

Executive Summary

Soybean, soy meal fell straight sixth week on weak global and domestic factors while rapeseed/mustard continued uptrend on buying support.

Soybean:

- ❖ Soybean continued downtrend, sixth week, on short-term bearish outlook. Feeble buying in soybean followed by weak crushings remained negative for the beans again during the week review.
- ❖ Most of the soybean growing regions of the major producing states have reported departure around - 60%. The situation will hamper the pace in soybean planting this season and it is expected to be slow till the monsoon intensifies in the growing regions.
- ❖ The area coverage under soybean, as on 26 Jun 2014, stood at 1.01 lakh compared to 1.77 during the same period last year. The coverage reported in the irrigated area.

Soy meal:

- ❖ Soy meal declined successive sixth week in tandem with the soybean mainly due to weak soy meal export sales and poor domestic demand from feed manufacturers.
- ❖ The soy meal prices are expected to recover on weak soybean supplies, likely improvement in the domestic demand from poultry feed industry and scarcity of quality beans for seeding this season.

RM Seed:

- ❖ RM seed continued uptrend on good buying support and falling seed supplies from it's peak. The seed buying is gaining momentum in anticipation of rise in edible oil demand with Ramadan and festivities in coming weeks.
- ❖ The all India seed arrivals were reported closed to the previous week at 1.55-1.85 lakh bags compared to 1.6-1.75 lakh bags a day previous week. During the peak arrivals it was registered 6.0-7.0 lakh bags a day in April.
- ❖ Indonesia and Malaysia has lowered their export tax on palm oil for July, which is favoring India's palm oil imports.
- ❖ Overall, the RM seed prices are set further gain ahead upcoming fresh edible oil demand for festivities in coming weeks.

International Highlights

- ❖ US soybean planting is reported at 95% by 22 Jun which is slightly above 5 year average of 94% and also ahead from 91% during the same period last year. Soybean emergence is reported at 90% higher than 5 year average of 87% and above 79% during the same period last year. Further, about 72% is under is good to excellent condition. The factors are bearish for the international soybean for short-term.
- ❖ As per Indonesian industry ministry, Indonesia lowered its crude palm oil export tax to 10.5 percent in July from 12 percent in June. Currently CPO August contract at Bursa Malaysia Derivative exchange is hovering around MYR 2500 per tons.
- ❖ Indonesia lowered its crude palm oil export tax to 10.5 percent in July from 12 percent in June. Currently CPO August contract at Bursa Malaysia Derivative exchange is hovering around MYR 2500 per tons.
- ❖ Malaysia lowered the exports tax from 5.5 per cent during April-June to 5 per cent for July.
- ❖ As per Oil World, the price outlook for 2014/15 is bearish for soybeans and meal, with additional downward potential in prices, unless it becomes unfavourably dry in the USA in July and August.
- ❖ Brazilian soybean shipments slowed down slightly to 1.6 Mn T in the week to June 22.
- ❖ Soya oil prices rose by US \$ 45-55 during the past couple of weeks in the 3 major producing and exporting countries, reflecting recent high export sales and declining stocks – Oil World.
- ❖ CONAB made a surprising downward revision in the Brazilian soybean crop estimate to 86.05 Mn T, while the corn crop was revised upward by 2.7 Mn T to 77.9 Mn T...
- ❖ Crushings of 10 oilseeds are currently forecast to continue to rise sharply in Oct/Sept 2014/15, reaching 420.5 Mn T, as reported by Oil World.
- ❖ The global soybean inventories are expected to be record large at around 90 Mn T at the end of next season, equivalent to 31.6% of annual consumption – Oil World.
- ❖ Brazil's soybean shipments slowed to 7.61 Mn T in May from above 8 Mn T earlier.

