

## Executive Summary

---

Domestic soybean and meal prices featured steady to weak tone during the week in review. Soybean remained flat while mustard seed and soy meal fell on slack in buying.

Soybean featured steady tone on week crushing, poor soy meal exports and forecast of normal and timely monsoon.

The big crushers refrained from the market as they have lower soy meal exports commitments. Besides, cheap availability of imported edible oil and its comfortable stock at Indian port remained bearish for the beans.

Pre-monsoon showers in some parts of key soy growing regions of Maharashtra and Madhya Pradesh have strengthened the sowing intention. India planted 107.08 lakh hectares of soybean in 2012 compared to 103.36 lha in 2011, up 3.6 per cent. We expect India's soybean planting area in 2013 to remain near previous year's level. IMD has officially forecasted for normal and timely monsoon this season.

The crushing units continued to run below their crushing capacity, reportedly below 45 per cent, besides several small crushing units have stopped their operations due to widening disparity in crush margin.

In the international front, Brazil's soybean exports continue to pick up speed which has shifting demand away from the US for soybeans. The Trade Ministry in Brazil estimated Brazil soybean exports in May at a new record of 7.95 million tonnes, up from 7.15 million April. Soy meal demand remained strong which is helping the US crush pace hold steady amid tight old crop supplies.

Domestic soybean prices are likely feature range-bound movement with weak-bias during the week.

Soy meal fell on slack in overseas demand and lower domestic off-take from poultry industry. Competitive South American soy meal quotes compared to the meal of Indian origin remained negative factor for Indian soy meal exports in recent months. India's y-o-y soy meal exports in fell 30 per cent in May, and they were lower in previous months too.

The crushers are not keen in aggressively crushing the beans due limited buying inquiries and comfortable edible oil stock at Indian ports, hence widening disparity in crush margin. Further, sluggish poultry production lead to the lower off-take in the meal from the poultry industry.

Besides, the prices of other key feed ingredients like Bajra, Maize, mustard de-oiled cake, DCP, MBM, DRB continued to feature steady to weak tone, consequently restricted the upside in soy meal.

The soy meal prices are expected to feature range-bound movement with weak-bias on sluggish demand.

Rapeseed/mustard seed prices witnessed losses on weak buying and arrival pressure during the month. However, stagnant palm oil production and falling Malaysian palm oil inventories will help lift the sentiments with spill-over impact on the domestic mustard seed.

As per MPOB's report, Malaysian palm oil ending stocks down 5.1 percent to 1.82 million tons for May. Further, the palm oil production likely remained stagnant at 1.37 million tons. The palm oil inventories are expected to further fall in June and even in July.

Mustard oil and seed demand from West-Bengal was consistent and normal last week, however the demand for the seed and oil slightly rose from the state mainly from Agra. The crushing in Rajasthan, UP, Haryana and Punjab remained stable during the week.

However, the seed supplies this year are higher compared to the previous year, which almost doubled compared the same period last year.

The seed prices are expected to feature range-bound movement with firm-bias on likely support from firm Malaysian palm oil and expected rise in domestic off-take in the oil as the monsoon gripping most of the parts of India.

Timely onset of the Southwest monsoon in India has raised hopes for a much improved oilseed production. Weak soybean crushing followed by poor soy meal export sales, cheap availability of imported edible oils are likely to pressure the beans but mustard seed is expected to feature range-bound movement with firm-bias on supportive BMD CPO in near-term.

