

# Oilseeds Weekly Research Report

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## Executive Summary

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Soybean witnessed mixed tone with the benchmark Indore market registering losses during the week. Lack of demand in the domestic market, weakness in soybean at CBOT weighed on prices. However, market is expected to recover in the coming days amid lower availability in the domestic market. Soybean at CBOT closed lower amid profit –taking and likely decline in demand from China in the coming days. Chinese buyers are cancelling purchase orders of soybean from U.S. The monthly supply and demand report released by the USDA for the month of May forecasts lower soybean ending stocks and higher exports in 2018-19. Harvesting has slowed down in Argentina on heavy rains and floods in the soybean growing regions. The quality and quantity of the crop will be affected and exact picture will be clear in the coming days. China's imports of soybean declined in April 2018.

In the domestic market, lower availability will support the market in the coming days. Monsoon is assumed to be nearly almost normal, with another update expected next week. Soybean acreage is expected to increase in the coming season.

The monthly supply and demand report released by the USDA for the month of May forecasts U.S. soybean ending stocks at 415 million bushels, down 115 million bushels compared to 2017-18 and soybean exports are expected to increase by 225 million bushels to 2290 million bushels in 2018-19. U.S. is worried of demand from China in the coming days. China's imports of soybean were reported lower at 6.92 MMT in April 2018 compared to previous month. In Argentina, heavy rains and floods in the soybean growing regions has affected harvesting. The quality and quantity of the crop is likely to be affected.

Soy meal prices witnessed steady to firm tone amid some export demand around current levels. However, weakness in soy meal at CBOT limited upside movement. During summer season, poultry demand usually declines in the domestic market.

Rapeseed prices witnessed recovery during the week on demand from retailers and stockists in the domestic market. European Union has lowered rapeseed production estimates following hampered crop development in the major producing countries of Germany, France, Britain and Poland. All India average arrival of rapeseed was around 2.70 lakh bags per day during the week.

There is record supply 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 lack of demand in the domestic market and weakness in soybean at CBOT. However, market is expected to recover in the coming days on lower availability in the domestic market. Soybean at CBOT closed lower amid profit –taking and likely decline in demand from China in the coming days. The monthly supply and demand report released by the USDA for the month of May forecasts lower soybean ending stocks and higher exports in 2018-19. In Argentina, heavy rains and floods during the last few days in the soybean growing regions is likely to affect the quantity and quality of the crop. The prices are expected to feature range bound movement with firm bias between the price band of 3600 – 3900 level (Indore, Plant basis).

**Outlook – Soy meal (Spot, Indore):** Soy meal witnessed steady to firm tone during the week amid some export demand around current levels. However, upside was limited amid weakness in soy meal at CBOT. Poultry demand usually declines during summer season, which will weigh on the market to certain extent in the coming days. Soy meal, Indore is expected to be in the range of 29,000 – 32,000/MT levels during the week.

**Outlook - Rapeseed-Mustard (Spot, Jaipur basis):** The rapeseed-mustard noticed recovery during the week amid good demand from the retailers and the stockists in the domestic market. All India average arrival of rapeseed was around 2.70 lakh bags per day during the week. European Union has lowered rapeseed production estimates following hampered crop development in the major producing countries of Germany, France, Britain and Poland. The seed prices are likely to feature range-bound movement with firm bias and witness the levels between 3850 – 4050/Qtl; levels during the week.

