ICAR- Indian Institute of Soybean Research, Indore

SOYBEAN MONITOR/ MARKET WATCH

April-June, 2018

CONTENTS:

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Soybean sowing progress and crop condition

- Sowing of soybean in the country during *kharif* 2018 is completed on 8.59 lakh ha area as on 29.06.2018, lagging behind as compared to the same time previous year figure of 15.38 lakh ha. The sowing of soybean is underway as the all major soybean growing areas have received monsoon rains, and the sowing progress likely to gather pace with the amount and spread of monsoon rainfall.

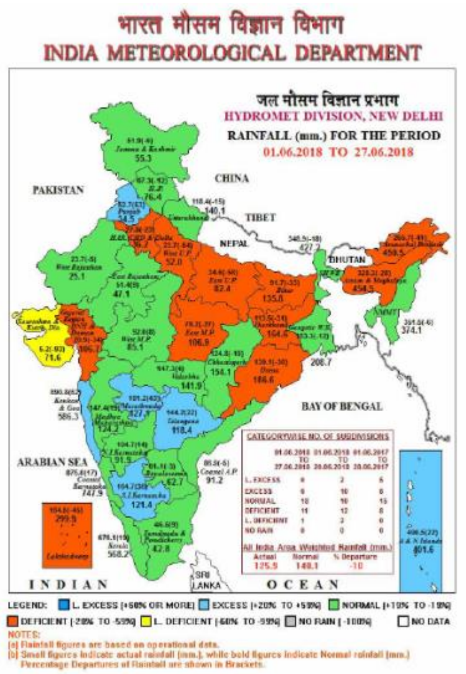
Monsoon Progress

- Onset of Southwest monsoon in Kerala was three days earlier than its scheduled arrival and has advanced to almost all the major soybean growing areas by the June month end. Although, there was a week-long pause in monsoon progress after early onset which slowed the *kharif* sowing.
- IMD predicted that the country is likely to witness normal monsoon rains this year, 97% of the 89 cm it normally gets between June and September with a model error of ± 5 per cent.
- For the country as a whole, cumulative rainfall during southwest monsoon 2018 upto 27 June, 2018 is below LPA by 10%.

Table 1. Rainfall distribution upto 27th June, 2018

Regions	Actual RF (mm)	Normal RF (mm)	% departure from LPA
Country	125.9	140.1	-10%
Northwest India	44.3	55.1	-20%
Central India	129.8	137.8	-6%
South Peninsula	163.0	139.3	17%
East & northeast India	229.1	309.0	-26%

Source: IMD



- Districts received deficient rainfall upto 27.06.2018 in MP are: Alirajpur, Anuppur, Ashoknagar, Balaghat, Bhind, Bhopal, Burhanpur, Chhatarpur, Damoh, Datia, Didori, Harda, Jabalpur, Katni, Mandla, Panna, Rewa, Satna, Sheopur, Seoni, Sidhi, Tikamgarh and Vidisha. All other districts received either normal or excess rainfall.
- Most of the districts in Maharashtra received normal to excess rainfall except the districts of Jalna, Bhandara, Buldhana and Gondiya.
- Most of the soybean growing districts in Rajasthan received normal to excess rainfall except Baran.
- Amount and spread of monsoon rainfall for *kharif* crops particularly for soybean which is mainly grown under rainfed conditions. Any deviation in spread and distribution of rainfall in soybean growing areas does affects productivity and thus, domestic edible oil availability.

Soybean: Domestic scenario

- Soybean production estimates for the year 2017-18 is revised further downwards from 12.22 million tonnes to 10.93 million tonnes as per third advance estimates from an estimated area of 10.56 million hectares (Table 2). The uneven distribution of rainfall and drought conditions at critical stages of crop growth in major soybean growing districts resulted in lower yield realisation.

Table 2. Estimates of area, production and yield of soybean in India.

Year	Area ('000 Ha)	Production ('000 Tons)	Yield (Kg/Ha)	Change in Area (%)	Change in Production (%)	Change in Yield (%)
2014-15	10910.8	10373.8	950.8			
2015-16	11604.5	8569.8	738.5	6.36	-17.39	-22.33
2016-17	11183.4	13158.7	1176.6	-3.63	53.55	59.32
2017-18*	10560.0	10934.0	1035.4	-5.57	-16.91	-12.00

* Third advance estimates.
Source: Directorate of Economics and Statistics, MOA&FW, New Delhi.

