

Executive Summary

Soybean, soy meal fell on cautious buying while RM seed extended previous gains on continued buying support in the cash market week under review.

Soy meal:

- ❖ Soy meal fell in line with the soybean on supply pressure and cautious buying in anticipation of fall in the prices, during the week under review.
- ❖ The forward bookings of soy meal of Indian origin is lower than expected, with the start in new season, as Indian meal sellers are unable to attract the international buyers for the prices are still not that attractive,
- ❖ Though India recorded higher soy meal shipments in October 2014 as compared to September'14 but it was 84% lower than the same period last year.
- ❖ India's soy meal export sales during the season 2013-14 witnessed a sharp fall after the weak season for soybean due to lower bean 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.
- ❖ India's soy meal prices have to be attractive in order to boost the exports unlike during 2013/14 season. Iran, France, Indonesia, Greece and Sri Lanka remained the key buyers of Indian soy meal during the season.
- ❖ Top 3 buyers of Indian soy meal in October were also Iran, Indonesia and Sri Lanka.

Soybean:

- ❖ Soybean fell on supply pressure in domestic market and bearish global outlook in soybean during the week under review.
- ❖ The domestic soybean supplies are at peak and are in full swing, the average daily arrivals of Madhya Pradesh increased to 4.0 – 4.5 lakh bags which were 3.5 – 4.0 lakh bags in previous week.
- ❖ Besides, surge in seasonal US soybean supplies in the international market kept the benchmark, CBOT, both sided with increased buying at the same time. The US soybean harvesting is complete and the US

soybean exports inspection are getting stronger day by day with improved buying from the major consumers.

- ❖ Bearish USDA and MPOB demand and supply reports with increased US soybean production estimates and higher palm oil inventories remained bearish for the oilseeds market.
- ❖ The soybean prices are expected to feature gains on expected rise in the buying in near-term.

RM Seed:

- ❖ RM seed extended previous gains on primarily on buying support and improved Malaysian palm oil despite weakness in crude oil during the week under review.
- ❖ The demand prospects in RM seed gets stronger with the improved seasonal demand in RM oil from Nov. thru Jan. But at the same time the seed supplies dwindle during the period on lean season, thus lending support to the seed prices during the period.
- ❖ Reports of lower yield and production in palm fruits in the Malaysia and Indonesia remained bullish for BMD CPO for short-term which boosted the CPO prices in BMD thus lending support to India's RM seed. Further,
- ❖ As per Thomas Mielke, palm oil futures could rise to between 2,300 ringgit and 2,500 ringgit per tons in the first quarter of next year. However, if Brent crude oil price correct below USD 75 per barrels may lead to losses in the CPO prices too but unlikely to drop below 2,000 ringgit a tons. The statement remained bullish for CPO.
- ❖ However, bearish MPOB data and India's higher edible oil imports remained bearish for domestic oils and fats market.
- ❖ The seed prices are expected to stronger on seasonal mustard oil demand.

International Highlights

- ❖ China is expected to import around 4.47 million metric tons of soybean (tonnes) to ports in November, state the Ministry of Commerce in its latest report. Meanwhile, the ministry pegged the October soybean purchases at 3.32 million tonnes.
- ❖ Malaysia's palm oil inventories at the end of Oct. rose 3.7% to 2,166,453 tonnes against 2,090,001 tonnes at the end of September, figures released by Malaysian Palm Oil Board. Exports of Malaysian palm oil products in the month of Oct. declined 1.4 % to 1.61 million tonnes, the MPOB said. Crude palm oil production declined 0.2% to 1.89 million tonnes.
- ❖ India imported 11.62 million tonnes of edible oil during Sep-Oct 2013/14 compared to 10.68 million tonnes during the same period previous season, stated the Solvent Extractors' Association(SEA).
- ❖ India's 2013/14 soyoil imports stood at 1.95 Mn T against 1.09 Mn T in 2012/14 season. Palm oil purchases were slightly lower at 7.29 Mn T against 8.29 Mn T last season. Sunflower oil imports were recorded at 1.51 Mn T against 0.97 Mn T in 2012/13.
- ❖ 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.
- ❖ 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.
- ❖ 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)		
	14-Nov-14	7-Nov-14	Parity To
Indore (MP)	28400	28700	Gujarat, MP
Kota	28500	28500	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	30500	31000	Mumbai, Maharashtra
Nagpur (42/46)	30250	29500	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	29900	30100	Andhra, AP, Kar ,TN
Latur	31000	30800	-
Sangli	30700	31300	Local and South
Sholapur	30800	31500	Local and South
Akola	29500	29800	Andhra, Chattisgarh, Orrisa,Jharkhand, WB
Hingoli	29800	30100	Andhra, Chattisgarh, Orrisa,Jharkhand, WB
Bundi	28500	28400	-

