Oil Seed Weekly Research Report

Contents

Executive Summary

The weekly average prices of Soybean Indore plant continued correction and eased by 2.80% to INR. 7,191/qtl during the week under review. Prices were in the range of INR. 7,100-7,300/qtl during the period. In the coming week soybean prices likely to remain weak on Soymeal import.

The weekly average prices of Indore soymeal too went down by 1.11% to INR 52,500/MT as compared to last week at INR 53,083/MT tracking Soymeal import decision by government.

Jaipur RM seed prices went down by 1.7% to INR 7,329/ Qtl amid sluggish demand in the cash market and correction in mustard oil prices.

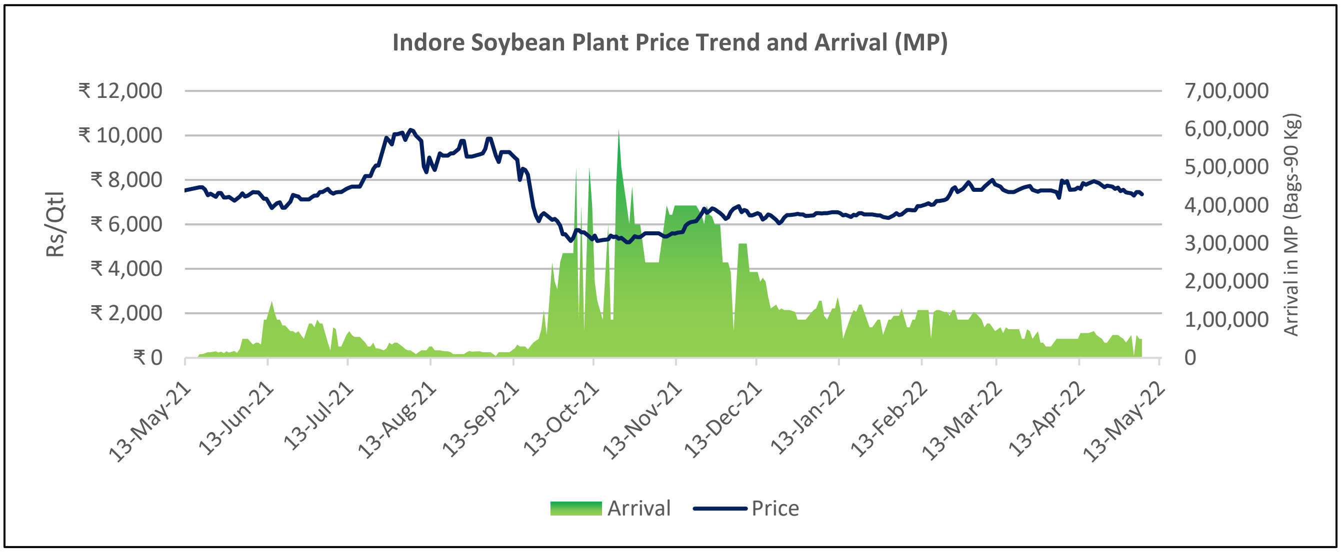
USDA May'22 Update (In Thousand Tonnes)

USDA'S Brazil 2022/23	2022-2023	2021-22	% Change	Absolute Change
Production	1,49,000	1,25,000	19%	24000
Crush	48,500	47,500	2%	1000
Soy bean Exports	82,750	88,500	-6%	-5750
USDA'S USA 2022/23	2022-2023	2021-22	% Change	Absolute Change
Production	1,26,280	120707	5%	5573
Soymeal Exports	28,500	28,000	2%	500
Soy bean Exports	58,241	59,874	-3%	-1633
USDA'S India's 2022/23	2022-2023	2021-22	% Change	Absolute Change
Sunflower Oil Import	1,800	1,900	-5%	-100
Soy bean Production	11,500	11,900	-3%	-400
Soybean Crush	10,200	10,200	0%	0
Soybean oil Import	3,650	3,700	-1%	-50
Palm Oil import	8,100	7,800	4%	300
USDA'S China's 2021-22	2022-2023	2021-22	% Change	Absolute Change
Soybean Import	99,000	92,000	8%	7000
Soybean Crush	95,000	89,000	7%	6000

