

Oilseeds Weekly Research Report

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Executive Summary

Soybean noticed range –bound to firm tone during the week amid lower availability in the domestic market and spillover support from soy complex at CBOT. Soybean at CBOT closed higher amid dry weather in the soybean growing regions of Argentina, which is likely to reduce output further. Weather is expected to be dry in the next few weeks. Heavy rain in the soybean growing regions of Brazil is delaying harvesting. In certain areas, the soybean seed has germinated and it will lead to low oil content and less protein content. The weekly export sales of soybean released by the USDA, were below previous week's level. At the annual outlook forum, the USDA has slightly reduced U.S. soybean acreage in 2018-19 compared to previous year.

In the domestic market, there is lower availability of soybean following decline in output this season. Positive tone of soybean at CBOT continues to remain positive factor for the market. All India average arrival of soybean per day was around 1.20 -1.40 lakh bags.

Various exchanges and official sources are reducing soybean output further in Argentina following dry weather. According to the latest weekly report released by Buenos Aires Exchange, production has been estimated at 47 MMT compared to previous estimates of 50 MMT. Excessive rain in Brazil has slowed down harvesting and is affecting the quality of soybean crop. The weekly export sales of soybean released by the USDA are estimated at 0.109 MMT, below previous week's levels.

Soy meal prices witnessed easy tone, losing the recent gains, to certain extent. Lack of demand from the poultry sector around higher levels, weighed on the market. However, prices are expected to recover in the coming days amid lower availability in the domestic market and spillover support from soy meal at CBOT.

Rapeseed prices noticed positive tone during the week amid recovery in edible oils in the domestic market and positive tone of palm oil at BMD. New crop arrival has started in certain mandis. Rain expected in Rajasthan and Madhya Pradesh is likely to affect arrival to certain extent.

In the global market, overall bearish supply scenario will weigh on the market in the coming days.

Outlook – Cash Market

Outlook - Soybean (Spot, Indore): The soybean noticed firm tone during the week on lower availability in the domestic market and positive tone of soy complex at CBOT. Soybean at CBOT noticed upside movement amid dry weather in Argentina and heavy rainfall in Brazil. At the annual outlook forum, the USDA has slightly reduced U.S. soybean acreage in 2018-19. The weekly export sales released by the USDA are below previous week's level. The prices are expected to feature range bound movement with firm bias between the price band of 3700 – 4100 level (Indore, Plant basis).

Outlook – Soy meal (Spot, Indore): Soy meal witnessed easy tone loosing the recent gains to certain extent, amid lack of demand from the poultry sector in the domestic market around higher levels. However, prices are expected to recover in the coming days on lower availability in the domestic market and spillover support from soy meal at CBOT. Lower production of soybean this season will translate into lower soy meal production. According to industry sources, soy meal exports 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 29,000 – 32,000/MT levels during the week.

Outlook - Rapeseed-Mustard (Spot, Jaipur basis): The rapeseed-mustard witnessed positive tone on overall firm tone of edible oils in the domestic market and positive tone of palm oil at BMD. New crop arrival has started in certain mandis and is expected to pick up in the coming days. Rabi sowing of rapeseed is lower by around 5.0% this season compared to previous year. The seed prices are likely to feature range-bound movement with firm bias and witness the levels between 4000 – 4200/Qtl; levels during the week.

