

Executive Summary

The domestic soybean and meal posted gains whereas the RM seed prices slightly eased during the week in review.

Slight improved crushings followed by renewed buying in edible oils, ahead wedding dates, in domestic market and supportive US export sales to China remained positive for the soybean market during the period.

However, the cautious buying by the big soybean buyers was still evident in key cash market centers of Rajasthan, Maharashtra and Madhya Pradesh.

The soy meal prices too witnessed gains pushed up by the improved crushing demand in beans. However, India's soy meal export sales are still weak and are getting stiff price competition from major meal exporters. The soy meal prices started to ease during the past four weeks.

The planting is up by 3 per cent compared to the corresponding period last year. The standing crop is reportedly in good condition and there are no reports of any crop damage due to adverse weather conditions, till now.

However, the RM seed continued to reel under pressure followed by bearish factors in the international palm oil market. Cautious Chinese palm oil buying resulting lower shipments, higher palm oil inventories and lower exports duty by the major exporters continued to remain negative factors for the RM seed in domestic market.

Slow down in export sales (from major exporters) in palm oil will eventually further boost stockpiles to another all-time high at end-January. Traders and planters tip end-January stockpiles to reach 2.66 million-2.70 million tons.

Malaysia's exports of palm oil fell 14% to 1.10 million tons in the Jan. 1-25 period, cargo surveyor Intertek Agri Services said. Another surveyor, SGS (Malaysia) Bhd., said exports for the same period fell 15% to 1.10 million tons.

The weather conditions are getting favourable in South America for the soybean crop and the output prospects are better and production estimates for Brazil and Argentina are higher this season.

India announced during the week that it would set a base price of \$802/ton for CPO imports in a bid to prevent a flood of cheap palm oil from top producers Indonesia and Malaysia.

Overall, the bearish factors are likely to dominate the oilseeds, oils and fats markets and oilseeds prices are expected to feature steady to weak tone for near-term.

International Highlights

- ❖ World crushings of 7 oilseeds declined sizeably by 2.3 Mn T from a year earlier to 97.7 Mn T in Oct/Dec 2012. This may be due to the cheap availability of palm oil this season, which is currently pressurizing the global oils and fats market.
- ❖ Two thirds of the prospective boost in South American soybean output is likely to be offset by reduced world stocks of soybeans in early 2013. The lower stock is attributed to decline in soybean production in Northern Hemisphere. Oil World currently estimates soybean outturn in South America to recover by 32 Mn T. Brazilian soybean crop is estimate to 81.5 Mn T while Argentina's bean crop is estimated at 50.0 Mn T by Oil World.
- ❖ Net US soybean sales of 1,608,800 MT are reported during the week, a marketing-year high--for the 2012/2013 marketing year. The news lent support to the CBOT soybeans during the week.
- ❖ Private exporters reported the sale of 623,000 tonnes of U.S. soybeans to China and to unknown destinations for delivery in the next marketing year, said the Agriculture Department. The sales included 513,000 tonnes for China and 113,000 tonnes to unknown destinations for delivery during the 2013/14 marketing year, which will open on Sept 1 for soybeans. It was the second soybean sale this week involving China. Early during the week, exporters reported the sale of 120,000 tonnes of optional origin soybeans to China for 2013/14 delivery. The sales remained supportive for the soybean.

Oilseed Prices at Key Spot Markets:

Commodity	Centre	Prices (Rs/Qtl)		Change
Soybean		25.01.2013	18.01.2013	
	Indore –Plant	3275-3315	3260-3320	-5
	Indore –Mandi	3150-3250	3170-3260	-10
	Nagpur-Plant	3240	3250	-10
	Nagpur – Mandi	3075-3200	3100-3200	Unch
	Kota-Plant	3300	3250	+50
	Kota – Mandi	3200	3150-3200	Unch
	Bundi-Plant	3300	3260-3290	+10
	Bundi-Mandi	3100-3220	3070-3160	+60
	Baran-Plant	3340	3300	+40
	Baran-Mandi	3200	3200	Unch
	Bhawani MandiJhalawar– Kota Plant Delivery	3300	3300	Unch
	Jhalawar-Mandi	3175-3200	3175-3225	-25
Rapeseed/Mustard	Jaipur – C	4125-4130	4120-4125	+5

