

Executive Summary

Soybean, meal posted gains in conjunction with RM seed on fresh buying during the week under review. Falling supplies too remained supportive for the market.

Soy meal:

- ❖ Soy meal extended previous gains in association with soybean during the week under review. Improved overseas demand in October, new season, and fresh seasonal domestic demand from poultry and poultry feed industry remained supportive for the meal.
- ❖ The domestic soy meal demand increases with the rise in poultry consumption in winter which keeps the soy meal market stable. Further, overseas meal demand gets shifted to India with increased pace in the soybean crushings.
- ❖ However, global supply pressure and weakness in crude in conjunction with subdued Malaysian palm oil limited the upside in domestic soy meal.
- ❖ India's soy meal shipments in October 2014 rose as compared to September'14 but it was 84% lower than the same period last year.
- ❖ India's soy meal export sales suffered during the 2013-14 season and 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.
- ❖ 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.

Soybean:

- ❖ Soybean edged-up on demand from solvent extractors and supplies declining from its recent peak, when harvesting was in full swing.
- ❖ The solvent extractors and stockists are covering their stocks for their crushing needs in future and to meet soy meal exports/forward booking obligations.

- ❖ The domestic soybean supplies continued to ease from its peak, the daily average arrivals of Madhya Pradesh fell to 2.4 - 2.5 lakh bags which were 3.0 – 3.25 lakh bags in previous week and 4.5 – 5 lakhs a couple of weeks back.
- ❖ Further, international soybean market remained supportive for the domestic bean during the week under review. The US soybean exports inspection remained strong in previous weeks which remained supportive. Besides, China is expected to boost its soybean buying in coming weeks to cover its state inventories. Its imports were lower in October.
- ❖ Further, the concern regarding plantings and crop prospects in South America has eased with improved moisture conditions in several growing areas in the region. The soybean plantings Argentina is complete by 44.8% of the total estimated but still behind above 1.0 Mn ha from same period last year.

RM Seed:

- ❖ RM seed continued upward trend on continued buying support from millers and the stockists to meet the fresh seasonal mustard oil demand.
- ❖ As discussed earlier, that the mustard oil consumption improves as the weather temperature dips in the key consuming region with increased consumption of snack and fries.
- ❖ India's mustard seed planting is in full swing but it is lagging 4.7% compared to the same period last year and. We expect India's total area under RM seed to be near previous season, which was 71.4 lakh hectares.
- ❖ However, weakness in Malaysian palm oil followed by fall in crude mineral oil and lower exports limited the gains in the RM seed.

International Highlights

- ❖ The global production of soybeans has been raised by 1.3 Mn T to 309.1 Mn T, 24.3 Mn T, by Oil World, above last season – Oil World.
- ❖ Crushings of 3 major oilseeds in EU exceeded expectations and reached 11.15 Mn T in July/Sept 2014 – Oil World.
- ❖ In Brazil the moisture situation has improved in many soybean growing areas and the concern of plantings and crop prospects in South America eased from earlier. However, Argentina's soybean plantings were still 1.2 Mn ha behind last year as of Nov 20 - Oil World.
- ❖ As per reports of Oil World, EU total imports of palm oil surged to an all-time high 7.1 Mn T in Oct/Sept 2013/14.
- ❖ Brazilian and Argentine soybean plantings has made a good progress but are still delayed from it's normal. Unusually dry conditions now reported from several producing regions. It is still early, but the situation must be monitored.
- ❖ 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.
- ❖ 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)		
	28-Nov-14	21-Nov-14	Parity To
Indore (MP)	29500	28700-29000	Gujarat, MP
Kota	29500	28500	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	30200	30300	Mumbai, Maharashtra
Nagpur (42/46)	31500	30000	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	30200	29700	Andhra, AP, Kar ,TN
Latur	31000	31000	-
Sangli	31500	29900	Local and South
Sholapur	31000	30500	Local and South
Akola	29700	29200	Andhra, Chattisgarh, Orrisa,Jharkhand, WB
Hingoli	29800	29300	Andhra, Chattisgarh, Orrisa,Jharkhand, WB
Bundi	30000	28500	-

