

## Executive Summary

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Overall, the domestic weekly soybean and meal prices posted gains during the week under review. However, the prices slightly fell towards the end of the week.

The soybean prices remained strong on renewed buying interest in the beans with the rise in the off-take in edible oils. Though the soybean supplies are weak due to the lean period, but the farmers and the stockists were keen in off-loading their stocks in the week under review. The soybean marketing season is towards the end and hence farmers and the stockists will gradually try to ease their stock with the rise in the bean prices.

Further, the soy meal prices edged-up due to the lower crushings in the beans and exports obligations. The Indian meal shipments have slowed down month-on-month basis due to lean soybean period and international demand shift towards South America followed by peak season in the region in the same. However, India's meal shipments continued in small quantities to the traditional destinations.

The RM seed prices extended losses on weak buying activity during the period. Only need based buying was featured in anticipation of further fall in the seed prices. However, gradual decline in the RM seed supplies and fresh off-take in edible oils is likely to support the seed prices in near term.

Dried up pipeline supplies in soybean, gradual fall in the RM seed arrivals and fresh demand in edible oils is expected to lend support to the seed and meal demand. Besides, renewed palm and soy oil buying ahead of *Ramadan* internationally will subsequently support the domestic seed market. However, weak global economic factors and weak Malaysian palm oil may restrict the gains in near-term.

## International Highlights

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- ❖ The US soybean planting progress is in full swing and nearing completion. The planting is reported at 97 per cent ahead of 5-year average of 85 per cent which was just 81 per cent previous year in the corresponding period last year. Besides, the sown 90 per cent has emerged compared to 67 per cent in the corresponding period last year and five year average of 58 per cent. This translates into faster sowing in and early harvesting if weather remains conducive for the crop.
- ❖ South American soybean outturn is expected to hit 115.769 Mn T in 2011/12, down 14% from the total harvested in 2010/11, of 134.585 Mn T. The estimate is the part of report released by SAFRAS and Mercado, which puts the harvested area at 47.424 Mn hectares, down 1% from the year earlier. The report points to an 11% fall in Brazilian production, at 66.331 Mn T. The Argentine crop is estimated at 41 Mn T, down 17%. Paraguay is estimated to harvest 4.4 Mn, 38% lower. Bolivia production is estimated at 2.438 Mn T, up 4% from the previous season. Uruguay must raise its outturn by 4%, hitting 1.6 Mn T.
- ❖ South American soybean stocks are estimated sharply down by 24.3 Mn T from previous year as of first week of June. This will lead to a steep rise in US soybean crushings and shipments by 2.5 Mn T from last year in June/Aug 2012, sizably reducing US soybean stocks.
- ❖ As per the Oil World estimates, China is expected to import record soybean of at least 57.0 Mn T for Oct/Sept 2011/12 (up from 52.3 Mn T a year ago).

**Oilseed Prices at Key Spot Markets:**

Commodity	Centre	Prices (Rs/Qtl)		Change
Soybean		15/06/2012	08/06/2012	
	Indore –Plant	3430-3480	3400-3500	-20
	Indore –Mandi	3300-3360	3300-3400	-40
	Nagpur-Plant	3425-3475	3435	+40
	Nagpur – Mandi	3350-3400	3425	-25
	Kota-Plant	3425	3425	Unch
	Kota – Mandi	3350-3375	3300-3350	+25
	Bundi-Plant	3400	3425	-25
	Bundi-Mandi	3250-3300	3400	-100
	Baran-Plant	-	-	-
	Baran-Mandi	3325	3350	-25
	BhawaniMandiJhalawar– Kota Plant Delivery	3450	3475	-25
	Jhalwar-Mandi	3400	3400	Unch
Rapeseed/Mustard	Jaipur – C	3815-3820	3845-3850	-30
	Alwar – C	3725	3750	-25
	SriGanganagar(NC)	3310	3340	-30
	Kota	3600-3650	3500-3650	Unch
	Neewai	3800	3825	-25
	Delhi– C	3815-3820	3850	-30
	Hapur (UP)	3880	3900	-20
Groundnut Seed	Rajkot	975	960	+15
	Junagarh		-	
Sunflower Seed	Latur	-	32000-33500	-
	Gulbarga	-	-	-
	Solapur	33500-34500	33000-34000	+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
Soybean		Week End (15/06/2012)	Week End (08/06/2012)	
	Madhya Pradesh	270000	190000	+80000
	Maharashtra	81000	117000	-36000
	Rajasthan	41000	40000	+1000
	Bundi (Raj)	155	85	+70
	Baran (Raj)	5300	2600	+2700
	Jhalawar (Raj)	1050	1050	Unch
Rapeseed/Mustard	Rajasthan	340000	378000	-38000
*Sum Arrivals during the week.				

