

Oilseeds Weekly Research Report

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Executive Summary

Soybean continued weak tone during the week amid increase in new crop arrivals in the domestic market and early weakness in soybean at CBOT. The quality of the new crop arrival is expected to improve in the coming days. Slowdown in U.S. soybean harvest during the current week and expected lower soybean output this season will limit downside movement.

New crop arrival will pick up in the coming weeks and crushing will be in full swing. The South –west monsoon has entered the withdrawal phase and rains have been reported in parts of West and South India. Harvesting of oilseeds will be delayed in the regions where rainfall has been noticed.

The overall monsoon has been normal. However deficit rains in the months of August and September is likely to affect the productivity of soybean crop.

The monthly supply and demand report will be released by USDA next week. In the month of September, soybean production estimates had been increased to 4,432 million bushels, up 50 million bushels on higher yields compared to previous month.

The recent weakness in INR will prove attractive for soy meal exports.

Harvesting has begun in U.S. and pressure will mount in the coming days. However rains in the current week have slowed down harvesting and will give some temporary support to the market. Planting has begun in Brazil, however it is lagging behind compared to previous year due to lack of rains in the growing regions in the beginning.

The rapeseed-mustard prices noticed mostly weak tone on lack –lustre demand in the cash market and lack of demand from the millers. Overall weak tone of edible oils amid supply pressure will influence the market.

The rapeseed-mustard prices will remain under overall higher supply pressure. However festive demand in the coming days will limit downside movement in the market.

Outlook – Cash Market

Outlook - Soybean (Spot, Indore): The soybean continued weak tone amid increase in arrivals in the mandis and early weakness in soybean at CBOT. The quality of the new crop arrival is expected to pick up in the coming days. Bearish global supply scenario is adding to the weak tone of the market. Weakness in INR against US dollar, lower soy production and slow down in harvesting in U.S. Midwest will lend some support to the market. 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 easy tone during the week amid lack of demand in the cash market and weakness in soy meal at CBOT. Demand is expected to pick up with crushing expected to be in full swing by next month. The recent weakness in INR against US dollar will make India's meal exports attractive. Overall this year exports of oil meals have been higher following good monsoon, better oilseeds production and price parity. In order to gain global share, prices have to remain competitive. 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 22,000 – 23,500/MT levels during the week.

Outlook - Rapeseed-Mustard (Spot, Jaipur basis): The rapeseed-mustard noticed mostly weak tone amid lack of demand from the millers and overall weak tone in edible oils. However festive demand and lower acreage under oilseeds in the coming days is likely to limit downside movement. Overall supply pressure is adding to the weak tone of the market. The seed prices are likely to feature range-bound movement with weak bias and witness the levels between 3850 – 3950/Qtl; levels during the week.

International Highlights

- ❖ According to consultancy AgRural, Brazilian soy producers have planted 1.5 per cent of the 2017/18 crop as on September 28, 2017 compared to 4.8 per cent during the corresponding same period previous year. The planted area is below a five year average of 2.3 per cent following lack of rains in the growing regions.
- ❖ A dry spell for the next ten days should bring some relief to Argentina's waterlogged fields of soy, after rains during the weekend added to fears of planting delays according to official sources. Argentina's main grains belt has been inundated with rains in recent months, contributing to a 5.7 percent reduction in the forecast for area planted with soy in 2017-18 according to the Buenos Aires Grains Exchange.
- ❖ According to INTL FCStone, U.S. 2017 soybean yield has been increased to 49.9 bushels per acre (bpa) compared to Aug. 31 figure of 49.8 bushels per acre. U.S. soybean production is estimated at 4.42 billion bushels compared to 4.418 billion bushels estimated in August.
- ❖ In the weekly USDA crop progress report released on 02 October; Soybeans dropping leaves are reported at 80% which is less than 81% during the corresponding period last year and less than the 5 year average of 78%. Around 22% of the new soybean crop has been harvested which is less than 24% during the corresponding period last year and down from the 5 year average of 26%. About 60% of the soybean planted crop is under good to excellent condition which is same as 60% during the previous week and down from 74% during the corresponding period last year.
- ❖ China's soybean imports from the United States are likely to be delayed by at least two weeks as suppliers struggle to find high-quality beans following crop damage from hurricanes; according to trade sources. Shipment delays could result in tight supplies at the end of October and early November. As a result soy meal prices would firm up in China by the end of the month.
- ❖ According to Abiove, Brazil is expected to export a record 65 million metric tonnes of soybeans in 2018. Soybean production in 2018 is expected at 108.5 million metric tonnes in the 2017/18 season compared to 113.8 million metric tonnes in the previous season. In the first eight months of 2017, Brazil has exported 56.9 million metric tonnes of soybean. This year exports are expected to touch a total of 64 million metric tonnes.
- ❖ Net sales of 1,016,100 MT for 2017/2018 were reported for China (608,900 MT, including 254,000 MT switched from unknown destinations), Thailand (93,600 MT), Portugal (70,700 MT, including 65,000 MT

