

Executive Summary

Domestic oilseeds and oil meals witnessed losses during the week on lackluster domestic buying activities in oil complex and in expectation of higher oilseed production.

Soybean prices were down during the week tracking bearish cues from international palm oil market and higher pace of soybean planting in the key producing regions of MP, Maharashtra and Rajasthan which has led to expectations of a higher soybean crop output in the current season

As per Ministry of Agriculture, the kharif oilseeds planting was reported way ahead previous year's pace, as on 18 July, 2013. Overall, the oilseed planting was reported up by 37.69 per cent at 149.82 lakh ha against 108.81 lakh ha during the same period last year.

Cautious buying featured in the cash market due to sufficient soybean stocks in the mandis of Madhya Pradesh and higher oilseed sowing adding to the pressure to the market sentiments.

On the international front, soybeans on CBOT ruled lower owing to favorable weather forecast over US Midwest. However, tight old US soybean stocks and good demand for soy from China limit excessive losses.

The latest WASDE report released by USDA was considered bearish for the market. The global soybean production for 2013-14 is projected at 285.9 million tons, up 0.6 million tons. US soybean production is projected at 3.42 billion bushels, up 30 million tons due to increased harvested area.

Soy meal witnessed losses in line with the oilseed prices during the week in review. Strengthening of the Indian rupee over the last few days and persistent weakness in the oilseeds support the bears. As per latest release by SOPA, the soy meal export during the month of June was 2.134 lakh tons as compared to 1.809 lakh tons in the same period of previous year.

During current Oil year, (October - September), total exports during October 2012 to June, 2013 are 30.082 lakh tons as against 34.417 lakh tons last year, showing a decrease by 12.59%. 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.

Mustard seed in key mandis across Rajasthan and Gujarat are likely to feature steady to weak tone due to better Kharif oilseeds crop prospects and dull demand for oils in the cash market. However, ongoing muslim festivities may limit excessive losses.

International Highlights

- ❖ As per Argentina's Agriculture Ministry report, Argentina soybean harvesting seen at 49 million tons, down from 1.2 million tons from previous estimate.
- ❖ China's soybean imports are likely to reach 7 million tons in July, higher than the previous month due to poor harvest and rising demand. Moreover, Chinese soybean stocks will fall to 8.0 million tons at the end of July, which is 3.8 million tons less compared to the same period of last year – Oil World.
- ❖ Brazil's government agency, CONAB has raised its estimate of the soy crop to 81.50 million tons from 81.30 million tons previously.

- ❖ Malaysian Palm Oil Board (MPOB) has reported that Malaysia's June palm oil stocks fell by 9.4 per cent to 1.65 million tons from last month. In addition; crude palm oil production in June 2013 estimated at 1.42 million tons was up 2.3 per cent from May 2013.
- ❖ Oil World forecasts global sunflower seed production in 2013/14 at 38.7 Mln. tons, slightly lower from previous forecast of 38.8Mln tons. While higher compared to previous year which was 36.0 Mln tons. Ukraine sunflower seed production is estimate at 9.4 Mln tons, Russia at 8.6 Mln tons, EU-27 at 8.1 Mln tons, and Argentina at 3.3 Mln tons.
- ❖ Lanworth has improved its outlook for the 2013-14 US soybean output to 3.36 billion bushels from 3.34 billion on favorable weather projections. Also, Informa Economics has increased its production estimate for 2013-14 US soybeans to 3.376 billion bushels from 3.366 billion previously but has kept its yield forecast unchanged at 43.9 bushels per acre.

Oil Meal Prices at Key Spot Markets:

Soy DOC Rates at Different Centers

| Centers | Ex-factory rates (Rs/ton) | | |
|----------------|---------------------------|-------------|---|
| | 19.07.2013 | 12.07.2013 | Parity To |
| Indore (MP) | 32500-32600 | 34000-34300 | Gujarat, MP |
| Kota | 31800-32000 | 33400-33500 | Rajasthan, Del, Punjab, Haryana |
| Akola | 32500-32800 | 34200-34500 | Andhra, Chattisgarh, Orissa, Jharkhand, WB |
| Hingoli | - | 35000 | Andhra, Chattisgarh, Orissa, Jharkhand, WB |
| Nanded/Latur | - | - | Andhra, AP, Kar, TN |
| Dhulia/Jalna | 34000 | 35200 | Mumbai, Maharashtra |
| Nagpur (42/46) | 32400-32700 | 34200-34500 | Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN |
| Sangli | - | - | Local and South |
| Solapur | 33500 | 35500 | Local and South |
| Bundi | 32000 | 33400-34500 | - |

Soy DOC at Port

| Centers | Port Price | |
|-----------------------|------------|------------|
| | 19.07.2013 | 12.07.2013 |
| Kandla (FOR) (INR/MT) | 34400 | 36275 |
| Kandla (FAS) (USD/MT) | 575 | 606 |

