

Executive Summary

Overall the domestic oilseeds and meal prices extended gains on supportive festive – *Diwali* buying, but soybean slightly fell towards the end of the week. The big players and solvent extractors showed keen interest in buying the seed to meet the edible oil demand ahead of the festival.

The soybean farmers were actively liquidating their produce ahead of the festival leading to surge in supplies in the bean. Availability of better quality beans with considerable lower moisture content is an attractive factor for the bean market. Apart from the local crushers, big market players are active at current price levels especially in Rajasthan. However, the big players are not very active in the states of Madhya Pradesh and Maharashtra.

However, weak transport facility (Unavailability of required trucks) and labour shortage in key soybean markets of Rajasthan like Kota, Bhawani and Baran mandis have hurt the trade activity leading to slow-down in off-take during the week under review.

Increased buying in RM seed by the millers continues to lend support to the seed prices. RM oil demand improves ahead of Diwali. Besides, the seed fundamentals are seen strong in medium term in view of seasonal demand in the same.

No major activity featured in the domestic meal market due to weak exports sales and forward booking. Besides, poor domestic usage continues to pressure the domestic meal market. However, renewed overseas and domestic demand is expected to pick-up after Diwali (late Oct or early Nov) with expected increase in forward bookings and seasonal domestic rise in soy meal usage in poultry.

International

World: The soya meal shipments from the US, Argentina, Brazil and India (G-4) eased by 3.5% from last year in July/Sept 2011.

China:

As per Oil World, China's soybean buying is expected to increase to 58.5 Mn T (Sep 2011/Aug 2012) from 52.85 Mn in 2010/11 which will support the soy prices in the international market. China's dependence on soybean has substantially increased and it is further expected to rise every year. Currently, China's the weekly soybean requirement stands at 1.1 Mn T to meet the soy needs.

China's 2011/12 soybean outturn is expected to fall to 13.7 Mn T from 14.8 Mn T last season which can only meet 19% of the expected China's soy consumption. China is expected to shift its soybean buying from US to South America, this is due to the lower US soybean crop this season.

Hence, Soy prices in South America are likely to be competitive as compared to US. Though US will remain the largest supplier of soybean to China but it is estimated slightly lower this year to 24.5 Mn T from 24.98 Mn last season due to the shift in buying.

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

| Centers | Ex-factory rates (Rs/ton) | | |
|----------------|---------------------------|-------------|---|
| | 22/10//11 | 15/10/2011 | Parity To |
| Indore (MP) | 15700 | 15700 | Gujarat, MP |
| Kota | 15500 | 15800-16000 | Rajasthan, Del, Punjab, Haryana |
| Akola | 15600 | 16000 | Andhra, Chattisgarh, Orissa,Jharkhand, WB |
| Hingoli | 16100 | 16500 | Andhra, Chattisgarh, Orissa,Jharkhand, WB |
| Nanded/Latur | 16100 | 16500 | Andhra, AP, Kar ,TN |
| Dhulia/Jalna | 16500 | 16500-16600 | Mumbai, Maharashtra |
| Nagpur (42/46) | 15800 | 16200-16300 | Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN |
| Sangli | 16400 | 16800 | Local and South |
| Solapur | 16300 | 16600 | Local and South |
| Bundi | 15700-16000 | 16000 | - |

Soy DOC at Port

| Centers | Port Price | |
|-----------------------|-------------|-------------|
| | 22/10//11 | 15/10/2011 |
| Kandla (FOR) (INR/MT) | 16000-16500 | 16900-17100 |
| Kandla (FAS) (USD/MT) | 320-330 | 343-347 |

International Soy DOC

| Argentina FOB \$/MT | 22/10//11 | 15/10/2011 | +/- |
|---------------------|-----------|------------|------|
| Soybean Pellets | 353 | 353 | Unch |
| Soybean Cake Meal | 353 | 353 | Unch |
| Soybean Meal | 361 | 361 | Unch |
| Soy Expellers | 361 | 361 | Unch |

Sunflower Meal Rates

| Centers | Ex-factory rates (Rs/ton) | | |
|----------|---------------------------|------------|--------|
| | 22/10//11 | 15/10/2011 | Change |
| Adoni | 13500 | 13500 | Unch |
| Khamgaon | 12600 | 12600 | Unch |
| Latur | 13100 | 13100 | Unch |
| Parli | 13200 | 13200 | Unch |

