

Executive Summary

Soybean, soy meal rebound on buying support after straight six week fall further rapeseed/mustard too extended gains on buying support.

Soybean:

- ❖ Soybean rebound after straight six week fall on renewed buying during the week in review. However, lower soy meal export sales and improved vegoil imports by India limited the gains.
- ❖ India's area coverage under soybean, as on 26 Jun 2014, was reported at 1.01 lakh compared to 1.77 during the same period last year. The coverage reported is mainly in the irrigated area.
- ❖ Most of the soybean growing regions of the major producing states have reported the rainfall departure around -60%. The situation has already hampered the pace in soybean planting this season and it is expected to be slow till the monsoon intensifies in the growing areas.

Soy meal:

- ❖ Soy meal witnessed gains in tandem with soybean after consecutive six week fall. However, to weak soy meal export sales and poor domestic demand from feed manufacturers has limited the gains.
- ❖ India's soy meal shipments during June 2014 was just 2636 tones as compared to 2,13,483 tones in the same period of previous year, a fall of 99%.

RM Seed:

- ❖ RM seed witnessed gains on supportive buying and falling seed supplies from its peak. The seed buying has improved on expected rise in edible oil demand for festivities in upcoming weeks.
- ❖ Indonesia has slashed the export tax to 10.5 percent for July from 12 percent in April thru June. 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. India's RM seed closely track Malaysian palm oil.

International Highlights

- ❖ USDA reported June 1 soybean stocks at 405 million bushels, above the average trade estimate of 378 million. USDA forecast soybean plantings up 11 percent on the year to a record high 84.8 million acres. Projected harvested acreage will be a record by more than 7.4 million acres.
- ❖ US soybean planting has completed. Soybean emergence is reported at 94% which is at par with 5 year average but it is above 90% during the same period last year. Soybean blooming is reported at 10% which is at par with 5 year average and above 3% compared to the same period last year. Further, the crop is 57% and 15% in good to excellent condition respectively. The factors are bearish for the international soybean for short-term.
- ❖ As per CGT labor organization, workers in Argentina's main grains port of Rosario will begin an indefinite strike on Friday over working conditions. This will affect about 80% of the country's shipment facilities.
- ❖ 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.
- ❖ Higher US soybean acreage this season and stock reports resulting in significant price setback on the CBOT, primarily in the new-crop positions – Oil World.
- ❖ US soybean plantings reached a record 34.3 Mn ha, 11% above previous season – Oil World.
- ❖ Brazilian soybean inventories as of July 1 down an estimated 1.0 Mn T from previous year this is due to huge disposals in Jan/June –Oil World.
- ❖ A sizable price fall in new-crop soybean futures on the CBOT witnessed in recent days. The spread between July and Nov widened to US-\$ 2.52½ per bushel, recently – Oil World.
- ❖ 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 – Oil World.
- ❖ 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.

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

Centres	Ex-factory rates (Rs/ton)		
	4-Jul-14	27-Jun-14	Parity To
Indore (MP)	36200-37200	36500	Gujarat, MP
Kota	36000	35000	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	38700	37500	Mumbai, Maharashtra
Nagpur (42/46)	39300	37500	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	39000	38500	Andhra, AP, Kar ,TN
Latur	39000	38500	-
Sangli	39500	39000	Local and South
Sholapur	-	-	Local and South
Akola	38800	37000	Andhra, Chattisgarh, Orrisa,Jharkhand, WB
Hingoli	40000	-	Andhra, Chattisgarh, Orrisa,Jharkhand, WB
Bundi	36400	35000	-

Soy DOC at Port

Centers	Port Price	
	4-Jul-14	27-Jun-14
Kandla (FOR) (INR/MT)	39000	37500
Kandla (FAS) (USD/MT)	652	620

International Soy DOC

Argentina FOB USD/MT	3-Jul-14	26-Jun-14	Change
Soybean Pellets	472	498	-26
Soybean Cake Flour	472	498	-26
Soya Meal	480	506	-26
Soy Expellers	480	506	-26

Sunflower (DOC) Rates	Ex-factory rates (Rs/ton)		
Centers	4-Jul-14	27-Jun-14	Change
Adoni	23800	23000	800
Khamgaon	NA	NA	-

Parli	23800	23300	500
Latur	23600	23000	600

Groundnut Meal (Rs/MT)	4-Jul-14	27-Jun-14	Change
Basis 45%, Saurashtra	28000	27000	1000
Basis 40%, Saurashtra	26000	25000	1000
GN Cake, Gondal	27000	25500	1500

Mustard DOC/Meal	4-Jul-14	27-Jun-14	Change
Jaipur (Plant delivery)	13700	14000	-300
Kandla (FOR Rs/MT)	14700	15300	-600

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	200 9	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	All 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. **Actual Sowing:** Current 1%. Normal by this time 2-3%

Soybean

Soybean rebound after straight six week fall on renewed buying during the week in review. However, lower soy meal export sales and improved vegoil imports by India limited the gains.

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

Indonesia lowered its crude palm oil export duty to 10.5% for July from 12 percent in April thru June. Currently CPO August contract at Bursa Malaysia Derivative exchange is hovering around MYR 2430 per tons.

Besides, Malaysia too lowered its exports duty to 5% for July from 5.5% during April-June.

Besides, palm oil imports by India, mainly from Indonesia, soy oil imports from Argentina and Brazil too improved recently.

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% in the last week of Jun 2014.

