

# Oilseeds Weekly Research Report

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## Executive Summary

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Soybean noticed weak tone during the week erasing the recent gains to certain extent. Weakness in soybean at CBOT, lack of buying interest in the cash market and expected rains in the soybean growing regions of Argentina weighed on the market. Soybean at CBOT closed lower amid bearish monthly supply and demand report released by the USDA and rains expected in the Pampas belt of Argentina. The weekly export sales were within the expectation of the market.

There was lack of demand in the cash market around current levels. Harvesting has slowed down in the growing regions. All India soybean average arrival per day is reported to be around 3.0 -4.0 bags.

The weekly export sales of soybean at 1.45 MMT as reported by the USDA was within the expectation of the market. The monthly supply and demand report released by the USDA during the week reported 20 million bushels higher ending stocks of soybean at 445 million bushels. Global soybean ending stocks for 2017/18 are forecast at 98.32 MMT up from previous month's forecast of 97.90 MMT, mostly reflecting increases for United States and European Union.

In the month of November, India's exports of oil meals have increased by 93% compared to previous month.

Rapeseed prices noticed mostly weak tone during the week amid lack of demand from the retailers and the stockists and overall weakness in edible oils in the global market. Palm oil at BMD and soy oil at CBOT witnessed easy tone, thereby adding to the weak tone of the market. Rabi mustard seed acreage till date is lower compared to previous year.

The overall bearish supply scenario in the global market is adding to the weak tone of the market. Rabi sowing progress will give further direction to the market.

## Outlook – Cash Market

**Outlook - Soybean (Spot, Indore):** The soybean noticed weak tone after touching 3000 levels amid lack of buying interest in the cash market and weakness in soybean at CBOT. Soybean at CBOT closed lower on bearish supply and demand report released by the USDA for the month of December. Higher ending stocks are reported amid overall bearish supply scenario. Expected rains in soybean growing regions of Argentina are likely to increase the pace of sowing in the coming days. The prices are expected to feature range bound movement with weak bias between the price band of 2750 – 3050 level (Indore, Plant basis).

**Outlook – Soy meal (Spot, Indore):** Soy meal witnessed easy tone amid lack of demand around current levels and weakness in other legs of the complex. Weakness in soy meal at CBOT added to the weak tone of the market. In the domestic market, oil meal exports have started with a positive tone in the current oil year and have increased by 93% in the month of November compared to previous month. However, prices have to remain competitive to retain global share in the market. Soy meal, Indore is expected to be in the range of 22,000 – 23,500/MT levels during the week.

**Outlook - Rapeseed-Mustard (Spot, Jaipur basis):** The rapeseed-mustard featured weak tone on lack of demand from the retailers and overall weakness in edible oils in the global market. Palm oil at BMD and soy oil at CBOT closed lower during the week amid comfortable supply in the market. Rabi sowing of rapeseed is lower by around 7.0% till date, compared to same corresponding period previous year. The seed prices are likely to feature range-bound movement with weak bias and witness the levels between 4000 – 4150/Qtl; levels during the week.

## International Highlights

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- ❖ According to consultancy AgRural, Brazilian farmers are expected to produce 12.9 MMT of soybeans in the 2017-18 season. The forecast is higher compared to 110.2 MMT estimates in November. Production estimates have increased as soybean acreage has been increased by 108,000 hectares to 34.8 million hectares.
- ❖ According to consultancy Safras & Mercado, farmers in Brazil have sold 26.7 per cent of the soybeans planted in the current 2017 -18 season representing around 30.575 MMT of likely output forecast of 114.7 MMT. According to the report, forward sales are below a 33 percent historical average for this period of the year. In 2016, around this time farmers had sold 28 per cent of the crop in advance.
- ❖ According to a report released by the agriculture ministry, China's soybean imports are expected to increase by 2.7 per cent to 95.97 MMT in 2017 -18 compared to previous year. Soybean output is expected to increase by 15.1 per cent to 14.89 MMT during the period. Consumption is expected to increase by 2.3 per cent to 111 MMT in 2017 -18 compared to previous year.
- ❖ According to IMEA (Mato Grosso Institute of Agricultural Economics), Brazilian farmers have sold 38.6 per cent of the 2017/18 soybean crop as on 11 December, 2017 in Mato Grosso. This is 5.84 per cent higher from the start index of November. Mato Grosso is expected to produce 30.60 MMT of soybean in 2017/18.
- ❖ According to Brazil's association of oilseed processors (Abiove), soybean exports in 2017/18 has been increased to a record 67.8 MMT following good demand from China, compared to previous month's estimates of 66 MMT.
- ❖ According to Conab, Brazilian soybean output is expected at 109.2 MMT in 2017 -18 season compared to 114.1 MMT during the previous season.
- ❖ The U.S. Department of Agriculture's monthly supply and demand report for the month of December, forecasts U.S. soybean stocks at 445 million bushels, up 20 million bushels from last month due to lower exports. Total U.S. oilseed production for 2017/18 is projected at 132.2 MMT, up 0.1 MMT from previous month amid higher cottonseed production. Global oilseed production is forecast at 579.5 MMT, up 0.7 MMT mostly reflecting higher rapeseed, peanut, and palm kernel production. Global soybean ending stocks for

