

Executive Summary

Soybean and meal and RM seed posted gains in tandem primarily on supportive buying in the cash market during the week under review. Recent gains in CBOT soybeans and Malaysian palm oil remained supportive too.

Soy meal:

- ❖ Soy meal featured gains in anticipation of higher overseas and seasonal domestic demand during the week under review.
- ❖ The demand of the international soy meal buyer's shift towards India with the advent of new marketing season followed by improved soybean crushing.
- ❖ Seasonally the domestic increase in poultry consumption during winter subsequently pushes up the demand in soy meal for the poultry feed used as a key ingredient which keeps local meal prices stable.
- ❖ As discussed earlier, the overseas meal demand slightly improved m-o-m but it remained significantly lower compared to the same period last year.
- ❖ The domestic meal demand has already suffered to some extent with the recent concern of the outbreak of bird-flu in some parts of Kerala.
- ❖ Further, bearish global supply scenario and weakness in crude in conjunction with subdued Malaysian palm oil limited the upside in domestic soy meal.
- ❖ India's soy meal shipments in Nov. 2014 rose 282% as compared to Oct.'14 but it was 78% lower than the same period last year.

Soybean:

- ❖ Soybean witnessed gains on improved buying support in the physical market during the week under review.
- ❖ Continued fall in the soybean supplies in recent weeks in the domestic cash markets remained positive for the market. Further, gains in benchmark CBOT soy complex in recent days and improved Chinese soybean buying remained supportive international factors too.

- ❖ The domestic soybean supplies continued to fall from its peak, the daily average arrivals in Madhya Pradesh fell to 1.25- 2.0 lakh bags this week which were 2 - 3 lakh bags previous week and 4.5 – 5 lakhs about a month back.
- ❖ China imported 6.03 million tonnes of soybeans in November which is up 47.1% from 4.10 million tonnes in October which remained positive for the soybean market.
- ❖ However, weak soy meal export sales limited the gains in the beans.
- ❖ The USDA report was mostly neutral for soybean. The soybean production estimate of US, Brazil and Argentina in the December World Agriculture Supply and Demand report by USDA is kept intact compared the estimates in November.
- ❖ The US soybean production estimates are at 107.73 Mln T, Brazil's 94 Mln T and Argentina's 55 Mln T, the figures are same as Nov.

RM Seed:

- ❖ RM seed continued upward trend on supportive buying from millers and the stockists with improved mustard oil demand in the major consuming centers like West Bengal and Kashmir.
- ❖ The demand in mustard oil consumption improves during winter with increased consumption of snack and fries.
- ❖ Further, India's continued rapeseed extract shipments to major destinations like Iran, Vietnam and Indonesia continued to lend support to the seed.
- ❖ India's mustard seed planting is lagging by 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.
- ❖ The fall in planting pace was due to warm weather in most of the growing areas initially where farmers waited for the rain spells so that the soil moisture improves.
- ❖ However, the recent rains over growing regions will boost the soil moisture.
- ❖ Malaysian palm oil stocks for November rose 5.2 percent to 2,278,369 tons v/s 2,166,525 tons at the end of October. Last year at the same time stocks were 1,978,685 tons. On the production front, Malaysia's palm oil production during Jan-Nov, 2014 stood at 18.3 million tons, 4.57% higher from the last year of the corresponding year.

