

## Executive Summary

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Soybean, soy meal featured gains on lower oilseed planting pace and weak supplies in the cash market. Moreover, RM seed extended gains on buying support and easing mustard seed arrivals.

### **Soybean:**

- ❖ Soybean featured gains on weak arrivals and slow pace of oilseed planting pace over central India. However, higher edible oils imports against need based demand limit the upside.
- ❖ Marginal recovery noticed in soybean planting during the week and planting has progressed to 19.50 lakh hectares, compared with 103.23 lakh hectares in the same period a year earlier.
- ❖ According to Ministry of Agriculture, seed demand of soybean is higher compared to quality seed availability. Total 27.32 lakh quintals seed of soybean available and 34.290 lakh quintals seed of soy required for Kharif 2014.

### **Soy meal:**

- ❖ Soy meal rose in sync with soybean primarily in expectation of lower soybean planting in the current season but upside was capped by easing soy meal exports.
- ❖ India's soybean plantings have much behind schedule due to weak monsoon. If rains are not adequate in the growing region, it will deteriorate the yields; the situation is expected to limit the losses in meal to some extent for short-period.
- ❖ 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 continued uptrend on supportive buying and declining supplies. The seed buying has improved on expected rise in edible oil demand for festivities in upcoming weeks.
- ❖ Cash markets in Rajasthan were inactive during the week in review owing to strike against VAT hike in different commodities, which affect the mustard supplies.

## International Highlights

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- ❖ As per Safras e Mercado, Brazil's soybean crop was 82 percent sold as of July 11 below compared to the last year of 84 percent but in line with the five-year average of soy sales. Final soybean crop estimate for 2013-14 pegged at 86.6 million tons.
- ❖ Port workers in Argentina's Rosario start an indefinite strike by CGT labor organization threatening the export of soybeans and corn. As per Abiove, Brazil is expected to export 44 million tons of soybeans in 2014, up one million tons from previous estimate. While, last year soybean exports were 42.8 million tons. As per trade ministry, Brazilian exports of soybeans eased in June to 6.9 million tons of soybeans in June v/s 7.6 million tons in May.
- ❖ Exports of Malaysian palm oil products for Jul. 1-15 rose 11.4 percent to 653,675 tons from 586,701 tons shipped during Jun. 1-15 - Societe Generale de Surveillance. India imported 1.19 lakh tons v/s 1.14 lakh tons from last month of the same period.
- ❖ MPOB Report's Highlights - Malaysian palm oil inventories eased by 4.2 percent to 1.656 million tons in June compared to the last month due to lower palm oil production and better than expected palm oil & its derivatives exports. Malaysia's palm oil exports in June stood at 1.48 million tons, 5.7% higher from the previous month. On the production front, palm oil output fell by 5.45 percent to 1.596 million tons on m-o-m basis. Report was bullish for palm oil as market participants were expecting 1.75-1.80 MMT of palm oil inventories as of June.
- ❖ As per Indonesian agriculture ministry, Indonesia's crude palm oil production seen at 29.5 million tons in 2014, up 6.3 percent from last year. Palm oil Inventories in June ease to 2.1 million tons by 4.5 percent from a month earlier and 13 percent lower compared to year ago same period - median of estimates from five plantation, industry executives and analysts compiled by Bloomberg shows.
- ❖ Overall, US soybean crop is reported under good condition. Soybean emergence, as on Jul. 6, is reported at 98% which is slightly above 98% during the same period last year. Soybean blooming is reported at 24% which is above 5 year average of 21% 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.

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

Centres	Ex-factory rates (Rs/ton)		
	18-Jul-14	11-Jul-14	Parity To
Indore (MP)	36500-38000	36200-36500	Gujarat, MP
Kota	36100-36500	35200-35300	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	39000	38000	Mumbai, Maharashtra
Nagpur (42/46)	-	39300	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	39000	38500	Andhra, AP, Kar ,TN
Latur	40000	38700	-
Sangli	41500	39500	Local and South
Sholapur	37100	37100	Local and South
Akola	38500	37000	Andhra, Chattisgarh, Orrisa,Jharkhand, WB
Hingoli	36900	38000	Andhra, Chattisgarh, Orrisa,Jharkhand, WB
Bundi	36000	35500	-

**Soy DOC at Port**

Centers	Port Price	
	18-Jul-14	11-Jul-14
Kandla (FOR) (INR/MT)	38125	37875
Kandla (FAS) (USD/MT)	632	629

International Soy DOC			
Argentina FOB USD/MT	17-Jul-14	10-Jul-14	Change
Soybean Pellets	440	454	-14
Soybean Cake Flour	440	454	-14
Soya Meal	448	462	-14
Soy Expellers	448	462	-14

