

Oilseeds Weekly Research Report

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Executive Summary

Soybean, meal and rapeseed-mustard extended losses altogether on higher *kharif* oilseeds supplies and lower bid prices by the solvent extractors during the period in review.

Higher *kharif* oilseeds production and supplies has improved the pace in its crushing and processing leading to the rise in the availability of meal and oil.

The bid prices of soybean and other oilseeds are kept lower by the solvent extractors as the increase in the oilseeds prices would lead to uncompetitive meal prices at the international market which will discourage India's soy meal exports.

The overseas soy meal export demand has risen in recent weeks which were ruling at lower levels in past 3 years.

The official rabi oilseeds planting report is encouraging with higher coverage in area under oilseeds.

The domestic area under rapeseed-mustard is expected to improve consequently the seed production could increase if weather favours during the crop development phase.

Further, the rapeseed-mustard is expected to feature range bound movement with weak bias on expectation on higher acreage this season coupled with higher *kharif* oilseeds production.

Outlook – Cash Market

Outlook - Soybean (Spot, Indore): *The soybean fell on need based buying in the cash market and short-term pressure in the international soybean. Further, higher domestic soybean production this season, weak soy meal exports, record US soybean production will limit the gains in the domestic soybean to some extent. The prices are expected to feature range bound movement between the price band of 2950 – 3150 levels (Indore, Plant basis).*

Outlook – Soy meal: *Soy meal witnessed losses in tandem with soybean on slack in domestic demand. Expectation of higher crushing on good soybean production is limiting the 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 remain under new crop supply pressure and feature range bound movement in near-term. Soy meal, Indore is expected to be in the range of 23,000 – 23,500/MT levels during the week.*

Outlook - Rapeseed-Mustard (Spot, Jaipur basis): *The rapeseed-mustard fell on dull trade activity during the week. Likely higher area under rapeseed this season may offset the seasonal demand in the seed. The seed prices are likely to edge-up and witness the levels between 4,650 – 4,720/Qtl; levels during the week.*

International Highlights

- ❖ Informa Economics has raised its projection for the U.S. 2017 soybean planting at 88.612 million acres surpassing the record high of 83.17 million acres planted in 2016. The projected U.S. 2017 area under corn is slashed to 90.841 million acre from 90.971 million previously, which will divert to soybean.
- ❖ Informa Economic has raised its forecast of US 2016 soybean productivity to 52.4 bushels per acre in November from 51.6 bpa estimated in October.
- ❖ Informa has projected 2016 US soybean production at 4.353 billion bushels up from 4.3 billion bushels projected previous month.
- ❖ FCStone has raised its forecast for US 2016 soybean productivity to a record 52.8 bushels per acre from 52.5 in its October report.
- ❖ Further, FCStone has raised its US 2016 soybean production estimate to 4.386 billion bushels 4.357 billion bushels projected in October.
- ❖ 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 crop tour.
- ❖ Brazil's 2016/17 soybean crop is forecast up at 102.6 million tonnes compared to 96.3 million tonnes in 2015/16 marketing season, reported by Agroconsult.
- ❖ Brazil's 2016/17 soybean production is projected at 106 million tonnes by CRF, the production is much higher than the previous season (96.4 Mn T), when Brazil was hit by drought during the soybean crop development stage.
- ❖ Brazil's 2017 soybean exports are projected at 60 million tonnes which is up from 51-52 million estimated for the current marketing year 2016, reported by the National Association of Exporters of Cereals (ANEC).
- ❖ Further, CRF has projected Paraguay's soybean production at 8.6 million tonnes against 6.4 million tonnes produced last year.
- ❖ 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.

- ❖ Brazil's soybean output growth is projected at average 4.1% per year in next 10 years and soybean output is expected to surpass 140 million tonnes by 2025 by FCStone.
- ❖ Heavy rains over Argentina in October had delayed the soybean planting but have improved the soil moisture which has boosted the 2016/17 soybean production estimate by 2% to 55.3 million tonnes compared to last year's estimates which stood between 45.8 million tonnes, estimated by various agencies.
- ❖ 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 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 Brazil's 2015-16 production by 1 million tonnes to 96.5 million tonnes, in its recent report. Besides, Informa has lowered 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 crushing, 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, as per 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.

