

Executive Summary

India's oilseeds and oil meal prices featured losses on weak global cues followed by bearish USDA's World Agriculture Supply and Demand Estimate Report. Investors continued to trim riskier positions from the benchmark CBOT amid global economic concerns and seasonal pressure.

Falling global equity markets and a left investors concerned about soybean demand holding up in the face of a sluggish world economy. Seasonal harvest weakness in US as well as in India added to the mounting pressure on prices, as demand for the crop remains sluggish followed by buyers who seemed waiting for lower prices once the harvest picks up.

Lackluster trade in oil meals could not support the prices at higher levels and the meal prices were witnessed weak tone during the period of review. However, the domestic meal market expects the demand to pick-up with renewed crushing of the new soybean crop and seasonal rise in poultry production. India's soy meal exports remained strong during the year. The shipments were better ever during the lean season owing to the consistent demand of Indian soy meal from the major Asian markets.

RM seed prices eased tracking losses in domestic soybean. The seed prices are expected to feature weakness in near-term pressured by the seasonal harvest of soybean. However, the RM seed fundamentals are seen strong in medium-term with expected seasonal rise in RM oil demand. The RM seed prices gain during Nov-Jan with increase in crush demand from the millers.

Sluggish world economy and mounting pressure of seasonal harvest of soybean crop both in India and US will continue to restrict any gain the domestic soybean.

International

US: US soybean market fell on global economic worries and mounting pressure of seasonal harvest. Besides, stronger US dollar kept US soybean less attractive for the buyers.

In the latest official US crop progress, a significant deterioration of the soybean crop condition reported. Dropping Leaves is reported at 33 per cent against 5 year average of 47 per cent. The crop is rated Good to Excellent condition at 53 per cent against 63 per cent last year.

Reportedly lower temperatures have moved into the northern US soybean growing areas, posting the risk of damage to immature soybeans. The current temperature in US soybean growing belt is ranging between 41 – 55 °F compared to 59 – 72 °F a week ago.

In the USDA's monthly World Agriculture Supply and Demand report US oilseed outturn for 2011/12 is projected at 92.4 million tons, up 0.7 million from previous month estimate. Soybean ending stocks are estimated at 165 million bushels, up 10 million as higher supplies are only partly offset by increased exports.

China: China's soybean buying fell by 5.5 percent year-on-year to 33.58 Mn T during the first 8 months. However, the average soybean import price moved up by 31.2 percent to \$574.8 per ton.

Reportedly the rise in soybean price in the international market added to inflation pressures in China.

Imported soybeans account for over 80% of China's total consumption, filling the gap between declining domestic output and increasing demand for soybean oil.

Canada: Canola output for Canada is raised 0.6 million tons to a record 13.2 million followed by on higher area and yield reported in the report from Statistics Canada.

Oil Meal Prices at Key Spot Markets:

Soy DOC Rates at Different Centers

Centers	Ex-factory rates (Rs/ton)		
	17/9/2011	10-09-11	Parity To
Indore (MP)	17000	17500	Gujarat, MP
Kota	17000	17100	Rajasthan, Del, Punjab, Haryana
Akola	17700	18400	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Hingoli	18600	18900	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Nanded/Latur	18600	18900	Andhra, AP, Kar, TN
Dhulia/Jalna	18200	18700	Mumbai, Maharashtra
Nagpur (42/46)	18200	18500	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Sangli	18500	19400	Local and South
Solapur	18200	18900	Local and South
Bundi	17000	17000	

Soy DOC at Port

Centers	Port Price	
	17/9/2011	10-09-11
Kandla (FOR) (INR/MT)	18300-18400	18500-18600
Kandla (FAS) (USD/MT)	387-389	397-399

International Soy DOC

Argentina FOB \$/MT	17/9/2011	10-09-11	+/-
Soybean Pellets	361	379	-18
Soybean Cake Meal	361	379	-18
Soybean Meal	369	387	-18
Soy Expellers	369	387	-18

Sunflower Meal Rates

Centers	Ex-factory rates (Rs/ton)		
	17/9/2011	10-09-11	Change
Adoni	14200	14300	-1000
Khamgaon	13200	13200	Unch
Latur	13800	13800	Unch

Parli	13900	13900	Unch
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Groundnut Meal

