

Executive Summary

Soybean and soy meal continued downtrend on weak global factors in the complex while RM seed rebound on fresh domestic buying during the week under review.

Soy meal:

- ❖ Soy meal witnessed losses in sync with the soybean during the week under review. India's weak export sales during the season followed by limited availability and uncompetitive prices compared to the International meal continued to remain bearish for domestic meal.
- ❖ Not only feeble overseas demand during the current season; Indian soy meal exporters are also facing great difficulties in finding demand for the upcoming season.
- ❖ The US is likely to produce record soybean in 2014/15 followed by rise in the planted area and likely better yield with favorable weather for the standing crop in Mid-west. This will eventually increase the global soy meal supplies this season.
- ❖ Narrowing price spread is a positive signal for India with expectation of buyers diverting back with the harvest of new soybean crop in late October.
- ❖ India's July soy meal export sales plunged 94%.

Soybean:

- ❖ Soybean continued downtrend on weak global cues and sluggish activity in the domestic bean market, during the week under review.
- ❖ CBOT soybean is under pressure by the forecast for favourable weather in the US mid-west while BMD CPO is currently five-year low due to weak export sales with lower Chinese demand.
- ❖ The international analyst, Lanworth has raised its forecast of the U.S. 2014 soybean yield to 46.7 bushels per acre from 46.4 previously. This translates to U.S. soybean production of 3.855 billion bushels, up from USDA's projection at 3.816 billion bushels. Pro Farmer's US soybean output estimate is in line with the USDA.
- ❖ India's area coverage under soybean this season is expected to fall by 10% compared to previous year. The all India departure of monsoon on 29 August is reported at -18% which was -42% early in July.

RM Seed:

- ❖ RM seed rebound after straight three-week fall. Temporary spurt in BMD CPO slightly pulled-up the RM seed prices leading to some buying in the seed in key markets.
- ❖ Likely fresh seasonal demand in mustard oil during upcoming festivities and renewed demand in the same from West Bengal will lend support to the seed prices at higher levels. The stockists and the millers will cover their stock in view of the upcoming demand.
- ❖ In recent weeks, the domestic seed market was reeling under pressure primarily due to the sharp fall in Malaysian palm oil (BMD CPO) owing to lower export sales from the major producers and thus leading to rise in the inventory.

International Highlights

- ❖ Overall, US soybean crop is reported under good condition. Soybeans under setting pods, as on Aug 24, is reported at 90% which is slightly above the 5 year average of 89% and up from 82% compared to the same period last year. Further, the crop is 70% in good to excellent condition, which is better than last year (58%). The weather in the US mid-west is reported to be favourable for the standing crop, which is a bearish factor.
- ❖ Futures dropped as much as 2.5 percent to 1,989 ringgit on the Bursa Malaysia Derivatives, the lowest level since March 2009, and closed at 2,000 ringgit in Kuala Lumpur. Prices are down 25 percent this year, heading for the third annual decline in four years.
- ❖ The palm oil production in Malaysia is estimated to reach a record 19.7 million tons to 19.9 million tons. Further, Indonesia's output is likely an all-time high of 30.5 million tons or more this year. Production is estimated by Dorab Mistry, Director at Godrej International Ltd. Both the countries account for 86% of world total supplies.
- ❖ EU-28 imports of the 4 major vegetable oils improved by 10% in April/June 2014 – Oil World.
- ❖ The international analyst, Lanworth has raised its forecast of the U.S. 2014 soybean yield to 46.7 bushels per acre from 46.4 previously. This translates to U.S. soybean production of 3.855 billion bushels, up from its previous estimate of 3.806 billion, issued on Aug. 11. USDA projected the soybean yield at 45.4 bushels per acre and production at 3.816 billion bushels in its August 11 report. Pro Farmer is already in US mid-west for crop tour.
- ❖ Germany's winter rapeseed output is estimated at 5.8 million tonnes in 2014, up from 5.7 million tonnes in 2013, German farmer's association, DBV said.
- ❖ Oil World has estimated the Canadian canola crop at 14.7 Mn T in 2014 which is considerably below the record 17.96 Mn T last year.
- ❖ EU-28 rapeseed outturn has turned out higher than expected there is an upward revision to 23.5 Mn T. EU rapeseed exports are also improving.

- ❖ In Jan/Dec 2014 Brazil's soya oil shipments are seen falling to a 14-year low of only 1.28 Mn T to accommodate the higher domestic demand of the biodiesel industry – Oil World.
- ❖ Significantly huge crushings and exports in the first 8 months of the season is likely to cut Brazilian soybean inventories to only about 17.7 Mn T as of Sept 1, 2014 – Oil World.

