

Executive Summary

Soybean and soy meal fell straight third month on weak global and domestic factors while rapeseed/mustard continued uptrend on supportive buying.

Soy meal:

- ❖ Soy meal edged-lower in sync with soybean, weak global factors and poor meal exports from India continued to pressure the market.
- ❖ India is likely to plant soybean slightly lower than the previous season due to late and less rains, which in turn is a bullish factor for domestic meal to some extent.

Soybean:

- ❖ Soybean continued downtrend on weak global cues. Besides, lower crusher's demand in the bean and poor soy meal exports remained bearish factors for the domestic soybeans.
- ❖ India's area coverage under soybean, as on 31 Jul 2014, was reported at 95.39 lakh ha compared to 117 lha (-23%) during the same period last year. The planting has picked up with the improved rains in the growing region. The all India departure of monsoon in the last week of July was reported at -22% which was -42% early in July.

RM Seed:

- ❖ RM seed continued upward movement on supportive buying for crushing on likely fresh demand in mustard oil in days ahead.
 - ❖ The mustard oil demand has already improved from pickle manufacturers and it is likely followed by the upcoming festivities in coming weeks. This has boosted the sentiments of crushers in crushing the seed in recent weeks.
 - ❖ Overall, the RM seed prices will rule higher followed by upcoming fresh edible oil demand for festivities in coming weeks.
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International

- ❖ The USDA has forecast the U.S. soybean yield at a record-high 45.2 bushels per acre, but the crucial period for determining yields is in the month of August.
- ❖ After improve rains in recent days in Asian sub-continent there is yet another relief to south-east Asia, the Australian Bureau of Meteorology reduced the chances of an El Nino weather pattern/event to 50% last week.
- ❖ Overall, US soybean crop is reported under good condition. Soybean blooming, as on Aug 04, is reported at 79% which is slightly above 5 year average of 76% and above 65% compared to the same period last year. The crop is 57% in pod formation stage which is above 5 year average of 48% and also higher as compared to 36% during the same period last year. Further, the crop is 71% in good to excellent condition, which is better than last year. The factors are considered to be bearish for the international soybean for short-term.
- ❖ Combined soybean stocks of US, Brazil and Argentina are estimated at 51 Mn T as of Sept 1, an increase by 5.1 Mn T from a year ago – Oil World.
- ❖ US soybean crushings in June and soya oil inventories as of end-June are reportedly smaller than expected, as reported by Oil World.
- ❖ China has bought US 486,000 tonnes of soybeans from US by 28 July. Reportedly, the Chinese soy imports are steady and higher than the previous year.
- ❖ China's shipments of soya meal more than tripled to an unprecedented 0.99 Mn T in April/June – Oil World.
- ❖ After Ramdan the Pakistani government has raised the import duty on soy meal to 5% - Oil World. Pakistan has not bought soy meal from India since last 4 months.
- ❖ Argentina's soybean crushings slowed down seasonally to 4.18 Mn T as compared to above 5 Mn T during the same period in previous years.
- ❖ Malaysian palm oil products exports during July 1-25 rose 3.4 percent to 1,165,306 tons from 1,126,927 tons shipped during June 1-25 - Intertek Testing Services. Figures were slightly positive for the market. However, easing Malaysian palm oil export pace compared to the initial days of July may capes excessive gains in the near term. Crude palm oil (August) at Bursa Malaysia Derivative exchange trading around MYR 2335.
- ❖ CONAB made a surprising downward revision in the Brazilian soybean crop estimate to 86.05 Mn T – Oil World.
- ❖ Global 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)		
	31-Jul-14	30-Jun-14	Parity To
Indore (MP)	36500-36800	37500	Gujarat, MP
Kota	36000	37500	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	38300	39000	Mumbai, Maharashtra
Nagpur (42/46)	39000	36000	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	39000	39000	Andhra, AP, Kar, TN
Latur	39800	35800	-
Sangli	40000	40700	Local and South
Sholapur	40000	35900	Local and South
Akola	37500	38000	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Hingoli	38800	35500	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Bundi	36200	37200	-

