

Executive Summary

The domestic oilseeds and oilmeal prices witnessed fall on multiple factors during the week under review. Commencement of domestic seasonal soybean harvest, global economic worries and fall in crude pressured the market.

Much needed clear weather in key growing soybean regions remained favourable for harvesting the soybean crop in all the key growing states. The arrivals in Madhya Pradesh and Maharashtra are gaining momentum and expected to pick-up by second week of October. However, the new crop harvesting is expected gain momentum after second week of October and arrivals are likely to pick-up in late October or early November.

RM seed prices were pressured by soybean but the losses were limited due to some buying support from millers during the period of review. Overall the RM seed fundamentals remain strong as the RM oil usage tends to increase with the start in festivities from October onwards.

Sluggish buying activity featured in the domestic oilmeal market in anticipation of further fall in the prices. The overseas buyers are also hesitant to buy due to higher dollar.

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 marked consecutive losses during September after 31 August due to rise in dollar and fall in crude attributed to global economic worries. Sluggish buying activity featured in US soybean market as buyers remained cautious during the period.

In a significant development, the commencement of US soybean harvesting is reported during the period of review. In the official US crop progress report, Harvesting is reported at 5% compared to 5 year average of 11%. Dropping Leaves is reported low at 58 per cent against 5 year average of 68 per cent. The crop is rated Good to Excellent condition at 53 per cent as against 63 per cent last year.

Lower temperature in the northern US soybean growing areas is threatening the immature soybeans crop. The current temperature in US soybean growing belt is ranging between 3 – 16°C compared to 5 – 13°C a week ago.

At the early stage the US soybean crop was negatively affected by higher temperature but now the farmers feel falling temperature may affect the crop in northern part of US.

China: China's soybean crushings improved by an average 5.3 Mn T in the three seasons until 2010/11. China's import dependence in the oilseeds is rising alarmingly.

Oilseed Prices at Key Spot Markets:

Commodity	Centre	Prices (Rs/Qtl)		Change
Soybean		24-09-11	17-09-11	
	Indore –Plant	2225-2280	2340-2370	-90
	Indore –Mandi	2160-2200	2200-2260	-60
	Nagpur-Plant	2200-2225	2400-2500	-275
	Nagpur – Mandi	2000-2200	2380-2450	-250
	Kota-Plant	2200-2240	2300-2350	-110
	Kota – Mandi	2150-2225	2225-2300	-75
	Bundi-Plant	2230-2240	2320-2335	-95
	Bundi-Mandi	2200-2225	2275-2300	-75
	Baran-Plant	-	-	-
	Baran-Mandi	2200-2225	-	-
	Bhawani Mandi Jhalawar – Kota Plant Delivery	2200-2250	2325	-75
	Jhalwar-Mandi	2150-2200	2225-2250	-50
Rapeseed/Mustard	Jaipur – C	3000-3005	3000-3005	Unch
	Alwar – C	2900	2900	Unch
	SriGanganagar (NC)	2550	2535	+15
	Kota	2600	-	-
	Neewai	3050	3000	+50
	Delhi– C	3075	3010	+65
	Hapur (UP)	-	3025	-
Groundnut Seed	Rajkot	675	740	+65
	Junagarh	-	-	-
Sunflower Seed	Latur	-	29000-31500	-
	Gulbarga	-	-	-
	Solapur		32500-35000	-

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
Soybean		24-09-11	17-09-11	
	Madhya Pradesh	70000	45000	+25000
	Maharashtra	20000	8000	+12000
	Rajasthan	8000	6000	+2000
	Bundi (Raj)	30	60	-30
	Baran (Raj)	250	200	+50
	Jhalawar (Raj)	200	300	-100
Rapeseed/Mustard	Rajasthan	43000	45000	-2000

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

Centers	Ex-factory rates (Rs/ton)		
	24-09-11	17/9/2011	Parity To
Indore (MP)	16800	17000	Gujarat, MP
Kota	17000	17000	Rajasthan, Del, Punjab, Haryana
Akola	17500	17700	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Hingoli	18200	18600	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Nanded/Latur	18200	18600	Andhra, AP, Kar, TN
Dhulia/Jalna	18300	18200	Mumbai, Maharashtra
Nagpur (42/46)	18000	18200	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Sangli	18200	18500	Local and South
Solapur	18100	18200	Local and South
Bundi	16800	17000	-