	Alwar – C	3950	3950	Unch
	SriGanganagar(NC)	3610	3690	-80
	Delhi– C	3975-3980	4040-4045	-65
	Kota	3650-3700	3750	-50
	Neewai	4020	4050	-30
	Hapur (UP)	4115	4110	+5
Groundnut Seed	Rajkot	1050	1050	Unch
	Junagarh	-	-	-
Sunflower Seed	Latur	3500-3600	3500-3600	Unch
	Solapur	3500-3600	3500-3600	Unch
	Gulbarga	3200-3400	3200-3500	-100

Soybean Prices are in INR/Qtl. Mandi prices – Loose, Mustard Seed Prices are in INR/Qtl.C – Condition (42%),

*Groundnut seed inRs/20 kg, Sunflower Seed in Rs/Qtl

Oilseed Arrivals in Key Centers:

Commodity	Centre	Arrivals in Bags/Qtl		Chg
		Week End (25/01/2013)	Week End (18/01/2013)	
Soybean				
	Madhya Pradesh	685000	675000	+10000
	Maharashtra	205000	250000	-45000
	Rajasthan	125000	95000	+30000
	Bundi (Raj)	5000	2300	+2700
	Baran (Raj)	21000	17000	+4000
	Jhalawar (Raj)	4500	2300	+2200
Rapeseed/Mustard	Rajasthan	245000	190000	+55000
*Sum Arrivals during the week.				

Crop Progress, India

The *rabi* oilseeds planting is underway and it is progressing ahead previous year's pace. Overall, the oilseeds planting are up by 2 per cent.

Of the major *rabi* oilseeds crop rapeseed/mustard seed planting is up by around 2.7 per cent at 67.11 lha compared to 65.35 lakh hectares during the same period last year. Groundnut planting is reported up by 13.4 per cent at 7.98 lakh hectares compared to 7.04 lha, sunflower planting is up by 10 per cent at 4.83 lha compared to 4.38 lha during the same period last year.

Area in lakh hectares

Crop	As on 24 Jan 2013	As on 24 Jan 2012	% Change
Rapeseed/Mustard Seed	67.11	65.35	2.7
Groundnut	7.98	7.04	13.4
Safflower	1.5	1.93	-22.3
Sunflower	4.83	4.38	10.3
Sesamum	0.59	0.71	-16.9
Linseed	3.3	4.18	-21.1
Other Oilseeds	0.62	0.83	-25.3
Total Oilseeds	85.9	84.4	1.8

Source: GOI

However, linseed, sesamum and safflower planting continued to lag behind compared to the previous year.

Soybean

Soybean posted gains on improved buying on expected rise in edible oil demand during auspicious wedding dates in coming days. However, weak overseas soy meal demand from India and further demand shift towards South America restricted the gains in the Indian soybeans.

Besides, the cautious buying by the big soybean buyers was still evident in key cash market centers of Rajasthan, Maharashtra and Madhya Pradesh.

The early soybean harvesting in Brazil is underway but rainfall in the central west growing region of Brazil has delayed harvest this week which is raising concern that vessel shipments may be delayed for early soybean cargo sales.

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The sales included 513,000 tonnes for China and 113,000 tonnes to unknown destinations for delivery during the 2013/14 marketing year, which will open on Sept 1 for soybeans.

It was the second soybean sale during the week involving China. Early during the week, exporters reported the sale of 120,000 tonnes of optional origin soybeans to China for 2013/14 delivery. The sales remained supportive for the international soybean market.

Expected improved wedding demand in beans from solvent extractors followed by likely rise in the edible oil usage, government's levy of import duty on crude edible oils and slight delay in Brazilian soybean harvesting will prove to be bullish for short-term. However, bearish International palm oil supply scenario will limit the gains in domestic soybeans.

Soy meal- FAS Kandla Vs FOB Argentina (Spread)

Soy meal prices posted mild gains in association with rise in the soybean followed by improved weeding demand in soyoil and eventually buying in the beans from crushers. However, the slowdown in the overseas demand in the soy meal of Indian origin has hurt the soy meal export sales.

India's soy meal export sales are still weak and are getting stiff price competition from major meal exporters. The soy meal prices in the international market had started to ease during the past four weeks. The chances of India's soy meal exports are getting bleak day-by-day.

Brazil is harvesting its soybean crop and Argentina is expecting to harvest it in February which will subsequently increase the bean supplies and feature improved crushings leading competitive meal prices in South America.

India's exports of soy meal during December, 2012 was 5,10,698 tones as compared to 7,78,382 tones in December, 2011 showing a fall by 34.39% over the last year.

