

Executive Summary

Oilseed prices across major markets of India featured a weak tone during the week in review. Soy meal prices, on the other hand, featured a slightly firm tone during the week.

Soybean prices extended losses during the week after depicting strong gains during the month of August. Reportedly, new crop arrivals have commenced in the mandis of Madhya Pradesh and Maharashtra. In Madhya Pradesh arrivals have started in Indore mandi as well but moisture level of the crop is seen on the higher side at 18-20 percent. Arrivals are likely to pick up in the coming days putting pressure on the market. Reportedly, key areas of Madhya Pradesh are receiving good sunlight which is essential for the crop during this stage. Also, no rainfall forecasts for the coming week support the current sentiment. Estimates of higher oilseed acreage and higher soybean production in the current season are likely to weigh on the market in the near term.

Internationally, as per the latest WASDE report for September 2013, US oilseed production for 2013-14 is projected at 93.2 million tons, down 3 million tons from last month due to lower soybean, cottonseed, and peanut production. Soybean production is projected at 3.149 billion bushels, down 106 million due to lower yield prospects. The soybean yield is forecast at 41.2 bushels per acre, down 1.4 from last month. Soybean exports are reduced 15 million bushels to 1.37 billion, but ending stocks remain unchanged at 125 million bushels.

As per USDA, global soybean production is projected almost unchanged at a record 281.7 million tons as larger crop forecasts for Brazil and Paraguay mostly offset reductions for the United States, Canada, China, and Russia. Soybean production for Brazil is forecast at a record 88 million tons, up 3 million on increased area.

In Brazil, little rain is expected in the top soybean-growing state of Mato Grosso, just before the official start of the planting season. Brazilian farmers have reportedly purchased enough fertilizer and seeds to plant an area large enough to surpass last season's record 81.5 million tons of soybeans, if the weather cooperates. However, lower than average rains could cause the early forecasts to be revised downward.

Rapeseed/mustard seed markets of Rajasthan and Gujarat featured a steady to slightly weak trend during the week under consideration. Prices felt slight pressure as arrivals in the domestic markets surged leading to higher inventory of rapeseed. However, the approaching season end and seasonal demand for oils led to some support in the market. Further, weak cues from BMD CPO and overall global bearishness restricted any upward movement.

Internationally, global supplies of rapeseed are widely believed to rise which will put pressure on the rapeseed prices in the coming weeks. Rapeseed production forecasts are also raised for China and Ukraine. The Canadian canola crop is expected to reach a record 15.0 million tons as per Oil World. Global rapeseed production has been reported up in the latest WASDE report released by USDA during the past week.

Soy meal prices depicted a slight recovery in prices during the past week, in contrast to the domestic soybean prices during the week in review on good overseas export demand and steady international markets. Soy meal prices witnessed pressure on higher supplies of beans in the local markets and appreciation in the Indian rupee during the week. However, steady tone in the meal prices on CBOT and a bullish WASDE report for the month supported the market. The pressure is likely to persist in the coming days on soybean new crop arrival pressure in the domestic market and mostly favorable weather prospects in the coming week.

