

Oilseeds Weekly Research Report

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Executive Summary

Soybean Most active Nov contract at NCDEX traded in a tight channel last week with one two trade touching 3400 on speculation on over potential exports to Iran. The week witnessed high volatility as the bull and bears were equally strong and thus sharp rallies and sharp corrections witnessed within day. Spot Market remained in tight range and not such volatility has been observed. 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. Many traders has been opined that the SOPA production figures are overestimated and production should be in the range of 105-110 lakh tons.

Daily and weekly arrivals has achieved its maximum. The daily arrivals are recording in between 12 to 15 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. Govt has reported record 19 lakh tons of arrivals whereas SOPA has reported 15 lakh bags. Market is in wait and watch position thus a prolonged consolidation is expected in coming weeks.

CBOT Soybean has been a puppet play of Trump and a tweet has resulted strongest single day gains in 4 month. has started weakening again as the core fundamentals are still very bearish. Xi has indicated some relation on US soybean and can be discussed in the G20 meet in late this month. Exports sales continued to disappoint but harvest has improved and by last Monday 72% has been harvested. Brazilian soybean sowing is at are record high and is well above the average pace of sowing. With such event Brazil is able to ship its soybean from Jan onwards and thus is again a blow to US soybean as China has to wait only for till Dec to start getting soybean from Brazil and continue to ignore US.

Rapeseed stocks offloading are still not fast enough to offload its stocks entirely at the end of this year. Thus Mustard prices are trading in tight range. As the sowing has been almost double as compared to last year record acreages is on cards this rabi sowing season. Rapeseed arrivals have been high y-o-y as farmers are enjoying good price. 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. Sowing is at a decent pace and we can expect a record acreage this season.

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

Reports releasing this week

1. USDA Crop Progress Report: 05th Nov
2. USDA Weekly Export Sales Report: 08th Nov
3. USDA Weekly Export Inspection Report: 05th Nov
4. India Rabi Sowing Progress: 09th Nov

Outlook – Cash Market

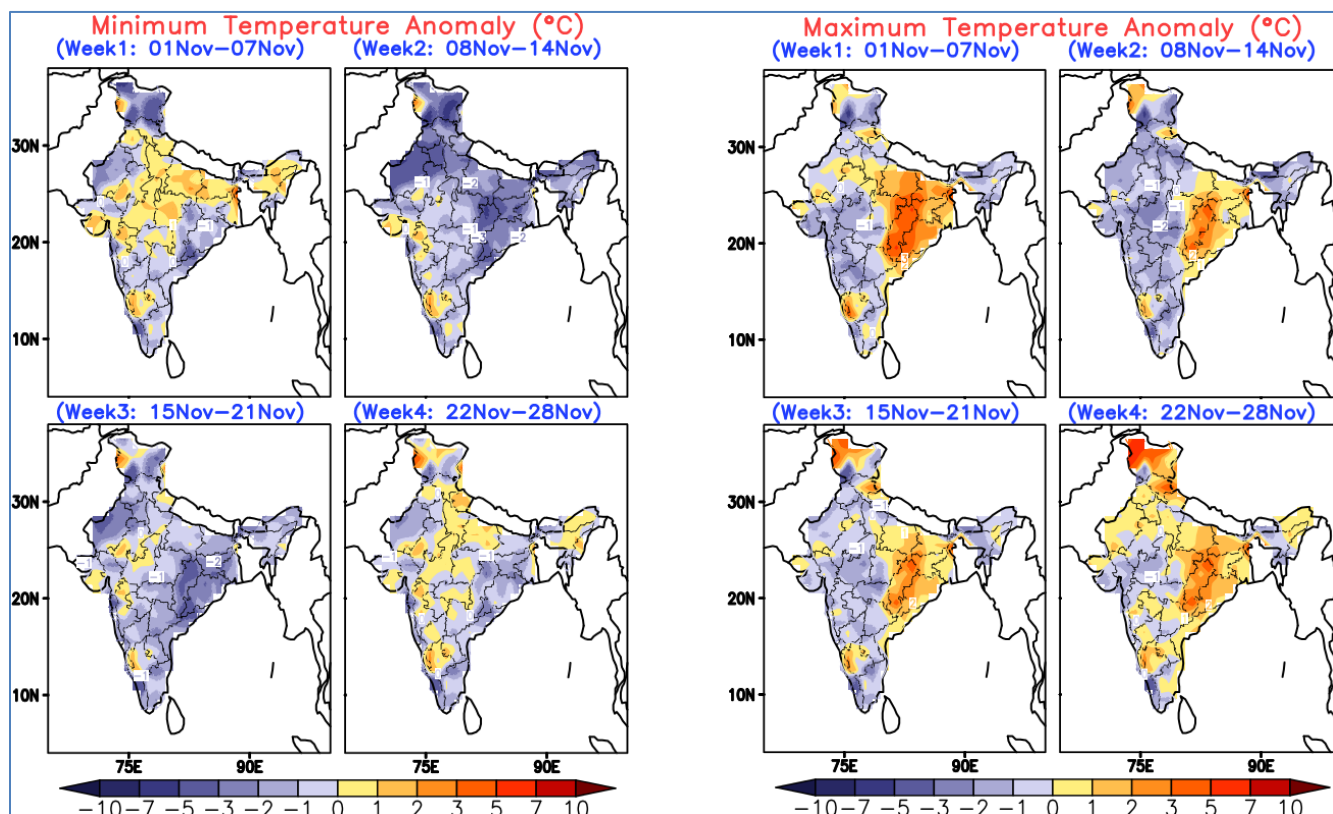
Outlook - Soybean (Spot, Indore): Soybean Indore is expected to trade range in between the range of 3100 to 3330. CBOT has witnessed sharp rally but at this time same is not expected to push Indian prices up as in OND quarter Indian soybean remain decoupled with the CBOT. Current upside movement has confirmed the bottom being placed out and as we have moved to Nov month NCDEX will find difficult to test previous lows.

