

Oilseeds Weekly Research Report

Contents

- ❖ Executive Summary
- ❖ Outlook – Cash Market
- ❖ AW Oilseeds Index
- ❖ International Highlights
- ❖ Planted Area
- ❖ Soybean – Domestic & International
- ❖ Soy meal
- ❖ Technical Analysis - Soybean
- ❖ Rapeseed - Mustard
- ❖ RM Seed Supply, Rajasthan
- ❖ Technical Analysis – RM Seed
- ❖ Annexure – Prices etc.

Executive Summary

Soybean fell on slack in demand while soy meal and rapeseed-mustard posted gains on supportive buying and renewed demand during the week in review.

Demand for soybean especially for seeding is almost over or may last for another one week.

Progressive *kharif* oilseeds planting with the adequate soil moisture after the onset of monsoon, in most of the major oilseeds growing belts, remained bearish for soybean.

India's soybean planting is in full swing with the monsoon rains in the key growing belt. Rains in West Madhya Pradesh, Vidarbha, Marathwada is reportedly normal while it is excess in East Rajasthan.

The overall monsoon is forecast to be normal.

We expect the domestic 2017 soybean planting lower compared to the previous year due to the lower remuneration in the crop to the farmers and the area is much likely to shift to cotton and urad.

Besides, higher South American soy supplies and rise in US soybean planting intention for 2017 is limiting any sharp gains in the cash markets.

Again, attractive price offer for soy meal by South America and strength in INR against USD is yet another factor limiting the gains.

The rapeseed-mustard prices witnessed some gains in recent days with the falling supplies and better demand by the solvent extractors.

However, the rapeseed-mustard prices will remain under overall higher supply pressure and it will further weigh on the prices, in near to medium-term.

Outlook – Cash Market

Outlook - Soybean (Spot, Indore): The soybean fell on dull demand. Bearish global supply scenario, strength in INR against US dollar and higher soy production continued to limit the gains. 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 – 3000 level (Indore, Plant basis).

Outlook – Soy meal: Soy meal witnessed gains on renewed demand. Concern over appreciation in INR against USD will render India's meal exports non-competitive in the international market will limit the gains. 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 24,000 – 26,000/MT levels during the week.

Outlook - Rapeseed-Mustard (Spot, Jaipur basis): The rapeseed-mustard extended gains on supportive buying by the solvent extractors in the cash market. The seed prices are likely to feature range-bound movement with weak-bias and witness the levels between 3700 – 3800/Qtl; levels during the week.

International Highlights

- ❖ 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.
- ❖ Informa has projected US 2017 soybean production at 4.27 billion bushels considering an average yield of 48.0 bushels per acre and harvested area of 89.017 million acres.
- ❖ 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.
- ❖ 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 South American soybean production for 2016/17 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.

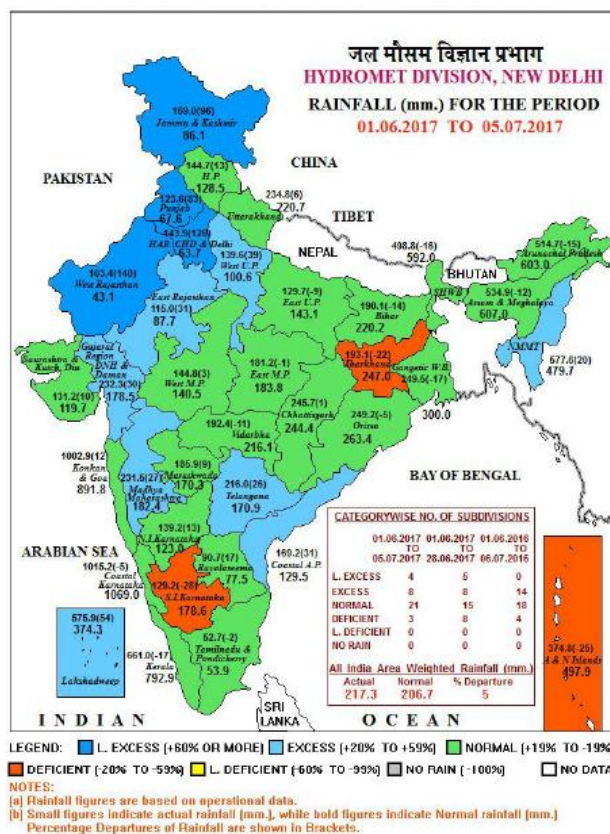
- ❖ The country's soybean inventory deficit is estimated at 1.89 million tonnes down from deficit of 2.19 million estimated previously, said China's Ministry of Agriculture.
- ❖ USDA has forecast that U.S. farmers would plant a record-high 89.5 million acres of soybeans in 2017 against 83.433 million planted in 2016.
- ❖ If realized, this would be biggest to date, the average trade estimates stood at 88.2 million acres.
- ❖ 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 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.

