

## Executive Summary

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Soybean and meal and rapeseed-mustard fell in tandem on bearish domestic fundamentals during the week under review.

Monsoon has progressed far better than expected and the seasonal rains have gripped whole of India during the week, which was much needed for *kharif* oilseeds planting.

Better palm oil exports from Malaysia and Indonesia remained supportive for BMD CPO while heavy rains in US mid-west pushed up the CBOT soybean.

### Soybean:

- ❖ The domestic soybean continued downtrend with better than expected seasonal rains. The rains were adequate for land preparation and planting for the soybeans in the key growing regions.
- ❖ However, some of the soy growing pockets have received excess rains. India's actual rainfall for the period 01.06.15 to 26.06.15 is recorded at 167.5 mm which is above the normal at 132.2 mm and the departure is reported at 27%. Currently, the rains are adequate for soybean planting across the key growing regions.
- ❖ All the key soy growing regions of Malwa-West MP, Vidharba - Maharashtra and East Rajasthan have received excess rainfall. Besides, Saurashtra - Gujarat has received excess rains raising concern over *kharif* groundnut crop.
- ❖ India's soybean planting intention is expected to be slightly higher by about 5% due to lower planting intentions in cotton, in the state of Maharashtra, the major area is expected to shift to soybean. India's 2014/15 soybean planting was in 110.22 lakh hectares which was already lower by 9.8% than in 2013.
- ❖ Further, wet weather in US mid-west has hurt the remaining soybean planting and the worst affected are Missouri and Kansas.
- ❖ Crude oil, WTI- NYMEX, is hovering around US \$ 60 per barrel and currently at US \$ 59.63 per barrel.
- ❖ *Better than expected seasonal rains, higher edible oil imports, lower soy meal shipments will pressurize the domestic soybean market. However, recent rains in the US mid-west have hurt the remaining soybean planting in the region. This will limit any sharp fall in near-term in addition to consistent Chinese buying.*

**Soy meal:**

- ❖ The domestic soy meal declined in sync with soybean on bearish fundamentals during the period under review.
- ❖ Better seasonal rains which favoured the domestic soy planting remained pressurizing factor for the meal, which was already suffering from weak exports since last couple of seasons.
- ❖ India's soy meal exports failed to pick-up due to increased global supply scenario followed by record soybean production in the key growing which eventually increased the global soy meal supplies at competitive price compared to meal of Indian origin.
- ❖ Soy meal and rapeseed meal prices on Europe's have got dearer on concern about unfavorable weather for soy bean crop development in the US and rapeseed crops in Germany.
- ❖ The soy meal exports from Argentina have surged in June after the strike in May which had disrupted the meal shipments from the country during the month.
- ❖ In EU, the rapeseed meal stood strong. Concern on dryness is stressing rapeseed crops in Germany, in most years the EU's largest rapeseed producer. Germany's 2015 winter rapeseed crop is expected to decline 20% from a year earlier to 4.99 million tonnes, forecasted by Germany's association of farm co-operatives this week.
- ❖ Sunflower meal prices too firmed-up on expectations of lower than estimated rapeseed output in Europe which could shift demand to sunflower meal.
- ❖ The heat wave concern is over with onset of monsoon, the chicken and egg prices have surged due to heat wave which has killed above 17 million birds in recent weeks.
- ❖ Overall, the domestic meal consumption fell in recent weeks.
- ❖ India's monthly soy meal exports in the month of May witnessed gains y-o-y, after several months, showing an increase by 71% over the same period last year. But, the exports in May were below 5 year average of 10,62,65 MT.
- ❖ India's rapeseed meal exports fell from 2011 and China's rapeseed meal imports declined as well after the ban.
- ❖ *The soy meal prices are likely to continue range-bound movement with weak bias followed by improved supply scenario in near-term.*

