

# Oil Seed Weekly Research Report

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## Executive Summary

The weekly average prices of Soybean Indore plant prices extended previous week loss and went down by 1.8% to INR. 6,133/qtl during the week under review amid GM soymeal import and weak soymeal export demand. Prices were in the range of INR. 6,050-6,262/qtl during the period.

The weekly average prices of Indore soymeal witnessed gain and went up by 1.2% to INR 49,916/MT as compared to last week at INR 49,300/MT amid soymeal import and squeeze in crush margin.

During the week under review, Jaipur RM seed prices too went down by 0.90% to INR 6,854/Qtl amid weak demand from crushers.

During the week under review, Rajkot groundnut bold prices remained firm and went up by 3.6% to INR 6,488/qtl. amid shrink in arrivals, expectation of decrease in acreage and good groundnut oil demand.

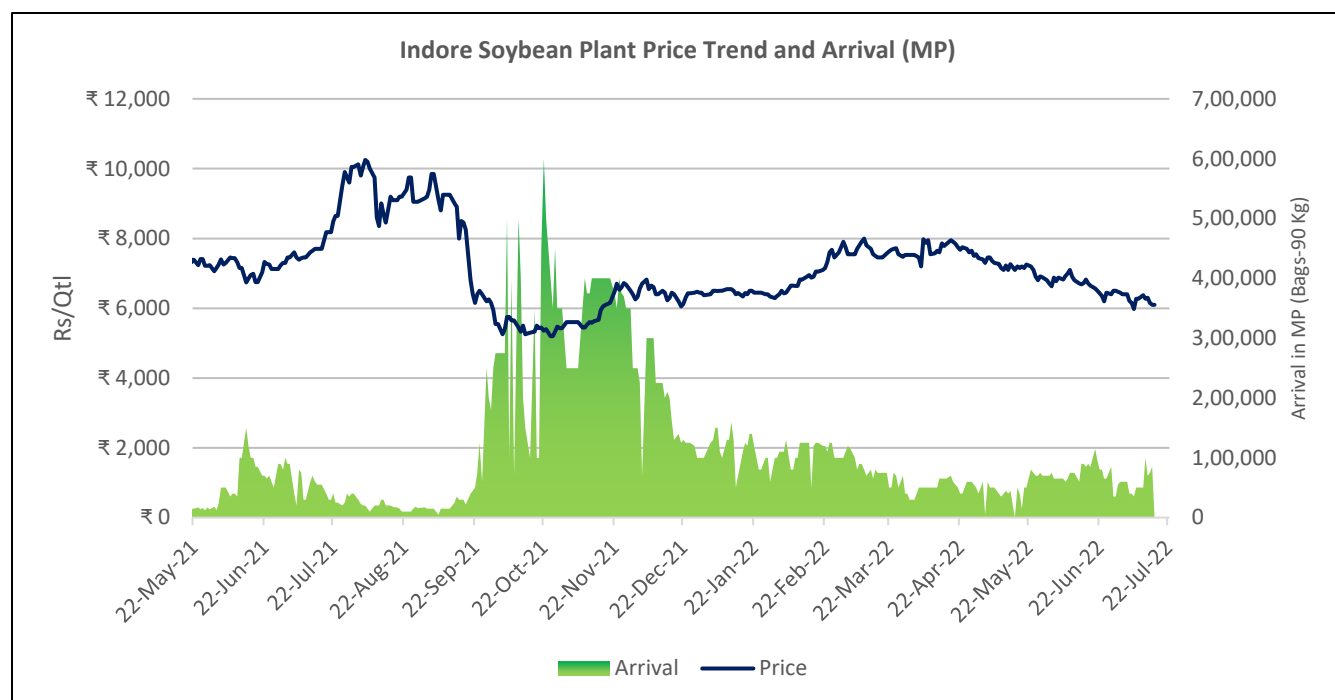
## Outlook – Cash Market

**Outlook - Soybean (Spot Indore):** *In the coming week, soybean prices are expected to remain weak on sluggish demand from crushers, 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 – 6,100 levels in the near term.*

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

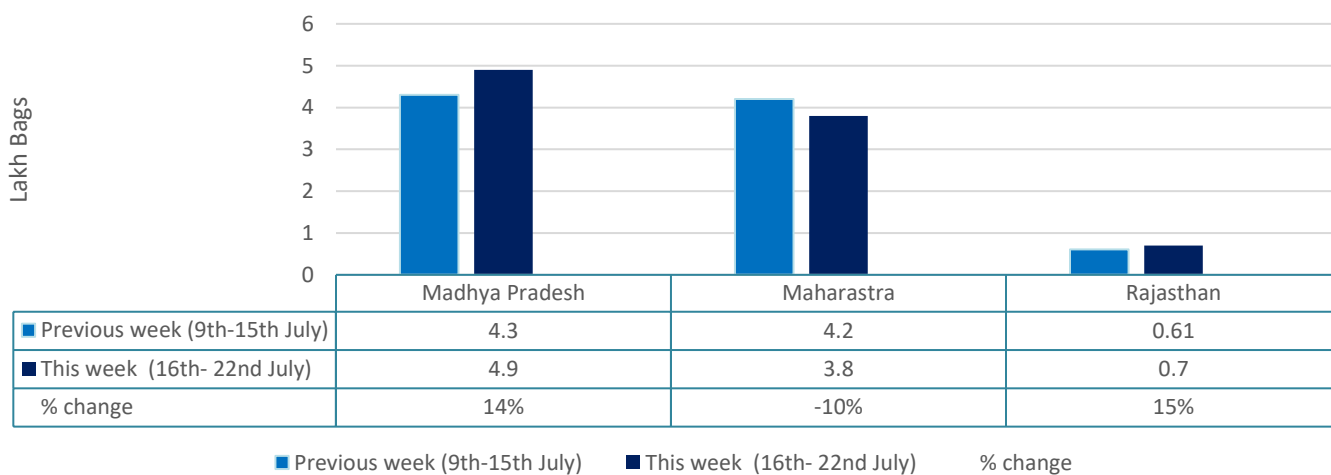
**Outlook - Rapeseed-Mustard (Spot, Jaipur basis):** *Rapeseed-Mustard is expected to trade range bound with weak bias amid weak demand from crushers, bearish sentiments in palm oil and ICE canola prices. The seed prices are likely to trade in the range between 6,700 – 7,000/Qtl. in the short-run.*

## Soybean



During the week under review, Soybean indore plant prices extended previous week loss and went down amid GM soymeal imports in the domestic market and subdued demand from crushers and weak global cues. Indore plant weekly average prices went down by 4.80% to INR. 5,945/qtl. as compared to 6,245/qtl. previous week.

