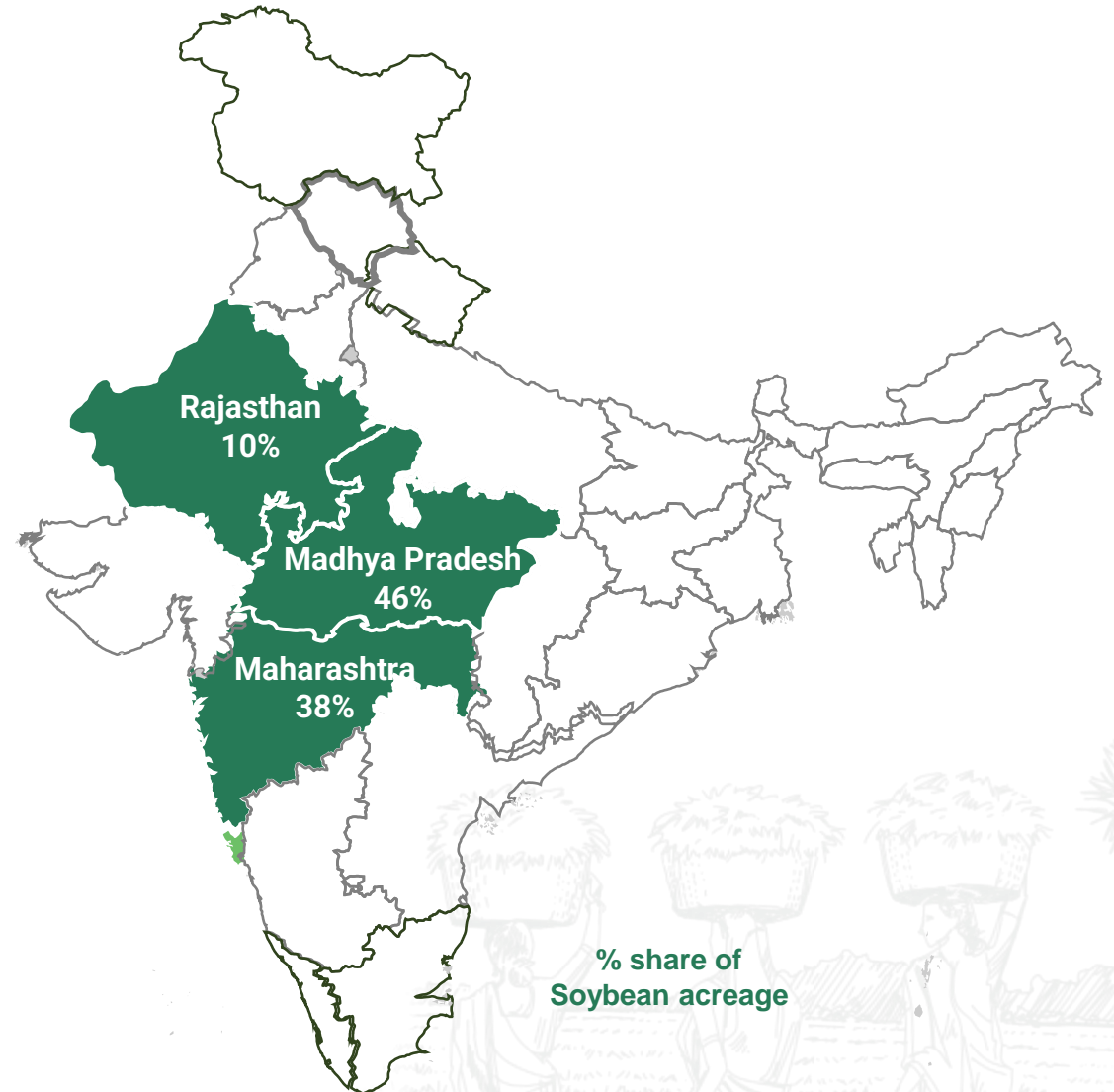


Outlook of Soybean for the Current & Future Opportunities



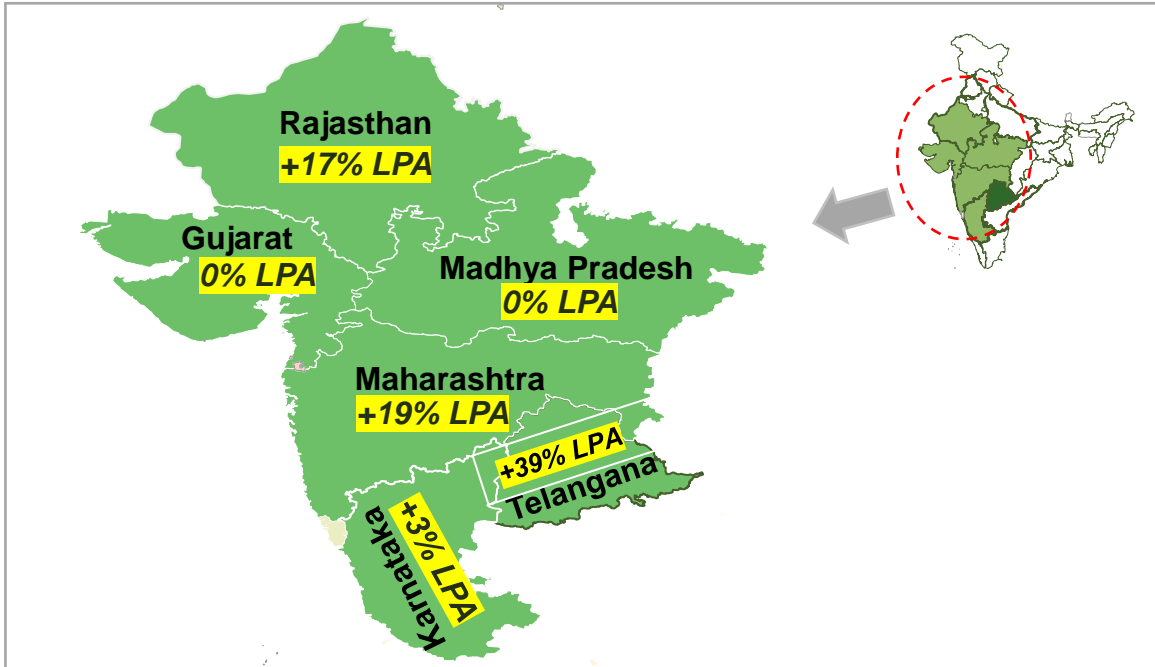
Crop tour coverage

- Area covered: Madhya Pradesh, Maharashtra, and Rajasthan
- For acreage and yield assessment
- Covered more than 30 FPOs associated Samunnati and have more than 10000 farmer members.
- 370 farmers, Madhya Pradesh (130), Maharashtra (170), and Rajasthan (70)
- Date: From 6th October to 19th October.



