

Oilseeds Weekly Research Report

Contents

- ❖ Executive Summary
- ❖ Outlook – Cash Market
- ❖ AW Oilseeds Index
- ❖ International Highlights
- ❖ Planted Area
- ❖ Soybean – Domestic & International
- ❖ Soy meal
- ❖ Technical Analysis - Soybean
- ❖ Rapeseed - Mustard
- ❖ RM Seed Supply, Rajasthan
- ❖ Technical Analysis – RM Seed
- ❖ Annexure – Prices etc.

Executive Summary

Soybean noticed sideways movement during the week following lower availability and recent hike in import duty on edible oils in the domestic market on one hand and weakness in soybean at CBOT on the other. Soybean at CBOT lost the early gains amid bearish monthly supply and demand report released by the USDA, for the month of March. However downside was limited amid dry weather continuing in Argentina and delay in harvesting in Brazil. USDA has forecast lower soybean exports and higher ending stocks in the recent monthly supply and demand report. The weekly export sales of soybean were higher compared to previous week.

Lower arrivals in the mandis continue to support the market. However weakness in soy complex at CBOT weighed on prices to certain extent.

The Buenos Aires Exchange has reduced soybean output in Argentina to 42 MMT compared to previous estimates of 44 MMT. Output could decline further if weather continues to be dry in the coming days. USDA has lowered soybean exports by 35 million bushels to 2065 million bushels and soybean ending stocks have been increased by 25 million bushels to 555 million bushels. The weekly export sales of soybean at 2.51 MMT are higher compared to previous week.

Soy meal prices featured range –bound to weak tone during the week amid lack of demand around higher levels in the domestic market and spillover weakness from soy meal at CBOT. Prices have to remain competitive to gain share in the global market.

Rapeseed prices noticed firm tone during the week following expected lower output this season and demand from the stockists in the domestic market. Firm tone in palm oil at BMD added to the positive tone of the market. The recent rains and thunderstorms in certain growing regions have affected the crop. The extent of damage will be clear in the coming days. All India average arrival of rapeseed during the week was around 3.50 lakh bags per day.

Overall bearish supply scenario in the global market will weigh on the market in the coming days.

Outlook – Cash Market

Outlook - Soybean (Spot, Indore): The soybean witnessed easy tone following weakness in soybean at CBOT. However downside was limited following lower availability and recent hike in import duty on edible oils in the domestic market. Soybean at CBOT lost the recent gains to certain extent amid bearish supply and demand report released by the USDA for the month of March. Dry weather in Argentina continues to remain positive factor for the market coupled with delay in harvesting in Brazil. The weekly export sales of soybean released by the USDA were higher compared to previous week. 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 amid lack of demand around higher levels and spillover weakness from soy meal at CBOT. Prices have to remain competitive to gain share in the global market. Lower production of soybean this season will translate into lower soy meal production. 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 29,500 – 32,500/MT levels during the week.

Outlook - Rapeseed-Mustard (Spot, Jaipur basis): The rapeseed-mustard noticed firm tone during the week amid likely decline in output this season and good demand from the stockists in the domestic market. Positive tone of palm oil at BMD added to the firm tone of the market. The recent rains and thunderstorms in certain growing regions is likely to affect the crop. The extent of damage will be clear in the coming days. The seed prices are likely to feature range-bound movement with firm bias and witness the levels between 4100 – 4300/Qtl; levels during the week.

