

**Executive Summary**

Firm sentiments featured in the domestic oilseeds and meal cash market during the week under review. Continued buying support from solvent extractors and lower supplies lend support to the seed and meal prices.

Limited supply in soybean is attributed due to slow farmer's selling in anticipation of higher prices in coming days. Seasonal rise in edible oils and meal usage is expected to support the market in near to medium-term. The big market players are seen buying the seed as per their daily requirement. As per sources, soybean stock with major crushers against their daily crush capacity has shrunk to about one week from one month few days earlier.

RM seed fundamentals stands strong and prices are expected to remain firm in medium-term followed by supportive buying in RM oil. The farmers are keen in offloading the seed on rise in the seed prices.

The area covered under RM seed is reported at 62.7 lha, down 6% compared to 66.6 lha during the corresponding period last year.

The soy meal prices are recovering followed by renewed domestic buying and recovering overseas meal demand. However, stronger dollar is major concern for the export sales in meal.

Besides, appreciation in US dollar is leading India's edible oil imports more expensive which will consequently lead to lower imports supporting the domestic oilseeds prices in near-term.

**International**

**World:** The global soy meal consumption will be smaller than expected in Oct/Dec 2011, reducing soybean crushings internationally. This, in turn, is creating bullish supply fundamentals for soya oil and resulting in an unseasonable strength of the soya oil values relative to meal, as per Oil World.

Deficit rainfall in Latin America (Brazil, Argentina, Paraguay and Uruguay) is increasing the risk of lower than expected soybean production, contributing to the global rise in soybean prices.

**Argentina:** According to the latest Argentina's government weekly crop progress report, The Argentina's farmers have planted 77 percent (14.68 million ha.), up 5% compared to the record 19.03 million hectares estimated last year. Moreover despite growing concerns over dry weather Argentina's government has kept its forecast for 2011/12 soy area at 19 million hectares.

Argentine soy-crushing fell 8.4 percent in October year-on-year to 3.3 million tonnes following a record 2009/10 crop and a smaller 2010/11 harvest as reported in the Argentine government report.

**Brazil:** Brazil's soy crop productivity is estimated at 73.1 million tonnes down by half a million tonnes from the last month estimate forecasted by AgRural since they expects a cut in soybean planting area. AgRural forecasts 24.8 million hectares soy planting area in 2011-12 down majorly in the southern states of Parana and in the North Maranhao against its previous expected planting area 25 million hectares.

**Oilseed Prices at Key Spot Markets:**

Commodity	Centre	Prices (Rs/Qtl)		Change
Soybean		17/12/2011	10/12/2011	
	Indore –Plant	2308-2390	2270-2295	95
	Indore –Mandi	2270-2330	2175-2225	105
	Nagpur-Plant	2280-2350	-	-
	Nagpur – Mandi	2230-2310	-	-
	Kota-Plant	2350	2260-2270	80
	Kota – Mandi	2260	2100-2180	80
	Bundi-Plant	2320-2350	2250-2270	80
	Bundi-Mandi	2250-2260	2150-2205	55
	Baran-Plant	2325	2220	105
	Baran-Mandi	2200-2250	2150-2180	70
	Bhawani MandiJhalawar – Kota Plant Delivery	2350-2370	2250-2260	110
	Jhalwar-Mandi	2225-2260	-	-
Rapeseed/Mustard	Jaipur – C	3370-3375	3245-3250	125
	Alwar – C	3300	3175	125
	SriGanganagar (NC)	2860	2830	30
	Kota	2900-2950	2800-2850	100
	Neewai	3320	3250	70
	Delhi– C	3400	3315-3320	80
	Hapur (UP)	3375-3380	3370	10
Groundnut Seed	Rajkot	710	660	50
	Junagarh			-
Sunflower Seed	Latur	32000-33500	-	-
	Gulbarga	28000-32000	29000-31000	1000
	Solapur	32000-2-33400	32000-33500	-100

