

## Executive Summary

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Oilseeds and oil meals prices across major markets of India witnessed a firm trend during the week in review.

Soybean featured modest gains in the international soybean markets. Domestic soybean prices were up due to need based demand for edible oils in spot markets however, cautious buying at higher levels limit upside.

The weather over key producing regions had become clear and soybean supplies are likely to surge in the coming days. Moreover, late rains over key soybean growing regions affect the crop prospects and the seed quality is lower and having high moisture content.

India will celebrate festivals such as 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. 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.

In the US, farmers are likely to continue with the harvesting in the coming week with showers in the forecast for early next week. The USDA is expected to reveal the 2013 US soybean harvest might be around 80% complete in their upcoming crop progress report

Argentina's farmers this week started planting the 2013-14 soy crop. Soy planting area is set to increase this season in as many farmers who had initially planned to plant corn will have to switch over to soy due to the effects of a prolonged drought.

Rapeseed/mustard seed prices at key markets witnessed a firm trend during the week under consideration tracking gains in the oil complex and better buying from stockists. Moreover, the approaching season end and improved seasonal demand for oils continued to lend strong support to the market.

Soy meal prices witnessed a firm tone during the week under consideration due to need based demand. This was due to steady overseas export demand and supply tightness in international markets. Soy meal on CBOT market also improved despite harvest pressure from soybeans.

The uptrend in domestic soybean markets supported the domestic market along with strength 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.

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.

## International Highlights

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- ❖ As per the Buenos Aires Grains Exchange, Argentina's farmers this week started planting the 2013-14 soy crop, whose area is expected to grow 2.5 percent versus the prior season as farmers are likely to switch from corn to soybeans due to the prolonged dryness.
- ❖ USDA attache in Brazil has projected the Brazilian soybean production for the 2013/14 marketing year at a record-high 88 million tons, up 8 percent from the previous year and soybean exports are forecast at 45 million tons.
- ❖ Exports of Malaysian palm oil products for Oct. 1-25 rose 3.8 percent to 1,259,841 tons from 1,213,583 tons shipped during Sep. 1-25, cargo surveyor Societe Generale de Surveillance. (Reuters)
- ❖ Indonesia kept its export tax for crude palm oil unchanged at 9 percent for November – Ministry official.
- ❖ Lanworth raised its forecast for world soybean production to 288 million tons due to better yield reports from the ongoing harvest in the U.S. Midwest.
- ❖ As per Oil world, farmers in South America's top five producing countries may plant 54.2 million hectares in the 2013-14, up 2 million hectares from last year. Brazil may plant a record 29 million hectares and Argentina may sow 19.7 million hectares. Argentine farmers may shift some corn and sunflower area to soybeans in 2013/14.
- ❖ The USDA has cancelled the October production and supply/demand reports and will prepare for the November 8th update. This is the first time the monthly update has been cancelled since 1866.
- ❖ 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.
- ❖ 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.
- ❖ 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.
- ❖ 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.

**Oilseed Prices at Key Spot Markets:**

Commodity	Centre	Prices (Rs/Qtl)		Change
Soybean		25.10.2013	18.10.2013	
	Indore –Plant	3650-3775	3350-3620	+155
	Indore –Mandi	3200-3700	Closed	+3700
	Nagpur-Plant	3500-3675	3500-3550	+125
	Nagpur – Mandi	3000-3700	3000-3500	+200
	Kota-Plant	3750	3640-3650	+100
	Kota – Mandi	3750	3500-3600	+150
	Bundi-Plant	3725-3730	3625	+105
	Bundi-Mandi	3400-3600	3500-3550	+50
	Baran-Plant	3750	3600	+150
	Baran-Mandi	3200-3700	3400-3800	-100
	Bhawani MandiJhalawar– Kota Plant Delivery	3700	3600	+100
	Jhalawar-Mandi	3000-3900	3000-3500	+400
Rapeseed/Mustard	Jaipur – C	3780-3785	3710-3715	+70
	Alwar – C	3650	3600	+50
	Sri Ganganagar(Non- Condition-Unpaid)	3300	3250	+50
	Delhi–(Condition)	3650	3600	+50
	Kota	3300	3250	+50
	Agra-(Condition)	3900	3825	+75
	Neewai	-	3375	-
	Hapur-(UP)	3620	3550	+70
Groundnut Seed	Rajkot	700	-	-
Sunflower Seed	Gulbarga	2600-3000	Closed	-
	Latur	3250-3550	3250-3550	Unch
	Solapur	3250-3450	3350-3450	Unch
Sesame Seed	Mumbai (White98/2/1 FM)	13750	12500	+1250

