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# Oilseeds Monthly Research Report

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## Executive Summary

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The domestic soybean remained flat on steady demand, rapeseed-mustard fell on expectation of higher planting of the seed this season after prices remained overbought for quite sometimes while groundnut seed posted gains mainly on strong and continued overseas demand in the seed and the groundnut oil.

Improved soymeal export sales in last couple of months and decline in the soyoil imports on peak local soy crushing season restricted any fall in the soybean despite decline in domestic meal and out of home edible oil consumption post-COVID.

Rapeseed-mustard has come under pressure as expected with expectation of higher acreage under the seed this season and surge in rapeseed-mustard oil. However, continued rapeseed meal exports limited any sharp fall in the seed.

The rabi oilseeds' planting is underway and currently the rapeseed planting is about 9% higher than the same period last year.

Both, soymeal and rapeseed meal fell on slack in demand from feed manufacturers on bargain hunting during the period under review.

We feel rapeseed-mustard prices will witness some losses after prices soared to all-time high and the mustard oil consumers started looking for the cheaper alternate to the oil, soybean and meal will feature range-bound movement with firm bias on bullish global supply scenario and signs of some improvement in soymeal export sales. Groundnut prices too will feature gains on strong overseas demand for the seed of Indian origin.

## Outlook – Cash Market

**Outlook - Soybean (Spot, Indore):** The soybean prices will feature range-bound movement with firm bias for some time on supportive buying by the oilseeds' crushers, to cover their stock for future. Recovery in soymeal export sales in recent months and decline in the soyoil import should lend support to the bean prices. The prices (Indore, Plant basis) are expected to feature range bound movement in the price band of 4,450 – 4,650 level.

**Outlook – Soy meal:** Soymeal prices are likely to feature gains on buying support by the feed manufacturers and the exporters with some signs of recovery in export demand. However, persistent weak local demand from poultry sector could limit the gains in the domestic soymeal. Soymeal prices are likely to witness range-bound movement with firm bias in the short-term. Soy meal, Indore is expected to be in the range of 33,800 – 34,800/MT levels during the month.

**Outlook - Rapeseed-Mustard (Spot, Jaipur basis):** The rapeseed-mustard is expected to feature range-bound movement with weak bias, on expectation of higher acreage under the seed and likely correction in the prices after they sharply rose in recent months. The seed prices are likely to witness the price levels between 6,200 - 6,500/Qtl; levels during the month.

## International Highlights

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- ❖ World soymeal exports is expected to decline by 3.1 Mn T in 2020. Deficient Argentine export supplies will be offset only partly by other countries.
- ❖ National Oilseed Processors Association (NOPA) said its members have processed record high soybean and have crushed 185.245 million bushels of soybean in October'20, which is up from 161.491 million bushels in September 2020 and 175.397 mln bu. in October 2019. It was the largest crush in terms of volume after previous record of 181.374 million bushels processed in March 2020.
- ❖ In the November'20 report, the USDA has slashed US 2020/21 soybean production to 113.5 million tonnes from 116.1 million tonnes forecast in October'20 report. US soybean exports may surge to 46-48 Mn T in Sept/Feb 2020/21. Huge exports to China will tighten supplies for the rest of the world.
- ❖ USDA attache has projected China's 2020/21 soybean imports at 95 million tonnes which is lower than 98.5 million tonnes imported in 2019/20 by the country. The reason cited is due to the higher beginning stocks in the new marketing season following a buying spree in 2019/20.
- ❖ Brazil's soybean planted area in 2020/21 is expected to increase by 3% to 37.9 - 38.2 million hectares and the country is expected to harvest 132.6 million tonnes of soybean according to AgRural and others. This marks an increase of 7% increase from the last season.
- ❖ Brazil's Ministry of Economics said that it would scrap tariffs on soybean and corn imports from countries outside the Mercosur trade bloc until early next year to curb food inflation.
- ❖ Argentina's 2020/21 soybean output is pegged at 50 million tonnes by Rosario Grain Exchange. The country harvested 50.7 million tonnes in 2019/20. The Buenos Aires Grains Exchange has estimated the soy crop at 46.5 million tonnes vs 49.6 million tonnes last season and increase the area under bean by 0.6% this year vs 17.3 million hectares last year.
- ❖ EU and UK Imports: According to the official EU data, European Union and Britain's 2020/21 soybean imports stood at 5.29 million tonnes, the figures are between the season which started on 1st July to 12th November. The figure is up 2% from the same period last season. The imports for rapeseed in 2020/21 are down by 18% to 2.6 million tonnes compared to 2019/20. Soymeal imports in 2020/21 was also down by 8% to 6.70, while palm oil purchases were up 7% to 2.31 million tonnes.

