

Oil Seed Weekly Research Report

Contents

- ❖ Executive Summary
- ❖ Outlook – Cash Market
- ❖ Soybean – Domestic & International
- ❖ Soy meal
- ❖ Technical Analysis - Soybean
- ❖ Rapeseed - Mustard
- ❖ RM Seed Supply, Rajasthan
- ❖ Technical Analysis – RM Seed
- ❖ Annexure – Prices etc.

Executive Summary

The weekly average prices of Soybean Indore plant prices went down by 12.5% to INR 4,400/ Qtl. as compared to 5,030/qtl. previous week new crop arrivals. The higher supply and diminishing soy oil price weighing on soybean price while crush margin are in disparity.

The weekly average prices of Indore soymeal went down by 3% to INR 38,833/MT as compared to last week at INR 40,083/MT in tandem with correction in soybean prices and amid weak export demand.

During the week under review, Jaipur RM seed weekly average prices went down by 2.45% to INR. 6,300/qtl amid weak demand from crushers and correction in oilseed complex.

During the week under review, Rajkot groundnut bold prices went down by 4.08% at INR 5,733/Qtl. amid firm arrivals.

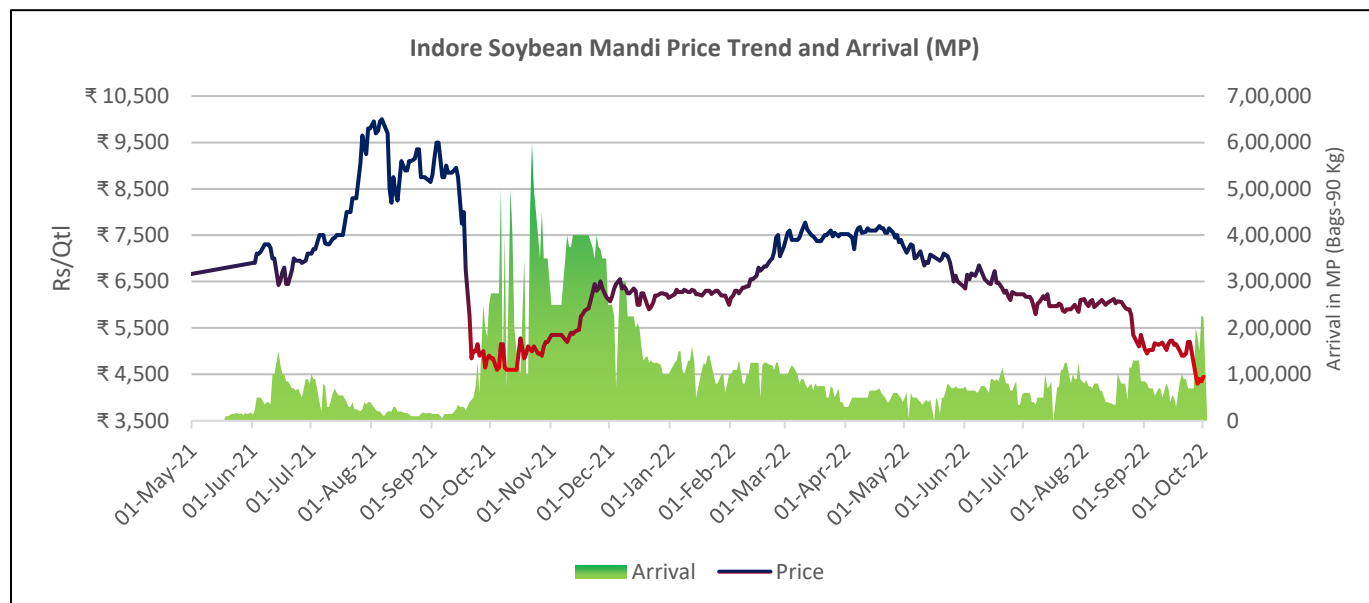
Outlook – Cash Market

Outlook - Soybean (Spot Indore): *In the coming week, soybean prices are expected to trade weak bias amid high ending stock and ne crop arrivals. The prices (Indore, Plant basis) are expected to feature range bound movement in the price band of 4,300-4,600 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 38,000 – 42,000/MT.