Monsoon 2021

Monsoon 2021: Cumulative rainfall over soybean region

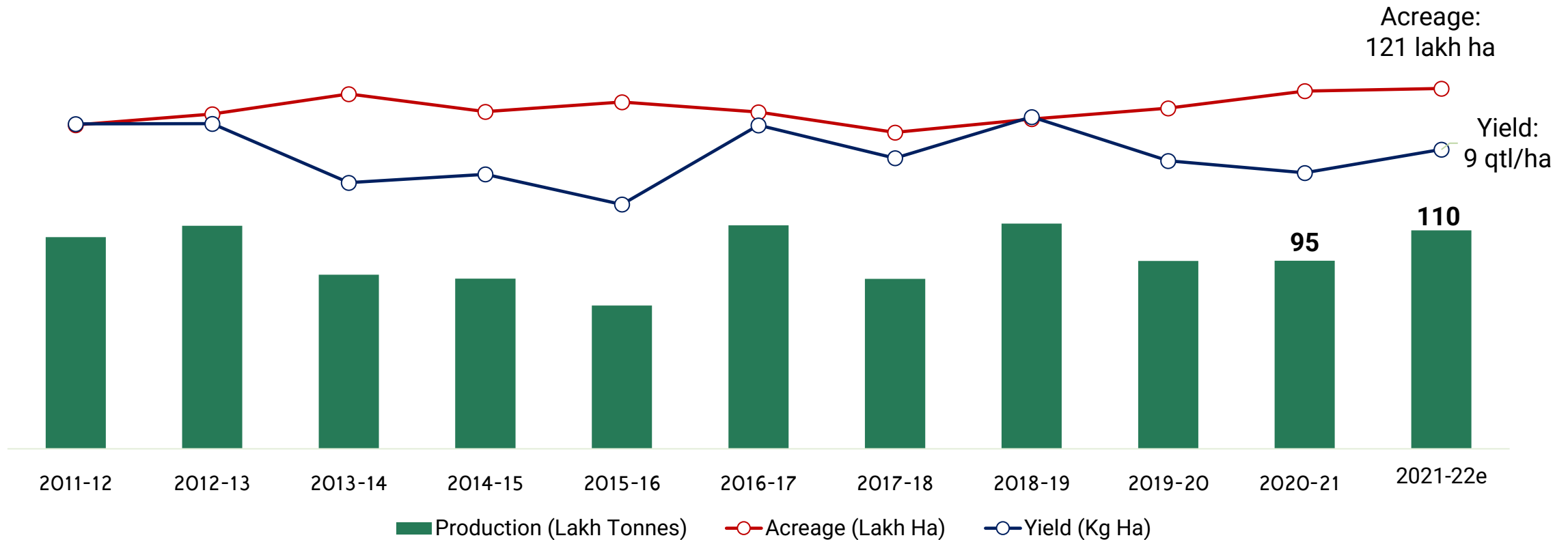


Month wise/State wise rainfall variation Vs. LPA

State	JUN	JUL	AUG	SEP	OCT**
Madhya Pradesh	36%	-10%	-20%	33%	101%
Maharashtra	31%	20%	-35%	94%	43%
Rajasthan	6%	-15%	-10%	175%	110%
Gujarat	-13%	-43%	-70%	271%	77%
Telangana	50%	58%	-14%	78%	-18%
Karnataka	-38%	55%	-21%	1%	52%
India	10%	-7%	-23%	36%	39%

- Overall countries rainfall remain at 1% lower than LPA.
- All major soybean region received normal and above normal rains. After a good start monsoon takes halt in July and August in In Madhya Pradesh, Gujarat and Rajasthan.
- Heavy rains in Rajasthan and Telangana during September, resulted in yield loss.

Soybean output seen sharply higher by 16% on year to 110 lakh tones: SamAgr survey



- Soybean acreage is estimated to grow by **1% on year** and reached a **historical high of 121 lakh ha**.
