

## Executive Summary

---

*Pressure on soy meal continues on the back of weak global clue and sluggish trading activities. More downward correction is expected in the short term. Brazil, Argentina would remain aggressive seller due to higher availability and competitive price there. It being a lean season in India seed availability has decreased considerably and demand for soymeal too has declined for Indian soymeal as parity turned into negative despite recent dip in seed and meal prices. Foreigners(importers) are now turning to south America due to attractive price there. However, medium term outlook remains bullish.*

Soymeal export in April declined by 24.35 percent to 76,000 tonne in comparison to April 2013. During the same month last year, soymeal export were at 100,000 tonnes. During current Oil year, (October – September), exports during October 2013 to April, 2014 were 2.04 million tonnes, against 2.69 million tonnes last year, registering a decrease of 24.36 per cent, SOPA adds.

Iran top the country list by importing 35500 tonnes, followed by France that imported 18,197 tonnes, whereas Indonesia was third at 10,183 tonnes. Majority of the soymeal was exported through Kandla Port, Mumbai/JNPT and Bedi Port.

Talks of possible El Nino this year (70% chance) may hit the India's soybean crop in the upcoming crop season. If the phenomena turn out to be true it will eventually lead in lower soybean productivity which will consequently lead to lower supplies in meal in the coming season.

As discussed, the current domestic meal demand is good and intact with poultry products expected to rise by at least 6% this year, according to NECC this will keep the meal demand intact at 3 MMT and thus prices this season.

Overall, India's soy meal shipments during the season declined primarily due to poor quality and fall in overseas orders. Besides, the major soy buyers have shifted to South America due to price competitiveness followed by increased seasonal supplies with the start in new marketing season in the region. The previous trend reveals that India's soy meal exports fall in upcoming months. India's soy meal shipments stand at the optimum level during Oct – Feb.

The meal prices are expected to remain firm in the medium term on weak soybean crushing and good domestic and steady international demand.

The RM seed rebound after seasonal supply pressure in previous weeks. Good buying support by the millers and the stockists and fall in arrival during the week pushed up the seed prices.

## International Highlights

---

- ❖ G-4 soya meal shipments stood at 3.3 Mn T in March about unchanged from the reduced level of previous year – Oil World.
- ❖ US soybean plantings have commenced and it is gradually picking up the pace, US mid-west weather need to be closely watched in coming weeks.

- ❖ There is soybean supply tightness in domestic soybeans due to growth in US soybean export commitments in the week ended Apr 3.
- ❖ India's vegetable oil imports fell six per cent in March to 8,35,424 tonnes against 8,89,415 tonnes in the corresponding last year as the rupee appreciated and demand slipped.
- ❖ Imports included 8,32,925 tonnes of edible oil and 2,499 tonnes on non-edible oil, according to the data released by the Solvent Extractors' Association.
- ❖ Overall, imports of vegetable oils between November and March were down six per cent at 43,32,231 tonnes (46,24,678 tonnes).
- ❖ Import of refined oil rose 32 per cent to 8,17,615 tonnes against 6,20,698 tonnes in the first five months of the season that began in November.
- ❖ Palm oil imports in last five months decreased 17 per cent to 31,42,418 tonnes.
- ❖ Inventory of edible oil at various ports as on April 1 was estimated at 4,90,000 tonnes. Crude palm oil stock was at 2,70,000 tonnes, refined palmolein was at 90,000 tonnes, degummed soyabean oil at 50,000 tonnes and crude sunflower oil at 80,000 tonnes. Consignments of about 710,000 tonnes were in the pipeline, said SEA.
- ❖ Indian vegetable oil buyers have severely reduced imports of palm oil so far this year in response to stronger prices on the world market.
- ❖ Malaysia's palm-oil output rose 3.9% in April from a month ago to 1.56 million metric tons, the Malaysian Palm Oil Board..Palm-oil inventories in Malaysia, the world's second-largest producer after Indonesia, were 4.6% higher on month at 1.77 million tons at the end of April.Malaysia's palm-oil exports were also up, gaining 1.2% from March

## Oil Meal Prices at Key Spot Markets:

### Soy DOC Rates at Different Centers

Centres	Ex-factory rates (Rs/ton)		
	15-May-14	9-May-14	Parity To
Indore (MP)	41500	43500	Gujarat, MP
Kota	42000	43200	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	44500	45000	Mumbai, Maharashtra
Nagpur (42/46)	45000	44700	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	44000	45000-45500	Andhra, AP, Kar ,TN
Latur	44000	44800	-
Sangli	NA	45500	Local and South
Sholapur	NA	45200	Local and South
Akola	44100	44000	Andhra, Chattisgarh, Orrisa,Jharkhand, WB
Hingoli	NA	45500	Andhra, Chattisgarh, Orrisa,Jharkhand, WB
Bundi	43200	43100	-

