

Oilseeds Weekly Research Report

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Executive Summary

Soybean Most active Nov contract at NCDEX traded high after weakening towards the support of 3200 and 3210. The week began with sharp fall at the start of the week and posted strong recovery later in the week. The production estimates has been in the range of 102 to 115 lakh tons with one lobby saying production in the range of 102 to 104 lakh tons whereas the other lobby keeping production between 111 to 118 lakh tons. SOPA has given it first estimated of production at 114.87 lakh tons. CBOT Soybean gained in the week with widespread rains in the soybean growing region which has delayed the crop harvest coupled with neutral to slight bullish WASDE report.

Traders are vigilant over the daily arrivals and haven't achieved its maximum. The daily arrivals are recording in between 5 to 7 lakh bags. The daily arrivals should range in between 9 to 10 lakh bags on an average continuously till Nov and which is going to confirm the production of above 110 lakh tons. The arrivals is expected to be higher in the OND quarter due to the BBY and NAFED procurement program. Thus with estimates of higher production and higher probability of arrivals the OND quarter arrivals should record all-time high. Market is in wait and watch position thus a prolonged consolidation is expected in coming weeks. China has confirmed booking of soy meal from India.

CBOT Soy meal traded in range bound manner. Robust soymeal exports have been recorded as the US meal is cheaper over the Argentinean soymeal.

Rapeseed stocks offloading have is still sluggish by NAFED and thus Mustard prices is finding difficult to fall aggressively. Rapeseed arrivals have been high y-o-y as farmers are enjoying good price. Temporary fall in crush demand due to festivals is expected to limit aggressive gains. Next round of rise in crushing demand is expected to happen from Mid Nov onwards to meet peak Winter demand which is expected to help Mustard prices to gain towards last highs. As mustard stocks have been very tight in the market the spread with bean is expected to widen further at NCDEX futures towards INR 1000 to 1200. Arrivals have declined as farmers are busy in harvesting the produce. Thus with the fall in arrivals market stocks is going to even tighter and help prices to rise once again.

Overall soybean and Mustard is expected to trade in range bound manner.

Reports releasing this week

1. USDA Crop Progress Report: 15th Oct
2. USDA Weekly Export Sales Report: 18th Oct
3. USDA Weekly Export Inspection Report: 15th Oct
4. US NOPA Crush Report: 15th Oct

Outlook – Cash Market

Outlook - Soybean (Spot, Indore): Soybean Indore is expected to trade range in between the range of 3100 to 3330. With the CBOT edging high due to delay in harvest and a neutral WSDE report Soybean will find it difficult to breach the 3100 level at benchmark market in Indore. Thus the Soybean has placed seasonal bottom.

Outlook – Soy meal (Spot, Indore): Meal prices are expected to find support at current levels as the exports booking is reportedly strong. Indian meal is finding interest from non-regular buyers such as Iran due to Political Scenario and also from China. Thus forward bookings for OND delivery can exceed to 6 to 7 lakh tons. Much will depend on export pace and the quantum of exports disposed as compared to exportable surplus at the end of OND quarter.

Outlook - Rapeseed-Mustard (Spot, Jaipur basis): The tighter stock position amidst traders and crushers is expected to keep bullish sentiments intact. Crush demand is expected to decline as the in the festivals season. Overall mustard is expected to consolidate at current levels.

