

Executive Summary

Domestic oilseeds and oilmeals plunged on weak global cues followed by broad-based selling in commodity markets as investors worry about a liquidity squeeze in China, a top consumer of commodities.

In a major development during the week, the Cabinet Committee on Economic Affairs approved the Minimum Support Prices (MSPs) for kharif crops of 2013-14 season.

The MSPs of Groundnut-in-shell, Soyabean (Black) and Sesamum have been increased by Rs.300 per quintal each and fixed at Rs. 4,000 per quintal, Rs. 2,500 per quintal and Rs. Rs.4,500 per quintal respectively. MSP of Soyabean (Yellow) has been increased by Rs. 320 per quintal over its MSP of last year and fixed at Rs. 2,560 per quintal. The MSPs of Sunflower Seed and Nigerseed have been retained at last year's levels of Rs.3,700 per quintal and Rs. 3,500 per quintal respectively.

Soybean declined on favourable weather for soybean planting and thus expected better output. Besides, broad-based selling in the domestic cash market ahead fag-end proved bearish for the market.

The soybean planting is gradually picking-up the pace in all the key growing states followed by better monsoon and favourable weather this season. The area coverage under soybean is likely to slightly improve this season by 3-4 per cent. India planted soybean in 107.08 lha in 2012 compared to 103.36 lha in 2011. There are reports of slight shift in area from maize to soybean in AP and from cotton to bean in Maharashtra.

The big buyers who refrained from soybean market in recent past showed interest in buying at the current lower and attractive price level. However, India's soy meal exports are still weak and it will only pick-up from October with the new soybean supplies.

We feel the soybean prices to feature range-bound movement with weak bias during the week on rise in bean supplies and favourable weather for planting.

Soy meal edged-lower on weak export sales due to demand shift towards South-America followed by competitive price. Poor demand on higher prices in domestic cash market too remained bearish for the market.

Logistic hurdles off and on in Brazil and Argentina has hit their soy meal exports but season rise in supplies have kept the markets attractive for the buyers.

Further, the prices of other key feed ingredients largely featured weak tone. Though the Bajra and Maize prices featured steady to firm tone but Mustard de-oiled cake, DCP, MBM, DRB fell on weak demand during the week.

We feel domestic soy meal prices to recover on renewed domestic demand with better monsoon coverage, in near-term.

Mustard seed declined in tandem with soybean and subdued buying as buyers refrained from the market in anticipation of further fall in the prices. However, weak Indian rupee against US dollar have lead to slow down in the edible oil imports, as the imports got expensive.

However, better Malaysian palm oil exports ahead Ramadan and depleting palm oil stock with steady production will not only limit the losses in RM seed but also push up the seed prices in near-term.

Active palm oil buying ahead *Ramadan* and better exports from Malaysia and Indonesia remained supportive for benchmark BMD CPO. Food consumption typically rises during the Muslim fasting month of Ramadan due to

month-long communal feasting after dawn-to-dusk abstinence from food and drink. As per Intertek, Malaysia's 1-30 Jun palm oil exports rose 7 per cent at 1.35 Mn T compared to the same period previous month.

We feel the seed prices to edged-up in coming weeks on supportive buying and likely higher international vegetable oil market. The domestic mustard seed closely tracks BMD CPO.

Likely gains in BMD CPO followed by better palm oil buying during the Muslim fasting month, *Ramadan*, stable palm oil production and declining palm oil inventories in Malaysia and expected rise in seasonal domestic edible oil demand will push up the oilseeds and meal priced in near-term.

International Highlights

- ❖ Brazil's trucking union is calling for a 72-hour strike starting on Monday, potentially slowing the movement of record soy, corn and sugar crops to ports, although unlikely to stop exports. The exports have already hit to some extent in previous days due to on and off strikes called on by the port workers.
- ❖ As per the latest USDA crop progress report, the US soybean crop has been planted in 92 per cent of the soybean growing areas as of 23 Jun 2013, advancing from 85 per cent last week, but lower than 99per cent completion witnessed in the same period last year.
- ❖ The US soybean planting pace is slower as compared to the 5 year average of 95 per cent. The emergence is reported at 81 per cent, below 5 year average of 89 per cent and 94 per cent last year. About 28 per cent of the planted crop is rated as fair and 65 per cent as good to excellent condition.
- ❖ A private analyst released new acreage estimates and forecasted 2013/14 soybean acreage at 78 million acres, down 250,000 acres from their prior release. The USDA is estimating acreage at 77.1 million.
- ❖ China's soybean imports were comparatively small at 5.1 Mn T in May but are set to increase in June, as forecasted by Oil World.
- ❖ China will probably remain a key importer of rapeseed next season as we consider it likely that rapeseed production in China continues to decline. China

