

Executive Summary

Soybean and meal declined tracking losses in international market with new crop supplies in US as well as in India and RM seed extended gains on better buying in the domestic market during the period under review.

Soy meal:

- ❖ Soy meal fell in tandem with the soybean during the week in review. Weakness in soy complex on multiple factors including bigger US soybean crop size and commencement of US as well as domestic soybean harvesting remained the negative factors for soy meal.
- ❖ The global soy meal supplies in 2014-15 season is likely to be higher compared to the previous season, given the crop size of US and likely higher planting in Brazil and Argentina this year.
- ❖ India's soy meal prices remained unattractive during the season with weak supplies compared to the meal of South American origin have hit the Indian meal exports during the season.
- ❖ Indian soy meal exporters continued to face difficulties in finding demand for the upcoming season too. The forward bookings (Nov – Dec delivery) in meal are still weaker than expected with global supplies expected to be comfortable this season.
- ❖ India's soy meal shipments plunged 98.5% Y-o-Y in August.

Soybean:

- ❖ Soybean fell once again tracking weak global cues and new crop arrivals in the domestic market during the week under review. The soybean markets are weak primarily due to bigger US soybean crop size this season and commencement of the US soybean harvest.
- ❖ International analysts including, Informa, USDA and Lanworth have estimated US soybean production at all time high this season (2014-15). Lanworth raises the US soybean yield to 47 bushels per acres from 46.7 bushels per acres in August and soybean production for 2014 is seen at 3.873 billion bushels, up 0.021 billion bushels from previous estimates.
- ❖ US soybean crop is reported under good condition. Soybeans crop as on Sep 28, dropping leaves is reported at 69% lower from 5 year average at 71% and slightly lower than the same period last year.

RM Seed:

- ❖ RM seed continued uptrend in the benchmark, Jaipur, on buying support during the week in review. Gains in BMD CPO during remained supportive for the domestic RM seed prices. However, weakness in international soybean capped the gains.
- ❖ Better demand in rapeseed/mustard seed oil followed by festivities has lead to renewed buying in RM seed by the stockists and the millers. The crushing of the seed has improved in major producing and consuming centers.
- ❖ Besides, the exports of Malaysian palm oil products for Sep. 1-25 rose 34.6 percent to 1,286,901 tonnes from 956,092 tonnes shipped during Aug. 1-25 - cargo surveyor Societe Generale de Surveillance. India imported 425,890 tons during September 1-25. While, last month at the same period palm oil and its products imports from Malaysia were 327,936 tons. CPO at BMD closed at MYR 2203 per tons, up 2.03 percent from Wednesday's trading session.
- ❖ As per Indonesian industry ministry, Indonesia removed the export tax on palm oil for October in line with the policy of Malaysia to curb the palm oil inventories in Indonesia and to boost the exports.

International Highlights

- ❖ As per Abiove, Brazil's soybean crop for 2014/15 is estimated at 91 million tons and exports forecast at 48 million tons. As per Oil World, oilseed production may rise to 519.7 million tons, up 4.31 percent from 2013-1. The total oilseeds production includes 310.80 million tons of soybean, 68 million tons of rapeseed, 41.4 million tons of sunflower seed and rests others.
- ❖ US soybean crop is reported under good condition. Soybeans crop as on Sep 28, dropping leaves is reported at 69% lower from 5 year average at 71% and slightly lower than the same period last year. Further, the crop is 72% in good to excellent condition, which is better than last year (53%). The harvesting has commenced and it is 10% complete by the date which is at par with the previous year's level during the same period, while it is less than the 5 year average of 17%. The weather in the US mid-west continues to be favourable for the standing crop, which is a bearish factor.
- ❖ the exports of Malaysian palm oil products for Sep. 1-25 rose 34.6 percent to 1,286,901 tonnes from 956,092 tonnes shipped during Aug. 1-25 - cargo surveyor Societe Generale de Surveillance. India imported 425,890 tons during September 1-25.
- ❖ China, the biggest soybean importer, bought 6.03 million tonnes of soybeans in August, down 19.3 percent from 7.47 million tonnes in July, figures from the General Administration of Customs of China showed.