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

| Centres | Ex-factory rates (Rs/ton) | | |
|----------------|---------------------------|-------------|---|
| | 27-Jun-14 | 20-Jun-14 | Parity To |
| Indore (MP) | 36500 | 36100-36500 | Gujarat, MP |
| Kota | 35000 | 36000 | Rajasthan, Del, Punjab, Haryana |
| Dhulia/Jalna | 37500 | 38000 | Mumbai, Maharashtra |
| Nagpur (42/46) | 37500 | 38000 | Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN |
| Nanded | 38500 | 38900 | Andhra, AP, Kar ,TN |
| Latur | 38500 | 37800 | - |
| Sangli | 39000 | 40000 | Local and South |
| Sholapur | - | 39700 | Local and South |
| Akola | 37000 | 37300 | Andhra, Chattisgarh, Orrisa,Jharkhand, WB |
| Hingoli | - | 39200 | Andhra, Chattisgarh, Orrisa,Jharkhand, WB |
| Bundi | 35000 | 36800 | - |

Soy DOC at Port

| Centers | Port Price | |
|-----------------------|------------|-----------|
| | 27-Jun-14 | 20-Jun-14 |
| Kandla (FOR) (INR/MT) | 37500 | 38000 |
| Kandla (FAS) (USD/MT) | 620 | 630 |

International Soy DOC

| Argentina FOB USD/MT | 26-Jun-14 | 18-Jun-14 | Change |
|----------------------|-----------|-----------|--------|
| Soybean Pellets | 498 | 490 | 8 |
| Soybean Cake Flour | 498 | 490 | 8 |
| Soya Meal | 506 | 498 | 8 |
| Soy Expellers | 506 | 498 | 8 |

| Sunflower (DOC) Rates | Ex-factory rates (Rs/ton) | | |
|-----------------------|---------------------------|-----------|--------|
| Centers | 27-Jun-14 | 20-Jun-14 | Change |
| Adoni | 23000 | 23000 | Unch |

| | | | |
|----------|-------|-------|-----|
| Khamgaon | NA | NA | - |
| Parli | 23300 | 23000 | 300 |
| Latur | 23000 | 22800 | 200 |

| Groundnut Meal (Rs/MT) | 27-Jun-14 | 20-Jun-14 | Change |
|------------------------|-----------|-----------|--------|
| Basis 45%, Saurashtra | 27000 | 25500 | 1500 |
| Basis 40%, Saurashtra | 25000 | 23500 | 1500 |
| GN Cake, Gondal | 25500 | 25000 | 500 |

| Mustard DOC/Meal | 27-Jun-14 | 20-Jun-14 | Change |
|-------------------------|-----------|-----------|--------|
| Jaipur (Plant delivery) | 14000 | 14300 | -300 |
| Kandla (FOR Rs/MT) | 15300 | 15500 | -200 |

Kharif MSP

- ❖ Government on Wednesday increased minimum support price (MSP) of Groundnut Seed and Sunflower seed by Rs 50 and Sesamum, Niger seed by Rs 100 a quintal. However, the MSP of soybean and groundnut seeds remained unchanged at Rs 2500-60 and Rs 4000 a quintal respectively this season.

Progress of Sown Area – Kharif Oilseeds, India

As per the official *kharif oilseeds* planting (week ending 26 Jun 2014), the area coverage under Rabi oilseeds is reported at 4.79 lakh hectares, down 46.9% from 9.02 lakh ha previous year. Of the major oilseeds, soybean sowing is reported down by 43% compared to last year.

| Crop | As on 26 Jun 2014 | As on 26 Jun 2013 | % Change |
|-----------------------|--------------------------|--------------------------|-----------------|
| Groundnut | 2.58 | 5.87 | -56.0 |
| Soybean | 1.01 | 1.77 | -42.9 |
| Sunflower | 0.35 | 0.5 | -30.0 |
| Sesamum | 0.77 | 0.67 | 14.9 |
| Niger | 0 | 0.01 | -100.0 |
| Castor | 0.08 | 0.2 | -60.0 |
| Total Oilseeds | 4.79 | 9.02 | -46.9 |

