

Executive Summary

Domestic oilseeds and meal prices featured gains on firm global cues and improved demand during the week in review.

Soybean edged-up on primarily on buying support and expected gains in international oils and fats market, in view of *Ramadan* buying. Pre-monsoon showers in Maharashtra and Madhya Pradesh and advancement of the south-west monsoon at the better than expected pace has firmed the sentiments of the soybean growers in both the states.

With forecast of normal monsoon the soybean planting is likely to commence after 15 June with some more rains to make the soil ideal for planting, which is expected to pick the pace in late June.

Besides, slight improved overseas demand in soy meal and stronger US dollar against INR supported the beans. The crushers quoted the bean high to meet the soy meal exports commitment followed by better realization on stronger US dollar. However, currently crushing units are running much below their crushing capacity.

We feel soybean prices to improve further on farmer's buying for seeding, stronger US dollar against INR leading to better realization in soy meal and planting snarls in US.

Soy meal gained on improved overseas demand on weakness in rupee against US dollar and expected rise in the domestic off-take from poultry industry. The poultry consumption improves as the monsoon grips the country, which eventually increases the domestic soy meal off-take from poultry industry. The monsoon has already gripped 2/3 rd of the India and it is expected to fully cover in a week, which is bullish for the soy meal market.

India continued to register lower soy meal exports this year compared to previous year. Again, currently the South American meal quotes are competitive compared that of India's, which subsequently shifted the seasonal demand to South America. However, frequent port workers' strike in Brazil and Argentina in recent past has hit their exports too.

However, the prices of other key feed ingredients like Bajra, Maize, DCP, MBM, DRB featured steady to weak tone, but Mustard de-oiled cake witnessed gains supporting soy meal.

We feel domestic soy meal prices to gain further on renewed demand, in near-term.

Mustard seed gained on better buying and slight improved crushing during the period. Expectation of better monsoon this year and likely rise in the mustard oil demand as the monsoon grips whole country will boost the seed prices in near-term.

The seed supplies are consistently much higher compared to the same period last year. Crushing is at the normal pace across all the major centers in Rajasthan, UP, MP, Haryana and Punjab. Demand in mustard oil from West-Bengal and Kashmir is stable and expected rise in days ahead, consequently supporting the seed.

Further, better palm oil export sales from Malaysia and Indonesia ahead *Ramadan* and stable production will lend support to the BMD CPO, which will eventually support mustard seed in days ahead.

We feel mustard seed prices to edged-up in coming weeks on expected firm international oils and fats market.

Likely gains in BMD CPO followed by renewed palm oil buying ahead Ramadan, stable palm oil production and declining palm oil inventories in Malaysia, fresh demand in soybean for seeding in India with the onset of monsoon and slow US soybean planting will remain bullish for the oilseeds in near-term.

International Highlights

- ❖ In the latest USDA monthly supply and demand report, global oilseed production for 2013/14 is projected at 490.8 million tons, down 0.5 million from last month.
- ❖
- ❖ In the report, EU-27 rapeseed production is reduced 0.3 million tons to 19.7 million on lower area and yield, mainly for France. Other changes include reduced soybean production for Ukraine, reduced sunflowerseed production for the EU-27, and increased sunflowerseed production for Russia. Brazil's 2012/13 soybean production is reduced 1.5 million tons to 82 million reflecting the impact of dry conditions in the northeast.
- ❖ Oil World reports, that the global oilseed stocks are expected to rise by 13 Mn T in 2013/14, primarily on account of soybeans.
- ❖ Northern-hemisphere soybean output is expected to rebound to 131.5 Mn T, reversing the downtrend registered in two consecutive years. This will eventually increase the supply during the season.
- ❖ World production of linseed set to rebound by 20% to an 8-year high of 2.4 Mn T in 2013/14.
- ❖ Brazil's soybean shipments slowed to 1.58 Mn T in the first nine days of June – Oil World.
- ❖ The quotations for Argentine and Brazilian soya meal for nearby delivery declined slightly in recent days, pointing to large South American exports.
- ❖ Combined soybean exports of the five major countries increased only marginally to 11.6 Mn T in May. Besides, rising Paraguay's exports of soybeans, the country recently boosted also shipments of soya oil and meal – Oil World.
- ❖ World crushings of soybeans is likely to increase sharply in the second half of 2013, which will have a stronger bearish effect on soya meal – Oil World.
- ❖ Combined soya oil exports from the US, Argentina and Brazil (G-3) were 9% lower than a year ago at 0.78 Mn T in May – Oil World.
- ❖ Following a major setback to 655 Thd T in April, India's imports of vegetable oils rebounded to 918 Thd T in May.

