

# Oilseeds Weekly Research Report

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## Executive Summary

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Soybean witnessed easy tone during the week amid profit –taking at higher levels and early weakness in soybean at CBOT. However prices are likely to recover in the coming days on lower availability in the domestic market. Soybean at CBOT noticed early weakness and thereafter recovered following bullish weekly export sales, NOPA crush report and further reduction of soybean production in Argentina. Though rains have been reported in certain regions of Argentina, it is not sufficient for the crop. The monthly soybean crush report released by NOPA for the month of February was highest on record and above market expectation.

In the domestic market, arrivals are lower in the mandis following decline in output this season. According to trade sources, deals have been signed for imports of soybean in the coming weeks.

The Rosario Grains Exchange in Argentina has reduced soybean production to 40 MMT compared to previous estimates of 46.5 MMT. Drought in the country since November has affected the crop. Slight rains are expected in the coming days which will be not beneficial for the crop. The monthly soybean crush report for the month of February was estimated at 153.719 million bushels by NOPA. This is the highest figure on record for the month of February and is above analysts' expectation of 149.443 million bushels.

Soy meal prices noticed weak tone during the week on slack demand in the domestic market and weakness in soy meal at CBOT. Soy meal exports are likely to be lower this season following higher prices in the market.

Rapeseed prices featured weak tone during the week following increasing pace of new crop arrivals in the mandis and weakness in palm oil at BMD. Output is likely to decline this season compared to previous year following recent rains and thunderstorms and higher temperature at the time of sowing. All India average arrival of rapeseed during the week was above 6.00 lakh bags per day.

There is overall bearish supply scenario in the global market, which will weigh on the market in the coming days.

## Outlook – Cash Market

**Outlook - Soybean (Spot, Indore):** The soybean noticed weak tone during the week amid profit taking at higher levels and early weakness in soybean at CBOT. However prices are likely to recover in the coming days on lower availability in the domestic market. Soybean at CBOT noticed early weakness and thereafter recovered following bullish weekly export sales, monthly soybean crush report by NOPA for the month of February and further lower production of soybean in Argentina. Though rains have been reported in certain regions of Argentina, it is not sufficient for the crop. 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 featured weak tone amid slack demand in the domestic market and weakness in soy meal at CBOT. There is not much demand around current levels. 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 30,000 – 33,000/MT levels during the week.

**Outlook - Rapeseed-Mustard (Spot, Jaipur basis):** The rapeseed-mustard witnessed easy tone following increasing pace of new crop arrival in the domestic market and weakness in palm oil at BMD. Output is expected to be lower this season following recent rains and thunderstorm and high temperature in certain regions at the time of sowing. The seed prices are likely to feature range-bound movement with weak bias and witness the levels between 4000 – 4200/Qtl; levels during the week.

## International Highlights

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- ❖ According to AgRural, Brazilian soybean harvest advanced to 48 per cent of the planted area compared to 56 per cent previous year and five-year average of 46 per cent.
- ❖ According to industry sources, China is likely to import more than 100 MMT of soybean in 2017-18 amid strong demand for animal feed.
- ❖ There is no improvement in drought conditions in the soybean growing regions of Argentina. According to trade sources, China's soy meal exports are likely to double to 2 MMT on lower output of soybean in Argentina and strong crush margin. Exports of soy meal were reported at 1.1 MMT during previous year. This will also help Chinese crushers to utilize their excess crushing capacity.
- ❖ According to the Rosario Grains Exchange, soybean output of Argentina in 2017 -18 could be around 40 MMT as prolonged drought is likely to affect yield compared to previous estimates of 46.5 MMT. Rains are reported in certain areas., hHowever, it is not sufficient for the crop.
- ❖ According to National Oilseed Processors Association (NOPA), U.S. February soybean crush rose to a record level of 153.719 million bushels from 142.792 million bushels in February 2017 amid strong processing margins. Crush of soybean in January 2018 was 166.111 million bushels. Soy meal exports in February declined to 755,103 metric tonnes, from 860,416 metric tonnes the previous month and 735,825 metric tonnes in February 2017. Soy oil stocks as of Feb. 28 increased to 1.856 billion pounds, up from 1.728 billion pounds at the end of January 2018. This is the highest stock on record since June 2016.
- ❖ Net sales of 1,269,600 MT of soybean for 2017/2018 were down 49 percent from the previous week, but up 30 percent from the prior 4-week average. Increases were reported for China (509,300 MT, including 93,000 MT switched from unknown destinations and decreases of 29,100 MT), unknown destinations (211,000 MT), Egypt (188,300 MT, including 65,000 MT switched from unknown destinations), Indonesia (113,600 MT, including 68,000 MT switched from unknown destinations and decreases of 1,200 MT), and Taiwan (84,600 MT, including 15,000 MT switched from unknown destinations and decreases of 200 MT) during the week March 02 -08, 2018. Reductions were reported for South Korea (5,300 MT). For 2018/2019, net sales of 77,400 MT were primarily reported for unknown destinations (63,000 MT). Exports of 900,000 MT were down 10 percent from the previous week and 14 percent from the prior 4-week average. The primary

