

## Oilseeds Market Recap

### Domestic

In domestic oilseeds market soybean prices plunged on sluggish buying activity by crushers followed by seasonal weak exports demand in soy meal and reports of early plantings in soybean. However, the mustard seed prices noticed gains during the period owing to renewed buying interest at lower quotes as the fag end of arrival is approaching. Continued buying support in the mustard seed by millers and stockists remained a positive factor for the mustard seed market during the week. The mustard seed supplies improved during the period considering the demand in cash market.

Sowing of *kharif* oilseeds has begun following the pre-monsoon showers. As per latest reports received from different states, sowing of *kharif* oilseeds has further progressed in different parts of the country.

Groundnut has been sown in 15,800 lakh hectare so far. Early soybean sowing has been reported from the major growing states. Soybean planting is expected to pick-up pace in mid June when sowing starts in most of the parts of Maharashtra with the onset of monsoon.

In addition to the above factors, lean season in soybean kept the soybean prices almost steady as domestic demand for meal remain supportive. Any fall in the seed prices is an opportunity for the buyers in near and medium-term to go for crushing and meeting the demand of domestic feed industry.

### International

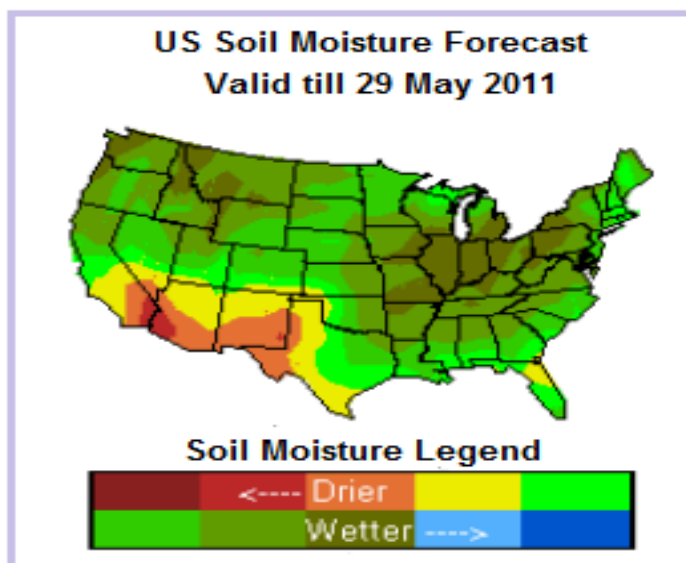
In the major developments on the international front, US soybean planting is still lagging behind due to wet weather in the growing regions. The weather has simultaneously delayed the corn plantings in US.

In the last official planting report the US soybean planting was reported at 41 per cent, significantly below the five-year average of 51% last week.

US corn planting may total 89 million acres, down 3.4 percent from the government forecast. The shift by farmers means the US soybean area may jump to 78 million acres this year.

We expect excess soil moisture to pose problems for active planting and the situation is likely to continue for the coming week end unless the temperature starts rising.

Moving forward, some corn acreage is likely to shift towards soybean especially in the region of Illinois, Dakotas and Nebraska as corn planting is bit delayed from its normal schedule and any further delay in planting is likely to have impact on the corn yield.



**Oilseed Prices at Key Spot Markets:**

Commodity	Centre	Prices (Rs/Qtl)		Change
Soybean		<b>28-05-2011</b>	<b>21-05-2011</b>	
	Indore –Plant	2340-2380	2320-2400	<b>-20</b>
	Indore –Mandi	2240-2300	2270-2320	<b>-20</b>
	Nagpur-Plant	2410-2415	2420	<b>-5</b>
	Nagpur – Mandi	2350	2350	<b>Unch</b>
	Kota-Plant	2370-2390	2400-2420	<b>-30</b>
	Kota – Mandi	2300-2370	2350	<b>+20</b>
Rapeseed/Mustard	Jaipur – C	2800-2805	2780	<b>+25</b>
	Alwar – C	2730-2740	2725	<b>+15</b>
	SriGanganagar	2480	2410	<b>+70</b>
	Kota	-	2475	<b>-</b>
	Neewai	2700	2680	<b>+20</b>
	Delhi– C	2850	2820	<b>+30</b>
	Hapur (UP)	2860	2850	<b>+10</b>
Groundnut Seed	Rajkot	700	700	<b>Unch</b>
	Junagarh	650-720	680	<b>+40</b>
Sunflower Seed	Latur	2800-3200	2750-2950	<b>+250</b>
	Gulbarga	2700-3200	2700-2900	<b>+300</b>
	Solapur	2950-3150	3050-3300	<b>-150</b>

Soybean Prices are in INR/bag. (1 bag=90 kg). Mandi prices – Loose, Mustard Seed Prices are in INR/bag (1 bag=85 kg) C – Condition (42%), \*Groundnut seed inRs/20 kg, Sunflower Seed in Rs/ctl.