Oilseed Prices at Key Spot Markets:

Commodity	Centre	Prices (Rs/Qtl)		Change
Soybean		28.06.2013	21.06.2013	
	Indore –Plant	3625-3675	3900-4000	-325
	Indore –Mandi	3500-3600	3800-3925	-325
	Nagpur-Plant	3600-3650	3925-3975	-325
	Nagpur – Mandi	3400-3600	3700-3930	-330
	Kota-Plant	3600	3950	-350
	Kota – Mandi	3500	3800-3900	-400
	Bundi-Plant	3625-3630	3940	-310
	Bundi-Mandi	3525-3530	3870	-340
	Baran-Plant	3580-3600	3925-3950	-350
	Baran-Mandi	3500-3525	3800-3850	-325
	Bhawani MandiJhalawar– Kota Plant Delivery	3600	3925-3950	-350
	Jhalawar-Mandi	3550	3850-3875	-325
Rapeseed/Mustard	Jaipur – C	3460-3465	3520-3525	-60
	Alwar – C	3250	3450	-200
	SriGanganagar(NC)	3050	3090	-40
	Delhi– C	3400	3480	-80
	Kota	3000-3100	2950-3100	Unch
	Agra - C	3590	3700	-110
	Neewai	3380	3430	-50
	Hapur (UP)	3380	3465	-85
Groundnut Seed	Rajkot	775	850	-75
Sunflower Seed	Gulbarga	-	-	-
	Latur	3250-3550	3200-3550	Unch
	Solapur	3900-4000	3900-4050	-50
Sesame Seed	Mumbai (White98/2/1 FM)	10850	10300	+550

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 (28/06/2013)	Week End (21/06/2013)	
	Madhya Pradesh	850000	405000	+445000
	Maharashtra	130000	110000	+20000
	Rajasthan	90000	102000	-12000
	Bundi (Raj)	5500	2800	+2700
	Baran (Raj)	14800	13000	+1800
	Jhalawar (Raj)	3700	6200	-2500
Rapeseed/Mustard	Rajasthan	520000	560000	-40000

Kharif Sown Area - Oilseeds, India

In the last official planting report, the *kharif* oilseeds planting was reported ahead previous year's pace, as on 27 Jun 2013. Overall, the oilseeds planting were reported up by 413.5 per cent.

Of the major kharif oilseeds crop soybean planting stood up by around 580 per cent at 42.86 lha compared to 6.3 lakh hectares during the same period last year. Groundnut planting was reported up by 273 per cent at 15.75 lakh hectares compared to 4.22 lha, Sunflower planting was up by 111.5 per cent at 0.55 lha compared to 0.26 lha during the same period last year.

Area in lakh hectares

Crop	As on 27 Jun 2013	As on 27 Jun 2012	% Change
Groundnut	15.75	4.22	273.2
Soybean	42.86	6.3	580.3
Sunflower	0.55	0.26	111.5
Sesamum	1.17	0.61	91.8
Niger	0.04	0	-
Castor	0.33	0.43	-23.3
Total Oilseeds	60.7	11.8	413.5

Source: GOI

However, linseed, sesamum and safflower planting continued to lag behind compared to the previous year.

Soybean

Soybean declined on favourable weather for soybean planting and thus expected better output. Besides, broad-based selling in the domestic cash market ahead of the end proved bearish for the market.

The soybean planting is gradually picking-up the pace in all the key growing states followed by better monsoon and favourable weather this season. The area coverage under soybean is likely to slightly improve this season by 3-4 per cent. India planted soybean in 107.08 lha in 2012 compared to 103.36 lha in 2011. There are reports of slight shift in area from maize to soybean in AP and from cotton to bean in Maharashtra.

