

Executive Summary

Oilseeds and oil meals prices across major centers of India featured decline during the week. Soybean prices fell due to flat demand from stockists and oil mills amid higher arrivals in the markets. Internationally, soybeans on CBOT witnessed a bearish tone on pressure from South American sowing progress and near completion of US soy harvest.

Domestically, daily arrivals in spot markets of Madhya Pradesh picked up during the week and were higher than the past week. 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. 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 decline 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 supported the bearish sentiments.

In Brazil, soybean planting continued during the week at a brisk pace. Sowing was 48 percent complete as of November 1, above the 40 percent mark at the same time a year earlier, AgRural analysts reported. In Argentina, recent rainfall has benefitted the crops in some of the producing areas. Weather predictions for the coming days are also favorable.

Soy meal prices witnessed a fall during the week in review in sync with the soybean prices. Further, weakness in the international markets also pressured the domestic meal prices. Exports demand is still reported from traders amid restricted availability of high quality beans in the local markets and supply tightness seen in international markets. The decline in domestic soybean markets is reflecting on the domestic meal prices along with the weakness in the soy meal prices on CBOT. Markets are likely to feel further pressure as US soybean harvest nears completion and shipments start from the region.

Rapeseed/mustard seed prices in key spot markets across Rajasthan and Gujarat witnessed decline during the past week. The movement in prices was in conjugation with the soybean prices and weak cues from BMD CPO. Further, increased plantings for rapeseed during the current season also pressured the prices. Rapeseed prices saw some support during the week on demand for oils which led to better RM seed buying from stockists and mills. It is expected that the approaching season end and seasonal demand for oils may lend some support to the market.

International Highlights

- ❖ As per the latest release by Buenos Aires Grain Exchange, farmers in Argentina have planted 21.8 percent of expected soybean area as of 14 Nov, in line with a year earlier, as recent rainfall improved seeding conditions in the key regions.
- ❖ As per China's Ministry of Commerce, China is likely to import 5.95 million tons of soybeans in November 2013, up from its previous forecast of 2.97 million tons. Besides, the ministry also revised down its estimate for October soybean imports from 5.21 million tons to 4.53 million tons.
- ❖ As per USDA, NOPA crush for October '13 came in well above trade expectations at 157 million bushels from 108.7 million in September and 154.3 million expected.
- ❖ As per the Malaysian Palm Oil Board (MPOB) palm oil statistics report, palm oil stocks in October 2013 grew by 3.46 percent to 1,845,312 tons against a revised 1,783,530 tons at the end of September. Palm oil output increased 3.14 percent to 1.97 million tons in October. Moreover, Exports were up 3.3% on m-o-m basis at 1.66 million tons.
- ❖ Mosaic has estimated that the US 2014 soybean planting will be at 76 million to 78 million acres, compared with the 76.5 million acres planted in 2013
- ❖ Strategie Grains has projected that the area sown with rapeseed for the 2014 harvest in the European Union will fall 1 percent from this year to 6.6 million hectares. Total oilseed area in the 28-country EU would fall 2 percent to 11.9 million hectares.
- ❖ 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.
- ❖ Indian Government has revised the tariff value for of crude palm oil to US \$ 914 increased by US \$65 per tons and raised base import price on refined palmolein by \$60 per tons to US \$ 960 per tons. As per SEA of India, veg. oils imports during Oil Year 2012-13 (Nov-Oct) including edible oil and non-edible oil recorded at 106.8 lakh tons, up by 4.77% as compared to the corresponding period of last year.
- ❖ 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.
- ❖ 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.

Oilseed Prices at Key Spot Markets:

Commodity	Centre	Prices (Rs/Qtl)		Change
Soybean		15.11.2013	08.11.2013	
	Indore –Plant	3850-3925	3900-3975	-50
	Indore –Mandi	3700-3900	3800-3950	-50
	Nagpur-Plant	3650-3700	3900	-200
	Nagpur – Mandi	3400-3600	3800-3900	-300
	Kota-Plant	3850	3925	-75
	Kota – Mandi	3600-3650	3000-4000	-350
	Bundi-Plant	3975	3950	25
	Bundi-Mandi	3700-3800	3600-3700	100
	Baran-Plant	3900	3850-3925	-25
	Baran-Mandi	3000-3800	3500-4000	-200
	Bhawani MandiJhalawar– Kota Plant Delivery	3850	4000	-150
	Jhalawar-Mandi	-	3300-4200	-
Rapeseed/Mustard	Jaipur – C	3825-3830	3855-3860	-30
	Alwar – C	3650	3700	-50
	Sri Ganganagar(Non- Condition-Unpaid)	3325	3380-3385	-60
	Delhi–(Condition)	3725	3725	Unch
	Kota	-	3450	-
	Agra-(Condition)	3960	4020	-60
	Neewai	-	3500	-
	Hapur-(UP)	3700	3750	-50
Groundnut Seed	Rajkot	710	710	Unch
Sunflower Seed	Gulbarga	-	-	-
	Latur	-	3330-3600	-
	Solapur	-	3330-3600	-
Sesame Seed	Mumbai (White98/2/1 FM)	13250	14000	-750

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 (15/11/2013)	Week End (08/11/2013)	
	Madhya Pradesh	915000	685000	230000
	Maharashtra	1050000	500000	55000
	Rajasthan	150000	57000	93000
	Bundi (Raj)	20000	4000	16000
	Baran (Raj)	57000	8500	48500
	Jhalawar (Raj)	18000	6000	12000
Rapeseed/Mustard	Rajasthan	345000	185000	160000

