

Executive Summary

Domestic oilseeds and oilmeals plunged consecutive second week on cautious buying followed by the fall in prices.

Soybean fell primarily on better planting pace and favourable weather compared to the previous season. Better monsoon has boosted the farmer's planting sentiment which eventually reflected in the planting momentum. Overall, higher CBOT soybean and firm Malaysian palm oil failed to push up the soybean prices during the week.

Cautious buying featured in the beans followed by fall the prices, anticipating further fall in the prices.

Internationally, the US 2012/13 carryout is closer to 110 million bushels rather than the current USDA estimate of 125 million. Rainfall will be needed during the week in the US soybean growing region.

A well-followed oilseed analyst suggested that the EU is likely to increase imports of soybeans for processing due to the delays in shipping meal out of South America.

Brazilian truckers announced a 3 day strike during the week, although traders noted that no significant delays to loading vessels would be seen unless the strike continues into next week. Weak Brazilian Real against the US Dollar will spur on fresh farmer sales in Brazil and improve their export outlook going forward.

The domestic soybean will continue to reel under pressure on better planting and likely rise in area under beans in near-term.

Soy meal fell in tandem with soybean and weak exports and lower domestic off-take in the meal from poultry feed industry due to reduced off-take in poultry products.

However, slight improved overseas meal shipments in previous weeks limited the losses in meal.

According to the figures of the SOPA, India's soy meal export during June 2013 was 2.134 Lac tones as compared to 1.809 lac tones in the same period of previous year showing a increase of approx. 18%.

On a financial year basis, the export during April 2013 to June 2013 has been 4.113 Lac tonnes as compared to 6.558 Lac tones in the same period of previous year showing a decrease of approx. 37%.

Again, the prices of other key feed ingredients largely featured weak tone. The Bajra, Maize, DCP, MBM, DRB and Mustard de-oiled cake fell on weak demand during the week.

The soy meal prices are expected to feature range-bound movement with weak bias, however, slight improved overseas demand will limit the downward potential, in near-term.

Mustard seed skid in sync with soybean and cautious buying from millers in anticipation of further fall in the prices. Higher Malaysian palm oil failed to lend upward support to the seed prices. The domestic mustard seed closely tracks BMD CPO.

Better soybean planting continued to pressure the domestic oilseeds in recent days. Further, absence of any fresh demand in mustard oil from major consuming states like West Bengal, Kashmir, Bihar and UP remained bearish for the seed.

Mustard oil and seeds in key mandis across Madhya Pradesh, Rajasthan and Gujarat featured weak tone as due to slow down in buying.

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.

Expected further 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

- ❖ As per the latest USDA crop progress report, the US soybean crop has been planted in 96 per cent of the soybean growing areas as of 30 Jun 2013, advancing from 92 per cent last week, but lower than 100 per 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 91per cent, below 5 year average of 94 per cent and 99 per cent last year. About 26 per cent of the planted crop is rated as fair and 67 per cent as good to excellent condition.
- ❖ A well known grains analyst estimated US soybean production at 3.376 billion bushels, down slightly from their prior forecast and down from the most recent USDA estimate of 3.39 billion. The estimated yield was 43.9 bushels per acre as compared with the USDA forecast of 44.5 bushels per acre.
- ❖ As per Brazil's trade ministry, soybean exports from Brazil slowed down to 6.57 million tons in June 2013 from the preceding months as the end of a record soy crop reached the ports.
- ❖ As per Oil World, the medium to longer term outlook for soybean prices continues to be bearish on expected rise in supplies in both North and South hemisphere this season.
- ❖ Soya oil is still in the process of reducing its price premium over palm oil and will thus establish its low with some delay.
- ❖ The EU is expected to step up soybean imports to at least 13.5 Mn T in Oct/Sept 2012/13, the highest level in five years – Oil World.
- ❖ Although slightly short of expectations, soybean plantings are likely to set an all-time high of 77.7 Mn acres or 31.5 Mn ha in the US this year.
- ❖ Brazil's soybean exports slowed down from their peak in the preceding two months to 6.6 Mn T in June..
- ❖ Combined soy meal imports of 4 Asian countries declined to 700 Thd T in May, which is a set-back to Indian soy meal exports.