## International Highlights

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- ❖ In the weekly USDA crop progress report released on 07 May; Soybeans planting are reported at 15% which is up from 13% from the corresponding period last year and higher compared to the 5 year average of 13%.
- ❖ According to the latest monthly report released by consultancy, Strategie Grains, rapeseed production estimates in European Union has been lowered to 22.2 MMT compared to previous month's estimates of 22.5 MMT. Lower production is following due to hampered crop development in the top producing countries of Germany, France, Britain and Poland.
- ❖ According to consultancy, AgRural, Brazil's soybean crop output in 2017 -18 has been increased to 119.2 MMT compared to previous month's estimates of 119 MMT.
- ❖ According to China's General Administration of Customs, soybean imports in April 2018 declined by 22.3 per cent to 6.92 MMT compared to previous month. It declined by 13.7 per cent compared to 8.02 MMT in April 2017. During the period, January –April 2018, China imported 26.49 MMT soybeans. Arrivals were delayed due to tougher port inspections and changes in value –added-tax (VAT).
- ❖ In Argentina, flood in the drought areas of soybean is affecting harvesting. Further the quantity and quality of the crop is likely to be affected. Excessive wetness is likely to reduce soybean yields by 5 per cent to 15 per cent. Rains are also expected in the coming days.
- ❖ According to China's Agriculture ministry, soybean imports in 2018-19 are expected to decline by 0.3 per cent to 95.65 MMT compared to previous aryear. Imports are expected to decline for the first time in the last 15 years following trade rift between U.S. and China. Soybean output is expected to increase by 4.9 per cent to 15.27 MMT in 2018 -19 compared to previous year.
- ❖ The monthly supply and demand report of U.S. Department of Agriculture,'s monthly supply and demand report for the month of May, forecasts U.S. soybean stocks at 415 million bushels in 2018-19, down 115 million bushels from 2017-18. U.S. soybean exports are forecast at 2,290 million bushels, up 225 million bushels compared to 2017-18. Soybean production is estimated at 4,280 million bushels in 2018-19, compared to 4296 million bushels previous year. Soybean production for Argentina is projected up 17.0 million tons to 56.0 million tons in 2018-19. Production for Brazil is flat with the revised 2017/18 crop at 117 million tons as a 4 percent increase in harvested area. The 2018/19 soybean crop for China is down 0.1

million tons to 14.1 million tons. Global soybean stocks are forecast at 92.16 million tons in 2017-18 compared to previous month's estimates of 90.8 million tons.

- ❖ Net sales of 354,300 MT of soybean for 2017/2018 were down 15 percent from the previous week and 57 percent from the prior 4-week average. Increases were reported for Egypt (90,000 MT), the Netherlands (85,100 MT, including 80,000 MT switched from unknown destinations), Taiwan (69,900 MT, including decreases of 1,400 MT), Pakistan (65,900 MT, including 60,000 MT switched from unknown destinations), and Japan (41,300 MT, including 27,000 MT switched from unknown destinations and decreases of 1,000 MT) during the week April 27 –May 03, 2018. Reductions were primarily for unknown destinations (90,000 MT) and Tunisia (9,300 MT). For 2018/2019, net sales of 278,300 MT reported for unknown destinations (183,000 MT), Argentina (83,000 MT), and Malaysia (20,000 MT), were partially offset by reductions for Thailand (4,500 MT), Indonesia (2,500 MT), and Canada (700 MT). Exports of 471,900 MT were down 32 percent from the previous week and 1 percent from the prior 4-week average. The destinations were primarily to the Netherlands (85,100 MT), China (75,400 MT), Tunisia (66,700 MT), Pakistan (65,900 MT), and Mexico (50,700 MT). The current week's net sales are lower compared to net sales of 416,300 MT during the previous week.

## Soybean

Soybean witnessed mixed tone with benchmark Indore market registering losses during the week. Lack of demand in the domestic market and weakness in soybean at CBOT weighed on prices. However, market is expected to recover in the coming days amid lower availability in the domestic market. Soybean at CBOT closed lower amid profit –taking and likely decline in demand from China in the coming days. Chinese buyers are cancelling purchase orders of soybean from U.S. following ongoing rift between U.S. and China. The monthly supply and demand report released by the USDA for the month of May forecasts lower U.S. soybean ending stocks and higher exports in 2018-19. In Argentina, heavy rains and floods in the soybean growing regions is likely to affect the quality and quantity of the crop. China's imports of soybean have declined in April 2018 amid tougher port inspections and changes in value –added –tax.

In the domestic market, lower availability will support the market in the coming days. Monsoon is assumed to be nearly normal with another update expected next week.

According to industry sources, Kharif acreage under soybean this season is likely to increase by 15 per cent in the domestic market, according to industry sources following increase in soybean price amid highest level of hike in import duty on edible oils, to the highest level by the government recently. Farmers are likely to shift from cotton and pulses towards soybean. Soybean prices have increased and are ruling above the MSP in the market. Higher soybean production will translate into higher soy meal production. This is likely to increase soy meal exports in the coming season. In 2017, soybean acreage was reported at 105.92 lakh hectares according to the Ministry Of Agriculture.

The total weekly soybean arrivals in the cash markets of Madhya Pradesh are reported at 2,77,000 bags compared to 1,40,000 bags reported in the previous week.

According to the Indian Meteorological Department (IMD), in 2018, monsoon is expected to be 97% of the long – term average. There is very less probability of a deficient monsoon this season. The next assessment on monsoon will be done in June.

