

Executive Summary

Soybean remained under supply pressure while soy meal and RM seed posted gains on supportive buying during the week under review.

Soybean:

- ❖ Soybean remained flat on cautious buying and weak international soy benchmark. Currently, the soybean market is looking for a direction. Buying remained sluggish as the buyers are anticipating fall in the bean prices.
- ❖ Besides, rising Malaysian palm oil inventories due to weak palm oil export sales in recent weeks too remained a bearish factor for domestic oilseeds.
- ❖ The domestic soybean supplies are in full swing, the average daily arrivals of Madhya Pradesh fell to 3.0 – 3.25 lakh bags which were 4.0 – 4.5 lakh bags in previous week.
- ❖ The domestic soybean market will closely follow the international benchmark, CBOT soy and BMD CPO. The bean prices are reeling under pressure due to bearish global supply scenario in conjunction sharp fall in crude oil.
- ❖ Net US weekly export sales of soybean was a marketing year low, were down 55% from previous week and 68% from the prior 4-week average, the US soybean exports remained stronger in recent weeks.
- ❖ Prolonged dry weather situation in South America has hit the soybean planting and germination of the seed in the region.

Soy meal:

- ❖ Soy meal posted mild gains on expectations of rise in the meal demand in the new season. Improved overseas demand in October, new season, and fresh seasonal domestic demand from poultry and poultry feed industry remained supportive for the meal.
- ❖ The domestic soy meal demand increases with the rise in poultry consumption in winter which keeps the market stable. Besides, overseas meal demand gets shifted to India with increased pace in the soybean crushings.

- ❖ However, global supply pressure and weakness in crude in conjunction with subdued Malaysian palm oil limited the upside in domestic soy meal.
- ❖ India's soy meal shipments in October 2014 rose as compared to September'14 but it was 84% lower than the same period last year.

RM Seed:

- ❖ RM seed witnessed gains primarily on supportive buying in the cash market during the week under review. Improved seasonal demand in the mustard seed oil in the key consuming regions and gradual fall in the RM seed supplies continued to support the seed market during the week.
- ❖ The mustard oil consumption improves as the weather temperature dips in the key consuming region with increased consumption of snack and fries.
- ❖ India's mustard seed planting is in full swing and currently the area coverage is ahead last year, during the same period. We expect India's total area under RM seed to be near previous season, which was 71.4 lakh hectares.
- ❖ However, fall in Malaysian palm oil exports and crude mineral oil limited the gains. Now that there are signs of some recovery in crude oil, which if sustain, we can expect Malaysian palm oil to improve with the falling supplies with estimated lower yield in the palm fruit in key growing countries.

