

## Executive Summary

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Soybean and soy meal fell on weak buying and sluggish international soy market. However, RM seed continued to witness gains on supportive buying by the crushers and the stockists followed by renewed demand in the mustard oil during the period under review.

### **Soybean:**

- ❖ Soybean fell on weak buying in cash market and sluggish international benchmark. Negative crush margin in soybean and weak soy meal export sales from India continues to pressure domestic soybeans.
- ❖ India's area coverage under soybean, as on 31 Jul 2014, was reported at 95.39 lakh ha compared to 117 lha (-23%) during the same period last year.
- ❖ Improved rains in the soybean growing regions have boosted the lagging soy plantings during the week under review.

### **Soy meal:**

- ❖ Soy meal edged-lower in sync with soybean, weak global factors and poor meal exports from India remained negative factors for the meal during the month in review.
- ❖ The US 2014/15 soybean crop is seen at record high this season which will boost the soy meal supplies this season globally. This will eventually pressure the domestic meal prices, if there is no renewed overseas demand in the same.

### **RM Seed:**

- ❖ RM seed continued upward movement improved buying for crushing on likely fresh demand in mustard oil in days ahead. Both crushers and the stockists are seen active in the cash market to cover their stock to meet the oil demand in coming days.
- ❖ The mustard oil demand has already improved from pickle manufacturers and it is likely followed by the upcoming festivities in coming weeks. This has boosted the sentiments of crushers in crushing the seed in recent weeks.

## International Highlights

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- ❖ In yet another relief to south-east Asia, the Australian Bureau of Meteorology reduced the chances of an El Nino weather pattern/event to 50% last week.
- ❖ Combined soybean stocks of US, Brazil and Argentina are estimated at 51 Mn T as of Sept 1, an increase by 5.1 Mn T from a year ago – Oil World.
- ❖ Overall, US soybean crop is reported under good condition. Soybean blooming, as on Jul. 27, is reported at 76% which is above 5 year average of 72% and above 62% compared to the same period last year. The crop is 38% in pod formation stage which is above 5 year average of 31% and also higher as compared to 18% during the same period last year. Further, the crop is 57% and 16% in good to excellent condition respectively, which is better than last year. The factors are bearish for the international soybean for short-term.
- ❖ US soybean crushings in June and soya oil inventories as of end-June are reportedly smaller than expected, as reported by Oil World.
- ❖ China's shipments of soya meal more than trippled to an unprecedented 0.99 Mn T in April/June – Oil World.
- ❖ Reportedly Pakistani government has raised the import duty on soy meal to 5% - Oil World.
- ❖ Argentina's soybean crushings slowed down seasonally to 4.18 Mn T as compared to above 5 Mn T during the same period in previous years.
- ❖ Malaysian palm oil products exports during July 1-25 rose 3.4 percent to 1,165,306 tons from 1,126,927 tons shipped during June 1-25 - Intertek Testing Services. Figures were slightly positive for the market. However, easing Malaysian palm oil export pace compared to the initial days of July may capes excessive gains in the near term. Crude palm oil (August) at Bursa Malaysia Derivative exchange trading around MYR 2335.
- ❖ CONAB made a surprising downward revision in the Brazilian soybean crop estimate to 86.05 Mn T – Oil World.
- ❖ Crushings of 10 oilseeds are currently forecast to continue to rise sharply in Oct/Sept 2014/15, reaching 420.5 Mn T, as reported by Oil World.
- ❖ The global soybean inventories are expected to be record large at around 90 Mn T at the end of next season, equivalent to 31.6% of annual consumption – Oil World.