Groundnut Meal	17/9/2011	10-09-11	Chg
Basis 45% O&A, Saurashtra	15600	16000	-400
Basis 40% O&A, Saurashtra	14600	15000	-400
GN Cake, Gondal	16500	17000	-500

Mustard DOC/M Meal

Mustard DOC/M Meal	17/9/2011	10-09-11	Chg
Jaipur (Plant Delivery)	7350	7100	-250
Kandla (FOR)	8250	8200	+50
Sri Ganganagar	960	938	+22

Planting Progress – Oilseeds, India

All India *Kharif* oilseeds area is marginally reported up 3.26% as of last reports received. The overall area under *Kharif* oilseeds is reported at 178.14 lakh hectares compared to about 172.52 lakh hectares during the same period last year.

Reportedly, the groundnut planting has suffered by 12% mainly in the states of Gujarat, Karnataka and Andhra Pradesh.

All India soybean planting has increased by 11% and reported at 103.23 lha compared to 93.21 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	10.18	13.47	-24%
Sesamum	0.35	0.82	-57%
Castor	2.34	1.86	26%
Sunflower	0.16	0.42	-62%
Soybean	1.51	1.27	19%
Other oilseeds	0.01	0	#DIV/0!
Total	14.55	17.84	-18%
Maharashtra			
Groundnut	2.23	2.57	-13%
Sesamum	0.40	0.50	-20%
Sunflower	0.33	0.49	-33%
Soybean	30.62	25.94	18%
Nigerseed	0.37	0.38	-3%

Other Oilseeds	0.79	0.95	-17%
Total	34.74	30.83	13%
Rajasthan			
Groundnut	4.240	3.470	22%
Sesamum	4.200	5.470	-23%
Soybean	8.900	7.650	16%
Catorseed	1.800	1.490	21%
Total	19.14	18.08	6%

Soybean Crop Condition

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

There are reports of marginal soybean crop damage in Madhya Pradesh and Rajasthan due to incessant rains and cloudy weather in recent days. However, overall the crop is in good shape in major growing region.

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

Clear weather in last couple of days has boosted the soybean harvest in Maharashtra and Madhya Pradesh. In Madhya Pradesh the new crop arrivals are reported above 15,000 bags with moisture content of 17% - 25%. The new beans are quoted between Rs1700-2100 per quintal. In Maharashtra arrivals of about 2000-2500 bags of new crop have been reported with moisture content of 10% - 15%.

In Maharashtra the arrivals are likely to pick-up in a week. In Rajasthan the new crop arrivals are expected by 15th of October. However, it is only going to pick-up in late October.

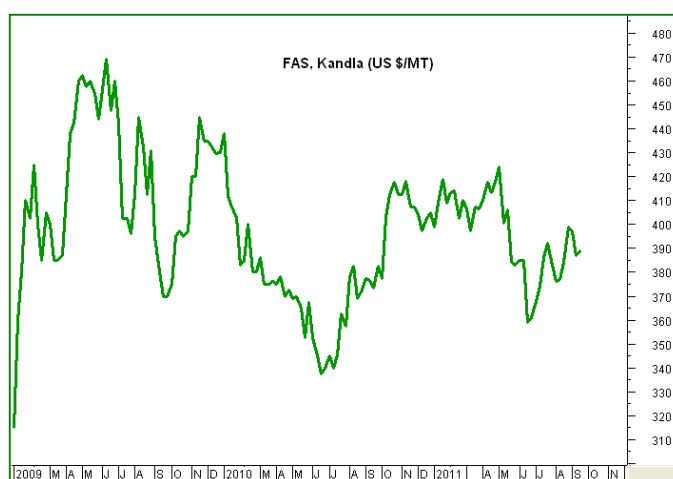
Overall, the crop condition is normal in major soybean growing states. Sunny weather will led support the soybean crop in timely maturation and harvest of the crop. There are no reports of any disease or pests in the crop in any of the key growing states.

