

# Oil Seed Weekly Research Report

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## Executive Summary

The weekly average prices of Soybean Indore plant prices went marginally up by 0.37% to INR 5,153/ Qtl. as compared to 5,135/qtl. previous week amid weak demand from crushers and high ending stock ahead of harvesting crop. The higher supply and diminishing soy oil price weighing on soybean price while crush margin are in parity.

The weekly average prices of Indore soymeal went up by 4% to INR 42,416/MT as compared to last week at INR 40,750/MT amid improved demand at lower level.

During the week under review, Jaipur RM seed weekly average prices went up by 0.65% to INR. 6,437/qtl amid weak demand from crushers and correction in oilseed complex.

During the week under review, Rajkot groundnut bold prices went up by 0.23% at INR 6,131/Qtl. amid shrinking arrivals.

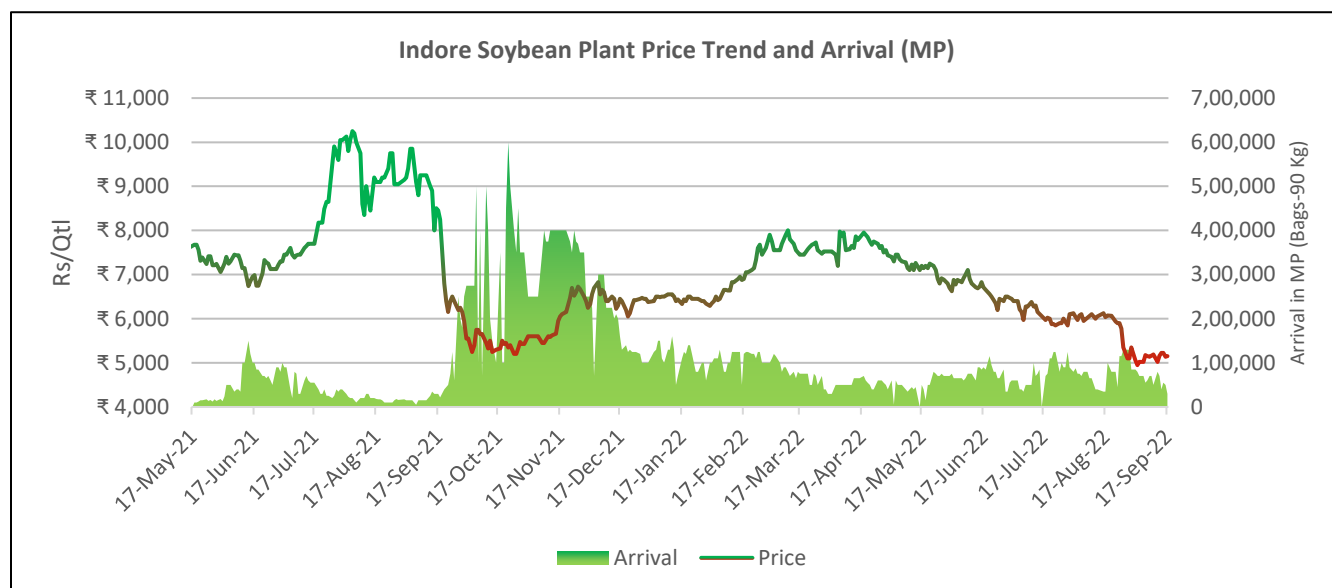
## Outlook – Cash Market

**Outlook - Soybean (Spot Indore):** In the coming week, soybean prices are expected to trade weak bias amid high ending stock and correction in oil prices. The prices (Indore, Plant basis) are expected to feature range bound movement in the price band of 4,900-5,300 levels in the near term.

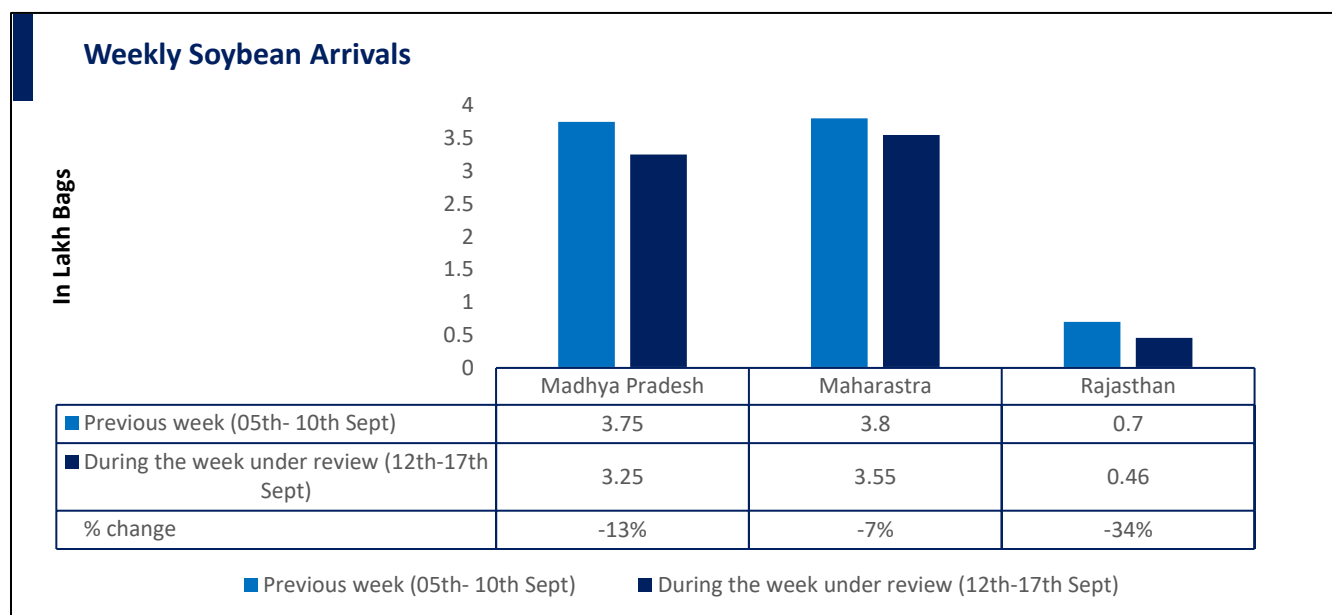
**Outlook – Soy meal:**  
The soy meal prices (Indore) are likely to trade with weak bias in tandem with correction in soybean prices, GM Soymeal import and sluggish soymeal export demand. Soy meal Indore prices are likely to trade in the range of 40,000 – 43,000/MT.