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	
<b>Soybean</b>				
	Madhya Pradesh	990000	1325000	<b>-335000</b>
	Maharashtra	-	-	-
	Rajasthan	225000	260000	<b>-35000</b>
	Bundi (Raj)	7400	14800	<b>-7400</b>
	Baran (Raj)	23500	32000	<b>-8500</b>
	Jhalawar (Raj)	12000	5500	<b>6500</b>
<b>Rapeseed/Mustard</b>	Rajasthan	244000	233000	<b>11000</b>
<b>*Sum Arrivals during the week.</b>				

**Crop Progress, India**

In the latest official planting progress report, the total covered area is reported at 75.6 lakh hectares, down 7.3%, compared to 81.5 lha during the corresponding period last year.

Area in lakh hectares

Crop	As on 16th December 2011	As on 16th December 2010	% Change
Rapeseed & Mustard	62.7	66.6	-6.0
Groundnut	3.3	3.6	-9.2
Sunflower	3.2	3.9	-18.4
<b>Total Oilseeds</b>	<b>75.6</b>	<b>81.5</b>	<b>-7.3</b>

Source: GOI

RM seed, the major oilseed is covered in 62.7 lha and lagging by 6% compared to 66.6 lha during the same period previous year.

**Soybean**

The average daily arrival in Madhya Pradesh has declined and recorded around 1.5 – 1.75 lakh bags from earlier 20 – 2.5 lakh bags during the period under review.

Kriti and Ruchi were the major buyers in MP. However, the buying of ADM, Ambuja, Adani, Cargill and LD were limited. As per trade sources some of the significant players even have old crop stock.

In Maharashtra Adani, Ruchi, Suguna and Cargill were the major buyers. In Rajasthan the local crushers like Shiv Edibles and Goyal Proteins remained the key purchasers of beans. Besides, Adani, ADM, Bunge and Ruchi did limited buying.

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.

The buyers purchased the beans to meet their daily crush requirement. Slow farmer's selling in MP, Maharashtra and Rajasthan is featured in anticipation higher prices in near-term.

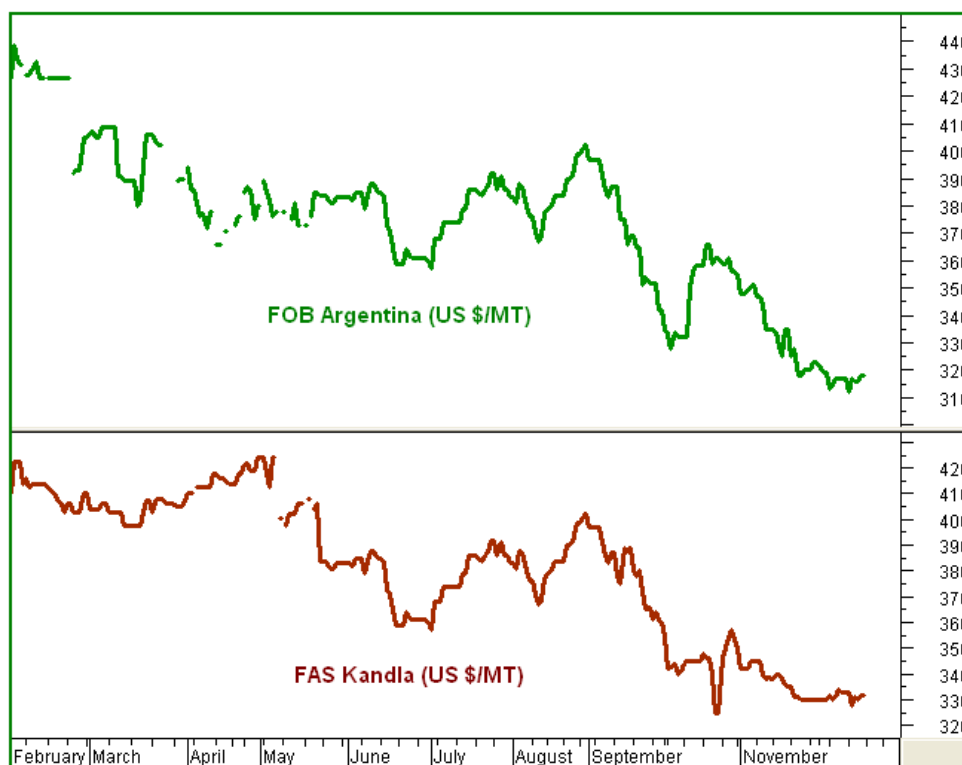
The soybean prices are expected to extend gains on seasonal rise in oil and meal usage in near and medium-term.