International Highlights

- ❖ Brazilian and Argentine soybean plantings has made a good progress but are still delayed from it's normal. Unusually dry conditions now reported from several producing regions. It is still early, but the situation must be monitored.
- ❖ China is expected to import around 4.47 million metric tons of soybean (tonnes) to ports in November, state the Ministry of Commerce in its latest report. Meanwhile, the ministry pegged the October soybean purchases at 3.32 million tonnes.
- ❖ Malaysia's palm oil inventories at the end of Oct. rose 3.7% to 2,166,453 tonnes against 2,090,001 tonnes at the end of September, figures released by Malaysian Palm Oil Board. Exports of Malaysian palm oil products in the month of Oct. declined 1.4 % to 1.61 million tonnes, the MPOB said. Crude palm oil production declined 0.2% to 1.89 million tonnes.
- ❖ India imported 11.62 million tonnes of edible oil during Sep-Oct 2013/14 compared to 10.68 million tonnes during the same period previous season, stated the Solvent Extractors' Association(SEA).
- ❖ India's 2013/14 soyoil imports stood at 1.95 Mn T against 1.09 Mn T in 2012/14 season. Palm oil purchases were slightly lower at 7.29 Mn T against 8.29 Mn T last season. Sunflower oil imports were recorded at 1.51 Mn T against 0.97 Mn T in 2012/13.
- ❖ G-5 shipments of soybeans were lower by about 1 Mn T from a year ago in Sept/Oct 2014, as reported by Oil World.
- ❖ Indonesian palm oil shipments exceeded Oil World's estimates at 1.70 Mn T in August, 0.24 Mn T which is above a year ago.
- ❖ As per Oil World, the global supplies of palm oil is expected to rise by only 2.2 Mn T in Oct/Sept 2014/15, which is down from an average annual growth of 3.9 Mn T in the past 3 seasons.
- ❖ Falling South American soybean shipments are raising the global dependence on the USA in Sept/Febr 2014/15. South American soybean exports are estimated to have fallen to 1.1-1.2 Mn T in October – Oil World.
- ❖ China's soybean import is estimated to 73.5 Mn T in Oct/Sept 2014/15 by the Oil World.
- ❖ Argentina is expected to seed 20.6 million hectares with soybeans in the 2014/15 season.
- ❖ Informa has raised its soybean yield estimate to 48.5 bushels per acre from 46.5, and raised its production forecast to 4.017 billion bushels from 3.857 billion. The firm calculated harvested area for soybeans at 82.880 million acres. The projection compared to the U.S. Department of Agriculture's September forecasts for a soybean crop of 3.913 billion bushels with a yield of 46.6 bushels per acre.
- ❖ For soybeans, Lanworth too has raised its forecast for the U.S. yield to 47.1 bushels per acre, versus 47.0 bushels per acre in the previous estimate, and estimated soybean production at 3.880 billion bushels, up from 3.873 billion previously.
- ❖ Brazil's crop supply agency Conab forecast a record 2014/15 soybean crop of between 88.83 million tonnes and 92.41 million tonnes in its first forecast of the season. Besides, Argentina's farmers are expected to plant from 20.6 million to 20.9 million hectares with soybeans this year, up from 20.2 million hectares in the previous season.

- ❖ As per Oil World, the monthly soybean requirements in the US are expected to surge to 12-13 Mn T in October and further to 14 Mn T in November.
- ❖ As per Abiove, Brazil's soybean crop for 2014/15 is estimated at 91 million tons and exports forecast at 48 million tons. As per Oil World, oilseed production may rise to 519.7 million tons, up 4.31 percent from 2013-1. The total oilseeds production includes 310.80 million tons of soybean, 68 million tons of rapeseed, 41.4 million tons of sunflower seed and rests others.
- ❖ The total oilmeals consumption of five N. African countries in 2014/15 is estimated at 6.2-6.3 Mn, which has more than doubled within 10 years.
- ❖ India's import requirements of vegetable oils are set to increase to a new high of 12.2 Mn T in 2014/15, as reported by Oil World.
- ❖ Oil World has estimated a combined soya meal imports of 8 key countries in Southeast Asia at a record 16.6 Mn T next season, which is up 1.4 Mn T on the year.
- ❖ 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.
- ❖ 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.
- ❖ 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.
- ❖ Oil World has estimated the Canadian canola crop at 14.7 Mn T in 2014 which is considerably below the record 17.96 Mn T last year.
- ❖ EU-28 rapeseed outturn has turned out higher than expected there is an upward revision to 23.5 Mn T. EU rapeseed exports are also improving.
- ❖ In Jan/Dec 2014 Brazil's soya oil shipments are seen falling to a 14-year low of only 1.28 Mn T to accommodate the higher domestic demand of the biodiesel industry – Oil World.

