

# Oilseeds Weekly Research Report

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## Executive Summary

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Soybean and soy meal posted gains on improved buying but rapeseed-mustard fell ahead new marketing season during the week under review.

Currently, the soybean supplies are higher compared to the corresponding period last year and improved production in the same remained limiting factor for the bean prices in recent months.

Better overseas meal demand remained slightly supportive for the domestic meal prices.

The soybean harvesting is gaining momentum in Brazil and the crop is under quality concern after heavy rains in some parts of Argentina as it is under development phase.

The rapeseed-mustard is under pressure after rise in the planted area under the seed which could eventually increase the seed production.

The crop is under flowering stage and there are no reports of crop damage at a large scale.

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

## Outlook – Cash Market

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**Outlook - Soybean (Spot, Indore):** *The soybean extended last week's gain on improved buying support in the cash market. However, higher domestic soybean production this season, weak soy meal exports, record US soybean production have limited the gains in the domestic soybean. The prices are expected to feature range bound movement between the price band of 3050 – 3150 levels (Indore, Plant basis).*

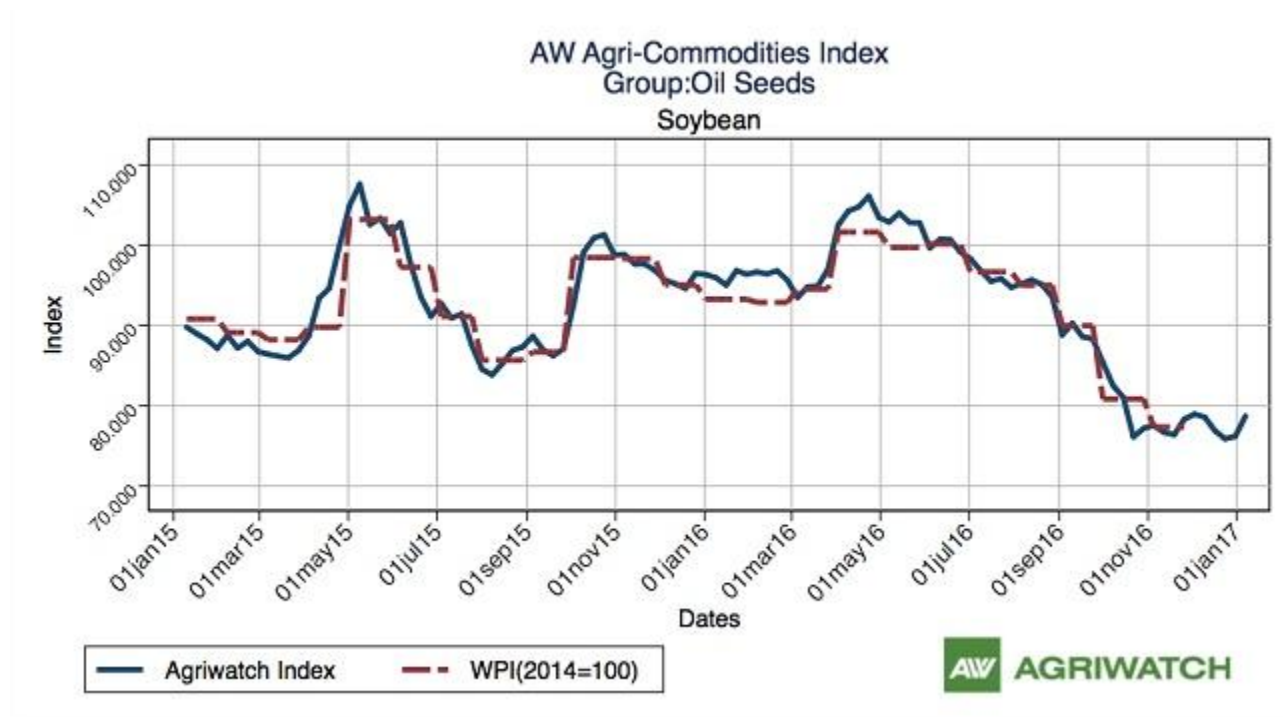
**Outlook – Soy meal:** *Soy meal rebound on improved overseas meal demand but the gains were limited due to the weak domestic demand. Expectation of higher crushing on good soybean production is also limiting the gains in the domestic soy meal. Indian meal exporters are advised to explore new markets 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 23,500 – 24,000/MT levels during the week.*

**Outlook - Rapeseed-Mustard (Spot, Jaipur basis):** *The rapeseed-mustard extended losses on dull trade activity during the week. Higher area under rapeseed this season and upcoming new marketing season will continue to pressure the seed further. The seed prices are likely to feature weakness and witness the levels between 4390 - 4450/Qtl; levels during the week.*