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

Centers	Ex-factory rates (Rs/ton)		
	14.06.2013	07.06.2013	Parity To
Indore (MP)	34000-34200	33200-33400	Gujarat, MP
Kota	34300	33100-33400	Rajasthan, Del, Punjab, Haryana
Akola	35000	33200-33500	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Hingoli	36500	33300	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Nanded/Latur	36500	34500	Andhra, AP, Kar, TN
Dhulia/Jalna	34800	33400	Mumbai, Maharashtra
Nagpur (42/46)	35300	33800	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Sangli	36200	35000-35300	Local and South
Solapur	-	34500	Local and South
Bundi	34200	33000	-

Soy DOC at Port

Centers	Port Price	
	14.06.2013	07.06.2013
Kandla (FOR) (INR/MT)	35800	35300
Kandla (FAS) (USD/MT)	620	622

International Soy DOC

Argentina FOB \$/MT	14.06.2013	07.06.2013	Change
Soybean Pellets	503	513	-10
Soybean Cake Meal	511	513	-2
Soybean Meal	503	521	-18
Soy Expellers	511	521	-10

Sunflower Meal Rates

Centers	Ex-factory rates (Rs/ton)		
	14.06.2013	07.06.2013	Change
Adoni	20400	19800	+600
Khamgaon	2000	19300	-17300
Parli	20200	19500	+700
Latur	20000	19300	+700

Groundnut Meal

Groundnut Meal	14.06.2013	07.06.2013	Change
Basis 45% O&A, Saurashtra	28500	28500	Unch
Basis 40% O&A, Saurashtra	25500	26500	-1000
GN Cake, Gondal	29500	29000	+500

Mustard DOC/Meal

Mustard DOC/Meal	14.06.2013	07.06.2013	Change
Jaipur (Plant Delivery)	14500	14400	+100
Kandla (FOR)	15700	15400	+300
Sri Ganganagar	650	633	+17

Oilseed Prices at Key Spot Markets:

Commodity	Centre	Prices (Rs/Qtl)		Change
Soybean		14.06.2013	07.06.2013	
	Indore –Plant	3850-3920	3775-3850	+70
	Indore –Mandi	3700-3825	3650-3750	+75
	Nagpur-Plant	3800-3850	3650-3700	+150
	Nagpur – Mandi	3700-3800	3500-3650	+150
	Kota-Plant	3900	3850	+50
	Kota – Mandi	3800-3850	3600-3800	+50
	Bundi-Plant	3900	3850	+50
	Bundi-Mandi	3900	3650-3700	+200
	Baran-Plant	3950	3825-3850	+100
	Baran-Mandi	3800-3850	3675-3720	+130
	Bhawani MandiJhalawar– Kota Plant Delivery	3900	3825	+75
	Jhalawar-Mandi	3850	3750	+100
Rapeseed/Mustard	Jaipur – C	3500-3505	3510-3515	-10
	Alwar – C	3400	3400	Unch
	SriGanganagar(NC)	3100	3000	+100
	Delhi– C	3460	3410	+50
	Kota	3080-3150	3050-3150	Unch
	Agra - C	3700	3675	+25

	Neewai	3450	3450	Unch
	Hapur (UP)	3475	3400	+75
Groundnut Seed	Rajkot	880	860	+20
Sunflower Seed	Gulbarga	-	-	-
	Latur	3500-3800	3000-3500	+300
	Solapur	3700-3800	3550-3700	+100
Sesame Seed	Mumbai (White98/2/1 FM)	10300	10600	-300

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 (14/06/2013)	Week End (07/06/2013)	
	Madhya Pradesh	412000	340000	+72000
	Maharashtra	83000	90000	-7000
	Rajasthan	75000	79000	-4000
	Bundi (Raj)	950	1550	-600
	Baran (Raj)	4100	4400	-300
	Jhalawar (Raj)	3300	3000	+300
Rapeseed/Mustard	Rajasthan	490000	670000	-180000

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
Lineed	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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With forecast of normal monsoon the soybean planting is likely to commence after 15 June with some more rains to make the soil ideal for planting, which is expected to pick the pace in late June.

Besides, slight improved overseas demand in soy meal and stronger US dollar against INR supported the beans. The crushers quoted the bean high to meet the soy meal exports commitment followed by better realization on stronger US dollar. However, currently crushing units are running much below their crushing capacity.

