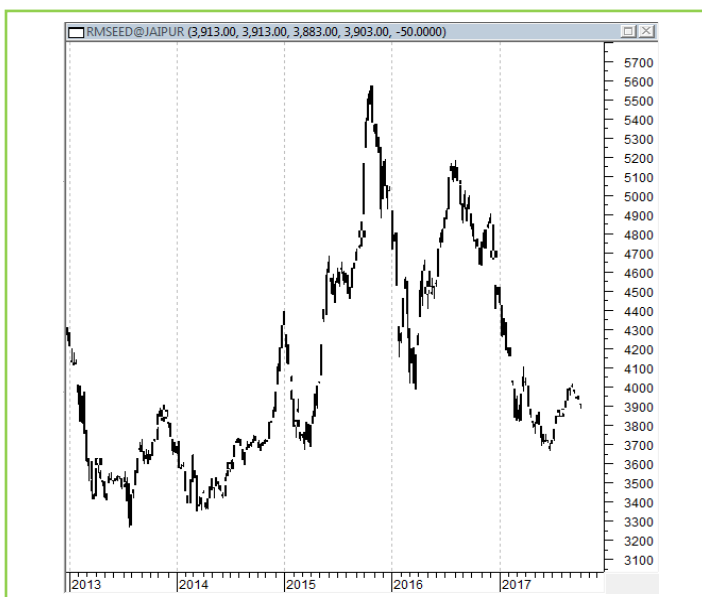
Technical Analysis:

NCDEX RM Seed Futures



*Note: Daily Chart

RM Seed Spot, Jaipur



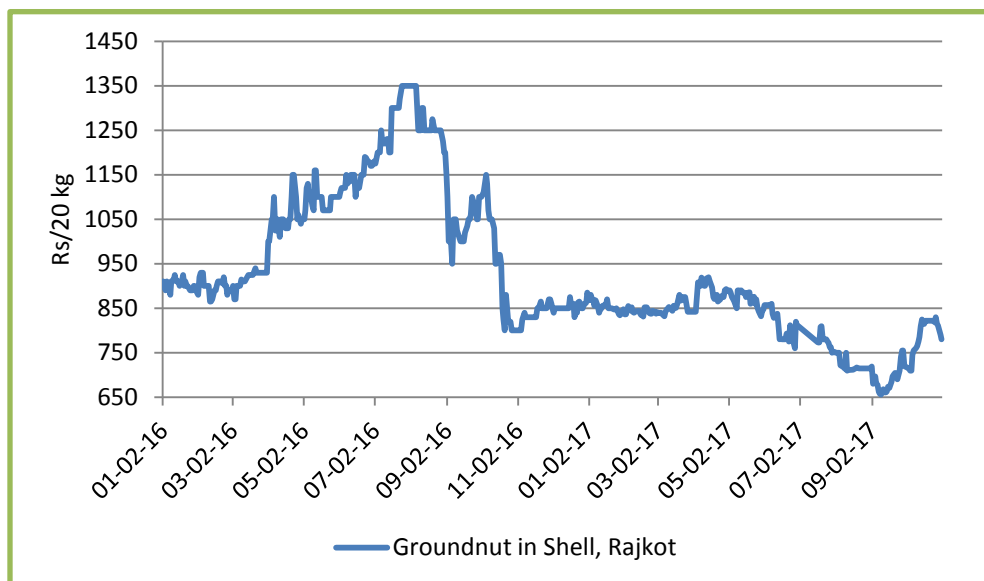
Support & Resistance NCDEX RM Seed - Dec. contract

S1	S2	PCP	R1	R2
3800	3750	3930	4050	4150

- Upward movement witnessed in RM seed.
- Prices closed above 18-day EMA.
- RSI is increasing and stochastic is declining in the neutral zone.
- MACD is increasing in the positive territory.
- Trade Recommendation (NCDEX RM Seed – Dec.) – 1 Month: **SELL** Below 4050. T1 – 3900; T2 - 3850; SL – 4130.

Groundnut

The domestic groundnut prices noticed firm tone in October amid procurement by Gujarat government at MSP and good demand for groundnut oil during the festive season. Higher edible oil imports at competitive price will add to the weak tone of the market coupled with increasing kharif oilseed arrivals. As per latest estimates released by the Solvent Extractor's



Association of India, groundnut output in Gujarat is expected to increase to 31.4 lakh tonnes this season compared to 29.4 lakh tonnes previous year. With the anticipation of a bumper groundnut crop pulling down market prices, the government had announced procurement of the oilseed at Rs.900 per maund of 20 kg (Rs. 4,500/quintal).

The groundnut prices (in shell - Rajkot) increased by 8.3% in October compared to September and witnessed the monthly average price of Rs 780 per 20 kg compared to Rs 720 per 20 kg in September.

The groundnut prices in Kernel, Saurashtra are also higher compared to the same corresponding period last year. Procurement of groundnut by Gujarat government and good demand for groundnut oil is cited for the increase. The average monthly price of nuts in Saurashtra was Rs. 41000 per metric ton in October 2017 vs Rs 40000 per metric ton in September 2017.

