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# Oilseeds Monthly Research Report

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## Executive Summary

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Soybean showed mixed trends amid weak sentiments in June'21. After ease in lockdown, mandis remain open and witnessed firm trading activities, However market remained volatile in last week of June.

Soybean and soymeal witnessed weak tone amid high volatility. The average monthly soybean plant delivery price at Nagpur is quoted down at Rs. 7,157/qtl in June'21 compared to Rs. 7,367/qtl April'21.

Besides, the rapeseed-mustard and rapeseed oilcake also declined as compared to last month amid heavy monthly supplies.

In June'21, Monthly average price of groundnut bold in Rajkot stood at Rs 5758/Qtl, However in last month it was Rs 6102/Qtl.

The rapeseed-mustard prices decreased by 4% and rapeseed oilcake declined by 3%, soybean also declined by 3% and soymeal declined by 6%, groundnut seed price also declined, all compared to the previous month-May level.

We feel the soy and rapeseed-mustard complex to improve after ease in lockdown restrictions. Also, strong overseas soymeal and rapeseed meal demand and overall strong international soy complex will support the prices in medium term. Additionally Global factor will also support prices to oilseed complex.

As per recent USDA report, Soybean production in the world is likely to increase by 6% to 386 million tonnes in next season (September- 2021- August 2020) in expectation of higher crop size in US and India. Total crop size in India may stand higher by 750,000 tonnes to 11.2 Million tonnes against 10.45 Million tonnes in this season.

India's exports for rapeseed meal during April-May 2021 was up +66% at 274,692 metric tonnes compared to 165,737 metric tonnes during the same period previous marketing season.

The export of rapeseed meal in May'21 is reported at 96,870 metric tonnes against last year 14,4244 metric tonnes during the same period i.e. lower by -33%.

Bullish global soybean outlook from last week will continue to support the soy prices at higher level in medium-term. Besides, groundnut prices will also feature range-bound movement with firm bias in coming days, on bullish outlook following good overseas demand for Indian seed.

## Outlook – Cash Market

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**Outlook - Soybean (Spot, Nagpur):** The soybean prices will feature range-bound movement with firm bias on rise in crushing demand for seed. However, Bullish sentiments in international soybean markets will also lend a support. The prices (Nagpur, Plant basis) are expected to feature range bound movement in the price band of 6,800 – 7,700 level.

**Outlook – Soy meal:** The soymeal prices is expected to witnessed firm tone in near term. However strength in soybean and other oilseed complex may draw support to soymeal as well. The soy meal prices (Indore) are likely to feature range-bound movement between Rs. 58,000 – 63,000 /MT on good local and export demand, for medium-term.

**Outlook - Rapeseed-Mustard (Spot, Jaipur basis):** Arrival of mustard seed in mandis has decreased at all places in the country which may support the prices. However, Rapeseed-mustard is expected to feature firm tone in near term due to domestic and international factors. The seed prices are likely to witness the price levels between 6,600 – 7,500/Qtl.

## International Highlights

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- ❖ CBOT July soybean futures closed 2.6 cents higher at \$ 14.49 1/4. New crop November soybean futures also closed 2.4 cents higher at \$ 13.98 3/4, on Friday.
- ❖ US soybean planting, is almost completed As of 27 June, the US soybean emerged by 96% up from 94% same period last season however up from 5-year average of 92%. Further Soybean condition for week ending June 27 stood at 50% Good, 10 % Excellent, 31% fair, 7% poor and 2 % very poor.
- ❖ CONAB has once again raised Brazil's 2020/21 soybean crop estimate to 135.9 million tonnes vs 135.4 million tonnes in May'21 forecast and 124.845 million tonnes in 2019/20.
- ❖ USDA attache sees For 2021/22, Post forecasts soybean planted area at 40.3 million hectares (ha), and production at 143.5 million metric tons (MMT), based on a yield of 3.56 mt per ha (hectare)
- ❖ In May21 according to the data released by NOPA, US crushed pegged at 163.5 million bushels which compares to April 160.310 million bushels of soybeans. The soybean processing was down from 171.75 million bushels in April 2020 also lower from 177.98 million bushels in March 2021. The market is expected lower US soybean crush figure for May'21 on dwindling stocks.
- ❖ Buenos Aires Gain Exchange has kept the Argentina 2020/21 soybean crop harvest estimate higher at 43.5 million tonnes vs 43 million tonnes from its previous estimates in expectation of better crop yield. So far, farmers have harvested total 91.4% of this season's soy crop.
- ❖ As per recent USDA June'21 report, Soybean production in the world is likely to increase by 6% to 386 million tonnes in next season (September- 2021- August 2020) in expectation of higher crop size in US and India. Total crop size in India may stand higher by 750,000 tonnes to 11.2 Million tonnes against 10.45 Million tonnes in this season. Higher soybean prices in this season will encourage farmers in India to cover higher soybean area.
- ❖ As per USDA report, China has imported higher soybean in May 2021-22 as compared to last year. The country has imported oilseeds at 107.25 million metric tonnes in May 2021-22 against 104.60 million metric tonnes in previous year.

