

## Executive Summary

---

Domestic oil seeds and oil meals prices witnessed a surge during the week in review. Market was firm on concerns of crop damage in the leading soybean producing regions of central India and modest gains in prices of soybeans on CBOT during the past week. However, market was pressured by estimates of higher oilseed acreage resulting in expectations of higher soy production in the current season.

Sharp gains were restricted, primarily due to government's estimates of higher soybean production this season and strong planting pace. In the latest official planting report, the kharif oilseeds planting was reported ahead of previous year's pace, as on 8 August, 2013. Overall, the oilseed planting was reported up by 18.30 per cent at 181.26 lakh ha against 153.2 lakh ha during the same period last year.

Internationally, soybean prices on CBOT featured slight gains. China auctioned off domestic reserves during this week to crushers to make room for new crop supplies. Further, strong economic data released by China has added to the long term optimism over their economic growth imparting a bullish tone to the market. As per Oil World, current US oilseed crop conditions are generally favorable. However, the late plantings of soybeans and lower than usual temperatures recently have increased the risk that the crops will partly not be mature when the first freeze occurs. Timing and magnitude of such a freeze will be of key importance in these regions.

Reportedly, profit margins of farmers have been squeezed significantly for the next crops in Argentina and Brazil due to the recent plunge in soybean prices amid higher stock position; still, farmers in these countries are likely to expand soybean sowings for next year's crop at the expense of corn due to relatively better profit margins.

Soy meal witnessed steady to slightly firm tone in line with the soybean prices during the week in review. Weakening of the Indian rupee over the last few days and strength in the oilseeds market support the bullishness. According to the latest release by SOPA, the export during July 2013 was 1.070 lakh tones as compared to 1.683 lakh tones in the same period of previous year showing a decrease of approx. 36.4 per cent. On a financial year basis, the export during April 2013 to July 2013 has been 5.183 lakh tons as compared to 8.242 lakh tons in

Rapeseed/mustard seed prices in key spot markets of Rajasthan and Gujarat featured firm sentiments, in line with soybean prices. As the arrivals season approaches its end, supplies are becoming thin in major spot markets of Rajasthan supporting the gains. Also, improved demand for oils due to upcoming festivities continues to provide some support to the domestic market. Gains were limited due to the widespread estimates of higher oilseeds acreage during the ongoing season.

BMD CPO depicted weak sentiments during the week's trading which was cut short due to Eid-al-Fitr holidays from the afternoon session of Aug 7 and will re-open on Aug 12. Internationally, rapeseed prices have been under pressure recently due to increasing new-crop arrivals and reports about higher than expected production in Ukraine and several EU member countries such as Germany. Harvest of the crop has commenced in some regions ahead of schedule. Rapeseed crop estimate for the European Union is projected to exceed 20 million tons.

## International Highlights

- ❖ As per the latest USDA export sales data (for July 19-25, 2013), net soybean sales of 78,500 MT for 2012-13 and 1,030,900 MT for 2013-14 were reported. Net soy meal sales of 11,100 MT for 2012-13 and 320,300 MT for 2013-14 were reported. Net soy oil sales of 11,300 MT for 2012-13 and 200 MT for 2013-14 were reported.
- ❖ According to data released by the General Administration of Customs, China imported 7.2 million tons of soybeans in July '13, up 22.7 per cent from 5.87 million tons a year ago as delayed Brazilian shipments arrived and importers replenished stocks. Besides, China sold 89,928 tons of domestic soybeans from its reserves on Thursday.
- ❖ Brazilian analyst Agroconsult has projected that Brazil upcoming 2013/14 soybean crop is likely to reach 86 million tons, up 5.6 per cent from previous year, in line with most analysts' estimates so far.
- ❖ As per the German Farmers' Association, Germany is expected to harvest 5.5 million tons of rapeseed in summer 2013, up from 4.82 million tons in 2012 when crops were hit by repeated rain.
- ❖ According to Oil World, a world export of soybeans has declined slightly by 0.4 million tons in July '13, in contrast to a boost of 4.3 million tons in April-June '13.
- ❖ Informa Economics has trimmed its estimate for soybean production 3.3 percent to 3.266 billion bushels, keeping it below USDA's estimate for 3.42 billion.
- ❖ As per Celeres, Brazil's 2013-14 soybean crop is likely to be at 85.2 million tons, up from 2012-13 by 4.9 per cent. Also, the area under soybean is likely to expand by 4.8 percent to 29.2 million hectares or 72.7 million acres. Planting will commence in September.
- ❖ As per India Meteorological Department, rainfall in the second half of the season i.e. August-September would be normal, but lower than in the first half (June-July), in sharp contrast to the previous year. Quantitatively, rainfall for the country as a whole during the period August-September 2013 is likely to be 96% of the long-period average.
- ❖ Lanworth has reduced the US 2013-14 soybean production estimate to 3.320 billion bushels from 3.310 billion previously. This was primarily over forecast of rainfall and temperatures concerns during August.
- ❖ Oil World has revised the production figure for European Union's 2013 rapeseed harvest to 20.50 million tons from 20.40 million tons previously and up from 19.41 million tons in 2012
- ❖ As per trade ministry, Indonesia has kept its export tax for crude palm oil unchanged at 10.5% for August.

