

Executive Summary

Soybean bounced back after a sharp fall but meal extended losses on bearish outlook. Further, RM seed prices remained near previous week level during the period under review.

Soy meal:

- ❖ Soy meal fell on weak export sales and poor domestic off-take during the week under review. Besides, 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 will be stronger compared to the previous season, given the crop size of US and likely higher planting in Brazil and Argentina this year.
- ❖ We expect the overseas meal demand of Indian origin will pick up once the new crop crushing picks up the pace leading to competitive meal price.
- ❖ 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.

Soybean:

- ❖ Soybean slightly gained during the week after a sharp fall previous week. This is supported by slight gains in CBOT soybeans and BMD CPO. The enquiries for the new crop supplies in the key markets of Madhya Pradesh and Maharashtra too lend support to some extent.
- ❖ As discussed in the previous weekly that the harvesting in MP and Maharashtra has commenced and it will gradually gain momentum in due course. In MP and Maharashtra the new crop arrival has reached 15,000 bags towards the end of the week, whereas harvesting in Rajasthan is not reported yet and hence no reports of new crop supplies by the end of the week under review. However, the moisture content in the new soybeans is above 15%.
- ❖ The US soybean harvesting has gained the momentum. 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 failed to witness gain pressured by new crop soybean supplies and weak international oil and fats market. The seed prices remained near previous week's level.
- ❖ However, improved demand in rapeseed/mustard seed oil followed by festivities has led to better buying in RM seed by the stockists and the millers. The crushing of the seed has improved in major producing and consuming centers.
- ❖ Besides, seasonal demand from the major consuming centers will lend support to the seed in coming days.
- ❖ As per cargo surveyor Societe Generale de Surveillance, exports of Malaysian palm oil products for September rose 16.5 percent to 1,494,371 tons from 1,282,597 tons shipped during August. India imported 491,230 tons of palm oil and its derivatives from Malaysia during September.

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 total oilmeals consumption of five N. African countries in 2014/15 is estimated at 6.2-6.3 Mn, which has more than doubled within 10 years.
- ❖ India's import requirements of vegetable oils are set to increase to a new high of 12.2 Mn T in 2014/15, as reported by Oil World.
- ❖ Oil World has estimated a combined soya meal imports of 8 key countries in Southeast Asia at a record 16.6 Mn T next season, which is up 1.4 Mn T on the year.
- ❖ As per cargo surveyor Societe Generale de Surveillance, exports of Malaysian palm oil products for September rose 16.5 percent to 1,494,371 tons from 1,282,597 tons shipped during August. India imported 491,230 tons of palm oil & its derivatives from Malaysia during September.

- ❖ 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)		
	01-Oct-14	26-Sep-14	Parity To
Indore (MP)	28000	29000	Gujarat, MP
Kota	28000	29000	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	31000	32000	Mumbai, Maharashtra
Nagpur (42/46)	31800-32300	31700-32200	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	33300	33300	Andhra, AP, Kar ,TN
Latur	29000	33200	-
Sangli	30500	31700	Local and South
Sholapur	31700	33400	Local and South
Akola	29000	27000	Andhra, Chattisgarh, Orrisa,Jharkhand, WB
Hingoli	27500	32900	Andhra, Chattisgarh, Orrisa,Jharkhand, WB
Bundi	27700-800	29000	-

Soy DOC at Port

Centers	Port Price	
	01-Oct-14	26-Sep-14
Kandla (FOR) (INR/MT)	33000	33500 (Ready Delivery)
Kandla (FAS) (USD/MT)	534	553

International Soy DOC

Argentina FOB USD/MT	29-Sep-14	25-Sep-14	Change
Soybean Pellets	388	389	-1
Soybean Cake Flour	388	389	-1
Soya Meal	396	397	-1
Soy Expellers	396	397	-1

Sunflower (DOC) Rates	Ex-factory rates (Rs/ton)		
Centers	1-Oct-14	26-Sep-14	Change
Adoni	22000	22000	Unch
Khamgaon	-	-	-

Parli	22000	22000	Unch
Latur	21600	21600	Unch

Groundnut Meal (Rs/MT)	1-Oct-14	26-Sep-14	Change
Basis 45%, Saurashtra	26000	28000	-2000
Basis 40%, Saurashtra	23000	24500	-1500
GN Cake, Gondal	26500	26500	Unch

Mustard DOC/Meal	1-Oct-14	26-Sep-14	Change
Jaipur (Plant delivery)	13200	13400	-200
Kandla (FOR Rs/MT)	14200	14400	-200

Progress of Sown Area – Kharif Oilseeds, India

As per the official *kharif oilseeds* planting report (week ending 01 Oct 2014), the area coverage under *Kharif* oilseeds is reported at 178.31 lakh hectares, down 8.1% from 193.94 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 37.21 lha vs 43.13, sunflower at 2.05 lha vs 2.42 lha, sesamum 16.31 vs 14.69, niger 2.28 lha vs 1.94 lha and castor at 10.24 lha vs 9.59 lha during the same period last year.