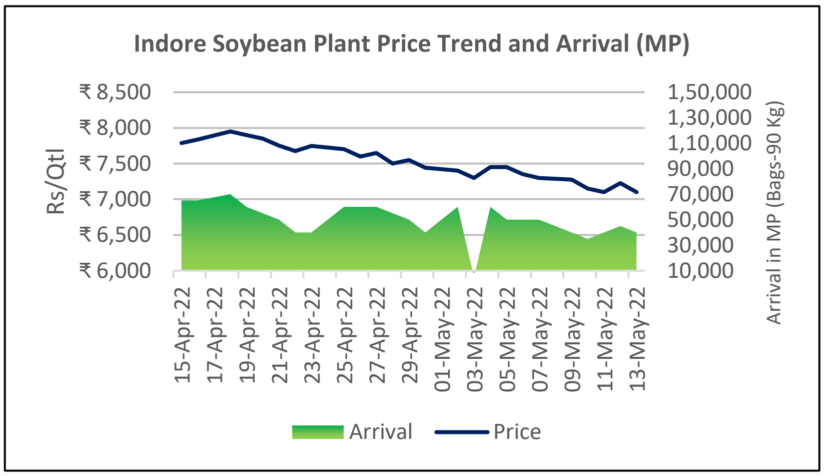
Outlook – Cash Market

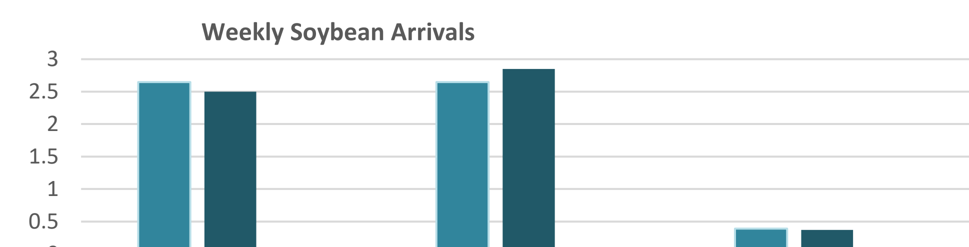
Outlook - Soybean (Spot, Nagpur): *In coming week, soybean prices are expected to remain weak on Soy meal import. The prices (Indore, Plant basis) are expected to feature range bound with weak bias movement in the price band of 6,800 – 7,100 level in the near term.*
Outlook – Soy meal: *The soy meal prices (Indore) are likely to trade with weak bias tracking Soymeal import. Soy meal Indore prices is likely to trade in the range of 51,000 – 54,000/MT.*
Outlook - Rapeseed-Mustard (Spot, Jaipur basis)*: Rapeseed-Mustard is expected trade range bound with firm bias amid palm oil export ban by Indonesia and shrinking arrirvals in mandis. The seed prices are likely to trade in the range between 7,300 –7,500/Qtl. in the short-run.*

Soybean



Duirng the week under review, Soybean prices continued to go down on Soymeal import. Indore plant weekly average prices eased by 2.80% to INR. 7,191/qtl. as compared to 7,398/qtl. Domestic crushing likely to remain sluggish on squeeze in crush margin due to correction in Soymeal prices. Indore Soybean prices is likely to trade rangebound with weak bias.





	Madhya Pradesh	Maharastra	Rajasthan
Previous week (30th to 06th May)	2.65	2.65	0.39
During the week under review (07 to 13th May)	2.5	2.85	0.37
% change	-6%	8%	-5%

This week, the total arrival in MP stood at 2.5 Lakh bags Vs 2.65 Lakh bags last week. In Maharashtra arrivals stood at 2.85 Lakh bags Vs 2.65 Lakh bags last week and in Rajasthan the arrivals stood at 0.37 Lakh bags Vs 0.39 Lakh bags previous week.

Weather Updates-

According to Skymet, the onset of monsoon over Kerala this year is likely to be on May 26, with a model error of +/- 3 days. Heavy to very heavy rainfall with extremely heavy rainfall at isolated places very likely over meghalaya. Heavy to very heavy rainfall at isolated places over subhimalayan west bengal-sikkim, Arunanchal pradesh,Assam kerala-Mahe and Tamilnadu- Pudducherry-karaikal.

5 Day Rainfall Forecast (MORNING)

14-May-2022

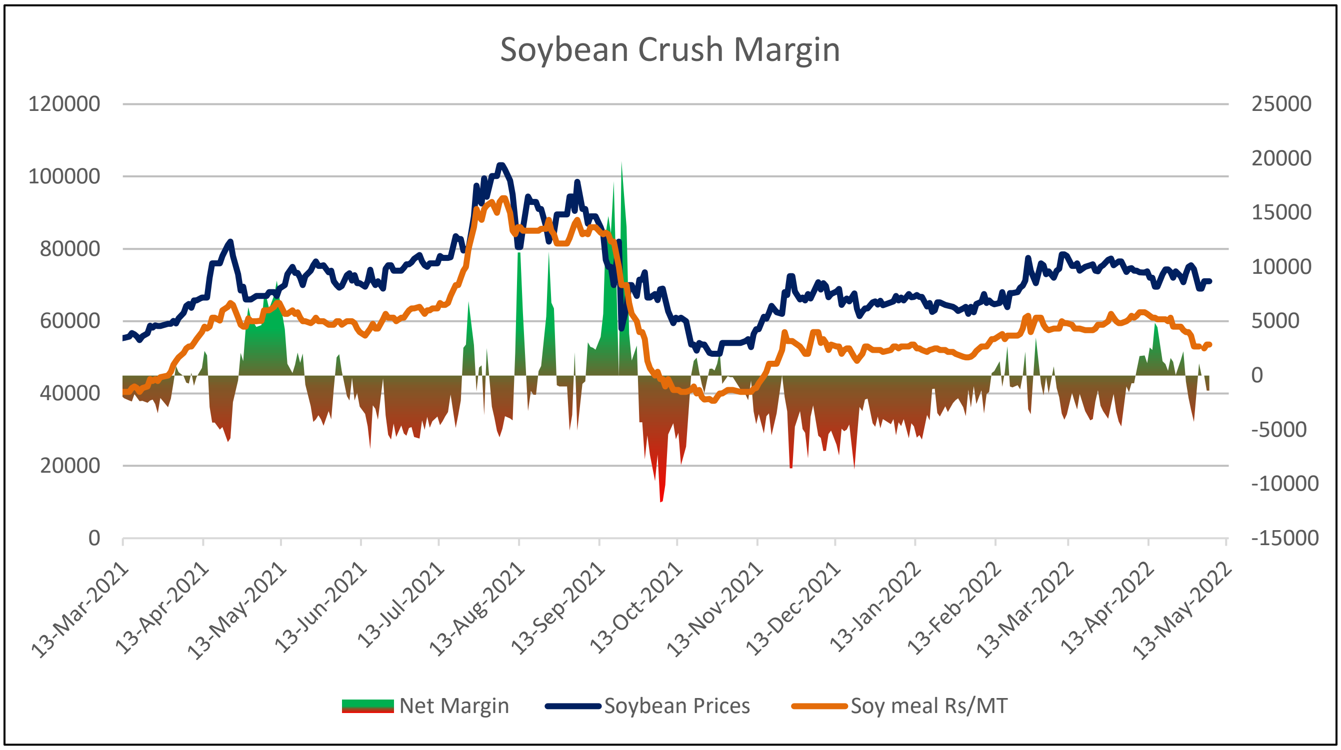
Met-Sub-Division	14-May Today	15May Sun	16May Mon	17May Tue	18May Wed
1. Andaman & Nicobar Islands	WS	WS	WS	WS	WS
2. Arunachal Pradesh	WS	WS	WS	WS	WS
3. Assam & Meghalaya	WS	WS	WS	WS	WS
4. N. M. M. & T.	WS	WS	WS	WS	WS
5. S.H. West Bengal & Sikkim	WS	WS	WS	WS	WS
6. Gangetic West Bengal	ISOL	ISOL	SCT	SCT	SCT
7. Odisha	ISOL	ISOL	SCT	SCT	SCT
8. Jharkhand	ISOL	ISOL	ISOL	SCT	SCT
9. Bihar	ISOL	ISOL	ISOL	SCT	SCT
10. East Uttar Pradesh	DRY	ISOL	ISOL	ISOL	ISOL
11. West Uttar Pradesh	DRY	DRY	DRY	ISOL	ISOL
12. Uttarakhand	DRY	DRY	SCT	FWS	SCT
13. Haryana, Chd & Delhi	DRY	DRY	DRY	ISOL	DRY
14. Punjab	DRY	DRY	ISOL	ISOL	DRY
15. Himachal Pradesh	DRY	DRY	ISOL	SCT	SCT
16. J & K and Ladakh	DRY	ISOL	FWS	FWS	SCT
17. West Rajsthan	DRY	DRY	DRY	DRY	DRY
18. East Rajasthan	DRY	DRY	DRY	DRY	DRY
19. West Madhya Pradesh	DRY	DRY	DRY	DRY	DRY
20. East Madhya Pradesh	DRY	DRY	DRY	DRY	DRY
21. Gujarat Region	DRY	DRY	DRY	DRY	DRY
22. Saurashtra & Kutch	DRY	DRY	DRY	DRY	DRY
23. Konkan & Goa	DRY	DRY	ISOL	ISOL	DRY
24. Madhya Maharashtra	ISOL	DRY	DRY	ISOL	DRY
25. Marathawada	DRY	DRY	DRY	ISOL	DRY
26. Vidharbha	DRY	DRY	DRY	ISOL	DRY
27. Chhattisgarh	ISOL	ISOL	ISOL	ISOL	ISOL
28. Coastal A. P. & Yanam	ISOL	ISOL	ISOL	ISOL	ISOL
29. Telangana	ISOL	ISOL	ISOL	ISOL	ISOL
30. Rayalaseema	SCT	ISOL	SCT	SCT	SCT
31. T.N.,Puducherry & Karaikal	SCT	FWS	SCT	FWS	FWS
32. Coastal Karnataka	SCT	SCT	SCT	SCT	SCT
33. North Interior Karnataka	SCT	ISOL	ISOL	SCT	SCT
34. South Interior Karnataka	FWS	SCT	SCT	FWS	FWS
35. Kerala & Mahe	WS	WS	WS	WS	WS
36. Lakshadweep	WS	WS	WS	WS	WS

