

## Executive Summary

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Domestic oilseeds and oil meals witnessed firm sentiments during the week on improved domestic buying activities in oilseeds and good exports demand for meal.

Soybean prices were up during the week on strong export demand for soy meal and firm sentiments in the overseas oil & oilseeds markets. However, strong pace of soybean planting in the key producing regions has led to expectations of a higher soybean crop output in the current season which restricted the gains in the market. The oilseed planting was reported up by 100.9 per cent at 135.99 lakh ha against 67.70 lakh ha during the same period last year.

Improved buying featured in the beans followed by the recent fall in prices. It is being reported that there are sufficient soybean stocks in the mandis of Madhya Pradesh and higher soybean sowing estimates are adding to the pressure.

On the international front, soybeans on CBOT ruled higher as good demand was witnessed from China for the new crop, which is expected to continue in the coming days. Reports that soybean growth is 2 weeks behind schedule in the northern tier of the growing region, dryness in the Mississippi, Arkansas, and Louisiana area, plus the threat of an early freeze are all seen as contributing factors to the supportive sentiment.

The latest WASDE report released by USDA was considered bearish for the market. The global soybean production for 2013-14 is projected at 285.9 million tons, up 0.6 million tons. US soybean production is projected at 3.42 billion bushels, up 30 million tons due to increased harvested area.

Soy meal witnessed gains due to strong exports demand during the week in review. Weakening of the Indian rupee over the last few days has helped the exports of soy meal from India. As per latest release by SOPA, the soy meal export during the month of June was 2.134 lakh tons as compared to 1.809 lakh tons in the same period of previous year - an increase of approximately 18%. Besides, demand for oil due to Ramadan has also led to increased demand of oilseeds from crushers during the week.

There has been a sudden surge in soy meal demand, primarily from Iran and the European countries. In June, Iran imported 112,500 tons of soybean meal while Europe bought 82,148 tons. Overall demand from Southeast Asian countries including South Korea, Thailand, Indonesia, and Taiwan remained subdued at 138,232 tons.

During current Oil year, (October - September), total exports during October 2012 to June, 2013 are 30.082 lakh tons as against 34.417 lakh tons last year, showing a decrease by 12.59%. 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.

Mustard seed prices surged in tandem with soybean and positive sentiments from the international palm oil markets during the week in review. The domestic mustard seed closely tracks BMD CPO. Easing Malaysian palm oil stocks are likely to be supportive to the market sentiments.

As planting of major oilseeds progressed at a strong pace during the week in the key producing regions, the domestic oilseeds market was pressured in recent days which affected RM seed prices. However, fresh demand in mustard oil on Ramadan from major consuming states was supportive for the seed resulting in overall gains.

Mustard seed in key mandis across Rajasthan and Gujarat are likely to feature steady to firm tone due to better buying from stockists and crushers in the region amid mostly steady arrivals.

