

Oilseed Weekly Research Report

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Executive Summary

This week Soybean price remain elevated and surged 15% amid tight supply at various trading center. Due to inventory shortage more than 50% mills have closed. Soymeal surged to record high of 18.7 % this week. Additionally other oilseed complex also supported soybean price, Erratic monsoon amid shortage of certified seed and cues from international market also supported rally in the market.

The government has increased the MSP of Soybean by 1.80 per cent, to Rs 3,950/quintal from Rs 3,880/quintal and for groundnut by 5.21 per cent to Rs 5,550/quintal from Rs 5,275/quintal. Good price hike in retail and wholesale prices for oilseeds encouraged government to increase MSP for 2021-22. Soyoil retail price increased 35% so far compared to last year .

As on 30 July in Oil seed kharif, About 164.43 lakh ha area coverage has been reported compared to normal of corresponding week (157.16 lakhha). Thus 5.28 lakh ha more area has been covered compared to nonnal of corresponding week. Higher area is reported from the States of Maharashtra (6.65 lakh ha), Gujarat (3.30 lakh ha), Rajasthan (0.84 lakh ha), Kamataka (0.67 lakh ha), Nagaland (0.14 lakh ha), Bihar (0.10 lakh ha), Tamil Nadu (0.10 lakh ha), Haryana (0.09 lakh ha), Tripura (0.04 lakh ha), Uttarakhand (0.03 lakh ha), Manipur (0.03 lakh ha), West Bengal (0.02 lakh ha), Meghalaya (0.02 lakh ha), Mizoram (0.01 lakh ha) and Uttar Pradesh (0.01 lakh ha). Less area is reported from the States of Madhya Pradesh (3.05 lakh ha), Andhra Pradesh (1.80 lakh ha), Telangana (0.76 lakh ha), Chhattisgarh (0.67 lakh ha), Punjab (0.04 lakh ha), Odisha (0.04 lakh ha), Jammu & Kashmir (0.03 lakh ha), Jharkhand (0.02, lakh ha), Assam (0.02 lakh ha), Arunachal Pradesh (0.01 lakh ha) and Sikkim (0.01 lakh ha). The soybean plant average delivery price at Indore is quoted 5.0% up at Rs. 8,069 /qtl as compare to last week price at Rs. 7,683 /qtl. The domestic weekly average soymeal prices at Indore was 7.2% up to Rs 69,000 /MT compared to the weekly average of Rs 64,000 /MT previous week.

Rapeseed Mustard inclined by 3% to Rs.7,742 /Qtl this week as compared to Rs 7,508/Qtl last week and arrival declined In Sri Ganganagar, the weekly average prices of rapeseed oilcake was 3% up to Rs 3012/ Qtl from previous week at Rs. 2,920/qtl.

We feel the soy and rapeseed-mustard complex to trade firm tone on decent buying activities of crushers and retailers. China is the regular buyers in global markets to fulfil its domestic demand of meal, which may also support meal prices to rise. However weak figures in exports of oilmeals in June'21 limited the gains.

Export of oilmeals for the month of June 2021 provisionally reported at 203,612 tons compared to 229,230 tons in June 2020 i.e. down by 11%. The overall export of oilmeals during April – June 2021 is reported at 735,312 tons compared to 579,387 tons i.e. up by 27%.

Arrival of mustard seed in mandis has decreased at all places in the country which may support the prices, shortage of certified seed has been reported from maharastra and Madhya Pradesh which account for 85% of total soybean production which may impact prices and production. In last few days monsoon was not favourable as expected which is major concern for the soybean growers.

Outlook – Cash Market

Outlook - Soybean (Spot, Nagpur): *The soybean prices is expected to remain elevated higher with firm bias on rise in crushing demand amid inventory shortage. However, Bullish sentiments in international soybean markets will also lend a support. The prices (Nagpur, Plant basis) are expected to feature range bound movement in the price band of 8,500 – 10,300 level.*

Outlook – Soy meal:

The soymeal prices is expected to remain elevated backed by soybean price. However strength in soybean and other oilseed complex may dwaw support to soymeal as well. The soy meal prices (Indore) are likely to feature range-bound movement between Rs. 85,000 – 100,000 /MT.

Outlook - Rapeseed-Mustard (Spot, Jaipur basis): *Arrival of mustard seed in mandis has declined at all places in the country which may support the prices, there is huge shortage of mustard seed to crushers. However, Rapeseed-mustard is expected to feature firm tone in near term due to domestic and international factors. The seed prices are likely to witness the price levels between 7,300 – 8,000/Qtl. in short-run.*

International Highlights

- ❖ CBOT Aug soybean futures closed 1.36% lower at \$ 14.14 1/4. New crop November soybean futures also closed 2.07 % lower at \$ 13.49 3/4, on Friday.
- ❖ As of 25th July, the US soybean condition for week ending 19 July stood at 11% Excellent, against last week 11 % while last year it was 15 %, 47% good, 30%fair, 9%poor and 3% Very poor.
- ❖ The Brazilian state run agricultural agency, CONAB Brazil's July 2020/21 soybean crop estimate increased at 135.92 million tonnes vs 135.86 million tonnes in June'21 forecast and 124.845 million tonnes in 2019/20 in its recent report.
- ❖ USDA attache sees For 2021/22, Post forecasts soybean planted area for Brazil at 40.40 million hectares (ha), and production at 144.00 million metric tons (MMT), based on a yield of 3.56 mt per ha (hectare)
- ❖ In June'21 according to the data released by NOPA, US crushed pegged at 152.410 million bushels which compares to April 163.52 million bushels of soybeans. The soybean processing was down from 154.00 million bushels in June 2021 also lower from 167.00 million bushels in May 2021.
- ❖ Buenos Aires Gain Exchange has kept the Argentina 2020/21 soybean crop harvest estimate higher at 43.5 million tonnes vs 43 million tonnes from its previous estimates in expectation of better crop yield. However it is 10% lower than the 2019/20 estimates.
- ❖ As per recent USDA July'21 report, Soybean production in the world is likely to increase by 6% to 385.22 million tonnes in next season (September- 2021- August 2020) in expectation of higher crop size in US and India. Total crop size in India may stand higher by 750,000 tonnes to 11.2 Million tonnes against 10.45 Million tonnes in this season. Higher soybean prices in this season will encourage farmers in India to cover higher soybean area.
- ❖ China's June soybean imports jump 11.6% from May on surging demand.
 - 10.7 mmt June (+11.6% mom) (-4% yoy)
 - Jan-Jun totals 49 mmt (+9% yoy)
 - Recovery from ASF boosting soy demand Pig herd to cross 440M heads in 2021 (+22% yoy)
- ❖ The Argentina government approved a measure allowing a reduction in the amount of soy-based biofuel to be mixed into diesel. The new law will likely show a minimum use of biodiesel of 5%, and could drop to 3%, from a 10% blend previous. Lowering the blend rate is likely to spark a jump in soybean oil exports.

