

Executive Summary

Steady to weak sentiments featured, consecutive second week, in the domestic oilseeds and meal cash markets during the week in review. Soybean prices hovered near previous week's level, soy meal and rapeseed/mustard seed extended losses during the period.

Soybean prices largely remained flat compared to previous week due to sluggish processors demand followed by fall in crushings. However, gains in CBOT soybeans and Malaysian palm oil lend support during the week restricted any downside despite weak crushing in beans.

Most soybean processing plants in Madhya Pradesh, Maharashtra and Rajasthan are operating below 50 per cent of their actual crushing capacity due to poor supplies in cash market, previous weeks. Reserved farmers selling in beans still featured in the domestic market, the farmers are anticipating higher soybean prices near planting for new season.

Further, weak soy meal export sales are making it unviable for crushing and hence limiting the gains in the beans. USDA report was considered bearish for higher production and stock estimates in soybeans.

However, we feel renewed wedding demand in edible oils and upcoming Ramadan buying in the same will lend support to the bean prices.

Soy meal failed to post gains consecutive fourth week on weak export sales and lower domestic offtake from poultry feed industry. Sluggish domestic poultry demand continued to pressure the meal. Besides, the prices of other key feed ingredients like Bajra, Maize, mustard de-oiled cake, DCP, MBM, DRB featured steady to weak tone, consequently discouraging the upside in soy meal.

According to the figures of the SOPA, India's soy meal export during April 2013 was 1.00 Lac tones as compared to 3.36 lac tones in the same period of previous year showing a decrease of 70.15%. This widened the disparity in domestic crushing during the period. Overall, global usage in soy meal remained weak during the month.

Overall demand of soy meal is poor all across the world. Indian soy meal prices are not competitive in comparison to international rates. Hence, demand diversion towards South America and decline in exports from India.

During current Oil year, (October - September), exports during October 2012 to April, 2013 were 26.97 Lac tones as against 31.21 Lac tones last year, showing a decrease by 13.60%. (Source: SOPA).

But, preference for meal of Indian origin (non-GMO), trade, logistic and freight advantage will continue to support shipments in the same and limit downward potential in near-term.

RM seed prices edged lower in cash market followed by sluggish miller's buying. Besides, fall in exports in Malaysian palm oil, during 1-10 May period remained bearish for BMD CPO.

However, as per MPOB's report, Malaysian palm oil inventories for April fell 11 percent to 1.93 Mln. Tons from last month, which breaches the psychological level of 2 million tons. However, palm oil production during April rose by 3 percent to 1.36 million tons, which is again bearish for the oil at BMD – MPOB's report.

Renewed edible oil demand and steady demand in meal from feed industry is likely to push up the oilseeds in near-term. Besides, month-on-month easing Malaysian palm oil inventories will prove positive factor for domestic oils and fats market in near-term.

International Highlights

- ❖ As per MPOB's report, Malaysian palm oil inventories for April fell 11 percent to 1.93 Mln. Tons from last month.
- ❖ Brazil's 2012/13 soy crop estimate slightly declined from April's forecast, the government's crop supply agency Conab said on Thursday. The soybean harvesting in Brazil is nearing completion and expecting record 81.5 million tonnes of soy this season, Conab said in its monthly crop report, down from the 81.9 million tonnes forecast in early April.
- ❖ **Highlights USDA-WASDE Report May**
- ❖ World oilseed production for 2013/14 is estimated at a record 491.3 million tons, up 4.7 percent from 2012/13 mainly due to increased soybean output.
- ❖ Global soybean production is projected at 285.5 million tons, up 6 percent. The Argentina soybean crop is estimated at 54.5 million tons, up 3.5 million from 2012/13 on record planted area and higher yields.
- ❖ The Brazil soybean crop is projected at a record 85 million tons as higher harvested area more than offsets lower yields. China soybean production is projected at 12 million tons, down 0.6 million from 2012/13 as producers continue to shift area to more profitable crops. If realized, harvested area at 6.6 million hectares would be down 28 percent in the past 4 years.
- ❖ Global production of high-oil content seeds (rapeseed and sunflowerseed) is projected up 6.1 percent from 2012/13 on increased rapeseed production in Canada, India, EU-27, and Ukraine, and increased
- ❖ sunflowerseed production in Argentina, EU-27, Russia, Ukraine, and Turkey. Oilseed supplies are up 5.1 percent from 2012/13.
- ❖ With crush projected to increase 3.4 percent, global oilseed ending stocks are projected at 82.6 million tons, up 12.3 million.
- ❖ Global protein meal consumption is projected to increase 2.7 percent in 2013/14. Protein meal consumption is projected to increase 3.3 percent in China, accounting for 32 percent of global protein consumption gains.
- ❖ Global soybean exports are projected at 107.1 million tons, up 11.3 percent from 2012/13. China soybean imports are projected at 69 million tons, up 10 million from the revised 2012/13 projection, leaving soybean supplies up 5 million tons from the previous year. Global vegetable oil consumption is projected to rise 3 percent in 2013/14, led by increases for China, India, and Indonesia.

