

Executive Summary

Domestic oilseeds and meal prices fell on seasonal soybean harvest pressure and global economic worries during the month under review.

Clear weather over key soybean growing regions in recent days supported the harvesting of the domestic crop. Continued rise in dollar and intermittent fall in crude kept the overseas traders hesitant, leading to dull buying activity. This subsequently affected the soy meal export during the period.

The new soybean supplies in Madhya Pradesh and Maharashtra are gaining momentum and expected to pick-up by second week of October. However, in Rajasthan 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 featured weak note 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, medium to long-term, as the RM oil usage tends to increase with the start in festivities from October onwards.

The soy meal fundamentals weakened due to Navratras in late September and early September when the domestic poultry demand reduces. Renewed demand in soy meal is expected in late October with active overseas buying and increase in domestic usage followed by rise in poultry production.

Planting Progress – Oilseeds, India

The Kharif oilseeds have been sown in 179.59 lakh hectares up 2.74% compared to about 174.80 lakh hectares in the corresponding period last year.

The *Kharif* oilseeds plantings have got completed. The groundnut plantings have suffered the most. About 12.5% less sowing is reported in GN this season. Poor plantings in the GN seed are attributed to deficit rains during the period of sowing over the growing states of Gujarat, Karnataka and Andhra Pradesh.

Soybean is the leader among all the oilseeds in planting and it's sowing is up by 11% and reported at 103 lha compared to 93.27 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%

The oilseeds planting progress in Rajasthan and Maharashtra is above previous year's coverage supported by timely and adequate rains over the states. Oilseeds plantings in Andhra Pradesh has badly hit by 18% due to scanty rains over the state.

Soybean

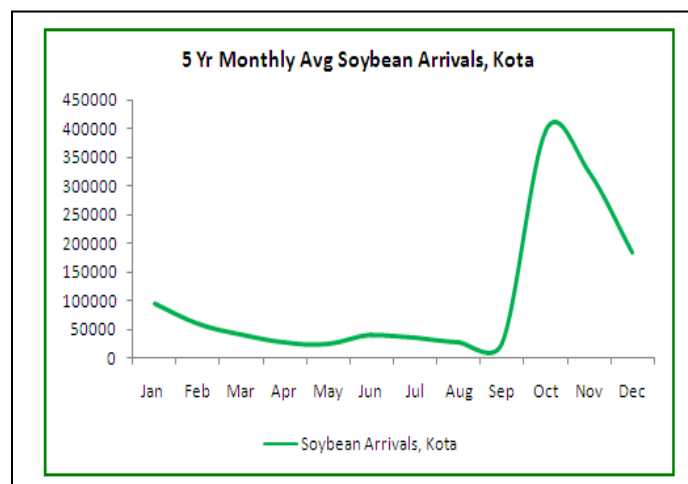
As per trade sources the beginning soybean stock of the current oil year is quite negligible this season due to higher crushing of the beans followed by better overseas soy meal demand. The estimated stock stands at around 1.5-2.5 lakh tones.

The domestic soybean harvesting is under-way and the new soybean crop arrivals have commenced across the major markets of Madhya Pradesh, Maharashtra and Rajasthan and gaining momentum. As per seasonality the soybean market is expecting arrival pressure to mount from 15 of October thru 25 October, despite 7-10 day delay in harvesting due to extended rains. This is due to the Diwali festival when the farmers are usually seen offloading their produce to liquidate ahead of the festival.