2017/18 are forecast at 98.32 MMT up from previous month's forecast of 97.90 MMT, mostly reflecting increases for United States and European Union.

- ❖ According to China's General Administration of Customs (CNGOIC), China's imports of edible vegetable oil in November rose 14.9 percent to 5.4 lakh tons compared to 4.7 lakh tons in October. Imports rose 5.9 percent compared to corresponding period last year which was reported at 5.1 lakh tons. Year to date imports of edible vegetable oil rose 8.5 percent to 51.7 lakh tons.
- ❖ Soybean oil consumption projection increased, with 56.01 MMT expected to be consumed in 2017/18, according to the December report, 20,000 tonnes higher than the 55.99 MMT projected in November according to the latest report released by the USDA.
- ❖ Argentina will put an 8 percent tax on biodiesel exports starting next year according to government sources. According to the U.S. International Trade Commission (ITC), biodiesel imports from Argentina and Indonesia harm U.S. producers as imports coming to the country are below the cost of production. It announced that anti-dumping and anti-subsidy duties would remain for at least five years.
- ❖ Net sales of 1,452,600 MT of soybean for 2017/2018 were down 28 percent from the previous week, but up 20 percent from the prior 4-week average. Increases were reported for China (872,300 MT, including 384,200 MT switched from unknown destinations and decreases of 74,100 MT), Japan (151,800 MT, including 40,500 MT switched from unknown destinations and decreases of 200 MT), Taiwan (88,800 MT, including 66,000 MT switched from unknown destinations and decreases of 7,000 MT), the Netherlands (70,700 MT, including 66,000 MT switched from unknown destinations), Mexico (69,900 MT, including decreases of 300 MT), and Egypt (65,500 MT, including 60,000 MT switched from unknown destinations) during the period December 1 -7, 2017. The current week's net sales are lower compared to net sales of 2,015,800 MT during the previous week.
- ❖ According to Buenos Aires Grains Exchange soybean acreage in Argentina could decline in 2017/18 following drought in Pampas belt. According to the exchange, soybean acreage is expected to be 18.1 million hectares this season, of which 1.1 million hectares were sown during the last seven days. The recent drought conditions have slowed down planting. Expected rains in the coming week should provide some relief to drought hit Pampas belt.

## Soybean

Soybean witnessed easy tone during the week on lack of buying interest in the cash market and weakness in soybean at CBOT. Soybean at CBOT closed lower amid bearish monthly supply and demand report released by the USDA for the month of November and rains expected in the soybean growing regions of Argentina. According to the latest report released by the USDA, soybean ending stocks are forecast higher by 20 million bushels at 445 million bushels compared to previous month. The weekly soybean export sales were within the expectation of the market.

There is lack of buying interest in the cash market around current levels. The pace of harvesting is declining in the growing regions and arrivals are lower compared to previous week. All India soybean arrivals on an average per day is around 3.0 -4.0 lakh bags.

The total weekly soybean arrivals in the cash markets of Madhya Pradesh are reported at 9,05,000 bags compared to 8,60,000 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 15<sup>th</sup> December 2017, is lower compared to the previous year's level which is down by 6.92% at 70.73 lakh hectares compared to 74.46 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 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 soybean supplies were higher in the key markets of Madhya Pradesh, Maharashtra and Rajasthan during the week.

***The domestic soybean prices are likely to witness range –bound to weak tone on lack of buying interest in the cash market and weakness in soybean at CBOT.***

**International:**

The international benchmark, CBOT soybean closed lower amid bearish supply scenario and expected rains in the soybean growing regions of Argentina.

