

Oilseeds Weekly Research Report

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Executive Summary

Soybean noticed range –bound to weak tone during the week amid lack –lustredull trading activities on the eve of Diwali. Spillover weakness from soybean at CBOT also weighed on prices. Soybean at CBOT witnessed losses as harvesting has picked up pace in U.S. Midwest amid dry weather in the growing regions. Slow pace of planting of soybean in Brazil lent some support to the market. China has huge stocks of soybean oil following record imports of soybean in 2016-17.

From next week onwards, arrival of new soybean crop will be in full swing. Demand is expected to improve amid lower moisture content of 10 -15% in the new crop. 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 NOPA crush report was released during the week. According to the National Oilseed Processors Association (NOPA), 136.419 million bushels soybean was crushed in September 2017 compared to 142.424 million bushels previous month. It is below analyst's expectation of 138.071 million bushels and highest for the month in ten years.

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. Pace of harvesting is picking up amid dry weather in the growing regions. Planting has begun in Brazil, however it is lagging behind compared to that of previous year due to lack of rains in the growing regions in the beginning.

The rapeseed-mustard prices noticed mostly weak tone during the week amid some demand from the retailers ahead of festive season on one hand and overall weak tone of edible oils in the global market.

The rapeseed-mustard prices will remain under overall higher supply pressure. Sowing of the rabi crop will influence the market in the coming days.

Outlook – Cash Market

Outlook - Soybean (Spot, Indore): The soybean noticed weak tone amid lack –lustredull trading activities on the eve of 'Diwali'. Spillover weakness from soybean at CBOT weighed on prices. Arrival of the new crop is expected to pick up further in the coming days and add to the weak tone of the market. The bearish NOPA crush report for the month of September weighed on prices. Slow planting pace of soybean in Brazil lent some support to the market. The prices are expected to feature range bound movement with weak bias between the price band of 2750 – 2950 level (Indore, Plant basis).

Outlook – Soy meal: Soy meal witnessed mostly weak tone during the week following other legs of the complex. However expected good demand in the coming days should lend some support to the 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 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 21,500 – 23,000/MT levels during the week.

Outlook - Rapeseed-Mustard (Spot, Jaipur basis): The rapeseed-mustard noticed sideways to weak tone amid good demand from the retailers on one hand and overall weakness in edible oils on the other. Sowing of the rabi crop will influence the market in the coming weeks. Overall supply pressure will weigh on the market to certain extent. 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 Safras consultancy, soybean planting in Brazil has covered 12% of the area. This is higher than the five-year average of 11% and below previous year's coverage area of 18%.
- ❖ According to the National Oilseed Processors Association (NOPA), 136.419 million bushels soybean was crushed in September 2017 compared to 142.424 million bushels previous month. It is below analyst's expectation of 138.071 million bushels and highest for the month in ten years. Soy meal exports during the month declined to 487,397 tons compared to 426,896 tons in August and 439,605 tons a year earlier.
- ❖ According to latest USDA attaché report, heavy rains in Argentina during the months of August and September have affected Argentina's crop areas. Local reports estimate 5-10 million hectares could be under water or damaged due to these rains. While excess rain has affected the winter crop, this is not currently expected to affect soybean, peanut, and sunflower planted area, although planting may be delayed.
- ❖ In the weekly USDA crop progress report released on 16 October; Soybeans dropping leaves are reported at 94% which is less than 95% during the corresponding period last year and higher than the 5 year average of 93%. Around 49% of the new soybean crop has been harvested which is less than 59% during the corresponding period last year and down from the 5 year average of 60%. About 61% of the soybean planted crop is under good to excellent condition which is same as 61% during the previous week and down from 74% during the corresponding period last year.
- ❖ Informa raised its U.S. 2018 soybean plantings forecast to 90.347 million acres, up from its month-ago projection of 89.057 million acres. U.S. farmers in 2017 planted 90.2 million acres to soybeans according to USDA.
- ❖ China's stocks of soybean oil are at record levels following huge imports of beans this year. Stocks of the oil, a byproduct of crushing beans into meal for animal feed, touched 1.6 million tonnes this week at major crushers compared to 1.3 million tonnes during the same time previous year according to the China National Grain and Oils Information Center. The high stocks are as a result of record arrivals of beans, with 93.5 million tonnes arriving in the 2016/17 crop year that ended in September, up 12 percent compared to previous year.

