

Executive Summary

Soybean, soy meal fell for a consecutive second month, on weak global and domestic factors while rapeseed/mustard edged-up on buying support.

Soybean:

- ❖ Soybean extended losses in the month of June on weak global cues and weak domestic buying in soybean followed by sluggish crushings and lower soy meal demand.
- ❖ Further, India's edible oil imports rose in recent weeks anticipating renewed demand during monsoon and upcoming festivities. Lower export duty by the major palm oil exporting countries remained supportive for India's imports in the same.
- ❖ India's area coverage under soybean, as on 26 Jun 2014, was reported at 1.01 lakh compared to 1.77 during the same period last year. The coverage reported is mainly in the irrigated areas.

Soy meal:

- ❖ Soy meal declined in tandem with the soybean primarily due to weak soy meal export sales and poor domestic demand from feed manufacturers.
- ❖ The soy meal prices are expected to recover on weak soybean supplies, likely improvement in the domestic demand from poultry feed industry and scarcity of quality beans for seeding this season.

RM Seed:

- ❖ RM seed witnessed gains due to fresh buying and falling seed supplies, though they remained close to previous month's level. The seed buying has improved in anticipation of rise in edible oil demand for festivities in the upcoming weeks.
 - ❖ Overall, the RM seed prices are set further gain ahead upcoming fresh edible oil demand for festivities in coming weeks.
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International

- ❖ USDA reported June 1 US soybean stocks at 405 million bushels, above the average trade estimate of 378 million.
- ❖ US soybean planting has completed. Soybean emergence is reported at 94% which is at par with 5 year average but it is above 90% during the same period last year. Soybean blooming is reported at 10% which is at par with 5 year average and above 3% compared to the same period last year. Further, the crop is 57% and 15% in good to excellent condition respectively. The factors are bearish for the international soybean for short-term.
- ❖ As per CGT labor organization, workers in Argentina's main grains port of Rosario will begin an indefinite strike on Friday over working conditions. This will affect about 80% of the country's shipment facilities.
- ❖ Indonesia lowered its crude palm oil export tax to 10.5 percent in July from 12 percent in June. Currently CPO August contract at Bursa Malaysia Derivative exchange is hovering around MYR 2500 per tons.
- ❖ Malaysia lowered the exports tax from 5.5 per cent during April-June to 5 per cent for July.
- ❖ Higher US soybean acreage this season and stock reports resulting in significant price setback on the CBOT, primarily in the new-crop positions – Oil World.
- ❖ US soybean plantings reached a record 34.3 Mn ha, 11% above previous season – Oil World.
- ❖ Brazilian soybean inventories as of July 1 are down an estimated 1.0 Mn T from previous year this is due to huge disposals in Jan/June –Oil World.
- ❖ A sizable price fall in new-crop soybean futures on the CBOT witnessed in recent days. The spread between July and Nov widened to US-\$ 2.52½ per bushel, recently – Oil World.
- ❖ As per Oil World, the price outlook for 2014/15 is bearish for soybeans and meal, with additional downward potential in prices, unless it becomes unfavourably dry in the USA in July and August.
- ❖ Brazilian soybean shipments slowed down slightly to 1.6 Mn T in the week to June 22.
- ❖ Soya oil prices rose by US \$ 45-55 during the past couple of weeks in the 3 major producing and exporting countries, reflecting recent high export sales and declining stocks – Oil World.
- ❖ CONAB made a surprising downward revision in the Brazilian soybean crop estimate to 86.05 Mn T – Oil World.
- ❖ Crushings of 10 oilseeds are currently forecast to continue to rise sharply in Oct/Sept 2014/15, reaching 420.5 Mn T, as reported by Oil World.
- ❖ The global soybean inventories are expected to be record large at around 90 Mn T at the end of next season, equivalent to 31.6% of annual consumption – Oil World.