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 -April 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 80.00 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 1.00 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	Kharif 2017
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		Production	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 has been revised to 94 lakh metric tonnes compared to previous estimates of 98 lakh metric tonnes. India produced 115 lakh metric tonnes in 2016-17. 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 markets of Madhya Pradesh, Maharashtra and Rajasthan during the week.

**The domestic soybean prices are likely to witness range –bound to firm tone on expected demand in the coming days.**

**International:**

The international benchmark, CBOT soybean closed lower on profit –taking and likely decline in demand from China in the coming days.

At CBOT, the soybean, in the most active July contract, ended lower at US \$ 10.03/bushel compared to US \$ 10.36/bushel last week.

Net sales of 354,300 MT of soybean for 2017/2018 were down 15 percent from the previous week and 57 percent from the prior 4-week average. Increases were reported for Egypt (90,000 MT), the Netherlands (85,100 MT, including 80,000 MT switched from unknown destinations), Taiwan (69,900 MT, including decreases of 1,400 MT), Pakistan (65,900 MT, including 60,000 MT switched from unknown destinations), and Japan (41,300 MT, including 27,000 MT switched from unknown destinations and decreases of 1,000 MT) during the week April 27 –May 03, 2018. Reductions were primarily for unknown destinations (90,000 MT) and Tunisia (9,300 MT). For 2018/2019, net sales of 278,300 MT reported for unknown destinations (183,000 MT), Argentina (83,000 MT), and Malaysia (20,000 MT), were partially offset by reductions for Thailand (4,500 MT), Indonesia (2,500 MT), and Canada (700 MT). Exports of 471,900 MT were down 32 percent from the previous week and 1 percent from the prior 4-week average. The destinations were primarily to the Netherlands (85,100 MT), China (75,400 MT), Tunisia (66,700 MT), Pakistan (65,900 MT), and Mexico (50,700 MT). The current week's net sales are lower compared to net sales of 416,300 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 corresponding period a year earlier.

According to the planting intentions report released by Statistics Canada, the total area under canola will decline by 7 per cent to 21.4 million acres in 2018 compared to previous year. Soybean acreage in Canada is expected to decline 11.4 percent from the record planted in 2017, to a total 6.5 million acres.

The USDA has estimated soybean crush figure at 182 million bushels for the month of March. This is in line with market expectation of around 183.2 million bushels and higher compared to February month's crush figure of 164.95 million bushels. NOPA has estimated soybean crush figure for the month of March at 171.9 million bushels.

According to latest estimates released by the Global Agricultural Network (GAIN) report from the U.S. Department of Agriculture, soybean production in Uruguay is forecast to decline to 1.7 MMT in 2017-18 following drought in the growing regions. As on March 23, 2018 only 3% of the crop had been harvested.



Brazil's soybean exports have surpassed 10 MMT in April 2018 and is recorded at 10.26 MMT compared to 8.81 MMT in March 2018. It exported 10.43 MMT in April 2017. Exports have increased following ongoing trade rift between U.S. and China, with Chinese buyers purchasing their requirement from Brazil currently. Lower soybean production in Argentina and weaker domestic currency are also supporting Brazil's soybean exports. According to consultancy, INTL FC Stone, the country is likely to export 70 MMT soybeans this year.

In China, soybean crushing margin has turned negative for the first time since February, following increase in prices of soybean. The Chinese buyers are currently purchasing soybean from Brazil following trade rift between U.S. and China. Good demand for Brazilian soybean has increased prices.

According to the data released by the General Administration of Customs, China's import of soybean declined by 10.51% to 5.66 MMT in the month of March 2018 compared to same corresponding period previous year. In the first three months of the year 2018, total imports of soybean increased by 0.23% to 19.57 MMT compared to same corresponding period previous year.

According to the data released by the General Administration of Customs, China's import of rapeseed declined by 15.48% to 250,034 metric tonnes in March 2018 compared to same corresponding period previous year. In the first three months of the year 2018, imports of rapeseed declined by 21.18% to 984,947 metric tonnes compared to same corresponding period previous year. Imports of rapeseed meal increased by 87.51% to 109,795 metric tonnes in March 2018 compared to same corresponding period previous year. In the first three months of the current year, imports of rapeseed meal increased by 46.26% to 297,848 metric tonnes compared to same corresponding period previous year.