IMD Monsoon Forecast and Current Rainfall Status

In the IMD's Operational 2nd stage Long Range forecast for the 2016:

- Rainfall over the country as a whole for the 2017 southwest monsoon season (June to September) is most likely to be NORMAL (96% to 104% of long period average (LPA)).
- Quantitatively, monsoon season rainfall for the country as a whole is likely to be 98% of the LPA with a model error of $\pm 4\%$.
- Region wise, the season rainfall is likely to be 96% of LPA over North-West India, 100% of LPA over Central India, 99% of LPA over South Peninsula and 96% of LPA over North-East India all with a model error of $\pm 8\%$.
- The monthly rainfall over the country as whole is likely to be 96% of its LPA during July and 99% of LPA during August both with a model error of $\pm 9\%$.

The event should prove beneficial for the *kharif* oilseeds as they are rain-fed.



Soybean

The domestic soybean fell on feeble buying activity with domestic planting in full swing after the key growing states received adequate rains needed for soil moisture.

Further, higher soy oil imports at competitive prices and South America offering soy meal at attractive in the international market remained bearish for domestic soybean.

The domestic soybean planting is underway and currently it is ahead from the corresponding period last year.

Currently, the domestic bean prices are 5 year low and we feel the prices are not expected to recover soon on record global supply pressure.

The total weekly soybean arrivals in the cash markets of Madhya Pradesh are reported at 2,25,000 bags compared to 1,40,000 bags reported in the previous week. The supplies improved after cash mandi yards resumed their operation which were closed in protest of GST, the operations were closed by the mandi traders.

The surge of monsoon has weakened in last couple of weeks in the key soybean growing belt, but forecast of improved rainfall in July could push the planting pace in soybean.

The overall rainfall over Madhya Pradesh, Maharashtra and Rajasthan is reportedly normal to higher.

IMD in its weekly Southwest monsoon progress report (01.06.2017 to 05.07.2017) has reported India's actual rainfall at 217.3 mm against the normal 206.7 mm and departure stands at +5% till 05 July 2017.

In West Madhya Pradesh, the departure of Southwest monsoon has improved to normal by +3%, actual rains is reported at 144.8 mm vs 140.5 mm normal till 05 July 2017 by IMD. Vidarbha reported the departure of -11%, actual rains 192.4 mm vs 216.1 mm normal. Marathwada reported the departure of +9% with actual rains of 185.9 mm vs 170.3 mm, East Rajasthan reported a departure of +31% with actual rains 115 mm vs 87.7 mm normal.

Forecast of normal seasonal/monsoon this season is expected to boost the soybean production.

The area coverage under soybean, as on 07th July, is reported down +10% at 53.27 lakh hectares compared to 48.56 lakh hectares at the same period last year.

Crop	As on 07 Jul. 2017	As on 07 Jul. 2016	% Chg.
Groundnut	16.30	17.30	-5.8
Soybean	53.57	48.56	10.3
Sunflower	0.53	0.91	-41.8
Sesamum	2.11	2.51	-15.9
Niger	0.07	0.14	-50.0
Castor	0.29	0.31	-6.5
Total Oilseeds	72.87	69.73	4.5

Source: MoA

The total sown area under *kharif* oilseeds, as 07th July, is higher compared to the previous year's level which is up by 4.5% at 72.87 lakh hectares compared to 69.73 lakh hectares during the corresponding period last year.

