

**Executive Summary**

Oilseeds and meal prices posted gains in domestic cash market during the week under review followed by renewed buying ahead of the festival, *Diwali*.

Soybean prices rose despite surge in supplies on seasonal harvest. The big players remained active in buying the beans across the key markets towards the end of the week. Initially the market participants were in view that the soybean prices will fall further but it improved on fast depletion in moisture out of the beans, leading to competitive quality and thus higher prices. Supportive buying in RM seed by the millers remained positive factor for the seed prices. The RM oil usage surges ahead of the festival *Diwali* and this is a time when renewed buying interest in millers is witnessed to cater the RM oil demand.

The buying support in soybean and RM seed is expected to remain intact in medium to long term on seasonal demand and likely rise overseas soy meal demand.

The meal prices too headed upwards in anticipation of renewed overseas buying which slowed down in previous weeks. However, Indian oilmeal exports remained strong throughout the season (even during lean season) on continued demand from the traditional buyers.

Fresh demand in soy meal is expected to pick-up in late October or early November with seasonal domestic demand from poultry and active overseas buying.

**International**

**World:** The increase in world usage of soy meals are expected to slow to 4.4 per cent in 2011/12 (from 7.1% last year). This is partly due to decline in livestock production in few countries and partly due to rise in competition from other oilmeals.

**US:**

The US soybean harvest is rapidly progressing week-on-week basis. In the official US crop progress report the soybean 'Harvesting' is done in 69 per cent high compared with 5 year average of 61 per cent, 'Dropping Leaves' is reported at 95 per cent against 5 year average of 96 per cent.

Now that the US soybean crop has matured there is almost no threat of weather, though rains could cause damage to the standing crop which is unlikely in near-term in the US soybean growing region.

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

Centers	Ex-factory rates (Rs/ton)		
	15/10/2011	8/10/2011	Parity To
Indore (MP)	15700	15600	Gujarat, MP
Kota	15800-16000	15700	Rajasthan, Del, Punjab, Haryana
Akola	16000	15500	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Hingoli	16500	16200	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Nanded/Latur	16500	16200	Andhra, AP, Kar, TN
Dhulia/Jalna	16500-16600	16500	Mumbai, Maharashtra
Nagpur (42/46)	16200-16300	16300	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Sangli	16800	16000	Local and South
Solapur	16600	15900	Local and South
Bundi	16000	Closed	-

**Soy DOC at Port**

Centers	Port Price	
	15/10/2011	8/10/2011
Kandla (FOR) (INR/MT)	16900-17100	16600-16800
Kandla (FAS) (USD/MT)	343-347	338-343

**International Soy DOC**

Argentina FOB \$/MT	15/10/2011	8/10/2011	+/-
Soybean Pellets	353	324	
Soybean Cake Meal	353	324	
Soybean Meal	361	332	
Soy Expellers	361	332	

**Sunflower Meal Rates**

Centers	Ex-factory rates (Rs/ton)		
	15/10/2011	8/10/2011	Change
Adoni	13500	13500	
Khamgaon	12600	12600	
Latur	13100	13100	
Parli	13200	13200	

**Groundnut Meal**

Groundnut Meal	15/10/2011	8/10/2011	Chg
Basis 45% O&A, Saurashtra	13300	13500	
Basis 40% O&A, Saurashtra	14300	14500	
GN Cake, Gondal	14500	15000	

**Mustard DOC/Meal**

Mustard DOC/Meal	15/10/2011	8/10/2011	Chg
Jaipur (Plant Delivery)	7400	7100	
Kandla (FOR)	8400	8100	

**Planting Progress – Oilseeds, India**

The last reported *Kharif* oilseeds planting stands at 179.59 lakh hectares up 2.74% compared with 174.80 lakh hectares last year.

The *Kharif* oilseeds plantings are done. About 12.5% sown area in groundnut fell this season, mainly attributed to deficit rains during the period of sowing over the growing states of Gujarat, Karnataka and Andhra Pradesh.

Soybean remained the leader among all the oilseeds planting and a jump of 11% (103 lha) reported this season compared to 93.3 last year.

**Soybean Crop Condition**

The soybean harvesting is underway and it is in full swing across all the key growing states. There was no report of rains over the region neither it is predicted for near-term. The weather remains supportive for the soybean harvest.