**RM Seed:**

- ❖ RM seed edged-lower in tandem with soybean and meal and in anticipation of further fall in the seed prices during the week under review.
- ❖ The seed is pressured by weak soybean and negative palm oil export sales (Jun 1-25) from Malaysia as Ramadan buying is over. However, the domestic rapeseed-mustard fundamentals in medium and long-term remain strong.
- ❖ China has identified India's 5 rapeseed-mustard crushing plants for rapeseed-mustard meal imports, which has recently lifted ban from meal of Indian origin. This will lend support to the seed prices at higher levels in cash market.
- ❖ According to SGS Malaysia Palm oil exports fell by 0.8 percent during June 1-25 from 1,404,964 tons to 1,393,204 in May 1-25, fall of 0.8 percent m-o-m. Weaker palm oil export sales from Malaysia will pressurize BMD CPO and limit the gains in domestic rapeseed-mustard.
- ❖ But, tight domestic rapeseed-mustard supplies and strong demand from crushers remained bullish for the seed market.
- ❖ Higher imports is due to zero export duty on palm oil by Indonesia and Malaysia (except April 2015) since October 2014 and less demand of CPO for bio diesel, pushed the export of palm oil to India to reduce swelling stock held by the exporting countries i.e. Indonesian and Malaysia. Due to higher prices of oilseeds and lesser realization of oils and meals domestically, resulted in record imports of vegetable oils into India, said Solvent Extractors' Association of India (SEA).
- ❖ The all India seed arrivals are gradually falling and they were reported total of about 7,30,000 bags during the week under review compared to about 8,40,000 bags previous week. In Rajasthan the supplies were reported lower at about 4,45,000 bags compared to about 5,15,000 bags previous week.
- ❖ The outlook for rapeseed-mustard remains stronger for medium and long-term owing to the tight supplies due to lower production this season.
- ❖ *Tight supplies in seed, better Malaysian palm oil exports and China's renewed demand in rapeseed meal of Indian origin will lend support to the rapeseed-mustard prices at higher level. But, higher Malaysian palm oil stock and improved palm oil production will pressurize the domestic seed market.*

## International Highlights

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- ❖ US soybean planting is reported at 90% by 21 Jun which is slightly below 5 year average of 95% and also lower than 95% during the same period last year. Soybean emergence is reported at 84% slightly lower than 5 year average of 87% and lower than 89% during the same period last year. Further, about 65% of the crop is under good to excellent condition which was 72% during the same period last year. The factors have turned-up slightly bullish for the international soybean for short-term.
- ❖ China is estimated to import a record 77 million tons of the oilseed in 2015/16 (Oct-Sept), a surge of 5.5% from the previous year, according to an official published report.
- ❖ China, imported 5.31 million tons of soybeans in April, up 18.3 percent from 4.49 million tons in March. Figures from the General Administration of Customs of China showed imports of vegetable oils in April were 520,000 tons, up 44.4 percent from the previous month.
- ❖ India imported 1.11 million tons of vegetable oils in April, which was 1.06 million tons in March, according to market participants. The vegetable oils import rose during the period due to higher demand of palm oil. India imported 725, 088 tons of palm oil in April, around 6.3% higher when compared to the exports in previous month, said Solvent Extractors' Association of India (SEA).
- ❖ Oil World has revised the global oilseeds production upward by 3.5 Mn T from a month earlier, mainly on account of Argentine soybeans.
- ❖ The scraping of the export tax on crude palm oil in May will give Malaysian producers and exporters a clear advantage over their Indonesian counterparts. Malaysia had imposed 4.5% export tax on crude oil in April since a long exemption from September'14.
- ❖ The U.S. Department of Agriculture expects world soy stocks to hit a record-high 89.5 million tonnes by the end of the 2014-15 season. USDA has estimated the global soybean production at a record 315.1 million tonnes for this season.
- ❖ Allendale has estimated U.S. farmers to increase 2015/16 soybean plantings to a record 86.052 million acres with likely reduced sowing of corn. If realized, it would exceed last year's record plantings of 83.701 million acres.

