

Executive Summary

Firm sentiments were featured in the domestic oilseeds market on renewed buying support with the season rise in demand in edible oils and oilmeals. Soybean prices extended gains on lower supplies in beans and higher demand from solvent extractors followed by spurt in domestic soy meal demand and continued overseas meal demand.

RM seed prices witnessed upwards move in tandem with soybean and renewed buying interest in millers which lost the ground previous week as millers were in the wait and watch situation due to fall in the market. We feel lower supplies and good demand from the millers owing to rise in seasonal RM oil will continue to lend support to the seed price.

The domestic fundamentals of soy and rapeseed complex remain strong with supportive good buying activity in edible oils and oilmeals followed by festivities in days ahead.

The price spread between Indian and Argentine soy meal has slightly narrowed as expected, leading to price competitiveness, which is a healthy sign for the Indian soy meal exporters. Continued overseas trade inquiries in meal remained an encouraging factor for the solvent extractors even in the lean season.

We expect a gradual narrowing down in the price spread between Indian and Argentine soy meal from September onwards. The domestic seasonal soy meal demand is picking-up with the rise in domestic poultry outturn on seasonal demand.

Continued rains over *Malwa* region of Madhya Pradesh have posed slight threat to the standing soybean crop in some districts of Madhya Pradesh. However, overall condition is reportedly good and there are no major negative reports on the crop development in any of the major soybean growing states.

Uncertainties in US soybean crop, strong crude oil and fall in Malaysian palm oil production this month as estate workers in Malaysia take extended leave for the Muslim fasting observance of *Ramadan*, which will end with Eid celebrations in late-August remain bullish factors for the Indian oilseeds market.

International

World: Prices of soya meal and oil are likely to turn out higher than expected in the medium term due to reduced world soybean production in 2011/12 and more severe acreage competition between grains and oilseeds in South America in Sept/Nov 2011 and in the northern hemisphere in the spring of 2012.

Argentina, Brazil, the USA and India (G-4) showed a significant fall in soya meal exports from a combined 5.2 Mn T in May to 4.5 Mn T in June.

As per Oil World, the world exports of sunflowerseed are seen increasing sharply by almost 40% to a new high of 2.38 Mn T.

World production of rapeseed and canola is likely to decline in the second consecutive year, reaching only 58.95 Mn T in 2011/12. Crushings are forecast to decline by 2.2-2.3 Mn T from last season.

US: There is an increasing concern about this year's US soybean crop after rainfall over the weekend was less than expected; keeping several areas unfavourably dry in parts of the Midwest.

US soybeans crop ratings featured improvement consecutive second week which was seen deteriorating for a month. In the official US crop progress report blooming was reported at 97 per cent which is at par with 5 year average, setting pods is reported at 83 per cent vs 5 year average of 88 per cent. The crop is rated Good to Excellent condition at 59 per cent against 64 per cent last year.

The current temperature in US soybean growing belt is recorded between 43 – 70 degrees Fahrenheit. The temperature has much eased compared to a couple of weeks back which was much higher and adversely affected the US soybean standing crop.

China: This year's Chinese soybean crop may turn out below expectations, adding to higher import demand. The soybean crop may fall below our estimate of 13.7 Mn T.

Oil Meal Prices at Key Spot Markets:
Soy DOC Rates at Different Centers

Centers	Ex-factory rates (Rs/ton)		
	20-08-11	13-08-11	Parity To
Indore (MP)	17200-17300	17300	Gujarat, MP
Kota	17300	17200	Rajasthan, Del, Punjab, Haryana
Akola	17500	17700	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Hingoli	18200	18100	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Nanded/Latur	18400	18300-18500	Andhra, AP, Kar, TN
Dhulia/Jalna	18400	18400	Mumbai, Maharashtra
Nagpur (42/46)	18100	17900-18000	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Sangli	19100	18900-19000	Local and South
Solapur	18700	18600-18700	Local and South

