

Executive Summary

Soybean, meal and rapeseed-mustard remained almost flat due to sluggish trade activity in the domestic cash market on festivities. Weakness in international benchmark CBOT and BMD in conjunction with lower crude lent additional downward support during the week under review.

The soybean planting in Brazil is underway and it has sped up with rains over the key growing states like Mato Grosso. However, replanting in some place can't be ruled out, but the planting is still behind the 5 year average owing to dry weather in October.

The soybean harvesting in US is nearing completion and also in India, eventually the bean supplies are increasing.

Soybean, meal and rapeseed-mustard prices are expected to feature gains in upcoming week on renewed buying.

Outlook – Cash Market

Outlook - Soybean (Spot, Indore): Soybean prices are expected to feature range-bound movement with firm-bias. Buying activity is expected to improve with fresh demand from crushing units with resumption of the operation after festivities, during the week. However, higher global supply scenario, weakness in crude and feeble soy meal export from India has limited the upside during the week under review. The prices are expected to recover and witness 3700 – 3950 levels (Indore, Plant basis).

Outlook – Soy meal: India's soy meal prices remained almost flat compared the previous week. Competitive meal price in South America has led to demand shift to the region and Indian meal exports were badly hit last season. Indian meal exporters are advised to aggressively explore the lost markets of last season especially traditional South and Far-East Asian destinations and Iran. The domestic meal prices are likely to feature range bound movement with firm-bias in near-term. Soy meal, Indore is expected to witness Rs. 33,100 – 33,700/MT levels during the week.

Outlook - Rapeseed-Mustard (Spot, Jaipur basis): In spot, the RM seed is expected to range-bound movement with firm-bias on fresh demand after festivities. But, weak palm oil exports from Malaysia and Indonesia will restrict the gains. The seed prices are likely to be between 5270 – 5350 levels during the week.

International Highlights

- ❖ According to AgRural, Brazil's soybean planting has reached 60% compared to 47% on week ending November 6, 2015, but is still below 5-year average of 71%. In top soybean producing state of Mato Grosso sowing rose sharply to 83.7% complete, advance of 23% from week ending November 6, 2015. There are concerns of replanting in Mato Grosso, on dry weather conditions in October.
- ❖ In the US soybean crop progress report, as on 08 November, the soybean harvested is reported by 95% which is up from 5 year average of 93% and up from 89% during the corresponding period last year. The international soybean benchmark, CBOT, is under pressure on improved bean supplies.
- ❖ In the November monthly report, FCStone has estimated US 2015/16 soybean outturn at 3.91 billion bushels which is lower compared to their October estimate of 3.919 billion bushels.
- ❖ Argentina's area under soybean is likely to be at 19.8 million hectares in 2015/16 season, which is 1% lower than the last season. The area is estimated by Buenos Aires Grains Exchange.
- ❖ However, Rosario grain exchanged had estimated 20.5 million hectares up from their previous season's estimate of 20.2 million hectares.
- ❖ As per Rosario grains exchange, Argentina's 2015/16 area coverage under soybean is expected to be at 20.5 million hectares from 20.2 million hectares in the corresponding period last year.
- ❖ NOPA has reported US September soybean crush at 126.704 million bushels up 27% compared to the corresponding period last year, highest in September since 2007. However, NOPA members crushed 135.304 million bushels of soybean during August. Greater harvesting pace in US soybean is the reason cited.
- ❖ Informa has raised US 2015/16 soybean production estimate 3.878 billion bushels compared to 3.870 bbu in September. The soybean yield is pegged at 47.2 bushels per acre vs previously estimated 47.1 bpa
- ❖ In the quarterly USDA report the US soybean stocks as on 01 September 2015 were reported about 108% Y-o-Y at 5,209,730 metric tonnes compared to 2,503,580 during the corresponding period last year. The On farms stocks are reported at 13,52610 mt (58,0370 mt) and Off farms is reported at 38,57,120 mt (19,23,210 mt). The stocks are slightly lower than market expectations but higher than the corresponding period last year.

