

Executive Summary

Firm trend featured in the domestic oilseeds and meal cash market during the week under review. Improved seasonal buying in oilmeals and edible oils remained supportive for the oilseeds prices.

Supportive buying activity in soybean among solvent extractors has lent support to the prices at higher levels. The big market players have increased buying for their stock. Reportedly, the big crushers in MP have 10-15 day soybean stock against their daily crush capacity. However, in Rajasthan the crushers have 1 month stock and aggressive buying reported in all the key markets of Rajasthan.

The soybean sellers are reluctant to off-load their beans at lower quotes. Hence supplies increase when buyers quote higher prices.

The RM seed planting is in full swing and it is currently reported up 5.2 per cent compared to the corresponding period last year. The overall area in RM seed is expected to improve leading to an increase in the seed production this season.

India's soy meal exports sales are slow followed by poor forward booking for near by months. However, if situation favours India has the potential to export above last year's quantity. Soybean planting in Brazil and Argentina is within its schedule and their new crop is expected in Feb and Mar respectively. The Indian soy meal sellers are expected to aggressively look of the opportunity during this period.

All time high rupee remain encouraging to the meal exporters and discouraging the edible oil importers, the factors remain bullish for the oilseeds especially soybean.

International

Latin America: Soybean planting in Argentina and Brazil is underway and it is complete in 46.3 per cent and 80 per cent respectively. The planting in Brazil is expected to get complete in November and December in Argentina. Favourable weather condition in the region is expected to boost the crop prospect and subsequent rise in the output could be seen next season.

China: China, the world's top soy buyer, is expected to import about 13 million tonnes of the oilseed in the first quarter of 2012, 18.5 percent higher than the year-ago period, the official China National Grain and Oils Information Centre estimated.

Oilseed Prices at Key Spot Markets:

Commodity	Centre	Prices (Rs/Qtl)		Change
Soybean		19/11/2011	12/11/2011	
	Indore –Plant	2200-2235	2165-2200	35
	Indore –Mandi	2075-2140	2075-2110	30
	Nagpur-Plant	2190-2200	2075-2120	80
	Nagpur – Mandi	2080-2115	2000-2070	45
	Kota-Plant	2190-2215	2150	65
	Kota – Mandi	2070-2135	2080	55
	Bundi-Plant	2200	2160-2165	35
	Bundi-Mandi	2100-2110	2000-2070	40
	Baran-Plant	2195-2200	2140-2150	50
	Baran-Mandi	2100-2125	2075	50
	Bhawani MandiJhalawar – Kota Plant Delivery	2200-2225	2150-2175	50
	Jhalwar-Mandi	2290-2120	2040-2075	45
Rapeseed/Mustard	Jaipur – C	3165-3170	3110-3115	55
	Alwar – C	3050	3025	25
	SriGanganagar (NC)	2670	2620	50
	Kota	2700-2750	2700	50
	Neewai	3100	3100	Unch
	Delhi– C	3190	3100	90
	Hapur (UP)	3240	3150	90
Groundnut Seed	Rajkot	660	660	Unch
	Junagarh		-	
Sunflower Seed	Latur	27500	27000	500
	Gulbarga	29000-30500	27000-31000	-500
	Solapur	29500-31500	29500-30500	1000

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	2225000	1090000	1135000
	Maharashtra	1350000	895000	455000
	Rajasthan	680000	500000	180000
	Bundi (Raj)	62000	45000	17000
	Baran (Raj)	77000	103000	-26000
	Jhalawar (Raj)	29000	30000	-1000
Rapeseed/Mustard	Rajasthan	255000	191000	64000
*Sum Arrivals during the week.				

Crop Progress, India

The Rabi oilseed planting is in full swing and RM seed sowing is the leader in area coverage among all the seeds.

Overall, the Rabi oilseed planting is up 1.5 per cent at 59.7 lha compared to the corresponding period last year. The RM seed coverage is reported at 52.3 lha up 5.2 per cent compared to the same period last year.

