

## Executive Summary

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Oilseeds and oil meals prices across major markets of India featured a firm trend during the week in review. However, soybean declined in the international soybean markets. Domestic soybean prices were up as wet weather conditions during the past weeks over key regions of central India has delayed 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 has buoyed the prices.

Soybean prices witnessed gains after for the second consecutive week. New crop arrivals continued in the mandis of Madhya Pradesh and Maharashtra. As per sources, quality of seed is low compared to last year and having high moisture content. In Indore, moisture level of the new crop is still reported higher at 20-21 percent. Yield losses are reported in the states of Madhya Pradesh and Rajasthan due to excess rainfall during the growing phase of the crop. These factors supported the market during the past month which is likely to continue in the coming days.

India will celebrate festivals such as Dussehra and Diwali in the next two months, when typically edible oil consumption rises. Expected improvement in seasonal buying activities in the spot markets due to upcoming festive season is likely to support the prices.

As per government's First Advance Estimates of Production for 2013-14 (as on 24 Sep), soybean production is estimated at 156.81 lakh tons. SOPA has pegged the soybean production for 2013-14 at 129.83 lakh tons in its First crop estimate compared with 126.77 lakh tons in 2012-13 based on a yield of 1079 kg/Ha and planting area of 120.327 lakh Ha.

Rapeseed/mustard seed prices at key markets witnessed modest gains during 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 also 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 increase compared to previous year. The fourth advance estimate of production released by the government pegs the oilseed production for 2012-13 at 31.01 million tons. RM seed is estimated at 78.20 lakh tons compared to 66.04 lakh tons in 2011-12. 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% from a year earlier. Also, China's RM seed imports in Jun-May 2013-14 are likely to reach 3.59 Mn tons, up 54% from 2012/13 indicating a strong buying interest.

Soy meal prices witnessed steady to firm sentiments during the past week, in tandem with the domestic soybean prices during the week in review. This was due to steady overseas export demand and rise in international soy meal markets.

The uptrend 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

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- ❖ The USDA stock position released on 30 September was considered bearish against trade expectations. September 1st soybean stocks were pegged at 141 million bushels. The USDA adjusted their 2012 production estimate up by 18.6 million bushels. Of the total, 39.6 million bushels were on-farm storage, up 3% from last year and off-farm storage was 101 million bushels, down 23% from last year.
- ❖ As per Abiove, Brazil's 2013-14 soybean production is likely to reach 86 million tons, up from 81.6 million tons in 2012-13. Brazil is expected to export 44 million tons from the 2013/14 soybean crop, up from 41.5 million tons expected to ship abroad from 2012-13.
- ❖ Lanworth has kept its forecast for the 2013-14 U.S. soybean production unchanged from its previous estimate of 3.112 billion bushels. It also left its outlook for world soybean production unchanged at 284 million tons.
- ❖ FCStone has increased its projection for U.S. 2013-14 soybean production to 3.163 billion bushels, from its September forecast of 3.146 billion bushels. The firm forecast the average soybean yield at 41.4 bushels per acre, up from its September estimate of 41.2 bushels per acre.
- ❖ As per USDA's weekly crop progress report, US soybean harvesting was reported as 11 percent completion, up from 3 percent last week. 53 percent of the soybean crop was rated in good to excellent condition, up from 50 percent in the previous week.
- ❖ Port workers in Argentina's Rosario port have been on strike demanding pay increases to compensate for eroding purchasing power caused by inflation in Argentina. The spike in shipping costs and lower profits resulting from a series of union protests at Rosario port has raised concerns among the country's agricultural companies.
- ❖ Exports of Malaysian palm oil products in September rose 2.1 percent to 1,530,292 tons from 1,498,755 tons shipped in August - cargo surveyor Intertek Testing Services.
- ❖ As per Dorab Mistry, palm oil imports for 2013/14 oil year seen at 8.3 million tons, against 8.35 million tons in 2012/13 as local buyers may turn to soy oil and sunflower oil to supply domestic refiners.
- ❖ 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 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 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)		
	4.10.2013	27.9.2013	Parity To
Indore (MP)	31000-31500	30700-31200	Gujarat, MP
Kota	30600-31000	30800-31000	Rajasthan, Del, Punjab, Haryana
Akola	-	-	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Hingoli	31000	-	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Nanded/Latur	-	31900	Andhra, AP, Kar, TN
Dhulia/Jalna	32200	33000	Mumbai, Maharashtra
Nagpur (42/46)	-	-	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Sangli	31600	31300	Local and South
Sholapur	31200	32000	Local and South
Bundi	30800-30900	30800	-

