

Executive Summary

Oilseeds and oil meals prices across major markets of India continued to witness firm sentiments during the week in review. Domestic soybean prices were range bound owing to need based demand for edible oils in spot markets. While, cautious buying at higher levels limit upside.

Indian government has raised the minimum support price for rapeseed to 3,050 rupees per Qtl, up from 3,000 rupees per Qtl a year earlier and the MSP of safflower has been raised by Rs. 200 per Qtl to Rs. 3000 per Qtl to boost oilseeds production and to reduce the edible oil import burden.

The weather has become clear and soybean supplies are likely to surge in the coming days. Moreover, late rains over key soybean growing regions affect the crop prospects and the seed quality is lower and having high moisture content.

Internationally, soybeans on CBOT declined on pressure from harvesting activities currently underway in the key producing regions. Soybean yield reports from producers are coming in higher than expected. Moreover, USDA has cancelled the October production and supply/demand reports and will prepare for the November 8th update. This is the first time the monthly update has been cancelled since 1866.

Rapeseed/mustard seed prices at key markets witnessed range bound to firm movement during the week under consideration tracking gains in oil complex and better buying from stockists. Moreover, the approaching season end and improved seasonal demand for oils continued to lend strong support to the market.

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.

Soy meal prices witnessed range bound movement during the week owing to need based demand. This was due to steady overseas export demand and supply tightness in international markets. Soy meal on CBOT market declined on harvest pressure from soybeans.

International Highlights

- ❖ According to the Argentina's Agriculture Ministry, soybean plantings were revised up to a record 20.65 million hectares, up 0.65 million hectares last year.
- ❖ As per Oil world, farmers in South America's top five producing countries may plant 54.2 million hectares in the 2013-14, up 2 million hectares from last year. Brazil may plant a record 29 million hectares and Argentina may sow 19.7 million hectares. Argentine farmers may shift some corn and sunflower area to soybeans in 2013/14.
- ❖ The USDA has cancelled the October production and supply/demand reports and will prepare for the November 8th update. This is the first time the monthly update has been cancelled since 1866.

- ❖ Lanworth has increased its US soybean harvest estimate to 3.160 billion bushels from 3.112 billion due to improved yield prospects in Michigan, Nebraska, South Dakota and Illinois.
- ❖ Buenos Aires Grains Exchange reported that Argentina's 2013/14 soy planting area is pegged to grow 2.5 percent against the previous season to 20.2 million hectares.
- ❖ As per the latest release by the General Administration of Customs, China imported 4.70 million tons of soybeans in September, down 26.2 percent from 6.37 million tons in August. Imports of vegetable oils in September were 570,000 tons, down 21.9 percent from the previous month.
- ❖ The USDA has not released its weekly update on crop harvest activity this week due to the partial shutdown of the government. However, analysts have estimated that harvesting had reached a level of 20 percent. Yield estimates are mostly better than expected.
- ❖ Celeres has increased the 2013-14 soybean production estimates in Brazil to 86.2 million tons from 85.20 million tons due to higher prices and favorable exchange rate. Also, sales of the crop have reached 30 percent of expected production by Oct 4, down from 46 percent a year earlier. The new crop is now 3 percent planted.
- ❖ 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.

Oil Meal Prices at Key Spot Markets:

Soy DOC Rates at Different Centers

Centers	Ex-factory rates (Rs/ton)		
	18.10.2013	11.10.2013	Parity To
Indore (MP)	31000	31800-32200	Gujarat, MP
Kota	31000	31500	Rajasthan, Del, Punjab, Haryana
Akola	31500	-	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Hingoli	31300	-	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Nanded/Latur	31500	-	Andhra, AP, Kar, TN
Dhulia/Jalna	32000	33500	Mumbai, Maharashtra
Nagpur (42/46)	31200	32500	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Sangli	31800	-	Local and South
Sholapur	32000	32500	Local and South
Bundi	31200	31000	-

Soy DOC at Port

Centers	Port Price	
	18.10.2013	11.10.2013
Kandla (FOR) (INR/MT)	33000	34300
Kandla (FAS) (USD/MT)	539	561

International Soy DOC

Argentina FOB \$/MT	17.10.2013	10.10.2013	Change
Soybean Pellets	536	541	-5
Soybean Cake Meal	536	541	-5
Soybean Meal	544	549	-5
Soy Expellers	544	549	-5

Sunflower Meal Rates

Centers	Ex-factory rates (Rs/ton)		
	18.10.2013	11.10.2013	Change
Adoni	17800	17800	Unch
Khamgaon	17000	17000	Unch
Parli	17800	17800	Unch
Latur	17000	17000	Unch

Groundnut Meal

Groundnut Meal	18.10.2013	11.10.2013	Change
Basis 45% O&A, Saurashtra	23000	23145	-145
Basis 40% O&A, Saurashtra	20000	20140	-140
GN Cake, Gondal	24000	22000	+2000

Mustard DOC/Meal

Mustard DOC/Meal	18.10.2013	11.10.2013	Change
Jaipur (Plant Delivery)	13600	13800	-200
Kandla (FOR)	14600	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 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)

Crop	As on 3 Oct 2013	As on 3 Oct 2012	% Change
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
Total Oilseeds	194.92	175.22	11.2

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

Soybean prices across major markets of India continued to witness sideways trend during the week in review. However, soybean declined in the international soybean markets limit gains. Domestic soybean prices were range bound owing to need based demand for edible oils in spot markets. While, cautious buying at higher levels limit upside.

