

Oilseeds Weekly Research Report

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Executive Summary

Soybean Oct contract at NCDEX recovered after falling to multi months lows. CBOT Soybean traded in a range bound manner in the week on lack of fundamental cues in which traders were skeptical over yield numbers. Market is talking about yield to be above last WASDE estimate as well as below too. Hence the market could not able to get any definite direction. The WASDE report is going to be released this 12th of the month.

In the domestic market, according to ministry the sowing has been carried out in 111.92 lakh hectares. There is intermittent rainfall across soybean growing regions and there is report of very limited crop damages. Further there is forecast of another round of rains in the third week of Sep which remain crucial for yield in either way. Much will depend of the extent of rains. Agriwatch has kept its production figure to be around 104-105 lakh tons.

CBOT Soy meal recovered after making new lows after on renewed buying interest and close above \$310 per short tons. This has limited the potential for steep fall of Indian soymeal for the time being but still the gate is open to fall towards 22000. Argentinean meal also has recovered to \$345 per ton.

Rapeseed stocks offloading have been very sluggish by NAFED and thus a round of price rally is expected in coming week. Current fall is attributed to the bearishness in soybean prices. A mustard price is also underpinned over the spread with bean which can sustain in the range of INR 840 to 720 per quintal at NCDEX futures. But if the NAFED stocks continued to remain locked the spread is expected to reach towards INR 1000 or even more. Spot prices have already recovered to previous high. Thus Mustard prices is expected to gain further unless there is aggressive bearishness in Soybean. However, NCDEX Mustard is expected to find it difficult breach 3918 level.

Overall market is expected to remain mixed.

Reports releasing this week

1. USDA Crop Progress Report: 10th Sep
2. USDA Weekly Export Sales Report: 14th Sep
3. USDA Weekly Export Inspection Report: 10th Sep
4. India Sowing Progress: 14th September
5. USDA WASDE Report : 12th Sep
6. SOPA Soymeal SnD for August: After 6th Sep

Outlook – Cash Market

Outlook - Soybean (Spot, Indore): Soybean Indore is expected to trade range in between the range of 3200 to 3400. With the current situation of higher y-o-y acreages and forecast of favorable weather the old crop is expected to fall further as market is betting on new crop rather on old crop. As the CBOT also has potential to fall further under the influence of upcoming expected record harvest Indian bean is also finding its way to place seasonal bottom. New crop futures and forwards is expected to start falling in coming weeks with further development in weather is the key for price direction.

Outlook – Soy meal (Spot, Indore): Soy meal gained after weakening by 1000 to 1200 per ton. Meal prices are expected to weaken as the seasonal rise in crush and higher disposable stocks. Indian meal might not see much interest in forward bookings except its regular buyers as the net importers of bean and meal is shifting towards the bargain prices offered by US.

Outlook - Rapeseed-Mustard (Spot, Jaipur basis): As the weakness led by soybean evaporated in the market, tighter stock position amidst traders and crushers is expected to help prices to inch further high. With crush demand remaining high the prices is expected to turn around in futures market. Spot price is also expected to inch further high.

Sowing Status – Kharif Oilseeds 2018-19 as on 6th Sep, India

Sowing Progress as on 06th September 2018							
Oilseeds	Normal Area	Normal For Corresponding Week	2017-18	2018-19	% Change from Last Year	% of Normal Area 2017-18	% of Normal Area 2018-19
Groundnut	42	40.57	40.76	39.87	-2%	97%	95%
Soybean	112.5	113.83	105.2	111.92	6%	94%	99%
Sunflower	2.1	1.67	1.34	1.09	-19%	64%	52%
Sesame	14.5	15.05	13.47	13.72	2%	93%	95%
Niger	2.6	1.5	1.48	0.86	-42%	57%	33%
Castor	10.5	8.66	6.87	6.49	-6%	65%	62%
Total	184.2	181.28	169.12	173.95	3%	92%	94%
All figures in Lakh Hectares							

Source: Agricoop

Overall oilseed sowing is done in 173.95 lakh hectares against 169.12 lakh hectares last year. Groundnut sowing has been done in 95% of the normal area whereas soybean has been in 99%. At this moment we can freeze soybean acreages at 112 lakh hectares. There is still space for sowing in groundnut. Sesame sowing is expected to be down by .8 lakh hectares against normal.

