

Oilseeds Weekly Research Report

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Executive Summary

Soybean witnessed positive tone on good demand from the crushers and lower availability in the market. Spillover weakness from soybean at CBOT limited upside movement of the market. Soybean at CBOT closed lower amid bearish monthly supply and demand released by the USDA for the month of January and forecast of record soybean production in Brazil. Dry weather condition in the soybean growing regions of Argentina continues to remain positive factor for the market. The weekly soybean export sales were higher and within the expectation of the market.

In the domestic market, good buying interest in the cash market supported prices. Weakness in edible oils in the domestic market limited upside movement of the market. All India average arrival of soybean per day was around 2.75-3.50 lakh bags during the week.

The monthly supply and demand report released by the USDA for the month of January was bearish. U.S. soybean ending stocks have been increased by 25 million bushels to 470 million bushels and exports have been reduced by 65 million bushels to 2160 million bushels. The soybean weekly export sales of 0.6 MMT was within the expectation of the market. Overall scenario remains bearish amid record soybean production in U.S. and Brazil.

Soy meal prices continued positive tone following soybean and good demand in the export market. Recovery in Indian rupee will remain unattractive for soy meal exports.

Rapeseed prices noticed weak tone during the week amid lack of demand from the retailers around current levels and overall weakness in edible oils in the domestic market till date. Rabi mustard seed acreage till date is lower compared to previous year.

Overall bearish scenario in the global market will add to the weak tone of the market in the coming days.

Outlook – Cash Market

Outlook - Soybean (Spot, Indore): The soybean witnessed positive tone on good demand from the crushers and lower availability in the market. Weakness in soybean at CBOT limited upside movement. Soybean at CBOT closed lower amid bearish monthly and demand released by the USDA for the month of January and record soybean production estimated in Brazil. Dry weather in the soybean growing regions of Argentina continues to remain positive factor for the market. The prices are expected to feature range bound movement with firm bias between the price band of 3100 – 3400 level (Indore, Plant basis).

Outlook – Soy meal (Spot, Indore): Soy meal noticed firm tone during the week amid support from soybean and good demand in the export market. Weakness in soy meal at CBOT limited upside movement. Recovery in Indian rupee will remain unattractive for soy meal exports. Soy meal, Indore is expected to be in the range of 24,500 – 26,500/MT levels during the week.

Outlook - Rapeseed-Mustard (Spot, Jaipur basis): The rapeseed-mustard witnessed easy tone during the week losing the recent gains. Lack of demand from the retailers around current levels and overall weakness in edible oils in the domestic market added to the weak tone of the market. Rabi sowing of rapeseed is lower by around 5.0% till date compared to same period previous year. The seed prices are likely to feature range-bound movement with weak bias and witness the levels between 3950 – 4100/Qtl; levels during the week.

International Highlights

- ❖ Soy harvesting has started early in Mato Grosso, one of the major soybean growing regions in Brazil. Brazil's soybean output is expected at 110.2 MMT this season according to Reuters poll of 11 forecasters. Soybean output in Mato Grosso is expected to touch 30.1 MMT this season according to government sources.
- ❖ According to the consulting firm, Safras & Mercado, Brazil is expected to export 67 MMT of soybean in 2018/19. This is 2 per cent lower compared to estimates of 68.5 MMT in 2017/18. According to the consultancy, total soybean supply is expected to rise 1 percent in 2018/19 to 118.8 million tonnes compared to previous year.
- ❖ The drought affecting Argentina's soy belt is expected to worsen this week according to meteorologist and farmers. This is likely to delay planting and raise concerns of frost affecting the crop in May. In Argentina, soybean is sown during mid October –first week of January. Delay in planting increases the chances of early frost affecting the crop in May.
- ❖ Though the consumption of meat, poultry and dairy products are increasing, U.S. soybean farmers are loosing share to Brazil to feed these animals. Following unfavourable weather in U.S. Midwest previous year, the protein content in the soybean has declined, a key ingredient that helps to build muscle in animals. The protein content in U.S. soybean was reported at 34.1 per cent per bushel, seen in 2008 and the lowest since it was measured in 1986 according to government data. Brazilian soybean has higher protein content of 37 per cent. This will reduce demand for U.S. soybean in the coming days.
- ❖ According to consultancy Celeres, soybean crop in 2017/18 is expected to increase by 1.9 per cent to 111.8 MMT in Brazil compared to previous estimates.
- ❖ According to consultancy, AgRural Brazil's soybean production in 2017/18 has been increased to 114 MMT compared to previous month's estimates of 122.9 MMT. In 2017 Brazil had produced a record soybean production of 114.1 MMT according to government data.
- ❖ Net sales of 607,400 MT of soybean for 2017/2018 were up 28 percent from the previous week, but down 47 percent from the prior 4-week average. Increases were reported for China (616,500 MT, including 399,000 MT switched from unknown destinations and decreases of 3,200 MT), Germany (219,200 MT), the Netherlands (85,200 MT, including 74,000 MT switched from unknown destinations), Spain (71,500 MT,