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): Decent arrivals and slowing crush with brighter sowing prospects has brought bearishness in Mustard prices. Crush demand is expected to rise in late this month. Overall mustard is expected to consolidate at current levels.

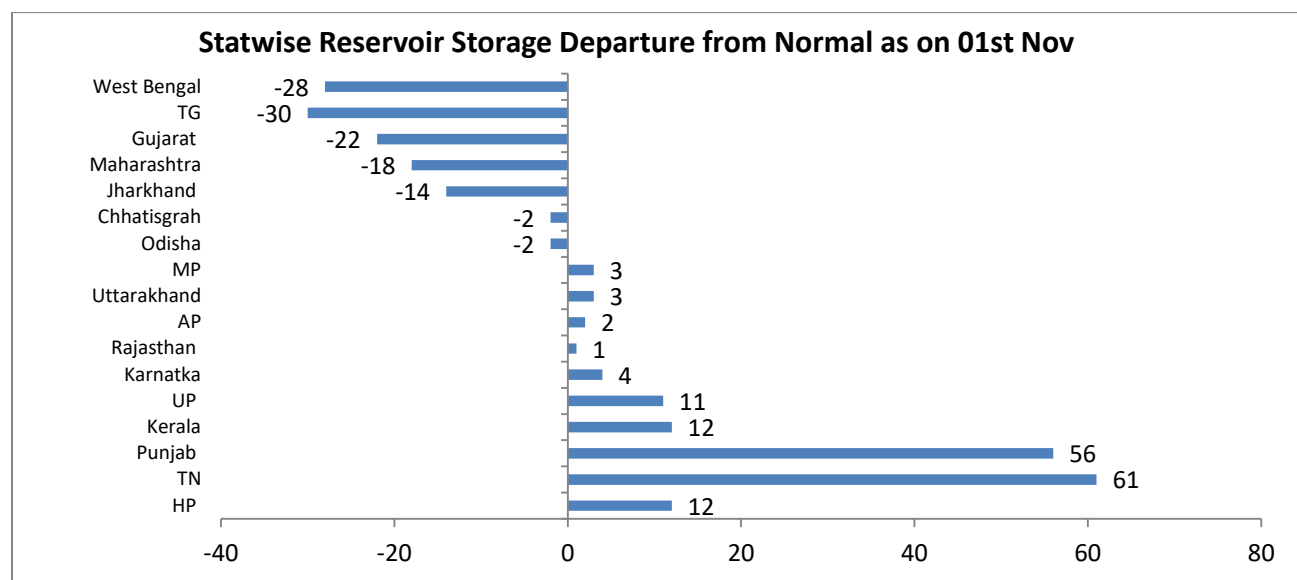
Weather Forecast (For Rabi Oilseeds)

Temperature



Eastern Mustard growing region is forecasted to witness above normal temperature profile.