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Soy meal - FAS Kandla Vs FOB Argentina (Spread)

Soy meal edged-lower on weak export sales due to demand shift towards South-America followed by competitive price. Poor demand on higher prices in domestic cash market too remained bearish for the market.

Logistic hurdles off and on in Brazil and Argentina has hit their soy meal exports but season rise in supplies have kept the markets attractive for the buyers.

Further, the prices of other key feed ingredients largely featured weak tone. Though the Bajra and Maize prices featured steady to firm tone but Mustard de-oiled cake, DCP, MBM, DRB fell on weak demand during the week.

We feel domestic soy meal prices to recover on renewed domestic demand with better monsoon coverage, in near-term.

According to the figures of the SOPA, India's soy meal export during May 2013 was 0.97 Lac tones as compared to 1.39 lac tones in the same period of previous year showing a decrease of 29.74%.

Overall demand of Soybean Meal is poor all across the world.

On a financial year basis, the export during April 2013 to May 2013 has been 1.98 Lac tonnes as compared to 4.75 Lac tones in the same period of previous year showing a decrease of 58.33%.

During current Oil year, (October - September), total exports during October 2012 to May, 2013 are 27.95 Lac tones as against 32.61 Lac tones last year, showing a decrease by 14.29%. (Source: SOPA).

The y-o-y fall in the India's soy meal export sales 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 36,000-37,150/MT compared to 29,750-31,250/MT during the same period last year.

Week	FAS, Soy meal Kandla	FOB, Soy meal Argentina	Avg.*Spread
22 -28 Jun	612	520	92
15 – 21 Jun	628	509	119

*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 \$92/MT compared to US \$119/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.*

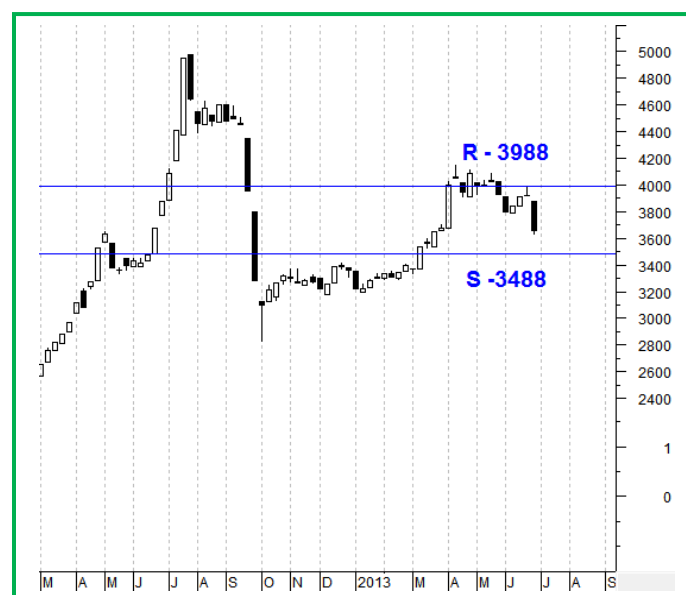
FOR, Kandla is likely feature range-bound movement between the price band of Rs 33,000-33,500/MT.

Technical Analysis:

NCDEX Soybean Futures-Weekly Chart



Soybean Spot, Indore



Supports & Resistances NCDEX Jul Soybean

S2	S1	PCP	R1	R2
3555	3395	3670.5	3945	4075

- Soybean featured losses during the week.
- The prices closed below 9-day and 18-day EMA, indicating weak tone in near-term.
- RSI and stochastic are falling in neutral zone, supporting the losses.
- Besides, MACD is easing in positive territory.
- Prices are expected to witness range-bound movement during the week.
- **Trade Recommendation (NCDEX Soybean – Jul) – 1 Week:** BUY between 3660—3670 levels. T1 – 3750; T2 –3800 ; SL -3622.

