

Executive Summary

The domestic oilseeds and oilmeals prices slightly eased during late Nov and early Dec on slow buying. This is due to comfortable stock in edible oils and slow poultry output.

Slow farmer's selling in soybean at the current price levels and negative news of global economy remained negative factors for the market.

The soybean supplies are seen gradually falling in all the key markets. However, they are at par with last year's level.

The RM seed planting is reported at 61.6 lha up 1.3% compared to 60.8 lha during the corresponding period last year. The RM seed fundamentals continue to remain strong followed by rise in seasonal RM oil usage and dwindling seed stocks.

Slow export sales in soy meal due to the diversion of demand have limited the gains. This is due to attractive South American meal prices compared to India's. India is expected to boost the meal shipments if parity favours in crushing making it price competitive compared to Latin America. Currently, the soybean crush margin is in negative territory. We hope seasonal rise in meal demand from poultry will slightly support the meal price.

International

Latin America: South American soybean shipments are unusually high and setting a November record, with 1.76 Mn T shipped from Brazil and 0.5 Mn T from Argentina. However, US soybean exports were again lower in November.

Argentina is estimated to produce around 52 - 53 Mn T soybean during 2011/12 season. This is the second largest crop on record. However, Brazil's production is seen at 74.8 million tonnes, up from 73.8 million tones last year.

Oilseed Prices at Key Spot Markets:

Commodity	Centre	Prices (Rs/Qtl)		Change
		03/12/2011	26/11/2011	
Soybean				
	Indore –Plant	2200-2235	2100-2250	-15
	Indore –Mandi	2090-2140	2100-2160	-20
	Nagpur-Plant		2175-2240	-
	Nagpur – Mandi		2120-2170	-
	Kota-Plant	2190	2200-2225	-35
	Kota – Mandi	2115-2120	2103-2140	-20
	Bundi-Plant	2200	2200-2220	-20
	Bundi-Mandi	2050-2120	2060-2130	-10
	Baran-Plant	2180	2200	-20
	Baran-Mandi	2125	2100	25
	Bhawani MandiJhalawar – Kota Plant Delivery	2200	2200-2210	-10
	Jhalwar-Mandi	2075-2110	2100-2130	-20
Rapeseed/Mustard	Jaipur – C	3185-3190	3200-3215	-25
	Alwar – C	3100	3150	-50
	SriGanganagar (NC)	2760	2740	20
	Kota		2850	-
	Neewai	3140	3150	-10
	Delhi– C	3250	3315	-65
	Hapur (UP)	3310	3340	-30
Groundnut Seed	Rajkot	660	660	Unch
	Junagarh			-
Sunflower Seed	Latur	31000	31000	Unch
	Gulbarga	-	30000-31000	-
	Solapur	33100-33250	33150-33500	-250

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	1725000	1605000	120000
	Maharashtra	850000	1025000	-175000
	Rajasthan	335000	545000	-210000
	Bundi (Raj)	24000	38000	-14000
	Baran (Raj)	36000	45000	-9000
	Jhalawar (Raj)	18000	18000	Unch
Rapeseed/Mustard	Rajasthan	246000	248000	-2000
*Sum Arrivals during the week.				

Crop Progress, India

The Rabi oilseeds planting is fast progressing and reportedly the covered area stands at 73.8 lakh hectares, down 0.2 per cent, compared to 74.0 lha during the same period last year.

Area in lakh hectares

Crop	As on 9th December 2011	As on 9th December 2010	% Change
Rapeseed & Mustard	61.6	60.8	1.3
Groundnut	3.0	2.9	3.5
Sunflower	3.1	3.4	-9.7
Total Oilseeds	73.8	74.0	-0.2

The sunflower planting is lagging (-10%) among all the oilseeds while rapeseed sowing is leading among all. The RM seed planting is reported at 61.6 lha up 1.3% compared to 60.8 lha during the corresponding period last year.

