

# Oilseeds Monthly Research Report

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## Executive Summary

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Domestic soybean rebound and rapeseed-mustard extended gains mainly on buying support from the millers, to meet the improved festive edible oil demand.

The rapeseed-mustard fundamentals continued to remain strong on robust domestic oil and international oilcake demand leading to better crush margins for millers. .

Soybean prices rebound on festival led soyoil demand even as the market expects a bigger soybean crop along-with other kharif oilseeds' crops this season, continued weak soymeal exports and the rise in soyoil imports.

The soybean crush margins are still weak and discouraging the millers to crush the bean aggressively, on weak meal and oil prices.

Agriwatch has pegged India's 2020/21 soybean output up 38% from previous season after increase in the sown area under the bean.

In the last official progressive kharif planting report, India's area under oilseeds coverage is reported up by 13%. This year area coverage under soybean is 120.53 lha, up by 8% from the 111.49 lha normal area. The standing soybean crop is in the good condition across the key growing regions.

We expect soybean and soymeal to feature range-bound movement with weak-bias on bearish domestic and global supply outlook. However, the rapeseed-mustard prices will remain strong on good oil and rape-meal demand.

## Outlook – Cash Market

**Outlook - Soybean (Spot, Indore):** The soybean prices will feature range-bound movement with weak bias, given the weak soymeal demand and higher soyoil imports. Further, expectation of higher soybean production this season will continue to weigh on the soy prices. The prices (Indore, Plant basis) are expected to feature range bound movement in the price band of 3800 – 4050 level.

**Outlook – Soy meal:** Persistent weak demand from poultry sector and poor overseas demand with expectation of higher stock during the season will continue pressuring the domestic soymeal. Soymeal prices are likely to witness range-bound movement with weak bias. Indian meal exporters are advised to explore new markets aggressively and try to regain the lost markets especially traditional South and Far-East Asian destinations including Japan in the coming days. **(Vietnam, Indonesia, Philippines, Thailand, S. Korea and Japan combined are forecast to import 19.75 Mn T of soymeal in 2020/21 from Argentina, Brazil and US).** The domestic meal prices are likely to remain under supply pressure and feature range bound movement in near-term. Soy meal, Indore is expected to be in the range of 31,250 – 31,800/MT levels during the week.

**Outlook - Rapeseed-Mustard (Spot, Jaipur basis):** The rapeseed-mustard is expected to feature range-bound movement with firm bias, on good crushing demand backed by good demand in rapeseed-mustard oil and improved exports in rapeseed-mustard oilcake. The seed arrivals are gradually falling week-on-week. The seed prices are likely to feature gains and witness the levels between 5,550 – 5,800/Qtl; levels during the week.

## International Highlights

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- ❖ US soybean crushings improved to a four-month high in July 2020, according to National Oilseed Processors Association (NOPA) which has recently published the data.
- ❖ The data shows that US processed 172.794 million bushels of soybean in July, the largest July soybean crush on record, up from 167.263 million bushels in June and the 168.09 million bushels processed in July 2019.
- ❖ Besides, US soymeal exports in July 2020 increased to 876,159 tons, from 835,403 tons in June 2020 but down slightly from 879,319 tons in July 2019, according to NOPA
- ❖ USDA in its August 2020 FAS report, has raised its projection of US 2020/21 soybean crop to 120.423 million tonnes, up from 112.5 million tonnes projected in July'20 and larger than the 96.7 million tonnes estimated for 2019/20.
- ❖ China is aggressively buying soy to cover its strategic stock and is likely to buy further. It bought 10.09 million tonnes of soybean in July, up 17% from 8.63 million tonnes in July 2019, due to the competitive pricing by the top supplier Brazil, but still below June's record 11.16 million tonnes, GAC data showed. China's total soybean imports surged by 17.7% in the first seven months of the year 2020 compared to the corresponding period in 2019 to 55.14 million tonnes.
- ❖ Brazil's 2020/21 soybean output is forecast up by around 5-6% between 127.3 million tonnes to 133.5 million tonnes by various agribusiness consultancies like Rabobank (127.3 Mn T), Abiove (133.5 Mn T), Datagro (131.69 Mn T), Celeres (130.8 Mn T), AgRural (129.3 Mn T) and Conab (133.5 Mn T).
- ❖ These agencies have pegged the Brazil's 2020/21 planted area to 37.9 - 38.2 million hectares (an increase of 1.3 – 2.5 million hectares over the 2019/20 final estimates).
- ❖ It is evident all eyes are on the next Brazilian soybean crop. Given the Brazil's 2020/21 soybean production figures by various agencies, it will be an all-time high soybean production in the country which will once again prove to be competitive in the soybean market, in 2020/21 season. Brazil has harvested 125.5 million tonnes of soybean in 2019/20 which is slightly higher than 125 million tonnes in 2018/19.