## Soybean

The domestic soybean prices extended gains on tight supplies and some soy meal exports obligations. Besides, fresh buying in edible oils remained strong and supportive factor during the week in review. However, the daily average arrivals in Madhya Pradesh slightly increased to (45,000-50,000 bags) compared to a couple of weeks back (25,000-30,000 bags). Besides, the supplies slightly increased in Maharashtra and Rajasthan also. The farmers and stockists were keen in gradually off-loading their produce with soybean marketing season getting end.

The monsoon will remain a decisive factor for the soybean planting it has hit Southern Indian states late by 5 days and it expected about 5-7 days late towards north and north-west India. The monsoon has hit the state of Maharashtra, the second largest soybean producing state. This will certainly increase the pace in planting in the state, where only few districts like Sangli and Satara are ahead in soybean planting in the state.

The onset of monsoon in Maharashtra will lead to land preparation by the farmers in the state and subsequently showers in Madhya Pradesh will initiate the planting process in the state too.

Further, slow down in soy meal export, persistent eurozone crisis and higher than the average planting in US soybean remained bearish factors for the soybean and may further restricted the gains in near-term. But, tight domestic bean supplies to cater oil and meal export demand and slow RM seed selling may support the bean prices.

## Soy meal- FAS Kandla Vs FOB Argentina (Spread)

The domestic soy meal prices extended gains followed by poor availability in beans for crushing. The domestic feed millers are keen in buying the meal in anticipation of fresh demand from poultry feed industry once the monsoon grips all over India. Poultry consumption rises in monsoon with demand in eggs in South Indian states for mid-day meal.

The Indian soy meal exports have slowed down with the international demand diversion towards South America. However, the traditional buyers like Iran, Japan, Korea and Turkey continues to place some order due to preference in non-GMO meal, logistic and trade advantage.

India's soy meal shipments are declining m-o-m since Jan which is a regular phenomenon every year. India's total meal exports in May declined 19% at 142588 MT compared to 176819 MT during the corresponding period last year.

Meanwhile, the South American soy meal prices remained attractive compared to the meal of Indian origin. This has eventually diverted the international demand to South America.

Higher supplies in the region due to peak season have made their prices competitive. Eventually the international demand shift towards South America will keep the Indian meal exports lower for another couple of months.

Week	FAS, Soy meal Kandla	FOB, Soy meal Argentina	Avg.*Spread
09-15 Jun	531	491	40
02-08 Jun	527	473	54

\*FAS Kandla less FOB Argentina (Quotes in US \$)

The average weekly soy meal price spread between FAS Kandla and FOB Argentina stood at US \$40/MT compared to US \$54/MT a week ago, indicating a wide gap in prices between Indian and Argentine meal, where Argentine soy meal prices continued to remain competitive compared to the meal of Indian origin. (\* 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 to materialize the freight and logistics advantage. Any dip in FOR, Kandla towards **29700-30000** 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
-1147	-1145	-121

