

Executive Summary

Oilseeds and oil meals prices across major markets of India featured a steady to slightly weak sentiments during the week in review. Soybean and soy meal witnessed a fall in the domestic as well as the international markets. Soybean prices were pressured by expectations of improved growing conditions for the last stage of crop development in the key producing regions of India, pick up in harvesting activities in Madhya Pradesh and new crop spot arrivals.

Soybean prices witnessed mild losses for the third consecutive week after depicting strong gains during the month of August. New crop arrivals continued in the mandis of Madhya Pradesh and Maharashtra. In Madhya Pradesh arrivals have started in Indore spot market as well but moisture level of the crop is still higher at 18-19 percent. Arrivals are likely to pick up in the coming days putting further pressure on the market.

As per IMD, the monsoon in India has confirmed its early retreat with rains below average for a third week running, but key maturing crops have already had ample watering. Rainfall was 37 percent below average in the week ended on September 11 compared with 30 percent deficiency the previous week.

Internationally, soybeans on CBOT featured a decline during this week on higher global supply outlook, approaching harvesting season and expectations of light rainfall in the producing regions. However, yield remains the primary concern for the market with fears that the national average yield may dip down to 2012-13 levels. China took the price dip as a buying opportunity and purchased 1.93 million tons of soybeans from the US this week.

In Brazil, rainfall was reported over parts of top soy growing state Mato Grosso on Wednesday, allowing for some planting even though conditions are still far from ideal. Farmers are likely to wait until the next big rain to plant to avoid unnecessary risk. In Argentina, the country's corn areas remained dry during the past weeks causing a delay in sowing that may push farmers toward planting weather-resistant soybeans instead as corn prices are down this year, and the grain is more expensive to cultivate than soy, as well as more vulnerable to bad weather.

Rapeseed/mustard seed markets of Rajasthan and Gujarat were fluctuating during the week and featured an overall decline for the week under consideration. Prices felt slight pressure on new crop oilseeds arrivals in the domestic markets and sufficient stocks of rapeseed reported in the markets. However, the approaching season end and seasonal demand for oils continued to lend some support to the market. Further, negative cues from BMD CPO, which continued to decline for the second consecutive week, and overall global bearishness restricted any upward movement in prices.

As per Indian Meteorological Department, the monsoon in India is on an early retreat with rains below average for a third week running, but key maturing crops have already had ample watering. However, good rainfall during the tail end of the season likely to boost the soil moisture and raise prospects for winter grown rapeseed crop.

Soy meal prices witnessed a decline during the past week, in conjugation with the domestic soybean prices during the week in review on mostly average overseas export demand and bearishness in international markets. Also, the recovery in the Indian rupee and fall in soybeans markets due to improving new crop supplies pressured the domestic market.