## Weekly Soybean Arrivals



During the week under review, Soybean arrivals went up by 14% to 4.9 Lakh bags vs 4.3 Lakh bags previous week while in Maharashtra arrivals recorded low by 10% to 3.8 Lakh bags vs 4.2 Lakh bags previous week. In Rajasthan, soybean arrivals went up by 15% to 0.7 Lakh bags vs 0.61 Lakh bags previous week.

## Soybean Sowing Updates:

State wise Soybean sowing progress as on 15th July'22 (Lakh Ha)				
State	2022	2021	% Change	Cumulative Rainfall Departure (%) 1st June to 21st July'22
Maharashtra	41.26	38.36	8%	43%
Madhya Pradesh	40.65	38.98	4%	21%
Rajasthan	9.88	5.56	78%	52%
Karnataka	3.70	3.60	3%	33%
Telangana.	1.30	1.28	2%	115%
Others	2.55	2.54	0%	
<b>Total</b>	<b>99.35</b>	<b>90.32</b>	<b>10%</b>	

From 1st June'22- 21st July'22, cumulative rainfall recorded above average by 8% in Maharashtra, 4% in MP, in Rajasthan cumulative rainfall remained above average at 78%. As on 15th July'22 All India Kharif soybean sowing progress is up by 10% to 99.35 Lakh hectare as compared to 90.32 Lakh hectare last year in the same period. Agriwatch expects soybean acreage to decline by 5-8% amid acreage shift to cotton and Maize.

Source- Department of Agriculture & Farmers Welfare and IMD

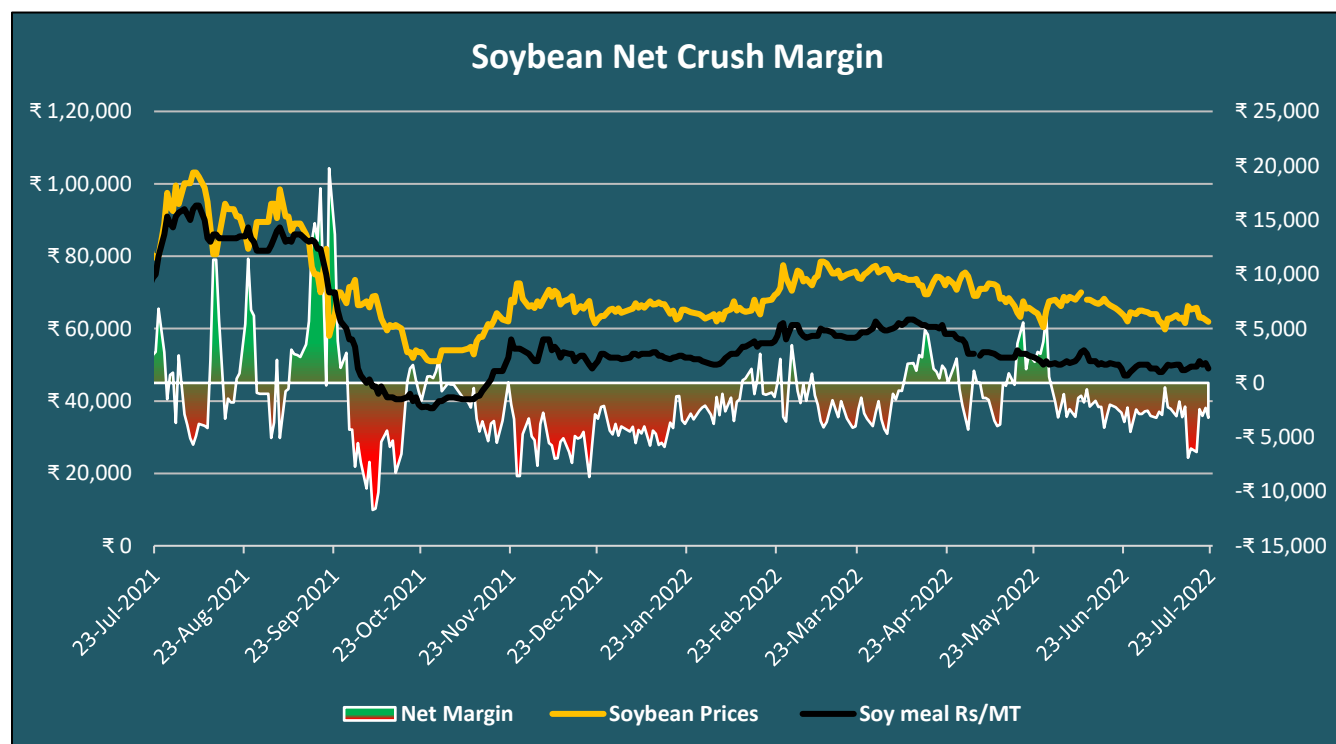
## Cumulative rainfall in Soybean growing key districts in MP, Maharashtra and Rajasthan.