## Sown Area – *Rabi* Oilseeds, India 2020-21

In the latest official rabi oilseeds planting report, by the Ministry of Agriculture, the total coverage area under rabi oilseeds is reported at 61.63 lakh hectares, up 5% from 58.73 lakh ha in the corresponding period of last year. Of the major oilseeds, rapeseed-mustard sowing is reported up by 7% at 57.44 lha compared to 53.88 lha during the corresponding period of last year. Groundnut at 1.68 lha vs 1.87 lha, safflower at 0.34 lha vs 0.23 lha, sunflower at 0.46 lha vs 0.60 lha, sesamum 0.12 lha vs 0.24 lha and linseed at 1.47 lha vs 1.75 lha during the same period last year.

Area in Lakh Hectares

<b>Crop</b>	<b>Normal Area (5 Year Avg.)</b>	<b>As on 27 Nov. 2020</b>	<b>As on 27 Nov. 2019</b>	<b>% Change</b>
Rapeseed/Mustard	59.44	57.44	53.88	<b>6.6</b>
Groundnut	7.28	1.68	1.87	<b>-10.2</b>
Safflower	1.18	0.34	0.23	<b>47.8</b>
Sunflower	2.41	0.46	0.60	<b>-23.3</b>
Sesamum	0.00*	0.12	0.24	<b>-50.0</b>
Linseed	2.75	1.47	1.75	<b>-16.0</b>
Others	0.13	0.12	0.16	<b>-25.0</b>
<b>Total Oilseeds</b>	<b>73.19</b>	<b>61.63</b>	<b>58.73</b>	<b>4.9</b>

Source: MoA, GOI

## Soybean

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Soybean remained flat on steady buying by the market participants, need based buying by crushers is witnessed in the market.

Bullish global soy supply outlook, improved soymeal export sales in recent months and fall in soyoil imports in October 2020 remained supportive for the soybean market.

The average weekly soybean plant delivery prices stood around Rs 4,470/Qtl in the last week of November which is at par with the previous week.

Downward revisions in South American soybean production is estimated by a combined 2.0 million tonnes and the world soybean consumption will exceed production in 2020/21.

Besides, USDA too has slashed US soybean production in previous WASDE reports. Dry weather or higher than normal temperature is cited for the reduction.

US soybean inventories are likely to fall to a 7-year low in August 2021, due to a downward revision in the soy crop to 113.5 Mn T in November 2020 compared to 116.2 Mn T in October 2020 and record US soybean processing and exports is yet another international and domestic bullish factor.

CONAB, agribusiness consultancy has reported Brazil soybean sowings at 79.0% complete as of 23 November, a 10% week-on-week increase that puts the campaign ahead of last season by 1.5%.

Brazil's soybean exports is expected to reach 8,34,496 tonnes in November vs 8,50,250 tonnes forecast previous week - ANEC

According to China's custom data, China's total soybean imports in 2020 will likely range between 101-105 million tonnes, compared to last year's 88.6 million tonnes.

China bought 3.4 million tonnes of soybean from US in October 2020, up 196.4% from 1.147 million tonnes a year ago, data from the General Administration of Customs showed.

The October imports were up 1.17 million tonnes from September 2020.

Besides, China also imported 4.233 million tonnes of soybean from Brazil in October 2020, up 11.6% from 3.793 million tonnes same period last year. However, the volume were down from 7.25 million tonnes in September 2020.

China bought 8.69 million tonnes of soybeans altogether in the month of October 2020, up 41% on year

China imported 83 million tonnes of soybeans during January-October, up 17% from same period last year. Soybean shipments of 9.7 million tonnes heading to China and will arrive during November and 7.8 million tonnes in December.

Agriwatch has estimated its India's 2020/21 soybean output estimate to 10.7 million tonnes, up 22% from 8.74 million tonnes in 2019/20. USDA has pegged it at 11.2 million tonnes,

SOPA has pegged India's 2020 soybean estimate at 10.45 million tonnes down from 9.31 million tonnes estimated for 2019. The yield is estimated at 883 kg/ha vs 865 kg/ha for the same period.

India had imported 2,77,955 metric tonnes of soyoil in October 2020 to meet the supply gap but the figure is, down 29%, compared to 3,94,086 metric tonnes in September 2019.

