

**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 near-term soy meal fundamentals remain bearish due to Navratras when the domestic poultry demand reduces. Besides, the overseas soy meal buyers from India are hesitant in forwards booking due to strong dollar and falling soy prices in India owing to peak season.

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.

**International**

**World:** World soybean outrun in 2011/12 is estimated at 260.0 Mn T (266.6 Mn), year-on-year fall primarily due to a smaller US crop.

Rising soybean demand from Asia, primarily in China, the situation is likely boost world trade in 2011/12, to a record 96.8 Mn T (91.3 Mn). World soy meal exports are estimated to rise by 6%, to 60.1 Mn T, owing to the rise in shipments to Far East Asia and the EU.

**US:**

In the latest development the US soybean harvest has commenced and progressing. In the official US crop progress the 'Harvesting' is done in 51 per cent low compared with 5 year average of 46 per cent, 'Dropping Leaves' is reported at 90 per cent against 5 year average of 92 per cent. The crop is rated at 'Good To Excellent Condition' at 56 per cent against 64 per cent last year.

The prevailing temperature in US soybean growing belt is ranging between 8 – 16°C compared to 15.5 – 25°C a month ago. The current temperature is above 4°C and hence does not pose any threat to US soybean as it was thought earlier.

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

Centers	Ex-factory rates (Rs/ton)		
	8/10/2011	01/10/11	Parity To
Indore (MP)	15600	16000	Gujarat, MP
Kota	15700	15600	Rajasthan, Del, Punjab, Haryana
Akola	15500	16300	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Hingoli	16200	16500	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Nanded/Latur	16200	16500	Andhra, AP, Kar, TN
Dhulia/Jalna	16500	17200	Mumbai, Maharashtra
Nagpur (42/46)	16300	16500	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Sangli	16000	16800	Local and South
Solapur	15900	16300	Local and South
Bundi	Closed	16500	-

**Soy DOC at Port**

Centers	Port Price	
	8/10/2011	1/10/2011
Kandla (FOR) (INR/MT)	16600-16800	17300-17500
Kandla (FAS) (USD/MT)	338-343	353-357

**International Soy DOC**

Argentina FOB \$/MT	8/10/2011	1/10/2011	+/-
Soybean Pellets	324	327	-3
Soybean Cake Meal	324	327	-3
Soybean Meal	332	335	-3
Soy Expellers	332	335	-3

**Sunflower Meal Rates**

Centers	Ex-factory rates (Rs/ton)		
	8/10/2011	1/10/2011	Change
Adoni	13500	13800	-300
Khamgaon	12600	12800	-200
Latur	13100	13400	-300

Parli	13200	13400	<b>-200</b>
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**Groundnut Meal**

Groundnut Meal	8/10/2011	1/10/2011	Chg
Basis 45% O&A, Saurashtra	13500	14000	<b>-500</b>
Basis 40% O&A, Saurashtra	14500	15000	<b>-500</b>
GN Cake, Gondal	15000	15000	<b>Unch</b>

**Mustard DOC/Meal**

Mustard DOC/Meal	8/10/2011	1/10/2011	Chg
Jaipur (Plant Delivery)	7100	7000	<b>100</b>
Kandla (FOR)	8100	8000	<b>100</b>
Sri Ganganagar	900	915	<b>-15</b>

**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 planting is almost done.

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.

