

Executive Summary

Soybean, soy meal and rapeseed/mustard posted gains on global as well as the domestic factors during the week under review

Soybean continued uptrend primarily on weak supplies in the key cash markets during the week under review. The arrivals fell consecutively second week mainly due to Lok Sabha elections during the week in constituencies accounting major soybean markets.

The soybean traders and the grain market laborers were busy campaigning for the elections ahead polling which was scheduled on 24 Apr 14, the bean supplies were limited and it was quoted higher by the solvent extractors. Besides, the soybean crushing pace is already slow due to weak seasonal supplies in beans as soybean traders switching to wheat and rapeseed/mustard trade.

However, soybean benchmark CBOT fell during the week after the May contract hit US \$ 15.22 a bushel on previous week. Chinese cancellations of soybean orders have pressured nearby months in anticipation of an easing of the tight stocks situation in the United States. The soybean planting has commenced in the key growing states of US and the official US planting progress report on the bean is expected next week.

USDA has reported that there is a tight US soybean inventories is lending the support, as the USDA cut its forecast for the 2013-14 soybean carry over to 135 million bushels, down 10 million from March month. The figure was below an average of trade estimates of 139 million bushels and expected to be a 10-year low, if realised by the end of the marketing year on Aug. 31.

The harvesting in Brazil is underway and it is over 90% complete besides soybean harvesting in Argentina is over 20% complete. The global soybean supplies have seasonally improved and the buying at the current levels from US and South America has increased. Again there is concern for recent defaults by Chinese importers from US and Brazil which slightly pressured the market previous week.

Gains in BMD CPO too remained supportive for soybeans during the week. If El Nino weather pattern gains strength may hit the India's soybean crop in the upcoming crop season. If the phenomena turn out to be true it will eventually lead in lower soybean productivity and hence lower supplies in meal in the coming season. Soybean planting in India begins in late June.

Overall, the soybean prices are likely to remain firm on lower seasonal supplies and lower US soybean stock at the international in near-term.

Soy meal extended gains in tandem with soybean followed by lower arrival in beans and eventually poor soy meal supplies during the week review. The domestic soy meal demand is continued and steady primarily for poultry feed and weak crushings of soybean continued to remain supportive for the meal prices.

Talks of possible El Nino this year (70% chance) may hit the India's soybean crop in the upcoming crop season. If the phenomena turn out to be true it will eventually lead in lower soybean productivity which will consequently lead to lower supplies in meal in the coming season.

As discussed, the current domestic meal demand is good and intact with poultry products expected to rise by at least 6% this year, according to NECC this will keep the meal demand intact at 3 MMT and thus prices this season.

Overall, India's soy meal shipments during the season declined 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 seasonal supplies with the start in new marketing season in the region. The previous trend reveals that India's soy meal exports fall in upcoming months. India's soy meal shipments stand at the optimum level during Oct – Feb.

The meal prices are expected to remain firm on weak soybean crushing and good domestic and steady international demand.

The RM seed rebound after seasonal supply pressure in previous weeks. Good buying support by the millers and the stockists and fall in arrivals due to general elections during the week pushed up the seed prices.

Besides, higher Malaysian palm oil due to weakening ringgit is pushing up the international benchmark BMD CPO and expectations of pre-Ramadan demand and improved palm oil exports from Malaysia recently remained supportive for the domestic mustard seed too. India's rape/mustard seed closely follows BMD CPO.

The mustard seed harvesting is nearing completion in the major producing regions including Rajasthan, UP, Madhya Pradesh, Punjab and Haryana. Overall, the seed supplies are higher followed by harvesting in full swing in the remaining areas.

The buyers are active in the market including millers and the stockists at the current price to cover their stocks.

We feel the RM seed prices have bottomed out previous week 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 are prevalent in the market will limit the upside in short-term.