According to the latest report released by the IGC, soybean production in Argentina has been reduced to 38 MMT following hot and dry weather conditions in the growing regions compared to previous month's estimates of 43 MMT. This is in line with Argentina's Agriculture ministry forecast of 37.8 MMT released previous week.

According to National Oilseed Processors Association (NOPA), U.S. March soybean crush rose to a record level of 171.858 million bushels from 153.060 million bushels in March 2017 amid strong processing margins. Crush of soybean in February 2018 was 153.719 million bushels. This month's soybean crush is at 21-month high. Soy meal exports in March declined to 878,582 metric tonnes, from 755,103 metric tonnes the previous month and lower than 1.057 MMT in March 2017. Soy oil stocks as of March. 31 increased to 1.946 billion pounds, up from 1.856 billion pounds at the end of February 2018. This is the highest stock on record since June 2016.

According to the latest report released by the Agriculture Ministry of Argentina, soybean output is estimated at 37.6 MMT in 2017 -18 compared to 55 MMT during previous year. Prolonged drought condition has affected current year's production.

According to a report released by the Ministry of Agriculture and Rural Affairs, China soybean output in 2018 is expected to increase by 1.9 per cent to 15.18 MMT compared to previous year. Soybean acreage is expected to rise 1.1 percent to 8.2813 million hectares. Farmers are likely to follow government's direction of increasing area under oilseeds.

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.

The monthly supply and demand report of 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 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.

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 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 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.

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.

*The international soybean prices are likely to notice range –bound to weak tone amid concerns of fresh demand from China in the coming days.*

## Soy meal

Soy meal witnessed steady to firm tone during the week amid some export demand around current levels. However, upside was limited amid weakness in soy meal at CBOT. Poultry demand usually declines during the summer season in the domestic market.

Soy meal ready for ready delivery in PP bags at Dhule was quoted at 32100+GST by MOEPL. This is with 46.5% protein content. However, it was quoted for May delivery in PP bags at Rs. 32500+GST at Latur by ADM. It was quoted at 33000+GST for June delivery and at 33500+GST for July delivery.

According to industry sources, Kharif acreage under soybean this season is likely to increase by 15 per cent in the domestic market, according to industry sources following increase in soybean price amid highest level of hike in import duty, to the highest level by the government. Prices have increased and are ruling above the MSP in the market. Higher soybean production will translate into higher soy meal production. This is likely to increase soy meal exports in the coming season.

***On a financial year basis, India's export of oil meals during April 2017 to March 2018 stands at 3,025,538 metric tonnes as compared to 1,885,480 metric tonnes in the same corresponding period of previous year showing an increase of 60% according to data released by the Solvent Extractor's Association of India.***

***In the month of April 2018, export of oil meals increased by 14% to 155,069 metric tonnes compared to the same corresponding period previous year. Soy meal exports during the period April 2018 was reported down at 45,209 metric tonnes compared to 124,374 metric tonnes during the same corresponding period previous year.***

***Earnings from oilmeal exports increased by 48 per cent to Rs.4758 crores in the financial year 2017 -18. The growth in export earnings in the financial year 2017-18 is attributed to higher export of rapeseed meal at 663,988 tonnes which more than double compared to previous year, ricebran extraction at 594,129 tonnes (up 77 per cent) and castor seed meal at 572,762 tonnes (up 39 per cent) compared to 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 July contract settled at US \$ 379.10 per short ton compared to US \$ 393.10 per short ton last week.

Net sales of 90,900 MT of soybean cake and meal for 2017/2018-marketing-year low-were down 63 percent from the previous week and 62 percent from the prior 4-week average. Increases were reported for Denmark (40,000 MT), Indonesia (9,500 MT), Colombia (7,800 MT), the Dominican Republic (6,800 MT, including decreases of 200 MT), and Honduras (5,900 MT, including 4,000 MT switched from Guatemala) during the week April 27 –May 03, 2018. Reductions were primarily for unknown destinations (13,100 MT), Panama (400 MT),

and Burma (200 MT). For 2018/2019, net sales reductions of 600 MT resulted as increases for Honduras (6,600 MT), were more than offset by reductions for Guatemala (6,600 MT) and Malaysia (600 MT). Exports of 301,000 MT were down 2 percent from the previous week, but up 5 percent from the prior 4-week average. The primary destinations were Poland (54,000 MT), the Philippines (48,000 MT), and Ecuador (32,100 MT). The current week's net sales for 2017/18 are lower compared to net sales of 246,000 MT during the previous week.