**Oilseed Arrivals in Key Centers**

Commodity	Centre	Arrivals in Bags/Qtl		Change
Soybean		<b>28-05-2011</b>	<b>21-05-2011</b>	
	Madhya Pradesh	45000	46000	<b>-100</b>
	Maharashtra	25000	22000	<b>+300</b>
	Rajasthan	15000	10000	<b>+500</b>
Rapeseed/Mustard	Rajasthan	350000	180000	<b>+170000</b>

## Oil Meal Prices at Key Spot Markets:

### Soy DOC Rates at Different Centers

Centers	Ex-factory rates (Rs/ton)		
	28/05/11	21/05/11	Parity To
Indore (MP)	16800-17000	17200	Gujarat, MP
Kota	17250-17300	17700	Rajasthan, Del, Punjab, Haryana
Akola	17000-17300	17400	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Hingoli	18000	18400-18600	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Nanded/Latur	18000	18400-18600	Andhra, AP, Kar, TN
Dhulia/Jalna	18500	18500	Mumbai, Maharashtra
Nagpur (42/46)	17100	17600	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Sangli	18900	19200	Local and South
Solapur	18700	18900	Local and South

### Soy DOC at Port

Centers	Port Price	
	28/05/11	21/05/11
Kandla (FOR) (INR/MT)	17800	18400-18500
Kandla (FAS) (USD/MT)	418-421	405-407

### International Soy DOC

Argentina FOB \$/MT	Ship	28/05/11	21/05/11	+/-
Soybean Pellets	M	375	376	-1
Soybean Cake Meal	M	375	376	-1
Soybean Meal	M	383	384	-1
Soy Expellers	M	383	384	-1

### Sunflower Meal Rates

Centers	Ex-factory rates (Rs/ton)		
	28/05/11	21/05/11	Change
Adoni	14600	14500	+100
Khamgaon	13200	13200	Unch
Latur	13700	13700	Unch
Parli	13700	13700	Unch

### Groundnut Meal

Groundnut Meal	28/05/11	21/05/11	Chg
Basis 45% O&A, Saurashtra	15400	15600	-200
Basis 40% O&A, Saurashtra	14600	14800	-200
GN Cake, Gondal	16200-17500	16500-17000	+500

### Soybean

Soybean prices noticed a range-bound move with weak bias across the key centers. Reports of early sowing and normal monsoon this season are the fresh factors which are weighing on the soybean prices. Besides, dwindling soy meal exports and lower domestic usage in the same owing to competitive meal prices from South America and weak poultry production respectively remained negative factors for the domestic soybean prices.

Meanwhile, monsoon will also play a decisive role in driving the soybean prices in days ahead as soybean is mainly rain-fed crop and depends on monsoon. Monsoon has hit the Kerala two days in advance which has bought cheer to the agriculture sector. Any news of delay in advancement of the monsoon towards north will be an opportunity for the soybean traders.

The fresh demand in soybean is expected to come from crushers once the monsoon grips the country in July. The local soy meal demand picks-up with the rise in poultry production and increase in vegetable oils demand during the period. Any sharp gain in demand both at meal and oil front shall lend additional support to the soybean seed prices in medium term.

### Price Projection and Crush Margin

Expectations for 30th May - 04 Jun 2011 (Per MT)		
Commodity	Price Range	Crush Margin
Soybean	23175-23900	-149
Soy Meal	16750-17250	
Soy Oil	59946-61040	

\*Using price analysis tools

The soybean prices in MP are likely to remain range-bound and trade within the price band of Rs23175-23900/MT while soy meal prices are likely to trade within the price range of Rs16750-17250/MT.

Considering soybean, meal and oil prices to stay in the above mentioned price range we expect crush margin to hover near Rs-149/MT compared with Rs -60/MT, last week.

Considering the widening disparity compared to previous week, the soybean off-take for crushing may decline during the week compared to the previous week's level. Since crush margin follows a lag of

t+1 time period we expect crushing demand for soybean is likely to stay steady to weak during coming couple of trading session.

