

# Oilseeds Weekly Research Report

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## Executive Summary

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Soybean, rapeseed mustard and soy meal fell in tandem both domestic and bearish global factors. Indian government's decision to keep oilseeds taxable under 5% GST rate has pressurized the oils and fats market further, which were already reeling under pressure.

Further, appreciation of INR continued to put pressure on the soy meal exports as the scenario is making exports from India noncompetitive. However, India's soy meal exports are better despite appreciation of INR against US dollar, but future looks bleak.

This is when the global soy supplies rising with record Brazilian crop harvest along with the third largest producer, Argentina.

Continued fall of rapeseed-mustard to below MSP after good harvest by India this year remained a cause of concern for the farmers and the stockists. The seed supplies are still strong and higher than the corresponding period last year.

As discussed earlier, the rapeseed-mustard prices are susceptible to the supply pressure and will continue to remain under the pressure further, in near to medium-term.

## Outlook – Cash Market

**Outlook - Soybean (Spot, Indore):** The soybean fell on higher supplies and limited demand, bearish global supply scenario, strength in INR against US dollar, which may hit the soy meal exports and higher production. Further, record South American soybean supply outlook will continue to be pressurizing factor for the domestic soybean. The prices are expected to feature range bound movement between the price band of 2850 – 3050 level (Indore, Plant basis).

**Outlook – Soy meal:**

Soy meal prices featured losses in tandem with soybean. Concern over appreciation in INR against USD will render India's meal exports non-competitive in the international market. 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 supply pressure and feature range bound movement in near-term. Soy meal, Indore is expected to be in the range of 23,000 – 24,000/MT levels during the week.

**Outlook - Rapeseed-Mustard (Spot, Jaipur basis):** The rapeseed-mustard is expected to remain under pressure but good buying support by the solvent extractors will limit the losses. Further, higher seed production after increase in the area under rapeseed this season, will limit the gains. The seed prices are likely to feature weakness and witness the levels between 3650 – 3720/Qtl; levels during the week.

## International Highlights

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- ❖ Informa Economics too has raised Brazil's 2016/17 soybean production projection to 113.0 million tonnes up from 111.0 million tonnes estimated last month.
- ❖ The agency has slashed its Argentina's 2016/17 soybean crop estimate to 56.8 million tonnes from 57.5 million projected previously.
- ❖ FCStone has once again raised Brazil's 2016/17 soybean crop production estimate to 111.8 million tonnes from 111.55 million tonnes projected in April.
- ❖ The agency has projected Brazil's 2016/17 soybean end stocks at 7.58 million tonnes against 1.48 million tonnes in 2015/16.
- ❖ Brazil's 2016/17 soybean crop production is estimated up at 107.3 million tonnes compared to 104.6 million tonnes projected in February by Abiove.
- ❖ The Ministry of Agroindustry has slightly slashed Argentina's 2016/17 soybean area to 19.42 million hectares from 19.45 million projected in the previous estimated.
- ❖ Paraguay's 2016/17 soybean crop is projected more than 10 million tonnes, said the Agriculture Minister Juan Carlos Baruja. Paraguay is world's No.4 soybean exporter.
- ❖ Allendale has projected US 2017 soybean seeding up to 88.825 million acres from 83.433 million in 2016. The diversion is from corn acreage which is estimated lower at 90.018 million acres in 2017 from 94.004 million in 2016. The agency has also reduced the wheat planting area.
- ❖ If realized, Allendale's forecast for US soybean acreage would be highest on record.
- ❖ Informa too has raised the US 2017 soybean planting projection to 88.7 million acres from 88.647 million acres estimated in January.
- ❖ The agency has projected the US 2017/18 soybean production at 4.22 billion bushels with an average yield of 48.0 bushels per acre.
- ❖ Brazil's 2016/17 soybean production is projected at 109.65 million tonnes compared to 105.02 million tonnes in February by Celeres.