Soy DOC at Port

Centers	Port Price	
	31-Jul-14	30-Jun-14
Kandla (FOR) (INR/MT)	39500	39000
Kandla (FAS) (USD/MT)	656	649

Oilseed Prices at Key Spot Markets:

International Soy DOC

Argentina FOB \$/MT	30-Jul-14	30-Jun-14	Change
Soybean Pellets	460	483	-23
Soybean Cake Meal	460	483	-23
Soybean Meal	468	491	-23
Soy Expellers	468	491	-23

Sunflower (DOC) Rates

Centers	Ex-factory rates (Rs/ton)		
	31-Jul-14	30-Jun-14	Change
Adoni	23800	23000	800
Khamgaon	NA	NA	-
Parli	24000	23300	700

Latur	23600	23000	600
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Groundnut Meal

Groundnut Meal (Rs/MT)	31-Jul-14	30-Jun-14	Change
Basis 45% O&A, Saurashtra	27500	28500	-1000
Basis 40% O&A, Saurashtra	25500	26500	-1000
GN Cake, Gondal	26000	27000	-1000

Mustard DOC/Meal

Mustard DOC	31-Jul-14	30-Jun-14	Change
Jaipur (Plant Delivery)	12800	13800	-1000
Kandla (FOR)	13900	15000	-1100
Sri Ganganagar (Rapseed(Mustard) Oil Cake)	1595	1650	-55

Progress of Sown Area –Kharif Oilseeds, India

As per the official *kharif oilseeds* planting report (week ending 31 Jul 2014), the area coverage under *Kharif* oilseeds is reported at 137.35 lakh hectares, down 19.5% from 169.29 lakh ha previous year. Of the major oilseeds, soybean sowing is reported down by 29.3% at 95.39 lha compared to 117.0 lha during the same period last year. Groundnut at 28.37 lha vs 36.85, sunflower at 1.17 lha vs 1.8 lha, sesamum 10.25 vs 10.12, niger 0.14 lha vs 0.66 lha and castor at 2.03 lha vs 2.86 lha during the same period last year. Planting is nearing completion and the final figure will reflect in another couple of weeks.

Crop	As on 31 Jul 2014	As on 31 Jul 2013	% Change
Groundnut	28.37	36.85	-23.0
Soybean	95.39	117	-18.5
Sunflower	1.17	1.8	-35.0
Sesamum	10.25	10.12	1.3
Niger	0.14	0.66	-78.8
Castor	2.03	2.86	-29.0
Total Oilseeds	137.35	169.29	-18.9

(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 31.07.14		
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	-7.00	367.60	397.00
Maharashtra	3.03	2.60	3.06	3.21	3.87	3.60	4.49	3.80	-17.00	399.70	479.90
Rajasthan	0.71	0.69	0.90	0.99	1.06	1.00	1.23	0.91	-23.00	220.90	287.70
Andhra Pradesh	0.18	0.14	0.16	0.20	0.28	0.20	0.33	0.30	-47.00	198.20	374.10
Karnataka	0.23	0.18	0.22	0.20	0.25	0.20	0.29	0.25	-21.00	188.80	239.60
Chattisgarh	0.13	0.15	0.15	0.15	0.16	0.10	0.18	0.14	-7.00	518.40	559.00
Gujarat	0.00	0.00	0.00	0.08	0.09	0.10	0.11	0.00	-24.00	353.90	466.60
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	-22.00	353.20	452.40

Planting Progress: Current: 95.39 lha. Last year by this time: 117 lha.

Soybean

Soybean continued downtrend for a third consecutive month, tracking weakness in international soybean. Besides, lower crusher's demand in the bean and poor soy meal exports remained negative for the domestic soybeans during the period in review.

The international soy benchmark, CBOT, remained under pressure during July with record US soybean planting of 34.3 Mln ha (84.8 million acres), 11% higher than the previous season. Besides, the weather in US mid-west remained favourable for recently planted soybean. Further, US soybean yield is projected at a record-high 45.2 bushels per acre.

