

Executive Summary

Oilseeds and oil meals prices across major markets of India continued to witness firm sentiments during the week in review. Domestic soybean prices were up as wet weather conditions during the past week over key regions of central India affected the harvest activities resulting in less than expected new crop spot arrivals. Further, improved buying activities in the edible oil spot markets due to festive season demand has increased demand for good quality soybean seeds supporting the market.

Harvesting activities were disrupted in the regions of Madhya Pradesh and Rajasthan due to wet weather conditions raising fears of reduced supplies in the coming days. As per sources, quality of seeds is low compared to last year and having high moisture content. Yield losses are reported in the states of Madhya Pradesh and Rajasthan due to excess rainfall during the growing phase of the crop. Availability of sufficient crushable soybean supplies in the coming days is a concern for the market.

Internationally, soybeans on CBOT declined on pressure from harvesting activities currently underway in the key producing regions and US government shutdown effect. Late soybean planting and cool weather in July moved maturity dates back in many regions but the harvesting is expected to advance rapidly in the coming days due to dry weather forecast. Also, soybean yield reports from producers are coming in higher than expected.

In Brazil, planting is only 1.4 percent complete as on 4 Oct (as per IMEA), due to less than average rainfall in many areas. In order to reach the record soybean production forecast for the season, the climate will need to cooperate so that the crop reaches its full potential. Planting is still in the early stages, however, and many farmers are waiting for stronger rains, expected later in October. Argentina has also remained dry during the month and continues to be a major concern amid tightening supply situation. However, farmers are likely to plant slightly more soybeans compared to last year. Besides, Argentine farmers have reportedly been reserved sellers, retaining crops as a hedge against inflation and devaluation in their currency peso.

Rapeseed/mustard seed prices at key markets witnessed gains during the week under consideration. Prices felt slight pressure on new crop oilseeds arrivals in the domestic markets. However, the approaching season end and improved seasonal demand for oils continued to lend strong support to the market.

Domestically, higher kharif oilseeds crop prospects on higher acreage will continue to pressurize the markets as domestic stockpiles of oilseeds are set to witness increase compared to previous year. The fourth advance estimate of production released by the government pegs the oilseed production for 2012-13 at 31.01 million tons. RM seed is estimated at 78.20 lakh tons compared to 66.04 lakh tons in 2011-12. 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% from a year earlier.

Soy meal prices witnessed firm sentiments during the week, in conjugation with the domestic soybean prices. This was due to steady overseas export demand and supply tightness in international markets. Soy meal on CBOT market declined on harvest pressure from soybeans.

The uptrend in domestic soybean markets supported the domestic market despite weakness in the meal prices on CBOT. However, slight pressure is likely to be seen in the coming days on soybean new crop arrival pressure in the domestic as well as US markets and strengthening of the Indian rupee.