## Oilseed Prices at Key Spot Markets:

Commodity / Centre	Prices (Rs/Qtl)				Change
Soybean	1-Aug-14		25-Jul-14		
	Low	High	Low	High	
Indore –Plant	4000	4100	4100	4200	-100
Indore–Mandi	3900	4050	3900	4100	-50
Nagpur-Plant	Closed	Closed	4200	4250	-
Nagpur – Mandi	Closed	Closed	4000	4100	-
Kota-Plant	4100	4150	4200	4200	-50
Kota – Mandi	3600	4100	3700	4200	-100
Bundi-Plant	3900	3900	4050	4050	-150
Bundi-Mandi	3900	4000	4000	4100	-100
Baran-Plant	3850	3850	4100	4100	-250
Baran-Mandi	3600	3800	3800	4000	-200
Bhawani Mandi Jhalawar–Kota-Plant Delivery	4000	4000	3950	3950	50
Jhalwar-Mandi	3900	4100	3800	4200	-100
Rapeseed/Mustard					
Jaipur-(Condition)	3725	3730	3710	3715	15
Alwar-(Condition)	3650	3650	3600	3600	50
SriGanganagar-(Non-Condition-Unpaid)	3310	3315	3300	3300	15
New Delhi–(Condition)(New Crop)	3580	3580	Closed	Closed	-
Kota-Non-(Condition)	3200	3300	3250	3250	50
Agra-(Condition)	3890	3890	3875	3875	15
Neewai	3500	3500	3490	3490	10
Hapur (UP)(New Crop)	3650	3650	3650	3650	Unch
Groundnut Seed					
Rajkot	780	780	790	790	-10
Sunflower Seed					
Gulbarga	Closed	Closed	3250	3500	-
Latur	-	-	-	-	-
Sholapur(New Crop)	3700	3700	3700	3700	Unch
Sesame Seed					
Mumbai (White98/2/1)	11450	11450	11550	11550	-100

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 (1/8/2014)	Week End (25/7/2014)	
Soybean	Madhya Pradesh	170000	152000	18000
	Maharashtra	40000	41000	-1000
	Rajasthan	74000	73000	1000
	Bundi (Raj)	600	450	150
	Baran (Raj)	7600	4100	3200
	Jhalawar (Raj)	4700	500	4200
Rapeseed/Mustard	Rajasthan	325000	365000	-40000

## Progress of Sown Area – Kharif Oilseeds, India

As per the official *kharif oilseeds* planting report (week ending 31 Jul 2014), the area coverage under *Kharif* oilseeds is reported at 137.35 lakh hectares, down 19.5% from 169.29 lakh ha previous year. Of the major oilseeds, soybean sowing is reported down by 29.3% at 95.39 lha compared to 117.0 lha during the same period last year. Groundnut at 28.37 lha vs 36.85, sunflower at 1.17 lha vs 1.8 lha, sesamum 10.25 vs 10.12, niger 0.14 lha vs 0.66 lha and castor at 2.03 lha vs 2.86 lha during the same period last year.

Crop	As on 31 Jul 2014	As on 31 Jul 2013	% Change
Groundnut	28.37	36.85	-23.0
Soybean	95.39	117	-18.5
Sunflower	1.17	1.8	-35.0
Sesamum	10.25	10.12	1.3
Niger	0.14	0.66	-78.8
Castor	2.03	2.86	-29.0
<b>Total Oilseeds</b>	<b>137.35</b>	<b>169.29</b>	<b>-18.9</b>

(Area in lakh hectares) Source: GOI

## Soybean-Preliminary Production Estimates & Weather

	Area in Mln Ha.					Production in Mln T	Production Estimate Under Normal Condition 2014- 15	Revised Production Estimate Considering Deficit Rainfall for 2014- 15	Rainfall (mm) for The Period 01.06.14 to 31.07.14		
State	200 9	2010	2011	2012	2013	5 Yr Avg Prod.			% Departure	Actual Rain (mm)	Normal Rain (mm)
Madhya Pradesh	5.30	5.52	5.73	5.81	6.26	6.10	7.26	6.51	-7.00	367.60	397.00
Maharashtra	3.03	2.60	3.06	3.21	3.87	3.60	4.49	3.80	-17.00	399.70	479.90
Rajasthan	0.71	0.69	0.90	0.99	1.06	1.00	1.23	0.91	-23.00	220.90	287.70
Andhra Pradesh	0.18	0.14	0.16	0.20	0.28	0.20	0.33	0.30	-47.00	198.20	374.10
Karnataka	0.23	0.18	0.22	0.20	0.25	0.20	0.29	0.25	-21.00	188.80	239.60
Chattisgarh	0.13	0.15	0.15	0.15	0.16	0.10	0.18	0.14	-7.00	518.40	559.00
Gujarat	0.00	0.00	0.00	0.08	0.09	0.10	0.11	0.00	-24.00	353.90	466.60
Rest of India	0.09	0.02	0.12	0.05	0.06	0.10	0.07	0.06	All India		
G.Total	9.67	9.30	10.33	10.69	12.03	11.4	13.95	12.10	-22.00	353.20	452.40

**Planting Progress:** Current: 95.39 lha. Last year by this time: 117 lha.

## Soybean

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Soybean again fell on weak buying in cash market and sluggish international benchmark. Negative crush margin in soybean and weak soy meal export sales from India continues to pressure domestic soybeans.