International Highlights

- ❖ According to consultancy, AgRural farmers in Brazil have harvested 17 per cent of the soybean area in 2017 -18 season as on 16, February 2018. Harvesting is mainly slow in the state of Parana, where only 5 per cent of the area had been harvested compared to 20 per cent previous year.
- ❖ According to the Rosario Grains Exchange, soybean output of Argentina in 2017 -18 could be less than 50 MMT, as prolonged drought is likely to affect yield. No significant rains are expected in the next few weeks, which is likely to affect the crop further. There could be some very isolated rains in between, which will not be beneficial for the crop.
- ❖ According to sources, Brazilian soybean has started germination in the field due to recent heavy rain. This will lead to low oil percentage and less protein content.
- ❖ According to consultancy, Safras & Mercado, soybean output in 2017 -18 is estimated at a record 115.6 MMT due to better than expected yield in Southeast and Midwest states. In the previous forecast in December, output was estimated at 114.56 MMT.
- ❖ Dry weather in Argentina since November is likely to reduce soybean yield further. Initially production was estimated at 57 MMT for 2017 -18. Recent estimates were around 50 MMT. Currently analysts and farmers feel that the crop could be around 45 -47MMT. Crop size will depend on further progress of weather in the coming days.
- ❖ In Parana, the second largest grain producing state of Brazil, soybean harvesting reached 9 per cent of the planted area as on 22 February, 2018 compared to 31 per cent in the previous year.
- ❖ At ongoing annual outlook forum, USDA has projected soybean acreage in 2018-19 at 90.0 million acres compared to 90.1 million acres in the previous year. Analyst's average estimates of soybean acreage was at 90.60 million acres.
- ❖ According to the latest weekly report of Buenos Aires Exchange, soybean crop in Argentina is estimated at 47 MMT compared to previous estimates of 50 MMT. Drought in the soybean growing regions is affecting soybean crop.
- ❖ The IGC has reduced the global soybean output in 2017/18 by 2 MMT to 347 MMT from its previous estimates following lower production in Argentina. Global soybean production in 2017/18 is still below the

2016/17 record crop of 351 MMT. The global harvested area for soybean in 2018-19 is expected to increase by 2 per cent. Soybean consumption is likely to increase to 353 MMT compared to 338 MMT in 2016/17.

- ❖ Net sales reductions of 109,100 MT of soybean for 2017/2018--a marketing-year low--were down noticeably from the previous week and from the prior 4-week average. Increases were reported for Turkey (70,600 MT, including 65,000 MT switched from unknown destinations), Egypt (66,000 MT), Mexico (59,400 MT), Japan (44,400 MT, including 18,000 MT switched from unknown destinations and decreases of 8,600 MT), and Malaysia (35,700 MT, including 24,000 MT switched from unknown destinations) during the week February 09 -15, 2018. Reductions were reported for China (361,700 MT), unknown destinations (123,200 MT), and South Korea (200 MT). For 2018/2019, net sales of 222,100 MT were reported for unknown destinations (222,000 MT) and Japan (100 MT). Exports of 893,800 M--a marketing-year low--were down 35 percent from the previous week and 32 percent from the prior 4-week average. The primary destinations were China (546,500 MT), Turkey (70,600 MT), Egypt (66,000 MT), and Mexico (60,700 MT). The current week's net sales are lower compared to net sales of 640,400 MT during the previous week.

Soybean

Soybean noticed firm tone during the week on lower availability in the domestic market and positive tone of soy complex at CBOT. Soybean at CBOT noticed upside movement amid dry weather in the soybean growing regions of Argentina and rain in Brazil. Various exchanges and official sources in Argentina are reducing soybean output further amid expected dry weather in the coming weeks. Heavy rainfall in Brazil has slowed down harvesting and is likely to affect the quality of soybean crop. The weekly export sales of soybean released by the USDA are below previous week's level. At the annual outlook forum, USDA has slightly reduced U.S. soybean acreage in 2018-19 compared to previous year.

There is lower availability of soybean this season following decline in output. Positive tone of soybean at CBOT continues to remain positive factor for the market. All India average arrival of soybean was reported to be around 1.20 -1.40 lakh bags per day.

The total weekly soybean arrivals in the cash markets of Madhya Pradesh are reported at 3,00,500 bags compared to 3,30,000 bags reported in the previous week.

According to the latest survey by the Soybean Processor's Association of India (SOPA), India's soybean output in the 2017 -18 season is likely to decline by 24 per cent to 8.35 MMT compared to previous year's estimates of 10.9 MMT. Output is lower amid flood-induced crop damage in major growing states, followed by blight disease in the plants. According to industry sources, India's total acreage is down by 5 per cent this year. SOPA also estimates India's soybean meal exports at 1.25 MMT for financial year 2017-18 compared to 2 MMT reported for the previous year.

