

Executive Summary

The domestic soybean and RM seed edged-lower on weakness in BMD CPO and CBOT soybean mostly during the week in review. Cautious buying in the oilseeds was featured in cash market in anticipation of further fall in the prices and talks of upward revision in import duty in edible oils in the budget.

The soybean fell on short-term bearish international developments during the period. Port strike in Brazil was called off, the rains in Argentina were slightly better than the forecast during the past weekend. Above all, the Brazilian soybean harvesting is picking up the pace and it is heading above historic average. The factors combined together pressured the soybean market.

The soybean benchmark, Indore, which remained closed followed by strike called on by the *hammals/labours* in the mandi for nearly two weeks reopened towards the end of the week. The soybean supplies were slightly hurt due to the strike and *Ravi Das Jayanti and Magh Poornima* during the period.

Besides, the RM seed prices fell in association with BMD CPO on weak palm oil exports and new domestic crop supplies in key cash markets. The new crop arrivals are picking up the pace in Rajasthan, Uttar Pradesh, Madhya Pradesh and Gujarat.

Weak palm oil export demand fueled concern of stockpiles hovering near record levels in February in Malaysia. Inventories totaled 2.58 million metric tons at the end of January, from December's all-time high of 2.63 million tons, reported by Malaysian Palm Oil Board.

MPOB will publish February crop data on March 11.

Cargo surveyors Intertek Agri Services and SGS (Malaysia) Bhd. said the palm oil shipments fell in February by 9.1% and 8.8%, respectively, from a month earlier.

Planters and traders will meet in Kuala Lumpur this week to discuss the supply-demand outlook, and to hear price forecasts from oilseed analysts Godrej International trading head Dorab Mistry and LMC International Chairman James Fry.

However, the soy meal prices extended previous gains on better overseas demand and fresh domestic offtake from the poultry feed manufacturers. The meal gained despite fall in the soybeans during the period.

Besides, the government's decision to abolish 10 per cent exports duty on de-oiled rice bran oil cake will give a boost to the exports and make the domestic industry competitive in the world market.

Considering the factors, bears are dominant in the oilseeds complex and the oilseeds and oilmeals prices are expected to get slight pressure in short-term. Faster soybean harvesting pace in South America, excepted Malaysian palm oil stock in Feb near previous month level and gaining harvesting momentum in domestic mustard seed will keep the oilseeds market under pressure in short-term.

International Highlights

- ❖ According to Safras & Mercado, the soybean harvest in Brazil has been completed in 28 per cent of the estimated area in the week ended February 22, from 15 per cent a week earlier. This is higher than 24 per cent in the year-ago comparative period and the historic average of 16 per cent. In Mato Grosso region, the harvest advanced to 49 per cent.
- ❖ The USDA has reported that US private exporters sold 120,000 tons of US soybeans to an unknown destination for the 2012-13 marketing year. Exporters also sold 120,000 tons of soybeans to China for the 2013-14 marketing year.
- ❖ Exports of Malaysian palm oil products for February fell 8.8 percent to 1,297,320 tonnes compared with 1,421,865 tonnes shipped during January, cargo surveyor Societe Generale de Surveillance said on late Thursday.
- ❖ As per Oil World, imports of 17 oils and fats exceeded expectations at 4.5 Mn T in Oct/Jan 2012/13 (up 31%). Oil World has pointed to a sharp increase in Chinese stocks of oils and fats and somewhat better than expected domestic consumption.
- ❖ Palm oil prices declined during the week in review but are currently still US-\$ 100-115 above the recent low of mid-Dec. Palm oil stocks declining in Malaysia and Indonesia owing to high exports. This indicates palm oil price should gradually move up in near-term.
- ❖ Global rapeseed/canola output in 2012/13 is forecast to decline to a four-year low as estimated by the IGC; a record crop is tentatively forecast for Canada in 2013/14, but stocks are nevertheless likely to change little y/y.
- ❖ World soybean production in 2012/13 is forecast slightly lower than before, but is still up 13% y/y on prospects for bumper South American crops - IGC.

Oilseed Prices at Key Spot Markets:

Commodity	Centre	Prices (Rs/Qtl)		Change
Soybean		01.03.2013	22.02.2013	
	Indore –Plant	3325-3375	3380-3435	-60
	Indore –Mandi	3200-3300	3250-3350	-50
	Nagpur-Plant	3250	3280	-30
	Nagpur – Mandi	3150-3250	3150-3300	-50
	Kota-Plant	3350	3380	-30
	Kota – Mandi	3300	3300	Unch
	Bundi-Plant	3325	3390	-65
	Bundi-Mandi	3170-3200	3280-3290	-90
	Baran-Plant	3325-3350	3450	-100
	Baran-Mandi	3190-3250	3290	-40
	Bhawani MandiJhalawar– Kota Plant Delivery	3350	3400	-50
	Jhalawar-Mandi	3250-3300	3300-3325	-25
Rapeseed/Mustard	Jaipur – C	3600-3605	3770-3775	-170
	Alwar – C	3600	3875	-275
	SriGanganagar(NC)	3170	3070	+100
	Delhi– C	3450-3500	3875	-375
	Kota	3200-3400	3200-3400	Unch
	Neewai	3550	3850	-300
	Hapur (UP)	3375	3750	-375
Groundnut Seed	Rajkot	1010	1040	-30
	Junagarh	-	-	-
Sunflower Seed	Latur	-	-	-
	Solapur	3500-3650	3550-3700	-50
	Gulbarga	3500-3650	3550-3700	-50
Sesame Seed	Mumbai (White98/2/1 FM)	10600	10200	+400
		-	-	-
		-	-	-
		-	-	-

