

Executive Summary

Domestic oilseeds and oilmeals featured steady to firm tone on buying support and stronger US dollar against INR during the week in review.

Soybean gained on improved farmers buying for seed, besides normal crushing demand. Further, weakness in Indian rupee against US dollar and firm international oils and fats markets on supportive buying ahead *Ramadan* helped boost the sentiments in bean.

Improved overseas and domestic soy meal demand from poultry with better and early monsoon coverage lend addition support to the bean.

The soybean planting has commenced in key growing states with clear weather after rains, but it at the initial stage, the sowing is expected to pick in a week or two.

Internationally, US soybean oil stocks fell sharply to 2.469 billion pounds in May as compared with 2.638 billion in April and against trader estimates of 2.547 billion. Stocks are still above year ago levels of 2.312 billion.

A well-followed oilseed analyst estimated that the US will import around 250,000 tonnes of soybeans in June and July of this year. This would be a new record if achieved.

Logistical issues in South America continue to keep a supportive undertone to the market but more exports into the US are expected from Paraguay as well as Brazil. Market participants hint that meal may be imported by US from Argentina later this summer.

Domestic soybean prices are likely to edged-up on farmers demand for seed, improved soy meal demand with rise in poultry production and likely gains in international oil and fats market on better edible oil demand ahead *Ramadan*.

Soy meal prices edged-up on improved domestic and overseas demand. Better and early monsoon coverage will boost the poultry demand and consequently the soy meal for feed from the industry.

Stronger US dollar against Indian rupee is leading to better realization soy meal exports. Consistent better soy meal demand from major buyers like Japan and Iran is further lending support to the meal.

Price competitiveness of the South American soy meal continues to be a negative factor for the meal of Indian origin, which subsequently shifted the seasonal demand to South America. However, logistical issues in South America continue to keep a supportive undertone to the market but more exports into the US are expected from Paraguay as well as Brazil.

Further, the prices of other key feed ingredients like Bajra, Maize, DCP, MBM, DRB recovered on supportive buying lending support to soy meal, only Mustard de-oiled cake slightly declined.

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

Mustard seed witnessed steady to firm tone on better buying supportive international oils and fats market during the week in review. Besides, stronger US dollar against INR has made the edible oil imports expensive for India. The INR has hit all-time low at 59.97 against US dollar.

Active palm oil buying ahead *Ramadan* and better exports from Malaysia and Indonesia remained supportive for benchmark BMD CPO. Food consumption typically rises during the Muslim fasting month of Ramadan due to month-long communal feasting after dawn-to-dusk abstinence from food and drink.

Besides, lower palm oil stocks at a time when export demand is rising due to increased orders from Pakistan and the Middle East did provide underlying support to the international palm oil market. Indian mustard seed market closely tracks BMD CPO.

Improved export demand in palm oil from major producers in recent days continued to lend support to domestic mustard seed market. The current seed arrivals in Rajasthan are almost double compared to the same period last year.

We feel the seed prices to edged-up in coming weeks on supportive buying and likely higher international vegetable oil market.

Likely gains in BMD CPO followed by renewed palm oil buying during the Muslim fasting month, *Ramadan*, stable palm oil production and declining palm oil inventories in Malaysia and slow US soybean planting will remain bullish for the oilseeds in near-term.

International Highlights

- ❖ World shipments of soybeans are estimated to increase by 2.8 Mn T from last year to 39.7 Mn T in March/June 2013. Record exports from South America are reported, but severely reduced shipments from the USA – Oil World.
- ❖ As per the latest USDA crop progress report, the US soybean crop has been planted in 85 per cent of the soybean growing areas as of 16 Jun 2013, advancing from 71 per cent last week, but lower than 98 per cent completion witnessed in the same period last year. The planting pace is slower as compared to the 5 year average of 91 per cent. The emergence is reported at 66 per cent, well behind 5 year average of 80 per cent and 94 per cent last year. About 32 per cent of the planted crop is rated as fair and 56 per cent as good to excellent condition.
- ❖ Malaysian palm oil products Exports from June 1-20 rose 16 percent to 928,810 tons for shipped during May 1-20 - cargo surveyor Intertek Testing Services.
- ❖ A well-known oilseed analyst estimated today that the US will import around 250,000 tonnes of soybeans in June and July of this year. This would be a new record if achieved. Logistical issues in South America continue to keep a supportive undertone to the market but more exports into the US are expected from Paraguay as well as Brazil. Some even suspect that meal may be imported from Argentina later this summer.