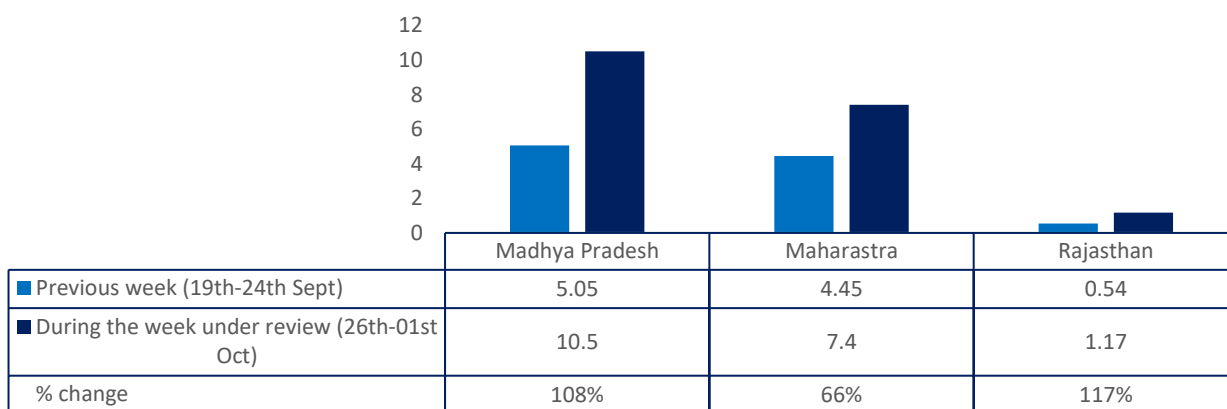
Outlook - Rapeseed-Mustard (Spot, Jaipur basis): *Rapeseed-Mustard is expected to trade range bound with weak bias tracking weak demand and weakness in oilseed complex. The seed prices are likely to trade in the range between 6,200 –6,500/Qtl. in the short-run.*

Soybean



During the week under review, Soybean indore mandi prices continued to trade on weaker note and went down by 12.5% to INR 4,400/ Qtl. as compared to 5,030/ qtl. previous week amid new crop arrivals with high moisture content ranging 15-20% and weak global cues. The higher supply and diminishing soy oil price weighing on soybean price while crush margin are in disparity.

Weekly Soybean Arrivals



■ Previous week (19th-24th Sept) ■ During the week under review (26th-01st Oct)

This week, the total arrival in MP recorded up by 108% to 10.5 Lakh bags Vs 5.05 Lakh bags previous week. In Maharashtra arrivals recorded up to 7.04 Lakh bags vs 4.45 Lakh bags last week. In Rajasthan too the arrivals went up to 1.17 lakh bags Vs 0.54 Lakh bags previous week.

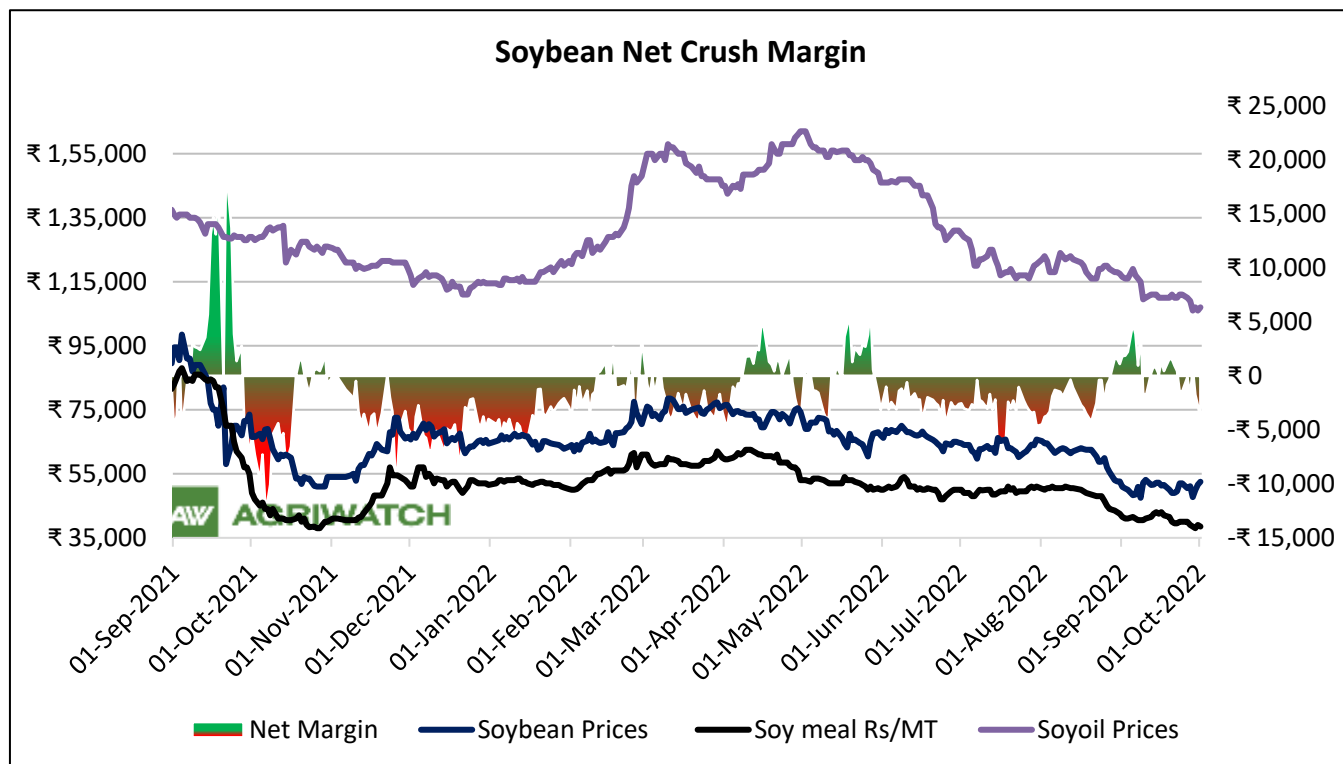
Soybean Sowing Updates and crop condition:

As on 30th Sept'22 All India Kharif soybean sowing progress is down by 0.03% to 120.90 Lakh hectare as compared to 120.8 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 weakness in soy meal prices, during the week under review, weekly average soybean net crush margin declined to INR -1616/ MT as compared to previous week at INR 256/MT.