Soybean

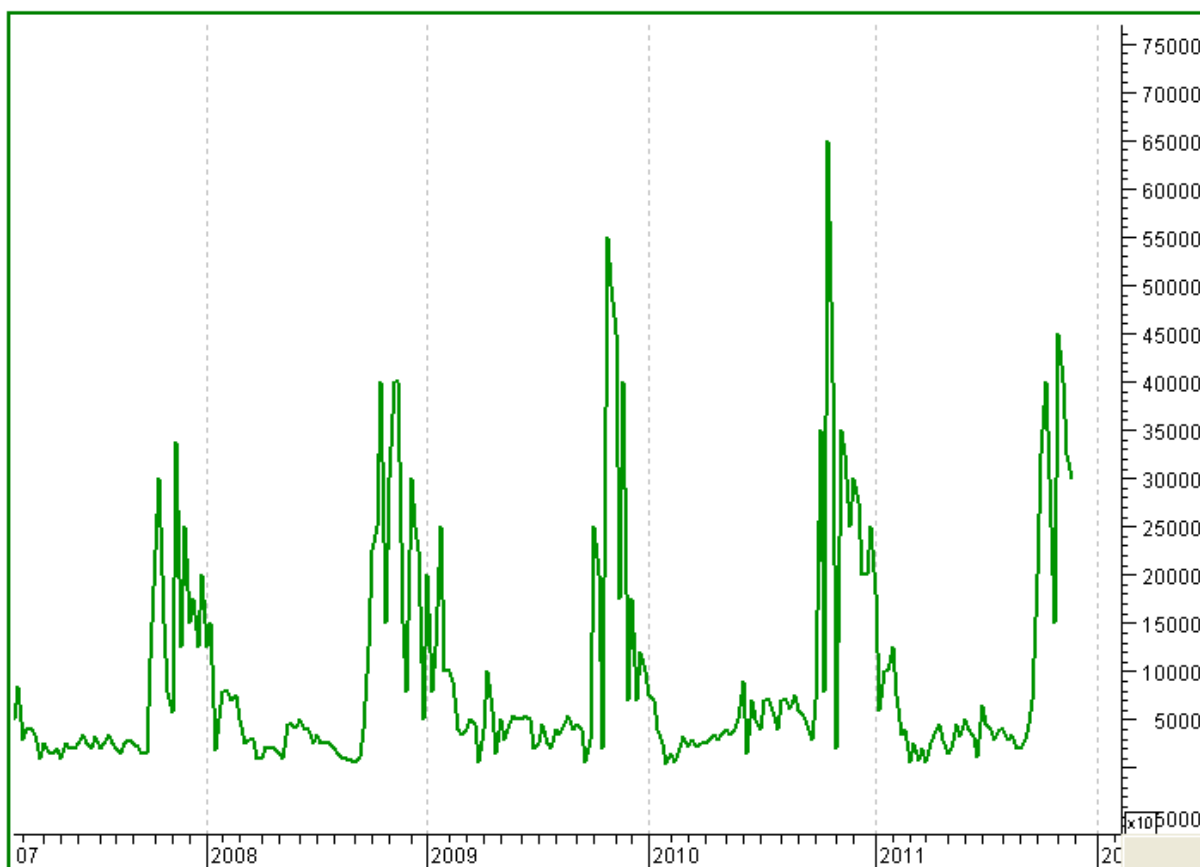
Normal regular buying was featured in the soybean cash market during the period under review. However, absence of aggressive buying limited the gains. The significant market players like Star Agri, ITC, ADM, Adani, Ruchi, NBHC and LD remained active buyers.

The soybean supplies are falling every week with big farmer's retaining their stock in anticipation of higher bean prices in days ahead. The soy meal and oil usage rises during the months Oct – Jan and this is the period when the oilseeds prices witness significant gains.

The soybean arrivals in Rajasthan declined at a faster pace during the period followed by dwindling stocks with the stockists. In some key Rajasthan mandis the traders have diverted their trade activity in rice which is in harvesting phase in some pockets of the region. ADM, Adani, Bunge, Ruchi, KS Oils remained the major buyers in Rajasthan. The buying activity in Maharashtra also remained normal.

Slow farmer's selling is featured in all the key producing states of MP, Maharashtra and Rajasthan. The supplies are expected to ease further in days ahead.