Soy DOC at Port

Centers	Port Price	
	24-09-11	17/9/2011
Kandla (FOR) (INR/MT)	18000-18300	18300-18400
Kandla (FAS) (USD/MT)	363-368	387-389

International Soy DOC

Argentina FOB \$/MT	24-09-11	17/9/2011	+/-
Soybean Pellets	344	361	-17
Soybean Cake Meal	344	361	-17
Soybean Meal	352	369	-17
Soy Expellers	352	369	-17

Sunflower Meal Rates

Centers	Ex-factory rates (Rs/ton)		
	24-09-11	17/9/2011	Change
Adoni	14100	14200	-100
Khamgaon	13200	13200	Unch
Latur	13700	13800	-100
Parli	13900	13900	Unch

Groundnut Meal

Groundnut Meal	24-09-11	17/9/2011	Chg
Basis 45% O&A, Saurashtra	14500	15600	-1100
Basis 40% O&A, Saurashtra	15500	14600	+900
GN Cake, Gondal	16500	16500	Unch

Mustard DOC/Meal

Mustard DOC/Meal	24-09-11	17/9/2011	Chg
Jaipur (Plant Delivery)	7400	7350	+50
Kandla (FOR)	8450	8250	+200
Sri Ganganagar	955	960	-5

Planting Progress – Oilseeds, India

All India *Kharif* oilseeds area is up 3.23% as of last reports received. The overall area under *Kharif* oilseeds is reported at 178.6 lakh hectares compared to about 173.02 lakh hectares during the corresponding period last year.

The groundnut planting has most suffered by 12.5% mainly due to scanty rains during the ideal time for planting in the states of Gujarat, Karnataka and Andhra Pradesh.

All India soybean planting has increased by 11% and reported at 103.36 lha compared to 93.2 lha during the same 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	Maturity	Good
Maharashtra	Maturity	Excellent
Rajasthan	Pod formation/Maturity	Excellent
*Condition with respect to disease, pest and abiotic stress		

The new soybean crop arrivals are picking-up in the states of Madhya Pradesh and Maharashtra. Clear weather over the growing states has helped in boosting the harvest. We expect the arrival pressure to mount in the first week of October.

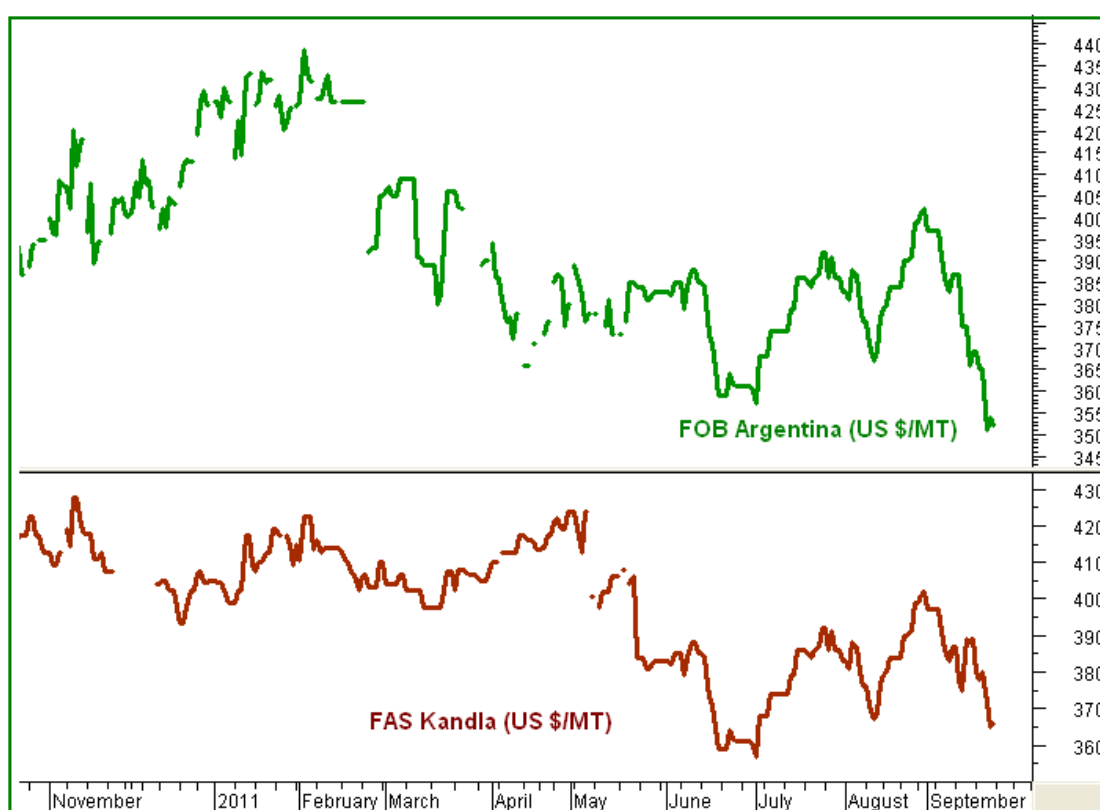
The new crop arrivals have commenced in some mandis of Rajasthan but in very negligible quantity. The moisture content in the new soybean crop of various mandis of Rajasthan is reported between 14%-17% in Bundi, 8%-10% in Baran and 10%-30% in Jhalawar. The new crop supplies in Rajasthan are expected to pick-up in late October.