Oil Meal Prices at Key Spot Markets:

Soy DOC Rates at Different Centers

Centers	Ex-factory rates (Rs/ton)		
	30-Jun-14	31-May-14	Parity To
Indore (MP)	37500	40500	Gujarat, MP
Kota	37500	40800-41000	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	39000	42500	Mumbai, Maharashtra
Nagpur (42/46)	36000	41700	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	39000	42000	Andhra, AP, Kar, TN
Latur	35800	42300	-
Sangli	40700	42800	Local and South
Sholapur	35900	43500	Local and South
Akola	38000	40800	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Hingoli	35500	43000	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Bundi	37200	41200	-

Soy DOC at Port

Centers	Port Price	
	30-Jun-14	31-May-14
Kandla (FOR) (INR/MT)	39000	41200
Kandla (FAS) (USD/MT)	649	696

Oilseed Prices at Key Spot Markets:

International Soy DOC

Argentina FOB \$/MT	26-Jun-14	29-May-14	Change
Soybean Pellets	498	535	-37
Soybean Cake Meal	498	535	-37
Soybean Meal	506	543	-37
Soy Expellers	506	543	-37

Sunflower (DOC) Rates

Centers	Ex-factory rates (Rs/ton)		
	30-Jun-14	31-May-14	Change
Adoni	23000	23000	Unch
Khamgaon	NA	NA	-
Parli	23300	22800	500
Latur	23000	22600	400

Groundnut Meal

Groundnut Meal (Rs/MT)	30-Jun-14	31-May-14	Change
Basis 45% O&A, Saurashtra	28500	28500	Unch
Basis 40% O&A, Saurashtra	26500	26500	Unch
GN Cake, Gondal	27000	27000	Unch

Mustard DOC/Meal

Mustard DOC	30-Jun-14	31-May-14	Change
Jaipur (Plant Delivery)	13800	14500	-700
Kandla (FOR)	15000	15700	-700
Sri Ganganagar (Rapeseed(Mustard) Oil Cake)	1650	1670	-20

Kharif MSP

- ❖ Government has increased minimum support price (MSP) of sunflower seed by Rs 50 to 3750 a quintal, besides a hike of Rs 100 on sesamum and nigerseed at Rs 46,00 and 36,00 a quintal respectively. However, the MSP of soybean and groundnut seeds remained unchanged at Rs 2500-60 and Rs 4000 a quintal respectively this season.

Progress of Sown Area –Kharif Oilseeds, India

As per the official *kharif oilseeds* planting (week ending 26 Jun 2014), the area coverage under Rabi oilseeds is reported at 4.79 lakh hectares, down 46.9% from 9.02 lakh ha previous year. Of the major oilseeds, soybean sowing is reported down by 43% compared to last year.

Crop	As on 26 Jun 2014	As on 26 Jun 2013	% Change
Groundnut	2.58	5.87	-56.0
Soybean	1.01	1.77	-42.9
Sunflower	0.35	0.5	-30.0
Sesamum	0.77	0.67	14.9
Niger	0	0.01	-100.0
Castor	0.08	0.2	-60.0
Total Oilseeds	4.79	9.02	-46.9

(Area in lakh hectares) Source: GOI

Soybean-Preliminary Production Estimates & Weather

	Area in Mln Ha.					Production in Mln T	Production Estimate Under Normal Condition 2014-15	Revised Production Estimate Considering Deficit Rainfall for 2014- 15	Rainfall (mm) for The Period 01.06.14 to 28.06.14		
State	200 9	2010	2011	2012	2013	5 Yr Avg Prod.			% Departure	Actual Rain (mm)	Normal Rain (mm)
Madhya Pradesh	5.30	5.52	5.73	5.81	6.26	6.10	7.26	6.51	-68.00	29.70	92.20
Maharashtra	3.03	2.60	3.06	3.21	3.87	3.60	4.49	3.80	-59.00	62.30	152.30
Rajasthan	0.71	0.69	0.90	0.99	1.06	1.00	1.23	0.91	-56.00	22.60	51.20
Andhra Pradesh	0.18	0.14	0.16	0.20	0.28	0.20	0.33	0.30	-58.00	52.80	124.80
Karnataka	0.23	0.18	0.22	0.20	0.25	0.20	0.29	0.25	-50.00	48.00	96.00
Chattisgarh	0.13	0.15	0.15	0.15	0.16	0.10	0.18	0.14	-41.00	96.10	163.60
Gujarat	0.00	0.00	0.00	0.08	0.09	0.10	0.11	0.00	-89.00	12.20	113.50
Rest of India	0.09	0.02	0.12	0.05	0.06	0.10	0.07	0.06	All India		
G.Total	9.67	9.30	10.33	10.69	12.03	11.4	13.95	12.10	-42.00	85.80	147.90

Normal/Expected Date of Soybean Planting: Second Week of Jun between 10-15 Jun. It first starts in Maharashtra - Naded, Latur, Jalna are the first to report the planting.