Eventually, the bearish global soybean supply scenario kept the international soy market weak with spill over impact on the domestic soybean market.

Overall, US soybean crop is reported under good condition. Soybean blooming, as on Aug 04, is reported at 79% which is slightly above 5 year average of 76% and above 65% compared to the same period last year.

The crop is 57% in pod formation stage which is above 5 year average of 48% and also higher as compared to 36% during the same period last year. Further, the crop is 71% in good to excellent condition, which is better than last year. The factors are considered to be bearish for the international soybean for short-term.

The domestic soybean planting has gained momentum and it has picked up the pace after much needed rains in the recent days. The planting was significantly lower initially this season owing to deficit rains over the growing regions.

India's area coverage under soybean, as on 31 Jul 2014, was reported at 95.39 lakh ha compared to 117 lha (-23%) during the same period last year. The planting has picked up with the improved rains in the growing region. The all India departure of monsoon in the last week of July was reported at -22% which was -42% early in July.

The domestic soybean prices are expected to feature gain in August on improved Chinese soybean buying and better Malaysian palm oil exports. Further likely rise in edible oil demand on upcoming festivities will lend support to the prices.

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: Crushing demand is poor owing to lower soy meal export sales and cheaper edible oil import. About 80% of the seeds 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 edged-lower in tandem with soybean, weak global factors and poor meal exports from India remained negative factors for the meal during the month in review.

As discussed, the US 2014/15 soybean crop is seen at record high this season which will boost the soy meal supplies this season globally. This will eventually pressure the domestic meal prices, if there is no renewed overseas demand in the same.

However, India is likely to plant soybean slightly lower than the previous season due to late and less rains, which in turn is a bullish factor for domestic meal to some extent. India's planting is likely to be 10% lower this season compared to the previous year.

Shift in demand of international buyers towards South-America due to their competitive meal prices continues to pressure the meal of Indian origin. India's soy meal exports continues to remain weak 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 exports fell 94%, during July 2014 it stood just at 6682 tones as compared to 1,07,037 tones in the same period of previous year.

On a financial year basis, the export during current financial year i.e. April 2014 to July 2014 is 0.93 Lac tonnes as compared to 5.18 Lac tones in the same period of previous year showing a decrease of 82%.

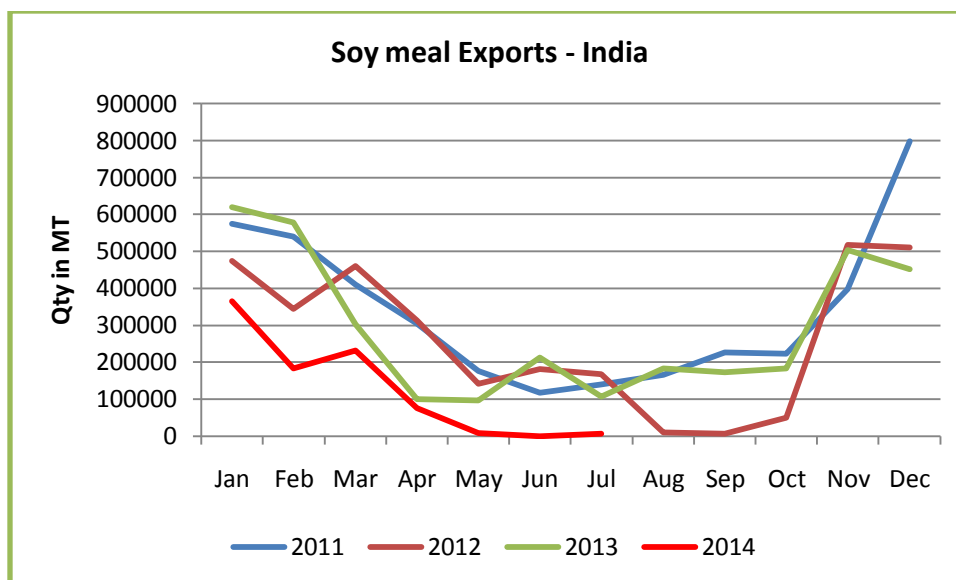
Soybean meal exports have declined sharply in the past six months due to poor supply of soybean coupled with high price led to total disparity in international market.

