

## Executive Summary

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Soybean and rapeseed-mustard featured losses on supply pressure while soy meal witnessed mild gains on steady buying during the month under review.

### **Soy meal:**

- ❖ Soy meal featured mild gains on steady domestic demand, though the overseas meal demand continued to be weak period under review. Weak soy meal export sales and bearish global supply scenario and lower crude restricted any sharp gains in the meal.
- ❖ The underlying fundamentals for the meal continued to remain weak during the season. Higher supply outlook followed by record soybean production estimates in top soybean producing countries will limit any sharp rise in the meal prices during the season.
- ❖ In a latest development SOPA has requested MP government to withdraw taxes on the industry. The soy industry is disappointed at the budget proposals of MP State Government to levy one percent tax on soy meal / de-oiled cake. Being a highly competitive agro based industry, it should not be burdened with additional taxation, which significantly contributes to the agro-economy of the state, says SOPA.
- ❖ Neighbouring state Maharashtra has no tax on soy meal/De-oiled cake and units in MP will become uncompetitive in comparison.
- ❖ Soybean is an industrial crop and the additional taxation will ultimately hurt the interest of lakhs of farmers who depend on soybean crop in Kharif for their economic well-being. We have already requested the government to exempt the soybean industry from Mandi fee and entry tax on soybean, as stated by SOPA.

### **Soybean:**

- ❖ The soybean fell in the domestic physical market mainly due to the feeble buying and bearish global supply prospects during the month under review.
- ❖ Wider disparity on crushing the beans due to cheap imports of edible oil and meagre overseas soy meal demand has led to unattractive bean prices in the cash market. Besides, record soybean production estimates from major soy growing countries in conjunction with lower crude continued to pressure the soybean market.

- ❖ This is despite gains in CBOT soybeans boosted followed by trucker's strike in Brazil protesting against the new fuel tax. The event disrupted the soybean supply which is under harvest in Brazil. This will not only increase the congestion on roads but also at ports and support the bulls in near-term.
- ❖ Brazil's soybean harvest had done over 18.5% of the total cultivated soybean area in the country, which represents a considerable delay by 12.5% from last year figures and historical five-year average, the harvest should be 23% in the same period reported Vintage Market and advice note.
- ❖ However, record global soybean production estimates, this season, mainly in the major growing regions will eventually weight on the bean prices. Every fresh estimate is indicating new high in the production estimate.
- ❖ *The domestic soybean prices are expected to witness gains but the upside will be limited due to weak economic factors and bearish global soybean supply scenario.*

**RM Seed:**

- ❖ RM seed fell primarily on the domestic factors during the month under review. The domestic rapeseed-mustard harvesting is gaining momentum and the new crop seed supplies increasing week-on-week.
- ❖ The all India seed arrivals spurt in February with the commencement of the early rapeseed-mustard harvesting and was reported at 12,55,000 bags during the last week of Feb. compared to 5,35,000 bags earlier week. In Rajasthan the supplies increased to 6,65,000 bags during the same period compared to 2,50,000 bags in the in the earlier week.
- ❖ The seasonal rise in arrivals will continue till it reaches peak in coming weeks, which will weigh on the seed prices too. However, gains in BMD CPO may limit the losses. Bearish global oilseeds supply scenario will remain a negative factor for the seed.
- ❖ India is expected to harvest 7.36 million tonnes of rapeseed in the current crop year down from last year. Lower rapeseed production in the current season mainly attributed to the drop in India's mustard acreage (down 8 percent y-o-y) in the current season and dryness in the initial days of sowing - Farm Ministry.

- ❖ India's area under rapeseed-mustard this season is reported lower over 8.6% at 65.17 lha compared to 71.28 lha in the previous season. India's area under RM seed was 71.4 lakh hectares in 2013. Lower area is a bullish factor for the domestic RM seed though.
- ❖ *Rising seasonal supplies in seed and exemption of export duty by Malaysia and Indonesia on palm oil will pressure the seed prices in near-term.*