According to SOPA, the total supply of soybean has been estimated at 96.50 lakh metric tonnes for the oil year 2017 -18 in its latest estimates released in February. For the period; October -January of the current oil year, the production is estimated at 83.50 lakh metric tonnes, while the carryover from the previous year is put at 13.00 lakh metric tonnes.

The demand for crushing is likely to be around 77.50 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 3.50 lakh metric tonnes.

SOPA SOYEAN REVISED PRODUCTION ESTIMATES KHARIF 2017 As on 07.02.2018

Area in Lakh Ha, Yield in Kg. Per Hectare, Production In Lakh MT

S.No.	Division/District	Kharif 2016 Production	Kharif 2017 Production
1	Madhya Pradesh	54.01	42.00
2	Maharashtra	35.81	29.00
3	Rajasthan	9.81	7.50
4	Andhra Pradesh & Telangana	2.99	1.06

5	Karnataka	3.24	1.73
6	Chattisgarh	1.34	0.86
7	Gujarat	1.38	0.89
8	Rest Of India	1.13	0.46
	Grand Total	109.71	83.50

As per Agriwatch estimates, soybean production in the current kharif season was estimated 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 9th February 2018, is lower compared to the previous year's level which is down by 5.27% at 80.87 lakh hectares compared to 84.85 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 market of Madhya Pradesh and higher in the state of Rajasthan during the week.

The domestic soybean prices are likely to notice range –bound to firm tone amid lower arrivals in the mandis and positive tone of soybean at CBOT.

International:

The international benchmark, CBOT soybean closed higher on dry weather in the soybean growing regions of Argentina and slow harvesting in Brazil.

At CBOT, the soybean, in the most active Ma7 contract, ended higher at US \$ 10.48/bushel compared to US \$ 10.33/bushel last week.

Net sales reductions of 109,100 MT of soybean for 2017/2018--a marketing-year low--were down noticeably from the previous week and from the prior 4-week average. Increases were reported for Turkey (70,600 MT, including 65,000 MT switched from unknown destinations), Egypt (66,000 MT), Mexico (59,400 MT), Japan (44,400 MT, including 18,000 MT switched from unknown destinations and decreases of 8,600 MT), and Malaysia (35,700 MT, including 24,000 MT switched from unknown destinations) during the week February 09 -15, 2018. Reductions were reported for China (361,700 MT), unknown destinations (123,200 MT), and South Korea (200 MT). For 2018/2019, net sales of 222,100 MT were reported for unknown destinations (222,000 MT) and Japan (100 MT). Exports of 893,800 M--a marketing-year low--were down 35 percent from the previous week and 32 percent from the prior 4-week average. The primary destinations were China (546,500 MT), Turkey (70,600 MT), Egypt (66,000 MT), and Mexico (60,700 MT). The current week's net sales are lower compared to net sales of 640,400 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 imports of soybean increased by 10.7 per cent to 8.48 MMT in January 2018 compared to same corresponding period previous year and it declined by 11.20 per cent compared to December 2017. Imports declined compared to previous month following tighter specification pertaining to the import of the oilseed at the Beijing airport.

According to consultancy, AgRural farmers in Brazil have harvested 10 per cent of the soybean area in 2017 -18 season as on 10, February 2018. Harvesting is mainly slow in the state of Parana, where only 1 per cent of the area had been harvested compared to 13 per cent previous year.

Heat wave in Argentina is likely to affect soybean yield season and output could decline further. The Buenos Aires Grains Exchange reduced its soy crop estimate to 50 MMT from 51 MMT. Light rainfall is expected later in the month.

