

# Oilseeds Weekly Research Report

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## Executive Summary

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Soybean witnessed easy tone during the week amid increase in arrivals in the mandis after the festival of Diwali and spillover weakness from soy complex at CBOT. Soybean at CBOT continued easy tone amid harvesting pressure in U.S. Midwest. Harvesting in U.S. is lagging, behind 5-year average. Planting is expected to pick up in Brazil amid expected rains in the coming week. Delay in planting of soybean in Argentina coupled with good demand from China will continue to remain positive factor for the market.

At the domestic front, new crop soybean arrivals have picked up and are above 700,000 bags at all India level. With the arrivals in full swing, expected good demand from the crushers should lend some support to the market. South-west monsoon will withdraw during the week and north –east monsoon will set in by month –end. North –east monsoon is active in southern peninsula and will not have any impact in the soybean growing regions.

The weekly soybean export sales released by USDA are above analysts' expectation. However, it has been negated following harvesting pressure in U.S. Planting is lagging in Argentina and is expected to pick up in Brazil in the coming week.

Soy meal exports remain attractive amid recent weakness in INR.

The rapeseed-mustard prices witnessed positive tone amid increase in MSP for the upcoming rabi season by the government and good demand from the retailers.

However overall supply pressure in the global market will limit upside movement. Sowing of the rabi crop will influence the market in the coming days.

## Outlook – Cash Market

**Outlook - Soybean (Spot, Indore):** The soybean witnessed easy tone amid increase in arrivals in the mandis and spillover weakness from CBOT. Soybean at CBOT continued weak tone amid harvesting pressure in U.S. Midwest. The bullish weekly export sales of soybean released by the USDA was negated amid harvesting pressure and expected pick up in planting pace in Brazil. Planting is lagging behind in Argentina, which continues to remain positive factor for the market. The prices are expected to feature range bound movement with weak bias between the price band of 2700 – 2900 level (Indore, Plant basis).

**Outlook – Soy meal:** Soy meal continued weak tone during the week on lack –lustrelackcluster demand in the cash market and weakness in soy meal at CBOT. New crop soybean arrivals, is picking up in the mandis and pace of crushing will also increase in the coming days thereby leading to more soy meal production. 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. Prices have to must remain competitive in the coming year also too, to hold major global share. 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 21,000 – 22,500/MT levels during the week.

**Outlook - Rapeseed-Mustard (Spot, Jaipur basis):** The rapeseed-mustard noticed firm tone during the week amid buying interest in the cash market and increase in MSP for the upcoming rabi season by the government. Market will get cue from sowing progress of rabi crop in the coming days. Upside movement will be limited amid overall supply pressure in the global 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

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- ❖ According to China's General Administration of Customs, China imported 53,909 metric tonnes of soy meal during the period January –September 2017, an increase of 304.7% compared to the same corresponding period previous year. In the month of September 2017, China's imports of soy meal increased by 127.49% to 2,047 metric tonnes. According to China's General Administration of Customs, China imported 71,451,175 metric tonnes of soybean during the period January –September 2017, an increase of 15.49% compared to the same corresponding period previous year. In the month of September 2017, China's imports of soybean increased by 12.74% to 8,112,677 metric tonnes.
- ❖ According to official sources, soybean output in China is expected to touch 14.4 million metric tonnes in 2017-18. According to market sources, Chinese soybean prices recorded 18-month's low amid concerns that the government may lower its price or suspend state buying of the soybean as farmers are harvesting, the largest soybean crop since 2011-12.
- ❖ In Brazil, soybean planting is lagging behind slower than previous year's progress. However, talks of expected rain in the growing regions weighed on prices.
- ❖ In the weekly USDA crop progress report released on 23 October; Soybeans dropping leaves are reported at 97% which is less than 98% during the corresponding period last year and same as the 5 year average of 97%. Around 70% of the new soybean crop has been harvested which is less than 74% during the corresponding period last year and down from the 5 year average of 73%.
- ❖ U.S. commerce department imposed preliminary anti- dumping duty on imports of soy oil based biodiesel from Argentina and palm oil based biodiesel from Indonesia. U.S. commerce department imposed 54.36 percent to 70.05 percent on imports of biodiesel from Argentina. U.S. commerce department imposed 50.71 percent on all palm oil based biodiesel imports from Indonesia.
- ❖ Soybean planting began in Argentina two weeks back. However, the estimated area for 2017/18 is expected to decline by 5.7 per cent amid flooding in the growing regions according to the Buenos Aires Grains Exchange. In its weekly crop report, the exchange has estimated around 320,000 hectares of total estimated