## International Highlights

- ❖ Brazilian truck strike has ended and key highway in top soy state Mato Grosso opened after two weeks of protests. 500 trucks had arrived at Brazil's port of Paranagua where recent roadblocks depleted soy stocks.
- ❖ As per Oil World, Indonesia palm oil production seen at 32.4 million tons for 2014-15 v/s 30.5 million tons last year and Malaysia palm oil production seen at 19.4 million tons for 2014-15, down one million tons from last year. Moreover, CPO (at Rotterdam) and RBD palmolein (FOB Malaysia) prices for 2015 seen at USD 770 /T and USD 750/T respectively.
- ❖ Reports by Oil World reveals EU-28 imports of soya meal increased to 5.3 Mn T in Oct/Dec 2014.
- ❖ Argentina's soybean production for 2014/15 season is likely to be at record high at 58 million tonnes. This is the highest output estimate by any analyst. The figures are the revised estimates of Rosario Grain Exchange raising its previous production estimate for 54.5 million tonnes. Recent rains are cited as the reason for boost in yield and eventually the production.
- ❖ Recent update from the Brazilian state of Mato Grosso suggests that farmers are dissatisfied with the lower than expected yields of the recently harvested soybeans (Source: Oil World).
- ❖ Oil World has estimated, Argentina's shipments of vegetable oils are expected to improve by approximately 0.6 Mn T this season.
- ❖ Argentina's soybean production is estimated record-high at 57 million tonnes in the 2014-15 season; the Buenos Aires Grains Exchange forecast in its first harvest forecast for 2014/15.
- ❖ EU-28 crushings of rapeseed rose above expectations and touched a record 13.5 Mn T in July/Dec 2014, as reported by Oil World.
- ❖ On the production front, combined crude palm oil output from Malaysia and Indonesia is expected to rise to 51.1 million tons in 2015 v/s 49.2 million tons last year.
- ❖ Brazil's 2014/15 soybean production is estimated at 92.3 million tonnes by Abiove in the new forecast in Feb., which is up 1.6 million tonnes from its previous estimate of 91.9 million tonnes.
- ❖ The shipments and the volume of Argentine soybeans in 2015 are expected to be similar to December's estimate at 48 million tonnes, said Abiove.
- ❖ The consolidated soya oil shipments of the US, Argentina, Brazil and Paraguay increased by 2% to 2.1 Mn T in Oct/Jan 2014/15, as reported by Oil World.
- ❖ The surge in G-4 soybean shipment by 2.4 Mn T in Sept/Jan 2014/15 indicates record global demand (Source: Oil World).

- ❖ Brazil based analyst Safras & Mercado forecast a 2014/15 Brazilian soybean output at 95.0 million tonnes, down from 95.9 million tonnes estimated in December.
- ❖ Brazil's Agriculture Ministry's crop supply agency Conab has estimated its 2014/15 soybean production at record 95.8 million tonnes, higher than the USDA. It also said Brazil is expected to export a record 49.6 million tonnes of the soybean, which is sharply higher from the 45.6 million tonnes estimated to be exported during the current season.
- ❖ USDA's announcement marked the third cancellation of soybean sales to China in January due to a seasonal shift to South America countries from US. USDA announced soybean sales cancellation to China details as follow - On 27 Jan. about 120,000 tons, 20 Jan. about 174,000 tons and on 16 Jan. 285,000 tons.
- ❖ Pakistan's importers bought about 66,000 tonnes of soybeans from US and it is currently in talks about buying about 60,000 tonnes from Brazil also.
- ❖ The global production of soybeans has been raised by 1.3 Mn T to 309.1 Mn T, 24.3 Mn T, by Oil World, above last season – Oil World.
- ❖ India's 2013/14 soyoil imports stood at 1.95 Mn T against 1.09 Mn T in 2012/14 season. Palm oil purchases were slightly lower at 7.29 Mn T against 8.29 Mn T last season. Sunflower oil imports were recorded at 1.51 Mn T against 0.97 Mn T in 2012/13.
- ❖ As per Oil World, the global supplies of palm oil is expected to rise by only 2.2 Mn T in Oct/Sept 2014/15, which is down from an average annual growth of 3.9 Mn T in the past 3 seasons.
- ❖ China's soybean import is estimated to 73.5 Mn T in Oct/Sept 2014/15 by the Oil World.
- ❖ As per Abiove, Brazil's soybean crop for 2014/15 is estimated at 91 million tons and exports forecast at 48 million tons. As per Oil World, oilseed production may rise to 519.7 million tons, up 4.31 percent from 2013-1. The total oilseeds production includes 310.80 million tons of soybean, 68 million tons of rapeseed, 41.4 million tons of sunflower seed and rests others.
- ❖ The total oilmeals consumption of five N. African countries in 2014/15 is estimated at 6.2-6.3 Mn, which has more than doubled within 10 years.
- ❖ India's import requirements of vegetable oils are set to increase to a new high of 12.2 Mn T in 2014/15, as reported by Oil World.
- ❖ Oil World has estimated a combined soya meal imports of 8 key countries in Southeast Asia at a record 16.6 Mn T next season, which is up 1.4 Mn T on the year.
- ❖ As per Agroconsult, Brazil is likely to produce 95.1 million tons of soybeans in 2014-15, up 1 million tons from previous estimates. Moreover, Argentina soybean crop output for 2014-15 seen at 56.6 millions tons.
- ❖ The palm oil production in Malaysia is estimated to reach a record 19.7 million tons to 19.9 million tons. Further, Indonesia's output is likely an all-time high of 30.5 million tons or more this year. Production is estimated by Dorab Mistry, Director at Godrej International Ltd. Both the countries account for 86% of world total supplies.
- ❖ Germany's winter rapeseed output is estimated at 5.8 million tonnes in 2014, up from 5.7 million tonnes in 2013, German farmer's association, DBV said.
- ❖ Oil World has estimated the Canadian canola crop at 14.7 Mn T in 2014 which is considerably below the record 17.96 Mn T last year.
- ❖ EU-28 rapeseed outturn has turned out higher than expected there is an upward revision to 23.5 Mn T. EU rapeseed exports are also improving.

