

Executive Summary

Soybean, soy meal and RM seed fell in tandem on weak buying and sluggish international oil and fats market. However, the fall in RM seed was limited in anticipation of better crusher's buying for upcoming mustard oil demand in near-term.

Soybean:

- ❖ Soybean extended losses in cash market on weak crusher's demand and spurt in the supplies during the week in review. Disparity in soybean crushing is already discouraging for the crushers with improved cheaper imports in edible oils and lower soy meal export sales this season.
- ❖ 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.
- ❖ India's soybean area coverage this season is expected to fall, around 10%, compared to previous year (122.2 lha) as there are reports of soybean farmers shifting their area to cotton and rice, these are the crops which can be planted little late whereas soybean can't be stretched too long.

Soy meal:

- ❖ Soy meal featured losses in tandem with soybean pressured the weak international market during the week under review.
- ❖ Weak soy meal export sales and international soy meal buyers shifting to South-America for competitive price remained a prime pressurizing factor for domestic meal. India's July export sales plunged 94%.

RM Seed:

- ❖ RM seed witnessed mild losses primarily pressured by the bullish global oilseeds supply factors. Overall, the RM seed buying remained active in recent weeks.
- ❖ Both crushers and the stockists are seen active in the cash market to cover their stock to meet the upcoming oil demand in coming days.

International Highlights

- ❖ Overall, US soybean crop is reported under good condition. Soybean blooming, as on Aug 04, is reported at 79% which is slightly above 5 year average of 76% and above 65% compared to the same period last year. The crop is 57% in pod formation stage which is above 5 year average of 48% and also higher as compared to 36% during the same period last year. Further, the crop is 71% in good to excellent condition, which is better than last year. The factors are considered to be bearish for the international soybean for short-term.
- ❖ Forward bookings of US soybeans were high in the last week of July; it is driven by the strong sales to China of both the old and the new crop.
- ❖ According to Oil World, the export demand for palm oil fell due to lower than expected discounts to alternative products, mainly to its close competitor soya oil.
- ❖ US biodiesel production improved to a five-month high of 336 Thd T in May, still implying a 9% decline from a year ago.
- ❖ After recovery in rains in South Asia, there is yet another relief to south-east Asia, the Australian Bureau of Meteorology reduced the chances of an El Nino weather pattern/event to 50% a couple of weeks ago.
- ❖ 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.
- ❖ 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	8-Aug-14		1-Aug-14		
	Low	High	Low	High	
Indore –Plant	3850	3900	4000	4100	-200
Indore–Mandi	3700	3900	3900	4050	-150
Nagpur-Plant	3900	4000	Closed	Closed	-
Nagpur – Mandi	3800	3900	Closed	Closed	-
Kota-Plant	3900	3950	4100	4150	-200
Kota – Mandi	3600	3900	3600	4100	-200
Bundi-Plant	3850	3850	3900	3900	-50
Bundi-Mandi	3800	3850	3900	4000	-150
Baran-Plant	-	-	3850	3850	-
Baran-Mandi	-	-	3600	3800	-
Bhawani Mandi Jhalawar–Kota-Plant Delivery	4000	4000	4000	4000	Unch
Jhalwar-Mandi	3800	3950	3900	4100	-150
Rapeseed/Mustard					
Jaipur-(Condition)	3695	3700	3725	3730	-30
Alwar-(Condition)	3600	3600	3650	3650	-50
SriGanganagar-(Non-Condition-Unpaid)	3260	3280	3310	3315	-35
New Delhi–(Condition)(New Crop)	3565	3565	3580	3580	-15
Kota-Non-(Condition)	3150	3250	3200	3300	-50
Agra-(Condition)	3860	3875	3890	3890	-15
Neewai	3440	3440	3500	3500	-60
Hapur (UP)(New Crop)	3660	3660	3650	3650	10
Groundnut Seed					
Rajkot	750	750	780	780	-30
Sunflower Seed					
Gulbarga	2981	3250	Closed	Closed	-
Latur	-	-	-	-	-
Sholapur(New Crop)	3650	3650	3700	3700	-50
Sesame Seed					
Mumbai (White98/2/1)	11350	11350	11450	11450	-100

Soybean Prices are in INR/qtl. (1 bag=90 kg). Mandi prices – Loose, Mustard Seed Prices are in INR/qtl (1 bag=85 kg) C – Condition (42%), *Groundnut seed in Rs/20 kg, Sunflower Seed in Rs/qtl.

Commodity	Centre	Arrivals in Bags/Qtl		Change
		Week End (8/8/2014)	Week End (1/8/2014)	
Soybean				
	Madhya Pradesh	208000	170000	38000
	Maharashtra	52000	40000	12000
	Rajasthan	73000	74000	-1000
	Bundi (Raj)	290	600	-310
	Baran (Raj)	3500	7600	-4100
	Jhalawar (Raj)	1425	4700	-3275
Rapeseed/Mustard	Rajasthan	385000	325000	60000

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
Total Oilseeds	137.35	169.29	-18.9

(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

Soybean extended losses in cash market on weak crusher's buying and spurt in the supplies during the week in review. Disparity in soybean crushing is already discouraging for the crushers with improved cheaper imports in edible oils and lower soy meal export sales this season.

