

## Executive Summary

---

Soybean, soy meal and rapeseed/mustard rebound on firm global cues, limited oilseeds supplies and improved buying during the week in review.

Soybean prices edged-up on limited supplies in the key cash markets and bullish global soybean reports during the week.

Labour strike in the major markets of Madhya Pradesh initially in the week, again trader's strike in the mandis of MP during the week severely hit the soybean supplies in Madhya Pradesh. The supplies fell to 15-20 thousand bags from around 1.0-1.25 lakh bags a day in MP. The traders have called on strike to protest against the proposed food bill for Madhya Pradesh.

The soybean crushing units are running significantly below their capacity due to widened disparity on crushing the beans and lower soy meal exports commitment. Sources reveal that several large crushers have even shut down their units due to lower availability of beans and disparity in crush margin. Those which are functional are running at 25-30% of their total crush capacity.

Further, improved Chinese buying mainly from US, to meet their domestic demand remained supportive for the market. U.S. sellers have reportedly shipped nearly 18.8 million tonnes of U.S. soybeans to China, about 8 million tonnes more has been sold but is yet to ship and 3.5 million tonnes is unshipped sales to undisclosed destinations.

China National Grain and Oils Information Center forecasted that China would import 5.35 million tonnes of soybeans in January, higher than the Ministry of Commerce's earlier estimate of 4.61 million tonnes.

Hence, good buying prospects in the international market mainly from US and demand shifting to South America ahead new crop supplies remained supportive for the global and domestic soybean market. The prices are expected to gain on buying in near-term.

Soy meal prices rebound in tandem with the rise in bean prices during the week in review. Lower supplies in beans due to non-participation of sellers and buyers in the cash grain market of Madhya Pradesh eventually lead to further fall in the soy meal supplies and rise in the quotes.

However, India's soy meal exports are moderate and they are unable to pick-up due to quality concerns and competitive price of South American soy meal with the advent of new season. The seasonal world demand shift to South America for the meal is progressing ahead new soybean crop supplies.

The soybean harvesting in Brazil has already commenced and the new crop will attract the meal buyers due to price competitiveness. Soya meal shipments of the 6 major countries were 8% higher than previous year at 4.35 Mn T in December.

The prices are likely to feature range-bound movement within the price band of current levels.

RM seed improved on supportive soybean and fresh buying during the week. However, higher planted acreage this season around 71 lakh hectares which up about 6% from previous year and eventually expected rise in the seed production capped the gains.

Weather remains supportive for the standing crop, North India/seed growing region recently received rains which is reported to be beneficial for the crop. There are no reports of crop damage in Rajasthan, Uttar Pradesh, MP, Haryana or Punjab due to cold wave, rains or hailstorm. The yield potential is likely to be good this year.

The new crop arrivals of early planted seed expected to commence in mid February in some parts of Rajasthan.

Attractive parity in edible oil imports is boosting the imports of soy, palm and sunflower oils discouraging the domestic seed crushers to some extent.

The mustard seed prices are expected to feature range-bound movement with firm bias on bullish global oilseeds demand outlook in short-term. Rise in planted area, better oil imports and considerably good oil inventories at domestic front will limit the gains.

The edible oil inventories are Edible oils stock as on 1st January, 2014 at various ports of India is estimated at 745,000 tons which includes (CPO 450,000 tons, RBD Palmolein 150,000 tons, Degummed Soybean Oil 25,000 tons, Crude Sunflower Oil 100,000 tons and Canola Rape Oil 20,000 tons) and about 850,000 tons in pipelines.

Oilseeds and oilmeals are expected to witness mild gains in upcoming weeks.

## International Highlights

---

- ❖ China National Grain and Oils Information Center forecasted that China would import 5.35 million tonnes of soybeans in January, higher than the Ministry of Commerce's earlier estimate of 4.61 million tonnes. The country's soybean imports have maintained high levels since November of last year and this will weigh on DCE soy products in the following period.
- ❖ U.S. sellers have reportedly shipped nearly 18.8 million tonnes of U.S. soybeans to China, and about 8 million tonnes more has been sold but is yet to ship to the world's top importer, according to USDA. About 3.5 million tonnes is unshipped sales to undisclosed destinations believed to be earmarked for China.
- ❖ Soybean harvesting in Brazil has commenced in the major producing states of Mato Grosso and Parana. Though it is slow paced.
- ❖ Oil World has estimated Canadian rapeseed meal shipments at an all-time high of around 3.6 Mn T during the current season.

