
Executive Summary

Soybean, meal and rapeseed-mustard extended previous gains altogether on supportive buying and gains in international crude during the month under review. However, the soybean prices fell towards the end of May. Continued buying in rapeseed-mustard, by millers and the stockists, is witnessed in the cash market.

Soybean:

- ❖ The domestic soybean extended previous gains tracking surge in crude oil and forecast of weak monsoon this season during the month under review. However, the gains were restricted owing to fall in international soy benchmark, CBOT, during the period.
- ❖ Lower demand of US soybean from the major buyers which included China remained pressured the CBOT soy complex in May.
- ❖ US soybean planting is underway and both planting and emergence are higher than 5 year average during the same period, which is due to favourable weather for planting and crop development. Weather in US mid-west needs to be closely monitored which will influence the CBOT in coming days.
- ❖ US soybean planting is reported at 71%, by 31 May, which is slightly above 5 year average of 70% but lower from 75% during the same period last year. Soybean emergence is reported at 49% slightly higher than 5 year average of 45% and above 46% during the same period last year. The factor is bearish for the international soybean for short-term.
- ❖ IMD has predicted monsoon to hit Kerala around 5 June, which is forecasted to be weak by 88% of long period average from 93% LPA in the earlier forecast. This is due to the El-Nino effect. The delay will push the soybean planting period in coming days.
- ❖ Though it is premature to comment but, the domestic soybean planting may get delayed if the advancement of the monsoon gets weak towards north. The soybean planting intention is expected to be near previous season which was about 110. 22 lakh hectares and to note that the 2014 area under bean was already 9.8% lower than the 2013.
- ❖ The Argentine government raised its soybean production for the 2014/15 soybean harvest by 1 million tonnes to 60 million tonnes, last week.

- ❖ *Improved palm oil shipments from Malaysia, strength in crude, better Chinese buying and good buying support in the domestic market will keep the bean prices stronger. But improved edible oil imports and disparity in soybean crushings and lower soy meal export sales of Indian origin will limit the gains.*

Soy meal:

- ❖ Soy meal extended gains in sync with soybean supported by gains in crude and forecast of weak monsoon, which is now revised downwards to 88% from 93% of LPA earlier.
- ❖ However, it remained under pressure as soy meal witnessed downtrend in the international benchmark, CBOT, right from the beginning of the May month on comfortable supplies and steady global demand during the period.
- ❖ However, some recovery in CBOT soy meal was marked in mid-May but the prices.
- ❖ South Korea's leading feed manufacturer Nonghyup Feed Inc (NOFI) has bought 55,000 tonnes of soy meal which is expected to be sourced from South America, as reported by European trade participants.
- ❖ The price quoted for the meal was US \$ 377.99/tonne c & f and a US \$1-a-tonne surcharge for additional port unloading for arrival on Oct. 20.
- ❖ In another consignment South Korea's Korea Feed Association (KFA) has bought 12,000 tonnes of rapeseed meal to be sourced from India.
- ❖ The meal was quoted at US \$ 299.98/tonne c & f and US \$1.75 a tonne surcharge for additional port unloading for the delivery on July 20.
- ❖ The KFA also bought additional 50,000 tonnes of soy meal during the last week of May.
- ❖ India's soy meal exports in April fell 61% month-on-month while it declined by 80% y-o-y. The exports were already weak this season which was added on the weakness prevailed in 2013-14 period.
- ❖ *Considering the current scenario, we feel that India may not be able to regain the lost market this season which it lost last season due to prices competitive in US, and South American meal followed by record supply scenario.*

RM Seed:

- ❖ RM seed continued upward movement on better buying and China's decision of lifting the ban on rapeseed meal of Indian origin.
 - ❖ Bullish domestic supply scenario due to fall in production this season continued to remain positive for the market.
 - ❖ The all India seed arrivals have gradually fell and reported total of about 15,10,000 bags during the last week of May compared to about 28,20,000 bags during the same period last month. In Rajasthan the supplies were too reported lower at about 9,40,000 bags in the last week of May compared to about 16,10,000 bags during the same period last month.
 - ❖ Fall in planted area under seed this season and unprecedented rains in February and March which negatively hit the potential yield potential are the factors attributed for the lower seed production.
 - ❖ As discussed earlier, the millers and the stockists continued to remain the major buyers who are covering their stocks for future. The medium and long-term outlook for rapeseed-mustard remains stronger owing to the lower seed production this season.
 - ❖ The rapeseed-mustard prices got an additional boost with the news that China will lift a ban on rapeseed meal sourced from India which was imposed three years back in 2011 on traces of malachite green, said China's quarantine authority.
 - ❖ *Aggressive buying in newly harvested seed by the millers and the stockists will boost the seed prices in near to medium-term. However, higher Malaysian palm oil inventories and Malaysia's decision of cancellation on imposing export duty on palm oil may weigh on the seed prices.*
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International Highlights

