

## Executive Summary

---

Domestic soybean and meal plunged on cautious buying and better harvesting pace followed by good monsoon. However, RM seed witnessed mild gains during the month in review. The markets remained under pressure weak global cues followed by broad-based selling in commodity markets as investors worry about a liquidity squeeze in China, a top consumer of commodities.

In a major development during the month, the Cabinet Committee on Economic Affairs approved the Minimum Support Prices (MSPs) for kharif crops of 2013-14 season.

The MSPs of Groundnut-in-shell, Soyabean (Black) and Sesamum have been increased by Rs.300 per quintal each and fixed at Rs. 4,000 per quintal, Rs. 2,500 per quintal and Rs. Rs.4,500 per quintal respectively. MSP of Soyabean (Yellow) has been increased by Rs. 320 per quintal over its MSP of last year and fixed at Rs. 2,560 per quintal. The MSPs of Sunflower Seed and Nigerseed have been retained at last year's levels of Rs.3,700 per quintal and Rs. 3,500 per quintal respectively.

Soybean fell primarily on better planting pace and favourable weather compared to the previous season. Better monsoon has boosted the farmer's planting sentiment which eventually reflected in the planting momentum. Overall, higher CBOT soybean and firm Malaysian palm oil failed to push up the soybean prices during the month.

Cautious buying featured in the beans followed by fall the prices, anticipating further fall in the prices.

Internationally, the US 2012/13 carryout is closer to 110 million bushels rather than the current USDA estimate of 125 million. Rainfall will be needed during the week in the US soybean growing region.

A well-followed oilseed analyst suggested that the EU is likely to increase imports of soybeans for processing due to the delays in shipping meal out of South America.

Brazilian truckers again announced a 3 day strike during the first week of July, although traders noted that no significant delays to loading vessels would be seen unless the strike continues into next week. Weak Brazilian Real against the US Dollar will spur on fresh farmer sales in Brazil and improve their export outlook going forward.

The domestic soybean will continue to reel under pressure on better planting and likely rise in area under beans in near-term.

Soy meal fell in tandem with soybean and weak exports and lower domestic off-take in the meal from poultry feed industry due to reduced off-take in poultry products.

However, slight improved overseas meal shipments in previous weeks limited the losses in meal.

According to the figures of the SOPA, India's soy meal export during June 2013 was 2.134 Lac tones as compared to 1.809 lac tones in the same period of previous year showing a increase of approx. 18%.

On a financial year basis, the export during April 2013 to June 2013 has been 4.113 Lac tonnes as compared to 6.558 Lac tones in the same period of previous year showing a decrease of approx. 37%.

Again, the prices of other key feed ingredients largely featured weak tone. The Bajra, Maize, DCP, MBM, DRB and Mustard de-oiled cake fell on weak demand during the last week of June.

The soy meal prices are expected to feature range-bound movement with weak bias, however, slight improved overseas demand will limit the downward potential, in near-term.

Mustard seed skid in sync with soybean and cautious buying from millers in anticipation of further fall in the prices. Higher Malaysian palm oil failed to lend upward support to the seed prices. The domestic mustard seed closely tracks BMD CPO.

Better soybean planting continued to pressure the domestic oilseeds in recent days. Further, absence of any fresh demand in mustard oil from major consuming states like West Bengal, Kashmir, Bihar and UP remained bearish for the seed.

Mustard oil and seeds in key mandis across Madhya Pradesh, Rajasthan and Gujarat featured weak tone as due to slow down in buying.

We feel the seed prices to edged-up in coming weeks on supportive buying and likely higher international vegetable oil market. The domestic mustard seed closely tracks BMD CPO.

Expected further gains in BMD CPO followed by better palm oil buying during the Muslim fasting month, *Ramadan*, stable palm oil production and declining palm oil inventories in Malaysia and expected rise in seasonal domestic edible oil demand will push up the oilseeds and meal priced in near-term. .

