
Oilseeds Monthly Research Report

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Executive Summary

Weak trends are witnessed at most of the Soybean trading centers during July month due to poor demand from the local crushers. More supplies are reported in the market, Expectation of rise in sowing area, farmers and traders want to book profit at the current level. RM seed prices showed weak trend due to poor demand and ample stocks available in the market. NCDEX prices of Soybean and RM seed closed lower amid speculators selling activities. The RM Seed market is mainly being driven by crop arrivals and local crushers & stockiest demand. CBOT prices closed remain lower on weak global sentiments.

According to recent Ministry report, India has covered total oil seeds kharif sowing area as on 2nd Aug, 2019 about 149.41 lakh Ha. has been reported compared to normal corresponding week (157.39 lakh Ha.) from previous year. Thus 7.98 lakh. Ha less area has been covered compared to normal corresponding week in previous year. Farmers have sown 2.67 lakh ha. In Andhra Pradesh against 4.28 lakh ha. Previous year, 15.72 lakh ha. In Gujarat against 16.34 Previous year, 5.29 lakh ha. In Karnataka against 6.81 lakh ha. Previous year, 59.43 lakh ha. In MP against 59.98 lakh ha. Previous year, 36.92 lakh ha. In MH against 39.50 lakh ha. Previous year, 17.81 lakh ha. In Rajasthan against 19.06 lakh ha. Previous year, 2.01 lakh ha. In Telangana against 2.20 lakh ha Previous year, 4.82 lakh ha in UP against 3.70 lakh ha. Previous year

As per market sources, there is chances of increase in area of soybean crop in this season up to 120 lakh hectares compared with 112 lakh hectares last year in case of normal monsoon in Madhya Pradesh and Maharashtra (account up to 80 percent of total Soybean production in the country). As per to the third advanced estimate of Ministry, Soybean production is placed at 137.43 lakh tonnes for 2018/19 which is higher by 25 per cent against previous year production and highest in the last five years record. Soybean acreage may increase or may be at the same in this year as soybean prices performed well. Government estimates Mustard seed output at 87.82 lakh tonnes for 2018/19 higher by 4.2% from 84.3 lakh tonnes in 2017/18. It estimates groundnut crop size at 65.02 lakh tonnes for 2018/19 against 92.53 lakh tonnes. Farmers have started to cover kharif oilseeds sowing area of Groundnut, Soybean, Sesamum and Sunflower with slow pace because of late arrivals of monsoon in last weeks.

CBOT Soybean future contract settled lower due to improved crop condition. As per latest US weekly crop condition soybean crop held steady at 54% rated good to excellent. Eight states indicated that the soybean condition improved last week. Most of the improvements were found in the central and southern Corn Belt while most of the declines were found in the eastern and northern Corn Belt as well as the Delta. As per annual acreage report, farmers planted 80.0Million acres of soybean compared to the march forecasts 84.6 million acres, however analysts are expected 84.4 million acres of soybean due to delay in corn planting farmers had boosted their soybean cultivation. USDA expects U.S. Soybean yield size for 2019/20 at 3.33 metric tons per hectare lower from 3.47 metric tons per hectares in 2018/19. As a result, it forecasts lower production estimates at 112.95 million metric tons for 2019/20 lower from 123.66 million metric tons in 2018/19. Lower sowing area, decreased global production estimates, may support CBOT prices to rise in coming days.

Overall soybean may trade in steady to lower side on higher crop estimates and favourable monsoon forecast. Mustard may trade steady to weak tone on poor demand.

Outlook – Cash Market

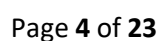
Outlook - Soybean (Spot, Indore): Soybean Indore plant showed weak trend on decreased demand. We expect steady to weak trend in coming days due to higher crop estimates and favourable monsoon forecast by IMD. Prices are likely to trade in the range of 3450 to 3550 in Aug month. The market sentiments are now depending on the surplus bean stocks to be carried over to the next marketing year and millers and exporters demand. As we move to Sept contract, NCDEX soybean is likely to trade in weak zone due to lack of buyers' interests on weak sentiments.

Outlook – Soy meal (Spot, Indore): Meal prices is expected to trade in steady to weak zone as the exports has been declined and International meal prices are not bullish enough. As the domestic demand declines in coming months as we move to summer, domestic price is expected to fall in fear of ample availability.

Outlook - Rapeseed-Mustard (Spot, Jaipur basis): Poor local demand and ample stocks in the physical market. However, Supplies are less as sellers expect higher prices of Mustard seed in coming days. Higher crop estimates and normal monsoon forecast may curb any major rally in prices.

Monsoon 2019-IMD Forecast

Winds over the Arabian Sea are very strong (45-55 kmph) and low-level convergence is taking place along Maharashtra-south Gujarat coasts at present. Widespread rainfall with heavy to very heavy falls at a few places and extremely heavy falls at isolated places is likely to continue over Konkan & Madhya Maharashtra during next 2 days. Rainfall activity is likely to increase over Coastal Karnataka and Kerala from 05th August.



Kharif Oilseed Sowing Progress

Kharif Oilseeds Sowing as on 2.08.2019 (In lakh Hectare)						
Commodity	Normal Area	Normal area as on date	2019	2018	Change (Y-o-Y)	% change to normal area
Groundnut	42.36	34.41	30.22	71.21	-3.31	71.21
Soybean	111.49	105.3	107.29	109.50	-2.22	96.2
Sunflower	1.91	1.02	0.68	0.76	-0.08	35.6
Sesamum	17.25	11.69	9.65	11.56	-1.94	56
Niger	2.51	0.48	0.47	0.51	-0.04	18.7
Castor	9.69	1.91	1.10	1.50	-0.40	11.4
Total Oilseed	185.28	154.8	149.41	157.39	-7.98	80.64

Soybean

Soybean prices declined on poor demand. Increased supplies have been noticed in market. Some of sellers are ready to book profit at the current level.

As per IMD, Monsoon picking up in central and western India, the planting has also picked up pace and has crossed 149.41 lakh hectares. Last year, sowing was on 157.39 lakh hectares, as per the latest data from Ministry. There is a sharp drop in sowing of groundnuts to 30.22 lakh hectares against 33.53 lakh hectares last year. soybean is nearly 107.29 lakh hectares against 109.50 lakh hectares last year, castor has been planted on 1.10 lakh hectares against 1.50 lakh hectares last year. Sunflower has been planted on 0.68 lakh hectares against 0.76 lakh hectares last year. Sesame has been planted on 9.65 lakh hectares against 11.59 lakh hectares last year.

