

# Oilseeds Weekly Research Report

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## Executive Summary

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Soybean witnessed positive tone during the week amid festive demand and lower arrivals in the mandis. Most of the mandis remained closed following the festival of 'Ganesh Chaturthi'. Lower soybean acreage till date, added to the positive tone of the market.

Till date, monsoon has been normal in the country. However, the distribution of rainfall has been erratic with some regions receiving excess and certain regions receiving deficit rainfall. This is affecting the crop development and will affect yield of the current season.

However recent rains in Maharashtra and Madhya Pradesh during the week will prove to be beneficial for the crop in the coming days. The recent hike in import duty on edible oils will lend some support to the market in the near-term.

The overall monsoon is forecast to be normal.

We expect the domestic 2017 soybean planting to be 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.

Bearish supply and demand data for soybean in the USDA's August monthly report will limit gains and weigh on the market.

The rapeseed-mustard prices continued positive tone amid good festive demand and lower arrivals in the markets.

The rapeseed-mustard prices will remain under overall higher supply pressure. However, the recent hike in import duty on edible oils will continue to support the market.

## Outlook – Cash Market

**Outlook - Soybean (Spot, Indore):** The soybean witnessed positive tone amid good buying interest in the cash market and prevailing lower acreage till date. Bearish global supply scenario, strength in INR against US dollar and higher soy production will cap gains in the medium-term. Lower than expected yields as seen in certain growing regions in the US, growing regions during recent field tour, will add to the positive tone of the market. The prices are expected to feature range bound movement with firm bias between the price band of 3050 – 3250 level (Indore, Plant basis).

**Outlook – Soy meal:** Soy meal continued positive tone following soybean and good demand in the cash market. Concern over appreciation in INR against USD will render India's meal exports non-competitive in the international market and will limit the gains. In last three months, the export of oil meals improved compared to the previous year, thanks to good monsoon, better oilseeds production and price parity. Prices have to must remain competitive in order to gain global market share. The domestic meal prices are likely to remain under supply pressure in medium-term. However, prices are likely to feature range bound movement with firm bias in near-term. Soy meal, Indore is expected to be in the range of 26,000 – 27,500/MT levels during the week.

**Outlook - Rapeseed-Mustard (Spot, Jaipur basis):** The rapeseed-mustard witnessed firm tone amid good festival demand and overall positive tone in edible oils. The seed prices are likely to feature range-bound movement with firm bias and witness the levels between 4000 – 4100/Qtl; levels during the week.

## International Highlights

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- ❖ According to Safras, Brazilian soybean exports are projected to reach 64.5 million tonnes in the 2017/18 commercial year (February-January), 24 percent more than in 2016/17. Safras projected that Brazilian crushers would process 41 million tonnes of soybeans in 2017/18, 1 million tonnes more than in the previous commercial year. Total soybean supply in Brazil is projected to grow by 19 percent to 116.3 million tonnes in 2017/18, with total demand seen at 108.6 million tonnes which is up by 14 percent.
- ❖ Safras sees Brazil soy end stocks for 2017/18 at 7.71 million tonnes from 2.63 million tonnes in 2016/17. Soy meal output is seen at 8.12 million tonnes for the period, with exports jumping 22 percent to 1.4 million tonnes. Safras sees domestic soy meal consumption increasing 5 percent to 6.89 million tonnes.
- ❖ Brazil's 2017/18 soybean crop seen at 109.1 million tonnes versus 113.8 million tonnes in 2016/17 according to Celeres. There will be slight increase in 2017/18 soybean area but production will be lower amid lower yields.
- ❖ According to the General Administration of Customs, China's soybean imports increased by 27.7 per cent to a record high of 10.08 million tonnes in the month of July compared to the corresponding same period previous year. Brazil accounted for 75 per cent of China's soybean imports. The other main suppliers were Argentina, with 1.47 million tons (-9.07 percent in the annual comparison), followed by the United States, with 499.92 thousand tons, and Uruguay, with 397.96 thousand tons. In the first seven months of 2017, China bought a total of 54.88 million tons of soybeans, up 16.79 percent.
- ❖ In the weekly USDA crop progress report released on 21 August; Soybeans blooming are reported at 97% which is down from 98% during the corresponding period last year and same as the 5 year average of 93%. Soybean crop setting pods are reported at 87% which is down from 88% during the corresponding period last year and up from the 5 year average of 85%. About 60% of the soybean planted crop is under good to excellent condition which is down from 72% during the corresponding period last year.
- ❖ According to Conab, Brazil's 2016/17 soybean crop has been increased to 114 million tonnes from 113.92 million tonnes in July on increase in planted area.