### Soy DOC at Port

Centers	Port Price	
	4.10.2013	27.9.2013
Kandla (FOR) (INR/MT)	33400	32500
Kandla (FAS) (USD/MT)	544	526

### International Soy DOC

Argentina FOB \$/MT	3.10.2013	26.9.2013	Change
Soybean Pellets	537	-	-
Soybean Cake Meal	537	-	-
Soybean Meal	545	-	-
Soy Expellers	545	-	-

### Sunflower Meal Rates

Centers	Ex-factory rates (Rs/ton)		
	4.10.2013	27.9.2013	Change
Adoni	17400	19500	-2100
Khamgaon	16800	19000	-2200

Parli	17200	19300	<b>-2100</b>
Latur	17000	19000	<b>-2000</b>

**Groundnut Meal**

<b>Groundnut Meal</b>	<b>4.10.2013</b>	<b>27.9.2013</b>	<b>Change</b>
Basis 45% O&A, Saurashtra	23000	22500	<b>+500</b>
Basis 40% O&A, Saurashtra	20000	20500	<b>-500</b>
GN Cake, Gondal	21000	23000	<b>-2000</b>

**Mustard DOC/Meal**

<b>Mustard DOC/Meal</b>	<b>4.10.2013</b>	<b>27.9.2013</b>	<b>Change</b>
Jaipur (Plant Delivery)	13600	13600	<b>Unch</b>
Kandla (FOR)	14600	14600	<b>Unch</b>

## Kharif Sown Area - Oilseeds, India

In the latest official planting report, the kharif oilseeds planting was reported higher than previous year, as on 3 October, 2013. Overall, the oilseed planting was reported up by 11.20 per cent at 194.92 lakh ha against 175.22 lakh ha during the same period last year.

Of the major kharif oilseeds crops, soybean planting stood up by around 14.40 per cent at 122.20 lakh ha compared to 106.86 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 11.00 per cent at 43.20 lakh ha compared to 38.91 lakh ha on higher area coverage in the state of Gujarat due to good rainfall in the state. Sunflower planting was lower by 12.90 percent at 2.43 lakh ha compared to 2.79 lakh ha during the same period last year.

(Area in lakh hectares)

<b>Crop</b>	<b>As on 3 Oct 2013</b>	<b>As on 3 Oct 2012</b>	<b>% Change</b>
Groundnut	43.20	38.91	11.0
Soybean	122.20	106.86	14.4
Sunflower	2.43	2.79	-12.9
Sesamum	14.92	13.7	8.9
Niger	2.33	2.44	-4.5
Castor	9.84	10.52	-6.5
<b>Total Oilseeds</b>	<b>194.92</b>	<b>175.22</b>	<b>11.2</b>

Source: GOI

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

## Soybean

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As per IMD, India received 6 percent higher rainfall than normal in the 2013 monsoon season ended on Sept 30. There was excessive rainfall over 48 percent of total area from June to September, while 38 percent area received normal rains. Western Madhya Pradesh, Vidarbha and West Rajasthan were amongst the higher rainfall receiving regions.

Internationally, soybeans on CBOT witnessed pressure from the harvesting activities currently underway in the key producing regions. Late soybean planting and cool weather in July moved maturity dates back in many regions. Markets featured a weak tone during the week on higher global supply outlook and approaching harvesting season; however tight soybean stock situation and delayed harvest were supportive. Crop yield still remains a crucial factor for the market.

In Brazil, soybean planting has been delayed because of the dry weather and low soil moisture in the key soybean producing regions. Most growing areas in Brazil have received less-than-average rainfall in the month of September. However, analysts still expect a record high 2013-14 soybean crop of about 85 million tons. Planting is still in the early stages, however, and many farmers are waiting for stronger rains, expected later in October. Brazil's government will release its first official crop report on October 8 which will give a clearer picture of growing conditions and estimates for this season. Argentina also remained dry during the month and continues to be a major concern as planting season grows nearer amid crop tightness.

Domestic soybean market is expected to feature a sideways movement in the coming week. Market is likely to witness arrival pressure from the new soybean crop and improved production estimates, both domestically and

internationally. However, deterioration in crop yields and expected demand due to upcoming festivities in October-November is likely to support the prices in the near term.

## Soy meal

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Soy meal prices witnessed steady to firm sentiments during the past week, in tandem with the domestic soybean prices during the week in review. This was due to steady overseas export demand and rise in international soy meal markets.

The uptrend 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.

Steady exports demand was reported from traders amid limited availability of beans in the local markets. This trend is likely to persist in the coming days due to good soy meal exports buying enquiries and mostly steady demand from domestic feed industry. Also, the prices of other key feed ingredients featured a firm tone. Bajra, Maize, DCP, MBM, DRB and Mustard de-oiled cake prices were up on improved demand and lower availability

India may export about 5 million tons of soy meal in the year from Oct. 1, 2013, a rise of about 25 per cent on the previous year on strong demand from Iran and Thailand. Thus, good demand for new crop soy meal is seen in the near term.