Sown Area – *Rabi* Oilseeds, India

In the official Rabi oilseeds planting report, by the Ministry of Agriculture, (week ending 16 Dec. 2016), the total coverage area under Rabi oilseeds is reported at 74.30 lakh hectares, up 6.8% from 69.54 lakh ha in the corresponding period of last year. Of the major oilseeds, rapeseed-mustard sowing is reported up by 9.7% at 65.52 lha compared to 59.71 lha during the corresponding period of last year. Groundnut at 3.31 lha vs 2.87 lha, safflower at 0.83 lha vs 1.02 lha, sunflower at 1.22 lha vs 2.53 lha, sesamum 0.26 vs 0.32 and Linseed at 2.71 lha vs 2.48 lha during the same period last year.

Area in Lakh Hectares

<i>Crop</i>	<i>As on 16 Dec. 2016</i>	<i>As on 16 Dec. 2015</i>	<i>% Change</i>
Rapeseed/Mustard	65.52	59.71	9.7
Groundnut	3.31	2.87	15.3
Safflower	0.83	1.02	-18.6
Sunflower	1.22	2.53	-51.8
Sesamum	0.26	0.32	-18.8
Linseed	2.71	2.48	9.3
Others	0.45	0.61	-26.2
Total Oilseeds	74.30	69.54	6.8

Source: MoA, GOI

Soybean

The domestic soybean featured losses as the buyers are not keen to quote high with need-based buying during the week under review.

A jig-saw trade pattern is featured in the domestic soybean cash market with gains in a couple of weeks and again fall in another week.

The plunge in the domestic soy meal prices have increased the exports prospects which is expected to recover this season after 3-years of weak soy meal exports of Indian origin.

The oilseeds processors want the meal prices to be lower so that the soy meal exports window remains open for some more time, especially when India has produced higher soybean this season.

Higher soybean supplies mean increase in crushing and subsequently availability of more soy meal, which if not exported in time will lead to huge disparity in crushing. India's domestic consumption is around 5 million tonnes and the production above this figure mean exports of the excess.

Our meal prices have to compete with the South American meal prices which remained quite competitive in recent years due to soybean crop damage in India or lower productivity in recent past.

The oilseeds processors are not eager to quote the soybean prices high in fear of loss in meal exports.

Expectation of rise in soy meal export coupled with the domestic seasonal meal demand will limit the losses and rebound the market in near-term.

The soybean supplies have once again improved in Madhya Pradesh, Maharashtra and Rajasthan which fell in third and fourth week of November.

The major buyers in Madhya Pradesh who resumed the trade during the week are as follows: Amrit Mandsaur, Ambika Joara, Agrawal Neemuch, Adani, Agro Sol. Datia, Avi Agro, Bansal, Bajrang, Betul Oil, Dhanuka, Divya Jyoti, G. Ambuja, Itarsi, Indian Soya, Khandwa, Khyati, Kriti, K.P. Newari, Mahakali, M.S. Neemuch, Prakash, Oyster Exim, Prestige, Ruchi, Rama, RH Solvex, SSA Mandideep, Shanti, Sawariya Itarsi, Sitashri, Vippy (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 of fresh buying by the solvent extractors and stockist. However, higher soybean production this season, weak soy meal export sales will limit the gains in soybean in near-term.

International:

The CBOT soybean witnessed losses and hit three-week low on forecast of much-needed rains in Argentina which will boost crop prospects, currently reeling under moisture stress.

However, strong demand for US soybean with higher-than-expected weekly export sales figure and technical buying after initial fall at CBOT in soybean limited the losses.

The CBOT soybean eased, January contract soybean prices posted high at US \$ 10.47/bushel and finally settled at US \$ 10.36/bushel compared to US \$ 10.37/bushel last week.

Informa Economics has increased their 2017 US soybean plantings to 88.862 million acres and slashed the corn plantings projection to 90.151 million acres.

Informa has kept the US 2016 soybean yield at 52.8 bushels per acre which is up from USDA's estimate of 52.5 bushels which is all time high. It has projected US 2016 soybean at 4.381 billion bushels, slightly up from USDA's figure of 4.361 billion.

U.S. November soybean crush fell to 160.742 million bushels from 164.641 million bushels in October, up by 2.4 percent m-o-m. Crush of soybean in November 2015 was 156.134 million bushels, reported by NOPA.

Pre-sales of 2016/17 soybean crop in Mato Grosso have touched 47.5% of the total expected production volume which up compared to 55.4% of the 2015/16 crop during the same period last year.

Brazil's soy group Abiove has projected country's soybean exports at 58 million tonnes of soybean in 2017.