Oilseed Prices at Key Spot Markets:

Commodity / Centre	Prices (Rs/Qtl)				Change
Soybean	21-Nov-14		14-Nov-14		
	Low	High	Low	High	
Indore –Plant	3225	3275	3225	3275	Unch
Indore–Mandi	3050	3120	3050	3150	-30
Nagpur-Plant	3350	3350	3350	3350	Unch
Nagpur – Mandi	3000	3200	3200	3300	-100
Kota-Plant	3250	3250	3275	3275	-25
Kota – Mandi	3000	3100	3100	3200	-100
Bundi-Plant	3250	3250	3300	3300	-50
Bundi-Mandi	3200	3200	3100	3250	-50
Baran-Plant	3300	3300	3250	3250	50
Baran-Mandi	3200	3400	3100	3250	150
Bhawani Mandi Jhalawar–Kota-Plant Delivery	3250	3250	3225	3250	Unch
Jhalwar-Mandi	3200	3200	3100	3200	Unch
Rapeseed/Mustard					
Jaipur-(Condition)	3810	3815	3805	3810	5
Alwar-(Condition)	3700	3700	3700	3700	Unch
SriGanganagar-(Non-Condition-Unpaid)	3450	3510	3450	3500	10
New Delhi–(Condition)(New Crop)	3675	3700	3700	3700	Unch
Kota-Non-(Condition)	3250	3350	3300	3400	-50
Agra-(Condition)	4025	4025	4025	4025	Unch
Neewai	3550	3550	3580	3580	-30
Hapur (UP)(New Crop)	3785	3800	3800	3800	Unch
Groundnut Seed					
Rajkot	800	800	-	-	-
Sunflower Seed					
Gulbarga	2855	3115	2850	3050	65
Latur	3585	3585	3000	3525	60
Sholapur(New Crop)	3350	3350	3350	3350	Unch
Sesame Seed					
Mumbai (White98/2/1	9600	9600	9600	9600	Unch

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 15th to 21th Nov 2014	Week End 8th to 14th Nov 2014	
Soybean	Madhya Pradesh	1820000	2100000	-280000
	Maharashtra	599000	825000	-226000
	Rajasthan	445000	510000	-65000
	Bundi (Raj)	18800	27000	-8200
	Baran (Raj)	13000	11200	1800
	Jhalawar (Raj)	27000	34000	-7000
Rapeseed/Mustard	Rajasthan	400000	415000	-15000

Progress of Sown Area – Rabi Oilseeds, India

In the official *rabi oilseeds* planting report (week ending 13 Nov 2014), the area coverage under *Rabi* oilseeds is reported at 54.03 lakh hectares, up 0.5% from 53.75 lakh ha during the same period last year. Of the major oilseeds, rapeseed/mustard seed sowing is reported up by 4% at 48.87 lha compared to 47.01 lha during the same period last year. Groundnut at 1.71 lha vs 1.79, safflower at 0.45 lha vs 0.79 lha, sunflower at 1.64 lha vs 2.5 lha, sesamum 0.16 vs 0.23, linseed 1.06 lha vs 1.29 lha during the same period last year.

Crop	As on 13 Nov 2014	As on 13 Nov 2013	% Change
Rapeseed/Mustard	48.87	47.01	4.0
Groundnut	1.71	1.79	-4.5
Safflower	0.45	0.79	-43.0
Sunflower	1.64	2.50	-34.4
Sesamum	0.16	0.23	-30.4
Linseed	1.06	1.29	-17.8
Others	0.14	0.14	0.0
Total Oilseeds	54.03	53.75	0.5

(Area in lakh hectares) Source: GOI

Soybean

Soybean remained flat on cautious buying and weak international soy benchmark. Currently, the soybean market is looking for a direction. Buying remained sluggish as the buyers are anticipating fall in the bean prices.

Besides, rising Malaysian palm oil inventories due to weak palm oil export sales in recent weeks too remained a bearish factor for domestic oilseeds.

The domestic soybean supplies are in full swing, the average daily arrivals of Madhya Pradesh fell to 3.0 – 3.25 lakh bags which were 4.0 – 4.5 lakh bags in previous week.

