

# 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

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Soybean witnessed mixed tone during the week amid slack demand in the domestic market and firm tone of soybean at CBOT. Soybean at CBOT closed higher during the week negating ongoing trade rift between U.S. and China on bullish monthly supply and demand report released by the USDA for the month of April and declining output in Argentina. USDA has estimated lower soybean ending stocks and higher soybean crush. Analysts were expecting soybean stocks estimates to higher. Brazilian soybean harvest is continuing in full swing. Soybean production estimates in Argentina has been reduced further to 37 MMT. The weekly export sales of soybean were within the expectation of the market.

Arrivals in the domestic market have picked up slightly during the week. Demand remained slack around current levels.

The USDA has lowered soybean ending stocks by 5 million bushels to 550 million bushels. Soybean crush has been projected at a record 1970 million bushels up 10 million which will result in higher soy meal production. The weekly export sales of soybean at 1.5 MMT were within the expectation of the market. Brazilian soybean output has been increased to 119 MMT. According to the latest report by the Rosario Exchange, soybean output in Argentina has been reduced further to 37 MMT.

Soy meal prices noticed mostly weak tone during the week amid spillover weakness of soy meal at CBOT and lack of good demand in the domestic market.

Rapeseed prices witnessed mostly weak tone during the week following increasing arrivals and overall weakness in edible oils in the domestic market. All India average arrival was around 4.50 lakh bags per day during the week.

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

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 noticed mixed tone during the week amid slack demand in the domestic market and firm tone of soybean at CBOT. Soybean at CBOT witnessed positive tone negating the ongoing trade rift between U.S. and China amid bullish monthly supply and demand report released by the USDA for the month of April and further reduction in soybean output in Argentina. Harvesting is going on in full swing in Brazil and latest output estimate is at 119 MMT. The weekly export sales of soybean were within the expectation of the market. The prices are expected to feature range bound movement with firm bias between the price band of 3600 – 4000 level (Indore, Plant basis).

**Outlook – Soy meal (Spot, Indore):** Soy meal witnessed mostly easy tone during the week following spillover weakness from soy meal at CBOT and lack of good demand in the domestic market. According to Investment Information and Credit Rating Agency (ICRA), domestic poultry industry is likely to grow at a steady pace in the medium –long term following favourable socio – economic factors. This will lend some support to the market. Prices have to must remain competitive to gain share in the global market. Soy meal, Indore is expected to be in the range of 30,500 – 33,000/MT levels during the week.

**Outlook - Rapeseed-Mustard (Spot, Jaipur basis):** The rapeseed-mustard noticed mostly weak tone during the week amid increasing arrivals in the mandis and overall weak tone of edible oils in the domestic market. Government backed procurement is likely to lend some support to the market. All India average arrival was around 4.50 lakh bags per day during the week. The seed prices are likely to feature range-bound movement with weak bias and witness the levels between 3850 – 4050/Qtl; levels during the week.

## International Highlights

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- ❖ According to consultancy, AgRural Brazil has harvested 77% of the 2017/18 soybean crop till date, compared to 71 per cent previous week and 82 per cent during the same corresponding period previous year.
- ❖ According to the latest report by consultancy AgRural, Brazil's soybean output in 2017/18 has been estimated at 119 MMT compared to previous month's estimate of 117.9 MMT. According to AgRural excellent yield in the agricultural frontier Matopiba is boosting output.
- ❖ According to the agricultural secretary of U.S., farmers in U.S. will be protected by the government amid rising trade rift between U.S. and China. Farmer's interest will be taken care off in the coming days.
- ❖ China's spot soybean processing margins have increased to their highest since December 2016, hitting a seasonal record following higher prices of meal and soybeans, after Beijing announced plans to impose import tariffs on soybeans.
- ❖ The monthly supply and demand report U.S. Department of Agriculture,'s monthly supply and demand report for the month of April, forecasts U.S. soybean stocks at 550 million bushels, down 5 million bushels from last month. U.S. soybean exports are forecast to remain unchanged. Soybean production is estimated at 4,392 million bushels, unchanged from previous month's estimates. Soybean production for Brazil has been increased by 2.0 MMT to 115 MMT and for Argentina, it has been reduced by 7.0 MMT to 40 MMT compared to previous month's estimates. Other oilseed production changes include, reduced sunflower and peanut production for Argentina, higher sunflower seed production for the European Union, and increased rapeseed production for Belarus. Global oilseed trade for 2017/18 is projected at 174.1 million tons, down 0.6 million on lower soybean, peanut, and rapeseed shipments.
- ❖ According to the latest report by Conab, Brazil's soybean output in 2017/18 has been estimated at 114.96 MMT compared to previous month's estimate of 113.02 MMT.
- ❖ The USDA has reported private sales of 120,000 tonnes of U.S. soybeans to Argentina for shipment in the 2018/19 marketing, following drought in the country which has reduced soybean output. This is the highest import of U.S. soybean to Argentina in the last 20 years. USDA has reduced soybean output in Argentina to 40 MMT in the latest monthly report compared to previous month's estimates of 47 MMT.

