

# Oilseeds Weekly Research Report

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## Executive Summary

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Soybean noticed range –bound to firm tone during the week amid arrival of good quality crop in the mandis and good demand in the cash market. Support also emerged from soy complex at CBOT. Soybean at CBOT recorded two and a half month high amid bullish monthly supply and demand report released for the month of October. Slow pace of planting of soybean in Brazil remained another positive factor for the market.

The demand for new crop arrival is picking up ahead of the festive season and the moisture content in the new crop has reduced from 20-25% to 10-15%. Rain during the withdrawal phase of south-west monsoon is unlikely to damage the crop. However, it has affected the pace of harvesting.

The overall monsoon has been normal this season. 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 was released by USDA during the week. In the month of October, soybean yield estimates for 2017 crop has been reduced to 49.5 bushels per acre compared to 49.9 bushels per acre during the previous month.

The recent weakness in INR will continue to be attractive for soy meal exports.

Harvesting has begun in U.S. and is picking up pace. However, rains in the current week have slowed down harvesting and it is, currently, below five –year average figures. currently. 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, mostly witnessed mostly recovery during the week amid good demand from the retailers ahead of festive season and firm tone in palm oil at BMD.

The rapeseed-mustard prices will remain under overall higher supply pressure. However festive demand in the coming days will lent lend support to the market.

## Outlook – Cash Market

**Outlook - Soybean (Spot, Indore):** The soybean witnessed recovery amid good demand for new crop arrival in the mandis and spillover support from soy complex at CBOT. The moisture content in the new crop arrival has reduced and will continue the increasing pace in the coming days. The bullish monthly supply and demand report released by the USDA will add to the positive tone of the market. Slow down in planting pace of soybean in Brazil will remain positive factor for the market. The prices are expected to feature range bound movement with firm bias between the price band of 2850 – 3050 level (Indore, Plant basis).

**Outlook – Soy meal:** Soy meal noticed range –bound to weak tone during the week amid lack of good demand in the domestic and export market. With the crushing pace picking up in the coming days, production will increase and good export demand is usually expected during the period November –February. The recent weakness in INR against US dollar will make India's meal exports attractive. Overall Tthis year, overall exports of oil meals have been higher following good monsoon, better oilseeds production and price parity. In order toTo gain global share, prices have to remain competitive. 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 23,000 – 24,500/MT levels during the week.

**Outlook - Rapeseed-Mustard (Spot, Jaipur basis):** The rapeseed-mustard witnessed recovery during the week amid good demand from the retailers ahead of the festive season and positive tone in palm oil at BMD. Festive demand and lower acreage under oilseeds in the coming days is likely to support the market. Overall supply pressure will weigh on the market to certain extent. The seed prices are likely to feature range-bound movement with firm bias and witness the levels between 3875 – 3975/Qtl; levels during the week.

## International Highlights

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- ❖ According to consultancy, Safras & Mercado, Brazil is expected to produce 114.7 million metric tonnes of soybean in 2017 -18 season. According to Safras, planting area is expected to increase by 5.1 per cent to 35.54 million hectares.
- ❖ According to Safras, soybean planting in Brazil till 06 October 2017, reached 5.6 per cent of the total forecast area compared to 10.4 per cent during the same corresponding period previous year. Planting is delayed due to dry weather conditions in the growing regions.
- ❖ According to consultancy, Safras & Mercado, Brazilian farmers have sold 14 per cent of expected soybean production in the 2017/18 season. This is lower than 22 percent compared to the corresponding same period last year and below the five –year average of 26 percent at this time of the year. Dry weather conditions in the growing regions have slowed down planting progress.
- ❖ In the weekly USDA crop progress report released on 10 October; Soybeans dropping leaves are reported at 89% which is less than 90% during the corresponding period last year and higher than the 5 year average of 87%. Around 36% of the new soybean crop has been harvested which is less than 41% during the corresponding period last year and down from the 5 year average of 43%. About 61% of the soybean planted crop is under good to excellent condition which is less than 60% during the previous week and down from 74% during the corresponding period last year.
- ❖ According to Brazilian Food Supply and Statistics, soybean output in 2017-18 is expected to decline to 108.2 million metric tonnes in 2017/18 compared to 114 million metric tonnes in the previous season. Output is expected to be lower this season amid less favourable weather this season compared to previous year.
- ❖ According to consultancy Celeres, acreage under soybean in Brazil is expected to increase in 2017/18 by 2.5% to 34.7 million hectares compared to previous season. This is due to shift in acreage from corn to soybean by farmers in the Center-South region.
- ❖ Precipitation is declining in Argentina due to a transition towards the La Nina climate phenomenon. This is likely to relieve the flooded crop fields in the coming months; however dry weather could affect the productivity of soybean.