International Soy DOC

| Argentina FOB \$/MT | 19.07.2013 | 12.07.2013 | Change |
|---------------------|------------|------------|--------|
| Soybean Pellets | 510 | 520 | -10 |
| Soybean Cake Meal | 510 | 520 | -10 |
| Soybean Meal | 518 | 528 | -10 |
| Soy Expellers | 518 | 528 | -10 |

Sunflower Meal Rates

| Centers | Ex-factory rates (Rs/ton) | | |
|----------|---------------------------|------------|--------|
| | 19.07.2013 | 12.07.2013 | Change |
| Adoni | 20200 | 21000 | -800 |
| Khamgaon | 19700 | 20200 | -500 |
| Parli | 20000 | 20500 | -500 |
| Latur | 19800 | 20300 | -500 |

Groundnut Meal

| Groundnut Meal | 19.07.2013 | 12.07.2013 | Change |
|---------------------------|------------|------------|--------|
| Basis 45% O&A, Saurashtra | 26700 | 27200 | -500 |
| Basis 40% O&A, Saurashtra | 23700 | 24200 | -500 |
| GN Cake, Gondal | 27000 | 28000 | -1000 |

Mustard DOC/Meal

| Mustard DOC/Meal | 19.07.2013 | 12.07.2013 | Change |
|-------------------------|------------|------------|--------|
| Jaipur (Plant Delivery) | 13900 | 14000 | -100 |
| Kandla (FOR) | 14800 | 15000 | -200 |
| Sri Ganganagar | 644 | 649 | -5 |

Kharif Sown Area - Oilseeds, India

In the latest official planting report, the kharif oilseeds planting was reported way ahead previous year's pace, as on 18 July, 2013. Overall, the oilseed planting was reported up by 37.69 per cent at 149.82 lakh ha against 108.81 lakh ha during the same period last year.

Of the major kharif oilseeds crops, soybean planting stood up by around 27.60 per cent at 109.99 lakh ha compared to 86.20 lakh hectares during the same period last year on higher acreage in Madhya Pradesh, Maharashtra and Rajasthan. Groundnut planting was reported up by 83.71 per cent at 30.33 lakh ha compared to 16.51 lakh ha on higher area coverage in the state Gujarat due to good rainfall in the state. Sunflower planting was up by 0.64 lakh ha at 1.26 lha compared to 0.62 lha during the same period last year.

(Area in lakh hectares)

| Crop | As on 18 Jul 2013 | As on 18 Jul 2012 | % Change |
|-----------------------|--------------------------|--------------------------|-----------------|
| Groundnut | 30.33 | 16.51 | 83.71 |
| Soybean | 109.99 | 86.2 | 27.60 |
| Sunflower | 1.26 | 0.62 | 103.23 |
| Sesamum | 6.33 | 4.27 | 48.24 |
| Niger | 0.42 | 0.31 | 35.48 |
| Castor | 1.48 | 0.9 | 64.44 |
| Total Oilseeds | 149.82 | 108.81 | 37.69 |

Source: GOI

Further, niger seed and sesamum seed sowing was also ahead of the previous year's planting pace.

Soybean

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Cautious buying featured in the cash market due to sufficient soybean stocks in the mandis of Madhya Pradesh and higher oilseed sowing adding to the pressure to the market sentiments.

On the international front, soybeans on CBOT ruled lower owing to favorable weather forecast over US Midwest. However, tight old US soybean stocks and good demand for soy from China limit excessive losses.

As per latest release by SOPA, the soy meal export during the month of June was 2.134 lakh tons as compared to 1.809 lakh tons in the same period of previous year - an increase of approximately 18%. Besides, demand for oil due to Ramadan has also led to increased demand of oilseeds from crushers during the week.

The latest WASDE report released by USDA was considered bearish for the market. The global soybean production for 2013-14 is projected at 285.9 million tons, up 0.6 million with gains for the United States, China, and Canada only partly offset by reductions for Argentina and Russia. US soybean production is projected at 3.42 billion bushels, up 30 million tons due to increased harvested area.

The domestic soybean market is expected to depict a range bound to weak trend in the near term.

Soy meal - FAS Kandla Vs FOB Argentina (Spread)

Soy meal witnessed losses in line with the oilseed prices during the week in review. Strengthening of the Indian rupee over the last few days and persistent weakness in the oilseeds support the bears. As per latest release by SOPA, the soy meal export during the month of June was 2.134 lakh tons as compared to 1.809 lakh tons in the same period of previous year.

During current Oil year, (October - September), total exports during October 2012 to June, 2013 are 30.082 lakh tons as against 34.417 lakh tons last year, showing a decrease by 12.59%. 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.

