

Executive Summary

The domestic oilseeds and oilmeal prices posted gains on global and domestic fundamentals during the week under review. Slow farmer's selling and consequently lower supply in soybean kept the bean and soy meal prices strong. Besides, decline in RM seed arrivals lent support to the seed prices during the period. Further, firm international soybean and palm oil benchmarks remained positive factors for the domestic oil and fats market.

However, trade volume remained lower during the week as key markets remained closed for *MahavirJayanti* and *Good Friday*.

The big soybean farmers and stockists are not keen in off-loading their beans in anticipation of further price rise in the same. Consequently, the soy meal prices rallied during the period. In addition to it the India's soy meal exports, in March 2012 increased by 12.6 per cent compared to the same period last year.

Bullish global soybean supply scenario this season, depreciating Indian rupee against US dollar and higher crude remained bullish factors for the domestic oilseeds and oilmeal markets.

However, slow-down in domestic edible oil and meal usage and increase in new soybean supply from South America may limit the upside potential.

International Highlights

- ❖ The US planting intentions report released last week remained bullish for soybeans with planting intention of only 73.9 Mn acres).
- ❖ The South American soybean output prospects have deteriorated further. In their recent estimate Oil World has estimated the soybean crop in Brazil at only 65.0-66.0 Mn T and in Argentina at only 45.2 Mn T.
- ❖ Increasing Chinese import demand resulted in a further boost in global exports of soybeans to 8.0 Mn T in March, bringing the total for Jan/March 2012 to a record 21.4 Mn T, up 2.6 Mn T or 14% from a year ago.
- ❖ Brazilian soybean exports are estimated to be around 29.5 Mn T in 2012, down 13% from the year earlier, when shipments stayed at 33.789 Mn T. The forecast is part of the Brazilian supply and demand, released today by SAFRAS and Mercado. The crushing of bean is likely to fall 2%, from 36.8 to 36.2 Mn T.

Oilseed Prices at Key Spot Markets:

Commodity	Centre	Prices (Rs/Qtl)		Change
Soybean		07/04/12	31/03/2012	
	Indore –Plant	3080-3150	2925-3020	+130
	Indore –Mandi	2970-3060	2840-2900	+160
	Nagpur-Plant	3100	2850-2900	+200
	Nagpur – Mandi	Closed	2750-2900	-
	Kota-Plant	3000-3075	3000	+75
	Kota – Mandi	3000	2900-2925	+75
	Bundi-Plant	3150	3025-3050	+100
	Bundi-Mandi	3100	2900	+200
	Baran-Plant	3075	-	-
	Baran-Mandi	3040-3050	-	-
	BhawaniMandiJhalawar– Kota Plant Delivery	3100	3000	+100
	Jhalwar-Mandi	3025-3075	-	-
Rapeseed/Mustard	Jaipur – C	3875-3880	3755-3760	+120
	Alwar – C	3700	3600	+100
	SriGanganagar(NC)	3480	3470	+10
	Kota	3600-3650	3500-3525	+125
	Neewai	3800	-	-
	Delhi– C	3875	3750	+125
	Hapur (UP)	3750	3830	-80
Groundnut Seed	Rajkot	975	-	-
	Junagarh	-	-	-
Sunflower Seed	Latur	32000-33500	-	-
	Gulbarga	-	-	-
	Solapur	32500-33750	-	-

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 (07/04/2012)	Week End (31/03/2012)	
	Madhya Pradesh	112000	172000	-60000
	Maharashtra	145000	275000	-130000
	Rajasthan	95000	145000	-50000
	Bundi (Raj)	450	950	-500
	Baran (Raj)	4500	7200	-2700
	Jhalawar (Raj)	1800	1300	+500
Rapeseed/Mustard	Rajasthan	985000	1260000	-275000
*Sum Arrivals during the week.				

Soybean

Upbeat trend in soybean prices featured in the week under review. Lower supply in beans due to slow farmer's and stockists selling in anticipation of higher prices lent the support to the market. Besides, higher soybean at international benchmarks and strong crude remained positive factors for the domestic market.

The markets across Madhya Pradesh are expected to remain closed for a couple of days during the week in protest against the new Central Food License Bill. The soybean crushers were keen on buying the seed to meet the export commitment of soy meal and quoted the bean prices higher during the period.

Most of the soybean crushing units in MP have been either shut down or have reduced crushing due to the non-availability of beans. Those units in operations were reportedly operating for 6-7 days a month due to short supply in beans.

The soybean harvest is nearing completion in Brazil while it is soon expected to begin in Argentina. The new soybean crop prices from South American countries will likely be competitive compared to India. However, small soy meal shipments from India to traditional Far and South East Asia will continue due to logistic advantages.

The domestic soybean prices are expected to remain range-bound with firm bias in near-term due to strong global cues and slow farmer's selling at domestic front.

Soy meal- FAS Kandla Vs FOB Argentina (Spread)

Better soy meal export sales in the month of March remained positive factor for the domestic soy meal prices during the period under review. India's soy meal exports were unexpectedly higher during the month compared to the same period last year. Despite competitive Argentine meal price Indian meal was preferred by some destinations mainly due to logistic advantage and the non GM origins.

As per SOPA, India's soy meal exports, in March 2012 increased by 12.6 per cent to 4,61,892 tonnes from 4,09,882 tonnes during the same period last year.

