

## Executive Summary

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Soybean and meal featured losses on better than expected seasonal rains and soybean planting ahead of normal schedule in key growing regions.

However, rapeseed-mustard posted gains in Jun. on supportive buying in the cash market; this was despite the reports of higher Malaysian palm oil production and inventories in May, which is expected to be again higher in Jun report. Continued buying in rapeseed-mustard, by millers and the stockists, is witnessed in the cash market.

### **Soy meal:**

- ❖ Soy meal witnessed losses in association with soybean on bearish fundamentals during the month under review. The market is waiting for India's June soy meal export figure.
- ❖ Good seasonal rains during Jun. which favoured the domestic soy planting remained pressurizing factor for the meal, the prices of the meal are already lower due to weak exports since last couple of seasons.
- ❖ India's soy meal exports commitments continued to remain weak and are not expected to pick-up due to increased global supply scenario followed by record soybean production in the key growing areas, which eventually increased the global soy meal supplies at competitive price compared to meal of Indian origin.
- ❖ Soy meal and rapeseed meal prices in Europe have got dearer on concern about unfavorable weather for soy bean crop development in the US and rapeseed crops in Germany.
- ❖ The soy meal exports from Argentina have surged in June after the strike in May which had disrupted the meal shipments from the country during the month.
- ❖ Overall, the domestic meal consumption fell in recent weeks.
- ❖ India's monthly soy meal exports in the month of May witnessed gains y-o-y, after several months, showing an increase by 71% over the same period last year. But, the exports in May were below 5 year average of 10,62,65 MT.
- ❖ A large number of feed manufacturers in South-East Asian countries are aggressively looking to import soy meal at the competitive price.
- ❖ China, which has recently lifted ban from meal of Indian origin has identified India's 5 rapeseed-mustard crushing plants for rapeseed-mustard meal imports.. This will lend support to the seed prices at higher levels in cash market.

- ❖ Chinese imports of rapeseed meal are estimated at 150,000 tonnes during 2015/16 (June/May), which is lower by 25% from a year ago (imported from other countries). China's demand is projected around 10.8 million tonnes for the year, according to a CNGOIC estimate published this week.
- ❖ India's soy meal shipment during May, 2015 was 14,045 tons as compared to 8,221 tons in May, 2014 showing an increase by 70.85% over the same period of last year.
- ❖ The soy meal prices are likely to continue range-bound movement with weak bias followed by improved supply scenario in near-term.
- ❖ *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.*

**Soybean:**

- ❖ The domestic soybean fell primarily due to better monsoonal rains followed by soybean planting in key growing states ahead of normal schedule.
- ❖ India's actual seasonal rainfall from 1 June to 3 July 2015 is reported at 201.8 mm compared to 189.3 mm normal and the departure stood at 7%.
- ❖ Further, there are fair changes that India's soybean planted area in 2015 will be higher as compared to area under 2014. As per SOPA the area is expected to increase by 7% - 10% to 118 lakh hectares or above.
- ❖ Besides, weak soy meal export sales from India and lower crude continued to pressurize soy which is hovering below US \$ 60/barrel.
- ❖ US soybean planting, is reported at 94% by 28 Jun. which is slightly below 5 year average of 97% and also lower than 95% during the same period last year. Soybean emergence, is reported at, 89% lower than 5 year average of 94% and also lower than 93% during the same period last year.
- ❖ US Soybean planted area for 2015 is estimated at a record high 85.1 million acres, up 2% from last year. Area for harvest, at 84.4 million acres, is also up 2% from 2014 and will be record high, if realized.

- ❖ Brazil has exported 9.81 million tonnes of soybeans in June, as compared with 9.34 million tonnes in May and 6.89 million tonnes a year ago; this shows that the imports are better than same period last year.
- ❖ US soybean stocks as of June 1 were 625 million bushels, up from 405 million bushels a year earlier. The quarterly usage figure of 701 million bushels was the fourth biggest ever for the period.
- ❖ Brazil is likely to reduce the area planted with soybean in coming season for the first time in nearly a decade, due to higher interest rates and a more selective credit market, according to local consultancy Agroconsult.
- ❖ *Better than expected seasonal rains, higher edible oil imports, lower soy meal shipments will pressurize the domestic soybean market. However, recent rains in the US mid-west have hurt the remaining soybean planting in the region. This will limit any sharp fall in near-term in addition to consistent Chinese buying.*

#### **RM Seed:**

- ❖ RM seed extended gains in June on continued buying in the cash market and China's decision of lifting the ban on rapeseed meal of Indian origin.
- ❖ Tight domestic supply scenario due to lower seed production this season continued to remain positive for the RM seed market.
- ❖ The all India seed arrivals are gradually falling and they were reported at a total of about 39,60,000 bags during the month under review compared to about 44,85,000 bags in June last year. In Rajasthan the supplies too were reported lower at about 24,10,000 bags in June this year compared to about 23,62,000 bags during the same period last year.
- ❖ According to SGS, Malaysia's 1-30 June 2015 exports rose by 9.4 percent at 1,696,096 tons (1,550,675). Top buyers were India at 411,930 tons (345,080), European Union at 360,354 tons (316,655), China at 272,320 tons (393,475), United States at 59,170 tons (56,735) and Pakistan at 49,850 tons (31,500). Values in brackets are figures of 1-30May, 2015.
- ❖ Better palm oil exports will eventually lend support to the domestic rapeseed mustard prices at higher levels.