switched from Spain), Vietnam (70,500 MT, including 60,000 MT switched from unknown destinations), and the Netherlands (66,600 MT, including 66,000 MT switched from unknown destinations) during the week September 22 -28, 2017. Reductions were reported for Spain (65,000 MT) and unknown destinations (56,500 MT). Exports of 986,000 MT were primarily to China (547,900 MT), Mexico (99,200 MT), Portugal (70,700 MT), Vietnam (70,200 MT), and the Netherlands (66,600 MT). The current week's net sales are lower compared to net sales of 2,982,700 MT during the previous week.

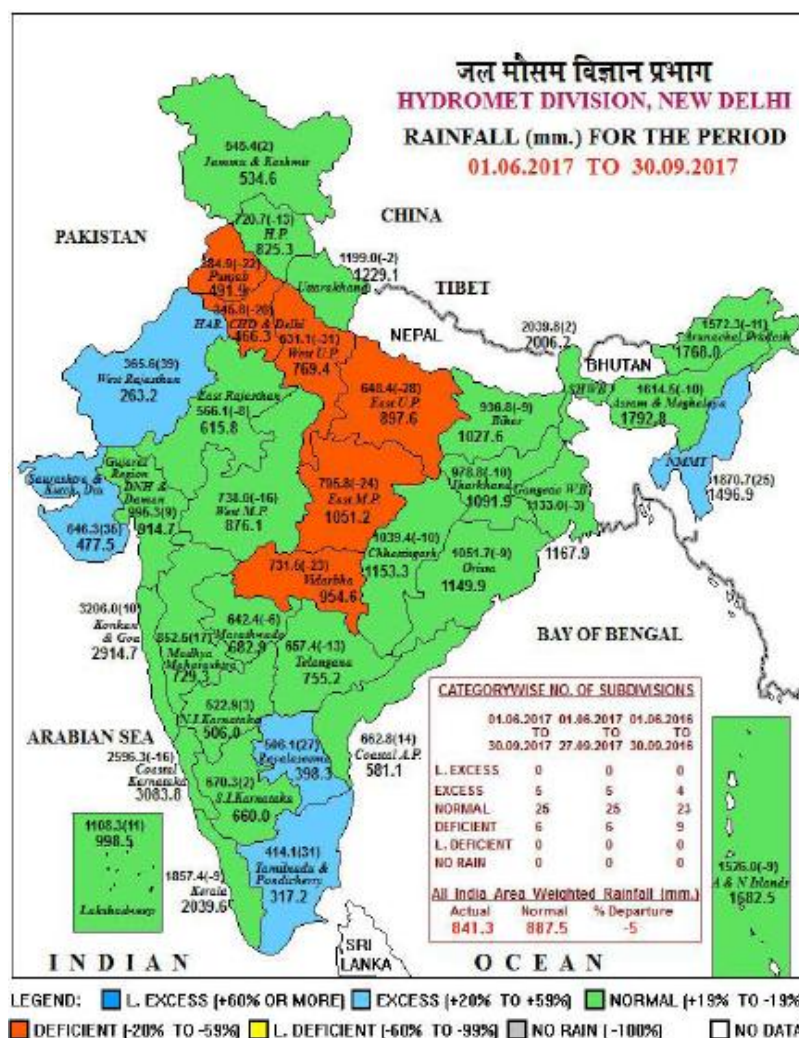
- ❖ Informa has estimated U.S. soybean crop in 2017 at 4.474 billion bushels with an average yield of 50.0 bushels per acre. In mid –September, Informa had estimated U.S. soybean production at 4.470 million bushels with a yield of 49.9 bushels per acre.
- ❖ Mato Grosso farmers began planting soybeans in the state over the weekend, although the pace of work is below previous years amid absence of rain according to the Mato Grosso Institute of Agricultural and Livestock Economics. According to the institute, producers sown 0.15 percent of the total area, equivalent to 14.2 thousand hectares in comparison to 112 thousand hectares in the same period last year.
- ❖ China will start auction of 300,000 tonnes of soybeans produced in Helongjiang, Inner Mongolia, Liaoning and Henan from September 29, 2017. The bidders are required to pay a deposit of 220 yuan (\$33.23) per tonne.
- ❖ U.S. oilseed production for 2017/18 is projected at 132.8 million tons, up 1.9 million tons from last month mainly due to higher soybean yield in the September monthly supply and demand report released by USDA. Soybean production is projected at a record 4,431 million bushels, up 50 million on a higher yield forecast. Soybean supplies are raised with higher production only partly offset by lower beginning stocks. With increased supplies and lower prices, soybean exports are raised to 2,250 million bushels leaving ending stocks unchanged.
- ❖ The IGC has increased the global soybean output in 2017/18 following record harvest in U.S. Global soybean production in 2017/18 was put at 348 million metric tonnes, up from previous forecast of 347 million but still below the 2016/17 record crop of 351 million metric tonnes. Soybean consumption is likely to increase to 351 million metric tonnes compared to 338 million metric tonnes in 2016/17.