## Monsoon Forecast and Current Rainfall Status

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In the IMD's Operational 2nd stage Long Range forecast Summary for the 2020:

- Rainfall over the country as a whole for the 2020 southwest monsoon season (June to September) is most likely to be NORMAL (96% to 104% of long period average (LPA)).
- Quantitatively, monsoon season rainfall for the country as a whole is likely to be 102% of the LPA with a model error of  $\pm 4\%$ .
- Region wise, the season rainfall is likely to be 107% of LPA over North-West India, 103% of LPA over Central India, 102% of LPA over South Peninsula and 96% of LPA over North-East India, all with a model error of  $\pm 8\%$ .
- The monthly rainfall over the country as whole is likely to be 103% of its LPA during July and 97% of LPA during August, both with a model error of  $\pm 9\%$ .
- Currently, ENSO Neutral conditions are prevailing over the equatorial Pacific and Neutral IOD conditions are prevailing over the Indian Ocean. Global models are indicating cool ENSO conditions are likely to prevail during the monsoon season with some possibility of development of weak La Niña conditions in the later part of the monsoon season.

## Sown Area – *Rabi* Oilseeds, India

In the progressive official Kharif oilseeds planting report dated 28th August 2020, by the Ministry of Agriculture, the total coverage area under Kharif oilseeds is reported at 193.28 lakh hectares, an increase by 13% from 170.98 lakh ha in the corresponding period of last year. Of the major oilseeds, soybean sowing is reported up by 6.9% at 120.53 lha compared to 112.7 lha during the corresponding period of last year, groundnut at 50.36 lha vs 37.07 lha, sesamum 13.48 lha vs 12.72 lha, castor seed at 6.52 lha vs 6.45 lha and niger at 1.28 lha vs 1.18 lha, during the same period last year. We feel country's final area under oilseeds to be above normal by 5-7% this season.

Area in Lakh Hectares

<b>Crop</b>	<b>Normal Area (5 Year Avg.)</b>	<b>As on 28 Aug 2020</b>	<b>As on 28 Aug 2019</b>	<b>% Change</b>
Groundnut	42.43	50.36	37.07	<b>35.9</b>
Soybean	111.49	120.53	112.70	<b>6.9</b>
Sunflower	1.84	1.11	0.86	<b>29.1</b>
Sesamum	14.13	13.48	12.72	<b>6.0</b>
Niger	2.41	1.28	1.18	<b>8.5</b>
Castor	9.65	6.52	6.45	<b>1.1</b>
<b>Total Oilseeds</b>	<b>181.95</b>	<b>193.28</b>	<b>170.98</b>	<b>13.0</b>

Source: MoA, GOI

## Soybean

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Soybean edged-up on buying interest from oilseeds' crushers, on expectation of fresh overseas soymeal demand.

India's July'20 soymeal exports improved by 9% which lent some support to the soybean. However, higher soy oil imports and overall lower than normal soymeal demand has kept the crush margin in the negative discouraging aggressive crushing this season.

India's July 2020 soybean oil imports surged by 52% to 4.84 lakh tonnes compared to 3.19 lakh tonnes in July 2019, discouraging the domestic bean crushing.

India's edible July 2020 oil imports increased 13% to 15.17 lakh tonnes on a year-on-year basis. This is the highest import in the last 11 months of the oil year 2019-20.

Of the total, imports of palm oils shipments to India rose to 8.24 lakh tonnes in July this year from 8.12 lakh tonnes same period last year.

Country's area coverage under soybean crop is well above normal area of 111.49 lha by 8% last week.

In the last progressive planting report by the Ministry of Agriculture dated August 28, 2020, India's soybean sowing is reported up by 7% at 120.53 lha compared to 112.70 lha during the corresponding period of last year.

Given the increase in the sown area, the country is expected to harvest higher bean crop this season compared to the last couple of years.

Agriwatch has pegged India's 2020/21 soybean output at 12.06 million tonnes, up 38% from 8.74 million tonnes in 2019/20.

IMD's subdivision rainfall data of 30 August 2020 reveals that the West Madhya Pradesh has received 834.3 mm of rainfall vs 687.3 mm (+21% departure), Vidarbha 730 mm vs 774 mm (-6% departure) and East Rajasthan received 493.5 mm rainfall vs 502 mm normal (-2% departure).

SOPA has pegged India's 2020 soybean output at 12.25 Mn T after a recent crop survey.

The country is expected to start the new marketing year with soybean carry-in stocks of 1.3-1.5 million tonnes, up from 150,000 - 170,000 tonnes a year ago.

Soybean plant delivery price slightly improved in Indore cash market at Rs 3,775 – 4,000 a quintal compared Rs 3,725 - 3,850 to the previous week.

The supplies of bean improved in various cash market yards of Madhya Pradesh to 2,90,000 bags during the week from 2,35,000 bags a week ago.

Government has set the MSP of soybean for kharif marketing season at Rs. 3880/Qtl vs Rs. 3710/Qtl last season. This will lend some support to the bean.

*The major buyers are as follows: Agrawal, Neemuch, Shanti Overseas, Living Food, Goyal Protein, Bansal-Bhopal, Vippy-Dewas, ABIS, Sneha, Ruchi Soya, Shalimar Katol, Vippy Dewas, Dhanuka Neemuch, Avi Agri Ujjain, M.S. Neemuch, RH Seoni, Prakash, Kriti Dewas, Mahakali, Prestige Dewas, Itarsi Oil, Sanwaria Itarsi, MS Solvex Neemuch, MS Soya Pachore, during the week.*

***The domestic soybean prices are likely to feature range-bound movement with weak bias on slack in soymeal demand, higher soybean oil imports and expectation of good crop this season.***

## **International:**

In the Jul'20 WASDE report by USDA, the US 2020/21 soybean area is projected up at 83.8 million acres compared to 76.1 million acres in 2019/20. US soybean yield for 2020/21 is projected at 49.8 bushels per acre vs 47.4 bushels per estimated in 2019/20 and the total US soybean production is pegged up at 4135 million bushels compared to 3557 million bushels (96.79 Mn T) estimated in 2019/20.