Soybean

Soybean continued rally of more than 15% from last week amid tight inventory at various trading center. More than 50% crushing mills have been shut because of tight inventory. Additionally other oilseed complex also supported soybean price, Erratic monsoon amid shortage of certified seed and cues from international market also supported rally in the market, However the government may consider imposing stock limits on edible oils and oilseeds to cool prices in the domestic market which may drag prices lower.

Floods cause crop losses on 1.5 lakh hectares in Maharashtra, the preliminary crop loss is pegged at 1.5 lakh hectares but may increase. As of now, crop damage has been reported in Pune, Kolhapur, Sangli, Raigad, Ratnagiri, Palghar, Thane, Parbhani, Nanded, Akola, Washim, Nagpur and Wardha. Agricultural land has been submerged in in Konkan, Kolhapur and Sangli.

As on 30 July soybean sowing is trailing by 3%. In MP sowing is lagging by 13%, in maharashtra sowing is up by 8%, in rajasthan sowing is down by 5%, in karnataka sowing is up by 16%, in gujrat sowing is up by 53%.

Rainfall for week : (29 July to 4 Aug, 2021)

Fairly widespread to widespread rainfall with isolated heavy to very heavy falls likely to continue over East Rajasthan and West Madhya Pradesh during 29th July - 02nd August. It is likely to increase from 30th July with isolated extremely heavy falls are likely over East Rajasthan during 30th July-01st August and over West Madhya Pradesh on 31st July, 2021.it is likely to decrease in intensity thereafter with possibility of isolated heavy falls over these areas.

Agriculture Minister Narendra Singh Tomar launched a seed minikit programme to to enhance production and productivity of pulses and oilseeds by distributing high yielding varieties of seeds of oilseeds to farmers which is provided by the central agencies National Seeds Corporation (NCS), NAFED and Gujarat State Seeds Corporation and wholly-funded by the Centre through the National Food Security Mission. The supply of minikit seeds will last till June 15, 2021 so that the seeds reach the farmers before the Kharif sowing starts. Government of India likely to distribute more than eight lakh soybean seed minikits and more than seventy thousand groundnut minikits free of cost to farmers.

GOI announced MSP for 2021-2022 marketing year, soybean Rs 3950 (70 Rs. up). India's soybean area is expected to rise 9.9% on year to a record high of 13.3 mln ha in the crop year.

1.3 million tones soy seed procured in MP to distribute among farmers Vs 1 million tons last year, more than 50% Soybean planting completed in parts of maharashtra, rajasthan and MP, However seed shortage may limit production.

CBOT Aug soybean futures closed 1.36% lower at \$ 14.14 1/4. New crop November soybean futures also closed 2.07 % lower at \$ 13.49 3/4, on Friday.

As per recent USDA July'21 report, Soybean production in the world is likely to increase by 6% to 385.22 million tonnes in next season (September- 2021- August 2020) in expectation of higher crop size in US and India. Total crop size in India may stand higher by 750,000 tonnes to 11.2 Million tonnes against 10.45 Million tonnes in this season. Higher soybean prices in this season will encourage farmers in India to cover higher soybean area.

As per USDA, India soybean crush is kept higher by 300,000 tons to 9.7 million ton on account of higher crop prospects. Continued growth in domestic soybean meal consumption will pressure soybean meal exports to 1.7 million tons, lower than the previous year but near the 5-year average. Soybean oil imports are unchanged at 3.7 million tons as rising domestic supplies and high prices slow import demand.

Strong Chinese demand lower than expected US soybean planting intentions of 87.6 million acres, though it is 5% higher compared to the previous year, and lower US soybean inventory number of 1.56 billion bushels in March 01 which 31% lower compared to same period last year kept the international soybean market strong.

In USDA July report, World 2021/22 soybean ending stocks came in at 94.49 million tonnes, above the average expectation of 92.60 million (range 91.20-93.50 million) and up from 92.55 million last month as higher stocks for Brazil and Argentina are partly offset by lower Chinese stocks.

The USDA took down its estimates for China's soybean imports, with the current 2020-21 season easing 2 million metric tons to 98 million and the upcoming season by 1 million to 102 million metric tons.

US Soybean 2020/21 production is projected at 119.88 mmt, unchanged from last month. Harvested area, forecast at 86.7 million acres in the June 30 Acreage report, is unchanged

USDA pegged the 2020/2021 Brazilian soybean production at 137.0 mmt vs. the trade's expectation of 136.1 mmt and the USDA's estimate last month of 137.0 mmt.

For Argentina's soybean 2020/2021 output, the USDA pegged its crop at 46.5 mmt. vs. the trade's expectation of 48.8 mmt and the USDA's June estimate of 48.8 mmt.

For India Production Is projected at 11.20 mmt Unchanged from Last month .

