

## Executive Summary

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The domestic oilseeds and oilmeals rebounds on supported by higher international market and improved buying soybean, meal and mustard seed.

Soybean prices boosted in the cash markets mainly supported by bullish international factors and good buying during the week in review.

Fresh Chinese buying after Chinese Lunar New Year holidays, congestion in Brazilian ports followed by strike and lower than forecasted rainfall in Argentina and its downward revision in production estimates proved bullish for the international soybeans, further lending support to the domestic soybeans.

Soy meal prices too featured gains followed by improved overseas and domestic demand. Increased offtake in poultry products eventually pushed up the meal demand for feed, thus supporting up the prices.

Further, the South American soy meal prices are getting competitive with the harvesting picking up the pace in the region. However, Brazilian port strike continues to hurt the soy supplies and the logistics hurdle is likely to continue further. India's soy meal exports in January 2013 were 73% up yoy. However, the shipments were reportedly lower during oil year and finance year.

India's soy meal shipment may suffer in coming days due to demand diversion towards South America followed by competitive meal price of the region. 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.

Besides, the domestic mustard seed prices boosted tracking gains in Malaysian palm oil on better export sale in the palm oil, fall in the palm oil inventories in Malaysian and Indonesia with rise in the shipments in recent days. Further lending support to the domestic mustard seed during the period.

In addition to it, 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 have made the palm oil imports little expensive for the importers like India.

Further, India's mustard crop harvesting is underway and it is gradually picking and the new crop buying has improved with the reduction in moisture content.

Considering the factors, bulls is dominant in the oilseeds complex and the oilseeds and oilmeals prices are expected to get slightly stronger in short-term. However, mounting new crop RM seed supply pressure may limit the gains.

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## International Highlights

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- ❖ According to Safras & Mercado, Brazil's 2012-13 soybean harvest is 15 per cent complete as of February 15. The pace is slower compared with 19 per cent at the same period last year, but higher than the historic average of 11 per cent. In Mato Grosso, the harvest progressed to 25 per cent, against 16 per cent in the week before.
- ❖ As per Argentina's Ministry of Agriculture (Minagri), the 2012-13 soybeans planting is reported 99 per cent complete at 19.22 million hectares out of the total estimated area of 19.35 million hectares. Soybean planting was 100% complete at 18.67 million hectares in year ago comparative period.
- ❖ Soybean disposals, including net exports and crushings of the USA, Argentina and Brazil (G-3) fell by as much as 5.5 Mn T in Sept/Jan 2012/13. However, continued Chinese demand will remain supportive for the soybean market.
- ❖ Rainfall in Argentina was lighter than expected previous weekend, there is a renewing concern about drought damage to crops.
- ❖ Leading vegoil analysts Dorab Mistry, London-based head of edible oil trading at Indian conglomerate Godrej Industries, and James Fry, chairman at London-based agri-consultancy firm LMC International, are scheduled to speak at an industry conference in the Malaysian capital early March.
- ❖ USDA has reported that US exporters sold 120,000 tons of soybeans to China for the 2012-13 crop year. This points out to continued Chinese demand leading support to the international soybeans.

**Oilseed Prices at Key Spot Markets:**

Commodity	Centre	Prices (Rs/Qtl)		Change
<b>Soybean</b>		<b>22.02.2013</b>	<b>15.02.2013</b>	
	Indore –Plant	3380-3435	3300-3350	<b>+85</b>
	Indore –Mandi	3250-3350	3180-3250	<b>+100</b>
	Nagpur-Plant	3280	3200	<b>+80</b>
	Nagpur – Mandi	3150-3300	3050-3200	<b>+100</b>
	Kota-Plant	3380	3270	<b>+110</b>
	Kota – Mandi	3300	3200	<b>+100</b>
	Bundi-Plant	3390	3230-3260	<b>+130</b>
	Bundi-Mandi	3280-3290	3150	<b>+140</b>
	Baran-Plant	3450	3275-3300	<b>+150</b>
	Baran-Mandi	3290	3170-3180	<b>+110</b>
	Bhawani MandiJhalawar– Kota Plant Delivery	3400	3300	<b>+100</b>
	Jhalawar-Mandi	3300-3325	3200	<b>+125</b>
<b>Rapeseed/Mustard</b>	Jaipur – C	3770-3775	3905-3910	<b>-135</b>
	Alwar – C	3875	3800	<b>+75</b>
	SriGanganagar(NC)	3070	3150	<b>-80</b>
	Delhi– C	3875	3825	<b>+50</b>
	Kota	3200-3400	3500	<b>-100</b>
	Neewai	3850	3850	<b>Unch</b>
	Hapur (UP)	3750	3825	<b>-75</b>
<b>Groundnut Seed</b>	Rajkot	1040	1020	<b>+20</b>
	Junagarh	-	-	-
<b>Sunflower Seed</b>	Latur	-	3500-3550	-
	Solapur	3550-3700	3450-3550	<b>+150</b>
	Gulbarga	3550-3700	-	-
<b>Sesame Seed</b>	Mumbai (White98/2/1 FM)	10200	10000	<b>+200</b>
		-	-	-
		-	-	-
		-	-	-