Brazil's 2020/21 soybean output is forecast up by around 5-6% between 127.3 million tonnes to 133.5 million tonnes by various agribusiness consultancies like Rabobank (127.3 Mn T), Abiove (13.5 Mn T), Datagro (131.69 Mn T), Celeres (130.8 Mn T), AgRural (129.3 Mn T) and Conab (133.5 Mn T).

These agencies have pegged the Brazil's 2020/21 planted area to 37.9 - 38.2 million hectares which is up 1.3 – 2.5 million hectares estimated by these agencies for 2019/20.

Industry estimates suggest this year's Brazilian soybean export may reach 80 million tonnes or more, which means another 12 million tonnes could be exported over the next few months. Shipping lineup, showed 5.3 million tonnes of soybeans scheduled for August.

Brazil 2020 soybean export forecast has been revised to 76 million tonnes vs 74.07 million tonnes in previous forecast by INTL FCSTONE. China will be the largest buyers from Brazil.

The above statements with data reveal bearish global oilseeds supply scenario in the upcoming season

China's domestic soybean production is seen at 18.81 million tonnes in 2020, up 3.9% from the previous year, according to forecasts of the agriculture ministry. The country's soybean crushing volumes were pegged at 85.98 million tonnes this year.

The strong Chinese buying will continue to lend support to the international soy prices during the season.

Argentina's 2019/20 soybean yield is estimated an average of 2.96 tonnes per hectare and the country's soybean production is pegged at 49.5 million tonnes, said the Buenos Aires Grains Exchange. The reduction is mainly due to the dry weather during the crop development phase.

*The international soybean prices are expected to feature range bound movement with weak bias on better US soybean crop prospect and South American supply scenario. However, strong Chinese buying will limit the downside.*



## Balance Sheet – Soybean, India

Soybean (Fig in Mn T) MY- Oct.-Sep.			Fig. in MnT			
			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	8.27	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	9.32	5.25	1.66	0.96	0.87
Carry Out	1.97	1.50	5.47	3.81	2.90	2.07
Monthly Use	1.04	0.78				
Stock/Consumption Ratio	0.16	0.16				
Stock to Month Use Ratio	1.89	1.93				

Source: Agriwatch

- **Trade Observations: Limited buying is featured in soybean at various cash markets, due to weak soymeal demand from poultry sector attributed to COVID-19 pandemic and ongoing lockdown. The solvent extractors and stockists are buying to cover their stock for future.**
- India's 2019-20 soybean production is projected at 8.75 million tonnes against 12.59 million last season.
- We expect India's 2019-20 soybean crush at 8.27 million tonnes vs 11.40 million in 2018-19.
- This translates into availability of 6.62 million tonnes of soy meal and 1.49 million tonnes of soy oil in 2019/20 MY.
- Lower crushing mean decrease in the availability of soy meal. India's soy meal prices have to compete with the meal prices of South America in 2019/20 to keep continued overseas supplies.

## Soy meal

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Soymeal sustained the gains and extended previous week's level on some fresh local and overseas demand in July. Overall, the factors for soymeal are bearish on lower than normal local meal demand from poultry sector, weak exports sales and bearish supply scenario with higher soybean output estimates this season.

India's July 2020 soymeal exports improved by 9% to 61,957 metric tonnes compared to 56,638 metric tonnes in July 2019.

However, it fell during April-July'20 by 22% to 1,91,149 metric tonnes compared to 2,33,183 metric tonnes during the same period last year.

The soybean crush margins continued to remain negative due to the weak factors and we expect them to recover if the demand in meal picks up and the soyoil imports fall (which surged by 52% in July'20). Given the bearish global soybean supply outlook for the season, both demand in meal and reduction in soyoil import are unlikely in short-to-medium-term.

However, we expect the local soymeal demand to gradually pick-up with reducing COVID fear.

Indian soymeal exports are already facing stiff competition from meal of South American origin due to their price competitiveness. The suspension of MEIS benefit/incentive of 5% by the Indian government have further made it challenging.

India has lost the traditional South East Asian markets to South America in recent years as the markets have switched to GM soymeal and India has lost its non-GM advantage it enjoyed until recently. Japan was the biggest buyer of non-GM soymeal of Indian origin earlier. Soymeal exports to SE Asian countries are continued to remain weak and given the bumper South American soybean crop and expectation of good US bean crop and it is unlikely India's soymeal export prices could compete with them.

Vietnam, Indonesia, Philippines, Thailand, S. Korea and Japan combined together is forecast to import 19.75 Mn T of soymeal in 2020/21 mainly from Argentina, Brazil and US.

The domestic soymeal demand continues to be weak mainly due to the weak demand in poultry attributed to the COVID-19 pandemic.

The domestic average soymeal prices at Indore, witnessed gains to Rs. 29,722/MT compared to the average of Rs 28,715/MT previous month.