- ❖ Chinese agribusiness group New Hope and Cargill are jointly installing soybean crushing unit in the China's Hebei province with a daily crush capacity of 50,000 tonnes.
- ❖ Brazil's 2016/17 soybean crop production is forecast at 105 million tonnes which is up from 95.4 million tonnes estimated in 2015/16 by Oil World.
- ❖ Brazil is expected to export around 52.3 million tonnes during February/August 2017 against 47.8 million tonnes in the corresponding period last year.
- ❖ Informa has projected Argentina's 2016/17 soybean crop at 55.0 million tonnes.
- ❖ US 2017 soybean seeding is seen up at 88 million acres compared to 83.4 million in 2016 while corn area is reduced to 90 million acres from 94 million in 2016, projected by USDA.

## Sown Area – *Rabi* Oilseeds, India

In the official Rabi oilseeds planting report, by the Ministry of Agriculture, the total coverage area under Rabi oilseeds is reported at 84.35 lakh hectares, up 6.2% from 79.42 lakh ha in the corresponding period of last year. Of the major oilseeds, rapeseed-mustard sowing is reported up by 9.3% at 70.56 lha compared to 64.53 lha during the corresponding period of last year. Groundnut at 6.16 lha vs 5.96 lha, safflower at 0.95 lha vs 1.17 lha, sunflower at 1.69 lha vs 3.21 lha, sesamum 0.57vs0.71 and Linseed at 3.84 lha vs 2.93 lha during the corresponding period last year.

Area in Lakh Hectares			
<b>Crop</b>	<b>2017</b>	<b>2016</b>	<b>% Change</b>
Rapeseed/Mustard	70.56	64.53	<b>9.3</b>
Groundnut	6.16	5.96	<b>3.4</b>
Safflower	0.95	1.17	<b>-18.8</b>
Sunflower	1.69	3.21	<b>-47.4</b>
Sesamum	0.57	0.71	<b>-19.7</b>
Linseed	3.84	2.93	<b>31.1</b>
Others	0.58	0.91	<b>-36.3</b>
<b>Total Oilseeds</b>	<b>84.35</b>	<b>79.42</b>	<b>6.2</b>

Source: MoA, GOI

## Soybean

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The domestic soybean plunged on government decision to keep oilseeds taxable under 5% GST rate. The fall is about 4% in last fortnight.

Besides, increase in supplies from South America after harvesting remained pressurizing factor for Indian bean, which was reeling under pressure with the beginning of the new marketing season.

Further, forecast of normal monsoon this year remained bearish for the bean. However, lower remuneration in soybean will remain discouraging factor for the cultivators.

The domestic oilseeds processors are consistently urging the government to increase the import duty on edible oils which has paved the way for cheap import of edible oils mainly from Argentina, Malaysia, Indonesia and Ukraine.

This in turn has hurt the oilseeds processing industry leading to lower crush margin and strengthening of INR against USD has led to the decline in revenues from the byproducts.

We expect the India's soy meal exports to ease in coming months. Seasonally India's soy meal exports are at high in volume during October thru February due to higher pace in crushing the bean.

Stronger INR against US dollar, huge South American soy supplies continued to remain weak factor as the Indian soy meal price has been out-priced in the international market in recent weeks.

Higher domestic soybean production subsequently improved soy meal production outlook will continue to limit the gains in bean. Slack in domestic soy meal offtake due to weak poultry demand and cheap soy oil imports too remained limiting factor.

The bean supplies are have fallen week-on-week. However they are stronger y-o-y, about 15,000 – 60,000 bags of soybean have arrived in the cash markets of Madhya Pradesh in a day against 25,000 – 45,000 bags during the corresponding period last year.

Currently, the bean prices are around the levels where they were at the time of harvest in October.

***The major buyers in Madhya Pradesh are as follows: Amrit Mandsaur, Ambika Joara, Agrawal Soy Dewas, Agrawal Neemuch, Adani, Agro Sol. Datia, Avi Agro, Bansal, Bajrang, Betul Oil, Dhanuka, DivyaJyoti, 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 Overseas, Sawariyaltarsi, Sitashri, Vippy (10-2-2 specification) for Dewas and Mandsaur delivery during the week.***

## **Previous Update**

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CACP has raised the recommendation of MSP for soybean to Rs 2,850 a quintal for the 2017-18 season, an increase of Rs 75. That for groundnut is recommended to be maintained at Rs 4,220 a quintal.

