

Oilseeds Weekly Research Report

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Executive Summary

Soybean Most active Nov contract at NCDEX traded in a tight channel last week. The week began with sharp rise at the start of the week and started losing steam at the end of 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 traded northwards as the weather improved for harvesting.

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. Arrivals in the first half of October month is higher y-o-y and is thus giving initial indication of higher production. Last year the old crop arrived in the Oct month but this year since the carry over stock is very low the old crop is available in very limited quantity. Thus y-o-y higher arrivals is a very strong indication of bumper production this year.

CBOT Soybean has started weakening again as the core fundamentals are still very bearish and speculative buying after the release of back to back release of bullish exports sales report and crop rating report has helped CBOT bean to extend gains. With improving weather and accelerating harvest pace the bears is again coming to action. Brazilian fundamentals are also indicating of another bumper soybean crop.

CBOT Soy meal also lost value in the last week.

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.

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

Reports releasing this week

1. USDA Crop Progress Report: 22nd Oct
2. USDA Weekly Export Sales Report: 25th Oct
3. USDA Weekly Export Inspection Report: 22nd Oct
4. Rabi Sowing Progress: Probably from Coming Friday

Outlook – Cash Market

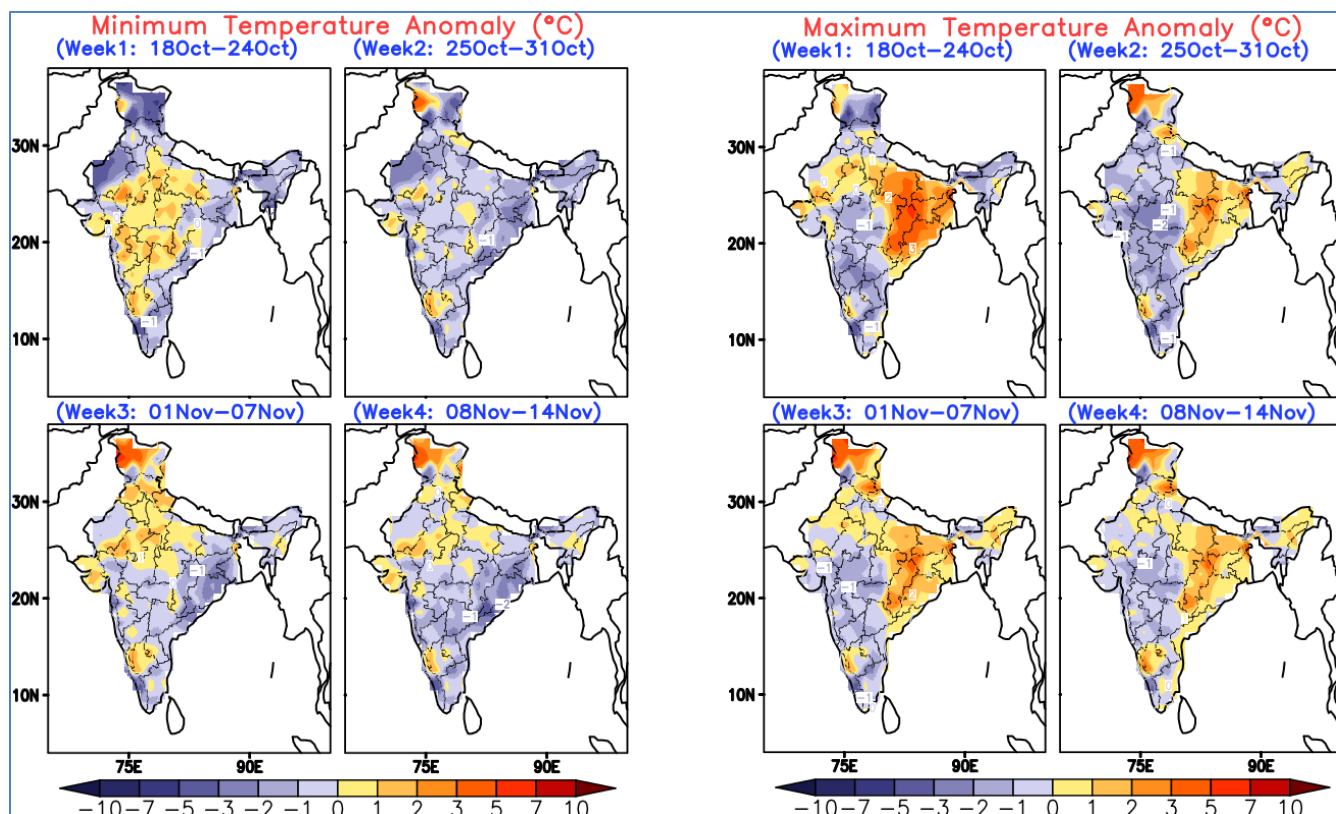
Outlook - Soybean (Spot, Indore): Soybean Indore is expected to trade range in between the range of 3100 to 3330. With the CBOT edging low due to revival in harvest soybean is expected to again test the previous lows. Soybean has placed its seasonal bottom.

