

Executive Summary

Oilseeds and meal prices witnessed gains on lower supplies in soybean and RM seed followed by slow farmer's selling.

Normal regular buying was featured in key soybean cash markets. Almost all the significant market players were present in various markets of Madhya Pradesh, Maharashtra and Rajasthan.

The planting area under RM seed is covered at 61.6 lha up 1.3% compared to 60.8 lha during the corresponding period last year.

The RM seed fundamentals remained bullish, despite likely rise in acreage this season, followed by continued seasonal buying support in RM oil and limited supplies in the seed. Weakness in INR against US dollar is making edible oil imports more expensive.

India's soy meal exports are on and it is not as weak as it was earlier thought. India exported 2.6 per cent higher soy meal in Nov compared to the corresponding period last year. The traditional buyers like Japan, Vietnam and EU were the major buyers in November month. The South American meal prices are attractive compared to India's hence India's meal exports are likely to be low, to some extent, due to demand shift.

International

Latin America: Conab, The Brazilian agency has cut its estimates of soybean crop at 71.29 million tonnes for 2011/12 compared to its November estimate of 71.49 - 72.97 Mn T.

This estimate is lowered from previous year's record output of 75.32 Mn T. As they believe that the weather of Rio Grande do sul, Brazil's one of the major soybean growing state, will face higher temperature leading to lower soil moisture level eventually leading to fall in the output.

Oilseed Prices at Key Spot Markets:

| Commodity | Centre | Prices (Rs/Qtl) | | Change |
|------------------|---|-----------------|-------------|--------|
| | | 10/12/2011 | 03/12/2011 | |
| Soybean | | | | |
| | Indore –Plant | 2270-2295 | 2200-2235 | 60 |
| | Indore –Mandi | 2175-2225 | 2090-2140 | 85 |
| | Nagpur-Plant | - | - | - |
| | Nagpur – Mandi | - | - | - |
| | Kota-Plant | 2260-2270 | 2190 | 60 |
| | Kota – Mandi | 2100-2180 | 2115-2120 | 60 |
| | Bundi-Plant | 2250-2270 | 2200 | 70 |
| | Bundi-Mandi | 2150-2205 | 2050-2120 | 85 |
| | Baran-Plant | 2220 | 2180 | 40 |
| | Baran-Mandi | 2150-2180 | 2125 | 55 |
| | Bhawani MandiJhalawar – Kota Plant Delivery | 2250-2260 | 2200 | 60 |
| | Jhalwar-Mandi | - | 2075-2110 | - |
| Rapeseed/Mustard | Jaipur – C | 3245-3250 | 3185-3190 | 60 |
| | Alwar – C | 3175 | 3100 | 75 |
| | SriGanganagar (NC) | 2830 | 2760 | 70 |
| | Kota | 2800-2850 | - | - |
| | Neewai | 3250 | 3140 | 110 |
| | Delhi– C | 3315-3320 | 3250 | 70 |
| | Hapur (UP) | 3370 | 3310 | 60 |
| Groundnut Seed | Rajkot | 660 | 660 | Unch |
| | Junagarh | | - | - |
| Sunflower Seed | Latur | - | 31000 | - |
| | Gulbarga | 29000-31000 | - | - |
| | Solapur | 32000-33500 | 33100-33250 | 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 | 1325000 | 1725000 | -400000 |
| | Maharashtra | - | 850000 | - |
| | Rajasthan | 260000 | 335000 | -75000 |
| | Bundi (Raj) | 14800 | 24000 | -9200 |
| | Baran (Raj) | 32000 | 36000 | -4000 |
| | Jhalawar (Raj) | 5500 | 18000 | -12500 |
| | | | | |
| Rapeseed/Mustard | Rajasthan | 233000 | 246000 | -13000 |
| *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

There was no significant activity in the soybean cash market during the week under review. Continued buying support from solvent extractors remained supportive factor for the gain in bean prices. Seasonal rise in edible oil and meal encouraged the solvent extractors in crushing. However, significant market players have slowed down buying at the current price level. As per sources LD still has old crop stocks which they are currently utilizing in crushing.

