

# Oilseeds Weekly Research Report

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## Executive Summary

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Soybean noticed range –bound to weak tone on increase in arrivals in the mandis, lower soybean kharif acreage and spillover weakness from soy complex at CBOT.

Monsoon has been erratic during the recent days with some regions receiving excess and certain regions receiving deficit rainfall. This will affect the productivity of the crop during the season.

India's soybean planting is in full swing with the monsoon rains in the key growing belt. However the overall sowing progress is below previous year's level.

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.

Attractive price for soy meal by South America and positive tone in INR is limiting the gains in the cash market.

Rains in the U.S. Midwest and forecast of cooler temperatures in the coming days will add to the weak tone of the market.

The rapeseed-mustard prices continued weak tone amid increase in arrivals in the mandis and bearish tone of palm oil at BMD.

The rapeseed-mustard prices will remain under overall higher supply pressure and overall bearish scenario of edible oils and it will weigh on the prices, in near to medium-term.

## Outlook – Cash Market

**Outlook - Soybean (Spot, Indore):** The soybean noticed range –bound to weak tone amid increase in arrivals in the mandis, lower kharif acreage and spillover weakness from CBOT. Bearish global supply scenario, strength in INR against US dollar and higher soy production will cap gains in the medium -term. Further, improving weather conditions in the soybean growing regions of U.S. will continue to be pressurizing factor for the domestic soybean. The prices are expected to feature range bound movement with weak bias between the price band of 2800 – 3000 level (Indore, Plant basis).

**Outlook – Soy meal:** Soy meal witnessed mostly weak tone amid lack of buying interest in the cash market. 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 – 25,000/MT levels during the week.

**Outlook - Rapeseed-Mustard (Spot, Jaipur basis):** The rapeseed-mustard continued weak tone amid increase in arrivals in the mandis and bearish tone of palm oil at BMD. The seed prices are likely to feature range-bound movement with weak bias and witness the levels between 3800 – 3900/Qtl; levels during the week.

## International Highlights

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- ❖ According to a recent estimate released by FC Stone during the week, US soybean harvest in 2017 is forecast at 4.235 billion bushels with an average yield of 47.7 bushels per acre.
- ❖ According to trade ministry, Brazil exported 6.96 million tonnes of soybean in July 2017 compared to 9.20 million tonnes previous month and 5.79 million tonnes in July 2016. Soy meal exports for July 2017 totalled at 1.16 million tonnes compared to 1.39 million tonnes previous month and 1.39 million tonnes during the same period previous year.
- ❖ In the weekly USDA crop progress report released on 31 July; Soybeans blooming are reported at 82% which is down from 84% during the corresponding period last year and up from the 5 year average of 80%. Soybean crop setting pods are reported at 48% which is down from 51% during the corresponding period last year and also up from the 5 year average of 45%. About 59% of the soybean planted crop is under good to excellent condition which is down from 72% during the corresponding period last year.
- ❖ Truck drivers have blocked roads in Brazil to protest tax hike on fuel, which will affect soybean shipments in the coming days.
- ❖ According to USDA weekly report, old-crop soybean sales of about 8.6 million bushels were down 23% from the prior week but matched trade forecasts. Germany, the Netherlands and Bangladesh led buyers. New-crop sales of 13.5 million bushels were down from the prior week and were led by China, unknown destinations and Thailand.
- ❖ According to Informa, U.S. 2017 soybean production is forecast at 4.196 billion bushels with a yield of 47.3 bushels per acre.
- ❖ European Union soybean imports in the 2017/18 season that began on July 1 had reached 1.04 million tonnes by Aug. 1, down 29 percent from 1.45 million tonnes at the same stage last season according to official data sources. In soy meal, cumulative EU imports so far in 2017/18 were 1.72 million tonnes, up 3 percent from 1.67 million a year ago.
- ❖ According to the Ministry of Agriculture, soybean production in Brazil is expected to decline by 2 per cent to 110.66 million tonnes in 2017-18 compared to previous year.