India's total area under soybean in 2016 was 114.78 lakh hectares which was lower by 1.4% from 2015.

We expect India's area under soybean in 2017 to be lower than 2016 with the fall in planting intention due to the lower remuneration for the crop to the farmers. The farmers are cautious in planting early this season and some are likely to shift to cotton or pulses which will eventually reduce the planted area under soybean this year.

Higher domestic soybean production which subsequently improved soy meal production outlook will continue to pressure the bean. Slack in domestic soy meal offtake due to weak poultry demand and cheap soy oil imports continued to remain limiting factor.

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

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 India's soy meal exports to ease in coming months. Seasonally India's soy meal exports are at high 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 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 surged and it is at 3-month high buoyed by technical buying, short-covering and spillover support from wheat and corn.

At CBOT, the soybean, in the most active August contract, ended higher at US \$ 9.47/bushel compared to US \$ 9.47/bushel last week.

Informa has projected US 2017 soybean production at 4.253 billion bushels with a productivity of 47.9 bushels per acre.

In the weekly USDA crop progress report released on 02 July; Soybeans emergence are reported at 98% which is at par with the corresponding period last year and also up from 5 year average of 95%.

Soybeans blooming are reported at 18% which is down from 20% from the corresponding period last year and up from the 5 year average of 17%.

About 64% of the soybean planted crop is under good to excellent condition which is down from 70% during the corresponding period last year.

The US soybean crop condition is below trade and market expectations.

Grains Exporters Association ANEC has projected Brazil's soybean exports at 61-62 million tonnes in 2017.

Brazil's has exported a record 45.5 million tonnes of soybean in the 1st half of the marketing season.

ANEC sees Brazil's July'17 soybean exports at 7 million tonnes.

Above has once again raised Brazil's 2016/17 soybean production projection to 113.2 million tonnes which is up from the previous forecast of 112.5 million tonnes.

Brazil's soybean exports projection for the year increased to 63 million tonnes from 61.7 million tonnes estimated earlier and the soybean processing is forecast at 41 million tonnes.

EU 2016/17 season, that ended June 30, soybean imports fell by 4% compared to the corresponding period 2015/16. EU registered soybean imports of 13.9 million tonnes during the period.

EU soy meal imports during Jul. – Jun. 2016/17 were 18.1 million tonnes, down 11% from 20.3 million tonnes during the corresponding period last year.

Previous updates

In the USDA quarterly stock report, It has been reported that the US soybeans stored in all positions on June 1, 2017 totaled 963 million bushels, up 11 percent from June 1, 2016.

On-farm stocks totaled 333 million bushels, up 18 percent from a year ago. Off-farm stocks, at 631 million bushels, are up 7 percent from a year ago.

Indicated disappearance for the March - May 2017 quarter totaled 775 million bushels, up 18 percent from the same period a year earlier.

The U.S. Department of Agriculture's National Agricultural Statistics Service (NASS) estimated a record high 89.5 million acres of soybeans planted in the United States for 2017, up 7 percent from last year.

Further, US soybean area for harvest is estimated at a record high 88.7 million acres, if realized, up 7 percent from 2016.

Argentina's soybean crop has been harvested by now. Argentine government has slashed its 2016/17 soybean forecast to 57 million tonnes from 58 million previously, citing decline in the harvested area.

Rosario grains exchange has raised its Argentina's 2016/17 soybean production estimate to 57.3 million tonnes from 57 million estimated in previous forecast. The soybean harvesting in Argentina is underway and it is in full swing.

Conab has raised Brazil's 2016/17 soybean production estimate for the sixth time this year to 113.92 million tonnes, which is up from 113 million tonnes projected in May.

Agroconsult has projected Brazil's 2016/17 soybean production at 115 million tonnes and exports of 61 million tonnes during the season.

