
Oilseeds Monthly Research Report

Contents

- ❖ Executive Summary
- ❖ Outlook – Cash Market
- ❖ AW Oilseeds Index
- ❖ International Highlights
- ❖ Soybean – Domestic & International
- ❖ Balance Sheet – Soybean, India
- ❖ Soy meal
- ❖ Soybean Crush Margin
- ❖ Technical Analysis - Soybean
- ❖ Rapeseed - Mustard
- ❖ RM Seed Supply, Rajasthan
- ❖ Balance Sheet – Rapeseed-Mustard, India
- ❖ Technical Analysis – RM Seed
- ❖ Annexure – Prices etc.

Executive Summary

The domestic oilseeds including soybean, rapeseed-mustard and groundnut seed posted gains on good buying support from the oilseed crushers to meet fresh winter edible oil demand and meal demand.

Rapeseed-mustard which fell during the month, rebound on subsiding fear of slash in import duty on other edible oils, by the government of India, after it cut the duty on crude palm oil by 10%.

Continued mustard oil demand along with fresh winter demand remained boosting factors for the seed.

The rapeseed-mustard prices improved by +6% also the rapeseed meal edged up by +5%, the soybean posted gains by +1% while the soymeal edged lower by -1% and groundnut seed rose by 0.3%, all compared to the previous week's level.

Continued and need based buying in the soybean witnessed on better soymeal export enquiries and good local soyoil demand.

However, the soymeal came under some pressure with the end of Argentine workers' strike, after 20 days.

Rapeseed-mustard remained the leader which performed well extending previous week's gain. This is despite estimates of bigger seed crop this season.

We feel the soy complex and rapeseed-mustard complex to feature range bound movement with firm bias on bullish global supply outlook and demand. Besides, groundnut prices will also feature range-bound movement with firm bias on bullish outlook following good overseas demand for Indian seed.

Outlook – Cash Market

Outlook - Soybean (Spot, Indore): The soybean prices will feature range-bound movement with firm bias on renewed buying by the oilseeds' crushers, to meet the improved overseas soymeal demand. Recovery in soymeal export sales in recent months and decline in the soyoil import should also lend support to the bean prices. The prices (Indore, Plant basis) are expected to feature range bound movement in the price band of 4,700 – 5,100 level.

Outlook – Soy meal: Soymeal prices are likely to feature range bound movement with flat demand. Dull demand from poultry sector will remain negative for the market. However, some export demand in last couple of months may help it continue to regain some of the recent decline. Soy meal, Indore is expected to be in the range of 33,700 – 34,500/MT levels during the month.

Outlook - Rapeseed-Mustard (Spot, Jaipur basis): Rapeseed-mustard is expected to feature range-bound movement with firm bias on better rapeseed meal export sales. However, expectation of bigger rapeseed-crop and the sharp rise in the mustard oil prices, leading demand diversion to other edible oils to some extent. The seed prices are likely to witness the price levels between 6,500 – 6,900/Qtl; levels during the month.