**Oil Meal Prices at Key Spot Markets:**
**Soy DOC Rates at Different Centers**

Centers	Ex-factory rates (Rs/ton)		
	28-Feb-15	31-Jan-15	Parity To
Indore (MP)	28000-29000	28000	Gujarat, MP
Kota	28000	28000	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	29100	29500	Mumbai, Maharashtra
Nagpur (42/46)	28500-29100	29200	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	29600	28600	Andhra, AP, Kar, TN
Latur	29700	30000	-
Sangli	30100	30000	Local and South
Sholapur	29300	30000	Local and South
Akola	28700	28300	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Hingoli	29400	28500	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Bundi	28200	28200	-

**Soy DOC at Port**

Centers	Port Price	
	28-Feb-15	31-Jan-15
Kandla (FOR) (INR/MT)	29150	30600
Kandla (FAS) (USD/MT)	473	493

**International Soy DOC**

Argentina FOB USD/MT	27-Feb-15	30-Jan-15	Change
Soybean Pellets	408	405	3
Soybean Cake Flour	408	405	3
Soya Meal	416	413	3
Soy Expellers	416	413	3

Sunflower (DOC) Rates	Ex-factory rates (Rs/ton)		
Centers	28-Feb-15	31-Jan-15	Change
Adoni	19900	19400	500
Khamgaon	NA	NA	-
Parli	19900	19800	100

Latur	19500	19000	500
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Groundnut Meal (Rs/MT)	28-Feb-15	31-Jan-15	Change
Basis 45%, Saurashtra	24500	24700	-200
Basis 40%, Saurashtra	21500	21700	-200
GN Cake, Gondal	25000	25000	Unch

Mustard DOC/Meal	28-Feb-15	31-Jan-15	Change
Jaipur (Plant delivery)	15000	15000	Unch
Kandla (FOR Rs/MT)	16000	16000	Unch
Sri Ganganagar	1785	1835	-50

## Progress of Sown Area – Rabi Oilseeds, India

In the official *rabi oilseeds* planting report (week ending 26 Feb. 2015), the area coverage under *Rabi* oilseeds is reported at 81.69 lakh hectares, down 10.1% from 90.84 lakh ha during the same period last year. Of the major oilseeds, rapeseed/mustard seed sowing is reported down by 8.6% at 65.17 lha compared to 71.28 lha during the same period last year. Groundnut at 7.26 lha vs 8.35 lha, safflower at 0.95 lha vs 1.78 lha, sunflower at 3.09 lha vs 4.31 lha, sesamum 1.43 lha vs 1.02 lha, linseed 3.21 lha vs 3.57 lha during the same period last year.

Crop	As on 26 Feb. 2015	As on 26 Feb. 2014	% Change
Rapeseed/Mustard	65.17	71.28	-8.6
Groundnut	7.26	8.35	-13.1
Safflower	0.95	1.78	-46.6
Sunflower	3.09	4.31	-28.3
Sesamum	1.43	1.02	40.2
Linseed	3.21	3.57	-10.1
Others	0.58	0.53	9.4
<b>Total Oilseeds</b>	<b>81.69</b>	<b>90.84</b>	<b>-10.1</b>

(Area in lakh hectares) Source: GOI

## Soybean

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The soybean fell in the domestic physical market mainly due to the feeble buying and bearish global supply prospects during the month under review.

Wider disparity on crushing the beans due to cheap imports of edible oil and meagre overseas soy meal demand has lead to unattractive bean prices in the cash market.

Several crushing units of big players are either closed in Rajasthan or are running at lower capacity in other parts of India. Besides, record soybean production estimates from major soy growing countries in conjunction with lower crude continued to pressure the soybean market.