## AW Oilseeds Index – 07 January 2017

The Agriwatch Agri Commodities Index gained 0.41% to 115.30 during the week ended Jan 7, 2017 from 114.83 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 99.10 (+2.25%) 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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- ❖ China's soybean imports reached 7.8 million tonnes in November 2016 which is up 6.1% year-on-year and 50.5% month-on-month.
- ❖ China is estimated to import 86 million tonnes of soybean in 2016/17 season, which will be highest ever.
- ❖ China's soybean imports stood at 74.2 million tonnes in the first eleven months of 2016, reported by the China's Customs.
- ❖ Conab, the Brazil's government crop supply agency has forecast Brazil's 2016/17 soybean production at 102.45 million tonnes, up 7% from the last season.
- ❖ 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 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.
- ❖ 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.
- ❖ 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.
- ❖ 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.
- ❖ 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.
- ❖ 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.
- ❖ 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.

## Sown Area – *Rabi* Oilseeds, India

In the official Rabi oilseeds planting report, by the Ministry of Agriculture, (week ending 06 Jan. 2017), the total coverage area under Rabi oilseeds is reported at 80.64 lakh hectares, up 8% from 74.69 lakh ha in the corresponding period of last year. Of the major oilseeds, rapeseed-mustard sowing is reported up by 11% at 69.53 lha compared to 62.76 lha during the corresponding period of last year. Groundnut at 4.29 lha vs 3.88 lha, safflower at 1.01 lha vs 1.12 lha, sunflower at 1.38 lha vs 2.91 lha, sesamum 0.36 vs 0.43 and Linseed at 3.58 lha vs 2.84 lha during the same period last year.

Area in Lakh Hectares

<b>Crop</b>	<b>As on 06 Jan. 2017</b>	<b>As on 06 Jan. 2016</b>	<b>% Change</b>
Rapeseed/Mustard	69.53	62.76	<b>10.8</b>
Groundnut	4.29	3.88	<b>10.6</b>
Safflower	1.01	1.12	<b>-9.8</b>
Sunflower	1.38	2.91	<b>-52.6</b>
Sesamum	0.36	0.43	<b>-16.3</b>
Linseed	3.58	2.84	<b>26.1</b>
Others	0.49	0.75	<b>-34.7</b>
<b>Total Oilseeds</b>	<b>80.64</b>	<b>74.69</b>	<b>8.0</b>

Source: MoA, GOI

## Soybean

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The domestic soybean edged-up on better overseas meal demand and the soybean processors ready to quote slightly higher price to meet their demand from crushing and meet the exports commitment.

Besides, concern over planting, crop development in Argentina and harvesting in Brazil due to heavy rains over key soy growing belt in previous weeks remained supportive for the domestic bean market.

Need based buying is featured in the soybean by the solvent extractors, as the international exports price of soy meal and soy oil are still at the lower levels considering global oversupply.

The soy meal exporters continued to offer the meal at competitive price to the foreign buyers on bearish medium-term outlook. Hence to keep the meal prices lower the soybean prices are still quoted lower from the normal price by the solvent extractors.

The soybean supplies at the cash market are still strong compared to the the corresponding period last year.

Currently, about 0.80 – 1.7 lakh bags of soybean are arriving in cash markets of Madhya Pradesh against 0.45 – 0.55 lakh bags during the corresponding period last year.

Higher soybean supplies mean increase in crushing and eventually availability of more soy meal, which if not exported in time will lead to huge disparity in crushing.

India's domestic soy meal consumption is around 5 million tonnes and the production is expected to be 8 million tonnes, the surplus 3 million needs to be exported for the good crush market during the season.

The lower 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.

The soybean supplies continued to be higher not only in Madhya Pradesh but also in the key cash markets of Maharashtra and Rajasthan.

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 fresh buying by the solvent extractors and stockists. However, higher soybean production this season, weak soy meal export sales will limit the gains in soybean in near-term.***

**International:**

The CBOT soybean fell on profit taking, cooling down of the US soybean demand, sufficient stocks in hand with the exporters and the processors.

The CBOT soybean declined, January contract soybean prices witnessed high at US \$ 10.06/bushel and finally settled at US \$ 9.86/bushel compared to US \$ 9.96/bushel last week.

However, the losses were limited after heavy rains over the key soybean growing belt of Argentina which has hit the planting as well as the recently planted soybean which is under early crop development phase.