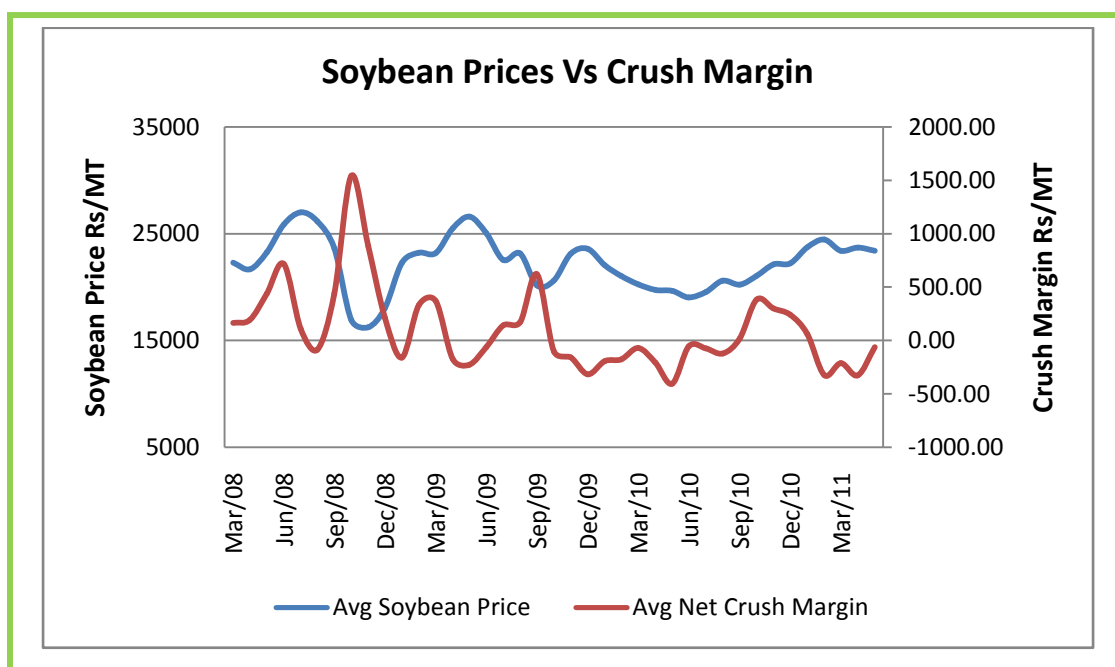
The weekly soybean arrivals and off-take in Madhya Pradesh was 2,60,000 bags (90 kg each) last week. With soybean season almost over and the expectation of decline in arrivals week on week basis, we expect soybean arrivals to decline in month on month basis. However, y-o-y arrival is expected to stay on the higher side primarily due to anticipation of record crop outlook for 2010-11. We expect significant rise in arrivals for June 2011 backed by record production for 2010-11.

#### Expected Arrivals in Jun 2011 in Madhya Pradesh

Districts	Expected 2011 Arrivals in MP (MT)	2010 Arrivals in M.P. (MT)
Bhopal	144908	120757
Gwalior	23626	19689
Indore	48431	40359
Jabalpur	10769	8974
Rewa	2499	2083
Sagar	11698	9748
Ujjain	114103	95086
<b>Total MP</b>	<b>356034</b>	<b>296695</b>

The various key soybean markets in Madhya Pradesh are expected to receive total arrival of about 356,034 MT of soybeans in the month of June 2011 compared to 296,695 MT registered during the same period in 2010. The rise in supplies is attributed to the higher output of 12.59 Mn T in soybean in 2010 compared to 10.5 Mn T in 2009.

#### Soybean Crush Margin



As evident from the above graph, domestic soybean crush margin is improving towards positive zone with the decline in soybean prices. However, the soy meal exports remain weak due to the attractive price in the meal in Latin America. Moreover, margin is likely to stay in a tight range during coming couple of weeks as export meal demand is not likely to stay firm to hold the existing meal prices which is likely to weigh on the crushers margin moving forward.

The soybean plantation in India will gain momentum in mid-June and the local stockists feel that this is the appropriate time to off-load their beans whenever bean prices edges up. This is the reason the market has witnessed sudden rise in the average daily soybean arrivals.

