

Executive Summary

Oilseeds and meal prices extended gains in physical market during the period under review. Bullish domestic fundamentals followed by increase in the seasonal edible oil and meal demand remained positive factors.

Improved crushing and continued buying from significant solvent extractors kept the soybean prices slightly strong. Besides, declining soybean supplies in all the major centers remained bullish factor for the bean.

The RM seed planting is fast progressing and the area coverage is currently 2 per cent higher compared to the corresponding period last year. The seed fundamental remains strong with surge in seasonal domestic usage in RM oil. Dwindling stocks remained supportive factor for the higher seed prices.

Weak export sales in Indian soy meal compared to the same period last year is limiting the gains in soybean this year. Currently, the soy meal price in South America is competitive compared to Indian which has diverted the overseas demand towards Argentina and Brazil. Any negative news on South American soybean crop output will attract the international soy meal buyers towards India.

International

Latin America: Soybean planting is underway in Brazil and Argentina, mostly dry weather is forecast in Brazil and Argentina with few scattered light showers during the week. Temperature is likely to remain near to above normal in recent day. Overall, the weather remains favourable for the soybean crop in Latin America.

Brazil's soybean planting in the 2011/12 season is 86% complete, ahead of the same period last year, when 83% of the area had been sown - Safras and Mercado.

Brazil's new soybean crop which is being planted is seen at 74.8 million tonnes, up from 73.8 million tones last year - Agroconsult.

South America is expected to produce higher soybean this season which will eventually increase the global soybean supplies leading to price pressure in domestic soybean market..

Oilseed Prices at Key Spot Markets:

Commodity	Centre	Prices (Rs/Qtl)		Change
Soybean		26/11/2011	19/11/2011	
	Indore –Plant	2100-2250	2200-2235	15
	Indore –Mandi	2100-2160	2075-2140	20
	Nagpur-Plant	2175-2240	2190-2200	40
	Nagpur – Mandi	2120-2170	2080-2115	55
	Kota-Plant	2200-2225	2190-2215	10
	Kota – Mandi	2103-2140	2070-2135	5
	Bundi-Plant	2200-2220	2200	20
	Bundi-Mandi	2060-2130	2100-2110	20
	Baran-Plant	2200	2195-2200	Unch
	Baran-Mandi	2100	2100-2125	-25
	Bhawani MandiJhalawar – Kota Plant Delivery	2200-2210	2200-2225	-15
	Jhalwar-Mandi	2100-2130	2290-2120	10
Rapeseed/Mustard	Jaipur – C	3200-3215	3165-3170	45
	Alwar – C	3150	3050	100
	SriGanganagar (NC)	2740	2670	70
	Kota	2850	2700-2750	100
	Neewai	3150	3100	50
	Delhi– C	3315	3190	125
	Hapur (UP)	3340	3240	100
Groundnut Seed	Rajkot	660	660	Unch
	Junagarh			
Sunflower Seed	Latur	31000	27500	3500
	Gulbarga	30000-31000	29000-30500	500
	Solapur	33150-33500	29500-31500	2000

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	1605000	2225000	-62000
	Maharashtra	1025000	1350000	-32500
	Rajasthan	545000	680000	-135000
	Bundi (Raj)	38000	62000	-24000
	Baran (Raj)	45000	77000	-32000
	Jhalawar (Raj)	18000	29000	-11000
Rapeseed/Mustard	Rajasthan	248000	255000	-7000
*Sum Arrivals during the week.				

Crop Progress, India

Rabi oilseeds planting underway and the reported coverage stands at 65.7 lakh ha compared to 65.9 lakh ha during the same period last year.

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

Area in lakh hectares

Crop	As on 25th November 2011	As on 25th November 2010	% Change
Rapeseed & Mustard	56.6	55.5	1.9
Groundnut	1.9	2.2	-13.2
Sunflower	2.3	3.0	-22.7
Total Oilseeds	65.7	65.9	-0.4

