

Executive Summary

Domestic oilseeds and oil meals markets across major centers of India witnessed a firm tone during the week. Bullish cues from global oils and oilseeds markets, depreciation of the Indian rupee and crop concerns ruled the market sentiments. Estimates of a much higher oilseed acreage and likely higher kharif production in the current season continue to weigh on the market.

Soybean prices extended gains during the week as rainfall over regions of Madhya Pradesh, the largest producer of soybean, continues to raise fears of crop damage which have helped push domestic soybean prices. As per sources, there are preliminary reports of yield loss in regions of western Rajasthan and some parts of eastern Madhya Pradesh. In addition, a weak rupee, which helps the exports, also provided some support. Soybean arrivals in the key markets of Rajasthan and Madhya Pradesh also got affected due to rainfall during the week.

As per the India Meteorological Department (IMD), the country has received 14% above normal rainfall at 702 mm since June 1 till August 18 and western Madhya Pradesh, Vidarbha and West Rajasthan are amongst the highest rainfall receiving regions during this period. There are forecasts of rainfall in the coming days which are increasing fears of crop getting affected. Prices are likely to continue the uptrend in the coming days.

In the latest official planting report (on 22 August, 2013), the kharif oilseeds planting was reported up by 15.20 per cent at 186.60 lakh ha against 162.02 lakh ha during the same period last year. Soybean planting stood up by around 14.70 per cent at 121.81 lakh ha compared to 106.43 lakh hectares last year.

Soybean prices on the CBOT exchange also gained on concerns of late season planting, cool weather, and dry forecast going forward. This has raised fears over the potential for damage to the crop from an early, or even timely, frost. This again is providing some support to the prices in addition to the export demand which remains strong for the new crop year. Demand from China continues to look strong and good sales for new crop continued to be reported by the USDA.

Rapeseed/mustard seed prices in spot markets of Rajasthan and Gujarat were higher during the week, in tandem with soybean prices, as the arrival season approaches its close and supportive cues from BMD CPO. Besides, improved demand was seen for oils due to upcoming festivities which also provided support to the domestic market. Gains were however capped due to the higher oilseeds acreage during the ongoing season and expectations of higher kharif production.

Soy meal witnessed a surge in prices in accordance with the domestic soybean prices during the week in review. Weakening of the Indian rupee and gains in the domestic and international oilseeds market has led to this firm sentiment in the prices. Prices continued to feature a firm tone on good demand being reported from traders amid limited supplies in the local markets. Besides, strength in the meal prices on CBOT also uplifted the domestic market. The trend is likely to persist in the coming days due to good soy meal exports buying enquiries and steady demand from domestic feed industry.

International Highlights

- ❖ As per the latest USDA weekly exports sales report (for August 9-15, 2013), net weekly export sales for soybean was reported at 20,900 tons for the current marketing year and 926,000 tons for the coming marketing year totaling to 946,900 tons. Exports of 147,000 tons were up 56 per cent from the previous week and 94 per cent from the prior 4-week average. As of August 15th, cumulative sales stand at 50% of the USDA forecast for 2013-14 versus a 5 year average of 31.5%. Net meal sales were reported at 75,700 tons for the current marketing year and 101,000 for the next marketing year for a total of 176,700.
- ❖ Pro Farmer has projected the US soybean production at 3.158 billion bushels with an average yield of 41.8 bushels per acre as compared to USDA's estimation at 3.255 billion bushels production and yield at 42.6 bushels per acre.
- ❖ Statistics Canada estimated that Canadian canola production would come in at 14.735 million tonnes, up from 13.219 in 2012.
- ❖ Indonesia has cut its export tax for crude palm oil to 9 percent for September down from 10.5 percent in August.
- ❖ Oil World has reported that due to insufficient global availability and higher prices, EU soy meal imports were again lower than expected in recent months. EU soya meal consumption plummeted by 3 million tons in Oct/June
- ❖ As per Oil World estimates, global cottonseed crushings are likely to decline by 1.2 million tons in 2013-14. Also, the US production of cottonseed is expected to fall by 23 percent to 3.96 million tons.
- ❖ Reportedly, China has sold 187,050 tons of soybeans from its state reserves on Thursday. The soy stocks were from the 2009 and 2010 harvests. - Reuters
- ❖ German Farmers Association, DBV has forecast that Germany's 2013 rapeseed production will increase to 5.6 million tons from 4.80 million tons last year.
- ❖ In its latest WASDE report, the USDA pegged the 2013/14 ending stocks at 220 million bushels from the July estimate of 295 million and from trade estimates at 263 million. Planted acreage was estimated at 77.2 million acres vs. 77.7 million in July and the national average yield was pegged at just 42.6 bushels per acre vs. 44.5 in July. As a result, total 2013/14 production fell to 3.255 billion bushels as compared with 3.420 last month.
- ❖ As per data released by the Malaysian Palm Oil Board (MPOB), palm oil inventories rose 1.0 percent in July to 1.66 million tons, the first rise since December as production of the oil surged by 18.21 percent to 1.67 million tons in July. Exports rose 0.53 percent to 1.42 million tons in July from a month ago.
- ❖ According to data released by SEA of India, India's vegetable oil imports in July stood at 889,493 tons, down 6.1 percent from the previous month. India imported 874,703 tons of edible oils and 14,790 tons of non-edible oils last month. India's imports of refined palm oil fell in July on high domestic stocks and a weak rupee that made overseas purchases expensive.
- ❖ 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. Rains were 26 percent above average in the week ending Aug. 21 and were heavy in areas where rice, oilseeds and cotton are grown. The IMD forecast considerable decrease in rainfall activity over northwest & west India and south peninsula over the coming days.