including 65,000 MT switched from unknown destinations), and Iran (65,700 MT, switched from unknown destinations and decreases of 3,000 MT) during the week December 29 –January 04. Reductions were reported for unknown destinations (493,400 MT), Honduras (14,000 MT), and Cuba (7,200 MT). For 2018/2019, net sales of 9,000 MT were reported for Japan. The current week's net sales are higher compared to net sales of 554,000 MT during the previous week.

- ❖ According to Agroconsult, Brazil is expected to produce 114.1 MMT of soybean in 2017/18 at par with an all time record set in 2016/17. In November, Agroconsult had estimated Brazilian soybean crop at 111 MMT.
- ❖ According to Rosario grains exchange, soybean output in Argentina has been reduced to 52 MMT compared to previous estimates of 54.5 MMT. Drought has delayed planting in Argentina and soybean acreage has been reduced to 18.5 million hectares compared to previous estimate of 18.8 million hectares.
- ❖ Oilseeds exports of Ukraine increased by 52 per cent to 3.5 MMT till date following higher sales of rapeseed. It has exported 2 MMT of rapeseed and 1.5 MMT of soybean till date.
- ❖ According to the data released by the General Administration of Customs, China's imports of soybean increased by 10 per cent to 9.55 MMT in December 2017 compared to previous month and it increased by 6 per cent compared to December 2016. It is the second highest imports on record in a month. Imports of soybean in 2017 totaled at 95.54 MMT compared to 83.91 MMT in 2016.
- ❖ The U.S. Department of Agriculture's monthly supply and demand report for the month of January forecasts U.S. soybean stocks at 470 million bushels, up 25 million bushels from last month due to lower exports. U.S. soybean exports are forecast to decline by 65 million bushels to 2160 million bushels amid lagging sales and increased competition from Brazil. Total U.S. oilseed production for 2017/18 is projected at 131.3 MMT, down 0.9 MMT from previous month amid lower soybean, peanut and cottonseed production. Soybean production is estimated at 4,392 million bushels, down 33 million on lower yields. Global oilseed production is forecast at 580.1 MMT, up 0.5 MMT mostly reflecting higher rapeseed, peanut, and palm kernel production. Global oilseed ending stocks for 2017/18 are forecast at 111.2 MMT up 0.4 MMT from previous month's, mostly reflecting increases in soybean stocks for Brazil, United States and higher rapeseed stocks for Australia.

Soybean

Soybean noticed firm tone during the week on good demand from the crushers and lower availability in the market. Weakness in soybean at CBOT limited upside movement of the market. Soybean at CBOT closed lower amid bearish monthly supply and demand report released by the USDA for the month of January and record soybean production forecast in 2017/18 for Brazil. The weekly soybean export sales were within the expectation of the market. Dry weather in the soybean growing regions of Argentina continues to remain positive factor for the market.

In the domestic market, good demand from the crushers supported prices amid lower availability in the market. All India average soybean arrival per day was reported to be around 2.75 -3.50 lakh bags during the week.

The total weekly soybean arrivals in the cash markets of Madhya Pradesh are reported at 5,95,000 bags compared to 5,55,000 bags reported in the previous week.

