

Executive Summary

The domestic soybean and meal edged-up on lower supplies while mustard seed declined on increasing new crop arrivals in the cash markets during the week in review.

Slight improved demand in edible oil ahead of the festival, Holi, and better overseas soy meal demand remained supportive for the soybean prices during the period.

The key soybean cash markets remained closed on Holi and a day after, besides several remained closed on Good Friday leading to fall in the supplies, overall. Further, declining trend in soybean supplies is attributed to the trades shifting trade activity in wheat with the rising supply volume in the same followed by increasing pace in wheat harvest in Madhya Pradesh and parts of Rajasthan and Maharashtra.

Hence, the soybean arrivals in the key markets will be subdued in near-term, or at-least till the peak arrival period in wheat and other rabi crop supplies in the market. This will limit downward movement in the domestic soybeans despite commencement in soybean harvesting in Argentina after Brazil.

Further, soy meal prices gained in tandem with soybean followed by festive demand in the bean to cater the fresh edible oil demand (amid lower supplies) and continued overseas demand in the meal remained positive factor for soy meal.

Report of continued outbound shipments in soy meal from the major Indian ports is signal for India's better meal exports.

Trade inquiries from the big buyers like Iran, Japan and other South-East Asian countries will further lend support the India meal prices. Preference for non-GMO meal, trade and logistic advantages will continue to remain supportive for the Indian meal.

India's y-o-y exports sales have improved in last couple of months due to the preference for Indian origin. Besides, demand from poultry feed industry will once again push-up the meal prices in near-term.

However, rape/mustard seed prices declined despite fall in the arrivals. The fall in rapeseed prices is primarily attributed to the losses in Malaysian palm oil during the week. Lower exports in the Malaysian palm oil between 1-25 Mar pressured the BMD CPO, creating spillover effect on the domestic RM seed prices. India's mustard seed closely tracks BMD CPO.

The seed arrivals fell due to the festivities, Holi and Good Friday, during the week. But they are expected to pick-up with gaining harvesting momentum which recently slowed down due to festivities. Further, the seed prices are likely to remain under pressure with expected rise in the seed supplies and likely weakness in Malaysian palm oil due to weak export sales in the oil.

Again, downside potential to CPO is likely due to slower CPO exports to India given high inventory of palm-oil stocks at ports and pipelines which will pressure domestic oilseeds mainly mustard seed.

Gaining momentum in the soybean harvesting in South America, slow down in India's imports in palm oil due to comfortable stocks at ports and higher palm oil inventory with Malaysia and Indonesia and rapid pace in mustard seed harvest in India will restrict the upside in domestic oilseeds in short-term.

International Highlights

- ❖ Informa Economics has estimated the 2013-14 soybean planted acreage in the US at 78.46 million acres, down from 78.78 million acres previously and against 2012-13 planted acreage of 77.2 million acres.
- ❖ According to USDA's latest Prospective Plantings report, US soybean planted area for 2013 is estimated at 77.126 million acres, down slightly from last year's figure of 77.198 million acres but the fourth highest on record, if realized. Plantation area for sunflower is projected to fall to 1.684 million acres in 2013, which is the second lowest since 1976 (if realized), compared with 1.919 million acres last year. US soybean stocks (as on March 1 2013) were at 999.28 million bushels, higher than trade expectations at 935 million, but down from 1.374 billion bushels in March 2012.
- ❖ Argentina's Agriculture of Ministry pegged the 2012-13 soybean crop production at 51.3 million tons vs. 40.1 million tons a year ago and against the USDA estimate of 51.50 million tons.
- ❖ As per Oil World, with stocks very low in the exporting countries as well as worldwide and US exports likely to dwindle, world exports of soya meal are likely to be smaller than expected at just 31.8 Mn T in April/Sept 2013.
- ❖ Crop forecaster Lanworth reported that the U.S. farmers are expected to plant a record 81.3 million acres of soybeans in 2013-14 season which will result in a harvest of 3.455 billion bushels. Lanworth increased its forecast for Brazil soybean production to 81.1 million tons from 80.8 million and Argentine soybean production view to 50.5 million tons from 49.4 million.
- ❖ Oil World has reported that the global rapeseed production in 2012-13 to climb to 62.05 Mn T, up by 2.7 per cent from last year, as outlook improved for crops in Australia, the European Union and India.
- ❖ Malaysian palm oil products exports for March 1-25 fell 7 percent to 1,055,914 tons compared with 1,134,872 tons shipped during Feb. 1-25, cargo surveyor Societe Generale de Surveillance. India imported 81,142 tons, down 48.7 percent compared to 158,250 tons during the same period of last month.
- ❖ Indonesia's export tax for crude palm oil for April remains unchanged at 10.5 percent from the previous month. Moreover, Indonesian government also kept unchanged its export tax for RBD palm olein at 4 percent for April. While, Malaysia sets its crude palm oil export tax for April at 4.5 percent.
- ❖ The USDA reported this morning that China bought 234,000 tonnes of 2013/14 soybeans from the US this morning which lifted new crop contracts relative to old crop contracts.