Overall, the crop condition is reported to be normal in major soybean growing states. Clear weather in coming days will help in timely maturation and harvesting in the crop in near-term. Apart from some crop damage in MP and Rajasthan due to incessant rain during pod-formation and maturation stage there is no threat to 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)

Soy meal featured weak sentiments on dull trade activity during the week under review. The overseas soy meal buyers seemed hesitant in buying the meal from Indian in view of higher dollar and in anticipation of further fall in the meal prices on the back of peak season.

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.



The price spread between Indian and Argentine soy meal remained almost at par during the week on review.

The average weekly soy meal spread between FAS Kandla and FOB Argentina is around US \$17/MT compared to US\$16/MT previous week. * (**FAS Kandla less FOB Argentina**)

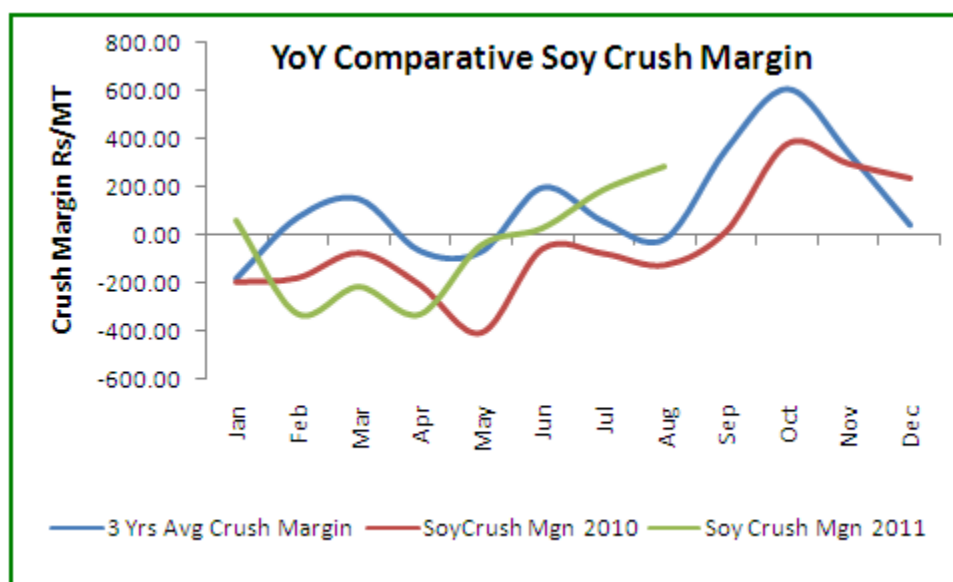
We feel the spread to soften further and could be witnessed around US \$10/MT, in the days ahead (near to medium-term).

Continued rise in crush parity in on better returns from soy meal as well in soy oil remained positive factor for domestic soy meal market supported by better overseas exports of the meal. The strong crush margin remained encouraging for the solvent extractors in crushing the beans.

We feel the soy meal fundamentals are strong in near-term with expected rise in the overseas shipments and domestic usage in late October. The domestic meal usage increases in late October with increase in poultry production. We expect the factors will eventually lend the support to higher soy meal prices in medium-term.