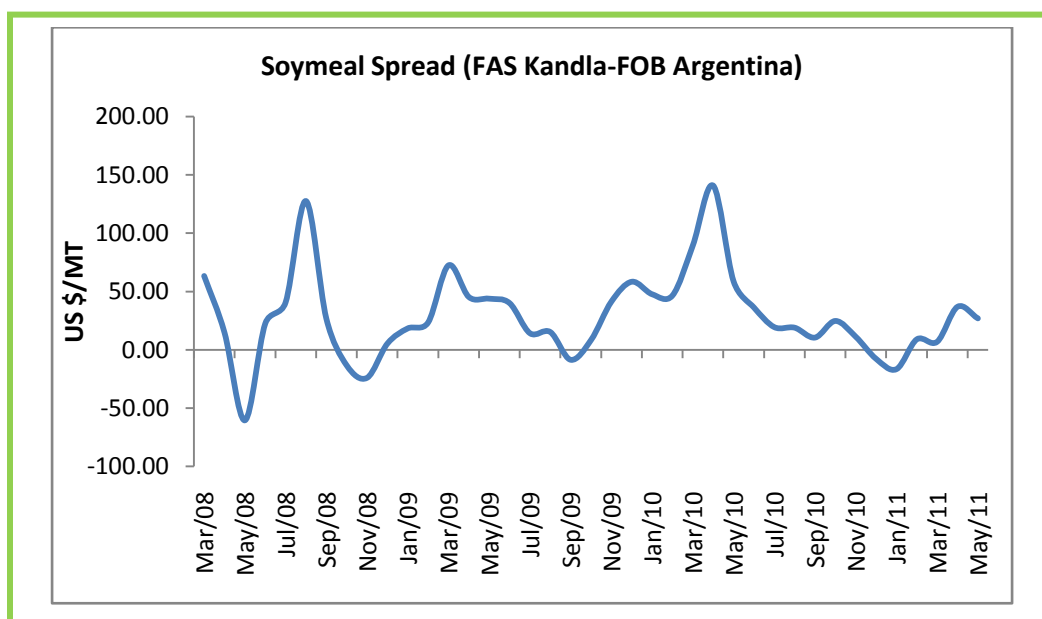
The market noticed an overall supply of just 20,000 bags per day in Madhya Pradesh a couple of weeks back but now it is recorded at around 45,000 bags per day.

## Soymeal

Domestic soy meal prices eased on thin trade in major trading centers. No major export demand for soy meal could be noticed when compared with previous week.

However, exports to the neighboring countries like Bangladesh, Sri Lanka and Pakistan is likely to continue owing to the logistical advantages. Besides, continued demand in soy meal from Japan remained a positive factor for Indian soy meal exports. Even Cameroon and Nigeria have showed interest in buying non-GMO based Indian soy meal along with Japan. Around 7,000 tonnes of soy meal was exported to Cameroon and Nigeria recently.

## Soy meal Spread – India vs Argentina



\*FAS, Kandla less FOB Argentina

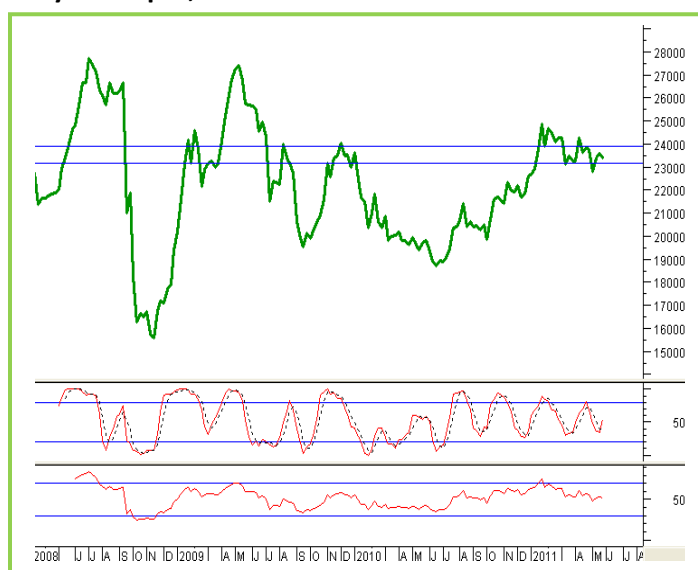
The soy meal spread trend (FAS, Kandla – FOB Argentina) between India and Argentina reveals, Indian soy meal prices are higher compared to Argentina. (FAS: Free Alongside Ship. FOB: Freight on Board). Currently, Indian meal prices are higher by about US \$29/MT (WklyAvg Price), FAS – basis Kandla Port vs FOB Argentina compared with its 3 years average spread of USD 10/MT when export is usually seen from the Indian ports. Moving forward, any narrowing of the spread between FAS Kandla vs FOB Argentina shall attract the buyers attention towards Indian port which shall lend support to the meal prices.

### Technical Analysis:

#### NCDEX Soybean Futures(Jun)



#### Soybean Spot, Indore



- Soybean chart reveals prices are on down-trend. The prices are below 9-day and 18-day EMA. Oscillators and price indicators reflect prices to further ease during the week. The soybean prices are likely to remain range-bound with weak-bias and are expected to trade within the price band of Rs2320-2450/qrtl during the week.

