

# Oilseeds Weekly Research Report

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## Executive Summary

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Soybean, meal and rapeseed-mustard extended previous week's losses primarily on increased newly harvested soybean crop in the physical market.

Besides, there are better *kharif* oilseeds production prospects this year.

Clear weather over the key soybean growing belt should increase the harvesting pace in near-term.

There were reports of some soybean crop damage in Maharashtra due to recent rains over the matured crop which farmers were unable to harvest, however the damages are dismal.

The new soybean crop supplies have subsequently pressured the domestic soy meal too.

However, CBOT soybean has posted mild gains on strong demand for US soybean, but increasing soybean supply with harvesting in full swing has limited the gains.

The domestic soybean and meal are expected to feature range-bound movement with firm bias on expectation fresh new *kharif* oilseeds demand from stockists and solvent extractors.

Further, the rapeseed-mustard continued to be under pressure primarily due to the commencement of the new soybean crop supplies and on expected rise in the *kharif* oilseeds production this season. We expect the seed to recover on improved demand from millers to meet the winter mustard oil demand in lean season.

## Outlook – Cash Market

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**Outlook - Soybean (Spot, Indore):** *The soybean fell on spurt in new crop supplies with harvesting under progress. We feel prices have bottomed out and are hovering around the lowest levels. However, expectation of higher domestic soybean crop this season, weak soy meal exports, forecast of record US soybean production and lower crude will pressurize the domestic soybean to some extent. The prices are expected to feature range bound movement and witness 3100 – 3250 levels (Indore, Plant basis).*

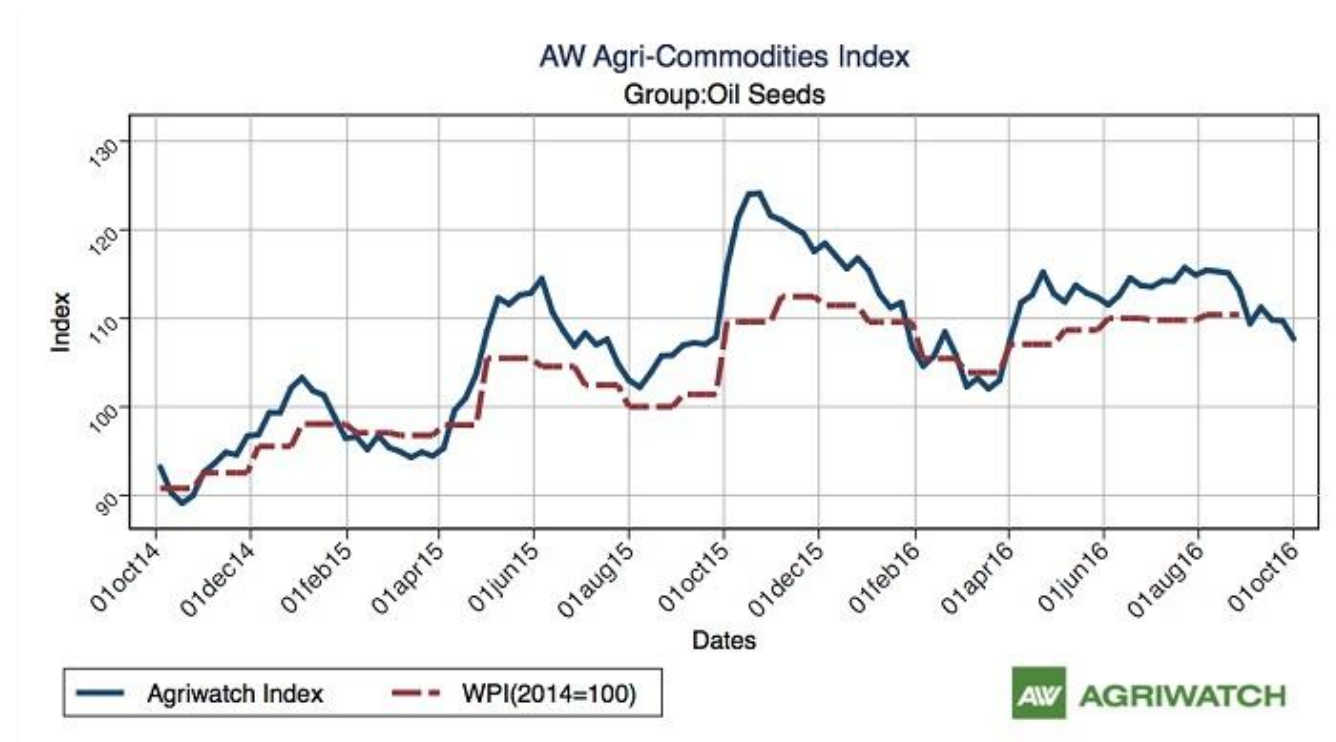
**Outlook – Soy meal:** *Soy meal witnessed losses in sync with soybean. We feel that the prices are near the season's lowest levels. However, expectation of higher crushing on likely good soybean production on better distribution of seasonal rainfall in the key soybean domestic regions and weak soy meal exports is restricting gains in the domestic soy meal. Indian meal exporters are advised to explore new markets and aggressively try to regain the lost markets of peak exports season especially traditional South and Far-East Asian destinations including Japan in the upcoming season. The domestic meal prices are likely to feature range bound movement in near-term. Soy meal, Indore is expected to be in the range of 27,500 – 28500/MT levels during the week.*