In the third advanced estimates, ministry expects higher Indian Soybean crop (Kharif) at 137.43 lakh tonnes for 2018/19 season against 109.33 lakh tonnes in 2017/18. Normal rainfall at the maturity stage of crop improved yield of crop. The estimates are higher than 2016/17 crop size i.e. 131.59 lakh tonnes.

As per recent forecast of NCML, India may produce oilseeds in the range of 28 to 29.5 million metric tonnes (both Kharif and Rabi season) in 2019/20 in expectation of below normal monsoon. Total oilseeds for 2018/19 was estimated at 31.50 million metric tonnes including 21.25 million metric tonnes of Kharif crop and 10.25 million metric tonne of Rabi crop as per ministry second advanced estimate. Soybean crop size are expected in the range of 10 to 11million metric tonnes for this year lower by 20 to 27 percent from 13.7 million metric tonnes in 2018/19 estimates in hope of less rainfall. Out of the 50 districts which contribute to around 86 per cent of the total soybean production, 45 districts are in Madhya Pradesh, Rajasthan and Maharashtra, which are vulnerable to below-normal monsoon. Farmers in Maharashtra and Telangana had already shifted its Soybean crop area to Maize and cotton on account of higher profit margin, which may also lower soybean production for 2019/20.

As per Agriwatch estimates, soybean production in the current Kharif season is expected to be 105 lakh metric tonnes compared to 98.1 lakh metric tonnes in the previous season. Higher soybean production will curb any major rally in the market. However comfortable carry-in stocks and record soybean crop in U.S. Midwest will continue to be the limiting factor.

As per SOPA, Soybean production of India may rise by 38% to 11.48 million tons this year against 8.36 million tonnes in last year record as supported by better yield, favorable weather condition in the major soybean crop growing states like Madhya Pradesh, Maharashtra and Rajasthan. Soybean acreage rose to 10.48 million hectares compared to 10.16 million hectares in the last season. Average yield jumped by 29 per cent to 1059 kg per hectare for the current harvesting season from 823 kg per hectare in the previous season. Soybean production in Madhya Pradesh may inch up by 41% to 5.92 million tonnes for the current season from 4.2 million tonnes last year. Total yield in the state is estimated to rise by 30.5 per cent to 1094 kg per hectare for the current season from 838 kg from the previous season.

The domestic soybean prices are likely to notice in steady to weak tone.

International:

As per latest US weekly crop condition, soybean crop held steady at 54% rated good to excellent. Eight states indicated that the soybean condition improved last week. Most of the improvements were found in the central and southern Corn Belt while most of the declines were found in the eastern and northern Corn Belt as well as the Delta.

As per the sources, EU expects Rapeseed crop of 17.1million tonnes, against 3million tonnes lower than last season and 4million tonnes below the five-year average. Lower crop estimates holding the rapeseed prices steady. The oilseed rape market is also influenced by crude and other oil prices, and with the US-China trade war ramping up again this week. EU's rapeseed imports are likely to rise sharply in the coming months. Imports for 2018/19 are estimated at 4.3 million tonnes.

As per the sources, Ukraine harvested Oilseed crop up to 2.73 million tonnes as on 23rd July 2019 higher against 2.25 million tonnes compared to last year. Moreover, rapeseed crop could rise to 3.58 million tonnes from 2.84 million tonnes in 2018.

As per USDA, During this week (July 19 to July 25) US sold 143,100 MT for 2018/2019 resulting in increases for Japan (67,800 MT, including 19,000 MT switched from unknown destinations and decreases of 600 MT), China (66,800 MT, including 62,000 MT switched from unknown destinations and decreases of 72,900 MT), Mexico (61,800 MT, including 47,500 MT switched from unknown destinations and decreases of 1,000 MT), Egypt (58,800 MT, including decreases of 1,200 MT), and Saudi Arabia (55,000 MT), were partially offset by reductions for unknown destinations (195,500 MT) and Pakistan (60,000 MT). For 2019/2020, net sales of 305,500 MT were primarily for unknown destinations (112,000 MT), China (68,000 MT), Taiwan (60,000 MT), Japan (31,500 MT), and Colombia (14,500 MT). Exports of 921,300 MT were up 45 percent from the previous week and 24 percent from the prior 4-week average. The destinations were primarily to China (531,800 MT), Mexico (142,700 MT), Egypt (53,800 MT), Japan (45,400 MT), and Algeria (31,200 MT). As per the sources, Ukraine harvested Oilseed crop up to 2.73 million tonnes as on 23rd July 2019 higher against 2.25 million tonnes compared to last year. Moreover, rapeseed crop could rise to 3.58 million tonnes from 2.84 million tonnes in 2018.

As per NOPA, U.S. soybean crushing likely declined for a third straight month in June by 154 million bushels. Crush forecasts for June ranged from 147.937 million to 164.500 million bushels, with a median estimate of 152.200 million bushels which is less from the May crush of 154.796 million bushels and a crush of 159.228 million bushels in June 2018.

As per WASDE latest report on 11th July 2019, US Soybean production for 2019/20 is projected at 3.845 billion bushels, which is down by 305 million bushels based on lower planted and harvested area in the June 28 Acreage report and on lower projected yields. Harvested area, forecast at 79.3 million acres, which is down by 4.5 million from last month.

As per WASDE latest report on 11th July 2019, Global Oilseed production is estimated at 586.0 million tons, down by 11.7 million tonnes which is mostly on lower soybean production for the United States. Soybean production is also reduced for Canada and Ukraine. Rapeseed production is reduced for the EU, Australia, and Canada. Hot, dry weather during June has reduced yield prospects for the EU. Production is reduced for both Australia and Canada on lower harvested area. Other production changes include lower sunflower seed production for Russia, higher cottonseed production for India, and lower peanut production for the United States. Global oilseed exports for 2019/20 are projected at 175.0 million tons, down slightly from last month. Lower soybean exports for the United States are offset with increases for Brazil, Argentina, and Uruguay. Global oilseed ending stocks for 2019/20 are reduced 10.7 million tons to 119.5 million, mainly on lower soybean stocks for the United States, Argentina, and Brazil.