Soybean: International scenario (Source: AMIS, FAO)

- As per FAOôs Agricultural Market Information System, global soybean production for 2018-19 is estimated at 359.6 million tonnes, a new record, from an area of 129.27 million hectares, fuelled mainly by a rebound in Argentina and further gains in Brazil. Production estimates for 2017-18 has been revised slightly upward to 337.9 million tonnes recently from 336.8 m t projected during March, 2018 from an area of 124.25 m ha (Table 7).
- Soybean production estimates for Argentina further revised downwards to 36 million tonnes from recently from 42 million tonnes projected in March, 2018, due to unfavourable weather conditions. Estimates of soybean production in Brazil further revised upwards.
- Utilization projected to rise modestly, with demand expected to keep expanding in Asia and recovering in Argentina, while consumption would remain close to record/near-record 2017/18 levels in Brazil, the EU and the US.
- Trade in 2018/19 to expand further on growing import demand in Asia; Argentina, Uruguay and the US expected to export more in 2018/19.
- Stocks (2018/19 carry out) to contract further, returning to levels recorded prior to the mid-2010s highs; y/y drops in Brazil and the US are anticipated to outweigh replenishments in Argentina and India.
- In Argentina, harvest wrapped up for both the spring planted crop (larger) and the summer-planted crops. Widespread damage and significantly reduced production due to the prolonged

in-season drought have been amplified by the continuous rains during ripening stages, reducing remaining grain quality. In the US, conditions are favourable for the crop in the early vegetative stage. In Canada, sowing is complete under favourable conditions, but further rainfall in the prairies is required for continuing crop development. In China, conditions are favourable for soybean as sowing continues across the country. In India, conditions are favourable as sowing has begun. Progress is slightly delayed, but will likely return to normal conditions by next month. In Ukraine, conditions are favourable across most of the country, with the exception of the south and east, where dry conditions continue.

Soybean price scenario

- Week sentiments in international markets amid higher soybean production and lower domestic crushing demand putting pressure on prices of soybean and products in India too. Soybean prices in major markets continued to improve in April, 2018 but declined in May and June months in all major soybean markets (Table 3). Soybean prices in all major markets during June month ruling less than March month prices.

Table 3. Prices of soybean in major *mandies*. (Rs/qt)

State	Market	March		April		May		June	
		2017	2018	2017	2018	2017	2018	2017	2018
MP	Indore	2873	3592	2920	3611	2886	3557	2859	3358
	Dewas	2744	3413	2808	3416	2786	3380	2725	3261
	Dhar	2850	3622	2867	3614	2840	3520	2808	3354
	Manasa	2838	3414	2813	3418	2775	3367	2685	3306
	Ujjain	2890	3668	2941	3704	2841	3632	2837	3447
Mah	Akola	2561	3462	2628	3525	2572	3424	2534	3210
	Amrawati	2650	3439	2750	3390	2690	3281	2611	3043
	Latur	2750	3691	2854	3704	2780	3616	2726	3415
	Wasim	2660	3608	2717	3571	2675	3540	2619	3537
	Yeotmal	2662	3439	2730	3414	2683	3292	2694	3144
Raj	Kota	2851	3534	2902	3582	2854	3559	2797	3346
	Baran	2764	3494	2786	3515	2651	3451	2692	3193
	Bhawani mandi	2845	3547	2868	3597	2738	3486	2746	3311
	Ramganj mandi	2820	3512	2837	3509	2803	3479	2728	3333