International Update:

During the week under review CBOT Soybean (Nov'22 expiry) went down by 1.57% to \$14.25 a bushel amid conducive weather for a fast start to harvest.

Soybean production in Argentina is expected to reach 48 million tonnes in 2022/23, the Buenos Aires grains exchange said on Wednesday.

During the week under review CBOT Soybean (Nov'22 expiry) went down by 1.02% to \$14.11 a bushel following broad declines in commodities tied to worries about global recession curbing demand.

As per sources, Soymeal prices in China, the world's top consumer of the animal feed ingredient, are at record highs as rising demand from farmers follows months of lacklustre soybean imports.

USA Soybeans Harvesting progress			
September 25, 2021	September 18, 2022	September 25, 2022	2017-2021 Average
15%	3%	8%	13%

Argentina Soybeans Planting progress		
2022-23	2021-22	2017-2022 Average
22.7%	22.7%	30%

China, largest soybean importer, bought 7.17 MMT in AUG22, -25% vs AUG 21 (9.49m), -9% vs JUL22 (7.88m), lowest imported quantity since 2014 for a month of August, decline explains by deteriorated demand of domestic market due to continuous lockdowns & negative crush margins.

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.

Technical Analysis US Soybean futures



As depicted in the above chart, US Soybean moving in sideways pattern, and trading below 9,18 and 50 and 100 DMA. RSI at 36 indicating weak buying strength. And MACD indicating weak 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)

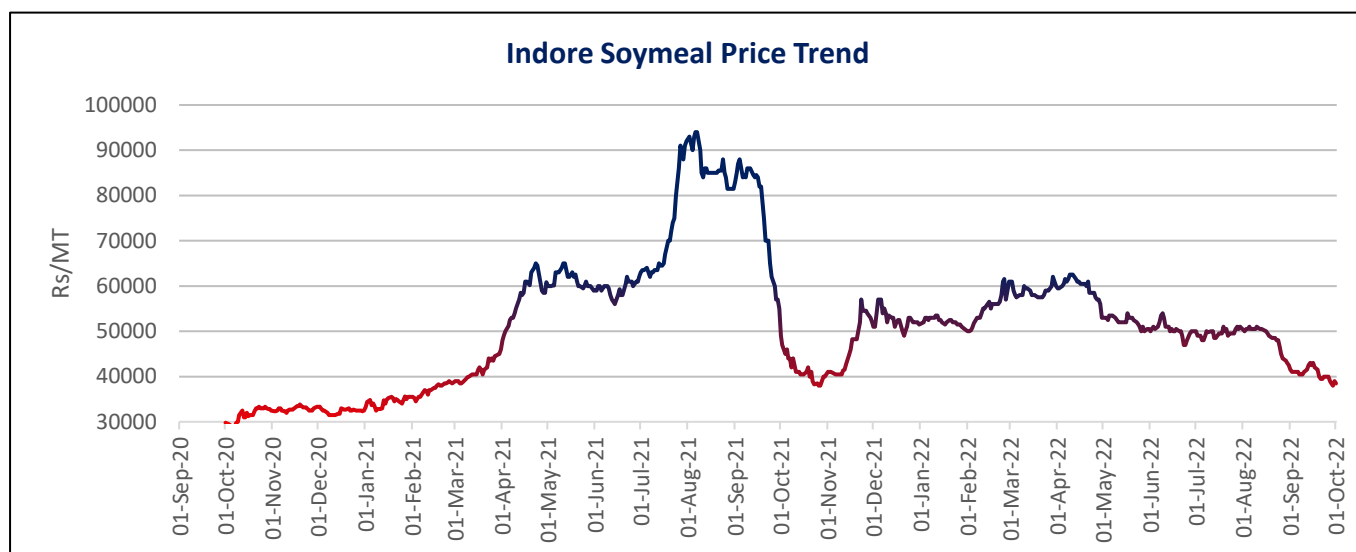


Soybean Price Outlook for coming week: Indore Soybean mandi prices are currently trading at INR. 4,450/mt. and are expected to trade with weak bias in the coming week amid new crop arrivals, weak soy meal export demand and high ending stocks.