According to the Soybean Processors Association of India (SOPA), the total supply of soybean has been estimated at 104.49 lakh metric tonnes for the oil year 2017 -18 in its first quarterly estimates. Carryover stocks have been estimated at 3.99 lakh metric tonnes. For the first quarter of the current oil year till December 2017, the production is estimated at 91.46 lakh metric tonnes, while the carryover from the previous year is put at 13.03 lakh metric tonnes.

The demand for crushing is likely to be around 85 lakh metric tonnes, while exports are projected at 2 lakh metric tonnes.

With 12 lakh metric tonnes retained for sowing and 1.5 lakh metric tonnes for direct consumption, the carryover for the coming year is estimated at 3.99 lakh metric tonnes.

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 record soybean crop in U.S. Midwest will continue to be the limiting factor.

The total sown area under rabi oilseeds, as on 12th January 2018, is lower compared to the previous year's level which is down by 5.03% at 78.62 lakh hectares compared to 81.61 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.

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 notice range –bound to firm tone on good demand and lower availability in the market.

International:

The international benchmark, CBOT soybean closed lower amid bearish monthly supply and demand report released by the USDA for the month of January.

At CBOT, the soybean, in the most active March contract, ended lower at US \$ 9.61/bushel compared to US \$ 9.71/bushel last week.

In the latest USDA quarterly stock report, it has been reported that the US soybeans stored in all positions on December 1, 2017 totaled 3.16 billion bushels, up 9 percent from December 1, 2016.

On-farm stocks totaled 1.49 billion bushels, up 11 percent from a year ago. Off-farm stocks, at 1.67 billion bushels, are up 7 percent from a year ago.

Indicated disappearance for September - November 2017 totaled 1.54 billion bushels, down 4 percent from the same period a year earlier.

Net sales of 607,400 MT for 2017/2018 were up 28 percent from the previous week, but down 47 percent from the prior 4-week average. Increases were reported for China (616,500 MT, including 399,000 MT switched from unknown destinations and decreases of 3,200 MT), Germany (219,200 MT), the Netherlands (85,200 MT, including 74,000 MT switched from unknown destinations), Spain (71,500 MT, including 65,000 MT switched from unknown destinations), and Iran (65,700 MT, switched from unknown destinations and decreases of 3,000 MT) during the week December 29 –January 04. Reductions were reported for unknown destinations (493,400 MT), Honduras (14,000 MT), and Cuba (7,200 MT). For 2018/2019, net sales of 9,000 MT were reported for Japan. Exports of 1,546,200 MT were down 45 percent from the previous week and 19 percent from the prior 4-week average. The primary destinations were China (876,700 MT), Germany (219,200 MT), the Netherlands (85,200 MT), Mexico (77,100 MT), and Spain (71,500 MT). The current week's net sales are higher compared to net sales of 554,000 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.

According to the agriculture ministry, Argentina has cut its soybean export tax to 29.5 per cent from 30 per cent previously. This is the first step towards gradually reducing the levy to 18 per cent in the next two years. According to the plan, there will be tax cut of one half percentage point per month in the next twenty four months.

According to USDA, 191 million bushels soybean was crushed in November 2017. This is higher than average analyst's expectation. According to analyst's estimates, crush figures were likely to be around 173.5 -175 million bushels. NOPA had estimated soybean crush figure at 163.546 million bushels for the month of November 2017.

According to the data released by the Commerce Department of the Ministry of Industry, Foreign Trade and Services, Brazil exported a record 68.15 MMT of soybean in 2017, an increase of 32 per cent compared to 2016.

The figure is slightly higher than 67.8 MMT of soybean exports estimated by Abiove. Brazil produced a record 114 MMT of soybean in 2017.

Brazil exported 2.36 MMT of soybean in December 2017 compared to 2.14 MMT in November 2017 and 0.65 MMT during the same period previous year. It exported 0.67 MMT of soy meal in December 2017 compared to 1.07 MMT in November 2017 and 1.01 MMT during the same period previous year. Soy oil exports stood at 46,467 metric tonnes in December 2017 compared to 73,500 metric tonnes in November 2017 and 66,157 metric tonnes during the same period previous year.

According to Rabobank, Brazil's soybean output in 2017/18 is estimated at 107 MMT, the second highest in the history of agriculture. The acreage under soybean will touch a new record of 34.5 million hectares. However productivity is expected to decline by 9% to 3.1 metric tonnes per hectare compared to 2016 -17 amid unfavourable weather conditions in certain soybean growing regions.

