

## Executive Summary

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The domestic oilseeds and oilmeals declined primarily pressured by weakness in benchmark – CBOT soybeans and sluggish buying in the cash market during the week in review. Eventually, weakness in the BMD CPO remained negative for the domestic oilseeds complex.

Improving weather conditions in Argentina and positive production prospects in Brazil pressured CBOT during the period.

Besides, as per Celeres, Brazil's soybean harvest is 12 per cent complete, reported late during the week. The pace is higher than the five-year average of 7 percent. Also, 59 percent of the expected harvest has been sold as compared to 42 per cent during the same period last year.

The harvesting pace in Brazil and other South American countries is gradually picking up and the supplies are likely to improve in days ahead which will eventually pressure CBOT soybeans.

The domestic soybean supplies fell in association with sluggish buying. The supplies eased due to the strike called on by the *Hammals*/labours in key cash markets of Madhya Pradesh including Indore.

The soy meal featured weak tone due to the poor domestic off-take and stiff price competition from South American soy meal leading to overseas demand shift towards South America. Though India's January soy meal shipments showed a yoy growth of 28 per cent but the exports were lower during the oil and financial year. India's meal exports may be negatively affected due to the increasing shift in the overseas demand towards South America.

RM seed continues to reel under pressure due to new crop arrivals and expected higher outturn this season.

Improving weather in South America will subsequently lead to increase in harvesting pace and ease the stress in the Argentina's soybean. Rise in the export duty from 7.5 per cent to 9 per cent by Indonesia and Malaysia's announcement of imposing 4.5 per cent export duty in March will make the palm oil little expensive for the importers like India. The palm oil stocks in Malaysia have slightly reduced with better shipment in recent days.

Both bullish and bearish factors will be prevalent in the market in another week but bearish factors may weight on the oilseed complex to some extent with India's mustard seed harvesting picking up the pace.

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## International Highlights

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- ❖ In Argentina the weather in the next 10-20 days will be decisive for the outcome of the soybean crop. Rains are urgently required to revive the deteriorating condition of the crop. Recent rains were too little to improve the crop condition.
- ❖ An estimated 40-50% of the soybean area is very dry, creating crop stress. Several observers now talk about the possibility of a soybean crop of only 46-48 Mn T, unless widespread rainfall occurs in the next several days, as reported by Oil World.
- ❖ US soya meal exports reached a record of at least an estimated 1.25 Mn T in January, with sizable year-on-year increases to the EU-27, the Philippines, Central America and Latin America.
- ❖ Malaysia will set CPO export duties at 4.5% in March after two consecutive months of no duties that boosted crude shipments from Malaysia and helped to ease stockpiles. This will make the imports expensive for India.
- ❖ Data from cargo surveyor Intertek Agri Services showed that crude shipments have doubled in the first 15 days of February to 229,610 tons as a result of an export-tax advantage Malaysian exporters had over top producer Indonesia. Overall Feb. 1-15 shipments rose 18% from the previous month to 673,555 tons, Intertek.
- ❖ World's largest importer of edible oil, India imported record 11,57,130 tonnes edible oil in January 2013, 75% higher than the imports in January 2012, surpassing a previous high of 10,00,942 tonnes in August 2010.
- ❖ It imported 27,66,088 tonnes of edible oil between November 2012 and January 2013, 26% more than 21,85,254 tonne during the corresponding period in the previous crop year (November to October). Of the total quarterly imports, 22,98,473 tonnes consists of Palm oil.
- ❖ India, the largest edible oil importer, has imported the record edible oil during January since the import open in 1994. Country imported 11,57,130 tonne, a 75% higher, of edible oil in the first month of the new calendar against the 6,59,979 tonne in January 2012.
- ❖ The overall import of vegetable oils during Nov.'12 to Jan.'13 (the first quarter of crop year) is reported at 27,66,088 tonne, of which 22,98,473 tonne was palm oil, compared to 21,85,254, up by 26.58%. Earlier, India saw the highest monthly import of 10,00,942 tonne during August 2010.

