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Soybean: Domestic scenario

- Soybean production in India for the year 2018-19 is estimated at 136.89 lakh tonnes as per second advance estimates of MoA&FW, up from 113.90 lakh tonnes of production estimated for the year 2017-18 (Table 1). Higher area sown under soybean and mostly well distributed monsoon rainfall in all major soybean growing districts expected to result in higher yield realisation, except in Karnataka where biotic stress in major districts affected the yield of the crop.

Table 1. Estimates of area, production and yield of soybean in India.

State	2016			2017*			2018*		
	Area	Prod	Yield	Area	Prod	Yield	Area	Prod	Yield
Madhya Pradesh	5.40	6.65	1231	5.01	5.32	1062	5.24	6.73	1285
Maharashtra	3.84	4.59	1194	3.84	3.89	1012	3.93	4.39	1117
Rajasthan	1.06	1.13	1072	0.89	1.07	1207	0.93	1.16	1244
Telangana	0.28	0.32	1162	0.15	0.25	1625	0.15	0.24	1586
Karnataka	0.32	0.24	745	0.28	0.42	1527	0.34	0.34	1000
Chhatisgarh	0.10	0.07	697	0.12	0.06	491	0.12	0.13	1150
Gujarat	0.12	0.09	717	0.15	0.12	788	0.14	0.17	1247
India	11.40	13.16	1154	10.47	113.90	1049	10.96	13.69	1249

* Second advance estimates, Directorate of Economics and Statistics, MOA&FW, New Delhi.
State-wise area, production and yield data from State Agricultural Department estimates.

Soybean: International scenario (Source: AMIS, FAO)

- As per FAO Agricultural Market Information System, global soybean production forecast for 2018-19 slashed to 360.6 million tonnes from 370.5 m t expected during Sept, 2018, mainly on lower area harvested and production expectations for Brazil and USA (Table 6). Although, global soybean production is projected higher than 2017-18 figures of 341.7 million tonnes.
- Soybean utilization in 2018-19 further revised downward to 352.7 million tonnes, reflecting subdued growth in soybean and meal demand from China and other countries in Asia.

- Global soybean trade estimates trimmed further mainly on account lower anticipated demand in China and other countries in Asia. Accordingly, shipment forecasts for the major exporters also lowered.
- Similarly, global carry forward stocks also revised downwards with lower forecasts for Argentina and the US only partly offset by upward revisions for Brazil.

Soybean price movement

- Soybean prices were trading below MSP in all major markets during post harvest season on increased supply in the markets and the quality concerns. Although, prices of soybean in domestic markets improved during last quarter of the FY 2018-19 amid demand pressure for crushing, and mostly traded above MSP in all major markets.
- With the upward revision in domestic soybean production estimates from this *kharif* season harvest coupled with higher global supplies, soybean expected to trade range bound. The revival in soymeal export seen recently and further expected export opportunities likely to help boost the trade sentiments.

Table 2. Prices of soybean in major *mandies*. (Rs/qt)

State	Market	September		November		January		March	
		2017	2018	2017	2018	2018	2019	2018	2019
MP	Dewas	3050	3208	2673	3086	3010	3383	3413	3465
	Dhar	2810	3209	2656	3216	3254	3529	3622	3346
	Indore	2884	3183	2715	3185	3155	3525	3592	3596
	Manasa	2687	3057	2610	3179	3056	3367	3414	3548
	Ratlam	2873	3140	2703	3160	3269	3576	3623	3625
	Ujjain	2954	3225	2681	3212	3272	3598	3668	3688
Mah	Akola	2760	3128	2492	3216	3050	3432	3462	3569
	Amrawati	2693	3012	2288	2991	3220	3336	3439	3386
	Latur	2929	3400	2655	3406	3293	3601	3691	3666
	Wasim	2856	3230	2533	3319	3178	3518	3608	3533
	Yeotmal	2801	3096	2657	3223	3165	3416	3439	3501
Raj	Baran	2746	3197	2626	3160	3121	3452	3494	3505
	Bhawani mandi	2736	3155	2651	3164	3123	3444	3548	3466
	Kota	2853	3259	2675	3149	3123	3429	3534	3538
	Ramganj mandi	2276	3196	2484	3202	2900	3405	3515	3583