- ❖ According to the latest report released by the Rosario Exchange, Argentina's soybean output in 2017 -18 is estimated at 37 MMT compared to previous estimates of 40 MMT. Prolonged drought in the soybean growing regions has affected yields.
- ❖ According to Abiove, Brazil is expected to export record soybean of 70.4 MMT in 2018 compared to 68.1 MMT soybean exported in the previous year. Soy crush volume this year is estimated at 43.2 MMT and soy meal exports will go up by 600,000 tonnes, to 16.8 MMT this season.
- ❖ According to the data released by the General Administration of Customs, China's imports of soybean declined by 10 per cent to 5.66 MMT in March 2018 compared to same corresponding period previous year and it increased slightly compared to imports of 5.42 MMT in February 2018. In the first three months of the current year till March, it has imported 19.57 MMT of soybean. Imports declined following Lunar New Year holidays.
- ❖ Net sales of 1,510,500 MT for 2017/2018 were up 33 percent from the previous week and 74 percent from the prior 4-week average. Increases were reported for unknown destinations (665,800 MT), China (254,700 MT, including decreases of 500 MT), Egypt (132,500 MT, including 11,000 MT switched from unknown destinations), Mexico (131,300 MT, including decreases of 500 MT), and Taiwan (96,500 MT, including decreases of 5,700 MT) during the week March 30 –April 05, 2018. For 2018/2019, net sales of 954,000 MT reported for unknown destinations (572,000 MT), China (258,000 MT), and Mexico (123,300 MT), were partially offset by reductions for Taiwan (3,000 MT). Exports of 419,700 MT--a marketing-year low--were down 28 percent from the previous week and 40 percent from the prior 4-week average. The destinations were primarily to China (76,900 MT), Egypt (72,500 MT), Japan (61,700 MT), Germany (52,600 MT), and Mexico (47,200 MT). The current week's net sales are higher compared to net sales of 1,133,000 MT during the previous week.

## Soybean

Soybean witnessed mixed tone during the week amid slack demand in the domestic market and firm tone of soybean at CBOT. Soybean at CBOT noticed firm tone negating ongoing trade rift between U.S. and China amid bullish monthly supply and demand report released by the USDA for the month of April and further reduction in soybean output in Argentina. The USDA has estimated lower soybean ending stocks and higher soybean crush. The ending stocks were below market expectation. Brazilian soybean harvest is going on in full swing and output is estimated at 119 MMT; according to the latest report. The weekly export sales of soybean were within the expectation of the market. Production of soybean in Argentina has been further reduced to 37 MMT.

Arrivals picked up slightly during the week. Demand remained slack around current levels in the domestic market.

The total weekly soybean arrivals in the cash markets of Madhya Pradesh are reported at 3,13,000 bags compared to 3,45,000 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 April. For the period, October -March 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 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 lower in the key market of Madhya Pradesh and higher in Maharashtra and Rajasthan during the week.