However, the soy meal shipments during the financial year 2011-12 (Apr-Mar) were 39,14,683 tonnes, slightly increased by 1.79 per cent from 38,45,736 tonnes a year ago.

During the FY 2011-12 shipments to Iran, Thailand, Japan, EU and Mozambique (Africa) registered exceptional growth. However, exports to Vietnam, Indonesia and UAE were hit due to certain trade barriers.

During the first half of current oil year (Oct-Sep), exports during Oct'11 to March 2012 were 2785831 MT as against 2997847 MT last year, a fall of 7 per cent.

The better export sales were possible as India was able to ship the meal in small vessels and in smaller quantity to these destinations besides India remains a big seller of non-GMO soy meal.

Quotes in US \$

Week	FAS, Soy meal Kandla	FOB, Soy meal Argentina	Avg.*Spread
2-7 Apr	475	428	47
26-31 Mar	453	418	35

*FAS Kandla less FOB Argentina

The average weekly soy meal price spread between FAS Kandla and FOB Argentina stood at US \$47/MT compared to US \$35/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 25000-25500 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
-432	-344	-824

The disparity in crushing soybean has slightly widened during the week under review, a discouraging factor for the solvent extractors.

Technical Analysis:

NCDEX Soybean Futures(May)



Soybean Spot, Indore



Supports & Resistances NCDEX May Soybean

S2	S1	PCP	R1	R2
2980	3032	3225	3300	3350

- The weekly candlestick chart pattern reflects continued buying interest in the market.
- Prices closed above 9-day and 18-day EMA.
- RSI and stochastic are heading upwards in overbought zone, warranting correction.
- **Trade Recommendation (NCDEX Soybean - May) – 1 Week:** BUY between 3200–3225 levels. T1 – 3270; T2 - 3290 SL -3185.

Trade Recommendation Soybean Spot: We recommend slow down buying at the current levels as prices are expected to ease in the near-term. The prices are expected to witness the level of 3000-3100 levels (Indore, Plant basis).

Review of Previous Call: In our previous call we had recommended SELL between 3200–3210 levels. T1 – 3150; T2 - 3105; SL - 3233. The call triggered and both the targets were achieved.

Rapeseed - Mustard Seed

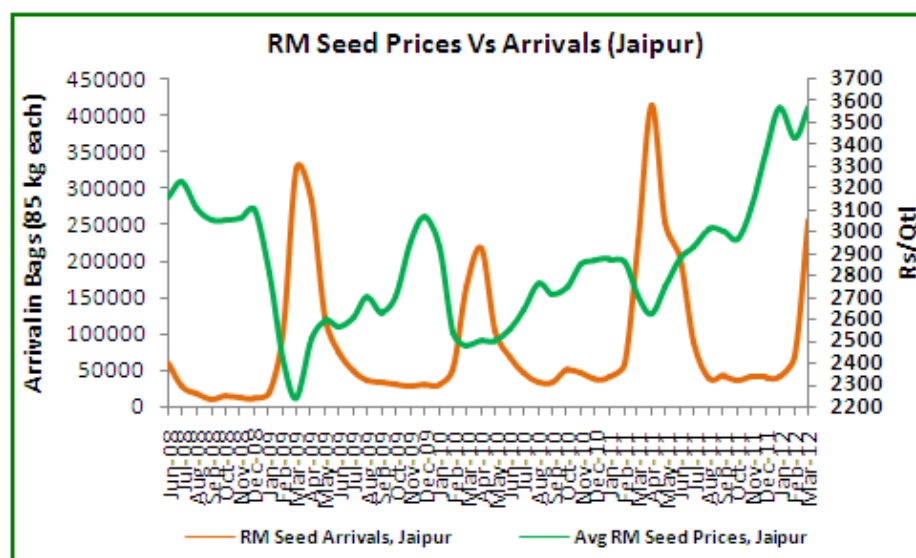
RM seed prices continued upward move in the week under review. Better demand in the seed from stockists and decline in the arrivals remained supportive for the seed prices.

The trade volume in the seed remained low as markets remained closed due to *Mahavir Jayanti* and *Good Friday*.

The RM seed prices have rallied significantly despite peak arrival time. The RM seed harvesting in Sri Ganganagar and Hanumangarh of Rajasthan is underway and it is likely to get completed towards the end of April.

We feel the RM seed prices to slightly ease as they are overbought warranting correction and fall in the edible oil usage.

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
9,85,000	12,60,000	20,80,000

The seed arrivals are again expected to reach the previous week's level. The fall in arrivals was primarily due to the closure of mandis for a couple of days during the week under review.

Technical Analysis:

NCDEX RM Seed Futures (May)



RM SeedSpot, Jaipur



Supports & Resistances NCDEX MayRM Seed

S2	S1	PCP	R1	R2
3795	3858	3997	4081	4120

- Side ways movement featured in RM seed market.
- Prices closed above 9-day and 18-day EMA indicating firmness in the near and medium-term.
- RSI is rising in overbought region while stochastic is easing in overbought zone.
- **Trade Recommendation (NCDEX RM SEED - May) – 1 Week:** The market may move either of the direction. Price will head-up towards 4100 level if it breaches 4081 level and may test 3800 level if it breaches 3858 level.

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 3850-3820 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 3900 – 3910 levels. T1 – 3850; T2 - 3790; SL - 3928. The call was triggered both could not achieve any target.

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