

## Executive Summary

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Domestic oilseeds and oilmeals declined on weak demand for crushing due to poor off-take in edible oils and meals during the week in review.

Soybean extended losses consecutive second week due to weak crushers demand followed by poor soy meal export sales

The crushing units are continuously running below their capacity (at about 45%), besides several units have stopped their operations, which mainly includes the smaller ones.

The trade participants expect about 10-12 lakh tonnes of soybean stock is lying with the farmers and stockists. They expect slight surge in the supplies in coming days as the growers will be off-loading towards fag end of the season.

Further, the forecast of timely and normal monsoon by IMD has been relieving for the soybean growers. The monsoon is predicted to hit Kerala on 2 June 2013. Expected timely arrival of monsoon has made the buyers cautious, who are expecting the bean prices to ease further.

In the international front, slow pace of farmer sales in Brazil and Argentina continue to underpin a supportive tone in the market with reports of just 5% of Brazil's total production sold up to this point against 40% a year ago. Port workers' strike has badly hit the shipments in Brazil and Argentina.

China is consistently buying the beans from US it has purchased 240,000 tonnes from US during the week, supporting limiting downside potential. Besides, USDA reports 281,849 tonnes of outstanding sales to China remain on the books and 718,875 tonnes to unknown destinations which could include China.

We feel the bean prices to feature range-bound movement with weak-bias due to lackluster buying.

Soy meal prices edged-lower on weak export sales and poor domestic off-take from poultry during the period in review. The disparity in soybean crush margin has widened in recent days.

Indian soy meal prices are higher compared to the international rates and hence the demand has diverted to South America from India, due to their competitive prices. However, Argentina and Brazil is facing shipment hurdles due to the recent port workers' strike. The shipment concerns have not fully resolved in both the countries yet.

Further, sluggish seasonal domestic poultry production has lead to the fall in the meal demand in recent weeks, limiting the upside in the prices.

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 discouraging 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 declined due to feeble buying by the millers during the week. Cautious buying featured in the key cash markets in anticipation of further fall in the seed prices.

No fresh demand from West-Bengal noticed in last week, however the demand for the seed and oil is steady from the state mainly from Agra.

Fall in soybean arrivals has limited the losses in mustard seed prices, but the overall off-take in the seed was lower.

The market participants see an overall May exports at 1.26 million tons, a decline of around 2%-3%, which is not as steep as the first 20 days of May and has helped underpin the market.

We feel palm oil sales are likely to boost from Malaysian and Indonesia in near-term for stock build-up ahead of the Muslim fasting month of Ramadan, which starts in July this year, as food consumption tends to rise during the period.

This will further improve the BMD CPO quotes and subsequently support the domestic mustard seed prices, which closely follow the BMD CPO.

The mustard seed prices are expected to improve on likely gains in BMD CPO in coming weeks, but the prices to feature range-bound movement with weak-bias.

Weak soybean crushing followed by poor soy meal export sales, cheap availability of imported edible oils are likely to pressure the domestic oilseeds market near-term. However, expected fall in Malaysian palm oil inventories will limit the fall.

## International Highlights

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- ❖ 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	24.05.2013	Parity To
Indore (MP)	33000-33300	33500	Gujarat, MP
Kota	33300	34000	Rajasthan, Del, Punjab, Haryana
Akola	33000	-	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Hingoli	-	34500	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Nanded/Latur	35300	34500	Andhra, AP, Kar, TN
Dhulia/Jalna	34500	34200	Mumbai, Maharashtra
Nagpur (42/46)	33500	35200	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Sangli	35000	35100	Local and South
Solapur	33500	33700	Local and South
Bundi	33000	33500	-

**Soy DOC at Port**

Centers	Port Price	
	31.05.2013	24.05.2013
Kandla (FOR) (INR/MT)	35000	35700
Kandla (FAS) (USD/MT)	620	642

**International Soy DOC**

Argentina FOB \$/MT	31.05.2013	24.05.2013	Change
Soybean Pellets	512	526	-14
Soybean Cake Meal	512	526	-14
Soybean Meal	520	534	-14
Soy Expellers	520	534	-14

**Sunflower Meal Rates**

Centers	Ex-factory rates (Rs/ton)		
	31.05.2013	24.05.2013	Change
Adoni	19800	19200	+600
Khamgaon	19300	18800	+500
Parli	19500	19200	+300
Latur	19300	19000	+300

**Groundnut Meal**

Groundnut Meal	31.05.2013	24.05.2013	Change
Basis 45% O&A, Saurashtra	28000	28500	-500
Basis 40% O&A, Saurashtra	26000	26500	-500
GN Cake, Gondal	29000	29000	Unch