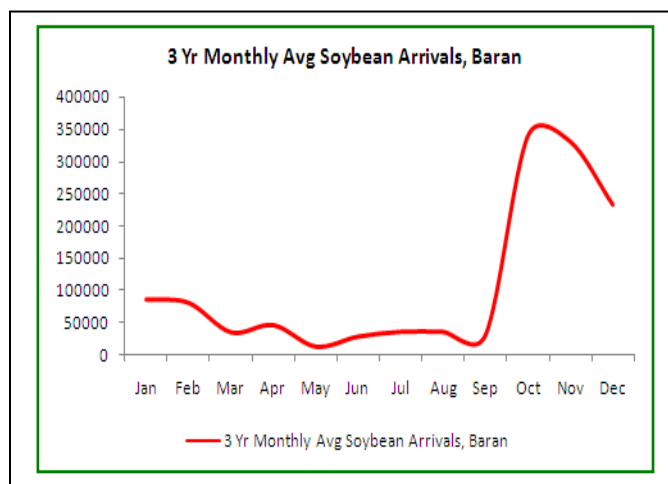
The moisture content from the bean is fast depleting and currently reported between 8-15 per cent in various growing regions.

Soybean Arrival Pattern in Rajasthan Market

Kota



Baran



The past trend reveals, the peak soybean arrival pressure is witnessed between 15 th October – 20 th October. The arrival pressure is gradually picking-up in Madhya Pradesh, Maharashtra and Rajasthan which will subsequently exert pressure on the bean prices during the period, and may see the lowest levels of the season.

The major market players like Cargill, Ruchi, Noble grains, Adani and Bungee have already entered in the market.

Soybean Crop Production Forecast – India

State	Area (lha)	Yield (kg/ha)	Production (L MT)	% Change
Madhya Pradesh	57.3	1134	64.9	6.5

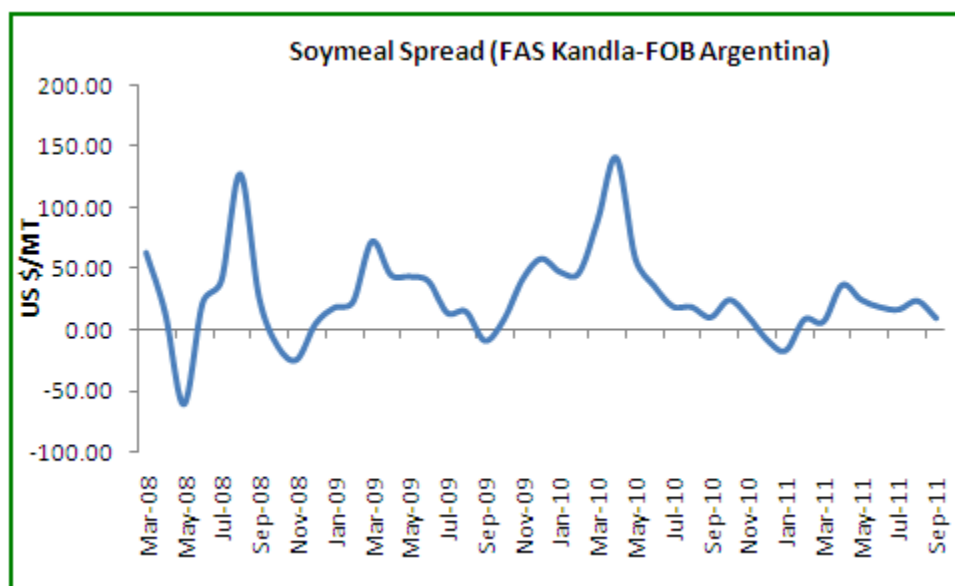
Maharashtra	31	1156	35.8	30.1
Rajasthan	9	1373	12.4	61.8
Total India	103.34	1163	120.1	18.7

Considering the our new soybean yield estimated at 1163 kg/ha, we have pegged India's soybean we have slightly revised our output estimate downwards to 12.01 Mn T (120.1 lt) from our previous 12.3 Mn T. As per trade the India's soybean output is projected at 12.5 Mn T.

Soy meal- FAS Kandla Vs FOB Argentina (Spread)

The global economic crisis has lead the overseas buyers cautious to buy meal from India. Weakness in US and EU markets warrants fall in US soy market which may further lead to losses in Latin American meal. The major soy meal buyers (Far East and South East Asia) from India are waiting for the US and Latin American soy meal market to ease to en-cash the spillover impact on Indian meal market. Indian meal prices will soften if meal prices ease in US of LatAm.