- ❖ As per Oil World, Indonesia palm oil production is seen at 32.4 million tons for 2014-15 v/s 30.5 million tons last year and Malaysian palm oil production is seen at 19.4 million tons for 2014-15, down one million tons from last year. Moreover, CPO (at Rotterdam) and RBD palmolein (FOB Malaysia) prices for 2015 is seen at USD 770 /T and USD 750/T respectively.
- ❖ Oil World has estimated that, Argentina's shipments of vegetable oils are expected to improve by approximately 0.6 Mn T this season.
- ❖ EU-28 crushings of rapeseed rose above expectations and touched a record 13.5 Mn T in July/Dec 2014, as reported by Oil World.
- ❖ On the production front, combined crude palm oil output from Malaysia and Indonesia is expected to rise to 51.1 million tons in 2015 v/s 49.2 million tons last year.
- ❖ The global production of soybeans has been raised by 1.3 Mn T to 309.1 Mn T, 24.3 Mn T, by Oil World, above last season – Oil World.
- ❖ 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.
- ❖ China's soybean import is estimated at 73.5 Mn T in Oct/Sept 2014/15 by the Oil World.
- ❖ The total oil meals 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 soy 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.
- ❖ 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 to be at 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.
- ❖ Brazil's 2014/15 soybean production is forecasted at 94 million tons, unchanged from a May estimate, by crop analysts FCStone International.
- ❖ Brazil's analyst Abiove raised its estimate for the recent harvested 2014/15 soy crop to 93.06 million tons from the last forecast of 92.69 million tons.
- ❖ AgRural, Brazilian analyst, has estimated Brazil's 2014-15 soybean crop to 93.8 million tons from 93.3 million tonnes earlier. The production is record high, despite late plantings due to stress followed by dry weather initially.
- ❖ Brazil based analyst Safras & Mercado forecasts a 2014/15 Brazilian soybean output at 95.0 million tonnes, down from 95.9 million tonnes estimated in December.
- ❖ Brazil's Agriculture Ministry's crop supply agency Conab has estimated its 2014/15 soybean production at record 95.8 million tonnes, higher than the USDA. It also said Brazil is expected to export a record 49.6 million tonnes of the soybean, which is sharply higher from the 45.6 million tonnes estimated to be exported during the current season.
- ❖ As per Above, 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 2013-14. 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.
- ❖ 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 is seen at 56.6 million tons.
- ❖ Argentina's 2014/14 soybean crop is forecasted at a record 60.8 million tons by the Buenos Aires Grains Exchange, increasing its last estimate of 60.0 million tons.
- ❖ The Argentine government raised its soybean production for the 2014/15 soybean harvest by 1 million tons to 60 million tons.

## Oilseed Prices at Key Spot Markets:

| Commodity / Centre                         | Prices (Rs/Qtl) |      |           |      | Change |
|--|-----------------|------|-----------|------|--------|
| Soybean                                    | 26-Jun-15       |      | 19-Jun-15 |      |        |
|  | Low             | High | Low       | High |        |
| Indore –Plant                              | 3500            | 3550 | 3525      | 3635 | -85    |
| Indore–Mandi                               | 3440            | 3500 | 3450      | 3560 | -60    |
| Nagpur-Plant                               | 3450            | 3500 | 3550      | 3600 | -100   |
| Nagpur – Mandi                             | 3200            | 3400 | 3300      | 3500 | -100   |
| Latur – Mandi                              | 3500            | 3530 | 3400      | 3550 | -20    |
| Kota-Plant                                 | 3450            | 3500 | 3550      | 3550 | -50    |
| Kota – Mandi                               | 3200            | 3500 | 3450      | 3500 | Unch   |
| Bundi-Plant                                | 3400            | 3450 | 3500      | 3550 | -100   |
| Bundi-Mandi                                | 3350            | 3400 | 3450      | 3500 | -100   |
| Baran-Plant                                | 3400            | 3450 | 3550      | 3600 | -150   |
| Baran-Mandi                                | 3250            | 3350 | 3400      | 3500 | -150   |
| Bhawani Mandi Jhalawar–Kota-Plant Delivery | 3400            | 3450 | 3500      | 3550 | -100   |
| Jhalwar-Mandi                              | 3350            | 3400 | 3450      | 3500 | -100   |
| Rapeseed/Mustard                           |                 |      |           |      |        |
| Jaipur-(Condition)                         | 4550            | 4555 | 4535      | 4540 | 15     |
| Alwar-(Condition)                          | 4300            | 4350 | 4200      | 4250 | 100    |
| SriGanganagar-(Non-Condition-Unpaid)       | 3975            | 4000 | 3900      | 3950 | 50     |
| New Delhi–(Condition)(New Crop)            | 4350            | 4400 | 4340      | 4350 | 50     |
| Kota-Non-(Condition)                       | 4000            | 4100 | 4000      | 4100 | Unch   |
| Agra-(Condition)                           | 4750            | 4800 | 4750      | 4800 | Unch   |
| Neewai                                     | 4200            | 4230 | 4150      | 4180 | 50     |
| Hapur (UP)(New Crop)                       | 4500            | 4550 | 4500      | 4550 | Unch   |
| Groundnut Seed                             |                 |      |           |      |        |
| Rajkot                                     | 925             | 925  | 880       | 880  | 45     |
| Sunflower Seed                             |                 |      |           |      |        |
| Gulbarga                                   | NA              | NA   | NA        | NA   | -      |
| Latur                                      | NA              | NA   | NA        | NA   | -      |
| Sholapur(New Crop)                         | 3400            | 3450 | 3500      | 3550 | -100   |
| Sesame Seed                                |                 |      |           |      |        |
| Mumbai (White98/2/1                        | 8500            | 8500 | 8500      | 8500 | 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 20th<br>to 26th June 2015 | Week End 13th<br>to 19th June 2015 |        |
| Soybean          |                |                                    |                                    |        |
|                  | Madhya Pradesh | 425000                             | 245000                             | 180000 |
|                  | Maharashtra    | 70000                              | 67000                              | 3000   |
|                  | Rajasthan      | 64000                              | 79000                              | -15000 |
|                  | Bundi (Raj)    | 550                                | 375                                | 175    |
|                  | Baran (Raj)    | 7700                               | 10500                              | -2800  |
|                  | Jhalawar (Raj) | 3100                               | 2800                               | 300    |
|                  |                |                                    |                                    |        |
| Rapeseed/Mustard | Rajasthan      | 445000                             | 515000                             | -70000 |



