

# Oilseeds Weekly Research Report

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## Executive Summary

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Soybean noticed firm tone during the week amid declining arrivals, good demand in the cash market and positive tone of soybean at CBOT. Soybean at CBOT noticed recovery amid short –covering ahead of Thanksgiving holidays, La Nina weather phenomenon leading to dry weather in Argentina and expected good demand from China in the coming days. Harvesting is almost over and demand has to must be good to gain global share in the market. The weekly export sales of soybean, was below market expectation of 1 -1.5 MMT. Dry weather in Argentina continue to remain supporting factor for the market.

At the domestic front, edible oils continued firm tone amid recent increase in import duty. This remained supportive factor for the oil complex. Arrival of soybean has declined during the week and all India average soybean arrival per day was around 5.5 -6.0 lakh bags. Rabi oilseeds acreage till date is lagging behind compared to previous year. Demand is expected to be good in the coming days with the increase in crushing activities. Crushing demand picks up ahead of demand during winter season.

The weekly export sales of soybean released by the USDA was below market expectation of 1 -1.5 MMT. Trading remained lack –luster at CBOT amid Thanksgiving holidays. Harvesting is almost over in the US and overall supply pressure in the global market will continue to remain limiting factor. Soybean output is expected to be less in Argentina this season following dry weather in the growing regions.

Soy meal export demand is expected to be good in the coming weeks.

Rapeseed prices witnessed positive tone amid good demand for mustard oil during winter season and firm tone of palm oil at BMD. Overall positive tone in edible oils added to the firm tone of the market. Arrivals are higher in the market compared to previous week and rabi sowing is lower by around 11% till date compared to same corresponding period previous year.

However, upside upward movement will be limited in the coming days amid harvesting pressure in the global and domestic market. Sowing of the rabi crop will influence the market in the coming days.

## Outlook – Cash Market

**Outlook - Soybean (Spot, Indore):** The soybean noticed firm tone during the week amid declining arrivals in the mandis, good demand in the cash market and positive tone of soybean at CBOT. Soybean at CBOT noticed recovery amid short –covering ahead of Thanksgiving holidays, dry weather in Argentina affecting planting pace and expected good demand from China. Overall scenario in oil complex at the domestic front remained positive following recent increase in import duty on edible oils. 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 positive tone during the week amid good demand in the cash market and firm tone in other legs of the complex. Meal production is increasing with increase in crushing activities. Prices have to must remain competitive to hold the global share in the market. Positive tone of soy meal at CBOT added to the positive tone of 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 21,500 – 23,000/MT levels during the week.

**Outlook - Rapeseed-Mustard (Spot, Jaipur basis):** The rapeseed-mustard registered gains during the week amid good demand from the retailers and stockists. Demand for rapeseed oil picks up during the winter season. Overall firm tone of edible oil in the domestic and global markets added to the firm tone of the market. Rabi sowing of rapeseed is lower by around 11% till date compared to same corresponding period previous year. The seed prices are likely to feature range-bound movement with firm bias and witness the levels between 4000 – 4150/Qtl; levels during the week.

## International Highlights

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- ❖ According to AgRural consultancy, soybean planting in Brazil has reached 73% of the area same as that covered during corresponding time previous year during the same time and higher than the five year average of 68 per cent. Planting has picked up pace amid good moisture conditions.
- ❖ 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 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.
- ❖ In the weekly USDA crop progress report released on 20 November; around 96% of the new soybean crop has been harvested which is less than 98% during the corresponding period last year and down from the 5 year average of 97%.
- ❖ According to Anec, cereal exporters association, soybean exports in Brazil in 2018 are estimated between 66 -67 MMT compared to previous estimates of 66 MMT released in early November.
- ❖ According to Agroconsult, Brazilian soybean output is estimated at 111 MMT in 2017/18, maintaining the same forecast released in September. Soybean acreage is likely to increase by 3 per cent to a record 35 million hectares this season as farmers have shifted from corn to soybean. If climatic conditions remain favourable, soybean output could touch 115 MMT. Previous year's soybean output was estimated at 114.7 MMT according to Conab.
- ❖ According to Argentine Ministry of Agriculture, soybean acreage in 2017/18 is likely to decline to 16.8 million hectares in 2017/18 compared to 18 million hectares previous season.
- ❖ Net sales of 869,100 MT for 2017/2018--marketing-year low--were down 21 percent from the previous week and 45 percent from the prior previous 4-week average. Increases were reported for China (407,100, including 326,000 MT switched from unknown destinations and decreases of 205,500 MT), unknown

