

Executive Summary

Oilseeds and oil meals markets across major centers of India featured a firm trend during the week under review. Soybean prices were up on good demand from stockists and oil mills ahead of festivities. Moreover, crop yield concerns and high crop moisture provided support to the market. Internationally, soybeans on CBOT depicted a weak trend as harvest activities near completion amid supportive weather conditions.

Crop moisture was witnessed on the higher side and quality of seed is reported lower compared to last year. The average daily arrivals in spot markets of Madhya Pradesh have so far been weaker than past year. Yield losses are reported in the states of Madhya Pradesh and Rajasthan due to excess rainfall during the growing phase of the crop. Late rains in major producing areas have kept moisture content high in the crop, which would damage the beans badly and reduce protein content. It is expected that good quality beans will be available in the market by mid-November.

Mostly, the week saw festive demand due to Diwali and other festivities. Improvement in seasonal buying activities in the spot markets due to the festive season supported the prices. Availability of sufficient crushable soybean supplies in the coming days is a concern for the market and may remain supportive for the market.

Internationally, estimates of higher soybean production in major producing nations of US and South America are building up bearish sentiments for the global markets. Mostly dry and warm weather in the past week allowed farmers to speed up harvesting of sunflower seed in the Black Sea region, reducing the delay caused by excessively moist conditions observed in September. Favorable weather facilitated rapid harvesting of sunflower seed in Ukraine and Russia and less crop damage than feared.

On the domestic supply front, as per the latest official planting report (as on 17 October, 2013), oilseeds planting is up by 10.10 per cent at 194.94 lakh ha against 177.11 lakh ha last year.

Soy meal prices featured a firm tone during the week in conjugation with the soybean prices. However, appreciation in the value of the Indian rupee and weakness in the international markets restricted sharp gains.

Rapeseed/mustard seed prices in key spot markets across Rajasthan and Gujarat witnessed a firm trend during the week. The movement in prices was in conjugation with the soybean prices with strong cues from BMD CPO.

Rapeseed prices saw support on improved demand for oils which led to better RM seed buying from stockists and oil mills. It is expected that the approaching season end and seasonal demand for oils will continue to lend support to the market.

International Highlights

- ❖ As per latest IGC report, global soybean output is projected to expand by 4% yoy in 2013/14, to a record 282 MT, on expectations for bumper crops in South America. End-season stocks are set to increase by 12% in 2013/14, led by major exporters, and global trade (Oct/Sep) is set to expand by 10%, driven by a rebound in import demand from China.
- ❖ As per AgRural report, Brazil's soybean planting was 34 percent complete as of Oct. 25, in line with the 32 percent at the same time last year earlier.
- ❖ USDA has reported that the soybean harvest has been 77 percent completed by Sunday, up from 63 percent a week earlier and matching the five-year average.
- ❖ As per the Buenos Aires Grains Exchange, Argentina's farmers this week started planting the 2013-14 soy crop, whose area is expected to grow 2.5 percent versus the prior season as farmers are likely to switch from corn to soybeans due to the prolonged dryness.
- ❖ USDA attache in Brazil has projected the Brazilian soybean production for the 2013/14 marketing year at a record-high 88 million tons, up 8 percent from the previous year and soybean exports are forecast at 45 million tons.
- ❖ As per the Buenos Aires Grains Exchange, Argentina's farmers this week started planting the 2013-14 soy crop, whose area is expected to grow 2.5 percent versus the prior season as farmers are likely to switch from corn to soybeans due to the prolonged dryness.
- ❖ USDA attache in Brazil has projected the Brazilian soybean production for the 2013/14 marketing year at a record-high 88 million tons, up 8 percent from the previous year and soybean exports are forecast at 45 million tons.
- ❖ Exports of Malaysian palm oil products for Oct. 1-25 rose 3.8 percent to 1,259,841 tons from 1,213,583 tons shipped during Sep. 1-25, cargo surveyor Societe Generale de Surveillance. (Reuters)
- ❖ Indonesia kept its export tax for crude palm oil unchanged at 9 percent for November – Ministry official.
- ❖ Lanworth raised its forecast for world soybean production to 288 million tons due to better yield reports from the ongoing harvest in the U.S. Midwest.
- ❖ 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.