International Highlights

- ❖ As per latest WASDE report for September, USDA has pegged the 2013-14 ending stocks at just 150 million tons bushels as compared with the August estimate of 220 million tons and from trade estimates near 165 million. Soybean planted acreage held steady at 77.2 million acres and the national average yield was pegged at just 41.2 bushels per acre vs. 42.6 in August. As a result, total 2013/14 production fell to 3.149 billion bushels as compared with 3.255 last month.
- ❖ Lanworth has reduced its US soybean production estimate for 2013-14 to 3.113 million bushels from 3.114 million.
- ❖ As per the National Grain and Oil Trade Center, China sold 346,760 tons of soybeans from its state reserves on Thursday, which is 69.2 per cent of the total it offered. The stocks were from the 2009 and 2010 harvests.
- ❖ As per the General Administration of Customs of China, China imported 6.37 million tons of soybeans in August 2013, down 11.5 percent from 7.20 million tons in July 2013.
- ❖ Paraguay's Agriculture Minister has stated that the country is likely to harvest at least 9.3 million tons of soybeans in 2013-14. The growing season will start with planting during end-September and ends in mid-March.
- ❖ Safras & Mercado has reported that advance sales of Brazil's 2013-14 soybean crop, which will commence planting in the coming days, have reached about 25 percent of the expected harvest. This is due to higher international prices and a weaker local currency.
- ❖ Analysts are estimating that Argentina's upcoming 2013-14 soy crop is likely to reach a record 53 to 54 million tons, due to a larger planting area and favorable climate. Analysts forecast soy sowing area will expand by 500,000 hectares compared with the previous season.
- ❖ FOP has reported that farmers in France are expected sow around 1.5 million hectares of rapeseed for next year's harvest, higher than the 1.46 million hectares harvested in this year's crop.
- ❖ As per International Grain Council (IGC), a bumper crop is expected in South America which will raise the global soybean production by 4 percent to a new record of 280 million tons in 2013-14. The US soybean output is pegged at 88.6 million tons.
- ❖ As per data released by the Malaysian Palm Oil Board (MPOB), palm oil inventories rose 0.11 percent in August to 1.665 million tons, the consecutive rise in stockpiles noticed as production of the oil surged by 3.64 percent to 1.73 million tons in August. Exports rose 7.8 percent to 1.52 million tons in August from a month ago.
- ❖ Exports of Malaysian palm oil products for Sept. 1-10 rose 10.8 percent to 462,671 tons, from 417,414 tons during August 1-10 - cargo surveyor Intertek Testing Services.
- ❖ As per the latest USDA weekly exports sales report (for August 30- Sep 5, 2013), net weekly export sales came in at 478,100 tons for the 2013/14 marketing year and as of September 5th, cumulative sales stand at 58% of the USDA forecast versus a 5 year average of 43%. Net meal sales came in at 17,000 tons for the current marketing year and 111,700 for the next marketing year for a total of 128,700.

Oil Meal Prices at Key Spot Markets:

Soy DOC Rates at Different Centers

Centers	Ex-factory rates (Rs/ton)		
	13.9.2013	6.9.2013	Parity To
Indore (MP)	31500-32500	31500-31800	Gujarat, MP
Kota	31500	31500	Rajasthan, Del, Punjab, Haryana
Akola	-	-	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Hingoli	-	-	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Nanded/Latur	34200	34000	Andhra, AP, Kar, TN
Dhulia/Jalna	33000	32500	Mumbai, Maharashtra
Nagpur (42/46)	-	-	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Sangli	34000	33800	Local and South
Sholapur	33300	33500	Local and South
Bundi	30500	32000	-

Soy DOC at Port

Centers	Port Price	
	13.9.2013	6.9.2013
Kandla (FOR) (INR/MT)	33200	33000
Kandla (FAS) (USD/MT)	521	500

International Soy DOC

Argentina FOB \$/MT	12.9.2013	5.9.2013	Change
Soybean Pellets	537	527	+10
Soybean Cake Meal	537	527	+10
Soybean Meal	545	535	+10
Soy Expellers	545	535	+10

Sunflower Meal Rates

Centers	Ex-factory rates (Rs/ton)		
	13.9.2013	6.9.2013	Change
Adoni	19500	19500	Unch
Khamgaon	19000	19000	Unch

Parli	19300	19400	-100
Latur	19000	19100	Unch

Groundnut Meal

Groundnut Meal	13.9.2013	6.9.2013	Change
Basis 45% O&A, Saurashtra	24300	25500	-1200
Basis 40% O&A, Saurashtra	21500	22500	-1000
GN Cake, Gondal	24000	24500	-500

Mustard DOC/Meal

Mustard DOC/Meal	13.9.2013	6.9.2013	Change
Jaipur (Plant Delivery)	14000	14000	Unch
Kandla (FOR)	15000	14800	+200

Kharif Sown Area - Oilseeds, India

In the latest official planting report, the kharif oilseeds planting was reported higher than previous year, as on 12 September, 2013. Overall, the oilseed planting was reported up by 12.60 per cent at 192.51 lakh ha against 170.97 lakh ha during the same period last year.