- ❖ US soybean planting is reported at 71% by 31 May which is slightly above 5 year average of 70% but lower from 75% during the same period last year. Soybean emergence is reported at 49% slightly higher than 5 year average of 45% and above 46% during the same period last year. The factor is bearish for the international soybean for short-term.
- ❖ Brazil's analyst Abiove raised its estimate for the recent harvested 2014/15 soy crop to 93.06 million tonnes from the last forecast of 92.69 million tonnes.
- ❖ The Argentine government raised its soybean production for the 2014/15 soybean harvest by 1 million tonnes to 60 million tonnes.
- ❖ China is estimated to import a record 77 million tonnes of the oilseed in 2015/16 (Oct-Sept), a surge of 5.5% from the previous year, according to an official published report.
- ❖ China, imported 5.31 million tonnes of soybeans in April, up 18.3 percent from 4.49 million tonnes in March, figures from the General Administration of Customs of China showed. Imports of vegetable oils in April were 520,000 tonnes, up 44.4 percent from the previous month.
- ❖ India imported 1.11 million tons of vegetable oils in April, which was 1.06 million tons in March, according to market participants. The vegetable oils import rose during the period due to higher demand of palm oil. India imported 725, 088 tons of palm oil in April, around 6.3% higher when compared to the exports in previous month, said Solvent Extractors' Association of India (SEA).
- ❖ Oil World has revised the global oilseeds production upward by 3.5 Mn T from a month earlier, mainly on account of Argentine soybeans.
- ❖ The scrap of the export tax on crude palm oil in May will give Malaysian producers and exporters a clear advantage over their Indonesian counterparts. Malaysia had imposed 4.5% export tax on crude oil in April since a long exemption from September'14.
- ❖ AgRural, Brazilian analyst, has estimated Brazil's 2014-15 soybean crop to 93.8 million tonnes from 93.3 million tonnes earlier. The production is record high, despite late plantings due to stress followed by dry weather initially.

- ❖ The U.S. Department of Agriculture expects world soy stocks to hit a record-high 89.5 million tonnes by the end of the 2014-15 season. USDA has estimated the global soybean production at a record 315.1 million tonnes for this season.
- ❖ Allendale has estimated U.S. farmers to increase 2015/16 soybean plantings to a record 86.052 million acres with likely reduced sowing of corn, if realized, it would exceed last year's record plantings of 83.701 million acres.
- ❖ As per Oil World, Indonesia palm oil production seen at 32.4 million tons for 2014-15 v/s 30.5 million tons last year and Malaysia palm oil production seen at 19.4 million tons for 2014-15, down one million tons from last year. Moreover, CPO (at Rotterdam) and RBD palmolein (FOB Malaysia) prices for 2015 seen at USD 770 /T and USD 750/T respectively.
- ❖ Oil World has estimated, Argentina's shipments of vegetable oils are expected to improve by approximately 0.6 Mn T this season.
- ❖ EU-28 crushings of rapeseed rose above expectations and touched a record 13.5 Mn T in July/Dec 2014, as reported by Oil World.
- ❖ On the production front, combined crude palm oil output from Malaysia and Indonesia is expected to rise to 51.1 million tons in 2015 v/s 49.2 million tons last year.
- ❖ Brazil based analyst Safras & Mercado forecast a 2014/15 Brazilian soybean output at 95.0 million tonnes, down from 95.9 million tonnes estimated in December.
- ❖ 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 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 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.

- ❖ 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 soy 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.

Oilseed Prices at Key Spot Markets:

Commodity / Centre	Prices (Rs/Qtl)				Change
Soybean	30-May-15		30-Apr-15		
	Low	High	Low	High	
Indore –Plant	3875	3950	3925	4000	-50
Indore–Mandi	3725	3840	3850	3950	-110
Nagpur-Plant	3800	3850	3950	4000	-150
Nagpur – Mandi	3600	3750	3700	3900	-150
Latur – Mandi	3880	3950	3800	4060	-110
Kota-Plant	3900	3950	4000	4050	-100
Kota – Mandi	3850	3900	3825	4020	-120
Bundi-Plant	3800	3850	3950	4000	-150
Bundi-Mandi	3700	3800	3850	3900	-100
Baran-Plant	3850	3900	3850	3900	Unch
Baran-Mandi	3700	3800	3600	3750	50
Bhawani Mandi Jhalawar–Kota-Plant Delivery	3800	3850	4025	4050	-200
Jhalwar-Mandi	3750	3825	3900	3950	-125
Rapeseed/Mustard					
Jaipur-(Condition)	4570	4575	4025	4030	545
Alwar-(Condition)	4350	4400	3750	3800	600
SriGanganagar-(Non-Condition-Unpaid)	4100	4125	3600	3625	500
New Delhi–(Condition)(New Crop)	4400	4450	3850	3875	575
Kota-Non-(Condition)	4100	4200	3600	3700	500
Agra-(Condition)	4850	4900	4300	4350	550
Neewai	4250	4300	3750	3800	500
Hapur (UP)(New Crop)	4550	4600	3950	4000	600
Groundnut Seed					
Rajkot	880	880	880	880	Unch
Sunflower Seed					
Gulbarga	3000	3200	NA	NA	-
Latur	3000	3300	3251	3480	-180
Sholapur(New Crop)	3450	3500	3450	3450	50
Sesame Seed					