Indian government has raised the minimum support price for rapeseed to 3,050 rupees per Qtl, up from 3,000 rupees per Qtl a year earlier and the MSP of safflower has been raised by Rs. 200 per Qtl to Rs. 3000 per Qtl to boost oilseeds production and to reduce the edible oil import burden.

The weather has become clear and soybean supplies are likely to surge in the coming days. Moreover, late rains over key soybean growing regions affect the crop prospects and the seed quality is lower and having high moisture content.

India will celebrate festivals such as Diwali in the coming weeks, 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.

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. As per preliminary Agriwatch estimates, average yield to soybean in India would be around 1107 kg/Hectare. As on 3 Oct. 2013, soybean seed sowing area was reported at 122.20 lakh hectares. Considering the above factors soybean production for 2013-14 is projected at 135.2 lakh tons.

Oil world, reports that farmers in South America's top five producing countries may plant 54.2 million hectares in the 2013-14, up 2 million hectares from last year. Brazil may plant a record 29 million hectares and Argentina may sow 19.7 million hectares. Argentine farmers may shift some corn and sunflower area to soybeans in 2013/14.

Domestic soybean market is expected to feature a steady movement in the coming week as supplies are likely to surge in the coming days. However, good demand from stockists may limit excessive losses.

Soy meal

Soy meal prices witnessed range bound movement during the week owing to need based demand. This was due to steady overseas export demand and supply tightness in international markets. Soy meal on CBOT market declined on harvest pressure from soybeans.

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 better soy meal exports buying enquiries and 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, export of soy meal during September, 2013 was 173,949 tons as compared to just 2,864 tons in September, 2012. On a financial year basis, the export during April 2013 to September 2013 was 876,294 MT as compared to 837,078 MT in the same period of previous year showing marginal increase of 4.68%.

Soy meal prices are mostly expected to feature a steady tone in the near term on better buying enquiries on diminishing South American supplies. However, appreciation in the rupee and slight fall in soybean prices due to harvest pressure may pressure the market in the near term.

During current marketing year October 2012 to September 2013, exports of soybean meal was 34,73,133 MT as against 36,22,909 MT last year, marginally decrease by 4.13%. During the current Oil year Iran, Japan, Japan, France, Thailand, Vietnam, Indonesia and Korea are the major destinations for Indian soybean meal exports.

However, India's Y-o-Y soy meal prices have witnessed a surge during the past week. Soy meal (Oct-Nov) export price, FOR Kandla exports was quoted between Rs 33,100-34,300/MT, higher as compared to 27,300-29,000/MT during the same period last year.

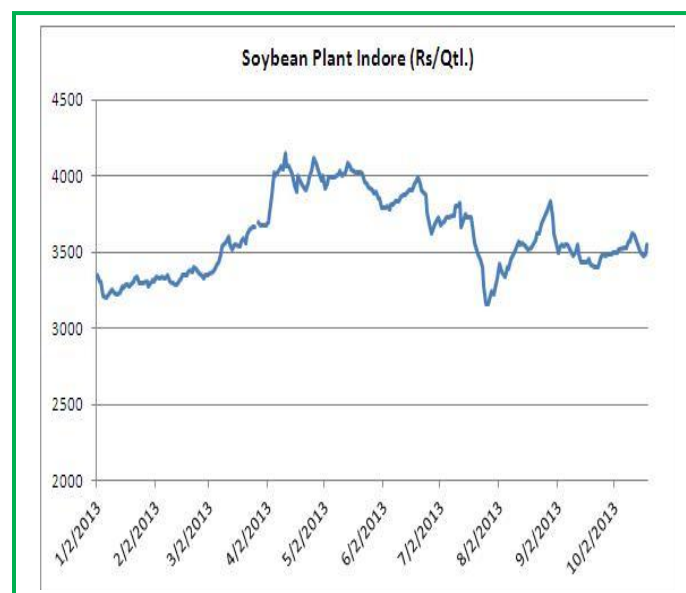
Recommendation: *The domestic soy meal is competing with the South American soy meal prices as shipments are arriving from the region. South American prices have increased compared to Indian meal prices on supply tightness. Good buying interest in Indian soy meal is likely to lend support to the market but stronger rupee is likely to restrict gains. 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. FOR, Kandla is likely to be in the price band of Rs 32,200-34,000/MT.*

Technical Analysis:

NCDEX Soybean Futures-Weekly Chart



Soybean Spot, Indore



Support & Resistance NCDEX Nov Soybean

S2	S1	PCP	R1	R2
3420	3450	3532	3600	3640

- Soybean prices depicted losses 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 during the coming week.
- **Trade Recommendation (NCDEX Soybean – Nov) Week:** Sell between 3560-3575. Levels: Target – 3490; SL -3600.

