

# Oil Seed Weekly Research Report

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## Executive Summary

The weekly average prices of Soybean Indore plant prices went marginally up by 0.46% to INR 6,317/ Qtl. as compared to 6,288/qtl. previous week amid shrink in arrivals and firm soy oil prices. Prices were in the range of INR. 6,200-6,400/qtl during the period.

The weekly average prices of Indore soymeal remained sideways and witnessed marginal gain and went up by 0.10% to INR 50,600/MT /MT as compared to last week at INR 50,550/MT amid GM soymeal import and squeeze in crush margin.

During the week under review, Jaipur RM seed remained sideways and went marginally up by 0.84% to INR. 6,933/qtl amid weak demand from crushers.

During the week under review, Rajkot groundnut bold prices went down by 1.1% by to INR 6,369/Qtl. as compared to previous week at INR 6,439/qtl.

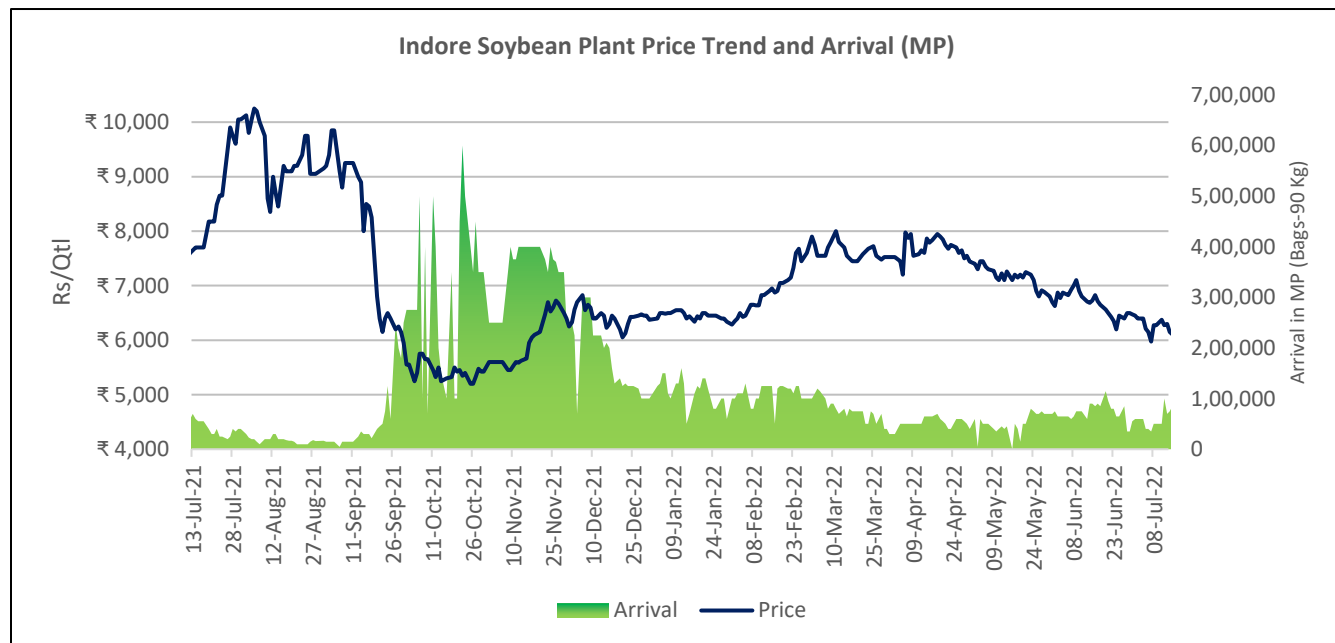
## Outlook – Cash Market

**Outlook - Soybean (Spot Indore):** In the coming week, soybean prices are expected to trade range bound with weak bias amid weak demand from crushers. The prices (Indore, Plant basis) are expected to feature range bound movement in the price band of 5,900-6,200 levels in the near term.

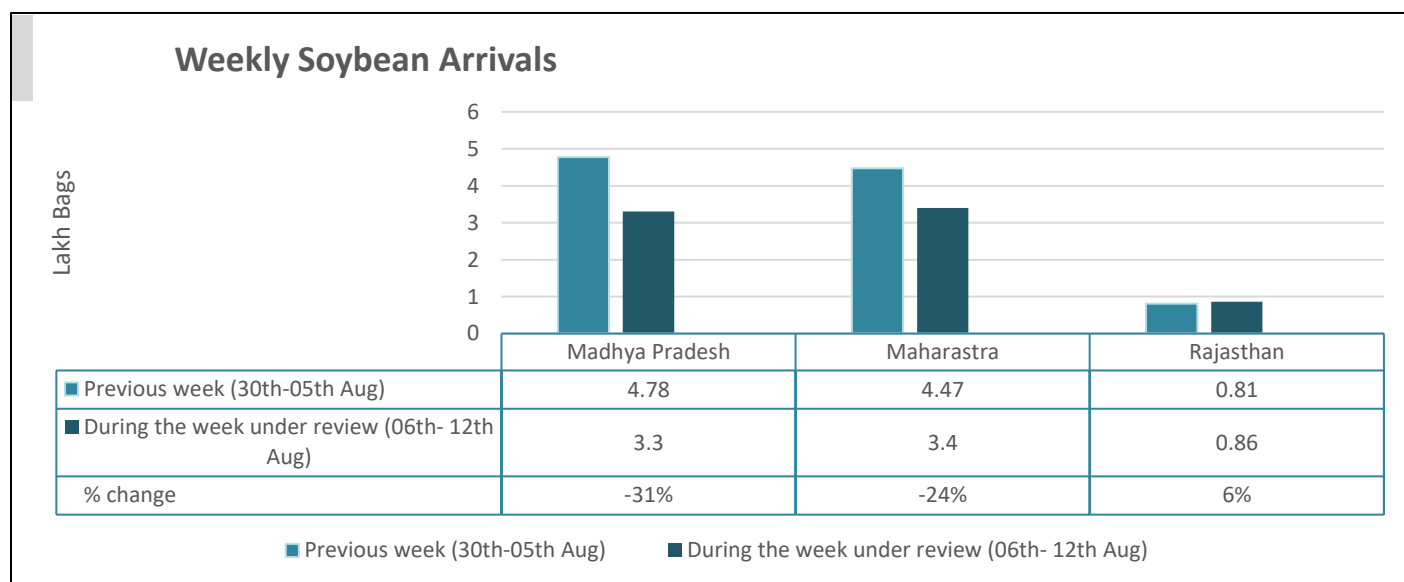
**Outlook – Soy meal:**  
The soy meal prices (Indore) are likely to trade with weak bias tracking GM Soymeal import and sluggish soymeal export demand. Soy meal Indore prices are likely to trade in the range of 49,000 – 52,000/MT.