At CBOT, the soybean, in the most active January contract, ended lower at US \$ 9.67/bushel compared to US \$ 9.90/bushel last week.

Net sales of 1,452,600 MT for 2017/2018 were down 28 percent from the previous week, but up 20 percent from the prior 4-week average. Increases were reported for China (872,300 MT, including 384,200 MT switched from unknown destinations and decreases of 74,100 MT), Japan (151,800 MT, including 40,500 MT switched from unknown destinations and decreases of 200 MT), Taiwan (88,800 MT, including 66,000 MT switched from unknown destinations and decreases of 7,000 MT), the Netherlands (70,700 MT, including 66,000 MT switched from unknown destinations), Mexico (69,900 MT, including decreases of 300 MT), and Egypt (65,500 MT, including 60,000 MT switched from unknown destinations) during the period December 1 -7, 2017. Reductions were reported for unknown destinations (130,200 MT). For 2018/2019, net sales of 113,200 MT were reported for unknown destinations (111,000 MT) and Japan (2,200 MT). Exports of 1,261,300 MT were primarily to China (768,400 MT), Taiwan (99,700 MT), the Netherlands (70,700 MT), Egypt (65,500 MT), and Bangladesh (52,800 MT). The current week's net sales are lower compared to net sales of 2,015,800 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 period a year earlier.

According to a latest long –term crop forecast report released by the USDA, soybean acreage in 2018 is forecast at a record 91.0 million acres compared to 90.2 million acres in 2017. It will be another year of bumper soybean supply assuming weather remains favourable in the growing regions.

Brazilian analysts are likely to increase their soybean crop forecast this season after unfavourable climatic conditions have waned and the crop is developing well in the growing regions. According to an average of forecasts compiled in a recent poll, Brazil is expected to harvest 109.43 MMT soybean in the 2017/18 season.

According to the U.S. Energy Information Administration, U.S. biodiesel production declined to 147 million gallons in September compared to 149 million gallons previous month. Soy oil remained the largest biodiesel feedstock, with 604 million pounds used in September. In August 608 million pounds was used for biodiesel production.

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 data released by the trade ministry, Brazil exported 2.14 MMT soybean in November 2017 compared to 2.49 MMT in October and 0.32 MMT during the same period previous year. Soy meal exports stood at 1.07 MMT in November compared to 1.28 MMT in October and 0.87 MMT during the same corresponding period previous year.

According to the latest monthly estimates from Strategie Grains, soybean production estimates have been increased to 2.7 MMT in 2017/18 from 2.6 MMT in previous season.

According to the General Administration of Customs, China imported 8.68 MMT of soybeans in November 2017, an increase of 48 per cent compared to previous month. Imports were 11 per cent higher compared to the same corresponding period previous year. Imports were higher in November as a backlog of shipments from United States arrived at the ports.

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 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.

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 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.

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 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 weak tone on higher ending stocks and expected rains in the soybean growing regions of Argentina.*

## Soy meal

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The domestic meal prices witnessed steady to weak tone amid lack of good demand in the cash market and spill over weakness from soy meal at CBOT.

Soy meal demand is good through October -February seasonally, as there is increase in crushing activities. Soy meal ready for delivery in PP bags at Dhule was quoted at 24200+GST by MOEPI. This is with 46.5% protein content. However, it was quoted at 24500+GST in jute bags at Dharwad by ADM for ready delivery and 25300+GST for 1 -15 January delivery.

Through export promotion scheme (MEIS) govt. would provide additional 2% incentive over and above existing incentives ranges from 2 to 5% for various export products including soya meal. This will make Indian oil meal more competitive in the world market and may result in to larger export of oil meals during current year.

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 November 2017 stands at 1,813,037 metric tonnes as compared to 868,358 metric tonnes in the same corresponding period of previous year showing an increase of 109% according to data released by the Solvent Extractor's Association of India.***

***In the month of November 2017, export of oil meals increased by 93% to 328,091 metric tonnes compared to the same corresponding period previous year. Soy meal exports during the period April 2017 to November 2017 was reported at 768,981 metric tonnes compared to 204,860 metric tonnes during the same corresponding period previous year.***

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

Soy meal declined in international market, during the week.

CBOT soy meal January contract settled at US \$ 320.60 per short ton compared to US \$ 331.70 per short ton last week.

