

Executive Summary

Overall the domestic oilseeds and meal prices extended gains on supportive festive – *Diwali* buying, but soybean slightly fell towards the end of the week. The big players and solvent extractors showed keen interest in buying the seed to meet the edible oil demand ahead of the festival.

The soybean farmers were actively liquidating their produce ahead of the festival leading to surge in supplies in the bean. Availability of better quality beans with considerable lower moisture content is an attractive factor for the bean market. Apart from the local crushers, big market players are active at current price levels especially in Rajasthan. However, the big players are not very active in the states of Madhya Pradesh and Maharashtra.

However, weak transport facility (Unavailability of required trucks) and labour shortage in key soybean markets of Rajasthan like Kota, Bhawani and Baran mandis have hurt the trade activity leading to slow-down in off-take during the week under review.

Increased buying in RM seed by the millers continues to lend support to the seed prices. RM oil demand improves ahead of Diwali. Besides, the seed fundamentals are seen strong in medium term in view of seasonal demand in the same.

No major activity featured in the domestic meal market due to weak exports sales and forward booking. Besides, poor domestic usage continues to pressure the domestic meal market. However, renewed overseas and domestic demand is expected to pick-up after Diwali (late Oct or early Nov) with expected increase in forward bookings and seasonal domestic rise in soy meal usage in poultry.

International

World: The soy meal shipments from the US, Argentina, Brazil and India (G-4) eased by 3.5% from last year in July/Sept 2011.

China:

As per Oil World, China's soybean buying is expected to increase to 58.5 Mn T (Sep 2011/Aug 2012) from 52.85 Mn in 2010/11 which will support the soy prices in the international market. China's dependence on soybean has substantially increased and it is further expected to rise every year. Currently, China's weekly soybean requirement stands at 1.1 Mn T to meet the soy needs.

China's 2011/12 soybean outturn is expected to fall to 13.7 Mn T from 14.8 Mn T last season which can only meet 19% of the expected China's soy consumption. China is expected to shift its soybean buying from US to South America, this is due to the lower US soybean crop this season.

Hence, Soy prices in South America are likely to be competitive as compared to US. Though US will remain the largest supplier of soybean to China but it is estimated slightly lower this year to 24.5 Mn T from 24.98 Mn last season due to the shift in buying.

Oilseed Prices at Key Spot Markets:

Commodity	Centre	Prices (Rs/Qtl)		Change
Soybean		22/10/11	15/10/2011	
	Indore –Plant	2160-2210	2150-2200	10
	Indore –Mandi	2080-2130	2030-2100	30
	Nagpur-Plant	2100-2170	2150-2200	-30
	Nagpur – Mandi	2000-2080	2050-2120	-40
	Kota-Plant	2100-2125	2080-2140	-15
	Kota – Mandi	2000-2060	2000-2100	-40
	Bundi-Plant	2125	2130-2150	-25
	Bundi-Mandi	1950-2010	2010-2100	-90
	Baran-Plant	2100	2100-2130	-30
	Baran-Mandi	1950-2000	2050-2080	-80
	BhawaniMandiJhalawar – Kota Plant Delivery	2080-2100	2050-2150	-50
	Jhalwar-Mandi	1975-2000	2030-2080	-80
Rapeseed/Mustard	Jaipur – C	3000-3005	2970-2975	30
	Alwar – C	2925-2950	2850	100
	SriGanganagar (NC)	2460	2480	-20
	Kota	2600	2500-2550	50
	Neewai	3000	2960	40
	Delhi– C	3075	3050	25
	Hapur (UP)	3070	3025	45
				0
Groundnut Seed	Rajkot	640	620	20
	Junagarh	-	-	-
Sunflower Seed	Latur	28000-30500	26500-31500	-1000
	Gulbarga	-	-	-
	Solapur	30500-32500	30500-32500	Unch

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	2025000	2925000	-900000
	Maharashtra	1400000	925000	475000
	Rajasthan	1175000	645000	530000
	Bundi (Raj)	49000	34500	14500
	Baran (Raj)	220000	11400	208600
	Jhalawar (Raj)	130000	70000	60000
Rapeseed/Mustard	Rajasthan	223000	227000	-4000
*Sum Arrivals during the week.				

