

Executive Summary

The domestic oilseeds and oilmeals prices edged –up on improved seasonal demand as expected. Seasonal rise in edible oil usage and slight increase in meal demand from poultry feed industry remained positive factors for the domestic oil and fats market.

Continued buying support in soybean from significant market players followed by improved crushing in their plants and for considerable stock remained supportive for the soybean prices during the month under review. However, slow farmer's selling at the current price levels and negative news of global economy has limited the gains during the period.

The soybean supplies are seen gradually falling in all the key markets. However, they are at par with last year's level.

The RM seed planting is reported at 61.6 lha up 1.3% compared to 60.8 lha during the corresponding period last year. The RM seed fundamentals continue to remain strong followed by rise in seasonal RM oil usage and dwindling seed stocks.

Slow export sales in soy meal due to the diversion of demand have limited the gains. This is due to attractive South American meal prices compared to India's. India is expected to boost the meal shipments if parity favours in crushing making it price competitive compared to Latin America. Currently, the soybean crush margin is in negative territory. We hope seasonal rise in meal demand from poultry will slightly support the meal price.

International

Latin America: South American soybean shipments are unusually high and setting a November record, with 1.76 Mn T shipped from Brazil and 0.5 Mn T from Argentina. However, US soybean exports were again lower in November.

Argentina is estimated to produce around 52 - 53 Mn T soybean during 2011/12 season. This is the second largest crop on record. However, Brazil's production is seen at 74.8 million tonnes, up from 73.8 million tonnes last year.

China: China bought about 600,000 metric tons of soybeans from the US to increase government stockpiles. The recovery in China's soybean buying which is the world's biggest soybean buyer will lend support to the bean prices at higher levels leading to spillover support to the Indian soybean prices.

Oilseed Prices at Key Spot Markets:

Commodity	Centre	Prices (Rs/Qtl)		Change
Soybean		30-11-2011	31-10-2011	
	Indore –Plant	2200-2255	2180-2210	45
	Indore –Mandi	2100-2180	2070-2120	60
	Nagpur-Plant	-	2050-2120	-
	Nagpur – Mandi	-	2000-2070	-
	Kota-Plant	2190-2220	2120-2160	60
	Kota – Mandi	2080-2140	2000-2060	80
	Bundi-Plant	2200-2220	2130-2150	70
	Bundi-Mandi	2075-2140	2000-2040	100
	Baran-Plant	2200	2100-2120	80
	Baran-Mandi	2080-2125	2000-2050	75
	BhawaniMandiJhalawar – Kota Plant Delivery	2200-2230	Closed	-
	Jhalwar-Mandi	2100-2140	Closed	-
Rapeseed/Mustard	Jaipur – C	3205-3210	3080-3085	125
	Alwar – C	3125	3000	125
	SriGanganagar	2780	2600	180
	Kota	2800-2850	2700	150
	Neewai	3140	3050	90
	Delhi– C	3295	3065	230
	Hapur (UP)	3275	3100	175
Groundnut Seed	Rajkot	650	650	Unch
	Junagarh	-	-	-
Sunflower Seed	Latur	31500	-	-
	Gulbarga	30000-31500	25600-31250	250
	Solapur	31000-33000	30100-32500	500

Soybean Prices are in INR per Qtl ,Arrivals(1 bag=90 kg). Mandi prices – Loose, Mustard Seed Prices are in INR per Qtl, Arrival (1 bag=85 kg) 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
		Nov'11	Oct'11	
Soybean				
	Madhya Pradesh	9055000	7120000	1935000
	Maharashtra	4820000	3220000	1600000
	Rajasthan	3365000	2490000	875000
	Bundi (Raj)	249000	130060	118940
	Baran (Raj)	435000	416600	18400
	Jhalawar (Raj)	129000	222000	-93000
Rapeseed/Mustard	Rajasthan	1026000	841000	185000
*Soybean: 1 bag = 90 kg; RM Seed: 1 bag = 85 kg				

Crop Progress, India

The Rabi oilseeds planting is fast progressing and reportedly the covered area stands at 73.8 lakh hectares, down 0.2 per cent, compared to 74.0 lha during the same period last year.

