

15th February, 2021

Monthly Report On Oilseeds & Edible Oils February 2021



SOYBEAN

Price range: (Rs./Quintal): 4500-5000

Monthly Outlook

Soybean futures have clocked a five year high at 4835 and this bullishness shall continue in days to come. The March contract can see 5000 levels, taking support near 4500. The sentiments are highly optimistic on the back of prospects of higher exports and shortage of soybean in the global market.

Weekly Price movement of Soybean Futures (NCDEX)

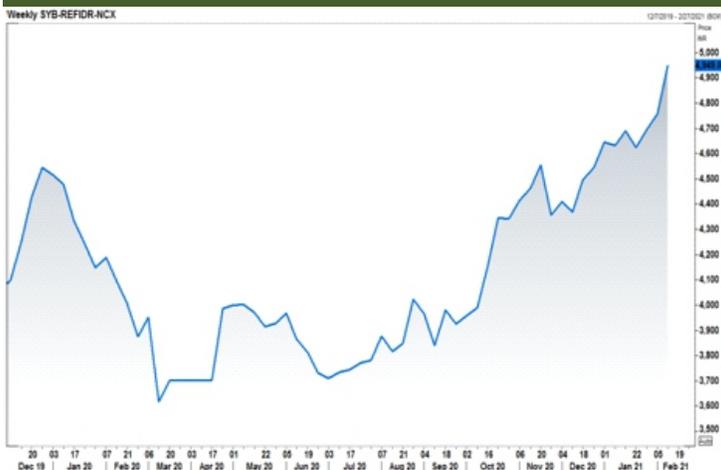


Source: Reuters

Fundamental factors:

- Strong export demand and increased crop availability in the domestic market have lifted soybean meal exports for the current season 2020-21. The oil marketing year runs from October 2020 through September 2021.
- Total availability of the seed is projected at 112.71 lakh tonnes, including 5.16 lakh tonnes of carryover stock and three lakh tonnes of imports, besides the crop of 104.55 lakh tonnes. Total seed availability for crushing is expected at 98.71 lakh tonnes, after 12 lakh tonnes being retained for sowing.
- The arrivals have been higher at 64 lakh tonnes for the October-January period against 54.5 lakh tonnes reported in the same period last year. The arrivals this year have been much higher because of higher crushing and permission to plants and traders to purchase outside the mandi system,
- So far during October 2020 to January 2021, data show that India has exported 9.5 lakh tonnes of soybean meal through sea and land. This is up 223 per cent from 2.94 lakh tonnes in the same period last year.
- Indian soybean meal prices are competitive against this product from the US, Brazil and Argentina. This is increasing India's soymeal exports.
- India's soybean meal exports could double to 18 lakh tonnes in the current oil marketing year (October 2020-September 2021). In the last oil marketing year, 8.62 lakh tonnes of soybean meal were exported from the country.
- SOPA has retained its soybean crop estimate at 104.55 lakh tonnes for the current year, up 12 per cent from 93.06 lakh tonnes last year.

Weekly spot price chart of Soybean (Indore)



Source: Reuters

Heat map & Seasonal table of Soybean futures

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2021	0.52%	3.18%										
2020	-9.15%	-9.09%	2.50%	1.38%	-1.57%	-2.07%	1.84%	7.93%	-4.12%	10.24%	3.15%	4.14%
2019	12.37%	-5.40%	2.24%	-0.75%	0.08%	-1.91%	-1.78%	0.25%	4.68%	3.54%	5.34%	8.73%
2018	19.72%	3.16%	-1.38%	-1.74%	-4.18%	-2.94%	-2.88%	-4.09%	1.11%	2.88%	0.92%	1.47%
2017	0.42%	-2.72%	-2.19%	2.07%	-7.99%	5.90%	7.83%	-1.81%	-2.07%	-6.92%	9.74%	0.65%
2016	-2.58%	-1.61%	9.30%	-0.66%	-3.91%	-1.57%	-6.91%	-8.13%	-0.21%	-1.96%	-0.41%	-3.27%
AVG	3.55%	-2.08%	2.09%	0.06%	-3.52%	-0.52%	-0.38%	-1.17%	-0.12%	1.55%	3.75%	2.34%
STD	10.56%	4.81%	4.54%	1.60%	3.06%	3.62%	5.55%	5.96%	3.33%	6.43%	4.00%	4.45%