IMD Monsoon Forecast and Current Rainfall Status

In the IMD's Operational 2nd 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

Soybean witnessed easy tone during the week amid increase in new crop arrival and early weakness in soybean at CBOT. Currently there is not much demand for new crop arrival. Crushing is expected in full swing by next month. Slow down in soybean harvest in U.S. Midwest following rain in the growing regions will lend some support to the market in the near –term.

During the current week, heavy rains were noticed in parts of West and South India. The southwest monsoon has withdrawn from some parts of Punjab, Haryana, most parts of West Rajasthan, some parts of Kutch and north Arabian Sea according to the India Meteorological Department. The monsoon usually starts withdrawing in the first week of September, but this year it has been delayed by three weeks. The country has so far received 5 percent lower rainfall than normal in the current monsoon season.

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 total weekly soybean arrivals in the cash markets of Madhya Pradesh are reported at 465,000 bags compared to 370,000 bags reported in the previous week. Arrivals have increased amid new crop arrival in the mandis.

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.

IMD in its weekly Southwest monsoon progress report (01.06.2017 to 04.10.2017) has reported India's actual rainfall at 841.3 mm against the normal 887.5 mm and departure stands at -5% till 04 October 2017.

In West Madhya Pradesh, the departure of Southwest monsoon has declined to normal by -16%, actual rains is reported at 738.0 mm vs 876.1 mm normal till 04 October 2017 by IMD. Vidarbha reported the departure of -23%, actual rains 731.5 mm vs 954.6 mm normal. Marathwada reported the departure of -6% with actual rains of 642.4 mm vs 682.9 mm, East Rajasthan reported a departure of -8% with actual rains 566.1 mm vs 615.8 mm normal.

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

The area coverage under soybean, as on 06 October, is reported down 7.73% at 105.92 lakh hectares compared to 114.79 lakh hectares at the same period last year.

Crop	As on 06 Oct. 2017	As on 06 Oct. 2016	% Chg.
Groundnut	41.69	47.10	-11.49
Soybean	105.92	114.79	-7.73
Sunflower	1.39	1.70	-18.33
Sesamum	14.20	16.56	-14.25
Niger	2.05	2.09	-2.05
Castor	8.44	8.59	-1.75
Total Oilseeds	173.69	190.84	-8.98

Source: MoA

The total sown area under *kharif* oilseeds, as on 06 October, is lower compared to the previous year's level which is down by 8.98% at 173.69 lakh hectares compared to 190.84 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.