- ❖ Celeres has estimated Brazil's 2015-16 soybean crop at 97.1 million tonnes, up 1.2% than the previous season (95.9 million tonnes). The planting is expected to increase by 2.3% to 32.2 million hectares or 80 million acres from last season.
- ❖ FCStone has estimated Brazil's 2015-16 soybean production at 100.9 million tonnes, up from 96.2 million this season, 2014-15. Brazil's soybean planting is expected to commence in coming weeks.
- ❖ Pro Farmer has pegged US soybean outturn at 3.887 billion bushels per acre with an average productivity of 46.5 billion bushels per acre, in the recent crop tour.
- ❖ The estimate is lower than the USDA's recent report where it is projected at 3.916 billion bushels considering 46.6 bushels per acre.
- ❖ Informa Economics has forecasted U.S. soybean production at 3.789 billion bushels. Informa pegged the U.S. soy yield at 45.4 bushels per acre against USDA's 46.0 bushels.
- ❖ European Commission has slashed monthly forecast for 2015 EU rapeseed crop to 20.7 Mln T from 21.7 Mln T in June. This is mainly due to dry weather; which will increase the dependency on soy and palm oil.

Oil Meal Prices at Key Spot Markets:
Soy DOC Rates at Different Centers:

Centres	Ex-factory rates (Rs/ton)		
	13-Nov-15	6-Nov-15	Parity To
Indore (MP)	33300	33500	Gujarat, MP
Kota	33400	33500	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	34500	34800	Mumbai, Maharashtra
Nagpur (42/46)	34300	34300	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	35200	35000	Andhra, AP, Kar ,TN
Latur	35200	35600	-
Sangli	35800	35700	Local and South
Sholapur	35500	35000	Local and South
Akola	34500	34000	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Hingoli	34900	34400	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Bundi	33500	33500	-

Soy DOC at Port

Centers	Port Price	
	13-Nov-15	6-Nov-15
Kandla (FOR) (INR/MT)	NA	NA
Kandla (FAS) (USD/MT)	NA	NA

International Soy DOC			
Argentina FOB USD/MT	12-Nov-15	5-Nov-15	Change
Soybean Pellets	331	338	-7
Soybean Cake Flour	331	338	-7
Soya Meal	339	346	-7
Soy Expellers	339	346	-7

Sunflower (DOC) Rates	Ex-factory rates (Rs/ton)		
Centers	13-Nov-15	6-Nov-15	Change
Adoni	21700	21200	500
Khamgaon	NA	NA	-
Parli	NA	NA	-
Latur	21500	21000	500

Groundnut Meal (Rs/MT)	13-Nov-15	6-Nov-15	Change
Basis 45%, Saurashtra	28800	28800	Unch
Basis 40%, Saurashtra	25800	25800	Unch
GN Cake, Gondal	28500	28500	Unch

Mustard DOC/Meal	13-Nov-15	6-Nov-15	Change
Jaipur (Plant delivery)	19300	18700	600
Kandla (FOR Rs/MT)	19300	19200	100
Sri Ganganagar	2340	2280	60

Sown Area – *Rabi* Oilseeds, India

In the official *Rabi oilseeds* planting report (week ending 13 Nov. 2015), the total coverage area under *Rabi* oilseeds is reported at 31.67 lakh hectares, down 41.7% from 54.29 lakh ha in the corresponding period of last year. Of the major oilseeds, rapeseed-mustard sowing is reported down by 50% at 24.51 lha compared to 48.87 lha during the corresponding period of last year. Groundnut at 1.46 lha vs 1.57 lha, safflower at 0.73 lha vs 0.46 lha, sunflower at 1.78 lha vs 1.64 lha, sesamum 0.13 vs 0.16 and Linseed at 2.26 lha vs 1.06 lha during the same period last year.

Overall the kharif oilseeds area increased but the decline in yield potential will reduce the oilseeds production this season.

Crop	As on 13 Nov. 2015	As on 13 Nov. 2014	% Change
Rapeseed/Mustard	24.51	48.87	-49.8
Groundnut	1.46	1.57	-7.0
Safflower	0.73	0.46	58.7
Sunflower	1.78	1.64	8.5
Sesamum	0.13	0.16	-18.8
Linseed	2.26	1.06	113.2
Others	0.80	0.53	50.9
Total Oilseeds	31.67	54.29	-41.7

(Area in lakh hectares) Source: GOI

Soybean

The average weekly domestic soybean prices remained flat compared to the previous week with feeble buying due to festivities during the week under review.

The supplies significantly eased with the slow pace in harvesting.

The sentiments remained steady to weak similar to the earlier week. However, we feel the buying interest in the bean will improve with the resumption in operation of the crushing units during the week.

The bean supplies will once again improve in the key market centers and the but they are unlikely to touch the levels during the same period last year.

The recent average daily arrivals stood between 2.0 – 2.5 lakh bags compared to 4.0 – 4.5 lakh bags during the same period last year.

