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COTTONSEED, OIL & MEAL CONCLAVE 2023

7th & 8th July 2023



Market Thought Of Cotton Seed, Oil and Meal

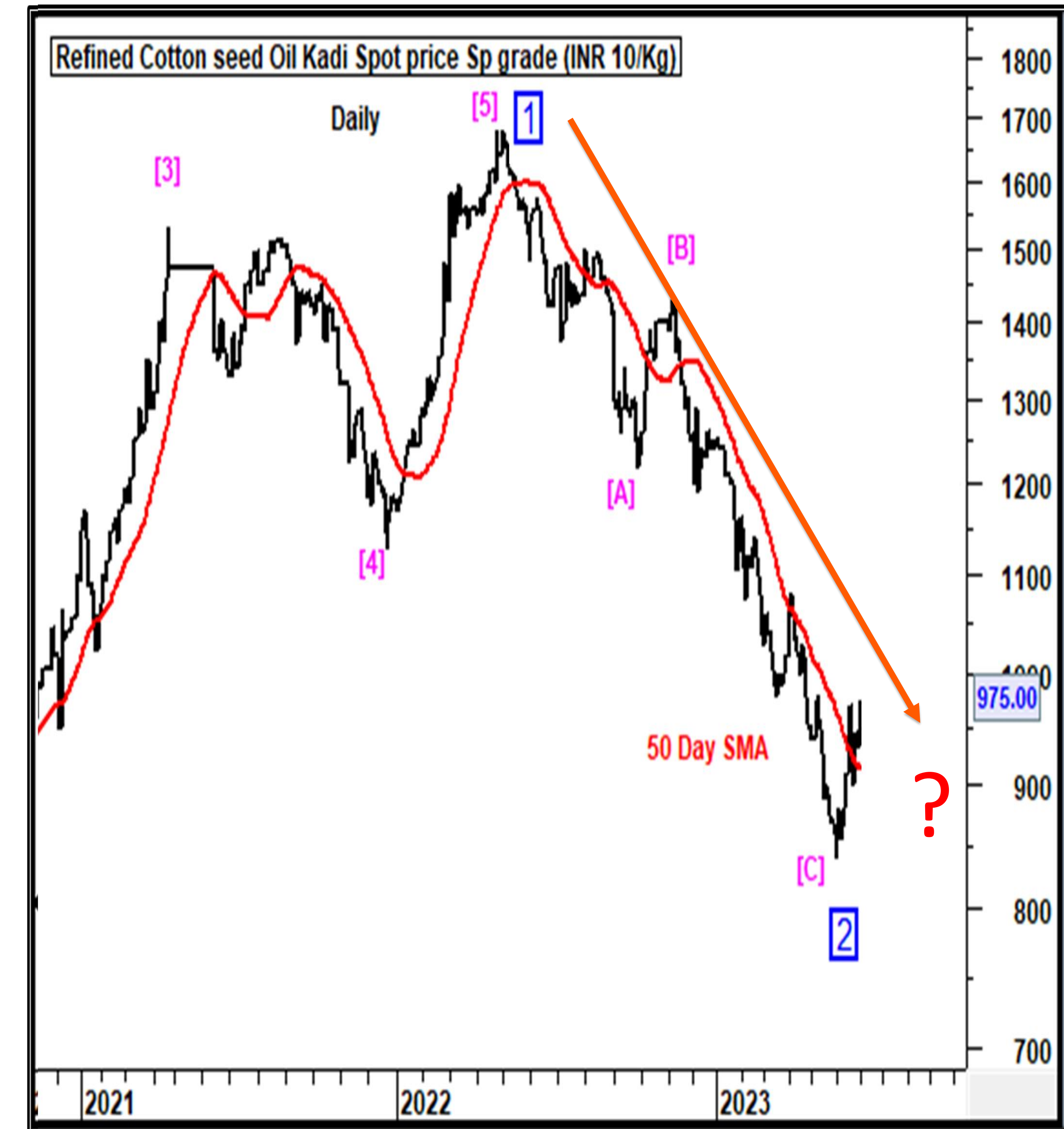
By Mr. Nagaraj Meda

Managing Director - Founder

TRANSGRAPH
RESEARCH - CONSULTING - TECHNOLOGY
commodity market mentors

Factors Driving The Market in The Past 1-Year

- Europe emerged as a big price influencer due to Ukraine supply chain getting diverted from Black Sea to Europe post War.
- Supply and demand for rapeseed and sunseed from EU, Canada moving the markets taking the large players who concentrate only on palm and soy oil S&D by surprise.
- Many players are not able to understand/fathom the US Soy market, basis now at -20 USc/lb or USD 400/T!
- India veg oil supplies increased from 7.53 MMT in 2016-17 to 10.76 MMT in 2022-23, growth of 3.23 MMT in 5 years.
- Volatility in markets is more and players need more professional research and risk management support to track macros, soft oils, extended markets than the usual India, Malaysia situations.



Abundancy of Sunoil and Rapeoil

Sun+Rape Oil Production at EU and Canada Up 4.22 MMT Y-o-Y

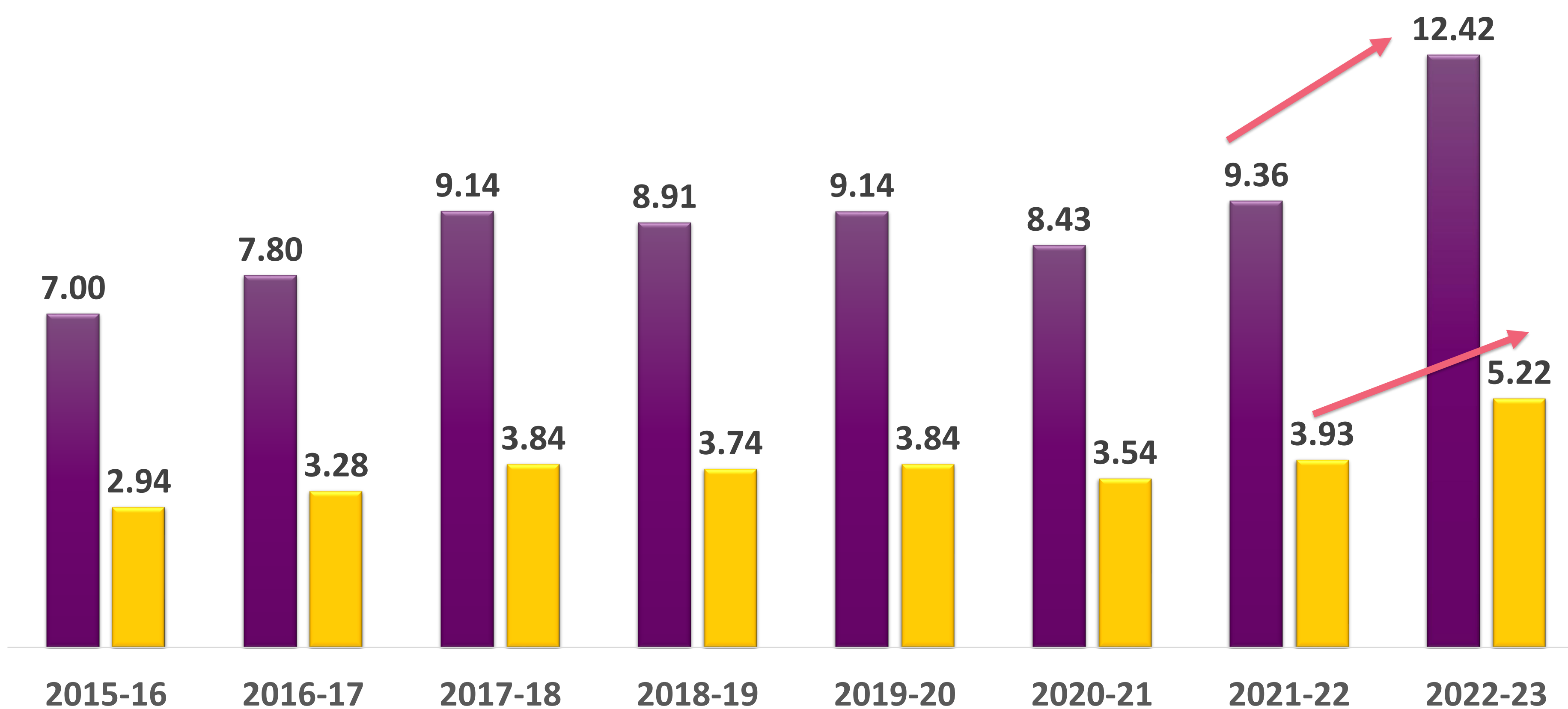
Traditionally, EU is second largest importer of sunoil after India.

EU emerged as second largest producer of sunoil in the world in 2022-23.

Rapeseed oil combined production at EU and Canada in 2022-23 increase by nearly 3 MMT Y-o-Y to highest ever on the record.

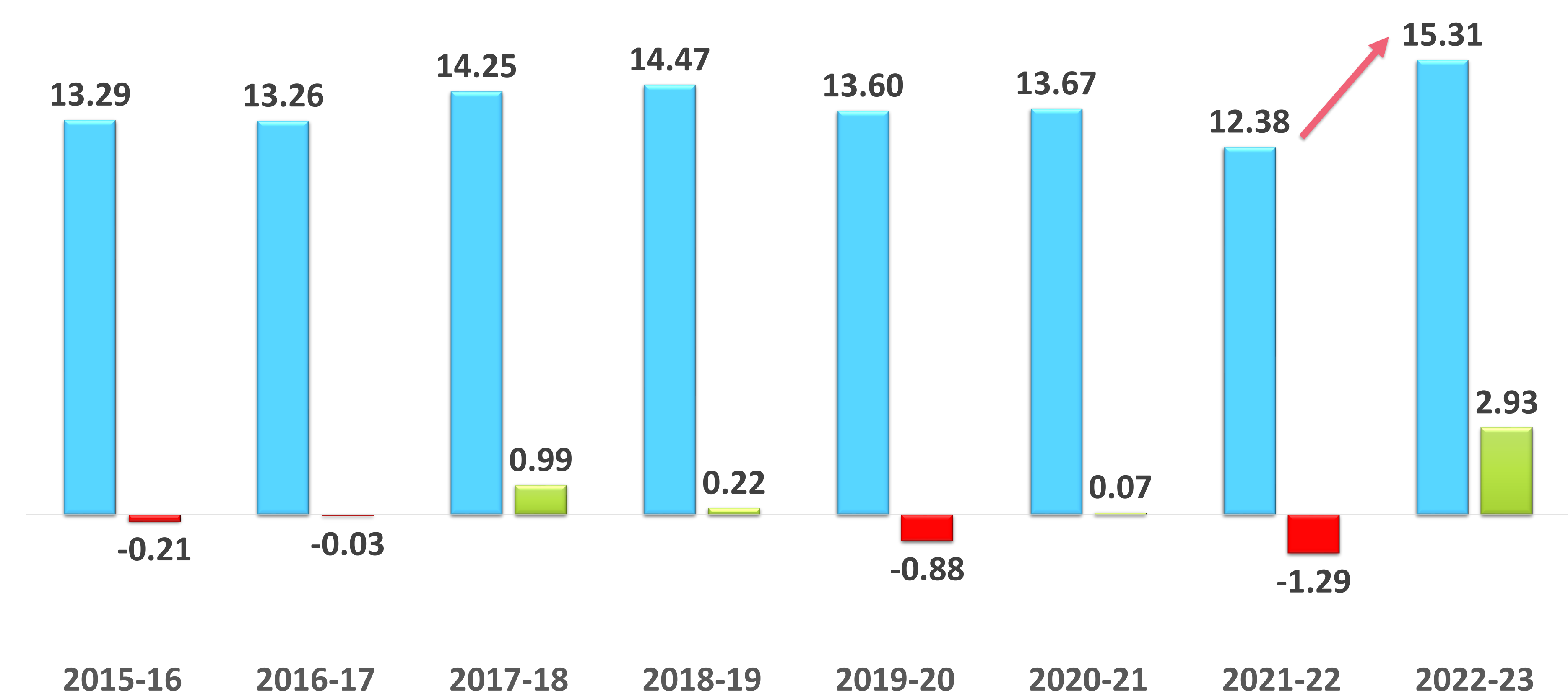
EU Sunseed Crush and Oil Production (MMT)

