
Oilseeds Monthly Research Report

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Executive Summary

Soybean noticed positive tone during the month amid buying interest in the cash market and spillover support from soybean at CBOT. Soybean at CBOT noticed upside movement amid short –covering and expected good demand from China. The weekly export sales released by USDA in the last week of the month were within the market expectation and rains in the soybean growing regions of Argentina limited upside movement of the market. With harvesting of soybean over in U.S., overall supply scenario remains bearish amid record crop this year and higher production also expected next year.

In the domestic market, lower arrivals in the mandis towards month end and good demand for edible oils during winter season remain supportive factor for the market. Arrival of soybean will continue to decline with harvesting pressure slowly easing in the growing regions. All India average soybean arrival per day was around 4.5 -5.5 lakh bags in the last week of the month. Crushing activities are likely to be in full swing amid expected good demand for edible oils.

The weekly export sales of soybean released by USDA was within market expectation of 0.8 -1.2 MMT. According to a latest long –term crop forecast report released by the USDA, soybean acreage in 2018 is forecast at a record 91.0 million acres compared to 90.2 million acres in 2017. Overall supply scenario remains bearish in the global market.

There is forward booking of soy meal shipments, according to market sources.

Rapeseed prices noticed firm tone during the month on good demand in the cash market and recovery of palm oil at BMD. During winter season, demand for mustard oil increases, thereby adding to the positive tone of the market. Lower rabi oilseeds acreage till date remained another supportive factor for the market.

However, upside movement will be limited in the coming days on bearish supply scenario in the global market. Sowing of the rabi crop will guide the market in the coming days.

Outlook – Cash Market

Outlook - Soybean (Spot, Indore): The soybean noticed firm tone amid declining arrivals in the mandis and good buying interest in the cash market. Upside movement of soybean at CBOT added to the positive tone of the market. Soybean at CBOT noticed upside movement amid short-covering and expected good demand from China. Good demand for edible oils remained positive factor for the market. The prices are expected to feature range bound movement with firm bias between the price band of 2850 – 3150 level (Indore, Plant basis).

Outlook – Soy meal: Soy meal noticed firm tone amid good demand in the cash market and upside movement in soy meal at CBOT. According to market sources there is some forward booking of soy meal shipments. Meal production is increasing amid increase in crushing activities and prices have to remain competitive to retain global share in the market. Prices are likely to notice range-bound to firm tone in near-term. Soy meal, Indore is expected to be in the range of 22,000 – 24,000/MT levels during the month.

Outlook - Rapeseed-Mustard (Spot, Jaipur basis): The rapeseed-mustard witnessed positive tone during the month on good demand during winter season and recovery in palm oil at BMD during month end. Recovery in palm oil at BMD added to the positive tone of the market. Rabi sowing of rapeseed is lower by around 10% till date compared to same corresponding period previous year. The seed prices are likely to feature range-bound movement with firm bias and witness the levels between 4100 – 4400/Qtl; levels during the week.

International Highlights

- ❖ According to AgRural consultancy, soybean planting in Brazil has covered 84% rising 11% in the week. Planting area is above 5-year average of 79% and 83% in corresponding period last year. In top two producing states of Mato Grosso and Parana planting has reached 96%. In center west Brazil planting is nearing completion.
- ❖ Forecast of below-average rainfall in the first two weeks of December is likely to affect soybean planting in Argentina's central grain belts, according to meteorologists. The southern hemisphere spring which began in September has brought lower than normal precipitation in Argentina. This is likely to affect soybean 2017 -18 harvest. As on 23 November 2017, farmers had planted 34 percent of the 18.1 million hectares they are expected to sow under soybean in 2017 -18.
- ❖ According to a latest long –term crop forecast report released by the USDA, soybean acreage in 2018 is forecast at a record 91.0 million acres compared to 90.2 million acres in 2017. It will be another year of bumper soybean supply assuming weather remains favourable in the growing regions.
- ❖ Brazilian analysts are likely to increase their soybean crop forecast this season, after unfavourable climatic conditions have waned and the crop is developing well in the growing regions. According to an average of forecasts compiled in a recent poll, Brazil is expected to harvest 109.43 MMT soybean in the 2017/18 season.
- ❖ According to the U.S. Energy Information Administration, U.S. biodiesel production declined to 147 million gallons in September compared to 149 million gallons previous month. Soy oil remained the largest biodiesel feedstock, with 604 million pounds used in September. In August 608 million pounds was used for biodiesel production.
- ❖ According to USDA, 194 million bushels of soybean was crushed in October 2017. This is higher than average analyst's estimate of 174.7 million bushels. The National Oilseed Processors Association had estimated 164.242 million bushels of soybeans were crushed in October, up from 136.419 million bushels in September.
- ❖ Net sales of 942,900 MT of soybean for 2017/2018 were up 9 percent from the previous week, but down 25 percent from the prior 4-week average. Increases were reported for China (717,700 MT, including 387,000