(Source: USDA)

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

| Centers | Ex-factory rates (Rs/ton) | | |
|----------------|---------------------------|-------------|---|
| | 10.05.2013 | 03.05.2013 | Parity To |
| Indore (MP) | 33700-34100 | 33800-34500 | Gujarat, MP |
| Kota | 34000-34500 | 34000-34400 | Rajasthan, Del, Punjab, Haryana |
| Akola | 34700 | 34500 | Andhra, Chattisgarh, Orissa, Jharkhand, WB |
| Hingoli | 35500 | 35700 | Andhra, Chattisgarh, Orissa, Jharkhand, WB |
| Nanded/Latur | 36200 | 36000 | Andhra, AP, Kar, TN |
| Dhulia/Jalna | 34500 | 35000 | Mumbai, Maharashtra |
| Nagpur (42/46) | 35300 | 36000 | Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN |
| Sangli | 37000 | 36000 | Local and South |
| Solapur | 36800 | 36000 | Local and South |
| Bundi | 34000 | 34500 | - |

Soy DOC at Port

| Centers | Port Price | |
|-----------------------|------------|------------|
| | 10.05.2013 | 03.05.2013 |
| Kandla (FOR) (INR/MT) | 35500 | 35000 |
| Kandla (FAS) (USD/MT) | 651 | 649 |

International Soy DOC

| Argentina FOB \$/MT | 10.05.2013 | 03.05.2013 | Change |
|---------------------|------------|------------|--------|
| Soybean Pellets | 475 | 474 | +1 |
| Soybean Cake Meal | 475 | 474 | +1 |
| Soybean Meal | 483 | 482 | +1 |
| Soy Expellers | 483 | 482 | +1 |

Sunflower Meal Rates

| Centers | Ex-factory rates (Rs/ton) | | |
|----------|---------------------------|------------|--------|
| | 10.05.2013 | 03.05.2013 | Change |
| Adoni | 19200 | 19700 | -500 |
| Khamgaon | 18800 | 19000 | -200 |
| Parli | 19200 | 19500 | -300 |
| Latur | 19000 | 19200 | -200 |

Groundnut Meal

| Groundnut Meal | 10.05.2013 | 03.05.2013 | Change |
|---------------------------|------------|------------|--------|
| Basis 45% O&A, Saurashtra | 28500 | 28000 | +500 |
| Basis 40% O&A, Saurashtra | 26500 | 26000 | +500 |
| GN Cake, Gondal | 29000 | 30000 | -1000 |

Mustard DOC/Meal

| Mustard DOC/Meal | 10.05.2013 | 03.05.2013 | Change |
|-------------------------|------------|------------|--------|
| Jaipur (Plant Delivery) | 13600 | 13500 | +100 |
| Kandla (FOR) | 14700 | 14600 | +100 |
| Sri Ganganagar | 623 | 615 | +8 |

Oilseed Prices at Key Spot Markets:

| Commodity | Centre | Prices (Rs/Qtl) | | Change |
|------------------|--|-----------------|------------|--------|
| Soybean | | 10.05.2013 | 03.05.2013 | |
| | Indore –Plant | 4000-4065 | 3900-4000 | +65 |
| | Indore –Mandi | 3850-4000 | 3825-3925 | +75 |
| | Nagpur-Plant | 3875-3900 | 3800-3850 | +50 |
| | Nagpur – Mandi | 3700-3900 | 3650-3800 | +100 |
| | Kota-Plant | 4000 | 3925-3950 | +50 |
| | Kota – Mandi | 3900 | 3800-3850 | +50 |
| | Bundi-Plant | 3975 | 3900 | +75 |
| | Bundi-Mandi | 3900 | 3850 | +50 |
| | Baran-Plant | 3975 | 3900-3925 | +50 |
| | Baran-Mandi | 3850-3900 | 3850 | +50 |
| | Bhawani MandiJhalawar– Kota Plant Delivery | 3950 | 3900 | +50 |
| | Jhalawar-Mandi | 3900 | 3800-3850 | +50 |
| Rapeseed/Mustard | Jaipur – C | 3425-3430 | 3415-3420 | +10 |
| | Alwar – C | 3300 | 3300 | Unch |
| | SriGanganagar(NC) | 2950 | 2910 | +40 |
| | Delhi– C | 3330 | 3325 | +5 |
| | Kota | 3100-3150 | 3000-3050 | +100 |
| | Agra - C | 3600 | 3600 | Unch |