Cargill, ADM, ITC, Dhanuka Soy, Indian Solvent (ABIS), Advantage Overseas are the active buyers in Madhya Pradesh and are quoting around Rs 3,800/Qtl. (10-2-2 specification) for Dewas and Mandsaur delivery.

We feel the soybean prices to improve with renewed buying but the gains will be limited with weak soy meal export sales and sluggish international benchmark.

International:

Soybean fell at the international benchmark, CBOT during the week under review. Multiple bearish factors including fall in crude, faster harvesting pace in US, improved soybean planting pace in Brazil and estimated rise in 2016 US soybean area by Informa remained negative for the international soybean during the period under review.

The crude has fallen to around US \$ 40/bbl from over US \$ 40. Recent rains over soybean growing areas of Brazil has sped the planting in several areas mainly in Mato Grosso.

According to AgRural, Brazil's soybean planting has reached 60% compared to 47% on week ending November 6, 2015, but is still below 5-year average of 71%. In top soybean producing state of Mato Grosso sowing rose sharply to 83.7% complete, advance of 23% from week ending November 6, 2015. There are concerns of replanting in Mato Grosso, on dry weather conditions in October.

According to Somar Meteorologists rains occurred in last week. However, dry weather is forecasted for this week.

FCStone has reduced Brazil's soybean crop estimate for 2015/16 to 100.45 MMT from 101.1 MMT and has said that soil moisture is low and it could further reduce soybean crop estimate. The crop estimate is still the record in history.

In the US soybean crop progress report, as on 08 November, the soybean harvested is reported by 95% which is up from 5 year average of 93% and up from 89% during the corresponding period last year. The international soybean benchmark, CBOT, is under pressure on improved bean supplies.

In the USDA monthly November report, USDA increased soybean yield of US to 48.3 bu/acre from 47.2 bu/acre per acre in October. Harvested area remained unchanged at 82.4 million acres. Production of soybean rose to 3,981 (3,888) million bushels in November. Crush was increased to record levels at 1,890 (1,880) million bushels, exports was raised to 1,715 (1,675) million bushels, ending stocks rose to 465 (425) million bushels in November report. Values in brackets are figure of October USDA report.

In the November monthly report, FCStone has estimated US 2015/16 soybean outturn at 3.91 billion bushels which is lower compared to their October estimate of 3.919 billion bushels.

In the USDA's November crush report, the US soybean processors are reported to have crushed 4.04 million tons of soybean during September 2015 which is down from 4.34 million tons in August 2015, reported USDA.

Lower crushing is primarily due to fall in overseas demand mainly from China. However, the crush remained higher in September 2015 y-o-y.

China is consistently importing the soybean but the demand is lower compared to the previous years. Chinese soybean imports are likely to sharply rise in November 2015. Currently the bean prices are attractive with harvesting underway in US.

Again, Brazilian and Argentine soybean production will be additional decisive factors for the soybean prices in coming months.

China's soybean imports are expected to touch 22 million tonnes in the fourth quarter which is up 18% from the corresponding period last year but still down from 24.54 million tonnes from previous quarter.

Argentina's area under soybean is likely to be at 19.8 million hectares in 2015/16 season, which is 1% lower than the last season. The area is estimated by Buenos Aires Grains Exchange.

However, Rosario Grain Exchange had estimated 20.5 million hectares which is higher than their previous season's estimate of 20.2 million hectares.

Brazilian port congestion has hit the supplies and with waiting and sailing time doubled compared to the same period last year. The waiting time at the key port Paranagua, which contributes the 20% of Brazil's exportable soybeans, reached 43 days last month. This has resulted in the demand shift to US with China likely to send its vessels to US to save delivery time discount.

Celeres has estimated Brazil's 2015-16 soybean crop at 97.1 million tonnes, 1.2% more than the previous season (95.9 million tonnes). The planting is expected to increase by 2.3% to 32.2 million hectares or 80 million acres from last season.

The Celeres estimates are lower than the recent forecast of FC stone of about 100.1 million tonnes, but above its own production estimate for the current season.

FCStone has slashed their Brazil's 2015/16 soybean production estimate to 100.45 million tonnes, still a record, from 101.1 million tonnes previously and raised the concern on yield potential due to the lack of soil moisture.

Consistent Chinese imports, improved new crop buying in domestic cash market will push the bean prices up but gaining momentum in US and domestic soybean harvesting, lower crude, higher edible oil imports by India, poor soy meal shipments from India will limit the gains in near and medium-term.