India's Y-o-Y soy meal prices, Indore, are currently lower. Soy meal Indore was quoted lower between Rs 29,722/MT during the week compared to Rs 30,556/MT during the corresponding period last year.

*The soy meal prices (Indore) are likely to feature range-bound movement between Rs. 31,250 – 31,800 /MT on slack in demand from poultry sector, in near to medium-term.*

**Previous updates:**

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SOPA is concerned about the falling demand from the traditional buyers like France, Japan, Iran, Korea and Nepal of soymeal of Indian origin.

In a major blow to the domestic soymeal market, which was already reeling under pressure, DGFT has blocked the online registration of Merchandise Export from India Scheme Claims (MEIS), this week, on its portal from exports undertaken 01.04.2020 onwards.

This will result in further decline in soymeal exports from India, as MEIS benefit of 5% is a significant incentive to compete in the world market. SOPA has made a representation to the government to revoke the suspension of the MEIS benefit immediately.

The revenue department have argued against continuing the MEIS, calling it wasteful and inefficient.

Instead of extending the Merchandise Exports of India Scheme, which cost Rs 43,500 crore in 2019-20, the NITI Aayog and the Ministry of Finance have called for putting financial resources into new Production-Linked Incentive (PLI) schemes in select sectors with core competency and potential for global exports.

However, SOPA has sought a stimulus package from the Centre to support the soybean industry, which has been hit by the lockdown and the collapse of poultry sector. It has asked the Center to increase the import duty in edible oils.

Besides, the SOPA members in a letter addressed to Ministry of Agriculture and Farmers Welfare have demanded exemption of GST on soybean and soymeal, the same time.

The poultry sector consumes 60% of the soymeal in India and there are no takers for it leading around half of the processing units being shut.

India's soymeal shipments may fall to around 500,000 MT in 2019-20 (Oct-Sep), less than one fourth of the year-ago figure of 2.1 million tonnes due to subdued demand from traditional overseas buyers amid ongoing countrywide lockdown, said Soybean Processors Association of India Chairman Davish Jain.

## Soy Meal Export (In Thd T)

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
<b>Oct</b>	405	224	50	183	29	4	31	71	150	63
<b>Nov</b>	443	398	517	503	111	9	98	208	186	69
<b>Dec</b>	611	798	511	451	194	6	241	169	170	72
<b>Jan</b>	575	475	620	364	104	28	155	106	86	41
<b>Feb</b>	540	344	578	184	65	30	208	74	132	20
<b>Mar</b>	411	460	302	232	47	27	107	39	193	
<b>Apr</b>	305	314	100	76	18	12	124	68	41	26
<b>May</b>	177	143	98	8	14	10	49	41	53	47
<b>Jun</b>	118	181	214	3	2	18	46	104	62	57
<b>Jul</b>	140	168	107	7	1	12	81	64	76	62
<b>Aug</b>	166	10	184	3	1	11	88	60	95	
<b>Sep</b>	226	7	173	1	7	12	102	45	35	
<b>Total</b>	<b>4117</b>	<b>3522</b>	<b>3454</b>	<b>2015</b>	<b>593</b>	<b>179</b>	<b>1330</b>	<b>1049</b>	<b>464</b>	<b>437</b>

Source: SEA / SOPA

India's soy meal exports continues to be weak on attractive price offer from South America, South American soymeal prices are at discount over Indian origin meal. However, the exports in May'20 improved from April'20.

## Soybean Crush Margin

Avg Crush Margin – Aug 2020		Avg Crush Margin – Jul 2020		Avg Crush Margin – Aug 2019	
Avg		Avg		Avg	
Min	Max	Min	Max	Min	Max
-	-	-	-		

## Technical Analysis:

### NCDEX Soybean Futures



### Soybean Spot, Indore



\*Daily Chart

### Support & Resistance NCDEX- Soybean Oct. Contract

S1	S2	PCP	R1	R2
3560	3450	4054	4300	4400

- Soybean posted gains on buying support, during the month.
- However, prices are in the overbought zone, warranting correction.
- Prices closed above 40-day EMA.
- MACD is rising in the positive territory.
- RSI and stochastic are heading upwards in the overbought zone.
- Trade Recommendation (NCDEX Soybean – Oct.) – 1 Month: **SELL** Below 4100 T1 – 3800; T2 - 3700; SL –4280.

## Rapeseed - Mustard Seed

Rapeseed-mustard continued upward movement on continued strong demand from the millers attributed to good mustard oil demand and improved rapeseed extract exports in recent months.

In-spite of stiff competition in world market, export of rapeseed meal performed well, during the last four months (Apr.-July) in 2020-21 and reported at 436,480 tons against last year during the same period at 373,477 tons i.e. up by 17%, thanks to higher processing of rapeseed-mustard. Further, the exports increased by 21% in July'20 to 148170 tonnes vs 122573 tonnes in July'19.

Besides, decline in rapeseed oil imports too remained supportive for the market. India has not imported rapeseed oil in July 2020. This has eventually kept the crush margin viable to the crushers.

Nafed has started disposing the rapeseed-mustard, the Federation has sold about 2.0 lakh tonnes in the open market. Hafed too has sold about 1.5 lakh tonnes in Haryana in recent days.