### Soy meal - FAS Kandla Vs FOB Argentina (Spread)

The soy meal prices have witnessed continued gains followed by rise in seasonal buying from poultry feed industry and continued export sales.

The international soy meal prices have witnessed considerable pressure since Oct 2011 owing to relatively dull demand in some major countries. The soy meal prices of South America remained competitive compared to the meal of Indian origin. However, proximity, logistic and freight advantage remained positive factor for the export sales of Indian soy meal to mainly Far and South-East Asian countries.

India is expected to export between 5.5 – 6.0 lakh tones of soy meal in December. India exported about 6.11 lakh tones of meal in December 2010.



\*FAS, Kandla less FOB Argentina

The average weekly spread between FAS Kandla and FOB Argentina have slightly narrowed and recorded at US \$14/MT compared to US \$17/MT a week ago - FAS, Kandla less FOB, Argentina. Indian meal prices will be competitive if the spread fall towards negative territory.

The soy meal FOR, Kandla was quoted slightly higher around 173000-18000/MT during the week under review which was quoted around 17000-17500/MT previous week.

**Recommendation:** The soy meal exporters are recommended to increase buying around 17500-17700/MT levels (FOR, Kandla Basis) as prices are expected to move towards 18300-18500/MT in near-term.

### Soy meal Dynamics and Crush Margin

Avg Crush Margin – This Week	Avg Crush Margin – Last Week	Avg Crush Margin – Corresponding Period Last Month
-640	-422	-141

The disparity in crushing soybean continued to widened and recorded at Rs -640/MT during the week under review against Rs -422/MT previous week. The disparity remains a negative factor for the solvent extractors.

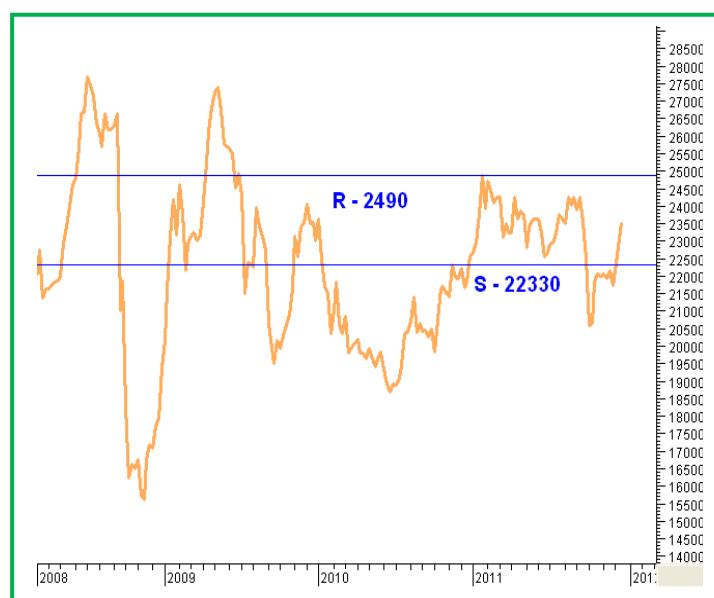
The crush margin is expected to improve towards positive territory if soy oil and meal prices gain relatively move than the soybean.

### Technical Analysis:

#### NCDEX Soybean Futures (Jan.)



#### Soybean Spot, Indore



\*In Rs/MT

#### Supports & Resistances NCDEX Jan Soybean

S2	S1	PCP	R1	R2
2300	2336	2440	2500	2550

- The candlestick chart pattern featured buying support in the market.
- Prices closed above 9-day and 18-day EMA supporting bullish momentum in near and medium-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 2490 – 2500 levels.