**Outlook - Rapeseed-Mustard (Spot, Jaipur basis):** *The seed extended previous week's losses pressured by new soybean supplies in the cash market, during the week. Likely renewed buying by miller's, to meet the seasonal and fresh mustard oil demand for upcoming festivities will push up the seed prices. The seed prices are likely to edged-up and witness the levels between 4780 – 4830; levels during the week.*

## AW Oilseeds Index – 01 October 2016

The Agriwatch Agri Commodities Index edged down 0.20% to 115.90 during the week ended Oct 1, 2016 from 116.13 during the previous week. The base for the Index and all sub-Indices is 2014 (= 100).

In the commodity group sub-index, Oilseeds Index stood at 107.67 (-1.83 %) week-on-week.



"Agriwatch has recently launched its AW Agri Commodity Indices to enable organizations access independent Indices to track and use to benchmark their purchases and sales. The Indices are based on the daily prices in the key benchmark markets for each commodity that AW has been covering for the past decade. The indices include an Aggregate Index, Category Indices and individual commodity indices. The weekly indices are free to access on our website [www.agriwatch.com](http://www.agriwatch.com). The daily indices are available on subscription. Please contact for more details."

## International Highlights

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- ❖ About 83% of the US soybean crop is dropping leaves which are slightly up from 82% during the corresponding period last year and also up from 79% compared to the 5 year average.
- ❖ Harvesting is reported at 26% down compared to 36% during the corresponding period last year and from 27% from 5 year average. About 74% of the newly planted US soybean crop is under good to excellent conditions which is up from 64% during the same period last year, reported in the US crop progress report dated 03 Oct. 2016.
- ❖ In the USDA Quarterly grain stock report, released on September 30, the US soybean stocks were reported at a five-year high of 197 million bushels for old crop soybeans stored in all positions on 1 September 2016.
- ❖ Of which on farms stocks totaled at 41.6 million bushels, down 16% from a year ago. Off-farm stocks totaled at 155 million bushels, down 10% from September 2015. Analysts were expecting soybean stocks of 201 million bushels.
- ❖ Pro Farmer has projected US soybean production at a record 4.093 billion bushels, considering an average yield of 49.3 bushels per acre after the recent crop tour; this is above USDA's August WASDE - outlook for a 4.060 billion bushels production with an average yield of 48.9 bushels per acre.
- ❖ US oilseeds processors have crushed 4.604 million tonnes of soybean during July which is down from 4.673 million tonnes during the corresponding period last year and marginally down from 4.624 million tonnes processed during June this year, reported USDA. US soy meal inventories stood at 419,802 tonnes up from 281,038 tonnes in June.
- ❖ Abiove has forecast Brazil's 2017 soybean production at record 101.3 million tonnes compared to 96 – 98 million tonnes estimated for 2016 by various agencies. Abiove has estimated the Brazil will be able to export 57 million tonnes of soybean in 2017.
- ❖ Brazil has exported 1.09 million tonnes of soy meal in August against 1.11 million tonnes during the corresponding period last year and 1.39 million tonnes in July 2016.
- ❖ Brazil's soybean output growth is projected at average 4.1% per year in next 10 years and soybean output is expected surpass 140million tonnes by 2025 by FCStone.