International Highlights

- ❖ According to AgRural, Brazilian soybean harvest advanced to 35 per cent of the planted area compared to 47 per cent previous year.
- ❖ According to Informa, soybean production in Argentina will decline to 44 MMT compared to previous estimate of 51 MMT. Brazilian soybean output has been increased to 114 MMT compared to previous estimate of 112.5 MMT.
- ❖ According to AgRural, farmers in Brazil are expected to harvest 117.9 MMT soybean in 2017 -18 compared to previous forecast of 116.2 MMT. Average soybean yield is expected to increase to 56.6 bags per hectare compared to 56.1 bags per hectare during the previous season.
- ❖ According to consultancy, Safras & Mercado, farmers in Brazil have sold 43.5 per cent of the 2017 -18 crop compared to 42 per cent at corresponding same time previous year and 50.2 per cent of a 5 –year average. In terms of volume, the farmers have sold around 50.3 MMT of projected crop output of 115.64 MMT in 2017 -18.
- ❖ According to consultancy, Safras & Mercado, farmers in Brazil have sold 43.5 per cent of the 2017 -18 crop compared to 42 per cent at same time previous year and 50.2 per cent of a 5 –year average. In terms of volume, the farmers have sold around 50.3 MMT of projected crop output of 115.64 MMT in 2017 -18.
- ❖ The month supply and demand report of U.S. Department of Agriculture,'s monthly supply and demand report for the month of March forecasts U.S. soybean stocks at 555 million bushels, up 25 million bushels from last month due to lower exports. U.S. soybean exports are forecast to decline by 35 million bushels to 2065 million bushels amid lagging sales and higher exports from Brazil. Soybean production is estimated at 4,392 million bushels, unchanged from previous month's estimates. Global oilseed production is forecast at 574.5 MMT, down 4.1 MMT mostly reflecting lower soybean production. Global soybean ending stocks for 2017/18 are forecast at 94.4 MMT down 3.7 MMT from previous month's, mostly reflecting decreases in soybean stocks for Argentina, Bolivia, Paraguay and India.
- ❖ According to the data released by the General Administration of Customs, China's imports of soybean declined by 36 per cent to 5.42 MMT in February 2018 compared to previous month and it declined by 2.2

per cent compared to February 2017. In the current year till date it has imported 13.9 MMT of soybean. Imports declined following Lunar New Year holidays.

- ❖ According to the latest report, Buenos Aires Exchange has reduced soybean output to 42 MMT compared to previous estimates of 44 MMT. Drought in the country's central grain belt has affected production.
- ❖ Net sales of 2,509,500 MT for 2017/2018 were up noticeably from the previous week and from the prior 4-week average. Increases were reported for China (1,275,900 MT, including decreases of 74,600 MT), Mexico (307,100 MT, including decreases of 10,700 MT), unknown destinations (272,000 MT), Egypt (221,000 MT, including 50,000 MT switched from unknown destinations), and Bangladesh (115,100 MT, including 112,000 MT switched from unknown destinations) during the period February 23 – March 01, 2018. Reductions were reported for Pakistan (500 MT). For 2018/2019, net sales of 143,900 MT were primarily reported for unknown destinations (83,000 MT) and China (60,000 MT). Exports of 997,600 MT were up 11 percent from the previous week, but down 12 percent from the prior 4-week average. The primary destinations were China (256,700 MT), Egypt (121,000 MT), Bangladesh (116,600 MT), Mexico (107,600 MT), and the Netherlands (85,100 MT). The current week's net sales are lower compared to net sales of 857,900 MT during the previous week.

Soybean

Soybean witnessed sideways movement following lower availability and recent hike in import duty on edible oils in the domestic market on one hand and weakness in soybean at CBOT on the other. Soybean at CBOT lost the recent gains to certain extent following bearish monthly supply and demand report released by the USDA for the month of March. USDA has lowered soybean exports and increased ending stocks compared to previous month. The weekly export sales of soybean released by the USDA were higher compared to previous week. Dry weather in Argentina continues to support the market coupled with delay in harvesting in Brazil. Exchanges in Argentina are reducing soybean output further.

Arrivals are lower in the domestic market. The recent hike in import duty on edible oils will lend some support to the market. However weakness in soybean at CBOT weighed on prices to certain extent.

The total weekly soybean arrivals in the cash markets of Madhya Pradesh are reported at 2,65,000 bags compared to 2,45,000 bags reported in the previous week.

The Union environment ministry has asked the Directorate General of Foreign Trade (DGFT) to stop imports of genetically modified (GM) soybean for food or feed without the approval of the regulator for transgenic products.

