
Oilseeds Monthly Research Report

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Executive Summary

Soybean witnessed easy tone during the month amid profit –taking at higher levels and weakness in soybean at CBOT. However, prices are likely to recover in the coming days on lower availability in the domestic market. Soybean at CBOT closed lower amid likely decline in demand from China following ongoing trade rift between U.S. and China. However, downside was limited following further reduction in soybean output in Argentina and bullish planting intention report released by the USDA. For the first time, US soybean acreage will be higher than corn this season. Soybean acreage is forecast to be lower by 1 per cent this season. The market negated bearish quarterly stocks and weekly export sales of soybean released by the USDA. Dry weather in Argentina continues to support the market. In Brazil, harvesting is going on in full swing.

Arrivals are lower in the mandis as it remained closed for few days following local festivals and financial year – end. Good demand from the crushers lend some support to the market.

In the latest planting intention report released by the USDA, soybean acreage is estimated to be lower by 1 per cent this year at 89.0 million acres compared to previous year. Quarterly stocks of soybean as on March 1, 2018 is estimated to be higher by 21 per cent at 2.11 billion bushels compared to corresponding same period previous year. Argentina's soybean output could be lower than 39.5 MMT if dry weather continues in the coming days. China's demand for U.S. soybean could decline amid ongoing trade rift between U.S. and China. Brazil is expected to export record soybean this season.

Soy meal prices noticed weak tone during the period on slack demand in the domestic market and weakness in soy meal at CBOT. Soy meal exports are likely to be lower this season following higher prices in the market. Decline in poultry prices also added to the weak tone of the market.

Rapeseed prices noticed range –bound to weak tone during the month following increasing pace of new crop arrivals in the mandis. Output is likely to decline this season compared to previous year following rains and thunderstorms in the month of March and higher temperature at the time of sowing. Procurement at MSP by the governments of Rajasthan and Madhya Pradesh will support the market in the coming days.

Record supply in the global market will continue to weigh on the market in the coming days.

Outlook – Cash Market

Outlook - Soybean (Spot, Indore): Soybean witnessed easy tone during the month amid profit –taking at higher levels and weakness in soybean at CBOT. However, prices are likely to recover in the coming days on lower availability in the domestic market. Soybean at CBOT closed lower amid likely decline in demand from China following ongoing trade rift between U.S. and China. However, downside was limited, following further reduction in soybean output in Argentina and bullish planting intention report released by the USDA. The weekly export sales released by the USDA in the last week of March are below market expectation. The prices are expected to feature range bound movement with firm bias between the price band of 3700 – 4200 level (Indore, Plant basis).

Outlook – Soy meal (Spot, Indore): Soy meal prices noticed weak tone during the period on slack demand in the domestic market and weakness in soy meal at CBOT. Soy meal exports are likely to be lower this season following higher prices in the market. Decline in poultry prices also added to the weak tone of the market. According to industry sources, soy meal exports in the current year 2017 -18, soy meal exports are likely to decline by one-fifth due to higher prices ruling in the domestic market currently. Soy meal, Indore is expected to be in the range of 30,000 – 35,000/MT levels during the month.

Outlook - Rapeseed-Mustard (Spot, Jaipur basis): Rapeseed prices noticed range –bound to weak tone following increasing pace of new crop arrivals in the mandis. Output is likely to decline this season compared to previous year, following rains and thunderstorms in the month of March and higher temperature at the time of sowing. Procurement at MSP by the governments of Rajasthan, Haryana and Madhya Pradesh will support the market in the coming days. The seed prices are likely to feature range-bound movement with weak bias and witness the levels between 3850 – 4150/Qtl; levels during the month.

International Highlights

- ❖ According to Safras & Mercado, Brazil is expected to export a record 70 MMT of soybean in 2018-19. This is 12 per cent higher compared to previous year. Record harvest of soybean in Brazil this season and lower output in Argentina are cited the reasons for record exports of soybean.
- ❖ According to the latest attaché report released by the USDA, China's soybean imports in 2018/19 are estimated to be around 100 MMT compared to imports of 97 MMT in 2017/18. Rising incomes, urbanization and the modernization of the domestic feed and livestock sectors will continue fostering Chinese consumption of oilseed products. US soybean exports to China are likely to face competition from South American countries in 2017/18 and beyond. Moreover, the stringent import norms introduced by China coupled with recent tariffs imposed by US on steel and aluminum imports from China will also weigh on soybean exports.
- ❖ According to consultancy, Agroconsult farmers in Brazil are putting emphasis focusing on maximizing soybean yields. Brazil is expected to harvest record soybean crop this season amid favourable weather. Agroconsult, has estimated soybean crop to be around 117.5 MMT this season compared to 114 MMT previous season. Increasing yields will make Brazil more competitive in the global market.
- ❖ According to consultancy, AgRural soybean harvest in Brazil has reached 71 per cent till date compared to 74 per cent during the same corresponding time previous year and above a five –year average of 69 per cent.
- ❖ According to the Rosario Grains Exchange, soybean output of Argentina in 2017 -18 could be around 40 MMT as prolonged drought is likely to affect yield compared to previous estimates of 46.5 MMT. Rains are reported in certain areas, however it is not sufficient for the crop.
- ❖ According to National Oilseed Processors Association (NOPA), U.S. February soybean crush rose to a record level of 153.719 million bushels from 142.792 million bushels in February 2017 amid strong processing margins. Crush of soybean in January 2018 was 166.111 million bushels. Soy meal exports in February declined to 755,103 metric tonnes, from 860,416 metric tonnes the previous month and 735,825 metric tonnes in February 2017. Soy oil stocks as of Feb. 28, increased to 1.856 billion pounds, up from 1.728 billion pounds at the end of January 2018. This is the highest stock on record since June 2016.