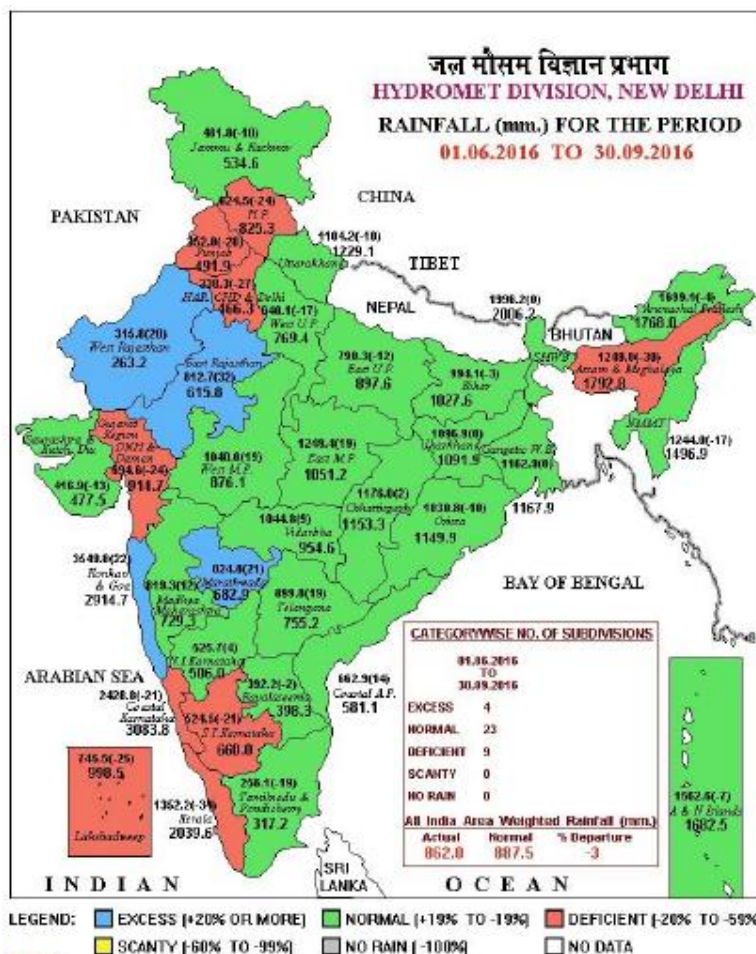
- ❖ Argentine government has postponed a tax slash premeditated for next marketing year on exports of soy and its products. The country is reeling into economic slump and dependent of the fiscal revenue.
- ❖ Argentina's government has raised its 2015/16 soybean crop to 58 million tonnes from its previous forecast of 57.6 million tonnes followed by faster than expected recovery of area considered lost to floods hit area in Argentina.
- ❖ Rosario Gains Exchange have revised its forecast for Argentina's 2015/16 soybeans up to 55.3 million tonnes from 55 million tonnes previously. This is despite severe crop damage after flood in April.
- ❖ In the official figure Argentina's soybean production is estimated to decline to 57.6 million tonnes from 61.4 million tonnes.
- ❖ INTL FC Stone has slashed the Brazil's 2015-16 production by 1 million tonnes to 96.5 million tonnes, in its recent report. Besides, Informa has lowered the Brazil's and Argentina's 2015/16 soybean production from 100.5 vs 100.1 mln t and 55.0 vs 59.5 mln t respectively.
- ❖ Abiove has trimmed Brazil's 2015/16 soybean crop to 96.6 million tonnes (during Feb. – Jan.) from 97.3 million projected earlier. It has lowered Brazil's soybean exports estimate to 53 million tonnes from 53.8 million tonnes Brazil had shipped 54.3 million tonnes in previous season.
- ❖ World supplies of soybeans are likely to increase sharply by 19 Mn T in 2015/16, despite a global prospective production decline by 3 Mn T, leading to another above-average increase in soybean crushings, reports Oil World.
- ❖ Agroconsult has projected Brazil's 2016/17 area under soybean higher by 600,000 hectares. The consultant has projected Brazil's 2015/16 soybean production at 101.7 million tonnes in its final estimate.
- ❖ Conab, the Brazil government's crop supply agency, has raised Brazil's 2015/16 soybean crop to a record 101.18 million tonnes, which is up from 100.93 million tonnes from its previous estimate in February followed by increase in planted area and yields.
- ❖ FCStone has increased Brazil's 2015/16 soybean production forecast to 98.6 million tonnes from 98 million tonnes in its previous estimates.
- ❖ Again, Informa has raised its forecast for Brazil's 2015/16 soybean production in its monthly report to 101.3 million tonnes from 100.5 million tonnes last month. It has lowered Argentina's 2015/16 soybean production forecast to 59.0 million tonnes from 60.0 million tonnes in February.

- ❖ Brazil's Congress has passed a bill that will increase the country's biodiesel blend from its current 7% to 10% over the next three years.
- ❖ AgRural has increased its forecast for Brazil's 2015/16 soybean to 99.7 million tonnes from 98.7 million after beneficial rains.
- ❖ Rosario Grains Exchange has raised Argentina's 2015/16 soybean production forecast to 59 million tonnes from 58.5 million tonnes in its earlier estimates. The increase is due to the higher than expected yield in the major growing belts.
- ❖ CRF reported that Argentina's soybean production is nearing last year's record of around 61 million tonnes. It also projected Paraguay 2015/16 soybean production at record 9.7 million tonnes which is above USDA's estimate of 8.8 million tonnes.
- ❖ However, according to the estimates by the government agency, Argentina's 2015/16 soybean production is estimated near 60 MMT which is below last year production of 61.4 MMT.
- ❖ China is forecast to import 85 million tonnes of soybeans in 2016/17, up from the previous season, however, higher inventories is expected to limit the rise in buying.
- ❖ China National Grain and Oils Information Center (CNGOIC), said in the IGC grain conference that the country's soybean imports were expected to reach 82 million tonnes in the 2015/16 year on an October-September season compared to 78.35 million tonnes during the corresponding period in 2014/15.