Quantitatively, the monsoon seasonal (June to September) rainfall is likely to be 98% of the Long Period Average (LPA) with a model error of $\pm 5\%$. The LPA of the season rainfall over the country as a whole for the period 1961-2010 is 88 cm. If it realizes the kharif oilseeds' crop production, including soybean, will be within normal.

The overall export of oilmeals during April – June 2021 is reported at 735,312 tons compared to 579,387 tons i.e. up by 27%.

Agriwatch has estimated its India's 2020/21 soybean output estimate to 10.7 million tonnes, up 22% from 8.74 million tonnes in 2019/20. USDA has pegged it at 11.2 million tonnes,

We expect India's soymeal exports to improve if government allows import of GM soymeal, However export demand is very low at higher levels.

India had imported 7,483,380 metric tonnes of edible oils in during Nov.'20 – Mar.'21 to meet the supply gap, up compared to 6,912,366 metric tonnes in during the same period last year.

India had imported 1,213,142 metric tonnes of edible oils in during May'21 ,down compared to 720,976 metric tonnes in during the same period last year.

Import during May '21 up by 19% compared to April 2021 due to lower stock in pipeline and lesser import during earlier months and increase in demand due to lifting of the lock down. Secondly, May '21 import showing 68% increased compared to May '20, as there was a complete lockdown which had affected the import during May '20. Thirdly, high price of Sunflower Oil discouraged its import, while Soybean oil import marginally improved.

The soybean plant average delivery price at Indore is quoted 15.78% up at Rs. 8,0 /qtl as compare to last week price at Rs. 8,069 /qtl.

The arrivals of bean declined by 32% and witnessed 170,000 bags in the cash market yards of Madhya Pradesh during the week against 250,000 bags in previous week.

The major buyers are as follows: Agrawal, Neemuch, Shanti Overseas, Living Food, Goyal Protein, Bansal-Bhopal, Vippy-Dewas, ABIS, Sneha, Ruchi Soya, Shalimar Katol, Vippy Dewas, Dhanuka Neemuch, Avi Agri Ujjain, M.S. Neemuch, RH Seoni, Prakash, Kriti Dewas, Mahakali, Prestige Dewas, Itarsi Oil, Sanwaria Itarsi, MS Solvex Neemuch, MS Soya Pachore, during the week.

Domestic soybean prices are likely to feature firm tone amid bullish domestic and international factors. More than 11% jump in soybean import in June'21 by china supported the price globally. Additionally monsoon progress may also impact prices in near term.

International:

The Brazilian state run agricultural agency, CONAB Brazil's July 2020/21 soybean crop estimate increased at 135.92 million tonnes vs 135.86 million tonnes in June'21 forecast and 124.845 million tonnes in 2019/20 in its recent report.

As of 25th July, the US soybean the US soybean condition for week ending 19 July stood at 11% Excellent, against last week 11 % while last year it was 15 %, 47% good, 30%fair, 9%poor and 3% Very poor.

In the prospective planting report by the National Agricultural Statistics Service (NASS), Agricultural Statistics Board, (USDA), the soybean planted area for 2021 is estimated at 87.6 million acres, up 5 percent from last year (83.084 million acres).

AgResource raised Brazil's 2020/21 soybean harvest to 129.98 million tonnes from 128 million tonnes previously projected.

According to the Buenos Aires Grain Exchange, the nationwide average soybean yield is 3,030 kg/ha (45.1 bushel/acre), which is unchanged from last week. The yields are ranging from 1,670 kg/ha to 3,250 kg/ha (24.8 bushel/acre to 48.4 bushel/acre). The Buenos Aires Grain Exchange kept their soybean estimate higher at 43.5 million tons.

Brazil's soybean exports is estimated to reach to 7.64 million metric tonnes in july – ANEC.

In the virtual Price Outlook Conference (POC) organized by Bursa Malaysia Thomas Mielke is in view that, after establishing new multi-year highs, the global edible oil prices are likely to be close to their peak, as the bullish

fundamentals should be largely discounted. He added that the prices are set to start weakening in the Apr/June quarter followed by further setback in July/Dec, attributed to increasing South East Asian palm oil and South American soybean production as well as prospective sharp increase in oilseeds plantings in the Northern Hemisphere.

USDA attache has projected China's 2021/22 soybean imports at 102 million tonnes which is higher than 100 million tonnes imported in 2019/20 by the country. The reason cited is the higher beginning stocks in the new marketing season following a buying spree in 2019/20. This is below the average growth observed prior to the arrival of African swine fever (ASF) in 2018 as domestic soybean production remains 35 percent above pre-ASF levels at 19.0 million tons. Crush growth continues at historic levels while stocks are projected to reach a record of 34.0 million tons.

Soymeal

The domestic weekly average soymeal prices at Indore was 18.7% up to Rs 84,833 /MT compared to the weekly average of Rs 69,000 /MT previous week. Strength in soybean prices and other oilseed complex supported the prices. Soymeal expected to remain elevated amid plunge in export numbers.

World 2021/22 soymeal production is estimated higher at 260.62 million tonnes vs 253.12 million tonnes against last year record, in USDA July report.

India's June 2021 soymeal exports declined by 54% to 25,918 metric tonnes compared to 56,938 metric tonnes in the same period last year. Further, the soymeal shipments too declined by 9% to 118,057 metric tonnes in aggregate, during the months (April-June.) of financial year 2020-21 compared to 129,192 metric tonnes during the corresponding period last year.

Export of oilmeals for the month of June 2021 provisionally reported at 203,612 tons compared to 229,230 tons in June 2020 i.e. down by 11%. The overall export of oilmeals during April – June 2021 is reported at 735,312 tons compared to 579,387 tons i.e. up by 27%.

