

Executive Summary

Domestic soybean and meal prices edged-lower while mustard seed witnessed gains during the week in review.

Soybean featured losses consecutive third week on week crushing, poor soy meal exports and forecast of normal and timely monsoon.

The big crushers refrained from the market as they have lower soy meal exports commitments. Besides, cheap availability of imported edible oil and its comfortable stock at Indian port remained bearish for the beans.

Pre-monsoon showers in some parts of key soy growing regions of Maharashtra and Madhya Pradesh have strengthened the sowing intention. India planted 107.08 lakh hectares of soybean in 2012 compared to 103.36 lha in 2011, up 3.6 per cent. We expect India's soybean planting area in 2013 to remain near previous year's level. IMD has officially forecasted for normal and timely monsoon this season.

The crushing units continued to run below their crushing capacity, reportedly below 45 per cent, besides several small crushing units have stopped their operations due to widening disparity in crush margin.

In the international front, Brazil's soybean exports continue to pick up speed which has shifting demand away from the US for soybeans. The Trade Ministry in Brazil estimated Brazil soybean exports in May at a new record of 7.95 million tonnes, up from 7.15 million April. Soy meal demand remained strong which is helping the US crush pace hold steady amid tight old crop supplies.

Domestic soybean prices are likely feature range-bound movement with weak-bias during the week.

Soy meal fell on slack in overseas demand and lower domestic off-take from poultry industry. Competitive South American soy meal quotes compared to the meal of Indian origin remained negative factor for Indian soy meal exports in recent months. India's y-o-y soy meal exports in fell 30 per cent in May, and they were lower in previous months too.

The crushers are not keen in aggressively crushing the beans due limited buying inquiries and comfortable edible oil stock at Indian ports, hence widening disparity in crush margin. Further, sluggish poultry production lead to the lower off-take in the meal from the poultry industry.

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

The soy meal prices are expected to feature range-bound movement with weak-bias on sluggish demand.

Rapeseed/mustard seed prices witnessed mild gains on some buying interest during the week. Further, stagnant palm oil production and likely fall in the Malaysian palm oil inventories has helped lift the sentiments with spill-over impact on the domestic mustard seed.

Market participants say end-May palm oil inventories probably fell 6.7%-7.7% to around 1.78 million-1.80 million tons—a level not seen since June 2012—from end-April's 1.93 million tons, while production likely remained stagnant at 1.37 million tons. The palm oil inventories are expected to further fall in June and even in July.

Mustard oil and seed demand from West-Bengal was consistent and normal last week, however the demand for the seed and oil slightly rose from the state mainly from Agra. The crushing in Rajasthan, UP, Haryana and Punjab remained stable during the week.

However, the seed supplies this year are higher compared to the previous year, which almost doubled compared the same period last year.

The seed prices are expected to feature range-bound movement with firm-bias on likely support from firm Malaysian palm oil and expected rise in domestic off-take in the oil as the monsoon gripping most of the parts of India.

Timely onset of the Southwest monsoon in India has raised hopes for a much improved oilseed production. Weak soybean crushing followed by poor soy meal export sales, cheap availability of imported edible oils are likely to pressure the beans but mustard seed is expected to feature range-bound movement with firm-bias on supportive BMD CPO in near-term.

International Highlights

- ❖ As reported by the Oil World, the world soya meal prices improved contra-seasonally during the past four weeks due to insufficient South American soya meal shipment in May and the current small stocks at many consuming countries. However, soya oil prices fell during the past 4 weeks in the futures and cash markets, globally.
- ❖ Additional rainfall in US in last week will make it more difficult for farmers to complete soybean planting intentions.
- ❖ South American soybean shipments are reported at a record level in May but they are approximately 0.5 Mn T below previous estimates. This is due to port worker's strike.
- ❖ Reportedly, new strike action may soon be launched in Argentina. Farmers are threatening to stop selling (for a period of 10 days) and to block highways (stopping movement of agricultural products).
- ❖ Oil World reports, Argentine soybean plantings will probably stagnate or decline next season in response to deteriorated profit expectations, also caused by the high export taxes, the unrealistic official exchange rate and the economic crisis.

