

Executive Summary

Oilseeds and oil meals prices across major markets of India increased during the week in review. Soybean prices were up as rainfall during the past days over key regions of central India affected the harvest activities resulting in less than expected new crop spot arrivals. Further, improved buying activities in the spot markets due to expected demand in the upcoming festive season and supportive international markets also buoyed the prices. Soybean was mostly steady to slightly firm in the international soybean markets as well.

On the supply front, SOPA estimates the production of soybean at 129.83 lakh tons this season compared with 126.77 lakh tons in the previous year. As per the latest official planting report (as on 26 September, 2013), oilseeds planting is up by 11.00 per cent at 193.96 lakh ha against 174.74 lakh ha during the same period last year. Of the major kharif oilseeds crops, soybean planting stood up by around 14.20 per cent at 122.17 lakh ha compared to 106.94 lakh hectares during the same period last year.

Internationally, soybeans on CBOT featured a steady to firm tone during this week after witnessing decline in the past week, on higher global supply outlook, approaching harvesting season; however tight soybean stock situation and delayed harvest capped any decline in the market. Late soybean planting and cool weather in July moved maturity dates back in many regions and gave the market a little concern about early frost, but the heat in August and recent near perfect weather has helped to mitigate much of the risk associated with frost.

In the US, it is being estimated that the stock position may reach a 9 year low and the second lowest since 1977. However, tight US beginning stocks are not currently being seen as a major issue as the harvest will be in full swing soon and a record high world production forecasts this season.

Soybean planting in Brazil has been delayed because of the dry weather and less soil moisture in the key soybean producing regions. Argentina has remained dry during the past week causing delay in corn sowing that may push farmers toward planting soybeans. Reportedly, farmers are stock-piling more soybeans on their farms, selling only 70 percent so far this season versus about 85 percent at this point last year.

Oil World reports that the world production prospects for sunflower seed have deteriorated during the past few days with downward revisions for Spain and Argentina. Further, there are concerns of sunflower seed crop losses in Ukraine and Russia if wet conditions continue and if the delayed harvesting do not catch up before wintry conditions arrive.

Rapeseed/mustard seed prices at key markets mostly witnessed a steady trend during the week and featured an overall increase. Prices felt slight pressure on new crop oilseeds arrivals in the domestic markets and sufficient stocks of rapeseed reported in the markets. However, the approaching season end and seasonal demand for oils continued to lend strong support to the market. Further, positive cues from BMD CPO, which featured a rise after two weeks of decline, and overall global steady trend restricted any downward movement in prices.

Soy meal prices witnessed a rise during the past week, in tandem with the domestic soybean prices during the week in review on steady overseas export demand and rise in international markets. Also, the modest recovery in soybean markets supported the domestic market. Strength in the meal prices on CBOT also provided support to the market. However, slight pressure is likely to be seen in the coming days on soybean new crop arrival pressure in the domestic as well as US markets.

International Highlights

- ❖ Lanworth has estimated the 2013-14 global soybean production at 284 million tons, up 3 million tons from its forecast last week. It has projected the Argentine production at 56.9 million tons and Brazil production at 88.3 million tons.
- ❖ As per USDA, soybean harvesting in the US was reported as 3 percent was completed. This was behind the five-year average of 9 per cent. 50 per cent of the crop was reported as Good/Excellent.
- ❖ As per Chinese government authorities, China has allowed the crushers to import rapeseed from Russia to meet increasing demand. China's rapeseed imports in June-May 2013-14 are likely to reach 3.59 million tons, up 54 per cent from 2012/13.
- ❖ As per the latest USDA weekly exports sales report (for Sep 13-19, 2013), net weekly export sales were reported at 2,816,800 tons for the 2013/14 marketing year, with 2,293,100 tons for China. Net meal sales came in at 307,100 tons for the 2013-14 marketing year.
- ❖ Reportedly, from January '13 to August '13, China bought 41 million tons of soybeans, which was a year on year rise of 4.4 percent, with Brazilian producers supplying 23.9 million tons or 58 per cent of the total. This amount was a year on year increase of 20.1 percent. The US sold 12.5 million tons of soy to China between January and August, a y-o-y drop of 18.6 per cent.
- ❖ As per Oil World, oil meal consumption in the EU is forecast to rise by 1.5-1.6 million tons or 3% to 56.7 Mn T next season. Soya meal is projected to account for 55% of the assumed y-o-y increase.
- ❖ As per Indonesian Palm Oil Association, Indonesia's August exports of crude palm oil and its derivatives slipped 7 percent to 1.48 million tons compared with the previous month. Exports of Malaysian palm oil products from Sept. 1-20 rose 13.1 percent to 996,377 tons from 880,979 tons shipped during Aug. 1-20 - Intertek Testing Services.
- ❖ Reportedly, several soy processing plants in the western U.S. Midwest were idle amid a slow start to the soybean harvest this season. The current soybean harvest is later than normal following widespread planting delays last spring. Also, few light showers over the next two weeks are likely to cause minor slowdowns in harvesting the U.S. soybean crops. - Reuters
- ❖ Informa Economics has trimmed its estimate for 2013-14 US soybean crop production to 3.22 billion bushels, from its previous estimate of 3.239 billion bushels. Lanworth has increased its projection for world soybean production by 3 million tons to 281 million tons.
- ❖ According to the latest release from NOPA, the US soybean crush has declined 5 per cent last month to 110.502 million bushels compared with 116.338 million bushels in July. The figures reflect the current scenario of dwindling old crop supplies as soy processing units are awaiting the start of the 2013 soybean harvest.
- ❖ 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.