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 (01/03/2013)	Week End (22/02/2013)	
	Madhya Pradesh	600000	615000	-15000
	Maharashtra	270000	260000	+10000
	Rajasthan	105000	155000	-50000
	Bundi (Raj)	3300	2760	
	Baran (Raj)	21500	14500	+7000
	Jhalawar (Raj)	3300	4200	-900
Rapeseed/Mustard	Rajasthan	705000	450000	+255000
*Sum Arrivals during the week.				

Crop Progress, India

The *rabi* oilseeds planting is reported ahead previous year's pace in the last report. Overall, the oilseeds planting were reported up by 1.5 per cent.

Of the major *rabi* oilseeds crop rapeseed/mustard seed planting stood up by around 2.4 per cent at 67.46 lha compared to 65.89 lakh hectares during the same period last year. Groundnut planting was reported up by 10.8 per cent at 9.34 lakh hectares compared to 8.43 lha, sunflower planting was up by 10 per cent at 5.16 lha compared to 4.69 lha during the same period last year.

Area in lakh hectares

Crop	As on 28 Feb 2013	As on 28 Feb 2012	% Change
Rapeseed/Mustard Seed	67.46	65.89	2.4
Groundnut	9.34	8.43	10.8
Safflower	1.53	1.95	-21.5
Sunflower	5.16	4.69	10.0
Sesamum	0.84	1.09	-22.9
Lineed	3.93	4.29	-8.4
Other Oilseeds	0.65	1.23	-47.2
Total Oilseeds	88.9	87.6	1.5

Source: GOI

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

Soybean

The soybean fell on short-term bearish international developments during the period. Port strike in Brazil was called off, the rains in Argentina were slightly better than the forecast during the past weekend. Above all, the Brazilian soybean harvesting is picking up the pace and it is heading above historic average. The factors combined together pressured the soybean market.

The soybean benchmark, Indore, which remained closed followed by strike called on by the *hammals/labours* in the mandi for nearly two weeks reopened towards the end of the week.

The soybean supplies were slightly hurt due to the strike and *Ravi Das Jayanti and Magh Poornima* during the period.

Government's recent imposition of import duty of 2.5 per cent on the crude edible oils and upwards revision in the export duty in palm oil by Malaysia and Indonesia will make India's imports of palm oils slightly expensive.

However, gaining momentum in the soybean harvesting in South America, sluggish exports in the palm oil and easing Brazilian port congestion after workers called off their strike will pressure the soybean market in near-term.

Soy meal - FAS Kandla Vs FOB Argentina (Spread)

The soy meal prices extended previous gains on better overseas demand and fresh domestic offtake from the poultry feed manufacturers. The meal gained despite fall in the soybeans during the period.

Besides, the Indian government's decision to abolish 10 per cent exports duty on de-oiled rice bran oil cake will give a boost to the exports and make the domestic industry competitive in the world market.

India produces 4 million tonnes of de-oiled rice bran cake, which is mainly used for cattle feed. India exports around 2 lakh tonnes. Vietnam is the major country where India exports de-oiled rice bran cake.

In the period April 2012 to January 2013, India had exported 2 lakh tonnes of de-oiled rice bran oil cake whose value is estimated at Rs 175 crore.

However, India's soy meal prices are getting stiff competition from South American prices due to the commencement of soybean crop harvesting and improved crushings. Besides, the port strike in Brazil has ended which will further boost the soy supplies.

India's soy meal shipments are likely suffer in coming days due to demand shift 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 a 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 (Mar-Apr) exports price, FOR Kandla exports was quoted between Rs 29,500-29,750/MT compared to 18,600-19,000/MT during the same period last year.

C&F Indonesia was between US \$ 536-542/MT which was quoted between US \$386-402/MT during the same period last year.