Oil Meal Prices at Key Spot Markets:

Soy DOC Rates at Different Centers

Centres	Ex-factory rates (Rs/ton)		
	29-Aug-14	22-Aug-14	Parity To
Indore (MP)	33500-34500	34700-35000	Gujarat, MP
Kota	33600-33800	33800-38000	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	34600	37000	Mumbai, Maharashtra
Nagpur (42/46)	33500-34000	37000	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	35100	37000	Andhra, AP, Kar ,TN
Latur	30000	31300	-
Sangli	37800	38000	Local and South
Sholapur	36800	38300	Local and South
Akola	34000	35200	Andhra, Chattisgarh, Orrisa,Jharkhand, WB
Hingoli	34800	NA	Andhra, Chattisgarh, Orrisa,Jharkhand, WB
Bundi	33700	33800	-

Soy DOC at Port

Centers	Port Price	
	29-Aug-14	22-Aug-14
Kandla (FOR) (INR/MT)	35500	36500
Kandla (FAS) (USD/MT)	587	604

International Soy DOC			
Argentina FOB USD/MT	28-Aug-14	21-Aug-14	Change
Soybean Pellets	461	485	-24
Soybean Cake Flour	461	485	-24
Soya Meal	469	493	-24
Soy Expellers	469	493	-24

Sunflower (DOC) Rates	Ex-factory rates (Rs/ton)		
Centers	29-Aug-14	22-Aug-14	Change
Adoni	22500	23200	-700
Khamgaon	NA	NA	-
Parli	22500	23300	-800
Latur	22200	23000	-800

Groundnut Meal (Rs/MT)	29-Aug-14	22-Aug-14	Change
Basis 45%, Saurashtra	28500	28500	Unch
Basis 40%, Saurashtra	26500	26000	500
GN Cake, Gondal	27500	26500	1000

Mustard DOC/Meal	29-Aug-14	22-Aug-14	Change
Jaipur (Plant delivery)	13000	13000	Unch
Kandla (FOR Rs/MT)	14000	14000	Unch

Progress of Sown Area – Kharif Oilseeds, India

As per the official *kharif oilseeds* planting report (week ending 21 Aug 2014), the area coverage under *Kharif* oilseeds is reported at 168.28 lakh hectares, down 8.2% from 183.3 lakh ha previous year. Of the major oilseeds, soybean sowing is reported down by 10% at 109.09 lha compared to 121.3 lha during the same period last year. Groundnut at 35.11 lha vs 40.47, sunflower at 1.65 lha vs 2.11 lha, sesamum 14.45 vs 13.064, niger 0.67 lha vs 1.15 lha and castor at 7.31 lha vs 4.9 lha during the same period last year.

Crop	As on 21 Aug 2014	As on 21 Aug 2013	% Change
Groundnut	35.11	40.77	-13.9
Soybean	109.09	121.31	-10.1
Sunflower	1.65	2.11	-21.8
Sesamum	14.45	13.06	10.6
Niger	0.67	1.15	-41.7
Castor	7.31	4.9	49.2
Total Oilseeds	168.28	183.30	-8.2

(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 29.08.14		
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	-19.00	555.70	684.80
Maharashtra	3.03	2.60	3.06	3.21	3.87	3.60	4.49	3.80	-26.00	564.30	767.30
Rajasthan	0.71	0.69	0.90	0.99	1.06	1.00	1.23	0.91	-8.00	465.40	504.70
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	5.00	371.60	352.50
Chattisgarh	0.13	0.15	0.15	0.15	0.16	0.10	0.18	0.14	-10.00	824.00	912.10
Gujarat	0.00	0.00	0.00	0.08	0.09	0.10	0.11	0.10	-33.00	482.80	724.30
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	-18.00	572.90	699.60

Planting Progress: Current: 109.09 lha. Last year by this time: 121.31 lha.

Soybean

Soybean continued downtrend on weak global cues and sluggish activity in the domestic bean market, during the week under review.

CBOT soybean is under pressure by the forecast for favourable weather in the US mid-west while BMD CPO is currently five-year low due to weak export sales with lower Chinese demand.

Estimates of record US 2014 soybean production by various analysts including USDA, Pro Farmer and Lanworth and sluggish palm oil exports from major producing countries altogether remained major factors which are pressuring the domestic soybeans.

The international analyst, Lanworth has raised its forecast of the U.S. 2014 soybean yield to 46.7 bushels per acre from 46.4 previously. This translates to U.S. soybean production of 3.855 billion bushels, up from USDA's projection at 3.816 billion bushels. Pro Farmer's US soybean output estimate is in line with the USDA.

Overall, US soybean crop is reported under good condition. Soybeans under setting pods, as on Aug 24, is reported at 90% which is slightly above the 5 year average of 89% and up from 82% compared to the same period last year.

Further, the crop is 70% in good to excellent condition, which is better than last year (58%). The weather in the US mid-west is reported to be favourable for the standing crop, which is a bearish factor.

India's coverage under soybean this season is expected to fall, by 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 21 Aug 2014, was reported at 109.09 lakh ha compared to 121.3 lha (-10%) during the same period last year. The all India departure of monsoon on 29 August is reported at -18% which was -42% early in July.

The soybean prices will remain under pressure on bearish global and domestic factors in near-term.

Soy meal

Soy meal witnessed losses in sync with the soybean during the week under review. India's weak export sales during the season followed by limited availability and uncompetitive prices compared to the International meal continued to remain bearish for domestic meal.