## MSP of Kharif Oilseeds Increased, Soy Raised to Rs. 2600/Qtl

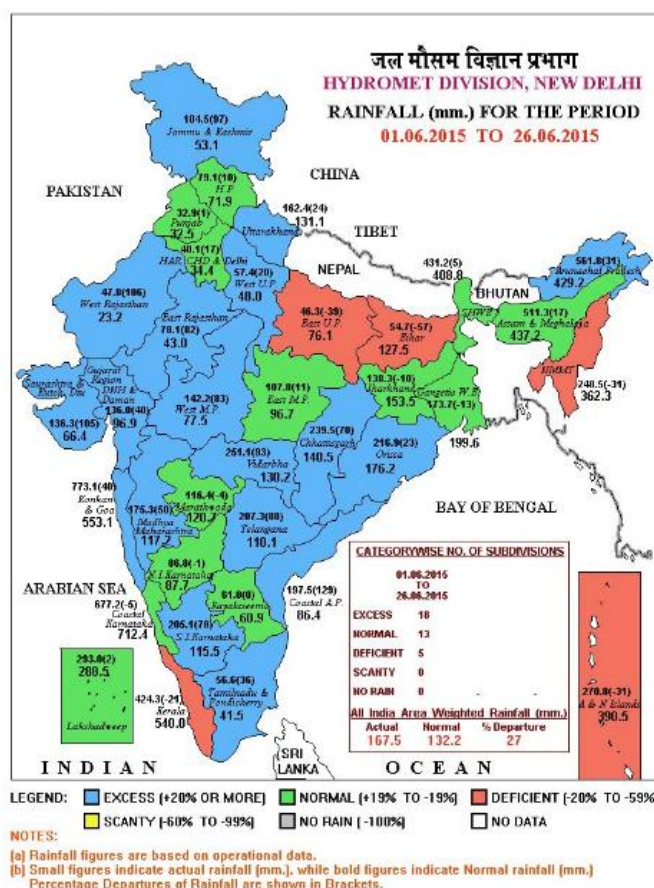
The Cabinet Committee on Economic Affairs has given its approval for the Minimum Support Prices (MSPs) for Kharif Crops of 2015-16 season. The decision is based on recommendations of Commission for Agricultural Costs and Prices (CACP) for the Price Policy for Kharif Crops for the Marketing Season 2015-16. The MSP of all the kharif oilseeds have been increased.

The MSP of soybean is raised by Rs. 40/qtl from previous season to Rs2600/qtl, Groundnut by Rs 30/qtl to Rs 4030/qtl, sunflower and niger seed by Rs 50/qtl to Rs 3800/qtl and Rs 3650/qtl respectively. The MSP of sesamum is increased by Rs 100/qtl to Rs 4700/qtl.

## IMD Monsoon Forecast

In the IMD's Operational 2<sup>nd</sup> stage long range Forecast for the 2015, Southwest monsoon rainfall is likely to be 88% of the Long Period Average (LPA) compared to the previous forecast of 93% of the LPA with a model error of  $\pm 4\%$ . The deficiency probability is forecast at 66% while 27% below normal.

The event may hit the yield and subsequently production this season, as the kharif oilseeds are rain-fed.



