

Executive Summary

Oilseeds and oil meals prices across major centers of India continued to feature a weak tone during the week.

Soybean prices were lower due to comparatively lower demand in domestic cash markets and a surge in arrivals in the spot markets. Internationally, soybeans on CBOT also witnessed a bearish tone on rising pressure from a brisk South American sowing progress and completion of US soy harvest. Improved South American weather and crop prospects have added to a bearish global soybean supply outlook in the medium term.

Availability of sufficient crushable soybean supplies in the coming days is a concern for the market which will be supportive for the market. Soybean production estimates in the country was scaled back from the initial record levels. 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.

However, good quality arrivals are expected to hit market in January easing the supply constraints. Also, 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 fall 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.

In Brazil, soybean planting is around 89 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 indicating good demand. However, this leads to concerns of logistical congestions in the Brazilian ports again.

Rapeseed/mustard seed prices in key spot markets across Rajasthan and Gujarat extended losses during the past week on steady progress of sowing of the rabi oilseeds across major producing regions amid mostly favorable weather conditions. Further, the weakness in domestic soybean prices and flat movement in BMD CPO provided no upside to the rapeseed markets.

Rapeseed prices are facing pressure currently as demand for oils is moderate which has led to weak RM seed buying from stockists and mills. It is expected that the approaching winter season will uplift the demand for oils and is likely to lend some support to the market.

Soy meal prices also witnessed a decline during the week in review, in conjugation with the domestic soybean prices. Slower exports demand is reported amid restricted availability of high quality beans in the local markets. Besides, appreciation in the value of the Indian rupee and weakness in the international markets also pressured the markets.

International Highlights

- ❖ As per Informa Economics, global rapeseed production for 2014-15 is projected at 68.5 million tons, down 0.5 million tons from last year. Output in Canada is forecast at 16.9 Mn t, EU at 21.1 Mn t, China at 14.1Mn t and India at 7.2 Mn t.
- ❖ As per Safras & Mercado, Brazilian farmers have planted 88% of the estimated soybean acreage by November 29, 2013, up 10% from previous week and 86% reported at the corresponding period of the last year.
- ❖ As per latest USDA release, weekly export sales for soybeans were reported at 805,200 metric tons for the current marketing year and 355,600 for the next marketing year for a total of 1.160 million tons. As of November 28th, cumulative soybean sales stand at 95.3% of the USDA forecast for 2013/2014 (current) marketing year versus a 5 year average of 67.1%.
- ❖ BMD witnessed gains on weather concern over key palm producing regions of Malaysia and Indonesia while in expectation of higher palm oil ending stocks for November limit upside. Traders wait for data from the Malaysian Palm Oil Board, Dec. 10.
- ❖ As per Reuters survey, Malaysian palm oil ending stocks for November seen at 1.98 Mln tons, up 7.2 pct from last month. While, Nov. palm oil output seen at 1.95 Mln tons, down one pct on m-o-m basis.
- ❖ 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.
- ❖ 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.

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

Centers	Ex-factory rates (Rs/ton)		
	06.12.2013	29.11.2013	Parity To
Indore (MP)	32800	33300	Gujarat, MP
Kota	32500	33100	Rajasthan, Del, Punjab, Haryana
Akola	32800	33000	Andhra, Chattisgarh, Orissa,Jharkhand, WB
Hingoli	33500	33500	Andhra, Chattisgarh, Orissa,Jharkhand, WB
Nanded/Latur	33000	33800	Andhra, AP, Kar ,TN
Dhulia/Jalna	34400	34500	Mumbai, Maharashtra
Nagpur (42/46)	33300	33700	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Sangli	34300	34600	Local and South
Sholapur	33400	34000	Local and South
Bundi	32500	33500	-

Soy DOC at Port

Centers	Port Price	
	06.12.2013	29.11.2013
Kandla (FOR) (INR/MT)	35200	35550
Kandla (FAS) (USD/MT)	571	570

International Soy DOC

Argentina FOB \$/MT	05.12.2013	27.11.2013	Change
Soybean Pellets	537	546	-9
Soybean Cake Meal	537	546	-9
Soybean Meal	545	554	-9
Soy Expellers	545	554	-9

Sunflower Meal Rates

Centers	Ex-factory rates (Rs/ton)		
	06.12.2013	29.11.2013	Change

Adoni	19000	19000	Unch
Khamgaon	16800	16800	Unch
Parli	18800	18800	Unch
Latur	18600	18600	Unch

Groundnut Meal

Groundnut Meal	06.12.2013	29.11.2013	Change
Basis 45% O&A, Saurashtra	24500	25000	-500
Basis 40% O&A, Saurashtra	-	-	-
GN Cake, Gondal	23500	24500	-1000

Mustard DOC/Meal

Mustard DOC/Meal	06.12.2013	29.11.2013	Change
Jaipur (Plant Delivery)	14000	14000	Unch
Kandla (FOR)	15000	15200	-200

Progress of Sown Area – Rabi Oilseeds, India

As per the official *Rabi* oilseeds planting (as on 5 December 2013), the area coverage under Rabi oilseeds is reported at 74.75 lakh hectares, up 3.50 percent from previous year. Of the major oilseeds, rapeseed/mustard seed sowing is reported up by 5.70 percent compared to last year.

