

Executive Summary

The grain and oilseeds markets remained closed for festivities during the week under review. Soybean, soy meal and RM seed prices remained near previous week's level.

Soy meal:

- ❖ Soy meal witnessed losses in tandem with soybean and mustard seed during the week under review.
- ❖ Sharp fall in India's soy meal shipments during the season 2013-14 and season's lowest exports in September continued to pressure the domestic meal market.
- ❖ Likely rise in the global soy meal supplies in 2014/15 season with surge in soybean production in US and expected rise in planting in Brazil and Argentina kept the meal under pressure.
- ❖ The domestic soybean crushing is picking up the pace with rising new crop supplies which will eventually lead to the increase in soy meal supplies in coming days.
- ❖ Iran, France and Sri Lanka remained the key buyers of Indian soy meal during the 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.

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.

Soybean:

- ❖ Soybean remained weak on supply pressure followed by soybean harvesting gaining momentum in the key growing states. The bean supplies substantially increased in recent days.
- ❖ The new crop supplies have gained momentum in Madhya Pradesh, Maharashtra and Rajasthan. The daily arrivals in Madhya Pradesh have surged 3.5 to 4.0 lakh bags compared to 1.5 – 2.0 lakh bags previously.
- ❖ The harvest of US soybean crop as on Oct 12 is complete by 40% by the date which is lower than the 5 year average of 53%. Dropping leaves is reported at 91% which is at par with 5 year average. The crop is 73% in good to excellent condition. The weather in the US mid-west continues to be favourable for the crop left for harvesting, adding bears to the fundamental.

- ❖ The USDA's October'14 monthly World Agriculture Supply and Demand report was bearish as it once again increased the US soybean yield to 47.1 bushels per acre from 46.6 bu per acre in September which eventually increased the US soybean production to 3.927 billion bushels from 3.913 bbu estimated on September report.

RM Seed:

- ❖ RM seed witnessed losses pressured by the soybean on surge in new bean supplies and bearish global outlook in near-term.
- ❖ The monthly Malaysian Palm Oil Board data was bearish with increased report of palm oil inventories from previous month, another major pressurizing factor.
- ❖ Malaysia's palm oil inventories by the end of September surged to 1.8 percent to 2,089,859 tonnes against 2,053,175 tonnes at the end of August, reported by Malaysian Palm Oil Board this week.
- ❖ The increase in inventories in the world's second-largest palm oil producer was above the market expectations for end-stocks to hold steady near a more than one-year high of 2.05 million tonnes.
- ❖ Further, Indonesia is likely to keep its export tax on crude palm oil at zero for November to give the market a boost and curb inventories. Meanwhile, Malaysia has already exempted the export taxes on crude palm oil from September until the end of December. These steps will make the availability and imports of palm oil cheaper in the international market.

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 compared 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.
- ❖ Brazil's crop supply agency Conab forecast a record 2014/15 soybean crop of between 88.83 million tonnes and 92.41 million tonnes in its first forecast of the season. Besides, Argentina's farmers are expected to plant from 20.6 million to 20.9 million hectares with soybeans this year, up from 20.2 million hectares in the previous season.
- ❖ 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. The harvest of US soybean crop as on Oct 19 is complete by 53% by the date which is lower than the 5 year average of 66%. Dropping leaves is reported at 95% which is slightly lower than the 5 year average of 97%. The crop is 73% in good to excellent condition. The weather in the US mid-west continues to be favourable for the crop left for harvesting, adding bears to the fundamental.
- ❖ 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)		
	22-Oct-14	17-Oct-14	Parity To

Indore (MP)	25500-25600	26500	Gujarat, MP
Kota	26000	26500	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	28200	2800-28500	Mumbai, Maharashtra
Nagpur (42/46)	26200	27500-28000	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	NA	28500	Andhra, AP, Kar, TN
Latur	28000	28400	-
Sangli	28200	29100	Local and South
Sholapur	28000	28800	Local and South
Akola	26500	27500	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Hingoli	NA	28300	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Bundi	26500	26500	-

Soy DOC at Port

Centers	Port Price	
	22-Oct-14	17-Oct-14
Kandla (FOR) (INR/MT)	27350	27500
Kandla (FAS) (USD/MT)	447	446

International Soy DOC			
Argentina FOB USD/MT	23-Oct-14	16-Oct-14	Change
Soybean Pellets	436	417	19
Soybean Cake Flour	436	417	19
Soya Meal	444	425	19
Soy Expellers	444	425	19

Sunflower (DOC) Rates	Ex-factory rates (Rs/ton)		
Centers	22-Oct-14	17-Oct-14	Change
Adoni	20000	20000	Unch
Khamgaon	NA	NA	-
Parli	20500	20500	Unch
Latur	20000	20000	Unch

Groundnut Meal (Rs/MT)	22-Oct-14	17-Oct-14	Change
Basis 45%, Saurashtra	24500	24000	500
Basis 40%, Saurashtra	21500	21000	500

GN Cake, Gondal	24000	23500	500
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Mustard DOC/Meal	22-Oct-14	17-Oct-14	Change
Jaipur (Plant delivery)	13000	13000	Unch
Kandla (FOR Rs/MT)	14000	14000	Unch

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

The grain and soybean markets remained closed for festivities during the week under review. The sentiments remain intact (weak) for the short-term on bearish supply scenario.