Source: agmarknet.gov.in, NA=Not Available

- Wholesale price index of soybean (2011-12=100) started improving from December 2018 onwards and reached to 159.8 in the month of February, 2019. The WPI for soybean oil also improved marginally in the months of January and February (113.7), though mostly flat in the range of 110 to 114. Similarly, WPI of soybean meal, although, marginally increased to 142.2 in February, 2019, but was lower than 150.4 in the month of May, 2018 (Fig. 1).
- Futures prices of soybean inched up on last trading day of March, 2019 by 4.6 and 5.4 per cent as compared to last trading day of December, 2018, respectively for April, 2019 and May, 2019 contracts (Table 3). Soy oil futures prices for April, 2019 contract increased by 2.4 per cent while Mar, 2019 contract witnessed marginal decline of 0.8 per cent.
- Futures contract return volatility was higher in case of soybean contracts as compared to soy oil contracts, and is declining gradually (Figure 2).

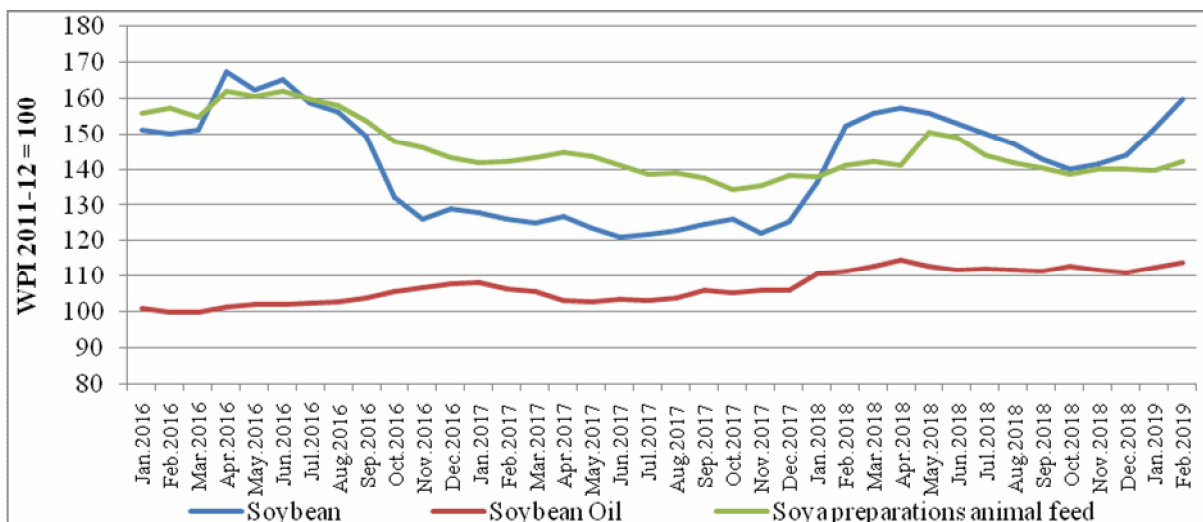
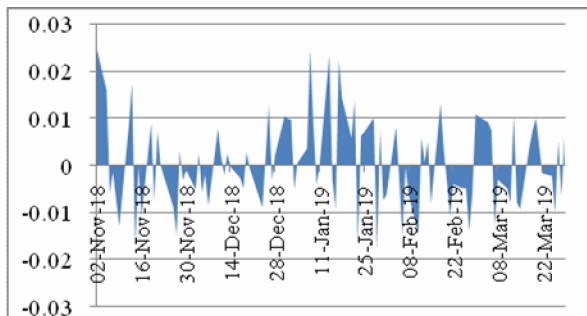


Fig. 1. Wholesale price index for soybean and products. (Data source: Office of Economic Advisor, Ministry of Commerce and Industry, GOI).

