

Executive Summary

The domestic oilseeds and oil cakes price featured range-bound movement with slight weakness during the week under review. The buyers refrained themselves from the soybean, RM seed and soy meal markets due to the volatility and in anticipation of fall in the prices.

The soybean was under pressure followed by good rains in the top producing state of Madhya Pradesh along with improved rains in Maharashtra and eastern Rajasthan which eventually improve the crop prospects. Further, spillover effect of some losses in CBOT soybean with the recent rains in US Midwest, the major soybean producing region of US, was evident during the week.

The soybean planting has surpassed the previous year's area in previous weeks, as expected. Possible area shift, in view of better realization, in soybean from other crops boosted the area. There are some incidences of mild crop loss in some parts of Madhya Pradesh due to heavy rains which inundated the soybean fields.

Falling prices in soybean kept the overseas Indian origin soy meal buyers in wait and watch situation and major deals reported during the week. However, India's overall y-o-y soy meal export sales remained good due to shortage in supplies from South America and preference of India non-GM meal.

The strong RM seed fundamentals remained support for the seed and prices witnessed mild losses in the same. Current seed supplies are at par with the corresponding period last year. Slow farmers selling in previous months had kept the seed supplies lower compared to last year. Farmers are keen in offloading in their produce at higher prices. However, they anticipate higher prices in Nov and Dec.

Much needed rains in US Midwest during the week and forecast of more rains will improve the US soybean crop prospects. Similarly, better rains in Madhya Pradesh, Maharashtra and Rajasthan have boosted the soybean crop prospects. The factors may be slightly bearish for soybeans. However, developing El Nino weather pattern overseas which is expected to hamper the palm oil production in Malaysia and Indonesia will be a bullish factor and limit the downward potential.

International Highlights

- ❖ US soybean crop conditions are expected to slightly recover slightly in the third week of August, with beneficial rains in the US Midwest.
- ❖ World supplies of soybeans are expected to fall by 33-35 Mn T from a year earlier in Sept/Febr 2012/13.
- ❖ Brazil's area of soybean planting area in 2012-13 is likely to surpass the 24.8 million hectares sown last year by 2 million hectares, or 8 percent. As farmers are eyeing record-high soybean future prices, most seed suppliers in the country have already cleared their inventory for the season. This could leave Brazil with a seed and pesticide shortage as reported by Syngenta, the world's largest agrochemicals company.
- ❖ U.S. soybean export sales witnessed a six-week high last week due to heavy purchases of the oilseed by China, topping trade expectations. According to the USDA, net soybean export sales in the week ended Aug. 9 totaled 97,200 tonnes for the current marketing year, and 924,600 tonnes for 2012-13 shipment. China, the world's largest soybean importer, was the week's top buyer with 121,100 tonnes in old-crop purchases and 585,000 tonnes of new-crop purchases.

- ❖ As per the USDA, private exporters have reported the sale of 123,900 tonnes of U.S. soybean cake and meal to the Philippines for delivery in the 2012-2013 marketing year. The marketing year for soybean cake and meal opens on Oct 1.
- ❖ World import demand for soya meal continued to increase recently, reflected in surprisingly large soya meal exports of the USA, Argentina, Brazil and India at a combined 5.46 Mn T in July, up 23 per cent.

Oil Meal Prices at Key Spot Markets:

Soy DOC Rates at Different Centers

Centers	Ex-factory rates (Rs/ton)		
	17.08.2012	11.08.2012	Parity To
Indore (MP)	40000	41000	Gujarat, MP
Kota	40000	40800	Rajasthan, Del, Punjab, Haryana
Akola	43000	43000	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Hingoli	43000	41000	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Nanded/Latur	43000	42500-44000	Andhra, AP, Kar, TN
Dhulia/Jalna	41500	42500-43000	Mumbai, Maharashtra
Nagpur (42/46)	42500	42000	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Sangli	42500	42000	Local and South
Solapur	42500	42000	Local and South
Bundi	40300	41000	-

Soy DOC at Port

Centers	Port Price	
	17.08.2012	11.08.2012
Kandla (FOR) (INR/MT)	41000	42500
Kandla (FAS) (USD/MT)	736	769

