

# Oilmeals Monthly Research Report

## Contents

- ❖ Executive Summary
- ❖ Outlook - Cash Market
- ❖ IMD Monsoon Forecast and Current Rainfall Status
- ❖ Soybean - Domestic & International
- ❖ Balance Sheet - Soybean, India
- ❖ Soy meal
- ❖ Technical Analysis - Soybean
- ❖ Rapeseed - Mustard
- ❖ RM Seed Supply, Rajasthan
- ❖ Balance Sheet - Rapeseed-Mustard, India
- ❖ Technical Analysis - RM Seed
- ❖ Annexure - Prices etc.

## Executive Summary

---

Mixed trend are seen in Oilseed complex during March month on mixed sentiments in the markets. Soybean demand is slow at higher prices. RM Seed prices declined at the end of the current month due to higher pace of arrivals. Buyers are active enough to buy new harvested mustard crops of this season on account of good seed quality. The RMSeed market is mainly being driven by new crop arrivals and local crushers and stockiest activities. Most active Soybean April contract at NCDEX traded on firm zone in March on speculative buying activities. The arrivals are less in soybean spot markets. SEA has estimated higher mustard crop size for 2018/19 in its recent released report. We also expect higher mustard seed production of India for this year as yield improved in all key states after beneficial rainfall at the maturity stage.

In terms of Soy meal exports, exporters are remain slow in the market as prices are remain declining. Overall neither domestic nor the international dynamics seems to be bullish enough for trending bullish market and this opens up the potential for unseasonal fall in March-April month when International market comes under bearish grip with SA crop hitting the international market.

As per recent ministry report, Rabi Oilseeds crop sowing area in 2018/19 season stood slightly down by 0.6% to 80.40 lakh Ha. in India as compared to 80.98 Lakh Ha. in 2017-18. Currently, farmers have covered total 80.36 lakh Ha. normal area as on 22nd Feb 2019. However, Rapeseed sowing area of this year is recorded higher by 2.3% to 69.37 Lakh Ha. against 67.06 Lakh Ha. in last year.

Agriwatch estimated rapeseed crop at 7 MT in MY 2018-19. However, new rapeseed crop is estimated above last year due to higher rapeseed sown area and higher yields. This will lead to lower rapeseed prices thereby adversely affecting rapeseed oil prices. New rapeseed crop harvest has peaked and arrivals are expected to remain in full swing in coming weeks. SEA projects Mustard seed crop size at 8.5 MT in 2018/19 which is very close to agriculture ministry estimates i.e. 8.39 MT. While, other sources like Central Organization for Oil Industry and Trade keeps its forecast at 8.7 MT for this season.

At international front, CBOT soybean May contract average prices traded down at the current month against previous month as linger period of uncertainty for U.S. China trade war. Higher expected soybean crop area in US, uncertainty in US-China trade talks, higher stocks of soybean in US, lower demand of soybean by China, better than expected soybean crop condition in Argentina, higher rate of harvest of soybean in Brazil will underpin CBOT soybean prices in coming days. Due to recent rains and flooding in US Midwest there are chances of major shift of area from corn to soybean as corn cannot be grown in wetter areas. US-China trade talks are progressing and new round of trade talks are proposed as trade negotiations are continuing and major breakthrough has still not been made. US President has said that it might take until April for trade talks to continue. However, there were news that China is backtracking on its commitments in trade talks due to which US has said that it will continue import duties after trade settlement to see that China complies with its commitment. This uncertainty has led to fall in prices of soybean complex.

**Overall soybean may trade in steady to higher side amid less supplies however Mustard is expected to move remain in range bound to lower side on higher supplies..**

## Outlook – Cash Market

**Outlook - Soybean (Spot, Indore):** Soybean Indore traded in mixed sentiments. Prices may trade range bound to firm in coming days and likely to trade in the range of 3730 to 4080 in next month on less supplies and improved oil millers demand. Higher crop estimates for India and higher stock availability of the world may curb any major rise in soybean prices. As we move to May months onwards NCDEX soybean is likely to trade in mixed zone due to lack of buyers interests at higher price level.

**Outlook – Soy meal (Spot, Indore):** Meal prices is expected to remain sideways and potential remains to decline as the exports has not been enough and International meal prices are not bullish enough. As the domestic demand declines in coming months as we move to summer domestic price is expected to fall.

**Outlook - Rapeseed-Mustard (Spot, Jaipur basis):** New crop prospects have started impacting the prices. However, Nafed has started to procure in Rajasthan market as of now and is likely to commence soon in other states of India soon which may weigh RM Seed prices at some extend. Higher arrivals will the main factor to pull down prices.