Brazil's 2016/17 soybean crop production is projected at 113.3 million tonnes by the Safras.

Informa Economics has once again raised Brazil's 2016/17 soybean production estimate to 114.5 million tonnes from 113 million forecast previous month.

The agency has also raised its soybean production forecast for Argentina's 206/17 to 58 million tonnes from 56.8 million projected in May.

Anec has projected Brazil's 2016/17 soybean exports between 61-62 million tonnes, which is close to Abiove's estimate.

Further, Brazil's Agriculture Ministry expects the country's 2018 planting to increase between 2 – 3%.

Soybean planting in Brazil covered an area of 33.8 million hectares in 2017 which was up 1.8% from the previous season, said food supply and statistics agency Conab.

Argentina's port inspection workers had called on a 3 day strike which had hampered the soy shipment during the period.

China's soybean importers are cancelling or postponing their soybean cargoes mainly ordered from suppliers in Brazil as they have made huge losses processing soybean into cooking oil and animal feed ingredients.

China, took advantage of huge crushing profits at the beginning of the year and lower prices following record harvests in Brazil to aggressively buy the oilseed.

However, the profits have been washed away with biggest losses in nearly three years after China's edible oil markets were flooded with rapeseed oil, auctioned from national reserves and by growing imports of other alternative vegetable oils.

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.

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% at 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

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

Soy meal

The domestic meal prices surged on fresh demand and weak soybean supplies in previous weeks.

The monsoon has gripped almost whole country leading fall in the weather temperature by 5-8 degrees Celsius in recent days.

Monsoon will give respite to the poultry birds from heat waves and the feed intake is expected to improve which falls during summers.

Besides, we expect increase in the poultry demand with the fall in temperature, in coming days.

The domestic soybean planting is underway and forecast of normal monsoon should prove favourable for the bean production. But, the planted area under soybean is expected to fall this season.

Further, competitive price offer by South America for soy meal has already witnessed reduction in the international meal demand from India.

But, significantly lower domestic soy meal price, this season, have obviously lend support to India's soy meal exports in previous months.

India's soy meal exports and its other value added products (HS Code 2304 and 1208) during June 2017 is 0.64 lakh tons compared to 0.41 lakh tons in June 2016 showing an increase of 56% over the same period of last year.

On a financial year basis, the export during April'2017 to June'2017 stands at 3.41 lakh tons as compared to 0.90 lakh tons in the same period of previous year showing an increase of 278%.

During current oil year, (October – September), total exports during October 2016 to June 2017 is 15.19 lakh tons as against 3.19 lakh tons during the same period last year, showing an increase by 376%, reported by SOPA.

Currently, the domestic meal prices are lower compared to the corresponding period last year.

Strength in INR against USD in recent months and improved seasonal South American soy supplies still continues to be concern for meal exports from India.

The forward booking for soy meal have reduced as compared to the previous months with competitive price offers by South America.

Soy meal fell in international market, during the week.

CBOT soy meal August contract settled at US \$ 330.7 per short ton compared to US \$ 306.2 per short ton last week.

The domestic soy meal prices at Indore, were quoted at Rs 24,500 – 25,500/MT compared to Rs 23,300 – 23,500/MT compared to previous week.

At Latur and Nanded, Maharashtra, soy meal witnessed firm tone and were quoted at Rs 24,200/MT and 24,700/MT respectively compared to Rs 24,700/MT in Indore and Rs 25,000/MT in Kota.

Previous Updates

India's oilseeds industry body, Solvent Extractors Association has slashed India's 2016/17 soy meal exports forecast by 25% to 1.5 million tonnes from its previous outlook. The situation will either leave higher meal inventories or the exporters have to cut down the export prices further during the season ending September.

Despite strength in INR against US dollar, India has registered gains in the soy meal exports in the current season. It will eventually make India's soy meal export 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 months 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.

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, who 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 24,500 – 25,500/MT during the week compared to Rs 33,300 – 34,000/MT during the corresponding period last year.