As per USDA forecast, overall oilseed production of Russia in 2019-20 at 18.8 million tonnes, which will be roughly the same amount produced in 2018-19. Exports of oilseeds in 2019-20 will reach an all-time high of 1.7 million tonnes, 7.3% higher than 2018-19. The major drivers of this growth will be exports of rapeseeds and soybean to China and an active supply of rapeseeds to Belarus that started in 2018-19.

As per USDA forecast, soybean production of Brazil in 2019-20 is projected at 124 million tonnes increased against the previous year 116 million tonnes, as soybean planted area expanded to 37 million hectares and yields return to average due to improved weather. Exports of soybean in 2019-20 is expected to 75 million tonnes up from 69 million tonnes in 2018-19

As per USDA, the Chinese soybean production estimated for 2019-20 is 16.8 million MT up by 5.7% from 2018-19, due to the increased government subsidies, acreage expansion and slightly higher expected yield. However, China imported 42.4 million MT of soybeans during the first 7 months of 2018-19, down by 8.2 million MT compared to same period last year. Imports are estimated to be down from 84 million MT in 2018-19 to 83 million MT in 2019-

As per USDA, the estimated stocks of soybean in 2018-19 is 27 million tonnes and estimated production of 2019-20 is 113 million tonnes, However the trade between US and china is still unresolved, even with the normal exports' sales record, the stocks would still more than 20 million tonnes in 2019-20. Bad weather and heavy rainfall caused more delay in soybean planting and supported CBOT prices to rise so far

As per sources, sunflower oil production of Ukraine is likely to stand at 6.4 million tonnes supported by higher sunflower seed harvesting. It expects exports volume at 5.95 million tonnes higher from 5.93 million tonnes in 2018/19. Ukraine may harvest 14.9 million tonnes sunflower seed in 2019 which is very close to 14.96 million in 2018.

Balance Sheet – Soybean, India

Soybean (Fig in Mn T) MY- Oct.-Sep.	2018- 19F	2019-20 F	Oct-Dec'19 F	Jan-Mar'20 F	Apr-Jun'20 F	July-Sep 20 F
Carry In	0.23	0.38	0.38	4.38	2.48	1.38
Production	10.55	10.01	10.01	0	0	0
Imports	0.00	0.00	0	0	0	0
Total Availability	10.78	10.39	10.39	4.38	2.48	1.38
Processing/Crushing	8.40	8.40	5.76	1.65	0.60	0.50
Exports & Direct Consumption	1.00	1.00	0.25	0.25	0.00	0.00
Seeding/Retained for Sowing	1.00	1.00	0	0	0.5	0.5
Total Usage	10.40	10.10	6.01	1.90	1.10	1.00
Carry Out	0.38	0.29	4.38	2.48	1.38	0.38
Monthly Use	0.87	0.84				
Stock/Consumption Ratio	0.04	0.04				
Stock to Month Use Ratio	0.44	0.34				

Fig. in MnT
Source: Agriwatch

Soy meal

Weak tone is featured in Soymeal complex on weak demand from the local crushers and exporters in the physical market. Lower overseas demand and ample stocks availability in the market are affecting the sentiments. Weak trends are in International soymeal prices also affecting the sentiments.

During the week (July 19 -July 25) US sold 113,500 MT were up by 30 percent from the previous week and up noticeably from the prior 4-week average. Increases were primarily for Canada (39,600 MT, including decreases of 1,100 MT), unknown destinations (30,000 MT), Mexico (20,900 MT), Colombia (13,700 MT, including 1,000 MT switched from Ecuador), and the Philippines (5,500 MT). Reductions were reported for the Dominican Republic (1,600 MT) and Ecuador (1,000 MT). For 2019/2020, net sales of 46,500 MT primarily for the Philippines (43,000 MT), were partially offset by reductions for Costa Rica (5,800 MT). Exports of 202,200 MT were up 58 percent from the previous week and 28 percent from the prior 4-week average. The destinations were primarily to Colombia (44,700 MT), Morocco (38,900 MT), the Dominican Republic (33,000 MT), Mexico (32,100 MT), and the Philippines (22,800 MT).

Soymeal exports volume of India is recorded at 18,185 tonnes in June 2019 lower against 53,272 tonnes in previous month. Overall Soymeal shipments in financial year (2018-19) stood at 1,358,083 tonnes higher from 1,187,818 tonnes in FY 2017-18. Total shipment of Rapeseed meal in June 2019 declined at 54,247 tons against 72,895 tonnes in May 2019. However, cumulative exports volume of Rapeseed meal is recorded higher at 1,094,015 tonnes during FY 2018-19 against 663,988 tonnes in previous year supported by major buyers like South Korea, Vietnam and Thailand.

As per recent SEA report, India shipped Oilmeals lower by 56% to 114,972 tons in June 2019 against 263,163 tons in June 2018 followed by lower demand of Iran because of US sanctions. India could not import crude oil from Iran from May 2 after the U.S sanction waiver expired and U.S. is not willing further to extend it. During April-June 2019, total Oilmeals exports stood at 571,325 tons lower by 24% from 751,158 tons in previous year record in the corresponding period of time. During April- June 2019, Vietnam bought total 88,055 tons of Oilmeals (including 1193 tons of Soybean meal, 57,058 tons of Rapeseed meals and 29,804 tons of De oil Rice Bran Extraction) lower from 105,459 tons in last year. South Korea bought 247,363 tons of Oilmeals (including 7,500) tons Soybean meal, 114,929 tons of rapeseed meal and 124,934 tons of castor seed meal) higher from 87,003 tons in previous year. Thailand bought 68,166 tons of Oilmeals (including 48,415 tons of Rapeseed meal and 15,330 tons of Rice Bran Extractions and 2,481 tons of soybean meal) lower from 92,911 tons in previous year.

As per recent WASDE report, Soybean meal production of India is estimated remain at 7.6 million tons for 2019/20 compared to previous year record. It is higher from 6.16 million tons in 2017/18 season. India may export 1.85 million tons Soymeal in 2019/20 same as in previous year. Domestic consumption of the country may stand at 5.75million tons higher from 5.60 million tons in 2018/19.

During Indian Soymeal premium quoted higher side by \$126 per ton over Argentinean meal with Indian meal bullishness producing the premium rather than Argentinean meal bearishness. Such premiums may limit bookings of Indian Soymeal for forward as well as spot market.

