

Executive Summary

The domestic soybean and meal featured gains supported by bullish international soybean and palm oil market during the week under consideration. Besides, better export sales in soy meal in previous weeks remained supportive for the domestic beans.

Better Chinese soybean buying, growing concerns that the delays to vessel loading in the ports of Brazil will shift more demand to the US and improved India's soy meal export sales combined together remained positive factors for the soybeans.

Once again, in Brazil port workers have declared to go on strike on March 19 for 24 hours.

Besides, buying support to US soybeans, during the week, came from thoughts that the Brazil soybean production estimate could fall in the weekend report. The USDA attache in Brazil estimated production at 82.5 million tonnes, during the week, vs. the current USDA estimate of 83.5 million tonnes.

The likely downward revision is due to the dry weather in the soybean growing area in Brazil in association with Argentina. Few analysts have further lowered the Argentine output to 49 Mn T.

Soy meal prices edged-up on better than previous year export sales and improved domestic demand from poultry feed manufacturers. The Indian government in its Union Budget has already abolish 10 per cent exports duty on de-oiled rice bran oil cake which will give a boost to the exports and make the domestic industry competitive in the world market.

Exports of Soy meal during February, 2013 was 5,77,589 tones as compared to 3,70,524 tones in February, 2012 showing a increase by 55.88% over the last year.

However, the mustard/rapeseed prices fell followed by increase in new crop arrivals in the key producing regions of Rajasthan, Uttar Pradesh, Madhya Pradesh and Gujarat. The new crop supplies are gradually increasing and mounting pressure on the prices across the major centers.

Besides, Dorab Mistry presented a bearish palm oil outlook for the season. Mistry said prices palm oil should remain in a 2,300-2,500 ringgit (\$740-806) range until end-April, warning that trading may be more volatile due to a looming election in Malaysia. Prices stood at above 2,400 ringgit in the weekend.

Increasing soybean output from South America, estimated rise in more than 20 percent this year, is likely to push down palm oil prices to 2,200 ringgit after mid-April, Mistry added. A higher soybean supply for crushing into vegetable oil could shift demand away from rival palm oil.

While prices may slump further on expanding palm oil output in July-August, Mistry did not foresee prices falling below 1,800 ringgit unless Brent crude oil drops under \$80 per barrel from around \$112 in the Palm Oil Conference held in Kuala Lumpur.

Considering the factors, the soybean and meal prices are likely to feature range-bound movement with firm-bias. Better Chinese buying, delays in port loading in Brazil and better than previous soy meal export sales will support the soy prices. However, rapeseed/mustard seed prices are expected to further fall on mounting new crop supply pressure.

International Highlights

- ❖ Brazil's government cut 1.3 million tonnes, or 1.6 percent, off its forecast for the 2012/13 soybean crop on Thursday, citing too little rain in parts of the south in January and too much rain in top-producing Mato Grosso state in February.
- ❖ Brazil is still expected to produce a record crop of 82.1 million tonnes, a huge increase from last season's 66.4 million tonnes, but less than the 83.4 million tonnes forecast in February. That might not be enough for Brazil to surpass the United States in soybean production as initially expected. In its sixth official forecast, Conab, Brazil's government food supply agency, also said it expected a record corn crop of 76.1 million tonnes, unchanged from its February outlook.
- ❖ Global oilseed production for 2012/13 is projected at 466.8 million tons, down slightly from last month as reduced soybean and sunflowerseed production is mostly offset by increased rapeseed and cottonseed production. Foreign production, projected at 374.1 million tons, accounts for all of the change.
- ❖ Argentina soybean production is projected at 51.5 million tons, down 1.5 million in the USDA, Mar. report. Despite widespread rains in recent weeks, the extended dry period during planting and early crop development limited plantings and reduced yield prospects.
- ❖ China rapeseed production in the latest USDA report is projected at 13.5 million tons, up 0.9 million based on increased area and yield indicated in recently released official government statistics.
- ❖ In the last USDA report, the other changes include higher rapeseed production for Australia and India, reduced sunflowerseed production for Argentina, and increased palm oil production for Malaysia. Cottonseed production is increased for China and reduced for Pakistan and Brazil.
- ❖ Brazilian exports of soybeans gained momentum but were at 0.96 Mn T in February 39% lower than a year ago.

