

Executive Summary

The domestic oilseeds and oilmeals featured losses in thin trade activities followed by holidays. The soybean and RM seed arrivals fell as both sellers and buyers refrained from the market. The sellers were not keen in off-loading their produce at the lower prices.

Rabi oilseeds planting are underway and it is heading at its normal pace, the RM seed planting has crossed 6.5 Mn ha in the last official planting report.

The bearish talks in soybean and palm oil continued to pressure the market and restricted the gains in soybean, RM seed and soy meal during the week in review.

Slash in export duty in palm oil by Indonesia, second time in last two months, to 7.5 per cent from 9 per cent and to 2 per cent from 3 in RBD palmolein for January and expected increase in soybean area in South America, mainly in Argentina remained negative factors for the oilseeds.

Temporary slow-down in soy meal shipments due to holidays remained bearish for domestic meal during the week. But the exports are likely to regain followed by forward booking for the delivery in Jan and Feb 2013.

Soybean demand remains strong for US soybeans but with Brazilian harvest just about a month away, some in the market suggest the robust sales pace by the US may slow down.

South American weather remains mostly favorable for soybean crop. Light showers are likely in southern and central Brazil while the northeastern regions trends a bit drier.

Argentina is expected to dry down this week with a quieter pattern expected into early January which should ease wetness concerns developed in previous days.

Overall, the global and the domestic oilseeds prospects are strong till the Brazilian and Argentine soybean harvest.

International Highlights

- ❖ According to Oil World, China's soybean imports are likely to climb 4.2 per cent in the year through September. China is predicted to import 19.8 million tons of soybeans from the U.S. in the six months through March compared with 16.6 million tons in the year-earlier October to March period.
- ❖ China reported November import data overnight and total soybean imports were pegged at 4.16 million tonnes, down 27% on the year but January through November imports were at 52.5 million tonnes, up 11.4% on the year. The slowdown in soybean imports for China in the month of November and the cancelations this week are both seen as short term negatives but overall demand remains robust.
- ❖ The USDA reported that 115,000 tonnes of soybeans were sold to China and 108,000 tonnes were sold to an unknown destination this week for the 2012/13 marketing year.
- ❖ Korea Agro-Fisheries and Food Trade Corp has reported that Korea has bought 25,000 tons of US origin soybean from Agro Trading at \$201.40 per ton on a cost and freight (CFR) basis over Chicago Board of Trade futures prices via a tender closed on Friday.

Oilseed Prices at Key Spot Markets:

Commodity	Centre	Prices (Rs/Qtl)		Change
		28.12.2012	21.12.2012	
Soybean		3300-3350	3340-3390	-40
	Indore –Plant	3160-3250	3200-3300	-50
	Indore –Mandi	3280	3300	-20
	Nagpur-Plant	3150-3250	3150-3250	Unch
	Nagpur – Mandi	3300-3325	3350	-25
	Kota-Plant	3225	3270-3275	-50
	Kota – Mandi	3300-3325	3330-3350	-25
	Bundi-Plant	3150-3170	3250	-80
	Bundi-Mandi	-	-	-
	Baran-Plant	3210	3260-3265	-55
	Baran-Mandi	3300	3350-3375	-75
	Bhawani MandiJhalawar– Kota Plant Delivery	3200-3225	3260	-35
	Jhalawar-Mandi			
Rapeseed/Mustard	Jaipur – C	4260-4265	4355-4360	-95
	Alwar – C	4125	4150	-25
	SriGanganagar(NC)	3780	3710	+70
	Delhi– C	4125	4200	-75
	Kota	4000	4000	Unch
	Neewai	4200	4280	-80
	Hapur (UP)	4185	4200	-15
Groundnut Seed	Rajkot	1040	1050	-10
	Junagarh	-	-	-
Sunflower Seed	Latur	3500-3650	3600-3750	-100
	Solapur	3550-3650	3600-3750	-100
	Gulbarga	3200-3300	3000-3200	+100

Soybean Prices are in INR/Qtl. Mandi prices – Loose, Mustard Seed Prices are in INR/Qtl.C – Condition (42%),