International Highlights

- ❖ As per latest release by Abiove, the Brazilian soybean crushing from Feb '13 till July '13 was seen at 19.3 million tons, down 7 percent from last year. Abiove had also raised its soybean export estimate to 40.5 million tons from the 39 million it forecast in June.
- ❖ Informa Economics has trimmed its estimate for 2013-14 US soybean crop production to 3.22 billion bushels, from its previous estimate of 3.239 billion bushels. Lanworth has increased its projection for world soybean production by 3 million tons to 281 million tons.
- ❖ Oil World expects the global production of sunflower seed to increase by 4.7 million tons or 13% to a new high of 40.2 million tons in 2013/14. Harvesting of sunflower seed reached 1.55 million tons in Russia as of Sept 17. It is projected that the combined sun meal shipments of Russia & Ukraine to reach 5.2 million tons in Oct/Sept 2013/14, up from 4.5 million tons in the current season.
- ❖ As per Indonesia's chief economics minister, Indonesia is likely to temporarily remove its 5 per cent soybean import tariff in order to counter the rising food inflation in the country.
- ❖ Reportedly, Chinese companies have signed agreements with US agricultural exporters on Monday to buy 4.83 million tons of US soybeans valued at about \$2.8 billion. The soybeans will be shipped in the current marketing year, which began on September 1, and likely before the next South American crop begins flooding the market in March '14.
- ❖ As per the latest USDA weekly exports sales report (for Sep 6- Sep 12, 2013), net weekly export sales came in at 923,300 tons for the 2013/14 marketing year and as of September 12th, cumulative sales stand at 61.4% of the USDA forecast versus a 5 year average of 44.5%. Net meal sales came in at 26,300 tons for the current marketing year and 20,300 for the next marketing year.
- ❖ According to the latest release from NOPA, the US soybean crush has declined 5 per cent last month to 110.502 million bushels compared with 116.338 million bushels in July. The figures reflect the current scenario of dwindling old crop supplies as soy processing units are awaiting the start of the 2013 soybean harvest.
- ❖ Indonesia's anti-monopolies regulator has begun an investigation into the country's rapidly growing soybean trade, after a recent spike in domestic prices. Indonesia buys 70-80 percent of its soybean needs, mainly from the US, and is set to become Southeast Asia's biggest importer in 2013/14 with a record 2.1 million tons as per USDA.
- ❖ As per latest WASDE report for September, USDA has pegged the 2013-14 ending stocks at just 150 million tons bushels as compared with the August estimate of 220 million tons and from trade estimates near 165 million. Soybean planted acreage held steady at 77.2 million acres and the national average yield was pegged at just 41.2 bushels per acre vs. 42.6 in August. As a result, total 2013/14 production fell to 3.149 billion bushels as compared with 3.255 last month.
- ❖ Safras & Mercado has reported that advance sales of Brazil's 2013-14 soybean crop, which will commence planting in the coming days, have reached about 25 percent of the expected harvest. This is due to higher international prices and a weaker local currency.

Oilseed Prices at Key Spot Markets:

| Commodity | Centre | Prices (Rs/Qtl) | | Change |
|-------------------------|--|------------------|------------------|-------------|
| Soybean | | 20.9.2013 | 13.9.2013 | |
| | Indore –Plant | 3400-3425 | 3350-3625 | -200 |
| | Indore –Mandi | 3150-3375 | 3480-3620 | -245 |
| | Nagpur-Plant | 3400-3450 | 3500-3550 | -100 |
| | Nagpur – Mandi | 3250-3350 | 3350-3450 | -100 |
| | Kota-Plant | 3450 | 3575 | -125 |
| | Kota – Mandi | 3350-3400 | 3500 | -100 |
| | Bundi-Plant | 3400 | 3550-3575 | -175 |
| | Bundi-Mandi | 3350 | 3470-3475 | -125 |
| | Baran-Plant | 3400 | 3475 | -75 |
| | Baran-Mandi | 3250-3300 | 3400-3450 | -150 |
| | Bhawani MandiJhalawar– Kota Plant Delivery | 3400 | 3550 | -150 |
| | Jhalawar-Mandi | 3300-3350 | 3450-3500 | -150 |
| Rapeseed/Mustard | Jaipur – C | 3645-3650 | 3650-3655 | -5 |
| | Alwar – C | 3500 | - | - |
| | Sri Ganganagar(Non- Condition-Unpaid) | 3150 | 3200 | -50 |
| | Delhi–(Condition) | 3520 | 3600 | -80 |
| | Kota | 3000-3100 | 3100-3150 | -50 |
| | Agra-(Condition) | 3690 | 3725-3825 | -135 |
| | Neewai | 3315 | 3345 | -30 |
| | Hapur-(UP) | 3500 | 3460 | +40 |
| Groundnut Seed | Rajkot | 650 | 700 | -50 |
| Sunflower Seed | Gulbarga | - | - | - |
| | Latur | 3250-3550 | 3250-3400 | +150 |
| | Solapur | 3500-3700 | 3650-3850 | -150 |
| Sesame Seed | Mumbai (White98/2/1 FM) | 10650 | 10650 | Unch |

