

Executive Summary

Soybean, meal and mustard seed plunged on weak global cues during the week in review. The domestic oils and fats markets remained under pressure on weak buying and gyration of outside market.

Soybean fell on lackluster buying by the crushers followed by sluggish demand in edible oils and oilmeals and weak outside market followed by widespread liquidation with gold, copper, crude oil, and silver which eventually kept the soybean market under pressure during the week.

Further, a worse than expected GDP reading from China initially during the week added momentum to the downward potential in physical commodity markets on fears the global economic outlook is slowing.

The Bird Flu concern in China has already hit the bean demand followed by fall in poultry consumption in China, the biggest soybean buyer. Though sources indicate there is no human-to-human transmission. Chinese traders suggest that contracting poultry demand and slumping hog prices in China could limit demand for soybean meal in the short term. Besides, US NOPA crush came in at 137.08 million bushels, slightly below market estimates of 137.5 and up from 136.3 the month prior.

The factors all together pressured the international soybean market which subsequently kept the domestic soybean lower during the period.

Soy meal edged lower on sluggish overseas demand and poor-offtake by the poultry feed manufacturers in domestic market. Reduced off-take in eggs and poultry consequently affected in the meal demand.

Besides, other feed ingredients like Bajra, DCP, MBM, DRB prices fell in tandem, eventually supporting the fall in soy meal.

Overseas demand remained sluggish as the South American prices are getting competitive compared to the Indian meal.

The soy meal export sales are sluggish but continued, especially to Iran and Japan. As usual South-East Asian countries are the largest buyer.

The meal prices are likely to feature range-bound movement with slight gains on lower supplies in the beans.

Mustard/rapeseed prices declined on feeble millers buying as major buyers refrained from the cash market during the week that saw a broad sell-off across commodities. Malaysian palm oil mostly posted losses during the week in review subsequently pressuring the domestic seed market.

Weak economic reports from the US and China raised concerns that slowing global growth could hurt demand, triggering a flight of capital this week from markets such as crude oil and gold.

Weak Malaysian palm exports pressure the BMD CPO after Malaysia's shipment of the edible oil fell for the first 15 days in the month. Palm oil shipments from Malaysia decline 4 per cent and 7.2 per cent according to cargo surveyors Intertek Testing Services and Societe Generale de Surveillance, respectively. The palm oil stocks fell to 2.17 million tonnes in March and it is likely to ease below the psychological 2-million-tonne mark in April if shipments stay strong.

Likely fresh buying in the oilseeds to meet the upcoming edible oil demand and to meet the soy meal exports commitments will support the seed and meal prices upwards. Besides, easing Malaysian palm oil inventories will prove positive factor for domestic oils and fats market in near-term.

International Highlights

- ❖ Malaysia has set its crude palm oil export tax for May at 4.5 percent, remain unchanged from previous month and the reference price is set at 2,347.26 ringgit per tons for crude palm oil for May. This will help keep the buyers sentiments strong during the month.
- ❖ According to data released by Clarivi, Brazil's soybean harvest has reached 84.4 per cent of the total area planted, up from 78 per cent a week earlier, but slower as compared to 86.9 per cent harvest in the same period last year. With some logistic hurdles getting eased will improve the ready shipments in days ahead.
- ❖ Chinese soybean import data for March is reported at 3.84 million tonnes, down from about 4.5 million that were expected. The market participants still believe that Chinese import demand is overstated at 61 million tonnes according to the USDA, that's down from 63 million tonnes in March. The trade participants have estimated Chinese demand near 58 million tonnes. The fall may be due to recent slow-down in poultry production with bird flu concerns and slumping hog prices.
- ❖ As per USDA, NOPA crush (March) was reported at 137.08 million bushels, slightly below market estimates of 137.50 million bushels and up from 136.3 million bushels in the previous month. Higher crush from previous month indicate better demand in oil and meal.
- ❖ As per Oil World, soybean shipments of the five major countries fell by 19% on the year in March and by 7% or 3.3 Mn T in Sept/March 2012/13.
- ❖ Argentine soybean crushings declined more sharply than expected in Jan/March 2013, reducing exports of soya oil and meal.
- ❖ Brazil's vegetable oils association Abiove has cut its forecast for a record soybean crop to 82.1 million tonnes last week, below its 82.3 million tonne forecast in March. That means shipments from the 2012/13 crop that is some 85 percent harvested would be 38.2 million tonnes rather than 38.5 million tonnes, Abiove.
- ❖ Brazil's final soybean stocks are estimated to rise to 3.4 million tonnes rather than 3.1 million tonnes from March. Brazil is reported to have struggled to export the record crop in a timely manner, leading some contracts to be canceled.