## International

---

- ❖ As per the latest crop progress report released by USDA, the soybean crop has been planted in 71 per cent of the soybean growing areas as of 9 June 2013, advancing from 57 per cent last week, but lower than the 5 year average of 84 per cent. Soybean emergence is reported at 48 per cent compared with 31 per cent last week and 5 year average of 67 percent.
- ❖ Weak palm oil products exports witnessed from Malaysia during May. Cargo surveyor Societe Generale de Surveillance reported a 3.4 percent drop in the exports of Malaysian palm oil products for May to 12.48 lakh tons compared to the last month.
- ❖ As per the latest USDA crop progress report, the soybean crop has been planted in 44 per cent of the soybean growing areas as of 28 May 2013, advancing from 24 per cent last week, but much lower than 87 per cent completion witnessed in the same period last year. The planting pace is slower as compared to the 5 year average of 61 per cent. The emergence is reported at 14 per cent, well behind 5 year average of 30 per cent and 57 per cent last year.
- ❖ World outturn of shelled groundnuts is now estimated to improve only marginally to 27.5 Mn T in 2012/13, as reported by Oil World.
- ❖ A notable decline in soybean meal is witnessed; EU imports of five major oilmeals fell to only 5.82 Mn T in Jan/Mar 2013, a multi-year low for this quarter. However, export bookings of US soy meal improved to a four-week high of 257 Thd T during May 10-16 – Oil World.
- ❖ Rainfall in Brazil since May 22 temporarily stopped loading at major ports, resulting in a long line of trucks. Brazil and Argentina are already facing shipment hurdles due to port workers' strike.
- ❖ West Malaysia has received below-normal rainfall in March and April 2013, which is likely to hit the palm output in the region.
- ❖ As per Oil World, the total export volume of 17 oils and fats is estimated to improve by 3.6 Mn T to at a record 75.7 Mn T in 2012/13. Further, the total world consumption estimate, by Oil World for 17 oils and fats of 187.7 Mn T in 2012/13 implies an average per-capita consumption of 26.3 kilos.

**Oil Meal Prices at Key Spot Markets:**
**Soy DOC Rates at Different Centers**

Centers	Ex-factory rates (Rs/ton)		
	31-05-2013	30-04-2013	Parity To
Indore (MP)	33000-33300	34500	Gujarat, MP
Kota	33300	35000	Rajasthan, Del, Punjab, Haryana
Akola	33000	34800	AP, Chattisgarh, Orissa, Jharkhand, WB
Hingoli	-	36000	AP, Chattisgarh, Orissa, Jharkhand, WB
Nanded/Latur	35300	37000	AP, Kar ,TN
Dhulia/Jalna	34500	36500	Mumbai, Maharashtra
Nagpur (42/46)	33500	36200	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Sangli	35000	38500	Local and South
Solapur	33500	-	Local and South
Bundi	33000	35200	-

**Soy DOC at Port**

Centers	Port Price	
	31-05-2013	30-04-2013
Kandla (FOR) (INR/MT)	35000	36000
Kandla (FAS) (USD/MT)	620	664

**International Soy DOC**

Argentina FOB \$/MT	31-05-2013	30-04-2013	Change
Soybean Pellets	512	485	+27
Soybean Cake Meal	512	485	+27
Soybean Meal	520	493	+27
Soy Expellers	520	493	+27

**Sunflower Meal Rates**

Centers	Ex-factory rates (Rs/ton)		
	31-05-2013	30-04-2013	Change
Adoni	19800	19700	+100
Khamgaon	19300	19000	+300
Parli	19500	19500	Unch
Latur	19300	19200	+100

**Groundnut Meal**

Groundnut Meal	31-05-2013	30-04-2013	Change
Basis 45% O&A, Saurashtra	28000	31000	-3000
Basis 40% O&A, Saurashtra	26000	29000	-3000
GN Cake, Gondal	29000	31000	-2000

**Mustard DOC/Meal**

Mustard DOC/Meal	31-05-2013	30-04-2013	Change
Jaipur (Plant Delivery)	13900	13800	+100
Kandla (FOR)	15000	14800	+200
Sri Ganganagar	631	631	Unch

**Oilseed Prices at Key Spot Markets:**

Commodity	Centre	Prices (Rs/Qtl)		Change
Soybean		31-05-2013	30-04-2013	
	Indore –Plant	3825-3880	3950-4000	-120
	Indore –Mandi	3700-3800	3840-3925	-125
	Nagpur-Plant	3650-3750	3850	-100
	Nagpur – Mandi	3600-3700	3700-3850	-150
	Kota-Plant	3850	3975	-125
	Kota – Mandi	3650-3800	3850	-50
	Bundi-Plant	3870	3985	-115
	Bundi-Mandi	3800-3825	3950	-125
	Baran-Plant	3850	3925-3950	-100
	Baran-Mandi	3675-3750	-	-
	BhawaniMandiJhalawar – Kota Plant Delivery	3850	3950	-100
	Jhalwar-Mandi	3750	3900	-150
Rapeseed/Mustard	Jaipur – C	3490-3495	3475-3480	+15

