

# Oilseeds Weekly Research Report

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## Executive Summary

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Soybean witnessed sideways movement during the week amid increase in arrivals in the mandis and sideways movement of soybean at CBOT. Soybean at CBOT noticed sideways to slightly firm tone during the week amid harvesting lagging behind 5-year average of 85% and bearish weekly export sales. Planting pace is lagging behind in Argentina and Brazil. However it is expected to pick up in Brazil in the coming week amid expected rains.

At the domestic front, arrivals continue to increase in the mandis. Currently soybean prices are ruling below MSP in the open market and government is likely to intervene the market in the states of Maharashtra and Rajasthan to help the farmers. North-east monsoon has set in the country and is active over the Southern peninsula. This will have limited impact on the market as the Southern peninsula is not a major soybean growing region. All India soybean arrivals during the week were around 5 -8 lakh bags in a day.

The weekly soybean export sales released by USDA were lower compared to previous week's exports. Harvesting pressure and pick up in planting pace in Argentina is likely to weigh on the market in the coming days. Higher soybean production estimates in U.S. and Brazil this season will continue to be the limiting factor.

Soy meal exports remain attractive amid weakness in INR.

The rapeseed-mustard prices noticed mostly positive tone amid good demand from the extractors and overall positive tone in edible oils during the week.

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 noticed sideways movement during the week amid increase in new crop arrivals in the mandis and mixed tone of soybean at CBOT. Soybean at CBOT noticed sideways to slightly firm tone amid harvesting pressure in U.S. Midwest and slow pace of planting in Brazil and Argentina. Harvesting in U.S. is slightly lagging behind 5 – year average and weekly export sales were lower compared to previous year. The prices are expected to feature range bound movement with weak bias between the price band of 2650 – 2850 level (Indore, Plant basis).

**Outlook – Soy meal:** Soy meal witnessed steady to weak tone during the week amid lack of demand in the cash market. With increase in crushing activities, meal production is expected to increase in the coming days. According to seasonality good demand is usually noticed during the period November –February. Weakness in Indian rupee will remain attractive for soy meal exports. Prices have to remain competitive to gain global share in the market. 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 witnessed mostly positive tone during the week amid good demand from the solvent extractors and overall positive tone in edible oils during the week Increase in MSP for the upcoming rabi season will continue to remain positive factor for the market. Sowing progress of the rabi crop will give further direction to the market. Upside movement will be limited amid overall supply pressure in the global market. The seed prices are likely to feature range-bound movement with firm bias and witness the levels between 3950 – 4050/Qtl; levels during the week.

## International Highlights

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- ❖ According to AgRural consultancy, soybean planting in Brazil has covered 30% of the area in line with 5-year average, but more than 10% below corresponding period last year. Second largest soybean growing province of Parana showed impressive 67% planting which is above 5-year average of 55% and above 2% in corresponding period last year. In the largest growing state of Mato Grosso planting has reached 43%, in line with 5-year average of 45% but below 68% in corresponding period last year. Brazil center west is facing dry conditions, which has lagged slowed down planting. State of Goias in center west, planting has reached 6% compared to 42% in corresponding period last year and 5-year average of 28%.
- ❖ According to official sources, Argentina is likely to start cutting its 30 per cent export tax on soybean exports from next year onwards. This should help in augmenting soybean planting area. Argentina is the world's third largest exporter of soybeans and started planting its 2017/18 crop this month, with harvesting expected between March and June. According to Rosario exchange, soybean planting area in 2017/18 will be 18.1 million hectares compared to 20.1 million hectares in 2015/16. If export tax is eliminated, area will increase from 2018/19 season.
- ❖ Soybean projections in Brazil have been increased by AgRural compared to previous estimates, earlier this month. Soybean area is expected to increase to 34.655 million hectares this season compared to previous estimate of 34.563 million hectares. Soybean production estimates has been increased to 110.2 million metric tonnes compared to previous estimates of 109.9 million metric tonnes. In the previous year, Brazil had produced 114.1 million metric tonnes.
- ❖ In the weekly USDA crop progress report released on 30 October; around 83% of the new soybean crop has been harvested which is less than 85% during the corresponding period last year and down from the 5 year average of 84%.
- ❖ Unfavourable weather condition in summer this season has lowered the protein content of soybeans in U.S. and as such the crushing plants producing soy meal will be low on protein content and other key ingredients. This is likely to increase the costs of meat and animal feed. Early data suggests that the U.S. soybean crop would average about 34 to 34.5 percent protein, down from 35 percent normally.

