

Executive Summary

The domestic soybean and soy meal prices edged-lower on new crop supplies during the month in review. Initially the farmers were keen in offloading and liquidating their newly harvested crop ahead of festivities, Dusherra and Diwali, but gradually the momentum of arrivals fell due to slow farmer's selling.

Besides, soy meal fell compared to previous month due to improved crushings followed by seasonal rise in the supplies in beans. However, the meal shipments were not encouraging in Oct'12 which were 77 per cent lower compared to the same period last year. India's meal shipments were hit due to the port congestion during the month in review.

Overall, the RM seed prices mainly remained flat during the month despite soybean and external pressure. Reports of slack in exports duty in palm oil by Indonesia and record high stock of palm oil in the key producing countries restricted the gains in the seed.

In a major development in RM seed, the government has raised the MSP of Mustard seed by Rs500/Qtl for 2013/14 marketing season.

Sluggish soybean planting in South America due to dry weather in Brazil and extremely wet weather in Argentina remain bullish for the bean. However, rise in US soybean production estimates in the Nov'12 USDA report and reports of higher palm oil stocks in major producing countries will weigh on the prices to some extent for short-period in Nov.

International

- ❖ In the USDA's Nov report, US soybean production is raised to 2971 Mn Bu from 2860 in Oct followed by increased in yield potential from 37.8 bu per acre to 39.3 bu per acre in Nov.
- ❖ Soybean shipments of the 4 major countries were higher than expected at 9.0 Mn T in October, 0.8 Mn T above last year. US soybean exports boosted to 7.5 Mn T (up 2.2 Mn T from last year) – Oil World.
- ❖ World supplies of soya meal will still be tight in the next few weeks, keeping soya meal prices well supported, until sufficient demand-rationing is accomplished.
- ❖ Indian soya meal shipments are considerably hit in the first 4-8 weeks of this season, due to a late harvest, slow recovery in crushings and port congestions.
- ❖ Total EU-27 rapeseed area is likely to recover by 0.4 Mn ha for the 2013 crop – Oil World.
- ❖ Recent reports from South America are rather critical, particularly from Argentina where at least 13-16 Mn ha of agricultural land is either flooded or excessively wet.
- ❖ As per Oil World, contrary to the dryness in central Brazil, excessively wet fields are still a major problem in Argentina, creating severe planting delays. Completion of planting intentions is partly impossible where flooding is most severe. Increasing concern in central Brazil about insufficient moisture. Crop stress will intensify unless favourable rains are received in the next 1-2 weeks.

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

Centers	Ex-factory rates (Rs/ton)		
	31-10-2012	29-09-2012	Parity To
Indore (MP)	27800	32000	Gujarat, MP
Kota	27500	32000	Rajasthan, Del, Punjab, Haryana
Akola	28200	29000	AP, Chattisgarh, Orissa, Jharkhand, WB
Hingoli	28000	-	AP, Chattisgarh, Orissa, Jharkhand, WB
Nanded/Latur	29500	38000	AP, Kar ,TN
Dhulia/Jalna	29400	39500	Mumbai, Maharashtra
Nagpur (42/46)	28000	36500	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Sangli	29500	34500	Local and South
Solapur	28700	34500	Local and South
Bundi	28000	33500	-

Soy DOC at Port

Centers	Port Price	
	31-10-2012	29-09-2012
Kandla (FOR) (INR/MT)	29500	33500
Kandla (FAS) (USD/MT)	545	634

International Soy DOC

Argentina FOB \$/MT	31-10-2012	29-09-2012	Change
Soybean Pellets	576	576	Unch
Soybean Cake Meal	576	584	-8
Soybean Meal	584	576	+8
Soy Expellers	584	584	Unch

Sunflower Meal Rates

Centers	Ex-factory rates (Rs/ton)		
	31-10-2012	29-09-2012	Change
Adoni	20600	23500	-2900
Khamgaon	19800	23800	-4000
Parli	20200	24200	-4000
Latur	20000	24000	-4000

Groundnut Meal

Groundnut Meal	31-10-2012	29-09-2012	Change
Basis 45% O&A, Saurashtra	26000	31000	-5000
Basis 40% O&A, Saurashtra	24400	28000	-3600
GN Cake, Gondal	26000	32000	-6000

