

Executive Summary

The domestic soybean, meal and mustard seed prices extended gains, in association, consecutive second week on buying support from crushers and stockists.

Soybean improved on buying interest in crushers to meet the edible oil and meal demand during the week in review. The market was eagerly waiting for the two important international monthly reports from MPOB for production and inventory data and USDA for world agriculture supply and demand estimates for oilseeds during the week.

The Malaysian Palm Oil Board (MPOB) data proved to be bullish with fall in the palm oil inventories. Besides, better US exports inspection and overall shipment pace which continues to run at an explosive pace with cumulative shipments reported to be at 91% of the USDA export estimate vs. the 5 year average of 80%.

Further, in the monthly USDA report, the US crush was revised higher by 20 million bushels and export was revised up 5 million lend mild support to old crop CBOT soybean, but residual usage was revised down by 25 million as an offset.

Hence, better buying and strong international soybean market kept the domestic soybean market firm which is expected to gain further in near-term.

Further, the soy meal prices edged-up in association with soybean. Continued uptrend in prices of key feed ingredients like oilcakes, maize, bajra, DRB, di-calcium phosphate and meat bone meal other substitute grains in the last few days, pushed up the soy meal prices too.

Since they are likely to get dearer further in coming weeks, the soy meal prices will eventually get upward support.

Mustard/rapeseed prices witnessed gains on supportive buying, extending previous week's gain. The prices gained despite surge in the seasonal supplies. However, active buying by the millers and the stockists remained the positive factor for the seed market during the period.

Besides, the Malaysian Palm Oil Board (MPOB) data proved to be bullish with fall in the palm oil inventories. The MPOB has reported that Malaysia's March palm oil stocks fell by 10.9 per cent to 2.17 million tons from 2.44 million tons in February 2013 but were higher as compared with 1.96 million tons of stock in March last year. In addition, palm oil production in March 2013 at 1.32 million tons was up 2.3 per cent from Feb 2013.

The mustard seed crushings have improved with the rise in arrivals the cash markets and the traders are expecting fresh demand in the mustard oil in a week or two with upcoming auspicious wedding dates. The market participants are closely watching rape extract exports for opportunity. Import restrictions from China, after traces of malachite green in the rapeseed extract imported by the country in December 2011 have hurt India's rapeseed shipments to a large extent.

Lower palm oil inventories in Malaysia, better Chinese buying in soybean, active buying in mustard/rapeseed in domestic cash markets and likely rise in edible oil demand will continue to lend support to the domestic oilseeds and meal prices in near-term.

International Highlights

- ❖ Brazilian government agency, CONAB, has reduced its forecast for the 2012-13 soybean crop by 0.24 per cent to 81.9 million tons. It has further reported that the plantation area for 2012-13 soybeans increased by 10.7 per cent compared with last season, but yield was estimated to be 2.957 tons per hectare, down from 2.968 tons per hectare previously.
- ❖ Safras & Mercado has increased its 2012-13 Brazilian soybean output estimate to 82.50 million tons from 82.24 million tons previously. Further, FC Stone has raised its forecast for the same to 83.32 million tons from 83 million tons.
- ❖ As per customs data, Chinese imports of soybeans in March 2013 were reported at 3.84 million tons, up 32.4 per cent from February but down 20.5 per cent from a year ago. The decline is mainly because of the slow shipments pace from Brazil. However, imports are likely to rebound in the days ahead.
- ❖ Above 24 percent of Argentina's soy crop has been harvested, advancing 14.8 percentage points during the week and keeping the country on track toward an expected 48.5 million-tonne harvest, the Buenos Aires Grains Exchange said last week. In the country's central grains belt, harvesting of early planted soy fields reached 55.4 percent of the northern central zone, reporting better than expected yields of 3.72 tonnes per hectare, the exchange said in its weekly crop report. Argentina's 2011/12 soy crop was only 39.9 million tonnes after a December-January drought hit just as soybeans were in their delicate Southern Hemisphere flowering season. However, slow selling in soybean featured in Argentina this year, in anticipation of higher prices in future.
- ❖ As per Oil World, recent large Chinese purchases of at least 300 Thd T of Australian canola have almost fully exhausted Australian export supplies.
- ❖ For the five major South American soybean producing countries we estimate combined production at 143.6 Mn T, down by around 5 Mn T from the USDA estimate of April 10.
- ❖ In the USDA monthly report released in April, the U.S. soybean crush for 2012/13 is increased 20 million bushels this month to 1.635 billion. The increase reflects strong soybean meal exports through the first half of the marketing year. Increased U.S. soybean meal exports partly offset reduced meal exports for Brazil and Argentina as crush in those countries declines more quickly than expected on reduced supplies resulting from last year's drought. In the report, US soybean exports are projected at 1.35 billion bushels, up 5 million on stronger-than-expected shipments in previous weeks.
- ❖ Global oilseed production for 2012/13 is projected at 468.8 million tons, up 2 million from last month, in the latest USDA report. South American soybean production accounts for most of the change. Paraguay soybean production is forecast at 8.35 million tons, up 0.6 million as higher yields more than offset reduced harvested area.