Reportedly, In Madhya Pradesh there is only 10-15 day soybean stock in the hands with major crushers against their daily crush capacity. However, in Rajasthan the quantity with crushers is even less at 5-6 days.

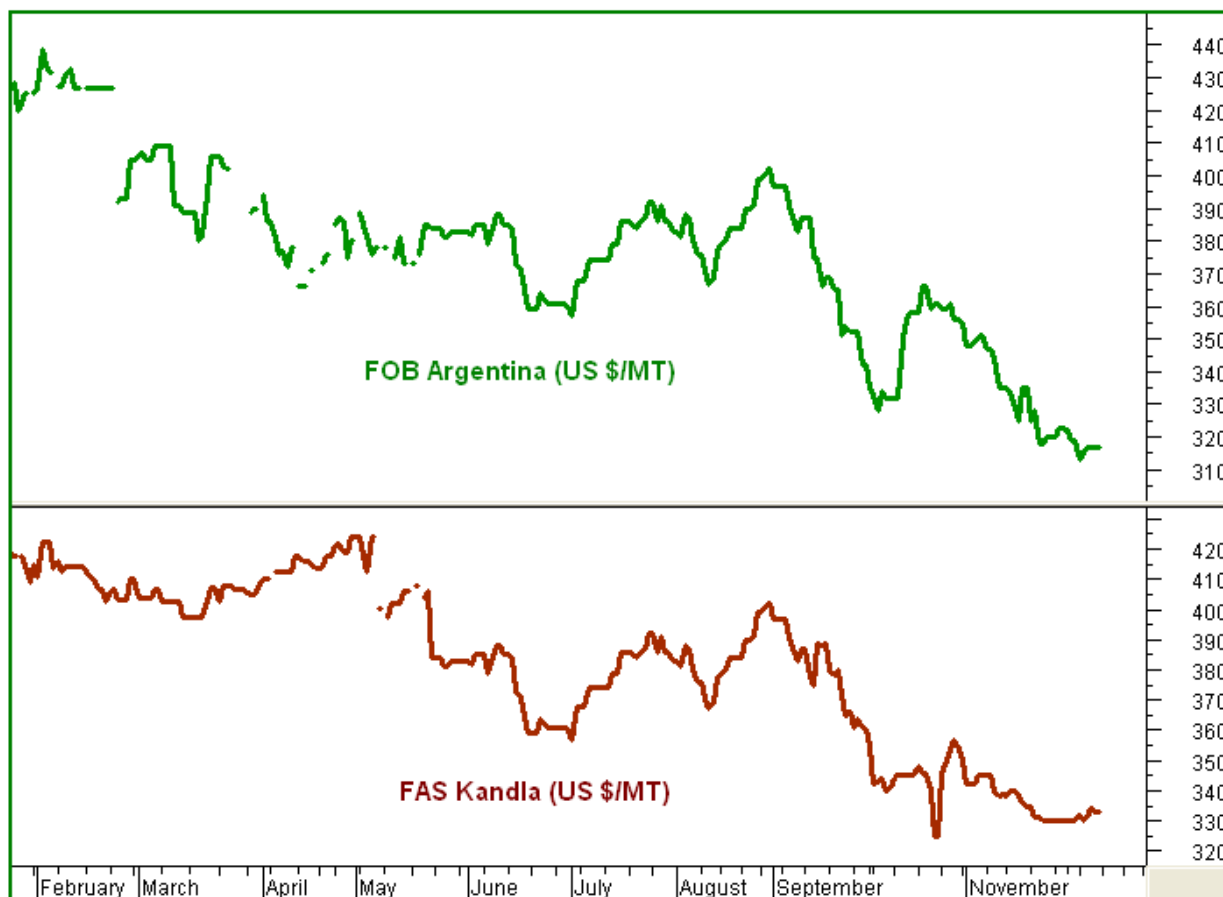
We expect the soybean arrivals in Madhya Pradesh to fall from daily 2.0-2.25 lakh bags per day to 1.5-1.75 lakh per day during the week.

Soy meal - FAS Kandla Vs FOB Argentina (Spread)

The Indian soy meal shipments are slow paced but it is continued. The exports sales are not as weak as it was thought earlier. The major destinations include Japan, Vietnam and EU. The fresh rise in domestic demand from poultry has lent some support to the meal prices.