Area in lakh hectares

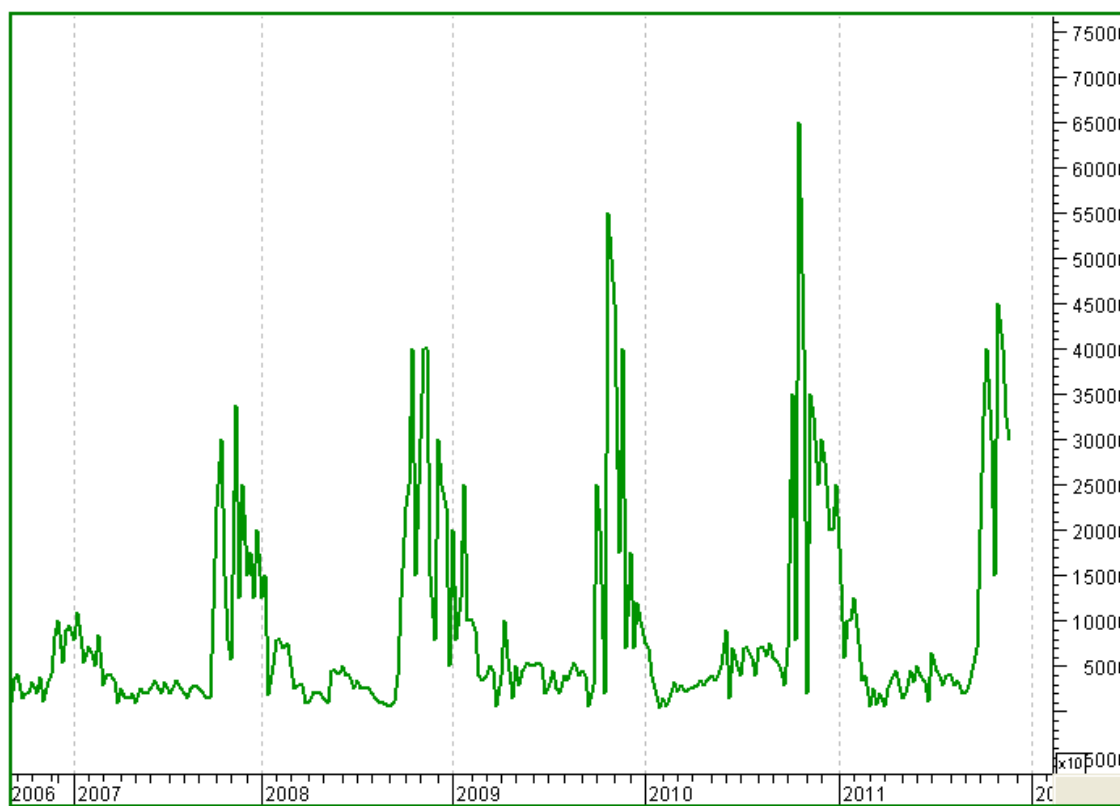
Crop	As on 18th November 2011	As on 18th November 2010	% Change
Rapeseed & Mustard	52.3	49.7	5.2
Groundnut	1.5	1.9	-22.5
Sunflower	2.0	2.7	-26.8
Total Oilseeds	59.7	58.9	1.5

Soybean

Soybean prices witnessed gains on good buying during the period. The big market players like Star Agri, ITC, ADM, Adani, Ruchi, NBHC and LD remained active buyers in MP. However, some of the big buyers failed to get the quantity as they desired.

Although, big market participants remained active in Maharashtra and Rajasthan but no aggressive buying was reported in the cash markets of the states. ADM, Adani, Bunge, Ruchi, KS Oils remained the major buyers in Rajasthan.

The big farmers have reportedly retained their produce and are seen off-loading it gradually as the bean prices are quoted higher.

Weekly Arrival Trend - Soybean


The historical soybean arrival trend suggests that the supplies gradually starts falling from second week of November and witness a fall around 2.0 - 2.5 lakh bags towards the end of Nov from 5.0 – 5.5 lakh bags in early November.

Fall in supplies and seasonal rise in meal and edible oil demand will lend support to the soybean prices at higher level in near to medium-term.