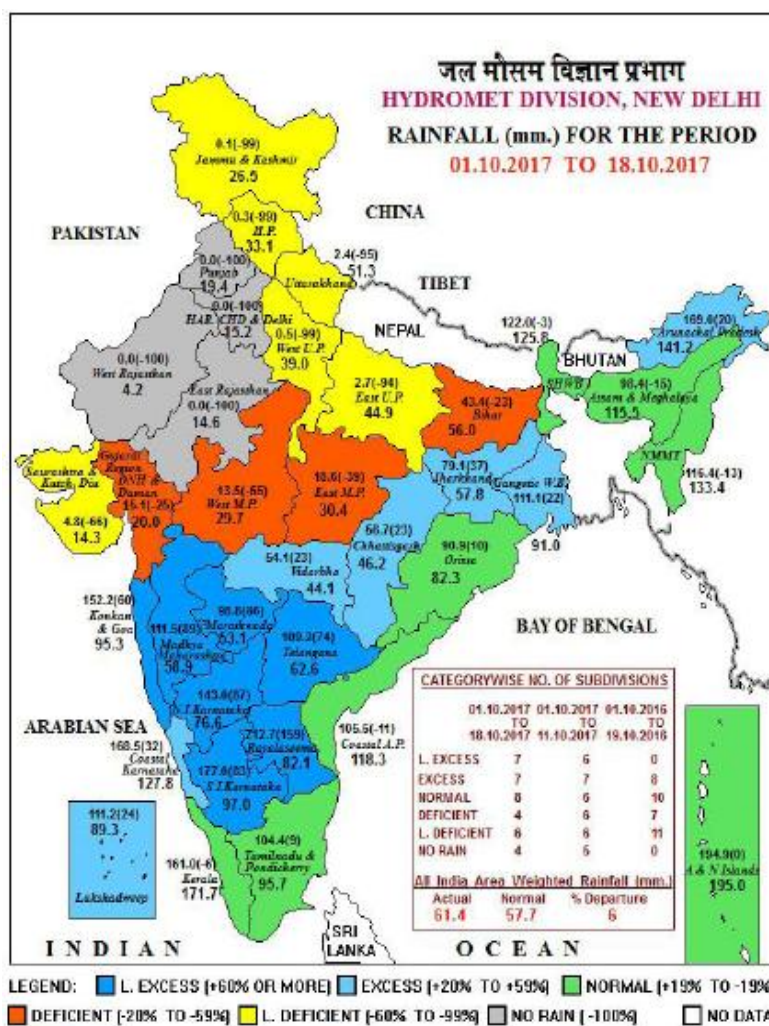
- ❖ According to consultancy, Safras & Mercado, Brazil is expected to produce 114.7 million metric tonnes of soybean in 2017 -18 season. According to Safras, planting area is expected to increase by 5.1 per cent to 35.54 million hectares.
- ❖ According to Brazilian Food Supply and Statistics, soybean 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.
- ❖ The U.S. Department of Agriculture's 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 same corresponding 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 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 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 range –bound to easy tone during the week amid lack lustredull trading activities on the eve of Diwali. Spillover weakness from soybean at CBOT weighed on the market. Soybean at CBOT noticed losses as harvesting has picked up amid dry weather in the growing regions. Slow pace of planting in Brazil limited downside movement.

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 330,000 bags compared to 805,000 bags reported in the previous week. Arrivals have declined as mandis remained closed on the eve of Diwali.

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

IMD in its weekly progress report (01.10.2017 to 18.10.2017) has reported India's actual rainfall at 61.4 mm against the normal 57.7 mm and departure stands at 6% till 18 October 2017.

In West Madhya Pradesh, the departure of Southwest monsoon has declined to normal by -55%, actual rains is reported at 13.5 mm vs 29.7 mm normal till 18 October 2017 by IMD. Vidarbha reported the departure of 23%, actual rains 54.1 mm vs 44.1 mm normal. Marathwada reported the departure of 86% with actual rains of 98.8 mm vs 53.1 mm, East Rajasthan reported a departure of -100% with actual rains 0.0 mm vs 14.6 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 same period last year.

