

# Oilseeds Weekly Research Report

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## Executive Summary

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Soybean witnessed mixed tone during the week amid increase in arrivals, erratic rains in certain growing regions and new crop arrival in the mandis of Madhya Pradesh. Positive tone of soy complex at CBOT also lent some support to the market.

Soybean planting is almost over and new crop arrival has started. Deficit rainfall in the oilseed growing regions is likely to affect rabi sowing this season amid lack of sufficient moisture level. New crop arrival is reported in the Indore and Mhow mandis of Madhya Pradesh. Around 300 bags of the new crop arrival was reported in Indore mandi with moisture content of around 22 -25%.

The overall monsoon is forecast to be normal.

The monthly supply and demand report due to be released by USDA next week will give some direction to the market. The domestic 2017 soybean planting is lower compared to the previous year due to the lower remuneration in the crop to the farmers and the area has shifted to other crops like cotton and urad.

Attractive price for soy meal by South America and positive tone in INR is weighing on the market.

Unfavourable weather in the US Midwest growing regions will lent support to the market in the coming days. Lack of rains in the soybean growing regions of US Midwest will affect the development of soybean crop. Record imports of soybean by China is another positive factor for the market.

The rapeseed-mustard prices noticed mostly firm tone following good demand in the cash market and recovery in edible oils during the week.

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

## Outlook – Cash Market

**Outlook - Soybean (Spot, Indore):** The soybean noticed mixed tone amid increase in arrivals, erratic rains in the growing regions and new crop arrival in the mandis of Madhya Pradesh. Bearish global supply scenario and strength in INR against US dollar and higher soy production will add to the weak tone of the market in the medium -term. Unfavourable weather in the US Midwest growing regions will lent some support to the market. The prices are expected to feature range bound movement with weak bias between the price band of 2900 – 3100 level (Indore, Plant basis).

**Outlook – Soy meal:** Soy meal witnessed mostly easy tone on lack –lustre demand in the cash market and weakness in other legs of the complex. Concern over appreciation in INR against USD will render India's meal exports non-competitive in the international market. 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 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 weak bias in near-term. Soy meal, Indore is expected to be in the range of 25,000 – 26,500/MT levels during the week.

**Outlook - Rapeseed-Mustard (Spot, Jaipur basis):** The rapeseed-mustard noticed mostly positive tone amid good demand in the cash market and recovery in edible oils during the week. The seed prices are likely to feature range-bound movement with firm bias and witness the levels between 3900 – 4050/Qtl; levels during the week.

## International Highlights

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- ❖ According to an industry association, Brazilian soy exports in the month of August hit an all time high of 5.7 million tonnes, 500,000 tonnes above August 2015. In this year, total exports of soy have reached 57.6 million tonnes.
- ❖ According to U.S. Department of Agriculture, soybean crush for the month of July has been estimated at 155.6 million bushels. The figure is above average of analyst expectations of 153.5 million bushels.
- ❖ In its first forecast related to the next crop 2018, Abiove has forecasted Brazilian soybean exports at 65 million tonnes. Soybean output is forecast at 108.5 million tonnes in 2017/18 compared to 113.8 million tonnes in the previous season.
- ❖ In the weekly USDA crop progress report released on 05 September; Soybeans dropping leaves are reported at 11% which is same as 11% during the corresponding period last year and down from the 5 year average of 12%. Soybean crop setting pods are reported at 97% which is same as 97% during the corresponding period last year and up from the 5 year average of 96%. About 61% of the soybean planted crop is under good to excellent condition which is down from 73% during the corresponding period last year.
- ❖ China's import of soybean increased by 10.02% to 8.45 million tonnes in August compared to July and is the highest for the month of August. China brought in 63.34 million tonnes from January to August, up 16.8 percent from the same period last year according to the General Administration of Customs.
- ❖ Acreage under soybean in the coming season 2017-18 is likely to increase in Brazil according to analyst's survey conducted by Reuters. The average of nine estimates for the new crop indicated a planted area with the oilseed of 34.7 million hectares (85.7 million acres), with soybeans being planted in areas previously cultivated with corn. Production on average was forecast at 110.6 million tonnes around 3 percent below the record volume seen in 2016-17.
- ❖ Advisory service Pro Farmer, a division of Farm Journal Media projected 2017 U.S. soybean production at a record of 4.331 billion bushels, based on an average yield of 48.5 bushels per acre. The forecast is lower than the U.S. Department of Agriculture's prediction on Aug. 10 of 4.381 billion bushels on a yield of 49.4 bushels per acre.

