

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 10% to INR 5,346/ Qtl. as compared to 5,957/qtl. previous week amid unchanged tariffs on edible oils.

The weekly average prices of Indore soymeal too corrected and went down by 10% to INR 42,583/MT as compared to last week at INR 47,416/MT amid correction in oilseed complex.

During the week under review, Jaipur RM seed weekly average prices went down by 4% to INR. 6,633/qtl amid weak demand from crushers.

During the week under review, Rajkot groundnut bold prices went down at INR 6,237/Qtl. amid correction in oilseed complex.

Outlook – Cash Market

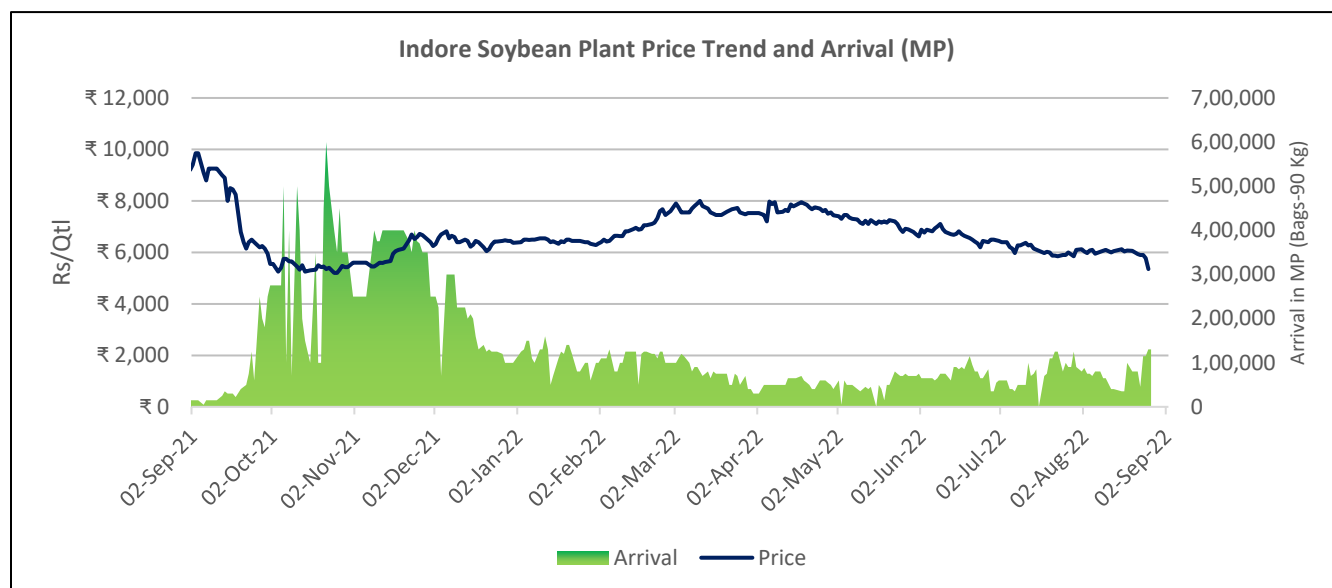
Outlook - Soybean (Spot Indore): In the coming week, soybean prices are expected to trade weak bias amid unchanged import tariff rates. The prices (Indore, Plant basis) are expected to feature range bound movement in the price band of 4,800-5,500 levels in the near term.

Outlook – Soy meal:

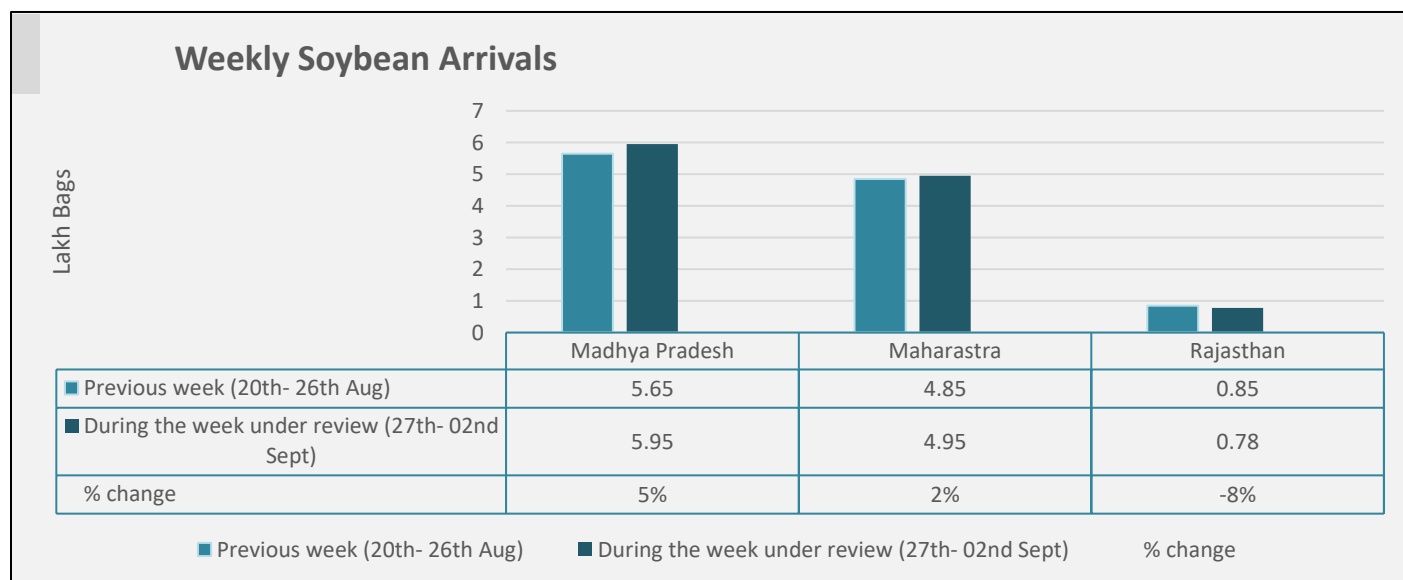
The soy meal prices (Indore) are likely to trade with weak bias in tandem with correction in soybean prices, GM Soymeal import and sluggish soymeal export demand. Soy meal Indore prices are likely to trade in the range of 40,000 – 43,000/MT.

Outlook - Rapeseed-Mustard (Spot, Jaipur basis): Rapeseed-Mustard is expected to trade range bound with weak bias tracking weakness in oilseed complex. The seed prices are likely to trade in the range between 6,200 –6,500/Qtl. in the short-run.

Soybean



During the week under review, Soybean indore plant prices extended previous day loss and went down by 10% to INR 5,346/ Qtl. as compared to 5,957/qtl. previous week amid weak demand from crushers and high ending stock and unchange in edible oil import tariff, as market was expecting tariff hike.