International Highlights

- ❖ The soybean production estimate of US, Brazil and Argentina in the December World Agriculture Supply and Demand report by USDA is kept intact compared the estimates in November.
- ❖ The US soybean production estimates are at 107.73 Mln T, Brazil's 94 Mln T and Argentina's 55 Mln T, the figures are same as Nov.
- ❖ However, we feel the USDA will reduce the production of Brazil and Argentina followed by dry weather initially during the initial crop development.
- ❖ Brazil's Agriculture Ministry's crop supply agency Conab has estimated its 2014/15 soybean production at record 95.8 million tonnes, higher than the USDA. It also said Brazil is expected to export a record 49.6 million tonnes of the soybean, which is sharply higher from the 45.6 million tonnes estimated to be exported during the current season.
- ❖ India's edible oil imports in November consist of crude sunflower oil to 1.94 (1.20) lakh tons, crude soybean oil to 1.21 (0.14) lakh tons, CPO to 7.12 (5.50) lakh tons and RBD palmolein to 0.55 (2.08) lakh tons. Values in bracket depicts last year same period import figures.
- ❖ Malaysian palm oil stocks for November rose 5.2 percent to 2,278,369 tons v/s 2,166,525 tons at the end of October. Last year at the same time stocks were 1,978,685 tons. On the production front, Malaysia's palm oil production during Jan-Nov, 2014 stood at 18.3 million tons, 4.57% higher from the last year of the corresponding year.
- ❖ Brazil's has exported 0.98 mln T of soy meal in November compared to 1.18 mln T in October and 1.27 mln T a year ago.
- ❖ 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.
- ❖ 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.
- ❖ 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.
- ❖ 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.
- ❖ 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)		
	12-Dec-14	5-Dec-14	Parity To
Indore (MP)	29200-29500	29000	Gujarat, MP
Kota	29100-29200	29000	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	30500	29800	Mumbai, Maharashtra
Nagpur (42/46)	30500	30500	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	NA	30500	Andhra, AP, Kar ,TN
Latur	31000	30300	-
Sangli	31000	30500	Local and South
Sholapur	30900	30500	Local and South
Akola	29200	29000	Andhra, Chattisgarh, Orrisa,Jharkhand, WB
Hingoli	NA	30100	Andhra, Chattisgarh, Orrisa,Jharkhand, WB
Bundi	29500	29000	-

Soy DOC at Port

Centers	Port Price	
	12-Dec-14	5-Dec-14
Kandla (FOR) (INR/MT)	30675	30750
Kandla (FAS) (USD/MT)	491	497

International Soy DOC

Argentina FOB USD/MT	10-Dec-14	4-Dec-14	Change
Soybean Pellets	442	428	14
Soybean Cake Flour	442	428	14
Soya Meal	450	436	14
Soy Expellers	450	436	14

Sunflower (DOC) Rates	Ex-factory rates (Rs/ton)		
Centers	12-Dec-14	5-Dec-14	Change
Adoni	19600	19600	Unch
Khamgaon	NA	NA	-
Parli	19800	19800	Unch
Latur	19500	19500	Unch

Groundnut Meal (Rs/MT)	12-Dec-14	5-Dec-14	Change
Basis 45%, Saurashtra	25800	25800	Unch
Basis 40%, Saurashtra	22800	22800	Unch
GN Cake, Gondal	25500	25500	Unch

Mustard DOC/Meal	12-Dec-14	5-Dec-14	Change
Jaipur (Plant delivery)	16500	16000	500
Kandla (FOR Rs/MT)	17800	17000	800

Progress of Sown Area – Rabi Oilseeds, India

In the official *rabi oilseeds* planting report (week ending 04 Dec 2014), the area coverage under *Rabi* oilseeds is reported at 67.94 lakh hectares, down 9.5% from 75.1 lakh ha during the same period last year. Of the major oilseeds, rapeseed/mustard seed sowing is reported down by 7% at 60.18 lha compared to 64.54 lha during the same period last year. Groundnut at 2.47 lha vs 2.87, safflower at 0.65 lha vs 1.46 lha, sunflower at 1.97 lha vs 3.12 lha, sesamum 0.37 vs 0.47, linseed 2.0 lha vs 2.22 lha during the same period last year.

Crop	As on 04 Dec 2014	As on 04 Dec 2013	% Change
Rapeseed/Mustard	60.18	64.54	-6.8
Groundnut	2.47	2.87	-13.9
Safflower	0.65	1.46	-55.5
Sunflower	1.97	3.12	-36.9
Sesamum	0.37	0.47	-21.3
Linseed	2.00	2.22	-9.9
Others	0.30	0.42	-28.6
Total Oilseeds	67.94	75.10	-9.5

(Area in lakh hectares) Source: GOI

Soybean

Soybean witnessed gains on improved buying support in the physical market during the week under review.

Continued fall in the soybean supplies in recent weeks in the domestic cash markets remained positive for the market. Further, gains in benchmark CBOT soy complex in recent days and improved Chinese soybean buying remained supportive international factors too.

The domestic soybean supplies continued to fall from its peak, the daily average arrivals in Madhya Pradesh fell to 1.25- 2.0 lakh bags this week which were 2 - 3 lakh bags previous week and 4.5 – 5 lakhs about a month back.

China imported 6.03 million tonnes of soybeans in November which is up 47.1% from 4.10 million tonnes in October which remained positive for the soybean market.

However, weak soy meal export sales limited the gains in the beans.