| | | | | |
|----------------|-------------------------|-----------|-----------|------|
| | Neewai | 3400 | 3350 | +50 |
| | Hapur (UP) | 3340 | 3350 | -10 |
| | | | | |
| Groundnut Seed | Rajkot | 970 | 960 | +10 |
| | | | | |
| Sunflower Seed | Gulbarga | - | - | |
| | Latur | 3500-3600 | 3000-3450 | +150 |
| | Solapur | 3550-3675 | 3650-3750 | -75 |
| | | | | |
| Sesame Seed | Mumbai (White98/2/1 FM) | 10000 | 10100 | -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 |
|--------------------------------|----------------|-----------------------|-----------------------|--------|
| Soybean | | Week End (10/05/2013) | Week End (03/05/2013) | |
| | Madhya Pradesh | 210000 | 205000 | +5000 |
| | Maharashtra | 130000 | 85000 | +45000 |
| | Rajasthan | 82000 | 36000 | +46000 |
| | Bundi (Raj) | 2600 | 950 | +1650 |
| | Baran (Raj) | 5000 | 3000 | +2000 |
| | Jhalawar (Raj) | 2900 | 2200 | +700 |
| | | | | |
| Rapeseed/Mustard | Rajasthan | 1230000 | 1260000 | -30000 |
| *Sum Arrivals during the week. | | | | |

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

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

Source: GOI

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

Soybean

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Further, weak soy meal export sales are making it unviable for crushing and hence limiting the gains in the beans. USDA report was considered bearish for higher production and stock estimates in soybeans.

However, we feel renewed wedding demand in edible oils and upcoming Ramadan buying in the same will lend support to the bean prices.

Soy meal - FAS Kandla Vs FOB Argentina (Spread)

Soy meal failed to post gains consecutive fourth week on weak export sales and lower domestic offtake from poultry feed industry. Sluggish domestic poultry demand continued to pressure the meal. Besides, the prices of other key feed ingredients like Bajra, Maize, mustard de-oiled cake, DCP, MBM, DRB featured steady to weak tone, consequently discouraging the upside in soy meal.

According to the figures of the SOPA, India's soy meal export during April 2013 was 1.00 Lac tones as compared to 3.36 lac tones in the same period of previous year showing a decrease of 70.15%. This widened the disparity in domestic crushing during the period. Overall, global usage in soy meal remained weak during the month.

Overall demand of soy meal is poor all across the world. Indian soy meal prices are not competitive in comparison to international rates. Hence, demand diversion towards South America and decline in exports from India. Overall demand of Soybean Meal is poor all across the world.

Indian Soybean Meal prices are not competitive in comparison to International rates. Hence, decline in exports.

During current Oil year, (October - September), exports during October 2012 to April, 2013 were 26.97 Lac tones as against 31.21 Lac tones last year, showing a decrease by 13.60%. (Source: SOPA).

The y-o-y fall in the India's soy meal export sales in the month of April 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 (May-Jun) exports price, FOR Kandla exports was quoted between Rs 35,000-35,500/MT compared to 29,800-30,400/MT during the same period last year.

| Week | FAS, Soy meal Kandla | FOB, Soy meal Argentina | Avg.*Spread |
|-----------------|----------------------|-------------------------|-------------|
| 04 -10 May | 632 | 470 | 162 |
| 27 Apr – 03 May | 627 | 481 | 146 |

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

There were no FAS, soy meal – Kandla quotes in the absence of any fresh deals during the week. The average weekly soy meal price spread between FAS Kandla and FOB Argentina stood at US at \$162/MT compared to US \$146/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, continued soy meal exports 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.33,800-35,100/MT.