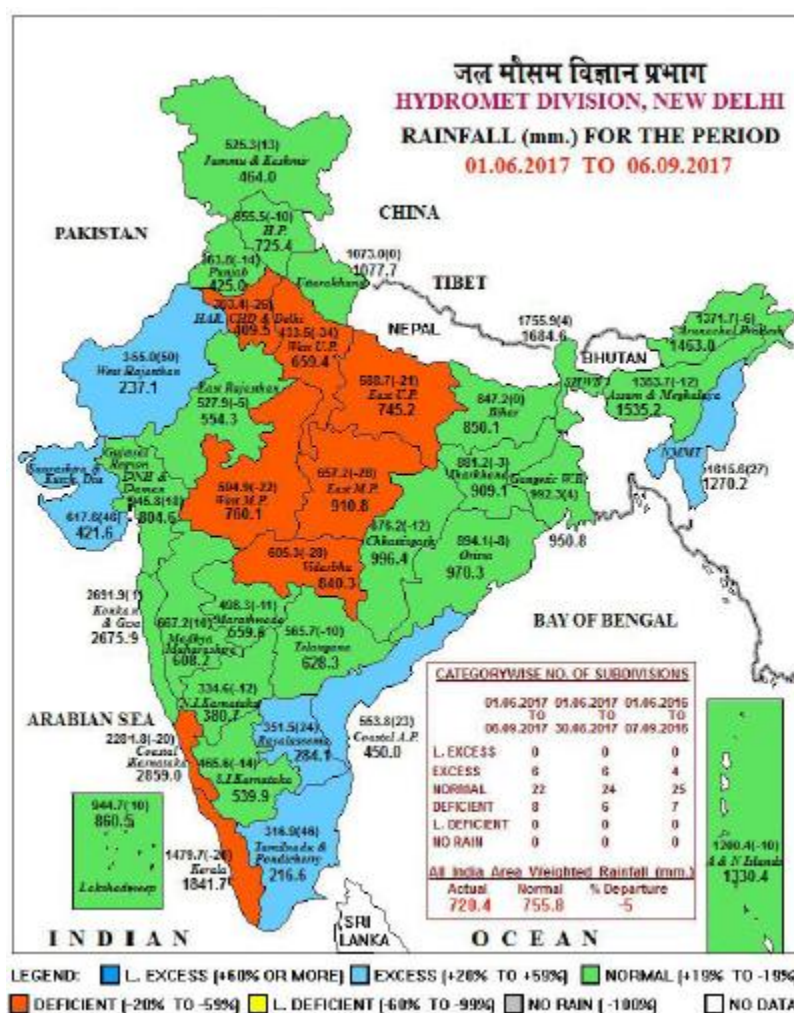
- ❖ According to Farm Futures first survey of 2018 planting intentions, soybean planting in US in 2017/18 is likely to decline by 3.9% to 86.1 million acres compared to USDA's August 2017 estimates. Farmers are likely to shift towards wheat in the coming season.
- ❖ FC Stone has raised its forecast of the U.S. 2017 soybean yield to 49.8 bpa, up from its Aug. 1 figure of 47.7. The firm forecast U.S. soybean production at 4.418 billion bushels, up from 4.235 billion.
- ❖ 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.
- ❖ 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 2.05 million tonnes by Sep. 05, down 27 percent from 2.8 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 3.30 million tonnes, down 2 percent from 3.40 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

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

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Soybean noticed mixed tone amid increase in arrival, erratic rain in the soybean growing regions and new crop arrival in limited quantity in the mandis of Madhya Pradesh. Positive tone of soy oil at CBOT also lent some support to the market.

