

## Executive Summary

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Soybean, soy meal except rapeseed/mustard declined on bearish global as well as the domestic factors during the week under review. Lower arrivals and slower release from farmers and stockists lend support to mustard seed.

Soybean continued to reel under pressure primarily on weak international clue in the key cash market. Despite lower arrivals inner tone in the market remains weak. However, mustard seed post considerable gains last week on the back of lower arrivals .

As per the USDA latest report, Soybean production on global front is likely to be around 300 million tonnes, higher than 284 million tonnes in 2013/14, which is adding weight to the global soybean stocks and ultimately hurting the prices.

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.

The harvesting in Brazil is over now. Besides soybean harvesting in Argentina is over 30% 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 weak in the short term on bearish global inner tone.

However, 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.

Soybean production in India during 2014/15 is projected around 12 million tonnes, which was estimated 11 million tonnes for 2013/14.

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 steady to weak on bearish global outlook .

Soybean crushing units are operating at 25-30 percent due to lower availability of soybean and crusher had crushed 5 million tons of soybeans during current soybean marketing year till March (Oct-Sept) lower by 1 million tons compared to the same period of last year - SOPA.

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 over 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. But stock is in strong hand and it may support cash market in the medium term.

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

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### **Seed Update:**

- As per the USDA latest report, Soybean production on global front is likely to be around 300 million tonnes, higher than 284 million tonnes in 2013/14, which is adding weight to the global soybean stocks and ultimately hurting the prices.
- Soybean imports in China during April 2014 is estimated around 6.5 million tons, nearly 40.6% higher than the imports in March 2014, which stood around 4.62 million tons.
- Soybean crop in Brazil, which is in the end phase of harvesting will produce 86.57 million tonnes of oilseed, which was earlier expected to be around 86.08 million tonnes, as forecasted in April, said Conab, the Agriculture Ministry's crop supply agency.
- As per Brazilian trade ministry, Brazil exported 8.25 million tons of soybean in April compared with 6.23 million tons in March. While, on the other hand, Brazil exported 115,900 tons of soybean oil in April, down 1800 tons from last month.
- As per USDA sowing report, farmers have started planting soybeans. About 3% of the overall soybean crop has been planted as on 28 April, 2014, down 1 point lower to the five-year average.

### **Edible oils update:**

- Malaysian palm oil export during the initial 15 days of May 2014 rose to 28.0 percent to 640,101 tonnes from 500,057 tonnes exported during April 1-15, 2014 as reported by Reuters.
- Stock of palm oil in Malaysia is being reported a three month high in April. Palm oil stock reached to 1.70 MMT in April, which was 1.69 MMT in March. The stockpile in Malaysia, world second largest palm grower, is putting pressure on the benchmark prices i.e. FCPO. It should be noted that bench mark prices have noticed a drastic drop of 12 percent since touching 2,916 ringgit (\$900) per tonne in March, the highest price level since September 2012. Production on other hand is being estimated at a median of 1.53 million tonnes, 2.4 percent higher and highest since December 2013. Malaysian Palm oil export recorded with median at 1.29 MMT, 3.8 percent higher than the 1.24 MMT export in March.
- Crude palm oil at BMD May contract ended lower on profit booking and strong MYR against USD. However, optimism that good buying might witness from top buyers ahead of Muslim festivities in June limit the excessive losses. Market participants focus on the first 10 days of export data for June, which may gauge the demand prospects.
- Malaysian palm oil products export for Apr. rose 1.7 percent to 1.22 million tons from 1.20 million tons shipped during Mar., cargo surveyor Societe Generale de Surveillance. Indonesia lowered its export tax for crude palm oil to 12 percent for May from 13.5 percent in April - Indonesian Trade Ministry.
- As per Oil World, global palm oil imports during April-to-June 2014 seen at 10.5 million tons down 0.9 million tons from previous quarter (Jan.-March) in expectation of good buying from major importers ahead of Muslim festivities in late June.

## Oilseed Prices at Key Spot Markets:

Commodity / Centre	Prices (Rs/Qtl)				Change
Soybean	16-May-14		9-May-14		
	Low	High	Low	High	
Indore –Plant	4575	4710	4700	4850	-140
Indore–Mandi	4300	4550	4500	5000	-450
Nagpur-Plant	NR	NR	NR	NR	-
Nagpur – Mandi	NR	NR	NR	NR	-
Kota-Plant	4500	4500	4700	4750	-250
Kota – Mandi	4000	4500	4500	4700	-200
Bundi-Plant	4400	4400	4650	4650	-250
Bundi-Mandi	4200	4350	4600	4650	-300
Baran-Plant	4800	4800	4700	4700	100
Baran-Mandi	4500	4750	4500	4600	150
Bhawani Mandi Jhalawar–Kota-Plant Delivery	4400	4400	4750	4750	-350
Jhalwar-Mandi	4000	4300	4200	4700	-400
Rapeseed/Mustard					
Jaipur-(Condition)	3525	3530	3425	3430	100
Alwar-(Condition)	3425	3450	3350	3350	100
SriGanganagar-(Non-Condition-Unpaid)	3110	3115	3070	3080	35
New Delhi–(Condition)(New Crop)	3440	3450	3390	3390	60
Kota-Non-(Condition)	3000	3070	3050	3100	-30