Crop	As on 13 Oct. 2017	As on 13 Oct. 2016	% Chg.
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
Total Oilseeds	173.70	190.86	-8.99

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 and planting progress in Brazil 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 bean 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 lower 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 domestic market and increasing pace of harvesting in U.S. Midwest.

International:

The international benchmark, CBOT soybean witnessed easy tone as harvesting has picked up in U.S. Midwest following favorable weather during the week.

At CBOT, the soybean, in the most active November contract, ended lower at US \$ 9.79/bushel compared to US \$ 10.00/bushel last week.

According to the National Oilseed Processors Association (NOPA), 136.419 million bushels soybean was crushed in September 2017 compared to 142.424 million bushels previous month. It is below analyst's expectation of 138.071 million bushels and highest for the month in ten years. Soy oil stocks in U.S. at the end of September fell 8.12 percent to 1.302 billion lbs compared to 1.417 billion lbs in end August 2017. Stocks of soy oil in end September was lower by 5.38 percent compared to end September 2016, which was reported at 1.376 million lbs. Soy meal exports during the month declined to 487,397 tons compared to 426,896 tons in August and 439,605 tons a year earlier.

In the weekly USDA crop progress report released on 16 October; Soybeans dropping leaves are reported at 94% which is less than 95% during the corresponding period last year and higher than the 5 year average of 93%.

Around 49% of the new soybean crop has been harvested which is less than 59% during the corresponding period last year and down from the 5 year average of 60%.

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

Net sales of 1,275,200 MT for 2017/2018 were down 27 percent from the previous week and 36 percent from the prior 4-week average. Increases were reported for China (1,174,800 MT, including 523,000 MT switched from unknown destinations and decreases of 68,500 MT), Pakistan (70,800 MT, including 65,000 MT switched from unknown destinations), Germany (66,600 MT, previously reported as the Netherlands), Turkey (65,700 MT, switched from unknown destinations), and the Netherlands (52,700 MT, including 66,000 MT switched from unknown destinations and decreases of 13,300 MT) during the week October 06 -12, 2017. Reductions were reported for unknown destinations (317,400 MT) and Costa Rica (41,500 MT). Exports of 1,850,000 MT were primarily to China (1,371,000 MT), Spain (70,600 MT), Pakistan (69,300 MT), Germany (66,600 MT), and Turkey

(65,700 MT). The current week's net sales are lower compared to net sales of 1,747,300 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.

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 corresponding 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 the Buenos Aires Grains Exchange, Argentine 2017/18 soybean crop is expected at 54 million tonnes compared to 57.5 million tonnes in 2016 -17 as farmers have shifted to wheat and corn. Soy planting area in the 2017/18 season is seen at 18.1 million hectares, down from 19.2 million in 2016/17.

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 weak bias on harvesting progressing well in U.S. Midwest and overall bearish supply scenario in the global market. Slow pace of planting in Brazil continue to remain supporting factor for the market.

Soy meal

The domestic meal prices witnessed mostly easy tone amid lack of demand in the cash market and weakness in other legs of the complex. Soybean crushing is picking up and the production of soy meal is likely to surge in the coming days.

Expected good export demand in the coming weeks will support the market. Overall higher supplies in the domestic and international will weigh on the market in the medium –term.

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 corresponding 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 same corresponding 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 same corresponding 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 declined in international market, during the week.

CBOT soy meal December contract settled at US \$ 317.10 per short ton compared to US \$ 328.60 per short ton last week.

Net sales of 296,000 MT for 2017/2018 were reported for the Dominican Republic (106,100 MT), Thailand (50,000 MT, switched from unknown destinations), Colombia (35,000 MT), Honduras (31,000 MT), Nicaragua (24,300 MT), and Panama (23,600 MT) during the week October 6-12, 2017. Reductions were reported for unknown destinations (37,400 MT) and Japan (1,600 MT). Exports of 154,700 MT were reported to the Philippines (77,900 MT), Canada (15,100 MT), Mexico (13,100 MT), Morocco (12,000 MT), Peru (10,000 MT), Guatemala (8,700 MT), and Israel (5,100 MT). The current week's net sales for 2017/18 are higher compared to net sales of 106,000 MT during the previous week.