Groundnut							
Center	Variety	% Change over Previous year	% Change over Previous month	As on 31-Oct-17	Month Ago 29-Sep-17	Year Ago 31-Oct-16	2 Year Ago 31-Oct-15
Rajkot	GN in Shell (Rs/20kg)	-2.5	8.3	780	720	800	820
Shaurashtra	GN Seed Kernel (Rs/MT)	14.5	2.5	41000	40000	35800	48000

(Source: AW)

Annexure

Oilseed Prices at Key Spot Markets:

Commodity / Centre	Prices (Rs/Qtl)				Change
Soybean	31-Oct-17		30-Sept-17		
	Low	High	Low	High	
Indore –Plant	2650	2800	3050	3080	-280
Indore–Mandi	2500	2750	2850	2940	-190
Nagpur-Plant	2800	2900	3000	3125	-225
Nagpur – Mandi	2730	2800	2750	3050	-250
Latur – Mandi	2270	2812	3000	3120	-308
Kota-Plant	2800	2850	3000	3100	-250
Kota – Mandi	2700	2750	2950	3000	-250
Bundi-Plant	2675	2750	3025	3075	-325
Bundi-Mandi	2700	2755	2925	2975	-220
Baran-Plant	2750	2850	2900	3000	-150
Baran-Mandi	2650	2740	2870	2900	-160
Bhawani Mandi Jhalawar–Kota-Plant Delivery	2600	2700	2950	3100	-400
Jhalwar-Mandi	2500	2640	2850	2975	-335
Rapeseed/Mustard					
Jaipur-(Condition)(New Crop)	3950	3955	3960	3965	-10
Alwar-(Condition)(New Crop)	3750	3800	3700	3750	50
SriGanganagar-(Non-Condition-Unpaid)	3565	3620	3450	3500	120
New Delhi–(Condition)(New Crop)	3625	3675	NA	NA	-
Kota-Non-(Condition)(New Crop)	3450	3550	3400	3450	100
Agra-(Condition)(New Crop)	4250	4350	4300	4325	25
Neewai(New Crop)	3850	3900	3725	3775	125
Hapur (UP)(New Crop)	3700	3800	3825	3850	-50
Groundnut Seed					
Rajkot	780	780	715	715	65
Sunflower Seed					
Gulbarga	NA	NA	NA	NA	-
Latur	NA	NA	NA	NA	-
Sholapur(New Crop)	NA	NA	NA	NA	-
Sesame Seed					
Mumbai (White98/2/1	6650	6650	6850	6850	-200

Soybean Prices are in INR/Qtl. Mandi prices – Loose, Mustard Seed Prices are in INR/Qtl.C –Condition (42%),
*Groundnut seed in Rs/20 kg, Sunflower Seed in Rs/Qtl

Oilseed Cumulative Arrivals in Key Centres

Commodity	Centre	Monthly Arrivals in Bags/Qtl		Change
		October,17	September,17	
Soybean		4240000	1307000	2933000
	Madhya Pradesh	2685000	903000	1782000
	Maharashtra	2589000	341000	2248000
	Rajasthan	72500	3200	69300
	Bundi (Raj)	423000	33900	389100
	Baran (Raj)	236000	36500	199500
	Jhalawar (Raj)			
Rapeseed/Mustard	Rajasthan	2610000	1390000	1220000
*Soybean: 1 bag = 90 kg; RM Seed: 1 bag = 85 kg				

India's Kharif Oilseeds Production Seen at 20.68 Mn T vs 22.40 Mn T in 1st Adv Est. - GOI

The 1st Advance Estimates of production of major crops for 2017-18 have been released on 22 September 2017 by the Department of Agriculture, Cooperation and Farmers Welfare. The assessment of production of different crops is based on the feedback received from States and validated with information available from other sources. As a result of floods and erratic rainfall during monsoon 2017, the country has witnessed lower food grain production in the current year compared to previous year.

The estimated production of major Kharif Oilseeds during 2017-18 is as under:

Oilseeds – 20.68 million tonnes

- Soyabean – 12.22 million tonnes
- Groundnut – 6.21 million tonnes
- Castorseed – 1.40 million tonnes

With a decline of 1.72 million tonnes over the previous year, total kharif Oilseeds production in the country is estimated at a level of 20.68 million tonnes. It is lower by 1.93 million tonnes than the all time record production of 22.61 million tonnes achieved during 2013-14.

The production of Oilseeds during 2017-18 is higher by 0.346 million tonnes than the five year's average Oilseeds production by 0.346 million tonnes. The current year's production is lower than the kharif production of 22.40 million tonnes during 2016-17.

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 2017/18 Rabi Oilseeds

The Cabinet Committee on Economic Affairs has approved the Minimum Support Prices (MSPs) for Rabi Oilseeds Crops of 2017-18 season are as follows: The MSP of Rapeseed/Mustard is raised (8.1%) by Rs. 300/Qtl to Rs. 4,000/Qtl from Rs. 3,700/Qtl earlier. For Safflower too it is increased (10.8%) by Rs. 400/Qtl to Rs. 4,100/Qtl from Rs. 3,700/Qtl in 2016-17.

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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