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. Harvesting progress in U.S. Midwest will give further direction to the market in the near –term. Slack inLimp domestic soy meal offtake due to weak demand in the domestic market 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 pick up 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.

Weaker INR against US dollar and huge South American soy supplies continue to influence the market as the Indian soy meal price has been out-priced in the international market in recent weeks.

Lower soybean supplies this season, mean decline in crushing and eventually, availability of less soy meal, eventually leading to lower exports.

India's domestic soy meal consumption is around 5 million tonnes and the production is expected to be 7-7.5 million tonnes, the surplus 2.5 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.

The soybean supplies were higher in the key markets of Madhya Pradesh, Maharashtra and Rajasthan during the week.

The domestic soybean prices are likely to feature range-bound movement with weak bias amid increase in new crop arrival in the mandis.

International:

The international benchmark, CBOT soybean posted gains amid rains hindering harvesting progress in U.S. and dry weather in Brazil delaying planting progress.

At CBOT, the soybean, in the most active November contract, ended higher at US \$ 9.72/bushel compared to US \$ 9.68/bushel last week.

According to NOPA, 142.42 million bushels soybean was crushed in August 2017 compared to 144.718 million bushels previous month. It is above analyst's' expectation of 137.50 million bushels. Soy meal exports during the month declined to 426,896 tons compared to 596,767 tons in July and 574,802 tons a year earlier.

In the weekly USDA crop progress report released on 02 October; Soybeans dropping leaves are reported at 80% which is less than 81% during the corresponding period last year and less than the 5 year average of 78%.

Around 22% of the new soybean crop has been harvested which is less than 24% during the corresponding period last year and down from the 5 year average of 26%.

About 60% of the soybean planted crop is under good to excellent condition which is same as 60% during the previous week and down from 74% during the corresponding period last year.

According to Energy Administration Agency (EIA), U.S. produced 149 million gallons in July compared to 140 million gallons in June, higher by 6.4 percent m-o-m. Soy oil was the largest feedstock with 606 million lbs in July compared to 549 million lbs in June.

European Union soybean imports in the 2017/18 season that began on July 1 had reached 2.5 million tonnes by Sep. 19, down 20 percent from 3.15 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 4.20 million tonnes, up 8 percent from 3.90 million tonnes a year ago.

Previous updates

In the USDA quarterly stock report, it has been reported that the US soybeans stored in all positions on September 1, 2017 totaled 301 million bushels, up 53 percent from September 1, 2016.

On-farm stocks totaled 88 million bushels, up 110 percent from a year ago. Off-farm stocks, at 213 million bushels, are up 37 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 Chinese Agriculture ministry, China is expected to import 94.5 MMT of soybean in 2017/18 from previous forecast of 93.16 MMT. Chinese soybean consumption in 2017/18 is estimated at 109.21 MMT from previous estimate of 108.63 MMT. Soybean deficit of the country is estimated at 0.25 MMT from previous estimate of 0.97 MMT.

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.

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.

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 corresponding same period last year according to the General Administration of Customs.

The international soybean prices are expected to feature range bound movement with firm-bias in near-term on slow down in harvesting and planting progress in Brazil lagging behind previous year. However gains will be limited amid overall bearish supply scenario in the global market.

Soy meal

The domestic meal prices witnessed easy tone amid lack of demand in the domestic market and early weakness in soy meal at CBOT.

Export demand should improve in the coming days amid pick up in crushing activities. However higher supplies in the domestic and international market is likely to negate good demand in medium -term.

According to the latest press release by the Solvent Extractor's Association of India (SEA), cottonseed oilcake will attract nil GST rate and all other oilcakes will bear 5% GST irrespective of their end use.

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. Lower production will translate into lower meal production in the domestic market this season.

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

But, significantly lower domestic soy meal price, this season, have obviously lend 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 correspondingsame 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 correspondginsame 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 correspondingsame period last year, showing an increase of 362.13%.