The group has estimated 2 million tonnes of additional soy meal production from March 2017 on biodiesel blend.

It has projected Brazil's 2016/17 soybean crop at 101.7 million tonnes and 41 million tonnes of soybean crush in 2017.

Safras & Mercado has raised its Brazil's 2016/17 soybean production forecast to 106.1 million tonnes, up 9.2% above the 2015/16 season and 2.5% above its previous projection in October.

It has projected the country's area under soybean grown to 1.2% from last year's crop to 33.57 million hectares. The soybean yield is projected substantially higher at 3176 kg per hectares in compared to 2943 kg per hectares in the previous season's crop.

Argentina's area under soybean for 2016/17 cycle may be lower than expected if areas that are too dry to grow do not receive rain in the coming weeks said Buenos Aires Cereal Exchange.

Previous updates:

U.S. Environmental Protection Agency (EPA) increased US biodiesel production target by 6.5 percent in 2017 to 19.28 billion gallons compared to previous mandate of 18.11 billion gallons. Conventional biodiesel use is raised to 15 billion gallons which is mainly corn based biodiesel. Rest 4.28 billion gallons is set for advanced biodiesel mandate where soy oil is the major contributor. This step will decrease soy oil end stocks in US.

Informa Economic has raised its forecast of US 2016 soybean productivity to 52.4 bushels per acre in November from 51.6 bpa estimated in October.

Informa has projected 2016 US soybean production at 4.353 billion bushels up from 4.3 billion bushels projected previous month.

Brazil's 2017 soybean exports are projected at 60 million tonnes which is up from 51-52 million estimated for the current marketing year 2016, reported by the National Association of Exporters of Cereals (ANEC).

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.

Brazil's 2016/17 soybean production is projected at 106 million tonnes by CRF, the production is much higher than the previous season (96.4 Mn T), when Brazil was hit by drought during the soybean crop development stage.

Further, CRF has projected Paraguay's soybean production at 8.6 million tonnes against 6.4 million tonnes produced last year.

However, Brazil's 2016/17 soybean crop is forecast up at 102.6 million tonnes compared to 96.3 million tonnes in 2015/16 marketing season, reported by Agroconsult.

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.

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.

Heavy rains over Argentina in October had delayed the soybean planting but have improved the soil moisture which has boosted the 2016/17 soybean production estimate by 2% to 55.3 million tonnes compared to last year's estimates which stood between 45.8 million tonnes, estimated by various agencies.

Argentina's 2016/17 area under soybean is forecast at 20.22 million hectares (49.96 Mn Acres), reported by the Argentina's agriculture ministry.

Argentina's 2016 area under soybean is expected lower by 2.5% to 19.6 million hectares from last year. This fall is primarily due to the rising cultivation cost and lower bean prices, said Buenos Aires Grains Exchange. About 11% of the Argentina's soybean planting is complete.

Argentina is expected to produce 53 Mn T of soybeans in 2016/17 compared to 56 Mn T in 2015/16. 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.

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 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.

Paraguay's area under soybean is expected to 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.

The international soybean prices are expected to feature range bound movement with firm bias on strong export demand for US soybean and strength in crude oil.

Soy meal

The domestic soy meal declined in tandem with soybean followed by lower bid price by the solvent extractors to keep the soy meal prices competitive for exports.

The forward booking for soy meal have improved in recent weeks with the sharp fall in the Indian meal prices, making it prices competitive to South American meal prices.

Hence, the meal prices are unlikely to post sharp gains to keep the exports window open atleast for the period when India's soybean crushing is at a higher pace for first 4 - 5 months (Oct-Feb) of the new marketing season.

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

We expect India's soy meal exports to slightly recover in the new season with higher 2016/17 soybean production leading to higher crushing eventually increasing the meal supplies.

India's 2016/17 soy meal exports are expected to witnesses 3 year high and expected to jump 2 million tonnes from 2,61,051 exported last year, stated industry officials.

The exporters have contracted to ship around 500,000 tonnes soy meal for December-March delivery.

However, currently the domestic soy meal demand is sluggish due to weak demand from poultry owing to fall in poultry demand after demonetization.

Further, soy meal witnessed losses in the international market and January CBOT soy meal witnessed fell and settled at US \$ 317.1 per short ton compared to US \$ 318.8 per short ton last week.

The domestic soy meal prices at Indore, fell and were quoted at Rs 23,000 – 23,500/MT compared to Rs 23,450 – 24,400/MT compared to previous week.