destinations (164,000 MT), Mexico (105,900 MT, including decreases of 3,400 MT), the Netherlands (69,300 MT, including 66,000 MT switched from unknown destinations), and Peru (36,400 MT, switched from unknown destinations and decreases of 1,300 MT) during the week November 10 -16, 2017. Reductions were reported for Pakistan (1,300 MT). For 2018/2019, net sales of 34,500 MT were reported for Japan. Exports of 1,925,500 MT were primarily to China (1,490,600 MT), Mexico (74,500 MT), Vietnam (73,200 MT), the Netherlands (69,300 MT), and Pakistan (66,700 MT). The current week's net sales are lower compared to net sales of 1,104,800 MT during the previous week.

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## Soybean

Soybean witnessed positive tone during the week amid declining arrivals, good demand in the cash market and positive tone of soybean at CBOT. Soybean at CBOT notice recovery amid short –covering ahead of Thanksgiving holidays, dry weather in Argentina's soybean growing regions and expected good demand from China. However, upside was limited amid bearish weekly export sales of soybean released by the USDA. The weekly export sales of soybean, was below market expectation of 1 -1.5 MMT.

At the domestic front, oils continued firm tone amid recent increase in import duty. This remained supportive factor for oil complex. Arrivals have declined in the mandis with the harvesting pace slowing down. All India average arrival of soybean was around 5.5 -6.0 lakh bags per day. Demand is expected to be good in the coming days with increase in crushing activities. Demand for oil increases during winter season.

The total weekly soybean arrivals in the cash markets of Madhya Pradesh are reported at 18,60,000 bags compared to 22,38,000 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
	<b>Grand Total</b>	<b>54.010</b>	<b>109.714</b>	<b>1047</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 record soybean crop in U.S. Midwest will continue to be the limiting factor.*

The total sown area under rabi oilseeds, as on 17th November 2017, 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**

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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 through 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 notice range –bound to firm tone on expected good demand from the crushers and overall firm tone of edible oils.***

### **International:**

The international benchmark, CBOT soybean closed higher amid short-covering and dry weather in the soybean growing regions of Argentina.

At CBOT, the soybean, in the most active January contract, ended higher at US \$ 9.93/bushel compared to US \$ 9.91/bushel last week.

Net sales of 869,100 MT for 2017/2018--marketing-year low--were down 21 percent from the previous week and 45 percent from the prior 4-week average. Increases were reported for China (407,100, including 326,000 MT switched from unknown destinations and decreases of 205,500 MT), unknown destinations (164,000 MT), Mexico (105,900 MT, including decreases of 3,400 MT), the Netherlands (69,300 MT, including 66,000 MT switched from unknown destinations), and Peru (36,400 MT, switched from unknown destinations and decreases of 1,300 MT) during the week November 10 -16, 2017. Reductions were reported for Pakistan (1,300 MT). For 2018/2019, net sales of 34,500 MT were reported for Japan. Exports of 1,925,500 MT were primarily to China

(1,490,600 MT), Mexico (74,500 MT), Vietnam (73,200 MT), the Netherlands (69,300 MT), and Pakistan (66,700 MT). The current week's net sales are lower compared to net sales of 1,104,800 MT during the previous week.

### **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 corresponding period a year earlier.

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 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.

According to Safras & Mercado, soybean farmers in Brazil have sold 19.1 per cent of the 2017/18 crop in advance. Farmers had sold around 25 per cent and the average for the period is 29 per cent 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.

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 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.

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 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.

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.

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*The international soybean prices are expected to notice range –bound to firm tone amid expected good demand from China and dry weather in the soybean growing regions of Argentina.*

## Soy meal

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The domestic meal prices noticed firm tone during the week amid good demand in the cash market and positive tone in other legs of the complex. Firm tone of soy meal at CBOT added to the positive tone of the market.

