

Executive Summary

Upbeat trend featured in the domestic oilseeds and oil meal prices on strong global cues and better buying in local cash markets during the week under review. Lower availability of soybean due to lean season and subsequently lower crushings lead to decline in soy meal exports

The local soybean remained strong on bullish global and domestic factors in previous weeks. RM seed firmed-up on slow farmer's selling and supportive BMD CPO.

Soy meal prices improved on better overseas and domestic demand and lower crushings due to lean season in soybean on the other hand.

Forecast of rains and thunder showers in US Midwest and increased precipitation in key soybean growing states in India remained slightly bearish for soybean. But lower estimated yield in US soybean and lean season in domestic beans will limit the downward potential in soybean and meal in near-term.

International Highlights

- ❖ As per Oil World report the world demand for soya meal has slightly declined in April/June 2012, although the price rally in soya meal has gained momentum only in July. Demand for soya meal suffered a setback primarily in the EU-27. G-4 exports to the EU declined by as much as 0.9 Mn T in April/June.
- ❖ Oil World has estimated the soya meal usage in the EU-27 declined by roughly 1.2 Mn T on the year in Oct/June 2011/12.
- ❖ Soybean growers in Brazil, the world's second-largest producer, had sold 96 percent of the current crop as of second week of July, compared with 76 percent a year earlier.
- ❖ Combined soybean exports of the US, Argentina and Brazil exceeded the year-ago level at 7.3 Mn T in June – Oil World.
- ❖ As per Safras and Mercado, Brazil's soybean crop seen at 82.3 million tons for 2012/13, up 24 percent from current crop and planted area for soy is likely to grow by 8.4 % to 27.22 million hectares in the next season.
- ❖ Oil world raised its world rapeseed output estimate for 2012/13 by 0.3 million tons to 61.9 million tons compared to its previous estimate. Tighten South American soybean supply and dry weather concern over standing US soybean crop could lead to better buying interest for Canadian Rapeseed and expecting bulls rally stay intact in near to medium term.
- ❖ The current US crop conditions are expected to worsen due to dry weather. China's official data confirm a significant rise in soybean imports to a 7-month high of 5.6 Mn T in June.

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

| Centers | Ex-factory rates (Rs/ton) | | |
|----------------|---------------------------|------------|---|
| | 27.07.2012 | 20.07.2012 | Parity To |
| Indore (MP) | 42500 | 42756 | Gujarat, MP |
| Kota | 43000 | 43500 | Rajasthan, Del, Punjab, Haryana |
| Akola | 44000 | 42800 | Andhra, Chattisgarh, Orissa, Jharkhand, WB |
| Hingoli | 45000 | - | Andhra, Chattisgarh, Orissa, Jharkhand, WB |
| Nanded/Latur | 46500 | - | Andhra, AP, Kar, TN |
| Dhulia/Jalna | - | - | Mumbai, Maharashtra |
| Nagpur (42/46) | 44500 | 44800 | Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN |
| Sangli | - | - | Local and South |
| Solapur | - | - | Local and South |
| Bundi | 43000 | 42500 | - |

Soy DOC at Port

| Centers | Port Price | |
|-----------------------|------------|------------|
| | 27.07.2012 | 20.07.2012 |
| Kandla (FOR) (INR/MT) | 43500 | 43500 |
| Kandla (FAS) (USD/MT) | 785 | 789 |

International Soy DOC

| Argentina FOB \$/MT | 27.07.2012 | 20.07.2012 | Change |
|---------------------|------------|------------|--------|
| Soybean Pellets | 580 | 606 | -26 |
| Soybean Cake Meal | 580 | 606 | -26 |
| Soybean Meal | 588 | 614 | -26 |
| Soy Expellers | 588 | 614 | -26 |

Sunflower Meal Rates

| Centers | Ex-factory rates (Rs/ton) | | |
|----------|---------------------------|-----------|--------|
| | 27.07.2012 | 20.7.2012 | Change |
| Adoni | 26000 | 25500 | +500 |
| Khamgaon | 27500 | 25000 | +2500 |
| Parli | 27000 | 25700 | +1300 |
| Latur | 27500 | 25500 | +2000 |