area of 18.1 million hectares has been planted under soybean till date. The area under soybean is likely to decline this season amid flooding in the growing regions and shift in acreage towards wheat and corn.

- ❖ Net sales of 2,129,300 MT of soybean for 2017/2018 were up 67 percent from the previous week and 23 percent from the prior 4-week average. Increases were reported for China (1,576,200 MT, including 578,000 MT switched from unknown destinations and decreases of 5,100 MT), Taiwan (120,400 MT, including decreases of 2,500 MT), Japan (82,900 MT, including 54,000 MT switched from unknown destinations and decreases of 2,100 MT), Spain (70,900 MT, including 50,000 MT switched from unknown destinations), South Korea (58,600 MT, including 56,000 MT switched from unknown destinations), and Germany (52,700 MT) during the week October 13 -19, 2017. Reductions were reported for the Dominican Republic (5,000 MT). For 2018/2019, net sales of 1,000 MT were reported for Japan. Exports of 2,522,600 MT were primarily to China (1,739,200 MT), Spain (146,900 MT), Mexico (112,500 MT), Thailand (81,300 MT), and Vietnam (73,300 MT). The current week's net sales are higher compared to net sales of 1,275,200 MT during the previous week and above analyst's expectation of 1,200,000 -1,600,000 MT.
- ❖ The IGC has kept the global soybean output in 2017/18 unchanged from its previous estimates. Global soybean production in 2017/18 was put at 348 million metric tonnes which is unchanged from previous projection and 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 353 million metric tonnes up from previous forecast of 351 million metric and higher compared to 338 million metric tonnes in 2016/17.

## Soybean

Soybean notice weak tone during the week amid increase in new crop arrivals in the mandis and spillover weakness from soybean at CBOT. Soybean at CBOT continued easy tone amid harvesting pressure in U.S. Midwest and expected rains in Brazil in the coming week. Slow pace of planting in Argentina will continue to remain positive factor for the market.

At the domestic front, arrival of the new crop is in full swing in the mandis and this will weigh on the market in the coming days. Expected good demand from the crushers during the season should lend some support to the market. South –west monsoon will withdraw during the week according to the Indian Meteorological Department. North –East monsoon will set in by next week. However, it will be active in the Southern Peninsula and will not have any impact on soybean.

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 amid harvesting pressure in the domestic and global markets.

**The total weekly soybean arrivals in the cash markets of Madhya Pradesh are reported at 15,25,000 bags compared to 330,000 bags reported in the previous week. Arrivals have increased as mandis have opened after the festival of Diwali.**

### SOPA SOYEAN PRODUCTION ESTIMATES KHARIF 2017

Area in Lakh Ha, Yield in Kg. Per Hectare, Production In Lakh MT

S.No.	Division/District	Kharif 2016			Kharif 2017		
		Area	Yield	Production	Area	Yield	Production
1	Madhya Pradesh	54.010	1058	57.168	50.100	905	45.359
2	Maharashtra	35.809	1102	39.456	34.484	925	31.894
3	Rajasthan	9.812	968	9.499	9.245	825	7.629
4	Andhra Pradesh (Telangana)	2.993	815	2.439	1.652	840	1.388
5	Karnataka	3.240	785	2.543	2.710	840	2.276
6	Chattisgarh	1.340	975	2.543	1.320	860	1.135
7	Gujarat	1.379	1005	1.307	1.290	905	1.167
8	Rest Of India	1.131	980	1.386	0.760	800	0.608
	<b>Grand Total</b>	<b>54.010</b>	<b>1047</b>	<b>1.108</b>	<b>101.561</b>	<b>901</b>	<b>91.457</b>