Soybean planting is almost over and new crop arrival has started. Deficit rainfall in the oilseed growing regions is likely to affect rabi sowing this season amid lack of sufficient moisture level. New crop arrival is reported in the Indore and Mhow mandis of Madhya Pradesh. Around 300 bags of the new crop arrival was reported in Indore mandi with moisture content of around 22 -25%.

Madhya Pradesh Government has cleared scheme to compensate farmers for lower prices. Soybean is also covered under the scheme. The scheme will provide fair price to the farmers and will encourage them to grow more oilseeds and pulses. To avail this scheme, farmers will have to register themselves with mandis by sharing their Aadhaar, bank account and mobile numbers and details of crop cultivation.

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 355,000 bags compared to 225,000 bags reported in the previous week. Arrivals have increased as the mandis have opened after the festivals of 'Ganesh Chaturthi'.

The current southwest monsoon season from June 1 to September 6 has seen the state of Madhya Pradesh receive 24.7 per cent below-normal (long period average) rainfall. As many as 31 out of 51 districts have recorded deficient rainfall - shortfall in excess of 20 per cent - while being 10-20 per cent below-normal in 11 others. Significantly, the rainfall deficiency has been less in the Neemuch-Mandsaur-Ratlam belt.

The lack of rains is expected to impact the standing kharif crop and, moreover, could leave its imprint in the coming rabi planting season as well.

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 30.08.2017) has reported India's actual rainfall at 720.4 mm against the normal 755.8 mm and departure stands at -5% till 06 September 2017.

In West Madhya Pradesh, the departure of Southwest monsoon has declined to normal by -22%, actual rains is reported at 594.94 mm vs 760.1 mm normal till 06 September 2017 by IMD. Vidarbha reported the departure of -28%, actual rains 606.31 mm vs 840.3 mm normal. Marathwada reported the departure of -11% with actual rains of 498.3 mm vs 559.60 mm, East Rajasthan reported a departure of -5% with actual rains 527.9 mm vs 554.3 mm normal.

Erratic monsoon this season till date is expected to affect the productivity of soybean.



The area coverage under soybean, as on 01 September, is reported down 7.17% at 105.18 lakh hectares compared to 113.30 lakh hectares at the same period last year.

<b>Crop</b>	<b>As on 01 Sep. 2017</b>	<b>As on 01 Sep. 2016</b>	<b>% Chg.</b>
Groundnut	39.61	44.13	-10.25
Soybean	105.18	113.30	-7.17
Sunflower	1.28	1.56	-18.07
Sesamum	13.47	14.10	-4.45
Niger	1.42	1.16	23.08
Castor	5.84	6.56	-10.95
<b>Total Oilseeds</b>	<b>166.80</b>	<b>180.81</b>	<b>-7.75</b>

Source: MoA

The total sown area under *kharif* oilseeds, as on 01 September, is lower compared to the previous year's level which is down by 7.75% at 166.80 lakh hectares compared to 180.81 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

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

***The domestic soybean prices are likely to feature range-bound movement with weak bias on new crop arrival in the mandis and expected good rains in the growing regions.***

## **International:**

The international benchmark, CBOT soybean posted gains amid hurricane Irma coupled with dry weather in the US Midwest is likely to affect the development of soybean crop.

At CBOT, the soybean, in the most active November contract, ended higher at US \$ 9.62/bushel compared to US \$ 9.50/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 05 September; Soybeans dropping leaves are reported at 11% which is same as 11% during the corresponding period last year and down from the 5 year average of 12%.