Outlook – Soy meal (Spot, Indore): Meal prices are expected to find support at current levels as the exports booking is reportedly strong. However short term correction can happen on cues from soybean price action. 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.

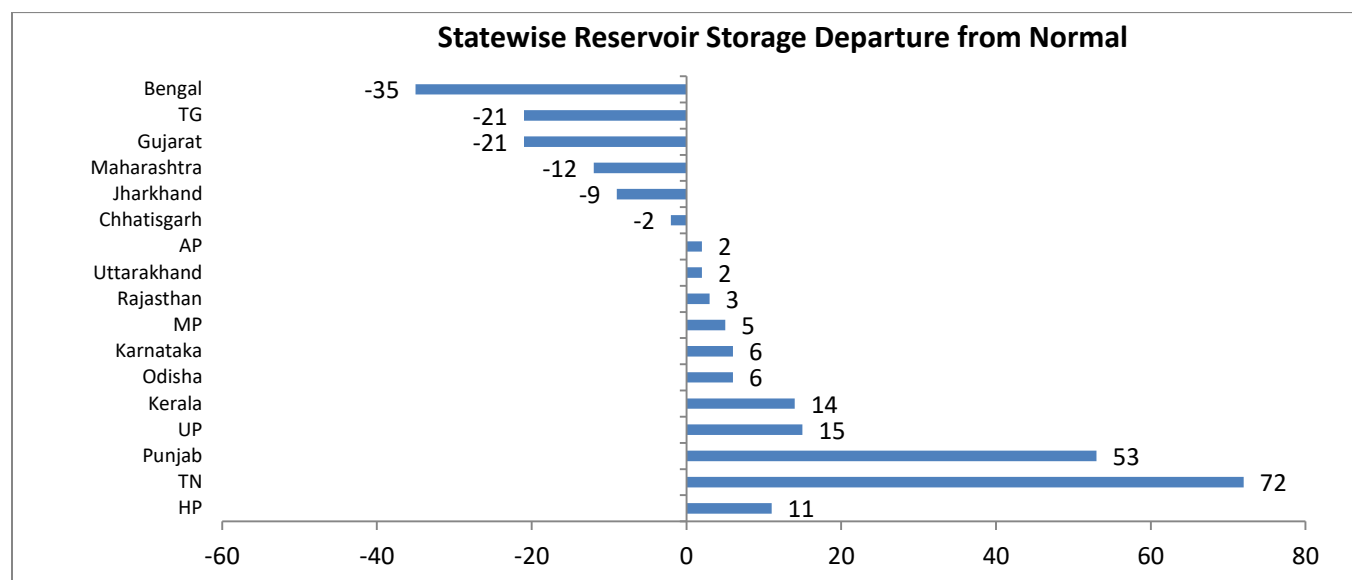
Weather Forecast (For Rabi Oilseeds)

Temperature



Key Mustard growing region is forecasted to witness normal temperature profile post 24th Oct.

Reservoir Status in States as on 18th Oct 2018



Soybean

Domestic Market

According to Agmarknet cumulative arrival for the first 15 days of Oct is at 6.24 lakh tons as against 5.64 lakh tons last year which is indicative of higher crop this year.

In coming week's daily market arrivals is going to be in the center stage for the prices direction and also verification of the production estimates.

Further crushers with handsome profit margins tries to crush at their daily capacity to meet the exports liabilities and also tries to push the locally produced soy oil into domestic market which is going to fetch good prices as the import duties are high. As the food inflation is rising, any downwards revision in import duty is going to be at away the margins and hence the crush demand is going to remain high in the OND quarter.

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.

In the latest development Trump and Jinping could meet at the G-20 summit to be held in next month. As US trade deficit has increased manifold Trump govt plan seems to be in vain. However Trump still seems to be reluctant for any negotiation on decreasing the duties on Chinese goods.

Continuous rains with cold wave conditions has damaged soybeans with pod shatter/splitting in the field. Soggy, wet conditions continued in the Central and Upper Midwest. Harvest has been slowed in Wisconsin, Iowa, Indiana, South Dakota and North Carolina. Drier Midwest weather is expected in the second half of October. We can expect USDA downward revising the Soybean Crop rating in the Weekly Crop progress report to be released today. .

