

Oilseeds Weekly Research Report

Contents

- ❖ Executive Summary
- ❖ Outlook – Cash Market
- ❖ AW Oilseeds Index
- ❖ International Highlights
- ❖ Planted Area
- ❖ Soybean – Domestic & International
- ❖ Soy meal
- ❖ Technical Analysis - Soybean
- ❖ Rapeseed - Mustard
- ❖ RM Seed Supply, Rajasthan
- ❖ Technical Analysis – RM Seed
- ❖ Annexure – Prices etc.

Executive Summary

Soybean witnessed sideways to weak tone amid increase in arrivals, lack of good demand from the crushers and spillover weakness from soybean at CBOT. Soybean at CBOT witnessed easy tone amid bearish weekly export sales released by the USDA and rains in Brazil soybean growing regions boosting the crop. The NOPA crush estimates released for the month of October is the fifth highest on record and the strengthening Lanina phenomenon, is likely to cause stressful and dry weather in the soybean growing regions of Argentina. However, gains were limited amid overall supply pressure, lower exports and favourable weather in Brazil.

The Indian Government increased the long waited import duty on edible oils during the weekend. This will boost the oil complex sector in the coming days. At the domestic front, there was not much good demand from the millers around current levels. All India average soybean arrivals per day was around 6.5 -7.5 lakh bags. The pace of crushing will be in full swing in the coming days. Subsequently meal production will also increase in the coming days. Heavy rains in Tamil Nadu and Andhra Pradesh were reported. However this had no impact on the market as these are not major soybean growing regions.

The weekly export sales released by the USDA were below the expectation of the market, thereby adding to the weak tone of soybean at CBOT. NOPA released soybean crush estimates for the month of October and it is the fifth highest on record. This provided some cushion to the market. However harvesting pressure in US and favourable weather in Brazil's soybean growing regions will continue to be the limiting factor.

Soy meal exports are expected to pick up in the coming weeks.

Rapeseed prices noticed weak tone during the week amid lack of demand from the retailers. Acreage in the current rabi season is reported to be lower till date. Weakness in palm oil at BMD and soy oil at CBOT weighed on the market. Mixed tone featured in rapeseed markets during the week.

Harvesting pressure in the global and domestic market will add to the weak tone of the market. Sowing of the rabi crop will influence the market in the coming days. Good soil moisture likely to support sowing.

Outlook – Cash Market

Outlook - Soybean (Spot, Indore): The soybean witnessed easy tone during the week amid lack of demand from the millers and spillover weakness from soybean at CBOT. Arrivals have increased in the mandis and there is not much good demand around current levels. Soybean at CBOT noticed weakness on bearish weekly export sales and favourable weather in Brazil's soybean growing regions. The recent import duty hike on edible oils and dry weather in the soybean growing regions of Argentina will support the market in the coming days. The prices are expected to feature range bound movement with firm bias between the price band of 2800 – 3100 level (Indore, Plant basis).

Outlook – Soy meal (Spot, Indore): Soy meal witnessed easy tone during the week amid lack of good export demand around current levels. With the increase in crushing pace, meal production is also increasing. Export demand is expected to pick up in the coming days. Weakness in Indian rupee will continue to remain attractive for soy meal exports. Prices have to remain competitive to gain global share in the market. Prices are likely to notice range –bound to firm tone in near –term. Soy meal, Indore is expected to be in the range of 20,500 – 22,000/MT levels during the week.

Outlook - Rapeseed-Mustard (Spot, Jaipur basis): The rapeseed-mustard noticed weak tone during the week. Lack of demand from the retailers and weakness in edible oils added to the weak tone of the market. Rabi sowing of mustard is behind previous year's progress as on 16 November 2017. The recent hike in import duty on edible oils will support the market in the coming days. The seed prices are likely to feature range-bound movement with firm bias and witness the levels between 3950 – 4100/Qtl; levels during the week.