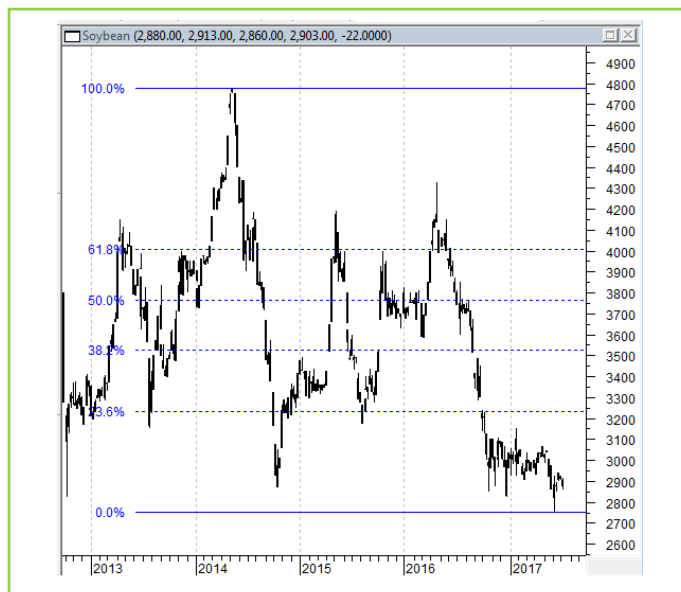
The soy meal prices are likely to feature range-bound movement with weak-bias on strength in INR against US dollar and higher domestic and international soybean production will limit the gains market, in near-term.

Technical Analysis:

NCDEX Soybean Futures



Soybean Spot, Indore



*Note: Daily Chart

Support & Resistance NCDEX Soybean – Aug. contract

S1	S2	PCP	R1	R2
2886	2823	3015	3101	3175

- Soybean extended gains on supportive buying in the market, during the week.
- Prices closed above 18-day EMA.
- RSI and stochastic are rising in the neutral zone.
- MACD is rising in the negative territory.
- The prices are expected to feature gains in the coming week.
- Trade Recommendation (NCDEX Soybean – Aug.): **BUY** Above 2920. Levels: T1 – 3020; T2- 3070, SL - 2860.

Rapeseed - Mustard Seed

The domestic rapeseed-mustard extended previous week's gain on strong buying activity among solvent extractors.

The domestic crushing pace of the seed is considerably good; this is despite higher edible oil imports by India.

However, higher domestic production and eventually increase in the seed supplies continued to weigh on the seed prices.

The all India seed supplies were reported between 0.85 – 1.6 lakh bags in a day compared to around 1.50 – 1.70 lakh bags a day, previous week. The supplies were 1.0 – 1.30 lakh bags a day during the corresponding period last year.

The seed prices are still lower at spot market and are quoted at around Rs 3,715 – 3,760 a quintal compared to Rs 4,875 – 4,935 a quintal during the corresponding period last year at the benchmark, Jaipur.

At NCDEX futures, the seed prices at August contract ended slightly higher at 3673/Qtl compared to 3651/Qtl previous week.

The rapeseed-mustard prices are driven by India's edible oil imports and Malaysian palm oil. India's edible oil imports increased in May.

Previous Updates

Agriwatch has projected India's 2016/17 rapeseed production at 7.0 million tonnes with an average yield of about 1000 kg/ha compared to 5.8 million in 2015/16 while Solvent Extractors of India has estimated India's seed production at 7.2 million tonnes.

India's May edible oil imports rose 31.7 percent y-o-y to 13.24 lakh tons from 11.05 lakh tons in May 2016. Palm oil imports in May rose 21.5 percent y-o-y to 7.98 lakh tons from 6.57 lakh tons in May 2016. CPO Imports rose 25.5 percent y-o-y to 4.92 lakh tons from 3.92 lakh tons in May 2016.