According to the Rosario Grains Exchange, soybean output of Argentina in 2017 -18 could be less than 50 MMT as prolonged drought is likely to affect yield. No significant rains are expected in the next 10-12 days, which is likely to affect the crop further. There could be some very isolated rains, which will not be beneficial for the crop.

According to experts and meteorological data, Brazil's central region which accounts for most of the country's soybean production is expected to receive heavy rainfall in the second half of February. This is likely to delay harvesting in the region and affect the quality of the crop to certain extent.

According to National Oilseed Processors Association (NOPA), U.S. January soybean crush rose to a record level of 163.111 million bushels from 162.675 million bushels in January 2017 amid record –large stockpiles of soybean. Crush of soybean in December 2017 was 166.305 million bushels. Soy meal exports in January declined to 860,416 metric tonnes, from 921,726 metric tonnes the previous month and 891,143 metric tonnes in January 2017. It was the first monthly decline in five months. Soy oil stocks as of Jan. 31 increased to an eight-month high of 1.728 billion pounds, up from 1.518 billion at the end of December.

In Ukraine, soybean area likely to decline by 14 -17% to around 1.6 million hectares in 2018. Acreage has declined following lower realisation and cancellation of a VAT refund for exports of oilseeds from September 01, 2018 by parliament.

The monthly supply and demand report monthly supply and demand report of U.S. Department of Agriculture's monthly supply and demand report for the month of February forecasts U.S. soybean stocks at 530 million bushels, up 60 million bushels from last month due to lower exports. U.S. soybean exports are forecast to decline by 60 million bushels to 2100 million bushels amid lagging sales and increased competition from Brazil. Total U.S. oilseed production for 2017/18 is projected at 131.3 MMT, unchanged from previous month's estimates. Soybean production is estimated at 4,392 million bushels, unchanged from previous month's estimates. Global oilseed production is forecast at 578.6 MMT, down 1.5 MMT mostly reflecting lower soybean production. Global oilseed ending stocks for 2017/18 are forecast at 110.4 MMT down 0.75 MMT from previous month's, mostly reflecting decreases in soybean stocks for Argentina, Bolivia, Paraguay and India.

According to the monthly crop report released by the Agriculture Ministry, Argentina's soybean acreage this season is estimated at 16.75 million hectares compared to the previous estimates of 16.8 million hectares. Acreage is estimated to be lower amid dry weather in the growing regions.

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.

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.

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 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.

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 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 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.

The international soybean prices are likely to notice range –bound to firm tone amid dry weather in Argentina and slow harvesting in Brazil..

Soy meal

Soy meal witnessed easy tone amid lack of demand from the poultry sector in the domestic market. Lack of demand around higher levels weighed on prices. However, prices are expected to recover in the coming days amid lower availability in the domestic market and spillover support from soy meal at CBOT.

Soy meal ready for delivery in PP bags at Dhule was quoted at 33300+GST by MOEPL. This is with 46.5% protein content. However, it was quoted at 34000+GST at Latur by ADM for February and March delivery. Advance deposit of 10% is required for forward contracts.

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 January 2018 stands at 2,362,049 metric tonnes as compared to 1,409,527 metric tonnes in the same corresponding period of previous year showing an increase of 68% according to data released by the Solvent Extractor's Association of India.

In the month of January 2018, export of oil meals declined by 52% to 116,150 metric tonnes compared to the same corresponding period previous year. Soy meal exports during the period April 2017 to December 2017 was reported up at 1,013,935 metric tonnes compared to 601,270 metric tonnes during the same corresponding 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 \$ 378.30 per short ton compared to US \$ 376.00 per short ton last week.

Net sales of 131,900 MT for 2017/2018 were down 37 percent from the previous week and 51 percent from the prior 4-week average. Increases were reported for the Philippines (61,200 MT), Colombia (18,200 MT, including 10,000 MT switched from unknown destinations), Vietnam (12,000 MT), Canada (6,900 MT), and Peru (6,300 MT, including 7,000 MT switched from unknown destinations and decreases of 700 MT) during the week February 09 -15, 2018. Reductions were reported for El Salvador (2,300 MT) and Nicaragua (500 MT). Exports of 329,200 MT--a marketing-year high--were up 30 percent from the previous week and 32 percent from the prior

4-week average. The primary destinations were the Philippines (144,900 MT), Thailand (53,000 MT), Mexico (34,200 MT), Canada (15,900 MT), and Peru (15,100 MT). The current week's net sales for 2017/18 are lower compared to net sales of 210,000 MT during the previous week.