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

Centers	Ex-factory rates (Rs/ton)		
	21.06.2013	14.06.2013	Parity To
Indore (MP)	35200	34000-34200	Gujarat, MP
Kota	35200	34300	Rajasthan, Del, Punjab, Haryana
Akola	36000	35000	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Hingoli	37500	36500	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Nanded/Latur	37200	36500	Andhra, AP, Kar, TN
Dhulia/Jalna	36500	34800	Mumbai, Maharashtra
Nagpur (42/46)	36700	35300	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Sangli	37000	36200	Local and South
Solapur	-	-	Local and South
Bundi	35000	34200	-

Soy DOC at Port

Centers	Port Price	
	21.06.2013	14.06.2013
Kandla (FOR) (INR/MT)	3700	35800
Kandla (FAS) (USD/MT)	623	620

International Soy DOC

Argentina FOB \$/MT	21.06.2013	14.06.2013	Change
Soybean Pellets	503	503	Unch
Soybean Cake Meal	503	511	-8
Soybean Meal	511	503	+8
Soy Expellers	511	511	Unch

Sunflower Meal Rates

Centers	Ex-factory rates (Rs/ton)		
	21.06.2013	14.06.2013	Change
Adoni	22700	20400	+2300
Khamgaon	22200	2000	+20200
Parli	22400	20200	+2200
Latur	22000	20000	+2000

Groundnut Meal

Groundnut Meal	21.06.2013	14.06.2013	Change
Basis 45% O&A, Saurashtra	29500	28500	+1000
Basis 40% O&A, Saurashtra	26500	25500	+1000
GN Cake, Gondal	30000	29500	+500

Mustard DOC/Meal

Mustard DOC/Meal	21.06.2013	14.06.2013	Change
Jaipur (Plant Delivery)	14300	14500	-200
Kandla (FOR)	15600	15700	-100
Sri Ganganagar	656	650	+6

Oilseed Prices at Key Spot Markets:

Commodity	Centre	Prices (Rs/Qtl)		Change
Soybean		21.06.2013	14.06.2013	
	Indore –Plant	3900-4000	3850-3920	+80
	Indore –Mandi	3800-3925	3700-3825	+100
	Nagpur-Plant	3925-3975	3800-3850	+125
	Nagpur – Mandi	3700-3930	3700-3800	+130
	Kota-Plant	3950	3900	+50
	Kota – Mandi	3800-3900	3800-3850	+50
	Bundi-Plant	3940	3900	+40
	Bundi-Mandi	3870	3900	-30
	Baran-Plant	3925-3950	3950	Unch
	Baran-Mandi	3800-3850	3800-3850	Unch
	Bhawani MandiJhalawar– Kota Plant Delivery	3925-3950	3900	+50
	Jhalawar-Mandi	3850-3875	3850	+25
Rapeseed/Mustard	Jaipur – C	3520-3525	3500-3505	+20
	Alwar – C	3450	3400	+50
	SriGanganagar(NC)	3090	3100	-10
	Delhi– C	3480	3460	+20
	Kota	2950-3100	3080-3150	-50
	Agra - C	3700	3700	Unch
	Neewai	3430	3450	-20

	Hapur (UP)	3465	3475	-10
Groundnut Seed	Rajkot	850	880	-30
Sunflower Seed	Gulbarga	-	-	-
	Latur	3200-3550	3500-3800	-250
	Solapur	3900-4050	3700-3800	+250
Sesame Seed	Mumbai (White98/2/1 FM)	10300	10300	Unch