- ❖ In its July crop report, soybean production in Argentina has been reduced to 55 million tonnes compared to 57 million tonnes estimated in the month of June according to the Ministry of Agriculture. Production has declined as a result of lower planting area.
- ❖ The IGC has reduced the global soybean output in 2017/18 following overly dry weather in North America, the EU and Australia. Global soybean production in 2017/18 was put at 345 million tonnes, down from a previous forecast of 348 million but still the second-biggest crop on record.
- ❖ According to NOPA, 138.074 million bushels soybean was crushed in June 2017 compared to 149.246 million bushels previous month. It is below analyst's expectation of 143.093 million bushels. Soy meal exports during the month declined to 562,684 tons compared to 592,924 tons in May and 594,710 tons a year earlier. Soy oil stocks as of June 30, fell to 1.703 billion pounds from 1.749 billion at the end of May. NOPA reported soy oil stocks of 1.985 billion pounds at the end of June 2016.
- ❖ U.S. oilseed production for 2017/18 is projected at 127.0 million tons, up 0.2 million from last month, with increases for soybeans, canola, and peanuts only partly offset with a lower forecast for sunflowerseed and cottonseed. Soybean production is projected at 4,260 million bushels, up 5 million on increased harvested area. Harvested area, estimated at 88.7 million acres in the June 30 Acreage report, is up 0.1 million from last month.
- ❖ China imported 44.81 million tonnes of soybeans in the first half of this year, up 14.2 percent from last year, supported by strong demand.
- ❖ China's soybean imports declined by 20 per cent to 7.69 million tonnes in June compared to previous month, below market expectations amid plentiful stocks at crushers and a change in taxes.
- ❖ 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.

In the IMD's Operational 2<sup>nd</sup> 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

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The domestic soybean noticed range –bound to weak tone on increase in arrivals, lower kharif acreage till date and spillover weakness from soy complex at CBOT. Overall bearish scenario in the global market and strength in INR vs. Dollar will add to the weak tone of the market in the coming days.

The domestic soybean planting is underway and currently it is lagging from the corresponding period last year. The soybean cultivators are cautious in planting the bean this year, as they couldn't get the considerable remuneration for their produce this season. Recent rains will be beneficial for crop development in the coming week.

According to Soybean Processors Association (SOPA), India's soybean output is estimated at 11.49 million tonnes for the year 2016 -17. Overall availability of soybean for crushing and direct consumption stood at 11.93 million tonnes, taking into account a carryover stock of 441,000 tonnes. Around 8.5 million tonnes of the overall availability is estimated to be used for crushing. Farmers are likely to use 1.2 million tonnes for sowing in the ongoing kharif season.

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 295,000 bags compared to 225,000 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.

This year 58 per cent of the country received normal rainfall and the remaining parts received excess or deficit rainfall. The uneven distribution of monsoon is likely to affect the production of soybean.

Marathwada has received 21 per cent lower rainfall and western Rajasthan has received 126 per cent more rainfall than normal.

IMD in its weekly Southwest monsoon progress report (01.06.2017 to 02.08.2017) has reported India's actual rainfall at 472.7 mm against the normal 471.8 mm and departure stands at 0% till 02 August 2017.

In West Madhya Pradesh, the departure of Southwest monsoon has increased to normal by 2%, actual rains is reported at 417.6 mm vs 416.9 mm normal till 02 August 2017 by IMD. Vidarbha reported the departure of -20%, actual rains 400.9 mm vs 502.4 mm normal. Marathwada reported the departure of -23% with actual rains of 265.9 mm vs 343.2 mm, East Rajasthan reported a departure of 29% with actual rains 389.4 mm vs 301.4 mm normal.

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

The area coverage under soybean, as on 4<sup>th</sup> August, is reported down 10.39% at 98.97 lakh hectares compared to 110.45 lakh hectares at the same period last year.

<b>Crop</b>	<b>As on 04 Aug. 2017</b>	<b>As on 04 Aug. 2016</b>	<b>% Chg.</b>
Groundnut	34.99	40.21	-12.98
Soybean	98.97	110.45	-10.39
Sunflower	1.15	1.32	-12.88
Sesamum	10.50	11.64	-9.79
Niger	0.55	0.35	57.14
Castor	2.72	1.53	77.78
<b>Total Oilseeds</b>	<b>148.88</b>	<b>165.49</b>	<b>-10.04</b>

Source: MoA

The total sown area under *kharif* oilseeds, as on 4<sup>th</sup> August, is lower compared to the previous year's level which is down by 10.04% at 148.88 lakh hectares compared to 165.49 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.