International Highlights

- ❖ Buenos Aires Grains Exchange reported that Argentina's 2013/14 soy planting area is pegged to grow 2.5 percent against the previous season to 20.2 million hectares.
- ❖ As per the latest release by the General Administration of Customs, China imported 4.70 million tons of soybeans in September, down 26.2 percent from 6.37 million tons in August. Imports of vegetable oils in September were 570,000 tons, down 21.9 percent from the previous month.
- ❖ Lanworth has increased its US soybean harvest estimate to 3.160 billion bushels from 3.112 billion due to improved yield prospects in Michigan, Nebraska, South Dakota and Illinois.
- ❖ Brazil's government crop supply agency Conab has forecast in its first crop report for the crop year that the 2013-14 soybean crop is expected to be in the range of 87.6 million tons to 89.7 million tons, higher than last season's record 81.3 million tons.
- ❖ As per the data from the Malaysian Palm Oil Board (MPOB), palm oil stocks in September 2013 grew by 7 percent to 1,784,397 tons against a revised 1,668,132 tons at the end of August. Palm oil output increased 10.2 percent to 1.91 million tons in September. Exports were better than expected, rising 5.2 percent to 1.61 million tons.
- ❖ Paraguay on Wednesday has approved a 10 percent tax on export of soybeans. Paraguay is likely to harvest at least 9.3 million tons of soybeans in the 2013-14 crop year.
- ❖ The USDA has not released its weekly update on crop harvest activity this week due to the partial shutdown of the government. However, analysts have estimated that harvesting had reached a level of 20 percent. Yield estimates are mostly better than expected.
- ❖ As per IMEA, soybean planting in Brazil's top producing state of Mato Grosso reached 1.40 percent of the expected area compared with 8.60 percent in the previous year. This is because the region has received little rainfall in the season so far.
- ❖ Celeres has increased the 2013-14 soybean production estimates in Brazil to 86.2 million tons from 85.20 million tons due to higher prices and favorable exchange rate. Also, sales of the crop have reached 30 percent of expected production by Oct 4, down from 46 percent a year earlier. The new crop is now 3 percent planted.
- ❖ Soy meal prices on the Dalian Commodity Exchange reached their highest ever on Tuesday primarily due to a fall in soybean imports and an unexpected recovery in demand, analysts said. Supply was disrupted due to delayed US soybean harvest and seasonal fall in shipments from South American nations.
- ❖ As per data released by cargo surveyor Societe Generale de Surveillance, exports of Malaysian palm oil products for Oct. 1-10 increased 22.5 percent to 550,877 tons from 449,821 tons shipped during Sept 1-10.
- ❖ The USDA stock position released on 30 September was considered bearish against trade expectations. September 1st soybean stocks were pegged at 141 million bushels. The USDA adjusted their 2012 production estimate up by 18.6 million bushels. Of the total, 39.6 million bushels were on-farm storage, up 3% from last year and off-farm storage was 101 million bushels, down 23% from last year.

Oilseed Prices at Key Spot Markets:

Commodity	Centre	Prices (Rs/Qtl)		Change
Soybean		11.10.2013	4.10.2013	
	Indore –Plant	3600-3650	3480-3550	+100
	Indore –Mandi	3000-3600	Closed	-
	Nagpur-Plant	3500	3425-3475	+25
	Nagpur – Mandi	3400-3500	3300-3400	+100
	Kota-Plant	3600	3500	+100
	Kota – Mandi	3500	Closed	-
	Bundi-Plant	3600-3625	3500	+125
	Bundi-Mandi	2500-3300	3400	-100
	Baran-Plant	3580	3500	+80
	Baran-Mandi	3200-3600	Closed	-
	Bhawani MandiJhalawar– Kota Plant Delivery	3500	3450	+50
	Jhalawar-Mandi	3200-3300	Closed	-
Rapeseed/Mustard	Jaipur – C	3710-3715	3615-3620	+95
	Alwar – C	3600	3500	+100
	Sri Ganganagar(Non- Condition-Unpaid)	3250	3100	+150
	Delhi–(Condition)	3550	3525	+25
	Kota	3100-3200	Closed	-
	Agra-(Condition)	3800-3900	3710	+190
	Neewai	3435	Closed	-
	Hapur-(UP)	3525	3484	+41
Groundnut Seed	Rajkot	710	675	+35
Sunflower Seed	Gulbarga	2600-3000	Closed	-
	Latur	-	Closed	-
	Solapur	3350-3550	3450-3500	+50
Sesame Seed	Mumbai (White98/2/1 FM)	11650	11450	+200

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
		Week End (11/10/2013)	Week End (27/9/2013)	
Soybean				
	Madhya Pradesh	1150000	750000	+400000
	Maharashtra	390000	395000	-5000
	Rajasthan	110000	87000	+23000
	Bundi (Raj)	19800	9000	+10800
	Baran (Raj)	42000	42000	Unch
	Jhalawar (Raj)	25000	14500	+10500
Rapeseed/Mustard	Rajasthan	255000	250000	+5000

Kharif Sown Area - Oilseeds, India

In the latest official planting report, the kharif oilseeds planting was reported higher than previous year, as on 3 October, 2013. Overall, the oilseed planting was reported up by 11.20 per cent at 194.92 lakh ha against 175.22 lakh ha during the same period last year.