### Oil Meal Prices at Key Spot Markets:

#### Soy DOC Rates at Different Centers

Centers	Ex-factory rates (Rs/ton)		
	24.1.2014	17.1.2014	Parity To
Indore (MP)	33200-34000	32500-32600	Gujarat, MP
Kota	33200-33500	32000	Rajasthan, Del, Punjab, Haryana
Akola	33200	32500	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Hingoli	33500	33000	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Nanded/Latur	33500-33800	32500	Andhra, AP, Kar, TN
Dhulia/Jalna	34500	33500	Mumbai, Maharashtra
Nagpur (42/46)	34000-34200	33000-33200	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Sangli	34500	33300	Local and South
Sholapur	34800	33000	Local and South
Bundi	32500	33200-33300	-

#### Soy DOC at Port

Centers	Port Price	
	24.1.2014	17.1.2014
Kandla (FOR) (INR/MT)	35200	34400
Kandla (FAS) (USD/MT)	566	561

#### International Soy DOC

Argentina FOB \$/MT	23.1.2014	16.1.2014	Change
Soybean Pellets	504	520	-16
Soybean Cake Meal	504	520	-16
Soybean Meal	512	528	-16
Soy Expellers	512	528	-16

**Sunflower Meal Rates**

Centers	Ex-factory rates (Rs/ton)		
	24.1.2014	16.1.2014	Change
Adoni	20200	20400	-200
Khamgaon	19800	20000	-200
Parli	20000	20200	-200
Latur	19800	20000	-200

**Groundnut Meal**

Groundnut Meal	24.1.2014	17.1.2014	Change
Basis 45% O&A, Saurashtra	24000	23300	700
Basis 40% O&A, Saurashtra	NR	NR	-
GN Cake, Gondal	23500	23000	500

**Mustard DOC/Meal**

Mustard DOC/Meal	24.1.2014	17.1.2014	Change
Jaipur (Plant Delivery)	13500	13500	Unch
Kandla (FOR)	14600	14500	100

## Progress of Sown Area – Rabi Oilseeds, India

There was no update on the planting progress last week. However, as per the official *Rabi* oilseeds planting (week ending 23 January 2014), the area coverage under Rabi oilseeds is reported at 88.40 lakh hectares, up 3.2% from 85.65 lakh ha previous year. Of the major oilseeds, rapeseed/mustard seed sowing is reported up by 6.2 percent compared to last year.

<b>Crop</b>	<b>Jan 2014</b>	<b>Jan 2013</b>	<b>% Change</b>
Rapeseed/Mustard	70.35	66.22	6.2
Groundnut	5.99	6.55	-8.5
Safflower	1.73	1.4	23.6
Sunflower	3.8	4.5	-15.6
Sesamum	0.58	0.53	9.4
Linseed	3.37	3.14	7.3
Others	0.4	0.41	-2.4
<b>Total Oilseeds</b>	<b>86.22</b>	<b>82.75</b>	<b>4.2</b>

(Area in lakh hectares) Source: GOI

## Soybean

---

Soybean prices edged-up on limited supplies in the key cash markets and bullish global soybean reports during the week.

Labour strike in the major markets of Madhya Pradesh initially in the week, again trader's strike in the mandis of MP during the week severely hit the soybean supplies in Madhya Pradesh. The supplies fell to 15-20 thousand bags from around 1.0-1.25 lakh bags a day in MP. The traders have called on strike to protest against the proposed food bill for Madhya Pradesh.

The soybean crushing units are running significantly below their capacity due to widened disparity on crushing the beans and lower soy meal exports commitment. Sources reveal that several large crushers have even shut down their units due to lower availability of beans and disparity in crush margin. Those which are functional are running at 25-30% of their total crush capacity.

Further, improved Chinese buying mainly from US, to meet their domestic demand remained supportive for the market. U.S. sellers have reportedly shipped nearly 18.8 million tonnes of U.S. soybeans to China, about 8 million tonnes more has been sold but is yet to ship and 3.5 million tonnes is unshipped sales to undisclosed destinations.