*Groundnut seed inRs/20 kg, Sunflower Seed in Rs/Qtl

Oilseed Arrivals in Key Centers:

Commodity	Centre	Arrivals in Bags/Qtl		Chg
		Week End (28/12/2012)	Week End (21/12/2012)	
Soybean				
	Madhya Pradesh	855000	915000	-60000
	Maharashtra	270000	470000	-200000
	Rajasthan	160000	220000	-60000
	Bundi (Raj)	3900	6000	-2100
	Baran (Raj)	17500	28000	-10500
	Jhalawar (Raj)	6900	12700	-5800
Rapeseed/Mustard	Rajasthan	222000	258000	-36000
*Sum Arrivals during the week.				

Crop Progress, India

The *rabi* oilseeds planting is heading forwards at its usual pace. Overall, the oilseeds planting are up by 1.2 per cent.

Of the major *rabi* oilseeds crop rapeseed/mustard seed planting is up by around 2 per cent at 65.01 lha compared to 63.85 lakh hectares during the same period last year. Groundnut planting is reported up by 4.3 per cent at 4.1 lakh hectares compared to 3.93 lha, sunflower planting is reported up by 39.37 per cent at 4.82 lha compared to 3.45 lha during the same period last year.

Area in lakh hectares

<i>Crop</i>	<i>As on 27 Dec 2012</i>	<i>As on 27 Dec 2011</i>	<i>% Change</i>
Rapeseed/Mustard Seed	65.01	63.85	1.8
Groundnut	4.1	3.93	4.3
Safflower	1.33	1.87	-28.9
Sunflower	4.82	3.45	39.7
Sesamum	0.48	0.42	14.3
Lineed	2.72	3.91	-30.4
Other Oilseeds	0.51	0.61	-16.4
Total Oilseeds	79.0	78.0	1.2

Source: GOI

Further, linseed and safflower planting is lagging behind compared to the previous year.

Soybean

The soybean prices featured losses on sluggish buying from solvent extractors during the week in review. Both, the sellers and the buyers refrained from the market followed by fall in the prices, anticipating further fall.

Besides, short-term slowdown in soy meal shipments ahead holidays remained negative for the domestic soybean. The soybean arrivals fell across all the key market centers of Madhya Pradesh, Maharashtra and Rajasthan during the week due to the holidays.

However, we feel the supplies to improve and buying to pick-up after holidays as crushers are facing the soybean shortage to meet the soy meal exports commitments to be delivered in early January.

In the last USDA's weekly export sales report, the net weekly export sales for soybeans was reported at 87,000 tons and as of Dec. 20, cumulative sales stand at 83% of the USDA forecast for the current marketing year vs. a 5 year average of 68%. Net meal sales came in at 124,700 tons for the current marketing year and 100 tons for the next marketing year for a total of 124,800.

According to the Government's report, farmers in Argentina have planted 84 per cent of the 19.4 million hectares expected to be seeded with soybeans this season. Also, it is reported that crop conditions vary widely in the country's key soy region.

Still, weather-related risks in top soybean producing countries—like drought in Brazil and rain in Argentina—will likely support oils and market globally.

There is a likelihood of drier, hotter weather in northern Brazil growing areas during the 10-day period. This may increase stress to soybeans.

Further, US budget talks will determine the outlook for the world's largest economy which will eventually drive the world soybeans.

Overall, the global and the domestic soybean prospects are bright till the harvest of Brazilian and Argentine soybean.

Soy meal- FAS Kandla Vs FOB Argentina (Spread)

Soy meal prices plunged followed by short-term slow down in meal shipments before holidays. However, we expect the overseas meal shipments to improve after holidays.

India exported about 798,041 MT of meal in December 2011 and India is likely to export around 850,000 MT of meal in December 2012.

The demand from south and far-east Asian countries is expected to be consistent like previous years. Iran, one of the largest soy meal buyers of Indian origin is making the exports inquiry and has started placing the orders.

We expect soy meal shipment to pick-up towards Iran and India is expected export around 1 Mn T of the meal this season against 0.6 Mn T last season.