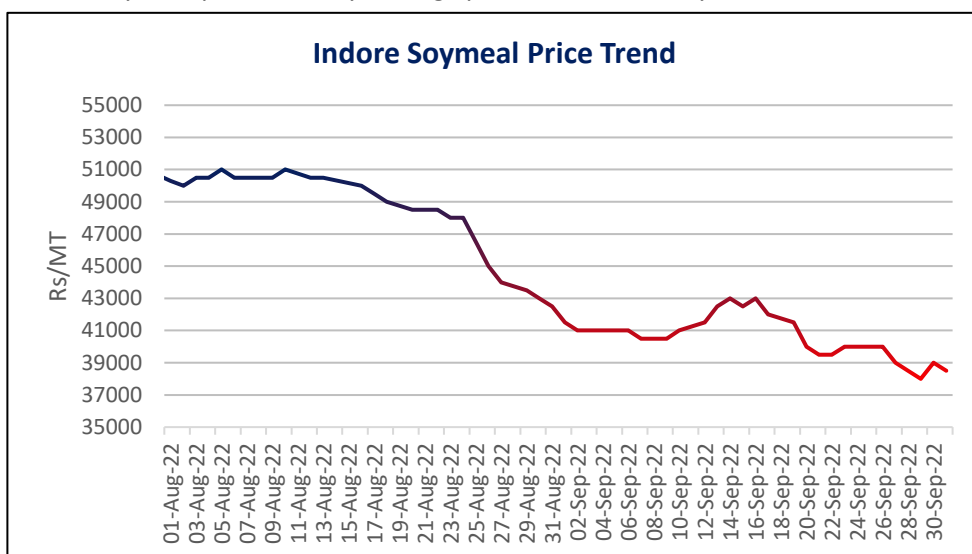
Soybean Mandi Price Outlook (INR./Qtl)	Previous week 19th Sept'22- 24th Sept'22	Week under review 26th Sept'22- 01st Oct'22	Next week 03rd Oct'22- 08th Oct'22
Weekly Average Price	5,025-5,225	4,300-4,500	4,300-4,600

Soymeal



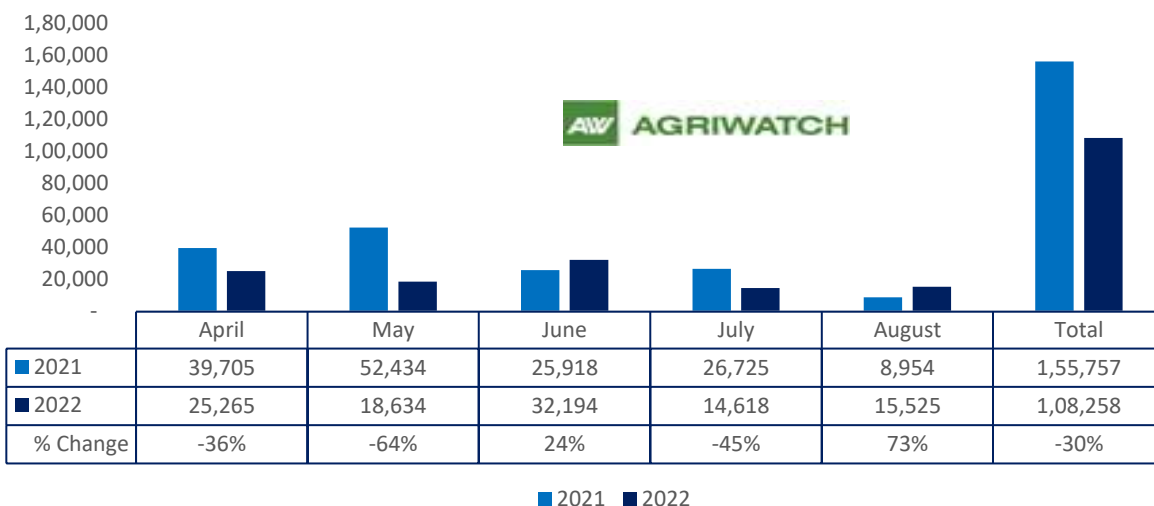
During the week under review, Indore Soymeal prices weekly average prices went down by 3% to INR 38,833/MT as compared to last week at INR 40,083/MT amid in tandem with correction in Soybean prices. Overall, the prices quoted between INR 38,000 – 40,000/MT throughout the week.

At Nanded, the weekly average prices declined at INR. 43,083/MT compared to INR. 43,500 MT a week ago. In Kota the meal prices were up at INR. 41,633/MT compared to INR. 42,816/MT previous week.