Mumbai (White98/2/1	8650	8650	8200	8200	450
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Soybean Prices are in INR/Qtl. Mandi prices – Loose, Mustard Seed Prices are in INR/Qtl.C –Condition (42%),
*Groundnut seed in Rs/20 kg, Sunflower Seed in Rs/Qtl

Oilseed Cumulative Arrivals in Key Centres

Commodity	Centre	Monthly Arrivals in Bags/Qtl		Change
Soybean		May,15	April,15	
	Madhya Pradesh	1278000	845000	433000
	Maharashtra	318000	335000	-17000
	Rajasthan	226000	434000	-208000
	Bundi (Raj)	2540	3200	-660
	Baran (Raj)	12450	3550	8900
	Jhalawar (Raj)	19700	21000	-1300
Rapeseed/Mustard	Rajasthan	4300000	5270000	-970000
*Soybean: 1 bag = 90 kg; RM Seed: 1 bag = 85 kg				

Summer Groundnut Outturn to Fall by 52% in Gujarat - IOPEC

The groundnut outturn in Gujarat is projected lower by 52% in a recent survey by the Indian Oilseeds & Produce Export Promotion Council (IOPEPC). The survey was jointly conducted with the Junagadh Agricultural University as Gujarat is the largest producer of groundnut during summer.

IOPEPC production estimates are higher than the trader's projection. Groundnut output this summer is estimated to be about 91,966 tonnes as against 193,258 tonnes in 2014 by IOPEC which was projected around 75,000-78,000 tonnes this season by trade participants.

The covered area under groundnut crop was lower by 45% cent during summer 2015 at 49,300 hectares compared to 89,500 hectares in 2014.

Further, yield output was hit due to lower than the needed irrigation by several farmers in the region.

IOPEC also found that the farmers were unable to get the quality seed for planting this season and had to go for GG2 and J11 varieties. The recommended ones are TG-37 and TPG41.

The demand for india's groundnut is growing overseas. India exported around 646,114 tonnes of groundnut from April 2014 to February 2015 which was 509,515 tonnes in the same period 2013-14.

Soybean

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Lower demand of US soybean from the major buyers which included China remained pressured the CBOT soy complex in May.

US soybean planting is underway and both planting and emergence are higher than 5 year average during the same period, which is due to favourable weather for planting and crop development. Weather in US mid-west needs to be closely monitored which will influence the CBOT in coming days.

US soybean planting is reported at 71%, by 31 May, which is slightly above 5 year average of 70% but lower from 75% during the same period last year. Soybean emergence is reported at 49% slightly higher than 5 year average of 45% and above 46% during the same period last year. The factor is bearish for the international soybean for short-term.

Record soybean production in US and South America continued to pressure the international benchmark.

The strike by Argentina's crushing workers is still continuing which is hurting the export sales and shifting the demand to US.

Besides, crude oil skid after testing US \$ 63.62 per barrel and it is currently under US \$ 60.

Both the factors remained negative for soybeans.

IMD has predicted monsoon to hit Kerala around 5 June, which is forecasted to be weak by 88% of long period average from 93% LPA in the earlier forecast. This is due to the El-Nino effect. The delay will push the soybean planting period in coming days.

Though it is premature to comment but, the domestic soybean planting may get delayed if the advancement of the monsoon gets weak towards north. The soybean planting intention is expected to be near previous season which was about 110.22 lakh hectares and to note that the 2014 area under bean was already 9.8% lower than the 2013.

The Argentine government raised its soybean production for the 2014/15 soybean harvest by 1 million tonnes to 60 million tonnes, last week.

China is estimated to import a record 77 million tonnes of the oilseed in 2015/16 (Oct-Sept), a surge of 5.5% from the previous year, according to an official published report.

The private US exporters have reported sales of 132,000 tonnes of soybeans to China for delivery in the 2014/2015 marketing year that began on Sept. 1, the U.S. Agriculture Department said this week. This indicates Chinese soybean buying is consistent.

But the supply hurdles from South America has already hurt the imports and will impact in coming days too.