This is despite gains in CBOT soybeans boosted followed by trucker's strike in Brazil protesting against the new fuel tax. The event disrupted the soybean supply which is under harvest in Brazil. This will not only increase the congestion on roads but also at ports and support the bulls in near-term.

Brazil's soybean harvest had done over 18.5% of the total cultivated soybean area in the country, which represents a considerable delay by 12.5% from last year figures and historical five-year average, the harvest should be 23% in the same period reported Vintage Market and advice note.

However, record global soybean production estimates, this season, mainly in the major growing regions will eventually weight on the bean prices. Every fresh estimate is indicating new high in the production estimate.

Again in the fresh update, Argentina's 2014/15 soybean crop is estimated by the government at a record 58.0 million tonnes, up from 53.4 million in last season. Argentina's highest production to date stood at 55 million tonnes, harvested in the 2009-10 season.

Besides, Brazil's 2014/15 soybean production estimates vary from record 93.9 - 95.5 million tonnes.

Brazil's 2014/15 soybean crop is estimated at 94.7 million tonnes which is up 828,000 tonnes from a January forecast, Agroconsult analysts said in the week.

But Conab has cut trimmed its Brazilian forecast for the 2014/15 soybean crop, which is under harvest, to 94.6 million tonnes from its earlier estimate of 95.9 million tonnes. However, production estimates are all time high.

Rains in several parts of South American soybean growing region in previous weeks boosted the crop yield.

The Conab also estimated Brazil's likely soybean shipments to 47.8 million tonnes, which lower from 49.6 million tonnes in January'15.

U.S. area under soybean in 2015 is forecast lower at 83.5 million acres by USDA, which is lower by 200,000 acres from last 2014, a bulls for short-term.

However, good Chinese soybean buying will lend support the prices at higher levels. China bought 110,000 tonnes of 2015/16 soybeans previous week. During the same period, Egypt's Food Industries Holding Company (FIHC) was looking for purchase up to 50,000 tonnes of crude soybean oil. The volume is up to 25,000 tonnes is bought for May 1-20 delivery and up to 25,000 tonnes for July 1-20 delivery.

Bearish global soybean supply scenario, weak crude and unattractive crush margin for domestic solvent extractors have continues to be a negative factor for the bean.

*The domestic soybean prices are expected to witness gains but the upside will be limited due to weak economic factors and bearish global soybean supply scenario.*

## Balance Sheet – Soybean, India

Fig. in MnT

Oil Year (Oct-Sep)	2010-11	2011-12	2012-13	2013-14	2014-15 (*F)
<b>Carry In</b>	1.12	0.37	0.40	0.32	0.32
<b>Production</b>	<b>10.10</b>	<b>12.00</b>	<b>12.50</b>	<b>11.00</b>	<b>10.50</b>
Imports	0.00	0.00	0.00	0.00	0.00
<b>Total Availability</b>	<b>11.22</b>	<b>12.37</b>	<b>12.90</b>	<b>11.33</b>	<b>10.83</b>
Crush	10.85	11.97	12.58	10.50	10.50
Exports	0.00	0.00	0.00	0.00	0.00
Total Usage	10.85	11.97	12.58	10.50	10.50
Carry Out	0.37	0.40	0.32	0.82	0.32
Monthly Use	0.90	1.00	1.05	0.88	0.88
Stock/Consumption Ratio	0.03	0.03	0.03	0.08	0.03
Stock to Month Use Ratio	0.41	0.40	0.31	0.94	0.37

Source: Agriwatch

- **Trade Observations: Feeble supplies and weak domestic crushing followed by cheaper edible oil imports remained pressurising factor for the bean. About 90% of the seeds have been offloaded in the market during the season.**
- We peg India's 2014-15 soybean production at 11.2 Mln T in our preliminary projection.
- In 2013-14 India could produce only 11 Mln T as yield was badly hit in Madhya Pradesh and some parts of Rajasthan followed by incessant rains in the region. This is despite the rise in area by 14% over the year 2012.
- 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

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Soy meal featured mild gains on stead domestic demand, though the overseas meal demand continued to be weak period under review. Weak soy meal export sales and bearish global supply scenario and lower crude restricted any sharp gains in the meal.

The underlying fundamentals for the meal continued to remain weak during the season. Higher supply outlook followed by record soybean production estimates in top soybean producing countries will limit any sharp rise in the meal prices during the season.