**Outlook - Rapeseed-Mustard (Spot, Jaipur basis):** Rapeseed-Mustard is expected to trade range bound with weak bias tracking weak demand and 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 mandi prices remained stable and went marginally up by 0.37% to INR 5,153/ Qtl. as compared to 5,135/ qtl. previous week amid weak demand from crushers and high ending stock ahead of harvesting crop. The higher supply and diminishing soy oil price weighing on soybean price while crush margin are in parity.



This week, the total arrival in MP declined to 3.25 Lakh bags Vs 3.75 Lakh bags previous week. In Maharashtra arrivals recorded down to 3.55 Lakh bags vs 3.8 Lakh bags last week. In Rajasthan too the arrivals went down to 0.46 lakh bags Vs 0.7 Lakh bags previous week.

## Soybean Sowing Updates and crop condition:

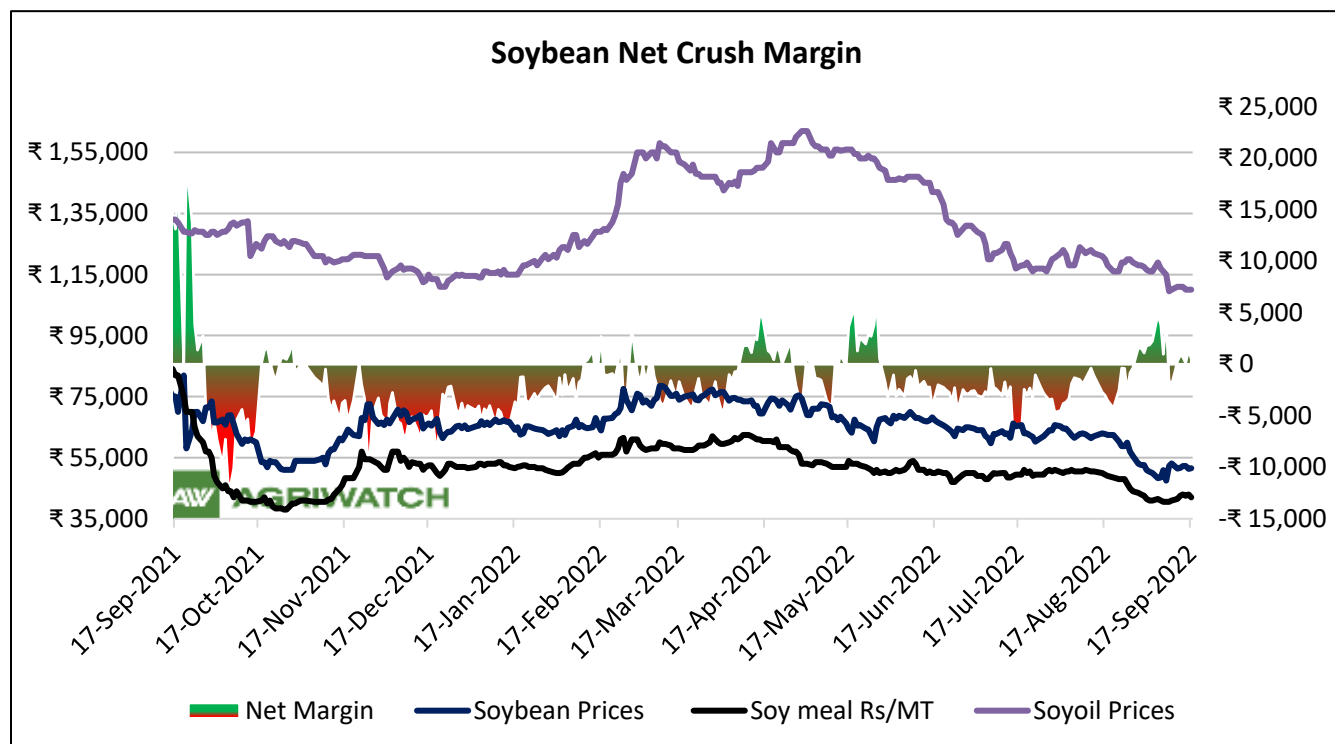
State wise Soybean sowing progress as on 16th Sept'22 (Lakh Ha)				
State	2022	2021	% Change	Cumulative Rainfall Departure (%) 1st June to 17th Sept'22
Maharashtra	48.96	46.02	6%	26%
Madhya Pradesh	50.18	55.14	-9%	23%
Rajasthan	11.51	10.63	8%	34%
Karnataka	4.38	3.83	14%	39%
Telangana.	1.75	1.47	19%	51%
Others	3.92	3.69	6%	
<b>Total</b>	<b>120.70</b>	<b>120.78</b>	<b>-0.1%</b>	

From 1st June'22- 14th Sept'22, cumulative rainfall recorded above average by 24% in Maharashtra, 18% in MP, in Rajasthan cumulative rainfall remained above average at 34%. As on 09nd Sept'22 All India Kharif soybean sowing progress is down by 0.2% to 120.48 Lakh hectare as compared to 120.71 Lakh hectare last year in the same period.