International Highlights

- ❖ According to official sources, mostly dry weather is expected in Argentina during next week in the main agricultural areas. This will delay planting for 2017/18 season. Lower rainfall is expected in Argentina during the season due to La Nina and this will affect crop yields. The Buenos Aires grains exchange estimates the 2017/18 soybean planting area in Argentina at 18.1 million hectares (44.7 million acres). As on 09 November 2017, the farmers had planted 12 percent of this area.
- ❖ According to the Brazilian Association of Vegetable Oil Industries (Abiove), biodiesel production in Brazil will increase by 31 per cent in 2018 to 5,500 million litres. In 2017 expected production of biodiesel is 4200 million litres. In 2018, Brazil will process an additional 1,500 MMT of soybeans, the main raw material used in producing biodiesel. This will increase the total expected processing to 43 MMT next year.
- ❖ According to the National Oilseed Processors Association (NOPA), 164.2 million bushels soybean was crushed in October 2017 compared to 136.419 million bushels previous month. It is the fifth highest on record and slightly below analyst's expectation of 164.475 million bushels. Soy meal exports during the month increased to 643,199 tons compared to 487,397 tons in August and 560,180 tons a year earlier.
- ❖ Net sales of 1,104,800 MT of soybean for 2017/2018 were down 5 percent from the previous week and 32 percent from the prior 4-week average. Increases were reported for China (1,113,200 MT, including 571,000 MT switched from unknown destinations and decreases of 7,600 MT), the Netherlands (163,000 MT, including 153,500 MT switched from unknown destinations and decreases of 700 MT), Turkey (132,000 MT, including 120,000 MT switched from unknown destinations), Spain (130,600 MT, including 65,000 MT switched from unknown destinations), and Egypt (60,000 MT) during the week November 03 -09, 2017. Reductions were reported for unknown destinations (662,000 MT), Tunisia (800 MT), and Canada (300 MT). For 2018/2019, net sales of 72,100 MT were reported for unknown destinations. Exports of 2,255,900 MT were up 11 percent from the previous week and 5 percent from the prior 4-week average. The primary destinations were China (1,480,500 MT), the Netherlands (163,000 MT), Turkey (132,000 MT), Mexico (93,700 MT), and Spain (90,600 MT). The current week's net sales are lower compared to net sales of 1,160,000 MT during the previous week.

- ❖ According to Informa, soybean planting intention in U.S. has been reduced to 89.627 million acres in 2018 compared to previous month's forecast of 90.347 million acres. This year, 90.2 million acres has been planted under soybean.
 - ❖ According to Safras & Mercado, soybean farmers in Brazil have sold 19.1 per cent of the 2017/18 crop in advance. During corresponding period of Pprevious year, during the same period farmers had sold around 25 per cent and the average for the period is 29 per cent. According to Safras, Brazil is expected to produce 114.7 million metric tonnes of soybean this season.
 - ❖ According to Abiove, Brazil's soybean output in the 2017-18 season is estimated at 108.8 MMT compared to previous month's estimates of 108.5 MMT. Abiove maintained its estimates of 65 MMT of soy exports and 43 MMT of soy processing next year.
 - ❖ In the State of Parana, Brazil soybean planting till 06 November, 2017 covered 80 per cent of the area, up by 7% compared to previous week according to the Department of Economics. Parana is expected to harvest 19.5 MMT of oilseed in the 2017/18 crop year, with the area advancing to a record 5.45 million hectares.
 - ❖ According to the General Administration of Customs, China imported 5.86 MMT of soybeans in October 2017, a decline of 28 per cent compared to previous month. However imports were higher compared to 5.21 MMT during the same corresponding period previous year. Imports were lower in October amid delayed shipments and it is expected to increase in the months of November and December.
 - ❖ According to the country's Agriculture Ministry, China increased its soybean imports estimates to 95.97 MMT in 2017/18 crop year compared to previous estimates of 94.5 MMT. China will crush 94.38 MMT of soybean during the period compared to the previous estimates of 93.08 MMT.
-

Soybean

Soybean noticed sideways to weak tone during the week amid lack of demand from the millers, increase in arrivals in the mandis and spillover weakness from soybean at CBOT. Soybean at CBOT witnessed easy tone amid bearish weekly export sales and favourable climate in the soybean growing regions of Brazil. NOPA estimated soybean crush estimates for the month of October, which is fifth highest on record. According to NOPA, 164.2 million bushels soybean was crushed in October compared to 136.419 million bushels crushed in previous month. Expected good demand from China will lend some support to the market.

