

Executive Summary

The domestic soybean and meal edged-up tracking firm global cues while rapeseed/mustard seed fell on heavy arrival pressure during the week under review.

The soybean prices slightly gained on need based buying and gains in international benchmark CBOT soybeans during the week in review.

Both buyers and sellers are cautious and are not actively participating ahead finance year ending, the traders are busy maintaining their books.

The soybean crushing is lower due to the widening disparity, sluggish soy meal export sales and higher imports of edible oils in recent past.

The crushing units are running below their actual capacity at around 25-30% or just 8-10 days in month.

The soybean prices are expected to feature gains on expected fresh buying with active participation in the new fiscal year.

Soy meal witnessed gains in line with soybean on firm global cues. Concern over South American crop loss due to dry weather and bullish soy meal supply scenario remained supporting factor for domestic soy meal too. Besides, dry weather in palm producing regions of South-East Asia remained positive for the domestic oils and fats market.

However, India's soy meal shipment continued to be weak as a result of demand shift of major buyers to South America due to their competitive meal prices owing to increased availability in meal with new crop supplies and improved crushings.

As discussed earlier, of the top 5 buyers (Iran, Japan, France, Korea and Thailand) of soy meal of Indian origin Japan and Thailand skid to 10th and 19th position from 2nd and 5th position in the month of February 2014.

Indian soy meal exports are unlikely to pick up in medium-term due to demand diversion while the prices are expected to featured range-bound movement with weak-bias in near-term on likely lower soy meal shipments in days ahead.

Domestic mustard seed price extended losses on heavy arrival pressure followed by harvesting of the seed in major growing region in full swing. Besides, weaknesses in Malaysian palm oil with slowdown in usage and exports from Malaysia and other key palm oil exporters in recent weeks remained bearish for the domestic seed.

India's mustard seed closely tracks Malaysian palm oil. However, tight supplies in palm oil along with dry weather in Malaysia, Thailand and Indonesia will limit the losses in domestic seed.

Besides, buyers and sellers were not actively participating in the market during the week due to finance year ending. We feel fresh and active buying from millers and stockiest will revive within a week.

However, the seed prices will remain under pressure due to heavy arrivals in the seed but likely active buying by the solvent extractors and stockists will limit the losses in near-term.

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 estimates of global soybean production followed by record outturn in Brazil and Argentina despite crop losses will cap the gain in oilseeds.

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

International Highlights

- ❖ Indonesia increased its export tax for crude palm oil to 13.5 percent in April from 10.5 percent in March - Indonesian Trade Ministry.
- ❖ As per Malaysian government, Malaysia has raised its crude palm oil export tax for April to 5.5 percent, last month 5% in March.
- ❖ China canceled about 0.4 million tons of U.S. soybeans in the two weeks to March 6 and also canceled 0.5 million tons from South America countries, mainly from Brazil due to ample supplies at Chinese ports – Oil world.
- ❖ South America's top five producing countries soybean production forecast at 151.45 million tons in the 2013-14 season, 0.85 million tons higher from the February estimate. Moreover, Brazil and Argentina soybean production estimate for 2013/14 at 84.5 million and 53.5 million tons respectively – Oil World.
- ❖ China cancelled up to 600,000 tons of South American soybean cargoes for shipment between March and May, due to cases of bird flu and negative crush margins curb demand – (Reuters).
- ❖ Rosario grains exchange pegged Argentina's soybean production at 54.7 million tons for 2013/14 due to bad weather condition.
- ❖ As of March 1, edible oil stock at various ports is estimated at 4,75,000 tonnes. It consists of 2,40,000 tonnes of crude palm oil, 1,10,000 tonnes of refined palmolein, 50,000 tonnes of degummed soyabean oil, 65,000 tonnes of crude sunflower oil and 10,000 tonnes of canola rape oil and about 7,70,000 tonnes in the pipelines. Inventory – both at ports and transit – was reduced by 2,70,000 tonnes to 12,45,000 tonnes, due to lower imports in the last two months.

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)	36500	34500	Gujarat, MP
Kota	36500	33200-33500	Rajasthan, Del, Punjab, Haryana
Akola	37000	34500	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Hingoli	37800	NA	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Nanded/Latur	37300	NA	Andhra, AP, Kar, TN
Dhulia/Jalna	37600	35800	Mumbai, Maharashtra
Nagpur (42/46)	37200	34600	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Sangli	38500	35500	Local and South
Sholapur	38300	NA	Local and South
Bundi	36000	33400	-

Soy DOC at Port

Centers	Port Price	
	28-Feb-14	21-Feb-14
Kandla (FOR) (INR/MT)	641	586
Kandla (FAS) (USD/MT)	38538	36400

International Soy DOC

Argentina FOB \$/MT	28-Feb-14	21-Feb-14	Change
Soybean Pellets	518	526	-8
Soybean Cake Meal	518	526	-8
Soybean Meal	526	534	-8
Soy Expellers	526	534	-8

Sunflower Meal Rates

Centers	Ex-factory rates (Rs/ton)		
	28-Feb-14	21-Feb-14	Change
Adoni	22200	20800	+1400
Khamgaon	21800	20300	+1500
Parli	22000	20500	+1500
Latur	22000	20400	+1600

