

Executive Summary

Soybean, soy meal and RM seed fell in sync consecutive second week on lackluster buying. RM seed got a setback which posted continuous gains in past several weeks.

Soy meal:

- ❖ Soy meal continued to witness losses in sync with soybean primarily on weak export sales this season and sluggish soy complex in domestic front.
- ❖ Further, international soy meal buyers shifting to South-America for competitive price remained a prime pressurizing factor for domestic meal. India's July export sales plunged 94%.

Soybean:

- ❖ Soybean continued downtrend on weak solvent extractors demand and sluggish crushings. India's improved cheaper imports of edible oils, which rose 18- month high in July and lower soy meal export sales this season remained bearish for the beans.
- ❖ India's area coverage under soybean, as on 14 Aug 2014, was reported at 107.77 lakh ha compared to 121.04 lha (-11%) during the same period last year. The planting has picked up with the improved rains in the growing region. The all India departure of monsoon on 17 August is reported at -17% which was - 42% early in July, a positive sign of recovery.
- ❖ India's soybean area coverage this season is expected to fall, around 10%, compared to previous year (122.2 lha) as there are reports of soybean farmers shifting their area to cotton and rice, these are the crops which can be planted little late whereas soybean can't be stretched too long.

RM Seed:

- ❖ RM seed featured losses consecutive second week after straight gains for last 2 months. Bearish global oilseeds supply scenario primarily due to expected record US soybean crop and continued falling BMD CPO in recent days.
- ❖ Cautious buying was featured as the key buyers, crushers and stockists, anticipate further fall in the seed prices.
- ❖ The seed prices are likely to rebound on likely improved buying in near-term.

International Highlights

- ❖ Overall, US soybean crop is reported under good condition. Soybean blooming, as on Aug 10, is reported at 92% which is slightly above 5 year average of 91% and above 87% compared to the same period last year. The crop is 72% in pod formation stage which is above 5 year average of 65% and also higher as compared to 55% during the same period last year. Further, the crop is 70% in good to excellent condition, which is better than last year. The factors are considered to be bearish for the international soybean for short-term.
- ❖ The Chinese government is set to sell a total of 3 million tonnes of soybeans from reserves this year which is estimated to produce 500,000 tonnes of soy oil and will further weigh on the 1-million-tonnes of commercial edible oil stocks. China has sold out 82,489 metri tons which is about 23.07% of the 357,598 tonnes of state's soybean reserve available at an auction on Tuesday, reports the National Grain and Oil Trade Center. The similar volume of soybean was sold last week at average trading prices at the auction above 4 yuan/tonne to 4101 yuan/tonne.
- ❖ Export hurdles in Argentina are reportedly boosting Brazilian shipments of soybeans and products at a high level also in the first half of August. Additional strike actions once again restricted loading lately. At the moment 90-100 ships are waiting – Oil World.
- ❖ Combined soybean stocks of US, Brazil and Argentina are estimated at 51 Mn T as of Sept 1, an increase by 5.1 Mn T from a year ago – 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.
- ❖ 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)		
	14-Aug-14	8-Aug-14	Parity To
Indore (MP)	36000	35200	Gujarat, MP
Kota	35000	35000	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	37500	38000	Mumbai, Maharashtra
Nagpur (42/46)	37000	37000	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	37000	37000	Andhra, AP, Kar ,TN
Latur	38000	38000	-
Sangli	38000	38000	Local and South
Sholapur	38000	38000	Local and South
Akola	35500	35500	Andhra, Chattisgarh, Orrisa,Jharkhand, WB
Hingoli	38000	38000	Andhra, Chattisgarh, Orrisa,Jharkhand, WB
Bundi	34500	33000	-

Soy DOC at Port

Centers	Port Price	
	14-Aug-14	8-Aug-14
Kandla (FOR) (INR/MT)	37000	37000
Kandla (FAS) (USD/MT)	606	601

International Soy DOC			
Argentina FOB USD/MT	14-Aug-14	7-Aug-14	Change
Soybean Pellets	465	456	9
Soybean Cake Flour	465	456	9
Soya Meal	473	464	9
Soy Expellers	473	464	9