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

Recent weakness in INR against USD will remain positive factor for meal exports from India.

Soy meal increased in international market, during the week.

CBOT soy meal December contract settled at US \$ 319.20 per short ton compared to US \$ 315.80 per short ton last week.

Net sales of 12,000 MT for 2016/2017 were down noticeably from the previous week, but up 20 percent from the prior 4-week average. Increases were reported for Canada (7,800 MT), El Salvador (6,500 MT, including 3,800 MT switched from Guatemala, 1,500 MT switched from Nicaragua, and 500 MT switched from Honduras), Honduras (6,200 MT), Saudi Arabia (5,000 MT), Guyana (2,400 MT, switched from the French West Indies), and South Korea (1,800 MT). Reductions were reported for Japan (7,600 MT), unknown destinations (5,800 MT), the

French West Indies (4,200 MT), and Guatemala (3,800 MT). For 2017/2018, net sales of 328,500 MT were reported primarily for unknown destinations (121,500 MT), Canada (79,000 MT), the Philippines (45,000 MT), and Honduras (27,100 MT) during the week September 22 -28, 2017. Reductions were reported for Ecuador (6,000 MT). Exports of 132,100 MT were down 30 percent from the previous week and 10 percent from the prior 4-week average. The destinations were primarily Canada (25,000 MT) the Dominican Republic (24,600 MT), Colombia (17,400 MT), Mexico (10,600 MT), Malaysia (10,600 MT), El Salvador (9,600 MT), and Peru (9,600 MT). The current week's net sales for 2017/18 are higher compared to net sales of 301,800 MT during the previous week.

The domestic soy meal prices at Indore, were quoted at Rs 22,700 – 23,000/MT compared to Rs. 23,400/MT - 25,200/MT in previous week. At Latur and Nanded, Maharashtra, soy meal witnessed easy tone and were quoted at Rs 24,500/MT and 24,400/MT respectively compared to Rs 23,000/MT in Indore and Rs 22,700/MT in Kota.

Previous Updates

India has registered gains in the soy meal exports in the current season. Weakness in INR against dollar will eventually make India's soy meal export prices attractive and help to regain market share.

India is expected to produce 7-7.5 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.

We expect India's soy meal exports to decline slightly in the new season with lower 2017/18 soybean production leading to lower crushing eventually decreasing 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 22,700 – 23,000/MT during the week compared to Rs 27,500 – 28,500/MT during the corresponding period last year.

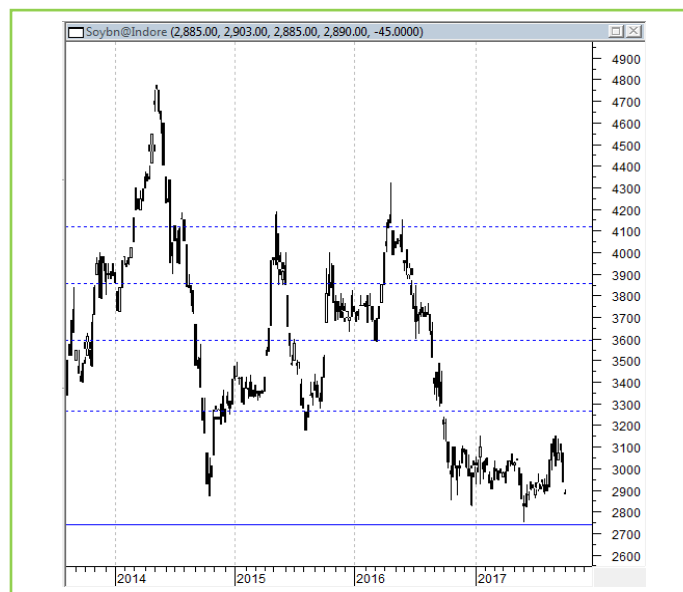
The soy meal prices are likely to feature range-bound movement with weak bias amid lack of demand in the cash market. Higher international soybean production will add to the weak tone of the market in near-term.

