

**Executive Summary**

India's oilseeds and oil meal prices fell on bearish domestic and international fundamentals. Higher expected domestic soybean crop followed by rise in area under soybean and gyrations of outside market with fall in crude pressured the market during the period of review.

The buying activity mostly remains sluggish during September as the traders are in wait and watch situation owing to falling prices pressured by commencement of new soybean crop arrivals.

The buying in the soybean is expected to pick-up in late September or early October with expected spurt in overseas soy meal and domestic seasonal demand from poultry feed industry. The Far-East Asian countries, the major buyers, are eyeing on the forward quotes in the Indian meal.

Good overseas meal demand even during lean season remained supportive for the domestic soybean complex followed by better revenue and realization in meal.

RM seed prices too noticed a decline in tandem with soybeans. However, the RM seed fundamentals remain strong in medium-term. The RM oil usage picks-up with festivities in late September which eventually supports the seed prices.

However, critical US soybean crop condition followed by lower output estimates and expected rise in overseas meal demand in days ahead is expected to restrict the fall in domestic oilseeds market in near-term.

**International****US:**

US soybean crop condition still remains critical attributed to the dry weather during its developmental phase. Private forecasters in US are consistently projecting lower yield potential.

In the latest official US crop progress setting pods are reported at 97 per cent vs 5 year average of 98 per cent, dropping leaves is reported at 6 per cent against 5 year average of 13 per cent. The crop is rated good to excellent condition at 56 per cent against 64 per cent last year.

The current temperature in US soybean growing belt is ranging between 53 – 60 °F compared to 60 – 77 °F a week ago.

**Brazil:** In Brazil weather predication for the 2 and 3rd week of September do not indicate the arrival of most needed rainfall in Mato Grosso and Mato Grosso do Sul, largest soybean producing states. In Brazil soybean plantings start from second week of September.

Brazil's soybean exports were significantly higher for this time of the year and up 24% from a year ago at 3.69 Mn T in August, still the Brazilian stocks are estimated higher.

**Japan:** Soybean crushings fell severely by 19% or 0.3 Mn T in Jan/July 2011 with subsequent decline of soybean imports during the period.

**Oilseed Prices at Key Spot Markets:**

Commodity	Centre	Prices (Rs/Qtl)		Change
<b>Soybean</b>		<b>03-09-11</b>	<b>27-08-11</b>	
	Indore –Plant	2370-2410	2400-2440	<b>-30</b>
	Indore –Mandi	2270-2310	2300-2350	<b>-40</b>
	Nagpur-Plant	2400-2450	2450-2520	<b>-30</b>
	Nagpur – Mandi	2300-2350	2350-2425	<b>-75</b>
	Kota-Plant	2360-2380	2380-2420	<b>-40</b>
	Kota – Mandi	2270-2320	2300-2350	<b>-30</b>
<b>Rapeseed/Mustard</b>	Jaipur – C	3000-3005	3045-3050	<b>-45</b>
	Alwar – C	2800	2915	<b>-115</b>
	SriGanganagar (NC)	-	2550	<b>-</b>
	Kota	-	-	<b>-</b>
	Neewai	2970	3010	<b>-40</b>
	Delhi– C	2975	3010	<b>-35</b>
	Hapur (UP)	2990	3005	<b>-15</b>
<b>Groundnut Seed</b>	Rajkot	810	810	<b>Unch</b>
	Junagarh	-	-	<b>-</b>
<b>Sunflower Seed</b>	Latur	29000-32000	2900-3200	<b>Unch</b>
	Gulbarga	-	-	<b>-</b>
	Solapur	31500-3350	3150-3350	<b>Unch</b>
		-	-	<b>-</b>

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		Change
<b>Soybean</b>		<b>03-09-11</b>	<b>27-08-11</b>	
	Madhya Pradesh	20000	25000	<b>-5000</b>
	Maharashtra	8000	10000	<b>-2000</b>
	Rajasthan	7000	5000	<b>+2000</b>
<b>Rapeseed/Mustard</b>	Rajasthan	42000	44000	<b>-2000</b>