■ EU Sunseed Crush ■ EU Sunoil Production



Record Rapeseed Oil Production at EU + Canada

■ Canada + EU Production ■ Change Y-o-Y



Steadily Rising India Edible Oil Production In Recent Years

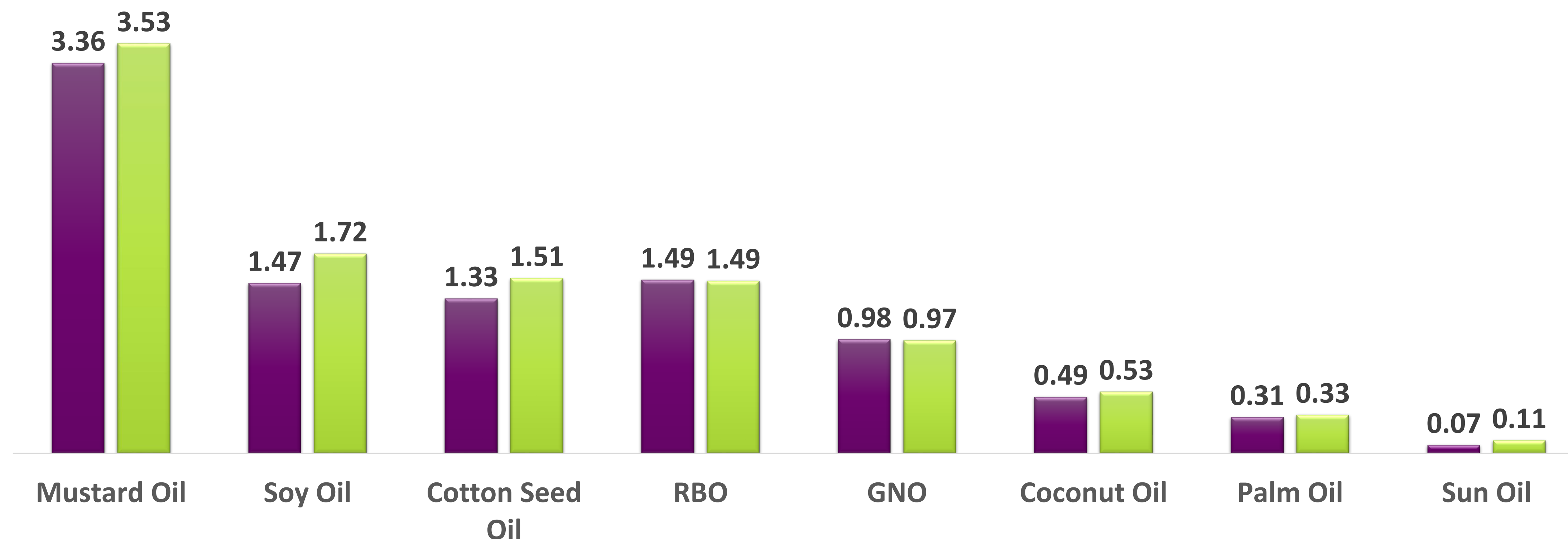
CAGR of 7.3% in last 7 years

India edible oils production up 7% Y-o-Y in 2022-23.

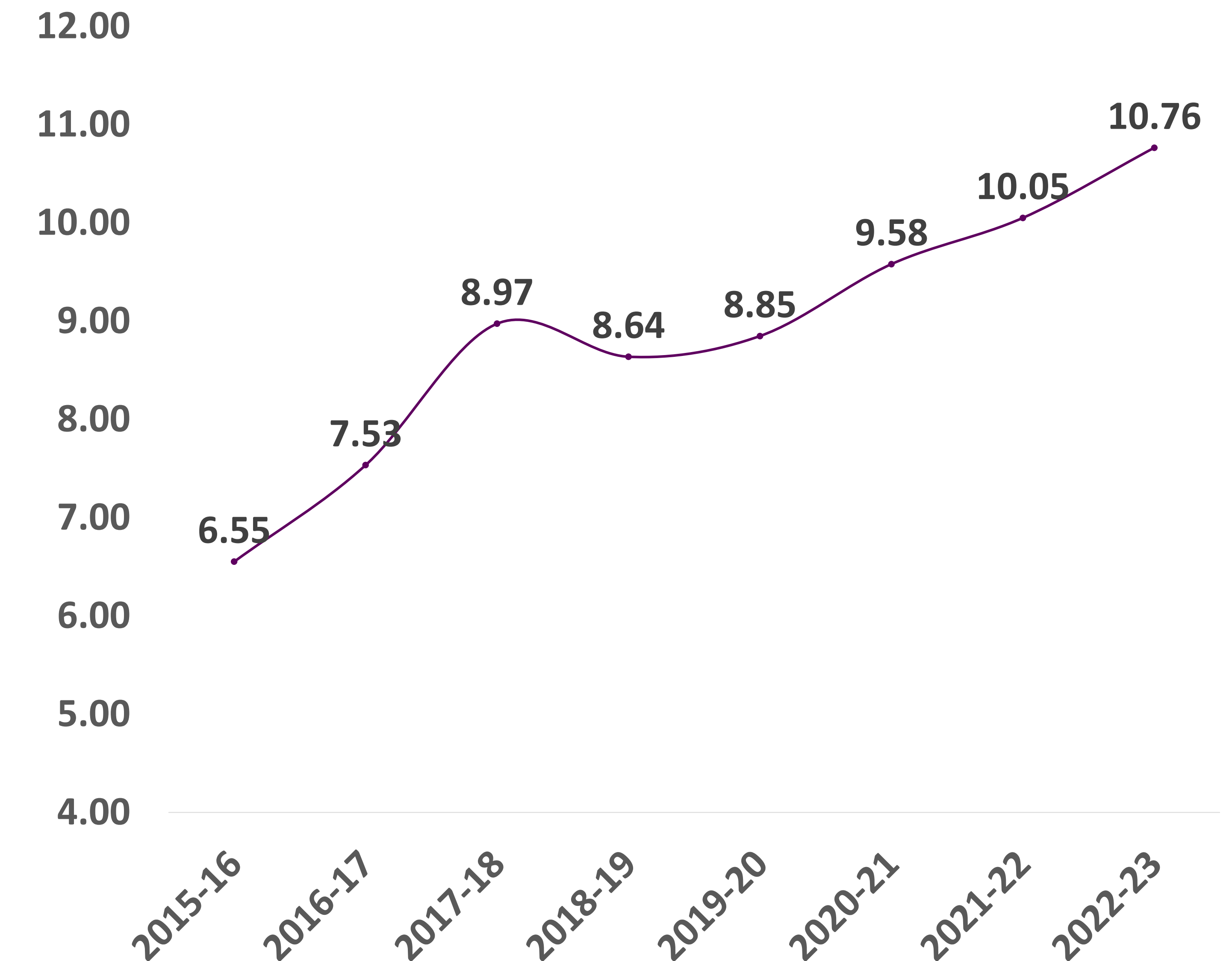
Combined production of mustard, soybean & cottonseed oil jump 10% Y-o-Y

INDIA EDIBLE OIL PRODUCTION (MMT)

■ 2021-22 ■ 2022-23



India Edible Oil Production (MMT)



Profits of market players also will be proportional to Indian production Increase

What Lies Ahead?

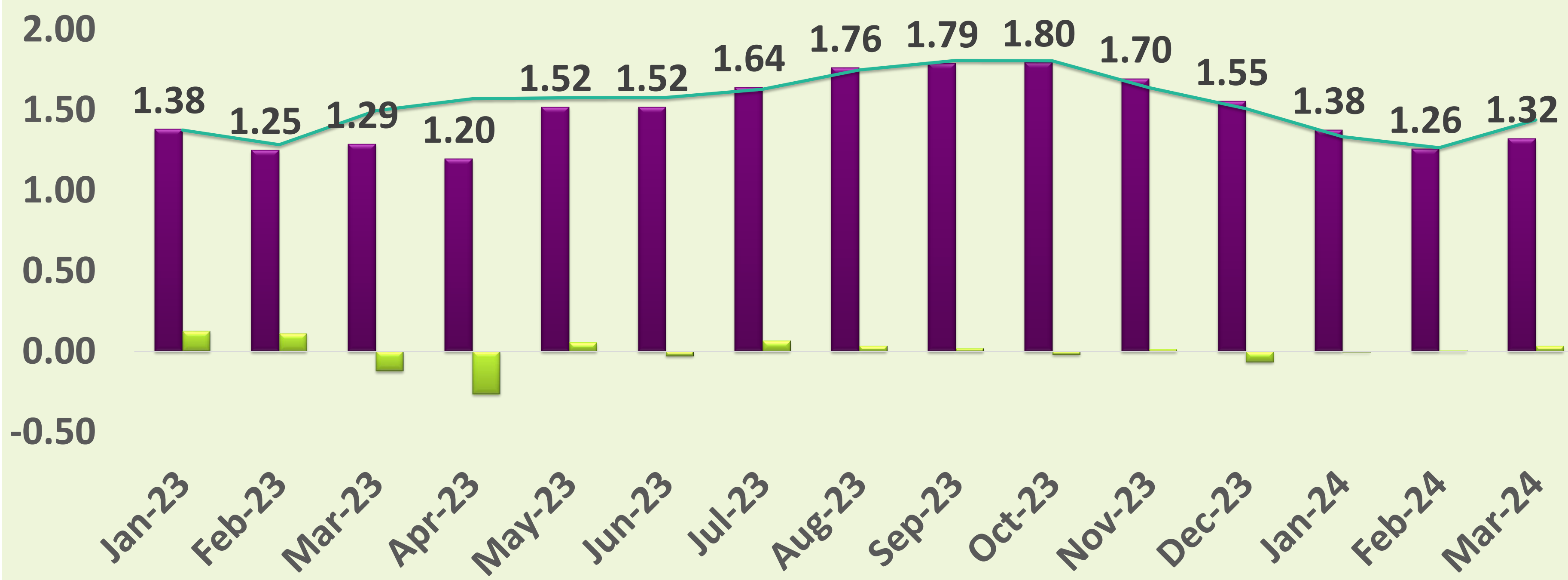
Each quarter has different dynamics in the coming 9 months

- **JAS 2023: Neutral, not Bullish**
 - Production upcycle in palm oil but stocks sharply lower than last year, stocks of palm oil at key destinations dropping, USA soybean crop uncertainty, India monsoon delay and El Nino
- **Oct-Nov 2023: mildly Bearish**
 - Seasonal harvest supply pressure, post festive season demand slowdown, Ukraine sun coming back to haunt the bulls
 - Net liquidity in USA expected to fall, Q-o-Q growth of -0.4% in USA, recession sentiment.
- **Dec'23 – JFM'24: Bullish**
 - El Nino in spotlight, off season in palm, significantly tight stocks of palm oil at the origins due to Indonesia bio diesel, Ramadan demand, focus on South America sowing of new crop
- **Post Mar 2024: Bearish**
 - Harvest supply pressure from South America, production upcycle commencing at palm oil origins, India mustard crop harvest, US new crop sowing in focus

Seasonal Production Rise For Palm Oil in Months Ahead

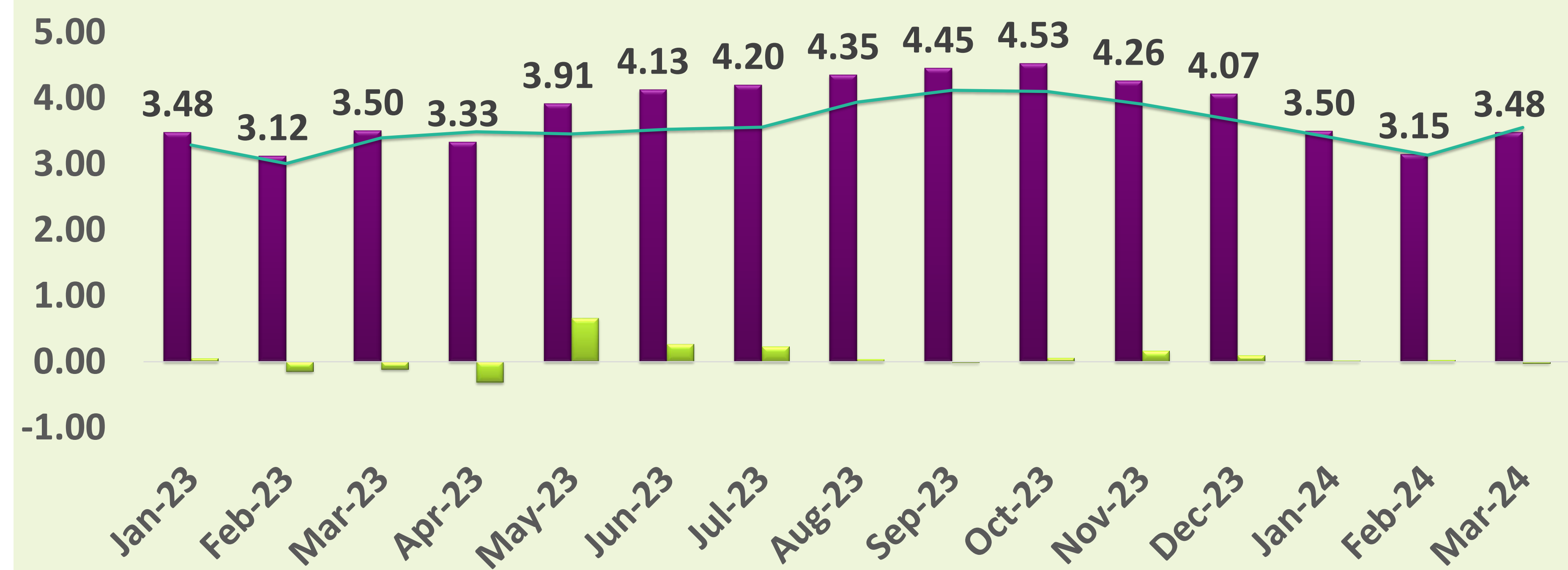
MALAYSIA PALM OIL PRODUCTION (MMT)