## Soybean

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Soybean witnessed weak tone from lower level as expected amid heavy supply at various trading center. Crushers, millers and traders showed buying interest at current levels. Additionally other oilseed complex supported soybean price. Delay in monsoon amid shortage of certified seed and cues from international market may support price in the market.

Soybean witnessed lower prices in June'21 with an average monthly prices of Rs 7157/Qtl with monthly high of Rs 7450/Qtl and low of Rs 6738/Qtl. against Rs.7367/Qtl. with monthly high of Rs. 7675/Qtl. low of Rs. 7063/Qtl.

GOI announced MSP for 2021-2022 marketing year, soybean Rs 3950 (70 Rs. up). India's soybean area is expected to rise 9.9% on year to a record high of 13.3 mln ha in the crop year.

As on 25 June 2021 about 23.64 lakh ha area coverage under oilseeds has been reported compared to 36.65 lakh ha during the corresponding period of last year. Thus 13.01 lakh ha less area has been covered compared to last year. Higher area is reported from the States of Rajasthan (1.46 lakh ha), Madhya Pradesh (1.37 lakh ha), Karnataka (0.51 lakh ha), Uttar Pradesh (0.03 lakh ha), Tamil Nadu (0.02 lakh ha), Uttarakhand (0.02 lakh ha) and Punjab (0.01 lakh ha). Less area is reported from the States of Maharashtra (11.36 lakh ha), Gujarat (4.08 lakh ha), Andhra Pradesh (0.43 lakh ha), Telangana (0.34 lakh ha), Chhattisgarh (0.08 lakh ha), Jharkhand (0.06 lakh ha), Sikkim (0.03 lakh ha), Jammu & Kashmir (0.01 lakh ha), Bihar (0.01 lakh ha) and Odisha (0.01 lakh ha), 13.45 lakh Hectare soybean planting have been done as compared to 23.36 lakh hectare last year.

Monsoon have completed almost a month; which is approx. 20% above normal in sense of distribution of monsoon. IMD has forecasted a halt in monsoon till 5th July, Monsoon was looking good till mid-June, now there is concern for kharif sowing crops. Kharif sowing is low until now as compared to last year. In MP Soy sowing has picked up pace, higher than last year amid certified seed shortage. Maharashtra government have issued an advisory to farmers to wait for second shower until 1st week of July. Hence Monsoon revival in the coming week may be crucial for kharif crop.

Agriculture Minister Narendra Singh Tomar launched a seed minikit programme to enhance production and productivity of pulses and oilseeds by distributing high yielding varieties of seeds of oilseeds to farmers which is provided by the central agencies National Seeds Corporation (NCS), NAFED and Gujarat State Seeds Corporation and wholly-funded by the Centre through the National Food Security Mission. The supply of minikit seeds will last till June 15, 2021 so that the seeds reach the farmers before the Kharif sowing starts. Government of India likely to distribute more than eight lakh soybean seed minikits and more than seventy thousand groundnut minikits free of cost to farmers.

CBOT July soybean futures closed 2.6 cents higher at \$ 14.49 1/4. New crop November soybean futures also closed 2.4 cents higher at \$ 13.98 3/4, on Friday.

CBOT soy complex continued to be strong and the prices are near seven-year high despite record soybean production, persistent strong demand, mainly Chinese demand remained supportive for the international soy market.

Strong Chinese demand lower than expected US soybean planting intentions of 87.6 million acres, thought it is 5% higher compared to the previous year, and lower US soybean inventory number of 1.56 billion bushels in March 01 which 31% lower compared to same period last year kept the international soybean market strong.

CONAB has once again raised Brazil's 2020/21 soybean crop estimate to 135.9 million tonnes vs 135.4 million tonnes in May'21 forecast and 124.845 million tonnes in 2019/20.

Further, In the USDA's Foreign Agriculture Service post in Beijing China's soybean imports are forecast to reach a record 103 million tonnes in the marketing year 2021/22 and estimated 100 million tonnes in 2020/21 to meet the feed demand from the livestock and poultry sectors.

The USDA attache has projected US MY 2021/22 soybean production forecast at 119.88 million tonnes higher from 112.54 million tonnes in 2020/21.

According to IMD, Present meteorological conditions as well as model forecasts indicate that large scale features as well as prevailing wind patterns over the region are not likely to be favorable during next one week for further advance of southwest monsoon into remaining parts of Rajasthan, west Uttar Pradesh, Haryana, Chandigarh & Delhi and Punjab.