Area in lakh hectares

<i>Crop</i>	<i>As on 9th December 2011</i>	<i>As on 9th December 2010</i>	<i>% Change</i>
Rapeseed & Mustard	61.6	60.8	1.3
Groundnut	3.0	2.9	3.5
Sunflower	3.1	3.4	-9.7
Total Oilseeds	73.8	74.0	-0.2

The sunflower planting is lagging (-10%) among all the oilseeds while rapeseed sowing is leading among all. The RM seed planting is reported at 61.6 lha up 1.3% compared to 60.8 lha during the corresponding period last year.

Soybean

The soybean prices moved up during the month under review followed by improved crushing in bean and subsequent demand from solvent extractors.

Initially the buying remained strong in the month of November but slow farmer's selling, at the prevailing price levels, coupled with lower exports commitment in soy meal kept the soybean prices range-bound towards the end of the month.

The significant buyers are not keen in buying from small markets now as supplies are insignificant which makes unviable for their participation. The big market players like, ADM, Adani, Bungee, Cargill, Ruchi, Noble, LD, ITC, Ruchi and others, are active in all the key soybean markets of Madhya Pradesh, Maharashtra and Rajasthan.

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.

Balance Sheet – Soybean, India

Fig in MnT

Oil Year (Oct-Sep)	2008-09	2009-10	2010-11	2011-12
Carry In	0.49	0.45	1.12	0.37
Production	9.60	9.67	10.10	12.00
Imports	0.00	0.00	0.00	0.00
Total Availability	10.09	10.12	11.22	12.37
Consumption	9.64	9.00	10.85	10.85
Exports	0.00	0.00	0.00	0.00
Total Usage	9.64	9.00	10.85	10.85
Carry Out	0.45	1.12	0.37	1.52
Monthly Use	0.80	0.75	0.90	0.90
Stock/Consumption Ratio	0.05	0.12	0.03	0.14
Stock to Month Use Ratio	0.56	1.49	0.41	1.68

Source: Agriwatch

Soy meal- FAS Kandla Vs FOB Argentina (Spread)

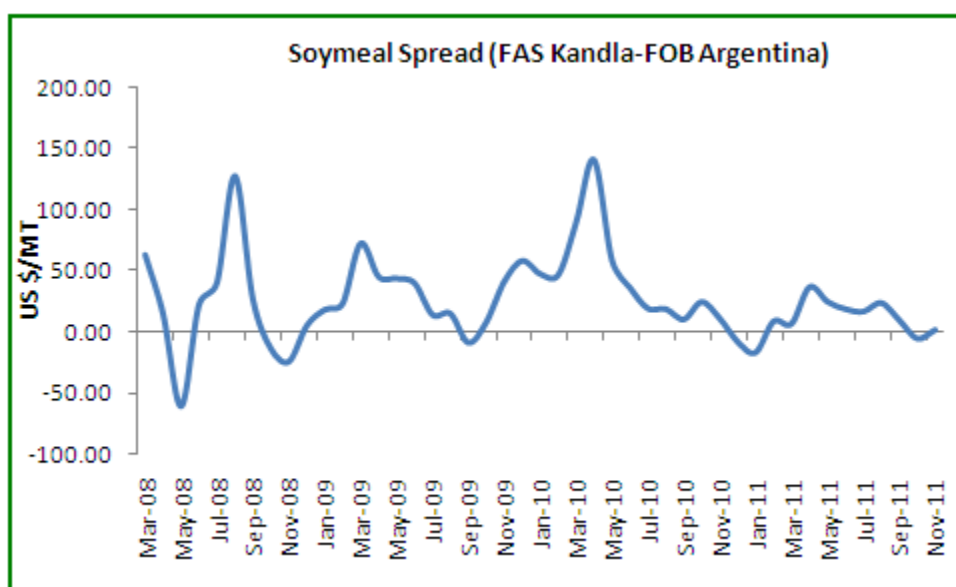
Weak overseas soy meal demand of Indian origin limited the gains in the prices. However, slight seasonal improvement in domestic usage remained supportive for the meal prices.

