

Oilseeds Weekly Research Report

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Executive Summary

Soybean and meal gained last week on weak activity in cash markets and lower arrivals before Diwali. However, rapeseed-mustard fell on higher arrivals and weak activity in cash markets. Prices of mustard seed are expected to gain on fresh winter mustard oil demand in coming days.

The soybean harvesting is in full swing with favorable weather for harvesting across the key growing belts of Madhya Pradesh, Maharashtra and Rajasthan.

Besides, the groundnut harvest is progressing at very good pace in key growing belts, better *kharif* oilseeds production prospects this year too remained negative for the market.

However, CBOT soybean witnessed firm trend on strong demand for the US soybean.

The domestic soybean and meal are expected to feature range-bound movement with firm bias on expectation of fresh *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

Outlook - Soybean (Spot, Indore): *The soybean prices gained last week on lower arrivals and weak activity in cash markets before Diwali. Markets were closed before Diwali and will open by mid of next week. However, harvest is almost complete and crop arrival will increase once cash markets open. We feel the 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 will pressurize the domestic soybean to some extent. The prices are expected to feature range bound movement and witness 3,000 – 3,250 levels (Indore, Plant basis).*

Outlook – Soy meal: *Soy meal witnessed marginal gains in sync with soybean. 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 with weak-bias in near-term. Soy meal, Indore is expected to be in the range of 24,000 – 26,500/MT levels during the week.*

Outlook - Rapeseed-Mustard (Spot, Jaipur basis): *The seed witnessed losses the cash market, during the week. Weak buying by miller's and higher arrivals before festive season weakened prices. However, prices are expected to improve to meet the seasonal and fresh mustard oil demand for upcoming winter demand will push up the seed prices. The seed prices are likely to edged-up and witness the levels between 4630 – 4730; levels during the week.*

International Highlights

- ❖ About US soybean is 76% complete and it is at par with 5 year average but lagging from 84% harvesting during the same period last year.
- ❖ Argentina's 2016/17 soybean area is seen down at 20.4 million hectares. The soybean yield is expected 3% lower than the normal at 2.77 tons per hectares and eventually production is projected at 54.3 million tons.
- ❖ Paraguay's area under soybean is expected increase in 2016/17 due to favorable soy prices and expected better returns also production is forecast up at 8.6 million tons compared to 6.4 million tons last season.
- ❖ Informa Economics has projected 2017 US soybean planting up 5.7%. It has forecast US 2017 soybean planting at 88.487 million acres compared to 83.7 million acres of soybeans planted in 2016 (USDA figure).
- ❖ 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.
- ❖ 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.

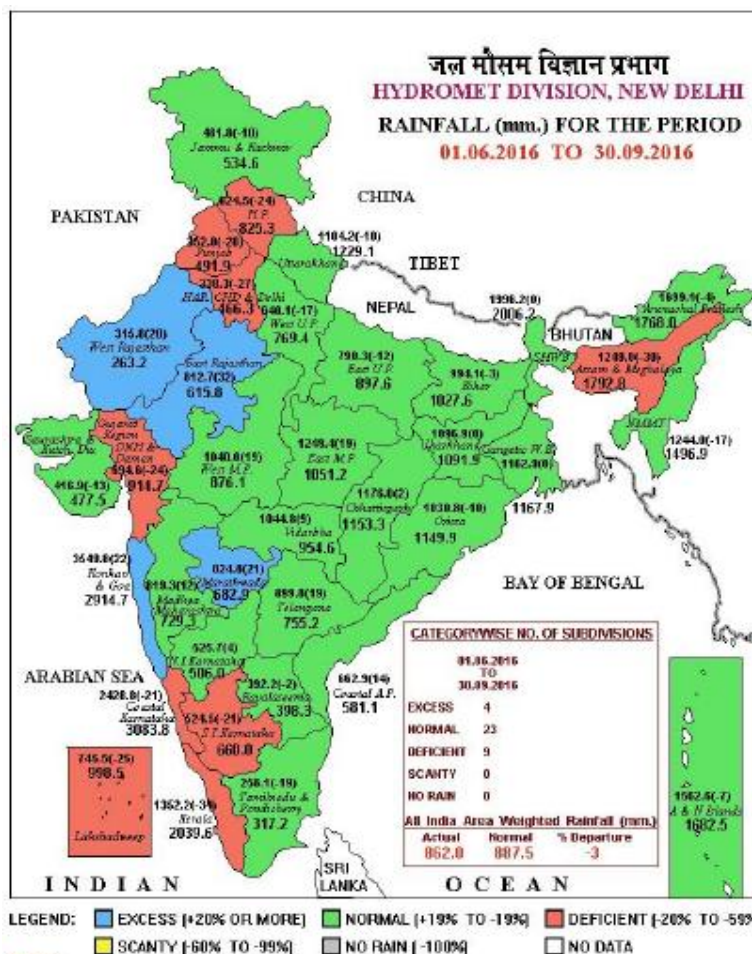
- ❖ Brazil's soybean output growth is projected at average 4.1% per year in next 10 years and soybean output is expected surpass 140million tonnes by 2025 by FCStone.
- ❖ Argentine government has postponed a tax slash premeditated for next marketing year on exports of soy and its products. The country 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 2nd 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