(Area in lakh hectares) Source: GOI

Soybean-Preliminary Production Estimates & Weather

| | Area in Mln Ha. | | | | | Production in Mln T | Production Estimate Under Normal Condition 2014- 15 | Revised Production Estimate Considering Deficit Rainfall for 2014- 15 | Rainfall (mm) for The Period 01.06.14 to 28.06.14 | | |
|----------------|-----------------|------|-------|-------|-------|------------------------|---|--|--|------------------------|------------------------|
| State | 2009 | 2010 | 2011 | 2012 | 2013 | 5 Yr Avg Prod. | | | % Departure | Actual Rain (mm) | Normal Rain (mm) |
| Madhya Pradesh | 5.30 | 5.52 | 5.73 | 5.81 | 6.26 | 6.10 | 7.26 | 6.51 | -68.00 | 29.70 | 92.20 |
| Maharashtra | 3.03 | 2.60 | 3.06 | 3.21 | 3.87 | 3.60 | 4.49 | 3.80 | -59.00 | 62.30 | 152.30 |
| Rajasthan | 0.71 | 0.69 | 0.90 | 0.99 | 1.06 | 1.00 | 1.23 | 0.91 | -56.00 | 22.60 | 51.20 |
| Andhra Pradesh | 0.18 | 0.14 | 0.16 | 0.20 | 0.28 | 0.20 | 0.33 | 0.30 | -58.00 | 52.80 | 124.80 |
| Karnataka | 0.23 | 0.18 | 0.22 | 0.20 | 0.25 | 0.20 | 0.29 | 0.25 | -50.00 | 48.00 | 96.00 |
| Chattisgarh | 0.13 | 0.15 | 0.15 | 0.15 | 0.16 | 0.10 | 0.18 | 0.14 | -41.00 | 96.10 | 163.60 |
| Gujarat | 0.00 | 0.00 | 0.00 | 0.08 | 0.09 | 0.10 | 0.11 | 0.00 | -89.00 | 12.20 | 113.50 |
| Rest of India | 0.09 | 0.02 | 0.12 | 0.05 | 0.06 | 0.10 | 0.07 | 0.06 | India | | |
| G.Total | 9.67 | 9.30 | 10.33 | 10.69 | 12.03 | 11.4 | 13.95 | 12.10 | -42.00 | 85.80 | 147.90 |

Normal/Expected Date of Soybean Planting: Second Week of Jun between 10-15 Jun. It first starts in Maharashtra - Naded, Latur, Jalna are the first to report the planting.

Current Expected Date of Soybean Planting: Last Week of Jun or First Week of Jul.

Soybean

Soybean continued downtrend, sixth week, on short-term bearish outlook. Feeble buying in soybean followed by weak crushings remained negative for the beans again during the week review.

India's edible oil imports improved in previous weeks anticipating renewed demand during monsoon and upcoming festivities in coming weeks. Lower export tax by the major palm oil exporting countries remained supportive for India's imports in the same.

Indonesia lowered its crude palm oil export tax to 10.5 percent in July from 12 percent in June. Currently CPO August contract at Bursa Malaysia Derivative exchange is hovering around MYR 2500 per tons.

Besides, Malaysia lowered the exports tax from 5.5 per cent during April-June to 5 per cent for July.

Besides, palm oil imports by India, soy oil imports from Argentina and Brazil too improved in recent weeks.

There is a slight concern on the soybean planting as it has already delayed from the normal/usual time. India has received deficit rainfall, monsoon, in most of the parts of the country this season and the all India departure of rainfall is reported at -42% on 27 Jun 2014.

Most of the soybean growing regions of the major producing states have reported departure around -60%. The situation will hamper the pace in soybean planting this season and it is expected to be slow till the monsoon intensifies in the growing regions.

The area coverage under soybean, as on 26 Jun 2014, stood at 1.01 lakh compared to 1.77 during the same period last year. The coverage reported in the irrigated area.

The good quality beans for seeding are expensive this year. This is due to the crop damage in Madhya Pradesh last crop season. There is a scarcity of good quality beans much needed for planting this season.

US soybean planting is reported at 95% by 22 Jun which is slightly above 5 year average of 94% and also ahead from 91% during the same period last year. Soybean emergence is reported at 90% higher than 5 year average of 87% and above 79% during the same period last year. Further, about 72% is under is good to excellent condition. The factors are bearish for the international soybean for short-term.

We feel the soybean prices to feature range-bound movement and the unrest in Middle-East especially in Iraq and rising crude oil prices will limit the losses in near-term.