International Highlights

- ❖ The CBOT soybean has hit 6-1/2 year high and has hit US \$ 13 a buhel mark in the last trading session of 2020.
- ❖ In the December'20 report, the USDA has kept US 2020/21 soybean production unchanged to 113.5 million tonnes compared to previous month. It has also kept Brazil's soybean production unchanged at 133.0 million tonnes compared to the last month. Similarly for India the estimates are unchanged at 10.5 million tonnes from previous month. However, it has slashed the Argentina's 2020/21 soybean production to 50.0 million tonnes from 51.0 million tonnes last month.
- ❖ The global 2020/21 soybean production is estimated at 362.1 million tonnes vs 362.6 million tonnes in the last report by USDA. World soymeal exports are expected to decline by 3.1 Mn T in 2020.
- ❖ US soybean processors have marked their largest November crush on record of 181.018 million bushels surpassing previous mark of 166.959 million bushels in November 2018. According to data released by the National Oilseed Processors Association (NOPA). However, the figure is down from the record 185.245 million bushels in October 2020 but up from 164.909 million bushels in November 2019.
- ❖ According to the General Administration of Customs data Chinese imports of US soybean in November 2020 more than doubled to 6.04 million tonnes, up 136% from 2.56 million tonnes during the same period last year.
- ❖ The November purchases were also up from 3.4 million tonnes in October 2020. In the first 11 months of the calendar year, China imported 20.05 million tonnes of US soybean, which is up 45% from 13.85 million tonnes bought during the corresponding period last year.
- ❖ Agroconsult has estimated Brazil's 2020/21 soybean production at 133.2 million tonnes versus government estimate of 134.953 million tonnes. Aprosoja, in its recent Brazil's 2020/21 soybean estimate has reduced the output by 2 million tonnes to 127 million tonnes from 129 million tonnes in its previous forecast, due to the month long dryness in the key producing region.
- ❖ 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.

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 80.62 lakh hectares, up 6% from 75.92 lakh ha in the corresponding period of last year. Of the major oilseeds, rapeseed-mustard sowing is reported up by 9% at 72.39 lha compared to 66.62 lha during the corresponding period of last year. Groundnut at 3.61 lha vs 3.95 lha, safflower at 0.54 lha vs 0.59 lha, sunflower at 0.87 lha vs 0.92 lha, sesamum 0.35 lha vs 0.43 lha and linseed at 2.67 lha vs 3.09 lha during the same period last year.

Area in Lakh Hectares

Crop	Normal Area (5 Year Avg.)	As on 01 Jan. 2021	As on 01 Jan. 2020	% Change
Rapeseed/Mustard	59.44	72.39	66.62	8.7
Groundnut	7.28	3.61	3.95	-8.6
Safflower	1.18	0.54	0.59	-8.5
Sunflower	2.41	0.87	0.92	-5.4
Sesamum	0.00*	0.35	0.43	-18.6
Linseed	2.75	2.67	3.09	-13.6
Others	0.13	0.19	0.32	-40.6
Total Oilseeds	73.19	80.62	75.92	6.2

Source: MoA, GOI

Soybean

Soybean witnessed mild gains extending previous week's gain mainly on crushers' demand to meet the soymeal and soyoil demand.

Improved overseas soymeal demand and local winter soyoil demand remained positive for the bean.

India's soymeal shipments improved by +28% to 6,36,981 metric tonnes in aggregate, during April -November of financial year 2020-21 compared to 49,7116 metric tonnes during the corresponding period last year.

The average weekly soybean plant delivery price at Indore edged-up by +1% to Rs. 4508 a quintal compared to Rs. 4485 a quintal previous week.

The gains were limited after the Argentine oilseed workers called-off their 20-day strike and the soy crushing operations normalized.

Further, the international – CBOT soybean hit new 6-1/2 year high, above US \$ 13 mark, which is biggest annual gain since 2007, lending support to the domestic soybean and pointing out strong fundamentals in the oilseed.

Soybean Processors Association of India has urged the government to maintain the existing duty structure on soybean oil and sunflower seed oil in the interest of Indian oilseed farmer, as reduction will benefit only the Indian importers and the exporting countries, and consumers may-not get the benefit.

SOPA has cited the recent case where Indonesia has raised the export duty on CPO by US \$30 per tonne immediately after Indian government reduced the import duty by 10% on CPO.

Improved local winter edible oil demand, bullish global soy supply outlook on dry weather in Latin America which will hit the bean output in Argentina and Brazil. Argentine and workers strike after wage talk failed remained bullish for the international soy complex.

CONAB, in its December 2020 report, has forecast Brazil's 2020/1 soybean production estimate to 134.451 Mn T vs 134.953 Mn T in November 2020 and 124.845 Mn T in 2019/20.