***The domestic soybean prices are likely to witness range –bound to firm tone on expected demand and firm tone of soybean at CBOT.***

**International:**

The international benchmark, CBOT soybean closed higher amid lower soybean ending stocks and further reduction in soybean output in Argentina.

At CBOT, the soybean, in the most active May contract, ended higher at US \$ 10.54/bushel compared to US \$ 10.34/bushel last week.

Net sales of 1,510,500 MT of soybean for 2017/2018 were up 33 percent from the previous week and 74 percent from the prior 4-week average. Increases were reported for unknown destinations (665,800 MT), China (254,700 MT, including decreases of 500 MT), Egypt (132,500 MT, including 11,000 MT switched from unknown destinations), Mexico (131,300 MT, including decreases of 500 MT), and Taiwan (96,500 MT, including decreases of 5,700 MT) during the week March 30 –April 05, 2018. For 2018/2019, net sales of 954,000 MT reported for unknown destinations (572,000 MT), China (258,000 MT), and Mexico (123,300 MT), were partially offset by reductions for Taiwan (3,000 MT). Exports of 419,700 MT--a marketing-year low--were down 28 percent from the previous week and 40 percent from the prior 4-week average. The destinations were primarily to China (76,900 MT), Egypt (72,500 MT), Japan (61,700 MT), Germany (52,600 MT), and Mexico (47,200 MT). The current week's net sales are higher compared to net sales of 1,133,000 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 March 1, 2018 totaled 2.11 billion bushels, up 21 percent from March 1, 2017. It is higher than average trade estimate of 2.030 billion bushels.

On -farm stocks are estimated at 855 million bushels, up 28 percent from a year ago. Off-farm stocks, at 1.25 billion bushels, are up 17 percent from last March.

Indicated disappearance for the December 2017 - February 2018 quarter, totalled 1.05 billion bushels, down 9 percent from the same period a year earlier.

According to the Buenos Aires Exchange, 8.8 per cent of the soybean harvest is completed in the central farm belt and there is little hope of improvement in weather in the near –term. Soy yields currently are well below historic averages.

According to data released by the Trade Ministry, Brazil's exports of soybean increased to 8.81 MMT in March 2018 compared to 2.86 MMT previous month. It exported 8.98 MMT soybean in March 2017. Soy meal exports stood at 1.32 MMT in March 2018 compared to 1.35 MMT previous month.

According to the latest report by FC Stone, Brazil's soybean output in 2017/18 has been estimated higher by 2.7 per cent at 115.9 MMT compared to previous estimate.

China has announced 25 per cent import tariff on soybean. However effective date has not been announced. This is likely to reduce demand for U.S. soybean from China. China purchases around 61 per cent of total U.S. soybean and more than 30 per cent of overall U.S. soybean production. Brazil is likely to benefit from the ongoing trade rift between U.S. and China and soybean exports from Brazil are likely to reach record level this season.



According to the latest report released by the Buenos Aires Exchange, Argentina's soybean output is estimated at 38 MMT compared to the previous estimate of 39.5 MMT. Yields have reduced amid prolonged drought in the country's central Pampas agricultural belt.

According to consultancy, AgRural soybean harvest in Brazil has reached 71 per cent till date compared to 74 per cent during the same corresponding time previous year and above a five –year average of 69 per cent.

In the event of mounting trade war between U.S. and China, Chinese buyers of U.S. soybean are devising contingency plans to ensure supplies of raw material. Some trading houses in China are purchasing more rapeseed meal, used for making animal protein while some are considering purchasing Brazilian soybean. Traders are looking for alternatives to U.S. soybean as exports of U.S. soybean to China might decline on trade rift between U.S. and soybean.

According to the data released by the General Administration of Customs, China's import of soybean declined by 2.05% to 5.42 MMT in the month of February 2018 compared to same corresponding period previous year. In the first two months of the year 2018, total imports of soybean increased by 5.37% to 13.90 MMT compared to same corresponding period previous year.

According to consultancy, Agroconsult Brazil's soybean crop has been revised up to 118.9 MMT in 2017-18 following favourable weather in the growing regions. According to Agroconsult, Mato Grosso's yields are estimated to reach an average of 56.7 60-kg bags per hectare compared with 55.5 bags in the previous season.