Net sales of 455,400 MT for 2017/2018 were up noticeably from the previous week and from the prior 4-week average. Increases were reported for the Philippines (137,500 MT), Colombia (59,200 MT, including 20,000 MT switched from unknown destinations), Morocco (58,000 MT), Vietnam (40,000 MT), Canada (35,000 MT), and Venezuela (30,000 MT). Reductions were reported for Nicaragua (500 MT) and Cambodia (100 MT) during the period December 1 -7, 2017. The primary destinations were to the Philippines (73,500 MT), Mexico (43,700 MT), Colombia (31,100 MT), Canada (25,800 MT), and Israel (25,400 MT). The current week's net sales for 2017/18 are higher compared to net sales of 166,400 MT during the previous week.

The domestic soy meal prices at Indore, were quoted at Rs 23,000 – 23,500/MT compared to Rs. 22,700/MT - 23,400/MT in previous week. At Latur and Nanded, Maharashtra, soy meal noticed steady tone and were quoted at Rs 24,000/MT and 23,000/MT respectively compared to Rs 23,000/MT in Indore and Rs 23,400/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 meal prices of 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 slightly lower. Soy meal Indore was quoted lower between Rs 23,000 – 23,500/MT during the week compared to Rs 23,300 – 23,500/MT during the corresponding period last year.

*The soy meal prices are likely to feature range-bound movement with weak bias amid lack of demand in the cash market and weakness in other legs of the complex*

## Technical Analysis:

### NCDEX Soybean Futures



### Soybean Spot, Indore



\*Note: Daily Chart

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

S1	S2	PCP	R1	R2
2900	2850	3048	3200	3250

- Soybean noticed downward movement, during the week.
- Prices closed below 18-day EMA.
- RSI is increasing in the neutral region and stochastic is declining in the overbought zone.
- MACD is declining in the positive territory.
- The prices are expected to feature loss in the coming week.
- Trade Recommendation (NCDEX Soybean – Jan.): **SELL** Below 3100. Levels: T1 – 3000; T2- 2950, SL -3160.

## Rapeseed - Mustard Seed

The domestic rapeseed-mustard noticed mostly weak tone during the week on lack of demand from the retailers and overall weakness in edible oils. Palm oil at BMD and soy oil at CBOT noticed weakness during the week amid overall bearish supply scenario in the global market. Rabi mustard seed acreage is lower till date compared to previous year.

According to industry sources, India's rapeseed and mustard output in 2017/18 is likely to decline by 10 per cent compared to previous season. According to Government of India figures, rapeseed and mustard seed has been sown in 59.36 lakh hectares as on 08 December 2017 compared to 64.21 lakh hectares during the same corresponding period previous year.

Farmers have reduced the area in Rajasthan amid higher temperatures and lack of moisture at the time of sowing. According to Solvent Extractor's Association of India, India produced a record 6.73 MMT rapeseed in the 2016/17 marketing year.

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 1.30 – 1.65 lakh bags in a day compared to around 1.60 – 1.75 bags a day, previous week. The supplies were 0.25 – 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 4,115 – 4,140 a quintal compared to Rs 4,675 – 4,720 a quintal during the corresponding period last year at the benchmark, Jaipur.

At NCDEX futures, the seed prices at January contract ended lower at 3973/Qtl compared to 4015/Qtl previous week.

The area coverage under rapeseed, as on 15 December, is reported down 6.92% at 60.99 lakh hectares compared to 65.52 lakh hectares at the same period last year.

<b>Crop</b>	<b>As on 15 Dec. 2017</b>	<b>As on 15 Dec. 2016</b>	<b>% Chg.</b>
Rapeseed/Mustard	60.99	65.52	-6.92
Groundnut	3.84	3.37	13.82
Safflower	0.69	0.84	-18.04
Sunflower	1.32	1.23	7.38
Sesamum	0.28	0.31	-10.65
Linseed	3.35	2.75	21.75
<b>Total Oilseeds</b>	<b>70.73</b>	<b>74.46</b>	<b>-6.92</b>

Source: Government of India

The total sown area under *rabi* oilseeds, as on 15 December, is lower compared to the previous year's level which is down by 6.92% at 70.73 lakh hectares compared to 74.46 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 December review, India's 2017/18 imports of palm oil is hiked 0.4 MMT to 9.9 MMT from 9.5 MMT in its earlier review. Consumption of palm oil in India in 2017/18 is increased to 10.1 MMT from 9.8 MMT in its earlier review. End stocks of palm oil in India in 2017/18 is increased 0.1 MMT to 0.449 MMT from 0.349 MMT.