Mustard DOC/Meal

Mustard DOC/Meal	31-10-2012	29-09-2012	Change
Jaipur (Plant Delivery)	18500	15800	+2700
Kandla (FOR)	18800	16600	+2200
Sri Ganganagar	800	755	+45

Oilseed Prices at Key Spot Markets:

Commodity	Centre	Prices (Rs/Qtl)		Change
Soybean		31-10-2012	29-09-2012	
	Indore –Plant	3275-3320	3250-3300	+20
	Indore –Mandi	3100-3180	2800-3100	+80
	Nagpur-Plant	3170-3200	3500	-300
	Nagpur – Mandi	3170	3200-3300	-130
	Kota-Plant	3260	4000	-740
	Kota – Mandi	3200	3550	-350
	Bundi-Plant	3290-3300	3250	+50
	Bundi-Mandi	3175-3200	3150	+50
	Baran-Plant	-	-	-
	Baran-Mandi	3200	3250	-50
	BhawaniMandiJhalawar – Kota Plant Delivery	3300	3250	+50
	Jhalwar-Mandi	3200-3225	3200-3450	-225
Rapeseed/Mustard	Jaipur – C	4415-4420	4135-4140	+280

	Alwar – C	4250	4000-4050	+200
	SriGanganagar	3820	3560	+260
	Delhi– C	4300	4175	+125
	Kota (Non-Condition)	4200	3800-3900	+300
	Neewai	4400	4200	+200
	Hapur (UP)	4375	4280	+95
Groundnut Seed	Rajkot	1000	900	+100
	Junagarh	-	-	-
Sunflower Seed	Gulbarga	3400-3500	-	-
	Latur	3600-3800	3400-3550	+250
	Solapur	3600-3750	3700-3900	-150

Soybean Prices are in INR per Qtl ,Arrivals(1 bag=90 kg). Mandi prices – Loose, Mustard Seed Prices are in INR per Qtl, Arrival (1 bag=85 kg) 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
		31-10-2012	29-09-2012	
Soybean				
	Madhya Pradesh	7215000	356000	+6859000
	Maharashtra	1482000	21820	+1460180
	Rajasthan	1197000	70400	+1126600
	Bundi (Raj)	197850	316	+197534
	Baran (Raj)	552300	970	+551330
	Jhalawar (Raj)	155500	5180	+150320
Rapeseed/Mustard	Rajasthan	858000	794000	+64000
*Soybean: 1 bag = 90 kg; RM Seed: 1 bag = 85 kg				

Rabi Oilseeds Crop Progress, India

India's total coverage under various rabi oilseeds is reported higher, in the second week of November, by 22.8 per cent at 43.2 lakh hectares compared to 35.2 lha during the same period last year.

However, the RM seed planting is lower by 23.2 per cent at 37.27 lha compared to 30.25 lha during the same period last year, safflower is lower by 22.9 per cent, sesamum down by 63 per cent. The rest groundnut, sunflower and linseed planting are higher compared to the same period last year.

Soybean

The soybean prices featured losses as expected on harvesting and subsequently supply pressure in the domestic cash market during the month in review.

The buying in the beans improved as the moisture reduced to the specification levels. The major solvent extractors have entered in almost all the key physical markets to stock the beans for future need, to meet the improved crushing followed by renewed festive edible oil and rising overseas meal demand. Although, the meal shipments were hit due to port congesting in October.

Further, farmers have slowed down the selling due to lower quotes and even due to festivals during the month. The daily arrivals peaked to 5.5 lakh bags in the key markets of Madhya Pradesh and then gradually fell to around 2 lakh bags just before Diwali festival. The arrivals are once again expected to resume to normal and may again register between 3 – 4 lakh bags in the mandis of MP.

While the arrivals in Maharashtra fell to 1 lakh bags from 3.5 lakh bags in recent days and in Rajasthan to 60,000 bags from 70,000 bags.

The domestic soybean prices will be mainly driven by international factors and overseas meal demand of Indian origin in coming months. The fundamental for Indian soybean seems bullish owing to lower US soybean production estimates and expected losses in soybean area in South America due to adverse weather condition in Argentina and Brazil.

US soybean harvesting is complete and in the USDA's Nov report, US soybean production is raised to 2971 Mn Bu from 2860 in Oct followed by increased in yield potential from 37.8 bu per acre to 39.3 bu per acre in Nov. Despite rise in the production, US soybean outturn is pegged 10 year low this season.