# Weather Forecast (For Rabi Oilseeds)

## Weather Forecast

**Monday 01 April 2019**



**Tuesday 02 April 2019**



**Wednesday 03 April 2019**



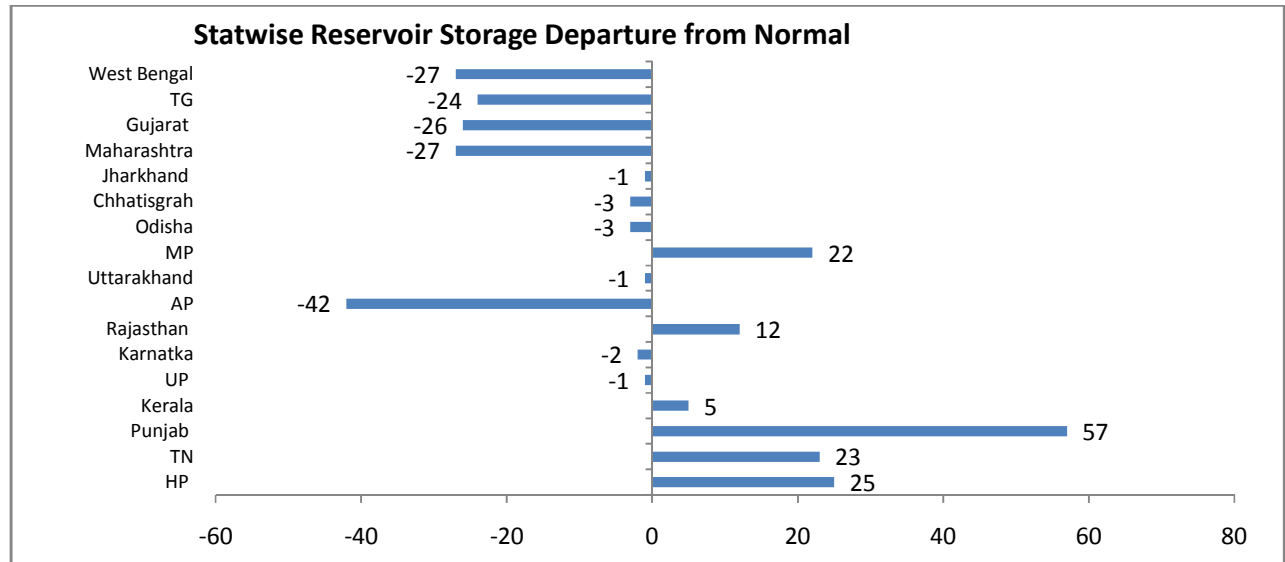
**Thursday 04 April 2019**



Heat wave to severe heat wave conditions are very likely in some parts of Madhya Pradesh and Marathwada during next 2-3 days. Heat wave conditions are also likely to prevail in some parts/at isolated pockets over Rajasthan, Gujarat, remaining parts of interior Maharashtra, Chhattisgarh, Uttar Pradesh and southern parts of Haryana upto 4th April, and over Rayalaseema, south Coastal Andhra Pradesh and Tamilnadu during next 2 days.

Thunderstorm accompanied with gusty winds & lightning likely at isolated places likely over north Coastal Andhra Pradesh, West Uttar Pradesh, Uttarakhand, Haryana, Chandigarh & Delhi, Punjab, Himachal Pradesh, Jammu & Kashmir and north Rajasthan.

## Reservoir Status in States 03.01.2019



## Rabi Oilseed Sowing Progress

Rabi Oilseeds Sowing as on 22.02.2019						
	Normal Area	Average Area Sowing as on Date	2017-18	2018-19	% Change (Y-o-Y)	% Average Area as on Date
Rapeseed & Mustard	61.25	67.76	67.06	69.37	2.3	1.6
Groundnut	7.85	6.67	6.27	4.81	-1.5	-2.0
Safflower	1.62	1.08	0.81	0.45	-0.4	-0.6
Sunflower	3.68	2.80	1.75	1.14	-0.6	-1.7
Sesamum	3.04	0.85	0.70	0.79	0.1	-0.1
Linseed	2.93	3.56	4.02	3.48	-0.5	-0.1
Total Oilseed (Nine)	80.36	83.42	80.98	80.40	-0.6	-3.0

## Soybean

---

Soybean prices featured mixed tone ahead of improved oil millers demand against less supplies. Farmers and stockiest are waiting further higher soybean prices to sell its holding stocks. Local crushers as well as exporters are waiting to improve soybean prices more in physical markets. Higher soybean crop estimates may curb any major rally in prices.

As on 3rd April 2019, Nafed disposed Soybean K-18 at 500 MT in Telangana market at Rs. 3657/quintal. It has sold total 18008.94 MT Soybean K-18 so far in India. As of now, available balance of Soybean K-18 stood at 1611.94 MT further to dispose.

In the second advanced estimates, ministry expects higher Indian Soybean crop (Kharif) at 136.89 lakh tonnes for 2018/19 season against 113.90 lakh tonnes in 2017/18. Normal rainfall at the maturity stage of crop improved yield of crop. The estimates is higher than 2016/17 crop size i.e. 131.59 lakh tonnes.

As per Agriwatch estimates, soybean production in the current Kharif season is expected to be 105 lakh metric tonnes compared to 98.1 lakh metric tonnes in the previous season. Higher soybean production will curb any major rally in the market. However comfortable carry-in stocks and record soybean crop in U.S. Midwest will continue to be the limiting factor.

The total sown area under rabi oilseeds, as on 22nd February 2019, is lower compared to the previous year's level which is down by 0.58% at 80.40 lakh hectares compared to 80.98 lakh hectares during the corresponding period last year.

As per SOPA, Soybean production of India may rise by 38% to 11.48 million tons this year against 8.36 million tonnes in last year record as supported by better yield, favorable weather condition in the major soybean crop growing states like Madhya Pradesh, Maharashtra and Rajasthan. Soybean acreage rose to 10.48 million hectares compared to 10.16 million hectares in the last season. Average yield jumped by 29 per cent to 1059 kg per hectare for the current harvesting season from 823 kg per hectare in the previous season. Soybean production in Madhya Pradesh may inch up by 41% to 5.92 million tonnes for the current season from 4.2 million tonnes last year. Total yield in the state is estimated to rise by 30.5 per cent to 1094 kg per hectare for the current season from 838 kg from the previous season.

***The domestic soybean prices are likely to notice range –bound to slight firm trade.***

## **International:**

US-China trade talks are progressing and new round of trade talks are proposed as trade negotiations are continuing and major breakthrough has still not been made. US President has said that it might take until April for trade talks to continue. However, there were news that China is backtracking on its commitments in trade talks due to which US has said that it will continue import duties after trade settlement to see that China complies with its commitment.

The USDA reported that China has bought total 828,000 metric tons of soybeans by private exporters during the 2018/2019 marketing year. China may imports higher Soybean in 2019/20 in expectation of higher meal demand as chicken, cattle, and aquaculture production is likely to go up to meet rising consumer demand for alternative animal proteins. China may buy total Soybean at 91.5 MMT tonnes in MY 19/20 higher from this year estimates i.e. 88 MMT. The projection is also higher than 94.1 MMT in 2017/18.

According to recent USDA export sales data, U.S. sold higher Soybean at 1,971,700 MT for 2018/2019 during 22 to 28th March 2019 from the previous week and 19% higher from the prior 4-week average. Increases were reported for China (1,700,100 MT, including decreases of 1,000 MT), Indonesia (91,500 MT, including 68,000 MT switched from unknown destinations and decreases of 700 MT), unknown destinations (65,200 MT), South Korea (59,600 MT, including 63,000 MT switched from unknown destinations and decreases of 3,400 MT), and Taiwan (30,600 MT, including decreases of 200 MT). Reductions were reported for Argentina (40,000 MT), Egypt (1,800 MT), and Pakistan (700 MT). For 2019/2020, net sales of 20,500 MT were for Mexico (20,000 MT) and South Korea (500 MT). Exports of 765,300 MT were down 19 percent from the previous week and 18 percent from the prior 4-week average. The destinations were primarily to China (265,100 MT), Indonesia (119,000 MT), Mexico (93,800 MT), Pakistan (67,800 MT), and South Korea (63,500 MT).