■ 2023/24 ■ YoY — 5yr Avg

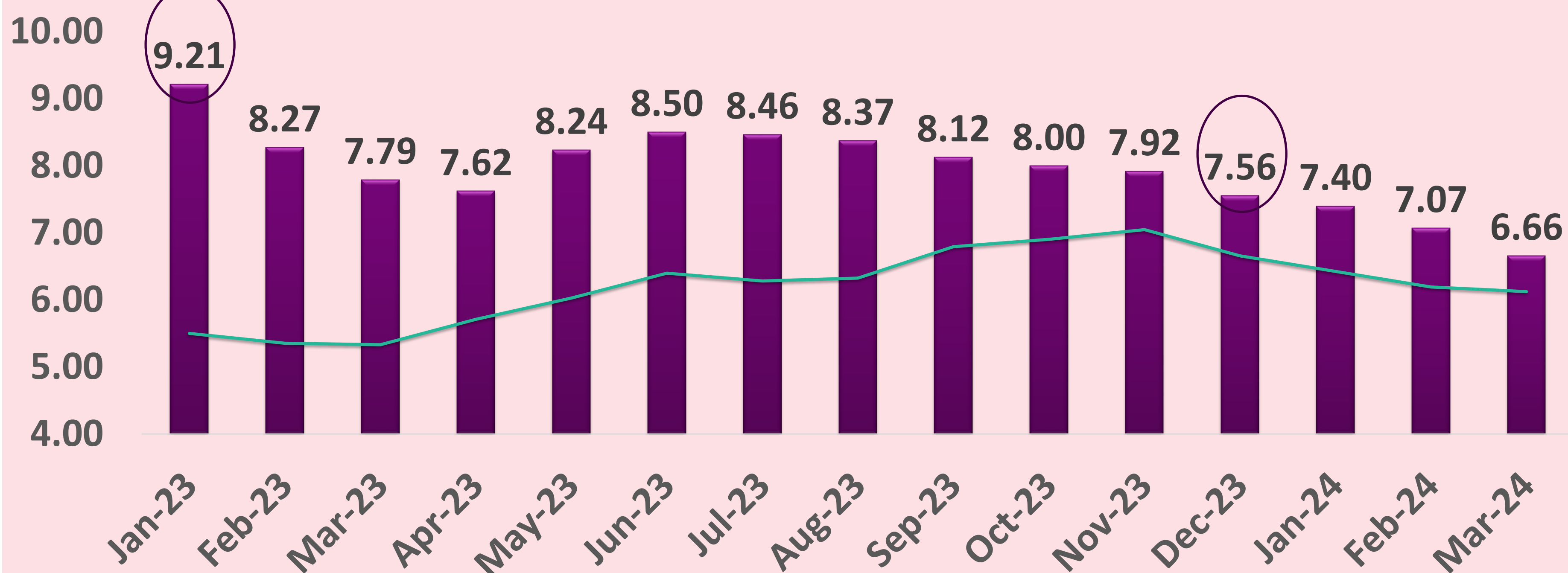


INDONESIA PALM OIL PRODUCTION (MMT)

■ 2023/24 ■ YoY — 5yr Avg



COMBINED PALM OIL STOCKS AT MALAYSIA AND INDONESIA (MMT)



- Monthly production to rise towards peak in Oct – seasonal drop through Nov-Feb period.
- Recovery in export demand and B35 biodiesel demand to result in steady decline in palm oil stocks during H2 2023.
- Production in 2024 can drop up to 5% at both origins due to impact of El Nino, limiting the chances for stock recovery next year.

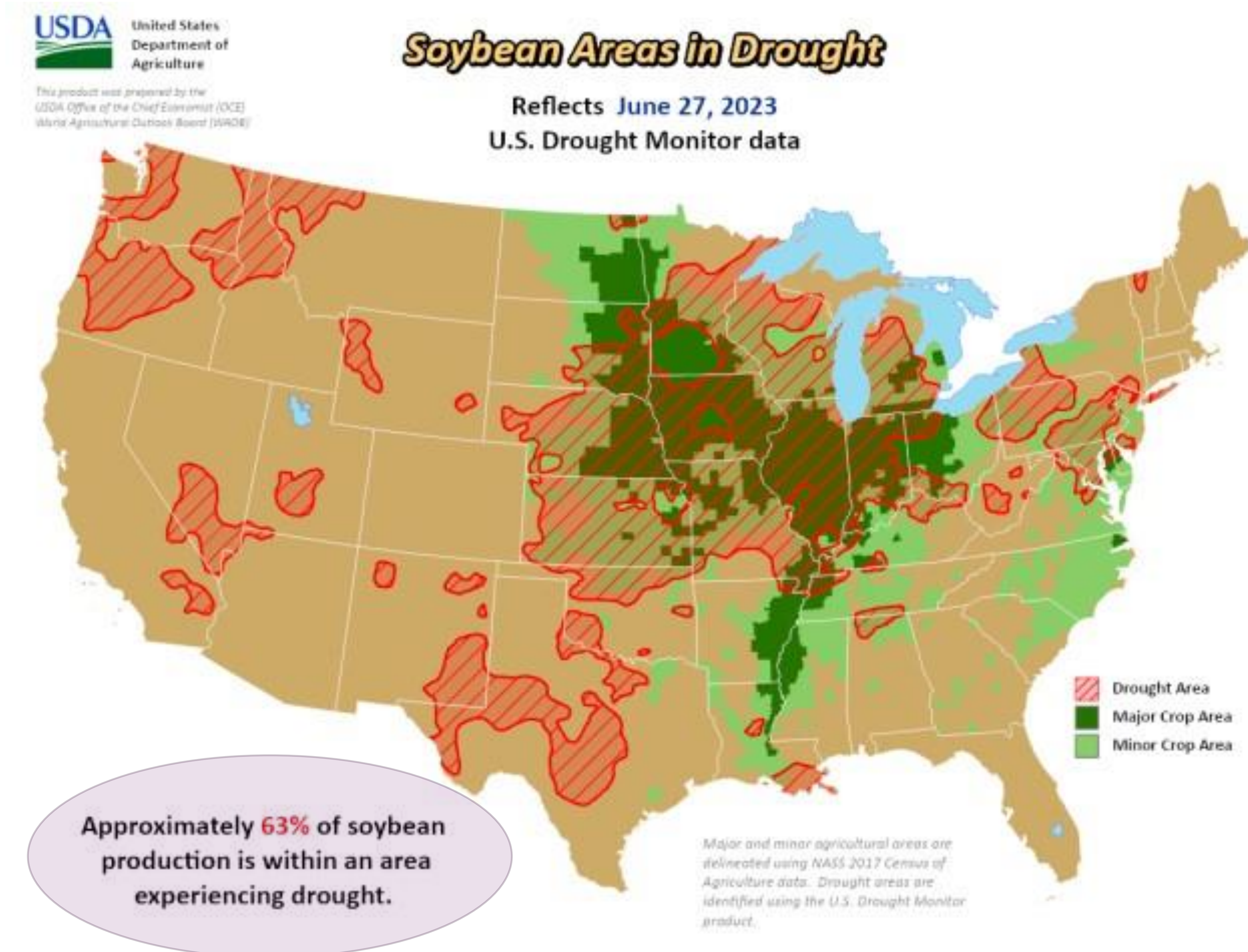
Weather Causing Doldrum for US Soybean Production

Nearly 2/3rd of US soybean crop is experiencing drought

US soybean acreage to see second biggest drop in 15 years.

Production in 2023-24 may drop by at least 5 MMT Y-o-Y.

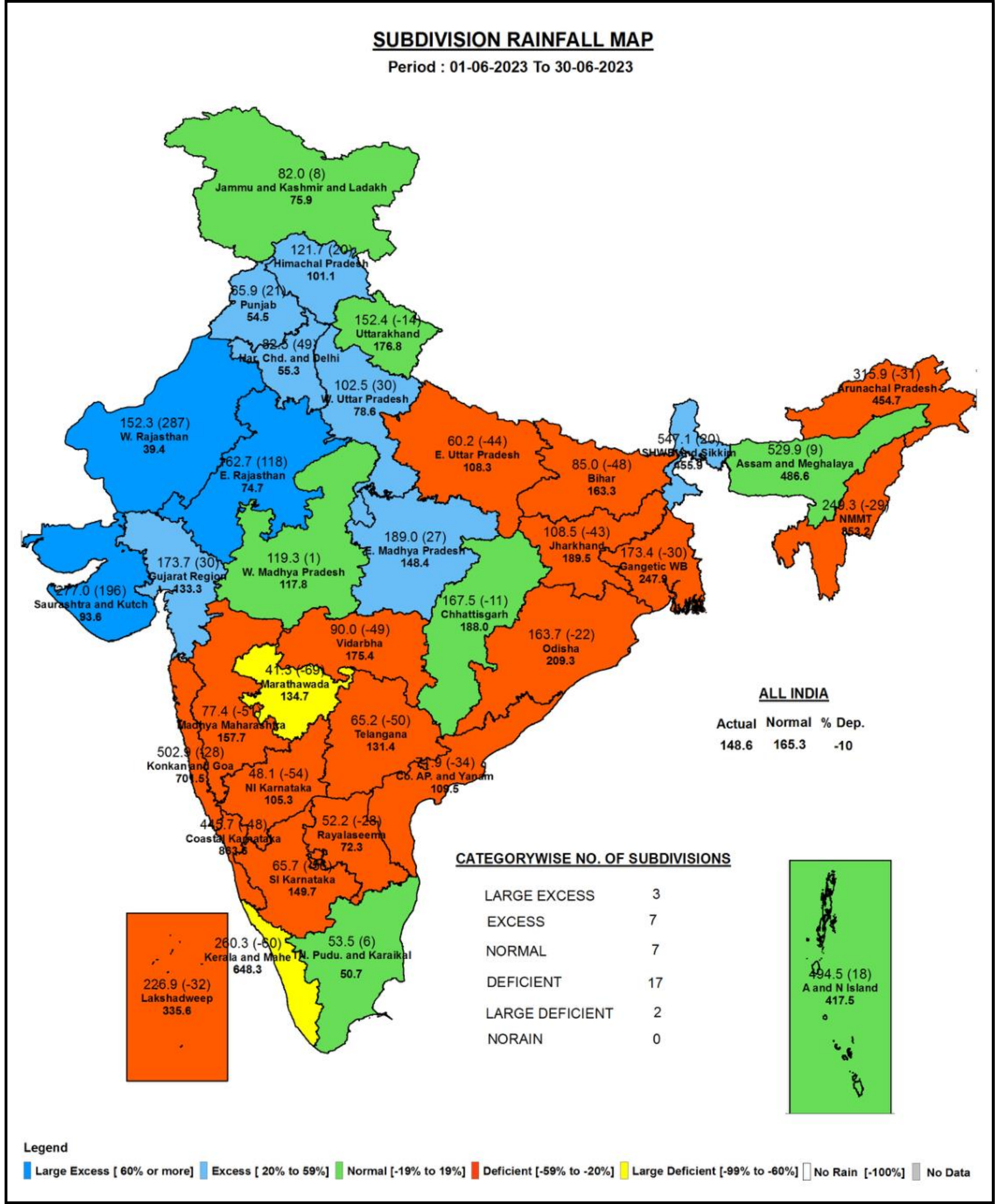
Soybeans(MMT)	2022/23E	2023/24 Previous	2023/24 Scenario 1	2023/24 Scenario 2
Planted Acres	87.5	83.5	83.5	83.5
Harvested Acres	86.3	82.7	82.7	82.3
Yield	49.5	51.0	50.5	49.5
Beginning Stocks	7.46	6.26	6.26	6.26
Production	116.39	114.80	113.67	110.88
Imports	0.54	1.01	1.22	1.63
Supply	124.39	122.07	121.16	118.78
Crushing	60.42	61.24	61.24	59.88
Export	54.44	51.71	51.44	51.17
Seed+Residual	3.27	3.40	3.40	3.38
Ending Stocks	6.26	5.71	5.07	4.35
Stocks to Use	5.30%	4.91%	4.37%	3.80%



Deficient Rainfall Hindering Indian Oilseed Crop Progress

Threat of nearly 5% lower production of oilseeds

Deficient rains in some of the major oilseeds producing states has resulted in delayed start of sowing this season.

