

Executive Summary

Mixed trend featured in the domestic oilseeds and meal market during the week under review followed by varied factors. The soybean prices slightly eased on sluggish buying while RM seed prices marginally gained followed by millers demand.

Slow farmer's selling in soybean continues to remain a significant scenario. The big market players are aggressively buying in Rajasthan supported by lower bean prices compared to Madhya Pradesh and Maharashtra.

However, the big buyers are active in Madhya Pradesh and Maharashtra too but no aggressive buying featured in the cash markets of these states.

RM seed planting is underway and currently reported 5 per cent up compared to the corresponding period last year this is primarily attributed to the rise in area in the states of Rajasthan, Uttar Pradesh and Madhya Pradesh.

Slow down in soy meal export sales is featured compared to the previous season. The meal exports are expected to pick-up followed by improved crushing and eventually competitive meal prices compared to South America. The traditional buyers are in wait and watch situation and closely watching the competitive markets. Besides, domestic soy meal usage is expected to improve with the rise in seasonal poultry production.

International

China: World's top soy buyer China, bought around 60 per cent of beans traded across the world, imported 3.81 million tonnes in Oct, down 7.7 per cent from 4.13 million in Sep, will increase import of the oilseeds in 2011/2012 to meet rising demand from animal feed production. The import estimate of this year will surpass to the last year import record which was recorded 52.3 million tonnes in 2010/2011 by hitting import record 58.5 million tonnes for 2011/2012.

Higher imports by China are likely to support the international soybean prices which will consequently lend spillover support to Indian soybean prices too.

Brazil: Soybean planting in Brazil is ahead of the last year covered area. Adequate rains over soybean growing region in late September boosted plantings in early crop this season, unlike last year when rains were delayed by more than a month. As per Celeres, planting is forecast at a all time high 75.5 Mn T crop.

Planted area in the current year is placed at 58 per cent of the expected area, as compared to 56 per cent planted last year and above 5 year average. This indicates early availability of Brazilian crop in the market which will start competing with the US soybean prices in medium-term.

Oilseed Prices at Key Spot Markets:

Commodity	Centre	Prices (Rs/Qtl)		Change
Soybean		12/11/2011	05/11/11	
	Indore –Plant	2165-2200	2190-2225	-25
	Indore –Mandi	2075-2110	2060-2125	-15
	Nagpur-Plant	2075-2120	2150-2190	-70
	Nagpur – Mandi	2000-2070	2000-2100	-30
	Kota-Plant	2150	2150-2180	-30
	Kota – Mandi	2080	2060-2100	-20
	Bundi-Plant	2160-2165	2170-2190	-25
	Bundi-Mandi	2000-2070	2080-2100	-30
	Baran-Plant	2140-2150	2100-2150	Unch
	Baran-Mandi	2075	2040-2075	Unch
	Bhawani MandiJhalawar – Kota Plant Delivery	2150-2175	2170-2175	Unch
	Jhalwar-Mandi	2040-2075	2050-2075	Unch
Rapeseed/Mustard	Jaipur – C	3110-3115	3045-3050	65
	Alwar – C	3025	2975	50
	SriGanganagar (NC)	2620	2630	-10
	Kota	2700	2700	Unch
	Neewai	3100	3040	60
	Delhi– C	3100	3075-3080	20
	Hapur (UP)	3150	3140	10
Groundnut Seed	Rajkot	660	660	Unch
	Junagarh	-	-	
Sunflower Seed	Latur		-	
	Gulbarga	27000-31000	28000-32000	-1000
	Solapur	29500-30500	30500-32000	-1500

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 in India is complete in all the key growing states of Madhya Pradesh, Maharashtra and Rajasthan.

In the latest sowing report by the Ministry of Agriculture 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
Total Oilseeds	50.5	50.0	0.9

The RM seed area has witnessed a rise of about 5 per cent and reported at 44.2 lha compared to 42.1 lha during the corresponding period last year. Higher area in RM seed in the states of Rajasthan, Uttar Pradesh and Madhya Pradesh has contributed to the rise in country's coverage followed by area shift from wheat to RM seed Chana and Garlic in these states.