Reservoir Status in States



Rabi Oilseed Sowing Progress

Rabi Oilseeds Sowing as on 5.11.2018						
	Normal Area	Normal Sowing as on Date	2017-18	2018-19	% Change (Y-o-Y)	% Sown of Normal
Rapeseed & Mustard	61.25	23.52	26.57	27.84	5%	45.5%
Groundnut	7.85	1.23	1.16	0.96	-17%	12.2%
Safflower	1.62	0.34	0.23	0.06	-74%	3.7%
Sunflower	3.78	1.29	0.68	0.33	-51%	8.7%
Sesamum	3.04	0.06	0.02	0.06	200%	2.0%
Linseed	2.93	0.48	0.62	0.58	-6%	19.8%
Other Oilseeds	0.15	0.06	0.07	0.06	-14%	40.0%
Total	80.62	26.98	29.35	29.89	2%	37.1%

Soybean

Domestic Market

In a recent move, US has granted India to waive from Iran sanctions for oil imports till March 2019. The US planned to re-impose oil-related sanctions to Iran from Nov 4. India has been engaged with US and successfully persuaded US in removal of trade sanctions. However the Oil imports is restricted to 1/3rd of the annual Imports.

Thus as such there is no change in the current system except that the Oil Volumes will reduce and thus the Indian currency available for the payments is going to fall by 1/3 but still significant enough to cover most of the payments under barter system for the agricultural commodities, Iran buys from India. Currently Iran is looking for Indian soymeal and has booked 2 lakh tons of soymeal.

Iran is finding difficult to source soymeal/bean from other countries due to US sanctions but US has been enforcing sanctions only on Crude oil Imports. Countries who are supplying soymeal/bean to Iran doesn't want to get in to matter and thus are staying away from the trade.

Under the influence of this development Indian soybean has gained and despite of record daily arrivals.

In Rajasthan, 3.45 lakh farmers have registered online for the procurement of Urad, Moong, Soybean and Groundnut for the current Kharif procurement season. According to the MD of Rajfed 15609 farmers have registered for Groundnut procurement and 664 farmers have registered for Soybean as on 28th Oct. Earlier center has approved the procurement of 3.79 lakh tons of groundnut procurement and 88750 tons of soybean in the state.

In Maharashtra, Plants are buying soybean from MP due to easy availability, premium in local prices and quality. Lower soybean production also has restricted availability in certain areas.

GOI has given approval for procurement of 26 lakh tons of oilseeds (Soybean, Groundnut and Sunflower) in 9 states Telangana, Andhra Pradesh, Uttar Pradesh, Rajasthan, Madhya Pradesh, Maharashtra, Karnataka and Tamil Nadu Under Pradhan Mantri Annadata Aay Sanrakshana Abhiyan (PM- AAASHA). Procurement will be carried by Food Corporation of India and National Agricultural Cooperative Marketing Federation of India Ltd (NAFED). The state warehousing corporation and central warehousing corporation is offering space of nearly 20 lakh tons this season.

All India soybean arrivals today recorded at 11.8 lakh bags which is normal for the month. Farmers tend to dispose their produce before Diwali to make some earning for the festival expenditure. Arrivals in MP recorded at 7 lakh bags, In Maharashtra 2.25 lakh bags and in Rajasthan it is at 1.4 lakh bags.

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

International Market

A tweet from President Trump about his phone conversation with China's President Xi has helped bean to clock single day gains in over 4 months on last week's Thursday.

In the USDA's Weekly exports sales report, 395,800 MT of net sales recorded vs. 1.9 MMT for same week last year and sales to date at 38% to USDA vs. five year average of 60% to USDA estimate. China canceled a cargo, which was switch to UK.

Brazil planting ahead of pace implying new crop beans available for January export. Brazil reported October soybean exports at 5.35 MMT vs. 4.6 MMT last month and 2.48 MMT last October.

According to International FC Stone, soybean yield is estimated at 53.2 bpa from 54.0 in October and compares to USDA October estimate of 53.1 bpa

According to JCI, China imported 5.872 million tons in Oct which is lower as compared to market anticipation of .7.5 million tons. Stocks at Chinese ports are at 7.081 million tons.