## Sown Area – *Kharif* Oilseeds, India

In the official *kharif oilseeds* planting report (week ending 18 Jun 2015), the area coverage under *Kharif* oilseeds is reported at 2.78 lakh hectares, up 25.8% from 2.21 lakh ha same period last year. Of the major oilseeds, soybean sowing is reported down by 5.7% at 0.56 lha compared to 0.53 lha during the same period last year. Groundnut at 1.36 lha vs 0.79, sunflower at 0.21 lha vs 0.3 lha, sesamum 0.62 vs 0.54 and castor at 0.03 lha vs 0.05 lha during the same period last year.

| <b>Crop</b>           | <b>As on 18 Jun 2015</b> | <b>As on 18 Jun 2014</b> | <b>% Change</b> |
|-----------------------|--------------------------|--------------------------|-----------------|
| Groundnut             | 1.36                     | 0.79                     | <b>72.2</b>     |
| Soybean               | 0.56                     | 0.53                     | <b>5.7</b>      |
| Sunflower             | 0.21                     | 0.30                     | <b>-30.0</b>    |
| Sesamum               | 0.62                     | 0.54                     | <b>14.8</b>     |
| Niger                 | 0.00                     | 0.00                     | <b>-</b>        |
| Castor                | 0.03                     | 0.05                     | <b>-40.0</b>    |
| <b>Total Oilseeds</b> | <b>2.78</b>              | <b>2.21</b>              | <b>25.8</b>     |

(Area in lakh hectares) Source: GOI

## Soybean

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The domestic soybean continued downtrend with better than expected seasonal rains. The rains were adequate for land preparation and planting for the soybeans in the key growing regions.

However, some of the soy growing pockets have received excess rains which have increased the soil moisture more than needed. This has hurt the soy planting as farmers are waiting for soil moisture to reduce. The monsoon has covered entire India ahead normal period.

India's actual rainfall for the period 01.06.15 to 26.06.15 is recorded at 167.5 mm which is above the normal at 132.2 mm and the departure is reported at 27%. Currently, the rains are adequate for soybean planting across the key growing regions.

All the key soy growing regions of Malwa-West MP, Vidharba - Maharashtra and East Rajasthan has received excess rainfall. Besides, Saurashtra - Gujarat has received excess rains raising concern over *kharif* groundnut crop.

India's soybean planting intention is expected to be slightly higher by about 5% due to lower planting intentions in cotton, in the state of Maharashtra, the major area is expected to shift to soybean. India's 2014/15 soybean planting was in 110.22 lakh hectares which was already lower by 9.8% than in 2013.

Further, wet weather in US mid-west has hurt the remaining soybean planting and the worst affected are Missouri and Kansas.

US soybean planting is reported at 90% by 21 Jun which is slightly below 5 year average of 95% and also lower than 95% during the same period last year. Soybean emergence is reported at 84% slightly lower than 5 year average of 87% and lower than 89% during the same period last year.

Further, about 65% of the US soy crop is under good to excellent condition which was 72% during the same period last year. The factors have turned-up slightly bullish for the international soybean for short-term.

Crude oil, WTI- NYMEX, is hovering around US \$ 60 per barrel and currently at US \$ 59.63 per barrel.

Argentina's recently harvested 2014/15 soybean crop is estimated at 61 million tonnes by the agriculture ministry, raising its previous forecast of 60 million tonnes.

Brazil is likely to reduce the area planted with soybean in coming season for the first time in nearly a decade, due to higher interest rates and a more selective credit market, according to local consultancy Agroconsult.

China is estimated to import a record 77.5 million tonnes of the soybean, 4.5 million tonnes of rapeseed in 2015/16 (Oct-Sept), a surge of 5.5% from the previous year. China's MY15/16 vegetable oil imports are expected to improve to 8.28 million tons, up by 5.9% from the previous year.

*Better than expected seasonal rains, higher edible oil imports, lower soy meal shipments will pressurize the domestic soybean market. However, recent rains in the US mid-west have hurt the remaining soybean planting in the region. This will limit any sharp fall in near-term in addition to consistent Chinese buying.*

## Soy meal

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The domestic soy meal declined in sync with soybean on bearish fundamentals during the period under review.

Better seasonal rains which favoured the domestic soy planting remained pressurizing factor for the meal, which was already suffering from weak exports since last couple of seasons.

India's soy meal exports failed to pick-up due to increased global supply scenario followed by record soybean production in the key growing areas, which eventually increased the global soy meal supplies at competitive price compared to meal of Indian origin.

Soy meal and rapeseed meal prices on Europe's have got dearer on concern about unfavorable weather for soy bean crop development in the US and rapeseed crops in Germany.

The soy meal exports from Argentina have surged in June after the strike in May which had disrupted the meal shipments from the country during the month.