Government of India (GOI) hiked import duty on imports of various edible oils to check surge in imports of edible oils and support domestic crushing industry which has been reeling due to lower priced imports of edible oils. Domestic farmers are losing interest in farming of oilseed due to cheap imports of edible oils which has led to lower realization on oilseeds farming.

Import duty on crude palm oil (CPO) was hiked from 15 percent to 30 percent while import duty on RBD palmolein was hiked from 25 percent to 40 percent.

Import duty on crude soy oil was hiked from 17.5 percent to 30 percent while refined soy oil import duty is hiked from 20 percent to 35 percent.

Import duty on crude rapeseed oil was hiked from 12.5 percent to 25 percent while refined rapeseed oil will be charged import duty of 35 percent from 20 percent earlier.

Import duty on sunflower from 12.5 percent to 25 percent while import duty on refined sunflower oil was raised from 20 percent to 35 percent.

In the domestic market, new crop soybean arrival is in full swing. Average arrival in India during the day is between 6.5 -7.5 lakh bags. There is not much demand from the millers around current levels. Meal production is expected to increase in the coming days. Rains in Tamil Nadu, Andhra Pradesh and Odisha will not have any impact on the market as these are not major soybean growing states.

The total weekly soybean arrivals in the cash markets of Madhya Pradesh are reported at 22,38,000 bags compared to 19,73,000 bags reported in the previous week.

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
	Grand Total	54.010	109.714	1047	1.108	101.561	901
							91.457

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 total sown area under *rabi* oilseeds, as on 17 November, is lower compared to the previous year's level which is down by 4.95% at 49.78 lakh hectares compared to 51.30 lakh hectares during the corresponding period last year.

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, Sawariya, Itarsi, Sitashri, Vippy for Dewas and Mandsaur delivery during the week.

Previous Update

We expect India's soy meal exports to pick up in coming months. Seasonally India's soy meal exports are at high volume, during October thru February due to higher pace in crushing the bean.

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

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

India's domestic soy meal consumption is around 5 million tonnes and the production is expected to be 7-7.5 million tonnes, the surplus 2.5 million needs to be exported for the good crush market during the season.

The lower soy meal prices have increased the exports prospects which is expected to recover this season, after 3-years of weak soy meal exports of Indian origin. The oilseeds processors want the meal prices to be lower so that the soy meal exports window remains open for some more time.

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

The domestic soybean prices are likely to notice range –bound to firm tone amid hike in import duty on edible oils and hot and dry weather in the soybean growing regions of Argentina.

International:

The international benchmark, CBOT soybean closed higher amid expected good demand from China and stressful and dry weather in the soybean growing regions of Argentina.

At CBOT, the soybean, in the most active January contract, ended higher at US \$ 9.91/bushel compared to US \$ 9.87/bushel last week.

According to National Oilseed Processors Association (NOPA), U.S. October soybean crush rose 20.4 percent to 164.242 million bushels from 136.419 million bushels in September 2017. Crush of soybean in October 2016 was 164.641 million bushels. Soy oil stocks in U.S. at the end of October fell 6.0 percent to 1.224 billion lbs compared to 1.302 billion lbs in end September 2017. Stocks of soy oil in end September was lower by 8.9 percent compared to end October 2016, which was reported at 1.410 million lbs.

Net sales of 1,104,800 MT of soybean for 2017/2018 were down 5 percent from the previous week and 32 percent from the prior 4-week average. Increases were reported for China (1,113,200 MT, including 571,000 MT switched from unknown destinations and decreases of 7,600 MT), the Netherlands (163,000 MT, including 153,500 MT switched from unknown destinations and decreases of 700 MT), Turkey (132,000 MT, including 120,000 MT switched from unknown destinations), Spain (130,600 MT, including 65,000 MT switched from unknown destinations), and Egypt (60,000 MT) during the week November 03 -09, 2017. Reductions were reported for unknown destinations (662,000 MT), Tunisia (800 MT), and Canada (300 MT). For 2018/2019, net sales of 72,100 MT were reported for unknown destinations. Exports of 2,255,900 MT were up 11 percent from the previous week and 5 percent from the prior 4-week average. The primary destinations were China (1,480,500 MT), the Netherlands (163,000 MT), Turkey (132,000 MT), Mexico (93,700 MT), and Spain (90,600 MT). The current week's net sales are lower compared to net sales of 1,160,000 MT during the previous week.