In Madhya Pradesh, the government has announced to procure soybean from farmers at Minimum Support Price.

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 in the key markets of Madhya Pradesh and Rajasthan and were reported to be lower in Maharashtra.

***The domestic soybean prices are likely to feature range-bound movement with weak bias on higher supplies and likely weakness in soybean at CBOT in near-to-medium-term.***

## **International:**

The international benchmark, CBOT soybean posted loss amid rains in U.S. Midwest regions and forecast of cooler temperatures in the coming days.

At CBOT, the soybean, in the most active November contract, ended lower at US \$ 9.57/bushel compared to US \$ 10.13/bushel last week.

According to Informa, U.S. 2017 soybean production is forecast at 4.196 billion bushels with a yield of 47.3 bushels per acre.

In the weekly USDA crop progress report released on 31 July; Soybeans blooming are reported at 82% which is down from 84% during the corresponding period last year and up from the 5 year average of 80%.

Soybean crop setting pods are reported at 48% which is down from 51% during the corresponding period last year and also up from the 5 year average of 45%.

About 59% of the soybean planted crop is under good to excellent condition which is down from 72% during the corresponding period last year.

European Union soybean imports in the 2017/18 season that began on July 1 had reached 1.04 million tonnes by Aug. 1, down 29 percent from 1.45 million tonnes at the same stage last season according to official data sources.

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In soy meal, cumulative EU imports so far in 2017/18 were 1.72 million tonnes, up 3 percent from 1.67 million a year ago.

### **Previous updates**

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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.

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.

Abiove 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.

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.

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.

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.

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.

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 favourable weather in the growing regions which will be beneficial for crop development and record global supply scenario.*

## Soy meal

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The domestic meal prices witnessed mostly easy tone on slack in demand and spillover weakness from CBOT.

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

Monsoon has 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. However higher supplies in the domestic and international market is likely to negate good demand.

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. Till date sowing is lagging behind previous year.

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 some 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 continue 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 declined in international market, during the week.

CBOT soy meal December contract settled at US \$ 309.40 per short ton compared to US \$ 328.50 per short ton last week.

According to USDA weekly report, Soybean meal export sales 87,100 metric tons were sharply up from the prior week and matched trade forecasts. Bangladesh, China and Canada were the main buyers. New-crop sales of 57,700 metric tons were up slightly from a week ago with Colombia, El Salvador and the Dominican Republic as the leading buyers.

The domestic soy meal prices at Indore, were quoted at Rs 24,600 – 25,000/MT compared to Rs 24,700 – 25,000/MT in previous week. At Latur and Nanded, Maharashtra, soy meal witnessed steady to firm tone and were quoted at Rs 26,200/MT and 26,400/MT respectively compared to Rs 24,600/MT in Indore and Rs 24,600/MT in Kota.

### **Previous Updates**

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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.

*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 24,600 – 25,000/MT during the week compared to Rs 33,200 – 33,500/MT during the corresponding period last year.

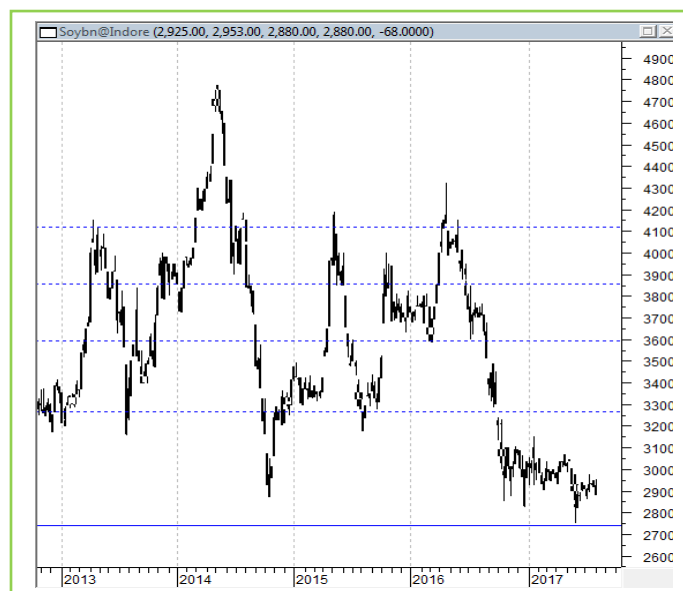
*The soy meal prices are likely to feature range-bound movement with weak-bias on strength in INR against US dollar and higher domestic and international soybean production will add to the weak tone, in near-term.*