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 domestic soybean prices are likely to feature range-bound movement with weak bias on strength in INR vs USD, weakness in international soybean, in near-to-medium-term.***

## **International:**

The international benchmark CBOT soybean fell to 13-month low on record-large soybean harvest in Brazil, weakness in real with farmers selling off their produce, technical selling and sharp fall in crude oil during the week under review.

Further, US soy inventories are still 11 years high said USDA, in its monthly supply and demand report.

At CBOT, the soybean, in the most active July contract, ended at US \$ 9.39/bushel compared to US \$ 9.53/bushel last week.

US soybean planting is 53% complete as on 21 May 2017 which is at par with the corresponding period last year, but up from 5 year average of 52%.

Soybean emergence is reported at 19% which is slightly less from 20% during the same period last year and also below from 5 year average of 21%.

U.S. April NOPA member soybean crush rose 9.0 percent to 139.134 million bushels from 153.060 million bushels in March 2017. Crush of soybean in April 2016 was 147.614 million bushels.

Production of soy oil in U.S. in April rose to 1.627 billion lbs from 1.789 billion lbs in March 2017.

Argentina's agriculture ministry has forecast the country's 2016/17 soybean production at 58 million tonnes. This was first monthly estimate by the government in 2016/17.

Abiove has estimated Brazil's 2016/17 soybean at 112.5, rise of 1.6% from its earlier estimate. It raised country's soybean export estimate by 2.3 percent to 61.7 MMT.

Safras & Mercado have forecast Brazil's soybean export at 61 million tonnes in 2017/18 (Feb/Jan) which is 17% higher compared to 2016/17. The forecast is in line with Abiove estimates.

Safras has raised Brazil's 2016/17 soybean production estimate by 1.68% against previous month to 113.384 million tonnes which is 16.7% higher than the previous season.

The soybean production is expected at 116.156 MMT in 2017/18. Total soybean demand will be higher by 10% to 105.1 million tonnes, said the agency.

Buenos Aires Grains Exchange has raised Argentina's 2016/17 soybean crop estimate to 57.5 million tonnes from 56.5 million tonnes estimated earlier. Higher soybean crop is due to high yields brought by wet weather.

Conab has raised Brazil's 2016/17 soybean crop estimate to 113 million tonnes up from 110.2 million tonnes estimated in its previous estimate. This is fifth raise in its estimate for 2016/17. Higher soybean crop is on rise in productivity by 18.4% and rise in planted area.

EU soybean imports fell 2% by 16 May 2017 and registered imports of 12.1 million tonnes from 17.7 million tonnes during the corresponding period last season.

EU soy meal imports during Jul. – Jun. 2016/17 season stood at 15.5 million tonnes, down 12% from 17.7 million tonnes during the corresponding period last year.

### **Previous updates**

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Informa Economics has raised its US 2017 Soybean planting projection to 89.662 million acres, it is above USDA's figure of 89.5 million acres.

The figure is higher than the Informa March forecast of 88.7 million acres.

Informa has projected US 2017 soybean production at 4.27 billion bushels considering an average yield of 48.0 bushels per acre and harvested are of 89.017 million acres.

The China's demand is strong and also the soy supplies are high this season. Brazil's 2017 soy exports are expected to be higher but will be below expectation, said the agency.

Buenos Aires Grains Exchange has raised Argentina's 2016/17 soybean to 57.5 million tonnes from 56.5 million tonnes estimated earlier by the agency.

Rosario Grain Exchange has also raised Argentina's 2016/17 soybean production projected to 57 million tonnes, which is up from 56 million estimated last month.

FCStone has once again raised Brazil's 2016/17 soybean crop production estimate to 111.8 million tonnes from 111.55 million tonnes projected in April.

The agency has projected Brazil's 2016/17 soybean end stocks at 7.58 million tonnes against 1.48 million tonnes in 2015/16.

Informa Economics too has raised Brazil's 2016/17 soybean production projection to 113.0 million tonnes up from 111.0 million tonnes estimated last month.

The agency has slashed its Argentina's 2016/17 soybean crop estimate to 56.8 million tonnes from 57.5 million projected previously.