Soy meal

The domestic soy meal remained almost flat on weak trade activity during the week due to the festivities. The export enquiries are weak and the soy meal shipments from India's is multi-year low.

However, we expect rise in domestic seasonal meal demand from poultry feed manufactures and poultry industry.

Pakistan is expected to export about 50,000 tonnes of soy meal in coming days. Pakistan was traditionally a soy meal importer but has started to export meal after huge imports of soybean for domestic crushing to cater the edible needs. Crushing beans is more viable compared to importing soy meal and soy oil for the country.

The latest shipments in soy meal from Pakistan were destined to Sri Lanka. Sri Lanka buys soy meal from India due to proximity. India may lose the market if Pakistan's exports improve in coming days.

We expect India's the meal prices to improve after the correction, towards the end of October, on upcoming seasonal demand in poultry. The poultry consumption improves in winters eventually pushing up the meal price during the period.

Besides, the optimum soy meal exports from India are between October and January. The poultry industry is reeling in stress due to increase in production cost and fall in realization, which will affect the poultry growth in medium-term.

But, India's 2016 broiler production is estimated to grow by approximately 8% to 4.2 million with growing demand from middle class. Besides, layers production is projected to increase to 80 billion eggs, which is up 5% from 2015, report from USDA's FAS.

The domestic soy crushers are aggressively looking for the domestic soy meal market anticipating Indian meal prices to be uncompetitive compared to the South American prices in the new season also once the Brazilian and Argentine crop floods in the market in March and April.

India's export of soy meal during October, 2015 was just 4,238 tons as compared to 29,690 tons in October, 2014 showing a decrease of 85.72% over the same period of last year.

On a financial year basis, the export during April'2015 to October'2015 is 46,983 tons as compared to 1,26,550 tons in the same period of previous year showing a decrease of 62.87%.

We feel India's soy meal exports will not be able to pick-up even this season due to likely competitive South American soy meal prices. Both Brazil and Argentina is expected to harvest near previous season's level which was at record levels.

The demand shift to South America for meal due to the attractive offer price compared to India is the major reason for the decline in the meal exports.

However, the increase in domestic seasonal demand in poultry will boost the demand in soy meal which may eventually lend support to the meal prices in coming days.

Considering the current global supply scenario, we feel, India may not be able to regain the market it lost last season due to competitive prices in US, and South American meal followed by record supply scenario.

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 has lost the ground owing to much higher soy meal price of Indian origin compared to the South American meal. Iran, Japan, Europe, Thailand, Vietnam, Indonesia and South Korea were the major destinations for Indian soy meal exports, whose demand shifted to South America.

The soy meal prices are likely to feature gains on renewed seasonal buying from domestic poultry feed manufactures and poultry units and likely seasonal improvement in exports will also lend support to the market in near-term.

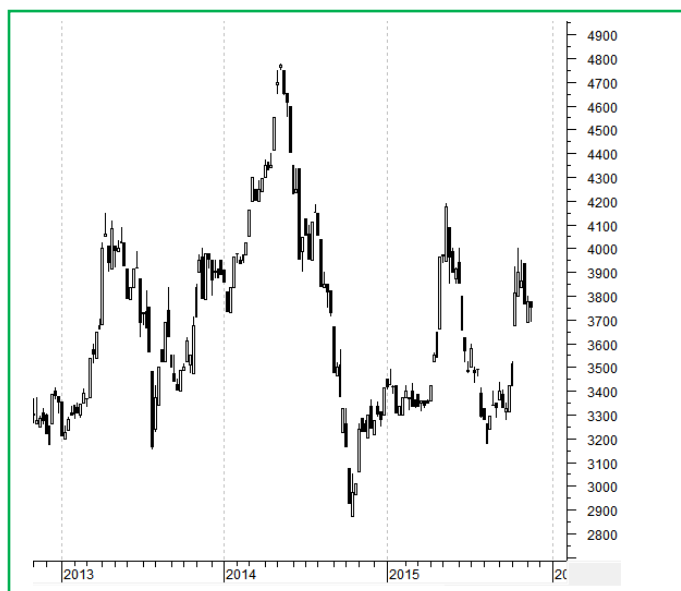
India's Y-o-Y soy meal prices are higher. Soy meal, Indore was quoted higher between Rs 33,000 – 33,500/MT compared to Rs 28,000 – 28,700/MT during the corresponding period last year.