*As per Agriwatch estimates, soybean production in the current kharif season is expected to be 98 lakh metric tonnes compared to 115 lakh metric tonnes in the previous season. Lower soybean production will lend some support to the market. However comfortable carry-in stocks and harvest of soybean in U.S. Midwest will continue to be the limiting factor.*

***The major buyers in Madhya Pradesh are as follows: Amrit Mandsaur, Ambika Kalapipal, Agrawal Neemuch, Adani, Agro Sol. Datia, Avi Agro, Bansal, Bajrang, Betul Oil, Dhanuka, DivyaJyoti, G. Ambuja, Itarsi, Indian Soya (3-2-10 specification), Khandwa, Khyati, Kriti (2-2-11 specification), K.P. Newari, Mahakali, M.S. Neemuch, Prakash, Oyster Exim, Prestige, Ruchi, Rama, RH Solvex, SSA Mandideep, Shanti Overseas (1-2-10 specification), Sawariyaltarsi, Sitashri, Vippy for Dewas and Mandsaur delivery during the week.***

#### **Previous Update**

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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 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 harvesting pressure in the domestic and global markets.***

**International:**

The international benchmark, CBOT soybean witnessed easy tone as harvesting has picked up in U.S. Midwest and planting of soybean in Brazil is expected to pick up pace during the week.

At CBOT, the soybean, in the most active November contract, ended lower at US \$ 9.79/bushel compared to US \$ 9.75/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 23 October; Soybeans dropping leaves are reported at 97% which is less than 98% during the corresponding period last year and same as the 5 year average of 97%.

Around 70% of the new soybean crop has been harvested which is less than 74% during the corresponding period last year and down from the 5 year average of 73%.

Net sales of 2,129,300 MT of soybean for 2017/2018 were up 67 percent from the previous week and 23 percent from the prior 4-week average. Increases were reported for China (1,576,200 MT, including 578,000 MT switched from unknown destinations and decreases of 5,100 MT), Taiwan (120,400 MT, including decreases of 2,500 MT), Japan (82,900 MT, including 54,000 MT switched from unknown destinations and decreases of 2,100 MT), Spain (70,900 MT, including 50,000 MT switched from unknown destinations), South Korea (58,600 MT, including 56,000 MT switched from unknown destinations), and Germany (52,700 MT) during the week October 13 -19, 2017. Reductions were reported for the Dominican Republic (5,000 MT). For 2018/2019, net sales of 1,000 MT were reported for Japan. Exports of 2,522,600 MT were primarily to China (1,739,200 MT), Spain (146,900 MT), Mexico (112,500 MT), Thailand (81,300 MT), and Vietnam (73,300 MT). The current week's net sales are higher compared to net sales of 1,275,200 MT during the previous week and above analyst's expectation of 1,200,000 -1,600,000 MT.

**Previous updates**

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In the USDA quarterly stock report, it has been reported that the US soybeans stored in all positions on 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 agoearlier. Off-farm stocks, at 213 million bushels, are up 37 percent from a year agoearlier.

Indicated disappearance for the March - May 2017 quarter totaled 775 million bushels, up 18 percent from the same corresponding period a year earlier.



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, a month-ago. 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.

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 agoearlier.

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.

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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 2018 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 pressure in U.S. Midwest and expected rains in Brazil in the coming which will increase the pace of planting. Slow pace of planting in Argentina continue to remain supporting factor for the market.*

## Soy meal

The domestic meal prices noticed weak tone amid lack of good demand in the domestic market and spillover weakness from soy meal at CBOT. Demand is expected to pick up with increase in crushing activities in the coming days.