- ❖ According to NOPA, 144.718 million bushels soybean was crushed in July 2017 compared to 138.074 million bushels previous month. It is above analyst's expectation of 143.004 million bushels. Soy meal exports during the month increased to 596,767 tons compared to 562,684 tons in June and 579,417 tons a year earlier.
- ❖ According to latest USDA weekly export sales report, net sales reductions of 400,300 MT for 2016/2017--a marketing-year low--were down noticeably from the previous week and from the prior 4-week average. Increases were reported for Iran (67,200 MT, including 65,000 MT switched from unknown destinations), Germany (63,500 MT), Malaysia (35,600 MT, including 24,000 MT switched from unknown destinations), Taiwan (24,900 MT), and Belgium (23,500 MT). Reductions were reported for China (358,000 MT), unknown destinations (305,800 MT), and Canada (20,700 MT). For 2017/2018, net sales of 2,008,900 MT were reported for China (1,351,000 MT), unknown destinations (533,500 MT), Bangladesh (55,000 MT), and Indonesia (27,000 MT). Exports of 701,600 MT were down 6 percent from the previous week, but up 19 percent from the prior 4-week average. The destinations were primarily China (285,600 MT), Iran (67,200 MT), Germany (63,500 MT), Bangladesh (58,300 MT), and Pakistan (56,300 MT).
- ❖ U.S. oilseed production for 2017/18 is projected at 130.9 million tons, up 3.9 million from last month mainly due to higher soybean production in the August monthly supply and demand report released by USDA. Soybean production is forecast at 4,381 million bushels, up 121 million on higher yields. Harvested area is forecast at 88.7 million acres, unchanged from July. The first survey-based soybean yield forecast of 49.4 bushels per acre is 1.4 bushels above last month but 2.7 below last year's record. With higher production and lower beginning stocks, soybean supplies for 2017/18 are projected at 4,777 million bushels, up 2 percent from last month.
- ❖ European Union soybean imports in the 2017/18 season that began on July 1 had reached 1.9 million tonnes by Aug. 22, down 14 percent from 2.2 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 2.9 million tonnes, up 12 percent from 2.55 million tonnes a year ago.
- ❖ 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.

- ❖ 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.

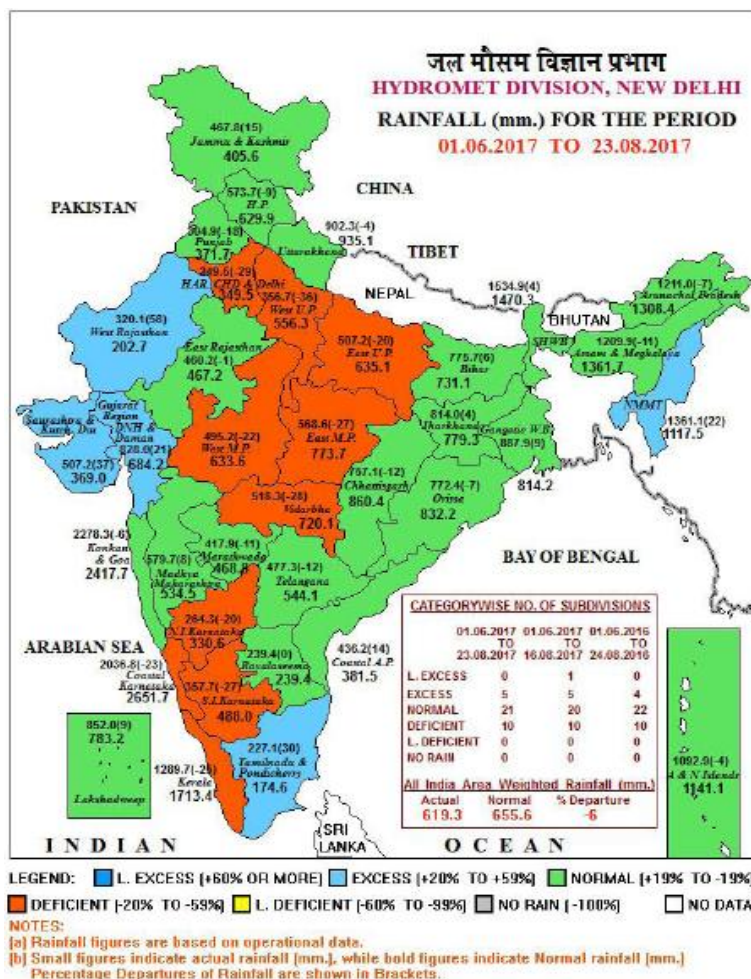
## IMD Monsoon Forecast and Current Rainfall Status