According to the General Administration of Customs, China imported 458,959 metric tonnes of rapeseed in November 2017, an increase of 50.32 per cent compared to previous month. Imports were 33 per cent higher compared to the same period previous year. It imported 3,860 metric tonnes of soy meal in November 2017, an increase of 328.89 per cent compared to previous month. Imports were 303 per cent higher compared to the same period previous year.

According to data reviewed by Reuters, half of U.S. soybeans exported to China this year would not meet Chinese rules for routine delivery in 2018. Stringent import restrictions for soybean imports from U.S. in China will be effective from 01 January, 2018.

Informa increased soybean acreage to a record 91.387 million acres in 2018 compared to previous month's estimates of 89.627 million acres. Soybean yield has been estimated at 49.7 bushels per acre compared to USDA's figure of 49.5 bushels per acre. Soybean production has been estimated at 4.450 billion bushels.

According to National Oilseed Processors Association (NOPA), U.S. November soybean crush rose 1.7 percent to 163.546 million bushels from 160.752 million bushels in November 2016. Crush of soybean in October 2017 was 164.242 million bushels. Soy oil stocks in U.S. at the end of November increased to 1.326 billion lbs compared to 1.224 billion lbs in end October 2017. Soy meal exports during the month increased to 896,145 metric tonnes, up from 643,199 metric tonnes in October and 804,322 tons during the same period previous year.

According to consultancy Safras & Mercado, Brazilian soybean output is expected at 114.57 MMT in 2017 -18 compared to 114.7 MMT estimated in the month of October. Safras has forecast a 5 percent rise in Brazil's soybean planted area at 35.49 million hectares (87.7 million acres) this season.

According to USDA, China will reduce the amount of foreign material allowed in shipments of U.S. soybeans as on January 01, 2018. Shipments of U.S. soybeans arriving at Chinese ports and containing 1 per cent of foreign material will be expedited. Shipments with more than 1 per cent foreign material would be held back for testing. According to traders, this will make difficult for U.S. shipments to compete with South American exports.

According to Abiove, Brazil's soybean production has been kept unchanged at 109.5 MMT in 2018 compared to December 12 estimates. Soybean exports have been kept unchanged at 65 MMT.

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 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.

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.

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 period previous year. Imports were higher in November as a backlog of shipments from United States arrived at the ports.

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, Argentina 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 range –bound to weak tone amid record soybean supply in the global market on one hand and dry weather in the soybean growing regions of Argentina on the other.

Soy meal

Soy meal noticed firm tone during the week amid good demand in the export market and firm tone in soybean. However upside was limited amid weakness in soy meal at CBOT. There is forward booking for shipments in February and March.

Soy meal ready for delivery in PP bags at Dhule was quoted at 26500+GST by MOEPI. This is with 46.5% protein content. However, it was quoted at 26000+GST at Latur by ADM for January delivery, 26600 for February delivery and 27100 for March delivery in revised resale. This is with 46% protein content and 10% deposit is required for February and March contracts.

Exports of oil meals in the current oil year are higher compared to previous year. Prices have to remain competitive to retain the global market 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. The recent strength in Indian rupee will remain unattractive for soy meal exports.

On a financial year basis, India's export of oil meals during April 2017 to December 2017 stands at 2,090,468 metric tonnes as compared to 1,169,914 metric tonnes in the same period of previous year showing an increase of 79% according to data released by the Solvent Extractor's Association of India.

In the month of December 2017, export of oil meals declined by 22% to 236,000 metric tonnes compared to the same period previous year. Soy meal exports during the period April 2017 to December 2017 was reported up at 937,846 metric tonnes compared to 446,110 metric tonnes during the same period previous year.

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

Soy meal declined in international market, during the week.

CBOT soy meal March contract settled at US \$ 317.00 per short ton compared to US \$ 321.90 per short ton last week.

