Oilseeds Monthly Research Report

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Executive Summary

Weak tone are featured in Oilseeds market in Jan month amid weak sentiments. Soybean prices traded lower side amid weak demand of millers and traders despite weak supplies. Farmers and traders hold total 30 to 35 lakh tonnes of soybean seed and likely to release in March end or April 2020. On the other hand, Mustard seed prices closed weak side on weak in demand. New mustard crop will commence to arrive in physical market in mid of Feb month which will weigh on mustard seed prices. NCDEX soybean prices closed on higher side on buying interests at lower side however RMseed future contract of Feb month is remain trading at lower side due to selling pressures. CBOT future soybean prices declined in this week after weak global sentiments.

As per recent released data of Ministry, the total area under Oilseeds is reported lower by 0.07 lakh hectares to 80.29 lakh hectares as on 31st Jan 2020 against 80.36 lakh hectares in the previous year in the corresponding period of time. There is a drop-in sowing of Mustard seed to 69.51 lakh hectares lower by 0.24 lakh hac. against 69.76 lakh hectares in last year. Sunflower has been planted on 1.04 lakh hectares lower against 1.13 lakh hectares in last year. Sesame has been planted on 0.56 lakh hectares lower from last year i.e.0.71 lakh hac. However, total covering area of groundnut stood at 4.76 lakh hectares higher against 4.59 lakh hectares in last year. Safflower has been planted on 0.63 lakh hectares higher from last year record i.e.0.43 lakh hectares. Linseed has been planted on 3.46 lakh hectares higher against 3.44 lakh hectares in last year.

As per source, state government has extended the date to sell farmers' groundnut stock to Nafed upto Feb 19, 2020 at MSP. Farmers are happy as prevailing prices in mandies are still quoting lower form MSP prices. Nafed has bought total 1.51 lakh tonnes of groundnut in Rajasthan so far at MSP level i.e. Rs. 5090 per quintal. The oilseed is being procured at around 180 centers across the state. Total 65845 farmers has been benefited. As per trader, groundnut prices may be under pressure if the government will curb on groundnut exports. As per Farm ministry, Groundnut output for Kharif season in 2019-20 will reach at 6.3 million tonnes higher against 5.4 million tonnes in last season.

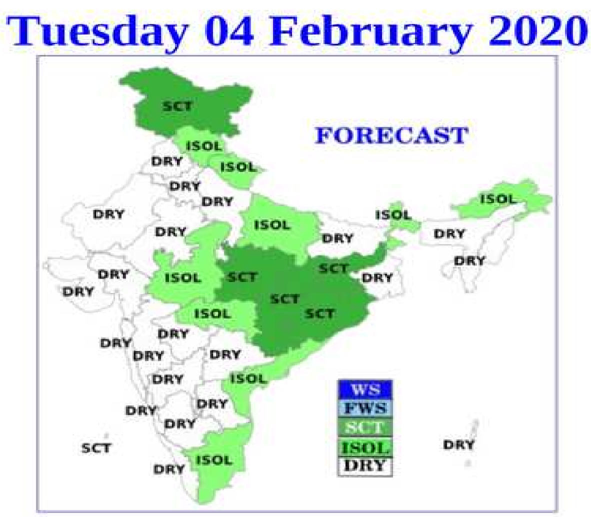
Agriwatch estimates 8.74 million tonnes of Soybean output in India for 2019-20 season which is sharply down by 42.73% against 12.59 million tonnes in 2018-19 despite covering 1.02% higher soybean area in this year due to bad weather condition. Rains in MP came when harvest has ongoing and crop was damaged to the extent of 20% in the Malwa region. Damage was 30-35% in Neemuch, Mandsaurm, Nagada and Janora and 10-15% in Indore, Dewas and Ujjain. Soybean seed was damaged and quality of soybean was inferior. The size of seed was small and quality of seed was bad. Some crop was damaged while drying in some areas. Rains came in Maharashtra when harvest was in progress. Crop damage is 5% of the total while 10% of area was affected in which damage was 50%. Waterlogging was the main reason for damage which led to seed damage and bad quality of the seed due to fungus. Vidharba reported higher damage with losses as high as 50% of the crop damaged in 20% of the area. Akola reported major damage. Latur, Solapur and Beed reported 10% damage while Parbani, Nanded and Hingoli reported 15% damage to the crop.

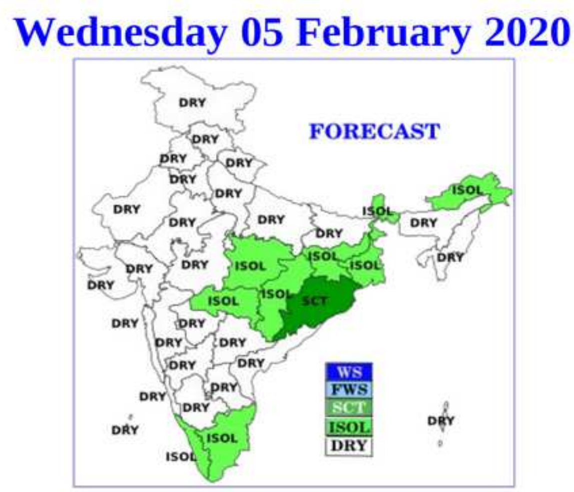
Soybean prices may trade in steady to firm tone on improved demand of crushers while Mustard seed may trade lower side on weak demand of local buyers.

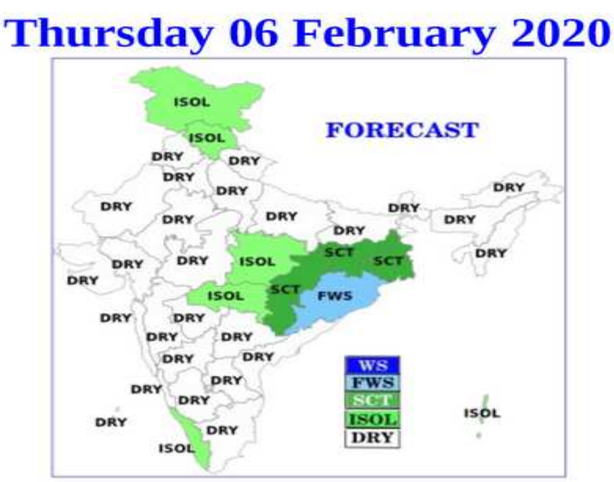
Outlook – Cash Market

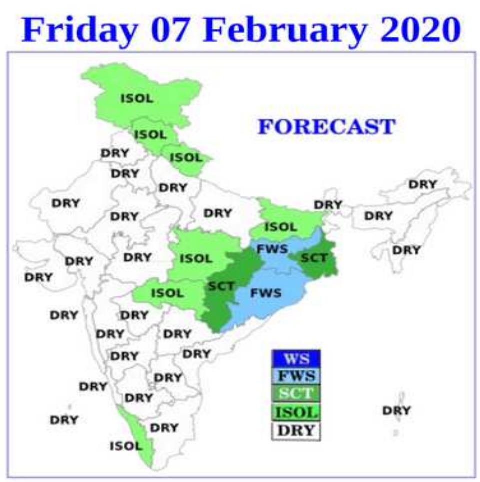
Outlook - Soybean (Spot, Indore): *Soybean Indore plant prices closed on lower side after poor demand. However, Prices may increase in next month in expectation of improved demand of millers ahead of less supplies. Prices are likely to trade in the range of 4100 to 4400 in next week. The market sentiments are now depending on the stocks to be carried over to the next marketing year, buyers demand & weather condition and Kharif crop size estimates.*
Outlook – Soy meal (Spot, Indore): *Soymeal prices closed lower side on weak demand of south based traders. Prices may trade steady to firm in the next month. Prices are also being driven by global market's outlook and may trade between Rs.32000 to 34000/MT in Indore market. Exporters are remain less active in the market.*
Outlook - Rapeseed-Mustard (Spot, Jaipur basis) *Mustard seed prices at Jaipur market showed weak trend on weak demand of millers. Prices may decline in the next month in expectation of less demand against good supplies. Prices are likely to trade in the range of 4100 to 4300 in next week. Nafed is likely to start disposal of Mustard seed soon which may weigh on prices. However, NCDEX future prices of RM Seed may increase in expectation on speculating buying activities at exchange.*

Weather Forecast (For Rabi Oilseeds)









It is likely to cause isolated to scattered rain/snow over Western Himalayan Region on 4th February. However, , moist easterly winds in the lower levels from Bay of Bengal are likely to interact with cold and dry westerly winds in the mid & upper levels resulting in isolated to scattered rainfall/ thundershowers over Central and East India during 4th-5th February. Isolated hailstorm/thunderstorm are also likely over East Madhya Pradesh and Chhattisgarh on 4th February 2020.

Rabi Oilseed Sowing Status

Rabi Oilseeds Sowing as on 31.1.2020 (In lakh Hectare)				
	Normal Area	2019-20	2018-19	Change (Y-o-Y)
Rapeseed & Mustard	60.48	69.15	69.76	**-0.24**
Groundnut	7.76	4.76	4.59	**0.17**
Safflower	1.41	0.63	0.43	**0.20**
Sunflower	2.96	1.04	1.13	**-0.09**
Sesamum	3.12	0.56	0.71	**-0.15**
Linseed	2.99	3.46	3.44	**0.02**
Others Oilseeds	0.14	0.34	0.30	**0.04**
Total-Oilseeds (Nine)	**78.85**	**80.29**	**80.36**	**-0.07**

Soybean

Domestic Market

Soybean prices traded lower side during this month despite lower supplies. Soybean prices may trade in steady to firm tone on improved buying activities of crushers ahead of less supplies.