- In Gujarat, soybean acreage increased by 50% on year as farmers preferred more remunerative soybean
- Soybean productivity is expected to increase by **15% on year over** the low base of last year in 2021.

State wise production outlook

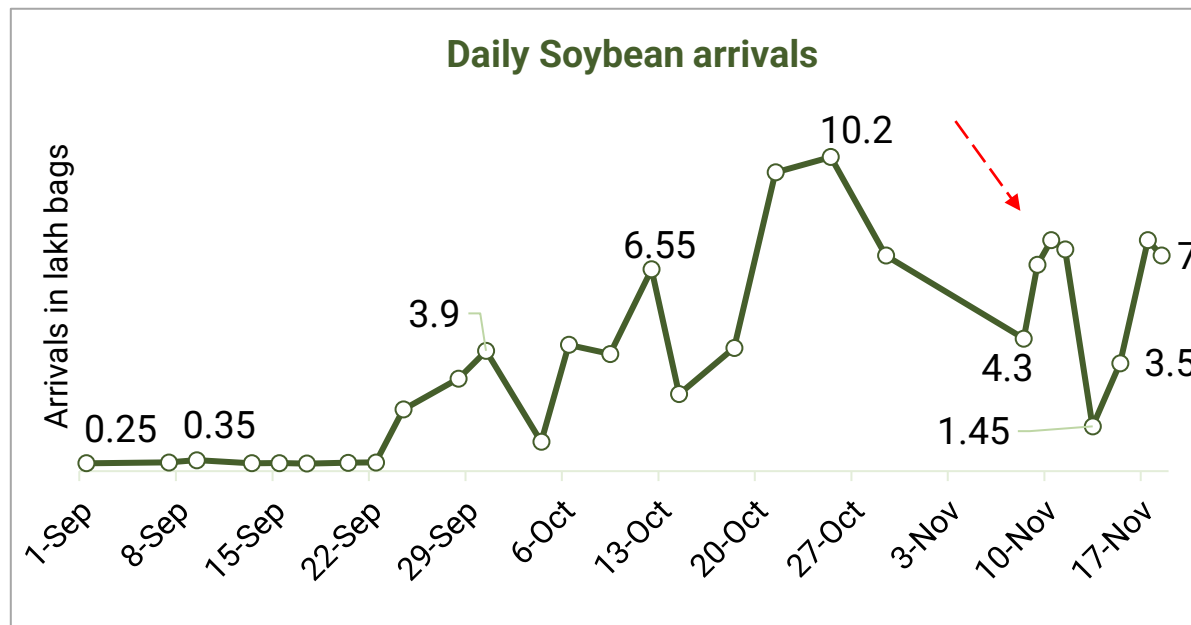
State	Acreage share	Acreage (lakh ha)		Acreage Var %	Yield (kg/ha)		Yield Var %	Production (lakh tones)		Production Var %
		2020-21	2021-22 (P)		2020-21	2021-22 (P)		2020-21	2021-22 (P)	
Madhya Pradesh	46%	58.5	55.8	-5%	610	801	31%	35.7	44.7	26%
Maharashtra	38%	42.6	46.0	8%	990	1050	6%	42.1	48.3	14%
Rajasthan	10%	10.7	10.5	-2%	810	780	-4%	8.6	8.2	-6%
Karnataka	3%	3.3	3.8	15%	890	801	-10%	2.9	3.0	5%
Gujarat	2%	1.5	2.2	50%	1100	1170	6%	1.6	2.6	56%
Telangana	2%	1.6	1.7	10%	1250	1200	-4%	2.0	2.1	6%
India	100%	120.0	121.3	1%	789	906	15%	94.6	109.9	16%