Oil Meal Prices at Key Spot Markets:

Soy DOC Rates at Different Centers

Centers	Ex-factory rates (Rs/ton)		
	08.03.2013	01.03.2013	Parity To
Indore (MP)	31700	28000	Gujarat, MP
Kota	31000	27800	Rajasthan, Del, Punjab, Haryana
Akola	31400-31500	28400	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Hingoli	32500	29000	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Nanded/Latur	33000	28700	Andhra, AP, Kar, TN
Dhulia/Jalna	32500	29500	Mumbai, Maharashtra
Nagpur (42/46)	31500	28800	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Sangli	34000	29500	Local and South
Solapur	32700	29200	Local and South

Bundi	30500	27700	-
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Soy DOC at Port

Centers	Port Price	
	08.03.2013	01.03.2013
Kandla (FOR) (INR/MT)	32000	29600
Kandla (FAS) (USD/MT)	588	543

International Soy DOC

Argentina FOB \$/MT	08.03.2013	01.03.2013	Change
Soybean Pellets	494	499	-5
Soybean Cake Meal	494	499	-5
Soybean Meal	502	507	-5
Soy Expellers	502	507	-5

Sunflower Meal Rates

Centers	Ex-factory rates (Rs/ton)		
	08.03.2013	01.03.2013	Change
Adoni	18000	17500	+500
Khamgaon	17800	17500	+300
Parli	18400	18000	+400
Latur	17800	17200	+600

Groundnut Meal

Groundnut Meal	08.03.2013	01.03.2013	Change
Basis 45% O&A, Saurashtra	27000	24800	+2200
Basis 40% O&A, Saurashtra	24000	22200	+1800
GN Cake, Gondal	27000-29000	26500	+2500

Mustard DOC/Meal

Mustard DOC/Meal	08.03.2013	01.03.2013	Change
Jaipur (Plant Delivery)	14000	13700	+300
Kandla (FOR)	15000	14500	+500
Sri Ganganagar	685	690	-5

Oilseed Prices at Key Spot Markets:

Commodity	Centre	Prices (Rs/Qtl)		Change
Soybean		08.03.2013	01.03.2013	
	Indore –Plant	3450-3525	3325-3375	+150
	Indore –Mandi	3300-3380	3200-3300	+80
	Nagpur-Plant	3500	3250	+250
	Nagpur – Mandi	3400-3500	3150-3250	+250
	Kota-Plant	3550-3560	3350	+210
	Kota – Mandi	3500	3300	+200
	Bundi-Plant	3500	3325	+175
	Bundi-Mandi	3450	3170-3200	+250
	Baran-Plant	3500	3325-3350	+150
	Baran-Mandi	3400-3425	3190-3250	+175
	Bhawani MandiJhalawar– Kota Plant Delivery	3550	3350	+200
	Jhalawar-Mandi	3500	3250-3300	+200
Rapeseed/Mustard	Jaipur – C	3525-3530	3600-3605	-75
	Alwar – C	3000-3400	3600	-200
	SriGanganagar(NC)	3070	3170	-100
	Delhi– C	3500	3450-3500	Unch
	Kota	3200-3250	3200-3400	-150
	Neewai	3550	3550	Unch
	Hapur (UP)	3325	3375	-50
Groundnut Seed	Rajkot	980	1010	-30
	Junagarh	-	-	-
Sunflower Seed	Gulbarga	-	-	-
	Latur	3600-3725	3500-3650	+75
	Solapur	3600-3725	3500-3650	+75
Sesame Seed	Mumbai (White98/2/1 FM)	10450	10600	-150

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
Soybean		Week End (08/03/2013)	Week End (01/03/2013)	
	Madhya Pradesh	605000	600000	+5000
	Maharashtra	340000	270000	+70000
	Rajasthan	90000	105000	-15000
	Bundi (Raj)	2150	3300	-1150
	Baran (Raj)	18000	21500	-3500
	Jhalawar (Raj)	4000	3300	+700
Rapeseed/Mustard	Rajasthan	1080000	705000	+375000
*Sum Arrivals during the week.				

Crop Progress, India

There was no official planting progress report last week. However, the *rabi* oilseeds planting is reported ahead previous year's pace reported on 28 February. Overall, the oilseeds planting were reported up by 1.5 per cent.

Of the major *rabi* oilseeds crop rapeseed/mustard seed planting stood up by around 2.4 per cent at 67.46 lha compared to 65.89 lakh hectares during the same period last year. Groundnut planting was reported up by 10.8 per cent at 9.34 lakh hectares compared to 8.43 lha, sunflower planting was up by 10 per cent at 5.16 lha compared to 4.69 lha during the same period last year.

