

Oilseeds Weekly Research Report

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Executive Summary

Soybean Most active Dec contract at NCDEX continued to remain volatile for the second week. Marker speculators seem to be manipulating the market but the spot prices remained unaffected which has kept the sharp rallies in NCDEX under check. The week again started with sharp rise and followed by consecutive bearish trade. The Dec contract has failed to breach the resistance level and couldn't able to set the trend.

Spot Market remained continued to remain in tight range but reached 5 week high before pulling back to INR 3350 per quintal in Indore for plant delivery. With record Oct arrivals the production estimates is expected to remain above 104 lakh tons. We have still kept our production at 104 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.

The daily arrivals are recording in between 7 to 9 lakh bags. With such arrivals pace the Nov arrivals should not reach beyond 15 lakh tons. Arrivals between 12-14 lakh bags are expected to be a fair estimate. The arrivals are 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. Soymeal exports pace in the Oct-Dec quarter is going to determine how soon we are going to dispose most of the surplus soymeal produced.

At soymeal front, 2 lakh tons of soymeal has been booked by Iran which is going to be dispatched In Nov. SOPA has reported export of 1.6 lakh tons of soymeal whereas SEA has reported just .34 lakh tons in its provisional estimates. In any case the soymeal exports in Oct month is not very high to bring any aggressive rallies in Soybean complex. Indian soymeal remained competitive in the market and more enquiries in the coming weeks is expected. Soybean crushers are finding good margin for the second consecutive year over higher soy oil and soy meal prices in Oct-Nov month. Demand from poultry farmers are going to increase as the farmers is going place higher number of chicks to meet coming rise in winter demand.

Rapeseed stocks auction are still not fast enough to offload its stocks entirely at the end of this year. Further as NAFED has halted daily auction in Rajasthan stocks at the end of season could remain in between 3-4 lakh tons. Thus the stock situation is going to remain tight in Dec-Jan months. The ongoing rapeseed/Mustard sowing has slowed down after initial rapid advancements and is below last year as well as 5 year average. Thus expectations of record acreages this season is slowly evaporating. We are still estimating the acreages to be around 68.5 lakh hectares and more clarity will come in the third week of November on acreages number. 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 of Mustard Oil 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 US Weekly Export Sales Report: 22nd Nov
2. USDA US Weekly Export Inspection Report: 17th Nov

3. India Rabi Sowing Progress: 16th Nov

Outlook – Cash Market

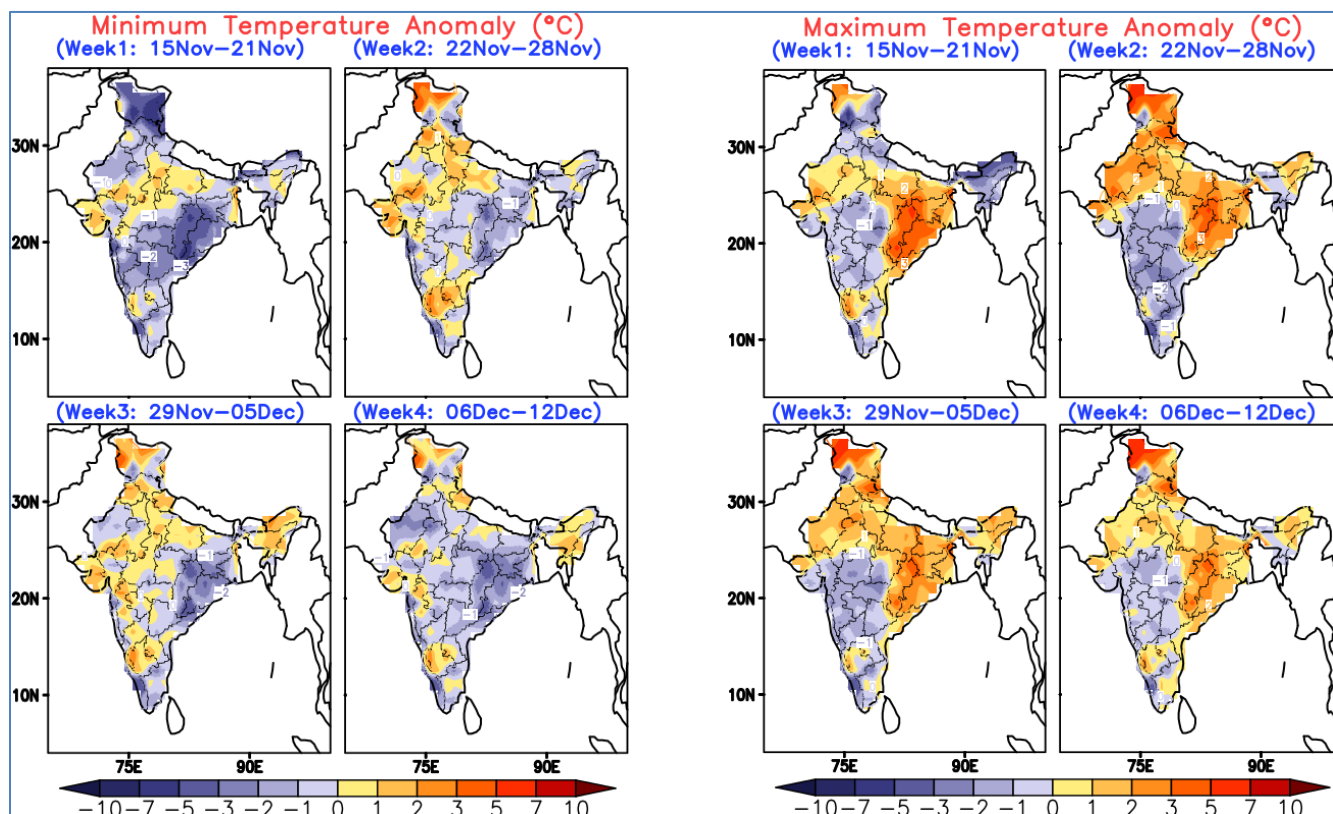
Outlook - Soybean (Spot, Indore): Soybean Indore is expected to trade range in between the range of 3200 to 3400. CBOT has remained sideways after sharp rally over expected renewed negotiations between China and US, but at this time same is not expected to push Indian prices up as in OND quarter Indian 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.