Soy meal

Soy meal declined successive sixth week in tandem with the soybean mainly due to weak soy meal export sales and poor domestic demand from feed manufacturers.

Besides, sharp fall in international soy meal in recent weeks additionally pressured the domestic meal market. Higher US soybean planting pace compared to the average and better crop condition followed by in the US mid-west remained bearish for the market.

As discussed, India's soybean plantings have slightly delayed from the usual and it will progress slowly in coming days due to weak monsoon. The recent monsoon report on monsoon reveal that the seasonal rains will recover and intensify after 7 July 2014, this will limit the deterioration in the yield even if rains are lower than the usual and eventually prevent the losses in domestic soy meal supplies.

Again, demand diversion of international buyers towards South-America due to their competitive meal prices remained negative factor for the meal of Indian origin. India's soy meal exports remained lower this season, but it plunged further with the peak crushing season in South America after February with India's prices getting uncompetitive to South America.

India's oilmeal shipments almost halved in May from the corresponding period to 153,761 tonnes due to a plunge in soy meal shipments.

India's soy meal exports plunged to 8,226 tonnes in May from 96,492 tonnes during the same period last year. India's oilmeal shipments fell 9.8 percent from a year earlier to 4.3 million tonnes in the 2013/14 fiscal year that ended in March.

The soy meal prices are expected to recover on weak soybean supplies, likely improvement in the domestic demand from poultry feed industry and scarcity of quality beans for seeding this season.

The demand shift to South America due to the competitive prices there has already hit the India's meal exports. The soybean crushing is at full swing in Brazil and Argentina. The major international meal buyers are placing their 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.

Though India's week-on-week prices fell in recent weeks but India's Y-o-Y soy meal prices got stronger. Soy meal, FOR Kandla exports price (Jul-Aug delivery) was quoted higher between Rs 36,500-38,500/MT compared to Rs 34,600-37,000/MT during the same period last year.

Recommendation: FOR Kandla exports price (Jul-Aug delivery) was quoted higher between Rs 36,500-38,500/MT compared to Rs 34,600-37,000/MT during the same period last year. Though prices fell w-o-w basis, but prices are likely to recover on bullish global soybean supply scenario. 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 37,000-40,000 levels in the upcoming week.

Technical Analysis:

NCDEX Soybean Futures-Weekly Chart



Soybean Spot, Indore



*Note: Daily Chart

Support & Resistance NCDEX Soybean – Jul contract

| S2 | S1 | PCP | R1 | R2 |
|------|------|------|------|------|
| 3680 | 3737 | 3986 | 4210 | 4358 |

- Weekly soybean candlestick chart pattern reveals weakness the prices, during the week.
- Prices closed below 9-day and 18-day EMA.
- RSI is flatter in neutral region while stochastic is easing in oversold zone.
- MACD is falling in negative territory.
- The prices are expected to feature gain in coming week.
- **Trade Recommendation (NCDEX Soybean – Jul) Week: Buy** Above 3986. Levels: Target – 4050; T2- 4100, SL -3948.

Trade Recommendation soybean spot: Soybean prices are expected to recover on likely gains in international market and sharply lower supplies. The prices are likely to recover and will be in the band of 4000-4200 levels (Indore, Plant basis) during the week.

Rapeseed - Mustard Seed

RM seed continued uptrend on good buying support and falling seed supplies from it's peak. The seed buying is gaining momentum in anticipation of rise in edible oil demand with Ramadan and festivities in coming weeks.

The all India seed arrivals were reported closed to the previous week at 1.55-1.85 lakh bags compared to 1.6-1.75 lakh bags a day previous week. During the peak arrivals it was registered 6.0-7.0 lakh bags a day in April.