Oil Meal Prices at Key Spot Markets:

Soy DOC Rates at Different Centers

Centers	Ex-factory rates (Rs/ton)		
	23.8.2013	16.8.2013	Parity To
Indore (MP)	32500-33000	30500-31500	Gujarat, MP
Kota	32800-33000	30700-31200	Rajasthan, Del, Punjab, Haryana
Akola	32000	31500	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Hingoli	-	-	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Nanded/Latur	34600	34000	Andhra, AP, Kar, TN
Dhulia/Jalna	34000	33200	Mumbai, Maharashtra
Nagpur (42/46)	-	-	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Sangli	-	-	Local and South
Solapur	-	-	Local and South
Bundi	33000	-	-

Soy DOC at Port

Centers	Port Price	
	23.8.2013	16.8.2013
Kandla (FOR) (INR/MT)	33600	31800
Kandla (FAS) (USD/MT)	519	514

International Soy DOC

Argentina FOB \$/MT	22.8.2013	15.8.2013	Change
Soybean Pellets	475	468	+7
Soybean Cake Meal	475	468	+7
Soybean Meal	483	476	+7
Soy Expellers	483	476	+7

Sunflower Meal Rates

Centers	Ex-factory rates (Rs/ton)		
	23.8.2013	16.8.2013	Change
Adoni	18800	18000	+800
Khamgaon	18500	17800	+700

Parli	18800	18200	+600
Latur	18500	17800	+700

Groundnut Meal

Groundnut Meal	23.8.2013	16.8.2013	Change
Basis 45% O&A, Saurashtra	-	23300	-
Basis 40% O&A, Saurashtra	-	20300	-
GN Cake, Gondal	-	23000	-

Mustard DOC/M Meal

Mustard DOC/M Meal	23.8.2013	16.8.2013	Change
Jaipur (Plant Delivery)	13200	-	-
Kandla (FOR)	14100	-	-

Kharif Sown Area - Oilseeds, India

In the latest official planting report, the kharif oilseeds planting was reported higher than previous year, as on 22 August, 2013. Overall, the oilseed planting was reported up by 15.20 per cent at 186.60 lakh ha against 162.02 lakh ha during the same period last year.

Of the major kharif oilseeds crops, soybean planting stood up by around 14.70 per cent at 121.81 lakh ha compared to 106.43 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 14.70 per cent at 41.24 lakh ha compared to 35.96 lakh ha on higher area coverage in the state of Gujarat due to good rainfall in the state. Sunflower planting was up by 34.6 percent at 2.14 lakh ha compared to 1.59 lakh ha during the same period last year.

(Area in lakh hectares)

Crop	As on 22 Aug 2013	As on 22 Aug 2012	% Change
Groundnut	41.24	35.96	14.7
Soybean	121.81	106.43	14.5
Sunflower	2.14	1.59	34.6
Sesamum	13.54	12.52	8.1
Niger	1.08	1.23	-12.2
Castor	6.79	4.28	58.6
Total Oilseeds	186.60	162.02	15.2

Source: GOI

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

Soybean

Soybean markets across major centers of India witnessed a firm tone during the week. Bullish cues from global oils and oilseeds markets, depreciation of the Indian rupee and crop concerns ruled the market sentiments. Estimates of a much higher oilseed acreage and likely higher soy production in the current season continue to weigh on the market restricting strong gains.

Soybean prices extended gains during the week as rainfall over regions of Madhya Pradesh, which is the largest producer of soybeans, continues to instill fear of crop damage. Worries about damage to the crop have helped push domestic soybean prices. The soybean crop is in the pod stage and heavy rainfall is likely to affect the yields. As per sources, there are preliminary reports of yield loss in regions of western Rajasthan and some parts of eastern Madhya Pradesh. In addition, a weak rupee, which helps the exports, also provided some support. Soybean arrivals in the key markets of Rajasthan and Madhya Pradesh were also affected due to rainfall during the week.

