

Oilseeds Weekly Research Report

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Executive Summary

Soybean noticed mixed tone during the week amid weakness in soybean at CBOT, lack of demand from the millers and lower arrivals in the domestic market. Soybean at CBOT witnessed easy tone following uncertainty pertaining to demand from China. However downside was limited amid forecasts of further lower output in Argentina and bullish soybean crushing figures for the month of April. The weekly export sales of soybean released by the USDA were at the lower end of market expectation. The Buenos Aires Exchange has lowered soybean output estimates in Argentina following drought during the growth period and heavy rains during harvesting. The quality and the quantity of the crop will be affected.

In the domestic market, farmers will begin kharif sowing preparations in the next few days with the forecast of advancement in monsoon. Preliminary sowing intentions denote increase in soybean acreage this season as farmers are likely to shift from cotton and pulses towards soybean.

The monthly soybean crushing figures released by NOPA for the month of April denote record level of 161.016 million bushels compared to 139.134 million bushels in April 2017. The total soybean weekly export sales for the week May 04 -10, 2018 was reported at 506,600 tonnes. This is at the lower end of the market expectation of 400,000 tonnes -1 MMT. Heavy rains in the soybean growing regions of Argentina have affected harvesting and the Buenos Aires Exchange has further lowered soybean output estimates to 36 MMT in its latest weekly report.

Soy meal prices noticed range –bound to firm tone amid good export demand in the market. Soy meal at CBOT noticed weak tone during the week. In the domestic market, expected increase in soybean acreage, will translate into higher production of soybean and meal. Much will depend on the progress of monsoon during the season.

Rapeseed prices noticed range –bound to firm tone during the week on good demand from the stockists and positive tone of palm oil at BMD. Rapeseed output is expected to decline in Germany in 2018 and increase in Ukraine in the coming season. All India average arrival of rapeseed was around 2.50 lakh bags per day during the week.

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

Outlook – Cash Market

Outlook - Soybean (Spot, Indore): The soybean witnessed steady tone during the week amid lack-luster demand in the domestic market and weakness in soybean at CBOT. Expected increase in kharif acreage this season also influenced the market. Soybean at CBOT closed lower amid uncertainty pertaining to demand from China. The weekly export sales of soybean released by the USDA were within the expectation of the market. NOPA estimated record soybean crush for the month of April amid higher crushing margins. The Buenos Exchange has further lowered soybean output estimates to 36 MMT in its latest weekly report compared to previous estimate of 38 MMT. The prices are expected to feature range bound movement with firm bias between the price band of 3600 – 3800 level (Indore, Plant basis).

Outlook – Soy meal (Spot, Indore): Soy meal noticed firm tone during the week amid good export demand around current levels. Soy meal at CBOT noticed weak tone. Expected higher soybean acreage this season will translate into higher soybean and soy meal production this season. However much depends on the progress of monsoon during the season. Soy meal, Indore is expected to be in the range of 30,000 – 32,000/MT levels during the week.

Outlook - Rapeseed-Mustard (Spot, Jaipur basis): The rapeseed-mustard witnessed positive tone during the week amid good demand from the retailers and positive tone of palm oil at BMD. Rapeseed output is likely to decline in Germany in 2018 and increase in Ukraine in 2019. All India average arrival of rapeseed is reported to be around 2.50 lakh bags per day during the week. The seed prices are likely to feature range-bound movement with firm bias and witness the levels between 3900 – 4100/Qtl; levels during the week.