**Mustard DOC/Meal**

Mustard DOC/Meal	31.05.2013	24.05.2013	Change
Jaipur (Plant Delivery)	13900	13900	Unch
Kandla (FOR)	15000	14900	+100
Sri Ganganagar	631	640	-9

**Oilseed Prices at Key Spot Markets:**

Commodity	Centre	Prices (Rs/Qtl)		Change
Soybean		31.05.2013	24.05.2013	
	Indore –Plant	3825-3880	3925-3975	-95
	Indore –Mandi	3700-3800	3800-3925	-125
	Nagpur-Plant	3650-3750	3800	-50
	Nagpur – Mandi	3600-3700	3600-3750	-50
	Kota-Plant	3850	3950	-100
	Kota – Mandi	3650-3800	3900-3925	-125
	Bundi-Plant	3870	3950	-80
	Bundi-Mandi	3800-3825	3900	-75
	Baran-Plant	3850	3900-3980	-130
	Baran-Mandi	3675-3750	3850-3890	-140
	Bhawani MandiJhalawar– Kota Plant Delivery	3850	3950	-100
	Jhalawar-Mandi	3750	3900	-150
Rapeseed/Mustard	Jaipur – C	3490-3495	3535-3540	-45
	Alwar – C	3350	3425	-75
	SriGanganagar(NC)	2930	3000	-70
	Delhi– C	3380	3390	-10
	Kota	3050-3125	3150	-25
	Agra - C	3650	3700	-50

	Neewai	3375	3450	-75
	Hapur (UP)	3375	3400	-25
Groundnut Seed	Rajkot	880	910	-30
Sunflower Seed	Gulbarga	-	-	-
	Latur	3400-4000	3600-4000	Unch
	Solapur	3550-3700	3550-3750	-50
Sesame Seed	Mumbai (White98/2/1 FM)	10500	10400	+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 (31/05/2013)	Week End (24/05/2013)	
	Madhya Pradesh	255000	280000	-25000
	Maharashtra	45000	100000	-55000
	Rajasthan	71000	72000	-1000
	Bundi (Raj)	900	1150	-250
	Baran (Raj)	3900	4100	-200
	Jhalawar (Raj)	3000	2100	+900
Rapeseed/Mustard	Rajasthan	785000	755000	+30000

## 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	<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

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

Soy meal prices edged-lower on weak export sales and poor domestic off-take from poultry during the period in review. The disparity in soybean crush margin has widened in recent days.

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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 discouraging the upside in soy meal.

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

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 34,500-35,250/MT compared to 28,500-29,475/MT during the same period last year.

Week	FAS, Soy meal Kandla	FOB, Soy meal Argentina	Avg.*Spread
<b>26 – 31 May</b>	632	516	<b>116</b>
<b>18 – 25 May</b>	645	524	<b>121</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 \$116/MT compared to US \$121/MT a week ago, indicating a slight narrowing 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.

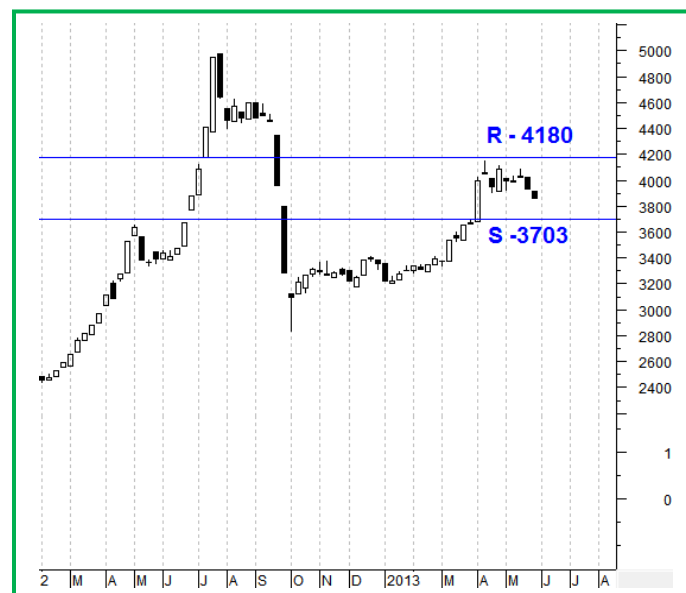
FOR, Kandla is likely feature range-bound movement between the price band of Rs.32,700-32,800/MT.