Soy meal- FAS Kandla Vs FOB Argentina (Spread)

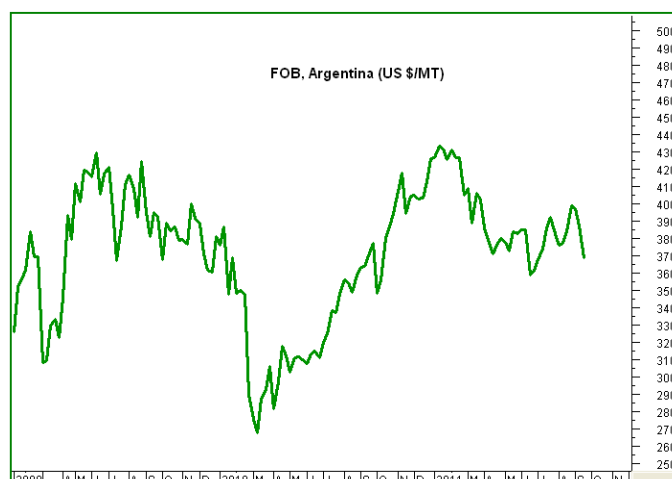
Weak sentiments were featured in the domestic soy meal market due to sluggish buying activity during the week in review. The sellers remained reluctant in selling soy meal at the price quoted by the buyers. The buyers are currently interested in buying at around US \$375/MT while sellers ask US \$377-380/MT.

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

FAS, Kandla (US \$/MT)



FOB, Argentina (US \$/MT)



The price spread between Indian and Argentine soy meal has marginally widened followed by relatively lower quoted in Argentine meal against Indian.

The average weekly soy meal spread between FAS Kandla and FOB Argentina is around US \$15/MT compared to US\$11/MT previous week.

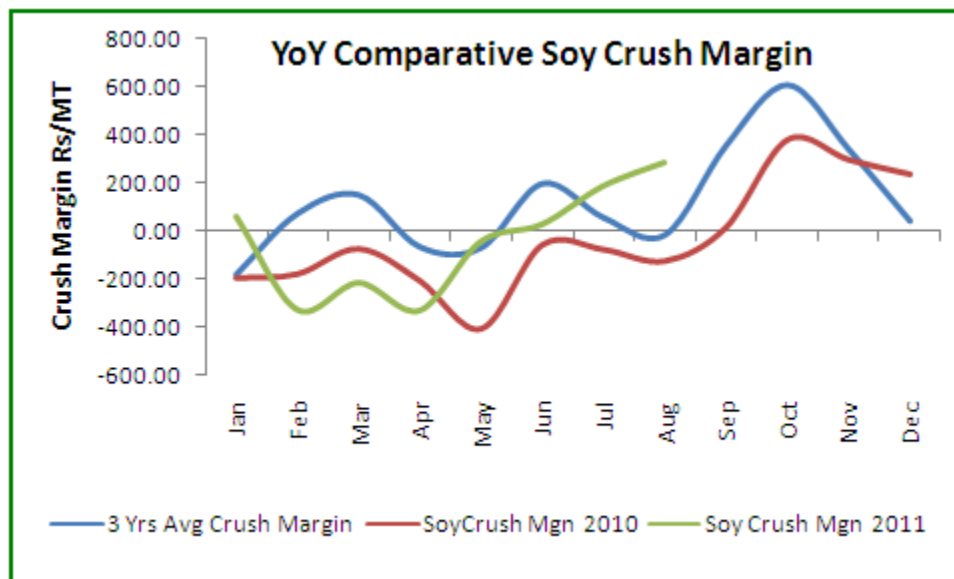
We feel the spread to soften further and could be witnessed around US \$10/MT, in the days ahead (near to medium-term).

The soybean crush parity continued its upward move on better realization from soy meal as well in soy oil. The factors remained encouraging for the solvent extractors in crushing the beans. Currently, the availability of the beans is poor due to lean season.

We feel the domestic soy meal usage to rise in October with increase in poultry production and active overseas buying in Indian soy meal. We expect the factors will eventually lend the support to higher soy meal prices in medium-term.

It is recommended that the meal exporters should explore the potential in overseas markets aggressively for forward booking (Nov-Dec). Far-East and SE Asia, West Asia and African countries could be considered as potential buyers.