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

Centers	Ex-factory rates (Rs/ton)		
	03-09-11	27-08-11	Parity To
Indore (MP)	17400-17600	17500-17700	Gujarat, MP
Kota	17000	17100	Rajasthan, Del, Punjab, Haryana
Akola	17600-17700	17700-17800	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Hingoli	-	18800-18900	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Nanded/Latur	18700-18800	18800-18900	Andhra, AP, Kar, TN
Dhulia/Jalna	18600	18700	Mumbai, Maharashtra
Nagpur (42/46)	18700	18800	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Sangli	19600	19700	Local and South
Solapur	19300	19400	Local and South

**Soy DOC at Port**

Centers	Port Price	
	03-09-11	27-08-11
Kandla (FOR) (INR/MT)	18400-18700	18500-18800
Kandla (FAS) (USD/MT)	402-408	402-407

**International Soy DOC**

Argentina FOB \$/MT	03-09-11	27-08-11	+/-
Soybean Pellets	390	393	-3
Soybean Cake Meal	390	393	-3
Soybean Meal	398	401	-3
Soy Expellers	398	401	-3

**Sunflower Meal Rates**

Centers	Ex-factory rates (Rs/ton)		
	03-09-11	27-08-11	Change
Adoni	14400	14400	Unch
Khamgaon	13400	13400	Unch
Latur	13900	13900	Unch
Parli	13900	13900	Unch

### Groundnut Meal

Groundnut Meal	03-09-11	27-08-11	Chg
Basis 45% O&A, Saurashtra	16000	16100	-100
Basis 40% O&A, Saurashtra	15000	15100	-100
GN Cake, Gondal	17000	17100-17200	-200

### Mustard DOC/Meal

Mustard DOC/Meal	03-09-11	27-08-11	Chg
Jaipur (Plant Delivery)	7000	7000	Unch
Kandla (FOR)	8100	8200	-100
Sri Ganganagar	925	960	-35

### Planting Progress – Oilseeds, India

The last reported all India *Kharif* oilseeds coverage area were up 3%, the overall area covered under various oilseeds is reported at 174.31 lakh hectares compared to about 169.79 lakh hectares in the corresponding period last year.

Now that the *Kharif* plantings are almost done, a marginal week-on-week planting progress is reported.

The planting has already suffered in the states of Gujarat, Karnataka and Andhra Pradesh primarily affecting Groundnut plantings. Overall the GN planting is lagging by 14%.

All India soybean planting is leading among all the *Kharif* oilseeds by 11% and reported at 103.1 lha compared to 93.27 during the corresponding period last year.

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

Sowing Progress - Oilseeds			Area in lha.
Andhra Pradesh	Current	Corresponding Period Last Year	% Change
Groundnut	10.13	13.46	-25%
Sesamum	0.34	0.81	-58%
Castor	2.31	1.86	24%
Sunflower	0.14	0.44	-68%
Soybean	1.55	1.39	12%
Other oilseeds	0.008	0.11	-93%
<b>Total</b>	<b>14.48</b>	<b>18.07</b>	<b>-20%</b>
<b>Maharashtra</b>			
Groundnut	2.22	2.57	-14%
Sesamum	0.40	0.50	-20%
Sunflower	0.33	0.49	-33%
Soybean	30.55	25.94	18%

Nigerseed	0.36	0.38	-5%
Other Oilseeds	0.78	0.94	-17%
<b>Total</b>	<b>34.64</b>	<b>30.82</b>	<b>12%</b>
<b>Rajasthan</b>			
Groundnut	4.240	3.470	22%
Sesamum	4.200	5.470	-23%
Soybean	8.900	7.650	16%
Catorseed	1.800	1.490	21%
<b>Total</b>	<b>19.14</b>	<b>18.08</b>	<b>6%</b>

### Soybean Crop Condition

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

In a recent interview with number of traders and brokers and farmer in Rajasthan to understand the current soybean crop condition, it has been found that the condition is excellent from the region except worry regarding extended rainfall in the region.

The crop is in pod filling stage and almost completed its 60 days time period (total crop duration is 90 days). Within coming 7-10 days it will enter into maturity state. Any rainfall during the period may possibly delay crop harvest. There was some respite, previous day, from the continuous rainfall seen during last 3-4 days from the region.