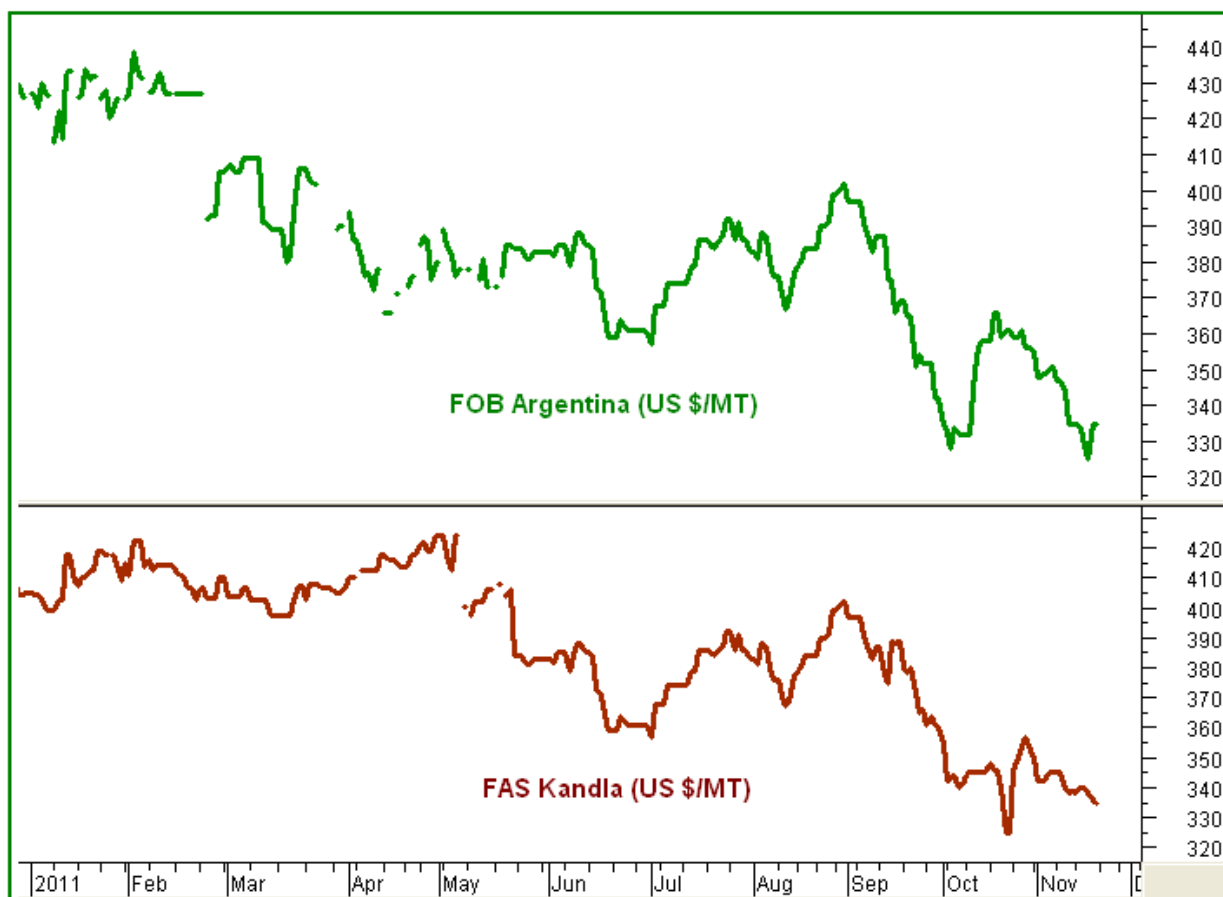
Soy meal - FAS Kandla Vs FOB Argentina (Spread)

Currently, India's soy meal export sales are slow due to weak forward booking compared to the previous season.

The overseas soy meal demand of Indian origin rises during the months Dec thru Feb. About 4.5 lakh tones of soy meal is estimated to have been booked for December shipment while the shipment of 4.0 lakh tones booked for the month of November is on.

The exports quantity is expected to increase in subsequent months in addition to seasonal increase in domestic usage in meal is likely which will lend support to the soybean prices in near to medium term.

In view of current soybean supply scenario, the bean supply in Madhya Pradesh, Maharashtra and Rajasthan could be considered sufficient to meet the soy meal exports demand in near-term.



*FAS, Kandla less FOB Argentina

The average weekly spread between FAS Kandla and FOB Argentina is resulted at US \$7/MT compared to US \$-2/MT in previous week (FAS, Kandla less FOB, Argentina). Decline in negative zone in meal spread will make Indian meal price more competitive compared to Argentine.

Currently the soy meal FOR, Kandla is quoted around 17200-17400/MT. Any fall near or below 17200/MT is a good buying opportunity.