Current Expected Date of Soybean Planting: Last Week of Jun or First Week of Jul. **Actual Sowing:** Current - 1%. Normal by this time: 2-3%.

Soybean

Soybean extended losses in the month of June on weak global cues and weak domestic buying in soybean followed by sluggish crushings remained and lower soy meal demand.

Further, India's edible oil imports rose in recent weeks anticipating renewed demand during monsoon and upcoming festivities in coming months. Lower export duty by the major palm oil exporting countries remained supportive for India's imports in the same.

Indonesia lowered its crude palm oil export duty to 10.5% for July from 12 percent in April thru June. Currently CPO August contract at Bursa Malaysia Derivative exchange is hovering around MYR 2430 per tons.

Besides, Malaysia too lowered its exports duty to 5% for July from 5.5% during April-June.

Besides, palm oil imports by India, mainly from Indonesia, soy oil imports from Argentina and Brazil too improved recently.

There is a slight concern on the soybean planting as it is already delayed from the normal/usual time. India has received deficit rainfall, monsoon, in most of the parts of the country this season and the all India departure of rainfall is reported at -42% in the last week of Jun 2014.

Most of the soybean growing regions of the major producing states have reported the rainfall departure around -60%. The situation has already hampered the pace in soybean planting this season and it is expected to be slow till the monsoon intensifies in the growing areas.

India's area coverage under soybean, as on 26 Jun 2014, was reported at 1.01 lakh compared to 1.77 during the same period last year. The coverage reported is mainly in the irrigated area.

The good quality beans for seeding are expensive this year. This is due to the crop damage in Madhya Pradesh last crop season. There is a scarcity of good quality beans much needed for planting this season.

US soybean planting has completed. Soybean emergence is reported at 94% which is at par with 5 year average but it is above 90% during the same period last year. Soybean blooming is reported at 10% which is at par with 5 year average and above 3% compared to the same period last year. Further, the crop is 57% and 15% in good to excellent condition respectively. The factors are bearish for the international soybean for short-term.

US soybean plantings has reached a record 34.3 Mn ha which is 11% higher compared to the last season.

The soybean prices are already under pressure. We feel the soybean prices to feature range-bound movement during the month - July. The unrest in Middle-East especially in Iraq leading to rise in crude oil prices will limit the losses in near-term.

Balance Sheet – Soybean, India

Fig. in MnT

Oil Year (Oct-Sep)	2009-10	2010-11	2011-12	2012-13	2013-14 (Projected)
Carry In	0.45	1.12	0.37	0.40	0.32
Production	9.67	10.10	12.00	12.50	11.00
Imports	0.00	0.00	0.00	0.00	0.00
Total Availability	10.12	11.22	12.37	12.90	11.33
Crush	9.00	10.85	11.97	12.58	10.50
Exports	0.00	0.00	0.00	0.00	0.00
Total Usage	9.00	10.85	11.97	12.58	10.50
Carry Out	1.12	0.37	0.40	0.32	0.82
Monthly Use	0.75	0.90	1.00	1.05	0.88
Stock/Consumption Ratio	0.12	0.03	0.03	0.03	0.08
Stock to Month Use Ratio	1.49	0.41	0.40	0.31	0.94

Source: Agriwatch

- **Trade Observations:** *Currently the soybean supplies are thin and the crushing is sluggish due to lean season. About 65% of the seed have been offloaded in the market during the season.*
- The outturn estimates for soybeans has been revised downwards by 12% to 11.0 Mn T from our previous estimate of 12.7 Mn T.
- The downward revision is primarily due to higher than expected crop losses in Madhya Pradesh and parts of Rajasthan.
- We expect 2013/14soybean crush above 10.5million tons. India's soy meal prices have to compete with the meal prices of South America, which will eventually make the crushing more viable depending onits exports.

Soy meal

Soy meal declined in tandem with the soybean primarily due to weak soy meal export sales and poor domestic demand from feed manufacturers.

Besides, sharp fall in international soy meal in recent weeks additionally pressured the domestic meal market. Higher US soybean planting pace compared to the average and better crop condition followed by in the US mid-west remained bearish for the market.