Weather Forecast and Current Status

North East Monsoon forecast for 2018

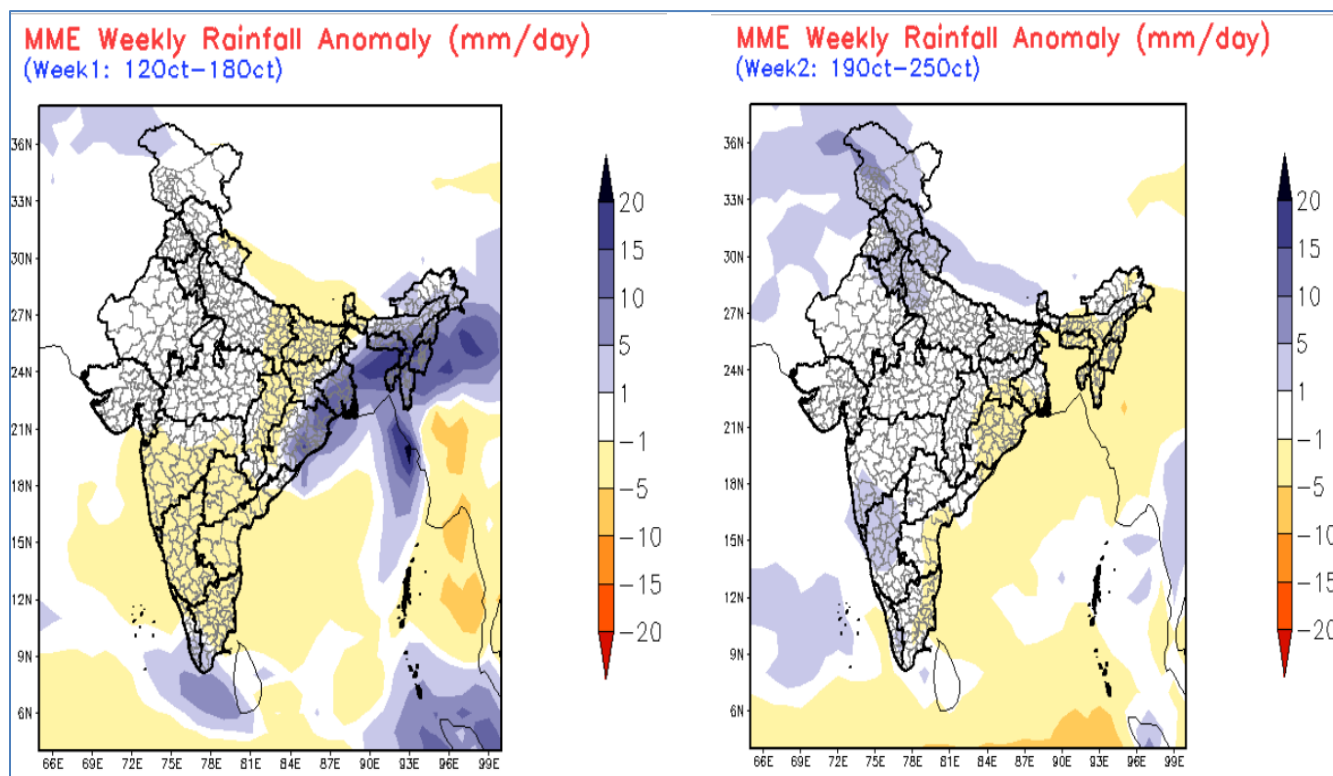
Seasonal Rainfall over South Peninsula IMD's operational forecast for the 2018

Northeast monsoon season (October-December) rainfall over south Peninsula (Tamil Nadu, Coastal Andhra Pradesh, Rayalaseema, Kerala and South Interior Karnataka) is most likely to be normal (89% -111% of long period average (LPA)) with a tendency to be in the positive side of the normal. The LPA of the North-east monsoon seasonal rainfall over the south Peninsula for the base period, 1951-2000 is 332.1 mm. The 2018 Northeast monsoon seasonal rainfall over Tamil Nadu is most likely to be above normal ($\geq 112\%$ of LPA). The long period average (LPA) of the Northeast monsoon seasonal rainfall over Tamil Nadu for the base period, 1951-2000 is 438.2 mm.