Crop	As on 5 Dec 2013	As on 5 Dec 2012	% Change
Rapeseed/Mustard	64.23	60.79	5.7
Groundnut	2.87	3.24	-11.4
Safflower	1.46	1.25	16.8
Sunflower	3.08	3.66	-15.8
Sesamum	0.47	0.35	34.3
Linseed	2.22	2.56	-13.3
Others	0.42	0.35	20.0
Total Oilseeds	74.75	72.20	3.50

(Area in lakh hectares) Source: GOI

Soybean

Soybean markets across major centers of India continued to feature a weak tone during the week. Soybean prices were lower due to comparatively lower demand in domestic cash markets and a surge in arrivals in the spot markets. Internationally, soybeans on CBOT also witnessed a bearish tone on rising pressure from a brisk South American sowing progress and completion of US soy harvest. 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 higher during the past week. Availability of sufficient crushable soybean supplies in the coming days is a concern for the market which will be supportive for the market. 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 was scaled back from the initial record levels. 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.

However, good quality arrivals are expected to hit market in January easing the supply constraints. Also, 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 fall 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. 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 Brazil, soybean planting is around 89 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 indicating good demand. However, this leads to concerns of logistical congestions in the Brazilian ports 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 weak movement in the coming days on improved domestic arrivals and moderate demand. However, bearish South American supply sentiments and higher US crop yield is likely to pressure global soy markets. Strong demand from crushers against a backdrop of lower output expectations is likely to restrict the decline in domestic markets.

Soy meal

Soy meal prices also witnessed a decline during the week in review, in conjugation with the domestic soybean prices. Slower exports demand is reported amid restricted availability of high quality beans in the local markets. Besides, appreciation in the value of the Indian rupee and weakness in the international markets also pressured the markets.

The effect of fall in domestic soybean markets was witnessed on the domestic meal prices. In addition to weakness in CBOT, markets are expected to feel some pressure as US soybean harvest revealed higher production and yields 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 and markets now await the December report for fresh cues. 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 slight downward revision of soy meal export projections by traders. 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 (Dec-Jan) export price, FOR Kandla exports was quoted between Rs 35,200-35,800/MT, higher compared to last year.

Recommendation: *Indian soy meal faces price competition from South American soy meal but higher prices have restricted exports lately. 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 34,000-36,000/MT.*

Technical Analysis:

NCDEX Soybean Futures-Weekly Chart



Soybean Spot, Indore



Support & Resistance NCDEX Soybean - Jan contract

S2	S1	PCP	R1	R2
3600	3675	3766	3950	4055

- Soybean prices depicted decline in prices during the week in review.
- RSI is edging in the neutral zone which indicates weakness in prices in the coming days.
- Prices are expected to witness a steady to weak tone during the coming week.
- **Trade Recommendation (NCDEX Soybean - Jan) Week: SELL** between 3800-3820. Levels: Target – 3700; SL -3880.

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 3750-3950 levels (Indore, Plant basis).

Rapeseed - Mustard Seed

Rapeseed/mustard seed prices in key spot markets across Rajasthan and Gujarat extended losses during the past week on steady progress of sowing of the rabi oilseeds across major producing regions amid mostly favorable weather conditions. Further, the weakness in domestic soybean prices and flat movement in BMD CPO provided no upside to the rapeseed markets.

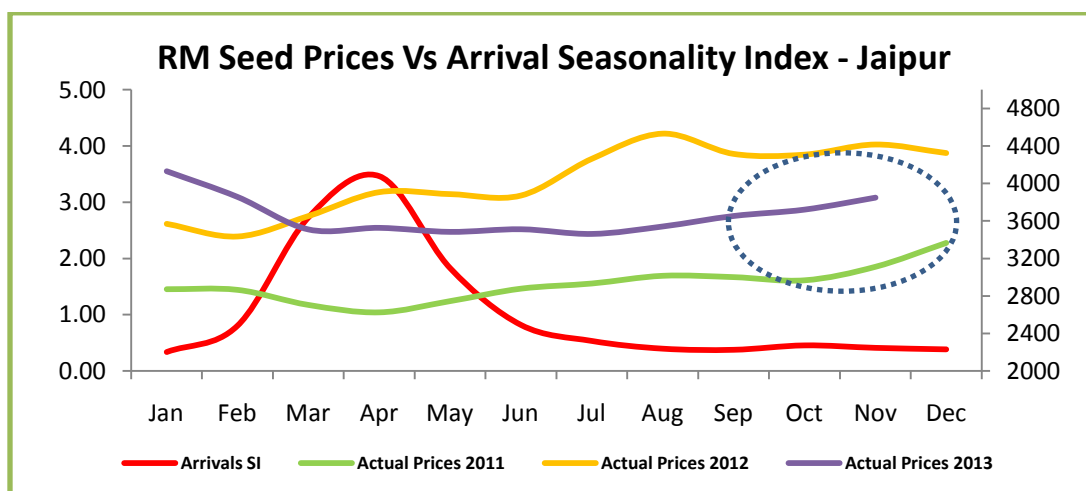
Rapeseed prices are facing pressure currently as demand for oils is moderate which has led to weak RM seed buying from stockists and mills. It is expected that the approaching winter season will uplift the demand for oils and is likely to lend some support to the market.

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 5 December) was reported as 74.74 lakh hectares as compared to 72.18 lakh hectares in the same period last year. Rabi mustard seed stood at 64.23 lakh hectares as on 5 Dec 2013, up from 62.42 lakh hectares in 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 39,048 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 Jan contract

S2	S1	PCP	R1	R2
3620	3700	3802	3950	4000

- Candlestick chart pattern reveals a weak 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 - Jan) Week: SELL** between 3800-3820 for a target – 3740; SL -3860.

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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