## IMD Monsoon Forecast and Current Rainfall Status

In the IMD's Operational 2<sup>nd</sup> stage Long Range forecast for the 2016:

- Rainfall over the country as a whole for the 2016 southwest monsoon season (June to September) is most likely to be **above normal** (>104% to 110% of long period average (LPA).
- Quantitatively, monsoon season rainfall for the country as a whole is likely to be 106% of the long period average with a model error of  $\pm 4\%$ .
- Region wise, the season rainfall is likely to be 108% of LPA over North-West India, 113% of LPA over Central India, 113% of LPA over South Peninsula and 94% of LPA over North-East India all with a model error of  $\pm 8\%$ .
- The monthly rainfall over the country as whole is likely to be 107% of its LPA during July and 104% of LPA during August both with a model error of  $\pm 9\%$ .
- However, IMD has recently revealed that the seasonal rains will be within normal.



The event has boosted the yield and subsequently production this season, as the *kharif* oilseeds are rain-fed.



## Soybean

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The domestic soybean continued downtrend on new crop arrival pressure with the harvesting in full swing. However, intermittent heavy rains have hampered the domestic soybean harvesting.

Forecast of scattered rains in the North Peninsula, Central India and North Eastern parts of India till 13 October still remains a concern for the harvest-ready soybean.

However, clear weather on Monday across the key soybean growing belt have boosted the harvesting hope among the cultivators.

The moisture in the newly harvested soybean across the Madhya Pradesh and Rajasthan was reported between 12% – 14% while it was higher in Maharashtra between 12% - 16% varying from center to center, during the week under review.

The new crop bean is under pressure and it is quoted between Rs 3,100/quintal to Rs 3,200/quintal.

There are no reports of any major crop damage, disease or pest infestation in the soybean crop.

The overall rainfall over Madhya Pradesh, Maharashtra and Rajasthan is still reportedly normal and above normal in various key belts.

IMD in its weekly Southwest monsoon progress report has reported India's actual rainfall at 862 mm against the normal 887.5 mm and departure stands at -3%, till 30 September 2016.

In West Madhya Pradesh, the departure of Southwest monsoon has improved to normal by +19%, actual rains is reported at 1040 mm vs 876.1 mm normal till 30 September 2016 by IMD. Vidarbha reported the departure of +9%, actual rains 1044.8 mm vs 954.6 mm normal. Marathwada reported the departure of +21% with actual rains of 824.8 mm vs 682.9 mm, East Rajasthan reported a departure of +32% with actual rains 812.7 mm vs 615.8 mm normal.

Better seasonal/monsoon rains this season is expected to boost the soybean production. But any further rains over the key soy growing belt will hurt maturity will raise the quality concern in the crop.

India's total area under soybean in 2015 was 116.16 lakh hectares which was higher by 5.8% from 2014.

We expect India's area under soybean in 2016 to be slightly lower than 116 lakh hectares.

In the USDA's WASDE September report India's soybean production forecast are lowered to 9.7 million tonnes from 11.4 million tonnes in August.

In the USDA – FAS grain report, the US attaché in India had projected India's 2016/17 soybean production at 11.5 million tonnes up from its previous forecast of 11 million.

The major buyers in Madhya Pradesh are as follows: Amrit Mandsaur, Ambika Joara, ABIS Rajnandgaon, Laxmi Solvex, Sanwariya – Itarasi, SSA Mandideep, Bansal, Khandwa Oil, Ruchi, Agrawal Neemuch, Betul Oil, Prakash, Bajrang, Prestige, Ambuja, Prakash, Sitashri, Divya Jyoti, Avi Agro, Rama Sitashri Vippy, Kriti,

Mahakali, Mahalaxmi, Dhanuka, Khyati, Premier, Dhan Laxmi, Dhanuka Soy, Indian Solvent (ABIS) and Advantage Overseas (10-2-2 specification) for Dewas and Mandsaur delivery during the week.

***The domestic soybean prices are likely to feature range-bound movement with weak bias on expectation of higher soybean production this season, weak soy meal export sales will pressure the bean market in near-term. But likely fresh demand for new season will push up the prices in coming weeks.***

## **International:**

CBOT soybean edged-up on strong demand for US soybean and gains in crude after decision on production cut in OPEC meetings, but the gains were limited due to the new crop supply pressure.

Reserved soybean selling by farmers of Brazil and Argentina has boosted the demand for US soybean.

At CBOT, November contract soybean prices edged-up to US \$ 9.75/bushel and finally settled at US \$ 9.56/bushel under the week in review.

USDA weekly crop progress report has revealed that about 83% of the US soybean crop is dropping leaves which are slightly up from 82% during the corresponding period last year and also up from 79% compared to the 5 year average.