This week, the total arrival in MP rebounded to 5.95 Lakh bags Vs 5.65 Lakh bags previous week. In Maharashtra arrivals recorded marginally up to 4.95 Lakh bags vs 4.85 Lakh bags last week However in Rajasthan the arrivals went down to 0.85 lakh bags Vs 0.78 Lakh bags previous week.

Soybean Sowing Updates and crop condition:

Madhya Pradesh	Cumulative Rainfall Departure (%) 1st June to 04th Sept'22	Maharashtra	Cumulative Rainfall Departure (%) 1st June to 04th Sept'22	Rajasthan	Cumulative Rainfall Departure (%) 1st June to 04th Sept'22
Rajgah	90%	Nagpur	45%	Kota	58%
Videsha	53%	Latur	28%	Jhalawar	50%
Dewas	49%	Yavatmal	27%	Bundi	47%
Shajahpur	44%	Parbhani	7%	Pratapgarh	30%
Mandsaur	31%	Amaravati	4%	Baran	19%
Ashok nagar	29%	Washim	3%	Chittaurgarh	13%
Ratlam	28%	Jalna	-1%	Rajasthan	41%
Ujjain	21%	Buldhana	-8%		
Indore	11%	Hingoli	-14%		
Dhar	-9%	Akola	-15%		
MP	20%	Maharashtra	17%		

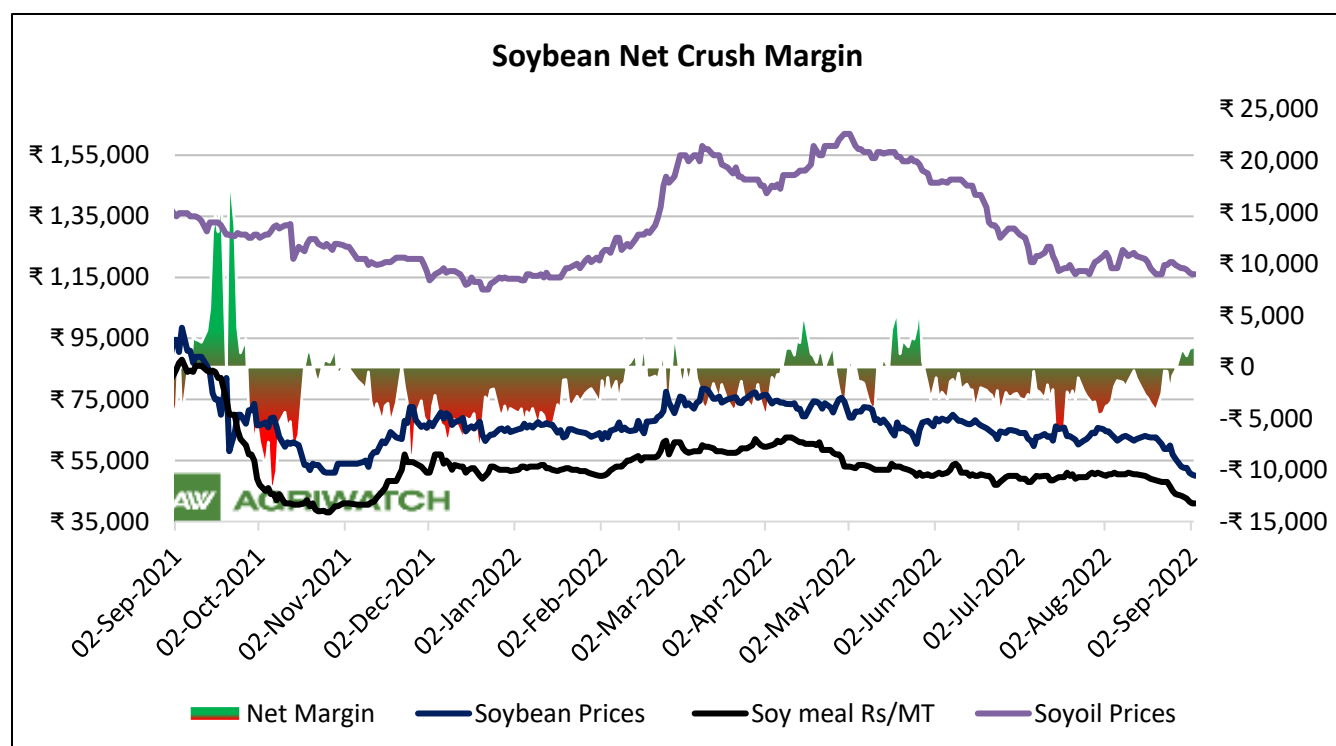
State wise Soybean sowing progress as on 02nd Sept'22 (Lakh Ha)				
State	2022	2021	% Change	Cumulative Rainfall Departure (%) 1st June to 04th Sept'22
Maharashtra	48.70	45.94	6%	17%
Madhya Pradesh	50.18	55.14	-9%	20%
Rajasthan	11.51	10.63	8%	41%
Karnataka	4.36	3.83	14%	34%
Telangana.	1.74	1.41	23%	45%
Others	3.88	3.69	5%	
Total	120.37	120.64	-0.2%	

From 1st June'22- 04th Sept'22, cumulative rainfall recorded above average by 17% in Maharashtra, 20% in MP, in Rajasthan cumulative rainfall remained above average at 41%. As on 02nd Sept'22 All India Kharif soybean sowing progress is down by 0.2% to 120.37 Lakh hectare as compared to 120.64 Lakh hectare last year in the same period. Agriwatch expects soybean acreage to decline by 5-8% amid acreage shift to cotton and Maize.

According to industry sources, Soybean crop all across India is in normal to good condition. Vegetative growth is excellent. Most crop is in flowering and pod formation stage. Soybean fields are mostly weed-free and there is no significant attack of insects or diseases. Due to excessive and continuous rains, in some districts of Maharashtra and Madhya Pradesh, water logging has been seen in low lying areas, causing yellowing of leaves and there may be some damage to crop and also yield loss in these areas. Yellow mosaic is not a major concern in any state. Overall rainfall is good in key growing districts of all the three states. Acreage in MP has declined by 9% due to acreage shift to maize and pulses. If the weather remains favourable in September and there is no sudden and significant variation in temperature and there are no continuous rains at pod filling stage or harvest time, it is expected to reap a good soybean crop this year.

