

**Executive Summary**

Overall, the oilseeds and meal prices firmed-up during the week under review supported by good buying after the lull trade during festivities.

Soybean harvesting is underway and nearing completion. Market participants are anticipating the supplies to increase in near-term. On the other hand growing tendency of holding the produce among farmers may restrict the supplies. There are several farmers who are not eager to off-load their beans at the current price level who are likely to gradually liquidate their stocks with surge in prices.

Big soybean market players have entered the market and are expected to increase their buying to stock in near-term. Their active participation in the market will lend support to the prices at higher levels.

The RM seed plantings have begun and have picked-up the pace after festivities in major growing states, Rajasthan, Uttar Pradesh, Haryana, Punjab and others. The RM seed prices are expected to get stronger with the rise in millers demand to meet the renewed seasonal RM oil demand in days ahead. Hence, the seed fundamentals remain bullish in near and medium-term. The seed prices mostly remained soft in tandem with soybean during the period on bearish fundamentals.

Sluggish buying activity kept the meal prices lower but likely overseas and seasonal domestic demand in near-term is expected to support the prices at higher levels in near-term. The forward booking in soy meal from overseas is on and they are expected to increase in near to medium-term in view of attractive Indian meal prices compared to South American. Besides, domestic soy meal buying is set to increase with the rise in seasonal poultry production.

**International**

**USDA Report:** In its monthly World Agriculture Demand and Supply Report USDA has cut the soybean yield to 41.3 bushel per acre from earlier 41.5 bushels. This translates into lower US soybean outturn of 3046 million bushels compared to 3060 last estimate and much lower compared to the estimated last year's production of 3329 million bushels.

The lower projected production will eventually lead to stronger US soybean price which will subsequently lend spillover support to Indian soybean prices too.

**Brazil:** Reportedly dry weather in several regions of Mato Grosso and Mato Grosso do Sul as well as in some southern regions is likely to negatively affect the Brazilian soybean crop.

**Oilseed Prices at Key Spot Markets:**

Commodity	Centre	Prices (Rs/Qtl)		Change
<b>Soybean</b>		<b>12/11/2011</b>	<b>05/11/11</b>	
	Indore –Plant	2165-2200	2190-2225	<b>-25</b>
	Indore –Mandi	2075-2110	2060-2125	<b>-15</b>
	Nagpur-Plant	2075-2120	2150-2190	<b>-70</b>
	Nagpur – Mandi	2000-2070	2000-2100	<b>-30</b>
	Kota-Plant	2150	2150-2180	<b>-30</b>
	Kota – Mandi	2080	2060-2100	<b>-20</b>
	Bundi-Plant	2160-2165	2170-2190	<b>-25</b>
	Bundi-Mandi	2000-2070	2080-2100	<b>-30</b>
	Baran-Plant	2140-2150	2100-2150	<b>Unch</b>
	Baran-Mandi	2075	2040-2075	<b>Unch</b>
	Bhawani MandiJhalawar – Kota Plant Delivery	2150-2175	2170-2175	<b>Unch</b>
	Jhalwar-Mandi	2040-2075	2050-2075	<b>Unch</b>
<b>Rapeseed/Mustard</b>	Jaipur – C	3110-3115	3045-3050	<b>65</b>
	Alwar – C	3025	2975	<b>50</b>
	SriGanganagar (NC)	2620	2630	<b>-10</b>
	Kota	2700	2700	<b>Unch</b>
	Neewai	3100	3040	<b>60</b>
	Delhi– C	3100	3075-3080	<b>20</b>
	Hapur (UP)	3150	3140	<b>10</b>
<b>Groundnut Seed</b>	Rajkot	660	660	<b>Unch</b>
	Junagarh	-	-	
<b>Sunflower Seed</b>	Latur		-	
	Gulbarga	27000-31000	28000-32000	<b>-1000</b>
	Solapur	29500-30500	30500-32000	<b>-1500</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
		Current Week	Previous Week	
Soybean				
	Madhya Pradesh	1090000	2950000	-1860000
	Maharashtra	895000	1285000	-390000
	Rajasthan	500000	1080000	-580000
	Bundi (Raj)	45000	100000	-55000
	Baran (Raj)	103000	240000	-137000
	Jhalawar (Raj)	30000	43000	-13000
Rapeseed/Mustard	Rajasthan	191000	248000	-57000
*Sum Arrivals during the week.				

