

## Executive Summary

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Soybean posted slight gains on domestic as well as international factors. Rapeseed/mustard also surge on renewed demand from wholesalers during the week in review. However, new crop arrivals and on an estimated rise in the mustard output limit the upside risk in the prices.

The domestic soybean prices featured gains tracking bullish cues from the international oil & fats market need based demand from oils and technical recovery in the prices. However, weak soy meal export demand limit the upside risk in the prices. The domestic soybean crush disparity has widened in recent months and it is unviable to crush for many solvent extractors with lower soy meal exports commitment and better import parity in edible oils.

The local buyers remained concerned on quality of the beans mainly affected due to the incessant rains in the major soybean producing belt at the time of cultivation.

The upcoming weeks will witness the sideways to slightly firm movement in the soybean prices owing to recovery in the international palm oil and talks of crop loss in Brazil due to excessive heat. The Soy meal witnessed gains tracking the higher domestic beans due to the limited supplies during the week in review. Overall, the soy meal fundamentals are not strong as the exports are moderate and the exports inquiries are just limited.

The demand shift to South America is evident due to the competitive prices there ahead new crop supplies. The soybean harvesting is picking up the pace in Brazil and peak Argentine harvesting is expected in March. The major international meal buyers have begun to place the orders – forward booking to take the opportunity of price competitiveness. Seasonal fall in the meal exports is likely in coming weeks.

Oil meals (Indian Origin) exports dropped nearly 47 percent to 425,650 tons in January compared to the corresponding period of last year due to lower crushing and Indian supplies were more expensive than supplies from Latin America. Meanwhile, soy meal exports fell 44 percent to 364,443 tons in January on y-o-y basis – Trade Body. Soy meal prices are expected to witness steady tone in near-term.

RM seed rose in line with the soybean. While, new RM seed crop arrivals from Rajasthan and MP limit the excessive gains.

New mustard seed arrivals from MP and Rajasthan registered with an average of 0.35 and 0.25-0.30 lakh bags on daily basis respectively. Moreover, new crop arrivals are likely to pick up pace in the coming week.

Besides, the planting area under RM seed is higher by 6% this season compared to previous year; this will eventually boost the seed production this season. The planted area this season is around 71 lakh hectares compared to 67.5 lakh hectares previous year.

Further, parity in edible oil imports remained discouraging for the domestic solvent extractors. Better, imports in edible oils including palm, soy and sunflower and comfortable stocks remained bearish for the rapeseed.

The seed prices are expected to featured range-bound movement in near-term.

## International Highlights

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- ❖ According to numbers from China's General Administration of Customs, China imported 5.91 million tons of soybeans in January, up 23.7 percent from the corresponding period of last year due to good demand for meals and good crush margins.
- ❖ As per Safras & Mercado, Brazilian farmers have harvested 13% of the soybean acreage as of Feb. 7, 2014, up 3 percent from corresponding period of the last year. 19 percent harvesting complete in Mato Grosso.
- ❖ As per USDA, global soybean production is projected at record 287.7 million, up 0.9 million tons. Soybean production for Brazil is projected at 90.0 million tons, up one million from last month estimates and for the Argentina soybean crop seen at 54.0 million tons, down 0.5 million from last month estimates.
- ❖ Infoma cut its forecast for Argentina during 2013/14 to 57 million tons, down 0.5 million tons from its previous figure and raised its projection for Brazil's 2013/14 soybean harvest to 89.7 million tons, up one million tons from its previous forecast.
- ❖ As per MPOB's report, Malaysian palm oil stocks for January eased to 1.93 million tons, down 2.6 percent from the last month. While, palm oil output estimate in Jan pegged at 1.51 million tons and export estimates pegged at 1.36 million tons.
- ❖ World soybean production is pegged at 287.8 million tons in the current year MY (2013/14), up 0.2 million tons from the previous forecast. Brazil's soy crop projection pegged at 89.5 million tons and Argentina's to 54 million tons because of dry weather - Oil world.
- ❖ The Buenos Aires Grains Exchange kept its 53 million ton forecast for the 2013/14 soybean harvest unchanged despite welcome rains in the past week, which followed a hot and dry December that limited planting and stunted development of young soy plants. In the previous season, Argentina produced 48.5 million tons of soybean.
- ❖ Brazilian soybeans are now setting the tone on the world market and have significantly improved their competitiveness.