In previous week, soybean edged-lower on supply pressure followed by soybean harvesting gaining momentum in the key growing states. The bean supplies substantially increased in recent days and the old crop stocks have been fully cleared with rising new supplies.

The moisture content in the bean is gradually falling and it is reported between 9% - 12% varying from state to state.

The new crop supplies have gained momentum in Madhya Pradesh, Maharashtra and Rajasthan. The daily arrivals in Madhya Pradesh have surged 3.5 to 4.0 lakh bags compared to 1.5 – 2.0 lakh bags previously.

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.

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

The harvest of US soybean crop as on Oct 19 is complete by 53% by the date which is lower than the 5 year average of 66%. Dropping leaves is reported at 95% which is slightly lower than the 5 year average of 97%. The crop is 73% in good to excellent condition. The weather in the US mid-west continues to be favourable for the crop left for harvesting, adding bears to the fundamental.

The USDA's October'14 monthly World Agriculture Supply and Demand report was bearish as it once again increased the US soybean yield to 47.1 bushels per acre from 46.6 bu per acre in September which eventually increased the US soybean production to 3.927 billion bushels from 3.913 bbu estimated on September report.

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.

Further, continued drought in Mato Grosso and several parts of Goias, Minas Gerais and Mato Grosso do Sul, has lead to unfavourable conditions for soybean plantings and early crop growth.

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

Dull trade activity featured in soy meal during the week on festivities. Soy meal continued to feature losses in tandem with soybean and mustard seed during the week under review. The sentiments remain intact (weak) for short-term

Sharp fall in India's soy meal shipments during the season 2013-14 and season's lowest exports in September continued to pressure the domestic meal market.

Likely rise in the global soy meal supplies in 2014/15 season with surge in soybean production in US and expected rise in planting in Brazil and Argentina kept the meal under pressure.

The domestic soybean crushing is picking up the pace with rising new crop supplies which will eventually lead to the increase in soy meal supplies in coming days.

India's soy meal prices have to be attractive in order to boost the exports unlike during 2013/14 season, lower soybean production and weak supplies and meal kept the meal prices unattractive against the price of the competitors.

Iran, France and Sri Lanka remained the key buyers of Indian soy meal during the 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 28,500 – 29,700/MT compared to Rs 33,500 – 34,300/MT during the same period last year.

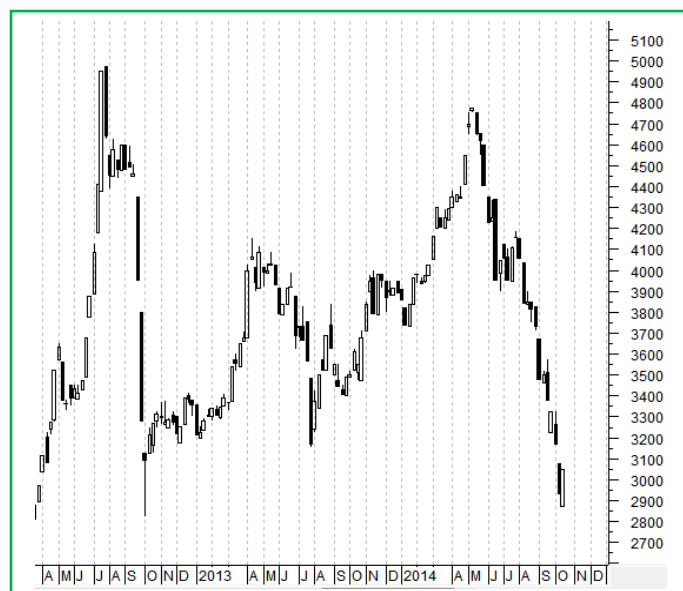
Recommendation: *Indian meal exporters are advised to market their meal to the countries in vicinity including traditional South and Far-East Asian destinations and Iran. Indian soy meal continued to face price competition from South American soy meal due to new crop soybean supplies. India is into the 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
2919	2977	3063	3172	3250

- Weekly soybean candlestick chart pattern reveals strong buying in the market.
- Prices closed below 9-day and 18-day EMA.
- RSI is rising in neutral region while stochastic is rising in overbought 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 3060. Levels: Target – 3160; T2- 3190, SL -3000.