Soya meal prices jumped in early July and touched record price of US\$ 890 during 2nd week of July compared to US\$ 400 (FOB) Argentina. Indian soybean meal export during first quarter was over 120,000 tons mainly shipped to Europe and U.S.A. due to preference for Non GM Soymeal. However, India is now totally outpriced in world market for the export of soyameal as soybean average price jumped from Rs. 43,100 per tons in Nov'20 touched to Rs.76,000 per tons in July and so soymeal price gone up from Rs.36,100 per tons in Nov'20 to Rs. 65,000 per tons at present. The high price of soybean meal has hit not only the export of soymeal but also the poultry farmers mainly small farmers and finding very difficult to survive in this difficult time. High input cost for eggs and chicken has also escalated the chicken prices which effecting consumer. India's exports for rapeseed meal during April-May 2021 was up +66% at 274,692 metric tonnes compared to 165,737 metric tonnes during the same period previous marketing season. It's a high time that the Government may consider to allow import of soybean meal including GM varieties which does not pose quarantine issue for short period up to 30th Sept, 2021 to cool down prices of both soybean and soybean meal to support the poultry industry to face crisis time.

During Apr.- June '21, **South Korea** imported 252,063 tons of oilmeals (compared to 182,136 tons); consisting of 199,635 tons of rapeseed meal, 41,472 tons of castorseed meal and 10,956 tons of soybean meal. **Vietnam** imported 114,857 tons of oilmeals (compared to 120,943 tons); consisting of 88,306 tons of Rice Bran Extraction, 25,523 tons of rapeseed meal and 1,028 tons of soybean meal. **Thailand** imported 77,003 tons of oilmeals (compared to 65,188 tons); consisting of 65,479 tons of rapeseed meal, 9,816 tons of castorseed meal, 898 tons of soybean meal and 810 tons of Rice Bran Extraction. **Bangladesh** sourcing rapeseed meal and ricebran extraction from India and imported 90,589 tons of oilmeals (compared to 25,540 tons) ,consisting of 52,131 tons of ricebran extractions and 38,357 tons of rapeseed meal. **Taiwan** imported 23,944 tons of oilmeals (compared to 37,529 tons); consisting of 15,382 tons of castorseed meal, 6,381 tons of rapeseed meal and 2,181 tons of soybean meal.

The domestic soymeal demand has considerably recovered in previous months, from poultry sector, but still below pre-COVID levels. Poultry industry contributes more than 60% of the total domestic soymeal demand and higher prices led to low export demand.

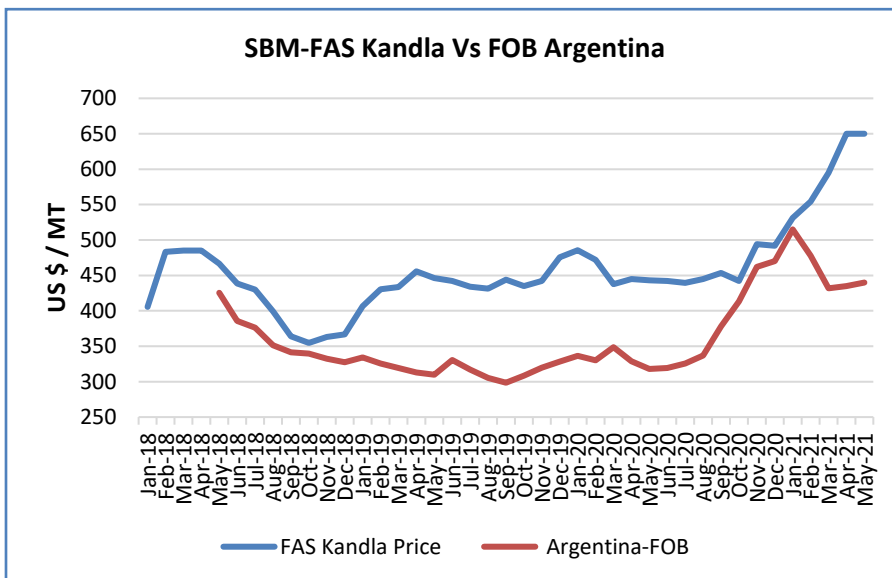
The international soy meal prices are getting competitive after improved the soybean crop prospects. The soy meal export price spread of India vs Argentina (FAS Kandla and FOB Argentina) have further declined to US \$ 210/MT in May'21 vs US \$ 215/MT in April'21, leading incompetitiveness for Indian soy meal exports.

The domestic weekly average soy meal prices at Indore was 18.70% up to Rs 84,833 /MT and was quoted between Rs 75,000 – 91,000/MT compared to the weekly average of Rs 69,000/MT and was traded between the price ranges of Rs. 65,000 – 74,000/MT previous week.

Weekly average prices at various centers also closed higher side compared to last week prices. At Latur,

the weekly average soy meal prices inclined by 14.70 % to Rs. 87,833 /MT compared to Rs. 74,916/MT a week ago however in Nanded it was quoted 15.90% higher at Rs. 87,166/MT compared to Rs. 63,333/MT a week ago. In Kota the meal prices inclined 17.33% to Rs. 85700/MT compared to Rs. 70,866/MT previous week.

The soy meal prices (Indore) are likely to remain elevated and feature range-bound movement between Rs. 80,000 – 100,000 /MT .Momentum in other oilseed complex may also impact prises, However, If government allows to import GM soy meal then prices are likely to come down.



Previous updates:

The Brazilian state run agricultural agency, CONAB left Brazil's 2020/21 soybean crop estimate increased at 135.91 million tonnes vs 135.4 million tonnes in May'21 forecast and 124.845 million tonnes in 2019/20 in its recent report.

In May'21 according to the data released by NOPA, US crushed pegged at 163.521 million bushels which compares to April 160.310 million bushels of soybeans. The soybean processing was down from 171.75 million bushels in April 2020 also lower from 177.98 million bushels in March 2021. The market is expected lower US soybean crush figure for May'21 on dwindling stocks.

