

Executive Summary

Oilseeds markets across major centers of India witnessed gains during the week which was shortened due to festivals.

Soybean prices surged due to good demand from stockists and oil mills amid limited arrivals in the markets. Moreover, crop quality concerns also provided support to the market. Internationally, soybeans on CBOT witnessed modest gains on strong demand for the new crop as the harvest activities near completion.

Harvesting activities continued during the week quality of seeds is reported lower compared to last year. The average daily arrivals in spot markets of Madhya Pradesh have so far been weaker than past year. Late rains in major producing areas have kept moisture content high in the crop, which damaged the beans resulting in likely reduction in protein content. However, it is expected that good quality beans will be available in the market in the coming days. These factors supported the market during the past week. Availability of sufficient crushable soybean supplies in the coming days is a concern for the market which will be supportive for the market. However, estimates of higher soybean production in major producing nations of US and South America are building up bearish sentiments for the global markets which will be a factor to watch out in the coming month.

In the US, soybeans on CBOT witnessed modest gains during the week. Pressure from the harvesting activities in the key producing regions and estimates of better than expected yields pressured the market. Further, better global supply outlook on higher production estimates in South American countries restricted strong upward movement during the month. However, strong demand is currently being witnessed for the US soybeans. Strong export sales demand news and upward revision in expected Chinese imports is proving to be bullish for the market sentiments. Soybean demand is strong (mainly from China) but world supply fundamentals are bearish.

In Brazil, soybean planting continued during the week at a brisk pace. Reportedly, weather conditions and soil moisture in the key producing regions of Brazil are generally favorable supporting the crop prospects. Going by current indicators and analysts estimates, a record Brazilian soy crop is on the cards. This leads to concerns of logistical congestions in the Brazilian ports again.

In Argentina, recent rainfall has benefitted the crops in some of the producing areas but weather predictions for the coming days are dry and moisture level of the soil is short. Reportedly, soybean area forecasts for Argentina's 2013/2014 season may rise due to an extension of seeding into fields that had been reserved for other crops. Due to the dry conditions in the past month and heavy rains in the past weeks were too late for seeding corn and sunflowers in some regions. These areas could be replaced by soybeans.

Domestic soybean market is expected to feature a steady to firm movement in the coming days on demand from crushers against a backdrop of lower output expectations and limited supplies. Improvement in domestic arrivals in coming weeks, progress in US soybean harvest and expected higher US crop yield is likely to pressure global soy markets, may limit the upside.

International Highlights

- ❖ As per USDA's latest WASDE report for November 2013, U.S. oilseed production for 2013/14 is projected at 96.4 million tons, up 3.3 million from the September estimate due to increased soybean, peanut, cottonseed, and canola production. Soybean production is forecast at 3.258 billion bushels, up 109 million as higher. Harvested area is reduced 0.7 million acres to 75.7 million. The soybean yield is projected at 43.0 bushels per acre, up 1.8 bushels. Soybean supplies for 2013/14 are projected 4 percent above the September estimate on both increased production and beginning stocks.
- ❖ Lanworth has improved its world soybean production forecast for 2013-14 by 2 million tons to 290 million tons on likely higher production in the US.
- ❖ As per USDA's latest weekly export sales data (for October 25-31, 2013), soybean sales were reported at 1,018,400 tons for the current marketing year and 18,700 for the next marketing year for a total of 1,037,100 tons. Cumulative soybean sales stand at 89.2% of the USDA forecast for 2013/2014 (current) marketing year versus a 5 year average of 59.6%. Net meal sales were reported at 287,800 metric tons.
- ❖ According to China National Grains and Oils Information Center (CNGOIC), China is likely to import 60 million tons of soybeans and 2.52 million tons of rapeseed in 2013.
- ❖ As per the latest crop progress report, soybean harvest (as on Nov 3) was 86 percent complete, higher than five year average of 85 percent.
- ❖ According to Safras & Mercado, Brazilian soybean crop (as on 1 Nov 2013) has been 44 percent planted as compared to 36 percent normally. Also, planting in the state of Mato Grosso is 72 percent complete versus 63 percent in the same period a year ago.
- ❖ FC Stone has revised its estimate for 2013-14 US soybean yield to 42.8 bushels per acre from 41.4 previously. Soybean production estimate was increased to 3.270 billion bushels from 3.163 billion bushels in the previous estimate.
- ❖ As per Brazil's Trade Ministry, soybean exports in October 2013 were reported at 1.5 million tons as compared to 3.47 million tons in September 2013.
- ❖ Informa has improved its projection for the 2013-14 US soybean yield to 43.3 bushels per acre from 41.7 previously. Also, production estimate has been increased to 3.298 billion bushels from 3.176 billion bushels.
- ❖ Safras and Mercado has pegged the total 2013-14 South American soybean production at 163.037 million tons, up 11.5 percent compared with 146.226 million tons last year. Soy production in Brazil is forecast at 89.453 million tons compared to 82.125 million tons a year ago, and Argentina's crop at 57.57 million tons as compared to 49.1 million tons in 2012-13.
- ❖ As per latest IGC report, global soybean output is projected to expand by 4% y-o-y in 2013-14, to a record 282 MT, on expectations for bumper crops in South America. End-season stocks are set to increase by 12% in 2013/14, led by major exporters, and global trade (Oct/Sep) is set to expand by 10%, driven by a rebound in import demand from China.
- ❖ 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.