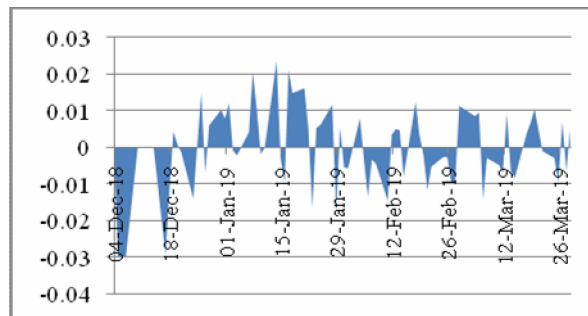
Table 3. Futures contract close prices

Contract	31.12.2018	31.01.2019	28.02.2019	29.03.2019	% Change*
Soybean (Rs/q)					
Apr 2019	3518	3906	3661	3681	4.6
May 2019	3552	3945	3716	3743	5.4
Soy oil (Rs/10 kg)					
Apr 2019	711.5	759.2	746.4	728.8	2.4
May 2019	720.0	763.4	737.4	714.4	-0.8

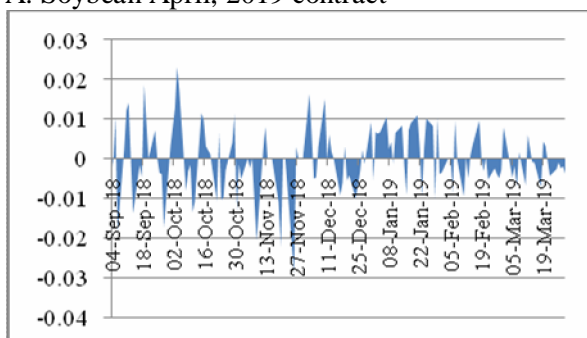
* Change in price on last day of Mar, 2019 over last day of Dec, 2018. Source: NCDEX website



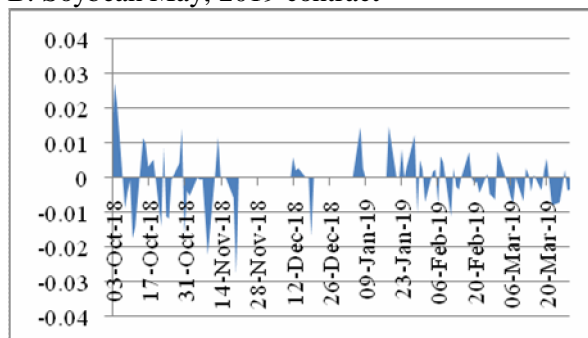
A. Soybean April, 2019 contract



B. Soybean May, 2019 contract



C. Soy oil April, 2019 contract



D. Soy oil May, 2019 contract

Figure 2. Return volatility of soybean and soy oil futures contracts

Movement of international prices

- Contrasting trends in soybean prices continued at major producing markets. On the demand support from China and other markets, the US and international (Rotterdam) soybean prices firmed up whereas, Brazil and Argentina soybean prices slipped slightly (Figure 4).
- The rally in soybean meal prices all major exporting countries arrested during April-May, 2019 and down trend continued afterwards mainly on the sluggish demand from importing markets (Figures 3 and 5).
- Soy oil prices in major exporting markets continued to drop till November-December, 2018, but supported with the lower expected soybean production and with demand support soyoil prices improved in January-February, 2019 months and again slumped in March, 2019 (Figures 3 and 6).