The domestic soy meal prices at Indore were quoted at Rs 30,000 – 30,700/MT compared to Rs. 30,000/MT - 30,200/MT in previous week. At Latur and Nanded, Maharashtra, soy meal witnessed steady to firm tone and were quoted at Rs 32,300/MT and 32,300/MT respectively compared to Rs 30,700/MT in Indore and Rs 31,000/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 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 30,000 – 30,700/MT during the week compared to Rs 24,600 – 25,000/MT during the corresponding period last year.

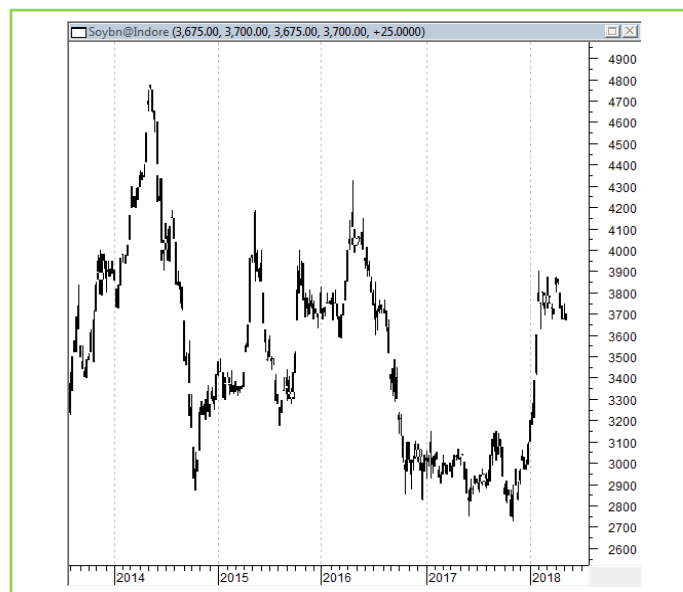
*The soy meal prices are likely to witness range –bound to firm tone amid expected export demand in the market.*

### **Technical Analysis:**

#### **NCDEX Soybean Futures**



#### **Soybean Spot, Indore**



**\*Note: Daily Chart**

#### **Support & Resistance NCDEX Soybean – June. contract**

S1	S2	PCP	R1	R2
3500	3450	3734	3800	3850

- Soybean noticed range –bound to firm tone, during the week.
- Prices closed below 18-day EMA.
- RSI is declining and stochastic is increasing in the neutral zone.
- MACD is increasing in the negative territory.
- The prices are expected to feature gain in the coming week.
- Trade Recommendation (NCDEX Soybean – June.): **BUY** Above 3700. Levels: T1 – 3800; T2- 3850, SL -3640.

## Rapeseed - Mustard Seed

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The domestic rapeseed-mustard witnessed recovery during the week amid good demand from the retailers and the stockists in the domestic market. European Union has lowered rapeseed production estimates following hampered crop development in the major producing countries of Germany, France, Britain and Poland. All India average arrival of rapeseed was around 2.70 lakh bags per day during the week.

**The all India seed supplies were reported between 2.70 – 3.00 lakh bags in a day compared to around 2.45 – 3.50 bags a day, previous week. The supplies were 2.40 -2.90 lakh bags a day during the corresponding period last year.**

The seed prices are higher at spot market and are quoted at around Rs 3,920 – 3,960 a quintal compared to Rs 3,750 – 3,825 a quintal during the corresponding period last year at the benchmark, Jaipur.

At NCDEX futures, the seed prices at June contract ended higher at 3919/Qtl compared to 3879/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 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 15.48% to 250,034 metric tonnes in March 2018 compared to same period previous year. In the first three months of the year 2018, imports of rapeseed declined by 21.18% to 984,947 metric tonnes compared to same corresponding period previous year. Imports of rapeseed meal increased by 87.51% to 109,795 metric tonnes in March 2018 compared to same corresponding period previous year. In the first three months of the current year, imports of rapeseed meal increased by 46.26% to 297,848 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 March edible oil imports rose 2.26 percent y-o-y to 11.23 lakh tons from 10.98 lakh tons in March 2017. Palm oil imports in March rose 11.9 percent y-o-y to 7.61 lakh tons from 6.8 lakh tons in March 2017. CPO Imports rose 19.8 percent y-o-y to 5.92 lakh tons from 4.54



lakh tons in March 2017. RBD palmolein imports fell 25.57 percent y-o-y to 1.63 lakh tons from 2.19 lakh tons in March 2017. Soy oil imports fell 50.0 percent in March y-o-y to 1.15 lakh tons from 2.30 lakh tons in March 2017. Sunflower oil imports rose 15.4 percent in March percent y-o-y to 2.10 lakh tons from 1.82 lakh tons in March 2017. Rapeseed (canola) oil import was at 0.37 lakh tons compared zero imports in March 2017.