Total balance stock of Soybean with Nafed is 10,677.68 MT consisting 10,651.45 MT in Telangana and 26.23 MT in Maharashtra.

Soybean Crop harvesting of Kharif season is now completed. Continuous heavy rainfall received during monsoon season has severely damaged the crop in Rajasthan and Madhya Pradesh. Incidence of sucking pest and yellow mosaic virus has been observed in the field. Overall crop condition is below normal and yield is expected to be below normal. As per traders, total 20 to 25% soybeans are damaged in MP state majorly in the districts of Ratlam, Mandsaur and Neemuch. Traders expect Soybean production in India at 85 lakh tonnes for 2019/20 due to heavy crop loss in MP& Rajasthan.

As per SOPA, Soybean arrivals is registered at 12 lakh tonnes in October month lower from 21 lakh tonnes in last year in same month and also lower of 4 years record due to less supplies. India has shipped total 0.20 lakh tonnes in Oct month less than 0.24 lakh tonnes in last year. Planters, Traders and Farmers held 75.64 lakh tonnes of Soybean stocks so far of this season. India has crushed total 6.50 lakh tonnes in Oct 2019 lower from 9.50 lakh tonnes in previous year during the same month. India may produce total 89.84 lakh tonnes in 2019/20 season. SOPA expects carry over stock from last year at 1.70 lakh tonnes and 1.54 lakh tonnes for carry forward in next year. Imports of India are likely to stand at 3 lakh tonnes. Retained for sowing will be at 12 lakh tonnes while direct consumption is estimated at 2 lakh tonnes. Exports for 2019/20 may record at 1.50 lakh tonnes and crushing is estimated at 77.50 lakh tonnes. Soymeal production of the country is likely to stand at 62.78 lakh tonnes. Carry over stock of Soymeal is estimated at 1.59 lakh tonnes and 1.37 lakh tons of carry forward stocks.

While export sea and land may stand at 10 lakh tonnes. Domestic consumption of Soymeal (Food) is estimated at 5.50 lakh tonnes and 47.50 lakh tonnes for Feed. In October month, India has exported total 0.50 lakh tonnes of Soymeal lower against 1.31 in Oct 2018 on lower overseas demand.

As per recent updates of SOPA, India may harvest 17.7 per cent lower Soybean crop at 89.9 lakh tonnes in 2019 against 109.3 lakh tonnes in 2018. The major Soybean producing states like Gujarat, Karnataka, Madhya Pradesh may harvest lower Soya crop by 30 per cent to 0.86 lakh tonnes, 7.1 per cent to 2.69 lakh tonnes,31.1 per cent to 40.10 lakh tonnes respectively against last year record.

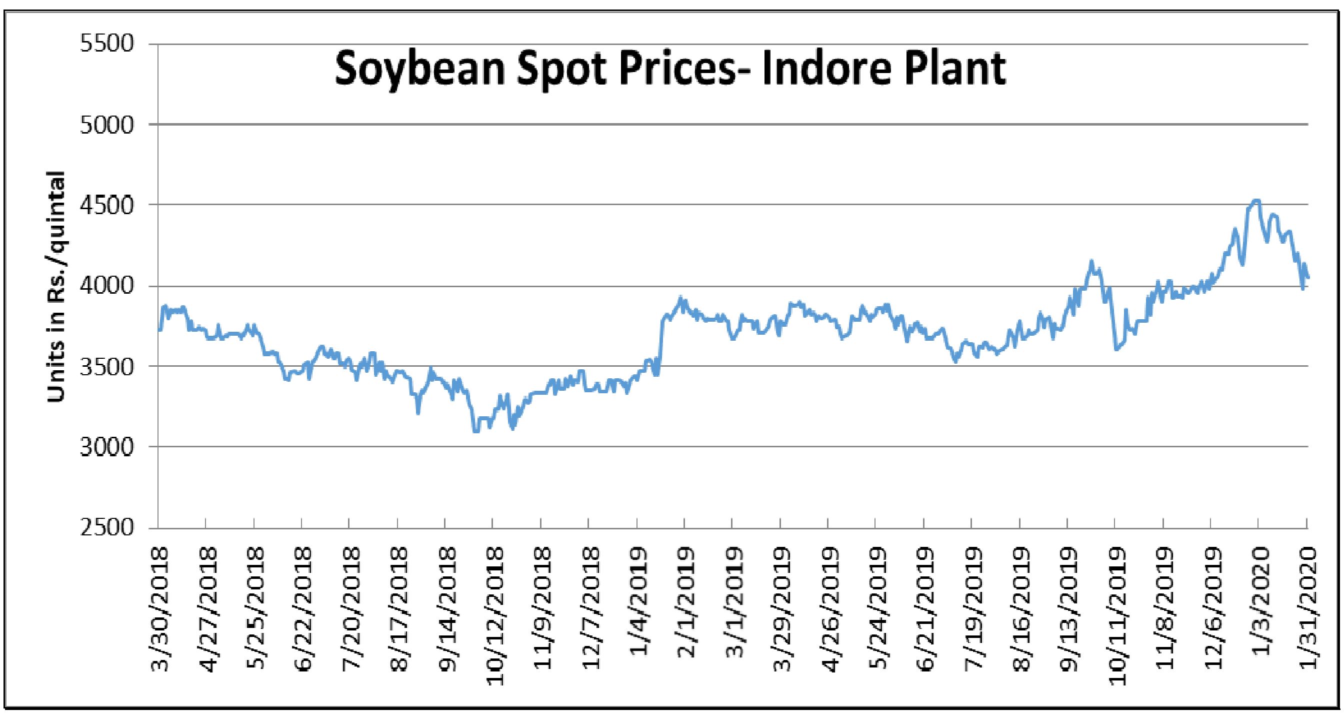
As per ministry report, All India sowing of soybean stood at 114.24 lakh hectares compared to 113.10 lakh hectares as on 04.10.2019. Sowing of soybean is higher in Madhya Pradesh at 55.16 lakh tonnes against 53.18 lakh tonnes in last year and Rajasthan at 10.61 lakh tones compared to 10.46 lakh tonnes in previous year.

As per the First Advance crop estimates 2019-20 of Ministry of Agriculture, Soybean production is estimated at 135.05 lakh tonnes as compared to 137.86 lakh tonnes in 2018-19.

The Ministry of Agriculture has fixed higher Minimum Support Price of Soybean (Yellow) at Rs 3710 per quintal for 2019-20 an increase of Rs 311 from Rs. 3399 per quintal in 2018-19.

The domestic soybean prices are likely to trade in steady to firm tone in coming days.

Soybean Price trend:-



International Market:

CBOT futures prices declined amid weak exports sales record of U.S. during this week, the outlook for a bumper South American crop and coronavirus outbreak in China and uncertainty for Chinese demand of soybeans and products since the Phase one trade deal with the United States was signed.

As per AgRural, farmers in Brazil have harvested 4.2% of the soybean area as on 23rd Jan 2020 of this season. It is lower by 13% against last year record during the same period of time. Harvesting is majorly done in Mato Grasso which is the largest grain state of Brazil. Farmers have started harvesting in other state like Parana, Mato Grasso do Sul and Goias however only in small areas. Farmers are likely to start full pace of harvesting in February 2020 on account of planting delay. AgRural expects total 123.9 million tonnes of soybean harvest in 2019-20.

As per sources, European Union bought total 7.90 million tonnes of Soybean till Jan 26, 2020 (season started on July 1) which is lower by 4% from last year record in Jan.20. EU soymeal imports had reached higher by 8% to 10.57 million tonnes against the year-earlier period, while palm oil imports stood down by 18% to 3.10 million tonnes.

During the week (Jan.17 to 23 Jan, 2020) US sold lower soybean by 41% 469,700 MT for 2019/2020 from the previous week and 11% from prior 4-week average. Increases primarily for China (360,900 MT, including 210,000 MT switched from unknown destinations), Japan (95,700 MT, including 59,000 MT switched from unknown destinations and decreases of 5,200 MT), Spain (71,400 MT, including 65,200 MT switched from unknown destinations and decreases of 100 MT), the Netherlands (69,100 MT, including 60,000 MT switched from unknown destinations), and Thailand (45,400 MT, including decreases of 200 MT), were offset by reductions for unknown destinations (370,500 MT) and Mexico (2,200 MT). For 2020/2021, total net sales of 2,000 MT were for Japan. Exports of 1,231,200 MT were up 17 percent from the previous week and 11 percent from the prior 4-week average. The destinations were primarily to China (556,900 MT), Japan (115,200 MT), Saudi Arabia (71,500 MT), Spain (71,400 MT), and Netherlands (69,100 MT).