Oil Meal Prices at Key Spot Markets:

Soy DOC Rates at Different Centers

Centers	Ex-factory rates (Rs/ton)		
	01.11.2013	25.10.2013	Parity To
Indore (MP)	33000	32000	Gujarat, MP
Kota	33400	32400	Rajasthan, Del, Punjab, Haryana
Akola	33500	32000	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Hingoli	32500	32000	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Nanded/Latur	33800	32000	Andhra, AP, Kar, TN
Dhulia/Jalna	34500	32400	Mumbai, Maharashtra
Nagpur (42/46)	33800	32500	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Sangli	34000	33000	Local and South
Sholapur	33000	33000	Local and South
Bundi	33500	32400	-

Soy DOC at Port

Centers	Port Price	
	01.11.2011	25.10. 2013
Kandla (FOR) (INR/MT)	35925	34500
Kandla (FAS) (USD/MT)	580	560

International Soy DOC

Argentina FOB \$/MT	31.10.2013	24.10.2013	Change
Soybean Pellets	515	545	-30
Soybean Cake Meal	515	545	-30
Soybean Meal	523	553	-30
Soy Expellers	523	553	-30

Sunflower Meal Rates

Centers	Ex-factory rates (Rs/ton)		
	01.11.2013	25.10.2013	Change
Adoni	16400	16400	Unch
Khamgaon	15800	15800	Unch
Parli	16000	16000	Unch
Latur	15800	15800	Unch

Groundnut Meal

Groundnut Meal	01.11.2013	25.10.2013	Change
Basis 45% O&A, Saurashtra	25000	22500	+2500
Basis 40% O&A, Saurashtra	22500	20500	+2000
GN Cake, Gondal	24000	23500	+500

Mustard DOC/Meal

Mustard DOC/Meal	01.11.2013	25.10.2013	Change
Jaipur (Plant Delivery)	14000	13800	+200
Kandla (FOR)	15000	14700	+300

Kharif Sown Area - Oilseeds, India

In the latest official planting report, the kharif oilseeds planting was reported higher than previous year, as on 17 October, 2013. Overall, the oilseed planting was reported up by 10.10 per cent at 194.94 lakh ha against 177.11 lakh ha during the same period last year.

Of the major kharif oilseeds crops, soybean planting stood up by around 14.30 per cent at 122.20 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 11.20 per cent at 43.20 lakh ha compared to 38.86 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 17 Oct 2013	As on 17 Oct 2012	% Change
Groundnut	43.20	38.86	11.2
Soybean	122.20	106.89	14.3
Sunflower	2.43	2.79	-12.9
Sesamum	14.93	14.23	4.9
Niger	2.33	2.57	-9.3
Castor	9.84	11.77	-16.4
Total Oilseeds	194.94	177.11	10.1

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 markets across major centers of India featured a firm trend during week. Soybean prices surged due to good demand from stockists and oil mills ahead of festivities. Moreover, crop yield concerns and high crop moisture provided support to the market. Internationally, soybeans on CBOT depicted weak sentiments due to the ongoing harvesting activities amid supportive weather conditions.

Harvesting activities continued with a steady pace during the week. Crop moisture was witnessed on the higher side and quality of seed is reported lower compared to last year. The average daily arrivals in spot markets of Madhya Pradesh have so far been weaker than past year. Yield losses are reported in the states of Madhya Pradesh and Rajasthan due to excess rainfall during the growing phase of the crop. Late rains in major producing areas have kept moisture content high in the crop, which would damage the beans badly and reduce protein content. However, it is expected that good quality beans will be available in the market by mid-November.

These factors supported the market during the past month. However, estimates of higher soybean production in major producing nations of US and South America are building up bearish sentiments for the global markets which will be a factor to watch out in the coming month.

Most of the month saw festive demand due to Diwali and other festivities. Improvement in seasonal buying activities in the spot markets due to the festive season supported the prices. Availability of sufficient crushable soybean supplies in the coming days is a concern for the market and may remain supportive for the market.