India is likely to export above 5.5 lakh tones of soy meal in December. India exported about 6.11 lakh tones of meal in December 2010. Ruchi, Adani, Cargill and Star Agri continue to export to South and Far East Asia.

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 widened and recorded at US \$17/MT compared to US \$9/MT previous week (FAS, Kandla less FOB, Argentina). The rising spread in positive zone has made Argentine meal price more competitive compared to India's.

The soy meal FOR, Kandla was quoted slightly higher around 17000-17500/MT during the week which was quoted around 17000-17200/MT previous week.

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 |
|-------------------------------------|-------------------------------------|---|
| -422 | -361 | -224 |

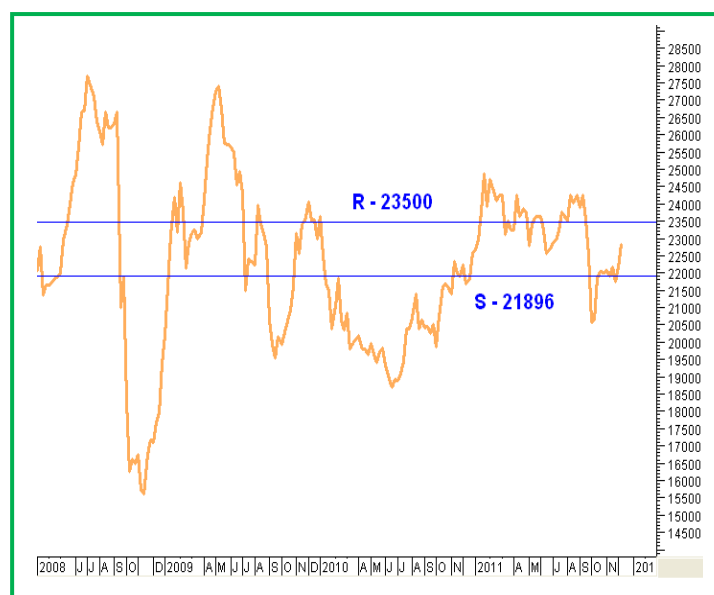
The disparity in crushing soybean has further widened at Rs -422/MT during the week under review against Rs -361/MT previous week. The widening disparity is discouraging the solvent extractors. The crush margin will improve towards positive territory if soy oil and meal prices stay relatively higher than the soybean.

Technical Analysis:

NCDEX Soybean Futures (Jan.)



Soybean Spot, Indore



*In Rs/MT

Supports & Resistances NCDEX Jan Soybean

| S2 | S1 | PCP | R1 | R2 |
|------|------|------|------|------|
| 2218 | 2241 | 2305 | 2352 | 2388 |

- The candlestick chart pattern featured side-ways movement in the market.
- Prices closed above 9-day and 18-day EMA supporting bullish momentum in short-term.
- RSI is rising in neutral region while stochastic is moving upwards in overbought zone. MACD is heading upwards in negative zone.
- Prices are expected move upwards towards 2340 – 2350 levels.
- **Trade Recommendation (NCDEX Soybean - Jan) –:** Buy towards 2308 – 2310 levels. T1 – 2340; T2 – 2350; SL - 2293.