Area in lakh hectares

Crop	As on 28 Feb 2013	As on 28 Feb 2012	% Change
Rapeseed/Mustard Seed	67.46	65.89	2.4
Groundnut	9.34	8.43	10.8
Safflower	1.53	1.95	-21.5
Sunflower	5.16	4.69	10.0
Sesamum	0.84	1.09	-22.9
Lineed	3.93	4.29	-8.4
Other Oilseeds	0.65	1.23	-47.2
Total Oilseeds	88.9	87.6	1.5

Source: GOI

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

Soybean

Better Chinese soybean buying, growing concerns that the delays to vessel loading in the ports of Brazil will shift more demand to the US and improved India's soy meal export sales combined together remained positive factors for the soybeans.

Once again, in Brazil port workers have declared to go on strike on March 19 for 24 hours.

Besides, buying support to US soybeans, during the week, came from thoughts that the Brazil soybean production estimate could fall in the weekend report. The USDA attache in Brazil estimated production at 82.5 million tonnes, during the week, vs. the current USDA estimate of 83.5 Mn T. However, the Brazilian soybean estimates were kept unchanged in the March USDA demand and use report.

Further, likely downward revision in the production estimates of Brazil and Argentina by the leading analysts due to the dry weather condition is expected to support the soybean prices in near-term.

However, gaining momentum in the soybean harvesting in South America, higher palm oil inventory with Malaysia and Indonesia will pressure the soybean in near-term.

Soy meal - FAS Kandla Vs FOB Argentina (Spread)

Soy meal prices edged-up on better than previous year export sales and improved domestic demand from poultry feed manufacturers. The Indian government in its Union Budget has already abolish 10 per cent exports duty on de-oiled rice bran oil cake which will give a boost to the exports and make the domestic industry competitive in the world market.

India's exports of Soy meal during February, 2013 was 5,77,589 tones as compared to 3,70,524 tones in February, 2012 showing a increase by 55.88% over the last year, said SOPA.

On a financial year basis, the export during April 2012 to February 2013 is 31,13,651 MT as compared to 34,52,791 MT in the same period of previous year showing a decrease of 9.82%.

During current Oil year, (October – September), exports during October 2012 to February 2013 is 22,76,573 MT as against 23,23,939 MT last year, which is marginally lower by 2%.

Iran, Yemen, Japan and Belgium were the largest buyers of soy meal of Indian origin in the month of February 2013.

India's soy meal exports are falling month-on-month with the demand shift towards South America followed by competitive meal price of the region. 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.

However, India's Y-o-Y soy meal prices have witnessed gains. Soy meal (Mar-Apr) exports price, FOR Kandla exports was quoted between Rs 29,900-32,500/MT compared to 20,200-21,700/MT during the same period last year.

C&F Indonesia was between US \$ 560-590/MT which was quoted between US \$428-455/MT during the same period last year.

Week	FAS, Soy meal Kandla	FOB, Soy meal Argentina	Avg.*Spread
02 – 08 Mar	550	496	54
23 Feb – 1 Mar	539	496	43

*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 \$54/MT compared to US \$43/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 domestic soy meal is under pressure followed by competitive South American soy meal prices with harvesting picking up in the region. However, improved soy meal exports in Jan. will lend support to some extent. 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 mixed sentiments. FOR, Kandla is likely feature range-bound movement between the price band of Rs.32500-32800/MT.*

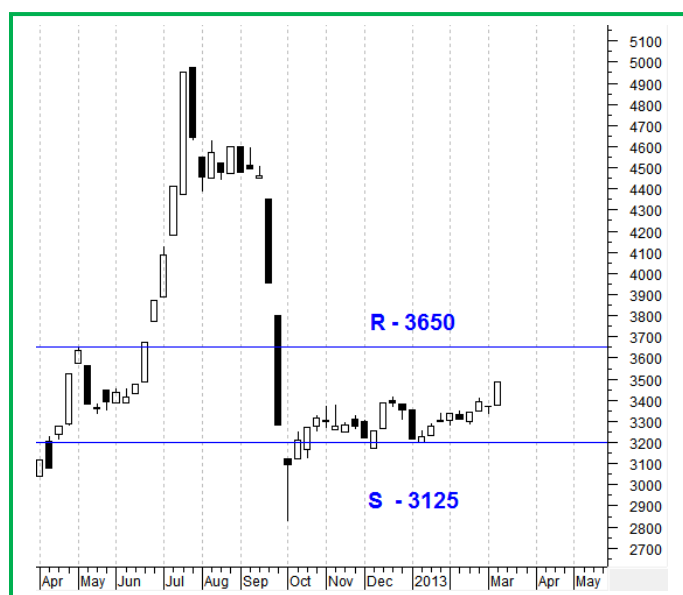
India's soy meal prices will continue to face stiff price competition to South American meal as the harvesting in South America is underway leading to improved crushings.

