

Oilseeds Weekly Research Report

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Executive Summary

Soybean witnessed positive tone during the week continuing the uptrend and crossed above 3600 levels. Lower arrivals in the mandis, good demand from the crushers and firm tone of soybean at CBOT added to the positive tone of the market. Soybean at CBOT recorded gains during the week following dry weather in the soybean growing regions of Argentina and slow harvesting in Brazil. Acreage under soybean and yield is likely to decline in Argentina following the dry weather in the growing regions. Though harvesting is currently progressing slowly in Brazil, it is expected to harvest another record crop this season.

There is good demand from the crushers in the domestic market and lower availability is adding to the firm tone of the market. All India average arrival of soybean per day was reported to be around 2.00 -2.50 lakh bags during the week.

Informa has reduced U.S. soybean acreage in 2017/18 to 91.197 million acres compared to the previous estimate of 91.387 million acres. U.S. soybean is facing stiff competition from Brazilian soybean in terms of protein content. China purchased more soybean from Brazil during 2017. Dry weather in Argentina continues to remain positive factor for the market. The weekly export sales of soybean released by the USDA were below market expectation and lower compared to previous week.

Soy meal prices continued positive tone during the week and have crossed 30,000 levels in the domestic market. Good demand in the domestic and export market supported prices during the week. Firm tone of soya meal at CBOT added to the positive tone of the market.

Rapeseed prices noticed recovery during the week amid overall firm tone of edible oils in the domestic market. Positive tone of soy complex at CBOT and palm oil at BMD supported the market. Rabi mustard seed acreage is lower till date compared to previous year.

Record supply 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 amid lower arrivals in the mandis, good demand from the crushers and positive tone of soybean at CBOT. Soybean at CBOT closed higher amid dry weather in the soybean growing regions of Argentina and slow harvesting in Brazil. Acreage under soybean and yield is likely to decline further in Argentina. The weekly export sales of soybean released by the USDA were lower compared to previous week. Though harvesting is progressing slowly in Brazil, it is expected to harvest another record crop this season. The prices are expected to feature range bound movement with firm bias between the price band of 3700 – 4000 level (Indore, Plant basis).

Outlook – Soy meal (Spot, Indore): Soy meal noticed firm tone during the week and crossed 30,000 levels amid good demand in the domestic and export market. Lower soybean production this season will translate into lower soy meal production this season. According to industry sources in the current year 2017 -18, soy meal exports are likely to decline by one-fifth due to higher prices ruling in the domestic market currently. Soy meal, Indore is expected to be in the range of 30,000 – 33,000/MT levels during the week.

Outlook - Rapeseed-Mustard (Spot, Jaipur basis): The rapeseed-mustard witnessed recovery during the week amid support from edible oils in the domestic and global market. Good demand around current levels lends some support to 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 firm bias and witness the levels between 4000 – 4150/Qtl; levels during the week.