Source: agmarknet.gov.in

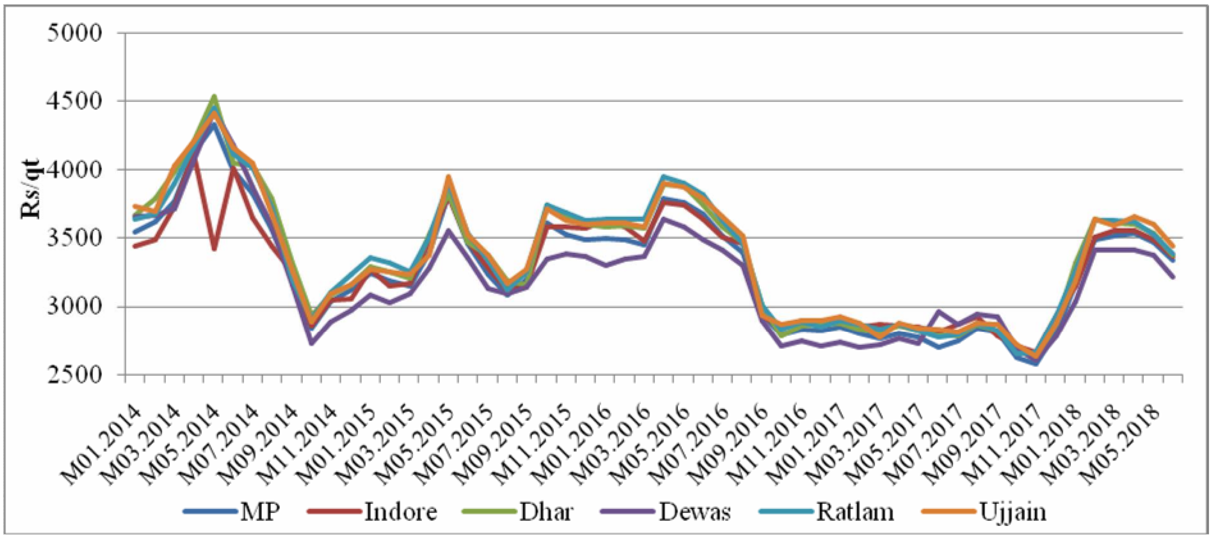


Figure 2. Price trends of soybean in Madhya Pradesh (district and state average of modal price)

- Wholesale price index for soybean (2011-12=100) has improved in April (157.5) but declined marginally in May (155.9) this year. The wholesale price index for soybean meal and oil also increased to 150.4 and 114.6, respectively in May, 2018 from 142.1 and 112.6, respectively in March, 2018 (Fig. 3).

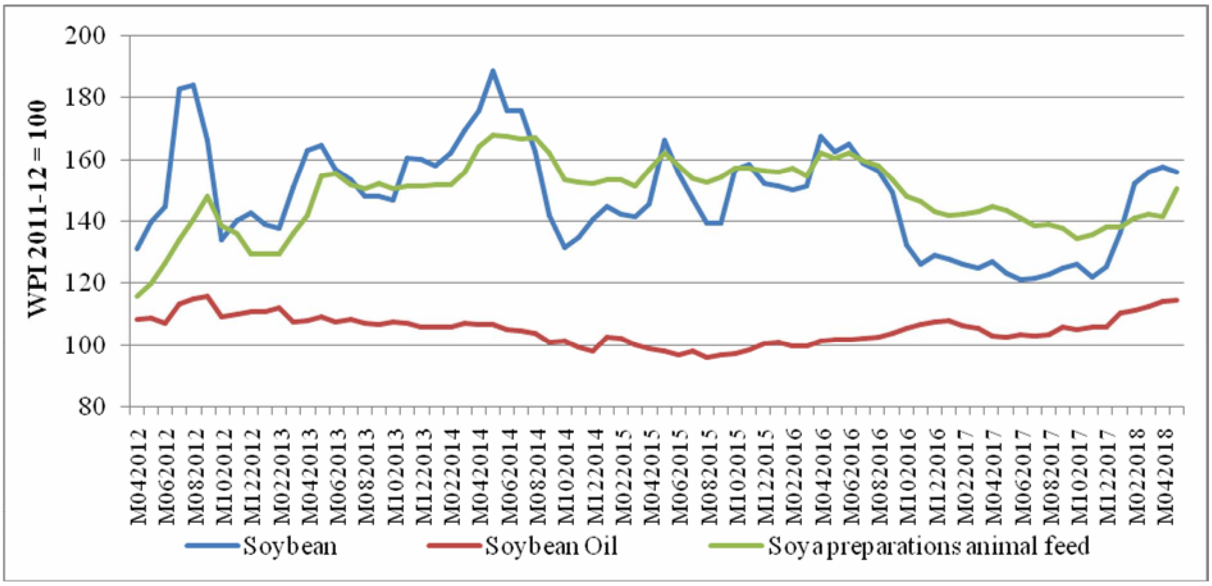


Fig. 3. Wholesale price index for soybean and products. (Data source: Office of Economic Advisor, Ministry of Commerce and Industry, GOI).