Government of India raised import duty on crude palm oil and refined palm oil in an effort to stem the surge in imports of palm oil in the country. Now, CPO duty stands at 48.4%, RBD palmolein stands at 59.4%, soy oil at 33%, sunflower oil at 27.5% and rapeseed (canola) oil at 27.5%. This effectively reduces palm oil attractiveness compared to softer oils. This will open doors to higher imports of softer oil especially sunflower oil whose duty is less than soy oil and are quoting at lower prices than soy oil at CNF markets. However, this step will help domestic crushing and support oilseed farmers who are facing agrarian distress. More steps from The government have to be must take more steps n to support domestic crushing and help oilseed farmers. This might not be the last step on duty hikes.

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 higher in the key markets of Madhya Pradesh, Maharashtra and Rajasthan during the week. In the previous week, arrivals were lower as the mandis remained closed for 'Holi'.

The domestic soybean prices are likely to witness range –bound to firm tone amid recent hike in import duty on edible oils and lower arrivals in the mandis.

International:

The international benchmark, CBOT soybean closed lower on estimates of higher ending stocks this season and reports of likely rains in certain growing regions of South America.

At CBOT, the soybean, in the most active May contract, ended lower at US \$ 10.39/bushel compared to US \$ 10.71/bushel last week.

Net sales of 2,509,500 MT for 2017/2018 were up noticeably from the previous week and from the prior 4-week average. Increases were reported for China (1,275,900 MT, including decreases of 74,600 MT), Mexico (307,100 MT, including decreases of 10,700 MT), unknown destinations (272,000 MT), Egypt (221,000 MT, including 50,000 MT switched from unknown destinations), and Bangladesh (115,100 MT, including 112,000 MT switched from unknown destinations) during the period February 23 – March 01, 2018. Reductions were reported for Pakistan (500 MT). For 2018/2019, net sales of 143,900 MT were primarily reported for unknown destinations (83,000 MT) and China (60,000 MT). Exports of 997,600 MT were up 11 percent from the previous week, but down 12 percent from the prior 4-week average. The primary destinations were China (256,700 MT), Egypt (121,000 MT), Bangladesh (116,600 MT), Mexico (107,600 MT), and the Netherlands (85,100 MT). The current week's net sales are lower compared to net sales of 857,900 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 latest forecast by the consultancy, Agroconsult Brazilian soybean output in 2017 -18 is estimated at 117.5 MMT compared to previous month's forecast of 114.1 MMT.

At the recent annual outlook forum, USDA estimated the soybean crop at 4.320 billion bushels, 2 percent lower than the record-large 2017 harvest. Soybean yield has been put at 48.5 bpa, down 0.6 bushels from a year earlier and down 3.5 bushels from the all-time high of 52.0 bpa set in 2016. U.S. soybean acreage has been expanding in recent years as rising demand makes the oilseed more profitable to grow. The USDA has forecast that U.S. farmers will plant the same area with soybeans as with corn this year and this would be the first time in 35 years that corn was not the top crop.

Brazil exported 2.07 MMT of soybean in January 2018 compared to 2.36 MMT in December 2017 and up by 720 per cent compared to correspondingsame period previous year. Brazil's share of soybean exports to China increased largest on record in 2017 and is expected to increase in 2018. Competitive price and higher protein content of soybean is helping Brazil to gain share in the global market.

Oilseed output in Ukraine is likely to increase by 3.4 per cent in 2018 to 20.5 MMT amid higher output of sunflower and rapeseed according to Ukraine's Agroconsult. Output of sunflower is expected to increase by 5 per cent to 14.25 MMT and output of rapeseed is expected to increase by 10 per cent to 2.54 MMT.

Soy meal exports in Brazil are expected to increase to 16.2 MMT in 2018 compared to 15 MMT in 2017 following B10 blending mandate and lower availability from Argentina. Around 40% of the domestic soy crush goes towards biodiesel production and this will increase by a quarter this year as the blending mandate has been made 10% in March compared to 8% previously.

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.

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.

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 corresponding same 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 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 is likely to decline by 14 -17% to around 1.6 million hectares in 2018. Acreage has declined following lower realisationrealization and cancellation of a VAT refund for exports of oilseeds from September 01, 2018 by parliament.

