

Executive Summary

Soybean, soy meal and rapeseed/mustard posted gains on firm global cues during the week in review. Besides, fresh buying remained supportive.

The domestic soybean witnessed gains on bullish international oils and fats market, soy oil was the strongest edible oil with a price appreciation of 8-10% in physical market. South American weather concern including Brazil which is facing too hot and dry conditions and Argentina too wet has pushed up the global soybeans with spillover support to the domestic market.

There are already reports of crop damage in several parts of southern Brazil, parts of Argentina, Paraguay and Uruguay.

The situation has raised the concern towards the standing soybean crop in the region leading to downward revision of South America and world soybean stocks previous week.

Besides, US soybean shipments were unusually large at 6.9 Mn T in January and a record 32.0 Mn T in Sept/Jan, with China as the largest buyer, boosted the global soybean market.

Again India's soy oil imports remained higher in previous weeks but lower palm oil imports limited the gains in oilseeds.

The domestic soybean prices are likely to feature firm tone in coming weeks.

Soy meal edged-up in tandem with soybean tracking firm global oil and fats markets during the week in review. However, the medium-term fundamental of the meal are weak. The soy meal exports remained sluggish this season due to lower crushing. The export enquiries were weak during season and weak shipments were noticed y-o-y, financial and oil year basis.

India's exports of soy meal during January, 2014 was 3.64 lac tons as compared to 6.20 It in January, 2013 pointing a fall by 41.29% over the same period of last year.

This decline in the shipments is primarily due to lower supplies of soybean leading to lower crushing.

On a financial year basis, India's soy meal shipments during April'2013 to January'2014 stood at 24.25 It as compared to 25.36 It during the corresponding period last year, showing a marginal decrease of 4.37%.

During current Oil year, (Oct - Sep), total exports during October 2013 to January, 2014 are 15.49 Lac tones as against 16.99 Lac tones last year, showing a decrease by 8.83%.

The soy meal prices may slightly gain on short-term bullish global factors, but it will feature range-bound movement around current levels in medium to long term.

Domestic mustard seed posted gains supported by bullish MPOB data on palm oil exports and stocks and other supportive international factors in oils and fats market. Significant soybean crop deterioration in Brazil and other parts of South America continued to add on the bullish scenario.

Besides, dry weather in key palm growing parts of Malaysia, Indonesia and Thailand pushed up the oils and fats markets leading BMD uptrend, thus supporting India's rapeseed/mustard seed market during the week. However, rise in mustard planted area this season by 6% limited the gains to some extent.

Besides, new crop supplies are gradually picking up the pace across the key physical market centers which has gone up to 1.6 lakh bags a day compared to 80,000 bags a couple of weeks back.

The seed prices are expected to feature short-term gains on bullish global factors.

Soybean crop deterioration in South America, bullish stock and exports figure by MPOB and dry weather in Malaysia, Indonesia and Thailand remained positive for the oil and fats markets.

However, 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 with firm-bias in near-term.

International Highlights

- ❖ Exports from Malaysia rose 17 per cent to 875,091 tons in the first 20 days of Feb. from the same period of last month - Intertek.
- ❖ As per Safras & Mercado, Brazilian farmers have harvested 21 percent of the soybean estimated acreage as of 14 Feb., 2014, up 8 percent from last week. However, last year at the same period farmers had harvested 15 percent. AgRural lowered Brazil's soybean projections to 87 million tons for 2014, down one million tons from the previous estimates
- ❖ As per Buenos Aires Grain Exchange, Argentina's 2014 soybean production seen at 53 million tons, unchanged from the previous forecast. CONAB lower its soybean production forecast to 90 million tons, down 0.3 million tons from the previous estimates for 2014. While, last year Brazil's soybean Production was 81.5 million tons.
- ❖
- ❖ SEA of India reports that crude sunflower oil imports by India during Nov-Jan of 2013-14-oil year (Nov-Oct) were 3.62 lakh tons. However, imports were higher on y-o-y basis by 1.16 lakh tons. As pre Dorab Mistry, sunflower oil imports may rise by 23 percent to 12 lakh tons during 2013-14. Indian buyers imported 9.73 lakh tons during 2013-13 oil year.
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- ❖ However, MOA lowers its soybean output projections for 2013/14 to 12.45 million tons. While, last year India's soybean production was at 12.21 million tons.
- ❖
- ❖ CONAB lower its soybean production forecast to 90 million tons, down 0.3 million tons from the previous estimates for 2014. While, last year Brazil's soybean Production was 81.5 million tons.
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- ❖ Current stock of edible oils as on 1st February, 2014 at various ports is estimated at 705,000 tons (CPO 330,000 tons, RBD Palmolein 175,000 tons, Degummed Soybean Oil 80,000 tons, Crude Sunflower Oil 105,000 tons and Canola Rape Oil 15,000 tons) and about 810,000 tons in pipelines. Total stock, both at ports and in pipelines has decreased by 80,000 tons to 1,515,000 tons (SEA of India).
- ❖ Edible oil basket is expected to feature steady to slightly firm tone in the near-term. While, higher soybean output projections and sideways trend in the international oil and fats market may cap the gains
- ❖
- ❖ 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.