## Technical Analysis:

### NCDEX Soybean Futures



### Soybean Spot, Indore



\*Note: Daily Chart

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

S1	S2	PCP	R1	R2
2886	2810	2943	3015	3175

- Soybean noticed downtrend on selling interest, during the week.
- Prices closed below 18-day EMA.
- RSI and stochastic are declining in the neutral zone.
- MACD is declining in the positive territory.
- The prices are expected to feature loss in the coming week.
- Trade Recommendation (NCDEX Soybean – Aug.): **SELL** Below 3000. Levels: T1 – 2900; T2- 2850, SL -3060.

## Rapeseed - Mustard Seed

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The domestic rapeseed-mustard continued weak tone amid increase in arrivals and overall bearish tone of palm oil at BMD.

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

Higher domestic production and eventually increase in the seed supplies will add to the weak tone of the market in the coming days.

**The all India seed supplies were reported between 1.05 – 1.35 lakh bags in a day compared to around 0.95 – 1.00 bags a day, previous week. The supplies were 0.60 – 0.75 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 3,850 – 3,880 a quintal compared to Rs 5,075 – 5,180 a quintal during the corresponding period last year at the benchmark, Jaipur.

At NCDEX futures, the seed prices at August contract ended lower at 3650/Qtl compared to 3696/Qtl previous week.

The rapeseed-mustard prices are driven by India's edible oil imports, Chinese veg. oil demand and Malaysian palm oil. India's edible oil imports increased in June.

### Previous Updates

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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.

According to Solvent Extractors Association (SEA), India's June edible oil imports rose 11.6 percent y-o-y to 12.94 lakh tons from 11.59 lakh tons in June 2016. Palm oil imports in June rose 34.9 percent y-o-y to 8.2 lakh tons from 6.08 lakh tons in June 2016. CPO Imports rose 38.4 percent y-o-y to 5.72 lakh tons from 4.16 lakh tons in June 2016.

RBD palmolein imports rose 26.3 percent y-o-y to 2.40 lakh tons from 1.90 lakh tons in June 2016. Soy oil imports fell 24.6 percent y-o-y to 2.91 lakh tons from 3.86 lakh tons in June 2016. Sunflower oil imports rose 15 percent y-o-y to 1.69 lakh tons from 1.47 lakh ton in June 2016. Rapeseed (Canola) oil rose to 0.13 lakh tons in June compared to 0.18 lakh tons in June 2016.

According to Solvent Extractors Association (SEA), India's June edible oil stocks at ports and pipelines rose 5 percent m-o-m to 22.78 lakh tons from 21.60 lakh tons in May 2017. Stocks of edible oil at ports fell to 738,000 tons (CPO 270,000 tons, RBD Palmolein 150,000 tons, Degummed Soybean Oil 160,000 tons, Crude Sunflower Oil 140,000 tons and 18,000 tons of Rapeseed (Canola) Oil) and about 1,540,000 tons in pipelines (stocks at ports were 770,000 and in pipelines were at 2,160,000 tons in May 2017).

India is presently holding 39 days of edible oil requirement on 1st July, 2017 at 22.78 lakh tons compared to 37 days of requirements last month. India's monthly edible oil requirement is 17.5 lakh tons.

According to cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's July palm oil exports rose 4.1 percent to 1,260,143 tons compared to 1,210,359 tons in last month. Top buyers were European Union at 352,370 tons (245,163 tons), China at 191,234 tons (65,500 tons), India at 162,100 tons (238,350 tons), United States at 77,241 tons (69,082 tons) and Pakistan at 43,000 tons (78,830 tons). Values in brackets are figures of last month.

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).

