

**Executive Summary**

Domestic oilseeds and oil meal prices regained bolstered by firm global cues coupled with supportive buying activity. Lower US soybean production estimate and gains in crude remained supportive to the domestic oil and fats market during the period of review.

Better exports in oil meals, up 14% in August, remained encouraging for solvent extractors in crushing the seeds followed by rise in parity in crush margin. Japan, China, Vietnam, South Korea and Indonesia remained the major buyers of oil meal of Indian origin.

RM seed prices noticed gains in sync with soybean. The RM seed fundamentals remain strong in medium-term. The RM seed prices remain strong between Nov-Jan. Overall, the seed prices remain slightly weak during September- October pressured by new soybean crop arrivals. However, the rise in RM oil usage will pick-up with festivities during October which will eventually limit the losses in the seed.

The US soybean crop condition still remains critical and will act as a bullish factor in the international front. However, expected higher domestic soybean production may be considered as a bearish factor.

**International****US:**

US soybean crop condition continues to be in a crucial stage followed by dry weather during the development.

In the recent official US crop progress, Dropping Leaves is reported at 15 per cent against 5 year average of 27 per cent. The crop is rated Good to Excellent condition at 56 per cent against 63 per cent last year.

The current temperature in US soybean growing belt is ranging between 59 – 72 °F compared to 53 – 60 °F a week ago.

In the latest USDA – WASDE report US soybean production for 2011/12 is projected at 3.085 billion bushels, up 29 million due to higher yields compared with the August USDA report. Soybean ending stocks are estimated at 165 million bushels, up 10 million as higher supplies are only partly offset by increased exports. The production is in line with Agriwatch projected output.

**EU:** The EU-27 rapeseed crop was revised by Oil World downward to 18.7 Mn T (down 1.8 Mn T from last year), subsequently the deficit will raise the EU's dependence on imports.

**Canada:** Canadian canola supplies are expected to be higher than earlier thought, leading to possible rise in crushings and exports by a combined 0.3 Mn T in Aug/July 2011/12.

**China:** China, the world's largest soy buyer, imported 4.51 million tonnes of soybeans in August, down 15.7 percent from 5.35 million tonnes in July - General Administration of Customs of China.

**Brazil:** There is no respite from the dry weather in key soybean growing states of Brazil. The situation will eventually lead to a delay in the soybean sowing which starts from mid September.

## Oil Meal Prices at Key Spot Markets:

### Soy DOC Rates at Different Centers

Centers	Ex-factory rates (Rs/ton)		
	10-09-11	03-09-11	Parity To
Indore (MP)	17500	17400-17600	Gujarat, MP
Kota	17100	17000	Rajasthan, Del, Punjab, Haryana
Akola	18400	17600-17700	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Hingoli	18900	-	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Nanded/Latur	18900	18700-18800	Andhra, AP, Kar, TN
Dhulia/Jalna	18700	18600	Mumbai, Maharashtra
Nagpur (42/46)	18500	18700	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Sangli	19400	19600	Local and South
Solapur	18900	19300	Local and South
Bundi	17000	-	

### Soy DOC at Port

Centers	Port Price	
	10-09-11	03-09-11
Kandla (FOR) (INR/MT)	18500-18600	18400-18700
Kandla (FAS) (USD/MT)	397-399	402-408

### International Soy DOC

Argentina FOB \$/MT	10-09-11	03-09-11	+/-
Soybean Pellets	379	390	-11
Soybean Cake Meal	379	390	-11
Soybean Meal	387	398	-11
Soy Expellers	387	398	-11

### Sunflower Meal Rates

Centers	Ex-factory rates (Rs/ton)		
	10-09-11	03-09-11	Change
Adoni	14300	14400	-100
Khamgaon	13200	13400	-200

Latur	13800	13900	<b>-100</b>
Parli	13900	13900	<b>Unch</b>

#### Groundnut Meal

Groundnut Meal	10-09-11	03-09-11	Chg
Basis 45% O&A, Saurashtra	16000	16000	<b>Unch</b>
Basis 40% O&A, Saurashtra	15000	15000	<b>Unch</b>
GN Cake, Gondal	17000	17000	<b>Unch</b>

#### Mustard DOC/Meal

Mustard DOC/Meal	10-09-11	03-09-11	Chg
Jaipur (Plant Delivery)	7100	7000	<b>+100</b>
Kandla (FOR)	8200	8100	<b>+100</b>
Sri Ganganagar	938	925	<b>+13</b>

#### Planting Progress – Oilseeds, India

All India *Kharif* oilseeds area is reportedly up 3.01% as of last reports received. The overall area covered under various oilseeds is reported at 176.83 lakh hectares compared to about 171.66 lakh hectares in the corresponding period last year. Marginal increase may still continue.