The domestic soybean reversed losses on weak activity in cash markets and lower arrivals in markets before Diwali. However, prices may come under pressure on new crop supply pressure after market opens next week. Weak forward booking for soy meal exports continued to remain bearish.

The domestic soybean harvesting is in full swing and it is expected to complete more than 95% by the end of the week, or before diwali. The moisture in the bean is witnessed between 10 – 18% and the prices are quoted depending upon the quality and the moisture. The bean quality has suffered in Marathwada and some in Vidarbha, Maharashtra due to rains over the region at maturity phase. The soybean prices are under pressure and they are likely to remain weak due to strong supplies.

Besides stockists, the solvent extractors are also active in the cash market to cover their stock for future. Last week ITC has showed buying interest in Dewas and Ujjain. Again small to medium crushers are interested in buying the bean.

The moisture in the newly harvested soybean across the Madhya Pradesh and Rajasthan was reported between 10% – 18% varying from center to center segregated into slabs, during the period in review.

The new crop bean continues to be under pressure and it is quoted between Rs 2,900/quintal to Rs 3,200/quintal at Indore depending on the quality and moisture.

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

Better seasonal/monsoon rains this season has boosted the soybean production.

India's total area under soybean in 2016 stood at 115 lakh lakh hectares. India's total area under soybean in 2015 was 116.16 lakh hectares which was higher by 5.8% from 2014.

In the USDA's WASDE October report India's soybean production forecast are kept unchanged at 9.7 million tonnes from September. However, 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 firm bias on expectation of fresh buying by the solvent extractors. However, higher soybean production this season, weak soy meal export sales will pressure the bean market in near-term.

International:

The CBOT soybean extended gains on continued strong demand for US soybean, technical buying and strength in crude.

China has booked several cargoes of US soybean in recent days with 5.1 million tonnes placed last week itself.

At CBOT, November contract soybean prices edged-up to US \$ 9.92/bushel and finally settled at US \$ 10.10/bushel compared to US \$ 9.83/bushel under the week in review.

The soybean harvesting in US is almost complete and yields reported are very good. USDA is expected to raise yield of soybean in US in its November estimate which will increase crop to new record.

USDA weekly crop progress report has revealed that about US soybean is 76% complete and it is at par with 5 year average but lagging from 84% harvesting during the same period last year

Net US weekly soybean export sales stood at 2,008,500 MT for 2016/2017 were up 42 percent from the previous week and 30 percent from the prior 4-week average. Increases were reported for China (2,118,300 MT, including 867,000 MT switched from unknown destinations and decreases of 19,200 MT), the Netherlands (184,100 MT, including 171,500 MT switched from unknown destinations), Spain (115,300 MT, including 125,000 MT switched from unknown destinations and decreases of 9,700 MT), Mexico (82,200 MT), and Japan (57,900 MT, including 36,000 MT switched from unknown destinations and decreases of 1,000 MT).

