

Executive Summary

Soybean, soy meal and RM seed prices fell on supply pressure during the period under review.

Soy meal:

- ❖ Soy meal continued downtrend in tandem with soybean followed by weak demand during the period under review.
- ❖ India's oilmeal shipments declined by 73% to 82,749 tonnes in September this year which was recorded at 3,01,717 tonnes in the corresponding period last year.
- ❖ India's soy meal exports declined to at 868.7 tonnes in September from 2,778 tonnes a month ago, the Solvent Extractors' Association of India (-69%). Of total oilmeal shipments in September, soy meal comprised of 868 tonnes, rapeseed meal (58,567 tonnes), ricebran extraction (1,500 tonnes) and castorseed meal was 21,814 tonnes.
- ❖ 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.

Soybean:

- ❖ Soybean fell on harvesting pressure and weak international soy complex during the week under review. Overall, the CBOT soybean is under pressure with US soybean harvesting gaining momentum.
- ❖ In the USDA October report, the global soybean production is projected at 311.2 million tons, up 0.1 million from September estimates.
- ❖ The new crop supplies have begun in Madhya Pradesh and Maharashtra. The daily arrivals in Madhya Pradesh have jumped to 1.5 lakh bags during the week compared to 30,000-32,000 bags previously. The moisture content is reported between 9% - 15%.
- ❖ There are no reports of new crop supplies in Rajasthan, even those reported in Rajasthan cash markets are of Madhya Pradesh origin.
- ❖ In the official planting report, India's area coverage under soybean, as on 09 Oct 2014, was reported at 110.22 lakh ha compared to 122.20 lha (-9.8%) during the same period last year.

- ❖ Further, US soybean crop is reported under good condition. The US soybean harvesting has gained the momentum. US soybean crop is reported under good condition.

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RM Seed:

- ❖ RM seed fell on soybean supply pressure and weak international oils and fats market during the period under review. Besides, weakness in BMD CPO too pressured the market.
- ❖ The major buyers refrained from the seed market in anticipation of further fall in the seed prices. However, some recovery in BMD CPO with improved export sales and in recent day has limited the fall.
- ❖ In the latest-October, USDA monthly world agriculture supply and demand report, the rapeseed production is reduced for Canada primarily for lower yields reported in the last recent survey done by Statistics Canada. Rapeseed production is increased to a record 23.5 million tons for EU.

International Highlights

- ❖ Informa has raised its soybean yield estimate to 48.5 bushels per acre from 46.5, and raised its production forecast to 4.017 billion bushels from 3.857 billion. The firm calculated harvested area for soybeans at 82.880 million acres. The projection compare to the U.S. Department of Agriculture's September forecasts for a soybean crop of 3.913 billion bushels with a yield of 46.6 bushels per acre.
- ❖ Overall, US soybean crop is reported under good condition. The US soybean harvesting has gained the momentum. US soybean crop is reported under good condition. Soybeans crop as on Oct 05, dropping leaves is reported at 83% slightly lower from 5 year average at 84%. The crop is 73% in good to excellent condition. The harvest is complete in 20% complete by the date which is lower than the 5 year average of 35%. The weather in the US mid-west continues to be favourable for the standing crop, which is a bearish factor.
- ❖ Informa has raised its soybean yield estimate to 48.5 bushels per acre from 46.5, and raised its production forecast to 4.017 billion bushels from 3.857 billion. The firm calculated harvested area for soybeans at 82.880 million acres. The projection compares to the U.S. Department of Agriculture's September forecasts for a soybean crop of 3.913 billion bushels with a yield of 46.6 bushels per acre.
- ❖ For soybeans, Lanworth too has raised its forecast for the U.S. yield to 47.1 bushels per acre, versus 47.0 bushels per acre in the previous estimate, and estimated soybean production at 3.880 billion bushels, up from 3.873 billion previously.
- ❖ As per Oil World, the monthly soybean requirements in the US are expected to surge to 12-13 Mn T in October and further to 14 Mn T in November.