In EU, the rapeseed meal stood strong on concern dryness is stressing rapeseed crops in Germany, in most years the EU's largest rapeseed producer. Germany's 2015 winter rapeseed crop is expected to decline 20% from a year earlier to 4.99 million tonnes, forecasted by Germany's association of farm co-operatives this week. Rapeseed meal for first half July delivery increased 2 Euros to 268 Euros a tonne fob lower Rhine.

Sunflower meal prices too firmed-up on expectations of lower than estimated rapeseed output in Europe which could shift demand to sunflower meal. EU September delivery sunmeal rose 2 Euros a tonne to 199 Euros a tonne fob Amsterdam. The rapeseed crop concern also meant Black Sea high protein sunmeal sales offers also rose about \$10 a tonne to around \$255 a tonne (224.7 euros) CIF French Bay for September/October shipment.

Informa Economics has lowered their projection of US soybean plantings for 2015/16 at 86.76 million acres from 87.185 million acres previously. Informa's estimate was higher compared to the USDA's 84.635 million acres. USDA will release revised planting estimate on June 30.

The heat wave concern is over with onset of monsoon, the chicken and egg prices have surged due to heat wave which has killed above 17 million birds in recent weeks.

Overall, the domestic meal consumption fell in recent weeks.

India's monthly soy meal exports in the month of May witnessed gains y-o-y, after several months, showing an increase by 71% over the same period last year. But, the exports in May were below 5 year average of 10,62,65 MT.

A large number of feed manufacturers in South-East Asian countries are aggressively looking to import soy meal at the competitive price.

China is expected to place orders for rapeseed meal in coming weeks to give boost in the meal exports.

India's rapeseed meal exports fell from 2011 and China's rapeseed meal imports declined as well after the ban.

China proved to be the largest rapeseed meal buyer of Indian origin.

Chinese imports of rapeseed meal are estimated at 150,000 tonnes during 2015/16 (June/May), which is lower by 25% from a year ago (imported from other countries). China's demand is projected around 10.8 million tonnes for the year, according to a CNGOIC estimate published this week.

*India's soy meal shipment during May, 2015 was 14,045 tons as compared to 8,221 tons in May, 2014 showing an increase by 70.85% over the same period of last year.*

*Of the total oil meal shipments in May, soy meal comprised of 14,045 tonnes, rapeseed meal (35,188 tonnes), rice bran extraction (2,500 tonnes) and castor seed meal was (31,487 tonnes).*

*On a financial year basis, the export during April 2015 to May 2015 is 32,062 tons as compared to 84,104 tons in the same period of previous year showing a decrease of 61.88%.*

*During current Oil year, (October – September), total exports during October 2014 to May, 2015 is 5,81,689 tons as against 20,48,685 tons last year, showing a decrease by 71.60%.*

*Considering the current scenario, we feel that India may not be able to regain the lost market this season which it lost last season due to Competitive prices in US, and South American meal followed by record supply scenario.*

The soy meal prices are likely to continue range-bound movement with weak bias followed by improved supply scenario in near-term.

*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 are lower. Soy meal export price, FOR Kandla (Jun – Jul delivery) was quoted between Rs 30,800 – 32,850/MT compared to Rs 36,500 – 38,500/MT during the same period last year.

**Recommendation:** *India's soy meal prices continued to remain under global supply pressure. Indian meal exporters are advised to aggressively explore the lost markets of last season especially traditional South and Far-East Asian destinations and Iran. The domestic meal prices are likely to feature range bound movement with weak bias in near-term. FOR, Kandla (Jun – Jul delivery) is expected to feature range-bound movement and the quotes are expected to slightly ease and will witness Rs. 30,100 – 31200/MT levels in the upcoming week. They remained between Rs. 30,500 – 31500/MT during the week.*

## Technical Analysis:

### NCDEX Soybean Futures



### Soybean Spot, Indore



\*Note: Daily Chart

### Support & Resistance NCDEX Soybean – Aug. contract

| S1   | S2   | PCP  | R1   | R2   |
|------|------|------|------|------|
| 3342 | 3250 | 3482 | 3844 | 3957 |

- Soybean continued fall for the consecutive seventh week.
- Prices closed below 9-day and 18-day EMA.
- RSI and stochastic are easing in neutral region.
- MACD is falling in negative territory.
- The prices are expected to feature losses in the coming week.
- Trade Recommendation (NCDEX Soybean – Aug.) Week: SELL Below 3490. Levels: T1 – 3390; T2- 3350, SL -3550.