International Highlights

- ❖ According to IMEA, an agricultural research body in Brazil, harvesting in the main producing state of Mato Grosso has reached 3.29 per cent of the planted area as on 19 January, 2018 compared to 11.49 per cent previous year during the same time and below five year average of 7.17 per cent. Mato Grosso is normally the first state to start harvesting in Brazil. It is expected to produce 30.6 MMT of soybeans in the current season, or more than a quarter of the country's total output. According to farmers bumper crop is expected this season amid good yields.
- ❖ In Mato Grosso, one of the major soybean producing regions in Brazil, soybean yield is expected to be higher this season though drought delayed plantings and rains affected harvesting in some areas. The average yields are expected to rise to 53 -60 kg bags per hectare from 51.5 bags previous year according to cultivators in the area.
- ❖ Informa lowered U.S. soybean acreage in 2017/18 to 91.197 million acres compared to its previous estimates of 91.387 million acres. According to USDA in 2017 U.S. soybean farmers had planted an all –time high of 90.142 million acres.
- ❖ According to the General Administration of Customs, China imported 329,725 metric tonnes of rapeseed in December 2017, an increase of 36.75 per cent compared to previous month. Imports were 33 per cent higher compared to the same period year to date previous year. It imported 1,708 metric tonnes of soy meal in December 2017, a decline of 48.39 per cent compared to previous month. Imports were 328 per cent higher compared to the same period year to date previous year. Imports of rapeseed meal were recorded lower at 55,924 metric tonnes compared to same period previous year.
- ❖ Brazil's share of soybean exports to China reached record level in 2017. China is the world's top buyer of soybean, which imports 60 per cent of the soybeans traded worldwide. China bought 50.93 MMT of soybean from Brazil in 2017, accounting for 53.3 percent of total purchases, according to the recently released customs data. Brazil's soybean is often cheaper and contains more protein compared to U.S. soybean.
- ❖ Net sales of 616,300 MT for 2017/2018 were down 50 percent from the previous week and 24 percent from the prior 4-week average. Increases were reported for China (142,500 MT, including 63,000 MT switched from unknown destinations and decreases of 5,400 MT), Egypt (110,000 MT), Thailand (106,900 MT,

including 71,400 MT switched from unknown destinations and decreases of 100 MT), Mexico (86,500 MT, including decreases of 8,700 MT), and Indonesia (82,500 MT, including 50,000 MT switched from unknown destinations and decreases of 800 MT) during the week January 12 -18, 2018. Reductions were reported for unknown destinations (78,000 MT), Honduras (13,500 MT), and Colombia (500 MT). For 2018/2019, net sales of 143,100 MT were reported for unknown destinations (130,000 MT) and Japan (13,100 MT). Exports of 1,243,700 MT were up 6 percent from the previous week, but down 3 percent from the prior 4-week average. The primary destinations were China (517,600 MT), Thailand (172,800 MT), Pakistan (138,300 MT), Indonesia (72,100 MT), and Spain (71,500 MT). The current week's net sales are higher compared to net sales of 1,240,200 MT during the previous week.

Soybean

Soybean witnessed positive tone during the week amid lower arrivals in the mandis, good demand from the crushers and positive tone of soybean at CBOT. Soybean at CBOT closed higher following dry weather in the soybean growing regions of Argentina and slow harvesting progress in Brazil. Soybean acreage and yield in Argentina is expected to decline further following dry weather in the growing regions. Though harvesting is progressing slowly in Brazil, it is expected to harvest another record crop this season. Farmers in Brazil are holding the crop and selling in less quantity anticipating higher prices in the future. The weekly export sales of soybean released by the USDA were lower compared to previous week.

There is good demand from the crushers in the domestic market and lower availability is adding to the firm tone of the market. All India average arrival of soybean per day was reported to be around 2.00 -2.5 lakh bags during the week.

The total weekly soybean arrivals in the cash markets of Madhya Pradesh are reported at 4,25,000 bags compared to 2,75,000 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	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 19th January 2018, is lower compared to the previous year's level which is down by 5.01% at 79.11 lakh hectares compared to 82.08 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 lower in the key markets of Madhya Pradesh, Maharashtra and Rajasthan during the week.

The domestic soybean prices are likely to witness range –bound to firm tone amid good demand in the domestic market.

International:

The international benchmark, CBOT soybean closed higher on dry weather in the soybean growing regions of Argentina and weakness in dollar.

At CBOT, the soybean, in the most active March contract, ended higher at US \$ 9.86/bushel compared to US \$ 9.77/bushel last week.