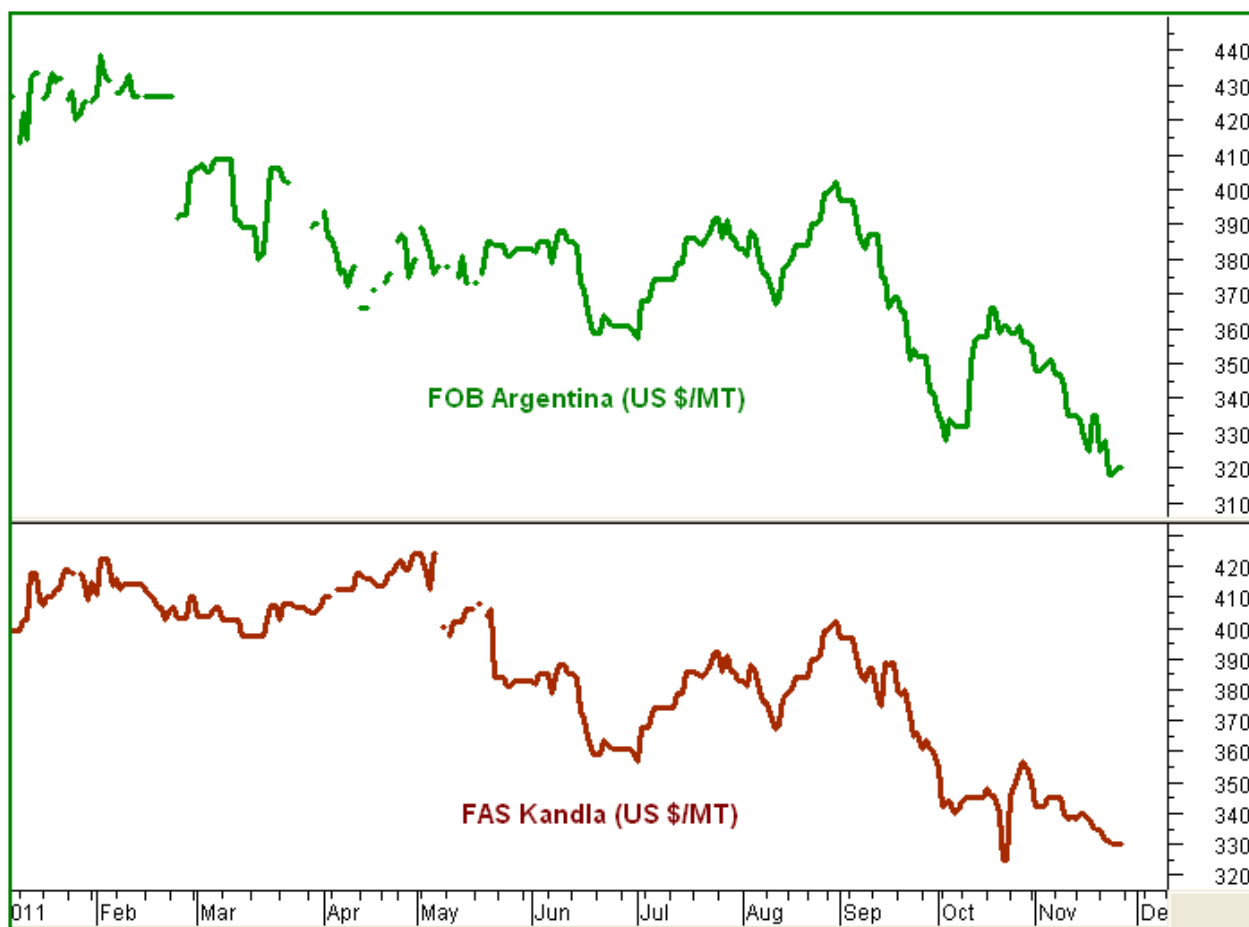
Weekly Arrival Trend - Soybean



The arrival trend suggests the bean arrivals to fall and witness the level of 2.0 - 2.5 lakh bags per day from 5.0 – 5.5 lakh bags in early November. Fall in supplies and likely 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)

No major activity featured in the soy meal exports. Demand shift to Argentina and Brazil followed by competitive South American meal prices continues to remain negative factor for the domestic soy meal market. India is estimated to export about 4.5 lakh tones of soy meal in the month of December which is lower compared to the same period last year. India exported about 6.11 lakh tones of meal in December 2010. Though the scenario is discouraging the meal exporters but India has a potential to export higher than last year in view of large soybean crop this season.