According to China's General Administration of Customs (CNGOIC), China's Dec soybean imports rose 15.3 percent to 9.54 MMT from 8.28 MMT in Nov 2019. Imports in Dec are 66.80 percent higher than Dec 2018 import of 5.72 MMT. Year to date soybean imports rose 0.5 percent to 88.511 MMT.As per agriculture ministry, soybean import in China may increase in 2020. Total soybean import from U.S. declined in 2019 due to trade war between U.S. and China. The country bought total 88.51 million tonnes soybean in 2019 higher from 88.03 million tonnes in 2018 however lower from 95.53 million tonnes in 2017 before the trade war was broke. African swine fever disease in China has also affected total volume of China's imports.

As per USDA recent released report, U.S. Soybean production for 2019/20 is forecasted slightly higher to 96.84 million tons in January against previous month. Exports of U.S are unchanged at 48.30 million tonnes in this month. U.S crushing is also unchanged at 57.28 million tonnes in Jan. month. Ending stocks of the country is expected lower at 12.91 million tonnes in Jan. month review against 12.92 million tonnes in Dec. Month estimates.

USDA reduced soybean area estimates to 30.36 million hac. for 2019-20 compared to 35.44 million hac. in 2018-19 in its Jan review. Soybean stocks estimate fell due to lowering of soybean crop in US is weakest in years and all the crop parameters are at multi year lows. Soybean crop was below and reported at 96.84 Million tons for 2019-20 lower against 120.51 million tons in previous year due to adverse condition during crop progress.

As per WASDE January report, world oilseed production for 2019/20 is projected at 574.63 million tons in Jan month, unchanged with higher soybean sunflower seed crops offsetting declines for palm kernel, cotton seed and rapeseed. Total oilseeds crushing has been increased at 190,000 tons to 496.69 million tons due to higher crushing estimates in China and Maxico. Ending stocks for the world is kept 1 million tons higher at 112.32 million tonnes against 111.57 million tons in previous year due to higher sunflower seed crop in Russia and reductions in feed, seed and waste consumption for soybeans in Brazil.

As per recent report of Conab, Brazil may grow 6.3% higher soybean to 122 million tonnes in 2019-20 compared to previous year record as farmers have increased acreage for soybean after supportive weather condition. Sowing is almost finished in Brazil.

As per NOPA recent data, NOPA members have crushed total 174.81 million bushels of Soybeans in December 2019 which is higher from 164.90 million bushels in November 2019. It is also higher from 171.75 million bushels in December 2018. Crushing is above than the average trade estimate of 171.64 million bushels, based on data gathered by Reuters from 8 analysts. It was also above all trade estimates that ranged from 168.21 million to 174.03 million bushels, with a median of 171.5 million. Soybean oil stocks rose to 1.75 billion pounds at the end of December against 1.44 billion pounds in November month and 1.498 billion pounds at the end of December 2018. Soymeal exports has been reported higher in December 2019 at 902,534 tons against 868,769 tons in November 2019 and 826,404 tons exported in December 2018.

As per sources, Argentina may grow higher soybean crop at 53.6 million tons in 2019/20 supported by stable weather condition. USDA kept unchanged production estimates i.e. 53 million tons in January month report and lower from previous year record. Farmers in country may plant total 18.2 million hectares in this season higher from 17.7 million hectares in last year record. As per ministry report, Argentina has covered 64% soybean planting area as on 12th Dec 2019 which is slightly lower from 66% in last year record and also below from the five years average of 67%.

As per USDA, the soybean planted area in Brazil is likely to increase by 2% to 37 million hectares for 2019-20 against last year record and soybean production is forecast higher by 5% to 123 million T in normal weather condition as compared to last year. While, the consultancy expects, total soybean planting area in Brazil at 36.4 million hac.and the production at 120.7 million tonnes in the current season.

China has opened soy meal market for imports from Argentina and Ukraine, in an effort to improve supply of soy meal in the country. Supplies of Argentina meal will start from the harvest of its crop in 2020. China has allowed poultry imports from Europe to tide over shortage of meat in its domestic market. Further, China has allowed cotton meal imports from Brazil and allowed poultry and meat imports from Canada and US to tide over rising domestic meat prices. China has also allowed to import rapeseed meal from Ukrain. It is likely to give permission to import rice bran and palm meal from Thailand.

As per USDA, U.S. Gulf FOB soybean export bids in December averaged $363/ton, higher $6 from November. Brazil Paranagua FOB averaged $369/ton unchanged from November. Argentina Up River FOB averaged $367/ton, up $14.

As per USDA forecast, soybean production of Brazil in 2019-20 is projected at 123 million tonnes higher against the previous year 117 million tonnes due to supportive weather condition and unchanged from previous month record. Exports of soybean in 2019-20 is expected to 76 million tones higher from 74.94 million tonnes in 2018-19.

As per the latest update from USDA, China soybean production is estimated at 18.10 MMT on higher-than-expected area. Encouraged by subsidies favoring soybean production, farmers have increased planted area; the subsidy has been particularly effective in Northeast provinces. Weather has been favorable as slightly higher yields are expected. Total imports of China are estimated at 8.5 million tonnes for 2019/20 season unchanged from Dec. month. While crushing is forecasted higher at 8.50 million tonnes against 8.45 million tonnes in Dec. month estimates.

As per IGC (International Grain Council), Global soybean output may decline by 18 million tonne to 341 million tonnes due to slight shortfall in U.S Soybean output for this season and lower planting area so far in Brazil.

As per sources, Ukraine may export lower soybean by 19.8% to 2 million tonnes in 2019/20 against previous year record. While, it may export higher sunoil by 0.8% to 6.1 million tonnes in 2019/20 from last year record. The country may export 16.7% higher Rapeseed to 2.86 million tonnes in 2019/20 against 2018/19 season.

As per Abiove, Brazil is likely to produce total 122.8 million tons in 2020 higher from 117.8 million tonnes in 2019. The country may export total 75 million tonnes lower from 83.26 million tonnes in 2019. Soy processing is forecast at 44 million tonnes higher against 42.9 million tonnes in 2019. Soy crushing may increase in 2020 due to higher biodiesel mix in diesel. However, soy planting area is still lagging behind last year record.

As per Agro consult, Brazil is likely to ship to China between 54 million tons to 59 million tons in 2019/20 lower against 60 million tons in last year. Total shipment of the country may stand between 76.5 million tons to 78 million tons depend on trade war settlement between U.S. and China. Brazil may produce total 124 million tons of soybean in this year higher from 118 million tons in last year.

Balance Sheet – Soybean, India

Soybean (Fig in MT) MY-Oct.-Sep.			Q3	Q4	Q1	Q2
	2018-19 E	2019-20 F	Oct-Dec'19 F	Jan-Mar'20 F	Apr-Jun'20 F	July-Sep 20 F
Carry In	1.91	1.97	1.97	5.47	3.81	2.90
Production	12.59	8.74	8.74	0	0	0
Imports	0.00	0.10	0	0	0.05	0.05
Total Availability	14.50	10.82	10.72	5.47	3.86	2.95
Processing/Crushing	11.40	8.65	5.00	1.41	0.46	0.37
Exports & Direct Consumption	0.13	0.05	0.25	0.25	0.00	0.00
Seeding/Retained for Sowing	1.00	1.00	0	0	0.5	0.5
Total Usage	12.53	9.70	5.25	1.66	0.96	0.87
Carry Out	1.97	1.12	5.47	3.81	2.90	2.07
Stock/Consumption Ratio	0.16	0.11				

Fig. in MnT

Source: Agriwatch

Soy meal

Weak tone are continued in soymeal complex after limited buying activities of south based traders in the market in this month and weak global sentiments.

According to trade source, one vessel (Federal Kibune) is at berth for discharge at Tuticorin port for sunflower seed meal with total capacity of 29858 tons. One vessel (Federal delta) is at birth and likely to arrive at Tuticorin port for sunflower seed meal with total capacity of 26385 tons.

During the week (Jan.17 to 23 Jan, 2020) US sold lower soybean cake and meal by 32% 438,800 MT for 2019/2020 from the previous week however higher from prior 4-week average. Increases primarily for Ecuador (123,000 MT, including decreases of 7,500 MT), Colombia (74,500 MT, including 10,000 MT switched from unknown destinations and decreases of 2,400 MT), Guatemala (64,500 MT, including decreases of 2,700 MT), the Philippines (44,600 MT), and Canada (34,000 MT), were offset by reductions for unknown destinations (16,000 MT), Venezuela (2,200 MT), and El Salvador (1,600 MT). Exports of 189,200 MT were down 18 percent from the previous week and 9 percent from the prior 4-week average. The destinations were primarily to Colombia (60,100 MT), the Philippines (51,500 MT), Mexico (18,300 MT), Canada (15,200 MT), and Nicaragua (11,600 MT).

As per to Container Corporation of India Ltd (CONCOR), export consignment of soybean derivatives declined to almost half in December 2019 as compared to previous year in the corresponding period of time. Total shipments of soybean derivatives has fallen to 3000 containers during September to December 2019 compared to 3417 containers in last year in the same period of time. A lot of export consignment goes through road directly to the port however volumes was reported lower due to limited supplies and high prices in international market.

As per USDA, U.S. soybean meal export bids in December averaged $344/ton, up $5 from November. Brazil Paranagua FOB averaged $326/ton, up $7 from November, and Argentina Up River FOB averaged $331/ton, up $12. The U.S. and Brazil FOB soybean price spread has narrowed as Brazil's FOB soybean price averaged 2 percent above U.S. prices, slightly less than 3 percent last month.