The agency cites dryness as the major factor which has hit the soybean yield this season. The soybean yield projected at 3,522 kg/ha vs 3,528 kg/ha in November forecast and 3,379 kg/ha last year.

Agriwatch has revised 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 2020/21 soybean estimate at 10.45 million tonnes against 9.31 million tonnes estimated for 2019. The yield is estimated at 883 kg/ha vs 865 kg/ha for the same period.

We expect India's soymeal exports to improve by 50-60% year-on-year for coming months, after fall in the soybean crushing in Argentina and Brazil after their stocks dried up.

India had imported 2,50,784 metric tonnes of crude soyoil in November 2020 to meet the supply gap, up +52%, compared to 1,64,750 metric tonnes in October 2020. This is mainly a seasonal surge.

Further, during November 2020, India's edible oil imports fell by -2% to 11,02,899 metric tonnes compared to 11,27,220 metric tonnes same period last year.

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 at Indore cash market edged-up by +1% to Rs. 4508 a quintal (Rs 4450-4575/Qtl) from Rs. 4485 a quintal (Rs 4425-4550/Qtl) a week ago.

The arrivals of bean improved to 5,20,000 bags in the cash market yards of Madhya Pradesh, during the week against 4,30,000 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 recover on improved winter edible oil demand and possible soymeal exports opportunities for India, in near-term.

International:

Refinitive's trade flows have recorded 9.7 million tonnes of soybean imports by China during November 2020, the highest volume over the past three years during the same period.

Of the total about 6.8 million tonnes (70%) were shipped from the US which is double compared to October's US soybean imports by China.

China's soybean purchases are likely to remain strong over the next couple of months. It also said, in December, imports from the US will continue to increase to 7.6 million tonnes.

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.

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 the higher beginning stocks in the new marketing season following a buying spree in 2019/20.

China also imported 2.74 million tonnes of Brazilian soybean in November 2020, down 29% from 3.86 million tonnes same period last year. Brazilian exports during Jan-Nov'20 stood at 63.1 million tonnes, up 19% from 52.84 million tonnes corresponding period last year.

Brazil eliminated import tariffs for soybean and corn on 16th October 2020, seeking to maintain the supply balance amid record domestic prices for both commodities. For soybean, tariff-free imports are valid until 15 January 2021, while for corn the license goes until 31 March 2021.

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.

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

Fig. in MnT

Soybean (Fig in Mn T)	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

Soymeal

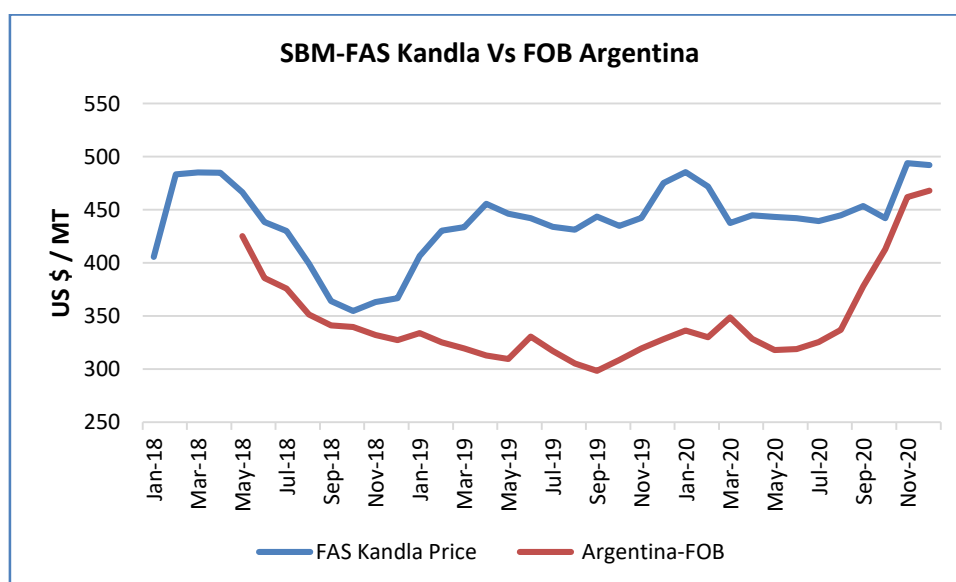
The domestic soymeal edged-down by -1% mainly after Argentina's oilseed workers ended their 20-day strike and soy processing units once again resumed their normal operations in the country.

