

Executive Summary

The domestic oilseeds and oilmeals posted gains on festive buying in the week under review. The solvent extractors were keen on buying the seeds at higher quotes to meet the increased short-term demand in the edible oils.

Both soybean and RM seed prices surged on good buying from solvent extractors for crushing to meet the rise in festive edible oil demand. The crushing had reportedly improved during the period and despite rising new crop RM seed arrivals the seed prices gained in the week under review.

The RM seed harvesting in various key growing regions is in full swing after the festival, *Holi*, and the rising supply will weigh on the seed prices in near-term.

Further, increasing new Brazilian soybean supply in international market is likely to pressure the global bean prices. Besides, the Argentine soybean crop is also expected in a month's time. This will eventually make South American soy meal prices attractive compared to the meal prices of Indian origin in near to medium-term.

Besides, stronger rupee against US dollar has made the edible oil imports comfortable for India. PEC has recently floated a tender to buy 9000 tons (+/- 2%) of RBD Palmolein (Edible Grade) in Bulk.

International Highlights

World: In the monthly USDA demand and supply report, global oilseed output for 2011/12 is estimated at 445.7 million tons, down 6.7 million from last month. Argentine soybean output is reduced 1.5 million tons to 46.5 million. Despite recent favourable rains in much of the soybean growing region, lower yields are projected due to prolonged dry weather through February in the growing areas.

The world oilseed trade for 2011/12 is estimated at 108.4 million tons, down 2.1 million. Lower soybean shipments are forecast for Brazil and Paraguay. Soybean imports are reduced for China, EU-27, Indonesia, Japan, South Korea and Taiwan.

China's soybean imports have reduced by 0.5 million tons to 55 million. Global oilseed ending stocks are projected at 67.8 million tons, down 3.4 million from last month. Fall in soybean stocks in Brazil and Argentina is most attributed for the change.

Latin America: In Argentina the recent favourable rainfall has stabilized soybean output prospects. However, the Brazil's soybean crop has been already hit due to drought.

Safras and Mercado lowered Brazil's soy crop forecast to 68.2 million tons as compared to previous estimate of 70.3 million tons in February. The drought may support global soybean and soy oil prices in medium to long-term.

China: China has imported 3.83 million tonnes of soybean in the month of February, down 16.9 per cent from 4.61 Mln T in January, as reported by the General Administration of Customs of China.

China bought 165,000 tonnes of US soybean for 2012/13 delivery from private exporters reported US Agriculture Department. Besides in another deal Taiwan's Breakfast Soybean Procurement Association (BSPA) has bought 60,000 tonnes of soybean of Brazilian origin in a tender.

Oilseed Prices at Key Spot Markets:

Commodity	Centre	Prices (Rs/Qtl)		Change
Soybean		10/03/2012	03/03/2012	
	Indore –Plant	2725-2800	2625-2690	+110
	Indore –Mandi	2680-2750	2500-2580	+170
	Nagpur-Plant	2625-2650	2550	+100
	Nagpur – Mandi	-	2400-2500	-
	Kota-Plant	2800	2675	+125
	Kota – Mandi	2740-2800	2550-2650	+150
	Bundi-Plant	2770	2680	+90
	Bundi-Mandi	2700	2500-2550	+150
	Baran-Plant	-	2650	-
	Baran-Mandi	2750	2615	+135
	BhawaniMandiJhalawar– Kota Plant Delivery	2800	2675	+125
	Jhalwar-Mandi	2750-2770	2600-2625	+145
Rapeseed/Mustard	Jaipur – C	3630-3635	3480-3485	+150
	Alwar – C	3500	3350	+150
	SriGanganagar(NC)	3390	3340	+50
	Kota	3200-3250	3000-3200	+50
	Neewai	3475	3150	+325
	Delhi– C	3600	3400	+200
	Hapur (UP)	3500	-	-
Groundnut Seed	Rajkot	925	950	-25
	Junagarh	-	-	-
Sunflower Seed	Latur	-	28000-30000	-
	Gulbarga	Closed	31500-32500	-
	Solapur	31500-32500	31500-32500	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		Chg
Soybean		Week End (10/03/2012)	Week End (03/03/2012)	
	Madhya Pradesh	310000	490000	-180000
	Maharashtra	140000	380000	-240000
	Rajasthan	170000	110000	+60000
	Bundi (Raj)	1700	3000	-1300
	Baran (Raj)	8000	12300	-4300
	Jhalawar (Raj)	1000	2400	-1400
Rapeseed/Mustard	Rajasthan	970000	1135000	-165000
*Sum Arrivals during the week.				