**Outlook - Rapeseed-Mustard (Spot, Jaipur basis):** Rapeseed-Mustard is expected to trade range bound with weak bias amid weak demand from crushers. The seed prices are likely to trade in the range between 6,800 – 7,000/Qtl. in the short-run.

## Soybean



During the week under review, Soybean indore plant prices remained sideways and went marginally up by 0.46% to INR 6,317/ Qtl. as compared to 6,288/qtl. previous week amid shrink in arrivals and gains in soy oil prices. Soy oil went up by 2.7% during the week under review amid rebound in CBOT soy oil.



This week, the total arrival in MP declined by 31% to 3.3 Lakh bags Vs 4.78 Lakh bags last week. In Maharashtra arrivals declined by 24% to 3.4 Lakh bags vs 4.47 Lakh bags last week and in Rajasthan the arrivals went marginally up by 6% at 0.86 lakh bags Vs 0.81 Lakh bags previous day. Arrivals remained low as farmers are not willing to sell at lower prices.

### Soybean Sowing Updates:

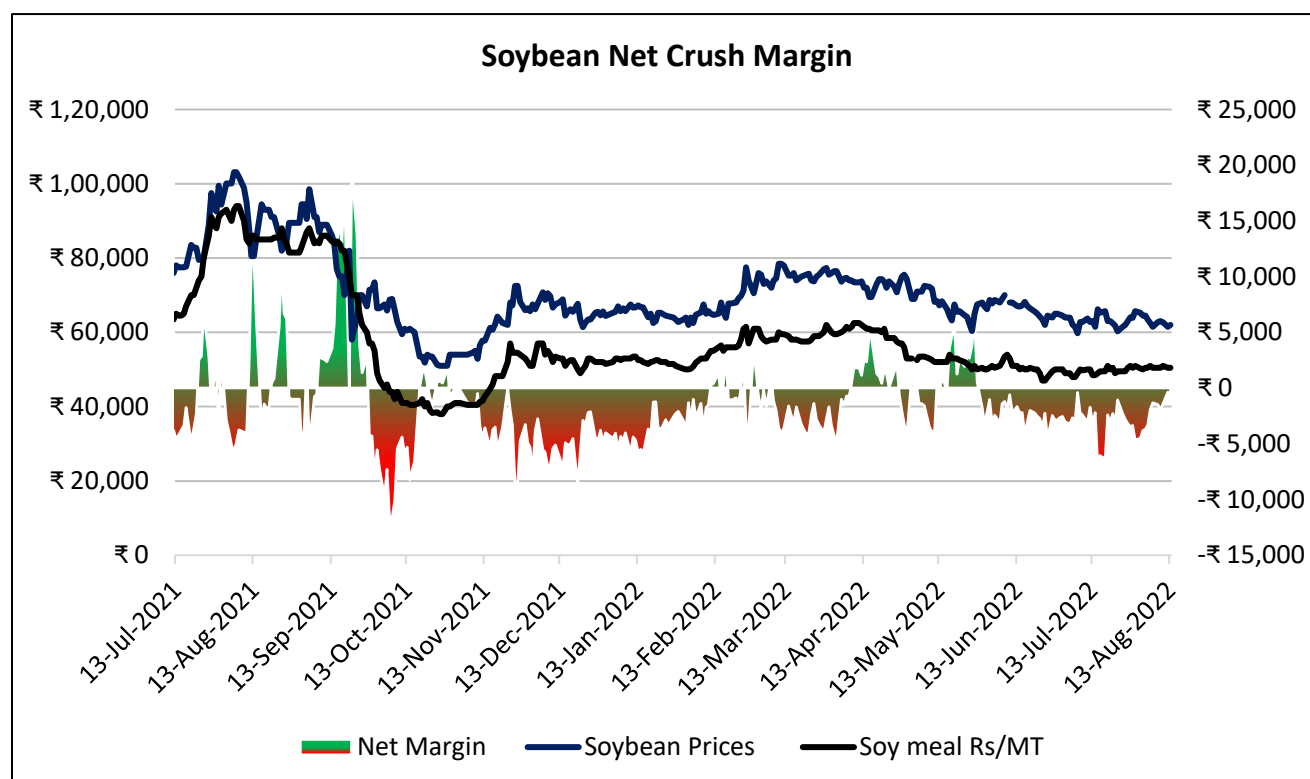
From 1st June'22- 16th Aug'22, cumulative rainfall recorded above average by 30% in Maharashtra, 16% in MP, in Rajasthan cumulative rainfall remained above average at 41%. As on 12th Aug'22 All India Kharif soybean sowing progress is up by 1% to 118.73 Lakh hectare as compared to 117.93 Lakh hectare last year in the same period. Agriwatch expects soybean acreage to decline by 5-8% amid acreage shift to cotton and Maize.