This raised the hopes of resumption of soymeal supplies to the importing countries which got disrupted for around 3 weeks.

Currently, India's soymeal exports enquiries are good and the shipments are performing well this season compared to the previous year, mainly due to the global tight supplies.

However, the local demand for soymeal continues to be steady and are below pre-COVID levels on dull demand from poultry sector.

The international soymeal prices are strong on the supply concerns, the Argentine soymeal prices have got dearer in last couple of months due to lean season, The soymeal export price spread of India vs Argentina have further narrowed to US \$ 24/MT in December'20 vs US \$ 32/MT in November'20, creating exports opportunity for India.



As expected, India's soymeal exports improved after lower soybean crushing in Argentina and Brazil leading fresh opportunity for India's export in the same.

India's November 2020 soymeal exports improved by +186% to 1,98,776 metric tonnes compared to 69,415 metric tonnes in the same period last year. Further, the soymeal shipments improved by +28% to 6,36,981 metric tonnes in aggregate, during the last seven months (Apr.-Nov.) of financial year 2020-21 compared to ,49,7116 metric tonnes during the corresponding period last year.

India's export of oilmeals for the month of November 2020 is reported at 3,31,171 metric tonnes compared to 2,08,401 metric tonnes in November 2019 i.e. up by +59%.

The overall export of oilmeals during April to November 2020 is also reported up by +12% at 19,48,699 metric tonnes compared to 17,34,875 metric tonnes during the same period last year.

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 in November'20 is reported at 45,050 metric tonnes against last year 73,235 metric tonnes during the same period i.e. down by -45%, and ricebran extraction is reported at 50,089 metric tonnes against last year 12,157 metric tonnes i.e. more than quadrupled (312%), higher processing of de-oiled ricebran increased availability for the export.

The domestic weekly average soymeal prices at Indore fell to Rs 32,460/MT and was quoted between Rs 32,300 – 32,500/MT compared to the weekly average of Rs 32,683/MT and was traded between the price ranges of Rs 32,500 – 33,000/MT previous week.

At Latur soymeal prices remained flat at Rs 35,000 – 36,000/MT from a week ago and in Nanded it was quoted lower at Rs. 34,000 – 35,000/MT compared to Rs. 34,500 – 34,800/MT a week ago. Besides, in Kota, the meal slightly fell to Rs. 33,500 – 34,000/MT compared to Rs. 33,700 – 34,200/MT previous week.

India's Y-o-Y soy meal prices, Indore, are currently lower. Soy meal Indore was quoted between Rs 32,300 – 33,500/MT during the week compared to Rs 36,200 – 36,500/MT during the corresponding period last year.

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

Previous updates:

The international soy market is strong on bullish global supply scenario due forecast to lower than expected soybean production and likely fall in the US soy inventories in August 2021 followed by the spree Chinese buying.

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 have 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
Oct	224	50	183	29	4	31	71	150	64	120
Nov	398	517	503	111	9	98	208	186	69	199
Dec	798	511	451	194	6	241	169	170	72	
Jan	475	620	364	104	28	155	106	86	42	
Feb	344	578	184	65	30	208	74	132	49	
Mar	460	302	232	47	27	107	39	193	33	
Apr	314	100	76	18	12	124	68	41	26	
May	143	98	8	14	10	49	41	53	47	
Jun	181	214	3	2	18	46	104	62	57	
Jul	168	107	7	1	12	81	64	76	62	
Aug	10	184	3	1	11	88	60	95	58	
Sep	7	173	1	7	12	102	45	35	69	
Total	3522	3454	2015	593	179	1330	1049	464	658	319

Source: SEA / SOPA

India's soy meal exports have improved on bullish global supply scenario on lower global soybean output and stock estimates, mainly on dry weather conditions in South America and surge in Chinese imports.