Improved palm oil shipments from Malaysia, strength in crude, better Chinese buying and good buying support in the domestic market will keep the bean prices stronger. But improved edible oil imports and disparity in soybean crushings and lower soy meal export sales of Indian origin will limit the gains.

Balance Sheet – Soybean, India

Fig. in MnT

Oil Year (Oct-Sep)	2010-11	2011-12	2012-13	2013-14	2014-15
Carry In	1.12	0.37	0.40	0.32	0.32
Production	10.10	12.00	12.50	11.00	10.50
Imports	0.00	0.00	0.00	0.00	0.00
Total Availability	11.22	12.37	12.90	11.33	10.83
Crush	10.85	11.97	12.58	10.50	10.50
Exports	0.00	0.00	0.00	0.00	0.00
Total Usage	10.85	11.97	12.58	10.50	10.50
Carry Out	0.37	0.40	0.32	0.82	0.32
Monthly Use	0.90	1.00	1.05	0.88	0.88
Stock/Consumption Ratio	0.03	0.03	0.03	0.08	0.03
Stock to Month Use Ratio	0.41	0.40	0.31	0.94	0.37

Source: Agriwatch

- **Trade Observations: The fresh buying was witnessed till the second week of May but it weakened in the second half of May due to disparity on crushing the beans and lower soy meal export sales.**
- We peg India's 2014-15 soybean production at 11.2 Mln T in our preliminary projection.
- In 2013-14 India could produce only 11 Mln T as yield was badly hit in Madhya Pradesh and some parts of Rajasthan followed by incessant rains in the region. This is despite the rise in area by 14% over the year 2012.
- We expect 2013/14soybean crush above 10.5million tons. India's soy meal prices have to compete with the meal prices of South America, which will eventually make the crushing more viable depending on its exports.

Soy meal

Soy meal extended gains in sync with soybean supported by gains in crude and forecast of weak monsoon, which is now revised downwards to 88% from 93% of LPA earlier.

However, it remained under pressure as soy meal witnessed downtrend in the international benchmark, CBOT, right from the beginning of the May month on comfortable supplies and steady global demand during the period.

However, some recovery in CBOT soy meal was marked in mid-May but the prices.

South Korea's leading feed manufacturer Nonghyup Feed Inc (NOFI) has bought 55,000 tonnes of soy meal which is expected to be sourced from South America, as reported by European trade participants.

The price quoted for the meal was US \$ 377.99/tonne c & f and a US \$1-a-tonne surcharge for additional port unloading for arrival on Oct. 20.

In another consignment South Korea's Korea Feed Association (KFA) has bought 12,000 tonnes of rapeseed meal to be sourced from India.

The meal was quoted at US \$ 299.98/tonne c & f and US \$1.75 a tonne surcharge for additional port unloading for the delivery on July 20.

The KFA also bought additional 50,000 tonnes of soy meal during the last week of May.

India's soy meal exports in April fell 61% month-on-month while it declined by 80% y-o-y. The exports were already weak this season which was added on the weakness prevailed in 2013-14 period.

The bird flu is still prevalent in South India and the poultry unit owners are cautious in some parts of Kerala and Andhra Pradesh. Reports in other parts of the country off and on negatively affect the poultry production and consumption as well.

In a major development, China is likely to lift a ban on rapeseed meal sourced from India which was imposed three years back in 2011 on traces of malachite green, said China's quarantine authority.

In a step forward, China and India has signed a sanitary protocol to ensure India's rapeseed meal matches the China's quality standards said China's quality watchdog, the General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ).

India's rapeseed meal exports fell from 2011 and China's rapeseed meal imports declined as well after the ban.

China proved to be the largest rapeseed meal buyer of Indian origin.

Chinese imports of rapeseed meal are estimated at 150,000 tonnes during 2015/16 (June/May), which is lower by 25% from a year ago. China's demand is projected around 10.8 million tonnes for the year, according to a CNGOIC estimate published this week.

The poultry unit owners and cattle feed manufactures continued to cover their stocks in rapeseed-mustard oil cake and soy meal followed by rise in seasonal supply at lower prices, remained supportive for the oil meal market.

The market is waiting for the soy meal exports figure of May'15, which is expected to be lower compared to the same period last year.

The overseas soy meal exports eased m-o-m as well as y-o-y this season primarily due to the competitive international meal prices, including the meal of US, Brazil and Argentine origin compared the meal of Indian origin. India's soy meal exports this season are sharply lower as compared to the previous years.

India exported 6.46 lac tons soy meal in FY 2014-15, registering a decline of 77.25% over previous FY 2013-14, when soybean meal exports were 28.41 lac tons.