At international front, a well-known oilseed analyst estimated that they expect the global soybean crop to increase by 18% in the year to 284 million tonnes with higher production out of the US, Brazil, and Argentina. The production rebounds were contingent on weather patterns for the growing season. Port union workers in Argentina announced that they may go on strike this week due to discrepancies with the government.

We feel soybean prices to improve further on farmer's buying for seeding, stronger US dollar against INR leading to better realization in soy meal and planting snarls in US.

Soy meal - FAS Kandla Vs FOB Argentina (Spread)

Soy meal gained on improved overseas demand on weakness in rupee against US dollar and expected rise in the domestic off-take from poultry industry. The poultry consumption improves as the monsoon grips the country, which eventually increases the domestic soy meal off-take from poultry industry. The monsoon has already gripped 2/3 rd of the India and it is expected to fully cover in a week, which is bullish for the soy meal market.

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However, the prices of other key feed ingredients like Bajra, Maize, DCP, MBM, DRB featured steady to weak tone, but Mustard de-oiled cake witnessed gains supporting soy meal.

We feel domestic soy meal prices to gain further on renewed demand, in near-term.

According to the figures of the SOPA, India's soy meal 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).

The y-o-y fall in the India's soy meal export sales 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 35,300-35,800/MT compared to 29,300-29,700/MT during the same period last year.

Week	FAS, Soy meal Kandla	FOB, Soy meal Argentina	Avg.*Spread
08 – 14 Jun	616	517	99
01 – 07 Jun	624	516	106

*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 \$99/MT compared to US \$106/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.

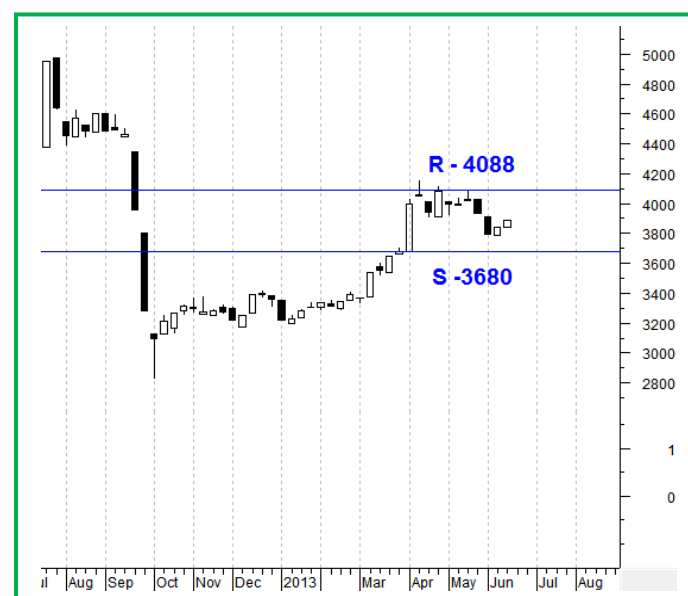
FOR, Kandla is likely feature range-bound movement between the price band of Rs 35,800-36,000/MT.

Technical Analysis:

NCDEX Soybean Futures-Weekly Chart



Soybean Spot, Indore



Supports & Resistances NCDEX Jul Soybean

S2	S1	PCP	R1	R2
3670	3713	3869.5	3958	4036

- Soybean extended gains during the week.
- 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 – Jul) – 1 Week:** BUY between 3860—3870 levels.T1 – 3920; T2 –3970 ; SL -3837.

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 feature mild gain and witness the 3860-3850 levels (Indore, Plant basis).