Soy DOC at Port

Centers	Port Price	
	20-08-11	13-08-11
Kandla (FOR) (INR/MT)	18300	18200-18500
Kandla (FAS) (USD/MT)	401	401-407

International Soy DOC

Argentina FOB \$/MT	20-08-11	13-08-11	+/-
Soybean Pellets	375	369	+6
Soybean Cake Meal	375	369	+6
Soybean Meal	383	377	+6
Soy Expellers	383	377	+6

Sunflower Meal Rates

Centers	Ex-factory rates (Rs/ton)		
	20-08-11	13-08-11	Change
Adoni	14400	14300	+100
Khamgaon	13500	13300	+200
Latur	13800	13800	Unch
Parli	14000	13900	+100

Groundnut Meal

Groundnut Meal	20-08-11	13-08-11	Chg
Basis 45% O&A, Saurashtra	15500	15400	+100
Basis 40% O&A, Saurashtra	14500	14400	+100
GN Cake, Gondal	16500	16000	+500

Mustard DOC/Meal

Mustard DOC/Meal	20-08-11	13-08-11	Chg
Jaipur (Plant Delivery)	6650	6600	+50
Kandla (FOR)	7750	7700	+50
Sri Ganganagar	908	895	+13

Planting Progress – Oilseeds, India

The kharif oilseeds planting is still adding on with the reported area of 168.84 lakh hectares, as on 19 Aug. 2011, up about 3% against 164.51 lha in the corresponding period last year. Area under soybean has significantly risen by 11% at 102.73 lh compared with 92.75 lha in the same period last year.

The area under oilseeds cultivation in Rajasthan and Maharashtra has registered a gain of about 13% each followed by timely and favorable rainfall over the states.

The planting progress in some of the *kharif* oilseed growing states is as follows:

Sowing Progress - Oilseeds			Area in lha.
Andhra Pradesh (As on 17.08.11)	Current	Corresponding Period Last Year	% Change
Groundnut	9.73	13.69	-29%
Sesamum	0.33	0.83	-60%
Castor	1.98	1.8	10%
Sunflower	0.11	0.33	-67%
Soybean	1.55	1.37	13%
Other oilseeds	0.002	0.11	-98%
Total	13.70	18.13	-24%
Maharashtra (As on 19.08.11)			
Groundnut	2.20	2.53	-13%
Sesamum	0.39	0.49	-20%
Sunflower	0.28	0.48	-42%
Soybean	30.46	25.89	18%
Nigerseed	0.36	0.37	-3%
Other Oilseeds	0.77	0.83	-7%
Total	34.46	30.59	13%
Rajasthan (As on 16.08.11)			
Groundnut	4.130	3.370	23%

Sesamum	4.100	4.570	-10%
Soybean	8.820	7.330	20%
Catorseed	1.480	1.250	18%
Total	18.53	16.52	12%

Deficit rains in the groundnut and sunflower growing states like Gujarat, Karnataka and Andhra Pradesh hampered sowing in the two oilseeds crops. Overall, the groundnut sowing is trailing by 16% at 40.62 lha compared to 48.7 lha during the same period previous year.

Delayed and scanty rains have adversely hit the oilseeds plantings in AP. Rainfall activity in the state of Andhra Pradesh has slightly deteriorated consecutive second week but the overall status remain normal. The oilseeds planting in AP is behind its normal schedule and it is lagging by about 24% compared with the coverage during the same period last year.

A slight deviation of -8% in Rayalseema, -22% in Telangana and -12% in Coastal Andhra Pradesh is noticed during the period of review. Overall status of the monsoon in AP is normal with -19% deviation of the normal rainfall. Sunflower and groundnut is grown in the state.

