

## Executive Summary

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The domestic oilseeds and meals featured gains on buying support in cash market during the week in review. The markets gained despite weak international oils and fats market.

Soybean gained on crushers buying to meet the fresh edible oil and meal demand. Besides, continued declining supplies in the beans boosted the upward potential in the prices.

The international soybean market witnessed bulls and bears during the week. The soybean shipments from Brazil were hit due to the worker's strike in 3 major ports during the week, which worked as a bullish sentiment for the market. However, the workers of one port have resumed to work towards the end of the week.

Besides, lower pace in US soybean planting remained positive for the international soybeans, to some extent. In the last weekly USDA planting update, US bean planting stood at 6 per cent, which is well below 5 year average of 24 per cent, the planting was complete 43 per cent previous year during the same period last year.

The U.S. soybean crush declined to 120.1 million bushels in April, which was below trade expectations and the second-lowest monthly total in 19 months, National Oilseed Processors Association data during the week.

We feel the domestic soybean prices to feature range bound movement with firm-bias due to slight rise in the edible oil demand.

Soy meal largely remained unchanged, after witnessing recovery last week, on steady overseas shipments during the week in review. Further, weak domestic off-take in meal from poultry feed industry restricted the gains in the meal. This is due to sluggish poultry production followed by weak demand.

Besides, the prices of other key feed ingredients like Bajra, Maize, mustard de-oiled cake, DCP, MBM, DRB featured steady to weak tone, consequently discouraging the upside in soy meal.

World soy meal exports have improved since April but it has not fully reached market expectations. Although soya meal supplies are likely to recover in May, current physical supplies are still tight at consumer level, supporting meal prices, as reported by Oil World.

Thai millers purchased about 50,000 tonnes of soy meal from Argentina for August-September shipment, said market participants.

We feel the soy meal prices to feature range-bound movement in view of lower overseas and domestic demand.

The rapeseed/mustard seed prices witnessed substantial gains in cash market tracking firm BMD CPO and buying support in the cash market.

Continued fall in soybean arrivals has pushed-up demand for mustard seeds and oil in mandis across Madhya Pradesh, Rajasthan and Gujarat for the past few days, supporting the seed prices.

The harvesting in Sri Ganganagar is complete. However, the supply is lower than the usual due to reserved farmer's selling at the current price. The buyers are mostly local millers and the processors of Alwar, Kota and Morena- MP.

Expectation in rebound in palm oil export sales in May and ease in Malaysian palm oil stocks to 1.80 million tons at end-May from 1.93 million tons last month is lending support to the domestic mustard seed.

The seed prices are likely to feature further gains on falling soybean supplies and improved wedding demand in edible oils, in recent days.

Renewed edible oil demand, falling soybean supplies due to lean season and steady demand in meal from feed industry is likely to push up the oilseeds in near-term. Further, month-on-month fall in Malaysian palm oil inventories will prove positive factor for domestic oils and fats market in near-term.

## International Highlights

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- ❖ The U.S. soybean crush declined to 120.1 million bushels in April, which was below trade expectations and the second-lowest monthly total in 19 months, National Oilseed Processors Association data showed last week.
- ❖ Chinese soybean imports were preliminarily reported at 3.98 Mn T in April, which were reportedly lower than the usual. The imports were hit due to bird-flu concern and slow down in hog farming, this somewhat limited the gain in international beans.
- ❖ As per Oil world, Brazilian soybean shipments were larger than expected between May 1-12 and will probably reach or exceed a record 8.3 Mn T in the month of May. This is resulted after facilitation by new regulations at Brazilian ports, extending the daily working time. Three major Brazilian port workers were on strike recently, only workers in a port resumed work, but the other two ports are still not in operation due to the strike.
- ❖ Expected dry weather in the US Midwest during the week will provide an opportunity for farmers to step up soybean plantings. The planting pace this season is much slow than the 5 year average.
- ❖ Soybean harvesting in Argentina was hampered by heavy rainfall of up to 200 mm in parts of Santa Fe and Cordoba during first week of May, affecting the supplies.
- ❖ Brazilian soybean exports were comparatively low at 709 Thd T in the first five days of May. It's production of biodiesel rose up to 210 Thd T in March – Oil World.