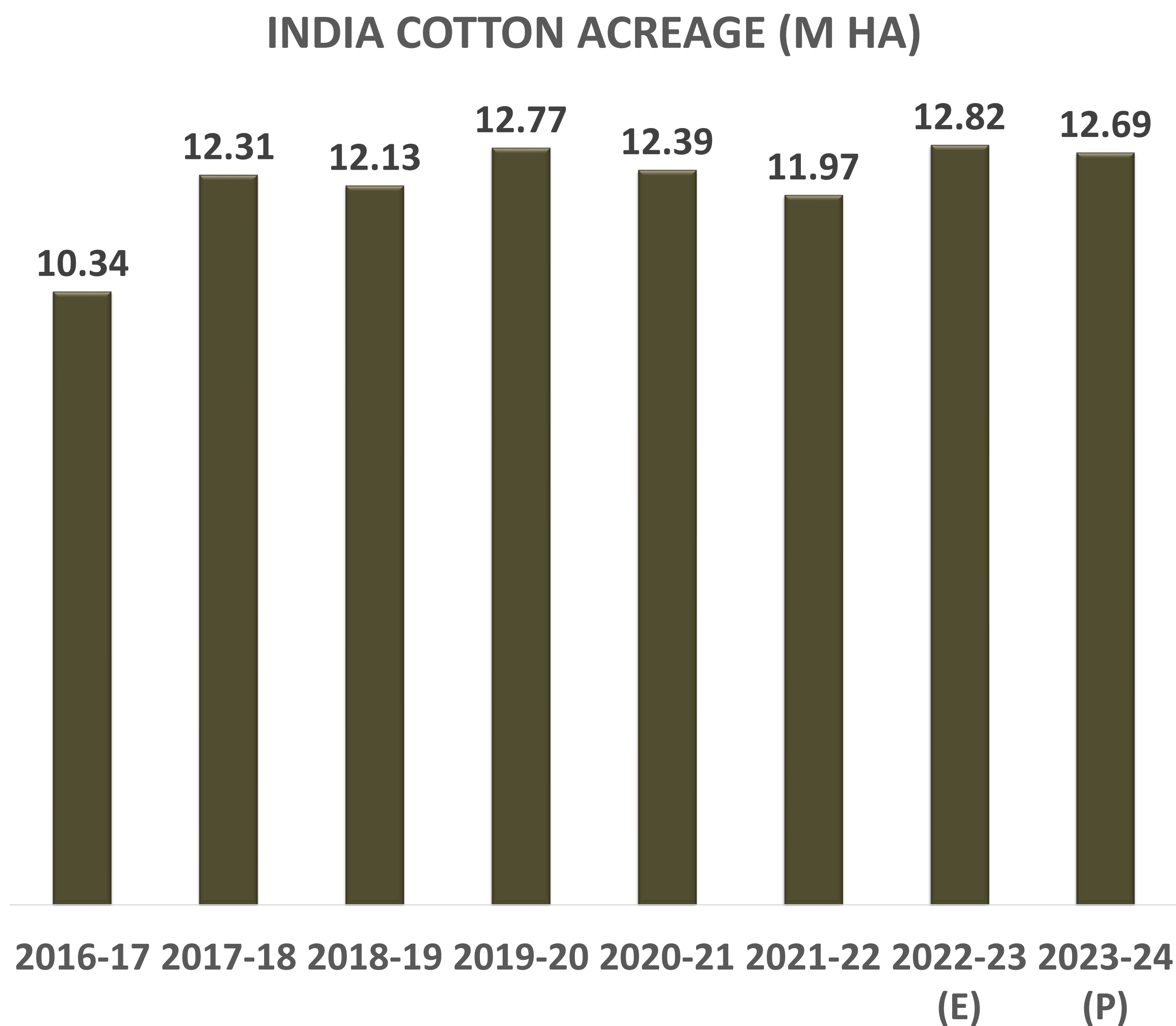


SOWING COMPLETED TILL JUNE 30TH 2023 (in 1000 Ha)

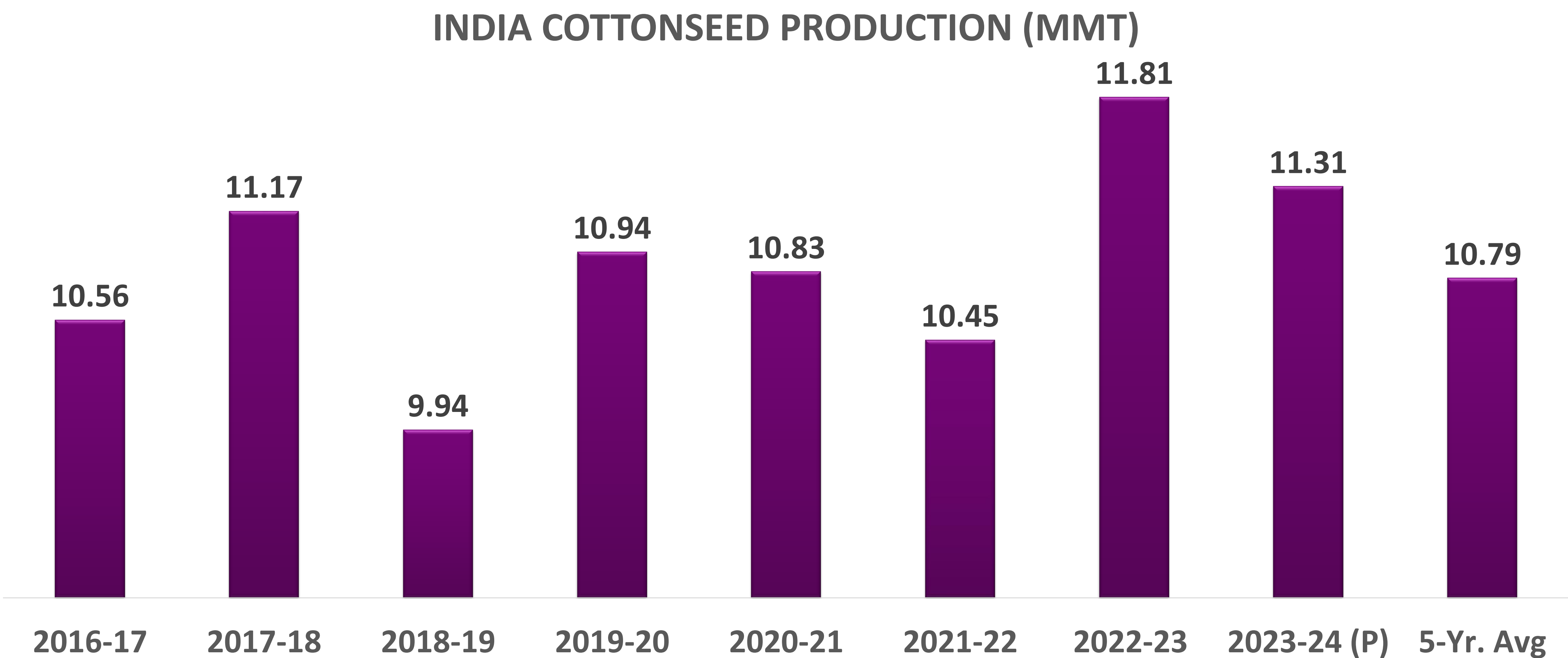
	2022-23	2023-24	YoY Change
Soybean	557	461	-17%
Cotton	4703.9	4049.1	-14%
Groundnut	1174.1	1577.3	34%

- Excess Rainfall – 20% above normal or higher
- Normal Rainfall – between 19% and -19% of normal
- Deficient Rainfall – between 20% and 60% below normal
- Large Deficit – 60% below normal or lower

2023-24 India Cottonseed Production May Drop 4% Y-o-Y

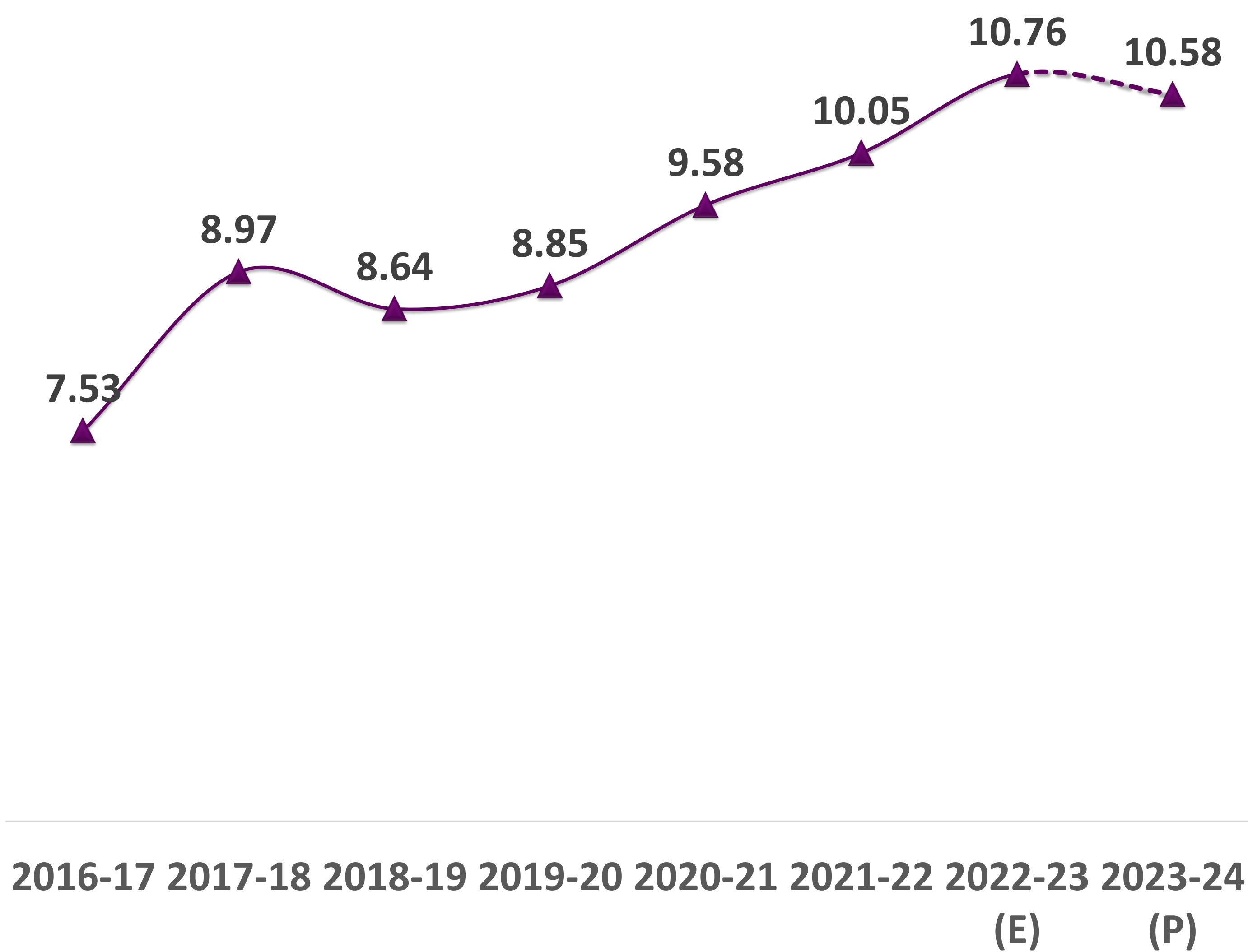


Nearly 5-10% lower production at Gujarat, Maharashtra and Rajasthan can result in 0.5 MMT lower India cottonseed production for 2023-24.



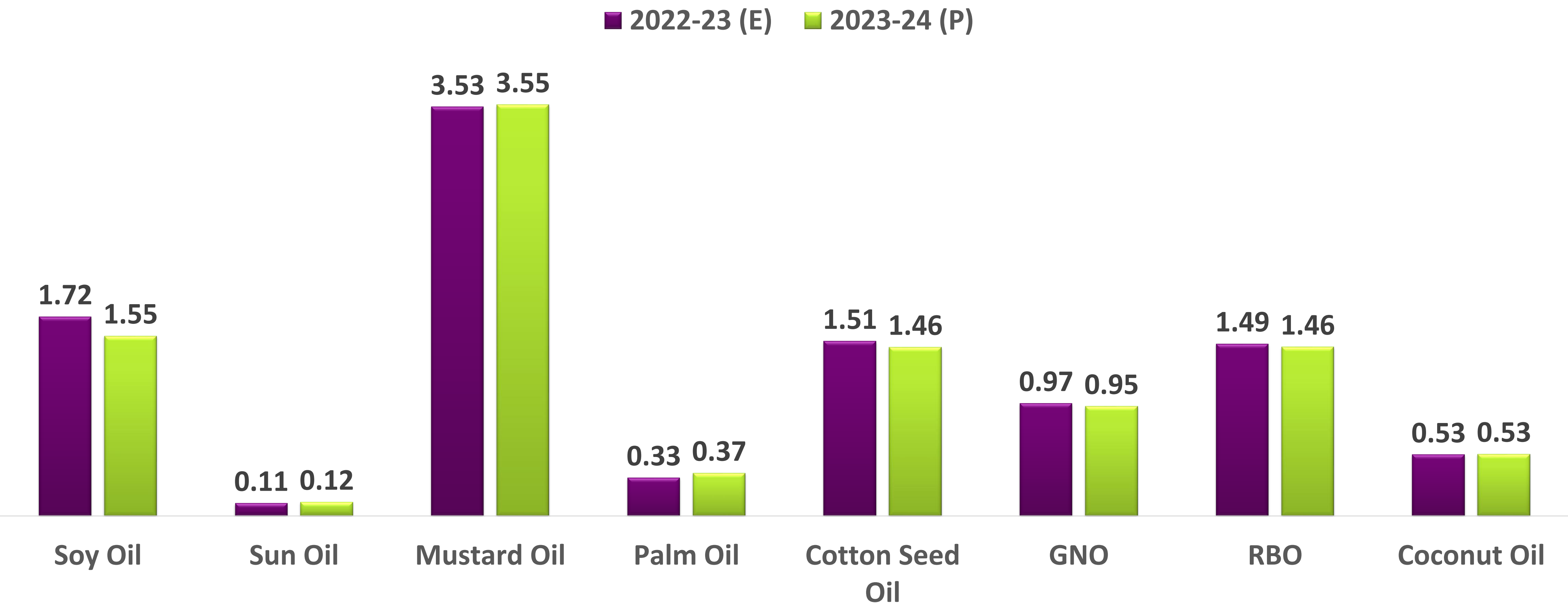
India Edible Oil Production in 2023-24 To Drop 2-3% Y-o-Y