Besides, record US soybean planting of 34.3 Mln ha (84.8 million acres), 11% higher than the previous season and good weather in US mid-west remained favourable for recently planted soybean. Further, US soybean yield is projected at a record-high 45.2 bushels per acre.

This will eventually lead in record US soybean production and increase the global soy supplies this season. Hence, the factor is currently seen is bearish for the market.

Further, Overall, US soybean crop is reported under good condition. Soybean blooming, as on Jul. 27, is reported at 76% which is above 5 year average of 72% and above 62% compared to the same period last year.

The crop is 38% in pod formation stage which is above 5 year average of 31% and also higher as compared to 18% during the same period last year. Further, the crop is 57% and 16% in good to excellent condition respectively, which is better than last year. The factors are bearish for the international soybean for short-term.

The domestic soybean planting has gained momentum and it has picked up the pace after much needed rains in the recent days. The planting was significantly lower initially this season owing to deficit rains over the growing regions.

India's area coverage under soybean, as on 31 Jul 2014, was reported at 95.39 lakh ha compared to 117 lha (-23%) during the same period last year. The planting has picked up with the improved rains in the growing region. The all India departure of monsoon in the last week of July was reported at -22% which was -42% early in July.

The soybean prices will feature range-bound movement on weak bias on feeble buying and weak international market in near-term.

## Soy meal

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Soy meal edged-lower in sync with soybean, weak global factors and poor meal exports from India remained negative factors for the meal during the month in review.

As discussed, the US 2014/15 soybean crop is seen at record high this season which will boost the soy meal supplies this season globally. This will eventually pressure the domestic meal prices, if there is no renewed overseas demand in the same.

However, India is likely to plant soybean slightly lower than the previous season due to late and less rains, which in turn is a bullish factor for domestic meal to some extent. India's planting is likely to be 10% lower this season compared to the previous year.

Shift in demand of international buyers towards South-America due to their competitive meal prices continues to pressure the meal of Indian origin. India's soy meal exports continues to remain weak this season, but it plunged further with the peak crushing season in South America after February with India's prices getting uncompetitive to South America.

On a financial year basis, the export during first quarter of current financial year i.e. April 2014 to June 2014 is 0.87 Lac tonnes as compared to 4.11 Lac tones in the same period of previous year showing a decrease of 78.91%.

During current Oil year, (October-September), total exports during October 2013 to June 2014 stood at 20.51 Lac tones as against 30.08 Lac tones in the same period of previous year, showing a decrease by 31.81%.

The soy meal prices are expected to recover on weak soybean supplies, likely improvement in the domestic demand from poultry feed industry and scarcity of quality beans for seeding this season.

*Preference of the soy meal of Indian origin mainly by the South-East countries due to logistic and freight advantage 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 got stronger. Soy meal export price, FOR Kandla (Aug - Sep delivery) was quoted higher between Rs 39,000-39,500/MT compared to Rs 29,800-30,800/MT during the same period last year.

**Recommendation:** FOR Kandla (Aug - Sep delivery) was quoted higher between Rs 39,000-39,500/MT compared to Rs 29,800-30,800/MT during the same period last year. 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 Rs. 39,500 – 40,000/MT levels in the upcoming week.

## Technical Analysis:

### NCDEX Soybean Futures



### Soybean Spot, Indore



\*Note: Daily Chart

### Support & Resistance NCDEX Soybean – Oct contract

S2	S1	PCP	R1	R2
3491	3570	3672	3808	3859

- Weekly soybean candlestick chart pattern reveals fall in the prices.
- Prices closed below 9-day and 18-day EMA.
- RSI and stochastic are easing in neutral zone.
- MACD is falling in positive territory.
- The prices are expected to feature losses in coming week.
- **Trade Recommendation (NCDEX Soybean – Oct) Week: SELL** Below 3674. Levels: Target – 3620; T2- 3600, SL -3701.

**Trade Recommendation soybean spot:** Soybean prices are expected to recover on likely gains in international market and sharply lower supplies. The prices are likely to recover and will be in the band of 4150-4250 levels (Indore, Plant basis) during the week.



