

Executive Summary

The domestic soybean and meal featured gains while the rapeseed/mustard seed prices declined during the week in review.

The soybean edged-up in cash markets supported by better crush margin. Soy meal was the leading in the soy complex in domestic cash markets. The bean and meal prices witnessed gains despite fall in the same in the benchmark, CBOT.

Besides, slow selling in new Argentine soybean crop in anticipation of higher prices in near-term and better Chinese buying for 2013/14 delivery remained positive for the soybean.

Argentine farmers have so far priced just 10 per cent of their soybean crop vs. up to 30 per cent at this time last year. Comparatively, In Brazil 60 per cent of the crop has been sold and priced by farmers who have completed more than 60 per cent half of their harvest.

The USDA's Beijing bureau has estimated Chinese soybean imports at 65.5 Mn T in 2013-14 season which is up 2.5 Mn from 2012-13 season's total. This is due to strong demand from crushing industry amid decline in domestic production this season.

Further, logistics hurdle in Brazilian port still persist on due to port congestion, though it is gradually easing, and expected to last few more days. Again the port workers have called on a 24 hour strike on 19 March.

Again, soy meal prices firmed-up on better overseas and domestic demand during the period in consideration. The y-o-y exports sales have improved in last couple of months due to the preference for non-GM meal of Indian origin. Besides, renewed demand from poultry feed industry remained continued to lend additional support to the meal during the week.

However, the rapeseed/mustard seed prices declined primarily new crop supply pressure in the key cash markets. But, active buying in the seed across the major centers restricted any major fall. The arrivals are gradually picking up in the key growing regions of Rajasthan, Uttar Pradesh, Madhya Pradesh, Gujarat and Haryana.

In Rajasthan, the seed supplies are in full swing in Kota division, while it is yet to pick up in Bharatpur and Alwar. However, Sri Ganganagar will be the last one to witness the new seed supplies, as sowing and harvesting are done late there as compared to the other parts of Rajasthan.

Cargo surveyor Intertek Agri Services said March 1-15 shipments rose 0.2% from a month earlier to 675,210 tons, while another surveyor SGS (Malaysia) Bhd. said exports for the period rose 4.6% to 678,829 tons.

Seeing as there's was no clear direction during the week, players to remain on sidelines until there's a significant breakout from the MYR2,200-MYR2,600/ton range.

However, gaining momentum in the soybean harvesting in South America, comfortable soybean stocks in Chinese ports after huge imports in recent days and easing port congestion in Brazil and higher palm oil inventory with Malaysia and Indonesia may limit the gains in oilseeds in short-term.

International Highlights

- ❖ Indian vegetable oil imports increased by 10% from a year earlier in Febr and by even 21% to 4.8 Mn T in Oct/Febr 2012/13. Higher domestic consumption and further increase in stocks.
- ❖ Brazilian soybean harvest has reached record to almost 60% of the area. However, severe logistical problems persist.
- ❖ Farmers in Argentina are holding back their new-crop soybean sales, in anticipation of surge in the prices on the Chicago Board of Trade. Farmers have seen record prices last year. However, they will slowly start selling if the prices don't rise, believe the traders.
- ❖ US soybean inventories are estimated to have plummeted to a meagre 28.1 Mn T as of Mar 1, which is a bullish factor for CBOT soybeans for short-term.
- ❖ Argentine farmers have so far priced just 10 percent of their soybean crop versus up to 30 percent at this time of last year. This compares with 60 percent of the crop sold and priced by farmers in Brazil who have completed more than half of their harvest.
- ❖ Indonesian exports of palm oil exceeded expectations in Nov and Dec 2012, bringing the total for Jan/Dec 2012 to a record 19.1 Mn T (up 2.0 Mn T from 2011). Better sales kept the palm oil prices stable during the year.

Oilseed Prices at Key Spot Markets:

Commodity	Centre	Prices (Rs/Qtl)		Change
Soybean		15.03.2013	08.03.2013	
	Indore –Plant	3525-3580	3450-3525	+55
	Indore –Mandi	3425-3525	3300-3380	+145
	Nagpur-Plant	3480	3500	-20
	Nagpur – Mandi	3350-3450	3400-3500	-50
	Kota-Plant	3525-3550	3550-3560	-10
	Kota – Mandi	3500	3500	Unch
	Bundi-Plant	3575-3580	3500	+80
	Bundi-Mandi	3450-3500	3450	+50
	Baran-Plant	3500	3500	Unch
	Baran-Mandi	3450-3500	3400-3425	+75
	Bhawani MandiJhalawar– Kota Plant Delivery	3550	3550	Unch
	Jhalawar-Mandi	3450	3500	-50
Rapeseed/Mustard	Jaipur – C	3525-3535	3525-3530	+5
	Alwar – C	3100-3500	3000-3400	+100
	SriGanganagar(NC)	3050-3100	3070	+30
	Delhi– C	3475	3500	-25
	Kota	3150	3200-3250	-100
	Neewai	3500	3550	-50
	Hapur (UP)	3360	3325	+35
Groundnut Seed	Rajkot	1000	980	+20
	Junagarh	-	-	-
Sunflower Seed	Gulbarga	-	-	-
	Latur	3550-3700	3600-3725	-25
	Solapur	3550-3700	3600-3725	-25
Sesame Seed	Mumbai (White98/2/1 FM)	10300	10450	-150

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 (15/03/2013)	Week End (08/03/2013)	
	Madhya Pradesh	550000	605000	-55000
	Maharashtra	250000	340000	-90000
	Rajasthan	75000	90000	-15000
	Bundi (Raj)	2500	2150	+350
	Baran (Raj)	11300	18000	-6700
	Jhalawar (Raj)	4000	4000	Unch
Rapeseed/Mustard	Rajasthan	1390000	1080000	+310000
*Sum Arrivals during the week.				