For 2017/2018, net sales of 300 MT reported for Japan. Exports of 2,671,400 MT--a marketing-year high--were up 71 percent from the previous week and up noticeably from the prior 4-week average. The primary destinations were China (2,100,500 MT), the Netherlands (184,100 MT), Mexico (134,600 MT), Spain (115,300 MT), and Japan (38,300 MT).

U.S. September soybean crush fell to 129.405 million bushels from 131.822 million bushels in August, down by 1.8 percent m-o-m. Crush of soybean in September 2015 was 126.704 million bushels, according to National Oilseed Processors Association (NOPA).

Informa Economics has projected 2017 US soybean planting up 5.7%. It has forecast US 2017 soybean planting at 88.487 million acres compared to 83.7 million acres of soybeans planted in 2016 (USDA figure).

In the October US World Agriculture Supply and Demand Report the US soybean yield is raised to 51.4 bushels per acre from 50.6 bushels in its September report. This has raised the US soybean production further to a record 4,269 million bushels from 4,201 million projected earlier.

Paraguay's area under soybean is expected increase in 2016/17 due to favorable soy prices and expected better returns also production is forecast up at 8.6 million tonnes compared to 6.4 million tonnes last season.

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.

Weather in Brazil and Argentina is soybean planting. Key soybean state of Mato Grosso showed plantings at 67.7 percent at the end of last week above last year average of 38 percent but below record of 71.1 percent in 2013/14.

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 that Brazil will be able to export 57 million tonnes of soybean in 2017.

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 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's 2016/17 soybean area is seen down at 20.4 million hectares. The soybean yield is expected 3% lower than the normal at 2.77 tonnes per hectares and eventually production is projected at 54.3 million tonnes.

Argentina is expected to produce 53 Mn T of soybeans in 2016/17 compared to 56 Mn T in 2015/16. Argentina's area under soybean is expected to fall to 19.6 million hectares from 20.1 million hectares in 2015/16. Fall in area under soybean is due to postponing of lifting export taxes on soybean and soybean products until 2018. Area will shift towards corn and wheat where export duties were slashed to zero when the current president took the office, said Buenos Aires Grains Exchange.

Argentina postpones its decision 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 September soybean imports fell by 6.3% to 7.19 million tonnes from 7.67 million tonnes in August, reported General Administration of Customs of China.

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 this season..

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 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 to feature range bound movement with firm bias on better export demand for US soybean and rising crude. However, harvest pressure and forecast of record US soybean production will limit the gains.

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

The domestic soy meal continued downtrend on strong new soybean crop supplies in the market which will eventually improve the crushing in coming days raising the availability of meal in the market.

Further, India's soy meal export continued to be dull and we feel it is expected to recover as the meal prices witnessed sharp fall in previous weeks, making Indian meal prices slightly competitive to international meal market, which continued to be remain uncompetitive for long.

Premium in India's prices over South America continued to discourage the meal exports. The international meal prices have to improve further so that our prices get competitive.

Further, the domestic soy meal demand continued to remain flat from the poultry and feed manufacturing units. The domestic enquiries have increased due to the fall in the meal prices, in recent days.

Higher domestic soybean crop in 2016/17 will eventually increase the soybean crushing which will further increase the availability in soy meal in the new season.

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.

Soy meal rose in the international market on fresh demand before winter. However, prices are expected to decline 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 remained witnessed mild gains and settled at US \$ 318.2 per short ton compared to US \$ 306.5 per short ton last week.

The domestic soy meal prices at Indore, rose marginally and were quoted between Rs 25,000 – 28,000/MT compared to Rs 25,500 – 28,000/MT previous week.

At Latur and Nanded, Maharashtra, soy meal continued downtrend and were quoted at Rs 25,500/MT and Rs 26,000/MT respectively compared to Rs 25,000/MT in Indore and Rs 25,800/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 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%, 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.

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 24,300 – 25,000/MT during the week compared to Rs 34,000 – 35,000/MT during the corresponding period last year.

The soy meal prices are likely to feature range-bound movement with firm-bias on likely fresh buying by the poultry and feed manufacturing industry. However, higher domestic and international soybean production will pressure the market, in near-term.

