

Executive Summary

Soybean, soy meal and rapeseed/mustard extended losses on cautious buying in domestic cash market and weak Malaysian palm oil during the week under review.

Soybean declined on weak buying mainly from crushers followed by lower export sales in meal and sluggish physical demand in soy oil. The factors remained discouraging for the crushers/solvent extractors due to negative crush margin.

Higher vegoil imports by India in previous months and comfortable stock in the same has hit it's offtake in physical market. India in recent months has imported refined RBD palmolein (898715 vs 874187 MT), crude sunflower oil (688846 vs 510118 MT), and degummed crude soy oil (641286 vs 299727 MT) in huge volume during Nov – Apr, leading to the rise in inventories.

Besides oilmeal exports including soy meal remained weak during the season. Again the traders seemed cautious for fear of strong measures against food inflation by the new government.

The US soybean planting is picking up the pace and planting is reported at 59% by 25 May which is above 5 year average of 56% and also ahead from 41% during the same period last year. Soybean emergence is reported at 25% slightly lower than 5 year average of 27% and above 12% during the same period last year.

Further, the prospects of India's soybean planting too are good as the overall realization to farmers in soybean is good.

We feel the soybean prices to recover on weak supplies and expected scarcity of good quality bean for seeding this season.

Soy meal prices eased in sync with soybean primarily due to by weak export sales during the season. Further, competitive South-American meal prices mainly towards peak season shifted the meal demand towards South-America.

As discussed negative crush margin in crushing soybean has discouraged the solvent extractors. Soybean crushing is already weak due to feeble demand in soy oil and fall in soy meal shipments.

The domestic soy meal demand from poultry feed industry is reported to be steady.

However, the global soy meal trade is reported at the normal pace. A Philippines based syndicate of animal feed makers has bought 83,475 metric tons of soy meal from US and Argentina in a tender closed 27 May 2014.

Reportedly, one consignment of 39,475 MT of soy meal was bought at US \$91.5/MT over CBOT October soy meal contract for Oct. 5-25 shipment from Argentina. The other consignment of 44,000 MT was purchased at a premium of US \$96/MT over CBOT Dec. soy meal contract for Nov. 10-30 shipment from the US Pacific Northwest coast.

Further, another group of Philippines based feed makers bought about 120,000 MT of soy meal on the tender which closed Apr. 15.

India's soy meal export during April 2014 was 0.76 Lac tones as compared to 1.00 lac tones in the same period of previous year showing a decrease of 24.35%.

During current Oil year, (October - September), exports during October 2013 to April, 2014 were 20.40 Lac tones as against 26.97 Lac tones last year, showing a decrease by 24.36%.

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

The soy meal prices are expected to feature steady to firm-tone on weak soybean supplies and likely scarcity of quality beans for seeding this season.

RM seed prices witnessed mild losses in benchmark Jaipur tracking weakness in Malaysian palm oil during the week in review. Need based buying featured in the key physical markets among buyers including stockists and millers. The traders seemed cautious for fear of strong measures against food inflation by the new government during the week.

The seed arrivals, India, have fallen in recent weeks from earlier 6.0-7.0 lakh bags to 2.4-2.5 lakh bags during the week under review.

Falling BMD CPO after the reports of higher palm oil stocks in Malaysia for Apr and rising palm oil production continued to pressure the domestic mustard seed. The buyers were in wait and watch situation anticipating further fall in the prices.

We expect fresh buying in near-term from stockists and millers to build up seed inventories in the peak season.

As discussed, the stock of palm oil in Malaysia is being reported a 3 months high in April. Palm oil stock reached to 1.77 MMT in April, which was 1.69 MMT in March. The stockpile in Malaysia is exerting pressure on the benchmark prices, BMD.

The bench mark prices have noticed a drastic since touching 2,916 ringgit (\$900) per tonne in March, the highest price level since September 2012. CPO, Jul contract, at BMD is currently ruling around 2,400 ringgit per tonne. The palm oil production on other hand is being estimated at 1.53 million tonnes, 2.4 percent higher and highest since December 2013. Malaysian Palm oil export recorded at 1.29 MMT, 3.8 percent higher than the 1.24 MMT export in March.

