

Executive Summary

Soybean, soy meal featured steady to weak tone while rapeseed/mustard fell on rising new crop supplies in various cash markets during the week in review.

The domestic soybeans posted modest gains after it rallied for straight 6 weeks. The rise in prices was limited due to the fall in CBOT soybeans and some weakness in BMD CPO during the week in review.

South American soybean crop loss mainly due to dry weather, severe dry weather in Malaysia, Indonesia and Thailand and possible El Nino pattern in South Asia this year continued to lend support to the domestic soybeans.

The soybean in cash markets have reached to higher levels, prices are consolidating and looking for a direction, possibly fall as they have substantially peaked in recent week.

The soybean supplies are in the lower levels due to moderate crushing and vary between 55,000-60,000 bags a day.

Soy meal fell on weak export sales in the month of February and fall in soy complex in international benchmark after a recent rally. India's soy meal shipments fell by 68% in Feb 2014 compared to the same period last year.

The domestic crush margin continues to be in negative and the disparity is currently quite wide making it solvent extractors unviable for crushing the seed.

The soy meal demand from major importers have diverted to South America due to price competitiveness followed by rise in crushings with harvesting of the beans in progress in the region.

Of the top 5 buyers (Iran, Japan, France, Korea and Thailand) of soy meal of Indian origin Japan and Thailand slid to 10th and 19th position from 2nd and 5th position.

Indian soy meal exports are unlikely to pick up in coming months due to demand diversion and the prices are expected to slightly ease in near-term on lower meal shipments.

Domestic mustard seed edged-lower on increased new crop supplies followed by harvesting in full swing, during the week in review. Besides, a correction in Malaysian palm oil during the week pressured the domestic seed market.

The new crop supplies are gradually increasing; all India arrivals have reached to 4.10 - 4.15 lakh bags a day compared to 3.4-3.5 lakh bags a day a week ago.

However, severe dry weather in key palm growing parts of Malaysia, Indonesia and Thailand will push up the oils and fats markets leading rebound in BMD, which will support India's rapeseed/mustard seed market during the week.

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

Soybean crop damage in South America, bullish reports on palm oil inventories in Malaysia and dry weather in Malaysia, Indonesia and Thailand will continue to remain positive for the oil and fats markets.

However, likely rise in the overall global soybean production followed by record outturn despite crop losses will cap the gain in oilseeds.

The oilseeds and meal prices are expected to featured range-bound movement with weak-bias in near-term.

International Highlights

- ❖ Chinese soybean buying is estimated at 16.2 Mn T in Jan/March 2014, 41% more than last year – Oil World.
- ❖ Soybean shipments of the 4 major countries remained unusually large at 8.8 Mn T in February.
- ❖ World sunseed inventories exceeded the year-earlier level by about 4- 5 Mn T as of March 1, as reported by the Oil World.
- ❖ Reportedly weather conditions improved in several parts of Argentina, which will lower the stress to soybean crop. However, weather situations are still partly detrimental in Brazil.
- ❖ Malaysian February palm oil exports pegged at 1.24 million tons, down 2.1% on m-o-m basis –SGS. According to an Indonesian ministry, Indonesia keeps its export tax for crude palm oil unchanged at 10.5% for March.
- ❖ The sizable downward correction of the South American soybean crops and crushings will have a major impact on the production and export availability of 8 oilmeals. For soybeans Oil World has reduced world production projection by 7.8 Mn T.
- ❖ The recent soybean production estimates by various renowned analysts reveals that despite the partly significant soybean crop damage, total production in South America will still reach a new record high.
- ❖ 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.

Oilseed Prices at Key Spot Markets:

Commodity	Centre	Prices (Rs/Qtl)		Change
		14-March-14	7-March-14	
Soybean	Indore –Plant	4175-4250	4200-4300	-50
	Indore –Mandi	4000-4200	4050-4250	-50
	Nagpur-Plant	4050	4100	-50
	Nagpur – Mandi	3800-4000	3900-4000	Unch
	Kota-Plant	4100	4100	Unch
	Kota – Mandi	3850-4050	4050	Unch
	Bundi-Plant	4100	4150	-50
	Bundi-Mandi	4000	4000-4100	-100
	Baran-Plant	4150	4200	-50
	Baran-Mandi	3900-4000	3800-4000	Unch
	Bhawani Mandi Jhalawar– Kota Plant Delivery	4200	4150	+50
	Jhalawar-Mandi	3800-4200	3800-4150	+50
	Rapeseed/Mustard	Jaipur – C	3375-3380	3555-3560
Alwar – C		3450	3550	-100
Sri Ganganagar(Non- Condition-Unpaid)		3150	3250	-100
Delhi–(Condition)		3560	3585	-25
Kota		2800-3000	3100-3200	-200
Agra-(Condition)		3625	3790	-165
Neewai		3325	3400	-75
Hapur-(UP)		3300	3425	-125
Groundnut Seed	Rajkot	670	680	-10
Sunflower Seed	Gulbarga	NR	NR	-
	Latur	3550-3750	3650-3800	-50
	Sholapur	3600-3800	3650-3850	-50
Sesame Seed	Mumbai (White98/2/1 FM)	12550	12850	-300

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 (14/3/2014)	Week End (7/3/2014)	
Soybean				
	Madhya Pradesh	340000	275000	+65000
	Maharashtra	445000	345000	+100000
	Rajasthan	82000	50000	+32000
	Bundi (Raj)	2600	2400	+200
	Baran (Raj)	13500	10000	+3500
	Jhalawar (Raj)	2200	3500	-1300
Rapeseed/Mustard	Rajasthan	890000	540000	+350000

Progress of Sown Area – Rabi Oilseeds, India

As per the official *Rabi* oilseeds planting (week ending 13 Mar 2014), the area coverage under Rabi oilseeds is reported at 93.01 lakh hectares, up 2.4% from 90.8 lakh ha previous year. Of the major oilseeds, rapeseed/mustard seed sowing is reported up by 6.0% compared to last year.

Crop	Mar 2014	13 Mar 2013	% Change
Rapeseed/Mustard	71.36	67.46	5.8
Groundnut	8.92	10.11	-11.8
Safflower	1.79	1.5	19.3
Sunflower	4.4	5.3	-17.0
Sesamum	2.46	2.4	2.5
Linseed	3.59	3.36	6.8
Others	0.49	0.67	-26.9
Total Oilseeds	93.01	90.8	2.4

(Area in lakh hectares) Source: GOI

Soybean

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Soy meal

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Indian soy meal exports are unlikely to pick up in coming months due to demand diversion and the prices are expected to slightly ease in near-term on lower meal shipments.

India's oilmeal shipments fell 53% in Feb 2014 compared to the same period last year while soy meal exports declined by 68% in Feb 2014 compared to the corresponding period last year. Japan which stood at second position after Iran in buying soy meal of Indian origin slipped to 19th position in Feb.

India's shipment of soy meal during February, 2014 was 1.83 lac tons as compared to 5.77 lac tons in February, 2013 showing a decrease by 68.28% over the same period of last year.

This decline in the export is primarily due to lower arrival of soybean resulting the lower crushing.

On a financial year basis, the export during April'2013 to February'2014 is 26.09 lac tons as compared to 31.13 lac tons in the same period of previous year showing a decrease by 16.19%.

During current Oil year, (October - September), total exports during October'2013 to February'2014 are 17.32 lac tones as against 22.77 lac tones last year, showing a decrease by 23.94%.

Soy meal prices are expected feature firm tone on varied bullish factors hovering in the oils and fats market.

The demand shift to South America due to the competitive prices there ahead new crop supplies, this has already hit the India's meal exports. The soybean harvesting is at full swing in Brazil and peak Argentine harvesting is expected in late 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 gains during the past week. Soy meal, FOR Kandla exports price (Mar-Apr delivery) was quoted between Rs 38,000-38,663/MT compared to 31,800-33,500/MT during the same period last year.

Recommendation: Soy meal, FOR Kandla exports price (Mar-Apr delivery) was quoted between Rs 38,000-38,663/MT compared to 31,800-33,500/MT during the same period last year. Prices surged on bullish global soybean and palm oil reports during the month in review. Indian meal exporters are advised to market their meal to the countries in vicinity including traditional South and Far-East Asian destinations and Iran. Indian soy meal faces price competition from South American soy meal due to new crop soybean supplies. India is into the period of lower exports considering seasonality. The domestic meal prices are likely to feature steady to firm tone during in near-term. FOR, Kandla is expected to feature range bound movement with firm bias and the quotes will range between 38,500-40,000 levels in the upcoming week.