As per trade ministry, total Soybean shipment of Brazil sharply rose at 8.95 million tonnes in March 2019 against 6.09 million tonnes in last month record and it is also higher 8.81 from a year ago. Brazil shipped Soymeal at 1.61 million tonnes in March 2019 higher from 0.98 million tonnes in February 2019.

As per sources, European Union has imported 11% higher Soybean at 10.8 million tonnes in the 2018/19 season ( started last July 2018) by March 31,2019 against previous year record during the same period of time. While, the country bought lower Soymeal by 9 % to 13.1 million tonnes by March 31,2019 from last year record. EU 2018/19 palm oil imports stood at 4.83 million tonnes, up 2 percent.

According to source, Ukrainian farmers have commenced sowing sunflower and covered the first 54,000 hectares of the total expected area. The country planted 6.06 million hectares of Sunflower in 2018.

Brazilian crop estimates for 2018/19 season ranged between 112.08 to 116.50 million tonnes by different sources. AgRural forecasts Soybean crop size of Brazil at 112.90 Million tonnes. While, Arc Mercosul, Céleres Conab, Datagro, IEG FNP, IGC, INTL FCStone, Rabobank, Refinitiv, Safras & Mercado, USDA keep their estimates for Brazilian crop at 114.84 Million tonnes ,113.80 million tonnes, 113.80 million tonnes,113.46 million tonnes ,112.08 million tonnes,114.50 million tonnes,114 million tonnes, 113.03 million tonnes,115 million tonnes,115.36 million tonnes,115.40 million tonnes,116.50 million tonnes,114.24 million tonnes respectively.

Soybean harvest in Brazil is progressing at much higher pace than expected. Harvest above compared to corresponding period last year and 5-year average. Higher rate of harvest of soybean in Brazil will mean that global soybean supplies are surging much faster which will lead to additional bargaining tool for China in US-China trade settlement. China will look for higher purchase of soybean from Brazil leading to higher than expected soybean stock in US. Soybean crop condition in Argentina has improved due to conducive weather in



the country after flooding led to lower planted area. Better weather led to improvement of yield and ultimately lead to higher soybean crop in the country.

Soybean exports from Argentina is expected to rise in 2019 to 13-14 MMT, especially to China on strong demand from the country. Argentina's crushers operate at 65 percent of capacity, which leads to higher disposable soybean. Dollar Index is expected to fall on realignment of US FED towards future rise in interest rates in 2018-19 will support on soy oil prices in near term. Soybean crop condition in Argentina has improved due to conducive weather in the country after flooding led to lower planted area. Better weather led to improvement of yield and ultimately lead to higher soybean crop in the country. This has led to lower premium of Argentina soy oil over CBOT soy oil leading to lower FOB prices.

As per USDA, Global oilseed production is forecast down 0.2 million tons, with lower soybean production more than offsetting higher rapeseed and cottonseed. Soybean production is placed lower by 0.9 million tons to 360.1 million on lower production for Brazil and Paraguay. Brazil is likely to produce 0.5 million tons lower Soybean to 116.5 million on account of dry weather conditions and lower yields for Minas Gerais, Mato Grosso do Sul, and Goias. Global soybean ending stocks for 2018/19 are forecast at 121.7 MMT higher by 0.8 million tons from previous month's forecast

## Balance Sheet – Soybean, India

*Fig. in MnT*

Soybean (Fig in Mn T) MY-Oct.- Sep.			Q3	Q4	Q1	Q2
	2017-18	2018-19E	Oct-Dec'17	Jan-Mar'18	Apr-Jun'18	July-Sep 18 F
Carry In	0.23	0.23	0.23	5.25	3.48	1.81
Production	9.80	10.40	10.40	0	0	0
Imports	0.15	0.00	0	0	0	0
<b>Total Availability</b>	<b>10.18</b>	<b>10.63</b>	<b>10.63</b>	<b>5.25</b>	<b>3.48</b>	<b>1.81</b>
Processing/Crushing	8.40	8.80	5.28	1.67	0.97	0.88
Exports & Direct Consumption	0.35	0.40	0.10	0.10	0.10	0.10
Seeding/Retained for Sowing	1.20	1.20	0	0	0.6	0.6
<b>Total Usage</b>	<b>9.95</b>	<b>10.40</b>	<b>5.38</b>	<b>1.77</b>	<b>1.67</b>	<b>1.58</b>
Carry Out	0.23	0.23	5.25	3.48	1.81	0.23
<b>Stock/Consumption Ratio</b>	<b>0.02</b>	<b>0.02</b>				

Source: Agriwatch



## Soy meal

---

Soymeal prices are noted continue on downside on lackluster trading activities. South based traders are very slow in the market. Exporters are absent as of now due to weak global sentiments. Delay decision on trade negotiations between China and U.S. are affecting domestic Soymeal prices. Government has increased the incentives for Soymeal shipments which is may support soymeal prices.

As per SEA recent report, India shipped 43% lower oilmeals to 141,779 tonnes in February 2019 compared to 248,663 tons in last year record during the corresponding period of time due to lower exports demand. However, overall shipments during April 2018 to February 2019 stood higher at 2,786,574 tons against 2,765,320 tons of previous year in the same period of time. Vietnam, South Korea, Thailand, France and Iran were the main buyers of Indian oilmeals. Iran has bought total 3 lakh tonnes of Soybean meal during current year from April 2018 to February 2019 which is significantly higher from 23,000 tons in April 2017 to February 2018, supporting export of oilmeals from India.

Soymeal exports volume of India is recorded at 69,428 tonnes in February which is lower than 86,378 tonnes in January 2019. Overall Soymeal shipments during April 2018 to February 2019 stood at 1,080,348 tonnes against 1,117,340 in previous year during the same period of time. Total shipment of Rapeseed meal went down at 41728 tons in February 2019 from 57995 tonnes of February 2018. However, it is high at 962,990 tonnes in first eleven months (April to February 2019) against 538,988 tonnes during the same period of time in previous year supported by major buyers like South Korea, Vietnam and Thailand. Thailand shipped 65% higher rapeseed meals to 263,280 tonnes in the current season.

According to recent WASDE report, Soybean meal production of India is estimated at 7.20 million metric tonnes for 2018/19 higher from previous year record i.e. 6.16 million metric tonnes. Ending stocks is placed at 0.23 million metric tonnes for this year higher from 0.11 million metric tonnes of previous year record.

