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Soybean: Domestic scenario

- As per second advance estimates, estimated production of soybean in India during 2017-18 is revised downwards from 12.22 million tonnes to 11.39 million tonnes from an area of 10.56 million hectares.
- Final estimates for production of soybean during 2016-17 also revised downwards from 13.79 million tonnes to 13.16 million tonnes from an area of 11.32 million hectares (Table 1).
- Due to uneven distribution of rainfall and drought conditions at critical stages of crop growth in major soybean growing districts, yield is expected to decline (by 7% over the previous year) and thus, the total production (by 13.4%) of soybean for *khari* 2017 crop.

Table 1. 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*	11320.0	13159.0	1162.5	-2.45	53.55	57.41
2017-18**	10560.0	11390.0	1078.6	-6.71	-13.44	-7.21

* Final estimates, ** Second advance estimates.

Source: Directorate of Economics and Statistics, MOA&FW, New Delhi.

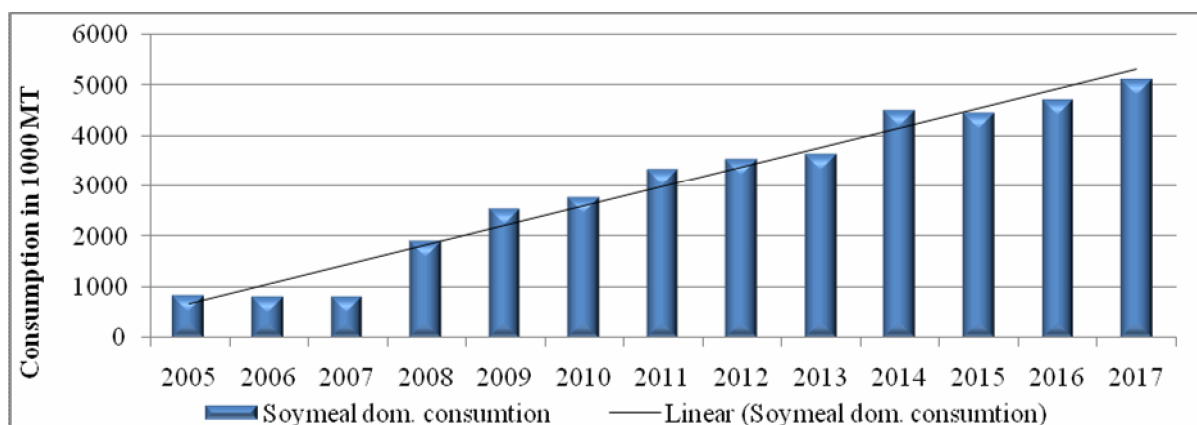


Figure 1. Domestic utilization of soybean meal in India (Data source: USDA)

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- Domestic consumption of soybean meal/ oil cake is fast increasing in India. As per USDA data, domestic consumption of soybean oil cake is growing at an annual compound growth rate of 8.6 per cent for the period 2010 to 2017.
- Growing demand from feed industry helping increase domestic utilisation of soybean meal.

Soybean: International scenario

- As per Agricultural Market Information System of FAO global soybean production estimates for 2017-18 revised downwards to 336.8 million tonnes from 345.9 million tonnes projected during December, 2017 from an area of 125.66 million hectares (Table 5).
- Sharp decline in production of soybean is projected for Argentina, due to poor soil moisture for both the spring-planted crop (larger) and the summer-planted crops. Prospects for the summer-planted crop are even less optimistic since the majority of the crop development occurred under the ongoing dry spell (AMIS, FAO).
- Estimates of soybean production in Brazil revised upwards as the conditions are favourable with the crop in the ripening to harvesting stages.
- Soybean utilization in 2017/18 projected slightly down compared to last quarter projections, on account of lower crushing forecasts for several countries, mainly for Argentina and Brazil.
- Soybean export estimates for 2017/18 also revised downwards this quarter, even higher exports by Brazil not likely to compensate for lower shipments from USA and Argentina.
- Forecast for carry-out stocks of 2017/18 crop revised down compared to previous quarter estimates and now projected to be at four-year low, mainly on downward revisions for all major soybean producing countries such as USA, Brazil and Argentina.