Crop Progress, India

The *rabi* oilseeds planting is reported ahead previous year's pace. Overall, the oilseeds planting were reported up by 2.9 per cent.

Of the major *rabi* oilseeds crop rapeseed/mustard seed planting stood up by around 2.4 per cent at 67.49 lha compared to 65.9 lakh hectares during the same period last year. Groundnut planting was reported up by 11 per cent at 10.11 lakh hectares compared to 9.11 lha, sunflower planting was up by 14.6 per cent at 5.33 lha compared to 4.65 lha during the same period last year.

Area in lakh hectares

Crop	As on 14 Mar 2013	As on 14 Mar 2012	% Change
Rapeseed/Mustard Seed	67.49	65.9	2.4
Groundnut	10.11	9.11	11.0
Safflower	1.53	1.95	-21.5
Sunflower	5.33	4.65	14.6
Sesamum	2.44	1.28	90.6
Lineed	3.36	4.29	-21.7
Other Oilseeds	0.67	1.23	-45.5
Total Oilseeds	90.9	88.4	2.9

Source: GOI

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

Soybean

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Further, logistics hurdle in Brazilian port still persist on due to port congestion, though it is gradually easing, and expected to last few more days. Again the port workers have called on a 24 hour strike on 19 March.

However, gaining momentum in the soybean harvesting in Brazil (set to surpass US soybean outturn), comfortable soybean stocks in Chinese ports after huge imports in recent days and easing port congestion in Brazil and higher palm oil inventory with Malaysia and Indonesia may limit the gains in soybean in short-term.

Soy meal - FAS Kandla Vs FOB Argentina (Spread)

Soy meal prices firmed-up on better overseas and domestic demand during the period in consideration. The y-o-y exports sales have improved in last couple of months due to the preference for non-GM meal of Indian origin. Besides, renewed demand from poultry feed industry remained continued to lend additional support to the meal during the week.

Besides, logistic and freight advantage continues to lend support to India's meal exports.

Brazilian soybean outturn is set to surpass US soybean production this season. Consequently, Brazil's soy meal production will increase this season leading price competitiveness in the meal in the international market.

India's exports of Soy meal during February, 2013 was 5,77,589 tones as compared to 3,70,524 tones in February, 2012 showing a increase by 55.88% over the last year, said SOPA.

On a financial year basis, the export during April 2012 to February 2013 is 31,13,651 MT as compared to 34,52,791 MT in the same period of previous year showing a decrease of 9.82%.

During current Oil year, (October – September), exports during October 2012 to February 2013 is 22,76,573 MT as against 23,23,939 MT last year, which is marginally lower by 2%.

Iran, Yemen, Japan and Belgium were the largest buyers of soy meal of Indian origin in the month of February 2013.

India's soy meal exports are falling month-on-month with the 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.

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 31,800-33,500/MT compared to 20,200-21,700/MT during the same period last year.

Week	FAS, Soy meal Kandla	FOB, Soy meal Argentina	Avg.*Spread
09 – 15 Mar	576	478	98
02 – 08 Mar	550	496	54

*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 \$98/MT compared to US \$54/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.32500-32800/MT.*

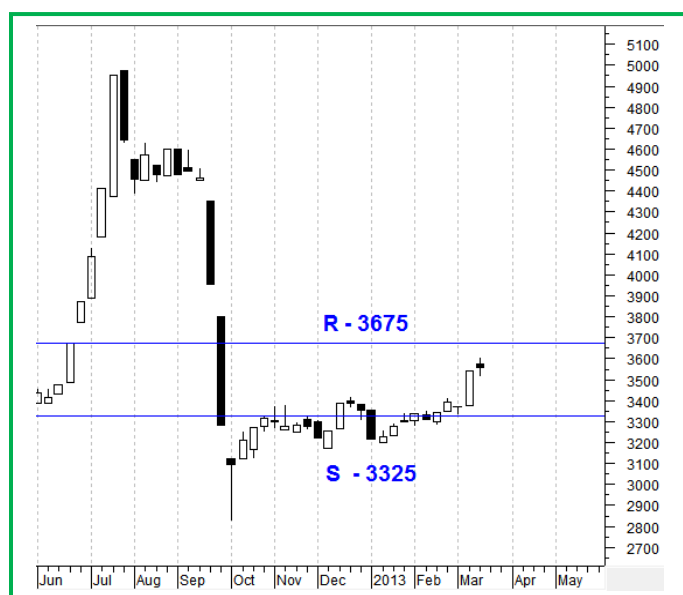
India's soy meal prices will continue to face stiff price competition to South American meal as the harvesting in South America is underway leading to improved crushings.