Previous updates

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

On-farm stocks totaled 88 million bushels, up 110 percent from a year ago. Off-farm stocks, at 213 million bushels, are up 37 percent from a year ago.

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

The U.S. Department of Agriculture's monthly supply and demand report for the month of November forecasts U.S. soybean production at 4,425 million bushels, down 5 million bushels due to a fractionally lower yield compared to previous month's estimates. Total U.S. oilseed production for 2017/18 is projected at 132.1 MMT, down 0.1 MMT from previous month amid lower soybean and peanut production. Soybean production for Brazil is increased 1 MMT to 108 MMT on higher reported area for Parana and Rio Grande do Sul. Peanut production is increased for India on higher yields for the state of Gujarat. Sunflower seed production is lower for Ukraine, Argentina, and South Africa. Global soybean ending stocks for 2017/18 are forecast at 97.90 MMT up from previous month's forecast of 96.05 MMT, mostly reflecting increases for China, Argentina, and Brazil.

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.

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 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 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. It exports 1.28 million metric tonnes of soy meal in October 2017 compared to 1.16 million metric tonnes in September 2017 and 0.72 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.

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.

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.

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.

The international soybean prices are expected to notice sideways movement to firm tone amid expected good demand from China and stressful and dry weather in the soybean growing regions of Brazil.

Soy meal

The domestic meal prices witnessed easy tone amid lack of buying interest in the cash market and increasing production. The recent hike in import duty on edible oils is likely to support oil complex in the coming days. Positive tone of soy meal at CBOT will also lend some support to the market in the near –term.

According to seasonality, export demand is good through October –February. According to market sources there is forward booking for soy meal. Soy meal ready for delivery in PP bags at Dhule was quoted at 22300+GST by MOEPI. This is with 46.5% protein content. However, it was quoted at 23000+GST at Latur by ADM for ready delivery, 23200 for 1 -15 December and 23500 for 15 -30 December delivery, 24000 for January delivery (any 10 days) and 24500 for February delivery (any 10 days). This is with 46% protein content and 10% deposit is required for December, January and February contracts.

In the previous oil year meal, exports have been good, following good monsoon and higher production. In the current oil year, prices have to remain competitive to gain global share. Lower soybean production this season will translate into lower meal production in 2017 -18 oil year.

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 October 2017 stands at 1,358,651 metric tonnes as compared to 698,169 metric tonnes in the same corresponding period of previous year showing an increase of 95% according to data released by the Solvent Extractor's Association of India.

In the month of October 2017, export of oil meals declined by 29% to 73,863 metric tonnes compared to the same period previous year. Soy meal exports during the period April 2017 to October 2017 was reported at 537,145 metric tonnes compared to 107,110 metric tonnes during the same corresponding period previous year.

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

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 \$ 318.20 per short ton compared to US \$ 314.50 per short ton last week.

Net sales of 163,100 MT for 2017/2018 were reported for the Philippines (50,500 MT), Morocco (30,000 MT), Japan (26,500 MT), Panama (13,100 MT), Costa Rica (12,800 MT), and Honduras (9,500 MT, including 4,200 MT switched from Nicaragua) during the week November 03 -09, 2017. Reductions were reported for unknown destinations (12,200 MT) and Nicaragua (3,500 MT). For 2018/2019, net sales of 6,400 MT were reported for Canada. Exports of 316,000 MT were reported to Japan (52,700 MT), the Philippines (52,300 MT), Vietnam (44,000 MT), Spain (40,000 MT), Mexico (34,600 MT), Ecuador (30,500 MT), and Canada (25,300 MT). The current week's net sales for 2017/18 are lower compared to net sales of 212,900 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 20,800 – 21,000/MT compared to Rs. 21,000/MT - 21,500/MT in previous week. At Latur and Nanded, Maharashtra, soy meal noticed steady to weak tone and were quoted at Rs 22,800/MT and 22,500/MT respectively compared to Rs 21,000/MT in Indore and Rs 21,500/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 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 21,000 – 21,500/MT during the week compared to Rs 23,300 – 24,200/MT during the corresponding period last year.