India's average soybean production is increasing by around 10% and so the average Indian soy meal exports to overseas are seen rising in the similar rate. India exported 41,26,699 MT of soy meal during the oil year Oct 2010 to Sep 2011. Considering the India's rise in soybean production by around 19% we can estimate India's soy meal shipments at 49,10,772 MT in the oil year 2011-12.



*FAS, Kandla less FOB Argentina

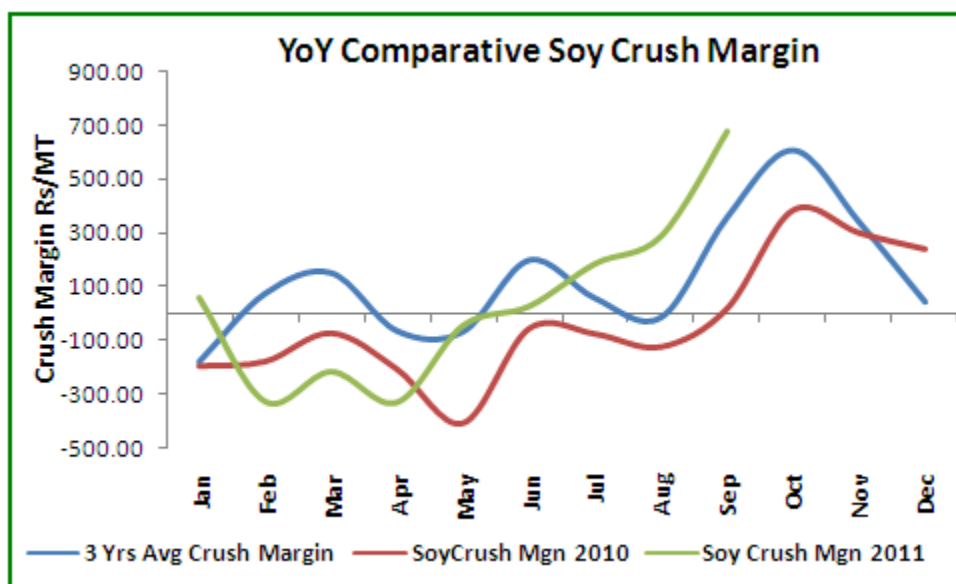
As expected the soy meal price spread between India and Argentina narrowed during September. The average monthly spread between FAS Kandla and FOB Argentina is resulted at US \$10/MT compared to US \$24/MT in Aug. The current spread level is considered as comfortable level for forward booking.

Rising trend in soybean crush parity in positive zone and relatively good overseas soy meal exports compared to last year remained encouraging to the solvent extractors.

Recommendation: Given the fact that US is harvesting considerably a good soybean crop and weakness in global economy the meal prices will soften in US market which will spillover impact on South American and Indian meal prices leading to competitiveness.

The India meal exporters are advised to aggressively look towards Far East and South East Asian countries as the region is closely watching Indian meal market.

Soy meal Dynamics and Crush Margin



Soybean crush parity has significantly jumped primarily attributed to better revenue in soy meal followed by higher soy meal exports during the season. India witnessed better soy meal shipments even during lean season.

The current soybean crush parity is substantially above the corresponding period last year and even above 3 year monthly average.

The monthly, September, soybean crush margin is ruling around Rs677/MT compared to Rs289/MT last month. The margin remained supportive for soybean crush in near-term.