Oilseed Prices at Key Spot Markets:

Commodity	Centre	Prices (Rs/Qtl)		Change
Soybean		07.06.2013	31.05.2013	
	Indore –Plant	3775-3850	3825-3880	-30
	Indore –Mandi	3650-3750	3700-3800	-50
	Nagpur-Plant	3650-3700	3650-3750	-50
	Nagpur – Mandi	3500-3650	3600-3700	-50
	Kota-Plant	3850	3850	Unch
	Kota – Mandi	3600-3800	3650-3800	Unch
	Bundi-Plant	3850	3870	-20
	Bundi-Mandi	3650-3700	3800-3825	-125
	Baran-Plant	3825-3850	3850	Unch
	Baran-Mandi	3675-3720	3675-3750	-30
	Bhawani MandiJhalawar– Kota Plant Delivery	3825	3850	-25
	Jhalawar-Mandi	3750	3750	Unch
Rapeseed/Mustard	Jaipur – C	3510-3515	3490-3495	+20
	Alwar – C	3400	3350	+50
	SriGanganagar(NC)	3000	2930	+70
	Delhi– C	3410	3380	+30
	Kota	3050-3150	3050-3125	+25
	Agra - C	3675	3650	+25
	Neewai	3450	3375	+75
	Hapur (UP)	3400	3375	+25
Groundnut Seed	Rajkot	860	880	-20
Sunflower Seed	Gulbarga	-	-	-
	Latur	3000-3500	3400-4000	-500
	Solapur	3550-3700	3550-3700	Unch
Sesame Seed	Mumbai (White98/2/1 FM)	10600	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 (07/06/2013)	Week End (31/05/2013)	
	Madhya Pradesh	340000	255000	+85000
	Maharashtra	90000	45000	+45000
	Rajasthan	79000	71000	+8000
	Bundi (Raj)	1550	900	+650
	Baran (Raj)	4400	3900	+500
	Jhalawar (Raj)	3000	3000	Unch
Rapeseed/Mustard	Rajasthan	670000	785000	-115000

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

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Soy meal - FAS Kandla Vs FOB Argentina (Spread)

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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 34,500-35,250/MT compared to 28,500-29,475/MT during the same period last year.

Week	FAS, Soy meal Kandla	FOB, Soy meal Argentina	Avg.*Spread
01 – 07 Jun	624	516	106
26 – 31 May	632	516	116

*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 \$106/MT compared to US \$116/MT a week ago, indicating a slight narrowing 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.*

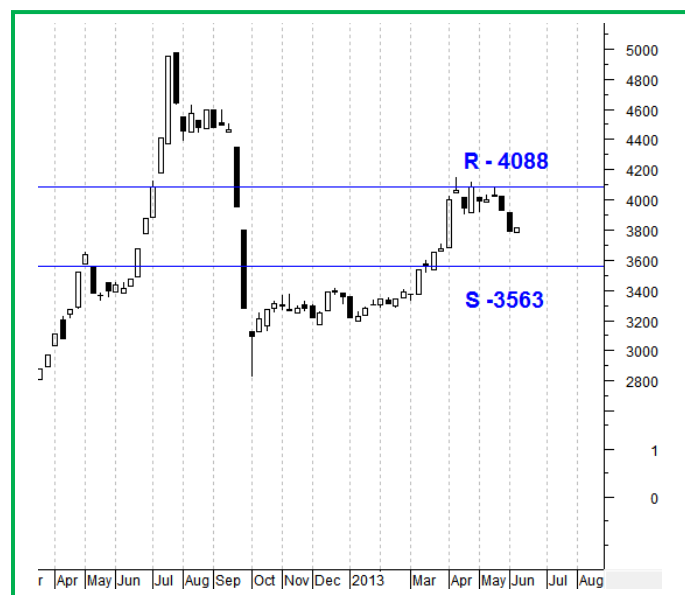
FOR, Kandla is likely feature range-bound movement between the price band of Rs 35,300-35,600/MT.