Soybean Prices are in INR/Qtl. Mandi prices – Loose, Mustard Seed Prices are in INR/Qtl.C –Condition (42%),
 *Groundnut seed in Rs/20 kg, Sunflower Seed in Rs/Qtl

Oilseed Arrivals in Key Centers:

| Commodity | Centre | Arrivals in Bags/Qtl | | Chg |
|------------------|----------------|----------------------|----------------------|---------|
| Soybean | | Week End (20/9/2013) | Week End (13/9/2013) | |
| | Madhya Pradesh | 655000 | 305000 | +350000 |
| | Maharashtra | 210000 | 115000 | +95000 |
| | Rajasthan | 103000 | 57000 | +46000 |
| | Bundi (Raj) | 2200 | 1450 | +750 |
| | Baran (Raj) | 9000 | 15500 | -6500 |
| | Jhalawar (Raj) | 2700 | 2000 | +700 |
| | | | | |
| Rapeseed/Mustard | Rajasthan | 325000 | 320000 | +5000 |

Kharif Sown Area - Oilseeds, India

In the latest official planting report, the kharif oilseeds planting was reported higher than previous year, as on 12 September, 2013. Overall, the oilseed planting was reported up by 12.60 per cent at 192.51 lakh ha against 170.97 lakh ha during the same period last year.

Of the major kharif oilseeds crops, soybean planting stood up by around 13.20 per cent at 122.18 lakh ha compared to 106.89 lakh hectares during the same period last year on higher acreage in Madhya Pradesh, Maharashtra and Rajasthan due to favorable weather conditions. Groundnut planting was reported up by 13.20 per cent at 42.97 lakh ha compared to 37.97 lakh ha on higher area coverage in the state of Gujarat due to good rainfall in the state. Sunflower planting was lower by 0.80 percent at 2.42 lakh ha compared to 2.44 lakh ha during the same period last year.

(Area in lakh hectares)

| Crop | As on 12 Sep 2013 | As on 12 Sep 2012 | % Change |
|-----------------------|-------------------|-------------------|-------------|
| Groundnut | 42.97 | 37.97 | 13.2 |
| Soybean | 122.18 | 106.89 | 14.3 |
| Sunflower | 2.42 | 2.44 | -0.8 |
| Sesamum | 14.24 | 13.30 | 7.1 |
| Niger | 1.74 | 1.87 | -7.0 |
| Castor | 8.96 | 8.50 | 5.4 |
| Total Oilseeds | 192.51 | 170.97 | 12.6 |

Source: GOI

Further, sesamum seed sowing was also ahead of the previous year's planting pace. However, Niger seed sowing was lower than last year.

Soybean

Soybean prices across major markets of India featured a steady to slightly weak sentiments during the week in review. Soybean witnessed a fall in the international soybean markets as well. Soybean prices were pressured by expectations of improved growing conditions for the last stage of crop development in the key producing regions of India, pick up in harvesting activities in Madhya Pradesh and new crop spot arrivals.

Soybean prices witnessed mild losses for the third consecutive week after depicting strong gains during the month of August. New crop arrivals continued in the mandis of Madhya Pradesh and Maharashtra. In Madhya Pradesh arrivals have started in Indore spot market as well but moisture level of the crop is still higher at 18-20 percent. Arrivals are likely to pick up in the coming days putting further pressure on the market.

Prices also fell on account of retreating monsoons and improved weather conditions aiding crop maturity. Further, no rainfall forecasts for the coming week support the current sentiment. Estimates of higher oilseed acreage and higher soybean production in the current season are likely to weigh on the market in the near term. Arrivals of new crop are likely to improve buying activities in the markets. However, as the harvesting pace picks up we expect the soybean prices to fall.