Oilseed Prices at Key Spot Markets:

Commodity	Centre	Prices (Rs/Qtl)		Change
Soybean		29.03.2013	22.03.2013	
	Indore –Plant	3650-3700	3575-3650	+50
	Indore –Mandi	3500-3625	3550-3580	+45
	Nagpur-Plant	3650-3775	3550	+225
	Nagpur – Mandi	-	3400-3550	-
	Kota-Plant	3650-3700	3600	+100
	Kota – Mandi	-	3550	-
	Bundi-Plant	3725	3600	+125
	Bundi-Mandi	3600-3625	3550	+75
	Baran-Plant	3750	3550	+200
	Baran-Mandi	3600	3475-3535	+65
	Bhawani MandiJhalawar– Kota Plant Delivery	3750-3775	3650	+125
	Jhalawar-Mandi	3600-3650	3550-3600	+50
Rapeseed/Mustard	Jaipur – C	3435-3440	3490-3500	-60
	Alwar – C	3350	3000-3400	-50
	SriGanganagar(NC)	2750	2890	-140
	Delhi– C	3420-3425	3500	-75
	Kota	3150	3000-3200	-50
	Neewai	3400	3525	-125
	Hapur (UP)	3375	3375	Unch
Groundnut Seed	Rajkot	990	990	Unch
	Junagarh	-	-	-
Sunflower Seed	Gulbarga	-	-	-
	Latur	3600-3750	3550-3700	+50
	Solapur	3550-3700	3550-3700	Unch
Sesame Seed	Mumbai (White98/2/1 FM)	10450	10350	+100

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 (29/03/2013)	Week End (22/03/2013)	
	Madhya Pradesh	205000	540000	-335000
	Maharashtra	50000	300000	-250000
	Rajasthan	10000	64000	-54000
	Bundi (Raj)	500	1650	-1150
	Baran (Raj)	4000	11500	-7500
	Jhalawar (Raj)	1600	2700	-1100
Rapeseed/Mustard	Rajasthan	580000	1705000	-1125000
*Sum Arrivals during the week.				

Crop Progress, India

In the official planting report, the *rabi* oilseeds planting was reported ahead previous year's pace, as on 28 Mar 2013. Overall, the oilseeds planting were reported up by just 0.2 per cent.

Of the major *rabi* oilseeds crop rapeseed/mustard seed planting stood up by around 2.5 per cent at 67.53 lha compared to 65.9 lakh hectares during the same period last year. Groundnut planting was reported down by 2.2 per cent at 10.88 lakh hectares compared to 11.12 lha, sunflower planting was up by 13.6 per cent at 5.34 lha compared to 4.7 lha during the same period last year.