Besides, during the oil year (Nov-Oct), India's edible oil imports for the year is down by 12% at 13,175,446 metric tonnes compared to 14,913,407 metric tonnes.

The decline in imports will support to the domestic soybean crushing, but this seems short lived as import parity for soyoil may lose the opportunity after peak soybean crushing window.

The average weekly soybean plant delivery prices remained flat at Indore cash market to Rs 4,300 – 4,615 a quintal compared to Rs 4,400 – 4,565 to the previous week.

The arrivals of bean once again improved as expected after festivities to 8,45,000 bags in the cash market yards of Madhya Pradesh, during the week, which were 3,95,000 bags a week ago.

*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 firm bias on fall in soyoil imports and signs of recovery in the soymeal exports in recent months.***

## **International:**

Brazil's Ministry of Economics said that it would scrap tariffs on soybean and corn imports from countries outside the Mercosur trade bloc until early next year to curb food inflation, as these are the major contributors.

According to Safras & Mercado the tariffs suspension in Brazil is likely to push soy imports to a maximum of 1 million tonnes this year, as compared with a current projection of 850,000

Argentina has temporarily slashed soybean export duty by 3% points to 30% to help stimulate trade, as the country struggles with recession and declining foreign reserves.

Soyoil and soymeal export taxes, which had been at 33%, will fall to 28% in October, then rise to 29.5% in November, 30% in December and 31% in January, as planned by the Economy Ministry.

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.

**Revised September'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 (131.5 Mn T), Datagro (131.69 Mn T), Celeres (131.4 Mn T), AgRural (131.3 Mn T) and Conab (133.7 Mn T) and USDA has pegged it at 133 Mn T currently.

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.

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 demand will continue to lend support to the international soy prices during the season.

*The international soybean prices are expected to feature range bound movement with firm bias on bullish supply outlook on dry weather condition in South America and strong Chinese soybean demand.*



## Balance Sheet – Soybean, India

Soybean (Fig in Mn T)	Fig. in MnT	
	2019-20	2020-21
Carry In	0.50	0.45
Production	8.74	10.50
Imports	0.10	0.30
Total Availability	9.35	11.25
Processing/Crushing	7.20	9.00
Seeding/Retained for Sowing	1.00	1.00
Domestic Consumption	8.20	10.00
Exports	0.70	0.50
Total Usage	8.90	10.50
Carry Out	0.45	0.75
Monthly Use	0.74	0.88
Stock/Consumption Ratio	0.05	0.07
Stock to Month Use Ratio	1.67	1.17

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 2020-21 soybean production was projected at 10.5 million tonnes against 8.74 million last season.
- India's 2020-21 soybean crush was estimated at 9.0 million tonnes vs 7.2 million in 2019-20.
- This translates into availability of 7.2 million tonnes of soy meal and 1.62 million tonnes of soy oil in 2020-21 MY.

## Soy meal

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The domestic soymeal fell on need based buying from feed manufacturers and exports during the period under review.

The domestic soymeal demand is still weak followed by slack in demand in the same from poultry sector after decline in poultry consumption post-COVID.

However, the fall was limited with some signs of recovery in the soymeal export sales in recent while. The meal prices fell by 0.9% compared to the prices in the previous week.

The international soy market is strong on forecast of lower than expected soybean supplies from the major soy producing countries during the new season and expected sharp fall in US soy inventories due to spree Chinese buying will also lend support to the domestic soybean market.

In a rare event, Brazil has been importing soybean on and off after it's inventories dried up before new crop supplies, to meet its exports commitments.

India's October 2020 soymeal exports improved by 89% to 120,290 metric tonnes compared to 63,800 metric tonnes in the same period last year. Further, it improved by 2.5% to 438,205 metric tonnes in aggregate, during the last six months (Apr.-Oct.) of financial year 2020-21 compared to 427,701 metric tonnes during the corresponding period last year.

India's export of oilmeals for the month of October 2020 is reported at 317,394 metric tonnes compared to 238,992 metric tonnes in October 2019 i.e. up by 33%.

The overall export of oilmeals during April to October 2020 is also reported up by 6% at 1,617,528 metric tonnes compared to 1,526,471 metric tonnes during the same period last year.

US has turned out to be potential market for Indian organic soymeal. US was the largest importer of soymeal of Indian origin. In October 2020 India has shipped 131,394 metric tonnes of soymeal to the country. US is the largest producer of Genetically Modified (GM) soybean in the world, looking to India for supply of organic soybean meal.