Soybean price scenario

- Supported with the policy initiatives (increase in import tariffs) and lower than expected production prospects helped improve market sentiments for soybean. Soybean prices ruled below MSP in all major markets during post-harvest months. Soybean prices increased significantly from last quarter as well as over previous year same period (Table 2).

Table 2. Average modal prices of soybean in major mandies (Rs/qt)

State	Market	January		February		March	
		2017	2018	2017	2018	2017	2018
MP	Indore	2889	3155	2852	3524	2873	3592
	Dewas	2814	3010	2751	3409	2744	3413
	Dhar	2869	3254	2820	3633	2850	3622
	Manasa	2866	3056	2852	3331	2838	3414
	Ujjain	2942	3272	2911	3654	2890	3668
Mah	Akola	2633	3050	2637	3443	2561	3462
	Amrawati	2688	3220	2661	3316	2650	3439
	Latur	2823	3293	2783	3701	2750	3691
	Wasim	2779	3178	2618	3629	2660	3608
	Yeotmal	2799	3165	2762	3475	2662	3439
Raj	Kota	2919	3123	2825	3513	2851	3534
	Baran	2888	3121	2691	3517	2764	3494
	Bhawani mandi	2908	3109	2806	3485	2845	3547
	Ramganj mandi	2920	2816	2858	3384	2820	3512

Source: agmarknet.gov.in

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- Average soybean modal prices of soybean for Madhya Pradesh were lowest in the year 2017, even below MSP. The revision in import tariffs and other policy initiatives supported market sentiments and prices started improving from December, 2017 onwards.

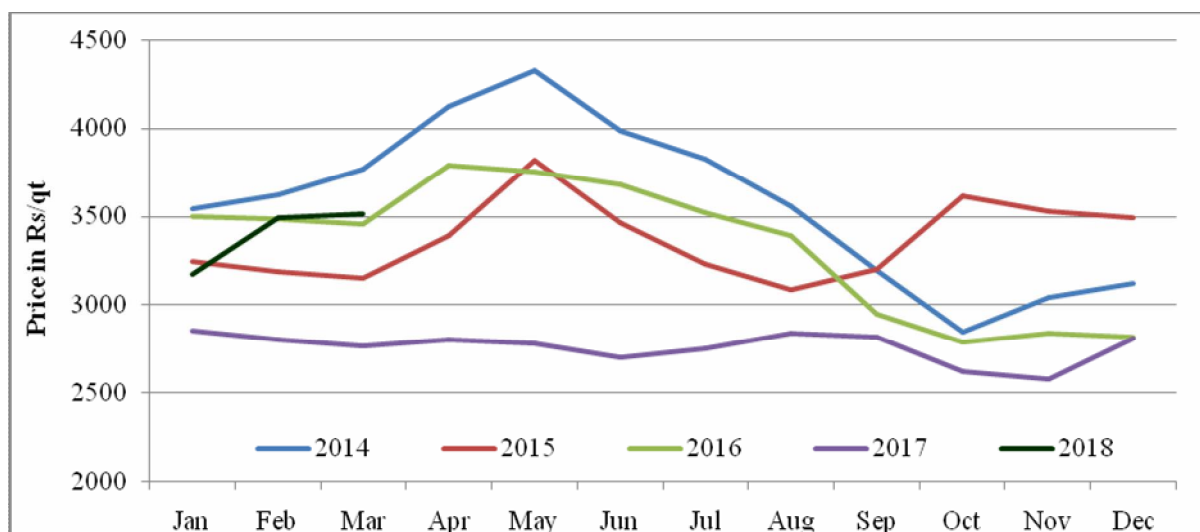


Figure 2. Price trends of soybean in Madhya Pradesh (Average of modal price)

- Wholesale price index for soybean (2011-12=100) has improved in this quarter from a low of 122 in November, 2017 to 152 in February, 2018. The wholesale price index for soybean meal and oil also increased during this quarter. (Fig. 3).