Argentina's next season's soybean planting is expected to decline for the second consecutive year and shift to corn.

Oil World has raised their forecast of 2016/17 South American soybean production to a record 182.4 million tonnes which is up 16.9 million tonnes from the previous season.

The agency – Oil World has projected China's Oct/Sept 2016/17 soybean imports to 89.0 million tonnes, the figure is higher compared to the China's official figures which estimated the imports at 86.5 million tonnes during the same period.

China's 2016/17 soybean imports are projected up at 86.5 million tonnes compared to the previous forecast of 85.31 million tonnes, China's Ministry of Agriculture.

China's 2016/17 soybean utilization is estimated at 100.81 million tonnes compared to 99.87 estimated previously.

The country's soybean inventory deficit is estimated at 1.89 million tonnes down from deficit of 2.19 million estimated previously, said China's Ministry of Agriculture.

USDA has forecast that U.S. farmers would plant a record-high 89.5 million acres of soybeans in 2017 against 83.433 million planted in 2016.

If realized, this would be biggest to date, the average trade estimates stood at 88.2 million acres.

Argentina's 2016/17 soybean harvesting has picked-up the pace last week despite heavy rains, storm and floods in the west of Argentina, said Buenos Aires Grains Exchange.

AgRural has raised Brazil's 2016/17 soybean production estimate to 111.6 million tons from 107 million tons in March, citing favourable weather conditions which boosted the productivity.

Brazil's soybean exports stood at 9.7 million tonnes in March, highest on record for March, according to Anec with record soybean productivity in 2016/17 season.

Anec is expecting Brazil's 2017 soybean exports at 60 million tons.

Brazil's 2016/17 soybean sales have estimated to have reached 46% (51.07 Mn T) of the total projected production as of first week of April, which is up from 57% of the historical average and 61% in the corresponding period last year, said the Safras& Mercado.

The consultancy has projected Brazil's 2016/17 soybean production at 115.5 million tonnes.

The USDA has reported U.S. soybean stocks as of March 1 at 1.735 billion bushels which is up 13% from the corresponding period last year and even above an average of trade expectations for 1.684 billion bushels.

USDA has projected US 2017 soybean plantings at record 89.5 million acres against 83.433 million planted in 2016.

If realized, this would be biggest to date, the average trade estimates stood at 88.2 million acres.

Informa Economics has once again raised Brazil's 2016/17 soybean production estimate at 111.0 million tonnes from 108.0 million previously projected.

The agency has also raised Argentina's 2016/17 soybean crop at 57.5 million tonnes from 55.0 million estimated in the previous forecast.

Brazil's 2016/17 soybean production is raised by Agroconsult and projected at record 113.3 million tonnes compared to 111 million tonnes estimated in early March.

The agency projected Brazil's 2017 soybean exports at 2017 at 61.4 million tonnes compared to 61 million tonnes estimated early March.

Brazil's 2017 soybean exports are projected at 61.4 million tonnes which is up 9.8 million tonnes from 2016 by Oil World.

The exports figure by the agency is above 59.8 million tonnes projected by Abiove – Brazilian vegetable oil industry association.

Oil World has projected Brazil's 2016/17 soybean production at 108.5 million tonnes compared to 95.43 million tonnes estimated for last year.

*The international soybean prices are expected to feature range bound movement with weak-bias on record global supply scenario.*

## Soy meal

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The domestic soy meal prices fell on increased supplies in the international oils and fats market and government's decision to impose GST on oilseeds.

Further, strength in INR against USD has rendered India's soy meal prices uncompetitive when seasonal South American soy supplies have risen in recent days.

Besides, the weak domestic soy meal demand from poultry and feed manufacturers due to summer season remained bearish for the meal.

However, India's soy meal exports surged over 800% in April 2017, y-o-y.

The forward booking for soy meal are easing with competitive price offers by South America.

Despite some gains, the current domestic meal prices are lower compared to the corresponding period last year.

Soy meal fell in international market, during the week, the July CBOT soy meal settled at US \$ 304.7 per short ton compared to US \$ 307.0 per short ton last week.

Brazil's harvesting is almost complete and Argentina's soybean crop harvesting is in full swing and the global bean supplies are strong.