Usually export demand is good through October –February. According to market sources there is forward booking for soy meal in November. Soy meal ready and for November 2017 delivery in jute bags at Latur was quoted between 23500 and 23900 +GST by ADM last week. This is with 46% protein and 12.5% moisture condition. However, it was quoted between 23800 and 24000 in PP bags for ready and Nov '17 delivery.

Soy meal prices have to must be competitive during the season, to increase share in the global year. In the current year, meal exports have been good following good monsoon and higher production. Lower soybean production this season will translate into lower meal production.

Further, competitive price offer by South America for soy meal has reduced demand for Indian soy meal in the global market.

***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 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 \$ 312.10 per short ton compared to US \$ 317.10 per short ton last week.

Net sales of 142,800 MT of soybean cake and meal for 2017/2018 were reported for Mexico (64,300 MT), the Philippines (52,600 MT), Costa Rica (12,800 MT), Canada (8,600 MT, including decreases of 2,700 MT), the Dominican Republic (2,700 MT), and Burma (1,500 MT) during the week October 13 -19, 2017. Reductions were reported for Colombia (2,900 MT) and Jamaica (1,000 MT). Exports of 133,200 MT were reported to the Philippines (48,000 MT), Colombia (20,100 MT), Canada (17,600 MT), Mexico (13,600 MT), the Dominican Republic (7,200 MT), Venezuela (6,000 MT), and Israel (5,300 MT). The current week's net sales for 2017/18 are lower compared to net sales of 296,000 MT during the previous week.

According to China's General Administration of Customs, China imported 53,909 metric tonnes of soy meal during the period January –September 2017, an increase of 304.7% compared to the same corresponding period previous year. In the month of September 2017, China's imports of soy meal increased by 127.49% to 2,047 metric tonnes.

The domestic soy meal prices at Indore, were quoted at Rs 22,000 – 22,400/MT compared to Rs. 22,325/MT - 23,200/MT in previous week. At Latur and Nanded, Maharashtra, soy meal noticed weak tone and were quoted at Rs 23,000/MT and 22,500/MT respectively compared to Rs 22,000/MT in Indore and Rs 22,500/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 metric tonnes of soy meal this season. Out of which 5 million metric tonnes will be consumed domestically but another 2 -2.5 million metric tonnes 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.*

India's Y-o-Y soy meal prices, Indore, are currently lower. Soy meal Indore was quoted lower between Rs 22,000 – 22,400/MT during the week compared to Rs 24,200 – 24,800/MT during the corresponding period last year.

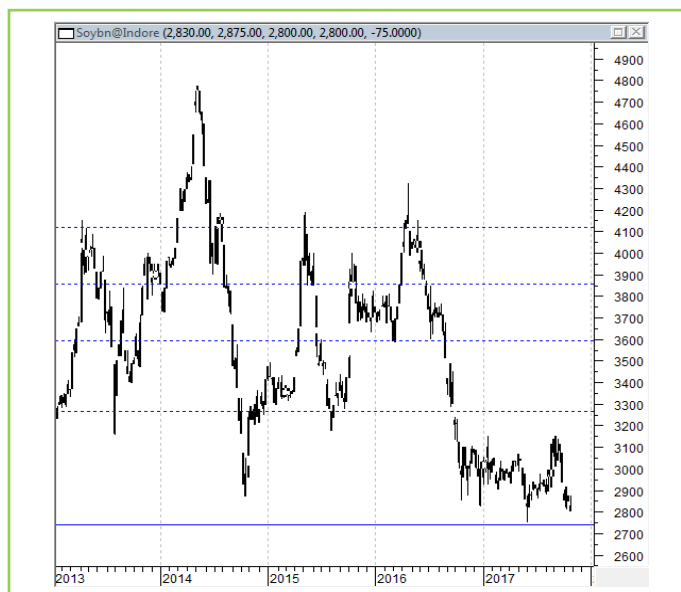
*The soy meal prices are likely to feature range-bound movement with weak bias following overall weak tone in the global market and increase in crushing activities in domestic market in the coming days.*

### **Technical Analysis:**

#### **NCDEX Soybean Futures**



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



**\*Note: Daily Chart**

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

S1	S2	PCP	R1	R2
2700	2650	2814	2950	3000

- Soybean witnessed easy tone, during the week.
- Prices closed below 18-day EMA.
- RSI and stochastic are 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 2850. Levels: T1 – 2750; T2- 2700, SL -2910.