The USDA report was mostly neutral for soybean. The soybean production estimate of US, Brazil and Argentina in the December World Agriculture Supply and Demand report by USDA is kept intact compared the estimates in November.

The US soybean production estimates are at 107.73 Mln T, Brazil's 94 Mln T and Argentina's 55 Mln T, the figures are same as Nov.

However, we feel the USDA will reduce the production estimates of Brazil and Argentina due to weak crop development in its reports later.

However, Brazil's Agriculture Ministry's crop supply agency Conab has estimated its 2014/15 soybean production at record 95.8 million tonnes, higher than the USDA. It also said Brazil is expected to export a record 49.6 million tonnes of the soybean, which is sharply higher from the 45.6 million tonnes estimated to be exported during the current season.

The fresh Chinese demand in the bean will lend support to the market. However, weak overseas meal demand of Indian origin, bearish global supply scenario and sharp fall in the crude oil will limit the gains in coming days.

Soy meal

Soy meal featured gains in anticipation of higher overseas and seasonal domestic demand during the week under review.

The demand of the international soy meal buyer's shift towards India with the advent of new marketing season followed by improved soybean crushing.

Seasonally the domestic increase in poultry consumption during winter subsequently pushes up the demand in soy meal for the poultry feed used as a key ingredient which keeps local meal prices stable.

As discussed earlier, the overseas meal demand slightly improved m-o-m but it remained significantly lower compared to the same period last year.

The domestic meal demand has already suffered to some extent with the recent concern of the outbreak of bird-flu in some parts of Kerala.

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

India's soy meal shipments in Nov. 2014 rose 282% as compared to Oct.'14 but it was 78% 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.

The top 3 buyers of Indian soy meal in November were also Iran, France and Indonesia.

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 Nov. 2014 fell 72% from a September 2013 to 157,356 tonnes due to fall in the shipments of S.B. extract, G.N., R.B. and CST extract.

India's soy meal exports improved to 110806 tonnes in November from 29071 tonnes in Oct., the Solvent Extractors' Association of India. Of total oilmeal shipments in October, soy meal comprised of 110806 tonnes, rapeseed meal (39,133 tonnes), ricebran extraction (3,750 tonnes) and castorseed meal was 3,667 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 30,675– 31,150/MT compared to Rs 35,200– 36,000/MT during the same period last year.

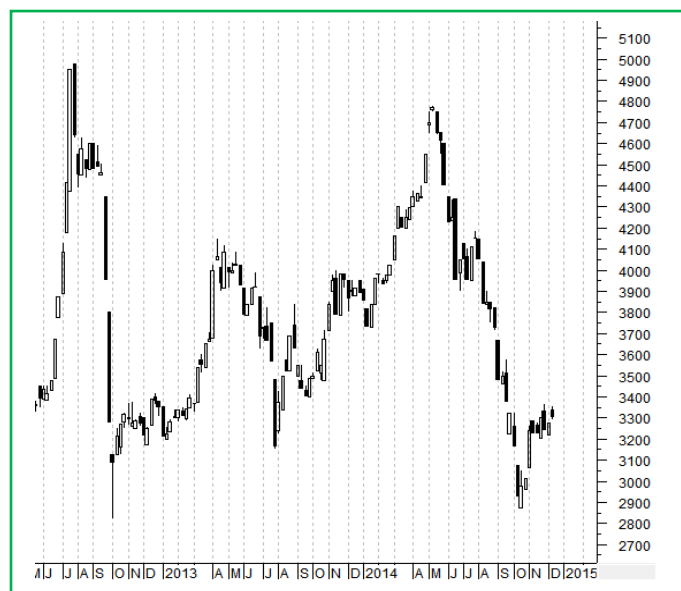
Recommendation: *As the India's soy meal prices are getting competitive with improved new soybean crushings, Indian meal exporters are advised to aggressively explore the lost markets last season especially traditional South and Far-East Asian destinations and Iran. India has just entered into the period 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.30,800 – 31500/MT levels in the upcoming week.*

Technical Analysis:

NCDEX Soybean Futures



Soybean Spot, Indore



*Note: Daily Chart

Support & Resistance NCDEX Soybean – Jan. contract

S2	S1	PCP	R1	R2
3117	3199	3317	3420	3510

- The weekly candlestick chart pattern reveals indecision in the market.
- However, prices closed above 9-day and 18-day EMA.
- RSI and stochastic are easing in neutral zone.
- MACD is rising in positive territory.
- The prices are expected to feature gains in coming week.
- **Trade Recommendation (NCDEX Soybean – Jan.) Week: BUY** Above 3315. Levels: Target – 3365; T2- 3395, SL -3285.