As per IMD, the monsoon in India has confirmed its early retreat with rains below average for a third week running, but key maturing crops have already had ample watering. Rainfall was 37 percent below average in the week ended on September 11 compared with 30 percent deficiency the previous week.

On the supply front, as per the latest official planting report (as on 12 September, 2013), oilseeds planting is up by 12.60 per cent at 192.51 lakh ha against 170.97 lakh ha during the same period last year. Of the major kharif oilseeds crops, soybean planting stood up by around 13.20 per cent at 122.18 lakh ha compared to 106.89 lakh hectares during the same period last year.

Internationally, soybeans on CBOT featured a decline during this week on higher global supply outlook, approaching harvesting season and expectations of light rainfall in the producing regions. US crop condition ratings continued to send a bullish tone into the market although the data suggested the rainfall over the last week stabilized crop conditions. However, yield remains the primary concern for the market with fears that the national average yield may dip down to 2012-13 levels. China took the price dip as a buying opportunity and purchased 1.93 million tons of soybeans from the US this week.

As per the latest WASDE report for September 2013, US oilseed production for 2013-14 is projected at 93.2 million tons, down 3 million tons from last month due to lower soybean, cottonseed, and peanut production. Soybean production is projected at 3.149 billion bushels, down 106 million due to lower yield prospects. The soybean yield is forecast at 41.2 bushels per acre, down 1.4 from last month. Soybean ending stocks are projected at 150 million bushels, down 70 million. Ending stocks remain unchanged at 125 million bushels.

As per USDA, global soybean production is projected almost unchanged at a record 281.7 million tons as larger crop forecasts for Brazil and Paraguay mostly offset reductions for the United States, Canada, China, and Russia. Soybean production for Brazil is forecast at a record 88 million tons, up 3 million on increased area.

In Brazil, rainfall was reported over parts of top soy growing state Mato Grosso on Wednesday, allowing for some planting even though conditions are still far from ideal. Farmers are likely to wait until the next big rain to plant to avoid unnecessary risk. The crush for soybeans for Feb-July 2013 has reached just 20.8 million tons, lowest since 2009, in spite of a record high crop. This is due to the depreciation of Brazilian currency, strong global demand for soybeans and slower than expected demand from Brazil end users of feed and veg-oil due to the high soybean prices.

In Argentina, the country's corn areas remained dry during the past weeks causing a delay in sowing that may push farmers toward planting weather-resistant soybeans instead as corn prices are down this year, and the grain is more expensive to cultivate than soy, as well as more vulnerable to bad weather.

Domestic soybean market is expected to feature a range bound movement in the coming week with a weak bias. Market is likely to witness arrival pressure from the new soybean crop and higher production estimates, both domestically and internationally, in addition to improved weather conditions. However, crop yield estimates, weakness in the rupee and weather driven international market scenario may restrict sharp decline.

Soy meal

Soy meal prices witnessed a decline during the past week, in conjugation with the domestic soybean prices during the week in review on mostly average overseas export demand and bearishness in international markets. Also, the recovery in the Indian rupee and fall in soybeans markets due to improving new crop supplies pressured the domestic market.

Soy meal prices witnessed pressure on new crop arrivals of beans in the local markets and appreciation in the Indian rupee during the week. Weakness in the meal prices on CBOT also provided resistance to the market. The pressure is likely to persist in the coming days on soybean new crop arrival pressure in the domestic market and mostly favorable weather prospects in the coming week.

According to the latest release by SOPA, India's soy meal exports during August 2013 were 1.839 lakh tons as compared to 0.100 lakh tons in the same period of previous year and 1.070 lakh tons in July 2013. Iran, with 1.03 lakh tons, was the major exporter for the month of August. On a financial year basis, the export during April 2013 to August 2013 has been 7.023 lakh tons as compared to 8.342 lakh tons in the same period of previous year showing a decrease of approx 15.81 per cent.

Notably, India had made deals in August for 350,000 to 400,000 tons of new crop soy meal at \$440 to \$480 per ton, (FOB basis) for shipment between October and December and the buyers are South East Asian countries and Iran.