Soy DOC at Port

Centers	Port Price	
	28-Nov-14	21-Nov-14
Kandla (FOR) (INR/MT)	31200	30475
Kandla (FAS) (USD/MT)	503	493

International Soy DOC

Argentina FOB USD/MT	25-Nov-14	20-Nov-14	Change
Soybean Pellets	461	421	40
Soybean Cake Flour	461	421	40
Soya Meal	469	429	40
Soy Expellers	469	429	40

Sunflower (DOC) Rates	Ex-factory rates (Rs/ton)		
Centers	28-Nov-14	21-Nov-14	Change
Adoni	19800	19600	200
Khamgaon	NA	NA	-
Parli	20000	19800	200
Latur	19700	19500	200

Groundnut Meal (Rs/MT)	28-Nov-14	21-Nov-14	Change
Basis 45%, Saurashtra	26000	25200	800
Basis 40%, Saurashtra	23000	22200	800
GN Cake, Gondal	25500	25000	500

Mustard DOC/Meal	28-Nov-14	21-Nov-14	Change
Jaipur (Plant delivery)	15800	14800	1000
Kandla (FOR Rs/MT)	16600	15500	1100

Progress of Sown Area – Rabi Oilseeds, India

In the official *rabi oilseeds* planting report (week ending 27 Nov 2014), the area coverage under *Rabi* oilseeds is reported at 65.08 lakh hectares, down 7.3% from 70.22 lakh ha during the same period last year. Of the major oilseeds, rapeseed/mustard seed sowing is reported down by 4.7% at 58.17 lha compared to 61.05 lha during the same period last year. Groundnut at 2.02 lha vs 2.38, safflower at 0.61 lha vs 1.22 lha, sunflower at 1.90 lha vs 2.89 lha, sesamum 0.26 vs 0.35, linseed 1.56 lha vs 2.0 lha during the same period last year.

Crop	As on 27 Nov 2014	As on 27 Nov 2013	% Change
Rapeseed/Mustard	58.17	61.05	-4.7
Groundnut	2.02	2.38	-15.1
Safflower	0.61	1.22	-50.0
Sunflower	1.90	2.89	-34.3
Sesamum	0.26	0.35	-25.7
Linseed	1.86	2.00	-7.0
Others	0.26	0.33	-21.2
Total Oilseeds	65.08	70.22	-7.3

(Area in lakh hectares) Source: GOI

Soybean

Soybean edged-up on demand from solvent extractors and supplies declining from its recent peak, when harvesting was in full swing.

The solvent extractors and stockists are covering their stocks for their crushing needs in future and to meet soy meal exports/forward booking obligations.

The domestic soybean supplies continued to ease from its peak, the daily average arrivals of Madhya Pradesh fell to 2.4 - 2.5 lakh bags which were 3.0 – 3.25 lakh bags in previous week and 4.5 – 5 lakhs a couple of weeks back.

Further, international soybean market remained supportive for the domestic bean during the week under review. The US soybean exports inspection remained strong in previous weeks which remained supportive. Besides, China is expected to boost its soybean buying in coming weeks to cover its state inventories. Its imports were lower in October.

Further, the concern regarding plantings and crop prospects in South America has eased with improved moisture conditions in several growing areas in the region. The soybean plantings Argentina is complete by 44.8% of the total estimated but still behind above 1.0 Mn ha from same period last year.

As per Buenos Aires Grains Exchange, Argentina's soybean planting is complete by 44.8% of the expected sowing area as on 27 Nov. 2014.

Brazil is expected to harvest record soybean in 2015 estimated between 88.83 – 91 million tonnes (by Abivove and Conab), despite dry weather, all time high plantings. The Brazil's soybean harvesting is likely to get delayed by 20-25 days this season due to the delay in planting followed by dry weather.