As per sopa, total shipment of soymeal has declined over 70% to 1.13 lakh tonnes in oil year October and November 2019 as compared to 4.57 lakh tonnes in previous year record in the same period of time. India shipped total 63,000 tonnes in October 2019 lower against 1.31 lakh tonnes and 50,000 tonnes in November 2019 lower against 3.26 lakh tonnes in previous year during the corresponding period of time. Higher soybean meal prices has affected poultry sector demand. DOC buyers may switch to other alternative meal products due to higher soymeal prevailing prices.

Soymeal production of the country is likely to stand at 62.78 lakh tonnes. Carry over stock of Soymeal is estimated at 1.59 lakh tonnes and 1.37 lakh tons of carry forward stocks. While export Sea and land may stand at 10 lakh tonnes lower output and noncompetitive prices in world market. India had exported total 22 lakh tonnes in last year in 2018-19 season. Domestic consumption of Soymeal (Food) is estimated at 5.50 lakh tonnes and 47.50 lakh tonnes for Feed. In October month, India has exported total 0.50 lakh tonnes of Soymeal lower against 1.31 in Oct 2018 on lower overseas demand.

As per recent report of USDA, India may produce lower Soymeal to 6.4 million tonnes in 2019/20 compared to 7.6 million tonnes in 2018/19 season. The estimate is unchanged from Nov. month estimates. Domestic consumption is forecast at 5.35 million tonnes for this season higher from 5.2 million tonnes in previous year record however it is unchanged from previous month record.

As per recent SEA report, India shipped Oilmeals lower by 79% to 67,562 tons in December 2019 against 324,927 tons in December 2018. The overall export of oilmeals during April-Dec. 2019 is reported at 1,802,434 tons compared to 2,411,248 tons in April-Dec.2018 i.e. down by 25%. This is mainly due to disparity in export of oilmeals, specifically soybean meal due to higher MSP of beans which makes the domestic soybean meal expensive in international market compared to other origin. However, the export of castor seed meal has increased by 60% to 469,248 against 292,511 tons.

During April-December 2019, Vietnam imported 228,553 tons of oilmeals (compared to 473,010 tons); consisting of 5316 tons of soybean meal, 144,570 tons of rapeseed meal and 78,667 tons of De-oiled Rice Bran Extraction. South Korea imported 709,312 tons of oilmeals (compared to 578,443 tons); consisting 37,616 tons of soybean meal, 294,758 tons of rapeseed meal and 376,938 tons of castor seed meal. Thailand imported 176,555 tons of oilmeals (compared to 258,400 tons) consisting 155,959 tons of rapeseed meal, 17,581 tons of Rice Bran Extractions and 3015 tons of soybean meal.

During April-December 2019, the export from Kandla is reported at 656,067 tons lower (36%), followed by Mundra handled 588,547 tons (33%), and Mumbai including JNPT handled 130,267 tons (7%) and Kolkata handled 105,786 tons (6%) and Others Ports handled 321,767 tons (18%).

Indian Soymeal premium quoted higher side by $165 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.

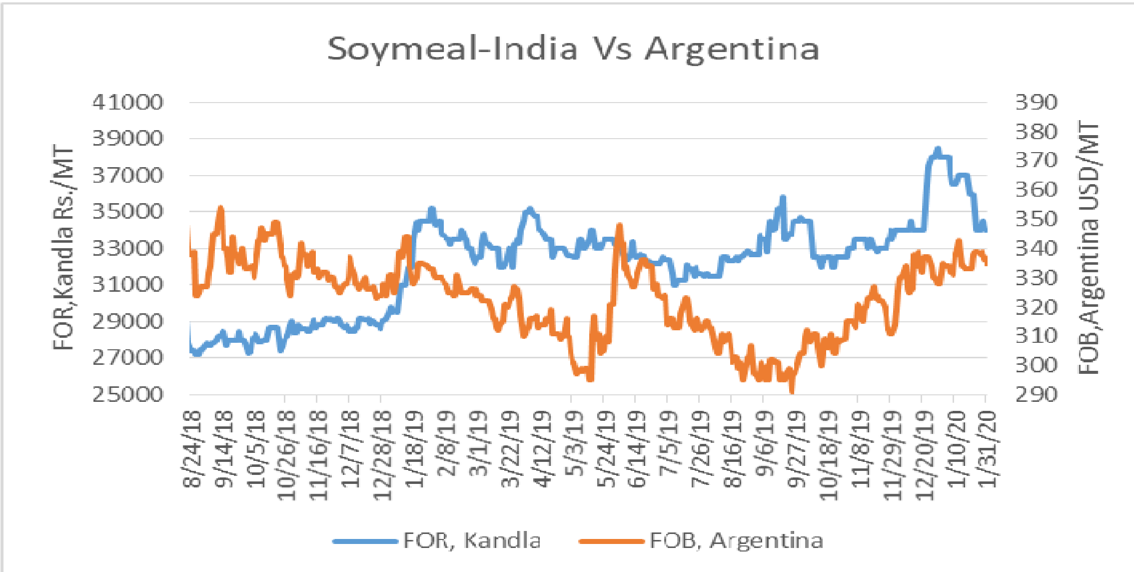
Soy Meal Export (In Thousand Tons)

Soy Meal Export (In Thousand Tons)										
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Oct	405	224	50	183	29	4	31	71	150	63
Nov	443	398	517	503	111	9	98	208	186	69
Dec	611	798	511	451	194	6	241	169	170	72
Jan	575	475	620	364	104	28	155	106	86	6
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	62	
Jul	140	168	107	7	1	12	81	64	76	
Aug	166	10	184	3	1	11	88	60	95	
Sep	226	7	173	1	7	12	102	45	35	
Total	4116	3521	3453	2015	592	180	1331	1049	464	

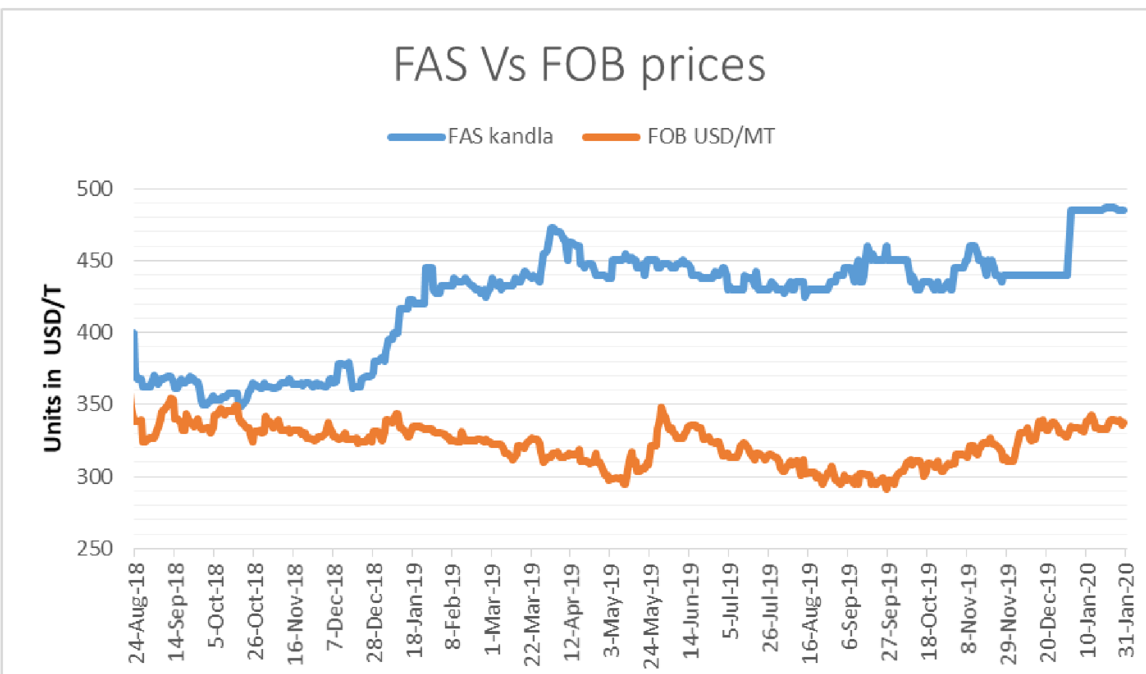
Source: SEA

Soymeal prices:

Soymeal India vs Argentina:



FAS SBM, Kandla Vs FOB SBM, Argentina – (US $/tonne)



Technical Analysis:

NCDEX Soybean Futures C1 Chart

Soybean Spot, Indore weekly Chart

- The Candlestick depicts firmness in the market on buyers' interests.
- MACD moved in the negative zone and RSI has been inching towards higher in neutral zone.
- Trade Recommendation (NCDEX Soybean –Mar.): **Buy- Above 4165** Levels: Target –T1 4250; T2-4365 SL –4080.
- In Reverse case, traders can start selling on below 4100 and can add on positions on every 20 points below.

Support & Resistance NCDEX Soybean Feb. contract

Feb. contract as on 5th Feb				
S1	S2	PCP	R1	R2
3900	3944	4168	4374	4565
Mar. contract as as on 6th Feb.				
S1	S2	PCP	R1	R2
3920	3984	4176	4398	4531

Rapeseed - Mustard Seed

RM seed prices closed lower side on weak demand of millers. Arrivals are also lower side in the market. At the end of month, mustard seed prices closed lower at 4395 per quintal as compared to 4925 per quintal in last month at the benchmark, Jaipur.

