

Executive Summary

Soybean, soy meal and rapeseed/mustard extended gains during the week in review. Renewed buying remained supportive for the market.

The domestic soybean featured gains tracking higher international soybeans and palm oil. Soybean posted new contract high for May on the CBOT, besides uptrend in Malaysian palm oil remained supportive to the domestic oils and fats markets during the period.

Higher US soybeans is attributed to the crop damage in South America due to dry weather while Malaysian palm oil remained strong owing to better palm oil exports and lower inventories in Malaysia. The analysts have already revised Brazilian and Argentine soybean production downwards.

The domestic soybean supplies have fallen in last couple of weeks to 40,000-50,000 bags a day compared to 1.0-1.5 lakh bags initially in Feb remained bullish for the beans.

However, better vegoil imports lower soy meal shipments in recent months will limit the gains short-term gains.

The domestic soybean prices are further expected move up in coming weeks.

Soy meal continued to gain in sync with soybean tracking strong global oil and fats markets during the week in review. However, lower export sale in the meal is a negative factor for Indian soy meal. Hence, the overall fundamentals still remain weak. The soy meal exports remained sluggish this season due to lower crushing. The export enquiries were weak during season and weak shipments were noticed y-o-y, financial and oil year basis.

India's exports of soy meal during January, 2014 was 3.64 lac tons as compared to 6.20 It in January, 2013 pointing a fall by 41.29% over the same period of last year.

This decline in the shipments is primarily due to lower supplies of soybean leading to lower crushing.

On a financial year basis, India's soy meal shipments during April'2013 to January'2014 stood at 24.25 It as compared to 25.36 It during the corresponding period last year, showing a marginal decrease of 4.37%.

During current Oil year, (Oct - Sep), total exports during October 2013 to January, 2014 are 15.49 It as against 16.99 It last year, showing a decrease by 8.83%.

The soy meal prices are expected to gain on short-term bullish global factors, but it will feature range-bound movement around current levels in medium to long term.

Domestic mustard seed remained strong supported by reports of lower palm oil inventories in Malaysia and better palm oil exports, thus firm BMD CPO. Indian oilseeds market closely tracks BMD CPO. Besides, fresh buying in the seed by stockists and solvent extractors for the new season remained positive for the seed market.

Unusual rains with hailstorm in some parts of the mustard seed growing areas is a cause of concern to the farmers but it is early to comment and quantify the losses, if any. On the other hand rains over the growing regions have also proved beneficial in recent days to the standing crop.

Again soybean crop deterioration in Brazil and other parts of South America continued to add on the bullish factors not only to the beans but to the RM seed also.

Besides, dry weather in key palm growing parts of Malaysia, Indonesia and Thailand pushed up the oils and fats markets leading BMD uptrend, thus supporting India's rapeseed/mustard seed market during the week. However, rise in mustard planted area this season by 6% limited the gains to some extent.

Besides, new RM seed supplies are gradually picking up the pace across the key cash market centers which has gone up to 1.95 lakh bags a day compared to 80,000 bags a couple of weeks back.

The seed prices are expected to feature short-term gains on bullish global factors.

Soybean crop deterioration in South America, bullish reports on palm oil inventories in Malaysia and dry weather in Malaysia, Indonesia and Thailand remained positive for the oil and fats markets.

However, parity in edible oil imports remained discouraging for the domestic solvent extractors. Better, imports in edible oils including palm, soy and sunflower and comfortable stocks remained bearish for the rapeseed.

The seed prices are expected to featured range-bound movement with firm-bias in near-term.

International Highlights

- ❖ Reportedly weather conditions improved in several parts of Argentina, which will lower the stress to soybean crop. However, weather situations are still partly detrimental in Brazil.
- ❖ Malaysian February palm oil exports pegged at 1.24 million tons, down 2.1% on m-o-m basis –SGS. According to an Indonesian ministry, Indonesia keeps its export tax for crude palm oil unchanged at 10.5% for March.
- ❖ The sizable downward correction of the South American soybean crops and crushings will have a major impact on the production and export availability of 8 oilmeals. For soybeans Oil World has reduced world production projection by 7.8 Mn T.
- ❖ The recent soybean production estimates by various renowned analysts reveals that despite the partly significant soybean crop damage, total production in South America will still reach a new record high.
- ❖
- ❖ As per Buenos Aires Grain Exchange, Argentina's 2014 soybean production seen at 53 million tons, unchanged from the previous forecast. CONAB lower its soybean production forecast to 90 million tons, down 0.3 million tons from the previous estimates for 2014. While, last year Brazil's soybean Production was 81.5 million tons.