% Station Reporting Rainfall

% Stations	Category	% Stations	Category
76-100	Widespread (WS/Most Places)	26-50	Scattered (SCT/ A Few Places)
51-75	Fairly Widespred (FWS/ Many Places)	1-25	Isolated (ISOL)
No Rain	Dry		

Soybean Crush Margin-

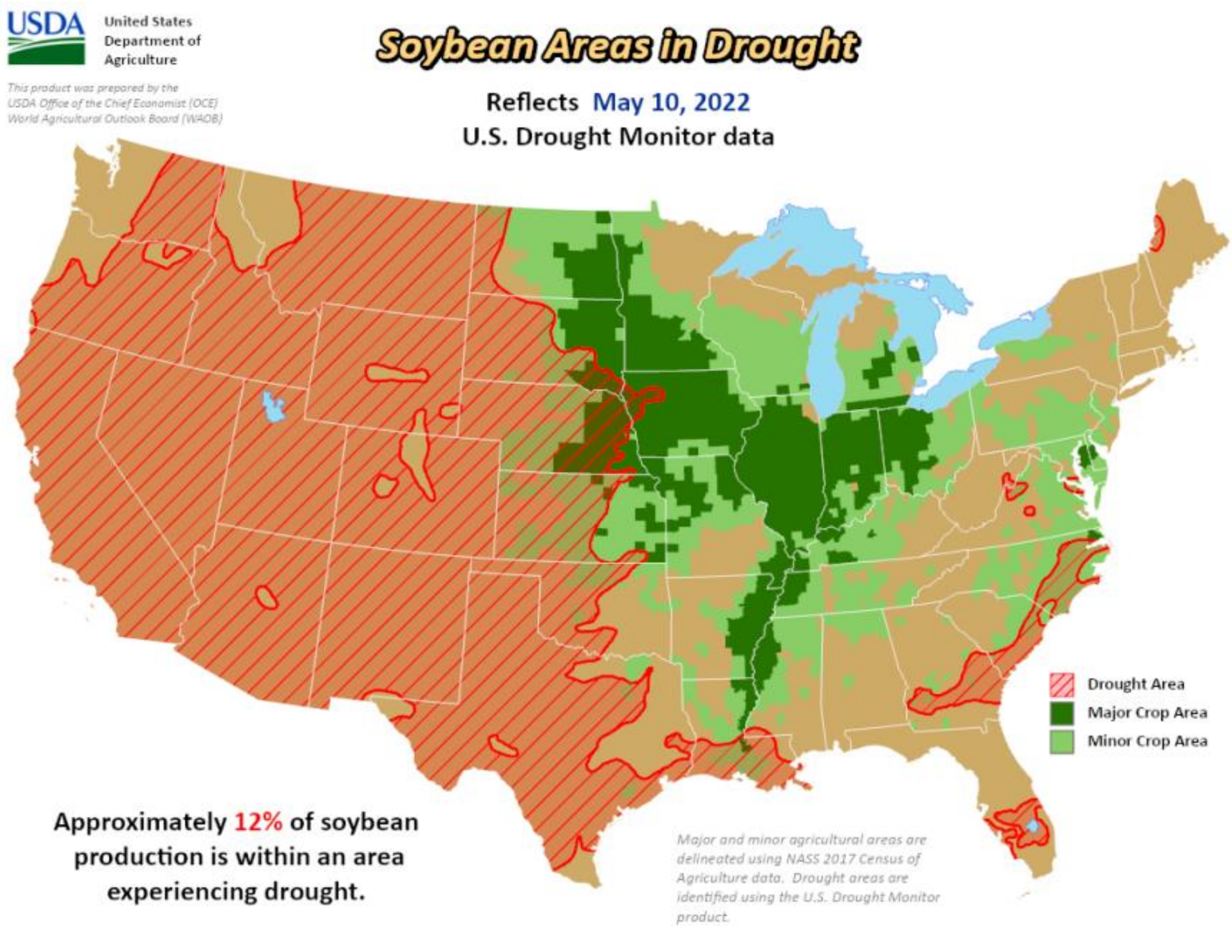
Soybean net crush margin remained positive during the week under review. Weekly average soybean net crush margin decreased to INR -3407/MT as compared to INR. -347/ MT previous week amid correction in Soy meal and Soy oil prices. If Soy meal prices remain under pressure, net crush margin likely to squeeze further.