According to Solvent Extractors Association (SEA), India's March edible oil stocks at ports and pipelines fell 3.87 percent m-o-m to 21.12 lakh tons from 21.97 lakh tons in February 2018. Stocks of edible oil at ports fell to 770,000 tons (CPO 350,000 tons, RBD Palmolein 160,000 tons, Degummed Soybean Oil 80,000 tons, Crude Sunflower Oil 160,000 tons and 20,000 tons of Rapeseed (Canola) Oil) and about 1,342,000 tons in pipelines (stocks at ports were 757,000 tons in February 2018). India is presently holding 33 days of edible oil requirement on 1st April, 2018 at 21.12 lakh tons compared to 36 days of requirements last month at 21.97 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 General Administration of Customs (CNGOIC), China's March edible vegetable oil imports rose 14.0 percent to 399,000 tons from 350,000 tons in February. Exports fell 11.3 percent from March 2017 reported at 450,000 tons. Year to date imports fell 5.5 percent to 1,325,000 tons compared to corresponding period in 2017.

According to China's General Administration of Customs (CNGOIC), China's March palm oil imports rose 27.13 percent to 4.80 lakh tons compared to March 2017. Year to date imports of palm oil rose 5.53 percent to 13.21 lakh tons. Imports from Indonesia in March rose 35.29 percent to 3.47 lakh tons compared to March 2017. Year to date imports of palm oil from Indonesia rose 9.84 percent to 9.25 lakh tons. Imports from Malaysia in March rose 9.7 percent to 1.32 lakh tons compared to March 2017. Year to date imports of palm oil from Malaysia fell 3.39 percent to 3.95 lakh tons.

According to cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's April palm oil exports fell 4.5 percent to 1,331,564 tons compared to 1,394,973 tons last month. Top buyers are European Union at 294,573 tons (261,868 tons), India at 253,155 tons (412,783 tons), China at 141,130 tons (122,364 tons), Pakistan at 100,100 tons (58,395 tons) and United States at 50,770 tons (53,175 tons). Values in brackets are figures of last month.

According to cargo surveyor AmSpec Agri, Malaysia's April palm oil exports fell 5.7 percent to 1,311,770 tons compared to 1,391,383 tons last month.

According to Malaysia Palm Oil Board (MPOB), Malaysia's April palm oil stocks fell 6.42 percent to 21.74 lakh tons compared to 23.23 lakh tons in March. Production of palm oil in April fell 0.99 percent to 15.58 lakh tons compared to 13.74 lakh tons in March. Exports of palm oil in April fell 1.99 percent to 15.41 lakh tons compared to 15.66 lakh tons in March. Imports of palm oil in April fell 10.1 percent to 0.36 lakh tons compared to 0.40 lakh tons in March.

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 Malaysia Palm Oil Board (MPOB), Malaysia imposed export duty on palm oil for April at 5 percent after three month suspension of export duty. Export duty of palm oil is calculated at reference price of 2,409.66 ringgit (\$621.37) per ton. Tax is calculated above 2,250 ringgit starting from 4.5 percent to a maximum of 8.5 percent. 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 February palm and palm kernel oil exports fell 13.5 percent m-o-m to 2.37 MMT compared to 2.74 MMT in January. On y-o-y basis exports fell 6.3 percent. Exports were 2.53 MMT in February 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 the latest monthly estimates from Strategie Grains, rapeseed production estimates have been increased to 22.60 MMT in European Union for 2017/18 compared to previous estimates of 21.86 MMT and 20.34 MMT in 2016/17.