destinations were China (444,500 MT), Egypt (138,300 MT), Indonesia (92,900 MT), Japan (83,900 MT), and Mexico (71,200 MT). The current week's net sales are lower compared to net sales of 2,509,500 MT during the previous week.

## Soybean

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Soybean noticed weak tone during the week amid profit –taking at higher levels and early weakness in soybean at CBOT. However prices are expected to recover in the coming days following lower availability in the domestic market. Soybean at CBOT noticed early weakness and thereafter recovered following bullish weekly export sales, monthly soybean crush report released by NOPA for the month of February and further reduction of soybean production in Argentina. Though rains are reported in certain regions of Argentina, it is not sufficient for the crop. The monthly soybean crush report released by NOPA for the month of February is highest on record. The Rosario Grains Exchange in Argentina has reduced soybean production to 40 MMT compared to previous estimates of 46.5 MMT.

There is lower availability in the domestic market and traders are importing soybean. According to trade sources, India's soybean imports are likely to touch record level following lower output in the domestic market this season. Traders have signed deal to sell up to 100,000 metric tonnes of soybean to India since December mainly from the African countries of Ethiopia and Benin with whom South Asian nation has concessional import duty agreements. India's soybean imports have not touched 100,000 metric tonnes before.

The total weekly soybean arrivals in the cash markets of Madhya Pradesh are reported at 2,95,000 bags compared to 2,65,000 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 which does not have 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 government have to be taken 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
	<b>Grand Total</b>	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 9<sup>th</sup> 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 market of Madhya Pradesh and lower in Maharashtra and Rajasthan during the week.

***The domestic soybean prices are likely to notice range –bound to firm tone on lower availability in the domestic market.***

## **International:**

The international benchmark, CBOT soybean closed higher amid bullish monthly soybean crush report for the month of February and further lower production estimates of soybean in Argentina.

At CBOT, the soybean, in the most active May contract, ended higher at US \$ 10.50/bushel compared to US \$ 10.39/bushel last week.

Net sales of 1,269,600 MT for 2017/2018 were down 49 percent from the previous week, but up 30 percent from the prior 4-week average. Increases were reported for China (509,300 MT, including 93,000 MT switched from unknown destinations and decreases of 29,100 MT), unknown destinations (211,000 MT), Egypt (188,300 MT, including 65,000 MT switched from unknown destinations), Indonesia (113,600 MT, including 68,000 MT switched from unknown destinations and decreases of 1,200 MT), and Taiwan (84,600 MT, including 15,000 MT switched from unknown destinations and decreases of 200 MT) during the week March 02 -08, 2018. Reductions were reported for South Korea (5,300 MT). For 2018/2019, net sales of 77,400 MT were primarily reported for unknown destinations (63,000 MT). Exports of 900,000 MT were down 10 percent from the previous week and 14 percent from the prior 4-week average. The primary destinations were China (444,500 MT), Egypt (138,300 MT), Indonesia (92,900 MT), Japan (83,900 MT), and Mexico (71,200 MT). The current week's net sales are lower compared to net sales of 2,509,500 MT during the previous week.

## **Previous updates**

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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 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 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 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.

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 same corresponding period previous year. Brazil's share of soybean exports to China, recorded the highest 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.

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 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 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 realization and cancellation of a VAT refund for exports of oilseeds from September 01, 2018 by parliament.

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 firm tone on good demand and further lower production in Argentina.*

## Soy meal

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Soy meal witnessed easy tone during the week amid lack of good demand around current levels and weakness in soy meal at CBOT. Lower soybean production this season will translate into lower soy meal production. Prices are expected to recover on lower availability in the market.

Soy meal ready for delivery in PP bags at Dhule was quoted at 32500+GST by MOEPL. This is with 46.5% protein content. However, it was quoted at 32800+GST at Latur by Octagon for delivery in the next 10 days. This is with 46% protein content and it was quoted at 33500+GST for 47% protein content.

