

## Executive Summary

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The domestic soybean featured slight gains while soy meal and mustard seed prices plunged on varied factors during the week in review.

Sluggish edible oil demand in domestic market and lower South American soy meal quotes as compared to the India's restricted the soybean gains, which though overall, stood firm supported by international soybean market during the period.

The international benchmark CBOT and BMD initially skid on bearish news but they mostly remained firm during the week. Strong Chinese demand for soybeans after reports that Brazilian cargos were canceled and reports of lower stocks in China coupled with delays in loading vessels in Brazil lead to demand shift to the US.

However, talks that soybean crush margins in China have declined and a Chinese state-agency will release 1-1.5 million tonnes of soybeans to domestic crushers will limit the gains in international soybeans in short-term.

However, soy meal prices slightly fell compared to previous week but were considerably higher which rallied in last couple of weeks driven by large export sales to Iran. We consider the fall a short-term due to the non-GMO preference and inquiries of the major meal buyers of the Indian origin.

Besides, trade and logistic advantage to South-East Asia and West Asia will continue to lend support to the Indian soy meal.

India's y-o-y exports sales have improved in last couple of months due to the preference for Indian origin. Besides, demand from poultry feed industry will once again push-up the meal prices in near-term.

Further, rapeseed/mustard seed prices plunged followed by increasing supplies in the seed across the key cash markets. The arrivals are gradually picking up in the key growing regions of Rajasthan, Uttar Pradesh, Madhya Pradesh, Gujarat and Haryana.

In Rajasthan, the seed supplies are in full swing in Kota division, though it is yet to pick up in Bharatpur and Alwar. However, Sri Ganganagar will be the last one to witness the new seed supplies, as sowing and harvesting are done late there as compared to the other parts of Rajasthan.

India's mustard seed closely tracks BMD CPO which, recently gained on better export sales, but we feel in the upcoming weeks, palm oil could ease from current levels as farmers in South America and India speed up oilseed harvesting including soybean and rapeseed/mustard.

Further, downside potential to CPO is likely due to slower CPO exports to India given high inventory of palm-oil stocks at ports and pipelines which will pressure domestic oilseeds mainly mustard seed.

Gaining momentum in the soybean harvesting in South America, slow down in India's imports in palm oil due to comfortable stocks at ports and higher palm oil inventory with Malaysia and Indonesia will restrict the upside in domestic oilseeds in short-term.

# International Highlights

- ❖ Malaysian palm oil products exports for March 1-20 rose 13.7 cent to 922,987 tons from 811,722 tons shipped during the corresponding period last month - cargo surveyor Societe Generale de Surveillance. Eventually, palm oil prices have recovered lately, partly due to improved Malaysian exports. Better exports lend spillover support to the oils and fats markets of India too.
- ❖ China reportedly cancelled almost 2 Mn T of Brazilian soybeans, owing to loading delays. But new Chinese purchases are imminent some time soon to replenish stocks. Better Chinese demand will lend support to the international soybean prices in near-term.
- ❖ Argentine farmers are still very reserved sellers. The severe conflict with the government is continuing. The government faces considerable pressure at the moment from escalating inflation, economic crisis – Oil World.
- ❖ Oil World has made a downward revision by 2.5 Mn T in our world soybean production estimate to 265.0 Mn T for 2012/13, primarily in Argentina, Brazil and Paraguay, with details given in the FLASH
- ❖ World exports and crushings of soybeans will turn out smaller than expected in Jan/Sept 2013. The major impact is to be seen in smaller than expected production and export supplies of soya meal.
- ❖ Chinese soybean imports lower than expected in February. But somewhat higher than expected imports of palm oil and soya oil.
- ❖ Combined G-3 soybean crushings and net exports were smaller than expected and fell by 1.8 Mn T or 12% from a year earlier in February, this is mainly due the cheap availability of palm oil.

## Oil Meal Prices at Key Spot Markets:

### Soy DOC Rates at Different Centers

Centers	Ex-factory rates (Rs/ton)		
	22.03.2013	15.03.2013	Parity To
Indore (MP)	31500	31000	Gujarat, MP
Kota	32000	31300	Rajasthan, Del, Punjab, Haryana
Akola	32000	32000	Andhra, Chattisgarh, Orissa,Jharkhand, WB
Hingoli	33000	33500	Andhra, Chattisgarh, Orissa,Jharkhand, WB
Nanded/Latur	33000	35000	Andhra, AP, Kar ,TN
Dhulia/Jalna	33000	33000	Mumbai, Maharashtra
Nagpur (42/46)	32300	31500	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Sangli	34500	34000	Local and South
Solapur	34500	33500	Local and South
Bundi	31000	31500	-