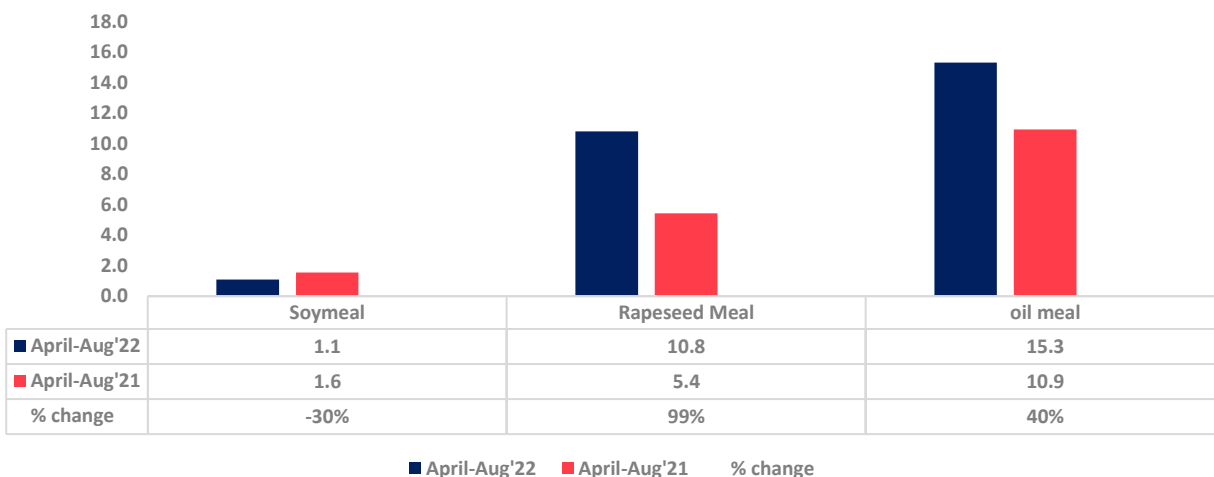


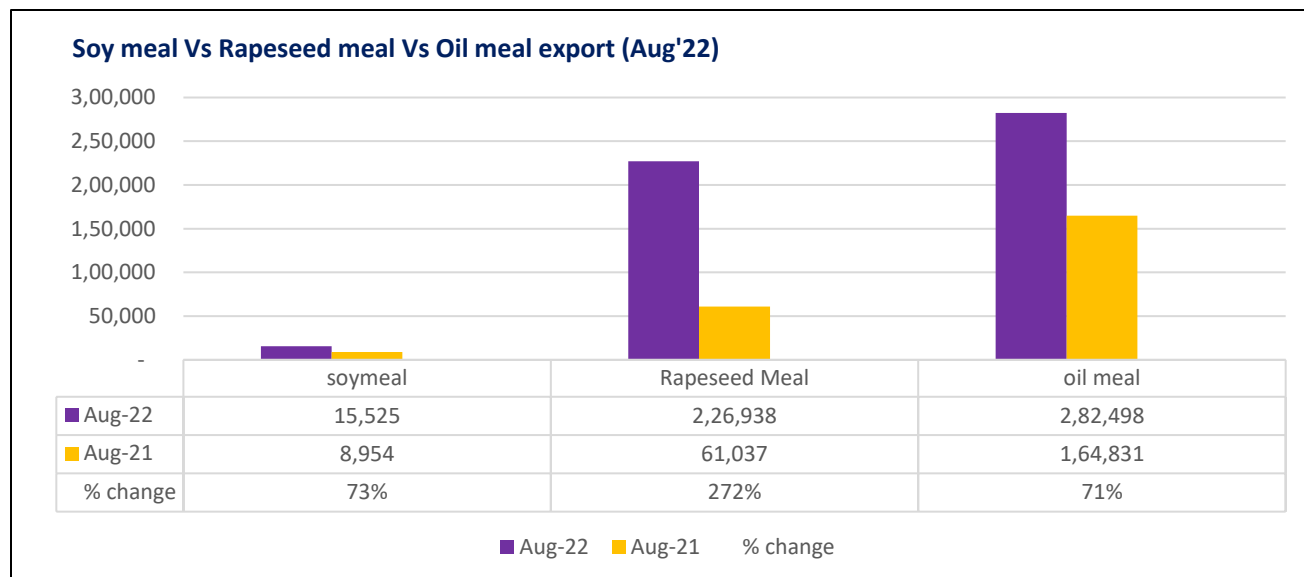
Total oil meal exports in April- August'22 went up by 40% to 15.31 Lakh tonnes vs 10.92 Lakh tonnes previous year same period. However, Soymeal exports went down by 30% to 1.08 Lakh tonnes in April-Aug'22 Vs 1.55 Lakh tonnes previous year same period. Soymeal exports went down due to over-priced Indian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