The domestic soybean market will closely follow the international benchmark, CBOT soy and BMD CPO. The bean prices are reeling under pressure due to bearish global supply scenario in conjunction sharp fall in crude oil.

Net US weekly export sales of soybean was a marketing year low, were down 55% from previous week and 68% from the prior 4-week average, the US soybean exports remained stronger in recent weeks.

Prolonged dry weather situation in South America has hit the soybean planting and germination of the seed in the region.

Brazil is expected to harvest record soybean in 2015 estimated between 88.83 – 91 million tonnes (by Abivove and Conab), despite dry weather, all time high plantings. The Brazil's soybean harvesting is likely to get delayed by 20-25 days this season due to the delay in planting followed by dry weather.

Normally Brazil's soybean harvesting commences in February and in Argentina it begins in March, both are expected to harvest late for delayed planting, this will be bullish factor for short period.

The domestic soybean will remain under pressure on bearish global supply scenario and weakness in crude oil. Any sustained recovery in crude oil will lend support to the bean to some extent.

Soy meal

Soy meal posted mild gains on expectations of rise in the meal demand in the new season. Improved overseas demand in October, new season, and fresh seasonal domestic demand from poultry and poultry feed industry remained supportive for the meal.

The domestic soy meal demand increases with the rise in poultry consumption in winter which keeps the market stable. Besides, overseas meal demand gets shifted to India with increased pace in the soybean crushings.

However, global supply pressure and weakness in crude in conjunction with subdued Malaysian palm oil limited the upside in domestic soy meal.

India's soy meal shipments in October 2014 rose as compared to September'14 but it was 84% lower than the same period last year.

India's soy meal export sales suffered during the 2013-14 season and witnessed a sharp fall after the weak season for soybean due to lower bean production. India's total soy meal exports in the previous season (Oct 2013/ Sep 14) were just 2.01 Mn T against 3.45 Mn T in 2012/13.

India's soy meal prices have to be attractive in order to boost the exports unlike during 2013/14 season. Iran, France, Indonesia, Greece and Sri Lanka remained the key buyers of Indian soy meal during the season.

Top 3 buyers of Indian soy meal in October were also Iran, Indonesia and Sri Lanka.

Narrowing price spread is a positive signal for India with India's meal prices getting competitive over Argentina and expectation of buyers diverting back with the harvest of new soybean crop in late October.

India's oilmeal shipments in October more than doubled from a September to 218,307 tonnes due to increase in rapeseed meal exports to South Korea and Thailand.

India's soy meal exports improved to 29071 tonnes in October from 868 tonnes a month ago, the Solvent Extractors' Association of India. Of total oilmeal shipments in October, soy meal comprised of 29,071 tonnes, rapeseed meal (13,33,93 tonnes), ricebran extraction (31,25 tonnes) and castorseed meal was 52,718 tonnes.

We feel the major international buyers will shift towards India after rise in seasonal supplies with improved soybean crushing making meal prices competitive in coming days. India's soy meal export is expected to pick-up in 2014/15 season.

The soy meal prices are likely to feature range bound movement followed by US suppost gains on improved Chinese buying from US and with the rise in benchmark CBOT soy product prices.

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. Iran, Japan, Europe, Thailand, Vietnam, Indonesia and South Korea could be seen as the major destinations for Indian soy meal exports.

India's Y-o-Y soy meal prices declined. Soy meal export price, FOR Kandla (Dec – Jan delivery) was quoted between Rs 29750 – 30475/MT compared to Rs 34,700 – 35350/MT during the same period last year.