There has been a sudden surge in soy meal demand, primarily from Iran and the European countries. In June, Iran imported 112,500 tons of soybean meal while Europe bought 82,148 tons. Overall demand from Southeast Asian countries including South Korea, Thailand, Indonesia, Taiwan and Myanmar remained subdued at 138,232 tons.

Soy meal prices are expected to feature a range-bound to weak movement in the near term.

According to the latest release by SOPA, the export during June 2013 was 2.134 Lac tones as compared to 1.809 lac tones in the same period of previous year showing an increase of approx. 18%. On a financial year

basis, the export during April 2013 to June 2013 has been 4.113 Lac tons as compared to 6.558 Lac tons in the same period of previous year showing a decrease of about 37%.

During current Oil year, (October - September), total exports during October 2012 to June, 2013 are 30.082 Lac tons as against 34.417 Lac tons last year, showing a decrease by 12.59%.

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 decline. Soy meal (Jul-Aug) exports price, FOR Kandla exports was quoted between Rs 35,300-35,950/MT compared to 36,750-38,000/MT during the same period last year.

| Week | FAS, Soy meal Kandla | FOB, Soy meal Argentina | Avg. Spread* |
|-----------------|----------------------|-------------------------|--------------|
| 13 Jul - 19 Jul | 577.5 | 517.6 | 59.9 |
| 6 Jul - 12 Jul | 574 | 515 | 59 |

*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 \$59.9/MT compared to US \$59/MT a week ago, indicating a slight improvement in prices between Indian and Argentine meal prices.

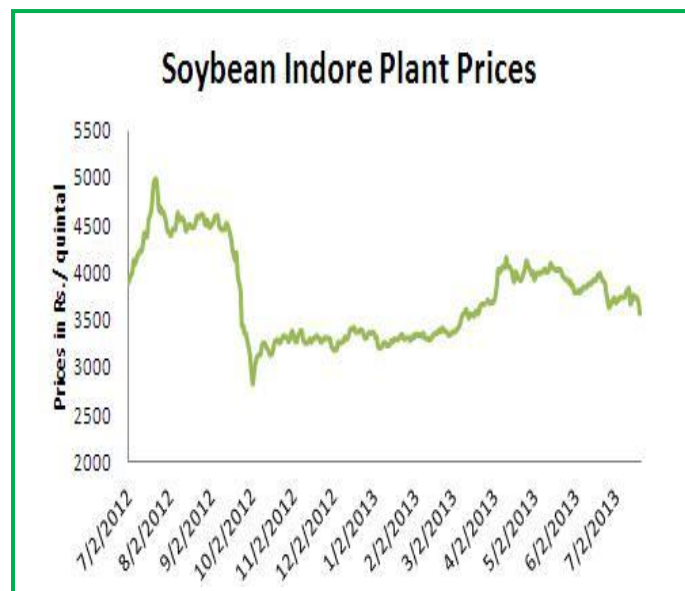
Recommendation: The domestic soy meal is under pressure due to competitive South American soy meal prices with shipments picking up from the region. However, recent improvements in soy meal exports will lend support to some extent. The Indian meal exporters are advised to aggressively market their meal 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 overall sentiments. FOR, Kandla is likely to feature range-bound movement to weak tone in the price band of Rs 33,500-34,500/MT.

Technical Analysis:

NCDEX Soybean Futures-Weekly Chart



Soybean Spot, Indore



Support & Resistance NCDEX Oct Soybean

| S2 | S1 | PCP | R1 | R2 |
|------|------|------|------|------|
| 2978 | 3049 | 3123 | 3116 | 3167 |

- Soybean featured decline during the week.
- The prices closed below 9-day and 18-day EMA, indicating weak tone in near-term.
- RSI is moving down in oversold zone might take correction in short run.
- Prices are expected to witness weak movement during the week.
- **Trade Recommendation (NCDEX Soybean – Oct) – 1 Week:** SELL between 3080-3100 levels.T1 – 3050; SL -3115.

