

Executive Summary

Oilseeds markets across major centers of India witnessed a weak tone during the week.

Soybean prices were lower due to comparatively lower demand in domestic cash markets despite fall in arrivals in the markets and appreciation in the rupee. Internationally, soybeans on CBOT witnessed a firm tone on strong buying from China and better than expected exports sales data. Pressure from South American sowing progress and completion of US soy harvest restricted strong gains. Improved South American weather and crop prospects have added to a bearish global soybean supply outlook in the medium term.

Soybean prices have remained firm for the initial part of the supply season as domestic arrivals were mostly erratic. Adverse affect on the yields and quality of soybeans has resulted in less than normal supply of good quality soybeans and a consequent surge in prices. However, the situation is likely to improve once better quality crop supply improves and short positions of sellers are fulfilled. Soybean production estimates in the country is being scaled back from the initial record levels as the extent of damage is known. Reportedly, high prices and quality issues have led to a poor rate of crushing of soybean at present affecting soy meal quality and availability which in turn has impacted its export.

In the US, soybeans on CBOT witnessed a rise during the week on continued buying demand from China. 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. However, traders suspect that China has overbooked soybeans and will finish their booking needs from the US and are concerned over slower demand ahead.

In South America, weather conditions are favorable for South American soy crops as Argentina has periods of dry weather for planting and plenty of moisture in the longer-term forecast models. Brazil also looks favorable for a great start to the crop. Soybean production has seen an upward revision in both Brazil and Argentina by leading crop analysts.

Rapeseed/mustard seed prices in key spot markets across Rajasthan and Gujarat witnessed a decline during the past week on good progress of sowing of the rabi oilseeds. The weakness in domestic soybean prices and flat movement in BMD CPO also provided resistive cues to the rapeseed markets.

Soy meal prices also witnessed a slight decline during the week in review, in accordance with the domestic soybean prices. Slower exports demand is reported amid restricted availability of high quality beans in the local markets.

The effect of fall in domestic soybean markets was witnessed on the domestic meal prices despite 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. However, robust Chinese buying has supported the US prices. 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.

International Highlights

- ❖ As per AgRural, soybean sowing in Brazil advanced to 79 percent complete (as of Nov 22), slightly above the 78 percent mark a year earlier but behind the five-year average of 81 percent. Planting is 96 percent complete in top producing state Mato Grosso.
- ❖ As per Indonesian Palm Oil Association (GAPKI), palm oil output in Indonesia seen at 28.5 million tons next year, up 6 percent from 2013. Moreover, global palm oil prices would average between \$850 and \$950 due to global economy recovers and new biodiesel rule.
- ❖ As per the Buenos Aires Grains Exchange, Argentina's 2013-14 soybean acreage is expected to be at 20.45 million hectares (50.53 million acres), up from its earlier estimate of 20.2 million hectares.
- ❖ Malaysia--Palm oil will likely advance to 3,000 ringgit (\$929) a metric ton by next March in expectation of 2.5 million tons biodiesel consumption rise in Asia and if Brazil ups its biodiesel mandate. On the palm oil production front, in the current year palm-oil output in Malaysia sets at 19.5 million tons, while Indonesia's output likely to reach 27.5 million tons. In 2014, palm oil output seen in the range of 19.5 million-19.7 million tons in Malaysia - Dorab Mistry.
- ❖ 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.
- ❖ 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 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.
- ❖ 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.

Oilseed Prices at Key Spot Markets:

Commodity	Centre	Prices (Rs/Qtl)		Change
Soybean		29.11.2013	22.11.2013	
	Indore –Plant	3937	3950	-13
	Indore –Mandi	3800-3900	3000-4000	-100
	Nagpur-Plant	3700	3800-3850	-150
	Nagpur – Mandi	3600-3800	3600-3800	Unch
	Kota-Plant	3875-3880	4000	-120
	Kota – Mandi	3900	3800-4000	-100
	Bundi-Plant	3850-3950	4000	-50
	Bundi-Mandi	3900	3800-4000	-100
	Baran-Plant	3875	3925-3950	-75
	Baran-Mandi	3800	3800-3950	-150
	Bhawani MandiJhalawar– Kota Plant Delivery	3950	3900	50
	Jhalawar-Mandi	3600-4000	3000-4000	Unch
Rapeseed/Mustard	Jaipur – C	3840-3845	3890-3895	-50
	Alwar – C	3700	3700	Unch
	Sri Ganganagar(Non- Condition-Unpaid)	-	3375-3380	-
	Delhi–(Condition)	3700	3750	-50
	Kota	3200-3350	3200-3400	-50
	Agra-(Condition)	4000	4030	-30
	Neewai	3590	3650	-60
	Hapur-(UP)	3675	3700	-25
Groundnut Seed	Rajkot	700	710	-10
Sunflower Seed	Gulbarga	-	-	-
	Latur	Closed	3250-3475	-
	Solapur	3250-3450	3300-3500	-50
Sesame Seed	Mumbai (White98/2/1 FM)	14500	14500	Unch