Export demand is generally good during the period 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 23800+GST by MOEPI. This is with 46.5% protein content. However, it was quoted at 24000+GST at Latur by ADM for ready and 1 -15 December delivery, 24300 for 15 -30 December delivery. This is with 46% protein content and 10% deposit is required for December 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 must 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 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 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 \$ 323.80 per short ton compared to US \$ 318.20 per short ton last week.

Net sales of 379,800 MT for 2017/2018 were reported for the Philippines (177,500 MT), Mexico (57,800 MT), Japan (41,500 MT), Cuba (24,600 MT), unknown destinations (23,000 MT), and Peru (21,000 MT) during the week November 10 -16, 2017. Reductions were reported for El Salvador (3,800 MT) and Nicaragua (800 MT). Exports of 146,600 MT were reported to Colombia (43,500 MT), Mexico (36,300 MT), Canada (16,000 MT), Venezuela (10,000 MT), and Peru (9,900 MT). The current week's net sales for 2017/18 are higher compared to net sales of 163,100 MT during the previous week.

The domestic soy meal prices at Indore, were quoted at Rs 21,000 – 22,500/MT compared to Rs. 20,800/MT - 21,000/MT in previous week. At Latur and Nanded, Maharashtra, soy meal noticed firm tone and were quoted at Rs 24,000/MT and 23,000/MT respectively compared to Rs 22,500/MT in Indore and Rs 23,200/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 21,000 – 22,500/MT during the week compared to Rs. 24,000 – 25,000/MT during the corresponding period last year.

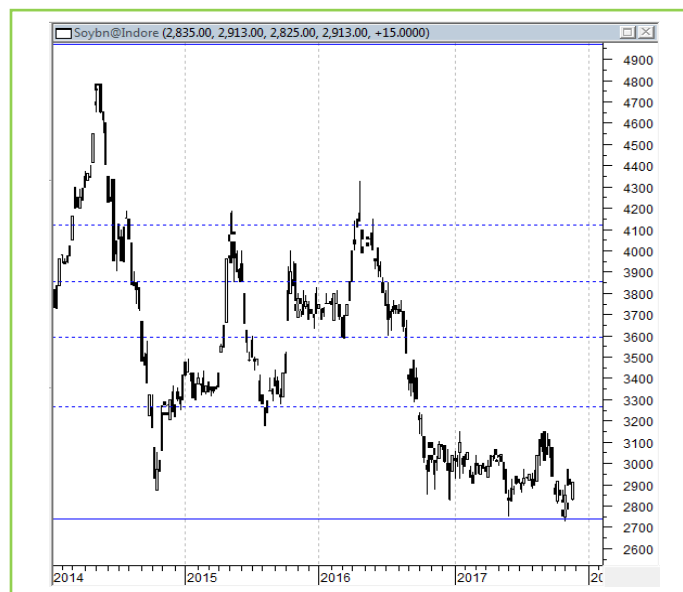
*The soy meal prices are likely to feature range-bound movement with firm bias amid overall firm tone in soy complex in the coming days.*

## Technical Analysis:

### NCDEX Soybean Futures



### Soybean Spot, Indore



\*Note: Daily Chart

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

S1	S2	PCP	R1	R2
2900	2800	2999	3100	3150

- Soybean noticed upward movement, during the week.
- Prices closed above 18-day EMA.
- RSI is declining in the neutral region and stochastic is increasing in the overbought zone.
- MACD is increasing in the positive territory.
- The prices are expected to feature loss in the coming week.
- Trade Recommendation (NCDEX Soybean – Dec.): **SELL** Below 3100. Levels: T1 – 2900; T2- 2850, SL -3160.

## Rapeseed - Mustard Seed

The domestic rapeseed-mustard featured positive tone during the week amid good demand for mustard oil during winter season and firm tone of palm oil at BMD. Rabi sowing is lagging behind till date, compared to same corresponding period previous year.

According to Government of India figures, rapeseed and mustard seed has been sown in 51.37 lakh hectares as on 24 November 2017 compared to 57.86 lakh hectares during the same corresponding period previous year.

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 1.50 – 1.80 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 – 4,105 a quintal compared to Rs 4,755 – 4,850 a quintal during the corresponding period last year at the benchmark, Jaipur.

At NCDEX futures, the seed prices at December contract ended higher at 4038/Qtl compared to 3887/Qtl previous week.