The domestic soy meal prices at Indore, were quoted at Rs 22,325 – 23,200/MT compared to Rs. 22,700/MT - 23,000/MT in previous week. At Latur and Nanded, Maharashtra, soy meal noticed mixed tone and were quoted at Rs 23,800/MT and 24,200/MT respectively compared to Rs 22,325/MT in Indore and Rs 23,000/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 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 22,325 – 23,200/MT during the week compared to Rs 24,800 – 25,500/MT during the corresponding period last year.

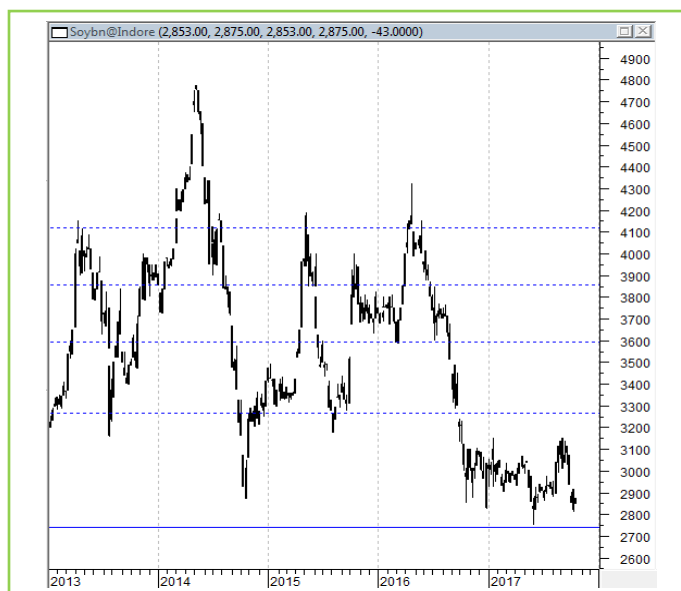
The soy meal prices are likely to feature range-bound movement with weak bias amid lack of demand in the domestic market. Higher international soybean production will weigh on the market in the near-term.

Technical Analysis:

NCDEX Soybean Futures



Soybean Spot, Indore



*Note: Daily Chart

Support & Resistance NCDEX Soybean – Nov. contract

S1	S2	PCP	R1	R2
2800	2750	2904	3000	3050

- Soybean witnessed easy tone, during the week.
- Prices closed below 18-day EMA.
- RSI is steady and stochastic is increasing in the neutral 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 3000. Levels: T1 – 2900; T2- 2850, SL -3060.

Rapeseed - Mustard Seed

The domestic rapeseed-mustard witnessed mostly easy tone during the week following overall bearish tone in edible oils and there was not much trading activities during the week on the eve of 'Diwali'. Arrivals were lower as most of the mandis remained closed. Sowing of the rabi crop will give direction to the market.

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 0.70 – 1.10 lakh bags in a day compared to around 1.35 – 1.45 bags a day, previous week. The supplies were 0.70 – 0.80 lakh bags a day during the corresponding period last year.

The seed prices are still lower at spot market and are quoted at around Rs 3,910 – 3,925 a quintal compared to Rs 4,720 – 4,775 a quintal during the corresponding period last year at the benchmark, Jaipur.

At NCDEX futures, the seed prices at November contract ended higher at 3895/Qtl compared to 3809/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 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 September.

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 September edible oil imports rose 9 percent y-o-y to 15.01 lakh tons from 13.77 lakh tons in September 2016. Palm oil imports in September rose 20.6 percent y-o-y to 9.32 lakh tons from 7.73 lakh tons in September 2016. CPO Imports rose 15.4 percent y-o-y to 6.52 lakh tons from 5.65 lakh tons in September 2016. RBD palmolein imports rose 27.8 percent y-o-y to 2.62 lakh tons from 2.05 lakh tons in September 2016. Soy oil imports fell 14.7 percent y-o-y to 3.57 lakh tons from 4.70 lakh tons in September 2016. Sunflower oil imports rose 88.4 percent y-o-y to 1.97 lakh tons from 1.04 lakh tons in

September 2016. Rapeseed (canola) oil imports in September fell 46.7 percent to 0.16 lakh tons compared 0.30 lakh tons in September 2016.