	Alwar – C	3350	3350	Unch
	Sri Ganganagar	2930	2900	+30
	Delhi – C	3380	3380	Unch
	Kota (Non-Condition)	3050-3125	3000-3050	+75
	Agra - C	3650	3650	Unch
	Neewai	3375	3400	-25
	Hapur (UP)	3375	3400	-25
<b>Groundnut Seed</b>	Rajkot	880	980	-100
<b>Sunflower Seed</b>	Gulbarga	-	-	-
	Latur	3400-4000	Closed	-
	Solapur	3550-3700	3650-3800	-100
<b>Sesame Seed</b>	Mumbai (White98/2/1 FM)	10500	10450	+50

Soybean Prices are in INR per Qtl ,Arrivals(1 bag=90 kg). Mandi prices – Loose, Mustard Seed Prices are in INR per Qtl, Arrival (1 bag=85 kg) C – Condition (42%), \*Groundnut seed inRs/20 kg, Sunflower Seed in Rs/qtl.

### Oilseed Arrivals in Key Centers

Commodity	Centre	Arrivals in Bags/Qtl		Change
		<b>31-05-2013</b>	<b>30-04-2013</b>	
<b>Soybean</b>	Madhya Pradesh	1035000	827000	+208000
	Maharashtra	430000	69500	+360500
	Rajasthan	307000	20400	+286600
	Bundi (Raj)	6350	5000	+1350
	Baran (Raj)	20100	18700	+1400
	Jhalawar (Raj)	12150	11800	+350
<b>Rapeseed/Mustard</b>	Rajasthan	4175000	7180000	-3005000
*Soybean: 1 bag = 90 kg; RM Seed: 1 bag = 85 kg				

## Rabi Sown Area - Oilseeds, India

In the last official planting report, the *rabi* oilseeds planting was reported ahead previous year's pace, as on 28 Mar 2013. Overall, the oilseeds planting were reported up by just 0.2 per cent.

Of the major rabi oilseeds crop rapeseed/mustard seed planting stood up by around 2.5 per cent at 67.53 lha compared to 65.9 lakh hectares during the same period last year. Groundnut planting was reported down by 2.2 per cent at 10.88 lakh hectares compared to 11.12 lha, sunflower planting was up by 13.6 per cent at 5.34 lha compared to 4.7 lha during the same period last year.

Area in lakh hectares

<i>Crop</i>	<i>As on 28 Mar 2013</i>	<i>As on 28 Mar 2012</i>	<i>% Change</i>
Rapeseed/Mustard Seed	67.53	65.9	<b>2.5</b>
Groundnut	10.88	11.12	<b>-2.2</b>
Safflower	1.53	1.95	<b>-21.5</b>
Sunflower	5.34	4.7	<b>13.6</b>
Sesamum	2.64	2.71	<b>-2.6</b>
Lineed	3.38	4.3	<b>-21.4</b>
Other Oilseeds	0.69	1.13	<b>-38.9</b>
<b>Total Oilseeds</b>	<b>92.0</b>	<b>91.8</b>	<b>0.2</b>

Source: GOI

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

## Soybean

Soybean featured steady tone on week crushing, poor soy meal exports and forecast of normal and timely monsoon, during the month.

The big crushers refrained from the market as they have lower soy meal exports commitments. Besides, cheap availability of imported edible oil and its comfortable stock at Indian port remained bearish for the beans.

Pre-monsoon showers in some parts of key soy growing regions of Maharashtra and Madhya Pradesh have strengthened the sowing intention. India planted 107.08 lakh hectares of soybean in 2012 compared to 103.36 lha in 2011, up 3.6 per cent. We expect India's soybean planting area in 2013 to remain near previous year's level. IMD has officially forecasted for normal and timely monsoon this season.