From 1st June'22- 23rd July'22, cumulative rainfall recorded up by 18% in MP, +40% in Maharashtra, and, However, in Rajasthan cumulative rainfall remained above average at +47%. As on 02nd July'22

Madhya Pradesh	Cumulative Rainfall Departure (%) 1st June to 23rd July'22	Maharashtra	Cumulative Rainfall Departure (%) 1st June to 23rd July'22	Rajasthan	Cumulative Rainfall Departure (%) 1st June to 23rd July'22
Dewas	80%	Latur	86%	Kota	74%
Videsha	60%	Parbhani	74%	Jhalawar	53%
Rajgah	54%	Nagpur	66%	Bundi	39%
Shajahpur	61%	Yavatmal	48%	Baran	30%
Ratlam	24%	Hingoli	26%	Chittaurgarh	23%
Ujjain	33%	Jalna	23%	Pratapgarh	0%
Indore	22%	Buldhana	25%	Rajasthan	47%
Mandsaur	12%	Amaravati	28%		
Ashok nagar	8%	Washim	13%		
Dhar	9%	Akola	14%		
<b>MP</b>	<b>18%</b>	<b>Maharashtra</b>	<b>40%</b>		

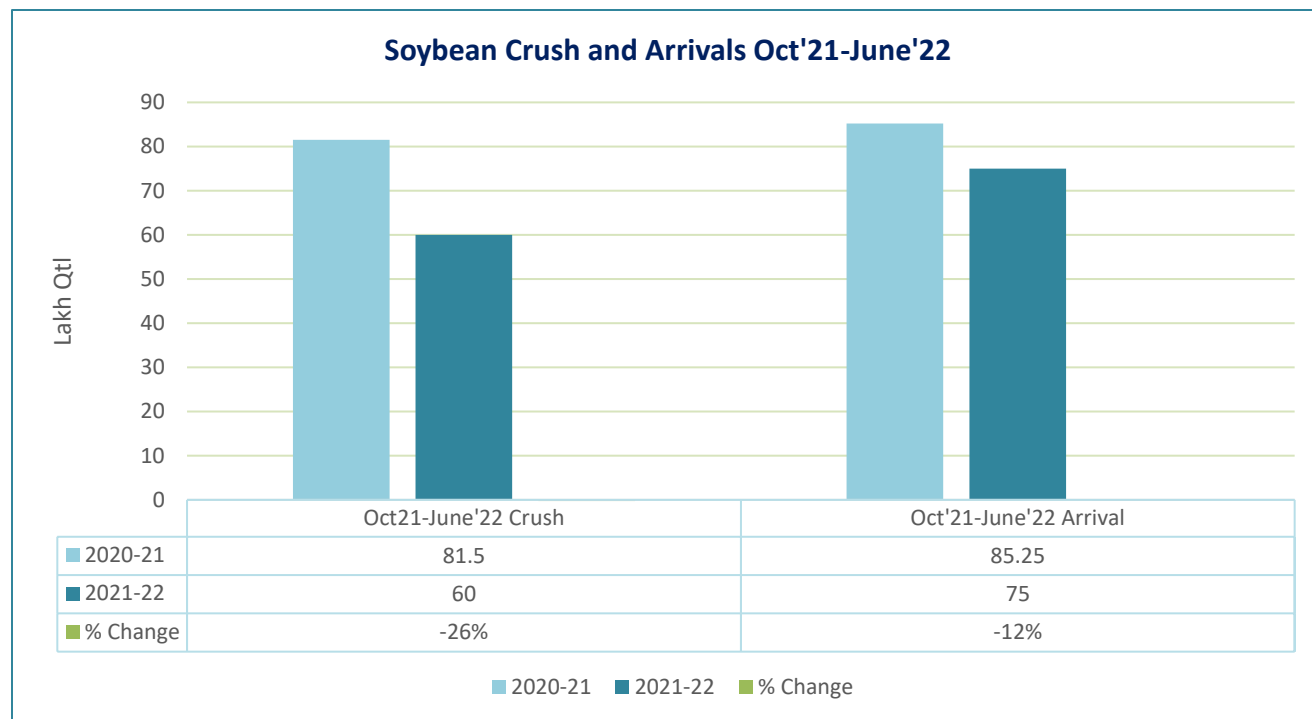
All India Kharif soybean sowing progress is up by 1% to 30.52 Lakh hectare as compared to 30.29 Lakh hectare last year in the same period.

## Soybean Crush Margin-



Soybean net crush margin remained negative during the week under review. Weekly average soybean net crush margin remained squeezed to INR -3,893/MT as compared to INR. -2,413/MT previous week amid correction in soy oil and soy meal prices. We expect a tight crush margin in the upcoming week too on weak soy oil and meal prices.

## Soybean Crush and Arrivals:



Oct-June '22 crushing remained low by 26% to 60 Lakh tonnes as compared to 81.5 Lakh tonnes previous year, weak soymeal export demand and squeeze in crush margins attributed to low crushing this season till June'22. And arrivals went down by 12% to 75 Lakh tonnes as compared to 85.25 Lakh tonnes in the previous year same period.

## International:

This week, CBOT Soybean August futures went marginally up down by 2.15%. However MTD down by 7.93% 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.

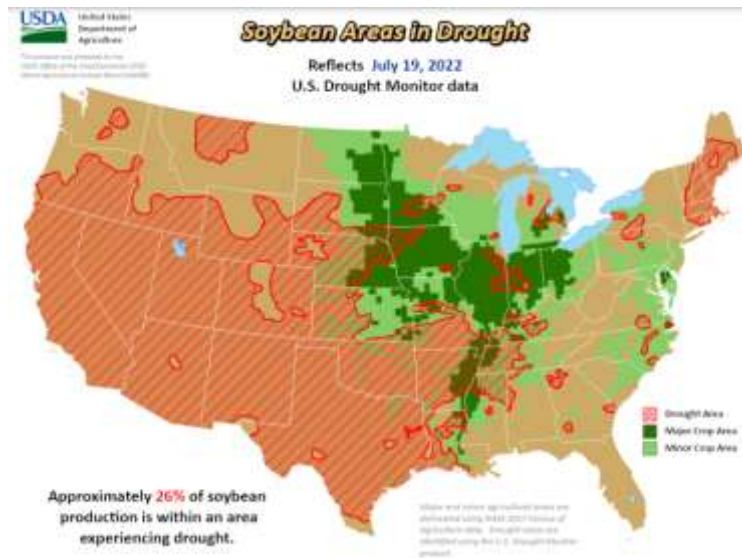




Monday, July 25, 2022

According to USDA's latest report, 3% of Soybean crop is in very poor condition, 7% is in poor condition, 29% in fair condition, 51% 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.