However, the groundnut planting has suffered in the states of Gujarat, Karnataka and Andhra Pradesh. Overall the GN planting is lagging by 13.39%.

All India soybean planting has seen an increase of 10.67% and reported at 103.27 lha compared to 93.31 lha 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	10.17	13.46	-24%
Sesamum	0.35	0.81	-57%
Castor	2.33	1.86	25%
Sunflower	0.14	0.44	-68%
Soybean	1.55	1.39	12%
Other oilseeds	0.01	0.11	-91%
<b>Total</b>	<b>14.55</b>	<b>18.07</b>	<b>-19%</b>
Maharashtra			
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/Maturity	Good
Maharashtra	Pod formation/Maturity	Excellent
Rajasthan	Pod formation	Excellent
*Condition with respect to disease, pest and abiotic stress		

There is slight concern regarding maturity of the soybean crop in Madhya Pradesh and Rajasthan owing to incessant rains and cloudy weather over the growing region of the states. The situation obstructs the crop in maturity and delays the crop.

However, there are no reports of major crop loss, or disease and pest attack due to excess rains in Madhya Pradesh or Rajasthan.

The crop in Maharashtra is also in good shape and reported to hit the market in 8-10 days. A negligible arrival (100-150 bags) of early sown crop is already reported in few districts of Maharashtra with moisture content of 10-15 percent from earlier 20-22 per cent.

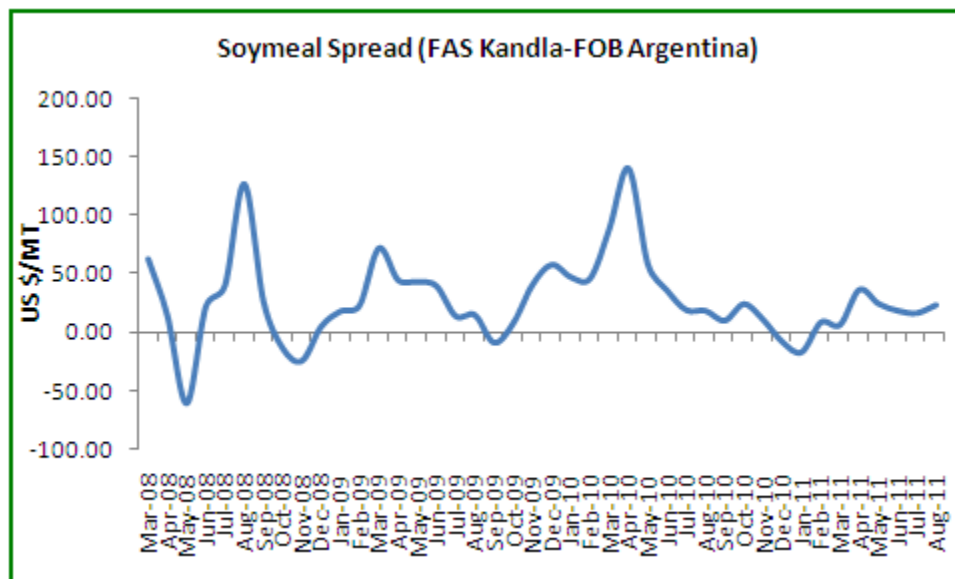
The early crop arrivals in Indore is also reported and quoted between Rs1700-2000 per quintal, however the quantity is quite negligible (about 100 bags) and higher moisture at around 20-25 per cent.

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)

Firm sentiments were featured in the domestic soy meal market supported by better exports demand and good domestic buying from the poultry feed industry.

The Argentine soy meal prices eased to compete with the Indian soy meal prices during the period of review. However, logistic and freight advantage over Argentine meal remained supportive to the Indian soy meal shipments.



\*FAS, Kandla less FOB Argentina

The price spread between Indian and Argentine soy meal has slightly widened followed by lower quoted in Argentine meal, during the period of review.

The weekly soy meal spread between FAS Kandla and FOB Argentina is noticed around US \$14/MT compared to US\$6/MT previous week.