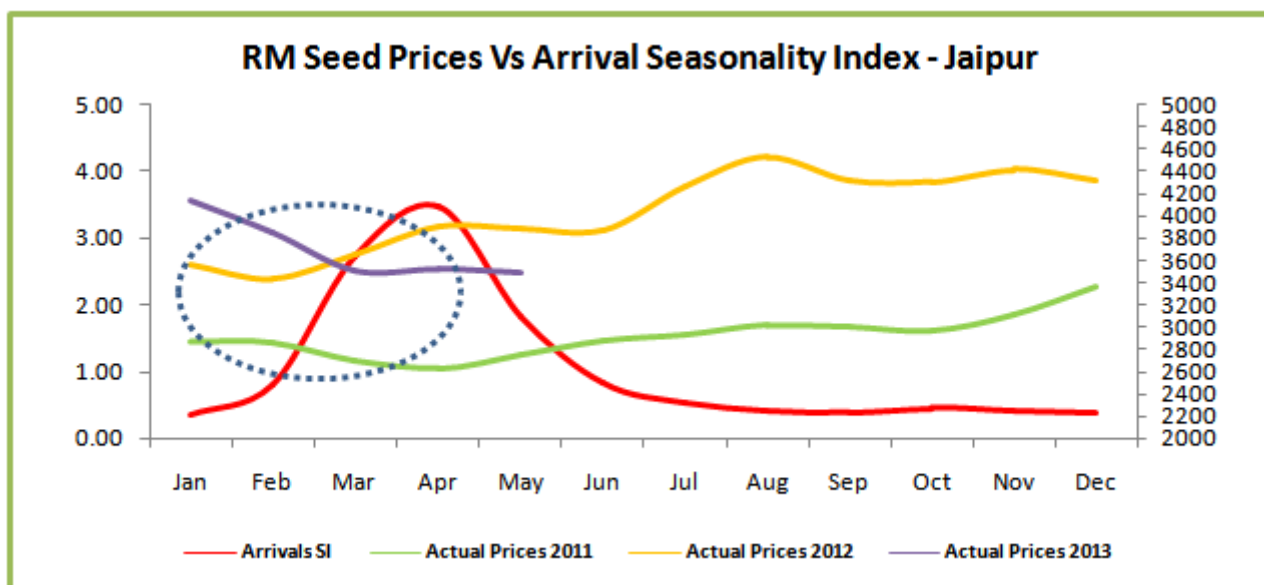
Trade Recommendation Soybean Spot: We feel the soybean prices to feature range-bound movement with firm -bias in near-term - WEEK. The prices are likely to feature mild gain and witness the 3650-3750 levels (Indore, Plant basis).

Rapeseed - Mustard Seed

Mustard seed declined in tandem with soybean and subdued buying as buyers refrained from the market in anticipation of further fall in the prices. However, weak Indian rupee against US dollar have lead to slow down in the edible oil imports, as the imports got expensive.

However, better Malaysian palm oil exports ahead Ramadan and depleting palm oil stock with steady production will not only limit the losses in RM seed but also push up the seed prices in near-term.

Active palm oil buying ahead Ramadan and better exports from Malaysia and Indonesia remained supportive for benchmark BMD CPO. Food consumption typically rises during the Muslim fasting month of Ramadan due to month-long communal feasting after dawn-to-dusk abstinence from food and drink. As per Intertek, Malaysia's 1-30 Jun palm oil exports rose 7 per cent at 1.35 Mn T compared to the same period previous month.



RM Seed Supply, Rajasthan

RM Seed Arrivals in Rajasthan in Bags (85 kg each).		
Weekly Arrivals	Week Ago	Corresponding Week Last Year
5,20,000	5,60,000	3,04,000

We feel the seed prices to edged-up in coming weeks on supportive buying and likely higher international vegetable oil market. The domestic mustard seed closely tracks BMD CPO.

Technical Analysis:

NCDEX RM Seed Futures



RM Seed Spot, Jaipur



Supports & Resistances NCDEX Jul RM Seed

S2	S1	PCP	R1	R2
3114	3231	3404	3614	3746

- Candlestick chart pattern reveals losses in mustard.
- 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 falling in neutral region, pointing weak tone in the market.
- **Trade Recommendation (NCDEX RM SEED - Jul) – 1 Week:** SELL between 3410-3420 levels. T1 – 3350; T2 – 3300; SL -3448.

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, followed by likely support from BMD CPO on rising seasonal palm oil demand. The prices are likely to improve and are expected to witness 3500–3550 level in near term.

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