**Oilseed Prices at Key Spot Markets:**

Commodity	Centre	Prices (Rs/Qtl)		Change
<b>Soybean</b>		<b>17.05.2013</b>	<b>10.05.2013</b>	
	Indore –Plant	3975-4090	4000-4065	<b>+25</b>
	Indore –Mandi	3875-3975	3850-4000	<b>-25</b>
	Nagpur-Plant	3850-3900	3875-3900	<b>Unch</b>
	Nagpur – Mandi	3550-3900	3700-3900	<b>Unch</b>
	Kota-Plant	4000	4000	<b>Unch</b>
	Kota – Mandi	3900-3950	3900	<b>+50</b>
	Bundi-Plant	4000	3975	<b>+25</b>
	Bundi-Mandi	3950	3900	<b>+50</b>
	Baran-Plant	3950	3975	<b>-25</b>
	Baran-Mandi	3850-3900	3850-3900	<b>Unch</b>
	Bhawani MandiJhalawar– Kota Plant Delivery	3975	3950	<b>+25</b>
	Jhalawar-Mandi	3900	3900	<b>Unch</b>
<b>Rapeseed/Mustard</b>	Jaipur – C	3545-3550	3425-3430	<b>+120</b>
	Alwar – C	3400	3300	<b>+100</b>
	SriGanganagar(NC)	3070	2950	<b>+120</b>
	Delhi– C	3425	3330	<b>+95</b>
	Kota	3100-3200	3100-3150	<b>+50</b>
	Agra - C	3640	3600	<b>+40</b>
	Neewai	-	3400	<b>-</b>
	Hapur (UP)	3425	3340	<b>+85</b>
Groundnut Seed	Rajkot	970	970	<b>Unch</b>
Sunflower Seed	Gulbarga	-	-	<b>-</b>
	Latur	3500-4000	3500-3600	<b>+400</b>
	Solapur	3600-3700	3550-3675	<b>+25</b>
Sesame Seed	Mumbai (White98/2/1 FM)	10500	10000	<b>+500</b>

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 (17/05/2013)	Week End (10/05/2013)	
	Madhya Pradesh	200000	210000	-10000
	Maharashtra	105000	130000	-25000
	Rajasthan	60000	82000	-22000
	Bundi (Raj)	1100	2600	-1500
	Baran (Raj)	4100	5000	-900
	Jhalawar (Raj)	2850	2900	-50
Rapeseed/Mustard	Rajasthan	915000	1230000	-315000
*Sum Arrivals during the week.				

## Rabi Sown Area - Oilseeds, 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
<b>Total Oilseeds</b>	<b>92.0</b>	<b>91.8</b>	<b>0.2</b>

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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Besides, the prices of other key feed ingredients like Bajra, Maize, mustard de-oiled cake, DCP, MBM, DRB featured steady to weak tone, consequently discouraging the upside in soy meal.

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Thai millers purchased about 50,000 tonnes of soy meal from Argentina for August-September shipment, said market participants.

We feel the soy meal prices to feature range-bound movement in view of lower overseas and domestic demand. India's soy meal prices will continue to face stiff price competition to South American meal as the harvesting in the region is underway.

Indian soybean Meal prices are not competitive in comparison to International rates. Hence, decline in exports.

During current Oil year, (October - September), exports during October 2012 to April, 2013 were 26.97 Lac tones as against 31.21 Lac tones last year, showing a decrease by 13.60%. (Source: SOPA).

The y-o-y fall in the India's soy meal export sales in the month of April 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 (May-Jun) exports price, FOR Kandla exports was quoted between Rs 35,500-36,000/MT compared to 29,000-30,200/MT during the same period last year.

Week	FAS, Soy meal Kandla	FOB, Soy meal Argentina	Avg.*Spread
<b>11 – 17 May</b>	644	487	<b>157</b>
<b>04 -10 May</b>	632	470	<b>162</b>

\*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 \$157/MT compared to US \$162/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.*

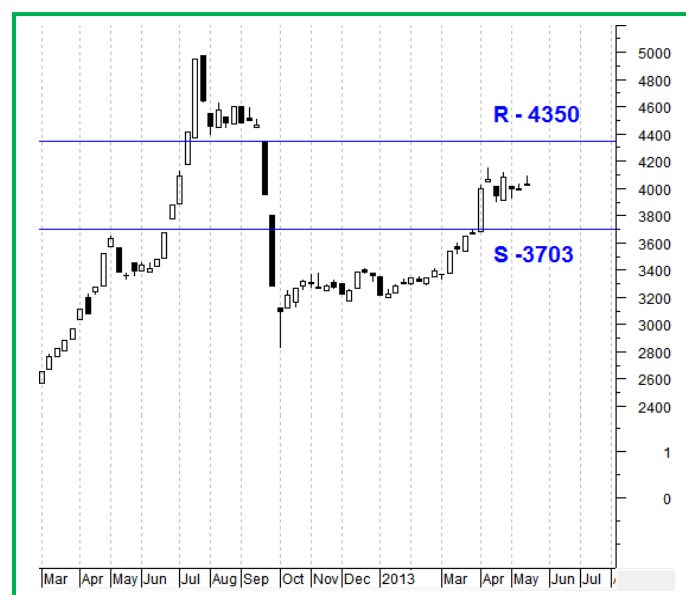
*FOR, Kandla is likely feature range-bound movement between the price band of Rs.35,800-36,300/MT.*

## Technical Analysis:

**NCDEX Soybean Futures-Weekly Chart**



**Soybean Spot, Indore**



### Supports & Resistances NCDEX Jun Soybean

S2	S1	PCP	R1	R2
3561	3670	3903	4045	4145

- Doji candle points out indecision in the market. The market featured dull activity consecutive second day.
- The prices closed above 9-day and 18-day EMA, indicating firm tone in near-term.
- RSI and stochastic are slightly rising in neutral zone, supporting the uptrend.
- Besides, MACD is heading upwards in positive territory.
- Prices are expected to feature range-bound movement during the week.
- **Trade Recommendation (NCDEX Soybean – Jun) – 1 Week:** BUY between 3890—3900 levels. T1 – 3960; T2 –4040 ; SL -3862.