Area in lakh hectares

Crop	As on 28 Mar 2013	As on 28 Mar 2012	% Change
Rapeseed/Mustard Seed	67.53	65.9	2.5
Groundnut	10.88	11.12	-2.2
Safflower	1.53	1.95	-21.5
Sunflower	5.34	4.7	13.6
Sesamum	2.64	2.71	-2.6
Lineed	3.38	4.3	-21.4
Other Oilseeds	0.69	1.13	-38.9
Total Oilseeds	92.0	91.8	0.2

Source: GOI

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

Soybean

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Further, declining trend in soybean supplies is attributed to the trades shifting trade activity in wheat with the rising supply volume in the same followed by increasing pace in wheat harvest in Madhya Pradesh and parts of Rajasthan and Maharashtra.

Hence, the soybean arrivals in the key markets will be subdued in near-term, or at-least till the peak arrival period in wheat and other rabi crop supplies in the market. This will limit downward movement in the domestic soybeans despite commencement in soybean harvesting in Argentina after Brazil.

The soybean prices are unlikely to see any major fall in near-term and will hover near current levels.

Soy meal - FAS Kandla Vs FOB Argentina (Spread)

The domestic soy meal prices gained in tandem with soybean followed by festive demand in the bean to cater the fresh edible oil demand (amid lower supplies) and continued overseas demand in the meal remained positive factor for soy meal.

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India's y-o-y exports sales have improved in last couple of months due to the preference for Indian origin. Besides, demand from poultry feed industry will once again push-up the meal prices in near-term.

According to the figures of the SEA, India exported 460,464 MT of soy meal in the month of March 2012 and it is expected to export more than 500,000 MT of soy meal this March.

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.

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

Though India's meal exports improved y-o-y, but it continues to fall 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 32,000-34050/MT compared to 22,000-23,300/MT during the same period last year.

Week	FAS, Soy meal Kandla	FOB, Soy meal Argentina	Avg.*Spread
23 – 29 Mar	583	461	122
16 – 22 Mar	560	458	102

*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 \$122/MT compared to US \$102/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.

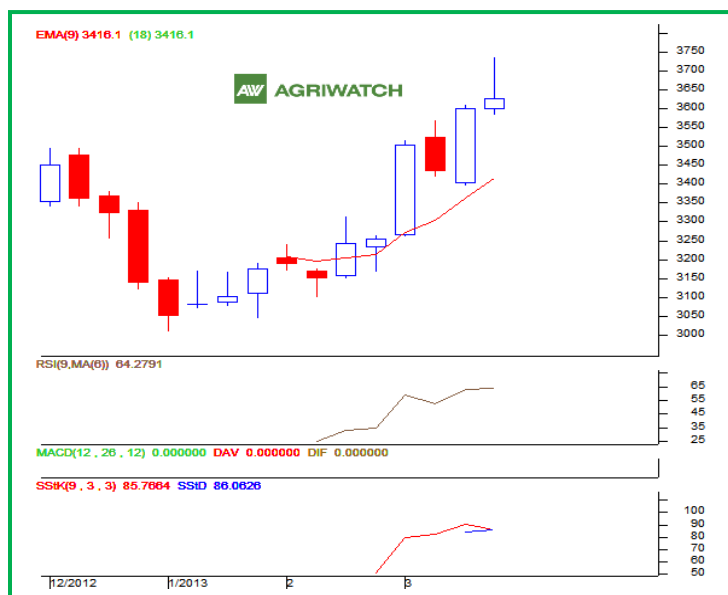
Recommendation: *The domestic soy meal is under pressure followed by competitive South American soy meal prices with harvesting picking up in the region. However, improved soy meal exports in Jan. will lend support to some extent. The Indian meal exporters are advised to aggressively market their meal 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.3300-33500/MT.