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 (21/06/2013)	Week End (14/06/2013)	
	Madhya Pradesh	405000	412000	-7000
	Maharashtra	110000	83000	+27000
	Rajasthan	102000	75000	+27000
	Bundi (Raj)	2800	950	+1850
	Baran (Raj)	13000	4100	+8900
	Jhalawar (Raj)	6200	3300	+2900
Rapeseed/Mustard	Rajasthan	560000	490000	+70000

Kharif Sown Area - Oilseeds, India

In the last official planting report, the *kharif* oilseeds planting was reported ahead previous year's pace, as on 20 Jun 2013. Overall, the oilseeds planting were reported up by 156.3 per cent.

Of the major *kharif* oilseeds crop soybean planting stood up by around 725 per cent at 1.32 lha compared to 0.16 lakh hectares during the same period last year. Groundnut planting was reported up by 152 per cent at 5.57 lakh hectares compared to 2.21 lha, sunflower planting was up by 86.4 per cent at 0.41 lha compared to 0.22 lha during the same period last year.

Area in lakh hectares

<i>Crop</i>	<i>As on 20 Jun 2013</i>	<i>As on 20 Jun 2012</i>	<i>% Change</i>
Groundnut	5.57	2.21	152.0
Soybean	1.32	0.16	725.0
Sunflower	0.41	0.22	86.4
Sesamum	0.65	0.55	18.2
Niger	0.01	0	-
Castor	0.19	0.04	375.0
Total Oilseeds	8.2	3.2	156.3

Source: GOI

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

Soybean

Soybean gained on improved farmers buying for seed, besides normal crushing demand. Further, weakness in Indian rupee against US dollar and firm international oils and fats markets on supportive buying ahead *Ramadan* helped boost the sentiments in bean.

Improved overseas and domestic soy meal demand from poultry with better and early monsoon coverage lend addition support to the bean.

The soybean planting has commenced in key growing states with clear weather after rains, but it at the initial stage, the sowing is expected to pick in a week or two.

Internationally, US soybean oil stocks fell sharply to 2.469 billion pounds in May as compared with 2.638 billion in April and against trader estimates of 2.547 billion. Stocks are still above year ago levels of 2.312 billion.

A well-followed oilseed analyst estimated that the US will import around 250,000 tonnes of soybeans in June and July of this year. This would be a new record if achieved.

Logistical issues in South America continue to keep a supportive undertone to the market but more exports into the US are expected from Paraguay as well as Brazil. Market participants hint that meal may be imported by US from Argentina later this summer.

Domestic soybean prices are likely to edged-up on farmers demand for seed, improved soy meal demand with rise in poultry production and likely gains in international oil and fats market on better edible oil demand ahead *Ramadan*.

Soy meal - FAS Kandla Vs FOB Argentina (Spread)

Soy meal prices edged-up on improved domestic and overseas demand. Better and early monsoon coverage will boost the poultry demand and consequently the soy meal for feed from the industry.

Stronger US dollar against Indian rupee is leading to better realization soy meal exports. Consistent better soy meal demand from major buyers like Japan and Iran is further lending support to the meal.

Price competitiveness of the South American soy meal continues to be a negative factor for the meal of Indian origin, which subsequently shifted the seasonal demand to South America. However, logistical issues in South America continue to keep a supportive undertone to the market but more exports into the US are expected from Paraguay as well as Brazil.

Further, the prices of other key feed ingredients like Bajra, Maize, DCP, MBM, DRB recovered on supportive buying lending support to soy meal, only Mustard de-oiled cake slightly declined.

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 36,000-37,150/MT compared to 29,750-31,250/MT during the same period last year.

Week	FAS, Soy meal Kandla	FOB, Soy meal Argentina	Avg.*Spread
15 – 21 Jun	628	509	119
08 – 14 Jun	616	517	99

*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 \$119/MT compared to US \$99/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.