International Soy DOC

Argentina FOB \$/MT	17.08.2012	11.08.2012	Change
Soybean Pellets	590	596	-6
Soybean Cake Meal	590	596	-6
Soybean Meal	598	604	-6
Soy Expellers	598	604	-6

Sunflower Meal Rates

Centers	Ex-factory rates (Rs/ton)		
	17.08.2012	11.08.2012	Change
Adoni	24400	26000	-1600
Khamgaon	23800	27500	-3700
Parli	24200	27000	-2800
Latur	24000	27500	-3500

Groundnut Meal

Groundnut Meal	17.08.2012	11.08.2012	Change
Basis 45% O&A, Saurashtra	34000	-	-
Basis 40% O&A, Saurashtra	32000	-	-
GN Cake, Gondal	35000	-	-

Mustard DOC/Meal

Mustard DOC/Meal	17.08.2012	11.08.2012	Change
Jaipur (Plant Delivery)	17700	17300	+400
Kandla (FOR)	18800	18200	+600
Sri Ganganagar	-	-	-

Oilseed Prices at Key Spot Markets:

Commodity	Centre	Prices (Rs/Qtl)		Change
Soybean		17.08.2012	11.08.2012	
	Indore –Plant	4450-4550	4550-4600	-50
	Indore –Mandi	4300-4400	4400-4480	-80
	Nagpur-Plant	Closed	4700	-
	Nagpur – Mandi	Closed	4550-4600	-
	Kota-Plant	4550	4500	+50
	Kota – Mandi	4450-4475	Closed	-
	Bundi-Plant	4450	4550	-100
	Bundi-Mandi	4400	Closed	-
	Baran-Plant	-	-	-
	Baran-Mandi	4300	Closed	-
	BhawaniMandiJhalawar– Kota Plant Delivery	4500	4500-4550	-50
	Jhalwar-Mandi	Closed	4400-4500	-
Rapeseed/Mustard	Jaipur – C	4525-4530	4470-4480	+50

	Alwar – C	4400	4350	+50
	SriGanganagar(NC)	3830	3840	-10
	Kota	4500	Closed	-
	Neewai	4100-4200	4400	-200
	Delhi– C	4500	4475	+25
	Hapur (UP)	4500	4450	+50
Groundnut Seed	Rajkot	1100	Closed	-
	Junagarh	-	-	-
Sunflower Seed	Latur	Closed	Closed	Closed
	Gulbarga	-	-	-
	Solapur	38000-39000	39000-40000	-1000

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 (17/08/2012)	Week End (11/08/2012)	
Soybean	Madhya Pradesh	44000	102000	-58000
	Maharashtra	19000	32000	-13000
	Rajasthan	33000	22500	+10500
	Bundi (Raj)	47	250	-203
	Baran (Raj)	270	730	-460
	Jhalawar (Raj)	475	700	-225
Rapeseed/Mustard	Rajasthan	179000	266000	-87000
*Sum Arrivals during the week.				

Crop Progress, India

In the latest official *kharif* planting report, India's total coverage under various oilseeds is reported about 5 per cent lower at 158 lakh hectares compared to 166 lha same period last year.

The lower coverage is due to weak monsoon during the ideal planting period. The groundnut planting is still lagging by 14 per cent, sunflower is lower by 26 per cent, sesamum 15 per cent and castor 54 per cent are behind compared to the same period last year.