Indian Soymeal premium quoted higher side by \$144 per ton over Argentinean meal with Indian meal bullishness producing the premium rather than Argentinean meal bearishness. Such premiums may limit bookings of Indian Soymeal for forward as well as spot market.

***The soy meal prices are likely to notice seasonal weakness in the April month and prices is expected to remain range-bound after fall.***

## Soy Meal Export (In Thousand Tons)

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
<b>Oct</b>	405	224	50	183	29	4	31	71	150
<b>Nov</b>	443	398	517	503	111	9	98	208	186
<b>Dec</b>	611	798	511	451	194	6	241	169	170
<b>Jan</b>	575	475	620	364	104	28	155	106	86
<b>Feb</b>	540	344	578	184	65	30	208	74	69
<b>Mar</b>	411	460	302	232	47	27	107	39	
<b>Apr</b>	305	314	100	76	18	12	124	68	
<b>May</b>	177	143	98	8	14	10	49	41	
<b>Jun</b>	118	181	214	3	2	18	46	104	
<b>Jul</b>	140	168	107	7	1	12	81	64	
<b>Aug</b>	166	10	184	3	1	11	88	60	
<b>Sep</b>	226	7	173	1	7	12	102	45	
<b>Total</b>	4116	3521	3453	2015	592	180	1331	1049	

Source: SEA

**Technical Analysis:**

**NCDEX Soybean Futures C1 Chart**



**Soybean Spot, Indore**



- The first resistance level and is trading in the upward channel inching towards higher end. A breakout with confirmation is necessary to extend the gains towards 3990 and further towards 4100.
- MACD has been in the positive zone and RSI has been inching towards higher in neutral zone.
- Trade Recommendation (NCDEX Soybean – Apr): **Buy-Below-3790**. Levels: Target – T1 3890; T2-3990, SL –above 3630.
- Traders can start buying on above 3796 and can add on positions on every 20 points down.

**Support & Resistance NCDEX Soybean Apr. contract**

Apr as on 5 <sup>th</sup> Apr				
S1	S2	PCP	R1	R2
3510	3600	3796	3990	4100
May as on 5 <sup>th</sup> Apr				
S1	S2	PCP	R1	R2
3600	3720	3854	3990	4220

## Rapeseed - Mustard Seed

---

Mustard fundamentals are remain in weak tone. New Mustard crop has started to hit at the Baran market and was expected as the sowing was early in Rajasthan. Mustard prices in Rajasthan are quoting lower due to new higher crop arrivals. However, the demand for new crop is good at the current market prices as the quality is good. Traders are saying about bumper crop in this season. Higher crop supplies against less demand may curb any major gain in the market.

As per recent ministry report, Rabi Oilseeds crop sowing area in 2018/19 season stood slightly down by 0.6% to 80.40 lakh Ha. in India as compared to 80.98 Lakh Ha. in 2017-18. Currently, farmers have covered total 80.36 lakh Ha. normal area as on 22nd Feb 2019. However, Rapeseed sowing area of this year is recorded higher by 2.3% to 69.37 Lakh Ha. against 67.06 Lakh Ha. in last year.

Higher crop estimate for 2018/19 and 2019/20 is affecting to Mustard prices in the domestic markets. Beneficial recent rainfall in India increased the productivity in all key states like Rajasthan, U.P., Bihar, Gujarat, Haryana and West Bengal. We expect higher Mustard crop size for 2018/19 season on improved yield.

As on 2nd April 2019, Nafed procured total 5714 MT of Mustard seed R-19 at MSP value from 2806 farmer in Rajasthan state. While, it bought total 750 MT of sanctioned Sunflower seed at MSP price Rs. 5388/Quintal in Telangana market. Nafed disposed Soybean K-18 500 MT in Telangana market as on 3rd April 2019. It has sold total 18008.94 MT Soybean K-18 so far in India. As of now, available balance of Soybean K-18 stood at 1611.94 MT further to dispose.

Agriwatch estimated rapeseed crop at 7 MMT in MY 2018-19. However, new rapeseed crop is estimated above last year due to higher rapeseed sown area and higher yields. This will lead to lower rapeseed prices thereby adversely affecting rapeseed oil prices. New rapeseed crop harvest has peaked and arrivals are expected to remain in full swing in coming weeks. SEA projects Mustard seed crop size at 8.5 MT in 2018/19 which is very close to agriculture ministry estimates i.e. 8.32 MT. While, other sources like Central Organization for Oil Industry and Trade keeps its forecast at 8.7 MT for this season.

As per recent SEA released data, Rapeseed mustard production is likely to increase by 19% to 8.5 million tonnes in 2018/19 supported by good weather condition compared to previous year record. Farmers have covered higher areas under planting on account of higher previous year's seed prices. Rapeseed mustard is the main winter-sown oilseed in India. Higher production estimates may limit India to import edible oil from other countries. Good rainfall at flowering and maturity stage helped for better yield. SEA expects higher Rapeseed crop estimates in Rajasthan at 3.37 million tonnes, Madhya Pradesh at 1.01 million tonnes and Uttar Pradesh at 1.49 million tonnes for 2018/19 followed by better yield and higher acreage.

**Outlook: The rapeseed-mustard is likely to notice range –bound to weak tone on higher supplies.**

## Balance Sheet – Rapeseed-Mustard Seed, India

*(Fig in MnT)*

Rapeseed-Mustard (Fig in Mn T) MY-Feb.-Jan.	2017-18	2018-19	Feb-Apr	May-Jul	Aug-Oct	Nov-Jan
Carry In	0.10	0.10	0.10	3.51	1.83	0.96
Production	6.80	7	7.00	0.00	0.00	0.00
Imports	0.00	0	0.00	0.00	0.00	0.00
Total Availability	6.90	7.10	7.10	3.51	1.83	0.96
Processing/Crushing	6.80	6.9	3.54	1.63	0.77	0.76
Exports	0.00	0	0.00	0.00	0.00	0.00
Retained for Sowing & Direct Consumption	0.30	0.30	0.05	0.05	0.10	0.10
Total Usage	6.80	6.90	3.59	1.68	0.87	0.86
Carry Out/Ending Stock	0.10	0.20	3.51	1.83	0.96	0.10
Monthly Use	0.57	0.58				
Stock/Consumption Ratio	0.01	0.03				
Stock to Month Use Ratio	0.18	0.35				