As per sources, multiple crops including soybean have been damaged due to heavy rains, 1 lakh 31 thousand crops in Wardha districts and 1 lakh 22 thousand hectares in Yavatmal district have been affected. 55 thousand hectares in Chandrapur, 33 thousand hectares in Nagpur, 19 thousand hectares in Bhandara, 13 thousand hectares in Gadchiroli, 7 thousand hectares in Buldhana, 72 thousand hectares in Akola, 27 thousand hectares in Amravati, 16 thousand hectares in Hingoli, 3 thousand hectares in Pune district, 2 thousand hectares in Dhule., Nashik, two thousand hectares of crops have been affected.

State wise Soybean sowing progress as on 12th Aug'22 (Lakh Ha)				
State	2022	2021	% Change	Cumulative Rainfall Departure (%) 1st June to 16th Aug'22
Maharashtra	47.75	44.74	7%	30%
Madhya Pradesh	49.92	53.87	-7%	16%
Rajasthan	11.46	10.31	11%	41%
Karnataka	4.28	3.83	12%	34%
Telangana.	1.53	1.41	8%	74%
Others	3.80	3.78	0%	
<b>Total</b>	<b>118.736</b>	<b>117.933</b>	<b>1%</b>	

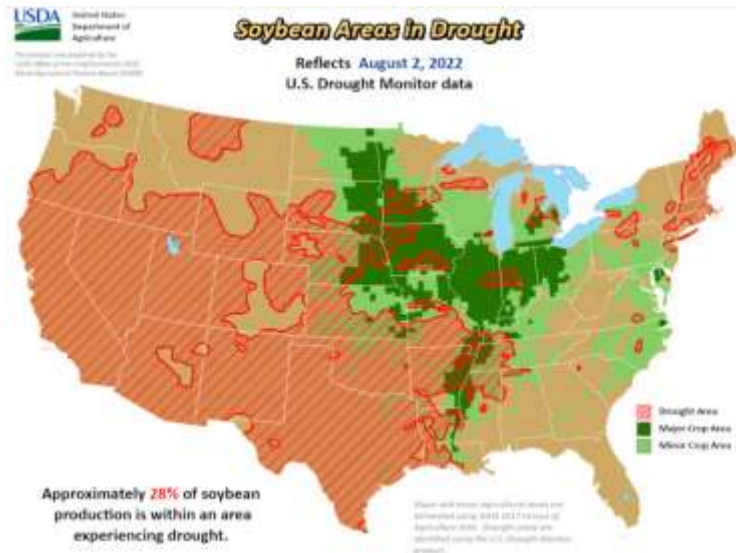
## Soybean Crush Margin-

Soybean net crush margin continue to remain negative during the week under review. Weekly average soybean net crush margin remained squeezed and improved to INR -1,295/MT as compared to INR. -3,645/MT previous week amid improvement in Soy prices. We expect improvement in crush margin in the upcoming week too on rebound in soy oil prices.



## International:

According to USDA's latest report, 3% of Soybean crop is in very poor condition, unchanged as compared to previous week, 9% is in poor condition Vs 8% previous week, fair condition remained unchanged at 30% as compared to previous week, 48% in good condition Vs 49% in previous week and 10% in excellent condition, unchanged as compared to previous week.



Currently in US, 28% of Soybean production is within an area experiencing drought.

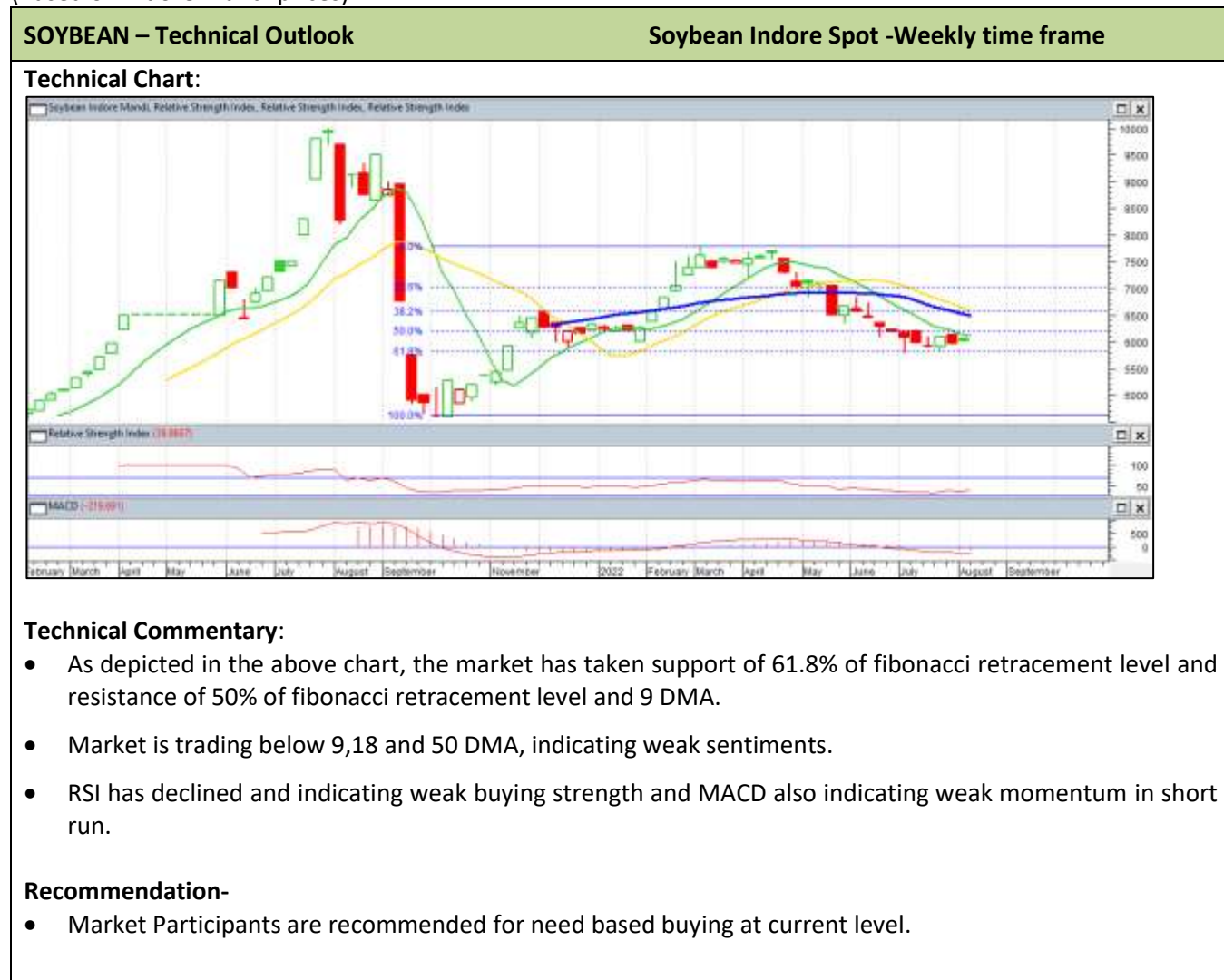
## Technical Analysis US Soybean futures