**Oilseed Prices at Key Spot Markets:**

Commodity	Centre	Prices (Rs/Qtl)		Change
Soybean		14.2.2014	7.2.2014	
	Indore –Plant	3925-4025	3900-4010	+15
	Indore –Mandi	3500-3900	3600-3850	+50
	Nagpur-Plant	3800	3750	+50
	Nagpur – Mandi	3500-3750	3400-3700	+50
	Kota-Plant	3900	3900	Unch
	Kota – Mandi	3750-3800	3750-3800	Unch
	Bundi-Plant	3825	3850	-25
	Bundi-Mandi	3700	Closed	-
	Baran-Plant	3850	3900	-50
	Baran-Mandi	3500-3750	3600-3900	-150
	Bhawani Mandi Jhalawar– Kota Plant Delivery	3875	3900	-25
	Jhalawar-Mandi	3500-3900	3600-3900	Unch
Rapeseed/Mustard	Jaipur – C	3490	3410	+80
	Alwar – C	3450	3350	+100
	Sri Ganganagar(Non- Condition-Unpaid)	3060	3125	-65
	Delhi–(Condition)	3500	3565	-65
	Kota	2800-3200	2800-3000	+200
	Agra-(Condition)	3700	3610	+90
	Neewai	3400	NR	-
	Hapur-(UP)	3400	3400	Unch
Groundnut Seed	Rajkot	640	650	-10
Sunflower Seed	Gulbarga	NR	NR	-
	Latur	3300-3500	3250-3450	+50
	Sholapur	3350-3550	3300-3500	+50
Sesame Seed	Mumbai (White98/2/1 FM)	12850	12500	+350

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 Arrivals in Key Centers:**

Commodity	Centre	Arrivals in Bags/Qtl		Chg
		Week End (14/2/2014)	Week End (7/2/2014)	
<b>Soybean</b>				
	Madhya Pradesh	350000	590000	<b>-240000</b>
	Maharashtra	520000	540000	<b>-20000</b>
	Rajasthan	90000	44000	<b>+46000</b>
	Bundi (Raj)	800	300	<b>+500</b>
	Baran (Raj)	15000	11000	<b>+4000</b>
	Jhalawar (Raj)	7700	5400	<b>+2300</b>
<b>Rapeseed/Mustard</b>	Rajasthan	118000	127000	<b>-9000</b>

## Progress of Sown Area – Rabi Oilseeds, India

As per the official *Rabi* oilseeds planting (week ending 30 January 2014), the area coverage under Rabi oilseeds is reported at 89.29 lakh hectares, up 3.6% from 86.18 lakh ha previous year. Of the major oilseeds, rapeseed/mustard seed sowing is reported up by 6.0% compared to last year.

<b>Crop</b>	<b>Jan 30 2014</b>	<b>Jan 30 2013</b>	<b>% Change</b>
Rapeseed/Mustard	71.17	67.17	6.0
Groundnut	7.52	8.11	-7.3
Safflower	1.77	1.48	19.6
Sunflower	4.13	4.86	-15.0
Sesamum	0.77	0.6	28.3
Linseed	3.48	3.32	4.8
Others	0.45	0.64	-29.7
<b>Total Oilseeds</b>	<b>89.29</b>	<b>86.18</b>	<b>3.6</b>

(Area in lakh hectares) Source: GOI

## Soybean

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## Soy meal

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During current Oil year, (October - September), total exports during October 2013 to January, 2014 are 15.49 lakh tonnes, when compared to the mark of 16.99 lakh tonnes which was witnessed during the last year, showing a decrease by 8.83 per cent.

Although, preference of the meal of Indian origin mainly by the South-East countries due to logistic and freight advance and demand for non-GMO meal will lend support to the domestic soy meal. During the current Oil year Iran, Japan, Europe, Thailand, Vietnam, Indonesia and South Korea are the major destinations for Indian soy meal exports.