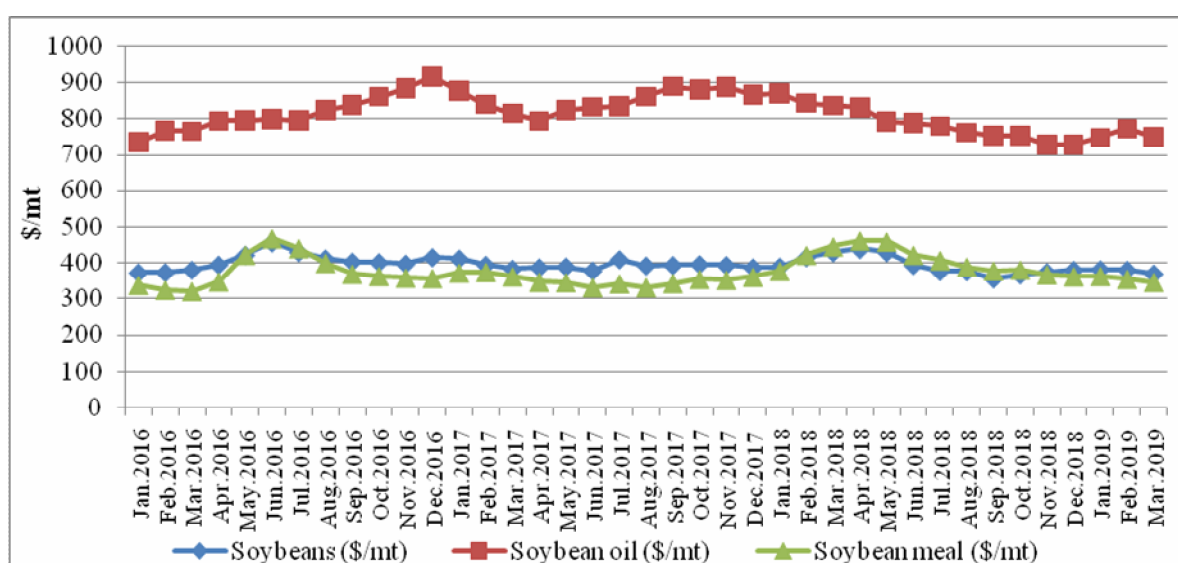


Fig. 3. International price movement of soybean and products (Data source: World Bank Pink Sheet).

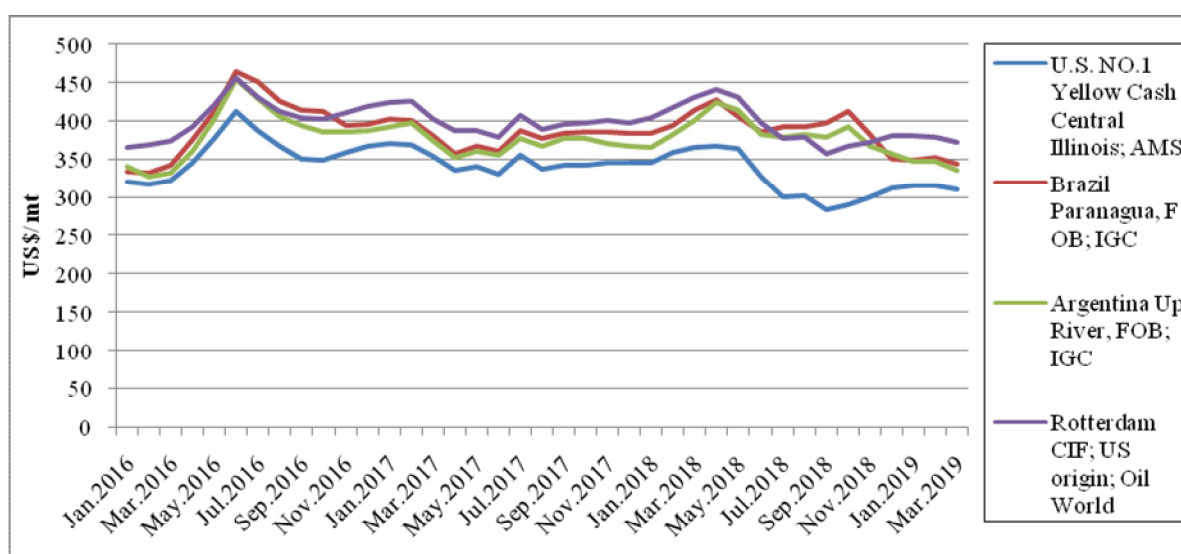


Fig. 4. Soybean price movement in major countries (Data source: USDA).

