

Executive Summary

Soybean, soy meal and rapeseed/mustard traded mixed on global as well as the domestic factors during the week under review.

Soybean continued to trade steady to slightly firm on weak supplies in the key cash markets during the week under review. The arrivals fell consecutively third week mainly due to election activities. Major activities are expected after the formation of the govt. i.e in the fourth week of May.

Dwindling supply in the domestic market and fear of negative impact of El-Nino might be restrictive for further dip in the weeks ahead. Market may firms up once again. 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.

Soybean benchmark CBOT increased sharply during the week after considerable dip in the previous week. May contract hit US \$ 14.90 a bushel from 14.25 on Friday. However, a downward correction is expected at this level. Up to 1.2 mln tonnes of Brazil beans bound for U.S. and pressure might be seen in US market despite fear of negative weather impact and lower area coverage in US. Planting progress is slower than expectation so far.

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 95% complete besides soybean harvesting in Argentina is over 25% 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

- ❖ Traders pricing Brazil cargoes at discount after China defaults, cancellations. Supply from Canada continues, however, supply side in US would remain tight.
- ❖ Total imports of soybeans to the United States are expected to be near the record forecast of 1.77 million tonnes in the 2013/14 marketing season from the U.S. Agriculture Department but supplies are still expected to shrink to just two weeks' worth by the end of summer.
- ❖ Imports are coming from Canada, too. Through the first three months of the year, a record 202,000 tonnes crossed the border into the United States.
- ❖ Southeast Asia's palm oil industry may face a double blow from a recent drought and a possible El Nino weather phenomenon later this year. There is a wide possibility of production short fall and it could fuel a jump in consumer goods prices.
- ❖ 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.
- ❖ Malaysia's palm-oil output rose 3.9% in April from a month ago to 1.56 million metric tons, the Malaysian Palm Oil Board..Palm-oil inventories in Malaysia, the world's second-largest producer after Indonesia, were 4.6% higher on month at 1.77 million tons at the end of April.Malaysia's palm-oil exports were also up, gaining 1.2% from March

Oilseed Prices at Key Spot Markets:

Commodity / Centre	Prices (Rs/Qtl)				Change
Soybean	9-May-14		2-May-14		
	Low	High	Low	High	
Indore –Plant	4700	4850	4600	4700	150
Indore–Mandi	4500	5000	Closed	Closed	-
Nagpur-Plant	-	-	-	-	-
Nagpur – Mandi	-	-	-	-	-
Kota-Plant	4700	4750	4800	4800	-50
Kota – Mandi	4500	4700	Closed	Closed	-
Bundi-Plant	4650	4650	4650	4650	Unch
Bundi-Mandi	4600	4650	Closed	Closed	-
Baran-Plant	4700	4700	4650	4700	Unch
Baran-Mandi	4500	4600	Closed	Closed	-
Bhawani Mandi Jhalawar–Kota-Plant Delivery	4750	4750	4700	4700	50
Jhalwar-Mandi	4200	4700	Closed	Closed	-
Rapeseed/Mustard					
Jaipur-(Condition)	3425	3430	3460	3465	35
Alwar-(Condition)	3350	3350	3325	3350	Unch
SriGanganagar-(Non-Condition-Unpaid)	3070	3080	3080	3090	-10
New Delhi–(Condition)(New Crop)	3390	3390	3470	3470	-80
Kota-Non-(Condition)	3050	3100	Closed	Closed	-
Agra-(Condition)	3710	3710	3700	3700	10
Neewai	3280	3280	Closed	Closed	-
Hapur (UP)(New Crop)	3470	3470	3500	3500	-30
Groundnut Seed					
Rajkot	700	700	700	700	Unch
Sunflower Seed					
Gulbarga	NR	NR	NR	NR	-
Latur	3565	3565	Closed	Closed	-
Sholapur(New Crop)	3600	3750	3700	3850	-100
Sesame Seed					
Mumbai (White98/2/1	12950	12950	13250	13250	-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		Change
		Week End (9/5/2014)	Week End (2/5/2014)	
Soybean				
	Madhya Pradesh	207000	141000	66000
	Maharashtra	-	57000	-
	Rajasthan	55000	28000	27000
	Bundi (Raj)	1200	1600	-400
	Baran (Raj)	12600	11000	1600
	Jhalawar (Raj)	6100	3700	2400
Rapeseed/Mustard	Rajasthan	1325000	1670000	-345000