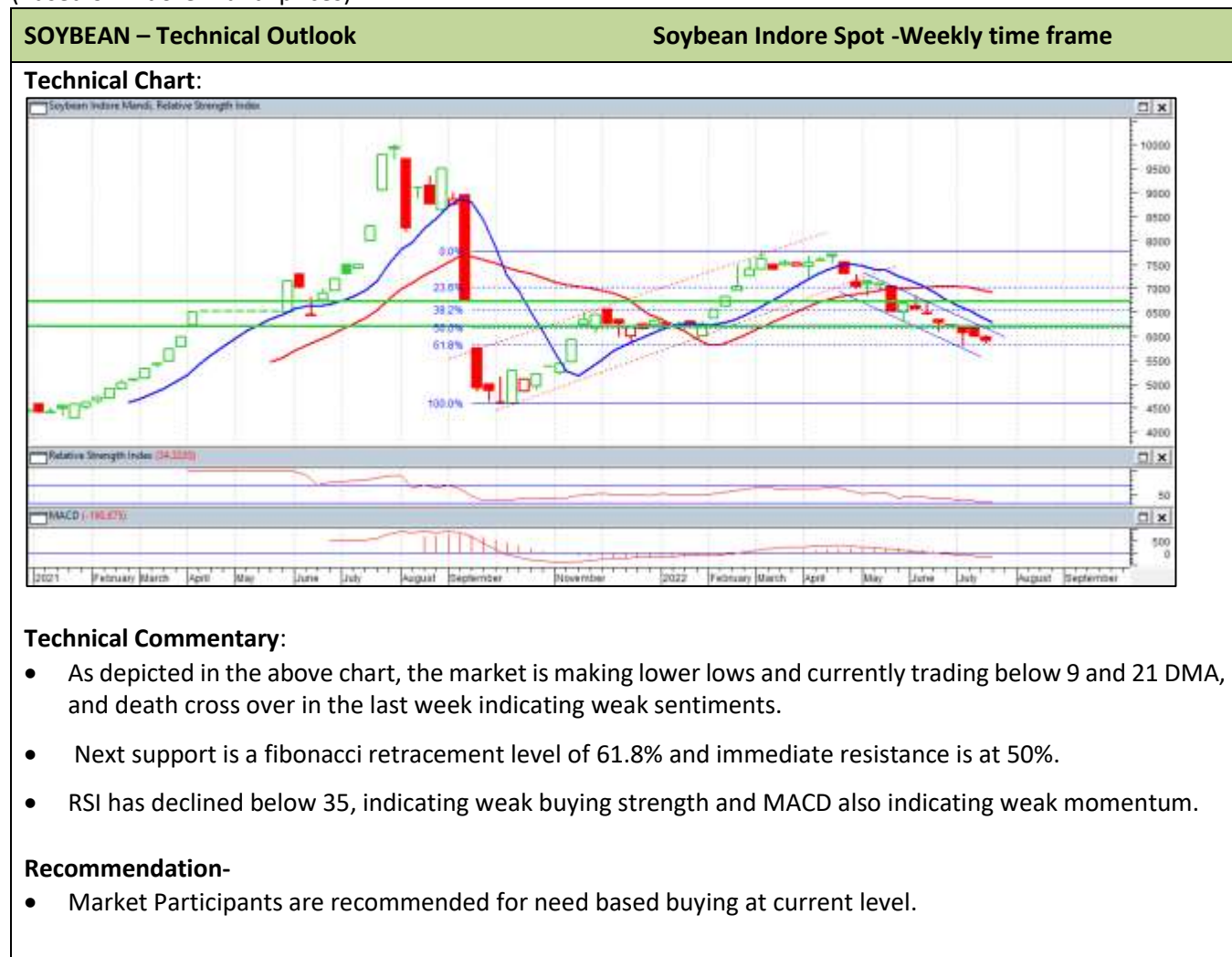


Currently in US, 26% of Soybean production is within an area experiencing drought.



## Technical Analysis

(Based on Indore Mandi prices)

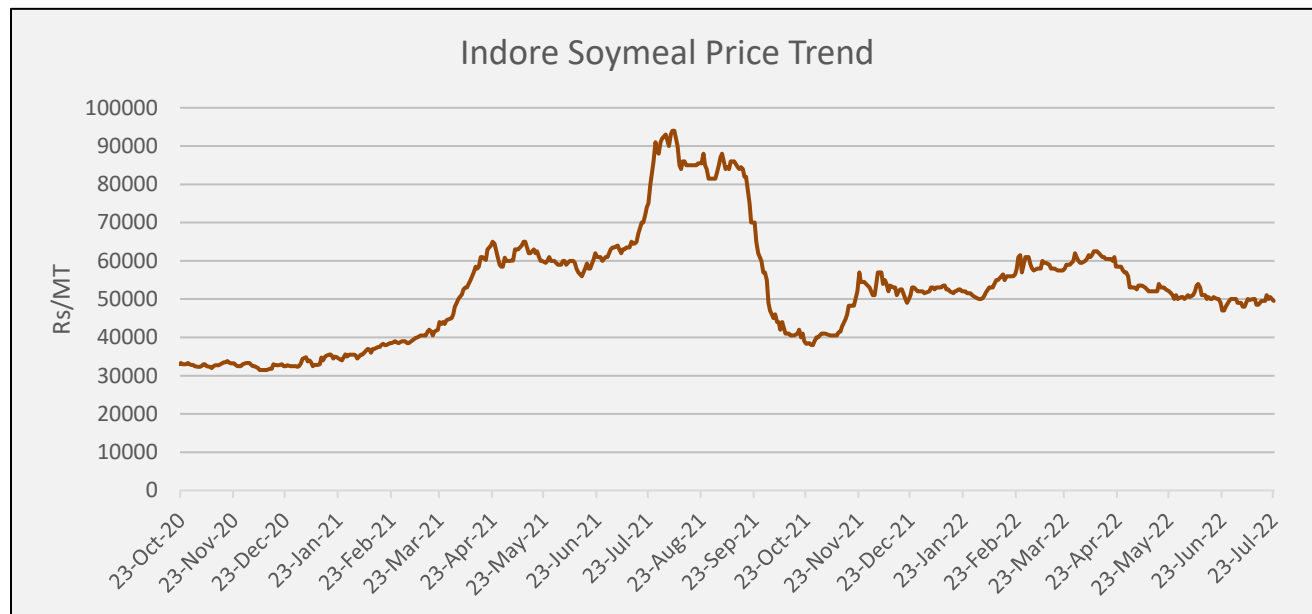


**Soybean Price Outlook for coming week:** Indore Soybean mandi prices are currently trading at INR. 5,850/qty. and are expected to trade with weak bias tracking Soy meal import and weakness in oilseed complex.