**Crop Progress, India**

The soybean harvesting is underway and it is nearing completion, by mid November, in Madhya Pradesh and Rajasthan. It is done in Maharashtra.

In the recent official planting report, India's Rabi oilseeds planting is complete in 50.5 lakh hectares up 0.9 per cent compared to 50.0 lha during the corresponding period last year.

Area in lakh hectares

Crop	As on 11th November 2011	As on 11th November 2010	% Change
Rapeseed & Mustard	44.2	42.1	4.9
Groundnut	1.3	1.6	-15.7
Sunflower	1.8	2.3	-23.1
<b>Total Oilseeds</b>	<b>50.5</b>	<b>50.0</b>	<b>0.9</b>

The RM seed planting is leading among the major Rabi oilseeds and the sowing is up 5 per cent at 44.2 lha compared to 42.1 lha during the same period last year. However, higher MSP for RM seed (Rs1850/Qtl) is encouraging farmers to go for higher coverage for the same. Reportedly Wheat area has been shifted to RM seed, Chana and Garlic in Rajasthan, Uttar Pradesh and M.P. Though it is early to comment on the RM seed area coverage but there is likely increase in RM seed area this year.

However, Groundnut and Sunflower planting is yet to pick-up in near-term. Weather remains favourable for the Rabi oilseeds sowing in various states.

## Soybean

The soybean arrivals in Madhya Pradesh are below expectations and are currently ranging between 4.5-5.5 lakh per day. Earlier it was anticipated that the arrivals will significantly surge to 7-8 lakh bags after Diwali.

Lower than expected arrivals is attributed to the farmers holding their produce and are expected to off-load when the prices get stronger. Currently, the soybean prices of Madhya Pradesh are quoted higher as compared to the prices of Maharashtra and Rajasthan.

The big market players (ADM, Cargill, Noble, LD, ITC and others) in Madhya Pradesh are gradually gearing up to procure the beans to stock, they looking for the competitive price in recent days. Most of the crushing plants in Madhya Pradesh have begun their operations with entry of big market players after festivities.

In Rajasthan the major players (Cargill, Ruchi, Noble grains, Adani and Bungee) had already started active buying in seed before Diwali for crushing and for their future stock. The farmers in Rajasthan and even Maharashtra feel that the bean prices are lower

We expect slow farmers selling and likely rise in seasonal edible oil and meal usage will push up the soybean prices in near to medium-term.

### Soybean Crop Production Forecast – India

State	Area (lha)	Yield (kg/ha)	Production (L MT)	% Change
<b>Madhya Pradesh</b>	57.3	1134	64.9	6.5
<b>Maharashtra</b>	31	1156	35.8	30.1
<b>Rajasthan</b>	9	1373	12.4	61.8
<b>Total India</b>	<b>103.34</b>	<b>1163</b>	<b>120.1</b>	<b>18.7</b>

We have kept India's soybean crop outturn estimate intact at 12.01 Mt considering harvested area of 103.3 lha against projected yield at 1163 kg/ha.

However, trade expectations are even higher than 12.0 Mt in view of higher area and better yields this season in some major growing pockets of key cultivating states.

### India's Soybean Crop Estimates, 2011-12, by Various Trade Bodies:

*Fig in Million Tonnes*

AW	COOIT	SOPA	USDA
12.01	11.5	11.95	10.6

## Soy meal- FAS Kandla Vs FOB Argentina (Spread)

Sources reveal about 12-15 lakh tones of soy meal are booked for Dec shipments (combined CIF and CNF).