## Rapeseed - Mustard Seed

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The domestic rapeseed-mustard noticed firm tone during the week amid good demand from the retailers and increase in MSP of mustard by Rs. 300/Qtl in the 2017 -18 Rabi season. Arrivals are higher as the mandis have opened after the festival of Diwali.

The Cabinet Committee on Economic Affairs has approved the Minimum Support Prices (MSPs) for Rabi Oilseeds Crops of 2017-18 season are as follows: The MSP of Rapeseed/Mustard is raised (8.1%) by Rs. 300/Qtl to Rs. 4,000/Qtl from Rs. 3,700/Qtl earlier.

**The all India seed supplies were reported between 1.00 – 1.25 lakh bags in a day compared to around 0.70 – 1.10 bags a day, previous week. The supplies were 0.35 – 0.40 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 3,960 – 4,005 a quintal compared to Rs 4,660 – 4,750 a quintal during the corresponding period last year at the benchmark, Jaipur.

At NCDEX futures, the seed prices at November contract ended higher at 3892/Qtl compared to 3895/Qtl previous week.

According to China's General Administration of Customs, China imported 3,653,757 metric tonnes of rapeseed during the period January –September 2017, an increase of 23.53% compared to the same period previous year. In the month of September 2017, China's imports of rapeseed increased by 52.5% to 295,055 metric tonnes.

According to China's General Administration of Customs, China imported 724,874 metric tonnes of rapeseed meal during the period January –September 2017, an increase of 105.08% compared to the same period previous year. In the month of September 2017, China's imports of rapeseed meal declined by 35.3% to 83,272 metric tonnes.

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

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Agriwatch had 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 had 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 1-25 palm oil exports rose 8.3 percent to 1,197,237 compared to 1,105,555 tons in corresponding period last month. Top buyers are European Union at 264,400 tons (182,369 tons), China at 210,361 tons (196,939 tons), India at 125,030 tons (121,200 tons), Pakistan at 82,540 tons (64,800 tons) and United States at 44,920 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 1-25 palm oil exports rose 8.6 percent to 1,177,939 tons compared to 1,085,116 tons in the corresponding period last month. Top buyers were India & subcontinent at 252,010 tons (196,000 tons), European Union at 221,245 tons (229,216 tons) and China at 203,130 tons (248,932 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 November crude palm oil export duty to at 6.5 percent from 6.0 percent in October. Tax is calculated at reference price of 2,872.58 ringgit (\$681.59) per ton. Tax is calculated above 2,250 ringgits starting from 4.5 percent to a maximum of 8.5 percent: Malaysia Palm Oil Board (MPOB).

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 trade ministry, Indonesia keeps November crude palm oil export duty to zero, unchanged from last month. This is the seventh consecutive month of zero tax. Reference prices of export tax are set at USD 750 per ton. Indonesia kept export duty at zero as it expects that prices will miss certain thresholds.

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 imposed preliminary anti-dumping duty on imports of palm oil based biodiesel from Indonesia. Anti- dumping duty of 50.71 percent has been imposed on all palm oil based biodiesel imports from Indonesia, which is the largest producer of palm oil in the world.

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.

According to China's General Administration of Customs (CNGOIC), China's September palm oil imports rose 43.11 percent to 6.88 lakh tons compared to September 2016. Year to date imports of palm oil rose 13.06 percent to 34.85 lakh tons compared to corresponding period last year. Imports from Indonesia in September rose 129.23 percent to 4.71 lakh tons compared to September 2016. Year to date imports of palm oil from Indonesia rose 24.24 percent to 22.17 lakh tons compared to corresponding period last year. Imports from Malaysia in September fell 21.27 percent to 2.17 lakh tons compared to September 2016. Year to date imports fell 2.01 percent from Malaysia to 12.67 lakh tons compared to corresponding period last year.