Crop	As on 01 Oct 2014	As on 01 Oct 2013	% Change
Groundnut	37.21	43.13	-13.7
Soybean	110.22	122.17	-9.8
Sunflower	2.05	2.42	-15.3
Sesamum	16.31	14.69	11.0
Niger	2.28	1.94	17.5
Castor	10.24	9.59	6.8
Total Oilseeds	178.31	193.94	-8.1

(Area in lakh hectares) Source: GOI

Soybean

Soybean slightly gained during the week after a sharp fall previous week. This is supported by slight gains in CBOT soybeans and BMD CPO. The enquiries for the new crop supplies in the key markets of Madhya Pradesh and Maharashtra too lend support to some extent.

As discussed in the previous weekly that the harvesting in MP and Maharashtra has commenced and it will gradually gain momentum in due course. In MP and Maharashtra the new crop arrival has reached 15,000 bags towards the end of the week, whereas harvesting in Rajasthan is not reported yet and hence no reports of new crop supplies by the end of the week under review. However, the moisture content in the new soybeans is above 15%.

In the official planting report, India's area coverage under soybean, as on 01 Oct 2014, was reported at 110.22 lakh ha compared to 122.17 lha (-9.8%) during the same period last year.

Besides, the US soybean harvesting has gained the momentum. 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.

US will harvest a big soybean crop this season. 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.

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 on weak export sales and poor domestic off-take during the week under review. Besides, 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 will be stronger compared to the previous season, given the crop size of US and likely higher planting in Brazil and Argentina this year.

We expect the overseas meal demand of Indian origin will pick up once the new crop crushing picks up the pace leading to competitive meal price.

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 32,900 – 33,500/MT compared to Rs 32,500 – 32,700/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
2894	2950	3023	3239	3372

- Weekly soybean candlestick chart pattern reveals continued fall in the prices.
- Prices closed below 9-day and 18-day EMA.
- RSI and stochastic are easing in neutral zone indicating further losses.
- MACD is falling in negative territory.
- The prices are expected to feature losses in coming week.
- **Trade Recommendation (NCDEX Soybean – Oct) Week: SELL** Below 3030. Levels: Target – 2980; T2- 2950, SL -3060.

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 failed to witness gain pressured by new crop soybean supplies and weak international oil and fats market. The seed prices remained near previous week's level.

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

Besides, seasonal demand from the major consuming centers will lend support to the seed in coming days.

As per cargo surveyor Societe Generale de Surveillance, exports of Malaysian palm oil products for September rose 16.5 percent to 1,494,371 tons from 1,282,597 tons shipped during August. India imported 491,230 tons of palm oil and its derivatives from Malaysia during September.

As discussed in the previous weekly, Indonesia has 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.

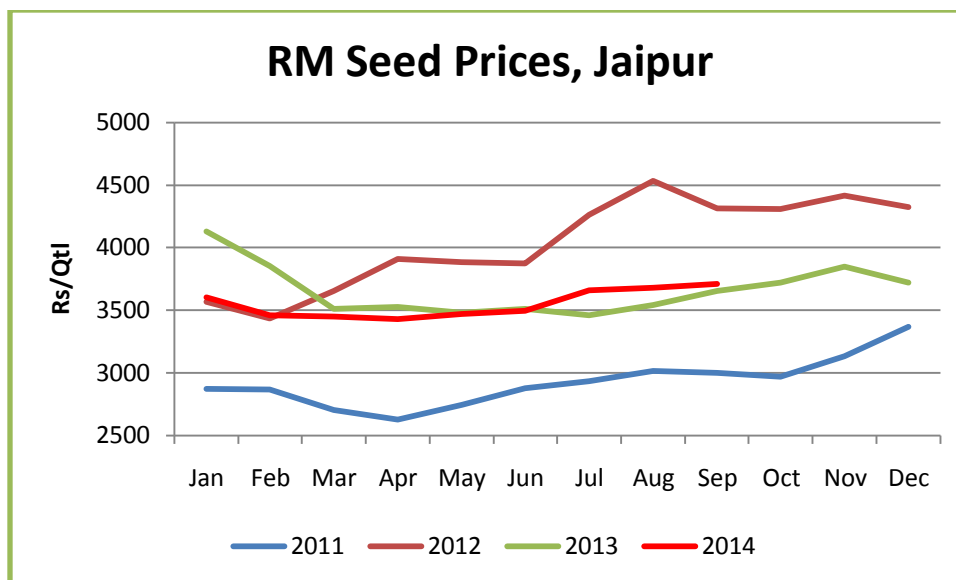
Palm oil prices are likely to fall by 13 percent to 1,900 ringgit per tonne on higher output and sluggish demand, but losses might caps to ringgit 2,000 per tons, if the Malaysian currency depreciates sharply as stated by Dorab Mistry. Moreover, India's edible oil imports are likely to rise by about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

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.

The RM seed will feature gains on 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	3628	3715	3763

- The weekly candlestick chart pattern reveals indecision in RM seed.
- The prices closed above 9-day and 18-day EMA.
- RSI is easing in the neutral territory.
- MACD is rising in the positive territory.
- Prices are expected to feature losses in near-term.
- **Trade Recommendation (NCDEX RM SEED - Oct) Week: SELL** Below 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 3700 - 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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