Groundnut Meal

| Groundnut Meal | 22/10//11 | 15/10/2011 | Chg |
|---------------------------|-----------|------------|-------|
| Basis 45% O&A, Saurashtra | 14500 | 13300 | +1200 |
| Basis 40% O&A, Saurashtra | 13500 | 14300 | -800 |
| GN Cake, Gondal | 15000 | 14500 | +500 |

Mustard DOC/Meal

| Mustard DOC/Meal | 22/10//11 | 15/10/2011 | Chg |
|-------------------------|-----------|------------|------|
| Jaipur (Plant Delivery) | 7400 | 7400 | Unch |
| Kandla (FOR) | 8300 | 8400 | -100 |

Soybean

The domestic soybean harvesting is in progress with consequent rise in new crop supplies in the market. Weather remains favourable for harvest across the key growing region and there is no forecast of rains over these areas in near-term.

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

The rising supply pressure continues to weigh on the gains in soybean prices but crusher's demand to meet the edible oil demand ahead of *Diwali* lends support to the seed prices. Besides, expected fresh overseas demand in soy meal in near-term remained supportive for the buyers.

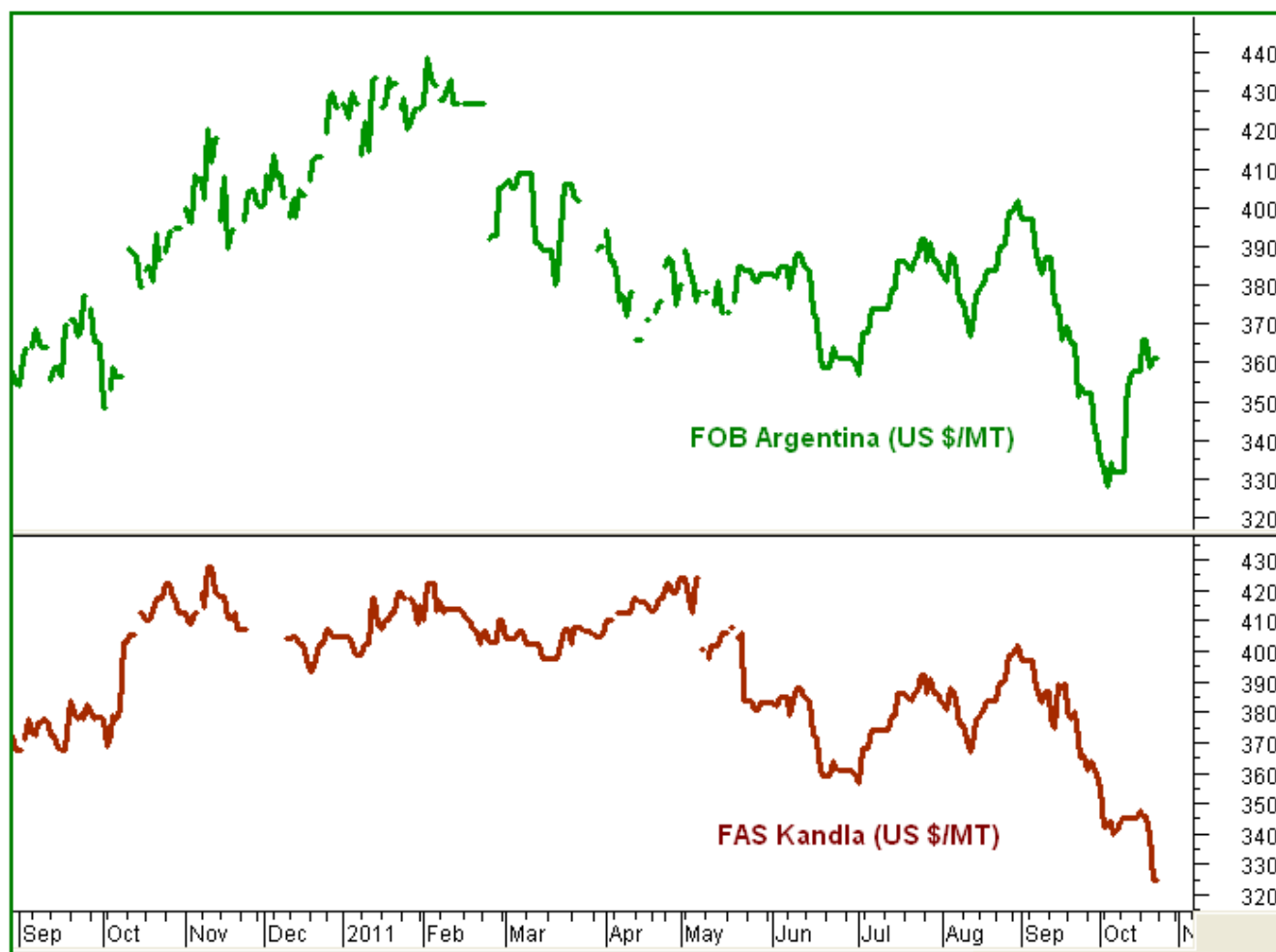
Reportedly, the big market players (Adani, Bunge, ADM, Ruchi, Noble and others) are active in Rajasthan. Even NAFED has entered into the market to buy and stock soybean during the week under review.