### **Oil Meal Prices at Key Spot Markets:**

#### **Soy DOC Rates at Different Centers**

Centers	Ex-factory rates (Rs/ton)		
	8.8.2013	2.8.2013	Parity To
Indore (MP)	29000	29300-3000	Gujarat, MP
Kota	28700	29400-29600	Rajasthan, Del, Punjab, Haryana
Akola	29500	30200-30500	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Hingoli	31000	30000-31000	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Nanded/Latur	32000	32000	Andhra, AP, Kar, TN

Dhulia/Jalna	31500	31000	Mumbai, Maharashtra
Nagpur (42/46)	-	-	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Sangli	-	-	Local and South
Solapur	-	-	Local and South
Bundi	28700-28800	29000	-

**Soy DOC at Port**

Centers	Port Price	
	8.8.2013	2.8.2013
Kandla (FOR) (INR/MT)	30750	31000
Kandla (FAS) (USD/MT)	503	510

**International Soy DOC**

Argentina FOB \$/MT	7.8.2013	1.8.2013	Change
Soybean Pellets	437	465	-28
Soybean Cake Meal	437	465	-28
Soybean Meal	445	473	-28
Soy Expellers	445	473	-28

**Sunflower Meal Rates**

Centers	Ex-factory rates (Rs/ton)		
	8.8.2013	2.8.2013	Change
Adoni	18000	18000	Unch
Khamgaon	17800	17800	Unch
Parli	18200	18200	Unch
Latur	17800	17800	Unch

**Groundnut Meal**

Groundnut Meal	8.8.2013	2.8.2013	Change
Basis 45% O&A, Saurashtra	-	23500	-
Basis 40% O&A, Saurashtra	-	20500	-
GN Cake, Gondal	-	23000	-

**Mustard DOC/Meal**

Mustard DOC/Meal	8.8.2013	2.8.2013	Change
Jaipur (Plant Delivery)	12500	13800	-1300
Kandla (FOR)	13500	14400	-900

## Kharif Sown Area - Oilseeds, India

In the latest official planting report, the kharif oilseeds planting was reported ahead of previous year's pace, as on 8 August, 2013. Overall, the oilseed planting was reported up by 18.30 per cent at 181.26 lakh ha against 153.2 lakh ha during the same period last year.

Of the major kharif oilseeds crops, soybean planting stood up by around 14.80 per cent at 121.06 lakh ha compared to 105.43 lakh hectares during the same period last year on higher acreage in Madhya Pradesh, Maharashtra and Rajasthan due to favorable weather conditions. Groundnut planting was reported up by 20.70 per cent at 39.32 lakh ha compared to 32.57 lakh ha on higher area coverage in the state of Gujarat due to good rainfall in the state. Sunflower planting was up by 55 percent at 2.00 lakh ha compared to 1.29 lakh ha during the same period last year.

(Area in lakh hectares)

<b>Crop</b>	<b>As on 8 Aug 2013</b>	<b>As on 8 Aug 2012</b>	<b>% Change</b>
Groundnut	39.32	32.57	20.7
Soybean	121.06	105.43	14.8
Sunflower	2.00	1.29	55.0
Sesamum	12.86	10.21	26.0
Niger	1.14	0.79	44.3
Castor	4.88	2.90	68.3
<b>Total Oilseeds</b>	<b>181.26</b>	<b>153.2</b>	<b>18.3</b>

Source: GOI

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

## Soybean

Domestic soybean and soy meals prices witnessed a surge during the week in review. Market was up on concerns of crop damage in the leading soybean producing regions of central India and modest gains in prices of soybeans on CBOT market during the past week. However, market was pressured by estimates of much higher oilseed acreage and expected higher soy production in the current season.

Soybean prices edged higher as incessant rainfall in the key soybean producing regions of Madhya Pradesh, Rajasthan and Maharashtra has led to widespread fears of damage to the standing crop in these regions. Further, arrivals were hit in the spot markets of Rajasthan and Madhya Pradesh during the week. In addition, continued weakness in the Indian rupee also lent support to the market.