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In the IMD's Operational 2<sup>nd</sup> half Long Range forecast for the 2017:

- The rainfall over the country as a whole during second half of southwest monsoon season (August to September) is most likely to be normal (94%-106% of LPA).
- Quantitatively, the rainfall for the country as a whole during the second half of the season is likely to be 100% of LPA with a model error of  $\pm 8\%$ .
- The rainfall during August is likely to be  $99 \pm 9\%$  of LPA.
- The seasonal (June to September) rainfall over the country as a whole is likely to be normal (96% - 104% of LPA) as predicted in June.

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



## Soybean

The domestic soybean continued positive tone amid good festival demand and lower arrivals. Lower soybean acreage till date added to the positive tone of the market. Arrivals were lower as most of the mandis remained closed for 'Ganesh Chaturthi'. Recent rains in certain growing regions of Maharashtra and Madhya Pradesh will prove beneficial for the crop.

According to a field survey conducted by the SOPA officials during the period 14<sup>th</sup> to 20<sup>th</sup> August, 2017 in soybean growing regions, overall, germination is satisfactory. In some areas, re-sowing had to be done amid an extended dry spell. It is estimated that area under soybean may decrease by about 6.4% to 102.59 lakh hectare over last year's area estimate of SOPA. Over all condition of the Soybean crop in most of the areas is normal. In some parts of Madhya Pradesh and Maharashtra, where light soil exists, soybean crop has already been damaged due to moisture stress, which may affect the overall productivity adversely in these areas. There is not much change in the area in Maharashtra and Rajasthan.

The extended dry spell caused attack of some pests and insects in some areas. Attack of white grub larva was seen in some districts of Madhya Pradesh. During the last two days of the survey, rains were reported in certain

areas of Madhya Pradesh, Maharashtra and Rajasthan, which will support the crop development in the coming days.

The domestic bean prices are at 5 year low and we feel the prices are not expected to recover soon on record global supply pressure. The recent gains are likely to be for short –term.

The total weekly soybean arrivals in the cash markets of Madhya Pradesh are reported at 155,000 bags compared to 200,000 bags reported in the previous week. Arrivals have increased as the mandis have opened after the festivals of 'Rakhi' and 'Janamastami'.

The Southwest Monsoon has been unusually weak in August till 20<sup>th</sup>. According to IMD officials, the Southwest Monsoon has entered into an active phase and in the next 10-12 days, things will improve in a big way, especially over those parts which have received less rains. This should be beneficial for the crop in the growing regions of west Madhya Pradesh, Marathwada and Vidarbha.

India's rainfall deficit for the June-September monsoon season has widened to 6 percent as on 23<sup>rd</sup> August, 2017 the highest since the season's start on June 1, data according to India Meteorological Department

IMD in its weekly Southwest monsoon progress report (01.06.2017 to 23.08.2017) has reported India's actual rainfall at 619.3 mm against the normal 655.6 mm and departure stands at -6% till 23 August 2017.

In West Madhya Pradesh, the departure of Southwest monsoon has declined to normal by -22%, actual rains is reported at 495.2 mm vs 633.6 mm normal till 16 August 2017 by IMD. Vidarbha reported the departure of -28%, actual rains 518.3 mm vs 720.1 mm normal. Marathwada reported the departure of -11% with actual rains of 417.9 mm vs 468.80 mm, East Rajasthan reported a departure of -1% with actual rains 460.2 mm vs 467.2 mm normal.