Internationally, in the European markets, soy meal was mostly tracking the CBOT soy meal futures following concerns of dry weather in the US Midwest impacting crop yield. South American soy meal also remained range bound following the trend in CBOT soy meal futures. Recent positive economic data from China has built some long term bullish sentiment and good meal demand is expected to continue.

Soy meal prices are mostly expected to feature a steady to weak tone in the near term on stable demand and decline in soybean prices due to harvest pressure supporting exports.

As per the latest USDA weekly exports sales report (for Sep 06-12, 2013), net meal sales of 26,300 MT were reported for 2012-13 and 20,300 MT for 2013-14 marketing year. Exports of 90,500 MT were down 11 percent from the previous week and 10 percent from the prior 4-week average. The primary destinations were Mexico (25,700 MT), Canada (18,000 MT), Venezuela (13,000 MT), Honduras (12,600 MT), and Panama (8,400 MT).

During current Oil year, (October - September), total Indian meal exports during October 2012 to August, 2013 are 32.992 lakh tons as against 36.200 lakh tons last year, showing a decrease by 8.86 percent. 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 a fall during the past week. Soy meal (Sep-Oct) export price, FOR Kandla exports was quoted between Rs 32,375-33,350/MT, lower as compared to 41,500-43,000/MT during the same period last year.

| Week | FAS, Soy meal Kandla | FOB, Soy meal Argentina | Avg. Spread* |
|----------------------------|----------------------|-------------------------|--------------|
| 14 Sep, 2013- 20 Sep, 2013 | 506.00 | 519.50 | -12.50 |
| 7 Sep, 2013- 13 Sep, 2013 | 503.00 | 529.00 | -26.00 |

*FAS Kandla less FOB Argentina (Quotes in US \$)

The average weekly soy meal price spread between FOB Argentina and FAS Kandla stood at -26.00 USD/MT, improving from last week on an increase in Argentine soymeal quotes during the week.

Recommendation: The domestic soy meal is competing with the South American soy meal prices as shipments are arriving from the region. South American prices have increased slightly compared to Indian meal prices. Recent buying interest in soy meal and recent fall in the value of Indian currency likely to lend some support to the market. 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 with a firm bias. FOR, Kandla is likely to be in the price band of Rs 32,000-33,000/MT.

Technical Analysis:

NCDEX Soybean Futures-Weekly Chart



Soybean Spot, Indore



Support & Resistance NCDEX Oct Soybean

| S2 | S1 | PCP | R1 | R2 |
|------|------|---------|------|------|
| 3265 | 3325 | 3400.50 | 3577 | 3650 |

- Soybean prices depicted a weak trend during the week in review.
- RSI is easing in the neutral zone which indicates fall in prices in the coming days.
- Prices are expected to witness a range bound tone with a weak bias during the coming week.
- **Trade Recommendation (NCDEX Soybean – Oct) Week:** SELL between 3400-3425. Levels: Target – 3275; SL -3500.

Trade Recommendation Soybean Spot: We feel the soybean prices to feature range bound trend with a weak bias on the arrival season pressure in domestic market and weakness in global factors in the near-term - WEEK. The prices are likely to witness the 3300-3450 levels (Indore, Plant basis).