- ❖ According to the State Agricultural Federation, farmers in Goias State of Brazil are rushing to plant the entire soybean area to avoid potential productivity losses. Planting was delayed amid low rainfall. Goias, the fourth largest soybean producing state in Brazil is expected to produce 10.5 million metric tonnes in 2017/18 compared to 11.4 million metric tonnes in 2016/17. According to AgRural consultancy, farmers in the State have covered 6 per cent of the area as on 26 October 2017 compared with 42 per cent during the same period previous year and five-year average of 28 per cent.
- ❖ According to the latest monthly estimates from Strategie Grains, soybean production estimates have been increased to 2.63 million metric tonnes in European Union for 2017/18 compared to previous estimates of 2.60 million metric tonnes and 2.49 million metric tonnes in 2016/17.
- ❖ Informa lowered US soybean 2017 yield estimate to 49.7 bpa (bushels per acre) compared to the estimates of 50.0 bpa in the month of October. Soybean production has been estimated at 4.447 billion bushels compared to previous month's estimates of 4.474 billion bushels.
- ❖ According to latest USDA attaché report, China's soybean output in 2017/18 is forecast at 14.4 million metric tonnes compared to 12.9 million metric tonnes in the previous year. The growth in soybean production is a combination of a 10.5 percent acreage expansion mainly due to lower government support for corn and good soybean yield due to favorable weather conditions. In MY17/18, soybean imports continue to be China's largest oilseed import with total forecast imports of 95 MMT, up from the 93.5 MMT in MY16/17.
- ❖ According to trade Ministry, Brazil exports 2.49 million metric tonnes of soybean in October 2017 compared to 4.27 million metric tonnes in September 2017 and 1.00 million metric tonne during the same corresponding period previous year. According to Intl FCStone, Brazil's soybean output is expected to reach 106.07 million metric tonnes in the 2017/18 crop, lower than a 106.73 million metric tonnes projection released in October.
- ❖ 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 noticed sideways movement during the week amid increase in arrivals in the mandis and sideways movement of soybean at CBOT. Soybean at CBOT noticed mixed tone amid harvesting slightly lagging behind 5 –year average of 85%, slow pace of planting in Brazil and Argentina and weakness in Brazilian currency. Weakness in Brazilian currency will make South American soybean exports attractive. Planting is expected to pick up in Brazil amid expected rains in the coming days.

In the domestic market, soybean arrivals at all India level during the week were around 5 -8 lakh bags in a day. Currently soybean prices are ruling below MSP in the open market and government is likely to intervene in the markets in the states of Maharashtra and Rajasthan to help the farmers. With the increase in arrivals, pace of crushing will pick up in the coming days. North –East monsoon is currently active in the Southern peninsula and it will not have much impact in the market as the Southern peninsula is not a major soybean growing region.

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 total weekly soybean arrivals in the cash markets of Madhya Pradesh are reported at 24,25,000 bags compared to 15,25,000 bags reported in the previous week. Arrivals have increased with harvesting in full swing in the growing regions.

### 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 Shujalpur, Agro Sol. Datia, Avi Agro, Bansal, Bajrang, Betul Oil, Dhanuka, DivyaJyoti, G. Ambuja, Itarsi, Indian Soya (3-2-10 specification), 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 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 to keep that the soy meal exports window remains open for some more time.

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

***The domestic soybean prices are likely to feature range-bound movement with weak bias amid increasing availability 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 January contract, ended slightly higher at US \$ 9.87/bushel compared to US \$ 9.86/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 30 October; around 83% of the new soybean crop has been harvested which is less than 85% during the corresponding period last year and down from the 5 year average of 84%.