MT switched from unknown destinations), the Netherlands (85,100 MT, including 74,000 MT switched from unknown destinations), Vietnam (73,600 MT, including 63,000 MT switched from unknown destinations), Turkey (43,100 MT, including 40,000 MT switched from unknown destinations), and Japan (41,000 MT, including 38,000 MT switched from unknown destinations and decreases of 200 MT) during the week November 17 -23, 2017. Reductions were reported for unknown destinations (121,500 MT) and Honduras (14,000 MT). Exports of 2,203,100 MT were primarily to China (1,716,500 MT), the Netherlands (85,100 MT), Thailand (84,000 MT), Vietnam (71,700 MT), and Mexico (61,000 MT). The current week's net sales are higher compared to net sales of 869,100 MT during the previous week.

- ❖ According to Informa, soybean planting intention in U.S. has been reduced to 89.627 million acres in 2018 compared to previous month's forecast of 90.347 million acres. This year, 90.2 million acres has been planted under soybean.
- ❖ According to Agroconsult, Brazilian soybean output is estimated at 111 MMT in 2017/18, maintaining the same forecast released in September. Soybean acreage is likely to increase by 3 per cent to a record 35 million hectares this season as farmers have shifted from corn to soybean. If climatic conditions remain favourable, soybean output could touch 115 MMT. Previous year's soybean output was estimated at 114.7 MMT according to Conab.
- ❖ According to Argentine Ministry of Agriculture, soybean acreage in 2017/18 is likely to decline to 16.8 million hectares in 2017/18 compared to 18 million hectares previous season.
- ❖ According to the Brazilian Association of Vegetable Oil Industries (Abiove), biodiesel production in Brazil will increase by 31 per cent in 2018 to 5,500 million litres. In 2017 expected production of biodiesel is 4200 million litres. In 2018, Brazil will process an additional 1,500 MMT of soybeans, the main raw material used in producing biodiesel. This will increase the total expected processing to 43 MMT next year.
- ❖ According to the National Oilseed Processors Association (NOPA), 164.2 million bushels soybean was crushed in October 2017 compared to 136.419 million bushels previous month. It is the fifth highest on record and slightly below analyst's expectation of 164.475 million bushels. Soy meal exports during the month increased to 643,199 tons compared to 487,397 tons in August and 560,180 tons a year earlier.

Soybean

Soybean witnessed positive tone during the month amid buying interest in the market and lower arrivals in the mandis. Upside movement in soybean at CBOT added to the firm tone of the market. Rains in the soybean growing regions of Argentina and likely record crop in the coming season limited upside movement of soybean at CBOT. The weekly export sales of soybean,, was neutral and within market expectation of 0.8 -1.2 MMT.

In the domestic market, lower arrivals in the mandis and good demand for oils during winter season supported prices. Arrivals are declining in the mandis with harvesting pressure continuing to ease in the growing regions. Average arrival in the domestic market per day was around 4.5 -5.5 lakh bags during the last week of the month. Crushing activities are in full swing with expected good demand for oil.

The total weekly soybean arrivals in the cash markets of Madhya Pradesh are reported at 82,11,000 bags compared to 42,40,000 bags reported in the previous month.

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	54.010	1047	1.108	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 record soybean crop in U.S. Midwest will continue to be the limiting factor.

The total sown area under rabi oilseeds, as on 1st December 2017, is lower compared to the previous year's level which is down by 9.51% at 63.41 lakh hectares compared to 68.15 lakh hectares during the corresponding period last year.