Normally Brazil's soybean harvesting commences in February and in Argentina it begins in March, both are expected to harvest late for delayed planting, this will be bullish factor for short period.

The domestic soybean will remain under pressure on bearish global supply scenario and weakness in crude oil. Any sustained recovery in crude oil will lend support to the bean to some extent.

Soy meal

Soy meal extended previous gains in association with soybean during the week under review. Improved overseas demand in October, new season, and fresh seasonal domestic demand from poultry and poultry feed industry remained supportive for the meal.

The domestic soy meal demand increases with the rise in poultry consumption in winter which keeps the soy meal market stable. Further, overseas meal demand gets shifted to India with increased pace in the soybean crushings.

However, global supply pressure and weakness in crude in conjunction with subdued Malaysian palm oil limited the upside in domestic soy meal.

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

India's soy meal export sales suffered during the 2013-14 season and 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.

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.

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 feature range bound movement followed by US support 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 (Jan – Feb delivery) was quoted between Rs 30,600– 32,000/MT compared to Rs 35,500 – 36,000/MT during the same period last year.

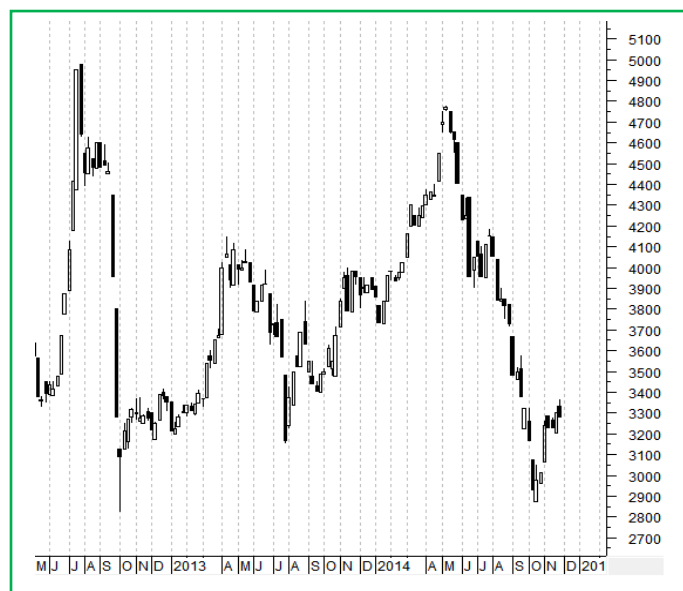
Recommendation: *As the India's soy meal prices are getting competitive with improved new soybean crushings, Indian meal exporters are advised to aggressively explore the lost markets last season especially traditional South and Far-East Asian destinations and Iran. India has just entered into the period of higher exports considering seasonality. The domestic meal prices are likely to feature steady to firm tone during in near-term. FOR, Kandla (Jan – Feb delivery) is expected to feature range bound movement with firm bias and the quotes will range between Rs.31200 – 31,600/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
3072	3146	3300	3506	3610

- Soybean featured side-ways movement in the weekly chart.
- Prices closed above 9-day and 18-day EMA.
- RSI and stochastic are 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 3295. Levels: Target – 3350; T2- 3370, SL -3262.

Trade Recommendation Soybean - Spot: Soybean prices are expected to feature range-bound movement with weak bias. The prices are likely to be in the band of 3250 – 3350 levels (Indore, Plant basis) during the week.

Rapeseed - Mustard Seed

RM seed continued upward trend on continued buying support from millers and the stockists to meet the fresh seasonal mustard oil demand.

As discussed earlier, that the mustard oil consumption improves as the weather temperature dips in the key consuming region with increased consumption of snack and fries.

India's mustard seed planting is in full swing but it is lagging 4.7% compared to the same period last year and. We expect India's total area under RM seed to be near previous season, which was 71.4 lakh hectares.

However, weakness in Malaysian palm oil followed by fall in crude mineral oil and lower exports limited the gains in the RM seed.