INDIA TOTAL EDIBLE OIL PRODUCTION (MMT)

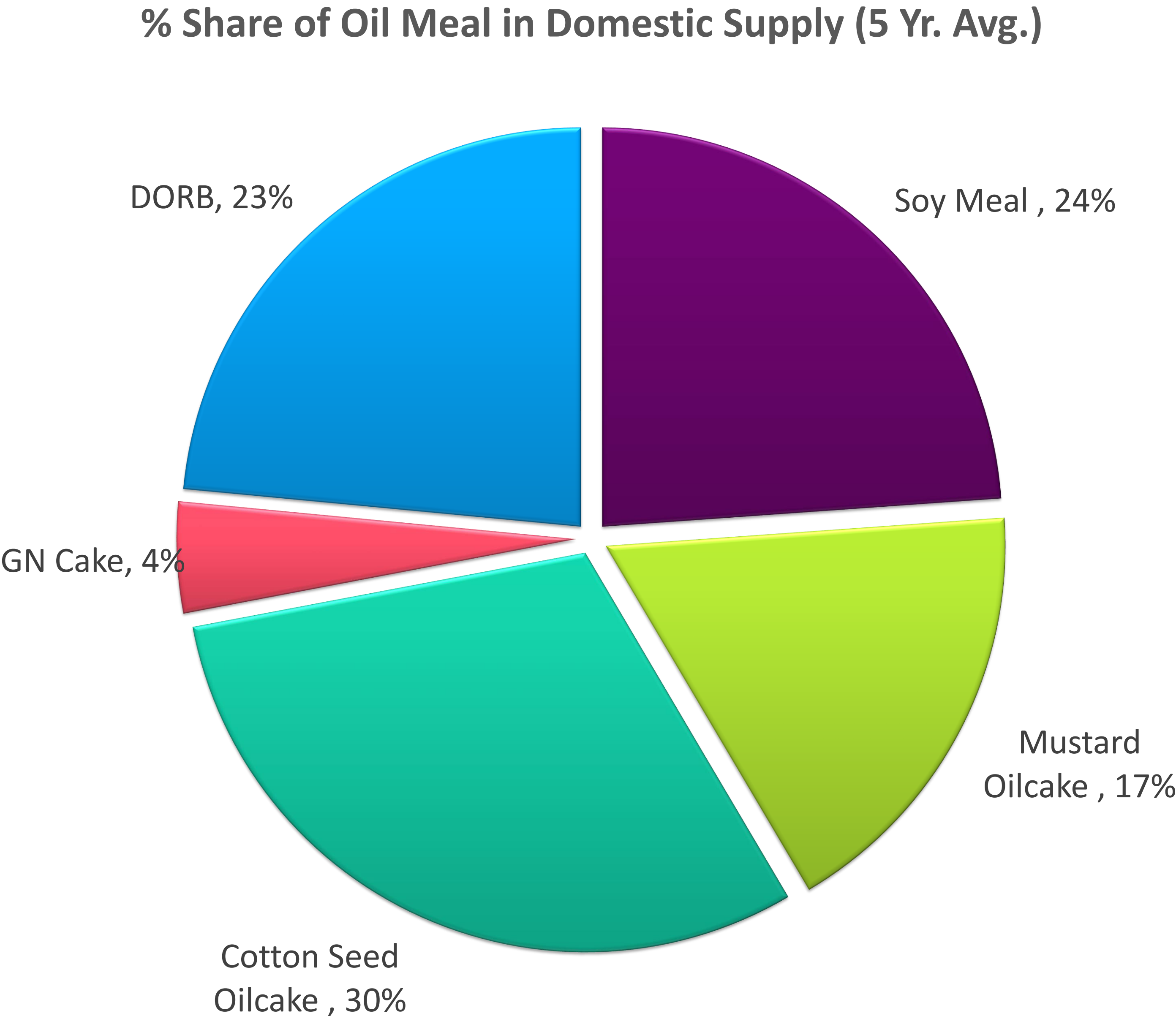


India edible oil production to drop first time in 5 years.
Soybean and Cottonseed oil likely to contribute to biggest reduction in 2023-24.

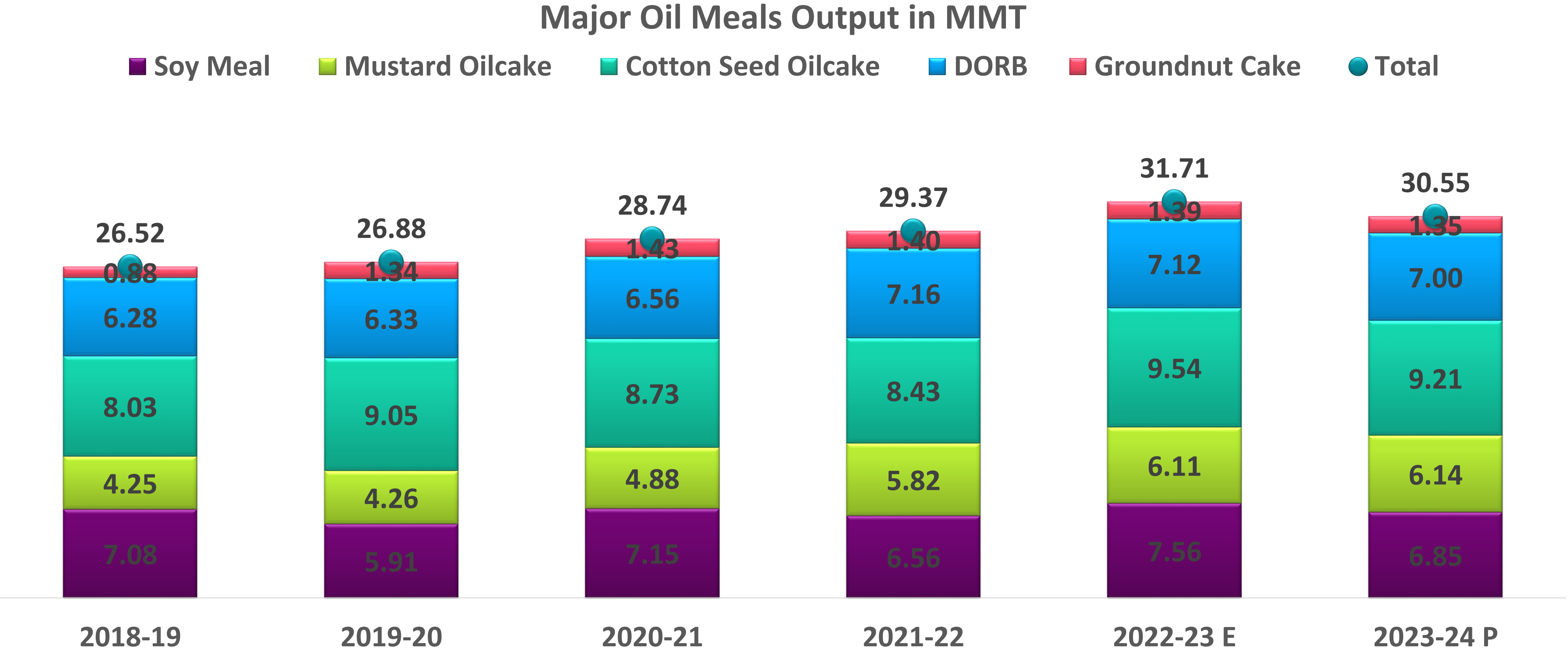
INDIA MAJOR EDIBLE OILS PRODUCTION (MMT)



India Total Oil Meals Output Projected To Drop 4% Y-o-Y



Total production to drop from 31.7 MMT in 2022-23 to 30.55 MMT in 2023-24.

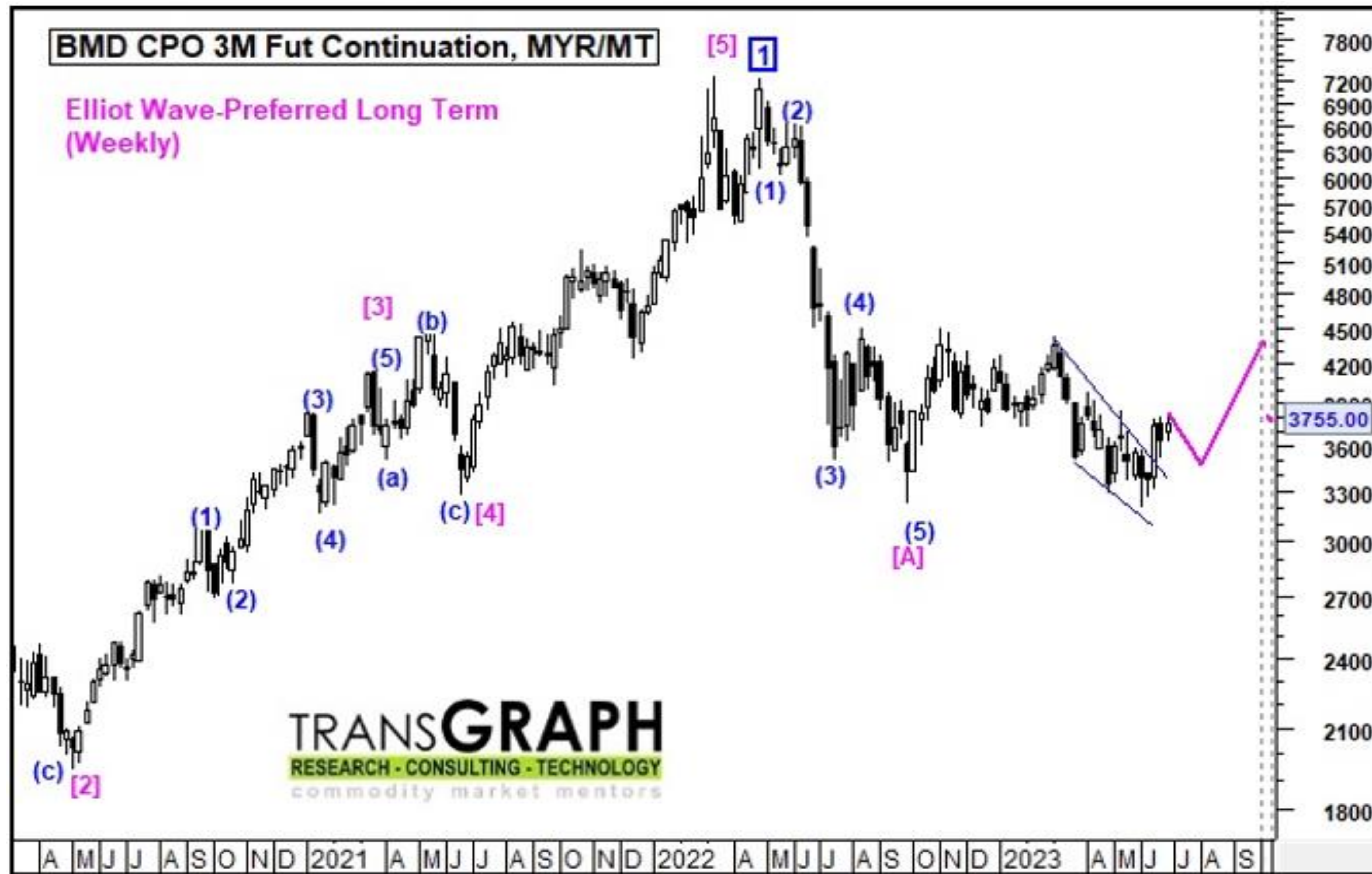


Indian Balance Sheet Of Cotton Complex (Seed, Oil & Cake)