The major buyers in Madhya Pradesh are as follows: Amrit Mandsaur, Ambika Kalapipal, Agrawal Neemuch, Adani Shujalpur, Agro Sol. Datia, Avi Agro, Bansal, Bajrang, Betul Oil, Dhanuka, DivyaJyoti, G. Ambuja, Itarsi, Indian Soya (3-2-10 specification), Khandwa, Khyati, Kriti, K.P. Newari, Mahakali, M.S. Neemuch, Prakash, Oyster Exim, Prestige, Ruchi, Rama, RH Solvex, SSA Mandideep, Shanti Overseas, Sawariya, Itarsi, Sitashri, Vippy 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 soybean supplies were higher in the key markets of Madhya Pradesh, Maharashtra and lower in Rajasthan during the month.

The domestic soybean prices are likely to witness range –bound to firm tone amid lower arrivals in the mandis and expected good demand for edible oils.

International:

The international benchmark, CBOT soybean closed slightly higher amid short-covering and expected good demand from China.

At CBOT, the soybean, in the most active January contract, ended higher at US \$ 9.94/bushel compared to US \$ 9.85/bushel previous month.

Net sales of 869,100 MT for 2017/2018--marketing-year low--were down 21 percent from the previous week and 45 percent from the prior 4-week average. Increases were reported for China (407,100, including 326,000 MT switched from unknown destinations and decreases of 205,500 MT), unknown destinations (164,000 MT), Mexico (105,900 MT, including decreases of 3,400 MT), the Netherlands (69,300 MT, including 66,000 MT switched from unknown destinations), and Peru (36,400 MT, switched from unknown destinations and decreases of 1,300 MT) during the week November 10 -16, 2017. Reductions were reported for Pakistan (1,300 MT). For 2018/2019, net sales of 34,500 MT were reported for Japan. Exports of 1,925,500 MT were primarily to China (1,490,600 MT), Mexico (74,500 MT), Vietnam (73,200 MT), the Netherlands (69,300 MT), and Pakistan (66,700 MT). The current week's net sales are lower compared to net sales of 1,104,800 MT during the previous week.

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 ago. Off-farm stocks, at 213 million bushels, are up 37 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.

According to Anec, cereal exporters association, soybean exports in Brazil in 2018 are estimated between 66 -67 MMT compared to previous estimates of 66 MMT released in early November.

According to Agroconsult, Brazilian soybean output is estimated at 111 MMT in 2017/18, maintaining the same forecast released in September. Soybean acreage is likely to increase by 3 per cent to a record 35 million hectares this season as farmers have shifted from corn to soybean. If climatic conditions remain favourable, soybean output could touch 115 MMT. Previous year's soybean output was estimated at 114.7 MMT according to Conab.

According to Argentine Ministry of Agriculture, soybean acreage in 2017/18 is likely to decline to 16.8 million hectares in 2017/18 compared to 18 million hectares previous season.

The U.S. Department of Agriculture's monthly supply and demand report for the month of November forecasts U.S. soybean production at 4,425 million bushels, down 5 million bushels due to a fractionally lower yield compared to previous month's estimates. Total U.S. oilseed production for 2017/18 is projected at 132.1 MMT, down 0.1 MMT from previous month amid lower soybean and peanut production. Soybean production for Brazil is increased 1 MMT to 108 MMT on higher reported area for Parana and Rio Grande do Sul. Peanut production is increased for India on higher yields for the state of Gujarat. Sunflower seed production is lower for Ukraine,

Argentina, and South Africa. Global soybean ending stocks for 2017/18 are forecast at 97.90 MMT up from previous month's forecast of 96.05 MMT, mostly reflecting increases for China, Argentina, and Brazil.

According to the General Administration of Customs, China imported 5.86 MMT of soybeans in October 2017, a decline of 28 per cent compared to previous month. However, imports were higher compared to 5.21 MMT during the same corresponding period previous year. Imports were lower in October amid delayed shipments and it is expected to increase in the months of November and December.

According to the country's Agriculture Ministry, China increased its soybean imports estimates to 95.97 MMT in 2017/18 crop year compared to previous estimates of 94.5 MMT. China will crush 94.38 MMT of soybean during the period compared to the previous estimates of 93.08 MMT.