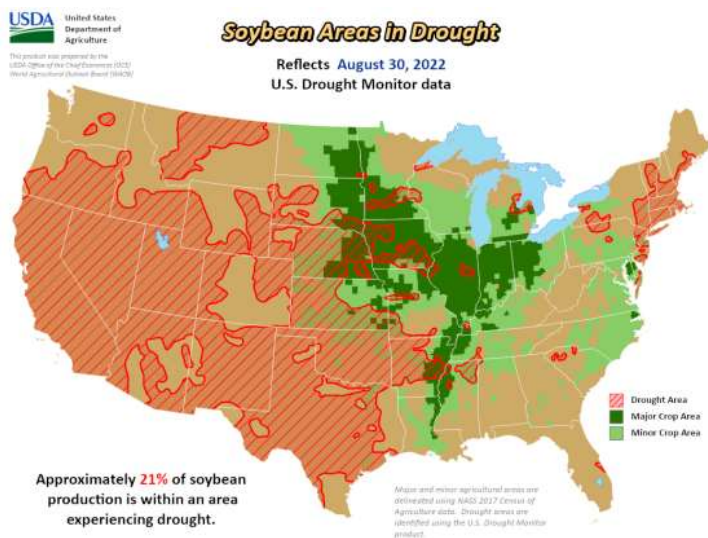
Soybean Crush Margin-

Soybean net crush margin turned positive on correction in bean prices, during the week under review, weekly average soybean net crush margin improved to INR 1,262/ MT as compared to previous week at INR -1,833/MT. In upcoming weeks, upon positive crush margin, soybean demand from crushers may underpin soy prices.



International:

According to USDA's latest report, 4% of Soybean crop is in very poor condition as compared to previous week at 4%, 9% is in poor condition unchanged as compared to previous week, fair condition remained unchanged at 30% as compared to previous week, 46% in good condition Vs 47% in previous week and 11% in excellent condition, as compared to previous week at 10%.



Currently in US, 21% of Soybean production is within an area experiencing drought as compared to 21% previous week.

Technical Analysis US Soybean futures



As depicted in the above chart, US Soybean facing resistance from 50% fibonacci retracement level and 9,18 and 50 DMA . RSI at 48 indicating firm buying strength. And MACD indicating steady momentum in short run. Over all market is expected to trade range bound and take support from 1375-1390 in short run and resistance from 1480-1500.

Technical Analysis (Domestic market)

(Based on Indore Mandi prices)

SOYBEAN – Technical Outlook

Soybean Indore Spot -Weekly time frame

Technical Chart:



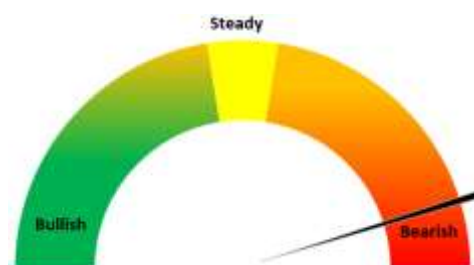
Technical Commentary:

- Soybean Indore prices corrected by more than 40% from all-time high since Aug '21 and down by almost 30% since April'22. Market is moving in down trend since April'22, making lower lows and lower high, lower channel can be characterized as support and upper channel can be characterized as resistance. Market is currently trading below 9,18 and 50 DMA indicating weak sentiments. Multi week support ,61.8% Fibonacci Retracement has been breached previous week. Immediate support seems to be around 4800-5000.

Recommendation-

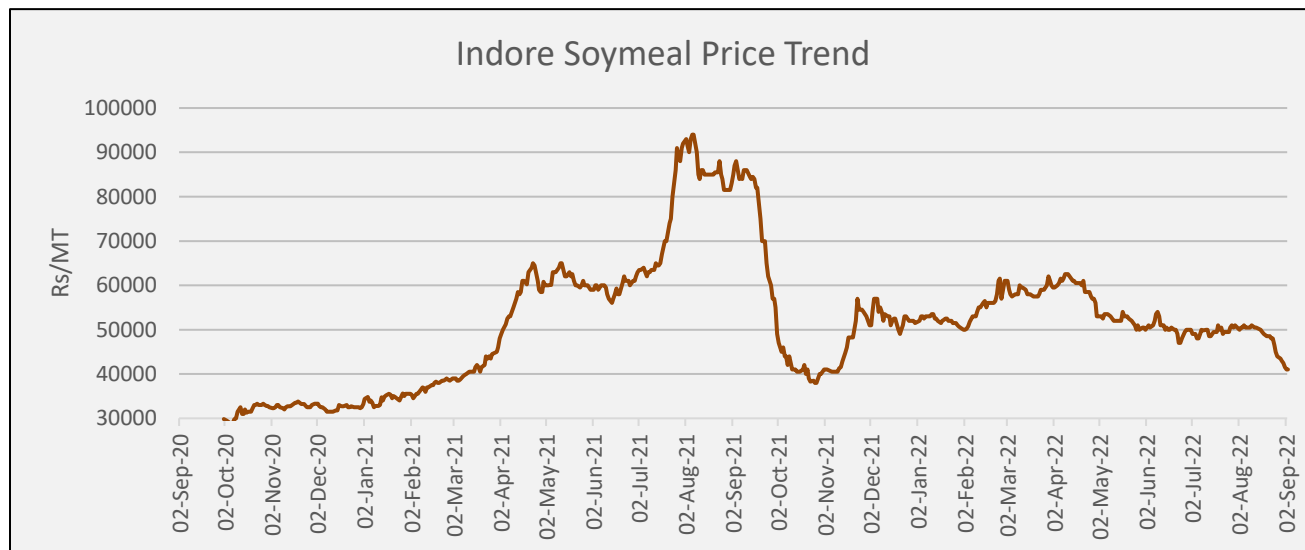
- Market Participants are recommended for need based buying at current level.

Soybean Price Outlook for coming week: Indore Soybean mandi prices are currently trading at INR. 4,950/qtl. and are expected to trade with weak bias in the coming week amid unchanged edible oil tariff rates, weak soymeal export demand and subdued demand from crushers and high ending stocks.

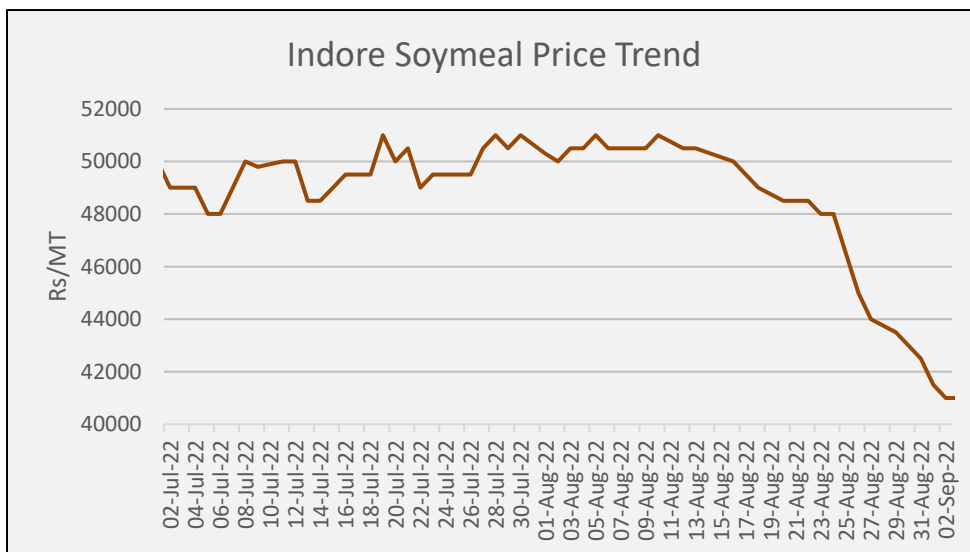


Soybean Mandi Price Outlook (INR./Qtl)	Previous week 20th Aug'22- 26th Aug'22	Week under review 27th Aug'22- 02nd Sept'22	Next week 03rd Sept'22- 09th Sept'22
Weekly Average Price	5,350-6,063	4,950-5,350	4,800-5,500