- ❖ Brazil's soybean planting will be hit with the persistence of dryness in Mato Grosso and Goias leading to unfavorable conditions for plantings.
- ❖ A good rainfall has been recorded in most of the central, southern and eastern of parts of Argentina's oilseed and grain-growing areas in the week to Oct 6, leading to favourable conditions for planting soybean.
- ❖ 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.
- ❖ 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.
- ❖ 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 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.
- ❖ 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)		
	10-Oct-14	01-Oct-14	Parity To
Indore (MP)	26200-26500	28000	Gujarat, MP
Kota	27000	28000	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	30100	31000	Mumbai, Maharashtra
Nagpur (42/46)	26600	31800-32300	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	-	33300	Andhra, AP, Kar ,TN
Latur	29500	29000	-
Sangli	30000	30500	Local and South
Sholapur	30000	31700	Local and South
Akola	28500	29000	Andhra, Chattisgarh, Orrisa,Jharkhand, WB
Hingoli	-	27500	Andhra, Chattisgarh, Orrisa,Jharkhand, WB
Bundi	26500	27700-800	-

Soy DOC at Port

Centers	Port Price	
	10-Oct-14	01-Oct-14
Kandla (FOR) (INR/MT)	29700	33000
Kandla (FAS) (USD/MT)	486	534

International Soy DOC

Argentina FOB USD/MT	9-Oct-14	29-Sep-14	Change
Soybean Pellets	396	388	8
Soybean Cake Flour	396	388	8
Soya Meal	404	396	8
Soy Expellers	404	396	8

Sunflower (DOC) Rates	Ex-factory rates (Rs/ton)		
Centers	10-Oct-14	1-Oct-14	Change
Adoni	22000	22000	Unch
Khamgaon	NA	-	-
Parli	22000	22000	Unch

Latur	21600	21600	Unch
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Groundnut Meal (Rs/MT)	10-Oct-14	1-Oct-14	Change
Basis 45%, Saurashtra	25000	26000	-1000
Basis 40%, Saurashtra	22000	23000	-1000
GN Cake, Gondal	25000	26500	-1500

Mustard DOC/Meal	10-Oct-14	1-Oct-14	Change
Jaipur (Plant delivery)	12800	13200	-400
Kandla (FOR Rs/MT)	13900	14200	-300

Progress of Sown Area – Kharif Oilseeds, India

In the official *kharif oilseeds* planting report (week ending 09 Oct 2014), the area coverage under *Kharif* oilseeds is reported at 178.47 lakh hectares, down 8.4% from 194.90 lakh ha previous year. Of the major oilseeds, soybean sowing is reported down by 10% at 110.22 lha compared to 122.20 lha during the same period last year. Groundnut at 37.25 lha vs 43.19, sunflower at 2.05 lha vs 2.43 lha, sesamum 16.31 vs 14.91, niger 2.28 lha vs 2.33 lha and castor at 10.35 lha vs 9.84 lha during the same period last year.

Crop	As on 09 Oct 2014	As on 09 Oct 2013	% Change
Groundnut	37.25	43.19	-13.8
Soybean	110.22	122.20	-9.8
Sunflower	2.05	2.43	-15.6
Sesamum	16.32	14.91	9.5
Niger	2.28	2.33	-2.1
Castor	10.35	9.84	5.2
Total Oilseeds	178.47	194.90	-8.4

(Area in lakh hectares) Source: GOI

Soybean

Soybean fell on harvesting pressure and weak international soy complex during the week under review. Overall, the CBOT soybean is under pressure with US soybean harvesting gaining momentum.

The new crop supplies have begun in Madhya Pradesh and Maharashtra. The daily arrivals in Madhya Pradesh have jumped to 1.5 lakh bags during the week compared to 30,000-32,000 bags previously. The moisture content is reported between 9% - 15%.

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Further, US soybean crop is reported under good condition. The US soybean harvesting has gained the momentum. US soybean crop is reported under good condition.

Soybeans crop as on Oct 05, dropping leaves is reported at 83% slightly lower from 5 year average at 84%. The crop is 73% in good to excellent condition. The harvest is complete in 20% complete by the date which is lower than the 5 year average of 35%. The weather in the US mid-west continues to be favourable for the standing crop, which is a bearish factor.

Informa has raised its soybean yield estimate to 48.5 bushels per acre from 46.5, and raised its production forecast to 4.017 billion bushels from 3.857 billion. The firm calculated harvested area for soybeans at 82.880 million acres. The projections compare to the U.S. Department of Agriculture's September forecasts for a soybean crop of 3.913 billion bushels with a yield of 46.6 bushels per acre.

The soybean prices will remain weak on new crop supply pressure and bearish global factors in soybeans and in other oilseeds and oils on expectation on large US soybean crop size, higher global rapeseed production and competitive palm oil prices in the major exporting countries.

Soy meal

Soy meal continued downtrend in tandem with soybean followed by weak demand during the period under review.

Bigger US soybean crop size and likely rise in Brazil and Argentine area under the bean this season will improve the soy meal supplies, which will in turn weigh on the prices during the season.

India's soy meal exports remained weak during the season followed by unattractive prices and lower availability in the same, this season.