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According to the country's Agriculture Ministry, China increased its soybean imports estimates to 95.97 MMT in 2017/18 crop year compared to previous estimates of 94.5 MMT. China will crush 94.38 MMT of soybean during the period compared to the previous estimates of 93.08 MMT.

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 which is the world's third largest exporter of soybeans and has 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.

According to trade Ministry, Brazil exports 2.49 million metric tonnes of soybean in October 2017 compared to 4.27 million metric tonnes in September 2017 and 1.00 million metric tonne during the same corresponding period previous year. It exported 1.28 million metric tonnes of soy meal in October 2017 compared to 1.16 million metric tonnes in September 2017 and 0.72 million metric tonne during the same corresponding period previous year.

According to Intl FCStone, Brazil's soybean output is expected to reach 106.07 million metric tonnes in the 2017/18 crop, lower than a 106.73 million metric tonnes projection released in October.

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.

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 tonnes compared to 57.5 million 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.

The international soybean prices are expected to notice range –bound to weak tone amid wet weather in the soybean growing regions of Argentina and overall supply pressure in the global 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 featured firm tone amid good demand in the cash market and positive tone of soy meal at CBOT. According to trade sources, there is forward booking of soy meal shipments.

With increase in crushing activities, meal production will increase in the coming days. Soy meal ready for delivery in PP bags at Dhule was quoted at 23500+GST by MOEPI. This is with 46.5% protein content. However, it was quoted at 23700+GST at Latur by ADM for ready and 24000 for 15 -31 December delivery, 24500 for January delivery and 25000 for February delivery. This is with 46% protein content and 10% deposit is required for December, January and February contracts. This was quoted in the last week of the month.

In the previous oil year meal exports have been good following good monsoon and higher production. In the current oil year, prices have to must remain competitive to gain global share. Lower soybean production this season will translate into lower meal production in 2017 -18 oil year.

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 October 2017 stands at 1,358,651 metric tonnes as compared to 698,169 metric tonnes in the same corresponding period of previous year showing an increase of 95% according to data released by the Solvent Extractor's Association of India.

In the month of October 2017, export of oil meals declined by 29% to 73,863 metric tonnes compared to the same period previous year. Soy meal exports during the period April 2017 to October 2017 was reported at 537,145 metric tonnes compared to 107,110 metric tonnes during the same corresponding period previous year.

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

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

Soy meal increased in international market, during the month.

CBOT soy meal January contract settled at US \$ 330.20 per short ton compared to US \$ 313.80 per short ton last month.

Net sales of 176,600 MT of soybean cake and meal for 2017/2018 were reported for Mexico (67,500 MT), Thailand (53,500 MT, including 50,000 MT switched from unknown destinations), the Philippines (45,200 MT), Guatemala (28,800 MT, including 24,000 MT switched from unknown destinations), Honduras (13,200 MT, including 13,300 MT switched from unknown destinations and decreases of 100 MT), and Nicaragua (9,000 MT) during the week November 17 -23, 2017. Reductions of 81,400 MT were reported for unknown destinations. For 2018/2019, net sales of 2,000 MT were reported for Mexico. Exports of 173,900 MT were reported to Thailand (53,500 MT), Morocco (33,000 MT), the Philippines (22,000 MT), Canada (17,100 MT), and Mexico (12,000 MT). The current week's net sales for 2017/18 are lower compared to net sales of 379,800 MT during the previous week.

The domestic soy meal prices at Indore, were quoted at Rs 22,000 – 22,500/MT in the last week of November compared to Rs. 21,000/MT -22,500/MT in the last week of October. At Latur and Nanded, Maharashtra, soy meal noticed steady to weak tone and were quoted at Rs 23,800/MT and 23,000/MT respectively compared to Rs 22,500/MT in Indore and Rs 23,000/MT in Kota in the last week of November.

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 – 22,500/MT in the last week of November compared to Rs 24,100 – 25,100/MT during the corresponding period last year.

The soy meal prices are likely to feature range-bound movement with firm bias amid expected good demand in the domestic and export market.