## Technical Analysis:

### NCDEX Soybean Futures-Weekly Chart



### Soybean Spot, Indore



### Supports & Resistances NCDEX Jul Soybean

S2	S1	PCP	R1	R2
3378	3502	3655.5	3870	3974

- Candlestick chart pattern reveal continued selling pressure in the market.
- The prices closed below 9-day and 18-day EMA, indicating weak tone in near-term.
- RSI and stochastic are easing in neutral zone, supporting the losses.
- Besides, MACD is falling in positive territory.
- Prices are expected to slightly ease during the week.
- **Trade Recommendation (NCDEX Soybean – Jul) – 1 Week:** SELL between 3660—3670 levels.T1 – 3550; T2 –3510 ; SL -3723.

**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 feature mild losses and witness the 3750-3800 levels (Indore, Plant basis).



## Rapeseed - Mustard Seed

Rapeseed/mustard seed prices declined due to feeble buying by the millers during the week. Cautious buying featured in the key cash markets in anticipation of further fall in the seed prices.

No fresh demand from West-Bengal noticed in last week, however the demand for the seed and oil is steady from the state mainly from Agra.

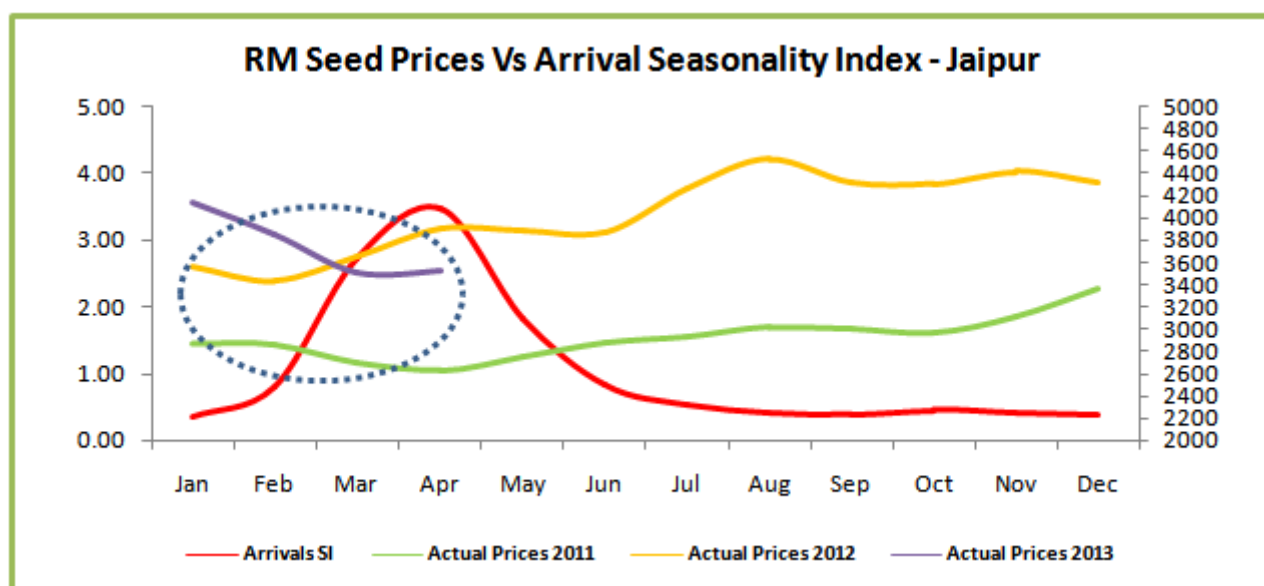
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The mustard seed prices are expected to improve on likely gains in BMD CPO in near-term.



### RM Seed Supply, Rajasthan

RM Seed Arrivals in Rajasthan in Bags (85 kg each).		
Weekly Arrivals	Week Ago	Corresponding Week Last Year
7,85,000	7,55,000	3,47,000

The domestic mustard/rapeseed prices are likely to get stronger on improved 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 Jul RM Seed**

S2	S1	PCP	R1	R2
3439	3478	3517	3579	3618

- Candlestick chart pattern reveals downtrend in the prices.
- Prices closed below 9-day and 18-day EMA, indicating weak tone in near-term.
- MACD is easing in negative territory.
- RSI and stochastic are easing in neutral region, pointing weak tone in the market.
- **Trade Recommendation (NCDEX RM SEED - Jul) – 1 Week:** SELL between 3520-3525 levels. T1 – 3550; T2 –3580; SL -3537.

**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 poor crusher's demand. The prices are likely to improve and are expected to witness 3400–3450 level in near term.

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