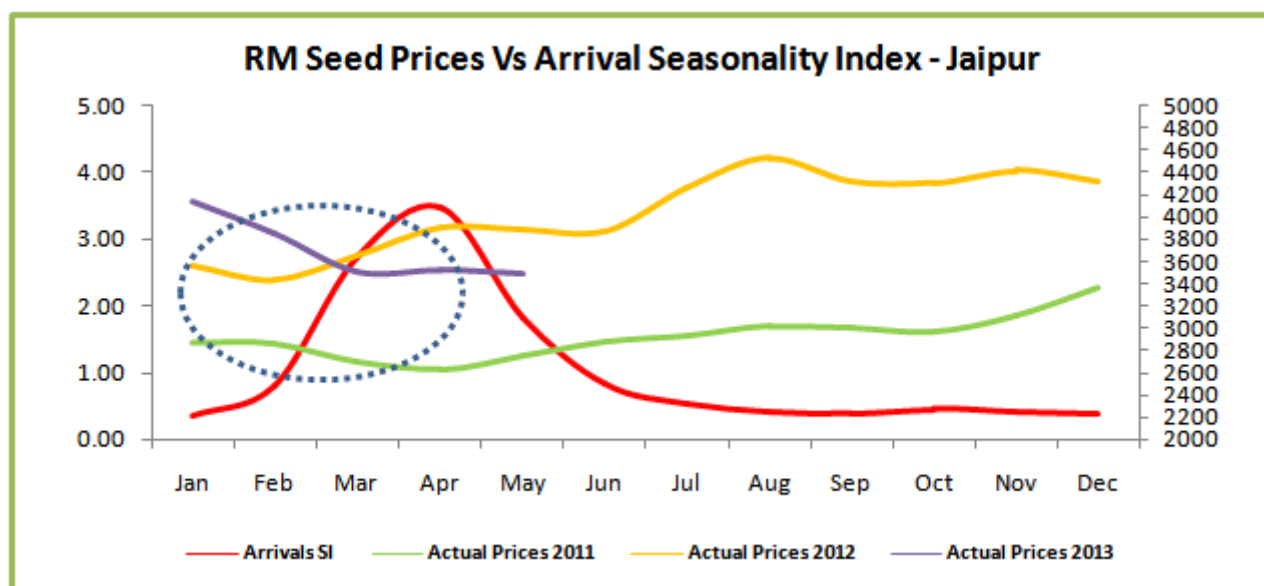
Rapeseed - Mustard Seed

Mustard seed gained on better buying and slight improved crushing during the period. Expectation of better monsoon this year and likely rise in the mustard oil demand as the monsoon grips whole country will boost the seed prices in near-term.

The seed supplies are consistently much higher compared to the same period last year. Crushing is at the normal pace across all the major centers in Rajasthan, UP, MP, Haryana and Punjab. Demand in mustard oil from West-Bengal and Kashmir is stable and expected rise in days ahead, consequently supporting the seed.

Further, expectations of better palm oil export from Malaysia and Indonesia ahead *Ramadan* and stable production will lend support to the BMD CPO, which will eventually support mustard seed in days ahead.

We feel mustard seed prices to edged-up in coming weeks on expected firm international oils and fats market.



RM Seed Supply, Rajasthan

RM Seed Arrivals in Rajasthan in Bags (85 kg each).		
Weekly Arrivals	Week Ago	Corresponding Week Last Year
4,90,000	6,70,000	3,48,000

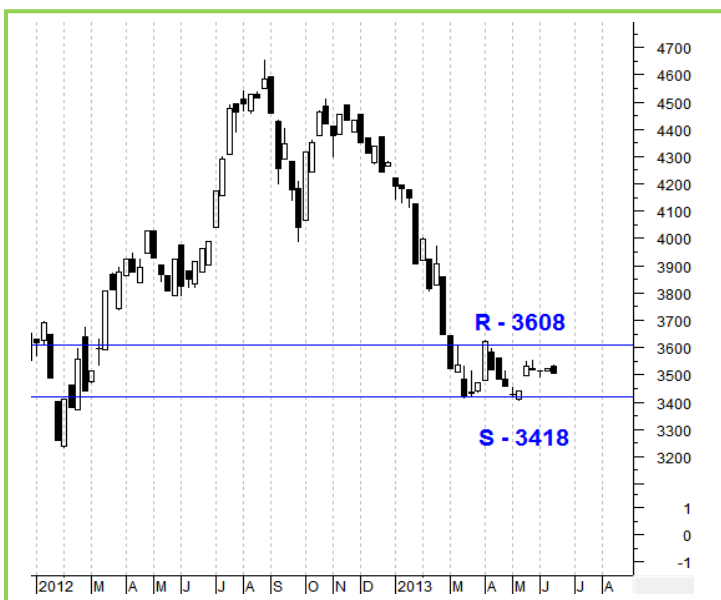
The domestic mustard/rapeseed prices are likely to get stronger on improved buying support across the cash markets in the key producing regions in near-term.

Technical Analysis:

NCDEX RM Seed Futures



RM Seed Spot, Jaipur



Supports & Resistances NCDEX Jul RM Seed

S2	S1	PCP	R1	R2
3416	3458	3534	3618	3656

- Candlestick chart pattern reveals indecision in the market.
- Prices closed below 9-day and 18-day EMA, indicating weak tone in near-term.
- MACD is rising 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 3535-3545 levels. T1 – 3590; T2 –3560; SL -3565.

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, likely support from BMD CPO on rising palm oil demand. The prices are likely to improve and are expected to witness 3500–3550 level in near term.

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