

Executive Summary

Mixed sentiments featured in the oilseeds and meal market on varied factors in various markets during the week in review. Soybean fell, rapeseed/mustard seed improved while soy meal remained flat during the period.

Soybean edged-lower on weak crushers demand followed by weak export sales in soy meal. The major buyers refrained from the cash market and their crushing units are running below their total crush capacity. The bean supplies remained lower, though they were up compared to previous week, when supplies fell due to *Akshay Tritiya*.

Cautious buying in the beans and prediction of normal and timely monsoon has eased the farmers' worries in planting crop for new season.

The big trading houses are not keen in active crushings due to weak export commitments in meal. However, soybean failed to get support from the weeding demand in edible oils and slower US soybean planting pace this season.

The US soybean planting is well behind 5 year average and even far behind previous seasons planting. Wet weather initially is attributed to the lag in the plantings. However, we expect US soybean planting progress to show significant strides from previous week.

Overall, the soybean is likely to feature range-bound movement with weak-bias on cautious crushers buying in short-term.

Soy meal featured steady to weak tone on weak export sales, poor domestic off-take from poultry feed industry and sluggish demand in soy oil. India's soy meal exports commitments remained small. The shipments were only witnessed for those countries which have preference for Indian meal, besides, freight and trade advantage.

Several bearish factors continue to pressure domestic soy meal, which included competitive South American soy meal prices compared to due to peak season and higher pace in soybean crushings in the region; lower demand in the meal from poultry feed industry due to sluggish production in poultry and cheaper availability of imported edible oils.

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.

China is likely to resume the imports of oil meal from India following agreement over the lifting of a ban imposed in January 2012 on import of oil meals from India, after traces of malachite green in rapeseed extract. The move will be positive factor for rapeseed extract in coming days, which was primarily hit by the ban.

We feel soy meal prices to feature range-bound movement with weak-bias in near-term.

Rapeseed/mustard seed prices improved on supportive international market during the period. Fall in soybean arrivals and weeding demand in edible oils slightly pushed up the mustard seed sentiments.

Weak soybean arrivals have pushed-up demand for mustard seeds, to keep crushing units in operation, in mandis across Madhya Pradesh, Rajasthan and Gujarat for the past few days, supporting the seed prices.

Trade participants tip a 5% fall in Malaysian palm oil production so far this month, lifting sentiment as stockpiles may continue to ease toward 1.75 million-1.82 million tons, this will consequently improve the CPO prices in BMD, subsequently pushing up the domestic RM seed prices.

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

Fall in soybean supplies due to lean season and slight rise in edible oil demand and steady demand in meal from feed industry is likely to feature range-bound movement in near-term. Further, expected fall in Malaysian palm oil inventories will prove positive factor for domestic oils and fats market in near-term.

International Highlights

- ❖ As per the latest USDA crop progress report, the soybean crop has been planted in 24 per cent of the soybean growing areas as of 19 May 2013, advancing from 6 per cent last week, but much lower than 71 per cent completion witnessed in the same period last year. The planting pace is slower as compared to the 5 year average of 42 per cent. The emergence is reported at 3 per cent, well behind 5 year average of 14 per cent and 32 per cent last year.
- ❖ Weather conditions have improved in the USA, Canada and Australia, which has facilitated rapid plantings after the very slow progress in last couple of weeks.
- ❖ The port workers' strike in Rosario, the major export hub in Argentina is considered to be bullish factor as the event has hit the soybean exports. This is followed by port worker's strike in Brazil, where workers are still on strike in 2 major ports of Brazil.
- ❖ US old-crop soybean futures continued to witness gains contrary to fall in the new crop, diminishing old crop stock and ready delivery deals by the buyers will remain supportive for the beans till the end of the season.
- ❖ As per Oil World Brazilian soybean shipments have exceeding market expectations and are likely to reach at least 8.7 Mn T in May.
- ❖ China has apparently decided to reopen its market for Indian oilmeals, the import of rapeseed meal of Indian origin was banned in Jan 2012 after traces of malachite green, the news is bullish for Indian rapeseed complex.
- ❖ Port worker's strike in Argentina-Rosario has hit the exports and increased the concern about the effects of the strike. About 40 vessels waiting at the port Rosario, due to the strike.