Soymeal



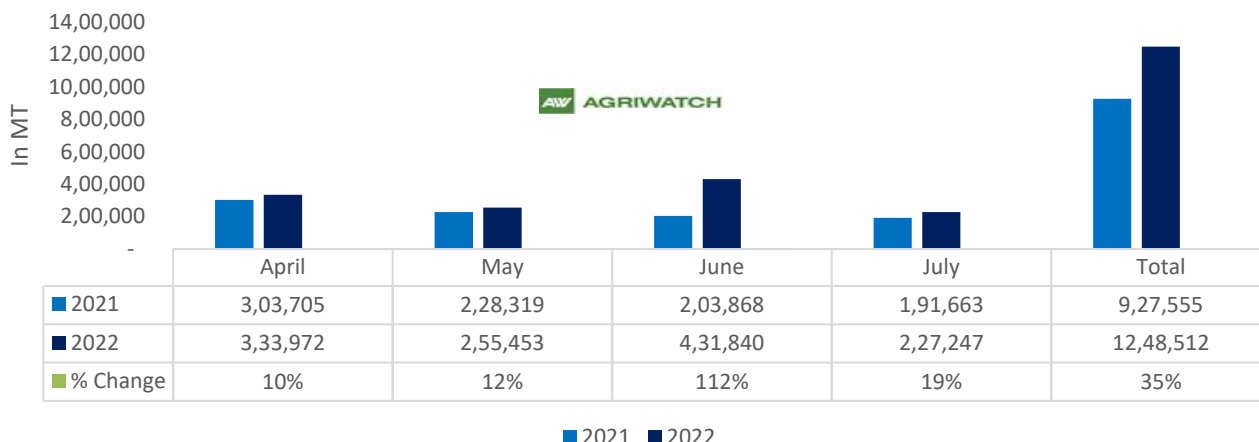
During the week under review, Indore Soymeal prices weekly average prices extended previous week loss and went down by 10% to INR 42,583/MT as compared to last week at INR 47,416/MT in tandem with soybean prices. Overall the prices quoted between INR 41,000 – 44,000/MT throughout



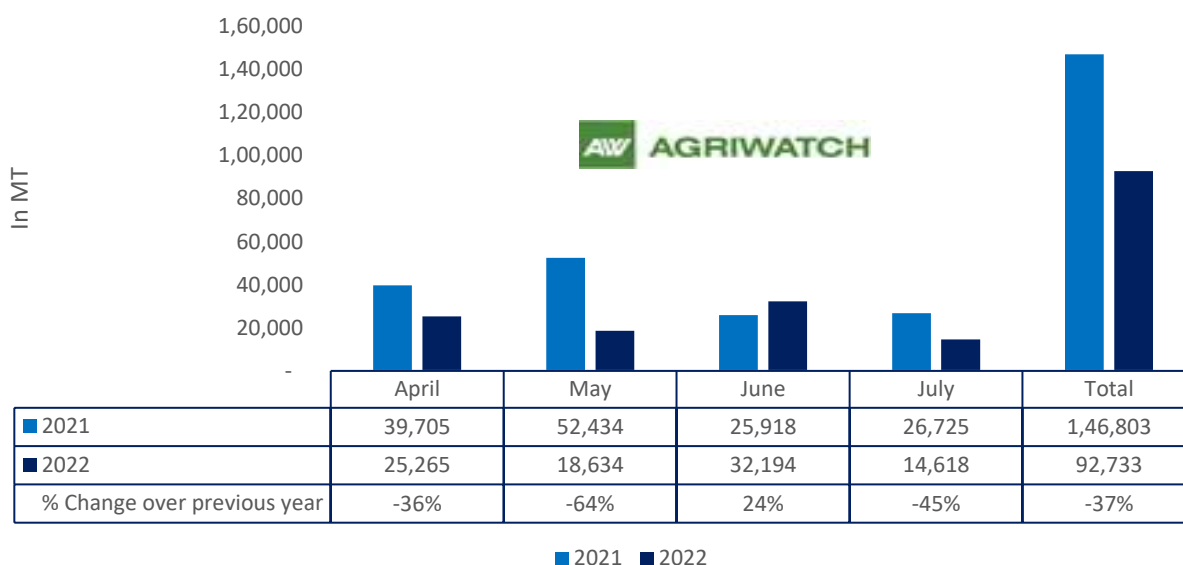
the week. There is a weak domestic demand from poultry industry amid higher prices as compared to competing meals. Additionally, Indian soymeal export demand is also weak in global market due to higher prices as compared to FOB Argentina SBM.

At Nanded, the weekly average prices went down at INR. 49,916/MT compared to INR. 53,166 MT a week ago. In Kota the meal prices were up at INR. 44,266/MT compared to INR. 50,383/MT previous week.