- ❖ At the annual outlook forum, USDA estimated the soybean crop at 4.320 billion bushels, 2 percent lower than the record-large 2017 harvest. Soybean yield has been put at 48.5 bpa, down 0.6 bushels from a year earlier and down 3.5 bushels from the all-time high of 52.0 bpa set in 2016. U.S. soybean acreage has been expanding in recent years as rising demand makes the oilseed more profitable to grow. The USDA has forecast that U.S. farmers will plant the same area with soybeans as with corn this year and this would be the first time in 35 years that corn was not the top crop.
- ❖ Soy meal exports in Brazil are expected to increase to 16.2 MMT in 2018 compared to 15 MMT in 2017 following B10 blending mandate and lower availability from Argentina. Around 40% of the domestic soy crush goes towards biodiesel production and this will increase by a quarter this year as the blending mandate has been made 10% in March compared to 8% previously.
- ❖ According to the planting intention report released by the USDA, soybean planted area for 2018 is estimated at 89.0 million acres, lower 1 per cent compared to previous year. It is below average trade estimates of 91.056 million acres.
- ❖ In the latest USDA quarterly stock report, it has been reported that the US soybeans stored in all positions on March 1, 2018 totaled 2.11 billion bushels, up 21 percent from March 1, 2017. It is higher than average trade estimate of 2.030 billion bushels. On -farm stocks are estimated at 855 million bushels, up 28 percent from a year ago. Off-farm stocks, at 1.25 billion bushels, are up 17 percent from last March. Indicated disappearance for the December 2017 - February 2018 quarter totalled 1.05 billion bushels, down 9 percent from the same corresponding period a year earlier.
- ❖ The monthly supply and demand report of U.S. Department of Agriculture's monthly supply and demand report for the month of March forecasts U.S. soybean stocks at 555 million bushels, up 25 million bushels from last month due to lower exports. U.S. soybean exports are forecast to decline by 35 million bushels to 2065 million bushels amid lagging sales and higher exports from Brazil. Soybean production is estimated at 4,392 million bushels, unchanged from previous month's estimates. Global oilseed production is forecast at 574.5 MMT, down 4.1 MMT mostly reflecting lower soybean production. Global soybean ending stocks for 2017/18 are forecast at 94.4 MMT down 3.7 MMT from previous month's, mostly reflecting decreases in soybean stocks for Argentina, Bolivia, Paraguay and India.

Soybean

Soybean witnessed easy tone during the month amid profit –taking at higher levels and weakness in soybean at CBOT. However, prices are likely to recover in the coming days on lower availability in the domestic market. Soybean at CBOT closed lower amid likely decline in demand from China following ongoing trade rift between U.S. and China. However, downside was limited following further reduction in soybean output in Argentina and bullish planting intention report released by the USDA. For the first time, US soybean acreage will be higher than corn this season. Soybean acreage is forecast to be lower by 1 per cent this season. The market negated bearish quarterly stocks and weekly export sales of soybean released by the USDA. Dry weather in Argentina continues to support the market. In Brazil, harvesting is going on in full swing.

Arrivals are lower in the mandis as it remained closed for few days following local festivals and financial year – end. Good demand from the crushers lent some support to the market.

The total monthly soybean arrivals in the cash markets of Madhya Pradesh are reported at 11,35,000 bags compared to 13,10,000 bags reported in the previous month.

There is lower availability in the domestic market and traders are importing soybean. According to trade sources, India's soybean imports are likely to touch record level following lower output in the domestic market this season. Traders have signed deal to sell up to 100,000 metric tonnes of soybean to India since December, mainly from the African countries of Ethiopia and Benin with whom South Asian nation has concessional import duty agreements. India's soybean imports have not touched 100,000 metric tonnes before.

According to the latest survey by the Soybean Processor's Association of India (SOPA), India's soybean output in the 2017 -18 season is likely to decline by 24 per cent to 8.35 MMT compared to previous year's estimates of 10.9 MMT. Output is lower amid flood-induced crop damage in major growing states, followed by blight disease in the plants. According to industry sources, India's total acreage is down by 5 per cent this year. SOPA also estimates India's soybean meal exports at 1.25 MMT for financial year 2017-18 compared to 2 MMT reported for the previous year.

According to SOPA, the total supply of soybean has been estimated at 96.50 lakh metric tonnes for the oil year 2017 -18 in its latest estimates released in February. For the period, October -January of the current oil year, the production is estimated at 83.50 lakh metric tonnes, while the carryover from the previous year is put at 13.00 lakh metric tonnes.

The demand for crushing is likely to be around 77.50 lakh metric tonnes, while exports are projected at 2 lakh metric tonnes.

With 12 lakh metric tonnes retained for sowing and 1.5 lakh metric tonnes for direct consumption, the carryover for the coming year is estimated at 3.50 lakh metric tonnes.

SOPA SOYEAN REVISED PRODUCTION ESTIMATES KHARIF 2017 As on 07.02.2018

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

S.No.	Division/District	Kharif 2016 Production	Kharif 2017 Production
1	Madhya Pradesh	54.01	42.00
2	Maharashtra	35.81	29.00
3	Rajasthan	9.81	7.50
4	Andhra Pradesh & Telangana	2.99	1.06
5	Karnataka	3.24	1.73
6	Chattisgarh	1.34	0.86
7	Gujarat	1.38	0.89
8	Rest Of India	1.13	0.46
	Grand Total	109.71	83.50

As per Agriwatch estimates, soybean production in the current kharif season was estimated 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 9th February 2018, is lower compared to the previous year's level which is down by 5.27% at 80.87 lakh hectares compared to 84.85 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.