India's Y-o-Y soy meal prices have witnessed gains. Soy meal (Jan-Feb) exports price, FOR Kandla exports was quoted between Rs 29,100-29,500/MT compared to 17,700-18,300/MT during the same period last year. Indian

C&F Indonesia was between US \$ 545-555/MT which was quoted between US \$364-370/MT during the same period last year.

Week	FAS, Soy meal Kandla	FOB, Soy meal Argentina	Avg.*Spread
22 – 28 Dec	526	539	-13
15 – 21 Dec	543	549	-6

*FAS Kandla less FOB Argentina (Quotes in US \$)

The average weekly soy meal price spread between FAS Kandla and FOB Argentina stood at US at \$-13/MT compared to US \$-6/MT a week ago, indicating a narrowing gap in prices between Indian and Argentine meal prices. *India's soy meal exports is at the optimum levels during the period, October thru January, at the considered spread between Indian vs Argentine meal price between US \$8/MT and US \$15/MT.*

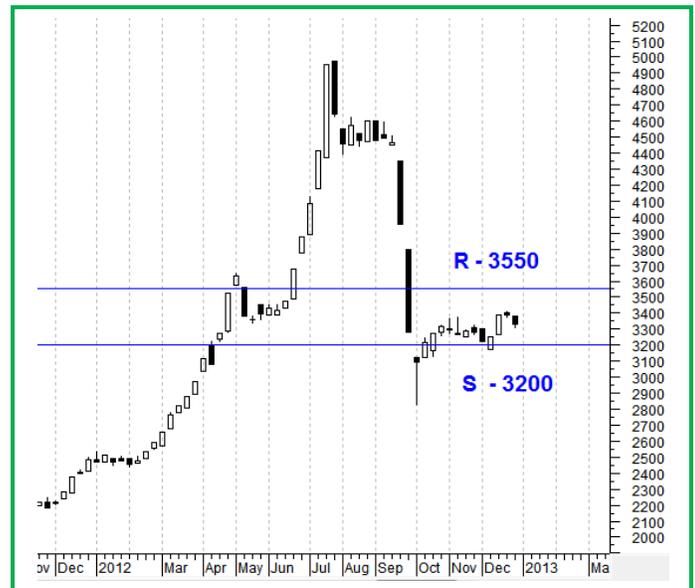
Recommendation: *The Indian meal exporters are advised to aggressively market their meal to the countries in vicinity including traditional South and Far-East Asian destinations to materialize the freight and logistics advantage. The prices are expected to feature range-bound movement on firm bias on renewed overseas demand. FOR, Kandla is likely to be between 29500-29800/MT.*

Technical Analysis:

NCDEX Soybean Futures



Soybean Spot, Indore



Supports & Resistances NCDEX Feb Soybean

S2	S1	PCP	R1	R2
3131	3190	3320	3440	3515

- The soybean prices witnessed sideways movement, during the week.
- The prices closed below 9-day and 18-day EMA, indicating weakness in near-term.
- Further, RSI is easing in neutral region, supporting losses.
- MACD is easing in negative territory, indicating bearish tone.
- Prices are expected to ease during the week.
- **Trade Recommendation (NCDEX Soybean – Feb) – 1 Week:** SELL between 3330-3350 levels.T1 – 3280; T2 –3240 ; SL -3370.

Trade Recommendation Soybean Spot: We feel the soybean prices will gain on renewed buying followed by improving overseas meal demand rise in seasonal edible oil demand. The prices may witness 3380-3400 levels (Indore, Plant basis).