Quantitatively, the monsoon seasonal (June to September) rainfall is likely to be 98% of the Long Period Average (LPA) with a model error of  $\pm 5\%$ . The LPA of the season rainfall over the country as a whole for the period 1961-2010 is 88 cm. If it realizes the kharif oilseeds' crop production, including soybean, will be within normal.

The overall export of oilmeals during April -May 2021 is also reported up by +52% at 531,700 metric tonnes compared to 350,157 metric tonnes during the same period last year.

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 2020/21 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 remain strong by 90-100% year-on-year for coming months, after fall in the soybean crushing in Argentina and Brazil as their stocks dried up.

India had imported 7,483,380 metric tonnes of edible oils in during Nov.'20 – Mar.'21 to meet the supply gap, up compared to 6,912,366 metric tonnes in during the same period last year.

India had imported 1,213,142 metric tonnes of edible oils in during May'21 ,down compared to 720,976 metric tonnes in during the same period last year.

Import during May '21 up by 19% compared to April 2021 due to lower stock in pipeline and lesser import during earlier months and increase in demand due to lifting of the lock down. Secondly, May '21 import showing 68% increase compared to May '20, as there was a complete lockdown which had affected the import during May '20. Thirdly, high price of Sunflower Oil discouraged its import, while Soybean oil import marginally improved.

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.

Further, during April 2021, India's degummed soyoil imports fell by -21% to 1, 44,020 metric tonnes compared to 183,762 metric tonnes same period last year. Also, during Nov.'20 - Apr.'21 imports in the same is down by 1.16% at 1,376,453 metric tonnes during the same period last year. The rise in prices of soy oil in international markets has rose disparity in mid of the month in review. Supply of soy oil in India in April was low and May shipments may lower down compared to March and April. While, June shipments will rise on firm demand.

Rise in edible oil imports may limit any major gain in the edible oils prices due to ample availabilities in short run.

The domestic soybean crushing is heading at a steady pace on good overseas soymeal export demand. Currently, the arrivals in Maharashtra is reported around 11,97,000 bags in June '21 lower against 3,27,000 bags in May '21.

*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 good soymeal export sales from India and firm global cues. Additionally strength in other oilseed complex may support soy prices. However, extremely higher prices are making the crushing unviable and hence correction inevitable.***

## **International:**

Brazil's soybean exports is estimated to reach to 16.1 million tonnes in March vs 16.4 million tonnes forecast in previous week – ANEC

In the virtual Price Outlook Conference (POC) organized by Bursa Malaysia Thomas Mielke is in view that, after establishing new multi-year highs, the global edible oil prices are likely to be close to their peak, as the bullish fundamentals should be largely discounted.

He added that the prices are set to start weakening in the Apr/June quarter followed by further setback in July/Dec, attributed to increasing South East Asian palm oil and South American soyoil production as well as prospective sharp increase in oilseeds plantings in the Northern Hemisphere.

Further, the world soybean supplies will increase in April thru December with South American crop harvest in full swing and US soybean supplies later. We may further see competition in soybean prices between South America and US.

According to China's custom data, China's total soybean imports in 2020 stood around 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.

**Revised April'21:** 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.

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 Agroconsult (132.4 Mn T), 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 (135.54 Mn T) and USDA has pegged it at 136 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.

China's domestic soybean production is seen at 19.6 million tonnes in 2020/21, up 8% from the previous year (18.1 million tonnes), according to forecasts of the USDA. The country's soybean crushing volumes were pegged at 98 million tonnes this year.

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

*Tight global soybean supply scenario and strong Chinese soybean demand and lower than expected global soybean production and inventories to keep the soybean prices strong in the medium-term.*

## 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: Firm buying is featured in soybean at various cash markets, due to good soymeal demand from poultry sector attributed to ease in lockdown.***
- 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.

## Soymeal

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In Indore Soymeal prices declined by 3% as compared to last month, However strength in recent weeks in other oilseed complex may support prices.

During June'21 the soymeal prices witnessed lower prices where the average monthly price stood at Rs. 59,511/MT with low price at Rs 56,000/MT and high Rs 62,000/MT during the month.

The soymeal along with other oilmeal exports continued remain strong in June 2021, as in the recent months.

World 2021/22 soymeal production is estimated higher at 260.31 million tonnes vs 253.12 million tonnes against last year record, in its June report.

Higher 2021/22 US soybean planting estimates in the prospective planting report on June 20, indicates higher availability of the bean and subsequently meal if the crop yield stands at normal.

Robust Chinese soy demand, lower than expected soybean production estimates in US and Argentina will remain bullish for soymeal for some more time.

India's May 2021 soymeal exports increased by 12% to 52,434 metric tonnes compared to 46,614 metric tonnes in the same period last year. Further, the soymeal shipments improved by +27% to 92,193 metric tonnes in aggregate, during the last ten months (April-May.) of financial year 2020-21 compared to 72,554 metric tonnes during the corresponding period last year.

India's export of oilmeals for the month of May 2021 is reported at 228,242 metric tonnes compared to 248,007 metric tonnes in April 2020 i.e. down by -8%.