Agra-(Condition)	3750	3760	3710	3710	50
Neewai	3325	3350	3280	3280	70
Hapur (UP)(New Crop)	3500	3525	3470	3470	55
<b>Groundnut Seed</b>					
Rajkot	NR	NR	700	700	-
<b>Sunflower Seed</b>					
Gulbarga	NR	NR	NR	NR	-
Latur	Closed	Closed	3565	3565	-
Sholapur(New Crop)	3700	3700	3600	3750	-50
<b>Sesame Seed</b>					
Mumbai (White98/2/1	12500	12500	12950	12950	-450

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 (16/4/2014)	Week End (9/4/2014)	
Soybean				
	Madhya Pradesh	213000	207000	6000
	Maharashtra	NR	NR	-
	Rajasthan	26000	55000	-29000
	Bundi (Raj)	1000	1200	-200
	Baran (Raj)	8000	12600	-4600
	Jhalawar (Raj)	3500	6100	-2600
Rapeseed/Mustard	Rajasthan	840000	1325000	-485000

#### Outlook:

Soybean (plant delivery) prices are expected to trade range-bound with weak bias on weak trading activities at week end and bearish global clue. Besides, weak CBOT futures would extend loss in the short term. The Indore (Plant Delivery) prices are expected to decrease slightly and witness 4650-4700 levels in the near term.

## Progress of Sown Area – Rabi Oilseeds, India

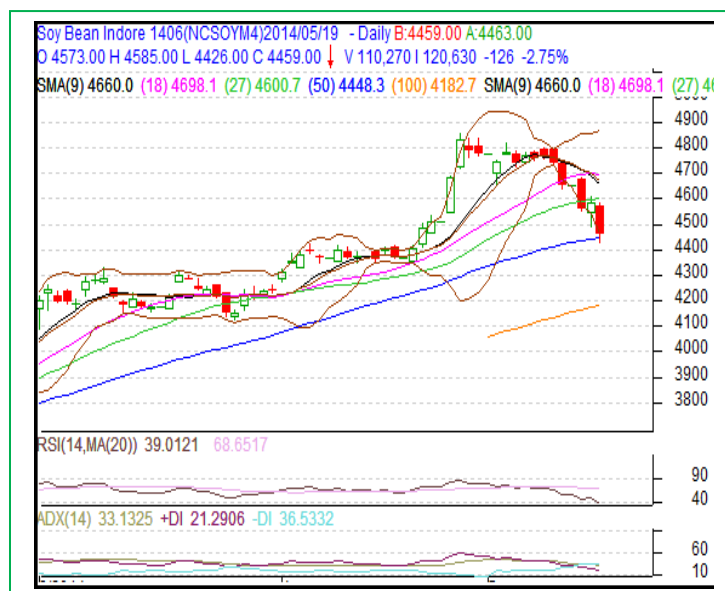
As per the official *Rabi* oilseeds planting (week ending 13 Mar 2014), the area coverage under Rabi oilseeds is reported at 93.01 lakh hectares, up 2.4% from 90.8 lakh ha previous year. Of the major oilseeds, rapeseed/mustard seed sowing is reported up by 6.0% compared to last year.

<b>Crop</b>	<b>Apr 2014</b>	<b>Apr 2013</b>	<b>% Change</b>
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
<b>Total Oilseeds</b>	<b>97.06</b>	<b>92.33</b>	<b>5.1</b>

(Area in lakh hectares) Source: GO

## Technical Analysis:

### NCDEX Soybean Futures-Weekly Chart



### Soybean Spot, Indore



\*Note: Daily Chart

### Support & Resistance NCDEX Soybean – Jun contract

S2	S1	PCP	R1	R2
4345	4402	4459	4475	4525

- Weekly soybean candlestick chart pattern reveals weakness during the week in the market.
- Prices closed below 9-day and 18-day EMA.
- RSI and stochastic are decreasing in neutral zone.
- MACD is heading downward in positive territory.
- The prices are expected to feature to extend loss in coming week.
- **Trade Recommendation (NCDEX Soybean – Jun) Week: sell below 4474.** Levels: Target – 4425; T2- 4400, SL -4500.