Recommendation: The soy meal exporters are recommended to increase buying around 17200-17300/MT levels. The soybean crushers are advised to increase crushing the beans to cater the likely rise in seasonal domestic demand too at the current levels.

Soy meal Dynamics and Crush Margin

Avg Crush Margin – This Week	Avg Crush Margin – Last Week	Avg Crush Margin – Corresponding Period Last Month
-298	-110	-29.6

The disparity in crushing soybean has widened and resulted at Rs -298/MT during the week under review against Rs -110/MT which continues discouraging the crushers to some extent.

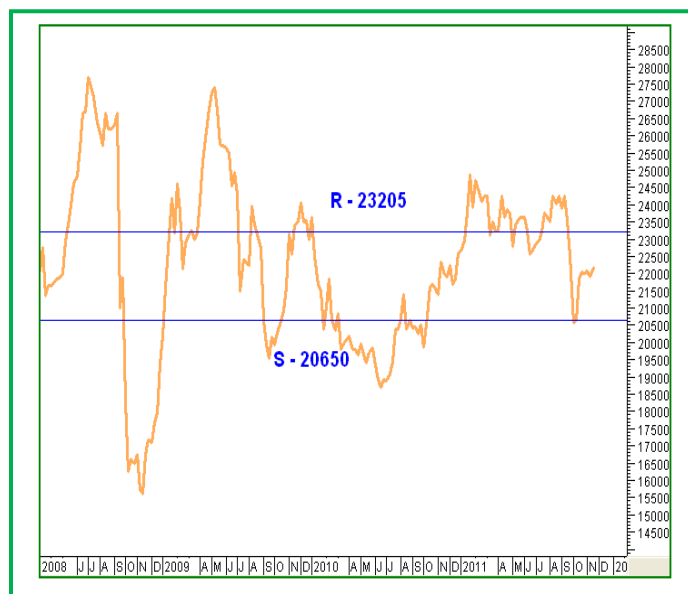
Only, if soy oil and meal prices stay relatively higher than the soybean prices the crush margin will improve towards positive territory.

Technical Analysis:

NCDEX Soybean Futures (Dec.)



Soybean Spot, Indore



*In Rs/MT

Supports & Resistances NCDEX Dec Soybean

S2	S1	PCP	R1	R2
2179	2215	2262	2334	2380

- The candlestick chart pattern featured firm trend in the prices.
- Prices closed above 9-day EMA supporting bullish momentum.
- RSI and stochastic are rising in neutral region. MACD is heading upwards in negative zone.
- Prices are expected move upwards towards 2320 – 2330 levels.
- **Trade Recommendation (NCDEX Soybean - Dec) –:** Buy towards 2270 – 2280 levels. T1 – 2300; T2 - 2320; SL - 2262.

Trade Recommendation Soybean Spot: We recommend buy soybeans at the current levels (2200-2270) Plant Delivery, Indore.

Review of Previous Call: In our previous call we had recommended BUY between 2200 - 2220 levels with T1 – 2260 and T2 - 2280; SL - 2185. We have achieved the both the targets during the week.