Technical Analysis:

NCDEX Soybean Futures



Soybean Spot, Indore



*Note: Daily Chart

Support & Resistance NCDEX Soybean – Dec. contract

S1	S2	PCP	R1	R2
3607	3700	3873	4188	4300

- Soybean fell on selling pressure, during the week.
- Prices closed above 18-day EMA.
- RSI and stochastic are easing in neutral region.
- MACD is falling in positive territory.
- The prices are expected to feature losses in the coming week.
- Trade Recommendation (NCDEX Soybean – Dec.) Week: **SELL** Below 3950. Levels: T1 – 3850; T2- 3800, SL -3910.

Rapeseed - Mustard Seed

Rapeseed-mustard featured steady to weak tone due to feeble buying due to festivities during the week under review.

However, we feel the underlying factors are strong on upcoming fresh seasonal mustard oil demand. But the progressive rapeseed-mustard planting will limit the gains.

The rapeseed-mustard planting has gained momentum with rains in previous week over the some parts of the growing region.

The planting is still lagging compared to the same period last year. The all India area coverage under rapeseed-mustard was reported at 24.51 lakh hectares, as on 13 Nov.15, compared to 48.87 lakh hectares during the corresponding period last year.

Indonesia kept palm oil export duty to zero for November, unchanged from October, according to Indonesia trade ministry.

Indonesia has kept export tax at zero since September 2014 to drawdown on swelling stocks of palm oil in the country. Malaysia has also maintained precisely the same policy.

India's import of vegetable oils during Oil Year 2014-15 (Nov.'14 to Oct.'15) i.e. edible oil and non-edible oil set a new record level of 146.1 lakh tons (14.61 MnT) compared to 118.2 lakh tons (11.82 MnT) for the same period of last year i.e. up by 23.64%. Oil year 2014-15, has set a new record for highest import of palm products as well as soft oils like soybean, Sunflower and Rapeseed (canola) oils. (Source, SEA).

Import of Vegetable Oils during October 2015 is reported at 1,670,891 tons compared to 1,245,915 tons for Oct.'14 i.e. up by 34%. Import of edible oil in October 2015 is the highest import in any single month since allowed in OGL in 1994. Similarly import of Palm Products during Oct.'15 is the highest in any single month. (Source, SEA).

Increasing imports are mainly due to attractive price offers by the oil exporters. Malaysia and Indonesia are still exporting palm oil at zero per cent export duty.

According to SGS, October 1-10 palm oil exports of Malaysia fell to 450,670 tons compared to 465,886 tons in September, down 3.3 percent m-o-m. Top buyers were India at 143,900 (76,650) tons, European Union at 115,466 (128,375) tons, China at 53,000 (67,200) tons and United States at 20,305 (38,630) tons. Values in brackets are figures of corresponding period last month.

According to Malaysian Palm Oil Board (MPOB), Malaysia's stocks of palm oil rose to 28.34 lakh tons in October compared to 26.41 lakh tons in September, rise of 7.29 percent m-o-m. Production of palm oil rose to 20.37 (19.59) lakh tons, higher by 4 percent m-o-m. Exports rose to 17.12 (16.80) lakh tons, higher by 1.87 percent m-o-m. Imports fell to 0.73 (.76) lakh tons, lower by 4.1 percent m-o-m. Values in brackets are figures of September 2015.

According to SGS, Malaysia exported 1,504,737 tons of palm oil in October compared to 1,551,149 tons in September, down by 3 percent m-o-m. Top buyers were India at 421,472 tons (355,910 tons), European Union at 267,625 tons (291,260 tons), China at 159,700 tons (221,195 tons) and United States at 136,134 tons (71,619 tons). Values in brackets are figures of September 2015.

According to Indonesian Palm Oil Board, Indonesia's palm oil output in 2016 will be at 33 MMT, 5.00 lakh tons less than previously estimated at 33.5 MMT due to El Nino. Current year output forecast is at 31.5 MMT. El Nino conditions in Indonesia will strengthen till December. Palm trees planted till 2010/11 will increase production in 2016. El Nino weather pattern will affect palm oil in next year also, according to the board.

According to FELDA, Malaysia's palm oil stocks will fall to 2 MMT by the end 2015 from 2.5 MMT in August 2015 on El Nino. Indonesia palm oil production will fall by 5-6 percent in 2016.

Prices of palm oil are likely to trade around 2500 Ringgit/ton in January-March 2016 due to lower production. Yield is likely to fall due to prolonged dry spell. Higher biodiesel mandate will absorb excess supply of palm oil, according to the board.