Soybean Crop Condition

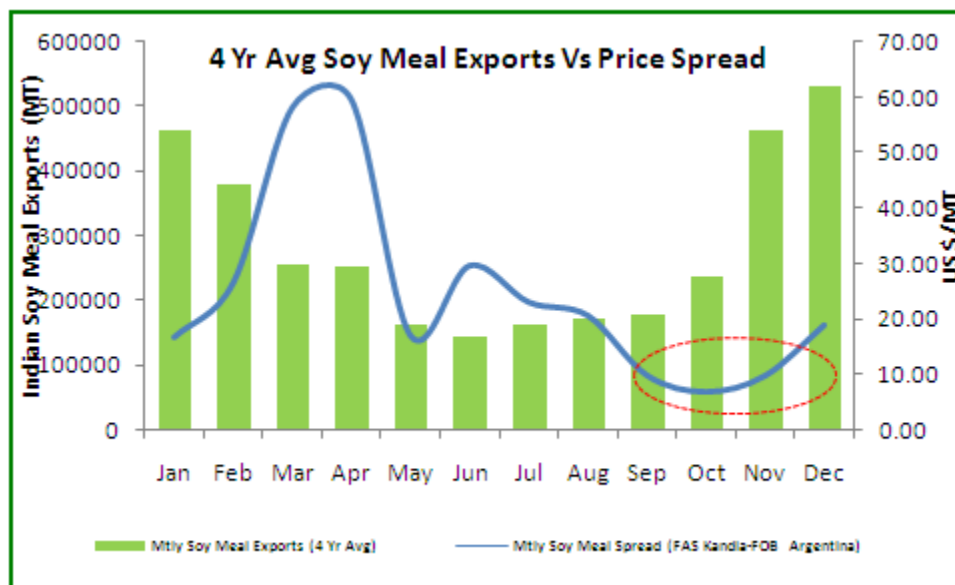
Soybean Crop Condition	Stage	Condition
Madhya Pradesh	Flowering /Pod formation	Good
Maharashtra	Flowering/Pod formation	Excellent
Rajasthan	Vegetative	Excellent
*Condition with respect to disease, pest and abiotic stress		

The soybean crop is in flowing stage in Madhya Pradesh. As per sources there is a slight threat to the soybean crop in some of the districts of Madhya Pradesh due to excess moisture in the soil attributed to continued rains over the growing region. The situation may even delay pod-formation and maturity in the crop in some areas of M.P. However, the soybean crop is in good condition.

The crop in Maharashtra is also in flowering stage between 55% - 60% and reportedly in excellent condition. The crop condition in Rajasthan is in excellent condition and is under vegetative stage.

Overall the crop condition is normal in major soybean growing states. There are no reports of any disease or pests in the crop in any of the key growing states.