The 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 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 international soybean prices are likely to notice range –bound to weak tone amid forecast of lower exports and higher ending stocks.

Soy meal

Soy meal noticed range –bound to weak tone during the week amid lack of demand around higher levels and spillover weakness from soy meal at CBOT. Prices have to remain competitive to gain share in the global market.

Soy meal ready for delivery in PP bags at Dhule was quoted at 33000+GST by MOEPL. This is with 46.5% protein content. However, it was quoted at 33500+GST at Latur by Octagon for delivery in the next 10 days. This is with 46% protein content and it was quoted at 34300+GST for 47% protein content.

Soy meal exports in Brazil are expected to increase to 16.2 MMT in 2018 compared to 15 MMT in 2017 following B10 blending mandate and lower availability from Argentina. Around 40% of the domestic soy crush goes towards biodiesel production and this will increase by a quarter this year as the blending mandate has been made 10% in March compared to 8% previously.

On a financial year basis, India's export of oil meals during April 2017 to February 2018 stands at 2,677,536 metric tonnes as compared to 1,714,984 metric tonnes in the corresponding same period of previous year showing an increase of 56% according to data released by the Solvent Extractor's Association of India.

In the month of February 2018, export of oil meals declined by 47% to 161,969 metric tonnes compared to the corresponding same period previous year. Soy meal exports during the period April 2017 to February 2018 was reported up at 1,117,340 metric tonnes compared to 809,247 metric tonnes during the corresponding 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 \$ 373.60 per short ton compared to US \$ 392.90 per short ton last week.

Net sales of 200,600 MT for 2017/2018 were up 44 percent from the previous week and 25 percent from the prior 4-week average. Increases were reported for Vietnam (51,800 MT), Colombia (47,300 MT, including decreases of 4,900 MT), the Philippines (29,600 MT, including decreases of 1,400 MT), Canada (15,800 MT, including decreases of 300 MT), and Jamaica (11,700 MT) during the period February 23 –March 01, 2018. Reductions were reported for the United Kingdom (6,700 MT), Guatemala (1,900 MT), and Costa Rica (1,700 MT). Exports of 312,700 MT were up 18 percent from the previous week and 10 percent from the prior 4-week average. The primary destinations were Venezuela (55,000 MT), Vietnam (54,500 MT), Colombia (49,000 MT), Morocco (29,800 MT), and the Dominican Republic (26,900 MT). The current week's net sales for 2017/18 are higher compared to net sales of 139,000 MT during the previous week.

The domestic soy meal prices at Indore, were quoted at Rs 31,000 – 32,500/MT compared to Rs. 31,000/MT - 32,500/MT in previous week. At Latur and Nanded, Maharashtra, soy meal noticed mixed tone and were quoted at Rs 33,900/MT and 33,700/MT respectively compared to Rs 31,500/MT in Indore and Rs 32,700/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 higher compared to previous year. Soy meal Indore was quoted higher between Rs 31,000 – 32,500/MT during the week compared to Rs 23,000 – 23,500/MT during the corresponding period last year.

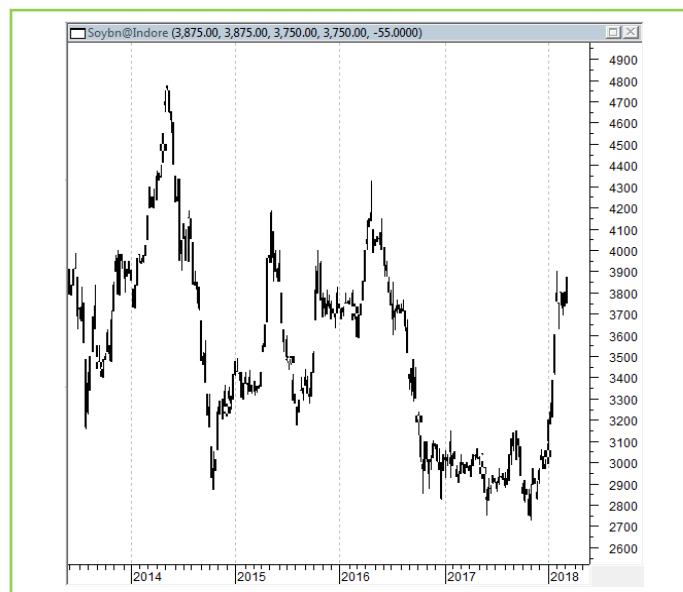
The soy meal prices are likely to witness range-bound movement with firm bias amid expected demand in the coming days.

