

Executive Summary

Soybean, soy meal posted gains on firm global factors while rapeseed/mustard declined on heavy arrivals pressure during the week in review.

Domestic soybean continued upward trend on lower supplies and stronger benchmark CBOT soybeans in recent past. The bean supplies further declined in the key cash markets and it was reported between 25,000-40,000 bags a day during the week compared to 35,000-45,000 bags per day previous week in the physical markets of Madhya Pradesh.

The domestic crush margin is discouraging as there is a persistent disparity in crushing the beans followed by lower soy meal export sales and comfortable edible oil stocks in domestic market. The crushing is slow paced and the crushing units in Madhya Pradesh are just able to operate for 8-10 days a month due to inadequate supplies in beans and are running much below their crushing capacity.

Over 50% of the domestic soybean produce is out in the market from the farmers and stockists for crushing since Oct 2013.

There is a concern over the availability of quality and certified seed for planting this kharif season especially in the state of Madhya Pradesh. This may hit the soybean yield of the upcoming season. The soybean planting in India begins in late June.

Spillover support from the stronger CBOT soybeans continued to lend support to the domestic beans, CBOT May contract tested fresh high at US \$ 15.12/bu on 09 April 2014. This is due to good buying by the major buyers. The harvesting in Argentina has commenced while it is over 80% done in Brazil.

Reduction in soybean production estimates of South America by various leading global grain analysts due to dry weather, and slash in its forecast for the 2013-14 soybeans carry over to 135 million bushels, down 10 million from last month by USDA, which was below an average of trade estimates of 139 million bushels and would be a 10-year low remain bullish factors for soybean.

Further, dry weather concern in Thailand, Indonesia and Malaysia and talks of possible El Nino in the region which will eventually hit the palm output and subsequently palm oil production continues to lend support to the soybean and palm oil prices at higher levels and are likely to support in near to medium term too.

However, reports of default of Chinese importers of least 500,000 tonnes of U.S. and Brazilian soybean, the biggest in a decade, and raise in the Malaysian palm oil inventory by 2% in Mar. pressured CBOT soybeans and RM seed during the week, to some extent.

Soy meal witnessed gain in sync with soybeans during the week in review. The domestic meal demand remained steady while lower crushings due to weak supply in beans has lead to fall in the availability in meal lending support to the prices at higher levels.

Talks of possible El Nino this year is likely to hit the India's soybean crop in the upcoming crop season. If this turns out to be true, the phenomena will eventually lead in lower meal supplies and exports.

India's meal shipments during the season remained weak primarily due to poor quality and fall in overseas orders. Besides, the major soy buyers have shifted to South America due to price competitiveness followed by increased supplies with the start in new marketing season in the region.

However, the domestic meal demand is good and intact. India's demand for poultry products are likely to rise by at least 6% this year, according to NECC which will keep the meal demand intact at 3 MMT and thus prices this season.

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

India's Oilmeal shipments declined 9.8% to 4.33 million tonnes in 2013-14 in finance year ended March 31 2013.

India's Oilmeal shipments in March stood at 3.97 lakh tonnes compared to 4.30 lakh tonne during the same period last year, said SEA.

India's Soy meal exports, which constitute the bulk of oil meal exports, decreased by 27.50% to 2.32 Lac tonnes in March'14 from 3.20 Lac tonnes a year earlier.

The annual Soy meal exports in the financial year 2013-2014 (April-March) in terms of Quantity were 28,40,874.837 tonnes, decreased by 17.27 percent from 34,33,916.546 tonnes a year ago. In terms of value the total earning is Rs. 9,976.40 crores compared to Rs.10,192.91 crores in 2012-13 marginally down by 2.12%.

Partially, export of Soybean Meal suffered during first and fourth quarter due to poor availability of soybean and corresponding lower crushing.

During the first half of current Oil year (October - September), exports during October'13 to March'14 in terms of quantity were 19.65 Lac tonnes as against 25.97 Lac tonnes last year or a drop of 24.35%. In terms of value the total earning is Rs. 6,987.97 crores compared to Rs.7,602.67 crores in 2012-13 down by 8.08%.

The soy meal prices are expected to feature range-bound movement with firm bias and short-term.