Soybean Mandi Price Outlook (INR./Qty)	Week Under review 09th July- 15th July'22	Week Under review 16th July- 22nd July'22	Next week 23rd July- 29th July'22
Weekly Average Price	5,975-6,225	5,850-6,025	5,800-6,100



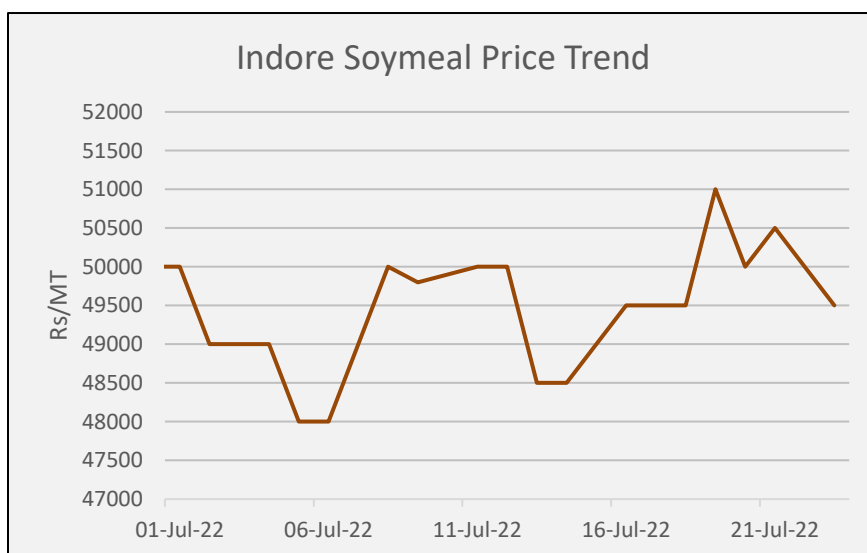
## Soymeal



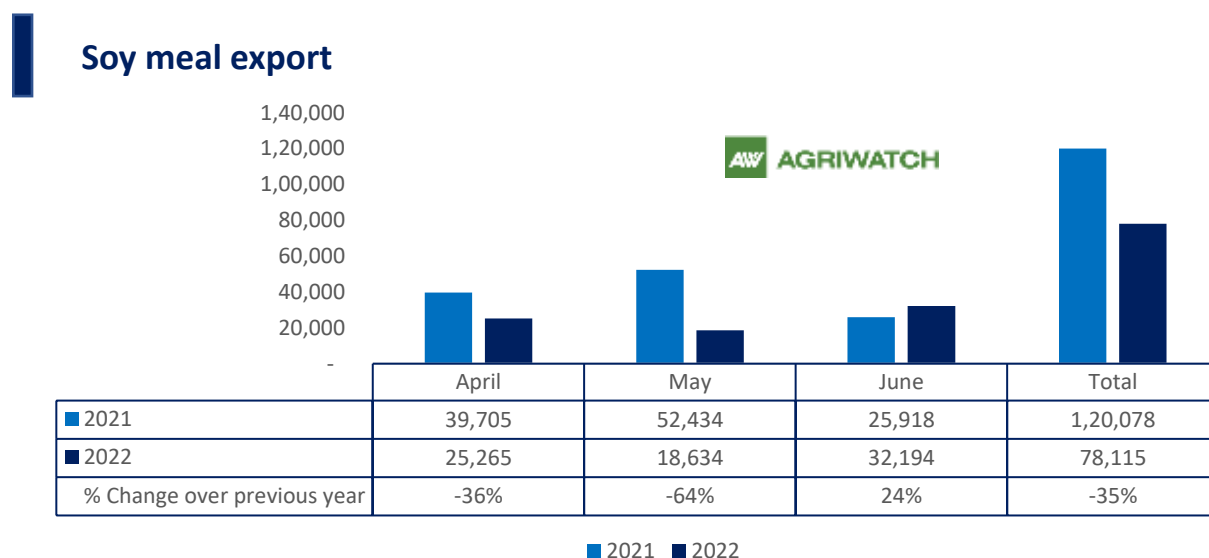
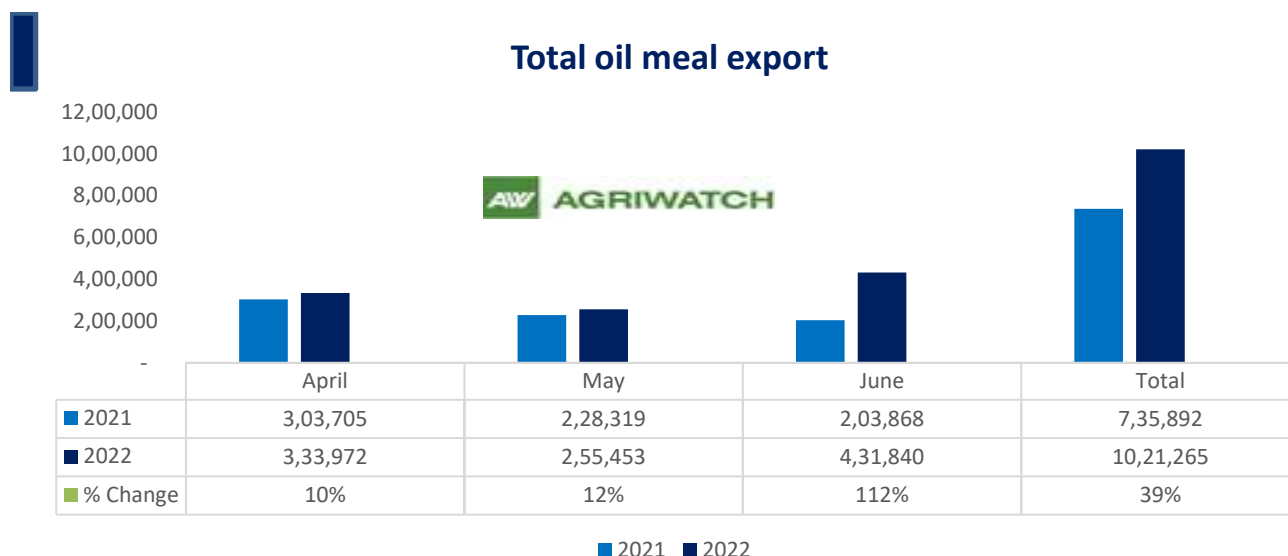
During the week under review, Indore Soymeal prices and weekly average prices of soymeal went up by 1.2% at INR 49,916 /MT as compared to last week at INR 49,300/MT. Overall the prices quoted between INR 49,000 – 51,000/MT throughout the week. Prices went down in tandem with soy bean prices.