## International

---

- ❖ Brazil's trucking union hour strike starting, potentially slowing the movement of record soy, corn and sugar crops to ports, although unlikely to stop exports. The exports have already hit to some extent in previous days due to on and off strikes called on by the port workers.
- ❖ As per the latest USDA crop progress report, the US soybean crop has been fully planted, as of Jul 07.
- ❖ The emergence is reported at 95 per cent, below 5 year average of 97 per cent and 100 per cent last year. About 10 per cent is reported blooming, below 5 year average of 24 per cent, which was 42 per cent during the same period last year. About 26 per cent of the planted crop is rated as fair and 67 per cent as good to excellent condition.
- ❖ Oil World has made a sharp upward revision of our rapeseed crop estimate for the European Union, which we now project to exceed 20 Mn T..
- ❖ As per Oil World, Brazilian soybean shipments are expected to fall in Sept/Dec 2013, raising global dependence on US supplies. Brazil is estimated to export 36.1 Mn T of soybeans in Jan/Aug 2013.
- ❖ A private analyst released new acreage estimates and forecasted 2013/14 soybean acreage at 78 million acres, down 250,000 acres from their prior release. The USDA is estimating acreage at 77.1 million.
- ❖ China's soybean imports were comparatively small at 5.1 Mn T in May but are set to increase in June, as forecasted by Oil World.
- ❖ China will probably remain a key importer of rapeseed next season as we consider it likely that rapeseed production in China continues to decline.

**Oilseed Prices at Key Spot Markets:**

Commodity	Centre	Prices (Rs/Qtl)		Change
Soybean		29-06-2013	31-05-2013	
	Indore –Plant	3650-3720	3825-3880	-160
	Indore –Mandi	3525-3625	3700-3800	-175
	Nagpur-Plant	3625-3675	3650-3750	-75
	Nagpur – Mandi	3450-3600	3600-3700	-100
	Kota-Plant	3650	3850	-200
	Kota – Mandi	3550	3650-3800	-250
	Bundi-Plant	3675-3680	3870	-190
	Bundi-Mandi	3525-3530	3800-3825	-295
	Baran-Plant	3650	3850	-200
	Baran-Mandi	3500-3550	3675-3750	-200
	BhawaniMandiJhalawar – Kota Plant Delivery	3700	3850	-150
	Jhalwar-Mandi	3650	3750	-100
Rapeseed/Mustard	Jaipur – C	3470-3475	3490-3495	-20
	Alwar – C	3350	3350	Unch
	Sri Ganganagar	3000	2930	+70
	Delhi – C	3415	3380	+35
	Kota (Non-Condition)	2900-3000	3050-3125	-125
	Agra - C	3600	3650	-50
	Neewai	3400	3375	+25
	Hapur (UP)	3395	3375	+20
Groundnut Seed	Rajkot	775	880	-105
Sunflower Seed	Gulbarga	-	-	-
	Latur	3150-3500	3400-4000	-500
	Solapur	3900-4000	3550-3700	+300
Sesame Seed	Mumbai (White98/2/1 FM)	10850	10500	+350

Soybean Prices are in INR per Qtl ,Arrivals(1 bag=90 kg). Mandi prices – Loose, Mustard Seed Prices are in INR per Qtl, Arrival (1 bag=85 kg) C – Condition (42%), \*Groundnut seed inRs/20 kg, Sunflower Seed in Rs/qtl.

**Oilseed Arrivals in Key Centers**

Commodity	Centre	Arrivals in Bags/Qtl		Change
		29-06-2013	31-05-2013	
<b>Soybean</b>				
	Madhya Pradesh	2107000	1035000	<b>+1072000</b>
	Maharashtra	438000	430000	<b>+8000</b>
	Rajasthan	361000	307000	<b>+54000</b>
	Bundi (Raj)	10800	6350	<b>+4450</b>
	Baran (Raj)	38800	20100	<b>+18700</b>
	Jhalawar (Raj)	16700	12150	<b>+4550</b>
<b>Rapeseed/Mustard</b>	Rajasthan	2320000	4175000	<b>-1855000</b>
*Soybean: 1 bag = 90 kg; RM Seed: 1 bag = 85 kg				

## Kharif Sown Area - Oilseeds, India

In the last official planting report, the *kharif* oilseeds planting was reported ahead previous year's pace, as on 04 Aug 2013. Overall, the oilseeds planting were reported up by 316 per cent at 110.27 lha against 26.52 lha during the same period last year.

Of the major kharif oilseeds crop soybean planting stood up by around 580 per cent at 42.86 lha compared to 6.3 lakh hectares during the same period last year. Groundnut planting was reported up by 273 per cent at 15.75 lakh hectares compared to 4.22 lha, Sunflower planting was up by 111.5 per cent at 0.55 lha compared to 0.26 lha during the same period last year.

