

## Executive Summary

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Soybean, soy meal and RM seed edged-up tracking gains in CBOT soy complex and better buying in the RM seed followed by fresh demand in the mustard oil during week in review.

### **Soy meal:**

- ❖ Soy meal improved in tandem with soybeans on firm global cues and likely rise in oils and fats demand with improved seasonal rains during the week in review.
- ❖ The demand in meal is expected to improve with likely rise in seasonal demand in poultry. The poultry industry and the poultry feed manufacturers will be the key buyers.

### **Soybean:**

- ❖ Soybean rebound tracking gains in the soy complex in international benchmark, CBOT and steady demand in the domestic market during the week under review.
- ❖ India's area coverage under soybean, as on 24 Jul 2014, was reported at 77.77 lakh ha compared to 110.05 lha (-29.3%) during the same period last year.
- ❖ Much needed rains in the soybean growing regions have boosted the lagging soy plantings during the week under review.

### **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.
- ❖ Improved demand in mustard oil from pickle manufacturers and expected rise in demand in the same in the upcoming festivities in coming weeks have boosted the sentiments of crushers in crushing the seed in recent weeks.

## International Highlights

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- ❖ Overall, US soybean crop is reported under good condition. Soybean blooming, as on Jul. 20, is reported at 60% which is above 5 year average of 41% and above 28% compared to the same period last year. The crop is 19% in pod formation stage which is above 5 year average of 17% and higher as compared to 7% during the same period last year. Further, the crop is 57% and 16% in good to excellent condition respectively. The factors are bearish for the international soybean for short-term.
- ❖ US soybean crushings in June and soya oil inventories as of end-June are reportedly smaller than expected, as reported by Oil World.
- ❖ China's shipments of soya meal more than trippled to an unprecedented 0.99 Mn T in April/June – Oil World.
- ❖ Reportedly Pakistani government has raised the import duty on soy meal to 5% - Oil World.
- ❖ Argentina's soybean crushings slowed down seasonally to 4.18 Mn T as compared to above 5 Mn T during the same period in previous years.
- ❖ Malaysian palm oil products exports during July 1-25 rose 3.4 percent to 1,165,306 tons from 1,126,927 tons shipped during June 1-25 - Intertek Testing Services. Figures were slightly positive for the market. However, easing Malaysian palm oil export pace compared to the initial days of July may capes excessive gains in the near term. Crude palm oil (August) at Bursa Malaysia Derivative exchange trading around MYR 2335.
- ❖ 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)		
	25-Jul-14	18-Jul-14	Parity To
Indore (MP)	37800-38700	36500-38000	Gujarat, MP
Kota	37000	36100-36500	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	39800	39000	Mumbai, Maharashtra
Nagpur (42/46)	41300	-	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	39000	39000	Andhra, AP, Kar ,TN
Latur	40800	40000	-
Sangli	41000	41500	Local and South
Sholapur	40500	37100	Local and South
Akola	39000	38500	Andhra, Chattisgarh, Orrisa,Jharkhand, WB
Hingoli	40500	36900	Andhra, Chattisgarh, Orrisa,Jharkhand, WB
Bundi	37500	36000	-

**Soy DOC at Port**

Centers	Port Price	
	25-Jul-14	18-Jul-14
Kandla (FOR) (INR/MT)	39500	38125
Kandla (FAS) (USD/MT)	657	632

**International Soy DOC**

Argentina FOB USD/MT	24-Jul-14	17-Jul-14	Change
Soybean Pellets	462	440	22
Soybean Cake Flour	462	440	22
Soya Meal	470	448	22
Soy Expellers	470	448	22

**Sunflower (DOC) Rates**

Centers	Ex-factory rates (Rs/ton)		
	25-Jul-14	18-Jul-14	Change
Adoni	23800	23800	Unch
Khamgaon	NA	NA	-

Parli	24000	23800	200
Latur	23600	23500	100

Groundnut Meal (Rs/MT)	25-Jul-14	18-Jul-14	Change
Basis 45%, Saurashtra	28500	27500	1000
Basis 40%, Saurashtra	26500	25500	1000
GN Cake, Gondal	27500	26000-26500	1000