Oil Meal Prices at Key Spot Markets:

Soy DOC Rates at Different Centers

Centers	Ex-factory rates (Rs/ton)		
	27.9.2013	20.9.2013	Parity To
Indore (MP)	30700-31200	30500-31000	Gujarat, MP
Kota	30800-31000	30200-30500	Rajasthan, Del, Punjab, Haryana
Akola	-	-	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Hingoli	-	-	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Nanded/Latur	31900	-	Andhra, AP, Kar, TN
Dhulia/Jalna	33000	-	Mumbai, Maharashtra
Nagpur (42/46)	-	-	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Sangli	31300	-	Local and South
Sholapur	32000	32500	Local and South
Bundi	30800	30000	-

Soy DOC at Port

Centers	Port Price	
	27.9.2013	20.9.2013
Kandla (FOR) (INR/MT)	32500	32375
Kandla (FAS) (USD/MT)	526	520

International Soy DOC

Argentina FOB \$/MT	19.9.2013	12.9.2013	Change
Soybean Pellets	512	510	+2
Soybean Cake Meal	512	510	+2
Soybean Meal	520	518	+2
Soy Expellers	520	518	+2

Sunflower Meal Rates

Centers	Ex-factory rates (Rs/ton)		
	27.9.2013	20.9.2013	Change
Adoni	19500	19500	Unch
Khamgaon	19000	19000	Unch

Parli	19300	19300	Unch
Latur	19000	19000	Unch

Groundnut Meal

Groundnut Meal	27.9.2013	20.9.2013	Change
Basis 45% O&A, Saurashtra	22500	23000	-500
Basis 40% O&A, Saurashtra	20500	20800	-300
GN Cake, Gondal	23000	21000	+2000

Mustard DOC/Meal

Mustard DOC/Meal	27.9.2013	20.9.2013	Change
Jaipur (Plant Delivery)	13600	13500	+100
Kandla (FOR)	14600	14500	+100

Kharif Sown Area - Oilseeds, India

In the latest official planting report, the kharif oilseeds planting was reported higher than previous year, as on 26 September, 2013. Overall, the oilseed planting was reported up by 12.60 per cent at 193.96 lakh ha against 174.74 lakh ha during the same period last year.

Of the major kharif oilseeds crops, soybean planting stood up by around 14.20 per cent at 122.17 lakh ha compared to 106.94 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 11.30 per cent at 43.14 lakh ha compared to 38.76 lakh ha on higher area coverage in the state of Gujarat due to good rainfall in the state.

(Area in lakh hectares)

Crop	As on 26 Sep 2013	As on 26 Sep 2012	% Change
Groundnut	43.14	38.76	11.3
Soybean	122.17	106.94	14.2
Sunflower	2.42	2.74	-11.7
Sesamum	14.69	13.69	7.30
Niger	1.94	2.10	-7.6
Castor	9.60	10.51	-8.7
Total Oilseeds	193.96	174.74	11.0

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 increased during the week in review. Soybean was mostly steady to slightly firm in the international soybean markets as well. Soybean prices were up as rainfall during the past days over key regions of central India affected the harvest activities resulting in less than expected new crop spot arrivals. Further, improved buying activities in the spot markets due to expected demand in the upcoming festive season and supportive international markets also buoyed the prices.