At Latur and Nanded, Maharashtra, soy meal continued downtrend and were quoted at Rs 23,800/MT and 24,800/MT respectively compared to Rs 23,000/MT in Indore and Rs 24,000/MT in Kota.

India's soy meal exports and its other value added products (HS Code 2304) during November 2016 is 61,003 tons compared to 29,801 tons in November 2015 showing an increase of 104% over the same period of last year.

On a financial year basis, the export during April'2016 to November'2016 is 1,55,874 tons as compared to 2,73,433 tons in the same period of previous year showing a decrease of 43%.

During current Oil year, (October – September), total exports during October 2016 to November, 2016 is 80,142 tons as against 71,905 tons last year, showing an increase by 11.45%, as reported by SOPA.

Japan (14542.5 MT), Myanmar (8083.546 MT), Sri Lanka (7435.076 MT), Thailand (6744.31 MT) and Kuwait (3262.56 MT) were the key buyers of Indian origin meal in November.

Recovery in exports is primarily due to drastic fall in the Indian soy meal prices making it price competitive to South America.

Indian meal prices needs 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 23,000 – 23,500/MT during the week compared to Rs 32,000– 32,500/MT during the corresponding period last year.

China's soy meal futures jumped to a five-month high on expected crackdown by the environmental regulators on crushing plants in the China's largest crushing regions, leading to the supplies concern as inventories dwindle.

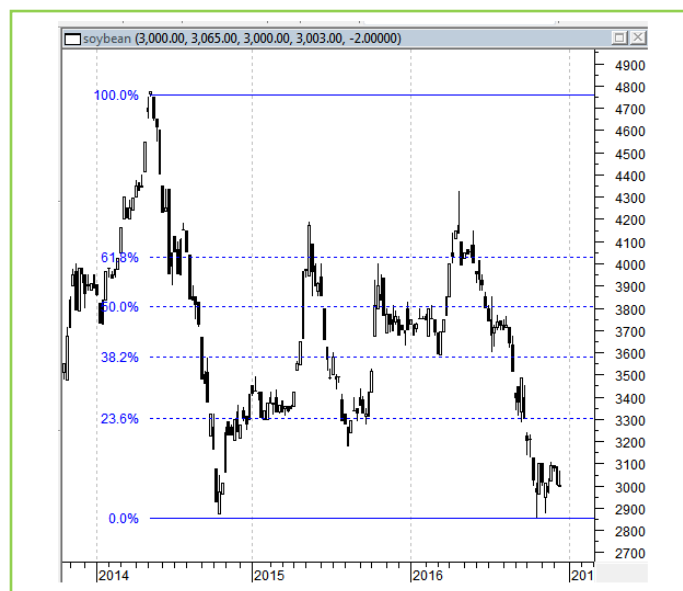
The soy meal prices are likely to feature range-bound movement with firm-bias on likely fresh buying by the poultry and feed manufacturing industry. However, higher domestic and international soybean production will limit the gains market, in near-term.

Technical Analysis:

NCDEX Soybean Futures



Soybean Spot, Indore



*Note: Daily Chart

Support & Resistance NCDEX Soybean – Jan. contract

S1	S2	PCP	R1	R2
2980	2950	3050	3295	3403

- Soybean remained under pressure in the market, during the week.
- Prices closed below 18-day EMA.
- RSI and stochastic are falling in the neutral zone.
- MACD is rising in the negative territory.
- The prices are expected to gain in the coming week.
- Trade Recommendation (NCDEX Soybean – Jan.) Week: **SELL** Below 3100. Levels: T1 – 3000; T2- 2950, SL - 3160.

Rapeseed - Mustard Seed

The domestic rapeseed-mustard extended losses on expectation of higher acreage in the seed and good kharif oilseed supplies during the week under review.

In the recent government update on rabi crop planting, India's the rapeseed-mustard sowing is reported up by 10% at 65.52 lha compared to 59.71 lha during the corresponding period of last year.

The seed prices at benchmark, Jaipur was quoted between Rs. 4,660 – 4,720 per quintal and they are lower from Rs. 4,925 – 5,135 per quintal witnessed in the corresponding periods last year.

The all India daily arrivals of the seed continued to ease and were reported between 0.25 – 0.55 lakh bags and are lower compared to 0.75 – 1.05 lakh bags during the corresponding period last year.

Further, improved kharif oilseed production and its crushing have increased the availability of domestic edible oils.