According to Chinese customs data, China bought 8.01 million tonnes of soybeans in September, down from 9.15 million tonnes in August and below the 8.11 million tonnes in September 2017.

The National Oilseed Processors Association's (NOPA) September soybean is scheduled to be released today. Trade expectations are indicating towards record Sep crush for the month as soy plants are enjoying good crush margins on relatively higher prices of soy meal over soybean. Trade estimated for Sep crush is at 157.406 million bushels of soybeans against 136.419-million-bushel September crush in 2017, high by 15.4 percent. It would also top the previous September NOPA crush record, set in 2007, by more than 17.5 million bushels.

September is typically a low month for soy crushing as plants typically schedule seasonal maintenance downtime ahead of the new harvest. NOPA's August crush of 158.885 million bushels fell short of trade expectations due to processor downtime.

Soy oil supplies among NOPA members at the end of September were projected at 1.579 billion pounds, compared with stocks totaling 1.623 billion pounds at the end of August and 1.302 billion pounds in September 2017.

According to US weekly Crop progress report, farmers have harvested 38 percent of their soybean crop, which is way behind the five-year average of 53 percent and hardly up from 32 percent in the previous week. The crop under good to excellent conditions has been revised down to 66% from 68% w-o-w and thus analysts are expecting downward revision in yield in Nov WASDE report.

The USDA's weekly export inspections report showed two U.S. soybean cargoes for China despite the trade war between the two countries. Cargoes of 65,431 tonnes were shipped out of the Mississippi River along with second smaller consignment of 12,001 tonnes. The shipments of U.S. soybeans being inspected in ports are old sales being processed.

The latest spell of wet weather is giving possibility of downward revision of harvestable acreages. Yield concerns in the western belt are also giving indication of downward revision in the yield. However a 10% yield drop in the 5 most impacted states Iowa, Minnesota, the Dakotas and Nebraska, you only lose 175 to 200 million bushels and thus still the carryout remain high. About 300,000 bean acres may disappear on the Nov report translating into 16 million bushels.

El Nino probability is increasing and is going to be instrumental in Dec-Jan as fundamentals. Warming Pacific waters could lead to an improvement in Argentina dryness, with wetter conditions expected there. Northern Brazil will be dry with southern Brazil warmer than usual. Australia also looks to be warmer than usual.

Brazil soymeal exports up 25% from last year, while Argentina down 14%.

According to AgRural, Brazilian farmers planted 20 percent of the projected area by Thursday Last week as compared to 12 percent of plantings. The five-year average is 10 percent.

Regular rains have secured enough soil moisture in Mato Grosso and in the region 34 percent of the expected area is sown as compared to 18 percent last year and 14 percent on average in the last five years.

Soy meal

CBOT soymeal witnessed downwards trend in the week taking cues from weakness in soybean prices.

Desan Agro-Tech Pvt Ltd and Suizhong Songzhiyun Vegetable Protein Co. Limited has done buyer seller agreement in which the former has to ship soymeal before 10th of Nov. The transactions value and volume was not disclosed.

As the trade restriction coming into effect on Iran from Nov, Indian officials are trying to circumvent the situation by supplying the agriculture produce in exchange of crude oil India buys and also payments being done in Indian rupees to the Iranian bank branch opened in Mumbai.

There has been again problem of limited availability of railway rakes for soymeal exports done through land in Bangladesh and Nepal.

Indian soymeal prices are competitive in market and given the distance advantage SE Asian nations is also expected to book heavily for immediate deliveries.

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 extended gains to wards 3280-3310 and breached the 3310 level for a brief period and witnessed strong pull back. Later in the week soybean extended losses towards 3250
 - On the upside, INR 3280 shall act as immediate resistance followed by INR 3310
 - 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** 3200 Target – T1-3250; T2- 3280, SL – Below 3150

Rapeseed - Mustard Seed

The all India weekly seed supplies were reported 6.80 lakh bags as compared to 9.15 lakh bags in the previous week. The supplies were 8.2 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 6.65 lakh tons of Mustard is locked as on 21st Oct. 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 4290 per quintal as against INR 3915 per quintal during the corresponding period last year at the benchmark, Jaipur.

At NCDEX futures, the seed prices at Nov contract closed at INR 4173 Qtl compared to INR 4162/Qtl previous week.

Mustard auction is finding good response as the selling has sped up. On 20th of Oct NAFED managed to auction 13575 tons of Mustard in the prices range of INR 3811 to 3960 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 6.4 lakh tons of Mustard in their godowns.