According to Solvent Extractors Association (SEA), India's September edible oil stocks at ports and pipelines rose 3.7 percent m-o-m to 25.89 lakh tons from 24.97 lakh tons in August 2017. Stocks of edible oil at ports rose to 979,000 tons (CPO 300,000 tons, RBD Palmolein 230,000 tons, Degummed Soybean Oil 290,000 tons, Crude Sunflower Oil 150,000 tons and Rapeseed Oil (Canola Oil) & other Oils 9,000 tons) and about 1,610,000 tons in pipelines (stocks at ports were 907,000 and in pipelines were at 1,590,000 tons in August 2017).

India is presently holding 44 days of edible oil requirement on 1st October, 2017 at 25.89 lakh tons compared to 43 days of requirements last month at 24.97 lakh tons. India's monthly edible oil requirement is 17.5 lakh tons.

According to cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's October 1-20 palm oil exports rose 10.2 percent to 967,707 compared to 878,422 tons in corresponding period last month. Top buyers are European Union at 227,140 tons (146,369 tons), China at 150,903 tons (163,182 tons), India at 98,480 tons (77,500 tons), Pakistan at 61,990 tons (64,800 tons) and United States at 42,320 tons (52,750 tons). Values in brackets are figures of corresponding period last month.

According to cargo surveyor Intertek Testing Services (ITS), Malaysia's October 1-20 palm oil exports rose 11.6 percent to 951,339 tons compared to 852,206 tons in the corresponding period last month. Top buyers were India & subcontinent at 186,910 tons (174,100 tons), European Union at 174,145 tons (168,816 tons) and China at 148,380 tons (178,432 tons). 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 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 weak tone in near -term amid expected increase in arrivals in the domestic market after 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
3800	3750	3895	4000	4050

- Upward movement witnessed in RM seed.
- Prices closed above 18-day EMA.
- RSI and stochastic are declining in the neutral zone.
- MACD is increasing in the positive 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 3975. Levels: Target – 3875; T2- 3825, SL –4035.

Annexure

Oilseed Prices at Key Spot Markets:

Commodity / Centre	Prices (Rs/Qtl)				Change
Soybean	20-Oct-17		13-Oct-17		
	Low	High	Low	High	
Indore –Plant	2850	2900	2875	2950	-50
Indore–Mandi	2750	2850	2650	2850	Unch
Nagpur-Plant	2825	2900	2800	2900	Unch
Nagpur – Mandi	2300	2680	2400	2700	-20
Latur – Mandi	NA	NA	2300	2911	-
Kota-Plant	2750	2825	2800	2900	-75
Kota – Mandi	2600	2800	2700	2800	Unch
Bundi-Plant	2825	2925	2800	2900	25
Bundi-Mandi	2600	2780	2700	2800	-20
Baran-Plant	2800	2950	2850	3050	-100
Baran-Mandi	2600	2700	2700	2800	-100
Bhawani Mandi Jhalawar–Kota-Plant Delivery	2800	2960	2800	2985	-25
Jhalwar-Mandi	2700	2850	2725	2875	-25
Rapeseed/Mustard					
Jaipur-(Condition)(New Crop)	3910	3915	3915	3920	-5
Alwar-(Condition)(New Crop)	3675	3725	3675	3725	Unch
SriGanganagar-(Non-Condition-Unpaid)	3420	3470	3450	3525	-55
New Delhi–(Condition)(New Crop)	3550	3650	3550	3650	Unch
Kota-Non-(Condition)(New Crop)	3300	3400	3200	3400	Unch
Agra-(Condition)(New Crop)	4150	4225	4175	4250	-25
Neewai(New Crop)	3750	3840	3750	3840	Unch
Hapur (UP)(New Crop)	3650	3700	3600	3650	50
Groundnut Seed					
Rajkot	822	822	810	810	12
Sunflower Seed					
Gulbarga	2150	2700	2155	2725	-25
Latur	NA	NA	NA	NA	-
Sholapur(New Crop)	NA	NA	NA	NA	-
Sesame Seed					
Mumbai (White98/2/1	6000	6900	6650	6650	250

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
		13 th October to 20th October 2017	7 th October to 13th October 2017	
Soybean				
	Madhya Pradesh	330000	805000	-475000
	Maharashtra	205000	555000	-350000
	Rajasthan	210000	555000	-345000
	Bundi (Raj)	8000	23500	-15500
	Baran (Raj)	22000	143000	-121000
	Jhalawar (Raj)	12000	52000	-40000
Rapeseed/Mustard	Rajasthan	85000	320000	-235000

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 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 of Because 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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