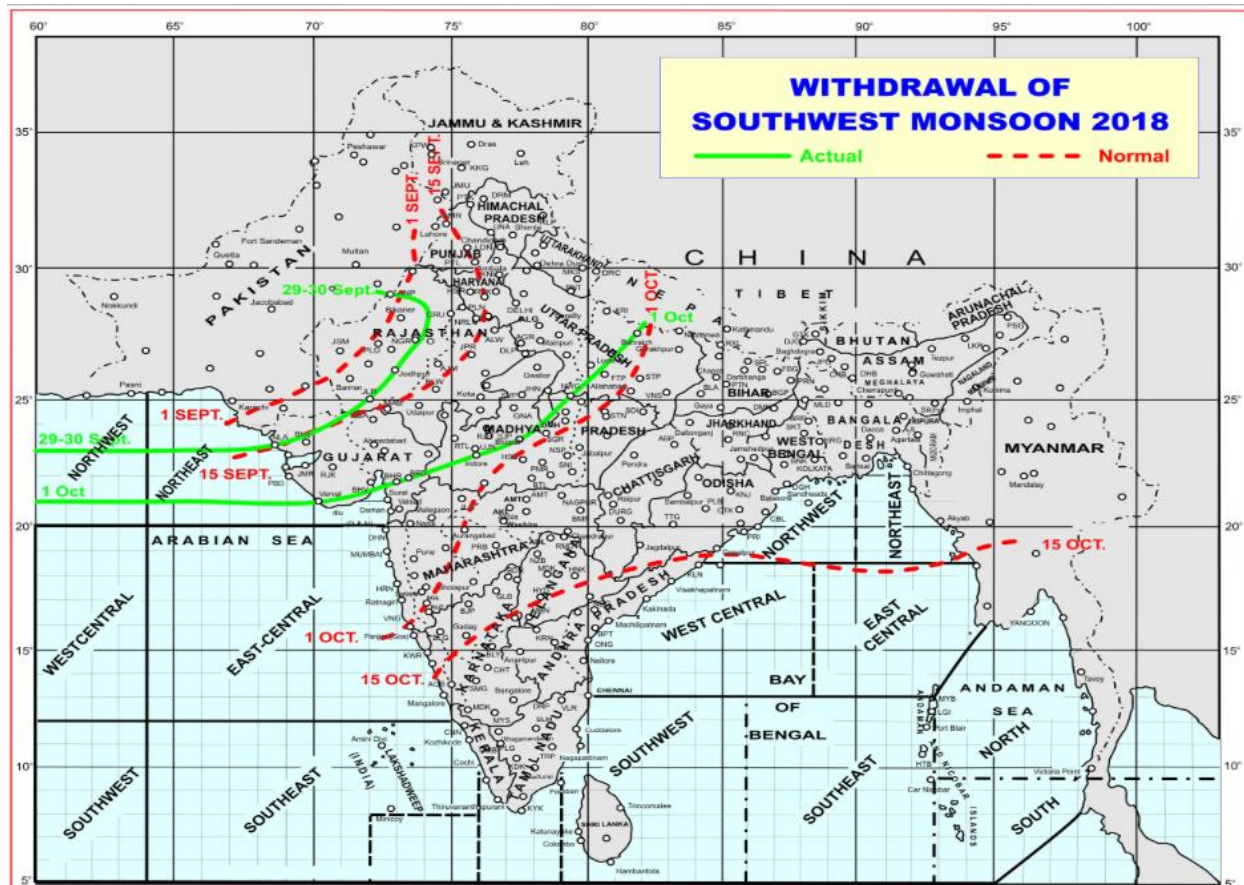
The normal timeline for the arrival of the North-East monsoon is between October 15 and 20, but the IMD does not announce a date in advance for the season.

Medium Range Forecast

As the monsoon is receding the residual moisture in the atmosphere is forecasted to bring scattered rainfall throughout India.