International Highlights

- ❖ According to Abiove, Brazil's soybean output has been revised higher by 0.9 per cent to 118.4 MMT in May 2018 compared to previous month. Soybean exports have been revised upwards by 1.1 per cent to 71.2 MMT compared to previous month.
- ❖ According to Abiove, Brazil will surpass U.S. as the world's largest producer of soybean this year. The U.S. is expected to produce 116.48 MMT soybean in 2018 and Brazil is expected to produce 117 MMT soybean. Brazilian increase in soybean production has resulted from logistical improvements, gains from planting second corn as a rotation crop, all of which increase farmer yields. Brazil also has the ability to increase its planted area.
- ❖ According to National Oilseed Processors Association (NOPA), U.S. April soybean crush rose to a record level of 161.016 million bushels from 139.134 million bushels in April 2017 amid strong processing margins. Crush of soybean in March 2018 was 171.858 million bushels. Soy meal exports in April increased to 946,291 metric tonnes, from 878,582 metric tonnes the previous month and higher than 595,468 metric tonnes in April 2017. Soy oil stocks as of April. 30 increased to 2.092 billion pounds, up from 1.946 billion pounds at the end of March 2018. This is the highest stock on record since June 2013.
- ❖ According to Informa, U.S. 2018 soybean plantings is expected at 89.4 million acres, higher than the recent USDA's forecast of 89.0 million acres.
- ❖ According to the latest attaché report released by the USDA, sunflower and rapeseed planted areas are projected to increase for MY2018/19 in Ukraine. Soybean seed area is likely to reduce due to recent changes in domestic tax policy. Those changes will give soybean crushers an advantage for processing versus exporting unprocessed soybeans, which will result in more exports of soybean meal and oil. Soybean production is expected to decline by 14% to 3.3 MMT in 2018-19. The USDA, forecasts sunflower seed production in 2018-19 at 15.6 MMT, a 16% increase over the previous year. Rapeseed planted area is forecast to increase by 25% while production is projected to rise by 21% to 2.6 MMT.
- ❖ According to the Association of German farm co-operatives, the output of winter rapeseed is likely to decline by 3.3 per cent to 4.12 MMT in 2018 compared to previous forecast. Output has been reduced as warm weather in the growing regions has affected the growth of the plants.

- ❖ According to the latest estimates by the Buenos Aires Exchange, Argentina's soybean output has been reduced to 36 MMT compared to previous estimates of 38 MMT. Drought during the growth period and recent heavy rains during harvesting has affected output.
- ❖ Net sales of 281,900 MT for 2017/2018 were down 20 percent from the previous week and 48 percent from the prior 4-week average. Increases were reported for the Netherlands (127,900 MT, including 121,000 MT switched from unknown destinations and decreases of 2,300 MT), Egypt (97,400 MT, including 49,000 MT switched from unknown destinations and decreases of 2,600 MT), Mexico (85,600 MT), Indonesia (69,000 MT, including 25,000 MT switched from unknown destinations and decreases of 400 MT), and Japan (45,000 MT, including 30,200 MT switched from unknown destinations and decreases of 200 MT) during the week May 04 -10, 2018. Reductions were primarily for unknown destinations (224,500 MT). For 2018/2019, net sales of 224,700 MT were primarily reported for Pakistan (66,000 MT), Mexico (62,000 MT), and unknown destinations (60,000 MT). Exports of 654,500 MT were up 39 percent from the previous week and 30 percent from the prior 4-week average. The destinations were primarily to China (129,500 MT), the Netherlands (127,900 MT), Egypt (112,400 MT), Mexico (78,500 MT), and Indonesia (44,900 MT). The current week's net sales are lower compared to net sales of 354,300 MT during the previous week.

Soybean

Soybean noticed mixed tone during the week amid weakness in soybean at CBOT, lack of demand from the millers and lower arrivals in the domestic market. Soybean at CBOT witnessed easy tone amid uncertainty pertaining to demand from China in the coming days. However, downside was limited amid lower soybean output estimates in Argentina and record level soybean crushing figures for the month of April 2018. The weekly export sales of soybean released by the USDA were at the lower end of the market expectation. NOPA has estimated record soybean crushing of 161.016 million bushels in April 2018 compared to 139.134 million bushels during the same corresponding period previous year. The Buenos Aires Exchange has further reduced soybean output estimates to 36 MMT in its latest weekly report compared to previous estimates of 38 MMT.

In the domestic market, farmers will begin kharif sowing preparations in the next few days, following forecast of advancement in monsoon. Preliminary sowing intentions denote increase in soybean acreage this season. Farmers are likely to shift from cotton and pulses towards soybean.

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 2,60,000 bags compared to 2,77,000 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 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 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 9th February 2018, is lower compared to the previous year's level which is down by 5.27% at 80.87 lakh hectares compared to 84.85 lakh hectares during the corresponding period last year.

The major buyers in Madhya Pradesh are as follows: Amrit Mandsaur, Ambika Kalapipal, Agrawal Neemuch, Adani Shujalpur, Agro Sol. Datia, Avi Agro, Bansal, Bajrang, Betul Oil, Dhanuka, DivyaJyoti, G. Ambuja, Itarsi, Indian Soya (3-2-10 specification), Khandwa, Khyati, Kriti, K.P. Newari, Mahakali, M.S. Neemuch, Prakash, Oyster Exim, Prestige, Ruchi, Rama, RH Solvex, SSA Mandideep, Shanti Overseas, Sawariya, Itarsi, Sitashri, Vippy for Dewas and Mandsaur delivery during the week.

