

# SPECIAL REPORT

24<sup>th</sup> March 2021

## NCDEX Hipro Soybean Meal Futures to Remain Bullish Amid Rising Soybean and Refined Soy Oil Prices

Soymeal or Soybean meal is also called as Soybean De-oiled cake (DOC). Soybean is processed through Soya processing plants around **81% to 82%** soybean meal is recovered and **18% to 19%** oil. Soybean meal is preferred for animal feed due to high digestibility of its protein. 98% of global Soybean meal is used as animal feed. India is net exporter of Soybean meal. Hipro Soybean meal is super meal with **50% protein content**. Hipro Soybean meal is major source for animal protein and the prices are dependent upon the Soybean and Soybean oil prices. Trading Soybean meal futures is cost effective as it is exempted from Commodity Transaction Tax (CTT) (as per NCDEX). Major producers of Soybean Meal in the world are **China, United States, Brazil, Argentina and India**. The said countries also happen to be the major exporters of Soybean Meal as well. Major consumers other than China include European union and major importers include Vietnam, Indonesia, Philippines and Thailand.

Indian Soybean exports have been sabotaged last year due to duo of COVID led movement restriction and lower Soybean production in the country due to crop damage in Madhya Pradesh and Maharashtra. However, reduced premium price of Indian Soybean compared to US and Latin American countries and higher production this year amid record acreage have helped Indian Soybean export to gain traction since past few months. **SOPA has reported Indian Soybean exports at 1,418,454 metric tonnes during the Apr'20 to Feb'21 (highest exports in multiple years)**. Corresponding period last year (2019-20) exports has been reported around 6.6 lakh metric tonnes. Exports has also surged in the last three months with easing lockdown situation worldwide and reports of poor crop conditions in Argentina and Brazil.

Attractive Indian Soybean prices in global market and falling world Soybean stock (led by lower stock in world's largest two Soybean producer, Brazil & United States), augurs well for higher Indian Soybean exports from India in coming months as well. Recently, WASDE Monthly report has indicated for further decline in global and United States stocks of Soybean, and a surge in soy oil and soybean meal exports. Furthermore, global soybean stocks are likely to remain similar with greater possibility for stock decline in India prior to the new monsoon season from June'21 onwards. Recent rainfall reports in Argentina and Brazil has eased the worries for major crop damage and could possibly cap extreme bullishness in global soybean prices with lockdown imposition in European Countries, but then, the global demand continues to remain strong mainly from China and India who are among the top consumers in the world. Since, futures prices of Soybean and Refined Soy oil continue to trade in contango (Next month future prices greater than the Current month futures); it is an add on factor for the bullish sentiment for NCDEX Hipro Soybean meal prices.

**With consideration of the above factors, we are bullish on NCDEX Hipro Soybean Meal Futures for the month ahead.**

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