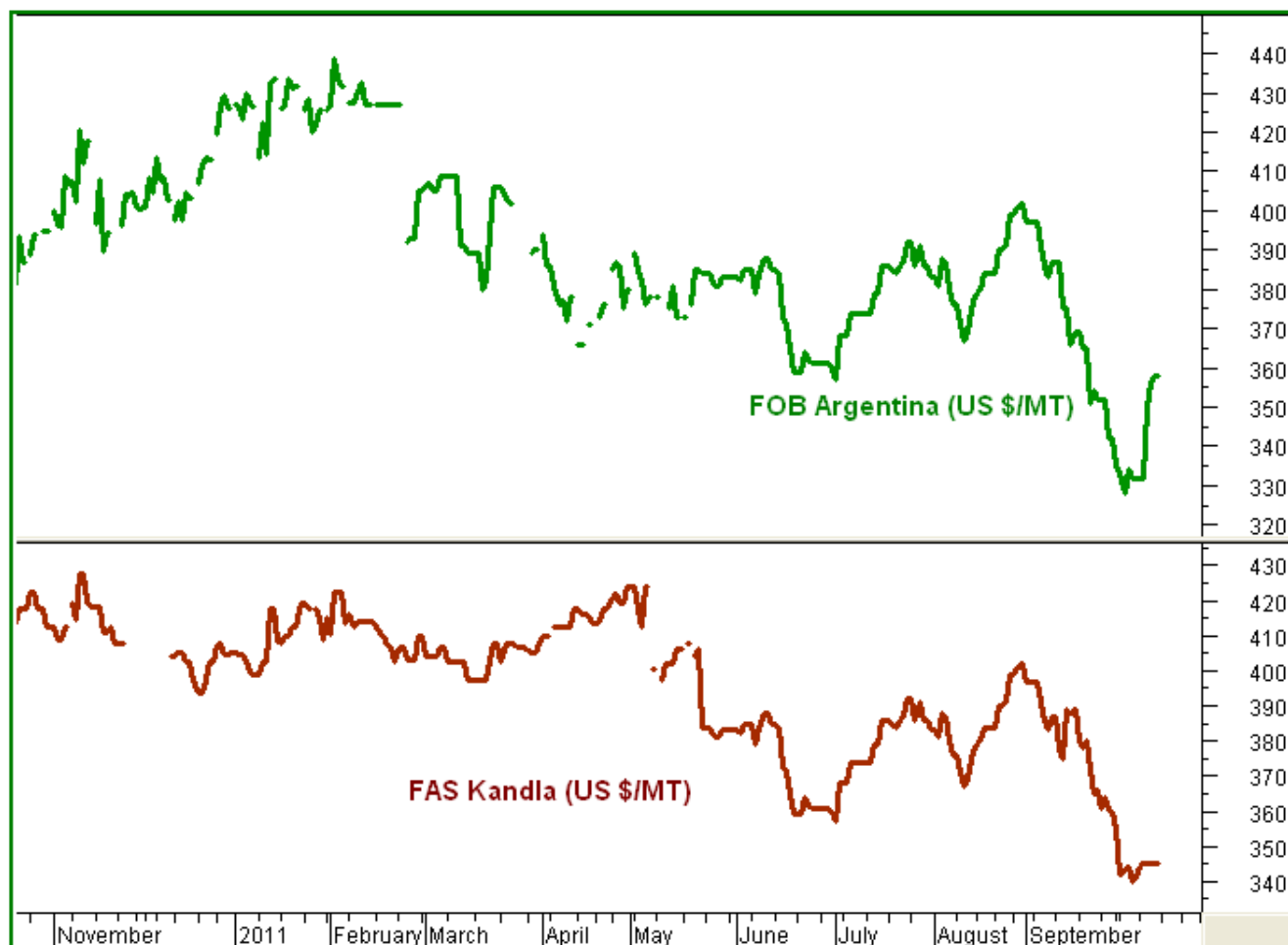
Soybean Crop Condition	Stage	Condition
Madhya Pradesh	Harvesting	Good
Maharashtra	Harvesting	Excellent
Rajasthan	Harvesting	Excellent
*Condition with respect to disease, pest and abiotic stress		

Eventually, the mounting soybean arrivals are limiting the gains in the bean prices. Renewed buying activity in the beans followed by the festival Diwali to meet the surge in edible oil demand remained a positive factor for the domestic soybean market. The moisture content in the beans have sharply depreciated to an average 8 percent when compared in the key centers.

The big players (Adani, Cargill, Bunge, ADM, Ruchi and others) remained active in the major markets of Madhya Pradesh, Maharashtra and Rajasthan.

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

No major activity witnessed in the domestic soy meal market, due to the slow-down in overseas demand in the meal in anticipation of slack in meal prices with improved new soybean crushing in India.