Previous Update

We expect India's soy meal exports to pick up in coming months. Seasonally, India's soy meal exports are at high volume, during October thru February due to higher pace in crushing the bean.

Huge South American soy supplies continue to influence the market as the Indian soy meal price has been out-priced in the international market in recent weeks.

Lower soybean supplies this season, mean decline in crushing and eventually, availability of less soy meal, eventually leading to lower exports.

India's domestic soy meal consumption is around 5 million tonnes and the production is expected to be 7-7.5 million tonnes, the surplus 2.5 million needs to be exported for the good crush market during the season.

The soybean supplies were lower in the key markets of Madhya Pradesh and Rajasthan and higher in Maharashtra during the week.

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

International:

The international benchmark, CBOT soybean closed lower pertaining to uncertainty of demand from China in the coming days.

At CBOT, the soybean, in the most active July contract, ended lower at US \$ 9.98/bushel compared to US \$ 10.36/bushel last week.

Net sales of 281,900 MT of soybean for 2017/2018 were down 20 percent from the previous week and 48 percent from the prior 4-week average. Increases were reported for the Netherlands (127,900 MT, including 121,000 MT switched from unknown destinations and decreases of 2,300 MT), Egypt (97,400 MT, including 49,000 MT switched from unknown destinations and decreases of 2,600 MT), Mexico (85,600 MT), Indonesia (69,000 MT, including 25,000 MT switched from unknown destinations and decreases of 400 MT), and Japan (45,000 MT, including 30,200 MT switched from unknown destinations and decreases of 200 MT) during the week May 04 -10, 2018. Reductions were primarily for unknown destinations (224,500 MT). For 2018/2019, net sales of 224,700 MT were primarily reported for Pakistan (66,000 MT), Mexico (62,000 MT), and unknown destinations (60,000 MT). Exports of 654,500 MT were up 39 percent from the previous week and 30 percent from the prior 4-week average. The destinations were primarily to China (129,500 MT), the Netherlands (127,900 MT), Egypt (112,400 MT), Mexico (78,500 MT), and Indonesia (44,900 MT). The current week's net sales are lower compared to net sales of 354,300 MT during the previous week.

Previous updates

In the latest USDA quarterly stock report, it has been reported that the US soybeans stored in all positions on 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 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 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 ar. 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 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.

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.

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 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 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 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.

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 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.

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 witness range –bound to firm tone as trade rift between U.S. and China has eased. Demand is likely to resume from China in the coming days.

Soy meal

Soy meal noticed range –bound to firm tone during the week amid good export demand in the market. Soy meal noticed weak tone during the week. Expected increase in soybean acreage this kharif season will translate into higher soybean and soy meal this season. Much will depend on the progress of monsoon during the season.

Soy meal ready for ready delivery in PP bags at Dhule was quoted at 31800+GST by MOEPL. This is with 46.5% protein content. However, it was quoted for May delivery in PP bags at Rs. 32200+GST at Latur by ADM. It was quoted at 32700+GST for June delivery.

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 hike in import duty to the highest level by the government. Prices have increase 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 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, rice bran 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 \$ 375.20 per short ton compared to US \$ 378.60 per short ton last week.

Net sales of 376,000 MT of soybean cake and meal for 2017/2018 were up noticeably from the previous week and from the prior 4-week average. Increases were reported for the Philippines (165,100 MT), Spain (46,900 MT), Morocco (29,300 MT, including decreases of 700 MT), Venezuela (22,000 MT), and Vietnam (20,000 MT) during the week May 04 -10, 2018. Reductions were primarily for El Salvador (4,300 MT) and unknown destinations (1,000 MT). For 2018/2019, net sales of 45,700 were reported for the Philippines (45,000 MT) and Canada (700 MT). Exports of 260,400 MT were down 14 percent from the previous week and 10 percent from the prior 4-week average. The primary destinations were Mexico (90,800 MT), Thailand (52,500 MT), Vietnam

(26,600 MT), Spain (19,400 MT), and Canada (12,100 MT). The current week's net sales for 2017/18 are higher compared to net sales of 90,900 MT during the previous week.

The domestic soy meal prices at Indore were quoted at Rs 30,300 – 31,000/MT compared to Rs. 30,000/MT - 30,700/MT in previous week. At Latur and Nanded, Maharashtra, soy meal witnessed easy to steady tone and were quoted at Rs 32,200/MT and 32,300/MT respectively compared to Rs 31,000/MT in Indore and Rs 30,800/MT in Kota.