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 (25/10/2013)	Week End (18/10/2013)	
<b>Soybean</b>				
	Madhya Pradesh	2160000	435000	+1725000
	Maharashtra	734200	395000	+339200
	Rajasthan	430000	160000	+270000
	Bundi (Raj)	45000	34000	+11000
	Baran (Raj)	77000	48000	+29000
	Jhalawar (Raj)	52000	15000	+37000
<b>Rapeseed/Mustard</b>	Rajasthan	381000	210000	+171000

## Kharif Sown Area - Oilseeds, India

In the latest official planting report, the kharif oilseeds planting was reported higher than previous year, as on 17 October, 2013. Overall, the oilseed planting was reported up by 10.10 per cent at 194.94 lakh ha against 177.11 lakh ha during the same period last year.

Of the major kharif oilseeds crops, soybean planting stood up by around 14.30 per cent at 122.20 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 11.20 per cent at 43.20 lakh ha compared to 38.86 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)

<b>Crop</b>	<b>As on 17 Oct 2013</b>	<b>As on 17 Oct 2012</b>	<b>% Change</b>
Groundnut	43.20	38.86	11.2
Soybean	122.20	106.89	14.3
Sunflower	2.43	2.79	-12.9
Sesamum	14.93	14.23	4.9
Niger	2.33	2.57	-9.3
Castor	9.84	11.77	-16.4
<b>Total Oilseeds</b>	<b>194.94</b>	<b>177.11</b>	<b>10.1</b>

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

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Soybean prices across major markets of India witnessed firm trend during the week in review. Also, soybean featured modest gains in the international soybean markets limit gains. Domestic soybean prices were up due to need based demand for edible oils in spot markets however, cautious buying at higher levels limit upside.

The weather has become clear and soybean supplies are likely to surge in the coming days. Moreover, late rains over key soybean growing regions affect the crop prospects and the seed quality is lower and having high moisture content. India will celebrate festivals such as 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. 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.

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.

In the US, farmers are likely to continue with the harvesting in the coming week with showers in the forecast for early next week. The USDA is expected to reveal the 2013 US soybean harvest might be around 80% complete in their upcoming crop progress report

Argentina's farmers this week started planting the 2013-14 soy crop. Soy planting area is set to increase this season in as many farmers who had initially planned to plant corn will have to switch over to soy due to the effects of a prolonged drought.

Oil world, reports that farmers in South America's top five producing countries may plant 54.2 million hectares in the 2013-14, up 2 million hectares from last year. Brazil may plant a record 29 million hectares and Argentina may sow 19.7 million hectares. Argentine farmers may shift some corn and sunflower area to soybeans in 2013/14.

Domestic soybean market is expected to feature a steady movement in the coming week on seasonal demand from crushers and domestic soy output concerns. However, progress in US soybean harvest and likely improvement in supplies in the coming days are expected to limit excessive gains.

## Soy meal

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Soy meal prices witnessed a firm tone during the week under consideration due to need based demand. This was due to steady overseas export demand and supply tightness in international markets. Soy meal on CBOT market also improved despite harvest pressure from soybeans.

The uptrend in domestic soybean markets supported the domestic market along with strength 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%.

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 marketing 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.