However, India's Y-o-Y soy meal prices have witnessed a steady trend during the past week. Soy meal (Jan-Feb) export price, FOR Kandla exports was quoted between Rs 33,300-34,000/MT compared to 28,500-29,500/MT during the same period last year.

**Recommendation:** *Indian soy meal is facing stiff price competition from South American meal. India's exports are likely to ease seasonally and South American supplies are to pick up in coming days. The Indian meal exporters are advised to aggressively market their meal to the countries in vicinity including traditional South and Far-East Asian destinations to materialize the freight and logistics advantage. The prices are expected to feature steady movement. FOR, Kandla is likely to be in the price band of Rs 34,850-35500/MT.*

## Technical Analysis:

### NCDEX Soybean Futures-Weekly Chart



### Soybean Spot, Indore



### Support & Resistance NCDEX Soybean – Feb contract

S2	S1	PCP	R1	R2
3785	3820	3934	4025	4065

- Soybean prices extended gains during the week.
- RSI and stochastic are rising in neutral zone supporting the gains.
- MACD is rising in positive territory.
- The prices are expected to feature gains in coming week.
- **Trade Recommendation (NCDEX Soybean – Feb) Week: Buy** above 3900. Levels: Target – 3990; T2- 3995, SL -3846.

**Trade Recommendation Soybean Spot:** We feel the soybean prices to feature range bound movement with firm-bias in near-term - WEEK. The prices are likely to witness 4000-4100 levels (Indore, Plant basis).



## Rapeseed - Mustard Seed

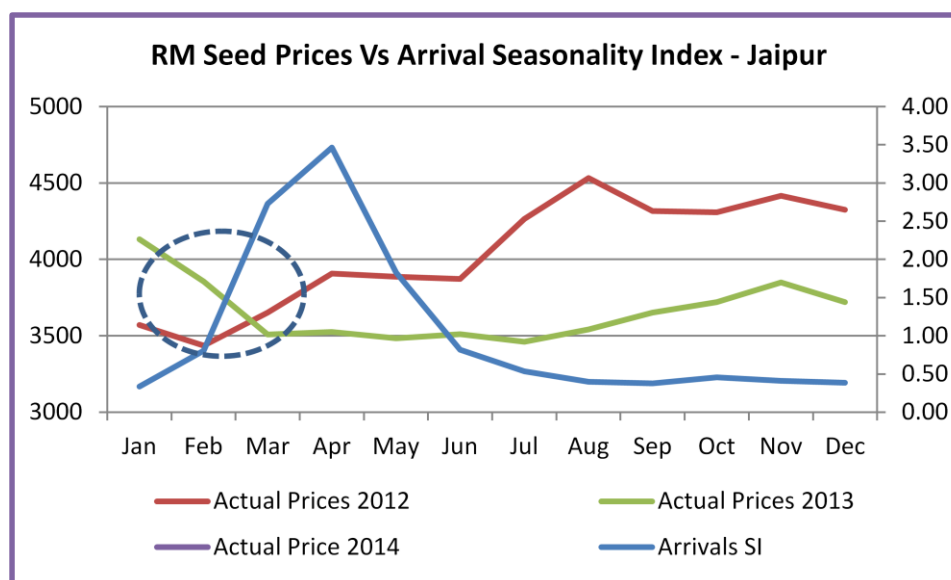
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**Technical Analysis:**
**NCDEX RM Seed Futures**

**RM Seed Spot, Jaipur**

**Support & Resistance NCDEX RM Seed - Apr contract**

S2	S1	PCP	R1	R2
3125	3184	3354	3455	3542

- RM seed witnessed gains during the week.
- The prices closed below 9-day and 18-day EMA.
- RSI and stochastic are easing in the neutral zone. While, market may consolidate in the near term.
- Prices are expected to feature gains in near-term.
- **Trade Recommendation (NCDEX RM SEED - Apr) Week: BUY** above 3235 for a Target –3335; T2-3375; SL -3185.

**Trade Recommendation RM Seed Spot (Jaipur basis):** In spot, the RM seed prices are expected to feature a range bound to firm movement in the coming days. The prices are likely to be in the range of Rs3380-3520/ql level in near term.

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