Groundnut Meal

| Groundnut Meal | 27.07.2012 | 20.7.2012 | Change |
|---------------------------|------------|-----------|--------|
| Basis 45% O&A, Saurashtra | 34000 | 34000 | Unch |
| Basis 40% O&A, Saurashtra | 33000 | 33000 | Unch |
| GN Cake, Gondal | 36000 | 35000 | +1000 |

Mustard DOC/Meal

| Mustard DOC/Meal | 27.07.2012 | 20.7.2012 | Change |
|-------------------------|------------|-----------|--------|
| Jaipur (Plant Delivery) | 18600 | 17500 | +1100 |
| Kandla (FOR) | 19200 | 18000 | +1200 |
| Sri Ganganagar | - | - | - |

Oilseed Prices at Key Spot Markets:

| Commodity | Centre | Prices (Rs/Qtl) | | Change |
|------------------|--|-----------------|------------|--------|
| Soybean | | 27/07/2012 | 20/07/2012 | |
| | Indore –Plant | 4600-4650 | 4750-4800 | -150 |
| | Indore –Mandi | 4300-4600 | 4625-4725 | -125 |
| | Nagpur-Plant | 4700-4750 | 4800-4850 | -100 |
| | Nagpur – Mandi | 4650-4750 | 4700-4750 | Unch |
| | Kota-Plant | 4750 | 4750 | Unch |
| | Kota – Mandi | 4600 | 4600-4650 | -50 |
| | Bundi-Plant | 4700 | 4750 | -50 |
| | Bundi-Mandi | 4600 | 4600-4700 | -100 |
| | Baran-Plant | - | 4800 | - |
| | Baran-Mandi | 4500 | 4750 | -250 |
| | BhawaniMandiJhalawar– Kota Plant Delivery | 4750 | 4850 | -100 |
| | Jhalwar-Mandi | 4700 | 4700-4750 | -50 |
| Rapeseed/Mustard | Jaipur – C | 4490-4495 | 4360-4365 | +130 |
| | Alwar – C | 4300 | 4150 | +150 |
| | SriGanganagar(NC) | 3840 | 3740 | +100 |
| | Kota | 4200-4250 | 4275 | -25 |
| | Neewai | 4400 | 4100-4150 | +250 |
| | Delhi– C | 4490 | 4350 | +140 |

| | | | | |
|----------------|------------|-------------|-------------|------|
| | Hapur (UP) | 4450 | 4375 | +75 |
| Groundnut Seed | Rajkot | 1100 | 1005 | +95 |
| | Junagarh | - | - | - |
| Sunflower Seed | Latur | 39000-41000 | 38000-41000 | Unch |
| | Gulbarga | - | - | - |
| | Solapur | 41000-42000 | 41500-42500 | -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 (27/07/2012) | Week End (20/07/2012) | |
| | Madhya Pradesh | 182000 | 295000 | -113000 |
| | Maharashtra | 27000 | 45000 | -18000 |
| | Rajasthan | 39000 | 49000 | -10000 |
| | Bundi (Raj) | 450 | 370 | +80 |
| | Baran (Raj) | 5500 | 8400 | -2900 |
| | Jhalawar (Raj) | 2300 | 3100 | -800 |
| Rapeseed/Mustard | Rajasthan | 313000 | 297000 | +16000 |
| *Sum Arrivals during the week. | | | | |

Crop Progress, India

The *kharif* oilseeds plantings are underway and it has much recovered which was lagging in previous week. Improved precipitation in Maharashtra, Madhya Pradesh and Rajasthan boosted the soybean plantings.

In the official report, area coverage under various oilseeds in India was reported slightly lower by 1.1 per cent at 138.3 lakh hectares compared to 139.9 lha during the same period last year.