The domestic soy meal prices at Indore, were quoted at Rs 30,500 – 32,000/MT compared to Rs. 31,000/MT - 32,500/MT in previous week. At Latur and Nanded, Maharashtra, soy meal noticed steady to weak tone and were quoted at Rs 35,000/MT and 33,400/MT respectively compared to Rs 30,500/MT in Indore and Rs 31,500/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 must 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 higher compared to previous year. Soy meal Indore was quoted higher between Rs 30,500 – 32,000/MT during the week compared to Rs 22,500 – 22,800/MT during the corresponding period last year.

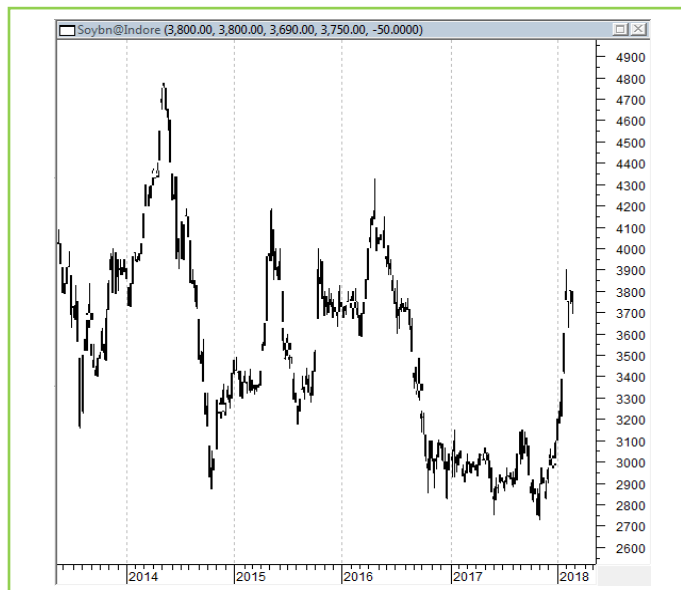
The soy meal prices are likely to notice range-bound movement with firm bias on lower availability in the domestic market.

Technical Analysis:

NCDEX Soybean Futures



Soybean Spot, Indore



*Note: Daily Chart

Support & Resistance NCDEX Soybean – Mar. contract

S1	S2	PCP	R1	R2
3550	3500	3668	3800	3900

- Soybean noticed range –bound to weak tone, during the week.
- Prices closed below 18-day EMA.
- RSI and stochastic are declining in the neutral zone.
- MACD is declining in the positive territory.
- The prices are expected to feature gain in the coming week.
- Trade Recommendation (NCDEX Soybean – Mar.): **BUY** Above 3600. Levels: T1 – 3700; T2- 3750, SL - 3540.

Rapeseed - Mustard Seed

The domestic rapeseed-mustard witnessed positive tone following overall firm tone of edible oils in the domestic market and positive tone of palm oil at BMD. New crop arrival has started in certain mandis. Rain expected in Rajasthan and Madhya Pradesh is likely to affect crop arrival to certain extent. This year rabi mustard seed acreage is lower 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 66.88 lakh hectares as on 09 February 2018 compared to 70.60 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 all India seed supplies were reported between 0.60 – 1.50 lakh bags in a day compared to around 1.00 – 1.25 bags a day, previous week. The supplies were 1.30 -2.20 lakh bags a day during the corresponding period last year.

The seed prices are higher at spot market and are quoted at around Rs 4,108 – 4,148 a quintal compared to Rs 3,908 – 4,023 a quintal during the corresponding period last year at the benchmark, Jaipur.