South and Far East Asian countries remained the major buyers of Indian soy meal.

However, India's Y-o-Y soy meal prices have witnessed gains. Soy meal (Jan-Feb) exports price, FOR Kandla exports was quoted between Rs 28,350- 28,950/MT compared to 17,800-18,500/MT during the same period last year.

C&F Indonesia was between US \$ 545-550/MT which was quoted between US \$390-395/MT during the same period last year.

Week	FAS, Soy meal Kandla	FOB, Soy meal Argentina	Avg.*Spread
19 – 25 Jan	517	498	19
12 – 18 Jan	509	500	9

*FAS Kandla less FOB Argentina (Quotes in US \$)

The average weekly soy meal price spread between FAS Kandla and FOB Argentina stood at US at \$19/MT compared to US \$09/MT a week ago, indicating a widening gap in prices between Indian and Argentine meal prices. *India's soy meal exports is at the optimum levels during the period, October thru January, at the considered spread between Indian vs Argentine meal price between US \$8/MT and US \$15/MT.*

Recommendation: *The Indian meal exporters are advised to aggressively market their meal to the countries in vicinity including traditional South and Far-East Asian destinations to materialize the freight and logistics advantage. The prices are expected to feature range-bound movement on weak bias due to decline in overseas and domestic demand. FOR, Kandla is likely to be between 28700-29200/MT.*

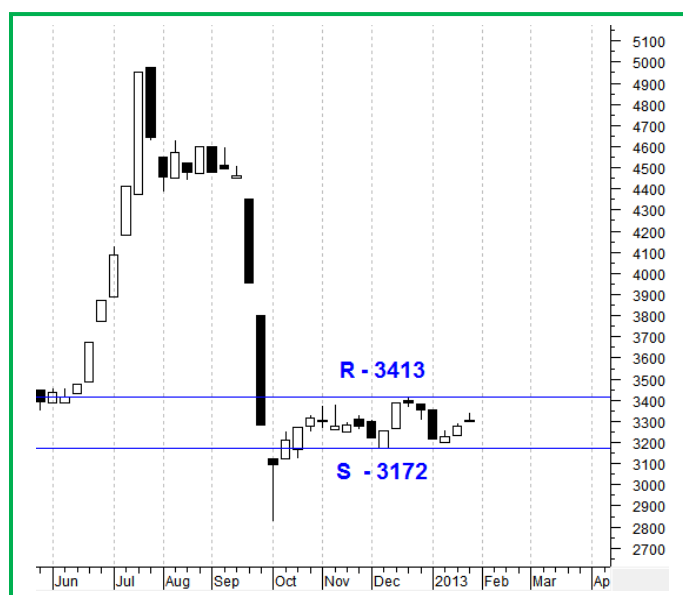
India's the exports are unlikely to pick-up due to competitive South American soy meal prices but the meal prices are likely feature mild gains on improved wedding buying in soybean boosting the it's prices.

Technical Analysis:

NCDEX Soybean Futures



Soybean Spot, Indore



Supports & Resistances NCDEX Feb Soybean

S2	S1	PCP	R1	R2
3107	3151	3255.5	3345	3332

- The soybean prices witnessed mild gains during the week.
- However, the prices closed below 9-day and 18-day EMA, indicating weakness in near-term.
- Further, RSI and stochastic are heading upwards in neutral region, supporting the gains.
- MACD is rising in negative territory, indicating bullish tone.
- Prices are expected to gain during the week.
- **Trade Recommendation (NCDEX Soybean – Feb) – 1 Week:** BUY between 3240-3250 levels. T1 – 3300; T2 – 3350; SL -3217.

Trade Recommendation Soybean Spot: We feel the soybean prices to feature mild recovery in the prices. The prices are likely to move within the price band of 3280-3360 levels (Indore, Plant basis).

Rapeseed - Mustard Seed

The domestic RM seed continued to reel under pressure, during the week, followed by bearish factors in the international palm oil market. Cautious Chinese palm oil buying resulting lower shipments in the same, higher palm oil inventories and lower exports duty by the major exporters continued to remain negative factors for the RM seed in domestic market.