Statewise Area Covered Under Kharif Oilseeds for Week Ending as on 26th July, 2012

Area in Lakh Ha

| State | Groundnut | | Soybean | | Sunflower | | Sesamum | | Niger | | Castor | | Total | |
|------------------------------------|-------------|-------------|--------------|-------------|------------|------------|------------|------------|------------|------------|------------|------------|--------------|--------------|
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| North West India | | | | | | | | | | | | | | |
| Haryana | 0.0 | --- | --- | --- | --- | --- | 0.0 | --- | --- | --- | 0.0 | --- | 0.0 | --- |
| Himachal Pradesh | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Jammu & Kashmir | --- | --- | --- | --- | --- | --- | 0.0 | --- | --- | --- | --- | --- | 0.0 | --- |
| Punjab | 0.0 | 0.0 | --- | --- | --- | --- | 0.0 | 0.0 | --- | --- | --- | --- | 0.1 | 0.1 |
| Rajasthan | 3.1 | 3.7 | 8.9 | 8.2 | --- | --- | 2.7 | 3.6 | --- | --- | 0.1 | 0.1 | 14.9 | 15.5 |
| Uttar Pradesh | 0.7 | 0.7 | 0.2 | 0.1 | --- | --- | 2.2 | 1.4 | --- | --- | --- | --- | 3.1 | 2.1 |
| Uttarakhand | --- | --- | 0.1 | --- | --- | --- | 0.0 | --- | --- | --- | --- | --- | 0.1 | --- |
| Total | 3.8 | 4.4 | 9.1 | 8.3 | --- | --- | 5.1 | 5.0 | --- | --- | 0.1 | 0.1 | 18.2 | 17.7 |
| Central India | | | | | | | | | | | | | | |
| Chhattisgarh | 0.4 | 0.3 | 1.4 | 1.3 | --- | 0.1 | 0.2 | --- | --- | --- | --- | --- | 1.9 | 1.7 |
| Gujarat | 9.9 | 13.1 | 0.5 | 0.4 | --- | --- | 0.4 | 0.6 | 0.1 | 0.0 | 0.2 | 0.5 | 11.1 | 14.6 |
| Madhya Pradesh | 2.1 | 2.0 | 57.8 | 54.8 | --- | --- | 1.6 | 1.8 | 0.3 | 0.0 | 0.0 | --- | 61.7 | 58.6 |
| Maharashtra | 1.4 | 1.5 | 29.2 | 26.4 | 0.1 | 0.1 | 0.2 | 0.2 | 0.1 | 0.2 | 0.1 | 0.0 | 31.1 | 28.4 |
| Odisha | 0.6 | 0.3 | --- | --- | --- | --- | 0.2 | 0.2 | --- | --- | 0.0 | 0.0 | 0.9 | 0.5 |
| Total | 14.4 | 17.2 | 88.8 | 82.9 | 0.1 | 0.2 | 2.6 | 2.9 | 0.5 | 0.2 | 0.4 | 0.5 | 106.7 | 103.9 |
| Southern Peninsula | | | | | | | | | | | | | | |
| Andhra Pradesh | 5.0 | 7.9 | 1.7 | 1.3 | 0.1 | 0.0 | 0.2 | 0.3 | --- | --- | 1.2 | 1.2 | 8.1 | 10.7 |
| Karnataka | 1.6 | 2.7 | 1.7 | 1.9 | 0.6 | 1.1 | 0.3 | 0.5 | 0.0 | 0.1 | 0.1 | 0.1 | 4.3 | 6.4 |
| Kerala | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Tamil Nadu | 0.6 | 1.0 | --- | --- | 0.0 | 0.0 | 0.1 | 0.2 | --- | --- | 0.0 | 0.0 | 0.8 | 1.2 |
| Total | 7.2 | 11.5 | 3.4 | 3.2 | 0.7 | 1.1 | 0.6 | 1.0 | 0.0 | 0.1 | 1.2 | 1.4 | 13.2 | 18.3 |
| East & North East India | | | | | | | | | | | | | | |
| Assam | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Bihar | 0.0 | 0.0 | --- | --- | 0.0 | 0.0 | 0.0 | 0.0 | --- | --- | --- | --- | 0.0 | 0.0 |
| Jharkhand | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| West Bengal | 0.0 | 0.0 | --- | --- | --- | --- | 0.0 | 0.0 | --- | --- | --- | --- | 0.0 | 0.0 |
| Total | 0.0 | 0.0 | --- | --- | 0.0 | 0.0 | 0.0 | 0.0 | --- | --- | --- | --- | 0.1 | 0.1 |
| Others | --- | --- | 0.1 | --- | --- | --- | 0.0 | --- | --- | --- | --- | --- | 0.2 | --- |
| Total - All India | 25.5 | 33.1 | 101.5 | 94.3 | 0.8 | 1.4 | 8.3 | 8.9 | 0.5 | 0.3 | 1.7 | 2.0 | 138.3 | 139.9 |

Source: Ministry of Agriculture, GOI

Overall, the oilseeds plantings have improved last week, but groundnut, sunflower and castor seed coverage is still below previous year's coverage.