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 lower in the key markets of Madhya Pradesh, Maharashtra and Rajasthan during the month.

The domestic soybean prices are likely to notice range –bound to firm tone following lower availability in the domestic market.

International:

The international benchmark, CBOT soybean closed lower amid likely decline in demand from China and higher quarterly stocks of soybean as on March 01, 2018.

At CBOT, the soybean, in the most active May contract, ended lower at US \$ 10.45/bushel compared to US \$ 10.56/bushel last month.

Net sales of 317,500 MT of soybean for 2017/2018 were down 58 percent from the previous week and 77 percent from the prior 4-week average. Increases were reported for the Netherlands (113,600 MT, including 66,000 MT switched from unknown destinations and decreases of 9,000 MT), Indonesia (106,500 MT, including 75,000 MT switched from unknown destinations and decreases of 1,100 MT), Pakistan (57,200 MT, including 55,000 MT switched from unknown destinations), South Korea (51,400 MT, including 50,000 MT switched from unknown destinations), and Egypt (42,800 MT, including 36,900 MT switched from unknown destinations and decreases of 400 MT) during the week March 16 -22, 2018. Reductions were reported for unknown destinations (244,000 MT). For 2018/2019, net sales of 69,700 MT were reported for China (60,000 MT), Thailand (6,000 MT), Japan (2,900 MT), and South Korea (800 MT). Exports of 782,900 MT were up 43 percent from the previous week, but down 7 percent from the prior 4-week average. The primary destinations were China (139,600 MT), the Netherlands (113,600 MT), Indonesia (111,800 MT), Mexico (101,700 MT), and Egypt (92,800 MT). The current week's net sales are lower compared to net sales of 759,000 MT during the previous week.

Previous updates

According to Safras & Mercado, Brazil is expected to export a record 70 MMT of soybean in 2018-19. This is 12 per cent higher compared to previous year. Record harvest of soybean in Brazil this season and lower output in Argentina are cited as the reasons for record exports of soybean.

According to consultancy, AgRural soybean harvest in Brazil has reached 58 per cent till date compared to 62 per cent during the same corresponding time previous year and 55 per cent of five year average.

According to the latest attaché report released by the USDA, China's soybean imports in 2018/19 are estimated to be around 100 MMT compared to imports of 97 MMT in 2017/18. Rising incomes, urbanization and the modernization of the domestic feed and livestock sectors will continue fostering Chinese consumption of oilseed products. US soybean exports to China are likely to face competition from South American countries in 2017/18 and beyond. Moreover, the stringent import norms introduced by China coupled with recent tariffs imposed by US on steel and aluminum imports from China will also weigh on soybean exports.

According to consultancy, Agroconsult farmers in Brazil are putting emphasis focusing on maximizing soybean yields. Brazil is expected to harvest record soybean crop this season amid favourable weather. Agroconsult has estimated soybean crop to be around 117.5 MMT this season compared to 114 MMT previous season. Increasing yields will make Brazil more competitive in the global market.

According to the latest monthly report released by Rabobank soybean output in Argentina is estimated at 40 MMT compared to previous month's estimates of 46 MMT.

According to industry sources, China is likely to import more than 100 MMT of soybean in 2017-18 amid strong demand for animal feed.

There is no improvement in drought conditions in the soybean growing regions of Argentina. According to trade sources, China's soy meal exports are likely to double to 2 MMT on lower output of soybean in Argentina and strong crush margin. Exports of soy meal were reported at 1.1 MMT during previous year. This will also help Chinese crushers to utilize their excess crushing capacity.

According to the Rosario Grains Exchange, soybean output of Argentina in 2017 -18 could be around 40 MMT as prolonged drought is likely to affect yield compared to previous estimates of 46.5 MMT. Rains are reported in certain areas., hHowever, it is not sufficient for the crop.

According to National Oilseed Processors Association (NOPA), U.S. February soybean crush rose to a record level of 153.719 million bushels from 142.792 million bushels in February 2017 amid strong processing margins. Crush of soybean in January 2018 was 166.111 million bushels. Soy meal exports in February declined to 755,103 metric tonnes, from 860,416 metric tonnes the previous month and 735,825 metric tonnes in February 2017. Soy oil stocks as of Feb. 28 increased to 1.856 billion pounds, up from 1.728 billion pounds at the end of January 2018. This is the highest stock on record since June 2016.

According to Informa, soybean production in Argentina will decline to 44 MMT compared to previous estimate of 51 MMT. Brazilian soybean output has been increased to 114 MMT compared to previous estimate of 112.5 MMT.

The U.S. Department of Agriculture's monthly supply and demand report for the month of March forecasts U.S. soybean stocks at 555 million bushels, up 25 million bushels from last month due to lower exports. U.S. soybean exports are forecast to decline by 35 million bushels to 2065 million bushels amid lagging sales and higher exports from Brazil. Soybean production is estimated at 4,392 million bushels, unchanged from previous month's estimates. Global oilseed production is forecast at 574.5 MMT, down 4.1 MMT mostly reflecting lower soybean production. Global soybean ending stocks for 2017/18 are forecast at 94.4 MMT down 3.7 MMT from previous month's, mostly reflecting decreases in soybean stocks for Argentina, Bolivia, Paraguay and India.