Soybean prices witnessed gains after three consecutive weeks of losses. New crop arrivals continued in the mandis of Madhya Pradesh and Maharashtra. In Maharashtra, arrivals have started in Nagpur spot market. In Indore, moisture level of the new crop is higher at 18 percent. Arrivals are likely to pick up in the coming days putting further pressure on the market.

Retreating monsoons and improved weather conditions during the month of September has helped crop maturity. 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 IMD, the monsoon in India has confirmed its early retreat with rains below average for a third week running, but key maturing crops have already had ample watering. Rainfall was 37 percent below average in the week ended on September 11 compared with 30 percent deficiency the previous week.

On the supply front, as per the latest official planting report (as on 26 September, 2013), oilseeds planting is up by 11.00 per cent at 193.96 lakh ha against 174.74 lakh ha during the same period last year. Of the major kharif oilseeds crops, soybean planting stood up by around 14.20 per cent at 122.17 lakh ha compared to 106.94 lakh hectares during the same period last year.

Internationally, soybeans on CBOT featured a steady tone during this week after witnessing decline in the past week, on higher global supply outlook, approaching harvesting season; however tight soybean stock situation and delayed harvest capped any decline in the market. Late soybean planting and cool weather in July moved maturity dates back in many regions and gave the market a little concern about early frost, but the heat in August and recent near perfect weather has helped to mitigate much of the risk associated with frost. Yield still remains a concern for the market.

In the US, it is being estimated that the stock position may reach a 9 year low and the second lowest since 1977. However, tight US beginning stocks are not currently being seen as a major issue as the harvest will be in full swing soon and a record high world production forecasts this season. Brazil is expected to see a crop of 88 million tons this season, up 6 million.

As per the latest WASDE report for September 2013, production is projected at 3.149 billion bushels, down 106 million due to lower yield prospects. Soybean ending stocks are projected at 150 million bushels, down 70 million. 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.

Soybean planting in Brazil has been delayed because of the dry weather and less soil moisture in the key soybean producing regions. Argentina has been dry and continues to be a major concern as planting season grows nearer. Farmers are likely to wait until there is a good spell of rainfall to avoid unnecessary risk. Rainfall is forecasted for parts of Mato Grosso in Brazil this week.

Argentina has remained dry during the past week causing delay in corn sowing that may push farmers toward planting soybeans instead as corn prices are down this year, and the grain is more expensive to cultivate than soy. Argentina has been dry and continues to be a major concern as planting season grows nearer. Idle capacity of crushing plants in Argentina is at 30 percent this year, below the 34 percent at this time last year when drought reduced Argentina's soybean crop. Reportedly, farmers are stock-piling more soybeans on their farms, selling only 70 percent so far this season versus about 85 percent at this point last year.

Domestic soybean market is expected to feature a sideways 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, crop yield estimates, weakness in the rupee and range bound international market scenario may restrict sharp decline.

Soy meal

Soy meal prices witnessed a rise during the past week, in tandem with the domestic soybean prices during the week in review on steady overseas export demand and rise in international markets. Also, the modest recovery in soybean markets supported the domestic market. Strength in the meal prices on CBOT also provided support to the market. However, slight pressure is likely to be seen in the coming days on soybean new crop arrival pressure in the domestic as well as US markets.

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 per cent.

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 decline in soybean prices due to harvest pressure supporting exports.

As per the latest USDA weekly exports sales report (for Sep 13-19, 2013), net meal sales of 307,100 MT were reported for 2013-14 marketing year. Exports of 94,400 MT were up 4 percent from the previous week, but down

9 percent from the prior 4-week average. The primary destinations were the Dominican Republic (26,100 MT), Canada (19,800 MT), Venezuela (16,500 MT), Mexico (12,700 MT), and Guatemala (7,700 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 32,375-33,350/MT, lower as compared to 41,500-43,000/MT during the same period last year.

Week	FAS, Soy meal Kandla	FOB, Soy meal Argentina	Avg. Spread*
21 Sep, 2013- 27 Sep, 2013	507.83	518.33	-10.50
14 Sep, 2013- 20 Sep, 2013	506.00	519.50	-12.50

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

The average weekly soy meal price spread between FOB Argentina and FAS Kandla stood at -10.50 USD/MT, improving from last week on a slight fall in Argentine soy meal quotes and rise in Indian soy meal quotes during the week.

Recommendation: The domestic soy meal is competing with the South American soy meal prices as shipments are arriving from the region. South American prices have increased slightly compared to Indian meal prices. 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 32,000-33,000/MT.