In Rajasthan alone the area covered under RM seed stands at 23.58 lha compared to 22.10 lha in the corresponding period last year.

Soybean

The soybean arrivals are seen falling across all the major soybean producing states. Currently, in Madhya Pradesh the average daily arrivals are witnessed around 4.0–4.25 lakh bags, in Maharashtra it is slightly above 2.0-2.5 lakh bags and in Rajasthan the current supplies are around 1-1.25 lakh bags. The supplies are almost equivalent to last year's volume in all the three states.

Slow selling by farmers was the talk of the week. The farmers are not keen in off-loading their beans at the price offered by the solvent extractors and they are anticipating higher prices in medium-term.

As per trade sources above 80 per cent of the stock in the warehouses of Madhya Pradesh belong to the big farmers.

Reportedly, all the big crushers are buying the beans as per their daily crush capacity. No aggressive buying witnessed in the cash market by the big market players for their future stock. ADM, Cargill, Noble, RUchi, LD, ITC, Star Agri and NBHC are the major buyers in MP.

However, in Rajasthan good buying by the crushers remained supportive for the bean prices. ADM, Adani, Ruchi and Bunge remained the major buyers in the state.

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 (PI refer technical calls - Spot and Futures)

Soy meal - FAS Kandla Vs FOB Argentina (Spread)

Trade sources are in view that around 12-15 lakh tones of soy meal trade to happen by Dec this year.

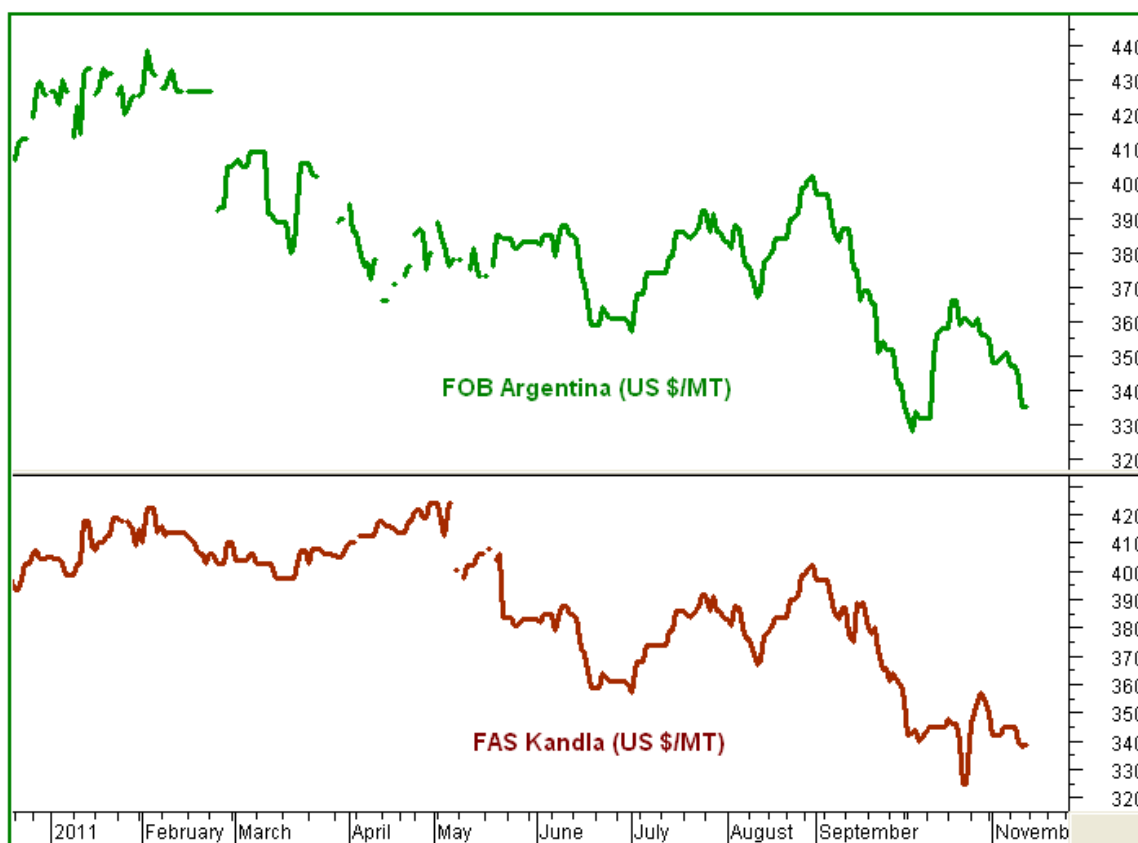
However, as per our calculation a total of about 11 – 12 lakh tones of soy meal are booked for Oct – Dec. Of the total about 2.5-3.0 lakh tones have been already shipped to the concerned destination (mainly South East and Far East Asia). Remaining 4.0 lakh tones of meal is expected to be shipped in Nov and 4.5 lakh in Dec.