Soy meal Exports Vs Price Spread

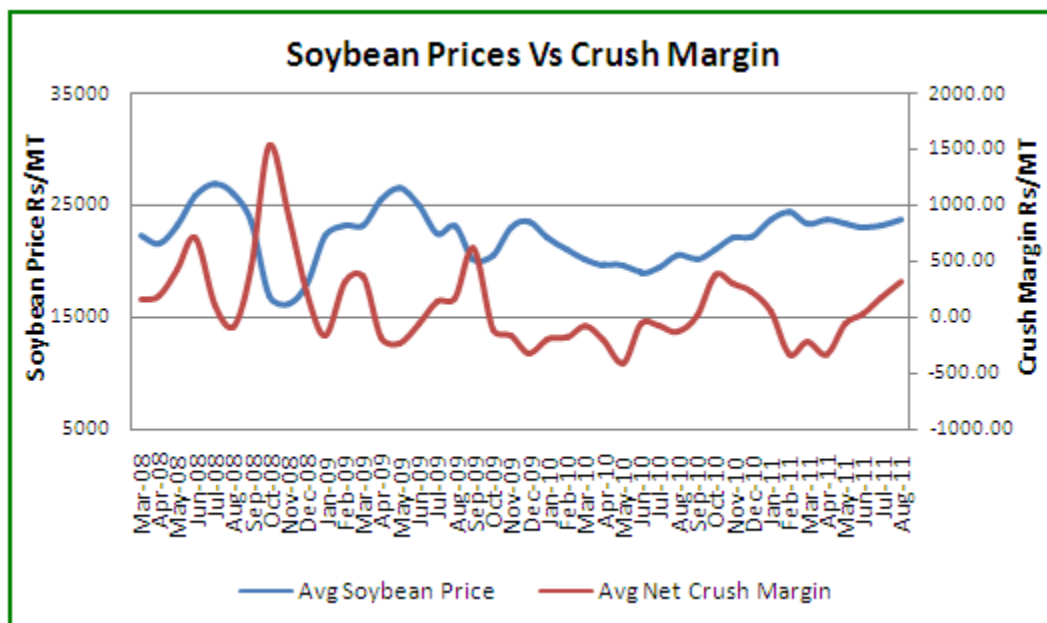


As the old Indian soybean marketing season is nearing completion and the new crop arrivals to commence from first or second week of September, the domestic solvent extractors and soy meal exporters are gearing up and closing watching the global soy meal demand.

It is evident from the above chart that the Indian soy meal shipments gradually pick up from October thru January. This is the period when the new soybean crushing improves with the rise in peak season supplies and consequently competitive Indian soy meal price in the International market. The average soy meal price between FAS Kandla and FOB Argentina is recorded between around US \$13/MT.

Indian soy meal remained exceptionally popular in Far East Asia, South East Asia, Africa and West Asian countries this season mainly due to freight and logistic advantage. Flexibility in quantity to be shipped, proximity of the major buying destinations remained positive factors for the Indian soy meal exports during the season. The season recorded a higher Indian soy meal exports.

Soybean and Crush Margin



The previous trend on soybean price and crush margin suggests that there is an inverse relation between the two. It is evident from the above chart that the soybean prices tend to fall during September and subsequently crush margin improves during the same period.

Good soy meal exports and relatively better realization in meal this season lend support to the soybean crush parity. Currently, the soybean crush margin is intact in positive zone and it is above last year's monthly average when soybean crushing was in disparity. The current parity is comparatively above 3 year monthly average.

The average weekly crush margin has slightly fell and recorded at Rs108/MT compared to Rs147/MT previous week. It is in positive region which is an encouraging factor for the soybean crushers despite slight losses in parity. The soybean crush margin featured positive trend in mid-June and since then the parity remained intact and featured gradual rise.

Expected Average Weekly Soybean Crush Margin

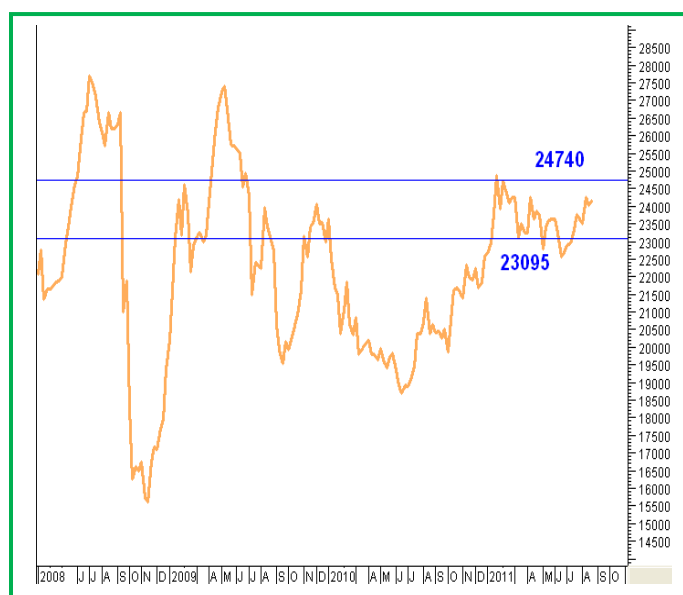
Commodity	Price Range	Crush Margin
Soybean	24200-24300	84
Soy Meal	17400-17500	
Soy Oil	63700-63800	

Technical Analysis:

NCDEX Soybean Futures (Sep.)