## International Highlights

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- ❖ As per USDA's latest WASDE report, U.S. oilseed production for 2013-14 is projected at 100.9 million tons, up 0.2 million tons from last month. Soybean production is projected at 3.42 billion bushels, up 30 million tons due to increased harvested area. Projections for soybean yield, exports and crush are unchanged from last month. Global oilseed production for 2013/14 is projected at 492.9 million tons, up 2.1 million from last month. Higher forecasts for soybeans, rapeseed, cottonseed, and peanuts are only partly offset by reductions for sunflower seed.
- ❖ Global soybean production is projected at 285.9 million tons, up 0.6 million with gains for the United States, China, and Canada only partly offset by reductions for Argentina and Russia. Rapeseed production for Canada is projected at 15 million tons, up 0.5 million tons. Increased rapeseed production for China and Russia, reduced sunflower seed production for Ukraine, and increased cottonseed production for India have been forecasted.
- ❖ As per the latest weekly sales data released by USDA for June 28-July 4, 2013, net weekly export sales for soybeans showed 410,800 tons of sales for the next marketing year and a cancelation of 70,900 tons for the current marketing year for a total of 339,900 tons. Net soy meal sales came in at 33,700 tons for the current marketing year and 10,900 tons for the next marketing year for a total of 44,600 tons.
- ❖ Shipments from Brazil were affected due to the protests by port workers. Although the dock workers at Brazil's key shipping port of Santos have stopped a strike over port reform early on Wednesday as reported by Brazil's National Stevedores Association.
- ❖ China's General Administration of Customs has reported that the soybean imports in June '13 increased by 36% from May '13, to 6.93 million tons.
- ❖ Malaysian Palm Oil Board (MPOB) has reported that Malaysia's June palm oil stocks fell by 9.4 per cent to 1.65 million tons from last month. In addition; crude palm oil production in June 2013 estimated at 1.42 million tons was up 2.3 per cent from May 2013.
- ❖ As per the latest USDA crop progress report, the US soybean crop planting has been completed. As of July 7, the soybean emergence is reported at 95 per cent, advancing from 91 percent last week but is slightly behind 5 year average of 97 per cent. Soybean blooming is reported at 10 percent compared to 5 year average of 24 percent. 67 percent of the crop is reported in good to excellent condition compared with 40 percent in the same period last year.
- ❖ Lanworth has improved its outlook for the 2013-14 US soybean output to 3.36 billion bushels from 3.34 billion on favorable weather projections. Also, Informa Economics has increased its production estimate for 2013-14 US soybeans to 3.376 billion bushels from 3.366 billion previously but has kept its yield forecast unchanged at 43.9 bushels per acre.

## Oil Meal Prices at Key Spot Markets:

### Soy DOC Rates at Different Centers

Centers	Ex-factory rates (Rs/ton)		
	12.07.2013	05.07.2013	Parity To
Indore (MP)	34000-34300	32800-33200	Gujarat, MP
Kota	33400-33500	32300-32400	Rajasthan, Del, Punjab, Haryana
Akola	34200-34500	33500	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Hingoli	35000	34500	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Nanded/Latur	-	35000	Andhra, AP, Kar, TN
Dhulia/Jalna	35200	34500	Mumbai, Maharashtra
Nagpur (42/46)	34200-34500	33300-33600	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Sangli	-	35500	Local and South
Solapur	35500	34800	Local and South
Bundi	33400-34500	32300	-

### Soy DOC at Port

Centers	Port Price	
	12.07.2013	05.07.2013
Kandla (FOR) (INR/MT)	36275	35200
Kandla (FAS) (USD/MT)	606	583

### International Soy DOC

Argentina FOB \$/MT	12.07.2013	05.07.2013	Change
Soybean Pellets	520	500	+20
Soybean Cake Meal	520	500	+20
Soybean Meal	528	508	+20
Soy Expellers	528	508	+20

### Sunflower Meal Rates

Centers	Ex-factory rates (Rs/ton)		
	12.07.2013	05.07.2013	Change
Adoni	21000	21000	Unch
Khamgaon	20200	20200	Unch
Parli	20500	20500	Unch
Latur	20300	20300	Unch

### Groundnut Meal

Groundnut Meal	12.07.2013	05.07.2013	Change
Basis 45% O&A, Saurashtra	27200	26000	+1200
Basis 40% O&A, Saurashtra	24200	24000	+200
GN Cake, Gondal	28000	27000	+1000

### Mustard DOC/Meal

Mustard DOC/Meal	12.07.2013	05.07.2013	Change
Jaipur (Plant Delivery)	14000	14200	-200
Kandla (FOR)	15000	15200	-200
Sri Ganganagar	649	642	+7

### Oilseed Prices at Key Spot Markets:

Commodity	Centre	Prices (Rs/Qtl)		Change
Soybean		12.07.2013	05.07.2013	
	Indore –Plant	3800-3850	3700-3760	+90
	Indore –Mandi	3700-3800	3550-3650	+150
	Nagpur-Plant	3800-3850	3700-3750	+100
	Nagpur – Mandi	3680-3800	3600-3700	+100
	Kota-Plant	3750	3675	+75
	Kota – Mandi	3600	3550-3600	Unch
	Bundi-Plant	3780	3670	+110
	Bundi-Mandi	3600-3650	3550-3600	+50
	Baran-Plant	3740-3750	3650	+100
	Baran-Mandi	3625-3650	3450-3525	+125
	Bhawani MandiJhalawar– Kota Plant Delivery	3800-3825	3650	+175
	Jhalawar-Mandi	3650-3700	3550-3600	+100