The overall export of oilmeals during April -May 2021 is also reported up by +52% at 531,700 metric tonnes compared to 350,157 metric tonnes during the same period last year.

In current year financial year 2021-22, export of oilmeals in first two months showing improvement. Export of Soybean meal slightly improved, thanks to buying by U.S.A., while Rapeseed meal substantially increased, due to higher shipment to South Korea and Thailand. Rice bran Extraction is performing better due to larger demand from Vietnam and Bangladesh.

India's exports for rapeseed meal during April-May 2021 was up +66% at 274,692 metric tonnes compared to 165,737 metric tonnes during the same period previous marketing season.

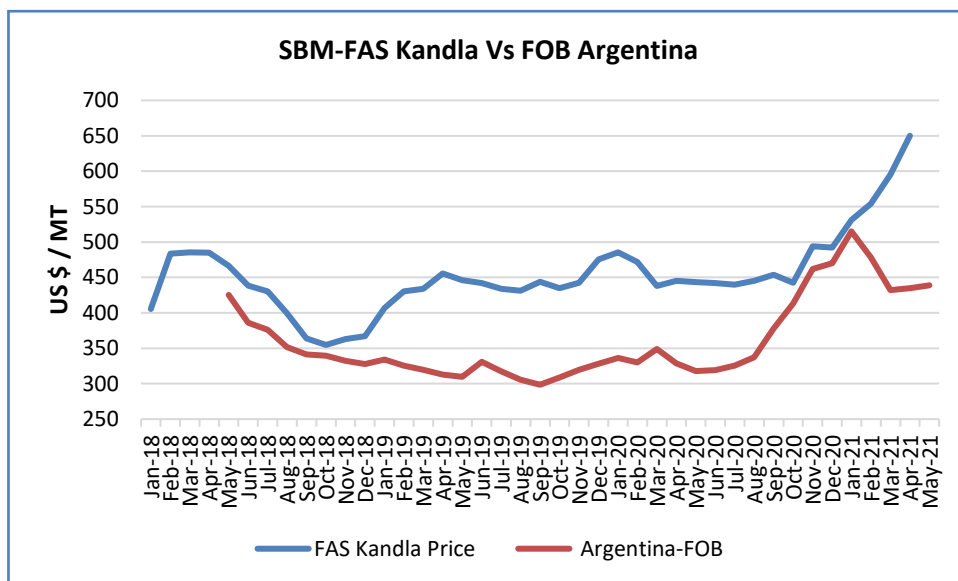
The export of rapeseed meal in May'21 is reported at 96,870 metric tonnes against last year 14,424 metric tonnes during the same period i.e. lower by -33%.

The domestic soymeal demand has considerably recovered in previous months, from poultry sector, but still below pre-COVID levels. Poultry industry contributes more than 60% of the total domestic soymeal demand.

The international soymeal prices are getting competitive after improved the soybean crop prospects. The soymeal export price spread of India vs Argentina (FAS Kandla and FOB Argentina) have further declined to US \$ 210/MT in May'21 vs US \$ 215/MT in April'21, leading in competitiveness for Indian soymeal exports.

The domestic soymeal demand has considerably recovered in previous months, from poultry sector, but still below. Poultry industry contributes more than 60% of the total domestic soymeal demand.

During June'21 the soymeal prices witnessed average monthly price stood at Rs. 59,511/MT with low price at Rs 56,000/MT and high Rs 622,000/MT during the month.



At Latur the monthly average soymeal prices declined to Rs 64,211 /MT compared to Rs 64,600/MT a month ago and in Nanded too it was quoted lower at Rs. 64,096 /MT compared to Rs. 64,900/MT a month ago. Besides, in Kota the meal prices slightly improved to Rs. 61,226 /MT compared to Rs.63,176/MT previous month.

India's Y-o-Y soy meal prices, Indore, are currently higher. Soy meal Indore was quoted higher between Rs 59,000 – 65,000/MT during the month compared to Rs 30,000– 32,200/MT during the corresponding period last year.

The soy meal prices (Indore) are likely to feature range-bound movement between Rs. 55,000 – 65,000/MT on good demand at the current prices, for short-term. Strong overseas soymeal demand will also support the prices in medium-term.

## Soy Meal Export (In Thd T)

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
<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	199
<b>Dec</b>	798	511	451	194	6	241	169	170	72	251
<b>Jan</b>	475	620	364	104	28	155	106	86	42	283
<b>Feb</b>	344	578	184	65	30	208	74	132	49	247
<b>Mar</b>	460	302	232	47	27	107	39	193	33	146
<b>Apr</b>	314	100	76	18	12	124	68	41	26	39
<b>May</b>	143	98	8	14	10	49	41	53	47	52
<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>1285</b>

Source: SEA

India's soy meal exports have improved on bullish global supply scenario on lower global soybean output and estimated lower US soybean inventories, mainly on strong Chinese demand and lower than expected soybean production estimates in top producing countries.