In-spite of tough competition in world market, export of rapeseed meal and ricebran extraction performed well, during the last seven months of financial year 2020-21.

The export of rapeseed meal is reported at 729,799 metric tonnes against last year 607,786 metric tonnes during the same period i.e. up by 20%, and ricebran extraction is reported at 229,712 metric tonnes against last year 108,160 metric tonnes i.e. more than doubled (112%), higher processing of rapeseed oilcake and de-oiled ricebran increased availability for the export. The export of soybean meal is stagnant, while export of castorseed meal is still suffering.

The domestic weekly average soymeal prices at Indore fell to Rs 32,950/MT and was quoted between Rs 32,500 – 33,500/MT compared to the weekly average of Rs 33,240/MT traded between the price ranges of Rs 32,700 – 33,800/MT previous week.

At Latur soymeal prices fell to Rs 34,500 – 36,500/MT from Rs 35,000 – 36,500/MT a week ago and in Nanded it was quoted low at Rs. 34,000 – 35,700/MT compared to Rs. 35,000 – 36,500/MT a week ago. Besides, in Kota, the meal too fell to Rs 34,200 – 36,000/MT compared to Rs 35,200 – 36,000/MT previous week.

India's Y-o-Y soy meal prices, Indore, are currently lower. Soy meal Indore was quoted higher between Rs 32,500 – 33,500/MT during the week compared to Rs 31,000 – 32,000/MT during the corresponding period last year.

*The soy meal prices (Indore) are likely to feature range-bound movement between Rs. 33,000 – 34,500/MT on slack in demand.*

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**Previous updates:**

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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.

## Soy Meal Export (In Thd T)

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2019-20
<b>Oct</b>	224	50	183	29	4	31	71	150	64	120
<b>Nov</b>	398	517	503	111	9	98	208	186	69	
<b>Dec</b>	798	511	451	194	6	241	169	170	72	
<b>Jan</b>	475	620	364	104	28	155	106	86	42	
<b>Feb</b>	344	578	184	65	30	208	74	132	49	
<b>Mar</b>	460	302	232	47	27	107	39	193	33	
<b>Apr</b>	314	100	76	18	12	124	68	41	26	
<b>May</b>	143	98	8	14	10	49	41	53	47	
<b>Jun</b>	181	214	3	2	18	46	104	62	57	
<b>Jul</b>	168	107	7	1	12	81	64	76	62	
<b>Aug</b>	10	184	3	1	11	88	60	95	58	
<b>Sep</b>	7	173	1	7	12	102	45	35	69	
<b>Total</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>658</b>	<b>120</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.

## Soybean Crush Margin

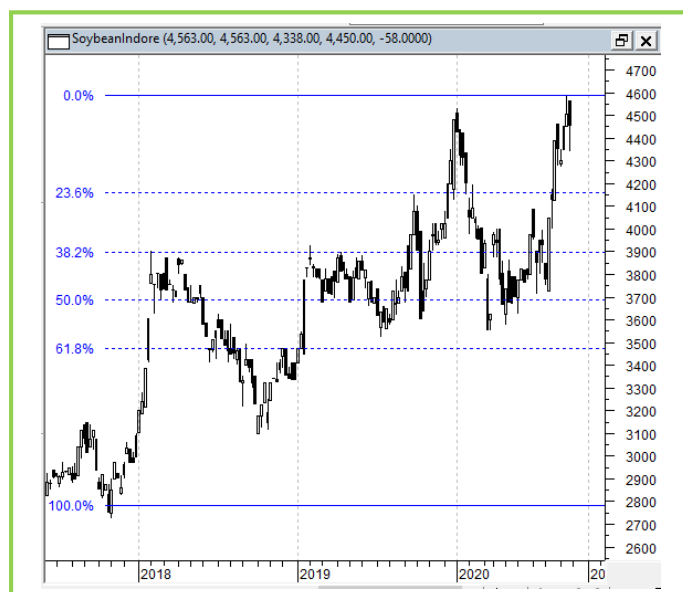
Avg Crush Margin – Nov 2020		Avg Crush Margin – Oct 2020		Avg Crush Margin – Nov 2019	
<b>-1277</b>		<b>-1153</b>		<b>-1672</b>	
Min	Max	Min	Max	Min	Max
<b>-2470</b>	<b>-80</b>	<b>-2655</b>	<b>170</b>	<b>-2495</b>	<b>-760</b>

## Technical Analysis:

### NCDEX Soybean Futures



### Soybean Spot, Indore



\*Daily Chart

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

S1	S2	PCP	R1	R2
4100	4000	4420	4700	4800

- Soybean posted gains on buying support in the market.
- Prices closed above 18-day EMA.
- RSI and stochastic are rising in the neutral zone.
- MACD is heading upwards in the positive territory.
- The prices are expected to feature gains during the month.
- Trade Recommendation (NCDEX Soybean – Jan.) Week: **BUY** Above 4400. Levels: T1 – 4550; T2- 4600, SL - 4310.