Rains in some parts of Brazil has hampered the soybean harvesting of 2016/17 crop and raised the quality concerns, logistics, deteriorate the quality of the bean just before harvesting leading to weakness in remained bullish for the international soybean.

But rains in Brazil's key soybean growing region have proved beneficial to the 2016/17 soybean crop in Rio Grande do Sul.

Buenos Aires Grain Exchange has lowered its Argentina's 2016/17 soybean planting estimate to 19.3 million hectares from 19.6 million its previous forecast.

Fall in the area is attributed to the dry weather in Southeast Buenos Aires province.

Argentina's 2015/16 area under soybean was reported at 20.1 million hectares

European Union's 2016/17 soybean imports have fallen by 3% to 6.6 million tonnes from 6.85 million tonnes registered at the corresponding period last year.

Besides, the EU 2016/17 soy meal imports are down by 15% at 9.3 million tonnes from 10.9 million previous year.

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**Previous updates:**

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Conab, the Brazil's government crop supply agency has forecast Brazil's 2016/17 soybean production at 102.45 million tonnes, up 7% from the last season.

Argentina's 2016/17 area under soybean is forecast at 20.3 million hectares which is up from the previous forecast of 20.2 million hectares, by the agriculture ministry in the monthly crop progress report. There was a fear that Argentina will grow less soybean if the country does not receive rains in time.

China's soybean imports reached 7.8 million tonnes in November 2016 which is up 6.1% year-on-year and 50.5% month-on-month.

China is estimated to import 86 million tonnes of soybean in 2016/17 season, which will be highest ever.

China's soybean imports stood at 74.2 million tonnes in the first eleven months of 2016, reported by the China's Customs.

Safras & Mercado has raised its production forecast Brazil's 2016/17 soybean 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 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.

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 is higher compared to 55.4% during corresponding period of the 2015/16 crop. .

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.

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.

Paraguay's area under soybean is expected to increase in 2016/17 due to favorable soy prices and expected better returns. 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

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The domestic soy meal rebound, after consecutive 4-weeks of fall, on improved overseas meal demand during the week under review.

However, the gains were limited due to the weak domestic meal demand in recent weeks.

However, the exporters are offering the soy meal at attractive prices to the foreign buyers to compete with the South American meal prices and keep the exports window open for some more time to utilize the expected higher meal supplies this season.

India is expected to produce 8 million tonnes of soy meal this season. Out of which 5 million tonnes will be consumed domestically but another 3 million needs to be shipped to overseas, failing which will increase the disparity on crushing soybean.

India's forward booking for soy meal are better than the corresponding period last year, further sharp fall in the export prices in recent weeks in soy meal have made the imports from India lucrative.

The meal prices are unlikely to post sharp gains to keep the exports window open at least 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 recover slightly 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 witness 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.

Soy meal witnessed losses in the international market and January CBOT soy meal settled at US \$ 307.5 per short ton compared to US \$ 312.9 per short ton last week.

The domestic soy meal prices at Indore, improved and were quoted at Rs 23,000 – 23,650/MT compared to Rs 22,425 – 23,400/MT compared to previous week.

At Latur and Nanded, Maharashtra, soy meal witnessed steady to weak tone and were quoted at Rs 23,900/MT and 23,600/MT respectively compared to Rs 23,150/MT in Indore and Rs 23,900/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 corresponding 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 corresponding 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 need 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 – 23,650/MT during the week compared to Rs 32,800 – 33,300/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 limit the gains market, in near-term.*

## Technical Analysis:

### NCDEX Soybean Futures



### Soybean Spot, Indore



\*Note: Daily Chart

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

S1	S2	PCP	R1	R2
2950	2900	3068	3255	3397

- Soybean witnessed range-bound movement, during the week.
- Prices closed below 18-day EMA.
- RSI and stochastic are easing 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 – Feb.) Week: **BUY** Above 2970. Levels: T1 – 3070; T2- 3120, SL - 2910.

## Rapeseed - Mustard Seed

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The domestic rapeseed-mustard continued downward movement on higher coverage area under the seed this season.

Improved area coverage will eventually increase in the production in the seed, if weather remains favourable during the crop development phase.

The RM seed crop is in the flowering stage in most of the key growing belts and the crop is considered to be in good health. There are no reports of crop loss or damage in any key growing belt.

With exception in the district of Baran, Rajasthan, where there are incidence of pest attack in some pockets which may negatively affect the yield potential in the crop.

In the recent government update on rabi crop planting, India's rapeseed-mustard sowing is reported up by 11% at 69.53 lha compared to 62.76 lha during the corresponding period of last year.