Of the major kharif oilseeds crops, soybean planting stood up by around 13.20 per cent at 122.18 lakh ha compared to 106.89 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 13.20 per cent at 42.97 lakh ha compared to 37.97 lakh ha on higher area coverage in the state of Gujarat due to good rainfall in the state. Sunflower planting was lower by 0.80 percent at 2.42 lakh ha compared to 2.44 lakh ha during the same period last year.

(Area in lakh hectares)

Crop	As on 12 Sep 2013	As on 12 Sep 2012	% Change
Groundnut	42.97	37.97	13.2
Soybean	122.18	106.89	14.3
Sunflower	2.42	2.44	-0.8
Sesamum	14.24	13.30	7.1
Niger	1.74	1.87	-7.0
Castor	8.96	8.50	5.4
Total Oilseeds	192.51	170.97	12.6

Source: GOI

Further, sesamum seed sowing was also ahead of the previous year's planting pace. However, Niger seed sowing was lower than last year.

Soybean

Soybean prices across major markets of India featured a weak tone during the week in review. Market witnessed a sideways movement in the international soybean markets as well. Markets were pressured by expectations of improved growing conditions for the last stage of crop development in the key producing regions of India, appreciation in the Indian currency and higher spot arrivals. In the US, CBOT market mostly traded in a sideways tone the past week.

Soybean prices extended losses during the week after depicting strong gains during the month of August. Reportedly, new crop arrivals have commenced in the mandis of Madhya Pradesh and Maharashtra. In Madhya Pradesh arrivals have started in Indore mandi as well but moisture level of the crop is seen on the higher side at 18-20 percent. Arrivals are likely to pick up in the coming days putting pressure on the market. Prices also fell on account of receding rainfall and improved weather conditions over the growing regions. Reportedly, key areas of Madhya Pradesh are receiving good sunlight which is essential for the crop during this stage. Also, no rainfall forecasts for the coming week support the current sentiment. Estimates of higher oilseed acreage and higher soybean production in the current season are likely to weigh on the market in the near term.

As per sources, good sunlight in key producing regions of Madhya Pradesh over the past week has helped the development of crop. Soybean arrivals in the state have commenced, although the moisture content is high, and it is expected that the pace will pick up in the next 15 days. Incessant rainfall in the month of August has led to concerns of crop damage but it is expected that damage will be restricted to not more than 10-12 percent. The soybean output for this season is likely to be at around 12 million tons, as per early estimates. Arrivals of new crop are likely to improve buying activities in the markets. However, as the harvesting pace picks up we expect the soybean prices to fall.

On the supply front, the latest official planting report (as on 12 September, 2013) reported oilseeds planting up by 12.60 per cent at 192.51 lakh ha against 170.97 lakh ha during the same period last year. Of the major kharif oilseeds crops, soybean planting stood up by around 13.20 per cent at 122.18 lakh ha compared to 106.89 lakh hectares during the same period last year

As per the latest WASDE report for September 2013, US oilseed production for 2013-14 is projected at 93.2 million tons, down 3 million tons from last month due to lower soybean, cottonseed, and peanut production. Soybean production is projected at 3.149 billion bushels, down 106 million due to lower yield prospects. The soybean yield is forecast at 41.2 bushels per acre, down 1.4 from last month. Soybean exports are reduced 15 million bushels to 1.37 billion reflecting reduced supplies and increased competition from South America. Soybean crush is reduced 20 million bushels to 1.655 billion reflecting lower projected soybean meal exports and domestic soybean meal consumption. Soybean ending stocks are projected at 150 million bushels, down 70 million. Ending stocks remain unchanged at 125 million bushels.

As per USDA, global soybean production is projected almost unchanged at a record 281.7 million tons as larger crop forecasts for Brazil and Paraguay mostly offset reductions for the United States, Canada, China, and Russia. Soybean production for Brazil is forecast at a record 88 million tons, up 3 million on increased area.

In Brazil, little rain is expected in the top soybean-growing state of Mato Grosso, just before the official start of the planting season. Brazilian farmers have reportedly purchased enough fertilizer and seeds to plant an area

large enough to surpass last season's record 81.5 million tons of soybeans, if the weather cooperates. However, lower than average rains could cause the early forecasts to be revised downward.

South American supplies are depleting and exports are sharply higher compared to last year for the months of August and September. Therefore, increased acreage estimates for 2013-14 in Brazil will help reduce the demand burden from the US which might be needed given the questionable supply outlook.