According to Oil World in the period Nov to Jan the imports by China is going to be down by 11 million tons y-o-y.

China is taking steps to reduce meal in feed rations and is reporting its efforts would reduce its soybean consumption by 14 MMT with soymeal consumption expected to fall by 11 MMT.

Soybean inspections were at 1.3 MMT vs. 2.53 MMT for same period last year. Total inspections to date are running 41% behind last year's pace.

Soybean harvest jumped to 72% complete vs. 53% last week but remains behind the average pace of 81% complete. USDA did not report crop condition ratings. Weather turns wetter mid to late week giving harvest a long tail.

In order to reduce the exports of soymeal which China does for the eastern part of Russia and some satellite countries Chinese finance ministry has scrapped the 1% export rebate on soymeal effective from 1st of Nov. This is among the slew of measures taken to decrease the dependency on soybean imports.

There are fair chances of some soybean trade between the two countries to resume in the coming months as the Brazilian 2017/18 export season ends, but China will revert back to Brazilian soy as soon as it can.

According to USDA weekly export sales report, export sales of U.S. soybeans were recorded at at 212,700 metric tons, compared with trade expectations of between 300,000 and 700,000 metric tons.

Soy meal

CBOT soymeal witnessed bounced back sharply after the Trump tweet of easing relationship with China and probable tariff cut by Beijing in the G20 meet in the last week of Nov.

According to the latest vessel line up data vessel with a capacity of 53700 tons of has been berthed on 24th Oct tons for exports of soymeal. Another vessel of 11000 tons of soymeal has been in line for berthing which has been arrived on the same date.

According to SOPA Oct Soybean arrivals is at 15 LT out of which 8 LT has been crushed. Nearly 10 LT of soymeal has been booked for exports in which shipment of 8 LT is expected to be done in the Oct-Dec quarter. Further in Jan-March shipments can reach upto 10 LT.

Iran has booked 2 LT of soymeal but only by govt agencies and private importers are not allowed due to which aggressive imports demand is expected to be limited. In Last sanction Iran imported 2.4 LT of Soymeal. According to SOPA president, bulk imports by China are expected to be limited and only some scattered shipping is expected to happen.

Technical Analysis:

NCDEX Soybean FUTURE*



Soybean Spot, Indore



*Note: Daily Chart

Support & Resistance NCDEX Soybean – Nov Contract				
S2	S1	PCP	R1	R2
3180	3250	3270	3280	3310

- Soybean Nov contract traded above the trendline support and inched high towards 3400 to witness strong pull back.
- On the upside, INR 3400 shall act as immediate resistance followed by INR 3450
- On the downside, INR 3350 shall act as immediate support followed by 3310
- Trade Recommendation (NCDEX-Soybean – Nov) Sell

Weekly trade call: **Sell** 3400 Target – T1-3350; T2- 3310, SL – Above 3410

Rapeseed - Mustard Seed

The all India weekly seed supplies were reported 7.85 lakh bags as compared to 9.2 lakh bags in the previous week. The supplies were 7.77 lakh bags in the same time frame last year.

The spot price gained w-o-w on positive planting intentions and higher pace of mustard sowing. NAFED inability to offload the stocks at brisk pace has kept the supplies in market tight as nearly 5.89 lakh tons of Mustard is locked as on 03rd Nov. With this pace of release there will be still huge stocks locked till Dec as NAFED is able to release nearly 1 lakh tons of Mustard per month. NAFED is instrumental in altering Mustard Supply and Demand as It wants to sell Mustard at least at MSP. Seeking limited response from the crushers in auction the agency is offering Mustard at lower rate as compared to prevailing market prices. At the end of week mustard closed at 4270 per quintal as against INR 3980 per quintal during the corresponding period last year at the benchmark, Jaipur.

At NCDEX futures, the seed prices at Nov contract closed at INR 4075 Qtl compared to INR 4370/Qtl previous week.

Mustard auction after a brief lull period again finding good response as the selling has sped up as compared to Sep and Aug months. However the current pace of offloading is not sufficient enough to empty the ware houses. 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.

Although Mustard sowing started at a brisk pace but could not able to sustain same momentum and as on 02nd Nov 27.84 lakh hectares has been brought under Mustard/rapeseed/Toria against 26.568 lakh hectares last year and 5 year average of 23.522 lakh hectares.