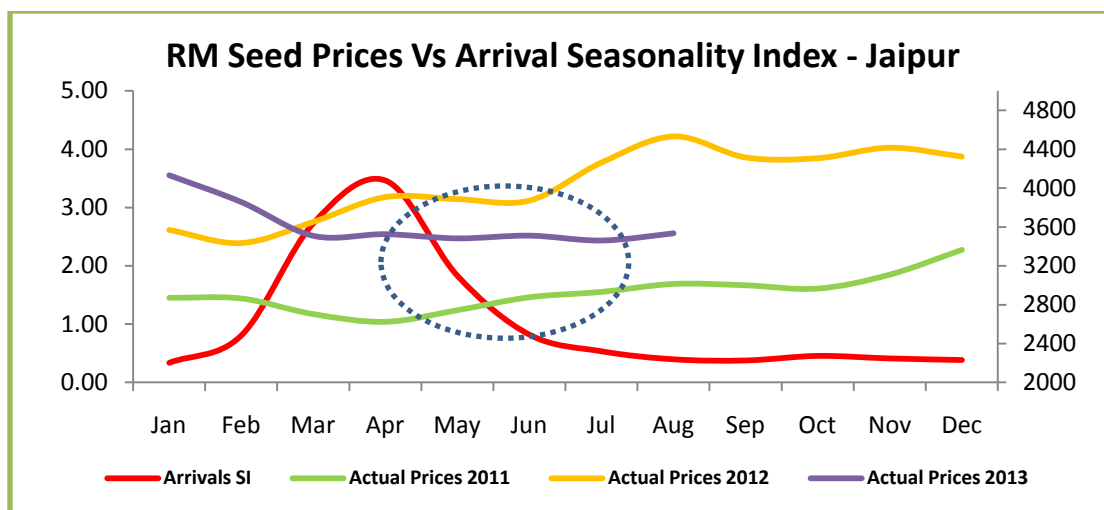
Rapeseed - Mustard Seed

Rapeseed/mustard seed markets of Rajasthan and Gujarat were fluctuating during the week and featured an overall slight decline for the week under consideration. Prices felt slight pressure on new crop oilseeds arrivals in the domestic markets and sufficient stocks of rapeseed reported in the markets. However, the approaching season end and seasonal demand for oils continued to lend some support to the market. Further, negative cues from BMD CPO, which continued to decline for the second consecutive week and overall global bearishness restricted any upward movement in prices.

Domestically, higher kharif oilseeds crop prospects on higher acreage will continue to pressurize the markets as domestic stockpiles of oilseeds are set to witness a strong increase compared to previous year. As per Indian Meteorological Department, the monsoon in India is on an early retreat with rains below average for a third week running, but key maturing crops have already had ample watering. However, good rainfall during the tail end of the season likely to boost the soil moisture and raise prospects for winter grown rapeseed crop.

On the international front, global rapeseed supplies are estimated by Oil World to reach an all-time high of 70 million tons, up 2.5 percent from a year earlier- production of 65 million tons and beginning inventories of 5 million tons. Expected higher crop yields in Canada and EU countries of Germany, Poland, Hungary and Romania will put prices under pressure. Further, rise in production will also reduce imports by these countries.

Higher global rapeseed production estimates and higher domestic oilseed acreage in the current season are likely to pressurize the rapeseed markets. However, dwindling supplies in the spot markets and expected seasonal demand for oils are likely to impart a range bound direction to the market in the coming days.



RM Seed Supply, Rajasthan

| RM Seed Arrivals in Rajasthan in Bags (85 kg each). | | |
|---|----------|------------------------------|
| Weekly Arrivals | Week Ago | Corresponding Week Last Year |
| 325,000 | 320,000 | 160,000 |

Technical Analysis:

NCDEX RM Seed Futures



RM Seed Spot, Jaipur



Support & Resistance NCDEX RM Seed Oct

| S2 | S1 | PCP | R1 | R2 |
|------|------|------|------|------|
| 3365 | 3400 | 3489 | 3635 | 3700 |

- Candlestick chart pattern reveals weakness in mustard seed prices.
- RSI is easing in the neutral zone indicating a weak trend in the near term.
- **Trade Recommendation (NCDEX RM SEED - Oct) Week:** SELL between 3500-3520 for a target – 3425; SL -3600.

Trade Recommendation RM Seed Spot (Jaipur basis): In spot the RM seed prices are expected to feature range bound movement in the coming days. The prices are likely to witness 3550-3700 Rs/qtl 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.