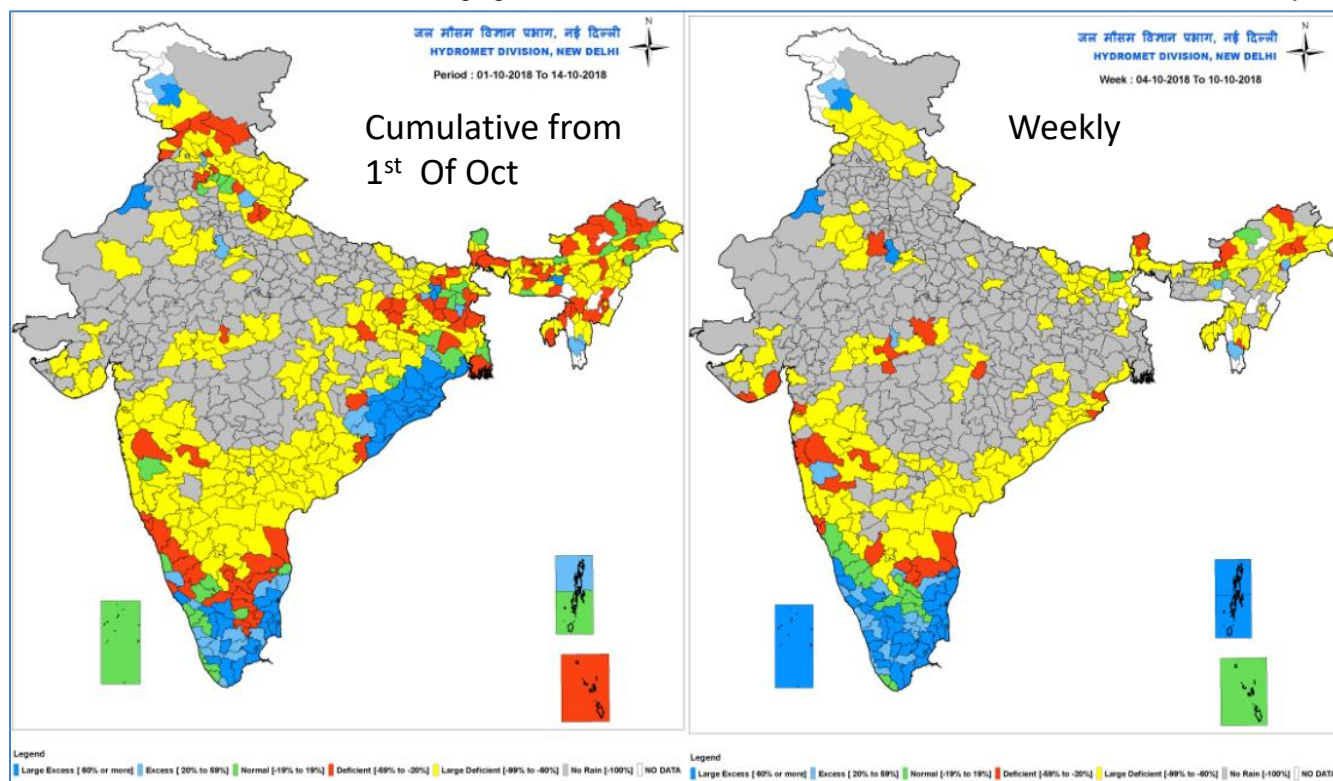
SW Monsoon Withdrawal



The South-West monsoon has withdrawn from Gujarat, Rajasthan, NW India and Northern Part of MP.

Cumulative Rainfall

Post monsoon season is witnessing good rains in TN and Orissa rest of the states remained dry. .



Soybean

Domestic Market

Centre has approved the procurement of Soybean under PSS and the center has given directives to start procuring it from 15th of Oct. MP State govt has announced the procurement to start from 20th of Oct and will continue till 19th of Jan as the state has given 90 days window for the farmers to sell their produce under PSS scheme. MP state has decided to start procurement on 20th over festivals ending on 19th.

On direction from center Maharashtra has approved procurement of 2.5 lakh tons of soybean whereas Rajasthan has got approval of procurement of 3.69 lakh tons.

Soybean purchases/procurement will be carried by NAFED, FCI, and SFAC and the payment will be done straight to their accounts.

MP govt has also brought a scheme in which the farmers will get flat INR 500 per quintal as price difference support, irrespective of what the price farmers is getting. The state govt Department of Farmer's Welfare and Agriculture Development has said that soybean sold in the window of 20th Oct to 19th Jan will be eligible for

such scheme. The Scheme is applicable for any sale at or above MSP of below MSP as per govt notification. Further MP state has also decreased the APMC Cess by .5% to 1.5%.

The arrivals of soybean recorded is higher than the last year arrivals pace post Oct window. Last year the old stocks was high and higher arrivals was expected but this year the arrivals has been mainly over new crop and consistent higher arrivals will be indicating towards record. Further as the BBY will be available for the 3 month period only and there is no procurement in MP State there are good chances that the OND quarter will hit record arrivals.

As soybean Marketing season 2017-18 nears its close, India is estimated to left with 2.5 lakh tons. As the stocks SOPA is complaining about unavailability of Railway rakes for exports to satellite nations (Nepal and Bangladesh). In 2017-18 lack of rack of availability of racks has impacted exports to neighboring nations.

At weather front, Cyclone Titli battered Orissa and West Bengal with potential crop loss to Seasmie and Groundnut. The assessment will be soon be done by govt official.

Daily arrivals of soybean is clocking nearly 5 lakh bags which is still low as compared to peak arrival of 8-9 lakh bags and at times shooting up to 11-12 lakh bags. Arrivals are expected to increase after dussehra.