**Oilseed Prices at Key Spot Markets:**

Commodity	Centre	Prices (Rs/Qtl)		Change
<b>Soybean</b>		<b>15.02.2013</b>	<b>08.02.2013</b>	
	Indore –Plant	3300-3350	3325-3375	<b>-25</b>
	Indore –Mandi	3180-3250	3200-3280	<b>-30</b>
	Nagpur-Plant	3200	3220	<b>-20</b>
	Nagpur – Mandi	3050-3200	3050-3150	<b>+50</b>
	Kota-Plant	3270	3325	<b>-55</b>
	Kota – Mandi	3200	3250	<b>-50</b>
	Bundi-Plant	3230-3260	3300-3325	<b>-65</b>
	Bundi-Mandi	3150	3250-3260	<b>-110</b>
	Baran-Plant	3275-3300	3330-3340	<b>-40</b>
	Baran-Mandi	3170-3180	3215	<b>-35</b>
	Bhawani MandiJhalawar– Kota Plant Delivery	3300	3325	<b>-25</b>
	Jhalawar-Mandi	3200	3225-3250	<b>-50</b>
<b>Rapeseed/Mustard</b>	Jaipur – C	3905-3910	3820-3825	<b>+85</b>
	Alwar – C	3800	3600	<b>+200</b>
	SriGanganagar(NC)	3150	3310	<b>-160</b>
	Delhi– C	3825	3775	<b>+50</b>
	Kota	3500	3550-3650	<b>-150</b>
	Neewai	3850	3800	<b>+50</b>
	Hapur (UP)	3825	3850	<b>-25</b>
<b>Groundnut Seed</b>	Rajkot	1020	1020	<b>Unch</b>
	Junagarh	-	-	-
<b>Sunflower Seed</b>	Latur	3500-3550	3500-3650	<b>-100</b>
	Solapur	3450-3550	3550-3650	<b>-100</b>
	Gulbarga	-	-	-

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

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

**Oilseed Arrivals in Key Centers:**

Commodity	Centre	Arrivals in Bags/Qtl		Chg
Soybean		Week End (15/02/2013)	Week End (08/02/2013)	
	Madhya Pradesh	600000	790000	-190000
	Maharashtra	235000	240000	-5000
	Rajasthan	115000	175000	-60000
	Bundi (Raj)	2300	3500	-1200
	Baran (Raj)	22000	18500	+3500
	Jhalawar (Raj)	4200	4800	-600
Rapeseed/Mustard	Rajasthan	389000	235000	+154000
*Sum Arrivals during the week.				

## Crop Progress, India

The *rabi* oilseeds planting is underway and it is progressing ahead previous year's pace. Overall, the oilseeds planting are up by 2 per cent.

Of the major *rabi* oilseeds crop rapeseed/mustard seed planting is up by around 2.1 per cent at 67.26 lha compared to 65.85 lakh hectares during the same period last year. Groundnut planting is reported up by 13 per cent at 9.02 lakh hectares compared to 7.99 lha, sunflower planting is up by 12.5 per cent at 5.13 lha compared to 4.56 lha during the same period last year.

Area in lakh hectares

Crop	As on 14 Feb 2013	As on 14 Feb 2012	% Change
Rapeseed/Mustard Seed	67.26	65.85	2.1
Groundnut	9.02	7.99	12.9
Safflower	1.53	1.94	-21.1
Sunflower	5.13	4.56	12.5
Sesamum	0.72	0.78	-7.7
Lineed	3.93	4.28	-8.2
Other Oilseeds	0.65	1.1	-40.9
<b>Total Oilseeds</b>	<b>88.2</b>	<b>86.5</b>	<b>2.0</b>

Source: GOI

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

## Soybean

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Soybean prices edged-lower on sluggish domestic buying and Improving weather conditions in Argentina and positive production prospects in Brazil leading to a fall in CBOT soy complex during the period.

Besides, as per Celeres, Brazil's soybean harvest is 12 per cent complete, reported late during the week. The pace is higher than the five-year average of 7 percent. Also, 59 percent of the expected harvest has been sold as compared to 42 per cent during the same period last year.

The harvesting pace in Brazil and other South American countries is gradually picking up and the supplies are likely to improve in days ahead which will eventually pressure CBOT soybeans.

The domestic soybean supplies declined in association with sluggish buying. The supplies eased due to the strike called on by the *Hammals*/labours in key cash markets of Madhya Pradesh including Indore. The rising domestic new mustard seed supplies with harvesting picking up the pace is expected to further pressure the domestic soybeans in near-term.

The weekly US soybean sales figures were disappointing. The trade was looking for total sales to come in between 700,000-1.1 million tonnes but the report fell well short of expectations.