Oilseed Prices at Key Spot Markets:

Commodity	Centre	Prices (Rs/Qtl)		Change
Soybean		19.04.2013	12.04.2013	
	Indore –Plant	3950-4050	4025-4100	-50
	Indore –Mandi	3825-3950	3925-4025	-75
	Nagpur-Plant	3900-3950	3900-4000	-50
	Nagpur – Mandi	3800-3950	3800-3900	+50
	Kota-Plant	4050	4100	-50
	Kota – Mandi	3950-4000	3900	+100
	Bundi-Plant	3975	4025-4030	-55
	Bundi-Mandi	3950	3975-3980	-30
	Baran-Plant	3975-4000	4000	Unch
	Baran-Mandi	-	3950	-
	Bhawani MandiJhalawar– Kota Plant Delivery	4000	4000	Unch
	Jhalawar-Mandi	3900-3950	3900-3925	+25
Rapeseed/Mustard	Jaipur – C	3560-3565	3545-3550	+15
	Alwar – C	3400	3475	-75
	SriGanganagar(NC)	2980	3000	-20
	Delhi– C	3450	3450	Unch
	Kota	3000-3100	3100-3200	-100
	Agra - C	3800	3825	-25
	Neewai	3450	3500	-50
	Hapur (UP)	3425	3425	Unch
Groundnut Seed	Rajkot	1020	1040	-20
Sunflower Seed	Gulbarga	-	-	-
	Latur	3600-3950	3650-3775	+175
	Solapur	3650-3850	3650-3775	+75
Sesame Seed	Mumbai (White98/2/1 FM)	10550	10500	+50

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 (19/04/2013)	Week End (12/04/2013)	
Soybean				
	Madhya Pradesh	215000	195000	+20000
	Maharashtra	175000	150000	+25000
	Rajasthan	52000	57000	-5000
	Bundi (Raj)	1100	1200	-100
	Baran (Raj)	4300	9000	-4700
	Jhalawar (Raj)	3200	3200	Unch
Rapeseed/Mustard	Rajasthan	1670000	1770000	-100000
*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)

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Trade inquiries from the big buyers like Iran, Japan and other South-East Asian countries are ongoing which continues to lend support the India meal prices. Preference for non-GMO meal, trade and logistic advantages will further 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 35,500-37,000/MT compared to 26,000-26,500/MT during the same period last year.

Week	FAS, Soy meal Kandla	FOB, Soy meal Argentina	Avg.*Spread
13 – 19 Apr	590	458	132
06 – 12 Apr	590	438	152

*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 \$132/MT compared to US \$152/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.36,000-37,200/MT.

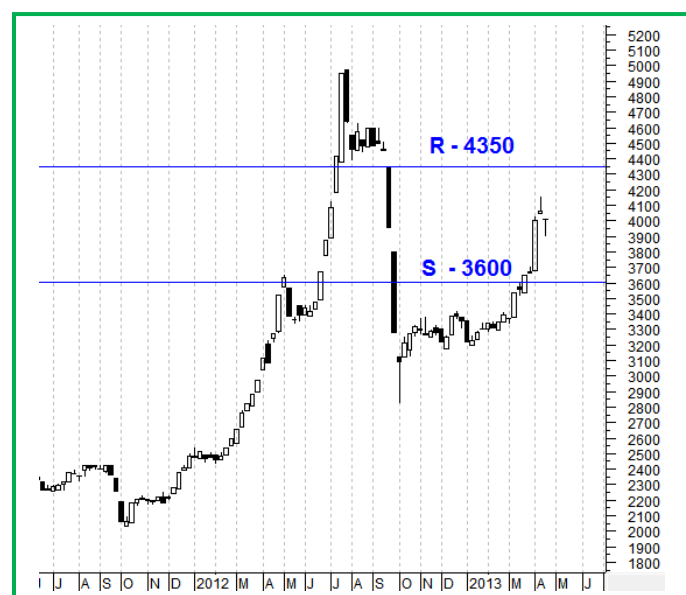
India's soy meal prices will continue to face stiff price competition to South American meal as the harvesting in the region is underway.