The soybean prices are likely rebound and move upward on buying support to meet seasonal edible oil and soy meal demand in coming days.

Balance Sheet – Soybean, India

Fig. in MnT

Oil Year (Oct-Sep)	2008-09	2009-10	2010-11	2011-12	2012-13
Carry In	0.49	0.45	1.12	0.37	0.40
Production	9.60	9.67	10.10	12.00	12.50
Imports	0.00	0.00	0.00	0.00	0.00
Total Availability	10.09	10.12	11.22	12.37	12.90
Crush	9.64	9.00	10.85	11.07	12.58
Exports	0.00	0.00	0.00	0.00	0.00
Total Usage	9.64	9.00	10.85	11.07	12.58
Carry Out	0.45	1.12	0.37	1.30	0.32
Monthly Use	0.80	0.75	0.90	0.92	1.05
Stock/Consumption Ratio	0.05	0.12	0.03	0.12	0.03
Stock to Month Use Ratio	0.56	1.49	0.41	1.41	0.31

Source: Agriwatch

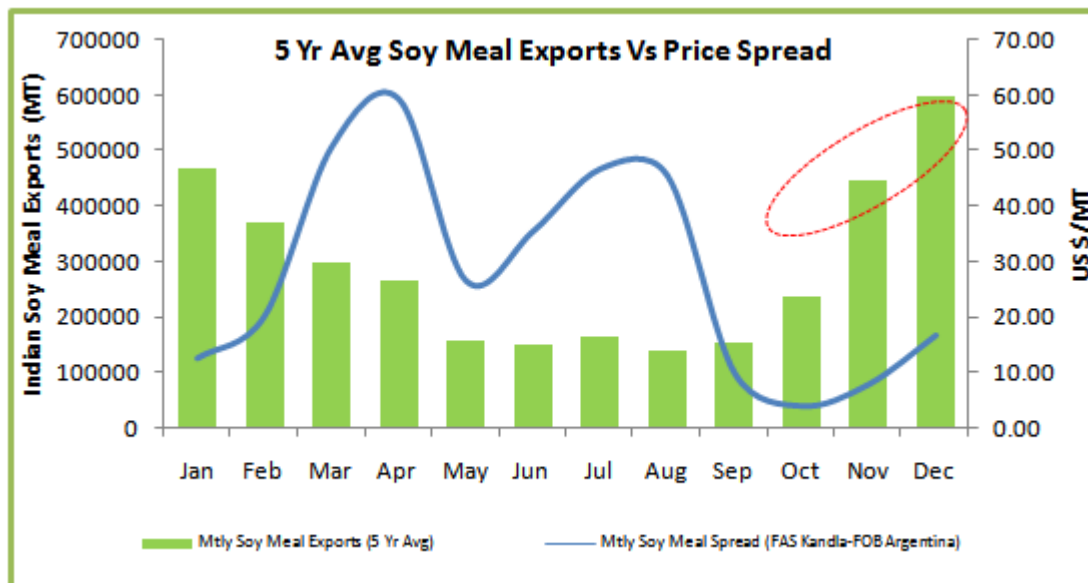
- Higher crushing due to good meal demand lead to lower carry-in in 2012/13
- India's 2012/13 soybean output is lowered from 13 Mn T to 12.5 Mn T due to crop loss in Madhya Pradesh.
- We expect 2012/13 soybean crush at 12.58 Mn T owing to higher production compared to previous years. India's soy meal prices have to compete with the meal prices of South America, which will eventually make the crushing more viable depending on its exports.

Soy meal- FAS Kandla Vs FOB Argentina (Spread)

The soy meal prices declined on improved crushing followed by new crop supplies during the month under review. The export enquiries in meal improved during the month but the Indian meal shipments were hit due to congestion at ports in last few weeks. Besides, the domestic soy meal usage in poultry was not encouraging for the meal. Hence, the soy meal exports in were lower in October this year compared to previous year.