Overall, the rapeseed-mustard sentiments are strong with good buying support and high MSP for the seed.

Better crush margin in the seed remain encouraging for the crushers and currently the rapeseed-mustard crushing is in full swing and it is also higher in volume than same period last year.

The all India rapeseed-mustard supplies are falling month-on-month with the increasing gap in the harvesting period:

### RM Seed Supply, Pan India

RM Seed Arrivals Pan India in Bags (85 kg each).		
Monthly Arrivals– Aug.	1 Month Ago	Corresponding Period Last Year
25,70,000	50,65,000	33,50,000

The average RM seed prices improved by 7% to Rs 5294 a quintal in August from Rs 4964 a quintal in July. It was quoted Rs 4158 a quintal during the corresponding period last year in Jaipur.

At NCDEX futures, the September contract posted gains to 5,231/Qtl compared to 5,210/Qtl previous week.

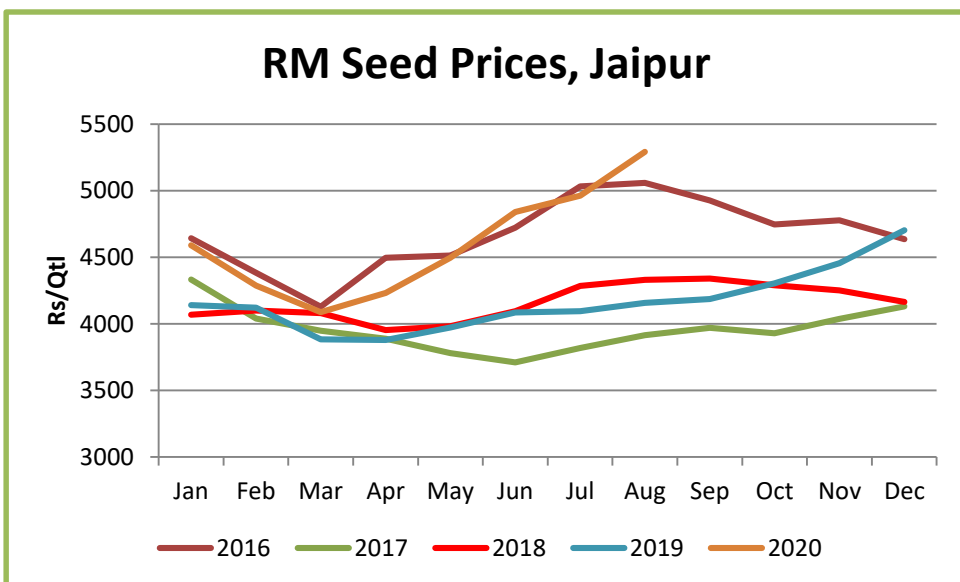
Strategie Grains has raised its forecast for 2020-21 rapeseed production in the European Union plus Britain to 16.79 million tonnes from 16.54 million in its previous estimates.

The upward revision, after six consecutive downward monthly projections was mainly due to favourable weather condition in Poland and Lithuania.

The rapeseed outturn is estimated to be still below previous year's poor crop harvest of 17.12 million tonnes, due to weak output in France, Britain, Central and Eastern Europe.

The production is hit mainly due to the very dry spring in parts of Europe as well widespread damage due to insects.

Strategie Grains has estimated EU rapeseed 2020-21 import to record 6.1 million tonnes, this is despite the agency has slightly trimmed from 6.2 million tonnes forecast a month ago. EU had imported 6.0 million tonnes of rapeseed in 2019/20 season.



## Previous Updates

The government has fixed the Minimum Support Price for rapeseed-mustard at Rs 4425/Qtl.

Agriwatch has projected India's MY 2020/21 rapeseed production at 7.2 million tonnes while Solvent Extractors of India has estimated the seed production at 7.7 million tonnes.

India's 2019/20 rapeseed oil import estimate has been reduced to 0.25 lakh tons from 1.2 lakh tons in its earlier estimate, lower by 79.2 percent. Rapeseed oil consumption have been reduced to 27.30 lakh tons from 27.80 lakh tons in its earlier estimate, lower by 1.8 percent. End stocks of rapeseed oil in 2019/20 raised to 1.89 lakh ton from 1.38 lakh tons, lower by 36.95 percent, United States Department of Agriculture (USDA) kept same as previous estimate.

*Outlook: The rapeseed-mustard is expected to stay strong and feature range-bound movement as the stockists and the solvent extractors have almost covered their stocks, in the cash market. Good rapeseed-mustard oil demand and improved overseas demand in rapeseed extract will continue to lend support to the seed prices are higher levels.*

## Balance Sheet – Rapeseed-Mustard Seed, India

(Fig in MnT)

Rapeseed-Mustard (Fig in Mn T) MY-Feb.-Jan.	2019-20	2020-21	Feb-Apr	May-Jul	Aug-Oct	Nov-Jan
Carry In	0.23	0.33	0.33	3.93	2.13	1.23
Production	7.90	7.21	7.21	0.00	0.00	0.00
Imports	0.00	0.00	0.00	0.00	0.00	0.00
Total Availability	8.13	7.53	7.53	3.93	2.13	1.23
Processing/Crushing	7.50	7.10	3.55	1.75	0.80	0.80
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	7.80	7.40	3.60	1.80	0.90	0.90
Carry Out/Ending Stock	0.33	0.13	3.93	2.13	1.23	0.33
Monthly Use	0.65	0.62				
Stock/Consumption Ratio	0.04	0.02				
Stock to Month Use Ratio	0.50	0.21				