- Soybean, soy meal and soybean oil prices dropped during last two months of this quarter (Figure 4) amid decline in international prices of soybean and products.

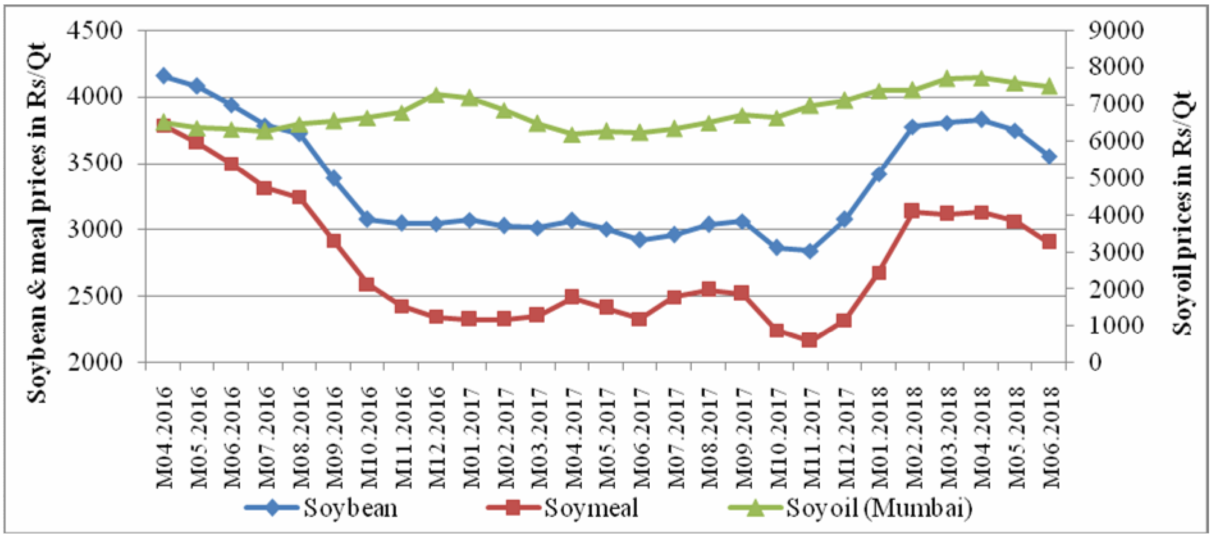


Figure 4. Price movement of soybean and products at Indore market. (Data source: NCDEX)

- Futures prices of soybean and soy oil dropped over the period by 5 to 7 per cent and 2 to 5 per cent, respectively for contracts which will expire in July and October for soybean and July and August for soy oil (Table 4). Early start of monsoon and predictions of normal monsoon rains equally distributed led to higher expected area under soybean and thus, higher domestic production of the crop. Also record expected global production of soybean (Table 7) for 2018-19 adding to the bearish sentiments.

Table 4. Futures contract close price

Contract	28th Mar, 18	30th April, 18	31st May, 18	29th June, 18	% Change*
Soybean					
July 2018	3850	3745	3576	3566	-7.38
Oct 2018	-	-	-	3471	
Soy spot	3777	3734	3644	3577	-5.31
Soy oil					
July 2018	793.6	769.5	776.4	751.0	-5.37
Aug 2018	796.8	774.3	784.7	756.2	-5.10
Soyoil spot	773.4	760.0	756.3	756.4	-2.20

* Change in last day of June, 2018 over March, 2018

Movement of international prices

- Average global soybean prices retreated during May shaped by rapid planting progress bolstered crop prospects for 2018-19 in the US, lacklustre export demand and renewed concern about future trade relationship between the US and China added to the downward pressure.

- In Brazil, where basis levels surged on ideas of stronger demand, coupled with logistical disruption on routes to key ports due to a truckers strike, FOB prices fell relatively modestly. This led to a widening of the Brazil-US price spread to more than USD 40 by late-June. In Argentina, where currency weakness added to pressure, but quotations were termed nominal owing to thin availabilities.