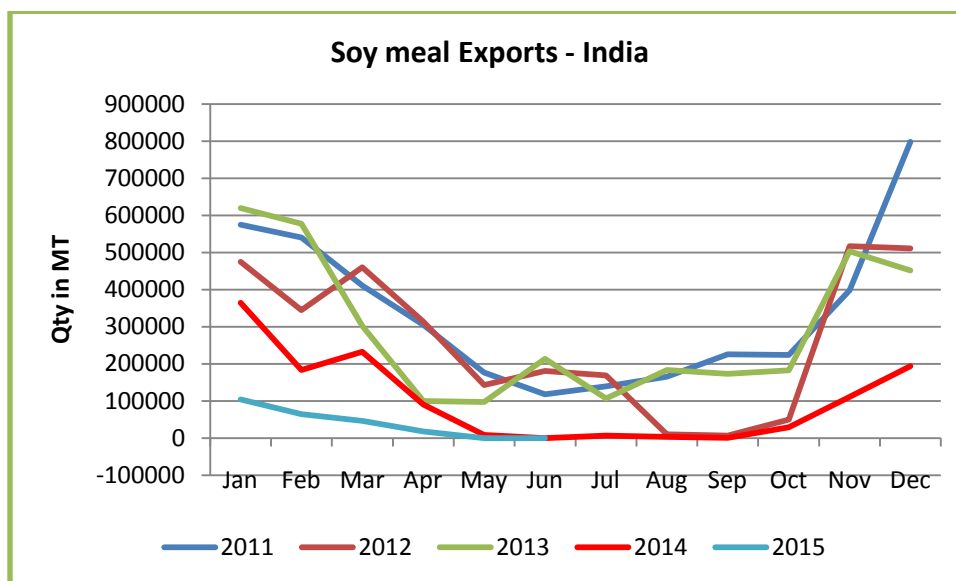
Exports of Soybean meal during April, 2015 were 18,017 tons as compared to 89,883 tons in April, 2014 showing a decrease by 80% over the same period last year. Of total oilmeal shipments in Apr., soy meal comprised of 18,017 tonnes, rapeseed meal (69,398 tonnes), ricebran extraction (4,000 tonnes) and castorseed meal was (70,641 tonnes).

India exported 6.46 lac tons Soybean meal in FY 2014-15, registering a decline of 77.25% over previous FY 2013-14, when soybean meal exports were 28.41 lac tons. During the first half of the current Oil year i.e. October'14 to March'15, total exports are 5,49,627 tons as against 19,64,581 tons last year, showing a decrease by 72%.

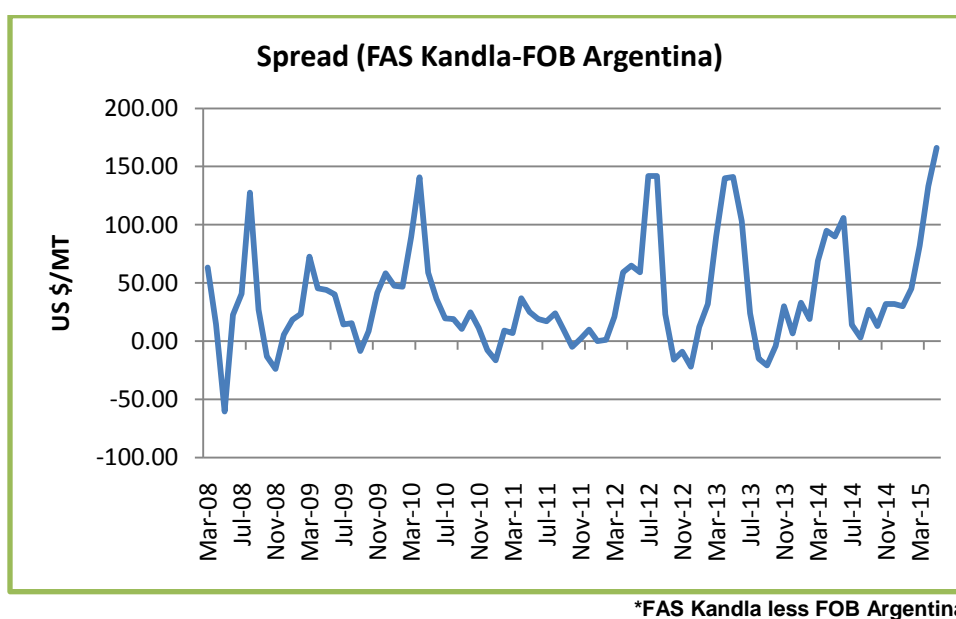
Considering the current scenario, we feel that India may not be able to regain the lost market this season which it lost last season due to prices competitive in US, and South American meal followed by record supply scenario.

The soy meal prices are likely to feature range-bound movement with firm bias in near-term.

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 are lower. Soy meal export price, FOR Kandla (Jun – Jul delivery) was quoted between Rs 35,750– 40,000/MT compared to Rs 40,500 – 45,500/MT during the same period last year.