Net sales of 616,300 MT for 2017/2018 were down 50 percent from the previous week and 24 percent from the prior 4-week average. Increases were reported for China (142,500 MT, including 63,000 MT switched from unknown destinations and decreases of 5,400 MT), Egypt (110,000 MT), Thailand (106,900 MT, including 71,400 MT switched from unknown destinations and decreases of 100 MT), Mexico (86,500 MT, including decreases of 8,700 MT), and Indonesia (82,500 MT, including 50,000 MT switched from unknown destinations and decreases of 800 MT) during the week January 12 -18, 2018. Reductions were reported for unknown destinations (78,000 MT), Honduras (13,500 MT), and Colombia (500 MT). For 2018/2019, net sales of 143,100 MT were reported for unknown destinations (130,000 MT) and Japan (13,100 MT). Exports of 1,243,700 MT were up 6 percent from the previous week, but down 3 percent from the prior 4-week average. The primary destinations were China (517,600 MT), Thailand (172,800 MT), Pakistan (138,300 MT), Indonesia (72,100 MT), and Spain (71,500 MT). The current week's net sales are higher compared to net sales of 1,240,200 MT during the previous week.

Previous updates

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.

According to the data released by the General Administration of Customs, China's import of soybean increased by 13.9 per cent to 95.54 MMT in 2017 compared to 83.91 MMT during previous year. Good demand from the crushers ahead of Lunar New Year added to the imports.

According to National Oilseed Processors Association (NOPA), U.S. December soybean crush rose 3.87 percent to a record level of 166.382 million bushels from 160.176 million bushels in December 2016 amid record –large stockpiles of soybean. Crush of soybean in November 2017 was 163.546 million bushels. Soy oil stocks in U.S. at the end of December increased to 1.538 billion lbs compared to 1.326 billion lbs in end November 2017. Soy meal exports during the month increased to 926,174 metric tonnes, up from 896,145 metric tonnes in November and 896,145 metric tonnes during the same period previous year.

In Mato Grosso, one of the major soybean growing regions in Brazil, farmers have sold less new soybean crop as they are hoping for better prices in the future. Overall the farmers have sold 42 per cent of the expected harvest of 30.6 MMT soybean in the state. According to agricultural research institute, IMEA this is 13 per cent below the average of the previous five years harvests.

According to the Buenos Aires Exchange, soybean acreage in Argentina could decline further amid planting delays on dry weather in the growing regions. Last week, the exchange had estimated soybean acreage at 18 million acres in 2017/18. According to the exchange, Argentine farmers had planted 96.7 percent of the total area planned for 2017/18 soybeans nationwide.

According to Conab, Brazilian soybean output in 2017/18 has been increased by 1.2 MMT to 110.4 MMT in the latest monthly report compared to previous month's estimates. Output estimates are likely to increase in the forthcoming reports amid beneficial rains since early November in the growing regions.

Though the consumption of meat, poultry and dairy products are increasing, U.S. soybean farmers are losing 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 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.

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 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 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.

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 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.

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 firm tone amid dry weather in the soybean growing regions of Argentina and slow harvesting progress in Brazil.

Soy meal

Soy meal noticed firm tone during the week amid good demand in the domestic market and positive tone of soy meal at CBOT.

Soy meal ready for delivery in PP bags at Latur was quoted at 31500+GST by Dhanraj. However, it was quoted at 32000+GST at Latur by Octagon for February 1 -15 delivery with 46% protein content, 32700 with 47% protein content and 33200+GST with 48% protein content.

India's soy meal export is likely to decline by a fifth in the current year 2017/18. Rally in local soybean prices and firmer rupee makes Indian soy meal unattractive in the global market. This is likely to help other major producers of soy meal like U.S., Argentina and Brazil. The country's soy meal exports could fall to 1.4 MMT to 1.6 MMT in the 2017/18 marketing year which started on Oct. 1 compared to 2 MMT previous year according to industry sources.

India has been a major supplier to countries like Japan, Bangladesh, Nepal and Vietnam, where its meal is sought because of lower freight rates and the ability to supply small quantities according to an official at Solvent Extractor's Association Of India. Rupee is at around 30 month's high and soybean prices in the domestic market have increased by nearly 15% to Rs. 3300/Qtl levels in the last two months.

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 increased in international market, during the week.

CBOT soy meal March contract settled at US \$ 335.70 per short ton compared to US \$ 331.60 per short ton last week.