Oilseed Prices at Key Spot Markets:

Commodity	Centre	Prices (Rs/Qtl)		Change
Soybean		08.11.2013	01.11.2013	
	Indore –Plant	3900-3975	3800-3900	75
	Indore –Mandi	3800-3950	3500-3900	50
	Nagpur-Plant	3900	3800	100
	Nagpur – Mandi	3800-3900	3800	100
	Kota-Plant	3925	Closed	-
	Kota – Mandi	3000-4000	Closed	-
	Bundi-Plant	3950	Closed	-
	Bundi-Mandi	3600-3700	Closed	-
	Baran-Plant	3850-3925	Closed	-
	Baran-Mandi	3500-4000	Closed	-
	Bhawani MandiJhalawar– Kota Plant Delivery	4000	Closed	-
	Jhalawar-Mandi	3300-4200	Closed	-
Rapeseed/Mustard	Jaipur – C	3855-3860	3825-3830	30
	Alwar – C	3700	3700	Unch
	Sri Ganganagar(Non- Condition-Unpaid)	3380-3385	Closed	-
	Delhi–(Condition)	3725	3700	25
	Kota	3450	Closed	-
	Agra-(Condition)	4020	3950	70
	Neewai	3500	Closed	-
	Hapur-(UP)	3750	Closed	-
Groundnut Seed	Rajkot	710	710	Unch
Sunflower Seed	Gulbarga	-	Closed	-
	Latur	3330-3600	Closed	-
	Solapur	3330-3600	Closed	-
Sesame Seed	Mumbai (White98/2/1 FM)	14000	13500	500

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 (08/11/2013)	Week End (01/11/2013)	
Soybean	Madhya Pradesh	685000	1620000	-935000
	Maharashtra	50000	690400	-640400
	Rajasthan	57000	455000	-398000
	Bundi (Raj)	4000	12500	-8500
	Baran (Raj)	8500	52000	-43500
	Jhalawar (Raj)	6000	15000	-9000
Rapeseed/Mustard	Rajasthan	185000	352000	-167000

Oil Meal Prices at Key Spot Markets:

Soy DOC Rates at Different Centers

Centers	Ex-factory rates (Rs/ton)		
	08.11.2013	01.11.2013	Parity To
Indore (MP)	33800	33000	Gujarat, MP
Kota	34000	33400	Rajasthan, Del, Punjab, Haryana
Akola	34000	33500	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Hingoli	-	32500	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Nanded/Latur	35000	33800	Andhra, AP, Kar, TN
Dhulia/Jalna	35500	34500	Mumbai, Maharashtra
Nagpur (42/46)	34500	33800	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Sangli	35500	34000	Local and South
Sholapur	35000	33000	Local and South
Bundi	34000	33500	-