Soy meal export



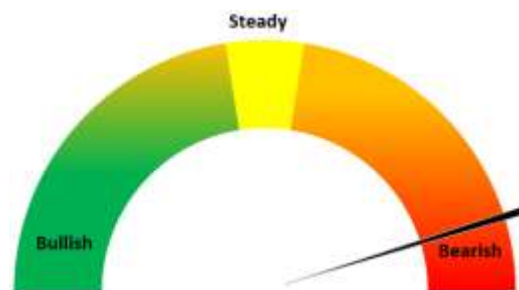
Oil Meal Export April.'22-Aug'22





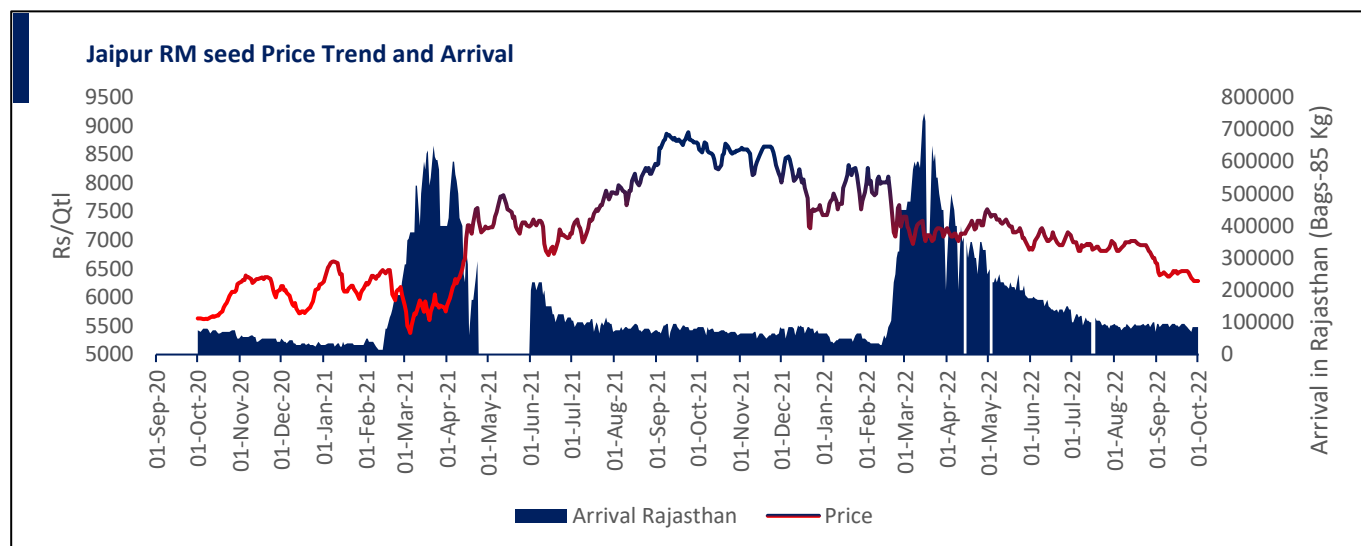
In Aug'22 SBM FAS Kandla was outpriced by USD 166/MT to FOB SBM Argentina prices as compared to \$ 195/MT. Upon pricy Indian SBM, export demand remained limited. In Sept'22 we expect Indian SBM to remain outpriced by USD 190/MT.

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 amid new crop arrival.

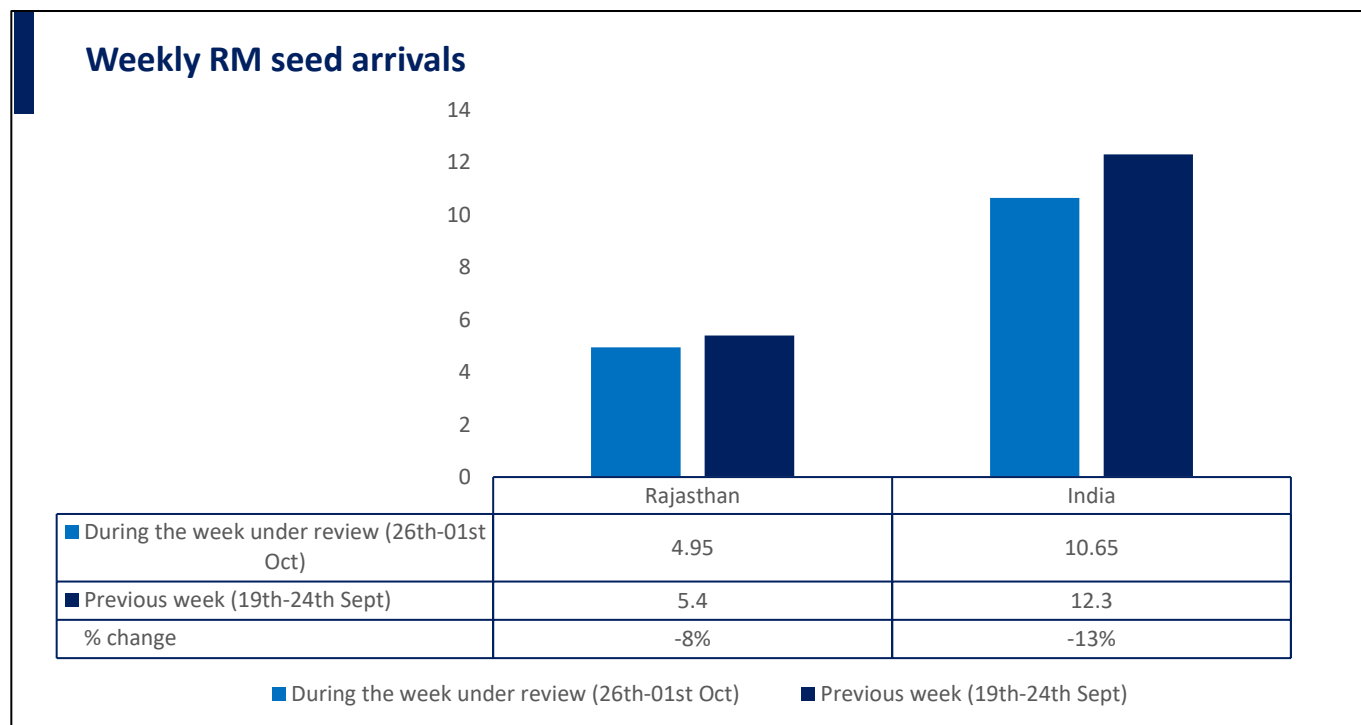


Soymeal Indore Price Outlook (INR./MT)	Previous week 19th Sept'22- 24th Sept'22	Week under review 26th Sept'22- 01st Oct'22	Next week 03rd Oct'22- 08th Oct'22
Weekly Average Price	39,500-41,500	38,000-40,000	38,000-42,000