On the supply front, as per the latest official planting report (as on 17 October, 2013), oilseeds planting is up by 10.10 per cent at 194.94 lakh ha against 177.11 lakh ha last year. Solvent Processors Association (SOPA) has conducted Second Crop Survey during 1-7 October 2013 and based on the data collected, SOPA released the second estimates for soybean production in India. Due to excess and continuous rains during kharif season, soybean yield has been affected adversely and therefore, production has been revised to 122.345 lakh tons from 129.832 lakh tons as announced in first estimate.

In the US, soybeans on CBOT witnessed a weak trend during the week. Pressure from the harvesting activities in the key producing regions and estimates of better than expected yields pressured the market. Further, better global supply outlook on higher production estimates in South American countries restricted any upward movement during the month.

Expectations of active demand in the coming weeks, robust Chinese buying and slightly wet weather conditions in some producing regions provided some support to soybeans on CBOT. However, sharp uptrend in palm oil futures during the past week also buoyed the soybeans. The USDA cancelled the October WASDE report due to the government stand-off and will prepare for the November 8th update.

In South America, weather conditions improved during the month supporting early crop growth of soybeans. After witnessing a dry September, Brazil's top growing state Mato Grosso received good rain so far in October which is forecast to continue in the coming days. Also, rains are likely to hit all producing regions during the first week of November. As per AgRural, soybean sowing is 34 percent complete as on Oct 25.

Most parts of Argentina's oilseed crop area are still dry but weather and crop prospects are generally very favorable in Brazil, Paraguay and Uruguay. Analysts expect a record Brazilian crop of about 88 million tons. This will lead to congestion in the ports of Brazil and shipments are likely to be delayed again. Logistics and infrastructure issues are likely to remain a big challenge for Brazil in the coming season.

Domestic soybean market is expected to feature a steady to slightly firm movement in the coming days on demand from crushers against a backdrop of lower output expectations. However, likely improvement in domestic arrivals in coming weeks, progress in US soybean harvest and expected higher crop yields is likely to pressure global soy markets, limiting the upside.

Soy meal

Soy meal prices featured a firm tone during the week in conjugation with the soybean prices. However, weakness in the international markets restricted sharp gains. Good exports demand was reported from traders amid limited availability of beans in the local markets and supply tightness in international markets. This trend is likely to persist in the coming days. 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.

The uptrend in domestic soybean markets supported the domestic market along with strength in the meal prices on CBOT. 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 and strengthening of the Indian rupee. However, there are concerns over damage to the soybean crop due to which traders have revised their projections for soy meal exports. It is now being estimated by traders and industry officials that India's soy meal exports may be limited to 4 million tons in 2013/14, around 1 million tons lower than previous forecast.

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%.

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.

The soy meal prices are expected to feature steady movement with a firm bias in the near term. Prices may depict slight weakness during the month as harvesting season in the US as well as India is currently underway. However, demand for new crop soy meal and tightness in the good quality beans supply in the domestic markets is likely to support the prices in the near-term.

India's soy meal prices continued to get competition from South American prices. However, Indian meal is competitively priced currently and market is about to enter the seasonally higher exports period. Also, soybeans exports from South America are diminishing which is likely to aid India's exports.

Further, preference of the meal of Indian origin mainly by the South-East countries due to logistic and freight advance and demand for non-GMO meal will lend support to the domestic soy meal. 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: *Indian soy meal faces price competition from South American soy meal but Indian meal is still competitively priced. Besides, India is entering the seasonally higher exports period and South American supplies are likely to diminish. 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 34,000-35,500/MT.*

Technical Analysis:

NCDEX Soybean Futures-Weekly Chart



Soybean Spot, Indore



Support & Resistance NCDEX Dec Soybean

S2	S1	PCP	R1	R2
3625	3717	3879	3950	4079

- Soybean prices depicted bullish tone during the week in review.
- RSI is edging higher in the overbought zone which indicates recovery in prices in the coming days.
- Prices are expected to witness a steady tone during the coming week.
- **Trade Recommendation (NCDEX Soybean – Dec) Week: Buy** between 3870-3890. Levels: Target – 3975; SL -3825.