Net sales of 1,967,000 MT of soybean for 2017/2018 were down 8 percent from the previous week, but up 29 percent from the prior 4-week average. Increases were reported for China (1,531,400 MT, including 702,000 MT switched from unknown destinations and decreases of 104,600 MT), the Netherlands (140,900 MT, including 132,000 MT switched from unknown destinations and decreases of 700 MT), Pakistan (132,000 MT, including 66,000 MT switched from unknown destinations), Vietnam (73,100 MT, including 64,000 MT switched from unknown destinations), and Japan (68,700 MT, including 28,100 MT switched from unknown destinations and decreases of 1,000 MT) during the week October 20 -26, 2017. Reductions were reported for unknown destinations (211,000 MT). For 2018/2019, net sales of 15,200 MT were reported for Japan.

**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 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 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.



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.

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.

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 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 amid harvesting pressure in U.S. Planting pace is likely to pick up in Brazil amid expected rain in the coming days.*

## Soy meal

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The domestic meal prices witnessed steady to weak tone amid lack of buying interest in the cash market. With increase in crushing activities, soy meal production will increase in the coming days.

According to seasonality, export demand is good through October –February. According to market sources there is forward booking for soy meal in November. Soy meal ready for delivery in PP bags at Dhule was quoted at 22600+GST by MOEPI during the week. This is with 46.5% protein content. However, it was quoted at 23600+GST at Dharwad by ADM for ready delivery. This is with 46% protein content and 12% condition in GR PP bags.

Soy meal prices have to must remain competitive during the season to increase share in the global market. 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 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 increased in international market, during the week.

CBOT soy meal December contract settled at US \$ 313.90 per short ton compared to US \$ 312.10 per short ton last week.

Net sales of 225,000 MT of soybean cake and meal for 2017/2018 were reported for Mexico (93,400 MT, including decreases of 200 MT), Vietnam (40,000 MT, switched from unknown destinations), Japan (30,900 MT), Canada (17,300 MT, including decreases of 100 MT), Nicaragua (11,100 MT, including 7,600 MT switched from Guatemala and decreases of 900 MT), and Colombia (9,500 MT) during the week October 20 -26, 2017. Reductions were reported for Guatemala (7,100 MT) and unknown destinations (500 MT). For 2018/2019, net sales reductions of 500 MT were reported for Nicaragua. Exports of 195,100 MT were reported to Thailand (52,600 MT), the Dominican Republic (50,800 MT), Mexico (42,600 MT), Canada (17,000 MT), Nicaragua (6,700 MT), Costa Rica (4,400 MT), and Sri Lanka (4,100 MT). The current week's net sales for 2017/18 are higher compared to net sales of 142,800 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 21,300 – 21,700/MT compared to Rs. 22,000/MT - 22,400/MT in previous week. At Latur and Nanded, Maharashtra, soy meal noticed steady to firm tone and were quoted at Rs 23,500/MT and 22,500/MT respectively compared to Rs 21,600/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 21,300 – 21,700/MT during the week compared to Rs 24,200 – 25,000/MT during the corresponding period last year.

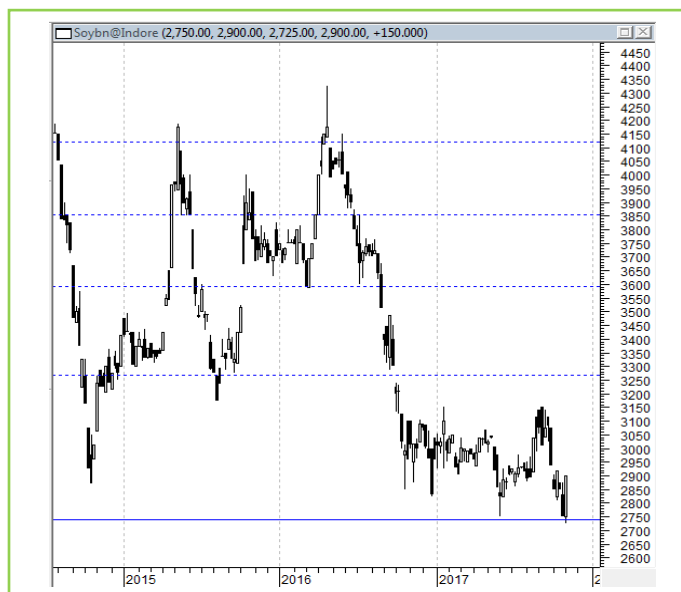
*The soy meal prices are likely to feature range-bound movement with weak bias following expected increase in availability in the coming days.*