**Soybean Crop Condition**

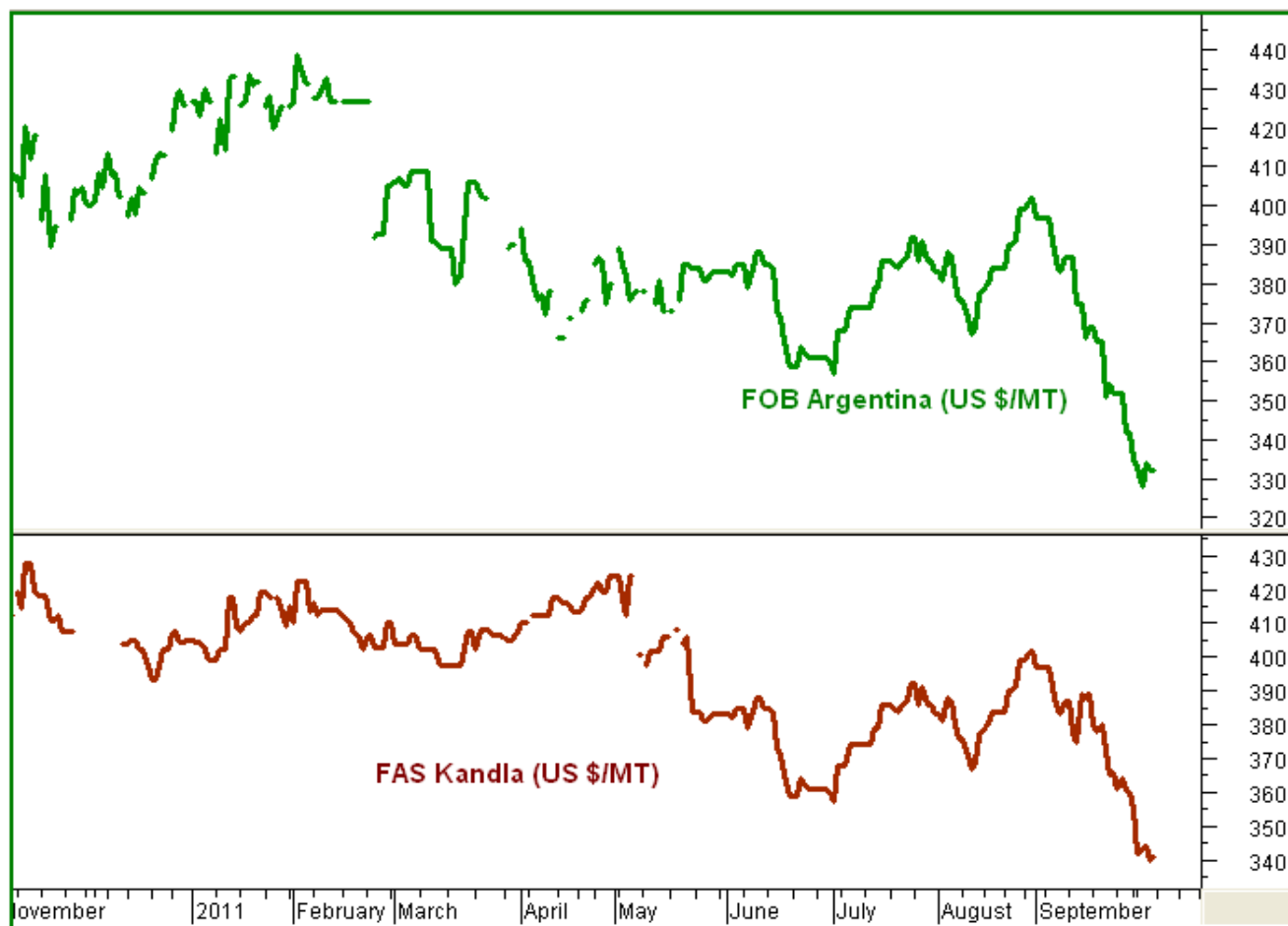
Soybean Crop Condition	Stage	Condition
Madhya Pradesh	Maturity/Harvesting	Good
Maharashtra	Maturity/Harvesting	Excellent
Rajasthan	Maturity/Harvesting	Excellent
*Condition with respect to disease, pest and abiotic stress		

The new soybean crop supplies are gaining momentum across the key growing states Madhya Pradesh, Maharashtra and Rajasthan. The soybean arrivals pressure is expected between 15 - 25 October when the bean prices are likely to witness the season's low. The moisture content in the beans have far depreciated to around 5.5 -12 per cent compared with the initial levels of 20 – 25 per cent. The big players have reportedly entered in all the key markets of Madhya Pradesh, Maharashtra and Rajasthan and seen active ahead of Diwali festival to meet the upcoming soy oil demand.

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

Soy meal prices eased in cash market on sluggish demand during the week under review. Poor exports sales and lower domestic off-take pressured the domestic meal market. The overseas soy meal buyers refrained themselves from the Indian meal market followed by higher dollar and expected fall in the Indian meal prices considering peak season in soybean.

However, India's soy meal shipments in the Oil year October 2010 to September 2011 are reported 41,26,699 MT a surge by 75.43% against 23,52,255 MT previous oil year. Exports of soy meal in September 2011 is reported at 2,25,922 MT as compared to 2,95,957 tones in September 2010. Exports during April 2011 to September 2011 is 11,28,852 MT as compared to 8,47,889 MT in the same period of the previous year with an increase of 33.14%.