The seed prices, during the week, at benchmark, Jaipur was quoted lower between Rs. 4,425 – 4,520 per quintal compared to Rs. 4,715 – 4,750 per quintal witnessed in the corresponding periods last year.

The all India daily arrivals of the seed continued to ease and were reported between 0.5 – 0.60 lakh bags and are lower compared to 1.05 – 1.15 lakh bags during the corresponding period last year.

Malaysia's December palm oil exports fell 1.8 percent to 1,109,606 tons compared to 1,130,172 tons in the corresponding period last month. Top buyers were European Union at 257,808 tons (215,995 tons), China at 176,477 tons (215,655 tons), India at 154,525 tons (118,010 tons), Pakistan at 46,150 tons (22,000 tons) and United States at 43,620 tons (55,556 tons). Values in brackets are figures of corresponding period last month. Values in brackets are figures of corresponding period last month, reported cargo surveyor Societe Generale de Surveillance (SGS).

### Previous Updates

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The market is waiting for the India's December edible oil figure. We expect India's imports will be lower in December 2016 compared to the corresponding period last year.

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).

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).

Indonesia has imposed crude palm oil duty for January at USD 3 per ton. The reference price of CPO is set at USD 788.26 per ton. Tax will be charged when the prices rise above USD 750 per ton, Indonesia government.

Malaysia increased crude palm oil export duty to 7 percent for January from 6 percent in December. Tax is calculated at reference price of 3,119.48 ringgit (\$696.62) per ton. Prices above 2,250 are taxed starting from 4.5 percent to a maximum of 8.5 percent, Malaysia Palm Oil Board (MPOB).

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 witness downward movement higher domestic acreage under the seed, upcoming new marketing season and better kharif oilseeds production and their supplies.*

### Technical Analysis:

#### NCDEX RM Seed Futures



\*Note: Daily Chart

#### RM Seed Spot, Jaipur



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

S1	S2	PCP	R1	R2
3830	3770	3924	4065	4140

- Side-ways movement featured in the RM seed, during the week.
- Prices closed below 18-day EMA.
- RSI and stochastic are rising in the neutral zone.
- MACD is improving in negative territory.
- The prices are expected to feature losses during the week.
- Trade Recommendation (NCDEX Rapeseed-Mustard – Apr.) Week: **SELL** Below 4010. Levels: Target – 3910; T2- 3850, SL – 4070.

## Annexure

**Oilseed Prices at Key Spot Markets:**

Commodity / Centre	Prices (Rs/Qtl)				Change
Soybean	6-Jan-17		30-Dec-16		
	Low	High	Low	High	
Indore –Plant	2850	3000	2950	3050	-50
Indore–Mandi	2700	2900	2800	3000	-100
Nagpur-Plant	2930	3050	2925	3040	10
Nagpur – Mandi	2650	2860	2600	2865	-5
Latur – Mandi	2575	3011	2550	3041	-30
Kota-Plant	3100	3130	3000	3030	100
Kota – Mandi	2900	3020	2950	3060	-40
Bundi-Plant	3050	3100	2925	3075	25
Bundi-Mandi	2900	3000	2775	2950	50
Baran-Plant	2700	3000	2770	3040	-40
Baran-Mandi	2750	2950	2800	2975	-25
Bhawani Mandi Jhalawar–Kota-Plant Delivery	2975	3025	3000	3050	-25
Jhalwar-Mandi	2850	2970	2920	3025	-55
Rapeseed/Mustard					
Jaipur-(Condition)	4425	4430	4520	4525	-95
Alwar-(Condition)	4200	4300	4200	4300	Unch
SriGanganagar-(Non-Condition-Unpaid)	3700	3800	3800	3900	-100
New Delhi–(Condition)(New Crop)	4275	4400	4225	4300	100
Kota-Non-(Condition)	3575	3680	3600	3800	-120
Agra-(Condition)	4700	4775	4700	4750	25
Neewai	4080	4130	4140	4170	-40
Hapur (UP)(New Crop)	4270	4300	Closed	Closed	-
Groundnut Seed					
Rajkot	856	856	863	863	-7
Sunflower Seed					
Gulbarga	2852	3502	2650	3310	192
Latur	NA	NA	NA	NA	-
Sholapur(New Crop)	NA	NA	3150	3250	-
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
Soybean		31st Dec 2016 to 6th Jan 2017	24th Dec to 30th Dec 2016	
	Madhya Pradesh	640000	660000	-20000
	Maharashtra	460000	500000	-40000
	Rajasthan	253000	225000	28000
	Bundi (Raj)	850	1950	-1100
	Baran (Raj)	9500	8800	700
	Jhalawar (Raj)	12400	6900	5500
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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