**Trade Recommendation Soybean - Spot:** Soybean prices are expected to gain on short-term bullish global factors. But the monsoon coverage in the whole country ahead normal period and weakness in crude will limit the gains in coming days. The prices are likely to be in the band of 3600 – 3700 levels (Indore, Plant basis) during the week. The prices remained within the price band of 3400 – 3580 during the week in review.

## Rapeseed - Mustard Seed

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RM seed edged-lower in tandem with soybean and meal and in anticipation of further fall in the seed prices during the week under review.

The seed is pressured by weak soybean and negative palm oil export sales (Jun 1-25) from Malaysia as Ramadan buying is over. However, the domestic rapeseed-mustard fundamentals in medium and long-term remain strong.

China has identified India's 5 rapeseed-mustard crushing plants for rapeseed-mustard meal imports, which has recently lifted ban from meal of Indian origin. This will lend support to the seed prices at higher levels in cash market.

According to SGS Malaysia Palm oil exports fell by 0.8 percent during June 1-25 from 1,404,964 tons to 1,393,204 in May 1-25, fall of 0.8 percent m-o-m. Major buyers were European Union 320,679 tons (305,525), China 245,320 tons (345,815, India 300,230 tons (335,180), United States 56,270 tons (42,300) and Pakistan 30,050 tons (31,500). Values in bracket represent figures of corresponding period last month.

Weaker palm oil export sales from Malaysia will pressurize BMD CPO and limit the gains in domestic rapeseed-mustard.

But, tight domestic rapeseed-mustard supplies and strong demand from crushers remained bullish for the seed market.

The gains in the seed seemed restricted by higher edible oil imports by India in May and the recent MPOB data; Malaysian palm oil ending stock unexpectedly came higher than expected despite robust increase exports. The ending stocks of May were reported higher by 2.51% m-o-m from 2,189,479 tons to 2,244,524 tons.

The rise in ending stock is primarily due to greater than expected rise in production. Palm oil production rose by 6.92% from 1,693,424 tons to 1,810,692 tons while exports rose by 37.32% from 1,175,248 tons to 1,613,566 tons.

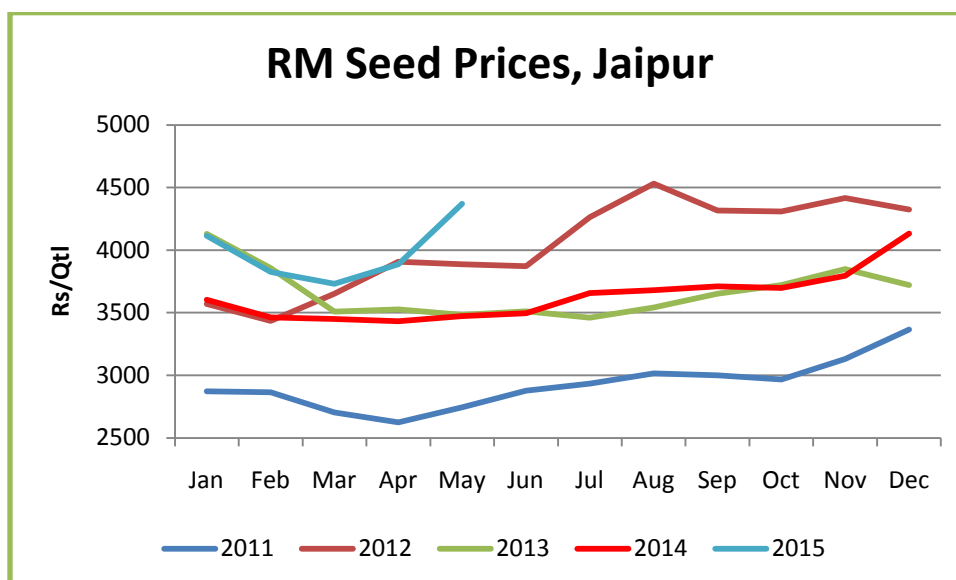
Higher imports is due to zero export duty on palm oil by Indonesia and Malaysia (except April 2015) since October 2014 and less demand of CPO for bio diesel, pushed the export of palm oil to India to reduce swelling stock held by the exporting countries i.e. Indonesian and Malaysia. Higher prices of oilseeds and lesser realization of oils and meals domestically, resulted in record imports of vegetable oils into India, said Solvent Extractors' Association of India (SEA).

The all India seed arrivals are gradually falling and they were reported total of about 7,30,000 bags during the week under review compared to about 8,40,000 bags previous week. In Rajasthan the supplies too were reported lower at about 4,45,000 bags compared to about 5,15,000 bags previous week.