Soybean Crush Margin

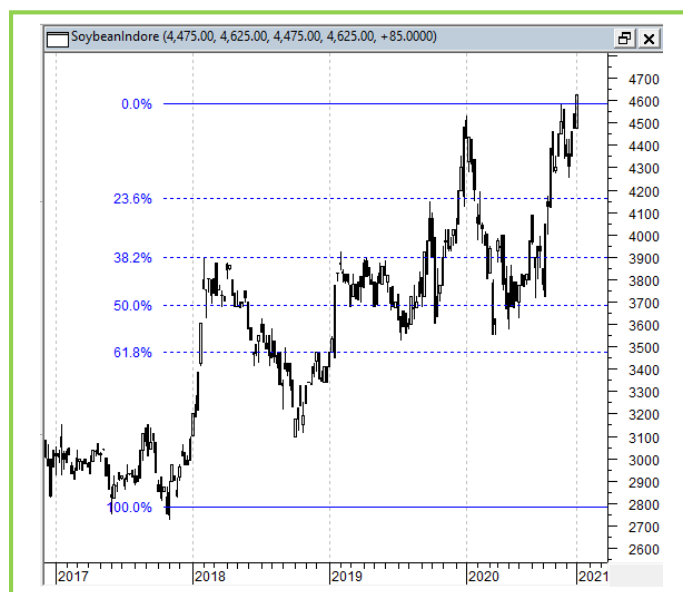
Avg Crush Margin – Dec 2020		Avg Crush Margin – Nov 2020		Avg Crush Margin – Dec 2019	
-767		-1277		-1121	
Min	Max	Min	Max	Min	Max
-2040	-95	-2470	-80	-1755	-300

Technical Analysis:

NCDEX Soybean Futures



Soybean Spot, Indore



*Daily Chart

Support & Resistance NCDEX- Soybean Feb. Contract

S1	S2	PCP	R1	R2
4300	4200	4603	4910	5000

- Soybean extended the rally on good 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 – Feb.) Month: **BUY** Above 4600. Levels: T1 – 4750; T2- 4850, SL - 4510.

Rapeseed - Mustard Seed

Rapeseed-mustard rebound after it fell in December by about 5% compared to the previous month, on improved local winter mustard oil demand and better rapeseed meal export sales from India.

The seed witnessed a gain of 6.5% gains, biggest gain in the last week of December.

In the latest official rabi oilseeds planting report dated 01 January 2021, by the Ministry of Agriculture, the rapeseed-mustard sowing is reported up by 9% at 72.39 lha compared to 66.62 lha during the corresponding period last year.

We expect the final acreage under the seed to increase by 8-9% to around 75 lakh hectares, this season from 69 lakh hectares last year.

The Solvent Extractors' Association (SEA) of India has urged the government to include rational provision in ASEAN agreement to restrict or regulate the imposition of export duty by the palm oil exporting countries. SEA feels that this will ensure a level-playing field for both the countries that export and import palm oil.

In a letter to its members, Atul Chaturvedi, President of SEA, said that there is always a bound rate for imposing highest export duty on palm oil and products imported by India under ASEAN agreement and Comprehensive Economic Cooperation Agreement with Malaysia.

He said the palm oil exporting countries seem to be free to impose export duty and levy as agreements overlook this issue. Indonesia has imposed US \$33 as export duty plus \$180 as a biodiesel levy making crude palm oil (CPO) expensive. Following this, India is compelled to pay high price for the same.

To support their local industry, that country has kept export duty and levy low on finished goods such as RBD palmolein.