Soy DOC at Port

Centers	Port Price	
	14-Nov-14	7-Nov-14
Kandla (FOR) (INR/MT)	30125	30100
Kandla (FAS) (USD/MT)	489	489

International Soy DOC			
Argentina FOB USD/MT	12-Nov-14	6-Nov-14	Change
Soybean Pellets	447	462	-15
Soybean Cake Flour	447	462	-15
Soya Meal	455	470	-15
Soy Expellers	455	470	-15

Sunflower (DOC) Rates	Ex-factory rates (Rs/ton)		
Centers	14-Nov-14	7-Nov-14	Change
Adoni	19500	19800	-300
Khamgaon	NA	NA	-
Parli	20000	20000	Unch
Latur	19500	19700	-200

Groundnut Meal (Rs/MT)	14-Nov-14	7-Nov-14	Change
Basis 45%, Saurashtra	25500	25500	Unch
Basis 40%, Saurashtra	22500	22500	Unch
GN Cake, Gondal	25500	25500	Unch

Mustard DOC/Meal	14-Nov-14	7-Nov-14	Change
Jaipur (Plant delivery)	14500	13700	800
Kandla (FOR Rs/MT)	15500	14600	900

Progress of Sown Area – Rabi Oilseeds, India

In the official *rabi oilseeds* planting report (week ending 13 Nov 2014), the area coverage under *Rabi* oilseeds is reported at 54.03 lakh hectares, up 0.5% from 53.75 lakh ha during the same period last year. Of the major oilseeds, rapeseed/mustard seed sowing is reported up by 4% at 48.87 lha compared to 47.01 lha during the same period last year. Groundnut at 1.71 lha vs 1.79, safflower at 0.45 lha vs 0.79 lha, sunflower at 1.64 lha vs 2.5 lha, sesamum 0.16 vs 0.23, linseed 1.06 lha vs 1.29 lha during the same period last year.

Crop	As on 13 Nov 2014	As on 13 Nov 2013	% Change
Rapeseed/Mustard	48.87	47.01	4.0
Groundnut	1.71	1.79	-4.5
Safflower	0.45	0.79	-43.0
Sunflower	1.64	2.50	-34.4
Sesamum	0.16	0.23	-30.4
Linseed	1.06	1.29	-17.8
Others	0.14	0.14	0.0
Total Oilseeds	54.03	53.75	0.5

(Area in lakh hectares) Source: GOI

Soybean

Soybean fell on supply pressure in domestic market and bearish global outlook in soybean during the week under review.

The domestic soybean supplies are at peak and are in full swing, the average daily arrivals of Madhya Pradesh increased to 4.0 – 4.5 lakh bags which were 3.5 – 4.0 lakh bags in previous week.

Besides, surge in seasonal US soybean supplies in the international market kept the benchmark, CBOT, both sided with increased buying at the same time. The US soybean harvesting is complete and the US soybean exports inspection are getting stronger day by day with improved buying from the major consumers.

Bearish USDA and MPOB demand and supply reports with increased US soybean production estimates and higher palm oil inventories remained bearish for the oilseeds market.

The domestic soybean market is looking for a strong direction and it will follow the international oils and fats market which is expected to move up with bullish factors developing in the market.

China is expected to import around 4.47 million metric tons of soybean (tonnes) to ports in November, stated by the Ministry of Commerce in its latest report. Meanwhile, the ministry pegged the October soybean purchases at 3.32 million tonnes.

Conab, the Brazil's government crop supply agency has forecast a 2014/15 soybean crop of between 89.3 million tonnes and 91.7 million tonnes, from its previous estimates of 88.8-92.4 million tonnes. The production is record high despite downward revision in the production estimate of 3 million tonnes.

Looking at the future demand in the seed and soy products from the major importers, we feel the bean prices to strengthen in near-term.

Soy meal

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Though India recorded higher soy meal shipments in October 2014 as compared to September'14 but it was 84% lower than the same period last year.