## Rapeseed - Mustard Seed

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Rapeseed-mustard fell as expected after prices skyrocketed to all-time high in recent while and remained at overbought region for quite long, mainly on improved demand for rapeseed-oil post-COVID and increase in rapeseed oilmeal export sales in recent months.

The mustard oil consumers have started to look for the cheaper edible oil alternate after the prices soared to around 40-42% in wholesale and above 60% in retail compared to the oil prices during the same period last year. Many households have reduced the consumption while some switched to other cheaper oils.

The rapeseed-mustard planting is in full swing and we expect area under the seed to increase by 10% to 76 lakh hectares this season from 69 lakh hectares last year.

In the latest official rabi oilseeds planting report dated 27 November 2020, by the Ministry of Agriculture, the rapeseed-mustard sowing is reported up by 7% at 57.44 lha compared to 53.88 lha during the corresponding period of last year.

Further, India didn't import rape oil (canola) in the month of October 2020 in anticipation of decline in the demand while the imports of the same during April-October 2020 were down by 7% at 55,036 metric tonnes compared to 59,171 metric tonnes during the same period in the previous season.

Again, of the total oilmeals' exports from India, rapeseed meal contributes the highest in volume.

India's rapeseed extract exports in October 2020 surged by 6% to 1,01,909 metric tonnes compared to 96,442 metric tonnes during the corresponding period last year.

Besides, India's exports for rapeseed extract during April-October 2020 was up 20% at 7,29,799 metric tonnes compared to 6,07,786 metric tonnes during the same period previous marketing season.

NAFED and HAFED have been gradually disposing rapeseed-mustard. The Nafed has sold about 10.0 lakh tonnes of old and new stocks while Hafed has offloaded around 3.5 lakh tonnes of the seed of the total 5.30 lakh tonnes procured by the agency this year.

## RM Seed Supply, Pan India

RM Seed Arrivals Pan India in Bags (85 kg each).		
Monthly Arrivals– Nov.	1 Month Ago	Corresponding Period Last Year
23,20,000	31,15,000	36,45,000

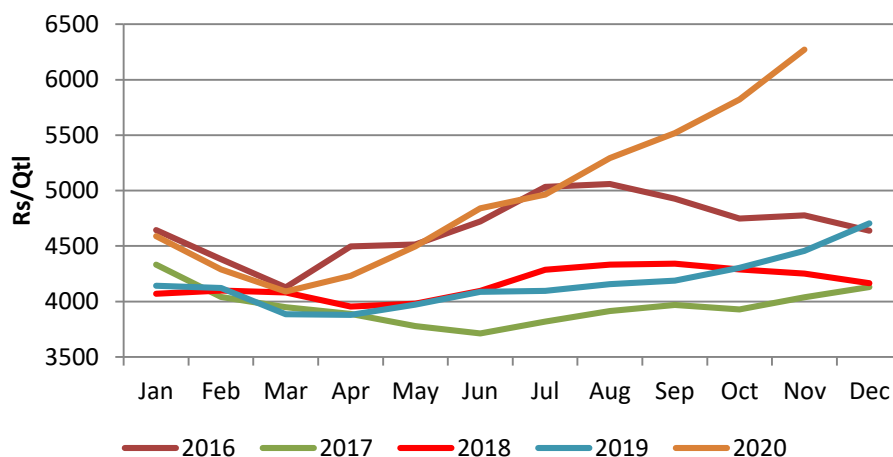
The all India rapeseed-mustard arrivals improved week-on-week and were reported at 6.0 lakh bags during the week compared to around 4.5 lakh bags, previous week, the fall was mainly due to the festivities, during the previous week. The supplies for the same were 8.15 lakh bags during the corresponding period last year.

RM seed prices fell by -1.4% to Rs 6,050 – 6,355 a quintal from Rs 6,320 – 6,355 a quintal previous week and Rs 4,445 – 4,535 a quintal during the corresponding period last year in Jaipur.