Net sales of 223,100 MT for 2017/2018 were down 21 percent from the previous week, but unchanged from the prior 4-week average. Increases were reported for Guatemala (60,100 MT, including 8,600 MT switched from unknown destinations and decreases of 1,100 MT), Mexico (46,400 MT, including decreases of 32,400 MT), Vietnam (25,000 MT), Egypt (20,000 MT), and Honduras (17,100 MT) during the week January 12 -18, 2018. Reductions were reported for unknown destinations (17,500 MT) and Morocco (6,000 MT). For 2018/2019, net sales of 1,000 MT were reported for Mexico. Exports of 196,800 MT were up 4 percent from the previous week and 3 percent from the prior 4-week average. The primary destinations were Thailand (45,200 MT), Ecuador (32,100 MT), Mexico (29,300 MT), Colombia (25,400 MT), and Canada (17,600 MT). The current week's net sales for 2017/18 are lower compared to net sales of 281,800 MT during the previous week.

The domestic soy meal prices at Indore, were quoted at Rs 26,500 – 30,500/MT compared to Rs. 26,000/MT - 26,500/MT in previous week. At Latur and Nanded, Maharashtra, soy meal noticed firm tone and were quoted at Rs 32,000/MT and 29,000/MT respectively compared to Rs 30,500/MT in Indore and Rs 31,000/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 higher between Rs 26,500 – 30,500/MT during the week compared to Rs 23,000 – 23,625/MT during the corresponding period last year.

The soy meal prices are likely to feature range-bound movement with firm bias on good buying interest in the domestic 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
3550	3450	3673	3800	4000

- Soybean noticed range –bound to firm tone, during the week.
- Prices closed above 18-day EMA.
- RSI is declining and stochastic is increasing 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 3600. Levels: T1 – 3700; T2- 3750, SL - 3540.

Rapeseed - Mustard Seed

The domestic rapeseed-mustard witnessed recovery during the week amid overall firm tone of edible oils in the domestic market. Positive tone of soybean at CBOT and palm oil at BMD added to the positive tone of the 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 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 1.25 – 1.45 lakh bags in a day compared to around 1.15 – 1.40 bags a day, previous week. The supplies were 0.50 -0.75 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 4,015 – 4,075 a quintal compared to Rs 4,200 – 4,360 a quintal during the corresponding period last year at the benchmark, Jaipur.

At NCDEX futures, the seed prices at April contract ended higher at 4129/Qtl compared to 4039/Qtl previous week.

The area coverage under rapeseed, as on 19 January, is reported down 5.01% at 66.60 lakh hectares compared to 70.12 lakh hectares at the same period last year.

Crop	As on 19 Jan. 2018	As on 19 Jan. 2017	% Chg.
Rapeseed/Mustard	66.60	70.12	-5.01
Groundnut	5.32	4.59	15.95
Safflower	0.79	1.04	-24.13
Sunflower	1.61	1.47	9.44
Sesamum	0.48	0.52	-8.02
Linseed	3.96	3.75	5.59
Total Oilseeds	79.11	82.08	-5.01

Source: Government of India

The total sown area under *rabi* oilseeds, as on 19 January, is lower compared to the previous year's level which is down by 5.01% at 79.11 lakh hectares compared to 82.08 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 December edible oil imports fell 9.88 percent y-o-y to 10.58 lakh tons from 11.74 lakh tons in December 2016. Palm oil imports in December fell marginally y-o-y to 7.22 lakh tons from 7.23 lakh tons in December 2016. CPO Imports rose 28.5 percent y-o-y to 6.08 lakh tons from 4.73 lakh tons in December 2016. RBD palmolein imports fell 40.2 percent y-o-y to 1.07 lakh tons from 2.46 lakh tons in December 2016. Soy oil imports fell 65 percent y-o-y to 0.79 lakh tons from 2.32 lakh tons in December 2016. Sunflower oil imports rose 27.4 percent y-o-y to 2.37 lakh tons from 1.86 lakh tons in December 2016. Rapeseed (canola) oil imports in December fell 39.4 percent to 0.20 lakh tons compared 0.33 lakh tons in December 2016.