According to Malaysia Palm Oil Board (MPOB), Malaysia reduced August crude palm oil export duty to 5.5 percent from 6.5 percent in July. Tax is calculated at reference price of 2699.54 ringgit (\$629.56) per ton. Tax is calculated above 2,250 ringgit starting from 4.5 percent to a maximum of 8.5 percent.

According to Indonesia trade ministry, Indonesia keeps August palm oil export duty to zero, unchanged from last month. Tax is not charged if prices at or below USD 750 per ton. Indonesia keeps export duty at zero as it expects that prices will miss certain thresholds.

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).

According to China's General Administration of Customs (CNGOIC), China's imports of edible vegetable oil in May fell 7.1 percent to 3.90 lakh tons compared to 4.20 lakh tons in May. Imports rose 25.8 percent compared to last year which was reported at 3.10 lakh tons. Year to date imports of edible vegetable oil rose 14 percent to 27.70 lakh tons.

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

*Outlook: The rapeseed-mustard is expected to notice range –bound to weak tone in near to medium-term on strong supplies in the cash market and overall bearish tone of palm oil at BMD.*



## Technical Analysis:

### NCDEX RM Seed Futures



### RM Seed Spot, Jaipur



\*Note: Daily Chart

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

S1	S2	PCP	R1	R2
3575	3513	3650	3750	3850

- Downward movement witnessed in RM seed.
- Prices closed below 18-day EMA.
- RSI and stochastic are declining in the neutral zone.
- MACD is declining in the positive territory.
- The prices are expected to feature range-bound movement with weak bias, during the week.
- Trade Recommendation (NCDEX Rapeseed-Mustard – Aug) Week: **SELL** Below 3700. Levels: Target – 3600; T2- 3550, SL –3760.



## Annexure

### Oilseed Prices at Key Spot Markets:

Commodity / Centre	Prices (Rs/Qtl)				Change
Soybean	4-Aug-17		28-Jul-17		
	Low	High	Low	High	
Indore –Plant	2830	2930	2925	2970	-40
Indore–Mandi	2820	2850	2750	2850	Unch
Nagpur-Plant	2990	3030	2990	3020	10
Nagpur – Mandi	2550	2820	2550	2810	10
Latur – Mandi	2590	2920	2660	2910	10
Kota-Plant	2800	2850	2800	2920	-70
Kota – Mandi	2750	2850	2800	2850	Unch
Bundi-Plant	2820	2900	2900	2925	-25
Bundi-Mandi	2800	2850	2850	2900	-50
Baran-Plant	2870	2925	2950	2980	-55
Baran-Mandi	2700	2800	2700	2850	-50
Bhawani Mandi Jhalawar–Kota-Plant Delivery	2900	2920	2950	2990	-70
Jhalwar-Mandi	2750	2825	2800	2860	-35
Rapeseed/Mustard					
Jaipur-(Condition)(New Crop)	3850	3855	3860	3865	-10
Alwar-(Condition)(New Crop)	3650	3700	3650	3700	Unch
SriGanganagar-(Non-Condition-Unpaid)	3300	3350	3310	3415	-65
New Delhi–(Condition)(New Crop)	3575	3600	3610	3615	-15
Kota-Non-(Condition)(New Crop)	3250	3300	3350	3400	-100
Agra-(Condition)(New Crop)	4175	4200	4225	4250	-50
Neewai(New Crop)	3570	3690	3540	3620	70
Hapur (UP)(New Crop)	3750	3800	3700	3750	50
Groundnut Seed					
Rajkot	750	750	763	763	-13
Sunflower Seed					
Gulbarga	NA	NA	NA	NA	-
Latur	NA	NA	2655	2808	-
Sholapur(New Crop)	NA	NA	NA	NA	-
Sesame Seed					
Mumbai (White98/2/1	6750	6750	6700	6700	50

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		29th July to 4th August 2017	22nd July to 28th July 2017	
	Madhya Pradesh	295000	225000	70000
	Maharashtra	305000	224000	81000
	Rajasthan	106000	75000	31000
	Bundi (Raj)	900	305	595
	Baran (Raj)	19400	11000	8400
	Jhalawar (Raj)	5900	5500	400
Rapeseed/Mustard	Rajasthan	260000	220000	40000

## 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 2017/18 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 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

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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.

## 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

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