The crushing units continued to run below their crushing capacity, reportedly below 45 per cent, besides several small crushing units have stopped their operations due to widening disparity in crush margin.

In the international front, Brazil's soybean exports continue to pick up speed which has shifting demand away from the US for soybeans. The Trade Ministry in Brazil estimated Brazil soybean exports in May at a new record

of 7.95 million tonnes, up from 7.15 million April. Soy meal demand remained strong which is helping the US crush pace hold steady amid tight old crop supplies.

Domestic soybean prices are likely feature range-bound movement with weak-bias during the week.

## Balance Sheet – Soybean, India

Fig. in MnT

Oil Year (Oct-Sep)	2008-09	2009-10	2010-11	2011-12	2012-13
<b>Carry In</b>	0.49	0.45	1.12	0.37	0.40
<b>Production</b>	<b>9.60</b>	<b>9.67</b>	<b>10.10</b>	<b>12.00</b>	12.50
Imports	0.00	0.00	0.00	0.00	0.00
<b>Total Availability</b>	<b>10.09</b>	<b>10.12</b>	<b>11.22</b>	<b>12.37</b>	<b>12.90</b>
Crush	9.64	9.00	10.85	11.97	12.58
Exports	0.00	0.00	0.00	0.00	0.00
Total Usage	9.64	9.00	10.85	11.97	12.58
<b>Carry Out</b>	<b>0.45</b>	<b>1.12</b>	<b>0.37</b>	<b>0.40</b>	<b>0.32</b>
Monthly Use	0.80	0.75	0.90	1.00	1.05
Stock/Consumption Ratio	0.05	0.12	0.03	0.03	0.03
Stock to Month Use Ratio	0.56	1.49	0.41	0.40	0.31

Source: Agriwatch

- Higher crushing due to good meal demand lead to lower carry-in in 2012/13
- India's 2012/13 soybean output is lowered from 13 Mn T to 12.5 Mn T due to crop loss in Madhya Pradesh.
- We expect 2012/13 soybean crush at 12.58 Mn T owing to higher production compared to previous years. India's soy meal prices have to compete with the meal prices of South America, which will eventually make the crushing more viable depending on its exports.

## Soy meal- FAS Kandla Vs FOB Argentina (Spread)

Soy meal fell on slack in overseas demand and lower domestic off-take from poultry industry. Competitive South American soy meal quotes compared to the meal of Indian origin remained negative factor for Indian soy meal exports in recent months. India's y-o-y soy meal exports in fell 30 per cent in May, and they were lower in previous months too.

The crushers are not keen in aggressively crushing the beans due limited buying inquiries and comfortable edible oil stock at Indian ports, hence widening disparity in crush margin. Further, sluggish poultry production lead to the lower off-take in the meal from the poultry industry.

Besides, the prices of other key feed ingredients like Bajra, Maize, mustard de-oiled cake, DCP, MBM, DRB continued to feature steady to weak tone, consequently restricted the upside in soy meal.

The soy meal prices are expected to feature range-bound movement with weak-bias on sluggish demand.

According to the figures of the SOPA, India's soy meal export The export during May 2013 was 0.97 Lac tones as compared to 1.39 lac tones in the same period of previous year showing a decrease of 29.74%.