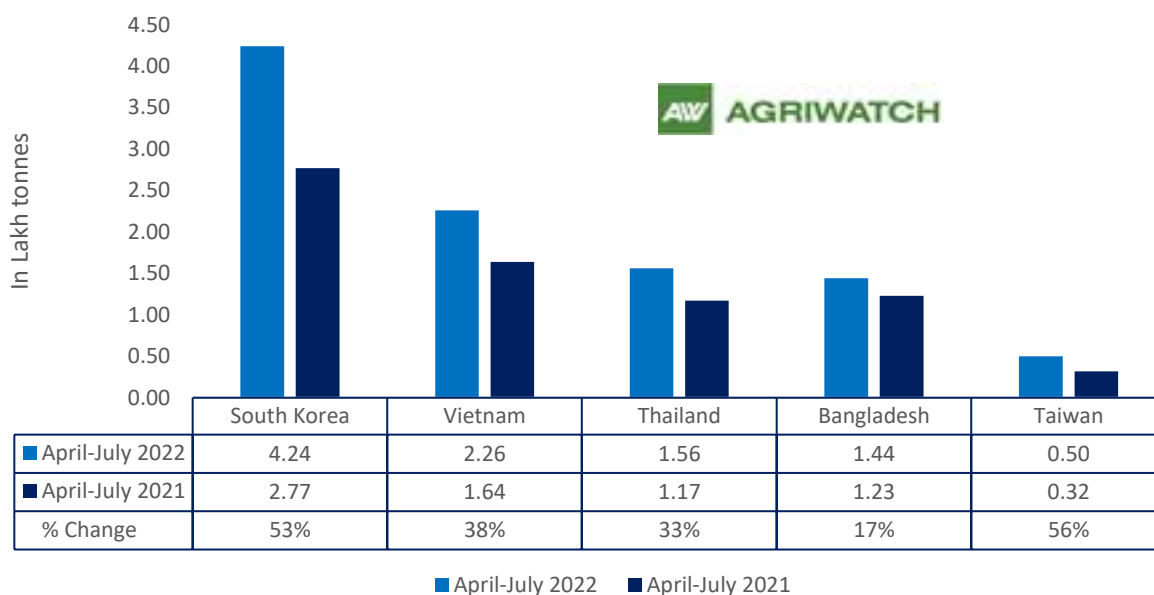
Total oil meal export



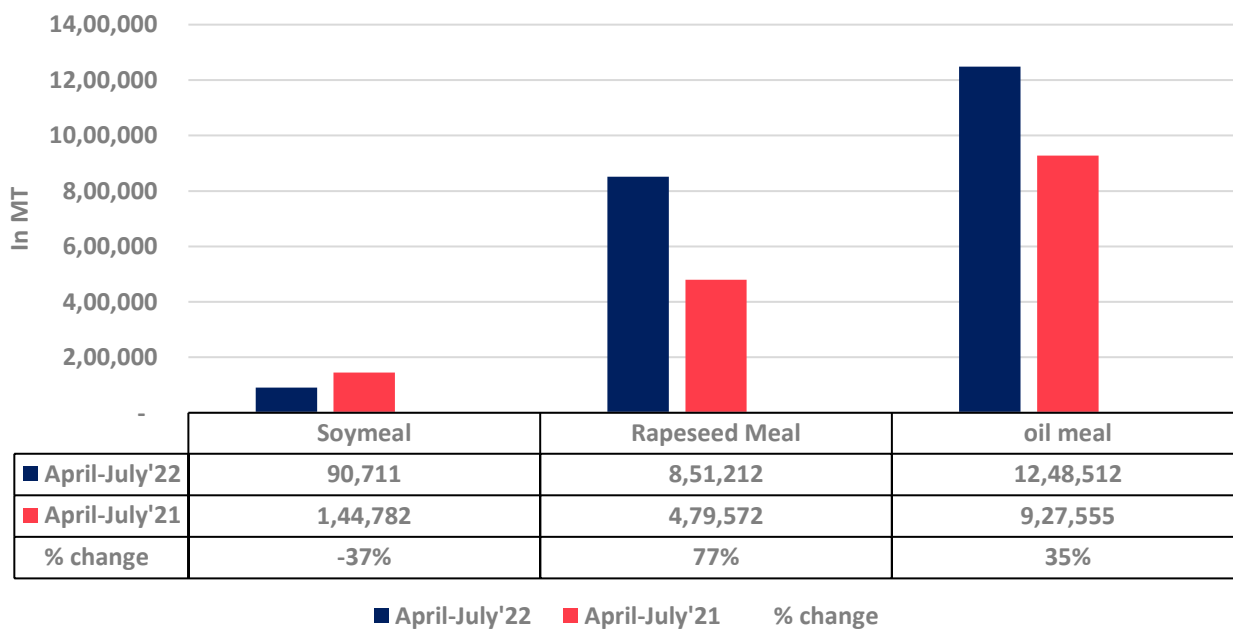
Soy meal export



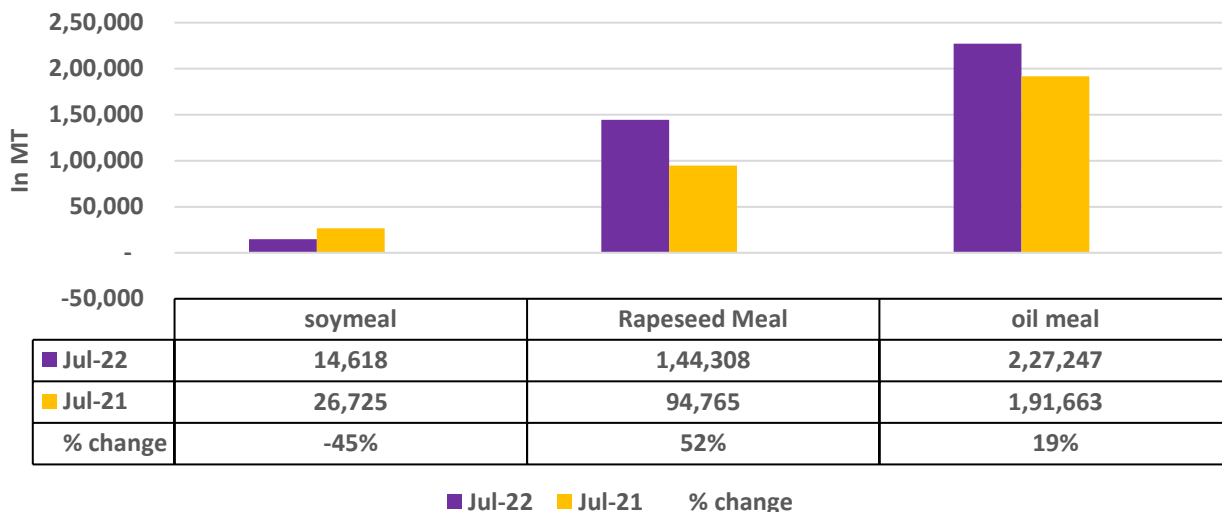
Country wise Oil meal export



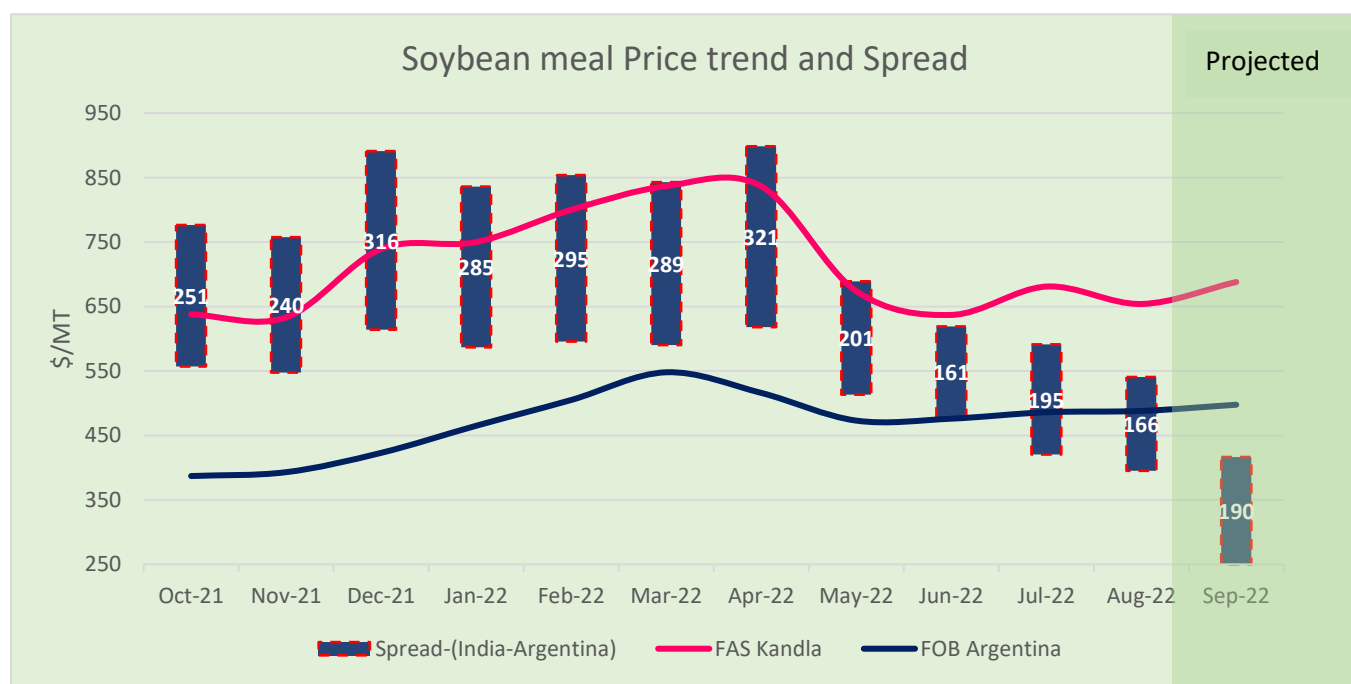
Soy meal Vs Rapeseed meal Vs Oil meal export (April-'22-July'22)



Soy meal Vs Rapeseed meal Vs Oil meal export (July'22)

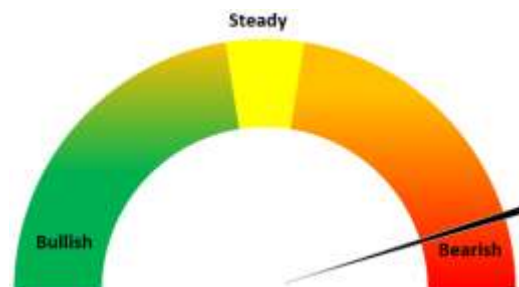


Total oil meal exports in April- July'22 went up by 35% to 12.48 Lakh tonnes vs 9.27 Lakh tonnes previous year same period. However, Soymeal exports went down by 37% to 0.92 Lakh tonnes in April-July'22 Vs 1.46 Lakh tonnes