- Productivity in Madhya Pradesh is expected to surge by 31% on year over a low base of last year.
- Productivity expected to decline in Rajasthan, Karnataka and Telangana following heavy rains during harvesting.

Arrivals

Approx. 20% of soybean crop already arrived in the market. Farmers holding soybean in anticipation of higher prices

Arrivals (bags)	13-Nov	15-Nov	16-Nov	17-Nov
Madhya Pradesh	40,000	20,000	3,80,000	3,70,000
Maharashtra	70,000	2,50,000	2,90,000	2,70,000
Rajasthan	15,000	40,000	40,000	40,000
Other	10,000	40,000	40,000	40,000
All India	1,50,000	3,50,000	7,50,000	7,20,000



- Till 13th Nov. approx. 23 lakh tons of Soybean, which is approx. 20% of total crop already arrived in the market.
- As prices started declining below Rs. 5500/Qtl, most of farmers started holding the soybean in anticipation of higher prices.
- Farmers have already shifted their produce to warehouse and now they may turn selective sellers.
- At peak the per day arrivals reach 10-11 lakh bags, lets see if the arrivals pickup when mandi prices touch 6000, mandi prices could be hovering around 6000/qtl.

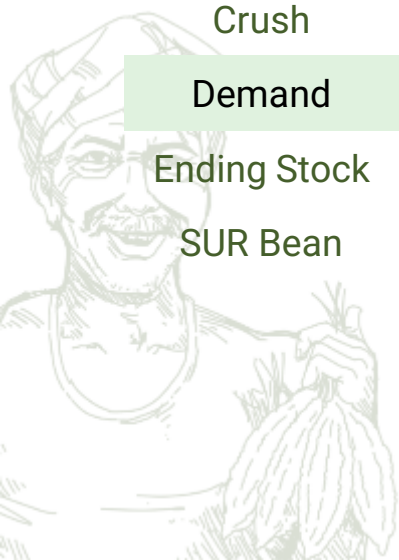


SamAgr Soy Complex Balance sheet Scenario

Soybean Balance Sheet

Indian Soybean Balance Sheet			
Annual (Oct - Sept)			
In lac tons	% Change	2021-22	2020-21
Opening Stock	-91%	1.80	19.77
Availability	16%	110.00	95.00
Imports	-47%	2.62	4.99
Supply	-5%	101.42	106.26
Export	151%	1.00	0.40
Crush	-12%	83.00	94.77
Demand	-14%	89.40	104.46
Ending Stock	568%	12.02	1.80
SUR Bean		14.5%	1.9%