Statewise Area Covered Under Kharif Oilseeds for Week Ending as on 14th Aug, 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	0.01	---	---	---	---	---	0.03	0.04	---	---	0.01	0.02	0.05	0.06
Himachal Pradesh	---	---	---	---	---	---	---	---	---	---	---	---	---	---
Jammu & Kashmir	---	---	---	---	---	---	0.03	0.08	---	---	---	---	0.03	0.08
Punjab	0.03	0.03	---	---	---	---	0.06	0.07	---	---	---	---	0.09	0.10
Rajasthan	3.16	4.02	9.87	8.71	---	---	3.12	4.09	---	---	0.42	1.23	16.58	18.05
Uttar Pradesh	0.89	0.85	0.18	0.11	---	---	3.50	3.18	---	---	---	---	4.57	4.14
Uttarakhand	---	0.03	0.05	0.09	---	---	0.01	0.05	---	---	---	---	0.06	0.17
Total	4.09	4.93	10.10	8.91	---	---	6.75	7.51	---	---	0.43	1.25	21.38	22.60
Central India														
Chhattisgarh	0.53	0.52	1.51	1.48	0.01	---	0.39	0.39	0.02	0.01	---	---	2.46	2.40
Gujarat	11.87	13.87	0.81	0.71	---	---	0.56	1.50	0.07	0.10	1.18	4.55	14.49	20.73
Madhya Pradesh	2.25	2.18	58.12	57.25	---	---	2.68	2.32	0.76	0.35	0.01	---	63.82	62.10
Maharashtra	1.83	2.14	31.80	30.05	0.22	0.26	0.27	0.40	0.27	0.34	0.21	0.06	34.59	33.25
Odisha	0.80	0.79	---	---	---	---	0.43	0.49	0.04	0.03	0.05	0.06	1.33	1.38
Total	17.28	19.50	92.24	89.49	0.23	0.26	4.33	5.10	1.16	0.83	1.45	4.67	116.69	119.86
Southern Peninsula														
Andhra Pradesh	7.48	8.85	1.94	1.55	0.10	0.11	0.21	0.32	---	---	1.63	1.82	12.36	12.65
Karnataka	2.48	4.31	1.96	2.14	0.93	1.38	0.35	0.57	0.05	0.09	0.07	0.14	5.84	8.63
Kerala	---	---	---	---	---	---	---	---	---	---	---	---	---	---
Tamil Nadu	1.29	1.44	---	---	0.05	0.03	0.13	0.18	---	---	0.03	0.04	1.50	1.69

Total	12.25	14.60	3.90	3.69	1.08	1.52	0.69	1.07	0.05	0.09	1.73	2.00	19.70	22.97
East & North East India														
Assam	---	---	---	---	---	---	---	---	---	---	---	---	---	---
Bihar	0.01	0.02	---	---	0.01	0.01	0.03	0.02	---	---	---	---	0.05	0.05
Jharkhand	---	---	---	---	---	---	---	---	---	---	---	---	---	---
West Bengal	0.02	0.02	---	---	---	---	0.02	0.02	---	---	---	---	0.04	0.04
Total	0.03	0.04	---	---	0.01	0.01	0.05	0.04	---	---	---	---	0.09	0.09
Others	0.01	0.01	0.14	0.17	---	---	0.03	0.17	---	---	---	---	0.18	0.35
Total - All India	33.66	39.08	106.38	102.26	1.32	1.79	11.85	13.89	1.21	0.92	3.62	7.93	158.04	165.87

Source: Ministry of Agriculture, GOI

However, the soybean planting is up 4 per cent at 106.4 lha from previous year at 102.3 lha, crossing the last year's total coverage area of 103 lha. Further, Niger seed sowing is up 32 per cent at 1.21 lha compared to 0.92 lha last year.

Soybean

Soybean prices were pressured by global and domestic factors during the week under review. Recent rains in US Midwest in association with improved rains in MP, Maharashtra and Rajasthan improved the crop prospects both in US and India.

The area under soybean in India has surpassed the previous year's figure and the gains are reported in all the top three growing states. Higher soybean prices this season lead in boosting the soybean planting. Lower rains in the initial phase of planting and vegetative stage posed threat to the crop, but better rains have improved the crop prospects.

But reports heavy rain in some parts of MP, like Hosangabad, Betul, Itarsi, Dewas and Harda has inundated the soybean fields, eventually leading to crop crop. However, the crop damage is not severe or much.

The soybean prices are likely to gradually ease with marketing year coming to an end in September, however, we rule out any sudden and drastic fall in the prices in near-term. Besides, higher acreage under the crop and improved weather conditions for soybean will weigh on the prices globally and domestically in days ahead.