At Nanded, the weekly average prices traded at INR. 54,666/MT compared to INR. 54,533 MT a

week ago. In Kota the meal prices were down at INR. 51,750/MT compared to INR. 52,250/MT previous week.



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.



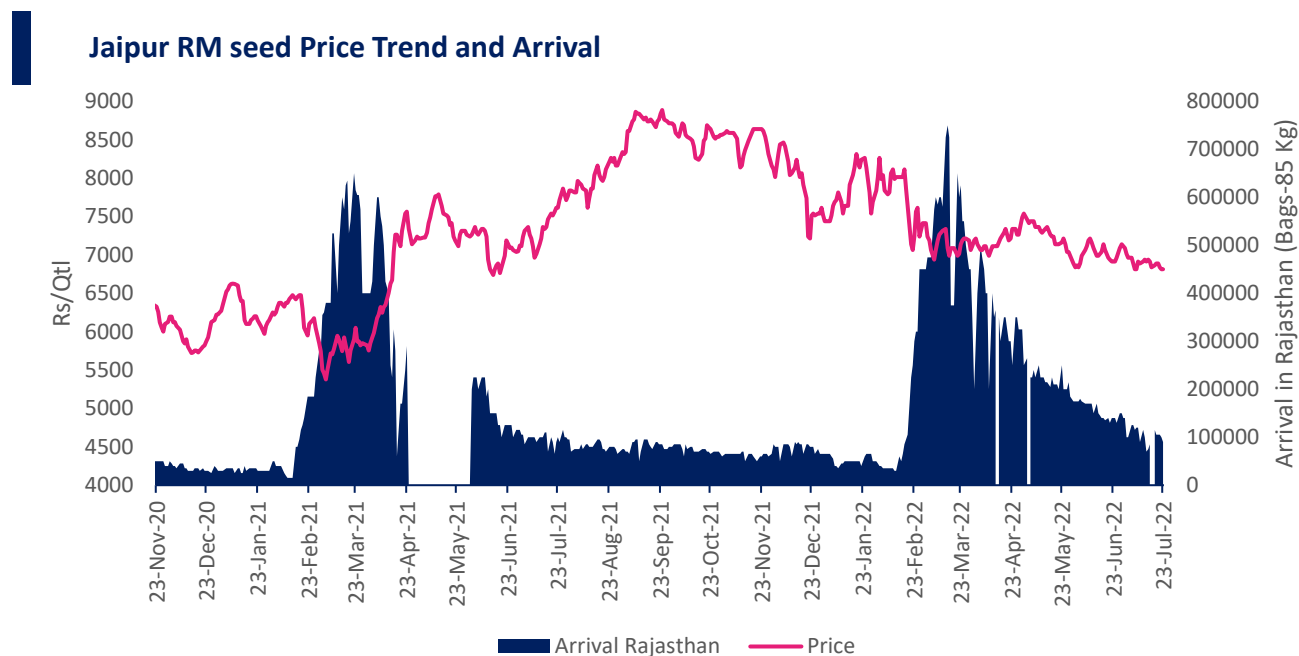
Total oil meal exports in April- June'22 went up by 39% to 10.21 Lakh tonnes vs 7.35 Lakh tonnes previous year same period. However, Soy meal exports went down by 35% to 0.78 Lakh tonnes in April-June'22 Vs 1.20 Lakh tonnes previous year same period. Soy meal exports went down due to over-priced Indian soy meal in the global markets.

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.

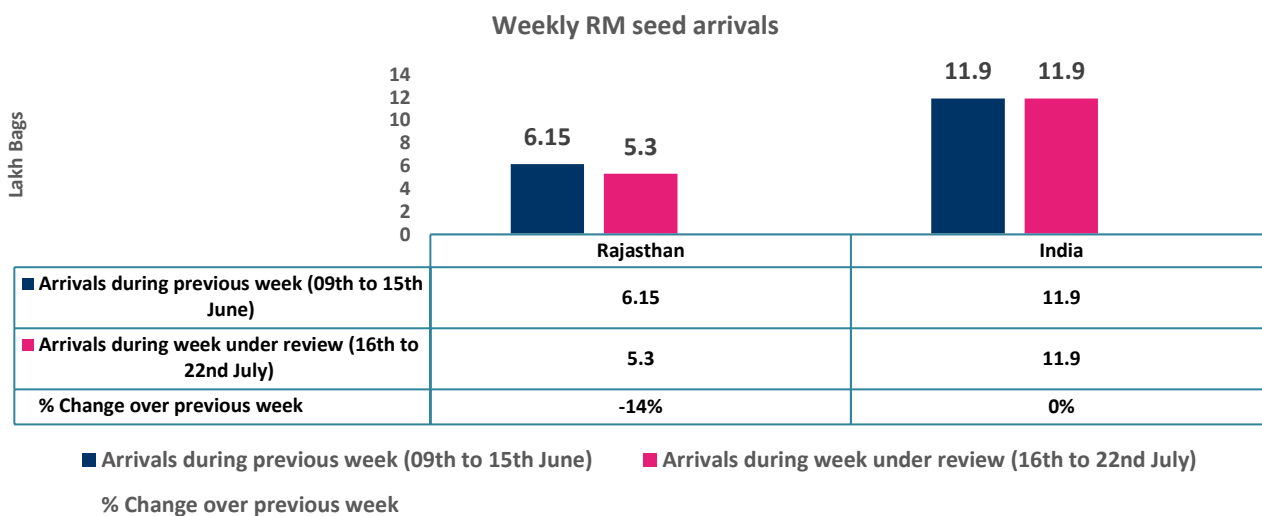
**Soymeal Price Outlook for coming week:** Soybean meal prices are expected to continue to trade with weak bias tracking Soymeal import decision by government and subdued export demand and squeeze in crush margin.