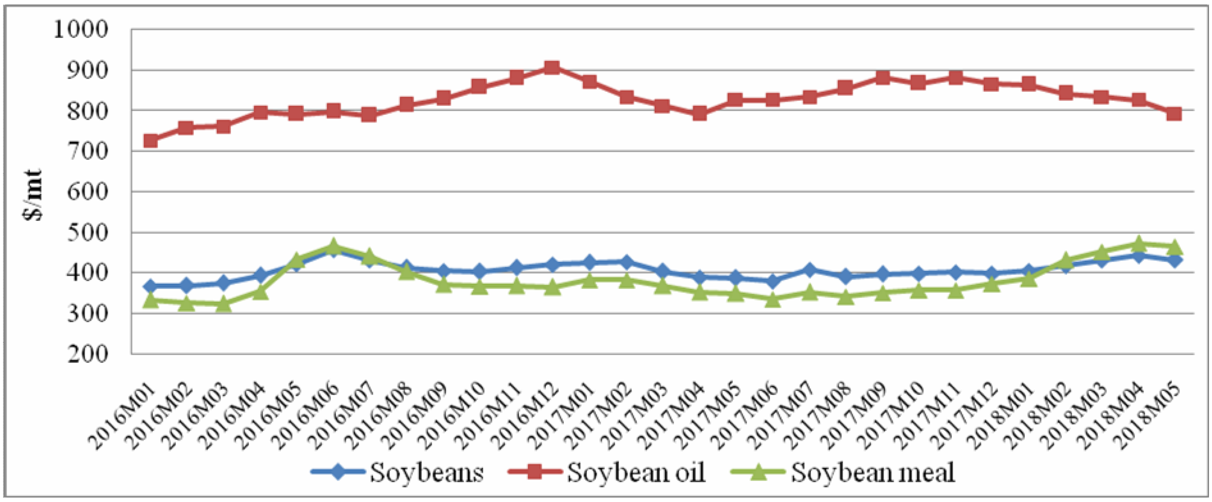


Fig. 5. International price movement of soybean and products. (Data source: World Bank Pink Sheet).

- International prices of soy oil and meal also witnessed downward movement recently, abundant supplies and slow pace of import demand putting pressure on international soyoil markets (Figure 5). In case of soybean meal, prices dropped on spill-over effect from weak soybean prices, higher crushing in US and Brazil; and slowing global import demand.

Policy initiatives

- On 3 April, in an effort to decrease its maize stockpile and increase production of soybean, the Ministry of Agriculture in China confirmed provision of higher subsidies to soybean farmers than maize producers in the north-eastern provinces.
- In China, the programme encouraging crop rotation from maize to soybeans and covering 2 million hectares will be extended during 2018/19 (Source: AMIS, FAO).
- On 15 June, the State Council's commission on Tariffs and Customs in China announced a tariff of 25 percent on a list of imports from the US including soybean. The tariff would be effective from 6 July 2018. Starting on 1 July, China will remove tariffs on soybeans and soybean cake imported from Bangladesh, India, Laos, South Korea and Sri Lanka. The tariffs on soybean and soybean cake currently are 3 and 5 percent, respectively (Source: AMIS, FAO).
- From 6 April 2018, Argentinaôs export tax on soybean and soybean products is applied at the date of shipment as opposed to the day a purchase contract is signed. The change allows exporters to take advantage of the monthly tax cuts that are under implementation since January 2018, thus encouraging forward sales (Source: MPPU, FAO).
- On 28 May, Argentina decided to increase the soybean oil-based biodiesel export tax from 8 percent to 15 percent, effective from 1 July 2018 (Source: AMIS, FAO).
- On 1 May 2018, Chinaôs value-added tax on sales and imports of agricultural products ï including oilseeds, oilmeals and edible vegetable oils ï has been lowered from 11 percent to 10 percent (Source: MPPU, FAO).
- Exportation of vegetable oils is set to be liberalized further in India. After lifting the ban on bulk exports of selected vegetable oils in March 2017, the Government now decided to allow bulk exports of all edible oils with the exception of mustardseed oil. The new policy is aimed at encouraging oilseed production by opening additional marketing avenues for edible oils. Moreover, the measures may contribute to better utilization of idle capacity in the countryôs edible oil industry (Source: MPPU, FAO).
- Cultivation of a new GM soybean variety resistant to herbicides containing glyphosate, glufosate and isoxaflutole (óMTS-FG072ô owned by Bayer SA) has been approved in Argentina (Source: MPPU, FAO).
- Three new GM soybean varieties (dicamba/glyphosate resistant óIntacta2Xtendô by Monsanto, and two lines of high-oleic acid event óDP-305423-1ô by DuPont) have received regulatory approval in Brazil. Full commercial launch of the new varieties is expected in about 2 years, pending the results of farm trials and the outcome of regulatory reviews in key soybean import markets (Source: MPPU, FAO).