The area coverage under rapeseed, as on 24 November, is reported down 11.22% at 51.37 lakh hectares compared to 57.86 lakh hectares at the same corresponding period last year.

<b>Crop</b>	<b>As on 24 Nov. 2017</b>	<b>As on 24 Nov. 2016</b>	<b>% Chg.</b>
Rapeseed/Mustard	51.37	57.86	-11.22
Groundnut	2.56	2.44	4.92
Safflower	0.49	0.53	-7.55
Sunflower	1.12	0.95	17.89
Sesamum	0.19	0.13	46.15
Linseed	2.07	1.73	19.65
<b>Total Oilseeds</b>	<b>57.93</b>	<b>63.96</b>	<b>-9.43</b>

Source: Government of India

The total sown area under *rabi* oilseeds, as on 24 November, is lower compared to the previous year's level which is down by 9.43% at 57.93 lakh hectares compared to 63.96 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 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

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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 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 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 cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's November 1-20 palm oil exports fell 8.8 percent to 882,943 tonnes compared to 967,707 tonnes in corresponding period last month. Top buyers are European Union at 159,679 tonnes (227,140 tonnes), China at 138,376 tonnes (150,903 tonnes), India at 73,960 tonnes (98,480 tonnes), United States at 48,050 tonnes (42,320 tonnes) and Pakistan at 35,450 tonnes (61,990 tonnes). Values in brackets are figures in corresponding period last month.

According to cargo surveyor Intertek Testing Services (ITS), Malaysia's November 1-20 palm oil exports fell 8.2 percent to 891,926 tonnes compared to 951,339 tonnes in corresponding period last month. Top buyers are European Union at 170,081 tonnes (174,145 tonnes), China at 152,396 (148,380 tonnes), and India & subcontinent at 121,510 tonnes (186,910 tonnes). 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 witness range –bound to firm tone amid good demand for mustard oil during winter season and expected firm tone of palm oil at BMD.*



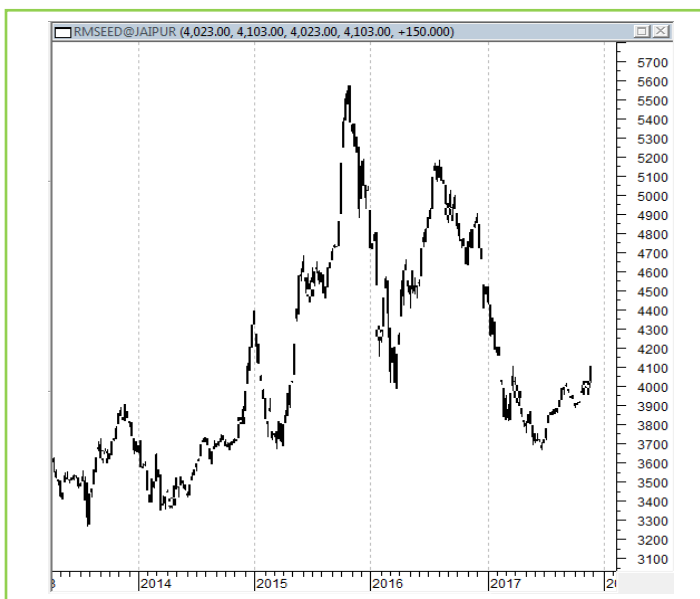
### Technical Analysis:

#### NCDEX RM Seed Futures



\*Note: Daily Chart

#### RM Seed Spot, Jaipur



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

S1	S2	PCP	R1	R2
3900	3850	4038	4150	4200

- Upward movement witnessed in RM seed.
- Prices closed above 18-day EMA.
- RSI and stochastic are increasing in the oversold zone.
- MACD is increasing in the positive territory.
- The prices are expected to feature range-bound movement with firm bias, during the week.
- Trade Recommendation (NCDEX Rapeseed-Mustard – Nov) Week: **BUY** Above 4000. Levels: Target – 4100; T2- 4150, SL –3940.