The soy meal prices are likely to notice seasonal weakness in month and prices is expected to decline in near future.

Soy Meal Export (In Thousand Tons)

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Oct	405	224	50	183	29	4	31	71	150
Nov	443	398	517	503	111	9	98	208	186
Dec	611	798	511	451	194	6	241	169	170
Jan	575	475	620	364	104	28	155	106	86
Feb	540	344	578	184	65	30	208	74	132
Mar	411	460	302	232	47	27	107	39	193
Apr	305	314	100	76	18	12	124	68	40
May	177	143	98	8	14	10	49	41	53
Jun	118	181	214	3	2	18	46	104	18
Jul	140	168	107	7	1	12	81	64	
Aug	166	10	184	3	1	11	88	60	
Sep	226	7	173	1	7	12	102	45	
Total	4116	3521	3453	2015	592	180	1331	1049	

Source: SEA

Technical Analysis:

NCDEX Soybean Futures C1 Chart



Soybean Spot, Indore weekly Chart



- The Candlestick depicts weakness in the market on sellers' interests.
- MACD has been in the negative zone and RSI has been inching towards lower in oversold zone.
- Trade Recommendation (NCDEX Soybean –Aug): **Sell-Below-3585** Levels: Target –T1 3500; T2- 3450, SL –above 3670.
- In Reverse case, traders can start buying on above 3675 and can add on positions on every 20 points above.

Support & Resistance NCDEX Soybean Aug. contract

Aug contract as on 5th Aug

S1	S2	PCP	R1	R2
3360	3430	3585	3720	3850

Sept contract as on 5th Aug

S1	S2	PCP	R1	R2
3350	3400	3541	3650	3750

Rapeseed - Mustard Seed

Mustard seed prices declined due to poor demand from the local crushers. As farmers want to book profits at current level. Traders and other sources expect bumper crop in this season which may curb any major rise in future.

As per Mustard Oil Producers Association of India, the estimated mustard output in the country at 8.1million tonnes in 2018-19, up from 7.1million tonnes in the previous year. However, this estimate is lower than the 3rd advanced estimate 8.8million tonnes. Total mustard arrivals in the month of June 705000 tonnes against 1.15 million tonnes in May month out of which 650000 tonnes of mustard seeds in June has been used for crushing, over 13% lower from the May month

As on 1st July 2019, Nafed, procured total 2779.58 tonnes of Mustard seed of Rabi season at MSP i.e. 4200 per quintals. It has procured total 10.84 lakh tonnes so far from 494049 farmers. Nafed procured total 6.08 lakh tonnes in Rajasthan states, 2.50 lakh tonnes in Haryana, 0.32 lakh tonnes in MP, 0.41 lakh tonnes in Gujarat and 0.00118 lakh tonnes in UP.

As per third advanced estimates of government, It estimates Mustard seed output at 87.82 lakh tonnes for 2018/19 higher by 4.2% from 84.3 lakh tonnes in 2017/18. It estimates groundnut crop size at 65.02 lakh tonnes for 2018/19 against 92.53 lakh tonnes.

Agriwatch estimated rapeseed crop at 7.1 MMT in MY 2018-19. However, new rapeseed crop for 2019-20 is estimated at 7.9 MMT above last year due to higher rapeseed sown area and yields. This will lead to lower rapeseed prices in future thereby adversely affecting rapeseed oil prices. New rapeseed crop harvest has peaked. SEA projects Mustard seed crop size at 8.5 MT in 2018/19 which is very close to agriculture ministry estimates i.e. 8.32 MT. While, other sources like Central Organization for Oil Industry and Trade keeps its forecast at 8.7 MT for this season. According to NBHC (National Bulk Handling Corporation) Rabi crop recent report, crop size of Mustard seed is likely to go up by 0.30% than last estimate to 8.72 million metric tonne. The figure is also higher by 4.78% over last year record due to favorable weather condition resulting in higher yields in major producing states.

SEA projects Mustard seed crop size at 8.5 MT in 2018/19 which is very close to agriculture ministry estimates i.e. 8.32 MT. While, other sources like Central Organization for Oil Industry and Trade keep its forecast at 8.7 MT for this season. In the second advanced estimates, ministry expects higher Indian Rapeseed & Mustard crop (Rabi) at 83.97 lakh tonnes for 2018/19 season against 75.40 lakh tonnes in 2017/18. Normal rainfall at the maturity stage of crop improved yield of crop. The estimates are higher than 2016/17 crop size i.e. 79.17 lakh tonnes.

USDA expects India's oilseeds production higher by 8% in 2019/20 in expectation of normal weather condition. Higher oilseeds supply may increase oilseeds meal production by 5.5% to 18 million tonnes. It projects oil meals exports at 3.2 million tonne with an increase of 10% in normal market condition and competitive pricing.

MOPA expects mustard crop output at 8.1 million tonnes in 2018/19 which is lower than farm ministry's second advance estimates of 8.4 million tonnes. Farm ministry quoted higher mustard acreage at 6.58 million ha. due to higher minimum support price, better realizations.

In view of NBHC (National Bulk Handling Corporation) Mustard crop size is likely to go up by 0.30% than its last estimate to 8.72 million metric tonne. The figure is also higher by 4.78% over last year record due to favorable weather condition resulting in higher yields in major producing states.

As per recent ministry report, Rabi Oilseeds crop sowing area in 2018/19 season stood slightly down by 0.6% to 80.40 lakh Ha. in India as compared to 80.98 Lakh Ha. in 2017-18. Currently, farmers have covered total 80.36 lakh Ha. normal area as on 22nd Feb 2019. However, Rapeseed sowing area of this year is recorded higher by 2.3% to 69.37 Lakh Ha. against 67.06 Lakh Ha. in last year.

Outlook: The rapeseed-mustard is likely to notice range –bound to weak tone on declined demand.