RM seed edged-lower on heavy arrivals across the major cash markets during the period under review. The rapeseed harvesting in the major producing states of Rajasthan, Uttar Pradesh and Madhya Pradesh is underway and it is done over 80% and the seasonal supply pressure of the seed is mounting, they are currently at the peak.

The all India seed arrivals are reported at between 6.5 – 7.0 lakh bags during the week compared to 5.5 - 6.6 lakh bags previous week.

However, there is active is an active participation of both the seller and the buyers across the key physical markets. The millers and the stockists are buying at the current price levels to cover their stocks for future. Dry weather in Malaysia, Thailand and Indonesia and talks of possible El Nino this year are the bullish factors for Malaysian palm oil which will subsequently push up not only the palm oil prices but also the domestic RM seed.

Indonesia increased its export tax for crude palm oil to 13.5 percent in April from 10.5 percent in March. Besides, Malaysia has raised its crude palm oil export tax for April to 5.5 percent, last month 5% in March. The upward

revision will increase the landed cost of palm oil at Indian ports which is another bullish factor for domestic RM seed.

But the bearish side is that Malaysian palm oil inventories for March estimated at 1,687,709 tons against a revised 1,656,908 tons last month. Inventories surged by rose 2 percent compared to last month. However, Malaysian palm oil inventories hovering at 22.2 percent lower on y-o-y basis. Higher palm oil production and weak exports helped lift stocks. On the production front, palm oil output for March is estimated at 1.49 million tons, up 17.3 percent on m-o-m basis - Malaysian Palm Oil Board

We feel the RM seed prices have bottomed out and they will recover on better miller and stockist's buying in near to medium term.

Overall, underlying current in oils and fats market is bullish, though few bearish factors will limit the upside in short-term.

International Highlights

- ❖ Chinese importers have defaulted on at least 500,000 tonnes of U.S. and Brazilian soybean cargoes worth around \$300 million, the biggest in a decade, as buyers struggle to get credit amid losses in processing beans.
- ❖ The USDA cut its forecast for the 2013-14 soybean carry over to 135 million bushels, down 10 million from last month. The figure was below an average of trade estimates of 139 million bushels and would be a 10-year low, if realised by the end of the marketing year on Aug. 31
- ❖ A first vessel carrying 75 Thd T of Brazilian soybeans has reportedly arrived at the US Gulf – Oil World.
- ❖ As per Safras & Mercado, Brazilian farmers have harvested 80% of the total soybean acreage as of April 4, 2014. While, at the same period of the last year was 76%. Harvesting in Mato Grosso stood at 99 89%, Parana at 93%, Minas Gerais at 94 %, Goias at 99% and in Rio Grande do Sul at 35%.
- ❖ Brazil exports 6.23 million tons of soybeans in March 2014, up 75.9 percent compared to same period of the last year. While, on the harvesting side, Brazilian farmers had harvested around 70 percent of the total soybean acreage estimates.
- ❖ Malaysian palm oil inventories for March estimated at 1,687,709 tons against a revised 1,656,908 tons last month. Inventories surged by rose 2 percent compared to last month. However, Malaysian palm oil inventories hovering at 22.2 percent lower on y-o-y basis. Higher palm oil production and weak exports helped lift stocks. On the production front, palm oil output for March is estimated at 1.49 million tons, up 17.3 percent on m-o-m basis - Malaysian Palm Oil Board.

Oilseed Prices at Key Spot Markets:

Commodity / Centre	Prices (Rs/Qtl)				Change
Soybean	11-Apr-14		4-Apr-14		
	Low	High	Low	High	
Indore –Plant	4300	4420	4300	4410	+10
Indore–Mandi	4100	4350	4100	4350	Unch
Nagpur-Plant	4150	4200	4200	4250	-50
Nagpur – Mandi	4000	4100	4000	4100	Unch
Kota-Plant	4300	4350	4250	4300	+50
Kota – Mandi	4000	4300	4100	4200	+100
Bundi-Plant	4250	4300	4280	4300	Unch
Bundi-Mandi	4250	4300	4250	4300	Unch
Baran-Plant	4250	4300	4150	4200	+100
Baran-Mandi	4000	4150	3900	4100	+50
Bhawani Mandi Jhalawar–Kota-Plant Delivery	4250	4300	4250	4300	Unch
Jhalwar-Mandi	4000	4300	3900	4300	Unch
Rapeseed/Mustard					
Jaipur-(Condition)	3375	3380	3445	3450	-70
Alwar-(Condition)	3250	3275	3300	3350	-75
SriGanganagar-(Non-Condition-Unpaid)	2900	2950	2950	3050	-100
New Delhi–(Condition)(New Crop)	3300	3315	3425	3430	-115
Kota-Non-(Condition)	2900	2950	3000	3125	-175
Agra-(Condition)	3650	3690	3750	3775	-85
Neewai	3000	3050	3000	3025	+25
Hapur (UP)(New Crop)	3300	3325	3425	3430	-105
Groundnut Seed					
Rajkot	650	650	660	660	-10
Sunflower Seed					
Gulbarga	NR	NR	NR	NR	-
Latur	3250	3550	3250	3550	Unch
Sholapur(New Crop)	3500	3650	3500	3650	Unch
Sesame Seed					
Mumbai (White98/2/1	13050	13050	13050	13050	Unch

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		Change
		Week End (11/4/2014)	Week End (4/4/2014)	
Soybean				
	Madhya Pradesh	135000	133000	+2000
	Maharashtra	125000	180000	-55000
	Rajasthan	40000	75000	-35000
	Bundi (Raj)	1000	1600	-600
	Baran (Raj)	6500	1400	+5100
	Jhalawar (Raj)	2300	1800	+500
Rapeseed/Mustard	Rajasthan	1545000	13150000	-11605000

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	Apr 2014	Apr 2013	% Change
Rapeseed/Mustard	71.38	67.48	5.8
Groundnut	10.8	11.01	-1.9
Safflower	1.79	1.5	19.3
Sunflower	4.45	5.33	-16.5
Sesamum	4.54	2.94	54.4
Linseed	3.61	3.38	6.8
Others	0.49	0.69	-29.0
Total Oilseeds	97.06	92.33	5.1

(Area in lakh hectares) Source: GOI

Soybean

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Soy meal

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The soy meal prices are expected to feature range-bound movement with firm bias and short-term.

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.

Preference of the soy meal of Indian origin mainly by the South-East countries due to logistic and freight advance and demand for non-GMO meal will continue to 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.

India's Y-o-Y soy meal prices have witnessed gains during the past week. Soy meal, FOR Kandla exports price (Apr-May delivery) was quoted higher between Rs 39,200-39,550/MT compared to Rs 36,000-38,550/MT during the same period last year.

Recommendation: *Soy meal, FOR Kandla exports price (Apr-May delivery) was quoted higher between Rs 39,200-39,550/MT compared to Rs 36,000-38,550/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 39,500-40,500 levels in the upcoming week.*

Technical Analysis:

NCDEX Soybean Futures-Weekly Chart



Soybean Spot, Indore



*Note: Daily Chart

Support & Resistance NCDEX Soybean – May contract

S2	S1	PCP	R1	R2
4268	4307	4393	4471	4514

- Weekly soybean candlestick chart pattern reveals indecision in the market.
- Prices closed above 9-day and 18-day EMA.
- RSI is easing in overbought region while stochastic is rising in overbought zone.
- MACD is heading upwards in positive territory.
- The prices are expected to feature gain in coming week.
- **Trade Recommendation (NCDEX Soybean – May) Week: Buy Above 4390. Levels: Target – 4450; T2- 4480, SL -4354.**

Trade Recommendation soybean spot: Soybean prices are expected to feature firm tone. The USDA cut its forecast for the 2013-14 soybean carry over to 135 million bushels, down 10 million from last month. South American crop damage and dry weather in major palm growing region of South East Asia will act as bullish factors. The prices are likely to edge-up and will be in the band of 4350-4550 levels (Indore, Plant basis) during the week.