The soybean planting is almost done and the ideal plating period getting over hence the soybean arrivals slightly improved with active farmer's taking account that the bean demand for seeding is almost over.

India's soybean planting has picked up with improved rains in 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 first week of August was reported at -17% which was -42% early in July.

India's soybean area coverage this season is expected to fall, around 10%, compared to previous year (122.2 lha) as there are reports of soybean farmers shifting their area to cotton and rice, these are the crops which can be planted little late whereas soybean can't be stretched too long.

Overall, US soybean crop is reported under good condition. Soybean blooming, as on Aug 04, is reported at 79% which is slightly above 5 year average of 76% and above 65% compared to the same period last year.

The crop is 57% in pod formation stage which is above 5 year average of 48% and also higher as compared to 36% during the same period last year. Further, the crop is 71% in good to excellent condition, which is better than last year. The factors are considered to be bearish for the international soybean for short-term.

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

Soy meal

Soy meal featured losses in tandem with soybean pressured the weak international market during the week under review.

Weak soy meal export sales and international soy meal buyers shifting to South-America for competitive price remained a prime pressurizing factor for domestic meal. India's July export sales plunged 94%.

Besides, 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.

India's soy meal exports fell 94%, during July 2014 it stood just at 6682 tones as compared to 1,07,037 tones in the same period of previous year.

On a financial year basis, the export during current financial year i.e. April 2014 to July 2014 is 0.93 Lac tonnes as compared to 5.18 Lac tones in the same period of previous year showing a decrease of 82%.

Soybean meal exports have declined sharply in the past six months due to poor supply of soybean coupled with high price led to total disparity in international market.

During current Oil year, (October-September), total exports during October 2013 to July, 2014 is 20.58 Lac tones as against 31.15 Lac tones in the same period of previous year, showing a decrease by 34%.

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.

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. Besides, 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.

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 37,000-38,375/MT compared to Rs 30,500-31,000/MT during the same period last year. However, it fell w-o-w from 39,000-39,500/MT to 37,000-38,375/MT.

Recommendation: FOR Kandla (Aug - Sep delivery) was quoted higher between Rs 37,000-38,375/MT compared to Rs 30,500-31,000/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. 37,000 – 37,500/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
3400	3468	3560	3750	3808

- 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 3565. Levels: Target – 3500; T2- 3450, SL -3604.

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 3900-4000 levels (Indore, Plant basis) during the week.

Rapeseed - Mustard Seed

RM seed witnessed mild losses primarily pressured by the bullish global oilseeds supply factors. Overall, the RM seed buying remained active in recent weeks.

Both crushers and the stockists are seen active in the cash market to cover their stock to meet the upcoming oil demand in coming days.

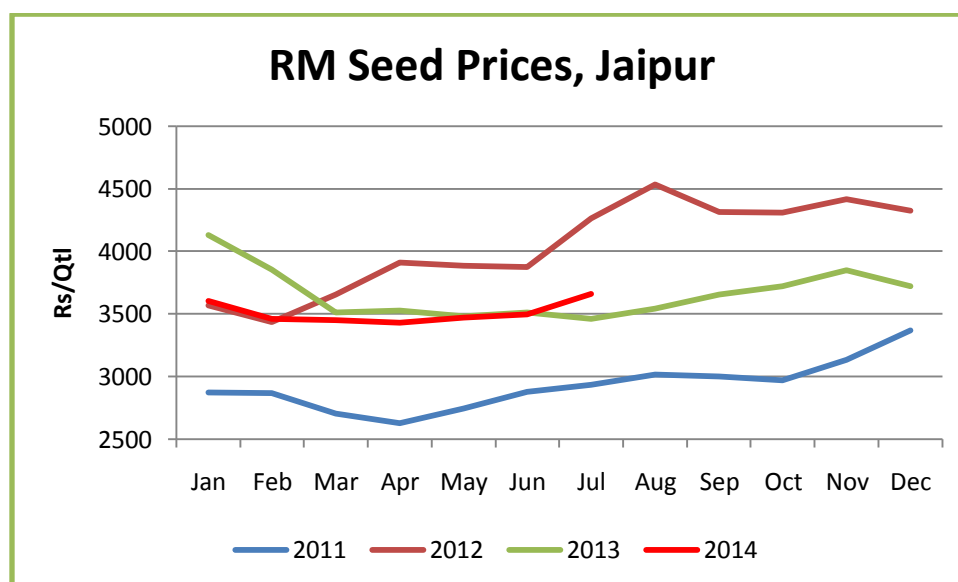
Weakness in international soybean in sync with lower Malaysian palm oil continued to pressure domestic oilseeds including RM seed, but supportive buying limited any major fall.

The RM seed supplies have fallen from previous weeks and the mustard oil demand from pickle manufactures is considerable good, hence the international pressure in oils and fats is unable pull down the domestic RM seed prices.

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 days.



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
3431	3462	3518	3639	3674

- The RM seed fell consecutive third week.
- The prices closed below 9-day and 18-day EMA.
- RSI is and stochastic are falling 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: SELL** Below 3525 for a Target -3480; T2-3460; SL -3552.

Trade Recommendation RM Seed Spot (Jaipur basis): In spot, the RM seed prices are expected to rebound on likely improved buying at the current levels. Prices of seed are expected to be in the range between 3710-3750 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>	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

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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