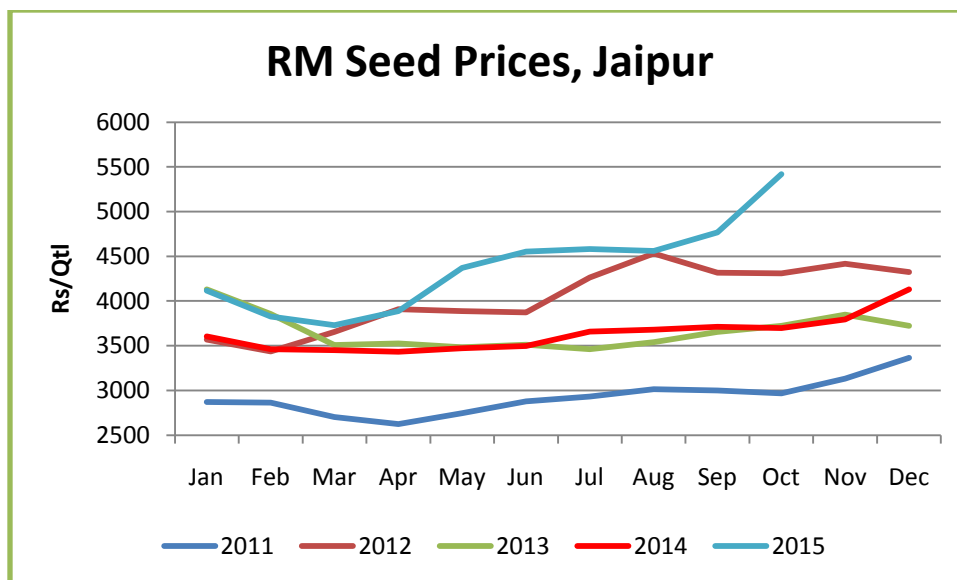
According to Indonesia Palm Oil Association, Indonesia's palm and palm kernel oil exports rose in October by 12 percent at 2.61 MMT from 2.34 MMT in September. Top buyers were India at 679,380 (611,020) tons, China at 378,970 (278,990) tons, European Union at 324,990 (373,560) tons, Pakistan at 129,960 (280,900) tons, Bangladesh at 99,960 (154,100) tons and Middle East at 172,410 (141,970) tons. Values in brackets are figures of September 2015.

According to Indonesia Palm Oil Association, Indonesia's 2016 palm oil production has been estimated at 31-31.5 MMT v/s 32.5 MMT in 2015 down due to El Nino.

The outlook for domestic rapeseed-mustard continues to be strong on festive buying for short-term.

The rapeseed-mustard will rebound on renewed buying after the fall but weakness in Malaysian palm oil and soybean and increased vegetable oil imports by India will limit the gains in rapeseed-mustard prices in near-term.

The outlook for domestic rapeseed-mustard remains strong from crushers for medium-term backed by seasonal demand.



Technical Analysis:

NCDEX RM Seed Futures



*Note: Daily Chart

RM Seed Spot, Jaipur



Support & Resistance NCDEX RM Seed - Dec. contract

S1	S2	PCP	R1	R2
4600	4500	4800	5054	5192

- RM seed declined on selling pressure, during the week.
- Prices closed above 18-day EMA.
- RSI and stochastic are easing in neutral zone.
- MACD is falling in positive territory.
- The prices are expected to feature losses during the week.
- Trade Recommendation (NCDEX Rapeseed-Mustard – Dec.) Week: **SELL** Below 4900. Levels: Target – 4800; T2- 4750, SL - 4960.

Annexure

MSP of 2015/16 Kharif Oilseeds Increased

The Cabinet Committee on Economic Affairs has given its approval for the Minimum Support Prices (MSPs) for Kharif Crops of 2015-16 seasons. The decision is based on recommendations of Commission for Agricultural Costs and Prices (CACP) for the Price Policy of Kharif Crops for the Marketing Season 2015-16. The MSP of all the kharif oilseeds have been increased.

The MSP of soybean is raised by Rs. 40/ql from previous season to Rs 2600/ql, Groundnut by Rs 30/ql to Rs 4030/ql, sunflower and Niger seed by Rs 50/ql to Rs 3800/ql and Rs 3650/ql respectively. The MSP of sesamum is increased by Rs 100/ql to Rs 4700/ql.

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.

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