Oilseed Prices at Key Spot Markets:

Commodity	Centre	Prices (Rs/Qtl)		Change
Soybean		05.07.2013	28.06.2013	
	Indore –Plant	3700-3760	3625-3675	+85
	Indore –Mandi	3550-3650	3500-3600	+50
	Nagpur-Plant	3700-3750	3600-3650	+100
	Nagpur – Mandi	3600-3700	3400-3600	+100
	Kota-Plant	3675	3600	+75
	Kota – Mandi	3550-3600	3500	+100
	Bundi-Plant	3670	3625-3630	+40
	Bundi-Mandi	3550-3600	3525-3530	+70
	Baran-Plant	3650	3580-3600	+50
	Baran-Mandi	3450-3525	3500-3525	Unch
	Bhawani MandiJhalawar– Kota Plant Delivery	3650	3600	+50
	Jhalawar-Mandi	3550-3600	3550	+50
Rapeseed/Mustard	Jaipur – C	3480-3485	3460-3465	+20
	Alwar – C	3400	3250	+150
	SriGanganagar(NC)	3040	3050	-10
	Delhi– C	3420-3425	3400	+25
	Kota	2900-3050	3000-3100	-50
	Agra - C	3640	3590	+50
	Neewai	3400	3380	+20
	Hapur (UP)	3400	3380	+20
Groundnut Seed	Rajkot	825	775	+50
Sunflower Seed	Gulbarga	-	-	-
	Latur	3450-3850	3250-3550	+300
	Solapur	3850-4000	3900-4000	Unch
Sesame Seed	Mumbai (White98/2/1 FM)	10850	10850	Unch

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 (05/07/2013)	Week End (28/06/2013)	
Soybean				
	Madhya Pradesh	455000	850000	-395000
	Maharashtra	135000	130000	+5000
	Rajasthan	100000	90000	+10000
	Bundi (Raj)	1500	5500	-4000
	Baran (Raj)	8000	14800	-6800
	Jhalawar (Raj)	3600	3700	-100
Rapeseed/Mustard	Rajasthan	465000	520000	-55000

Kharif Sown Area - Oilseeds, India

In the last official planting report, the *kharif* oilseeds planting was reported ahead previous year's pace, as on 04 Aug 2013. Overall, the oilseeds planting were reported up by 316 per cent at 110.27 lha against 26.52 lha during the same period last year.

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

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Soy meal - FAS Kandla Vs FOB Argentina (Spread)

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During current Oil year, (October - September), total exports during October 2012 to June, 2013 are 30.082 Lac tones as against 34.417 Lac tones last year, showing a decrease by 12.59%. (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 (Jul-Aug) exports price, FOR Kandla exports was quoted between Rs 34,650-35,200/MT compared to 34,000-35,650/MT during the same period last year.

Week	FAS, Soy meal Kandla	FOB, Soy meal Argentina	Avg.*Spread
29 Jun – 5 Jul	577	511	66
22 -28 Jun	612	520	92

*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 \$66/MT compared to US \$92/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.*

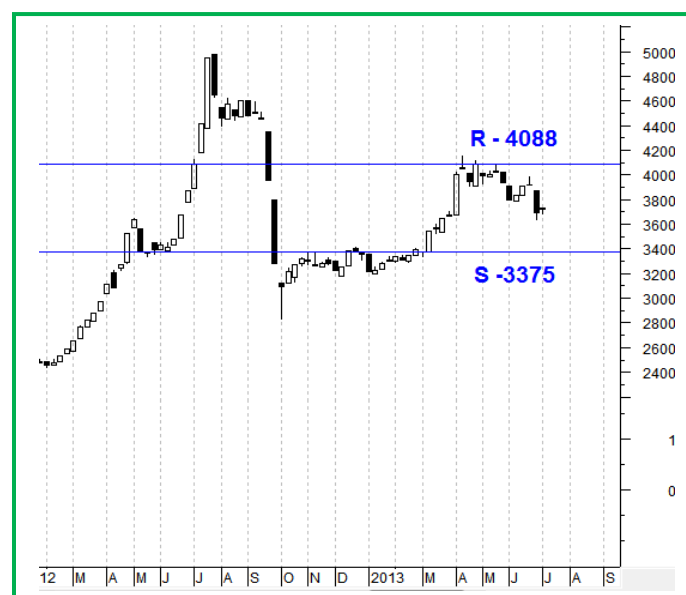
FOR, Kandla is likely feature range-bound movement between the price band of Rs 35,200-35500/MT.

Technical Analysis:

NCDEX Soybean Futures-Weekly Chart



Soybean Spot, Indore



Supports & Resistances NCDEX Oct Soybean

S2	S1	PCP	R1	R2
2974	3064	3154	3232	3310

- Soybean featured losses during the week.
- The prices closed below 9-day and 18-day EMA, indicating weak tone in near-term.
- RSI is easing in oversold zone while stochastic is 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 – Oct) – 1 Week:** SELL between 3165—3175 levels. T1 – 3100; T2 – 3150; SL -3205.