Recommendation: *As the India's soy meal prices are getting competitive with improved new soybean crushings, Indian meal exporters are advised to aggressively explore the lost markets last season especially traditional South and Far-East Asian destinations and Iran. India has just entered into the period of higher exports considering seasonality. The domestic meal prices are likely to feature steady to firm tone during in near-term. FOR, Kandla (Dec – Jan delivery) is expected to feature range bound movement with firm bias and the quotes will range between Rs.30,500 – 31,000/MT levels in the upcoming week.*

Technical Analysis:

NCDEX Soybean Futures



Soybean Spot, Indore



*Note: Daily Chart

Support & Resistance NCDEX Soybean – DEC. contract

S2	S1	PCP	R1	R2
3057	3141	3332	3413	3506

- Soybean featured side-ways movement in the weekly chart.
- Prices closed above 9-day and 18-day EMA.
- RSI and stochastic are heading upwards in neutral zone.
- MACD is rising in positive territory.
- The prices are expected to feature gains in coming week.
- **Trade Recommendation (NCDEX Soybean – DEC) Week: BUY** Above 3330. Levels: Target – 3380; T2- 3400, SL -3300.

Trade Recommendation Soybean - Spot: Soybean prices are expected to feature range-bound movement on cautious buying. The prices are likely to be in the band of 3250 – 3350 levels (Indore, Plant basis) during the week.

Rapeseed - Mustard Seed

RM seed witnessed gains primarily on supportive buying in the cash market during the week under review. Improved seasonal demand in the mustard seed oil in the key consuming regions and gradual fall in the RM seed supplies continued to support the seed market during the week.

The mustard oil consumption improves as the weather temperature dips in the key consuming region with increased consumption of snack and fries.

India's mustard seed planting is in full swing and currently the area coverage is ahead last year, during the same period. We expect India's total area under RM seed to be near previous season, which was 71.4 lakh hectares.

However, fall in Malaysian palm oil exports and crude mineral oil limited the gains. Now that there are signs of some recovery in crude oil, which if sustain, we can expect Malaysian palm oil to improve with the falling supplies with estimated lower yield in the palm fruit in key growing countries.

As already discussed, as per Thomas Mielke, palm oil futures could rise to between 2,300 ringgit and 2,500 ringgit per tons in the first quarter of next year. However, if Brent crude oil price correct below USD 75 per barrels may lead to losses in the CPO prices too but unlikely to drop below 2,000 ringgit a tons. The statement remained bullish for CPO. Currently Brent crude is hovering around US \$80.36/barrel.

Exports of Malaysian palm oil products for November 1 - 20 fell 6.4 percent to 837,659 tonnes from 894,697 tonnes shipped during October 1 - 20, cargo surveyor Intertek Testing Services.

The government of India is mulling on raising the import duty in edible oils followed by cheaper availability and higher imports in the same.

India imported record edible oils in 2013/14 due to attractive overseas prices in sunflower, soy and palm oils last season.

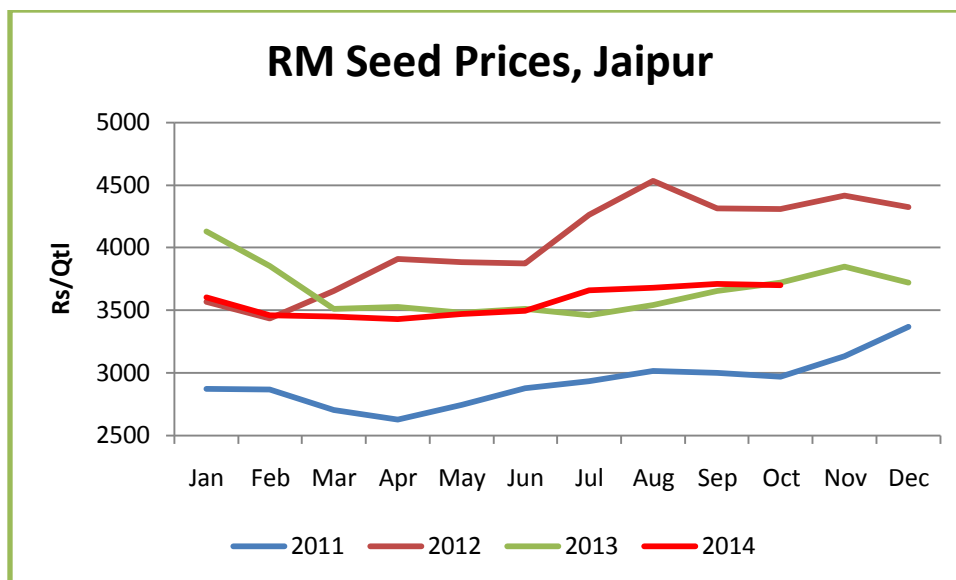
India imported 11.62 million tonnes of edible oil during Sep-Oct 2013/14 compared to 10.68 million tonnes during the same period previous season, stated the Solvent Extractors' Association(SEA).