Technical Analysis:

NCDEX Soybean Futures-Weekly Chart



Soybean Spot, Indore



Supports & Resistances NCDEX Jul Soybean

S2	S1	PCP	R1	R2
3410	3545	3771	3870	3974

- Candlestick chart pattern reveal renewed buying interest in the market.
- The prices closed above 9-day and 18-day EMA, indicating firm tone in near-term.
- RSI and stochastic are rising in neutral zone, supporting the gains.
- Besides, MACD is heading upwards in positive territory.
- Prices are expected to gain during the week.
- **Trade Recommendation (NCDEX Soybean – Jul) – 1 Week:** BUY between 3760—3770 levels. T1 – 3830; T2 –3860 ; SL -3732.

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 feature mild losses and witness the 3800-3850 levels (Indore, Plant basis).

Rapeseed - Mustard Seed

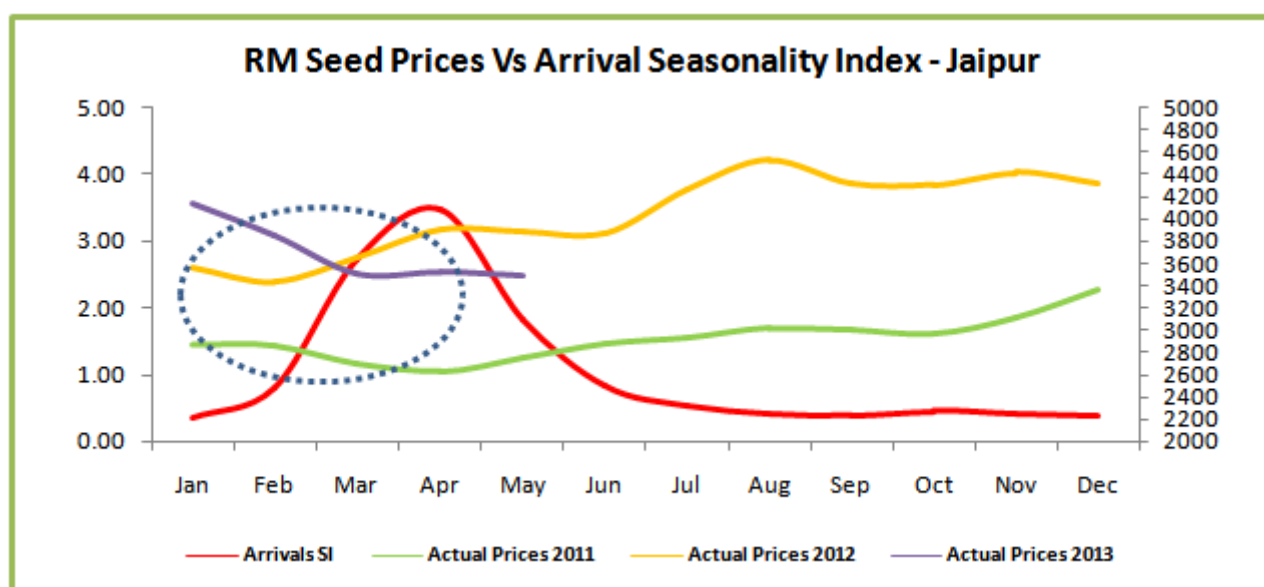
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However, the seed supplies this year are higher compared to the previous year, which almost doubled compared the same period last year.

The seed prices are expected to feature range-bound movement with firm-bias on likely support from firm Malaysian palm oil and expected rise in domestic off-take in the oil as the monsoon gripping most of the parts of India.



RM Seed Supply, Rajasthan

RM Seed Arrivals in Rajasthan in Bags (85 kg each).		
Weekly Arrivals	Week Ago	Corresponding Week Last Year
6,70,000	7,85,000	3,86,000

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 Jul RM Seed

S2	S1	PCP	R1	R2
3467	3489	3543	3587	3614

- Candlestick chart pattern reveals buying interest in the market.
- Prices closed below 9-day and 18-day EMA, indicating weak tone in near-term.
- MACD is rising in negative territory.
- RSI and stochastic are heading upwards in neutral region, pointing firm tone in the market.
- **Trade Recommendation (NCDEX RM SEED - Jul) – 1 Week:** BUY between 3530-3540 levels. T1 – 3560; T2 –3585; SL -3522.

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 poor crusher's demand. The prices are likely to improve and are expected to witness 3530–3600 level in near term.

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