The international soy market is strong on bullish global supply scenario due forecast to lower than expected soybean production and likely fall in the US soy inventories in August 2021 followed by the Chinese buying spree.

SOPA has sought a stimulus package from the Centre to support the soybean industry, which has been hit by the lockdown and the collapse of poultry sector. It has asked the Center to increase the import duty in edible oils.

Besides, the SOPA members have addressed to Ministry of Agriculture and Farmers Welfare have demanded exemption of GST on soybean and soymeal, the same time.

The poultry sector consumes 60% of the soymeal in India and there are no takers for it leading around half of the processing units being shut. According to the data released by NOPA, US crushed 178 million bushels of soybeans in March'21, second consecutive month of reduction also slightly less than expected. The soybean processing was down from 181.4 million bushels in March 2020 but up from 155.2 million bushels in March 2021.

The global 2020/21 soybean production estimate too increased to 363.18 million tonnes vs 361.82 million tonnes in the previous month report by USDA. World 2020/21 soymeal production is estimated slightly down at 253.3 million tonnes vs 254.14 million tonnes in its previous estimate.

Further, In the USDA's Foreign Agriculture Service post in Beijing China's soybean imports are forecast to reach a record 103 million tonnes in the marketing year 2021/22 and estimated 100 million tonnes in 2020/21 to meet the feed demand from the livestock and poultry sectors.

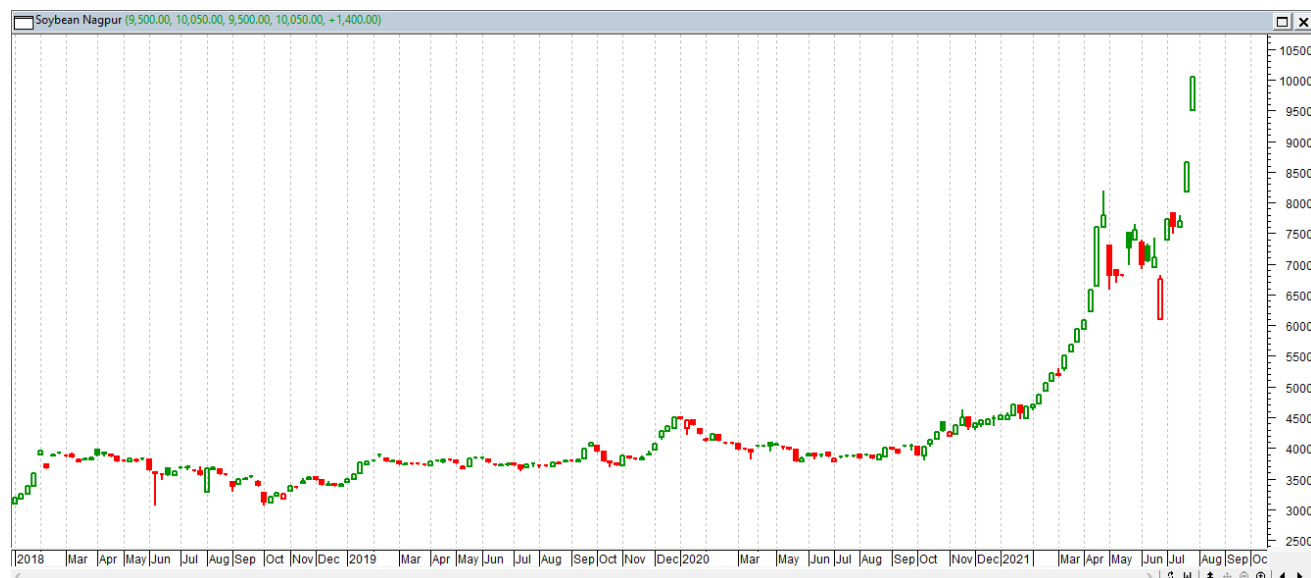
For soybeans, the world ending stocks are estimated at 91.09 mmt. for 2021/22 vs. 87.99 mmt. in 2020/21.

U.S. ending stocks were 120 million bushels vs. the March estimate of 120 million bushels. The trade expected the USDA to print 119 million bushels.

For soybeans, the world ending stocks are estimated at 86.9 mmt. vs. the trade's expectation of 83.52 mmt. and the USDA's December estimate of 83.74 mmt.

Technical Analysis:

Soybean Spot, Nagpur



NCDEX Soybean Futures – August Contract



Support & Resistance NCDEX Soybean – Aug contract

S2	S1	PCP	R1	R2
8500	9000	9518	10000	10300

- Soybean gained on buyers interest this week.
- Prices closed above 9-day and 18-day EMA indicating firm tone in near term.
- RSI and stochastic are rising from lower level indicating good buying strength.
- MACD crossover indicates bullish tone in near term..
- The prices are expected to feature gain in the coming week.
- Trade Recommendation (NCDEX Soybean – Aug) Week: **BUY** Levels: 9300 T1 – 9500; T2- 9800, SL – 8800

Rapeseed - Mustard Seed

Mustard remain elevated and was up 3% as compared to last week amid tight inventory in the country. And witnessed a significant decline in the arrival of mustard in the spot market and has led to shut more than 50% of the rapeseed millers. Traders are ready to purchase mustard at higher prices but the availability remains limited. There is firm demand for mustard oil especially from the states of North India like Bihar, Uttar Pradesh and West Bengal and likely to increase significantly during the winter season, during the festival and pickle making season. Subsequent to the ban on blending in mustard oil after June 8, the demand for mustard has increased, Further, Mustard prices may draw support from, firm demand, declining stock and arrival, strength in oilseed complex, delay in monsoon and strength in CME canola futures due to heat wave in Canada.

It is estimated that approximately 75-80% of the current mustard crop has been crushed, while 20-25% of the crushing is yet to be done.