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
		Week End (22/02/2013)	Week End (15/02/2013)	
<b>Soybean</b>				
	Madhya Pradesh	615000	600000	+15000
	Maharashtra	260000	235000	+25000
	Rajasthan	155000	115000	+40000
	Bundi (Raj)	2760	2300	-460
	Baran (Raj)	14500	22000	-7500
	Jhalawar (Raj)	4200	4200	Unch
<b>Rapeseed/Mustard</b>	Rajasthan	450000	389000	+61000
*Sum Arrivals during the week.				

## Crop Progress, India

There was no official update on rabi crop planting progress in the week under review. However, the *rabi* oilseeds planting is reported ahead previous year's pace in the last report. Overall, the oilseeds planting were reported up by 2 per cent.

Of the major rabi oilseeds crop rapeseed/mustard seed planting stood 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 was reported up by 13 per cent at 9.02 lakh hectares compared to 7.99 lha, sunflower planting was 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 boosted in the cash markets mainly supported by bullish international factors and good buying during the week in review.

The *Hammal* labour strike in key cash markets including Indore continued during the week hurting the supplies to some extent.

Fresh Chinese buying after Chinese Lunar New Year holidays, congestion in Brazilian ports followed by strike and lower than forecasted rainfall in Argentina and its downward revision in production estimates proved bullish for the international soybeans, eventually lending support to the domestic soybeans.

Chinese importers have booked up to nine cargoes of US soybeans during the week for shipment beginning in March, with port congestion in Brazil likely to delay shipments from South America's largest exporter.

At least two of those cargoes, each containing between 50,000 and 60,000 tonnes, were previous Chinese purchases of Brazilian soybeans that were switched to US Gulf shipment due to backups at Brazilian ports of up to 40 days, trade sources.

Besides, upward revision in palm oil exports duty by Indonesia and Malaysia have made the imports slightly expensive along with depreciation in Indian rupee against US dollar.

Better Chinese buying, rise in export duty in palm oil by the major exporters, Brazilian port congestion and persistent dry weather in Argentina will push up the soybean prices for short-term.

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

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Soy meal prices too featured gains followed by improved overseas and domestic demand. Increased offtake in poultry products eventually pushed up the meal demand for feed, thus supporting up the prices.

Further, the South American soy meal prices are getting competitive with the harvesting picking up the pace in the region. However, Brazilian port strike continues to hurt the soy supplies and the logistics hurdle is likely to continue further. India's soy meal exports in January 2013 were 73% up yoy. However, the shipments were reportedly lower during oil year and finance year.

India's soy meal shipment may suffer in coming days due to demand diversion towards South America followed by competitive meal price of the region. 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.

Thailand, Japan, Vietnam, Iran and Turkey were the largest buyers of soy meal of Indian origin in the month of January 2013.

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 28,850-29,800/MT compared to 18,500-18,900/MT during the same period last year.

C&F Indonesia was between US \$ 550-562/MT which was quoted between US \$406-415/MT during the same period last year.

Week	FAS, Soy meal Kandla	FOB, Soy meal Argentina	Avg.*Spread
16 – 22 Feb	533	502	31
09 – 15 Feb	521	477	44

\*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 \$31/MT compared to US \$44/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.29700-30000/MT.

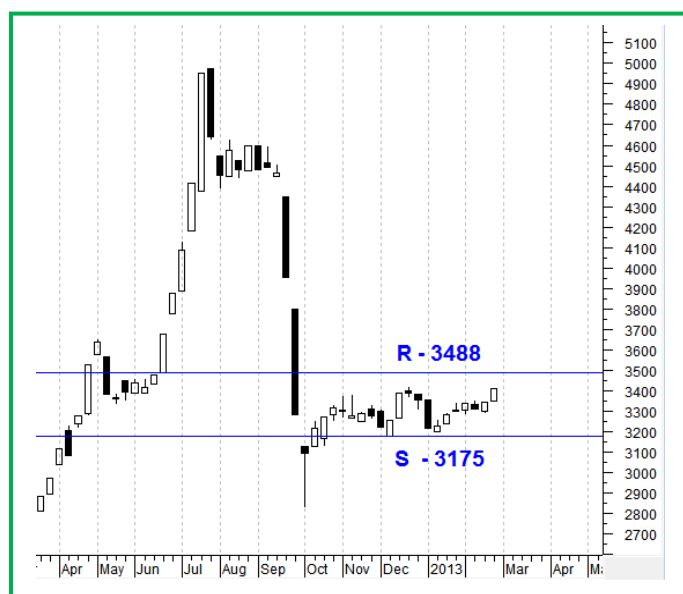
India's soy meal prices will continue to face stiff price competition to South American meal as the harvesting in South America is underway leading to improved crushings.