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 remained positive and corrected on correction in soy oil prices, during the week under review, weekly average soybean net crush margin declined to INR 632/ MT as compared to previous week at INR 1,707/MT. In upcoming weeks, upon positive crush margin, soybean demand from crushers may underpin soy prices at lower level.



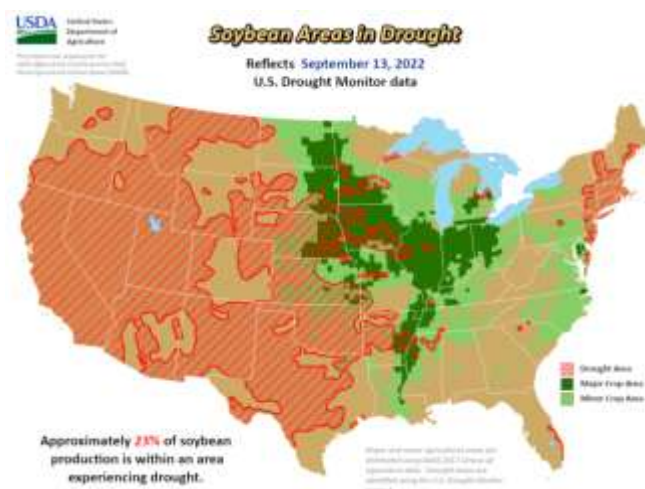
## International Update:

During the week under review CBOT Soybean (Nov'22 expiry) went up by 2.57% to \$14.48 a bushel While the USDA data showed the potential for extremely tight US supply, the market closed lower for the third session in a row as global demand concerns persist.

The NOPA monthly update showed 165.5 million bushels were crushed in August from 158.8 million last year and compared with trade expectations for 166.1 million bushels. Soybean oil stocks came in at 1.565 billion pounds from 1.668 billion last year. That is the lowest since June 2021 and below the average survey estimate of 1.651 billion pounds.

Currently in US, 21% (-2%) of Soybean production is within an area experiencing drought.

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%.

## Technical Analysis US Soybean futures



As depicted in the above chart, US Soybean moving in a gradual rising channel, 100 DMA and upper channel can be characterized as resistance and lower channel can be characterized as support and trading above 9,18 and 50 DMA . RSI at 54 indicating firm buying strength. And MACD indicating firm 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:

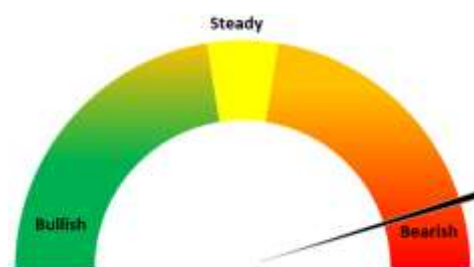
- Soybean Indore prices corrected by more than 40% from all-time high since Aug '21 and down by almost 30% since April'22. Market is moving in down trend since April'22, making lower lows and lower high, lower channel can be characterized as support and upper channel can be characterized as resistance. 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.



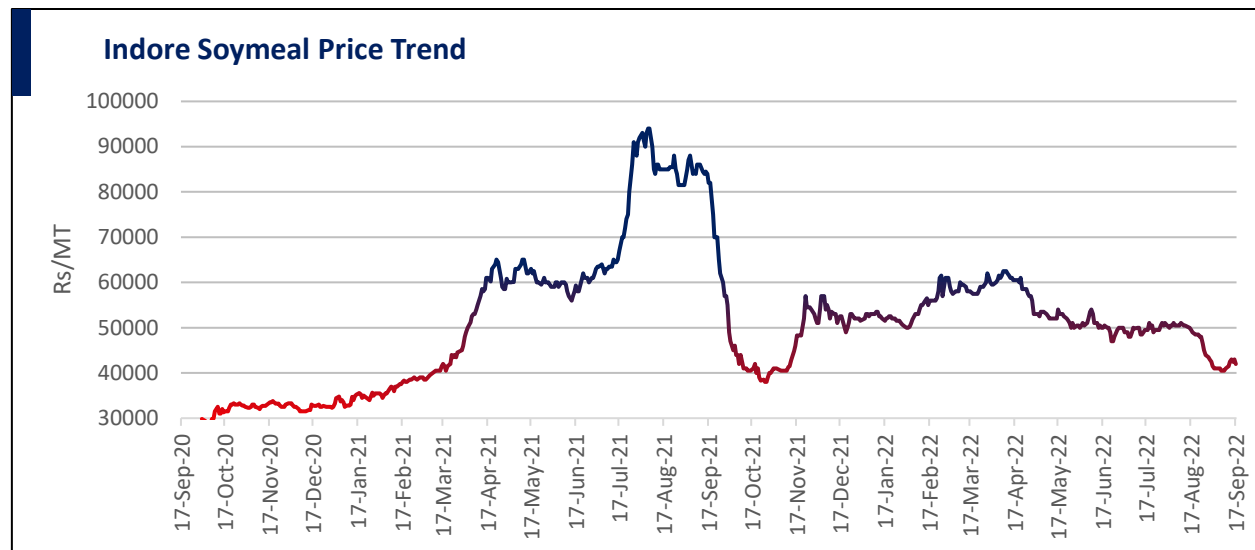
**Soybean Price Outlook for coming week:** Indore Soybean mandi prices are currently trading at INR. 5,150/qtl. and are expected to trade with weak bias in the coming week amid unchanged edible oil tariff rates, weak soymeal export demand and subdued demand from crushers and high ending stocks.