International: This week, CBOT Soybean June futures went up by 1.51% amid lag in US Soy planting.

According to USDA latest planting report USA Soybean sowing progress stood at 12% Vs 39% previous year and 24% five year average.

According to ANEC, In May'22, Soybean shipments from Brazil, the largest producer and exporter of the grain estimated to reach around 8 MMT which is 43% less than May 2021.



Currently in US, 12% of Soybean production is within an area experiencing drought.

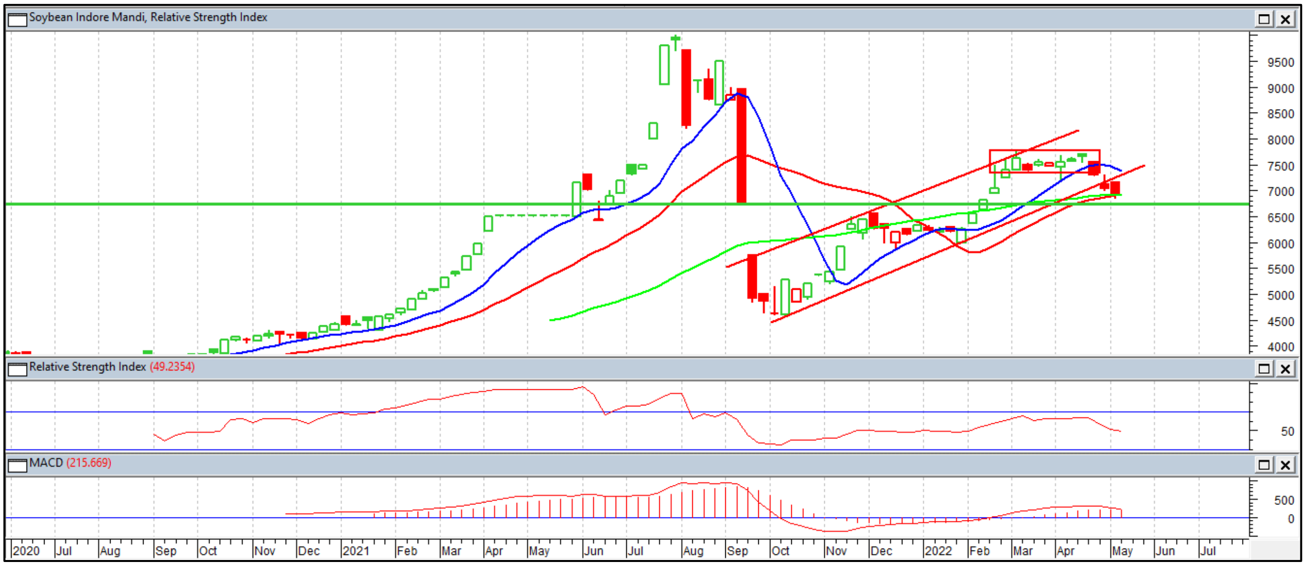
USDA Attache in Its May'22 report has estimated India's 2022-23 Soybean production estimate at 11.5 MMT as compared to 11.90 MMT previous year. Brazil's 2022-23 Soybean production is estimated at 149 MMT Vs 125 MMT in 2021-22. However China's 2022-23 Soy crush is estimated at 95 MMT Vs 89 MMT in 2021-22. While China's Soy import is estimated at 99 MMT in 2022-23 Vs 92 MMT in 2021-22.

Technical Analysis

(Based on Indore Mandi prices)

SOYBEAN – Technical Outlook	**Soybean Indore Spot -Weekly time frame**

Technical Chart:



Technical Commentary:

- As depicted in the above chart, prices were moving in an uptrend, However, market has breached lower channel and has taken support of 21 DMA. Immediate next support seems near 6700-6800.
- RSI has declined in last few days to 41, indicating weak buying strength and MACD also indicating weak momentum.