Rapeseed - Mustard Seed

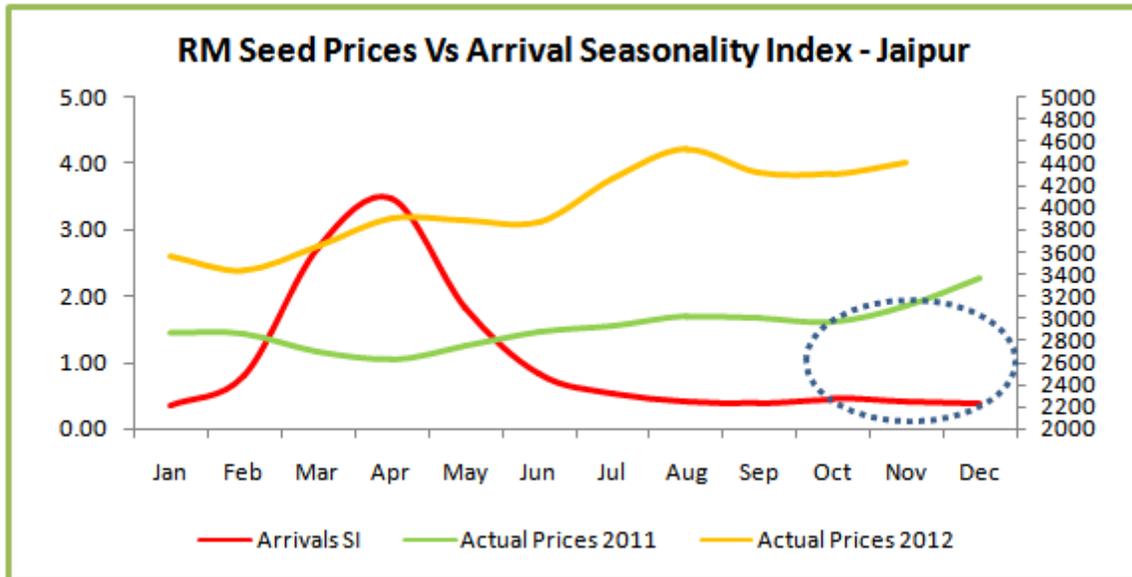
RM seed prices edged-lower, pressured by the bearish developments and reports in international palm oil during the week review. Slash in export duty in palm oil by Indonesia, second time in last two months, to 7.5 per cent from 9 per cent and to 2 per cent from 3 in RBD palmolein for January, higher palm oil inventories and higher palm oil production estimates remained negative factor for the domestic RM seed. End-December palm-oil stocks in Malaysia are likely to be more than 2 million tons owing to lackluster demand from China.

Besides, the RM seed planting is slightly ahead of its normal pace. Reportedly, rapeseed/mustard seed sowing (as on 27 Dec 2012) is up by 2 per cent at 65.01 lha compared to 63.85 lakh hectares during the same period last year.

Weak RM seed demand has been reported from markets of Delhi and Agra due to sluggish demand from the millers amid diminishing stock. However, good demand is seen in key market centers of Rajasthan such as Bikaner and Alwar, mostly from Bihar, Assam and West Bengal and is expected to persist in the near term.

Overall, the seed arrivals in the key cash centers fell as sellers were not keen in offloading their produce at lower quotes. The farmers and the stockists are anticipating higher seed prices in near-term.

Expected gains in Malaysian palm oil and likely renewed seasonal domestic edible oil demand with dwindling RM seed stocks is expected to support the seed prices at higher levels. However, slash in exports duty by the major palm oil producers, higher palm oil inventories and estimated rise in palm oil output in 2013 will continue to weigh on the seed prices to some extent.



RM Seed Supply, Rajasthan

RM Seed Arrivals in Rajasthan in Bags (85 kg each).		
Weekly Arrivals	Week Ago	Corresponding Week Last Year
2,22,000	2,58,000	2,38,000

Technical Analysis:

NCDEX RM Seed Futures



RM Seed Spot, Jaipur



Supports & Resistances NCDEX Jan RM Seed

S2	S1	PCP	R1	R2
4003	4095	4189	4360	4485

- Candlestick chart pattern reveals selling pressure, during the week.
- Prices closed above 9-day and 18-day EMA, indicating strength in the market.
- RSI and stochastic are easing in neutral region, supporting the losses.
- MACD is easing in positive territory, indicating persistence of weakness. The prices are likely to ease during the week.
- **Trade Recommendation (NCDEX RM SEED - Jan) – 1 Week:** SELL between 4190- 4210 levels. T1 – 4130; T2 –4100; SL -4235.

Trade Recommendation RM Seed Spot (Jaipur basis): In spot the RM seed prices are expected to feature firm tone on buying support and diminishing stocks, in near-term. The prices may witness 4270-4370 level in near term.

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