As depicted in the above chart, US Soybean US Soybean taking support from 61% fibonacci retracement level and golden cross over during the week indicating change in trend. However market is still trading below 50 and 100 DMA. RSI at 46 indicating steady buying strength. And MACD indicating firm momentum in short run. Over all market is expected to take support from 1360-1380 in short run and resistance from 1430-1450.

## Technical Analysis (Domestic market)

(Based on Indore Mandi prices)

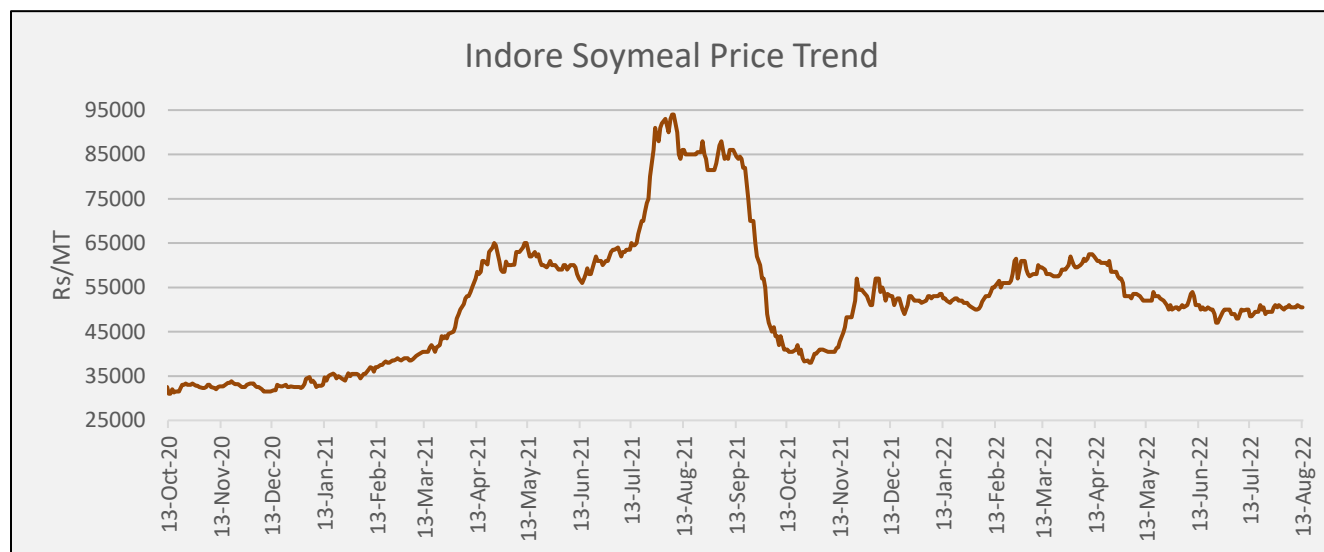


**Soybean Price Outlook for coming week:** Indore Soybean mandi prices are currently trading at INR. 6,050/qtl. and are expected to trade with weak bias in the coming week amid weak soymeal demand.

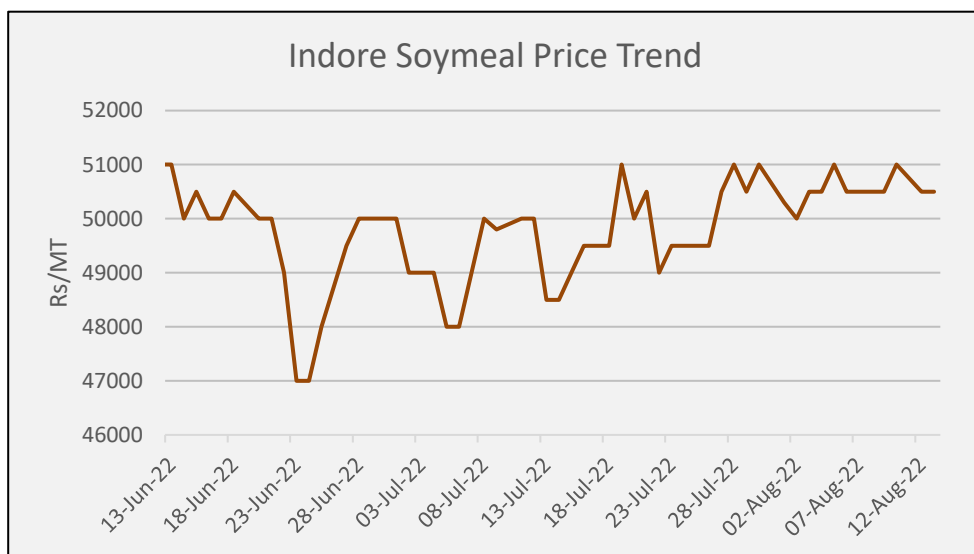
Soybean Mandi Price Outlook (INR./Qtl)	Previous week 30th July- 05th Aug'22	Week under review 06th Aug'22- 12th Aug'22	Next week 13th Aug'22- 19th Aug'22
Weekly Average Price	5,975-6,125	5,950-6,100	5,900-6,200