Technical Analysis:

NCDEX Soybean Futures-Weekly Chart



Soybean Spot, Indore



Support & Resistance NCDEX Soybean – Apr contract

S2	S1	PCP	R1	R2
3950	4053	4210.5	4416	4495

- Soybean prices fell on profit-booking during the week.
- RSI is easing in neutral region while stochastic is falling in overbought zone.
- MACD is easing in positive territory.
- The prices are expected to feature losses in coming week.
- **Trade Recommendation (NCDEX Soybean – Apr) Week: Buy** Below 4215. Levels: Target – 4100; T2-4050, SL -4284.

Trade Recommendation soybean spot: Soybean prices are expected to feature weak tone on correction. But, South American crop damage and dry weather in major palm growing region of South East Asia will limit the losses. The prices are likely to feature edge-up and will be in the band of 4250-4350 levels (Indore, Plant basis) during the week.

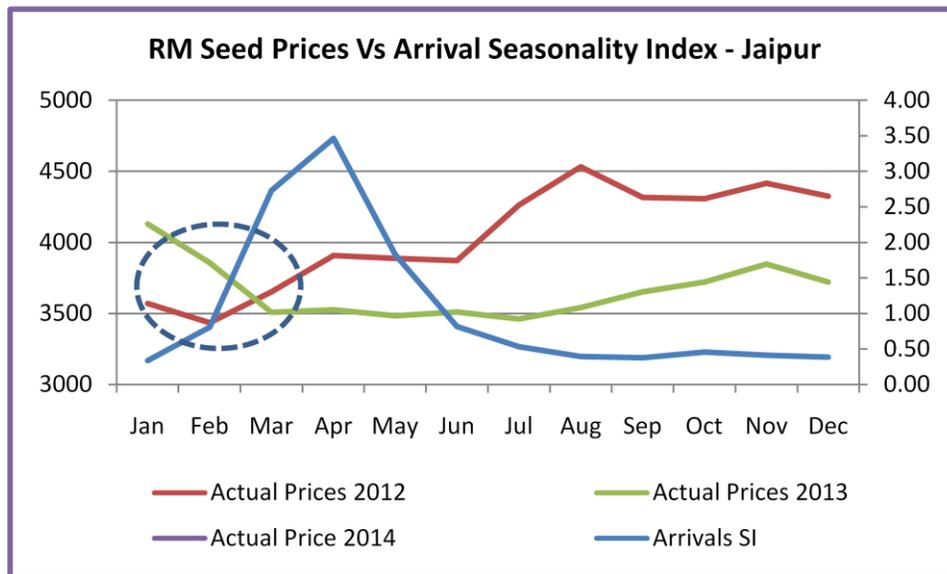
Rapeseed - Mustard Seed

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However, severe dry weather in key palm growing parts of Malaysia, Indonesia and Thailand will push up the oils and fats markets leading rebound in BMD, which will support India's rapeseed/mustard seed market during the week.

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



Technical Analysis:

NCDEX RM Seed Futures



RM Seed Spot, Jaipur



Support & Resistance NCDEX RM Seed - Apr contract

S2	S1	PCP	R1	R2
3205	3300	3433	3706	3837

- RM seed fell on profit booking during the week.
- The prices closed below 9-day and 18-day EMA.
- RSI is easing in neutral zone while stochastic is rising in the neutral territory.
- MACD is falling in the negative territory.
- Prices are expected to feature losses in the near-term.
- **Trade Recommendation (NCDEX RM SEED - Apr) Week: SELL** Below 3440 for a Target –3330; T2-3280; SL -3506.

Trade Recommendation RM Seed Spot (Jaipur basis): *In spot, the RM seed prices are expected to feature losses on fall in Malaysian palm oil. However, improved seed buying by the stockists and the solvent extractors domestically and severe dry weather in Malaysia, Indonesia and Thailand which will eventually hit the palm oil production in the region will remain limit the losses during the week. Prices of new crop seed are expected to be in the range between 3400–3500 levels during the week.*

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