Oil Meal Prices at Key Spot Markets:
Soy DOC Rates at Different Centers

Centres	Ex-factory rates (Rs/ton)		
	9-May-14	2-May-14	Parity To
Indore (MP)	43500	43000-44000	Gujarat, MP
Kota	43200	43000	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	45000	45300	Mumbai, Maharashtra
Nagpur (42/46)	44700	44800	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	45000-45500	44800-45200	Andhra, AP, Kar ,TN
Latur	44800	45200	-
Sangli	45500	45500	Local and South
Sholapur	45200	45500	Local and South
Akola	44000	44500	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Hingoli	45500	45000	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Bundi	43100	43000	-

Soy DOC at Port

Centers	Port Price	
	9-May-14	2-May-14
Kandla (FOR) (INR/MT)	45000	45000
Kandla (FAS) (USD/MT)	749	747

International Soy DOC			
Argentina FOB USD/MT	30-Apr-14	24-Apr-14	Change
Soybean Pellets	529	536	-7
Soybean Cake Flour	529	536	-7
Soya Meal	537	544	-7
Soy Expellers	537	544	-7

Sunflower (DOC) Rates	Ex-factory rates (Rs/ton)		
Centers	9-May-14	2-May-14	Change
Adoni	24000	24000	Unch
Khamgaon	NA	NA	-
Parli	24000	24000	Unch
Latur	23600	23600	Unch

Groundnut Meal (Rs/MT)	9-May-14	2-May-14	Change
Basis 45%, Saurashtra	31000	33000	-2000
Basis 40%, Saurashtra	29000	31000	-200
GN Cake, Gondal	29000	31500	-2500

Mustard DOC/Meal	9-May-14	2-May-14	Change
Jaipur (Plant delivery)	15000	15200	-200
Kandla (FOR Rs/MT)	16300	16200	100

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

Soybean continued to trade steady to slightly firm on weak supplies in the key cash markets during the week under review. The arrivals fell consecutively third week mainly due to election activities. Major activities are expected after the formation of the govt. i.e in the fourth week of May.

Dwindling supply in the domestic market and fear of negative impact of El-Nino might be restrictive for further dip in the weeks ahead. Market may firms up once again. 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.

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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.

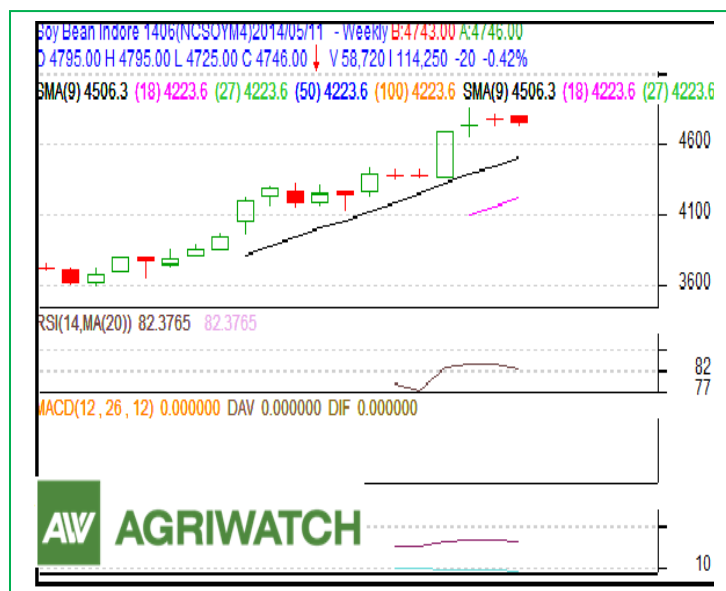
Preference of the soy meal of Indian origin mainly by the South-East countries due to logistic and freight advance and demand for non-GMO meal will continue to lend support to the domestic soy meal. During the current Oil year Iran, Japan, Europe, Thailand, Vietnam, Indonesia and South Korea are the 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 41,000-42,500/MT compared to Rs 35,750-37,000/MT during the same period last year.