According to the planting intention report released by the USDA, soybean planted area for 2018 is estimated at 89.0 million acres, lower 1 per cent compared to previous year. It is below average trade estimates of 91.056 million acres.

According to Safras & Mercado, Brazil is expected to export a record 70 MMT of soybean in 2018-19. This is 12 per cent higher compared to previous year. Record harvest of soybean in Brazil this season and lower output in Argentina, are cited as the reasons for record exports of soybean.

According to the latest attaché report released by the USDA, China's soybean imports in 2018/19 are estimated to be around 100 MMT compared to imports of 97 MMT in 2017/18. Rising incomes, urbanization and the modernization of the domestic feed and livestock sectors will continue fostering Chinese consumption of oilseed products. US soybean exports to China are likely to face competition from South American countries in 2017/18 and beyond. Moreover, the stringent import norms introduced by China coupled with recent tariffs imposed by US on steel and aluminum imports from China will also weigh on soybean exports.

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.

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.

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 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.

*The international soybean prices are likely to notice range –bound to firm tone on lower ending stocks and lower soybean output in Argentina.*

## Soy meal

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Soy meal witnessed mostly easy tone during the week amid lack of good demand in the domestic market and spillover weakness from soy meal at CBOT. Exports of soy meal are likely to be lower this year following higher prices. According to Investment Information and Credit Rating Agency (ICRA), domestic poultry industry is likely to grow at a steady pace in the medium –long term following favourable socio –economic factors. This will lend some support to the market.

Soy meal ready for ready delivery in PP bags at Dhule was quoted at 33200+GST by MOEPL. This is with 46.5% protein content. However, it was quoted at 33300+GST at Latur by Octagon for delivery in the next 10 days. This is with 46% protein content and it was quoted at 34000+GST for 47% protein content.

***On a financial year basis, India's export of oil meals during April 2017 to March 2018 stands at 2,839,623 metric tonnes as compared to 1,885,480 metric tonnes in the same corresponding period of previous year showing an increase of 51% according to data released by the Solvent Extractor's Association of India.***

***In the month of March 2018, export of oil meals declined by 56% to 75,393 metric tonnes compared to the same corresponding period previous year. Soy meal exports during the period April 2017 to March 2018 was reported up at 1,156,549 metric tonnes compared to 916,306 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 \$ 382.80 per short ton compared to US \$ 386.30 per short ton last week.

Net sales of 317,400 MT of soybean cake and meal for 2017/2018 were down 23 percent from the previous week, but up 31 percent from the prior 4-week average. Increases were reported for the Philippines (113,300 MT), unknown destinations (59,200 MT), Indonesia (38,400 MT), and Ireland (30,000 MT) during the week March 30 –April 05, 2018. Reductions were reported for El Salvador (4,200 MT), Ecuador (3,100 MT), and Morocco (1,000 MT). Exports of 297,400 MT were up 56 percent from the previous week and 33 percent from the prior 4-week average. The primary destinations were Colombia (52,100 MT), the Philippines (49,500 MT), Ecuador (33,900 MT), Morocco (30,200 MT), and Mexico (27,900 MT). The current week's net sales for 2017/18 are lower compared to net sales of 414,300 MT during the previous week.

According to the Grain Report prepared by USDA, Philippine soy meal imports are expected to increase by 5.45 per cent to a record high of 2.9 MMT following continuous expansion in the livestock and poultry sectors.

The domestic soy meal prices at Indore, were quoted at Rs 31,500 – 32,200/MT compared to Rs. 31,500/MT - 32,000/MT in previous week. At Latur and Nanded, Maharashtra, soy meal noticed steady to weak tone and were quoted at Rs 34,000/MT and 33,000/MT respectively compared to Rs 31,500/MT in Indore and Rs 32,200/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 31,500 – 32,200/MT during the week compared to Rs 24,200 – 24,700/MT during the corresponding period last year.