Mustard DOC/Meal	25-Jul-14	18-Jul-14	Change
Jaipur (Plant delivery)	13000	13400	-400
Kandla (FOR Rs/MT)	14000	14400	-400

## Progress of Sown Area – Kharif Oilseeds, India

As per the official *kharif oilseeds* planting report (week ending 24 Jul 2014), the area coverage under *Kharif* oilseeds is reported at 107.88 lakh hectares, down 29.5% from 153.11 lakh ha previous year. Of the major oilseeds, soybean sowing is reported down by 29.3% compared to the same period last year.

Crop	As on 24 Jul 2014	As on 24 Jul 2013	% Change
Groundnut	22.56	33.39	-32.4
Soybean	77.77	110.05	-29.3
Sunflower	0.92	1.4	-34.3
Sesamum	5.62	6.35	-11.5
Niger	0.09	0.43	-79.1
Castor	0.92	1.49	-38.3
<b>Total Oilseeds</b>	<b>107.88</b>	<b>153.11</b>	<b>-29.5</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 24.07.14		
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	-7.00	297.40	320.90
Maharashtra	3.03	2.60	3.06	3.21	3.87	3.60	4.49	3.80	-12.00	361.60	409.90
Rajasthan	0.71	0.69	0.90	0.99	1.06	1.00	1.23	0.91	-39.00	142.70	232.30
Andhra Pradesh	0.18	0.14	0.16	0.20	0.28	0.20	0.33	0.30	-54.00	146.20	315.40
Karnataka	0.23	0.18	0.22	0.20	0.25	0.20	0.29	0.25	-26.00	152.50	205.60
Chattisgarh	0.13	0.15	0.15	0.15	0.16	0.10	0.18	0.14	-7.00	441.40	474.30
Gujarat	0.00	0.00	0.00	0.08	0.09	0.10	0.11	0.00	-48.00	200.10	383.40
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	-24.00	291.90	385.80

**Planting Progress:** Current: 77.77 lha. Last year by this time: 110.05 lha.

## Soybean

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Soybean rebound tracking gains in the soy complex in international benchmark, CBOT and steady demand in the domestic market during the week under review.

Rains in Madhya Pradesh, Maharashtra and Rajasthan during the week had hampered the bean supplies during the period, which eventually lend support to the bean prices.

The sentiments got stronger in anticipation of fresh demand in edible oils with the recent rains particularly in the region where the rains were scarce.

Besides, improved palm oil exports from Malaysian remained supportive signaling demand in oils.

The domestic soybean planting is picking up the pace after much needed rains in the recent days. The planting was significantly lower initially this season owing to deficit rains over the growing regions.

India's area coverage under soybean, as on 24 Jul 2014, was reported at 77.77 lakh ha compared to 110.05 lha (-29.3%) during the same period last year.

Further, the US soybean crop is reported under good condition. Soybean blooming, as on Jul. 20, is reported at 60% which is above 5 year average of 41% and above 28% compared to the same period last year.

The crop is 19% in pod formation stage which is above 5 year average of 17% and higher as compared to 7% during the same period last year. Further, the crop is 57% and 16% in good to excellent condition respectively. The factors are bearish for the international soybean for short-term.

The soybean prices will feature range-bound movement on firm bias with on better demand in beans and higher international market in near-term.

## Soy meal

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Soy meal improved in tandem with soybeans on firm global cues and likely rise in oils and fats demand with improved seasonal rains during the week in review.

The soy meal demand gradually improves with the onset of monsoon mainly due to the rise in poultry demand with the dip in temperature. Hence, the meal demand is seen from poultry industry and poultry feed manufacturers.

However, domestic soy meal prices remained under pressure as 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%.

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 advantage 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 got stronger. Soy meal export price, FOR Kandla (Aug - Sep delivery) was quoted higher between Rs 38,125-39,750/MT compared to Rs 31,000-34,400/MT during the same period last year.

**Recommendation:** FOR Kandla (Aug - Sep delivery) was quoted higher between Rs 38,125-39,750/MT compared to Rs 31,000-34,400/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 Rs. 38,500 – 40,000/MT levels in the upcoming week.