The domestic seed prices are expected to rebound on declining peak supplies and buying interest among stockists and solvent extractors.

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

- ❖ US soybean planting is reported at 59% by 25 May which is above 5 year average of 56% and also ahead from 41% during the same period last year. Soybean emergence is reported at 25% slightly lower than 5 year average of 27% and above 12% during the same period last year.
- ❖ A Philippines based syndicate of animal feed makers has bought 83,475 metric tons of soy meal from US and Argentina in a tender closed 27 May 2014. Reportedly, one consignment of 39,475 MT of soy meal was bought at US \$91.5/MT over CBOT October soy meal contract for Oct. 5-25 shipment from Argentina. The other consignment of 44,000 MT was purchased at a premium of US \$96/MT over CBOT Dec. soy meal contract for Nov. 10-30 shipment from the US Pacific Northwest coast.
- ❖ Further, a group of the feed makers bought about 120,000 MT of soy meal on the tender which closed Apr. 15.
- ❖ 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 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.
- ❖ 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.
- ❖ Argentina soy crop production is likely to touch the level of 55.5 million tonnes this season. Earlier it was estimated to be around 54.5 million tonnes. Reason for the same is the yield, which stood higher what was expected earlier.
- ❖ US Department of Agriculture (USDA) said that according to the private exporters, 140,000 tonnes of US soybean have been sold to unknown destination, for delivery in 2014/15 starting on Sept 1.
- ❖ 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, may restrict one way gain. Korea has brought 55,000 tonne soymeal from South America. The deal has been struck at around \$549.5 a tonne on C&F basis. It includes \$1.5 a tonne for unloading at additional port. The seller is Concordia. Shipment is expected in between 1 to 20 Sept.

- ❖ Rapeseed production on global front is likely to decline in 2014/15 as area would remain steady and yield return to trend levels. Production in major exporting countries namely Canada, Australia and Ukraine is expected lower but supply in Canada would remain unchanged because of large ending stock of 2013/14.

Oilseed Prices at Key Spot Markets:

Commodity / Centre	Prices (Rs/Qtl)				Change
Soybean	30-May-14		23-May-14		
	Low	High	Low	High	
Indore –Plant	4450	4565	4600	4650	-85
Indore–Mandi	4200	4450	4400	4600	-150
Nagpur-Plant	NR	NR	NR	NR	-
Nagpur – Mandi	NR	NR	NR	NR	-
Kota-Plant	4450	4450	4500	4600	-150
Kota – Mandi	4000	4350	4450	4500	-150
Bundi-Plant	4375	4450	4400	4450	Unch
Bundi-Mandi	4400	4400	4400	4450	-50
Baran-Plant	4600	4600	4450	4500	100
Baran-Mandi	4200	4500	4300	4400	100
Bhawani Mandi Jhalawar–Kota-Plant Delivery	4550	4550	4400	4500	50
Jhalwar-Mandi	4000	4450	4100	4500	-50
Rapeseed/Mustard					
Jaipur-(Condition)	3460	3465	3485	3490	-25
Alwar-(Condition)	3375	3375	3400	3400	-25
SriGanganagar-(Non-Condition-Unpaid)	2950	2950	3040	3050	-100
New Delhi–(Condition)(New Crop)	3400	3400	3430	3440	-40
Kota-Non-(Condition)	2950	2950	3050	3100	-150
Agra-(Condition)	3640	3640	3700	3710	-70
Neewai	3240	3240	3300	3310	-70
Hapur (UP)(New Crop)	3475	3475	3425	3450	25
Groundnut Seed					
Rajkot	NR	NR	650	650	-
Sunflower Seed					
Gulbarga	NR	NR	NR	NR	-
Latur	NR	NR	3520	3520	-
Sholapur(New Crop)	3600	3700	3600	3700	Unch
Sesame Seed					
Mumbai (White98/2/1	10600	10600	11300	11300	-700

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 (30/5/2014)	Week End (23/5/2014)	
Soybean	Madhya Pradesh	222000	275000	-53000
	Maharashtra	NR	NR	-
	Rajasthan	28000	36000	-8000
	Bundi (Raj)	570	1300	-730
	Baran (Raj)	7300	5400	1900
	Jhalawar (Raj)	1750	2100	-350
Rapeseed/Mustard	Rajasthan	770000	825000	-55000

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 declined on weak buying mainly from crushers followed by lower export sales in meal and sluggish physical demand in soy oil. The factors remained discouraging for the crushers/solvent extractors due to negative crush margin.