Groundnut Meal

Groundnut Meal	28-Feb-14	21-Feb-14	Change
Basis 45% O&A, Saurashtra	26000	24400	+1600
Basis 40% O&A, Saurashtra	24000	22400	+1600
GN Cake, Gondal	25000	23500	+1500

Mustard DOC/Meal

Mustard DOC/Meal	28-Feb-14	21-Feb-14	Change
Jaipur (Plant Delivery)	14300	13500	+800
Kandla (FOR)	15300	14500	+800

Progress of Sown Area – Rabi Oilseeds, India

As per the official *Rabi* oilseeds planting (week ending 13 Mar 2014), 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.

Crop	Mar 2014	Mar 2013	% Change
Rapeseed/Mustard	71.36	67.46	5.8
Groundnut	8.92	10.11	-11.8
Safflower	1.79	1.5	19.3
Sunflower	4.4	5.3	-17.0
Sesamum	2.46	2.4	2.5
Linseed	3.59	3.36	6.8
Others	0.49	0.67	-26.9
Total Oilseeds	93.01	90.8	2.4

(Area in lakh hectares) Source: GOI

Soybean

The soybean prices slightly gained on need based buying and gains in international benchmark CBOT soybeans during the week in review.

Both buyers and sellers are cautious and are not actively participating ahead finance year ending, the traders are busy maintaining their books.

The soybean crushing is lower due to the widening disparity, sluggish soy meal export sales and higher imports of edible oils in recent past.

The crushing units are running below their actual capacity at around 25-30% or just 8-10 days in month.

The soybean prices are expected to feature gains on expected fresh buying with active participation in the new fiscal year.

Soy meal

Soy meal witnessed gains in line with soybean on firm global cues. Concern over South American crop loss due to dry weather and bullish soy meal supply scenario remained supporting factor for domestic soy meal too. Besides, dry weather in palm producing regions of South-East Asia remained positive for the domestic oils and fats market.

However, India's soy meal shipment continued to be weak as a result of demand shift of major buyers to South America due to their competitive meal prices owing to increased availability in meal with new crop supplies and improved crushings.

As discussed earlier, of the top 5 buyers (Iran, Japan, France, Korea and Thailand) of soy meal of Indian origin Japan and Thailand skid to 10th and 19th position from 2nd and 5th position in the month of February 2014.

Indian soy meal exports are unlikely to pick up in medium-term due to demand diversion while the prices are expected to featured range-bound movement with weak-bias in near-term on likely lower soy meal shipments in days ahead.

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.

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 (Apr-May delivery) was quoted between Rs 38,200-38,625/MT compared to Rs 32,000-34,050/MT during the same period last year.

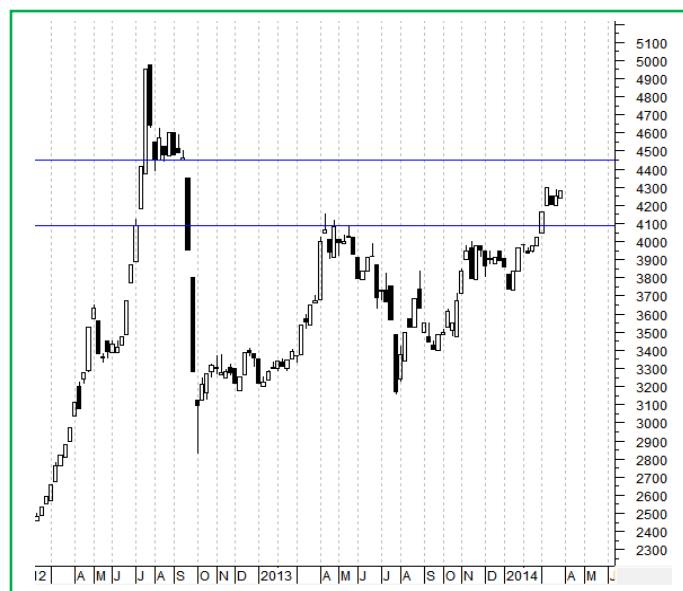
Recommendation: *Soy meal, FOR Kandla exports price (Mar-Apr delivery) was quoted higher between Rs 32,000-34,050/MT compared to Rs 32,000-34,050/MT during the same period last year. Prices surged on bullish global soybean and palm oil reports during the month in review. Indian meal exporters are advised 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 – Apr contract

S2	S1	PCP	R1	R2
4057	4110	4314.5	4450	4652

- Soybean prices witnessed gains during the week.
- Prices closed above 9-day and 18-day EMA.
- RSI and stochastic are rising in neutral region.
- MACD is rising in positive territory.
- The prices are expected to feature gain in coming week.
- **Trade Recommendation (NCDEX Soybean – Apr) Week: Buy** Above 4310. Levels: Target – 4400; T2- 4445, SL -4256.

Trade Recommendation soybean spot: Soybean prices are expected to feature side-ways movement. But, South American crop damage and dry weather in major palm growing region of South East Asia will limit the losses. The prices are likely to feature edge-up and will be in the band of 4250-4350 levels (Indore, Plant basis) during the week.