The average monthly soy meal price spread between FAS Kandla and FOB Argentina has widened in May and was recorded at US \$166/MT in May 2015 compared to US \$133/MT in Apr. 15. Argentine soy meal export prices continued to be attractive as compared to the India's. Notably, India's soy meal exports are at the optimum levels during the period, October through January, the exports witnessed sharp fall during the period too. (*Spread - FAS Kandla less FOB Argentina). The global supply scenario will continue to keep India's meal exports lower this season.

Soymeal	May 2015	Apr. 2014	May 2014
FOB – Argentina	423	365	542
FAS – Kandla	589	498	632

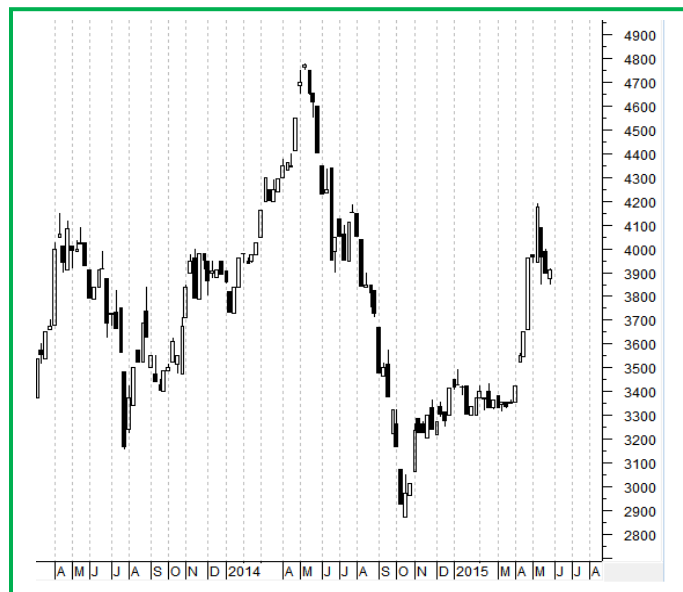
Recommendation: India's soy meal prices are under global supply pressure. Indian meal exporters are advised to aggressively explore the lost markets last season especially traditional South and Far-East Asian destinations and Iran. India is into the period of higher exports considering seasonality. The domestic meal prices are likely to feature steady to firm tone during in near-term. FOR, Kandla (Jun. - Jul. delivery) is expected to rebound and the quotes will be between the range of Rs. 36,000 – 39,000/MT levels during the month. The prices remained within the range of Rs. 35,750 – 40,000/MT during the month.

Soybean Crush Margin

Avg Crush Margin – May 2015		Avg Crush Margin – Apr. 2015		Avg Crush Margin – May 2014	
-884		-899		-2059	
Min	Max	Min	Max	Min	Max
-1830	535	-1360	-325	-3274	-170

The disparity on soybean crushing in May has narrowed compared to April month, and it is even narrower compared to the same period last year. The narrowing of the disparity remained encouraging for the solvent extractors in May, the buying extended till mid May at higher quotes during the period. Increasing imports of cheaper edible oil and weak soy meal export sales continued to remain negative for the soy complex.

Technical Analysis:
NCDEX Soybean Futures

Soybean Spot, Indore


*Daily Chart

Support & Resistance NCDEX- Soybean Aug. Contract

S2	S1	PCP	R1	R2
3537	3713	3890	4485	4662

- Candlestick chart pattern reveals prices couldn't sustain at higher levels.
- Prices closed above 40-day SMA.
- MACD is rising in positive territory.
- RSI and stochastic are easing in neutral zone.
- Trade Recommendation (NCDEX Soybean – Aug.) – 1 Month: **BUY** Above 3885. T1 – 4185; T2 - 4285; SL –3705.

Trade Recommendation soybean spot, Indore basis: Soybean prices are expected to feature range-bound movement tracking reports of US soybean plantings and weather, South American shipments, crude, and India's soybean planting. Higher global soybean supply scenario this season will continue to pressure the market. The prices are likely to feature range-bound movement with weak-bias and remain between 3850– 4150/Qtl. levels (Indore, Plant basis) during the month. It remained between Rs 3800 -4225 levels in May.

Rapeseed - Mustard Seed

RM seed continued upward movement on better buying and China's decision of lifting the ban on rapeseed meal of Indian origin.

Bullish domestic supply scenario due to fall in production this season continued to remain positive for the market.

The all India seed arrivals have gradually fell and reported total of about 15,10,000 bags during the last week of May compared to about 28,20,000 bags during the same period last month. In Rajasthan the supplies were too reported lower at about 9,40,000 bags in the last week of May compared to about 16,10,000 bags during the same period last month.

Fall in planted area under seed this season and unprecedented rains in February and March which negatively hit the potential yield potential are the factors attributed for the lower seed production.