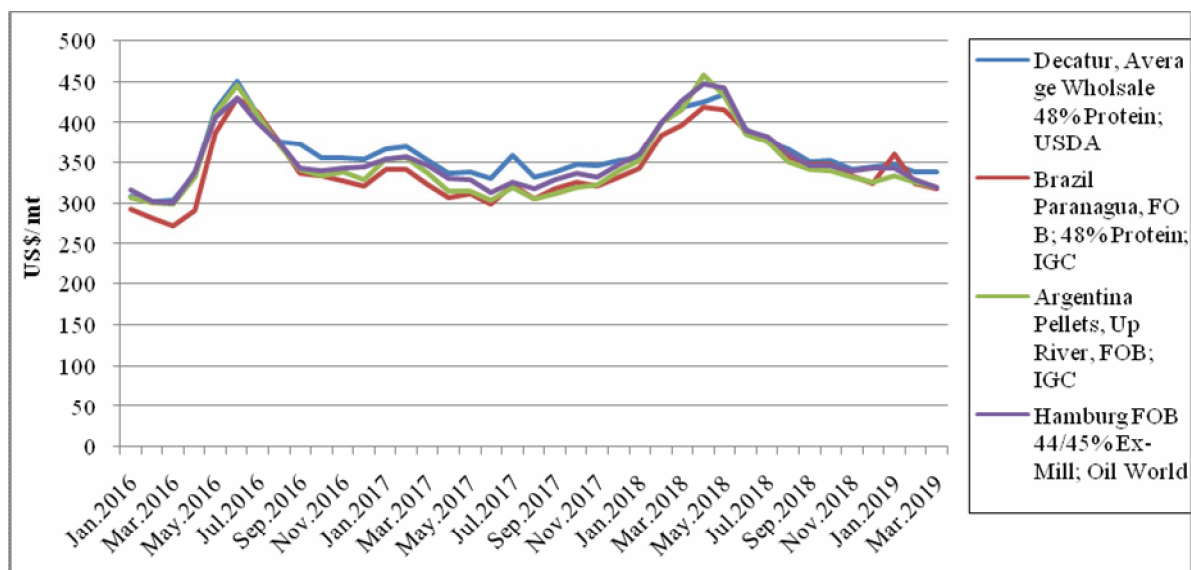


Fig. 5. Soybean Meal price movement in major countries (Data source: USDA).