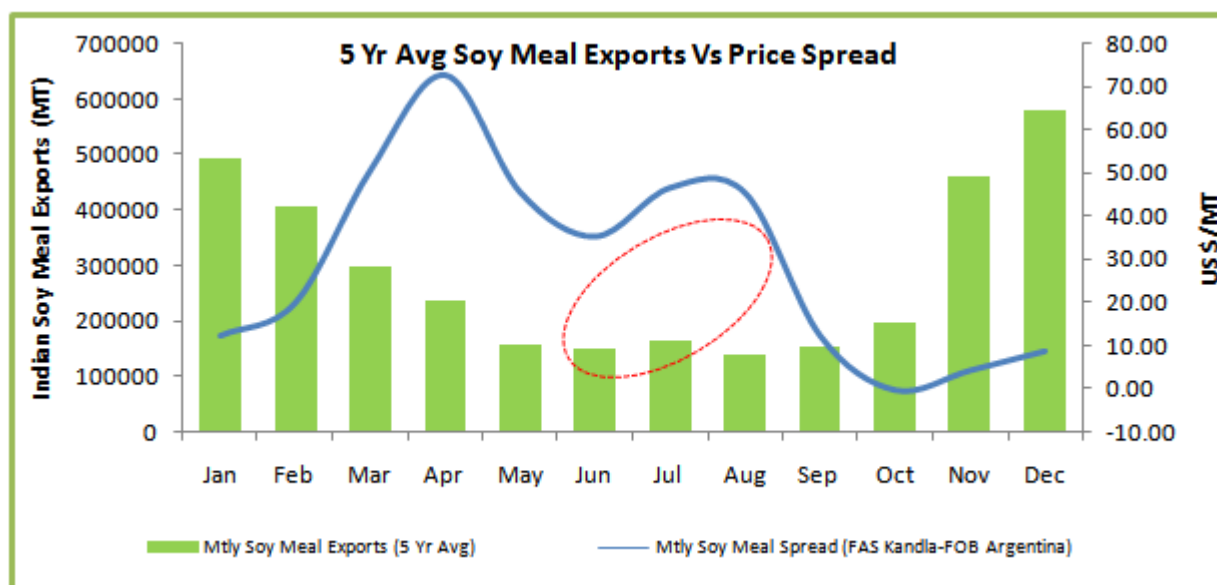
Overall demand of Soybean Meal is poor all across the world.

On a financial year basis, the export during April 2013 to May 2013 has been 1.98 Lac tonnes as compared to 4.75 Lac tones in the same period of previous year showing a decrease of 58.33%.

During current Oil year, (October - September), total exports during October 2012 to May, 2013 are 27.95 Lac tones as against 32.61 Lac tones last year, showing a decrease by 14.29%. (Source: SOPA).

India's soy meal prices continued to get stiff competition from South American prices due to the peak supply period and improved crushings.

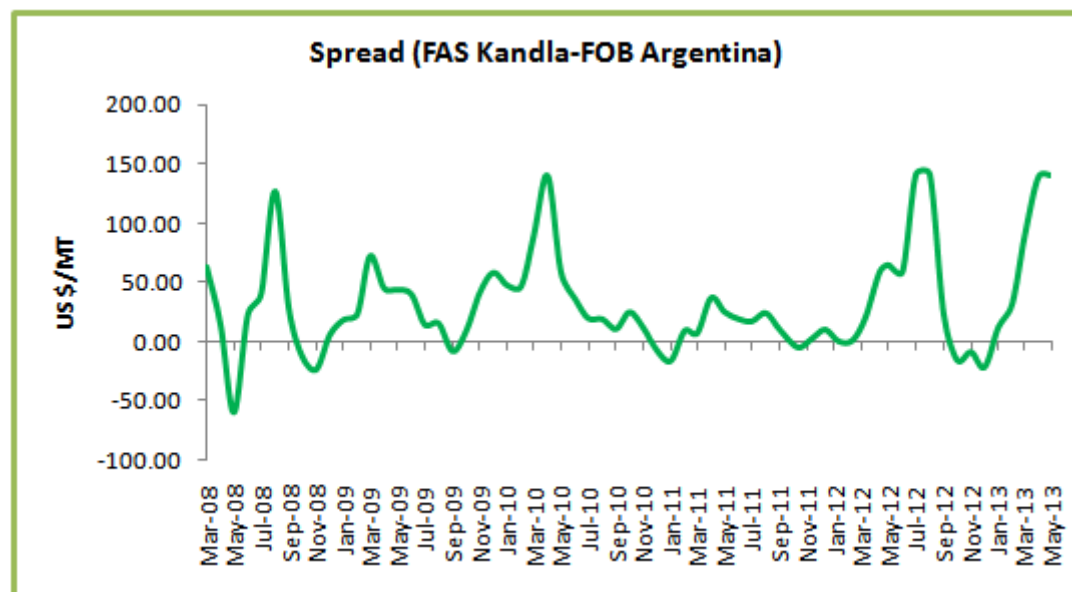
However, preference of the meal of Indian origin mainly by the South-Eastern countries due to logistic and freight advance and demand for non-GMO meal will lend support to the domestic soy meal.