## Annexure

### Oilseed Prices at Key Spot Markets:

Commodity / Centre	Prices (Rs/Qtl)				Change
Soybean	24-Nov-17		17-Nov-17		
	Low	High	Low	High	
Indore –Plant	2875	2950	2865	2930	20
Indore–Mandi	2650	2930	2690	2740	190
Nagpur-Plant	2850	3000	2750	2800	200
Nagpur – Mandi	2400	2880	2300	2700	180
Latur – Mandi	2530	2770	2351	2700	70
Kota-Plant	2850	3000	2750	2800	200
Kota – Mandi	2900	2950	2650	2700	250
Bundi-Plant	2920	2975	2750	2885	90
Bundi-Mandi	2850	2900	2650	2740	160
Baran-Plant	2900	3000	2730	2835	165
Baran-Mandi	2800	2900	2670	2740	160
Bhawani Mandi Jhalawar–Kota-Plant Delivery	2840	2970	Closed	Closed	-
Jhalwar-Mandi	2550	2920	Closed	Closed	-
Rapeseed/Mustard					
Jaipur-(Condition)(New Crop)	4100	4105	3950	3955	150
Alwar-(Condition)(New Crop)	3850	3900	3750	3800	100
SriGanganagar-(Non-Condition-Unpaid)	3650	3700	3475	3520	180
New Delhi–(Condition)(New Crop)	3700	3800	3600	3700	100
Kota-Non-(Condition)(New Crop)	3530	3640	3500	3550	90
Agra-(Condition)(New Crop)	4450	4500	4300	4375	125
Neewai(New Crop)	3980	4000	3900	3940	60
Hapur (UP)(New Crop)	3800	3875	3725	3775	100
Groundnut Seed					
Rajkot	744	744	775	775	-31
Sunflower Seed					
Gulbarga	2458	3304	Closed	Closed	-
Latur	NA	NA	Closed	Closed	-
Sholapur(New Crop)	3050	3100	2950	3000	100
Sesame Seed					
Mumbai (White98/2/1	7400	7400	7200	7200	200

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
		18th November to 24th November 2017	10th November to 17th November 2017	
Soybean				
	Madhya Pradesh	1860000	2238000	-378000
	Maharashtra	1265000	1445000	-180000
	Rajasthan	425000	590000	-165000
	Bundi (Raj)	2500	3000	-500
	Baran (Raj)	28000	52500	-24500
	Jhalawar (Raj)	48000	10000	38000
Rapeseed/Mustard	Rajasthan	430000	400000	30000

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

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The 1<sup>st</sup> Advance Estimates of production of major crops for 2017-18 have been released on 22 September, 2017 by the Department of Agriculture, Cooperation and Farmers Welfare. The assessment of production of different crops is based on the feedback received from States and validated with information available from other sources. As a result ofBecause of floods and erratic rainfall during monsoon 2017, the country has witnessed lower food grain production in the current year compared to previous year.

The estimated production of major Kharif Oilseeds during 2017-18 is as under:

Oilseeds – 20.68 million tonnes

- Soyabean – 12.22 million tonnes
- Groundnut – 6.21 million tonnes
- Castorseed – 1.40 million tonnes

With a decline of 1.72 million tonnes over the previous year, total kharif Oilseeds production in the country is estimated at a level of 20.68 million tonnes. It is lower by 1.93 million tonnes than the all- time record production of 22.61 million tonnes achieved during 2013-14.

The production of Oilseeds during 2017-18 is higher by 0.346 million tonnes than the five year's average Oilseeds production. The current year's production is lower than the kharif production of 22.40 million tonnes during 2016-17.

## MSP for 2017/18 Kharif Oilseeds

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The Cabinet Committee on Economic Affairs, chaired by the Prime Minister Shri Narendra Modi, has given its approval for Minimum Support Prices (MSPs) for Kharif Crops of 2017-18 season, the MSPs of all the Kharif oilseeds are raised for this season.

The MSP of Yellow Soybean is increased by 9.9% to Rs 3050/Qtl (including Rs 100 bonus) for 2017-18 season from Rs 2,775/Qtl in 2016-17, Groundnut -in- shell by 5.5% to Rs 4,450/Qtl (including Rs 100 bonus) from Rs 4,220/Qtl, Sunflower seed by 3.8% to Rs 4,100/Qtl (including Rs 200 bonus) from Rs 3,950/Qtl, Nigerseed by 5.9% to 4,050/Qtl (including Rs 100 bonus) from Rs 3,825/Qtl and Sesamum by 6.0% to Rs 5,300/Qtl (including Rs 200 bonus) from Rs 5,000/Qtl.

## MSP for 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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