As per recent Ministry report, India has covered total 69.51 lakh hac. of Mustard area as on 31st Jan. 2020 which is lower by 0.24 lakh hac. against 69.75 lakh hac, in 2018-19. In Rajasthan, farmers have covered total 25.09 lakh hac. higher against 24.77 lakh hac. Farmers have covered total mustard seed area at 12.24 lakh hac. in Uttar Pradesh, 7.04 lakh hac. in MP, 5.87 lakh hac. in West Bengal, 5.62 lakh hac. in Haryana, 2.81 lakh hac in Jharkhand, 1.72 lakh hac. in Gujarat.

Acreage of Mustard in the current season is lower against 2018-19. Mustard crop major growing states are Rajasthan, Madhya Pradesh, and Uttar Pradesh and Haryana state. In Rajasthan, traders expect total 2 to 5% lower mustard sowing area as mustard area may shift to garlic and wheat crop due to good price hike in last season compared to mustard seed prices. Recent rainfall will also support to increase yield of wheat and garlic crop compared to mustard crop. In Baran and Kota district, sowing is likely to be lower by 20%. While in Alwar and Bharatpur districts, it is likely to be equal like 2018 season. However, sowing area may increase nearly 2 to 5 % in Ganganagar district due to good water availability.

High water level in most reservoirs will support to increase yield. However, acreage for Rabi season may decline as sowing has been delayed due to recent rainfall in October and November and late harvesting of Kharif crops. Farmers had waited water to dry up the sowing low lying land. The government expects Mustard seed production at 8.24 MT for 2019-20 lower than last year record i.e. 9.33 million tonnes. Government has announced Rs. 225 higher MSP of Mustard seed for Rabi 2020-21 seasons to Rs.4425 against Rs. 4200 in 2019-20.

As per the Mustard Oil Producers Association of India data, India crushed 550,000 tonnes of mustard seed in December 2019 unchanged from previous month record and it is almost same as in last year during the corresponding period of time. Total supply of mustard in Rajasthan recorded at 100,000 tn in December 2019, 45,000 tn in Uttar Pradesh, and 30,000 tn in Madhya Pradesh. Total available stocks with processors, stockiest and state-run agencies stood at 1.2 million tons in December 2019. It pegged total mustard crop output at 8.1 million tonnes in 2018-19 season which is higher from 7.1 million tonnes in last season. The estimated figure is lower than the farm ministry fourth advance estimate i.e. 9.3 million tonnes.

According to United States Department of Agriculture (USDA) January estimates, India may produce total 77 lakh tones of Rapeseed in 2019/20 lower from 80 lakh tonnes in 2018/19. Ending stocks of mustard seed have been lowered to 4.69 lakh tonnes from 5.69 lakh tonnes in last year record. India's 2019-20 Rapeseed oil production is expected at 25.84 lakh tonnes unchanged from previous year while mustard oil import estimates are revised lower at 1.20 lakh tonnes from 1.25 lakh tonnes in previous year.

As per First advanced estimates of government, it estimates Mustard seed output at 82.37 lakh tonnes for 2019/20 lower by 11.02 lakh tonnes from 93.39 lakh tonnes in 2018/19.

Outlook: The rapeseed-mustard is likely to notice range –bound to weak tone after rise in supplies.

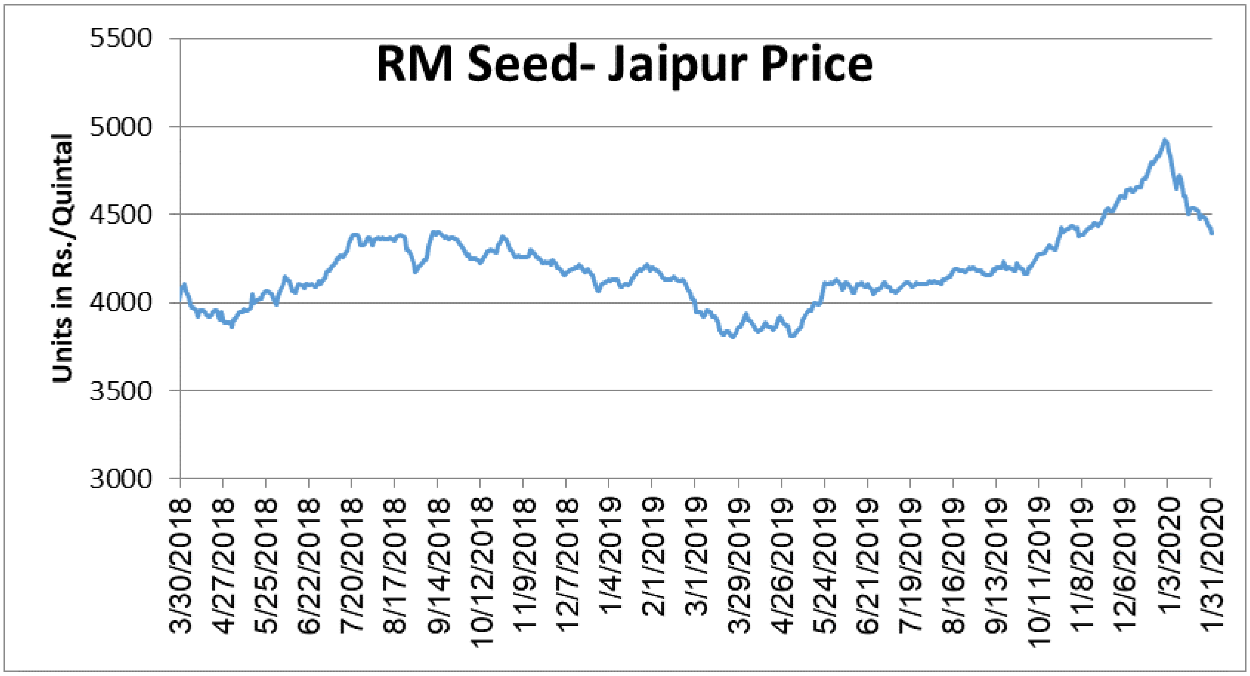
Balance Sheet – Rapeseed-Mustard Seed, India

(Fig in MnT)

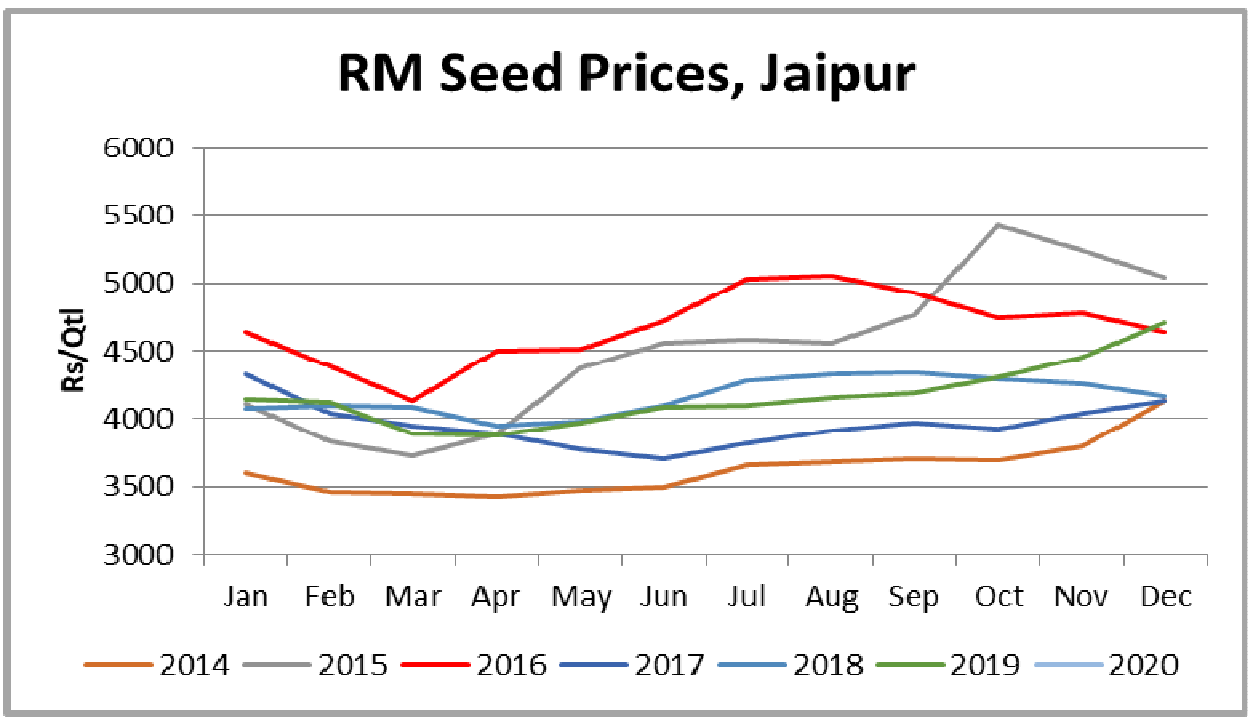
Rapeseed-Mustard (Fig in Mn T) MY-Feb.-Jan.	2018-19	2019-20	Feb-Apr	May-Jul	Aug-Oct	Nov-Jan
Carry In	**0.10**	**0.15**	**0.15**	**4.10**	**2.13**	**1.14**
Production	**7.10**	**7.90**	**7.90**	**0.00**	**0.00**	**0.00**
Imports	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
Total Availability	**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

Mustard seed price trends of Jaipur:



Mustard Monthly Average Price Trends of Jaipur:



Technical Analysis:

NCDEX RM Seed Futures Daily C1 Chart

RM Seed Spot, Jaipur Weekly Chart

- The Candlestick depicts firmness in the market on buyer's interests.
- MACD has been in the negative zone and RSI is in neutral zone.
- Trade Recommendation (NCDEX RM seed – March.):
- **Buy- Above- 4080** Levels: Target –T1 4250; T2-4340, SL –above 4000.
- In Reverse case, traders can start selling on below 4020 and can add on positions on every 20 points above.