The rapeseed-mustard meal fell by -0.2% to the weekly average price of Rs. 2632/qlt compared to the the weekly average price of Rs. 2,636/qlt previous week.

At NCDEX futures, the December contract rapeseed-mustard declined to 5,871/Qtl compared to 6,191/Qtl previous week.

## RM Seed Prices, Jaipur



## Previous Updates

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Director, Indian Council of Agricultural Research – Directorate of Rapeseed Mustard Research, expects productivity of the rapeseed-mustard to improve in 2020-21 from last year's level of 1.42-1.48 tonnes per ha, on adequate soil moisture and better package of practices.

The MSP for rapeseed-mustard has been increased in line with the recommendations of Swaminathan Commission 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.

India had imported rapeseed oil (canola) of about 20,801 metric tonnes in August for the first time in last four months.

The total procurement of rapeseed-mustard by Nafed under PSS in 2020/21 from major seed producing states (Uttar Pradesh, Rajasthan, Gujarat, Haryana and Madhya Pradesh) stands at 8,03,853.33 metric tonnes with a total value of Rs. 3,55,705.10 Lakh and the total number of farmers benefiting from the scheme so far stands at 3,18,540.

Total procurement of the seed by Hafed in 2020/21 stands at 5,30,000 metric tonnes.

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.

Recent and expected favorable weather have raised 2020/21 Australia rapeseed outturn by above 2% to 3.4 from 3.0 million tons earlier.

Strategie Grains expects the planted area for the 2021 rapeseed crop in the European and Britain down compared with the current year harvest.

The farmers in Europe once again faced dry planting conditions during the late-summer sowing window for rapeseed, mainly in France.

Strategie Grains has kept this year's weather-hit rapeseed outturn for EU plus Britain unchanged at 17.1 million tonnes, slightly below 17.3 million tonnes estimated for 2019.

The consultancy has estimated EU and Britain rapeseed 2020-21 import to record 6.3 million tonnes, after estimating 6.2 million tonnes a month ago. EU had imported 6.0 million tonnes of rapeseed in 2019/20 season.

**Outlook:** *The rapeseed-mustard is expected to stay strong and feature range-bound movement with weak bias, as the stockists and the solvent extractors refrained from aggressive buying after mustard oil demand witnessed gradual fall followed by steep rise in the prices in the cash market.*



## 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)

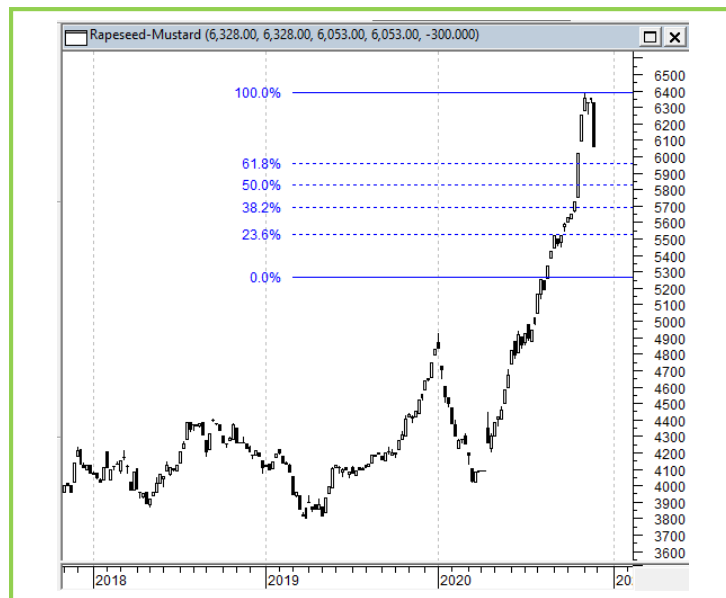
- We have pegged India's 2020/21 Rapeseed-mustard outturn at 7.2 million tonnes, lower by than 9% compared to the 2019/20 production at 7.9 million tonnes.
- India's production is above 5 year average of around 6.7 million tonnes.
- **Trade Observations: India is an import dependent country in edible 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 all time high in benchmark Jaipur.

### Technical Analysis:

#### NCDEX RM Seed Futures



#### RM Seed Spot, Jaipur



\*Daily Chart

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

S1	S2	PCP	R1	R2
5450	5350	5801	6300	6400

- Rapeseed-mustard prices took correction after sharp rally in months in the market.
- Prices closed above 40-day EMA.
- MACD is falling in positive territory.
- RSI and stochastic are falling in neutral zone.
- Trade Recommendation (NCDEX RM Seed – Jan.) – 1 Month: **SELL** Below 5850. T1 – 5600; T2 - 5500; SL – 6000.