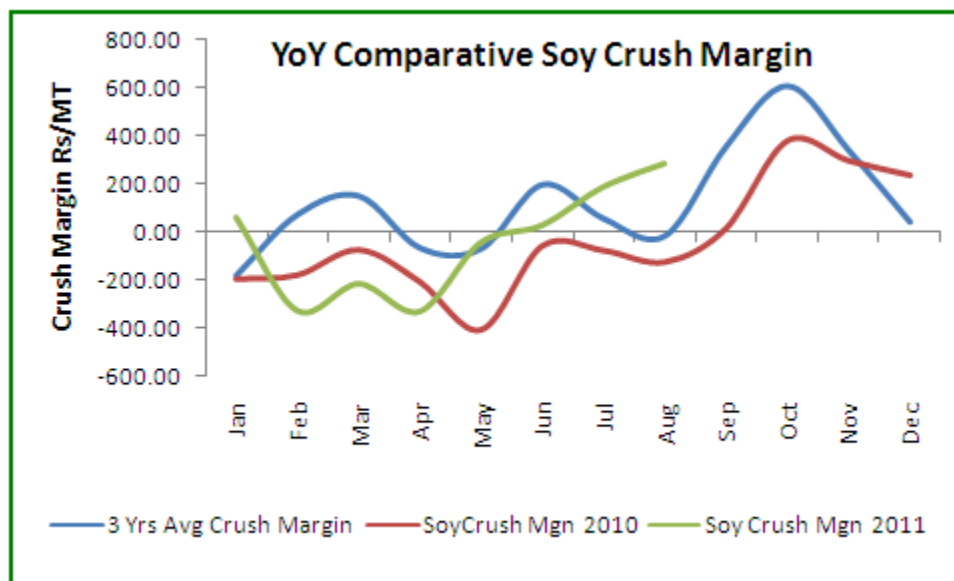
We feel the spread to narrow down towards US \$10/MT, in the days ahead (near to medium-term).

Continued rise in soybean crush parity and consistent good overseas soy meal demand continue to remain an encouraging factor for 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.

It is advised that the meal exporters should look for potential overseas market aggressively for forward booking (Oct-Nov/Nov-Dec). Far-East and SE Asia, West Asia and Africa could be seen as destination of opportunity.

## Soy meal Dynamics and Crush Margin



Soybean crush parity continues to rise in the positive territory followed by higher revenue in meal with better soy meal exports. Currently, the parity is much above last year's monthly average and even above the 3 year monthly average. The weekly crush margin has slightly slipped to Rs180/MT compared to Rs344/MT previous week. The rising trend in crush margin is supportive for soybean crush in near-term.

India's oilmeal shipments increased by 14 per cent to 2.79 lakh tonnes in August followed by higher oilseeds output. India had reportedly exported 2.44 lakh tonnes of oilmeal in August, 2010 - Solvent Extractor's Association of India (SEA).

During the October-August period of the current oil year, oilmeal shipments increased by 78 per cent to 48.22 lakh tonnes from 27.02 lakh tonnes in 2010.

During the current oil year, 2010-11 (Nov-Oct), export of oilmeal increased due to a higher oilseeds production and eventually improved crushings.

India's oilseeds production was reported at record 31.1 million tonnes in the 2010-11 crop year (July-June).

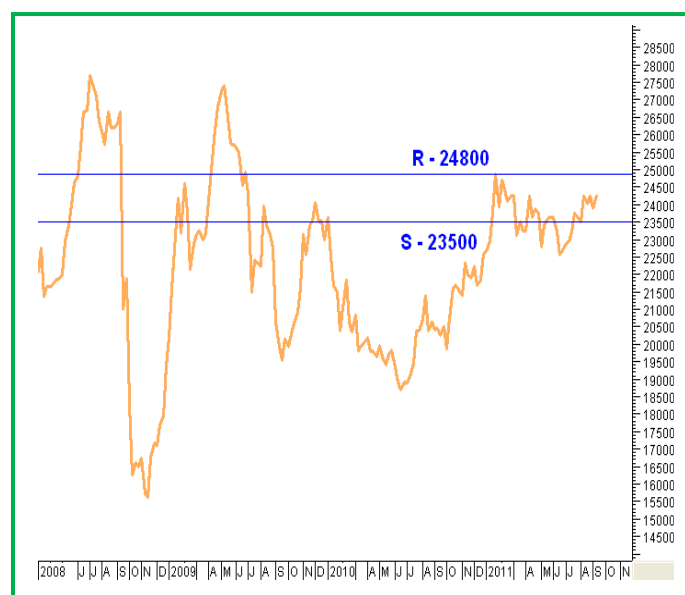
Higher oilmeal exports are attributed to the strong oilseeds prices in the international market as compared to the domestic exports stated by SEA. Far and South-East Asian countries remained the major buyers of oilmeal of Indian origin.

## Technical Analysis:

### NCDEX Soybean Futures (Oct.)



### Soybean Spot, Indore



\*In Rs/MT

### Supports & Resistances NCDEX Oct Soybean

S2	S1	PCP	R1	R2
2214	2244	2318	2345	2367

- The candlestick chart pattern features prices could not sustain at higher levels.
- Prices closed above 9-day and 18-day EMA supporting bullish momentum in near and medium-term.
- 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 2330 – 2340 levels.
- **Trade Recommendation (NCDEX Soybean - Oct) – 1 week:** Buy on dips towards 2230 – 2240 levels. T1 – 2330; T2 – 2340; SL – 2190
- **Spot:** We recommend **Buy** on dips towards 2355 – 2365 levels.