<b>Rapeseed/Mustard</b>	Jaipur – C	3555-3560	3480-3485	<b>+75</b>
	Alwar – C	3450	3400	<b>+50</b>
	SriGanganagar(NC)	3040	3040	<b>Unch</b>
	Delhi– C	3440-3445	3420-3425	<b>+20</b>
	Kota	3150	2900-3050	<b>+100</b>
	Agra - C	3700	3640	<b>+60</b>
	Neewai	3425	3400	<b>+25</b>
	Hapur (UP)	3470	3400	<b>+70</b>
Groundnut Seed	Rajkot	875	825	<b>+50</b>
<b>Sunflower Seed</b>	Gulbarga	-	-	-
	Latur	3800-3900	3450-3850	<b>+50</b>
	Solapur	3850-3950	3850-4000	<b>-50</b>
Sesame Seed	Mumbai (White98/2/1 FM)	-	10850	-

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
<b>Soybean</b>		<b>Week End (12/07/2013)</b>	<b>Week End (05/07/2013)</b>	
	Madhya Pradesh	325000	455000	<b>-130000</b>
	Maharashtra	135000	135000	<b>Unch</b>
	Rajasthan	60000	100000	<b>-40000</b>
	Bundi (Raj)	1250	1500	<b>-250</b>
	Baran (Raj)	16000	8000	<b>+8000</b>
	Jhalawar (Raj)	6300	3600	<b>+2700</b>
<b>Rapeseed/Mustard</b>	Rajasthan	425000	465000	<b>-40000</b>

## Kharif Sown Area - Oilseeds, India

In the latest official planting report, the kharif oilseeds planting was reported way ahead previous year's pace, as on 11 July, 2013. Overall, the oilseed planting was reported up by 100.9 per cent at 135.99 lakh ha against 67.70 lakh ha during the same period last year.

Of the major kharif oilseeds crops, soybean planting stood up by around 89.10 per cent at 103.12 lakh ha compared to 54.52 lakh hectares during the same period last year on higher acreage in Madhya Pradesh, Maharashtra and Rajasthan. Groundnut planting was reported up by 142.90 per cent at 26.01 lakh ha compared to 10.71 lakh ha on higher area coverage in the state Gujarat due to good rainfall in the state. Sunflower planting was up by 0.50 lakh ha at 0.55 lha compared to 0.45 lha during the same period last year.

(Area in lakh hectares)

<b>Crop</b>	<b>As on 11 Jul 2013</b>	<b>As on 11 Jul 2012</b>	<b>% Change</b>
Groundnut	26.01	10.71	142.90
Soybean	103.12	54.52	89.10
Sunflower	0.95	0.45	111.10
Sesamum	4.82	1.28	276.60
Niger	0.23	0.06	283.3
Castor	0.86	0.70	22.90
<b>Total Oilseeds</b>	<b>135.99</b>	<b>67.70</b>	<b>100.9</b>

Source: GOI

Further, niger seed and sesamum seed sowing was also ahead of the previous year's planting pace.

## Soybean

Soybean prices were up during the week on strong export demand for soy meal and firm sentiments in the overseas oil & oilseeds markets. However, strong pace of soybean planting in the key producing regions has led to expectations of a higher soybean crop output in the current season which restricted the gains in the market.

Improved buying featured in the beans followed by the recent fall in prices. It is being reported that there are sufficient soybean stocks in the mandis of Madhya Pradesh and higher soybean sowing estimates are adding to the pressure.

Weakening of the Indian rupee over the last few days has helped the exports of soy meal from India. As per latest release by SOPA, the soy meal export during the month of June was 2.134 lakh tons as compared to 1.809 lakh tons in the same period of previous year - an increase of approximately 18%. Besides, demand for oil due to Ramadan has also led to increased demand of oilseeds from crushers during the week.