As per the India Meteorological Department (IMD), the country has received 14% above normal rainfall at 702 mm since June 1 till August 18 and western Madhya Pradesh, Vidarbha and West Rajasthan are amongst the highest rainfall receiving regions during this period.

There are forecasts of rainfall in the coming days which are increasing fears of crop getting affected. As per sources, the proper estimates of yield can be expected by August-end. Yield estimates will give a clearer picture of crop condition. Prices are likely to continue the uptrend in the coming days.

In the latest official planting report (on 22 August, 2013), the kharif oilseeds planting was reported up by 15.20 per cent at 186.60 lakh ha against 162.02 lakh ha during the same period last year. Of the major kharif oilseeds crops, soybean planting stood up by around 14.70 per cent at 121.81 lakh ha compared to 106.43 lakh hectares last year.

Soybean prices on the CBOT exchange also gained on concerns of late season planting, cool weather, and dry forecast going forward. Weather projections report dryness in the coming days in the US Midwest region. Also, Pro Farmer has expressed doubts about prospects for the US soybean crop, reporting disappointing pod count rates in many states, and cautioning over the delayed development of the crop. This has raised fears over the potential for damage to the crop from an early, or even timely, frost. This again is providing some support to the prices in addition to the export demand which remains extremely strong for the new crop year. Demand from China continues to look strong and good sales for new crop continued to be reported by the USDA.

Besides, the WASDE report for August released by USDA was considered bullish for the market and continues to be a near term bullish signal. As per the report, U.S. oilseed production for 2013-14 is projected at 96.2 million tons, down 4.7 million from last month mainly due to a lower soybean production forecast. Soybean production for 2013/14 is forecast at 3.255 billion bushels, down 165 million due to lower harvested area and yields. Harvested area is forecast at 76.4 million acres, down 0.5 million from the July projection.

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 expected to continue in a steady to firm trend. Prices will be pressured by the on-going bearishness in domestic and global markets due to higher supplies and production forecasts. However, crop deterioration and likely buying due to upcoming festivities may support the prices domestically in the near term.

Soy meal

Soy meal witnessed a surge in prices in accordance with the domestic soybean prices during the week in review. Weakening of the Indian rupee and gains in the domestic and international oilseeds market has led to this firm sentiment in the prices.

Soy meal prices continued to feature a firm tone on good demand being reported from traders amid limited supplies in the local markets. Besides, strength in the meal prices on CBOT also uplifted the domestic market. The trend is likely to persist in the coming days due to good soy meal exports buying enquiries and steady demand from domestic feed industry.

According to the latest release by SOPA, the soy meal export during July 2013 was 1.070 lakh tons as compared to 1.683 lakh tons in the same period previous year, showing a decrease of approx. 36.4%. 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 the same period of previous year showing a decrease of approx. 37.1%.

Internationally, in the European markets, soy meal was mostly steady tracking stronger CBOT soy meal futures following concerns of dry weather in the US Midwest impacting crop yield. South American soy meal also remained positive following the trend in CBOT soy meal futures and buyers were mostly cautious. Recent positive economic data from China has built some long term bullish sentiment and good meal demand is expected to emerge. Soy meal prices are expected to feature a range-bound movement in the near term on steady exports demand and weakening of Indian currency.

As per the latest USDA weekly exports sales report (for August 9-15, 2013), net meal sales were reported at 75,700 tons for the current marketing year and 101,000 tons for the next marketing year for a total of 176,700 tons.

During current Oil year, (October - September), India's total meal 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 a recent fall. 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*
17 Aug, 2013- 23 Aug, 2013	467.00	489.00	-22.00
10 Aug, 2013- 16 Aug, 2013	442.33	470.50	-28.17

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

The average weekly soy meal price spread between FOB Argentina and FAS Kandla stood at 22.00 USD/MT, indicating a fall in the price spread between Indian and Argentine meal prices.

Recommendation: *The domestic soy meal is competing with the competitive South American soy meal prices as shipments are arriving from the region. However, recent improvements in soy meal exports and recent 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 range bound movement with a firm bias. FOR, Kandla is likely to be in the price band of Rs 34,000-35,500/MT.*

Technical Analysis:

NCDEX Soybean Futures-Weekly Chart



Soybean Spot, Indore



Support & Resistance NCDEX Oct Soybean

S2	S1	PCP	R1	R2
3147	3269	3399	3530	3600

- Soybean prices depicted firm trend during the week in review.
- The prices closed above 9-day and 18-day EMA, indicating bullish tone in the near-term.
- RSI is moving up indicating rise in prices in the coming days.
- Prices are expected to witness a firm tone during the coming week.
- **Trade Recommendation (NCDEX Soybean – Oct) Week:** BUY between 3400-3420. Levels: Target – 3575; SL -3300.