Oil Meal Prices at Key Spot Markets:
Soy DOC Rates at Different Centers

Centers	Ex-factory rates (Rs/ton)		
	22/10//11	15/10/2011	Parity To
Indore (MP)	15700	15700	Gujarat, MP
Kota	15500	15800-16000	Rajasthan, Del, Punjab, Haryana
Akola	15600	16000	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Hingoli	16100	16500	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Nanded/Latur	16100	16500	Andhra, AP, Kar, TN
Dhulia/Jalna	16500	16500-16600	Mumbai, Maharashtra
Nagpur (42/46)	15800	16200-16300	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Sangli	16400	16800	Local and South
Solapur	16300	16600	Local and South
Bundi	15700-16000	16000	-

Soy DOC at Port

Centers	Port Price	
	22/10//11	15/10/2011
Kandla (FOR) (INR/MT)	16000-16500	16900-17100
Kandla (FAS) (USD/MT)	320-330	343-347

International Soy DOC

Argentina FOB \$/MT	22/10//11	15/10/2011	+/-
Soybean Pellets	353	353	Unch
Soybean Cake Meal	353	353	Unch
Soybean Meal	361	361	Unch
Soy Expellers	361	361	Unch

Sunflower Meal Rates

Centers	Ex-factory rates (Rs/ton)		
	22/10//11	15/10/2011	Change
Adoni	13500	13500	Unch
Khamgaon	12600	12600	Unch
Latur	13100	13100	Unch
Parli	13200	13200	Unch

Groundnut Meal

Groundnut Meal	22/10//11	15/10/2011	Chg
Basis 45% O&A, Saurashtra	14500	13300	+1200
Basis 40% O&A, Saurashtra	13500	14300	-800
GN Cake, Gondal	15000	14500	+500

Mustard DOC/Meal

Mustard DOC/Meal	22/10//11	15/10/2011	Chg
Jaipur (Plant Delivery)	7400	7400	Unch
Kandla (FOR)	8300	8400	-100

Soybean

The domestic soybean harvesting is in progress with consequent rise in new crop supplies in the market. Weather remains favourable for harvest across the key growing region and there is no forecast of rains over these areas in near-term.

Soybean Crop Condition	Stage	Condition
Madhya Pradesh	Harvesting	Good
Maharashtra	Harvesting	Excellent
Rajasthan	Harvesting	Excellent
*Condition with respect to disease, pest and abiotic stress		

The rising supply pressure continues to weigh on the gains in soybean prices but crusher's demand to meet the edible oil demand ahead of *Diwali* lends support to the seed prices. Besides, expected fresh overseas demand in soy meal in near-term remained supportive for the buyers.

