

# Oil Seed Weekly Research Report

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## Executive Summary

The weekly average prices of Soybean Indore plant prices went marginally up by 0.16% to INR. 6,245/qtl during the week under review amid GM soymeal import and weak Soymeal export demand. Prices were in the range of INR. 5,975-6,400/qtl during the period.

The weekly average prices of Indore soymeal prices extended previous day loss and went down by 1% to INR 49,300/MT as compared to last week at INR 48,333/MT amid GM soymeal import and squeeze in crush margin.

During the week under review, Jaipur RM seed prices remained sideways and went marginally up by 0.4% to INR 6,916/Qtl amid weak demand from crushers.

During the week under review, Rajkot groundnut bold prices remained firm and went up by 1.8% to INR 6,264/qtl. amid shrink in arrivals and expectation of decrease in arrivals.

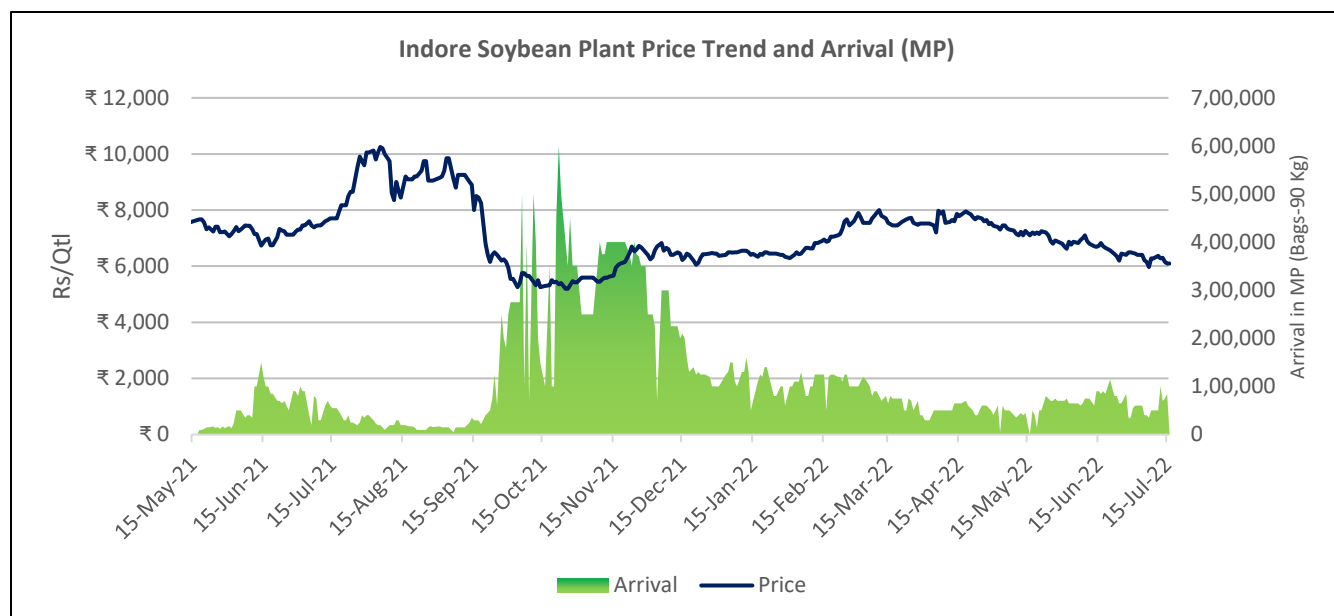
## Outlook – Cash Market

**Outlook - Soybean (Spot Indore):** *In the coming week, soybean prices are expected to remain weak on GM Soy meal import and weakness in global markets. The prices (Indore, Plant basis) are expected to feature range bound movement in the price band of 5,800 – 6,200 levels in the near term.*

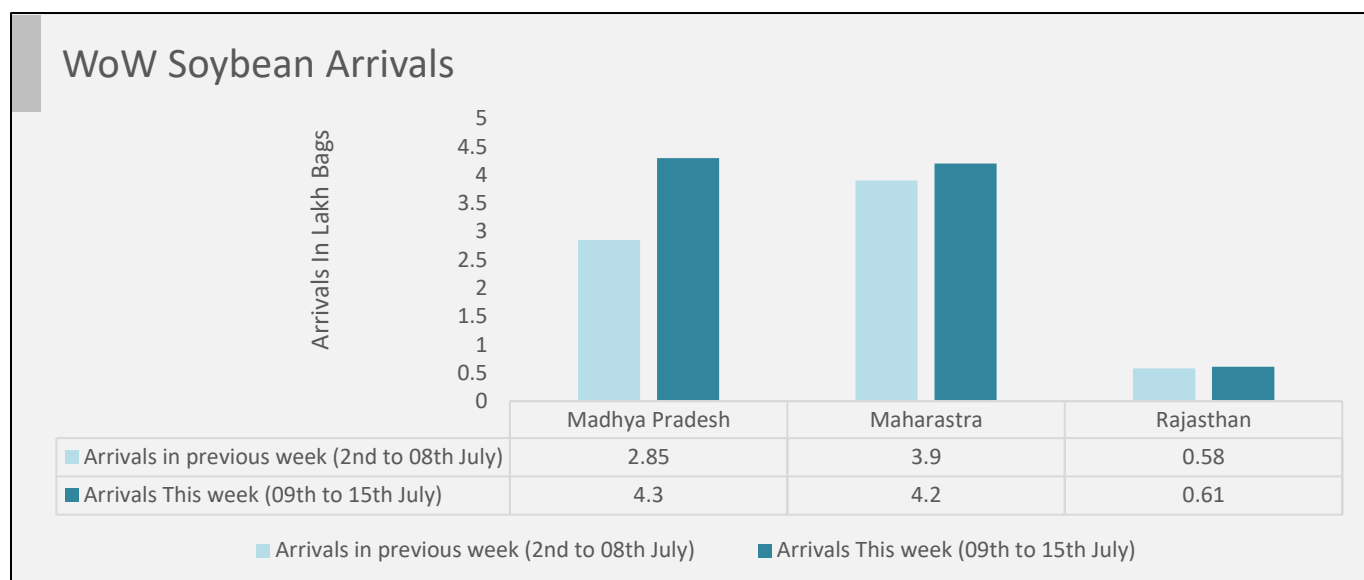
**Outlook – Soy meal:**  
*The soy meal prices (Indore) are likely to trade with weak bias tracking Soymeal import and weak export demand. Soy meal Indore prices are likely to trade in the range of 48,000 – 52,000/MT.*