The y-o-y fall in the India's soy meal export sales in the month of May is due to the demand shift towards South America owing to their competitive meal prices. This is due to the peak season in South America.

However, India's Y-o-Y soy meal prices have witnessed gains. Soy meal (Apr-May) exports price, in the last week of April, FOR Kandla was quoted between Rs 35,000-36,000/MT compared to 29,000-30,450/MT during the same period last year.



\*FAS, Kandla less FOB Argentina

The average monthly soy meal price spread between FAS Kandla and FOB Argentina fell and recorded at US \$ 90/MT in Mar compared to US \$32/MT Feb which translates that the Argentine soy meal prices are getting competitive against Indian meal prices. *India's soy meal exports are 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. (\* Spread - FAS Kandla less FOB Argentina).*

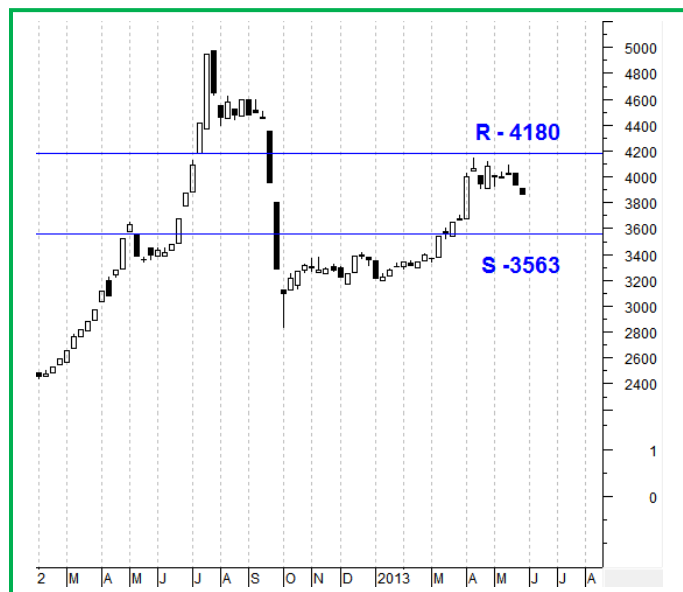
**Recommendation:** FOR, Kandla was quoted between Rs 35,000- 37,000/MT during the month -May. The Indian meal exporters are advised to aggressively market their meal to the countries in vicinity including traditional South and Far-East Asian destinations. Indian soy meal have started facing stiff price competition from South American soy meal followed by commencement of Brazil's soybean harvest and likely harvest of Argentina in coming days. The Domestic meal prices are likely to feature range-bound movement with firm bias during the month with the fresh overseas and domestic demand. FOR, Kandla is expected to witness range bound movement with firm bias and witness **35000-37,500 during Jun and early Jul.**

## Soybean Crush Margin

Avg Crush Margin – May 2013	Avg Crush Margin Apr 2013	Avg Crush Margin – May 2012	Avg Crush Margin – May 2011
-2019	-909	-845	-556

## Technical Analysis: NCDEX Soybean Futures

## Soybean Spot, Indore



\*In Rs/MT

### Supports & Resistances NCDEX Jul Soybean

S2	S1	PCP	R1	R2
3346	3487	3686	3969	4068

- The candlestick chart pattern reveals the soybean prices remained within the price band of previous months and ended below last month's close.
- Prices closed above 9-day and 18-day EMA, supporting the gains.
- RSI is easing in neutral zone. Indicating bearish momentum. However, stochastic is heading upwards in neutral zone.
- MACD is slightly rising in positive territory.
- The soybean prices are expected slightly gain during the month.
- Trade Recommendation (NCDEX Soybean - Jul) – 1 Month: BUY between 3680–3660 levels. T1 – 3750; T2 - 3820; SL - 3630.

**Trade Recommendation Soybean Spot:** Prices are expected to feature range-bound movement followed by weak crushing. The prices are likely to stay near current levels around 3800-3900 levels (Indore, Plant basis) during the month.