Weather Forecast and Current Status

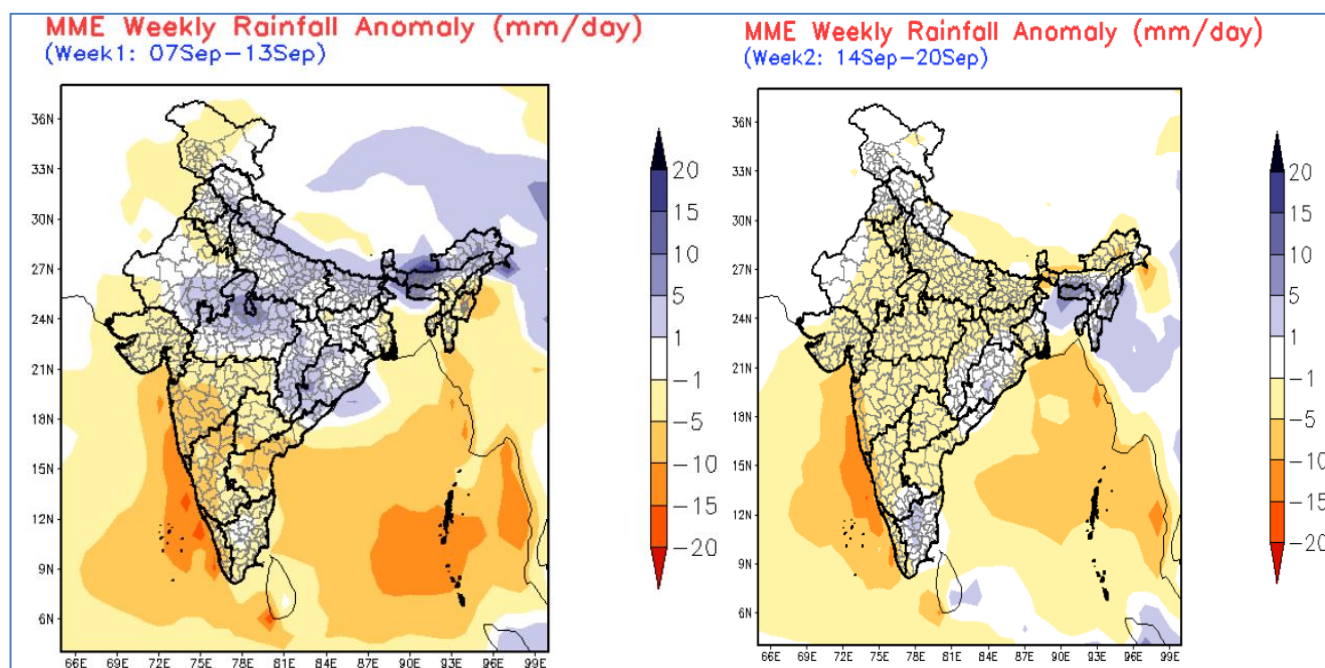
Forecast for the Rainfall during the Second Half of the Southwest Monsoon Rainfall:

- The rainfall during August 2018 is likely to be $96 \pm 9\%$ of LPA and expected to be higher than predicted in June.
- Quantitatively, the rainfall for the country as a whole during the second half of the season (August and September) is likely to be 95% of LPA with a model error of $\pm 8\%$.
- The tercile probability forecasts for the rainfall over the country as a whole during the 2018 second half of the monsoon season are given in the table below.

Category	Rainfall Range (% of LPA)	Forecast Probability (%)
Below Normal	<94	47
Normal	94 -106	41
Above Normal	>106	12

- Mid-season rainfall scenario realised over the country till the end of July 2018 suggests that distribution of rainfall is very good over all parts of the country except Bihar, Jharkhand and NE States. Such a scenario of favourable distribution of rainfall is expected to continue during rest of monsoon season of 2018 so as to remain favourable for agricultural operations.