China's Imports of vegetable oils in August were 470,000 tonnes, down 27.7 percent from the previous month.

- ❖ MPOB Report's Highlights - Malaysian palm oil inventories rose 22 percent to 2.05 million tons in August compared to the last month highest since March 2013 due to lower demand for palm oil and higher palm oil production. On the production front, palm oil output rose by 22 percent to 2.03 million tons on m-o-m basis. Report was bearish for palm oil as market participants were expecting 1.95-1.98 MMT of palm oil inventories as of August.
- ❖ As per Agroconsult, Brazil is likely to produce 95.1 million tons of soybeans in 2014-15, up 1 million tons from previous estimates. Moreover, Argentina soybean crop output for 2014-15 seen at 56.6 millions tons. Soybean palnting in Brazil is likely to commence from late September.
- ❖ The reserved farmer selling in Argentina and the pronounced reduction of inventories in Brazil resulted in a major slowdown of South American soybean shipments in August – Oil World.
- ❖ 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.
- ❖ Private analytics firm Informa Economics raised its estimates of U.S. 2014 soybean production to 3.876 billion bushels, from 3.7 billion previously. Informa raised its soy yield forecast to 46.1 bushels per acre, from 44.5 in August.
- ❖ 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.
- ❖ 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.

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

Centres	Ex-factory rates (Rs/ton)		
	26-Sep-14	19-Sep-14	Parity To
Indore (MP)	29000	31000-31500	Gujarat, MP
Kota	29000	30500	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	32000	32500	Mumbai, Maharashtra
Nagpur (42/46)	31700-32200	31500-32000	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	33300	33300	Andhra, AP, Kar ,TN
Latur	33200	33200	-
Sangli	31700	33800	Local and South
Sholapur	33400	34000	Local and South
Akola	27000	31900	Andhra, Chattisgarh, Orrisa,Jharkhand, WB
Hingoli	32900	32900	Andhra, Chattisgarh, Orrisa,Jharkhand, WB
Bundi	29000	31700	-

Soy DOC at Port

Centers	Port Price	
	26-Sep-14	19-Sep-14
Kandla (FOR) (INR/MT)	33500 (Ready Delivery)	35000 (Ready Delivery)
Kandla (FAS) (USD/MT)	553	576

International Soy DOC			
Argentina FOB USD/MT	25-Sep-14	18-Sep-14	Change
Soybean Pellets	389	409	-20
Soybean Cake Flour	389	409	-20
Soya Meal	397	417	-20
Soy Expellers	397	417	-20

Sunflower (DOC) Rates	Ex-factory rates (Rs/ton)		
Centers	26-Sep-14	19-Sep-14	Change
Adoni	22000	21500	500
Khamgaon	-	NA	-
Parli	22000	21500	500
Latur	21600	21000	600

Groundnut Meal (Rs/MT)	26-Sep-14	19-Sep-14	Change
Basis 45%, Saurashtra	28000	28000	Unch
Basis 40%, Saurashtra	24500	25000	-500
GN Cake, Gondal	26500	26500	Unch

Mustard DOC/Meal	26-Sep-14	19-Sep-14	Change
Jaipur (Plant delivery)	13400	13700	-300
Kandla (FOR Rs/MT)	14400	14700	-300

Progress of Sown Area – Kharif Oilseeds, India

As per the official *kharif oilseeds* planting report (week ending 25 Sep 2014), the area coverage under *Kharif* oilseeds is reported at 177.56 lakh hectares, down 8.1% from 193.22 lakh ha previous year. Of the major oilseeds, soybean sowing is reported down by 10% at 110.22 lha compared to 122.17 lha during the same period last year. Groundnut at 37.04 lha vs 43.01, sunflower at 2.0 lha vs 2.42 lha, sesamum 16.24 vs 14.44, niger 1.83 lha vs 1.83 lha and castor at 10.23 lha vs 9.33 lha during the same period last year.