Harvesting is reported at 26% down compared to 36% during the corresponding period last year and from 27% from 5 year average. About 74% of the newly planted US soybean crop is under good to excellent conditions which is up from 64% during the same period last year, reported in the US crop progress report dated 03 Oct. 2016.

The soybean harvesting in US is underway it is in full swing and slightly lagging and close to the 5 year average.

In the USDA Quarterly grain stock report, released on September 30, the US soybean stocks were reported at a five-year high of 197 million bushels for old crop soybeans stored in all positions on 1 September 2016.

Of which on farms stocks totaled at 41.6 million bushels, down 16% from a year ago. Off-farm stocks totaled at 155 million bushels, down 10% from September 2015. Analysts were expecting soybean stocks of 201 million bushels.

U.S. August soybean crush fell to 131.822 million bushels from 143.715 million bushels in July, down by 7.9 percent m-o-m. Crush of soybean in August 2015 was 135.304 million bushels, According to National Oilseed Processors Association (NOPA).

ANEC, Brazilian grain export association has slashed its forecast for the country's 2016 soybean export for 52 million tonnes against 57 million tonnes in 2015 season.

However, ANEC expects Brazil's 2017 soybean exports to reach 53 million tonnes.

FCStone has raised its forecast for US 2016 soybean productivity to a record 52.5 bushels per acre from 50.1 in its September report.

Again Informa Economics has increased its US 2016 soybean productivity projections to 49.5 bpa from 47.7 bpa previously.

Pro Farmer has projected US soybean production at a record 4.093 billion bushels, considering an average yield of 49.3 bushels per acre after the recent crop tour; this is above USDA's August WASDE - outlook for a 4.060 billion bushels production with an average yield of 48.9 bushels per acre.

The dry weather in Brazil and Argentina is preventing the timely soybean planting.

Abiove has forecast Brazil's 2017 soybean production at record 101.3 million tonnes compared to 96 – 98 million tonnes estimated for 2016 by various agencies.

Abiove has estimated the Brazil will be able to export 57 million tonnes of soybean in 2017.

In a major event Brazil's 2016/17 soybean planting has commenced and it is 1.2% complete by September 22.

Conab, Brazil's agricultural statistics agency has reported that the country's 2017 soybean production could increase to 104 million tonnes from 95.5 million tonnes in drought hit year 2016.

FC Stone has projected Brazil's 2016/17 soybean production at 101.85 million tonnes compared to 95.4 million tonnes in 2015/16.

Brazil's soybean output growth is projected at average 4.1% per year in next 10 years and soybean output is expected to surpass 140million tonnes by 2025 by FCStone.

Brazil's soybean cultivators are unlikely to increase the area in soybean in the new season due to the tight credit followed by severe slowdown in the economy in decades and the likely erratic weather, said FCStone.

The Brazilian farmers are likely to plant 33.56 million hectares (82.9 million acres) with soybean in 2016/17 which will be an increase of just 315,000 hectares, up 0.9%, compared to 2015/16.

The soybean outturn is expected to touch 101.85 million tonnes, considering the average productivity of 2015/16, when production could only reach 95.42 million tonnes due to drought.

Brazil has exported 3.82 million tonnes of soybean in August against 5.16 million tonnes during the corresponding period last year and 5.79 million tonnes in July 2016.

Argentina postpones to slash the soy export taxes for this year and 2017. The Argentine government has decided to ease the tax by 0.5% per month from January 2018 to December 2019, stated the President Mauricio Macri early this week.

Macri had already cut the export tax from 35% to 30% in December shortly after Macri was elected as President and taking over the office.

Argentina's soybean crushings are reportedly falling primarily due to the reserved farmer selling and poor soy meal shipment from the country.

Argentine government has postponed a tax slash premeditated for next marketing year on exports of soy and its products. The country is reeling into economic slump and dependent of the fiscal revenue.

China's 2016/17 soybean imports growth are expected to slow down on higher state reserve or inventories and increase in China's soybean production.

China is world's largest soybean importer, with two thirds of the world soybean trades volume. China's imports grew by 5 million tonnes year-on-year since 2004, considering the USDA figure.

China's soybean production is up 13% to 13.1 million tonnes, highest in last 5 years, reported by China National Grain and Oils Information Center (CNGOIC).

China's soybean imports slowed down due to its higher state soy inventories.

Oil World have is considering that US exporters will increase shipments to China by 4 Mn T in next six months.

Strong global soybean demand and fall in the South American supplies will boost the US soybean exports in Sep/Feb. 2016/17.

*The international soybean prices are expected will continue to feature range bound movement with weak bias on US harvest pressure and forecast of record US soybean production and weak crude. However, fresh Chinese orders for the new crop delivery could jack up the soybean prices in near-term*

*Besides, expected higher soybean crop on better monsoon this season in India and poor soy meal shipments from India will limit any sharp gains in the domestic soybean in near-term.*

## Soy meal

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The domestic soy meal declined on new domestic soybean crop arrival pressure in the cash market with harvesting in full swing. There is no fresh activity in the domestic meal market.