- ❖ China has identified India's 5 rapeseed-mustard crushing plants for rapeseed-mustard meal imports, which has recently lifted ban from meal of Indian origin. This will lend support to the seed prices at higher levels in cash market.
  - ❖ The outlook for rapeseed-mustard remains stronger for medium and long-term owing to the tight supplies due to lower production this season.
  - ❖ *Tight supplies in seed, better Malaysian palm oil exports and China's renewed demand in rapeseed meal of Indian origin will lend support to the rapeseed-mustard prices at higher level. But, higher Malaysian palm oil stock and improved palm oil production will pressurize the domestic seed market.*
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## International Highlights

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- ❖ Brazil exported 9.81 million tonnes of soybeans in June, compared with 9.34 million tonnes in May and 6.89 million tonnes a year ago, the trade ministry said.
- ❖ US soybean planting is reported at 94% by 28 Jun. which is slightly lower than 5 year average of 97% and also lower than 95% during the same period last year. Soybean emergence is reported at 89% lower than 5 year average of 94% and also lower than 93% during the same period last year. Further, about 8% is blooming which is below 5 and 1 year average of 9% during the same period last year.
- ❖ US soybean stocks as of June 1 were reported at 625 million bushels, up from 405 million bushels a year earlier. The quarterly usage figure of 701 million bushels was the fourth biggest ever for the period.
- ❖ Soybean planted area for 2015 is estimated at a record high 85.1 million acres, up 2 percent from last year. Area for harvest, at 84.4 million acres, is also up 2 percent from 2014 and will be record high, if realized. Record high planted acreage is estimated in Kentucky, Minnesota, Ohio, Pennsylvania, and Wisconsin. USDA will redo its fresh acreage survey in August.
- ❖ China is estimated to import a record 77 million tons of the oilseed in 2015/16 (Oct-Sept), a surge of 5.5% from the previous year, according to an official published report.
- ❖ China, imported 5.31 million tons of soybeans in April, up 18.3 percent from 4.49 million tons in March. Figures from the General Administration of Customs of China showed imports of vegetable oils in April were 520,000 tons, up 44.4 percent from the previous month.
- ❖ India imported 1.11 million tons of vegetable oils in April, which was 1.06 million tons in March, according to market participants. The vegetable oils import rose during the period due to higher demand of palm oil. India imported 725, 088 tons of palm oil in April, around 6.3% higher when compared to the exports in previous month, said Solvent Extractors' Association of India (SEA).
- ❖ Oil World has revised the global oilseeds production upward by 3.5 Mn T from a month earlier, mainly on account of Argentine soybeans.
- ❖ The scraping of the export tax on crude palm oil in May will give Malaysian producers and exporters a clear advantage over their Indonesian counterparts. Malaysia had imposed 4.5% export tax on crude oil in April since a long exemption from September'14.

- ❖ The U.S. Department of Agriculture expects world soy stocks to hit a record-high 89.5 million tonnes by the end of the 2014-15 season. USDA has estimated the global soybean production at a record 315.1 million tonnes for this season.
- ❖ Allendale has estimated U.S. farmers to increase 2015/16 soybean plantings to a record 86.052 million acres with likely reduced sowing of corn. If realized, it would exceed last year's record plantings of 83.701 million acres.
- ❖ As per Oil World, Indonesia palm oil production is seen at 32.4 million tons for 2014-15 v/s 30.5 million tons last year and Malaysian palm oil production is 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 is seen at USD 770 /T and USD 750/T respectively.
- ❖ Oil World has estimated that, Argentina's shipments of vegetable oils are expected to improve by approximately 0.6 Mn T this season.
- ❖ 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.
- ❖ 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.
- ❖ 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 at 73.5 Mn T in Oct/Sept 2014/15 by the Oil World.
- ❖ The total oil meals 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 soy 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.

- ❖ 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 to be at 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.
- ❖ Brazil's 2014/15 soybean production is forecasted at 94 million tons, unchanged from a May estimate, by crop analysts FCStone International.
- ❖ Brazil's analyst Abiove raised its estimate for the recent harvested 2014/15 soy crop to 93.06 million tons from the last forecast of 92.69 million tons.
- ❖ AgRural, Brazilian analyst, has estimated Brazil's 2014-15 soybean crop to 93.8 million tons from 93.3 million tonnes earlier. The production is record high, despite late plantings due to stress followed by dry weather initially.
- ❖ Brazil based analyst Safras & Mercado forecasts 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.
- ❖ 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 2013-14. 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.

- ❖ 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 is seen at 56.6 million tons.
- ❖ Argentina's 2014/14 soybean crop is forecasted at a record 60.8 million tons by the Buenos Aires Grains Exchange, increasing its last estimate of 60.0 million tons.
- ❖ The Argentine government raised its soybean production for the 2014/15 soybean harvest by 1 million tons to 60 million tons.