Net sales of 209,300 MT for 2017/2018 were up 92 percent from the previous week, but down 19 from the prior 4-week average. Increases were reported for Mexico (68,100 MT, including decreases of 200 MT), the Philippines (50,400 MT), unknown destinations (47,000 MT), Vietnam (22,000 MT), and Canada (6,000 MT, including decreases of 200 MT) during the week December 29 -January 04. Reductions were reported for the French West Indies (5,600 MT), Jamaica (2,300 MT), and the Dominican Republic (800 MT). For 2018/2019, net sales of 17,600 MT were reported for Mexico. Exports of 141,200 MT were down 34 percent from the previous week and 41 percent from the prior 4-week average. The primary destinations were the Dominican Republic (30,600 MT), Mexico (25,000 MT), Colombia (24,000 MT), Canada (16,700 MT) and Guatemala (10,300 MT). The current week's net sales for 2017/18 are higher compared to net sales of 109,000 MT during the previous week.

The domestic soy meal prices at Indore, were quoted at Rs 24,500 – 25,500/MT compared to Rs. 23,500/MT - 24,500/MT in previous week. At Latur and Nanded, Maharashtra, soy meal noticed firm tone and were quoted at Rs 26,700/MT and 25,900/MT respectively compared to Rs 25,000/MT in Indore and Rs 26,000/MT in Kota.

Previous Updates

India has registered gains in the soy meal exports in the current season. Recovery in INR against dollar will eventually make India's soy meal export prices unattractive and help South American soy meal to gain 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 slightly higher. Soy meal Indore was quoted lower between Rs 24,500 – 24,500/MT during the week compared to Rs 22,000 – 23,650/MT during the corresponding period last year.

The soy meal prices are likely to feature range-bound movement with firm bias on expected good demand in the cash market.

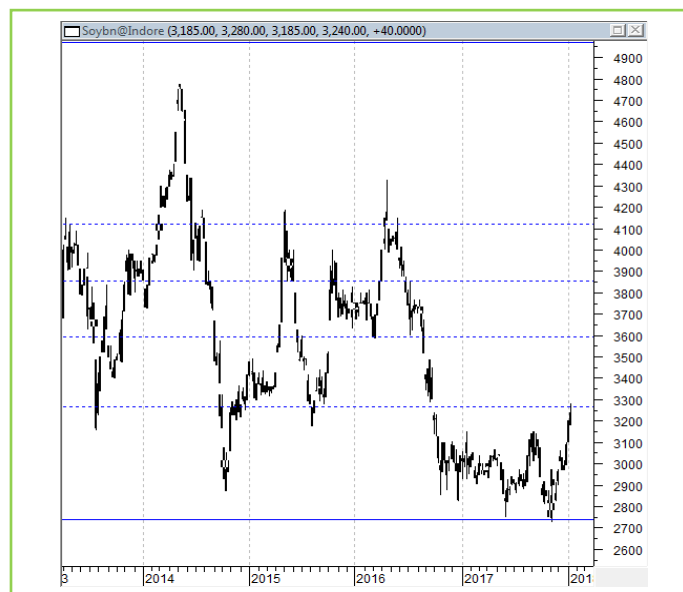
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Technical Analysis:

NCDEX Soybean Futures



Soybean Spot, Indore



*Note: Daily Chart

Support & Resistance NCDEX Soybean – Feb. contract

S1	S2	PCP	R1	R2
3100	3050	3233	3350	3400

- Soybean noticed range –bound to firm tone, during the week.
- Prices closed above 18-day EMA.
- RSI is declining in the neutral zone and stochastic is declining in the overbought zone.
- MACD is increasing in the positive territory.
- The prices are expected to feature gain in the coming week.
- Trade Recommendation (NCDEX Soybean – Feb.): **BUY** Above 3150. Levels: T1 – 3250; T2- 3300, SL - 3090.

Rapeseed - Mustard Seed

The domestic rapeseed-mustard witnessed easy tone losing the recent gains to certain extent. Lack of demand from the retailers around current levels and overall weakness in edible oils in the domestic market weighed on prices. Rabi oilseeds 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 65.25 lakh hectares as on 05 January 2018 compared to 69.53 lakh hectares during the same 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 1.15 – 1.55 lakh bags in a day compared to around 1.20 – 1.55 bags a day, previous week. The supplies were 0.60 -0.70 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 4,065 – 4,085 a quintal compared to Rs 4,255 – 4,425 a quintal during the corresponding period last year at the benchmark, Jaipur.