Net US weekly soybean export sales showed that 109,100 tonnes were canceled for the current marketing year and 345,000 tonnes were sold for the next marketing year for a total of 235,900 tonnes sold.

Overall, the export demand pace for US soybean remains strong but many traders believe sales will continue to slow going forward as South American soybeans begin to hit the market. This will eventually pressure the benchmark CBOT soybeans and further the domestic soybeans.

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

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The domestic soy meal featured weak tone due to the poor domestic off-take and stiff price competition from South American meal leading to overseas demand shift towards South America.

Though India's January soy meal shipments showed a yoy growth of 28 per cent but the exports were lower during the oil and financial year. India's meal exports may be negatively affected due to the increasing shift in the overseas demand towards South America.

India's exports of soy meal during January, 2013 was 6,20,133 tones as compared to 4,84,195 tones in January, 2012 showing an increase by 28.07% over the last year.

On a financial year basis, the export during April 2012 to January 2013 is 25,36,062 MT as compared to 30,82,267 MT in the same period of previous year showing a decrease of 17.72%.

During current Oil year, (October - September), exports during October 2012 to January 2013 is 16,98,984 MT as against 19,53,415 MT last year, showing a decrease by 13%, said SOPA.

However, India's Y-o-Y soy meal prices have witnessed gains. Soy meal (Feb-Mar) exports price, FOR Kandla exports was quoted between Rs 28,550-28,950/MT compared to 18,400-18,600/MT during the same period last year.

C&F Indonesia was between US \$ 542-555/MT which was quoted between US \$402-405/MT during the same period last year.

Week	FAS, Soy meal Kandla	FOB, Soy meal Argentina	Avg.*Spread
09 – 15 Feb	521	477	44
02 – 08 Feb	535	508	27

\*FAS Kandla less FOB Argentina (Quotes in US \$)

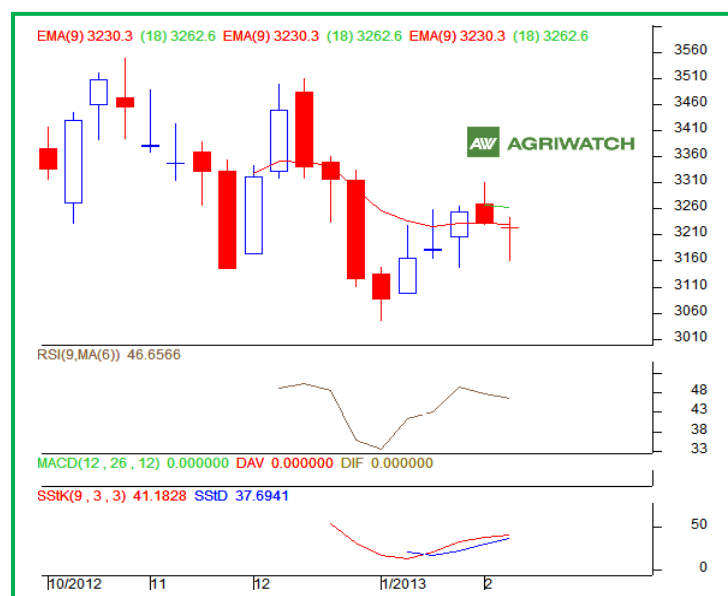
The average weekly soy meal price spread between FAS Kandla and FOB Argentina stood at US at \$44/MT compared to US \$27/MT a week ago, indicating a widening gap in prices between Indian and Argentine meal prices. India's soy meal exports is at the optimum levels during the period, October thru January, at the considered spread between Indian vs Argentine meal price between US \$8/MT and US \$15/MT.

**Recommendation:** The domestic soy meal is under pressure followed by competitive South American soy meal prices with harvesting picking up in the region. However, improved soy meal exports in Jan. will lend support to some extent. 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 on mixed sentiments. FOR, Kandla is likely feature range-bound movement between the price band of Rs.26500-26800/MT.