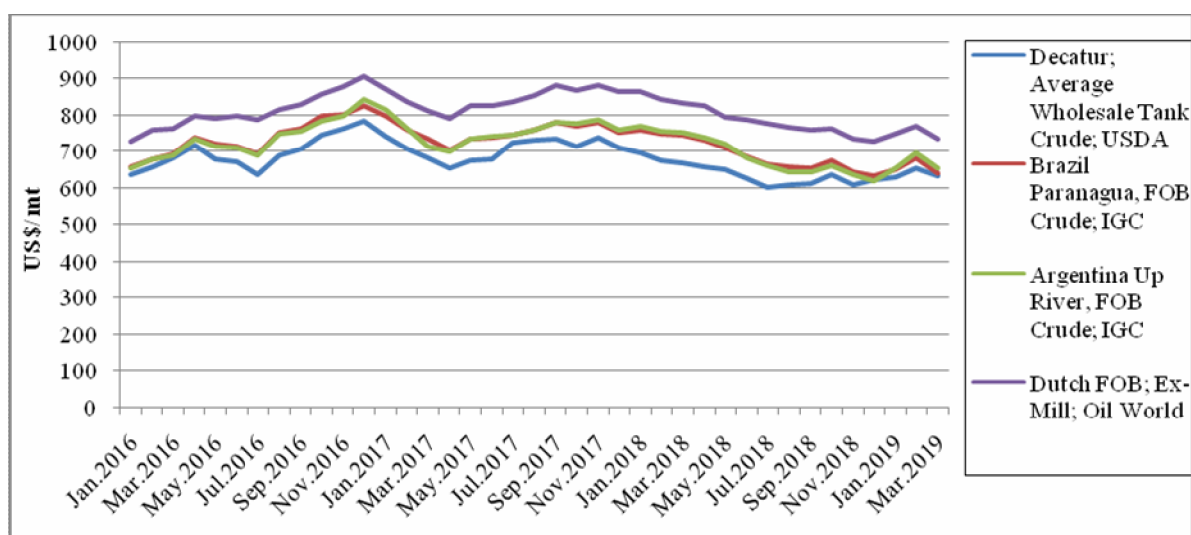


Fig. 6. Soybean Oil price movement in major countries (Data source: USDA).

Policy initiatives

- Heilongjiang Province, China's top grower for soybeans, decided to keep soybean subsidies at CNY 300 per mu (USD 743.7 per hectare) in 2019 as compared to CNY 320 per mu (USD 794.5 per hectare) in 2018 (Source: AMIS, FAO).
- On 8 January 2019, China's Ministry of Agriculture and Rural Affairs announced the approval of five genetically-modified (GM) crop varieties for importation, including two soybean varieties.
- In order to minimize dependence on soybean imports, China decided to allow imports of rapeseed meal from India, subject to certain inspection and quarantine requirements. Also China's Feed Industry Association approved new voluntary standards for animal feed,

lowering the protein levels in pig feed by 1.5 percentage points, and those for poultry by 1 percentage point.

Export of soybean products from India

- Export of soybean meals/ de-oiled cakes during the period April-January 2018-19 totalled at 18.93 lakh tonnes valued at Rs. 5983.18 crores, 13% higher in terms of quantity and 32.8 % higher in terms of value of export as compared to the figures during corresponding period 2017-18 (Table 4 & 8). Higher demand from Iran, USA and Japan improved the export figures and is likely to continue.
- The major export destinations for soybean meal from India were Iran (14.24%), Bangladesh (12.94%), France (12.10%), USA (9.42%), Nepal (8.16%), Japan (6.99%) and Vietnam (4.51%).
- The country also exported 1.63 lakh tonnes of soybean (HS 120190) valued at Rs. 66751.67 lakhs during April-January this financial year and soybean of seed quality (HS 120110) at 11701 tonnes valued at Rs. 4742.8 lakhs. These products were mainly destined to USA, Canada, Belgium, France and Spain.
- The country also exported other soybean products such as soybean flour, soy oil, soy sauce and soy milk drinks (Table 8).

Table 4. 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	100351.37	6867.77	53457.30	32801.49
May	18360.43	119355.83	103946.09	8111.94	33100.62	36494.16
June	33467.38	100839.11	156042.90	13685.65	27654.02	53227.51
July	22642.87	87877.38	141499.07	9748.54	25340.74	48647.15
August	21967.61	209797.17	141465.24	9129.63	53948.29	48350.03
September	26454.41	72159.84	86493.51	10335.85	22250.21	30827.93
October	40575.11	107791.59	130249.82	13626.23	30508.13	41894.14
November	129700.56	303928.39	321370.37	37650.42	78924.66	96112.13
December	317004.01	294389.00	396494.26	88467.90	76827.48	116587.88
January	203596.17	182407.30	315297.96	55926.71	48616.11	93375.21
February	225110.55	128510.96		60117.88	36022.92	
March	220983.70	84629.25		59500.61	26391.93	
Total	1276177.46	1894453.34	1893210.6	373169.14	513042.38	598317.63

Source: DGCI&S, Kolkata

Import of soybean oil and other soy products to India

- The country imported 26.7 lakh tonnes of soybean oil, about 7.7 per cent less from same period last year, valued at Rs. 13932.5 Crores during April-January months of 2018-19. Nearly 68.4 per cent of soybean oil is sourced from Argentina, 22.2 per cent from Brazil and 3.26% from Switzerland and 1.7% from the Netherlands.