**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. FOR, Kandla is likely to be in the price band of Rs 32,000-33,500/MT.*

## **Technical Analysis:**

### **NCDEX Soybean Futures-Weekly Chart**



### **Soybean Spot, Indore**



### **Support & Resistance NCDEX Nov Soybean**

<b>S2</b>	<b>S1</b>	<b>PCP</b>	<b>R1</b>	<b>R2</b>
<b>3579</b>	<b>3617</b>	<b>3725</b>	<b>3800</b>	<b>3887</b>

- Soybean prices depicted bullish tone during the week in review.
- RSI is edging higher in the overbought zone which indicates some recovery in prices in the coming days.
- Prices are expected to witness a range bound tone during the coming week.
- **Trade Recommendation (NCDEX Soybean – Nov) Week: Buy** between 3690-3710. Levels: Target – 3775; SL -3635.

**Trade Recommendation Soybean Spot:** We feel the soybean prices to feature range bound trend in the near-term - WEEK. The prices are likely to witness the 3675-3825 levels (Indore, Plant basis).



## Rapeseed - Mustard Seed

Rapeseed/mustard seed prices at key markets witnessed a firm trend during the week under consideration tracking gains in the oil complex and better buying from stockists. Moreover, the approaching season end and improved seasonal demand for oils continued to lend strong support to the market.

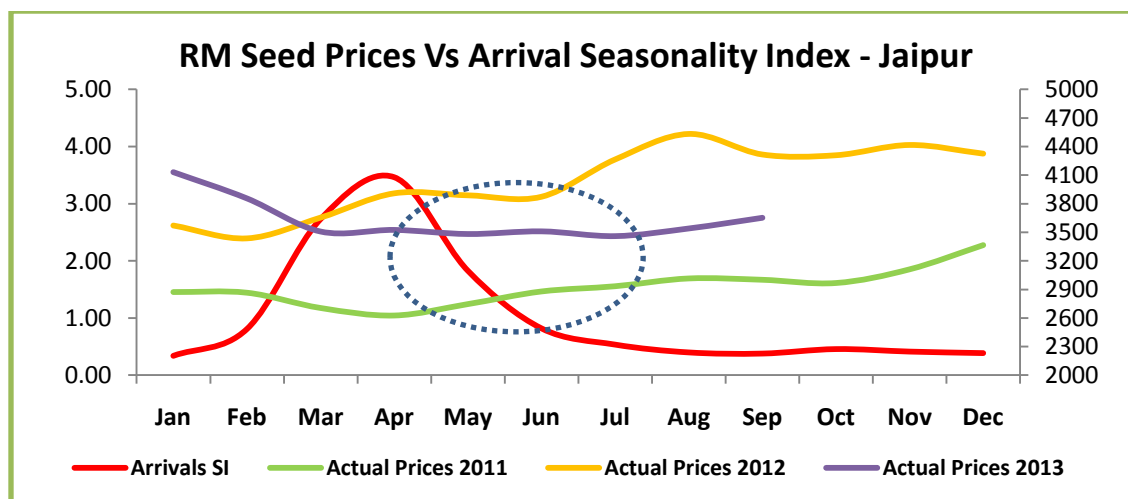
Indian government has raised the minimum support price for rapeseed to 3,050 rupees per Qtl, up from 3,000 rupees per qtl a year earlier and the MSP of safflower has been raised by Rs. 200 per Qtl to Rs. 3000 per Qtl to boost oilseeds production and to reduce the edible oil import burden.

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.

Rapeseed meal on the European feeds market closed lower as buying interest waned following a run-up in prices earlier during the week. EU rapeseed and meal market was supported by gains in Chicago soy meal and talks that European mills may be switching out of rapeseed crushing towards soy or sunflower seed due to higher margins for those oilseeds.

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.





### Technical Analysis:

#### **NCDEX RM Seed Futures**



#### **RM Seed Spot, Jaipur**



#### **Support & Resistance NCDEX RM Seed Nov**

S2	S1	PCP	R1	R2
3595	3650	3712	3775	3830

- Candlestick chart pattern reveals a steady to firm tone 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 3690-3710 for a target – 3765; SL -3650.

**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 3720-3780 Rs/ql level in near term.

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