However, currently the players are not buying to stock but to meet their daily crush requirement. In Madhya Pradesh and Maharashtra they are yet to enter the soy market. Local crushers and small stockists are active in the mandis of MP and Maharashtra. The bean quality has much improved with fall in moisture content to 8 per cent.

The soybean trade activity in key markets of Rajasthan was negatively hit due to heavy arrival pressure and poor-offtake due to labour and transport problem, which consequently restricted the off-take against the arrivals. Kota, Baran and Bhawanimandi were most affected.

Soy meal- FAS Kandla Vs FOB Argentina (Spread)

Feeble buying activity prevailed in the domestic soy meal cash market due to weak exports sales and sluggish domestic usage in the same. Though forward booking in meal has slowed-down compared to the corresponding period last year but the active participants have reported a total forward booking of about 6-7 lakh tones Nov-Dec shipment (combined FAS, CIF, C&F).



The soy meal price spread between Indian and Argentine meals reveals that Indian meal prices are competitive compared to that of Argentine meal. The situation is warranting overseas buyers, specially Far-East and South East Asian countries to make their meal purchases from India.

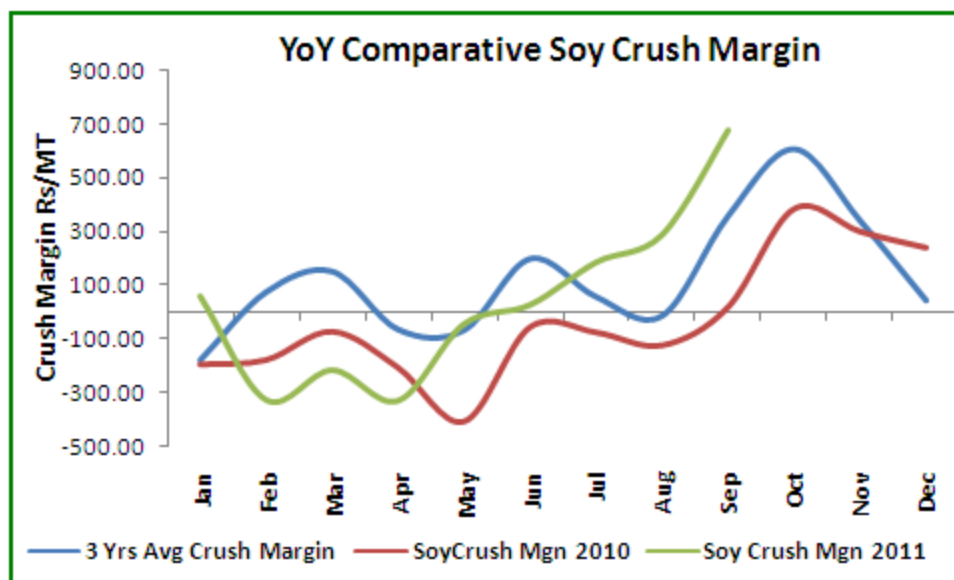
The average weekly soy meal spread between FAS Kandla and FOB Argentina is around US \$-22/MT compared to US\$-10/MT previous week. * (**FAS Kandla less FOB Argentina.**)

Strong parity on crushing the beans and better exports sales in soy meal throughout the season lend support to the meal prices which are further expected to extend this season as traditional buyers are keen in inquires for forward booking.

It is advised that soy meal exporters should aggressively market soy meal to the potential buyers in Far-East and SE Asia, West Asia and Africa.

We feel India's soy meal prices to gain on fresh overseas buying and seasonal domestic demand in the same from poultry feed industry.

Soy meal Crush Margin



The weekly crush margin slightly fell to Rs645/MT compared to Rs935/MT a week ago. But the margin is still higher as compared to previous years. It is significantly above last year's monthly average and even above the 3 year monthly average.