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 3825-3950 levels (Indore, Plant basis).

Rapeseed - Mustard Seed

Rapeseed/mustard seed prices in key spot markets across Rajasthan and Gujarat witnessed a firm trend during the past week and closed higher than the previous month. The movement in prices was in conjugation with the soybean prices with strong cues from BMD CPO.

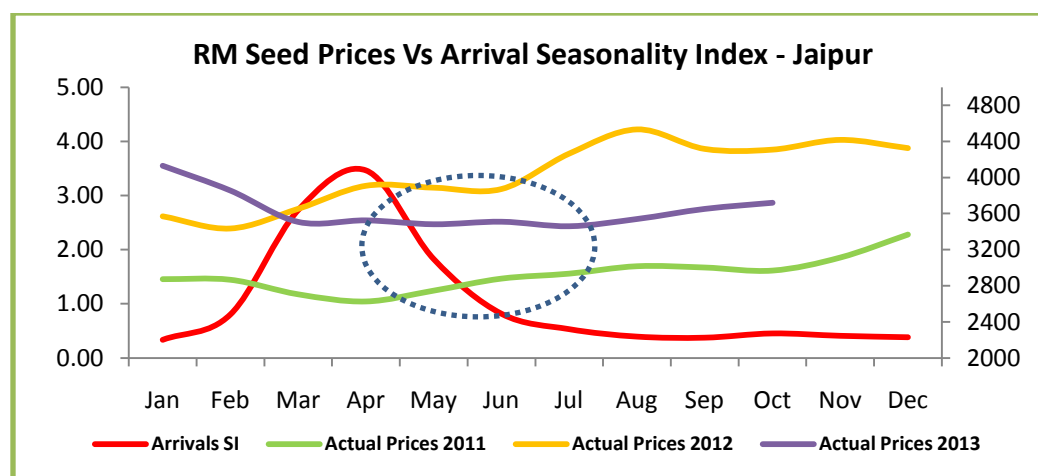
Rapeseed prices saw support during the week on better demand for oils which led to better RM seed buying from stockists and oil mills. It is expected that the approaching season end and seasonal demand for oils will continue to lend support to the market. Domestically, higher kharif oilseeds crop prospects on higher acreage will continue to weigh down on the markets as domestic oilseeds stocks are set to witness an increase compared to previous year. As per Indian Meteorological Department, the monsoon in India is on an early retreat with rains below average but key maturing crops have already had ample watering. However, good rainfall during the tail end of the season is likely to boost the soil moisture and raise prospects for the winter grown rapeseed crop.

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. 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.

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. Expected higher crop yields in Canada and EU countries will put prices under pressure. Rise in production will also reduce imports by these countries. 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, there are concerns about palm oil inventory levels declining during the coming weeks on fall in production. This, in turn, will affect the domestic rapeseed market sentiment as the domestic mustard seed closely tracks BMD CPO. Further, expected good demand from top palm oil buyers, i.e. India, China will also support Rapeseed/mustard prices.

Overall, higher global production estimates for rapeseed and higher domestic oilseed output estimates in the current season are likely to weigh down on the rapeseed markets. However, limited RM seed supplies in the spot markets in the coming days and seasonal demand for oils will provide strong support.



Technical Analysis:

NCDEX RM Seed Futures



RM Seed Spot, Jaipur



Support & Resistance NCDEX RM Seed Dec

S2	S1	PCP	R1	R2
3640	3750	3895	3970	4025

- Candlestick chart pattern reveals a firm tone in mustard seed prices.
- RSI is moving up in the overbought zone indicating a recovery in prices in the near term.
- **Trade Recommendation (NCDEX RM SEED - Dec) Week: Buy** between 3850-3870 for a target – 3950; SL -3800.

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 3800-3925 Rs/qrt level in near term.

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>

© 2013 Indian Agribusiness Systems Pvt Ltd.