Rapeseed Mustard inclined by 3% to Rs.7,742 /Qtl this week as compared to Rs 7,508/Qtl last week and arrival declined.

NAFED had procured the rapeseed-mustard at 0.03 MT of rapeseed-mustard valued Rs 0.014 Lakh from Madhya Pradesh at MSP (Rs 4650/qtl) under PSS. However, the procurement couldn't pick-up the pace due to COVID lockdown restrictions.

AW has revised India's 2021/22 rapeseed-mustard production up to 8.54 million tonnes from 8.0 million tonnes estimated in its previous forecast and it is up 18% from 7.21 million tonnes estimated last season. The Government estimation of mustard crop is high at 10.4 MT. The COOIT has estimated mustard production at 8.90 MT.

In Sri Ganganagar, the weekly average prices of rapeseed oilcake was 3% up to Rs 3012/ Qtl from previous week at Rs. 2,920/qtl.

India's exports for rapeseed meal during April-May 2021 was up +66% at 274,692 metric tonnes compared to 165,737 metric tonnes during the same period previous marketing season.

The export of rapeseed meal in June'21 is reported at 110,115 metric tonnes against last year 122,573 metric tonnes during the same period i.e. lower by -10%, However 14% up as compared to May21.

India imported 1033.06 tons rapeseed (Canola) oil in Apr 2021 v/s 506.00 tons imports in Apr 2020. While, for the period of April2020-March2021 imports rose to 42,720.05 tons compared to 54,426.39 tons in last oil year.

International

Canola futures continued to rally because heatwave in Canada seemed to affect harvest scenario for the crop. High temperature forecast in coming weeks may cause the canola flowers to drop prematurely, leading to drop in yield. Crop conditions are rapidly deteriorating, reports said.

Canadian farmers planted an estimated 22.5 million acres of canola for the 2021-22 crop year, the highest since 2018. This is up from the April forecast of 21.5 million acres and up 8.2% from last year.

In the July'21 report, the USDA has kept India's 2021/22 rapeseed production estimates unchanged at 8.5 million tonnes compared to previous month. However, Canada's rapeseed production estimates eased to 20.20 million tonnes as compared to 20.50 million tonnes last month. Canadian canola production is lowered because as early-season drought conditions impact yields and offset an increase to area. Further, EU production estimates were also eased to 17.00 million tonnes against 17.20 million tonnes last month and for China, the estimates increased to 14.00 million tonnes against 13.80 million tonnes compared to last month. The global 2020/21 rapeseed production estimate increased to 74.14 million tonnes vs 74.05 million tonnes in the previous month. World 2021/22 rapeseed meal production is also estimated higher at 41.29 million tonnes vs 41.23 million tonnes in its previous estimate.

India's rapeseed-mustard demand is very much influenced by the palm oil imports. Imports of palm oil by India declined in June by 24% from a month ago to 587,467 tonnes. However, Palm oil imports are likely to jump in July. Palm oil exports from Malaysia are expected to rise due to firm buying by importing countries especially India and China. Malaysian palm oil futures climbed more than 3% to hit a six-week high on Thursday, lifted by higher exports so far in July, while dry weather and a labour shortage hitting global production of vegetable oils also boosted sentiment.

Previous Updates

The Solvent Extractors' Association (SEA) of India has urged the government to include rational provision in ASEAN agreement to restrict or regulate the imposition of export duty by the palm oil exporting countries. SEA feels that this will ensure a level-playing field for both the countries that export and import palm oil.

In a letter to its members, Atul Chaturvedi, President of SEA, said that there is always a bound rate for imposing highest export duty on palm oil and products imported by India under ASEAN agreement and Comprehensive Economic Cooperation Agreement with Malaysia.

He said the palm oil exporting countries seem to be free to impose export duty and levy as agreements overlook this issue. Indonesia has imposed US \$33 as export duty plus \$180 as a biodiesel levy making crude palm oil (CPO) expensive. Following this, India is compelled to pay high price for the same.

To support their local industry, that country has kept export duty and levy low on finished goods such as RBD palmolein.

Higher palm oil imports by India has always hit the domestic mustard oil demand and the rapeseed-mustard crush margins.

The Food Safety and Standards Authority of India (FSSAI) has withdrawn the order prohibiting blending of mustard oil.

The food regulator had until now allowed 20% blending in mustard oil under the standards for blended edible oil under FSS (Food Product Standards and Food Additives) Regulations. The decision to withdraw the September'20 order was taken after stakeholders made a representation to the authority.

Director, Indian Council of Agricultural Research – Directorate of Rapeseed Mustard Research, expects productivity of the rapeseed-mustard to improve in 2020-21 from last year's level of 1.42-1.48 tonnes per ha, on adequate soil moisture and better package of practices.