The strongpositive 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 |
| 2041 | 2097 | 2190 | 2258 | 2332 |

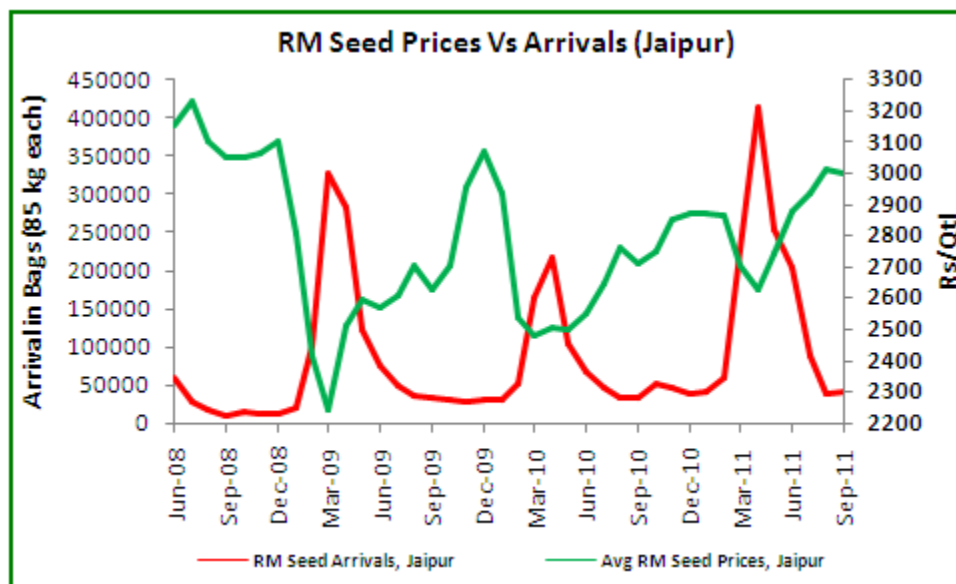
- The candlestick chart pattern features buying support in the market.
- Prices closed below 9-day and 18-day EMA supporting bearish momentum in near and medium-term.
- RSI is heading upwards in neutral region while stochastic is rising in oversold zone. The soybean prices are likely to gain on buying support and move towards 2240 – 2250 levels.
- **Trade Recommendation (NCDEX Soybean -Nov) – 1 week:** Buy on dips towards 2100– 2130 levels.T1 – 2230; T2 - 2240; SL -2050.
- **Spot:** We recommend **buy** on dips towards 2130 – 2140 levels.

Rapeseed - Mustard Seed

RM seed prices extended gainson supportive festive and seasonal buying by the millers to meet the RM oil demand.The millers get active in the seed market toward the end of October when the RM oil usage is seen improving from which picks-up in November.

The RM seed planting is expected to commence after Diwali.

RM Seed Prices Vs Arrivals, Benchmark - Jaipur



Arrivals during the period of review stood improved in the face of demand and registered at 2,27,000bags compared to 2,01,000bags 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 |
| 2,20,000 | 2,27,000 | 2,45,000 |

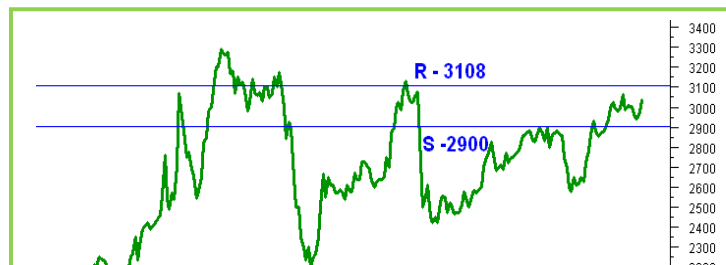
The RM seed fundamentals are expected to remain strong in near to medium term on fresh seasonal buying activity.

Technical Analysis:

NCDEX RM Seed Futures (Nov.)



RM Seed Spot, Jaipur





| Supports & Resistances NCDEX NovRM Seed | | | | |
|---|------|------|------|------|
| S2 | S1 | PCP | R1 | R2 |
| 2730 | 2776 | 3031 | 3075 | 3100 |

- The candlestick chart pattern reveals strong buying interest in the market.
- Prices closed above 9-day and 18-day EMA reflecting bullish momentum.
- RSI and stochastic are heading upwards in neutral region supporting firm trend.
- MACD is rising in positive region. The RM seed prices are expected to gain and move towards 3050-3070levels.
- **Trade Recommendation (NCDEX RM SEED - Nov) – 1 Week:** Buy on dips towards 2780–2790levels.T1 – 3050; T2 - 3065; SL - 2650.

RM Seed Spot: In spot the RM seed prices are expected to gain during the week towards 3060 – 3100 level. We recommend **buy** on dips towards 2900 -2920 levels.

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