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

The area coverage under soybean, as on 25<sup>th</sup> August, is reported down 7.27% at 104.88 lakh hectares compared to 113.11 lakh hectares at the same period last year.

<b>Crop</b>	<b>As on 25 Aug. 2017</b>	<b>As on 25 Aug. 2016</b>	<b>% Chg.</b>
Groundnut	38.80	43.76	-11.33
Soybean	104.88	113.11	-7.27
Sunflower	1.26	1.55	-18.68
Sesamum	13.33	13.76	-3.10
Niger	1.27	0.95	33.58
Castor	4.70	5.54	-15.17
<b>Total Oilseeds</b>	<b>164.24</b>	<b>178.66</b>	<b>-8.07</b>

Source: MoA

The total sown area under *kharif* oilseeds, as on 25<sup>th</sup> August, is lower compared to the previous year's level which is down by 8.07% at 164.24 lakh hectares compared to 178.66 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 have shifted to cotton or pulses which will eventually reduce the planted area under soybean this year.

*Lower acreage along with fear of lower yields in the current season due to erratic rains in the growing regions will continue to be the supporting factor. Further progress of rainfall, which is important for crop development will give direction to the market in the near –term. 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**

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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 were lower in the key markets of Madhya Pradesh, Maharashtra and higher in Rajasthan.

***The domestic soybean prices are likely to feature range-bound movement with firm bias on good demand in the cash market and fears of lower crop in the current season.***

### **International:**

The international benchmark, CBOT soybean posted gains amid forecast of lower than expected yields in a recent field tour.

At CBOT, the soybean, in the most active November contract, ended higher at US \$ 9.45/bushel compared to US \$ 9.38/bushel last week.

According to NOPA, 144.718 million bushels soybean was crushed in July 2017 compared to 138.074 million bushels previous month. It is above analyst's expectation of 143.004 million bushels. Soy meal exports during the month increased to 596,767 tons compared to 562,684 tons in June and 579,417 tons a year earlier.

In the weekly USDA crop progress report released on 21 August; Soybeans blooming are reported at 97% which is down from 98% during the corresponding period last year and same as the 5 year average of 93%.

Soybean crop setting pods are reported at 87% which is down from 88% during the corresponding period last year and up from the 5 year average of 85%.

About 60% 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.

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 corresponding period a year earlier..

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 record global supply scenario. Forecast of lower than expected yields will limit the losses in the coming days.*

## Soy meal

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The domestic meal prices continued positive tone following good demand in the cash market and support from other legs of the complex.

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

Monsoon has given respite to the poultry birds from heat waves during summers 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 in medium -term.

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 compared to 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 July 2017 is 0.98 lakh tons compared to 0.29 lakh tons in July 2016 showing an increase of 235% over the same period of last year.***

***On a financial year basis, the export during April'2017 to July'2017 stands at 6.38 lakh tons as compared to 4.13 lakh tons in the same period of previous year showing an increase of 54%.***

***During current oil year, (October – September), total exports during October 2016 to July 2017 is 16.46 lakh tons as against 3.48 lakh tons during the same period last year, showing an increase by 373%, 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 \$ 300.00 per short ton compared to US \$ 300.50 per short ton last week.

According to latest USDA weekly export sales report, net sales of 95,000 MT for 2016/2017 were up 28 percent from the previous week and up noticeably from the prior 4-week average. Increases were reported for Canada (31,800 MT), Japan (26,500 MT), Venezuela (22,000 MT), Malaysia (9,500 MT), and Israel (8,500 MT). Reductions were reported for El Salvador (20,100 MT), unknown destinations (11,500 MT), and Colombia (2,000 MT). For 2017/2018, net sales of 247,200 MT were reported primarily for Spain (80,000 MT), unknown destinations (36,500 MT), Ecuador (30,000 MT), El Salvador (22,000 MT), and Colombia (17,700 MT). Exports of 145,600 MT were down 4 percent from the previous week and 9 percent from the prior 4-week average.