India's soy meal export sales during the season 2013-14 witnessed a sharp fall after the weak season for soybean due to lower bean 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.

India's soy meal prices have to be attractive in order to boost the exports unlike during 2013/14 season. Iran, France, Indonesia, Greece and Sri Lanka remained the key buyers of Indian soy meal during the season.

Top 3 buyers of Indian soy meal in October were also Iran, Indonesia and Sri Lanka.

As discussed earlier that the soy meal price spread between Argentina and India has narrowed in recent weeks 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 likely to post gains on improved Chinese buying from US and with the rise in benchmark CBOT soy product prices.

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 – 30,350/MT compared to Rs 35,000 – 36,150/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.30,500 – 31,000/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	3307	3480	3570

- Soybean featured side-ways movement in the weekly chart.
- Prices closed above 9-day and 18-day EMA.
- RSI is easing in neutral region while stochastic is heading upwards in neutral zone.
- MACD is rising in positive territory.
- The prices are expected to feature losses in coming week.
- **Trade Recommendation (NCDEX Soybean – DEC) Week: SELL** Above 3310. Levels: Target – 3250; T2- 3220, SL -3346.

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 3250 – 3350 levels (Indore, Plant basis) during the week.

Rapeseed - Mustard Seed

RM seed extended previous gains on primarily on buying support and improved Malaysian palm oil despite weakness in crude oil during the week under review.

The demand prospects in RM seed gets stronger with the improved seasonal demand in RM oil from Nov. thru Jan. But at the same time the seed supplies dwindle during the period on lean season, thus lending support to the seed prices during the period.

Reports of lower yield and production in palm fruits in the Malaysia and Indonesia remained bullish for BMD CPO for short-term which boosted the CPO prices in BMD thus lending support to India's RM seed. Further,

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However, bearish MPOB data and India's higher edible oil imports remained bearish for domestic oils and fats market.

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India imported record edible oils in 2013/14 due to attractive overseas prices in sunflower, soy and palm oils last season.

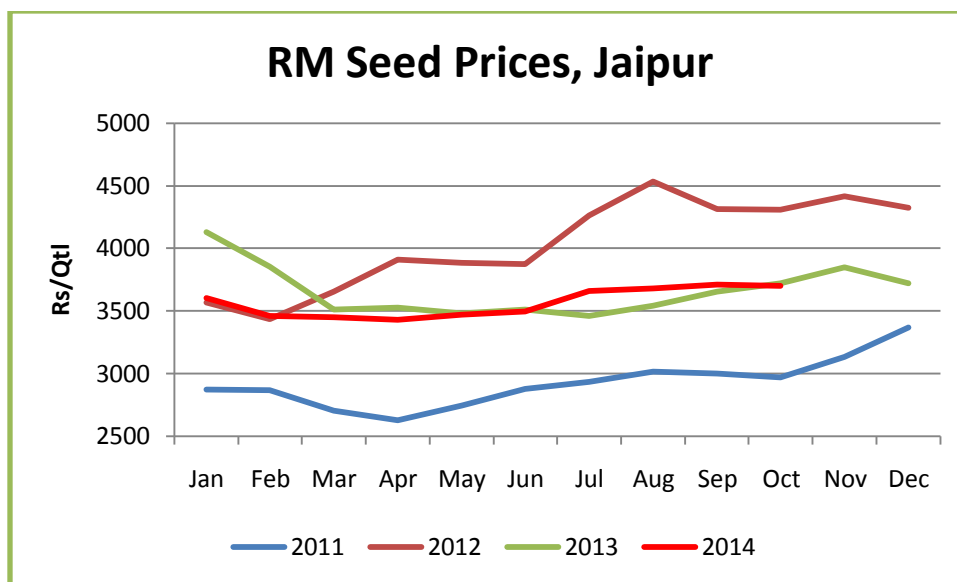
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The major source of India's oil imports are Indonesia and Malaysia for palm oil, South America for soyoil; Ukraine and Russia for sunflower oil.

India's import bill towards edible oils is likely to reach US \$15 billion against US \$9.3 billion in 2013-14 followed by lower kharif oilseeds production, reported by industry body Assocham.

Considering the factors, the RM seed will continue to feature gains in coming weeks 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
3737	3668	3875	3950	3980

- 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 3870 for a Target – 3920; T2- 3950; SL -3840.

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 3775 - 3810 levels during the week. They were between 3720 - 3790 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.

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

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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