**Oil Meal Prices at Key Spot Markets:**

Soy DOC Rates at Different Centers			
Centers	Ex-factory rates (Rs/ton)		
	30-June-15	30-May-15	Parity To
Indore (MP)	31500	36500	Gujarat, MP
Kota	31300	36300	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	32400	36400	Mumbai, Maharashtra
Nagpur (42/46)	31500	35600	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	32500	37000	Andhra, AP, Kar ,TN
Latur	32500	36600	-
Sangli	34100	37300	Local and South
Sholapur	32400	37000	Local and South
Akola	31800	35400	Andhra, Chattisgarh, Orrisa,Jharkhand, WB
Hingoli	32600	36200	Andhra, Chattisgarh, Orrisa,Jharkhand, WB
Bundi	31500	34500	-

Soy DOC at Port			
Centers	Port Price		
	30-June-15	30-May-15	Change
Kandla (FOR) (INR/MT)	31200	35750	<b>-4550</b>
Kandla (FAS) (USD/MT)	488	561	<b>-73</b>

International Soy DOC			
Argentina FOB USD/MT	29-June-15	29-May-15	Change
Soybean Pellets	372	350	<b>22</b>
Soybean Cake Flour	372	350	<b>22</b>
Soya Meal	380	358	<b>22</b>
Soy Expellers	380	358	<b>22</b>

Sunflower (DOC) Rates		Ex-factory rates (Rs/ton)	
Centers	30-June-15	30-May-15	Change
Adoni	21000	21400	<b>-400</b>
Khamgaon	NA	NA	-
Parli	20800	21600	<b>-800</b>

Latur	20500	21000	<b>-500</b>
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<b>Groundnut Meal (Rs/MT)</b>	<b>30-June-15</b>	<b>30-May-15</b>	<b>Change</b>
Basis 45%, Saurashtra	26800	28000	<b>-1200</b>
Basis 40%, Saurashtra	23800	25000	<b>-1200</b>
GN Cake, Gondal	27000	26000	<b>1000</b>

<b>Mustard DOC/Meal</b>	<b>30-June-15</b>	<b>30-May-15</b>	<b>Change</b>
Jaipur (Plant delivery)	16500	17800	<b>-1300</b>
Kandla (FOR Rs/MT)	17300	18800	<b>-1500</b>
Sri Ganganagar	2035	2155	<b>-120</b>

## MSP of Kharif Oilseeds Increased, Soy Raised to Rs. 2600/Qtl

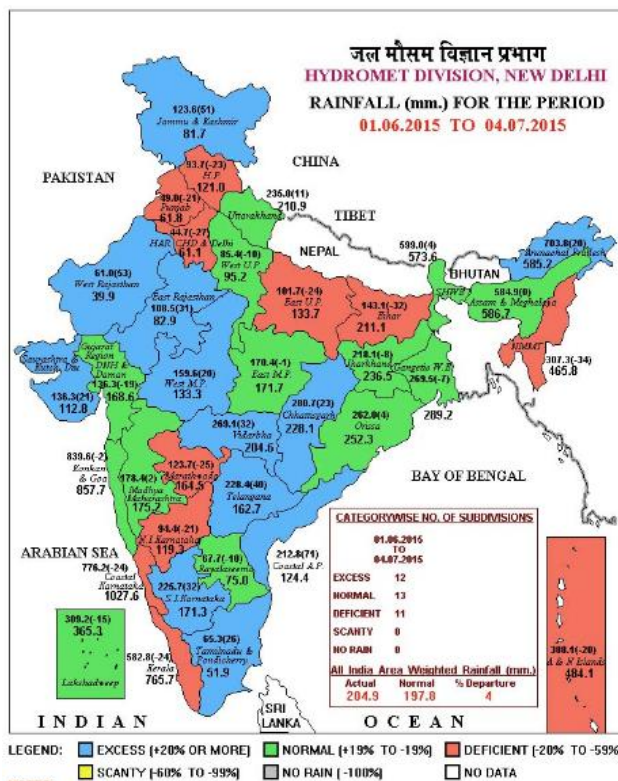
The Cabinet Committee on Economic Affairs has given its approval for the Minimum Support Prices (MSPs) for Kharif Crops of 2015-16 season. The decision is based on recommendations of Commission for Agricultural Costs and Prices (CACP) for the Price Policy for Kharif Crops for the Marketing Season 2015-16. The MSP of all the kharif oilseeds have been increased.

The MSP of soybean is raised by Rs. 40/qtl from previous season to Rs2600/qtl, Groundnut by Rs 30/qtl to Rs 4030/qtl, sunflower and niger seed by Rs 50/qtl to Rs 3800/qtl and Rs 3650/qtl respectively. The MSP of sesamum is increased by Rs 100/qtl to Rs 4700/qtl.

## IMD Monsoon Forecast

In the IMD's Operational 2<sup>nd</sup> stage long range Forecast for the 2015, Southwest monsoon rainfall is likely to be 88% of the Long Period Average (LPA) compared to the previous forecast of 93% of the LPA with a model error of  $\pm 4\%$ . The deficiency probability is forecast at 66% while 27% below normal.

The event may hit the yield and subsequently production this season, as the kharif oilseeds are rain-fed.



## Sown Area – *Kharif* Oilseeds, India

In the official *kharif oilseeds* planting report (week ending 18 Jun 2015), the area coverage under *Kharif* oilseeds is reported at 2.78 lakh hectares, up 25.8% from 2.21 lakh ha same period last year. Of the major oilseeds, soybean sowing is reported down by 5.7% at 0.56 lha compared to 0.53 lha during the same period last year. Groundnut at 1.36 lha vs 0.79, sunflower at 0.21 lha vs 0.3 lha, sesamum 0.62 vs 0.54 and castor at 0.03 lha vs 0.05 lha during the same period last year.