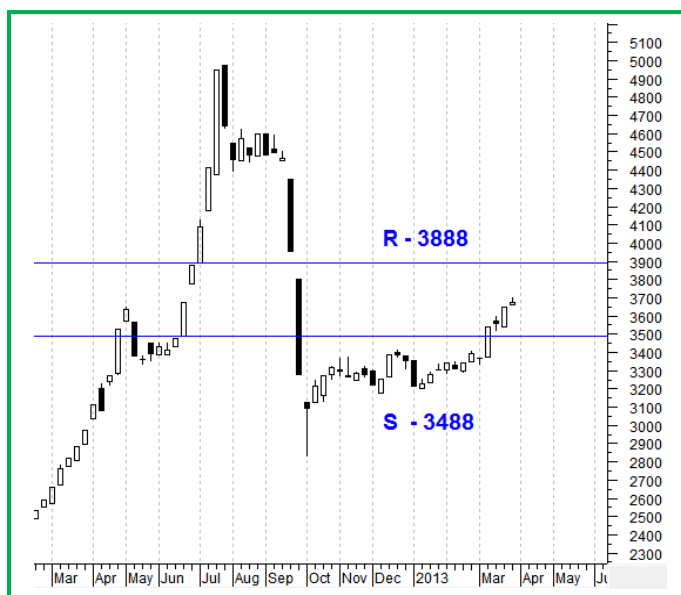
India's soy meal prices will continue to face stiff price competition to South American meal as the harvesting in the region is underway.

Technical Analysis:

NCDEX Soybean Futures



Soybean Spot, Indore



Supports & Resistances NCDEX May Soybean

S2	S1	PCP	R1	R2
3493	3559	3625.5	3714	3803

- Candlestick chart pattern reflects buying interest in soybean.
- The prices closed above 9-day and 18-day EMA, indicating firm tone in near-term.
- Further, RSI is heading upwards in neutral region while stochastic is slightly 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 – May) – 1 Week:** BUY between 3615—3620 levels. T1 – 3670; T2 –3700 ; SL -3590.

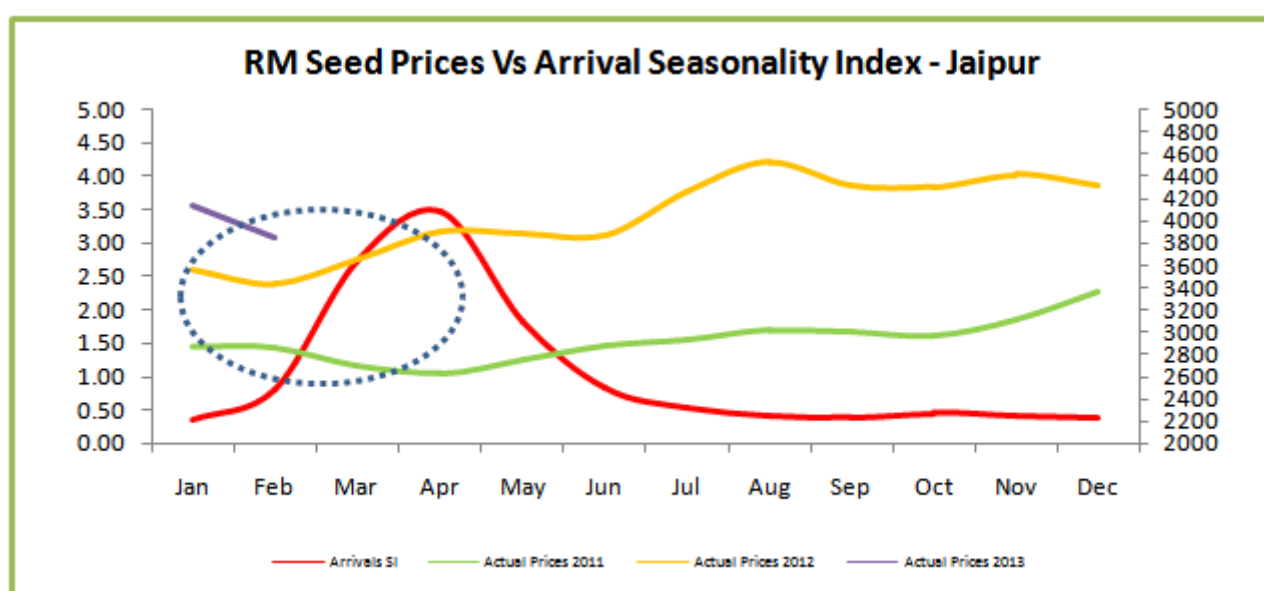
Trade Recommendation Soybean Spot: We feel the soybean prices to feature range-bound movement with weak bias in near-term - WEEK. The prices are likely to ease and witness the price between 3600-3650 levels (Indore, Plant basis).