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

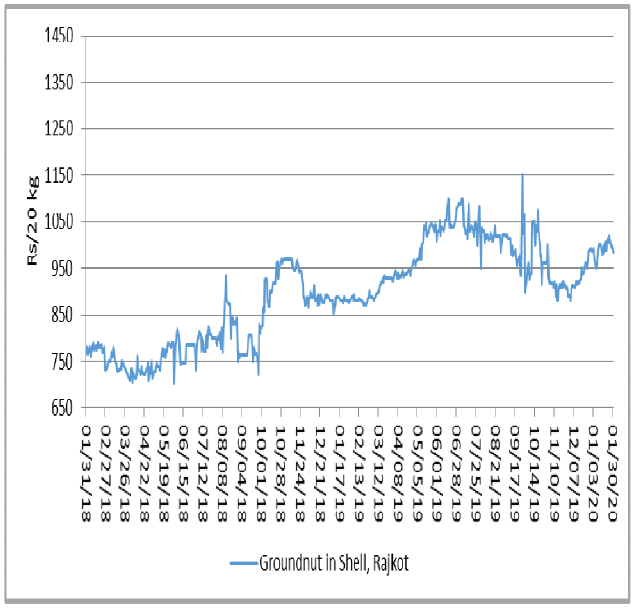
S1	S2	PCP	R1	R2
3826	3915	4090	4350	4500

Support & Resistance NCDEX RM Seed – March. contract as on 5th Feb.

S1	S2	PCP	R1	R2
3880	4033	4127	4380	4550

Groundnut

Groundnut in Shell auction prices at Rajkot APMC fetched at 4100 per quintal in Jan. month and likely to trade in steady to weak tone amid weak demand. Groundnut prices on monthly basis is decreasing due to less demand in domestic market. 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. Rabi crop is also expected to be high due to good rainfall. Good Rainfall at maturity stage supported to improve standing crops of Kharif season and expectation of good crop in coming Rabi season.



Outlook: Prices may come under pressures after 19th Feb 2019 when Nafed will stop its buying activities. Exporters are less active at the current level. Farmers hold 30 to 35% Kharif groundnut stocks in hand so far and likely to release in mandies in full speed after 19th Feb 2020. In Gujarat, Rabi sowing is in full speed and likely to finish mid of Feb 2020. Traders expect higher Rabi crop size for 2019-20 supported by ample water availability.

Fundamentals:

NAFED purchase of K-19 groundnut has been started and total progressive purchase in 2019-20 is 6.62 lakh tons. Purchase in Gujarat is 4.69 lakh tons, purchase in Rajasthan is 1.78 lakh tons while purchase in Andhra Pradesh is 21078.56 MT and 2187.30 MT in UP. NAFED stocks of K-18 and K-17 groundnut is 1.67 lakh tons at the end of sale of groundnut in October. Therefore, total stocks of groundnut with NAFED is 8.38 lakh tons. Total 3.20 lakh farmers have benefitted from NAFED purchase of K-19 groundnut.

As per recent released data by GOI, total groundnut Rabi sowing area in all over the country is reported at 4.75 lakh ha. on 31st Jan. 2020 higher against 4.59 lakh ha. in previous year. Farmers have sown 0.66 lakh ha. in Andhra Pradesh higher from previous year 0.54 lakh ha., 1.07 lakh ha. in Karnataka against 0.72 lakh ha. in previous year, 1.16 lakh ha. in Telangana higher against 1.07 lakh ha. in the last season in the corresponding period of time. While, sowing area has been reported in Chhattisgarh at 0.12 lakh hac lower against 0.15 lakh hac., in Odisha at 0.70 lakh hac. lower against 0.84 lakh hac., in Tamilnadu at 0.99 lakh hac. lower against 1.16 lakh hac., in West Bengal at 0.04 lakh hac. lower against 0.079 lakh hac.

As per source, state government has extended the date to sell farmers' groundnut stock to Nafed upto Feb 19, 2020 at MSP. Farmers are happy as prevailing prices in mandies are still quoting lower form MSP prices. Nafed has bought total 1.51 lakh tonnes of groundnut in Rajasthan so far at MSP level i.e. Rs. 5090 per quintal. The oilseed is being procured at around 180 centres across the stat. Total 65845 farmers has been benefited. As per trader, groundnut prices may be under pressure if the government will curb on groundnut exports. As per Farm ministry, Groundnut output for Kharif season in 2019-20 will reach at 6.3 million tonnes higher against 5.4 million tonnes in last season.

According to first advance estimate for Kharif 2019-20, issued by Gujarat's Department of Agriculture for Groundnut, the area, production and yield are 15.51 lakh hac. , 32.61 tonnes and 2101 kg/hectare respectively. As per final estimate for 2018-19 issued by Gujarat's Department of Agriculture for Groundnut the area, production and yield are 15.66 lakh hac., 21.43 lakh tonnes and 1368.35 kg/hectare respectively.

According to second advance estimate for Kharif 2019-20, issued by Rajasthan's Department of Agriculture for Groundnut, the area, production and yield are 7.34 lakh hectares, 15.65 tonnes and 2131 kg/hectare respectively.

In Gujarat, around 5-7% crop in Gujarat was totally lost while 10-20% of groundnut crop is reported to be of inferior quality. Kernels are discoloured and damaged due to moisture and shell is damaged due to fungus. Kesod and Junagad district reported major damage to the crop while Rajkot, Jamnagar and Gondal and Amreli reported little to no damage. Major crop losses were also reported to groundnut in costal Karnataka districts with Dharwad reporting major losses to the tune of 30%. Crop was discolored and shell is affected with fungus and quality loss reported in 20% of the crop. Agriwatch expects total groundnut crop of this season at 75.54 lakh tonnes higher against 66.95 lakh tonnes in 2018-19. Kharif crop may stand at 59.13 lakh tonnes higher against 53.63 lakh tonnes in previous year. While, Farmers may harvest total 16.41 lakh tonnes of Rabi crop in 2019-20 higher against 13.31 lakh tonnes in last season on ample water availability and good price hike in last season.

As per Apeda report, India has exported total 189736 MT of groundnut with the value of Rs. 1512 crore during April to October (2019-2020) which is lower by 23.70% against 248679 MT of groundnut with the value of Rs. 1644 crore during April to October (2018-2019).

As per SEA of India latest report, the exports of Groundnut meal are reported at 697 MT during April- December, 2019 lower from 8673 MT from April-December 2018.

In Odisha, Nafed is likely to purchase 3330 tonnes of groundnut at minimum support prices for 2019-20 kharif season. The procurement will be in the districts like Ganjam, Baragarh, Nuapada, Kalahandi, Angul, Mayubhanj, Boudh, Balangir, Sundargarh, Rayagada and Koraput where surplus is estimated during the current kharif season.

As per DGCIS data, India has exported total 1.88 lakh tone including groundnut seed, other groundnut nut in shell, Kernel H.P.S kernels others so far of this season during Apr to Oct 2019-20. The country has exported total 4.85 lakh tonnes in 2018-19 marketing season of groundnut. Agriwatch expects total 3.5 lakh tones of exports for this season lower against 4.85 lakh tones in previous year record in expectation of less export demand of this season.

According to IOPEPC (The Indian Oilseeds and Produce Export Promotion Councils) survey report, India is likely to harvest groundnut crop at 68.60 lakh tons during Kharif 2019 higher against 51.96 lakh tons in previous year. It expects higher groundnut's yields at 1745 Kg/Ha compared to 1336 Kg/Ha for this season.

As per SOMA (Saurashtra Oil Mills Association), Farmers in Gujarat are likely to produce 30.19 lakh tonnes for the current season lower against 32 lakh tonnes in First Advanced estimates of government. However, it is significantly higher from 15 lakh tonnes in previous year record.

As per recent report of SEA, Groundnut crop for Kharif season is projected at 51 lakh tonnes for this season in India which is 36.54% higher than 37.35 lakh tonne in previous year. The crop area in Gujarat state is estimated at 15.52 lakh tonnes higher against 14.68 lakh hac. in 2018-19. Total yield of the state is forecasted higher by 90.78% to 2070 kg. per hectare from 1085 kg. per hectares in last year due to good rainfall of this season. Farmers in Gujarat may harvest total 32.15 lakh tonnes in 2019/20 which is just double against previous year record.