Oilseed Prices at Key Spot Markets:

Commodity	Centre	Prices (Rs/Qtl)		Change
Soybean		21-Feb-14	14-Feb-14	
	Indore –Plant	3950-4050	3925-4025	+25
	Indore –Mandi	3750-3950	3500-3900	+50
	Nagpur-Plant	3850	3800	+50
	Nagpur – Mandi	3500-3800	3500-3750	+50
	Kota-Plant	3900	3900	Unch
	Kota – Mandi	3600-3800	3750-3800	Unch
	Bundi-Plant	3850	3825	+25
	Bundi-Mandi	3700-3750	3700	+50
	Baran-Plant	3850	3850	Unch
	Baran-Mandi	3600-3700	3500-3750	-50
	Bhawani Mandi Jhalawar– Kota Plant Delivery	3950	3875	+75
	Jhalawar-Mandi	3600-3950	3500-3900	+50
Rapeseed/Mustard	Jaipur – C	3485	3490	-5
	Alwar – C	3435	3450	-15
	Sri Ganganagar(Non- Condition-Unpaid)	3150	3060	+90
	Delhi–(Condition)	3500	3500	Unch
	Kota	2700-3000	2800-3200	-200
	Agra-(Condition)	3700	3700	Unch
	Neewai	3425	3400	+25
	Hapur-(UP)	3325	3400	-75
Groundnut Seed	Rajkot	640	640	Unch
Sunflower Seed	Gulbarga	NR	NR	-
	Latur	Closed	3300-3500	-
	Sholapur	3400-3600	3350-3550	+50
Sesame Seed	Mumbai (White98/2/1 FM)	12950	12850	+100

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 (21/2/2014)	Week End (14/2/2014)	
Soybean				
	Madhya Pradesh	515000	350000	+165000
	Maharashtra	510000	520000	-10000
	Rajasthan	71000	90000	-19000
	Bundi (Raj)	950	800	+150
	Baran (Raj)	11000	15000	-4000
	Jhalawar (Raj)	4400	7700	-3300
Rapeseed/Mustard	Rajasthan	242000	118000	+124000

Progress of Sown Area – Rabi Oilseeds, India

As per the official *Rabi* oilseeds planting (week ending 13 February 2014), the area coverage under Rabi oilseeds is reported at 90.51 lakh hectares, up 3.3% from 87.6 lakh ha previous year. Of the major oilseeds, rapeseed/mustard seed sowing is reported up by 6.0% compared to last year.

Crop	As on 13 Feb 2014	As on 13 Feb 2013	% Change
Rapeseed/Mustard	71.3	67.26	6.0
Groundnut	8.18	9.02	-9.3
Safflower	1.79	1.49	20.1
Sunflower	4.26	5.09	-16.3
Sesamum	0.96	0.71	35.2
Linseed	3.55	3.36	5.7
Others	0.47	0.67	-29.9
Total Oilseeds	90.51	87.6	3.3

(Area in lakh hectares) Source: GOI

Soybean

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Soy meal

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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.

The chances of improving India's meal exports in coming months are bleak as a result of demand diversion. The previous trend reveals that India's soy meal exports fall in upcoming months.

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 (Feb-Mar) export price, FOR Kandla exports was quoted between Rs 35,400-36,519/MT compared to 28,700-30,000/MT during the same period last year.