Sunflower (DOC) Rates	Ex-factory rates (Rs/ton)		
Centers	14-Aug-14	8-Aug-14	Change
Adoni	23500	23500	Unch
Khamgaon	NA	NA	-
Parli	23500	23500	Unch

Latur	23200	23200	Unch
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Groundnut Meal (Rs/MT)	14-Aug-14	8-Aug-14	Change
Basis 45%, Saurashtra	28500	27000	1500
Basis 40%, Saurashtra	26500	25000	1500
GN Cake, Gondal	26000	27000	-1000

Mustard DOC/Meal	14-Aug-14	8-Aug-14	Change
Jaipur (Plant delivery)	-	12500	-
Kandla (FOR Rs/MT)	-	13500	-

Progress of Sown Area – Kharif Oilseeds, India

As per the official *kharif oilseeds* planting report (week ending 14 Aug 2014), the area coverage under *Kharif* oilseeds is reported at 163.08 lakh hectares, down 10.6% from 182.32 lakh ha previous year. Of the major oilseeds, soybean sowing is reported down by 11% at 108 lha compared to 121 lha during the same period last year. Groundnut at 34 lha vs 40.47, sunflower at 1.47 lha vs 2.03 lha, sesamum 13.87 vs 12.74, niger 0.46 lha vs 1.15 lha and castor at 5.52 lha vs 4.89 lha during the same period last year.

Crop	As on 14 Aug 2014	As on 14 Aug 2013	% Change
Groundnut	33.99	40.47	-16.0
Soybean	107.77	121.04	-11.0
Sunflower	1.47	2.03	-27.6
Sesamum	13.87	12.74	8.9
Niger	0.46	1.15	-60.0
Castor	5.52	4.89	12.9
Total Oilseeds	163.08	182.32	-10.6

(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 18.08.14		
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	-11.00	519.60	586.80
Maharashtra	3.03	2.60	3.06	3.21	3.87	3.60	4.49	3.80	-29.00	476.20	672.10
Rajasthan	0.71	0.69	0.90	0.99	1.06	1.00	1.23	0.91	5.00	452.60	430.10
Andhra Pradesh	0.18	0.14	0.16	0.20	0.28	0.20	0.33	0.30	-54.00	232.90	507.30
Karnataka	0.23	0.18	0.22	0.20	0.25	0.20	0.29	0.25	-29.00	222.20	312.00
Chattisgarh	0.13	0.15	0.15	0.15	0.16	0.10	0.18	0.14	-4.00	766.30	795.90
Gujarat	0.00	0.00	0.00	0.08	0.09	0.10	0.11	0.00	-30.00	448.00	642.60
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	-17.00	508.20	614.40

Planting Progress: Current: 107.77 lha. Last year by this time: 121.04 lha.

Soybean

Soybean continued downtrend on weak solvent extractors demand on continued lower crushings. India's improved cheaper imports of edible oils, which rose 18- month high in July and lower soy meal export sales this season remained bearish for the beans.

Though India's soybean planting has picked up, India's coverage under soybean this season is expected to fall, around 10%, compared to previous year (122.2 lha) as there are reports of soybean farmers shifting their area to cotton and rice, these are the crops which can be planted little late whereas soybean can't be stretched too long.

India's area coverage under soybean, as on 14 Aug 2014, was reported at 107.77 lakh ha compared to 121.04 lha (-11%) during the same period last year. The planting has picked up with the improved rains in the growing region. The all India departure of monsoon on 17 August is reported at -17% which was -42% early in July, a positive sign of recovery.

Overall, US soybean crop is reported under good condition. Soybean blooming, as on Aug 10, is reported at 92% which is slightly above 5 year average of 91% and above 87% compared to the same period last year.

The crop is 72% in pod formation stage which is above 5 year average of 65% and also higher as compared to 55% during the same period last year. Further, the crop is 70% in good to excellent condition, which is better than last year. The factors are considered to be bearish for the international soybean for short-term.

The soybean prices will feature range-bound movement on weak bias followed by sluggish buying and weak international market in near-term.

Soy meal

Soy meal continued to witness losses in sync with soybean primarily on weak export sales this season and sluggish soy complex in domestic front.