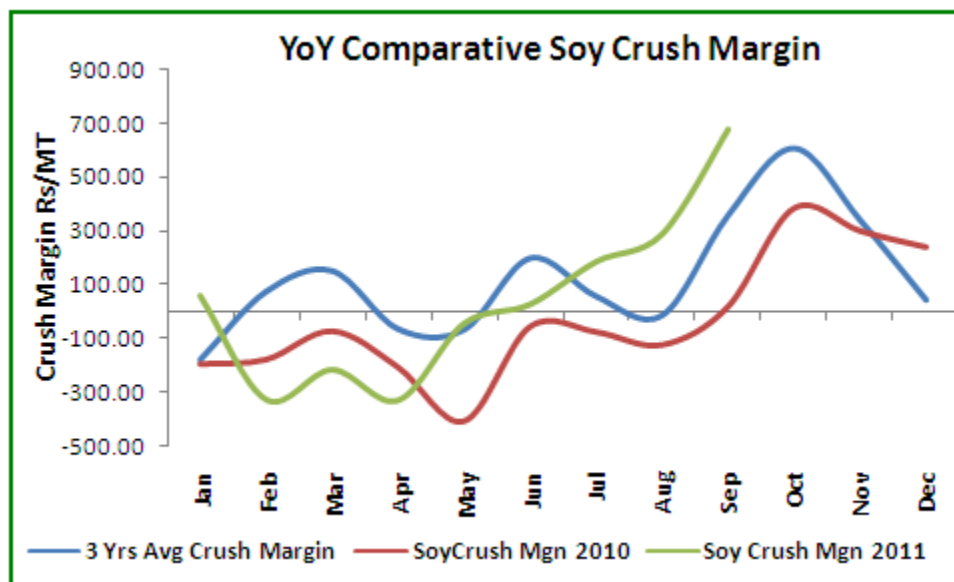
The price spread between Indian and Argentine soy meal narrowed, as expected, during the week under review.

The average weekly soy meal spread between FAS Kandla and FOB Argentina is around US \$-10/MT compared to US\$10/MT previous week. \* (***FAS Kandla less FOB Argentina.***). This is a strong and positive sign that Indian soy meal prices are competitive as compared with that of Argentina.

Parity in crushing the soybean and better overseas soy meal exports compared to the previous season remained encouraging to the domestic solvent extractors.

It is recommended that soy meal exporters should aggressively market their produce to the potential buyers in Far-East and SE Asia, West Asia and Africa. We expect domestic soy meal prices to gain on renewed overseas buying and seasonal domestic demand in the same from poultry feed industry.

### Soy meal Crush Margin



The weekly crush margin has marginally eased to Rs935/MT compared to Rs1629/MT a week ago. But the margin is considerable higher as compared to previous years. It is significantly above last year's monthly average and even above the 3 year monthly average.

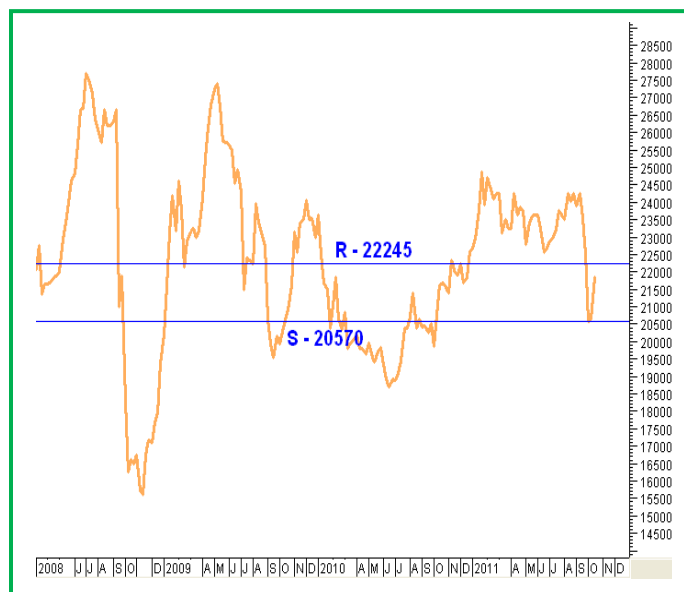
The continued rising crush margin could be seen as a supportive factor for soybean crushing in near-term.

## Technical Analysis:

### NCDEX Soybean Futures (Nov.)



### Soybean Spot, Indore



\*In Rs/MT

Supports & Resistances NCDEX Nov Soybean				
S2	S1	PCP	R1	R2
2070	2124	2148	2222	2257