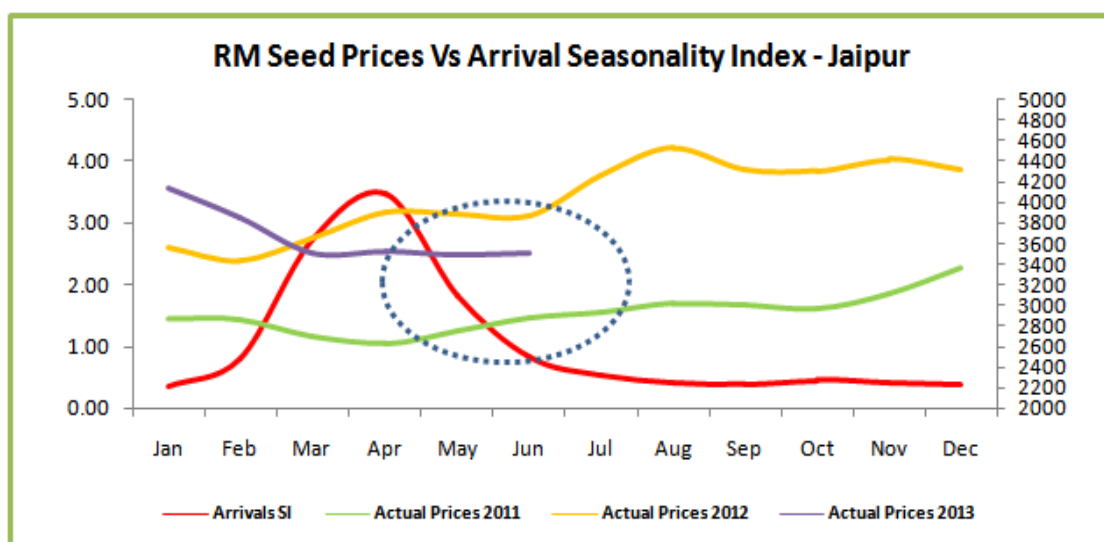
Trade Recommendation Soybean Spot: We feel the soybean prices to feature range-bound movement with weak -bias in near-term - WEEK. The prices are likely to witness the 3500-3600 levels (Indore, Plant basis).

Rapeseed - Mustard Seed

Mustard seed in key mandis across Rajasthan and Gujarat are likely to feature steady to weak tone due to better Kharif oilseeds crop prospects and dull demand for oils in the cash market. However, ongoing muslim festivities may limit excessive losses.

Internationally, Oil World expects Germany to overtake France as the EU's largest rapeseed producer in 2013 with a crop of 5.75 million tons, up from 4.82 million tons in 2012 and up from the 5.50 million tons forecast for 2013 in June. Rapeseed crop estimate for the European Union is projected to exceed 20 million tons.

As per the latest WASDE release by USDA, rapeseed production for Canada is projected at 15 million tons, up 0.5 million based on increased area consistent with the latest survey results reported by Statistics Canada. Other changes include increased rapeseed production for China and Russia. This is considered bearish for the rapeseed markets.



RM Seed Supply, Rajasthan

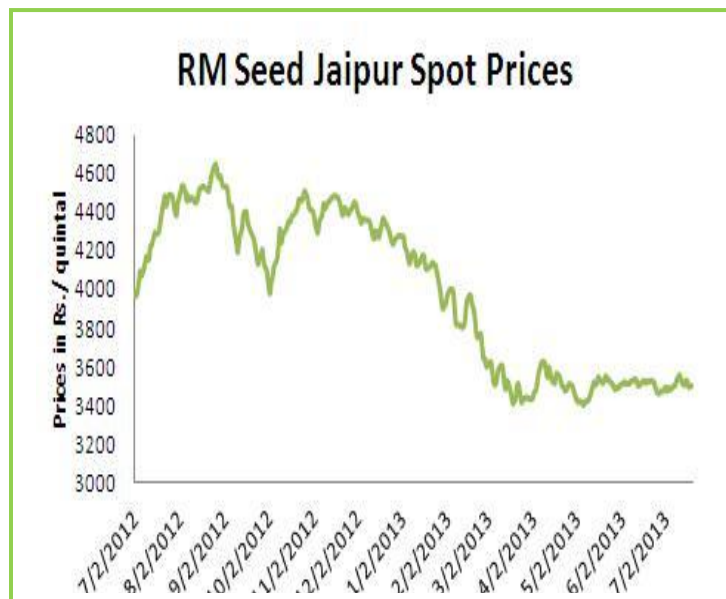
| RM Seed Arrivals in Rajasthan in Bags (85 kg each). | | |
|---|----------|------------------------------|
| Weekly Arrivals | Week Ago | Corresponding Week Last Year |
| 3,48,000 | 4,65,000 | 2,86,000 |

Technical Analysis:

NCDEX RM Seed Futures



RM Seed Spot, Jaipur



Supports & Resistances NCDEX Aug RM Seed

| S2 | S1 | PCP | R1 | R2 |
|------|----|------|------|------|
| 3308 | - | 3326 | 3370 | 3414 |

- Candlestick chart pattern reveals losses in mustard.
- Prices closed below 9-day and 18-day EMA, indicating weak tone in near-term.
- RSI is moving down in oversold zone.
- **Trade Recommendation (NCDEX RM SEED - Aug) – 1 Week:** SELL around 3355 and target would be 3310; SL -3380.

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, The prices are likely to witness 3400-3450 level in near term.

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