Soybean

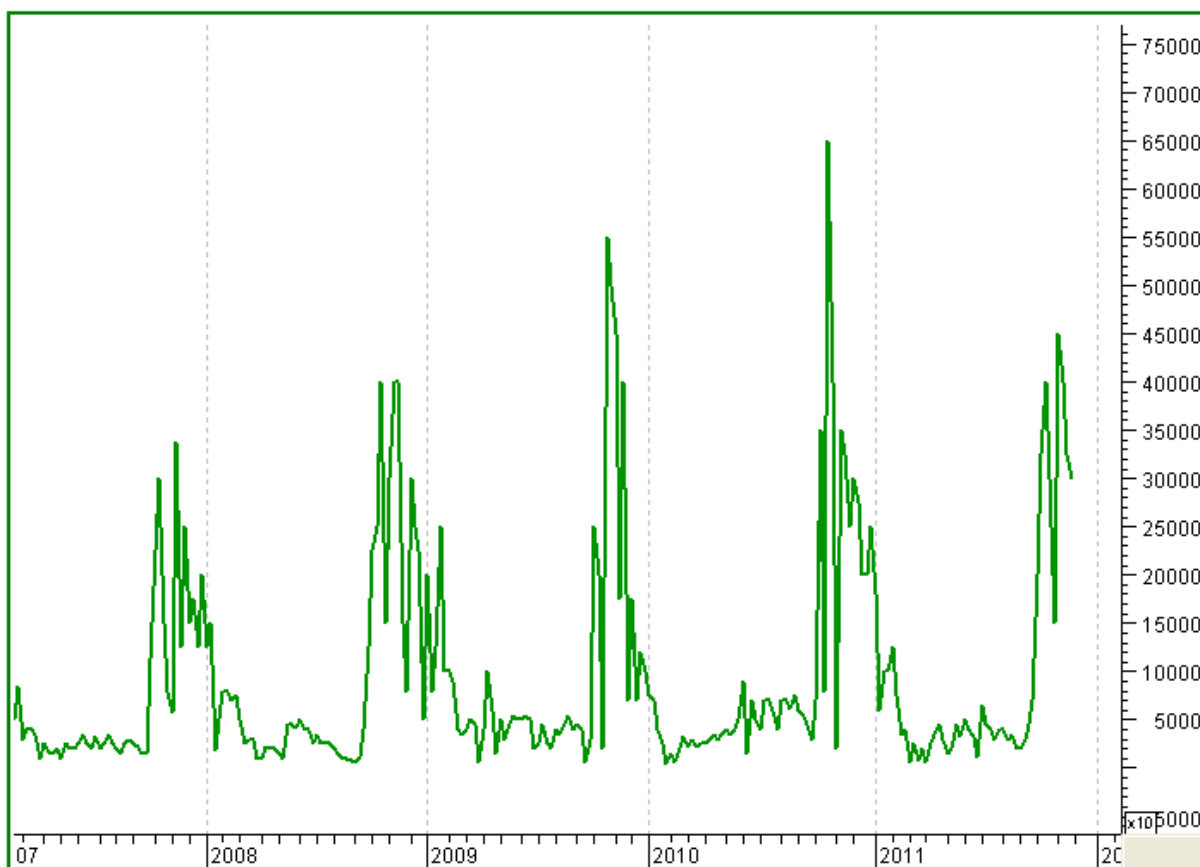
Normal regular buying was featured in the soybean cash market during the period under review. However, absence of aggressive buying limited the gains. The significant market players like Star Agri, ITC, ADM, Adani, Ruchi, NBHC and LD remained active buyers.

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.