Technical Analysis:

NCDEX Soybean Futures-Weekly Chart



Soybean Spot, Indore



Support & Resistance NCDEX Oct Soybean

S2	S1	PCP	R1	R2
3265	3325	3400.50	3577	3650

- Soybean prices depicted a firm trend during the week in review.
- RSI is moving steady in the neutral zone which indicates a range bound trend 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 3450-3460. Levels: Target – 3375; 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 3350-3500 levels (Indore, Plant basis).

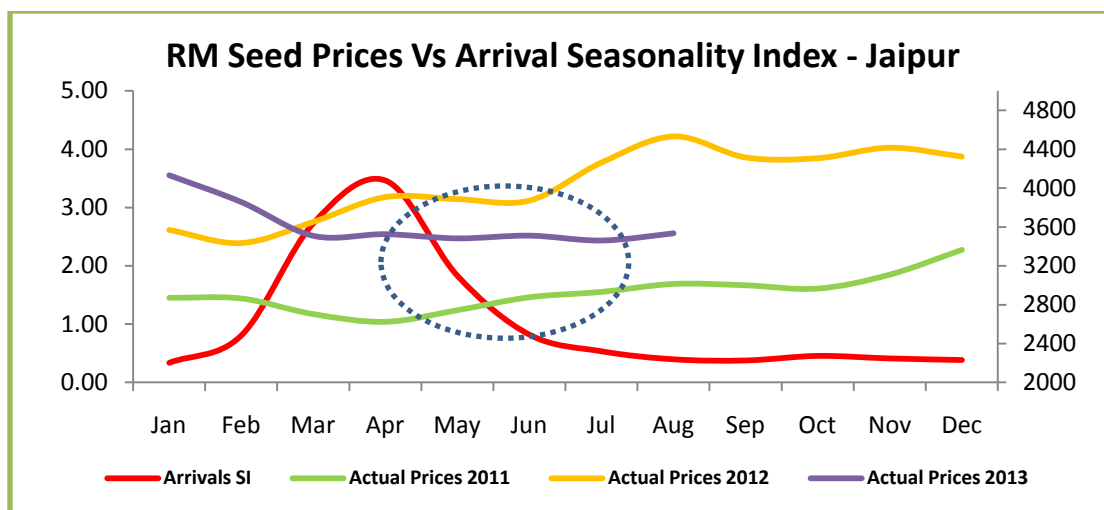
Rapeseed - Mustard Seed

Rapeseed/mustard seed prices at key markets witnessed a steady trend during the week and featured an overall increase for the week under consideration. Prices felt slight pressure on new crop oilseeds arrivals in the domestic markets and sufficient stocks of rapeseed reported in the markets. However, the approaching season end and seasonal demand for oils continued to lend strong support to the market. Further, positive cues from BMD CPO, which featured a rise after two weeks of decline, and overall global steady trend in oils and oilseeds markets restricted any downward movement in prices.

Domestically, higher 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. As per Indian Meteorological Department, the monsoon in India is on an early retreat with rains below average for a third week running, but key maturing crops have already had ample watering. However, good rainfall during the tail end of the season likely to boost the soil moisture and raise prospects for winter grown rapeseed crop.

On the international front, global rapeseed supplies are estimated by Oil World to reach an all-time high of 70 million tons, up 2.5 percent from a year earlier- production of 65 million tons and beginning inventories of 5 million tons. Expected higher crop yields in Canada and EU countries of Germany, Poland, Hungary and Romania will put prices under pressure. Further, rise in production will also reduce imports by these countries.

Higher global rapeseed production estimates and higher domestic oilseed acreage in the current season are likely to pressurize the rapeseed markets. However, dwindling supplies in the spot markets and expected seasonal demand for oils are likely to impart a range bound 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
310,000	325,000	214,000

Technical Analysis:

NCDEX RM Seed Futures



RM Seed Spot, Jaipur



Support & Resistance NCDEX RM Seed Oct

S2	S1	PCP	R1	R2
3365	3400	3489	3635	3700

- Candlestick chart pattern reveals firm trend in mustard seed prices.
- RSI is moving steady in the neutral zone indicating a sideways tone in the near term.
- **Trade Recommendation (NCDEX RM SEED - Oct) Week: BUY** between 3520-3540 for a target – 3600; SL -3475.

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 3600-3700 Rs/qrtl level in near term.

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