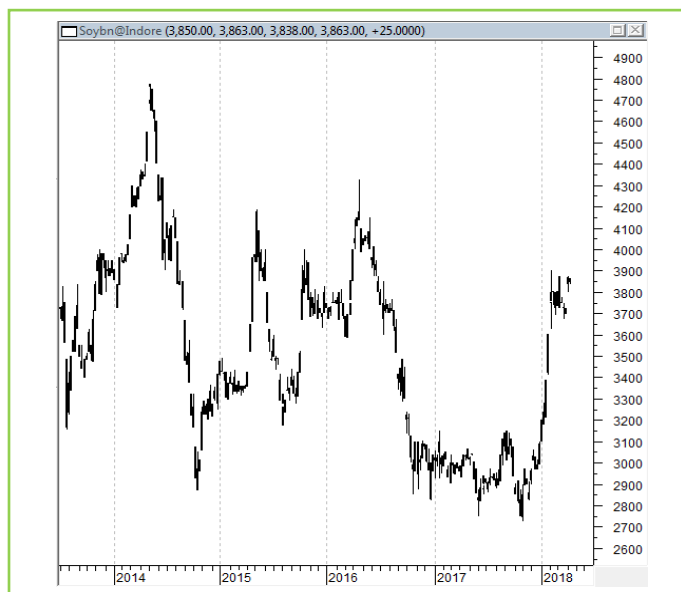
*The soy meal prices are likely to witness range –bound to weak tone amid lack of domestic and export demand in the market.*

## Technical Analysis:

### NCDEX Soybean Futures



### Soybean Spot, Indore



\*Note: Daily Chart

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

S1	S2	PCP	R1	R2
3750	3700	3852	4000	4050

- Soybean noticed range –bound to weak tone, during the week.
- Prices closed below 18-day EMA.
- RSI is increasing and stochastic is declining in the neutral zone.
- MACD is declining in the positive territory.
- The prices are expected to feature loss in the coming week.
- Trade Recommendation (NCDEX Soybean – May.): **SELL** Below 3950. Levels: T1 – 3850; T2- 3800, SL -4010.

## Rapeseed - Mustard Seed

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The domestic rapeseed-mustard noticed mostly weak tone during the week on increasing arrivals in the mandis and overall weak tone of edible oils in the domestic market. Government backed procurement will lend some support to the market in the coming days. All India average arrival of rapeseed was around 4.50 lakh bags per day during the week.

The Haryana State Co-operative Supply and Marketing Federation Ltd. (HAFED) has opened 43 purchase centres, for mustard seed procurement. It has purchased 54,564 quintal mustard seed March 28, 2018 directly from farmers through the shops of its member Cooperative Marketing Societies.

Madhya Pradesh government has decided to procure Rabi crop of mustard at MSP instead of using Bhavantar Bhugtan Yojana (BBY). This will reduce the flow of mustard in open market thereby providing some support to domestic prices. The government is likely to procure 4 lakh tonnes of mustard and has announced a bonus of Rs.100/Qtl over MSP.

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.

**The all India seed supplies were reported between 1.50 – 5.25 lakh bags in a day compared to around 2.50 – 5.00 bags a day, previous week. The supplies were 4.25 -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 3,950 – 3,975 a quintal compared to Rs 3,890 – 3,940 a quintal during the corresponding period last year at the benchmark, Jaipur.

At NCDEX futures, the seed prices at May contract ended lower at 3929/Qtl compared to 3994/Qtl previous week.

The area coverage under rapeseed, this season is reported down 5.27% at 66.88 lakh hectares compared to 70.56 lakh hectares at the 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 35.26% to 362,718 metric tonnes in February 2018 compared to same corresponding period previous year. In the first two months of the year 2018, imports of rapeseed declined by 22.9% to 735,410 metric tonnes compared to same corresponding period previous year. Imports of rapeseed meal declined by 1.7% to 63,732

metric tonnes in February 2018 compared to same period previous year. In the first two months of the current year, imports of rapeseed meal increased by 29.62% to 188,053 metric tonnes compared to same corresponding period previous year.