*FAS, Kandla less FOB Argentina

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

The soy meal FOR, Kandla was quoted slightly higher around 17100-17350/MT during the week which was quoted around 17000-17200/MT previous week. 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 (FOR, Kandla Basis). 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
-224	-298	-518

The disparity in crushing soybean has slightly narrowed at Rs -224/MT during the week under review against Rs -298/MT previous week. The crushers will be encouraged if the crush margin continues to narrow and jumps upward in positive territory.

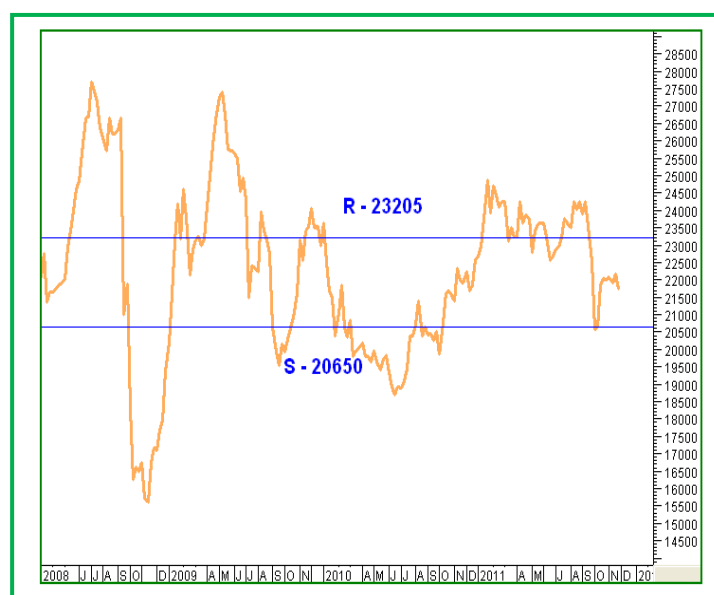
The crush margin will improve towards positive territory if soy oil and meal prices stay relatively higher than the soybean.

Technical Analysis:

NCDEX Soybean Futures (Dec.)



Soybean Spot, Indore



*In Rs/MT

Supports & Resistances NCDEX Dec Soybean

S2	S1	PCP	R1	R2
2150	2190	2245	2288	2343

- The candlestick chart pattern featured indecision in the market.
- Prices closed above 9-day EMA supporting bullish momentum in short-term.
- RSI and stochastic are rising in neutral region. MACD is heading upwards in negative zone.
- Prices are expected move upwards towards 2270 – 2285 levels.
- **Trade Recommendation (NCDEX Soybean - Dec) –:** Buy towards 2250 – 2255 levels. T1 – 2270; T2 – 2280; SL – 2244.

Trade Recommendation Soybean Spot: We recommend buy soybeans at the current levels (2200-2250) Plant Delivery, Indore.

Review of Previous Call: In our previous call we had recommended BUY towards 2270-2280 levels with T1 – 2300 and T2 – 2320; SL 2262. The call failed to trigger due to consolidation in prices.