**Outlook - Rapeseed-Mustard (Spot, Jaipur basis):** *Rapeseed-Mustard is expected to trade range bound with weak bias amid bearish sentiments in palm oil and ICE canola prices. The seed prices are likely to trade in the range between 6,700 – 7,000/Qtl. in the short-run.*

## Soybeans



During the week under review, Soybean indore plant prices remained sideways and went marginally up by 0.16% to INR 6,245/qtt as compared to INR 6,235/qtt amid GM soymeal imports in the domestic market and subdued demand from crushers and weak global cues.



During the week under review, the total arrival in MP recorded up by 51% at 4.3 Lakh bags Vs 2.85 Lakh bags last week. In Maharashtra too arrivals remained up by 8% at 4.2 Lakh bags as compared to last week at 3.9 Lakh bags and in Rajasthan the arrivals went up at 0.61 lakh bags Vs 0.58 Lakh bags previous day.

Oil seed Acreage as on 15th July'22 ( Area in Lakh Ha)			
Oil seed crops	2022	2021	% Change
Soyabean	99.35	90.32	10%
Groundnut	28.89	29.72	-3%
Sesamum	4.22	3.58	18%
Sunflower	1.3	0.91	43%
Castor	0.15	0.16	-6%
Other Oilseeds	0.08	0.05	60%
Niger	0.05	0.08	-38%
Total Oilseeds	134.04	124.83	7%

**Soybean Sowing Updates:** Cumulative rainfall departure from 1st June '22 to 17th July '22 was recorded

State wise Soybean sowing progress as on 15th July'22 (Lakh Ha)				
State	2022	2021	% Change	Cumulative Rainfall Departure (%) 1st June to 17th July'22
Maharashtra	41.26	38.36	8%	43%
Madhya Pradesh	40.65	38.98	4%	17%
Rajasthan	9.88	5.56	78%	52%
Karnataka	3.70	3.60	3%	40%
Telangana.	1.30	1.28	2%	123%
Others	2.55	2.54	0%	
<b>Total</b>	<b>99.35</b>	<b>90.32</b>	<b>10%</b>	

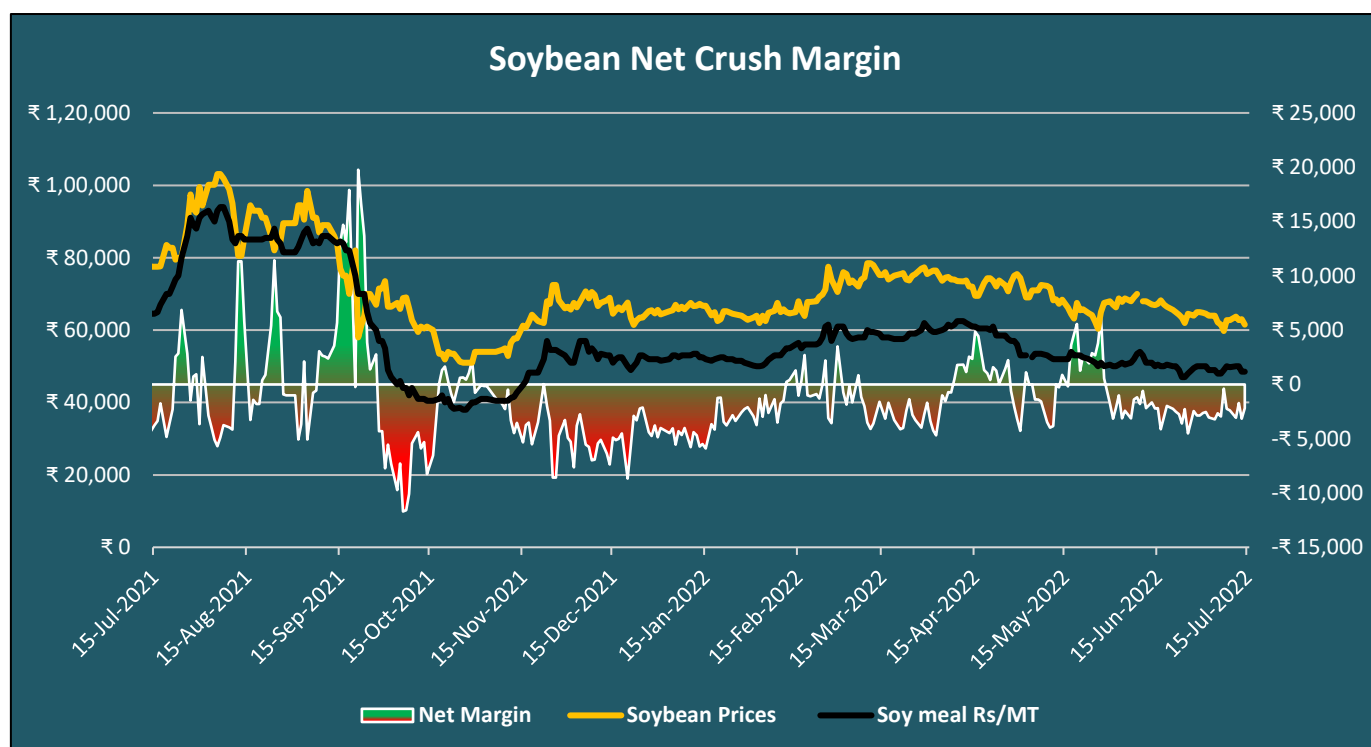
above average by +43% in Maharashtra, in Rajasthan by +52%, and in Madhya Pradesh by +17%. As of July 08th, '22, all India Kharif soybean sowing progress is up by 10% to 99.35 lakh hectares as compared to 90.32 lakh hectares last year in the same period. Agri Watch expects soybean acreage to decline by 5–8% due to acreage shift to cotton and maize.