- The Import of other soybeans (HS 120190) has increased tremendously to 124822.56 tonnes during April-January 2018-19 valued at Rs. 428.17 Crores, mainly from Ethiopia (39.09%), Benin (19.15%), Mozambique (15.89%), Malawi (8.54%), Nigeria (5.61%) and Djibouti (4.04%). The country imported about 81715 tonnes of soybean valued at 250.25 Crores during the year 2017-18.
- Import of isolated soya protein also surged recently (Table 7).

Table 5. 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	235491.89	158499.36	173575.76	125604.73
May	301347.07	364836.73	325481.53	152973.25	183282.27	176372.71
June	296042.85	284603.33	331957.32	156366.95	143482.31	179707.99
July	321429.40	393968.97	283753.41	169450.72	201953.63	149675.45
August	380359.23	338791.84	353306.10	197947.71	174367.37	179983.00
September	370928.51	346653.54	357077.97	194544.69	181494.94	181343.79
October	365958.05	238890.75	225183.25	194676.67	128465.67	117089.45
November	206340.78	231827.93	215071.92	112542.63	126236.39	111748.30
December	232007.96	139491.08	157533.66	133606.68	75981.01	79366.54
January	197026.62	227464.04	185081.42	118906.44	121265.30	92358.45
February	209100.24	117943.76		126565.53	63177.34	
March	267691.24	141315.68		154648.36	76017.72	
Total	3464598.00	3152370.50	2669938.47	1870729.00	1649299.71	1393250.40

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	2018/19	17.5	54.0	9.0	63.0	3.2	66.2	48.2	8.5	9.5
Argentina	2017/18	16.0	37.8	16.8	54.6	4.7	59.3	47.8	2.5	9.0
Argentina	2016/17	17.8	55.0	16.2	71.2	1.7	72.9	48.6	7.5	16.8
Argentina	2015/16	19.5	57.5	15.0	72.5	0.4	72.9	47.7	9.1	16.2
Brazil	2018/19	35.8	114.3	0.1	114.4	0.7	115.1	45.7	68.8	0.6
Brazil	2017/18	35.2	119.3	10.7	130.0	0.3	130.3	46.5	83.6	0.1
Brazil	2016/17	33.9	114.1	9.3	123.4	0.3	123.7	44.8	68.2	10.7
Brazil	2015/16	33.3	95.4	7.7	103.1	0.4	103.5	42.6	51.6	9.3
China	2018/19	8.4	16.0	13.4	29.4	87.6	117.0	106.9	0.1	10.0
China	2017/18	8.2	15.3	14.7	30.0	94.1	124.1	110.5	0.1	13.4
China	2016/17	7.2	13.6	14.7	28.3	93.5	121.8	107.0	0.1	14.7
China	2015/16	6.5	12.4	16.2	28.6	83.2	111.8	96.9	0.2	14.7
India	2018/19	10.8	13.0	0.2	13.2	0.0	13.2	12.6	0.2	0.4
India	2017/18	10.4	10.9	0.9	11.9	0.1	12.0	11.5	0.3	0.2
India	2016/17	11.2	13.2	0.1	13.3	0.1	13.4	12.2	0.3	0.9
India	2015/16	11.6	8.6	0.8	9.4	0.1	9.4	9.2	0.1	0.1
USA	2018/19	35.7	123.7	11.9	135.6	0.5	136.1	60.6	51.0	24.5
USA	2017/18	36.2	120.1	8.2	128.3	0.6	128.9	59.0	58.0	11.9
USA	2016/17	33.5	116.9	5.4	122.3	0.6	122.9	55.5	59.2	8.2
USA	2015/16	33.1	106.9	5.2	112.1	0.7	112.7	54.7	52.7	5.4
World	2018/19	126.9	360.6	41.0	401.6	149.7	551.3	352.7	146.7	50.8
World	2017/18	124.9	341.7	57.0	398.8	152.7	551.4	349.1	161.3	51.8
World	2016/17	120.9	351.2	51.8	403.0	147.5	550.4	340.5	152.9	57.0
World	2015/16	121.5	317.1	50.8	367.8	133.9	501.7	321.0	129.0	41.0