*Outlook: The rapeseed-mustard is likely to witness range –bound to firm tone amid good demand and lower availability in the domestic market.*



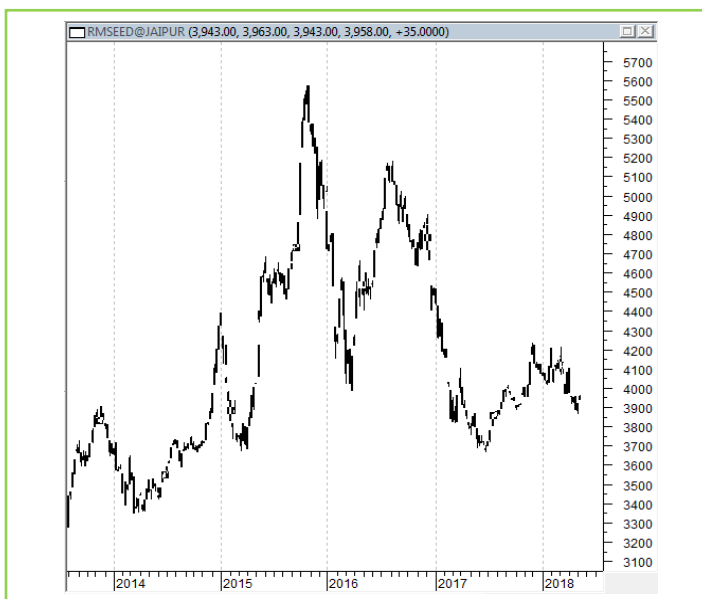
## Technical Analysis:

### NCDEX RM Seed Futures



\*Note: Daily Chart

### RM Seed Spot, Jaipur



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

S1	S2	PCP	R1	R2
3800	3750	3919	4050	4100

- Upward movement witnessed in RM seed.
- Prices closed above 18-day EMA.
- RSI is declining in the neutral zone and stochastic is increasing in the oversold zone.
- MACD is increasing in the negative territory.
- The prices are expected to feature range-bound movement with firm bias, during the week.
- Trade Recommendation (NCDEX Rapeseed-Mustard – June) Week: **BUY** Above 3875. Levels: Target – 3975; T2- 4025, SL –3815.

## Annexure

### Oilseed Prices at Key Spot Markets:

Commodity / Centre	Prices (Rs/Qtl)				Change
Soybean	11-May-18		4-May-18		
	Low	High	Low	Low	
Indore –Plant	3650	3750	3700	3700	-50
Indore–Mandi	3550	3700	3550	3700	Unch
Nagpur-Plant	3800	3850	3770	3800	50
Nagpur – Mandi	3200	3650	3000	3460	190
Latur – Mandi	3500	3735	3550	3790	-55
Kota-Plant	3600	3700	3600	3625	75
Kota – Mandi	3500	3650	3450	3550	100
Bundi-Plant	3650	3750	3600	3675	75
Bundi-Mandi	3550	3650	3400	3500	150
Baran-Plant	3600	3700	3600	3700	Unch
Baran-Mandi	3500	3550	3450	3550	Unch
Bhawani Mandi Jhalawar–Kota-Plant Delivery	3700	3750	3650	3700	50
Jhalwar-Mandi	3600	3640	3550	3600	40
Rapeseed/Mustard					
Jaipur-(Condition)(New Crop)	3955	3960	3900	3905	55
Alwar-(Condition)(New Crop)	3700	3750	3650	3700	50
SriGanganagar-(Non-Condition-Unpaid)	3500	3550	3500	3550	Unch
New Delhi–(Condition)(New Crop)	3750	3800	3650	3725	75
Kota-Non-(Condition)(New Crop)	3550	3625	3450	3525	100
Agra-(Condition)(New Crop)	4250	4350	4150	4225	125
Neewai(New Crop)	3700	3750	3850	3890	-140
Hapur (UP)(New Crop)	3800	3850	3650	3750	100
Groundnut Seed					
Rajkot	739	739	722	722	17
Sunflower Seed					
Gulbarga	3050	3125	2890	3450	-325
Latur	NA	NA	NA	NA	-
Sholapur(New Crop)	NA	NA	NA	NA	-
Sesame Seed					
Mumbai (White98/2/1	8600	8600	8700	8700	-100

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
		5th To 11th May 2018	28 <sup>th</sup> April To 4th May 2018	
Soybean				
	Madhya Pradesh	277000	140000	137000
	Maharashtra	218000	120000	98000
	Rajasthan	64000	42500	21500
	Bundi (Raj)	1000	1475	-475
	Baran (Raj)	2800	4650	-1850
	Jhalawar (Raj)	5100	5400	-300
Rapeseed/Mustard	Rajasthan	850000	760000	90000

## 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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