Expected Price Range in Soy Complex During October:

Commodity	Price Range	Crush Margin
Soybean	20000-20500	1294

Soy Meal	15500-16000	
Soy Oil	54200-57400	

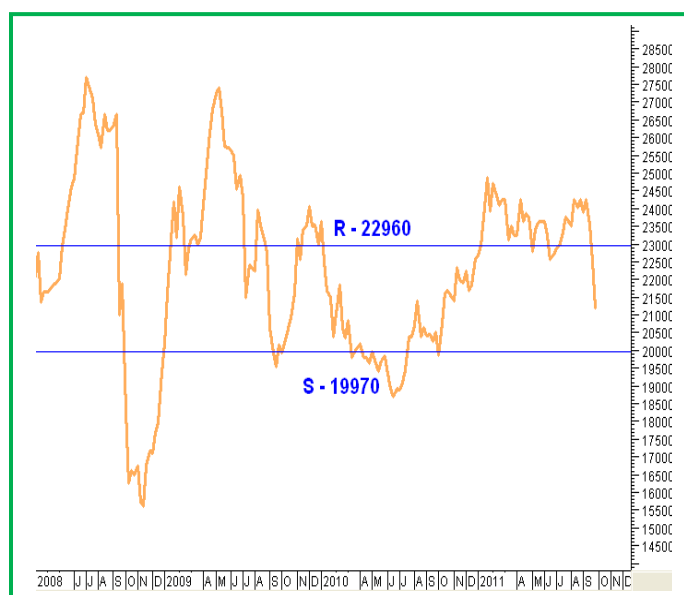
During the month of October we expect soybean, meal and soyoil to soften and may witness the price levels indicated in the table above. Considering the levels we the average soybean crush margin in October is expected to be around Rs1280-1290/MT.

Technical Analysis:

NCDEX Soybean Futures (Nov.)



Soybean Spot, Indore



*In Rs/MT

Supports & Resistances NCDEX Nov Soybean				
S2	S1	PCP	R1	R2
1976	2000	2129.5	2227	2325

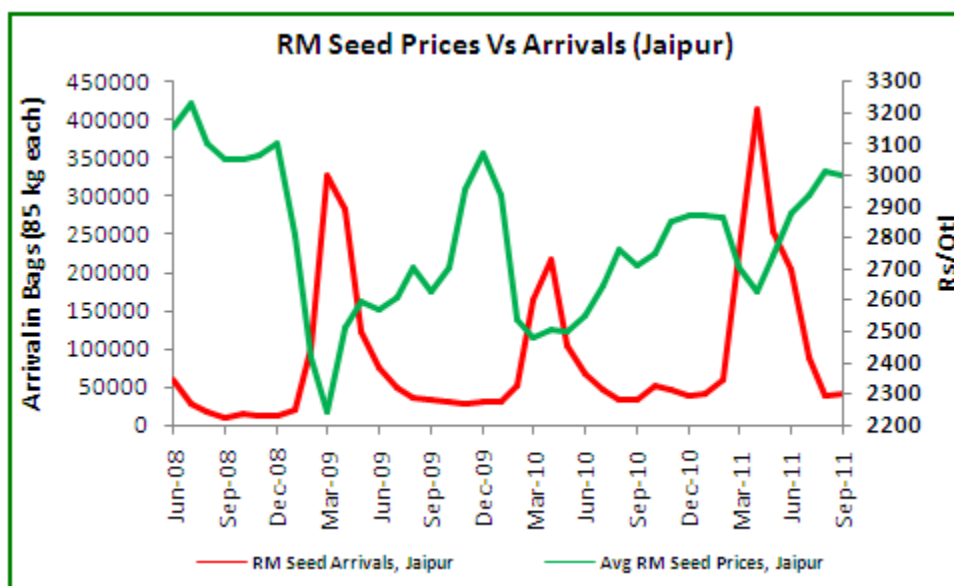
- The Monthly candlestick chart pattern featured selling pressure in the market.
- Prices closed below 9-day and 18-day EMA supporting bearish momentum.
- Oscillators and price indicators indicate prices to fall during the month and are expected to move towards 2000 – 1990 levels.