Balance Sheet – Rapeseed-Mustard Seed, India

(Fig in MnT)

Rapeseed-Mustard (Fig in Mn T) MY-Feb.-Jan.	2018-19	2019-20	Feb-Apr	May-Jul	Aug-Oct	Nov-Jan
Carry In	0.10	0.15	0.15	4.10	2.13	1.14
Production	7.10	7.90	7.90	0.00	0.00	0.00
Imports	0.00	0.00	0.00	0.00	0.00	0.00
Total Availability	7.20	8.05	8.05	4.10	2.13	1.14
Processing/Crushing	6.75	7.30	3.90	1.93	0.89	0.89
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	7.05	7.60	3.95	1.98	0.99	0.99
Carry Out/Ending Stock	0.15	0.45	4.10	2.13	1.14	0.15
Monthly Use	0.59	0.63				
Stock/Consumption Ratio	0.02	0.06				
Stock to Month Use Ratio	0.26	0.71				

(Source: AgriWatch)

Technical Analysis:

NCDEX RM Seed Futures Daily C1 Chart



RM Seed Spot, Jaipur Weekly Chart



Mustard daily 1M Continuous chart finding trend line resistance at 3950-3980. Breaching this will shift the overall trend. The trend line forms a strong resistance and more than above is expected which forms good selling levels. July contract is new crop.

Be open for taking short position at 3910 and anything below it. Any further bullishness in the prices is buying opportunity and add on can be taken. However, any daily close above 3930 will change the trend and hence taking stop loss of 3950 can be good level. Traders are advised to be critical in taking the stop loss as one of two trades can breach the trend line support without changing the trend. Traders can further can exit 50% of their positions at 3860.

Sell - Above 3920. Levels: Target – 3800; T2- 3720, SL –3950

Support & Resistance NCDEX RM Seed – Aug contract as on 5th Aug

S1	S2	PCP	R1	R2
3620	3700	3912	4040	4160

Support & Resistance NCDEX RM Seed – Sept contract as on 5th July

S1	S2	PCP	R1	R2
3640	3780	3936	4050	4150

Groundnut

Groundnut in Shell auction prices at Rajkot APMC fetched between INR 4780 and 5240 per quintal and likely to decrease in the entire month. Groundnut prices on monthly basis is rising on lower crop estimates. The prices have adjusted to the fundamentals and thus have been looking towards Rabi and summer supplies as well as the pace of NAFED procurement. NAFED has closed the auction of groundnut stocks and is probably using as the buffer for the 2018-19 MY. Summer crop is also expected to be low due to poor rains at initial stage. Good Rainfall at maturity stage supported to improve standing crops of Rabi season.



Outlook: Recent monsoon arrivals may support farmers to cover kharif groundnut sowing area in full swing of this season. Farmers are in view to plant more kharif crops after a significant rise in groundnut prices in 2019. However, an aggressive Nafed sale activities may limit major price hike. NAFED has started to sale its groundnut stocks of 2017 & 2018 season in the market at MSP price.

Fundamentals:

As per recent released data by GOI, Total groundnut kharif sowing area all over the country is 30.22 lakh ha. as on 2nd Aug 2019 lower by 3.31 lakh ha. from 33.53 lakh ha. in previous year during the same period.

Farmers have sown 2.43 lakh ha, in Andhra Pradesh lower against 3.84 lakh ha. previous year, 13.87 lakh ha. in Gujarat lower against 14.15 lakh ha. previous year, 1.94 lakh ha. in Karnataka lower against 2.61 lakh ha. previous year, 0.85 lakh ha. in Tamilnadu slightly up from 0.83 lakh ha. previous year, 1.02 lakh ha. in Uttar Pradesh higher against 0.97 lakh ha. previous year, 1.92 lakh ha. In Madhya Pradesh lower against 2.09 lakh ha. previous year, 1.62 lakh ha. In Maharashtra lower against 1.68 lakh ha. previous year, 5.26 lakh ha in Rajasthan lower against 5.81 lakh ha, 0.05 lakh ha. in other parts of India higher against 0.01 lakh ha. Lower sowing area reported in few states compared to the previous year record due to delayed monsoon and shortage of quality seeds for sowing, supporting the groundnut prices to rise.

As on 2nd and 3rd Aug, 2019 Nafed sold total 939MT of K-17 and 1740MT of K-18 holdings respectively. It disposed total 10.44 lakh tonnes of groundnut K-17 and holds remaining balance at 0.26 lakh tonnes so far. It disposed total 4.07 lakh tonnes of groundnut K-18 and holds remaining balance at 3.09 lakh tonnes so far.

As on 15th June 2019, Nafed has procured 5.81 MT of Groundnut (Rabi -2019) in the district of Malkangiri of Odisha state. It procured total 130.76 MT at MSP price Rs. 4890 per quintal from 55 farmers

Agricultural minister of Andhra Pradesh announced price subvention scheme of Rs.1500/qt to benefit Groundnut farmers in addition to the current market price of Rs.5000/qt to Rs.6500/qt on July 8th as Rythu Dinotsavam (farmers day).

According to SEA report, groundnut crop area in India will stand at 40.12 lakh ha. in 2018/19 down from 41.35 lakh ha. in last year. Production and yield are estimated at 37.70 lakh tonnes and 931 kgs/ha. respectively against 52.75 lakh tonnes and 1269 kg s/ha. respectively in previous year record.

We expect AP groundnut crop size at 4.21 lakh metric tonnes for 2018/19 season lower from 2017/18-year crop size i.e. 5.48 lakh metric tonnes on lower sowing area. In 2019/20, we expect crop size higher at 5.53 lakh metric tonnes in expectation of normal monsoon.

In the third advanced estimates, ministry expects lower Indian groundnut crop (Kharif and Rabi) at 65.02 lakh tonnes for 2018/19 season against 92.53 lakh tonnes in 2017/18. Kharif groundnut crop size during 2018-19 is estimated at 51.53 lakh tonnes which is lower by 32.15% than the production of 72.15 million tonnes in 3rd Advance Estimates of 2017-18. Less rainfall at initial stage of crop and lower acreage are the main reason to cut output of Groundnut.