Recommendation: *FOR Kandla exports price (Apr-May delivery) was quoted higher between Rs 41,000-42,500/MT compared to Rs 35,750-37,000/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 43,000-43,200 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	4620	4746	4850	4965

- Weekly soybean candlestick chart pattern reveals weakness 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 dip in coming week.
- **Trade Recommendation (NCDEX Soybean – Jun) Week: Sell** Below 4790. Levels: Target – 4730; T2- 4700, SL -4820.

Trade Recommendation soybean spot: Soybean prices are expected to feature weak tone despite. 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 for the short term. 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 dip and will be in the band of 4700-4820 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.

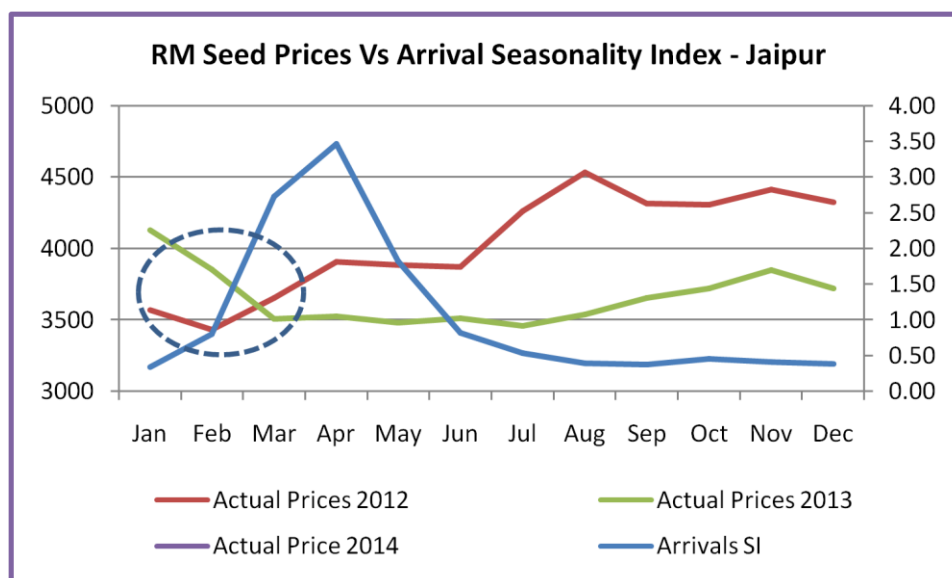
The mustard seed harvesting is nearing completion in the major producing regions including Rajasthan, UP, Madhya Pradesh, Punjab and Haryana. Overall, the seed supplies are higher followed by harvesting in full swing in the remaining areas.

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

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.



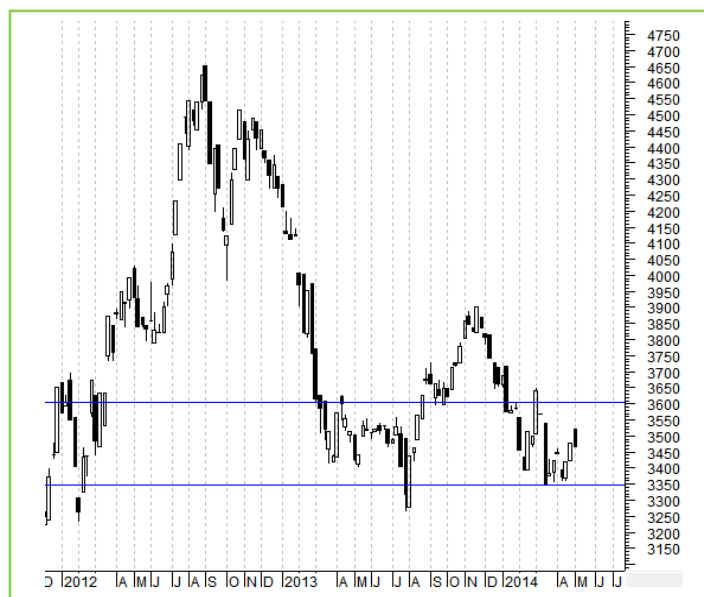
Technical Analysis:

NCDEX RM Seed Futures

RM Seed Spot, Jaipur



*Note: Weekly Chart



Support & Resistance NCDEX RM Seed - Jun contract

S2	S1	PCP	R1	R2
3350	3412	3560	3620	3660

- 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: Buy** above 3520 for a Target –3575; T2-3600; SL -3485

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 3500–3600 levels during the week.

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