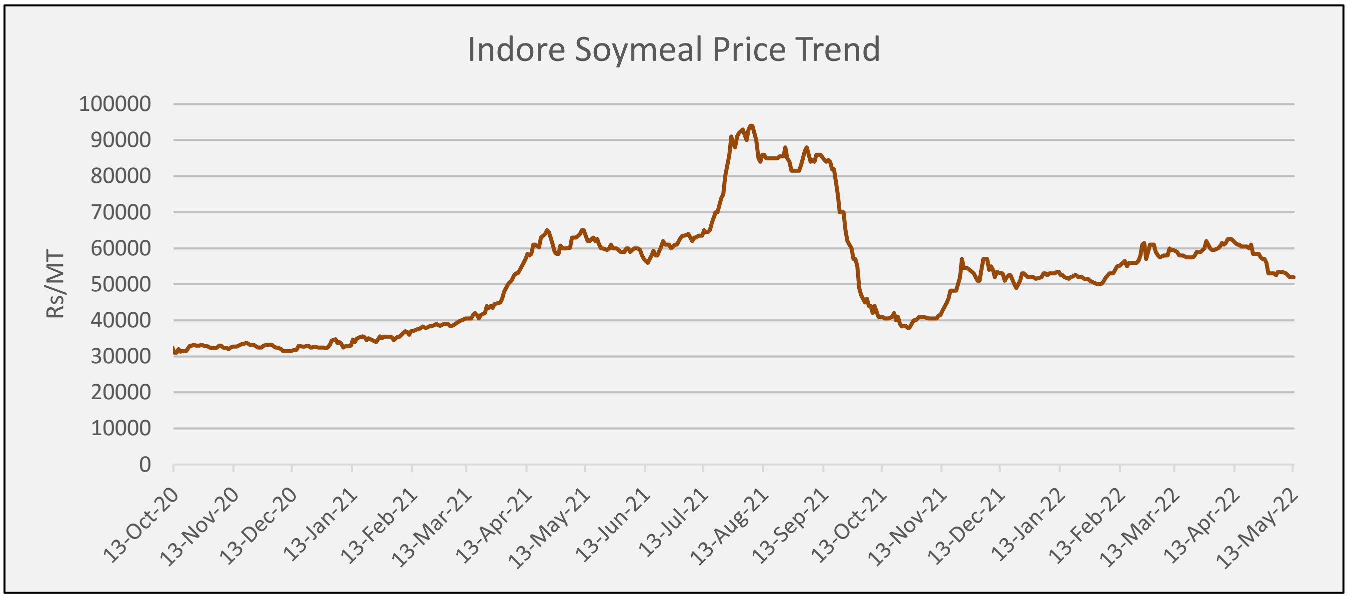
Recommendation-

- Market Participants are recommended for need based buying near 6700-6800.

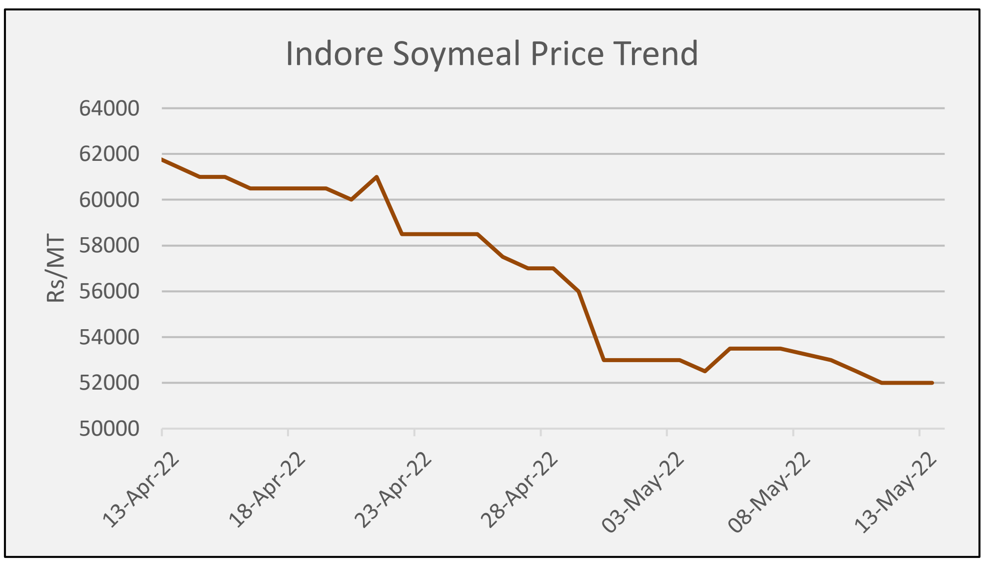
Soybean Price Outlook for coming week: Indore Soybean mandi prices are currently trading at INR. 6,900/qtl. and are expected to trade with weak bias tracking Soy meal import.

Soybean Mandi Price Outlook (INR./Qtl)	Previous week 30th-06th May'22	Week Under review 07th-13th May'22	Next week 14th-20th May'22
Weekly Average Price	7,198	6,975	6,800-7,100

Soymeal



During the week under review, Indore Soymeal prices continued trading with weak sentiments tracking Soy meal import. The weekly average prices of soymeal went down by 1.1% at INR 52,500/MT as compared to last week at INR 53,083/MT. Overall the prices quoted between INR 52,500 – 53,500/MT throughout the week.



At Nanded, the weekly average prices went down to INR. 55,200/MT compared to INR. 56,500/MT a week ago. In Kota the meal prices were down at INR. 55,716/MT compared to INR. 55,916/MT previous week.