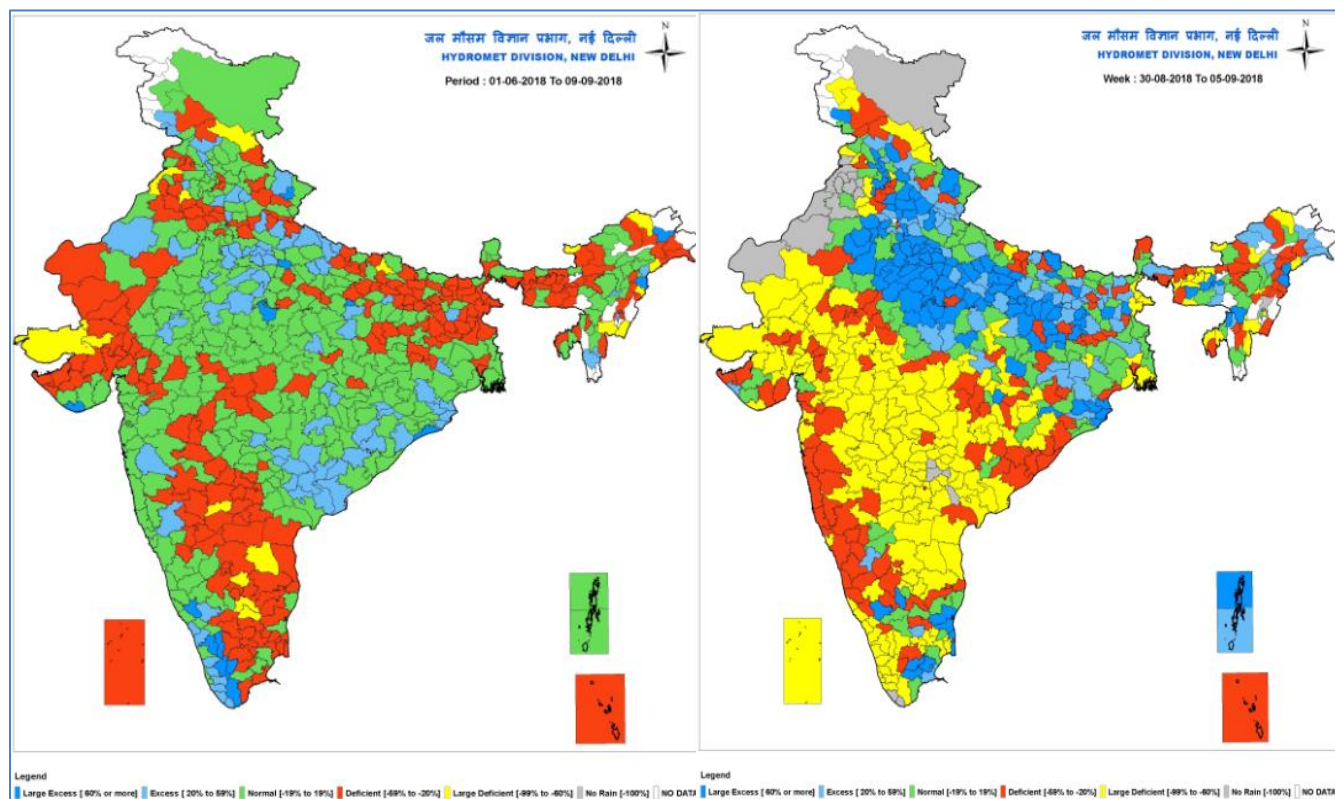
Medium Range Forecast



Rainfall is going to get concentrated in the Central and East India. In second week Tamil Nadu and East coast is expected to witness good rains. South India will receive limited rains in the period.

Cumulative Rainfall as on 4th August

Monsoon rainfall deficit is at 7% as on 8th Sep. Cumulative rainfall has improved in Maharashtra after continuous rains. However the current lull period in the state again is helping to increase the deficit. Rayalseema and NI Karnataka have received below normal rains. Similarly Bihar and Jharkhand has also has not received its full quota. Last week the rains was mainly concentrated towards Northern Planes.



Soybean

Domestic Market

According to the SEA Rabi Oilseeds production estimates for the crop year 2017-18, India produced 84.19 lakh tons of oilseeds with 13.9 lakh tons of groundnut and 63.8 lakh tons of mustard. SEA has revised down the 2017-18 production to 65 lakh tons from earlier estimates of 71.5 lakh tons. Overall, the rabi oilseeds production is lower by 2.84 lakh tons y-o-y.

The overall 2017-18 production of oilseeds stands at 240.87 lakh tons against 265.94 lakh tons last year. Cottonseed production has been kept at 113.15 lakh tons in 2017-18, high by 8.68 lakh tons as compared to last year. Copra production has been at 3.28 lakh tons down by .47 lakh tons y-o-y.

SOPA president Mr Davish Jain has renounced the hoax of widespread damage circulating in social media. He said he himself has travelled throughout state and has not noticed any widespread damage by pest attacks.

Rajasthan Khadya Padarth Vyapar Sangh, a Jaipur-based apex body of agri traders, has ended up the 5 day strike after consensus with state government on increasing the margins to 2.25% from existing 2.0%. On issue of getting margins on procurement of agriculture produce by government agencies the body is in further discussion with state government. As of now there is no margins given to traders on procurement by agency from traders.

The domestic soybean prices are likely to notice weak trend in the domestic market.

International Market

According to International FC Stone the soybean area is expected to grow by 2% to 35.86 million hectares 2018/19. Further the Brazilian farmer is expected to harvest 119.18 million ton up .2% y-o-y.

European Union soybean imports in the 2018/19 season that started on July 1 totaled 2.27 million tonnes by Sept. 2, down 1 percent from 2.29 million a year earlier, data published by the European Commission on Monday showed.

EU 2018/19 soymeal imports had reached 2.8 million tonnes, down 23 percent from a year-earlier 3.7 million, the official data showed.

Argentinean govt has said to Immediately Cut Export Tax Specific To Soybeans And Soy Products To 18 Pct, But Additional 4 Peso Per Dollar Tax To Apply.

President Mauricio Macri of Argentina has asked the exporters who have been benefitted by falling peso, to do more to help the country to eliminate primary fiscal deficit next year. Thus Argentina launched floating export tax which is resulting in marginal increase in the export tax of bean complex. Thus it has effectively halted the progressive reduction of export taxes. The economic minister has overhauled the export tax structure. The duties on soybean exports has been declined to on soybean complex 18% from 25.5% and thus the soymeal taxes which is at 23% has also going to be cut.

Instead, a new tax structure is being introduced which is a flat 4 peso duty per US dollar of good exported and which translates effectively into 10.5% tax on soybean at current prices. The tax will change in accordance with the prices of soybean.