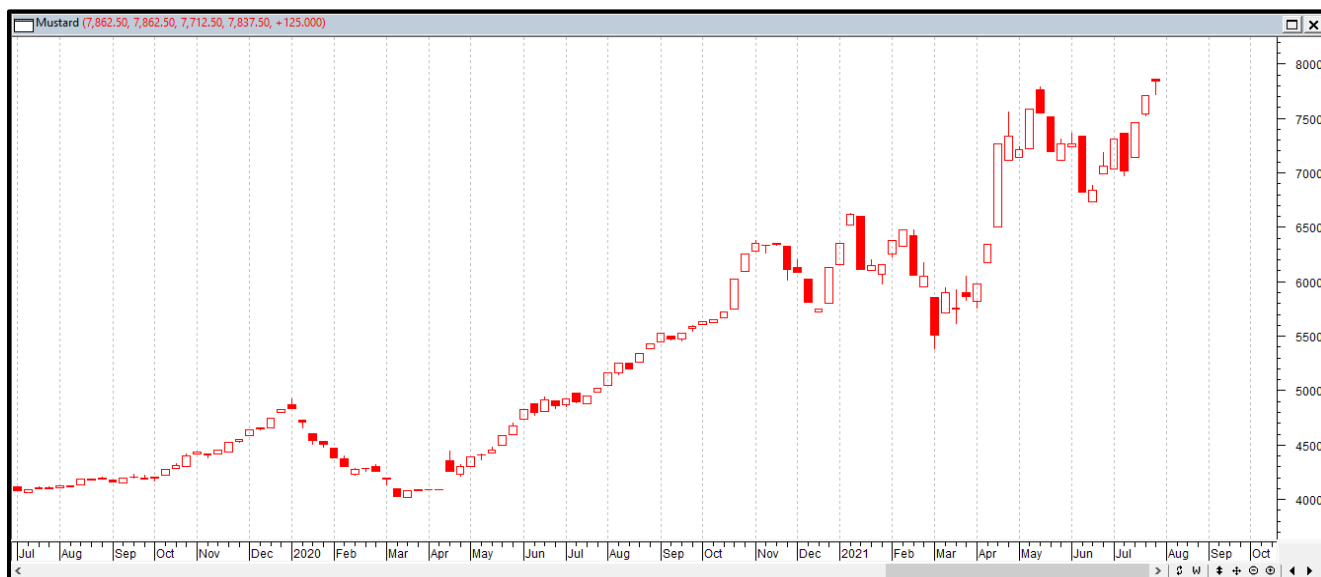
The MSP for rapeseed-mustard has been increased in line with the recommendations of Swaminathan Commission to Rs. 4,650 per quintal for marketing season 2021-22 from Rs. 4,425 per quintal in 2020-21 an increase of Rs. 225 a quintal.

Agriwatch has projected India's MY 2021/22 rapeseed production at 8.54 million tonnes vs 7.2 million tonnes last season while COOIT has estimated the seed production at 8.95 million tonnes vs 7.5 million tonnes last season.

Outlook: RM Seed is expected to remain elevated above Rs 7,500/Qtl as market has gained due to low arrival and good demand, additionally strength in other oilseed complex and global factors supported the price. If government imposes stock limit on oilseed, the prices of rapeseed may fall sharply, leading to lower prices of rapeseed meal as well.

Technical Analysis:

RM Seed Spot, Jaipur



NCDEX RM Seed Futures

August Contract



***Note: Daily Chart**

Support & Resistance NCDEX RM Seed – Aug contract				
S2	S1	PCP	R1	R2
7000	7500	7666	7900	8000

- RM seed witnessed gain on buyers interest.
- Prices closed Above 9-day and 18-day EMA indicating firm tone in near term.
- RSI and stochastic are rising from lower level indicating good buying strength.
- MACD crossover indicates bullish tone in near term..
- Open interest have gone up while prices have come up, which indicates long buildup.
- Trade Recommendation (NCDEX Rapeseed-Mustard –Aug) Week: Buy 7600 Levels: T1-7700, T2- 7850, SL –7400.

Annexure

Oilseed Prices at Key Spot Markets:

Commodity / Centre	Prices (Rs/Qtl)				Change
Soybean	29-Jul-21		22-Jul-21		
	Low	High	Low	High	
Indore –Plant	9500	9700	8400	8575	1125
Indore–Mandi	9000	9500	8200	8400	1100
Nagpur-Plant	9100	9400	7800	8100	1300
Nagpur – Mandi	7400	9250	7400	7950	1300
Latur – Mandi	7700	9500	7600	8500	1000
Akola – Mandi	7500	9100	6700	8000	1100
Kota-Plant	9450	9550	8550	8650	900
Kota – Mandi	9150	9350	8375	8625	725
Bundi-Plant	9100	9200	8350	8550	650
Bundi-Mandi	8800	9100	8250	8500	600
Baran-Plant	9300	9400	8420	8660	740
Baran-Mandi	8700	9200	7970	8560	640
Bhawani Mandi Jhalawar–Plant	9300	9450	8500	8700	750
Jhalwar-Mandi	8700	9250	7800	8500	750
Rapeseed/Mustard					
Jaipur-(Condition)	7750	7775	7600	7625	150
Alwar-(Condition)	7350	7450	7300	7350	100
Sri Ganganagar-(Non-Condition)	7100	7150	6870	7020	130
New Delhi–(Condition)	7300	7350	7345	7350	Unch
Kota-(Condition)	6900	7000	7200	7300	-300
Agra-(Condition)	7762	7905	7524	7619	286
Neewai-(Condition)	7000	7100	6975	7075	25
Hapur (UP)-(Condition)	7600	7650	7400	7450	200
Groundnut Seed					
Rajkot	1021	1021	1000	1000	21
Sunflower Seed					
Gulbarga	0	0	0	0	Unch

Latur	7300	7400	6700	6800	600
Sholapur	7300	7400	6700	6800	600
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.					

MSP of Rabi Oilseeds for Marketing Season 2021-22- GOI

Sl. No	Crops	MSP for Rabi 2021-22	MSP for Rabi 2020-21	Increase in MSP (Absolute)
1	Rapeseed-mustard	4,650	4,425	225
2	Safflower	5,327	5,215	112

The Cabinet Committee on Economic Affairs (CCEA) chaired by the Hon'ble Prime Minister Shri Narendra Modi has approved the increase in the Minimum Support Prices (MSPs) for all mandated Rabi crops for marketing season 2021-22.

Government has increased the MSP of Rabi crops for marketing season 2021-22, to ensure remunerative prices to the growers for their produce. This increase in MSP is in line with the recommendations of Swaminathan Commission.

Among the Rabi oilseeds the MSP for rapeseed-mustard has been increased to Rs. 4,650 per quintal for marketing season 2021-22 from Rs. 4,425 per quintal in 2020-21 an increase of Rs. 225 a quintal.

The MSP of safflower to Rs. 5,327 a quintal from earlier Rs. 5,215 per quintal an increase of Rs 112 per quintal.