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

Centers	Ex-factory rates (Rs/ton)		
	28-Feb-14	21-Feb-14	Parity To
Indore (MP)	35900-36500	34500	Gujarat, MP
Kota	35500-36200	33200-33500	Rajasthan, Del, Punjab, Haryana
Akola	36000	34500	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Hingoli	37500	NA	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Nanded/Latur	37000-37500	NA	Andhra, AP, Kar, TN
Dhulia/Jalna	37700	35800	Mumbai, Maharashtra
Nagpur (42/46)	37100-37115	34600	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Sangli	38300	35500	Local and South
Sholapur	37500	NA	Local and South
Bundi	35500	33400	-

Soy DOC at Port

Centers	Port Price	
	28-Feb-14	21-Feb-14
Kandla (FOR) (INR/MT)	613	586
Kandla (FAS) (USD/MT)	38031	36400

International Soy DOC

Argentina FOB \$/MT	27-Feb-14	20-Feb-14	Change
Soybean Pellets	549	545	+4
Soybean Cake Meal	549	545	+4
Soybean Meal	557	553	+4
Soy Expellers	557	553	+4

Sunflower (DOC) Rates

Centers	Ex-factory rates (Rs/ton)		
	28-Feb-14	21-Feb-14	Change
Adoni	21500	20800	+700
Khamgaon	21000	20300	+700
Parli	21300	20500	+800
Latur	21000	20400	+600

Groundnut Meal

Groundnut Meal	28-Feb-14	21-Feb-14	Change
Basis 45% O&A, Saurashtra	23500	24400	-900
Basis 40% O&A, Saurashtra	23000	22400	+600
GN Cake, Gondal	25000	23500	+1500

Mustard DOC/Meal

Mustard DOC/Meal	28-Feb-14	21-Feb-14	Change
Jaipur (Plant Delivery)	14100	13500	+600
Kandla (FOR)	15200	14500	+700

Progress of Sown Area – Rabi Oilseeds, India

As per the official *Rabi* oilseeds planting (week ending 13 February 2014), the area coverage under Rabi oilseeds is reported at 90.51 lakh hectares, up 3.3% from 87.6 lakh ha previous year. Of the major oilseeds, rapeseed/mustard seed sowing is reported up by 6.0% compared to last year.

Crop	As on 13 Feb 2014	As on 13 Feb 2013	% Change
Rapeseed/Mustard	71.3	67.26	6.0
Groundnut	8.18	9.02	-9.3
Safflower	1.79	1.49	20.1
Sunflower	4.26	5.09	-16.3
Sesamum	0.96	0.71	35.2
Linseed	3.55	3.36	5.7
Others	0.47	0.67	-29.9
Total Oilseeds	90.51	87.6	3.3

(Area in lakh hectares) Source: GOI

Soybean

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Soy meal

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The demand shift to South America due to the competitive prices there ahead new crop supplies, this has already hit the India's meal exports. The soybean harvesting is at full swing in Brazil and peak Argentine harvesting is expected in late March. The major international meal buyers have begun to place the orders – forward booking to take the opportunity of price competitiveness.

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.

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, FOR Kandla exports price (Mar-Apr delivery) was quoted between Rs 36,775-38,000/MT compared to 29,500-30,000/MT during the same period last year.