It is advised 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



Currently, the weekly crush margin has jumped to Rs790/MT compared to Rs469/MT a week ago. The crush parity is significantly above last year's monthly average and even above the 3 year monthly average.

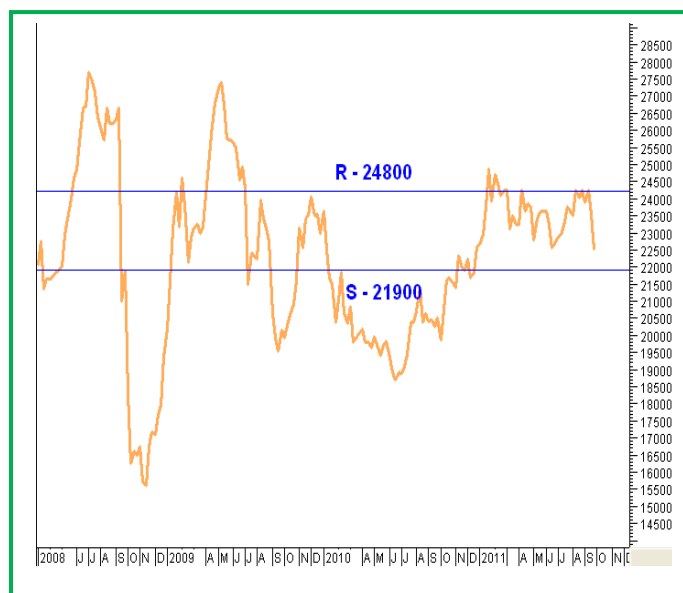
The improving trend in crush margin is seen as a supportive factor for soybean crush in near-term.

Technical Analysis:

NCDEX Soybean Futures (Oct.)



Soybean Spot, Indore



*In Rs/MT

Supports & Resistances NCDEX Oct Soybean

S2	S1	PCP	R1	R2
2167	2187	2209	2231	2256

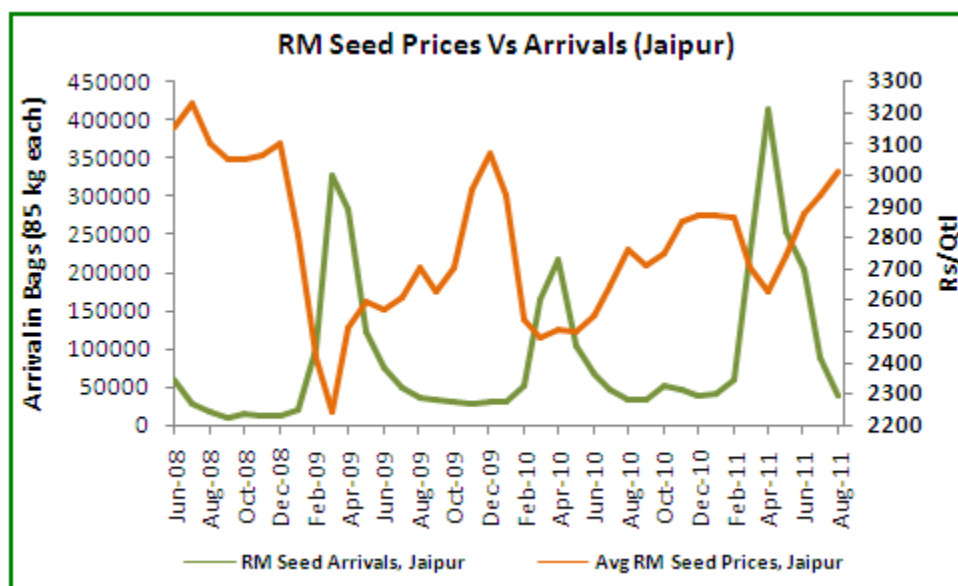
- The candlestick chart pattern features prices in down-trend.
- Prices closed below 9-day and 18-day EMA supporting bearish momentum in near and medium-term.
- Oscillators and price indicators indicate prices to fall during the week. The soybean prices are likely to remain range-bound with weak-bias and are expected to move towards 2180 – 2185 levels.
- **Trade Recommendation (NCDEX Soybean - Oct) – 1 week:** Sell on rise towards 2220 – 2230 levels. T1 – 2170; T2 – 2180; SL – 2253.
- **Spot:** We recommend **Sell** on rise towards 2250 – 2300 levels.