Area in lakh hectares

Crop	As on 27 Jun 2013	As on 27 Jun 2012	% Change
Groundnut	15.75	4.22	<b>273.2</b>
Soybean	42.86	6.3	<b>580.3</b>
Sunflower	0.55	0.26	<b>111.5</b>
Sesamum	1.17	0.61	<b>91.8</b>
Niger	0.04	0	<b>-</b>
Castor	0.33	0.43	<b>-23.3</b>
<b>Total Oilseeds</b>	<b>60.7</b>	<b>11.8</b>	<b>413.5</b>

Source: GOI

However, linseed, sesamum and safflower planting continued to lag behind compared to the previous year.

## Soybean

Soybean featured steady tone on weak crushing, poor soy meal exports and forecast of normal and timely monsoon, during the month.

The big crushers refrained from the market as they have lower soy meal exports commitments. Besides, cheap availability of imported edible oil and its comfortable stock at Indian port remained bearish for the beans.

Pre-monsoon showers in some parts of key soy growing regions of Maharashtra and Madhya Pradesh have strengthened the sowing intention. India planted 107.08 lakh hectares of soybean in 2012 compared to 103.36 lha in 2011, up 3.6 per cent. We expect India's soybean planting area in 2013 to remain near previous year's level. IMD has officially forecasted for normal and timely monsoon this season.

The crushing units continued to run below their crushing capacity, reportedly below 45 per cent, besides several small crushing units have stopped their operations due to widening disparity in crush margin.

In the international front, Brazil's soybean exports continue to pick up speed which has shifting demand away from the US for soybeans. The Trade Ministry in Brazil estimated Brazil soybean exports in May at a new record of 7.95 million tonnes, up from 7.15 million April. Soy meal demand remained strong which is helping the US crush pace hold steady amid tight old crop supplies.

Domestic soybean prices are likely feature range-bound movement with weak-bias during the month.

## Balance Sheet – Soybean, India

Fig. in MnT

Oil Year (Oct-Sep)	2008-09	2009-10	2010-11	2011-12	2012-13
<b>Carry In</b>	0.49	0.45	1.12	0.37	0.40
<b>Production</b>	<b>9.60</b>	<b>9.67</b>	<b>10.10</b>	<b>12.00</b>	12.50
Imports	0.00	0.00	0.00	0.00	0.00
<b>Total Availability</b>	<b>10.09</b>	<b>10.12</b>	<b>11.22</b>	<b>12.37</b>	<b>12.90</b>
Crush	9.64	9.00	10.85	11.97	12.58
Exports	0.00	0.00	0.00	0.00	0.00
Total Usage	9.64	9.00	10.85	11.97	12.58
<b>Carry Out</b>	<b>0.45</b>	<b>1.12</b>	<b>0.37</b>	<b>0.40</b>	<b>0.32</b>
Monthly Use	0.80	0.75	0.90	1.00	1.05
Stock/Consumption Ratio	0.05	0.12	0.03	0.03	0.03
Stock to Month Use Ratio	0.56	1.49	0.41	0.40	0.31

Source: Agriwatch

- Higher crushing due to good meal demand lead to lower carry-in in 2012/13

- India's 2012/13 soybean output is lowered from 13 Mn T to 12.5 Mn T due to crop loss in Madhya Pradesh.
- We expect 2012/13 soybean crush at 12.58 Mn T owing to higher production compared to previous years. India's soy meal prices have to compete with the meal prices of South America, which will eventually make the crushing more viable depending on its exports.

## Soy meal- FAS Kandla Vs FOB Argentina (Spread)

---

Soy meal fell in tandem with soybean and weak exports and lower domestic off-take in the meal from poultry feed industry due to reduced off-take in poultry products.

However, slight improved overseas meal shipments in previous weeks limited the losses in meal.

According to the figures of the SOPA, India's soy meal export during June 2013 was 2.134 Lac tones as compared to 1.809 lac tones in the same period of previous year showing a increase of approx. 18%.

On a financial year basis, the export during April 2013 to June 2013 has been 4.113 Lac tonnes as compared to 6.558 Lac tones in the same period of previous year showing a decrease of approx. 37%.

Again, the prices of other key feed ingredients largely featured weak tone. The Bajra, Maize, DCP, MBM, DRB and Mustard de-oiled cake fell on weak demand during the first week of July.