In a latest development SOPA has requested MP government to withdraw taxes on the industry. The soy industry is disappointed at the budget proposals of MP State Government to levy one percent tax on soy meal / de-oiled cake. Being a highly competitive agro based industry, it should not be burdened with additional taxation, which significantly contributes to the agro-economy of the state, says SOPA.

Neighbouring state Maharashtra has no tax on soy meal/De-oiled cake and units in MP will become uncompetitive in comparison.

Soybean is an industrial crop and the additional taxation will ultimately hurt the interest of lakhs of farmers who depend on soybean crop in Kharif for their economic well-being. We have already requested the government to exempt the soybean industry from Mandi fee and entry tax on soybean, as stated by SOPA.

There are no signs of improvement in India's soy meal exports considering the forward bookings. The shipments continued to be weak and are much below expectations and are severely below previous season.

As discussed in the previous weekly, the prime factor for the fall in exports is due to the competitive international meal prices, including the meal of US, Brazil and Argentine origin compared the meal of Indian origin. India's soy meal exports this season are sharply lower as compared to the previous years.

Higher global supply scenario with estimates of record soybean production in US and South America will keep the soy meal prices lower this season, despite increase in soy product demand globally.

The domestic soy meal demand has been already hit due to recent incidents of bird flu in some parts of Kerala, affecting poultry production in several other parts of South India where there are highest number of poultry units, and poultry is the largest consuming industry of soy meal in India.

The domestic solvent extractors continued to face the crisis followed by wide disparity on crushing the beans and sharp fall in the meal exports from the beginning of the season which is certainly restricting the gains in soy meal.

*The overseas soy meal exports eased m-o-m which was higher for last couple of months, besides it remained significantly lower compared to the same period last year.*

*India's soy meal shipments during January, 2015 was 1.04 lac tons as compared to 3.64 lac tons in January, 2014 showing a decrease by 71.48% over the same period of last year.*

*On a financial year basis, the export during April'2014 to January'2015 is 5.35 lac tons as compared to 24.25 lac tons in the same period of previous year showing a decrease of 77.92%.*

*During current Oil year, (October – September), total exports during October 2014 to January, 2015 are 4.38 Lac tones as against 15.49 Lac tones last year, showing a decrease by 71.69%.*

*Iran, France and Indonesia remained the top 3 buyers of Indian soy meal in January 2015.*

Despite narrowing price spread compared to previous month India's meal prices still remained dearer to South American meal prices unlike previous years, hence the situation could not turn out to be positive except for some y-o-y increase in volume in shipments in previous months.

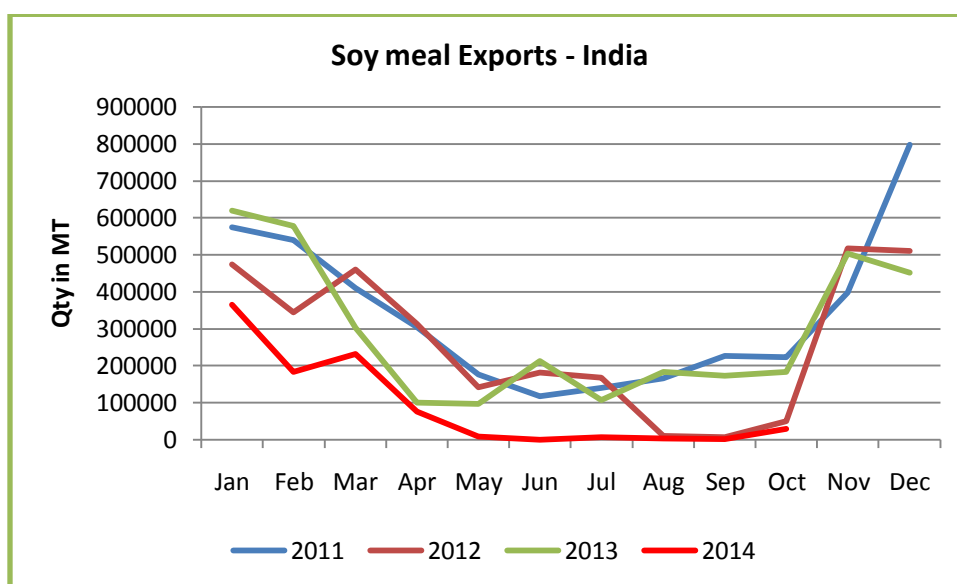
*India's soy meal exports declined to 104,426 tonnes in January from 193,832 tonnes in Dec., the Solvent Extractors' Association of India. Of total oilmeal shipments in Jan., soy meal comprised of 104,426 tonnes, rapeseed meal (44,361 tonnes), ricebran extraction (5850 tonnes) and castorseed meal was (5,255 tonnes).*