(Source: AgriWatch)

- We have pegged India's 2020/21 Rapeseed-mustard outturn at 7.2 million tonnes, lower by than 9% compared to the 2019/20 production at 7.9 million tonnes.
- India's production is above 5 year average of around 6.7 million tonnes.
- **Trade Observations: India is an import dependent country in edible oils, hence the oilseeds produced almost gets crushed fully, prices to remain steady to slightly strong in 2020/21 season due to expected good demand in the seed.**
- India's rapeseed-mustard prices are up at cash market in 2020/21 season and they are 36-month high in benchmark Jaipur.

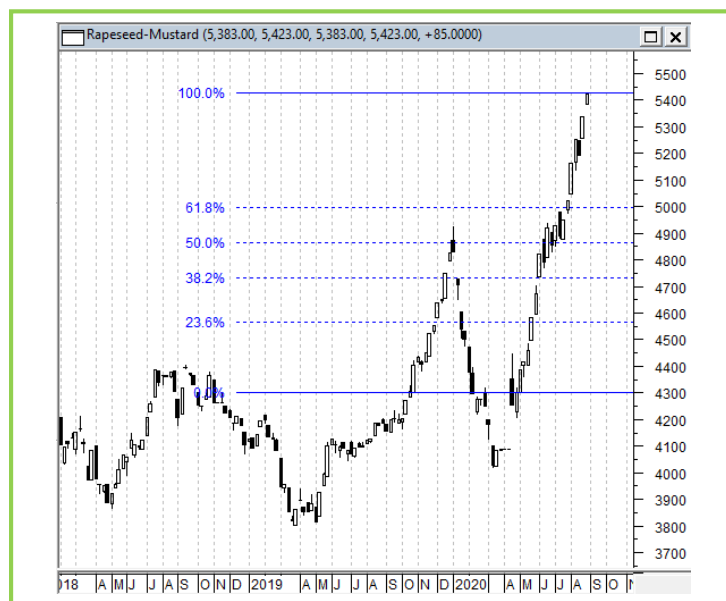


### Technical Analysis:

#### NCDEX RM Seed Futures



#### RM Seed Spot, Jaipur



\*Daily Chart

#### Support & Resistance NCDEX - RM Seed Oct. Contract

S1	S2	PCP	R1	R2
4640	4550	5422	5700	5850

- Rapeseed-mustard continued to rally on buying support in the market.
- Prices closed above 40-day EMA.
- MACD is rising in positive territory.
- RSI and stochastic are rising in overbought zone.
- Trade Recommendation (NCDEX RM Seed – Oct) – 1 Month: **BUY** Above 5400. T1 – 5550; T2 - 5600; SL – 5310.

## Groundnut

The groundnut seeds continued downtrend, on bearish supply outlook for the new kharif season given the surge in sown area and the expectation of a bigger harvest.

All India Kharif groundnut sowing has crossed the normal area of around 42.43 lha by 19% to 50.36 lha. Of the total sown area 7.44 lha is Andhra Pradesh's share.

Overall, the crop is in good health.

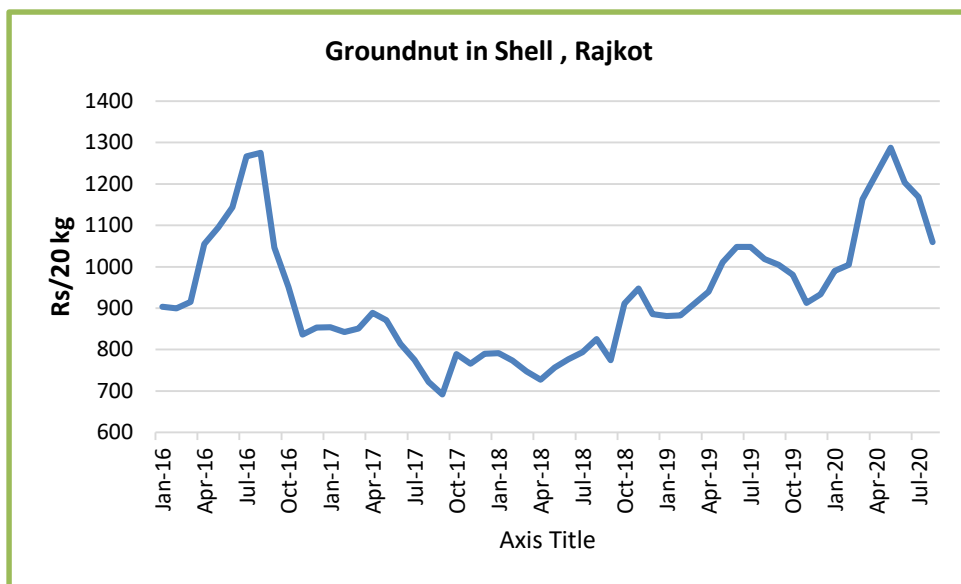
Agriwatch has pegged India's kharif'20 groundnut seed output at 65 lakh tonnes up 17% from 55.53 lakh tonnes in previous season.