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	102212
Oct	219721	404960	223594	49840	182724	29071	4237	31390	47219
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 in the previous 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 this season to gain global market share.

Soybean Crush Margin

Avg Crush Margin – Nov. 2017		Avg Crush Margin – Oct. 2017		Avg Crush Margin – Nov. 2016	
-1099		-424		-503	
Min	Max	Min	Max	Min	Max
-2110	470	-985	210	-1510	250

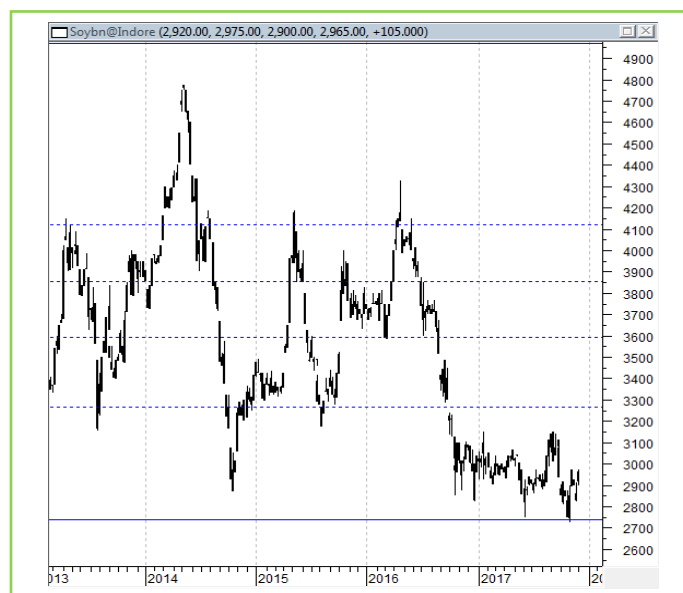
The domestic soybean crush margins in November 2017 were lower from the corresponding period last year owing to the lower soybean and meal prices in November '17.

Technical Analysis:

NCDEX Soybean Futures



Soybean Spot, Indore



*Note: Daily Chart

Support & Resistance NCDEX Soybean - Jan. contract

S1	S2	PCP	R1	R2
3000	2900	3095	3250	3300

- Soybean noticed upward movement, during the week.
- Prices closed above 18-day EMA.
- RSI is declining in the neutral region and stochastic is increasing in the overbought zone.
- MACD is increasing in the positive territory.
- The prices are expected to feature gain in the coming month.
- Trade Recommendation (NCDEX Soybean – Dec.) – 1 Month: **BUY** Above 3000. T1 – 3150; T2 - 3200; SL –2920.

Rapeseed - Mustard Seed

The domestic rapeseed-mustard witnessed positive tone during the month amid good demand for mustard oil from the retailers and some recovery in palm oil at BMD. Lower rabi oilseeds acreage under rapeseed/mustard till date added to the firm tone of the market.

According to Government of India figures, rapeseed and mustard seed has been sown in 55.51 lakh hectares as on 01 December 2017 compared to 61.34 lakh hectares during the same corresponding period previous year.

Government of India (GOI) hiked import duty on imports of various edible oils to check surge in imports of edible oils and support domestic crushing industry which has been reeling due to lower priced imports of edible oils. Import duty on crude rapeseed oil was hiked from 12.5 percent to 25 percent while refined rapeseed oil will be charged import duty of 35 percent from 20 percent earlier.

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 1.45 – 1.75 lakh bags in a day during the last week of November compared to around 1.50 – 1.85 bags a day, previous week. The supplies were 0.35 – 0.45 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– Nov	1 Month Ago	Corresponding Period Last Year
45,10,000	26,52,500	12,85,000

The seed prices are still lower at spot market and are quoted at around Rs 3,960 – 4,005 a quintal during the last week of November 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 January contract ended higher at 4145/Qtl compared to 3932/Qtl previous week.

The area coverage under rapeseed, as on 01 December, is reported down 9.51% at 55.51 lakh hectares compared to 61.34 lakh hectares at the same period last year.