- **Trade Recommendation (NCDEX Soybean - Jan) –:** Buy towards 2445 – 2450 levels. T1 – 2490; T2 – 2500; SL - 2427.

**Trade Recommendation Soybean Spot:** We recommend buy soybeans at the current level. The market is expected witness 2480-2490level, Plant Delivery- Indore, during the week.

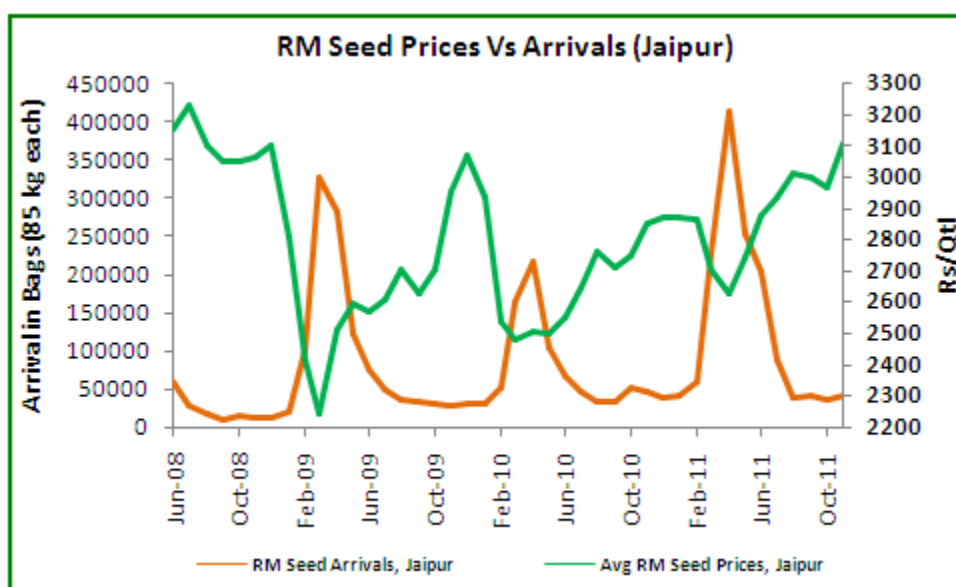
## Rapeseed - Mustard Seed

RM seed prices extended gains on it's intact bullish fundamentals. Limited supply against surge in seasonal crush demand followed by rise in RM oil usage remained supportive factor for the seed.

Besides, the rapeseed-mustardseed oilcake prices witnessed significant gains and stood at Rs1100/qrtl compared to Rs990/qrtl a month ago.

RM seed, the major oilseed is covered in 62.7 lha and lagging by 6% compared to 66.6 lha during the same period previous year.

### RM Seed Prices Vs Arrivals, Benchmark - Jaipur



The RM seed supplies improved with the gains in prices and reported a total of 2,44,000 bags compared to 2,35,000 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
2,44,000	2,35,000	1,90,000

We expect RM seed prices to stay strong during Nov – Jan on seasonal rise in RM oil demand.

**Trade Recommendation RM Seed Spot:** We recommend the market participants to buy RM seed at the current levels and off-load in Dec-Jan month above Rs3500/qtl level. Stockists are advised to hold and sell around the said level.

## Technical Analysis:

### NCDEX RM Seed Futures (Jan.)



### RM Seed Spot, Jaipur



### Supports & Resistances NCDEX Jan. RM Seed

S2	S1	PCP	R1	R2
3055	3150	3440	3550	3580

- The weekly RM seed chart suggests strong buying support in the market.
- Prices closed above 9-day and 18-day EMA supporting bullish momentum.
- Oscillators indicate firm tone in the market.
- **Trade Recommendation (NCDEX RM SEED - Jan):** Buy towards 3445 – 3450 levels. T1 – 3540; T2 – 3550; SL - 3402.

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