India's November edible oil imports fell 13.3 percent y-o-y to 11.56 lakh tons from 13.33 lakh tons in November 2015. Palm oil imports fell 8.5 percent y-o-y to 7.98 lakh tons y-o-y from 8.72 lakh tons in November 2015. CPO Imports fell 11.16 percent y-o-y to 5.57 lakh tons from 6.27 lakh tons in November 2015. RBD palmolein imports rose 3.9 percent y-o-y to 2.41 lakh tons from 2.32 lakh tons in November 2015.

Soy oil imports fell 36.2 percent y-o-y to 1.64 lakh tons from 2.57 lakh tons in November 2015. Sunflower oil imports fell 11.2 percent y-o-y to 1.58 lakh tons from 1.78 lakh ton in November 2015. Rapeseed (Canola) oil imports rose 21.9 percent y-o-y to 0.32 lakh tons from 0.25 lakh tons in November 2015, reported by the Solvent Extractors Association (SEA).

India's November edible oil stocks at ports and pipelines fell 7.4 m-o-m to 18.25 lakh tons from 19.35 lakh tons in October 2016. Stocks of edible oil at ports fell to 655,000 tons (CPO 220,000 tons, RBD Palmolein 150,000 tons, Degummed Soybean Oil 180,000 tons, Crude Sunflower Oil 90,000 tons and 15,000 tons of Rapeseed (Canola) Oil) and about 1,170,000 tons in pipelines (stocks in pipelines were at 1,230,000 tons in October). India is presently holding 33 days of edible oil requirement on 1st December, 2016 at 18.25 lakh tons compared to 35 days of requirements last month. India's monthly edible oil requirement is 16.5 lakh tons, as per Solvent Extractors Association (SEA).

Malaysia's November 1-15 palm oil exports fell 9.6 percent to 464,582 tons compared to 513,745 tons in the corresponding period last month. Top buyers were China at 114,127 tons (79,250 tons), European Union at 95,305 tons (118,500 tons), India at 55,500 tons (18,800 tons), Pakistan at 14,150 tons (0 tons) and United States at 14,075 tons (8,500 tons). Values in brackets are figures of corresponding period last month, reported cargo surveyor Societe Generale de Surveillance (SGS).

China's edible vegetable oil imports rose 64.5 percent in November at 5.1 LT compared to 3.1 LT in October. Imports fell 12.1 percent to 5.8 in LT compared to November 2015, said China General Administration of Customs (CNGOIC).

China's edible oil share mainly comprised of palm and soy oil, palm from Malaysia and Indonesia and soy oil from US and South America. Chinese participation in oils and fats market is considered to be influential for the market.

Indonesia is expected to produce 32-33 MMT of palm oil in 2017 compared to estimated production of 28.5-30 MMT in 2016, higher by 16 percent y-o-y. Production in 2015 was 33 MMT. Wet condition in 2016 in Indonesia is primary reason for higher production in 2017. Exports are expected to grow to 23-25 MMT in 2017 compared to 23 MMT estimated in 2016. Palm oil prices rose in 2016 due to lower stocks of palm on El Nino, crude oil prices and biodiesel mandates in Indonesia and Malaysia, said Indonesia Palm Oil Association (GAPKI).

India's rapeseed-mustard is driven by Malaysian palm oil, India's edible oil imports and Chinese vegoil demand.

Outlook: The rapeseed-mustard is expected to feature range-bound movement with weak-bias on likely higher domestic acreage under rapeseed-mustard and subsequently better production and supplies for the new marketing season.

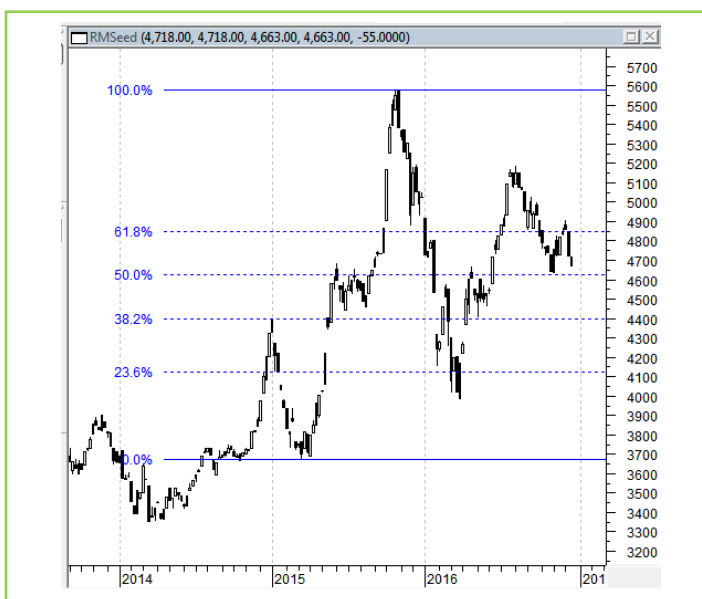
Technical Analysis:

NCDEX RM Seed Futures



*Note: Daily Chart

RM Seed Spot, Jaipur



Support & Resistance NCDEX RM Seed – Jan. contract

S1	S2	PCP	R1	R2
4415	4350	4453	4610	4675

- RM seed witnessed sharp fall extending previous losses, during the week.
- Prices closed below 18-day EMA.
- RSI and stochastic are falling in the neutral zone.
- MACD is easing in negative territory.
- The prices are expected to feature losses during the week.
- Trade Recommendation (NCDEX Rapeseed-Mustard – Jan.) Week: **SELL** Below 4500. Levels: Target – 4400; T2- 4350, SL – 4560.

Annexure

Oilseed Prices at Key Spot Markets:

Commodity / Centre	Prices (Rs/Qtl)				Change
Soybean	16-Dec-16		9-Dec-16		
	Low	High	Low	High	
Indore –Plant	2980	3025	2970	3050	-25
Indore–Mandi	2800	3000	2700	2950	50
Nagpur-Plant	2900	3050	2900	3025	25
Nagpur – Mandi	2550	2840	2500	2830	10
Latur – Mandi	2400	2977	2401	2950	27
Kota-Plant	2920	3025	3000	3050	-25
Kota – Mandi	2800	2950	2800	3000	-50
Bundi-Plant	3000	3050	2950	3000	50
Bundi-Mandi	2820	2970	2900	2950	20
Baran-Plant	2800	3150	3100	3150	Unch
Baran-Mandi	2750	2925	2800	3040	-115
Bhawani Mandi Jhalawar–Kota-Plant Delivery	3025	3070	3025	3025	45
Jhalwar-Mandi	2900	2980	2950	2950	30
Rapeseed/Mustard					
Jaipur-(Condition)	4660	4665	4715	4720	-55
Alwar-(Condition)	4500	4525	4500	4500	25
SriGanganagar-(Non-Condition-Unpaid)	3900	4050	4000	4100	-50
New Delhi–(Condition)(New Crop)	4500	4550	4680	4680	-130
Kota-Non-(Condition)	3700	3900	3950	4150	-250
Agra-(Condition)	4850	4900	5050	5050	-150
Neewai	4500	4525	4600	4600	-75
Hapur (UP)(New Crop)	Closed	Closed	Closed	Closed	-
Groundnut Seed					
Rajkot	875	875	850	850	25
Sunflower Seed					
Gulbarga	2654	3154	2682	3102	52
Latur	NA	NA	NA	NA	-
Sholapur(New Crop)	3280	3325	3250	3250	75
Sesame Seed					
Mumbai (White98/2/1	6700	6700	6700	6700	Unch

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
		10th Dec to 16th Dec 2016	3rd Dec to 9th Dec 2016	
Soybean				
	Madhya Pradesh	930000	1060000	-130000
	Maharashtra	875000	813000	62000
	Rajasthan	375000	164000	211000
	Bundi (Raj)	2400	2400	Unch
	Baran (Raj)	19000	23500	-4500
	Jhalawar (Raj)	10500	14000	-3500
Rapeseed/Mustard	Rajasthan	Closed	Closed	-

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 2016/17 Rabi Oilseeds

The Cabinet Committee on Economic Affairs has approved the Minimum Support Prices (MSPs) for Rabi Oilseeds Crops of 2016-17 season are as follows: The MSP of Rapeseed/Mustard is raised (10.4%) by Rs. 350/Qtl to Rs. 3,700/Qtl from Rs. 3,350/Qtl earlier. For Safflower too it is increased (12.1%) by Rs. 400/Qtl to Rs. 3,700/Qtl from Rs. 3,300/Qtl in 2014-15. Further, to incentivize cultivation of oilseeds, the Cabinet has decided to give a bonus of Rs 100/- per quintal each for Rabi oilseeds including Rapeseeds/Mustards and Safflower, over and above the recommendations of the CACP.

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