Crop Progress, India

The area covered under groundnut has slightly increased compared with the previous reported area. However, there is no increase in sown area in other oilseeds in the recent planting update.

The overall oilseeds planting is reportedly lower by 6.5per cent at 87.8lakh hectares compared to 93.9lha during the same period last year.

Area in lakh hectares

Crop	As on 01Mar2012	As on 01Mar 2011	% Change
Rapeseed & Mustard	65.9	70.9	-7.0
Groundnut	8.8	8.4	5.6
Sunflower	4.6	5.4	-13.9
Total Oilseeds	87.8	93.9	-6.5

Source: GOI

The planted area under RM seed stands at 65.9 lha (-7%) compared to 70.9 lha during the same period last year.

Soybean

Soybean prices further improved during the week under review on increased buying due to rise in festive, *Holi*, edible oil demand.

However, parity in edible oil imports and rising new RM seed crop arrivals will weigh on the soybean prices in near-term.

Slow farmer's selling in soybean will be featured in the days ahead as active bean farmers are diverting towards new Chana and RM seed trade. However, the bean farmers will be keen in off-loading their produce when prices improve.

Soy meal- FAS Kandla Vs FOB Argentina (Spread)

The domestic soy meal prices featured gains on festive buying and some overseas deals during the period under review. However, India's soy meal export prospects are depleting and will continue to do so until May or June, as the South American meal prices are getting attractive with the commencement of new Brazilian soybean crop supply. The soybean harvesting in Argentina is also expected to kick-off in due course.

Quotes in US \$			
Week	FAS, Soy meal Kandla	FOB, Soy meal Argentina	Avg.*Spread
05-10 Mar	416	403	13
27 Feb-03 Mar	395	390	5

*FAS Kandla less FOB Argentina

Despite attractive Argentine soy meal prices, India is able to ship soy meal to South and Far East Asian countries. However, there were no shipments of China during February 2012 till date as the country has suspended oilmeal imports from India due to contamination issues a couple of months back.

The average weekly soy meal price spread between FAS Kandla and FOB Argentina stood at US \$13/MT compared to US \$5/MT a week ago (* Spread - FAS Kandla less FOB Argentina).

Recommendation: The Indian soy meal exporters are advised to take the freight and logistic advantage and continue to aggressively market their meal to South and Far East Asian countries. Any dip in FOR, Kandla towards **18800-19000** is a viable level to go for buying. The soybean crushers are advised to continue with their normal regular crushing to cater the domestic and overseas demand.

Soybean Crush Margin

Avg Crush Margin – This Week	Avg Crush Margin – Last Week	Avg Crush Margin – Corresponding Period Last Month
-770	-757	717

The soybean crush margin has slightly widened during the week; however the significant players/crushers are able to crush the beans to meet their exports commitment and domestic edible oil need. The disparity in crushing continues to discourage the solvent extractors to some extent.

Technical Analysis:

NCDEX Soybean Futures(Apr)

Soybean Spot, Indore



*In Rs/MT

Supports & Resistances NCDEX AprSoybean

S2	S1	PCP	R1	R2
2650	2700	2825	2915	2940

- The weekly candlestick chart pattern indicates correction in the price.
- Prices closed above 9-day and 18-day EMA.
- RSI and stochastic are easing in overbought region. Prices are expected to fall towards 2750-2700 levels.
- **Trade Recommendation (NCDEX Soybean - Apr) – 1 Week:** SELL between 2790–2800 levels. T1 – 2750; T2 - 2705; SL - 2818.

Trade Recommendation Soybean Spot: We recommend slow down buying at the current levels as prices are expected to ease in near-term. The prices are expected to witness the level of 2600-2620 levels (Indore, Plant basis).