Clear weather during next 7-10 days might lead to just double the crop compared with previous year and trade expect crop size around 9 lakh tonnes compared to 6.5 to 7 lakh tonnes previous year.

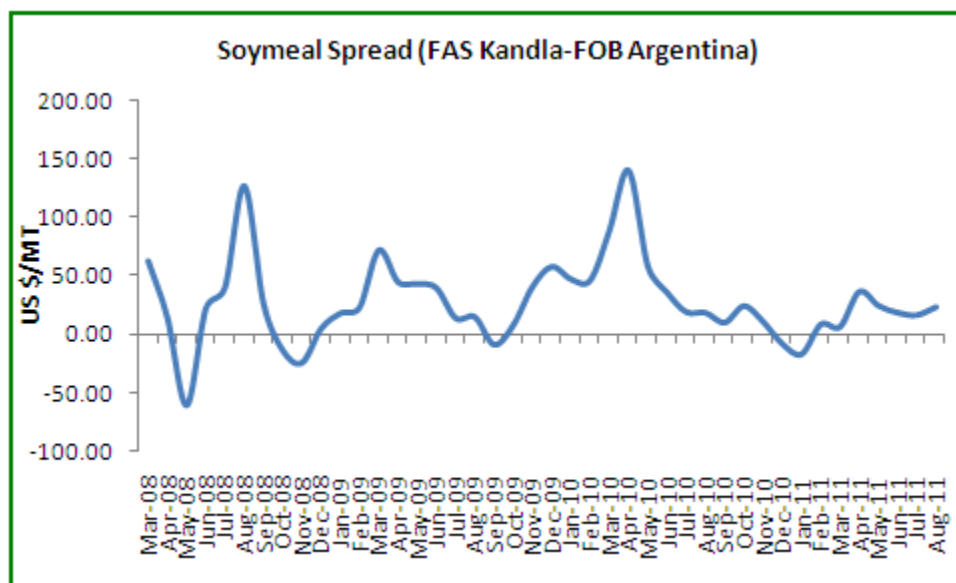
The new soybean crop arrivals in Maharashtra are likely to pick-up by Sep 25th a delay of nearly 7-10 days. Crop is stated good with no loss in yield is reported. The early crop arrivals have been reported in the state but in a negligible quantity and with higher moisture at around 18-20%.

The standing crop is in good condition in Madhya Pradesh. There is a slight concern over the timely maturity of the crop due to incessant rains and cloudy weather in recent days over the state. 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- FAS Kandla Vs FOB Argentina (Spread)

Dull trade activity was witnessed in the domestic soy meal market as the buyers refrained themselves from buying in anticipation of fall in prices, which dipped during the period of review. Eventually, the soybean prices remained low on weak crushing during the period of review.

However, higher soy meal quotes of Argentina origin made Indian meal prices competitive which already was enjoying the logistic and freight advantage over Latin American meal.



\*FAS, Kandla less FOB Argentina

The price spread between Indian and Argentine soy meal has slightly narrowed as expected during the period of review, indicating favourable situation for the meal shipment.