As per 1st advanced estimates of ministry report, Kharif groundnut crop size during 2019-20may standhigher at 63.11 lakh tonnes against 53.63 lakh tons from its 4th advanced estimates on account of good rainfall at maturity time. However, it is reported lower from 75.95 lakh tonnes in 2017-18. Good rainfall at maturity stage may improve groundnut crop yield of this season. Gujarat may produce 32 lakh tonnes of groundnut for Kharif 2019-20 which is just double from 15.9 lakh tonnes in previous year.

Groundnut Exports (In Thousand Tons)

Groundnut Exports (Includes in Shell, Kernels, Blanched and Normal Groundnuts (Thousand Tons)							
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Oct	21.8	21	22.9	25.8	30.4	32.59	28.54
Nov	71.1	92.6	50	80.9	109.6	65.18	126.22
Dec	79.1	135.9	91.3	145.1	69.4	44.86	113.75
Jan	47.3	82.2	67.7	105.2	31.7	33.85	
Feb	48	54	53.7	78.8	30.7	39.16	
Mar	52.6	61.7	55.7	67.5	54.8	56.44	
Apr	48.6	50.4	54.5	45	46.5	48.73	
May	55.2	38.6	41.3	19.1	39.6	35.84	
Jun	50	30.7	58.4	25.4	40.1	39.64	
Jul	42.7	25	39.2	37.2	39.4	43.36	
Aug	40.8	35.8	16.8	30.6	35.5	32.92	
Sep	23.8	16.1	12.2	20.1	17.1	15.46	

* Estimated Exports Value and EXIM data

Groundnut Prices in Shell

Groundnut							
Center	**Variety**	**% Change over Previous year**	**% Change over Previous month**	**As on 31-Jan-20**	**Month Ago, 31-Dec-19**	**Year Ago, 31-Jan-19**	**2 Year Ago, 31-Jan-18**
Rajkot	GN in Shell (Rs/20kg)	11.93	-0.80	985	993	880	780
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	**31-Jan-20**		**31-Dec-19**		
	Low	**High**	**Low**	**High**	
Indore –Plant	4000	4100	4500	4560	-460
Indore–Mandi	Closed	Closed	4400	4500	-
Nagpur-Plant	4120	4150	4470	4515	-365
Nagpur – Mandi	3610	3930	4000	4350	-420
Latur – Mandi	3800	4145	4080	4575	-430
Akola – Mandi	3050	3825	3000	4260	-435
Kota-Plant	4050	4100	4400	4450	-350
Kota – Mandi	3850	3950	4300	4400	-450
Bundi-Plant	4050	4100	4450	4500	-400
Bundi-Mandi	3900	4000	4300	4385	-385
Baran-Plant	4100	4200	4400	4450	-250
Baran-Mandi	3950	3980	4300	4400	-420
Bhawani Mandi Jhalawar–Plant	4100	4150	4500	4550	-400
Jhalwar-Mandi	4000	4050	4450	4500	-450
Rapeseed/Mustard					
Jaipur-(Condition)	4390	4395	4920	4925	-530
Alwar-(Condition)	3950	4000	4650	4700	-700
Sri Ganganagar-(Non-Condition)	3700	3750	4375	4475	-725
New Delhi–(Condition)	4200	4300	4725	4750	-450
Kota-(Condition)	3800	3900	4300	4400	-500
Agra-(Condition)	4143	4190	4690	4786	-595
Neewai-(Condition)	3850	3980	4550	4600	-620
Hapur (UP)-(Condition)	4175	4225	4600	4650	-425
Groundnut Seed					
Rajkot	820	820	840	840	-20
Sunflower Seed					
Gulbarga	3002	3678	3302	3904	-226
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
		Jan-2020	**Dec-2019**	
Soybean	Madhya Pradesh	2355000	135500	**2219500**
	Maharashtra	2220000	4435000	**-2215000**
	Rajasthan	603000	1041000	**-438000**
	Bundi (Raj)	2582	6520	**-3938**
	Baran (Raj)	60000	93500	**-33500**
	Jhalawar (Raj)	45700	66800	**-21100**
Rapeseed/Mustard	Rajasthan	1320000	1041000	**279000**
***Soybean: 1 bag = 90 kg; RM Seed: 1 bag = 85 kg**				

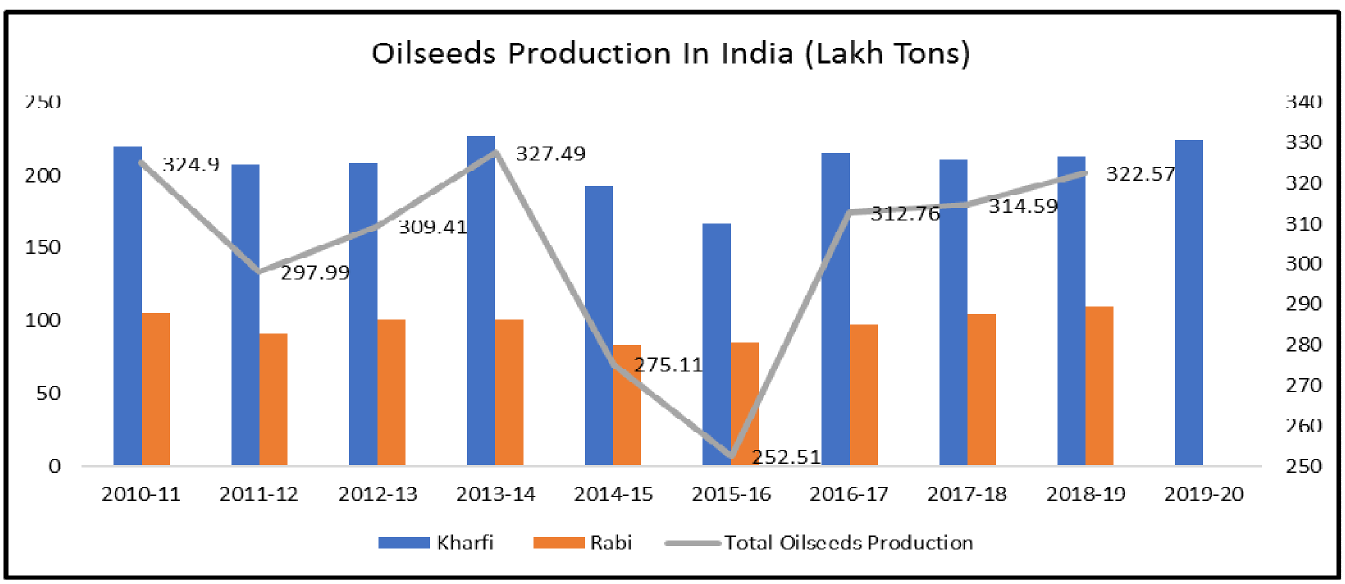
India's Total Oilseeds Production Seen at 322 Lakh Tons in 4th Adv. Est. - GOI (Kharif + Rabi + summer)

The 4th Advance Estimates of production of major crops for 2018-19 have been released on 19th Aug, 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 higher by 7.98 lakh tonnes to 322.57 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 – 322.57 Lakh tonnes

- Soybean – 137.86 Lakh Tons
- Groundnut – 66.95 Lakh Tons
- Rapeseed – 93.39 Lakh Tons
- Castorseed – 12.15 Lakh Tons
- Sesame/Sesamum/Gingelly/Til – 7.55 Lakh Tons
- Nigerseed – 0.65 Lakh Tons
- Sunflower – 2.19 Lakh tons
- Linseed - 1.59 Lakh Tons



Source: Ministry of Agriculture

Note: 2018-19 (Rabi =Kharif) and 2019-20 (Kharif) is based on 4th Adv estimates.

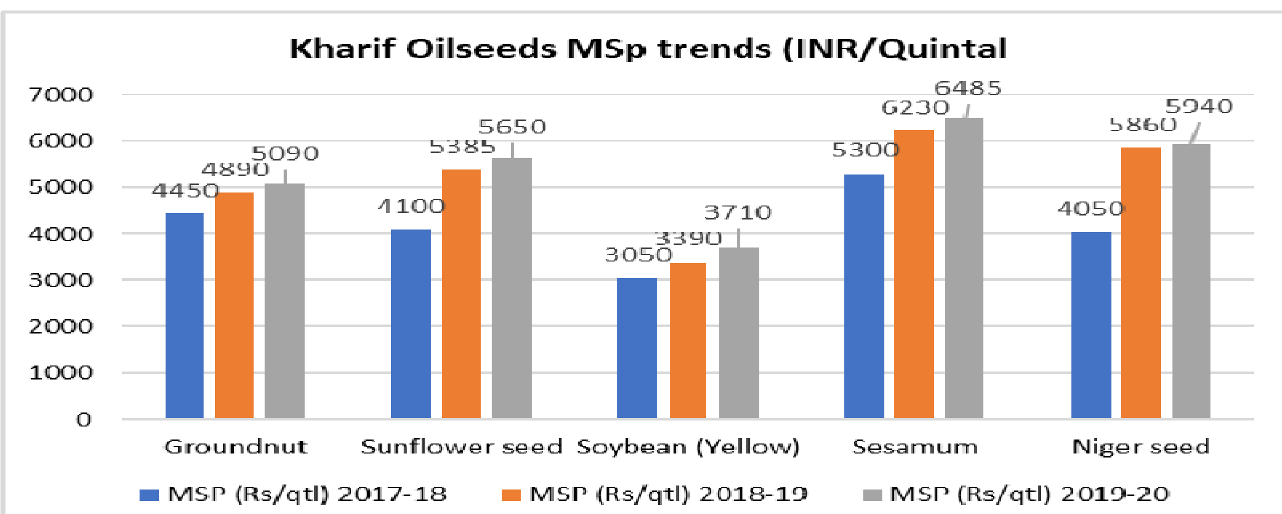
Year includes Kharif, Rabi and summer (i.e. 2018-19 means kharif harvested in 2018, Rabi in 2019 and summer in 2019 and should not be considered as marketing year)