The average daytime highs coming in 10 or more degrees cooler than normal for the next several days across much of the Midwest. Plenty of precipitation also moves through the Midwest this weekend, with another 4" or more rainfall dropping on large portions of Missouri, Illinois, Indiana and Ohio through next Monday.

President Donald Trump's threats of additional Chinese tariffs have remained a guess work for the traders. Trade talks between the U.S. and Canada have been optimistic, but pressure to make an immediate deal appears to happen till the end of September.

Soybean exports landed 24.7 million bushels in new crop sales last week, sliding below the prior week's total of 25.8 million bushels but besting trade estimates of 22.1 million bushels.

Soybean export shipments of 26.6 million bushels dropped 26% below the prior week's total and 7% below the prior four-week average. China concludes the 2017/18 marketing year as the leading destination for U.S. soybean export commitments, accounting for 47% of the total.

South Korea purchased 551,000 bushels of non-GMO soybeans from the U.S. and China in a tender that closed Tuesday, for arrival in November and December.

Soy meal

CBOT Soymeal gained further taking cues from soybean at the close of the week session. As the short window for higher weekly chick replacement is getting over poultry farmers is expected to delay their purchases as the prices is expected to fall. On demand side the improvement is expected to start from Oct as the poultry industry prepares for peak winter demand.

According to SEA latest estimates of oilmeal exports during April to August 2018, India exported 11.92 lakh tons as compared to 9.86 lakh tons in the same time frame last year. Rapeseed meal exports witnessed sharp rise to clock 4.9 lakh tons which is a rise of 109% as compared to last year.

During April - August 2018 Vietnam imported 235,723 tons of oilmeals (compared to 167,604 tons); consisting of 7,160 tons of soybean meal, 77,160 tons of rapeseed meal, and 151,403 tons of Rice Bran Extraction

South Korea imported 349,992 tons of oilmeals (compared to 337,270 tons) ; consisting 231,610 tons of rapeseed meal, 10,832 tons of soybean meal and 107,550 tons of castor meal. Thailand imported 130,988 tons of oilmeals (compared to 57,228 tons); consisting 4,747 tons of soybean meal, 9,633 tons of De-oiled Rice Bran Extraction, and 116,572 tons of rapeseed meal. France imported 63,493 tons of oilmeals consisting 61,999 tons of soybean meal and 1,494 tons of Castormeal.

Technical Analysis:

NCDEX Soybean FUTURE*



Soybean Spot, Indore



- New crop soybean contract for Oct month sustained its gains towards the swing high and corrected after breaching 3280 briefly.

- Prices continued to trade in the descending channel below the resistance level of 3280
 - On the upside, INR 3280 shall act as immediate resistance followed by INR 3310
 - On the downside, INR 3220 shall act as immediate support.
 - Trade Recommendation (NCDEX-Soybean – Oct) Sell on any rise above 3250
- Weekly trade call: **Sell** above 3250 Target – 3220; T2- 3180, SL –above 3310.

Rapeseed - Mustard Seed

The all India weekly seed supplies were reported 3.3 lakh bags as compared to 6.25 lakh bags in the previous week. The supplies were 7.9 lakh bags in the same time frame last year.

The spot prices have edged high w-o-w as the mustard prices gained after the bearishness in soybean digested. NAFED inability to offload the stocks at brisk pace has kept the supplies tight and hence mustard covered most of its losses. At the end of week mustard closed at 4320 per quintal as against INR 4005 per quintal during the corresponding period last year at the benchmark, Jaipur. Mustard has gained 95 rupees in the week at spot market to reach 4175 before recovering to 4205.

At NCDEX futures, the seed prices at Aug contract ended low at 4043/Qtl compared to 3990/Qtl previous week.

According to Marudhar Trading agency, Mustard crop is estimated at 70 Lakh tons. Arrivals till August end is at 58 lakh tons and crush is at 44 lakh tons leaving 26 lakh tons of stock. Stocks with farmers is at 12 lakh tons, with traders is at 5.35 lakh tons and with NAFED is 8.65 lakh tons.

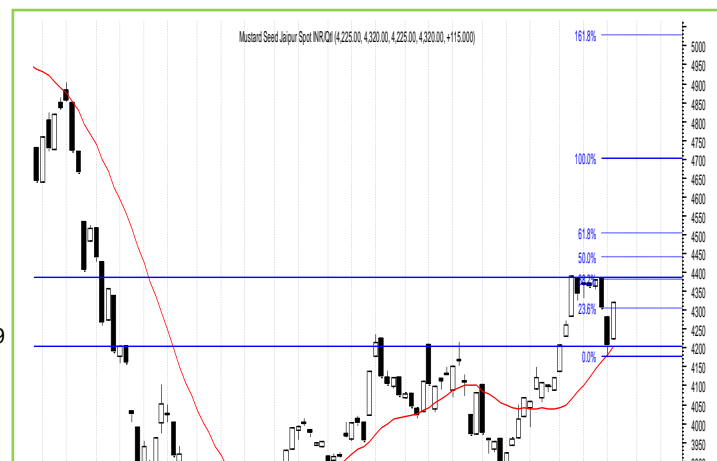
Arrivals pace is indicating towards a very similar production as compared to last year. However as SEA has downward revised the production from 71.6 to 66 lakh tons the ambiguity remains over production.