Soy DOC at Port

Centers	Port Price	
	08.11.2013	01.11.2011
Kandla (FOR) (INR/MT)	36000	35925
Kandla (FAS) (USD/MT)	574	580

International Soy DOC

Argentina FOB \$/MT	07.11.2013	31.10.2013	Change
Soybean Pellets	510	515	-5
Soybean Cake Meal	510	515	-5
Soybean Meal	518	523	-5
Soy Expellers	518	523	-5

Sunflower Meal Rates

Centers	Ex-factory rates (Rs/ton)		
	08.11.2013	01.11.2013	Change
Adoni	17000	16400	600
Khamgaon	16800	15800	1000
Parli	17000	16000	1000
Latur	16800	15800	1000

Groundnut Meal

Groundnut Meal	08.11.2013	01.11.2013	Change
Basis 45% O&A, Saurashtra	26000	25000	1000
Basis 40% O&A, Saurashtra	-	22500	-
GN Cake, Gondal	25500	24000	1500

Mustard DOC/Meal

Mustard DOC/Meal	08.11.2013	01.11.2013	Change
Jaipur (Plant Delivery)	14000	14000	Unch
Kandla (FOR)	15000	15000	Unch

Progress of 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.

(Area in lakh hectares)

Crop	As on 17 Oct 2013	As on 17 Oct 2012	% Change
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
Total Oilseeds	194.94	177.11	10.1

Source: GOI

As per the official *Rabi* oilseeds planting (as on 7 November 2013), the area coverage under *Rabi* oilseeds is reported at 28.89 lakh hectares, up 29.10 percent from previous year. Of the major oilseeds, rapeseed/mustard seed sowing is reported up by 31.90 percent compared to last year.

Crop	As on 7 Nov 2013	As on 7 Nov 2012	% Change
Rapeseed/Mustard	23.7	17.97	31.9
Groundnut	1.72	1.54	11.7
Safflower	0.55	0.62	-11.3
Sunflower	2.11	2.06	2.4
Sesamum	0.19	0.07	171.4
Linseed	0.47	0.08	487.5
Others	0.15	0.03	400.0
Total Oilseeds	28.89	22.37	29.1

(Area in lakh hectares) Source: GOI

Soybean

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Harvesting activities continued during the week quality of seeds is reported lower compared to last year. The average daily arrivals in spot markets of Madhya Pradesh have so far been weaker than past year. Late rains in major producing areas have kept moisture content high in the crop, which damaged the beans resulting in likely reduction in protein content. However, it is expected that good quality beans will be available in the market in the coming days. These factors supported the market during the past week. Availability of sufficient crushable soybean supplies in the coming days is a concern for the market which will be supportive for the market. However, estimates of higher soybean production in major producing nations of US and South America are building up bearish sentiments for the global markets which will be a factor to watch out in the coming month.

On the supply front, as per the latest official planting report (as on 17 October, 2013), oilseeds planting is up by 10.10 per cent at 194.94 lakh ha against 177.11 lakh ha last year. Solvent Processors Association (SOPA) has conducted Second Crop Survey during 1-7 October 2013 and based on the data collected, SOPA released the second estimates for soybean production in India. Due to excess and continuous rains during kharif season, production has been revised to 122.345 lakh tons from 129.832 lakh tons.

In the US, soybeans on CBOT witnessed modest gains during the week. Pressure from the harvesting activities in the key producing regions and estimates of better than expected yields pressured the market. Further, better global supply outlook on higher production estimates in South American countries restricted strong upward movement during the month. However, strong demand is currently being witnessed for the US soybeans. Strong export sales demand news and upward revision in expected Chinese imports is proving to be bullish for the market sentiments. Soybean demand is strong (mainly from China) but world supply fundamentals are bearish.