## Soybean Crush Margin

Avg Crush Margin – Apr 2021		Avg Crush Margin – Mar 2021		Avg Crush Margin – Apr 2020	
<b>-664</b>		<b>-2058</b>		<b>NR</b>	
Min	Max	Min	Max	Min	Max
<b>-6040</b>	<b>6400</b>	<b>-1200</b>	<b>-3395</b>	<b>NR</b>	<b>NR</b>

## Technical Analysis:

### NCDEX Soybean Futures (July contract)

### Soybean Spot, Indore



\*Daily Chart

Support & Resistance NCDEX- Soybean Jul. Contract				
S1	S2	PCP	R1	R2
6200	6500	7135	7700	7800

- July contract of soybean closed higher side.
- Prices closed above 18-day EMA.
- RSI and stochastic are up in the neutral zone.
- MACD Cross over also giving bullish cues.
- Trade Recommendation (NCDEX Soybean – July) Month: **BUY** Above 7100. Levels: T1 – 7300; T2- 7500, SL - 6700.

## Rapeseed - Mustard Seed

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In recent weeks there is a huge decline in the arrival of mustard in the spot market but the demand is strong by millers and crushers. Traders are ready to purchase mustard at current prices but farmers are still not reaching the market with their produce. There is a demand for mustard oil especially from the states of North India like Bihar, Uttar Pradesh and West Bengal. Subsequently the ban on blending in mustard after June 8, the demand for mustard has increased. Further, Mustard prices may draw support from, firm demand, declining stock and arrival, strength in oilseed complex, delay in monsoon and strength in CME canola futures.

In Jaipur, RM seed prices witnessed decline by 4% to the monthly average price of Rs 7082 a quintal from Rs 7,399 a quintal previous month.

It is estimated that approximately 75% of the current mustard crop has been crushed, while 25% of the crushing is yet to be done.

NAFED had commenced procuring the rapeseed-mustard and has procured 0.03 MT of rapeseed-mustard valued Rs 0.014 Lakh from Madhya Pradesh at MSP (Rs 4650/qrtl) under PSS. However, the procurement couldn't pick-up the pace due to COVID lockdown restrictions.

AW has revised India's 2021/22 rapeseed-mustard production up to 8.54 million tonnes from 8.0 million tonnes estimated in its previous forecast and it is up 18% from 7.21 million tonnes estimated last season.

Further, the rapeseed oilcake declined to the monthly average price of Rs. 2,761/qrtl compared to the the Monthly average price of Rs. 2,843/qrtl previous month.

India has not imported any rape oil (canola) in March too as in last several months. India is unlikely to import the rape oil in coming months too. Lower imports in rape oil (canola) will lend support to the local rapeseed-mustard prices at the higher levels.

India's exports for rapeseed meal during April-May 2021 was up +66% at 274,692 metric tonnes compared to 165,737 metric tonnes during the same period previous marketing season.

The export of rapeseed meal in May'21 is reported at 96,870 metric tonnes against last year 14,4244 metric tonnes during the same period i.e. lower by -33%.

At NCDEX futures, the July contract of rapeseed-mustard ended down at 6,924/Qtl compared to 6,998/Qtl previous month.

## RM Seed Supply, Pan India

RM Seed Arrivals Pan India in Bags (85 kg each).		
Monthly Arrivals– May.	1 Month Ago	Corresponding Period Last Year
7775000	5150000	9075000

The all India rapeseed-mustard arrivals inclined to 77.75 lakh bags during June'21 compared to 51.50 lakh bags in May'21.

## Previous Updates

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.

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

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

The food regulator had 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'20 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.

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 2021/22 rapeseed production at 8.54 million tonnes vs 7.2 million tonnes last season while COOIT has estimated the seed production at 8.95 million tonnes vs 7.5 million tonnes last season.

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 weather-hit rapeseed outturn for EU plus Britain unchanged at 17.1 million tonnes for 2020-21, slightly below 17.3 million tonnes estimated for 2019-20.

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:** *Monthly RM Seed Spot market has declined due to overall heavy arrival and weakness in other oilseed complex However, Canola futures at CME soared in last week of June because of heatwave looked to affect harvest scenario for canola in Canada. High temperature forecast in coming weeks may cause the canola flowers to drop prematurely, lead to drop in yield which may impact domestic prices as well.*

## Balance Sheet – Rapeseed-Mustard Seed, India

(Fig in MnT)

Rapeseed-Mustard (Fig in Mn T) MY-Feb.-Jan.	2020-21	2021-22
Carry In	0.33	0.13
Production	7.21	8.54
Imports	0.00	0.00
Total Availability	7.53	8.6
Processing/Crushing	7.10	8.06
Exports	0.00	0.00
Retained for Sowing & Direct Consumption	0.30	0.30
Total Usage	7.40	8.36
Carry Out/Ending Stock	0.13	0.31
Monthly Use	0.62	0.70
Stock/Consumption Ratio	0.02	0.04
Stock to Month Use Ratio	0.21	0.45