As discussed, India's soybean plantings have slightly delayed from the usual and it will progress slowly in coming days due to weak monsoon. The recent monsoon report on monsoon reveal that the seasonal rains will recover and intensify after 7 July 2014, this will limit the deterioration in the yield even if rains are lower than the usual and eventually prevent the losses in domestic soy meal supplies.

Again, demand diversion of international buyers towards South-America due to their competitive meal prices remained negative factor for the meal of Indian origin. India's soy meal exports remained lower this season, but it plunged further with the peak crushing season in South America after February with India's prices getting uncompetitive to South America.

India's soy meal shipments during June 2014 was just 2636 tones as compared to 2,13,483 tones in the same period of previous year, a fall of 99%.

Overall demand of soy meal remained poor all across the world.

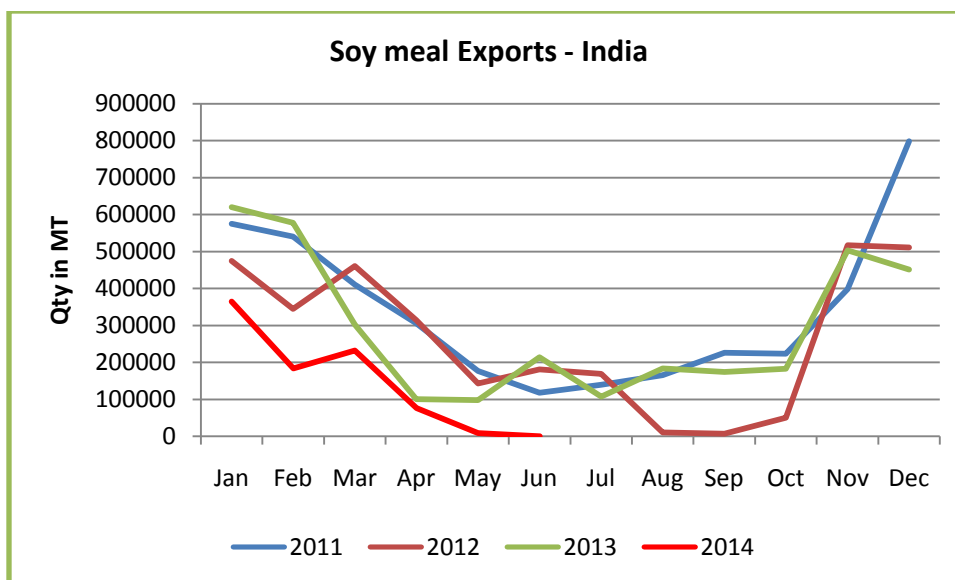
On a financial year basis, the export during first quarter of current financial year i.e. April 2014 to June 2014 is 0.87 Lac tonnes as compared to 4.11 Lac tones in the same period of previous year showing a decrease of 78.91%.

During current Oil year, (October-September), total exports during October 2013 to June 2014 stood at 20.51 Lac tones as against 30.08 Lac tones in the same period of previous year, showing a decrease by 31.81%.

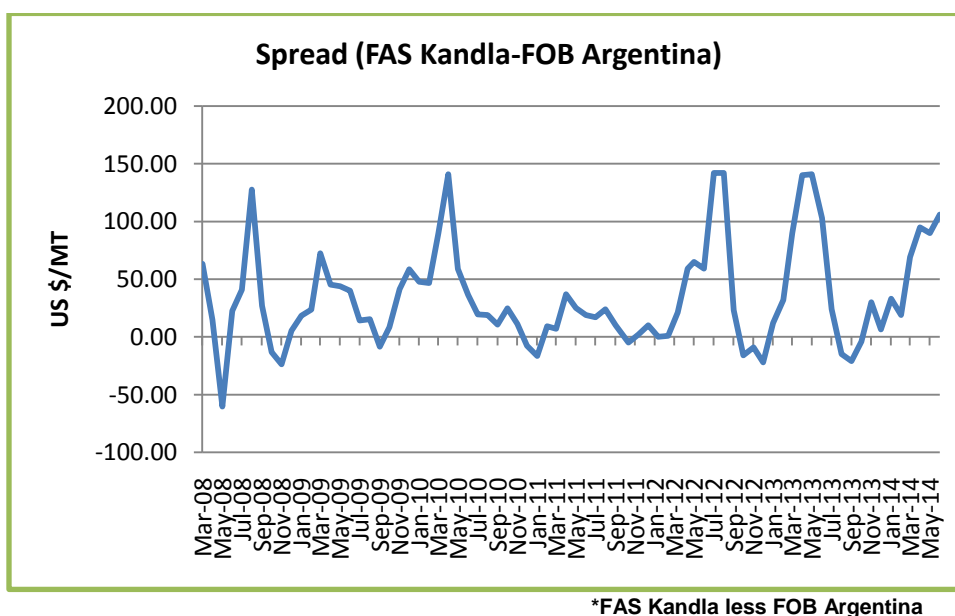
The soy meal prices are expected to recover on weak soybean supplies, likely improvement in the domestic demand from poultry feed industry and scarcity of quality beans for seeding this season.