China National Grain and Oils Information Center forecasted that China would import 5.35 million tonnes of soybeans in January, higher than the Ministry of Commerce's earlier estimate of 4.61 million tonnes.

Hence, good buying prospects in the international market mainly from US and demand shifting to South America ahead new crop supplies remained supportive for the global and domestic soybean market. The prices are expected to gain on buying in near-term.

## Soy meal

---

Soy meal prices rebound in tandem with the rise in bean prices during the week in review. Lower supplies in beans due to non-participation of sellers and buyers in the cash grain market of Madhya Pradesh eventually lead to further fall in the soy meal supplies and rise in the quotes.

However, India's soy meal exports are moderate and they are unable to pick-up due to quality concerns and competitive price of South American soy meal with the advent of new season. The seasonal world demand shift to South America for the meal is progressing ahead new soybean crop supplies.

The soybean harvesting in Brazil has already commenced and the new crop will attract the meal buyers due to price competitiveness. Soya meal shipments of the 6 major countries were 8% higher than previous year at 4.35 Mn T in December.

The prices are likely to feature range-bound movement within the price band of current levels.

Iran (132452.96 MT), Thailand (81254.28 MT), Vietnam (50262.43 MT) and Japan (40900 MT) remained the top buyers of Indian origin meal in the month of December 2013. However, India registered higher soy meal export sales during finance year and during current oil year (Oct-Sep).

The chances of improving India's meal exports in coming months are bleak as a result of demand diversion. The previous trend reveals that India's soy meal exports fall in upcoming months.

India's exports of soybean meal during December, 2013 was 4.71 lac tons as compared to 5.11 lac tons in December, 2012.

On a financial year basis, the shipment during April'2013 to December'2013 is 20.61 lac tons as compared to 19.16 lac tons in the same period of previous year showing an increase of 7.56%.

During current Oil year, (October - September), total exports during October 2013 to December, 2013 are 11.84 Lac tones as against 10.79 Lac tones last year, showing an increase by 9.73%.

Although, preference of the meal of Indian origin mainly by the South-East countries due to logistic and freight advance and demand for non-GMO meal will lend support to the domestic soy meal. During the current Oil year Iran, Japan, Europe, Thailand, Vietnam, Indonesia and South Korea are the major destinations for Indian soy meal exports.

However, India's Y-o-Y soy meal prices have witnessed a steady trend during the past week. Soy meal (Jan-Feb) export price, FOR Kandla exports was quoted between Rs 33,200-34,400/MT compared to 28,300-28,500/MT during the same period last year.

**Recommendation:** *Indian soy meal is facing stiff price competition from South American meal. India's exports are likely to ease seasonally and South American supplies are to pick up in coming days. The Indian meal exporters are advised to aggressively market their meal to the countries in vicinity including traditional South and Far-East Asian destinations to materialize the freight and logistics advantage. The prices are expected to feature steady to weak movement. FOR, Kandla is likely to be in the price band of Rs 35300-35500/MT.*

## Technical Analysis:

### NCDEX Soybean Futures-Weekly Chart



### Soybean Spot, Indore



### Support & Resistance NCDEX Soybean – Feb contract

S2	S1	PCP	R1	R2
3380	3578	3862.5	4029	4218

- Soybean prices featured gains during the week.
- RSI and stochastic are rising in neutral zone supporting the gains.
- MACD is rising in positive territory.
- The prices are expected to feature gains in coming week.
- **Trade Recommendation (NCDEX Soybean – Feb) Week: Buy** between 3850-3860. Levels: Target – 3960; T2- 4010, SL -3792.

**Trade Recommendation Soybean Spot:** We feel the soybean prices to feature range bound movement with firm-bias in near-term - WEEK. The prices are likely to witness 4000-4200 levels (Indore, Plant basis).

## Rapeseed - Mustard Seed

RM seed improved on supportive soybean and fresh buying during the week. However, higher planted acreage this season around 71 lakh hectares which up about 6% from previous year and eventually expected rise in the seed production capped the gains.