At NCDEX futures, the seed prices at March contract ended lower at 4066/Qtl compared to 4143/Qtl previous week.

The area coverage under rapeseed, as on 12 January, is reported down 5.03% at 66.38 lakh hectares compared to 69.90 lakh hectares at the same period last year.

Crop	As on 12 Jan. 2018	As on 12 Jan. 2017	% Chg.
Rapeseed/Mustard	66.38	69.90	-5.03
Groundnut	5.13	4.51	13.73
Safflower	0.79	1.03	-23.10
Sunflower	1.59	1.46	8.63
Sesamum	0.45	0.49	-9.31
Linseed	3.95	3.71	6.64
Total Oilseeds	78.62	81.61	-5.03

Source: Government of India

The total sown area under *rabi* oilseeds, as on 12 January, is lower compared to the previous year's level which is down by 5.03% at 78.62 lakh hectares compared to 81.61 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.

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 November.

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 November edible oil imports rose 5.97 percent y-o-y to 12.25 lakh tons from 11.56 lakh tons in November 2016. Palm oil imports in November fell 10.5 percent y-o-y to 7.17 lakh tons from 8.01 lakh tons in November 2016. CPO Imports rose marginally y-o-y to 5.60 lakh tons from 5.57 lakh tons in November 2016. RBD palmolein imports fell 39 percent y-o-y to 1.47 lakh tons from 2.41 lakh tons in November 2016. Soy oil imports rose 67 percent y-o-y to 2.74 lakh tons from 1.64 lakh tons in November 2016. Sunflower oil imports rose 32.99 percent y-o-y to 1.94 lakh tons from 1.58 lakh tons in November 2016. Rapeseed (canola) oil imports in November rose 28.1 percent to 0.41 lakh tons compared 0.32 lakh tons in November 2016.

According to Solvent Extractors Association (SEA), India's November edible oil stocks at ports and pipelines fell 3.28 percent m-o-m to 22.67 lakh tons from 23.44 lakh tons in October 2017. Stocks of edible oil at ports fell to 847,000 tons (CPO 345,000 tons, RBD Palmolein 115,000 tons, Degummed Soybean Oil 200,000 tons, Crude Sunflower Oil 180,000 tons and 7,000 tons of Rapeseed (Canola) Oil) and about 1,420,000 tons in pipelines.

India is presently holding 38 days of edible oil requirement on 1st December, 2017 at 22.67 lakh tons compared to 39 days of requirements last month at 23.44 lakh tons. India's monthly edible oil requirement is 18.0 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 January 1-10 palm oil exports fell 1.4 percent to 359,346 tons compared to 364,277 tons in corresponding period last month. Top buyers are European Union at 82,053 tons (98,252 tons), India & subcontinent at 73,380 tons (68,880 tons), tons and China at 57,950 tons (40,460 tons). Values in brackets are figures of corresponding period last month.

According to cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's December palm oil exports rose 9.8 percent to 1,439,477 tons compared to 1,311,012 tons last month. Top buyers are European Union at 340,262 tons (246,561 tons), China at 198,728 tons (236,606 tons), India at 87,260 tons (112,960 tons), United States at 97,705 tons (69,225 tons), and Pakistan at 42,000 tons (69,450 tons). Values in brackets are figures of last month.

According to Malaysia Palm Oil Board (MPOB), Malaysia's December palm oil stocks rose 6.97 percent to 27.32 lakh tons compared to 25.54 lakh tons in November. Production of palm oil in December fell 5.59 percent to 18.34 lakh tons compared to 19.43 lakh tons in November. Exports of palm oil in December rose 4.91 percent to 14.23 lakh tons compared to 13.57 lakh tons in November. Imports of palm oil in December fell 50.34 percent to 0.14 lakh tons compared to 0.30 lakh tons in November. Rise in palm oil end stocks in December was above trade estimates.

According to Malaysia's Plantation industries and commodities minister, Malaysia is estimated to produce over 20 MMT in 2018 from 19.5 MMT in 2017. Palm oil prices are estimated to average between 2,600-2,700 ringgit a ton in 2018.