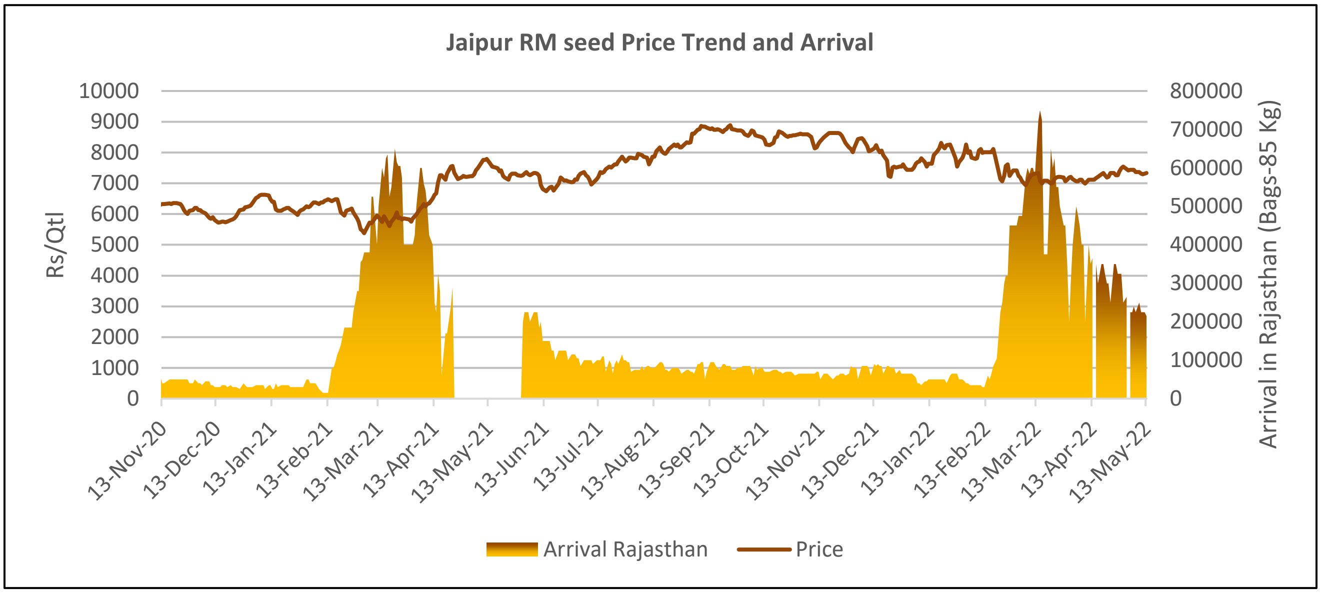
Domestic crushing was already low due to weak soymeal export demand. Upon Soymeal import, domestic crushing likely to slow down due to squeeze in crush margin on decline in Soymeal prices.

Soymeal Price Outlook for coming week: Soybean meal prices are expected to continue correction from current level tracking Soymeal import decision by government.

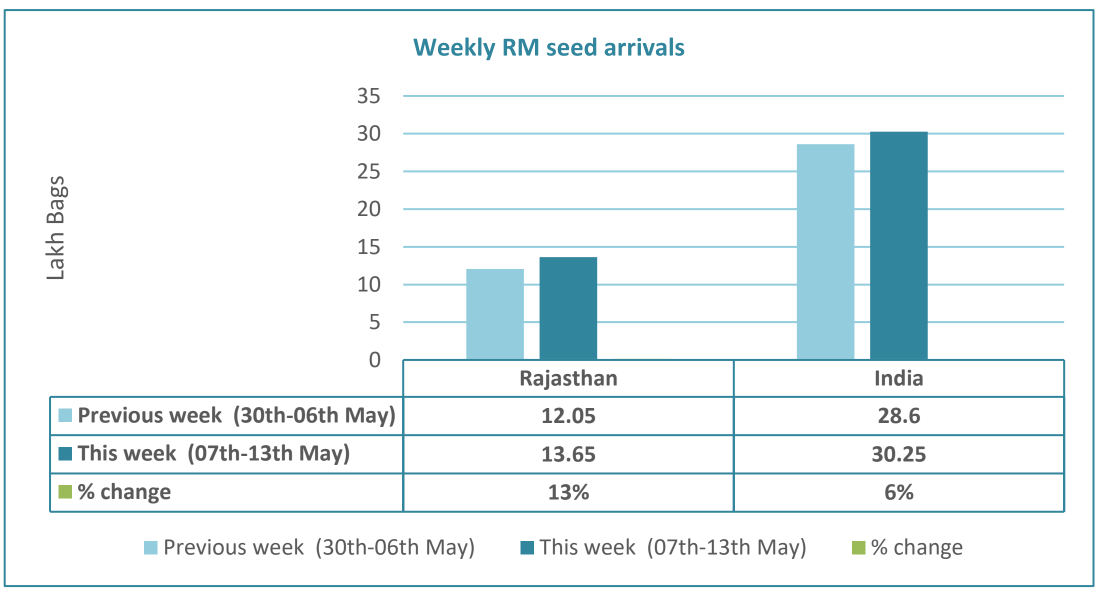
Soymeal Indore Price Outlook (INR./MT)	Previous week 30th-06th May'22	Week Under review 07th-13th May'22	Next week 14th-20th May'22
Weekly Average Price	52,500-53,500	52,000-53,500	51,000-54,000

Rapeseed - Mustard Seed

Jaipur RM seed weekly average prices went down by 1.7% to INR. 7,329/qtl during the week under review as compared to INR. 7,454/qtl last week. Prices went down in tandem with correction in Mustard oil prices. Farmers are holding new crop in anticipation of better prices. And may off load to meet their kharif sowing expences in upcoming weeks.



Arrivals remained firm during the week under review, in Rajasthan, total mustard arrivals were recorded high at 13.65 Lakh bags. All India arrivals stood at 30.25 Lakh bags Vs 28.6 Lakh bags previous week.



	Rajasthan	India
Previous week (30th-06th May)	12.05	28.6
This week (07th-13th May)	13.65	30.25
% change	13%	6%

Most of the stockiest/ traders are inactive, as they already bought 2,000 Qtls of stock limit.

Production- As per Agriwatch, the production is expected to be 107.1 Lakh tonnes, which is all time high production. Rajasthan's mustard crop production estimated at 45.1 Lakh tonnes, Madhya Pradesh at 11.7 Lakh tonnes, Uttar pradesh at 14.10 Lakh tonnes. It is estimated that 102.5 Lakh tonnes will be crushed, which would translate into 43.05 Lakh tonnes oil and 59.45 Lakh tonnes RM seed DOC production.