Technical Analysis:

NCDEX Soybean Futures



Soybean Spot, Indore



Supports & Resistances NCDEX Apr Soybean

S2	S1	PCP	R1	R2
3070	3169	3543	3741	3928

- Candlestick chart pattern reflects strong buying in soybean.
- The prices closed above 9-day and 18-day EMA, indicating firm tone in near-term.
- Further, RSI is heading upwards in neutral region while stochastic is rising in overbought zone, supporting uptrend in the market.
- Besides, MACD is heading upwards and attempting to transverse neutral line, indicating bullish tone.
- Prices are expected to gain during the week.
- **Trade Recommendation (NCDEX Soybean – Apr) – 1 Week:** BUY between 3533-3543 levels.T1 – 3633; T2 –3665 ; SL -3490.

Trade Recommendation Soybean Spot: We feel the soybean prices to feature range-bound movement with weak bias in near-term - WEEK. The prices are likely to move within the price band of 3550-3650 levels (Indore, Plant basis).

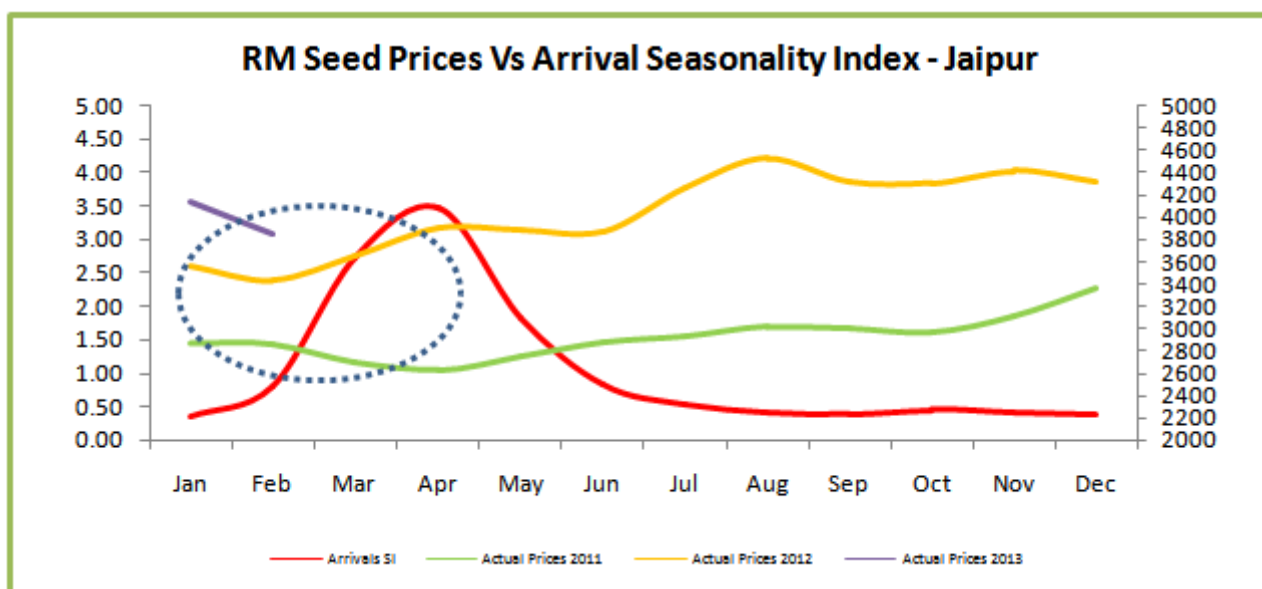
Rapeseed - Mustard Seed

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RM Seed Supply, Rajasthan

RM Seed Arrivals in Rajasthan in Bags (85 kg each).		
Weekly Arrivals	Week Ago	Corresponding Week Last Year
10,80,000	7,05,000	11,95,000

The domestic mustard/rapeseed prices are likely to further decline on rising new crop supplies across the cash markets in the key producing regions in near-term.

Technical Analysis:
NCDEX RM Seed Futures

RM Seed Spot, Jaipur

Supports & Resistances NCDEX Apr RM Seed

S2	S1	PCP	R1	R2
3264	3310	3465	3555	3633

- Candlestick chart pattern reveals buying support in the market.
- However, prices closed below 9-day and 18-day EMA, indicating weakness in near and medium-term.
- RSI and stochastic are heading upwards in neutral region, pointing firm tone in the market.
- **NCDEX RM SEED - Apr) – 1 Week:** BUY between 3455-3465 levels. T1 – 3520; T2 –3550; SL -3425.

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, on rising new crop arrivals. The prices are likely get pressure and are likely to witness 3500–3550 level in near term.

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