According to the latest report, Buenos Aires Exchange has reduced soybean output to 42 MMT compared to previous estimates of 44 MMT. Drought in the country's central grain belt has affected production.

According to the latest forecast by the consultancy, Agroconsult Brazilian soybean output in 2017 -18 is estimated at 117.5 MMT compared to previous month's forecast of 114.1 MMT.

Oilseed output in Ukraine is likely to increase by 3.4 per cent in 2018 to 20.5 MMT amid higher output of sunflower and rapeseed according to Ukraine's Agroconsult. Output of sunflower is expected to increase by 5 per cent to 14.25 MMT and output of rapeseed is expected to increase by 10 per cent to 2.54 MMT.

Soy meal exports in Brazil are expected to increase to 16.2 MMT in 2018 compared to 15 MMT in 2017 following B10 blending mandate and lower availability from Argentina. Around 40% of the domestic soy crush goes

towards biodiesel production and this will increase by a quarter this year as the blending mandate has been made 10% in March compared to 8% previously.

The IGC has reduced the global soybean output in 2017/18 by 2 MMT to 347 MMT from its previous estimates following lower production in Argentina. Global soybean production in 2017/18 is still below the 2016/17 record crop of 351 MMT. The global harvested area for soybean in 2018-19 is expected to increase by 2 per cent. Soybean consumption is likely to increase to 353 MMT compared to 338 MMT in 2016/17.

According to the data released by the General Administration of Customs, China's imports of soybean increased by 10.7 per cent to 8.48 MMT in January 2018 compared to correspondingsame period previous year and it declined by 11.20 per cent compared to December 2017. Imports declined compared to previous month following tighter specification pertaining to the import of the oilseed at the Beijing airport.

According to National Oilseed Processors Association (NOPA), U.S. January soybean crush rose to a record level of 163.111 million bushels from 162.675 million bushels in January 2017 amid record –large stockpiles of soybean. Crush of soybean in December 2017 was 166.305 million bushels. Soy meal exports in January declined to 860,416 metric tonnes, from 921,726 metric tonnes the previous month and 891,143 metric tonnes in January 2017. It was the first monthly decline in five months. Soy oil stocks as of Jan. 31 increased to an eight-month high of 1.728 billion pounds, up from 1.518 billion at the end of December.

According to the monthly crop report released by the Agriculture Ministry, Argentina's soybean acreage this season is estimated at 16.75 million hectares compared to the previous estimates of 16.8 million hectares. Acreage is estimated to be lower amid dry weather in the growing regions.

Brazil's share of soybean exports to China reached record level in 2017. China is the world's top buyer of soybean, which imports 60 per cent of the soybeans traded worldwide. China bought 50.93 MMT of soybean from Brazil in 2017, accounting for 53.3 percent of total purchases, according to the recently released customs data. Brazil's soybean is often cheaper and contains more protein compared to U.S. soybean.

According to a report released by the agriculture ministry, China's soybean imports are expected to increase by 2.7 per cent to 95.97 MMT in 2017 -18 compared to previous year. Soybean output is expected to increase by 15.1 per cent to 14.89 MMT during the period. Consumption is expected to increase by 2.3 per cent to 111 MMT in 2017 -18 compared to previous year.

The international soybean prices are likely to notice range –bound to weak tone amid likely decline in demand from China and higher quarterly stocks of soybean as on March 01, 2018.

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	4.15	2.29	1.21
Production	11.50	9.80	9.8	0	0	0
Imports	0.00	0.00	0	0	0	0
Total Availability	11.73	10.03	10.03	4.15	2.29	1.21
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	4.15	2.29	1.21	0.23
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 must compete with the meal prices of South America in 2017/18 also.

Soy meal

Soy meal prices, noticed weak tone during the period on slack demand in the domestic market and weakness in soy meal at CBOT. Soy meal exports are likely to be lower this season following higher prices in the market. Decline in poultry prices also added to the weak tone of the market.

Soy meal ready for delivery in PP bags at Dhule was quoted at 32700+GST by MOEPL in the last week of March. This is with 46.5% protein content. However, it was quoted at 32000+GST at Latur by ADM for ready delivery in PP bags under resale.

In the domestic market, poultry prices have declined by around 21 percent since the beginning of February amid less demand from the consumers following bird flu scare and late onset of summer. This will weigh on the market to certain extent in the coming days.

On a financial year basis, India's export of oil meals during April 2017 to February 2018 stands at 2,677,536 metric tonnes as compared to 1,714,984 metric tonnes in the same corresponding period of previous year, showing an increase of 56% according to data released by the Solvent Extractor's Association of India.

In the month of February 2018, export of oil meals declined by 47% to 161,969 metric tonnes compared to the same corresponding period previous year. Soy meal exports during the period April 2017 to February 2018 was reported up at 1,117,340 metric tonnes compared to 809,247 metric tonnes during the same corresponding period previous year.

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

Soy meal declined in international market, during the month.

CBOT soy meal May contract settled at US \$ 384.00 per short ton compared to US \$ 394.70 per short ton last month.

Net sales of 184,100 MT of soybean cake and meal for 2017/2018 were down 5 percent from the previous week, but up 4 percent from the prior 4-week average. Increases were reported for Vietnam (50,000 MT), Morocco (43,500 MT, including 15,000 MT switched from unknown destinations), Indonesia (33,200 MT, including 27,100 MT switched from unknown destinations), Thailand (21,400 MT, switched from unknown destinations), and Canada (12,300 MT) during the week March 16 -22, 2018. Reductions were primarily reported for Egypt (9,000 MT), Israel (8,000 MT), and Guatemala (6,900 MT). Exports of 286,600 MT were up 94 percent from the previous week and 15 percent from the prior 4-week average. The primary destinations were Colombia (69,900 MT), the Philippines (49,400 MT), Indonesia (32,500 MT), Vietnam (19,500 MT), and Canada (19,000 MT). The current week's net sales for 2017/18 are lower compared to net sales of 194,600 MT during the previous week.