**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 4000-4150 levels (Indore, Plant basis).

## Rapeseed - Mustard Seed

We feel the soy meal prices to feature range-bound movement in view of lower overseas and domestic demand.

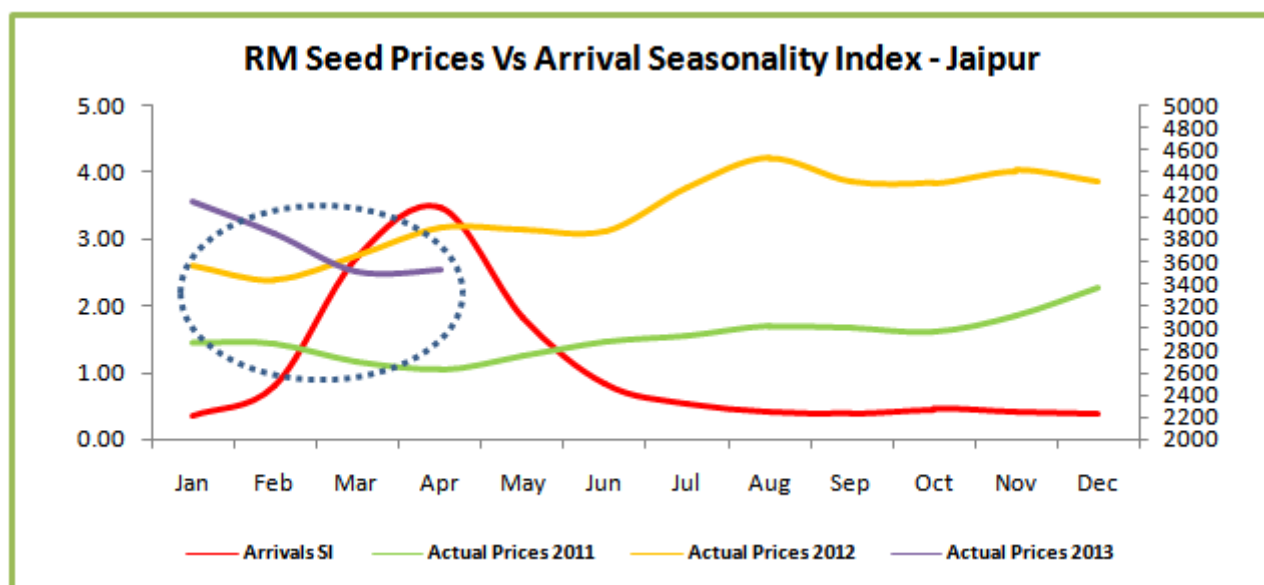
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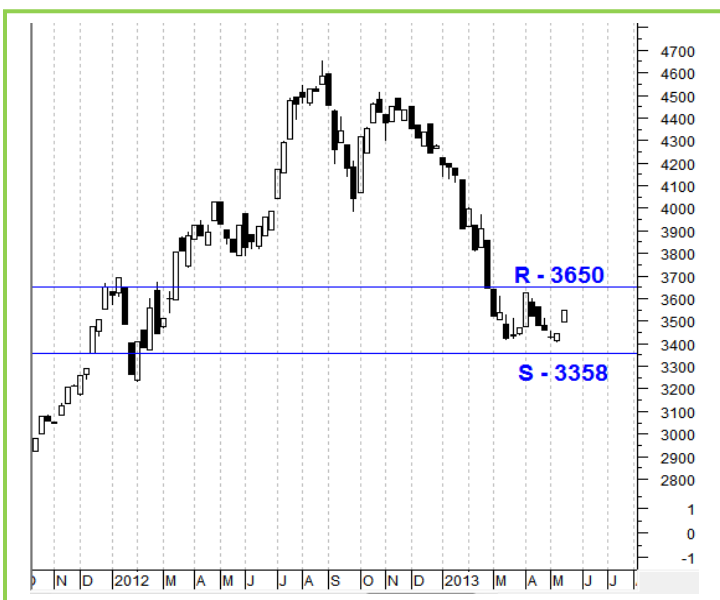
### RM Seed Supply, Rajasthan

RM Seed Arrivals in Rajasthan in Bags (85 kg each).		
Weekly Arrivals	Week Ago	Corresponding Week Last Year
9,15,000	12,30,000	4,57,000

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 Jun RM Seed**

S2	S1	PCP	R1	R2
3412	3450	3514	3591	3646

- Candlestick chart pattern reveals indecision in the market.
- Prices closed below 9-day and 18-day EMA, indicating weak tone in near and near-term.
- MACD is rising in negative territory.
- RSI and stochastic are rising in neutral region, pointing firm tone in the market.
- **Trade Recommendation (NCDEX RM SEED - Jun) – 1 Week:** BUY between 3500-3510 levels. T1 – 3560; T2 –3620; SL -3477.

**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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