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.

Internationally, in the European markets, soy meal was mostly tracking the CBOT soy meal futures. 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.

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*
<b>28 Sep, 2013- 3 Oct, 2013</b>	519.75	532.66	<b>-12.91</b>
<b>21 Sep, 2013- 27 Sep, 2013</b>	507.83	518.33	<b>-10.50</b>

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

The average weekly soy meal price spread between FOB Argentina and FAS Kandla stood at -12.91 USD/MT, higher than last week on a rise in Argentine soy meal quotes as compared to 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 compared to Indian meal prices. Good buying interest in Indian 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 33,000-35,000/MT.*



## **Technical Analysis:**

### **NCDEX Soybean Futures-Weekly Chart**



### **Soybean Spot, Indore**



### **Support & Resistance NCDEX Nov Soybean**

S2	S1	PCP	R1	R2
3345	3400	3501	3587	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 firm bias during the coming week.
- **Trade Recommendation (NCDEX Soybean – Nov) Week:** BUY between 3475-3495. Levels: Target – 3575; SL -3450.

**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 3425-3575 levels (Indore, Plant basis).



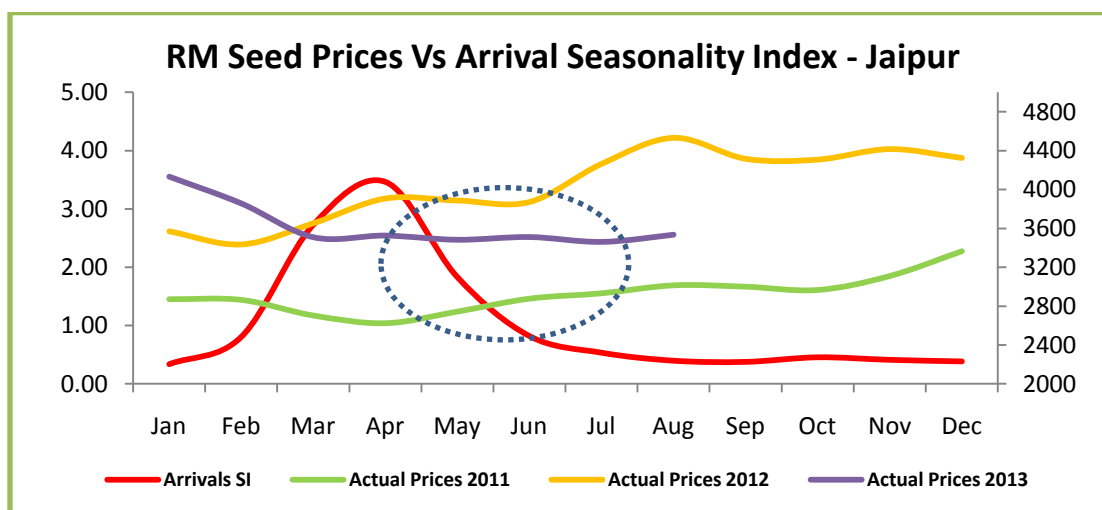
## Rapeseed - Mustard Seed

Rapeseed/mustard seed prices at key markets witnessed modest gains during 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 also 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 increase compared to previous year. The fourth advance estimate of production released by the government pegs the oilseed production for 2012-13 at 31.01 million tons. RM seed is estimated at 78.20 lakh tons compared to 66.04 lakh tons in 2011-12. 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% from a year earlier. Also, China's RM seed imports in Jun-May 2013-14 are likely to reach 3.59 Mn tons, up 54% from 2012/13 indicating a strong buying interest.

South East Asian countries are entering the seasonally high palm oil yield phase which raises concerns about palm oil inventory levels climbing higher during the second half of 2013. This, in turn, will affect the domestic rapeseed market sentiment as the domestic mustard seed closely tracks BMD CPO. However, good demand from top palm oil buyers, i.e. India, China may limit losses in the palm oil prices at BMD

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
250,000	310,000	185,000

### Technical Analysis:

#### **NCDEX RM Seed Futures**



#### **RM Seed Spot, Jaipur**



#### **Support & Resistance NCDEX RM Seed Nov**

S2	S1	PCP	R1	R2
3365	3400	3542	3635	3700

- Candlestick chart pattern reveals a steady to firm trend in mustard seed prices.
- RSI is moving up in the neutral zone indicating a firm tone in the near term.
- **Trade Recommendation (NCDEX RM SEED - Nov) 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/qtl level in near term.

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