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 declined in October.

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### 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 United States Department of Agriculture (USDA) in its December review, India's 2017/18 imports of sunflower oil is hiked 0.15 MMT to 1.85 MMT from 1.7 MMT in its earlier review. Consumption of sunflower oil in India in 2017/18 is increased to 2.1 MMT from 1.9 MMT in its earlier review.



Rapeseed oil production forecasts for 2017/18 declined 240,000 tonnes to 28.45m tonnes in December 2017, from 28.69m tonnes in November the same year according to USDA. Consumption forecasts fell 130,000 tonnes to 29.22m tonnes in December 2017, compared to 29.35m tonnes in November.

According to cargo surveyor Intertek Testing Services (ITS), Malaysia's December 1-15 palm oil exports fell 9.6 percent to 596,862 from 660,465 compared to corresponding period last month. Top buyers are European Union at 139,307 tons (143,267 tons), India & subcontinent at 81,880 tons (119,510 tons) and China at 69,960 (94,796 tons). Values in brackets are figures of corresponding period last month.

According to cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's December 1-15 palm oil exports fell 10.7 percent to 581,254 compared to 650,962 in corresponding period last month. Top buyers are European Union at 156,432 tons (137,865 tons), China at 60,188 tons (61,376 tons), India at 49,880 tons (71,960 tons), United States at 33,255 tons (11,250 tons) and Pakistan at 19,000 tons (35,450 tons). Values in brackets are of corresponding period last month.

According to Malaysia Palm Oil Board (MPOB), Malaysia's November palm oil stocks rose 16.02 percent to 25.57 lakh tons compared to 22.03 lakh tons in October. Production of palm oil in November fell 3.29 percent to 19.43 lakh tons compared to 20.08 lakh tons in October. Exports of palm oil in November fell 11.94 percent to 13.54 lakh tons compared to 15.38 lakh tons in October. Imports of palm oil in November rose 124 percent to 0.30 lakh tons compared to 0.13 lakh tons in October. Rise in palm oil end stocks in October was above trade estimates.

According to Malaysian Government circular, Malaysia decreased January crude palm oil export duty to 5.5 percent from 6 percent in December. Tax is calculated at reference price of 2,625.31 ringgit per ton. Tax is calculated above 2,250 ringgit starting from 4.5 percent to a maximum of 8.5 percent.

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.

According to Indonesia Palm Oil Association, Indonesia's 2017 crude palm oil production is estimated to rise 12.7 percent to 35.5 MMT compared to 31.1 MMT in 2016. Heavy rains in 2016 will support palm oil production and growth in plantation in 2013 will bear fruit in 2017.

According to Indonesia Palm Oil Association (GAPKI), Indonesia's October palm oil (excluding biodiesel and oleochemicals) exports fell 5.6 percent to 2.6 MMT from 2.79 MMT in September and 2.41 MMT in October 2016.

End stocks of palm oil in Indonesia in October rose 16 percent to 3.38 MMT from 2.92 MMT in September 2017. Production of palm oil in Indonesia in October rose 3 percent to 4.16 MMT from 4.03 MMT in September 2017.

According to Indonesia trade ministry, Indonesia keeps December crude palm oil export duty to zero, unchanged from last month. This is the eighth 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.



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 the latest monthly estimates from Strategie Grains, rapeseed production estimates have been increased to 22.60 MMT in European Union for 2017/18 compared to previous estimates of 21.86 MMT and 20.34 MMT in 2016/17.

According to China's General Administration of Customs (CNGOIC), China's imports of edible vegetable oil in November rose 14.9 percent to 5.4 lakh tons compared to 4.7 lakh tons in October. Imports rose 5.9 percent compared to corresponding period last year which was reported at 5.1 lakh tons. Year to date imports of edible vegetable oil rose 8.5 percent to 51.7 lakh tons.