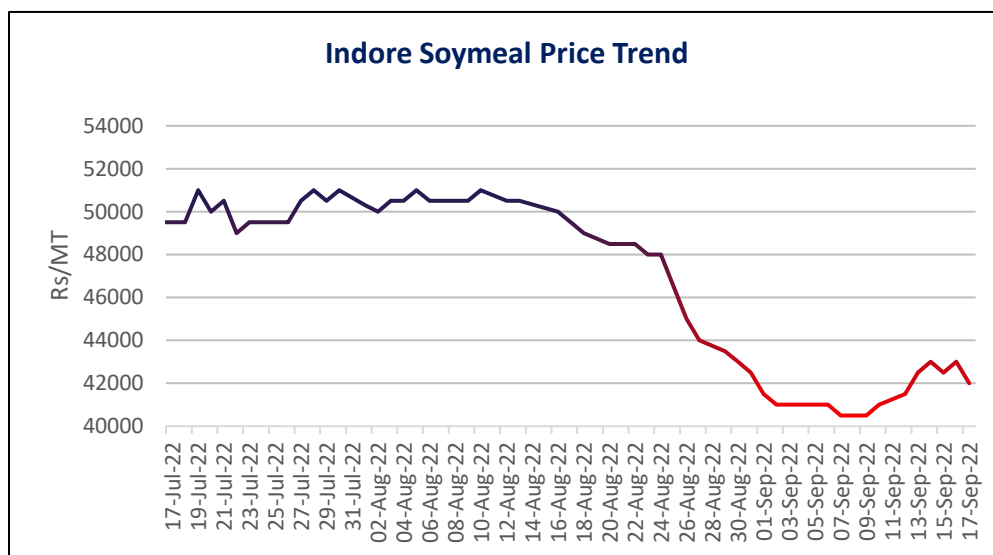
Soybean Mandi Price Outlook (INR./Qtl)	Previous week 05th Sept'22- 10th Sept'22	Week under review 12th Sept'22- 17th Sept'22	Next week 19th Sept'22- 24th Sept'22
Weekly Average Price	5,025-5,188	5,025-5,225	4,900-5,300



## Soymeal



During the week under review, Indore Soymeal prices weekly average prices went up by 4% to INR 42,416/MT as compared to last week at INR 40,750/MT amid improved crush margin and good demand at

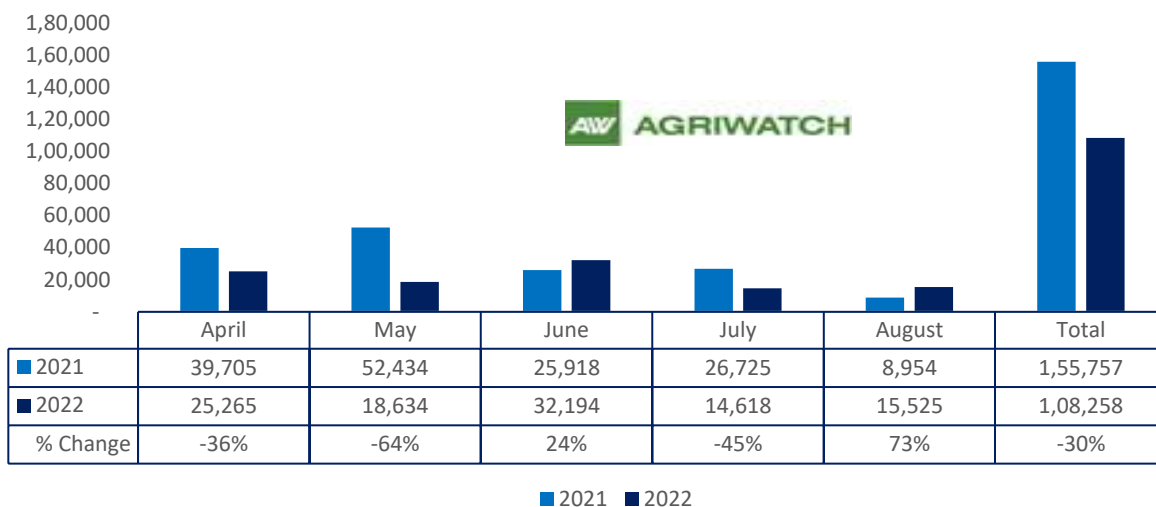


discounted price. Overall the prices quoted between INR 41,500 – 43,000/MT throughout the week.

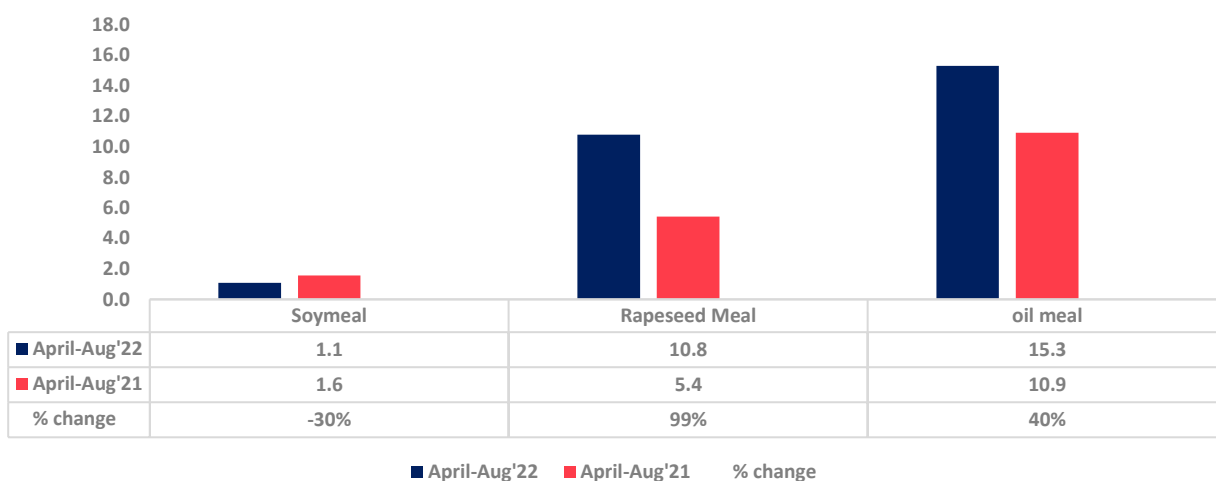
At Nanded, the weekly average prices remained stable at INR. 46,000/MT compared to INR. 46,000 MT a week ago. In Kota the meal prices were up at INR. 42,416/MT compared to INR. 41,766/MT previous week.

