

Executive Summary

Domestic oilseeds markets across major centers of India witnessed gains during the week.

Soybean prices were up on good demand in domestic cash markets from stockists and oil mills amid lower arrivals in the markets. Internationally, soybeans on CBOT depicted an uptrend during the week driven by strong exports demand for the US soybeans although pressure from the brisk South American sowing progress and near completion of US soy harvest restricted sharp rise.

The daily arrivals in spot markets of Madhya Pradesh were lower during the past week. Late rains in major producing areas have kept moisture content high in the crop, which damaged the beans. Availability of sufficient crushable soybean supplies in the coming days is a concern for the market which will be supportive for the market. However, estimates of higher soybean production in major producing nations of US and South America remain a negative force for the global markets and will be a factor to watch out in the coming month.

In the US, soybeans on CBOT witnessed a rise 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 supported the bearish sentiments. However, expected strong demand for the US soybeans and upward revision in expected Chinese imports is likely to be bullish for the market sentiments. Soybean demand is strong (mainly from China) but world supply fundamentals are bearish.

In Brazil, soybean planting is around 73 percent complete. Good weather conditions and suitable soil moisture in the key producing regions of Brazil are favorable, supporting the crop prospects. Going by current indicators and analysts estimates, a record Brazilian soy crop is on the cards. In Argentina, recent rainfall has benefitted the crops in the producing areas and planting is about 37 percent complete. Buenos Aires Exchange has said that the soybean area may surpass the 20.2 million-hectare forecast for the 2013/14 crop.

Soy meal prices also depicted an upward movement during the week in review, in conjugation with the domestic soybean prices. Further, firm tone in the international markets also supported the domestic meal prices. Steady exports demand is reported amid restricted availability of high quality beans in the local markets. Markets are expected to feel some pressure as US soybean harvest nears completion and shipments start from the region. Higher US soybean projection and higher global oilseeds projections likely to pressure the market but indications of robust demand from China will help build up market sentiment in the coming days.

Rapeseed/mustard seed prices in key spot markets witnessed gains during the past week. The movement in prices was in conjugation with the soybean prices and strength in BMD CPO. However, the sowing progress for rapeseed and other rabi oilseeds during the current season put some pressure on the prices. Traders are expecting that India's rapeseed acreage in the current season could be higher by 4.5 percent to 7 million hectares and output of rapeseed to reach 6.7 million tons from 6.4 million as farmers are likely to take advantage of monsoon-soaked land to grow the rapeseed crop. On the international front, Oil World has estimated that the global production of rapeseed and canola may reach an all-time high 67.7 million tons in the 2013-14 season, including 21.01 million tons from the European Union and 16.5 million tons in Canada. Expected higher crop yields in Canada and EU countries will put prices under pressure.

International Highlights

- ❖ According to the Buenos Aires Grains Exchange, Argentine farmers planted 37.3 percent of expected soybean area as of 21 Nov, advancing 15 percentage points from the previous week as rains improved soil conditions.
- ❖ Safras & Mercado has reported that the 2013-14 soybeans sowing in Brazil is 73 percent complete. Production of soybeans is pegged at 89.5 million tons. Further, about 33 percent of the expected harvest has been sold as of Nov 14, below the 48 percent of last year.
- ❖ At the import front, IBIS figures revealed that Indian buyers imported 3.33 lakh tons of crude palm oil, 0.81 lakh tons of RBD palmolein and 0.13 lakh tons of crude palm kernel oil in the first fifteen days of November majorly from Indonesia, Malaysia and Thailand.
- ❖ As per Chinese custom department, China imported 414, 683 tons of palm oil in October, down 35.0% on y-o-y basis while 99.703 tons of soy oil was imported, down 56.2 percent on y-o-y basis.
- ❖ As per the latest crop progress report released by USDA, soybean harvest (as on November 17) was 95 percent complete, advancing from 91 percent in the previous week, but slightly lower than the 5 year average of 96 percent. Harvesting was complete in the states of Louisiana, Nebraska, Ohio, North Dakota and South Dakota.
- ❖ Malaysian 1-20 November palm oil exports down 2.1 on m-o-m basis (ITS). Malaysian government has set its crude palm oil export tax for December at 5.0 percent, up 0.5 percent from last month.
- ❖ As per NOPA, soybean crush for October '13 was reported at 157 million bushels from 108.7 million in September.
- ❖ As per China's Ministry of Commerce, China is likely to import 5.95 million tons of soybeans in November 2013, up from its previous forecast of 2.97 million tons. Besides, the ministry also revised down its estimate for October soybean imports from 5.21 million tons to 4.53 million tons.
- ❖ Mosaic has estimated that the US 2014 soybean planting will be at 76 million to 78 million acres, compared with the 76.5 million acres planted in 2013
- ❖ Strategie Grains has projected that the area sown with rapeseed for the 2014 harvest in the European Union will fall 1 percent from this year to 6.6 million hectares. Total oilseed area in the 28-country EU would fall 2 percent to 11.9 million hectares.
- ❖ As per USDA's latest WASDE report for November 2013, U.S. oilseed production for 2013/14 is projected at 96.4 million tons, up 3.3 million from the September estimate due to increased soybean, peanut, cottonseed, and canola production. Soybean production is forecast at 3.258 billion bushels, up 109 million as higher. Harvested area is reduced 0.7 million acres to 75.7 million. The soybean yield is projected at 43.0 bushels per acre, up 1.8 bushels. Soybean supplies for 2013/14 are projected 4 percent above the September estimate on both increased production and beginning stocks.
- ❖ According to China National Grains and Oils Information Center (CNGOIC), China is likely to import 60 million tons of soybeans and 2.52 million tons of rapeseed in 2013.