## Cumulative rainfall in Soybean growing key districts in MP, Maharashtra and Rajasthan.

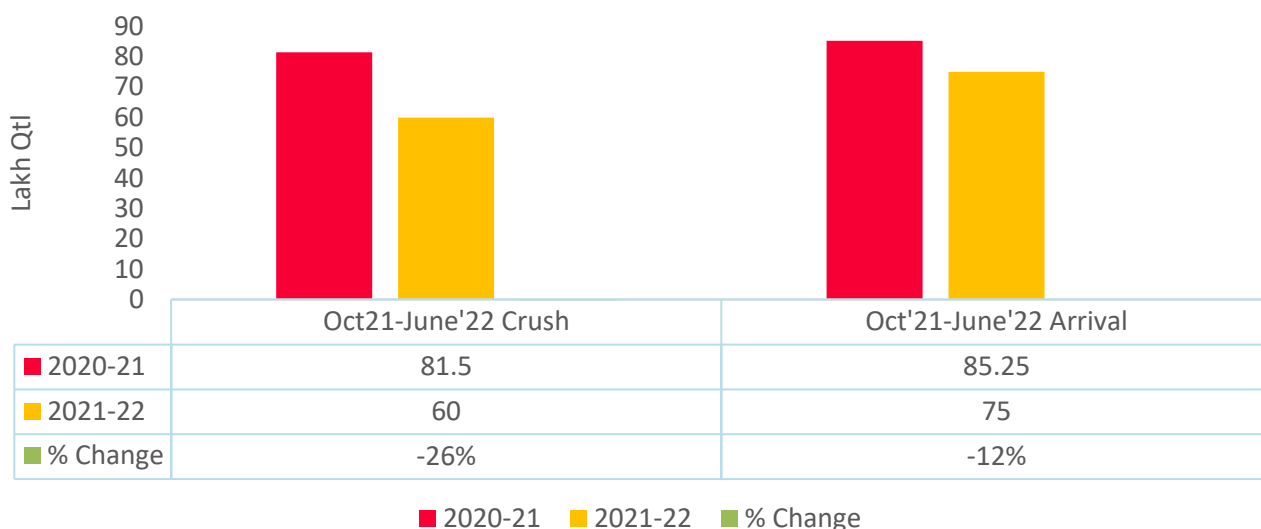
From 1st June'22- 10th July'22, cumulative rainfall recorded marginally up by 17% in MP, +43% in Maharashtra, and in Rajasthan cumulative rainfall remained above average at +52%.

## Soybean Crush Margin-

Madhya Pradesh	Cumulative Rainfall Departure (%) 1st June to 15h July'22	Maharashtra	Cumulative Rainfall Departure (%) 1st June to 15h July'22	Rajasthan	Cumulative Rainfall Departure (%) 1st June to 15h July'22
Dewas	76%	Latur	88%	Kota	61%
Videsha	63%	Parbhani	78%	Jhalawar	54%
Rajgah	52%	Nagpur	66%	Bundi	43%
Shajahpur	42%	Yavatmal	40%	Baran	34%
Ratlam	25%	Hingoli	25%	Chittaurgarh	19%
Ujjain	23%	Jalna	24%	Pratapgarh	2%
Indore	22%	Buldhana	13%	Rajasthan	52%
Mandsaur	6%	Amaravati	12%		
Ashok nagar	-2%	Washim	5%		
Dhar	-5%	Akola	1%		
MP	17%	Maharashtra	43%		



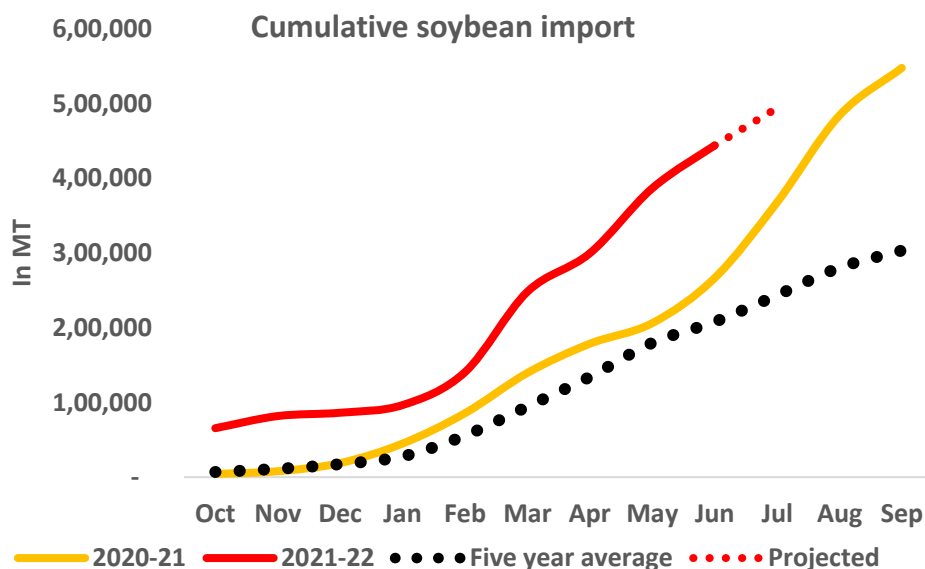
Soybean net crush margin remained negative during the week under review. Weekly average soybean net crush margin remained squeezed at INR -2,500/MT as compared to INR. -2,413/MT previous week amid correction in soybean oil and meal prices. We expect a tight crush margin in the upcoming week too on weak soy oil and meal prices.

**Soybean Crush and Arrivals:**


Low soymeal export demand coupled with squeeze in crush margin has resulted into low crushing in 2021-22 by 26%. And arrivals remained low as farmers held back their produce in anticipation of better prices.