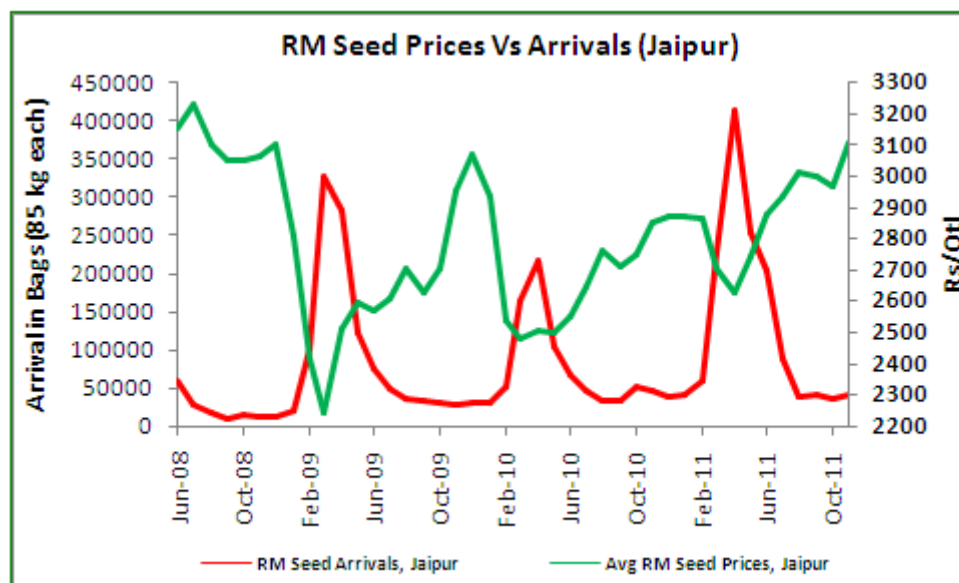
Trade Recommendation Soybean Spot: We recommend buy soybeans at the current level. The market is expected witness 2300-2350 level, Plant Delivery- Indore, I during the week.

Rapeseed - Mustard Seed

RM seed prices witnessed firm sentiments in major cash markets on good millers demand. Increased seasonal demand in RM oil continues to support the seed.

The seed fundamentals continue to be bullish in view of expensive edible oil imports due to appreciation in US dollar. The consumption of edible oils improves during Nov-Jan. The planting area under RM seed is covered at 61.6 lha up 1.3% compared to 60.8 lha during the corresponding period last year.

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.

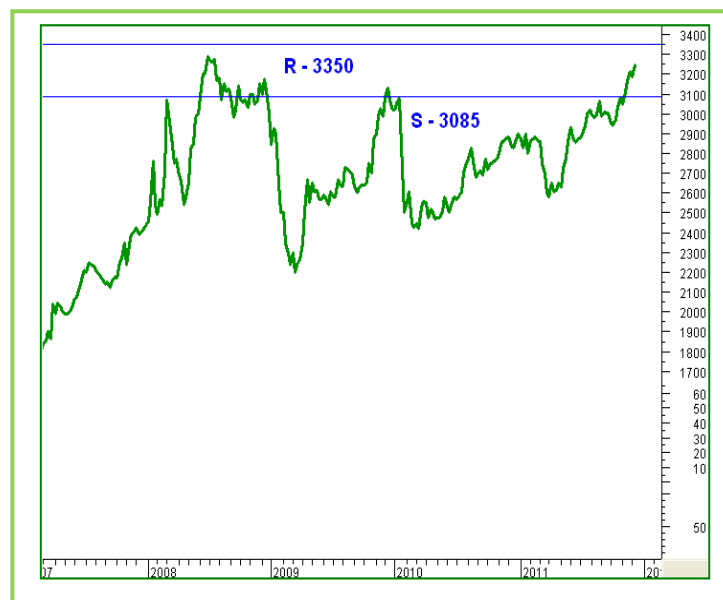
RM Seed Supply, Rajasthan

| RM Seed Arrivals in Rajasthan in Bags (85 kg each). | | |
|---|------------------------------|--------------------------------|
| Weekly Arrivals | Weekly Arrivals of Last Week | Corresponding Period Last Year |
| 2,35,000 | 2,46,000 | 2,15,000 |

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 (Jan.)

RM Seed Spot, Jaipur

Supports & Resistances NCDEX Jan. RM Seed

| S2 | S1 | PCP | R1 | R2 |
|------|------|------|------|------|
| 3055 | 3108 | 3233 | 3360 | 3380 |

- The weekly RM seed chart suggests side-ways movement in the prices.
- Prices closed above 9-day and 18-day EMA supporting bullish momentum.
- **Trade Recommendation (NCDEX RM SEED - Jan):** We feel the prices are likely to remain within the range of 3135- 3231 levels. Breaching either side will give direction to the price.

Trade Recommendation RM Seed Spot: In spot the RM seed prices are expected to gain and to move towards 3300 – 3320 level during the week. We recommend buy at the current levels. Stockists may offload the stock at the said levels.

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