

Executive Summary

Soybean, soy meal and RM seed improved on some gains in international oils and fats market especially in BMD CPO, which further fueled buying in the domestic market during the period under review.

Soybean:

- ❖ Soybean rebound on supportive international oils and fats markets during the week under review. Extended gains in BMD CPO initially during the week lend support to the domestic cash bean prices.
- ❖ Reports of improved Malaysian palm oil this month after a long period remained positive for the BMD CPO thus leading support to domestic soybean and RM seed during the period. Exports of Malaysian palm oil products for Sep. 1-15 rose 33.7 percent to 735,334 tonnes from 549,784 tonnes shipped during Aug. 1-15 - cargo surveyor Societe Generale de Surveillance.
- ❖ Overall, the soybean market is under pressure with bearish world supply scenario this season. Forecast of record US 2014-15 soybean production followed by higher yield boosted by favourable weather in the US mid-west.
- ❖ In the September USDA report, U.S. oilseed production for 2014/15 is projected at 3.913 billion bushels (116.2 million tons), up 2.5% last month. As discussed earlier, private analytics firm Informa Economics raised its estimates of U.S. 2014 soybean production to 3.876 billion bushels, from 3.7 billion previously. Informa raised its soy yield forecast to 46.1 bushels per acre, from 44.5 in August.

Soy meal:

- ❖ Soy meal continued downtrend tracking weak demand for Indian origin oil meals from the overseas market.
- ❖ Unattractive Indian meal prices compared to the meal of South American origin have hit the Indian meal exports during the season.
- ❖ The US is likely to produce record soybean in 2014/15 followed by rise in the planted area and likely better yield with favorable weather for the standing crop in Mid-west. This will eventually increase the global soy meal supplies.

- ❖ It is noted that the soy meal price spread between Argentina and India has narrowed second consecutive month which remained wider for quite long owing to the competitive Argentine meal prices as compared to India's. India's soy meal shipments plunged 98.5% Y-o-Y in August.

RM Seed:

- ❖ RM seed featured gains in benchmark, Jaipur, on supportive buying during the week in review. Further, recovery in the BMD CPO lent support to the domestic RM seed prices.
- ❖ Improved demand in rapeseed/mustard seed oil ahead upcoming festivities has lead to fresh RM seed buying by the stockists and the millers. The crushing of the seed has increased in
- ❖ Cargo surveyor Intertek Testing Services showed that Malaysian palm oil shipments during 1-10 September surged 41 percent compared with the same period a month ago. However, the shipments in previous weeks were quite weak which resulted in inflating the palm oil stocks in Malaysia.
- ❖ Malaysian palm oil inventories rose 22 percent to 2.05 million tons in August compared to the last month highest since March 2013 due to lower demand for palm oil and higher palm oil production.

International Highlights

- ❖ US soybean crop is reported under good condition. Soybeans crop as on Sep 14, dropping leaves is reported at 24% slightly lower from 5 year average at 32% and at par with the the same period last year. Further, the crop is 72% in good to excellent condition, which is better than last year (50%). The weather in the US mid-west continues to be favorable for the standing crop, which is a bearish factor.
- ❖ Lanworth raises the US soybean yield to 47 bushels per acres from 46.7 bushels per acres and soybean production for 2014 seen at 3.873 billion bushels (near 105 million tons), up 0.021 billion bushels from previous estimates.
- ❖ As per Dorab Mistry, Palm oil prices should ease towards MYR 1,900 per tons (\$594/T) over the next few weeks in order to stay competitive and recapture market share from competing veg. oils. However, prices are unlikely to dip below MYR 1900 per tons. Moreover, Argentina soyoil prices at port were seen between \$730-750 tons from October to December.
- ❖ China, the biggest soybean importer, bought 6.03 million tonnes of soybeans in August, down 19.3 percent from 7.47 million tonnes in July, figures from the General Administration of Customs of China showed. China's Imports of vegetable oils in August were 470,000 tonnes, down 27.7 percent from the previous month.
- ❖ MPOB Report's Highlights - Malaysian palm oil inventories rose 22 percent to 2.05 million tons in August compared to the last month highest since March 2013 due to lower demand for palm oil and higher palm oil

production. On the production front, palm oil output rose by 22 percent to 2.03 million tons on m-o-m basis. Report was bearish for palm oil as market participants were expecting 1.95-1.98 MMT of palm oil inventories as of August.

