

Executive Summary

The domestic soybean and RM seed featured mild losses while soy meal remained flat during the week in review.

The buying in soybean and RM seed remained sluggish as sellers were not keen in offloading their produce at lower quotes.

The soybean arrivals fell in the key market centers during the period followed by cautious buying by the solvent extractors. Subsequently soybean crushings were smaller than expected in previous weeks owing to reserved farmer selling and deteriorated crush margins.

Consequently, y-o-y soy meal export sales fell above 56 per cent in the month of December 2012. However, the Dec exports were at par with the Nov'12 volume.

Besides, RM seed failed to post any gains, despite seasonal demand in RM oil, followed by series of developing bearish factors in palm oil during the period, the seed prices slightly slipped down. The millers/ crushers slowed down crushings and eventually slowed buying in anticipation of further fall in the seed prices.

The RM seed planting is underway. The planting is around 3 per cent higher compared to the same period last year.

Palm oil sentiment remain cautious as investors are closely watching shipments of refined palm products to major palm oil consumer China, and if "these cargoes can meet the new stringent quality control rules set by China."

From Tuesday, reportedly China won't accept imports of edible oils containing excessive peroxide or stearic acid.

Sentiment is likely to remain cautious, during the week and any reports of fall in export in palm oil demand could weigh on prices, as stock levels in major producers Indonesia and Malaysia remain at record levels. This will further pressure the domestic RM seed.

Malaysia's palm oil stockpiles at the end of November rose to an all-time high of 2.56 million tons and we expect Dec stocks to stay higher, the stock report is likely by 10 Jan 2013.

Soybean harvesting in Brazil has commenced. China has once again cancelled soybean purchases from US during the week in review. However, the experts believe, China's dependence on US soybean will continue till March. Besides, overall South American weather for soybean crop is favorable.

The oilseeds fundamentals are bearish in near-term in view of above facts.

International Highlights

- ❖ China has again canceled another 315,000 tonnes of US soybean purchases for the 2012/13 marketing year, last week.
- ❖ Harvest has commenced in Brazil and yields so far have been favorable. Trade sources reveal that demand is slowly being shifted to South America due to cheaper prices and expectations that new crop soybeans will be available for shipments very soon.
- ❖ Rainfall is set to return in Argentina this week. Brazil's conditions remain in good shape with the exception of northeastern Brazil but weather maps suggest a slightly better chance of rainfall for the region in the 6-10 day outlook. Early harvest has begun in Mato Grosso and conditions are exceptional at the moment.
- ❖ Argentine soy sowing catches up with last season's rate. Growers had sown 84.9 percent of the estimated soy area as of Thursday, the report said, progressing 4.8 percentage points during the week and pulling even with last season's tempo. In its weekly crop report, the grains exchange kept its soy area estimate steady at 19.7 million hectares.
- ❖ US soybean disposals are again reported very large in December and up sharply from last year, resulting in historically tight US soybean stocks in early 2013.

Oil Meal Prices at Key Spot Markets:

Soy DOC Rates at Different Centers

Centers	Ex-factory rates (Rs/ton)		
	04.01.2013	28.12.2012	Parity To
Indore (MP)	27500	27500	Gujarat, MP
Kota	27000	27200	Rajasthan, Del, Punjab, Haryana
Akola	27400	27500	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Hingoli	28500	28800	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Nanded/Latur	27700	28000	Andhra, AP, Kar, TN
Dhulia/Jalna	29000	29000	Mumbai, Maharashtra
Nagpur (42/46)	27500	27700	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Sangli	29000	28800	Local and South
Solapur	28400	28200	Local and South
Bundi	27400	27200	-

Soy DOC at Port

Centers	Port Price	
	04.01.2013	28.12.2012
Kandla (FOR) (INR/MT)	29000	29200
Kandla (FAS) (USD/MT)	529	532

International Soy DOC

Argentina FOB \$/MT	04.01.2013	28.12.2012	Change
Soybean Pellets	510	538	-28
Soybean Cake Meal	510	538	-28
Soybean Meal	518	546	-28
Soy Expellers	518	546	-28

Sunflower Meal Rates

Centers	Ex-factory rates (Rs/ton)		
	04.01.2013	28.12.2012	Change
Adoni	20000	20000	Unch
Khamgaon	19800	19800	Unch
Parli	19800	19800	Unch
Latur	19600	19600	Unch

Groundnut Meal

Groundnut Meal	04.01.2013	28.12.2012	Change
Basis 45% O&A, Saurashtra	26000	26500	-500
Basis 40% O&A, Saurashtra	23200	24000	-800
GN Cake, Gondal	27500	28500	-1000