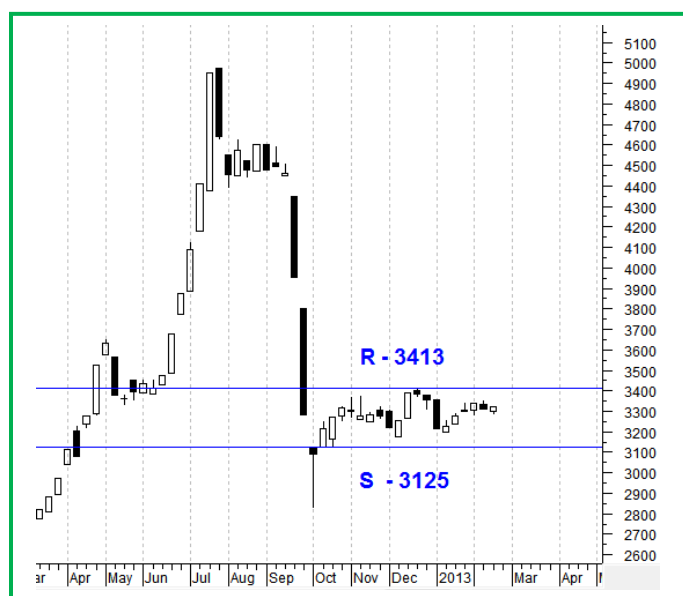
India's soy meal prices will continue to face stiff price competition to South American meal as the harvesting in South America is underway leading to improved crushings.

## Technical Analysis:

### NCDEX Soybean Futures



### Soybean Spot, Indore



### Supports & Resistances NCDEX Mar Soybean

S2	S1	PCP	R1	R2
3045	3109	3166	3310	3360

- Doji candle reveals indecision in the market. However, prices closed below previous two week's level.
- The prices closed below 9-day and 18-day EMA, indicating weak tone in near-term.
- Further, RSI is easing in neutral region, supporting downtrend in the market.
- However, MACD is slightly rising in negative territory, indicating bullish tone.
- Prices are expected to ease during the week.
- **Trade Recommendation (NCDEX Soybean – Mar) – 1 Week:** SELL between 3170-3180 levels.T1 – 3130; T2 –3100 ; SL -3198.

**Trade Recommendation Soybean Spot:** *We feel the soybean prices to feature range-bound movement with weak bias in near-term - WEEK. The prices are likely to move within the price band of 3250-3350 levels (Indore, Plant basis).*

## Rapeseed - Mustard Seed

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The RM seed plunged followed by new crop arrivals in key growing regions of Rajasthan, Uttar Pradesh, Madhya Pradesh and Gujarat.

The seed arrivals are gradually increasing and are expected rise with the harvesting pace picking up pressuring the seed prices.

Rise in the export duty from 7.5 per cent to 9 per cent by Indonesia and Malaysia's announcement of imposing 4.5 per cent export duty in March will make the palm oil little expensive for the importers like India. The palm oil stocks in Malaysia have slightly reduced with better shipment in recent days. Both bullish and bearish factors will be prevalent in the market in another week but bearish factors may weight on the oilseed complex to some extent with India's mustard seed harvesting picking up the pace.

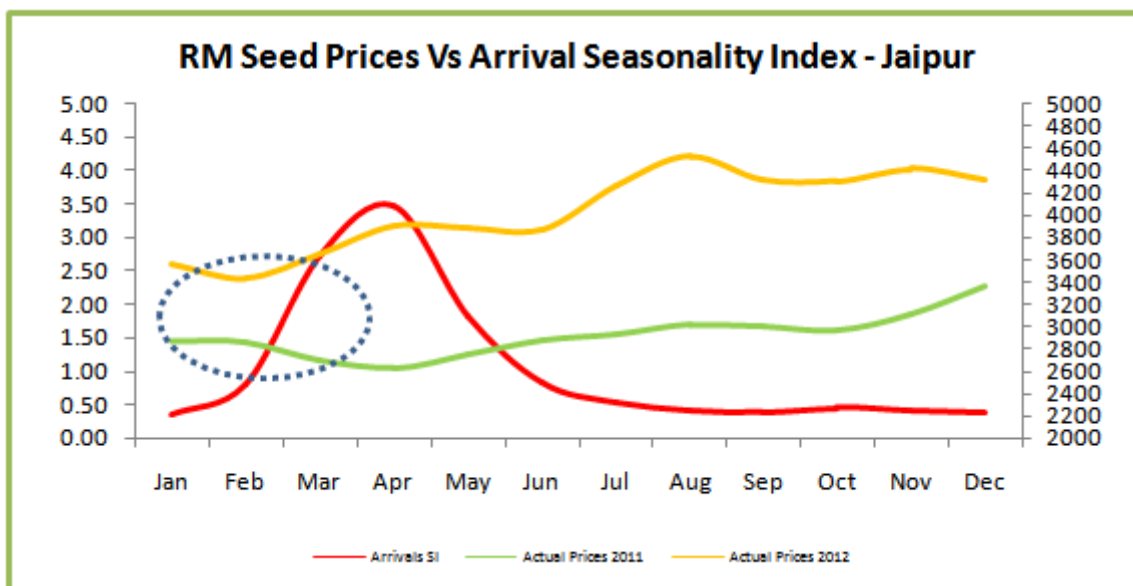
Of the major rabi oilseeds crop rapeseed/mustard seed planting is up by around 2.1 per cent at 67.26 lha compared to 65.85 lakh hectares during the same period last year.