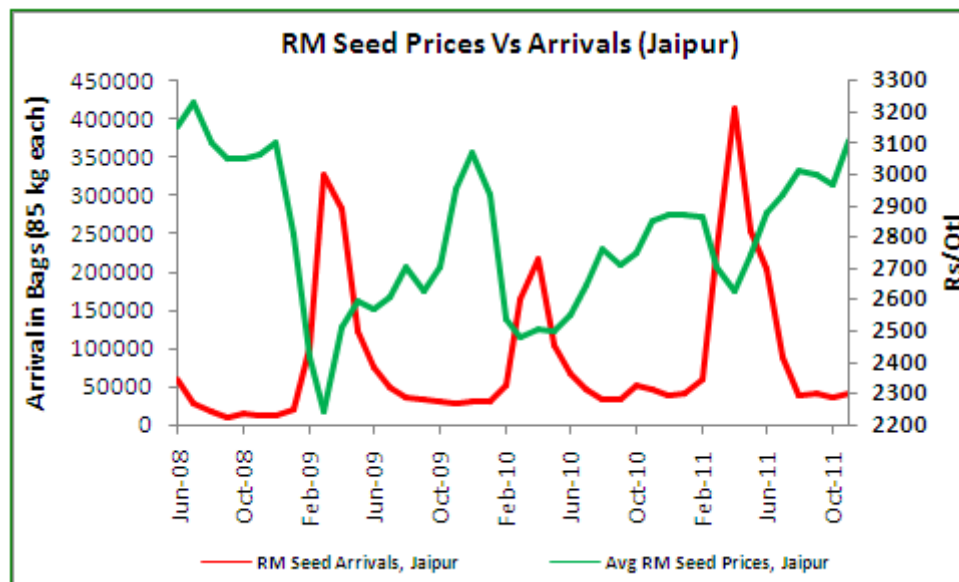
Rapeseed - Mustard Seed

Firm trend featured in the RM seed prices due to good seasonal demand from millers and the dwindling stocks in the seed. The seed fundamentals remain strong with recent slow down in edible oil imports and higher dependency in domestic oilseeds to meet the seasonal edible oil demand during Nov-Jan.

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

The RM seed planting is leading among all the oilseeds and the area coverage is up 2 per cent at 56.6 lha compared to 55.5 lha a year ago.

RM Seed Prices Vs Arrivals, Benchmark - Jaipur



The RM seed supplies slightly eased to 2,48,000 bags compared to 2,55,000 bags in previous week.

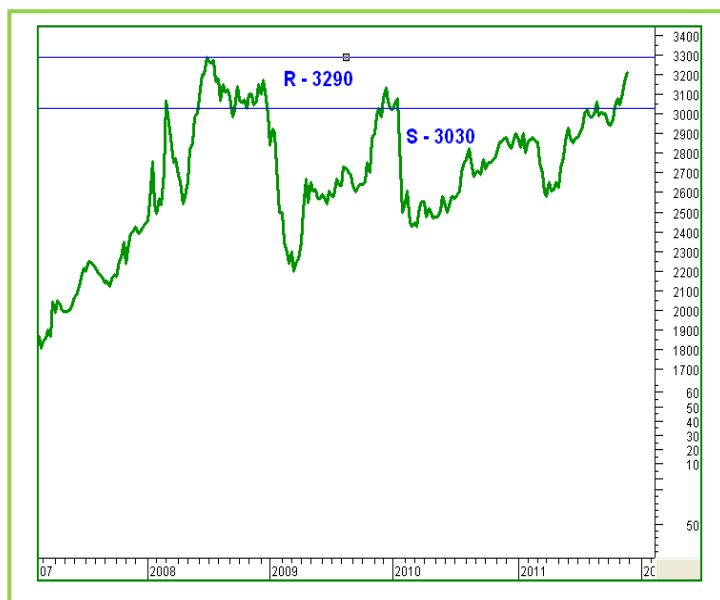
RM Seed Supply, Rajasthan

RM Seed Arrivals in Rajasthan in Bags (85 kg each).		
Weekly Arrivals	Weekly Arrivals of Last Week	Corresponding Period Last Year
2,48,000	2,55,000	1,30,000

We expect RM seed prices to stay strong during Nov – Jan on seasonal rise in RM oil 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
3045	3070	3107	3164	3225

- The weekly RM seed chart suggests selling pressure in the market.
- Prices closed above 9-day and 18-day EMA supporting bullish momentum.
- Price indicators and oscillators reflect prices will fall during the week. The RM seed prices are expected to fall and move towards 3080 – 3070 levels.
- **Trade Recommendation (NCDEX RM SEED - Dec):** Sell between 3090 - 3100 levels. T1 – 3085; T2 - 3075; SL - 3100.

Trade Recommendation RM Seed Spot: In spot the RM seed prices are expected to gain and 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 3180 – 3190 levels. T1 – 3200; T2 - 3210; SL - 3178. The call could not be triggered due to side-ways (consolidation) movement in the prices.

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