

Executive Summary

Oilseeds and oil meals markets featured a steady to weak tone during the week.

Soybean prices were slightly up due to moderate demand in the spot markets and lower arrivals in the spot markets. Internationally, soybeans on CBOT also witnessed mild gains on strong Chinese demand and weekly export sales data although pressure from South American sowing progress and record output estimates provided strong resistance to the prices.

The daily arrivals in the spot markets of Madhya Pradesh were lower during the past week raising concerns of stock availability of crushable soybean supplies in the coming days which was supportive for the market. However, expectations of improvements in supply situation in the coming days led to pressure in the market. 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 sideways tone during the past week. Pressure from higher production estimates in South American nations and strong sowing activities in the key producing regions pressured the CBOT market. However, expected strong demand for the US soybeans and robust Chinese buying is providing strong support to the market sentiments. However, it is being feared that China may have overbooked soybeans and will finish their booking needs from the US once shipments from Brazil commence. In Brazil, going by current indicators and analysts estimates, a record Brazilian soy crop is on the cards. Also, farmers in Brazil are reportedly contemplating a second soybean crop this season instead of corn. Meanwhile, concerns of logistical congestions in the Brazilian ports are again being cited.

Soy meal prices also witnessed a steady tone during the week in review, mostly in conjugation with the domestic soybean prices. Moderate exports demand is reported amid restricted availability of high quality beans in the local markets supporting the prices. Also, surge in exports of meal for the month of November provided positive cues to the market. However, weakness in the international markets capped the gains.

Rapeseed/mustard seed prices in key spot markets across Rajasthan and Gujarat continued to feature a weak tone during the past week on steady progress of sowing of the rabi oilseeds across major producing regions amid mostly favorable weather conditions. Further, range bound movement in domestic soybean prices and weakness in BMD CPO also provided no positive cues 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 is and is likely to lend some support to the market.

As per the Ministry of Agriculture, total area sown under rabi oilseeds (as on 12 December) was reported as 77.78 lakh hectares as compared to 75.85 lakh hectares in the same period last year. As per SEA of India, rapeseed meal exports of India declined to 27,993 tons in November '13 compared to 143,848 tons in October '13 and 66966 tons in November '12. France and Taiwan were the major buyers importing 12,600 and 8,100 tons respectively.

International Highlights

- ❖ As per the latest WASDE report, the 2013-14 ending soybean stocks were pegged at 150 million bushels as compared with the November estimate of 170 million bushels. Exports were increased by 25 million bushels to 1.475 billion bushels and crush was up by 5 million to 1.690 billion bushels. Brazil's production estimate was kept unchanged at 88 million tons.
- ❖ According to the latest report released by Argentina's Agriculture Ministry, soybean planting was reported at 66 percent, higher than 63 percent completion for the same period in the previous year.
- ❖ As per USDA's latest weekly release, weekly export sales for soybeans came in at 1.108 million tons for the current marketing year and 413,900 tons for the next marketing year for a total of 1.522 million tons which was higher than trade estimates.
- ❖ As per data released by the General Administration of Customs (GAC), China has imported 6.03 million tons of soybeans in November, a jump of 43.91 percent from the previous month. In the first 11 months of this year, China's soybean imports have totaled 55.97 million tons, up 6.6 percent y-o-y.
- ❖ As per data released by the Malaysian Palm Oil Board (MPOB), palm oil inventories rose 7.2 percent in November to 1.98 million tons. While, the palm oil production fell by 5.6 percent to 1.86 million tons in November. Exports also fell by 8.7 percent to 1.52 million tons from a month ago.
- ❖ 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.
- ❖ According to estimates by Strategie Grains, rapeseed production in the EU is expected to rise to 21.3 million tons in 2014/15, up 2.4 percent from 20.8 million this season on higher yield.
- ❖ 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 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.
- ❖ 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.
- ❖ 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)		
	13.12.2013	6.12.2013	Parity To
Indore (MP)	33300	32800	Gujarat, MP
Kota	33300	32500	Rajasthan, Del, Punjab, Haryana
Akola	33300	32800	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Hingoli	33500	33500	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Nanded/Latur	33500	33000	Andhra, AP, Kar, TN
Dhulia/Jalna	34700	34400	Mumbai, Maharashtra
Nagpur (42/46)	33500	33300	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Sangli	35000	34300	Local and South
Sholapur	34000	33400	Local and South
Bundi	33000	32500	-