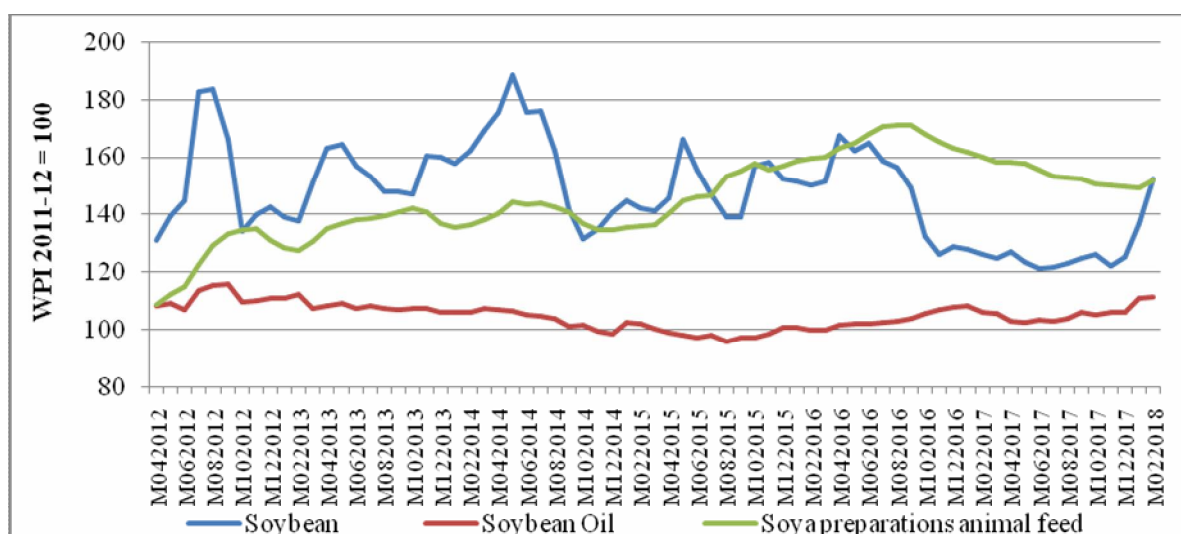


Fig. 3. Wholesale price index for soybean and products. (Data source: Office of Economic Advisor, Ministry of Commerce and Industry, GOI).

- Soybean oil prices increasing continuously since April 2017, whereas, soybean and meal prices were declining until November, 2017 (Figure 4). The lower estimated production of soybean in the country improved the market sentiments along with the rise in import tariff.