In an important development China removed ban on imports of rapeseed meal from India. Imports could resume from Monday subject to Chinese quarantine norms. China put ban on imports of rapeseed meal from India in 2011. This opens big market for Indian rapeseed meal.

Punjab Markfed has issued tenders for Supply of mustard cake and soybean extraction at kapurthala and gidderbaha plant for the production of animal feed

Technical Analysis:



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

- Mustard Nov Contract traded in a tightrange in the week and breached the 23.6% fibo level and closed above it at the end of week. . 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 4150-4160
- Trade Recommendation (NCDEX Rapeseed-Mustard – Nov)

Weekly trade call: **Buy** Below 4150; Target – 4200; T2- 4250, SL – 4100.

Oilseed Prices at Key Spot Markets:

Commodity / Centre	Prices (Rs/Qtl)				Change
Soybean	18-Oct-18		11-Oct-18		
	Low	High	Low	High	
Indore –Plant	3180	3300	3150	3200	100
Indore–Mandi	3100	3200	2900	3100	100
Nagpur-Plant	3250	3300	3150	3180	120
Nagpur – Mandi	2600	3120	2500	2980	140
Latur – Mandi	3200	3330	3075	3165	165
Akola – Mandi	2600	3100	2950	2950	150
Kota-Plant	3200	3250	3050	3100	150
Kota – Mandi	2950	3250	2900	3000	250
Bundi-Plant	3180	3225	3050	3090	135
Bundi-Mandi	2875	2980	2750	2850	130
Baran-Plant	3150	3220	3020	3060	160
Baran-Mandi	2850	3100	2800	3000	100
Bhawani Mandi Jhalawar–Plant	3120	3320	3000	3100	220
Jhalwar-Mandi	2970	3140	2800	3000	140
Rapeseed/Mustard					
Jaipur-(Condition)(New Crop)	4295	4300	4225	4230	70
Alwar-(Condition)(New Crop)	4100	4150	4100	4125	25
SriGanganagar-(Non-Condition-Unpaid)	3900	3950	3800	3900	50
New Delhi–(Condition)(New Crop)	4190	4215	4080	4125	90

Kota-Non-(Condition)(New Crop)	8450	8500	8400	8450	50
Agra-(Condition)(New Crop)	4725	4750	4700	4725	25
Neewai(New Crop)	3810	3880	3850	3900	-20
Hapur (UP)(New Crop)	4000	300	3970	200	100
Groundnut Seed					
Rajkot	918	918	868	868	50
Sunflower Seed					
Gulbarga	3400	3700	3400	3700	Unch
Latur	0	0	0	0	Unch
Sholapur	3600	3900	3700	4000	-100
Sesame Seed					
Mumbai Sesame White 98/2/1 FM	9000	9000	9000	9000	Unch
Soybean Prices are in INR/qrt. (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/qrt.					

Oilseed Arrivals in Key Centers:

Commodity	Centre	Arrivals in Bags/QtI		Change
Soybean		12th Oct to 18th Oct 2018	6th Oct to 11th Oct 2018	
	Madhya Pradesh	1395000	970000	425000
	Maharashtra	1000000	690000	310000
	Rajasthan	800000	435000	365000
	Bundi (Raj)	5100	2250	2850
	Baran (Raj)	91000	69000	22000
	Jhalawar (Raj)	69000	96000	-27000
Rapeseed/Mustard	Rajasthan	380000	395000	-15000

Annexure

India's Total Oilseeds Production Seen at 313.1 Lakh Tons in 4th Adv Est. - GOI (Kharif + Rabi + Summer)

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 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

India's Kharif Oilseeds Production 2018-19 1st Advanced Estimates

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.

Oilseeds – 313.1 Lakh tonnes

- Soyabean – 134.59 Lakh Tons
- Groundnut – 63.28 Lakh Tons
- Castorseed – 15.17 Lakh Tons
- Sesame/Sesamum/Gingelly/Til – 7.1 Lakh Tons
- Sunflower – .94 Lakh ton

