

## Executive Summary

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Soybean, soy meal and RM seed prices edged-up on fresh buying after festivities, besides higher international market remained supportive for the oilseeds market during the week under review.

### **Soy meal:**

- ❖ Soy meal posted gains in line with the soybean on expected overseas and domestic demand with the increase in seasonal soybean crushing.
- ❖ However, the start in soy meal export sales in the beginning of the new 2014/15 is witnessed poor. Indian soy meal exports are expected to fall to a multi-year low of only 0.7-0.8 Mn T in Oct/Dec 2014, as forward bookings are weak.
- ❖ Reserved selling in soy products by the South American countries in recent weeks has increased the dependency on US will restrict any sharp fall in the international market in soy product.
- ❖ At same time, expected 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 will keep the soy meal market will keep the meal under pressure during the season.
- ❖ India's soy meal prices have to be attractive in order to boost the exports unlike during 2013/14 season. Iran, France and Sri Lanka remained the key buyers of Indian soy meal during the season.

### **Soybean:**

- ❖ Soybean extended previous gains on buying support and short-term bullish international factors during the week under review.
- ❖ The domestic harvesting is in full swing buyers are seen covering their stocks. However, the daily bean supplies slightly eased in key physical markets due to Muharram and Guru Nanak Jayanti during the week. The average daily arrivals of Madhya Pradesh fell to 3.5 - 4.0 lakh bags which were 4.5 – 5.0 lakh bags in previous week.
- ❖ Further, the soybean supplies in the international market have increased with US harvesting in full swing. The harvest of US soybean crop as on Nov 02 is complete by 83% which is at par with the 5 year average.

- ❖ In the US weekly export sales report last week, the US soybean export inspections were reported at a weekly record at 2.77 Mln T, which is up 22-23% on the week and on the year. The primary export destinations were China, Vietnam, Portugal, Mexico, Spain, Egypt and South Korea. This is another, bullish factor.

**RM Seed:**

- ❖ RM seed featured mild gains on buying interest among millers and the stockists during the week under review.
- ❖ The sellers were keen in offloading the seed with the extended gains, though there was no sharp rise in the seed prices. Seasonal rise in mustard oil demand subsequently increases the seed demand for crushing.
- ❖ The RM seed planting is gaining momentum in the key growing states the seed planting, as reported in previous weeks, was ahead of the previous year.
- ❖ India's RM seed planting is gaining momentum and the area coverage under the seed by 30 October 2014 was reported at 18.64 lakh hectares up 4.56 lha compared to previous year at 14.08 lha. The area under RM seed is likely to be higher this season.
- ❖ Exports of Malaysian palm oil products for October fell 2.0 percent to 1,463,982 tonnes from 1,494,371 tonnes shipped during September - cargo surveyor Societe Generale de Surveillance. India imported 335,829 tons of palm oil products from Malaysia during October.
- ❖ As per Malaysian Palm Oil Board (MPOB), Malaysian palm oil stocks could drop 14 percent at end-2014 to 1.8 million tons from the 2.09 million tons hit at end-September. Moreover, ending stocks for 2015 projected at 1.7 million tons. On the production front, Malaysian palm oil production may rise to 20.5 million tons in 2015.

## International Highlights

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- ❖ In the US weekly export sales report last week, the US soybean export inspections were reported at a weekly record at 2.77 Mln T, which is up 22-23% on the week and on the year. The primary export destinations were China, Vietnam, Portugal, Mexico, Spain, Egypt and South Korea.
- ❖ G-5 shipments of soybeans were lower by about 1 Mn T from a year ago in Sept/Oct 2014, as reported by Oil World.
- ❖ Indonesian palm oil shipments exceeded Oil World's estimates at 1.70 Mn T in August, 0.24 Mn T which is above a year ago.
- ❖ As per Oil World, the global supplies of palm oil is expected to rise by only 2.2 Mn T in Oct/Sept 2014/15, which is down from an average annual growth of 3.9 Mn T in the past 3 seasons.
- ❖ The soybean supplies in the international market have increased with US harvesting in full swing. The harvest of US soybean crop as on Nov 02 is complete by 83% which is at par with the 5 year average.
- ❖ Falling South American soybean shipments are raising the global dependence on the USA in Sept/Febr 2014/15. South American soybean exports are estimated to have fallen to 1.1-1.2 Mn T in October – Oil World.
- ❖ China's soybean import is estimated to 73.5 Mn T in Oct/Sept 2014/15 by the Oil World.
- ❖ Argentina is expected to seed 20.6 million hectares with soybeans in the 2014/15 season.
- ❖ The much needed recent rains in Brazil was not sufficient for the soybean planting, the weather and soil moisture is still dry.
- ❖ 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.
- ❖ 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.
- ❖ 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 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.
- ❖ 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)		
	7-Nov-14	31-Oct-14	Parity To
Indore (MP)	28700	28500	Gujarat, MP
Kota	28500	28500-29000	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	31000	27400	Mumbai, Maharashtra
Nagpur (42/46)	29500	30700	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	30100	28100	Andhra, AP, Kar ,TN
Latur	30800	30500	-
Sangli	31300	28300	Local and South
Sholapur	31500	31200	Local and South
Akola	29800	29500	Andhra, Chattisgarh, Orrisa,Jharkhand, WB
Hingoli	30100	27100	Andhra, Chattisgarh, Orrisa,Jharkhand, WB
Bundi	28400	29000	-