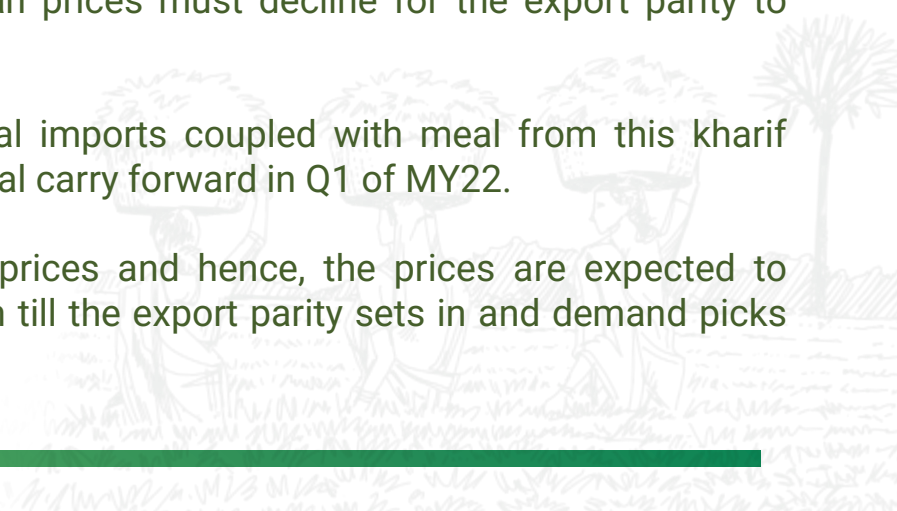
- Indian soybean balance sheet is relatively loose compared to last year.
- While price collapse was triggered by meal imports, the balance sheet would have also triggered price correction.
- The prices slightly recovered during the last fortnight after hitting the seasons low on 25th Oct 2021 and are trading at 1 ½ month high. Initially crushers found lower soybean prices attractive and resorted to stocking. Later the farmers shifted their produce to warehouse and have turned into selective sellers. This has resulted in lower arrivals in mandis and recovery in prices.
- While the production has gone up by 16%, it is the lower opening balance that has resulted in the total supply being lower Y/y.
- The lower opening balance is in turn due to aggressive Soymeal exports in the first half of the previous crop year.
- Correction in prices was triggered by government intervention in form of allowing GM soymeal imports, reducing the import duty on edible oil and imposing stock limits on oil seeds. On the soymeal imports front, trade estimates that around 6 lakh tonnes are likely to be imported within 31st of January 2022.
- As discussed above soymeal and bean prices recovered after the recent fall yet the soybean prices increased more than soymeal prices which has resulted in negative parity for crushers.



Soy Meal Balance Sheet

Indian Soy Meal Balance Sheet			
Annual (Oct - Sept)			
In lac tons	% Change	2021-22	2020-21
Opening Stock	12%	3.93	3.51
Production	-12%	68.06	77.71
Imports	71%	4.05	2.36
Supply	-9%	76.03	83.59
Exports	-49%	10.00	19.66
Domestic Consumption	5%	63.00	60.00
Total Demand	-8%	73.00	79.66
Ending Stock	-23%	3.03	3.93
SUR Meal		4.2%	4.9%
SUR Bean		14.5%	1.9%

- Some export deals to EU are being reported by the market but are only happening in small quantities. Ongoing freight crisis would aide the meal exports from India.
- Considering the recent export trends to various destinations SamAgr expects meal exports of close to one million ton in the season 2021-22
- Notional price of December soy meal (at zero crush parity), considering December month (NCDEX) prices of bean at Rs.6,066/quintal and soy oil at Rs.1,229/10 kgs, works out to be Rs.49,474/tonnes.
- For the export demand to appear in large quantities, there are two options, first the Argentina prices must rally or the Indian prices must decline. As per the seasonality, the Argentina prices usually decline till December and given the better climatic conditions in the country and prices are very likely to decline. Hence the Indian prices must decline for the export parity to appear.
- Going forward, GM soymeal imports coupled with meal from this kharif crop will result in higher meal carry forward in Q1 of MY22.
- This will put pressure on prices and hence, the prices are expected to bearish in the medium term till the export parity sets in and demand picks up.