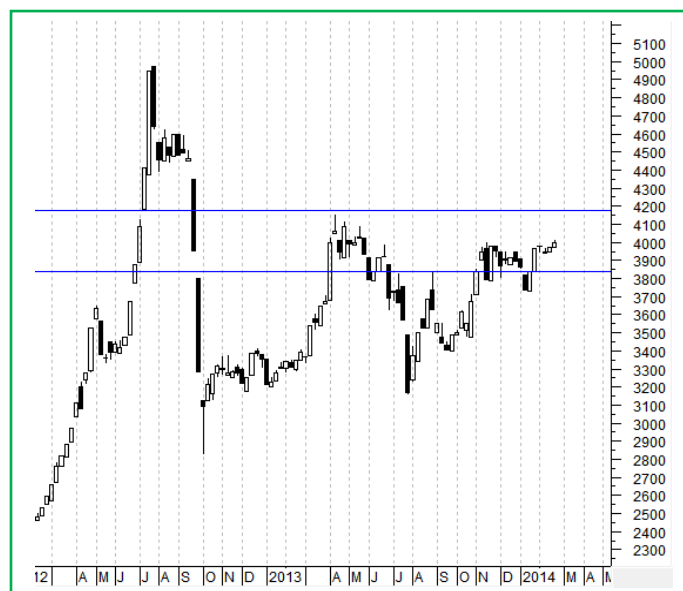
Recommendation: *Indian soy meal is facing stiff price competition from South American meal. India's exports are likely to ease seasonally and South American supplies are to pick up in coming days. The Indian meal exporters are advised to aggressively market their meal to the countries in vicinity including traditional South and Far-East Asian destinations to materialize the freight and logistics advantage. The prices are expected to feature steady to weak movement. FOR, Kandla is likely to be in the price band of Rs 36500-37500/MT.*

Technical Analysis:

NCDEX Soybean Futures-Weekly Chart



Soybean Spot, Indore



Support & Resistance NCDEX Soybean – Mar contract

S2	S1	PCP	R1	R2
3698	3805	4016	4218	4460

- 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 – Mar) Week: Buy** between 3990-4000. Levels: Target – 4100; T2- 4150, SL -3932.

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).

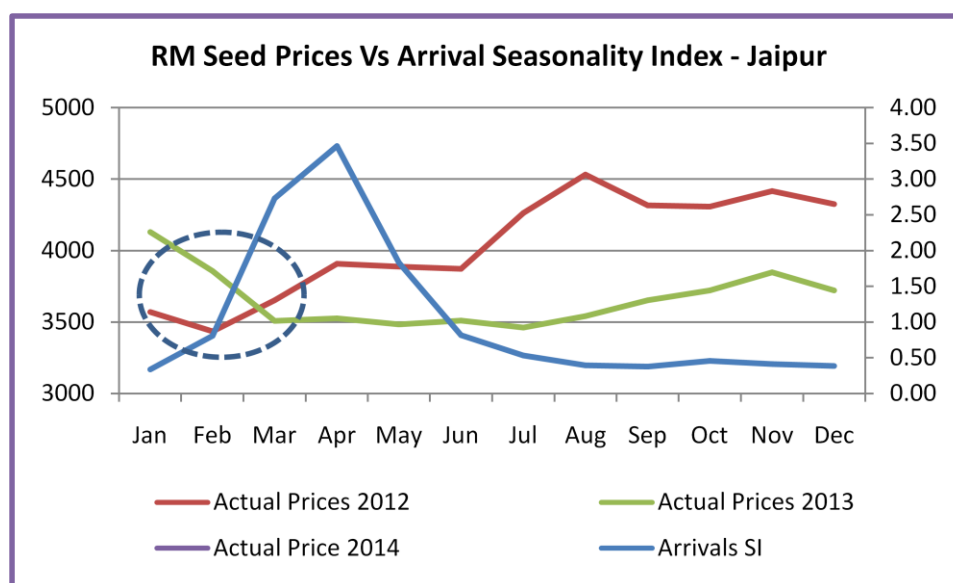
Rapeseed - Mustard Seed

RM seed fell on weak crusher's demand associated with losses in BMD CPO owing to weak export sales in palm oil from the major exporting countries. Besides, higher inventories in Malaysian palm oil of 1.98 Mn T, up 0.3% m-o-m stock, remained bearish for international palm oil. Indian rapeseed closely follows BMD CPO.

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 with weak-bias in near-term.



Technical Analysis:

NCDEX RM Seed Futures



RM Seed Spot, Jaipur



Support & Resistance NCDEX RM Seed - Apr contract

S2	S1	PCP	R1	R2
3139	3252	3412	3518	3610

- RM seed extended gains during the week.
- However, the prices closed below 9-day and 18-day EMA.
- RSI and stochastic are rising in the neutral zone.
- MACD is easing in the negative territory.
- Prices are expected to feature gains in the near-term.
- **Trade Recommendation (NCDEX RM SEED - Apr) Week: BUY** between 3510-3520 for a Target – 3600; T2- 3650; SL -3464.

Trade Recommendation RM Seed Spot (Jaipur basis): In spot, the RM seed prices are expected to feature a range bound movement with a firm bias on bullish MPOB data on stock and exports, however, higher rabi oilseeds planting will limit the gains. The prices are likely to witness 3490-3500 Rs/qrtl level in near term.

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