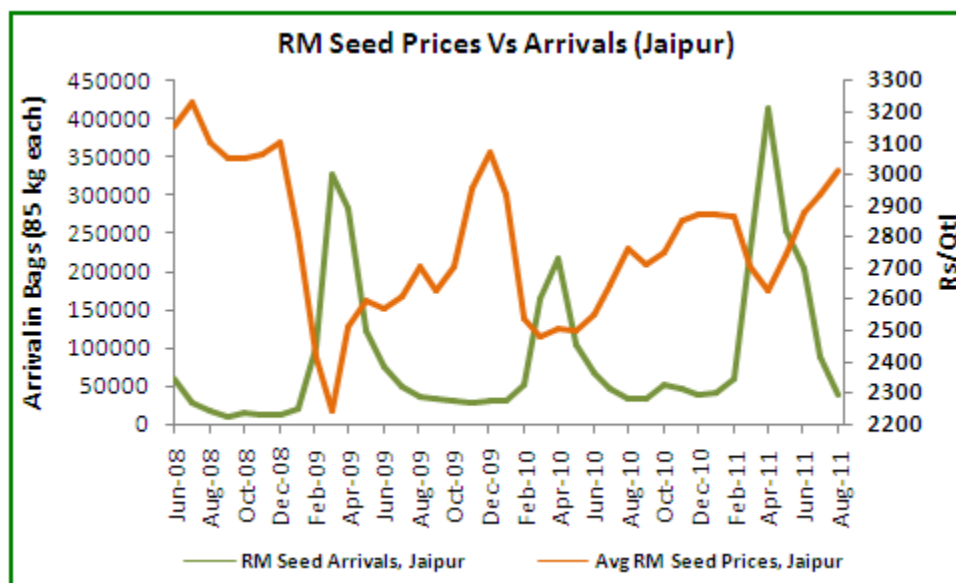
## Rapeseed - Mustard Seed

Renewed buying support has helped the RM seed prices move up in association with soybean prices. The underlying fundamentals of RM seed are seen strong in view of gradual rise in seasonal domestic demand in RM oil from late September, but the RM seed prices tend to get pressure during the month followed by new soybean crop sentiments.

Supplies improved during the week compared with the previous week but the stockists are still not keen in offloading it aggressively in anticipation of higher prices.

The RM seed demand improves from the millers in tune with rise in RM oil usage between Nov – Jan, the time when the domestic RM seed prices stay strong.

## RM Seed Prices Vs Arrivals, Benchmark - Jaipur



Arrivals during the period of review stood at 2,33,000 bags compared to 2,09,000 bags a week ago.

## RM Seed Supply, Rajasthan

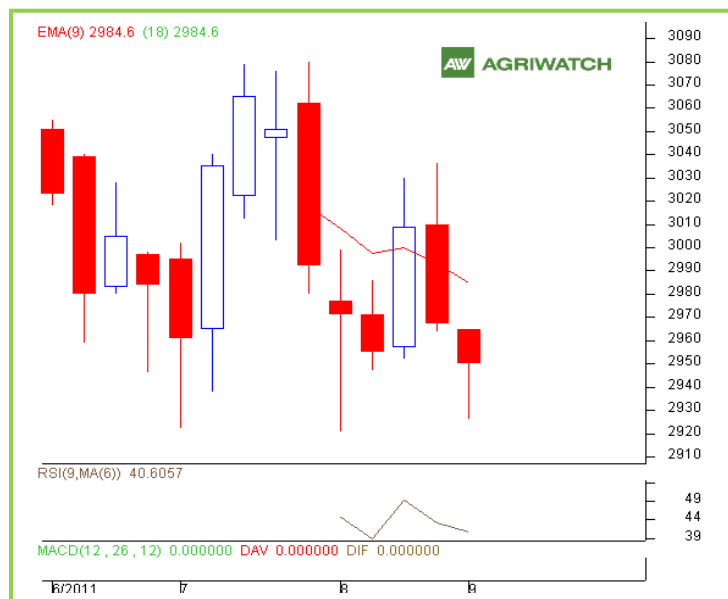
RM Seed Arrivals in Rajasthan in Bags (85 kg each).		
Weekly Arrivals	1 Week Ago	Corresponding Period Last Year
2,33,000	2,09,000	1,40,000

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
2910	2922	2950	2980	2999

- 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 2920 levels.
- **Trade Recommendation (NCDEX RM SEED - Oct) – 1 Week:** Sell on rise towards 2965 – 2975 levels. T1 – 2910; T2 – 2920; SL – 3000.

**RM Seed Spot:** In spot the RM seed prices are expected to fall during the week towards 2910 – 2920 level. We recommend **Sell** on rise.

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