The major *kharif* oilseeds growing states like Madhya Pradesh and Maharashtra have crossed the previous year's figure in area coverage under various oilseeds, mainly in soybean. However, Rajasthan's area coverage in oilseeds is slightly lower compared to the corresponding period last year.

Soybean

Overall, the soybean prices remained strong during the week under review. However, prices slightly declined towards the end of the week.

The soybean planting is under progress and it has picked up in the previous week with slight improvement in precipitation in the growing states. As per the recent official crop progress report, the area coverage under soybean in Madhya Pradesh is reported up at 57.8 lakh hectares compared to 54.8 lha during the same period last year. In Maharashtra too the sown area under soybean was reported higher at 29.2 lha compared to 26.4 lha during the corresponding period last year. In Rajasthan the covered area under soybean was reported up at 8.9 lha compared to 8.2 lha. Hence, the coverage in key growing states has improved in previous week.

Increased precipitation in the states of Madhya Pradesh, Maharashtra and Rajasthan and reports of rains and thunderstorm in US Midwest early this week will pressure the international and subsequently the domestic soybean market. However, lower estimated yield in US soybean and lean season for soybean in India will limit the downwards potential in short-term.

Soy meal- FAS Kandla Vs FOB Argentina (Spread)

The domestic soy meal prices mostly featured firm tone on better domestic and overseas demand. Improved demand in the meal from poultry feed industry with the seasonal increase in poultry production. Besides, stronger prices in other feed ingredients like corn and bajra continue to support soy meal prices.

Lower availability in soybean and eventually decline in crushings has lead to the fall in soy meal supplies and consequently lower export sales in the meal, which is a usual phenomenon during the period, but the soy meal shipments and exports enquiries were better this year than the same period last year.

India is unable to ship soy meal in huge volume due to lower availability in seeds and weak crushings but the traditional overseas meal buyers from India are keen in placing the order at higher levels due to lower supplies from South America.

Iran, Thailand and Vietnam and Korea continued to be major buyers of soy meal of Indian origin in recent days.

Soy meal export enquiries towards India continued during the period despite the Argentina's soy meal prices remained attractive compared to the meal of India origin.

| Week | FAS, Soy meal Kandla | FOB, Soy meal Argentina | Avg.*Spread |
|--------------------|----------------------|-------------------------|-------------|
| 21 – 27 Jul | 789 | 599 | 190 |
| 14 – 20 Jul | 731 | 596 | 135 |

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

The average weekly soy meal price spread between FAS Kandla and FOB Argentina stood at US \$190/MT compared to US \$135/MT a week ago, indicating persistent gap in prices between Indian and Argentine meal prices, 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 **4200-42500** is a viable level to go for buying.*

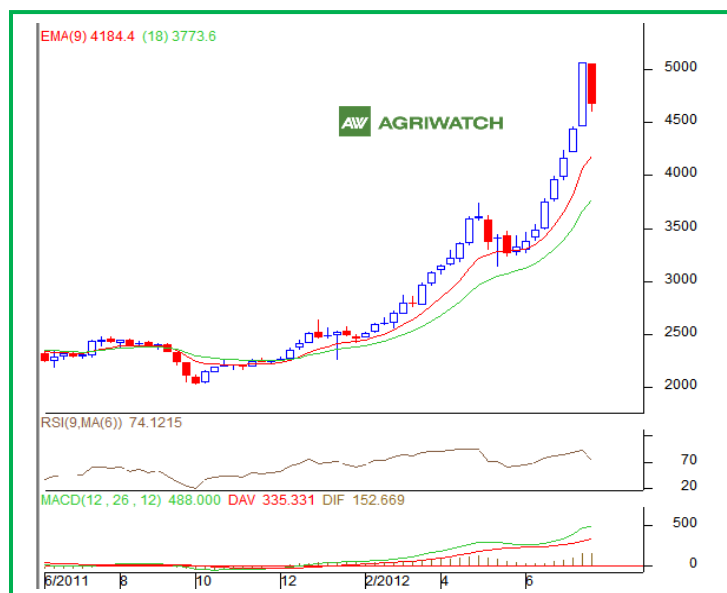
Soybean Crush Margin

| Avg Crush Margin – This Week | Avg Crush Margin – Last Week | Avg Crush Margin – Corresponding Period Last Month |
|---|---|---|
| -1032 | -1085 | -437 |