- ❖ As per Agroconsult, Brazil is likely to produce 95.1 million tons of soybeans in 2014-15, up 1 million tons from previous estimates. Moreover, Argentina soybean crop output for 2014-15 seen at 56.6 millions tons. Soybean palnting in Brazil is likely to commence from late September.
- ❖ The palm oil production in Malaysia is estimated to reach a record 19.7 million tons to 19.9 million tons. Further, Indonesia's output is likely an all-time high of 30.5 million tons or more this year. Production is estimated by Dorab Mistry, Director at Godrej International Ltd. Both the countries account for 86% of world total supplies.
- ❖ Private analytics firm Informa Economics raised its estimates of U.S. 2014 soybean production to 3.876 billion bushels, from 3.7 billion previously. Informa raised its soy yield forecast to 46.1 bushels per acre, from 44.5 in August.
- ❖ Germany's winter rapeseed output is estimated at 5.8 million tonnes in 2014, up from 5.7 million tonnes in 2013, German farmer's association, DBV said.

Oilseed Prices at Key Spot Markets:

Commodity / Centre	Prices (Rs/Qtl)				Change
Soybean	19-Sep-14		12-Sep-14		
	Low	High	Low	High	
Indore –Plant	3525	3575	3450	3550	25
Indore–Mandi	3200	3500	3300	3400	100
Nagpur-Plant	3400	3500	3350	3400	100
Nagpur – Mandi	3300	3400	3200	3250	150
Kota-Plant	3450	3500	3400	3450	50
Kota – Mandi	3300	3400	3200	3300	100
Bundi-Plant	3350	3400	3250	3300	100
Bundi-Mandi	3300	3400	3250	3300	100
Baran-Plant	3400	3450	3350	3400	50
Baran-Mandi	3200	3300	3100	3200	100
Bhawani Mandi Jhalawar–Kota-Plant Delivery	3300	3400	3300	3350	50
Jhalwar-Mandi	3000	3250	3200	3350	-100
Rapeseed/Mustard					
Jaipur-(Condition)	3745	3750	3685	3690	60
Alwar-(Condition)	3575	3600	3525	3550	50
SriGanganagar-(Non-Condition-Unpaid)	3310	3315	3280	3290	25
New Delhi–(Condition)(New Crop)	3640	3645	3580	3590	55
Kota-Non-(Condition)	3100	3150	2950	3050	100
Agra-(Condition)	3840	3860	3825	3850	10
Neewai	3490	3500	3450	3460	40

Hapur (UP)(New Crop)	3700	3725	3660	3670	55
Groundnut Seed					
Rajkot	780	780	780	780	Unch
Sunflower Seed					
Gulbarga	2400	2500	2455	2812	-312
Latur	3000	3050	2900	3050	Unch
Sholapur(New Crop)	3300	3350	3200	3250	100
Sesame Seed					
Mumbai (White98/2/1)	11050	11050	11050	11050	Unch

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 13th to 19th Sep 2014	Week End 6th to 12th Sep 2014	
Soybean				
	Madhya Pradesh	177000	113000	64000
	Maharashtra	53000	29000	24000
	Rajasthan	74000	67000	7000
	Bundi (Raj)	600	575	25
	Baran (Raj)	5800	4900	900
	Jhalawar (Raj)	2550	2650	-100
Rapeseed/Mustard	Rajasthan	335000	315000	20000

Progress of Sown Area – Kharif Oilseeds, India

As per the official *kharif oilseeds* planting report (week ending 12 Sep 2014), the area coverage under *Kharif* oilseeds is reported at 175.26 lakh hectares, down 8.5% from 191.61 lakh ha previous year. Of the major oilseeds, soybean sowing is reported down by 9.9% at 110.14 lha compared to 122.20 lha during the same period last year. Groundnut at 36.41 lha vs 42.58, sunflower at 1.81 lha vs 2.31 lha, sesamum 15.67 vs 14.08, niger 1.5 lha vs 1.51 lha and castor at 9.73 lha vs 8.93 lha during the same period last year.

Crop	As on 12 Sep 2014	As on 12 Sep 2013	% Change
Groundnut	36.41	42.58	-14.5
Soybean	110.14	122.20	-9.9
Sunflower	1.81	2.31	-21.6
Sesamum	15.67	14.08	11.3
Niger	1.50	1.51	-0.7
Castor	9.73	8.93	9.0
Total Oilseeds	175.26	191.61	-8.5

(Area in lakh hectares) Source: GOI

Soybean

Soybean rebound on supportive international oils and fats markets during the week under review. Extended gains in BMD CPO initially during the week lend support to the domestic cash bean prices.

Reports of improved Malaysian palm oil this month after a long period remained positive for the BMD CPO thus leading support to domestic soybean and RM seed during the period. Exports of Malaysian palm oil products for Sep. 1-15 rose 33.7 percent to 735,334 tonnes from 549,784 tonnes shipped during Aug. 1-15 - cargo surveyor Societe Generale de Surveillance.