The soy meal prices are expected to feature range-bound movement with weak bias, however, slight improved overseas demand will limit the downward potential, in near-term.

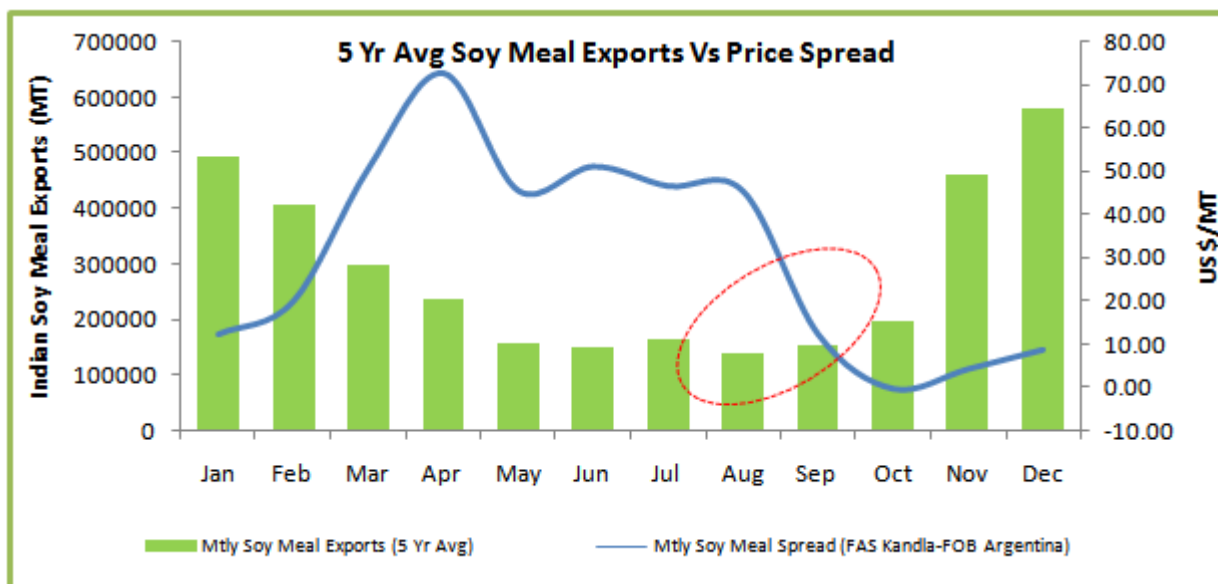
According to the figures of the SOPA, India's soy meal exports during June 2013 was 2.134 Lac tones as compared to 1.809 lac tones in the same period of previous year showing a increase of approx. 18%.

On a financial year basis, the export during April 2013 to June 2013 has been 4.113 Lac tonnes as compared to 6.558 Lac tones in the same period of previous year showing a decrease of approx. 37%.

During current Oil year, (October - September), total exports during October 2012 to June, 2013 are 30.082 Lac tones as against 34.417 Lac tones last year, showing a decrease by 12.59%. (Source: SOPA).

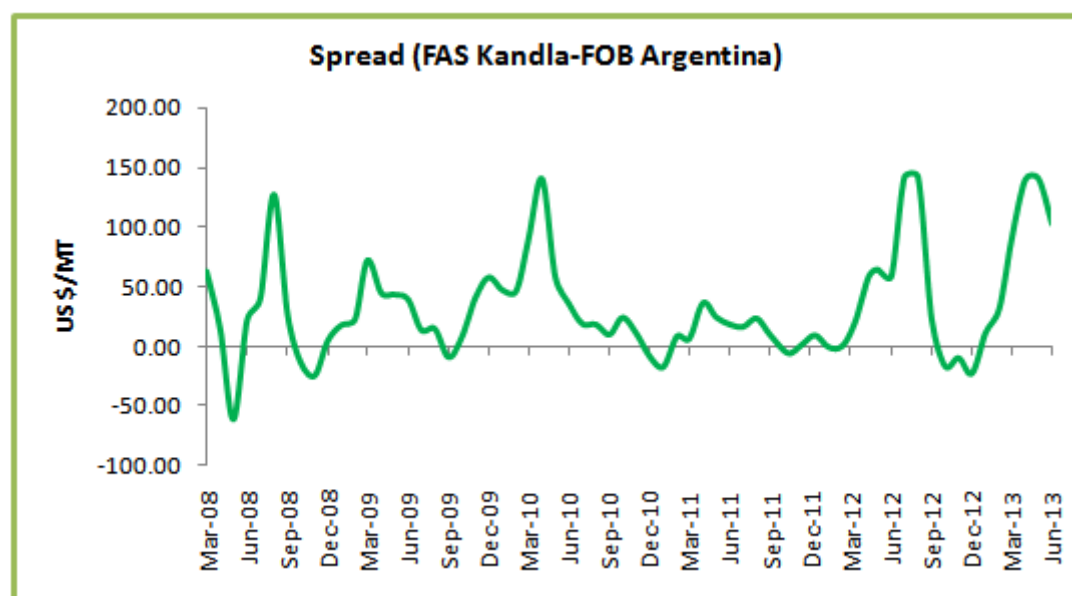
India's soy meal prices continued to get stiff competition from South American prices due to the peak supply period and improved crushings.