SOPA released its final estimates of Soybean SND for 2017-18. SOPA According to SOPA the 2017-18 Marketing Year beginning stock was 13 LT, Crop size was 83.5 LT, Import recorded is 1.62 LT, New crop arrived in Sep month is at 2 LT and with 12 Lt kept for sowing the Marketable surplus is at 88.12 LT

The arrivals recorded is at 88.12 LT. The disposals accounted as 2.42 LT of exports, direct use at 1.5 LT, Crush of 82 LT keeping 2.2 LT as losing stock of 2017-18.

According to SOPA soymeal production has been at 66.42 LT, exports is at 17 LT, domestic use is at 49.25 LT and thsu ending stock is at .45 LT.

Marathwada is reporting poor yields as there has been deficit rainfall in this region. The region has recorded 32.3 per cent below the corresponding long period average. The deficiency was even higher in Beed (47.1 per cent), Aurangabad (43.5 per cent), Osmanabad (37.5 per cent), Latur (36 per cent) and Jalna (34.1 per cent), Nanded (15.1 per cent), Hingoli (18.4 per cent) and Parbhani (31.5 per cent). Thus the estimates of higher production by SOPA seem to be not matching with the harvest reports and the rainfall profile. We are expecting the production to be downward revised by Jan after the OND arrivals has been assessed.

In vidarbha however the crop is good but offsetting the loss in Marathwada will be tough as in such case the Vidarbha should record way higher yield over average which is not supported by the rainfall profile.

The domestic soybean prices are likely to be in tight range in the domestic market.

International Market

According to the USDA WASDE Oct report, US soybean yield is estimated at 53.1 bpa. Pod counts went up vs. September while pod weights went down.

Soybean export inspections last week reached just 20.9 million bushels, falling slightly below the prior week's total of 23.2 million bushels

In the weekly crop progress report soybean dropping leaf has been reported at 91% against 5 year average of 85%. Soybean harvesting is lagging behind against 5 year average and is at 32% against 5 year average of 36%.

Soybean conditions has remained unchanged in the good to excellent conditions and is at 68%.

According to the latest updates from the U.S. Drought Monitor, current spell of rains helped drop drought's footprint in the U.S. lower for an eighth consecutive week, now covering 43.3% of the country – the lowest such percentage since late May. The five-day cumulative precipitation map from NOAA shows much of the central U.S. getting an additional spell between till October 16, with the exception of parts of the upper Midwest and Northern Plains.

World ending stocks for soybeans saw mixed results 2017/18 and 2018/19, with USDA dropping this year's estimates to 96.65 million metric tons and raising next year's projected totals to 110.04 MMT.

USDA fractionally lowered its 2018 U.S. soybean production estimates from 4.693 billion bushels in September down to 4.690 billion bushels in today's WASDE report.

Conab raises estimates for soybean production to 117 - 119.4 MMT. In the 2017-18 season Brazil produced a record 119.3 MMT. WASDE has Brazil at 120.50. Presidential frontrunner Jair Bolsonaro deemed a friend to the farmer, rolling back environmental restrictions and the elimination of the science ministry part of his platform.

According to Industry group ABIOVE, Soybean crop is estimated at 119.5 MT for the 2018-19 MY. Soybean Exports has been estimated at 77 Mln T Vs 76.1 Mln T In in previous forecast. Soybean Crushing is estimated at 43.6 Mln T Vs 43.6 Mln T In previous forecasts.

National Grain Trade Centre, China sold 101,057 tonnes of soybean at auction of state reserves at an average price of 3,196 yuan (\$461.98) per tonne.

Due to heavy rains reports of damaged soybeans (pod shatter/splitting) is coming up across the U.S. Midwest. Emergence of drier, much colder weather should allow U.S. corn and soybean harvest to resume over the central and eastern Belts with the key exception of the eastern Dakotas where snow is expected today

Weather remains favorable for continued planting and early development of soybeans In Brazil's Center West and South. Accumulated exports of old crop remain strong in what is usually a slow period. Early planting of Argentina soybeans normally to begin in the "core" as planting of early corn comes to a close.

U.S. farmers hoping to get on with harvest 2018 kept combines idle in many areas as big storms continued moving through the country from the southwest Plains to the Upper Midwest. While the rainfall totals will lessen as the system moves east, other parts of the country won't be spared nature's wrath.