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 overall weak tone in the domestic market amid increasing kharif crop arrival.*



## 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	3892	4000	4050

- Downward movement witnessed in RM seed.
- Prices closed above 18-day EMA.
- RSI is declining in neutral zone and stochastic is declining in the oversold zone.
- MACD is increasing in the positive territory.
- The prices are expected to feature range-bound movement with weak bias, during the week.
- Trade Recommendation (NCDEX Rapeseed-Mustard – Nov) Week: **SELL** Below 3950. Levels: Target – 3850; T2- 3800, SL –4010.

## Annexure

**Oilseed Prices at Key Spot Markets:**

Commodity / Centre	Prices (Rs/Qtl)				Change
Soybean	27-Oct-17		20-Oct-17		
	Low	High	Low	High	
Indore –Plant	2750	2850	2850	2900	-50
Indore–Mandi	2600	2800	2750	2850	-50
Nagpur-Plant	2750	2850	2825	2900	-50
Nagpur – Mandi	2500	2710	2300	2680	30
Latur – Mandi	2200	2700	2200	2848	-148
Kota-Plant	2750	2800	2750	2825	-25
Kota – Mandi	2700	2725	2600	2800	-75
Bundi-Plant	2800	2950	2825	2925	25
Bundi-Mandi	2700	2800	2600	2780	20
Baran-Plant	2700	2800	2800	2950	-150
Baran-Mandi	2600	2740	2600	2700	40
Bhawani Mandi Jhalawar–Kota-Plant Delivery	2600	2700	2800	2960	-260
Jhalwar-Mandi	2450	2650	2700	2850	-200
Rapeseed/Mustard					
Jaipur-(Condition)(New Crop)	3980	3985	3910	3915	70
Alwar-(Condition)(New Crop)	3775	3800	3675	3725	75
SriGanganagar-(Non-Condition-Unpaid)	3610	3615	3420	3470	145
New Delhi–(Condition)(New Crop)	3700	3740	3550	3650	90
Kota-Non-(Condition)(New Crop)	3350	3400	3300	3400	Unch
Agra-(Condition)(New Crop)	4325	4350	4150	4225	-25
Neewai(New Crop)	3850	3940	3750	3840	100
Hapur (UP)(New Crop)	3750	3800	3650	3700	100
Groundnut Seed					
Rajkot	NA	NA	822	822	-
Sunflower Seed					
Gulbarga	Closed	Closed	2150	2700	-
Latur	Closed	Closed	NA	NA	-
Sholapur(New Crop)	Closed	Closed	NA	NA	-
Sesame Seed					
Mumbai (White98/2/1	6650	6650	6000	6900	-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
Soybean		21st October to 27th October 2017	13th October to 20th October 2017	
	Madhya Pradesh	1525000	330000	1195000
	Maharashtra	920000	205000	715000
	Rajasthan	694000	210000	484000
	Bundi (Raj)	8400	8000	400
	Baran (Raj)	71000	22000	49000
	Jhalawar (Raj)	22000	12000	10000
Rapeseed/Mustard	Rajasthan	575000	85000	490000

## 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 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 2017/18 Rabi Oilseeds

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The Cabinet Committee on Economic Affairs has approved the Minimum Support Prices (MSPs) for Rabi Oilseeds Crops of 2017-18 season are as follows: The MSP of Rapeseed/Mustard is raised (8.1%) by Rs. 300/Qtl to Rs. 4,000/Qtl from Rs. 3,700/Qtl earlier. For Safflower too it is increased (10.8%) by Rs. 400/Qtl to Rs. 4,100/Qtl from Rs. 3,700/Qtl in 2016-17.

## 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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