Not only feeble overseas demand during the current season; Indian soy meal exporters are also facing great difficulties in finding demand for the upcoming season.

The US is likely to produce record soybean in 2014/15 followed by rise in the planted area and likely better yield with favorable weather for the standing crop in Mid-west. This will eventually increase the global soy meal supplies this season.

As discussed earlier, in a major development, It is noted that the soy meal price spread between Argentina and India has narrowed which was wider for quite some time owing to the competitive Argentine meal prices as compared to India's.

Narrowing price spread is a positive signal for India with expectation of buyers diverting back with the harvest of new soybean crop in late October.

India's July soy meal export sales plunged 94%.

India's oilmeal exports fell to 177,011 tonnes in July from 282,703 tonnes a year earlier.

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%.

Demand shift 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 remain under pressure on global bearish factors. However, 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 are stronger. Soy meal export price, FOR Kandla (Sep – Oct delivery) was quoted higher between Rs 35,500 – 37,000/MT compared to Rs 33,600 – 36,500/MT during the same period last year. However, it fell w-o-w from Rs 36,500-38,200/MT to Rs 35,500 – 37,000/MT.

Recommendation: *FOR Kandla (Sep – Oct delivery) was quoted higher between Rs 35,500 – 37,000/MT compared to Rs 33,600 – 36,500/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
3200	3250	3360	3491	3570

- 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 3362. Levels: Target – 3312; T2- 3280, SL -3392.

Trade Recommendation Soybean - Spot: Soybean prices are expected to remain under pressure on weak global factors and sluggish demand in the domestic market. The prices are likely to be in the band of 3700 -3750 levels (Indore, Plant basis) during the week.

Rapeseed - Mustard Seed

RM seed rebound after straight three-week fall. Temporary spurt in BMD CPO slightly pulled-up the RM seed prices leading to some buying in the seed in key markets.

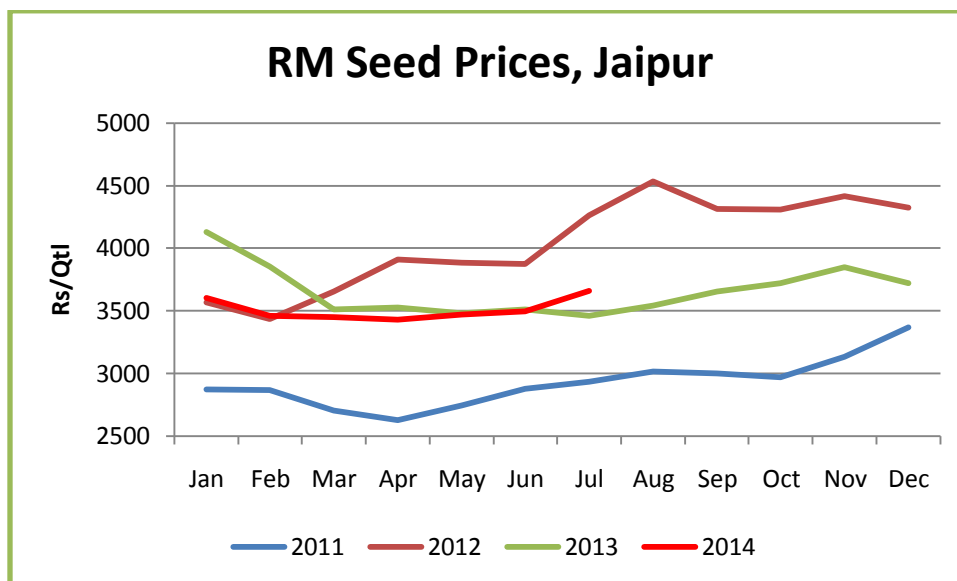
Likely fresh seasonal demand in mustard oil during upcoming festivities and renewed demand in the same from West Bengal will lend support to the seed prices at higher levels. The stockists and the millers will cover their stock in view of the upcoming demand.

In recent weeks, the domestic seed market was reeling under pressure primarily due to the sharp fall in Malaysian palm oil (BMD CPO) owing to lower export sales from the major producers and thus leading to rise in the inventory.

Cargo surveyor Intertek Testing Services said exports of Malaysian palm oil from August 1-25 fell 15.3 per cent compared to the same period in July. BMD CPO, September contract, is hovering around MYR 2000.

The palm oil imports of India and subcontinent are reportedly consistent and higher. However lower imports reported from China and European countries. 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

As expected, the RM seed rebound during the week and it is expected to extend the gains on upcoming fresh festive demand in mustard oil in near-term.



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
3443	3390	3565	3637	3688

- The RM seed extended gains on fresh buying.
- The prices closed below 9-day and 18-day EMA.
- RSI is rising and stochastic is 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 - Sep) Week: BUY** Above 3563 for a Target -3613; T2-3663; SL -3533.

Trade Recommendation RM Seed Spot (Jaipur basis): In spot, the RM seed prices are expected to extend the recent gains. Prices of seed are expected to be in the range between 3700-3750 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>	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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