The domestic soy meal prices at Indore, were quoted at Rs 26,000 – 27,000/MT compared to Rs. 24,700/MT - 25,700/MT in previous week. At Latur and Nanded, Maharashtra, soy meal witnessed firm tone and were quoted at Rs 29,500/MT and 27,500/MT respectively compared to Rs 26,700/MT in Indore and Rs 27,400/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 will 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.

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 26,000 – 27,000/MT during the week compared to Rs 31,000 – 32,000/MT during the corresponding period last year.

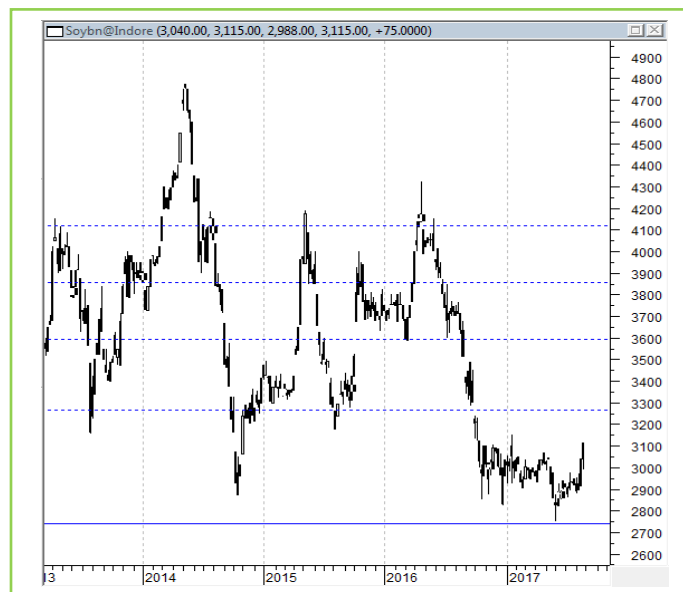
*The soy meal prices are likely to feature range-bound movement with firm bias on good demand in the domestic market. However, strength in INR against US dollar and higher international soybean production will limit gains, in near-term.*

## Technical Analysis:

### NCDEX Soybean Futures



### Soybean Spot, Indore



\*Note: Daily Chart

Support & Resistance NCDEX Soybean – Oct. contract				
S1	S2	PCP	R1	R2
3150	3050	3277	3400	3450

- Soybean noticed uptrend on buying interest, during the week.
- Prices closed above 18-day EMA.
- RSI and stochastic are increasing in the oversold zone.
- MACD is increasing in the positive territory.
- The prices are expected to feature gain in the coming week.
- Trade Recommendation (NCDEX Soybean – Oct.): **BUY** Above 3200. Levels: T1 – 3300; T2- 3350, SL - 3120.

## Rapeseed - Mustard Seed

The domestic rapeseed-mustard witnessed firm tone during the week amid continuation of good buying support and overall positive tone in the global edible oils market.

The hike in import duty on edible oils will lend some support to the market in the near –term. According to Ministry of Finance, Government of India in Notification no 71/2017-Customs, dated August 11, 2017, import duty on crude palm oil have been hiked from 7.5 percent to 15 percent and refined palm oil to 25 percent from 15 percent. Crude edible oils other than crude palm oil import duty are hiked to 17.5 percent from 12.5 percent. All other refined oils will be taxed at 25 percent from current 20 percent.

Decision of hike in import duty has been taken to protect the interest of farmers and encourage domestic crushing industry. However, this decision falls short of industry demand for differential between crude and refined edible oils import duty at 15 percent or more, whereas government has only provided the duty differential at 7.5-10 percent.

However higher domestic production and eventually increase in the seed supplies will limit gains in the coming days.

**The all India seed supplies were reported between 0.90 – 1.50 lakh bags in a day compared to around 1.15 – 1.40 bags a day, previous week. The supplies were 0.70 – 0.80 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 3,880 – 3,925 a quintal compared to Rs 4,945 – 5,080 a quintal during the corresponding period last year at the benchmark, Jaipur.

At NCDEX futures, the seed prices at September contract ended higher at 3864/Qtl compared to 3783/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.

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### 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.

According to Solvent Extractors Association (SEA), India's July edible oil imports rose 33.18 percent y-o-y to 14.89 lakh tons from 11.18 lakh tons in July 2016. Palm oil imports in July rose 42.1 percent y-o-y to 8.1 lakh tons from 5.70 lakh tons in July 2016. CPO Imports rose 38.4 percent y-o-y to 5.16 lakh tons from 3.63 lakh tons in July 2016.