As per IGC, 2013-14 world soybean stocks are likely to expand for the second consecutive year, up by 22 percent, and trade (Oct/Sep) is set to rise by 9 percent y-o-y, mainly due to robust demand from China.

Domestic soybean market is expected to feature a range bound movement in the coming week with a weak bias. Market is likely to witness arrival pressure from the new soybean crop and higher production estimates, both domestically and internationally in addition to improved weather conditions. However, concerns of decline in crop yield, weakness in the rupee and weather driven international market scenario may restrict sharp decline.

Soy meal

Soy meal prices depicted a slight recovery in prices during the past week, in contrast to the domestic soybean prices during the week in review on good overseas export demand and steady international markets. However, the recovery in the Indian rupee and fall in soybeans markets amid increased supplies pressured the domestic market.

Soy meal prices witnessed pressure on higher supplies of beans in the local markets and appreciation in the Indian rupee during the week. However, steady in the meal prices on CBOT and a bullish WASDE report for the month supported the market. The pressure is likely to persist in the coming days on soybean new crop arrival pressure in the domestic market and mostly favorable weather prospects in the coming week.

According to the latest release by SOPA, India's soy meal exports during August 2013 were 1.839 lakh tons as compared to 0.100 lakh tons in the same period of previous year and 1.070 lakh tons in July 2013. Iran, with 1.03 lakh tons, was the major exporter for the month of August. On a financial year basis, the export during April 2013 to August 2013 has been 7.023 lakh tons as compared to 8.342 lakh tons in the same period of previous year showing a decrease of approx. 15.81 percent.

Notably, India had made deals in August for 350,000 to 400,000 tons of new crop soy meal at \$440 to \$480 per ton, (FOB basis) for shipment between October and December and the buyers are South East Asian countries and Iran.

Internationally, in the European markets, soy meal was mostly tracking the CBOT soy meal futures following concerns of dry weather in the US Midwest impacting crop yield. South American soy meal also remained range bound following the trend in CBOT soy meal futures. Recent positive economic data from China has built some long term bullish sentiment and good meal demand is expected to continue.

Soy meal prices are mostly expected to feature a steady to weak tone in the near term on stable demand and fall of Indian currency supporting the exports.

As per the latest USDA weekly exports sales report (for August 30- Sep 05, 2013), net meal sales of 17,000 MT were reported for 2012-13 and 111,700 MT for 2013-14 marketing year. Exports of 102,500 MT were lower by 36 per cent from previous week and 8 percent from the prior 4-week average. The primary destinations were Mexico (24,300 MT), Canada (22,600 MT), Venezuela (18,000 MT), Turkey (17,600 MT), and El Salvador (7,100 MT).

During current Oil year, (October - September), total Indian meal exports during October 2012 to August, 2013 are 32.992 lakh tons as against 36.200 lakh tons last year, showing a decrease by 8.86 percent. 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 fall during the past week. Soy meal (Sep-Oct) export price, FOR Kandla exports was quoted between Rs 32,750-34,000/MT, lower as compared to 41,500-42,000/MT during the same period last year.

Week	FAS, Soy meal Kandla	FOB, Soy meal Argentina	Avg. Spread*
7 Sep, 2013- 13 Sep, 2013	503.00	529.00	-26.00
31 Aug, 2013- 6 Sep, 2013	493.00	533.50	-40.00

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

The average weekly soy meal price spread between FOB Argentina and FAS Kandla stood at -26.00 USD/MT, indicating a slight recovery 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. South American prices have fallen slightly but Indian meal prices are still lower. Recent buying interest in soy meal and recent fall in the value of Indian currency likely to lend some support to the market. 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 33,000-34,500/MT.

Technical Analysis:

NCDEX Soybean Futures-Weekly Chart



Soybean Spot, Indore



Support & Resistance NCDEX Oct Soybean

S2	S1	PCP	R1	R2
3265	3325	3483	3577	3650

- Soybean prices depicted a steady to slightly weak trend during the week in review.
- RSI is easing in the neutral zone which indicates fall in prices in the coming days.
- Prices are expected to witness a range bound tone with a weak bias during the coming week.
- **Trade Recommendation (NCDEX Soybean – Oct) Week:** SELL between 3425-3445. Levels: Target – 3300; SL -3500.