Oilseed Prices at Key Spot Markets:

| Commodity | Centre | Prices (Rs/Qtl) | | Change |
|------------------|--|-----------------|------------|--------|
| Soybean | | 22.11.2013 | 15.11.2013 | |
| | Indore –Plant | 3950 | 3850-3925 | 25 |
| | Indore –Mandi | 3000-4000 | 3700-3900 | 100 |
| | Nagpur-Plant | 3800-3850 | 3650-3700 | 150 |
| | Nagpur – Mandi | 3600-3800 | 3400-3600 | 200 |
| | Kota-Plant | 4000 | 3850 | 150 |
| | Kota – Mandi | 3800-4000 | 3600-3650 | 350 |
| | Bundi-Plant | 4000 | 3975 | 25 |
| | Bundi-Mandi | 3800-4000 | 3700-3800 | 200 |
| | Baran-Plant | 3925-3950 | 3900 | 50 |
| | Baran-Mandi | 3800-3950 | 3000-3800 | 150 |
| | Bhawani MandiJhalawar– Kota Plant Delivery | 3900 | 3850 | 50 |
| | Jhalawar-Mandi | 3000-4000 | - | - |
| Rapeseed/Mustard | Jaipur – C | 3890-3895 | 3825-3830 | 65 |
| | Alwar – C | 3700 | 3650 | 50 |
| | Sri Ganganagar(Non- Condition-Unpaid) | 3375-3380 | 3325 | 55 |
| | Delhi–(Condition) | 3750 | 3725 | 25 |
| | Kota | 3200-3400 | - | - |
| | Agra-(Condition) | 4030 | 3960 | 70 |
| | Neewai | 3650 | - | - |
| | Hapur-(UP) | 3700 | 3700 | Unch |
| Groundnut Seed | Rajkot | 710 | 710 | Unch |
| Sunflower Seed | Gulbarga | - | - | - |
| | Latur | 3250-3475 | - | - |
| | Solapur | 3300-3500 | - | - |
| Sesame Seed | Mumbai (White98/2/1 FM) | 14500 | 13250 | 1250 |

Soybean Prices are in INR/Qtl. Mandi prices – Loose, Mustard Seed Prices are in INR/Qtl.C –Condition (42%),

*Groundnut seed in Rs/20 kg, Sunflower Seed in Rs/Qtl

Oilseed Arrivals in Key Centers:

| Commodity | Centre | Arrivals in Bags/Qtl | | Chg |
|-------------------------|----------------|-----------------------|-----------------------|---------|
| | | Week End (22/11/2013) | Week End (15/11/2013) | |
| Soybean | Madhya Pradesh | 1225000 | 915000 | 310000 |
| | Maharashtra | 925000 | 1050000 | -125000 |
| | Rajasthan | 140000 | 150000 | -10000 |
| | Bundi (Raj) | 25000 | 20000 | 5000 |
| | Baran (Raj) | 31000 | 57000 | -26000 |
| | Jhalawar (Raj) | 21000 | 18000 | 3000 |
| | | | | |
| Rapeseed/Mustard | Rajasthan | 343000 | 345000 | -2000 |