Soy Oil Balance Sheet

Indian Soy Oil Balance Sheet

Annual (Oct - Sept)

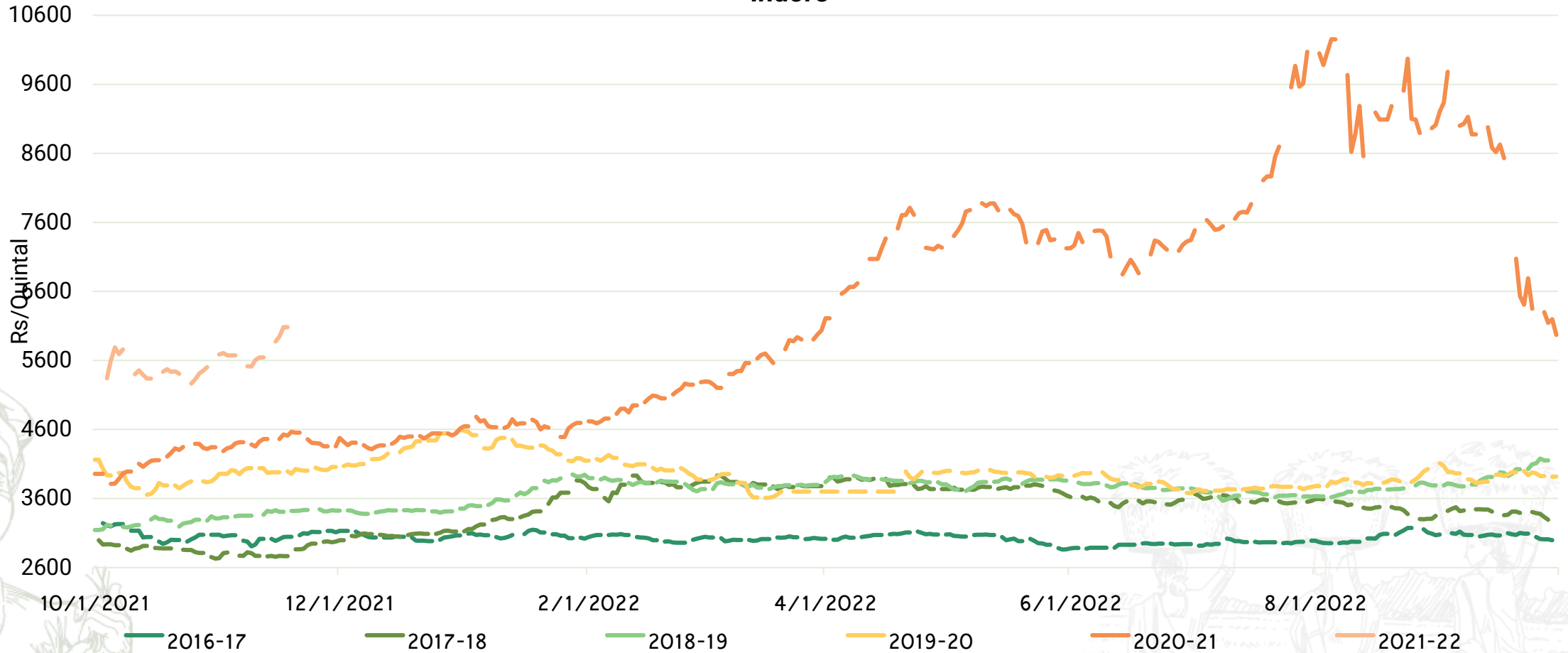
In lac tons	% Change	2021-22	2020-21
Opening Stock	26%	6.84	5.43
Production	-12%	14.36	16.39
Imports	4%	35.33	34.09
Total Supply	1%	56.53	55.91
Consumption	4%	50.95	49.07
Ending Stocks	-18%	5.58	6.84
SUR Oil		11.0%	13.9%

- India is a price taker in case of soy oil, as we import most of edible oil that we need (around 70% of total consumption).
- World vegetable oil balance sheet shows the current year is tightest since 1997/98.
- Soy oil is the 2nd largest vegetable oil produced in the world and its world balance sheet is tightest since 1976/77.
- At present 25% of the biodiesel is produced from soy oil and given the increased importance for climate smart practices, the demand from this sector is expected to increase going forward.
- Soy is largely a meal crop, assuming lower bean crush, oil production may be lower y/y resulting in higher imports, if the import parity is favorable.
- With the states lifting COVID related restrictions across the country, the demand from major consuming sectors like HORECA will go up.

- Given the increased demand, the country is expected to import higher soy oil compared to last year.
- SamAgr is of the view that, assuming pre-covid levels of demand and lower availability globally, the prices are expected to stay firm.

Price Movement

Soybean Price Movement Indore



Pictorials





SamAgR समग्र

Samunnati Agri Research

Linking all the Stake holders

Mail us at:

samagr@samunnati.com

Prerana.desai@samunnati.com

Call us: 7338881257