Soy DOC at Port

Centers	Port Price	
	13.12.2013	6.12.2013
Kandla (FOR) (INR/MT)	35500	35200
Kandla (FAS) (USD/MT)	571	571

International Soy DOC

Argentina FOB \$/MT	12.12.2013	5.12.2013	Change
Soybean Pellets	536	537	-1
Soybean Cake Meal	536	537	-1
Soybean Meal	544	545	-1
Soy Expellers	544	545	-1

Sunflower Meal Rates

Centers	Ex-factory rates (Rs/ton)		
	13.12.2013	6.12.2013	Change
Adoni	20800	19000	+1800

Khamgaon	20100	16800	+3300
Parli	20500	18800	+1700
Latur	20300	18600	+1700

Groundnut Meal

Groundnut Meal	13.12.2013	6.12.2013	Change
Basis 45% O&A, Saurashtra	23500	24500	-1000
Basis 40% O&A, Saurashtra	-	-	-
GN Cake, Gondal	22000	23500	-1500

Mustard DOC/Meal

Mustard DOC/Meal	13.12.2013	6.12.2013	Change
Jaipur (Plant Delivery)	13900	14000	-100
Kandla (FOR)	15000	15000	Unch

Progress of Sown Area – Rabi Oilseeds, India

As per the official *Rabi* oilseeds planting (as on 12 December 2013), the area coverage under Rabi oilseeds is reported at 77.78 lakh hectares, up 2.50 percent from previous year. Of the major oilseeds, rapeseed/mustard seed sowing is reported up by 4.50 percent compared to last year.

Crop	As on 12 Dec 2013	As on 12 Dec 2012	% Change
Rapeseed/Mustard	66.52	63.65	4.5
Groundnut	3.22	3.52	-8.5
Safflower	1.57	1.34	17.2
Sunflower	3.2	3.88	-17.5
Sesamum	0.47	0.41	14.6
Linseed	2.45	2.69	-8.9
Others	0.35	0.36	-2.8
Total Oilseeds	77.78	75.85	2.5

(Area in lakh hectares) Source: GOI

Soybean

Soybean spot markets featured a range bound tone and registered mild gains for the week. Soybean prices were up due to moderate demand in the spot markets and lower arrivals in the spot markets. Internationally, soybeans on CBOT also witnessed mild gains on strong Chinese demand and weekly export sales data although pressure from South American sowing progress and record output estimates provided strong resistance to the prices.

The daily arrivals in the spot markets of Madhya Pradesh were lower during the past week raising concerns of stock availability of crushable soybean supplies in the coming days which was 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, expectations of improvements in supply situation in the coming days led to pressure in the market.

Soybean production figures have already been revised downwards from the initial levels resulting in a poor rate of crushing of soybean affecting soy meal quality and availability. 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 sideways tone during the past week. Pressure from higher production estimates in South American nations and strong sowing activities in the key producing regions pressured the CBOT market. However, expected strong demand for the US soybeans and robust Chinese buying is providing strong support to the market sentiments. China's Ministry of Commerce has projected that China is likely to witness 6.34 million tonnes of soybean imports in December 2013. This is likely to be a bullish factor in the near term. However, it is being feared that China may have overbooked soybeans and will finish their booking needs from the US once shipments from Brazil commence.

In Brazil, soybean planting is nearing completion amid suitable weather conditions in the key producing regions of Brazil, supporting the crop prospects. Going by current indicators and analysts estimates, a record Brazilian soy crop is on the cards. Also, farmers in Brazil are reportedly contemplating a second soybean crop this season instead of corn. Due to low prices of corn and left over stocks, farmers may plant more soy in January. Meanwhile, concerns of logistical congestions in the Brazilian ports are again being cited. 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 weak movement in the coming days on expected higher domestic arrivals and moderate demand. Further, bearish South American supply sentiments and higher US crop yield is likely to pressure global soy markets. Steady demand from crushers against a backdrop of lower output and supplies may restrict the decline in domestic markets.