*(Source: AgriWatch)*

**Technical Analysis:**

**NCDEX RM Seed Futures Daily C1 Chart**



**RM Seed Spot, Jaipur Weekly Chart**



**Support & Resistance NCDEX RM Seed – Apr contract as on 5<sup>th</sup> Apr**

S1	S2	PCP	R1	R2
3550	3650	3798	3920	4100

**Support & Resistance NCDEX RM Seed – May contract as on 5<sup>th</sup> Apr**

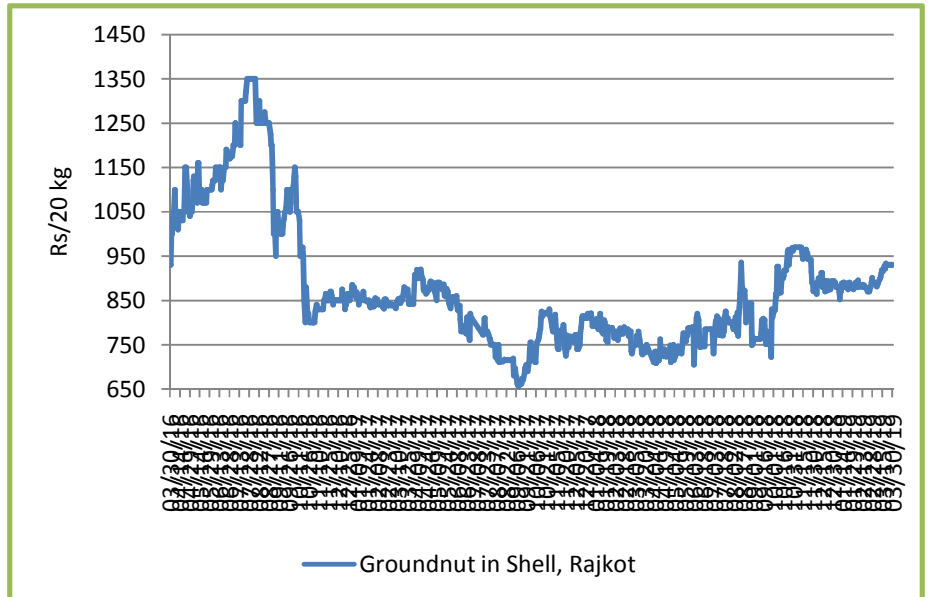
S1	S2	PCP	R1	R2
3590	3700	3820	3950	4150

- Mustard daily 1M Continuous chart finding trend line resistance at 3920-4100. Breaching this will shift the overall trend. The trend line forms a strong support and pullback is expected which forms good buying levels. The Apr and May contract is new crop.
- Trade Recommendation (NCDEX Rapeseed-Mustard – April and May):  
Be open for taking shorts at 3798 and anything below it. Any further bullishness in the prices is selling opportunity and add on can be taken. However any daily close below 3820 will change the trend and hence taking stop loss of 3880 can be good level. Traders are advised to be critical in taking the stop loss as one of two trades can breach the trend line support without changing the trend. Traders can further can exit 50% of their positions at 3778.  
A Stop loss 3880 can be used for minimizing the losses.

**Sell** Below 3798. Levels: Target – 3750; T2- 3650, SL –3880

## Groundnut

Groundnut in Shell auction prices at Rajkot APMC fetched between INR 3300 and 4665 per quintal and likely to increase in the entire month. Groundnut prices on monthly basis is rising on lower crop estimates. The prices have adjusted to the fundamentals and thus have been looking towards Rabi and summer supplies as well as the pace of NAFED procurement. NAFED has closed the auction of groundnut stocks and is probably using as the buffer for the 2018-19 MY. Summer crop is also expected to be low due to poor rains at initial stage. NE Monsoon has underperformed and thus the Rabi crop is going to remain small due to lesser acreages as well as lesser yield.



**Outlook:** Lower Kharif and Rabi crop estimates may support groundnut prices continue to rise in coming weeks as well. However, an aggressive Nafed sale activities may limit major price hike. Thus the market is poised witness an uptick in prices in coming months. NAFED has started to sale its groundnut stocks of 2017 & 2018 season in the market at MSP price.

### **Fundamentals:**

According to SEA report, groundnut crop area in India will stand at 40.12 lakh ha. in 2018/19 down from 41.35 lakh ha. in last year. Production and yield are estimated at 37.70 lakh tonnes and 931 kgs/ha. respectively against 52.75 lakh tonnes and 1269 kgs/ha. respectively in previous year record.

We expect AP groundnut crop size at 4.21 lakh metric tonnes for 2018/19 season lower from previous year crop size i.e. 5.48 lakh metric tonnes as farmers are covering lower sowing area so far.

As per APEDA data, India's groundnut kernel shipment declined at 3.94 Lakh tonnes during April-January 2019 amounting total Rs. 2,635 crore against 4.2 lakh tonnes of groundnut kernel in 2017-18 (April-January) valued Rs. 2,842 crore.

As per recent ministry report, total groundnut area in India has been reported down at 4.81 Lakh hac. in this year as compared to 6.27 lakh hac. in previous year. In AP, it is recorded at 0.58 lakh hac. for this year which is lower than 0.85 lakh hac. in the previous year.



## Groundnut Exports (In Thousand Tons)

Groundnut Exports (Includes In Shell, Blanched and Normal Groundnuts (Thousand Tons))						
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Oct	21.8	21	22.9	25.8	30.4	30.4
Nov	71.1	92.6	50	80.9	109.6	68.9
Dec	79.1	135.9	91.3	145.1	69.4	30.8
Jan	47.3	82.2	67.7	105.2	31.7	39
Feb	48	54	53.7	78.8	30.7	71.9
Mar	52.6	61.7	55.7	67.5	54.8	73.61
Apr	48.6	50.4	54.5	45	46.5	
May	55.2	38.6	41.3	19.1	39.6	
Jun	50	30.7	58.4	25.4	40.1	
Jul	42.7	25	39.2	37.2	39.4	
Aug	40.8	35.8	16.8	30.6	35.5	
Sep	23.8	16.1	12.2	20.1	17.1	