At NCDEX futures, the seed prices at April contract ended higher at 4150/Qtl compared to 4108/Qtl previous week.

The area coverage under rapeseed, as on 09 February, is reported down 5.27% at 66.88 lakh hectares compared to 70.60 lakh hectares at the same period last year.

Crop	As on 09 Feb. 2018	As on 09 Feb. 2018	% Chg.
Rapeseed/Mustard	66.88	70.60	-5.27
Groundnut	6.39	6.36	0.38
Safflower	0.81	1.05	-22.98
Sunflower	1.74	1.71	1.46
Sesamum	0.68	0.70	-3.43
Linseed	4.01	3.84	4.48
Total Oilseeds	80.87	84.85	-5.27

Source: Government of India

The total sown area under *rabi* oilseeds, as on 09 February, is lower compared to the previous year's level which is down by 5.27% at 80.87 lakh hectares compared to 84.85 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 January edible oil imports rose 23.22 percent y-o-y to 12.47 lakh tons from 10.12 lakh tons in January 2017. Palm oil imports in January rose 36.2 percent y-o-y to 8.35 lakh tons from 6.13 lakh tons in January 2017. CPO Imports rose 63.35 percent y-o-y to 6.73 lakh tons from 4.12 lakh tons in January 2017. RBD palmolein imports fell 40.2 percent y-o-y to 1.51 lakh tons from 1.97 lakh tons in January 2017. Soy oil imports rose 34.73 percent y-o-y to 2.25 lakh tons from 1.67 lakh tons in January 2017. Sunflower oil imports fell 20.47 percent y-o-y to 1.71 lakh tons from 2.15 lakh tons in January 2017. Rapeseed (canola) oil imports in January fell marginally to 0.17 lakh tons compared 0.18 lakh tons in January 2017.

According to Solvent Extractors Association (SEA), India's January edible oil stocks at ports and pipelines rose 0.9 percent m-o-m to 21.95 lakh tons from 21.76 lakh tons in December 2017. Stocks of edible oil at ports fell to 855,000 tons (CPO 355,000 tons, RBD Palmolein 130,000 tons, Degummed Soybean Oil 200,000 tons, Crude Sunflower Oil 160,000 tons and 10,000 tons of Rapeseed (Canola) Oil) and about 1,340,000 tons in pipelines (stocks at ports were 876,000 tons in December 2017). India is presently holding 36 days of edible oil requirement on 1st February, 2018 at 21.96 lakh tons compared to 36 days of requirements last month at 21.76 lakh tons. India's monthly edible oil requirement is 18.25 lakh tons.

According to United States Department of Agriculture (USDA) in its February review, India's 2017/18 imports of palm oil is hiked 0.4 MMT to 10.6 MMT from 10.2 MMT in its earlier review. Consumption of palm oil in India in 2017/18 is increased to 10.6 MMT from 10.3 MMT in its earlier review. End stocks of palm oil in India in 2017/18 is increased 0.1 MMT to 0.590 MMT from 0.490 MMT.

According to United States Department of Agriculture (USDA) in its February review, India's 2017/18 imports of soy oil is reduced 0.155 MMT to 3.645 MMT from 3.8 MMT in its earlier review. Consumption of soy oil in India in 2017/18 is reduced to 5.2 MMT from 5.4 MMT in its earlier review. End stocks of soy oil in India in 2017/18 are unchanged at 0.320 MMT.

According to cargo surveyor Intertek Testing Services (ITS), Malaysia's February 1-20 palm oil exports rose 8.8 percent to 791,992 tons compared to 727,958 tons in corresponding period last month. Top buyers are European Union at 240,457 tons (195,753 tons), India & subcontinent at 218,045 tons (130,710 tons) tons and China at 27,530 tons (100,650 tons). Values in brackets are figures of corresponding period last month.