As Mustard prices in spot market has not weakened the future prices is expected to gain further to neutralize the widening of basis. August month recorded highest basis for the season as the futures declined following soybean but spot remained tight as stocks at NAFED warehouses remained locked as there was poor interest in the auction.

NAFED was able to sell just 2560 tons of Mustard on 5th Sep. Auctioned price remained in the range of INR 3813 to 3898 per quintal. Stocks as on 5th Sep is 8.67 lakh tons.

The spread between Mustard and Soybean has inched towards maximum for the recent days and we can expect the spread to correct in upcoming trade. However since the nearly 8.7 lakh tons of stocks is not available in the market and the price of mustard oil has been inching high, crush demand kept the stocks tight in the market and thus the spread is expected to inch towards INR 1000 to 1200 per quintal.

Technical Analysis:



NCDEX RM Seed Futures

RM Seed Spot, Jaipur

Support & Resistance NCDEX RM Seed – Oct contract				
S1	S2	PCP	R1	R2
4000	4050	4043	4050	4100

- Mustard continued to gain towards higher highs breaking the resistance level of 4000, 4050 and tested 4100 on the last day of weekly closing. .
- Going ahead, the price is expected to extend its gains towards 4200.
- Trade Recommendation (NCDEX Rapeseed-Mustard – Sep)

Sell on rise target of 3950 and then 3930

Weekly trade call: **Buy** 4100-4130: Target – 4200; T2- 4210, SL – Below 4100.

Oilseed Prices at Key Spot Markets:

Commodity / Centre	Prices (Rs/Qtl)				Change
Soybean	06-Sep-18		30-Aug-18		
	Low	High	Low	High	
Indore –Plant	3400	3425	3300	3350	75

Indore–Mandi	Closed	Closed	3150	3250	-
Nagpur-Plant	3475	3550	3370	3400	150
Nagpur – Mandi	3050	3280	3050	3250	30
Latur – Mandi	Closed	Closed	0	0	-
Akola – Mandi	2900	3225	3150	3150	75
Kota-Plant	3220	3270	3250	3300	-30
Kota – Mandi	Closed	Closed	3050	3150	-
Bundi-Plant	3260	3290	3250	3300	-10
Bundi-Mandi	Closed	Closed	3150	3200	-
Baran-Plant	3170	3200	3200	3250	-50
Baran-Mandi	Closed	Closed	3070	3140	-
Bhawani Mandi Jhalawar–Plant	3210	3260	3200	3250	10
Jhalwar-Mandi	Closed	Closed	3100	3150	-
Rapeseed/Mustard					
Jaipur-(Condition)(New Crop)	Closed	Closed	4170	4175	-
Alwar-(Condition)(New Crop)	Closed	Closed	4000	4050	-
SriGanganagar-(Non-Condition-Unpaid)	Closed	Closed	3900	3950	-
New Delhi–(Condition)(New Crop)	4100	4150	4050	4100	50
Kota-Non-(Condition)(New Crop)	Closed	Closed	3650	3750	-
Agra-(Condition)(New Crop)	4650	4700	4600	4625	75
Neewai(New Crop)	Closed	Closed	3850	3920	-
Hapur (UP)(New Crop)	4150	4175	4000	4050	125
Groundnut Seed					
Rajkot	Closed	Closed	757	757	-
Sunflower Seed					
Gulbarga	3306	3504	3200	3500	4
Latur	NA	NA	0	0	-
Sholapur	3550	3600	3550	3600	Unch
Sesame Seed					
Mumbai Sesame White 98/2/1 FM	9000	9000	9000	9000	Unch
Soybean Prices are in INR/ctl. (1 bag=90 kg). Mandi prices – Loose, Mustard Seed Prices are in INR/qt (1 bag=85 kg) C – Condition (42%), *Groundnut seed in Rs/20 kg, Sunflower Seed in Rs/ctl.					

Oilseed Arrivals in Key Centers:

Commodity	Centre	Arrivals in Bags/Qtl		Change
Soybean		31st Aug to 6th Sep 2018	26th Aug to 30th Aug 2018	
	Madhya Pradesh	135000	235000	-100000
	Maharashtra	65000	115000	-50000
	Rajasthan	28000	64000	-36000
	Bundi (Raj)	10	100	-90
	Baran (Raj)	500	2650	-2150
	Jhalawar (Raj)	1000	4800	-3800
Rapeseed/Mustard	Rajasthan	50000	335000	-285000

Annexure

India's Kharif Oilseeds Production Seen at 313.1 Lakh Tons in 4th Adv Est. - GOI

The 4th Advance Estimates of production of major crops for 2017-18 have been released on 28th August, 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 oilseeds production in the current year compared to previous year.