RBD palmolein imports rose 26.3 percent y-o-y to 2.95 lakh tons from 2.07 lakh tons in July 2016. Soy oil imports rose 34 percent y-o-y to 4.68 lakh tons from 3.49 lakh tons in July 2016. Sunflower oil imports rose 49.25 percent y-o-y to 2.00 lakh tons from 1.34 lakh ton in July 2016. There was no import of rapeseed (canola) oil in July compared to 0.66 lakh tons in July 2016.

According to Solvent Extractors Association (SEA), India's June edible oil stocks at ports and pipelines rose 8.56 percent m-o-m to 24.73 lakh tons from 22.78 lakh tons in June 2017. Stocks of edible oil at ports rose to 883,000 tons (CPO 270,000 tons, RBD Palmolein 140,000 tons, Degummed Soybean Oil 300,000 tons, Crude Sunflower Oil 170,000 tons and 3,000 tons of Rapeseed (Canola) Oil) and about 1,590,000 tons in pipelines (stocks at ports were 738,000 and in pipelines were at 2,278,000 tons in June 2017).

India is presently holding 42 days of edible oil requirement on 1st August, 2017 at 24.73 lakh tons compared to 39 days of requirements last month. India's monthly edible oil requirement is 17.5 lakh tons. Stocks in ports rose in anticipation of hike in import duty. Importers cleared customs and stored edible oils to take advantage of rise in import duty.

According to cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's August 1-20 palm oil exports fell 15.3 percent to 692,662 from 817,961 tons in corresponding period last month. Top buyers are European Union at 122,973 tons (221,380 tons), India at 115,240 tons (104,100 tons), China at 97,600 tons (136,701) tons,



United States at 18,730 tons (31,986 tons) and Pakistan at 0.0 tons (23,000 tons). Values in brackets are figures of corresponding period last month.

According to cargo surveyor Intertek Testing Services (ITS), Malaysia's August 1-20 palm oil exports fell 14.7 percent to 679,539 tons from 796,664 in corresponding period last month. Top buyers were European Union at 176,665 tons (225,791 tons), China at 112,850 tons (120,226 tons) and India & Subcontinent at 89,250 tons (136,600 tons). Values in brackets are figures of corresponding period last month.

According to Malaysia Palm Oil Board (MPOB), Malaysia's July palm oil end stocks increased 16.8 percent to 17.84 lakh tons compared to 15.27 lakh tons in June. Production of palm oil in July increased 20.7 percent to 18.27 lakh tons compared to 15.14 lakh tons in June. Exports increased 1.3 percent to 13.98 lakh tons compared to 13.80 lakh tons in June. Imports of palm oil in July increased 15.22 percent to 0.53 lakh tons compared to 0.46 lakh tons in June.

According to Malaysia Palm Oil Board (MPOB), Malaysia kept September crude palm oil export duty unchanged at 5.5 percent. Tax is calculated at reference price of 2,677.91 ringgit (\$623.57) 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.

According to Indonesia Palm Oil Association (GAPKI), Indonesia exports of palm and palm kernel oil fell 19 percent to 2.13 MMT from 2.62 MMT in June 2017 and 1.78 MMT in June 2016, higher by 19.7 percent y-o-y.

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).

U.S. Commerce department has ruled to impose countervailing duty on biodiesel imports from Argentina and Indonesia. U.S. commerce department decision comes after complaint from US National Biodiesel Board (NBB) in March that both the countries were dumping biodiesel in US market.

According to China's General Administration of Customs (CNGOIC), China's imports of edible vegetable oil in July fell 30.4 percent to 2.7 lakh tons compared to 3.9 lakh tons in June. Imports fell 40 percent compared to



corresponding period last year which was reported at 4.5 lakh tons. Year to date imports of edible vegetable oil rose 5.4 percent to 30.4 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 firm tone in near -term amid continuation of buying interest in the cash market and the recent hike in import duty on edible oils will lend some support to the market.*

## Technical Analysis:

### NCDEX RM Seed Futures



### RM Seed Spot, Jaipur





\*Note: Daily Chart

Support & Resistance NCDEX RM Seed – Sep. contract				
S1	S2	PCP	R1	R2
3725	3680	3864	3950	4000

- Upward movement witnessed in RM seed.
- Prices closed above 18-day EMA.
- RSI is increasing and stochastic is declining in the oversold zone.
- MACD is increasing in the positive territory.
- The prices are expected to feature range-bound movement with firm bias, during the week.
- Trade Recommendation (NCDEX Rapeseed-Mustard – Sep) Week: **BUY** Above 3800. Levels: Target – 3900; T2- 3950, SL –3720.