Trade Recommendation Soybean - Spot: Soybean prices are expected feature gains with buyers seen keen in enquiries with the fall in moisture in the newly harvested beans in the domestic markets. The prices are likely to be in the band of 3100 – 3200 levels (Indore, Plant basis) during the week.

Rapeseed - Mustard Seed

The grain and oilseeds markets remained closed for festivities during the week. The outlook remain steady to weak followed by soybean supply pressure in the domestic and international market.

RM seed witnessed losses previous week pressured by the soybean on surge in new bean supplies and bearish global outlook in near-term.

The monthly Malaysian Palm Oil Board data was bearish with increased report of palm oil inventories from previous month, another major pressurizing factor.

Malaysia's palm oil inventories by the end of September surged to 1.8 percent to 2,089,859 tonnes against 2,053,175 tonnes at the end of August, reported by Malaysian Palm Oil Board.

The increase in inventories in the world's second-largest palm oil producer was above the market expectations for end-stocks to hold steady near a more than one-year high of 2.05 million tonnes.

Further, Indonesia is likely to keep its export tax on crude palm oil at zero for November to give the market a boost and curb inventories. Meanwhile, Malaysia has already exempted the export taxes on crude palm oil from September until the end of December. These steps will make the availability and imports of palm oil cheaper in the international market.

India's current stock of edible oils, as on 1st Oct., 2014, at various ports is estimated at 715,000 tons (CPO 350,000 tons, RBD Palmolein 85,000 tons, Degummed Soybean Oil 150,000 tons, Crude Sunflower Oil 120,000 tons and 10,000 tons of Rapeseed (Canola) Oil and about 1,000,000 tons in pipelines. Total stock, both at ports and in pipelines decreased to 1,715,000 tons from 1,820,000 tons in previous month.

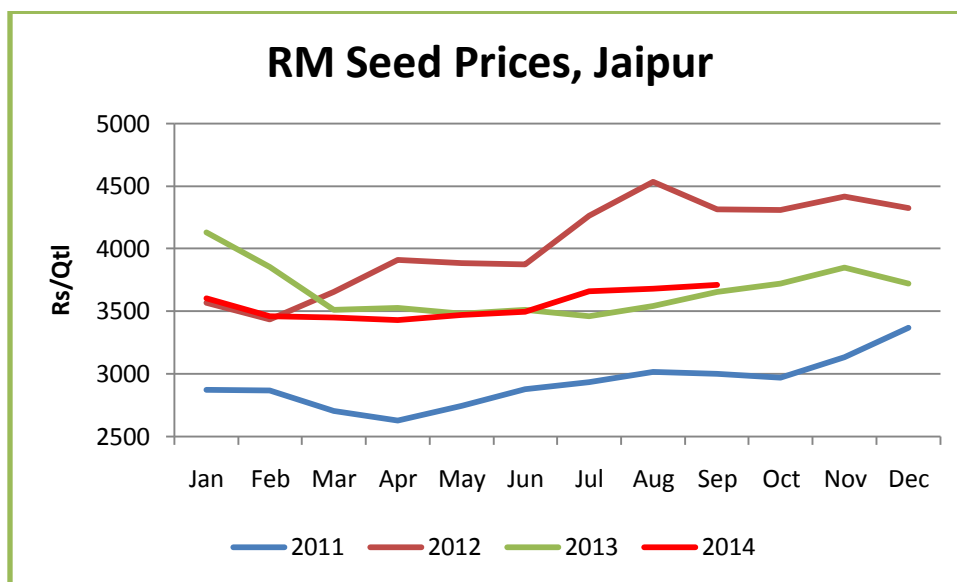
In the latest-October, USDA monthly world agriculture supply and demand report, the rapeseed production is reduced for Canada primarily for lower yields reported in the last recent survey done by Statistics Canada. Rapeseed production is increased to a record 23.5 million tons for EU.

All the above factors remained bearish for domestic mustard seed as it closely tracks Malaysian palm oil (BMD CPO).

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.

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

Seasonal demand from the major consuming centers will definitely lend support to the seed in near to medium term.



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
3528	3572	3685	3727	3767

- The weekly candlestick chart pattern reveals close above previous week's level in RM seed.
- The prices closed above 9-day EMA.
- RSI and stochastic are rising in the neutral territory.
- MACD is easing in the negative territory.
- Prices are expected to feature gains in near-term.
- **Trade Recommendation (NCDEX RM SEED - Nov) Week: BUY** Above 3685 for a Target –3735; T2- 3755; SL -3655.

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 gain on crushing demand and will be in the range between 3740- 3745 levels during the week. They were between 3665 -3705 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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