## Technical Analysis:

### NCDEX Soybean Futures



### Soybean Spot, Indore



\*Note: Daily Chart

### Support & Resistance NCDEX Soybean – Oct contract

S2	S1	PCP	R1	R2
3570	3620	3751	3855	3944

- Weekly soybean candlestick chart pattern reveals recovery in the prices.
- Prices closed below 9-day and 18-day EMA.
- RSI is rising in neutral region while stochastic is easing in neutral zone.
- MACD is falling in positive territory.
- The prices are expected to feature gain in coming week.
- **Trade Recommendation (NCDEX Soybean – Oct) Week: Buy** Above 3748. Levels: Target – 3798; T2- 3820, SL -3718.

**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 4150-42500 levels (Indore, Plant basis) during the week.



## Rapeseed - Mustard Seed

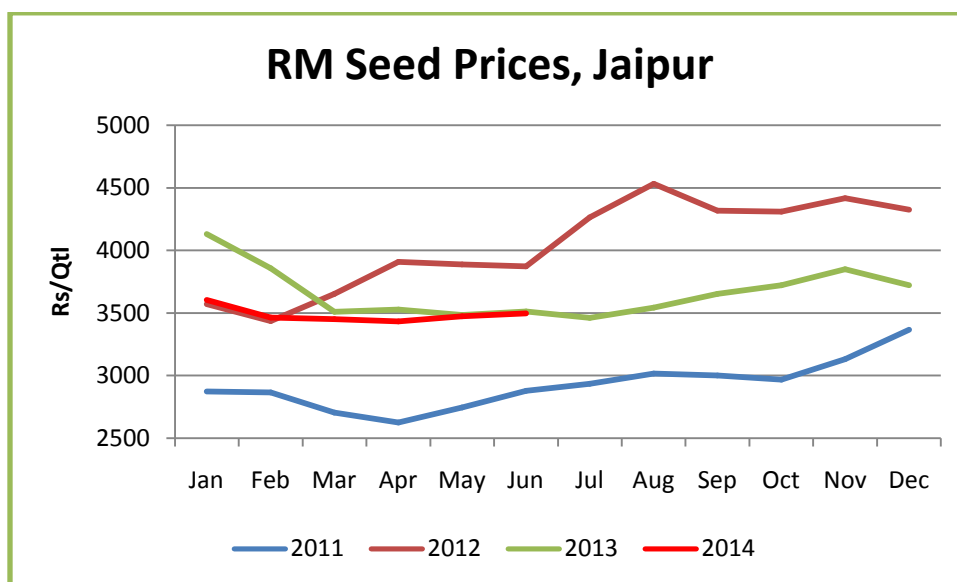
RM seed continued uptrend on supportive buying in anticipation of rise in mustard oil demand in coming days. Better demand stockiest and solvent extractors demand and falling supplies in the seed is lending support to the seed prices.

Improved demand in mustard oil from pickle manufacturers and expected rise in demand in the same in the upcoming festivities in coming weeks have boosted the sentiments of crushers in crushing the seed in recent weeks.

Improved Malaysian palm oil exports in recent days too remained supportive for the seed. India's RM seed closely tracks Malaysian palm oil.

Malaysian palm oil products exports during July 1-25 rose 3.4 percent to 1,165,306 tons from 1,126,927 tons shipped during June 1-25 - Intertek Testing Services. Figures were slightly positive for the market. However, easing Malaysian palm oil export pace compared to the initial days of July may cap excessive gains in the near term. Crude palm oil (August) at Bursa Malaysia Derivative exchange is currently trading around MYR 2335.

Overall, the RM seed prices will feature gains on expectation of improved 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
3503	3536	3621	3680	3718

- The RM seed extended 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 3619 for a Target –3669; T2-3700; SL -3589.**

**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 3720-3750 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 has increased minimum support price (MSP) of sunflower seed by Rs 50 to 3750 a quintal, besides a hike of Rs 100 on sesamum and nigerseed at Rs 46,00 and 36,00 a quintal respectively. 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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