Oil Meal Prices at Key Spot Markets:
Soy DOC Rates at Different Centers

| Centers | Ex-factory rates (Rs/ton) | | |
|----------------|---------------------------|------------|---|
| | 22.11.2013 | 15.11.2013 | Parity To |
| Indore (MP) | 33500 | 33000 | Gujarat, MP |
| Kota | 34000 | 33200 | Rajasthan, Del, Punjab, Haryana |
| Akola | 34000 | 32800 | Andhra, Chattisgarh, Orissa, Jharkhand, WB |
| Hingoli | 33000 | 32800 | Andhra, Chattisgarh, Orissa, Jharkhand, WB |
| Nanded/Latur | 34000 | 33800 | Andhra, AP, Kar, TN |
| Dhulia/Jalna | 34000 | 33200 | Mumbai, Maharashtra |
| Nagpur (42/46) | 34000 | 33300 | Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN |
| Sangli | 33500 | 33800 | Local and South |
| Sholapur | 34000 | 33800 | Local and South |
| Bundi | 33500 | 33700 | - |

Soy DOC at Port

| Centers | Port Price | |
|-----------------------|------------|------------|
| | 22.11.2013 | 14.11.2013 |
| Kandla (FOR) (INR/MT) | 35750 | 35500 |
| Kandla (FAS) (USD/MT) | 567 | 563 |

International Soy DOC

| Argentina FOB \$/MT | 21.11.2013 | 15.11.2013 | Change |
|---------------------|------------|------------|--------|
| Soybean Pellets | 504 | 522 | -18 |
| Soybean Cake Meal | 504 | 522 | -18 |
| Soybean Meal | 512 | 530 | -18 |
| Soy Expellers | 512 | 530 | -18 |

Sunflower Meal Rates

| Centers | Ex-factory rates (Rs/ton) | | |
|----------|---------------------------|------------|--------|
| | 22.11.2013 | 15.11.2013 | Change |
| Adoni | 18200 | 17000 | 1200 |
| Khamgaon | 17600 | 16800 | 800 |
| Parli | 17800 | 17000 | 800 |
| Latur | 17600 | 16800 | 800 |

Groundnut Meal

| Groundnut Meal | 22.11.2013 | 15.11.2013 | Change |
|---------------------------|------------|------------|--------|
| Basis 45% O&A, Saurashtra | 25500 | 26800 | -1300 |
| Basis 40% O&A, Saurashtra | 24000 | NA | - |
| GN Cake, Gondal | 25000 | 25500 | -500 |

Mustard DOC/Meal

| Mustard DOC/Meal | 22.11.2013 | 15.11.2013 | Change |
|-------------------------|------------|------------|--------|
| Jaipur (Plant Delivery) | 14000 | 14000 | Unch |
| Kandla (FOR) | 15200 | 15000 | 200 |

Progress of Sown Area – Rabi Oilseeds, India

As per the official *Rabi* oilseeds planting (as on 21 November 2013), the area coverage under Rabi oilseeds is reported at 62.44 lakh hectares, up 1.40 percent from previous year. Of the major oilseeds, rapeseed/mustard seed sowing is reported up by 3.90 percent compared to last year.

| Crop | As on 21 Nov 2013 | As on 21 Nov 2012 | % Change |
|-----------------------|--------------------------|--------------------------|-----------------|
| Rapeseed/Mustard | 54.41 | 52.38 | 3.90 |
| Groundnut | 2.31 | 2.42 | -4.50 |
| Safflower | 0.95 | 1.13 | -15.90 |
| Sunflower | 2.55 | 3.22 | -20.80 |
| Sesamum | 0.35 | 0.24 | 45.80 |
| Linseed | 1.6 | 1.93 | -17.10 |
| Others | 0.27 | 0.23 | 17.40 |
| Total Oilseeds | 62.44 | 61.55 | 1.40 |

(Area in lakh hectares) Source: GOI

Soybean

Soybean markets across major centers of India witnessed gains during the week. Soybean prices were up on good demand in domestic cash markets from stockists and oil mills amid lower arrivals in the markets. Crop quality concerns continued to provide some support to the market. Internationally, soybeans on CBOT depicted an uptrend during the week driven by strong exports demand for the US soybeans although pressure from the brisk South American sowing progress and near completion of US soy harvest restricted sharp rise. Improved South American weather and crop prospects have added to a bearish global soybean supply outlook in the medium term.

The daily arrivals in spot markets of Madhya Pradesh were lower during the past week. Late rains in major producing areas have kept moisture content high in the crop, which damaged the beans. Availability of sufficient crushable soybean supplies in the coming days is a concern for the market which will be supportive for the market. Soybeans supplies are not matching the requirements of the oil mills which is providing support to prices. However, estimates of higher soybean production in major producing nations of US and South America remain a negative force for the global markets and will be a factor to watch out in the coming month.