Week	FAS, Soy meal Kandla	FOB, Soy meal Argentina	Avg.*Spread
23 Feb – 1 Mar	539	496	43
16 – 22 Feb	533	502	31

*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 \$43/MT compared to US \$31/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.29500-29700/MT.*

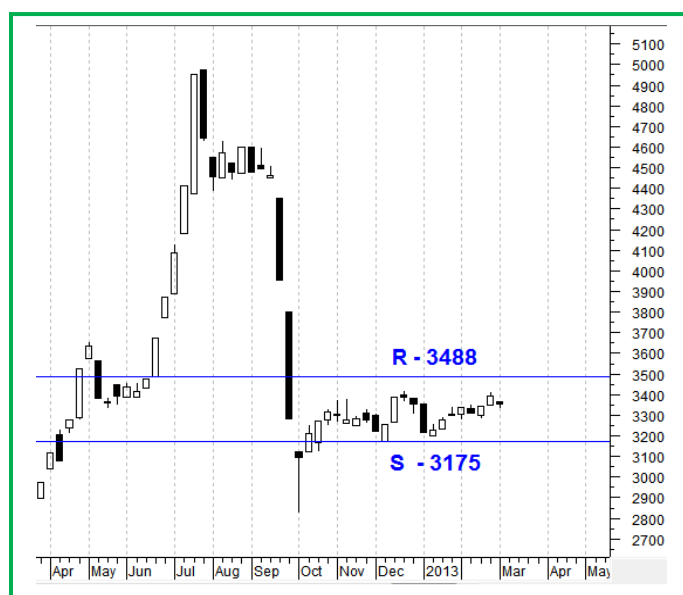
India's soy meal prices will continue to face stiff price competition to South American meal as the harvesting in South America is underway leading to improved crushings.

Technical Analysis:

NCDEX Soybean Futures



Soybean Spot, Indore



Supports & Resistances NCDEX Apr Soybean

S2	S1	PCP	R1	R2
3135	3162	3268.5	3333	3373

- Candlestick chart pattern reflects buying support 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 – Apr) – 1 Week:** BUY between 3255-3265 levels. T1 – 3300; T2 – 3340; SL – 3240.

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 3300-3350 levels (Indore, Plant basis).

Rapeseed - Mustard Seed

Besides, the RM seed prices fell in association with BMD CPO on weak palm oil exports and new domestic crop supplies in key cash markets. The new crop arrivals are picking up the pace in Rajasthan, Uttar Pradesh, Madhya Pradesh and Gujarat.

The harvesting of the seed is gradually picking up in the major growing regions.

In the official planting progress report the rapeseed/mustard seed planting is reported up by around 2.4 per cent at 67.46 lha compared to 65.89 lakh hectares during the same period last year.

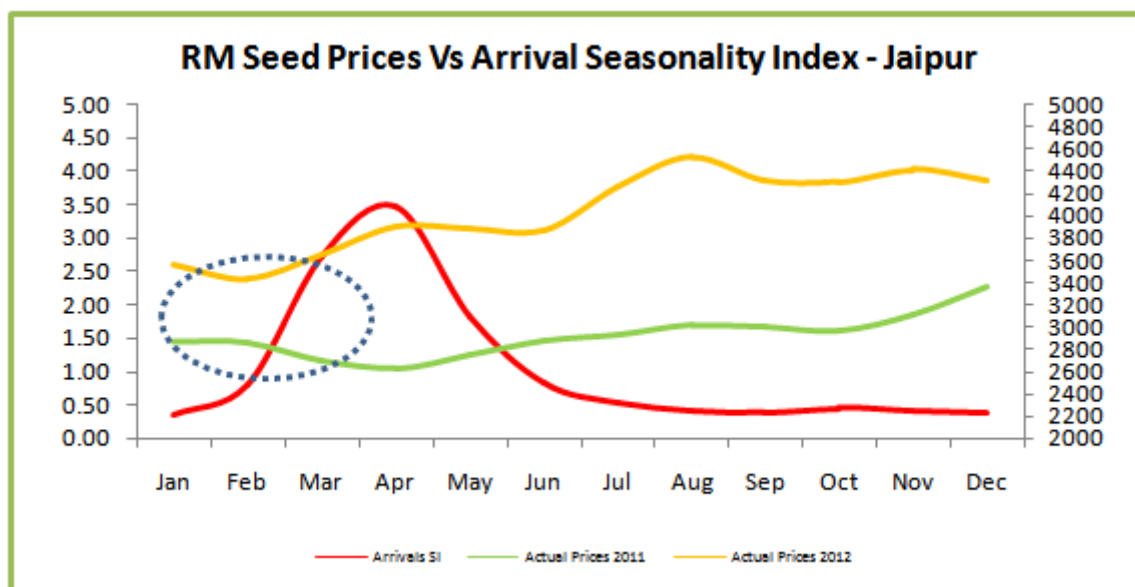
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Upward revision in export duty by Indonesia and re-imposition of the duty by Malaysian from March (after 2 consecutive months of nil duty) will make the palm oil imports expensive for India. However, new RM seed crop arrivals in some of the key producing 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
7,05,000	4,50,000	10,65,000

Technical Analysis:
NCDEX RM Seed Futures

RM Seed Spot, Jaipur

Supports & Resistances NCDEX Apr RM Seed

S2	S1	PCP	R1	R2
3317	3344	3371	3420	3469

- Candlestick chart pattern reveals selling pressure in the market.
- Prices closed below 9-day and 18-day EMA, indicating weakness in near and medium-term.
- RSI and stochastic are easing in neutral region, pointing weak tone in the market.
- **NCDEX RM SEED - Apr) – 1 Week:** SELL between 3380-3390 levels. T1 – 3320; T2 –3290; SL -3418.

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 3500–3550 level in near term.

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