Trade Recommendation Soybean Spot: We feel the soybean prices to feature range bound trend in the near-term - WEEK. The prices are likely to witness the 3550-3600 levels (Indore, Plant basis).

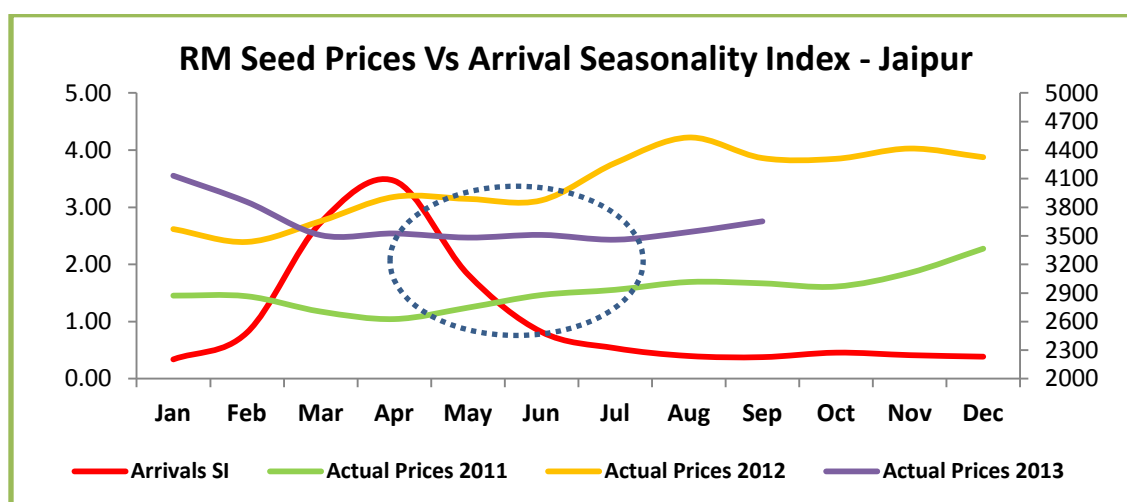
Rapeseed - Mustard Seed

Rapeseed/mustard seed prices at key markets witnessed range bound to firm movement during the week under consideration tracking gains in oil complex and better buying from stockists. Moreover, the approaching season end and improved seasonal demand for oils continued to lend strong support to the market.

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.

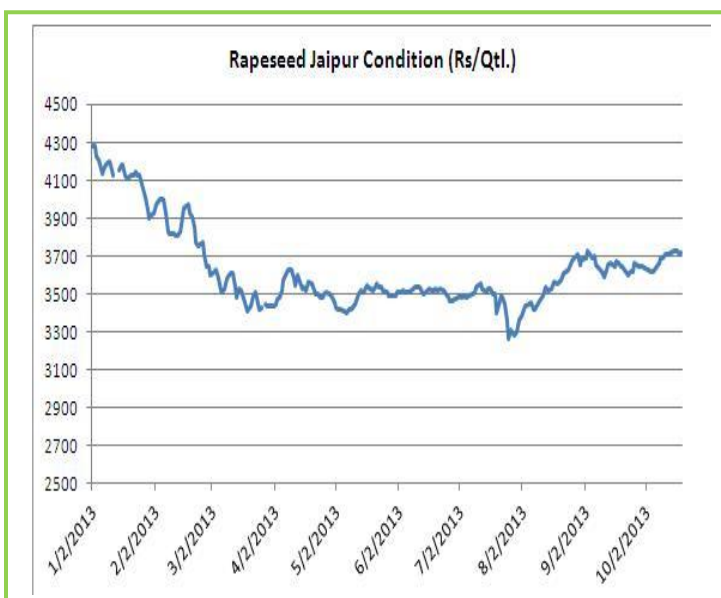


Technical Analysis:

NCDEX RM Seed Futures



RM Seed Spot, Jaipur



Support & Resistance NCDEX RM Seed Nov

S2	S1	PCP	R1	R2
3500	3550	3624	3735	3800

- Candlestick chart pattern reveals a steady to weak tone 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: Sell** between 3635-3650 for a target –3580; SL -3685.

Trade Recommendation RM Seed Spot (Jaipur basis): In spot the RM seed prices are expected to feature range bound movement in the coming days on expected improved demand. The prices are likely to witness 3650-3750 Rs/qtl level in near term.

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