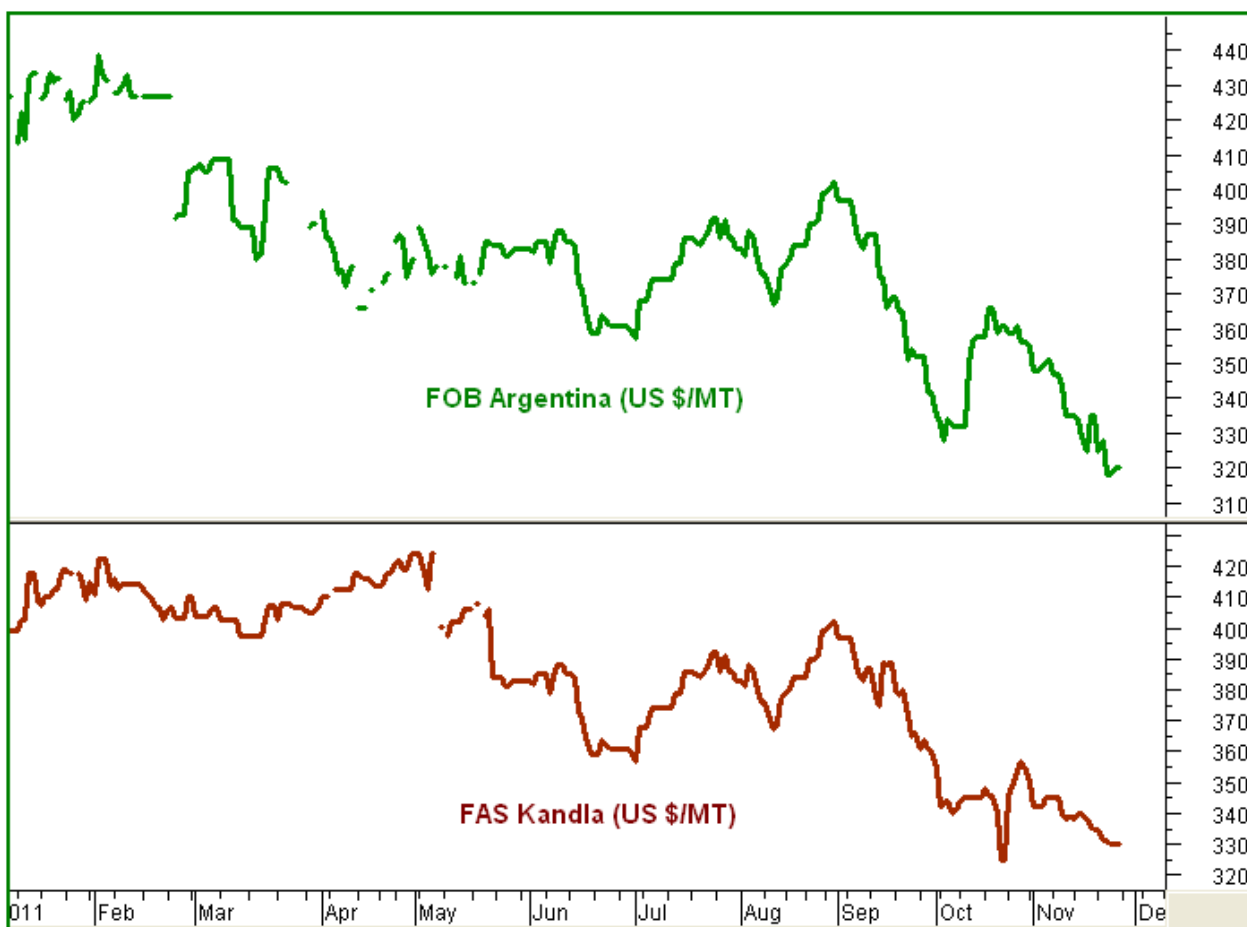
Weekly Arrival Trend - Soybean



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.

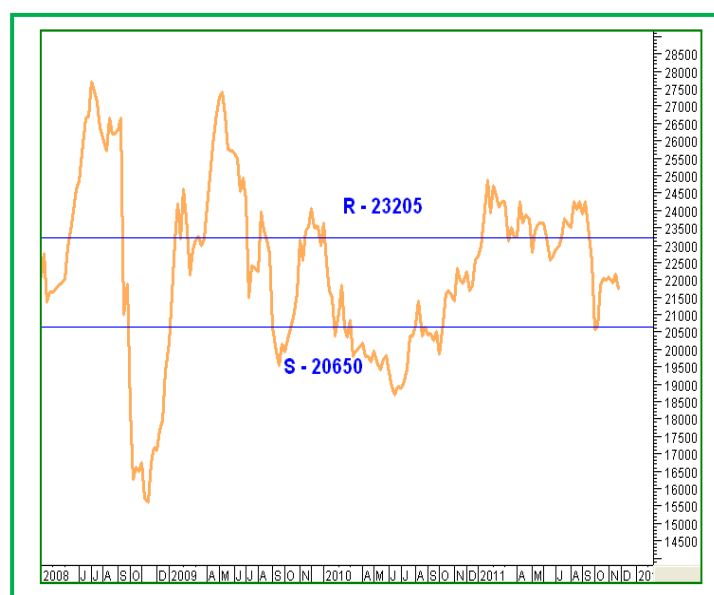
The crush margin will improve towards positive territory if soy oil and meal prices stay relatively higher than the soybean.

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.

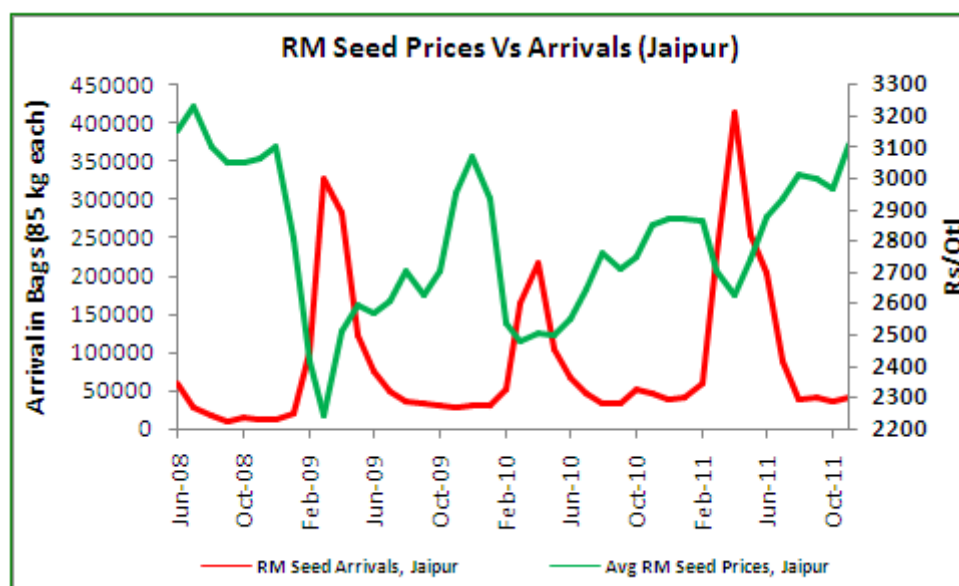
Rapeseed - Mustard Seed

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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