

Executive Summary

The domestic oilseeds and meal prices extended gains on increased seasonal usage during the week under review. Besides, limited supply in seeds for crushing and bullish international market remained positive factors for the market.

Of the major market players in soybean, the MNCs were less active in the market as compared to the domestic giants in all the major market centers of Madhya Pradesh, Maharashtra and Rajasthan. The soy meal export sales for the month of December are expected to be around last year's level. India exported around 6.1 lakh tons of meal in Dec. 2010. Far and South East Asian countries remained the consistent buyers of meal of Indian origin.

Besides, RM seed prices continued its uptrend on rise in seasonal RM oil demand as expected. The millers were keen in buying the seed at higher quotes.

The area RM seed planting is heading at slow pace and currently the coverage is reported at 63.8 lha, down 6% compared to 67.8lha during the corresponding period last year.

However, higher US dollar index, which is around 80.0, is discouraging the Indian edible oils importers to import in one hand and international soy meal buyers on the other (stronger dollar may limit the demand due to disparity on imports).

Considering the global and domestic fundamentals, the scenario for domestic oilseeds looks bullish in near to medium-term.

International

Latin America: Rain in Argentina and Brazil during the next few days is expected to ease the soil moisture concern which is a positive factor for the soybean crop in Argentina and Brazil.

Brazil has exported a total of 31.51 Mln T in Jan-Nov, an increase by 2.73 Mln T compared to 28.78 Mln T during the corresponding period last year.

China: China's soybean buying in November improved 50% on month to 5.7 Mln T, up 4% from a year ago.

The total imports in the first 11 months declined to by 4.4% to 47.22 million tons.

China purchased 21.23 Mln T of Brazil's soybean in Jan-Nov 2011, which is higher than 2010 imports totaled 19.064 Mln T, as mentioned in the data of foreign Trade Secretariat.

Taiwan: Taiwan's Breakfast Soybean Procurement Association is planning to buy 40,000 to 60,000 tonnes of soybean. The association is expected to float a tender in this regard.

Taiwan is likely to buy the soybean from U.S. or South America.

Oilseed Prices at Key Spot Markets:

Commodity	Centre	Prices (Rs/Qtl)		Change
Soybean		24/12/2011	17/12/2011	
	Indore –Plant	2370-2440	2308-2390	50
	Indore –Mandi	-	2270-2330	
	Nagpur-Plant	2370	2280-2350	20
	Nagpur – Mandi	2320-2400	2230-2310	90
	Kota-Plant	2350	2350	Unch
	Kota – Mandi	2230-2240	2260	-20
	Bundi-Plant	2350-2370	2320-2350	20
	Bundi-Mandi	2240-2300	2250-2260	40
	Baran-Plant	2350	2325	25
	Baran-Mandi	2250-2300	2200-2250	50
	BhawaniMandiJhalawar – Kota Plant Delivery	2370-2400	2350-2370	30
	Jhalwar-Mandi	-	2225-2260	-
Rapeseed/Mustard	Jaipur – C	3435-3440	3370-3375	65
	Alwar – C	3350	3300	50
	SriGanganagar (NC)	2960	2860	100
	Kota	2950	2900-2950	Unch
	Neewai	-	3320	Unch
	Delhi– C	3500	3400	100
	Hapur (UP)	3450	3375-3380	70
Groundnut Seed	Rajkot	780	710	70
	Junagarh			
Sunflower Seed	Latur	-	3200-3350	-
	Gulbarga	-	2800-3200	-
	Solapur	31500-3350	3200-3340	10

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	915000	990000	-75000
	Maharashtra	520000	-	-
	Rajasthan	265000	225000	40000
	Bundi (Raj)	4400	7400	-3000
	Baran (Raj)	24000	23500	500
	Jhalawar (Raj)	14000	12000	2000
Rapeseed/Mustard	Rajasthan	246000	244000	2000
*Sum Arrivals during the week.				

Crop Progress, India

The Rabi oilseeds planting are under progress and it is slow in pace. The total covered area under oilseeds is reported at 77.9 lakh hectares, down 6.3%, compared to 83.1lha during the corresponding period last year.

Area in lakh hectares

Crop	As on 23rd December 2011	As on 23rd December 2010	% Change
Rapeseed & Mustard	63.8	67.8	-5.8
Groundnut	3.9	3.6	9.0
Sunflower	3.4	4.2	-18.9
Total Oilseeds	77.9	83.1	-6.3

Source: GOI

RM seed is the leading among all the oilseeds with reported covered are in 63.8 lha and lagging by 6% compared to 67.8lha during the same period last year.

The groundnut sowing has unexpectedly recovered by 9%. However, Sunflower planting is still lagging by 19% compared to the corresponding period last year.

Soybean

Normal regular buying featured during the period under review. Soybean average daily arrivals in Madhya Pradesh fell to 1.50-1.52 lakh bags compared to 1.60-1.62 lakh bags previous week.