The RM seed planting is ahead previous year's pace. The planting is up about 2.1 per cent compared to the same period last year. Area coverage under rapeseed/mustard seed (as on 14 Feb 2013) stood at at 67.26 lha compared to 65.85 lakh hectares during the same period last year.

In Rajasthan the mustard crop is in seed is in green seed to brown seed stage and moderate intensity of aphids in mustard crop was noticed. Harvesting in few regions reported.

The crop is in flowering and pod formation stage in West Uttar Pradesh. The crop is in maturity stage in Madhya Pradesh. It is in flowering stage in Punjab and harvesting stage depending upon the sowing time in Gujarat. The crop is in pod formation and seed development stage in Haryana. In West Bengal the crop is in pod development to maturity stage. No major pests/diseases were noticed or crop loss/damage reported due to adverse weather.

Rise in export duty by Indonesia and re-imposition of the same by Malaysian from March will make the palm oil imports expensive for India. However, new RM seed crop arrivals in some of the key producing region of Rajasthan, Gujarat, Madhya Pradesh and Uttar Pradesh will pressure the market in near-term.



## RM Seed Supply, Rajasthan

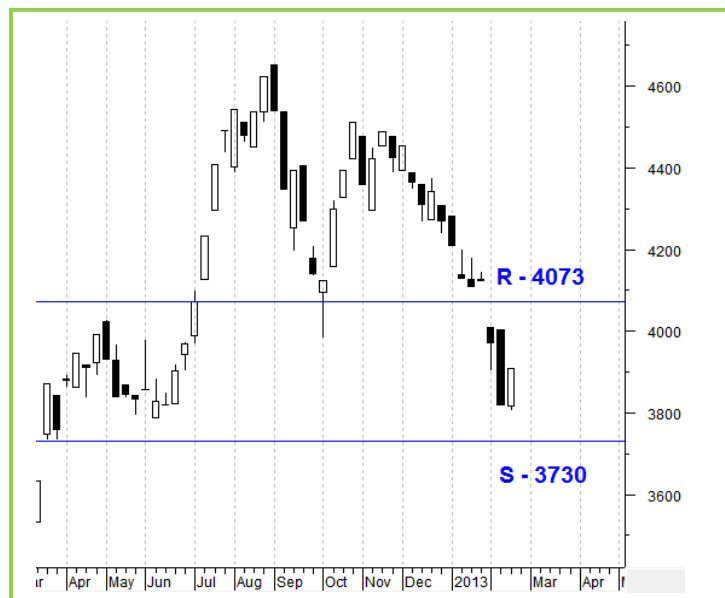
RM Seed Arrivals in Rajasthan in Bags (85 kg each).		
Weekly Arrivals	Week Ago	Corresponding Week Last Year
3,89,000	2,35,000	2,46,000

## Technical Analysis:

### NCDEX RM Seed Futures



### RM Seed Spot, Jaipur





Supports & Resistances NCDEX Apr RM Seed				
S2	S1	PCP	R1	R2
3231	3319	3391	3533	3658

- Candlestick chart pattern reveals buying support during the week.
- Prices closed below 9-day and 18-day EMA, indicating weakness in near and medium-term.
- RSI is rising in neutral region while stochastic is heading upwards in oversold zone, pointing firm tone in the market. However, the recent pattern suggest likely fall in the prices.
- **NCDEX RM SEED - Apr) – 1 Week:** SELL between 3370- 3380 levels. T1 – 3330; T2 –3310; SL -3398.

**Trade Recommendation RM Seed Spot (Jaipur basis):** In spot the RM seed prices are expected to feature range bound movement with weak bias, in near term, on rising new crop arrivals. The prices are likely get pressure and are likely to witness 3750–3800 level in near term.

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