\* Estimated Exports Value

Soy DOC Rates at Different Centers			
Centres	Ex-factory rates (Rs/ton)		
	30-Mar-19	28-Feb-19	Parity To
Indore - 45%, Jute Bag	31500	29700	Gujarat, MP
Kota - 45%, PP Bag	33000	30700	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna - 45%, PP Bag	33200	31000	Mumbai, Maharashtra
Nagpur - 45%, PP Bag	32500	31000	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	32800	31700	Andhra, AP, Kar, TN
Latur	32500	32000	-
Sangli	32800	32000	Local and South
Solapur	33000	31000	Local and South
Akola – 45%, PP Bag	31500	30700	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Hingoli	33000	32000	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Bundi	32800	30500	-

<b>Soy DOC at Ports</b>			
<b>Centers</b>	<b>Port Price</b>		
	<b>29-Mar-19</b>	<b>27-Feb-19</b>	<b>Change</b>
Kandla (FOR) (INR/MT)	33300	32200	<b>11000</b>
Kandla (FAS) (USD/MT)	435	430	<b>5</b>
CNF Indonesia – Yellow SBM (USD/MT)	455	455	<b>Unch</b>

<b>Rapeseed Meal</b>	<b>29-Mar-19</b>	<b>27-Feb-19</b>	<b>Change</b>
FAS Kandla (USD/MT)	212	208	<b>4</b>
FOR Kandla (Rs/MT)	14600	14900	<b>-300</b>
FOR Mundra (Rs/MT)	15000	15300	<b>-300</b>
CNF Indonesia (USD/MT)	233	232	<b>1</b>

<b>International Soy DOC</b>			
<b>Argentina FOB USD/MT</b>	<b>29-Mar-19</b>	<b>27-Feb-19</b>	<b>Change</b>
Soybean Pellets	313	324	<b>-11</b>
Soybean Cake Flour	313	324	<b>-11</b>
Soya Meal	311	324	<b>-13</b>
Soy Expellers	311	324	<b>-13</b>

<b>Sunflower (DOC) Rates</b>	<b>Ex-factory rates (Rs/ton)</b>		
<b>Centers</b>	<b>30-Mar-19</b>	<b>28-Feb-19</b>	<b>Change</b>
Adoni	25700	25300	<b>400</b>
Khamgaon	Unq	25300	Unq
Parli	Unq	Unq	Unq
Latur	Unq	Unq	Unq

<b>Groundnut Meal (Rs/MT)</b>	<b>30-Mar-19</b>	<b>28-Feb-19</b>	<b>Change</b>
Basis 45%, Saurashtra	Closed	25100	<b>Unq</b>
Basis 40%, Saurashtra	Closed	Unq	Unq
GN Cake, Gondal	Closed	Unq	Unq

<b>Mustard DOC</b>	<b>30-Mar-19</b>	<b>28-Feb-19</b>	<b>Change</b>
Jaipur (Plant delivery)	14400	14300	<b>-100</b>
Kandla (FOR Rs/MT)	14700	15000	<b>-300</b>

<b>Mumbai Oil Meal Quotes:</b>			
<b>Rs/M.T.</b>	<b>30-Mar-19</b>	<b>28-Feb-19</b>	<b>Change</b>
G.N. Extr (45%)	Unq	Unq	<b>Unq</b>
Kardi Extr	Unq	Unq	<b>Unq</b>
Undec Cottonseed Exp	26700	22000	<b>4700</b>
Rice Bran Extr.	Unq	Unq	<b>Unch</b>
Sunflower Extr.	23500	23000	<b>500</b>
Rapeseed Extr.	Unq	Unq	<b>Unch</b>
Soymeal 48%	32870	30991	<b>313</b>
Castor Extr.	4050	4850	<b>-800</b>

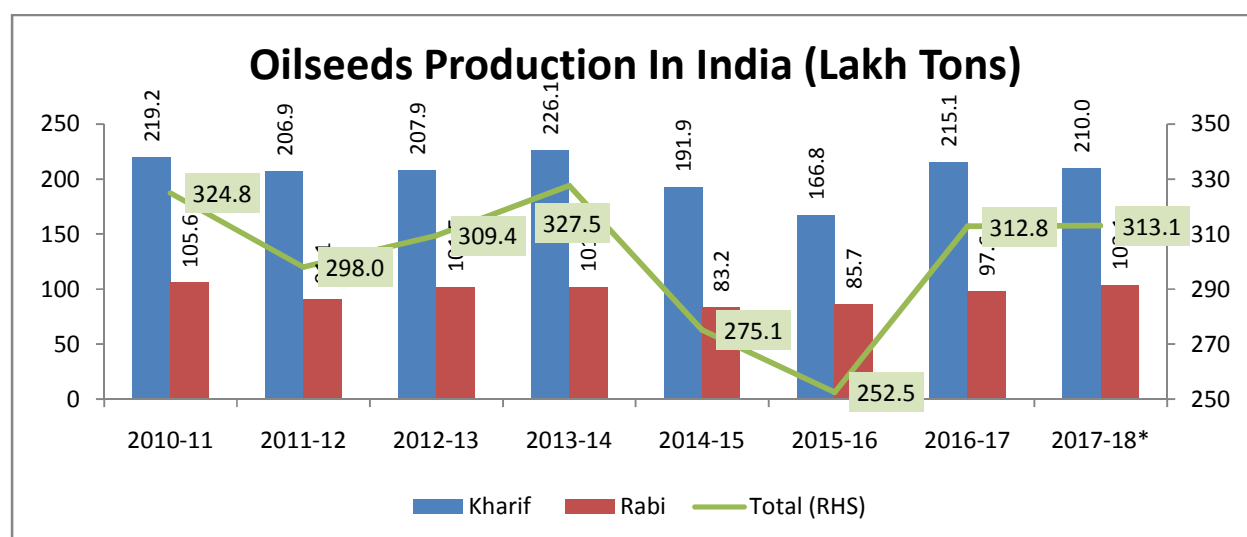
## India's Total Oilseeds Production Seen at 315 Lakh Tons in 2<sup>nd</sup> Adv Est. - GOI (Kharif + Rabi + Summer)

The 2<sup>nd</sup> Advance Estimates of production of major crops for 2018-19 have been released on 28<sup>th</sup> February, 2019 by the Department of Agriculture, Cooperation and Farmers Welfare. The assessment of production of different crops is based on the feedback received from States and validated with information available from other sources. Most of the major crops producing states have witnessed normal monsoon rainfall. As a result, the production of oilseeds crops estimates for 2018-19 has witnessed higher than their normal production. Oilseeds production of India is placed higher by 1.6% to 315 lakh tonnes against the production of 298.8 lakh tonnes in 2<sup>nd</sup> Advance Estimates of 2017-18. The estimated figure is also high by 185 lakh tonnes than the average oilseeds production.