Oilseed Prices at Key Spot Markets:

Commodity	Centre	Prices (Rs/Qtl)		Change
Soybean		12.04.2013	05.04.2013	
	Indore –Plant	4025-4100	4000-4050	+50
	Indore –Mandi	3925-4025	3850-3980	+45
	Nagpur-Plant	3900-4000	3900	+100
	Nagpur – Mandi	3800-3900	3750-3850	+50
	Kota-Plant	4100	4000	+100
	Kota – Mandi	3900	3900-3950	-50
	Bundi-Plant	4025-4030	4000	+30
	Bundi-Mandi	3975-3980	3975	+5
	Baran-Plant	4000	3800	+200
	Baran-Mandi	3950	3750	+200
	Bhawani MandiJhalawar– Kota Plant Delivery	4000	4025	-25
	Jhalawar-Mandi	3900-3925	3950	-25
Rapeseed/Mustard	Jaipur – C	3545-3550	3520-3525	+25
	Alwar – C	3475	3425-3430	+45
	SriGanganagar(NC)	3000	2840	+160
	Delhi– C	3450	3500	-50
	Kota	3100-3200	3200-3250	-50
	Agra - C	3825	3675	+150
	Neewai	3500	3500	Unch
	Hapur (UP)	3425	3425	Unch
Groundnut Seed	Rajkot	1040	1040	Unch
Sunflower Seed	Gulbarga	-	-	-
	Latur	3650-3775	3600-3750	+25
	Solapur	3650-3775	3600-3750	+25
Sesame Seed	Mumbai (White98/2/1 FM)	10500	10650	-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 (12/04/2013)	Week End (05/04/2013)	
	Madhya Pradesh	195000	165000	+30000
	Maharashtra	150000	210000	-60000
	Rajasthan	57000	77000	-20000
	Bundi (Raj)	1200	1700	-500
	Baran (Raj)	9000	4900	+4100
	Jhalawar (Raj)	3200	3900	-700
Rapeseed/Mustard	Rajasthan	1770000	1565000	+205000
*Sum Arrivals during the week.				

Crop Progress, India

In the last 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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Soy meal - FAS Kandla Vs FOB Argentina (Spread)

India's soy meal prices edged-up in tandem with soybean. Continued uptrend in prices of key feed ingredients like oilcakes, maize, bajra, DRB, di-calcium phosphate and meat bone meal other substitute grains in the last few days, pushed up the soy meal prices too.

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India's soy meal exports have slowed down, but their shipments are consistent. Iran, Japan, Thailand and France remained the consistent and major buyers in last several months.

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.

According to the figures of the SOPA, India's Soy meal exports, which constitute the bulk of oilmeal exports, decreased by 30.66% to 3,20,265.370 tonnes in March'13 from 4,61,891.774 tonnes a year earlier.

The annual Soy meal exports in the financial year 2012-2013 (April-March) were 34,33,916.546 tonnes, decreased by 12.28 percent from 39,14,683.205 tonnes a year ago.