International Highlights

- ❖ Strike risk in Argentina, the first strike probably already tomorrow at crush plants (unless a solution is found in today's consultations) and a strike of port workers on May 1.
- ❖ Oil World has estimated that a total of around 300 Thd T of Brazilian soybeans will be exported to the USA in April.
- ❖ G-4 soya meal shipments stood at 3.3 Mn T in March about unchanged from the reduced level of previous year – Oil World.
- ❖ US soybean plantings have commenced and it is gradually picking up the pace, US mid-west weather need to be closely watched in coming weeks.
- ❖ There is soybean supply tightness in domestic soybeans due to growth in US soybean export commitments in the week ended Apr 3.
- ❖ India's vegetable oil imports fell six per cent in March to 8,35,424 tonnes against 8,89,415 tonnes in the corresponding last year as the rupee appreciated and demand slipped.
- ❖ Imports included 8,32,925 tonnes of edible oil and 2,499 tonnes on non-edible oil, according to the data released by the Solvent Extractors' Association.
- ❖ Overall, imports of vegetable oils between November and March were down six per cent at 43,32,231 tonnes (46,24,678 tonnes).
- ❖ Import of refined oil rose 32 per cent to 8,17,615 tonnes against 6,20,698 tonnes in the first five months of the season that began in November.
- ❖ Palm oil imports in last five months decreased 17 per cent to 31,42,418 tonnes.
- ❖ Inventory of edible oil at various ports as on April 1 was estimated at 4,90,000 tonnes. Crude palm oil stock was at 2,70,000 tonnes, refined palmolein was at 90,000 tonnes, degummed soyabean oil at 50,000 tonnes and crude sunflower oil at 80,000 tonnes. Consignments of about 710,000 tonnes were in the pipeline, said SEA.
- ❖ Indian vegetable oil buyers have severely reduced imports of palm oil so far this year in response to stronger prices on the world market.

Oilseed Prices at Key Spot Markets:

Commodity / Centre	Prices (Rs/Qtl)				Change
Soybean	2-May-14		25-Apr-14		
	Low	High	Low	High	
Indore –Plant	4600	4700	4525	4525	175
Indore–Mandi	Closed	Closed	4200	4600	-
Nagpur-Plant	-	-	4500	4500	-
Nagpur – Mandi	-	-	4200	4200	-
Kota-Plant	4800	4800	4450	4450	350
Kota – Mandi	Closed	Closed	4300	4400	-
Bundi-Plant	4650	4650	4550	4550	100
Bundi-Mandi	Closed	Closed	4500	4550	-
Baran-Plant	4650	4700	4400	4400	300
Baran-Mandi	Closed	Closed	Closed	Closed	-
Bhawani Mandi Jhalawar–Kota-Plant Delivery	4700	4700	4500	4650	50
Jhalwar-Mandi	Closed	Closed	4200	4600	-
Rapeseed/Mustard					
Jaipur-(Condition)	3460	3465	3450	3455	10
Alwar-(Condition)	3325	3350	3350	3350	Unch
SriGanganagar-(Non-Condition-Unpaid)	3080	3090	3000	3000	90
New Delhi–(Condition)(New Crop)	3470	3470	3370	3375	95
Kota-Non-(Condition)	Closed	Closed	3000	3050	-
Agra-(Condition)	3700	3700	3725	3725	-25
Neewai	Closed	Closed	3250	3250	-
Hapur (UP)(New Crop)	3500	3500	3425	3425	75
Groundnut Seed					
Rajkot	700	700	700	700	Unch
Sunflower Seed					
Gulbarga	NR	NR	NR	NR	-
Latur	Closed	Closed	3200	3700	-
Sholapur(New Crop)	3700	3850	3700	3850	Unch
Sesame Seed					
Mumbai (White98/2/1	13250	13250	14200	14200	-950

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 (2/5/2014)	Week End (25/4/2014)	
Soybean				
	Madhya Pradesh	141000	146000	-5000
	Maharashtra	57000	165000	-108000
	Rajasthan	28000	32000	-4000
	Bundi (Raj)	1600	1700	-100
	Baran (Raj)	11000	10000	1000
	Jhalawar (Raj)	3700	4900	-1200
Rapeseed/Mustard	Rajasthan	1670000	1850000	-180000

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 meal prices are expected to remain firm on weak soybean crushing and good domestic and steady international demand.

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.

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 41,000-43,000/MT compared to Rs 35,500-35,750/MT during the same period last year.

Recommendation: FOR Kandla exports price (Apr-May delivery) was quoted higher between Rs 41,000-43,000/MT compared to Rs 35,500-35,750/MT during the same period last year. Prices surged on bullish global soybean reports with downward revision in US soybean stocks and subsequent gains in CBOT soybeans during the week. 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 43,100-43,500 levels in the upcoming week.