The domestic soy meal prices at Indore, were quoted at Rs 30,500 – 31,000/MT in the last week of March compared to Rs. 29,800/MT -30,200/MT in previous week. At Latur and Nanded, Maharashtra, soy meal noticed mixed tone and were quoted at Rs 32,500/MT and 32,200/MT respectively compared to Rs 30,500/MT in Indore and Rs 31,600/MT in Kota.

Previous Updates

India has registered gains in the soy meal exports in the current season. Recovery in INR against dollar will eventually make India's soy meal export prices unattractive and help South American soy meal to gain 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 higher compared to previous year. Soy meal Indore was quoted higher between Rs 30,500 – 31,000/MT in the last week of March compared to Rs 24,000 – 24,300/MT during the corresponding period last year.

The soy meal prices are likely to witness range –bound to firm tone amid lower availability in the domestic market this season.

Soy Meal Export (In MT)

	2010	2011	2012	2013	2014	2015	2016	2017	2018
Jan	240318	574996	474993	619793	364443.7	103934	28400	155160	105678
Feb	220552	540360	344240	577589	183551	64514	29951	207977	73816
Mar	163666	410537	460464	302131	232176	46670	26645	107059	
Apr	60264	305033	313832	100312	75884	18017	12295	124374	
May	60575	176819	142588	97547	8226	14045	10400	48900	
Jun	98400	117600	180987	213564	2636	2098	17930	45975	
Jul	166632	139547	168341	107038	6682	929	12270	80797	
Aug	176138	165510	10005	183555	2778	768	10615	87668	
Sep	290868	225921	6525	173381	868	6886	12210	102212	
Oct	404960	223594	49840	182724	29071	4237	31390	71425	
Nov	443488	397659	517103	503269	110806	8909	97750	207630	
Dec	611157	798041	510698	451314	193832	5667	241250	168865	
Total	2937018	4075617	3179616	3512217	843874	276674	531106	1408042	

Source: SEA

India's soy meal exports had started the current season with commendable growth and 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. However, during the last two months exports have been declining due to higher price of soy meal in the domestic market on lower production this season. Prices have to must remain competitive this season to gain global market share.

Soybean Crush Margin

Avg Crush Margin – Mar. 2018		Avg Crush Margin – Feb. 2018		Avg Crush Margin – Mar. 2017	
237		108		-993	
Min	Max	Min	Max	Min	Max
-396	1066	-1220	1290	-1405	-550

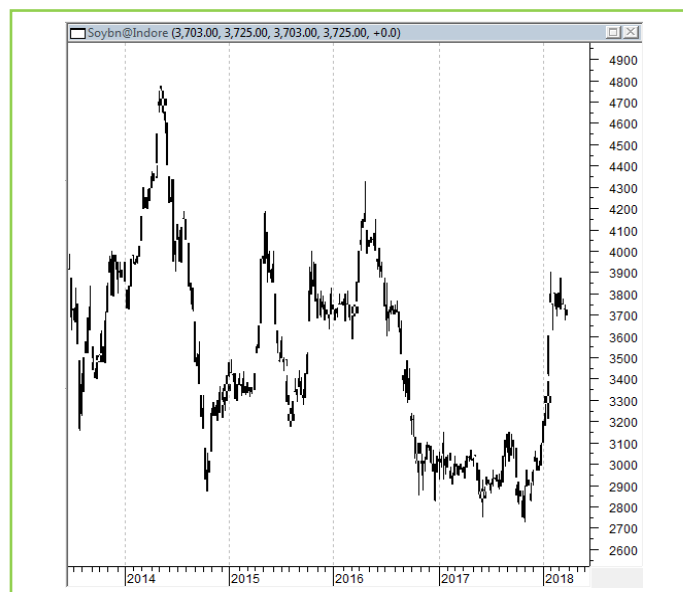
The domestic soybean crush margins in March 2018 were higher from the corresponding period last year owing to the higher soybean and meal prices in March '18.

Technical Analysis:

NCDEX Soybean Futures



Soybean Spot, Indore



*Note: Daily Chart

Support & Resistance NCDEX Soybean – May. contract

S1	S2	PCP	R1	R2
3650	3550	3798	4000	4100

- Soybean noticed range –bound to weak tone, during the month.
- Prices closed above 18-day EMA.
- RSI is declining in the neutral zone and stochastic is increasing in the neutral zone.
- MACD is increasing in the positive territory.
- The prices are expected to feature gain during the month.
- Trade Recommendation (NCDEX Soybean – May.): **BUY** Above 3800. Levels: T1 – 3950; T2- 4000, SL -3720.

Rapeseed - Mustard Seed

Rapeseed prices noticed range –bound to weak tone during the month following increasing pace of new crop arrivals in the mandis. Output is likely to decline this season compared to previous year following rains and thunderstorms in the month of March and higher temperature at the time of sowing. Procurement at MSP by the governments of Rajasthan and Madhya Pradesh will support the market in the coming days.