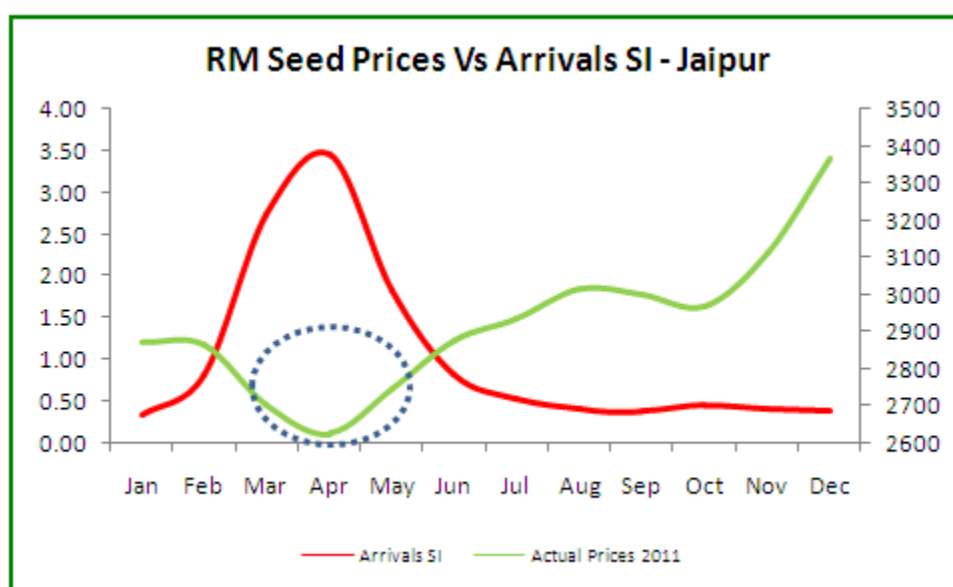
Review of Previous Call: In our previous call we had recommended BUY between 2870 – 2880 levels. T1 – 2920; T2 - 2945; SL - 2852. The call triggered but none of the targets were achieved.

Rapeseed - Mustard Seed

The RM seed prices witnessed significant gains in tandem with soybean on festive demand from millers to meet the short-term rise in the edible oil usage. The prices surged despite higher arrivals followed by new crop harvesting in full swing in various growing regions.

The RM seed harvesting is in full swing in major growing states of Rajasthan, Uttar Pradesh, Haryana and Madhya Pradesh. The increasing arrival pressure will weigh on the seed prices in near-term. The supply pressure is expected to peak towards the end of the March month which will eventually weight on the seed prices.

RM Seed Prices Vs Arrivals –Jaipur (Rajasthan)



RM Seed Supply, Rajasthan

RM Seed Arrivals in Rajasthan in Bags (85 kg each).		
Weekly Arrivals	Week Ago	Corresponding Week Last Year
9,70,000	11,35,000	6,00,000

Technical Analysis:

NCDEX RM Seed Futures (Apr)



RM Seed Spot, Jaipur



Supports & Resistances NCDEX Apr RM Seed

S2	S1	PCP	R1	R2
3390	3488	3621	3748	3818

- The RM seed candlestick chart pattern reflects weakness in the market.
- Prices closed above 9-day and 18-day EMA indicating firmness in the near and medium-term.
- Overall, the price indicators and oscillators reflect prices to ease during the week. The RM seed prices are expected to fall and move towards 3500–3450 levels.
- **Trade Recommendation (NCDEX RM SEED - Apr) – 1 Week: SELL** between 3600– 3610 levels. T1 – 3500; T2 - 3450; SL - 3658.

Trade Recommendation RM Seed Spot (Jaipur basis): In spot the RM seed prices are expected to fall on arrival pressure. The prices are expected to ease and may witness 3480-3500 level in near term. We recommend stockists sell the seed at the current higher levels and buy when it falls to the said levels to liquidate in medium to long term.

Review of Previous Call: In our previous call we had recommended BUY towards 3730 – 3740 levels. T1 – 3790; T2 - 3800; SL - 3707. The call got entry but none of the targets were achieved.

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