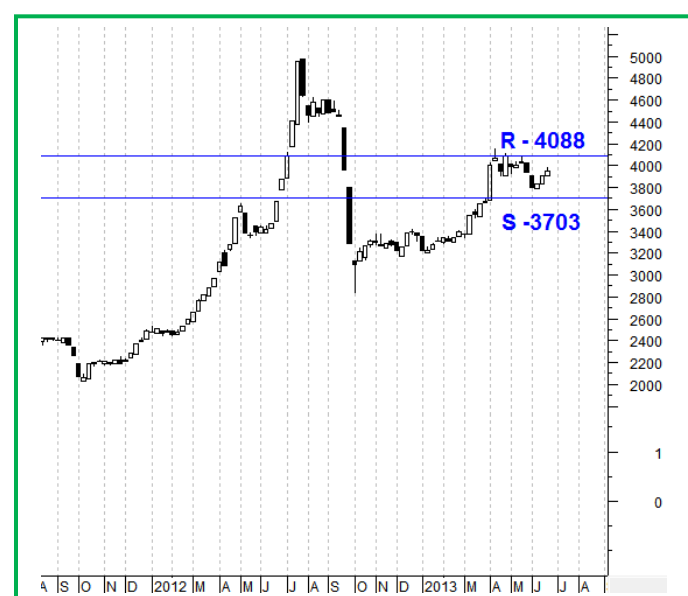
FOR, Kandla is likely feature range-bound movement between the price band of Rs 37,000-37,500/MT.

Technical Analysis:

NCDEX Soybean Futures-Weekly Chart



Soybean Spot, Indore



Supports & Resistances NCDEX Jul Soybean

S2	S1	PCP	R1	R2
3490	3665	3826	4110	4276

- Soybean witnessed mild losses during week.
- The prices closed below 9-day EMA, indicating weak tone in near-term.
- RSI and stochastic are easing in neutral zone, supporting the losses.
- Besides, MACD is easing in positive territory.
- Prices are expected to ease during the week.
- **Trade Recommendation (NCDEX Soybean – Jul) – 1 Week:** SELL between 3830—3840 levels.T1 – 3750; T2 –3700 ; SL -3878.

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 3950-4050 levels (Indore, Plant basis).

Rapeseed - Mustard Seed

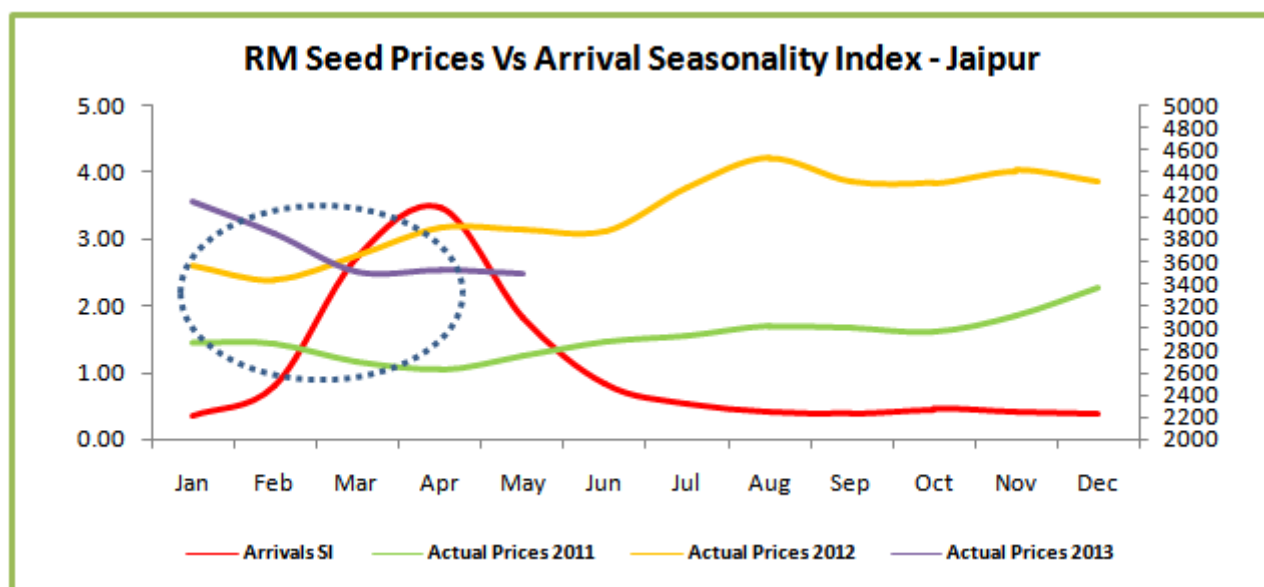
Mustard seed witnessed steady to firm tone on better buying supportive international oils and fats market during the week in review. Besides, stronger US dollar against INR has made the edible oil imports expensive for India. The INR has hit all-time low at 59.97 against US dollar.