Soybean Spot, Indore



*In Rs/MT

Supports & Resistances NCDEX Sep Soybean

S2	S1	PCP	R1	R2
2340	2364	2414	2453	2486

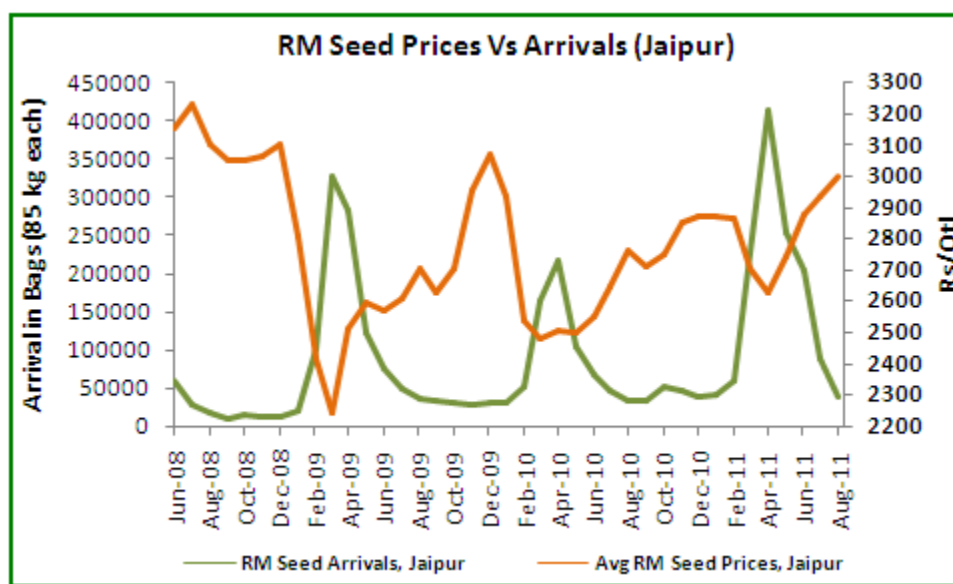
- The NCDEX soybean futures closed above 18-day EMA supporting bullish momentum.
- Oscillators and price indicators indicate prices to gain during the week. The soybean prices are likely to remain range-bound with firm-bias and are expected to move towards 2440 – 2450 levels.
- **Trade Recommendation (NCDEX Soybean - Sep) – 1 Week:** Buy on dips towards 2350 – 2360 levels. T1 – 2440; T2 - 2450; SL - 2313
- **Spot:** We recommend **Buy** on dips towards 2380 – 2390 levels.

Rapeseed - Mustard Seed

The domestic RM seed prices featured gains on renewed buying followed by festivities during the period of review. Once again an active buying interest among millers featured with seasonal rise in RM oil demand. However, the sellers (stockists and farmers) were seen passive in offloading the seed in anticipation of higher prices in near-term.

Fall in the seed supplies in association with the Muslim fasting observance month – *Ramadan* remain bullish factors for the RM seed.

RM Seed Prices Vs Arrivals, Benchmark - Jaipur



The weekly arrivals during stood at around 1,77,000 bags during the period of review which is slightly lower than the previous week's arrivals of 1,91,000 bags.

RM Seed Supply, Rajasthan

RM Seed Arrivals in Rajasthan in Bags (85 kg each).		
Current Weekly Arrivals	1 Week Ago	Corresponding Period Last Year
1,77,000	1,91,000	1,60,000

The RM seed prices are likely to extend gains in sync with Malaysian palm oil followed by lower production in palm oil this month as estate workers in Malaysia take extended leave for the Muslim fasting observance of Ramadan, which will end with Eid celebrations in late-August.

This will consequently prove to be a bullish factor for the RM seed in the domestic market. We suggest millers to buy the seed on major dips in the seed prices.