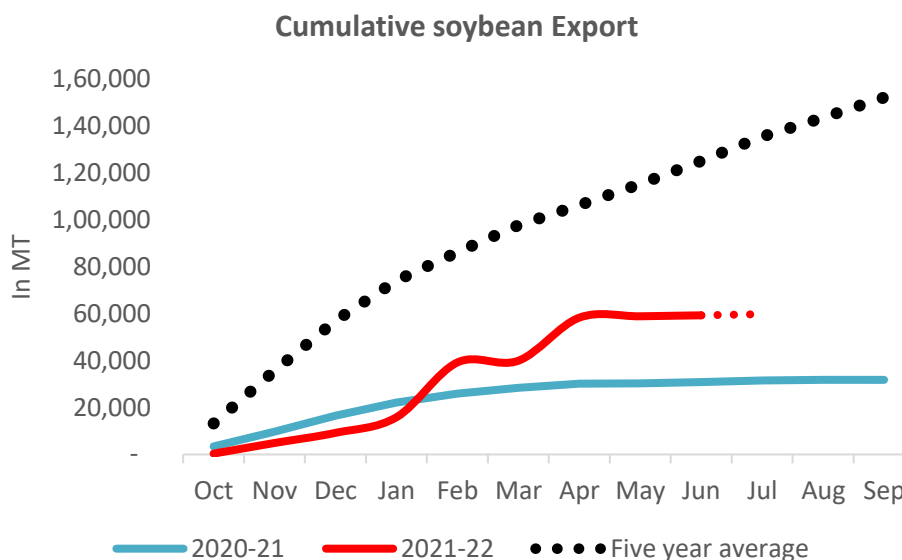
**Soybean Import:**

India's Oct-June'22 cumulative soybean import went up by 67% at 4.43 Lakh tonnes as compared to 2.66 Lakh tonnes previous year same period. Major importing countries were Benin, Togo and Ethiopia. As Farmers are holding stocks, there is less availability of domestic soya which resulted into higher imports.



## Soybean Exports:

Upon less availability of soya in domestic market, there is no export of significant quantity of Soybean. Soy exports in 2021-22 remained far below than five year average.



## International:

This week, CBOT Soybean August futures went down by 3.12%. However, MTD its is still down by 4.76% amid rate hike by FED.

USDA Attache in Its June 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 126 MMT in 2021-22. China's 2022-23 Soy crush is estimated at 95 MMT Vs 89 MMT in 2021-22. While China's Soy imports are estimated at 99 MMT in 2022-23 Vs 92 MMT in 2021-22.



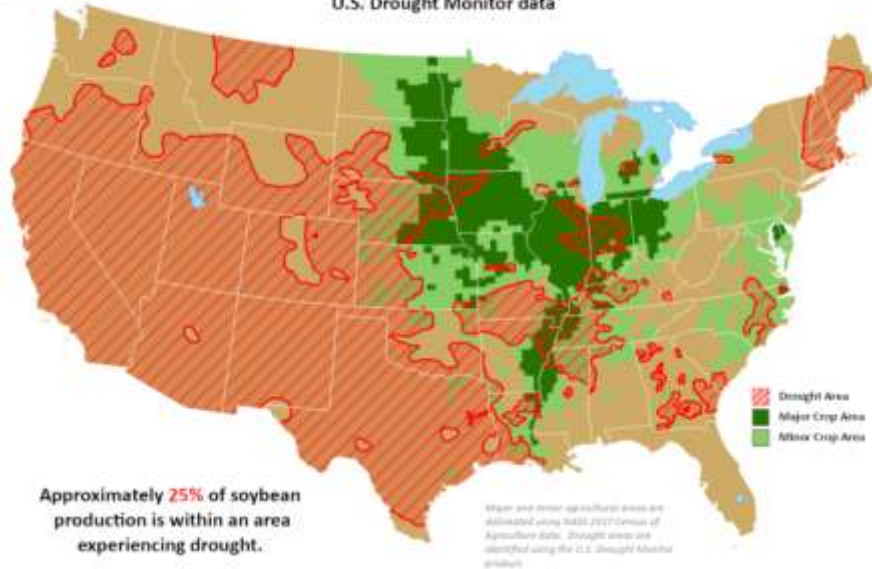
According to USDA's latest report, 2% of Soybean crop is in very poor condition, 7% is in poor condition, 29% in fair condition, 52% in good condition and 10% in excellent condition.

Despite a bearish tone in, US weather and soybean crop condition is a key watch point moving forward.



### *Soybean Areas in Drought*

Reflects July 12, 2022  
U.S. Drought Monitor data



Currently in US, 25% of Soybean production is within an area experiencing drought.



## 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, the market is moving in a downtrend channel lower channel can be characterized as support and upper channel can be characterized as resistance.
- Next support is a fibonacci retracement level of 61.8% and immediate resistance is at 50% fibonacci retracement.
- RSI has declined below 38, indicating weak buying strength and MACD also indicating weak momentum.