The price spread between Indian and Argentine soy meal narrowed, as expected, during the week under review.

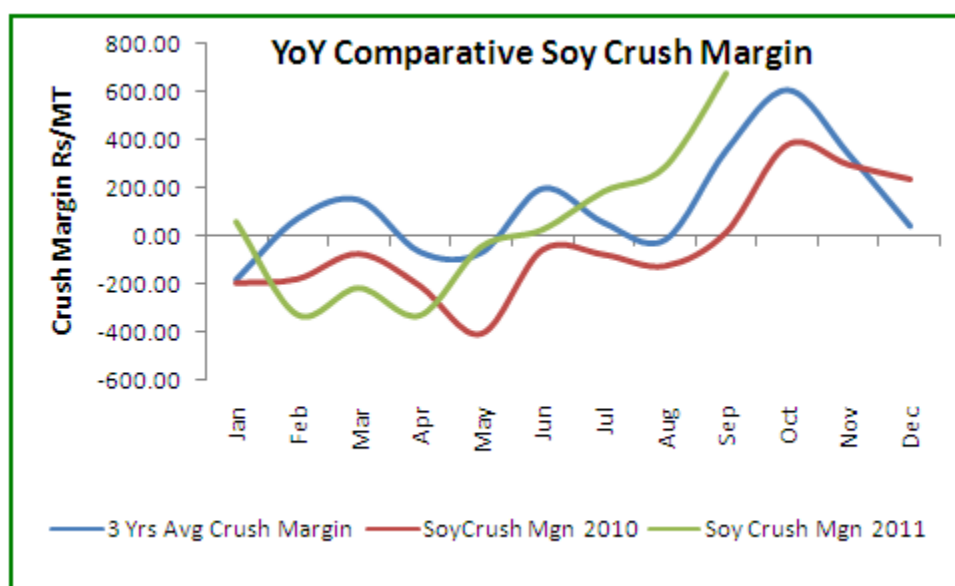
The average weekly soy meal spread between FAS Kandla and FOB Argentina is around US \$10/MT compared to US\$21/MT previous week. \* (**FAS Kandla less FOB Argentina.**)

Continued rise in soybean crush parity in positive zone and better overseas soy meal export sales compared to the previous year remained encouraging to the solvent extractors.

Meal exporters are advised to aggressively market the meal in the potential markets like Far-East and SE Asia, West Asia and Africa to compete with the US or Latin American meal increase the soy meal shipments.

We expect domestic soy meal prices to stay slightly weak in near-term in view sluggish overseas buying and lower domestic demand followed by strong dollar. However, the domestic usage and overseas shipments are expected to pick-up towards the end of October.

### Soy meal Dynamics and Crush Margin



Currently, the weekly crush margin has slightly eased to Rs1629/MT compared to Rs1713/MT a week ago. But the margin is considerable higher. It is significantly above last year's monthly average and even above the 3 year monthly average.

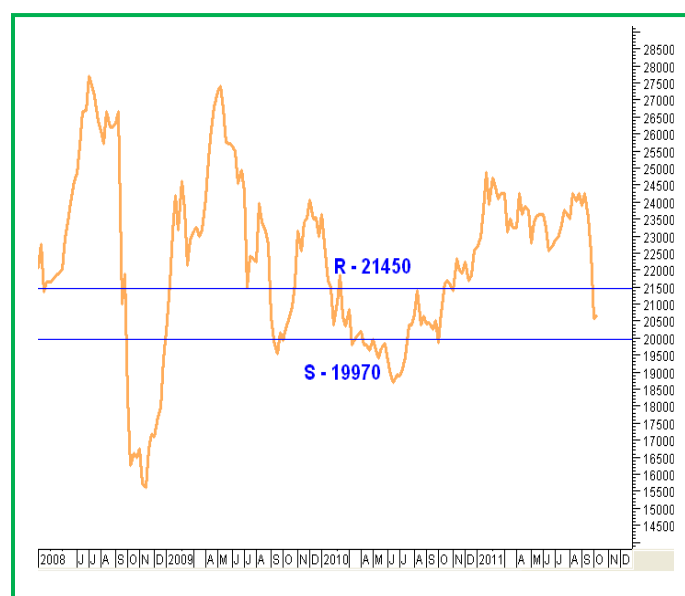
The rising crush margin and crush parity is seen as a supportive factor for soybean crush in near-term.