India's soy meal shipment during current Oil year, (October - September), exports during October 2011 to November 2011 stood at 6,90,837 MT as against 8,54,477 MT during the same period last year, a fall by 19.15%.

India's soy meal shipment during November, 2011 was 4,56,244 tones as compared to 4,44,490 tones in November, 2010 showing a marginal improvement of 2.64% over the last year.

Again, on a financial year basis, the export during April 2011 to November 2011 is 18,19,689 MT as compared to 17,02,366 MT in the same period of previous year showing an increase of 6.89%. In November the major soy meal buyers of Indian origin were Vietnam (151267 MT), Japan (91629 MT) and Europe (45800 MT), up 64%, -21% and 100 from October exports respectively.

As per sources India is expected to export 5.0 – 5.5 lakh tones of meal in December this year to various destinations. India exported 6.11 lakh tones of meal in December 2010.



*FAS, Kandla less FOB Argentina

Currently, the soy meal prices of South America are competitive compared to India's. The average monthly spread (Nov) between FAS Kandla and FOB Argentina stood at US \$2/MT compared to US \$-5/MT in Oct. We expect our meal prices to get competitive against Latin America with the fall in old crop stock in the region.

Recommendation: The Indian soy meal exporters are advised to take the advance of freight and logistic advance and continue to aggressively market their meal to South and Far East Asian countries. Any dip in FOR, Kandla towards 16900-17000 is a viable level to go for buying. The soybean crushers are advised to continue with their normal regular crushing till fresh overseas demand is witnessed.

Soy meal Dynamics and Crush Margin

<i>Avg Crush Margin – Nov 2011</i>	<i>Avg Crush Margin – Oct 2011</i>	<i>Avg Crush Margin – Nov 2010</i>	<i>Avg Crush Margin – Nov 2009</i>
-200	282	-640	-736

The soybean crush margin remained in the negative territory, which translates into disparity in crushing the seed. However, the disparity was marginal and the average monthly crush margin in Nov stood at Rs -200/MT compared to Rs 282/MT last month. The margin remained slightly discouraging for the solvent extractors.

However, the crush margin in November this year was better than last two years during the corresponding period last year.

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 December:

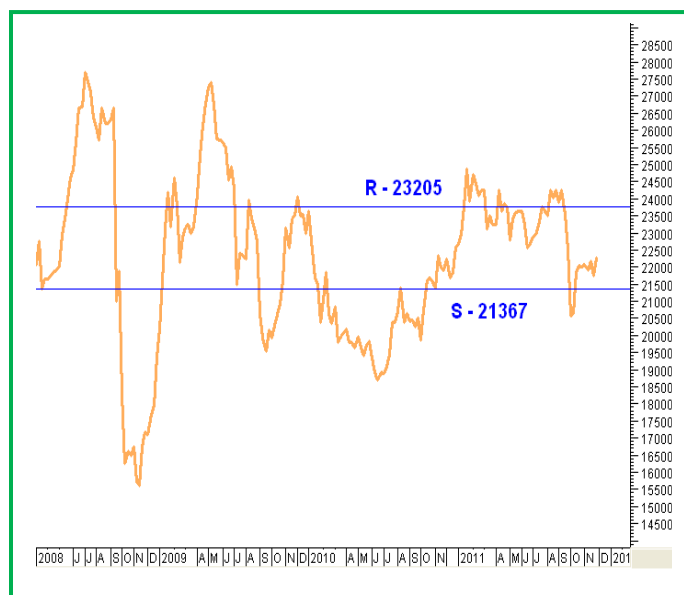
Commodity	Price Range	Crush Margin
Soybean	23500-23700	-365
Soy Meal	16500-17000	
Soy Oil	60500-61000	

Technical Analysis:

NCDEX Soybean Futures (Jan.)