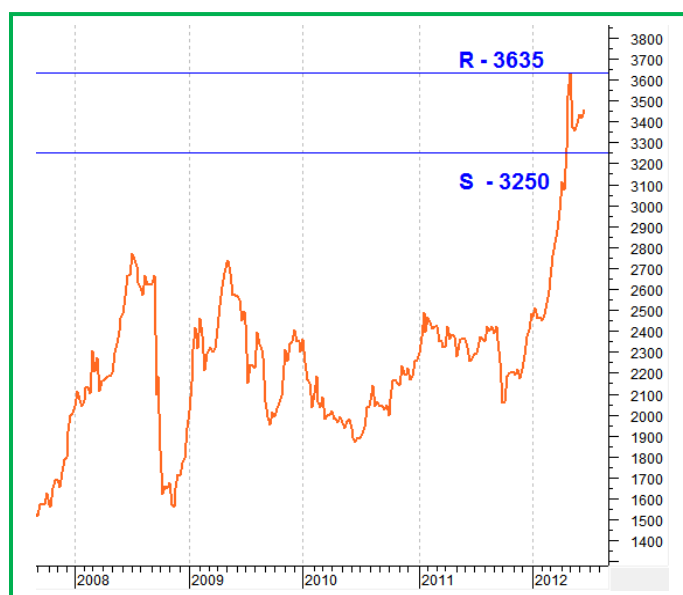
The soybean crush margin has remained almost at par with the previous week but it is well below corresponding period last month. The negative margin remains a discouraging factor for the crushers.

## Technical Analysis:

### NCDEX Soybean Futures (Jul)



### Soybean Spot, Indore



### Supports & Resistances NCDEX Jul Soybean

S2	S1	PCP	R1	R2
3148	3261	3440	3519	3580

- The weekly soybean prices extended gains on buying interest.
- Prices closed above 9-day and 18-day EMA.
- RSI is rising in neutral region while stochastic is falling in neutral zone.
- Prices are likely to head upwards.
- **Trade Recommendation (NCDEX Soybean – Jul) – 1 Week:** BUY between 3400-3420 levels.T1 – 3460; T2 –3480; SL -3385.

**Trade Recommendation Soybean Spot:** We feel the beans prices to gain in near-term. We recommend the buyers to go for buying at current levels as the bean prices are expected to improve and witness 3450-3460 levels (Indore, Plant basis).

**Review of Previous Call:** In our previous call we had recommended: BUY between 3430-3450 levels.T1 – 3520; T2 –3560; SL -3415. The call triggered but could not achieve any target.