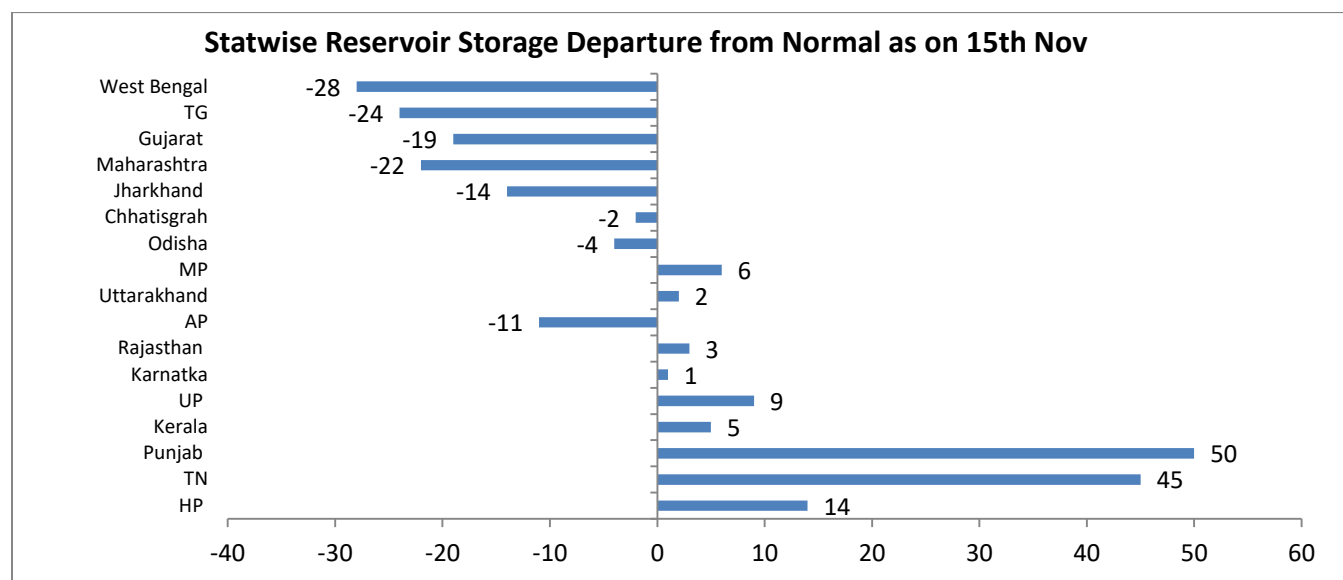
Outlook - Rapeseed-Mustard (Spot, Jaipur basis): As the winter Mustard Oil Demand is going to rise the Crush demand of Mustard is expected to follow. Crushers will be buying more as Mills will start crushing again after brief period of closure due to Diwali. Mustard is expected to start inching high from current levels.