## Technical Analysis:

### NCDEX Soybean Futures



### Soybean Spot, Indore



Supports & Resistances NCDEX Mar Soybean				
S2	S1	PCP	R1	R2
3108	3163	3326	3445	3522

- Candlestick chart pattern reflects buying interest in the market.
- The prices closed above 9-day and 18-day EMA, indicating firm tone in near-term.
- Further, RSI and stochastic are heading upwards in neutral region, supporting uptrend in the market.
- However, MACD is rising in negative territory, indicating bullish tone.
- Prices are expected to gain during the week.
- **Trade Recommendation (NCDEX Soybean – Mar) – 1 Week:** BUY between 3320-3340 levels.T1 – 3380; T2 –33110; SL -3305.

**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 3400-3450 levels (Indore, Plant basis).

## Rapeseed - Mustard Seed

Besides, the domestic mustard seed prices boosted tracking gains in Malaysian palm oil on better export sale in the palm oil, fall in the palm oil inventories in Malaysian and Indonesia with rise in the shipments in recent days. Further lending support to the domestic mustard seed during the period.

In addition to it, 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 have made the palm oil imports little expensive for the importers like India.

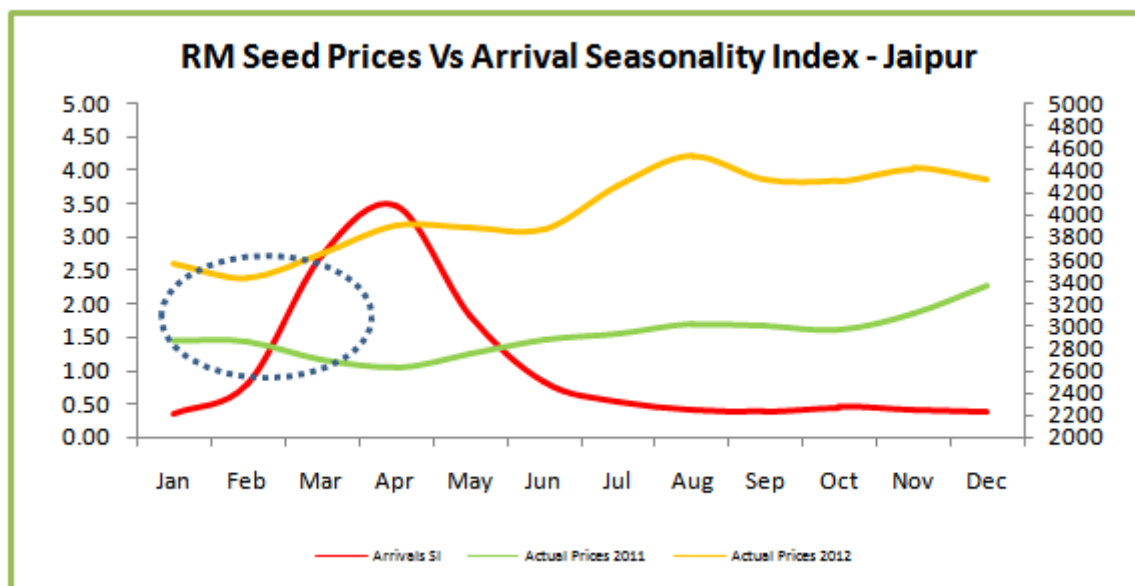
Further, India's mustard crop harvesting is underway and it is gradually picking and the new crop buying has improved with the reduction in moisture content. The new seed supplies are gradually picking up the pace in Rajasthan, Uttar Pradesh, Madhya Pradesh and Gujarat.

Unseasonal rains accompanied by heavy winds and hailstorm have damaged standing mustard crop in few districts of Madhya Pradesh and Rajasthan in recent days. However, the damage is expected to be minor. The event has slightly pushed up the seed prices in recent days.

In Rajasthan the mustard crop is in seed is in green seed to brown seed stage. Harvesting in few regions has begun.

The crop is in flowering and pod formation stage in West Uttar Pradesh. Early crop harvesting is underway in the region. 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.

Upward revision 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 limit the gains 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
3330	3374	3440	3525	3575

- Candlestick chart pattern reveals close below previous week.
- Prices closed below 9-day and 18-day EMA, indicating weakness in near and medium-term.
- RSI is easing in neutral region, pointing weak tone in the market.
- **NCDEX RM SEED - Apr) – 1 Week:** SELL between 3450-3460 levels. T1 – 3400; T2 –3350; SL -3483.

**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 3650–3700 level in near term.

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