Crop	As on 25 Sep 2014	As on 25 Sep 2013	% Change
Groundnut	37.04	43.01	-13.9
Soybean	110.22	122.17	-9.8
Sunflower	2.00	2.42	-17.4
Sesamum	16.24	14.44	12.5
Niger	1.83	1.85	-1.1
Castor	10.23	9.33	9.6
Total Oilseeds	177.56	193.22	-8.1

(Area in lakh hectares) Source: GOI

Soybean

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Further, the crop is 72% in good to excellent condition, which is better than last year (53%). The harvesting has commenced and it is 10% complete by the date which is at par with the previous year's level during the same period, while it is less than the 5 year average of 17%. The weather in the US mid-west continues to be favourable for the standing crop, which is a bearish factor.

In the official planting report, India's area coverage under soybean, as on 25 Sep 2014, was reported at 110.22 lakh ha compared to 122.17 lha (-9.8%) during the same period last year. The all India departure of monsoon on 29September is reported at -12% which was -42% early in July.

In a major development about 10,000 bags of new soybean arrived in various mandis of Madhya Pradesh while 4000 bags in key mandis of Maharashtra. The new crop supplies will gradually pick up in near-term thus exerting pressure to the market

The soybean prices will continue to feature weakness pressured by weak global and domestic factors followed by bigger US crop size and commencement of soybean harvesting in US as well as in India, in near-term.

Soy meal

Soy meal fell in tandem with the soybean during the week in review. Weakness in soy complex on multiple factors including bigger US soybean crop size and commencement of US as well as domestic soybean harvesting remained the negative factors for soy meal.

The global soy meal supplies in 2014-15 season is likely to be higher compared to the previous season, given the crop size of US and likely higher planting in Brazil and Argentina this year.

India's soy meal prices remained unattractive during the season with weak supplies compared to the meal of South American origin have hit the Indian meal exports during the season.

Indian soy meal exporters continued to face difficulties in finding demand for the upcoming season too. The forward bookings (Nov – Dec delivery) in meal are still weaker than expected with global supplies expected to be comfortable this season.

As discussed earlier that the soy meal price spread between Argentina and India has narrowed second consecutive month which was wider for quite a long time owing to the competitive Argentine meal prices as compared to India's.

Narrowing price spread is a positive signal for India with India's meal prices getting competitive over Argentina and expectation of buyers diverting back with the harvest of new soybean crop in late October.

India's soy meal shipments plunged 98.5% Y-o-Y in August.

India's soy meal shipments during August 2014 was just 2778 tones as compared to 1,83,965 tones in the same period of previous year.

On a financial year basis, the export during current financial year i.e. April 2014 to August 2014 is 0.96 Lac tonnes as compared to 7.02 Lac tones in the same period of previous year showing a decrease of 86.30%.

During current Oil year, (October-September), total exports during October 2013 to August, 2014 is 20.61 Lac tones as against 32.99 Lac tones in the same period of previous year, showing a fall by 37.53%.

Soy meal shipments sharply fell in the past eight months due to poor supply of soybean coupled with high price led to total disparity in international market.

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 weak global factors. However, India area coverage under soybean has fallen by 9.8% lower than the previous season due to late and less rains, which will cap the losses.

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 declined. Soy meal export price, FOR Kandla (Nov – Dec delivery) was quoted between Rs 33,000 – 35,000/MT compared to Rs 32,150 – 32,500/MT during the same period last year.

Recommendation: *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 (Nov – Dec delivery) is expected to feature range bound movement with firm bias and the quotes will range between Rs. 32,600-32,900/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
2950	3020	3091	3305	3468

- Weekly soybean candlestick chart pattern reveals indecision in the market.
- Prices closed below 9-day and 18-day EMA.
- RSI and stochastic are easing in neutral zone indicating further losses.
- MACD is heading upwards in negative territory.
- The prices are expected to feature losses in coming week.
- **Trade Recommendation (NCDEX Soybean – Oct) Week: SELL** Below 3085. Levels: Target – 3000; T2- 2970, SL -3142.

Trade Recommendation Soybean - Spot: Soybean prices are expected to remain under pressure on weak global factors and on commencement of new crop supplies in the domestic market. The prices are likely to be in the band of 3200-3250 levels (Indore, Plant basis) during the week.

Rapeseed - Mustard Seed

RM seed continued uptrend in the benchmark, Jaipur, on buying support during the week in review. Gains in BMD CPO during remained supportive for the domestic RM seed prices. However, weakness in international soybean capped the gains.