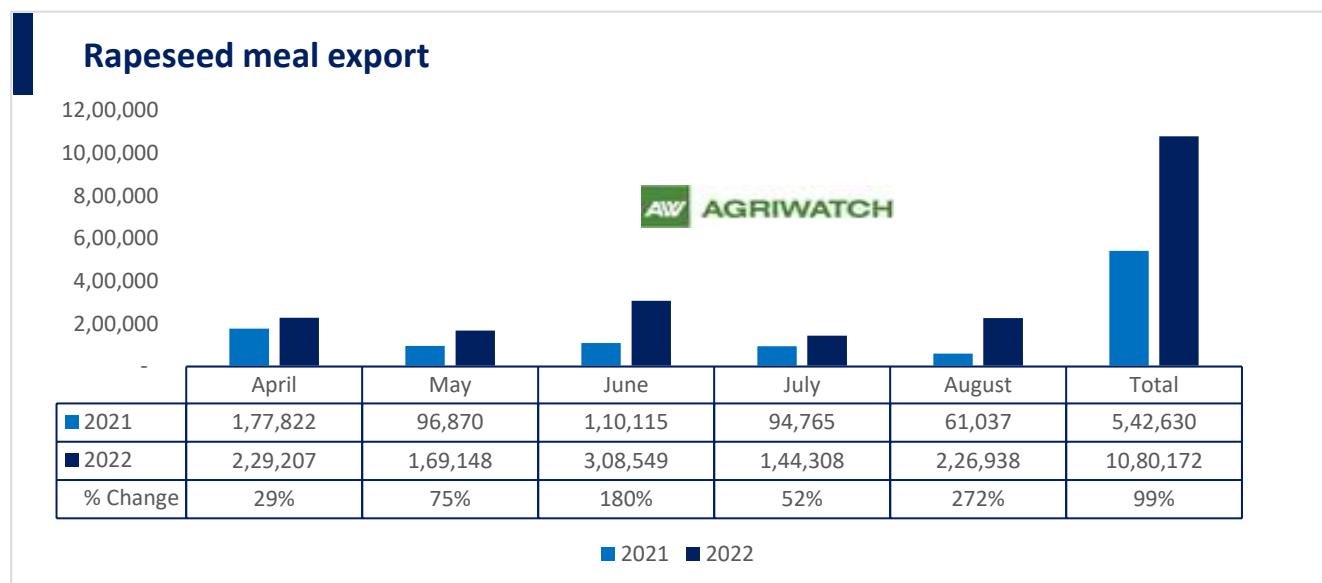
Rapeseed - Mustard Seed



RM seed remained weak during the week under review, Jaipur RM seed weekly average prices went down by 2.45% to INR. 6,300/qtl as compared to INR. 6,458/qtl previous week amid weak demand from crushers on disparity in crushing and weak Mustard oil demand.



All India Arrivals rebounded during the week under review, RM Seed arrivals continued to shrink, in Rajasthan, total mustard arrivals recorded low by 8% to 4.95 Lakh bags as compared to 5.4 lakh bags previous week. All India arrivals recorded down by 13% to 10.65 Lakh bags Vs 12.3 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.

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.
- 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.

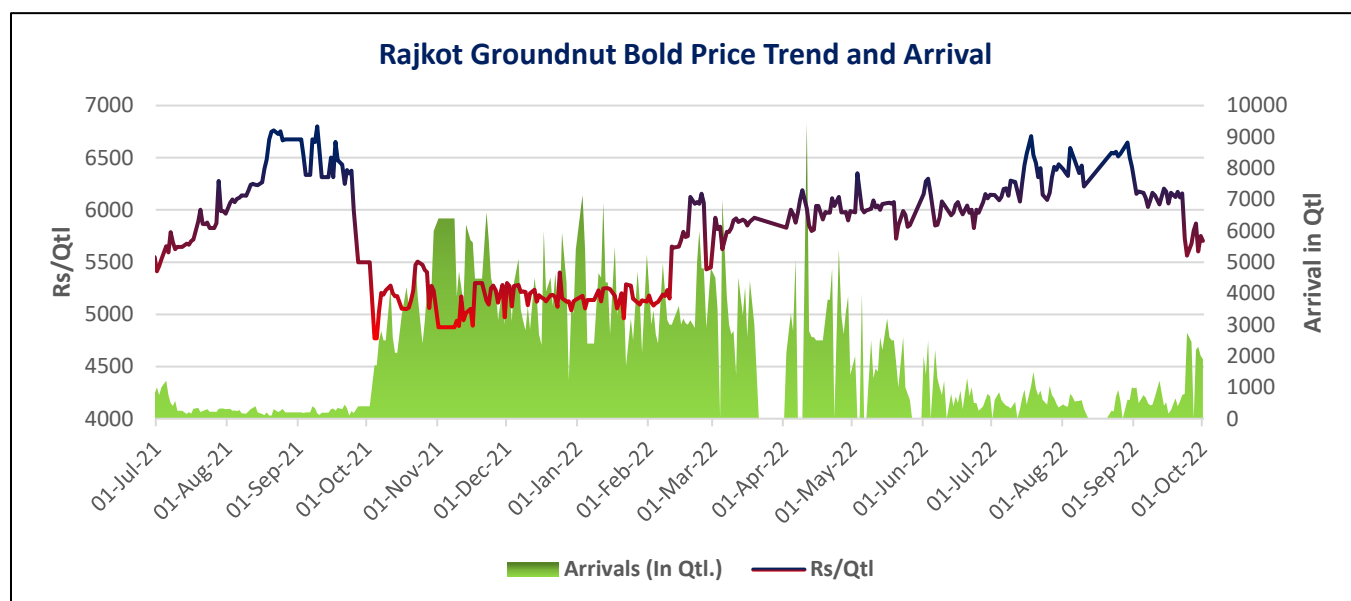
RM seed Price Outlook for coming week: RM Seed is expected to trade with weak bias amid weak demand from crushers on squeeze in crush margin and correction in edible oil prices.