Source: Reuters

U.S SOYBEAN FUTURES (CBOT)

Price range: (\$/Bushel): 13-15

Monthly Outlook

U.S Soybean futures have clocked a 3 year high at \$14.38 a bushel and this bullishness shall continue in days to come. Factors such as slower harvesting in Brazil, weather concerns in Argentina, lower stocks of U.S soybean near 2016-17, may push the oilseed further higher towards \$14.5-15 levels, taking support near \$13.

Weekly Price movement of U.S Soybean Futures (CBOT)

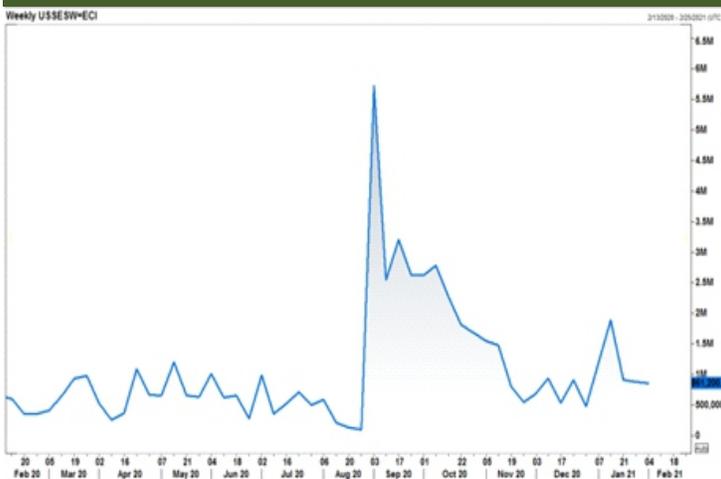


Source: Reuters

Fundamental factors:

- Harvesting delays in Brazil, the world's top soybean producer, are prompting buyers led by China to rely on rival exporter the United States for longer than usual in 2021.
- Sustained demand for U.S. soybeans is accelerating an historic drawdown of U.S. supplies of the oilseed and could further drive up soybean prices at a time of rising food inflation as countries hoard staples during the pandemic.
- U.S. soybean stocks are expected to shrink to the smallest in seven years just before the northern hemisphere harvest ramps up in September.
- At that point the country is expected to have just 9.5 days' worth of soybean supplies, the tightest on record and down sharply from the seven-week supply held at the same point last year.
- The US Department of Agriculture's US soybean ending stocks forecast for 2020-21 marketing year (September-August), was reduced for the sixth consecutive month to 120 million bushels, from 140 million bushels in January.
- The USDA projects US soybeans exports for 2020-21 to reach 2.25 billion bushels, up 20 million bushels on January estimates.
- Global exports are raised 0.6 million tons to 169.7 million on higher exports from the United States and Russia.
- Global soybean stocks are reduced 1.0 million tons to 83.4 million as lower stocks in the United States and Brazil more than offset higher stocks in Argentina

U.S soybean export sales (tonnes)



Source: Reuters

Heat map & Seasonal table of U.S Soybean Futures (CBOT)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2021	-6.34%	0.15%										
2020	-7.48%	1.26%	0.28%	-4.03%	-1.12%	5.17%	1.50%	5.99%	7.60%	3.22%	10.60%	12.56%
2019	3.71%	-1.94%	-1.48%	-4.86%	4.34%	2.51%	-3.97%	-0.81%	5.72%	1.19%	-4.36%	7.56%
2018	4.62%	4.95%	-0.02%	-0.67%	-1.85%	-15.71%	5.27%	-7.83%	1.50%	-0.77%	6.64%	-1.37%
2017	2.81%	0.05%	-7.71%	-0.08%	-3.09%	2.87%	5.53%	-5.86%	3.42%	0.57%	1.23%	-3.45%
2016	1.26%	-3.32%	6.77%	12.11%	5.63%	8.95%	-12.13%	-7.02%	-0.63%	5.06%	2.99%	-3.46%
AVG	1.52%	0.19%	-0.43%	0.49%	0.78%	0.76%	-0.76%	-3.11%	3.52%	1.85%	3.42%	2.37%
STD	4.56%	2.85%	5.16%	6.81%	3.93%	9.56%	7.43%	5.77%	3.27%	2.30%	5.65%	7.60%