Soy meal

Soy meal prices also witnessed a steady tone during the week in review, mostly in conjugation with the domestic soybean prices. Moderate exports demand is reported amid restricted availability of high quality beans in the local markets supporting the prices. Also, surge in exports of meal for the month of November also provided positive cues to the market. However, weakness in the international markets capped the gains.

Markets are expected to feel some pressure as US soybean harvest revealed higher production and yields as shipments start from the region. However, robust Chinese buying has supported the US prices. 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, the exports of soybean meal during November 2013 was 5.19 lakh tons as compared to 5.17 lakh tons in November, 2012. On a financial year basis, the export during April'2013 to November'2013 is 15.90 lac tons as compared to 14.05 lakh tons in the same period of previous year showing an increase of 13.16%. During current Oil year, (October - September), total exports during October 2013 to November, 2013 are 7.14 Lac tones as against 5.68 Lac tones last year, showing an increase by 25.70%. Iran, France and Japan were the major destinations for Indian soybean meal exports for the month.

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. 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.

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 33,000-35,000/MT.

Technical Analysis:

NCDEX Soybean Futures-Weekly Chart



Soybean Spot, Indore



Support & Resistance NCDEX Soybean - Jan contract

S2	S1	PCP	R1	R2
3600	3645	3767	3921	4000

- Soybean prices depicted range bound movement during the week in review.
- RSI is moving lower 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 3770-3800. Levels: Target – 3700; SL -3840.

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

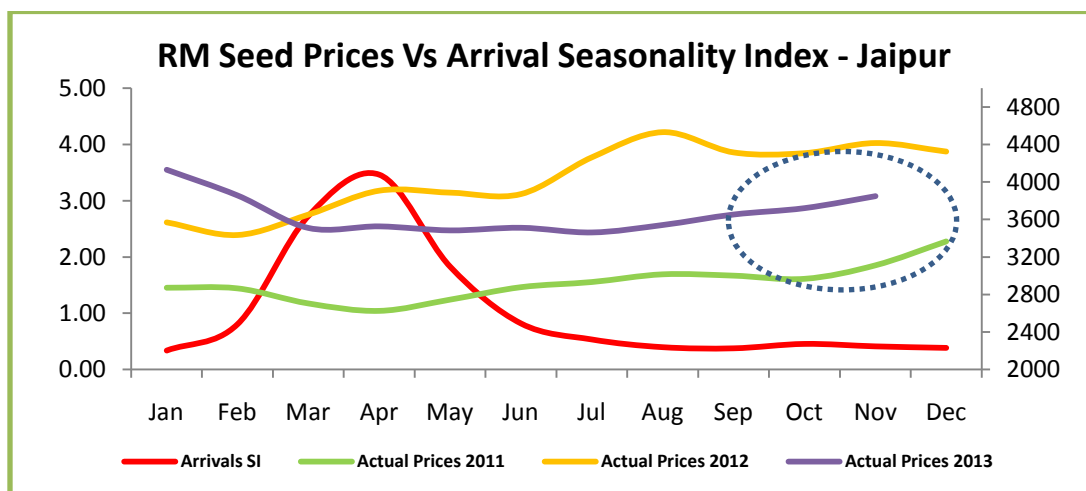
Rapeseed/mustard seed prices in key spot markets across Rajasthan and Gujarat continued to feature a weak tone during the past week on steady progress of sowing of the rabi oilseeds across major producing regions amid mostly favorable weather conditions. Further, range bound movement in domestic soybean prices and weakness in BMD CPO also provided no positive cues 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 is 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 12 December) was reported as 77.78 lakh hectares as compared to 75.85 lakh hectares in the same period last year. Rabi mustard seed stood at 66.52 lakh hectares as on 12 Dec 2013, up from 63.65 lakh hectares in the corresponding period last year.

As per SEA of India, rapeseed meal exports of India declined to 27,993 tons in November '13 compared to 143,848 tons in October '13 and 66966 tons in November '12. France and Taiwan were the major buyers importing 12,600 and 8,100 tons respectively. Total rapeseed meal exports for the April – November 2013 period have reached 589,509 tons, up from 558,962 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. Strategie Grains has further pegged a 2.40 percent rise in rapeseed output in EU in 2014-15.

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	3725	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 3730-3740 for a target – 3650; SL -3780.

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 3650-3800 Rs/ql level in near term.

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