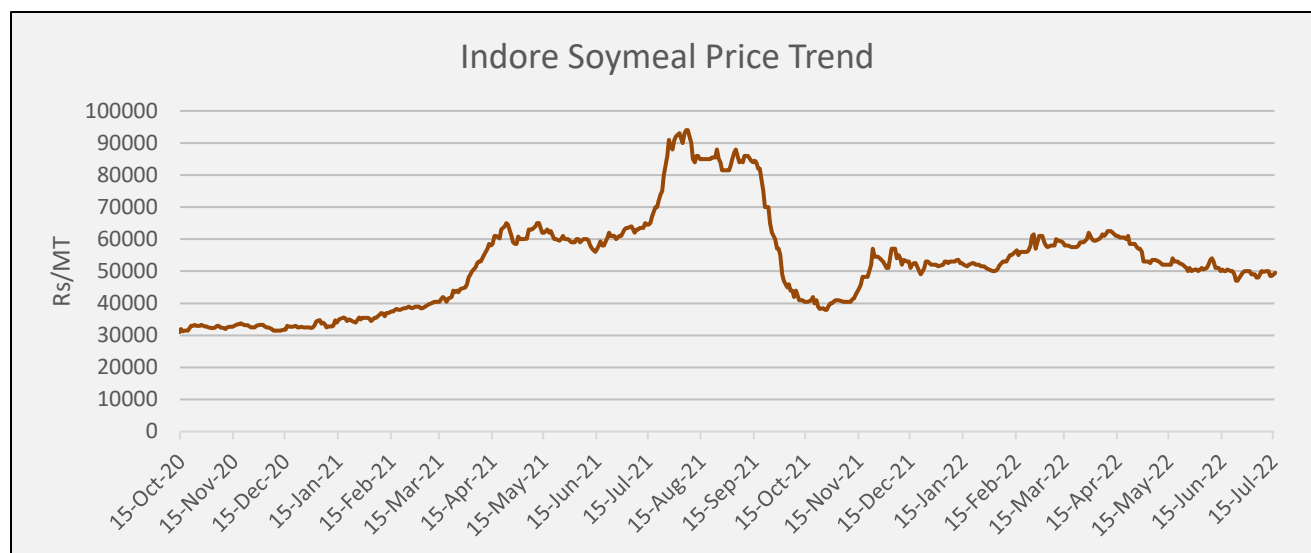
#### Recommendation-

- Market Participants are recommended for need based buying at current level.

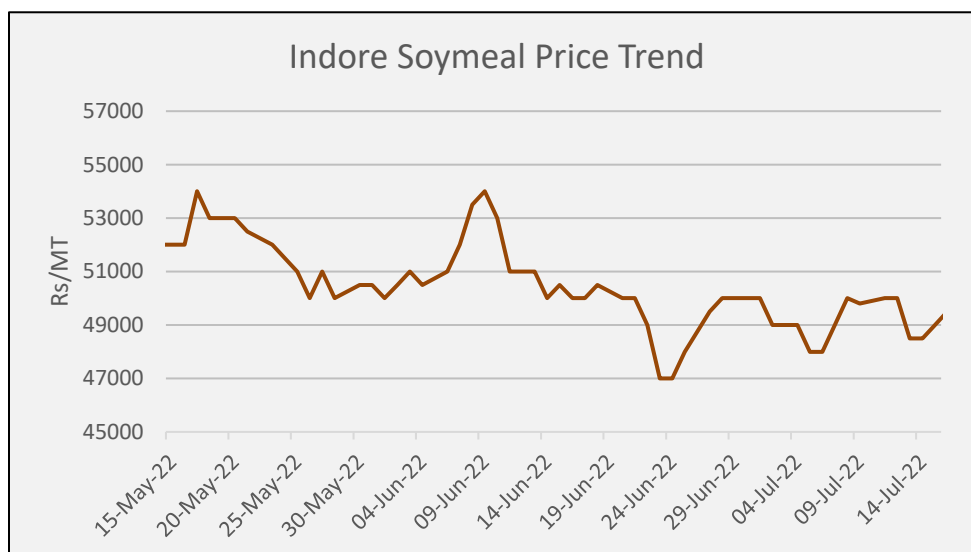
**Soybean Price Outlook for coming week:** Indore Soybean mandi prices are currently trading at INR. 6,100/qty. and are expected to trade with weak bias tracking Soy meal import, weak export demand and bearish global cues.

Soybean Mandi Price Outlook (INR./Qty)	Previous week 02nd July- 08th July'22	Week Under review 09th July- 15th July'22	Next week 16th July- 22th July'22
Weekly Average Price	5,800-6,175	5,975-6,225	5,800-6,200

## Soymeal



During the week under review, Indore Soymeal prices and weekly average prices of soymeal remained sideways and went down by 1% at INR 49,300 /MT as compared to last week at INR 48,333/MT. Overall the prices quoted between INR 48,500 – 50,000/MT throughout the week. Soymeal continued to trade lower amid GM Soymeal import.



At Nanded, the weekly average prices traded at INR. 54,000/MT compared to INR. 54,533MT a week ago. In Kota the meal prices were at INR. 52,250/MT compared to INR. 52,183/MT previous week.

SOPA has reported soymeal export down by 70% in Oct-June'22 to 5.63 Lakh tonnes compared with 18.69 Lakh tonnes last year same period. Upon outpriced Indian soymeal, exports continued to remain low and due to reduced crushings resulting into lower availability for shipments.

### Previous updates

According to Solvent Extractor Association of India, oil meal export in the month of May '22 went up by 12 % to 5,55,453 tonnes compared to 2,28,319 tonnes in May'21. And reported 11% up in exports during April-May'22 at 5,89,425 tonnes compared to 5,32,024 in the same period last year.