Jaipur RM seed Mandi Price Outlook (INR./Qtl)	Previous week 19th Sept'22- 24th Sept'22	Week under review 26th Sept'22- 01st Oct'22	Next week 03rd Oct'22- 08th Oct'22
Weekly Average Price	6,437-6,462	6,288-6,338	6,200-6,500

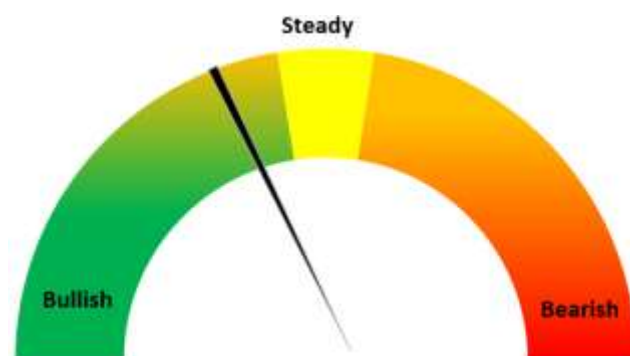
Groundnut

During the week under review, Rajkot Groundnut weekly average bold prices declined by 4.08% at INR 5,733/Qtl. as compared to 5,977/Qtl. previous week amid new crop arrivals. Arrivals in Rajkot recorded up by 84% to 10,850 Qtl as compared to 5,900 Qtl 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 21st Sept'22 cumulative rainfall departure recorded up by 32% in Gujarat, 34% in Rajasthan, 36% in Karnataka and 13% in Andhra Pradesh.

Groundnut Price Outlook for coming week: Rajkot groundnut bold prices expected to trade with weak bias amid new crop arrivals.



Rajkot Groundnut Bold Price Outlook (INR./Qtl)	Previous week 19th Sept'22- 24th Sept'22	Week under review 26th Sept'22- 01st Oct'22	Next week 03rd Oct'22- 08th Oct'22
Weekly Average Price	6,053-6,203	5,603-5,870	5,500-5,800

Annexure

Oilseed Prices at Key Spot Markets:					
Commodity / Centre	% Change over previous week	Today	Week Ago	Month Ago	Year Ago
Soybean		01-Oct-22	24-Sep-22	31-Aug-22	1-Oct-21
Indore –Plant	-6%	5100	5400	5650	5900
Indore–Mandi	-9%	4800	5300	Closed	5700
Nagpur-Plant	7%	5455	5100	5625	7000
Nagpur – Mandi	7%	5255	4900	Closed	6000
Latur – Mandi	0%	5325	5335	Closed	6850
Akola – Mandi	-4%	5100	5340	5895	6050
Kota-Plant	-8%	4875	5300	5100	6000
Kota – Mandi	-7%	4825	5200	Closed	5200
Bundi-Plant	-10%	4600	5130	5050	5400
Bundi-Mandi	-11%	4500	5050	Closed	5100
Baran-Plant	-11%	4700	5285	5000	5500
Baran-Mandi	-10%	4600	5085	Closed	5000
Bhawani Mandi Jhalawar–Plant	-8%	4900	5315	4970	5500
Jhalwar-Mandi	-6%	4800	5115	Closed	5000
Rapeseed/Mustard					
Jaipur-(Condition)	-2%	6300	6450	6625	8700
Alwar-(Condition)	-2%	6000	6100	Closed	8350
Sri Ganganagar-(Non-Condition)	-6%	5550	5900	6150	7960
New Delhi–(Condition)	2%	6250	6150	6500	8375
Kota-(Condition)	-5%	5900	6200	Closed	7900
Agra-(Condition)	-2%	6452	6571	Closed	8857
Neewai-(Condition)	-2%	5800	5900	Closed	8100
Hapur (UP)-(Condition)	-1%	6300	6350	6500	8375
Groundnut Seed					
Rajkot	6%	950	900	1190	1000
Sunflower Seed					
Gulbarga	-	NA	0	Closed	5500

Latur	-2%	5500	5600	Closed	5700
Sholapur	-2%	5500	5600	Closed	5700

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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