Technical Analysis:

NCDEX Soybean Futures



*Note: Daily Chart

Soybean Spot, Indore



Support & Resistance NCDEX Soybean – Nov. contract

S1	S2	PCP	R1	R2
2900	2850	3114	3298	3436

- The weekly candle depicts uptrend in soybean, during the week.
- Prices closed below 18-day EMA.
- RSI and stochastic are rising in the oversold zone.
- MACD is rising in the negative territory.
- The prices are expected to feature gains in the coming week.
- Trade Recommendation (NCDEX Soybean – Nov.) Week: **BUY** Above 3050. Levels: T1 – 3150; T2- 3200, SL - 3000.

Rapeseed - Mustard Seed

The domestic rapeseed-mustard witnessed losses on weak buying by millers, slow activity in cash markets and higher arrivals. However, prices are expected to improve on fresh winter demand in mustard oil. The losses in the seed were limited due to lower demand from mills, weak activity in cash markets and supply pressure.

We expect rapeseed-mustard prices will remain under pressure for some more time, till the soybean and other newly *kharif* oilseeds supplies remain strong.

But it will recover once the newly harvested *kharif* oilseeds pressure eases in coming weeks as we expect fresh seasonal winter and festive mustard oil demand help regain the prices too in near-term.

The seed prices at benchmark, Jaipur was quoted between Rs. 4,630 – 4,730 per quintal and they are lower than the previous year's level of Rs. 5,430 – 5,530 per quintal witnessed in the corresponding periods last year.

The all India daily arrivals of the seed continued to ease and were reported between 0.65 – 0.80 lakh bags and are lower compared to 0.80 - 1.10 lakh bags during the corresponding period last year.

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

India's September edible oil imports rose 8.2 percent y-o-y to 13.77 lakh tons from 12.06 lakh tons in September 2015. Palm oil imports fell by 1.15 percent y-o-y to 7.74 lakh tons y-o-y from 7.83 lakh tons in September 2015. CPO Imports fell 5.2 percent y-o-y to 5.65 lakh tons from 5.96 lakh tons in September 2015. RBD palmolein imports rose 18.5 percent y-o-y to 2.05 lakh tons from 1.73 lakh tons in September 2015.

Soy oil imports rose 46.4 y-o-y to 4.70 lakh tons from 3.21 lakh tons in September 2015. Sunflower oil imports rose by 52.9 percent y-o-y to 1.03 lakh tons from 0.68 lakh ton in September 2015. Rapeseed (Canola) oil imports fell 10.0 percent y-o-y to 0.30 lakh tons from 0.33 lakh tons in September 2015, reported by Solvent Extractor's Association of India.

India's September edible oil stocks at ports and pipelines rose 1.95 percent m-o-m at 20.90 lakh tons from 20.50 lakh tons in August 2016. Stocks of edible oil at ports rose to 860,000 tons compared 755,000 tons in August. Stocks of edible oil at ports were 860,000 tons (CPO 260,000 tons, RBD Palmolein 140,000 tons, Degummed Soybean Oil 375,000 tons, Crude Sunflower Oil 70,000 tons and 15,000 tons of Rapeseed (Canola) Oil) and about 1,230,000 tons in pipelines (stocks in pipelines were at 1,300,000 tons in August). India is presently holding 38 days of edible oil requirement on 1st October, 2016 at 20.90 lakh tons compared to 37 days of requirements last month. India's monthly edible oil requirement is 16.5 lakh tons.

Malaysia's October 1-25 palm oil exports fell 10.9 percent to 998,101 tons compared to 1,120,493 tons in the corresponding period last month. Top buyers were European Union at 268,200 (215,605 tons), India at 157,224 tons (209,480 tons), China at 125,376 tons (186,030 tons), Pakistan at 47,770 tons (45,000 tons) and United States at 21,910 tons (30,635 tons). Values in brackets are figures of corresponding period last month, cargo surveyor Societe Generale de Surveillance (SGS).

Malaysia kept November crude palm oil export duty unchanged at 6.5 percent. Tax is calculated at reference price of 2865.40 ringgit (USD 689.63) 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).

Indonesia will reduce crude palm oil export duty to zero for November from present USD 3 per ton above benchmark prices of USD 750 per ton: Indonesia's trade ministry.