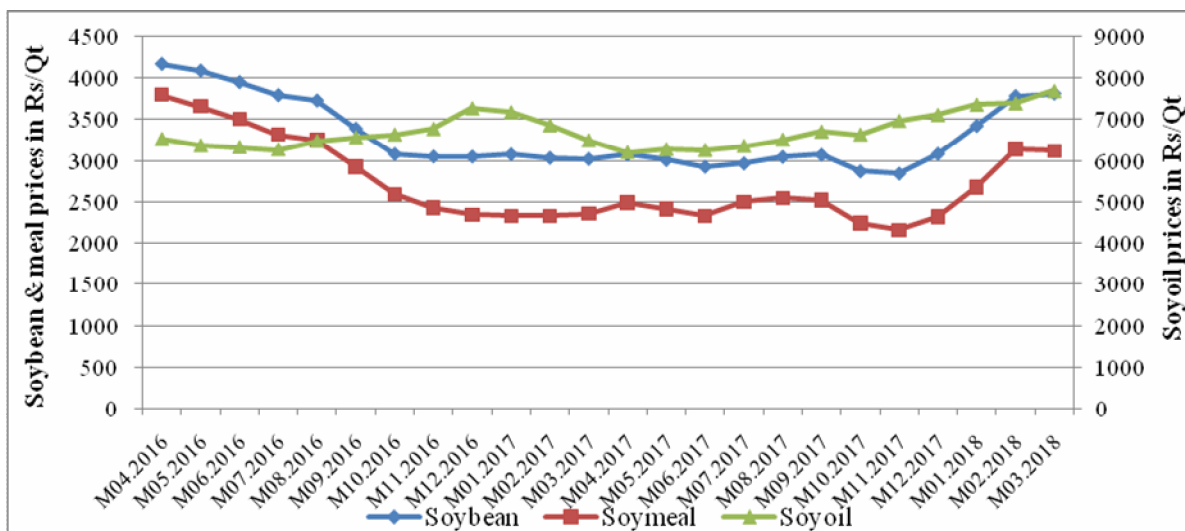


Figure 4. Price movement of soybean and products at Indore market. (Data source: NCDEX)

- Futures prices of soybean and soy oil increased over the period by 14 - 15 per cent and 4 ó 7 per cent, respectively for contracts which will expire in April and May.

Table 3. Soybean and soy oil futures contract close price

Contract	29 th Dec, 18	31 st Jan, 18	28 th Feb, 18	28 th Mar, 18	% Change*
Soybean					
April, 18	3250	3770	3851	3756	15.6
May, 18	3325	3808	3898	3798	14.2
Soy spot	3122	3826	3830	3779	21.0
Soy oil					
April, 18	729.20	738.75	760.85	760.85	4.3
May, 18	730.60	736.50	761.10	786.85	7.7
Soyoil spot	705.25	739.45	747.50	772.90	9.6

* change in March, 2018 over December, 2017, Source: NCDEX Website

Movement of international prices

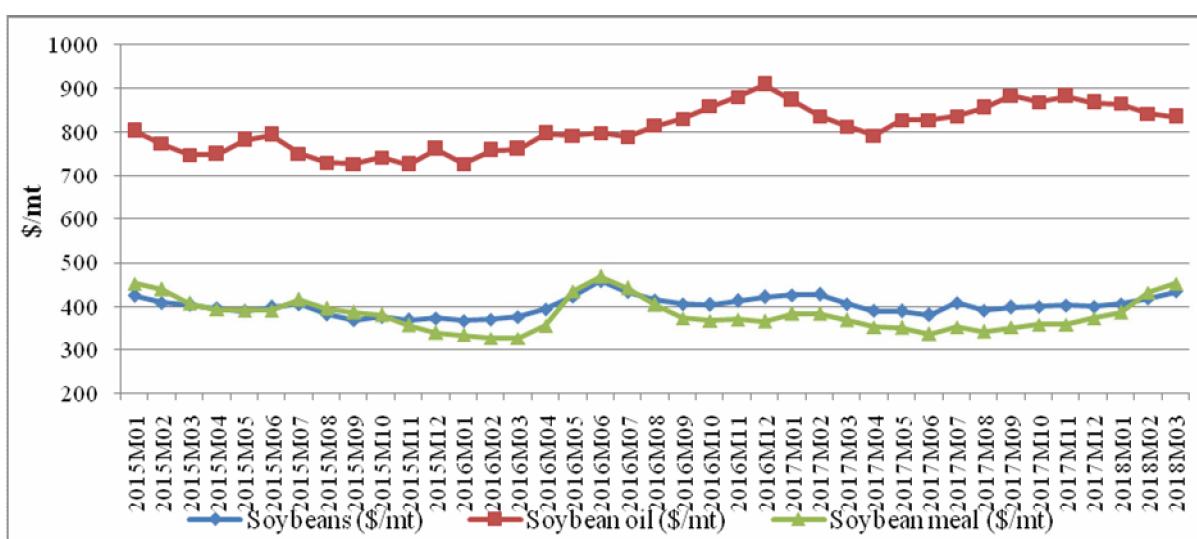


Fig. 5. International price movement of soybean and products. (Data source: World Bank Pink Sheet).