Sources revealed that there was persistent rainfall in regions of Rajasthan and forecasts of further rainfall in the coming days are increasing fears of crop getting affected. As per sources, the soybean crop is into its flowering

stage and estimates of yield can be expected by end of August. Yield estimates will give a clearer picture of crop condition. Prices are likely to continue the slight uptrend in the coming days.

Sharp gains were restricted owing to government's estimates of higher soybean production this season and strong planting pace. In the latest official planting report, the kharif oilseeds planting was reported ahead of previous year's pace, as on 8 August, 2013. Overall, the oilseed planting was reported up by 18.30 per cent at 181.26 lakh ha against 153.2 lakh ha during the same period last year. Of the major kharif oilseeds crops, soybean planting stood up by around 14.80 per cent at 121.06 lakh ha compared to 105.43 lakh hectares during the same period last year on higher acreage in Madhya Pradesh, Maharashtra and Rajasthan due to favorable weather conditions. Arrivals are likely to commence in the markets by mid-September in some markets.

Internationally, soybean prices on CBOT featured slight gains. Demand from China continues to look strong and sales for new crop are being reported. USDA's import demand estimate of 69 million tonnes, 10 million higher than in 2012/13, continues to be a figure to watch out for. China auctioned off domestic reserves during this week to crushers to make room for new crop supplies. Further, strong economic data released by China has added to the long term optimism over their economic growth imparting a bullish tone to the market.

As per Oil World, current US oilseed crop conditions are generally favorable. However, the late plantings of soybeans and lower than usual temperatures recently have increased the risk that the crops will partly not be mature when the first freeze occurs. Timing and magnitude of such a freeze will be of key importance in these regions.

The WASDE report for July 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. The market awaits the WASDE report slated for release on Monday, 12 August 2013 for fresh cues.

Reportedly, profit margins of farmers have been squeezed significantly for the next crops in Argentina and Brazil due to the recent plunge in soybean prices amid higher stock positions; still, farmers in these countries are likely to expand soybean sowings for next year's crop at the expense of corn due to relatively better profit margins.

Soybean market is mostly expected to continue in a range bound trend. Prices will be pressured by the on-going bearishness in domestic and global markets due to higher supplies. However, crop deterioration and likely buying due to upcoming festivities may support the prices domestically in the near term.

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

---

Soy meal witnessed steady to slightly firm tone in line with the soybean prices during the week in review. Weakening of the Indian rupee over the last few days and strength in the oilseeds market support the bullishness. 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.

According to the latest release by SOPA, the export during July 2013 was 1.070 lakh tones as compared to 1.683 lakh tones in the same period of previous year showing a decrease of approx. 36.4 per cent. On a financial year basis, the export during April 2013 to July 2013 has been 5.183 lakh tons as compared to 8.242 lakh tons in

Internationally, US market attempts to grapple with the uncertain meal export demand going forward and processors seem to have a steady supply stream of soybeans. Positive economic data from China has built some long term bullish sentiment and good meal demand is expected to emerge. As per latest weekly sales report released by USDA (for July 19-25, 2013) net soybean meal sales were reported at 11,100 tons for the current marketing year and 320,300 tons for the next marketing year for a total of 331,400 tons. Net sales were up slightly from the previous week.

Soy meal prices are expected to feature a range-bound movement in the near term on bearish exports data and lack of demand from overseas markets.

During current Oil year, (October - September), total exports during October 2012 to July, 2013 are 31.152 lakh tones as against 36.100 lakh tons last year, showing a decrease by 13.7%.

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) export price, FOR Kandla exports was quoted between Rs 30,500-31,500/MT, lower as compared to 41,000-43,000/MT during the same period last year.

Week	FAS, Soy meal Kandla	FOB, Soy meal Argentina	Avg. Spread*
<b>03 Aug, 2013- 09 Aug, 2013</b>	435.20	446.75	<b>-11.55</b>
<b>27 Jul - 02 Aug, 2013</b>	446.16	472.80	<b>-26.64</b>

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

The average weekly soy meal price spread between FOB Argentina and FAS Kandla stood at 11.55 USD/MT, indicating a decline in the price spread 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 and fall in the beans. However, recent improvements in soy meal exports and fall in exports price of Indian meal may 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 decline on weak overall sentiments. FOR, Kandla is likely to feature bearish tone due to weakness in the price band of Rs 30,200-31,500/MT.