Source: Reuters

EDIBLE OILS (Domestic Market)

Price Range:

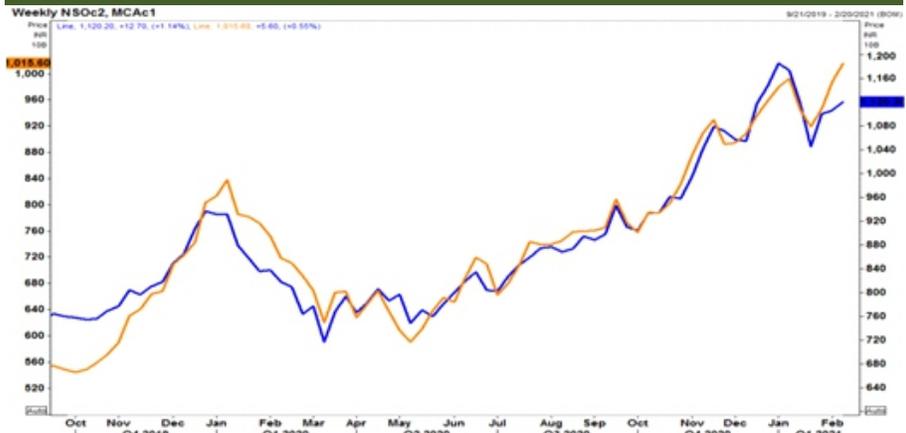
Soy oil (NCDEX) : 1060-1160 (Rs./10 Kgs)

CPO Futures (MCX) : 990-1100 (Rs./10 Kgs)

Monthly Outlook

Soy oil and CPO futures on the national bourse have been consolidation since few past weeks. Lackluster buying in the spot market due to higher prices is capping the upside. In recent times, the spread gap between these edible oils has increased. Going ahead, we might see more of a range bound movement in these counters, however with an upside bias supported by strength in uptrend of soybean prices and also due to lesser imports of vegetable oils.

Weekly Price movement of Soy oil (NCDEX) & CPO Futures (MCX)



Source: Reuters

Fundamental factors:

- In the Union Budget 2021-22, India cut the basic import tax on crude palm oil to 15% from 27.5%, but imposed a 17.5% "cess" - a separate tax - on the imports. After the changes, crude palm oil imports would effectively attract 35.75% tax against 30.25% previously. India also imposed 20% cess on crude soybean and soyoil imports but cut basic customs duty on both the commodities to 15% from 35%.
- According to the Solvent Extractors' Association of India Import of vegetable oils during January 2021 is reported at 1,096,669 tons compared to 1,195,812 tons in January, 2020, consisting 1,074,635 tons of edible oils and 22,034 tons of non-edible oils i.e. down by 8%.
- Import of Soybean oil in January 2021 was lowest as truckers strikes in Argentina seriously affected loading during Nov.,2020 resulted lesser vessels of soybean oil arrival in India during Jan.,2021.
- During Nov.'20-Jan.'21, Palm Oil import has increased to 2,169,601 tons compared to 2,008,657 tons during Nov'19.- Jan.'20 due to duty advantage. Soft Oil import has marginally decreased to 1,316,524 tons compared to 1,356,270 tons during Nov.'19-Jan.'20 due to lower import of sunflower oil.
- The stock of edible oils as on 1st February 2021 at various ports has estimated at 657,000 tons and in pipeline 1,130,000 tons, total stock at 1,787,000 tons. The stock has marginally decreased by 28,000 tons to 17.87 lakh tons as on 1st Feb.,2021 from 18.15 lakh tons as on 1st January, 2021.