## Groundnut

The groundnut seed prices witnessed mild losses during November 2020 but they are about 9% higher than the same period last year, on strong demand.

Forecast of another cyclone after Nivar followed by depression in Bay of Bengal is again a concern for the groundnut rabi crop in Tamil Nadu and Andhra Pradesh and Odisha.

The rabi groundnut planting is underway and in the latest official oilseeds planting report, by the Ministry of Agriculture, the groundnut sowing is reported at 1.68 lakh hectares compared to 1.87 lakh hectares during the same period last year.

The groundnut procurement by the government agencies is underway and it has also commenced in the state of Andhra Pradesh.

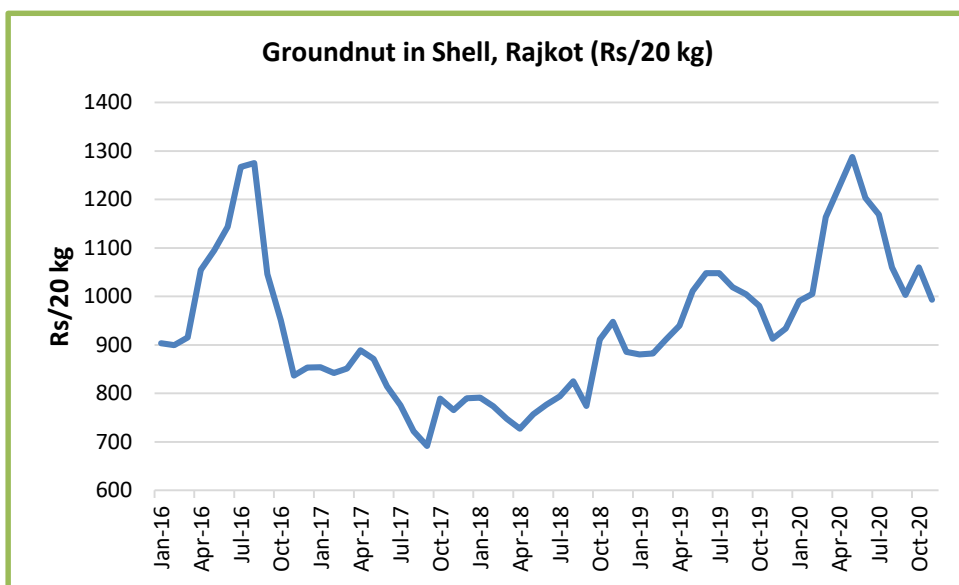
In the progressive purchase, NAFED has procured about 80,868.28 metric tonnes of groundnut seed under PSS by 27 November 2020, valued Rs 42,658 lakh benefitting 46091 farmers from Gujarat (79,191 MT), Haryana (691 MT), Andhra Pradesh (181.33 MT), Rajasthan (735 MT) and Uttar Pradesh (70.21 MT).

India's export of groundnut has witnessed a continued upward journey hitting 19% growth in terms of volume followed by strong overseas demand.

According to the provisional data from Agricultural and Processed Food Products Export Development Authority (APEDA), the groundnut exports from India surged close to 1.9 lakh tonnes during April-September period this fiscal vs 1.6 lakh tonne during the corresponding period last year.

Gujarat was the largest groundnut exporter has accounted for 55% of the groundnut exports during April-September.

Currently, Indonesia, Vietnam, Malaysia, Philippines, Thailand and China are the top buyers of India's groundnut seed. Few country's demand diverted to India due to short supplies from China.



Groundnut							
Center	Variety	% Change over	% Change over	As on	Month Ago	Year Ago	2 Year Ago
		Previous year	Previous month	Nov-20	Oct-20	Nov-19	Nov-18
Rajkot	GN in Shell (Rs/20kg)	8.9	-0.6	993	1060	912	948
(Source: AW)							

