

Executive Summary

Soybean, soy meal and rapeseed/mustard continued upward move during the week in review. Bullish global oils and fats market followed by weather concern in soybean and palm growing regions remained supportive for the market.

The domestic soybean edged-up on strong world soybean and palm oil market. Besides, fall in domestic soybean supplies in the key cash markets remained supportive for soybeans during the week in review. Tight supplies in palm oil and growing concern on the additional crop damage – palm in Malaysia, Indonesia and Thailand boosted the international palm and soybean along.

Besides, downward revision of South American soybean production estimates due to crop damage followed by dry weather in the region pushed up the international and domestic soybeans. Considerable crop loss in Brazil, Argentina, Uruguay and Paraguay reported in last couple of weeks. The CBOT soybeans continued its uptrend, consecutive 5th week, and May contract tested new highs (US \$14.45/bu) previous week.

However, domestic crushings are poor owing to the week soy meal export sales and higher imports in cheap vegoils in previous months. India's soy meal shipments fell by 68% in Feb 2014 compared to the same period last year.

The soybean prices are likely to remain strong in coming weeks due to the bullish international factors.

Soy meal prices posted gains along with soybeans supported by firm international soybean market. Besides, higher Malaysian palm oil attributed to dry weather in the palm growing region of South East Asia remained bullish for the oilmeals including soy meal.

Forward bookings and export commitments for India are quite weak as the major buyers have been placing their soy meal orders to Brazil and Argentina due to their price competitiveness.

India's oilmeal shipments fell 53% in Feb 2014 compared to the same period last year while soy meal exports declined by 68% in Feb 2014 compared to the corresponding period last year. Japan which stood at second position after Iran in buying soy meal of Indian origin slipped to 19th position in Feb.

India's shipment of soy meal during February, 2014 was 1.83 lac tons as compared to 5.77 lac tons in February, 2013 showing a decrease by 68.28% over the same period of last year.

This decline in the export is primarily due to lower arrival of soybean resulting the lower crushing.

On a financial year basis, the export during April'2013 to February'2014 is 26.09 lac tons as compared to 31.13 lac tons in the same period of previous year showing a decrease by 16.19%.

During current Oil year, (October - September), total exports during October'2013 to February'2014 are 17.32 lac tones as against 22.77 lac tones last year, showing a decrease by 23.94%.

Soy meal prices are expected feature firm tone on varied bullish factors hovering in the oils and fats market.

Domestic mustard seed extended on higher Malaysian palm oil and firm soybeans during the period. Besides, active buying by the stockists and crusher's remained supportive for the market during the week in review.

The RM seed harvesting is underway and it is gaining momentum with clear weather favorable for harvesting. Hence, the new crop supplies are gradually increasing, all India arrivals have just doubled in last one week and it has reached to 3.5 lakh bags a day compared to 1.6-1.8 lakh bags a day a week ago, which were just 80,000-90,000 bags initially in Feb.

Reports of soybean crop damage in Brazil and other parts of South America continued to lend support to the oilseeds including RM seed.

Further, severe dry weather in key palm growing parts of Malaysia, Indonesia and Thailand continued to push 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.

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

Soybean crop damage in South America, bullish reports on palm oil inventories in Malaysia and dry weather in Malaysia, Indonesia and Thailand will continue to remain positive for the oil and fats markets.

However, higher imports in edible oils including palm, soy and sunflower oils in recent months and comfortable stocks remained bearish for the domestic oilseeds.

