

Executive Summary

The domestic soybean and meal prices extended gains on bullish global cues and renewed overseas buying in soy meal of Indian origin during the week under review. Strength in soybean and Palm oil in international markets due to global short supply and improved demand lent spillover support to the domestic bean and meal market. Soybean and palm oil remained mostly strong in the international benchmark during the month.

Malaysian palm oil prices at BMD hit a nine-month high during the month of March after upbeat price forecast in the recent palm oil conference.

RM seed prices featured substantial gains on stockist buying and lower crop production estimates. In the recent 33rd All India Seminar on Rabi Oilseeds, Oil Trade and Industry held on 18 March 2012, India's 2011-12 RM seed output is estimated 16 per cent lower compared to the last year's production.

India was able to sell soy meal to some major destinations during the month despite attractive South American meal prices. In a fresh demand, Iran bought 120,000 tonnes of soy meal in private deals signed during the month under review.

In view of rise in new RM seed supply in various cash markets and expected rise in soybean supply in international market with ongoing bean harvesting in Brazil, we expect the oilseeds and meal prices to face price pressure to some extent in April 2012. However, downward potential will be limited mainly due to lower RM seed output estimate and expected shortfall in the global soybean outturn this season and solid demand from Asia.

International Highlights

World: In another revision this month, Oil World has lowered South American soybean crop production by around 1 Mln T to 123 Mln T, down 14 Mln T from last year. The revision has primarily occurred in Brazil and Paraguay while, the Argentine soybean crop is estimated at 47.0 Mln T against 49.2 Mln T last year. The Late planted soybeans in Uruguay have benefited from recent rainfall.

In view of the fall in the output in the major producing countries, the world soybean production in 2011/12 is likely to decline to 246.5 Mln T, down 8 per cent from last year. Strong demand from Asia, primarily from China, will further boost the world trade in 2011/12 to 91.7 Mln T from 91.3 Mln last year. The World soy meal trade is estimated at a record 58.4 Mln T, 3 per cent higher than a year ago followed by increased buying support by Far East Asian countries - (IGC).

Latin America: In Paraguay the soybean crop has fallen to a 10-year low of 3.5-3.7 Mn T, leading to a decline in exports by at least 3.2 Mn T from last year.

As per the official soybean crop estimate, the Argentine soybean crop is seen at 44 million tons for 2011/12. Earlier it was estimated at 43.5-45 million tons.

China: China is set to raise its soybean imports in March/June to meet the rising domestic demand and add on some stocks to avoid the bad weather consequences in US this summer. The China National Grain and Oils Information Centre expect soybean imports of a record 29 Mn T in Jan/June 2012 (against 24 Mn T a year earlier).

Oilseed Prices at Key Spot Markets:

Commodity	Centre	Prices (Rs/Qtl)		Change
Soybean		24/03/2012	17/03/2012	
	Indore –Plant	2850-2911	2800-2840	+71
	Indore –Mandi	2750-2850	2720-2770	+80
	Nagpur-Plant	2775	2700-2740	+35
	Nagpur – Mandi	2750-2760	2650-2775	-15
	Kota-Plant	2900-2925	2800-2825	+100
	Kota – Mandi	2825-2850	2725-2750	+100
	Bundi-Plant	2900	2825	+75
	Bundi-Mandi	2850	2750-2775	+75
	Baran-Plant	-	2850-2900	
	Baran-Mandi	2900	2800-2825	+75
	BhawaniMandiJhalawar– Kota Plant Delivery	2950	2850	+100
	Jhalwar-Mandi	2900-2925	2800-2830	+95
Rapeseed/Mustard	Jaipur – C	3870-3875	3625-3640	+235
	Alwar – C	3775	3550	+225
	SriGanganagar(NC)	3490	3360	+130
	Kota	3600	3400-3450	+150
	Neewai	Closed	3600	-
	Delhi– C	3925	3625	+300
	Hapur (UP)	3800	3600	+200
Groundnut Seed	Rajkot	975	925	+50
	Junagarh	-	-	-
Sunflower Seed	Latur	32000-33500	30000-33000	+500
	Gulbarga	-	-	-
	Solapur	32000-33500	31500-33000	+500

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
		Week End (24/03/2012)	Week End (17/03/2012)	
Soybean				
	Madhya Pradesh	220000	285000	-65000
	Maharashtra	290000	370000	-80000
	Rajasthan	155000	100000	+55000
	Bundi (Raj)	825	1150	-325
	Baran (Raj)	6800	11500	-4700
	Jhalawar (Raj)	1300	2300	-1000
Rapeseed/Mustard	Rajasthan	2030000	1720000	+310000
*Sum Arrivals during the week.				

Soybean

Soybean prices featured gains supported by bullish global sentiments and fresh soy meal demand from Iran in the week over review.

Besides, the weekly arrivals fell compared to the previous week, which lend additional support to the bean prices.

However, there is an expected fall in the usage of edible oils and meal domestically according to the usual consumption pattern. Likely decline in overseas export sales in soy meal with demand diverting towards South America due to their attractive prices will weigh on the bean and meal prices in near to medium term.

The soybean harvest is about 60 per cent complete in Brazil while the harvest in Argentina will commence in April. This will certainly create price pressure in soybean the international market and subsequently spillover impact the domestic soybean.

Soy meal- FAS Kandla Vs FOB Argentina (Spread)

The domestic soy meal prices posted gains supported by fresh overseas buying in recent weeks.