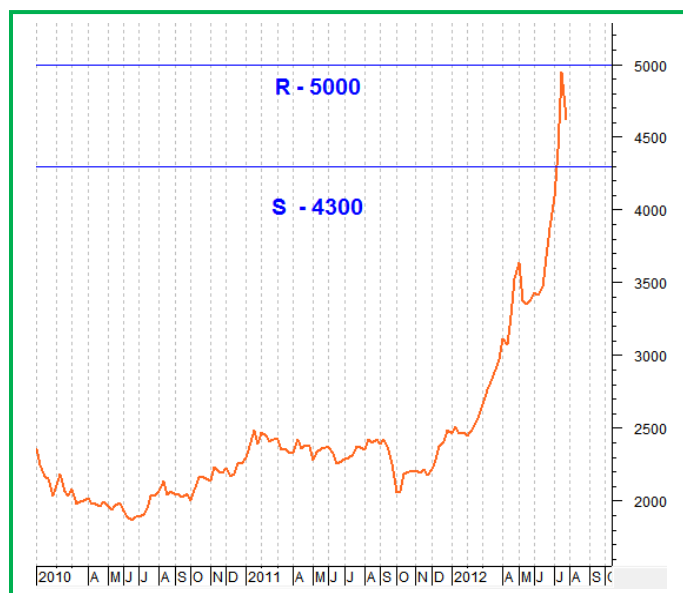
The soybean crush margin has again deteriorated this week owing to sharp rise in bean prices. The disparity is a discouraging factor for the crushers.

Technical Analysis:

NCDEX Soybean Futures



Soybean Spot, Indore



Supports & Resistances NCDEX Aug Soybean

| S2 | S1 | PCP | R1 | R2 |
|------|------|------|------|------|
| 4323 | 4509 | 4691 | 4962 | 5229 |

- The soybean prices fell after continued gains in previous weeks.
- However, prices closed well above 9-day and 18-day EMA.
- RSI is easing in neutral region while stochastic is declining in overbought zone.
- Prices may regain next week after this correction.
- **Trade Recommendation (NCDEX Soybean – Aug) – 1 Week:** BUY between 4600-4620 levels. T1 – 4700; T2 – 4750; SL -4565.

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 4700-4800 levels (Indore, Plant basis).

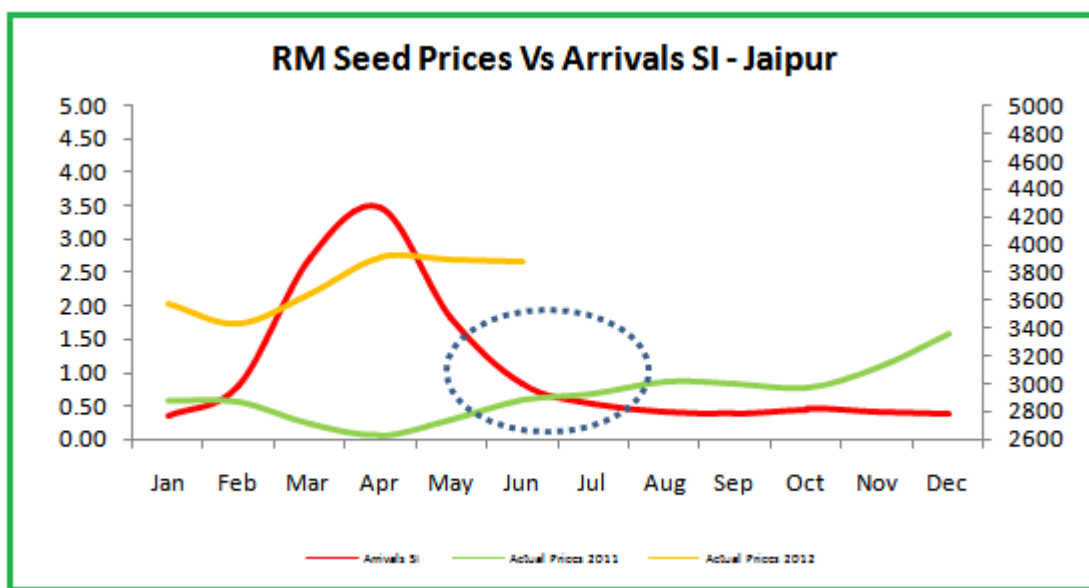
Review of Previous Call: In our previous call we had recommended: BUY between 4910-4930 levels. T1 – 5000; T2 – 5050; SL -4880. The call triggered and first target was achieved.