Heat map & Seasonal table of CPO futures (MCX)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2021	-2.54%	7.36%										
2020	-3.92%	-10.31%	-1.47%	-7.38%	4.20%	6.46%	5.57%	3.20%	1.21%	7.62%	4.87%	11.32%
2019	11.92%	-2.31%	-5.99%	3.17%	-2.78%	-1.60%	-0.14%	8.42%	-0.65%	6.18%	14.73%	20.22%
2018	0.99%	4.82%	11.02%	-1.33%	1.57%	-1.48%	-4.10%	-3.74%	-0.13%	-2.97%	-13.08%	0.46%
2017	0.96%	-7.21%	-1.17%	-4.14%	-0.79%	-4.23%	-0.45%	5.98%	5.76%	-0.42%	8.12%	-5.94%
2016	7.80%	11.47%	10.27%	6.07%	-4.79%	-5.61%	3.51%	6.65%	4.00%	-10.98%	7.01%	5.00%
AVG	2.53%	0.63%	2.53%	-0.72%	-0.52%	-1.29%	0.88%	4.10%	2.04%	-0.11%	4.33%	6.21%
STD	6.13%	8.60%	7.29%	5.42%	3.53%	4.68%	3.76%	4.77%	2.75%	7.51%	10.41%	10.05%

Source: Reuters

Heat map & Seasonal table of Soy oil futures (NCDEX)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2021	-6.34%	1.81%										
2020	-10.12%	-8.61%	5.52%	-1.22%	-2.01%	1.45%	10.44%	3.19%	0.07%	6.06%	11.86%	9.65%
2019	7.23%	-3.35%	-4.02%	2.03%	1.65%	-0.28%	-0.66%	3.52%	-0.12%	1.96%	5.71%	13.77%
2018	2.25%	2.29%	3.42%	-2.81%	1.52%	-2.60%	-1.84%	-0.34%	1.16%	0.88%	-5.00%	0.14%
2017	-2.95%	-3.17%	-6.21%	-1.97%	1.96%	3.07%	2.41%	1.02%	0.10%	3.22%	8.80%	-2.54%
2016	-0.72%	1.20%	4.07%	2.35%	-0.10%	-1.96%	-1.99%	2.32%	2.40%	1.94%	7.91%	-2.84%
AVG	-1.77%	-1.64%	0.56%	-0.32%	0.60%	-0.07%	1.67%	1.94%	0.72%	2.81%	5.85%	3.64%
STD	6.17%	4.22%	5.29%	2.36%	1.66%	2.35%	5.21%	1.60%	1.06%	2.00%	6.46%	7.60%

Source: Reuters

EBIBLE OILS (International Market)

Price Range:

Soy oil (CBOT) : 45-48 (Cents/Pound)

CPO Futures (BMD) : 3400-3800 (MYR/Ton)

Monthly Outlook

Soy oil and CPO futures in the international market are continuously maintaining their respective uptrend. Factors such as higher demand of soybean oil for meeting the bio-fuel mandates along with shortage of U.S soybean will continue to fuel the demand. On the contrary, the upside moves of palm oil may get restricted owing to estimates of lower exports after India imposed higher tax on imports and rising inventories.

Weekly Price movement of Soy oil (CBOT) & CPO Futures (BMD)



Fundamental factors:

- The Malaysian crude palm oil (CPO) stocks rose 9.76 per cent to 640,781 tonnes in January 2021 from 583,811 tonnes in December 2020, according to the Malaysian Palm Oil Board (MPOB). Overall, it said total palm oil stocks increased by 4.68 per cent m-o-m to 1.32 million tonnes from 1.26 million tonnes previously.
- Malaysia palm oil exports in January 2021 dropped 42.33 per cent to 947,395 tonnes from 1.64 million tonnes in December 2020, and oleochemical exports slipped by 2.13 per cent m-o-m to 241,897 tonnes compared to 247,171 tonnes previously.
- On the contrary, U.S. soybean processing plants likely turned in their third-largest monthly crush on record on January and the largest-ever crush for the first month of the year, according to analysts polled ahead of a National Oilseed Processors Association (NOPA) report due on Tuesday. NOPA estimated to have crushed 183.087 million bushels of soybeans last month.
- Soy oil supplies among NOPA members at the end of January were seen rising to 1.763 billion pounds.
- Soaring soybean prices during and after the 2020 harvest sparked active farmer sales of beans to processing plants, providing them ample crushing supplies. Daily crushing rates have been at historic highs over the past four months, averaging around 6 million bushels a day.