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Domestic soybean market is expected to feature a steady to firm movement in the coming days on demand from crushers against a backdrop of lower output expectations and limited supplies. Improvement in domestic arrivals in coming weeks, progress in US soybean harvest and expected higher US crop yield is likely to pressure global soy markets, may limit the upside.

Soy meal

Soy meal prices witnessed gains during the week in review in sync with the soybean prices. Further, strength in the international markets also supported the domestic meal prices. Good exports demand is reported from traders amid restricted availability of low moisture/high quality beans in the local markets and supply tightness seen in international markets. 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.

The uptrend in domestic soybean markets is supporting the domestic meal prices along with surge in the soy meal prices on CBOT. However, markets are likely to feel some pressure as US soybean harvest nears completion and shipments start from the region. The November WASDE report was mostly as per trade expectations. Higher US soybean projection and higher global oilseeds projections likely to pressure the market but indications of robust demand from China will help build up market sentiment in the coming days.

Domestically, yield damage to the soybean crop has led to revision of soy meal export projections by traders. It is now being estimated by traders and industry officials that India's soy meal exports may be limited to 4 million tons in 2013/14, around 1 million tons lower than the previous forecast. This may provide bearish signals to the market in the coming months.

According to the latest release by SOPA, export of soy meal during October 2013 was 386317 tons as compared to just 122108 tons in October 2012. On a financial year basis, the soy meal export during April 2013 to October 2013 was 1056205 tons as compared to 872118 MT in the same period of previous year. The overall export of oil meals till October 2013 increased by 15 percent to 20.19 lakh tons compared to 17.49 lakh tons during April-October period last year.

South Korea is the biggest importer of oil meals from India during April-October period with 6.39 lakh tons followed by Iran with 6.04 lakh tons. Major jump in the oil meals exports was seen in Europe, where the exports have increased to 213,324 tons in the April-October period compared to 31,326 tons in the same period last year.

The soy meal prices are expected to feature steady movement with a firm bias in the near term. Prices may depict slight weakness during the month as harvesting season in the US as well as India is currently underway. However, demand for new crop soy meal and tightness in the good quality beans supply in the domestic markets is likely to support the prices in the near-term.

India's soy meal prices continued to get competition from South American meal. However, Indian meal is competitively priced currently and market is about to enter the seasonally higher exports period. Also, soybeans exports from South America are diminishing which is likely to aid India's exports.

Further, preference of the meal of Indian origin mainly by the South-East countries due to logistic and freight advance and demand for non-GMO meal will lend support to the domestic soy meal. During the current Oil year Iran, Japan, Europe, Thailand, Vietnam, Indonesia and South 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 (Nov-Dec) export price, FOR Kandla exports was quoted between Rs 35,750-36,500/MT, higher as compared to 29,500-30,144/MT during the same period last year.

Recommendation: *Indian soy meal faces price competition from South American soy meal but Indian meal is still competitively priced. Besides, India is entering the seasonally higher exports period and South American supplies are likely to diminish. Good buying interest in Indian soy meal is likely to lend support to the market. Further depreciation of the rupee is likely to support export demand. 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 35,500-37,500/MT.*

Technical Analysis:

NCDEX Soybean Futures-Weekly Chart



Soybean Spot, Indore



Support & Resistance NCDEX Dec Soybean

S2	S1	PCP	R1	R2
3750	3827	3969	4055	4100

- Soybean prices depicted firm tone during the week in review.
- RSI is edging higher in the overbought zone which indicates recovery in prices in the coming days.
- Prices are expected to witness a steady tone during the coming week.
- **Trade Recommendation (NCDEX Soybean – Dec) Week: Buy** between 3950-3960. Levels: Target – 4050; SL -3900.

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 3900-4100 levels (Indore, Plant basis).

Rapeseed - Mustard Seed

Rapeseed/mustard seed prices in key spot markets across Rajasthan and Gujarat witnessed modest gains during the past week. The movement in prices was in conjugation with the soybean prices and supportive cues from BMD CPO. However, increased plantings for rapeseed during the current season will pressure the prices in the near term.