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

Oilseeds – 313.1 Lakh tonnes

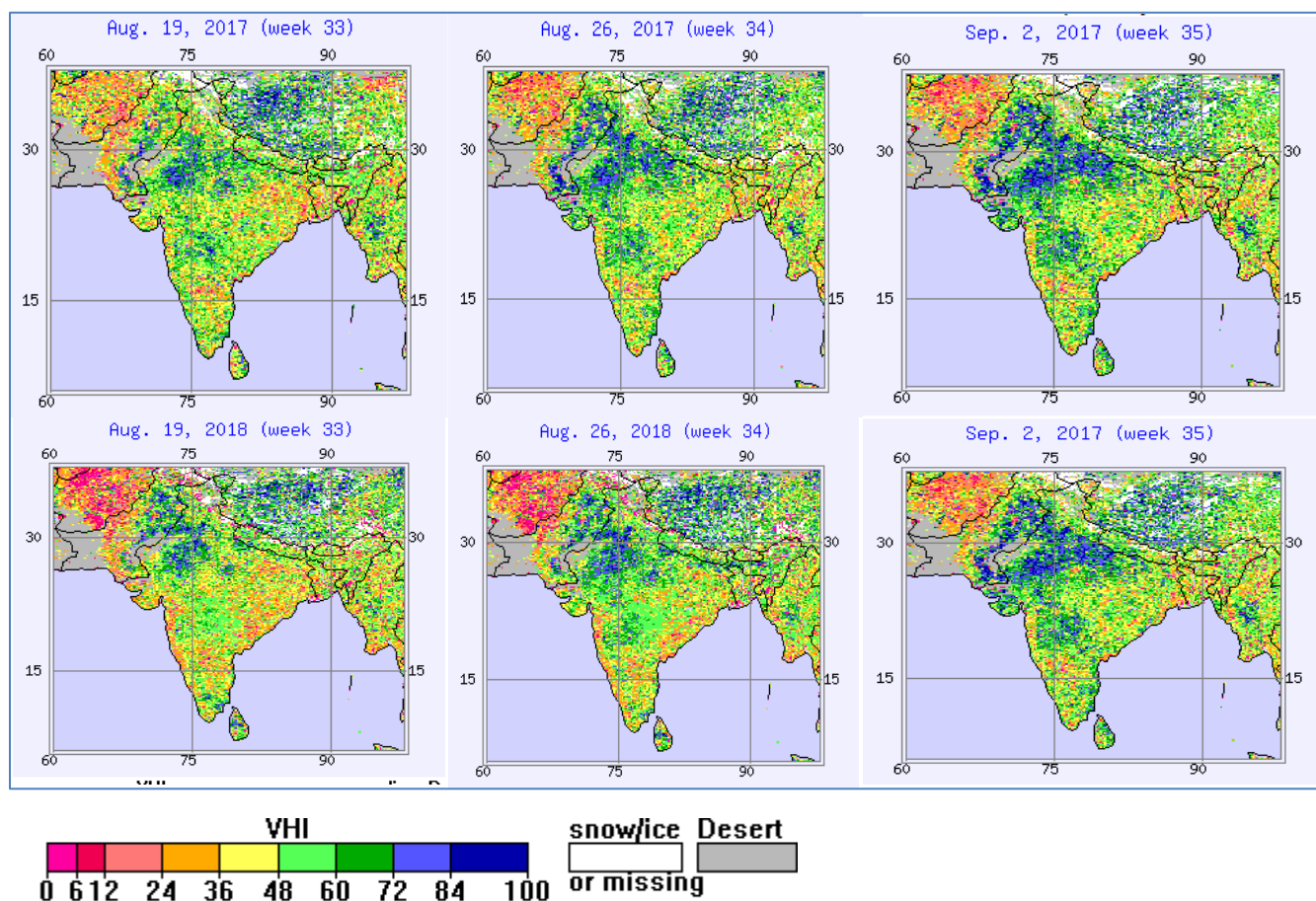
- Soyabean – 109.34 Lakh Tons
- Groundnut – 91.8 Lakh Tons
- Rapeseed – 83.2 Lakh Tons
- Castorseed – 14.9 Lakh Tons
- Sesame/Sesamum/Gingelly/Til – 7.44 Lakh Tons
- Nigerseed – .75 Lakh Tons
- Sunflower – 1.9 Lakh tons
- Linseed - 1.73 Lakh Tons

MSP for 2018/19 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 2018-19 season, the MSPs of all the Kharif oilseeds are raised for this season.

The MSP of Yellow Soybean is increased by 9.0% to Rs 3325/Qtl for 2018-19 season from Rs. 3050/Qtl (including Rs 100 bonus) in 2017-18, Groundnut -in- shell by 5.2% to Rs 4,680/Qtl from Rs 4,450Qtl (including Rs 100 bonus), Sunflower seed by 3.7% to Rs 4,250/Qtl from Rs 4,100/Qtl (including Rs 200 bonus), Nigerseed by 5.5% to 4,275/Qtl from Rs 4,050/Qtl (including Rs 100 bonus) and Sesamum by 5.7% to Rs 5,600/Qtl from Rs 5,300/Qtl (including Rs 200 bonus).