(Source: AgriWatch)

- We have pegged India's 2021/22 Rapeseed-mustard outturn at 8.54 million tonnes, higher by 18% compared to the 2020/21 production at 7.2 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 strong in 2021/22 season due to improved demand in mustard oil, post COVID, higher rapeseed meal export sales and sharp fall in the imports of canola/rape oil.**
- India's rapeseed-mustard prices rallied at the cash market in 2021/22 season and they are at all-time high in benchmark Jaipur.



**Technical Analysis:**

**NCDEX RM Seed Future July Contract**



**RM Seed Spot, Jaipur**



\*Daily Chart

**Support & Resistance NCDEX - RM Seed Jul. Contract**

S1	S2	PCP	R1	R2
6000	6500	6917	7700	8100

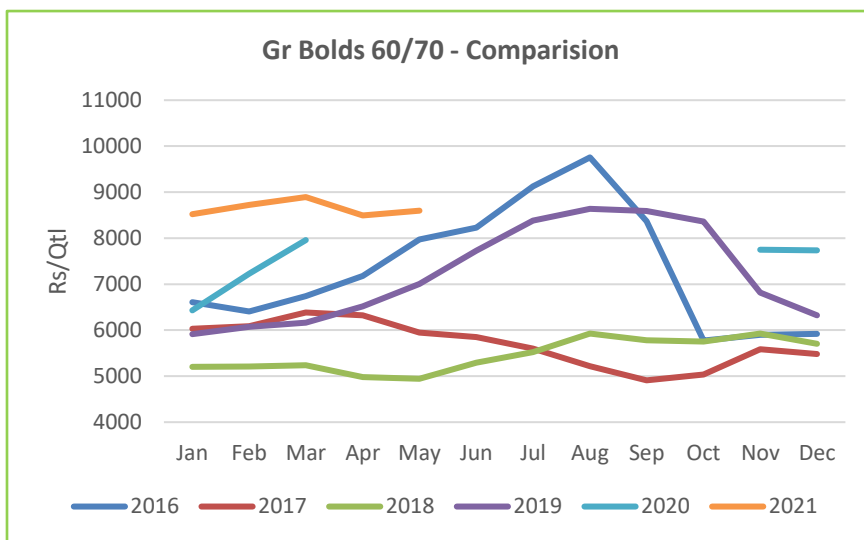
- Rapeseed-mustard closed downside on buyer's interest.
- Prices closed above 18-day EMA.
- MACD cross over showing bullish movement.
- RSI and stochastic are heading upwards, good buying strength.
- Trade Recommendation (NCDEX RM Seed – July) – 1 Month: BUY **Below** 7050. T1 –7400; T2 – 7600; SL – 6600.

## Groundnut

In Rajkot, the monthly average groundnut bold seed prices stood at Rs 5758 /Qtl in June while last year in May 2020. Most of the market were closed due to lockdown restrictions.

NAFED has procured about 2,84,733 metric tonnes of groundnut seed under PSS by 12th February 2021- valued at Rs. 1,502 crores including Gujarat (2,02,630 MT), Haryana (691 MT), Andhra Pradesh (257 MT), Rajasthan (74,511 MT) and UP (6528 MT) and Karnataka (116 MT).

China continues to buy groundnut oil and seed from India to meet its the demand gap after its groundnut production was hit by 25-30% against the normal output of around 17 million tonnes of the output, due to the floods.



The groundnut seed crushing units in Rajkot are working overtime to meet the demand and the millers from Saurashtra are purchasing the seed from Rajasthan, said the President Saurashtra Oil Mills Association (SOMA). The groundnut oil exports to exceed 2 lakh tonnes this year.

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

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 Kernel							
Center	Variety	% Change over	% Change over	As on	Month Ago	Year Ago	2 Year Ago
		Previous year	Previous month	June-21	May-21	May-20	May-19
Mumbai	GN Bolds 60/70	NA	-4%	8276	8600	NR	7005
(Source: Bombay Commodity Association)							