MSP of Kharif Oilseeds for Marketing Season 2021-22 - GOI

Sl. No	Crops	MSP for Kharif 2021-22	MSP for Kharif 2020-21	Increase in MSP (Absolute)
1	Groundnut	5550	5275	275
2	Sunflower seed	6015	5885	130
3	Soybean (yellow)	3950	3880	70
4	Sesamum	7307	6855	452
5	Nigerseed	6930	6695	235

The Cabinet Committee on Economic Affairs (CCEA) chaired by the Hon'ble Prime Minister Shri Narendra Modi has approved the increase in the Minimum Support Prices (MSPs) for all mandated Kharif crops for marketing season 2021-22.

Government has increased the MSP of Kharif crops for marketing season 2020-21, to ensure remunerative prices to the growers for their produce.

Among the Kharif oilseeds the MSP for groundnut has been increased to Rs. 5500 per quintal for marketing season 2020-21 from Rs.5275 per quintal in 2019-20 an increase of Rs.275 a quintal.

The MSP of sunflower to Rs. 6015 a quintal from earlier Rs. 5885 per quintal an increase of Rs 130 per quintal, Soybean-yellow to Rs. 3950 a quintal to Rs. 3880 per quintal last season, an increase of Rs. 70 a quintal, Sesamum to Rs. 7307 a quintal from 6855 earlier, an increase of Rs. 452 a quintal and the MSP of Nigerseed have been increased to Rs. 6930 a quintal from Rs. 6695 a quintal earlier, increase of Rs 235 per quintal.

Among all the Kharif crops, the highest increase in MSP is proposed for sesamum (Rs 452 per quintal) followed by Tur (Rs 300 per quintal) and Urad (Rs 300 per quintal). The differential remuneration is aimed at encouraging crop diversification.

India's Oilseeds Production Seen at 365.7 Lakh Tonnes vs 332.20 Lakh Tonnes in 3rd Adv Est. for 2020-21- GOI

The 2nd Advance Estimates of production of oilseeds for 2020-21 have been released by the Department of Agriculture, Cooperation and Farmers Welfare on 25th May, 2021. The assessment of production of different crops is based on the feedback received from States and validated with information available from other sources.

The revised estimated production of major Oilseeds during 2020-21 is as under:

Oilseeds – 365.7 lakh tonnes in 2020-21 vs 332.19 lakh tonnes in 2019-20

- Groundnut – 101.2 lakh tonnes vs 99.52 lakh tonnes in 2019-20.
- Castorseed – 17.76 lakh tonnes vs 18.42 lakh tonnes
- Sesamum – 8.12 lakh tonnes vs 6.58 lakh tonnes
- Nigerseed – 0.41 lakh tonnes vs 0.41 lakh tonnes (No difference)
- Soybean – 134.1 lakh tonnes vs 112.26 lakh tonnes
- Sunflower – 2.24 lakh tonnes vs 2.13 lakh tonnes
- Rapeseed-mustard – 99.9 lakh tonnes vs 91.24 lakh tonnes
- Linseed – 1.40 lakh tonnes vs 1.21 lakh tonnes
- Safflower – 0.34 lakh tonnes vs 0.44 lakh tonnes.

Sown Area – *Kharif* Oilseeds, India

In the last official Kharif oilseeds planting report by the Ministry of Agriculture, the total coverage area under Kharif oilseeds is reported at 197.18 lakh hectares, an increase by 9.8% from 179.63 lakh ha in the corresponding period of last year. Of the major oilseeds, soybean sowing is reported up by 6.4% at 121.24 lha compared to 113.95 lha during the corresponding period of last year, groundnut at 50.98 lha vs 39.48 lha, sesamum 14.14 lha vs 13.73 lha, castor seed at 7.92 lha vs 9.44 lha and niger at 1.67 lha vs 2.04 lha, during the same period last year. We feel country's final area under oilseeds to be above normal by 8-9% this season.

Area in Lakh Hectares

Crop	Normal Area (5 Year Avg.)	2020-21	2019-20	% Change
Groundnut	42.43	50.98	39.48	29.1
Soybean	111.49	121.24	113.95	6.4
Sunflower	1.84	1.23	0.99	24.2
Sesamum	14.13	14.14	13.73	3.0
Niger	2.41	1.67	2.04	-18.1
Castor	9.65	7.92	9.44	-16.1
Total Oilseeds	181.95	197.18	179.63	9.8

Source: MoA, GOI

Sown Area – *Rabi* Oilseeds, India 2020-21

In the latest official rabi oilseeds planting report, by the Ministry of Agriculture, the total coverage area under rabi oilseeds is reported at 83.60 lakh hectares, up 5% from 79.37 lakh ha in the corresponding period of last year. Of the major oilseeds, rapeseed-mustard sowing is reported up by 7% at 73.89 lha compared to 68.84 lha during the corresponding period of last year. Groundnut at 4.57 lha vs 4.65 lha, safflower at 0.58 lha vs 0.63 lha, sunflower at 1.01 lha vs 1.02 lha, sesamum 0.44 lha vs 0.56 lha, linseed at 2.90 lha vs 3.34 lha and other 0.21 lha vs 0.33 lha during the same period last year.

Area in Lakh Hectares				
Crop	Normal Area (5 Year Avg.)	As on 22 Jan. 2021	As on 22 Jan. 2020	% Change
Rapeseed/Mustard	59.44	73.89	68.84	7.3
Groundnut	7.28	4.57	4.65	-1.7
Safflower	1.18	0.58	0.63	-7.9
Sunflower	2.41	1.01	1.02	-1.0
Sesamum	0.00*	0.44	0.56	-21.4
Linseed	2.75	2.90	3.34	-13.2
Others	0.13	0.21	0.33	-36.4
Total Oilseeds	73.19	83.60	79.37	5.3

Source: MoA, GOI

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