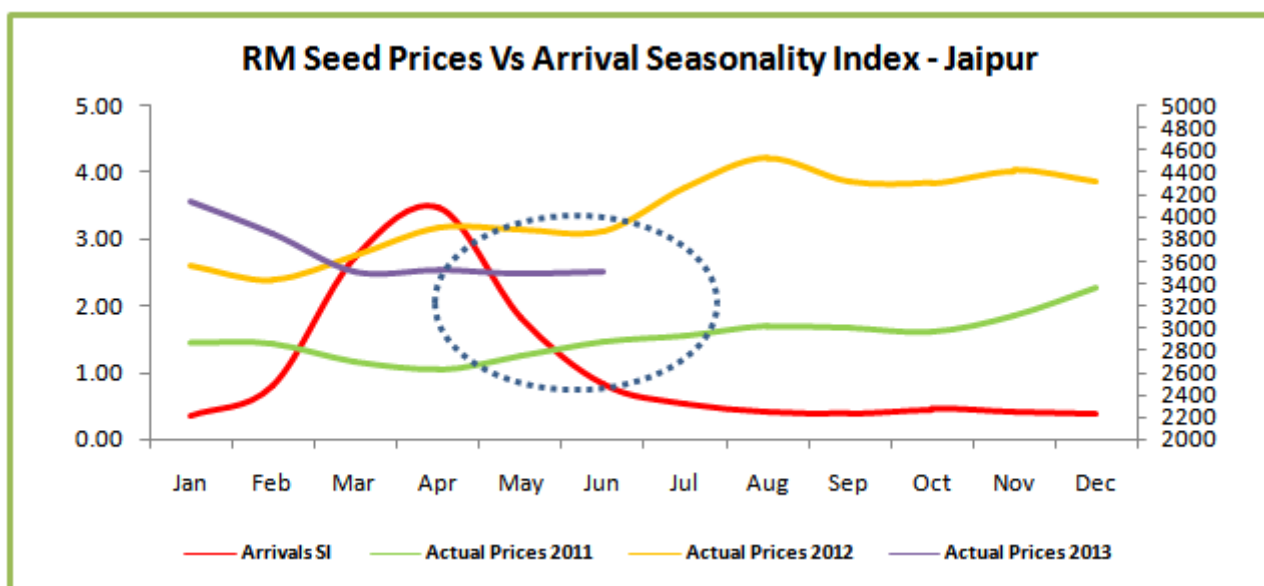
Trade Recommendation Soybean Spot: We feel the soybean prices to feature range-bound movement with firm -bias in near-term - WEEK. The prices are likely to feature mild gain and witness the 3740-3830 levels (Indore, Plant basis).

Rapeseed - Mustard Seed

Mustard seed skid in sync with soybean and cautious buying from millers in anticipation of further fall in the prices. Higher Malaysian palm oil failed to lend upward support to the seed prices. The domestic mustard seed closely tracks BMD CPO.

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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
4,65,000	5,20,000	3,12,000

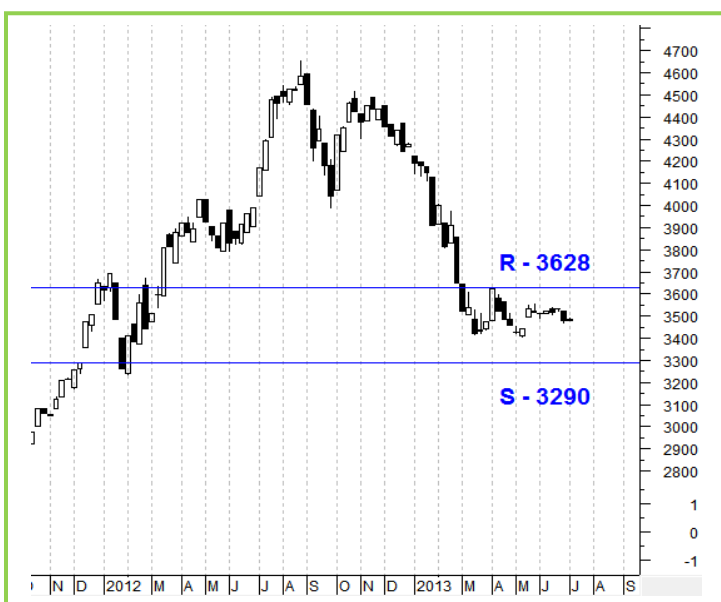
We feel the seed prices to edged-up in coming weeks on supportive buying and likely higher international vegetable oil market. The domestic mustard seed closely tracks BMD CPO.

Technical Analysis:

NCDEX RM Seed Futures



RM Seed Spot, Jaipur



Supports & Resistances NCDEX Aug RM Seed

S2	S1	PCP	R1	R2
3348	3381	3482	3549	3549

- Candlestick chart pattern reveals recovery in mustard.
- Prices closed below 9-day and 18-day EMA, indicating weak tone in near-term.
- MACD is rising in negative territory.
- RSI is rising in neutral region, pointing firm tone in the market.
- **Trade Recommendation (NCDEX RM SEED - Aug) – 1 Week:** BUY between 3460-3470 levels. T1 – 3520; T2 –3445; SL -3437.

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 3495–3510 level in near term.

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