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 (29/11/2013)	Week End (22/11/2013)	
Soybean	Madhya Pradesh	760000	1425000	-665000
	Maharashtra	750000	925000	-175000
	Rajasthan	109000	140000	-31000
	Bundi (Raj)	15000	25000	-10000
	Baran (Raj)	25000	31000	-6000
	Jhalawar (Raj)	17500	21000	-3500
Rapeseed/Mustard	Rajasthan	353000	343000	10000

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

Centers	Ex-factory rates (Rs/ton)		
	29.11.2013	22.11.2013	Parity To
Indore (MP)	33300	33500	Gujarat, MP
Kota	33100	34000	Rajasthan, Del, Punjab, Haryana
Akola	33000	34000	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Hingoli	33500	33000	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Nanded/Latur	33800	34000	Andhra, AP, Kar, TN
Dhulia/Jalna	34500	34000	Mumbai, Maharashtra
Nagpur (42/46)	33700	34000	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Sangli	34600	33500	Local and South
Sholapur	34000	34000	Local and South
Bundi	33500	33500	-

Soy DOC at Port

Centers	Port Price	
	29.11.2013	22.11.2013
Kandla (FOR) (INR/MT)	35550	35750
Kandla (FAS) (USD/MT)	570	567

International Soy DOC

Argentina FOB \$/MT	27.11.2013	21.11.2013	Change
Soybean Pellets	546	504	42
Soybean Cake Meal	546	504	42
Soybean Meal	554	512	42
Soy Expellers	554	512	42

Sunflower Meal Rates

Centers	Ex-factory rates (Rs/ton)		
	29.11.2013	22.11.2013	Change
Adoni	19000	18200	800
Khamgaon	16800	17600	-800
Parli	18800	17800	1000
Latur	18600	17600	1000

Groundnut Meal

Groundnut Meal	29.11.2013	22.11.2013	Change
Basis 45% O&A, Saurashtra	25000	25500	-500
Basis 40% O&A, Saurashtra	-	24000	-
GN Cake, Gondal	24500	25000	-500

Mustard DOC/Meal

Mustard DOC/Meal	29.11.2013	22.11.2013	Change
Jaipur (Plant Delivery)	14000	14000	Unch
Kandla (FOR)	15200	15200	Unch

Progress of Sown Area – Rabi Oilseeds, India

As per the official *Rabi* oilseeds planting (as on 28 November 2013), the area coverage under Rabi oilseeds is reported at 69.96 lakh hectares, up 4.60 percent from previous year. Of the major oilseeds, rapeseed/mustard seed sowing is reported up by 6.30 percent compared to last year.

Crop	As on 28 Nov 2013	As on 28 Nov 2012	% Change
Rapeseed/Mustard	60.74	57.16	6.3
Groundnut	2.45	2.51	-2.4
Safflower	1.21	1.16	4.3
Sunflower	2.85	3.39	-15.9
Sesamum	0.37	0.24	54.2
Linseed	2	2.17	-7.8
Others	0.34	0.28	21.4
Total Oilseeds	69.96	66.91	4.6

(Area in lakh hectares) Source: GOI

Soybean

Soybean markets across major centers of India witnessed a weak tone during the week. Soybean prices were lower due to comparatively lower demand in domestic cash markets despite fall in arrivals in the markets and appreciation in the rupee. Internationally, soybeans on CBOT witnessed a firm tone on strong buying from China and better than expected exports sales data. Pressure from South American sowing progress and completion of US soy harvest restricted strong gains. Improved South American weather and crop prospects have added to a bearish global soybean supply outlook in the medium term.

The daily arrivals in the 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.