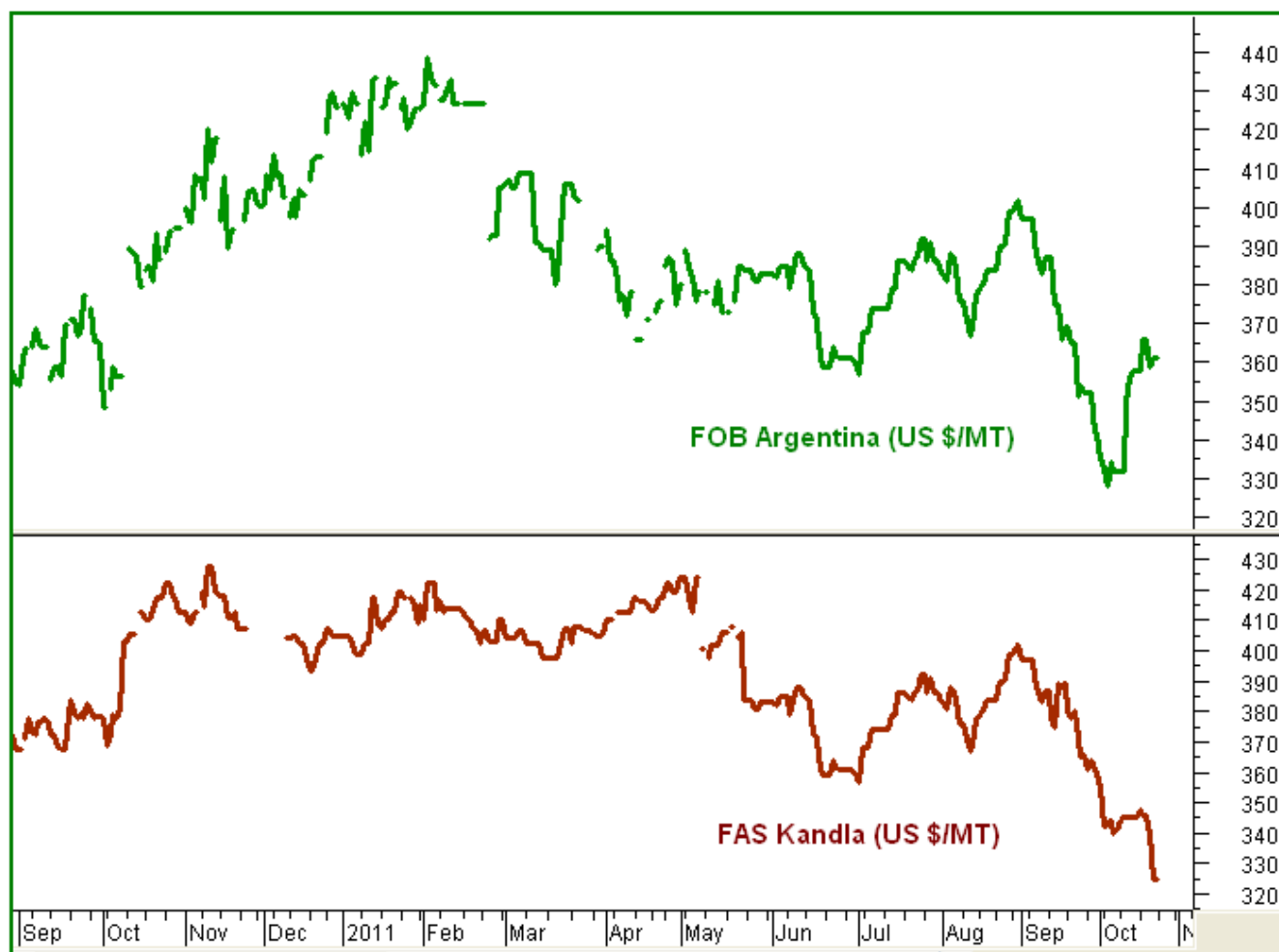
Reportedly, the big market players (Adani, Bunge, ADM, Ruchi, Noble and others) are active in Rajasthan. Even NAFED has entered into the market to buy and stock soybean during the week under review.

However, currently the players are not buying to stock but to meet their daily crush requirement. In Madhya Pradesh and Maharashtra they are yet to enter the soy market. Local crushers and small stockists are active in the mandis of MP and Maharashtra. The bean quality has much improved with fall in moisture content to 8 per cent.

The soybean trade activity in key markets of Rajasthan was negatively hit due to heavy arrival pressure and poor-offtake due to labour and transport problem, which consequently restricted the off-take against the arrivals. Kota, Baran and Bhawanimandi were most affected.

Soy meal- FAS KandlaVs FOB Argentina (Spread)

Feeble buying activity prevailed in the domestic soy meal cash market due to weak exports sales and sluggish domestic usage in the same. Though forward booking in meal has slowed-down compared to the corresponding period last year but the active participants have reported a total forward booking of about 6-7 lakh tones Nov-Dec shipment (combined FAS, CIF, C&F).



The soy meal price spread between Indian and Argentine meals reveals that Indian meal prices are competitive compared to that of Argentine meal. The situation is warranting overseas buyers, specially Far-East and South East Asian countries to make their meal purchases from India.

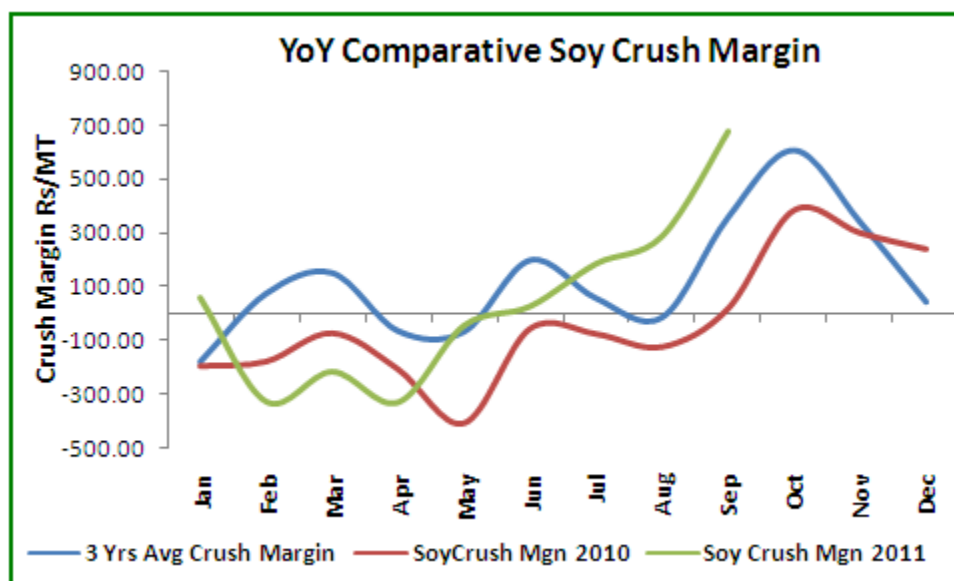
The average weekly soy meal spread between FAS Kandla and FOB Argentina is around US \$-22/MT compared to US\$-10/MT previous week. * (**FAS Kandla less FOB Argentina.**)