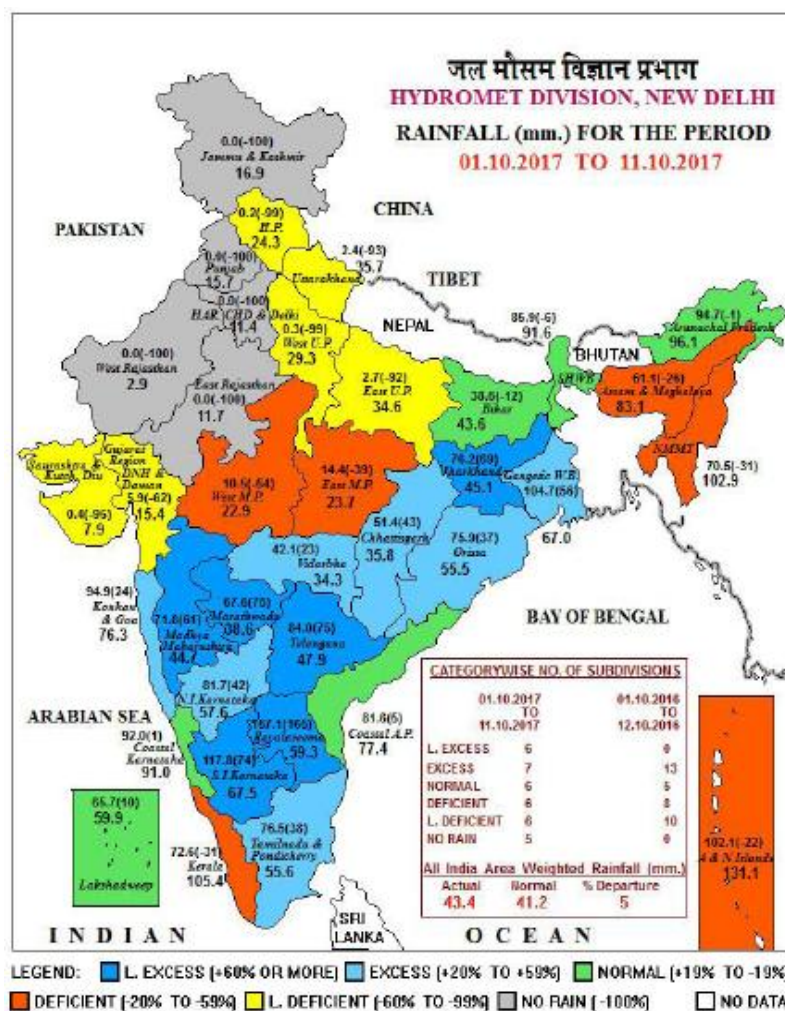
- ❖ The U.S. Department of Agriculture's report of monthly supply and demand, report for the month of October forecasts U.S. soybean production at 4,431 million bushels, down 1 million bushel on higher harvested area and lower yields compared to previous month's estimates. Global soybean production is projected down 0.6 million tons to 347.9 million on lower forecasts for Russia and Ukraine. With lower beginning stocks, soybean ending stocks are forecast at 96.05 million metric tonnes compared to 97.53 million metric tonnes in previous month's estimates. USDA kept soy oil imports from India unchanged at 4.10 million metric tonnes same as previous month.
- ❖ China's import of soybean increased by 12.7% to 8.10 million tonnes in September 2017 compared to the correspondingsame period during previous year. China brought in 93.50 million metric tonnes from September to October (crop year 2016/17), compared to 83.2 million metric tonnes during the previous year according to the General Administration of Customs.
- ❖ 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 correspondingsame 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.
- ❖ 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.
- ❖ 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.
- ❖ 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 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 *khari* oilseeds as they are rain-fed.