Soymeal Indore Price Outlook (INR./MT)	Week Under review 09th July- 15th July'22	Week Under review 16th July- 22nd July'22	Next week 23rd July- 29th July'22
Weekly Average Price	48,500-50,000	49,000-51,000	48,000-52,000

## Rapeseed - Mustard Seed

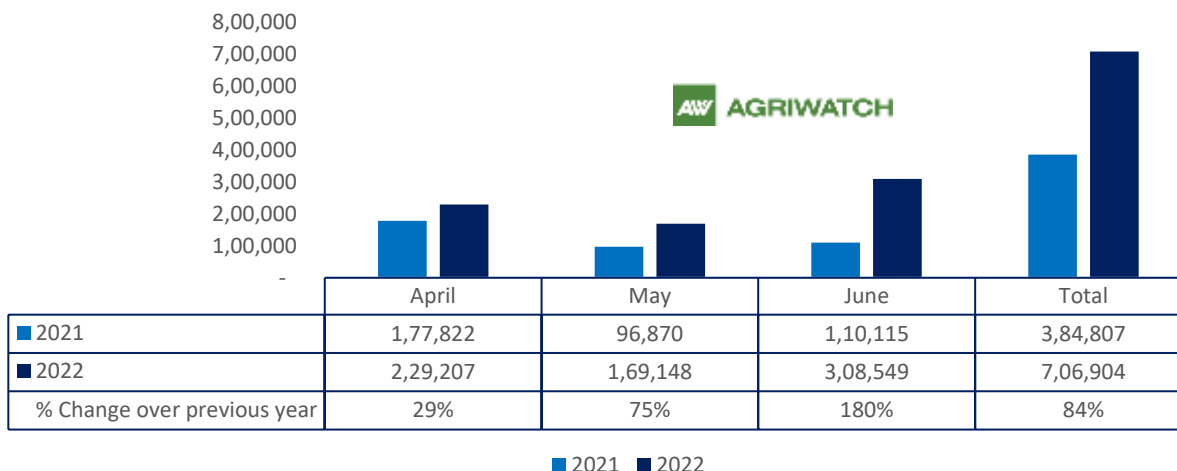


RM seed extended previous week loss, during the week under review, Jaipur RM seed weekly average prices went marginally down by 0.90% to INR. 6,854/qtl as compared to INR. 6,916/qtl last week. Prices went down on weak demand from crushers due to disparity. Farmers are still holding new crops in anticipation of better prices in future.

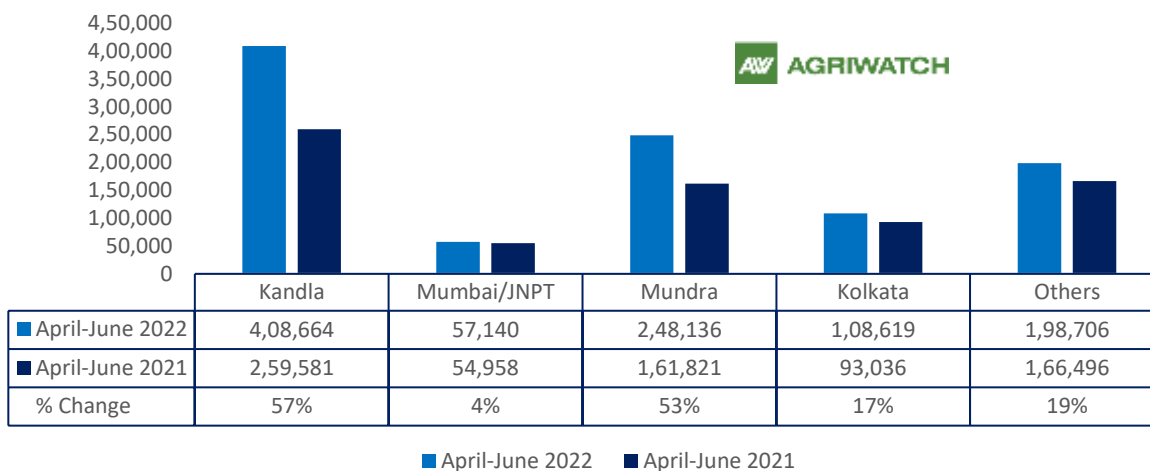


All India Arrivals continued to shrink during the week under review, in Rajasthan, total mustard arrivals continued to shrink and recorded lower by 14% at 5.3 Lakh bags. All India arrivals stood at 11.9 Lakh bags Vs 11.9 Lakh bags previous week. Most of the stockists/ traders are not aggressively buying due to stock limits.

## Rapeseed meal export



## Port wise Oil meal export



During the first three months of the current financial year, there is a significant jump in export of rapeseed meal and reported at 706,904 tons compared to 384,807 tons i.e., up by 84%. And in June 22 exports recorded up by 180% to 3.08 Lakh tonnes vs 1.10 Lakh tonnes in the previous year same period. Upon record crop of rapeseed and crushing resulted in the highest processing, availability of rapeseed meal and export. Currently India is the

most competitive supplier of rapeseed meal to South Korea, Vietnam, Thailand and other Far East Countries. In upcoming months too, we expect good exports amid firm demand from South east Asia.

**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-**

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 – Technical Outlook

### RM seed Jaipur Spot -Weekly time frame

#### Technical Chart:



#### Technical Commentary:

- As depicted in the above chart, market is making lower lows has breached 100 DMA, death cross over in the past indicating bearish sentiments.
- 38.2% Fibonacci retracement level and 100 DMA can be characterized as resistance whereas 50% fibonacci retracement level can be characterized as support level.
- Immediate support is at 6,700, next support is at 6500 and immediate resistance is at 7000, next resistance is at 7200.

#### Recommendation-

Market participants are recommended to do need based buying at current levels.