## Soymeal



During the week under review, Indore Soymeal prices weekly average prices remained sideways and went marginally up by 0.10% to INR 50,600/MT as compared to last week at INR 50,550/MT. Overall the prices quoted between INR 50,500 – 51,000/MT throughout the week. There is weak domestic demand from poultry

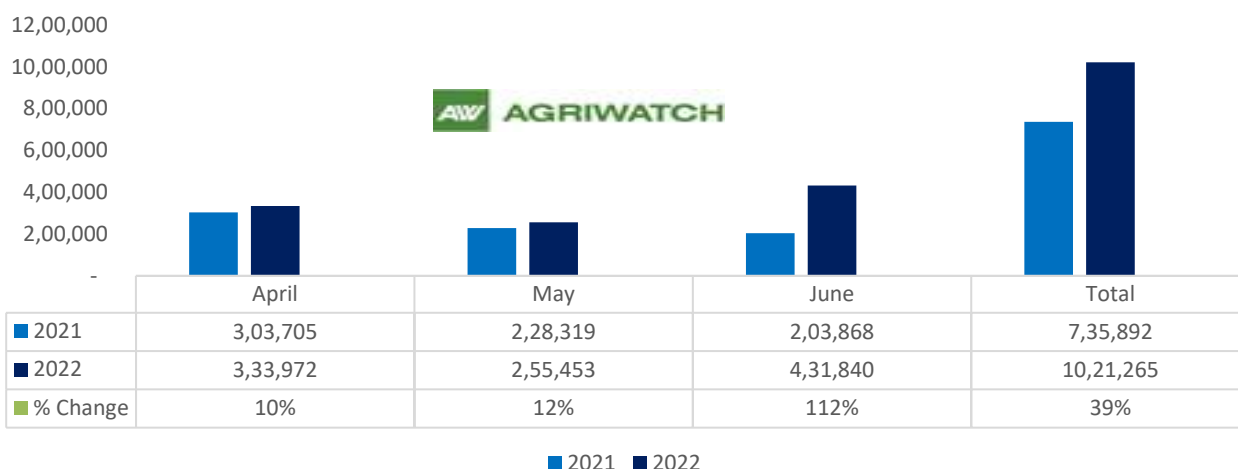


industry amid higher prices as compared to competing meals. Additionally, Indian soymeal export demand is also weak in global market due to higher prices as compared to FOB Argentina SBM.

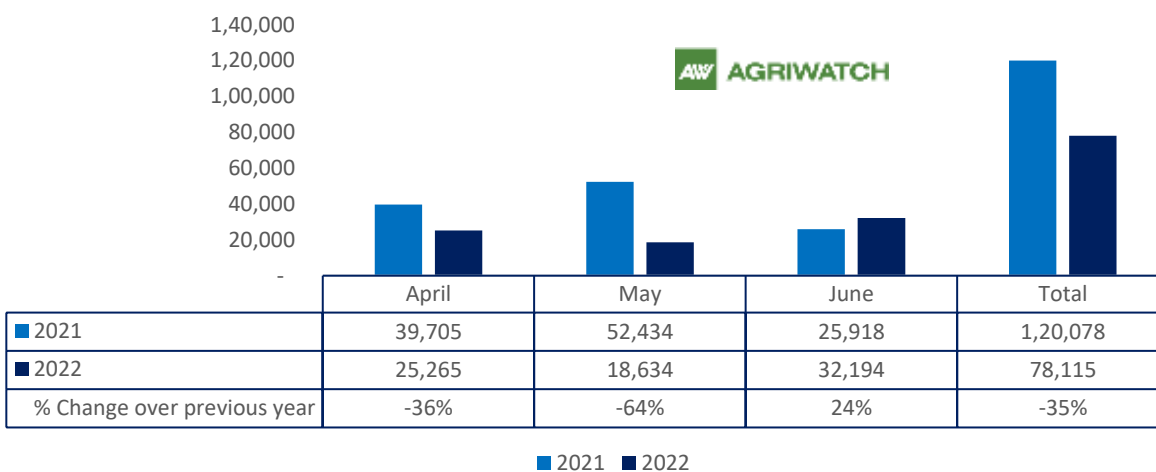
At Nanded, the weekly average prices traded at INR. 54,700/MT compared to INR. 54,750 MT a week ago. In Kota the meal prices were up at INR. 53,340/MT compared to INR. 53,633/MT previous week.