Rapeseed - Mustard Seed

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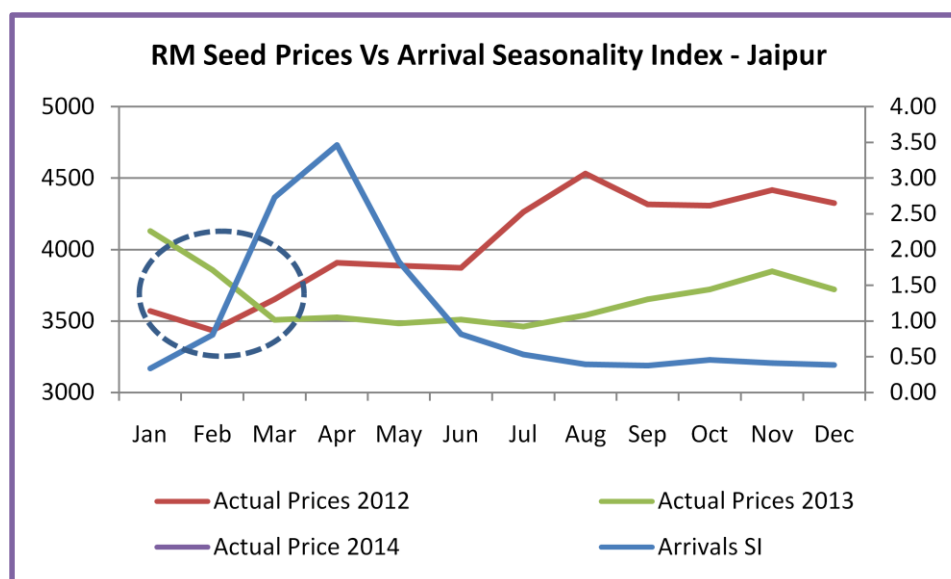
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Indonesia increased its export tax for crude palm oil to 13.5 percent in April from 10.5 percent in March. Besides, Malaysia has raised its crude palm oil export tax for April to 5.5 percent, last month 5% in March. The upward revision will increase the landed cost of palm oil at Indian ports which is another bullish factor for domestic RM seed.

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We feel the RM seed prices have bottomed out and they will recover on better miller and stockist's buying in near to medium term.



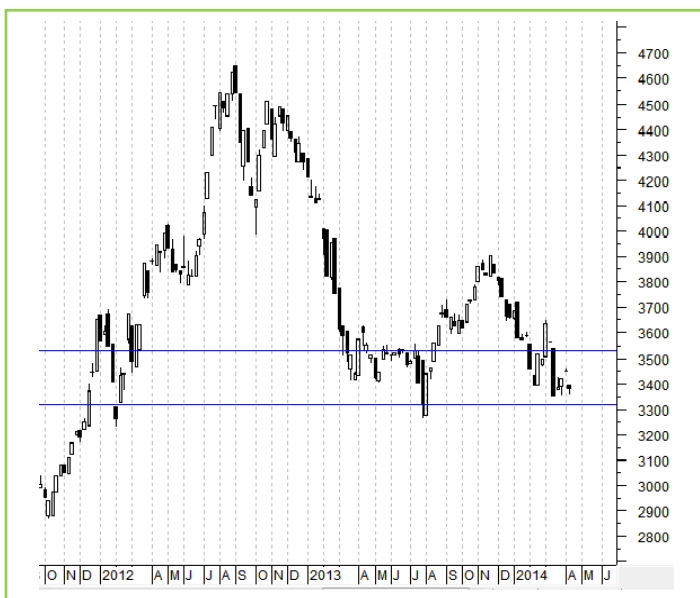
Technical Analysis:

NCDEX RM Seed Futures



*Note: Daily Chart

RM Seed Spot, Jaipur



Support & Resistance NCDEX RM Seed - May contract

S2	S1	PCP	R1	R2
3321	3364	3440	3573	3630

- The weekly RM seed candle denotes indecision in the market.
- The prices closed above 9-day and 18-day EMA.
- RSI and stochastic are rising in the neutral territory.
- MACD is heading upwards in the negative territory.
- Prices are expected to feature gains in the near-term.
- **Trade Recommendation (NCDEX RM SEED - May) Week: BUY** Above 3505 for a Target –3550; T2-3600; SL -3478.

Trade Recommendation RM Seed Spot (Jaipur basis): There is a good support at 3355 level. Prices tested low at 3358 during the week. In spot, the RM seed prices are expected to feature gains on strong buying interest at the current levels. 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 limit the losses, if any, during the week. Prices of new crop seed are expected to be in the range between 3350–3450 levels during the week.

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