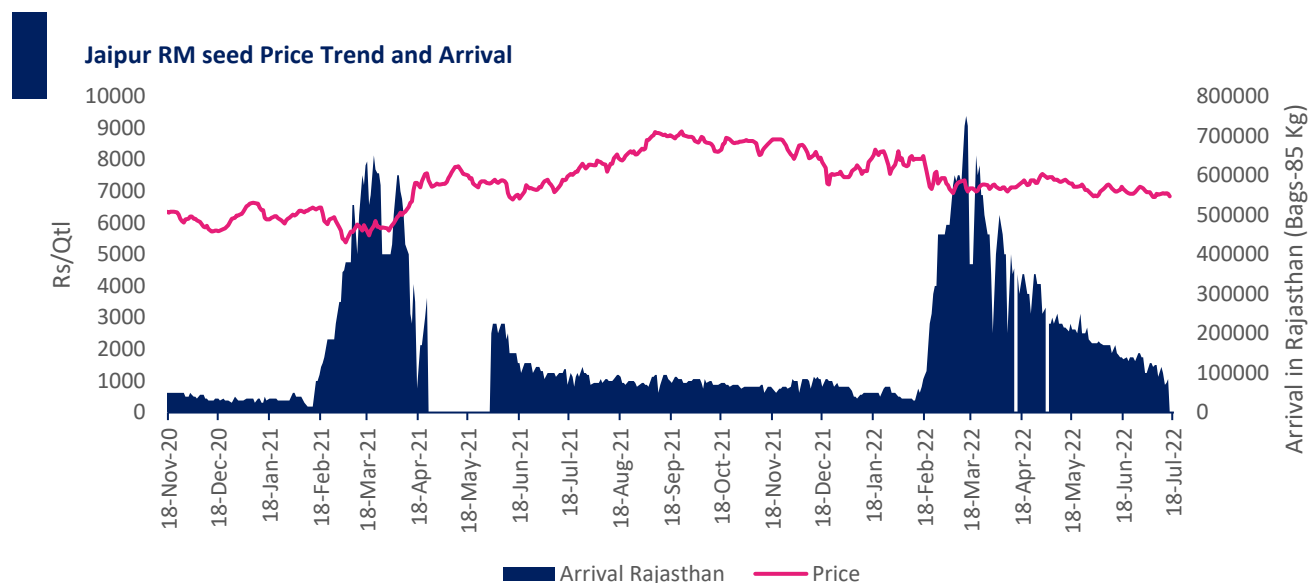
First two months of the current year 2022-23, export of rapeseed meal has shown a sharp jump and reported at 3,98,355 tonnes compared to 2,74,692 i.e. up by 45%. As of now, India is the most competitive supplier of rapeseed meal to South Korea, Vietnam, Thailand and other far east countries. However, Soymeal export is at lowest level as India is out priced in the International market. Current price of Soybean meal FOB Kandla is at \$720/MT while Soybean meal Argentina CIF Rotterdam is quoted at \$532 and Brazil at \$525.

USDA in its June 22 report, India's 2022-23 Soymeal production kept unchanged at 81.6 Lakh tonnes as compared to previous year estimates and Soymeal crushing for the year 2022-23 is kept unchanged at 102 Lakh tonnes as compared to previous year.

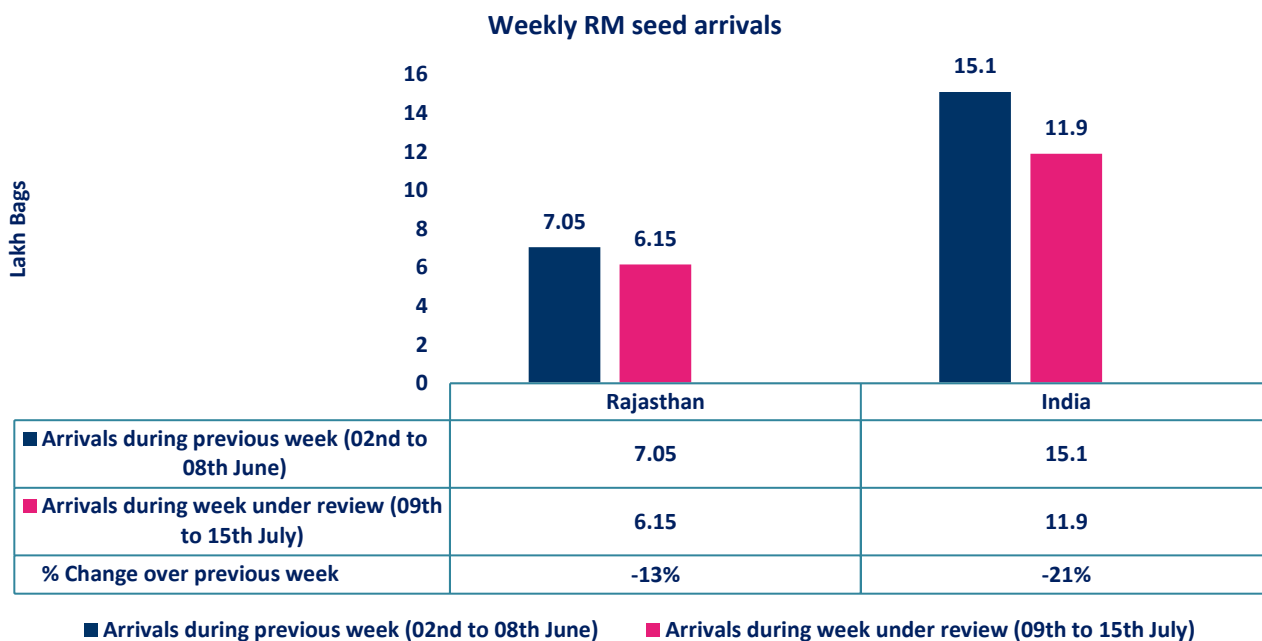
**Soymeal Price Outlook for coming week:** Soybean meal prices are expected to continue to trade with weak bias tracking Soymeal import decision by government and subdued export demand and squeeze in crush margin.

Soymeal Indore Price Outlook (INR./MT)	Previous week 02nd July- 08th July'22	Week Under review 09th July- 15th July'22	Next week 16th July- 22th July'22
Weekly Average Price	48,000-50,000	48,500-50,000	48,000-52,000

## Rapeseed - Mustard Seed



RM seed prices remained sideways during the week under review, during the week under review, Jaipur RM seed weekly average prices went marginally up by 0.4% to INR. 6,916/qrtl as compared to INR. 6,891/qrtl last week. Despite shrink in arrivals, RM seed is trading lower amid weak demand from crushers and farmers are still holding new crops in anticipation of better prices in future.



All India Arrivals continued to shrink during the week under review, in Rajasthan, total mustard arrivals continued to shrink and recorded lower by 13% at 6.15 Lakh bags. All India arrivals stood at 11.9 Lakh bags Vs 15.10 Lakh bags previous week. Most of the stockists/ traders are not aggressively buying due to stock limits.

**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 is 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 3rd Advance estimate released by the Department of Agriculture and Farmers Welfare, RM seed production during 2021-22 is estimated at 117.54 Lakh tonnes Vs 114.59 Lakh tonnes in 2<sup>nd</sup> advance estimates and 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-**

During the week under review, ICE Canola went down by 5.25%, weakness in substitute oilseeds weighed on canola too.