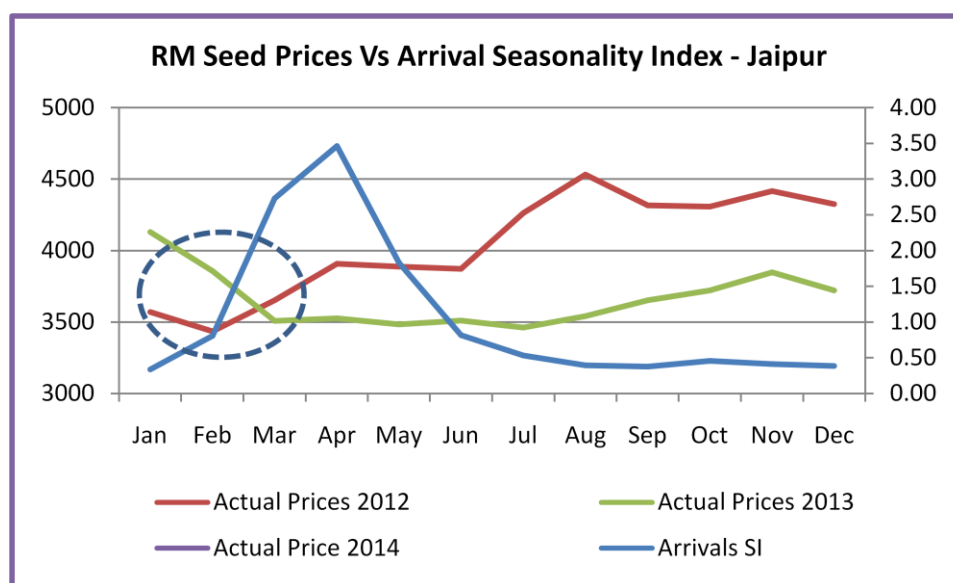
Rapeseed - Mustard Seed

Domestic mustard seed price extended losses on heavy arrival pressure followed by harvesting of the seed in major growing region in full swing. Besides, weaknesses in Malaysian palm oil with slowdown in usage and exports from Malaysia and other key palm oil exporters in recent weeks remained bearish for the domestic seed.

India's mustard seed closely tracks Malaysian palm oil. However, tight supplies in palm oil along with dry weather in Malaysia, Thailand and Indonesia will limit the losses in domestic seed.

Besides, buyers and sellers were not actively participating in the market during the week due to finance year ending. We feel fresh and active buying from millers and stockiest will revive within a week.

However, the seed prices will remain under pressure due to heavy arrivals in the seed but likely active buying by the solvent extractors and stockists will limit the losses in near-term.

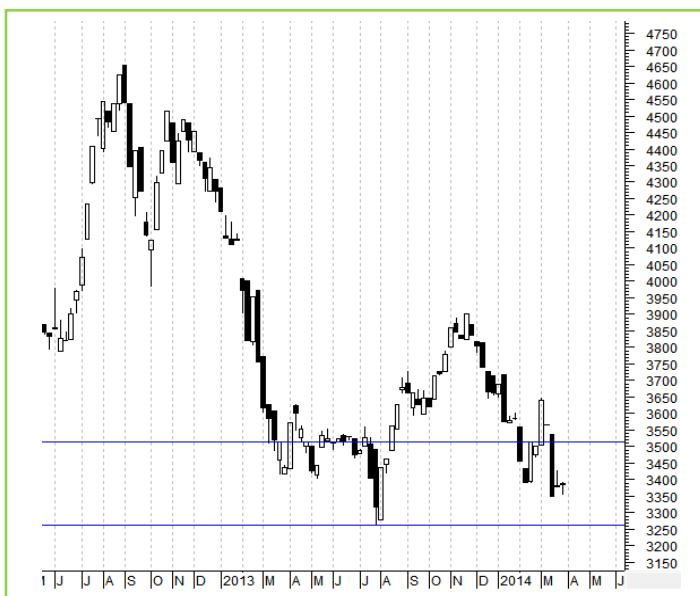


Technical Analysis:

NCDEX RM Seed Futures



RM Seed Spot, Jaipur



Support & Resistance NCDEX RM Seed - Apr contract

S2	S1	PCP	R1	R2
3272	3336	3471	3565	3617

- RM seed rebound on buying support during the week.
- The prices closed above 9-day and 18-day EMA.
- RSI and stochastic are rising in the neutral territory.
- MACD is heading upwards in the negative territory.
- Prices are expected to feature gains in the near-term.
- **Trade Recommendation (NCDEX RM SEED - Apr) Week: BUY** Above 3469 for a Target –3530; T2- 3560; SL -3432.

Trade Recommendation RM Seed Spot (Jaipur basis): In spot, the RM seed prices are expected to feature losses on fall in Malaysian palm oil. However, 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 limit the losses during the week. Prices of new crop seed are expected to be in the range between 3360–3450 levels during the week.

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>
© 2014 Indian Agribusiness Systems Pvt Ltd.