Heat map & Seasonal table of CPO futures (BMD)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2021	-3.06%	1.95%										
2020	-14.68%	-10.94%	3.58%	-13.07%	9.77%	0.22%	16.54%	2.28%	-0.88%	10.94%	9.76%	8.93%
2019	8.39%	-7.74%	-0.71%	-0.52%	-1.24%	-5.70%	6.10%	7.92%	-4.43%	16.39%	10.42%	11.22%
2018	-0.44%	2.69%	-5.24%	-2.60%	2.84%	-4.24%	-5.67%	2.46%	-3.29%	-1.10%	-5.12%	3.97%
2017	-2.57%	-8.55%	-4.48%	-5.22%	-0.36%	-1.60%	8.78%	1.16%	-0.41%	4.45%	-7.53%	-3.84%
2016	-1.69%	4.30%	6.95%	-4.84%	1.04%	-10.19%	-1.57%	9.07%	4.35%	4.82%	11.22%	1.17%
AVG	-2.34%	-3.05%	0.02%	-5.25%	2.41%	-4.30%	4.84%	4.58%	-0.93%	7.10%	3.75%	4.29%
STD	7.38%	6.73%	5.22%	4.76%	5.00%	4.01%	8.74%	3.63%	3.39%	6.72%	9.25%	6.03%

Source: Reuters

Heat map & Seasonal table of Soy oil futures (CBOT)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2021	2.98%	3.18%										
2020	-13.19%	-5.44%	-4.59%	-2.89%	4.38%	2.19%	10.47%	6.63%	1.24%	0.72%	12.70%	14.39%
2019	9.51%	-0.70%	-5.34%	-2.75%	0.04%	2.36%	-1.74%	3.21%	1.22%	6.07%	-1.07%	13.38%
2018	-0.03%	-3.36%	-0.28%	-4.77%	2.54%	-6.43%	-1.34%	-1.25%	1.09%	-2.30%	-0.71%	-0.97%
2017	-1.66%	-0.47%	-5.67%	-1.04%	-0.35%	5.07%	5.41%	0.00%	-6.17%	6.69%	-2.88%	-1.99%
2016	1.08%	-0.78%	11.68%	-3.92%	-3.22%	-1.38%	-3.28%	6.99%	2.37%	5.81%	4.61%	-6.44%
AVG	-0.22%	-1.26%	-0.84%	-3.07%	0.78%	0.36%	1.90%	3.11%	-0.05%	3.40%	2.53%	3.67%
STD	7.44%	2.93%	7.33%	1.40%	2.91%	4.43%	5.84%	3.75%	3.46%	3.98%	6.34%	9.55%

Source: Reuters

RM SEED FUTURES (NCDEX)

Price range: (Rs./ Quintal): 5100-5600

Monthly Outlook

Mustard futures (April) has continuously been gaining grounds from 4900 to reach 3 weeks high of 5330. This rally is due to very less availability, merely 1 lakh ton of carry forward stocks against the strong demand from millers. Hence, despite of the ongoing harvesting season, the uptrend is intact. Going ahead, we will probably continue to see this bullishness as it can rise till 5600, taking support near 5180-5100 levels.