On the international front, soybeans on CBOT ruled higher as good demand was witnessed from China for the new crop, which is expected to continue in the coming days. Reports that soybean growth is 2 weeks behind

schedule in the northern tier of the growing region, dryness in the Mississippi, Arkansas, and Louisiana area, plus the threat of an early freeze are all seen as contributing factors to the supportive sentiment.

The latest WASDE report released by USDA was considered bearish for the market. The global soybean production for 2013-14 is projected at 285.9 million tons, up 0.6 million with gains for the United States, China, and Canada only partly offset by reductions for Argentina and Russia. US soybean production is projected at 3.42 billion bushels, up 30 million tons due to increased harvested area.

Weak Brazilian Real against the US Dollar is likely to spur sales in Brazil and improve their export outlook going forward. Uncertainties due to the port strike at Brazil's Santos by the dock workers against the new regulation may support the prices in the short term.

The domestic soybean market is expected to depict a range bound trend in the near term. Strong export demand for soy meal and festive local demand for the beans are likely to assist in the upward movement of prices. However, the expectations of a higher soybean production on increased acreage will strongly resist the prices.

## Soy meal - FAS Kandla Vs FOB Argentina (Spread)

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Soy meal witnessed gains due to strong exports demand during the week in review.

Weakening of the Indian rupee over the last few days has helped the exports of soy meal from India. Oil meal exports were up 12 per cent to 348,946 tons in June against 311,089 tons in the same period last year. The recovery in demand for soybean meal from Iran has pushed up overall exports last month.

There has been a sudden surge in soy meal demand, primarily from Iran and the European countries. In June, Iran imported 112,500 tons of soybean meal while Europe bought 82,148 tons. Overall demand from Southeast Asian countries including South Korea, Thailand, Indonesia, Taiwan and Myanmar remained subdued at 138,232 tons.

Besides, the prices of other key feed ingredients largely featured steady tone. Bajra, maize, DCP, MBM, DRB and Mustard de-oiled cake were largely unchanged on stable demand during the week.

Soy meal prices are expected to feature a range-bound movement with firm bias in the near term. Improved overseas demand will continue to lend support to the prices.

According to the latest WASDE report released by USDA, India's total soy meal production for 2013-14 is estimated at 7.92 million tons, up from 7.68 million tons last year. The soy meal exports from India are estimated at 4.25 million tons, lower from 4.39 million tons last year. The projections of production and exports for 2013-14 are 8 million tons and 3.95 million tons respectively.

According to the latest release by SOPA, the 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 tons as compared to 6.558 Lac tons in the same period of previous year showing a decrease of about 37%.

During current Oil year, (October - September), total exports during October 2012 to June, 2013 are 30.082 Lac tons as against 34.417 Lac tons last year, showing a decrease by 12.59%.

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 decline. Soy meal (Jul-Aug) exports price, FOR Kandla exports was quoted between Rs 35,300-35,950/MT compared to 36,750-38,000/MT during the same period last year.

Week	FAS, Soy meal Kandla	FOB, Soy meal Argentina	Avg. Spread*
<b>6 Jul - 12 Jul</b>	574	515	<b>59</b>
<b>29 Jun – 5 Jul</b>	577	511	<b>66</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 \$59/MT compared to US \$66/MT a week ago, indicating a slight narrowing in prices between Indian and Argentine meal prices. India's soy meal export 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 due to competitive South American soy meal prices with shipments picking up from the region. However, recent improvements in 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 overall sentiments. FOR, Kandla is likely to feature range-bound movement in the price band of Rs 35,900-36,600/MT.*



## **Technical Analysis:**

**NCDEX Soybean Futures-Weekly Chart**



**Soybean Spot, Indore**



### **Support & Resistance NCDEX Oct Soybean**

<b>S2</b>	<b>S1</b>	<b>PCP</b>	<b>R1</b>	<b>R2</b>
2994	3064	3115	3209	3310

- Soybean featured decline 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 supporting the losses.
- Prices are expected to witness range-bound movement during the week.
- **Trade Recommendation (NCDEX Soybean – Oct) – 1 Week:** SELL between 3155—3165 levels. T1 – 3075; T2 – 3050 ; SL -3200.