During current Oil year, (October-September), total exports during October 2013 to July, 2014 is 20.58 Lac tones as against 31.15 Lac tones in the same period of previous year, showing a decrease by 34%.

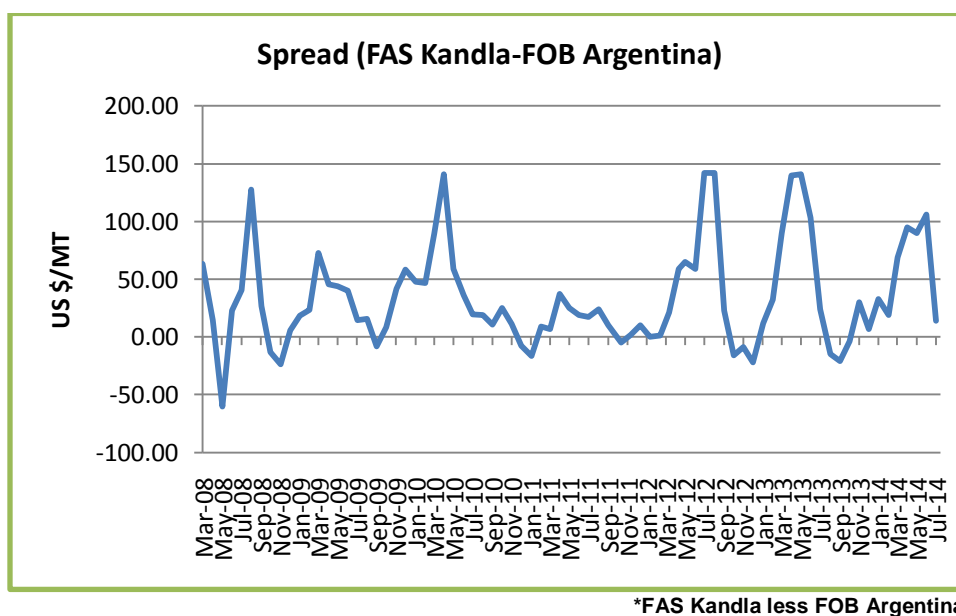
The soy meal prices are expected to recover on weak soybean supplies, likely improvement in the domestic demand from poultry feed industry and scarcity of quality beans for seeding this season.

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 (Jul-Aug delivery) was quoted between Rs 37,250 – 39,750/MT in Jul 2014 compared to 29,800-36,275/MT during the same period last year.



The average monthly soy meal price spread between FAS Kandla and FOB Argentina has narrowed and was recorded at US \$14/MT in Jul 2014 compared to US \$106/MT in Jun 14. Argentine soy meal export prices are still 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	Jul 2014	Jun 2014	Jul 2013
FOB – Argentina	462	517	506
FAS – Kandla	476	625	533

Recommendation: FOR Kandla exports price (Jul-Aug delivery) was quoted between Rs 37,250 – 39,750/MT in Jul 2014 compared to 29,800-36,275/MT during the same period last year. The prices have also gained from the previous month's 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 – Jul 2014		Avg Crush Margin – Jun 2014		Avg Crush Margin – Jul 2013	
-1173		-1354		-463	
Min	Max	Min	Max	Min	Max
-2260	-366	-2830	-230	-1056	782

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



Soybean Spot, Indore



*Daily Chart

Support & Resistance NCDEX- Soybean Oct Contract

S2	S1	PCP	R1	R2
3289	3452	3639	3801	3964

- Soybean, October contract, prices fell during the month of July on selling pressure.
- Prices closed below 9-day and 18-day EMA.
- MACD is easing in negative territory.
- RSI is falling in neutral zone while stochastic is rising in neutral region.
- Trade Recommendation (NCDEX Soybean - Oct) – 1 Month: **SELL** Below 3641. T1 – 3539; T2 - 3500; SL –3701.

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 4000-4250 levels (Indore, Plant basis) during the month.