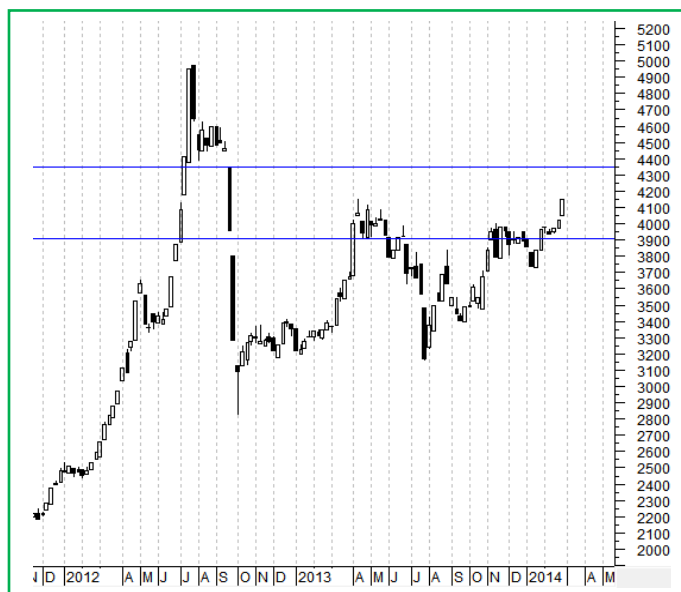
Recommendation: *Indian soy meal continues to face stiff price competition from South American meal. India's exports are likely to ease seasonally and South American supplies are to pick up in coming days. The Indian meal exporters are advised to aggressively market their meal to the countries in vicinity 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 (Mar-Apr delivery) is likely to be in the price band of Rs 38000-38500/MT.*

Technical Analysis:

NCDEX Soybean Futures-Weekly Chart



Soybean Spot, Indore



Support & Resistance NCDEX Soybean – Mar contract

S2	S1	PCP	R1	R2
3665	3824	4240	4542	4790

- Soybean prices extended gains during the week.
- RSI is rising in neutral region while stochastic is 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 – Mar) Week: Buy** between 4245-4255. Levels: Target – 4350; T2- 4400, SL -4190.

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 4160-4250 levels (Indore, Plant basis).

Rapeseed - Mustard Seed

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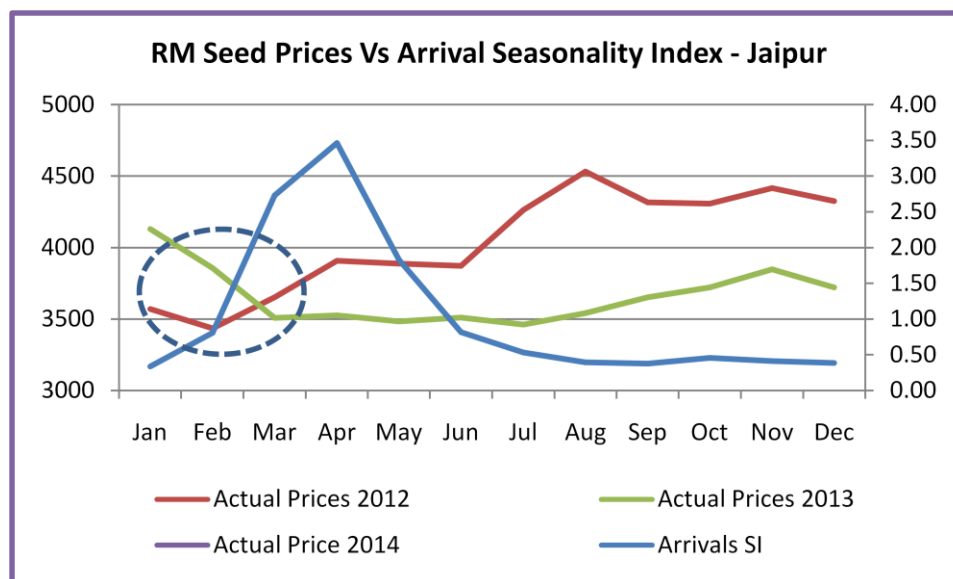
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The seed prices are expected to feature short-term gains on bullish global factors.



Technical Analysis:

NCDEX RM Seed Futures



RM Seed Spot, Jaipur



Support & Resistance NCDEX RM Seed - Apr contract

S2	S1	PCP	R1	R2
3239	3332	3604	3706	3772

- RM seed extended gains during the week.
- However, the prices closed below 9-day and 18-day EMA.
- RSI and stochastic are rising in the neutral zone.
- MACD is easing in the negative territory.
- Prices are expected to feature gains in the near-term.
- **Trade Recommendation (NCDEX RM SEED - Apr) Week: BUY** between 3610-3620 for a Target – 3700; T2- 3750; SL -3564.

Trade Recommendation RM Seed Spot (Jaipur basis): In spot, the RM seed prices are expected to feature a range bound movement with a firm bias on bullish MPOB data on stock and exports, however, higher rabi oilseeds planting will limit the gains. The prices are likely to witness 3650-3750 Rs/qrtl level in near term.

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