Oilseed Prices at Key Spot Markets:

Commodity	Centre	Prices (Rs/Qtl)		Change
Soybean		24.05.2013	17.05.2013	
	Indore –Plant	3925-3975	3975-4090	-115
	Indore –Mandi	3800-3925	3875-3975	-50
	Nagpur-Plant	3800	3850-3900	-100
	Nagpur – Mandi	3600-3750	3550-3900	-150
	Kota-Plant	3950	4000	-50
	Kota – Mandi	3900-3925	3900-3950	-25
	Bundi-Plant	3950	4000	-50
	Bundi-Mandi	3900	3950	-50
	Baran-Plant	3900-3980	3950	+30
	Baran-Mandi	3850-3890	3850-3900	-10
	Bhawani MandiJhalawar– Kota Plant Delivery	3950	3975	-25
	Jhalawar-Mandi	3900	3900	Unch
Rapeseed/Mustard	Jaipur – C	3535-3540	3545-3550	-10
	Alwar – C	3425	3400	+25
	SriGanganagar(NC)	3000	3070	-70
	Delhi– C	3390	3425	-35
	Kota	3150	3100-3200	-50
	Agra - C	3700	3640	+60
	Neewai	3450	3500	-50
	Hapur (UP)	3400	3425	-25
Groundnut Seed	Rajkot	910	970	-60
Sunflower Seed	Gulbarga	-	-	-
	Latur	3600-4000	3500-4000	Unch
	Solapur	3550-3750	3600-3700	+50
Sesame Seed	Mumbai (White98/2/1 FM)	10400	10500	-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 (24/05/2013)	Week End (17/05/2013)	
	Madhya Pradesh	280000	200000	+80000
	Maharashtra	100000	105000	-5000
	Rajasthan	72000	60000	+12000
	Bundi (Raj)	1150	1100	+50
	Baran (Raj)	4100	4100	Unch
	Jhalawar (Raj)	2100	2850	-750
Rapeseed/Mustard	Rajasthan	755000	915000	-160000
*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
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

Soybean edged-lower on weak crushers demand followed by weak export sales in soy meal. The major buyers refrained from the cash market and their crushing units are running below their total crush capacity. The bean supplies remained lower, though they were up compared to previous week, when supplies fell due to *Akshay Tritya*.

Cautious buying in the beans and prediction of normal and timely monsoon has eased the farmers' worries in planting crop for new season.

The big trading houses are not keen in active crushings due to weak export commitments in meal. However, soybean failed to get support from the weeding demand in edible oils and slower US soybean planting pace this season.

The US soybean planting is well behind 5 year average and even far behind previous seasons planting. Wet weather initially is attributed to the lag in the plantings. However, we expect US soybean planting progress to show significant strides from previous week.

Overall, the soybean is likely to feature range-bound movement with weak-bias on cautious crushers buying in short-term.

Soy meal - FAS Kandla Vs FOB Argentina (Spread)

Soy meal featured steady to weak tone on weak export sales, poor domestic off-take from poultry feed industry and sluggish demand in soy oil. India's soy meal exports commitments remained small. The shipments were only witnessed for those countries which have preference for Indian meal, besides, freight and trade advantage.

Several bearish factors continue to pressure domestic soy meal, which included competitive South American soy meal prices compared to due to peak season and higher pace in soybean crushings in the region; lower demand in the meal from poultry feed industry due to sluggish production in poultry and cheaper availability of imported edible oils.

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.

China is likely to resume the imports of oil meal from India following agreement over the lifting of a ban imposed in January 2012 on import of oil meals from India, after traces of malachite green in rapeseed extract. The move will be positive factor for rapeseed extract in coming days, which was primarily hit by the ban.

We feel soy meal prices to feature range-bound movement with weak-bias in near-term.

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 35,700-36,150/MT compared to 28,800-29,600/MT during the same period last year.

Week	FAS, Soy meal Kandla	FOB, Soy meal Argentina	Avg.*Spread
18 – 25 May	645	524	121
11 – 17 May	644	487	157

*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 \$121/MT compared to US \$157/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.*

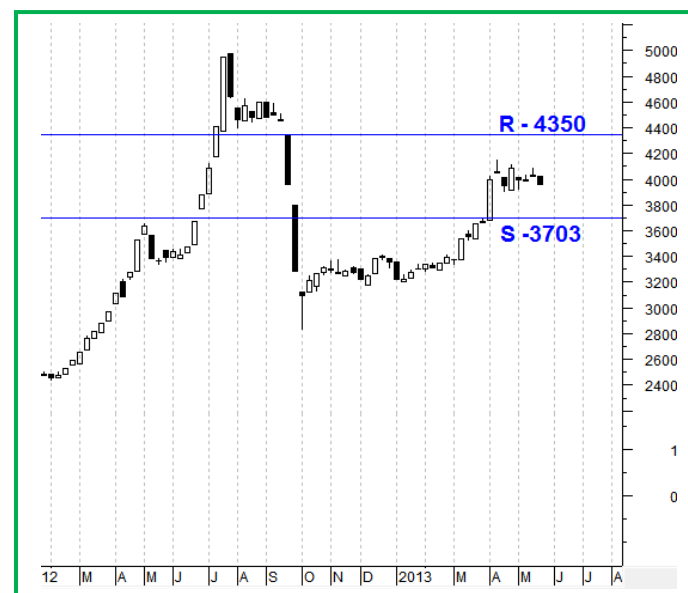
FOR, Kandla is likely feature range-bound movement between the price band of Rs.35,800-36,300/MT.