Previous Updates

India has registered gains in the soy meal exports in the current season. Recovery in INR against dollar will eventually make India's soy meal export prices unattractive and help South American soy meal to gain market share.

India is expected to produce 7-7.5 million metric tonnes of soy meal this season. Out of which 5 million metric tonnes will be consumed domestically but another 2 -2.5 million metric tonnes must be shipped overseas, failing which, the disparity on crushing soybean will increase.

We expect India's soy meal exports to decline slightly in the new season with lower 2017/18 soybean production leading to lower crushing eventually decreasing the meal supplies.

Indian meal prices need to be highly competitive against the South American and China's meal prices to regain the markets it lost in previous seasons.

India's Y-o-Y soy meal prices, Indore, are currently higher compared to previous year. Soy meal Indore was quoted higher between Rs 30,300 – 31,000/MT during the week compared to Rs 24,000 – 25,000/MT during the corresponding period last year.

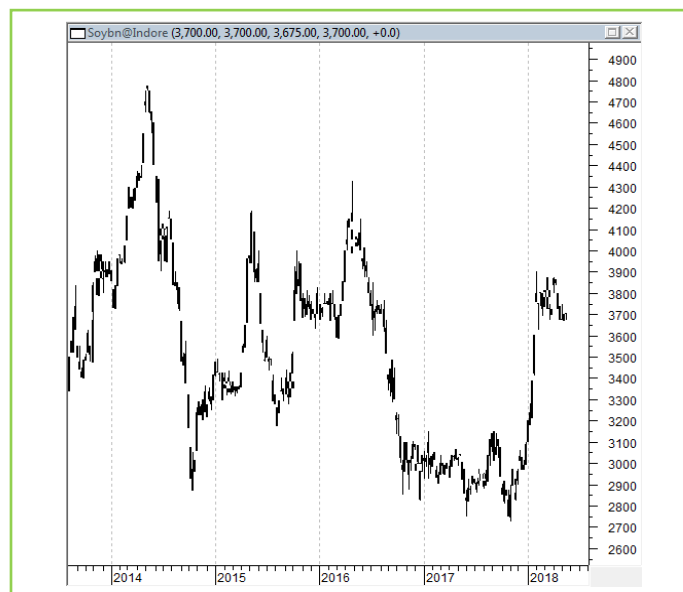
The soy meal prices are likely to notice range –bound to firm tone on good export demand in the market.

Technical Analysis:

NCDEX Soybean Futures



Soybean Spot, Indore



***Note: Daily Chart**

Support & Resistance NCDEX Soybean – June. contract

S1	S2	PCP	R1	R2
3650	3600	3782	3950	4000

- Soybean noticed range –bound to firm tone, during the week.
- Prices closed above 18-day EMA.
- RSI and stochastic are 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 3725. Levels: T1 – 3825; T2- 3875, SL -3665.

Rapeseed - Mustard Seed

The domestic rapeseed-mustard noticed range –bound to firm tone during the week amid good demand from the stockists and positive tone of palm oil at BMD. Rapeseed output is expected to decline in Germany in 2018 following warm weather in the growing regions and it is expected to increase in Ukraine in the coming season. All India average arrival of rapeseed was around 2.50 lakh bags per day during the week.

The all India seed supplies were reported between 2.15 – 3.00 lakh bags in a day compared to around 2.70 – 3.00 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 3,960 – 4,100 a quintal compared to Rs 3,815 – 3,870 a quintal during the corresponding period last year at the benchmark, Jaipur.

At NCDEX futures, the seed prices at June contract ended higher at 3978/Qtl compared to 3919/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 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.

Previous Updates

Agriwatch had projected India's 2016/17 rapeseed production at 7.0 million tonnes with an average yield of about 1000 kg/ha compared to 5.8 million tonnes in 2015/16 while Solvent Extractors of India had estimated India's seed production at 7.2 million tonnes.