*Outlook: The rapeseed-mustard is likely to notice range –bound to weak tone on lack of demand in the cash market and overall weakness in edible oils in the global market.*

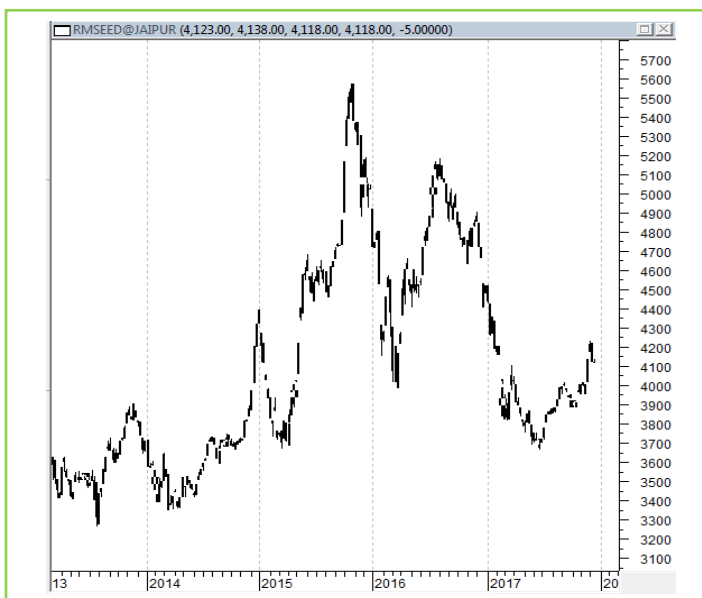
## Technical Analysis:

### NCDEX RM Seed Futures



\*Note: Daily Chart

### RM Seed Spot, Jaipur



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

S1	S2	PCP	R1	R2
3850	3800	3973	4150	4200

- Downward movement witnessed in RM seed.
- Prices closed below 18-day EMA.
- RSI is increasing in the neutral zone and stochastic is increasing in the overbought 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 – Jan) Week: **SELL** Below 4050. Levels: Target – 3950; T2- 3900, SL –4110.

## Annexure

### Oilseed Prices at Key Spot Markets:

Commodity / Centre	Prices (Rs/Qtl)				Change
Soybean	15-Dec-17		8-Dec-17		
	Low	High	Low	High	
Indore –Plant	2900	3050	3025	3085	-35
Indore–Mandi	2800	3000	2900	3100	-100
Nagpur-Plant	3050	3100	3020	3090	10
Nagpur – Mandi	2500	2910	2580	2990	-80
Latur – Mandi	2650	3000	2750	3000	Unch
Kota-Plant	3000	3100	3100	3150	-50
Kota – Mandi	2950	3000	3000	3050	-50
Bundi-Plant	3100	3150	3050	3175	-25
Bundi-Mandi	2950	3000	3000	3080	-80
Baran-Plant	3000	3050	3000	3150	-100
Baran-Mandi	2850	2925	2950	3050	-125
Bhawani Mandi Jhalawar–Kota-Plant Delivery	3000	3100	3000	3100	Unch
Jhalwar-Mandi	2900	2940	2900	2950	-10
Rapeseed/Mustard					
Jaipur-(Condition)(New Crop)	4115	4120	4125	4130	-10
Alwar-(Condition)(New Crop)	3850	3900	3925	3975	-75
SriGanganagar-(Non-Condition-Unpaid)	3600	3630	3675	3700	-70
New Delhi–(Condition)(New Crop)	3850	3900	3850	3875	25
Kota-Non-(Condition)(New Crop)	3850	3950	3600	3650	300
Agra-(Condition)(New Crop)	4400	4450	4450	4500	-50
Neewai(New Crop)	4000	4040	3950	4000	40
Hapur (UP)(New Crop)	3800	3825	3850	3900	-75
Groundnut Seed					
Rajkot	814	814	740	740	74
Sunflower Seed					
Gulbarga	2585	3144	2592	3152	-8
Latur	NA	NA	NA	NA	-
Sholapur(New Crop)	NA	NA	NA	NA	-
Sesame Seed					
Mumbai (White98/2/1	8400	8400	8400	8400	Unch

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
		9th December to 15th December 2017	2nd December to 8th December 2017	
Soybean				
	Madhya Pradesh	905000	860000	45000
	Maharashtra	965000	835000	130000
	Rajasthan	260000	230000	30000
	Bundi (Raj)	1900	3200	-1300
	Baran (Raj)	22000	22000	Unch
	Jhalawar (Raj)	12000	16000	-4000
Rapeseed/Mustard	Rajasthan	390000	445000	-55000

## 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 0.57 vs 0.71 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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