RBD palmolein imports rose 12.6 percent y-o-y to 2.94 lakh tons from 2.61 lakh tons in May 2016. Soy oil imports fell 91 percent y-o-y to 3.40 lakh tons from 1.78 lakh tons in May 2016. Sunflower oil imports rose 3.3 percent y-o-y to 1.55 lakh tons from 1.50 lakh ton in May 2016. Rapeseed (Canola) oil rose to 0.29 lakh tons in May compared to from 0.18 lakh tons in May 2016, according to Solvent Extractors Association (SEA).

India's May edible oil stocks at ports and pipelines rose 1.87 Percent m-o-m to 21.60 lakh tons from 21.20 lakh tons in April 2017. Stocks of edible oil at ports fell to 770,000 tons (CPO 230,000 tons, RBD Palmolein 160,000 tons, Degummed Soybean Oil 190,000 tons, Crude Sunflower Oil 170,000 tons and 20,000 tons of Rapeseed (Canola) Oil) and about 1,390,000 tons in pipelines (stocks at ports were 785,000 and in pipelines were at 2,120,000 tons in April 2017).

India is presently holding 37 days of edible oil requirement on 1st June, 2017 at 21.60 lakh tons compared to 39 days of requirements last month. India's monthly edible oil requirement is 17.5 lakh tons, according to Solvent Extractors Association (SEA).

Malaysia's May palm oil end stocks fell 2.64 percent to 15.58 lakh tons compared to 16 lakh tons in April. Production of palm oil in May rose 6.88 percent to 16.54 lakh tons compared to 15.48 lakh tons in April. Exports rose 17.33 percent to 15.06 lakh tons compared to 12.83 lakh tons in April. Imports of palm oil in May fell 12.9 percent to 0.47 lakh tons compared to 0.54 lakh tons in April. This was the weakest May since last eight years, according to Malaysia Palm Oil Board (MPOB).

Malaysia's June palm oil exports fell 7.6 percent to 1,210,359 tons compared to 1,310,320 tons in corresponding period last month. Top buyers were European Union at 245,163 tons (280,215 tons), India at 238,350 tons (283,820 tons), Pakistan at 98,830 tons (60,000 tons), United States at 69,082 tons (60,607 tons) and China at 65,500 tons (105,090 tons). Values in brackets are figures of corresponding period last month. Values in brackets are figures of corresponding period last month, Societe Generale de Surveillance (SGS).

Malaysia increased July crude palm oil export duty to 6.5 percent from 6 percent in June. Tax is calculated at reference price of 2890.04 ringgit (\$676.53) 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 maintains zero export duty on crude palm oil for July as it expects that it will miss certain thresholds, according to Indonesia trade ministry. Indonesia keeps export taxes at zero on or below USD 750 per ton.

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 to medium-term on higher production and strong supplies in the cash market.

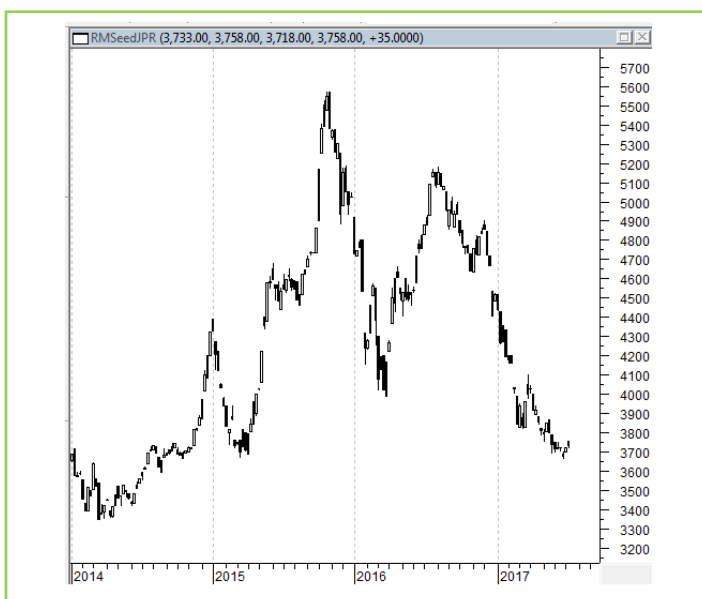
Technical Analysis:

NCDEX RM Seed Futures



*Note: Daily Chart

RM Seed Spot, Jaipur



Support & Resistance NCDEX RM Seed – Aug. contract

S1	S2	PCP	R1	R2
3513	3450	3649	3750	3850

- Side-ways movement witnessed in RM seed.
- Prices closed below 18-day EMA.
- RSI and stochastic are rising in the neutral zone.
- MACD is rising in the negative territory.
- The prices are expected to feature range-bound movement with firm bias, during the week.
- Trade Recommendation (NCDEX Rapeseed-Mustard – Aug) Week: **BUY** Above 3550. Levels: Target – 3650; T2- 3700, SL –3490.

Annexure

Oilseed Prices at Key Spot Markets:

Commodity / Centre	Prices (Rs/Qtl)				Change
Soybean	7-Jul-17		30-Jun-17		
	Low	High	Low	High	
Indore –Plant	2880	2925	2900	2950	-25
Indore–Mandi	2700	2840	2700	2875	-35
Nagpur-Plant	2850	2930	2850	2930	Unch
Nagpur – Mandi	2500	2800	2500	2870	-70
Latur – Mandi	2650	2895	2625	2800	95
Kota-Plant	2900	2970	2820	2860	110
Kota – Mandi	2850	2900	2650	2750	150
Bundi-Plant	2860	2920	2900	2950	-30
Bundi-Mandi	2650	2850	2800	2850	Unch
Baran-Plant	2850	2975	2890	2960	15
Baran-Mandi	2800	2860	2700	2850	10
Bhawani Mandi Jhalawar–Kota-Plant Delivery	Closed	Closed	2825	2875	-
Jhalwar-Mandi	Closed	Closed	2750	2800	-
Rapeseed/Mustard					
Jaipur-(Condition)(New Crop)	3755	3760	3720	3725	35
Alwar-(Condition)(New Crop)	3550	3600	3550	3600	Unch
SriGanganagar-(Non-Condition-Unpaid)	3250	3300	3200	3300	Unch
New Delhi–(Condition)(New Crop)	NA	NA	3470	3500	-
Kota-Non-(Condition)(New Crop)	3220	3300	3300	3400	-100
Agra-(Condition)(New Crop)	4050	4100	3925	3975	125
Neewai(New Crop)	3500	3550	3450	3500	50
Hapur (UP)(New Crop)	3650	3675	3600	3625	50
Groundnut Seed					
Rajkot	Closed	Closed	810	810	-
Sunflower Seed					
Gulbarga	NA	NA	2800	2800	-
Latur	NA	NA	NA	NA	-
Sholapur(New Crop)	NA	NA	NA	NA	-
Sesame Seed					
Mumbai (White98/2/1	6200	6200	6200	6200	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
		1st July to 7th July 2017	24th to 30th June 2017	
Soybean				
	Madhya Pradesh	225000	160000	65000
	Maharashtra	285000	275000	10000
	Rajasthan	101000	87000	14000
	Bundi (Raj)	2200	600	1600
	Baran (Raj)	16200	10000	6200
	Jhalawar (Raj)	NA	6100	-
Rapeseed/Mustard	Rajasthan	380000	305000	75000

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

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 2017/18 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 2017-18 season, the MSPs of all the Kharif oilseeds are raised for this season.

The MSP of Yellow Soybean is increased by 9.9% to Rs 3050/Qtl (including Rs 100 bonus) for 2017-18 season from Rs 2,775/Qtl in 2016-17, Groundnut -in- shell by 5.5% to Rs 4,450/Qtl (including Rs 100 bonus) from Rs 4,220/Qtl, Sunflower seed by 3.8% to Rs 4,100/Qtl (including Rs 200 bonus) from Rs 3,950/Qtl, Nigerseed by 5.9% to 4,050/Qtl (including Rs 100 bonus) from Rs 3,825/Qtl and Sesamum by 6.0% to Rs 5,300/Qtl (including Rs 200 bonus) from Rs 5,000/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.

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

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

Source: MoA, GOI

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