Technical Analysis:

NCDEX Soybean Futures-Weekly Chart



Soybean Spot, Indore



Supports & Resistances NCDEX May Soybean

S2	S1	PCP	R1	R2
3573	3696	3819	4133	4256

- Soybean fell on profit booking during the week.
- However, the prices closed above 9-day and 18-day EMA, indicating firm tone in near-term.
- But, RSI and stochastic are falling in neutral region, supporting the losses.
- Besides, MACD is heading easing in positive zone.
- Prices are expected to fall during the week.
- **Trade Recommendation (NCDEX Soybean – May) – 1 Week:** SELL between 3820—3830 levels. T1 – 3770; T2 –3730 ; SL -3852.
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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 4000-4150 levels (Indore, Plant basis).

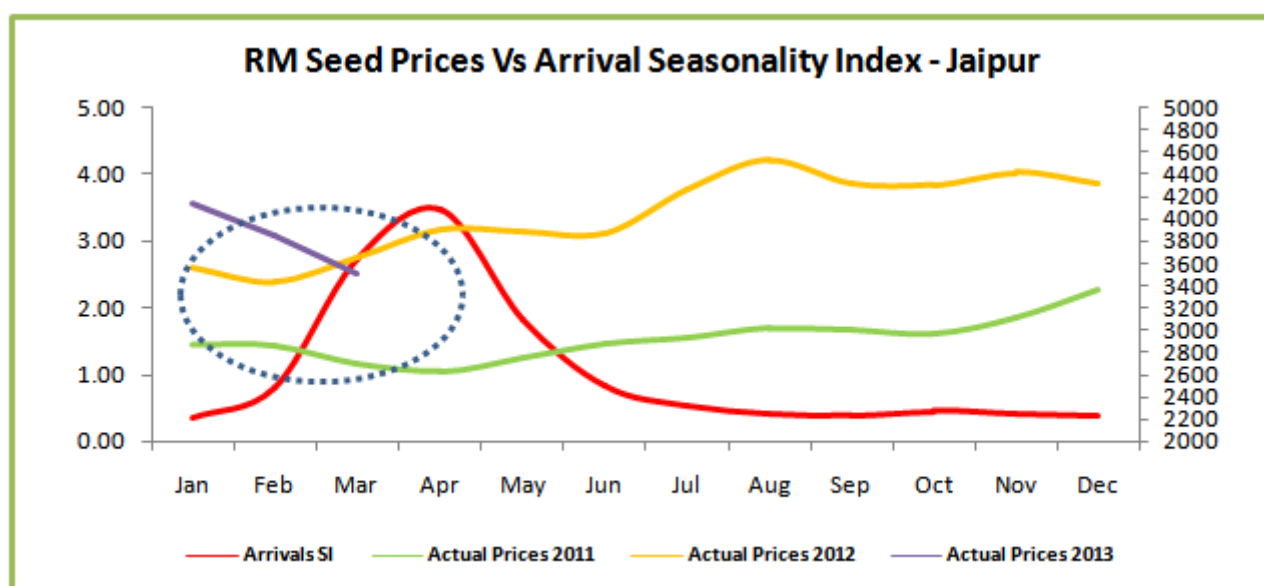
Rapeseed - Mustard Seed

Mustard/rapeseed prices declined on feeble millers buying as major buyers refrained from the cash market during the week that saw a broad sell-off across commodities. Malaysian palm oil mostly posted losses during the week in review subsequently pressuring the domestic seed market.

Weak economic reports from the US and China raised concerns that slowing global growth could hurt demand, triggering a flight of capital this week from markets such as crude oil and gold.

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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
16,70,000	17,70,000	16,70,000

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
3380	3431	3495	3631	3692

- Candlestick chart pattern reveals strong selling in the market.
- Prices closed below 9-day and 18-day EMA, indicating weak tone in near and medium-term.
- MACD is easing in positive zone.
- RSI and stochastic are easing in neutral region, pointing weak tone in the market.
- **NCDEX RM SEED - May) – 1 Week:** SELL between 3500-3520 levels. T1 – 3420; T2 – 3380; SL -3555.

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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