**Soy DOC at Port**

Centers	Port Price	
	15-May-14	9-May-14
Kandla (FOR) (INR/MT)	42000	45000
Kandla (FAS) (USD/MT)	714	749

International Soy DOC			
Argentina FOB USD/MT	15-May-14	8-May-14	Change
Soybean Pellets	535	529	6
Soybean Cake Flour	535	529	6
Soya Meal	543	537	6
Soy Expellers	543	537	6

Sunflower (DOC) Rates	Ex-factory rates (Rs/ton)		
Centers	16-May-14	9-May-14	Change
Adoni	24000	24000	Unch
Khamgaon	NA	NA	-
Parli	24000	24000	Unch
Latur	23600	23600	Unch

Groundnut Meal (Rs/MT)	16-May-14	9-May-14	Change
Basis 45%, Saurashtra	29500	31000	-1500
Basis 40%, Saurashtra	27500	29000	-1500
GN Cake, Gondal	28500	29000	-500

Mustard DOC/Meal	16-May-14	9-May-14	Change
Jaipur (Plant delivery)	14800	15000	-200
Kandla (FOR Rs/MT)	16000	16300	-300

## Soy meal

Soy meal extended gains in tandem with soybean followed by lower arrival in beans and eventually poor soy meal supplies during the week review. The domestic soy meal demand is continued and steady primarily for poultry feed and weak crushings of soybean continued to remain supportive for the meal prices.

Talks of possible El Nino this year (70% chance) may hit the India's soybean crop in the upcoming crop season. If the phenomena turn out to be true it will eventually lead in lower soybean productivity which will consequently lead to lower supplies in meal in the coming season.

As discussed, the current domestic meal demand is good and intact with poultry products expected to rise by at least 6% this year, according to NECC this will keep the meal demand intact at 3 MMT and thus prices this season.

Overall, India's soy meal shipments during the season declined primarily due to poor quality and fall in overseas orders. Besides, the major soy buyers have shifted to South America due to price competitiveness followed by increased seasonal supplies with the start in new marketing season in the region. The previous trend reveals that India's soy meal exports fall in upcoming months. India's soy meal shipments stand at the optimum level during Oct – Feb.

The meal prices are expected to remain firm on weak soybean crushing and good domestic and steady international demand.

India's Oilmeal shipments declined 9.8% to 4.33 million tonnes in 2013-14 in finance year ended March 31 2013.

India's Oilmeal shipments in March stood at 3.97 lakh tonnes compared to 4.30 lakh tonne during the same period last year, said SEA.

India's Soy meal exports, which constitute the bulk of oil meal exports, decreased by 27.50% to 2.32 Lac tonnes in March'14 from 3.20 Lac tonnes a year earlier.

The annual Soy meal exports in the financial year 2013-2014 (April-March) in terms of Quantity were 28,40,874.837 tonnes, decreased by 17.27 percent from 34,33,916.546 tonnes a year ago. In terms of value the total earning is Rs. 9,976.40 crores compared to Rs.10,192.91 crores in 2012-13 marginally down by 2.12%.

Partially, export of Soybean Meal suffered during first and fourth quarter due to poor availability of soybean and corresponding lower crushing.

During the first half of current Oil year (October - September), exports during October'13 to March'14 in terms of quantity were 19.65 Lac tonnes as against 25.97 Lac tonnes last year or a drop of 24.35%. In terms of value the total earning is Rs. 6,987.97 crores compared to Rs.7,602.67 crores in 2012-13 down by 8.08%.

The soy meal prices are expected to feature range-bound movement with firm bias and short-term.

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.

*Preference of the soy meal of Indian origin mainly by the South-East countries due to logistic and freight advance and demand for non-GMO meal will continue to 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.*

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 higher between Rs 41,000-42,500/MT compared to Rs 35,750-37,000/MT during the same period last year.

**Recommendation:**

*Slackness in soy seed price continues to impact Soy meal prices at major trading centers. FOR Kandla, was quoted considerably down by Rs 3000 to Rs. 42,000/MT. Prices have decreased around Rs 2000 per tonne during the week. Soy DOC ex-factory indore rates were down by Rs 2000 to Rs 41500. Fresh deal is expected from the fourth week of May. 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 supply from new crop. India is into the period of lower exports considering seasonality. The domestic meal prices are likely to feature steady to weak during in near-term. FOR, Kandla is expected to feature range bound movement with weak bias and the quotes will range between 41,000-42,000 levels in the upcoming weeks.*

**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.