However, preference of the meal of Indian origin mainly by the South-Eastern countries due to logistic and freight advance and demand for non-GMO meal will lend support to the domestic soy meal.



The y-o-y fall in the India's soy meal export sales in the month of May is due to the demand shift towards South America owing to their competitive meal prices. This is due to the peak season in South America.

However, India's Y-o-Y soy meal prices in the last week of June witnessed mild gains. Soy meal (Jul-Aug) exports price, FOR Kandla exports was quoted between Rs 34,650-35,200/MT compared to 34,000-35,650/MT during the same period last year.



\*FAS, Kandla less FOB Argentina

The average monthly soy meal price spread between FAS Kandla and FOB Argentina fell and recorded at US \$ 103/MT in Jun compared to US \$141/MT May which translates that the Argentine soy meal prices have slightly eased Indian meal, but they are still considerably higher compared to India's. *India's soy meal exports are at the optimum levels during the period, October thru January, at the considered spread between Indian vs Argentine meal price between US \$8/MT and US \$15/MT.* (\* Spread - FAS Kandla less FOB Argentina).

**Recommendation:** FOR, Kandla was quoted between Rs 35,000- 37,000/MT during the month -May. The Indian meal exporters are advised to aggressively market their meal to the countries in vicinity including traditional South and Far-East Asian destinations. Indian soy meal have started facing stiff price competition from South American soy meal followed by commencement of Brazil's soybean harvest and likely harvest of Argentina in coming days. The Domestic meal prices are likely to feature range-bound movement with firm bias during the month with the fresh overseas and domestic demand. FOR, Kandla is expected to witness range bound movement with firm bias and witness **35000-37,500 during Jul and early Aug.**

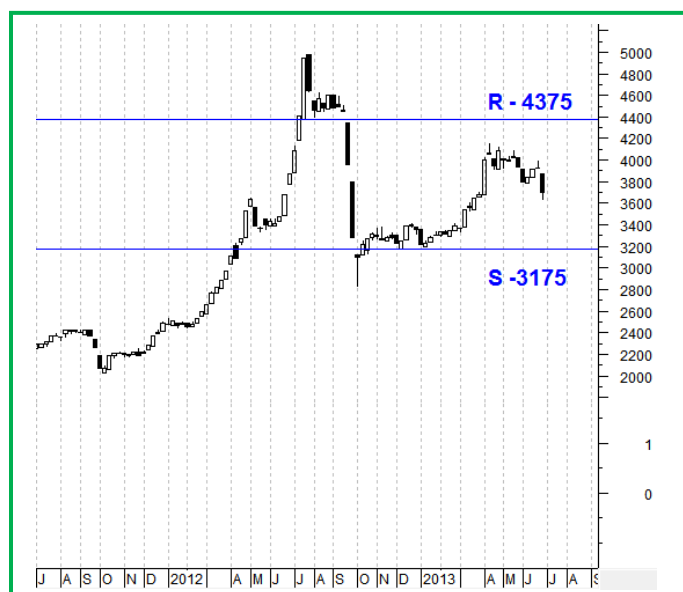
## Soybean Crush Margin

<b>Avg Crush Margin – Jun 2013</b>	<b>Avg Crush Margin May 2013</b>	<b>Avg Crush Margin – Jun 2012</b>	<b>Avg Crush Margin – Jun 2011</b>
	<b>-2019</b>		