According to Agriculture and Agri-Food Canada's (AAFC), Canada's canola supplies declined from last year by 37% to 14.5 MMT due to drop in carry in stocks by 49% and 35% lower production as a result of last summer's drought. Demand for Canadian canola remains firm on a strong world oilseed crush and high prices for competing oilseeds, vegetable oils and protein meals. Disruption of Black Sea exports of sunflowerseed oil as a result of the Russian invasion of Ukraine is tightening world supplies and supporting world prices. Domestically, processing of canola is estimated to fall to 8.3 Mt, a drop of 20% from last year, while exports are expected to fall by 51% to 5.2 Mt, as commercial buyers outbid exporters for the tight supplies. For the crop year, the major importers of Canadian canola to-date are China, Japan, Mexico and the European Union. Carry-out stocks are forecast to fall by 77% from last year, to a tight 0.40 Mt, for a stock-to-use ratio of 3% versus 8% in 2020-21 and the 5-year average of 13%. Price volatility for canola increased sharply during the past month due to shipping disruptions from the Black Sea Region. For the crop year to- date, Canadian canola prices are estimated at \$1,100/t vs \$730/t last year and the 5-year average of \$556/t. tight stocks.

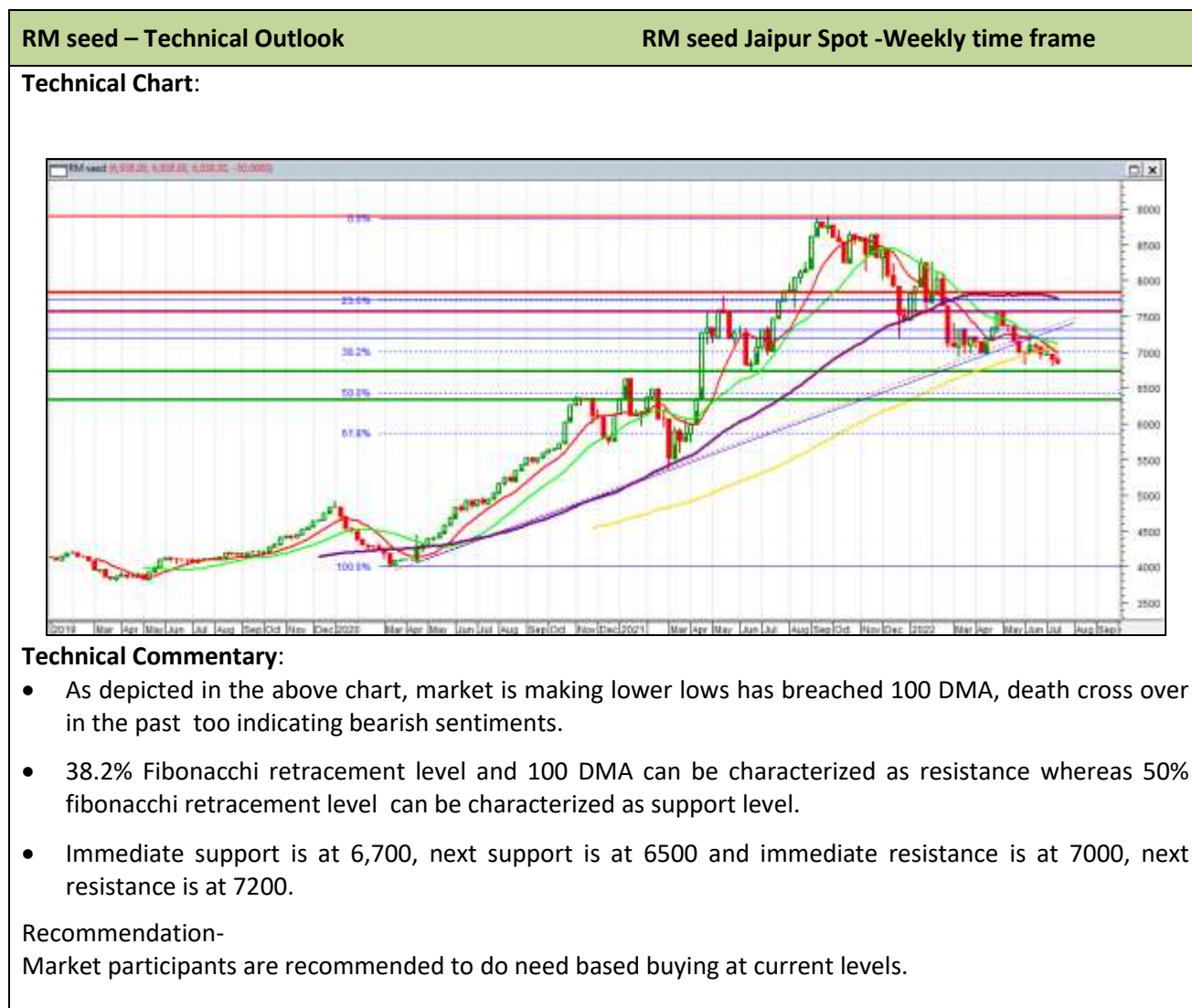
For 2022-23, the area seeded to canola is expected to decrease by 7% to 8.5 million hectares (Mha) based on Statistics Canada's Seeding Intentions Survey.

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.