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	2015-16		2016-17		2017-18		2018-19 (April-Jan)	
		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	2654604.06	1382145.84
120190	Other soybeans w/n broken	20557.7	8138.2	79729.65	27894.74	81715.18	25024.61	124822.56	42816.94
35040091	Isolated soya protein	5768.97	13893.57	5585.00	12518.52	4472.65	9428.33	6024.94	15315.08
15079010	Soybean oil of edible grade	21.79	50.28	23.73	69.13	112.25	167.89	15184.62	10727.94
21031000	Soy sauce	234.08	282.44	694.13	679.94	854.74	858.68	818.72	1044.22
23040010	Oil-cake & oil-cake meal of soybean expeller variety	33.19	65.34	2109.63	886.02	4057.52	1485.00	2932.37	984.85
22029910	Soy milk drinks w/n sweetened or flavored	256.63	290.9	235.03	244.58	124.97	71.39	652.69	552.35
15079090	Soybean oil other than edible grade	1105.83	848.86	113.79	318.77	89.77	252.51	149.82	376.62
23040090	Oth. solid residues resulting from of extrn soybean oil	1836.64	540.39	24687.61	7095.73	48.91	78.54	120.23	205.44
120110	Soybeans w/n broken of seed qty	154	51.52	1645.44	452.59	7407.92	1924.69	242	102.5
23040030	Meal of soybean solvent extracted (defatted) variety	135	35.64	3049.15	940.40	500.00	194.95	3	16.07
12081000	Flours and meals of soybeans	2.18	1.56	35.39	30.71	0.91	0.65	0	0.07
23040020	Oil cake of soybean solvent extracted (defatted) variety	4237	1264.64	4628.00	1388.34	-	-	-	-

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	2015-16		2016-17		2017-18		2018-19 (April-Jan)	
		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	1222132.27	360822.42
23040010	Oil-cake & oil-cake meal of soybean expeller variety	56618.32	23238.58	144011.08	54595.19	229882.19	78997.29	320714.28	124411.65
23040090	Other solid residues resulting from of extraction soybean oil	64729.4	23194.2	243799.8	69963.6	299011.48	77737.16	212525.64	69521.00
120190	Other soybeans w/n broken	185046.94	82427.05	180797.11	74821.58	270207.74	98517.46	163181.81	66751.67
23040020	Oil cake of soybean solvent extracted (defatted) variety	6371.00	2105.30	55308.29	15875.56	146954.53	38692.48	137838.39	43562.54
12081000	Flours and meals of soybeans	88186.77	38089.54	91243.82	36917.28	44126.09	15388.99	16923.45	9532.25
120110	Soybeans w/n broken of seed qlty	812.87	379.23	2501.05	1064.12	5142.15	1,966.38	11701.31	4782.80
15079010	Soybean oil of edible grade	1382.17	1060.09	175.40	152.50	1154.08	916.60	3270.46	2968.91
15079090	Soybean oil other than edible grade	1210.89	817.58	208.08	285.07	2566.60	2053.03	3211.09	2690.40
21031000	Soy sauce	683.01	424.30	977.10	583.31	907.66	564.90	808.13	475.79
35040091	Isolated soya protein	44.15	82.03	111.91	107.24	214.91	247.43	41.18	171.56
22029910	Soy milk drinks w/n sweetened or flavored	3.92	13.30	77.31	378.48	26.32	121.74	49.15	41.34
15071000	Soybean crude oil w/n degummed	40.37	33.09	36.46	22.25	64.43	49.28	-	-

Source: DGCI&S, Kolkata

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