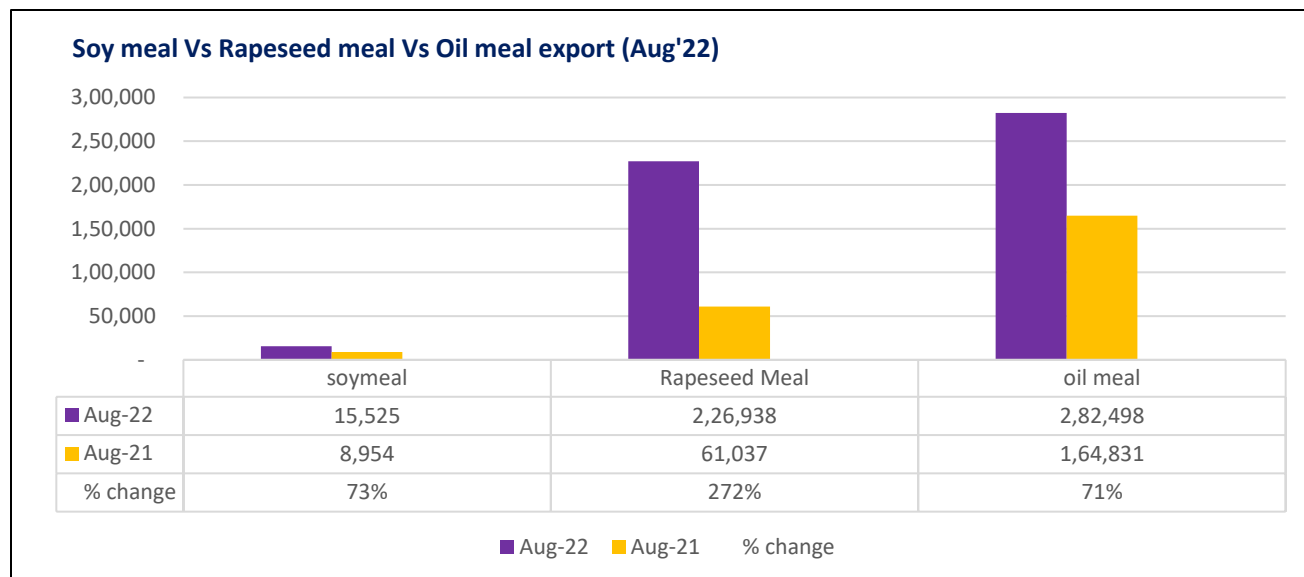
Total oil meal exports in April- August'22 went up by 40% to 15.31 Lakh tonnes vs 10.92 Lakh tonnes previous year same period. However, Soymeal exports went down by 30% to 1.08 Lakh tonnes in April-Aug'22 Vs 1.55 Lakh tonnes previous year same period. Soymeal exports went down due to over-priced Indian soymeal in the global markets.

## Soy meal export



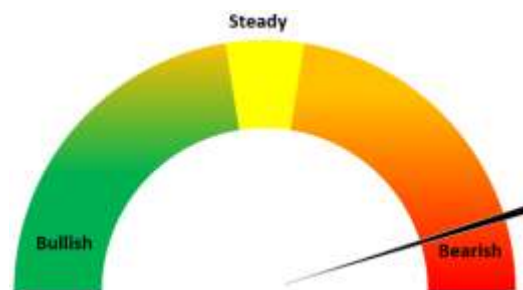
## Oil Meal Export April.'22-Aug'22





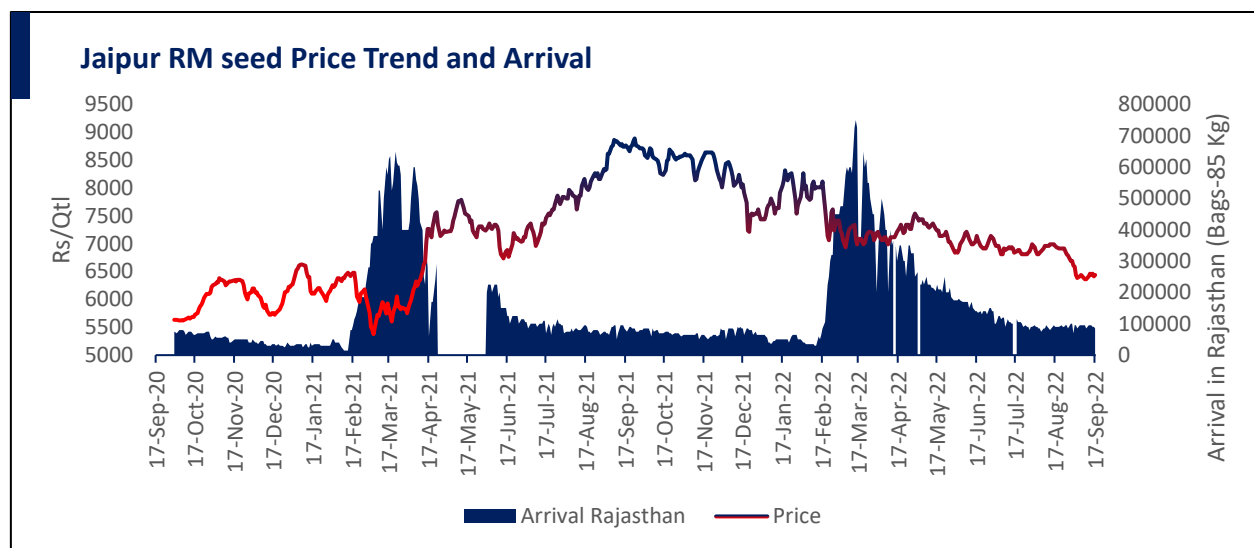
In Aug'22 SBM FAS Kandla was outpriced by USD 166/MT to FOB SBM Argentina prices as compared to \$ 195/MT. Upon pricy Indian SBM, export demand remained limited. In Sept'22 we expect Indian SBM to remain outpriced by USD 190/MT.