According to USDA's April'22 reports India's 2021-22 RM seed production estimated at 108 Lakh tonnes as compared to last year estimates at 85 Lakh tonnes, crushing estimated at 96.50 Lakh tonnes as compared to 75 Lakh tonnes previous year.

As per 2nd Advance estimate released by the Department of Agriculture and Farmers Welfare, RM seed production during 2021-22 is estimated at 114.59 Lakh tonnes vs 102.1 Lakh tonnes last year.

Trade body Central Organization for Oil Industry and Trade (COOIT) has estimated Mustard Rabi 2022 crop at 113 Lakh tonnes marginally up from 110 Lakh tonnes last month, total production includes taramira too. COOIT has estimated mustard crop production in Rajasthan at 51 Lakh tonnes, 17 Lakh tonnes in Uttar Pradesh, 12.5 Lakh tonnes in Madhya pradesh.

International-

According to Stats can, Canada's canola stocks fall to lowest level since 2005.

According to USDA Attachae, 2022-23 global rapeseed supplies is projected to rise 10 percent to a record 100.5 MMT as production in Canada recovers from last year's devastating drought. Both global harvested area and production are projected to be records. Reduced carryover, the smallest in nearly 20 years, will necessitate some stock-building in the coming year and provide a measure of price support. Exports are projected to rise significantly above this year's current forecast but will fall short of the 2020/21 record volume as stock building and strong crush recovery in Canada restrict exportable supplies. Global rapeseed crush is forecast to reach a record 75.1 million tons.

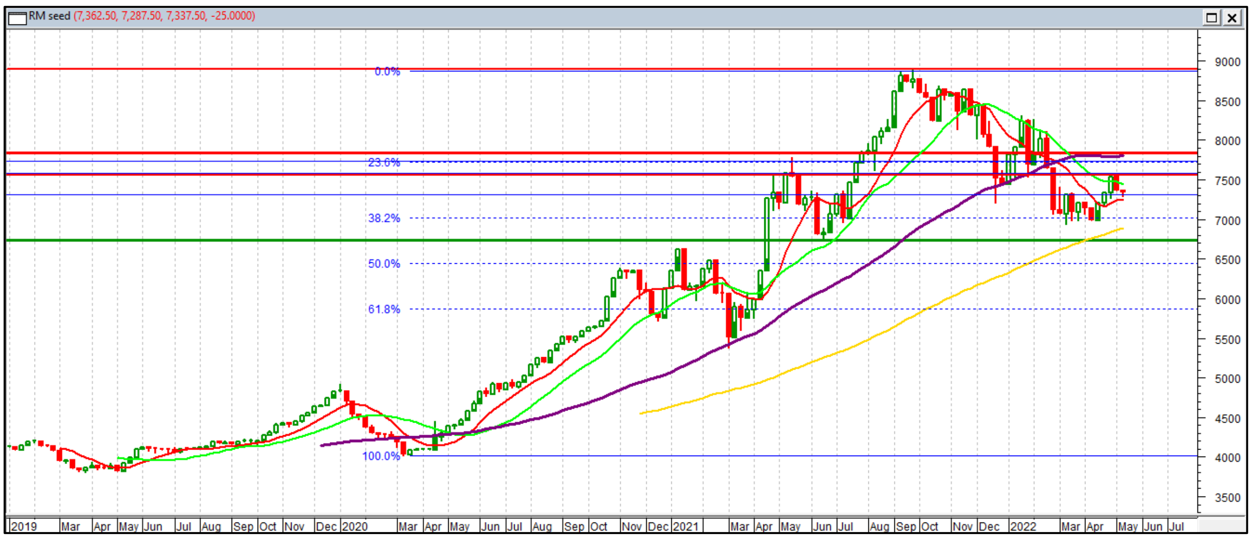
USDA May'22 Rapeseed Production estimate (In MMT)		
	2021-22	**2022-23**
Canada	**12.6**	**20**
Australia	**6.35**	**4.7**
USA	**1.24**	**1.78**
China	**14**	**14.7**
Europian Union	**17.26**	**18.5**
Ukraine	**3.15**	**3.2**
India	**10.8**	**11**
Global	**71.17**	**80.3**

Technical Analysis

(Based on Jaipur Mandi prices)

RM seed – Technical Outlook	RM seed Jaipur Spot -Weekly time frame

Technical Chart:



Technical Commentary:

- As depicted in the above chart, market has taken support from 9 DMA (7300-7400).
- 23.6% Fibonacchi retracement level can be characterized as resistance whereas 38.2% fibonacchi retracement level can be characterized as support level. And 100 DMA can be characterized as long term support.
- Immediate support is at 7300, next support is at 7000 and immediate resistance is at 7500, next resistance is at 7700.