## Annexure

### Oilseed Prices at Key Spot Markets:

Commodity / Centre	Prices (Rs/Qtl)				Change
Soybean	25-Aug-17		18-Aug-17		
	Low	High	Low	High	
Indore –Plant	3050	3180	3000	3050	130
Indore–Mandi	2950	3090	2790	3005	85
Nagpur-Plant	3070	3120	3020	3070	50
Nagpur – Mandi	2750	3020	2600	2950	70
Latur – Mandi	2950	3225	2750	3100	125
Kota-Plant	3000	3050	2950	3025	25

Kota – Mandi	3040	3090	2900	2950	140
Bundi-Plant	3050	3100	3050	3075	25
Bundi-Mandi	3100	3200	2850	2900	300
Baran-Plant	3000	3050	2900	2950	100
Baran-Mandi	2950	3000	2825	2880	120
Bhawani Mandi Jhalawar–Kota-Plant Delivery	3050	3100	3000	3025	75
Jhalwar-Mandi	2900	3070	2750	2950	120
<b>Rapeseed/Mustard</b>					
Jaipur-(Condition)(New Crop)	3980	3985	3920	3925	60
Alwar-(Condition)(New Crop)	3750	3800	3650	3700	100
SriGanganagar-(Non-Condition-Unpaid)	3500	3550	3450	3500	50
New Delhi–(Condition)(New Crop)	NA	NA	NA	NA	-
Kota-Non-(Condition)(New Crop)	Closed	Closed	3400	3450	-
Agra-(Condition)(New Crop)	4350	4375	4250	4300	75
Neewai(New Crop)	Closed	Closed	3650	3680	-
Hapur (UP)(New Crop)	Closed	Closed	3800	3850	-
<b>Groundnut Seed</b>					
Rajkot	717	717	715	715	2
<b>Sunflower Seed</b>					
Gulbarga	NA	NA	NA	NA	-
Latur	NA	NA	NA	NA	-
Sholapur(New Crop)	NA	NA	NA	NA	-
<b>Sesame Seed</b>					
Mumbai (White98/2/1	6850	6850	6850	6850	Unch

Soybean Prices are in INR/Qtl. Mandi prices – Loose, Mustard Seed Prices are in INR/Qtl.C –Condition (42%),  
\*Groundnut seed in Rs/20 kg, Sunflower Seed in Rs/Qtl

**Oilseed Arrivals in Key Centers:**

Commodity	Centre	Arrivals in Bags/Qtl		Change
Soybean		19th to 25th August 2017	12th to 18th August 2017	
	Madhya Pradesh	155000	200000	-45000
	Maharashtra	142000	173000	-31000
	Rajasthan	74000	52000	22000
	Bundi (Raj)	900	1150	-250

	Baran (Raj)	10300	2900	7400
	Jhalawar (Raj)	5500	4000	1500
<b>Rapeseed/Mustard</b>	Rajasthan	205000	260000	-55000

## India's Oilseeds Production Seen at 32.10 Mn T vs 25.2 Mn in 4<sup>th</sup> Adv Est. - GOI

The 4<sup>th</sup> 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 food grain production in the current year.

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

Oilseeds – 32.10 million tonnes

- Soyabean – 13.79 million tonnes
- Groundnut – 7.57 million tonnes
- Castorseed – 1.42 million tonnes

With an increase of 6.85 million tonnes over the previous year, total Oilseeds production in the country is estimated at a level of 32.10 million tonnes. It is lower by 0.65 million tonnes than the all time record production of 32.75 million tonnes achieved during 2013-14.

The production of Oilseeds during 2016-17 is also higher by 2.39 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

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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