According to Solvent Extractors Association (SEA), India's April edible oil imports rose 3.37 percent y-o-y to 13.69 lakh tons from 13.24 lakh tons in April 2017. Palm oil imports in April rose 3.59 percent y-o-y to 7.79 lakh tons from 7.52 lakh tons in April 2017. CPO Imports rose 9.0 percent y-o-y to 5.57 lakh tons from 5.11 lakh tons

in April 2017. RBD palmolein imports fell 9.48 percent y-o-y to 2.10 lakh tons from 2.32 lakh tons in April 2017. Soy oil imports fell 13.11 percent in April y-o-y to 2.65 lakh tons from 3.05 lakh tons in April 2017. Sunflower oil imports rose 25.11 percent in April percent y-o-y to 2.94 lakh tons from 2.35 lakh tons in April 2017. Rapeseed (canola) oil import fell to 12.5 percent 0.28 lakh tons compared 0.32 imports in April 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 May 1-15 palm oil exports fell 13.7 percent to 550,961 tons compared to 638,293 tons in corresponding period last month. Top buyers are European Union at 173,833 tons (175,133 tons), China at 86,560 tons (26,000 tons), United States at 18,665 tons (16,580 tons), India at 15,000 tons (89,570 tons) and Pakistan at 0.0 tons (45,600 tons) and. Values in brackets are figures of corresponding period last month.

According to cargo surveyor AmSpec Agri, Malaysia's May 1-10 palm oil exports fell 9.6 percent to 406,689 tons compared to 449,997 tons in corresponding period 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 kept crude palm oil export duty unchanged at 5 percent for June. Export duty of palm oil is calculated at reference price of 2,421.19 ringgit (\$611.41) 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 (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 notice range –bound to firm tone on good demand and lower arrivals 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
3850	3800	3978	4100	4150

- Upward movement witnessed in RM seed.
- Prices closed above 18-day EMA.
- RSI is increasing in the neutral zone and stochastic is declining 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 3925. Levels: Target – 4025; T2- 4075, SL –3865.

Annexure

Oilseed Prices at Key Spot Markets:

Commodity / Centre	Prices (Rs/Qtl)				Change
Soybean	18-May-18		11-May-18		
	Low	High	Low	Low	
Indore –Plant	3650	3750	3650	3750	Unch
Indore–Mandi	3500	3700	3550	3700	Unch
Nagpur-Plant	3790	3820	3800	3850	-30
Nagpur – Mandi	3150	3615	3200	3650	-35
Latur – Mandi	3500	3750	3500	3735	15
Kota-Plant	3650	3700	3600	3700	Unch
Kota – Mandi	3550	3625	3500	3650	-25
Bundi-Plant	3650	3750	3650	3750	Unch
Bundi-Mandi	3550	3650	3550	3650	Unch
Baran-Plant	3600	3700	3600	3700	Unch
Baran-Mandi	3500	3560	3500	3550	10
Bhawani Mandi Jhalawar–Kota-Plant Delivery	3600	3700	3700	3750	-50
Jhalwar-Mandi	3500	3600	3600	3640	-40
Rapeseed/Mustard					
Jaipur-(Condition)(New Crop)	4005	4010	3955	3960	50
Alwar-(Condition)(New Crop)	3800	3850	3700	3750	100
SriGanganagar-(Non-Condition-Unpaid)	3650	3725	3500	3550	175
New Delhi–(Condition)(New Crop)	3750	3825	3750	3800	25
Kota-Non-(Condition)(New Crop)	3550	3600	3550	3625	-25
Agra-(Condition)(New Crop)	4300	4350	4250	4350	Unch
Neewai(New Crop)	3650	3740	3700	3750	-10
Hapur (UP)(New Crop)	3800	3875	3800	3850	25
Groundnut Seed					
Rajkot	761	761	739	739	22
Sunflower Seed					
Gulbarga	2925	3452	3050	3125	327
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
		12th To 18th May 2018	5th To 11th May 2018	
Soybean				
	Madhya Pradesh	260000	277000	-17000
	Maharashtra	235000	218000	17000
	Rajasthan	50000	64000	-14000
	Bundi (Raj)	300	1000	-700
	Baran (Raj)	5800	2800	3000
	Jhalawar (Raj)	6500	5100	1400
Rapeseed/Mustard	Rajasthan	730000	850000	-120000

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

The 2nd Advance Estimates of production of major crops for 2017-18 have been released on 27 February, 2018 by the Department of Agriculture, Cooperation and Farmers Welfare. The assessment of production of different crops is based on the feedback received from States and validated with information available from other sources. As a result of floods and erratic rainfall during monsoon 2017, the country has witnessed lower food grain production in the current year compared to previous year.

The estimated production of major Kharif Oilseeds during 2017-18 is as under:

Oilseeds – 20.36 million tonnes

- 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

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

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

MSP for 2017/18 Rabi Oilseeds

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

Sown Area – *Rabi* Oilseeds, India

In the official Rabi oilseeds planting report, by the 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

Crop	2018	2017	% Change
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
Total Oilseeds	80.87	84.85	-5.27

Source: GOI

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