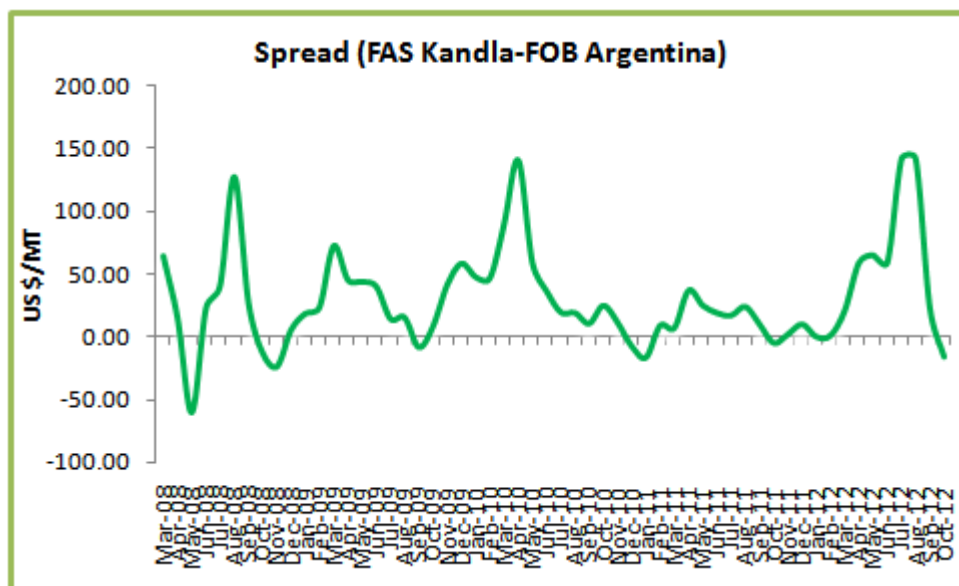
However, we expect India's soy meal exports to pick-up in coming weeks. Besides, the Bird-flu fear is getting subsided in South India, which may improve the poultry production in coming days further leading to the rise in soy meal usage.

Soy meal (Nov-Dec) exports price, FOR Kandla exports was quoted around Rs 30075/MT compared to 17100-17400/MT in the last week of Oct. Indian C&F Indonesia (Indian meal – last week of Oct) was between US \$ 560-580/MT which was quoted between US \$374-375/MT during the same period last year.



India's shipments of soy meal during October, 2012 was 51,050 tonnes as compared to 2,34,594 tonnes in October, 2011. A fall of 77 per cent in Oct 2012 compared to Oct 2011.

The export during April'2012 to October'2012 is 8,88,128 MT as compared to 13,63,446 MT in the same period of previous year.



*FAS, Kandla less FOB Argentina

The average monthly soy meal price spread between FAS Kandla and FOB Argentina fell and recorded at US \$-16/MT in Oct compared to US \$23/MT Aug which translates that the Indian soy meal prices are getting competitive against Argentina's meal prices. (* Spread - FAS Kandla less FOB Argentina).

Recommendation: The Indian meal exporters are advised to aggressively market their meal to the countries in vicinity including traditional South and Far-East Asian destinations. FOR, Kandla is expected to firm-up and witness **3500-3600** in Nov.

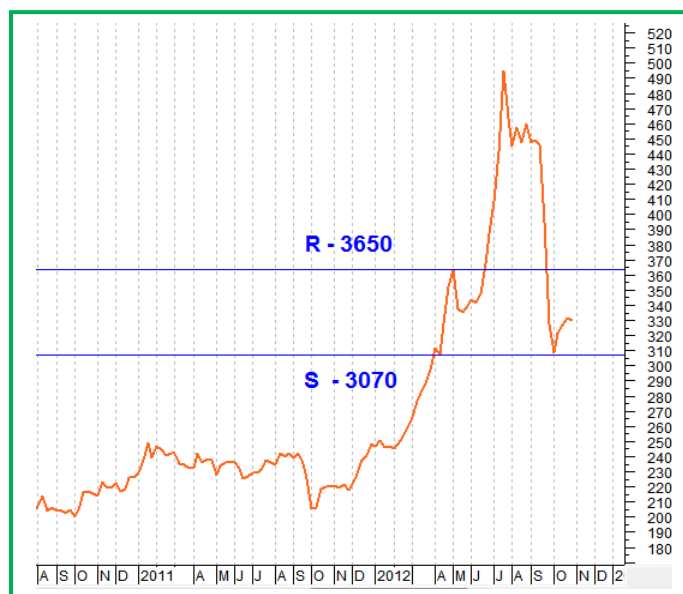
Soybean Crush Margin

Avg Crush Margin – Oct 2012	Avg Crush Margin Sep 2012	Avg Crush Margin – Oct 2011	Avg Crush Margin – Oct 2010
-	-799	282	-789