Technical Analysis:

NCDEX Soybean Futures



Soybean Spot, Indore



*Note: Daily Chart

Support & Resistance NCDEX Soybean – Mar. contract

S1	S2	PCP	R1	R2
3700	3650	3822	4000	4100

- Soybean noticed range –bound to weak tone, during the week.
- Prices closed above 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 3750. Levels: T1 – 3900; T2- 3950, SL - 3690.

Rapeseed - Mustard Seed

The domestic rapeseed-mustard witnessed positive tone during the week amid likely decline in output this season and good demand from the stockists in the domestic market. Positive tone of palm oil at BMD added to the firm tone of the market. Recent rains and thunderstorm in certain growing regions is likely to affect the crop. The extent of the damage will be clear in the coming days.

According to industry sources, India's rapeseed and mustard output in 2017/18 is likely to be around 63 -64 lakh tonnes. 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.

Government of India raised import duty on crude palm oil and refined palm oil in an effort to stem the surge in imports of palm oil in the country. Now, CPO duty stands at 48.4%, RBD palmolein stands at 59.4%, soy oil at 33%, sunflower oil at 27.5% and rapeseed (canola) oil at 27.5%. This effectively reduces palm oil attractiveness compared to softer oils. This will open doors to higher imports of softer oil especially sunflower oil whose duty is less than soy oil and are quoting at lower prices than soy oil at CNF markets. However, this step will help domestic crushing and support oilseed farmers who are facing agrarian distress. More steps from government have to be taken to support domestic crushing and help oilseed farmers. This might not be the last step on duty hikes.

The all India seed supplies were reported between 1.55 – 3.50 lakh bags in a day compared to around 1.50 – 2.65 bags a day, previous week. The supplies were 3.85 -5.50 lakh bags a day during the corresponding period last year.

The seed prices are higher at spot market and are quoted at around Rs 4,150 – 4,215 a quintal compared to Rs 3,815 – 3,950 a quintal during the corresponding period last year at the benchmark, Jaipur.

At NCDEX futures, the seed prices at April contract ended higher at 4239/Qtl compared to 4108/Qtl previous week.

The area coverage under rapeseed, this season is reported down 5.27% at 66.88 lakh hectares compared to 70.60 lakh hectares at the corresponding same period last year.

The total sown area under *rabi* oilseeds 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.

According to the data released by the General Administration of Customs, China's import of rapeseed declined by 5.3% to 372,692 metric tonnes in January 2018 compared to previous month. Imports of rapeseed meal increased by 54.91% to 124,321 metric tonnes in January 2018 compared to previous month.

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 China's General Administration of Customs (CNGOIC), China's January palm oil imports fell 12.49 percent to 4.68 lakh tons compared to January 2017. Imports from Indonesia in January fell 14.37 percent to 3.20 lakh tons compared to January 2017. Imports from Malaysia in January fell 8.17 percent to 1.48 lakh tons compared to January 2017.

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 palm oil exports fell 11.0 percent to 1,167,908 tons compared to 1,312,679 tons last month. Top buyers are European Union at 306,371 tons (278,212 tons), India at 231,515 tons (190,328 tons), United States at 74,790 tons (99,769 tons), China at 66,670 tons (142,000 tons) and Pakistan at 27,000 tons (51,500 tons). Values in brackets are figures of 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 kept palm oil export duty for March unchanged at zero, below threshold prices of USD 750 per ton. This is 11th straight month of zero export duty, as palm oil is expected to miss certain thresholds.