Strong parity on crushing the beans and better exports sales in soy meal throughout the season lend support to the meal prices which are further expected to extend this season as traditional buyers are keen in inquires for forward booking.

It is advised that soy meal exporters should aggressively market soy meal to the potential buyers in Far-East and SE Asia, West Asia and Africa.

We feel India's soy meal prices to gain on fresh overseas buying and seasonal domestic demand in the same from poultry feed industry.

Soy meal Crush Margin



The weekly crush margin slightly fell to Rs645/MT compared to Rs935/MT a week ago. But the margin is still higher as compared to previous years. It is significantly above last year's monthly average and even above the 3 year monthly average.

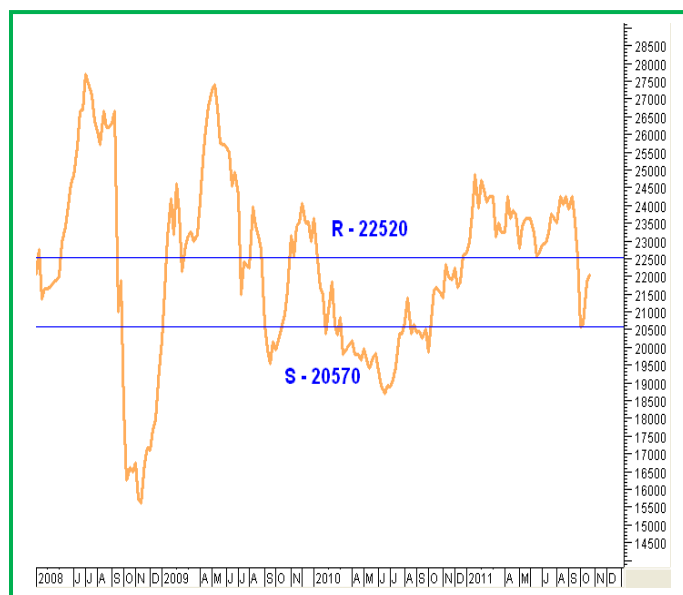
The strongpositive crush margin could be seen as a supportive factor for soybean crushing in near-term.

Technical Analysis:

NCDEX Soybean Futures(Nov.)



Soybean Spot, Indore



*In Rs/MT

Supports & Resistances NCDEX Nov Soybean				
S2	S1	PCP	R1	R2
2041	2097	2190	2258	2332