Active palm oil buying ahead *Ramadan* and better exports from Malaysia and Indonesia remained supportive for benchmark BMD CPO. Food consumption typically rises during the Muslim fasting month of Ramadan due to month-long communal feasting after dawn-to-dusk abstinence from food and drink.

Besides, lower palm oil stocks at a time when export demand is rising due to increased orders from Pakistan and the Middle East did provide underlying support to the international palm oil market. Indian mustard seed market closely tracks BMD CPO.

Improved export demand in palm oil from major producers in recent days continued to lend support to domestic mustard seed market. The current seed arrivals in Rajasthan are almost double compared to the same period last year.

We feel the seed prices to edged-up in coming weeks on supportive buying and likely higher international vegetable oil market.



RM Seed Supply, Rajasthan

RM Seed Arrivals in Rajasthan in Bags (85 kg each).		
Weekly Arrivals	Week Ago	Corresponding Week Last Year
5,60,000	4,90,000	2,99,000

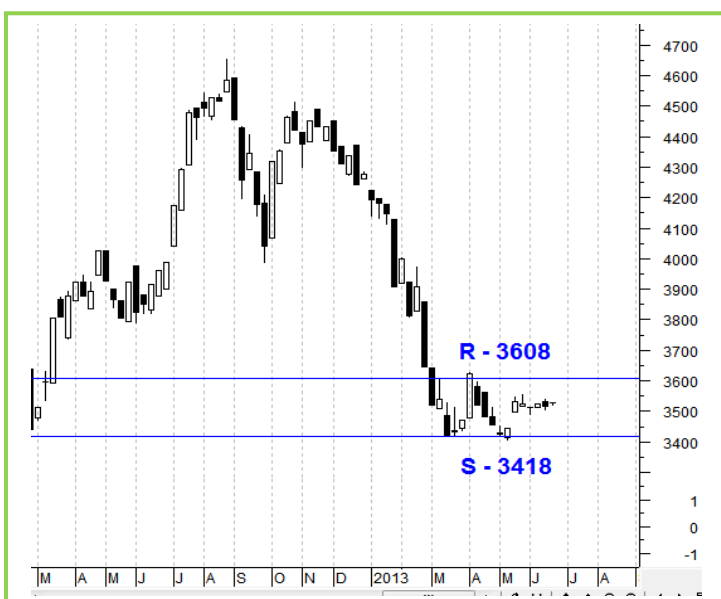
The domestic mustard/rapeseed prices are likely to get stronger on improved buying support across the cash markets in the key producing regions in near-term.

Technical Analysis:

NCDEX RM Seed Futures



RM Seed Spot, Jaipur



Supports & Resistances NCDEX Jul RM Seed

S2	S1	PCP	R1	R2
3210	3355	3533	3614	3776

- Candlestick chart pattern reveals mild gains in the seed.
- Prices closed above 9-day EMA, indicating firm tone in near-term.
- MACD is rising in negative territory.
- RSI and stochastic are heading upwards in neutral region, pointing firm tone in the market.
- **Trade Recommendation (NCDEX RM SEED - Jul) – 1 Week:** BUY between 3520-3535 levels. T1 – 3600; T2 –3630; SL -3492.

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 3520–3550 level in near term.

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>
© 2013 Indian Agribusiness Systems Pvt Ltd.