The domestic soy meal prices at Indore, were quoted at Rs 23,000 – 24,000/MT compared to Rs 23,700 – 25,000/MT compared to previous week.

At Latur and Nanded, Maharashtra, soy meal witnessed steady to weak tone and were quoted at Rs 24,000/MT and 24,500/MT respectively compared to Rs 23,000/MT in Indore and Rs 22,500/MT in Kota.

Brazil's April soy meal exports fell 25% from the corresponding period last year. But it was up in April by 1.3% to 1.13 million tonnes compared to March. The shipments in the first four months of the marketing season are about 4% below previous year and equivalent to 2015.

Further, soybean exports is expected to rebound on record Brazil's 2016/17.

## Previous Updates

Despite strength in INR against US dollar, India has registered gains in the soy meal exports in the current season. The INR has appreciated by 5% in 2017 and it will eventually make India's soy meal exports prices unattractive.

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 must be shipped overseas, failing which, the disparity on crushing soybean will increase.

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.

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.

India's April Soy meal Exports Up 809% at 1,11,800 T - SOPA

***India's soy meal and its other value added products (HS Code 2304) during April 2017 is 1,11,800 tons compared to 12,195 tons in April 2016 showing an increase of 809.3% over the same period of last year.***

***During current Oil year, (October – September), total exports during October 2016 to April 2017 is 10,26,223 tons as against 1,98,065 tons last year, showing an increase by 418.12%, as reported by SOPA.***

***Bangladesh (29,400 Tonnes), France (25,861 Tonnes), Germany (25,351.33 Tonnes), Indonesia (11,851 Tonnes) and Vietnam (7,279.77 Tonnes) remained the top buyers of the soy meal of Indian origin during the month of April 2017.***

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 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 once again recovered the lost ground but with stiff price*

*competition against the South American meal. Iran, Japan, Europe, Thailand, Vietnam, Indonesia and South Korea were the major destinations for Indian soy meal exports, whose have once again started buying from India whenever the offer is attractive compared 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 – 24,000/MT during the week compared to Rs 36,000 – 37,000/MT during the corresponding period last year.

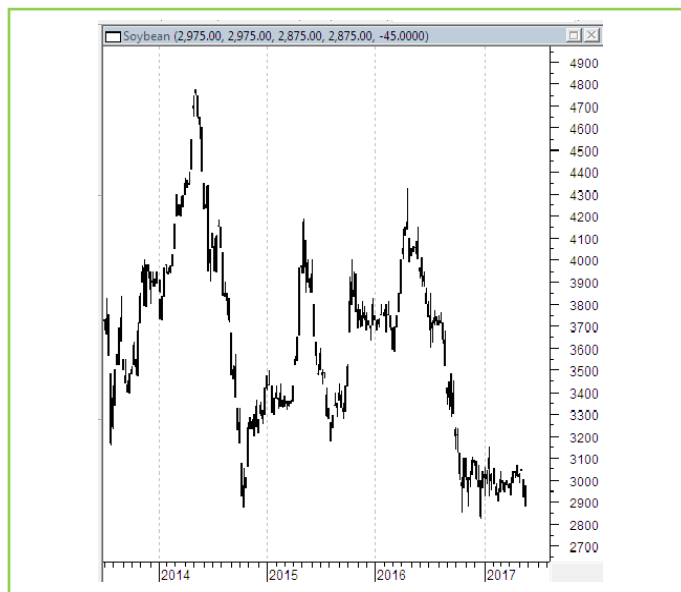
*The soy meal prices are likely to feature range-bound movement with weak-bias on strength in INR against US dollar and higher domestic and international soybean production will limit the gains market, in near-term.*

## Technical Analysis:

### NCDEX Soybean Futures



### Soybean Spot, Indore



\*Note: Daily Chart

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

S1	S2	PCP	R1	R2
2650	2600	2825	2972	3066

- Soybean continued downward move in the market, during the week.
- Prices closed below 18-day EMA.
- RSI and stochastic are falling in the neutral zone.
- MACD is falling in the negative territory.
- The prices are expected to feature losses in the coming week.
- Trade Recommendation (NCDEX Soybean – Jul.): **SELL** Below 2925. Levels: T1 – 2825; T2- 2775, SL - 3085.