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

International Highlights

- ❖ World sunseed inventories exceeded the year-earlier level by about 4- 5 Mn T as of March 1, as reported by the Oil World.
- ❖ 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)		
	7-March-14	28-Feb-14	Parity To
Indore (MP)	37000-37500	35900-36500	Gujarat, MP
Kota	37000-37500	35500-36200	Rajasthan, Del, Punjab, Haryana
Akola	37500	36000	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Hingoli	39000	37500	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Nanded/Latur	38000	37000-37500	Andhra, AP, Kar, TN
Dhulia/Jalna	38300	37700	Mumbai, Maharashtra
Nagpur (42/46)	38200	37100-37115	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Sangli	39300	38300	Local and South
Sholapur	38000	37500	Local and South
Bundi	37500	35500	-

Soy DOC at Port

Centers	Port Price	
	7-March-14	28-Feb-14
Kandla (FOR) (INR/MT)	631	613
Kandla (FAS) (USD/MT)	38500	38031

International Soy DOC

Argentina FOB \$/MT	7-March-14	28-Feb-14	Change
Soybean Pellets	534	549	-15
Soybean Cake Meal	534	549	-15
Soybean Meal	542	557	-15
Soy Expellers	542	557	-15

Sunflower (DOC) Rates

Centers	Ex-factory rates (Rs/ton)		
	7-March-14	28-Feb-14	Change
Adoni	22200	21500	+700
Khamgaon	21800	21000	+800
Parli	22000	21300	+700
Latur	22000	21000	+1000

Groundnut Meal

Groundnut Meal	7-March-14	28-Feb-14	Change
Basis 45% O&A, Saurashtra	27000	23500	+3500
Basis 40% O&A, Saurashtra	25000	23000	+2000
GN Cake, Gondal	25000	25000	Unch

Mustard DOC/Meal

Mustard DOC/Meal	7-March-14	28-Feb-14	Change
Jaipur (Plant Delivery)	14500	14100	+400
Kandla (FOR)	15500	15200	+300

Progress of Sown Area – Rabi Oilseeds, India

As per the official *Rabi* oilseeds planting (week ending 20 February 2014), the area coverage under Rabi oilseeds is reported at 90.75 lakh hectares, up 3.4% from 87.76 lakh ha previous year. Of the major oilseeds, rapeseed/mustard seed sowing is reported up by 6.0% compared to last year.

Crop	Feb 2014	Feb 2013	% Change
Rapeseed/Mustard	71.32	67.26	6.0
Groundnut	8.31	9.13	-9.0
Safflower	1.79	1.5	19.3
Sunflower	4.29	5.12	-16.2
Sesamum	0.99	0.72	37.5
Linseed	3.57	3.36	6.3
Others	0.48	0.67	-28.4
Total Oilseeds	90.75	87.76	3.4

(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 gains during the past week. Soy meal, FOR Kandla exports price (Mar-Apr delivery) was quoted between Rs 38,500-38,800/MT compared to 29,900-31,500/MT during the same period last year.

Recommendation: Soy meal, FOR Kandla exports price (Mar-Apr delivery) was quoted between Rs 38,500-38,800/MT compared to 29,900-31,500/MT during the same period last year. Prices surged on bullish global soybean and palm oil reports during the month in review. Indian meal exporters are advised to market their meal to the countries in vicinity including traditional South and Far-East Asian destinations and Iran. Indian soy meal faces price competition from South American soy meal due to new crop soybean supplies. India is into the period of lower exports considering seasonality. The domestic meal prices are likely to feature steady to firm tone during in near-term. FOR, Kandla is expected to feature range bound movement with firm bias and the quotes will range between 38,500-40,000 levels in the upcoming week.

Technical Analysis:

NCDEX Soybean Futures-Weekly Chart



Soybean Spot, Indore



Support & Resistance NCDEX Soybean – Mar contract

S2	S1	PCP	R1	R2
4038	4102	4303	4430	4530

- Soybean prices continued upward trend 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 – Mar) Week: Buy** Above 4303. Levels: Target – 4360; T2- 4400, SL -4269.

Trade Recommendation soybean spot: Soybean prices are expected to feature firm tone on bullish global reports – South American crop damage and dry weather in major palm growing region of South East Asia. The prices are likely to feature edge-up and will be in the band of 4300-4400 levels (Indore, Plant basis) during the week.