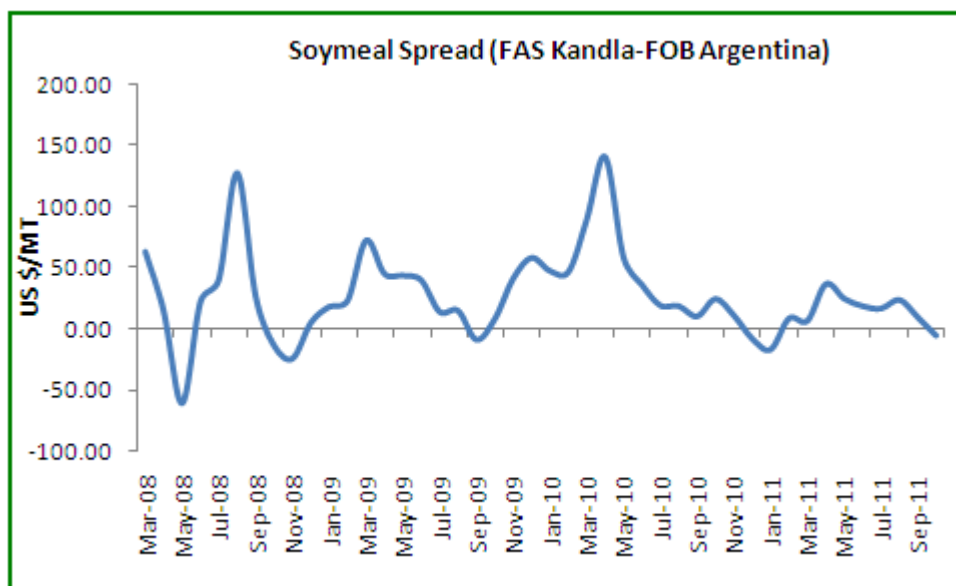
Currently the Indian soy meal prices are attractive compared to that of South America. We feel the traditional overseas soy meal buyers of Indian origin are still waiting for the prices to ease to book soy meal.

The soy meal export sales are slow as compared to the last year. October remained a consecutive fourth month after June when India registered lower soy meal exports compared to corresponding months (Jul. thru Oct.) last year.

India exported 2,23,594 MT of soy meal in October this year compared to 3,95,510 MT during the same period last year.

Soy meal exports to South-East and Far-East Asia along with other key destination is on but in slow pace.

Soy meal exports and domestic usage is expected to improve in near-term. Competitive Indian soy meal price compared to South America and likely rise in seasonal demand from poultry industry with the increase in poultry production will support the meal prices in near-term.



\*FAS, Kandla less FOB Argentina

As projected the soy meal price spread between India and Argentina further narrowed during October. The average monthly spread between FAS Kandla and FOB Argentina is resulted at US \$-5/MT compared to US \$10/MT in Sep.

**Recommendation:** The soy meal exporters are advised to look aggressively and market to traditional overseas buyers. Any dip in FOR, Kandla towards 16500-16800 is a viable level to go for buying. The soybean crushers are advised to increase crushing the beans to cater the likely rise in seasonal domestic demand too.

## Soy meal Dynamics and Crush Margin

<i><b>Avg Crush Margin – Oct 2011</b></i>	<i><b>Avg Crush Margin – Sep 2011</b></i>	<i><b>Avg Crush Margin – Oct 2010</b></i>	<i><b>Avg Crush Margin – Oct 2009</b></i>
<b>282</b>	<b>72</b>	<b>-1035</b>	<b>-1221</b>

Currently, the soybean crush margin is above last month and much above last couple of years, when there was disparity in crushing.

The higher crush margin remains supportive for the solvent extractors for crushing the seed. However, the crushers are not aggressively crushing the beans due to slow –down in the overseas soy meal. Any significant surge in overseas soy meal demand and commitment of delivery in future will lead in the rise in crushing the beans.

The average October, soybean crush margin is ruling around Rs282/MT compared to Rs72/MT last month. The margin remained supportive for soybean crush in near and medium-term.