To meet the remaining exports commitment of around 8 - 8.5 lakh tones of meal, the sellers are required to crush 10 - 10.62 lakh tones of beans which translate around 11,80,556 bags are required to meet the demand.

There is no shortage in supplies of the bean, as the arrival pace in Madhya Pradesh, Maharashtra and Rajasthan is considerable as we have discussed in the above section.

A commendable growth in soy meal shipment from India was witnessed in the month of Dec'10, Jan'11 and Feb'11. Soy meal exports and domestic usage is expected to improve in near-term.

We expect the meal shipments to boost if parity in crushing the bean rises in positive region.



*FAS, Kandla less FOB Argentina

The average weekly spread between FAS Kandla and FOB Argentina is resulted at US \$-2/MT compared to US \$-5/MT in previous week (FAS, Kandla less FOB Argentina). Fall in negative zone will make Indian meal price more competitive compared to South America.

Currently the soy meal FAS, Kandla is quoted around US \$340/MT. The big interested buyers are looking at US \$320/MT level for aggressive buying.

Recommendation: The soy meal sellers are advised market the meal to the 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

Avg Crush Margin – This Week	Avg Crush Margin – Last Week	Avg Crush Margin – Corresponding Period Last Month
-110	-72	626

Currently, the soybean crush margin is in negative zone and it has widened compared to previous days – week. The widening disparity will discourage the soybean off-take by the solvent extractors.

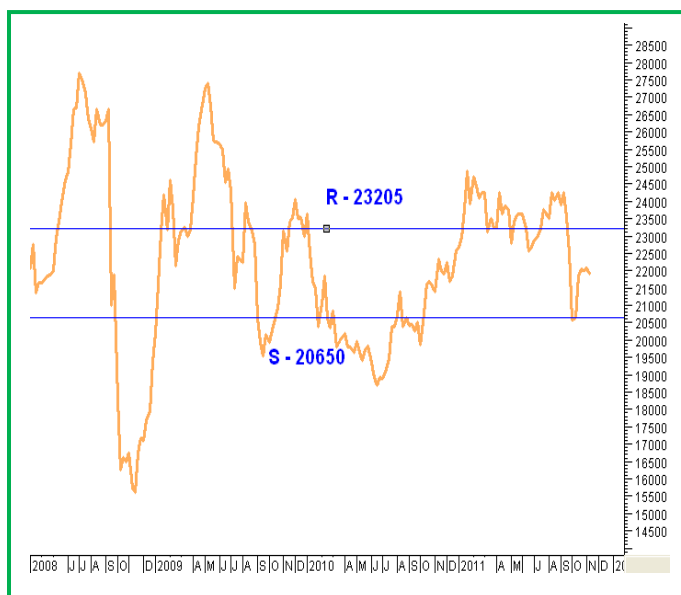
If soy oil and meal prices rise and stay relatively higher than the soybean prices the crush margin will improve towards positive territory.

Technical Analysis:

NCDEX Soybean Futures (Dec.)