A short meeting between Secretary of State Mike Pompeo and his Chinese counterpart failed to move the ball any in the ongoing battle of wills between the two countries. Traders also digested news from Sunday's first round of presidential voting in Brazil. The country could swing sharply from left to right if leading candidate Jair Bolsonaro wins a run-off. His pro-business views sent the real sharply higher, depressing soybean prices for farmers selling in dollars. But many farmers have already sped up pricing both 2018 inventory and production from the crop they're starting to plant now.

Soy meal

CBOT soymeal is trading in a very tight range for the past 5-6 session as the market looks for fresh fundamentals.

According to the DGFT data the Soymeal exports can touch 16.5-17.5 lakh tons in the marketing year. SOPA has earlier estimated the exports of 15 lakh tons of soymeal. SEA estimates has been at 10.24 lakh tons. Thus with DGFT exports data of oilmeal the soybean end stocks is estimated at 1.8 lakh tons.

Last year there has been a problem with railways rake availability which has been used for the transportation of Soymeal to Bangladesh which has resulted in limited exports on monthly basis to the neighboring nation. In 2016-17 India was able to exports most of the Bangladesh demand within OND quarter. This year railways have promised for regular availability of rakes in the current exports season.

China is set to bridge its deficit after supply from the US reduced under the ongoing trade war between the two leading world economies.

According to Industry sources, China's inter-ministerial General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) has already taken a decision to lift its nearly six-year-old ban on import of oilmeal from India.

The AQSIQ is expected to visit Indian units for inspection and approval. Industry sources are saying that Chinese companies are interested in import of rapeseed meal through six-odd approved Indian exporters, including Adani Wilmar and Ambuja Exports.

Technical Analysis:

NCDEX Soybean FUTURE*



Soybean Spot, Indore



*Note: Daily Chart

Support & Resistance NCDEX Soybean – Nov Contract

S1	S2	PCP	R1	R2
3180	3220	3241	3280	3310

- Soybean Nov contract after breaching the trend line extended gains to wards 3260-80.
- On the upside, INR 3280 shall act as immediate resistance followed by INR 3100
- On the downside, INR 3200 shall act as immediate support.
- Trade Recommendation (NCDEX-Soybean – Nov) Buy
- Traders may also look for going short if Soybean failed to breach 3310 convincingly.

Weekly trade call: **Buy** 3245--55 Target – T1-3280; T2- 3310, SL – Above 3200

Rapeseed - Mustard Seed

The all India weekly seed supplies were reported 9.15 lakh bags as compared to 10.25 lakh bags in the previous week. The supplies were 7.05 lakh bags in the same time frame last year.

The spot price is flat w-o-w on limited fundamental cues. However, NAFED inability to offload the stocks at brisk pace has kept the supplies in market tight as nearly 87.4 lakh tons of Mustard is locked and crushers demand is heavy ahead of festival season. NAFED is instrumental in altering Mustard Supply and Demand as It wants to sell Mustard at least at MSP. The agency is waiting for prices to inch further up by holding the stock and creating artificial scarcity. At the end of week mustard closed at 4250 per quintal as against INR 3920 per quintal during the corresponding period last year at the benchmark, Jaipur.

At NCDEX futures, the seed prices at Nov contract closed at INR 4162 Qtl compared to INR 4203/Qtl previous week.

Mustard auction is finding good response as the selling has sped up. On 10th of Oct NAFED managed to auction 10340 tons of Mustard in the prices range of INR 3771 to 3902 per quintal. Auction is still below MSP and as the officials has no other choice they are not rigid to sell it at MSP and further as they have to vacate go downs for fresh procurement they are in haste to offload their stocks. NAFED currently holds 7.4 lakh tons of Mustard in their godowns.

Technical Analysis:



Support & Resistance NCDEX RM Seed – Nov contract				
S1	S2	PCP	R1	R2
4151	4118	4162	4200	4250

- Mustard Nov Contract made a doji candlestick on Thursday last week and confirmed the reversal on the very next day. Mustard is expected to extend its gain towards 61.8% Fibbo level of 4288.
- Going ahead, the price is expected to find strong support in between 4150.
- Trade Recommendation (NCDEX Rapeseed-Mustard – Nov)

Weekly trade call: **Buy** Below 4175: Target – 4200; T2- 4250, SL – 4100.