Export of soybean products from India

- Export of soybean meals/ de-oiled cakes during the year 2017-18 has increased by 48.45 per cent in quantity and 37.48 per cent in value terms over 2016-17 year export figures (Table 5 & 9). Although, there was decline in export from December, 2017 onwards mainly due to lower *kharif* 2017 harvest, which continued during April 2018 (lower by 51 per cent over April 2017 figures).
- Export of soybean (HS 120190) totalled at 270207.75 tonnes during 2017-18 (up from 180797.11 tonnes during 2016-17). Export of soybean of seed quality (HS 120110) also more than doubled to 5142.15 tonnes in 2017-18 from 2501 tonnes in 2016-17. Export of these two items during April 2018 stood at 8321.95 and 997 tonnes. More than 58% of soybean exported from India during 2017-18 was destined to USA, 25% to Canada, 5.6% to Belgium, 4.7% to Nepal and 4.2% to Spain.

- Export of soybean from India reduces the domestic availability to crushers already struggling for capacity utilization. Even if the soybean is exported as organic, it would be better to process domestically and export organic branded edible oil and meals at premium.

- Other soybean products such as soybean flour, soy sauce and soy milk drinks have declined during 2017-18, as compared to previous year figures, while that of isolated soy protein has increased.

Table 5. Month wise export of soybean meal (HS 230400) from India

Months	Quantity (Tonnes)			Value (Rs. Lacs)		
	2016-17	2017-18	2018-19	2016-17	2017-18	2018-19
April	16314.69	202767.53	99165.77	6867.77	53457.30	32475.73
May	18360.43	119355.83		8111.94	33100.62	
June	33467.38	100839.11		13685.65	27654.02	
July	22642.87	87877.38		9748.54	25340.74	
August	21967.61	209797.17		9129.63	53948.29	
September	26454.41	72159.84		10335.85	22250.21	
October	40575.11	107791.59		13626.23	30508.23	
November	129700.56	303928.39		37650.42	78924.66	
December	317004.01	294389.00		88467.90	76827.48	
January	203596.17	182407.30		55926.71	48616.11	
February	225110.55	128510.96		60117.88	36022.92	
March	220983.70	84629.25		59500.61	26391.93	
Total	1276177.46	1894453.34	99165.77	373169.14	513042.49	32475.73

Source: DGCI&S, Kolkata

- Bangladesh, Nepal, Germany, France, Japan, USA and Vietnam are the major export destinations for Indian soymeal export.

- Amid US-China trade conflict and expected reduction in import tariffs on soymeal from India, prospects of soymeal export from India has increased.

Import of soybean oil and other soy products to India

- Soy crude oil import in the country is declining since last two years after peaking at 3694009 tonnes in the year 2015-16.

Table 6. Month wise import of soybean oil w/n refined not chemically treated (HS 1507) in India

Months	Quantity (Tonnes)			Value (Rs. Lacs)		
	2016-17	2017-18	2018-19	2016-17	2017-18	2018-19
April	316366.07	326582.88	235241.89	158499.36	173575.76	125447.51
May	301347.07	364836.73		152973.25	183282.27	
June	296042.85	284603.33		156366.95	143482.31	
July	321429.40	393968.97		169450.72	201953.63	
August	380359.23	338791.84		197947.71	174367.37	
September	370928.51	346653.54		194544.69	181494.94	
October	365958.05	238890.75		194676.67	128465.67	
November	206340.78	231827.93		112542.63	126236.39	

December	232007.96	139491.08		133606.68	75981.01	
January	197026.62	227464.04		118906.44	121265.30	
February	209100.24	117943.76		126565.53	63177.34	
March	267691.24	141315.68		154648.36	76017.72	
	3464598.00	3152370.50	235241.89	1870729.00	1649299.71	125447.51

Source: DGCI&S, Kolkata

- India imported about 3152168.5 tonnes of soybean crude oil valued at Rs. 16488.79 Crores during 2017-18. Nearly 77 per cent of soybean crude oil is sourced from Argentina, 16.6 per cent from Brazil and 5.9 per cent from Paraguay. During April, 2018 India imported 235198.4 tonnes of soybean crude oil mainly from Argentina (72.8%), Brazil (24.3% and Singapore (2.9%).