Rapeseed - Mustard Seed

The RM seed prices witnessed firm tone on strong buying support during the week. Slow farmer's selling and higher soybeans remained supportive for the market. Millers were keen in buying the seed at higher quotes to fetch the oil and rapeseed meal demand.

Mostly, higher Malaysian palm oil lent additional support to the seed prices in cash market.

The RM seed fundamentals continued to remain bullish in near to long term on lower production this season and gradual rise in the usage in coming months.

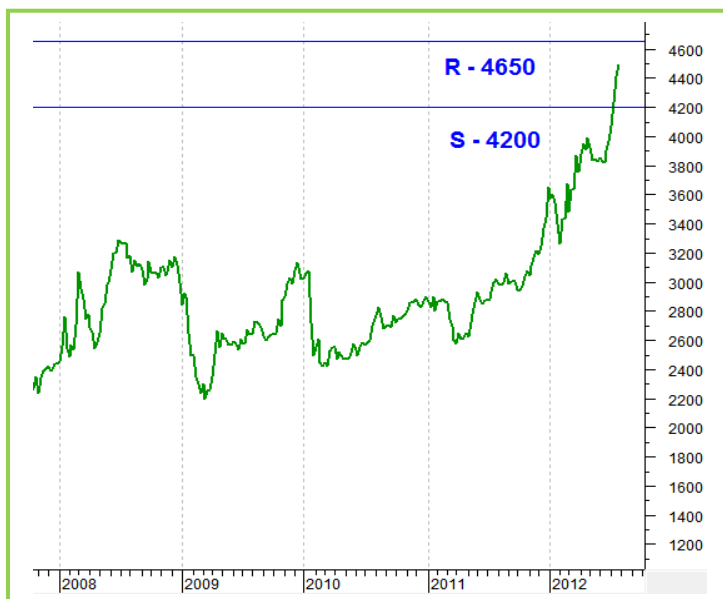


RM Seed Supply, Rajasthan

| RM Seed Arrivals in Rajasthan in Bags (85 kg each). | | |
|---|----------|------------------------------|
| Weekly Arrivals | Week Ago | Corresponding Week Last Year |
| 3,13,000 | 2,97,000 | 3,60,000 |

The RM seed arrivals in Rajasthan are reportedly lower compared to the supplies during the same period last year. However, the arrivals have slightly improved compared to the previous week. The seed arrivals are expected to remain steady in near to medium-term.

Technical Analysis:
NCDEX RM Seed Futures

RM Seed Spot, Jaipur

Supports & Resistances NCDEX Aug RM Seed

| S2 | S1 | PCP | R1 | R2 |
|------|------|------|------|------|
| 4198 | 4296 | 4398 | 4500 | 4606 |

- Candlestick chart pattern indicates indecision in the market.
- Prices closed above 9-day and 18-day EMA indicating firmness in the near and medium-term.
- RSI is easing in neutral region while stochastic is heading upwards in overbought territory.
- **Trade Recommendation (NCDEX RM SEED - Aug) – 1 Week:** BUY between 4350—4380 levels. T1 – 4480; T2 –4520; SL -4307.

Trade Recommendation RM Seed Spot (Jaipur basis): In spot the RM seed prices are expected to gain further and witness 4450-4500 level in near term. We recommend stockists to buy on dips.

Review of Previous Call: In our previous call we had recommended: **BUY between 4320 - 4340 levels. T1 – 4400; T2 –4450; SL -4295. The call triggered and both the targets were achieved.**

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