Soybean crop setting pods are reported at 97% which is same as 97% during the corresponding period last year and up from the 5 year average of 96%.

About 61% of the soybean planted crop is under good to excellent condition which is down from 73% during the corresponding period last year.

European Union soybean imports in the 2017/18 season that began on July 1 had reached 2.05 million tonnes by Sep. 05, down 27 percent from 2.8 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 3.3 million tonnes, down 2 percent from 3.40 million tonnes 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.

According to Abiove, soybean crop forecast in 2017/18 increased to 113.8 million tonnes, higher by 0.5% compared to forecast in June. Brazil's soybean export forecast has been increased to 64 million tonnes from 63 million tonnes.

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 totaled at 1.16 million tonnes compared to 1.39 million tonnes previous month and 1.39 million tonnes during the same period previous year.

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

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.

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. Dry weather in US Midwest will lend some support to the market in the coming days.*

## Soy meal

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The domestic meal prices noticed mostly weak tone on lack –lustre demand in the cash market and weakness in other legs of the complex.

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

Poultry demand should be good in the 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 almost over and erratic monsoon this season is likely to affect the productivity of soybean. The planted area under soybean is lower compared to previous 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 some support to India's soy meal exports in previous months.

***The export of Soybean meal and its other value added products (HS Code 2304 and 1208) during August 2017 is 0.50 lakh tons compared to 0.27 lakh tons in August 2016 showing an increase of 86% over the same period of last year.***

***On a financial year basis, the export during April'2017 to August'2017 is 5.57 lakh tons as compared to 1.47 lakh tons in the same period of previous year showing an increase of 280% according to data compiled by SOPA.***

***During current Oil year, (October – September), total exports during October 2016 to August 2017 is 17.35 lakh tons as against 3.75 lakh tons during the same period last year, showing an increase of 362.13%.***

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 increased in international market, during the week.

CBOT soy meal December contract settled at US \$ 305.20 per short ton compared to US \$ 298.80 per short ton last week.

The domestic soy meal prices at Indore, were quoted at Rs 25,500 – 26,000/MT compared to Rs. 26,000/MT - 26,700/MT in previous week. At Latur and Nanded, Maharashtra, soy meal witnessed firm tone and were quoted at Rs 28,500/MT and 28,500/MT respectively compared to Rs 25,500/MT in Indore and Rs 25,600/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.

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 25,500 – 26,000/MT during the week compared to Rs 29,500 – 30,500/MT during the corresponding period last year.

*The soy meal prices are likely to feature range-bound movement with weak bias on lack of demand in the domestic market and weakness in soy meal at CBOT. Strength in INR against US dollar and higher international soybean production will add to the weak tone of the market 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
3000	2968	3097	3205	3250

- Soybean noticed range –bound to firm tone, during the week.
- Prices closed below 18-day EMA.
- RSI is increasing and stochastic is 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 – Oct.): **SELL** Below 3170. Levels: T1 – 3070; T2- 3020, SL -3250.

## Rapeseed - Mustard Seed

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The domestic rapeseed-mustard witnessed mostly firm tone during the week amid good demand in the cash market and likely lack of sufficient moisture for rabi sowing.

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 weigh on the market in the coming days.

**The all India seed supplies were reported between 0.80 – 1.50 lakh bags in a day compared to around 1.15 – 1.35 bags a day, previous week. The supplies were 0.65 – 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 3,970 – 4,010 a quintal compared to Rs 4,890 – 5,025 a quintal during the corresponding period last year at the benchmark, Jaipur.

At NCDEX futures, the seed prices at October contract ended lower at 3845/Qtl compared to 3852/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 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 palm oil exports fell 0.1 percent to 1,259,240 from 1,260,143 tons last month. Top buyers are European Union at 248,008 tons (352,370 tons), China at 184,750 tons (191,234 tons), India at 180,940 tons (162,100 tons), United States at 49,250 tons (77,241 tons) and Pakistan at 18,500 tons (43,000 tons). Values in brackets are figures of last month.