Soybean prices have remained firm for the initial part of the supply season as domestic arrivals were mostly erratic. Adverse affect on the yields and quality of soybeans has resulted in less than normal supply of good quality soybeans and a consequent surge in prices. However, the situation is likely to improve once better quality crop supply improves and short positions of sellers are fulfilled. Soybean production estimates in the country is

being scaled back from the initial record levels as the extent of damage is known. Reportedly, high prices and quality issues have led to a poor rate of crushing of soybean at present affecting soy meal quality and availability which in turn has impacted its export.

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In South America, weather conditions are favorable for South American soy crops as Argentina has periods of dry weather for planting and plenty of moisture in the longer-term forecast models. Brazil also looks favorable for a great start to the crop. Soybean production has seen an upward revision in both Brazil and Argentina by leading crop analysts.

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 witnessed a slight decline during the week in review, in accordance with the domestic soybean prices. Slower exports demand is reported amid restricted availability of high quality beans in the local markets.

The effect of fall in domestic soybean markets was witnessed on the domestic meal prices despite 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. However, robust Chinese buying has supported the US prices. 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.

High prices and lower quality have led to poor crushings of soybeans affecting soy meal availability. This has impacted its export and traders may have switched from India to other origins for fulfilling their commitments. It was reported that since the moisture content was higher than stipulated level some of the cargoes faced

rejection, thereby resulting in problems in fulfilling export commitments on time. Exports are likely to improve once better quality supplies are available in the market.

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 35,500-36,000/MT, higher as compared to 28,500-28,600/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. 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 34,500-36,000/MT.*

Technical Analysis:

NCDEX Soybean Futures-Weekly Chart



Soybean Spot, Indore



Support & Resistance NCDEX Dec Soybean

S2	S1	PCP	R1	R2
3675	3780	3871	3975	4025

- Soybean prices depicted decline during the week in review.
- RSI is edging lower in the neutral zone which indicates weakness 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 3860-3880. Levels: Target – 3770; 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 3800-4000 levels (Indore, Plant basis).

Rapeseed - Mustard Seed

Rapeseed/mustard seed prices in key spot markets across Rajasthan and Gujarat witnessed a decline during the past week on good progress of sowing of the rabi oilseeds. The weakness in domestic soybean prices and flat movement in BMD CPO also provided resistive cues to the rapeseed markets.

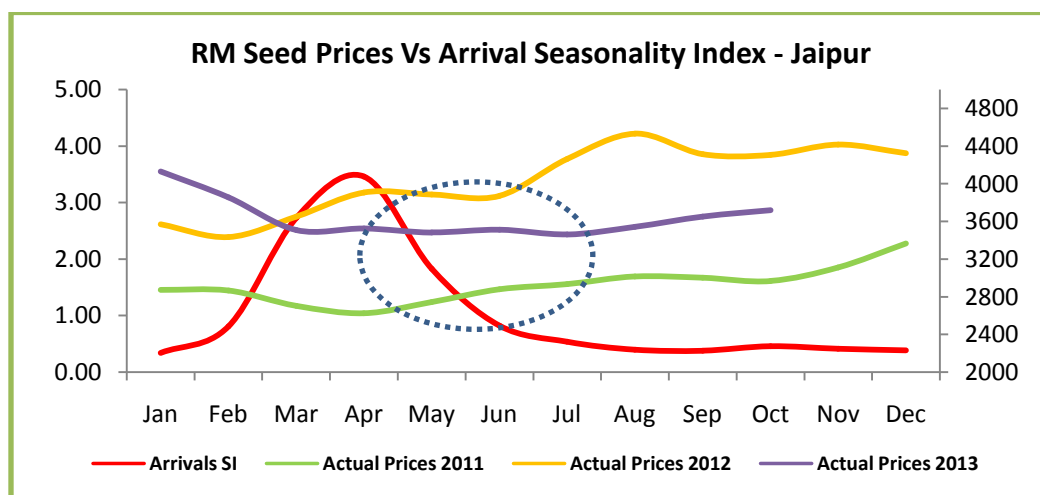
Rapeseed prices faced pressure during the week on limited demand for oils which led to weak RM seed buying from stockists and mills. It is expected that the approaching season end and continuing demand for oils is likely to lend some support to the market.

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 may provide some support.



Technical Analysis:

NCDEX RM Seed Futures



RM Seed Spot, Jaipur



Support & Resistance NCDEX RM Seed Dec

S2	S1	PCP	R1	R2
3525	3620	3713	3800	3875

- 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 3700-3720 for a target – 3625; SL -3760.

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 3700-3900 Rs/ql level in near term.

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