Trade Recommendation Soybean Spot: We feel the soybean prices to feature range bound trend with a weak bias on the arrival season pressure in domestic market and weakness in global factors in the near-term - WEEK. The prices are likely to witness the 3325-3500 levels (Indore, Plant basis).

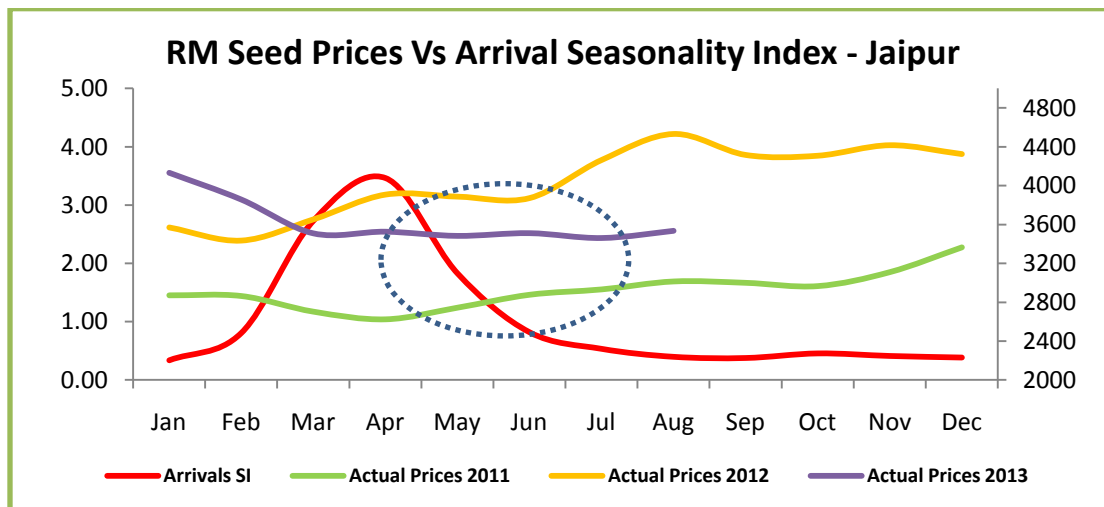
Rapeseed - Mustard Seed

Rapeseed/mustard seed markets of Rajasthan and Gujarat featured a steady to slightly weak trend during the week under consideration. Prices felt slight pressure as arrivals in the domestic markets surged leading to higher inventory of rapeseed. However, the approaching season end and seasonal demand for oils led to some support in the market. Further, weak cues from BMD CPO and overall global bearishness restricted any upward movement.

Domestically, higher overall kharif oilseeds crop prospects on higher acreage will continue to pressurize the markets as domestic stockpiles of oilseeds are set to witness a strong increase compared to previous year.

Internationally, global supplies of rapeseed are widely believed to rise which will put pressure on the rapeseed prices in the coming weeks. USDA has raised its production estimate of rapeseed in several countries including Canada and the EU, where sufficient moisture and favorable temperatures have helped the yield prospects. Rapeseed production forecasts are also raised for China and Ukraine. The Canadian canola crop is expected to reach a record 15.0 million tons as per Oil World. Global rapeseed production has been reported up in the latest WASDE report released by USDA during the past week.

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 likely to impart a sideways direction to the market 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
320,000	280,000	205,000

Technical Analysis:

NCDEX RM Seed Futures



RM Seed Spot, Jaipur



Support & Resistance NCDEX RM Seed Sep

S2	S1	PCP	R1	R2
3365	3400	3547	3635	3700

- Candlestick chart pattern reveals weakness in mustard seed prices.
- RSI is easing in the neutral zone indicating a weak trend in the near term.
- **Trade Recommendation (NCDEX RM SEED - Sep) Week:** SELL between 3525-3550 for a target – 3425; SL -3600.

Trade Recommendation RM Seed Spot (Jaipur basis): In spot the RM seed prices are expected to feature range bound movement in the coming days. The prices are likely to witness 3600-3750 Rs/qrtl level in near term.

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