Madhya Pradesh government has decided to procure Rabi crop of mustard at MSP instead of using Bhavantar Bhugtan Yojana (BBY). This will reduce the flow of mustard in open market thereby providing some support to domestic prices. The government is likely to procure 4 lakh tonnes of mustard and has announced a bonus of Rs.100/Qtl over MSP.

According to industry sources, India's rapeseed and mustard output in 2017/18 is likely to be around 63 -64 lakh tonnes. Farmers have reduced the area in Rajasthan amid higher temperatures and lack of moisture at the time of sowing. According to Solvent Extractor's Association of India, India produced a record 6.73 MMT rapeseed in the 2016/17 marketing year.

Government of India raised import duty on crude palm oil and refined palm oil, in an effort to stem the surge in imports of palm oil in the country. Now, CPO duty stands at 48.4%, RBD palmolein stands at 59.4%, soy oil at 33%, sunflower oil at 27.5% and rapeseed (canola) oil at 27.5%. This effectively reduces palm oil attractiveness compared to softer oils. This will open doors to higher imports of softer oil especially sunflower oil whose duty is less than soy oil and are quoting at lower prices than soy oil at CNF markets. However, this step will help domestic crushing and support oilseed farmers who are facing agrarian distress. The Government must take, Mmore steps from government have to be taken to support domestic crushing and help oilseed farmers. This might not be the last step on duty hikes.

The all India seed supplies were reported between 1.25 – 6.25 lakh bags in a day in the last week of March compared to around 6.15 – 8.00 bags a day, previous week. The supplies were 5.10 -6.05 lakh bags a day during the corresponding period last year.

RM Seed Supply, Pan India

RM Seed Arrivals Pan India in Bags (85 kg each).		
Monthly Arrivals– Mar	1 Month Ago	Corresponding Period Last Year
122,80,000	29,60,000	123,65,000

The seed prices are lower at spot market and are quoted at around Rs 3,965 – 4,055 a quintal in the last week of March compared to Rs 4,035 – 4,105 a quintal during the corresponding period last year at the benchmark, Jaipur.

At NCDEX futures, the seed prices at May contract ended lower at 3798/Qtl compared to 3898/Qtl previous month.

The area coverage under rapeseed, this season is reported down 5.27% at 66.88 lakh hectares compared to 70.56 lakh hectares at the same period last year.

The total sown area under *rabi* oilseeds is lower compared to the previous year's level which is down by 5.27% at 80.87 lakh hectares compared to 84.85 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.

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 November.

According to the data released by the General Administration of Customs, China's import of rapeseed declined by 35.26% to 362,718 metric tonnes in February 2018 compared to same corresponding period previous year. In the first two months of the year 2018, imports of rapeseed declined by 22.9% to 735,410 metric tonnes compared to same corresponding period previous year. Imports of rapeseed meal declined by 1.7% to 63,732 metric tonnes in February 2018 compared to same corresponding period previous year. In the first two months of the current year, imports of rapeseed meal increased by 29.62% to 188,053 metric tonnes compared to same corresponding period previous year.

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 February edible oil imports fell 8.85 percent y-o-y to 11.25 lakh tons from 12.34 lakh tons in February 2017. Palm oil imports in February rose 3.26 percent y-o-y to 5.46 lakh tons from 4.98 lakh tons in February 2017. CPO Imports rose 9.64 percent y-o-y to 6.73 lakh tons from 4.12 lakh tons in February 2017. RBD palmolein imports fell 13.24 percent y-o-y to 2.02 lakh tons from 2.33 lakh tons in February 2017. Soy oil imports fell 46.83 percent in February y-o-y to 1.34 lakh tons from 2.52 lakh tons in February 2017. Sunflower oil imports rose 1.9 percent in February percent y-o-y to 2.13 lakh tons from 2.09 lakh tons in February 2017. Rapeseed (canola) oil imports in February fell 51 percent to 0.17 lakh tons compared 0.18 lakh tons in February 2017.

According to Solvent Extractors Association (SEA), India's February edible oil stocks at ports and pipelines rose marginally m-o-m to 21.97 lakh tons from 21.95 lakh tons in January 2018. Stocks of edible oil at ports fell to 757,000 tons (CPO 280,000 tons, RBD Palmolein 120,000 tons, Degummed Soybean Oil 170,000 tons, Crude Sunflower Oil 180,000 tons and 7,000 tons of Rapeseed (Canola) Oil) and about 1,440,000 tons in pipelines (stocks at ports were 855,000 tons in January 2018). India is presently holding 36 days of edible oil requirement on 1st March, 2018 at 21.97 lakh tons compared to 36 days of requirements last month at 21.95 lakh tons. India's monthly edible oil requirement is 18.25 lakh tons.

According to China's General Administration of Customs (CNGOIC), China's February palm oil imports rose 9.93 percent to 3.73 lakh tons compared to February 2017. Year to date imports of palm oil fell 3.78 percent to 8.41 lakh tons. Imports from Indonesia in February rose 21.68 percent to 2.58 lakh tons compared to February 2017. Year to date imports of palm oil from Indonesia fell 1.32 percent to 5.78 lakh tons. Imports from Malaysia in February fell 9.7 percent to 1.15 lakh tons compared to February 2017. Year to date imports of palm oil from Malaysia fell 3.85 percent to 2.63 lakh tons.

According to cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's March palm oil exports rose 19.4 percent to 1,394,973 tons compared to 1,167,908 tons last month. Top buyers are India at 412,783 tons

(231,115 tons), European Union at 261,868 tons (306,371) tons, China at 122,364 tons (66,670 tons), Pakistan at 58,395 tons (27,000 tons) and United States at 53,175 tons (74,790 tons). Values in brackets are figures of last month.