**Trade Recommendation (Soybean) – 1 Week:** Sell on rise towards 2450 – 2500 levels.

### Rapeseed - Mustard Seed

Temporary slow-down in edible oil imports by India have boosted the domestic oilseeds crushing currently lead by mustard seed. Higher output estimates this season of about 7.1Mn Tin 2011 compared with 6.4Mn T in 2010 remained supportive factor in boosting crushing of the RM seed this season.

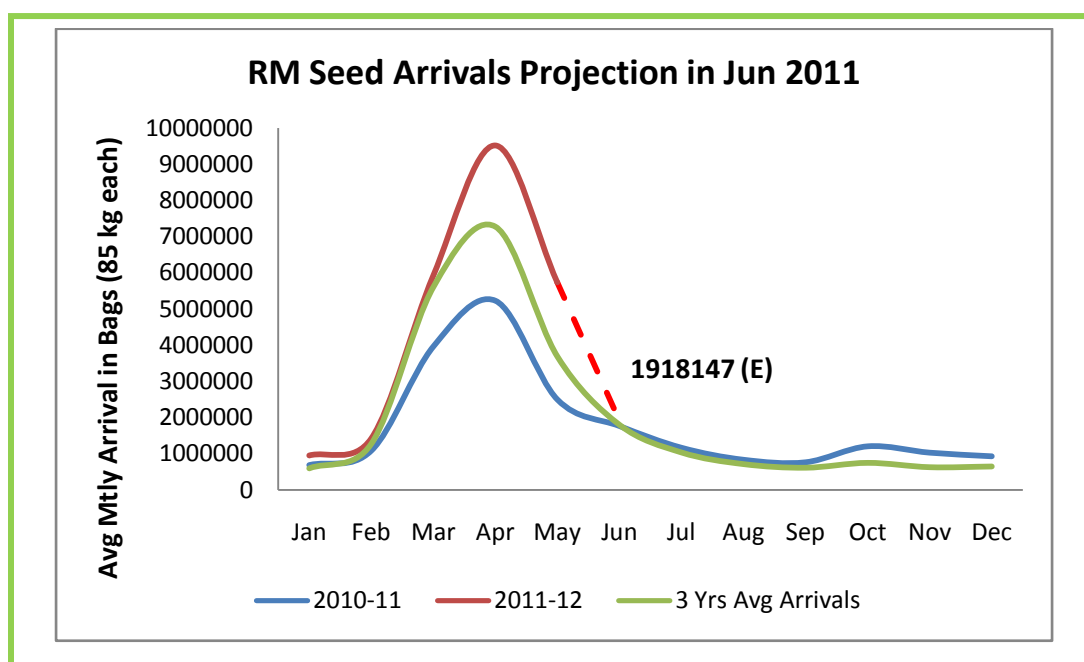
The RM seed supplies rose last week on the back of demand in the seed from millers and stockists owing to increase in mustard oil demand at retail and better exports in mustard seed DOC.

India exported about 128,221 MT (+220%) of mustard seed DOC in March 2011 compared to just 40,121 MT in the corresponding period 2010. In April 2011 Indian mustard seed DOC exports stood at 142,232 MT (+21%) compared to 117,778 in the same period 2010.

### RM Seed Supply

RM Seed Arrivals in Rajasthan in Bags (85 kg each)		
Current	1 Week Ago	Corresponding Period Last Year
3,50,000	2,25,000	80,000

### Projected India's RM Seed Arrivals in Jun



Looking at the RM seed arrival trend, it is evident that the supplies will wane in days ahead and the low arrivals shall lend support to the falling RM seed prices. With anticipation of decline in arrivals during coming couple of week we expect active participation of miller and stockists in the Mandi which might lend additional support.

Moving forward, we expect, the key RM seed markets in Rajasthan will record the seed supplies of around 19,18,147bags in the month of Jun 2011 compared to 11,70,000 bags in Jun 2010. The rise in the supplies is attributed to the higher seed output this season.



## Technical Analysis:

### NCDEX RM Seed Futures (Jun)



### RM SeedSpot, Jaipur



- RM seed charts reveal the prices are up-trend. The weekly price closed above 9-day and 18-day EMA. Price indicators and oscillators reflect prices will gain momentum during the week. The RM seed prices are expected to move up and remain within the trading band of 2850 – 2920 levels.

**Trade Recommendation (RM SEED) – 1 Week:** Buy on dips towards 2780 – 2800 levels.

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