Higher vegoil imports by India in previous months and comfortable stock in the same has hit its offtake in physical market. India in recent months has imported refined RBD palmolein (898715 vs 874187 MT), crude sunflower oil (688846 vs 510118 MT), and degummed crude soy oil (641286 vs 299727 MT) in huge volume during Nov – Apr, leading to the rise in inventories.

Besides oilmeal exports including soy meal remained weak during the season. Again the traders seemed cautious for fear of strong measures against food inflation by the new government.

The US soybean planting is picking up the pace and planting is reported at 59% by 25 May which is above 5 year average of 56% and also ahead from 41% during the same period last year. Soybean emergence is reported at 25% slightly lower than 5 year average of 27% and above 12% during the same period last year.

Further, the prospects of India's soybean planting too are good as the overall realization to farmers in soybean is good.

We feel the soybean prices to recover on weak supplies and expected scarcity of good quality bean for seeding this season.

Soy meal

Soy meal prices eased in sync with soybean primarily due to by weak export sales during the season. Further, competitive South-American meal prices mainly towards peak season shifted the meal demand towards South-America.

As discussed negative crush margin in crushing soybean has discouraged the solvent extractors. Soybean crushing is already weak due to feeble demand in soy oil and fall in soy meal shipments.

The domestic soy meal demand from poultry feed industry is reported to be steady.

However, the global soy meal trade is reported at the normal pace. A Philippines based syndicate of animal feed makers has bought 83,475 metric tons of soy meal from US and Argentina in a tender closed 27 May 2014.

Reportedly, one consignment of 39,475 MT of soy meal was bought at US \$91.5/MT over CBOT October soy meal contract for Oct. 5-25 shipment from Argentina. The other consignment of 44,000 MT was purchased at a premium of US \$96/MT over CBOT Dec. soy meal contract for Nov. 10-30 shipment from the US Pacific Northwest coast.

Further, another group of Philippines based feed makers bought about 120,000 MT of soy meal on the tender which closed Apr. 15.

India's soy meal export during April 2014 was 0.76 Lac tones as compared to 1.00 lac tones in the same period of previous year showing a decrease of 24.35%.

During current Oil year, (October - September), exports during October 2013 to April, 2014 were 20.40 Lac tones as against 26.97 Lac tones last year, showing a decrease by 24.36%.

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

The soy meal prices are expected to feature steady to firm-tone on weak soybean supplies and likely scarcity of quality beans for seeding this season.

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

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 (Jun-Jul delivery) was quoted higher between Rs 41,500-42,500/MT compared to Rs 34,500-35,700/MT during the same period last year.

Recommendation: *FOR Kandla exports price (Jun-Jul delivery) was quoted higher between Rs 41,500-42,500/MT compared to Rs 34,500-35,700/MT during the same period last year. Prices are likely to recover on bullish global soybean supply scenario. 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 42500-43,500 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
4350	4485	4592	4755	4859

- Weekly soybean candlestick chart pattern reveals fall during the week in the market.
- Prices closed above 9-day and 18-day EMA.
- RSI and stochastic are easing in neutral region.
- MACD is falling in positive territory.
- The prices are expected to feature gain in coming week.
- **Trade Recommendation (NCDEX Soybean – Jun) Week: Buy Above 4590. Levels: Target – 4700; T2- 4750, SL -4524.**

Trade Recommendation soybean spot: Soybean prices are expected to recover on likely gains in international market and firm domestic underlying current. 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 recover and will be in the band of 4550-4650 levels (Indore, Plant basis) during the week.