Weather Forecast (For Rabi Oilseeds)

Temperature



Reservoir Status in States



Rabi Oilseed Sowing Progress

Rabi Oilseeds Sowing as on 15.11.2018						
	Normal Area	Normal Sowing as on Date	2017-18	2018-19	% Change (Y-o-Y)	% Sown of Normal
Rapeseed & Mustard	61.25	48.48	44.46	44.34	0%	72.4%
Groundnut	7.85	1.99	1.95	1.36	-30%	17.3%
Safflower	1.62	0.49	0.35	0.14	-60%	8.6%
Sunflower	3.78	1.66	1.06	0.57	-46%	15.1%
Sesamum	3.04	0.18	0.1	0.1	0%	3.3%
Linseed	2.93	1.41	1.47	1.25	-15%	42.7%
Other Oilseeds	0.15	0.17	0.11	0.09	-18%	60.0%
Total	80.62	54.38	49.5	47.85	-3%	59.4%

Soybean

Domestic Market

Soybean arrivals have been recorded at 7.5 lakh bags which is drastically low from the week before Diwali. Farmers offloaded their stocks to fetch some money for the festivals. Usual per day arrivals in this month is 7 to 9 lakh bags per day. Mustard all India arrivals has been at 1.4 lakh bags.

Rajasthan state co-operative marketing federation limited (RAJFED) are buying soybean and groundnut in the state and more than Rs 31 crore have been transferred directly to the bank accounts of the farmers via online mode. The number of such farmers is 2,956. In the state, the purchase of soybean is being done since October 11 while groundnut is being bought since October 16. For purchasing these crops 295 centers across the state have been set up by the department of cooperatives and more than 3 lakh farmers had got them registered for the purchase of these crops. About 1.7 lakh farmers of groundnut had registered online.

Gujarat government has announced Rs 110 bonus to farmers over and above the Rs 4,890 MSP per quintal declared by the Centre for 2018-19 kharif season. The responsibility of procurement has been shifted from the co-operative to Food and Civil Supplies Department. The state will set up 122 procurement centers across the state, and will start procuring groundnut from farmers from November 15. Procurement will be done under the price support scheme (PSS) of the Central government.

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

International Market

According to Informa, with a yield of 52.6 vs. USDA at 53.1 bpa, US soybean production is estimated at 4,647 mb or 43 MB below the USDA. September soybean exports were estimated at 119 mb vs. 164 mb the prior year.

According to Williams shipping Agent, Exports from Brazil, are expected to surpass 80 million tonnes in 2018.

According to Agribrazil, Brazil soybean exports is expected to reach 83 million tonnes on strong Chinese demand, up from 68 million tonnes last year.

According to EC, European Union soybean imports in the 2018/19 season that started on July 1 totaled 4.6 million tonnes by Nov. 11, up 4 percent from 4.5 million a year earlier. EU 2018/19 soybean imports had reached 6.2 million tonnes, down 17 percent from a year-earlier 7.4 million.

According to Ukrainian Ministry of Agriculture, Ukraine has almost completed 2018's sunflower harvest at 13.6 million tonnes compared with 11.7 million tonnes in 2017. Ukraine's 2018 soybean harvest near end at 4.3 million tonnes versus 3.5 million tonnes in 2017.

In South America, soybean sowing pace is recorded higher as compared to average sowing pace. In Argentina Sowing has been completed in 9.4 % which is higher by 6.9% y-o-y. In Brazil sowing has been completed in 70% of the intended area as compared to 57% of average sowing pace.

According to NOAA, the chances of El Nino evolving this Dec has been increased to 90% as compared to previous month forecast of 70%.

Soy meal

CBOT soymeal remained sideways even soybean rallied in the week as the soymeal stocks has started rising in US.

Another vessel of 34 thd tons is waiting for berthing for soymeal exports. In Nov bulk exports can rise upto 1.5 to 2 lakh tons. Container shipments are also going to rise in this month.