The estimated production of major Oilseeds during 2017-18 is as under:

Oilseeds – 313.1 Lakhtonnes

- Soyabean – 109.34 Lakh Tons
- Groundnut – 91.8 Lakh Tons
- Rapeseed – 83.2 Lakh Tons
- Castorseed – 14.9 Lakh Tons
- Sesame/Sesamum/Gingelly/Til – 7.44 Lakh Tons
- Nigerseed – .75 Lakh Tons
- Sunflower – 1.9Lakh tons
- Linseed - 1.73 Lakh Tons



Source: Ministry of Agriculture

Note: 2017-18 is based on 4<sup>th</sup> Adv estimates.

Year includes Kharif, rabi and summer (i.e. 2017-18 means kharif harvested in 2017, Rabi in 2018 and summer in 2018 and should not be considered as marketing year)

**Oilseed Wise production in India (Kharif+Rabi) Lakh Tons**

Oilseed	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
<b>Soybean</b>	127.4	122.1	146.7	118.6	103.7	85.7	131.6	109.8
<b>Groundnut (In Shell)</b>	82.7	69.6	47.0	97.1	74.0	67.3	74.6	91.8
<b>Rapeseed &amp; Mustard</b>	81.8	66.0	80.3	78.8	62.8	68.0	81.0	83.2
<b>Castorseed</b>	13.5	23.0	19.6	17.3	18.7	17.5	13.8	15.7
<b>Sesamum</b>	8.9	8.1	6.9	7.2	8.3	8.5	7.5	7.5
<b>Sunflower</b>	6.5	5.2	5.4	5.0	4.3	3.0	3.0	2.1
<b>Linseed</b>	1.5	1.5	1.5	1.4	1.6	1.3	2.0	1.8
<b>Nigerseed</b>	1.1	1.0	1.0	1.0	0.8	0.7	0.9	0.7
<b>Safflower</b>	1.5	1.5	1.1	1.1	0.9	0.5	1.0	0.5

Source: Ministry of Agriculture

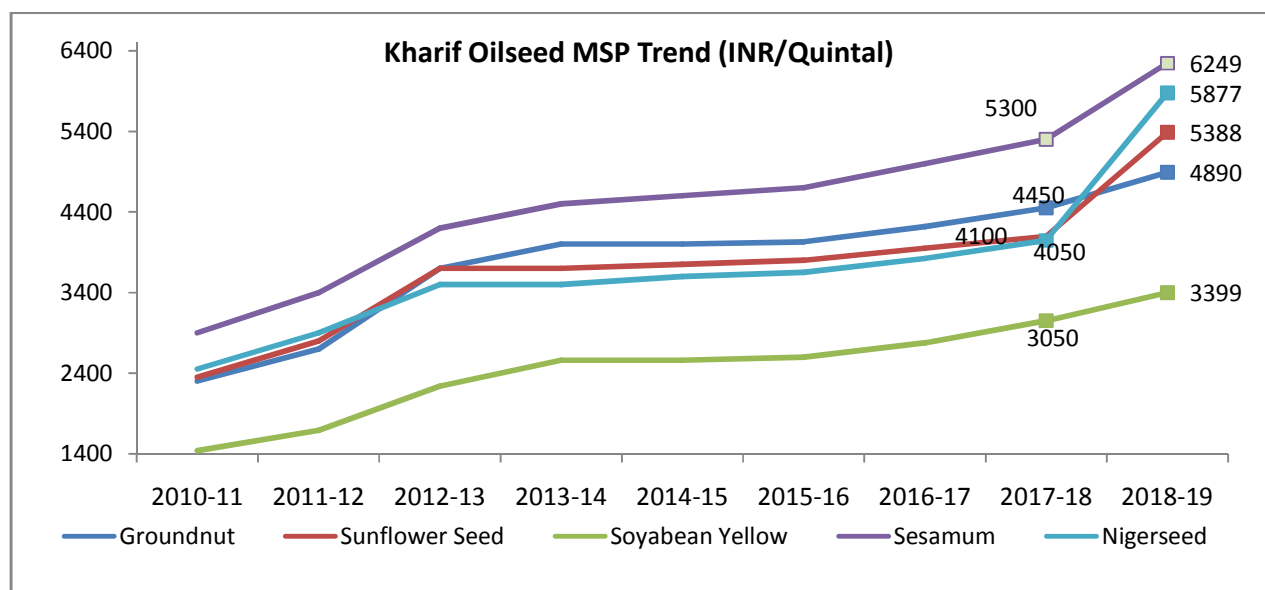
Note: 2017-18 is based on 4<sup>th</sup> Adv estimates.

## MSP for 2018/19 Kharif Oilseeds

The Cabinet Committee on Economic Affairs, chaired by the Prime Minister Shri Narendra Modi, has given its approval for Minimum Support Prices (MSPs) for Kharif Crops of 2018-19 season, the MSPs of all the Kharif oilseeds are raised for this season.

The MSP of Yellow Soybean is increased by 9.0% to Rs 3325/Qtl for 2018-19 season from Rs. 3050/Qtl (including Rs 100 bonus) in 2017-18, Groundnut -in- shell by 5.2% to Rs 4,680/Qtl from Rs 4,450/Qtl (including Rs 100 bonus), Sunflower seed by 3.7% to Rs 4,250/Qtl from Rs 4,100/Qtl (including Rs 200 bonus), Nigerseed by 5.5% to 4,275/Qtl from Rs 4,050/Qtl (including Rs 100 bonus) and Sesamum by 5.7% to Rs 5,600/Qtl from Rs 5,300/Qtl (including Rs 200 bonus).

Source: MoA, GOI



---

## MSP for 2018/19 Rabi Oilseeds

---

Centre has increased the MSP of Mustard/Rapeseed by INR 200 from last year and kept it at INR 4200 per quintal. Last year the MSP of Mustard/rapeseed was INR 400 per quintal including bonus of INR 100.

Safflower MSP has been increased to INR 4945 from INR 4100 per quintal of last year. Last year MSP includes a bonus of INR 100 per quintal.