Mustard DOC/Meal

Mustard DOC/Meal	04.01.2013	28.12.2012	Change
Jaipur (Plant Delivery)	15000	16200	-1200
Kandla (FOR)	15800	17200	-1400
Sri Ganganagar	790	771	+19

Oilseed Prices at Key Spot Markets:

Commodity	Centre	Prices (Rs/Qtl)		Change
Soybean		04.01.2013	28.12.2012	
	Indore –Plant	3275-3340	3300-3350	-10
	Indore –Mandi	3170-3270	3160-3250	+20
	Nagpur-Plant	3250	3280	-30
	Nagpur – Mandi	3100-3125	3150-3250	-125
	Kota-Plant	3300	3300-3325	-25
	Kota – Mandi	3200-3225	3225	Unch
	Bundi-Plant	3325	3300-3325	Unch
	Bundi-Mandi	3250	3150-3170	+80
	Baran-Plant	-	-	-
	Baran-Mandi	3223	3210	+13
	Bhawani MandiJhalawar– Kota Plant Delivery	3325	3300	+25
	Jhalawar-Mandi	3200-3225	3200-3225	Unch
Rapeseed/Mustard	Jaipur – C	4220-4225	4260-4265	-40
	Alwar – C	4150	4125	+25
	SriGanganagar(NC)	3720	3780	-60
	Delhi– C	4140-4150	4125	+25
	Kota	3900	4000	-100
	Neewai	4150	4200	-50
	Hapur (UP)	4200	4185	+15
Groundnut Seed	Rajkot	1050	1040	+10
	Junagarh	-	-	-
Sunflower Seed	Latur	3500-3600	3500-3650	-50
	Solapur	3500-3600	3550-3650	-50
	Gulbarga	3200-3400	3200-3300	+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
Soybean		Week End (04/01/2013)	Week End (28/12/2012)	
	Madhya Pradesh	605000	855000	-250000
	Maharashtra	310000	270000	+40000
	Rajasthan	110000	160000	-50000
	Bundi (Raj)	2800	3900	-1100
	Baran (Raj)	18000	17500	+500
	Jhalawar (Raj)	7700	6900	+800
Rapeseed/Mustard	Rajasthan	221000	222000	-1000
*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 2 per cent.

Of the major *rabi* oilseeds crop rapeseed/mustard seed planting is up by around 3 per cent at 66.18 lha compared to 64.35 lakh hectares during the same period last year. Groundnut planting is reported up by 16.6 per cent at 4.84 lakh hectares compared to 4.15 lha, sunflower planting is reported up by 16.2 per cent at 4.38 lha compared to 3.77 lha during the same period last year.

Area in lakh hectares

Crop	As on 03 Jan 2013	As on 03 Jan 2012	% Change
Rapeseed/Mustard Seed	66.18	64.35	2.8
Groundnut	4.84	4.15	16.6
Safflower	1.41	1.9	-25.8
Sunflower	4.38	3.77	16.2
Sesamum	0.52	0.49	6.1
Lineed	3.14	4.03	-22.1
Other Oilseeds	0.52	0.71	-26.8
Total Oilseeds	81.0	79.4	2.0

Source: GOI

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

Soybean

The soybean prices featured mild losses pressured by bearish global oils and fats markets, BMD CPO and CBOT soybeans. Fall in Malaysian palm oil followed by lower export duty by the major producers, higher palm oil stocks, cautious Chinese buying in the edible oil and reports of favorable weather for South American soybean crop.

Besides, in a major international development soybean harvesting in Brazil has commenced and the yield in within expectation.

The soybean arrivals fell in the key market centers during the period followed by cautious buying by the solvent extractors. Subsequently, soybean crushings were smaller than expected in previous weeks owing to reserved farmer selling and deteriorated crush margins.

Further, India's soy meal export sales were recorded lower y-o-y in the month of December 2012.

In the last USDA's weekly export sales report, the net weekly export sales for soybeans was reported at 434,900 tons for 2012/13, for the period 20 – 27 Dec. Net meal sales came in at 53,800 tons for 2012/13.

Overall, the global and the domestic soybean are likely to get pressure with commencement of harvesting of Brazil's crop, favourable South American weather for soybean crop and bearish palm oil outlook for near-term.

Soy meal- FAS Kandla Vs FOB Argentina (Spread)

Soy meal prices edged-lower on weak export sales in previous weeks. Exports of Soybean meal during December, 2012 was 5,10,698 tones as compared to 7,78,382 tones in December, 2011 showing a fall by 34.39% over the last year.