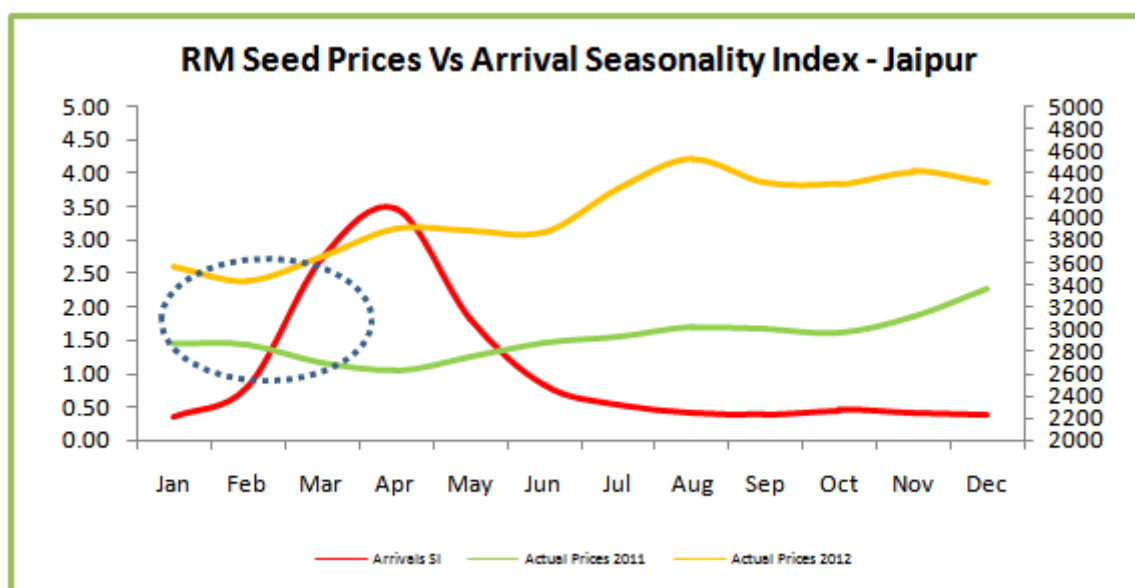
The RM seed planting is ahead previous year's pace. The planting is up 2.7 per cent compared to the corresponding period last year. Reportedly, rapeseed/mustard seed sowing (as on 24 Jan 2013) at 67.11 lha compared to 65.35 lakh hectares during the same period last year.

In Rajasthan the mustard crop is in pod development stage and low intensity of aphids in mustard crop was noticed. The crop is in flowering and pod formation stage in western Uttar Pradesh. The crop is in flowering and pod development stage in Madhya Pradesh, Punjab and Gujarat. In West Bengal the crop is in flower to pod formation stage.

Slow down in export sales (from major exporters) in palm oil will eventually further boost stockpiles to another all-time high at end-January. Traders and planters tip end-January stockpiles to reach 2.66 million-2.70 million tons.

Malaysia's exports of palm oil fell 14% to 1.10 million tons in the Jan. 1-25 period, cargo surveyor Intertek Agri Services said. Another surveyor, SGS (Malaysia) Bhd., said exports for the same period fell 15% to 1.10 million tons.

India's recent announcement of import duty of 2.5 per cent on crude palm oils will slightly discourage the CPO imports and eventually lent support to the domestic RM seed, but it is expected to be for short-term, as the palm oil prices in international market will still be cheaper to import. Besides, Malaysian palm oil stockpiles at end-Jan are again expected to be higher levels, around 2.6 million tons will still be bearish for domestic oilseeds and oils in near-term.



RM Seed Supply, Rajasthan

RM Seed Arrivals in Rajasthan in Bags (85 kg each).		
Weekly Arrivals	Week Ago	Corresponding Week Last Year
2,45,000	1,90,000	2,22,000

Technical Analysis:

NCDEX RM Seed Futures



RM Seed Spot, Jaipur



Supports & Resistances NCDEX Apr RM Seed

S2	S1	PCP	R1	R2
3402	3438	3475	3518	3562

- Candlestick chart pattern reveals recovery in the prices.
- Prices closed below 9-day and 18-day EMA, indicating weakness in near term.
- RSI and stochastic are heading upwards in neutral region, supporting the gains.
- **Trade Recommendation (NCDEX RM SEED - Jan) – 1 Week:** BUY between 3465- 3475 levels. T1 – 3510; T2 –3550; SL -3490.

Trade Recommendation RM Seed Spot (Jaipur basis): In spot the RM seed prices are expected to feature range bound movement with weak bias, in near term. Higher Malaysian palm oil stocks and estimated rise in the palm oil output this season. The prices are likely to move between price bands of 4125 – 4150 level in near term.

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