The demand shift to South America due to the competitive prices there, has already hit India's meal exports. The soybean crushing is at full swing in Brazil and Argentina. The major international meal buyers are placing their orders – forward booking to take the opportunity of the price competitiveness.

Preference of the soy meal of Indian origin mainly by the South-East countries due to logistic and freight advantage and demand for non-GMO meal will continue to 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 soy meal exports.



However, India's Y-o-Y soy meal exports prices have continued uptrend. Soy meal, FOR Kandla exports price (Jun-Jul delivery) was quoted between Rs 36,500 – 40,500/MT in Jun 2014 compared to 34,500-37,150/MT during the same period last year.



The average monthly soy meal price spread between FAS Kandla and FOB Argentina has widened and was recorded at US \$106/MT in Jun2014 compared to US \$90/MT in May 14. Argentine soy meal export prices are lower as compared to the India's. They are competitive due their new crop supplies expected in the month and improved crushings, resulting further the widening up of the spread. Notably, India's soy meal exports are at the optimum levels during the period, October through January. (*Spread - FAS Kandla less FOB Argentina). Hence for India exports window remains tight in near to medium-term.

Soymeal	Jun 2014	May2014	Jun 2013
FOB – Argentina	517	542	516
FAS – Kandla	625	632	620

Recommendation:FOR Kandla exports price (Jun-Jul delivery) was quoted between Rs 36,500 – 40,500/MT in Jun 2014 compared to 34,500-37,150/MT during the same period last year. The prices have plunged after they witnessed gains. They are again near the previous year level. There is preference for non-GMO soy meal in some of the countries. Indian meal exporters are advised to market their meal to the countries in vicinity including traditional South and Far-East Asian destinations and Iran. Indian soy meal faces price competition from South American soy meal with the start of their new marketing season. India is into the period of lower exports considering seasonality. The domestic meal prices are likely to feature steady to firm tone during in near-term. FOR, Kandla is expected to rebound and witness the prices in the range between 37500-41500 levels in the upcoming weeks.

Soybean Crush Margin

Avg Crush Margin – Jun 2014		Avg Crush Margin – May2014		Avg Crush Margin – Jun 2013	
-1354		-2059		-991	
Low	High	Low	High	Low	High
-2830	-230	-3274	-170	-1560	-140

The disparity on soybean crushing has slightly narrowed as compared to previous month, but it is still wider compared to the same period last year. Again, the negative crush margin continued to remain discouraging for the solvent extractors during the month under review. However, the disparity is close to the last year's level. Improved and weak soy meal export sales remained negative for crushing.

Technical Analysis:

NCDEX Soybean Futures



*Daily Chart

Soybean Spot, Indore



Support & Resistance NCDEX- SoybeanOct Contract

S2	S1	PCP	R1	R2
3295	3597	3737	4073	4247

- Soybean, October contract, prices improved during June, on new crop buying.
- MACD is in positive territory.
- RSI and stochastic are rising in neutral zone.
- Trade Recommendation (NCDEX Soybean - Oct) – 1 Month: **BUY** Above 3730. T1 – 3830; T2 - 3910; SL – 3670.

Trade Recommendation soybean spot, Indore basis: Soybean prices are expected feature range bound movement with weak bias due to lower soy meal exports and weak crushings, during the month. However, weak domestic supplies and forecast for the 2013-14 US soybean carry over to 135 million bushels, down 10 million will limit the losses. The prices are likely to remain in the price band of 4000-4300 levels (Indore, Plant basis) during the month.