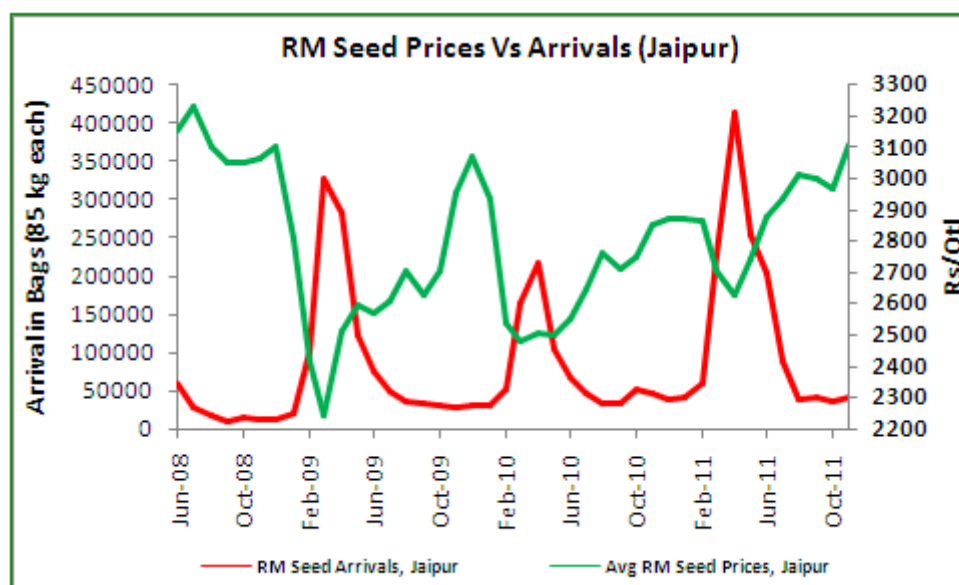
Rapeseed - Mustard Seed

The RM seed prices continued its upward trend in cash market followed by bullish domestic fundamentals. Surge in seasonal domestic edible oil demand and lower supplies in RM seed remained positive factor for the seed market.

The RM seed planting is progressing and it is reported up 5.2 per cent at 52.3 lha compared to the corresponding period last year. The overall area in RM seed is expected to improve leading to an increase in the seed production this season. The government has fixed the targeted RM seed planting area at 81.93 lha. India had sown the seed in 72.47 lha last year.

Eventually, rise in covered area reflects the higher planting in the seed this season which will slightly reduce the dependency in imported edible oils.

RM Seed Prices Vs Arrivals, Benchmark - Jaipur



The RM seed supplies improved to 2,55,000 bags compared to 1,91,000 bags in previous week.

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
2,55,000	1,91,000	2,55,000

Renewed seasonal RM oil demand has lent support to the seed prices boosting the stockists to offload the seed during the period. The RM oil usage increases between late Oct – Jan on seasonal demand.

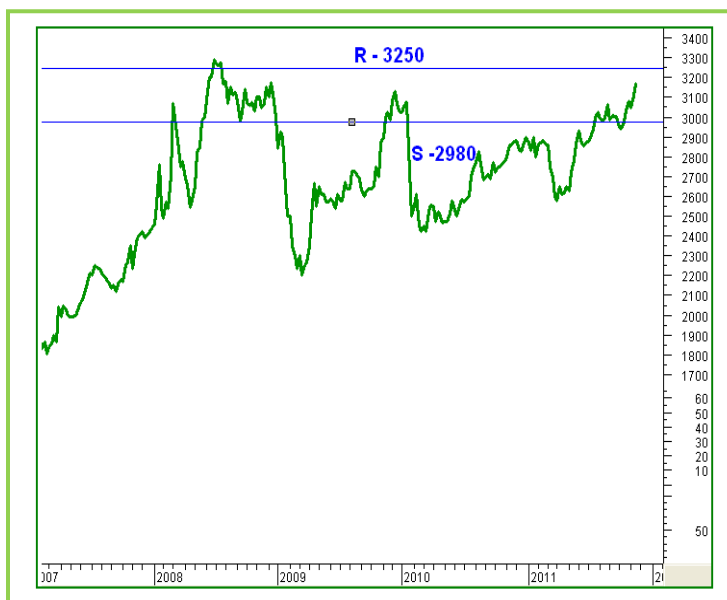
Recommendation: We recommend the market participants to buy RM seed at the current levels and off-load in Dec-Jan month above Rs3300/qtl level.

Technical Analysis:

NCDEX RM Seed Futures (Dec.)



RM Seed Spot, Jaipur



Supports & Resistances NCDEX Dec. RM Seed

S2	S1	PCP	R1	R2
3139	3166	3193	3215	3237

- The weekly RM seed chart suggests uptrend in the prices.
- Prices closed above 9-day and 18-day EMA supporting bullish momentum.
- Price indicators and oscillators reflect prices will improve during the week. The RM seed prices are expected to gain and move towards 3200 – 3215 levels.
- **Trade Recommendation (NCDEX RM SEED - Dec):** Buy between 3180 – 3190 levels. T1 – 3200; T2 - 3210; SL - 3178.

Trade Recommendation RM Seed Spot: In spot the RM seed prices are expected to gain and priced to move towards 3220 – 3230 level during the week. We recommend buy at the current levels.

Review of Previous Call: In our previous call we had recommended **BUY** between 3120 – 3130 levels with T1 – 3160 and T2 - 3175; SL - 3142. We have achieved the 1st Target during the week.

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