**Soy DOC at Port**

Centers	Port Price	
	22.03.2013	15.03.2013
Kandla (FOR) (INR/MT)	32000	32000
Kandla (FAS) (USD/MT)	589	591

**International Soy DOC**

Argentina FOB \$/MT	22.03.2013	15.03.2013	Change
Soybean Pellets	466	467	-1
Soybean Cake Meal	466	467	-1
Soybean Meal	474	475	-1
Soy Expellers	474	475	-1

**Sunflower Meal Rates**

Centers	Ex-factory rates (Rs/ton)		
	22.03.2013	15.03.2013	Change
Adoni	18800	18800	Unch
Khamgaon	18400	18400	Unch
Parli	19000	19000	Unch
Latur	18500	18500	Unch

**Groundnut Meal**

Groundnut Meal	22.03.2013	15.03.2013	Change
Basis 45% O&A, Saurashtra	27000	27000	Unch
Basis 40% O&A, Saurashtra	24500	26000	-1500
GN Cake, Gondal	30000	29000-30000	Unch

**Mustard DOC/Meal**

Mustard DOC/Meal	22.03.2013	15.03.2013	Change
Jaipur (Plant Delivery)	14000	13600	+400
Kandla (FOR)	15000	14500	+500
Sri Ganganagar	675	690	-15

**Oilseed Prices at Key Spot Markets:**

Commodity	Centre	Prices (Rs/Qtl)		Change
<b>Soybean</b>		<b>22.03.2013</b>	<b>15.03.2013</b>	
	Indore –Plant	3575-3650	3525-3580	<b>+70</b>
	Indore –Mandi	3550-3580	3425-3525	<b>+55</b>
	Nagpur-Plant	3550	3480	<b>+70</b>
	Nagpur – Mandi	3400-3550	3350-3450	<b>+100</b>
	Kota-Plant	3600	3525-3550	<b>+50</b>
	Kota – Mandi	3550	3500	<b>+50</b>
	Bundi-Plant	3600	3575-3580	<b>+20</b>
	Bundi-Mandi	3550	3450-3500	<b>+50</b>
	Baran-Plant	3550	3500	<b>+50</b>
	Baran-Mandi	3475-3535	3450-3500	<b>+35</b>
	Bhawani MandiJhalawar– Kota Plant Delivery	3650	3550	<b>+100</b>
	Jhalawar-Mandi	3550-3600	3450	<b>+150</b>
<b>Rapeseed/Mustard</b>	Jaipur – C	3490-3500	3525-3535	<b>-35</b>
	Alwar – C	3000-3400	3100-3500	<b>-100</b>
	SriGanganagar(NC)	2890	3050-3100	<b>-210</b>
	Delhi– C	3500	3475	<b>+25</b>
	Kota	3000-3200	3150	<b>+50</b>
	Neewai	3525	3500	<b>+25</b>
	Hapur (UP)	3375	3360	<b>+15</b>
<b>Groundnut Seed</b>	Rajkot	990	1000	<b>-10</b>
	Junagarh	-	-	-
<b>Sunflower Seed</b>	Gulbarga	-	-	-
	Latur	3550-3700	3550-3700	<b>Unch</b>
	Solapur	3550-3700	3550-3700	<b>Unch</b>
<b>Sesame Seed</b>	Mumbai (White98/2/1 FM)	10350	10300	<b>+50</b>

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
<b>Soybean</b>		<b>Week End (22/03/2013)</b>	<b>Week End (15/03/2013)</b>	
	Madhya Pradesh	540000	550000	<b>-10000</b>
	Maharashtra	300000	250000	<b>+50000</b>
	Rajasthan	64000	75000	<b>-11000</b>
	Bundi (Raj)	1650	2500	<b>-850</b>
	Baran (Raj)	11500	11300	<b>+200</b>
	Jhalawar (Raj)	2700	4000	<b>-1300</b>
<b>Rapeseed/Mustard</b>	Rajasthan	1705000	1390000	<b>+315000</b>
*Sum Arrivals during the week.				

## Crop Progress, India

There was no official report on rabi planting progress report during the week in review. However, the *rabi* oilseeds planting was reported ahead previous year's pace, as on 14 Mar 2013. Overall, the oilseeds planting were reported up by 2.9 per cent.