Weak soy meal export sales and widening disparity in soybean crushing has made unviable in crushing the beans.

## Rapeseed - Mustard Seed

Rapeseed/mustard seed prices witnessed losses on weak buying and arrival pressure during the month. However, stagnant palm oil production and falling Malaysian palm oil inventories will help lift the sentiments with spill-over impact on the domestic mustard seed.

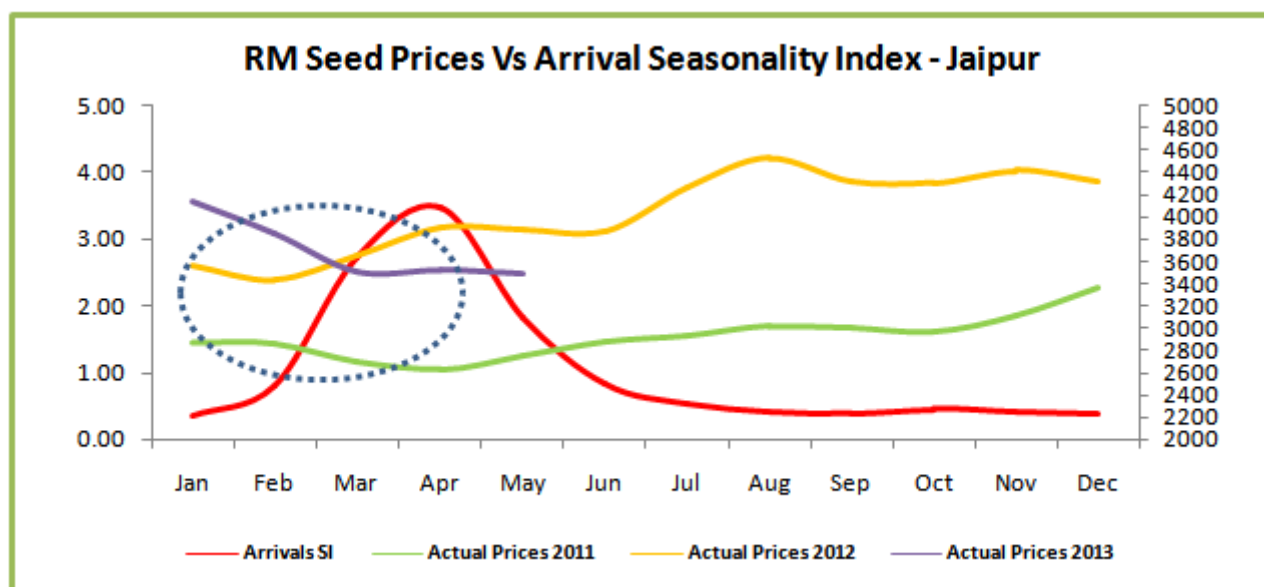
As per MPOB's report, Malaysia's palm oil ending stocks down 5.1 percent to 1.82 million tons for May. Further, the palm oil production likely remained stagnant at 1.37 million tons. The palm oil inventories are expected to further fall in June and even in July.

Mustard oil and seed demand from West-Bengal was consistent and normal last week, however the demand for the seed and oil slightly rose from the state mainly from Agra. The crushing in Rajasthan, UP, Haryana and Punjab remained stable during the week.

However, the seed supplies this year are higher compared to the previous year, which almost doubled compared the same period last year.

The seed prices are expected to feature range-bound movement with firm-bias on likely support from firm Malaysian palm oil and expected rise in domestic off-take in the oil as the monsoon gripping most of the parts of India.