**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.

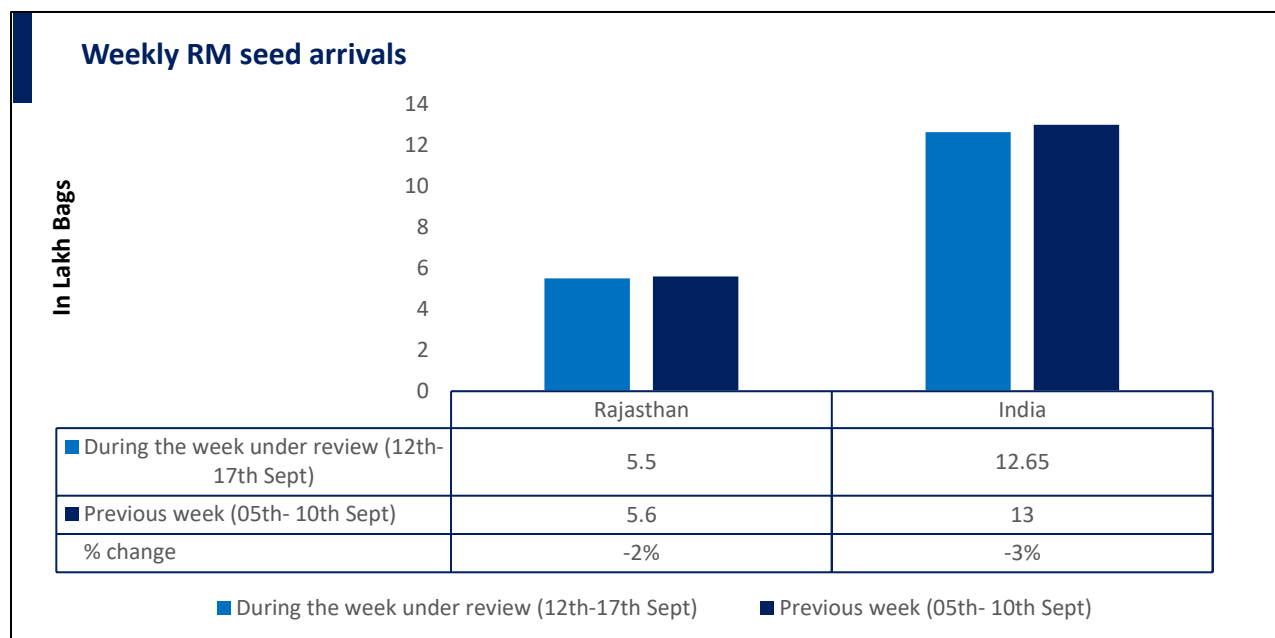


Soymeal Indore Price Outlook (INR./MT)	Previous week 05th Sept'22- 10th Sept'22	Week under review 12th Sept'22- 17th Sept'22	Next week 19th Sept'22- 24th Sept'22
Weekly Average Price	40,500-41,500	41,500-43,000	40,000-43,000

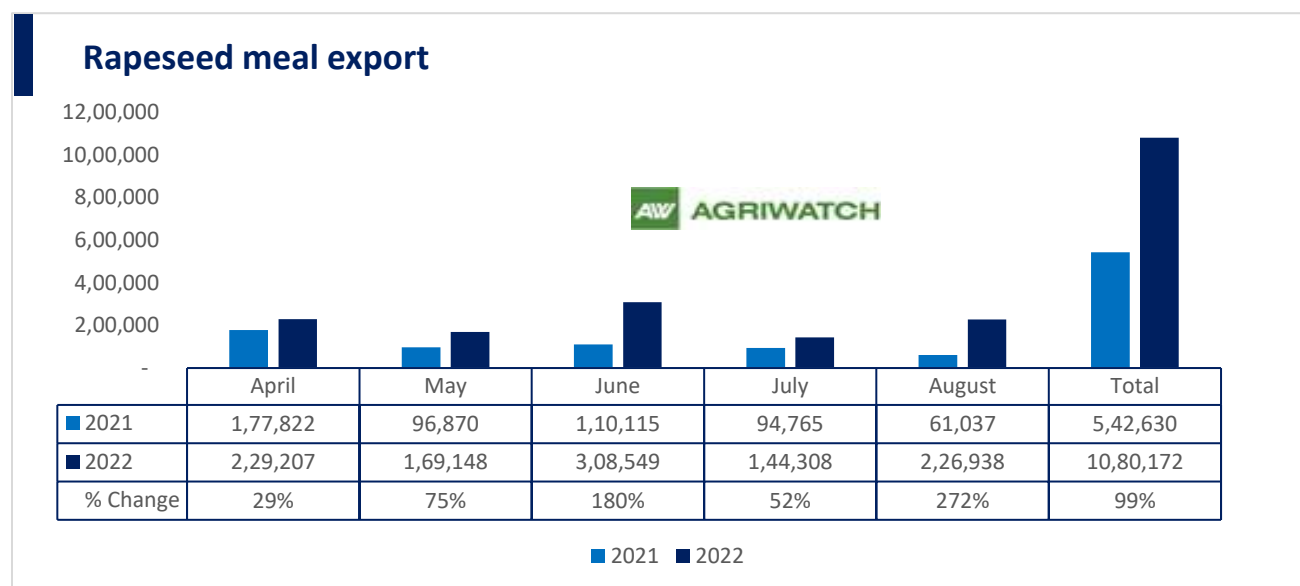
## Rapeseed - Mustard Seed



RM seed remained weak during the week under review, Jaipur RM seed weekly average prices remained sideways and went marginally up by 0.65% to INR. 6,437/qrtl as compared to INR. 6,395/qrtl previous week amid weak demand from crushers on disparity in crushing.