***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 same corresponding 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 same corresponding 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 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 \$ 372.90 per short ton compared to US \$ 373.60 per short ton last week.

Net sales of 173,300 MT for 2017/2018 were down 14 percent from the previous week, but up 2 percent from the prior 4-week average. Increases were reported for unknown destinations (59,500 MT), Morocco (43,100 MT), the Dominican Republic (13,900 MT, including decreases of 3,800 MT), Panama (10,000 MT), and Costa Rica (6,000 MT) during the week March 02 -08, 2018. Reductions were reported for the United Kingdom (4,300 MT), the French West Indies (3,700 MT), and Ecuador (500 MT). Exports of 272,200 MT were down 13 percent from the previous week and 6 percent from the prior 4-week average. The primary destinations were the Philippines (49,800 MT), Mexico (47,200 MT), Ecuador (31,500 MT), Peru (30,400 MT), and Colombia (20,900 MT). The current week's net sales for 2017/18 are lower compared to net sales of 200,600 MT during the previous week.

The domestic soy meal prices at Indore, were quoted at Rs 30,500 – 31,200/MT compared to Rs. 30,000/MT - 32,500/MT in previous week. At Latur and Nanded, Maharashtra, soy meal noticed weak tone and were quoted at Rs 32,800/MT and 32,500/MT respectively compared to Rs 30,500/MT in Indore and Rs 31,800/MT in Kota.

### Previous Updates

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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 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 – 31,200/MT during the week compared to Rs 23,000 – 23,300/MT during the corresponding period last year.

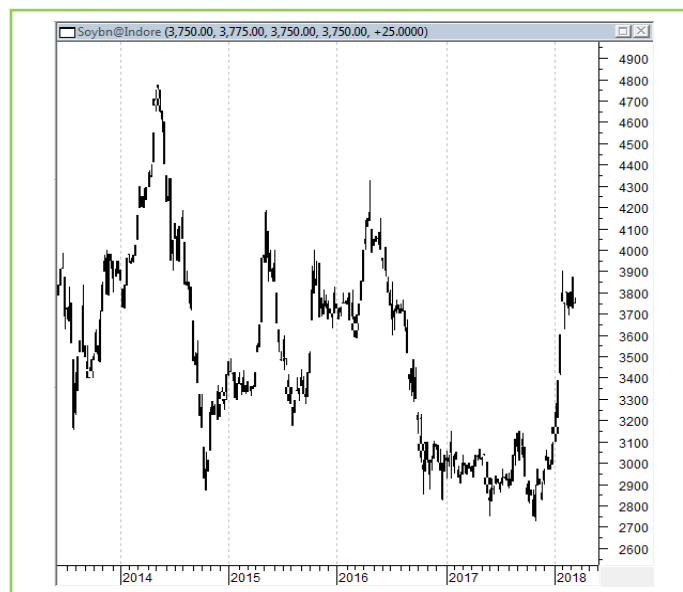
*The soy meal prices are likely to notice range-bound movement with firm bias on lower availability in the domestic market.*

### Technical Analysis:

#### NCDEX Soybean Futures



#### Soybean Spot, Indore



\*Note: Daily Chart

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

S1	S2	PCP	R1	R2
3650	3600	3796	3900	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 neutral zone.
- MACD is declining in the positive territory.
- The prices are expected to feature gain in the coming week.
- Trade Recommendation (NCDEX Soybean – Apr.): **BUY** Above 3700. Levels: T1 – 3800; T2- 3850, SL - 3640.

## Rapeseed - Mustard Seed

The domestic rapeseed-mustard witnessed easy tone during the week on increasing pace of new crop arrivals in the mandis and weak tone of palm oil at BMD. Rapeseed output is likely to decline this season amid recent rains and thunderstorm and higher temperature at the time of sowing. All India average arrival of rapeseed was above 6.00 lakh bags per day.

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 4.10 – 6.85 lakh bags in a day compared to around 1.55 – 3.50 bags a day, previous week. The supplies were 2.25 -5.00 lakh bags a day during the corresponding period last year.**

The seed prices are higher at spot market and are quoted at around Rs 4,070 – 4,165 a quintal compared to Rs 3,825 – 3,885 a quintal during the corresponding period last year at the benchmark, Jaipur.