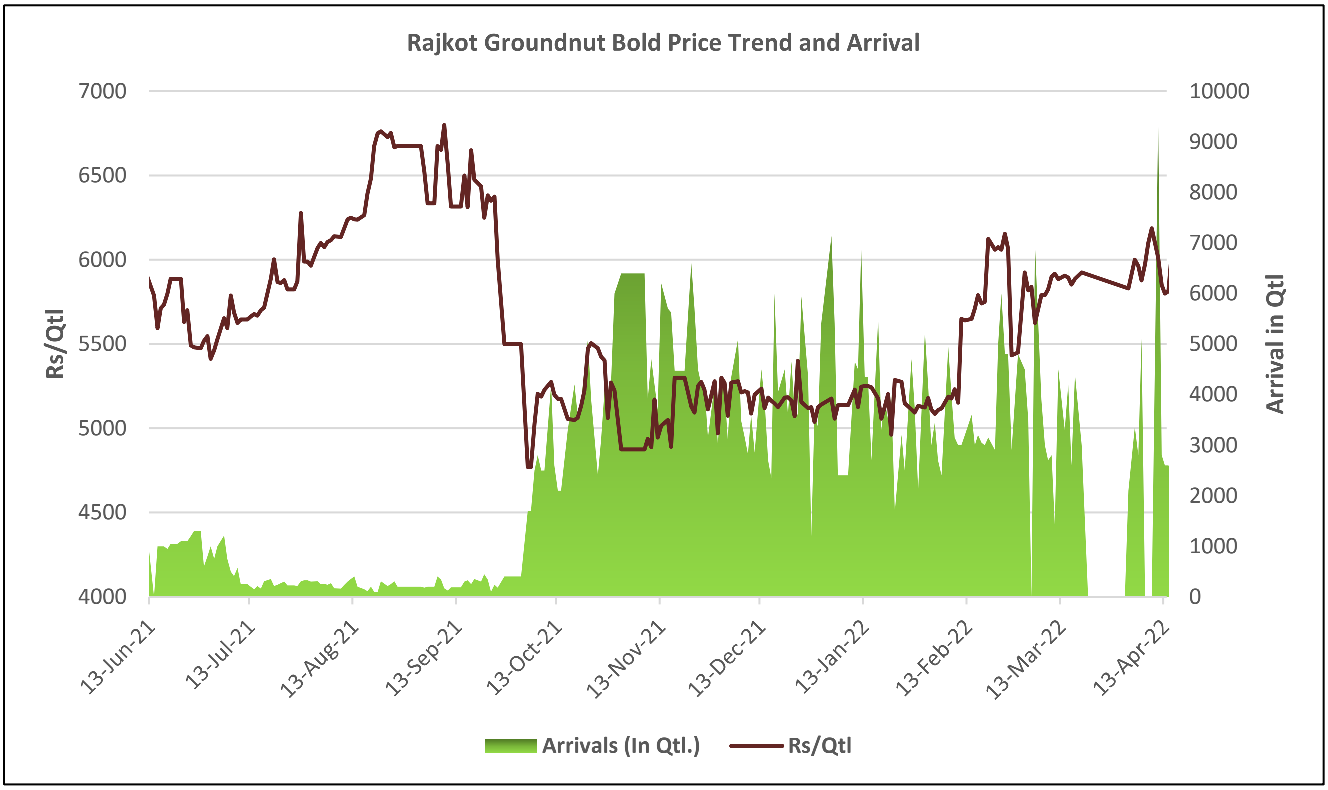
Recommendation-

Market participants are recommended to do need based buying at current levels. And for sellers, wait for above 8000 levels in coming weeks.

RM seed Price Outlook for coming week: RM Seed is expected to trade range bound with steady bias.

Jaipur RM seed Mandi Price Outlook (INR./Qtl)	Previous week 30th-06th May'22	Week Under review 07th-13th May'22	Next week 14th-20th May'22
Weekly Average Price	7,454	7,329	7,300-7,500

Groundnut



During the week under review, Groundnut Rajkot bold weekly average prices remained sideways amid edible oil supply crunch in the country coupled with good domestic crush demand. Good local demand kept prices elevated and high freight costs to many destinations make it less attractive to export. Groundnut oil continues to grow as a strong alternative for other oils amid edible oil supply crunch. During the week Rajkot Groundnut bold prices went down by 0.6% to INR 6,026/Qtl.

Groundnut Price Outlook for coming week: Rajkot groundnut bold prices expected to trade firm on the back of good domestic demand.

Rajkot Groundnut Bold Price Outlook (INR./Qtl)	Previous week 30th-06th May'22	Week Under review 07th-13th May'22	Next week 14th-20th May'22
Weekly Average Price	6,061	6,026	5,800-6,200

Annexure

Oilseed Prices at Key Spot Markets:					
Commodity / Centre	**% Change over previous week**	**Today**	**Week Ago**	**Month Ago**	**Year Ago**
Soybean		**13-May-22**	**07-May-22**	**13-Apr-22**	**17-May-21**
Indore –Plant	-3%	7150	7400	7925	-
Indore–Mandi	-3%	7000	7250	7800	-
Nagpur-Plant	-5%	6950	7300	7600	7700
Nagpur – Mandi	-2%	6850	7000	7400	7505
Latur – Mandi	-5%	7000	7360	7480	7645
Akola – Mandi	2%	7055	6895	7350	-
Kota-Plant	-4%	7150	7450	8050	-
Kota – Mandi	-4%	7100	7400	7850	-
Bundi-Plant	-6%	6800	7200	8020	-
Bundi-Mandi	-4%	6700	7000	7650	-
Baran-Plant	-3%	7280	7500	8080	-
Baran-Mandi	-3%	7180	7400	7830	-
Bhawani Mandi Jhalawar–Plant	-1%	7150	7200	8050	-
Jhalwar-Mandi	1%	7100	7000	7950	-
Rapeseed/Mustard					
Jaipur-(Condition)	0%	7350	7375	7125	7525
Alwar-(Condition)	1%	7050	7000	6800	7300
Sri Ganganagar-(Non-Condition)	2%	6955	6800	6300	-
New Delhi–(Condition)	0%	7150	7150	6850	7250
Kota-(Condition)	-2%	6850	7000	6900	-
Agra-(Condition)	0%	7333	7333	7238	7619
Neewai-(Condition)	2%	7150	7000	6850	-
Hapur (UP)-(Condition)	-1%	7100	7150	6800	7000
Groundnut Seed					
Rajkot	1%	1100	1085	1000	-
Sunflower Seed					
Gulbarga	18%	6500	5500	6500	-

Latur	**0%**	7700	7700	7300	8000
Sholapur	**0%**	7700	7700	7300	8000

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.