Rapeseed - Mustard Seed

RM seed prices witnessed mild losses in benchmark Jaipur tracking weakness in Malaysian palm oil during the week in review. Need based buying featured in the key physical markets among buyers including stockists and millers. The traders seemed cautious for fear of strong measures against food inflation by the new government during the week.

The seed arrivals, India, have fallen in recent weeks from earlier 6.0-7.0 lakh bags to 2.4-2.5 lakh bags during the week under review.

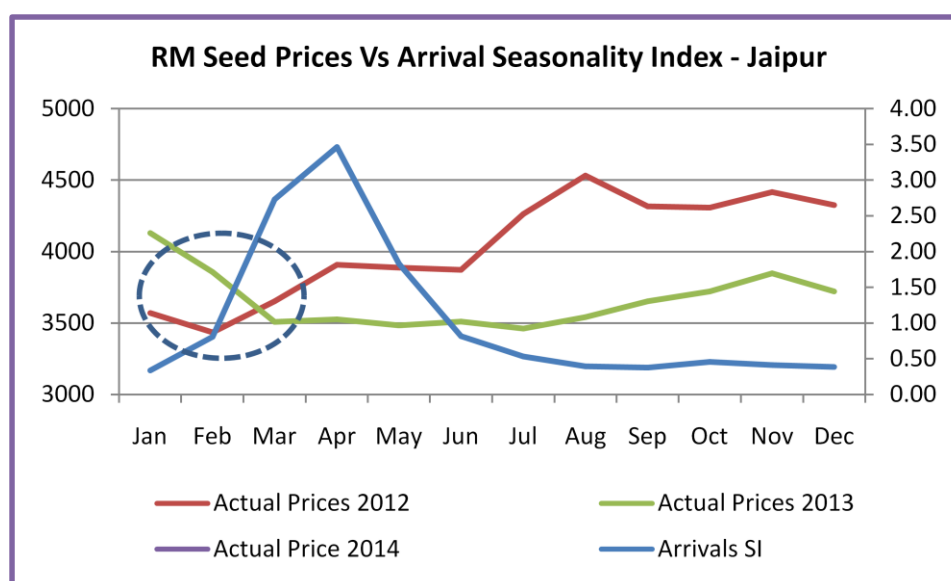
Falling BMD CPO after the reports of higher palm oil stocks in Malaysia for Apr and rising palm oil production continued to pressure the domestic mustard seed. The buyers were in wait and watch situation anticipating further fall in the prices.

We expect fresh buying in near-term from stockists and millers to build up seed inventories in the peak season.

As discussed, the stock of palm oil in Malaysia is being reported a 3 months high in April. Palm oil stock reached to 1.77 MMT in April, which was 1.69 MMT in March. The stockpile in Malaysia is exerting pressure on the benchmark prices, BMD.

The bench mark prices have noticed a drastic since touching 2,916 ringgit (\$900) per tonne in March, the highest price level since September 2012. CPO, Jul contract, at BMD is currently ruling around 2,400 ringgit per tonne. The palm oil production on other hand is being estimated at 1.53 million tonnes, 2.4 percent higher and highest since December 2013. Malaysian Palm oil export recorded at 1.29 MMT, 3.8 percent higher than the 1.24 MMT export in March.

The domestic seed prices are expected to rebound on declining peak supplies and buying interest among stockists and solvent extractors.



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
3344	3360	3406	3510	3557

- The RM seed prices plunged during the week.
- The prices closed below 9-day and 18-day EMA.
- RSI and stochastic are easing in the neutral territory.
- MACD is falling in the negative territory.
- Prices are expected to feature ease in near-term.
- **Trade Recommendation (NCDEX RM SEED - Jun) Week: SELL** Below 3408 for a Target –3350; T2-3300; SL -3443.

Trade Recommendation RM Seed Spot (Jaipur basis): The RM seed has good support at 3420 level. Prices tested low at 3428 in previous the week. In spot, the RM seed prices are expected to feature gains on renewed buying interest at the current levels. Prices of seed are expected to be in the range between 3465–3525 levels during the week.

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>
© 2014 Indian Agribusiness Systems Pvt Ltd.