Mr. Chaturvedi said, "Indirectly, India is subsidising their export duty and levy. Also, Malaysia is likely to impose 8 per cent export duty on export of CPO in early 2021.

Higher palm oil imports by India has always hit the domestic mustard oil demand and the rapeseed-mustard crush margins.

Further, India didn't import rape oil (canola) in the month of November 2020 in anticipation of decline in the demand.

India's exports for rapeseed meal during April-November 2020 was up 312% at 50,089 metric tonnes compared to 12,157 metric tonnes during the same period previous marketing season.

However, India's export of rapeseed meal in November'20 is reported at 45,050 metric tonnes against last year 73,235 metric tonnes during the same period i.e. down by -45%.

HAFED, official spokesperson said the High Commissioner of Malawi assured that mutual cooperation between the country and Hafed for the export of rice and mustard oil would be materialized in near future.

NAFED and HAFED have been gradually disposing rapeseed-mustard. The Nafed has sold about 12.0 lakh tonnes of old and new stocks while Hafed has offloaded around 4 lakh tonnes of the seed of the total 5.30 lakh tonnes procured by the agency this year.

RM Seed Supply, Pan India

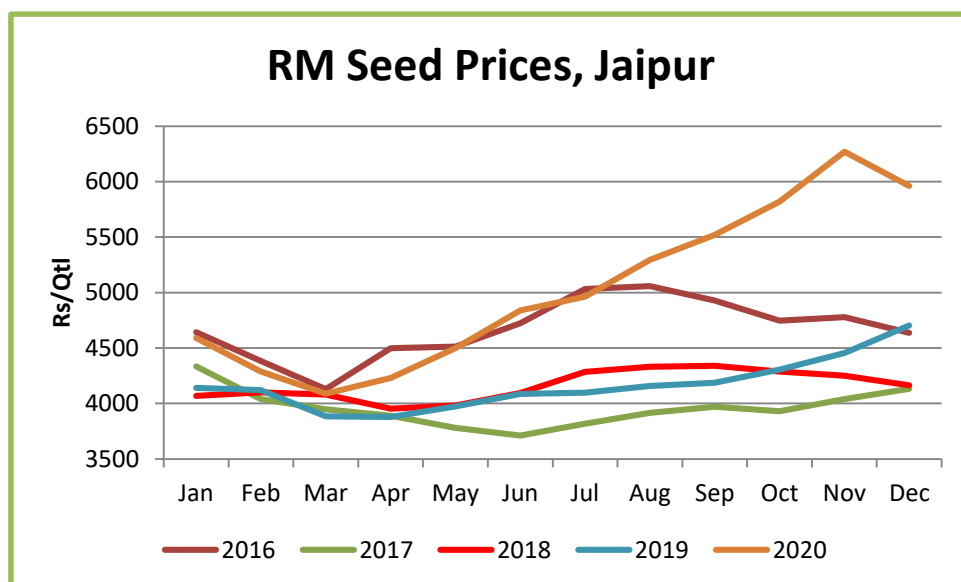
RM Seed Arrivals Pan India in Bags (85 kg each).		
Monthly Arrivals– Dec.	1 Month Ago	Corresponding Period Last Year
18,45,000	23,20,000	32,00,000

The all India rapeseed-mustard arrivals slightly fell week-on-week and were reported at 3.35 lakh bags during the week compared to around 4.3 lakh bags, previous week. The supplies for the same were 8.5 lakh bags during the corresponding period last year.

RM seed prices edged up by +6.5% to the weekly average of Rs 6,197 a quintal from Rs 5,818 a quintal previous week and Rs 4,854 a quintal during the corresponding period last year in Jaipur.

The rapeseed-mustard meal too posted gains by +5% to the weekly average price of Rs. 2,601/qtl compared to the the weekly average price of Rs. 2,470/qtl previous week.