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 January crude palm oil export duty to zero, unchanged from last month. This is the ninth consecutive month of zero tax. Reference prices of export tax are set at USD 750 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 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.

According to China's General Administration of Customs (CNGOIC), China's November palm oil imports rose 22.57 percent to 5.47 lakh tons compared to November 2016. Year to date imports of palm oil rose 18.77 percent to 45.12 lakh tons compared to corresponding period last year. Imports from Indonesia in November rose 42.47 percent to 3.75 lakh tons compared to November 2016. Year to date imports of palm oil from Indonesia rose 31.37 percent to 28.51 lakh tons compared to corresponding period last year. Imports from Malaysia in November fell 49.59 percent to 6.13 lakh tons compared to November 2016. Year to date imports rose 2.23 percent from Malaysia to 16.60 lakh tons compared to corresponding period last year.

Outlook: The rapeseed-mustard is likely to notice range –bound to weak tone amid lack of demand from the retailers and overall weak tone in edible oils.

Technical Analysis:

NCDEX RM Seed Futures



*Note: Daily Chart

RM Seed Spot, Jaipur



Support & Resistance NCDEX RM Seed – Apr. contract

S1	S2	PCP	R1	R2
3950	3900	4066	4200	4250

- Downward movement witnessed in RM seed.
- Prices closed below 18-day EMA.
- RSI is declining and stochastic is increasing in the neutral zone.
- MACD is declining in the negative territory.
- The prices are expected to feature range-bound movement with weak bias, during the week.
- Trade Recommendation (NCDEX Rapeseed-Mustard – Apr) Week: **SELL** Below 4100. Levels: Target – 4000; T2- 3950, SL –4160.

Annexure

Oilseed Prices at Key Spot Markets:

Commodity / Centre	Prices (Rs/Qtl)				Change
Soybean	12-Jan-18		5-Jan-18		
Indore –Plant	3200	3280	3100	3200	80
Indore–Mandi	3100	3250	2975	3125	125
Nagpur-Plant	3170	3280	3100	3220	60
Nagpur – Mandi	2800	3175	2800	3100	75
Latur – Mandi	3000	3205	2850	3060	145
Kota-Plant	3200	3250	3150	3250	Unch
Kota – Mandi	3100	3200	3100	3150	50
Bundi-Plant	3200	3300	3050	3100	200
Bundi-Mandi	3100	3250	2950	3060	190
Baran-Plant	3150	3250	3075	3200	50
Baran-Mandi	3000	3075	2925	2960	115
Bhawani Mandi Jhalawar–Kota-Plant Delivery	3150	3225	3100	3175	50
Jhalwar-Mandi	3100	3130	3000	3080	50
Rapeseed/Mustard					
Jaipur-(Condition)(New Crop)	4045	4050	4080	4085	-35
Alwar-(Condition)(New Crop)	3800	3850	3900	3950	-100
SriGanganagar-(Non-Condition-Unpaid)	3630	3650	3580	3695	-45
New Delhi–(Condition)(New Crop)	3825	3840	3860	3875	-35
Kota-Non-(Condition)(New Crop)	3450	3550	3500	3650	-100
Agra-(Condition)(New Crop)	4300	4350	4350	4450	-100
Neewai(New Crop)	3900	3950	3950	4000	-50
Hapur (UP)(New Crop)	3700	3800	3750	3850	-50
Groundnut Seed					
Rajkot	810	810	800	800	10
Sunflower Seed					
Gulbarga	2452	2954	2412	2935	19
Latur	NA	NA	NA	NA	-
Sholapur(New Crop)	NA	NA	NA	NA	-
Sesame Seed					
Mumbai (White98/2/1	8300	8300	8300	8300	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
		6th to 12th January 2018	30th December to 5th January 2018	
Soybean				
	Madhya Pradesh	595000	555000	40000
	Maharashtra	770000	550000	220000
	Rajasthan	240000	173000	67000
	Bundi (Raj)	1650	1300	350
	Baran (Raj)	15000	11000	4000
	Jhalawar (Raj)	6400	4800	1600
Rapeseed/Mustard	Rajasthan	385000	315000	70000

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 0.57 vs 0.71 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

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