**Soy DOC at Port**

Centers	Port Price	
	7-Nov-14	31-Oct-14
Kandla (FOR) (INR/MT)	30100	30000
Kandla (FAS) (USD/MT)	489	489

**International Soy DOC**

Argentina FOB USD/MT	6-Nov-14	30-Oct-14	Change
Soybean Pellets	462	457	5
Soybean Cake Flour	462	457	5
Soya Meal	470	465	5
Soy Expellers	470	465	5

Sunflower (DOC) Rates	Ex-factory rates (Rs/ton)		
Centers	7-Nov-14	31-Oct-14	Change
Adoni	19800	20200	-400
Khamgaon	NA	NA	-
Parli	20000	20500	-500
Latur	19700	20200	-500

Groundnut Meal (Rs/MT)	7-Nov-14	31-Oct-14	Change
Basis 45%, Saurashtra	25500	26000	-500
Basis 40%, Saurashtra	22500	23000	-500
GN Cake, Gondal	25500	26000	-500

Mustard DOC/Meal	7-Nov-14	31-Oct-14	Change
Jaipur (Plant delivery)	13700	13300	400
Kandla (FOR Rs/MT)	14600	14300	300

## Progress of Sown Area – Rabi Oilseeds, India

In the official *rabi oilseeds* planting report (week ending 30 Oct 2014), the area coverage under *Rabi* oilseeds is reported at 20.3 lakh hectares, up 13.2% from 17.94 lakh ha previous year. Of the major oilseeds, rapeseed/mustard seed sowing is reported up by 32.4% at 18.64 lha compared to 14.08 lha during the same period last year. Groundnut at 0.71 lha vs 1.64, safflower at 0.12 lha vs 0.32 lha, sunflower at 0.59 lha vs 1.72 lha, sesamum 0.02 vs 0.06, linseed 0.20 lha vs 0.08 lha during the same period last year.

Crop	As on 30 Oct 2014	As on 30 Oct 2013	% Change
Rapeseed/Mustard	18.64	14.08	32.4
Groundnut	0.71	1.64	-56.7
Safflower	0.12	0.32	-62.5
Sunflower	0.59	1.72	-65.7
Sesamum	0.02	0.06	-66.7
Linseed	0.20	0.08	150.0
Others	0.02	0.04	-50.0
<b>Total Oilseeds</b>	<b>20.30</b>	<b>17.94</b>	<b>13.2</b>

(Area in lakh hectares) Source: GOI

## Soybean

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Soybean extended previous gains on buying support and short-term bullish international factors during the week under review.

The buyers including solvent extractors and stockists remained active, though there was no aggressive buying, during the week.

The domestic harvesting is in full swing buyers are seen covering their stocks. However, the daily bean supplies slightly eased in key physical markets due to Muharram and Guru Nanak Jayanti during the week. The average daily arrivals of Madhya Pradesh fell to 3.5 - 4.0 lakh bags which were 4.5 – 5.0 lakh bags in previous week.

Further, the soybean supplies in the international market have increased with US harvesting in full swing. The harvest of US soybean crop as on Nov 02 is complete by 83% which is at par with the 5 year average.

In the US weekly export sales report last week, the US soybean export inspections were reported at a weekly record at 2.77 Mln T, which is up 22-23% on the week and on the year. The primary export destinations were China, Vietnam, Portugal, Mexico, Spain, Egypt and South Korea. This is another, bullish factor.

Further, the Brazil's soybean plantings continued to lag and it is severely behind the optimal planting period due to dry weather. Recent rains were insufficient to relive the planting process.

Besides,, weak South American supplies on reserved selling and dependency on US market has boosted the benchmark CBOT soy complex thus lending support to the soy market world-wide.

The above factors will certainly lend support to the international and domestic soybean as well.