The outlook for rapeseed-mustard remains stronger for medium and long-term owing to the tight supplies due to lower production this season.



*Tight supplies in seed, better Malaysian palm oil exports and China's renewed demand in rapeseed meal of Indian origin will lend support to the rapeseed-mustard prices at higher level. But, higher Malaysian palm oil stock and improved palm oil production will pressurize the domestic seed market.*





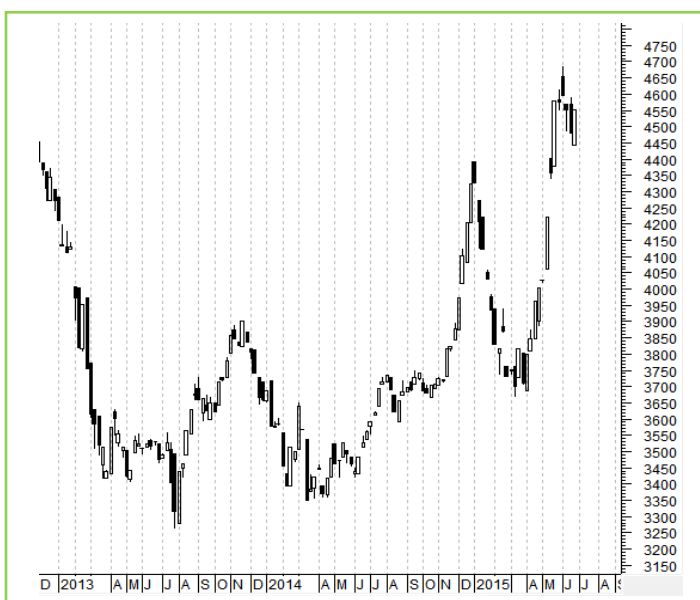
## Technical Analysis:

### NCDEX RM Seed Futures



\*Note: Daily Chart

### RM Seed Spot, Jaipur



### Support & Resistance NCDEX RM Seed – Jul. contract

| S1   | S2   | PCP  | R1   | R2   |
|------|------|------|------|------|
| 3871 | 3730 | 4152 | 4392 | 4490 |

- RM seed rebound on buying support, during the week.
- Prices closed above 9-day and 18-day EMA.
- RSI and stochastic are rising in neutral zone.
- MACD is moving upwards in positive territory.
- The prices are expected to feature gains in the coming week.
- Trade Recommendation (NCDEX Soybean – Jul.) Week: BUY Above 4145. Levels: Target – 4245; T2- 4300, SL -4085.

**Trade Recommendation RM Seed Spot (Jaipur basis):** In spot, the RM seed is expected to feature range-bound movement on firm bias. The seed prices are likely to be between 4550 – 4600 levels during the week. They were between 4440 – 4555 levels during the week under review.

## Annexure

### Sown Area – Rabi Oilseeds, India

In the official *rabi oilseeds* planting report, (week ending 12 Mar. 2015), the area coverage under *Rabi* oilseeds is reported at 84.01 lakh hectares, down 8% from 91.45 lakh ha during the same period last year. Of the major oilseeds, rapeseed/mustard seed sowing is reported down by 8.6% at 65.17 lha compared to 71.32 lha during the same period last year. Groundnut at 8.43 lha vs 8.71 lha, safflower at 0.95 lha vs 1.78 lha, sunflower at 3.19 lha vs 4.40 lha, sesamum 2.26 lha vs 1.12 lha, linseed 3.21 lha vs 3.59 lha during the same period last year.

| <b>Crop</b>           | <b>As on 12 Mar. 2015</b> | <b>As on 12 Mar. 2014</b> | <b>% Change</b> |
|-----------------------|---------------------------|---------------------------|-----------------|
| Rapeseed/Mustard      | 65.17                     | 71.32                     | -8.6            |
| Groundnut             | 8.43                      | 8.71                      | -3.2            |
| Safflower             | 0.95                      | 1.78                      | -46.6           |
| Sunflower             | 3.19                      | 4.40                      | -27.5           |
| Sesamum               | 2.26                      | 1.12                      | 101.8           |
| Linseed               | 3.21                      | 3.59                      | -10.6           |
| Others                | 0.80                      | 0.53                      | 50.9            |
| <b>Total Oilseeds</b> | <b>84.01</b>              | <b>91.45</b>              | <b>-8.1</b>     |

(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.

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