Of the major rabi oilseeds crop rapeseed/mustard seed planting stood up by around 2.4 per cent at 67.49 lha compared to 65.9 lakh hectares during the same period last year. Groundnut planting was reported up by 11 per cent at 10.11 lakh hectares compared to 9.11 lha, sunflower planting was up by 14.6 per cent at 5.33 lha compared to 4.65 lha during the same period last year.

Area in lakh hectares

Crop	As on 14 Mar 2013	As on 14 Mar 2012	% Change
Rapeseed/Mustard Seed	67.49	65.9	<b>2.4</b>
Groundnut	10.11	9.11	<b>11.0</b>
Safflower	1.53	1.95	<b>-21.5</b>
Sunflower	5.33	4.65	<b>14.6</b>
Sesamum	2.44	1.28	<b>90.6</b>
Lineed	3.36	4.29	<b>-21.7</b>
Other Oilseeds	0.67	1.23	<b>-45.5</b>
<b>Total Oilseeds</b>	<b>90.9</b>	<b>88.4</b>	<b>2.9</b>

Source: GOI

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

## Soybean

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The soybean prices slightly edged-up tracking gains in international market. Sluggish edible oil demand in domestic market and lower South American soy meal quotes as compared to the India's restricted the soybean gains, which though overall, stood firm supported by international soybean market during the period.

The international benchmark CBOT and BMD initially skid on bearish news but they mostly remained firm during the week. Strong Chinese demand for soybeans after reports that Brazilian cargos were canceled and reports of lower stocks in China coupled with delays in loading vessels in Brazil lead to demand shift to the US.

However, talks that soybean crush margins in China have declined and a Chinese state-agency will release 1-1.5 million tonnes of soybeans to domestic crushers will limit the gains in international soybeans in short-term.

However, gaining momentum in the soybean harvesting in Brazil which is set to surpass US soybean outturn, slow down in India's palm oil imports due to comfortable stocks at ports and ongoing mustard seed harvesting in India will pressure the soybean prices in near-term.

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

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Soy meal prices slightly fell compared to previous week but were considerably higher which rallied in last couple of weeks driven by large export sales to Iran. We consider the fall a short-term due to the non-GMO preference and inquiries of the major meal buyers of the meal of the Indian origin.

Besides, trade and logistic advantage to South-East Asia and West Asia will continue to lend support to the Indian soy meal.

India's y-o-y exports sales have improved in last couple of months due to the preference for Indian origin. Besides, demand from poultry feed industry will once again push-up the meal prices in near-term.

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 31,500-32,000/MT compared to 20,200-22,000/MT during the same period last year.

Week	FAS, Soy meal Kandla	FOB, Soy meal Argentina	Avg.*Spread
<b>16 – 22 Mar</b>	560	458	<b>102</b>
<b>09 – 15 Mar</b>	576	478	<b>98</b>

\*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 \$102/MT compared to US \$98/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.*

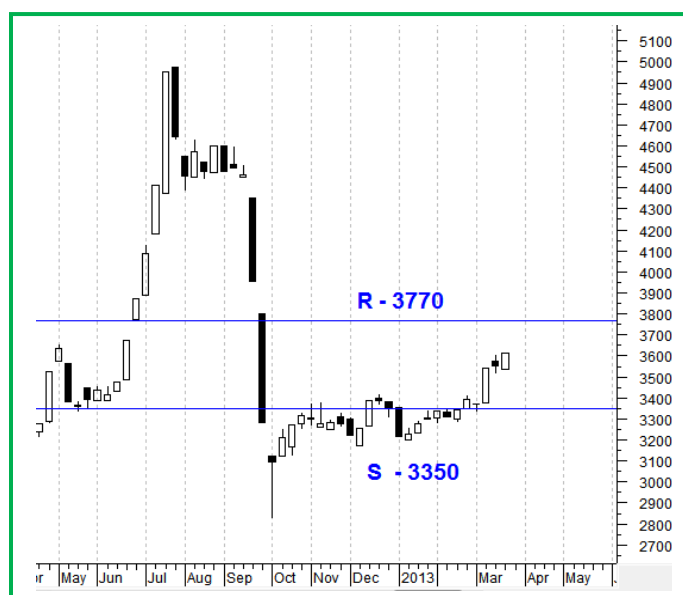
India's soy meal prices will continue to face stiff price competition to South American meal as the harvesting in South America is underway leading to improved crushings.

## Technical Analysis:

### NCDEX Soybean Futures



### Soybean Spot, Indore



### Supports & Resistances NCDEX May Soybean

S2	S1	PCP	R1	R2
3248	3322	3600.5	3748	3887

- Candlestick chart pattern reflects buying interest 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 positive zone.
- Prices are expected to ease during the week.
- **Trade Recommendation (NCDEX Soybean – May) – 1 Week:** BUY between 3580-3590 levels. T1 – 3650; T2 – 3700; SL -3552.