<b>Crop</b>	<b>As on 18 Jun 2015</b>	<b>As on 18 Jun 2014</b>	<b>% Change</b>
Groundnut	1.36	0.79	<b>72.2</b>
Soybean	0.56	0.53	<b>5.7</b>
Sunflower	0.21	0.30	<b>-30.0</b>
Sesamum	0.62	0.54	<b>14.8</b>
Niger	0.00	0.00	<b>-</b>
Castor	0.03	0.05	<b>-40.0</b>
<b>Total Oilseeds</b>	<b>2.78</b>	<b>2.21</b>	<b>25.8</b>

(Area in lakh hectares) Source: GOI

## Soybean

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The domestic soybean fell primarily due to better monsoonal rains followed by soybean planting in key growing states ahead of normal schedule.

India's actual seasonal rainfall from 1 June to 3 July 2015 is reported at 201.8 mm compared to 189.3 mm normal and the departure stood at 7%.

Central India received the actual rainfall at 214.8 mm compared to 192.8 mm normal while the actual rainfall in Northwest is reported at 98.2 mm vs 84 mm normal. The soy growing belt has sufficient soil moisture to sustain next one week.

Further, there are fair changes that India's soybean planted area in 2015 will be higher as compared to area under 2014. As per SOPA the area is expected to increase by 7% - 10% to 118 lakh hectares or above.

But the telephonic survey by Agriwatch reveals around 5% increase in India's coverage under soybean this is due to lower planting intentions in cotton, in the state of Maharashtra, which is expected to shift to soybean. India's 2014/15 soybean planting was in 110.22 lakh hectares which was already lower by 9.8% than in 2013.

Besides, weak soy meal export sales from India and lower crude continued to pressurize soy which is hovering below US \$ 60/barrel.

US soybean planting is reported at 94% by 28 Jun. which is slightly lower than 5 year average of 97% and also lower than 95% during the same period last year. Soybean emergence, is reported, at 89% lower than 5 year average of 94% and also lower than 93% during the same period last year. Further, about 8% is blooming which is below 5 and 1 year average of 9% during the same period last year. The factor is bullish for short-term.

US Soybean planted area for 2015 is estimated at a record high 85.1 million acres, up 2% from last year. Area for harvest, at 84.4 million acres, is also up 2% from 2014 and will be record high, if realized. Record high planted acreage is estimated in Kentucky, Minnesota, Ohio, Pennsylvania, and Wisconsin. USDA will re-do its fresh acreage survey in August.

Brazil has exported 9.81 million tonnes of soybeans in June, compared to 9.34 million tonnes in May and 6.89 million tonnes a year ago; this shows the imports are better than same period last year.

US soybean stocks as of June 1 were 625 million bushels, up from 405 million bushels a year earlier. The quarterly usage figure of 701 million bushels was the fourth biggest ever for the period.

Argentina's recently harvested 2014/15 soybean crop is estimated at 61 million tonnes by the agriculture ministry, raising its previous forecast of 60 million tonnes.

Brazil is likely to reduce the area planted with soybean in coming season for the first time in nearly a decade, due to higher interest rates and a more selective credit market, according to local consultancy Agroconsult.

China is estimated to import a record 77.5 million tonnes of the soybean, 4.5 million tonnes of rapeseed in 2015/16 (Oct-Sept), a surge of 5.5% from the previous year. China's MY15/16 vegetable oil imports are expected to improve to 8.28 million tons, up by 5.9% from the previous year.

*Better than expected seasonal rains, higher edible oil imports, lower soy meal shipments will pressurize the domestic soybean market. However, recent rains in the US mid-west have hurt the remaining soybean planting in the region. This will limit any sharp fall in near-term in addition to consistent Chinese buying.*

## Balance Sheet – Soybean, India

*Fig. in MnT*

Oil Year (Oct-Sep)	2010-11	2011-12	2012-13	2013-14	2014-15
<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>10.00</b>	<b>9.50</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>10.33</b>	<b>9.83</b>
Crush	10.85	11.97	12.58	10.00	9.60
Exports	0.00	0.00	0.00	0.00	0.00
Total Usage	10.85	11.97	12.58	10.00	9.60
Carry Out	0.37	0.40	0.32	0.32	0.23
Monthly Use	0.90	1.00	1.05	0.83	0.80
Stock/Consumption Ratio	0.03	0.03	0.03	0.03	0.02
Stock to Month Use Ratio	0.41	0.40	0.31	0.39	0.28

Source: Agriwatch

- **Trade Observations: The buying remains dull due to weak soy meal exports commitment and eventually fall in crushing.**
- We have downward revised India's 2014-15 soybean production at 9.5 Mln T in our final production estimates.
- In 2013-14 India produced 10 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 2014/15 soybean crush above 9.8 million tons. India's soy meal prices have to compete with the meal prices of South America.

## Soy meal

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Soy meal witnessed losses in association with soybean on bearish fundamentals during the month under review. The market is waiting for India's June soy meal export figure.

Good seasonal rains during Jun. which favoured the domestic soy planting remained pressurizing factor for the meal, the prices of the meal are already lower due to weak exports since last couple of seasons.

India's soy meal exports commitments continued to remain weak and are not expected to pick-up due to increased global supply scenario followed by record soybean production in the key growing areas, which eventually increased the global soy meal supplies at competitive price compared to meal of Indian origin.