Rapeseed - Mustard Seed

Rape/mustard seed prices declined despite fall in the arrivals. The fall in rapeseed prices is primarily attributed to the losses in Malaysian palm oil during the week. Lower exports in the Malaysian palm oil between 1-25 Mar pressured the BMD CPO, creating spillover effect on the domestic RM seed prices. India's mustard seed closely tracks BMD CPO.

The seed arrivals fell due to the festivities, Holi and Good Friday, during the week. But they are expected to pick-up with gaining harvesting momentum which recently slowed down due to festivities.

Further, the seed prices are likely to remain under pressure with expected rise in the seed supplies and likely weakness in Malaysian palm oil due to weak export sales in the oil.



RM Seed Supply, Rajasthan

RM Seed Arrivals in Rajasthan in Bags (85 kg each).		
Weekly Arrivals	Week Ago	Corresponding Week Last Year
5,80,000	17,05,000	18,80,000

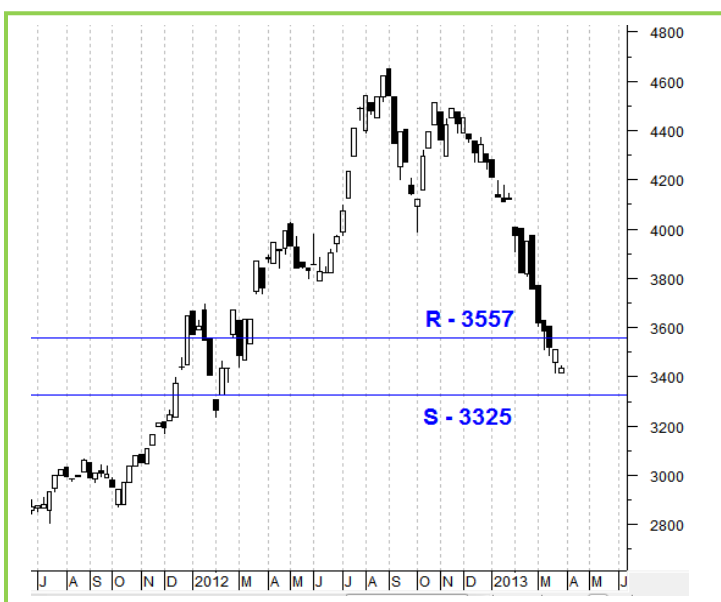
The domestic mustard/rapeseed prices are likely to ease further on rising new crop supplies across the cash markets in the key producing regions in near-term.

Technical Analysis:

NCDEX RM Seed Futures



RM Seed Spot, Jaipur



Supports & Resistances NCDEX May RM Seed

S2	S1	PCP	R1	R2
3399	3431	3479	3549	3608

- Doji candle reveals indecision gains in the seed prices.
- However, prices closed below 9-day and 18-day EMA, indicating weakness in near and medium-term.
- MACD is easing in negative zone.
- RSI and stochastic are easing in neutral region, pointing weak tone in the market.
- **NCDEX RM SEED - May) – 1 Week:** SELL between 3480-3490 levels. T1 – 3430; T2 – 3400; SL -3513.

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 expected to witness 3380–3450 level in near term.

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