Technical Analysis:

NCDEX Soybean Futures



Soybean Spot, Indore



*Note: Daily Chart

Support & Resistance NCDEX Soybean – Nov. contract

S1	S2	PCP	R1	R2
2850	2800	2955	3100	3150

- Soybean witnessed easy tone, during the week.
- Prices closed below 18-day EMA.
- RSI is declining in the neutral zone and stochastic is declining in the oversold zone.
- MACD is declining in the negative territory.
- The prices are expected to feature loss in the coming week.
- Trade Recommendation (NCDEX Soybean – Nov.): **SELL** Below 3050. Levels: T1 – 2900; T2- 2850, SL -3130.

Rapeseed - Mustard Seed

The domestic rapeseed-mustard witnessed mostly easy tone amid lack of demand in the cash market and overall weak tone in edible oils. This year south –west monsoon is 5 per cent below normal and this is unlikely to provide sufficient moisture for rabi sowing.

Rabi sowing will begin in the next few weeks. This year kharif oilseeds production is expected to be lower compared to previous year. Overall supply pressure in the global markets will add to the weak tone of the market in the near –term.

The all India seed supplies were reported between 1.45 – 1.65 lakh bags in a day compared to around 0.50 – 1.50 bags a day, previous week. The supplies were 0.40 – 0.70 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 – 3,915 a quintal compared to Rs 4,755 – 4,835 a quintal during the corresponding period last year at the benchmark, Jaipur.

At NCDEX futures, the seed prices at November contract ended lower at 3814/Qtl compared to 3827/Qtl previous week.

Area under rapeseed is likely to decline in European Union in 2018 amid adverse weather patterns affecting planned sowing activities of the farmers. According to Strategie Grains, the area sown with rapeseed for the 2018 harvest is estimated at 6.64 million hectares, down 1 per cent from 6.73 million hectares harvested this year.

The drop in rapeseed sowings, along with a projected 2 percent fall in sunseed area to 4.1 million hectares, would contribute to a 1 percent decline in the total EU oilseed area to 12.1 million hectares. This is the first estimates of Strategie Grains for 2018 harvest.

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 August.

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 tonnes 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 August edible oil imports rose 7 percent y-o-y to 13.37 lakh tons from 12.45 lakh tons in August 2016. Palm oil imports in August rose 15 percent y-o-y to 8.69 lakh tons from 7.55 lakh tons in August 2016. CPO Imports rose 10.9 percent y-o-y to 6.00 lakh tons from 5.41 lakh tons in August 2016. RBD palmolein imports rose 26.3 percent y-o-y to 2.95 lakh tons from 2.07 lakh tons in August 2016. Soy oil imports fell 13.2 percent y-o-y to 2.90 lakh tons from 3.34 lakh tons in August 2016.

Sunflower oil imports rose 17.7 percent y-o-y to 1.33 lakh tons from 1.13 lakh tons in August 2016. Rapeseed (canola) oil imports in August fell 6.7 percent to 0.45 lakh tons compared 0.48 lakh tons in August 2016.

According to Solvent Extractors Association (SEA), India's August edible oil stocks at ports and pipelines rose 20.1 percent m-o-m to 29.70 lakh tons from 24.73 lakh tons in July 2017. Stocks of edible oil at ports rose to 907,000 tons (CPO 340,000 tons, RBD Palmolein 150,000 tons, Degummed Soybean Oil 250,000 tons, Crude Sunflower Oil 150,000 tons and 17,000 tons of Rapeseed (Canola) Oil) and about 1,590,000 tons in pipelines (stocks at ports were 883,000 and in pipelines were at 1,590,000 tons in August 2017).

India is presently holding 43 days of edible oil requirement on 1st September, 2017 at 29.70 lakh tons compared to 42 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 September palm oil exports rose 10.0 percent to 1,384,665 compared to 1,259,240 tons last month. Top buyers are China at 227,764 tons (184,750 tons), European Union at 195,869 tons (248,008 tons), India at 156,675 tons (180,940 tons), Pakistan at 106,540 tons (18,500 tons) and United States at 66,840 tons (49,250 tons). Values in brackets are figures of last month.