Sunflower (DOC) Rates	Ex-factory rates (Rs/ton)		
Centers	18-Jul-14	11-Jul-14	Change
Adoni	23800	23800	Unch
Khamgaon	NA	NA	-
Parli	23800	23800	Unch
Latur	23500	23600	Unch

Groundnut Meal (Rs/MT)	18-Jul-14	11-Jul-14	Change
Basis 45%, Saurashtra	27500	28000	-500
Basis 40%, Saurashtra	25500	26000	-500
GN Cake, Gondal	26000-26500	27000	-500

Mustard DOC/Meal	18-Jul-14	11-Jul-14	Change
Jaipur (Plant delivery)	13400	13500	-100
Kandla (FOR Rs/MT)	14400	14500	-100

## Progress of Sown Area – Kharif Oilseeds, India

As per the official *kharif oilseeds* planting (week ending 17 Jul 2014), the area coverage under *Kharif* oilseeds is reported at 38.07 lakh hectares, down 72.10% from 136.56 lakh ha previous year. Of the major oilseeds, soybean sowing is reported down by 81.1% compared to the same period last year.

Crop	As on 17 Jul 2014	As on 17 Jul 2013	% Change
Groundnut	15.21	26.87	-43.4
Soybean	19.50	103.23	-81.1
Sunflower	0.68	1.24	-45.2
Sesamum	1.95	4.11	-52.6
Niger	0.02	0.24	-91.7
Castor	0.71	0.87	-18.4
<b>Total Oilseeds</b>	<b>38.07</b>	<b>136.56</b>	<b>-72.1</b>

(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 10.07.14		
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	-74.00	48.10	187.00
Maharashtra	3.03	2.60	3.06	3.21	3.87	3.60	4.49	3.80	-68.00	83.30	262.60
Rajasthan	0.71	0.69	0.90	0.99	1.06	1.00	1.23	0.91	-74.00	30.70	117.10
Andhra Pradesh	0.18	0.14	0.16	0.20	0.28	0.20	0.33	0.30	-55.00	92.70	204.00
Karnataka	0.23	0.18	0.22	0.20	0.25	0.20	0.29	0.25	-35.00	94.70	143.70
Chattisgarh	0.13	0.15	0.15	0.15	0.16	0.10	0.18	0.14	-41.00	136.60	301.00
Gujarat	0.00	0.00	0.00	0.08	0.09	0.10	0.11	0.00	-93.00	17.80	239.10
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	-43.00	142.60	261.60

**Planting Progress:** Current: 7.86 lha. Last year by this time: 83.5 lha.

## Soybean

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Soybean featured gains on weak arrivals and slow pace of oilseed planting pace over central India. However, higher edible oils imports against need based demand limit the upside.

Marginal recovery noticed in soybean planting during the week and planting has progressed to 19.50 lakh hectares, compared with 103.23 lakh hectares in the same period a year earlier.

Good rainfall forecast over central India in the next few days may support the sowing prospects but the deficit rainfall in the current season is likely to affect the kharif oilseeds output.

As per trade sources. Maize acreage may shift to soybean in some pockets of Madhya Pradesh as soybean needs lesser water and the window for soybean sowing is open up to 25 July.

According to Ministry of Agriculture, seed demand of soybean is higher compared to quality seed availability. Total 27.32 lakh quintals seed of soybean available and 34.290 lakh quintals seed of soy required for Kharif 2014.

The farmers are already facing problem getting good quality beans for seeding which are expensive in the market this season. 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.

Overall, US soybean crop is reported under good condition. Soybean emergence, as on Jul. 6, is reported at 98% which is slightly above 98% during the same period last year. Soybean blooming is reported at 24% which is above 5 year average of 21% 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 Mln ha which is 11% higher compared to the last season.

The soybean prices are reeling under pressure. The prices are to feature range-bound movement with weak bias on global supply scenario, in coming weeks.

## Soy meal

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Soy meal rose in sync with soybean primarily in expectation of lower soybean planting in the current season but upside was capped by easing soy meal exports.

US soybean area is reported record high this season above 34 Mln Ha which is 11% higher compared to previous season.

The weather in US mid-west is favorable for the recently planted soybean and if the situation remains conducive US is likely to produce record soybeans in 2014-15.

However, India's soybean plantings have much behind schedule due to weak monsoon. If rains are not adequate in the growing region, it will deteriorate the yields; the situation is expected to limit the losses in meal to some extent for short-period. However, diverted demand of international buyers towards South-America due to their competitive meal prices continues to remain a negative factor for the meal of Indian origin.

On the export front, 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 sentiments soy meal remained poor all across the world due to higher global soybean production in 2014.