The small and local solvent extractors remained the major buyers in MP, Maharashtra and Rajasthan. Kriti and Ruchi were the major soybean buyers in MP while Shiv Edibles, Goyal Proteins, Poddar, Pawan Oils and HarikishanTejmal were the active buyers in Rajasthan. MNCs were slightly less active compared to the local domestic buyers.

Slow farmer's selling continues in all the major soybean producing states. Farmers are seen off-loading their produce when prices get stronger.

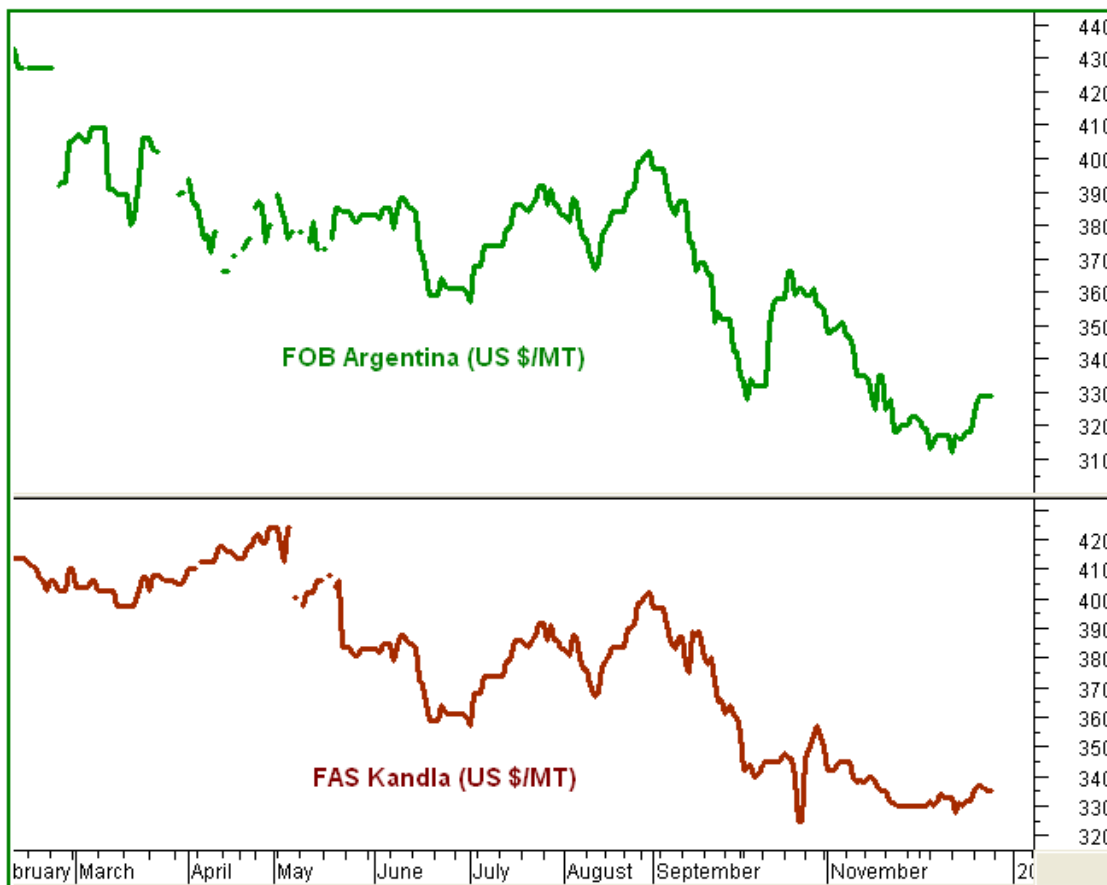
The soybean prices are likely to extend gains on continued seasonal buying support in edible oils and meal in near and medium-term.

Soy meal- FAS Kandla Vs FOB Argentina (Spread)

The domestic soy meal prices extended gains on steady overseas sales and rise in seasonal buying from poultry industry domestically.

South American soy meal prices are still competitive compared to the meal of Indian origin. Competitive Latin American meal price combined with higher US dollar index is limiting the overseas buying from India.

However, we expect India 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 \$9/MT compared to US \$14/MT a week ago - FAS, Kandla less FOB, Argentina. Indian meal prices will be competitive if the spread falls in negative territory.

The soy meal FOR, Kandla has recovered further around 17700-17800/MT during the period week under review which was quoted around 173000-18000/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
-750	-640	-590

The soybean crush margin has further fell in the negative zone and it was recorded at Rs -750/MT during the week under review against Rs -640/MT previous week. The increasing disparity continues to discourage the solvent extractors.