Trade Recommendation Soybean - Spot: Soybean prices will continue to feature range-bound movement. The prices are likely to be in the band of 3225 – 3375 levels (Indore, Plant basis) during the week.

Rapeseed - Mustard Seed

RM seed continued upward trend on supportive buying from millers and the stockists with improved mustard oil demand in the major consuming centers like West Bengal and Kashmir.

The demand in mustard oil consumption improves during winter with increased consumption of snack and fries.

Further, India's continued rapeseed extract shipments to major destinations like Iran, Vietnam and Indonesia continued to lend support to the seed.

India's mustard seed planting is lagging by 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.

The fall in planting pace was due to warm weather in most of the growing areas initially where farmers waited for the rain spells so that the soil moisture improves.

However, the recent rains over growing regions will boost the soil moisture.

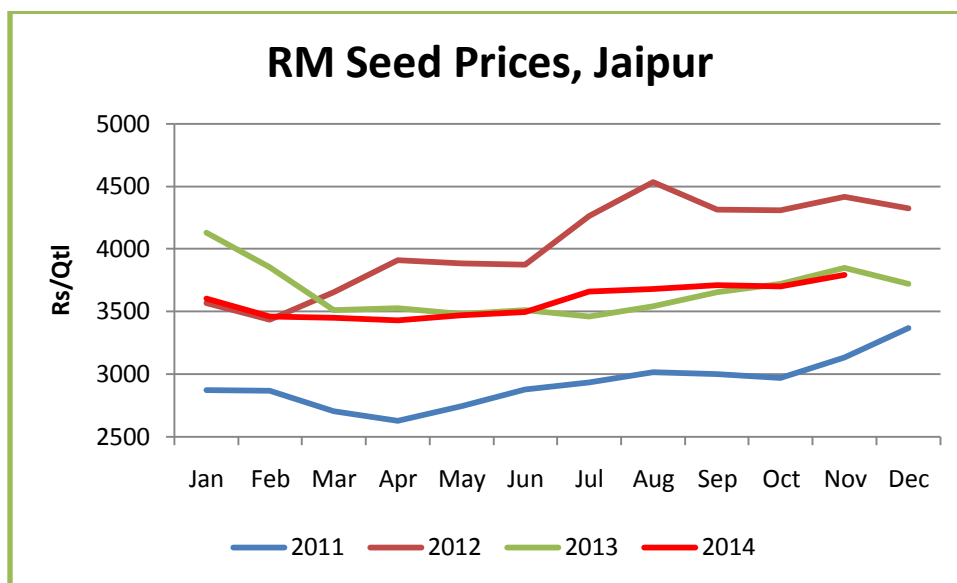
Malaysian palm oil stocks for November rose 5.2 percent to 2,278,369 tons v/s 2,166,525 tons at the end of October. Last year at the same time stocks were 1,978,685 tons. On the production front, Malaysia's palm oil production during Jan-Nov, 2014 stood at 18.3 million tons, 4.57% higher from the last year of the corresponding year.

Indian oilseeds, especially mustard seed closely tracks Malaysian palm oil which is already under pressure for lower exports and increasing inventories.

Further, India's edible oil imports in November consist of crude sunflower oil to 1.94 (1.20) lakh tons, crude soybean oil to 1.21 (0.14) lakh tons, CPO to 7.12 (5.50) lakh tons and RBD palmolein to 0.55 (2.08) lakh tons. Values in bracket depicts last year same period import figures.

The higher vegoil imports and subdued Malaysian palm oil limited the gains in the domestic RM seed.

The RM seed will continue to witness gains in coming weeks on improved seasonal demand in mustard oil and falling seed supplies.



Technical Analysis:

NCDEX RM Seed Futures



*Note: Daily Chart

RM Seed Spot, Jaipur



Support & Resistance NCDEX RM Seed – Jan. contract

S2	S1	PCP	R1	R2
3866	3956	4046	4244	4334

- The weekly candlestick chart pattern reveals surge in the prices.
- The prices closed above 9-day and 18-day EMA.
- RSI and stochastic are 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 - Jan) Week: BUY** Above 4044 for a Target – 4145; T2- 4180; SL -3983.

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 witness 4150 – 4200 levels during the week. They were between 3970 – 4125 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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