Crop	As on 01 Dec. 2017	As on 01 Dec. 2016	% Chg.
Rapeseed/Mustard	55.51	61.34	-9.51
Groundnut	3.02	2.63	14.91
Safflower	0.58	0.61	-6.20
Sunflower	1.19	1.02	15.84
Sesamum	0.19	0.18	10.29
Linseed	2.75	2.04	35.10
Total Oilseeds	63.41	68.15	-9.51

Source: Government of India

The total sown area under *rabi* oilseeds, as on 01 December, is lower compared to the previous year's level which is down by 9.51% at 63.41 lakh hectares compared to 68.15 lakh hectares during the corresponding period last year.

India's total area under rapeseed in 2017 was 70.56 lakh hectares which was higher by 9.3% from 2016.

According to the latest monthly estimates from Strategie Grains, rapeseed production estimates have been reduced to 21.86 million metric tonnes in European Union for 2017/18 compared to previous estimates of 21.89 million metric tonnes and 20.34 million metric tonnes in 2016/17.

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 October edible oil imports fell 2.0 percent y-o-y to 11.34 lakh tons from 11.58 lakh tons in October 2016. Palm oil imports in October rose 1.2 percent y-o-y to 7.47 lakh tons from 7.38 lakh tons in October 2016. CPO Imports rose 16.1 percent y-o-y to 5.97 lakh tons from 5.14 lakh tons in October 2016. RBD palmolein imports fell 33.5 percent y-o-y to 1.47 lakh tons from 2.21 lakh tons in October 2016. Soy oil imports fell 20.9 percent y-o-y to 2.20 lakh tons from 2.78 lakh tons in October 2016. Sunflower oil imports rose 32.99 percent y-o-y to 1.29 lakh tons from 0.97 lakh tons in October 2016. Rapeseed (canola) oil imports in October fell 15.9 percent to 0.37 lakh tons compared 0.44 lakh tons in October 2016.

According to Solvent Extractors Association (SEA), India's October edible oil stocks at ports and pipelines fell 1.50 percent m-o-m to 25.50 lakh tons from 25.89 lakh tons in September 2017. Stocks of edible oil at ports fell to 884,000 tons (CPO 330,000 tons, RBD Palmolein 150,000 tons, Degummed Soybean Oil 275,000 tons, Crude Sunflower Oil 115,000 tons and 14,000 tons of Rapeseed (Canola) Oil) and about 1,460,000 tons in pipelines (stocks at ports were 979,000 and in pipelines were at 1,610,000 tons in September 2017). India is presently holding 39 days of edible oil requirement on 1st November, 2017 at 25.50 lakh tons compared to 44 days of requirements last month at 25.89 lakh tons. India's monthly edible oil requirement is 18.0 lakh tons.

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 United States Department of Agriculture (USDA) in its November review raised India's 2017/18 imports of palm oil by 0.1 MMT to 9.5 MMT. Consumption of palm oil in India in 2017/18 has been raised to 9.8 MMT from 9.5 MMT. However, end stocks of palm oil were reduced to 0.349 MMT from 0.546 MMT in 2017/18.

According to United States Department of Agriculture (USDA) November estimate, U.S 2017/18 ending stock of soy oil is rose 5.1 percent to 1,711 million lbs from 1,632 million lbs in October estimate. Opening stocks are increased to 1,711 million lbs from 1,632 million lbs. Production of soy oil in 2017/18 is unchanged at 22,505 million lbs. Imports in 2017/18 were unchanged at 300 million lbs in October estimate. Biodiesel use in 2017/18 is unchanged at 7,000 million lbs. Food, feed and other industrial use in 2017/18 was unchanged at 13,800 lbs. Exports in 2017/18 were kept unchanged at 2,100 million lbs. Average price range estimate is kept unchanged in 2017/18 at 32.5-36.5 cents/lbs. Rise in end stock in 2017/18 is due to lower opening stocks.

According to cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's November palm oil exports fell 7.5 percent to 1,311,012 compared to 1,416,664 last month. Top buyers are European Union at 246,561 tons (293,425 tons), China at 236,606 tons (262,811 tons), India at 112,960 tons (175,230 tons), Pakistan at 69,450 tons (82,540 tons) and United States at 69,225 tons (61,772 tons). Values in brackets are of last month.