Of the major kharif oilseeds crops, soybean planting stood up by around 14.40 per cent at 122.20 lakh ha compared to 106.86 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 11.00 per cent at 43.20 lakh ha compared to 38.91 lakh ha on higher area coverage in the state of Gujarat due to good rainfall in the state. Sunflower planting was lower by 12.90 percent at 2.43 lakh ha compared to 2.79 lakh ha during the same period last year.

(Area in lakh hectares)

Crop	As on 3 Oct 2013	As on 3 Oct 2012	% Change
Groundnut	43.20	38.91	11.0
Soybean	122.20	106.86	14.4
Sunflower	2.43	2.79	-12.9
Sesamum	14.92	13.7	8.9
Niger	2.33	2.44	-4.5
Castor	9.84	10.52	-6.5
Total Oilseeds	194.92	175.22	11.2

Source: GOI

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

Soybean

Soybean prices across major markets of India continued to witness firm sentiments during the week in review. However, soybean declined in the international soybean markets. Domestic soybean prices were up as wet weather conditions during the past week over key regions of central India affected the harvest activities resulting in less than expected new crop spot arrivals. Further, improved buying activities in the edible oil spot markets due to festive season demand has increased demand for good quality soybean seeds supporting the market.

Soybean prices witnessed gains for the third consecutive week. Harvesting activities were disrupted in the regions of Madhya Pradesh and Rajasthan due to wet weather conditions raising fears of reduced supplies in the coming days. As per sources, quality of seeds is low compared to last year and having high moisture content. Yield losses are reported in the states of Madhya Pradesh and Rajasthan due to excess rainfall during the growing phase of the crop. Availability of sufficient crushable soybean supplies in the coming days is a concern

for the market. These factors supported the market during the past month which is likely to continue in the coming days.

India will celebrate festivals such as Dussehra and Diwali in the coming weeks, when typically edible oil consumption rises. Expected improvement in seasonal buying activities in the spot markets due to upcoming festive season is likely to support the prices.

SOPA has pegged the soybean production for 2013-14 at 129.83 lakh tons in its First crop estimate compared with 126.77 lakh tons in 2012-13 based on a yield of 1079 kg/Ha and planting area of 120.327 lakh Ha. As per preliminary Agriwatch estimates, average yield to soybean in India would be around 1107 kg/Hectare. As on 3 Oct. 2013, soybean seed sowing area was reported at 122.20 lakh hectares. Considering the above factors soybean production for 2013-14 is projected at 135.2 lakh tons.

Internationally, soybeans on CBOT declined on pressure from harvesting activities currently underway in the key producing regions and US government shutdown effect. Late soybean planting and cool weather in July moved maturity dates back in many regions but the harvesting is expected to advance rapidly in the coming days due to dry weather forecast. Favorable weather forecast for the coming week is seen to benefit the soybean harvesting activities in the key regions putting further pressure on prices. Also, soybean yield reports from producers are coming in higher than expected.

In Brazil, planting is only 1.4 percent complete as on 4 Oct (as per IMEA), due to less than average rainfall in many areas. In order to reach the record soybean production forecast for the season, the climate will need to cooperate so that the crop reaches its full potential. Planting is still in the early stages, however, and many farmers are waiting for stronger rains, expected later in October.

Oil World reports that light rains are likely over Brazil's central and northeast soy regions this week. Beneficial rainfall is expected to arrive Oct 18-26 in Mato Grosso, replenishing soil moisture and allowing soybean plantings to pick up. If these rains arrive, Brazilian soybean production prospects will improve.