Rapeseed - Mustard Seed

RM seed witnessed gains fresh buying and falling seed supplies from its peak, though they remained close to previous month's level. The seed buying has improved in anticipation of rise in edible oil demand for festivities in upcoming weeks.

However, weakness in Malaysian palm oil limited the gains in the domestic RM seed. Further, as discussed, Indonesia has slashed the export tax to 10.5 percent for July from 12 percent in April thru June. Currently, CPO August contract at Bursa Malaysia Derivative exchange is hovering at MYR 2430 per tons.

Besides, Malaysia lowered the exports tax from 5.5 per cent during April-June to 5 per cent for July. The factors are favoring India's palm oil imports.

As discussed in last weekly of June, India's crude palm oil imports rose 43.9 percent to 547,151 tons in May from a month ago. While, RBD palmolein imports stood at 100,605 tons, down 73 percent on m-o-m basis. However, India buyers imported 1.78 lakh tons of crude sunflower oil and 1.74 lakh tons of crude soybean oil during the month of May - SEA of India. Besides, Malaysian palm oil inventories improved 4.2% to 1.84 Mln T in May compared to April.

The inventory report is expected to be bearish for June too, due to lower Malaysian palm oil exports during the period.

These factors combined together are limiting the gains in RM seed. India's RM seed closely follows BMD CPO.

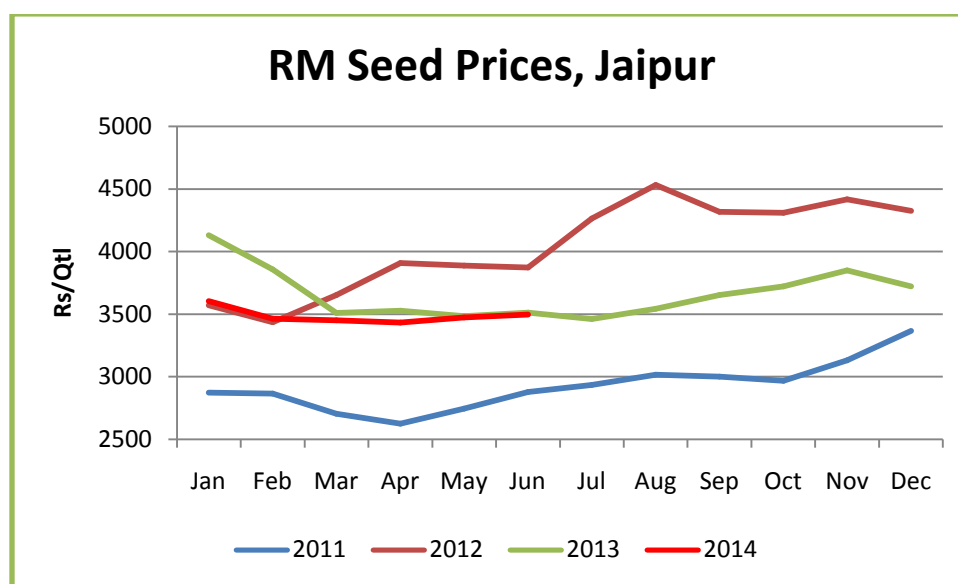
Overall, the RM seed prices are set further gain ahead upcoming fresh edible oil demand for festivities in coming weeks.

RM Seed Supply, Rajasthan

RM Seed Arrivals in Rajasthan in Bags (85 kg each).		
Monthly Arrivals– Jun	1 Month Ago	Corresponding Period Last Year
44,85,000	43,10,000	43,75,000

The domestic seed prices are expected to improve further on declining peak supplies and renewed buying interest among stockists and millers.

RM Seed Prices–Jaipur (Rajasthan)



Balance Sheet – Rapeseed-Mustard Seed, India

(Fig in MnT)

Marketing Year (Mar-Feb)	2009-2010	2010-11	2011-12	2012-13	2013-14	2014-15F
Carry In	0.45	0.75	0.75	1.25	0.28	0.20
Production	6.2	6	7	6.5	7.2	7.74
Imports	0	0	0	0	0	0
Total Availability	6.65	6.75	7.75	7.75	7.48	7.94
Crush	5.9	6	6.5	7.47	7.28	7.74
Exports	0	0	0	0	0	0
Total Usage	5.9	6	6.5	7.47	7.28	7.74
Carry Out/Ending Stock	0.75	0.75	1.25	0.28	0.20	0.20
Monthly Use	0.49	0.50	0.54	0.62	0.61	0.65
Stock/Consumption Ratio	0.13	0.13	0.19	0.04	0.03	0.03
Stock to Month Use Ratio	1.53	1.50	2.31	0.45	0.33	0.31