Soy meal Dynamics and Crush Margin

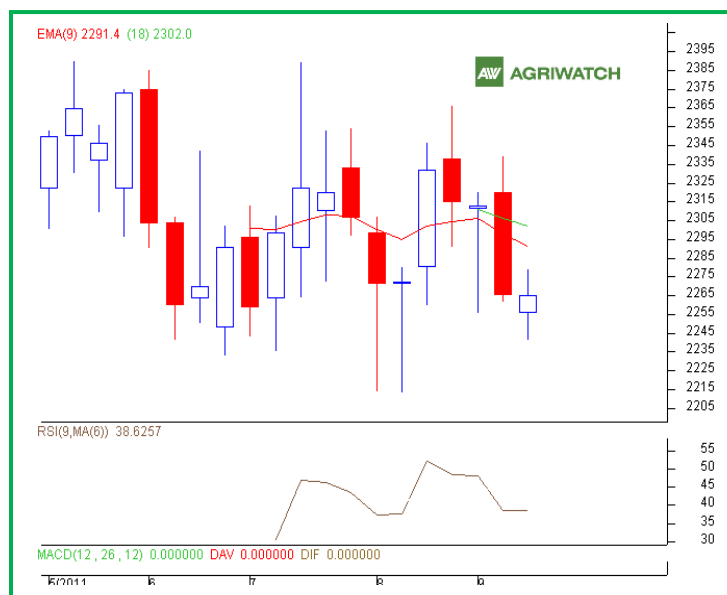


Soybean crush parity continues to get stronger on higher revenue in meal followed by good overseas exports demand. Currently, the weekly crush margin has jumped to Rs469/MT compared to Rs180/MT a week ago. The parity is much above last year's monthly average and even above the 3 year monthly average.

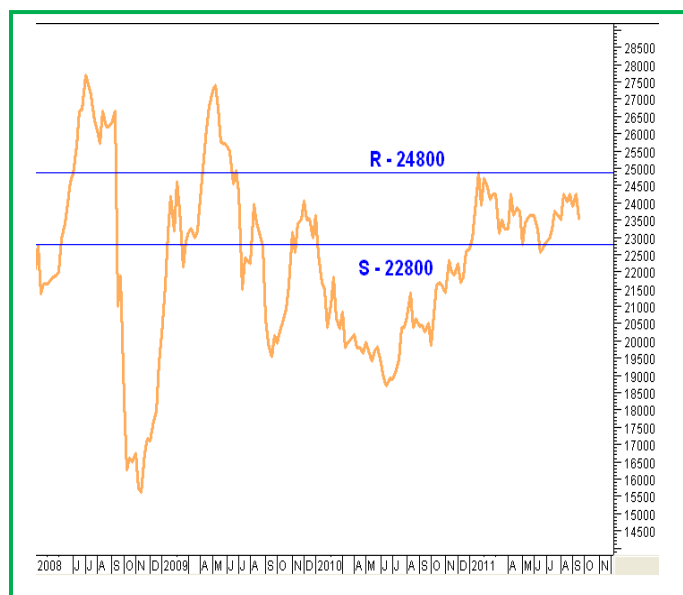
The rising trend in crush margin is seen as a supportive factor for soybean crush in near-term.

Technical Analysis:

NCDEX Soybean Futures (Oct.)



Soybean Spot, Indore



*In Rs/MT

Supports & Resistances NCDEX Oct Soybean

S2	S1	PCP	R1	R2
2214	2233	2265	2290	2308

- The candlestick chart pattern features prices in down-trend.
- Prices closed below 9-day and 18-day EMA supporting bearish 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 2210 – 2230 levels.
- **Trade Recommendation (NCDEX Soybean - Oct) – 1 week:** Sell on rise towards 2270 – 2285 levels. T1 – 2215; T2 – 2230; SL – 2310.
- **Spot:** We recommend **Sell** on rise towards 2460– 2470 levels.