Technical Analysis:

NCDEX Soybean Futures-Weekly Chart



Soybean Spot, Indore



*Note: Daily Chart

Support & Resistance NCDEX Soybean – Jun contract

S2	S1	PCP	R1	R2
4536	4639	4743	4853	4962

- Weekly soybean candlestick chart pattern reveals gains during the week in the market.
- Prices closed above 9-day and 18-day EMA.
- RSI and stochastic are rising in neutral zone.
- MACD is heading upwards in positive territory.
- The prices are expected to feature gain in coming week.
- **Trade Recommendation (NCDEX Soybean – Jun) Week: Buy Above 4740. Levels: Target – 4790; T2- 4820, SL -4710.**

Trade Recommendation soybean spot: Soybean prices are expected to feature firm tone. Expected labour strike at Argentine ports and forecast for the 2013-14 soybeans 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 4660-4850 levels (Indore, Plant basis) during the week.

Rapeseed - Mustard Seed

The RM seed rebound after seasonal supply pressure in previous weeks. Good buying support by the millers and the stockists and fall in arrivals due to general elections during the week pushed up the seed prices.

Besides, higher Malaysian palm oil due to weakening ringgit is pushing up the international benchmark BMD CPO and expectations of pre-Ramadan demand and improved palm oil exports from Malaysia recently remained supportive for the domestic mustard seed too. India's rape/mustard seed closely follows BMD CPO.

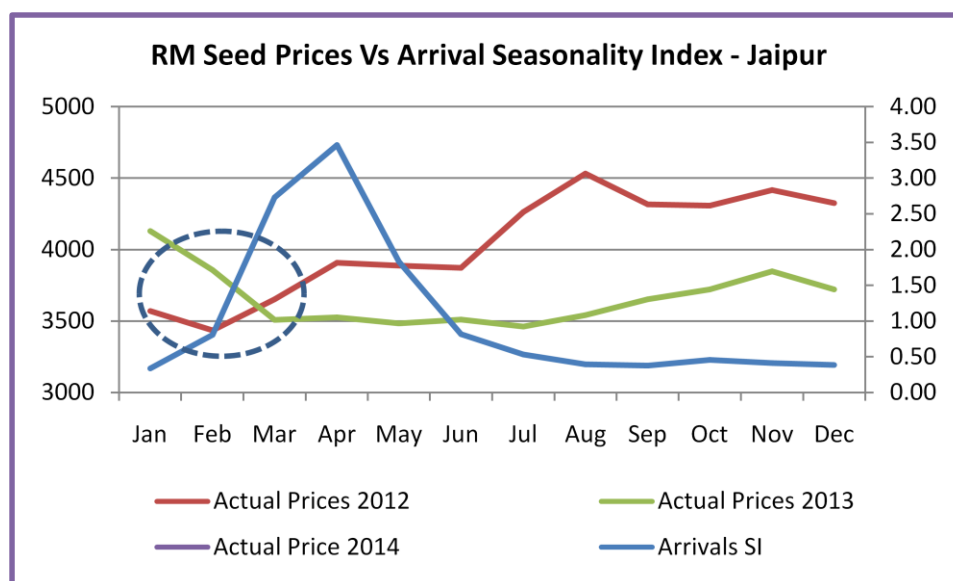
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The buyers are active in the market including millers and the stockists at the current price to cover their stocks.

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 in previous week 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 - Jun contract

S2	S1	PCP	R1	R2
3350	3412	3549	3681	3720

- The weekly RM seed candle denotes fall in the RM seed prices.
- The prices closed below 9-day and 18-day EMA.
- RSI and stochastic are easing in the neutral territory.
- MACD is falling in the positive territory.
- Prices are expected to feature gains in the near-term.
- **Trade Recommendation (NCDEX RM SEED - Jun) Week: SELL** Below 3550 for a Target –3500; T2-3450; SL -3580.

Trade Recommendation RM Seed Spot (Jaipur basis): There is a good support at 3355 level. Prices tested low at 3358 previous 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 seed are expected to be in the range between 3450–3520 levels during the week.

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