## Technical Analysis:

### NCDEX Soybean Futures (Oct.)



### Soybean Spot, Indore



\*In Rs/MT

### Supports & Resistances NCDEX Nov Soybean

S2	S1	PCP	R1	R2
2026	2082	2138	2172	2206

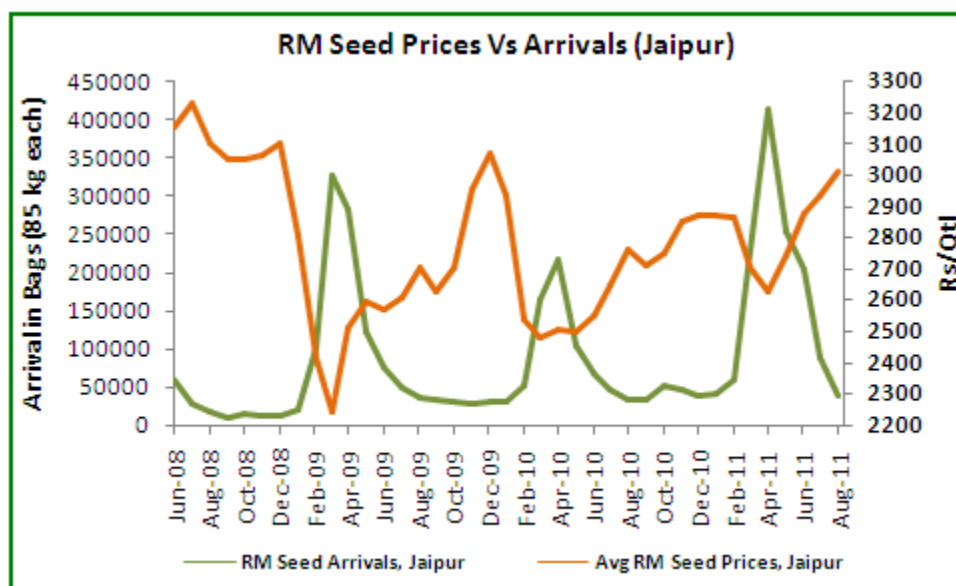
- The candlestick chart pattern features buying support in the market.
- Prices closed below 9-day and 18-day EMA supporting bearish momentum in near and medium-term.
- RSI is rising in neutral region while stochastic is easing in oversold territory. The soybean prices are likely to remain range-bound with firm bias and are expected to move towards 2150 – 2160 levels.
- **Trade Recommendation (NCDEX Soybean - Nov) – 1 week:** Buy on dips towards 2060 – 2070 levels. T1 – 2150; T2 – 2160; SL - 2022.
- **Spot:** We recommend **buy** on dips towards 1980 – 1990 levels.

## Rapeseed - Mustard Seed

RM seed prices fell pressured by weak international oil and fats market. However, the overall RM seed fundamentals remain strong in short-term followed by festivities in days ahead. The RM seed prices may face slight downward pressure due to rise in new soybean supplies in near-term.

But likely expected rise in seasonal demand in RM oil in coming month will support the seed prices in medium and long term. 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 lower at 2,01,00 bags compared to 2,70,000 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
2,01,000	2,70,000	2,70,000

Overall, the underlying RM seed fundamentals remain strong in days ahead on seasonal demand.

## Technical Analysis:

### NCDEX RM Seed Futures (Nov.)



### RM Seed Spot, Jaipur



### Supports & Resistances NCDEX Nov RM Seed

S2	S1	PCP	R1	R2
2750	2816	2881	2933	2984

- The candlestick chart pattern reveals buying interest in the market.
- Prices closed below 9-day and 18-day EMA supporting bearish momentum.
- The oscillators reflect prices to gain during the week. The RM seed prices are expected to gain and move towards 2980-2990 levels.
- **Trade Recommendation (NCDEX RM SEED - Nov) – 1 Week:** Buy on dips towards 2800 – 2815 levels. T1 – 2920; T2 - 2930; SL - 2752.

**RM Seed Spot:** In spot the RM seed prices are expected to gain during the week towards 3030 – 3050 level. We recommend **buy** on dips.

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