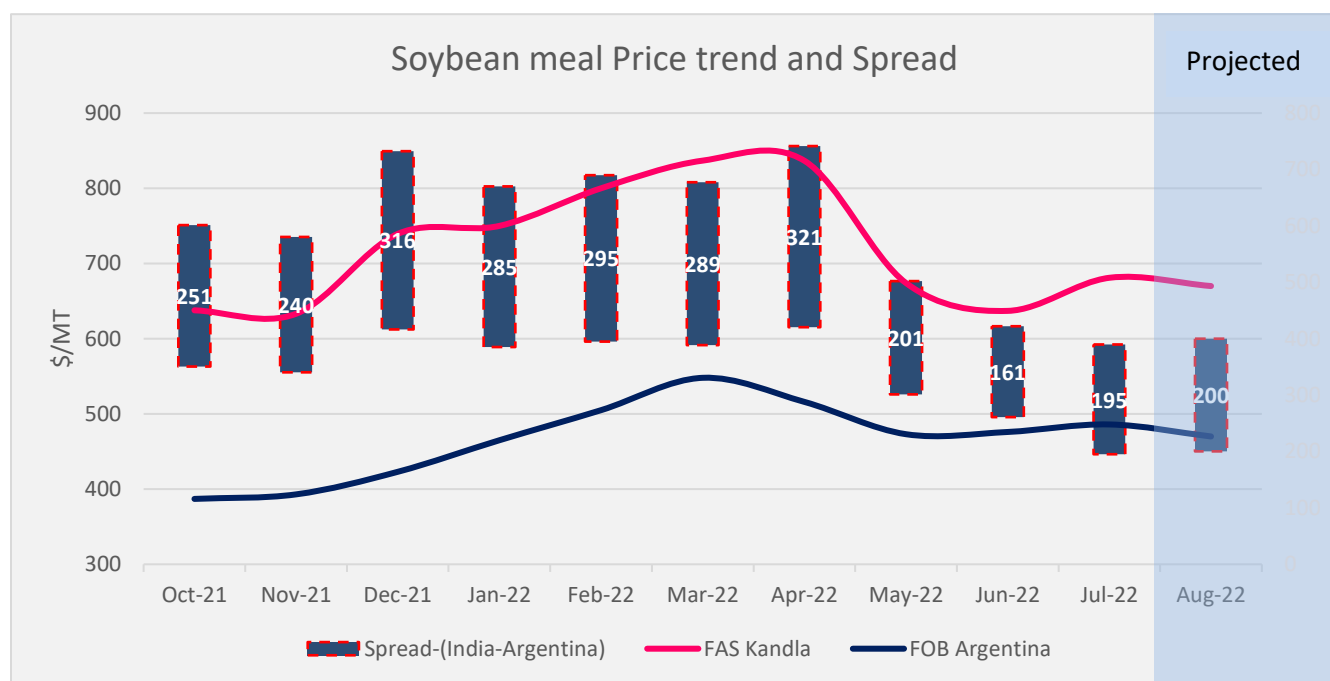
### Total oil meal export



### Soy meal export



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.



In July'22 FAS Kandla was outpriced by USD 195/MT to FOB SBM Argentina prices. Upon pricy Indian SBM, export demand remained limited. In August we expect Indian SBM to remain outpriced by USD 200/MT.

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.

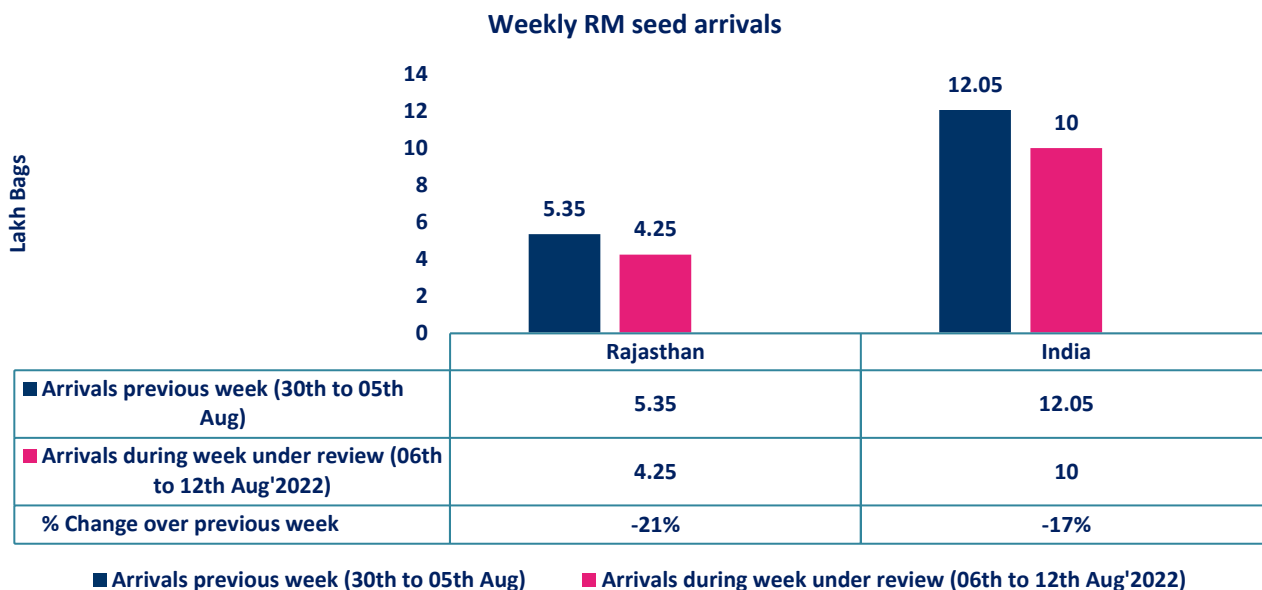
**Soymeal Price Outlook for coming week:** Soybean meal prices are expected to trade range bound with weak bias tracking weak export demand and squeeze in crush margin.