Soybean Spot, Indore



*In Rs/MT

Supports & Resistances NCDEX Dec Soybean

S2	S1	PCP	R1	R2
2140	2178	2238	2284	2321

- The candlestick chart pattern featured side-ways movement in the market.
- Prices closed below 9-day and 18-day EMA supporting bearish momentum.
- RSI and stochastic are rising in neutral region. MACD is heading upwards in negative zone.
- Prices are expected move upwards towards 2270 – 2280 levels. Prices are expected to slightly dip, initially.
- **Trade Recommendation (NCDEX Soybean - Dec) –:** Buy on dips towards 2200 - 2220 levels. T1 – 2260; T2 - 2280; SL - 2185.

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

Rapeseed - Mustard Seed

The RM seed prices slightly edged-up on buying support from millers on expected rise in RM oil demand in near-term. Besides lower seed supplies lend support to the market.

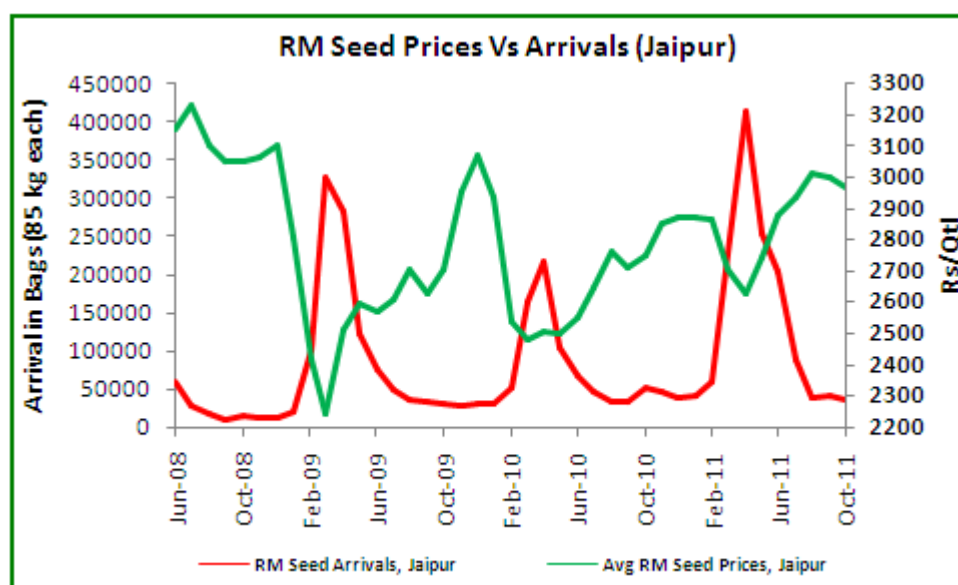
The RM seed planting is in full swing the seed area has witnessed a rise of about 5 per cent at 44.2 lha compared to 42.1 lha during the corresponding period last year.

Higher area in RM seed in the states of Rajasthan, Uttar Pradesh and Madhya Pradesh has contributed to the rise in country's coverage followed by area shift from wheat to RM seed Chana and Garlic in these states.

In Rajasthan alone the area covered under RM seed stands at 23.58 lha compared to 22.10 lha in 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



The RM seed supplies fell and reported at 191000 bags during the week compared to 2,48,000 bags a week ago.

RM Seed Supply, Rajasthan

RM Seed Arrivals in Rajasthan in Bags (85 kg each).		
Weekly Arrivals	Weekly Arrivals of Last Week	Corresponding Period Last Year
1,91,000	2,48,000	31,0,000

The RM oil demand increases 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
3080	3110	3144	3180	3200

- 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 3160 – 3175 levels.
- **Trade Recommendation (NCDEX RM SEED - Dec):** Buy on dips towards 3120 – 3130 levels. T1 – 3160; T2 - 3175; SL - 3142.

Trade Recommendation RM Seed Spot: In spot the RM seed prices are expected to gain during the week towards 3130-3140 level, with initial dip. We recommend buy on dips towards 3090 – 3100 levels.

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