- **Trade Recommendation (NCDEX Soybean - Nov) – 1 Month:** Sell on rise towards 2180 – 2200 levels. T1 – 2000; T2 - 1980; SL - 2200.
- **Spot:** We recommend **Sell** on rise towards 2270–2280 levels.

Rapeseed - Mustard Seed

RM seed prices featured losses pressured by seasonal soybean harvest coupled with weak international market. The market will continued to get mild pressure in near-term but renewed RM oil buying ahead of the festival Diwali will lend support to the seed prices. The RM seed millers are seen making trade enquiries in the seed ahead due to festivities in the month of October.

RM Seed Prices Vs Arrivals, Benchmark - Jaipur



Arrivals during September declined to 10,54,000 bags compared to 9,29,000 bags in August.

RM Seed Supply, Rajasthan

RM Seed Arrivals in Rajasthan in Bags (85 kg each).		
Monthly Arrivals–Sep	1 Month Ago	Corresponding Period Last Year
10,54,000	9,29,000	7,70,000

The RM oil demand surges between late Oct – Jan on seasonal demand, this is the period when the seed prices surge in cash market.

Expected Price Range and Crush Margin – RM Seed Complex (Rs per MT)

Jaipur

Commodity	Price Range	Crush Margin
RM Seed	29100-29200	-1977
Rape Extract	6800-6900	
RM Oil	61500-62000	

Sri Ganganagar

Commodity	Price Range	Crush Margin
RM Seed	24800-24900	3141
Rape Extract	8900-9000	
RM Oil	60500-61000	

Alwar

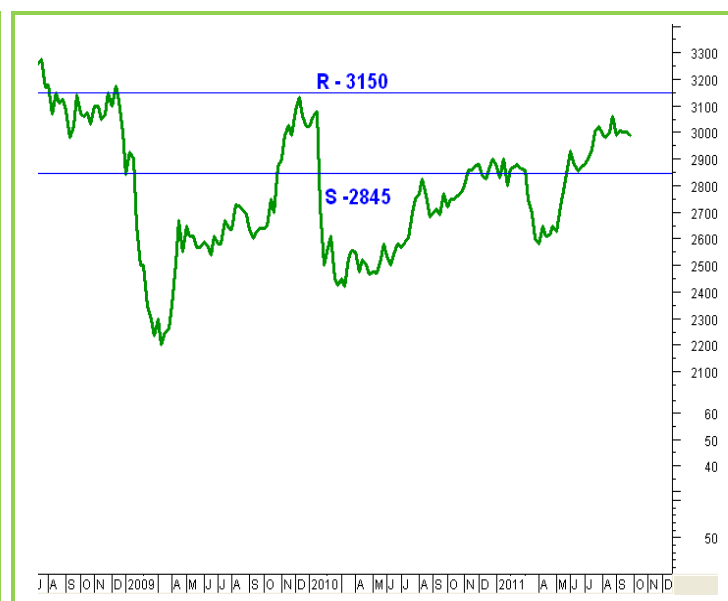
Commodity	Price Range	Crush Margin
RM Seed	27800-27900	803
Rape Extract	6600-6700	
RM Oil	61000-61500	

Technical Analysis:

NCDEX RM Seed Futures (Nov.)



RM SeedSpot, Jaipur



Supports & Resistances NCDEX Nov RM Seed

S2	S1	PCP	R1	R2
2592	2700	2813	2967	3122

- The monthly candlestick chart pattern reveals sharp fall in the prices.
- Prices closed below 9-day and 18-day EMA supporting bearish momentum.
- Price indicators and oscillators reflect prices will slightly ease during the month. The RM seed prices are expected to fall and move towards 2690 – 2700 levels.

- **Trade Recommendation (NCDEX RM SEED - Nov) – 1 Month:** Sell on rise towards 2940 – 2950 levels. T1 – 2690; T2 - 2680; SL - 2955.

RM Seed Spot: In spot the RM seed prices are expected to fall during the month towards 2845 level. We recommend **Sell** on rise towards 3130 – 3140 levels.

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