## Rapeseed - Mustard Seed

RM seed continued upward movement improved buying for crushing on likely fresh demand in mustard oil in days ahead. Both crushers and the stockists are seen active in the cash market to cover their stock to meet the oil demand in coming days.

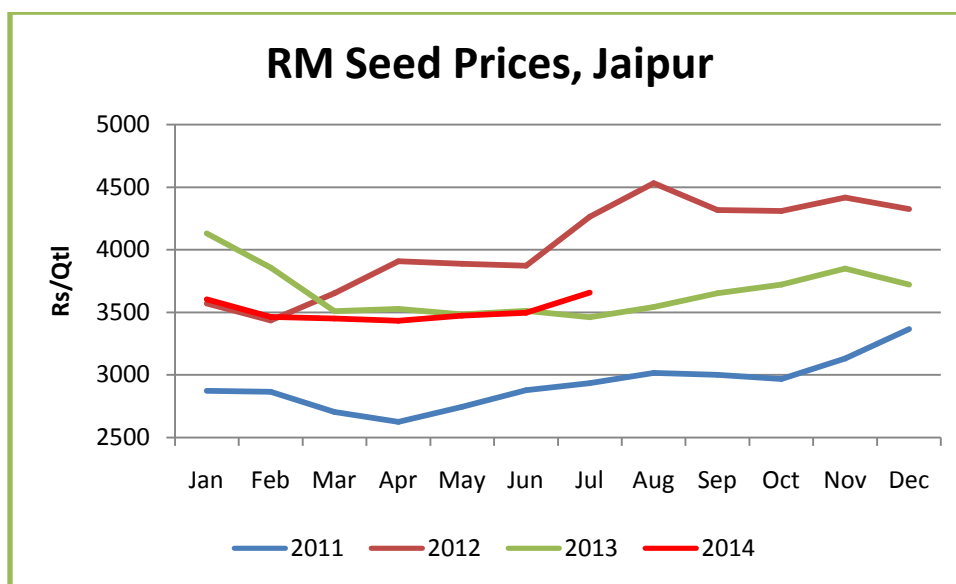
The mustard oil demand has already improved from pickle manufacturers and it is likely followed by the upcoming festivities in coming weeks. This has boosted the sentiments of crushers in crushing the seed in recent weeks.

Despite weak official m-o-m Malaysian palm oil export data figure the BMD CPO remained strong which remained supportive for the domestic RM seed cash market. India's RM seed closely tracks Malaysian palm oil.

Exports of Malaysian palm oil products in July fell 2.8 percent to 1,353,516 tons from 1,391,942 tons shipped in June - cargo surveyor Intertek Testing Services. Higher imports witnessed from EU's countries and India and Sub-continent during July.

Palm oil products buying by China slump 11.9 percent to 221,630 tons and India sub Sub-continent imported 367,895, up 0.13 percent on m-o-m basis. Crude palm oil (August) at Bursa Malaysia Derivative exchange is currently trading above MYR 2315.

Overall, the RM seed prices will feature gains on expectation of improved edible oil demand for festivities in coming weeks.



## Technical Analysis:

### NCDEX RM Seed Futures



\*Note: Daily Chart

### RM Seed Spot, Jaipur



### Support & Resistance NCDEX RM Seed - Aug contract

S2	S1	PCP	R1	R2
3503	3536	3590	3655	3718

- The RM seed fell, during the week.
- The prices closed above 9-day and 18-day EMA.
- RSI is easing in neutral region while stochastic is rising in the neutral territory.
- MACD is easing in the positive territory.
- Prices are expected to feature gains in near-term.
- **Trade Recommendation (NCDEX RM SEED - Aug) Week: Buy Above 3588 for a Target –3640; T2-3680; SL -3557.**

**Trade Recommendation RM Seed Spot (Jaipur basis):** In spot, the RM seed prices are expected to feature gains on improved buying at the current levels. Prices of seed are expected to be in the range between 3730-3760 levels during the week.

## Annexure

### 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.

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

(Area in lakh hectares) Source: GOI

### Kharif MSP

- ❖ Government has increased minimum support price (MSP) of sunflower seed by Rs 50 to 3750 a quintal, further a hike of Rs 100 on sesamum and nigerseed at Rs 46,00 and 36,00 a quintal respectively. However, the MSP of soybean and groundnut seeds remained unchanged at Rs 2500-60 and Rs 4000 a quintal respectively this season.

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