### **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 USDA April estimate, India's soy oil imports estimate is reduced to at 33.45 lakh tons from previous estimate of 35.45 lakh tons. Soy oil production estimate is reduced to 14.94 lakh tons from previous estimate of 15.75 lakh tons. Consumption estimate of soy oil is reduced to 51 lakh tons from previous estimate of 52 lakh tons. End stocks estimate of soy oil is reduced to 1.67 lakh tons from 2.18 lakh tons in its previous estimate.

According to China's General Administration of Customs (CNGOIC), China's February palm oil imports rose 9.93 percent to 3.73 lakh tons compared to February 2017. Year to date imports of palm oil fell 3.78 percent to 8.41 lakh tons. Imports from Indonesia in February rose 21.68 percent to 2.58 lakh tons compared to February 2017. Year to date imports of palm oil from Indonesia fell 1.32 percent to 5.78 lakh tons. Imports from Malaysia in February fell 9.7 percent to 1.15 lakh tons compared to February 2017. Year to date imports of palm oil from Malaysia fell 3.85 percent to 2.63 lakh tons.

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.

According to cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's April 1-10 palm oil exports rose 32.6 percent to 450,659 tons compared to 339,931 tons in corresponding period last month. Top buyers are



European Union at 126,798 tons (76,825 tons), India at 65,570 tons (89,250 tons), Pakistan at 45,600 tons (20,400 tons), China at 26,000 tons (15,000 tons) and United States at 14,780 tons (1,000 tons). Values in brackets are figures of corresponding period last month.

According to cargo surveyor AmSpec Agri, Malaysia's April 1-20 palm oil exports rose 25.6 percent to 449,997 tons compared to 358,150 tons in corresponding period last month.

According to Malaysia Palm Oil Board (MPOB), Malaysia's March palm oil stocks fell 6.24 percent to 23.23 lakh tons compared to 24.78 lakh tons in February. Production of palm oil in March rose 17.21 percent to 15.74 lakh tons compared to 13.43 lakh tons in February. Exports of palm oil in March rose 19.20 percent to 15.65 lakh tons compared to 13.13 lakh tons in February. Imports of palm oil in March fell 41 percent to 0.40 lakh tons compared to 0.67 lakh tons in February. Fall in palm oil end stocks in March 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.

Malaysian government extended suspension of export duty in by one month to end April. Export duty will cease if palm oil inventory fall below 1.6 MMT. This step will help clear extra inventory of palm oil in coming months.

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.

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 amid overall weakness in edible oils in the domestic market and increasing arrivals.*



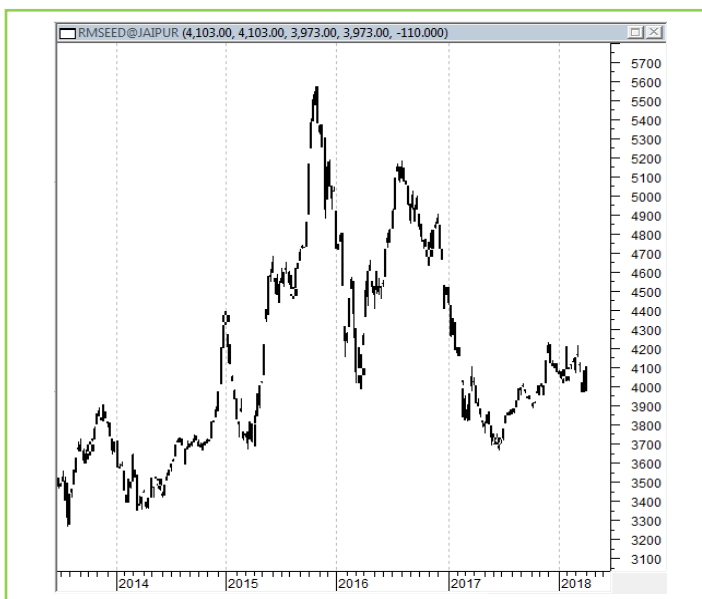
## Technical Analysis:

### NCDEX RM Seed Futures



\*Note: Daily Chart

### RM Seed Spot, Jaipur



### Support & Resistance NCDEX RM Seed – May. contract

S1	S2	PCP	R1	R2
3800	3750	3927	4050	4100

- Downward movement witnessed in RM seed.
- Prices closed below 18-day EMA.
- RSI is declining and stochastic is increasing in the oversold zone.
- MACD is declining in the negative territory.
- The prices are expected to feature range-bound movement with weak bias, during the week.
- Trade Recommendation (NCDEX Rapeseed-Mustard – May) Week: **SELL** Below 4000. Levels: Target – 3900; T2- 3800, SL –4060.