The soybean prices may take some correction early in the week, but overall the prices will recover and will be higher than the week under review. The market is expecting bearish USDA monthly demand and supply report and MPOB data which may pressure the market to some extent. The domestic soybean prices are likely to increase in near-term.

## Soy meal

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Soy meal posted gains in line with the soybean on expected overseas and domestic demand with the increase in seasonal soybean crushing.

However, the start in soy meal export sales in the beginning of the new 2014/15 is witnessed poor. Indian soy meal exports are expected to fall to a multi-year low of only 0.7-0.8 Mn T in Oct/Dec 2014, as forward bookings are weak.

India's soy meal export sales shipments during the season 2013-14 witnessed a sharp fall after the weak season for soybean due to its production. India's total soy meal exports in the previous season (Oct 2013/ Sep 14) were just 2.01 Mn T against 3.45 Mn T in 2012/13. Country saw season's lowest exports in September which continued to pressure the domestic meal market.

Reserved selling in soy products by the South American countries in recent weeks has increased the dependency on US will restrict any sharp fall in the international market in soy product.

At same time, expected 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 will keep the soy meal market will keep the meal under pressure during the season.

India's soy meal prices have to be attractive in order to boost the exports unlike during 2013/14 season. 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 in October more than doubled from a September to 218,307 tonnes due to increase in rapeseed meal exports to South Korea and Thailand.

India's soy meal exports improved to 29071 tonnes in October from 868 tonnes a month ago, the Solvent Extractors' Association of India. Of total oilmeal shipments in October, soy meal comprised of 29,071 tonnes, rapeseed meal (13,33,93 tonnes), ricebran extraction (31,25 tonnes) and castorseed meal was 52,718 tonnes.

We feel the major international buyers will shift towards India after rise in seasonal supplies with improved soybean crushing making meal prices competitive in coming days. India's soy meal export is expected to pick-up in 2014/15 season.

The soy meal prices are expected to gain on improved Chinese buying from US and with the rise in benchmark CBOT soy product prices followed by increased dependency on US in recent days.

*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. Iran, Japan, Europe, Thailand, Vietnam, Indonesia and South Korea could be seen as the major destinations for Indian soy meal exports.*

India's Y-o-Y soy meal prices declined. Soy meal export price, FOR Kandla (Dec – Jan delivery) was quoted between Rs 29,500 – 30,100/MT compared to Rs 35,000 – 36,500/MT during the same period last year.

**Recommendation:** *As the India's soy meal prices are getting competitive with improved new soybean crushings, Indian meal exporters are advised to aggressively explore the lost markets last season especially traditional South and Far-East Asian destinations and Iran. India has just entered into the period of higher exports considering seasonality. The domestic meal prices are likely to feature steady to firm tone during in near-term. FOR, Kandla (Dec – Jan delivery) is expected to feature range bound movement with firm bias and the quotes will range between Rs. 31,000 – 31500/MT levels in the upcoming week.*

## Technical Analysis:

### NCDEX Soybean Futures



### Soybean Spot, Indore



\*Note: Daily Chart

### Support & Resistance NCDEX Soybean – DEC. contract

S2	S1	PCP	R1	R2
3146	3190	3330	3480	3570

- Soybean weekly chart pattern reveals indecision in the market.
- Prices closed above 9-day and 18-day EMA.
- RSI is flatter in neutral region while stochastic is heading upwards in neutral zone.
- MACD is rising in positive territory.
- The prices are expected to feature gains in coming week.
- **Trade Recommendation (NCDEX Soybean – DEC) Week: BUY** Above 3328. Levels: Target – 3398; T2- 3440, SL -3286.

**Trade Recommendation Soybean - Spot:** Soybean prices are expected to feature gains followed by buyers, solvent extractors and stockists, covering their stock in the domestic markets. The prices are likely to be in the band of 3300– 3400 levels (Indore, Plant basis) during the week.

## Rapeseed - Mustard Seed

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RM seed featured mild gains on buying interest among millers and the stockists during the week under review.

The sellers were keen in offloading the seed with the extended gains, though there was no sharp rise in the seed prices. Seasonal rise in mustard oil demand subsequently increases the seed demand for crushing.

The RM seed planting is gaining momentum in the key growing states the seed planting, as reported in previous weeks, was ahead of the previous year.

India's RM seed planting has commenced and the area coverage under the seed by 30 October 2014 was reported at 18.64 lakh hectares up 4.56 lha compared to previous year at 14.08 lha. The area under RM seed is likely to be higher this season.