However, recent rains over the key soybean growing belts of Maharashtra and Madhya Pradesh had hampered the soybean harvesting to some extent.

The domestic soy meal demand remained flat and the exports are continues to be weak due to India's uncompetitive meal price at the international market.

Expectation of higher 2016/17 domestic soybean production will eventually increase the soybean crushing thus increasing the availability in soy meal in the new season.

But India's soy meal prices have to be competitive to improve the meal shipment in the new season. SOPA is likely to push and convince the traditional markets to buy the meal of Indian origin in coming days.

In view of the good crop prospects, SOPA sees a very good possibility of India re-entering these markets with competitive prices and an added advantage of the Indian soy meal being totally Non-GM.

We expect India's soy meal exports to improve in the new season on expected better 2016/17 soybean crop production leading to higher crushing eventually increasing the meal supplies.

Besides, soy meal too fell in the international market on harvesting pressure and expected record US soybean production, projected by various agencies including Pro Farmer, USDA, FCStone and after their survey for US soy and corn productivity.

The December CBOT soy meal edged-lower and settled at US \$ 299.6 per short ton compared to US \$ 303.3 per short ton last week.

The domestic soy meal prices at Indore, fell and were quoted between Rs 27,300 – 28,500/MT compared to Rs 27,500 – 29,000/MT previous week.

At Latur and Nanded, Maharashtra, soy meal was continued downtrend and were quoted at Rs 30,000/MT and Rs 30,500/MT respectively compared to Rs 27,500/MT in Indore and Rs 28,000/MT in Kota. The meal prices of the various centers of Maharashtra continued to be at premium compared to the centers of Madhya Pradesh. This is due to the freight advantage for the South-Indian poultry units from Maharashtra over Madhya Pradesh.

India's soy meal shipments continued to be weak and it is multi-year low, primarily on India's noncompetitive prices compared to the South American meal.

***India's exports of soy meal and its other value added products during oil year 2015-16 declined by 65% as compared to previous year.***

***Exports of soy meal and its other value added products during current oil year 2015-16 was 2.62 lac tons as compared to 7.51 lac tons in the same period of previous year.***

***The top 10 destinations for export of soy meal and its other value added products during last oil year were Sri Lanka – 34,821 tons, Japan – 28,859, Indonesia – 26,890, Kenya – 24,009, Taiwan – 16,380, USA – 15,056, Korea – 14,112, Thailand – 12,636, Myanmar – 11,846 and Oman – 9,528 tons.***

***On a financial year basis, the export of soy meal and its other value added products during April'2016 to September'2016 is 0.76 lac tons as compared to 2.02 lac tons in the same period of previous year showing a decrease of 62.5% (Fig. from SOPA), as reported by SOPA.***

Lower exports are mainly due to demand shift to South America. This is mainly due to the attractive offer price compared to India.

Brazil has exported 1.09 million tonnes of soy meal in August against 1.11 million tonnes during the corresponding period last year and 1.39 million tonnes in July 2016.

Brazil has exported about 1.57 million tonnes of soy meal in June against 1.93 million tonnes and 1.62 million tonnes during the corresponding period last year. The figure reveals slow export pace due to rains and disruptions at port.

G-5 soy meal shipments were at a combined 10.1 Mn T in July/Aug 2016 below the high year ago level, said Oil World.

Oil world expects world production of soy meal to rise by about 6% to a record 163.8 Mn T in Jan/Sept 2016, allowing exports to improve by 3.2 Mn T or 7% under the lead of Argentina.

*Indian meal prices have to be highly competitive against the South American and China's meal prices to regain the lost markets it lost in previous seasons.*

*Preference of the soy meal of Indian origin mainly by the South-East countries due to logistic and freight advantage and demand for non-GMO meal has lost the ground owing to much higher soy meal price of Indian origin compared to the South American meal. Iran, Japan, Europe, Thailand, Vietnam, Indonesia and South Korea were the major destinations for Indian soy meal exports, whose demand shifted to South America.*

India's Y-o-Y soy meal prices, Indore, are currently lower. Soy meal Indore was quoted lower between Rs 27,500 – 29,000/MT during the week compared to Rs 30,000 – 30,200/MT during the corresponding period last year.