Soymeal Indore Price Outlook (INR./MT)	Previous week 30th July- 05th Aug'22	Week under review 06th Aug'22- 12th Aug'22	Next week 13th Aug'22- 19th Aug'22
Weekly Average Price	50,000-51,000	50,500-51,000	49,000-52,000

## Rapeseed - Mustard Seed

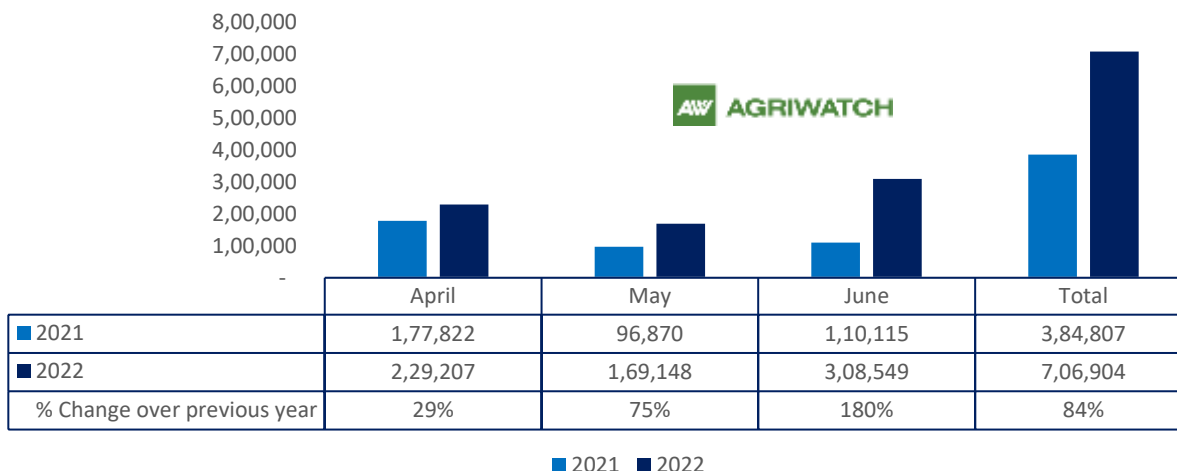


RM seed remained sideways during the week under review, Jaipur RM seed weekly average prices remained sideways and went marginally up by 0.84% to INR. 6,933/qtl as compared to INR. 6,875/qtl last week. Prices remained sideways amid weak demand from crushers due to disparity. Farmers are still holding stock in anticipation of better prices in future.

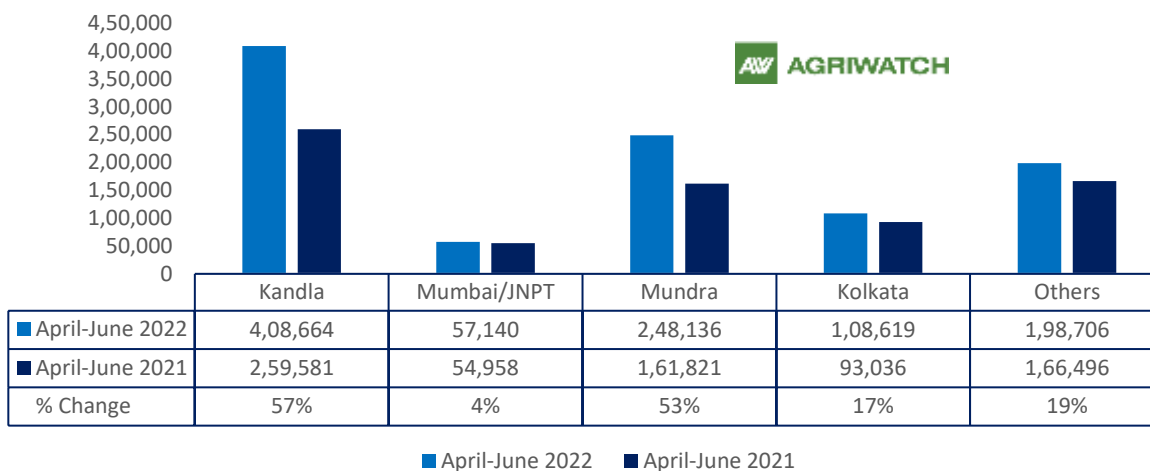


All India Arrivals shrank during the week under review, in Rajasthan, total mustard arrivals recorded low by 21% to 4.35 Lakh bags as compared to 5.35 lakh bags previous week. All India arrivals shrank by 17% to 10 Lakh bags Vs 12.05 Lakh bags previous week. Most of the stockists/ traders are not aggressively buying due to stock limits and farmers are holding their stocks in anticipation of better prices, crushers are not buying due to disparity.

### 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 384,807tons 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 in down trend and trading below 9,18,50 and 100 DMA indicating weak sentiments.
- 50% Fibonacci retracement level and 100 DMA can be characterized as resistance whereas 61.8% fibonacci retracement level can be characterized as immediate 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-