Overall, the soybean market is under pressure with bearish world supply scenario this season. Forecast of record US 2014-15 soybean production followed by higher yield boosted by favourable weather in the US mid-west.

Lanworth raises the US soybean yield to 47 bushels per acres from 46.7 bushels per acres in August and soybean production for 2014 is seen at 3.873 billion bushels, up 0.021 billion bushels from previous estimates.

US soybean crop is reported under good condition. Soybeans crop as on Sep 14, dropping leaves is reported at 24% slightly lower from 5 year average at 32% and at par with the the same period last year.

Further, the crop is 72% in good to excellent condition, which is better than last year (50%). The weather in the US mid-west continues to be favourable for the standing crop, which is a bearish factor.

India's area coverage under soybean, as on 12 Sep 2014, was reported at 110.14 lakh ha compared to 122.20 lha (-9.9%) during the same period last year. The all India departure of monsoon on 18 September is reported at -12% which was -42% early in July.

The soybean prices will continue to feature weakness pressured by weak global and domestic factors in near-term.

Soy meal

Soy meal continued downtrend tracking weak demand for Indian origin oil meals from the overseas market.

Unattractive Indian meal prices compared to the meal of South American origin have hit the Indian meal exports during the season.

The US is likely to produce record soybean in 2014/15 followed by rise in the planted area and likely better yield with favorable weather for the standing crop in Mid-west. This will eventually increase the global soy meal supplies.

It is noted that the soy meal price spread between Argentina and India has narrowed second consecutive month which remained wider for quite long owing to the competitive Argentine meal prices as compared to India's. India's soy meal shipments plunged 98.5% Y-o-Y in August.

India's soy meal shipments during August 2014 was just 2778 tones as compared to 1,83,965 tones in the same period of previous year.

On a financial year basis, the export during current financial year i.e. April 2014 to August 2014 is 0.96 Lac tonnes as compared to 7.02 Lac tones in the same period of previous year showing a decrease of 86.30%.

During current Oil year, (October-September), total exports during October 2013 to August, 2014 is 20.61 Lac tones as against 32.99 Lac tones in the same period of previous year, showing a fall by 37.53%.

Soy meal shipments sharply fell in the past seven months due to poor supply of soybean coupled with high price led to total disparity in international market.

Demand shift 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 remain under pressure on weak global factors. However, India area coverage under soybean has fallen by 9.4% lower than the previous season due to late and less rains, which will cap the losses.

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 declined. Soy meal export price, FOR Kandla (Nov – Dec delivery) was quoted between Rs 29,000 – 29,500/MT compared to Rs 29,300 – 29,600/MT previous week.

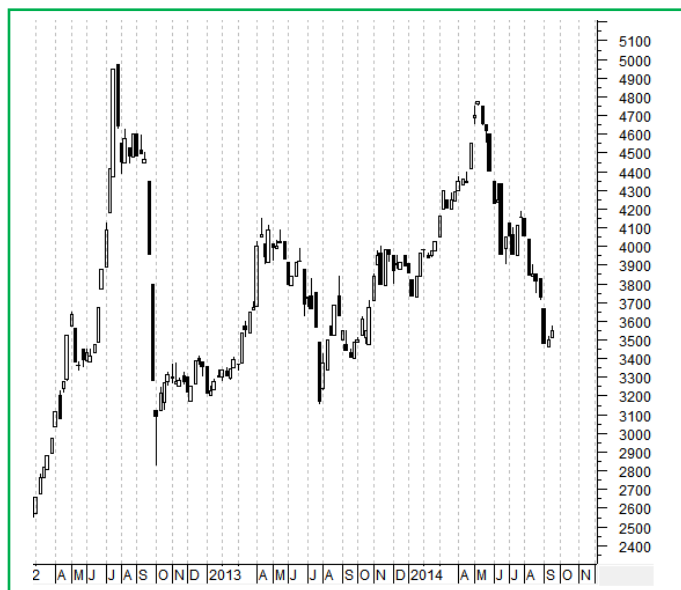
Recommendation: FOR Kandla (ready delivery) was quoted between Rs 35,000-37000/MT. Indian meal exporters are advised to market their meal to the countries in vicinity including traditional South and Far-East Asian destinations and Iran. Indian soy meal faces price competition from South American soy 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. 34000-35000/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
2945	2970	3177	3255	3285

- Weekly soybean candlestick chart pattern reveals gain in the prices.
- Prices closed below 9-day and 18-day EMA.
- RSI and stochastic are rising in neutral zone.
- MACD is heading upwards in negative territory.
- The prices are expected to feature gains in coming week.
- **Trade Recommendation (NCDEX Soybean – Oct) Week: Sell** below 3150. Levels: Target – 3000; T2- 2990, SL -3240.