According to Solvent Extractors Association (SEA), India's December edible oil stocks at ports and pipelines fell 4.18 percent m-o-m to 21.76 lakh tons from 22.67 lakh tons in November 2017. Stocks of edible oil at ports fell to 876,000 tons (CPO 345,000 tons, RBD Palmolein 130,000 tons, Degummed Soybean Oil 200,000 tons, Crude Sunflower Oil 185,000 tons and 16,000 tons of Rapeseed (Canola) Oil) and about 1,300,000 tons in pipelines (stocks at ports were 847,000 tons in November 2017). India is presently holding 36 days of edible oil requirement on 1st January, 2018 at 21.76 lakh tons compared to 38 days of requirements last month at 23.44 lakh tons. India's monthly edible oil requirement is 18.0 lakh tons.

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 January review, India's 2017/18 imports of palm oil is hiked 0.3 MMT to 10.2 MMT from 9.9 MMT in its earlier review. Consumption of palm oil in India in 2017/18 is increased to 10.3 MMT from 10.1 MMT in its earlier review. End stocks of palm oil in India in 2017/18 is increased 0.41 MMT to 0.90 MMT from 0.449 MMT.

According to United States Department of Agriculture (USDA) January estimate, U.S 2017/18 ending stock of soy oil is reduced to 1.536 million lbs compared to at 1,616 million lbs compared to its earlier estimate. Opening stocks are unchanged at 1,711 million lbs. Production of soy oil in 2017/18 is increased to 22,525 million lbs compared to 22,505 million lbs in its earlier estimate. Imports in 2017/18 were unchanged at 300 million. Biodiesel use estimate in 2017/18 is unchanged at 7,500 million lbs. Food, feed and other industrial use in 2017/18 is increased to 13,600 million lbs compared to 13,500 million lbs in its earlier estimate. Exports in 2017/18 estimate are kept unchanged at 1.900 million lbs compared to its earlier estimate. Average price range estimate is reduced to 32-35 cents/lbs in 2017/18 compared to 32.5-36.5 cents/lbs in its earlier estimate.

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According to United States Department of Agriculture (USDA) in its January review, India's 2017/18 imports of soy oil is reduced 0.3 MMT to 3.8 MMT from 4.1 MMT in its earlier review. Consumption of soy oil in India in 2017/18 is reduced to 5.4 MMT from 5.6 MMT in its earlier review. End stocks of soy oil in India in 2017/18 is decreased 0.10 MMT to 0.320 MMT from 0.420 MMT in its earlier estimate.

According to cargo surveyor Intertek Testing Services (ITS), Malaysia's January 1-25 palm oil exports fell 7.0 percent to 1,013,897 tons compared to 1,090,622 tons in corresponding period last month. Top buyers are European Union at 273,638 tons (302,297 tons), India & subcontinent at 193,210 tons (135,130 tons) and China at 158,550 tons (162,100 tons). Values in brackets are figures of corresponding period last month.

According to cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's January 1-25 palm oil exports fell 6.8 percent to 1,032,615 tons compared to 1,108,189 tons in corresponding period last month. Top buyers are European Union at 204,215 tons (284,807 tons), India at 172,428 tons (87,260 tons), China at 103,100 tons (154,428 tons), United States at 91,019 tons (88,705 tons) and Pakistan at 33,500 tons (42,000 tons). Values in brackets are figures of corresponding period 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 Palm Oil Board (MPOB), Malaysia's 2018 production is estimated to grow 3 percent to 20.5 MMT from 19.9 MMT in 2017. Malaysia's 2018 exports are estimated to rise 5.1 percent to 17.4 MMT. MPOB estimates palm oil stocks to fall 15.8 percent to 2.3 MMT.