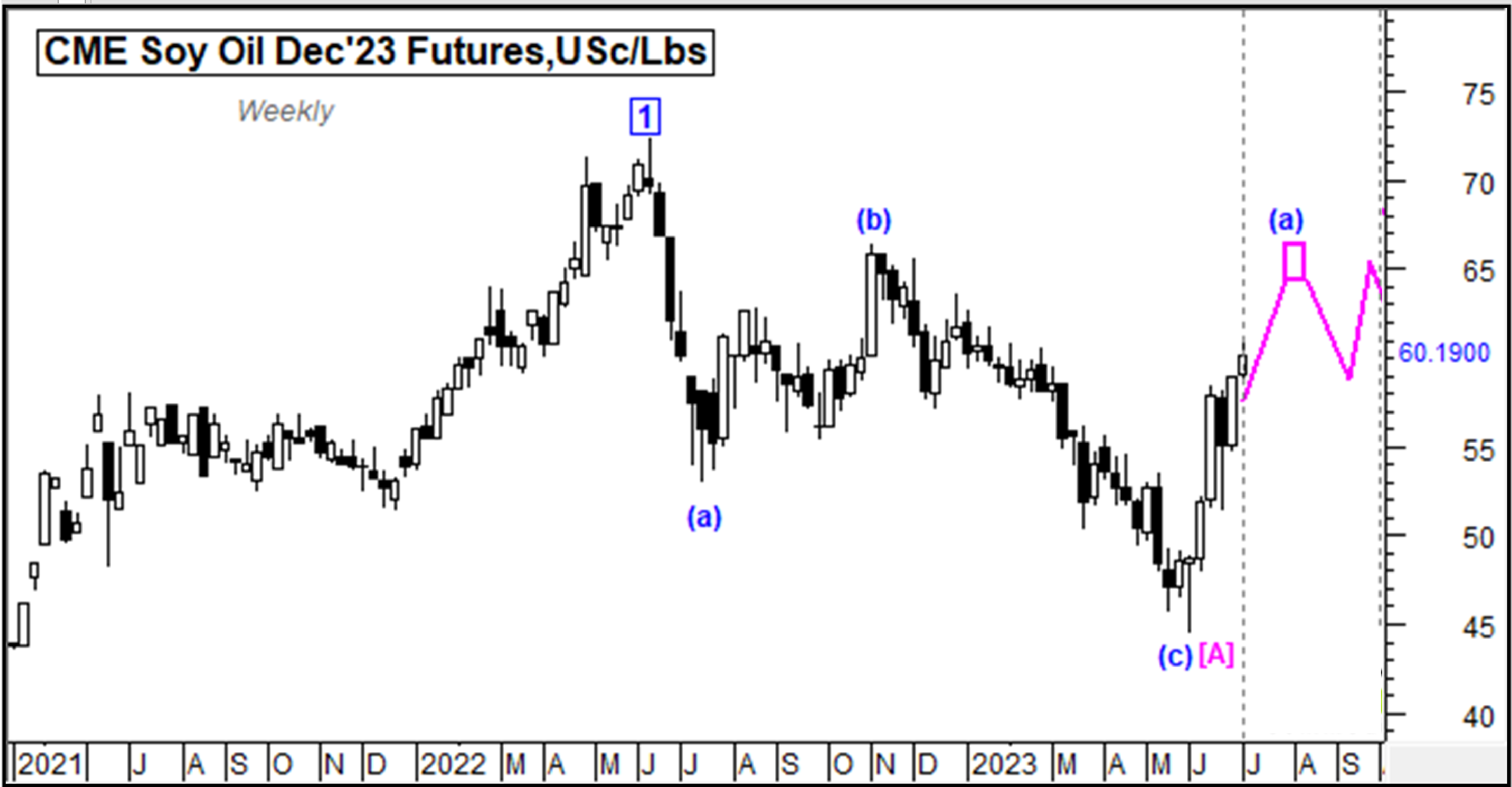
Attributes in MMT	Cotton Seed		
	2021-22	2022-23 (E)	2023-24 (P)
Beginning Stock	0.16	0.19	0.28
Crop size	10.45	11.81	11.31
Seed Residue	0.50	0.50	0.48
Total Supply	10.11	11.50	11.11
Crush	9.92	11.22	10.84
Total Demand	9.92	11.22	10.84
Ending Stocks	0.19	0.28	0.27

Attributes in MMT	Cotton Seed Oil			Cotton Seed Cake		
	2021-22	2022-23 (E)	2023-24 (P)	2021-22	2022-23 (E)	2023-24 (P)
Beginning Stocks	0.04	0.04	0.06	0.35	0.13	0.47
Production	1.33	1.51	1.46	8.43	9.54	9.21
Imports	0	0	0	0.05	0	0
Total Supply	1.38	1.54	1.52	8.83	9.67	9.68
Domestic Consumption	1.34	1.49	1.48	8.7	9.2	9.25
End Stocks	0.04	0.06	0.04	0.13	0.47	0.43

MY: Oct-Sep

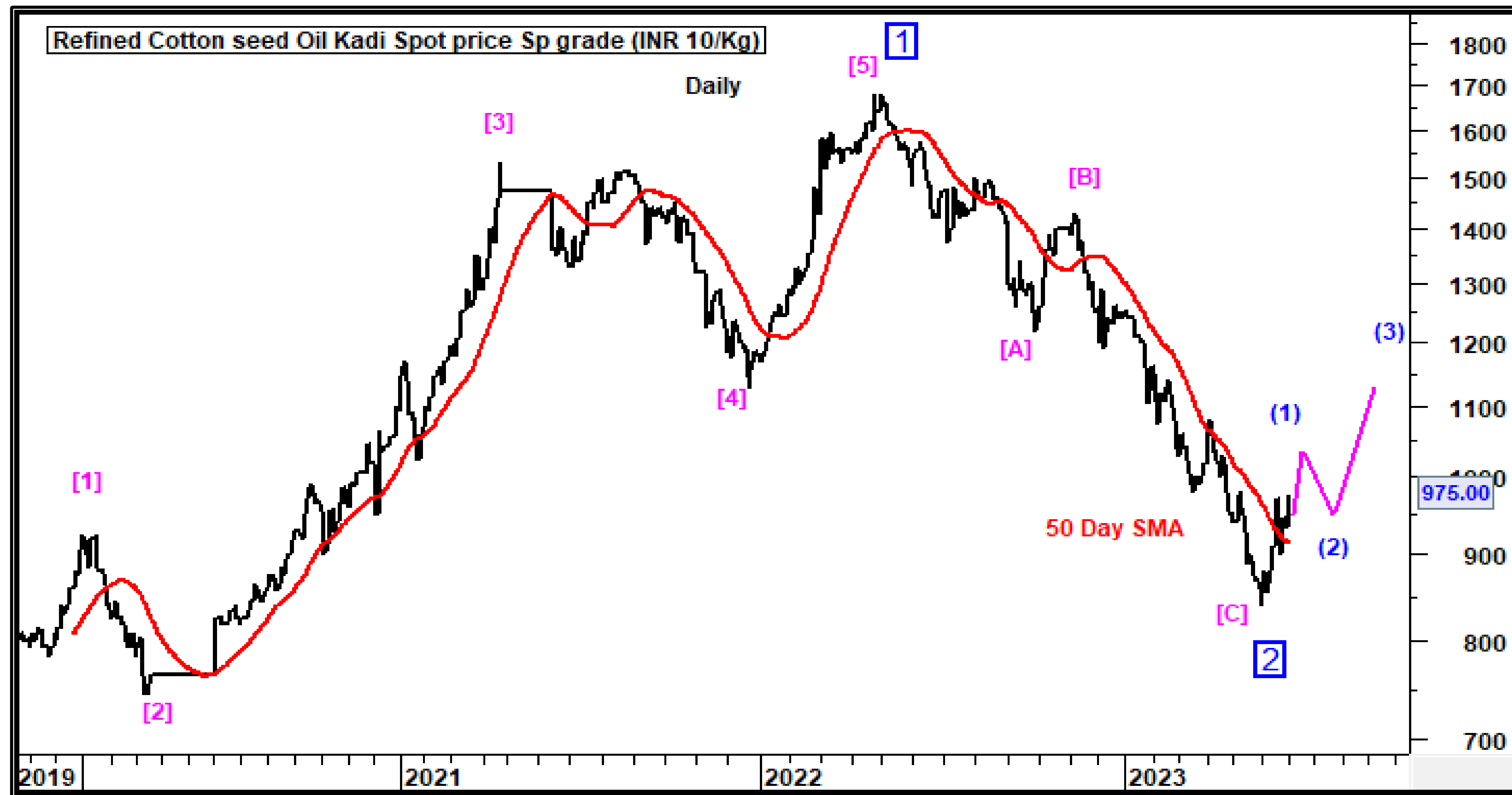


BMD CPO 3M Futures prices are likely to hold above MYR 3600/3500 and scale higher towards MYR 4300 in the coming 3-4 months time frame



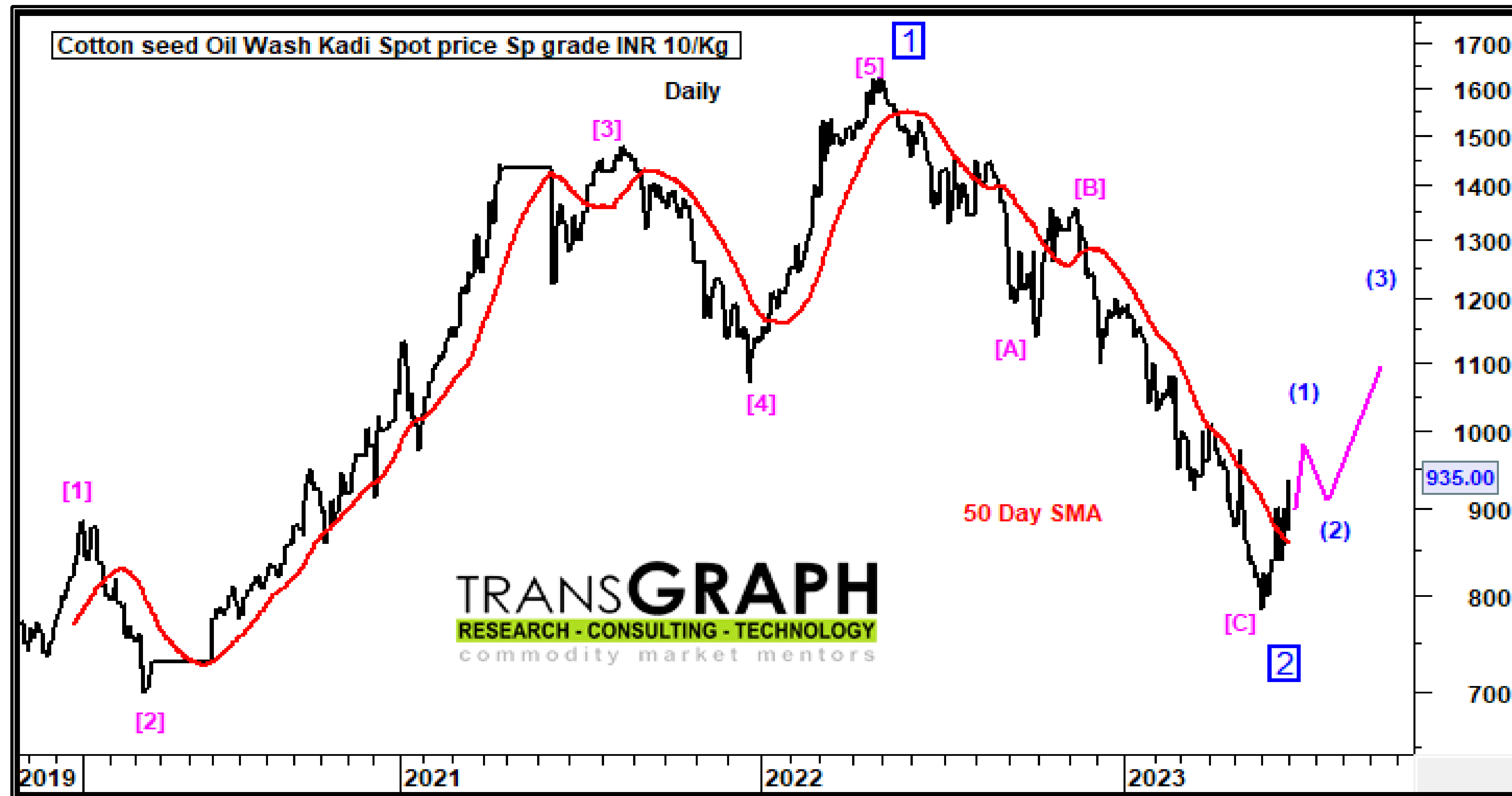
CME SBO Dec'23 Futures prices are likely to hold above 55 cents and trade higher towards 65/67 cents and trade range bound in the coming 3-4 months time frame

Refined Cotton seed Oil Kadi Spot (INR 10/Kg)