Technical Analysis:

NCDEX Soybean Futures-Weekly Chart



Soybean Spot, Indore



Supports & Resistances NCDEX Jun Soybean

S2	S1	PCP	R1	R2
3521	3670	3833	3996	4050

- Candlestick chart pattern reveal selling pressure in the market.
- However, the prices closed above 9-day and 18-day EMA, indicating firm tone in near-term.
- RSI and stochastic are easing in neutral zone, supporting the losses.
- Besides, MACD is falling in positive territory.
- Prices are expected to slightly ease during the week.
- **Trade Recommendation (NCDEX Soybean – Jun) – 1 Week:** SELL between 3840—3850 levels. T1 – 3760; T2 – 3700 ; SL -3888.

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 3950-4000 levels (Indore, Plant basis).

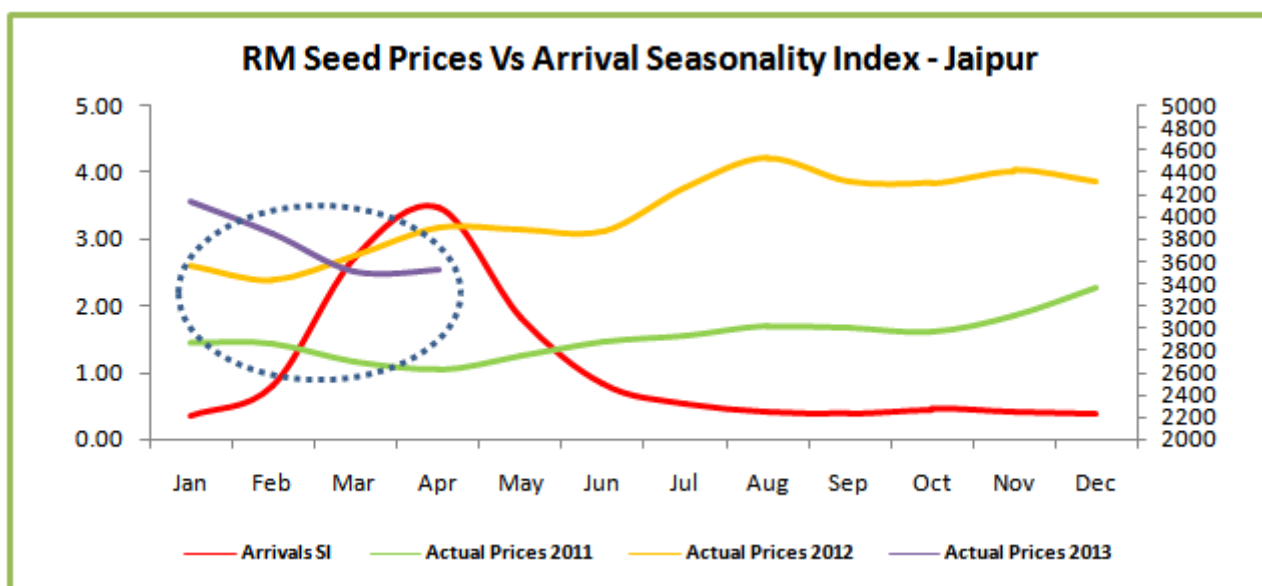
Rapeseed - Mustard Seed

Rapeseed/mustard seed prices improved on supportive international market during the period. Fall in soybean arrivals and weeding demand in edible oils slightly pushed up the mustard seed sentiments.

Weak soybean arrivals have pushed-up demand for mustard seeds, to keep crushing units in operation, in mandis across Madhya Pradesh, Rajasthan and Gujarat for the past few days, supporting the seed prices.

Trade participants tip a 5% fall in Malaysian palm oil production so far this month, lifting sentiment as stockpiles may continue to ease toward 1.75 million-1.82 million tons, this will consequently improve the CPO prices in BMD, subsequently pushing up the domestic RM seed prices.

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



RM Seed Supply, Rajasthan

RM Seed Arrivals in Rajasthan in Bags (85 kg each).		
Weekly Arrivals	Week Ago	Corresponding Week Last Year
7,55,000	9,15,000	4,22,000

The domestic mustard/rapeseed prices are likely to get stronger on improved 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
3350	3422	3495	3602	3655

- Candlestick chart pattern reveals range-bound movement in the prices.
- Prices closed below 9-day and 18-day EMA, indicating weak tone in near and near-term.
- MACD is rising in negative territory.
- RSI is falling in neutral region, pointing weak tone in the market.
- **Trade Recommendation (NCDEX RM SEED - Jun) – 1 Week:** SELL between 3510-3520 levels. T1 – 3465; T2 – 3400; SL -3540.

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 3550–3600 level in near term.

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>
© 2013 Indian Agribusiness Systems Pvt Ltd.