Vegetative Health Index



VHI is indicating relatively not so good conditions as compared to last year. However the VHI is indicating improvement in vegetation w-o-w.

SW Monsoon Weekly Spread of Rainfall

MET. SUBDIVISION	Week End 6- 6-2018	Week End 13-6- 2018	Week End 20-6- 2018	Week End 27- 6-2018	Week End 4- 7-2018	Week End 11-7- 2018	Week End 18-7- 2018	Week End 25-7- 2018	Week End 1- 8-2018	Week End 8- 8-2018	Week End 15-8- 2018	Week End 22-8- 2018	Week End 29-8- 2018	Week End 5- 9-2018
CHHATTISGARH	70	117	-79	-38	-9	-12	59	18	-60	-21	5	49	49	-30
EAST MADHYA PRADESH	-18	152	-77	-60	-9	-26	48	47	-43	-46	-31	-20	20	8
EAST RAJASTHAN	-42	-11	-76	74	50	-29	26	88	-73	-94	-55	40	-8	-2
GUJARAT REGION	-78	-97	-91	27	-27	1	107	51	-96	-91	-80	111	-48	-55
MADHYA MAHARASHTRA	37	-1	-66	91	-48	31	138	-9	-85	-64	-30	159	-11	-58
MARATHWADA	83	174	-85	54	-74	20	37	-71	-98	-86	-69	259	-62	-87
N M M T	-6	32	-29	-43	-42	-17	-34	-4	19	-24	1	-15	12	-44
N. I. KARNATAKA	38	145	-67	-38	-65	4	22	-62	-86	-67	-16	15	-21	-61
RAYALASEEMA	78	28	-68	-76	11	-33	-65	-94	-99	-44	-16	-62	-64	-83
S. I. KARNATAKA	55	199	-30	-42	-49	29	52	-21	-72	-48	120	49	-24	-28
SAURASHTRA & KUTCH	-85	-99	-98	-90	-44	-63	230	-39	-99	-99	-83	117	-46	-51
TAMILNADU & PONDICHERY	2	63	6	-60	279	-54	-16	-78	-41	-53	55	-38	-39	6
TELANGANA	49	253	-92	-4	-29	92	30	-56	-94	-54	101	166	-53	-86
VIDARBHA	62	230	-83	-32	11	139	47	-50	-90	-89	-35	155	-51	-81
WEST MADHYA PRADESH	-26	83	-69	31	-3	21	52	33	-54	-92	-47	101	-37	-14
WEST RAJASTHAN	-78	-40	-45	47	136	-80	39	48	-95	-98	-67	24	-72	-81

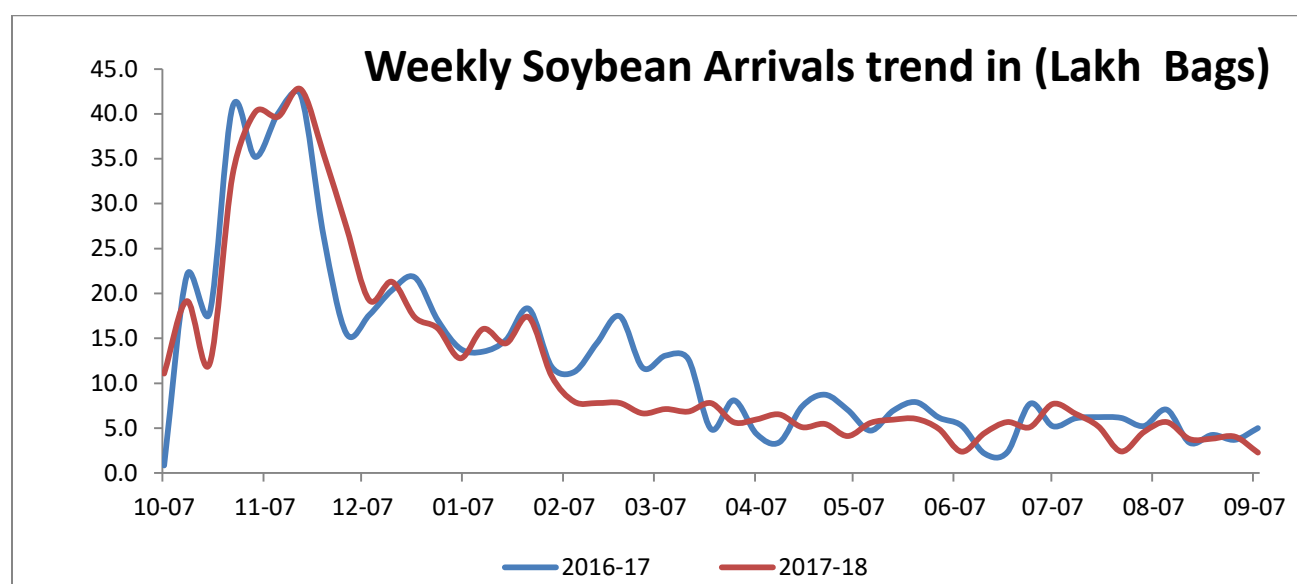
SOPA SOYEAN REVISED PRODUCTION ESTIMATES KHARIF 2017 As on 07.02.2018