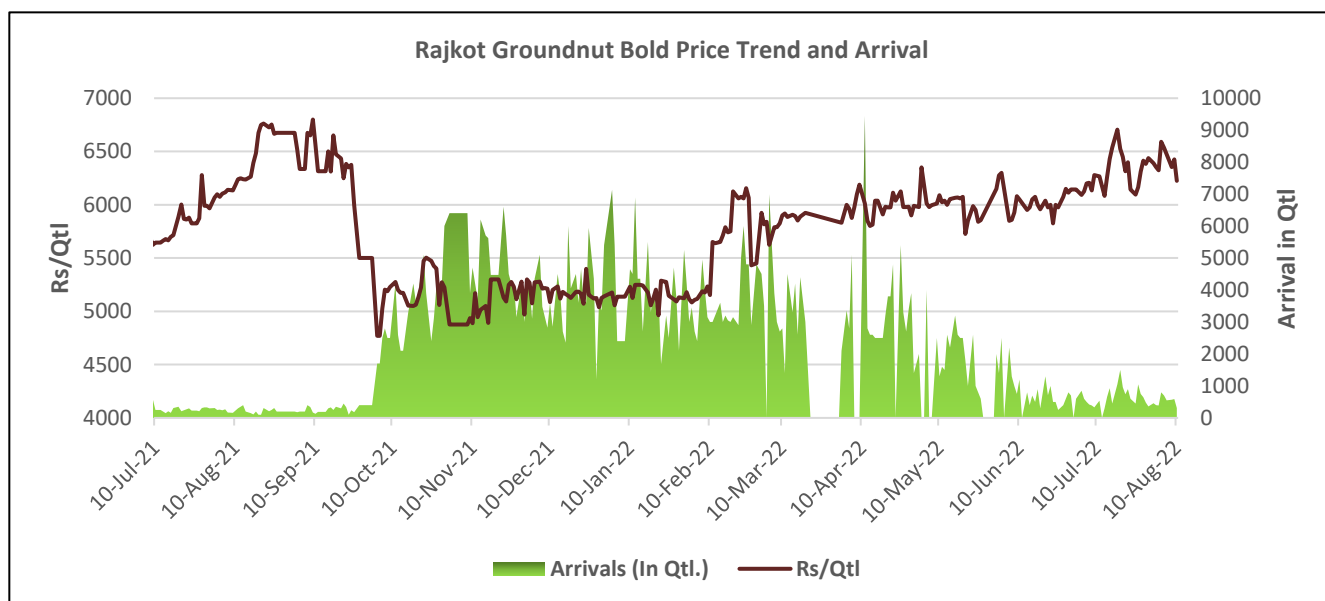
Market participants are recommended to do need based buying at current levels.

**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)	Previous week 30th July- 05th Aug'22	Week under review 06th Aug'22- 12th Aug'22	Next week 13 <sup>th</sup> Aug'22- 19 <sup>th</sup> Aug'22
Weekly Average Price	6,813-6,988	6,863-6,963	6,800-7,000

## Groundnut

During the week under review, Rajkot Groundnut weekly average bold prices remained sideways and went marginally down by 1.1% to INR 6,369/Qtl. as compared to previous week at INR 6,439/ql. However, all India arrivals recorded down by 22% to 39.52 thousand tonnes as compared to 50.38 thousand tonnes previous week.



Statewise Groundnut sowing progress as on 12th Aug'22 (Lakh Ha)				
	2022	2021	% Change	Cumulative Rainfall Departure (%) 1st June to 16th Aug'22
Gujarat	16.94	19.01	-11%	33%
Rajasthan	7.84	7.49	5%	42%
Karnataka	2.84	4.25	-33%	33%
Andhra Pradesh	5.00	6.16	-19%	18%
Others	10.26	10.55	-3%	
Total	42.87	47.46	-10%	

As on 12th Aug'22 All India Kharif Groundnut sowing progress is lagging by 10% to 42.87 Lakh hectare as compared to 47.46 Lakh hectare last year in the same period. From 1st June'22 to 16th July'22 cumulative rainfall departure recorded up by 33% in Gujarat, 42% in Rajasthan, 33% in Karnataka and



18% 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 Price Outlook for coming week:** Rajkot groundnut bold prices expected to trade steady to firm amid good domestic demand and decline in acreage.

Rajkot Groundnut Bold Price Outlook (INR./Qtl)	Previous week 30th July- 05th Aug'22	Week under review 06th Aug'22- 12th Aug'22	Next week 13 <sup>th</sup> Aug'22- 19 <sup>th</sup> Aug'22
Weekly Average Price	6,325-6,593	6,225-6,475	6,200-6,500

## Annexure

Oilseed Prices at Key Spot Markets:					
Commodity / Centre	% Change over previous week	Today	Week Ago	Month Ago	Year Ago
<b>Soybean</b>		12-Aug-22	06-Aug-22	12-Jul-22	12-Aug-21
Indore –Plant	2%	6400	6300	6350	9300
Indore–Mandi	0%	6100	6100	6250	9000
Nagpur-Plant	0%	6290	6300	6620	8100
Nagpur – Mandi	-2%	6100	6200	6240	7600
Latur – Mandi	2%	6465	6345	6495	9365
Akola – Mandi	0%	6350	6325	6165	8350
Kota-Plant	4%	6450	6200	6350	9300
Kota – Mandi	2%	6150	6050	6250	9100
Bundi-Plant	0%	6240	6250	6200	9100
Bundi-Mandi	1%	6140	6050	6050	9000
Baran-Plant	0%	6350	6335	6450	9000
Baran-Mandi	-	Closed	5935	6250	8800
Bhawani Mandi Jhalawar–Plant	0%	6250	6220	6350	9200
Jhalwar-Mandi	1%	6120	6070	6300	9000
<b>Rapeseed/Mustard</b>					
Jaipur-(Condition)	1%	6975	6875	6950	7875
Alwar-(Condition)	4%	6750	6500	6500	7550
Sri Ganganagar-(Non-Condition)	2%	6250	6150	6600	7250
New Delhi–(Condition)	2%	6650	6550	6550	7500
Kota-(Condition)	3%	6350	6175	6350	7300
Agra-(Condition)	-	Closed	7048	7048	8000
Neewai-(Condition)	3%	6650	6450	6700	7400
Hapur (UP)-(Condition)	-	Closed	6700	6800	7600
<b>Groundnut Seed</b>					
Rajkot	-	NA	1162	NA	1110
<b>Sunflower Seed</b>					

Gulbarga	-	NA	-	-	-
Latur	0%	6700	6700	6700	7100
Sholapur	0%	6700	6700	6700	7100
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.					

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