All India Arrivals rebounded during the week under review, RM Seed arrivals continued to shrink, in Rajasthan, total mustard arrivals recorded low by 2% to 5.5 Lakh bags as compared to 5.6 lakh bags previous week. All India arrivals recorded down by 3% to 12.65 Lakh bags Vs 13 Lakh bags previous week. Arrivals continued to shrink, as farmers and traders are reluctant to offload stocks at lower levels.



There is a significant jump in export of rapeseed meal and reported at 10.80 Lakh tons compared to 5.42 Lakh tons i.e., up by 99%. And in Aug'22 exports recorded up by 272% to 2.26 Lakh tonnes vs 0.61 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.

**International-**

**In 2022-2023**, canola seeded area is estimated at 8.7 Mha, down 5% from last year, according to Statistics Canada's seeded acreage survey. Harvested area is expected to be 8.6 Mha, taking into account historical abandonment rates. Based on the five-year average, yields are estimated at 2.14 tonnes per hectare (t/ha), down from 1.4 t/ha last year due to severe drought across the country. Western Canada. Yield estimates are consistent with a variety of unofficial intra-governmental and private sector estimates of yields that range between 2.14 t/ha and 2.26 t/ha.

This mixed outlook is confirmed by weather conditions across western Canada that ranged from slightly dry in the west to above normal humidity, to a delayed harvest in the Eastern Prairies. Ultimately, yields will be determined by growing conditions in the future and by weather and harvest conditions. Environment Canada's three-month outlook for above-normal fall temperatures confirms yields.

Production is expected to reach 18.4 Mt, the seventh highest level on record. By comparison, the mixed production outlook is between 18.4 Mt and 19.4 Mt. and Manitoba 3.0 Mt. The overall supply is forecast to increase significantly from last year to 19.3 Mt, as higher production is tempered by tight carry-in stocks.

Canadian canola use should recover; expected exports increase by nearly 80% to 9.2 Mt, while the domestic crush rate increases to 9.5 Mt from 8.3 Mt last year. Carry-out stocks increase moderately to 0.45 Mt, representing a stocks-to-consumption ratio of 3%. Canola prices are forecast to decline to \$950/t on rail delivery to the Port of Vancouver, down about 10% from the 2021-22 record highs. If those predictions materialize, it will be the second highest price ever for canola.

## Technical Analysis

(Based on Jaipur Mandi prices)

### RM seed – Technical Outlook

### RM seed Jaipur Spot -Weekly time frame

#### Technical Chart:



#### Technical Commentary:

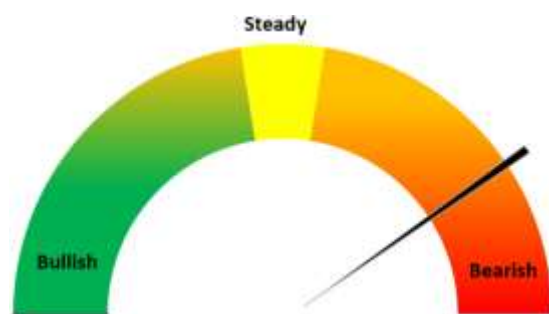
- As depicted in the above chart, market is in down trend and trading below 9,18,50 and 100 DMA indicating weak sentiments.
- 61.8% Fibonacci retracement level and 100 DMA can be characterized as resistance whereas 6300 level can be characterized as immediate support level.
- Immediate support is at 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.



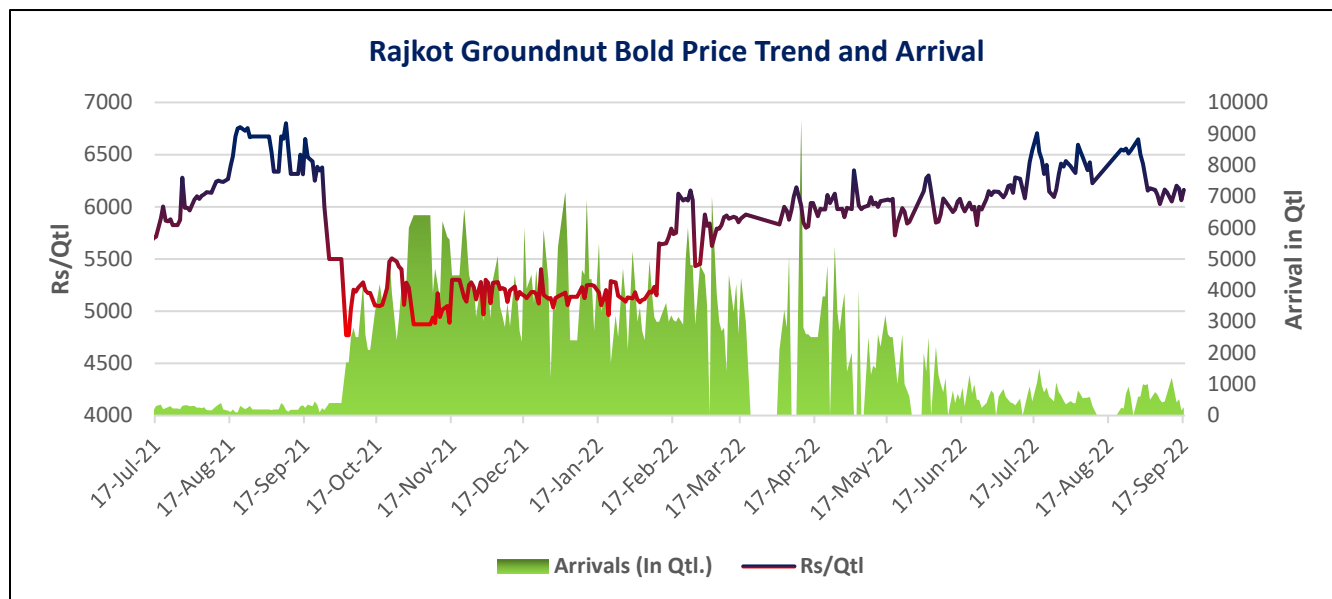
**RM seed Price Outlook for coming week:** RM Seed is expected to trade with weak bias amid weak demand from crushers on squeeze in crush margin and correction in edible oil prices.