In an another forecast by James Fry, Malaysian crude palm oil may drop to 1,740 ringgits per tons next year, if Brent crude slides to \$60 a barrel as weak crude oil may dent the palm demand which can be used as a biofuels. Moreover, Malaysian crude palm oil is expected to average 2,235 ringgit (\$661) per tons in 2015 if Brent is at \$80 a barrel and to drop to 1,985 ringgit if Brent is at \$70, which will eventually pressure the domestic RM seed.

Mistry kept his forecast that palm oil prices had bottomed out and would reach 2,500 ringgit by March, before climbing higher as inventories shrink to their lowest in June. However, the price gain will depend on Indonesia's biodiesel targets. On the production front, Indonesian palm output may rise to 31.5 million tonnes in 2015 from 30 million tonnes projected for this year, and jump another 2.5-3 million tonnes in 2016 as large areas of oil palm acreage mature.

Exports of Malaysian palm oil products for Nov. 1-25 fell 3.3 percent to 1,098,870 tonnes from 1,136,943 tonnes shipped during Oct. 1-25, cargo surveyor Societe Generale de Surveillance. Indian buyers imported 205,900 tons v/s 204,600 tons compared to same period of last month, the report remained bearish for the domestic RM seed.

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

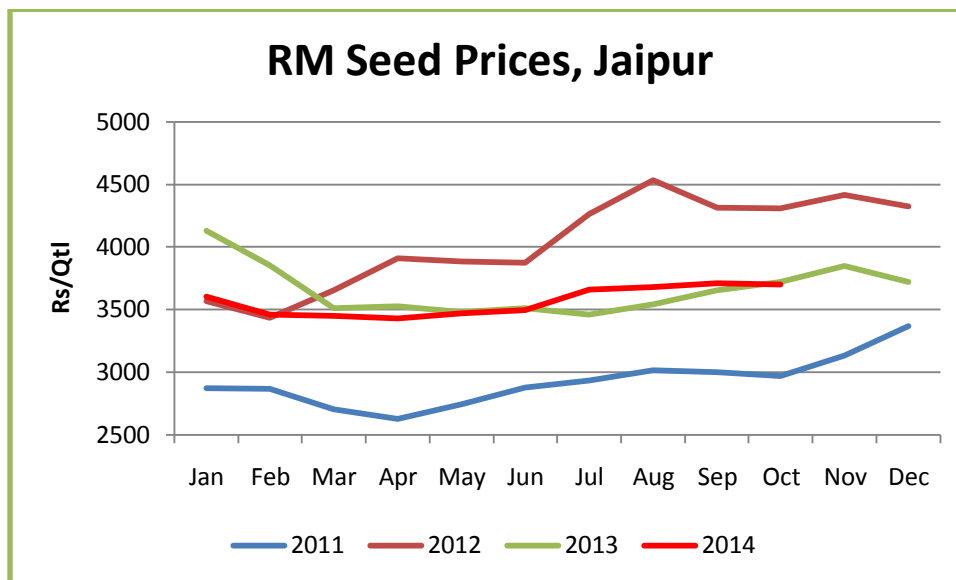
India imported 11.62 million tonnes of edible oil during Sep-Oct 2013/14 compared to 10.68 million tonnes during the same period previous season, stated the Solvent Extractors' Association(SEA).

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.

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.

The RM seed will continue to witness gains in coming weeks on improved seasonal demand in mustard oil and falling supplies 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
3725	3781	3881	3950	4000

- The weekly candlestick chart pattern reveals side-ways movement in RM seed.
- The prices closed above 9-day and 18-day EMA.
- RSI is easing in neutral region while stochastic is rising in the neutral territory.
- MACD is rising in the positive territory.
- Prices are expected to feature gains in near-term.
- **Trade Recommendation (NCDEX RM SEED - DEC) Week: BUY** Above 3880 for a Target – 3920; T2- 3940; SL -3856.

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 3870 – 3900 levels during the week. They were between 3820 – 3895 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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