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 Dec contract rallied to test the resistance of 3480 within two session and breached the 3489 levels for a brief period and pull backed strongly. Following this soybean continued to weaken towards 3376. Soybean has traded in tight range and thus hasn't been able to give nay price direction.
- On the upside, INR 3489 shall act as immediate resistance followed by INR 3500
- On the downside, INR 3350 shall act as immediate support followed by 3310
- Trade Recommendation (NCDEX-Soybean – Dec) Buy

Weekly trade call: **Buy** 3340 to 3360 Target – T1-3380; T2- 3420, SL – 3310

Rapeseed - Mustard Seed

The all India weekly seed supplies were reported 8.6 lakh bags as compared to 1.25 lakh bags in the previous week. The supplies were 10.45 lakh bags in the same time frame last year.

The spot price continued to remain sideways as the market lacks direction.

At NCDEX futures, the seed prices at Dec contract closed at INR 4130 Qtl compared to INR 4125/Qtl previous week.

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.

The Mustard crush demand is going to rise from current week onwards. NAFED auction will be important in this period as seasonally prices used to rally and thus any rise in NAFED released has the potential to cushion the same. NAFED is expected to end the RMS with record Mustard stock.

In a recent move, NAFED has suspended the auction of Mustard from immediate effect in Rajasthan till further notice.

Technical Analysis:



NCDEX RM Seed Futures

RM Seed Spot, Jaipur

Support & Resistance NCDEX RM Seed – Nov contract

S1	S2	PCP	R1	R2
4050	4000	4130	4193	4217

- Mustard Dec Contract found support at 100% fibo levels and at the same time found resistance at 61.8% fibo levels to trade within the range in entire week. Mustard breached the 61.8% fibo level for a brief period and witnessed strong pull back on the same day. Later in the week mustard tested the support gain. Mustard inability to breach the resistance is indicating towards the lack of bullishness.
- Going ahead, the price is expected to find support in between 4120-4130
- Any breach of this is going to extend the weakness towards 4050
- Trade Recommendation (NCDEX Rapeseed-Mustard – Dec)

Weekly trade call: **Buy** 4120-40: Target – T1- 4190 T2- 4210, SL – 4050.

Oilseed Prices at Key Spot Markets:

Commodity / Centre	Prices (Rs/Qtl)				Change
Soybean	15-Nov-18		08-Nov-18		
	Low	High	Low	High	
Indore –Plant	3400	3425	3325	3350	75
Indore–Mandi	3100	3300	3200	3325	-25
Nagpur-Plant	3430	3500	3330	3380	120
Nagpur – Mandi	2950	3375	2800	3275	100
Latur – Mandi	3100	3530	3280	3450	80
Akola – Mandi	2750	3355	3230	3230	125
Kota-Plant	3380	3400	3200	3275	125
Kota – Mandi	3200	3350	3050	3225	125
Bundi-Plant	3380	3420	3250	3300	120
Bundi-Mandi	3250	3320	3150	3200	120
Baran-Plant	3400	3480	3300	3350	130
Baran-Mandi	3200	3285	3000	3200	85
Bhawani Mandi Jhalawar–Plant	3370	3430	3250	3300	130
Jhalwar-Mandi	3230	3380	3040	3200	180
Rapeseed/Mustard					
Jaipur-(Condition)(New Crop)	4280	4285	4255	4260	25
Alwar-(Condition)(New Crop)	4100	4150	4100	4150	Unch
SriGanganagar-(Non-Condition-Unpaid)	3770	3850	3900	3950	-100
New Delhi–(Condition)(New Crop)	4175	4200	4090	4110	90
Kota-Non-(Condition)(New Crop)	8350	8400	8200	8250	150
Agra-(Condition)(New Crop)	4675	4725	4600	4650	75
Neewai(New Crop)	3800	3870	3850	3900	-30
Hapur (UP)(New Crop)	4000	400	4000	200	200
Groundnut Seed					
Rajkot	#REF!	#REF!	#REF!	#REF!	-
Sunflower Seed					
Gulbarga	3400	3650	3408	3814	-164
Latur	NA	NA	0	0	-
Sholapur	3750	3950	4050	4100	-150
Sesame Seed					

Mumbai Sesame White 98/2/1 FM	13900	13900	13800	13800	100
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
		10th Nov to 17th Nov 2018	02nd Nov to 09th Nov 2018	
Soybean				
	Madhya Pradesh	605000	1265000	- 660000
	Maharashtra	270000	435000	- 165000
	Rajasthan	325000	225000	100000
	Bundi (Raj)	1900	1500	400
	Baran (Raj)	15000	12000	3000
	Jhalawar (Raj)	14000	11000	3000
Rapeseed/Mustard	Rajasthan	160000	120000	40000

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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