## Technical Analysis

(Based on Jaipur Mandi prices)



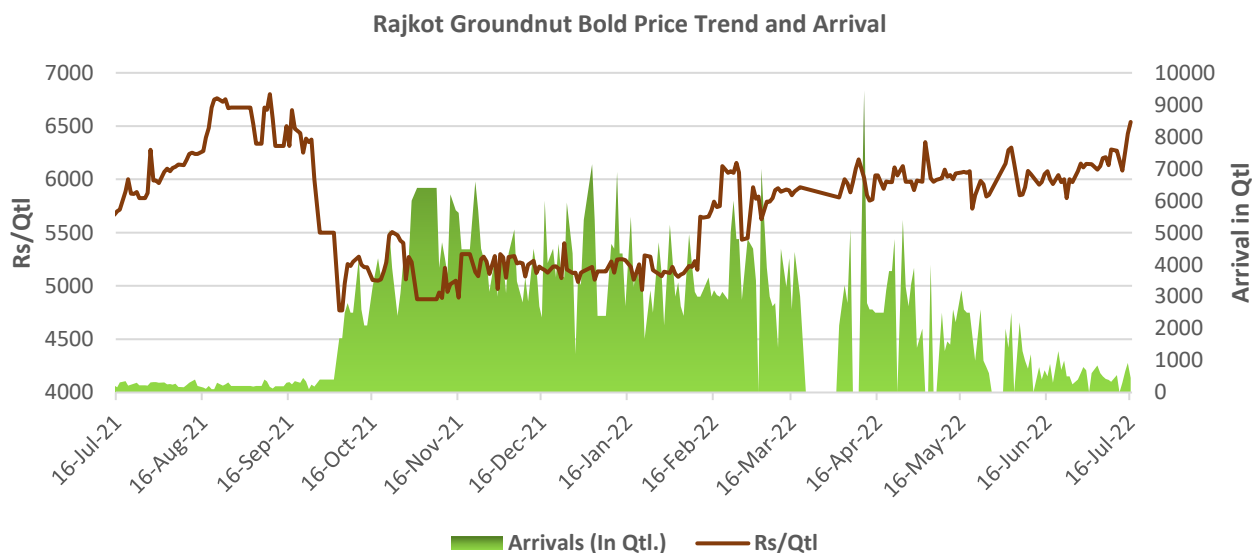
**RM seed Price Outlook for coming week:** RM Seed is expected to trade range bound with weak bias amid weak demand from crushers on squeeze in crush margin.

Jaipur RM seed Mandi Price Outlook (INR./Qtl)	Previous week 02nd July- 08th July'22	Week Under review 09th July- 15th July'22	Next week 16th July- 22th July'22
Weekly Average Price	6,813-6,963	6,888-6,938	6,700-7,000



## Groundnut

During the week under review, Rajkot Groundnut weekly average bold prices extended previous week gains and went up by 1.8% to INR 6,264/Qtl. as compared to previous week at INR 6,150/qtl. amid shrink in arrivals and expectation of decline in acreage.



Statewise Groundnut sowing progress as on 15th July'22 (Lakh Ha)				
	2022	2021	% Change	Cumulative Rainfall Departure (%) 1st June to 17th July'22
Gujarat	14.26	15.402	-7%	79%
Rajasthan	6.398	6.456	-1%	52%
Karnataka	1.435	1.726	-17%	40%
Andhra Pradesh	1.469	1.118	31%	20%
Others	5.329	5.02	6%	
Total	28.891	29.722	-3%	

As on 15th July'22 All India Kharif Groundnut sowing progress is lagging by 3% to 28.8 Lakh hectare as compared to 29.7 Lakh hectare last year in the same period. From 1st June'22 to 17th July'22 cumulative rainfall departure is up by 79% in Gujarat, 52% in Rajasthan, 40% in Karnataka and 20% in Andhra Pradesh. Agriwatch expects Groundnut 2022-23 Kharif sowing acreage is likely to decline by 8-12%. Acreage is likely to shift to cotton on lucrative prices.

Groundnut pre sowing intentions: According to Agriwatch, Groundnut 2022-23 Kharif sowing acreage is likely to decline by 5-10%. Acreage is likely to shift to cotton at lucrative prices.

Despite low export demand prices remained firm on the back of firm domestic demand.

**Groundnut Price Outlook for coming week:** Rajkot groundnut bold prices expected to trade steady to firm bias amid good domestic demand and rebound in groundnut oil prices coupled with slow pace of planting progress.

Rajkot Groundnut Bold Price Outlook (INR./Qtl)	Previous week 02nd July- 08th July'22	Week Under review 09th July- 15th July'22	Next week 16th July- 22th July'22
Weekly Average Price	6,093-6,208	6,082-6,427	6,000-6,400



## Annexure

Oilseed Prices at Key Spot Markets:					
Commodity / Centre	% Change over previous week	Today	Week Ago	Month Ago	Year Ago
<b>Soybean</b>		<b>15-Jul-22</b>	<b>08-Jul-22</b>	<b>14-Jun-22</b>	<b>15-Jul-21</b>
Indore –Plant	-2%	6200	6350	6775	7800
Indore–Mandi	-	Closed	6250	6600	7600
Nagpur-Plant	8%	6950	6430	6730	7800
Nagpur – Mandi	7%	6550	6130	6530	7605
Latur – Mandi	0%	6350	6330	6770	7880
Akola – Mandi	-1%	6255	6290	6720	7515
Kota-Plant	4%	6200	5950	6700	7750
Kota – Mandi	3%	6100	5900	6600	7725
Bundi-Plant	2%	6050	5930	6600	7700
Bundi-Mandi	5%	6000	5730	6400	7650
Baran-Plant	5%	6300	5980	6700	7800
Baran-Mandi	4%	6100	5860	6600	7700
Bhawani Mandi Jhalawar–Plant	5%	6250	5970	6750	7850
Jhalwar-Mandi	5%	6230	5920	6720	7600
<b>Rapeseed/Mustard</b>					
Jaipur-(Condition)	0%	6925	6925	7000	7350
Alwar-(Condition)	-2%	6550	6650	6700	6900
Sri Ganganagar-(Non-Condition)	-	NA	6250	6600	6625
New Delhi–(Condition)	-2%	6500	6650	6850	7200
Kota-(Condition)	6%	6500	6150	6550	6800
Agra-(Condition)	-2%	6905	7048	7071	7500
Neewai-(Condition)	7%	6800	6350	6925	6875
Hapur (UP)-(Condition)	0%	6700	6700	6700	7200
<b>Groundnut Seed</b>					
Rajkot	3%	1135	1100	1090	1005
<b>Sunflower Seed</b>					
Gulbarga	0%	5400	5400	6200	-

Latur	0%	6700	6700	7300	6500
Sholapur	0%	6700	6700	7300	6500
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.					

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