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 oilmeal shipments declined by 73% to 82,749 tonnes in September this year which was recorded at 3,01,717 tonnes in the corresponding period last year.

India's soy meal exports declined to at 868.7 tonnes in September from 2,778 tonnes a month ago, the Solvent Extractors' Association of India (-69%). Of total oilmeal shipments in September, soy meal comprised of 868 tonnes, rapeseed meal (58,567 tonnes), ricebran extraction (1,500 tonnes) and castorseed meal was 21,814 tonnes.

India's, soy meal shipments was recorded lowest in the month of September during the season, on continued 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 export continues to remain weak this season.

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 29,700 – 32,800/MT compared to Rs 33,100 – 34,000/MT during the same period last year.

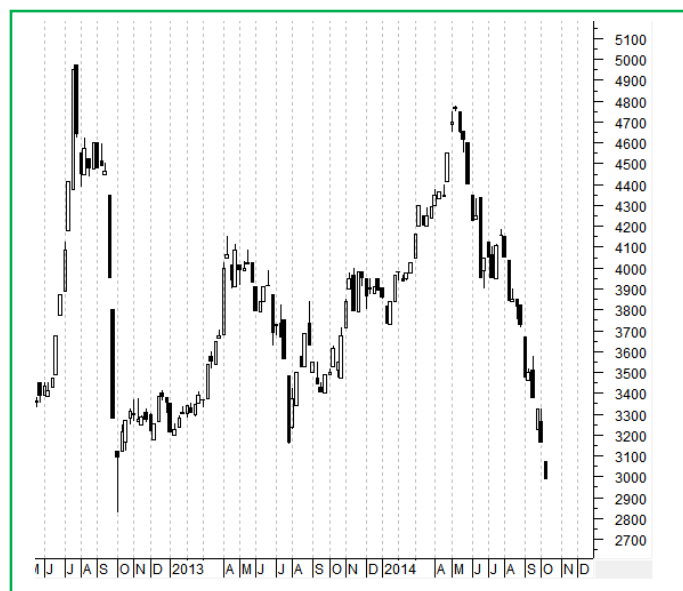
Recommendation: *Indian meal exporters are advised to market their meal to the countries in vicinity including traditional South and Far-East Asian destinations and Iran. Indian soy meal continued to face price competition from South American soy meal due to new crop soybean supplies. India is into the 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. 29,500-29,700/MT levels in the upcoming week.*

Technical Analysis:

NCDEX Soybean Futures



Soybean Spot, Indore



*Note: Daily Chart

Support & Resistance NCDEX Soybean – Nov contract

S2	S1	PCP	R1	R2
2872	2900	2952	3172	3279

- Weekly soybean candlestick chart pattern reveals indecision in the market.
- Prices closed below 9-day and 18-day EMA.
- RSI is rising in neutral region while stochastic is rising in oversold zone indicating gains.
- MACD is rising in negative territory.
- The prices are expected to feature gains in coming week.
- **Trade Recommendation (NCDEX Soybean – Nov) Week: BUY** Above 2945. Levels: Target – 3000; T2- 3050, SL -2912.

Trade Recommendation Soybean - Spot: Soybean prices are expected to remain under pressure on weak global factors and increasing new crop supplies in the domestic markets. The prices are likely to be in the band of 2900- 3000 levels (Indore, Plant basis) during the week.

Rapeseed - Mustard Seed

RM seed fell on soybean supply pressure and weak international oils and fats market during the period under review. Besides, weakness in BMD CPO too pressured the market.

The major buyers refrained from the seed market in anticipation of further fall in the seed prices. However, some recovery in BMD CPO with improved export sales and in recent day has limited the fall.

As per Reuter's survey, Malaysian palm oil inventories for September seen at 2.05 million tons, unchanged from August tracking higher exports and dry weather over key oil palm growing region hurts the production prospects. The median survey of seven planters, traders and analysts pegged September palm oil output at 1.65 million tons, down 8 percent from last month.

The market is waiting for the monthly MPOB data on palm oil exports and exports in September. The data is likely to be slightly bullish on likely rise in exports in the palm oil as discussed above.

In the latest-October, USDA monthly world agriculture supply and demand report, the rapeseed production is reduced for Canada primarily for lower yields reported in the last recent survey done by Statistics Canada. Rapeseed production is increased to a record 23.5 million tons for EU.

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.