At NCDEX futures, the February contract of rapeseed-mustard surged to 5,807/Qtl compared to 5,631/Qtl previous week.



Previous Updates

The Food Safety and Standards Authority of India (FSSAI) has withdrawn the order prohibiting blending of mustard oil.

The food regulator has until now allowed 20% blending in mustard oil under the standards for blended edible oil under FSS (Food Product Standards and Food Additives) Regulations. The decision to withdraw the September order was taken after stakeholders made a representation to the authority.

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.

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 Feb. Contract				
S1	S2	PCP	R1	R2
5100	5000	5631	6300	6400

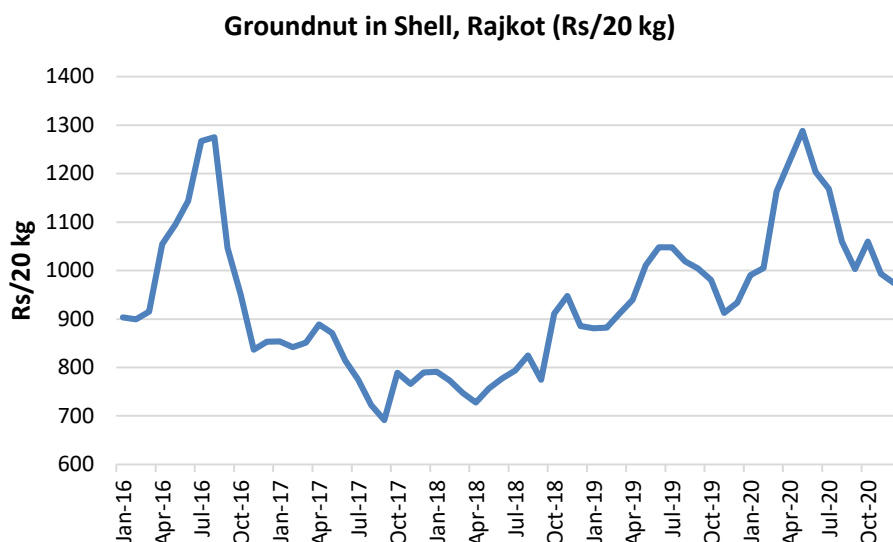
- Rapeseed-mustard posted gains on buying support during the month in the market.
- Prices closed below 40-day EMA.
- MACD is rising in positive territory.
- RSI and stochastic are heading upwards in the neutral zone.
- Trade Recommendation (NCDEX RM Seed – Feb.) – 1 Month: **BUY** Above 5630. T1 – 5800; T2 - 5900; SL – 5528.

Groundnut

The groundnut seed prices witnessed mild losses during December 2020 compared to the November 2020 but they are higher by 4.3% higher than the same period last year, on strong demand.

There was no major activity in the market during the period in review. The oilseed crushers and exporters are the active participants in the market.

In the progressive purchase, NAFED has procured about 2,26,002 metric tonnes of groundnut seed under PSS by 28 December 2020, valued Rs 1,19,216 lakh including Gujarat (1,75,502MT), Haryana (691 MT), Andhra Pradesh (231 MT), Rajasthan (44,872 MT) and UP (4,706MT).



Some pest and disease incidence including “Thrips” in the groundnut crop is reported in the Andhra Pradesh districts of Ananthapuram, Chittoor, Kadappa and Kurnool. Andhra Pradesh is the largest rabi groundnut producing state.

According to the latest official rabi oilseeds planting report, by the Ministry of Agriculture, 3.38 lakh hectares of groundnut has been sown compared to 3.56 lakh hectares during the same period last year, including 0.44lakh ha in Andhra Pradesh.

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.