Soy meal and rapeseed meal prices in Europe have got dearer on concern about unfavorable weather for soy bean crop development in the US and rapeseed crops in Germany.

The soy meal exports from Argentina have surged in June after the strike in May which had disrupted the meal shipments from the country during the month.

In EU, the rapeseed meal stood strong on concern dryness, is stressing rapeseed crops in Germany, in most years the EU's largest rapeseed producer. Germany's 2015 winter rapeseed crop is expected to decline 20% from a year earlier to 4.99 million tonnes, forecasted by Germany's association of farm co-operatives this week. Rapeseed meal for first half July delivery increased 2 Euros to 268 Euros a tonne fob lower Rhine.

Sunflower meal prices too firmed-up on expectations of lower than estimated rapeseed output in Europe which could shift demand to sunflower meal. EU September delivery sunmeal rose 2 Euros a tonne to 199 Euros a tonne fob Amsterdam. The rapeseed crop concern also meant Black Sea high protein sunmeal sales offers also rose about \$10 a tonne to around \$255 a tonne (224.7 euros) CIF French Bay for September/October shipment.

The heat wave concern is over with onset of monsoon, the chicken and egg prices have surged due to heat wave which has killed above 17 million birds in May.

Overall, the domestic meal consumption fell in recent weeks.

India's monthly soy meal exports in the month of May witnessed gains y-o-y, after several months, showing an increase by 71% over the same period last year. But, the exports in May were below 5 year average of 10,62,65 MT.

A large number of feed manufacturers in South-East Asian countries are aggressively looking to import soy meal at the competitive price.

China has identified India's 5 rapeseed-mustard crushing plants for rapeseed-mustard meal imports, which has recently lifted ban from meal of Indian origin. This will lend support to the seed prices at higher levels in cash market.

India's rapeseed meal exports fell from 2011 and China's rapeseed meal imports declined as well after the ban.

China proved to be the largest rapeseed meal buyer of Indian origin.

Chinese imports of rapeseed meal are estimated at 150,000 tonnes during 2015/16 (June/May), which is lower by 25% from a year ago (imported from other countries). China's demand is projected around 10.8 million tonnes for the year, according to a CNGOIC estimate published this week.

*India's soy meal shipment during May, 2015 was 14,045 tons as compared to 8,221 tons in May, 2014 showing an increase by 70.85% over the same period of last year.*

*Of the total oil meal shipments in May, soy meal comprised of 14,045 tonnes, rapeseed meal (35,188 tonnes), rice bran extraction (2,500tonnes) and castor seed meal was (31,487 tonnes).*

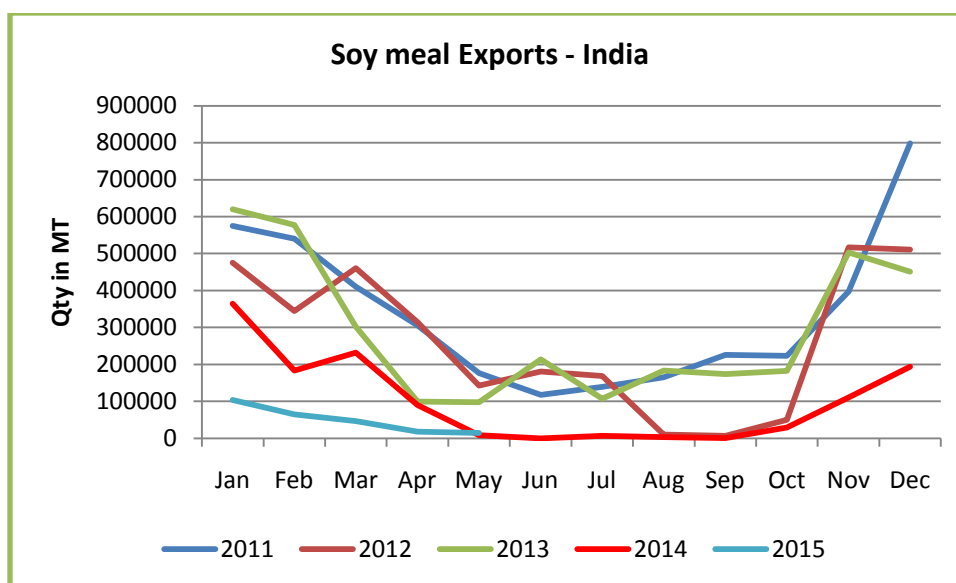
*On a financial year basis, the export during April 2015 to May 2015 is 32,062 tons as compared to 84,104 tons in the same period of previous year showing a decrease of 61.88%.*

*During current Oil year, (October – September), total exports during October 2014 to May, 2015 is 5,81,689 tons as against 20,48,685 tons last year, showing a decrease by 71.60%.*

*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 Competitive prices in US, and South American meal followed by record supply scenario.*