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- International prices of soybean meal is continuously increasing on account of growing demand of soy meal in animal and aquaculture feed. Soybean prices also started improving on the downward revision of production estimates and lower projected ending stocks. Slow pace of exports of soyoil from Argentina and lower projected import from India putting pressure on international soyoil markets and thus, prices are down in recently (Figure 5).

Policy initiatives

- Argentina reduced soybean export tax from 30 percent to 29.5 percent (Decree 1343/2016). Export taxes will be subject to further monthly reductions of 0.5 percentage points (Until December 2019), down to 18 percent for soybeans; and down to 15 percent for soybean by-products (Source: AMIS, FAO).
- China reduced the amount of foreign material allowed in shipments of US soybeans, in January 2018. US shipments that exceed 1 percent of foreign material could be held back for testing.
- The European Commission authorized five new varieties of genetically-modified oilseeds for ten years, including four soybean and one rapeseed varieties. All derived products will be subject to EU labelling and traceability rules.
- Argentina approved the commercialization of one GM soybean variety from Bayer SA (Resolution No. 27/2018, Source: AMIS, FAO).
- Brazil approved two new GM soybean varieties for commercialization from Du Pont and Monsanto (Source: AMIS, FAO).
- Union Budget announced on 1 Feb 2018 by GOI, 3% cess is proposed to be replaced by 10% social welfare surcharge on import duty on edible oils effective from 1 April 2018.

Export of soybean products from India

- Export of soybean meals/ deoiled cakes during the period April 2017 to January 2018 has crossed 2016-17 year export figures (up by 29% in quantity and 19% in value terms) (Table 8). Month wise pattern of soybean meal exports also reflects that the export of the commodity was much higher almost every month (Table 4), though slowed down in December and January months.

Table 4. Month wise export of soybean meal (HS 230400) from India

Months	Quantity (Tonnes)		Value (Rs. Lacs)	
	Prev. Year	Current Year	Prev. Year	Current Year
April	16,314.69	202,767.47	6,867.77	53,457.25
May	18,360.43	119,355.83	8,111.94	33,100.62
June	33,467.38	100,838.83	13,685.65	27,653.79
July	22,642.87	87,877.38	9,748.54	25,340.74
August	21,967.61	213,059.17	9,129.63	54,875.26
September	26,454.41	71,869.84	10,335.85	22,174.90
October	40,575.11	107,012.59	13,626.23	30,305.71
November	129,700.56	298,333.29	37,650.42	77,475.19
December	317,004.01	280,805.70	88,467.90	73,411.54
January	203,596.17	169,727.28	55,926.71	45,502.84

Source: DGCI&S, Kolkata

- Export of soybean (HS 120190) jumped up from 180797 tonnes during 2016-17 to 240982 tonnes during ten months of financial year 2017-18. About 58 per cent of soybean exported from India was destined to USA, 25 per cent to Canada and 6 per cent to Belgium.
- Other soybean products such as soybean flour, soy sauce and soy milk drinks has declined this year as compared to previous year figures.
- Major export destinations of soybean meal from India during the period April-January, 2017-18 were Bangladesh, Germany, France, Nepal, USA, Japan, Vietnam, Korea RP, Romania and Myanmar, and Sri Lanka. The improvement in price parity of Indian soybean DOC with international prices paved the way for the increased export.