Groundnut Exports (In Thousand Tons)

Groundnut Exports (Includes in Shell, Blanched and Normal Groundnuts (Thousand Tons)						
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Oct	21.8	21	22.9	25.8	30.4	30.4
Nov	71.1	92.6	50	80.9	109.6	68.9
Dec	79.1	135.9	91.3	145.1	69.4	30.8
Jan	47.3	82.2	67.7	105.2	31.7	39.4
Feb	48	54	53.7	78.8	30.7	38.6
Mar	52.6	61.7	55.7	67.5	54.8	48.8
Apr	48.6	50.4	54.5	45	46.5	86.1
May	55.2	38.6	41.3	19.1	39.6	
Jun	50	30.7	58.4	25.4	40.1	
Jul	42.7	25	39.2	37.2	39.4	
Aug	40.8	35.8	16.8	30.6	35.5	
Sep	23.8	16.1	12.2	20.1	17.1	

* Estimated Exports Value

Groundnut Prices in Shell

Groundnut							
Center	Variety	% Change over	% Change over	As on	Month Ago,	Year Ago,	2 Year Ago,
		Previous year	Previous month	29-July-19	29-June-19	29-July-19	29-July-19
Rajkot	GN in Shell (Rs/20kg)	37.08	0.27	1083	1080	790	NA
Saurashtra	GN Seed Kernel (Rs/MT)	NA	NA	NA	NA	NA	NA

(Source: AW)

Oilseed Prices at Key Spot Markets:

Commodity / Centre	Prices (Rs/Qtl)				Change
Soybean	29-July-19		29-June-19		
	Low	High	Low	High	
Indore –Plant	3600	3610	3675	3725	-115
Indore–Mandi	3450	3550	3525	3650	-100
Nagpur-Plant	3700	3730	3720	3750	-20
Nagpur – Mandi	3310	3540	3435	3610	-70
Latur – Mandi	3590	3700	3570	3690	10
Akola – Mandi	3300	3550	3400	3560	-10
Kota-Plant	3550	3650	3650	3770	-120
Kota – Mandi	3450	3575	3620	3715	-140
Bundi-Plant	3500	3550	3560	3670	-120
Bundi-Mandi	3440	3540	3480	3550	-10
Baran-Plant	3450	3500	3500	3600	-100
Baran-Mandi	3500	3540	3450	3565	-25
Bhawani Mandi Jhalawar–Plant	3550	3600	3560	3680	-80
Jhalwar-Mandi	3300	3580	3500	3600	-20
Rapeseed/Mustard					
Jaipur-(Condition)	4105	4110	4080	4085	25
Alwar-(Condition)	3900	3950	3975	4000	-50
Sri Ganganagar-(Non-Condition)	3650	3775	3575	3735	40
New Delhi–(Condition)	3915	3940	3960	3990	-50

Kota-(Condition)	3630	3670	3720	3830	-160
Agra-(Condition)	4095	4119	4048	4095	24
Neewai-(Condition)	3750	3800	3720	3770	30
Hapur (UP)-(Condition)	3900	3925	3875	3925	Unch
Groundnut Seed					
Rajkot	925	1083	850	1080	3
Sunflower Seed					
Gulbarga	3450	3651	3250	3475	176
Latur	0	0	0	0	Unch
Sholapur	0	0	0	0	Unch
Soybean Prices are in INR/qtl. (1 bag=90 kg). Mandi prices – Loose, Mustard Seed Prices are in INR/qt (1 bag=85 kg) C – Condition (42%), *Groundnut seed in Rs/20 kg, Sunflower Seed in Rs/qtl.					

Commodity	Centre	Monthly Arrivals in Bags/Qtl		Change
Soybean		July-2019	June-2019	
	Madhya Pradesh	1830000	1293000	537000
	Maharashtra	1410000	1660000	-250000
	Rajasthan	238000	294000	-56000
	Bundi (Raj)	1126	1080	46
	Baran (Raj)	21560	65000	-43440
	Jhalawar (Raj)	23690	61850	-38160
Rapeseed/Mustard	Rajasthan	1775000	2690000	-915000
*Soybean: 1 bag = 90 kg; RM Seed: 1 bag = 85 kg				

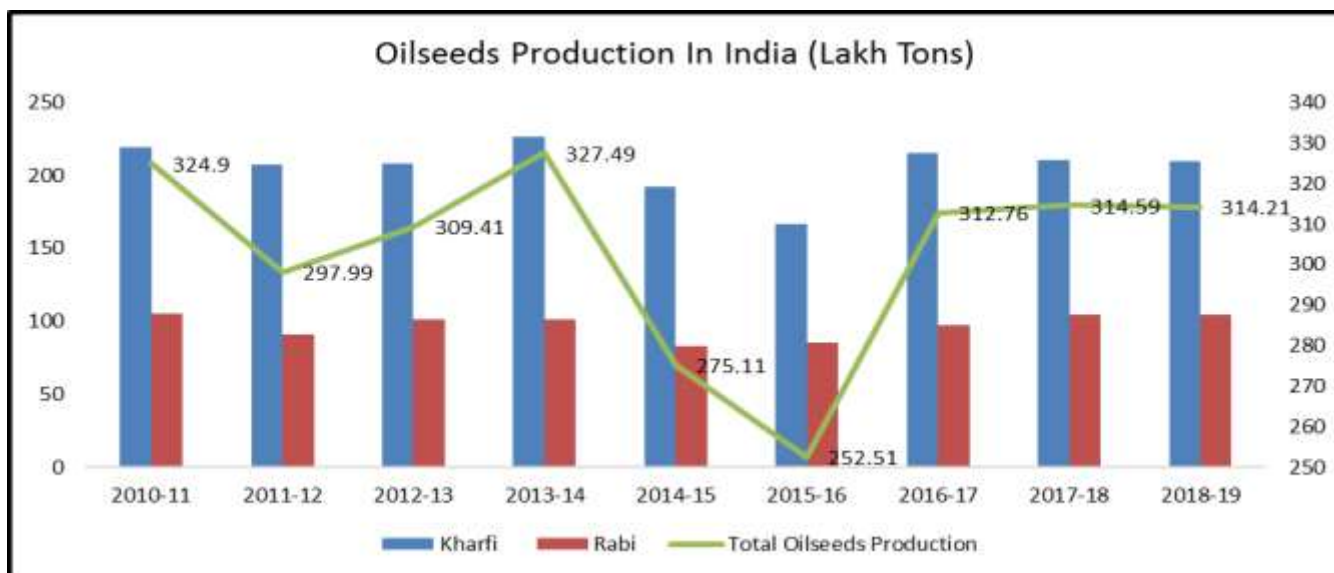
India's Total Oilseeds Production Seen at 315 Lakh Tons in 3rd Adv. Est. - GOI (Kharif + Rabi + Summer)

The 3rd Advance Estimates of production of major crops for 2018-19 have been released on 3rd June, 2019 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. Few the major crops producing states have received less rainfall. As a result, the production of oilseeds crops estimates for 2018-19 has witnessed below than their normal production. Oilseeds production of India is placed lower by 0.4% to 314.21 lakh tonnes against the production of 314.59 lakh tonnes in Final Estimates of 2017-18. However, the estimated figure is high by 17.72 lakh tonnes than five years average oilseeds production.