## Soybean

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Soybean noticed firm tone during the week amid good demand for the new crop arrival from the crushing plants and spillover support from soy complex at CBOT. Soybean at CBOT touched two- and- a- half- month high following bullish, monthly supply and demand report released by USDA for the month of October and good demand from China. Slow down in planting pace of soybean in Brazil will remain positive factor for the market.

The State Marketing Federation of Maharashtra has sent a proposal to the National Agricultural Cooperative Marketing Federation of India (Nafed) to open 88 procurement centers in 23 districts for purchase of soybean under MSP. Soybean procurement is likely to start from 25 October 2017 and around 10 quintals of soybean is expected to be procured from farmers at these centers. This will support the farmers as currently prices are falling below MSP.

According to the latest estimates of SOPA, soybean production in the country for 2017 has been estimated at 91.46 lakh tonnes compared to 114.91 lakh tonnes during the previous year. Madhya Pradesh is estimated to produce 45.36 lakh tonnes compared to 57.17 lakh tonnes in 2016. Maharashtra's soybean production is estimated at 31.39 lakh tonnes in 2017 compared to 39.46 lakh tonnes during previous year. Rajasthan is estimated to produce 7.62 lakh tonnes in 2017 compared to 9.50 lakh tonnes during the previous year.

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 805,000 bags compared to 465,000 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 progress report (05.10.2017 to 11.10.2017) has reported India's actual rainfall at 28.5 mm against the normal 24.3 mm and departure stands at 17% till 11 October 2017.

In West Madhya Pradesh, the departure of Southwest monsoon has declined to normal by -16%, actual rains is reported at 10.5 mm vs 13.7 mm normal till 11 October 2017 by IMD. Vidarbha reported the departure of 109%, actual rains 39.5 mm vs 18.9 mm normal. Marathwada reported the departure of 186% with actual rains of 66.4 mm vs 23.2 mm, East Rajasthan reported a departure of -100% with actual rains 0.0 mm vs 8.0 mm normal.

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



The area coverage under soybean, as on 13 October, is reported down 7.73% at 105.92 lakh hectares compared to 114.79 lakh hectares at the correspondingsame period last year.

<b>Crop</b>	<b>As on 13 Oct. 2017</b>	<b>As on 13 Oct. 2016</b>	<b>% Chg.</b>
Groundnut	41.69	47.10	-11.49
Soybean	105.92	114.79	-7.73
Sunflower	1.39	1.71	-18.94
Sesamum	14.20	16.57	-14.31
Niger	2.05	2.09	-2.05
Castor	8.45	8.59	-1.65
<b>Total Oilseeds</b>	<b>173.70</b>	<b>190.86</b>	<b>-8.99</b>

Source: MoA

The total sown area under *kharif* oilseeds, as on 13 October, is lower compared to the previous year's level which is down by 8.99% at 173.70 lakh hectares compared to 190.86 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 in 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 firm bias amid good demand from the crushing mills ahead of festive season.***

## **International:**

The international benchmark, CBOT soybean posted gains amid bullish monthly supply and demand report for the month of October and weekly export sales released by USDA.

At CBOT, the soybean, in the most active November contract, ended higher at US \$ 10.00/bushel compared to US \$ 9.72/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 10 October; Soybeans dropping leaves are reported at 89% which is less than 90% during the corresponding period last year and higher than the 5 year average of 87%.