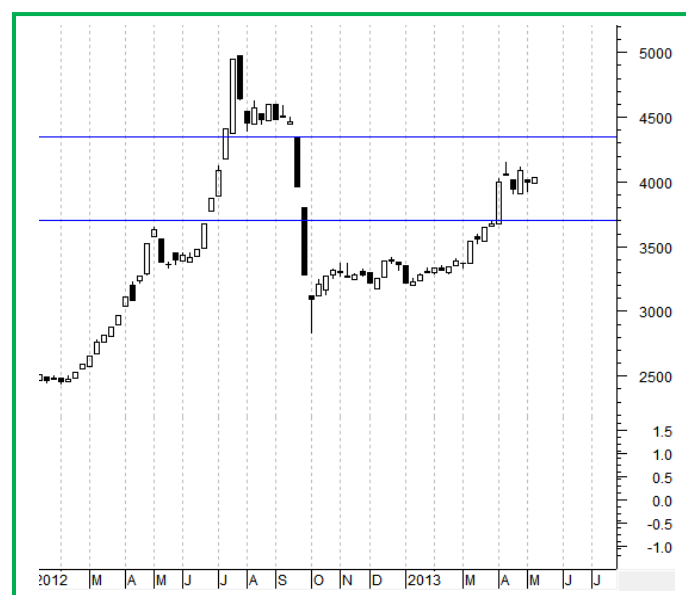
India's soy meal prices will continue to face stiff price competition to South American meal as the harvesting in the region is underway.

Technical Analysis:

NCDEX Soybean Futures-Weekly Chart



Soybean Spot, Indore



Supports & Resistances NCDEX Jun Soybean

| S2 | S1 | PCP | R1 | R2 |
|------|------|------|------|------|
| 3631 | 3741 | 3903 | 4045 | 4130 |

- Candlestick chart pattern reveals side-ways movement during the week. But, overall the prices are uptrend.
- The prices closed above 9-day and 18-day EMA, indicating firm tone in near-term.
- RSI and stochastic are rising in neutral zone, supporting the gains.
- Besides, MACD is heading upwards in positive territory.
- Prices are expected to gain during the week.
- **Trade Recommendation (NCDEX Soybean – Jun) – 1 Week:** BUY between 3890—3900 levels. T1 – 3960; T2 –4040 ; SL -3862.

Trade Recommendation Soybean Spot: We feel the soybean prices to feature range-bound movement with firm bias in near-term - WEEK. The prices are likely to gain and witness the 4000-4120 levels (Indore, Plant basis).

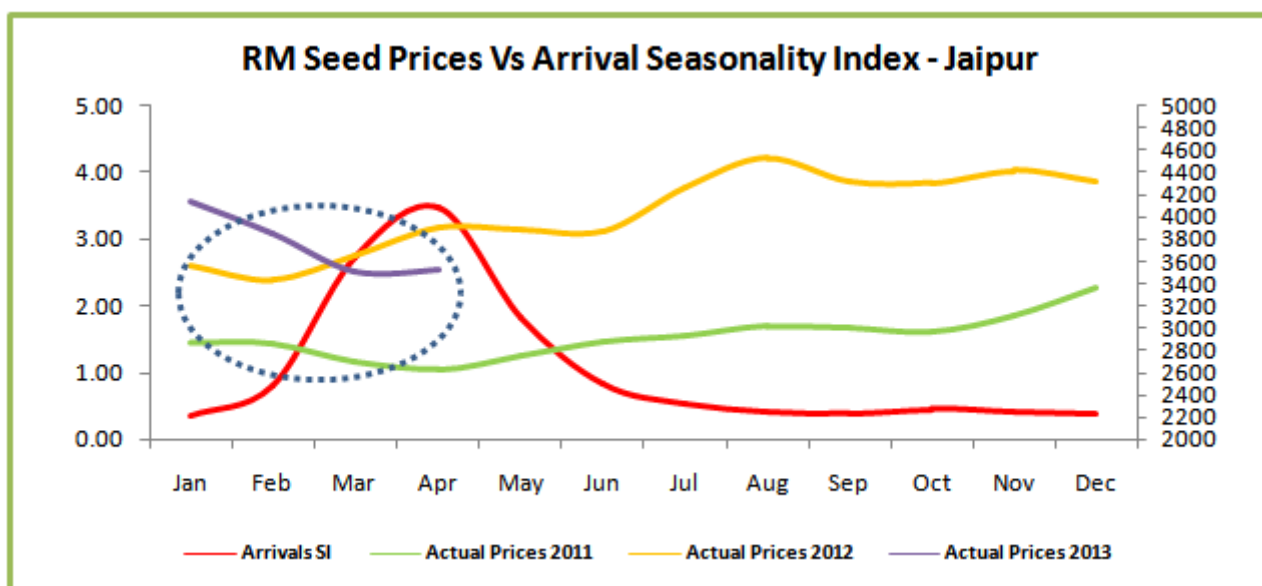
Rapeseed - Mustard Seed

Mustard seed edged lower on weak buying by the millers at the current price and in anticipation of fall in the seed prices, during the week in review. Sluggish mustard oil demand despite auspicious wedding dates and fall in BMD CPO remained negative factors for the mustard seed.

The seed supplies from Sri Ganganagar have increased in past couple of weeks, though week-on-week supplies in Rajasthan fell due to poor off-take.