On a financial year basis, the shipments during April 2012 to December 2012 is 19,15,930 MT as compared to 25,98,072 MT in the same period of previous year showing a fall of 26.25%.

During the current financial year Iran, Japan, France, Vietnam, Thailand, Indonesia and Korea are the major destinations for Indian soy meal exports.

During current oil year, (October – September), exports during October 2012 to December 2012 is 10,78,852 MT as against 14,69,220 MT during corresponding period last year, showing a decrease by 26.57%.

India is likely to face a stiff price competition from South American soy meal followed by commencement of Brazil's soybean harvest and likely harvest of Argentina in coming weeks.

India's Y-o-Y soy meal prices have witnessed gains. Soy meal (Jan-Feb) exports price, FOR Kandla exports was quoted between Rs 29,000-29,675/MT compared to 18,250-18,500/MT during the same period last year. Indian

C&F Indonesia was between US \$ 550-560/MT which was quoted between US \$370-375/MT during the same period last year.

Week	FAS, Soy meal Kandla	FOB, Soy meal Argentina	Avg.*Spread
29 Dec – 04 Jan	537	509	28
22 – 28 Dec	526	539	-13

*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 \$-28/MT compared to US \$-13/MT a week ago, indicating a widening 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.

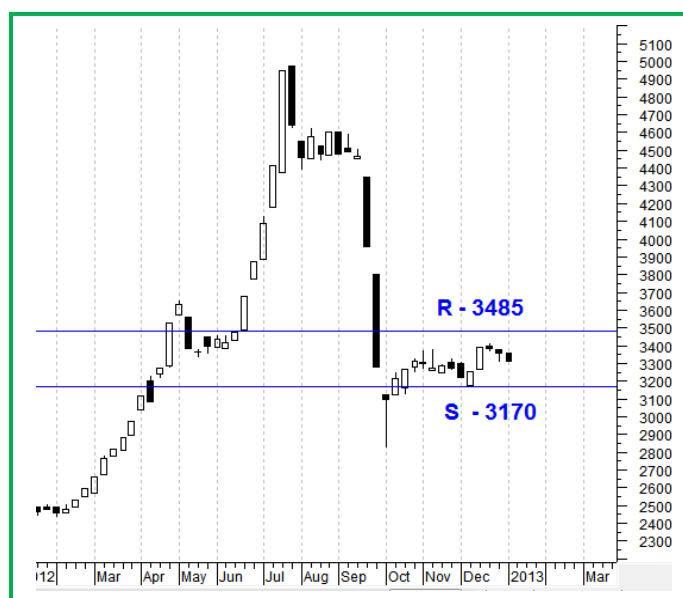
Recommendation: The Indian meal exporters are advised to aggressively market their meal to the countries in vicinity including traditional South and Far-East Asian destinations to materialize the freight and logistics advantage. The prices are expected to feature range-bound movement on firm bias on 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
3033	3099	3160	3283	3400

- The soybean prices extended losses, during the week.
- The prices closed below 9-day and 18-day EMA, indicating weakness in near-term.
- Further, RSI and stochastic are easing in neutral region, supporting the 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 3170-3180 levels. T1 – 3100; T2 – 3050; SL -3213.

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 3350-3390 levels (Indore, Plant basis).*

Rapeseed - Mustard Seed

RM seed prices extended losses tracking weakness in Malaysian palm oil followed by bearish developments in the international palm oil. The millers/ crushers slowed down crushings and eventually slowed buying in anticipation of further fall in the seed prices.

Slash in export duty in palm oil by Indonesia (7.5 per cent from 9 per cent and to 2 per cent from 3 in RBD palmolein) and nil export duty on crude palm oil by Malaysia continued to pressure the domestic RM seed. Palm oil is the close substitute of soy and mustard oil and hence domestic edible oil market closely follows BMD CPO.

Palm oil sentiment remain cautious as investors are closely watching shipments of refined palm products to major palm oil consumer China, and if "these cargoes can meet the new stringent quality control rules set by China."