Technical Analysis: NCDEX Soybean Futures



Soybean Spot, Indore



*In Rs/MT

Supports & Resistances NCDEX Dec Soybean

S2	S1	PCP	R1	R2
2803	3069	3336	3509	3683

- The candlestick chart pattern reveals recovery in the prices, during the month.
- Prices closed below 9-day and 18-day EMA.
- RSI and stochastic are rising in neutral region.
- MACD is falling in negative region.
- The soybean prices are expected to gain during the month.
- **Trade Recommendation (NCDEX Soybean - Dec) – 1 Month:** BUY between 3315–3340 levels.T1 – 3400; T2 - 3450; SL - 3270.

Trade Recommendation Soybean Spot: The soybean prices are expected to gain from the current levels on overseas soy meal demand and bullish South American planting scenario. Prices are expected to gain and witness 3450-3500 levels (Indore, Plant basis) during the month.

Review of Previous Call: In our previous call we had recommended SELL between 3150–3170 levels.T1 – 3050; T2 - 2950; SL - 3215. The call triggered and both the targets were achieved.

Rapeseed - Mustard Seed

The RM seed prices remained flat despite fall in Malaysian palm oil during the month in review. The seed fundamentals are strong, in view of lower stock followed by lower production in the season.

Besides, improved festive and seasonal buying remained supportive for the market.

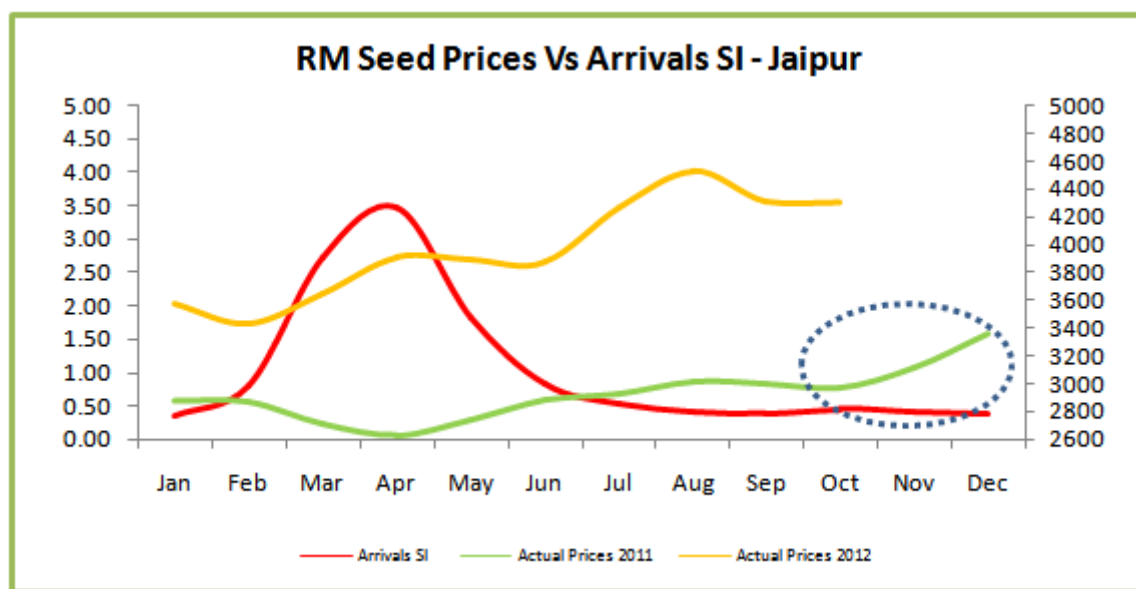
Further, in the major development, the Cabinet Committee for Economic Affairs has approved increasing the MSP of mustard seed to Rs 3,000 per quintal for the 2013-14 marketing year from Rs 2,500 per quintal in 2012-13.

The RM seed planting is gradually picking-up the pace and the covered area under the seed as of Nov 08 it is 23.2 per cent higher at 37.27 lha compared to 30.25 lha during the same period last year. In view of better seed prices during the year, the farmers are expected to plant the seed higher than previous year.