## Rapeseed - Mustard Seed

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The domestic rapeseed-mustard fell more than 2% compared to the previous week. This is after Indian government's decision to keep oilseeds taxable under 5% GST rate has pressurized the oils and fats market further, which were already reeling under pressure.

Besides, Genetic Engineering Appraisal Committee (GEAC) on 11 May recommended the release of genetically modified (GM) mustard hybrid DMH-11 for cultivation by farmers, remained bearish for the seed market.

However, those opposing GM crop technology have strongly protested for the release.

If the Ministry of Environment accepts the GEAC's recommendation, GM mustard would be the first food crop to be permitted for cultivation in India and the second GM crop to be approved after Bt cotton in 2002. The anti-GM activists fear it will give the way to the other GM releases.

Besides, higher domestic seed production, weakness in Malaysian palm oil after appreciation of Ringgit and rise in palm oil production last month – highest in six months remained limiting factors.

Further fall in the rival - soy oil in the international market too restricted the gains in the domestic rapeseed-mustard.

Further, improved recovery in oil by 2-3% is witnessed this season, which is again bearish for the seed.

The all India seed supplies were reported between 2.4 – 2.67 lakh bags in a day compared to around 2.05 – 2.60 bags a day, previous week. The supplies were 1.55 – 1.85 lakh bags a day during the corresponding period last year.

The seed prices at spot fell and was quoted at around Rs 3,685– 3,800 a quintal compared to Rs 4,455 – 4,520 a quintal during the corresponding period last year at the benchmark, Jaipur.

At NCDEX futures, the seed prices at June contract fell and was ended at 3571/Qtl compared to 3682/Qtl previous week.

Agriwatch has projected India's 2016/17 rapeseed production at 7.0 million tonnes while Solvent Extractors of India has estimated the seed production at 7.2 million tonnes.

India's April edible oil imports rose 7.1 percent y-o-y to 13.24 lakh tons from 12.36 lakh tons in April 2016. Palm oil imports in April rose 2.3 percent y-o-y to 7.52 lakh tons from 7.35 lakh tons in April 2016. CPO Imports rose 28 percent y-o-y to 5.11 lakh tons from 3.99 lakh tons in April 2016.

RBD palmolein imports fell 28.5 percent y-o-y to 2.32 lakh tons from 3.26 lakh tons in April 2016. Soy oil imports fell 12.36 percent y-o-y to 3.05 lakh tons from 3.48 lakh tons in April 2016. Sunflower oil imports rose 135 percent y-o-y to 2.35 lakh tons from 1.00 lakh ton in April 2016. Rapeseed (Canola) oil fell to 0.32 lakh tons in April compared to from 0.51 lakh tons in April 2016, according to Solvent Extractors Association (SEA).

India's April edible oil stocks at ports and pipelines rose 10.8 Percent m-o-m to 21.20 lakh tons from 19.13 lakh tons in March 2017. Stocks of edible oil at ports rose to 785,000 tons (CPO 210,000 tons, RBD Palmolein 140,000 tons, Degummed Soybean Oil 210,000 tons, Crude Sunflower Oil 210,000 tons and 15,000 tons of Rapeseed (Canola) Oil) and about 1,335,000 tons in pipelines (stocks at ports were 688,000 and in pipelines were at 1,225,000 tons in March 2017).

The total stock on 1st May, 2017 has increased 207,000 tons v/s 1st Apr., 2017. India is presently holding 39 days of edible oil requirement on 1st May, 2017 at 21.20 lakh tons compared to 35 days of requirements last month. India's monthly edible oil requirement is 16.5 lakh tons, according to Solvent Extractors Association (SEA).

According to Malaysia Palm Oil Board (MPOB), Malaysia's April palm oil end stocks rose 3.02 percent to 16 lakh tons compared to 15.53 lakh tons in March. Production of palm oil in April rose 5.74 percent to 15.48 lakh tons compared to 14.64 lakh tons in March. Exports rose 1.39 percent to 12.83 lakh tons compared to 12.65 lakh tons in March. Imports of palm oil in April fell 46.57 percent to 0.54 lakh tons compared to 1.02 lakh tons in March. Stocks came below market expectations on lower than expected rise in production.