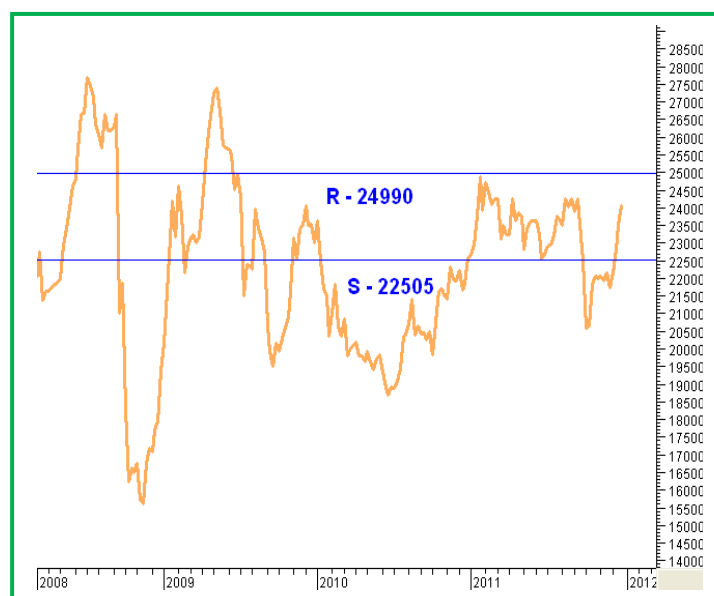
Better export sales in meal and relatively higher soy oil prices will help crush margin in positive territory - parity.

Technical Analysis:

NCDEX Soybean Futures (Jan.)



Soybean Spot, Indore



*In Rs/MT

Supports & Resistances NCDEX JanSoybean				
S2	S1	PCP	R1	R2
2302	2352	2412.5	2502	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 and stochastic are moving upwards in neutral zone. MACD is heading upwards in negative zone.

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

Trade Recommendation Soybean Spot: The soybean prices are expected to recover further towards 2500-2550 level in short-term (Plant delivery, Indore). It is advised to buy, if need be, at the current levels 2370-2440.

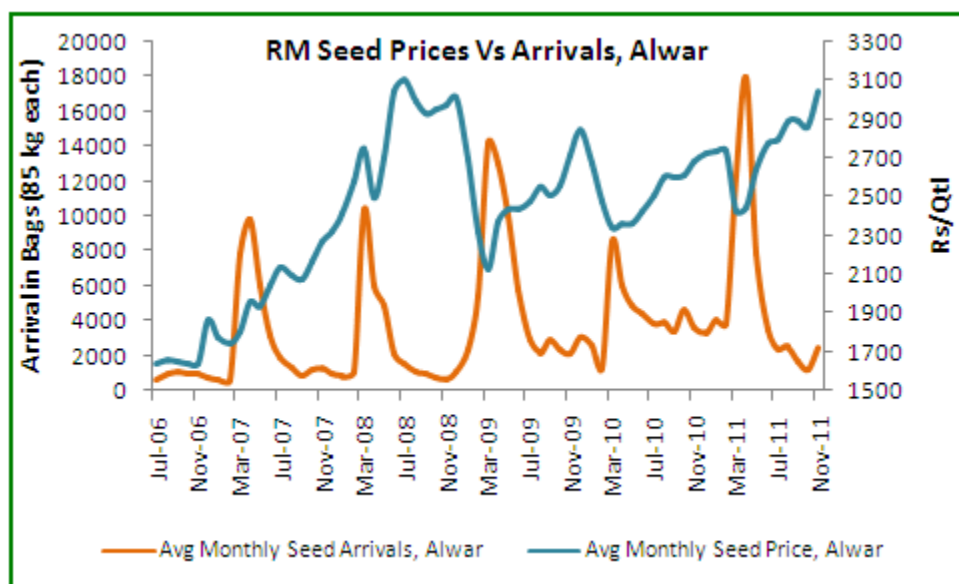
Rapeseed - Mustard Seed

RM seed prices featured continued gains on buying support from millers. Falling arrivals and good demand for the seed from millers followed by seasonal rise in RM oil usage remained supportive factor for the seed prices at higher levels.

The rapeseed-mustardseed oilcake prices witnessed significant gains and stood at Rs1100/qrtl compared to Rs1085/qrtl a week ago. Rising demand in the cake has lent support to the Rapeseed-Mustard seed complex.

RM seed is the leading among all the oilseeds with reported covered are in 63.8 lha and lagging by 6% compared to 67.8 lha during the same period last year.

RM Seed Prices Vs Arrivals - Alwar



The RM seed supplies in Rajasthan are more or less in line with last weeks level but are slightly higher than last year's level.

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
2,46,000	2,44,000	2,05,000

We expect RM seed prices to further gain due to continued demand from millers 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 Rs3550/qtl level. Stockists are advised to hold and sell around the said level.

Technical Analysis:

NCDEX RM Seed Futures (Jan.)



RM SeedSpot, Jaipur



Supports & Resistances NCDEX Jan.RM Seed

S2	S1	PCP	R1	R2
3055	3150	3452	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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