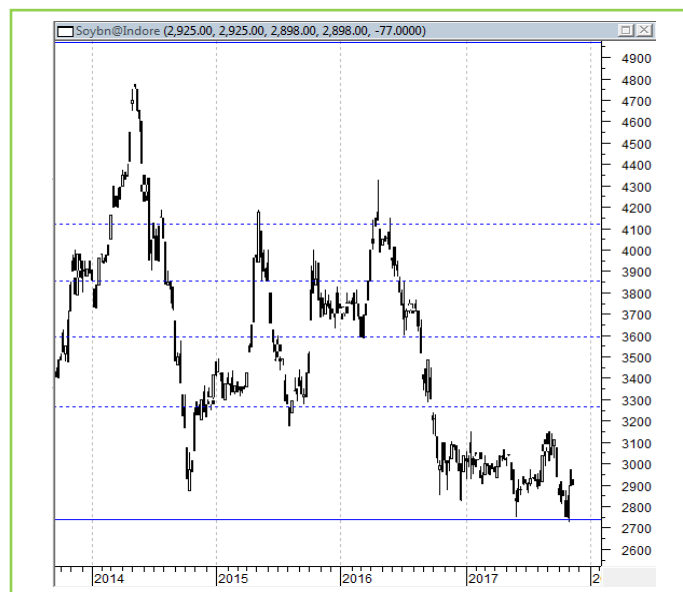
The soy meal prices are likely to feature range-bound movement with firm bias amid expected good demand in the coming days.

Technical Analysis:

NCDEX Soybean Futures



Soybean Spot, Indore



*Note: Daily Chart

Support & Resistance NCDEX Soybean - Dec. contract

S1	S2	PCP	R1	R2
2750	2700	2855	3000	3050

- Soybean noticed sideways movement with firm bias, during the week.
- Prices closed below 18-day EMA.
- RSI and stochastic are declining in the neutral zone.
- MACD is increasing in the negative territory.
- The prices are expected to feature gain in the coming week.
- Trade Recommendation (NCDEX Soybean – Dec.): **BUY** Above 2800. Levels: T1 – 2900; T2- 2950, SL - 2740.

Rapeseed - Mustard Seed

The domestic rapeseed-mustard featured weak tone during the week amid lack of demand from the retailers and weakness in edible oils. Rabi acreage under mustard is lower till date.

According to Government of India figures, rapeseed and mustard seed has been sown in 44.53 lakh hectares as on 17 November 2017 compared to 46.84 lakh hectares during the same 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.

Government of India (GOI) hiked import duty on imports of various edible oils to check surge in imports of edible oils and support domestic crushing industry which has been reeling due to lower priced imports of edible oils. Import duty on crude rapeseed oil was hiked from 12.5 percent to 25 percent while refined rapeseed oil will be charged import duty of 35 percent from 20 percent earlier.

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 1.50 – 1.85 lakh bags in a day compared to around 1.35 – 1.70 bags a day, previous week. The supplies were 0.40 – 0.60 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 4,725 – 4,785 a quintal during the corresponding period last year at the benchmark, Jaipur.

At NCDEX futures, the seed prices at December contract ended lower at 3887/Qtl compared to 3964/Qtl previous week.

The area coverage under rapeseed, as on 17 November, is reported down 4.95% at 44.53 lakh hectares compared to 46.84 lakh hectares at the same period last year.