Better demand in rapeseed/mustard seed oil followed by festivities has lead to renewed buying in RM seed by the stockists and the millers. The crushing of the seed has improved in major producing and consuming centers.

Besides, the exports of Malaysian palm oil products for Sep. 1-25 rose 34.6 percent to 1,286,901 tonnes from 956,092 tonnes shipped during Aug. 1-25 - cargo surveyor Societe Generale de Surveillance. India imported 425,890 tons during September 1-25. While, last month at the same period palm oil and its products imports from Malaysia were 327,936 tons. CPO at BMD closed at MYR 2203 per tons, up 2.03 percent from Wednesday's trading session.

As per Indonesian industry ministry, Indonesia removed the export tax on palm oil for October in line with the policy of Malaysia to curb the palm oil inventories in Indonesia and to boost the exports. Earlier export duty on palm oil was 9 percent. This will again make the palm oil imports cheaper for India. Malaysia has already removed the export duty from the palm oil.

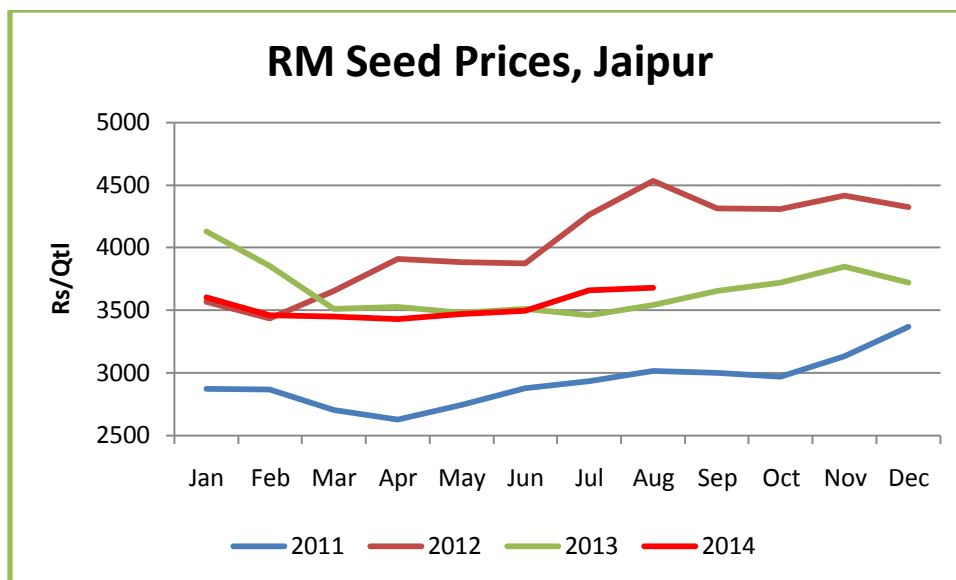
Palm oil prices are likely to fall by 13 percent to 1,900 ringgit per tonne on higher output and sluggish demand, but losses might caps to ringgit 2,000 per tons, if the Malaysian currency depreciates sharply - Dorab Mistry. Moreover, India's edible oil imports are likely to rise by about 500,000 tons to 12.1 million tons in 2014/15 oil year starting from November.

India's RM seed closely follows international palm oil.

As per James Fry, Malaysian crude palm oil prices are likely to rise nearly 8 percent to 2,350 ringgit a tons by February 2015 in expectation of reduction in inventories and lower yields.

Crude palm oil export prices in Indonesia, could rise as much as 10 percent to \$750 per tonne in January-March 2015 owing to dry weather in the top two producing countries is expected to moderate production growth - Thomas Mielke

As expected, the RM seed rebound during the week and it is expected to extend the gains on upcoming 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 – Oct. contract

S2	S1	PCP	R1	R2
3523	3652	3631	3715	3763

- The RM seed featured indecision in the market.
- The prices closed above 18-day EMA.
- RSI is flatter while stochastic is 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 - Oct) Week: BUY** Above 3625 for a Target –3670; T2-3690; SL -3598.

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 3740-3750 levels during the week. They were between 3715-3745 levels during the week under review.

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.

Crop	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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