According to cargo surveyor Intertek Testing Services (ITS), Malaysia's November palm oil exports fell 5.3 percent to 1,332,342 compared to 1,406,706 last month. Top buyers are European Union at 306,636 tons (258,770 tons), China at 280,926 (254,230 tons), and India & subcontinent at 177,510 tons (314,210 tons). Values in brackets are figures of last month.

According to Malaysia Palm Oil Board (MPOB), Malaysia's October palm oil stocks rose 8.39 percent to 21.90 lakh tons compared to 20.20 lakh tons in September. Production of palm oil in October rose 12.96 percent to 20.09 lakh tons compared to 17.80 lakh tons in September. Exports of palm oil in October rose 2.04 percent to 15.49 lakh tons compared to 15.18 lakh tons in September. Imports of palm oil in October fell 67.26 percent to 0.13 lakh tons compared to 0.41 lakh tons in September. Rise in palm oil end stocks in October was below trade estimates.

According to Malaysia Palm Oil Board (MPOB), Malaysia increased November crude palm oil export duty to 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 December crude palm oil export duty to zero, unchanged from last month. This is the eighth 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).

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 October palm oil imports rose 77.73 percent to 4.80 lakh tons compared to October 2016. Year to date imports of palm oil rose 18.27 percent to 39.65 lakh tons compared to corresponding period last year. Imports from Indonesia in October rose 111.78 percent to 2.56 lakh tons compared to October 2016. Year to date imports of palm oil from Indonesia rose 29.84 percent to 24.75 lakh tons compared to corresponding period last year. Imports from Malaysia in October rose 49.59 percent to 2.22 lakh tons compared to October 2016. Year to date imports rose 3.29 percent from Malaysia to 14.88 lakh tons compared to corresponding period last year.

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 corresponding 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.

Outlook: The rapeseed-mustard is likely to witness range –bound to firm tone on declining arrivals in the mandis and good demand from the retailers 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 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 – Jan. contract

S1	S2	PCP	R1	R2
4050	4000	4145	4250	4300

- 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.
- The prices are expected to feature range-bound movement with firm bias, during the month.
- Trade Recommendation (NCDEX Rapeseed-Mustard – Jan) Week: **BUY** Above 4100. Levels: Target – 4250; T2- 4300, SL –4020.

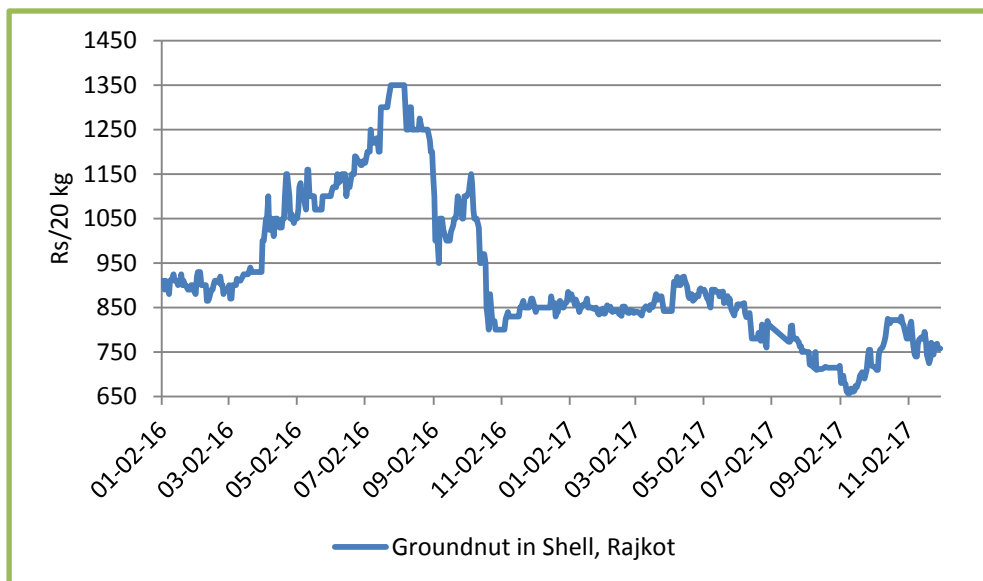
Groundnut

The domestic groundnut prices noticed mixed tone in November amid slow process of procurement by Gujarat government at MSP and good demand for groundnut oil from retailers. Harvesting of groundnut has slowed down and this will cushion prices to certain extent. Procurement of groundnut has started in Gujarat, however the process is slow. Farmers in urgent need of money are