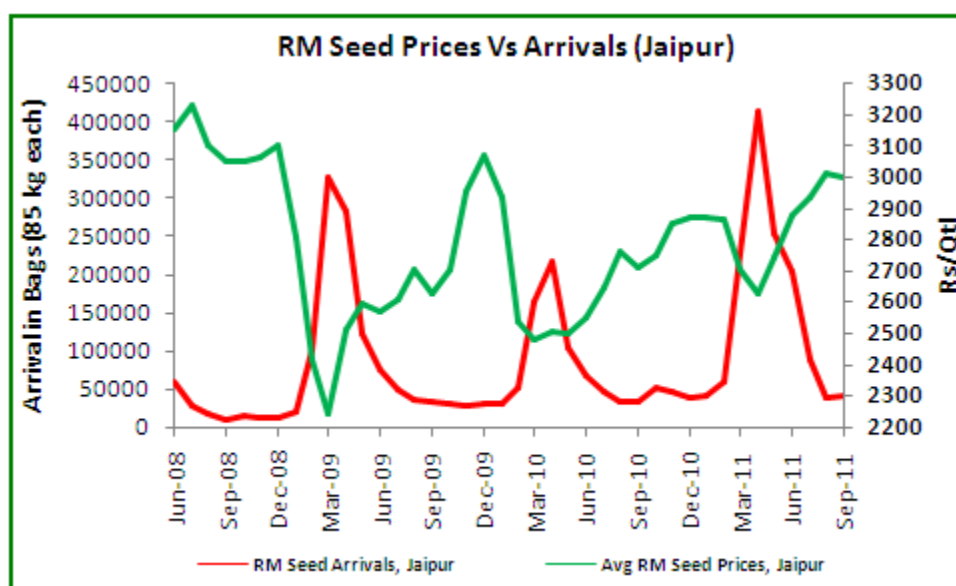
- The candlestick chart pattern features selling pressure in the market.
- Prices closed below 9-day and 18-day EMA supporting bearish momentum in near and medium-term.
- RSI and stochastic are easing in neutral region. The soybean prices are likely to remain range-bound with weak bias and are expected to move towards 2100–2120 levels.
- **Trade Recommendation (NCDEX Soybean - Nov) – 1 week:** Sell on rise towards 2170– 2180 levels. T1 – 2100; T2 - 2120; SL - 2213.
- **Spot:** We recommend **buy** on dips towards 2060 – 2050 levels.

## Rapeseed - Mustard Seed

RM seed prices gained, as expected, in tandem with soybean with supportive buying by the millers ahead of Diwali to cater the renewed demand in RM oil.

Besides festival, the seasonal demand in RM oil is witnessed towards the early November and this is the time when millers are actively participating in the market to buy RM seed in the competitive price. The RM seed demand rises with rise in RM oil usage between Nov – Jan.

## RM Seed Prices Vs Arrivals, Benchmark - Jaipur



Arrivals during the period of review stood improved in the face of demand and registered at 2,27,000 bags compared to 2,01,000 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
2,27,000	2,01,000	2,15,000

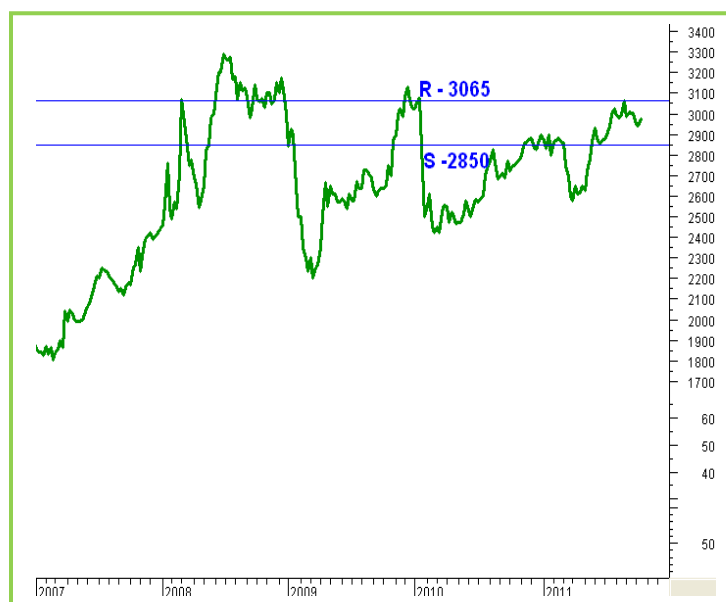
Overall, the RM seed fundamentals remains strong on expected renewed seasonal demand.

## Technical Analysis:

### NCDEX RM Seed Futures (Nov.)



### RM Seed Spot, Jaipur



### Supports & Resistances NCDEX Nov RM Seed

S2	S1	PCP	R1	R2
2843	2875	2903	2940	2973

- 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 2920-2930 levels.
- **Trade Recommendation (NCDEX RM SEED - Nov) – 1 Week:** Buy on dips towards 2880 – 2890 levels. T1 – 2920; T2 – 2930; SL – 2868.

**RM Seed Spot:** In spot the RM seed prices are expected to gain during the week towards 3050 – 3060 level. We recommend **buy** on dips towards 2830-2840 levels.

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