Oilseed Prices at Key Spot Markets:

Commodity / Centre	Prices (Rs/Qtl)				Change
Soybean	11-Oct-18		04-Oct-18		
	Low	High	Low	High	
Indore –Plant	3150	3200	3150	3200	Unch
Indore–Mandi	2900	3100	2900	3150	-50
Nagpur-Plant	3150	3180	3050	3100	80
Nagpur – Mandi	2500	2980	2600	2960	20
Latur – Mandi	3075	3165	2790	3165	Unch
Akola – Mandi	2600	2950	3000	3000	-50
Kota-Plant	3050	3100	3100	3150	-50
Kota – Mandi	2900	3000	3000	3100	-100
Bundi-Plant	3050	3090	3100	3140	-50
Bundi-Mandi	2750	2850	2850	2950	-100
Baran-Plant	3020	3060	3100	3140	-80
Baran-Mandi	2800	3000	2800	3075	-75
Bhawani Mandi Jhalawar–Plant	3000	3100	3130	3250	-150
Jhalwar-Mandi	2800	3000	2920	3080	-80
Rapeseed/Mustard					
Jaipur-(Condition)(New Crop)	4225	4230	4270	4275	-45
Alwar-(Condition)(New Crop)	4100	4125	4150	4200	-75
SriGanganagar-(Non-Condition-Unpaid)	3800	3900	3850	3950	-50
New Delhi–(Condition)(New Crop)	4080	4125	4150	4200	-75
Kota-Non-(Condition)(New Crop)	8400	8450	8600	8625	-175
Agra-(Condition)(New Crop)	4700	4725	4750	4775	-50

Neewai(New Crop)	3850	3900	3850	3900	Unch
Hapur (UP)(New Crop)	3970	200	4000	150	50
Groundnut Seed					
Rajkot	868	868	858	858	10
Sunflower Seed					
Gulbarga	3400	3700	3254	3625	75
Latur	0	0	0	0	Unch
Sholapur	3700	4000	3700	4000	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/QtI		Change
Soybean		6th Oct to 13th Oct 2018	28th Sep to 05th Oct 2018	
	Madhya Pradesh	970000	1065000	-95000
	Maharashtra	690000	487000	203000
	Rajasthan	435000	295000	140000
	Bundi (Raj)	2250	49	2201
	Baran (Raj)	69000	16900	52100
	Jhalawar (Raj)	96000	51700	44300
Rapeseed/Mustard	Rajasthan	395000	390000	5000

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 – 0.75 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).

MSP for 2018/19 Rabi Oilseeds

Centre has increased the MSP of Mustard/Rapeseed by INR 200 from last year and kept it at INR 4200 per quintal. Last year the MSP of Mustard/rapeseed was INR 400 per quintal including bonus of INR 100.

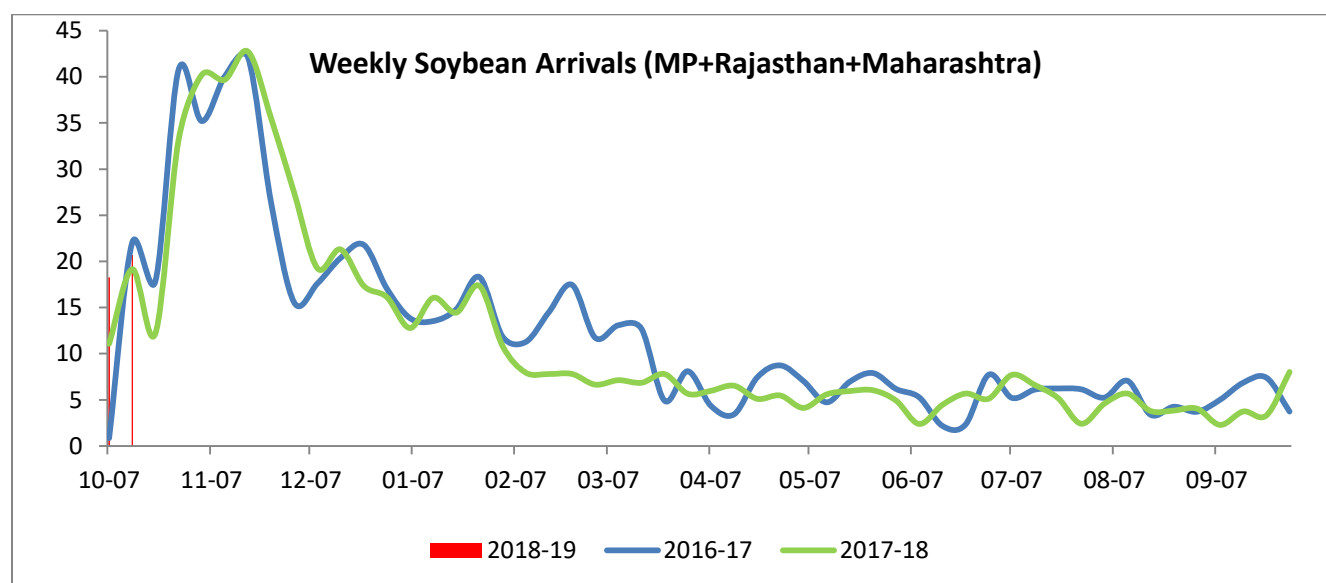
Safflower MSP has been increased to INR 4945 from INR 4100 per quintal of last year. Last year MSP includes a bonus of INR 100 per quintal.