According to cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's February 1-20 palm oil exports rose 9.5 percent to 815,183 tons compared to 744,706 tons in corresponding period last month. Top buyers are European Union at 237,281 tons (130,925 tons), India at 189,605 tons (107,928 tons), United States at 52,450 tons (83,019 tons), China at 46,570 tons (74,200 tons) and Pakistan at 15,000 tons (33,500 tons). Values in brackets are figures of corresponding period last month.

According to Malaysia Palm Oil Board (MPOB), Malaysia's January palm oil stocks fell 6.75 percent to 25.48 lakh tons compared to 27.32 lakh tons in December. Production of palm oil in January fell 13.49 percent to 15.87 lakh tons compared to 18.34 lakh tons in December. Exports of palm oil in January rose 6.01 percent to 15.13 lakh tons compared to 14.27 lakh tons in December. Imports of palm oil in January rose 132 percent to 0.35 lakh tons compared to 0.14 lakh tons in December. Fall in palm oil end stocks in January was below 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.

Outlook: The rapeseed-mustard is likely to witness range-bound to firm tone on good demand from the stockists in the domestic 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
4000	3950	4150	4300	4350

- Upward movement witnessed in RM seed.
- Prices closed above 18-day EMA.
- RSI and stochastic are declining in the neutral zone.
- MACD is increasing in the positive territory.
- The prices are expected to feature range-bound movement with firm bias, during the week.
- Trade Recommendation (NCDEX Rapeseed-Mustard – Apr) Week: **BUY** Above 4100. Levels: Target – 4200; T2- 4250, SL –4040.

Annexure

Oilseed Prices at Key Spot Markets:

Commodity / Centre	Prices (Rs/Qtl)				Change
Soybean	23-Feb-18		16-Feb-18		
Indore –Plant	3650	3850	3700	3775	75
Indore–Mandi	3500	3750	3500	3700	50
Nagpur-Plant	3880	3930	3870	3920	10
Nagpur – Mandi	3400	3680	3300	3750	-70
Latur – Mandi	3300	3865	3650	4000	-135
Kota-Plant	3700	3800	3600	3750	50
Kota – Mandi	3650	3700	3620	3700	Unch
Bundi-Plant	3700	3750	3600	3775	-25
Bundi-Mandi	3650	3700	3500	3680	20
Baran-Plant	3650	3700	3650	3750	-50
Baran-Mandi	3500	3600	3500	3700	-100
Bhawani Mandi Jhalawar–Kota-Plant Delivery	3700	3750	3700	3800	-50
Jhalwar-Mandi	3600	3670	3625	3670	Unch
Rapeseed/Mustard					
Jaipur-(Condition)(New Crop)	4125	4130	4090	4095	35
Alwar-(Condition)(New Crop)	3850	3900	3800	3850	50
SriGanganagar-(Non-Condition-Unpaid)	3650	3700	3650	3690	10
New Delhi–(Condition)(New Crop)	3850	3925	3840	3870	55
Kota-Non-(Condition)(New Crop)	3700	3750	3600	3650	100
Agra-(Condition)(New Crop)	4500	4575	4450	4475	100
Neewai(New Crop)	4025	4050	3950	4000	50
Hapur (UP)(New Crop)	3800	3860	3900	3950	-90
Groundnut Seed					
Rajkot	770	770	790	790	-20
Sunflower Seed					
Gulbarga	3052	3282	3052	3404	-122
Latur	NA	NA	NA	NA	-
Sholapur(New Crop)	NA	NA	NA	NA	-
Sesame Seed					
Mumbai (White98/2/1	8800	8800	8800	8800	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
		17th to 23rd February 2018	9 th to 16th February 2018	
Soybean				
	Madhya Pradesh	300500	330000	-29500
	Maharashtra	330000	330000	Unch
	Rajasthan	150000	120000	30000
	Bundi (Raj)	900	550	350
	Baran (Raj)	9700	10400	-700
	Jhalawar (Raj)	2650	3000	-350
Rapeseed/Mustard	Rajasthan	320000	225000	95000

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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