India's 2013/14 soyoil imports stood at 1.95 Mn T against 1.09 Mn T in 2012/14 season. Palm oil purchases were slightly lower at 7.29 Mn T against 8.29 Mn T last season. Sunflower oil imports were recorded at 1.51 Mn T against 0.97 Mn T in 2012/13.

The major source of India's oil imports are Indonesia and Malaysia for palm oil, South America for soyoil; Ukraine and Russia for sunflower oil.

India's import bill towards edible oils is likely to reach US \$15 billion against US \$9.3 billion in 2013-14 followed by lower kharif oilseeds production, reported by industry body Assocham.

The RM seed will continue to witness gains in coming weeks on improved seasonal RM oil demand and dwindling supplies in the seed.



Technical Analysis:

NCDEX RM Seed Futures



*Note: Daily Chart

RM Seed Spot, Jaipur



Support & Resistance NCDEX RM Seed – DEC. contract

S2	S1	PCP	R1	R2
3805	3781	3851	3950	4000

- The weekly candlestick chart pattern reveals side-ways movement in RM seed.
- 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 rising in the positive territory.
- Prices are expected to feature gains in near-term.
- **Trade Recommendation (NCDEX RM SEED - DEC) Week: BUY** Above 3850 for a Target – 3900; T2- 3920; SL -3820.

Trade Recommendation RM Seed Spot (Jaipur basis): In spot, buying support will boost the seed prices. Prices of seed are expected to gain on crushing demand and will be in the range between 3820 – 3850 levels during the week. They were between 3805 - 3820 levels during the week under review.

Annexure

Progress of Sown Area – Kharif Oilseeds, India

In the official *kharif oilseeds* planting report (week ending 09 Oct 2014), the area coverage under *Kharif* oilseeds is reported at 178.47 lakh hectares, down 8.4% from 194.90 lakh ha previous year. Of the major oilseeds, soybean sowing is reported down by 10% at 110.22 lha compared to 122.20 lha during the same period last year. Groundnut at 37.25 lha vs 43.19, sunflower at 2.05 lha vs 2.43 lha, sesamum 16.31 vs 14.91, niger 2.28 lha vs 2.33 lha and castor at 10.35 lha vs 9.84 lha during the same period last year.

Crop	As on 09 Oct 2014	As on 09 Oct 2013	% Change
Groundnut	37.25	43.19	-13.8
Soybean	110.22	122.20	-9.8
Sunflower	2.05	2.43	-15.6
Sesamum	16.32	14.91	9.5
Niger	2.28	2.33	-2.1
Castor	10.35	9.84	5.2
Total Oilseeds	178.47	194.90	-8.4

(Area in lakh hectares) Source: GOI

Rabi MSP 2014-15

- ❖ The Cabinet Committee on Economic Affairs has approved the Minimum Support Prices (MSPs) for Rabi Oilseeds Crops of 2014-15 season to be marketed in 2015-16 as follows: The MSP of Rapeseed/Mustard is raised by Rs. 50/Qtl to Rs. 3100/Qtl from Rs. 3050/Qtl earlier. For Safflower too it is increased by Rs. 50/Qtl to Rs. 3050/Qtl from Rs. 3000/Qtl in 2013-14.

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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