## India's Kharif Oilseeds Production 2018-19 2<sup>nd</sup> Advanced Estimates

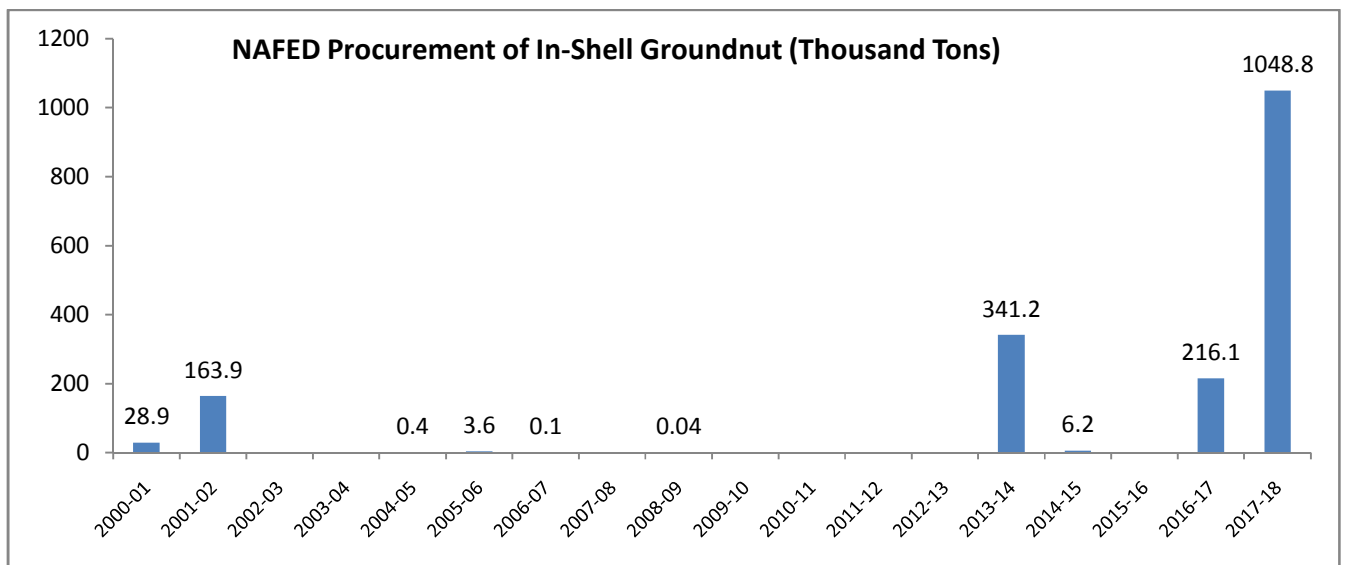
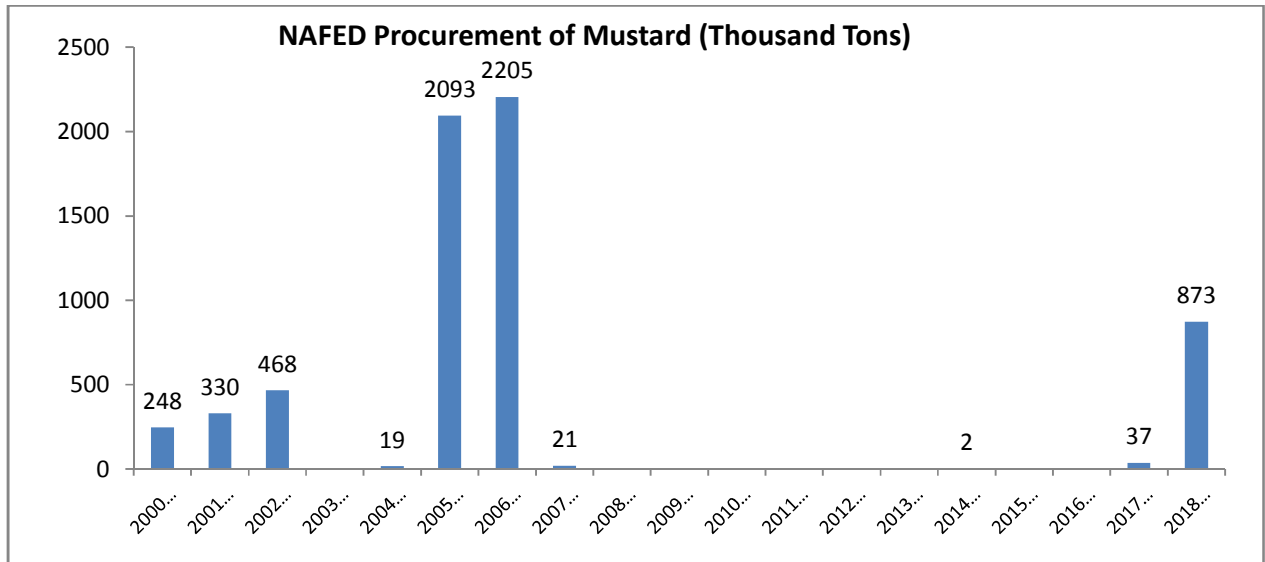
---

The 2nd Advance Estimates of production of major crops for 2018-19 have been released on 28th February, 2019 by the Department of Agriculture, Cooperation and Farmers Welfare. The assessment of production of different crops is based on the feedback received from States and validated with information available from other sources.

Oilseeds – 315 Lakhtonnes

- Soyabean – 136.89 Lakh Tons
- Groundnut – 54.14 Lakh Tons
- Castorseed – 11.77 Lakh Tons
- Sesame/Sesamum/Gingelly/Til – 7.84 Lakh Tons
- Sunflower – 0.98 Lakh ton

## NAFED Procurement of Oilseeds (Mustard and Groundnut) Historically





## SEA OILSEEDS APY ESTIMATES

Oilseeds	2017/18			2018/19		
	Area (Lakh Hac.)	Yield	Production (Lakh Tonnes)	Area (Lakh Hac.)	Yield	Production (Lakh Tonnes)
Groundnut	40.12	931	37.7	41.58	1269	52.75
Soybean	112.5	909	102.3	105.92	784	83
Sunflower	1.1	636	0.7	1.37	584	0.8
Sesame	13.84	170	2.35	14.19	282	4
Castor	7.27	1582	11.5	8.3	1754	14.43
Niger	2	350	0.7	2.06	340	0.7
<b>Total</b>	<b>176.83</b>	<b>884</b>	<b>156.25</b>	<b>173.42</b>	<b>903</b>	<b>156.68</b>

Source: SEA

### Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>

© 2017 Indian Agribusiness Systems Pvt Ltd.