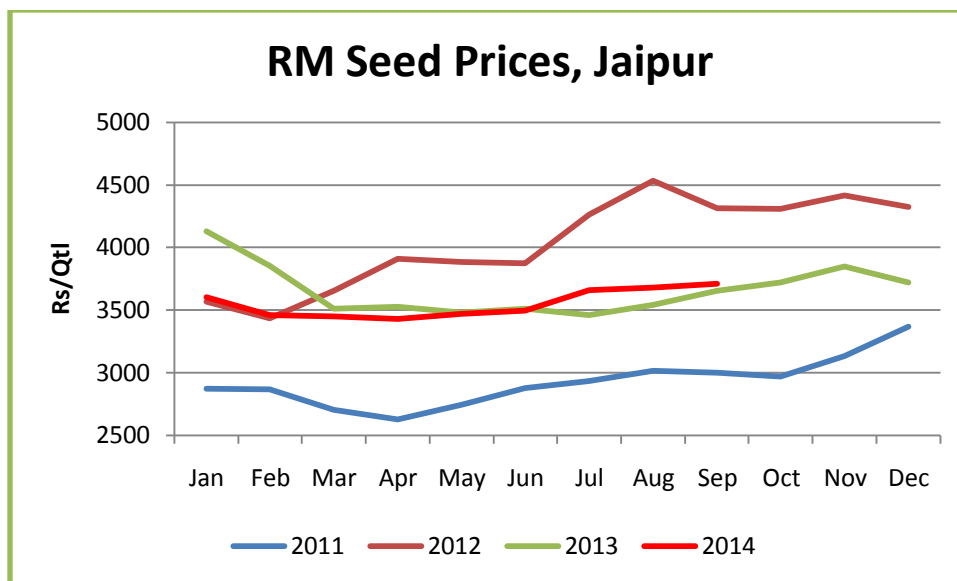
Palm oil prices are likely to fall by 13 percent to 1,900 ringgit per tonne on higher output and sluggish demand, but losses might be capped to ringgit 2,000 per tons, if the Malaysian currency depreciates sharply as stated by Dorab Mistry. Moreover, India's edible oil imports are likely to rise by about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

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.

India's RM seed closely follows international palm oil. The RM seed is expected to feature gains on festive and seasonal demand in mustard oil in near-term. However, soybean supply pressure will limit the gains.

Seasonal demand from the major consuming centers will definitely lend support to the seed in coming days.



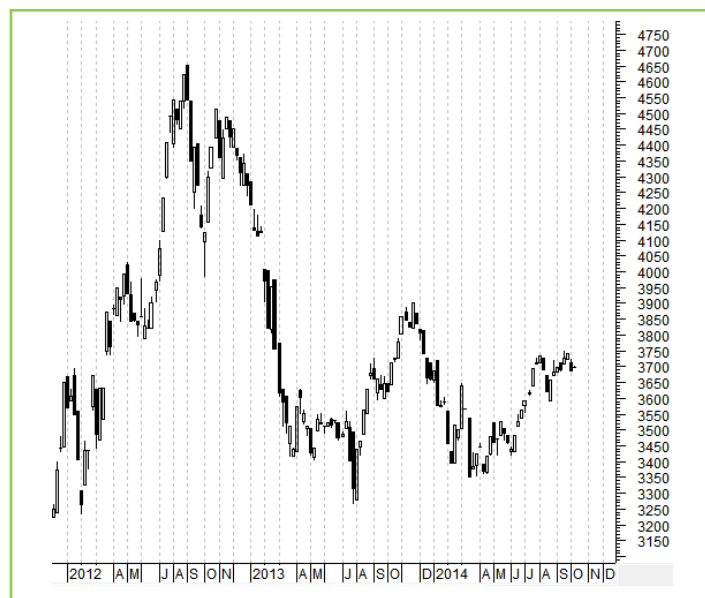
Technical Analysis:

NCDEX RM Seed Futures



*Note: Daily Chart

RM Seed Spot, Jaipur



Support & Resistance NCDEX RM Seed – Nov. contract

S2	S1	PCP	R1	R2
3550	3577	3633	3731	3773

- The weekly candlestick chart pattern reveals losses in RM seed.
- The prices closed below 9-day and 18-day EMA.
- RSI and stochastic are easing in the neutral territory.
- MACD is easing in the positive territory.
- Prices are expected to feature losses in near-term.
- **Trade Recommendation (NCDEX RM SEED - Nov) Week: SELL** Below 3635 for a Target –3585; T2-3550; SL -3665.

Trade Recommendation RM Seed Spot (Jaipur basis): In spot, the new soybean crop arrivals will weigh on the RM seed prices. Prices of seed are expected to be in the range between 3680 - 3705 levels during the week. They were between 3680 -3725 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.

<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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