Malaysia's May 1-25 palm oil exports rose 18.6 percent to 1,006,853 tons compared to 891,725 tons in corresponding period last month. Top buyers were European Union at 210,765 tons (245,993 tons), India at 172,485 tons (135,300 tons), China at 98,130 tons (127,450 tons), Pakistan at 41,000 tons (10,000 tons) and United States at 37,520 tons (40,155 tons). Values in brackets are figures of corresponding period last month, said a cargo surveyor Societe Generale de Surveillance.

Malaysia reduced June crude palm oil export duty to 6 percent from 7 percent in May. Tax is calculated at reference price of 2844.79 ringgit (\$657.53) per ton. Tax is calculated above 2,250 ringgit starting from 4.5 percent to a maximum of 8.5 percent, said Malaysia Palm Oil Board (MPOB).

Indonesia Palm Oil Association (GAPKI), Indonesia palm and palm kernel oil exports fell 2 percent to 2.47 MMT from 2.53 MMT in February. However, exports rose 42 percent compared to March 2016.

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### **Previous Updates**

India is expected to produce around 7.0 million tonnes of rapeseed-mustard in 2016/17 with an average yield of about 1000 kg/ha compared to 5.8 million in 2015/16.

According to Indonesia Palm Oil Association, Indonesia's 2017 crude palm oil production is estimated to rise 12.7 percent to 35.5 MMT compared to 31.1 MMT in 2016. Heavy rains in 2016 will support palm oil production and growth in plantation in 2013 will bear fruit in 2017.

Malaysia's palm oil production in 2017 is estimated to rise 12 percent to 19.4 MMT from 17.4 MMT in 2016. Exports of palm oil in 2017 from Malaysia will increase 11.2 percent to 17.85 MMT from 16.05 MMT in 2016. CPO prices are expected to remain firm in 2017, according to the board, said the Malaysia Palm Oil Board (MPOB).

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 remain under pressure in near-term on higher production and strong supplies in the cash market.*

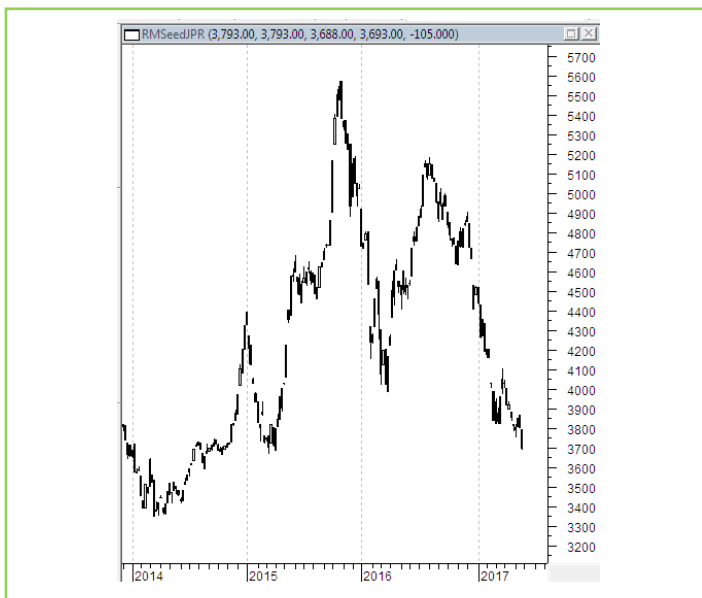
## Technical Analysis:

### NCDEX RM Seed Futures



\*Note: Daily Chart

### RM Seed Spot, Jaipur



### Support & Resistance NCDEX RM Seed – Jun contract

S1	S2	PCP	R1	R2
3450	3400	3571	3810	3913

- RM seed continued downtrend on selling pressure during the week.
- Prices closed below 18-day EMA.
- RSI and stochastic are easing in the neutral zone.
- MACD is falling in the negative territory.
- The prices are expected to feature losses during the week.
- Trade Recommendation (NCDEX Rapeseed-Mustard – Jun) Week: **SELL** Below 3670. Levels: Target – 3700; T2- 3650, SL –3730.