Crop	As on 17 Nov. 2017	As on 17 Nov. 2016	% Chg.
Rapeseed/Mustard	44.53	46.84	-4.95
Groundnut	2.01	1.93	4.25
Safflower	0.41	0.39	5.67
Sunflower	1.06	0.90	18.11
Sesamum	0.17	0.07	132.43
Linseed	1.49	1.04	42.62
Total Oilseeds	49.78	51.30	-4.95

Source: Government of India

The total sown area under *rabi* oilseeds, as on 17 November, is lower compared to the previous year's level which is down by 4.95% at 49.78 lakh hectares compared to 51.30 lakh hectares during the corresponding period last year.

India's total area under rapeseed in 2017 was 70.56 lakh hectares which was higher by 9.3% from 2016.

According to United States Department of Agriculture (USDA) in its November review raised India's 2017/18 imports of palm oil by 0.1 MMT to 9.5 MMT. Consumption of palm oil in India in 2017/18 has been raised to 9.8 MMT from 9.5 MMT. However, end stocks of palm oil were reduced to 0.349 MMT from 0.546 MMT in 2017/18.

According to United States Department of Agriculture (USDA) November estimate, U.S 2017/18 ending stock of soy oil is rose 5.1 percent to 1,711 million lbs from 1,632 million lbs in October estimate. Opening stocks are increased to 1,711 million lbs from 1,632 million lbs. Production of soy oil in 2017/18 is unchanged at 22,505 million lbs. Imports in 2017/18 were unchanged at 300 million lbs in October estimate. Biodiesel use in 2017/18 is was unchanged at 7,000 million lbs. Food, feed and other industrial use in 2017/18 was unchanged at 13,800 lbs. Exports in 2017/18 were kept unchanged at to 2,100 million lbs. Average price range estimate is kept unchanged in 2017/18 at 32.5-36.5 cents/lbs. Rise in end stock in 2017/18 is due to lower opening stocks.

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.

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 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 October edible oil imports fell 2.0 percent y-o-y to 11.34 lakh tons from 11.58 lakh tons in October 2016. Palm oil imports in October rose 1.2 percent y-o-y to 7.47 lakh tons from 7.38 lakh tons in October 2016. CPO Imports rose 16.1 percent y-o-y to 5.97 lakh tons from 5.14 lakh tons in October 2016. RBD palmolein imports fell 33.5 percent y-o-y to 1.47 lakh tons from 2.21 lakh tons in October 2016. Soy oil imports fell 20.9 percent y-o-y to 2.20 lakh tons from 2.78 lakh tons in October 2016. Sunflower oil imports rose 32.99 percent y-o-y to 1.29 lakh tons from 0.97 lakh tons in October 2016. Rapeseed (canola) oil imports in October fell 15.9 percent to 0.37 lakh tons compared 0.44 lakh tons in October 2016.

According to Solvent Extractors Association (SEA), India's October edible oil stocks at ports and pipelines fell 1.50 percent m-o-m to 25.50 lakh tons from 25.89 lakh tons in September 2017. Stocks of edible oil at ports fell to 884,000 tons (CPO 330,000 tons, RBD Palmolein 150,000 tons, Degummed Soybean Oil 275,000 tons, Crude Sunflower Oil 115,000 tons and 14,000 tons of Rapeseed (Canola) Oil) and about 1,460,000 tons in pipelines (stocks at ports were 979,000 and in pipelines were at 1,610,000 tons in September 2017). India is presently

holding 39 days of edible oil requirement on 1st November, 2017 at 25.50 lakh tons compared to 44 days of requirements last month at 25.89 lakh tons. India's monthly edible oil requirement is 18.0 lakh tons.

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 November 1-15 palm oil exports fell 8.2 percent to 650,962 compared to 709,322 in corresponding period last month. Top buyers are European Union at 137,865 tons (183,470 tons), India at 71,960 tons (75,880 tons), China at 61,376 tons (110,535 tons), Pakistan at 35,450 tons (61,990 tons) and United States at 11,250 tons (17,050 tons). Values in brackets are figures in corresponding period last month.

According to cargo surveyor Intertek Testing Services (ITS), Malaysia's November 1-15 palm oil exports fell 4.3 percent to 660,465 tons compared to 690,074 tons in corresponding period last month. Top buyers were European Union at 143,267 tons (147,965 tons), India & subcontinent at 119,510 tons (164,310 tons), and China at 94,796 tons (112,705 tons). Values in brackets are figures of corresponding period last month.