Soybean Spot, Indore



*In Rs/MT

Supports & Resistances NCDEX Jan Soybean				
S2	S1	PCP	R1	R2
2151	2190	2292	2410	2450

- The Monthly candlestick chart pattern reveals uptrend in prices.
- Prices closed below 9-day and 18-day EMA supporting bearish momentum.
- RSI and stochastic are heading upwards in neutral region supporting gains. Prices are expected move upwards towards 2370 – 2400 levels.
- **Trade Recommendation (NCDEX Soybean - Jan) – 1 Month:** Buy towards 2300 – 2310 levels. T1 – 2370; T2 - 2390; SL - 2272.

Trade Recommendation Soybean Spot: We recommend buy on dips towards 2220 – 2250 levels. The prices are expected to move towards 2350 level.

Review of Previous Call: In our previous call we had recommended **BUY** towards towards 2160–2180 levels. T1 – 2270; T2 - 2290; SL - 2120. The call failed to get entry.

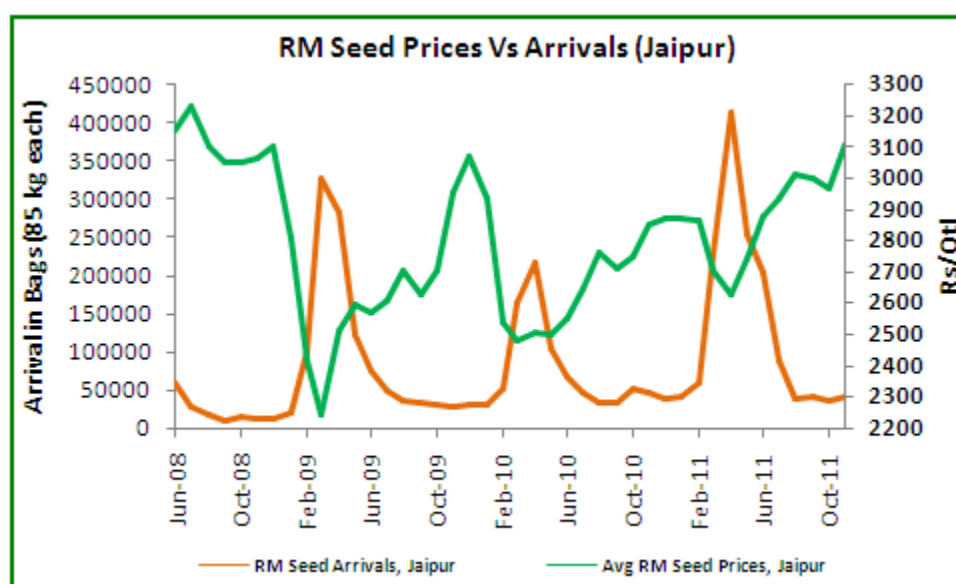
Rapeseed - Mustard Seed

The RM seed prices witnessed gains as expected during the period under review. Improved seasonal demand in the seed from millers with rise RM oil usage remained positive factor for the seed prices.

The RM seed planting is reported at 61.6 lha up 1.3% compared to 60.8 lha during the corresponding period last year.

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



In Rajasthan arrivals during November improved due to miller demand and reported at 10,26,000 bags compared to 8,41,000 bags in October.

RM Seed Supply, Rajasthan

RM Seed Arrivals in Rajasthan in Bags (85 kg each).		
Monthly Arrivals–Nov	1 Month Ago	Corresponding Period Last Year
10,26,000	8,41,000	10,35,000

The stockist were interested in offloading the seed at the higher prices which gained during the month, hence rise in arrivals was witnessed during the period under review.

The RM oil demand improves during winter; hence we expect the seed prices to gain in cash market in following months.