According to Malaysian government, Malaysia has removed export duty on crude palm oil for three months starting January 8 to support prices. If stocks fall below 1.6 MMT before three months then export duty may be imposed earlier than three months, according to Malaysia's minister of plantation industries. The step has been taken to reduce stocks of palm oil in the country.

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 oleo chemicals) 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 December palm oil imports fell 16.53 percent to 5.67 lakh tons compared to December 2016. Imports of palm oil in 2017 rose 13.42 percent to 50.79 lakh tons compared to 2016. Imports from Indonesia in December fell 23.03 percent to 3.65 lakh tons compared to December 2016. Imports of palm oil in 2017 from Indonesia rose 21.62 percent to 32.15 lakh tons compared to 2016. Imports from Malaysia in December fell 1.62 percent to 2.02 lakh tons compared to December 2016. Imports of palm oil in 2017 from Malaysia rose 1.8 percent to 18.62 lakh tons compared to 2016.

Outlook: The rapeseed-mustard is likely to witness range –bound to firm tone amid overall firm tone of edible oils in the domestic and global market.

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
3900	3850	4123	4250	4300

- Upward movement witnessed in RM seed.
- Prices closed above 18-day EMA.
- RSI and stochastic are increasing in the neutral zone.
- MACD is increasing in the negative territory.
- The prices are expected to feature range-bound movement with firm bias, during the week.
- Trade Recommendation (NCDEX Rapeseed-Mustard – Apr) Week: **BUY** Above 4075. Levels: Target – 4175; T2- 4225, SL –4015.

Annexure

Oilseed Prices at Key Spot Markets:

Commodity / Centre	Prices (Rs/Qtl)				Change
Soybean	25-Jan-18		19-Jan-18		
Indore –Plant	3500	3700	3375	3400	300
Indore–Mandi	3400	3600	3200	3400	200
Nagpur-Plant	3480	3550	3350	3400	150
Nagpur – Mandi	3200	3550	3000	3350	200
Latur – Mandi	3550	3780	2970	3205	575
Kota-Plant	3600	3700	3300	3400	300
Kota – Mandi	3500	3600	3250	3350	250
Bundi-Plant	3300	3350	3300	3350	Unch
Bundi-Mandi	Closed	Closed	3150	3225	-
Baran-Plant	3500	3700	3300	3400	300
Baran-Mandi	3450	3650	2950	3200	450
Bhawani Mandi Jhalawar–Kota-Plant Delivery	3500	3600	3150	3250	350
Jhalwar-Mandi	3400	3550	3100	3200	350
Rapeseed/Mustard					
Jaipur-(Condition)(New Crop)	4070	4075	4045	4050	25
Alwar-(Condition)(New Crop)	3800	3900	3800	3850	50
SriGanganagar-(Non-Condition-Unpaid)	3650	3720	3630	3650	70
New Delhi–(Condition)(New Crop)	3800	3850	3825	3840	10
Kota-Non-(Condition)(New Crop)	3550	3650	3450	3550	100
Agra-(Condition)(New Crop)	4300	4425	4300	4350	75
Neewai(New Crop)	3950	4000	3900	3950	50
Hapur (UP)(New Crop)	3800	3850	3700	3800	50
Groundnut Seed					
Rajkot	NR	NR	810	810	-
Sunflower Seed					
Gulbarga	2754	3002	2452	2954	48
Latur	NA	NA	NA	NA	-
Sholapur(New Crop)	NA	NA	NA	NA	-
Sesame Seed					
Mumbai (White98/2/1	8800	8800	8300	8300	500

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
		20th to 25th January 2018	13th to 19th January 2018	
Soybean				
	Madhya Pradesh	425000	275000	150000
	Maharashtra	480000	510000	-30000
	Rajasthan	155000	180000	-25000
	Bundi (Raj)	Closed	1200	-
	Baran (Raj)	9400	8200	1200
	Jhalawar (Raj)	3000	4200	-1200
Rapeseed/Mustard	Rajasthan	305000	350000	-45000

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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