**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 3500-3600 levels (Indore, Plant basis).



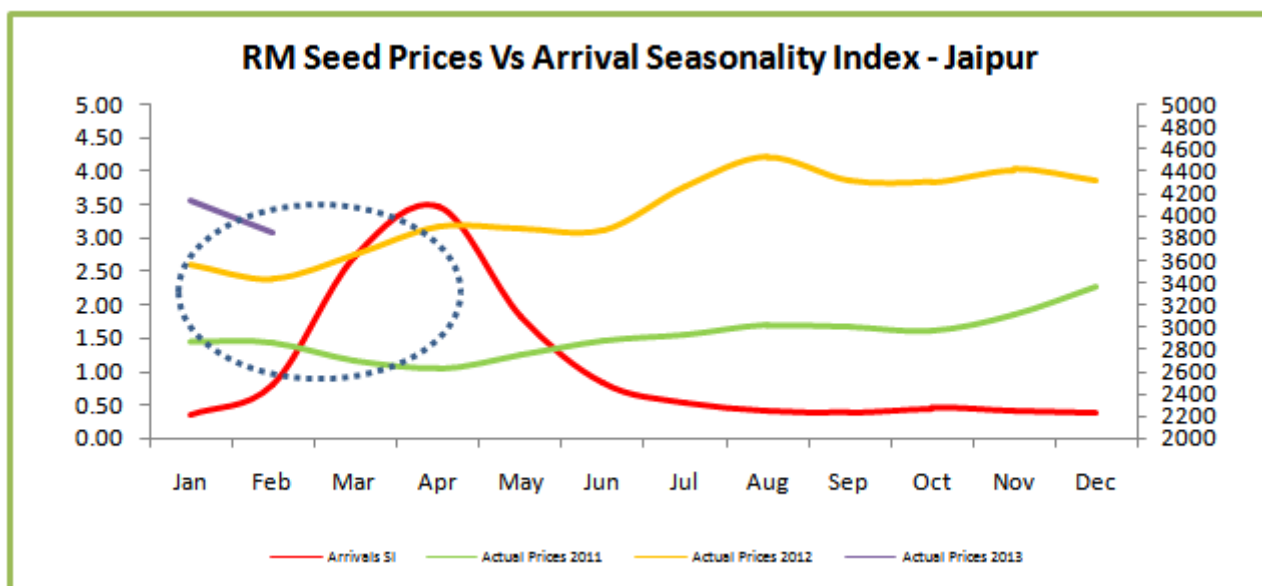
## Rapeseed - Mustard Seed

Further, rapeseed/mustard seed prices plunged followed by increasing supplies in the seed across the key cash markets. The arrivals are gradually picking up in the key growing regions of Rajasthan, Uttar Pradesh, Madhya Pradesh, Gujarat and Haryana.

In Rajasthan, the seed supplies are in full swing in Kota division, though it is yet to pick up in Bharatpur and Alwar. However, Sri Ganganagar will be the last one to witness the new seed supplies, as sowing and harvesting are done late there as compared to the other parts of Rajasthan.

India's mustard seed closely tracks BMD CPO which, recently gained on better export sales, but we feel in the upcoming weeks, palm oil could ease from current levels as farmers in South America and India speed up oilseed harvesting including soybean and rapeseed/mustard.

Further, downside potential to CPO is likely due to slower CPO exports to India given high inventory of palm-oil stocks at ports and pipelines which will pressure domestic oilseeds mainly mustard seed.



### RM Seed Supply, Rajasthan

RM Seed Arrivals in Rajasthan in Bags (85 kg each).		
Weekly Arrivals	Week Ago	Corresponding Week Last Year
17,05,000	13,90,000	20,30,000

The domestic mustard/rapeseed prices are likely to ease further 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 May RM Seed

S2	S1	PCP	R1	R2
3300	3399	3493	3555	3614

- Candlestick chart pattern reveals slight gains in the seed prices.
- However, prices closed below 9-day and 18-day EMA, indicating weakness in near and medium-term.
- MACD is heading upwards in negative zone.
- RSI and stochastic are heading upwards in neutral region, pointing firm tone in the market.
- **NCDEX RM SEED - May) – 1 Week:** BUY between 3480-3490 levels. T1 – 3550; T2 –3580; SL -3452.

**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 3400–3550 level in near term.

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