previous year same period. Soymeal exports went down due to over-priced Indian soymeal in the global markets. And during the first four months of the current financial year.



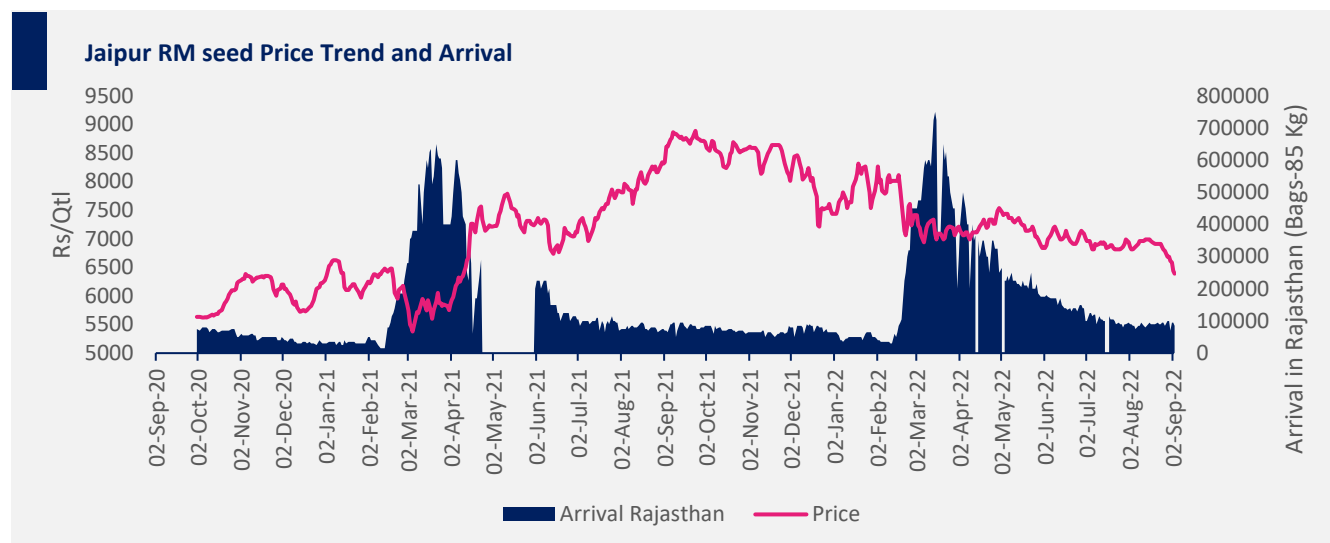
In Aug'22 SBM FAS Kandla was outpriced by USD 166/MT to FOB SBM Argentina prices as compared to \$ 195/MT. Upon pricey Indian SBM, export demand remained limited. In Sept'22 we expect Indian SBM to remain outpriced by USD 190/MT.

Soymeal Price Outlook for coming week: Soybean meal prices are expected to trade with weak bias tracking weak export demand and correction in soybean prices ahead of new crop arrival.