Rapeseed - Mustard Seed

RM seed continued upward movement on improved buying for crushing on likely fresh demand in mustard oil in days ahead. Both crushers and the stockists are seen active in the cash market to cover their stock to meet the oil demand in coming days.

The mustard oil demand has already improved from pickle manufacturers and it is likely followed by the upcoming festivities in coming weeks. This has boosted the sentiments of crushers in crushing the seed in recent weeks.

Despite weak official m-o-m Malaysian palm oil export data figure the BMD CPO remained strong which remained supportive for the domestic RM seed cash market. India's RM seed closely tracks Malaysian palm oil.

Exports of Malaysian palm oil products in July fell 2.8 percent to 1,353,516 tons from 1,391,942 tons shipped in June - cargo surveyor Intertek Testing Services. Higher imports witnessed from EU's countries and India and Sub-continent during July.

Palm oil products buying by China slump 11.9 percent to 221,630 tons and India sub Sub-continent imported 367,895, up 0.13 percent on m-o-m basis. Crude palm oil (August) at Bursa Malaysia Derivative exchange is currently trading above MYR 2315.

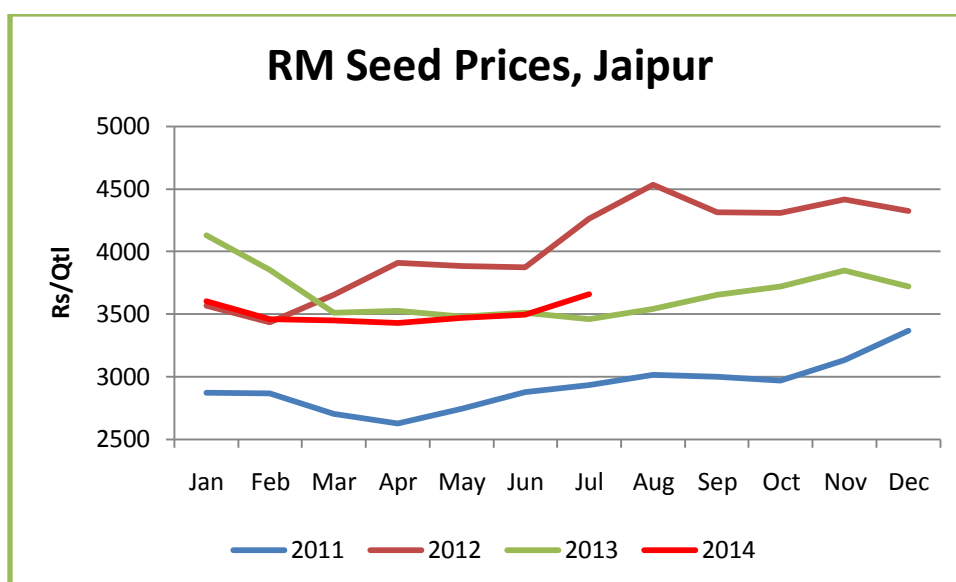
Overall, the RM seed prices will feature gains on expectation of improved edible oil demand for festivities in coming weeks.

RM Seed Supply, Rajasthan

RM Seed Arrivals in Rajasthan in Bags (85 kg each).		
Monthly Arrivals– Jul	1 Month Ago	Corresponding Period Last Year
18,30,000	44,85,000	25,13,000

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: Active buying in RM seed and declining supplies are supportive for the prices. The prices improved as expected with improved and active farmer's selling in recent 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 Seed Spot, Jaipur



*Daily Chart

Support & Resistance NCDEX - RM Seed Aug Contract

S2	S1	PCP	R1	R2
3350	3426	3597	3750	3836

- The RM seed prices edged-up during the month.
- 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 3595 levels.T1 – 3645; T2 - 3655; SL - 3565.

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 3750–3850 levels during the month, Aug.

Annexure

Rabi Sown Area - Oilseeds, India

Crop	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.

Kharif MSP (2014-15)

- ❖ Government has increased minimum support price (MSP) of sunflower seed by Rs 50 to 3750 a quintal, further 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.

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	6682
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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