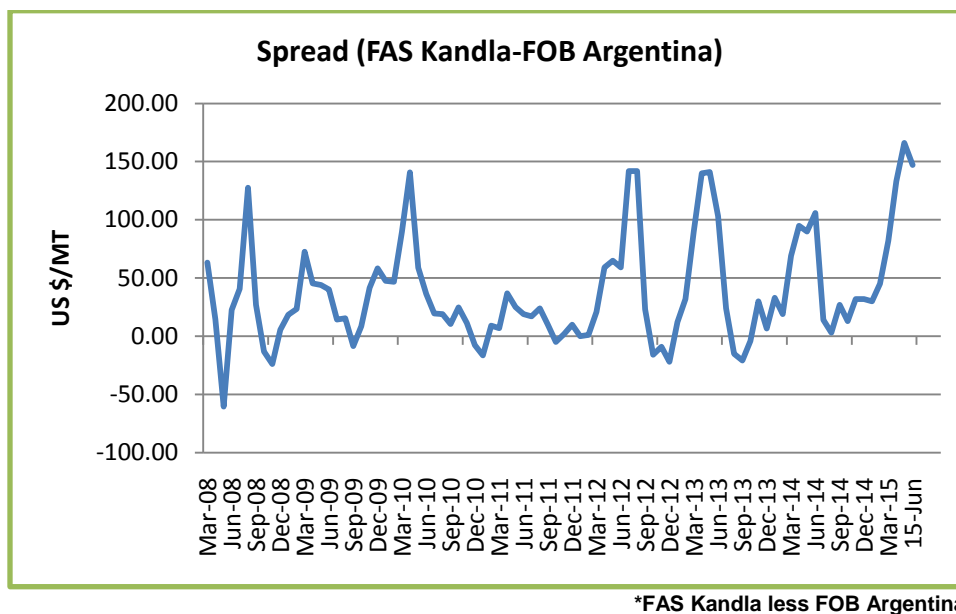
The soy meal prices are likely to continue range-bound movement with weak bias followed by improved supply scenario in near-term.

*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 (Jul – Aug delivery) was quoted between Rs 30,800 – 36,500/MT compared to Rs 36,500 – 45,500/MT during the same period last year.



The average monthly soy meal price spread between FAS Kandla and FOB Argentina has slightly narrowed in Jun and was recorded at US \$147/MT in Jun 2015 compared to US \$166/MT in May 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, the exports witnessed sharp fall during the period too. (\*Spread - FAS Kandla less FOB Argentina). The global supply scenario will continue to keep India's meal exports lower this season.

Soymeal	Jun 2015	May 2015	Jun 2014
FOB – Argentina	367	423	517
FAS – Kandla	514	589	624

**Recommendation:** India's soy meal prices continued to remain under global supply pressure. Indian meal exporters are advised to aggressively explore the lost markets of last season especially traditional South and Far-East Asian destinations and Iran. The domestic meal prices are likely to feature range bound movement with weak bias in near-term. FOR, Kandla (Jul – Aug. delivery) is expected to feature range-bound movement and the quotes are expected to slightly ease and will witness Rs. 30,100 – 31200/MT levels in the upcoming week. They remained between Rs. 30,500 – 31,500/MT during the week. The prices remained within the range of Rs. 30,800 – 36,500/MT during the month.

## Soybean Crush Margin

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Avg Crush Margin – Jun 2015		Avg Crush Margin – May 2015		Avg Crush Margin – Jun 2014	
<b>-1066</b>		<b>-884</b>		<b>-1354</b>	
Min	Max	Min	Max	Min	Max
<b>-2150</b>	<b>-455</b>	<b>-1830</b>	<b>535</b>	<b>-2830</b>	<b>-230</b>

The disparity on soybean crushing in Jun. has widened compared to May month, and it is narrow compared to the same period last year. The widening of the disparity remained discouraging for the solvent extractors in Jun, and the buying was not aggressive during the month. Increasing imports of cheaper edible oil and weak soy meal export sales continued to remain negative for the soy complex.

### Technical Analysis:

#### NCDEX Soybean Futures



#### Soybean Spot, Indore



\*Daily Chart

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

S2	S1	PCP	R1	R2
3200	3313	3563	4095	4309

- Candlestick chart pattern reveals fall in the price consecutive second month.
- Prices closed below 40-day SMA.
- MACD is rising in negative territory.
- RSI and stochastic are easing in neutral zone.
- Trade Recommendation (NCDEX Soybean – Aug.) – 1 Month: **SELL** Below 3570. T1 – 3470; T2 - 3370; SL –3630.

**Trade Recommendation soybean spot, Indore basis:** Soybean prices are expected to feature range-bound movement with weak-bias on bearish global factors. Further, the monsoon coverage in the whole country ahead normal period this season also weakness in crude will limit the gains in coming days. The prices are likely to be in the band of 3350 – 3500 levels (Indore, Plant basis) during the month. It remained between Rs 3400 -4050 levels in Jun.

## Rapeseed - Mustard Seed

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RM seed extended gains in June on continued buying in the cash market and China's decision of lifting the ban on rapeseed meal of Indian origin.

Tight domestic supply scenario due to lower seed production this season continued to remain positive for the RM seed market.

The all India seed arrivals are gradually falling and they were reported total of about 39,60,000 bags during the month under review compared to about 44,85,000 bags in June last year. In Rajasthan the supplies too were reported lower at about 24,10,000 bags in June this year compared to about 23,62,000 bags during the same period last year.

According to SGS, Malaysia's 1-30 June 2015 exports rose by 9.4 percent at 1,696,096 tons (1,550,675). Top buyers were India at 411,930 tons (345,080), European Union at 360,354 tons (316,655), China at 272,320 tons (393,475), United States at 59,170 tons (56,735) and Pakistan at 49,850 tons (31,500). Values in brackets are figures of 1-30May, 2015.