*Considering the current scenario, we feel that India may not be able to regain the lost market this season which it lost last season due to prices competitive in US, and South American meal followed by record supply scenario.*

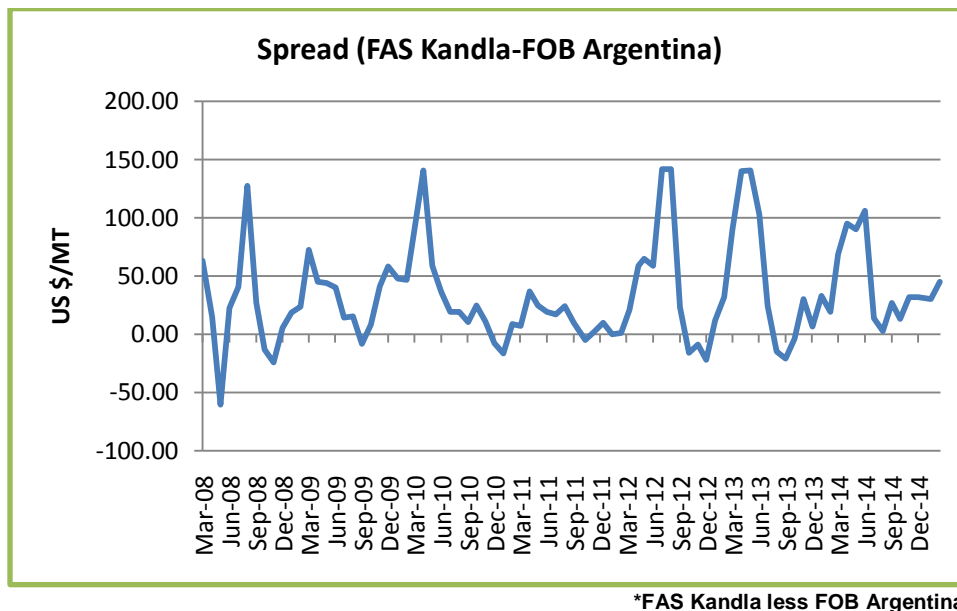
India's soy meal export will only pick-up in 2014/15 season if country's prices are highly competitive to the major soy exporters.

The soy meal prices are likely to feature mild gains on need based buying next week but overall remain under pressure on bearish global supply scenario.

*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. Iran, Japan, Europe, Thailand, Vietnam, Indonesia and South Korea could be seen as the major destinations for Indian soy meal exports.*



India's Y-o-Y soy meal prices are lower. Soy meal export price, FOR Kandla (Mar – Apr delivery) was quoted between Rs 28,750 – 29,500/MT compared to Rs 35,170 – 38,031/MT during the same period last year.



The average monthly soy meal price spread between FAS Kandla and FOB Argentina has widened in Feb. and was recorded at US \$45/MT in Feb. 2015 compared to US \$30/MT in Jan. 15. Argentine soy meal export prices continued to be attractive as compared to the India's. Notably, India's soy meal exports are at the optimum levels during the period, October through January. (\*Spread - FAS Kandla less FOB Argentina). India's exports window is open but higher global supply scenario will keep the India's meal exports lower this season.

Soymeal	Feb. 2015	Jan. 2014	Feb. 2014
FOB – Argentina	414	422	571
FAS – Kandla	459	452	552

**Recommendation:** India's soy meal prices are under global supply pressure. Indian meal exporters are advised to aggressively explore the lost markets last season especially traditional South and Far-East Asian destinations and Iran. India is into the period of higher exports considering seasonality. The domestic meal prices are likely to feature steady to firm tone during in near-term. FOR, Kandla (Mar. – Apr. delivery) is expected to rebound and the quotes will be between the range of Rs. 29,000 – 29,500/MT levels during the month. The prices remained within the range of Rs. 28,750 – 29,500/MT during the month.

## Soybean Crush Margin

Avg Crush Margin – Feb 2015		Avg Crush Margin – Jan 2015		Avg Crush Margin – Feb 2014	
<b>-1039</b>		<b>-701</b>		<b>-2732</b>	
Min	Max	Min	Max	Min	Max
<b>-1520</b>	<b>-600</b>	<b>-1480</b>	<b>-20</b>	<b>-3246</b>	<b>-2224</b>

The disparity on soybean crushing in February has further widened compared to January month, though it is narrower compared to the same period last year. The widening disparity remained discouraging for the solvent extractors in February. Increasing cheaper edible oil imports and weak soy meal export sales continued to remain negative for crushing.