Indonesia is expected to produce 32-33 MMT of palm oil in 2017 compared to estimated production of 28.5-30 MMT in 2016, higher by 16 percent y-o-y. Production in 2015 was 33 MMT. Wet condition in 2016 in Indonesia is primary reason for higher production in 2017. Exports are expected to grow to 23-25 MMT in 2017 compared to 23 MMT estimated in 2016. Palm oil prices rose in 2016 due to lower stocks of palm on El Nino, crude oil prices and biodiesel mandates in Indonesia and Malaysia, said Indonesia Palm Oil Association (GAPKI).

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

Outlook: The rapeseed-mustard is likely to notice range –bound to weak tone amid increasing arrival of the new crop 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
4100	4000	4239	4400	4500

- 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 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 4150. Levels: Target – 4300; T2- 4350, SL –4090.

Annexure

Oilseed Prices at Key Spot Markets:

Commodity / Centre	Prices (Rs/Qtl)				Change
Soybean	9-Mar-18		1-Mar-18		
Indore –Plant	3700	3800	3790	3820	-20
Indore–Mandi	3550	3700	3640	3800	-100
Nagpur-Plant	3780	3920	3840	3880	40
Nagpur – Mandi	3300	3800	3280	3770	30
Latur – Mandi	3640	3840	3200	3900	-60
Kota-Plant	3750	3850	3725	3780	70
Kota – Mandi	3700	3750	3600	3690	60
Bundi-Plant	3800	3850	3650	3700	150
Bundi-Mandi	3700	3750	3550	3600	150
Baran-Plant	3650	3700	3600	3700	Unch
Baran-Mandi	3550	3600	3550	3650	-50
Bhawani Mandi Jhalawar–Kota-Plant Delivery	3700	3800	3750	3850	-50
Jhalwar-Mandi	3650	3690	3600	3750	-60
Rapeseed/Mustard					
Jaipur-(Condition)(New Crop)	4210	4215	4095	4100	115
Alwar-(Condition)(New Crop)	3950	4000	3775	3800	200
SriGanganagar-(Non-Condition-Unpaid)	3750	3800	3650	3700	100
New Delhi–(Condition)(New Crop)	3800	3850	3800	3850	Unch
Kota-Non-(Condition)(New Crop)	3600	3850	3600	3700	150
Agra-(Condition)(New Crop)	4350	4375	4300	4350	25
Neewai(New Crop)	3900	4000	3970	4000	Unch
Hapur (UP)(New Crop)	3800	3850	3750	3850	Unch
Groundnut Seed					
Rajkot	760	760	740	740	20
Sunflower Seed					
Gulbarga	3052	3426	3052	3425	1
Latur	NA	NA	NA	NA	-
Sholapur(New Crop)	NA	NA	NA	NA	-
Sesame Seed					
Mumbai (White98/2/1	8600	8600	8800	8800	-200

Soybean Prices are in INR/Qtl. Mandi prices – Loose, Mustard Seed Prices are in INR/Qtl.C –Condition (42%),

*Groundnut seed in Rs/20 kg, Sunflower Seed in Rs/Qtl

Oilseed Arrivals in Key Centers:

Commodity	Centre	Arrivals in Bags/Qtl		Change
Soybean		3rd March To 9th March 2018	24th February to 1st March 2018	
	Madhya Pradesh	265000	245000	20000
	Maharashtra	320000	295000	25000
	Rajasthan	128000	125000	3000
	Bundi (Raj)	650	450	200
	Baran (Raj)	7500	5100	2400
	Jhalawar (Raj)	2250	2100	150
Rapeseed/Mustard	Rajasthan	1090000	520000	570000

India's Kharif Oilseeds Production Seen at 20.36 Mn T vs 21.51 Mn in 2nd Adv Est. - GOI

The 2nd Advance Estimates of production of major crops for 2017-18 have been released on 27 February, 2018 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 – 20.36 million tonnes

- Soyabean – 11.39 million tonnes
- Groundnut – 6.61 million tonnes
- Castorseed – 1.49 million tonnes

With a decline of 1.15 million tonnes over the previous year, total kharif Oilseeds production in the country is estimated at a level of 20.36 million tonnes. It is lower by 2.25 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 0.204 million tonnes than the five year's average Oilseeds production. The current year's production is lower than the kharif production of 21.51 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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