According to cargo surveyor Intertek Testing Services (ITS), Malaysia's August palm oil exports rose 0.3 percent to 1,243,361 tons from 1,239,407 last month. Top buyers were European Union at 321,325 tons (323,071 tons), China at 204,450 tons (174,116 tons) and India & Subcontinent at 164,750 tons (242,600 tons). Values in brackets are figures of 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 complain from US National Biodiesel Board (NBB) in March that both the countries were dumping biodiesel in US market.

According to Energy Administration Agency (EIA), U.S. produced 140 million gallons in June compared to 136 million gallons in May, higher by 2.9 percent m-o-m. Soy oil was the largest feedstock with 549 million lbs in June compared to 546 million lbs in May.

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 weak tone in near -term amid lack of sufficient moisture for rabi sowing and overall bearish scenario in edible oils.*

## Technical Analysis:

### NCDEX RM Seed Futures



\*Note: Daily Chart

### RM Seed Spot, Jaipur



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

S1	S2	PCP	R1	R2
3750	3680	3845	3900	3950

- Downward movement witnessed in RM seed.
- Prices closed below 18-day EMA.
- RSI and stochastic is 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 – Sep) Week: **SELL** Below 3900. Levels: Target – 3800; T2- 3750, SL –3980.

## Annexure

### Oilseed Prices at Key Spot Markets:

Commodity / Centre	Prices (Rs/Qtl)				Change
Soybean	8-Sep-17		1-Sep-17		
	Low	High	Low	High	
Indore –Plant	3025	3075	3025	3080	-5
Indore–Mandi	2750	2950	2850	2940	10
Nagpur-Plant	3050	3140	3000	3100	40
Nagpur – Mandi	2550	3000	2700	2980	20
Latur – Mandi	2880	3110	2760	3125	-15
Kota-Plant	2950	3000	2950	3000	Unch
Kota – Mandi	2850	2950	2900	2925	25
Bundi-Plant	2950	3000	3050	3100	-100
Bundi-Mandi	2850	2900	2950	3000	-100
Baran-Plant	2850	2975	2925	3000	-25
Baran-Mandi	2600	2820	2800	2850	-30
Bhawani Mandi Jhalawar–Kota-Plant Delivery	2900	3050	2950	3100	-50
Jhalwar-Mandi	2850	2900	2850	2975	-75
Rapeseed/Mustard					
Jaipur-(Condition)(New Crop)	4000	4005	3970	3975	30
Alwar-(Condition)(New Crop)	3700	3800	3700	3750	50
SriGanganagar-(Non-Condition-Unpaid)	3550	3600	3450	3500	100
New Delhi–(Condition)(New Crop)	NA	NA	NA	NA	-
Kota-Non-(Condition)(New Crop)	3350	3500	3450	3500	Unch
Agra-(Condition)(New Crop)	4350	4400	4300	4350	50
Neewai(New Crop)	3830	3940	3750	3810	130
Hapur (UP)(New Crop)	3750	3800	3825	3850	-50
Groundnut Seed					
Rajkot	658	658	715	715	-57
Sunflower Seed					
Gulbarga	2350	2650	NA	NA	-
Latur	NA	NA	NA	NA	-
Sholapur(New Crop)	NA	NA	NA	NA	-
Sesame Seed					
Mumbai (White98/2/1	6800	6800	6850	6850	-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
		2nd September to 8th September 2017	26th August to 1st September 2017	
<b>Soybean</b>	Madhya Pradesh	355000	225000	130000
	Maharashtra	240000	179000	61000
	Rajasthan	91000	97000	-6000
	Bundi (Raj)	500	1000	-500
	Baran (Raj)	12350	10250	2100
	Jhalawar (Raj)	10500	7500	3000
<b>Rapeseed/Mustard</b>	Rajasthan	340000	320000	20000

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

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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

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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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