Better palm oil exports will eventually lend support to the domestic rapeseed mustard prices at higher levels.

However, the gains in the seed seemed restricted by higher edible oil imports by India in May and in the last MPOB data; Malaysian palm oil ending stock unexpectedly came higher than expected despite robust increase exports. The ending stocks of May were reported higher by 2.51% m-o-m from 2,189,479 tons to 2,244,524 tons.

The rise in ending stock is primarily due to greater than expected rise in production. Palm oil production rose by 6.92% from 1,693,424 tons to 1,810,692 tons while exports rose by 37.32% from 1,175,248 tons to 1,613,566 tons.

Higher imports due to zero export duty on palm oil by Indonesia and Malaysia (except April 2015) since October 2014 and less demand of CPO for bio diesel, pushed the export of palm oil to India to reduce swelling stock held by the exporting countries i.e. Indonesian and Malaysia. Higher prices of oilseeds and lesser realization of oils and meals domestically, resulted in record imports of vegetable oils into India, said Solvent Extractors' Association of India (SEA).

China has identified India's 5 rapeseed-mustard crushing plants for rapeseed-mustard meal imports, which has recently lifted ban from meal of Indian origin. This will lend support to the seed prices at higher levels in cash market.

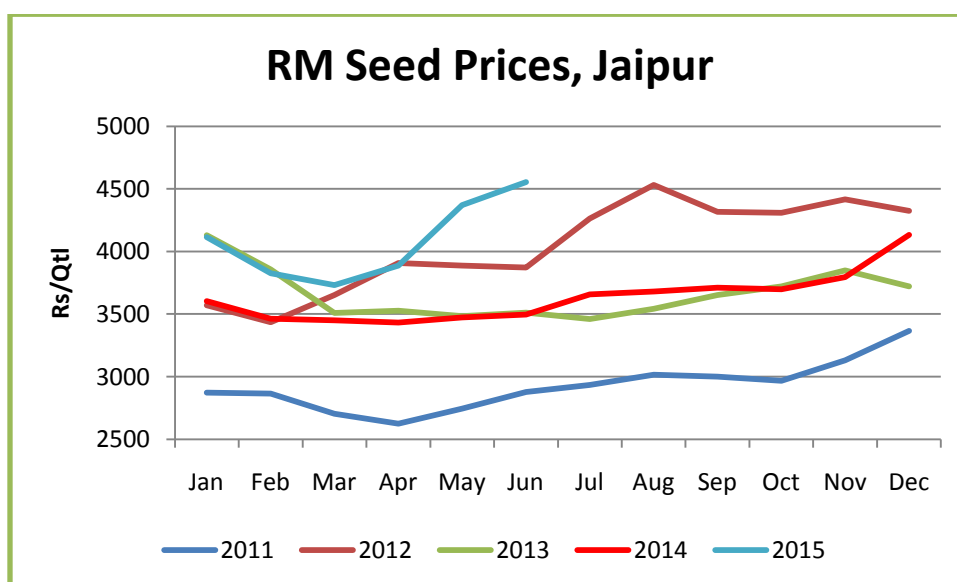
The outlook for rapeseed-mustard remains stronger for medium and long-term owing to the tight supplies due to lower production this season.

## RM Seed Supply, Rajasthan

RM Seed Arrivals in Rajasthan in Bags (85 kg each).		
Monthly Arrivals– Jun	1 Month Ago	Corresponding Period Last Year
24,10,000	43,00,000	23,62,000

*Tight supplies in seed, better Malaysian palm oil exports and China's renewed demand in rapeseed meal of Indian origin will lend support to the rapeseed-mustard prices at higher level. But, higher Malaysian palm oil stock and improved palm oil production will pressurize the domestic seed market.*

## RM Seed Prices–Jaipur (Rajasthan)



## Balance Sheet – Rapeseed-Mustard Seed, India

(Fig in MnT)

Marketing Year (Mar-Feb)	2011-12	2012-13	2013-14	2014-15	2015-16 (*F)
<b>Carry In</b>	<b>0.75</b>	<b>1.25</b>	<b>0.28</b>	<b>0.20</b>	<b>0.20</b>
Production	7	6.5	7.2	7.74	5.9*
Imports	0	0	0	0	0
<b>Total Availability</b>	<b>7.75</b>	<b>7.75</b>	<b>7.48</b>	<b>7.94</b>	<b>6.10</b>
<b>Crush</b>	<b>6.5</b>	<b>7.47</b>	7.28	7.74	5.90
Exports	0	0	0	0	0
Total Usage	6.5	7.47	7.28	7.74	5.9
<b>Carry Out/Ending Stock</b>	<b>1.25</b>	<b>0.28</b>	<b>0.20</b>	<b>0.20</b>	<b>0.20</b>
Monthly Use	0.54	0.62	0.61	0.65	0.49
<b>Stock/Consumption Ratio</b>	<b>0.19</b>	<b>0.04</b>	<b>0.03</b>	<b>0.03</b>	<b>0.03</b>
Stock to Month Use Ratio	2.31	0.45	0.33	0.31	0.41

(Source: Agriwatch)