## Technical Analysis: NCDEX Soybean Futures

## Soybean Spot, Indore



\*In Rs/MT

### Supports & Resistances NCDEX Oct Soybean

S2	S1	PCP	R1	R2
2969	3047	3202.5	3359	3437

- The candlestick chart pattern reveals mild recovery in the Oct soybean.
- Prices closed above 9-day and 18-day EMA, supporting the gains.
- RSI is rising in neutral zone. Indicating bullish momentum.
- MACD is slightly rising in negative territory.
- The soybean prices are expected slightly gain during the month.
- Trade Recommendation (NCDEX Soybean - Oct) – 1 Month: BUY between 3150–3160 levels. T1 – 3250; T2 - 3300; SL - 3107.

**Trade Recommendation Soybean Spot:** Prices are expected to feature range-bound movement followed by weak crushing. The prices are likely to stay near current levels around 3700-3900 levels (Indore, Plant basis) during the month.

Slight improved soy meal shipment will lend support to the bean prices during the month.

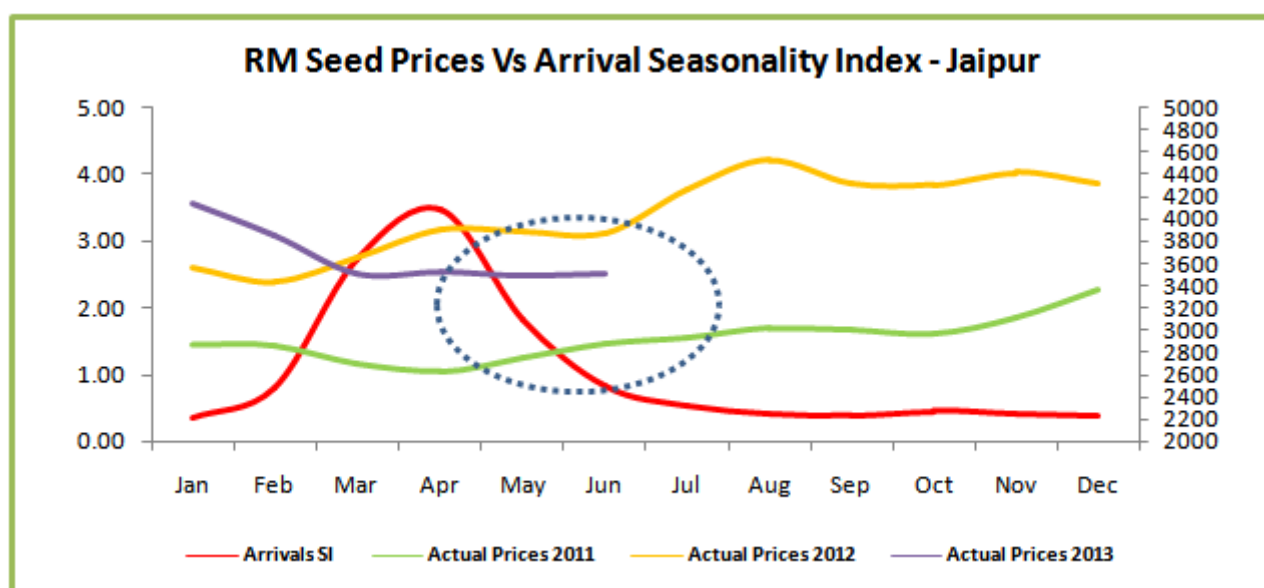
## Rapeseed - Mustard Seed

Mustard seed skid in sync with soybean and cautious buying from millers in anticipation of further fall in the prices. Higher Malaysian palm oil failed to lend upward support to the seed prices. The domestic mustard seed closely tracks BMD CPO.

Better soybean planting continued to pressure the domestic oilseeds in recent days. Further, absence of any fresh demand in mustard oil from major consuming states like West Bengal, Kashmir, Bihar and UP remained bearish for the seed.

Mustard oil and seeds in key mandis across Madhya Pradesh, Rajasthan and Gujarat featured weak tone as due to slow down in buying.

### RM Seed Prices Vs Arrivals –Jaipur (Rajasthan)



### RM Seed Supply, Rajasthan

RM Seed Arrivals in Rajasthan in Bags (85 kg each).		
Monthly Arrivals–Jun	1 Month Ago	Corresponding Period Last Year
23,20,000	41,75,000	14,45,000

We feel the seed prices to edged-up in coming weeks on supportive buying and likely higher international vegetable oil market. The domestic mustard seed closely tracks BMD CPO.