Argentina has also remained dry during the month and continues to be a major concern amid tightening supply situation. However, farmers are likely to plant slightly more soybeans compared to last year. Besides, Argentine

farmers have reportedly been reserved sellers, retaining crops as a hedge against inflation and devaluation in their currency peso.

Domestic soybean market is expected to feature a steady to slightly firm movement in the coming week. Prices are likely to get support from the rainfall affected harvest and crop deterioration concerns in the near term, however pressure from international markets will limit gains.

Soy meal

Soy meal prices witnessed firm sentiments during the week, in conjugation with the domestic soybean prices. This was due to steady overseas export demand and supply tightness in international markets. Soy meal on CBOT market declined on harvest pressure from soybeans.

The uptrend in domestic soybean markets supported the domestic market despite weakness in the meal prices on CBOT. However, slight pressure is likely to be seen in the coming days on soybean new crop arrival pressure in the domestic as well as US markets and strengthening of the Indian rupee.

Steady exports demand was reported from traders amid limited availability of beans in the local markets. This trend is likely to persist in the coming days due to better soy meal exports buying enquiries and steady demand from domestic feed industry. Also, the prices of other key feed ingredients featured a firm tone. Bajra, Maize, DCP, MBM, DRB and Mustard de-oiled cake prices were up on improved demand and lower availability. India may export about 5 million tons of soy meal in the year from Oct. 1, 2013, a rise of about 25 per cent on the previous year on strong demand from Iran and Thailand. Thus, good demand for new crop soy meal is seen in the near term.

According to the latest release by SOPA, export of soy meal during September, 2013 was 173,949 tons as compared to just 2,864 tons in September, 2012. On a financial year basis, the export during April 2013 to September 2013 was 876,294 MT as compared to 837,078 MT in the same period of previous year showing marginal increase of 4.68%.

Internationally, in the European markets, soy meal was mostly tracking the CBOT soy meal futures. South American soy meal also remained range bound following the trend in CBOT soy meal futures. Supply tightness is a concern in South America which has led to a rise in meal quotes over the past weeks.

Soy meal prices are mostly expected to feature a steady tone in the near term on better buying enquiries on diminishing South American supplies. However, appreciation in the rupee and slight fall in soybean prices due to harvest pressure may pressure the market in the near term.

During current Oil year October 2012 to September 2013, exports of soybean meal was 34,73,133 MT as against 36,22,909 MT last year, marginally decrease by 4.13%. During the current Oil year Iran, Japan, Japan, France, Thailand, Vietnam, Indonesia and Korea are the major destinations for Indian soybean meal exports.

However, India's Y-o-Y soy meal prices have witnessed a surge during the past week. Soy meal (Oct-Nov) export price, FOR Kandla exports was quoted between Rs 33,100-34,300/MT, higher as compared to 27,300-29,000/MT during the same period last year.

Week	FAS, Soy meal Kandla	FOB, Soy meal Argentina	Avg. Spread*
5 Oct, 2013- 11 Oct, 2013	536.60	552.50	-15.90
28 Sep, 2013- 4 Oct, 2013	519.75	532.66	-12.91

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

The average weekly soy meal price spread between FOB Argentina and FAS Kandla stood at -15.90 USD/MT, higher than last week on a rise in Argentine soy meal quotes as compared to Indian soy meal 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 compared to Indian meal prices on supply tightness. Good buying interest in Indian soy meal is likely to lend support to the market but stronger rupee is likely to restrict gains. 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 33,500-35,000/MT.

Technical Analysis:

NCDEX Soybean Futures-Weekly Chart



Soybean Spot, Indore



Support & Resistance NCDEX Nov Soybean

S2	S1	PCP	R1	R2
3475	3549	3626	3690	3771

- Soybean prices depicted a firm trend during the week in review.
- RSI is moving steady in the neutral zone which indicates a range bound trend in prices in the coming days.
- Prices are expected to witness a range bound tone with a firm bias during the coming week.
- **Trade Recommendation (NCDEX Soybean – Nov) Week:** BUY between 3600-3620. Levels: Target – 3680; SL -3575.