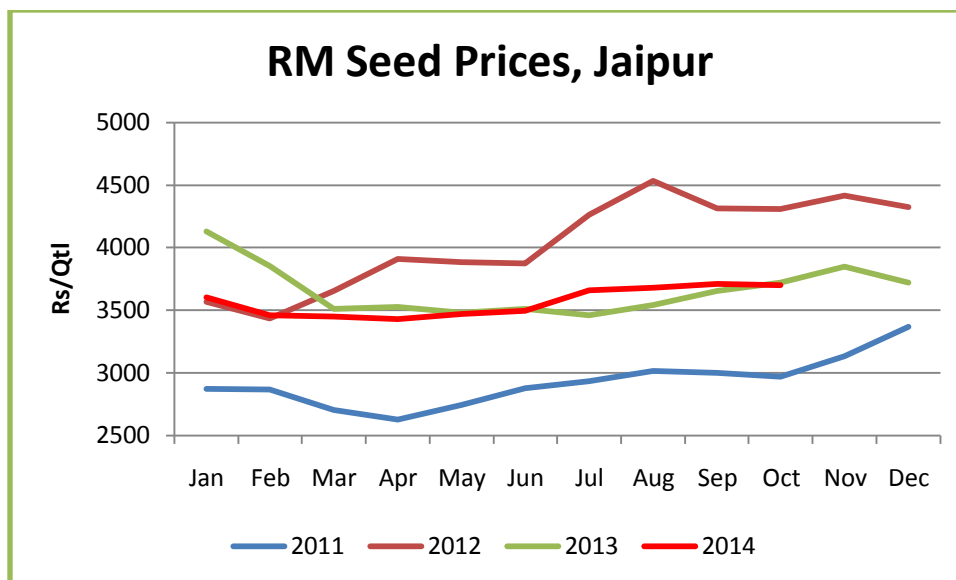
Exports of Malaysian palm oil products for October fell 2.0 percent to 1,463,982 tonnes from 1,494,371 tonnes shipped during September - cargo surveyor Societe Generale de Surveillance. India imported 335,829 tons of palm oil products from Malaysia during October.

As per Malaysian Palm Oil Board (MPOB), Malaysian palm oil stocks could drop 14 percent at end-2014 to 1.8 million tons from the 2.09 million tons hit at end-September. Moreover, ending stocks for 2015 projected at 1.7 million tons. On the production front, Malaysian palm oil production may rise to 20.5 million tons in 2015.

Continued Malaysian palm exports and expectations of lower inventories in coming days remained supportive, but India's seed prices are still under pressure with the cheaper availability of palm oil in the international market and in consistent imports by at the current competitive international prices.

Exemption of export duty by the key palm oil exporters including Indonesia and Malaysia have for sometime have already made the palm oil imports cheaper for India, thus exerting pressure on the domestic RM seed in recent weeks.

However, the RM seed will continue uptrend in coming few week on improved seasonal RM oil demand and lean season in the seed.



## Technical Analysis:

### NCDEX RM Seed Futures



\*Note: Daily Chart

### RM Seed Spot, Jaipur



### Support & Resistance NCDEX RM Seed – DEC. contract

S2	S1	PCP	R1	R2
3676	3705	3792	3849	3892

- The weekly candlestick chart pattern reveals continued buying interest the RM seed.
- The prices closed above 9-day and 18-day EMA.
- RSI and stochastic are rising in the neutral territory.
- MACD is easing in the positive territory.
- Prices are expected to feature gains in near-term.
- **Trade Recommendation (NCDEX RM SEED - DEC) Week: BUY** Above 3790 for a Target – 3830; T2- 3760; SL -3766.

**Trade Recommendation RM Seed Spot (Jaipur basis):** In spot, buying support will boost the 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 3740 -3750 levels during the week under review.

## Annexure

### 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.

<b>Crop</b>	<b>As on 09 Oct 2014</b>	<b>As on 09 Oct 2013</b>	<b>% Change</b>
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
<b>Total Oilseeds</b>	<b>178.47</b>	<b>194.90</b>	<b>-8.4</b>

(Area in lakh hectares) Source: GOI

### Rabi MSP 2014-15

- ❖ The Cabinet Committee on Economic Affairs has approved the Minimum Support Prices (MSPs) for Rabi Oilseeds Crops of 2014-15 season to be marketed in 2015-16 as follows: The MSP of Rapeseed/Mustard is raised by Rs. 50/Qtl to Rs. 3100/Qtl from Rs. 3050/Qtl earlier. For Safflower too it is increased by Rs. 50/Qtl to Rs. 3050/Qtl from Rs. 3000/Qtl in 2013-14.

### 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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