*The soy meal prices are likely to feature range-bound movement with weak-bias on likely higher domestic and international soybean production, in near-term. However, prices could get strength once the demand for new crop meal creeps into the market, which could be seen in a couple of weeks.*

## Technical Analysis:

### NCDEX Soybean Futures



### Soybean Spot, Indore



\*Note: Daily Chart

### Support & Resistance NCDEX Soybean – Nov. contract

S1	S2	PCP	R1	R2
3120	3070	3221	3345	3436

- Soybean witnessed range-bound movement on weak-bias during the week.
- Prices closed below 18-day EMA.
- RSI and stochastic are falling in the neutral zone.
- MACD is easing in the negative territory.
- The prices are expected to feature gains in the coming week.
- Trade Recommendation (NCDEX Soybean – Nov.) Week: **BUY** Above 3120. Levels: T1 – 3220; T2- 3270, SL - 3060.



## Rapeseed - Mustard Seed

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The domestic rapeseed-mustard extended losses primarily pressured by increase in the new crop soybean supplies in the cash market and better *kharif* oilseeds production prospects this season.

We expect the seed prices to improve once the active buying in soybean from solvent extractors starts. Currently, stockists are active in the market, due to higher than normal moisture in the beans.

Further, losses in Malaysian palm oil remained negative for the rapeseed-mustard which closely tracks the international palm oil.

We feel fresh seasonal and festive mustard oil demand should limit the losses in the rapeseed-mustard and could even boost the seed prices in near-term.

Currently, the seed prices at benchmark, Jaipur fell week-on-week and was quoted between Rs. 4,755 – 4,855 per quintal and they are lower than the previous year's level of Rs. 5,035 – 5,335 per quintal witnessed in the corresponding periods last year.

The all India daily arrivals of the seed continued to ease and were reported between 0.40 – 0.70 lakh bags and are lower compared to 0.8 – 1.05 lakh bags during the corresponding period last year.

India's rapeseed-mustard closely tracks international palm oil benchmark, BMD.

The market is expecting India's September edible oil figures. We expect India's September edible oil imports to fall compared to the corresponding period last year.

India's August edible oil imports fell 8.2 percent y-o-y to 12.49 lakh tons from 13.65 lakh tons in August 2015. Palm oil imports fell 6.9 percent y-o-y to 7.55 lakh tons y-o-y from 8.1 lakh tons in August 2015. CPO Imports fell by 16.25 percent y-o-y to 5.41 lakh tons from 6.46 lakh tons in August 2015. RBD palmolein imports rose by 34.18 percent y-o-y to 2.12 lakh tons from 1.58 lakh tons in August 2015.

Soy oil imports were down 17.7 y-o-y to 3.34 lakh tons from 4.06 lakh tons in August 2015. Sunflower oil imports rose by 10.8 percent y-o-y to 1.13 lakh tons from 1.02 lakh ton in August 2015. Rapeseed (Canola) oil imports rose by 6.7 percent y-o-y to 0.48 lakh tons from 0.45 lakh tons in August 2015, reported by Solvent Extractor's Association of India.

India's August edible oil stocks at ports and pipelines was lower by 4.65 percent m-o-m at 20.50 lakh tons from 21.50 lakh tons in July 2016. Stocks of edible oil at ports were at 755,000 tons (CPO 215,000 tons, RBD palmolein 110,000 tons, Degummed Soybean Oil 300,000 tons, Crude Sunflower Oil 105,000 tons and 25,000 tons of Rapeseed (Canola) Oil) and about 1,300,000 tons in pipelines. India is presently holding 37 days of edible oil requirement on 1st September, 2016 at 20.5 lakh tons compared to 39 days of requirements last month. India's monthly edible oil requirement is 16.5 lakh tons.

India's rapeseed-mustard follows the international palm oil as India imports the oil in huge quantities.

According to Malaysia Palm Oil Board (MPOB), Malaysia's September palm oil end stocks rose 5.67 percent to 15.47 lakh tons compared to 14.64 lakh tons in August. Palm oil end stocks are above market expectations.



Production rose marginally by 0.78 percent to 17.15 lakh tons compared to 17.02 lakh tons in August. Exports fell 20.42 percent in September to 14.51 lakh tons compared to 18.24 tons in August. Imports fell 80.51 percent in September to 0.18 lakh tons. Fall in end stocks are primarily due to lower exports and rise in production was marginal due lagged effect of El Nino.

Malaysia's September palm oil exports fell 15.8 percent to 1,365,517 tons compared to 1,621,480 tons last month. Top buyers were India at 266,080 tons (450,929 tons), European Union at 252,399 tons (269,523 tons), China at 217,430 tons (289,550 tons), United States at 62,324 tons (78,535 tons) and Pakistan at 61,175 tons (31,000 tons). Values in brackets are figures of last month, cargo surveyor Societe Generale de Surveillance (SGS).

Malaysia has kept October crude palm oil export duty to 6.5 percent from 5 percent in September. Tax is calculated at reference price of 2879.47 ringgit (USD 698) per ton. Prices above 2,250 ringgit are taxed with tax starting from 4.5 percent to a maximum of 8.5 percent, reports Malaysian Palm Oil Board (MPOB).