Trade Recommendation Soybean Spot: We feel the soybean prices to feature range bound trend with a firm bias on rain affected harvest activities and crop concerns in domestic market in the near-term - WEEK. The prices are likely to witness the 3575-3675 levels (Indore, Plant basis).

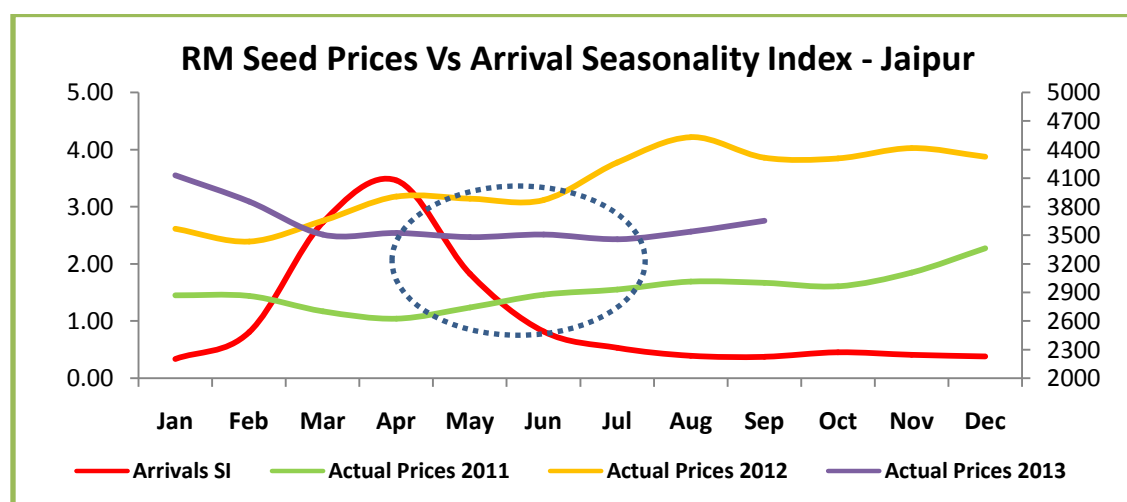
Rapeseed - Mustard Seed

Rapeseed/mustard seed prices at key markets witnessed gains during the week under consideration. Prices felt slight pressure on new crop oilseeds arrivals in the domestic markets. However, the approaching season end and improved seasonal demand for oils continued to lend strong support to the market. Further, positive cues from BMD CPO also restricted any downward 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 increase compared to previous year. The fourth advance estimate of production released by the government pegs the oilseed production for 2012-13 at 31.01 million tons. RM seed is estimated at 78.20 lakh tons compared to 66.04 lakh tons in 2011-12. 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% from a year earlier. Also, China's RM seed imports in Jun-May 2013-14 are likely to reach 3.59 Mn tons, up 54% from 2012/13 indicating a strong buying interest.

South East Asian countries are entering the seasonally high palm oil yield phase which raises concerns about palm oil inventory levels climbing higher during the second half of 2013. This, in turn, will affect the domestic rapeseed market sentiment as the domestic mustard seed closely tracks BMD CPO. However, good demand from top palm oil buyers, i.e. India, China may limit losses in the palm oil prices at BMD

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
255,000	250,000	250,000

Technical Analysis:

NCDEX RM Seed Futures



RM Seed Spot, Jaipur



Support & Resistance NCDEX RM Seed Nov

S2	S1	PCP	R1	R2
3465	3521	3688	3735	3800

- Candlestick chart pattern reveals a steady to firm trend in mustard seed prices.
- RSI is moving up in the neutral zone indicating a firm tone in the near term.
- **Trade Recommendation (NCDEX RM SEED - Nov) Week: BUY** between 3650-3670 for a target – 3750; 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 on expected improved demand. The prices are likely to witness 3650-3750 Rs/ql 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.