During the FY 2012-13 export to Iran registered exceptional growth.

Partially, export of Soybean Meal suffered during Second quarter (Q2) due to poor availability of Soybean & corresponding lower crushing.

During the first half of current Oil year (October – September), exports during October'12 to March'13 were 25,96,838.577 MT as against 27,85,831.205 MT last year or a drop of 6.78%.

The y-o-y fall in the India's soy meal export sales in the month of March is due to the demand shift towards South America owing to their competitive meal prices. This is due to the peak season in South America.

However, India's Y-o-Y soy meal prices have witnessed gains. Soy meal (Apr-May) exports price, FOR Kandla exports was quoted between Rs 37,000-38,550/MT compared to 24,300-26,500/MT during the same period last year.

Week	FAS, Soy meal Kandla	FOB, Soy meal Argentina	Avg.*Spread
06 – 12 Apr	590	438	152
30 Mar – 05 Apr	591	439	159

*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 \$152/MT compared to US \$159/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, continued soy meal exports 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.37,000-39,000/MT.

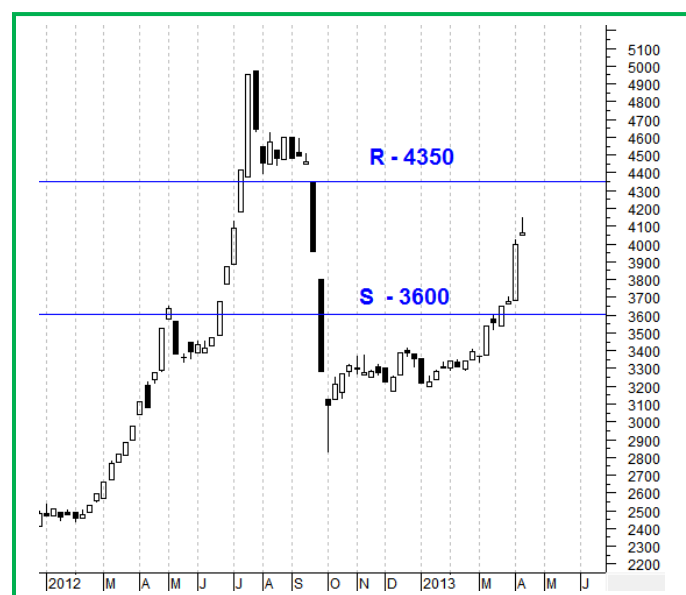
India's soy meal prices will continue to face stiff price competition to South American meal as the harvesting in the region is underway.

Technical Analysis:

NCDEX Soybean Futures-Weekly Chart



Soybean Spot, Indore



Supports & Resistances NCDEX May Soybean

S2	S1	PCP	R1	R2
3727	3839	3952.5	4249	4361

- Soybean gained consecutive fourth week.
- The prices closed above 9-day and 18-day EMA, indicating firm tone in near-term.
- Further, RSI is rising in overbought zone while stochastic is rising in neutral region, supporting the gains.
- Besides, MACD is heading upwards and positive zone.
- Prices are expected to gain during the week.
- **Trade Recommendation (NCDEX Soybean – May) – 1 Week:** BUY between 3935—3945 levels. T1 – 4045; T2 – 4100; SL -3887.