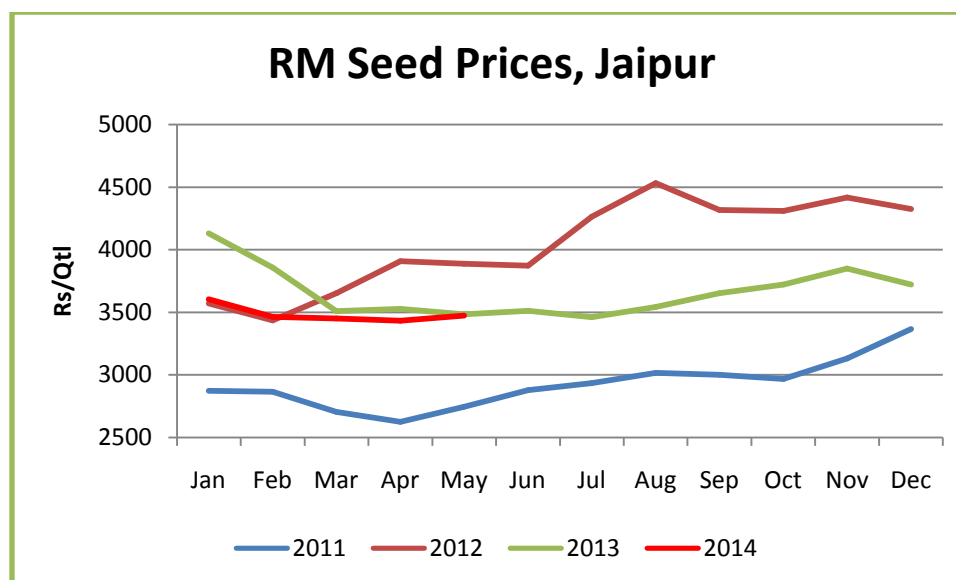
However, weakness in Malaysian palm oil limited the gains in the domestic RM seed. Further, as discussed, Indonesia has slashed the export tax to 10.5 percent for July from 12 percent in April thru June. Currently, CPO August contract at Bursa Malaysia Derivative exchange is hovering at MYR 2500 per tons.

Besides, Malaysia lowered the exports tax from 5.5 per cent during April-June to 5 per cent for July. The factors are favoring India's palm oil imports.

As discussed in previous weekly, India's crude palm oil imports rose 43.9 per cent to 547,151 tons in May from a month ago. While, RBD palmolein imports stood at 100,605 tons, down 73 percent on m-o-m basis. However, India buyers imported 1.78 lakh tons of crude sunflower oil and 1.74 lakh tons of crude soybean oil during the month of May - SEA of India. Besides, Malaysian palm oil inventories improved 4.2% to 1.84 Mln T in May compared to April.

These factors combined together are limiting the gains in RM seed. India's RM seed closely follows BMD CPO.

Overall, the RM seed prices are set further gain ahead upcoming fresh edible oil demand for festivities in coming weeks.



Technical Analysis:

NCDEX RM Seed Futures



*Note: Daily Chart

RM Seed Spot, Jaipur



Support & Resistance NCDEX RM Seed - Jul contract

| S2 | S1 | PCP | R1 | R2 |
|------|------|------|------|------|
| 3438 | 3473 | 3536 | 3621 | 3666 |

- The RM seed prices extended gains consecutive third week.
- The prices closed above 9-day EMA.
- RSI and stochastic are rising in the neutral territory.
- MACD is rising in the negative territory.
- Prices are expected to feature gains in near-term.
- **Trade Recommendation (NCDEX RM SEED - Jul) Week: Buy** Above 3534 for a Target –3584; T2-3620; SL -3504.

Trade Recommendation RM Seed Spot (Jaipur basis): In spot, the RM seed prices are expected to feature gains on renewed buying interest at the current levels. Prices of seed are expected to be in the range between 3570–3590 levels during the week.

Annexure

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.

| <i>Crop</i> | Apr 2014 | Apr 2013 | % Change |
|-----------------------|-----------------|-----------------|-----------------|
| Rapeseed/Mustard | 71.38 | 67.48 | 5.8 |
| Groundnut | 10.8 | 11.01 | -1.9 |
| Safflower | 1.79 | 1.5 | 19.3 |
| Sunflower | 4.45 | 5.33 | -16.5 |
| Sesamum | 4.54 | 2.94 | 54.4 |
| Linseed | 3.61 | 3.38 | 6.8 |
| Others | 0.49 | 0.69 | -29.0 |
| Total Oilseeds | 97.06 | 92.33 | 5.1 |

(Area in lakh hectares) Source: GOI

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.