Import of soybean oil and other soy products to India

- India imported about 2893011 tonnes of soybean crude oil valued at Rs. 15098.3 Crores during April- Jan, 2017-18. Nearly 79 per cent of soybean crude oil is sourced from Argentina, 15.3 per cent from Brazil and 5.5 per cent from Paraguay.
- The country also imported about 45971 tonnes of soybean valued at 140.78 Crores during first ten months of this financial year, mainly from Ethiopia (26%), Malawi (23%), Benin (22%), Mozambique (11%) and Togo (10%).
- The sharp increase in import of soybean of seed quality (HS 120110) was seen during April-Jan 2017-18 at 7408 tonnes as compared to 1645 tonnes during 2016-17. This was mainly imported from Benin (71%), Togo (24%) and Ethiopia (5%).

Table 5. Month wise import of soybean crude oil (HS 15071000) in India

Months	Quantity (Tonnes)		Value (Rs. Lacs)	
	Prev. Year	Current Year	Prev. Year	Current Year
Apr	316,354.5	326,575.0	158,471.6	173,553.0
May	301,341.0	364,824.2	152,942.0	183,261.1
June	296,029.2	284,596.0	156,328.4	143,459.0
July	321,420.1	393,957.0	169,431.1	201,918.5
Aug	380,344.0	338,787.0	197,902.6	174,350.7
Sept	370,921.1	346,652.0	194,496.4	181,491.2
Oct	365,946.0	238,869.6	194,635.4	128,397.9
Nov	206,335.2	231,816.0	112,527.8	126,208.3
Dec	232,001.4	139,483.0	133,584.4	75,966.2
Jan	197,018.0	227,451.3	118,871.7	121,227.7

Source: DGCI&S, Kolkata

Table 6. 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	2017/18	16.70	42.00	15.50	57.50	2.30	59.80	48.50	6.00	5.30
Argentina	2016/17	17.75	56.00	16.20	72.20	1.60	73.80	50.80	7.50	15.50
Argentina	2015/16	19.53	57.50	15.00	72.50	0.40	72.90	47.65	9.05	16.20
Argentina	2014/15	19.79	61.40	9.90	71.30	0.02	71.32	44.80	11.52	15.00
Brazil	2017/18	35.05	114.00	6.47	120.47	0.30	120.77	47.77	71.00	2.00
Brazil	2016/17	33.91	114.08	1.99	116.07	0.30	116.37	45.40	64.50	6.47
Brazil	2015/16	33.25	95.44	0.96	96.39	0.40	96.79	43.21	51.59	1.99
Brazil	2014/15	32.09	96.23	1.93	98.16	0.32	98.48	43.20	54.32	0.96
China	2017/18	8.20	14.61	14.58	29.19	99.50	128.68	114.18	0.42	14.09
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
China	2014/15	6.59	12.16	14.22	26.38	81.09	107.47	90.91	0.32	16.25
India	2017/18	10.60	8.00	0.90	8.90	0.26	9.16	8.96	0.05	0.15
India	2016/17	11.50	10.50	0.10	10.60	0.05	10.65	9.57	0.18	0.90
India	2015/16	11.60	7.10	0.70	7.80	0.10	7.90	7.78	0.03	0.10
India	2014/15	11.00	8.50	0.29	8.79	0.01	8.80	8.07	0.03	0.70
USA	2017/18	36.22	119.52	8.21	127.73	0.68	128.41	57.11	56.20	15.10
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
USA	2014/15	33.42	106.88	2.50	109.38	0.90	110.28	54.95	50.13	5.20
World	2017/18	125.66	336.77	51.39	388.16	154.31	542.47	349.13	151.34	42.00
World	2016/17	121.21	348.76	44.37	393.13	148.63	541.75	341.26	149.10	51.39
World	2015/16	121.80	314.84	43.97	358.81	134.84	493.65	320.37	128.92	44.37
World	2014/15	119.86	319.95	33.33	353.28	126.45	479.73	304.28	131.48	43.97

Source: AMIS, FAO website.