## Technical Analysis:

**NCDEX Soybean Futures-Weekly Chart**



**Soybean Spot, Indore**



## Support & Resistance NCDEX Oct Soybean

S2	S1	PCP	R1	R2
2900	2949	3034	3101	3173

- Soybean prices featured upward movement during the week in review.
- The prices closed below 9-day and 18-day EMA, indicating weak tone in the near-term.
- RSI is moving up indicating recovery in prices in the coming days.
- Prices are expected to witness range bound movement with a firm bias during the coming week.
- **Trade Recommendation (NCDEX Soybean – Oct) Week:** BUY between 3000-3020. Levels: T1 – 3100; SL -2950.

**Trade Recommendation Soybean Spot:** We feel the soybean prices to feature sideways trend on weather concerns in domestic market and weakness in global factors in the near-term - WEEK. The prices are likely to witness the 3250-3375 levels (Indore, Plant basis).



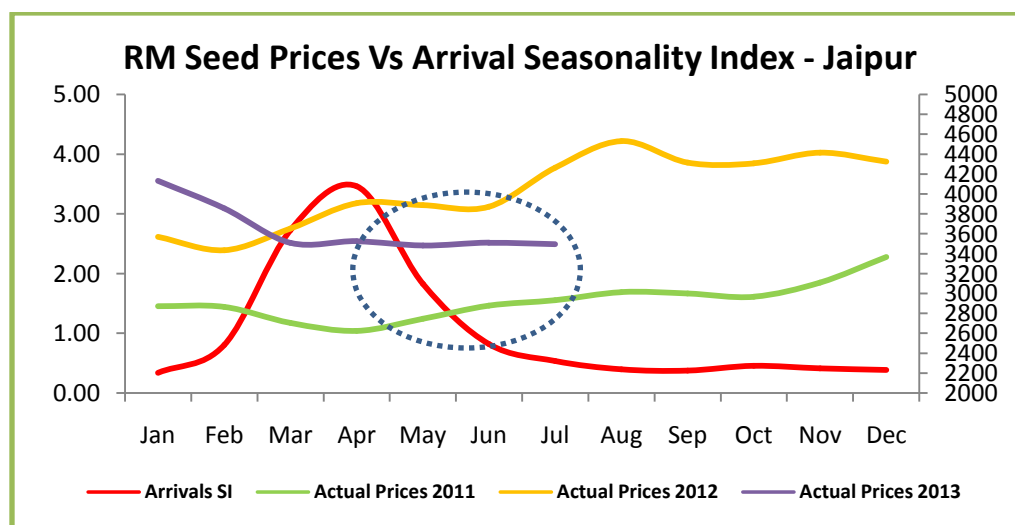
## Rapeseed - Mustard Seed

Rapeseed/mustard seed prices in key spot markets of Rajasthan and Gujarat featured firm sentiments, in line with soybean prices. As the arrivals season approaches its end, supplies are becoming thin in major spot markets of Rajasthan supporting the gains. Also, improved demand for oils due to upcoming festivities continues to provide some support to the domestic market. Gains were limited due to the widespread estimates of higher oilseeds acreage during the ongoing season.

BMD CPO depicted weak sentiments during the week's trading which was cut short due to Eid-al-Fitr holidays from the afternoon session of Aug 7 and will re-open on Aug 12. Slightly bullish palm oil export data released last week and expected demand of oil from South East Asian countries pushed the prices up.

Internationally, rapeseed prices have been under pressure recently due to increasing new-crop arrivals and reports about higher than expected production in Ukraine and several EU member countries such as Germany. 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. Harvest of the crop has commenced in some regions ahead of schedule.

Higher global production estimates for rapeseed and higher domestic oilseed acreage estimates in the current season are likely to put slight pressure on the global rapeseed markets. However, dwindling supplies in the spot markets, seasonal demand and gains in domestic oilseeds markets may restrict losses.



### RM Seed Supply, Rajasthan

RM Seed Arrivals in Rajasthan in Bags (85 kg each).		
Weekly Arrivals	Week Ago	Corresponding Week Last Year
200,000	242,000	276,000



## Technical Analysis:

### NCDEX RM Seed Futures



### RM Seed Spot, Jaipur



### Support & Resistance NCDEX RM Seed Sep

S2	S1	PCP	R1	R2
3075	3181	3275	3345	3419

- Candlestick chart pattern reveals recovery in mustard seed prices.
- Prices closed below 9-day and 18-day EMA, indicating weak tone in near-term.
- RSI is rising in the neutral zone indicating likely correction.
- **Trade Recommendation (NCDEX RM SEED - Sep) Week:** BUY between 3200-3230 for a target – 3300; SL -3175.

**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. The prices are likely to witness 3425-3525 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.