According to Malaysia Palm Oil Board (MPOB), Malaysia's February palm oil stocks fell 2.85 percent to 24.78 lakh tons compared to 25.50 lakh tons in January. Production of palm oil in February fell 15.37 percent to 13.43 lakh tons compared to 15.87 lakh tons in January. Exports of palm oil in February fell 13.33 percent to 13.12 lakh tons compared to 15.14 lakh tons in January. Imports of palm oil in February rose 92.86 percent to 0.67 lakh tons compared to 0.35 lakh tons in January. Fall in palm oil end stocks in February was above trade estimates.

According to Malaysia Palm Oil Board (MPOB), Malaysia's 2018 production is estimated to grow 3 percent to 20.5 MMT from 19.9 MMT in 2017. Malaysia's 2018 exports are estimated to rise 5.1 percent to 17.4 MMT. MPOB estimates palm oil stocks to fall 15.8 percent to 2.3 MMT.

According to Malaysian government, Malaysia imposed export duty on palm oil for April at 5 percent after three month suspension of export duty. Export duty of palm oil is calculated at reference price of 2,474.63 ringgit (\$633.38) per ton. Tax is calculated above 2,250 ringgit starting from 4.5 percent to a maximum of 8.5 percent.

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 Palm Oil Association (GAPKI), Indonesia's January palm and palm kernel oil exports rose 4.58 percent m-o-m to 2.74 MMT compared to 2.62 MMT in December. On y-o-y basis exports rose 0.74 percent. Exports were 2.72 MMT in January 2017.

End stocks of palm oil in Indonesia in October rose 16 percent to 3.38 MMT from 2.92 MMT in September 2017. Production of palm oil in Indonesia in October rose 3 percent to 4.16 MMT from 4.03 MMT in September 2017.

According to Indonesia trade ministry, Indonesia kept palm oil export duty for March unchanged at zero, below threshold prices of USD 750 per ton. This is 11th straight month of zero export duty, as palm oil is expected to miss certain thresholds.

According to the latest monthly estimates from Strategie Grains, rapeseed production estimates have been increased to 22.60 MMT in European Union for 2017/18 compared to previous estimates of 21.86 MMT and 20.34 MMT in 2016/17.

Outlook: The rapeseed-mustard is likely to witness range-bound to weak tone amid increasing arrival of the new crop in the domestic market. However, downside will be limited amid government backed procurement and positive tone of palm oil at BMD.

Balance Sheet – Rapeseed-Mustard Seed, India

(Fig in MnT)

Rapeseed-Mustard (Fig in Mn T) MY-Feb.-Jan.	2017-18	2018-19	Feb-Apr	May-Jul	Aug-Oct	Nov-Jan
Carry In	0.10	0.10	0.10	3.17	1.66	0.87
Production	6.80	6.30	6.30	0.00	0.00	0.00
Imports	0.00	0.00	0.00	0.00	0.00	0.00
Total Availability	6.90	6.40	6.40	3.17	1.66	0.87
Processing/Crushing	6.80	6.30	3.18	1.46	0.68	0.67
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	6.80	6.30	3.23	1.51	0.78	0.77
Carry Out/Ending Stock	0.10	0.10	3.17	1.66	0.87	0.10
Monthly Use	0.57	0.53				
Stock/Consumption Ratio	0.01	0.02				
Stock to Month Use Ratio	0.18	0.19				

(Source: AgriWatch)

- We have pegged India's 2018/19 Rapeseed-mustard outturn at 6.3 million tonnes, lower by more than 5% compared to the 2017/18 production at 6.8 million tonnes.
- India's production is lower than 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 get some support following increase in import on edible oils and procurement at MSP by the government.*

Technical Analysis:

NCDEX RM Seed Futures



*Note: Daily Chart

RM Seed Spot, Jaipur



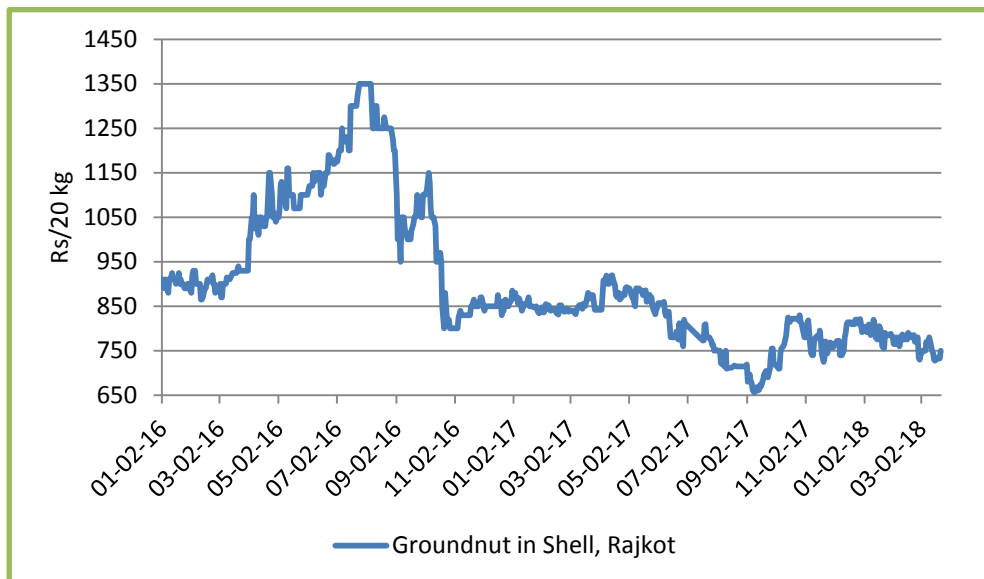
Support & Resistance NCDEX RM Seed – May. contract

S1	S2	PCP	R1	R2
3850	3750	4054	4250	4300

- Downward movement witnessed in RM seed.
- Prices closed below 18-day EMA.
- RSI is declining and stochastic is increasing in the neutral zone.
- MACD is declining in the negative territory.
- The prices are expected to feature range-bound movement with weak bias, during the month.
- Trade Recommendation (NCDEX Rapeseed-Mustard – May) Month: **SELL** Below 4150. Levels: Target – 4000; T2- 3950, SL –4230.