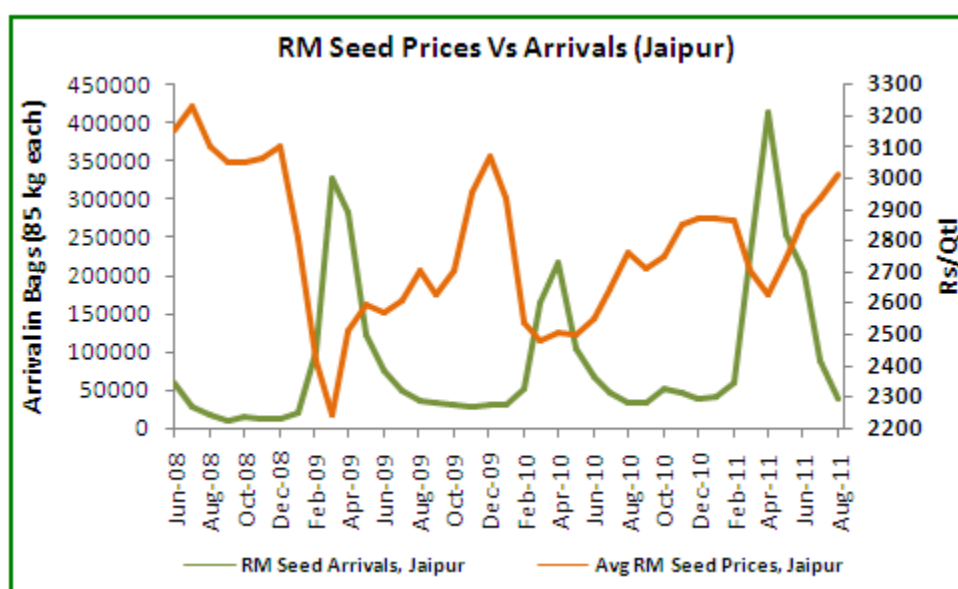
Rapeseed - Mustard Seed

RM seed prices fell on weak buying pressured by soybean during the week in review. However, the RM seed fundamentals remain strong in medium-term. The RM seed may face downward pressure with mounting seasonal harvest pressure in soybean in near-term.

Rise in seasonal demand in RM oil in coming month will support the seed prices, indeed. Waning supplies in lean season against the millers demand in the seed will eventually keep the seed prices stronger.

The RM seed demand improves from the millers relatively with rise in RM oil usage between Nov – Jan.

RM Seed Prices Vs Arrivals, Benchmark - Jaipur



Arrivals during the period of review stood at 2,64,000 bags compared to 2,33,000 bags a week ago.

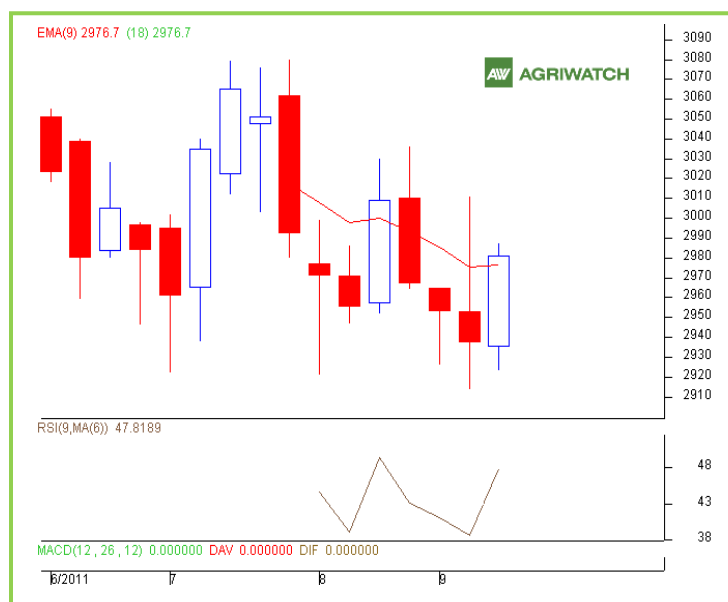
RM Seed Supply, Rajasthan

RM Seed Arrivals in Rajasthan in Bags (85 kg each).		
Weekly Arrivals	1 Week Ago	Corresponding Period Last Year
2,64,000	2,33,000	1,50,000

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
2900	2914	2981	3012	3030

- The candlestick chart pattern reveals buying support in the in RM seed.
- Prices closed above 9-day and 18-day EMA supporting bullish momentum.
- The price indicators and oscillators reflect prices to gain during the week. The RM seed prices are expected to gain and move towards 3010 levels.
- **Trade Recommendation (NCDEX RM SEED - Oct) – 1 Week:** Buy on dips towards 2905 – 2910 levels. T1 – 2990; T2 – 3010; SL – 2950.

RM Seed Spot: In spot the RM seed prices are expected to gain during the week towards 3120 – 3130 level. We recommend **Buy** on dips.

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