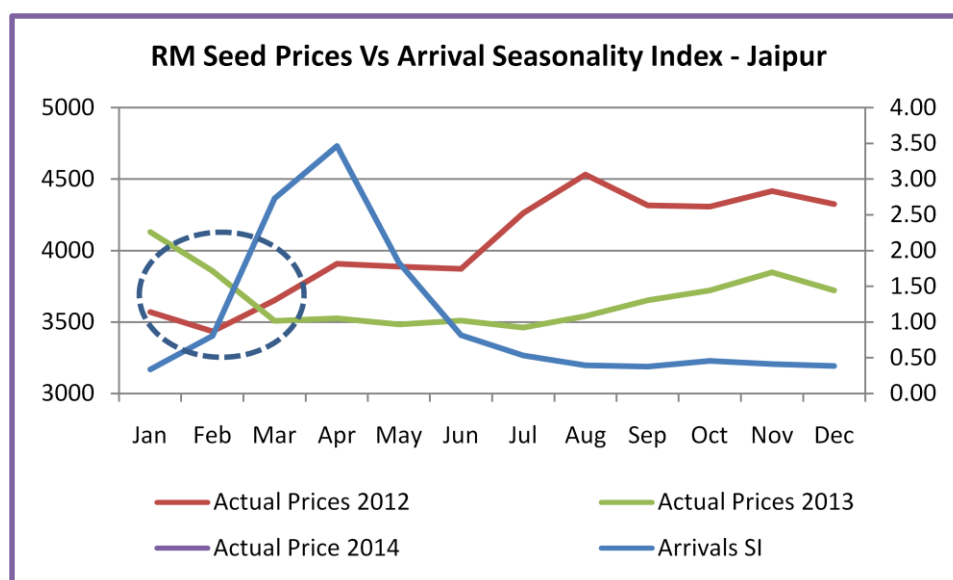
Rapeseed - Mustard Seed

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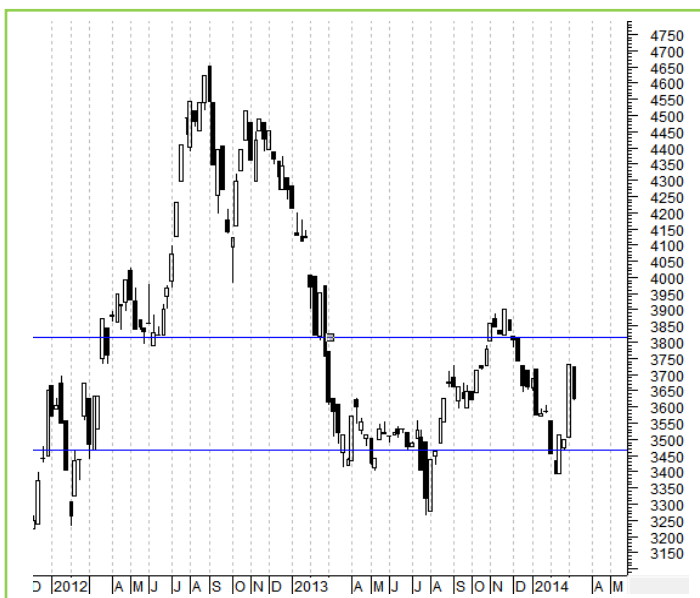


Technical Analysis:

NCDEX RM Seed Futures



RM Seed Spot, Jaipur



Support & Resistance NCDEX RM Seed - Apr contract

S2	S1	PCP	R1	R2
3395	3489	3605	3725	3783

- Despite some signs of weakness, RM seed remained uptrend during the week.
- The prices closed above 9-day and 18-day EMA.
- RSI and stochastic are rising in the neutral zone.
- MACD is rising in the positive 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 gain despite new crop supplies. Improved seed buying by the stockists and the solvent extractors domestically and severe dry weather in Malaysia, Indonesia and Thailand which will eventually hit the palm oil production in the region will remain as the bullish factors the RM seed during the week. Prices of new crop seed are expected to be in the range between 3580 – 3600 levels during the week.

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