Further, international soy meal buyers shifting to South-America for competitive price remained a prime pressurizing factor for domestic meal. India's July export sales plunged 94%.

As discussed in the previous weekly, the US 2014/15 soybean crop is seen at record high this season which will boost the soy meal supplies this season globally. This will eventually pressure the domestic meal prices, if there is no renewed overseas demand in the same.

India's soy meal exports fell 94%, during July 2014 it stood just at 6682 tones as compared to 1,07,037 tones in the same period of previous year.

On a financial year basis, the export during current financial year i.e. April 2014 to July 2014 is 0.93 Lac tonnes as compared to 5.18 Lac tones in the same period of previous year showing a decrease of 82%.

Soybean meal exports have declined sharply in the past six months due to poor supply of soybean coupled with high price led to total disparity in international market.

During current Oil year, (October-September), total exports during October 2013 to July, 2014 is 20.58 Lac tones as against 31.15 Lac tones in the same period of previous year, showing a decrease by 34%.

Shift in demand of international buyers towards South-America due to their competitive meal prices continues to pressure the meal of Indian origin. India's soy meal exports continues to remain weak 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.

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. Besides, India is likely to plant soybean slightly lower than the previous season due to late and less rains, which in turn is a bullish factor for domestic meal to some extent. India's planting is likely to be 10% lower this season compared to the previous year.

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 36,500-37,200/MT compared to Rs 30,750-32,000/MT during the same period last year. However, it fell w-o-w from Rs. 37,000-38,375/MT to Rs. 30,500-31,000/MT.

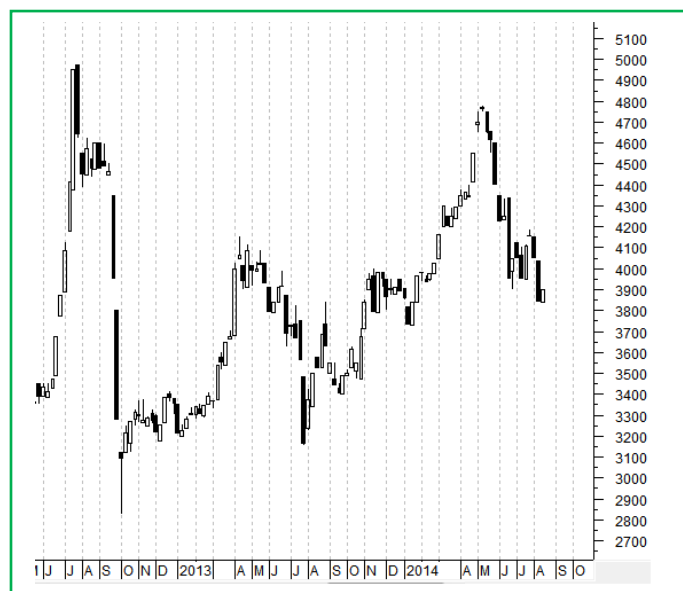
Recommendation: FOR Kandla (Aug - Sep delivery) was quoted higher between Rs 36,500-37,200/MT compared to Rs 30,750-32,000/MT during the same period last year. Indian meal exporters are advised to market their meal to the countries in vicinity including traditional South and Far-East Asian destinations 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 Rs. 37,000 – 37,500/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
3350	3400	3510	3750	3808

- Weekly soybean candlestick chart pattern reveals fall in the prices.
- Prices closed below 9-day and 18-day EMA.
- RSI and stochastic are easing in neutral zone.
- MACD is falling in positive territory.
- The prices are expected to feature losses in coming week.
- **Trade Recommendation (NCDEX Soybean – Oct) Week: SELL** Below 3520. Levels: Target – 3470; T2- 3450, SL -3550.

Trade Recommendation soybean spot: Soybean prices are expected to remain under pressure on weak global factors and sluggish demand in the beans in the domestic market. The prices are likely to recover and will be in the band of 3800-3950 levels (Indore, Plant basis) during the week.

Rapeseed - Mustard Seed

RM seed featured losses consecutive second week after straight gains for last 2 months. Bearish global oilseeds supply scenario primarily due to expected record US soybean crop and continued falling BMD CPO in recent days.