Around 36% of the new soybean crop has been harvested which is less than 41% during the corresponding period last year and down from the 5 year average of 43%.

About 61% of the soybean planted crop is under good to excellent condition which is less than 60% during the previous week and down from 74% during the corresponding period last year.

Net sales of 1,747,300 MT for 2017/2018 were reported for China (1,020,400 MT, including 331,000 MT switched from unknown destinations and decreases of 61,900 MT), unknown destinations (351,500 MT), the Netherlands (104,000 MT, including 94,000 MT switched from unknown destinations), Indonesia (71,000 MT, including 64,200 MT switched from unknown destinations), and Vietnam (68,800 MT) during the week September 29 –October 05, 2017. Reductions were reported for Thailand (41,200 MT). Exports of 1,190,200 MT were primarily to China (700,700 MT), Mexico (116,600 MT), the Netherlands (104,000 MT), Indonesia (83,300 MT), and Pakistan (69,800 MT). The current week's net sales are higher compared to net sales of 1,016,100 MT during the previous week.

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.

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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**

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In the quarterly stock report of 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.

*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 compared to behind previous year. However, gains will be limited amid overall bearish supply scenario in the global market.*

## Soy meal

The domestic meal prices noticed range –bound to weak tone amid lack of buying interest in the cash market. Soybean crushing is picking up and the production of soy meal is likely to surge in the coming days.

Usually export demand picks up with increase in crushing activities from November onwards. 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 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.

***On a financial year basis, India's export of oil meals during April 2017 to September 2017 stands at 1,101,689 metric tonnes as compared to 594,529 metric tonnes in the same period of previous year showing an increase of 85% according to data released by the Solvent Extractor's Association of India.***

***In the month of September 2017, export of oil meals increased by 5% to 115,083 metric tonnes compared to the correspondingsame period previous year. Soy meal exports during the period April 2017 to September 2017 was reported at 397,364 metric tonnes compared to 75,720 metric tonnes during the correspondingsame period previous year.***

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 \$ 328.60 per short ton compared to US \$ 319.20 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. 22,700/MT - 23,000/MT in previous week. At Latur and Nanded, Maharashtra, soy meal witnessed easy tone and were quoted at Rs 24,300/MT and 23,800/MT respectively compared to Rs 22,800/MT in Indore and Rs 23,800/MT in Kota.

### **Previous Updates**

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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 must 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 22,575 – 22,800/MT during the week compared to Rs 26,000 – 28,000/MT during the corresponding period last year.

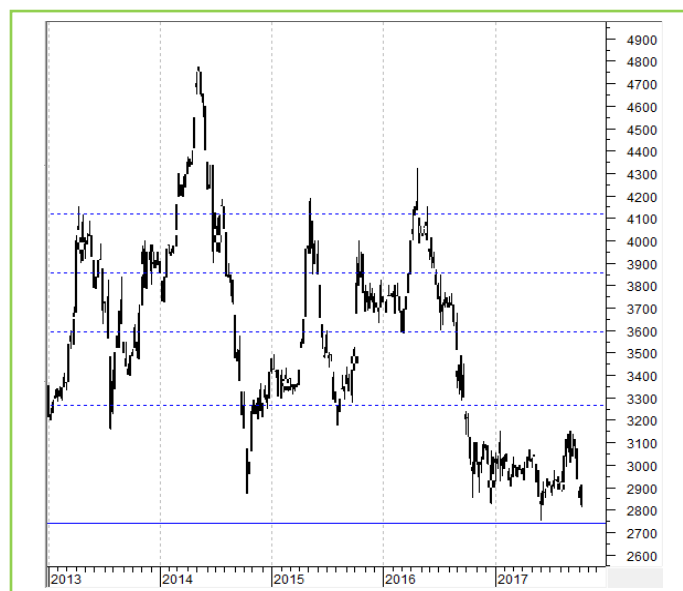
*The soy meal prices are likely to feature range-bound movement with firm bias amid expected good demand in the domestic market. Higher international soybean production will limit upside movement of the market in near-term.*