### RM Seed Prices Vs Arrivals –Jaipur (Rajasthan)



### RM Seed Supply, Rajasthan

RM Seed Arrivals in Rajasthan in Bags (85 kg each).		
Monthly Arrivals-May	1 Month Ago	Corresponding Period Last Year
41,75,000	71,80,000	20,61,000

## Balance Sheet – Rapeseed-Mustard Seed, India

Fig in MnT

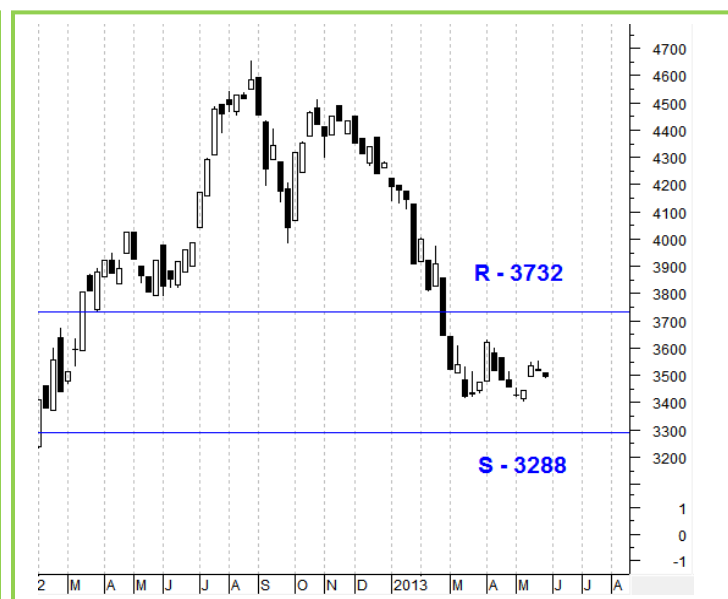
Marketing Year (Mar-Feb)	2009-2010	2010-11	2011-12	2012-13	2013-14
<b>Carry In</b>	<b>0.45</b>	<b>0.75</b>	<b>0.75</b>	<b>1.25</b>	<b>0.28</b>
Production	6.2	6	7	6.5	7.95
Imports	0	0	0	0	0
<b>Total Availability</b>	<b>6.65</b>	<b>6.75</b>	<b>7.75</b>	<b>7.75</b>	<b>8.23</b>
Crush	5.9	6	6.5	7.47	8.07
Exports	0	0	0	0	0
Total Usage	5.9	6	6.5	7.47	8.07
<b>Carry Out/Ending Stock</b>	<b>0.75</b>	<b>0.75</b>	<b>1.25</b>	<b>0.28</b>	<b>0.16</b>
Monthly Use	0.49	0.50	0.54	0.62	0.67
<b>Stock/Consumption Ratio</b>	<b>0.13</b>	<b>0.13</b>	<b>0.19</b>	<b>0.04</b>	<b>0.02</b>
Stock to Month Use Ratio	1.53	1.50	2.31	0.45	0.24

Source: Agriwatch

- Our preliminary Projection for India's 2013/14 RM seed Outturn stands at 7.95 Mn T. The production has surpassed the previous season's production followed by higher yield potential with favourable weather for the crop.
- The carry-in stands at 0.28 Mn T which is lower than previous year figure, as crushings were lower in 2011/12. Besides, 2012/13 RM seed production declined as compared to 2011/12.
- We have revised the 2012/13 RM seed output upwards to 6.5 Mn T compared to 6.0 Mn T estimated in April 2012. However the 2012/13 production stood lower compared to 2011/12. Lower coverage in RM seed area by 7% in 2011/12, missing winter rains and frost damage hampered the productivity.

## Technical Analysis: NCDEX RM Seed Futures

## RM Seed Spot, Jaipur



### Supports & Resistances NCDEX Jul RM Seed

S2	S1	PCP	R1	R2
3297	3380	3514	3680	3747

- Candlestick chart pattern reflects selling pressure in RM seed.
- Prices closed below 9-day and 18-day EMA.
- MACD is easing in positive territory.
- RSI and stochastic are slightly easing in neutral zone, supporting the losses.
- Trade Recommendation (NCDEX RM SEED – Jul) – 1 Month: SELL between 3520–3530 levels. T1 – 3450; T2 - 3370; SL - 3563.

**Trade Recommendation RM Seed Spot (Jaipur basis):** In spot the RM seed prices are expected to feature range-bound movement on sluggish buying in Jun and market to trade in the 3550– 3620 levels during the month.

### Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>

© 2013 Indian Agribusiness Systems Pvt Ltd.