At NCDEX futures, the seed prices at April contract ended lower at 4159/Qtl compared to 4239/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 same corresponding 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**

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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 February edible oil imports fell 8.85 percent y-o-y to 11.25 lakh tons from 12.34 lakh tons in February 2017. Palm oil imports in February rose 3.26 percent y-o-y to 5.46 lakh tons from 4.98 lakh tons in February 2017. CPO Imports rose 9.64 percent y-o-y to 6.73 lakh tons from 4.12 lakh tons in February 2017. RBD palmolein imports fell 13.24 percent y-o-y to 2.02 lakh tons from 2.33 lakh tons in February 2017. Soy oil imports fell 46.83 percent in February y-o-y to 1.34 lakh tons from 2.52 lakh tons in February 2017. Sunflower oil imports rose 1.9 percent in February percent y-o-y to 2.13 lakh tons from 2.09 lakh tons in February 2017. Rapeseed (canola) oil imports in February fell 51 percent to 0.17 lakh tons compared 0.18 lakh tons in February 2017.

According to Solvent Extractors Association (SEA), India's February edible oil stocks at ports and pipelines rose marginally m-o-m to 21.97 lakh tons from 21.95 lakh tons in January 2018. Stocks of edible oil at ports fell to 757,000 tons (CPO 280,000 tons, RBD Palmolein 120,000 tons, Degummed Soybean Oil 170,000 tons, Crude Sunflower Oil 180,000 tons and 7,000 tons of Rapeseed (Canola) Oil) and about 1,440,000 tons in pipelines (stocks at ports were 855,000 tons in January 2018). India is presently holding 36 days of edible oil requirement on 1st March, 2018 at 21.97 lakh tons compared to 36 days of requirements last month at 21.95 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 March 1-15 palm oil exports fell 2.1 percent to 595,536 tons compared to 608,447 tons in corresponding period last month.

According to cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's March 1-15 palm oil exports fell 2.1 percent to 595,536 tons compared to 608,447 tons in corresponding period last month. Top buyers are European Union at 161,106 tons (179,531) tons, India at 142,320 tons (142,330 tons), China at 59,100 tons (23,410 tons), Pakistan at 31,395 tons (15,000 tons) and United States at 7,040 tons (41,950 tons). Values in brackets are figures of corresponding period last month.



According to Malaysia Palm Oil Board (MPOB), Malaysia's February palm oil stocks fell 2.85 percent to 24.78 lakh tons compared to 25.50 lakh tons in January. Production of palm oil in February fell 15.37 percent to 13.43 lakh tons compared to 15.87 lakh tons in January. Exports of palm oil in February fell 13.33 percent to 13.12 lakh tons compared to 15.14 lakh tons in January. Imports of palm oil in February rose 92.86 percent to 0.67 lakh tons compared to 0.35 lakh tons in January. Fall in palm oil end stocks in February 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 January palm and palm kernel oil exports rose 4.58 percent m-o-m to 2.74 MMT compared to 2.62 MMT in December. On y-o-y basis exports rose 0.74 percent. Exports were 2.72 MMT in January 2017.

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 witness range –bound to weak tone on higher arrivals of the new crop in the mandis.*



## 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	4159	4300	4400

- Downward movement witnessed in RM seed.
- 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 range-bound movement with weak bias, during the week.
- Trade Recommendation (NCDEX Rapeseed-Mustard – Apr) Week: **SELL** Below 4200. Levels: Target – 4100; T2- 4050, SL –4260.