*Outlook: The rapeseed-mustard is expected to witness gains on upcoming fresh demand in mustard oil on festivities and falling weather temperature.*

## Technical Analysis:

### NCDEX RM Seed Futures



\*Note: Daily Chart

### RM Seed Spot, Jaipur



### Support & Resistance NCDEX RM Seed – Nov. contract

S1	S2	PCP	R1	R2
4400	4350	4572	4716	4860

- RM seed extended losses on selling pressure during the week.
- Prices closed below 18-day EMA.
- RSI and stochastic are falling in the neutral zone.
- MACD is falling in negative territory.
- The prices are expected to feature losses during the week.
- Trade Recommendation (NCDEX Rapeseed-Mustard – Nov.) Week: **SELL** Below 4670. Levels: Target – 4570; T2- 4520, SL – 4730.

## Annexure

**Oilseed Prices at Key Spot Markets:**

Commodity / Centre	Prices (Rs/Qtl)				Change
Soybean	7-Oct-16		30-Sep-16		
	Low	High	Low	High	
Indore –Plant	3200	3260	3225	3250	10
Indore–Mandi	2800	3220	2700	3200	20
Nagpur-Plant	3350	3400	3570	3600	-200
Nagpur – Mandi	2680	2920	2800	3100	-180
Latur – Mandi	1910	3561	2400	3461	100
Kota-Plant	3000	3100	3200	3250	-150
Kota – Mandi	2700	3000	3060	3150	-150
Bundi-Plant	3080	3100	3150	3200	-100
Bundi-Mandi	3000	3050	3100	3150	-100
Baran-Plant	3000	3125	2900	3050	75
Baran-Mandi	2900	3080	3000	3060	20
Bhawani Mandi Jhalawar–Kota-Plant Delivery	3000	3100	2950	3000	100
Jhalwar-Mandi	2950	3050	3020	3075	-25
Rapeseed/Mustard					
Jaipur-(Condition)	4790	4795	4815	4820	-25
Alwar-(Condition)	4600	4700	4500	4600	100
SriGanganagar-(Non-Condition-Unpaid)	3950	4050	3900	4050	Unch
New Delhi–(Condition)(New Crop)	4700	4750	4700	4725	25
Kota-Non-(Condition)	3800	4060	4000	4200	-140
Agra-(Condition)	5000	5100	4800	5025	75
Neewai	4525	4575	4400	4450	125
Hapur (UP)(New Crop)	4700	4750	4600	4700	50
Groundnut Seed					
Rajkot	1070	1070	1100	1100	-30
Sunflower Seed					
Gulbarga	2644	3005	2658	3256	-251
Latur	NA	NA	NA	NA	-
Sholapur(New Crop)	3450	3500	3550	3600	-100
Sesame Seed					
Mumbai (White98/2/1	6700	6700	6900	6900	-200

Soybean Prices are in INR/Qtl. Mandi prices – Loose, Mustard Seed Prices are in INR/Qtl.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		1st Oct to 7th Oct 2016	24th Sep to 30th Sep 2016	
	Madhya Pradesh	1570000	520000	1050000
	Maharashtra	405000	197000	208000
	Rajasthan	230000	175000	55000
	Bundi (Raj)	4900	310	4590
	Baran (Raj)	35500	8900	26600
	Jhalawar (Raj)	31500	15000	16500
Rapeseed/Mustard	Rajasthan	210000	235000	-25000

## MSP for 2016/17 Kharif Oilseeds

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The Cabinet Committee on Economic Affairs, chaired by the Prime Minister Shri Narendra Modi, has given its approval for Minimum Support Prices (MSPs) for Kharif Crops of 2016-17 season, the MSPs of all the Kharif oilseeds are raised for this season.

The MSP of Yellow Soybean is increased by 6.7% to Rs 2775/Qtl (including Rs 100 bonus) for 2016-17 season from Rs 2600/Qtl in 2015-16, Groundnut -in- shell by 4.7% to Rs 4220/Qtl (including Rs 100 bonus) from Rs 4030/Qtl, Sunflower seed by 3.9% to Rs 3950/Qtl (including Rs 200 bonus) from Rs 3800/Qtl, Nigerseed by 4.8% to 3825/Qtl (including Rs 100 bonus) from Rs 3650/Qtl and Sesamum by 6.4% to Rs 5000/Qtl (including Rs 200 bonus) from Rs 4700/Qtl.

## MSP for 2015/16 Rabi Oilseeds

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The Cabinet Committee on Economic Affairs has approved the Minimum Support Prices (MSPs) for Rabi Oilseeds Crops of 2014-15 season to be marketed in 2015-16 as follows: The MSP of Rapeseed/Mustard is raised by Rs. 50/Qtl to Rs. 3100/Qtl from Rs. 3050/Qtl earlier. For Safflower too it is increased by Rs. 50/Qtl to Rs. 3050/Qtl from Rs. 3000/Qtl in 2013-14.

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