selling the crop in the open market at lower prices. With bumper groundnut production expected this year, government has announced procurement at Rs.900/20 kg compared to current prevailing market rate of Rs.650 - 850/20 kg. The groundnut production in Gujarat this year is expected to touch 31.40 lakh metric tonnes (MT) compared to 29.40 lakh MT in previous year and 14.99 lakh MT in 2015-16. According to official sources around 3.5 lakh tonnes of groundnut is likely to be procured this season. Around 2 lakh tonnes of groundnut has been procured till date according to market sources.

The groundnut prices (in shell - Rajkot) declined by 2.8% in November compared to October and witnessed the monthly average price of Rs 758 per 20 kg compared to Rs 780 per 20 kg in October.

The groundnut prices in Kernel, Saurashtra are higher compared to the same corresponding period last year. Good demand for groundnut oil is cited for the increase. The average monthly price of nuts in Saurashtra was Rs. 45000 per metric ton in November 2017 vs Rs 41000 per metric ton in October 2017.



Groundnut							
Center	Variety	% Change over	% Change over	As on	Month Ago	Year Ago	2 Year Ago
		Previous year	Previous month	30-Nov-17	31-Oct-17	30-Nov-16	30-Nov-15
Rajkot	GN in Shell (Rs/20kg)	-11.9	-2.8	758	780	860	860
Shaurashtra	GN Seed Kernel (Rs/MT)	13.9	9.8	45000	41000	39500	44000

(Source: AW)

Annexure

Oilseed Prices at Key Spot Markets:

Commodity / Centre	Prices (Rs/Qtl)				Change
Soybean	30-Nov-17		31-Oct-17		
	Low	High	Low	High	
Indore –Plant	2950	3000	2650	2800	200
Indore–Mandi	2750	2970	2500	2750	220
Nagpur-Plant	2850	3000	2800	2900	100
Nagpur – Mandi	2410	2960	2730	2800	160
Latur – Mandi	2530	2885	2270	2812	73
Kota-Plant	2850	2950	2800	2850	100
Kota – Mandi	2750	2850	2700	2750	100
Bundi-Plant	2850	2900	2675	2750	150
Bundi-Mandi	2750	2850	2700	2755	95
Baran-Plant	2820	2975	2750	2850	125
Baran-Mandi	2850	2900	2650	2740	160
Bhawani Mandi Jhalawar–Kota-Plant Delivery	2840	2930	2600	2700	230
Jhalwar-Mandi	2725	2920	2500	2640	280
Rapeseed/Mustard					
Jaipur-(Condition)(New Crop)	4200	4205	3950	3955	250
Alwar-(Condition)(New Crop)	3950	4000	3750	3800	200
SriGanganagar-(Non-Condition-Unpaid)	3700	3760	3565	3620	140
New Delhi–(Condition)(New Crop)	3890	3980	3625	3675	305
Kota-Non-(Condition)(New Crop)	3740	3800	3450	3550	250
Agra-(Condition)(New Crop)	4525	4575	4250	4350	225
Neewai(New Crop)	4000	4120	3850	3900	220
Hapur (UP)(New Crop)	3950	3975	3700	3800	175
Groundnut Seed					
Rajkot	758	758	780	780	-22
Sunflower Seed					
Gulbarga	2560	3210	NA	NA	-
Latur	NA	NA	NA	NA	-
Sholapur(New Crop)	3200	3250	NA	NA	-
Sesame Seed					
Mumbai (White98/2/1	7400	7400	6650	6650	750

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
		November,17	October,17	
Soybean		8211000	4240000	3971000
	Madhya Pradesh	5515000	2685000	2830000
	Maharashtra	2335000	2589000	-254000
	Rajasthan	48500	72500	-24000
	Bundi (Raj)	228500	423000	-194500
	Baran (Raj)	198900	236000	-37100
Rapeseed/Mustard	Rajasthan	1750000	2610000	-860000
*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 today 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. 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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