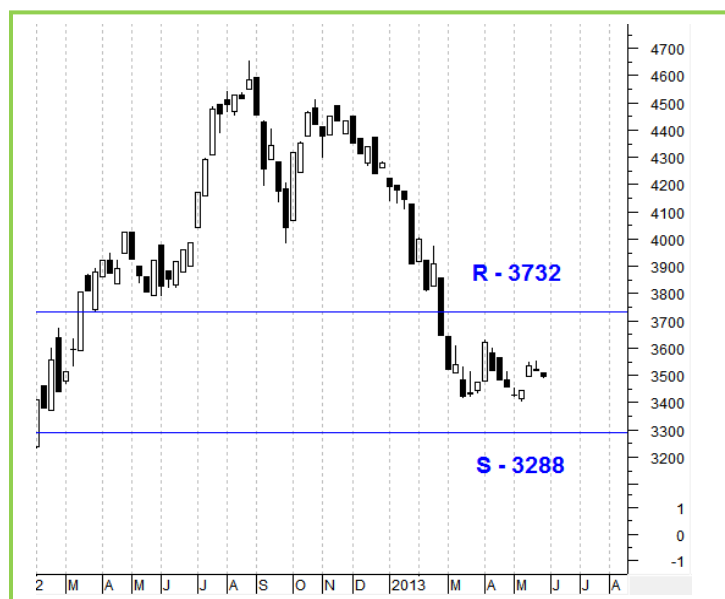
## Balance Sheet – Rapeseed-Mustard Seed, India

Fig in MnT

Marketing Year (Mar-Feb)	2009-2010	2010-11	2011-12	2012-13	2013-14
<b>Carry In</b>	<b>0.45</b>	<b>0.75</b>	<b>0.75</b>	<b>1.25</b>	<b>0.28</b>
Production	6.2	6	7	6.5	7.95
Imports	0	0	0	0	0
<b>Total Availability</b>	<b>6.65</b>	<b>6.75</b>	<b>7.75</b>	<b>7.75</b>	<b>8.23</b>
Crush	5.9	6	6.5	7.47	8.07
Exports	0	0	0	0	0
Total Usage	5.9	6	6.5	7.47	8.07
<b>Carry Out/Ending Stock</b>	<b>0.75</b>	<b>0.75</b>	<b>1.25</b>	<b>0.28</b>	<b>0.16</b>
Monthly Use	0.49	0.50	0.54	0.62	0.67
<b>Stock/Consumption Ratio</b>	<b>0.13</b>	<b>0.13</b>	<b>0.19</b>	<b>0.04</b>	<b>0.02</b>
Stock to Month Use Ratio	1.53	1.50	2.31	0.45	0.24

Source: Agriwatch

- Our preliminary Projection for India's 2013/14 RM seed Outturn stands at 7.95 Mn T. The production has surpassed the previous season's production followed by higher yield potential with favourable weather for the crop.
- The carry-in stands at 0.28 Mn T which is lower than previous year figure, as crushings were lower in 2011/12. Besides, 2012/13 RM seed production declined as compared to 2011/12.
- We have revised the 2012/13 RM seed output upwards to 6.5 Mn T compared to 6.0 Mn T estimated in April 2012. However the 2012/13 production stood lower compared to 2011/12. Lower coverage in RM seed area by 7% in 2011/12, missing winter rains and frost damage hampered the productivity.

**Technical Analysis: NCDEX RM Seed Futures**
**RM Seed Spot, Jaipur**

**Supports & Resistances NCDEX Aug RM Seed**

S2	S1	PCP	R1	R2
3294	3372	3451	3578	3706

- The RM seed prices seemed bottomed out during the month in Aug contract.
- Prices closed below 9-day and 18-day EMA.
- MACD is easing in positive territory.
- RSI and stochastic are slightly easing in neutral zone, supporting the losses.
- Trade Recommendation (NCDEX RM SEED – Aug) – 1 Month: BUY between 3470–3780 levels. T1 – 3550; T2 - 3600; SL - 3437.

**Trade Recommendation RM Seed Spot (Jaipur basis):** In spot the RM seed prices are expected to feature range-bound movement with firm bias and the seed prices are likely to improve and market to trade in the 3550– 3620 levels during the month.

**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.