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Table 7. Import of soybean and products in India (Quantity in tonnes and Value in Rs. Lakhs)

HS Code	Crop commodity	2014-15		2015-16		2016-17		2017-18 (Apr- Jan)	
		Qty.	Value	Qty.	Value	Qty.	Value	Qty.	Value
15071000	Soybean crude oil w/n degummed	2317045	1290774.68	3964009.5	1941900.55	3464460.5	1870341.10	2893011.15	1509833.59
120190	Other soybeans w/n broken	6311.56	2343.13	20557.7	8138.2	79729.65	27894.74	45971.44	14078.07
35040091	Isolated soya protein	4498.49	10734.44	5768.97	13893.57	5585.00	12518.52	3555.82	7494.20
120110	Soybeans w/n broken of seed qty	0	0	154	51.52	1645.44	452.59	7407.93	1924.69
23040010	Oil-cake & oil-cake meal of soybean expeller variety	21.1	60.14	33.19	65.34	2109.63	886.02	3633.52	1318.84
21031000	Soy sauce	144.92	239.61	234.08	282.44	694.13	679.94	709.68	677.76
15079090	Soybean oil other than edible grade	128.48	307.61	1105.83	848.86	113.79	318.77	81.61	223.47
23040090	Oth. solid residues resulting from of extrn soybean oil	2.83	10.42	1836.64	540.39	24687.61	7095.73	28.63	53.26
15079010	Soybean oil of edible grade	5.42	10.74	21.79	50.28	23.73	69.13	18.37	47.49
22029010/ 22029910	Soy milk drinks w/n sweetnd or flavrd	437.71	297.42	256.63	290.9	235.03	244.58	25.22	20.92
23040020	Oil cake of soybean solvent extracted (defatted) variety	1.04	378.3	4237	1264.64	4628.00	1388.34	-	-
23040030	Meal of soybean solvent extracted (defatted) variety	0	0	135	35.64	3049.15	940.40	-	-
12081000	Flours and meals of soybeans	91.31	59.16	2.18	1.56	35.39	30.71	-	-

Source: DGCI&S, Kolkata

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

HS Code	Crop commodity	2014-15		2015-16		2016-17		2017-18 (Apr- Jan)	
		Qty.	Value	Qty.	Value	Qty.	Value	Qty.	Value
23040030	Meal of soybean solvent extracted (defatted) variety	1125829.5	367499.7	285268.4	103482.2	833058.4	232734.8	1089579.1	283243.34
120190	Other soybeans w/n broken	219491.30	97267.21	185046.94	82427.05	180797.11	74821.58	240982.39	87487.63
23040090	Other solid residues resulting from of extraction soybean oil	202639.9	68832.9	64729.4	23194.2	243799.8	69963.6	266404.67	67676.72
23040010	Oil-cake & oil-cake meal of soybean expeller variety	94747.28	33403.00	56618.32	23238.58	144011.08	54595.19	187960.01	64017.09
23040020	Oil cake of soybean solvent extracted (defatted) variety	44482.65	15201.08	6371.00	2105.30	55308.29	15875.56	107703.61	28360.69
12081000	Flours and meals of soybeans	162762.17	71936.50	88186.77	38089.54	91243.82	36917.28	40904.81	13989.43
120110	Soybeans w/n broken of seed qlty	4382.25	1998.50	812.87	379.23	2501.05	1064.12	4040.22	1529.26
15079090	Soybean oil other than edible grade	127.79	152.77	1210.89	817.58	208.08	285.07	1589.2	1262.50
15079010	Soybean oil of edible grade	307.10	261.91	1382.17	1060.09	175.40	152.50	836.65	664.38
21031000	Soy sauce	595.97	320.82	683.01	424.30	977.10	583.31	785.00	490.85
35040091	Isolated soya protein	10.34	33.11	44.15	82.03	111.91	107.24	209.57	216.53
15071000	Soybean crude oil w/n degummed	28.13	21.13	40.37	33.09	36.46	22.25	168.33	125.64
22029010	Soy milk drinks w/n sweetnd or flavrd	51.04	50.46	3.92	13.30	77.31	378.48	3.33	2.91

Source: DGCI&S, Kolkata

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