Trade Recommendation Soybean - Spot: Soybean prices are expected to remain under pressure on weak global factors and sluggish demand in the domestic market. The prices are likely to be in the band of 3400 -3500 levels (Indore, Plant basis) during the week.

Rapeseed - Mustard Seed

RM seed featured gains in benchmark, Jaipur, on supportive buying during the week in review. Further, recovery in the BMD CPO lent support to the domestic RM seed prices.

Improved demand in rapeseed/mustard seed oil ahead upcoming festivities has lead to fresh RM seed buying by the stockists and the millers. Moreover, diminishing seed arrivals add fuel to the market.

Exports of Malaysian palm oil products for Sep. 1-15 rose 33.7 percent to 735,334 tonnes from 549,784 tonnes shipped during Aug. 1-15 - cargo surveyor Societe Generale de Surveillance. India imported 226,365 tons of palm oil products from Malaysia during 1-15 Sept., up 32.9 percent from the same period of last month.

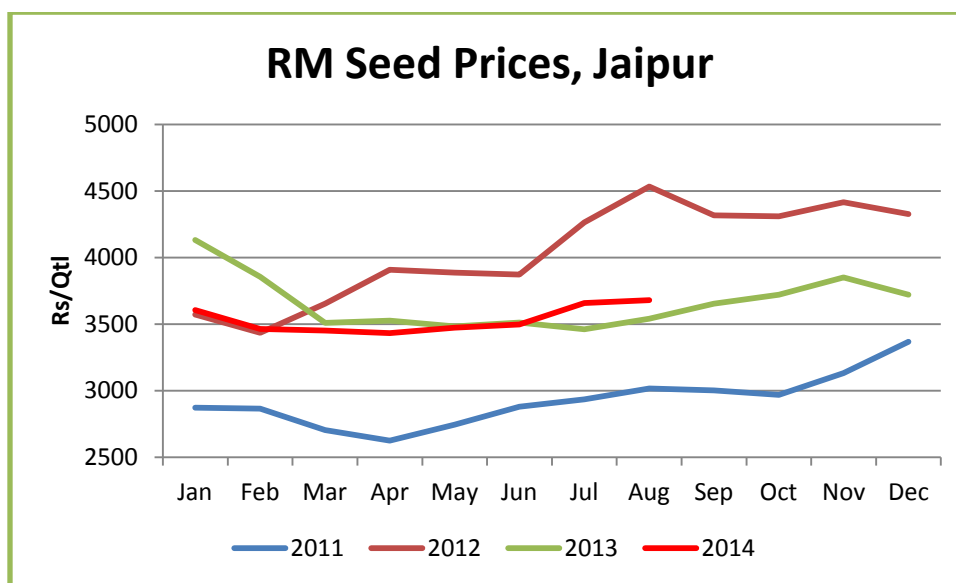
Malaysian palm oil inventories rose 22 percent to 2.05 million tons in August compared to the last month highest since March 2013 due to lower demand for palm oil and higher palm oil production.

On the production front, Malaysian palm oil output rose by 22 percent to 2.03 million tons on m-o-m basis. Report was bearish for palm oil as market participants were expecting 1.95-1.98 MMT of palm oil inventories as of August, reports MPOB.

The domestic RM seed closely tracks BMD CPO.

However, SEA of India revealed that during the current oil year (Nov-Oct) 2013-14, Indian buyers imported 49.38 lakh tons of CPO and 13.50 lakh tons of RBD palmolein till August. The higher imports weigh on the domestic seed and bean prices in recent months.

As expected, the RM seed rebound during the week and it is expected to extend the gains on upcoming festive demand in mustard oil in near-term.



Technical Analysis:

NCDEX RM Seed Futures



*Note: Daily Chart

RM Seed Spot, Jaipur



Support & Resistance NCDEX RM Seed – Oct. contract

S2	S1	PCP	R1	R2
3545	3576	3632	3689	3715

- The RM seed extended gains on supportive buying.
- The prices closed below 9-day and 18-day EMA.
- RSI and stochastic are rising in the neutral territory.
- MACD is rising in the negative territory.
- Prices are expected to feature gains in near-term.
- **Trade Recommendation (NCDEX RM SEED - Oct) Week: SELL** below 3635 for a Target –3580; T2-3565; SL -3668.

Trade Recommendation RM Seed Spot (Jaipur basis): In spot, the RM seed prices are expected to trade range bound. Prices of seed are expected to be in the range between 3700-3750 levels during the week. They were between 3700-3750 level during the week under review.

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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