In the fresh deals in the month of March, India reportedly sold about 120,000 tonnes of soy meal to Iran in private deals signed in the last couple of weeks. Further Iran is expected to buy another 100,000 tonnes of soy meal from India in near-term. The price for meal was quoted at US \$420/T.

Quotes in US \$			
Week	FAS, Soy meal Kandla	FOB, Soy meal Argentina	Avg.*Spread
19-24 Mar	430	405	25
12-17 Mar	432	401	31

*FAS Kandla less FOB Argentina

The average weekly soy meal price spread between FAS Kandla and FOB Argentina stood at US \$25/MT compared to US \$31/MT a week ago, indicating competitive Argentine meal price compared to the meal Indian of Indian origin. (* Spread - FAS Kandla less FOB Argentina).

Recommendation: The Indian soy meal exporters are advised to aggressively market the meal and take the freight and logistic advantage shipping to South and Far East Asian countries. Any dip in FOR, Kandla towards 21500-22000 is a viable level to go for buying.

Soybean Crush Margin

Avg Crush Margin – This Week	Avg Crush Margin – Last Week	Avg Crush Margin – Corresponding Period Last Month
-618	-572	-898

The disparity in crushing soybean has slightly widened during the week under review. However, the disparity is not at the critical point and the big players are able to crush the beans at this disparity also.

Technical Analysis:

NCDEX Soybean Futures (Apr)



Soybean Spot, Indore



Supports & Resistances NCDEX Apr Soybean

S2	S1	PCP	R1	R2
2860	2912	3000	3100	3150

- The weekly candlestick chart pattern reflects prices rally in the prices.
- Prices closed above 9-day and 18-day EMA.

- RSI and stochastic are heading upwards in overbought zone, warranting correction. MACD is heading upwards in positive region.
- **Trade Recommendation (NCDEX Soybean - Apr) – 1 Week:** BUY between 2990–3010 levels.T1 – 3050; T2 - 3090; SL - 2975.

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 2700-2750 levels (Indore, Plant basis).

Review of Previous Call: In our previous call we had recommended SELL between 2900–2915 levels.T1 – 2860; T2 - 2850; SL - 2932. The call did not trigger as prices moved up.

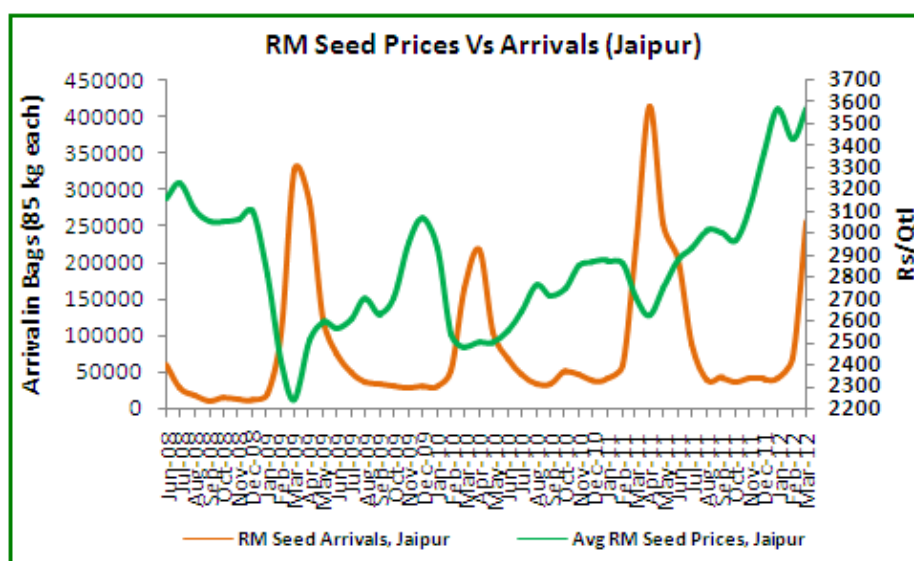
Rapeseed - Mustard Seed

RM seed posted gains during the week under review on stockist buying and lower crop production estimates. In the recent 33rd All India Seminar on Rabi Oilseeds, Oil Trade and Industry held on 18 March 2012, India's 2011-12 RM seed output was estimated at 5.88 Mln T compared to 7.0 Mln T estimated in 2010-11.

The seed prices unexpectedly continue to gain despite rise in the new crop arrivals. The seed harvesting in Sri Ganganagar and Hanumangarh in Rajasthan is in full swing and mounting the supply pressure in Rajasthan.

We feel the seed prices will ease in near to medium term on lower edible oil and rapeseed-mustard seed oil cake usage, in line with the consumption pattern. However, the downward potential will be limited due to the lower RM seed outturn this season.

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
20,30,000	17,20,000	12,36,000

Technical Analysis:
NCDEX RM Seed Futures (Apr)

RM Seed Spot, Jaipur

Supports & Resistances NCDEX Apr RM Seed

S2	S1	PCP	R1	R2
3671	3780	3900	4000	4050

- The RM seed candlestick chart pattern reflects mild selling pressure in the market.
- Prices closed above 9-day and 18-day EMA indicating firmness in the near and medium-term.
- RSI is easing in overbought region while stochastic is rising in overbought zone.
- **Trade Recommendation (NCDEX RM SEED - Apr) – 1 Week: SELL** between 3900 – 3910 levels.T1 – 3850; T2 - 3790; SL - 3928.

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 3750-3700 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 **SELL** between 3800 - 3820 levels.T1 – 3700; T2 - 3680; SL - 3865. The call failed to trigger as prices surged during the week.

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