According to cargo surveyor Intertek Testing Services (ITS), Malaysia's September palm oil exports rose 10.4 percent to 1,372,990 tons compared to 1,243,361 tons last month. Top buyers were China at 320,512 tons (204,450 tons), European Union at 292,155 tons (321,325 tons) and India & Subcontinent at 261,675 tons (164,750 tons). Values in brackets are figures of last month.

According to Malaysia Palm Oil Board (MPOB), Malaysia's August palm oil stocks rose 8.79 percent to 19.42 lakh tons compared to 17.84 lakh tons in July. Production of palm oil in August fell 0.90 percent to 18.11 lakh tons compared to 18.27 lakh tons in July. Exports of palm oil in August rose 6.43 percent to 14.88 lakh tons compared to 13.98 lakh tons in July. Imports of palm oil in August fell 21.34 percent to 0.42 lakh tons compared to 0.47 lakh tons in July. Rise in palm oil end stocks in August was above analyst's estimates. Exports growth improved in August due to higher buying by India and China.

According to Malaysia Palm Oil Board (MPOB), Malaysia increased October crude palm oil export duty to 6.0 percent from 5.5 percent in September. Tax is calculated at reference price of 2,754.18 ringgit (\$657.32) per ton. Tax is calculated above 2,250 ringgit starting from 4.5 percent to a maximum of 8.5 percent.

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 on lack of buying interest in the cash market and overall weakness in edible oils. Expected festive demand will limit downside movement in the market.

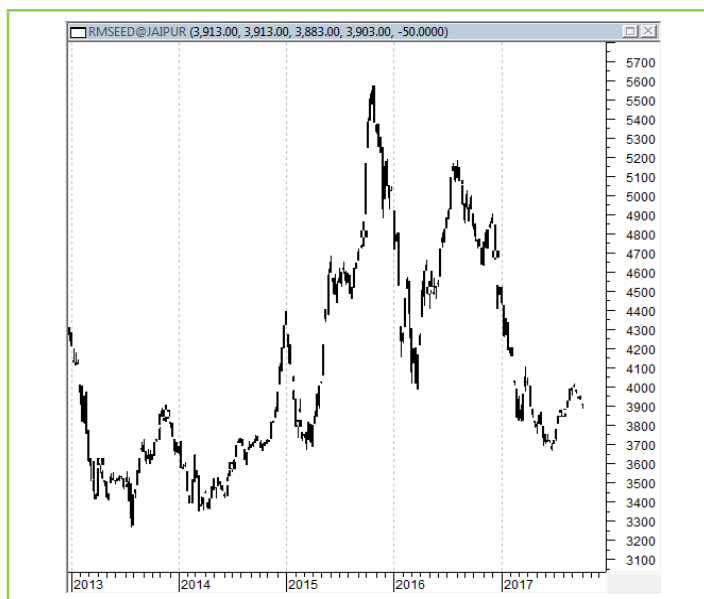
Technical Analysis:

NCDEX RM Seed Futures



*Note: Daily Chart

RM Seed Spot, Jaipur



Support & Resistance NCDEX RM Seed – Nov. contract

S1	S2	PCP	R1	R2
3721	3650	3814	3900	3950

- Downward movement witnessed in RM seed.
- Prices closed below 18-day EMA.
- RSI is declining and stochastic is increasing in the neutral zone.
- MACD is declining in the negative territory.
- The prices are expected to feature range-bound movement with weak bias, during the week.
- Trade Recommendation (NCDEX Rapeseed-Mustard – Nov) Week: **SELL** Below 3850. Levels: Target – 3750; T2- 3700, SL –3905.

Annexure

Oilseed Prices at Key Spot Markets:

Commodity / Centre	Prices (Rs/Qtl)				Change
Soybean	6-Oct-17		29-Sep-17		
	Low	High	Low	High	
Indore –Plant	2850	2930	3080	3200	-270
Indore–Mandi	2400	2900	2900	3050	-150
Nagpur-Plant	2850	3000	3050	3130	-130
Nagpur – Mandi	2450	2730	2825	2900	-170
Latur – Mandi	2500	2940	2490	3040	-100
Kota-Plant	2800	2850	3040	3130	-280
Kota – Mandi	2750	2775	2920	2970	-195
Bundi-Plant	2750	2900	3020	3100	-200
Bundi-Mandi	2700	2750	2900	2940	-190
Baran-Plant	2700	2800	2890	2980	-180
Baran-Mandi	2700	2800	2750	2950	-150
Bhawani Mandi Jhalawar–Kota-Plant Delivery	2750	2960	2950	3000	-40
Jhalwar-Mandi	2700	2760	2870	2930	-170
Rapeseed/Mustard					
Jaipur-(Condition)(New Crop)	3900	3905	3980	3985	-80
Alwar-(Condition)(New Crop)	3675	3725	3700	3750	-25
SriGanganagar-(Non-Condition-Unpaid)	3450	3500	3525	3550	-50
New Delhi–(Condition)(New Crop)	3600	3640	NA	NA	-
Kota-Non-(Condition)(New Crop)	3350	3450	3340	3460	-10
Agra-(Condition)(New Crop)	3400	3600	4300	4350	-750
Neewai(New Crop)	3800	3860	3800	3920	-60
Hapur (UP)(New Crop)	3575	3700	3750	3775	-75
Groundnut Seed					
Rajkot	745	745	674	674	71
Sunflower Seed					
Gulbarga	2154	2852	2052	2625	227
Latur	NA	NA	NA	NA	-
Sholapur(New Crop)	NA	NA	NA	NA	-
Sesame Seed					
Mumbai (White98/2/1)	6650	6650	6800	6800	-150

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
		3rd October to 6th October 2017	23rd September to 29th September 2017	
Soybean	Madhya Pradesh	465000	370000	95000
	Maharashtra	320000	280000	40000
	Rajasthan	240000	90000	150000
	Bundi (Raj)	9400	450	8950
	Baran (Raj)	37000	9200	27800
	Jhalawar (Raj)	90000	7200	82800
Rapeseed/Mustard	Rajasthan	240000	325000	-85000

India's Kharif Oilseeds Production Seen at 20.68 Mn T vs 22.40 Mn in 1st Adv Est. - GOI

The 1st Advance Estimates of production of major crops for 2017-18 have been released 22 September, 2017 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 floods and erratic rainfall during monsoon 2017, the country has witnessed lower food grain production in the current year compared to previous year.

The estimated production of major Kharif Oilseeds during 2017-18 is as under:

Oilseeds – 20.68 million tonnes

- Soyabean – 12.22 million tonnes
- Groundnut – 6.21 million tonnes
- Castorseed – 1.40 million tonnes

With a decline of 1.72 million tonnes over the previous year, total kharif Oilseeds production in the country is estimated at a level of 20.68 million tonnes. It is lower by 1.93 million tonnes than the all- time record production of 22.61 million tonnes achieved during 2013-14.

The production of Oilseeds during 2017-18 is higher by 0.346 million tonnes than the five year's average Oilseeds production. The current year's production is lower than the kharif production of 22.40 million tonnes during 2016-17.

MSP for 2017/18 Kharif Oilseeds

The Cabinet Committee on Economic Affairs, chaired by the Prime Minister Shri Narendra Modi, has given its approval for Minimum Support Prices (MSPs) for Kharif Crops of 2017-18 season, the MSPs of all the Kharif oilseeds are raised for this season.

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

MSP for 2016/17 Rabi Oilseeds

The Cabinet Committee on Economic Affairs has approved the Minimum Support Prices (MSPs) for Rabi Oilseeds Crops of 2016-17 season are as follows: The MSP of Rapeseed/Mustard is raised (10.4%) by Rs. 350/Qtl to Rs. 3,700/Qtl from Rs. 3,350/Qtl earlier. For Safflower too, it is increased (12.1%) by Rs. 400/Qtl to Rs. 3,700/Qtl from Rs. 3,300/Qtl in 2014-15. Further, to incentivize cultivation of oilseeds, the Cabinet has decided to give a bonus of Rs 100/- per quintal each for Rabi oilseeds including Rapeseeds/Mustards and Safflower, over and above the recommendations of the CACP.

Sown Area – *Rabi* Oilseeds, India

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

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

Source: MoA, GOI

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