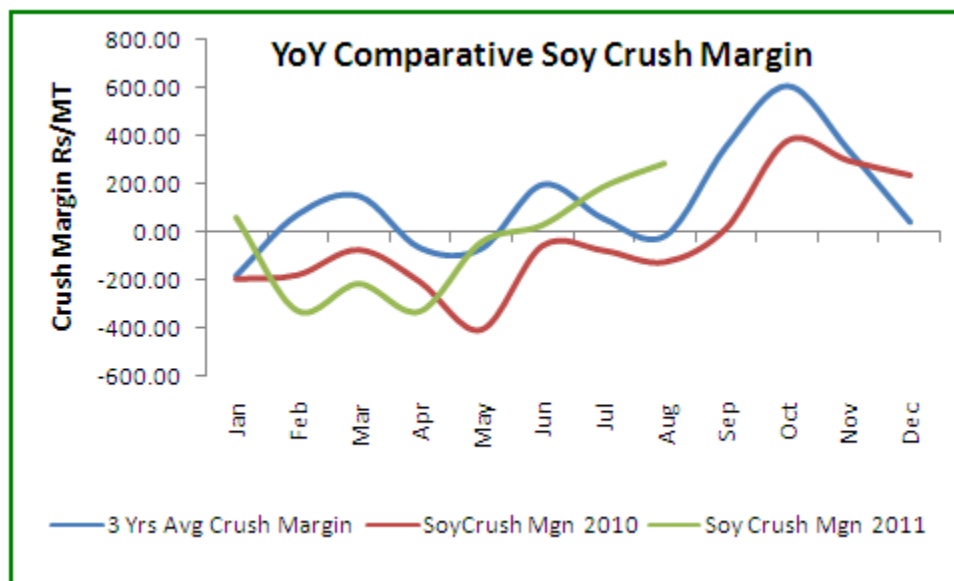
The weekly spread between FAS Kandla and FOB Argentina is hovering around US \$6/MT compared to US\$12/MT previous week. Previous trend suggest the spread stay around US \$10/MT, in days ahead (near to medium-term), the level at which the active trade and shipments takes place.

Rising soybean crush parity and good overseas soy meal demand continue to remain encouraging factor to the solvent extractors.

We expect the domestic soy meal demand to pick-up in October with the rise in poultry production also the international soy meal buyers are increase their buying from India. The factors will eventually lend the support to higher soy meal prices in medium-term.

**Recommendation:** It is recommended that the meal exporters aggressively look towards the potential markets like Far-East and SE Asia, West Asia and Africa to increase the soy meal shipments.

## Soy meal Dynamics and Crush Margin

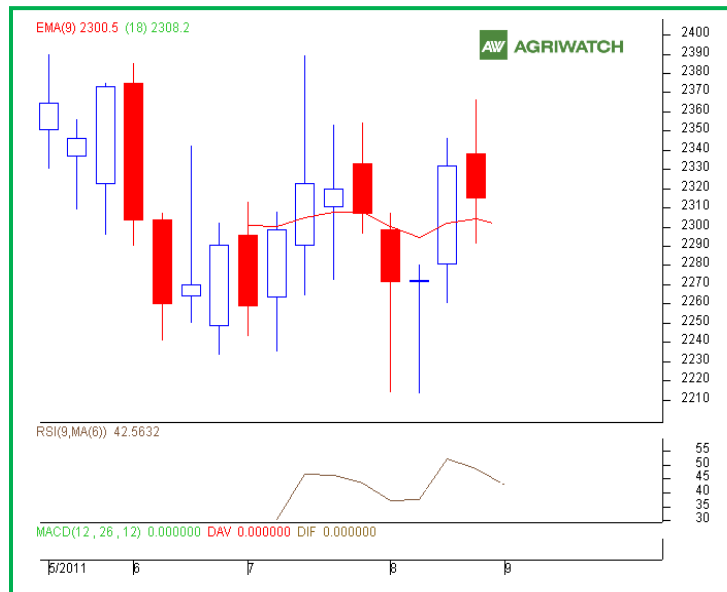


Soybean crush parity continues to witness gain in positive territory owing to good overseas soy meal exports. Currently, the parity is well above last year's monthly average and even above 3 year monthly average.

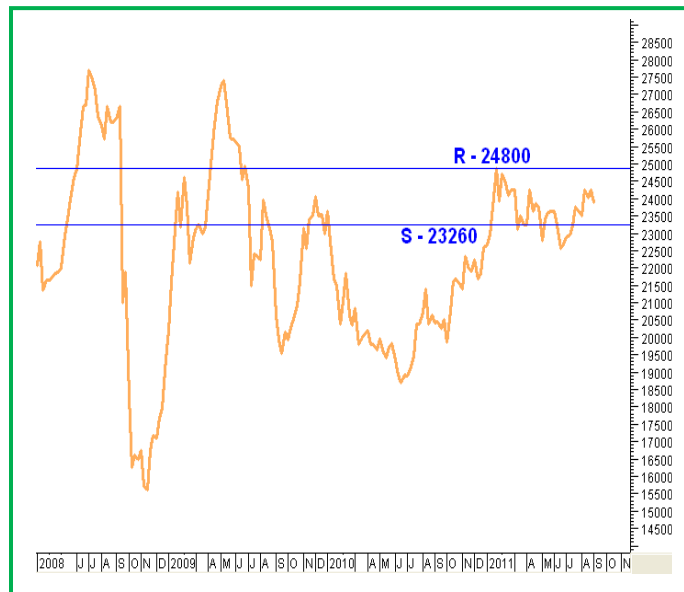
The weekly crush margin is ruling around Rs344/MT compared to Rs166/MT last previous week. The rising trend in crush margin is supportive for soybean crush in near-term.