## Annexure

### Oilseed Prices at Key Spot Markets:

Commodity / Centre	Prices (Rs/Qtl)				Change
Soybean	30-Jun-21		31-May-21		
	Low	High	Low	High	
Indore –Plant	7250	7350	7025	7100	250
Indore–Mandi	7000	7200	Closed	Closed	-
Nagpur-Plant	7500	7650	7050	7650	Unch
Nagpur – Mandi	6400	7280	6650	7400	-120
Latur – Mandi	7050	7490	7070	7170	320
Akola – Mandi	6650	7100	6800	7115	-15
Kota-Plant	7375	7425	6600	7000	425
Kota – Mandi	6975	7375	6800	6900	475
Bundi-Plant	7200	7400	6600	6700	700
Bundi-Mandi	6800	7100	6400	6500	600
Baran-Plant	7475	7575	7050	7100	475
Baran-Mandi	6875	7175	6800	7000	175
Bhawani Mandi Jhalawar–Plant	7400	7500	Closed	Closed	-
Jhalwar-Mandi	6500	7000	Closed	Closed	-
<b>Rapeseed/Mustard</b>					
Jaipur-(Condition)	7120	7125	7225	7250	-125
Alwar-(Condition)	6800	6850	6800	6850	Unch
Sri Ganganagar-(Non-Condition)	6550	6650	6300	6400	250
New Delhi–(Condition)	6900	6950	7050	7100	-150
Kota-(Condition)	6400	6500	6600	6700	-200
Agra-(Condition)	7095	7190	7000	7190	Unch
Neewai-(Condition)	6700	6900	7100	7200	-300
Hapur (UP)-(Condition)	6900	6950	6600	6800	150
<b>Groundnut Seed</b>					
Rajkot	1005	1005	1050	1050	-45
<b>Sunflower Seed</b>					
Gulbarga	0	0	0	0	Unch
Latur	7500	7600	7400	7500	100
Sholapur	7500	7600	7450	7550	50

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	30-Jun-21	31-May-21	
Madhya Pradesh	80000	18000	62000
Maharashtra	50000	14000	36000
Rajasthan	7000	11000	-4000
Bundi (Raj)	100	800	-700
Baran (Raj)	700	1500	-800
Jhalawar (Raj)	1000	Closed	-
Rapeseed/Mustard			
Rajasthan	115000	NA	-
Alwar	1000	800	200
Sri Ganganagar	800	500	300
Kota	800	5000	-4200
Groundnut Seed			
Rajkot (Gujarat)	800	3700	-2900
Sunflower Seed			
Sholapur (Maharashtra)	900	400	500

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

Oilseeds	30-Jun-21	31-May-21	Change
Groundnut Kernel	6800	7450	-650
Gr. Bolds 60/70	8100	8600	-500
Gr. Javas 60/70	8950	9450	-500
Gr Javas 70/80	8650	9150	-500
Gr.Javas 80/90	8350	8850	-500
KardiSeed 2% Exp Qly	5000	5000	Unch
Sesame White 98/2/1 FM	8000	8300	-300
Whitish 95/5/FFA/1FM	7800	8100	-300
Brown 48/2 FFA/4 FM	7700	8000	-300
Brown 48/3 FFA/4 FM	7600	7700	-100

Brown 48/4 FM/* No FFA Guarantee	7200	7400	-200
Sunflower Seed	6300	6650	-350
Niger Seed (4% FM)	7800	7600	200

Soy DOC Rates at Different Centers			
Centres	Ex-factory rates (Rs/ton)		
	30-Jun-21	31-May-21	Parity To
Indore - 45%, Jute Bag	62000	59000	Gujarat, MP
Kota - 45%, PP Bag	63200	61200	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna - 45%, PP Bag	68000	64000	Mumbai, Maharashtra
Nagpur - 45%, PP Bag	65000	63500	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	65000	63500	Andhra, AP, Kar, TN
Latur	69000	64000	-
Sangli	64500	63000	Local and South
Solapur	62000	63000	Local and South
Akola – 45%, PP Bag	63000	60000	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Hingoli	63500	63500	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Bundi	63000	61000	-

Soy DOC at Ports			
Centers	Port Price		
	30-Jun-21	31-May-21	Change
Kandla (FOR) (INR/MT)	NR	NR	-
Kandla (FAS) (USD/MT)	NR	NR	-
CNF Indonesia – Yellow SBM (USD/MT)	NR	NR	-

Rapeseed Meal	30-Jun-21	31-May-21	Change
FAS Kandla (USD/MT)	0	0	Unch

FOR Kandla (Rs/MT)	0	0	Unch
FOR Mundra (Rs/MT)	0	0	Unch
CNF Indonesia (USD/MT)	0	0	Unch

International Soy DOC			
Argentina FOB USD/MT	30-Jun-21	31-May-21	Change
Soybean Pellets	424	421	3
Soybean Cake Flour	424	421	3
Soya Meal	0	0	Unch
Soy Expellers	0	0	Unch

Sunflower (DOC) Rates	Ex-factory rates (Rs/ton)		
Centers	30-Jun-21	31-May-21	Change
Adoni	34500	34000	500
Khamgaon	0	0	Unch
Parli	0	0	Unch
Latur	34000	33500	500

Groundnut Meal (Rs/MT)	30-Jun-21	31-May-21	Change
Basis 45%, Saurashtra	41000	40000	1000
Basis 40%, Saurashtra	37000	37500	-500
GN Cake, Gondal	41500	41000	500

Mustard DOC	30-Jun-21	31-May-21	Change
Jaipur (Plant delivery)	21400	19500	1900
Kandla (FOR Rs/MT)	21800	20500	1300

Mumbai Oil Meal Quotes:			
Rs/M.T.	30-Jun-21	31-May-21	Change
G.N. Extr (45%)	41000	41500	-500
Kardi Extr	0	0	Unch
Undec Cottonseed Exp	33000	31500	1500
Rice Bran Extr.	0	0	Unch
Sunflower Extr.	31500	30000	1500
Rapeseed Extr.	0	0	Unch
Soymeal 48%	65739	61565	4174

Castor Extr.