Groundnut

The domestic groundnut prices witnessed positive tone during the month amid procurement by NAFED in the first half of the month. In Gujarat, there are comfortable stocks with the government and the farmers. Groundnut procured by the government is becoming a problem, as disposing the same will again cost the government. The stock of groundnut procured previous year is completely damaged and the government is not in a position, to sell the same, following poor quality. Government is selling old stocks of groundnut of previous year. It is being used for crushing, following bad quality. As per Gujarat state agriculture, as on 26th March 43.9 thousand hectares has been brought under groundnut against 59.6 thousand hectares last year and against 59.7 thousand hectares of three- year average.



The groundnut prices (in shell - Rajkot) increased by 2.7% in March compared to February and witnessed the monthly average price of Rs 730 per 20 kg compared to Rs 780 per 20 kg in January.

The groundnut prices in Kernel, Saurashtra are lower compared to the same corresponding period last year. Lower arrivals are reported in the mandis. The average monthly price of nuts in Saurashtra was Rs. 43500 per metric ton in March 2018 vs Rs 50000 per metric ton in March 2017.

Groundnut							
Center	Variety	% Change over	% Change over	As on	Month Ago	Year Ago	2 Year Ago
		Previous year	Previous month	22-Mar-18	28-Feb-18	31-Mar-17	31-Mar-16
Rajkot	GN in Shell (Rs/20kg)	-10.9	2.7	750	730	842	930
Saurashtra	GN Seed Kernel (Rs/MT)	-13.0	0.0	43500	43500	50000	45000

(Source: AW)

Annexure

Oilseed Prices at Key Spot Markets:

Commodity / Centre	Prices (Rs/Qtl)				Change
Soybean	31-Mar-18		28-Feb-18		
	Low	High	Low	High	
Indore –Plant	3700	3750	3750	3800	-50
Indore–Mandi	3500	3700	3600	3760	-60
Nagpur-Plant	3820	3860	3840	3880	-20
Nagpur – Mandi	3300	3750	3300	3780	-30
Latur – Mandi	3550	3805	3300	3865	-60
Kota-Plant	3600	3650	3725	3780	-130
Kota – Mandi	3550	3600	3600	3690	-90
Bundi-Plant	3600	3750	3650	3700	50
Bundi-Mandi	3525	3575	3550	3600	-25
Baran-Plant	3550	3650	3600	3700	-50
Baran-Mandi	3450	3525	3550	3650	-125
Bhawani Mandi Jhalawar–Kota-Plant Delivery	3650	3750	3700	3750	Unch
Jhalwar-Mandi	3600	3640	3400	3650	-10
Rapeseed/Mustard					
Jaipur-(Condition)(New Crop)	4080	4085	4065	4070	15
Alwar-(Condition)(New Crop)	3750	3800	3775	3800	Unch
SriGanganagar-(Non-Condition-Unpaid)	3660	3765	3650	3700	65
New Delhi–(Condition)(New Crop)	3650	3685	3800	3850	-165
Kota-Non-(Condition)(New Crop)	3550	3650	3600	3700	-50
Agra-(Condition)(New Crop)	4300	4350	4300	4350	Unch
Neewai(New Crop)	3900	3960	3970	4000	-40
Hapur (UP)(New Crop)	3700	3760	3750	3850	-90
Groundnut Seed					
Rajkot	NA	NA	730	730	-
Sunflower Seed					
Gulbarga	3008	3208	3052	3425	-217
Latur	NA	NA	NA	NA	-
Sholapur(New Crop)	NA	NA	NA	NA	-
Sesame Seed					
Mumbai (White98/2/1	8600	8600	8800	8800	-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
		March, 2018	February, 2018	
Soybean				
	Madhya Pradesh	1135000	1310500	-175500
	Maharashtra	1140000	1435000	-295000
	Rajasthan	388000	580000	-192000
	Bundi (Raj)	2250	2700	-450
	Baran (Raj)	28900	36900	-8000
	Jhalawar (Raj)	12300	15850	-3550
Rapeseed/Mustard	Rajasthan	7170000	1450000	5720000
*Soybean: 1 bag = 90 kg; RM Seed: 1 bag = 85 kg				

India's Kharif Oilseeds Production Seen at 20.36 Mn T vs 21.51 Mn T in 2nd Adv Est. - GOI

The 2nd Advance Estimates of production of major crops for 2017-18 have been released on 27 February, 2018 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 – 20.36 million tonnes

- Soyabean – 11.39 million tonnes
- Groundnut – 6.61 million tonnes
- Castorseed – 1.49 million tonnes

With a decline of 1.15 million tonnes over the previous year, total kharif Oilseeds production in the country is estimated at a level of 20.36 million tonnes. It is lower by 2.25 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 0.204 million tonnes than the five year's average Oilseeds production. The current year's production is lower than the kharif production of 21.51 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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