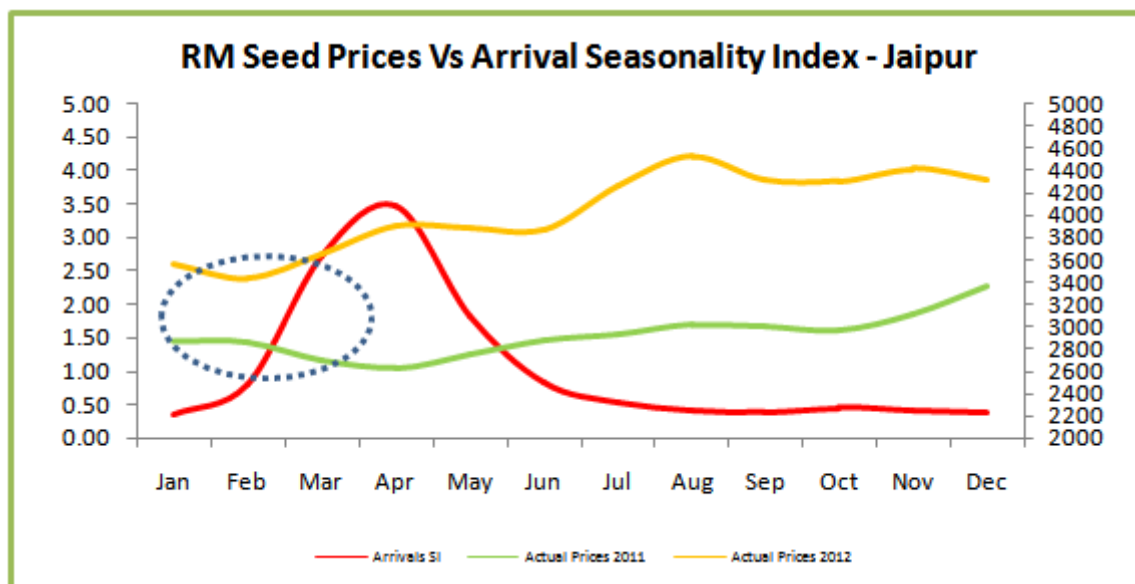
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Sentiment is likely to remain cautious, during the week and any reports of fall in export in palm oil demand could weigh on prices, as stock levels in major producers Indonesia and Malaysia remain at record levels. This will further pressure the domestic RM seed.

The RM seed planting is underway. The planting is around 3 per cent higher compared to the same period last year. Reportedly, rapeseed/mustard seed sowing (as on 03 Jan 2013) is up by 3 per cent at 66.18 lha compared to 64.35 lakh hectares during the same period last year.

However, steady 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 remained steady compared to the previous week. The RM seed market is likely to remain under pressure during the week.



RM Seed Supply, Rajasthan

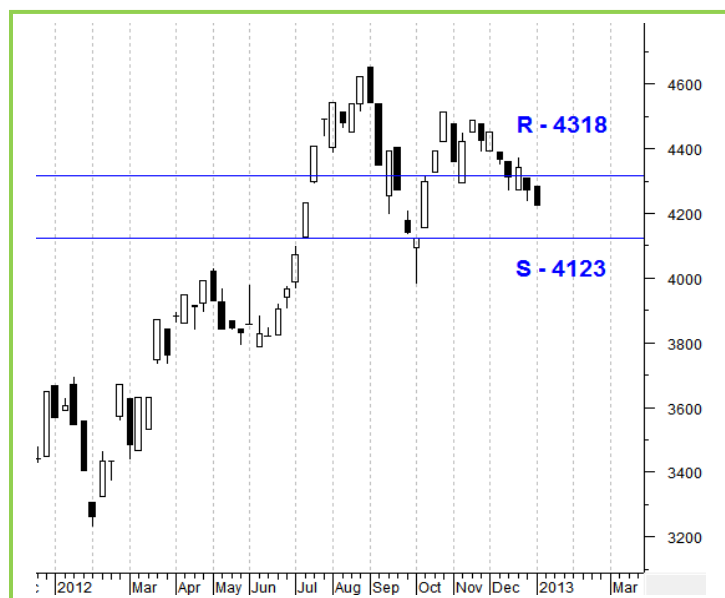
RM Seed Arrivals in Rajasthan in Bags (85 kg each).		
Weekly Arrivals	Week Ago	Corresponding Week Last Year
2,21,000	2,22,000	2,38,000

Technical Analysis:

NCDEX RM Seed Futures



RM Seed Spot, Jaipur



Supports & Resistances NCDEX Jan RM Seed				
S2	S1	PCP	R1	R2
4016	4081	4155	4320	4400

- Candlestick chart pattern reveals consecutive second week fall.
- Prices closed below 9-day EMA, indicating weakness in near term.
- RSI is 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 4160- 4170 levels. T1 – 4100; T2 –4070; SL -4198.

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 4260-4310 level in near term.

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