Incessant rains in Gujarat's seed growing belt, during the week, have inundated hundreds of acres of groundnut fields.

Overcast sky and high level of humidity over the past 20 days in Saurashtra have dampened the chances of good yield this year. Situation can return to normal if the weather clears next couple of days.

NAFED has disposed 3.88 lakh tonnes of groundnut combined together in the states of Gujarat and Rajasthan, including stocks from Kharif'18 and Kharif'19.

Currently, India's groundnut stock is seen below 2.8 – 3 lakh tonnes, as per Saurashtra Oil Mills Association.



Groundnut							
Center	Variety	% Change over	% Change over	As on	Month Ago	Year Ago	2 Year Ago
		Previous year	Previous month	Aug-20	Jul-20	Aug-19	Aug-18
Rajkot	GN in Shell (Rs/20kg)	4.0	-0.9	1060	1169	1019	825
Shaurashtra	GN Seed Kernel (Rs/MT)	-	-	-	-	-	-

(Source: AW)

## Annexure

### Oilseed Prices at Key Spot Markets:

Commodity / Centre	Prices (Rs/Qtl)				Change
Soybean	31-Aug-20		31-Jul-20		
	Low	High	Low	High	
Indore –Plant	4050	4125	3700	3750	375
Indore–Mandi	3850	3950	3450	3600	350
Nagpur-Plant	3980	4025	3800	3870	155
Nagpur – Mandi	3500	3850	3200	3670	180
Latur – Mandi	3500	3870	3400	3700	170
Akola – Mandi	3350	3775	3325	3615	160
Kota-Plant	4050	4100	3700	3800	300
Kota – Mandi	3900	4000	3680	3770	230
Bundi-Plant	3950	4050	3625	3725	325
Bundi-Mandi	3700	3900	3525	3575	325
Baran-Plant	3950	4050	3570	3670	380
Baran-Mandi	3700	3850	3540	3640	210
Bhawani Mandi Jhalawar–Plant	3950	4100	3550	3750	350
Jhalwar-Mandi	3800	3900	3550	3600	300
Rapeseed/Mustard					
Jaipur-(Condition)	5445	5450	5145	5150	300
Alwar-(Condition)	5000	5100	4750	4800	300
Sri Ganganagar-(Non-Condition)	4730	4830	4400	4500	330
New Delhi–(Condition)	5305	5325	4870	4880	445
Kota-(Condition)	5050	5150	4760	4860	290
Agra-(Condition)	5381	5571	5048	5238	333
Neewai-(Condition)	5070	5170	4775	4875	295
Hapur (UP)-(Condition)	5350	5400	5100	5150	250
Groundnut Seed					
Rajkot	850	850	950	950	-100
Sunflower Seed					

Gulbarga	3000	3550	0	0	3550
Latur	3000	3500	3000	3500	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.					

**Oilseed Arrivals in Key Centers:**

Commodity / Centre	Arrivals in Bags/Qtl		Change
<b>Soybean</b>	<b>31-Aug-20</b>	<b>31-Jul-20</b>	
Madhya Pradesh	25000	50000	-25000
Maharashtra	30000	40000	-10000
Rajasthan	7000	20000	-13000
Bundi (Raj)	1000	4	996
Baran (Raj)	1200	2000	-800
Jhalawar (Raj)	3000	1500	1500
<b>Rapeseed/Mustard</b>			
Rajasthan	70000	75000	-5000
Alwar	1000	1000	Unch
Sri Ganganagar	1000	1000	Unch
Kota	700	400	300
<b>Groundnut Seed</b>			
Rajkot (Gujarat)	80	90	-10
<b>Sunflower Seed</b>			
Sholapur (Maharashtra)	0	0	Unch

**Other Oilseed Prices at Mumbai (INR/100 Kg):**

Oilseeds	31-Aug-20	31-Jul-20	Change
Groundnut Kernel	6300	6400	-100
Gr. Bolds 60/70	0	0	Unch
Gr. Javas 60/70	0	0	Unch
Gr Javas 70/80	0	0	Unch
Gr.Javas 80/90	0	0	Unch
KardiSeed 2% Exp Qly	4050	4050	Unch
Sesame White 98/2/1 FM	8600	8700	-100

Whitish 95/5/FFA/1FM	8400	8500	<b>-100</b>
Brown 48/2 FFA/4 FM	8200	8300	<b>-100</b>
Brown 48/3 FFA/4 FM	7800	7900	<b>-100</b>
Brown 48/4 FM/* No FFA Guarantee	7400	7500	<b>-100</b>
Sunflower Seed	4000	4100	<b>-100</b>
Niger Seed (4% FM)	6400	6900	<b>-500</b>

## MSP of Rabi Oilseeds for Marketing Season 2021-22- GOI

Sl. No	Crops	MSP for Rabi 2021-22	MSP for Rabi 2020-21	Increase in MSP (Absolute)
1	Rapeseed-mustard	4,650	4,425	225
2	Safflower	5,327	5,215	112

The Cabinet Committee on Economic Affairs (CCEA) chaired by the Hon'ble Prime Minister Shri Narendra Modi has approved the increase in the Minimum Support Prices (MSPs) for all mandated Rabi crops for marketing season 2021-22.