## Technical Analysis:

### NCDEX Soybean Futures



### Soybean Spot, Indore



\*Daily Chart

### Support & Resistance NCDEX- Soybean Apr. Contract

S2	S1	PCP	R1	R2
3200	3300	3379	3566	3622

- Candlestick chart pattern reveals weakness in the market.
- Prices closed above 18-day EMA.
- MACD is easing in negative territory.
- RSI and stochastic are easing in neutral zone.
- Trade Recommendation (NCDEX Soybean – Apr.) – 1 Month: **BUY** Above 3375. T1 – 3450; T2 - 3550; SL –3330.

**Trade Recommendation soybean spot, Indore basis:** Soybean prices are expected to move within a narrow band with weak bias on negative global factors including lower crude and higher global soybean supply scenario this season. The prices are likely to remain in the price band of 3350 – 3500 levels (Indore, Plant basis) during the month.

## Rapeseed - Mustard Seed

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RM seed fell primarily on the domestic factors during the month under review. The domestic rapeseed-mustard harvesting is gaining momentum and the new crop seed supplies increasing week-on-week.

The all India seed arrivals spurt in February with the commencement of the early rapeseed-mustard harvesting and was reported at 12,55,000 bags during the last week of Feb. compared to 5,35,000 bags earlier week. In Rajasthan the supplies increased to 6,65,000 bags during the same period compared to 2,50,000 bags in the earlier week.

The seasonal rise in arrivals will continue till it reaches peak in coming weeks, which will weigh on the seed prices too. However, gains in BMD CPO may limit the losses. Bearish global oilseeds supply scenario will remain a negative factor for the seed.

India is expected to harvest 7.36 million tonnes of rapeseed in the current crop year down from last year. Lower rapeseed production in the current season mainly attributed to the drop in India's mustard acreage (down 8 percent y-o-y) in the current season and dryness in the initial days of sowing - Farm Ministry.

India's area under rapeseed-mustard this season is reported lower over 8.6% at 65.17 lha compared to 71.28 lha in the previous season. India's area under RM seed was 71.4 lakh hectares in 2013. Lower area is a bullish factor for the domestic RM seed though.

Exports of Malaysian palm oil products for February declined by 10.4% to 993,376 tonnes from 1,109,188 tonnes exported during January, cargo surveyor Societe Generale de Surveillance. Country wise export details – India imported 246,575 (162,900) tons, China 43,312 (209,800) tons and European Union 260,435 (185,706) tons. Values in brackets depict same period of the last month.

The domestic RM seed closely tracks Malaysian palm oil (BMD CPO) which witnessed gains in recent days.

As per Oil World, Indonesia palm oil production seen at 32.4 million tons for 2014-15 v/s 30.5 million tons last year and Malaysian palm oil production seen at 19.4 million tons for 2014-15, down one million tons from last year. Moreover, CPO (at Rotterdam) and RBD palmolein (FOB Malaysia) prices for 2015 seen at USD 770 /T and USD 750/T respectively.

Malaysian government has decided to continue exemption on export duty in March on palm oil. The availability and Imports of palm oil for India will be cheaper and weigh on the RM seed prices.

On the production front, combined crude palm oil output from Malaysia and Indonesia is expected to rise to 51.1 million tons in 2015 v/s 49.2 million tons last year. This is again a bearish factor for India's rapeseed-mustard.

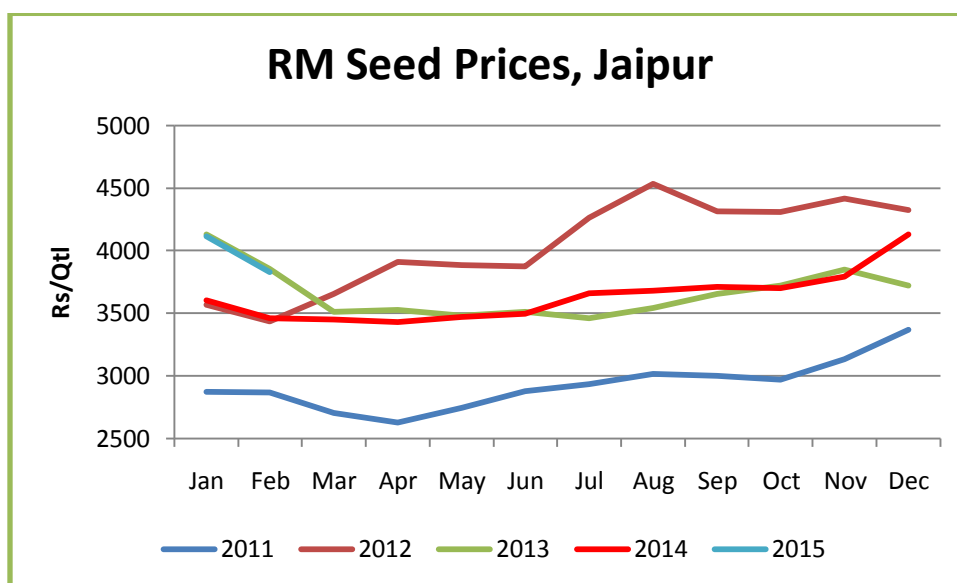
India imported 162,900 tons of palm oil during January v/s 359,767 tons in Dec. month. Moreover, lower demand witnessed from EU's countries and China. China and EU's countries imported 209,800 tons and 185,706 tons respectively during January from Malaysia.