Further, Malaysia's April Palm Oil Exports fell 5.6% and reported at 1.29 Mln by SGS. Better rival soybean crop prospects in South America and rising CPO output in Southeast Asia provide the catalyst for the downturn in palm oil.

However, renewed weeding demand in the edible oils is likely to lend upward support to the seed prices.



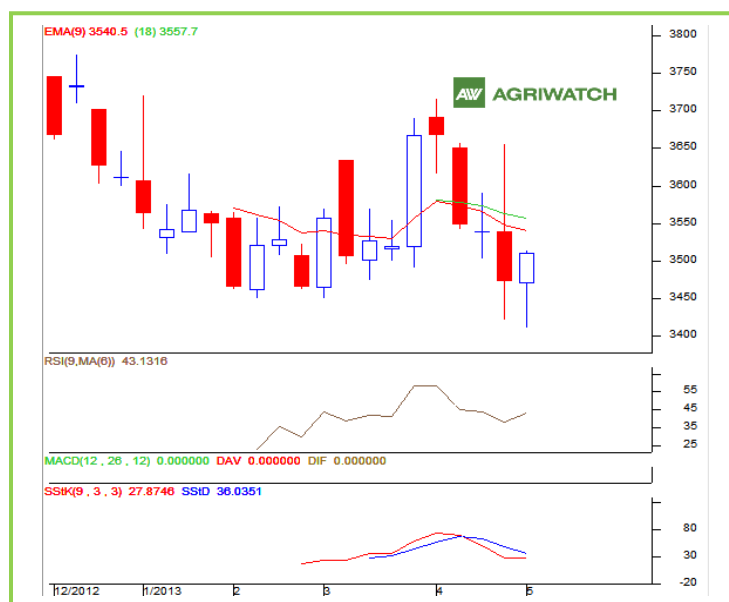
RM Seed Supply, Rajasthan

| RM Seed Arrivals in Rajasthan in Bags (85 kg each). | | |
|---|-----------|------------------------------|
| Weekly Arrivals | Week Ago | Corresponding Week Last Year |
| 12,30,000 | 12,60,000 | 5,45,000 |

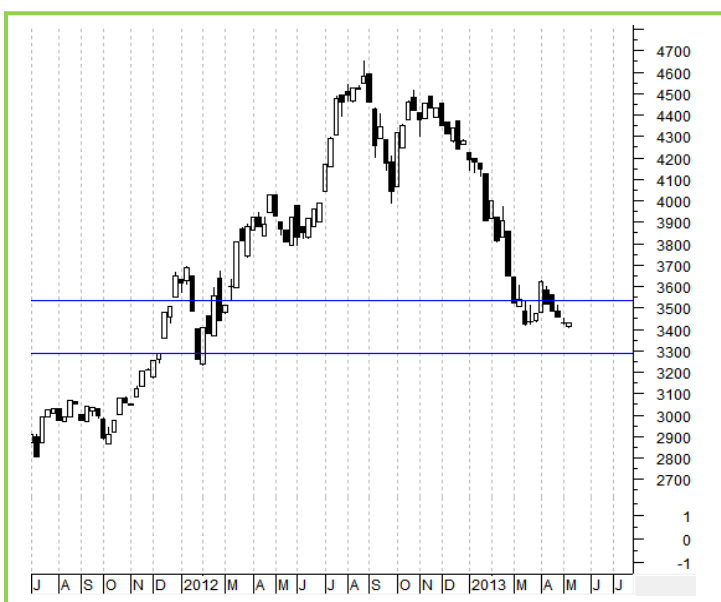
The domestic mustard/rapeseed prices are likely to gain on active buying support across the cash markets in the key producing regions in near-term.

Technical Analysis:

NCDEX RM Seed Futures



RM Seed Spot, Jaipur



Supports & Resistances NCDEX Jun RM Seed

| S2 | S1 | PCP | R1 | R2 |
|------|------|------|------|------|
| 3377 | 3444 | 3511 | 3581 | 3648 |

- Candlestick chart pattern reveals gains in the market.
- Prices closed below 9-day and 18-day EMA, indicating weak tone in near and near-term.
- MACD is rising in positive territory.
- RSI and stochastic are rising in neutral region, pointing firm tone in the market.
- **Trade Recommendation (NCDEX RM SEED - Jun) – 1 Week:** BUY between 3500-3510 levels. T1 – 3560; T2 –3620; SL -3477.

Trade Recommendation RM Seed Spot (Jaipur basis): In spot the RM seed prices are expected to feature range bound movement with firm bias, in near term, on fresh buying. The prices are likely improve and are expected to witness 3450–3510 level in near term.

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