## Annexure

**Oilseed Prices at Key Spot Markets:**

Commodity / Centre	Prices (Rs/Qtl)				Change
Soybean	13-Apr-18		6-Apr-18		
	Low	High	Low	High	
Indore –Plant	3850	3875	3825	3875	Unch
Indore–Mandi	3600	3800	3600	3700	100
Nagpur-Plant	3880	3900	3850	3900	Unch
Nagpur – Mandi	3200	3740	3400	3765	-25
Latur – Mandi	NA	NA	2050	3800	-
Kota-Plant	3700	3825	3800	3850	-25
Kota – Mandi	3650	3775	3650	3700	75
Bundi-Plant	3775	3800	3750	3800	Unch
Bundi-Mandi	3550	3600	3600	3800	-200
Baran-Plant	3650	3800	3600	3700	100
Baran-Mandi	3600	3675	3550	3650	25
Bhawani Mandi Jhalawar–Kota-Plant Delivery	3650	3780	3800	3850	-70
Jhalwar-Mandi	3500	3720	3650	3720	Unch
Rapeseed/Mustard					
Jaipur-(Condition)(New Crop)	3955	3975	4050	4055	-80
Alwar-(Condition)(New Crop)	3700	3700	3750	3800	-100
SriGanganagar-(Non-Condition-Unpaid)	3400	3600	3650	3775	-175
New Delhi–(Condition)(New Crop)	3600	3675	3650	3685	-10
Kota-Non-(Condition)(New Crop)	3530	3700	3550	3650	50
Agra-(Condition)(New Crop)	4150	4200	4250	4300	-100
Neewai(New Crop)	3750	4080	3900	3960	120
Hapur (UP)(New Crop)	3650	3700	3700	3760	-60
Groundnut Seed					
Rajkot	735	708	NA	NA	-
Sunflower Seed					
Gulbarga	3002	3452	3008	3208	244
Latur	NA	NA	NA	NA	-
Sholapur(New Crop)	NA	NA	NA	NA	-
Sesame Seed					
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
		7th To 13th April 2018	31st March To 6th April 2018	
Soybean				
	Madhya Pradesh	313000	345000	-32000
	Maharashtra	255000	195000	60000
	Rajasthan	85000	67000	18000
	Bundi (Raj)	950	850	100
	Baran (Raj)	6600	2750	3850
	Jhalawar (Raj)	6200	6200	Unch
Rapeseed/Mustard	Rajasthan	1520000	1065000	455000

## India's Kharif Oilseeds Production Seen at 20.36 Mn T vs 21.51 Mn T 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

- Soybean – 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 Government of India, the total coverage area under Rabi oilseeds is reported at 80.87 lakh hectares, down 5.27% from 84.85 lakh ha in the corresponding period of last year. Of the major oilseeds, rapeseed-mustard sowing is reported down by 5.27% at 66.88 lha compared to 70.60 lha during the corresponding period of last year. Groundnut at 6.39 lha vs 6.36 lha, safflower at 0.81 lha vs 1.05 lha, sunflower at 1.74 lha vs 1.71 lha, sesamum 0.68 vs 0.70 and Linseed at 4.01 lha vs 3.84 lha during the corresponding period last year.

Area in Lakh Hectares

<b>Crop</b>	<b>2018</b>	<b>2017</b>	<b>% Change</b>
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
Others	0.36	0.58	-37.93
<b>Total Oilseeds</b>	<b>80.87</b>	<b>84.85</b>	<b>-5.27</b>

Source: GOI

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