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

Balance Sheet – Rapeseed-Musturd Seed, India

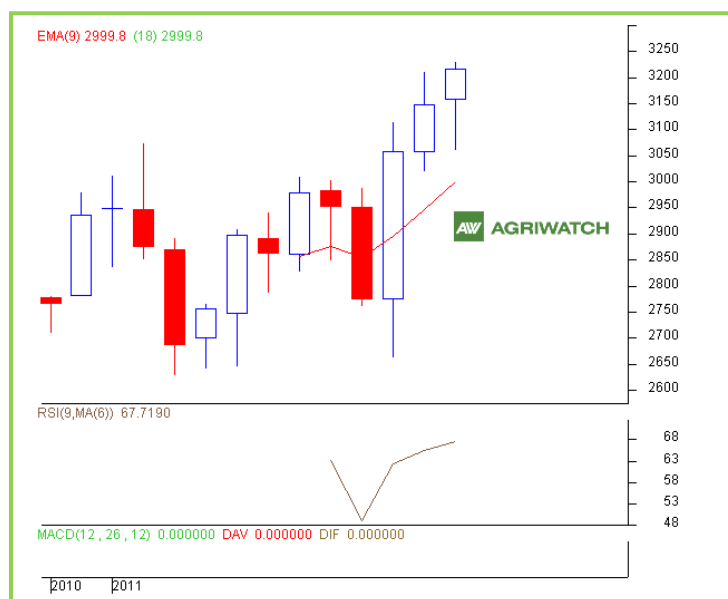
Fig in MnT

Marketing Year	2008-09	2009-10	2010-11	2011-12
Carry In	0.45	0.75	0.75	1.25
Production	6.2	6	7	7.2
Imports	0	0	0	0
Total Availability	6.65	6.75	7.75	8.45
Domestic Consumption	5.9	6	6.5	6.5
Exports	0	0	0	0
Total Usage	5.9	6	6.5	6.5
Carry Out/Ending Stock	0.75	0.75	1.25	1.95
Monthly Use	0.49	0.50	0.54	0.54
Stock/Consumption Ratio	0.13	0.13	0.19	0.30
Stock to Month Use Ratio	1.53	1.50	2.31	3.60

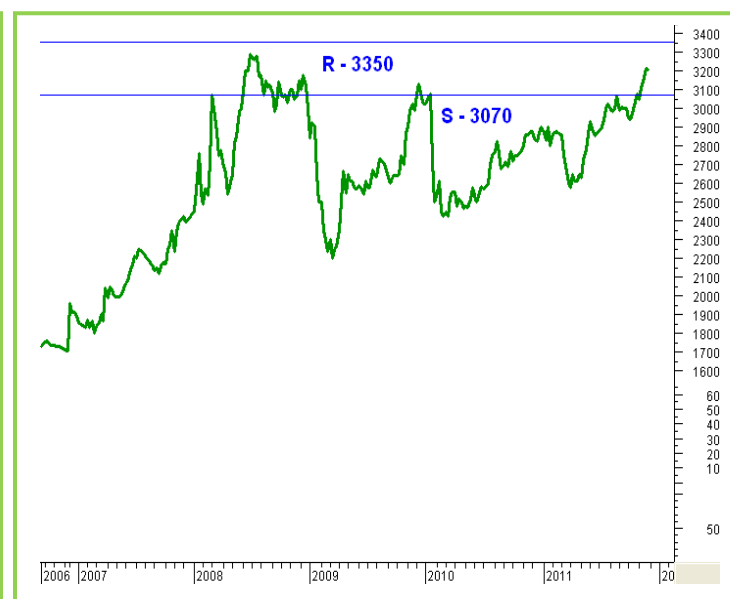
Source: Agriwatch

Technical Analysis:

NCDEX RM Seed Futures (Jan.)



RM Seed Spot, Jaipur



Supports & Resistances NCDEX Jan. RM Seed

S2	S1	PCP	R1	R2
3045	3158	3275	3350	3395

- 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 to improve during the month. The RM seed prices are expected to gain and move towards 3320 – 3330 levels.
- **Trade Recommendation (NCDEX RM SEED - Jan) – 1 Month:** Buy towards 3285 – 3295 levels. T1 – 3320; T2 - 3330; SL - 3275.

Trade Recommendation RM Seed Spot: In spot the RM seed prices are expected to gain during the month towards 3350-3360 level. We recommend buy on dips towards 3200 – 3220 levels.

Review of Previous Call: In our previous call we had recommended **BUY** towards 2950– 3000 levels. T1 – 3110; T2 - 3130; SL - 2907. The call could not be triggered as it failed to get entry.

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