- The country also imported about 81715 tonnes of soybean valued at 250.25 Crores during 2017-18 and 39545.4 tonnes during April 2018 valued at 131.34 Crores, mainly from Ethiopia, Benin, Togo, Malawi, Mozambique and Djbouti.

- Import of soy meal has declined in 2017-18 over previous years and so is the case for isolated soy protein, soy flour and soy milk drinks.

Stop Press

- Government of India increased MSP of soybean to Rs. 3399/qt for the marketing season 2018-19, up by 11.44 per cent over Rs. 3050/qt for 2017-18.

- Area under soybean cultivation is estimated at 51.637 lakh ha as on 04.07.2018, down from 53.703 lakh ha planted same time last year.

Table 7. Supply and distribution of soybean in major producing countries and the World.

Country	Year	Area (m ha)	Production (m t)	Opening Stock (m t)	Domestic supply (m t)	Imports (m t)	Total Supply (m t)	Dom. Utilization (m t)	Exports (m t)	Closing stock (m t)
Argentina	2018/19	18.00	54.50	4.70	59.20	2.00	61.20	49.00	5.70	6.50
Argentina	2017/18	15.80	36.00	16.80	52.80	3.80	56.60	48.80	3.10	4.70
Argentina	2016/17	17.75	55.00	16.20	71.20	1.70	72.90	48.60	7.50	16.80
Argentina	2015/16	19.53	57.50	15.00	72.50	0.40	72.90	47.65	9.05	16.20
Brazil	2018/19	36.50	118.00	2.40	120.40	0.40	120.40	47.50	71.80	1.50
Brazil	2017/18	35.09	118.55	6.47	125.02	0.30	125.02	49.72	73.20	2.40
Brazil	2016/17	33.91	114.08	1.99	116.07	0.30	116.07	45.40	64.50	6.47
Brazil	2015/16	33.25	95.44	0.96	96.39	0.40	96.39	43.21	51.59	1.99
China	2018/19	8.39	15.28	13.49	28.77	102.39	131.16	117.74	0.32	13.10
China	2017/18	7.79	14.56	14.58	29.14	98.00	127.13	113.23	0.42	13.49
China	2016/17	7.21	12.94	14.75	27.69	96.15	123.84	109.04	0.22	14.58
China	2015/16	6.45	11.61	16.25	27.86	85.75	113.60	98.69	0.17	14.75
India	2018/19	11.80	13.00	0.16	13.16	0.03	13.19	12.46	0.28	0.45
India	2017/18	10.45	11.00	0.94	11.94	0.04	11.98	11.53	0.29	0.16
India	2016/17	11.18	13.16	0.14	13.30	0.09	13.39	12.18	0.28	0.94
India	2015/16	11.61	8.57	0.80	9.37	0.05	9.42	9.15	0.13	0.14
USA	2018/19	35.96	118.50	13.75	132.25	0.68	132.93	58.11	62.32	12.50
USA	2017/18	36.24	119.52	8.21	127.73	0.68	128.41	58.46	56.20	13.75
USA	2016/17	33.47	116.92	5.35	122.27	0.61	122.88	55.51	59.16	8.21
USA	2015/16	33.06	106.85	5.20	112.05	0.65	112.70	54.66	52.69	5.35
World	2018/19	129.27	359.60	39.48	399.08	156.25	555.32	357.89	158.20	39.24
World	2017/18	124.25	337.90	52.60	390.51	151.83	542.33	352.64	150.22	39.48
World	2016/17	120.76	350.48	44.41	394.89	148.58	543.47	341.53	149.33	52.60
World	2015/16	121.67	316.34	44.07	360.41	134.68	495.08	321.65	129.03	44.41

Source: AMIS, FAO website.