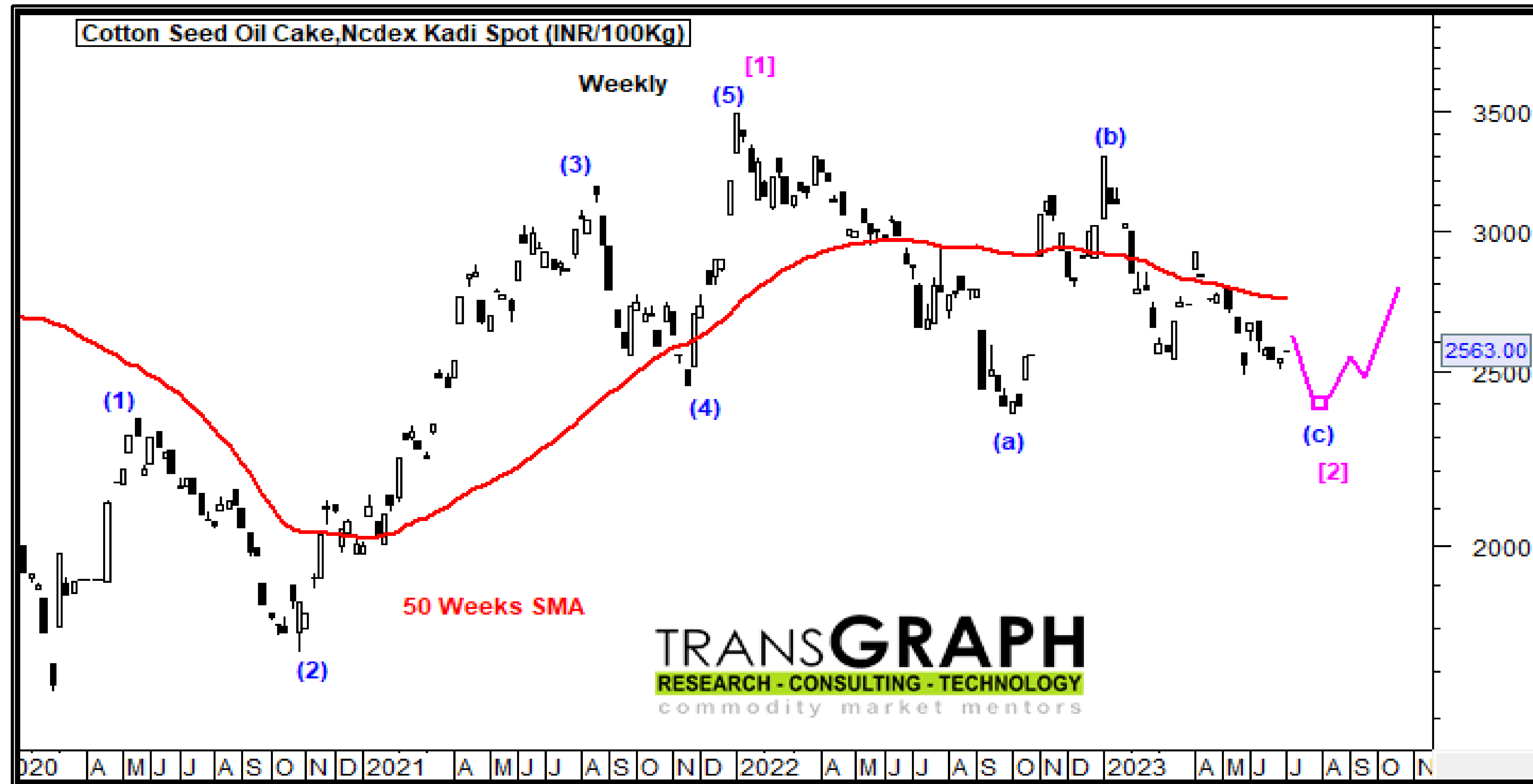
Refined Cotton seed Oil Kadi Spot (INR 10/Kg) prices have completed intermediate wave “c” which also completes Primary wave “2” and currently prices are in the minor wave “1” which is **likely to head higher** towards INR 944 levels followed by minor wave “2” correction lower towards INR 950 levels thereafter resuming its uptrend higher again **towards INR 1130** within the minor wave “3” **in the coming 3 to 4 months**.

Cotton seed Oil Wash Kadi Spot price INR 10/Kg



Cotton seed Oil Wash Kadi spot (INR 10/Kg) prices have completed intermediate wave “c” which also completes Primary wave “2” and currently prices are in the minor wave “1” which is **likely to head higher** towards INR 985 levels followed by minor wave “2” correction lower towards INR 910 levels thereafter resuming its uptrend higher again **towards INR 1080** within the minor wave “3” in the coming 3 to 4 months.

Cotton Seed Oil Cake , NCDEX Kadi Spot (INR/100Kg)



Cotton Seed Oil Cake, Ncdex Kadi Spot (INR/100Kg) prices are likely to initially trade lower towards INR 2380-2420 completing its minor wave “c” which also completes intermediate wave “2” and thereafter unfolding initial up move as a minor wave “1” higher towards INR 2780 levels within the intermediate wave “3” in the coming 3 to 4 months.

UNDERSTAND THE SOFT POWER OF SERVICES

- Invest 100 Cr to 500 Cr in plant.,
- How much we have invested in marketing, research, risk management, traders / resources ?

- Advertisement and software
- Invest with long-term commitment.

I will do in excel, read whatsapp and sms and decide on my 100 to 500 Cr portfolio!!!

IS IT CORRECT?

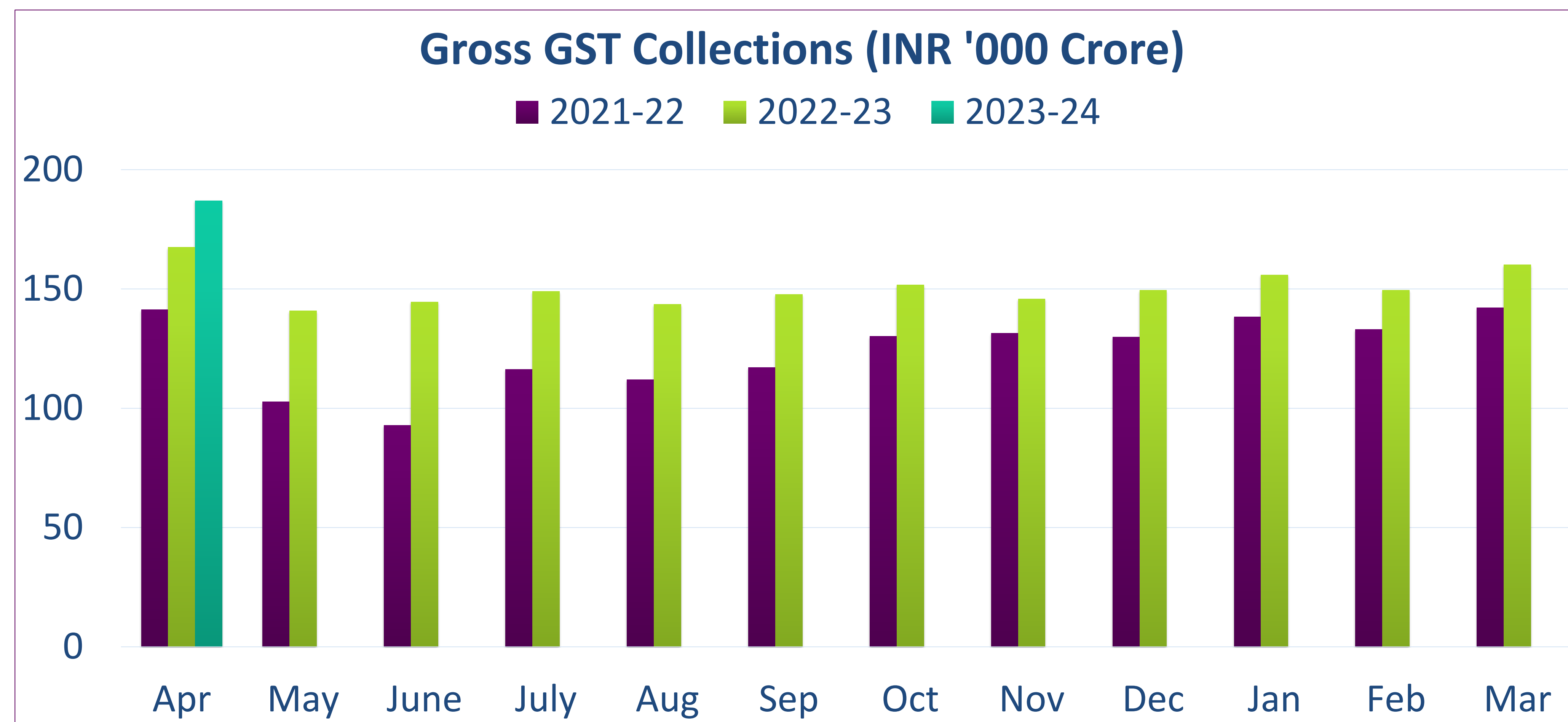
LEARN FROM PORTFOLIO MANAGEMENT

Just the way we focus on sales and as the organization grows, we focus on marketing, branding and advertising, it is important that we do trading and support it with research/analysis based decision making, risk management, splitting your decisions into multiple decision enabling triggers.

GOI Moving Towards Fiscal Consolidation

INDIA BUDGET AT A GLANCE			
Attribute	2021-22 Actuals	2022-23 RE	2023-24 RE
1. Total Receipts	22.1	24.3	27.2
1.1 Revenue Receipts	21.7	23.5	26.3
1.1.1 Tax Revenue (Net to Centre)	18.0	20.9	23.3
1.1.1.1 Direct Taxes	14.1	16.5	18.2
1.1.1.2 Indirect Taxes	13.0	13.9	15.4
1.1.1.3 Less State & NDRF transfer	9.0	9.6	10.3
1.1.2 Non-tax Revenue	3.7	2.6	3.0
1.2 Non-debt Capital Receipts	0.4	0.8	0.8
1.2.1 Recovery of Loans	0.2	0.2	0.2
1.2.2 Disinvestment Receipts	0.1	0.6	0.6
2. Total Expenditure	37.9	41.9	45.0
2.1 On Revenue Account	32.0	34.6	35.0
2.2 On Capital Account	5.9	7.3	10.0
3. Fiscal Deficit (2-1)	15.9	17.6	17.9
GDP	236.6	273.1	301.8
Fiscal Deficit as % of GDP	6.7%	6.4%	5.9%
Source: Union budget, All units in lakh crore unless mentioned otherwise			

Infrastructure push to enhance India's GDP.
Cap-Ex rising from 5.9 to 10 in 2 years.
GST collections rising steadily.



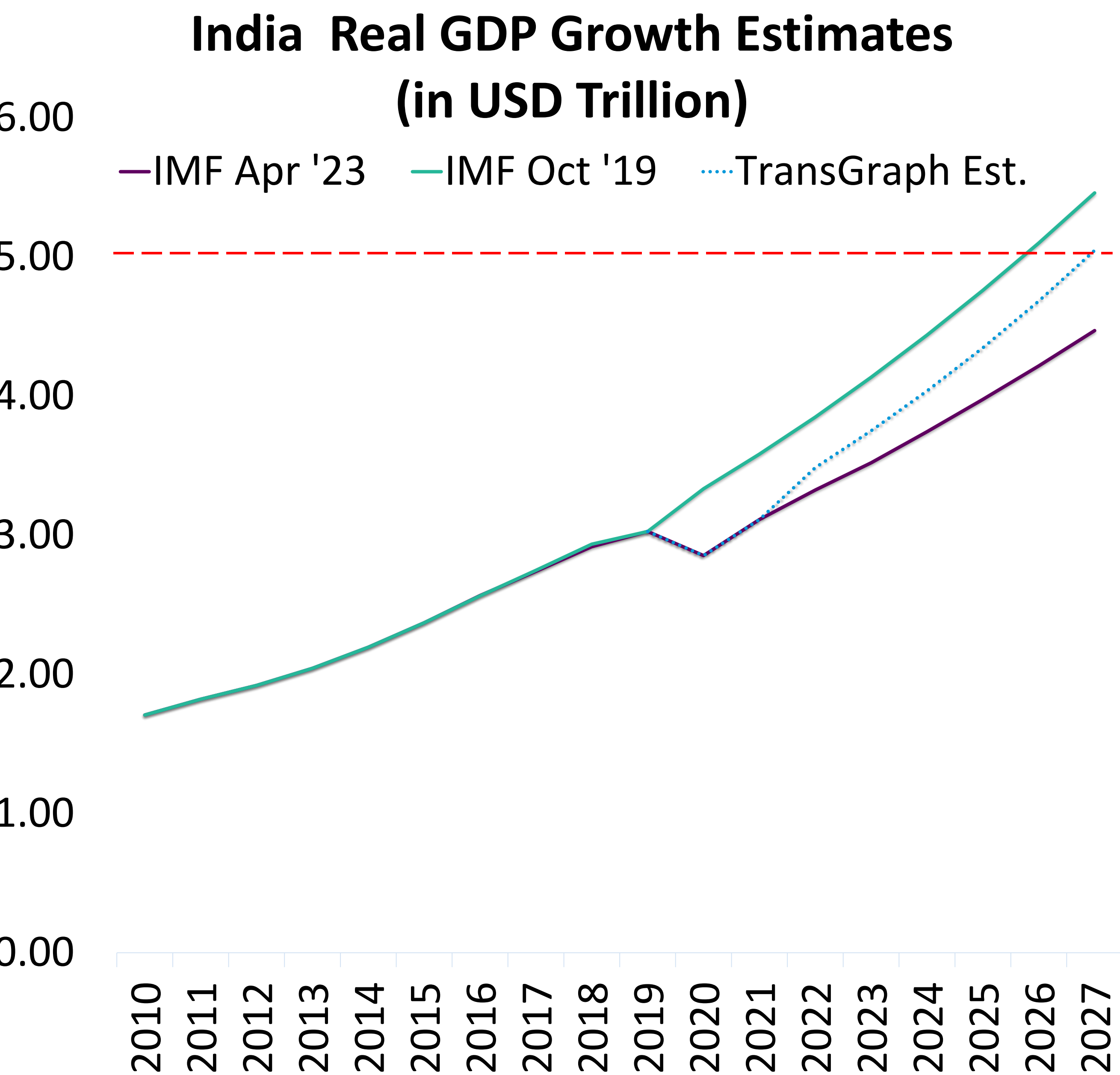
Easing Trade Deficit Reducing Pressure On India's BoP