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

India's area coverage under soybean, as on 26 Jun 2014, was reported at 1.01 lakh compared to 1.77 during the same period last year. The coverage reported is mainly 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 has completed. Soybean emergence is reported at 94% which is at par with 5 year average but it is above 90% during the same period last year. Soybean blooming is reported at 10% which is at par with 5 year average and above 3% compared to the same period last year. Further, the crop is 57% and 15% in good to excellent condition respectively. The factors are bearish for the international soybean for short-term.

US soybean plantings has reached a record 34.3 Mn ha which is 11% higher compared to the last season.

The soybean prices are already under pressure. We feel the soybean prices to feature range-bound movement during the month - July. The unrest in Middle-East especially in Iraq leading to rise in crude oil prices will limit the losses in near-term.

Soy meal

Soy meal witnessed gains in tandem with soybean after consecutive six week fall. However, to weak soy meal export sales and poor domestic demand from feed manufacturers has limited the gains.

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 soy meal shipments during June 2014 was just 2636 tones as compared to 2,13,483 tones in the same period of previous year, a fall of 99%.

Overall demand of soy meal remained poor all across the world.

On a financial year basis, the export during first quarter of current financial year i.e. April 2014 to June 2014 is 0.87 Lac tonnes as compared to 4.11 Lac tones in the same period of previous year showing a decrease of 78.91%.

During current Oil year, (October-September), total exports during October 2013 to June 2014 stood at 20.51 Lac tones as against 30.08 Lac tones in the same period of previous year, showing a decrease by 31.81%.

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.

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 38,000-39,000/MT compared to Rs 34,650-35,000/MT during the same period last year.

Recommendation: FOR Kandla exports price (Jul-Aug delivery) was quoted higher between Rs 38,000-39,000/MT compared to Rs 34,650-35,000/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 38,000-40,000 levels in the upcoming week.

Technical Analysis:

NCDEX Soybean Futures-Weekly Chart



Soybean Spot, Indore



*Note: Daily Chart

Support & Resistance NCDEX Soybean – Oct contract

S2	S1	PCP	R1	R2
3570	3663	3800	4003	4100

- Weekly soybean candlestick chart pattern reveals close below previous week's level.
- Prices closed above 9-day and 18-day EMA.
- RSI is rising in neutral region while stochastic is easing in neutral zone.
- MACD is heading upwards in positive territory.
- The prices are expected to feature gain in coming week.
- **Trade Recommendation (NCDEX Soybean – Oct) Week: Buy** Above 3798. Levels: Target – 3900; T2- 3950, SL -3737.

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 witnessed gains on supportive buying and falling seed supplies from its peak. The seed buying has improved on expected rise in edible oil demand for festivities in upcoming weeks.

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 2430 per tons.

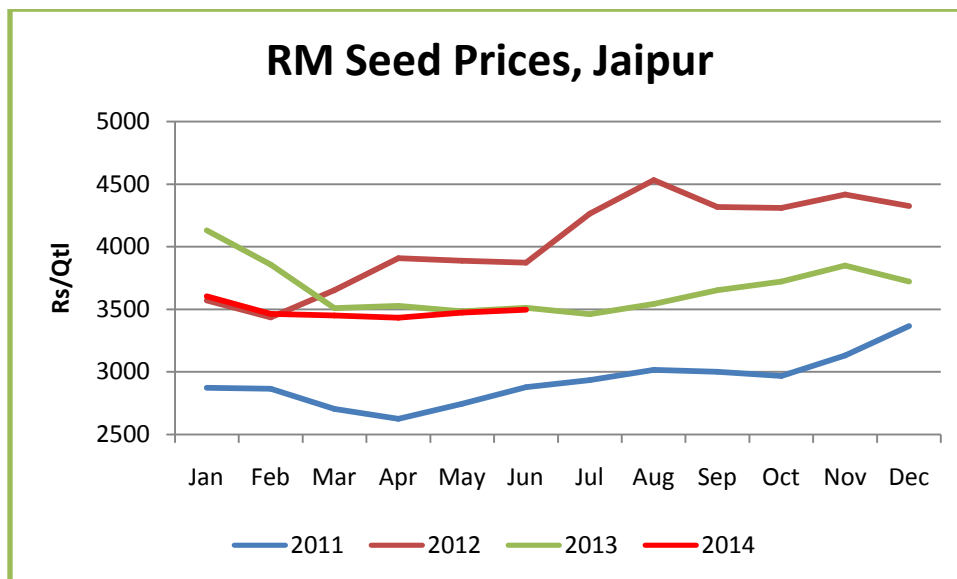
Besides, Malaysia lowered the exports tax from 5.5 per cent during April-June to 5 per cent for July. The factors are favoring India's palm oil imports.

As discussed in previous in the last 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.

The inventory report is expected to be bearish for June too, due to lower Malaysian palm oil exports during the period.

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 - Aug contract

S2	S1	PCP	R1	R2
3431	3484	3544	3674	3756

- The RM seed prices fell, after successive 4 week gains, during the week.
- The prices closed below 9-day and 18-day EMA.
- RSI and stochastic are easing 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 - Aug) Week: Buy Above 3540 for a Target –3600; T2-3620; SL -3504.**

Trade Recommendation RM Seed Spot (Jaipur basis): In spot, the RM seed prices are expected to feature gains on improved buying at the current levels. Prices of seed are expected to be in the range between 3590-3610 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

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