## Annexure

### Oilseed Prices at Key Spot Markets:

Commodity / Centre	Prices (Rs/Qtl)				Change
Soybean	26-May-17		19-May-17		
	Low	High	Low	High	
Indore –Plant	2850	2900	2925	2970	-70
Indore–Mandi	2700	2800	2650	2850	-50
Nagpur-Plant	2930	2980	2950	3000	-20
Nagpur – Mandi	2500	2840	2500	2730	110
Latur – Mandi	2690	2900	2680	2830	70
Kota-Plant	2700	2800	2800	2900	-100
Kota – Mandi	2650	2700	2800	2900	-200
Bundi-Plant	2725	2825	2850	2950	-125
Bundi-Mandi	2750	2800	2860	2900	-100
Baran-Plant	2750	2850	2800	2970	-120
Baran-Mandi	2700	2800	2820	2920	-120
Bhawani Mandi Jhalawar–Kota-Plant Delivery	2750	2900	2870	2950	-50
Jhalwar-Mandi	2800	2850	2800	2900	-50
<b>Rapeseed/Mustard</b>					
Jaipur-(Condition)(New Crop)	3690	3695	3800	3805	-110
Alwar-(Condition)(New Crop)	3450	3500	3625	3650	-150
SriGanganagar-(Non-Condition-Unpaid)	3320	3350	3350	3370	-20
New Delhi–(Condition)(New Crop)	3520	3540	3605	3625	-85
Kota-Non-(Condition)(New Crop)	3150	3250	3130	3350	-100
Agra-(Condition)(New Crop)	3825	3875	3975	4025	-150
Neewai(New Crop)	3400	3450	3680	3700	-250
Hapur (UP)(New Crop)	3575	3650	3700	3725	-75
<b>Groundnut Seed</b>					
Rajkot	851	851	886	886	-35
<b>Sunflower Seed</b>					
Gulbarga	3000	3400	2675	2850	550
Latur	NA	NA	NA	NA	-
Sholapur(New Crop)	NA	NA	NA	NA	-

## Sesame Seed

Mumbai (White98/2/1)	6450	6450	6550	6550	<b>-100</b>
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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
		20th May to 26th May 2017	13th May to 19th May 2017	
Soybean				
	Madhya Pradesh	280000	375000	<b>-95000</b>
	Maharashtra	238000	310000	<b>-72000</b>
	Rajasthan	100000	105000	<b>-5000</b>
	Bundi (Raj)	700	700	<b>Unch</b>
	Baran (Raj)	17100	33200	<b>-16100</b>
	Jhalawar (Raj)	17000	24000	<b>-7000</b>
Rapeseed/Mustard	Rajasthan	765000	755000	<b>10000</b>

## India's Oilseeds Production Seen Record at 32.52 Mn T vs 25.3 Mn in 3<sup>rd</sup> Adv Est. - GOI

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The 3rd Advance Estimates of production of major crops for 2016-17 have been released today by the Department of Agriculture, Cooperation and Farmers Welfare. The assessment of production of different crops is based on the feedback received from States and validated with information available from other sources. As a result of very good rainfall during monsoon 2016 and various policy initiatives taken by the Government, the country has witnessed record foodgrain production in the current year.

The estimated production of major Oilseeds during 2016-17 is as under:

**Oilseeds** – 32.52 million tonnes

- Soyabean – 14.01 million tonnes
- Groundnut – 7.65 million tonnes
- Castorseed – 1.55 million tonnes

With an increase of 8.35 million tonnes over the previous year, total Oilseeds production in the country is estimated at record level of 33.60 million tonnes. It is higher by 0.85 million tonnes than the previous record production of 32.75 million tonnes achieved during 2013-14.

The production of Oilseeds during 2016-17 is also higher by 4.34 million tonnes than the five year's average Oilseeds production. The current year's production is significantly higher than the production of 25.25 million tonnes during 2015-16.

## MSP for 2016/17 Kharif Oilseeds

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

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

## MSP for 2016/17 Rabi Oilseeds

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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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