However, week outside markets restricted the gains in the seed. The plunge in BMD CPO followed by reduction in exports duty by Indonesia from 13.5 per cent to 9 per cent and reports of higher palm stocks restricted the gains in RM seed.

The palm oil stock levels in October probably surpassed an all-time high of 2.48 million tons reached at the end of September, which again remained bearish for the seed.

RM Seed Prices Vs Arrivals –Jaipur (Rajasthan)



The seed prices are expected to stay firm with rise in the seed demand from millers to cater the improved seasonal edible oil and meal demand.

RM Seed Supply, Rajasthan

RM Seed Arrivals in Rajasthan in Bags (85 kg each).		
Monthly Arrivals–Oct	1 Month Ago	Corresponding Period Last Year
8,58,000	7,94,000	8,41,000

The RM seed supplies have improved on good buying support and better prices compared to previous month while also they were lower compared to the same period last year.

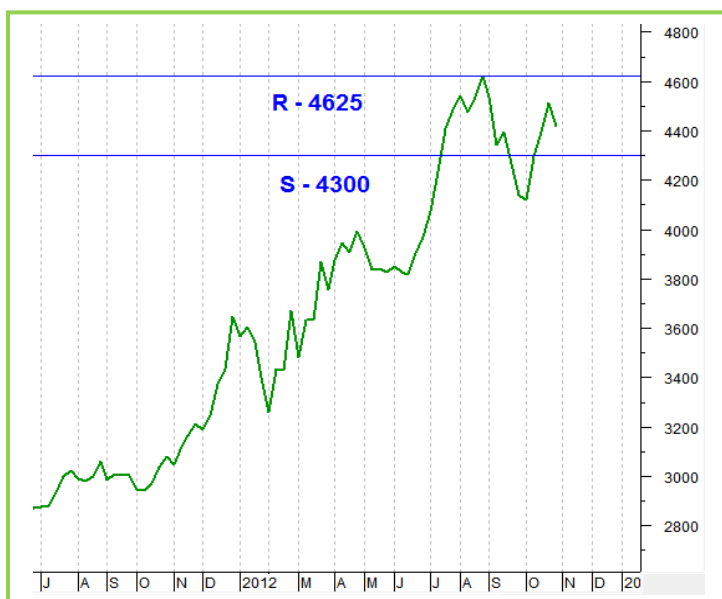
Balance Sheet – Rapeseed-Mustard Seed, India

Fig in MnT

Marketing Year	2008-09	2009-10	2010-11	2011-12
Carry In	0.45	0.75	0.75	1.25
Production	6.2	6	7	6.0
Imports	0	0	0	0
Total Availability	6.65	6.75	7.75	7.25
Crush	5.9	6	6.5	7.05
Exports	0	0	0	0
Total Usage	5.9	6	6.5	7.05
Carry Out/Ending Stock	0.75	0.75	1.25	0.2
Monthly Use	0.49	0.50	0.54	0.59
Stock/Consumption Ratio	0.13	0.13	0.19	0.03
Stock to Month Use Ratio	1.53	1.50	2.31	0.34

Source: Agriwatch

- We have revised the 2011/12 RM seed output downwards to 6.0Mn T compared to 6.5Mn T estimated in February.
- Lower coverage in RM seed area by 7%, missing winter rains and frost damage is expected hamper the productivity in RM seed this season.

Technical Analysis: NCDEX RM Seed Futures
RM Seed Spot, Jaipur

Supports & Resistances NCDEX Dec RM Seed

S2	S1	PCP	R1	R2
3309	3602	4269	4300	4705

- The RM seed prices edged-up on buying support.
- However, prices closed above 9-day and 18-day EMA.
- RSI is rising in the neutral region while stochastic is easing in neutral region.
- **Trade Recommendation (NCDEX RM SEED – Dec) – 1 Month:** BUY between 4280–4290 levels. T1 – 4370; T2 - 4460; SL - 4243.

Trade Recommendation RM Seed Spot (Jaipur basis): In spot the RM seed prices are expected to surge from the current levels and witness the levels between 4500-4600 levels.

Review of Previous Call: In our previous call we had recommended **SELL** between 3780–3810 levels. T1 – 3700; T2 - 3650; SL - 3835. The call got the entry and both the targets were achieved.

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