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 gains 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.*

**Recommendation:** FOR Kandla exports price (Aug delivery) was quoted higher between Rs 38,000-39,075/MT compared to Rs 33,000-34,000/MT during the same period last year. 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 39,050-39,400 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
3650	3700	3837	3910	3950

- Weekly soybean candlestick chart pattern reveals fall in the prices.
- Prices closed below 9-day and 18-day EMA.
- RSI and stochastic are rising in neutral zone.
- MACD is easing in positive territory.
- The prices are expected to feature gain in coming week.
- **Trade Recommendation (NCDEX RM SEED - Aug) Week: Buy** above 3800 for a Target –3885; T2- 3900; SL -3749.

**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 4150-4280 levels (Indore, Plant basis) during the week.



## Rapeseed - Mustard Seed

RM seed extended gains on improved buying followed by easing supplies during the week under review. Good demand from oil millers and lower oilseed planting pace spur the bullish sentiments

As per sources, cash markets in Rajasthan were inactive during the week in review owing to strike against VAT hike in different commodities, which affect the mustard supplies. Mustard seed likely to trade steady to firm tone in the coming days owing to slow stock offloading by farmers and good demand for mustard oil.

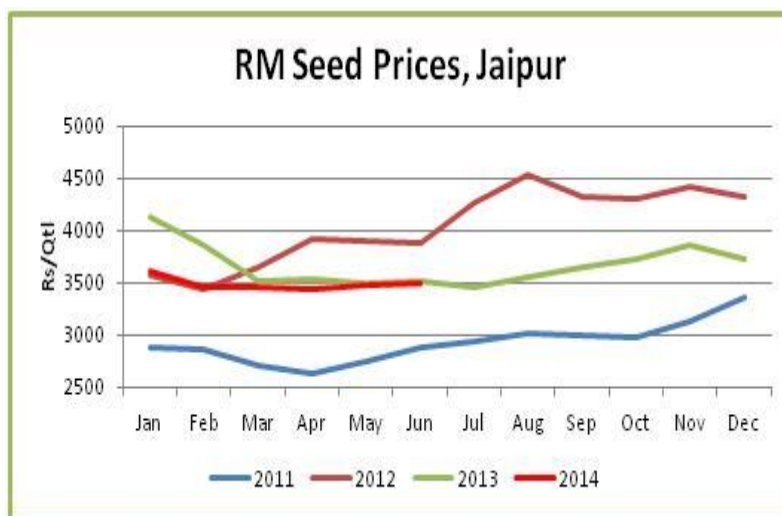
Further, as discussed, Indonesia has slashed the export tax to 10.5 percent for July from 12 percent in April thru June. Currently, CPO August contract, at Bursa Malaysia Derivative is hovering at MYR 2380 per tons.

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.

However, the recent monthly MPOB data released on 11 July, remained mixed for the BMD CPO. Malaysian palm oil inventories eased by 4.2 percent to 1.656 million tons in June compared to the last month due to lower palm oil production and better than expected palm oil and its derivatives exports. Malaysia's palm oil exports in June stood at 1.48 million tons, 5.7% higher from the previous month.

As per SEA of India, current stock of edible oils as on 1st July, 2014 at various ports is estimated at 525,000 tons (CPO 260,000 tons, RBD Palmolein 60,000 tons, Degummed Soybean Oil 65,000 tons and Crude Sunflower Oil 140,000 tons) and about 960,000 tons in pipelines. Total stock, both at ports and in pipelines increased to 1,485,000 tons from 1,420,000 tons in previous months.

Overall, the RM seed prices will feature gains ahead upcoming fresh edible oil demand and weak supplies.



## Technical Analysis:

### NCDEX RM Seed Futures



### RM Seed Spot, Jaipur



### Support & Resistance NCDEX RM Seed - Aug contract

S2	S1	PCP	R1	R2
3558	3585	3658	3710	3728

\*Note: Daily Chart

- The RM seed prices featured gains, during the week.
- The prices closed above 9-day and 18-day EMA.
- RSI and stochastic are rising in the neutral territory.
- MACD is rising in the positive territory.
- Prices are expected to feature gains in near-term.
- **Trade Recommendation (NCDEX RM SEED - Aug) Week: Buy** above 3630 for a Target –3675; T2-3685; SL -3603.

**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 3700-3780 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>	<b>Apr 2014</b>	<b>Apr 2013</b>	<b>% Change</b>
Rapeseed/Mustard	71.38	67.48	<b>5.8</b>
Groundnut	10.8	11.01	<b>-1.9</b>
Safflower	1.79	1.5	<b>19.3</b>
Sunflower	4.45	5.33	<b>-16.5</b>
Sesamum	4.54	2.94	<b>54.4</b>
Linseed	3.61	3.38	<b>6.8</b>
Others	0.49	0.69	<b>-29.0</b>
<b>Total Oilseeds</b>	<b>97.06</b>	<b>92.33</b>	<b>5.1</b>

(Area in lakh hectares) Source: GOI

### Kharif MSP

- ❖ Government on 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.

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