Weather remains supportive for the standing crop, North India/seed growing region recently received rains which is reported to be beneficial for the crop. There are no reports of crop damage in Rajasthan, Uttar Pradesh, MP, Haryana or Punjab due to cold wave, rains or hailstorm. The yield potential is likely to be good this year.

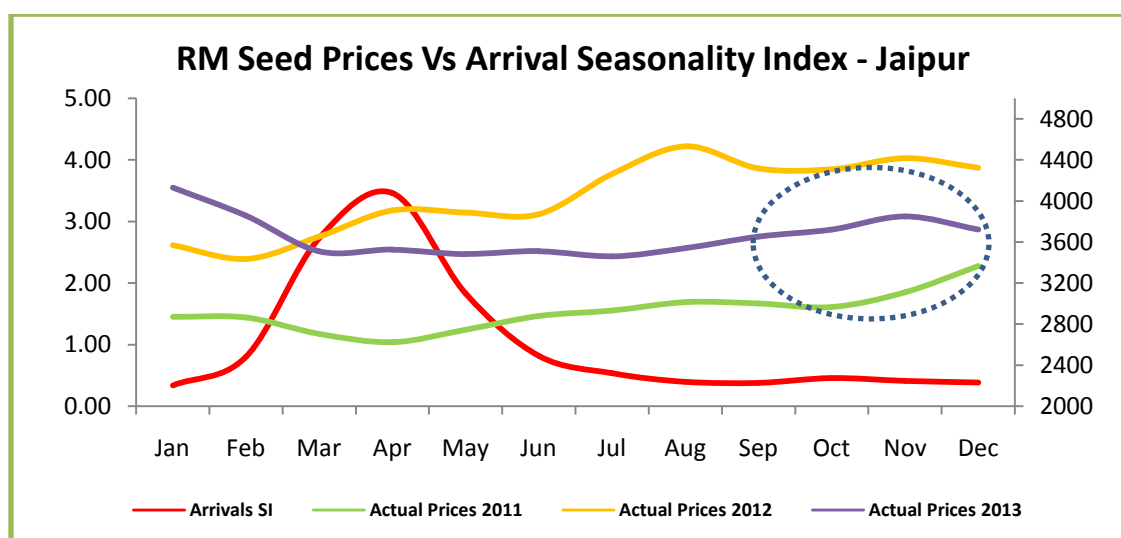
The new crop arrivals of early planted seed expected to commence in mid February in some parts of Rajasthan.

Attractive parity in edible oil imports is boosting the imports of soy, palm and sunflower oils discouraging the domestic seed crushers to some extent.

The mustard seed prices are expected to feature range-bound movement with firm bias on bullish global demand outlook in short-term. Rise in planted area, better oil imports and considerably good oil inventories at domestic front will limit the gains.

The edible oil inventories are Edible oils stock as on 1st January, 2014 at various ports of India is estimated at 745,000 tons which includes (CPO 450,000 tons, RBD Palmolein 150,000 tons, Degummed Soybean Oil 25,000 tons, Crude Sunflower Oil 100,000 tons and Canola Rape Oil 20,000 tons) and about 850,000 tons in pipelines.

The RM seed prices are likely to remain under downward pressure due to weak global and domestic factors in near-term.



## Technical Analysis:

### NCDEX RM Seed Futures



### RM Seed Spot, Jaipur



### Support & Resistance NCDEX RM Seed - Apr contract

S2	S1	PCP	R1	R2
3132	3252	3411	3745	3832

- Candlestick chart pattern reveals fall in the prices.
- The prices closed below 9-day and 18-day EMA.
- RSI and stochastic are easing in the neutral zone.
- MACD is declining in positive territory.
- Prices seems to have bottomed out and are expected to feature gains in near-term.
- **Trade Recommendation (NCDEX RM SEED - Apr) Week: Buy** Between 3400-3410 for a Target – 3460; T2- 3500; SL -3372.

**Trade Recommendation RM Seed Spot (Jaipur basis):** In spot, the RM seed prices are expected to feature a range bound movement with a weak bias in the coming days on rabi sowing progress and higher acreage estimates. The prices are likely to witness 3600-3700 Rs/ql level in near term.

### Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>  
© 2013 Indian Agribusiness Systems Pvt Ltd.