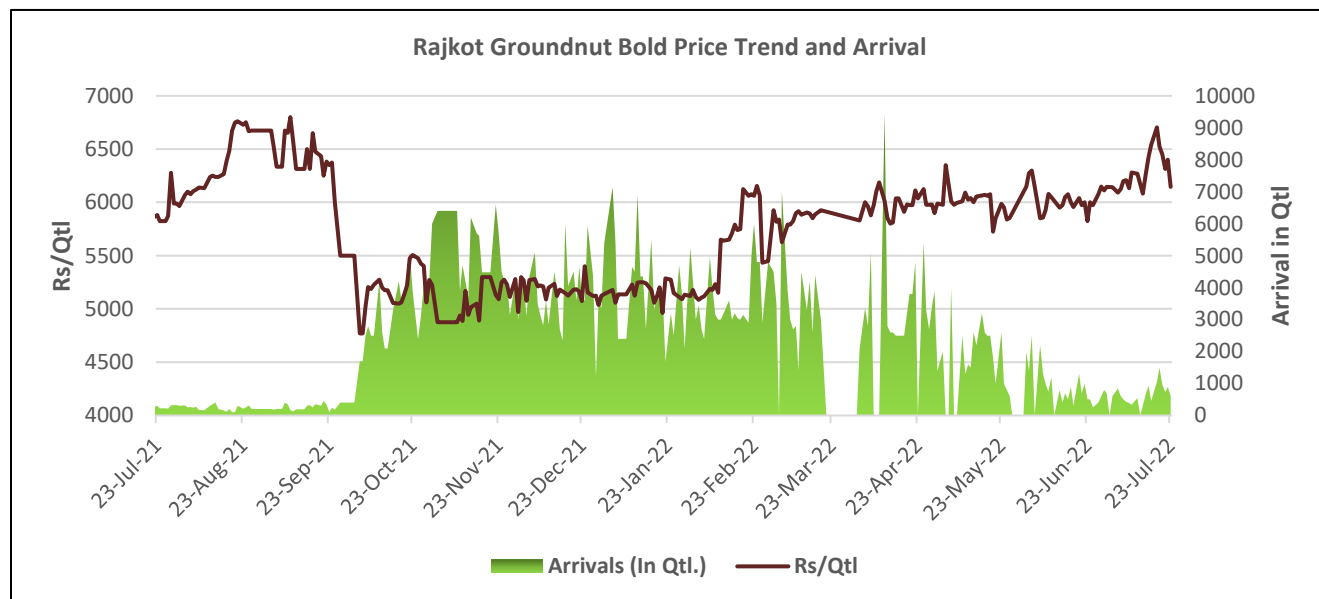
**RM seed Price Outlook for coming week:** RM Seed is expected to trade range bound with weak bias amid weak demand from crushers on squeeze in crush margin.

Jaipur RM seed Mandi Price Outlook (INR./Qtl)	Week Under review 09th July- 15th July'22	Week Under review 16th July- 22nd July'22	Next week 23rd July- 29th July'22
Weekly Average Price	6,888-6938	6,813-6,888	6,700-7,000



## Groundnut

During the week under review, Rajkot Groundnut weekly average bold prices extended previous week gains and went up by 3.6% to INR 6,488/Qtl. as compared to previous week at INR 6,264/ql. amid shrink in arrivals, expectation of decline in acreage and good groundnut oil demand.



Statewise Groundnut sowing progress as on 15th July'22 (Lakh Ha)				
	2022	2021	% Change	Cumulative Rainfall Departure (%) 1st June to 21st July'22
Gujarat	14.26	15.402	-7%	66%
Rajasthan	6.398	6.456	-1%	52%
Karnataka	1.435	1.726	-17%	33%
Andhra Pradesh	1.469	1.118	31%	19%
Others	5.329	5.02	6%	
Total	28.891	29.722	-3%	

As on 15<sup>th</sup> July'22 All India Kharif Groundnut sowing progress is lagging by 3% to 28.8 Lakh hectare as compared to 29.722 Lakh hectare last year in the same period. From 1st June'22 to 21st July'22 cumulative rainfall was above average by 66% in Gujarat, 52% above normal in Rajasthan, 33% in Karnataka and 19% above average in Andhra Pradesh.

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 amid good domestic demand and rebound in groundnut oil prices coupled with slow pace of planting progress.

Rajkot Groundnut Bold Price Outlook (INR./Qtl)	Week Under review 09th July- 15th July'22	Week Under review 16th July- 22nd July'22	Next week 23rd July- 29th July'22
Weekly Average Price	6,083-6,428	6,315-6,705	6,300-6,800

## Annexure

Oilseed Prices at Key Spot Markets:					
Commodity / Centre	% Change over previous week	Today	Week Ago	Month Ago	Year Ago
<b>Soybean</b>		<b>22-Jul-22</b>	<b>15-Jul-22</b>	<b>21-Jun-22</b>	<b>22-Jul-21</b>
Indore –Plant	-2%	6100	6200	6550	8575
Indore–Mandi	-	6000	Closed	6375	8400
Nagpur-Plant	-8%	6400	6950	6360	8100
Nagpur – Mandi	-7%	6100	6550	6300	7950
Latur – Mandi	0%	6325	6350	6575	8500
Akola – Mandi	-3%	6080	6255	6390	8000
Kota-Plant	-6%	5850	6200	6350	8650
Kota – Mandi	-5%	5800	6100	6250	8625
Bundi-Plant	-4%	5800	6050	6400	8550
Bundi-Mandi	-4%	5760	6000	6100	8500
Baran-Plant	-5%	5970	6300	6380	8660
Baran-Mandi	-5%	5770	6100	6280	8560
Bhawani Mandi Jhalawar–Plant	-6%	5870	6250	Closed	8700
Jhalwar-Mandi	-6%	5850	6230	Closed	8500
<b>Rapeseed/Mustard</b>					
Jaipur-(Condition)	-1%	6825	6925	6950	7625
Alwar-(Condition)	-2%	6400	6550	6300	7350
Sri Ganganagar-(Non-Condition)	-	6170	-	6215	7020
New Delhi–(Condition)	0%	6525	6500	6600	7350
Kota-(Condition)	-4%	6220	6500	6050	7300
Agra-(Condition)	-1%	6810	6905	6762	7619
Neewai-(Condition)	-6%	6400	6800	6650	7075
Hapur (UP)-(Condition)	-3%	6500	6700	6700	7450
<b>Groundnut Seed</b>					
Rajkot	0%	1130	1135	1080	1000
<b>Sunflower Seed</b>					
Gulbarga	-	-	-	5000	-

Latur	0%	6700	6700	7200	6800
Sholapur	0%	6700	6700	7200	6800
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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