Government has increased the MSP of Rabi crops for marketing season 2021-22, to ensure remunerative prices to the growers for their produce. This increase in MSP is in line with the recommendations of Swaminathan Commission.

Among the Rabi oilseeds the MSP for rapeseed-mustard has been increased to Rs. 4,650 per quintal for marketing season 2021-22 from Rs. 4,425 per quintal in 2020-21 an increase of Rs. 225 a quintal.

The MSP of safflower to Rs. 5,327 a quintal from earlier Rs. 5,215 per quintal an increase of Rs 112 per quintal.

## MSP of Kharif Oilseeds for Marketing Season 2020-21 - GOI

Sl. No	Crops	MSP for Kharif 2020-21	MSP for Kharif 2019-20	Increase in MSP (Absolute)
1	Groundnut	5275	5090	185
2	Sunflower seed	5885	5650	235
3	Soybean (yellow)	3880	3710	170
4	Sesamum	6855	6485	370
5	Nigerseed	6695	5940	755

The Cabinet Committee on Economic Affairs (CCEA) chaired by the Hon'ble Prime Minister Shri Narendra Modi has approved the increase in the Minimum Support Prices (MSPs) for all mandated Kharif crops for marketing season 2020-21.

Government has increased the MSP of Kharif crops for marketing season 2020-21, to ensure remunerative prices to the growers for their produce.

Among the Kharif oilseeds the MSP for groundnut has been increased to Rs. 5275 per quintal for marketing season 2020-21 from Rs.5090 per quintal in 2019-20 an increase of Rs.18 a quintal.

The MSP of sunflower to Rs. 5885 a quintal from earlier Rs. 5650 per quintal an increase of Rs 235 per quintal, Soybean-yellow to Rs. 3880 a quintal to Rs. 3710 per quintal last season, an increase of Rs. 170 a quintal, Sesamum to Rs. 6855 a quintal from 6485 earlier, an increase of Rs. 370 a quintal and the MSP of Nigerseed have been increased to Rs. 6695 a quintal from Rs. 5940 a quintal earlier, increase of Rs 755 per quintal.

Among all the Kharif crops, the highest increase in MSP is proposed for Nigerseed (Rs 755 per quintal) followed by Sesamum (Rs 370 per quintal), Urad (Rs 300 per quintal) and Cotton (long staple) (Rs 275 per quintal). The differential remuneration is aimed at encouraging crop diversification.

## India's Oilseeds Production Seen at 25.73 Mn T vs 22.32 Mn in 1st Adv Est. for 2020-21- GOI

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The 1st Advance Estimates of production of oilseeds for 2020-21 have been released by the Department of Agriculture, Cooperation and Farmers Welfare on 22<sup>nd</sup> September, 2020. The assessment of production of different crops is based on the feedback received from States and validated with information available from other sources.

The estimated production of major Kharif Oilseeds during 2020-21 is as under:

Kharif Oilseeds – 257.29 lakh tonnes in 2020-21 vs 223.16 lakh tonnes in 2019-20

- Groundnut – 95.35 lakh tonnes vs 83.67 lakh tonnes in the 4<sup>th</sup> Advance Estimate.
- Castorseed – 17.24 lakh tonnes vs 18.49 lakh tonnes
- Sesamum – 7.49 lakh tonnes vs 7.50 lakh tonnes
- Nigerseed – 0.63 lakh tonnes vs 0.42 lakh tonnes
- Soybean – 135.83 lakh tonnes vs 112.15 lakh tonnes
- Sunflower – 0.75 lakh tonnes vs 0.94 lakh tonnes.

The production estimates does not include the Rabi oilseeds' (rapeseed-mustard, safflower, rabi groundnut, rabi sunflower and Linseed) output estimates as its marketing season starts from February.

## Sown Area – *Rabi* Oilseeds, India

In the final official Rabi oilseeds planting report, by the Ministry of Agriculture, the total coverage area under Rabi oilseeds is reported at 80.3 lakh hectares, slightly down 0.1% from 80.37 lakh ha in the corresponding period of last year. Of the major oilseeds, rapeseed-mustard sowing is reported down by 0.4% at 69.51 lha compared to 69.76 lha during the corresponding period of last year. Groundnut at 4.76 lha vs 4.59 lha, safflower at 0.63 lha vs 0.43 lha, sunflower at 1.04 lha vs 1.13 lha, sesamum 0.56 vs 0.71 and Linseed at 3.46 lha vs 3.44 lha during the same period last year.

Area in Lakh Hectares

<b>Crop</b>	<b>Normal Area (5 Year Avg.)</b>	<b>2019-20</b>	<b>2018-19</b>	<b>% Change</b>
Rapeseed/Mustard	60.48	69.51	69.76	<b>-0.4</b>
Groundnut	7.76	4.76	4.59	<b>3.7</b>
Safflower	1.41	0.63	0.43	<b>46.5</b>
Sunflower	2.96	1.04	1.13	<b>-8.0</b>
Sesamum	3.12	0.56	0.71	<b>-21.1</b>
Linseed	2.99	3.46	3.44	<b>0.6</b>
Others	0.14	0.34	0.31	<b>9.7</b>
<b>Total Oilseeds</b>	<b>78.86</b>	<b>80.3</b>	<b>80.37</b>	<b>-0.1</b>

Source: MoA, GOI

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