Sowing pace in MP and Haryana is above 5 year average but below last year. Sowing in Rajasthan is well above last year but below 5 year average. Sowing in UP is at par with last year and above year average sowing pace.

Prospects of record Mustard sowing has limited the upside potential and Mustard after discounting this is trading in range bound manner. Planting is expected to reach up 68.5 lakh hectares and can touch 70 lakh hectares given the good soil moisture levels and ambient atmospheric as well as soil temperature.

The acreages in Gujarat is expected to fall y-o-y due to very poor rainfall but remained insignificant as it doesn't form the heart of Mustard production area.

According to Marudhar Trading Agency there is 15 LT of stocks is available at the end of Oct and which enough for the Nov to Jan month and thus there is limited upside potential in Mustard.

Technical Analysis:



NCDEX RM Seed Futures



RM Seed Spot, J

Support & Resistance NCDEX RM Seed – Nov contract

S1	S2	PCP	R1	R2
4060	4050	4075	4110	4133

- Mustard Nov Contract breached the fibo level of 61.8% and traded below it in the entire week testing the contract lows.
- Going ahead, the price is expected to find support in between 4050-4060
- Any breach of this is going to extend the weakness towards 3950
- Trade Recommendation (NCDEX Rapeseed-Mustard – Nov)

Weekly trade call: **Buy** 4050-65: Target – T1- 4110 T2- 4150, SL – 4000.

Oilseed Prices at Key Spot Markets:

Commodity / Centre	Prices (Rs/Qtl)				Change
Soybean	01-Nov-18		25-Oct-18		
	Low	High	Low	High	
Indore –Plant	3250	3300	3100	3190	110
Indore–Mandi	3000	3150	2900	3100	50
Nagpur-Plant	3320	3370	3190	3250	120
Nagpur – Mandi	2800	3290	2650	3080	210
Latur – Mandi	2200	3450	3030	3280	170
Akola – Mandi	3000	3220	3050	3050	170
Kota-Plant	3200	3250	3075	3175	75
Kota – Mandi	3050	3200	3050	3100	100
Bundi-Plant	3200	3250	3140	3180	70
Bundi-Mandi	3100	3150	3020	3070	80
Baran-Plant	3250	3350	3200	3250	100
Baran-Mandi	3000	3175	2900	3070	105
Bhawani Mandi Jhalawar–Plant	3200	3250	3140	3250	Unch
Jhalwar-Mandi	3000	3150	2900	3120	30
Rapeseed/Mustard					
Jaipur-(Condition)(New Crop)	4295	4300	4345	4350	-50
Alwar-(Condition)(New Crop)	4100	4150	4125	4150	Unch
SriGanganagar-(Non-Condition-Unpaid)	3760	3800	3790	3945	-145
New Delhi–(Condition)(New Crop)	4120	4150	4170	4200	-50
Kota-Non-(Condition)(New Crop)	8250	8300	8500	8550	-250
Agra-(Condition)(New Crop)	4700	4725	4775	4800	-75
Neewai(New Crop)	3850	3870	3950	4000	-130
Hapur (UP)(New Crop)	4000	400	4040	300	100
Groundnut Seed					
Rajkot	#REF!	#REF!	#REF!	#REF!	-

Sunflower Seed					
Gulbarga	#VALUE!	#VALUE!	3250	3555	-
Latur	NA	NA	0	0	-
Sholapur	3700	4000	3600	3900	100
Sesame Seed					
Mumbai Sesame White 98/2/1 FM	13800	13800	12300	12300	1500
Soybean Prices are in INR/qtl. (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/qtl.					

Oilseed Arrivals in Key Centers:

Commodity	Centre	Arrivals in Bags/Qtl		Change
		26th Oct to 01 Nov 2018	19th Oct to 25th Oct 2018	
Soybean				
	Madhya Pradesh	3675000	1395000	2280000
	Maharashtra	1665000	1000000	665000
	Rajasthan	1040000	800000	240000
	Bundi (Raj)	5400	5100	300
	Baran (Raj)	52000	91000	-39000
	Jhalawar (Raj)	51000	69000	-18000
Rapeseed/Mustard	Rajasthan	385000	380000	5000

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

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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