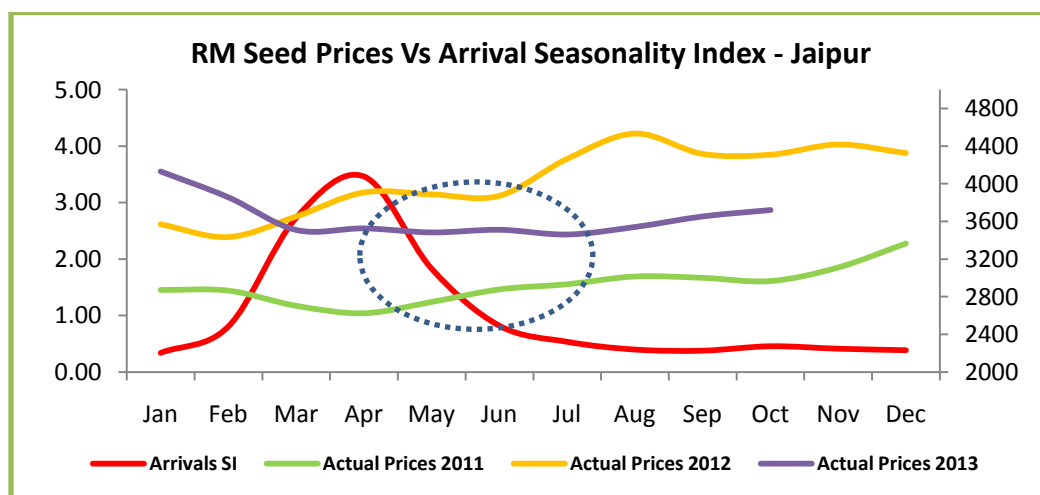
Rapeseed prices saw support during the week on better demand for oils which led to better RM seed buying from stockists and oil mills. It is expected that the approaching season end and seasonal demand for oils will continue to lend support to the market.

Domestically, higher kharif oilseeds crop prospects on higher acreage will continue to weigh down on the markets as domestic oilseeds stocks are set to witness an increase compared to previous year. As per the Ministry of Agriculture, total area sown under rabi oilseeds (as on 1 November) was reported as 18.02 lakh hectares as compared to 10.34 lakh hectares in the same period last year. Rabi mustard seed stood at 14.08 lakh hectares as on 30 Oct 2013, up 7.38 lakh hectares compared to the corresponding period last year.

As per SEA, rapeseed meal exports of India climbed to 143,848 tons in October '13 compared to 59,472 tons in September and 39048 on October '12. South Korea and Thailand were the major buyers importing 84,085 tons and 44,100 tons respectively. Total rapeseed meal exports for the April – October 2013 period have reached 561,516 tons, up from 491,996 tons for the previous year.

On the international front, Oil World has pegged the oilseed production in Ukraine to rise to a record this season, spurring a jump in exports from the largest supplier of rapeseed to the European Union. 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. Expected higher crop yields in Canada and EU countries will put prices under pressure.

Overall, higher global production estimates for rapeseed and higher domestic oilseed acreage and output estimates in the current season are likely to weigh down on the rapeseed markets. However, limited RM seed supplies in the spot markets in the coming days and seasonal demand for oils will provide some support.



Technical Analysis:

NCDEX RM Seed Futures



RM Seed Spot, Jaipur



Support & Resistance NCDEX RM Seed Dec

S2	S1	PCP	R1	R2
3640	3750	3829	3970	4025

- Candlestick chart pattern reveals a weak tone in mustard seed prices.
- RSI is moving down in the overbought zone indicating a recovery in prices in the near term.
- **Trade Recommendation (NCDEX RM SEED - Dec) Week: SELL** between 3850-3870 for a target – 3760; SL -3900.

Trade Recommendation RM Seed Spot (Jaipur basis): In spot the RM seed prices are expected to feature steady to weak movement in the coming days on higher acreage estimates. The prices are likely to witness 3750-3900 Rs/ql level in near term.

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