In the US, soybeans on CBOT witnessed a rise 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 supported the bearish sentiments.

However, expected strong demand for the US soybeans and upward revision in expected Chinese imports is likely to be bullish for the market sentiments. Soybean demand is strong (mainly from China) but world supply fundamentals are bearish. Also, traders suspect that China is now close to finishing their booking needs from the US and are concerned over slower demand ahead.

In Brazil, soybean planting is around 73 percent complete. Good weather conditions and suitable soil moisture in the key producing regions of Brazil are favorable, supporting the crop prospects. Going by current indicators and analysts estimates, a record Brazilian soy crop is on the cards. Besides, about 33 percent of the expected 2013-14 soybean has already been sold as of Nov 14. However, this leads to concerns of logistical congestions in the Brazilian ports again.

In Argentina, recent rainfall has benefitted the crops in the producing areas and planting is about 37 percent complete. Buenos Aires Exchange has said that the soybean area may surpass the 20.2 million-hectare forecast for the 2013/14 crop, thanks to recent rain, as farmers find a new use for areas that were too dry to plant corn and sunseed earlier in the year. These areas could be replaced by soybeans.

Domestic soybean market is expected to feature a steady to firm movement in the coming days on weaker domestic arrivals and good demand. However, bearish South American supply sentiments and expected higher US crop yield is likely to pressure global soy markets. Strong demand from crushers against a backdrop of lower output expectations and limited supplies will favor upside.

Soy meal

Soy meal prices also depicted an upward movement during the week in review, in conjugation with the domestic soybean prices. Further, firm tone in the international markets also supported the domestic meal prices. Steady exports demand is reported amid restricted availability of high quality beans in the local markets. Also, the prices of other key feed ingredients featured a steady to firm tone supporting the meal.

The gain in domestic soybean markets is reflecting on the domestic meal prices along with the strength in the soy meal prices on CBOT. Markets are expected to feel some pressure as US soybean harvest nears completion and shipments start from the region. The November WASDE report was mostly as per trade expectations. Higher US soybean projection and higher global oilseeds projections likely to pressure the market but indications of robust demand from China will help build up market sentiment in the coming days.

Domestically, yield damage to the soybean crop has led to revision of soy meal export projections by traders. 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 the previous forecast. This may provide bearish signals to the market in the coming months.

According to the latest release by SOPA, export of soy meal during October 2013 was 386317 tons as compared to just 122108 tons in October 2012. On a financial year basis, the soy meal export during April 2013 to October 2013 was 1056205 tons as compared to 872118 MT in the same period of previous year. The overall export of

oil meals till October 2013 increased by 15 percent to 20.19 lakh tons compared to 17.49 lakh tons during April-October period last year.

South Korea is the biggest importer of oil meals from India during April-October period with 6.39 lakh tons followed by Iran with 6.04 lakh tons. Major jump in the oil meals exports was seen in Europe, where the exports have increased to 213,324 tons in the April-October period compared to 31,326 tons in the same period last year.

The soy meal prices are expected to feature steady movement with a weak bias in the near term. Prices expected to depict weakness during the week. However, demand for new crop soy meal and tightness in the good quality beans supply in the domestic markets is likely to provide some support to the prices in the near-term.

India's soy meal prices continue to get competition from South American meal. 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 the current Oil year Iran, Japan, Europe, Thailand, Vietnam, Indonesia and South Korea are the major destinations for Indian soybean meal exports.

However, India's Y-o-Y soy meal prices have witnessed a steady trend during the past week. Soy meal (Nov-Dec) export price, FOR Kandla exports was quoted between Rs 34,700-36,000/MT, higher as compared to 28,550-29,300/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. Further depreciation of the rupee is likely to support export demand. 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 33,500-35,500/MT.*

Technical Analysis:

NCDEX Soybean Futures-Weekly Chart



Soybean Spot, Indore



Support & Resistance NCDEX Dec Soybean

| S2 | S1 | PCP | R1 | R2 |
|------|------|------|------|------|
| 3675 | 3780 | 3925 | 4000 | 4055 |

- Soybean prices depicted gains during the week in review.
- RSI is edging lower in the neutral 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: SELL** between 3840-3850. Levels: Target – 3700; SL -3920.

Trade Recommendation Soybean Spot: We feel the soybean prices to feature range bound trend with a weak bias in the near-term - WEEK. The prices are likely to witness 3750-3950 levels (Indore, Plant basis).