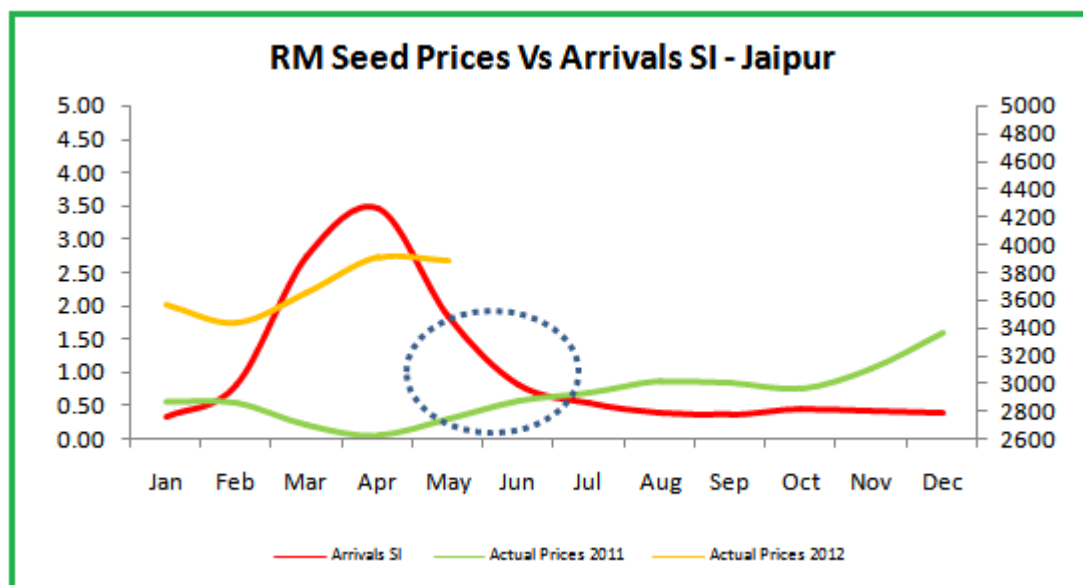
## Rapeseed - Mustard Seed

The RM seed prices fell trailing international oil and fats market during the period. Need based buying was featured during the period. The major buyers refrained themselves in anticipation of further fall in the prices. The prices fell despite lower seed supplies.

The seed arrival in Rajasthan fell significantly, about 4 times during the week compared to the corresponding period last year.

The near and medium-term fundamentals of the seed remain strong in view of lower seed output and dried-up pipeline supply in beans.

### RM Seed Prices Vs Arrivals –Jaipur (Rajasthan)

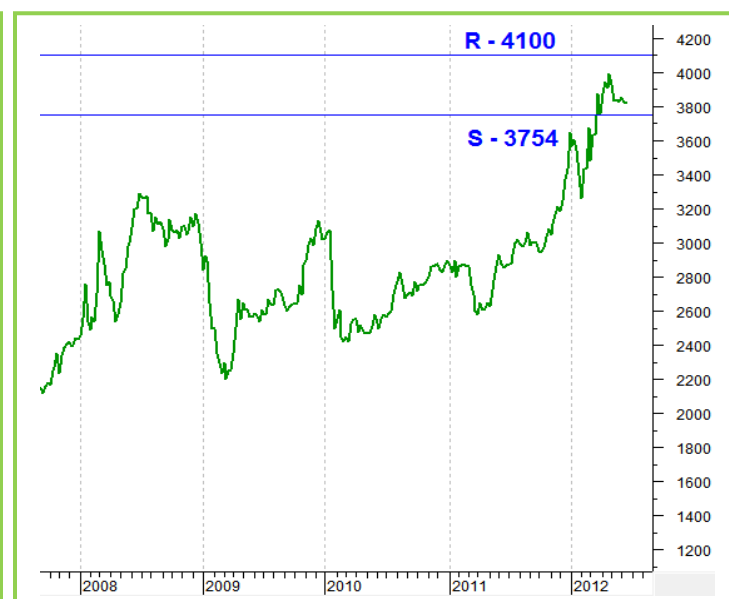


### RM Seed Supply, Rajasthan

RM Seed Arrivals in Rajasthan in Bags (85 kg each).		
Weekly Arrivals	Week Ago	Corresponding Week Last Year
3,40,000	3,78,000	12,70,000

The farmers are holding their stock in anticipation of higher prices in lean season in view of lower output this season.

**Technical Analysis:**
**NCDEX RM Seed Futures (Jul)**

**RM Seed Spot, Jaipur**

**Supports & Resistances NCDEX Jul RM Seed**

S2	S1	PCP	R1	R2
3590	3655	3753	3825	3890

- Candlestick chart pattern indicates mild buying support.
- Prices closed below 9-day and 18-day EMA indicating weakness in the near and medium-term.
- RSI is rising in neutral region while stochastic is falling in oversold territory.
- **Trade Recommendation (NCDEX RM SEED - Jul) – 1 Week:** BUY between 3740-3750 levels. T1 – 3780; T2 –3800; SL -3727.

**Trade Recommendation RM Seed Spot (Jaipur basis):** In spot the RM seed prices are expected to gain further and witness 3840-3860 level in near term. We recommend stockists to buy on dips.

**Review of Previous Call:** In our previous call we had recommended: BUY between 3770-3780 levels. T1 – 3820; T2 –3850; SL -3753. The call failed to trigger.

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