**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 gains and witness the 3790-3895 levels (Indore, Plant basis).

## Rapeseed - Mustard Seed

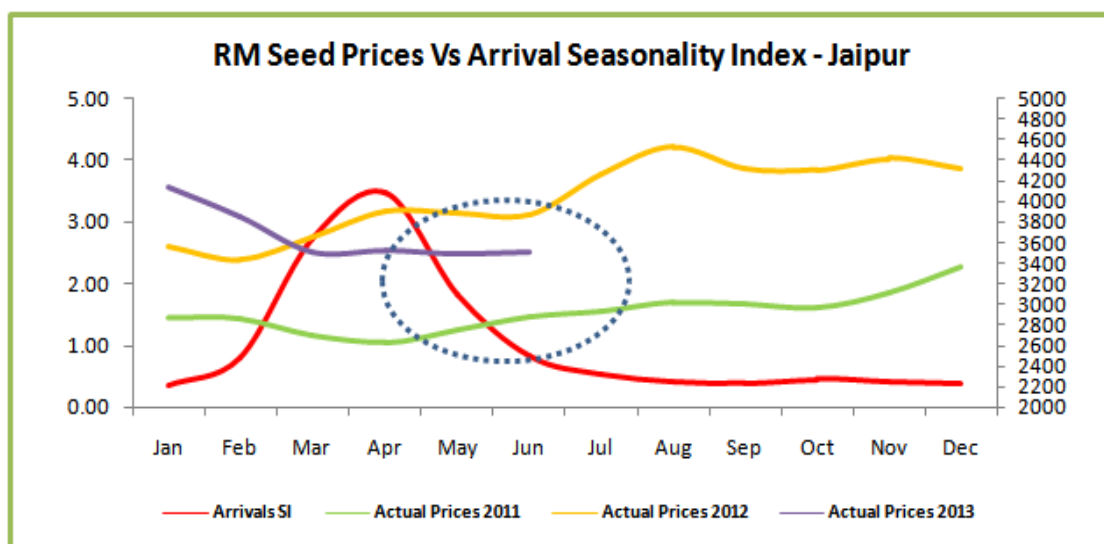
Mustard seed prices surged in tandem with soybean and positive sentiments from the international palm oil markets during the week in review. The domestic mustard seed closely tracks BMD CPO. Easing Malaysian palm oil stocks are likely to be supportive to the market sentiments.

As planting of major oilseeds progressed at a strong pace during the week in the key producing regions, the domestic oilseeds market was pressured in recent days which affected RM seed prices. However, fresh demand in mustard oil due to Ramadan from major consuming states like West Bengal, Kashmir, Bihar and UP was supportive for the seed resulting in overall gains.

Mustard oil and seeds in key mandis across Rajasthan and Gujarat featured steady to firm tone due to better buying from stockists and crushers in the region amid mostly steady arrivals.

Internationally, Oil World expects Germany to overtake France as the EU's largest rapeseed producer in 2013 with a crop of 5.75 million tons, up from 4.82 million tons in 2012 and up from the 5.50 million tons forecast for 2013 in June. Rapeseed crop estimate for the European Union is projected to exceed 20 million tons.

As per the latest WASDE release by USDA, rapeseed production for Canada is projected at 15 million tons, up 0.5 million based on increased area consistent with the latest survey results reported by Statistics Canada. Other changes include increased rapeseed production for China and Russia. This is considered bearish for the rapeseed markets.



### 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 edge-up in the 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
3300	3331	3421	3509	3549

- Candlestick chart pattern reveals losses in mustard.
- Prices closed below 9-day and 18-day EMA, indicating weak tone in near-term.
- RSI is rising in neutral region, indicating firm tone in the market.
- **Trade Recommendation (NCDEX RM SEED - Aug) – 1 Week:** SELL between 3440-3455 levels. T1 – 3390; T2 –3365; SL -3490.

**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 domestic festive demand followed by likely support from BMD CPO. The prices are likely to improve and are expected to witness 3525–3575 level in near term.

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