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	2019-20
Soybean	127.4	122.1	146.7	118.6	103.7	85.7	131.6	109.33	137.86	135.05
Groundnut (In Shell)	82.7	69.6	47	97.1	74	67.3	74.6	92.53	66.95	
Rapeseed & Mustard	81.8	66	80.3	78.8	62.8	68	81	84.3	93.39	
Castorseed	13.5	23	19.6	17.3	18.7	17.5	13.8	15.68	12.15	17.37
Sesamum	8.9	8.1	6.9	7.2	8.3	8.5	7.5	7.55	7.55	6.86
Sunflower	6.5	5.2	5.4	5	4.3	3	3	2.22	2.19	0.67
Linseed	1.5	1.5	1.5	1.4	1.6	1.3	2	1.74	1.59	0.83
Nigerseed	1.1	1	1	1	0.8	0.7	0.9	0.7	0.65	
Safflower	1.5	1.5	1.1	1.1	0.9	0.5	1	0.55	0.24	

Source: Ministry of Agriculture.
Note: 2018-19 & 2019-20 is based on 4th Adv. estimates.

MSP for2019/20 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

India's Total Oilseeds Kharif Production Seen at 223.89 Lakh Tons in 1st Adv. Est. - GOI (Kharif)

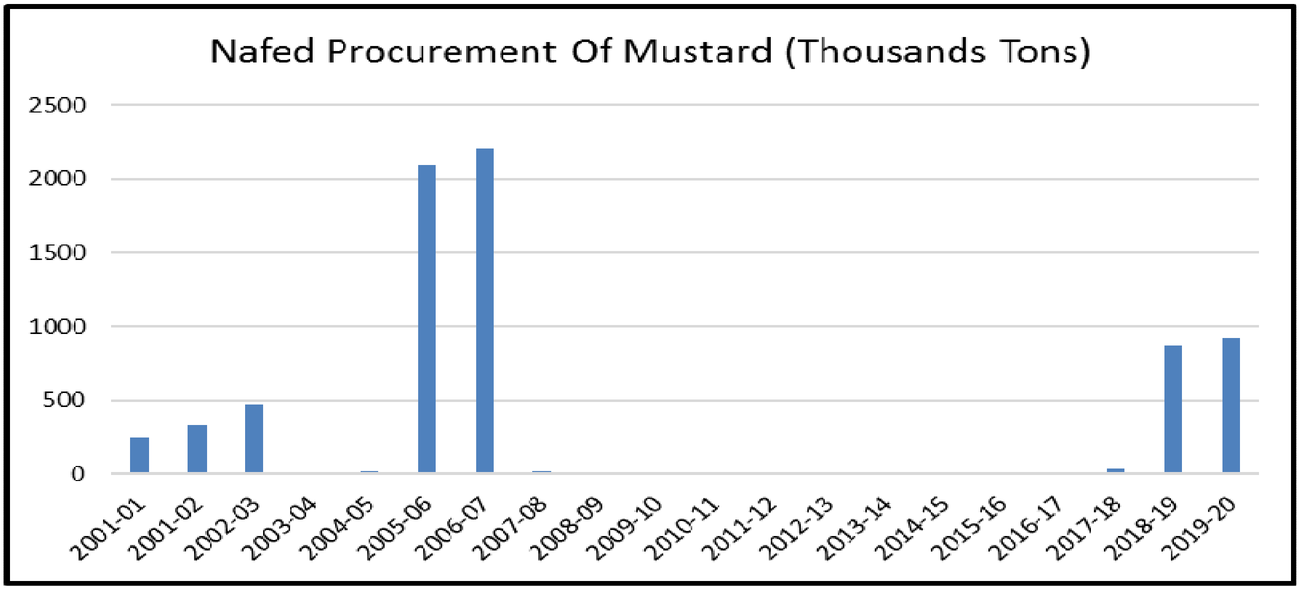
The first Advance Estimates of production of major crops for 2019-20 have been released on 23rd Sep, 2019 by the Department of Agriculture, Cooperation and Farmers Welfare. The assessment of production of different crops is based on the feedback received from States and validated with information available from other sources. Few the major crops producing states have received good rainfall. As a result, the production of oilseeds kharif crops estimates for 2019-20 has witnessed higher than their normal production. Oilseeds production of India is placed higher by 11.11 lakh tonnes to 223.89 lakh tonnes against the production of 212.78 lakh tonnes in 4th advanced estimates for 2018-19. The estimated figure is also higher by 11.5 lakh tonnes than five years average oilseeds production.

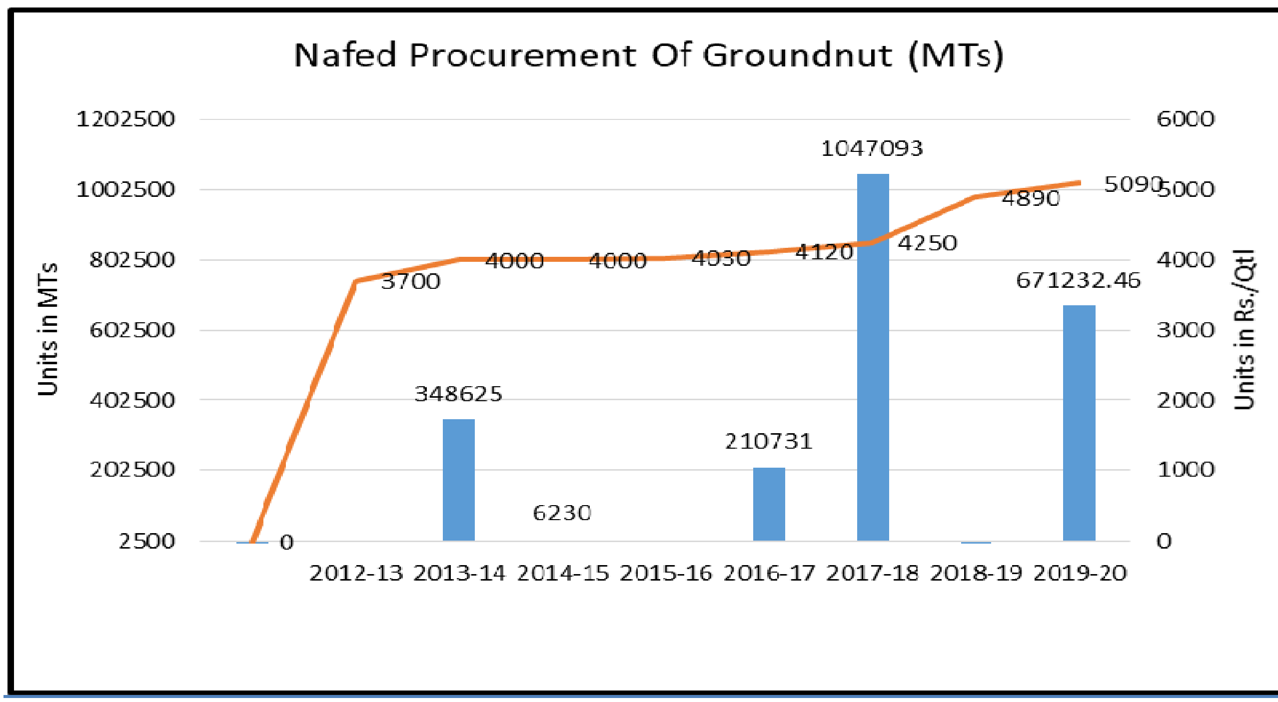
The estimated production of major Oilseeds during 2019-20 is as under:

Oilseeds – 223.89 Lakh tonnes

- Soybean – 135.05 Lakh Tons
- Groundnut – 63.11 Lakh Tons
- Castorseed – 17.37 Lakh Tons
- Sesame/Sesamum/Gingelly/Til – 6.86 Lakh Tons
- Nigerseed – 0.83 Lakh Tons
- Sunflower – 0.67 Lakh tons

NAFED Procurement of Oilseeds (Mustard and Groundnut) Historically





SOPA Soybean Production Estimates Kharif 2019-20 As On 10.10.2019

SOPA Soybean Estimates Kharif						
	2018-19			2019-20		
State	Area	Yield	Production	Area	Yield	Production
Gujarat	1.32	925	1.241	1.003	858	0.861
Maharashtra	36.39	944	34.34	37.363	971	36.295
Karnataka	3.19	911	2.90	3.302	816	2.694
Madhya Pradesh	54.1	1075	58.18	51.952	772	40.107
Chhattisgarh	1.281	865	1.108	0.742	726	0.539
Telangana	1.791	877	1.571	1.783	846	1.508
Rajasthan	9.212	971	8.945	9.627	681	6.56
Others	1.09	955	1.041	1.841	748	1.377
Total	108.4	940.4	109.3	107.6	802.3	89.9