## **Technical Analysis:**

### **NCDEX Soybean Futures**



### **Soybean Spot, Indore**



**\*Note: Daily Chart**

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

S1	S2	PCP	R1	R2
2800	2750	2893	3000	3050

- Soybean noticed recovery, during the week.
- 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 loss in the coming week.
- Trade Recommendation (NCDEX Soybean – Dec.): **SELL** Below 2950. Levels: T1 – 2850; T2- 2800, SL -3010.

## Rapeseed - Mustard Seed

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The domestic rapeseed-mustard continued mostly positive tone following good demand from the solvent extractors and overall firm tone in edible oils during the week. Arrivals have picked up in the mandis at the domestic front.

According to the Department of Agriculture in Rajasthan, rapeseed and mustard seed has been sown in 9.68 lakh hectares as on 27 October 2017 compared to 15.69 lakh hectares during the same corresponding period previous year.

According to data compiled by the Mustard Oil Producers Association of India (MOPA), since the start of the crushing season in February 2017, oil mills have crushed about 43 lakh tonnes of mustard seed compared to total arrivals of 46 lakh tonnes during the period.

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 1.25 – 1.75 lakh bags in a day compared to around 1.00 – 1.25 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 3,950 – 4,005 a quintal compared to Rs 4,635 – 4,720 a quintal during the corresponding period last year at the benchmark, Jaipur.

At NCDEX futures, the seed prices at December contract ended higher at 3982/Qtl compared to 3926/Qtl previous week.

According to the latest monthly estimates from Strategie Grains, rapeseed production estimates have been reduced to 21.86 million metric tonnes in European Union for 2017/18 compared to previous estimates of 21.89 million metric tonnes and 20.34 million metric tonnes in 2016/17.

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 palm oil exports rose 2.3 percent to 1,416,664 compared to 1,384,665 last month. Top buyers are European Union at 293,425 tons (195,869 tons), China at 262,811 tons (227,764 tons), India at 175,230 tons (156,675 tons), Pakistan at 82,540 tons (106,540 tons) and United States at 61,772 tons (66,840 tons). Values in brackets are figures of last month.

According to cargo surveyor Intertek Testing Services (ITS), Malaysia's October palm oil exports rose 2.5 percent to 1,406,706 tons compared to 1,372,990 tons of last month. Top buyers were India and subcontinent at 314,210 tons (261,675 tons), European Union at 258,770 tons (292,155 tons) and China at 254,230 tons (320,512 tons). Values in brackets are figures of 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.

According to Malaysia Palm Oil Board (MPOB), Malaysia increased November crude palm oil export duty to 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.

According to Malaysian government, Malaysia's palm oil production is expected to rise 2.5 percent in 2018 to 20.5 MMT after rise of 15.5 percent rise in production in 2017 at 20 MMT. Malaysia palm oil output was 17.3 MMT in 2016. Average prices of palm oil in 2018 are estimated at 2,750 ringgits per ton due to higher demand by China, EU and India. Average prices of palm oil in 2017 are estimated at 2,700 ringgits (USD 638) per ton.

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 firm tone in near -term on expected good demand in the cash market and positive tone of edible oils.*