The estimated production of major Oilseeds during 2018-19 is as under:

Oilseeds – 314.21 Lakhtonnes

- Soybean – 137.43 Lakh Tons
- Groundnut – 65.02 Lakh Tons
- Rapeseed – 87.82 Lakh Tons
- Castorseed – 11.98 Lakh Tons
- Sesame/Sesamum/Gingelly/Til – 7.46 Lakh Tons
- Nigerseed – 0.63 Lakh Tons
- Sunflower – 2 Lakh tons
- Linseed - 1.65 Lakh Tons



Source: Ministry of Agriculture

Note: 2018-19 is based on 3rd Adv estimates.

Year includes Kharif, Rabi and summer (i.e. 2018-19 means kharif harvested in 2018, Rabi in 2019 and summer in 2019 and should not be considered as marketing year)

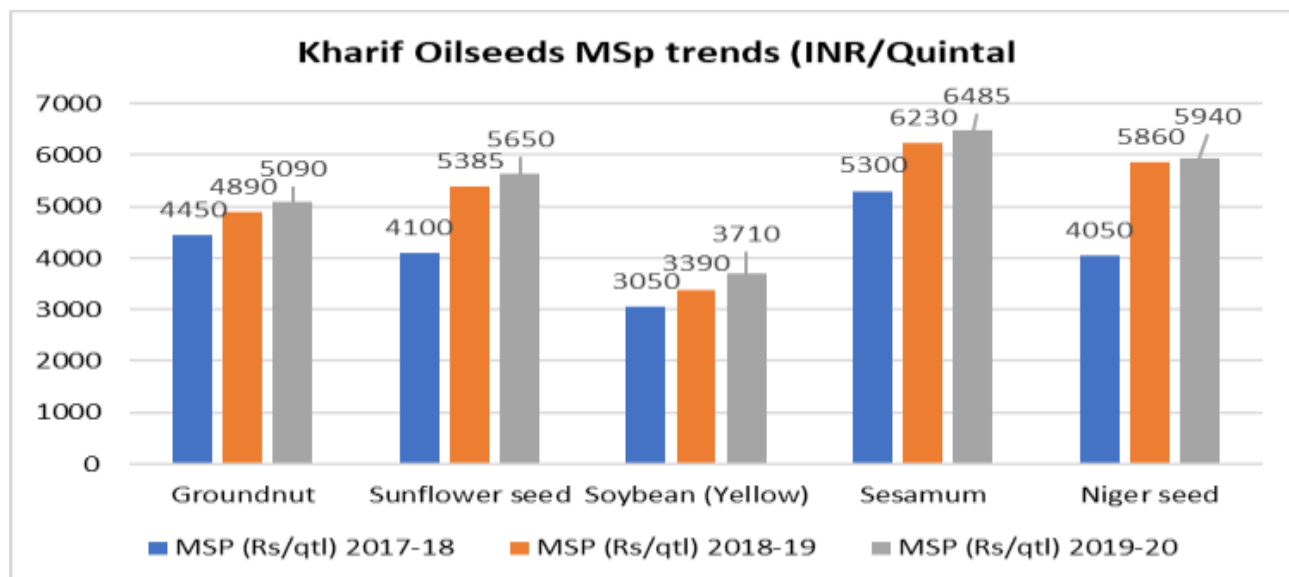
Oilseed Wise production in India (Kharif+Rabi) Lakh Tons									
Oilseed	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Soybean	127.36	122.14	146.66	118.61	103.74	85.7	131.59	109.33	137.43
Groundnut (In Shell)	82.65	69.64	46.95	97.14	74.02	67.33	74.62	92.53	65.02
Rapeseed & Mustard	81.79	66.04	80.29	78.77	62.82	67.97	79.17	84.3	87.82
Castorseed	13.5	22.95	19.64	17.27	18.7	17.52	13.76	15.68	11.98
Sesamum	8.93	8.1	6.85	7.15	8.28	8.5	7.47	7.55	7.46
Sunflower	6.51	5.17	5.44	5.04	4.34	2.96	2.51	2.22	2
Linseed	1.47	1.52	1.49	1.42	1.55	1.26	1.84	1.74	1.65
Nigerseed	1.08	0.98	1.01	0.98	0.76	0.74	0.85	0.7	0.63
Safflower	1.5	1.45	1.09	1.13	0.9	0.53	0.94	0.55	0.22

Source: Ministry of Agriculture.

Note: 2018-19 is based on 3rd Adv estimates.

MSP for 2019/20 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 2019-20 season, the MSPs of all the Kharif oilseeds are raised for this season. The MSP of Yellow Soybean is increased by Rs.311 from Rs.3399/qt in 2018- 19 to Rs.3710/qt in 2019-20, Groundnut is increased by Rs.200 from Rs.4890/qt in 2018-19 to Rs.5090/qt in 2019- 20, Sunflower is increased by Rs.262 from Rs.5388/qt in 2018-19 to Rs.5650/qt in 2019-20, Sesamum is increased by Rs.236/qt from Rs.6249/qt in 2018-19 to Rs.6485/qt in 2019-20, Niger seed is increased by Rs.63 from Rs.5877/qt in 2018-19 to Rs.5940/qt in 2019-20.



Source: MoA, GOI

MSP for 2018/19 Rabi Oilseeds

Centre has increased the MSP of Mustard/Rapeseed by INR 200 from last year and kept it at INR 4200 per quintal. Last year the MSP of Mustard/rapeseed was INR 400 per quintal including bonus of INR 100.

Safflower MSP has been increased to INR 4945 from INR 4100 per quintal of last year. Last year MSP includes a bonus of INR 100 per quintal.