Technical Analysis:

NCDEX Soybean Futures



Soybean Spot, Indore



Supports & Resistances NCDEX Apr Soybean

S2	S1	PCP	R1	R2
3285	3373	3476	3565	3654

- Candlestick chart pattern reflects selling pressure in soybean.
- The prices closed above 9-day and 18-day EMA, indicating firm tone in near-term.
- Further, RSI and stochastic are easing in neutral zone, supporting uptrend in the market.
- Besides, MACD is heading upwards and positive zone.
- Prices are expected to ease during the week.
- **Trade Recommendation (NCDEX Soybean – Apr) – 1 Week:** SELL between 3480-3490 levels. T1 – 3430; T2 – 3380; SL – 3513.

Trade Recommendation Soybean Spot: We feel the soybean prices to feature range-bound movement with firm bias in near-term - WEEK. The prices are likely to move within the price band of 3600-3700 levels (Indore, Plant basis).

Rapeseed - Mustard Seed

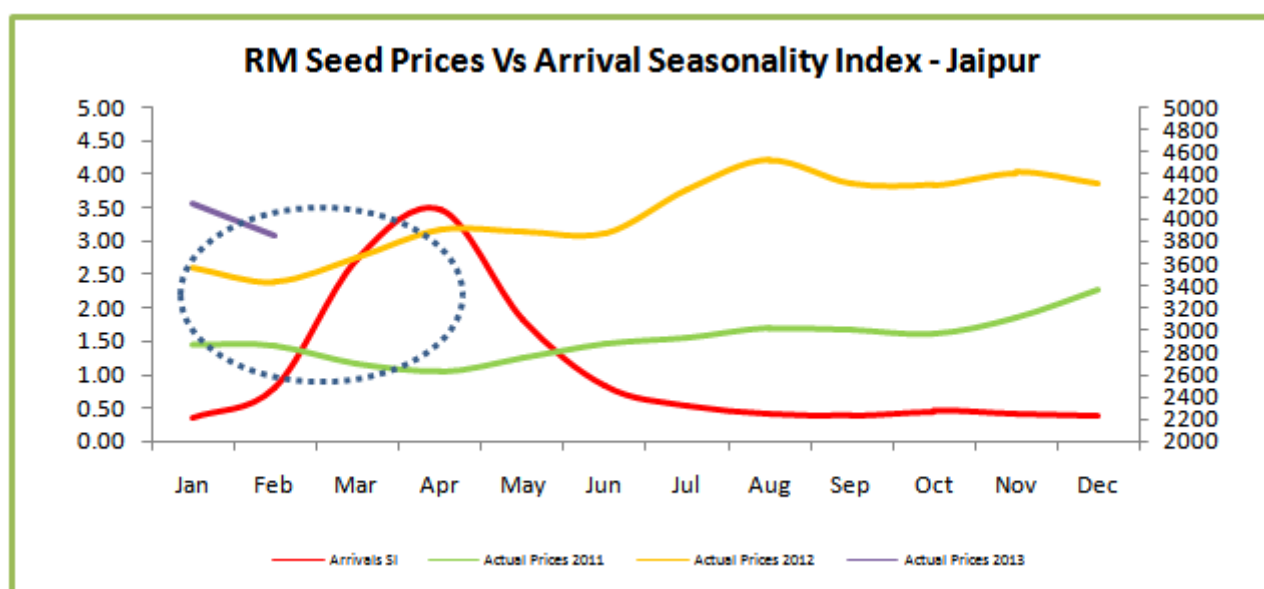
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Seeing as there's was no clear direction during the week, players to remain on sidelines until there's a significant breakout from the MYR2,200-MYR2,600/ton range.

Malaysia will keep its crude palm oil export tax for April at 4.5 percent, unchanged from March and both the Malaysia and Indonesia sets reference price of 2,383.84 ringgit per tons for crude palm oil for April.



RM Seed Supply, Rajasthan

RM Seed Arrivals in Rajasthan in Bags (85 kg each).		
Weekly Arrivals	Week Ago	Corresponding Week Last Year
13,90,000	10,80,000	14,65,000

The domestic mustard/rapeseed prices are likely to further decline on rising new crop supplies across the cash markets in the key producing regions in near-term.

Technical Analysis:

NCDEX RM Seed Futures



RM Seed Spot, Jaipur



Supports & Resistances NCDEX Apr RM Seed

S2	S1	PCP	R1	R2
3231	3355	3453	3570	3670

- Candlestick chart pattern reveals prices could not sustain at higher levels.
- Besides, prices closed below 9-day and 18-day EMA, indicating weakness in near and medium-term.
- MACD is falling in negative zone.
- RSI is easing in neutral region, pointing weak tone in the market.
- **NCDEX RM SEED - Apr) – 1 Week: SELL** between 3460-3470 levels. T1 – 3400; T2 –3350; SL -3498.

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 3525–3450 level in near term.

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