Rapeseed - Mustard Seed

RM seed prices were pressured by the weakness in international oil and fats market and lower soybeans. However, the RM seed fundamentals are seen strong in medium-term. The RM seed prices are expected to face downward pressure with soybean harvesting pressure in near-term.

But expected increase in seasonal demand in RM oil in coming month will support the seed prices, indeed. Declining supplies in lean season against the millers demand in the seed will eventually keep the seed prices stronger. The RM seed demand rises from the millers relatively with rise in RM oil usage between Nov – Jan.

RM Seed Prices Vs Arrivals, Benchmark - Jaipur

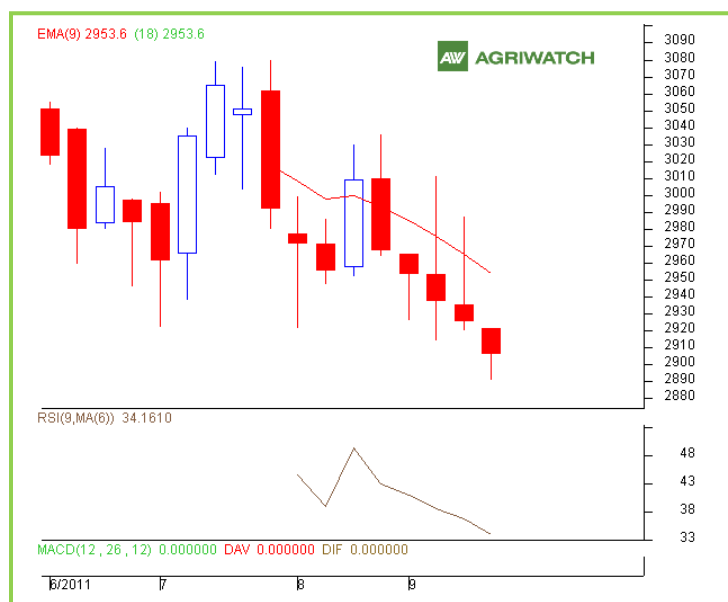
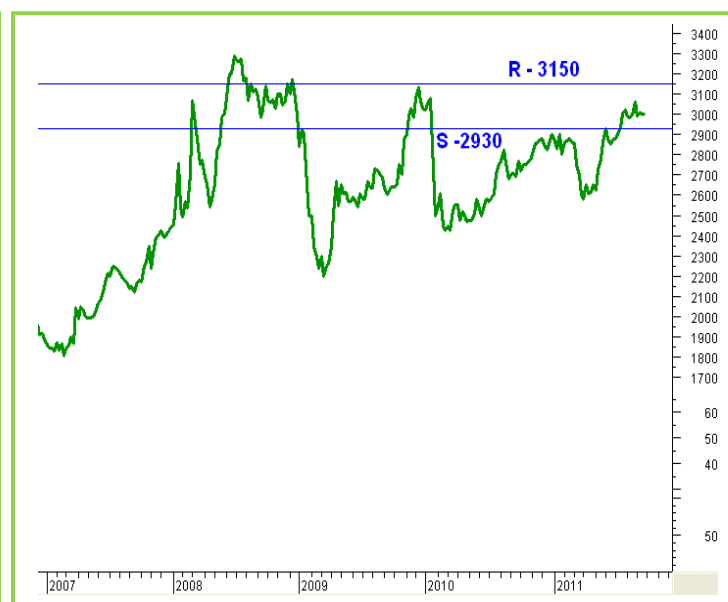


Arrivals during the period of review stood slightly higher at 2,70,000 bags compared to 2,64,000 bags a week ago.

RM Seed Supply, Rajasthan

RM Seed Arrivals in Rajasthan in Bags (85 kg each).		
Weekly Arrivals	1 Week Ago	Corresponding Period Last Year
2,70,000	2,64,000	1,65,000

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
2876	2891	2906	2921	2936

- The candlestick chart pattern reveals selling pressure in the market.
- 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 2890 levels.
- **Trade Recommendation (NCDEX RM SEED - Oct) – 1 Week:** Sell on rise towards 2910 – 2920 levels. T1 – 2900; T2 – 2895; SL – 2923.

RM Seed Spot: In spot the RM seed prices are expected to fall during the week towards 2925 – 2935 level. We recommend **Sell** on rise.

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>
 © 2005 Indian Agribusiness Systems Pvt Ltd.