5050

4450

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 2021-22 - GOI

Sl. No	Crops	MSP for Kharif 2021-22	MSP for Kharif 2020-21	Increase in MSP (Absolute)
1	Groundnut	5550	5275	275
2	Sunflower seed	6015	5885	130
3	Soybean (yellow)	3950	3880	70
4	Sesamum	7307	6855	452
5	Nigerseed	6930	6695	235

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 2021-22.

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. 5500 per quintal for marketing season 2020-21 from Rs.5275 per quintal in 2019-20 an increase of Rs.275 a quintal.

The MSP of sunflower to Rs. 6015 a quintal from earlier Rs. 5885 per quintal an increase of Rs 130 per quintal, Soybean-yellow to Rs. 3950 a quintal to Rs. 3880 per quintal last season, an increase of Rs. 70 a quintal, Sesamum to Rs. 7307 a quintal from 6855 earlier, an increase of Rs. 452 a quintal and the MSP of Nigerseed have been increased to Rs. 6930 a quintal from Rs. 6695 a quintal earlier, increase of Rs 235 per quintal.

Among all the Kharif crops, the highest increase in MSP is proposed for sesamum (Rs 452 per quintal) followed by Tur (Rs 300 per quintal) and Urad (Rs 300 per quintal). The differential remuneration is aimed at encouraging crop diversification.



## India's Oilseeds Production Seen at 365.7 Lakh Tonnes vs 332.20 Lakh Tonnes in 3rd Adv Est. for 2020-21- GOI

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The 2nd Advance Estimates of production of oilseeds for 2020-21 have been released by the Department of Agriculture, Cooperation and Farmers Welfare on 25<sup>th</sup> May, 2021. The assessment of production of different crops is based on the feedback received from States and validated with information available from other sources.

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

Oilseeds – 365.7 lakh tonnes in 2020-21 vs 332.19 lakh tonnes in 2019-20

- Groundnut – 101.2 lakh tonnes vs 99.52 lakh tonnes in 2019-20.
- Castorseed – 17.76 lakh tonnes vs 18.42 lakh tonnes
- Sesamum – 8.12 lakh tonnes vs 6.58 lakh tonnes
- Nigerseed – 0.41 lakh tonnes vs 0.41 lakh tonnes (No difference)
- Soybean – 134.1 lakh tonnes vs 112.26 lakh tonnes
- Sunflower – 2.24 lakh tonnes vs 2.13 lakh tonnes
- Rapeseed-mustard – 99.9 lakh tonnes vs 91.24 lakh tonnes
- Linseed – 1.40 lakh tonnes vs 1.21 lakh tonnes
- Safflower – 0.34 lakh tonnes vs 0.44 lakh tonnes.

## 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 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 83.60 lakh hectares, up 5% from 79.37 lakh ha in the corresponding period of last year. Of the major oilseeds, rapeseed-mustard sowing is reported up by 7% at 73.89 lha compared to 68.84 lha during the corresponding period of last year. Groundnut at 4.57 lha vs 4.65 lha, safflower at 0.58 lha vs 0.63 lha, sunflower at 1.01 lha vs 1.02 lha, sesamum 0.44 lha vs 0.56 lha, linseed at 2.90 lha vs 3.34 lha and other 0.21 lha vs 0.33 lha during the same period last year.

Area in Lakh Hectares

<b>Crop</b>	<b>Normal Area (5 Year Avg.)</b>	<b>As on 22 Jan. 2021</b>	<b>As on 22 Jan. 2020</b>	<b>% Change</b>
Rapeseed/Mustard	59.44	73.89	68.84	<b>7.3</b>
Groundnut	7.28	4.57	4.65	<b>-1.7</b>
Safflower	1.18	0.58	0.63	<b>-7.9</b>
Sunflower	2.41	1.01	1.02	<b>-1.0</b>
Sesamum	0.00*	0.44	0.56	<b>-21.4</b>
Linseed	2.75	2.90	3.34	<b>-13.2</b>
Others	0.13	0.21	0.33	<b>-36.4</b>
<b>Total Oilseeds</b>	<b>73.19</b>	<b>83.60</b>	<b>79.37</b>	<b>5.3</b>

Source: MoA, GOI

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