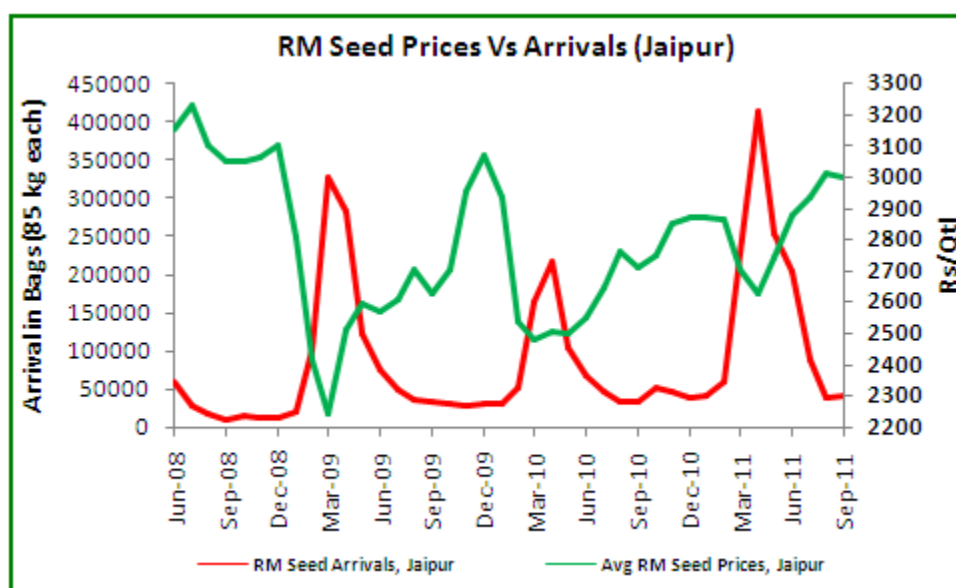
- The candlestick chart pattern features buying support in the market.
- Prices closed below 9-day and 18-day EMA supporting bearish momentum in near and medium-term.
- RSI is heading upwards in neutral region while stochastic is rising in oversold zone. The soybean prices are likely to gain on buying support and move towards 2240 – 2250 levels.
- **Trade Recommendation (NCDEX Soybean -Nov) – 1 week:** Buy on dips towards 2100– 2130 levels.T1 – 2230; T2 - 2240; SL -2050.
- **Spot:** We recommend **buy** on dips towards 2130 – 2140 levels.

Rapeseed - Mustard Seed

RM seed prices extended gainson supportive festive and seasonal buying by the millers to meet the RM oil demand. The millers get active in the seed market toward the end of October when the RM oil usage is seen improving from which picks-up in November.

The RM seed planting is expected to commence after Diwali.

RM Seed Prices Vs Arrivals, Benchmark - Jaipur



Arrivals during the period of review stood improved in the face of demand and registered at 2,27,000bags compared to 2,01,000bags a week ago.

RM Seed Supply, Rajasthan

RM Seed Arrivals in Rajasthan in Bags (85 kg each).		
Weekly Arrivals	1 Week Ago	Corresponding Period Last Year
2,20,000	2,27,000	2,45,000

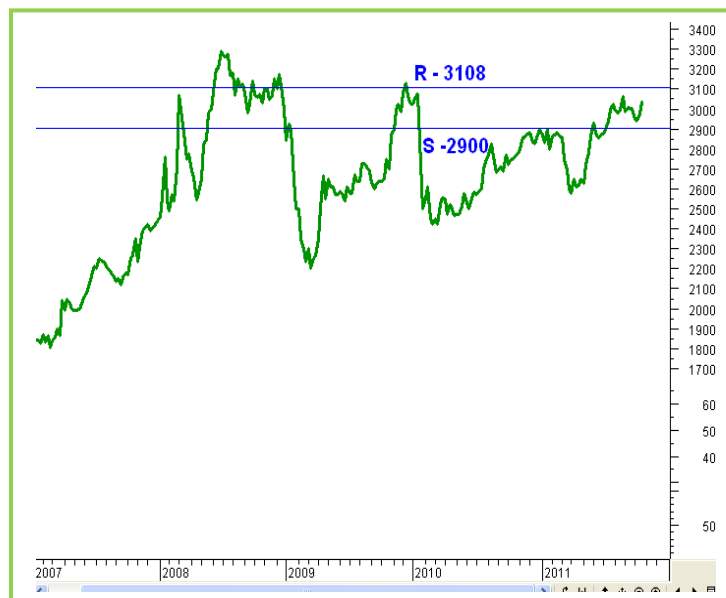
The RM seed fundamentals are expected to remain strong in near to medium term on fresh seasonal buying activity.

Technical Analysis:

NCDEX RM Seed Futures (Nov.)



RM SeedSpot, Jaipur



Supports & Resistances NCDEX NovRM Seed

S2	S1	PCP	R1	R2
2730	2776	3031	3075	3100

- The candlestick chart pattern reveals strong buying interest in the market.
- Prices closed above 9-day and 18-day EMA reflecting bullish momentum.
- RSI and stochastic are heading upwards in neutral region supporting firm trend.
- MACD is rising in positive region. The RM seed prices are expected to gain and move towards 3050-3070 levels.
- **Trade Recommendation (NCDEX RM SEED - Nov) – 1 Week:** Buy on dips towards 2780–2790 levels. T1 – 3050; T2 - 3065; SL - 2650.

RM Seed Spot: In spot the RM seed prices are expected to gain during the week towards 3060 – 3100 level. We recommend **buy** on dips towards 2900 -2920 levels.

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