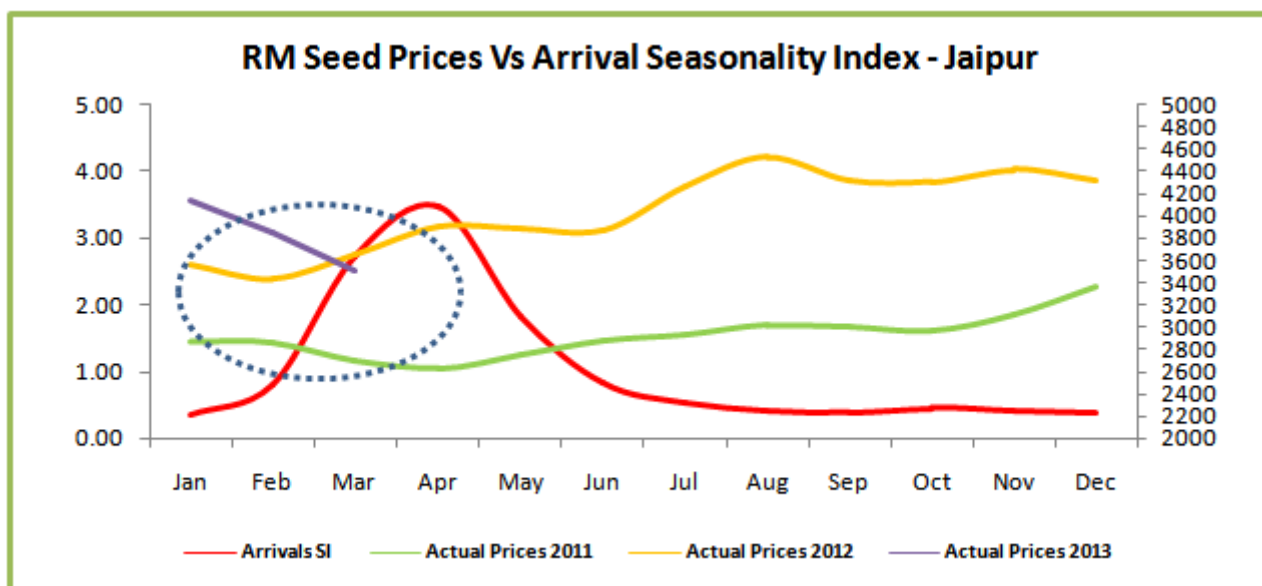
Trade Recommendation Soybean Spot: We feel the soybean prices to feature range-bound movement with firm bias in near-term - WEEK. The prices are likely to gain and witness the price between 4030-4150 levels (Indore, Plant basis).

Rapeseed - Mustard Seed

Mustard/rapeseed prices witnessed gains on supportive buying, extending previous week's gain. The prices gained despite surge in the seasonal supplies. However, active buying by the millers and the stockists remained the positive factor for the seed market during the period.

Besides, the Malaysian Palm Oil Board (MPOB) data proved to be bullish with fall in the palm oil inventories. The MPOB has reported that Malaysia's March palm oil stocks fell by 10.9 per cent to 2.17 million tons from 2.44 million tons in February 2013 but were higher as compared with 1.96 million tons of stock in March last year. In addition, palm oil production in March 2013 at 1.32 million tons was up 2.3 per cent from Feb 2013.

The mustard seed crushings have improved with the rise in arrivals the cash markets and the traders are expecting fresh demand in the mustard oil in a week or two with upcoming auspicious wedding dates. The market participants are closely watching rape extract exports for opportunity. Import restrictions from China, after traces of malachite green in the rapeseed extract imported by the country in December 2011 have hurt India's rapeseed shipments to a large extent.



RM Seed Supply, Rajasthan

RM Seed Arrivals in Rajasthan in Bags (85 kg each).		
Weekly Arrivals	Week Ago	Corresponding Week Last Year
17,70,000	15,65,000	8,45,000

The domestic mustard/rapeseed prices are likely to gain on active buying support 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
3478	3525	3615	3725	3768

- Doji candle indicates indecision in the market. However, prices were in uptrend during the week.
- Prices closed above 9-day and 18-day EMA, indicating firm tone in near and medium-term.
- MACD is rising in positive zone.
- RSI and stochastic are heading upwards in neutral region, pointing firm tone in the market.
- **NCDEX RM SEED - May) – 1 Week:** BUY between 3590-3610 levels. T1 – 3650; T2 –3700; SL -3575.

Trade Recommendation RM Seed Spot (Jaipur basis): In spot the RM seed prices are expected to feature range bound movement with firm bias, in near term, on fresh buying. The prices are likely improve and are expected to witness 3550–3650 level in near term.

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