Trade Recommendation Soybean Spot: We feel the soybean prices to feature range bound trend with firm bias on weather concerns in domestic market and weakness in global factors in the near-term - WEEK. The prices are likely to witness the 3625-3775 levels (Indore, Plant basis).

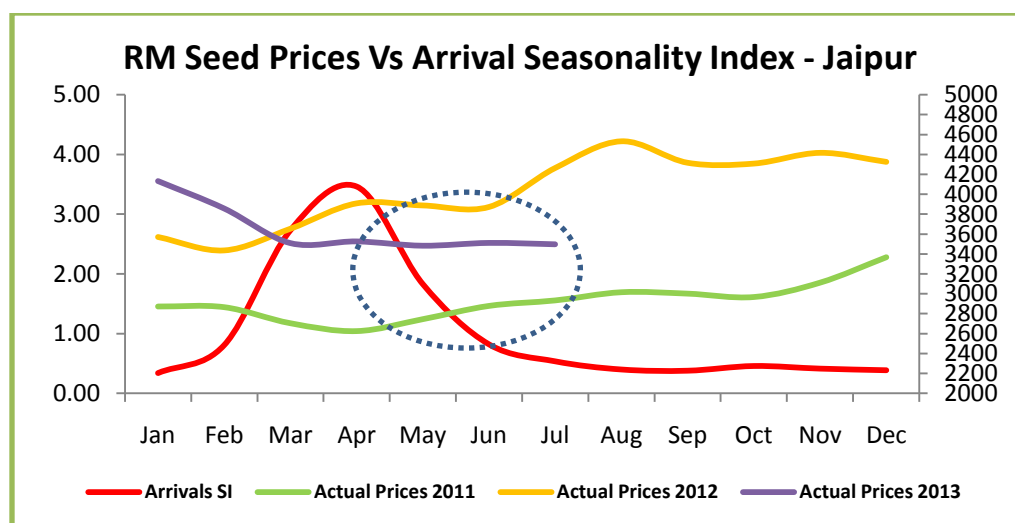
Rapeseed - Mustard Seed

Rapeseed/mustard seed prices in spot markets of Rajasthan and Gujarat were higher during the week, in tandem with soybean prices, as the arrival season approaches its close and supportive cues from BMD CPO. Besides, improved demand was seen for oils due to upcoming festivities which also provided support to the domestic market. Gains were however capped due to the higher oilseeds acreage during the ongoing season and expectations of higher kharif production.

BMD CPO depicted firm sentiments during the week's trading. Palm oil futures witnessed their highest level in more than a month on Thursday after poor Malaysian economic data led to a weakening of the ringgit. Weaker ringgit results in cheaper palm oil for overseas buyers which may likely boost demand. Also, a surge in China's manufacturing sector fuelled demand hopes from the buyer firming the sentiments.

Internationally, rapeseed prices have been under pressure recently due to higher production estimates in Ukraine and several EU member countries such as Germany where the rapeseed output will be higher by 17 percent at 5.6 million tons. Rapeseed crop estimate for the European Union is projected to exceed 20 million tons. Harvest of the crop has commenced in some regions.

Higher global rapeseed production estimates and higher domestic oilseed acreage in the current season are likely to put slight pressure on the rapeseed markets. However, dwindling supplies in the spot markets, seasonal demand and gains in soybean prices are expected to move the market in the positive territory in the coming days.



RM Seed Supply, Rajasthan

RM Seed Arrivals in Rajasthan in Bags (85 kg each).		
Weekly Arrivals	Week Ago	Corresponding Week Last Year
170,000	144,000	122,000

Technical Analysis:

NCDEX RM Seed Futures



RM Seed Spot, Jaipur



Support & Resistance NCDEX RM Seed Sep

S2	S1	PCP	R1	R2
3300	3381	3452	3595	3699

- Candlestick chart pattern reveals uptrend in mustard seed prices.
- Prices closed above 9-day and 18-day EMA, indicating firm tone in near-term.
- RSI is moving higher in the neutral zone indicating a firm movement.
- **Trade Recommendation (NCDEX RM SEED - Sep) Week:** BUY between 3475-3500 for a target – 3600; SL -3400.

Trade Recommendation RM Seed Spot (Jaipur basis): In spot the RM seed prices are expected to feature range bound movement with a firm bias, in the coming days. The prices are likely to witness 3600-3700 level in near term.

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