Jaipur RM seed Mandi Price Outlook (INR./Qtl)	Previous week 05th Sept'22- 10th Sept'22	Week under review 12th Sept'22- 17th Sept'22	Next week 19th Sept'22- 24th Sept'22
Weekly Average Price	6,363-6,438	6,413-6,463	6,200-6,500

## Groundnut

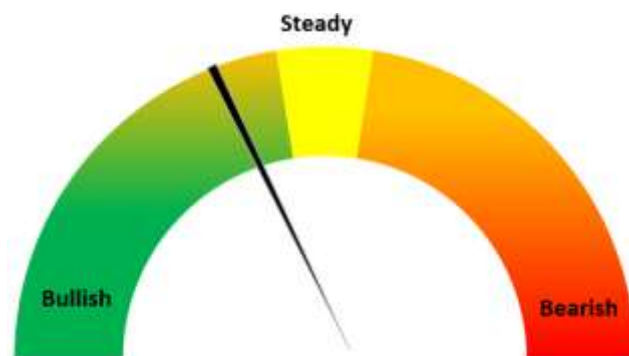
During the week under review, Rajkot Groundnut weekly average bold prices remained sideways and went marginally up by 0.23% at INR 6,131/Qtl. as compared to 6,116/Qtl. amid shrinking arrivals. All India arrivals recorded down by 19% at 7.87 thousand tonnes as compared to 9.68 thousand tonnes previous week.



As on 16th Sept'22 All India Kharif Groundnut sowing progress is lagging by 7% to 45.49 Lakh hectare as compared to 49.08 Lakh hectare last year in the same period. From 1st June'22 to 16th Sept'22 cumulative rainfall departure recorded up by 34% in Gujarat, 34% in Rajasthan, 39% in Karnataka and 17% 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 16th Sept'22 (Lakh Ha)				
	2022	2021	% Change	Cumulative Rainfall Departure (%) 1st June to 19th Sept'22
Gujarat	17.09	19.10	-11%	34%
Rajasthan	7.90	7.77	2%	34%
Karnataka	3.70	4.76	-22%	39%
Andhra Pradesh	5.47	6.27	-13%	17%
Others	11.33	11.19	1%	
<b>Total</b>	<b>45.49</b>	<b>49.08</b>	<b>-7%</b>	

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



Rajkot Groundnut Bold Price Outlook (INR./Qtl)	Previous week 05th Sept'22- 10th Sept'22	Week under review 12th Sept'22- 17th Sept'22	Next week 19th Sept'22- 24th Sept'22
<b>Weekly Average Price</b>	6,028-6,165	6,053-6,203	5,900-6,250

## Annexure

Oilseed Prices at Key Spot Markets:					
Commodity / Centre	% Change over previous week	Today	Week Ago	Month Ago	Year Ago
<b>Soybean</b>		<b>17-Sep-22</b>	<b>10-Sep-22</b>	<b>17-Aug-22</b>	<b>17-Sep-21</b>
Indore –Plant	1%	5400	5370	6250	8700
Indore–Mandi	0%	5300	5325	6170	8500
Nagpur-Plant	6%	5625	5320	6350	8000
Nagpur – Mandi	6%	5355	5050	6150	7800
Latur – Mandi	1%	5500	5470	6330	9100
Akola – Mandi	3%	5385	5205	6165	7500
Kota-Plant	1%	5400	5350	6350	9450
Kota – Mandi	1%	5300	5250	6050	9000
Bundi-Plant	-3%	5100	5240	6100	8500
Bundi-Mandi	-3%	5000	5150	6000	8400
Baran-Plant	0%	5300	5300	6000	8900
Baran-Mandi	-	Closed	5200	5800	8750
Bhawani Mandi Jhalawar–Plant	3%	5500	5350	6000	9300
Jhalwar-Mandi	-	5300	Closed	5870	9100
<b>Rapeseed/Mustard</b>					
Jaipur-(Condition)	1%	6450	6375	6975	8775
Alwar-(Condition)	2%	6200	6050	6550	8300
Sri Ganganagar-(Non-Condition)	5%	5850	5575	6450	8050
New Delhi–(Condition)	0%	6100	6125	6700	8530
Kota-(Condition)	5%	6200	5900	6200	8300
Agra-(Condition)	1%	6595	6548	7048	8952
Neewai-(Condition)	2%	6100	6000	6500	8200
Hapur (UP)-(Condition)	2%	6450	6300	6700	8400
<b>Groundnut Seed</b>					
Rajkot	-1%	1105	1111	Closed	1260
<b>Sunflower Seed</b>					
Gulbarga	-	NA	-	-	-

Latur	0%	6000	6000	6800	5900
Sholapur	0%	6000	6000	6800	5900
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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