**Trade Recommendation soybean spot:** Soybean prices are expected to trade lower.. The prices are likely to extend loss and will be in the band of 4400-4500 levels in futures market .Indore, Plant basis may trade in the range of 4700 to 4750 during the week.

## Rapeseed - Mustard Seed

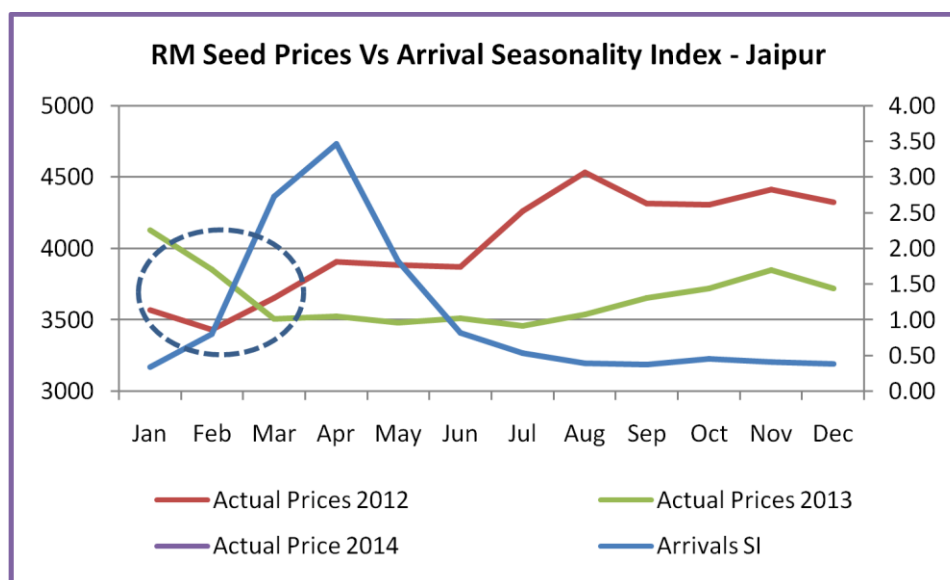
The RM seed rebound after seasonal supply pressure in previous weeks. Good buying support by the millers and the stockists. Uptrend may continue as stocks are in strong hands.

Mustard oil noticed a steady tone but is likely to see firmness amid the depleting arrivals and upcoming Ramadan.

As per sources, good demand from oil millers for mustard seed and lower oilseed crushing, and in anticipation of good demand for edible oils ahead of Muslim festivities in June may underpin the mustard oil prices in the coming days.

On the harvesting pace, Rapeseed harvesting is almost over in Rajasthan and arrivals are likely to ease from the June. On the supply side, market participants are expecting 0.15-0.28 million tons of crop loss in mustard due to unseasonal rains in late February. Mustard seed production seen at 75.6 lakh tons, up 3.6 lakh tons from the previous oil year - Agriwatch estimates. We expect RM seed oil prices may trade range bound in the coming days.

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.

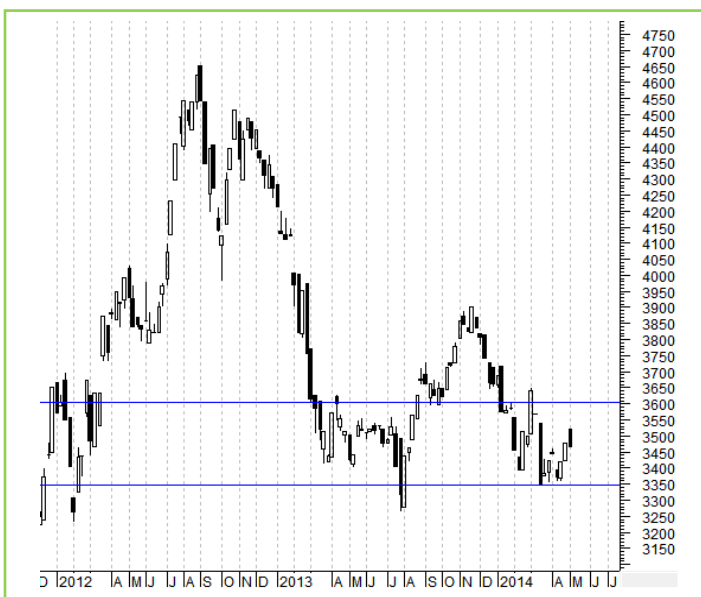


## Technical Analysis:

### NCDEX RM Seed Futures



### RM Seed Spot, Jaipur





\*Note: Daily Chart

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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