### **Technical Analysis:**

#### **NCDEX Soybean Futures**



#### **Soybean Spot, Indore**



**\*Note: Daily Chart**

#### **Support & Resistance NCDEX Soybean – Nov. contract**

S1	S2	PCP	R1	R2
2800	2750	2938	3100	3150

- Soybean witnessed easy tone, during the week.
- Prices closed below 18-day EMA.
- RSI is increasing in the neutral zone and stochastic is increasing in the oversold zone.
- MACD is declining in the negative territory.
- The prices are expected to feature gain in the coming week.
- Trade Recommendation (NCDEX Soybean – Nov.): **BUY** Above 2850. Levels: T1 – 3000; T2- 3050, SL - 2770.

## Rapeseed - Mustard Seed

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The domestic rapeseed-mustard noticed mostly positive tone amid good demand from the retailers ahead of the festival season and positive tone of palm oil at BMD. Sowing of the rabi crop is being delayed amid lack of sufficient soil moisture.

This year kharif oilseeds production is expected to be lower compared to previous year. However comfortable stocks in the domestic market and overall supply pressure in the global markets will weigh on the market in the medium –term.

**The all India seed supplies were reported between 1.35 – 1.45 lakh bags in a day compared to around 1.45 – 1.65 bags a day, previous week. The supplies were 0.25 – 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 3,890 – 3,920 a quintal compared to Rs 4,720 – 4,795 a quintal during the corresponding period last year at the benchmark, Jaipur.

At NCDEX futures, the seed prices at November contract ended lower at 3809/Qtl compared to 3814/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 percent from 6.73 million hectares harvested this year.

The drop fall 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

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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 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 October 1-10 palm oil exports rose 16.5 percent to 462,082 compared to 396,672 tons in corresponding period last month. Top buyers are European Union at 107,740 tons (68,185 tons), China at 82,315 tons (53,432 tons), India at 61,880 tons (56,500 tons), Pakistan at 38,800 tons (49,800 tons) and United States at 11,050 tons (18,250 tons). Values in brackets are figures of corresponding period last month.

According to cargo surveyor Intertek Testing Services (ITS), Malaysia's October 1-10 palm oil exports rose 18.1 percent to 448,349 tons compared to 379,652 tons in the corresponding period last month. Top buyers were India & Subcontinent at 124,780 tons (113,600 tons), China at 97,205 tons (82,682 tons), European Union at 86,035 tons (73,280 tons) and Values in brackets are figures of corresponding period last month.

According to Malaysia Palm Oil Board (MPOB), Malaysia's September palm oil stocks rose 3.98 percent to 20.19 lakh tons compared to 19.42 lakh tons in August. Production of palm oil in September fell 1.69 percent to 17.80 lakh tons compared to 18.11 lakh tons in August. Exports of palm oil in September rose 1.82 percent to 15.15 lakh tons compared to 14.88 lakh tons in August. Imports of palm oil in September fell 1.17 percent to 0.41 lakh tons compared to 0.42 lakh tons in August. Rise in palm oil end stocks in September was above analyst's estimates.

Production of palm oil fell in Malaysia in September on lagged effect of El Nino. Demand of palm oil from India is weak in September as India purchased higher quantities before imposition of import duties of edible oils. China purchased more in September, more ahead of Mid- Autumn festival in early October.

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 rose 24 percent to 2.98 MMT from 2.40 MMT in July 2017. Exports in August grew 44 percent y-o-y compared to August 2016 at 2.07 MMT.



Malaysia's palm oil production in 2017 is estimated to rise 12 percent to 19.4 MMT from 17.4 MMT in 2016. Exports of palm oil in 2017 from Malaysia will increase 11.2 percent to 17.85 MMT from 16.05 MMT in 2016. CPO prices are expected to remain firm in 2017, according to the board, said the Malaysia Palm Oil Board (MPOB).