## Annexure

### Oilseed Prices at Key Spot Markets:

Commodity / Centre	Prices (Rs/Qtl)				Change
Soybean	30-Nov-20		31-Oct-20		
	Low	High	Low	High	
Indore –Plant	4350	4450	4325	4375	75
Indore–Mandi	Closed	Closed	4075	4275	-
Nagpur-Plant	4320	4370	4200	4350	20
Nagpur – Mandi	3700	4190	3550	4330	-140
Latur – Mandi	3950	4185	3650	4085	100
Akola – Mandi	3400	4300	3300	4150	150
Kota-Plant	4300	4325	4350	4450	-125
Kota – Mandi	Closed	Closed	4300	4430	-
Bundi-Plant	4275	4300	4315	4335	-35
Bundi-Mandi	Closed	Closed	4035	4285	-
Baran-Plant	4400	4500	4500	4600	-100
Baran-Mandi	Closed	Closed	4280	4380	-
Bhawani Mandi Jhalawar–Plant	4400	4500	4515	4635	-135
Jhalwar-Mandi	Closed	Closed	4205	4335	-
Rapeseed/Mustard					
Jaipur-(Condition)	6125	6130	6250	6255	-125
Alwar-(Condition)	5650	5700	5900	5950	-250

Sri Ganganagar-(Non-Condition)	Closed	Closed	5450	5550	-
New Delhi-(Condition)	5975	6025	5915	5925	100
Kota-(Condition)	Closed	Closed	5750	5850	-
Agra-(Condition)	5905	6095	6143	6333	-238
Neewai-(Condition)	5675	5775	5825	5925	-150
Hapur (UP)-(Condition)	5950	6000	6075	6125	-125
<b>Groundnut Seed</b>					
Rajkot	930	930	870	870	60
<b>Sunflower Seed</b>					
Gulbarga	3150	4250	3000	4150	100
Latur	3000	3400	3600	4800	-1400
Sholapur	Closed	Closed	4500	5000	-
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>30-Nov-20</b>	<b>31-Oct-20</b>	
Madhya Pradesh	NA	250000	-
Maharashtra	NA	200000	-
Rajasthan	NA	80000	-
Bundi (Raj)	Closed	23000	-
Baran (Raj)	Closed	18000	-
Jhalawar (Raj)	Closed	12000	-
<b>Rapeseed/Mustard</b>			
Rajasthan	Closed	50000	-
Alwar	300	400	-100
Sri Ganganagar	Closed	200	-
Kota	Closed	200	-
<b>Groundnut Seed</b>			
Rajkot (Gujarat)	4050	3300	750
<b>Sunflower Seed</b>			
Sholapur (Maharashtra)	Closed	1500	-

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

Oilseeds	30-Nov-20	31-Oct-20	Change
Groundnut Kernel	7100	6750	350
Gr. Bolds 60/70	7750	0	7750
Gr. Javas 60/70	8650	0	8650
Gr Javas 70/80	NA	0	-
Gr.Javas 80/90	7650	0	7650
KardiSeed 2% Exp Qly	4050	4050	Unch
Sesame White 98/2/1 FM	9800	10100	-300
Whitish 95/5/FFA/1FM	9500	9700	-200
Brown 48/2 FFA/4 FM	9000	9400	-400
Brown 48/3 FFA/4 FM	8400	9000	-600
Brown 48/4 FM/* No FFA Guarantee	8200	8700	-500
Sunflower Seed	4500	4700	-200
Niger Seed (4% FM)	7200	6200	1000

## 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.185 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

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 – *Kharif* Oilseeds, India 2020-21

In the last official Kharif oilseeds planting report by the Ministry of Agriculture, the total coverage area under Kharif oilseeds is reported at 197.18 lakh hectares, an increase by 9.8% from 179.63 lakh ha in the corresponding period of last year. Of the major oilseeds, soybean sowing is reported up by 6.4% at 121.24 lha compared to 113.95 lha during the corresponding period of last year, groundnut at 50.98 lha vs 39.48 lha, sesamum 14.14 lha vs 13.73 lha, castor seed at 7.92 lha vs 9.44 lha and niger at 1.67 lha vs 2.04 lha, during the same period last year. We feel country's final area under oilseeds to be above normal by 8-9% this season.

Area in Lakh Hectares				
<b>Crop</b>	<b>Normal Area (5 Year Avg.)</b>	<b>2020-21</b>	<b>2019-20</b>	<b>% Change</b>
Groundnut	42.43	50.98	39.48	<b>29.1</b>
Soybean	111.49	121.24	113.95	<b>6.4</b>
Sunflower	1.84	1.23	0.99	<b>24.2</b>
Sesamum	14.13	14.14	13.73	<b>3.0</b>
Niger	2.41	1.67	2.04	<b>-18.1</b>
Castor	9.65	7.92	9.44	<b>-16.1</b>
<b>Total Oilseeds</b>	<b>181.95</b>	<b>197.18</b>	<b>179.63</b>	<b>9.8</b>

Source: MoA, GOI



## 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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