Expected Average RM Seed Crush Margin

Jaipur

Commodity	Price Range	Crush Margin
RM Seed	30500-30600	-1987
Rape Extract	7300-7400	
RM Oil	64000-65000	

Sri Ganganagar

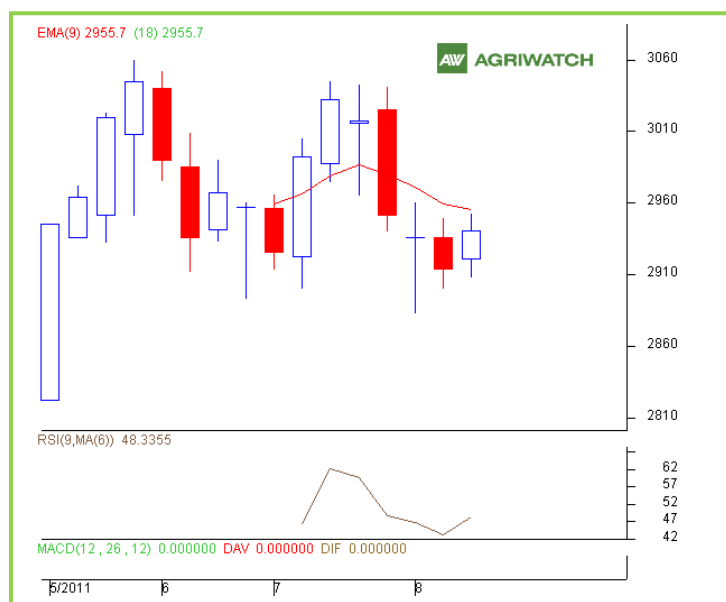
Commodity	Price Range	Crush Margin
RM Seed	26500-27000	2805
Rape Extract	9700-9800	
RM Oil	65000-65500	

Alwar

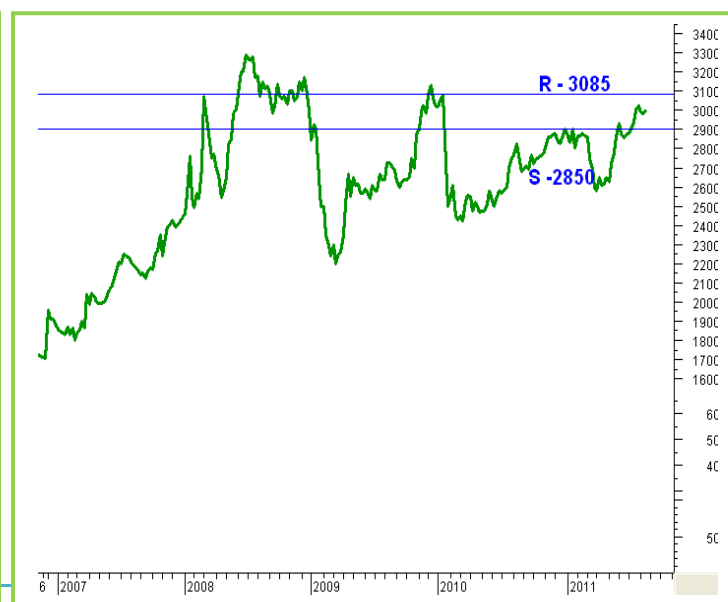
Commodity	Price Range	Crush Margin
RM Seed	29500-30000	-1106
Rape Extract	6700-6900	
RM Oil	65000-65500	

Technical Analysis:

NCDEX RM Seed Futures (Sep)



RM Seed Spot, Jaipur



Supports & Resistances NCDEX RM Seed

S2	S1	PCP	R1	R2
2883	2900	2964	2990	3010

- Candlestick chart pattern reveals buying support in the market. The weekly price closed above 9-day EMA reflecting bullish momentum in near-term.
- The RM seed prices are expected to improve towards 2975 – 2985 levels.
- **Trade Recommendation (NCDEX RM SEED - Sep) – 1 Week:** Buy on dips towards 2900 – 2890 levels. T1 – 2970; T2 - 2980; SL - 2858.

RM Seed Spot: In spot the RM seed prices are expected to slightly gain towards 3060 – 3070 level. We recommend BUY on dips towards 2890 – 2880 levels.

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