Malaysia's production in 2017 is expected to increase 5.6 y-o-y. Production in 2016 is expected lower by 9.8 percent to 18 MMT with yields declining 5.3 percent y-o-y. In 2016 production was hampered by El Nino weather pattern which soaked palm yield in the Southeast Asian country. Prices of CPO in 2016 are expected to average RM 2,500 per ton. Production is expected to increase in second half of 2016 due to decreasing effect of El Nino. Production of CPO is expected to rise for rest of 2016: Malaysian government

China's September imports fell 15.44 percent to 480,786 tons y-o-y. Year to date imports fell 28.57 percent compared to corresponding period last year. Imports from Malaysia in September increased 27.82 percent y-o-y to 275,237 tons. Year to date imports from Malaysia fell 1,292,465 tons compared to corresponding period last year. Imports from Indonesia in September fell 41.81 percent y-o-y to 205,543 tons. Year to date imports from Indonesia fell 22.34 y-o-y to 1,784,560 tons compared to corresponding period last year: China's General Administration of Customs (CNGOIC)

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.

Outlook: The rapeseed-mustard is expected to witness gains on upcoming fresh seasonal-winter demand in mustard oil and dwindling seed supplies.

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
4350	4300	4526	4716	4846

- RM seed fell during the week.
- Prices closed around 18-day EMA.
- RSI and stochastic are rising in the neutral zone.
- MACD is rising in negative territory.
- The prices are expected to feature gains during the week.
- Trade Recommendation (NCDEX Rapeseed-Mustard – Nov.) Week: **BUY** Above 4500. Levels: Target – 4650; T2- 4700, SL – 4300.

Annexure

Oilseed Prices at Key Spot Markets:

Commodity / Centre	Prices (Rs/Qtl)				Change
Soybean	28-Oct-16		21-Oct-16		
	Low	High	Low	High	
Indore –Plant	3050	3150	2950	3025	125
Indore–Mandi	2825	3075	2800	3000	75
Nagpur-Plant	2980	3100	2950	3000	100
Nagpur – Mandi	2550	3050	2590	2900	150
Latur – Mandi	2150	2950	2090	2951	-1
Kota-Plant	3050	3150	2850	3000	150
Kota – Mandi	2900	3100	2520	2900	200
Bundi-Plant	3025	3150	2950	3000	150
Bundi-Mandi	3000	3030	2850	2900	130
Baran-Plant	3050	3200	2775	3225	-25
Baran-Mandi	2920	3125	2650	3000	125
Bhawani Mandi Jhalawar–Kota-Plant Delivery	2975	3100	2800	3000	100
Jhalwar-Mandi	2700	3025	2800	2900	125
Rapeseed/Mustard					
Jaipur-(Condition)	4635	4640	4745	4750	-110
Alwar-(Condition)	4525	4600	4550	4650	-50
SriGanganagar-(Non-Condition-Unpaid)	3900	4050	3950	4100	-50
New Delhi–(Condition)(New Crop)	4600	4650	4700	4725	-75
Kota-Non-(Condition)	3900	4000	3950	4100	-100
Agra-(Condition)	4900	5025	4950	5050	-25
Neewai	4300	4350	4350	4400	-50
Hapur (UP)(New Crop)	4600	4625	4675	4700	-75
Groundnut Seed					
Rajkot	800	800	800	800	Unch
Sunflower Seed					
Gulbarga	2955	3255	2855	3308	-53
Latur	NA	NA	NA	NA	-
Sholapur(New Crop)	3300	3335	3300	3350	-15
Sesame Seed					
Mumbai (White98/2/1	6700	6700	6350	6350	350

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
		22nd Oct to 28th Oct 2016	15th Oct to 21st Oct 2016	
Soybean				
	Madhya Pradesh	1965000	2650000	-685000
	Maharashtra	1725000	875000	850000
	Rajasthan	555000	550000	5000
	Bundi (Raj)	9500	19500	-10000
	Baran (Raj)	74000	94000	-20000
	Jhalawar (Raj)	25000	51000	-26000
Rapeseed/Mustard	Rajasthan	230000	220000	10000

MSP for 2016/17 Kharif Oilseeds

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

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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