India Balance of Payments (USD Billion)

Attribute	2021-22	2022-23 E	2023-24 F
Current Account			
Merchandise Imports	618.6	714.4	712.0
Merchandise Exports	429.2	447.2	451.5
Merchandise Balance	-189.5	-267.2	-260.5
Services	107.5	150.2	153.0
Transfers	80.4	99.4	94.0
Income	-37.3	-42.1	-45.0
Total Invisibles	150.7	207.5	202.0
Current Account Balance	-38.8	-59.7	-58.5
Nominal GDP	3174	3391	3689
CAD as % of GDP	-1.2%	-1.8%	-1.6%
Capital Account			
FDI	38.6	30.7	32.0
FPI	-16.8	-4.5	9.2
Others	64.5	35.5	22.7
Total Capital Account	86.3	61.6	63.9
Balance of Payments	47.5	2.0	5.4

Manufacturing Push And Greater Role To PPP Model To Drive Growth Over The Long Term

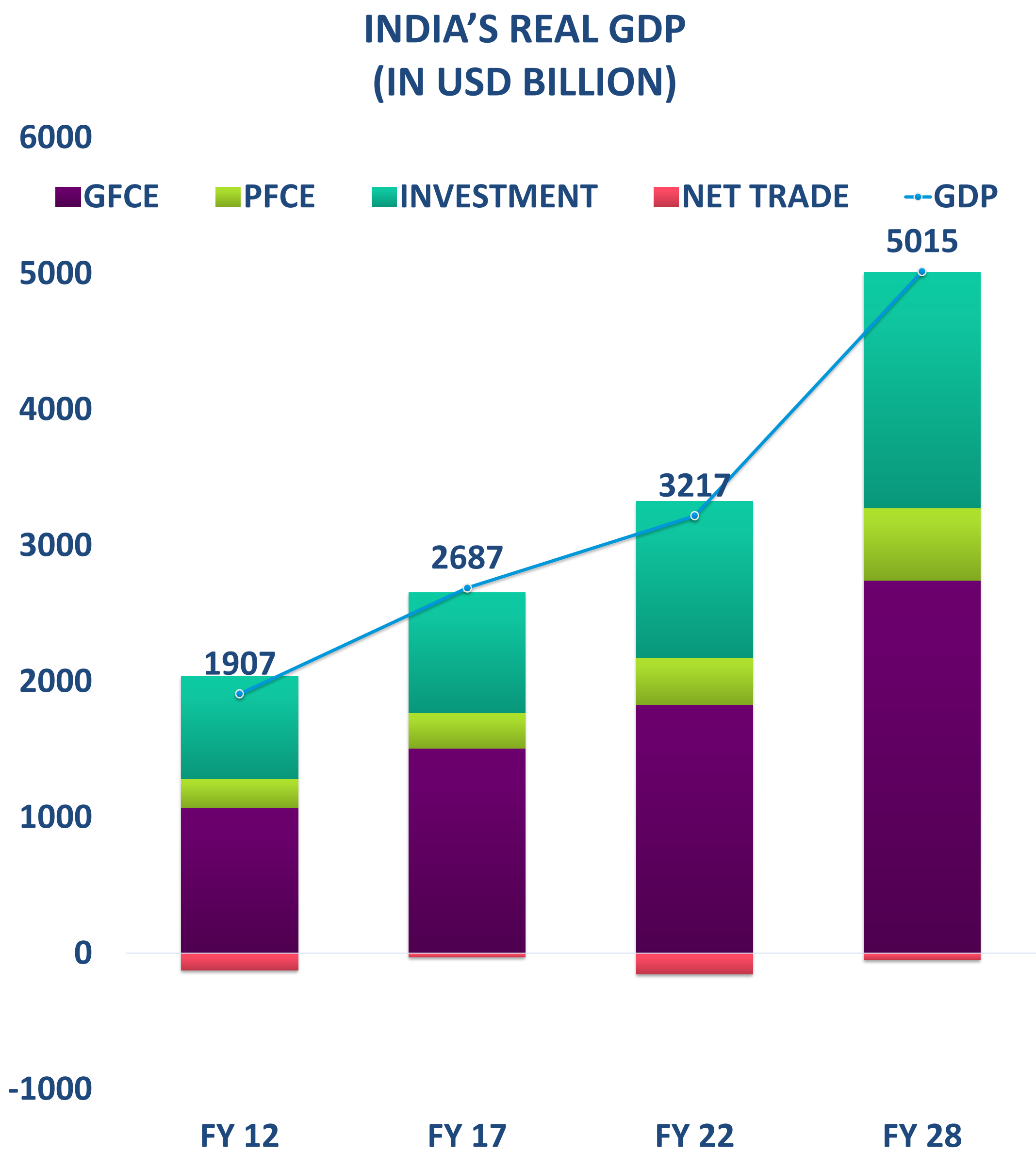
India rising towards USD 5 Trillion



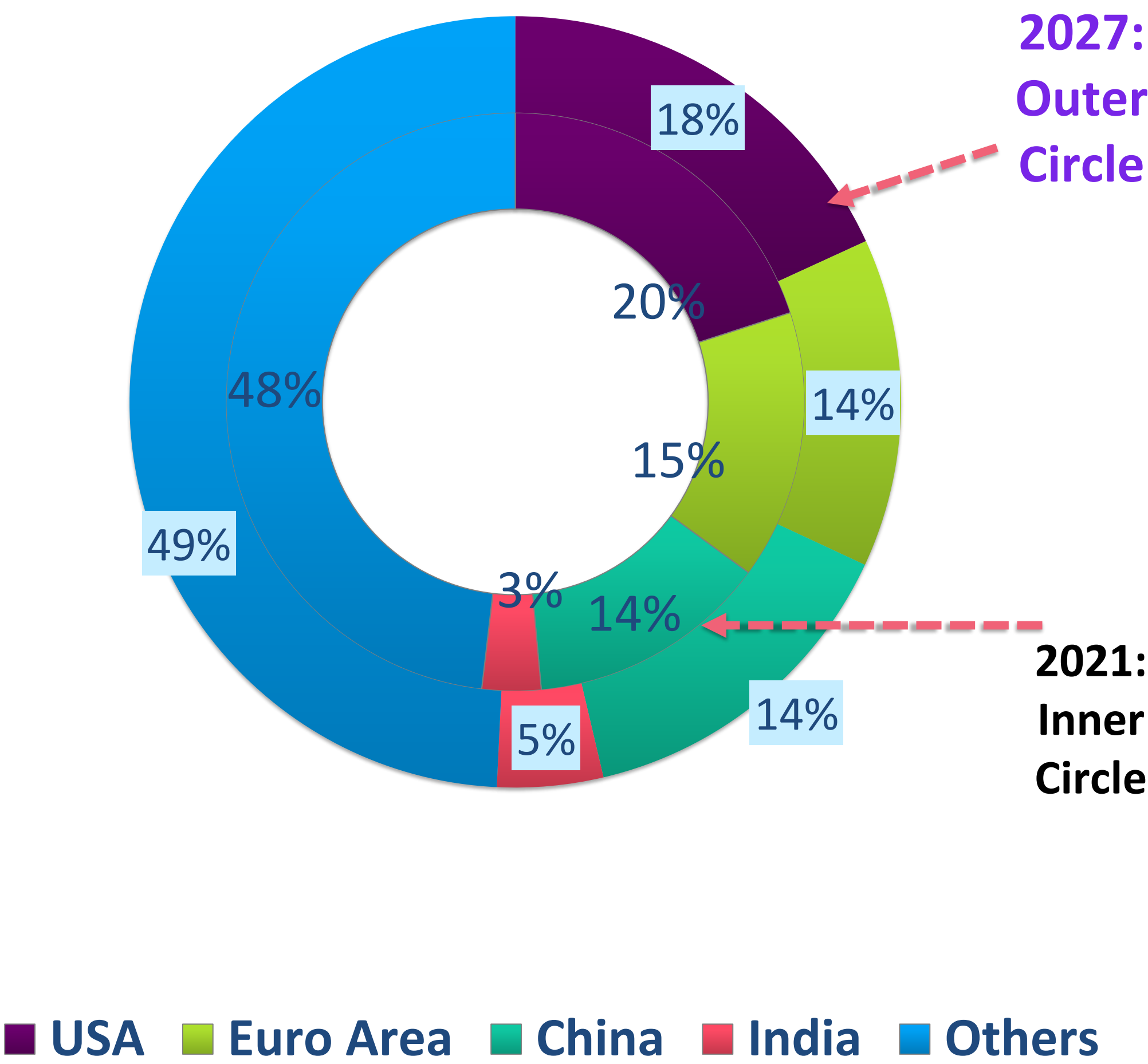
IMF earlier projected India’s GDP to reach USD 5 trillion by the year 2026 but due to the impact of covid outbreak and subsequent high interest rate regime, it now expects this to happen only beyond 2029.

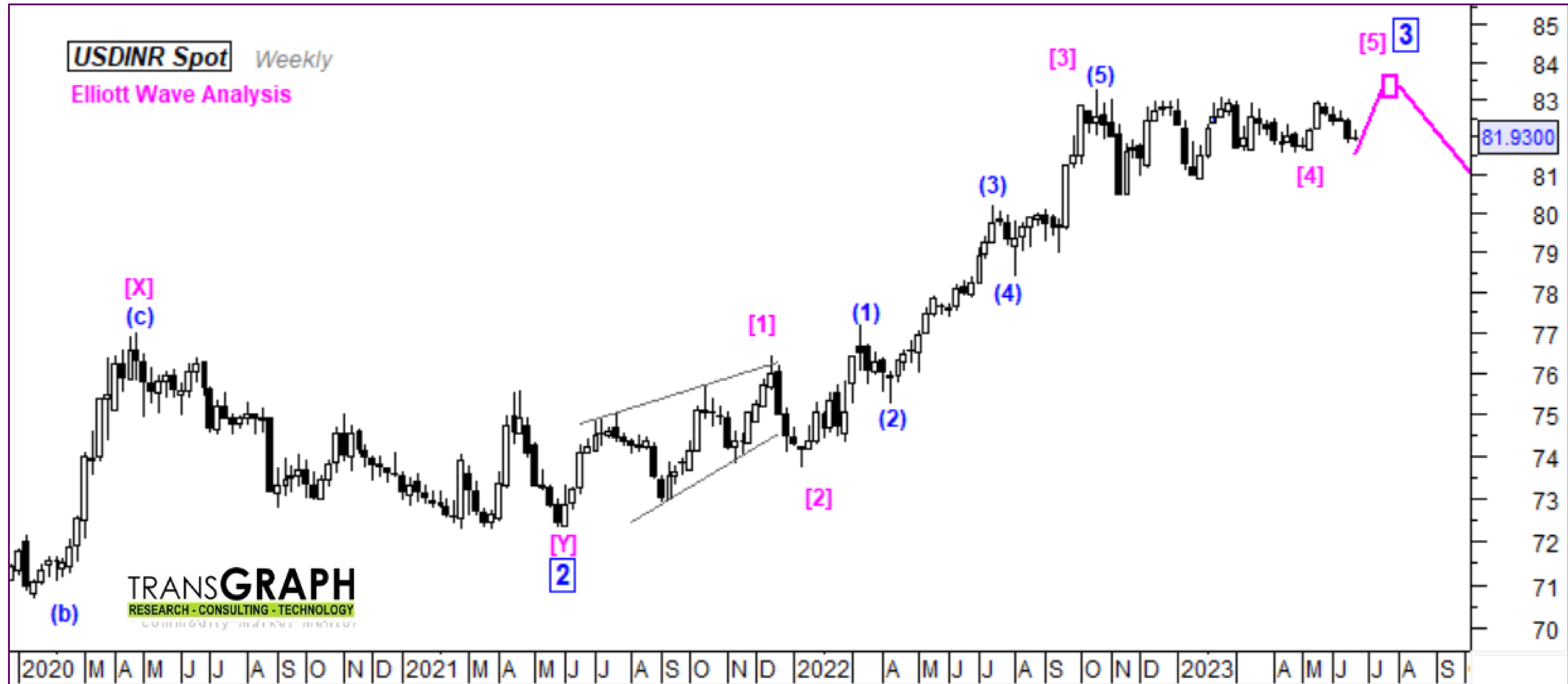
However, recent measures taken by the government to boost the manufacturing sector and exports by several schemes along with the slowing down of global inflation leading to earlier than projected rate cuts will likely push India to USD 5 trillion earlier by 1-2 years.

INDIA’S SHARE IN GLOBAL GDP TO RISE FROM 3% TO 5% BY 2027



COUNTRIES SHARE IN GLOBAL GDP





USDINR pair is likely to hold INR 81.50 on any minor corrective pullback and depreciate towards the zone of INR 83/83.50 in the near-term and then retreat lower gradually towards INR 81 levels in the coming 2 to 3 months.

THANK YOU



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- Budgeting

Price Risk Consulting

- Value Chain Analysis
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- Agri Business Consulting
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Business Consulting

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- Proprietary Algorithms
- Limits & Alerts
- Flexible Architecture

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