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	Dec-20	Nov-20	Dec-19	Dec-18

Rajkot	GN in Shell (Rs/20kg)	4.3	-0.2	974	993	934	885
(Source: AW)							

Annexure

Oilseed Prices at Key Spot Markets:

Commodity / Centre	Prices (Rs/Qtl)				Change
Soybean	31-Dec-20		30-Nov-20		
	Low	High	Low	High	
Indore –Plant	4525	4575	4350	4450	125
Indore–Mandi	4250	4500	4120	4320	180
Nagpur-Plant	4500	4550	4320	4370	180
Nagpur – Mandi	3870	4400	3700	4190	210
Latur – Mandi	3990	4360	3950	4185	175
Akola – Mandi	3400	4245	3400	4300	-55
Kota-Plant	4475	4525	4300	4325	200
Kota – Mandi	4275	4475	4225	4350	125
Bundi-Plant	4470	4520	4275	4300	220
Bundi-Mandi	4170	4420	4050	4300	120
Baran-Plant	4530	4580	4400	4500	80
Baran-Mandi	4380	4480	4245	4345	135
Bhawani Mandi Jhalawar–Plant	4480	4530	4400	4500	30
Jhalwar-Mandi	4330	4430	4180	4300	130
Rapeseed/Mustard					
Jaipur-(Condition)	6250	6255	6125	6130	125
Alwar-(Condition)	5800	5900	5650	5700	200
Sri Ganganagar-(Non-Condition)	5250	5400	5330	5430	-30
New Delhi–(Condition)	5750	5800	5975	6025	-225
Kota-(Condition)	5125	5250	5555	5655	-405
Agra-(Condition)	6286	6381	5905	6095	286
Neewai-(Condition)	5800	5950	5675	5775	175
Hapur (UP)-(Condition)	6200	6250	5950	6000	250

Groundnut Seed					
Rajkot	950	950	930	930	20
Sunflower Seed					
Gulbarga	3515	4625	3150	4250	375
Latur	0	0	3000	3400	-3400
Sholapur	5400	5600	4900	5400	200
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
Soybean	31-Dec-20	30-Nov-20	
Madhya Pradesh	80000	80000	Unch
Maharashtra	130000	60000	70000
Rajasthan	25000	20000	5000
Bundi (Raj)	400	2000	-1600
Baran (Raj)	1800	4000	-2200
Jhalawar (Raj)	2300	4000	-1700
Rapeseed/Mustard			
Rajasthan	30000	40000	-10000
Alwar	500	300	200
Sri Ganganagar	300	250	50
Kota	700	500	200
Groundnut Seed			
Rajkot (Gujarat)	3750	4050	-300
Sunflower Seed			
Sholapur (Maharashtra)	500	1500	-1000

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

Oilseeds	31-Dec-20	30-Nov-20	Change
Groundnut Kernel	6950	7100	-150
Gr. Bolds 60/70	8000	7750	250

Gr. Javas 60/70	9000	8650	350
Gr Javas 70/80	-	-	-
Gr.Javas 80/90	7900	7650	250
KardiSeed 2% Exp Qly	4200	4050	150
Sesame White 98/2/1 FM	9200	9800	-600
Whitish 95/5/FFA/1FM	9000	9500	-500
Brown 48/2 FFA/4 FM	8400	9000	-600
Brown 48/3 FFA/4 FM	7900	8400	-500
Brown 48/4 FM/* No FFA Guarantee	7300	8200	-900
Sunflower Seed	5300	4500	800
Niger Seed (4% FM)	6600	7200	-600

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 22nd 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 4th 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				
Crop	Normal Area (5 Year Avg.)	2020-21	2019-20	% Change
Groundnut	42.43	50.98	39.48	29.1
Soybean	111.49	121.24	113.95	6.4
Sunflower	1.84	1.23	0.99	24.2
Sesamum	14.13	14.14	13.73	3.0
Niger	2.41	1.67	2.04	-18.1
Castor	9.65	7.92	9.44	-16.1
Total Oilseeds	181.95	197.18	179.63	9.8

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

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

Source: MoA, GOI

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>
© 2021 Indian Agribusiness Systems Pvt Ltd.