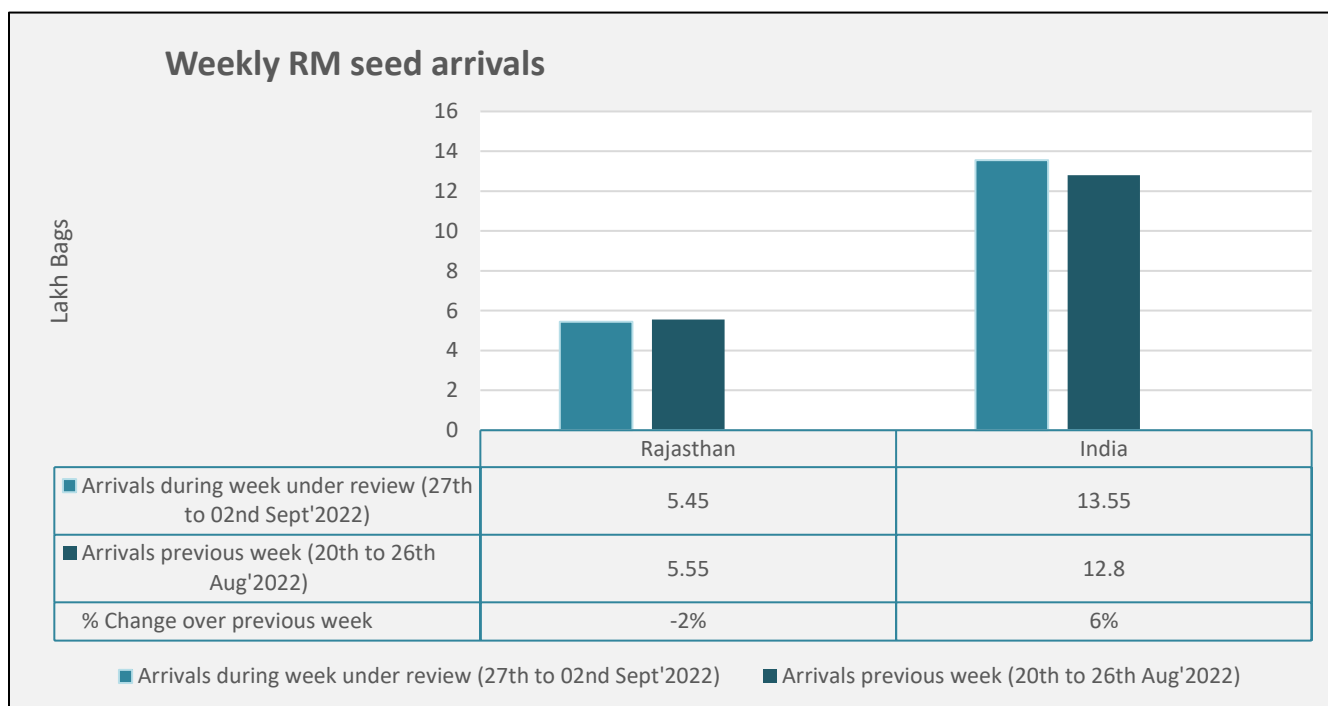


Soymeal Indore Price Outlook (INR./MT)	Previous week 20th Aug'22- 26th Aug'22	Week under review 27th Aug'22- 02nd Sept'22	Next week 03rd Sept'22- 09th Sept'22
Weekly Average Price	45,000-48,5000	41,000-44,0000	40,000-43,000

Rapeseed - Mustard Seed

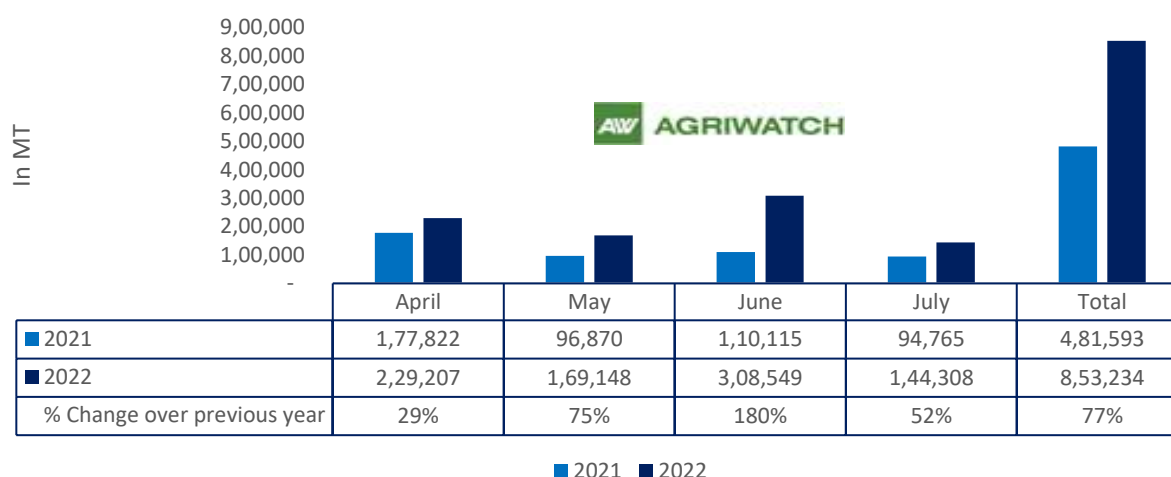


RM seed remained weak during the week under review, Jaipur RM seed weekly average prices extended previous week loss and went marginally down by 4% to INR. 6,633/qlt as compared to INR. 6,887/qlt previous week amid correction in oilseed complex due to unchanged edible oil tariff rates.



All India Arrivals rebounded during the week under review, in Rajasthan, total mustard arrivals recorded down by 2% to 5.45 Lakh bags as compared to 5.55 lakh bags previous week. All India arrivals recorded up by 6% to 13.55 Lakh bags Vs 12.8 Lakh bags previous week.

Rapeseed meal export



There is a significant jump in export of rapeseed meal and reported at 8.53 Lakh tons compared to 4.81 Lakh tons i.e., up by 77%. And in July 22 exports recorded up by 52% 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 2nd 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-

For 2022-23, the area seeded to canola is estimated at 8.7 million hectares (Mha), down 5% from last year, according to Statistics Canada's seeded area survey. Manitoba seeded 1.34 Mha of canola, Saskatchewan 4.61 Mha and Alberta 2.64 Mha. Canola acreage in Manitoba is slightly lower than previous estimates that were based on Statistics Canada's planting intentions survey while Saskatchewan and Alberta planted acreage slightly larger than original intentions.

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.
- 61.8% Fibonacci retracement level and 100 DMA can be characterized as resistance whereas 6300 level can be characterized as immediate support level.
- Immediate support is at 6,300, next support is at 6000 and immediate resistance is at 6500, next resistance is at 6700.