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

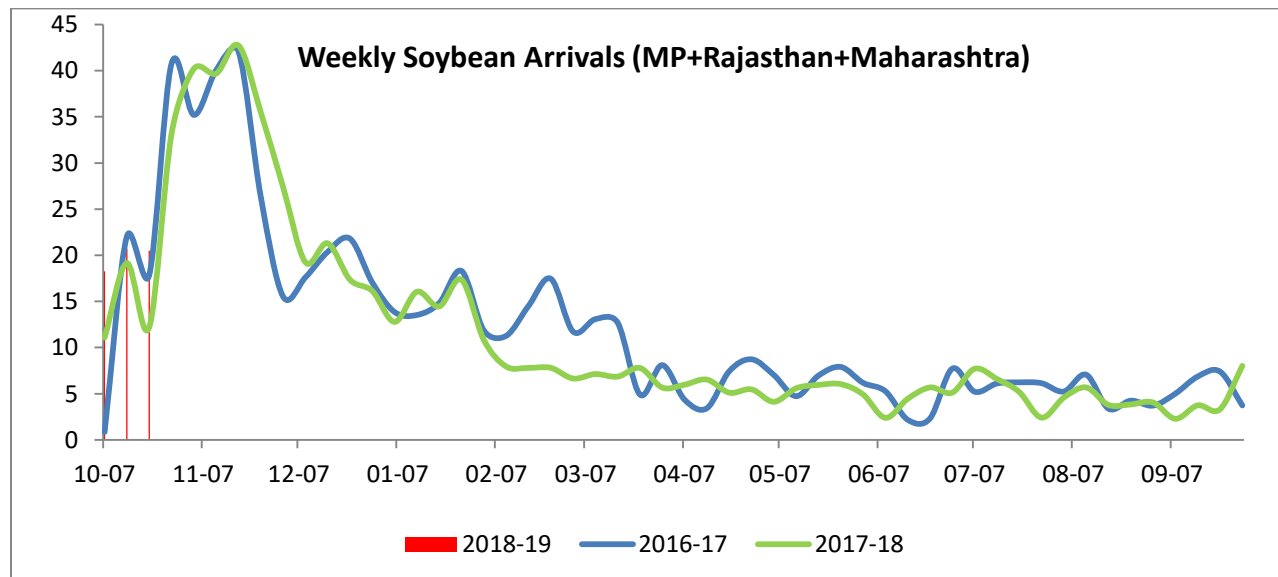
Centre has increased the MSP of Mustard/Rapeseed by INR 200 from last year and kept it at INR 4200 per quintal. Last year the MSP of Mustard/rapeseed was INR 400 per quintal including bonus of INR 100.

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.

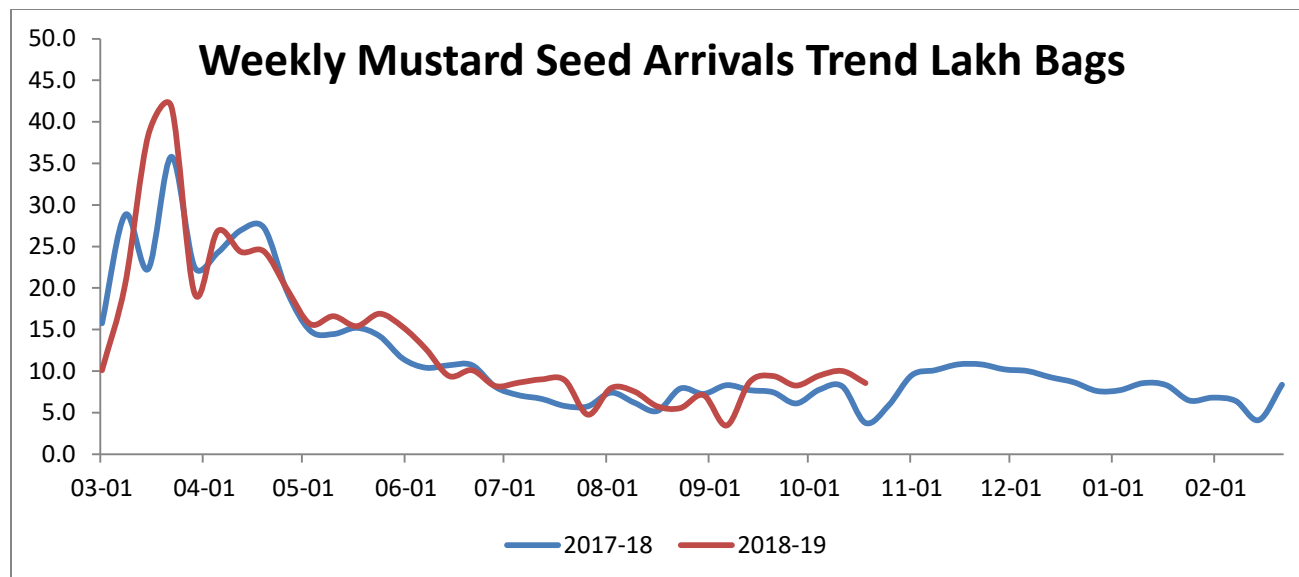
SOPA Soyebean Production Estimates Kharif 2018 As On 08.10.2018

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



North East Monsoon forecast for 2018

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.

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