However, if the soybean, meal and oil prices improve relatively then the crush margin may enter into the negative zone.

## Expected Price Range in Soy Complex During November:

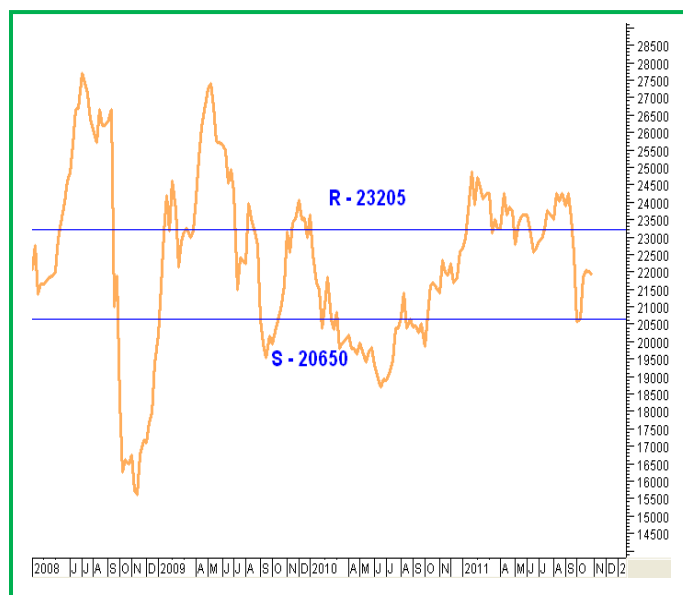
<b>Commodity</b>	<b>Price Range</b>	<b>Crush Margin</b>
<b>Soybean</b>	22400-22500	<b>-50</b>
<b>Soy Meal</b>	15900-16300	
<b>Soy Oil</b>	58000-60000	

## Technical Analysis:

### NCDEX Soybean Futures (Dec.)



### Soybean Spot, Indore



\*In Rs/MT

Supports & Resistances NCDEX Dec Soybean				
S2	S1	PCP	R1	R2
2100	2140	2223	2298	2345

- The candlestick chart pattern featured buying interest in the market.
- Prices closed below 9-day and 18-day EMA supporting bearish momentum.
- RSI is heading upwards in neutral region supporting gains. Prices are expected move upwards towards 2270 – 2290 levels.
- **Trade Recommendation (NCDEX Soybean - Dec)** –: Buy on dips towards 2160 – 2180 levels. T1 – 2270; T2 - 2290; SL - 2120.