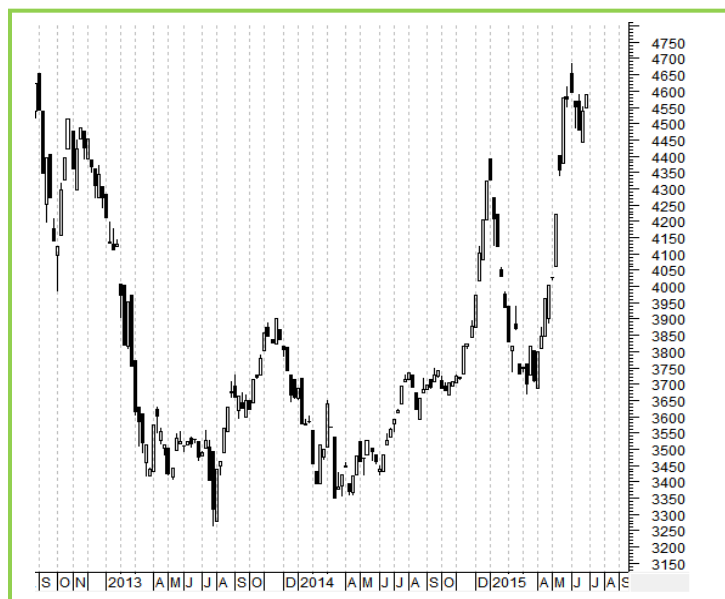
- **Trade Observations:** *The new crop supplies are gradually falling from its peak. The buying is witnessed to be aggressive to cover the stock by the millers and the stockists.*
- We have pegged India's 2015/16 RM seed outturn at 5.9 Mn T, 2015/16 production at 5.9 million tonnes, down by 24% at 7.7 million tonne last season. The production fell compared to previous year due to decline in yield potential followed by unseasonal rains in the growing region and fall in sown area by 8.6% (6.52 Mn Ha vs 7.13 Mn Ha).
- The carry-in stands at 0.20 Mn T, this season, which is at par with the previous year level.

## Technical Analysis:

### NCDEX RM Seed Futures



### RM Seed Spot, Jaipur



\*Daily Chart

### Support & Resistance NCDEX - RM Seed Aug. Contract

S2	S1	PCP	R1	R2
3585	3946	4253	4550	4650

- The RM seed edged-lower on selling pressure, during the month.
- RSI and stochastic are easing in neutral region.
- Prices are likely to feature losses during the month.
- Trade Recommendation (NCDEX RM SEED–Aug.) – 1 Month: **BUY** Above 4245 levels.T1 – 4345; T2 - 4445; SL - 4185.

**Trade Recommendation RM Seed Spot (Jaipur basis - 42% Condition):** In spot, the RM seed prices are expected to remain strong on better buying by the miller and the stockist at the current levels. However, exemption of duty on palm oil by Malaysia and Indonesia will weigh on India's RM seed. In spot, the RM seed is expected to feature range-bound movement on firm bias. The seed prices are likely to be between 4650 – 4750 levels during the month, Jul. They were between 4440 – 4685 levels in June.

## Annexure

### Rabi Sown Area - Oilseeds, India

In the official *rabi oilseeds* planting report (week ending 12 Mar. 2015), the area coverage under *Rabi* oilseeds is reported at 84.01 lakh hectares, down 8% from 91.45 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 71.32 lha during the same period last year. Groundnut at 8.43 lha vs 8.71 lha, safflower at 0.95 lha vs 1.78 lha, sunflower at 3.19 lha vs 4.40 lha, sesamum 2.26 lha vs 1.12 lha, linseed 3.21 lha vs 3.59 lha during the same period last year.

<b>Crop</b>	<b>As on 12 Mar. 2015</b>	<b>As on 12 Mar. 2014</b>	<b>% Change</b>
Rapeseed/Mustard	65.17	71.32	-8.6
Groundnut	8.43	8.71	-3.2
Safflower	0.95	1.78	-46.6
Sunflower	3.19	4.40	-27.5
Sesamum	2.26	1.12	101.8
Linseed	3.21	3.59	-10.6
Others	0.80	0.53	50.9
<b>Total Oilseeds</b>	<b>84.01</b>	<b>91.45</b>	<b>-8.1</b>

(Area in lakh hectares) Source: GOI



## Rabi MSP 2014-15

- ❖ The Cabinet Committee on Economic Affairs has approved the Minimum Support Prices (MSPs) for Rabi Oilseeds Crops of 2014-15 season to be marketed in 2015-16 as follows: The MSP of Rapeseed/Mustard is raised by Rs. 50/Qtl to Rs. 3100/Qtl from Rs. 3050/Qtl earlier. For Safflower too it is increased by Rs. 50/Qtl to Rs. 3050/Qtl from Rs. 3000/Qtl in 2013-14.

## 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 niger seed 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	64514
<b>Mar</b>	224639	224639	163666	410537	460464	302131	232176	46670
<b>Apr</b>	539175	100106	60264	305033	313832	100312	75884	18017
<b>May</b>	326875	77018	60575	176819	142588	97547	8226	14045
<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

**Maharashtra Govt. Lifts the Stock Limit From Oilseeds, April 2015:** The state government of Maharashtra has lifted the stock limit from oilseeds on the recommendation of the Center.

The limit was imposed on the oilseeds and the pulses by the government as a measure to discourage hoarding by the stockists and the processors which eventually inflates the commodity prices.

The limit on oilseeds and pulses were 200 tonnes each in municipal and 80 tonnes elsewhere in the jurisdiction of the state.

The trade associations feel that the step will ease the trade and farmers will offload their produce at the consistent pace.

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