Table 8. Import of soybean and products in India (Quantity in tonnes and Value in Rs. Lakhs)

HS Code	Crop commodity	2015-16		2016-17		2017-18		2018-19 (April)	
		Qty.	Value	Qty.	Value	Qty.	Value	Qty.	Value
15071000	Soybean crude oil w/n degummed	3964009.5	1941900.55	3464460.5	1870341.10	3152168.50	1648879.32	235198.44	125379.12
120190	Other soybeans w/n broken	20557.7	8138.2	79729.65	27894.74	81715.18	25024.61	39545.40	13134.03
35040091	Isolated soya protein	5768.97	13893.57	5585.00	12518.52	4472.65	9428.33	655.50	1523.76
120110	Soybeans w/n broken of seed qlty	154	51.52	1645.44	452.59	7407.92	1924.69	-	-
23040010	Oil-cake & oil-cake meal of soybean expeller variety	33.19	65.34	2109.63	886.02	4057.52	1,485.00	441.00	148.94
21031000	Soy sauce	234.08	282.44	694.13	679.94	854.74	858.68	78.16	86.17
15079090	Soybean oil other than edible grade	1105.83	848.86	113.79	318.77	89.77	252.51	11.25	33.56
23040090	Oth. solid residues resulting from of extrn soybean oil	1836.64	540.39	24687.61	7095.73	48.91	78.54	2.00	7.14
15079010	Soybean oil of edible grade	21.79	50.28	23.73	69.13	112.25	167.89	32.19	34.83
22029910	Soy milk drinks w/n sweetened or flavored	256.63	290.9	235.03	244.58	124.97	71.39	88.98	68.14
23040020	Oil cake of soybean solvent extracted (defatted) variety	4237	1264.64	4628.00	1388.34	-	-	-	-
23040030	Meal of soybean solvent extracted (defatted) variety	135	35.64	3049.15	940.40	500.00	194.95	-	-
12081000	Flours and meals of soybeans	2.18	1.56	35.39	30.71	0.91	0.65	-	-

Source: DGCI&S, Kolkata

Table 9. Export of soybean and products from India (Quantity in tonnes and Value in Rs. Lakhs)

HS Code	Crop commodity	2015-16		2016-17		2017-18		2018-19 (April)	
		Qty.	Value	Qty.	Value	Qty.	Value	Qty.	Value
23040030	Meal of soybean solvent extracted (defatted) variety	285268.4	103482.2	833058.4	232734.8	1218605.0	317615.46	49530.71	14588.51
120190	Other soybeans w/n broken	185046.94	82427.05	180797.11	74821.58	270207.75	98517.46	8321.95	3305.44
23040090	Other solid residues resulting from of extraction soybean oil	64729.4	23194.2	243799.8	69963.6	299011.50	77737.26	13186.53	4632.42
23040010	Oil-cake & oil-cake meal of soybean expeller variety	56618.32	23238.58	144011.08	54595.19	229882.19	78997.29	14806.23	6184.82
23040020	Oil cake of soybean solvent extracted (defatted) variety	6371.00	2105.30	55308.29	15875.56	146954.53	38692.48	21642.30	7069.97
12081000	Flours and meals of soybeans	88186.77	38089.54	91243.82	36917.28	44122.25	15385.90	1431.10	656.27
120110	Soybeans w/n broken of seed qlty	812.87	379.23	2501.05	1064.12	5142.15	1,966.38	997.00	428.23
15079090	Soybean oil other than edible grade	1210.89	817.58	208.08	285.07	2521.88	2011.74	397.75	355.96
15079010	Soybean oil of edible grade	1382.17	1060.09	175.40	152.50	1016.34	809.21	51.75	52.15
21031000	Soy sauce	683.01	424.30	977.10	583.31	907.69	565.47	59.38	36.83
35040091	Isolated soya protein	44.15	82.03	111.91	107.24	214.92	247.43	1.08	6.98
15071000	Soybean crude oil w/n degummed	40.37	33.09	36.46	22.25	193.53	146.96	-	-
22029910	Soy milk drinks w/n sweetened or flavored	3.92	13.30	77.31	378.48	26.30	121.69	8.09	10.34

Source: DGCI&S, Kolkata