SOPA SOYEAN PRODUCTION ESTIMATES KHARIF 2018

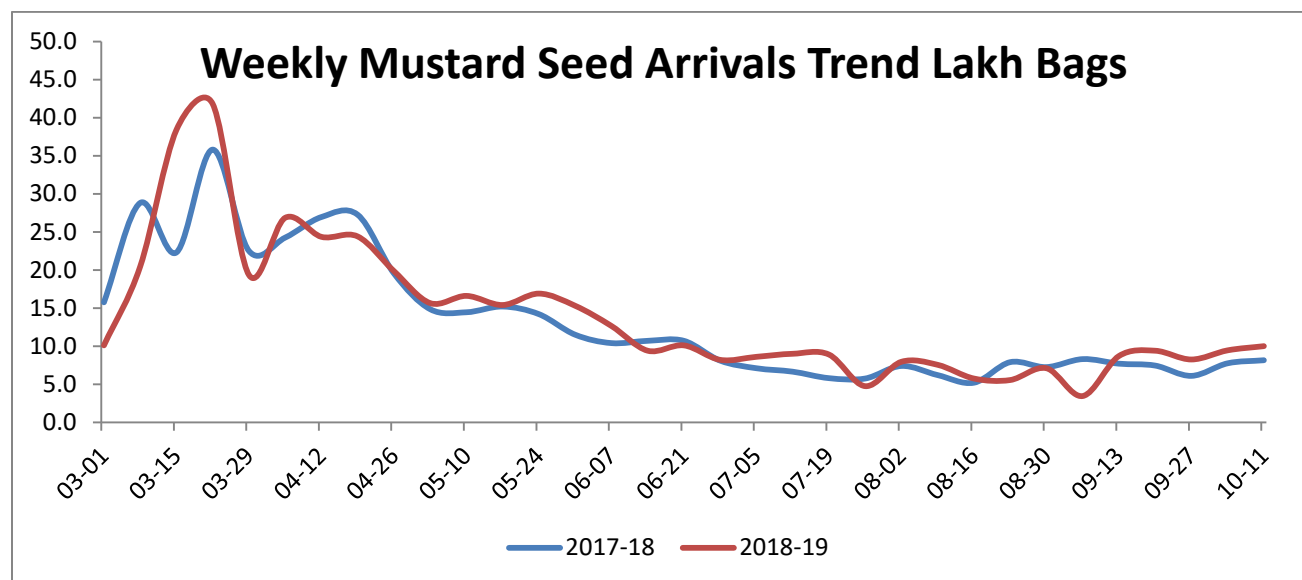
As on 08.10.2018

SOPA Estimates of Soybean Production in Lakh Tons				
S.No.	Division/District	2016	2017	2018
1	Madhya Pradesh	54.01	42.0	59.2
2	Maharashtra	35.81	29.0	38.3
3	Rajasthan	9.81	7.5	1.0
4	Andhra Pradesh & Telangana	2.99	1.1	1.6
5	Karnataka	3.24	1.7	2.9
6	Chattisgarh	1.34	0.9	1.1
7	Gujarat	1.38	0.9	1.2
8	Rest Of India	1.13	0.5	1.0
	Grand Total	109.71	83.5	114.8

Weekly Soybean Arrivals (Rajasthan + MP + Maharashtra)



Weekly All India Mustard Arrivals



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