Rapeseed - Mustard Seed

Rapeseed/mustard seed prices in key spot markets across Rajasthan and Gujarat witnessed gains during the past week. The movement in prices was in conjugation with the soybean prices and strength in BMD CPO. However, the sowing progress for rapeseed and other rabi oilseeds during the current season put some pressure on the prices.

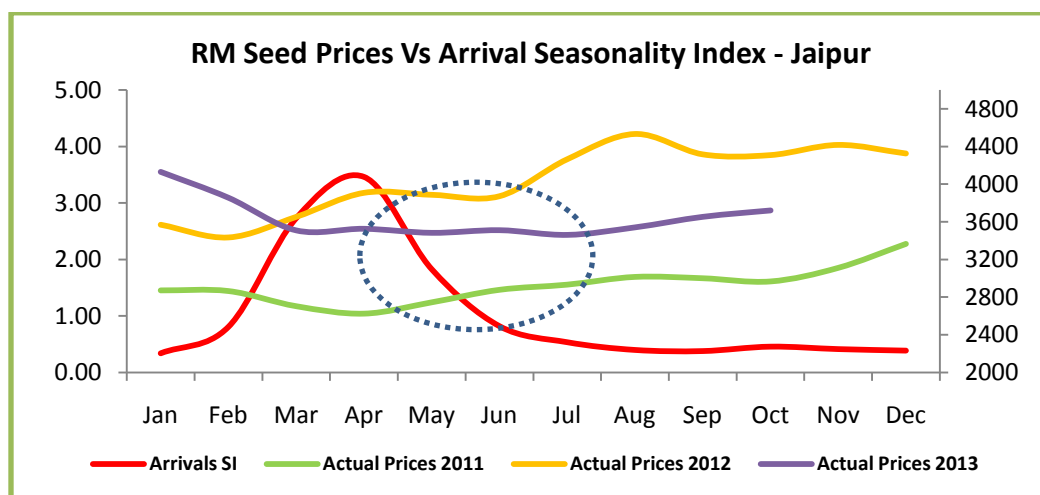
Rapeseed prices saw good support during the week on demand for oils which led to better RM seed buying from stockists and mills. It is expected that the approaching season end and continuing demand for oils is likely to lend some support to the market.

Traders are expecting that India's rapeseed acreage in the current season could be higher by 4.5 percent to 7 million hectares and output of rapeseed to reach 6.7 million tons from 6.4 million as farmers are likely to take advantage of monsoon-soaked land to grow the rapeseed crop. As per the Ministry of Agriculture, total area sown under rabi oilseeds (as on 21 November) was reported as 62.44 lakh hectares as compared to 61.55 lakh hectares in the same period last year. Rabi mustard seed stood at 54.41 lakh hectares as on 21 Nov 2013, up by 52.38 lakh hectares compared to the corresponding period last year.

As per SEA, rapeseed meal exports of India climbed to 143,848 tons in October '13 compared to 59,472 tons in September and 39048 on October '12. South Korea and Thailand were the major buyers importing 84,085 tons and 44,100 tons respectively. Total rapeseed meal exports for the April – October 2013 period have reached 561,516 tons, up from 491,996 tons for the previous year.

On the international front, Oil World has estimated that the global production of rapeseed and canola may reach an all-time high 67.7 million tons in the 2013-14 season, including 21.01 million tons from the European Union and 16.5 million tons in Canada, spurring a jump in exports from the largest supplier of rapeseed to the European Union. Expected higher crop yields in Canada and EU countries will put prices under pressure.

Overall, higher global production estimates for rapeseed and higher domestic oilseed acreage and 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 likely demand for oils will provide some support.



Technical Analysis:

NCDEX RM Seed Futures



RM Seed Spot, Jaipur



Support & Resistance NCDEX RM Seed Dec

| S2 | S1 | PCP | R1 | R2 |
|------|------|------|------|------|
| 3620 | 3700 | 3842 | 3950 | 4000 |

- Candlestick chart pattern reveals a firm tone in rapeseed prices during the week.
- RSI is moving down in the neutral zone indicating weakness in prices in the near term.
- **Trade Recommendation (NCDEX RM SEED - Dec) Week: SELL** between 3900-3920 for a target – 3835; SL -3960.

Trade Recommendation RM Seed Spot (Jaipur basis): In spot, the RM seed prices are expected to feature a range bound movement with a weak bias in the coming days on rabi sowing progress and higher acreage estimates. The prices are likely to witness 3800-4000 Rs/ql 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.