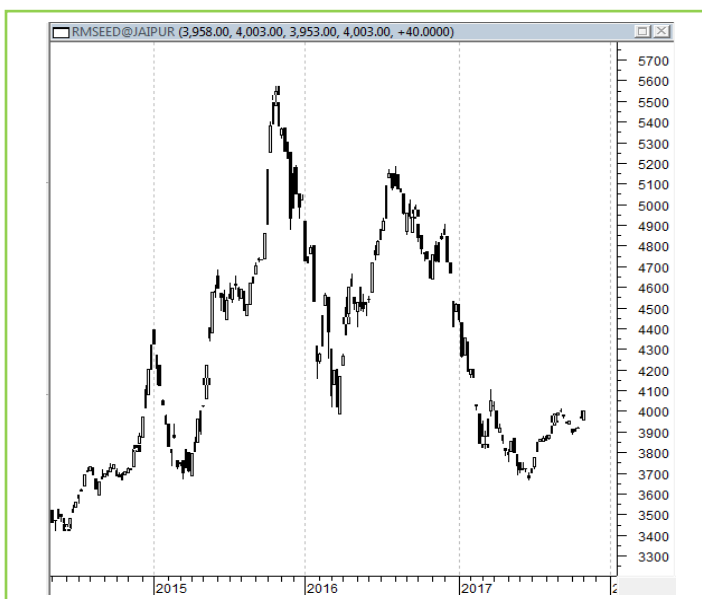
## Technical Analysis:

### NCDEX RM Seed Futures



\*Note: Daily Chart

### RM Seed Spot, Jaipur



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

S1	S2	PCP	R1	R2
3850	3800	3947	4050	4100

- Upward movement witnessed in RM seed.
- Prices closed above 18-day EMA.
- RSI is declining and stochastic is increasing 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 4000. Levels: Target – 3900; T2- 3850, SL –4060.

## Annexure

**Oilseed Prices at Key Spot Markets:**

Commodity / Centre	Prices (Rs/Qtl)				Change
Soybean	3-Nov-17		27-Oct-17		
	Low	High	Low	High	
Indore –Plant	2850	2950	2750	2850	100
Indore–Mandi	2750	2800	2600	2800	Unch
Nagpur-Plant	2750	2850	2750	2850	Unch
Nagpur – Mandi	2400	2650	2500	2710	-60
Latur – Mandi	NA	NA	NA	NA	-
Kota-Plant	2225	2600	2750	2800	-200
Kota – Mandi	2750	2850	2700	2725	125
Bundi-Plant	2700	2800	2800	2950	-150
Bundi-Mandi	2650	2750	2700	2800	-50
Baran-Plant	2650	2800	2700	2800	Unch
Baran-Mandi	2650	2800	2600	2740	60
Bhawani Mandi Jhalawar–Kota-Plant Delivery	2550	2760	2600	2700	60
Jhalwar-Mandi	2600	2750	2450	2650	100
Rapeseed/Mustard					
Jaipur-(Condition)(New Crop)	4000	4005	3980	3985	20
Alwar-(Condition)(New Crop)	3775	3825	3775	3800	25
SriGanganagar-(Non-Condition-Unpaid)	3565	3630	3610	3615	15
New Delhi–(Condition)(New Crop)	3650	3750	3700	3740	10
Kota-Non-(Condition)(New Crop)	3400	3450	3350	3400	50
Agra-(Condition)(New Crop)	3500	3550	3500	3600	-50
Neewai(New Crop)	3900	3975	3850	3940	35
Hapur (UP)(New Crop)	3750	3825	3750	3800	25
Groundnut Seed					
Rajkot	811	811	822	822	-11
Sunflower Seed					
Gulbarga	NA	NA	2150	2700	-
Latur	Closed	Closed	NA	NA	-
Sholapur(New Crop)	Closed	Closed	NA	NA	-
Sesame Seed					
Mumbai (White98/2/1	6800	6800	6650	6650	150

Soybean Prices are in INR/Qtl. Mandi prices – Loose, Mustard Seed Prices are in INR/Qtl.C –Condition (42%),

\*Groundnut seed in Rs/20 kg, Sunflower Seed in Rs/Qtl

**Oilseed Arrivals in Key Centers:**

Commodity	Centre	Arrivals in Bags/Qtl		Change
		27th October to 3rd November 2017	21st October to 27th October 2017	
Soybean				
	Madhya Pradesh	2425000	1525000	900000
	Maharashtra	1475000	920000	555000
	Rajasthan	850000	694000	156000
	Bundi (Raj)	13700	8400	5300
	Baran (Raj)	112000	71000	41000
	Jhalawar (Raj)	56000	22000	34000
Rapeseed/Mustard	Rajasthan	415000	85000	330000

## 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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