Agriwatch has pegged India's rapeseed-mustard 2015/16 production at 5.9 million tonnes, down by 24% at 7.7 million tonne last season.

As discussed earlier, the millers and the stockists continued to remain the major buyers who are covering their stocks for future. The medium and long-term outlook for rapeseed-mustard remains stronger owing to the lower seed production this season.

The rapeseed-mustard prices got an additional boost with the news that China will lift a ban on rapeseed meal sourced from India which was imposed three years back in 2011 on traces of malachite green, said China's quarantine authority.

India's rapeseed meal exports fell from 2011 and China's rapeseed meal imports declined as well after the ban.

China proved to be the largest rapeseed meal buyer of Indian origin. The step will certainly lend support to the seed.

Shipments of Malaysian palm oil products for May increased by 44.7% to 1,553,281 tonnes from 1,073,482 tonnes shipped during April, cargo surveyor Intertek Testing Services reported on 1 Jun 2015.

India imported 1.11 million tons of vegetable oils in April, which was 1.06 million tons in March, according to market participants. The vegetable oils import rose during the period due to higher demand of palm oil. India imported 725, 088 tons of palm oil in April, around 6.3% higher when compared to the exports in previous month, said Solvent Extractors' Association of India (SEA).

The Argentine government raised its soybean production for the 2014/15 soybean harvest by 1 million tonnes to 60 million tonnes.

Indonesia produced 2.662 million tones of CPO in April which was 2.397 million tones in March. Exports of CPO from Indonesia too remained higher at 2.046 million tones in April which was 1.8 million tones in March.

Malaysia's palm oil stocks at the end of April rose 17.6 percent to 2,194,198 tonnes against a revised 1,865,927 tonnes at the end of March, industry regulator Malaysian Palm Oil Board.

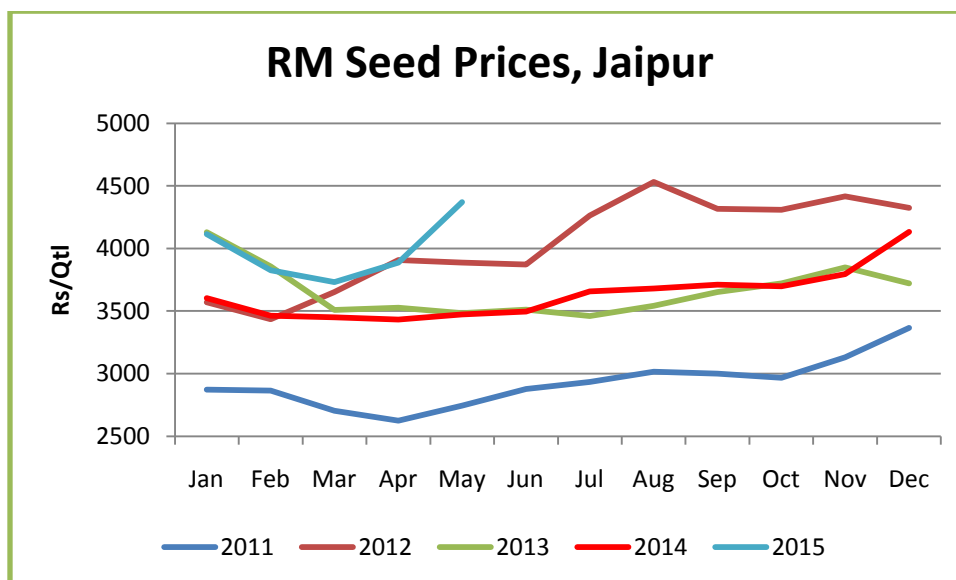
SOPA has slashed its soybean production estimate for 2014-15 to 10 million tons, down 0.4 million tons from previous estimate owing to yield losses. Moreover, SOPA urge to the central government to stop soybean trade on exchanges due to speculation in the lean season.

RM Seed Supply, Rajasthan

RM Seed Arrivals in Rajasthan in Bags (85 kg each).		
Monthly Arrivals– May	1 Month Ago	Corresponding Period Last Year
43,00,000	49,90,000	43,10,000

Aggressive buying in newly harvested seed by the millers and the stockists will boost the seed prices in near to medium-term. However, higher Malaysian palm oil inventories and Malaysia's decision of cancellation on imposing export duty on palm oil may weigh on the seed prices.