## Technical Analysis:

### NCDEX Soybean Futures (Oct.)



### Soybean Spot, Indore



\*In Rs/MT

Supports & Resistances NCDEX Oct Soybean				
S2	S1	PCP	R1	R2
2243	2272	2314.5	2375	2389

- The candlestick chart pattern features bears in the market.
- However, prices closed above 9-day and 18-day EMA supporting bullish momentum in near and medium-term.
- Oscillators and price indicators indicate prices to fall during the week. The soybean prices are likely to remain range-bound with weak -bias and are expected to move towards 2280– 2270 levels.
- **Trade Recommendation (NCDEX Soybean - Oct) – 1 week:** Sell on rise towards 2350 – 2360 levels. T1 – 2280; T2 - 2270; SL - 2393
- **Spot:** We recommend **Sell** on rise towards 2350 – 2360 levels.

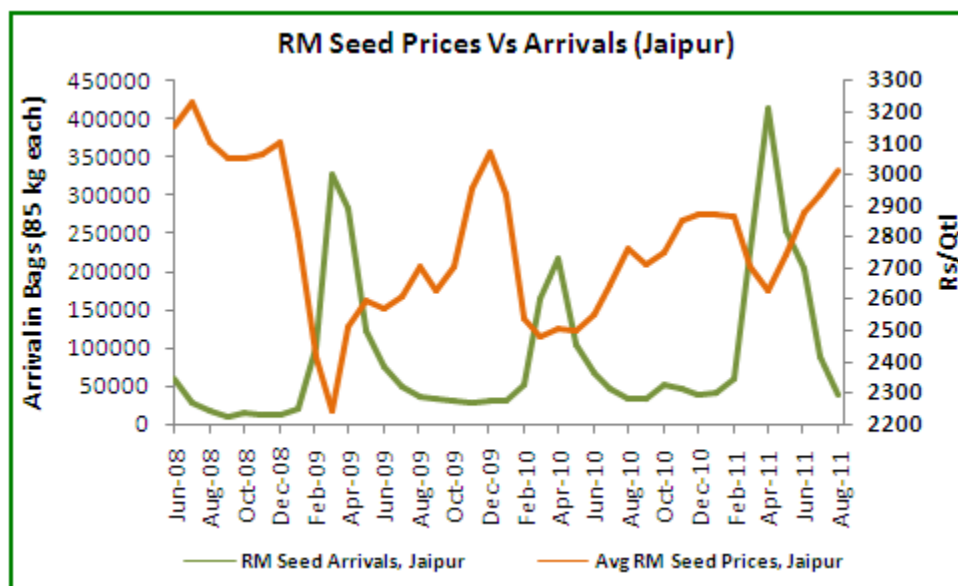


## Rapeseed - Mustard Seed

Sluggish buying activity was featured in the RM seed as the buyers refrained themselves due to falling seed prices. Besides, the supply of the seed improved during the period of review. However, the underlying fundamentals remain strong as the domestic RM oil demand increases from September onwards, but the RM seed prices tend to get pressure during the month followed by new soybean crop sentiments.

Though supplies improved during the week but the stockists are a bit cautious in offloading the seed and increase the supply when prices get stronger. The traders anticipate the RM seed prices to gain October thru February. The RM oil demand surges in between Nov – Jan. This is the time when the domestic RM seed prices are at the peak in the season.