## Annexure

### Oilseed Prices at Key Spot Markets:

Commodity / Centre	Prices (Rs/Qtl)				Change
Soybean	16-Mar-18		9-Mar-18		
Indore –Plant	3700	3800	3700	3800	Unch
Indore–Mandi	3500	3700	3550	3700	Unch
Nagpur-Plant	3780	3830	3780	3920	-90
Nagpur – Mandi	3250	3710	3300	3800	-90
Latur – Mandi	3500	3725	3640	3840	-115
Kota-Plant	3700	3800	3750	3850	-50
Kota – Mandi	3650	3725	3700	3750	-25
Bundi-Plant	3700	3800	3800	3850	-50
Bundi-Mandi	3650	3700	3700	3750	-50
Baran-Plant	3650	3700	3650	3700	Unch
Baran-Mandi	3500	3650	3550	3600	50
Bhawani Mandi Jhalawar–Kota-Plant Delivery	3650	3700	3700	3800	-100
Jhalwar-Mandi	3600	3650	3650	3690	-40
<b>Rapeseed/Mustard</b>					
Jaipur-(Condition)(New Crop)	4125	4130	4210	4215	-85
Alwar-(Condition)(New Crop)	3750	3800	3950	4000	-200
SriGanganagar-(Non-Condition-Unpaid)	3750	3810	3750	3800	10
New Delhi–(Condition)(New Crop)	3750	3850	3800	3850	Unch
Kota-Non-(Condition)(New Crop)	3650	3750	3600	3850	-100
Agra-(Condition)(New Crop)	4300	4325	4350	4375	-50
Neewai(New Crop)	4000	4070	3900	4000	70
Hapur (UP)(New Crop)	3700	3750	3800	3850	-100
<b>Groundnut Seed</b>					
Rajkot	728	728	760	760	-32
<b>Sunflower Seed</b>					
Gulbarga	3052	3456	3052	3426	30
Latur	NA	NA	NA	NA	-
Sholapur(New Crop)	NA	NA	NA	NA	-
<b>Sesame Seed</b>					
Mumbai (White98/2/1	8600	8600	8600	8600	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
		10th To 16th March 2018	3rd To 9th March 2018	
Soybean	Madhya Pradesh	295000	265000	30000
	Maharashtra	295000	320000	-25000
	Rajasthan	95000	128000	-33000
	Bundi (Raj)	550	650	-100
	Baran (Raj)	10000	7500	2500
	Jhalawar (Raj)	1850	2250	-400
Rapeseed/Mustard	Rajasthan	2235000	1090000	1145000

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

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The 2<sup>nd</sup> 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

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The Cabinet Committee on Economic Affairs, chaired by the Prime Minister Shri Narendra Modi, has given its approval for Minimum Support Prices (MSPs) for Kharif Crops of 2017-18 season, the MSPs of all the Kharif oilseeds are raised for this season.

The MSP of Yellow Soybean is increased by 9.9% to Rs 3050/Qtl (including Rs 100 bonus) for 2017-18 season from Rs 2,775/Qtl in 2016-17, Groundnut -in- shell by 5.5% to Rs 4,450/Qtl (including Rs 100 bonus) from Rs 4,220/Qtl, Sunflower seed by 3.8% to Rs 4,100/Qtl (including Rs 200 bonus) from Rs 3,950/Qtl, Nigerseed by 5.9% to 4,050/Qtl (including Rs 100 bonus) from Rs 3,825/Qtl and Sesamum by 6.0% to Rs 5,300/Qtl (including Rs 200 bonus) from Rs 5,000/Qtl.

## MSP for 2017/18 Rabi Oilseeds

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The Cabinet Committee on Economic Affairs has approved the Minimum Support Prices (MSPs) for Rabi Oilseeds Crops of 2017-18 season are as follows: The MSP of Rapeseed/Mustard is raised (8.1%) by Rs. 300/Qtl to Rs. 4,000/Qtl from Rs. 3,700/Qtl earlier. For Safflower too it is increased (10.8%) by Rs. 400/Qtl to Rs. 4,100/Qtl from Rs. 3,700/Qtl in 2016-17.

## Sown Area – *Rabi* Oilseeds, India

In the official Rabi oilseeds planting report, by the Ministry of Agriculture, the total coverage area under Rabi oilseeds is reported at 84.35 lakh hectares, up 6.2% from 79.42 lakh ha in the corresponding period of last year. Of the major oilseeds, rapeseed-mustard sowing is reported up by 9.3% at 70.56 lha compared to 64.53 lha during the corresponding period of last year. Groundnut at 6.16 lha vs 5.96 lha, safflower at 0.95 lha vs 1.17 lha, sunflower at 1.69 lha vs 3.21 lha, sesamum 0.57 vs 0.71 and Linseed at 3.84 lha vs 2.93 lha during the corresponding period last year.

Area in Lakh Hectares

<b>Crop</b>	<b>2017</b>	<b>2016</b>	<b>% Change</b>
Rapeseed/Mustard	70.56	64.53	<b>9.3</b>
Groundnut	6.16	5.96	<b>3.4</b>
Safflower	0.95	1.17	<b>-18.8</b>
Sunflower	1.69	3.21	<b>-47.4</b>
Sesamum	0.57	0.71	<b>-19.7</b>
Linseed	3.84	2.93	<b>31.1</b>
Others	0.58	0.91	<b>-36.3</b>
<b>Total Oilseeds</b>	<b>84.35</b>	<b>79.42</b>	<b>6.2</b>

Source: MoA, GOI

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