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 13 November 2013), the area coverage under *Rabi* oilseeds is reported at 53.94 lakh hectares, up 22.80 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 13 Nov 2013	As on 13 Nov 2012	% Change
Rapeseed/Mustard	47.01	37.4	25.7
Groundnut	1.98	1.72	15.1
Safflower	0.78	0.95	-17.9
Sunflower	2.45	2.44	0.4
Sesamum	0.25	0.25	0
Linseed	1.29	1.11	16.2
Others	0.18	0.06	200
Total Oilseeds	53.94	43.93	22.8

(Area in lakh hectares) Source: GOI

Soybean

Soybean markets across major centers of India featured decline during the week. Soybean prices fell due to flat demand from stockists and oil mills amid higher arrivals in the markets. Moreover, crop quality concerns provided some support to the market restricting sharp fall. Internationally, soybeans on CBOT witnessed a bearish tone on pressure from South American sowing progress and near completion of US soy harvest. Improved South American weather and crop prospects added to a bearish global soybean supply outlook in the medium term.

Domestically, harvesting activities continued during the week. The daily arrivals in spot markets of Madhya Pradesh picked up during the week and were higher than the past week. 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. 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 decline 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 supported the bearish sentiments. However, expected strong demand for the US soybeans and upward revision in expected Chinese imports is

likely 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. Sowing was 48 percent complete as of November 1, above the 40 percent mark at the same time a year earlier, AgRural analysts reported. Also, 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. However, 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. Weather predictions for the coming days are also favorable. 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 weak movement in the coming days as improvement in domestic arrivals in coming weeks, bearish South American supply sentiments and expected higher US crop yield is likely to pressure global soy markets. Steady demand from crushers against a backdrop of lower output expectations and limited supplies may limit the downside.

Soy meal

Soy meal prices witnessed a fall during the week in review in sync with the soybean prices. Further, weakness in the international markets also pressured the domestic meal prices. Exports demand is still reported from traders amid restricted availability of 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 decline in domestic soybean markets is reflecting on the domestic meal prices along with the weakness in the soy meal prices on CBOT. Markets are likely to feel further 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 weak bias in the near term. Prices expected to depict weakness during the week. However, demand for new crop soy meal and tightness in the good quality beans supply in the domestic markets is likely to provide some support to the prices in the near-term.

India's soy meal prices continue 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 35,500-36,150/MT, higher as compared to 29,175-30,000/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. 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 33,500-35,500/MT.*

Technical Analysis:

NCDEX Soybean Futures-Weekly Chart



Soybean Spot, Indore



Support & Resistance NCDEX Dec Soybean

S2	S1	PCP	R1	R2
3675	3760	3865	4000	4055

- Soybean prices depicted decline during the week in review.
- RSI is edging lower 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: SELL** between 3840-3850. Levels: Target – 3700; SL -3920.

Trade Recommendation Soybean Spot: We feel the soybean prices to feature range bound trend with a weak bias in the near-term - WEEK. The prices are likely to witness 3700-3900 levels (Indore, Plant basis).

Rapeseed - Mustard Seed

Rapeseed/mustard seed prices in key spot markets across Rajasthan and Gujarat witnessed decline during the past week. The movement in prices was in conjugation with the soybean prices and weak cues from BMD CPO. Further, increased plantings for rapeseed during the current season also pressured the prices.

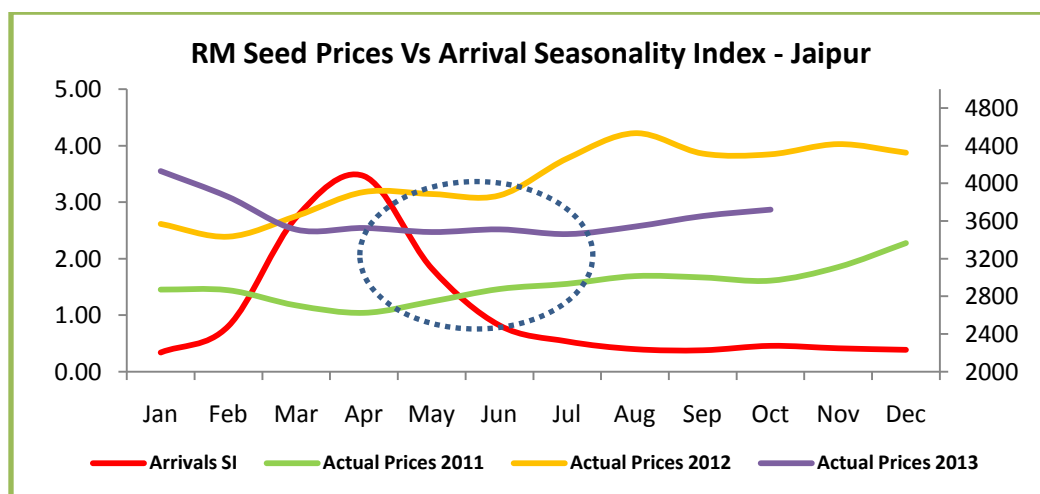
Rapeseed prices saw some support during the week on demand for oils which led to better RM seed buying from stockists and mills. It is expected that the approaching season end and seasonal demand for oils may lend some support to the market.

Domestically, higher kharif oilseeds crop prospects on higher acreage continued 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 13 November) was reported as 53.93 lakh hectares as compared to 43.94 lakh hectares in the same period last year. Rabi mustard seed stood at 47.01 lakh hectares as on 13 Nov 2013, up by 9.16 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 likely 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
3620	3700	3814	3970	4025

- Candlestick chart pattern reveals a weak tone in mustard seed prices.
- RSI is moving down in the neutral zone indicating weakness in prices in the near term.
- **Trade Recommendation (NCDEX RM SEED - Dec) Week: SELL** between 3775-3800 for a target – 3700; SL -3865.

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

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