(Source: Agriwatch)

- ***Trade Observations: Currently the RM seed supplies are gradually falling from the peak supplies. Prices remained under seasonal supply pressure in recent weeks, but they are expected to improve on better buying in coming weeks.***
- We have revised our previous estimate and have pegged India's 2014-15 RM seed outturn at 7.7 Mn T. The production has surpassed the previous season's production followed by higher planted area, 6%, under the seed (7.12 Mn Ha vs 6.72 Mn Ha) and no reports of crop damage due to any adverse weather conditions.
- The carry-in stands at 0.20 Mn T, this season, which is slightly lower than previous year figure, as the crusher's demand remained intact.

Technical Analysis:

NCDEX RM Seed Futures



RM SeedSpot, Jaipur



Support & Resistance NCDEX - RM SeedAug Contract

S2	S1	PCP	R1	R2
3360	3477	3595	3738	3855

- The RM seed prices plunged during the month, but seemed to have bottomed out.
- RSI and stochastic are easing in neutral region.
- Prices are likely to feature gains during the month.
- Trade Recommendation (NCDEX RM SEED–Aug) – 1 Month:**BUY**Above 3580levels.T1 – 3680; T2 - 3750; SL - 3520.

Trade Recommendation RM Seed Spot (Jaipur basis): In spot, the RM seed prices are expected to improve on fresh buying to cover the stocks by the stockists and the millers. However, weakness in Malaysian palm oil will pressure seed market to some extent during the month. Prices of seed are expected to recover and will be in the range between 3600–3750levels during the month, Jul.

Annexure

Rabi Sown Area - Oilseeds, India

<i>Crop</i>	Apr 2014	Apr 2013	% Change
Rapeseed/Mustard	71.38	67.48	5.8
Groundnut	10.8	11.01	-1.9
Safflower	1.79	1.5	19.3
Sunflower	4.45	5.33	-16.5
Sesamum	4.54	2.94	54.4
Linseed	3.61	3.38	6.8
Others	0.49	0.69	-29.0
Total Oilseeds	97.06	92.33	5.1

(Area in lakh hectares) Source: GOI

As per the final official *Rabi* oilseeds planting report, the area coverage under Rabi oilseeds is reported at 93.01 lakh hectares, up 2.4% from 90.8 lakh ha previous year. Of the major oilseeds, rapeseed/mustard seed sowing is reported up by 6.0% compared to last year.

Soy Meal Export (In MT)

	2008	2009	2010	2011	2012	2013	2014
Jan	521243	521243	240318	574996	474993	619793	364443.7
Feb	375098	375098	220552	540360	344240	577589	183551
Mar	224639	224639	163666	410537	460464	302131	232176
Apr	539175	100106	60264	305033	313832	100312	75884
May	326875	77018	60575	176819	142588	97547	8226
Jun	241508	109923	98400	117600	180987	213564	2636
Jul	282438	58268	166632	139547	168341	107038	
Aug	205890	127299	176138	165510	10005	183555	
Sep	68443	171955	290868	225921	6525	173381	
Oct	88723	219721	404960	223594	49840	182724	
Nov	647400	297340	443488	397659	517103	503269	
Dec	655882	328225	611157	798041	510698	451314	
Total	4177314	2610835	2937018	4075617	3179616	3512217	866916.3

Source: SEA

Highlights of IOPEPC Crop Survey in Gujarat – Rabi crop: Indian Oilseeds and Produce Export Promotion Council in its rabi crop survey report of groundnut and sesame seed in the state of Gujarat pegged groundnut production of the state at 18,7347 tonnes which planted in 93,200 ha.

The total study area of the council including others stood at 96331 ha and the production along with Gujarat is estimated at 193258 tonnes.

Sesame seed production in the state of Gujarat is pegged at 126,817 tonnes which was planted in 135,700 ha.

The total study area of the council including others stood at 138,075 ha and the production along with Gujarat is estimated at 128,878 tonnes.

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