According to Malaysia Palm Oil Board (MPOB), Malaysia's October palm oil stocks rose 8.39 percent to 21.90 lakh tons compared to 20.20 lakh tons in September. Production of palm oil in October rose 12.96 percent to 20.09 lakh tons compared to 17.80 lakh tons in September. Exports of palm oil in October rose 2.04 percent to 15.49 lakh tons compared to 15.18 lakh tons in September. Imports of palm oil in October fell 67.26 percent to 0.13 lakh tons compared to 0.41 lakh tons in September. Rise in palm oil end stocks in October was below trade 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).

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.

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 corresponding 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 corresponding period previous year. In the month of September 2017, China's imports of rapeseed meal declined by 35.3% to 83,272 metric tonnes.

Outlook: The rapeseed-mustard is likely to notice range –bound to firm tone amid hike in import duty on edible oils and lower oilseeds acreage till date.

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
3750	3700	3887	4000	4050

- Downward movement witnessed in RM seed.
- Prices closed below 18-day EMA.
- RSI is declining in neutral region and stochastic is declining in the oversold zone.
- MACD is declining 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: **BUY** Above 3850. Levels: Target – 3950; T2- 4000, SL –3790.

Annexure

Oilseed Prices at Key Spot Markets:

Commodity / Centre	Prices (Rs/Qtl)				Change
Soybean	17-Nov-17		10-Nov-17		
	Low	High	Low	High	
Indore –Plant	2865	2930	2920	2975	-45
Indore–Mandi	2690	2740	2730	2775	-35
Nagpur-Plant	2750	2800	2770	2820	-20
Nagpur – Mandi	2300	2700	2400	2700	Unch
Latur – Mandi	2351	2700	NA	NA	-
Kota-Plant	2750	2800	2800	2850	-50
Kota – Mandi	2650	2700	2700	2750	-50
Bundi-Plant	2750	2885	2800	2850	35
Bundi-Mandi	2650	2740	2700	2750	-10
Baran-Plant	2730	2835	2600	2775	60
Baran-Mandi	2670	2740	2500	2710	30
Bhawani Mandi Jhalawar–Kota-Plant Delivery	Closed	Closed	2700	2775	-
Jhalwar-Mandi	Closed	Closed	2600	2700	-
Rapeseed/Mustard					
Jaipur-(Condition)(New Crop)	3950	3955	4000	4005	-50
Alwar-(Condition)(New Crop)	3750	3800	3800	3850	-50
SriGanganagar-(Non-Condition-Unpaid)	3475	3520	3500	3580	-60
New Delhi–(Condition)(New Crop)	3600	3700	3650	3725	-25
Kota-Non-(Condition)(New Crop)	3500	3550	3440	3550	Unch
Agra-(Condition)(New Crop)	4300	4375	4300	4400	-25
Neewai(New Crop)	3900	3940	3900	3940	Unch
Hapur (UP)(New Crop)	3725	3775	3750	3825	-50
Groundnut Seed					
Rajkot	775	775	768	768	7
Sunflower Seed					
Gulbarga	Closed	Closed	Closed	Closed	-
Latur	Closed	Closed	Closed	Closed	-
Sholapur(New Crop)	29500	30000	Closed	Closed	-
Sesame Seed					

Mumbai (White98/2/1	7200	7200	6850	6850	350
---------------------	------	------	------	------	------------

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
		10th November to 17th November 2017	4th November to 10th November 2017	
Soybean	Madhya Pradesh	2238000	1973000	265000
	Maharashtra	1445000	1330000	115000
	Rajasthan	590000	585000	5000
	Bundi (Raj)	3000	1000	2000
	Baran (Raj)	52500	65000	-12500
	Jhalawar (Raj)	10000	51000	-41000
Rapeseed/Mustard	Rajasthan	400000	365000	35000

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 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 2017/18 Rabi Oilseeds

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			
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

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>

© 2017 Indian Agribusiness Systems Pvt Ltd.