Recommendation-

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

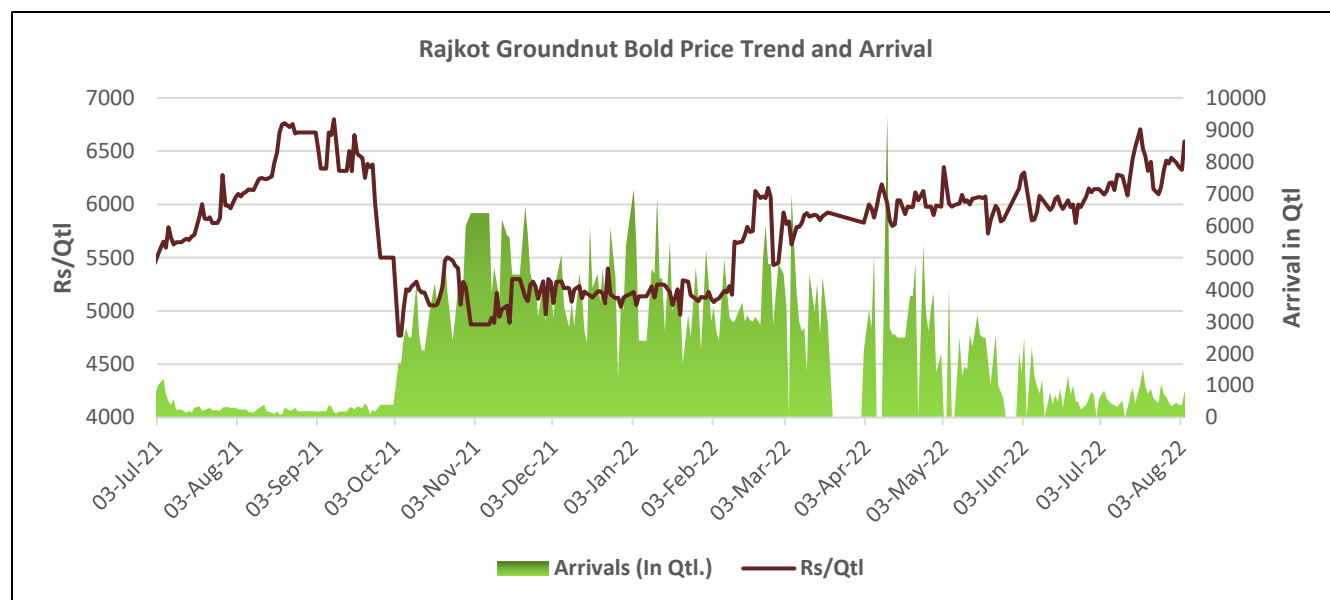
RM seed Price Outlook for coming week: RM Seed is expected to trade with weak bias amid weak demand from crushers on squeeze in crush margin.



Jaipur RM seed Mandi Price Outlook (INR./Qtl)	Previous week 20th Aug'22- 26th Aug'22	Week under review 27th Aug'22- 02nd Sept'22	Next week 03rd Sept'22- 09th Sept'22
Weekly Average Price	6,813-6,913	6,438-6,788	6,200-6,500

Groundnut

During the week under review, Rajkot Groundnut weekly average bold prices went down by 5% at INR 6,237/Qtl. amid correction in oilseed complex. All India arrivals recorded down by 36% at 23.56 thousand tonnes as compared to 36.70 thousand tonnes previous week.

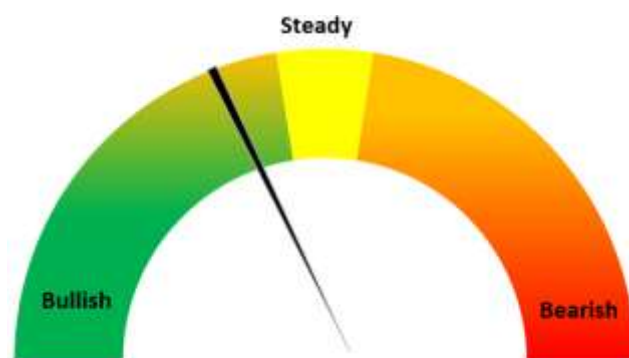


As on 02nd Sept'22 All India Kharif Groundnut sowing progress is lagging by 7% to 45.14 Lakh hectare as compared to 48.64 Lakh hectare last year in the same period. From 1st June'22 to 04th Sept'22 cumulative rainfall departure recorded up by 26% in Gujarat, 41% in Rajasthan, 34% in Karnataka and 11% 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.

Statewise Groundnut sowing progress as on 02nd Sept'22 (Lakh Ha)				
	2022	2021	% Change	Cumulative Rainfall Departure (%) 1st June to 04th Sept'22
Gujarat	17.08	19.10	-11%	26%
Rajasthan	7.90	7.77	2%	41%
Karnataka	3.67	4.63	-21%	34%
Andhra Pradesh	5.37	6.16	-13%	11%
Others	11.13	10.99	1%	
Total	45.14	48.64	-7%	

33%

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 20th Aug'22- 26th Aug'22	Week under review 27th Aug'22- 02nd Sept'22	Next week 03rd Sept'22- 09th Sept'22
Weekly Average Price	6,513-6,558	5,472-6,645	5,400-6,300

Annexure

Oilseed Prices at Key Spot Markets:					
Commodity / Centre	% Change over previous week	Today	Week Ago	Month Ago	Year Ago
Soybean		02-Sep-22	26-Aug-22	02-Aug-22	2-Sep-21
Indore –Plant	-6%	5300	5660	6360	9600
Indore–Mandi	-5%	5200	5500	6170	9300
Nagpur-Plant	-6%	5475	5800	6500	9700
Nagpur – Mandi	-6%	5275	5600	6275	9000
Latur – Mandi	-	5485	Closed	6410	9355
Akola – Mandi	-	5335	Closed	6345	8300
Kota-Plant	-9%	5150	5680	6300	9700
Kota – Mandi	-10%	5100	5650	6200	9200
Bundi-Plant	-7%	5130	5500	6100	9400
Bundi-Mandi	-4%	5080	5300	6050	9100
Baran-Plant	-5%	5080	5320	6200	9200
Baran-Mandi	-	5050	Closed	6100	9000
Bhawani Mandi Jhalawar–Plant	-6%	5120	5420	6300	9200
Jhalwar-Mandi	-7%	5020	5400	6200	8900
Rapeseed/Mustard					
Jaipur-(Condition)	-5%	6450	6825	6875	8350
Alwar-(Condition)	-8%	6150	6650	6550	8100
Sri Ganganagar-(Non-Condition)	-6%	5900	6260	6300	7550
New Delhi–(Condition)	-5%	6200	6550	6600	7975
Kota-(Condition)	-6%	5800	6140	6300	7600
Agra-(Condition)	-6%	6476	6871	6952	8476
Neewai-(Condition)	-6%	6000	6400	6500	7850
Hapur (UP)-(Condition)	-3%	6350	6550	6900	8000
Groundnut Seed					
Rajkot	-6%	1111	1181	1165	1220
Sunflower Seed					
Gulbarga	-	NA	-	-	-

Latur	-	6500	Closed	6700	6500
Sholapur	-2%	6500	6600	6700	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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