## RM Seed Supply, Rajasthan

RM Seed Arrivals in Rajasthan in Bags (85 kg each).		
Monthly Arrivals– Feb.	1 Month Ago	Corresponding Period Last Year
15,85,000	13,84,000	7,47,000

*Rising seasonal supplies in seed and exemption of export duty by Malaysia and Indonesia on palm oil will pressure the seed prices in near-term.*

## 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	2014-15
<b>Carry In</b>	<b>0.45</b>	<b>0.75</b>	<b>0.75</b>	<b>1.25</b>	<b>0.28</b>	<b>0.20</b>
Production	6.2	6	7	6.5	7.2	7.74
Imports	0	0	0	0	0	0
<b>Total Availability</b>	<b>6.65</b>	<b>6.75</b>	<b>7.75</b>	<b>7.75</b>	<b>7.48</b>	<b>7.94</b>
<b>Crush</b>	<b>5.9</b>	<b>6</b>	<b>6.5</b>	<b>7.47</b>	7.28	7.74
Exports	0	0	0	0	0	0
Total Usage	5.9	6	6.5	7.47	7.28	7.74
<b>Carry Out/Ending Stock</b>	<b>0.75</b>	<b>0.75</b>	<b>1.25</b>	<b>0.28</b>	<b>0.20</b>	<b>0.20</b>
Monthly Use	0.49	0.50	0.54	0.62	0.61	0.65
<b>Stock/Consumption Ratio</b>	<b>0.13</b>	<b>0.13</b>	<b>0.19</b>	<b>0.04</b>	<b>0.03</b>	<b>0.03</b>
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. About 55% of the total seed produced is reportedly out in the market by August end. 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 Apr. Contract

S2	S1	PCP	R1	R2
3085	3215	3386	3550	3755

- The RM seed prices fell on selling pressure, 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-Apr.) – 1 Month: **SELL** Below 3390 levels. T1 – 3300; T2 – 3250; SL – 3444.

**Trade Recommendation RM Seed Spot (Jaipur basis):** In spot, the RM seed prices fell on new crop supplies and weak global factors including lower crude and weakness in Malaysian palm oil. Prices of seed are expected to remain under pressure and will be in the range between 3550–3650 levels during the month, Mar.

## Annexure

### Rabi Sown Area - Oilseeds, India

<i>Crop</i>	<b>Apr 2014</b>	<b>Apr 2013</b>	<b>% Change</b>
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
<b>Total Oilseeds</b>	<b>97.06</b>	<b>92.33</b>	<b>5.1</b>

(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	2015
<b>Jan</b>	521243	521243	240318	574996	474993	619793	364443.7	103934
<b>Feb</b>	375098	375098	220552	540360	344240	577589	183551	
<b>Mar</b>	224639	224639	163666	410537	460464	302131	232176	
<b>Apr</b>	539175	100106	60264	305033	313832	100312	75884	
<b>May</b>	326875	77018	60575	176819	142588	97547	8226	
<b>Jun</b>	241508	109923	98400	117600	180987	213564	2636	
<b>Jul</b>	282438	58268	166632	139547	168341	107038	6682	
<b>Aug</b>	205890	127299	176138	165510	10005	183555	2778	
<b>Sep</b>	68443	171955	290868	225921	6525	173381	868	
<b>Oct</b>	88723	219721	404960	223594	49840	182724	29071	
<b>Nov</b>	647400	297340	443488	397659	517103	503269	110806	
<b>Dec</b>	655882	328225	611157	798041	510698	451314	193832	
<b>Total</b>	<b>4177314</b>	<b>2610835</b>	<b>2937018</b>	<b>4075617</b>	<b>3179616</b>	<b>3512217</b>	<b>843874</b>	

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 was 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 was estimated at 128,878 tonnes.

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