RM Seed Prices—Jaipur (Rajasthan)



Balance Sheet – Rapeseed-Mustard Seed, India

(Fig in MnT)

Marketing Year (Mar-Feb)	2011-12	2012-13	2013-14	2014-15	2015-16 (*F)
Carry In	0.75	1.25	0.28	0.20	0.20
Production	7	6.5	7.2	7.74	5.9*
Imports	0	0	0	0	0
Total Availability	7.75	7.75	7.48	7.94	6.10
Crush	6.5	7.47	7.28	7.74	5.90
Exports	0	0	0	0	0
Total Usage	6.5	7.47	7.28	7.74	5.9
Carry Out/Ending Stock	1.25	0.28	0.20	0.20	0.20
Monthly Use	0.54	0.62	0.61	0.65	0.49
Stock/Consumption Ratio	0.19	0.04	0.03	0.03	0.03
Stock to Month Use Ratio	2.31	0.45	0.33	0.31	0.41

(Source: Agriwatch)

- **Trade Observations:** The new crop supplies are gradually falling from its peak. The buying is witnessed to be aggressive to cover the stock by the millers and the stockists.
- We have pegged India's 2015/16 RM seed outturn at 5.9 Mn T, 2015/16 production at 5.9 million tonnes, down by 24% at 7.7 million tonne last season. The production fell compared to previous year due to decline in yield potential followed by unseasonal rains in the growing region and fall in sown area by 8.6% (6.52 Mn Ha vs 7.13 Mn Ha).
- The carry-in stands at 0.20 Mn T, this season, which is at par with the previous year level.

Technical Analysis:

NCDEX RM Seed Futures



RM Seed Spot, Jaipur



*Daily Chart

Support & Resistance NCDEX - RM Seed Jul Contract

S2	S1	PCP	R1	R2
3587	3750	4306	4632	4910

- The RM seed witnessed sharp gains, during the month.
- RSI and stochastic are rising in neutral region.
- Prices are likely to feature gains during the month.
- Trade Recommendation (NCDEX RM SEED–Jul.) – 1 Month: **BUY** Above 4295 levels.T1 – 4400; T2 - 4450; SL - 4232.

Trade Recommendation RM Seed Spot (Jaipur basis - 42% Condition): In spot, the RM seed prices are expected to remain strong on better buying by the miller and the stockist at the current levels. However, exemption of duty on palm oil by Malaysia and Indonesia will weigh on India's RM seed. Prices of seed are expected to increase and witness 4650 – 4800 levels during the month, Jun.

Annexure

Rabi Sown Area - Oilseeds, India

In the official *rabi oilseeds* planting report (week ending 12 Mar. 2015), the area coverage under *Rabi* oilseeds is reported at 84.01 lakh hectares, down 8% from 91.45 lakh ha during the same period last year. Of the major oilseeds, rapeseed/mustard seed sowing is reported down by 8.6% at 65.17 lha compared to 71.32 lha during the same period last year. Groundnut at 8.43 lha vs 8.71 lha, safflower at 0.95 lha vs 1.78 lha, sunflower at 3.19 lha vs 4.40 lha, sesamum 2.26 lha vs 1.12 lha, linseed 3.21 lha vs 3.59 lha during the same period last year.

Crop	As on 12 Mar. 2015	As on 12 Mar. 2014	% Change
Rapeseed/Mustard	65.17	71.32	-8.6
Groundnut	8.43	8.71	-3.2
Safflower	0.95	1.78	-46.6
Sunflower	3.19	4.40	-27.5
Sesamum	2.26	1.12	101.8
Linseed	3.21	3.59	-10.6
Others	0.80	0.53	50.9
Total Oilseeds	84.01	91.45	-8.1

(Area in lakh hectares) Source: GOI

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 (2014-15)

- ❖ 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.

Soy Meal Export (In MT)

	2008	2009	2010	2011	2012	2013	2014	2015
Jan	521243	521243	240318	574996	474993	619793	364443.7	103934
Feb	375098	375098	220552	540360	344240	577589	183551	64514
Mar	224639	224639	163666	410537	460464	302131	232176	46670
Apr	539175	100106	60264	305033	313832	100312	75884	18017
May	326875	77018	60575	176819	142588	97547	8226	
Jun	241508	109923	98400	117600	180987	213564	2636	
Jul	282438	58268	166632	139547	168341	107038	6682	
Aug	205890	127299	176138	165510	10005	183555	2778	
Sep	68443	171955	290868	225921	6525	173381	868	
Oct	88723	219721	404960	223594	49840	182724	29071	
Nov	647400	297340	443488	397659	517103	503269	110806	
Dec	655882	328225	611157	798041	510698	451314	193832	
Total	4177314	2610835	2937018	4075617	3179616	3512217	843874	

Source: SEA

Maharashtra Govt. Lifts the Stock Limit From Oilseeds, April 2015: The state government of Maharashtra has lifted the stock limit from oilseeds on the recommendation of the Center.

The limit was imposed on the oilseeds and the pulses by the government as a measure to discourage hoarding by the stockists and the processors which eventually inflates the commodity prices.

The limit on oilseeds and pulses were 200 tonnes each in municipal and 80 tonnes elsewhere in the jurisdiction of the state.

The trade associations feel that the step will ease the trade and farmers will offload their produce at the consistent pace.

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