Area in Lakh Ha, Yield in Kg. Per Hectare, Production In Lakh MT

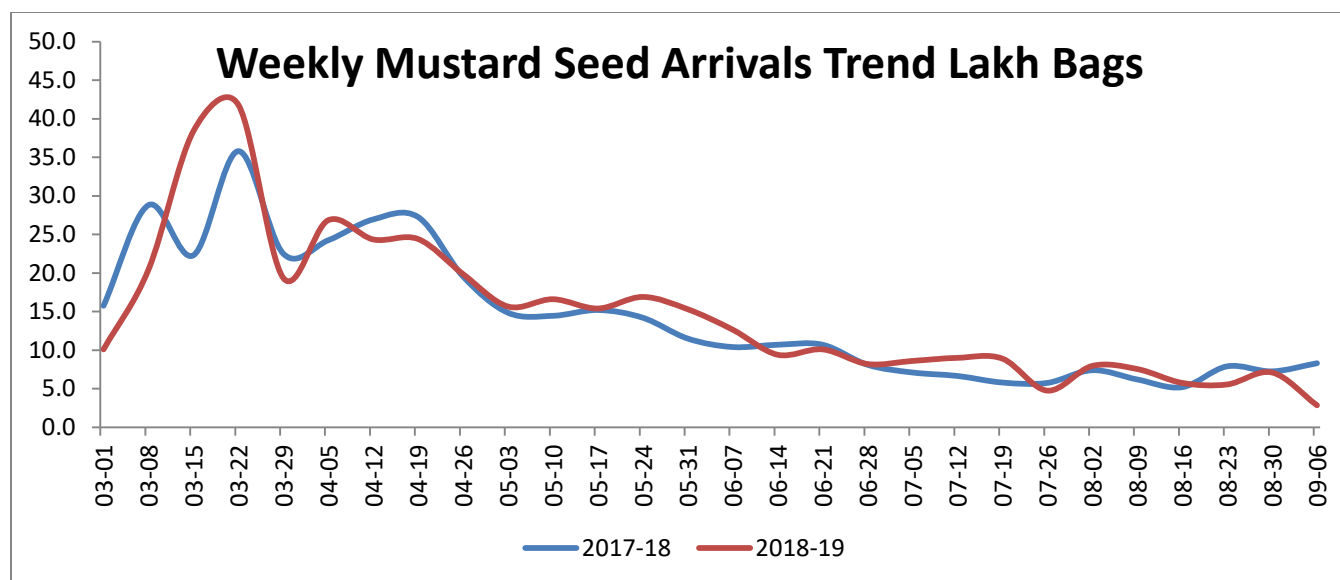
S.No.	Division/District	Kharif 2016 Production	Kharif 2017 Production
1	Madhya Pradesh	54.01	42.00
2	Maharashtra	35.81	29.00
3	Rajasthan	9.81	7.50
4	Andhra Pradesh & Telangana	2.99	1.06
5	Karnataka	3.24	1.73
6	Chattisgarh	1.34	0.86

7	Gujarat	1.38	0.89
8	Rest Of India	1.13	0.46
	Grand Total	109.71	83.50

Weekly Soybean Arrivals (Rajasthan + MP + Maharashtra)



Weekly All India Mustard Arrivals



State-wise Groundnut Sowing Progress

State wise Groundnut Sowing Progress in Lakh Hectares Update 6th September					
	Normal Area	Normal Sowing	2016	2017	2018
Andhra Pradesh	9.10	7.67	9.23	6.45	6.56
Gujarat	14.73	14.68	16.331	16.26	14.67
Karnataka	4.52	4.34	5.19	3.78	3.78
Madhya Pradesh	2.27	2.33	2.55	2.18	2.28
Maharashtra	2.37	1.96	2.166	2.11	1.92
Rajasthan	4.87	4.97	6.166	5.63	6.07
Tamil Nadu	2.14	1.63	1.866	1.38	1.65
Others	2.03	2.99	2.9	2.98	2.94
Total	42.01	40.57	46.436	40.76	39.87

State-wise Soybean Sowing Progress

State wise Soybean Sowing Progress in Lakh Hectares Update 6th September					
	Normal Area	Normal Sowing	2016	2017	2018
Telangana + AP	2.33	2.55	3.13	1.69	1.82
Chhatisgarh	1.09	1.42	1.34	1.32	1.29

Karnataka	2.44	2.85	3.24	2.71	3.39
MP	58.45	56.79	54.01	50.10	53.18
Maharashtra	35.84	38.27	39.66	38.19	39.29
Rajasthan	10.80	10.00	10.90	9.25	10.46
Others	1.57	1.94	2.38	2.01	2.49
Total	112.51	113.82	114.66	105.26	111.92

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