**Trade Recommendation Soybean Spot:** We recommend buy on dips towards 2150–2160 levels.

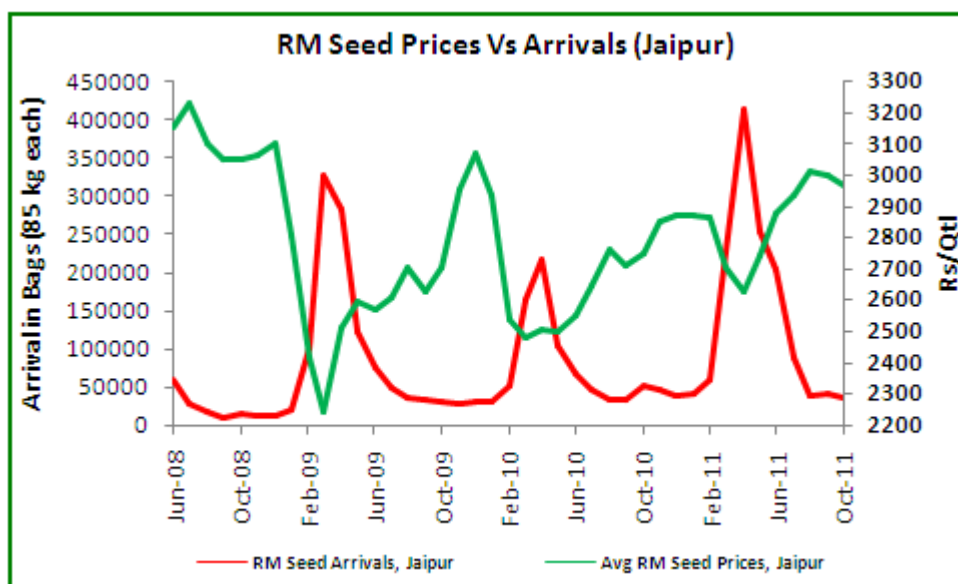
## Rapeseed - Mustard Seed

The RM seed prices fell during the month under review but slightly gained towards the end of the month due to festive demand. The prices eased due to lower than expected buying ahead of festivities.

In the major development, the RM seed planting is underway and it is complete in 44.2 lha compared to 42.1 lha in the corresponding period last year. The higher area of about 5% is attributed to shift of Wheat area in RM seed in the states of Rajasthan, UP and MP.

The final sown area in RM seed is expected to rise which will eventually increase the production in the seed this season.

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



Arrivals during September declined to 8,41,000 bags compared to 10,54,000 bags in September.

### RM Seed Supply, Rajasthan

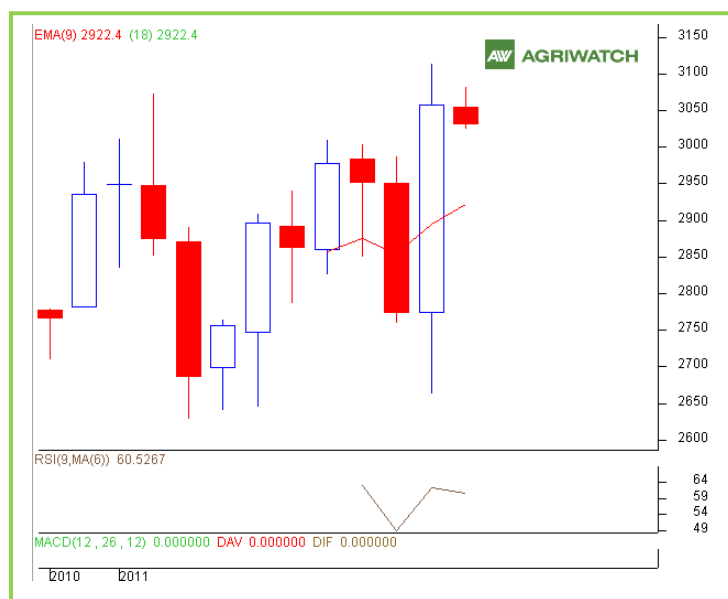
RM Seed Arrivals in Rajasthan in Bags (85 kg each).		
Monthly Arrivals–Oct	1 Month Ago	Corresponding Period Last Year
8,41,000	10,54,000	12,10,000

Several key RM seed markets remained closed during festivities which consequently lead to lower arrivals during the month compared to the previous month.

The RM oil usage improves between late Oct – Jan on seasonal demand, hence we expect the seed prices to surge in cash market during the period.

**Recommendation:** We recommend the market participants to buy RM seed at the current levels and off-load in Dec-Jan month above Rs3300/qtl level.



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

**RM Seed Spot, Jaipur**

**Supports & Resistances NCDEX Dec. RM Seed**

S2	S1	PCP	R1	R2
2864	2905	3057	3140	3170

- The monthly RM seed candlestick chart pattern reveals uptrend in prices.
- Prices closed above 9-day and 18-day EMA supporting bullish momentum.
- Price indicators and oscillators reflect prices will improve during the month. The RM seed prices are expected to gain and move towards 3110 – 3130 levels.
- **Trade Recommendation (NCDEX RM SEED - Dec):** Buy on dips towards 2950 – 3000 levels. T1 – 3110; T2 - 3130; SL - 2907.

**Trade Recommendation RM Seed Spot:** In spot the RM seed prices are expected to gain during the month towards 3110-3130 level. We recommend buy on dips towards 3030 – 3040 levels.

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