Indonesia is expected to produce 32-33 MMT of palm oil in 2017 compared to estimated production of 28.5-30 MMT in 2016, higher by 16 percent y-o-y. Production in 2015 was 33 MMT. Wet condition in 2016 in Indonesia is primary reason for higher production in 2017. Exports are expected to grow to 23-25 MMT in 2017 compared to 23 MMT estimated in 2016. Palm oil prices rose in 2016 due to lower stocks of palm on El Nino, crude oil prices and biodiesel mandates in Indonesia and Malaysia, said Indonesia Palm Oil Association (GAPKI).

According to China's General Administration of Customs (CNGOIC), China's imports of edible vegetable oil in September rose 92.6 percent to 6.0 lakh tons compared to 5.2 lakh tons in August. Imports rose 15.4 percent compared to corresponding period last year which was reported at 6.0 lakh tons. Year to date imports of edible vegetable oil rose 5.3 percent to 41.6 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 expected good demand in the domestic market ahead of the festival season.*

## 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	3809	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 3870. Levels: Target – 3770; T2- 3720, SL –3930.

## Annexure

### Oilseed Prices at Key Spot Markets:

Commodity / Centre	Prices (Rs/Qtl)				Change
Soybean	13-Oct-17		6-Oct-17		
	Low	High	Low	High	
Indore –Plant	2875	2950	2850	2930	20
Indore–Mandi	2650	2850	2400	2900	-50
Nagpur-Plant	2800	2900	2850	3000	-100
Nagpur – Mandi	2400	2700	2450	2730	-30
Latur – Mandi	2300	2911	2500	2940	-29
Kota-Plant	2800	2900	2800	2850	50
Kota – Mandi	2700	2800	2750	2775	25
Bundi-Plant	2800	2900	2750	2900	Unch
Bundi-Mandi	2700	2800	2700	2750	50
Baran-Plant	2850	3050	2700	2800	250
Baran-Mandi	2700	2800	2700	2800	Unch
Bhawani Mandi Jhalawar–Kota-Plant Delivery	2800	2985	2750	2960	25
Jhalwar-Mandi	2725	2875	2700	2760	115
Rapeseed/Mustard					
Jaipur-(Condition)(New Crop)	3915	3920	3900	3905	15
Alwar-(Condition)(New Crop)	3675	3725	3675	3725	Unch
SriGanganagar-(Non-Condition-Unpaid)	3450	3525	3450	3500	25
New Delhi–(Condition)(New Crop)	3550	3650	3600	3640	10
Kota-Non-(Condition)(New Crop)	3200	3400	3350	3450	-50
Agra-(Condition)(New Crop)	4175	4250	3400	3600	650
Neewai(New Crop)	3750	3840	3800	3860	-20
Hapur (UP)(New Crop)	3600	3650	3575	3700	-50
Groundnut Seed					
Rajkot	810	810	745	745	65
Sunflower Seed					
Gulbarga	2155	2725	2154	2852	-127
Latur	NA	NA	NA	NA	-
Sholapur(New Crop)	NA	NA	NA	NA	-
Sesame Seed					
Mumbai (White98/2/1	6650	6650	6650	6650	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
		7 <sup>th</sup> October to 13th October 2017	3rd October to 6th October 2017	
Soybean				
	Madhya Pradesh	805000	465000	340000
	Maharashtra	555000	320000	235000
	Rajasthan	555000	240000	315000
	Bundi (Raj)	23500	9400	14100
	Baran (Raj)	143000	37000	106000
	Jhalawar (Raj)	52000	90000	-38000
Rapeseed/Mustard	Rajasthan	320000	240000	80000

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

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The 1<sup>st</sup> Advance Estimates of production of major crops for 2017-18 have been released on 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 ofBecause 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

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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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