The RM seed was under pressure since few last few weeks but supportive buying in the domestic cash market restricted the fall. However, spillover impact after a continued global pressure from oils and fats market finally pulled down the domestic RM seed prices.

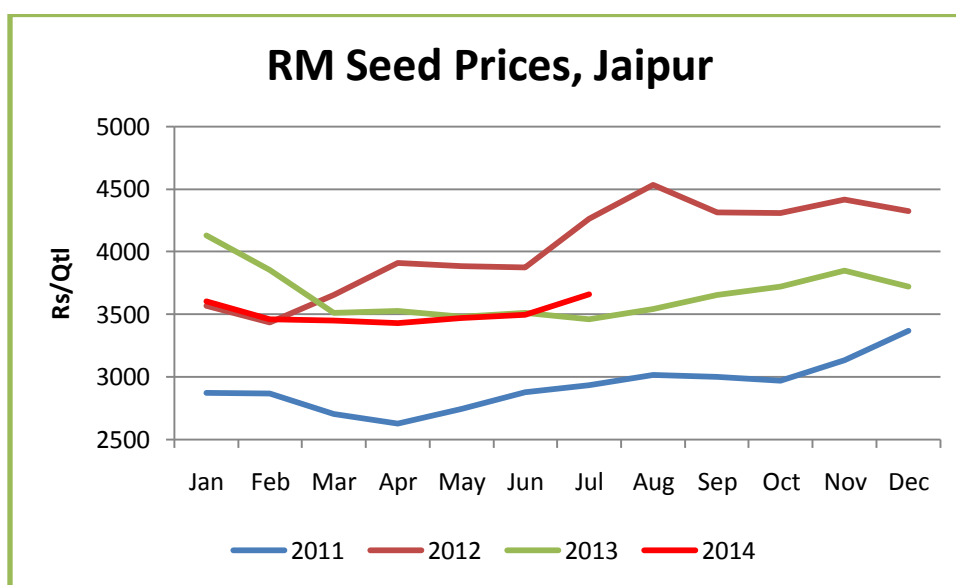
Cautious buying was featured as the key buyers, crushers and stockists, anticipate further fall in the seed prices.

India's improved edible oil imports in recent months remained pressurizing factor for the domestic seed. In July, India's edible oil imports were 18-month high.

The current inventories of edible oils, as on 1st August, 2014, at various ports is estimated at 570,000 tons (CPO 250,000 tons, RBD Palmolein 50,000 tons, Degummed Soybean Oil 140,000 tons and Crude Sunflower Oil 130,000 tons) and about 1,020,000 tons in pipelines. Total stock, both at ports and in pipelines increased to 1,590,000 tons from 1,485,000 tons in previous months.

As discussed earlier, palm oil products buying by China slump 11.9 percent to 221,630 tons and India sub Sub-continent imported 367,895, up 0.13 percent on m-o-m basis. Crude palm oil (Sep.) at Bursa Malaysia Derivative exchange is currently trading around MYR 2100.

Overall, the RM seed prices will rebound on expectation of improved edible oil demand for festivities in coming days.



Technical Analysis:

NCDEX RM Seed Futures



*Note: Daily Chart

RM Seed Spot, Jaipur



Support & Resistance NCDEX RM Seed – Sept. contract

S2	S1	PCP	R1	R2
3362	3407	3453	3534	3615

- The RM seed continued downtrend in the September contract.
- The prices closed below 9-day and 18-day EMA.
- RSI is and stochastic are falling in the neutral territory.
- MACD is easing in the positive territory.
- Prices are expected to feature gains in near-term.
- **Trade Recommendation (NCDEX RM SEED - Sep) Week: SELL** Below 3560 for a Target –3510; T2-3490; SL -3590.

Trade Recommendation RM Seed Spot (Jaipur basis): In spot, the RM seed prices are expected to rebound on likely improved buying at the current levels. Prices of seed are expected to be in the range between 3670-3720 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

Kharif MSP

- ❖ Government has increased minimum support price (MSP) of sunflower seed by Rs 50 to 3750 a quintal, further 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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