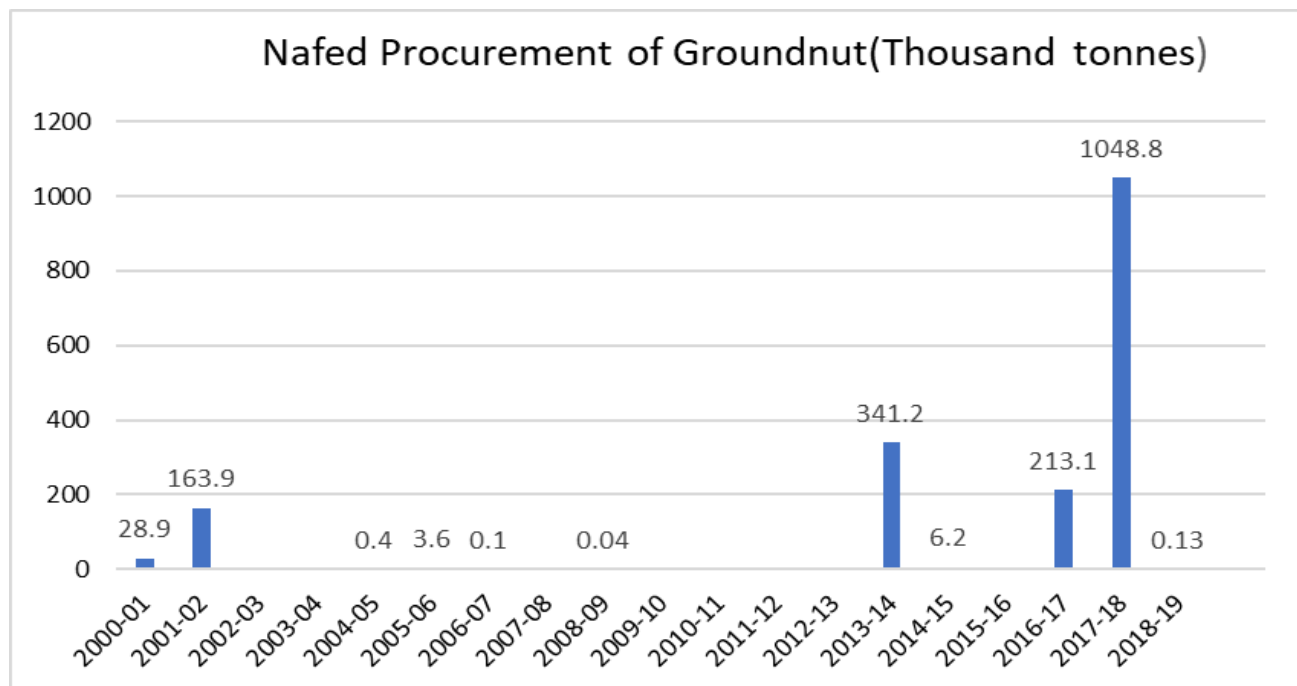
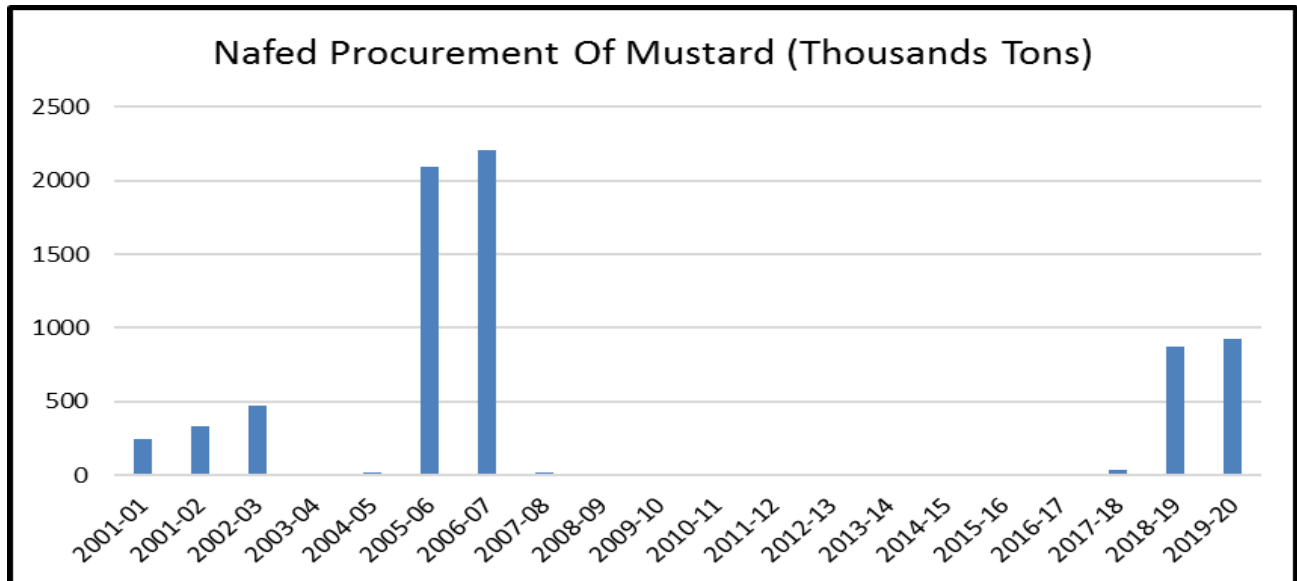
India's Kharif Oilseeds Production 2018-19 3rd Advanced Estimates

The 3rd Advance Estimates of production of major crops for 2018-19 have been released on 6th June, 2019 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.

Kharif Oilseeds Production – 209.93 Lakh tonnes

- Soybean – 137.43 Lakh Tons
- Groundnut – 51.53 Lakh Tons
- Castor seed – 11.98 Lakh Tons
- Sesame/Sesamum/Gingelly/Til – 7.46 Lakh Tons
- Sunflower – 0.90 Lakh ton

NAFED Procurement of Oilseeds (Mustard and Groundnut) Historically



SEA OILSEEDS APY ESTIMATES

Oilseeds	2017/18			2018/19		
	Area (Lakh Hac.)	Yield	Production (Lakh Tonnes)	Area (Lakh Hac.)	Yield	Production (Lakh Tonnes)
Groundnut	40.12	931	37.7	41.58	1269	52.75
Soybean	112.5	909	102.3	105.92	784	83
Sunflower	1.1	636	0.7	1.37	584	0.8
Sesame	13.84	170	2.35	14.19	282	4
Castor	7.27	1582	11.5	8.3	1754	14.43
Niger	2	350	0.7	2.06	340	0.7
Total	176.83	884	156.25	173.42	903	156.68

Source: SEA

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