Weekly Price movement of RM seed Futures (NCDEX)



Source: Reuters

Fundamental factors:

- Min of Agriculture sanctioned procurement of 2,28,500 MT Mustard under Price Support Scheme in MP state for Rabi 2020-21. NAFED is making arrangements to undertake procurement operations.
- Mustard oil seed arrivals are as high as 2 lakh bags (100 kg each) in all over the country. Total mustard seed arrival was steady at 200,000 bags in all over the country. New mustard seed arrival was 185,000 bags. Old mustard seed arrival was steady at 15,000 bags in the mandis.
- Higher oil seed arrival failed to stem price rise due to strong buying from stockists and processors and millers. Mustard seed prices are gaining further in producing states Rajasthan and others.
- The oil seed is finding support from aggressive buying from millers and stockists.
- New Mustard seed (42 percent condition) is being traded at Rs. 6400-6405 per quintal in Jaipur. Old mustard seed was priced at Rs. 6475-6480 per quintal in Jaipur. Mustard oil price is traded at Rs. 1284-1285 in Jaipur and 1274-1275 per 10 kilogram in adjoining areas. Mustard oil cake is priced steady at Rs. 2720-2725 per quintal.

End stock with Farmers	
Opening Stock (1st Mar, 2020)	66.45
Arrival Till 31st Jan'21	-66.10
Stock with farmers	0.35

Fig in Lac MT

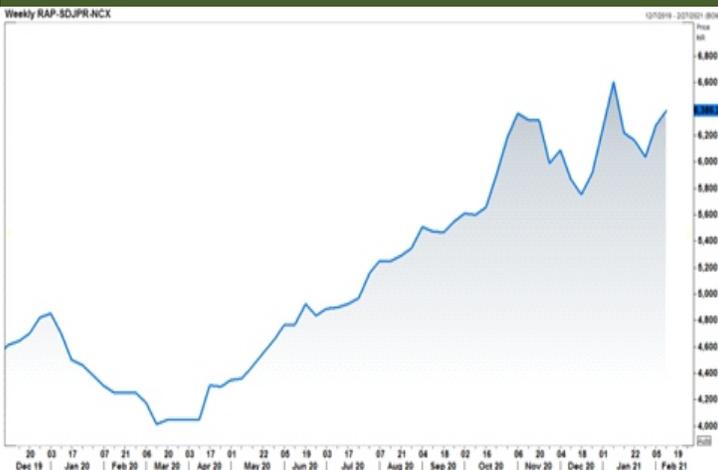
End stock with Processors & Stockists	
Opening Stock (1st Mar, 2020)	5.55
Arrival Till 31st Jan'21	66.10
Crushing Till 31st Jan'21	-71.00
Stock with Processors & Stockists & NAFED/HAFED	0.65

Fig in Lac MT

Stock Summary 2019-20	
Stock with Farmers	0.35
NAFED	0.25
HAFED	0.05
Stock with Processors & Stockists	0.35
Total	1.00

Fig in Lac MT

Weekly spot price chart of RM seed (Jaipur)



Source: Reuters

Heat map & Seasonal table of RM seed futures

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2021	-9.89%	4.32%										
2020	-11.68%	-2.28%	0.72%	2.88%	6.56%	3.91%	7.75%	8.88%	1.22%	9.89%	-3.81%	-2.93%
2019	2.51%	-2.77%	-1.69%	-0.11%	5.23%	-0.60%	-0.23%	1.39%	0.35%	6.47%	1.64%	7.31%
2018	1.90%	-1.48%	-1.72%	-6.39%	4.30%	1.74%	4.64%	-3.42%	4.20%	-1.67%	-3.62%	-3.78%
2017	-2.21%	0.44%	1.28%	-3.72%	-7.30%	3.49%	2.36%	2.22%	0.18%	2.69%	5.77%	-0.68%
2016	-8.65%	1.08%	7.22%	6.43%	0.69%	7.66%	0.56%	-3.98%	-0.83%	-3.10%	8.40%	-18.50%
AVG	-4.67%	-0.12%	1.16%	-0.18%	1.90%	3.24%	3.01%	1.02%	1.02%	2.86%	1.57%	-3.72%
STD	6.21%	2.65%	3.65%	4.06%	5.58%	3.04%	3.24%	5.20%	1.92%	5.45%	5.39%	9.35%

Source: Reuters

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