### RM Seed Prices Vs Arrivals, Benchmark - Jaipur

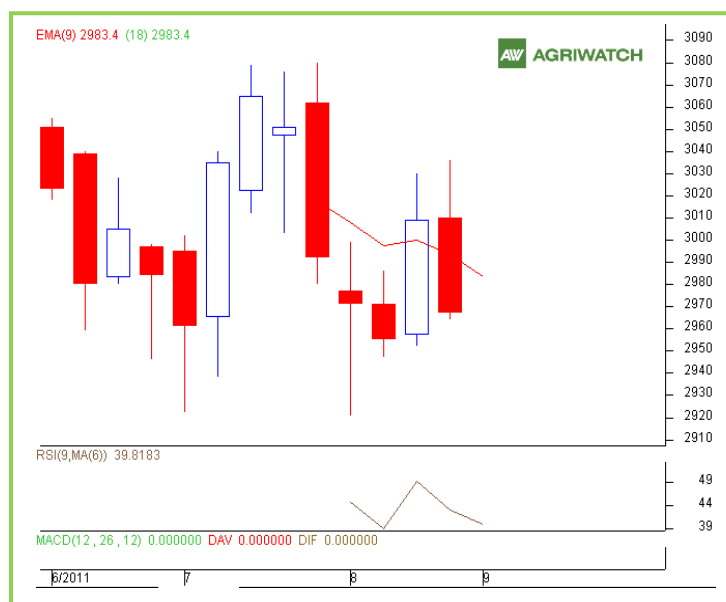
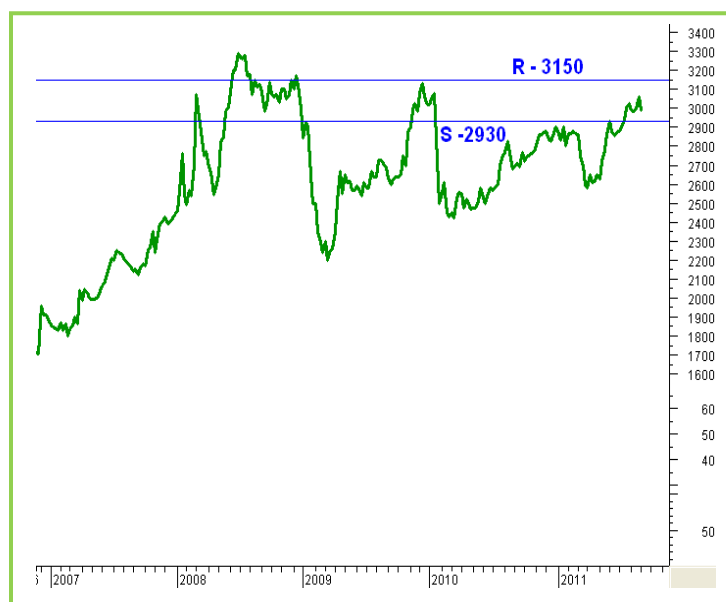


Arrivals during the period of review stood at 20900 bags compared to 1,78,000 bags a week ago.

### RM Seed Supply, Rajasthan

RM Seed Arrivals in Rajasthan in Bags (85 kg each).		
Weekly Arrivals	1 Week Ago	Corresponding Period Last Year
2,09,000	1,78,000	1,80,000

Overall, the underlying RM seed fundamentals remain strong in days ahead on seasonal demand.

**Technical Analysis:**
**NCDEX RM Seed Futures (Oct.)**

**RM Seed Spot, Jaipur**

**Supports & Resistances NCDEX Oct RM Seed**

S2	S1	PCP	R1	R2
2922	2938	2967	3047	3065

- The candlestick chart pattern reveals selling pressure in RM seed.
- Prices closed below 9-day and 18-day EMA supporting bearish momentum.
- The price indicators and oscillators reflect prices to fall during the week. The RM seed prices are expected to fall and move towards 2930 levels.
- **Trade Recommendation (NCDEX RM SEED - Oct) – 1 Week:** Sell on rise towards 3020 – 3030 levels. T1 – 2920; T2 - 2930; SL - 3078.

**RM Seed Spot:** In spot the RM seed prices are expected to fall during the week towards 2920 – 2930 level. We recommend **Sell** on rise.

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