Soybean Crop Condition

Soybean Crop Condition	Stage	Condition
Madhya Pradesh	Flowering	Good
Maharashtra	Flowering/Pod formation	Excellent
Rajasthan	Vegetative	Excellent
*Condition with respect to disease, pest and abiotic stress		

The soybean crop in Madhya Pradesh is in flowing stage. Mild crop loss due to excessive rains in some of the districts of MP has been reported. However, the soybean crop is in good condition and there are no negative reports for the crop in Maharashtra and Rajasthan.

Soy meal- FAS Kandla Vs FOB Argentina (Spread)

Soy meal prices failed to extend the previous gains as the buyers, both international and domestic, refrained themselves from the market due to sharp rise in the meal prices, during the week under review. No major overseas deals reported in the meal during the period. Besides, buying from poultry feed industry remained weak.

However, India's soy meal exports remained strong during the current marketing year. The y-o-y shipments were higher compared to previous year. India's export sales in the meal were higher even in the lean season in soybean. This was possible with the higher soybean production in 2012 which stood at little above 12 Mn T. Besides, lower meal supplies from South America due to fall in the soybean output in the region diverted the meal buyers towards India to some extent.

India's soy meal exports in July rose significantly to 168,341 MT, up 20.6 per cent compared to the corresponding period last year, which were 139,551 tons. Moreover, Iran was the top soy meal buyer, bought 50,761 MT of soy meal of Indian origin during the month followed by Thailand, Indonesia and Bahrain. The higher export sales were due to the preference of non-GMO Indian soy meal, logistic and trade advantage.

Currently, India may not be able to commit more for the soy meal exports due to lean season in soybean and eventually lower crushings. The soy meal of Indian origin at Indonesia's port, C&F was quoted between US \$ 785-800/MT compared to US \$ 800-805/MT previous week.

Short supplies in soy meal from South America due to soybean crop damage this season has lead to the significant rise in the soy meal prices soy meal FOB, Argentina was quoted around US \$ 374-384/MT during the same period last year while now it is around US \$ 587-598/MT.

Week	FAS, Soy meal Kandla	FOB, Soy meal Argentina	Avg.*Spread
11 - 17 Aug	755	591	164
4 – 10 Aug	756	588	168

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

The average weekly soy meal price spread between FAS Kandla and FOB Argentina stood at US \$164/MT compared to US \$168/MT a week ago, indicating persistent wide 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 **37000-39000** is a viable level to go for buying.

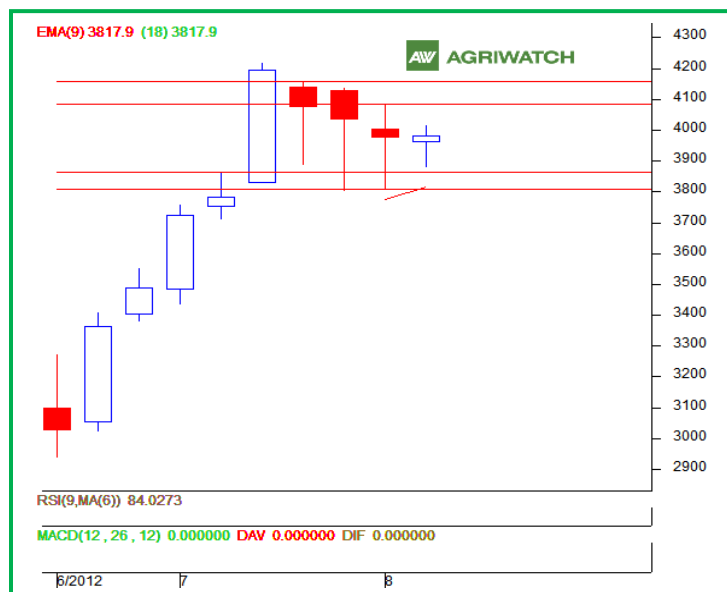
Soybean Crush Margin

Avg Crush Margin – This Week	Avg Crush Margin – Last Week	Avg Crush Margin – Corresponding Period Last Month
-1042	-1035	-875

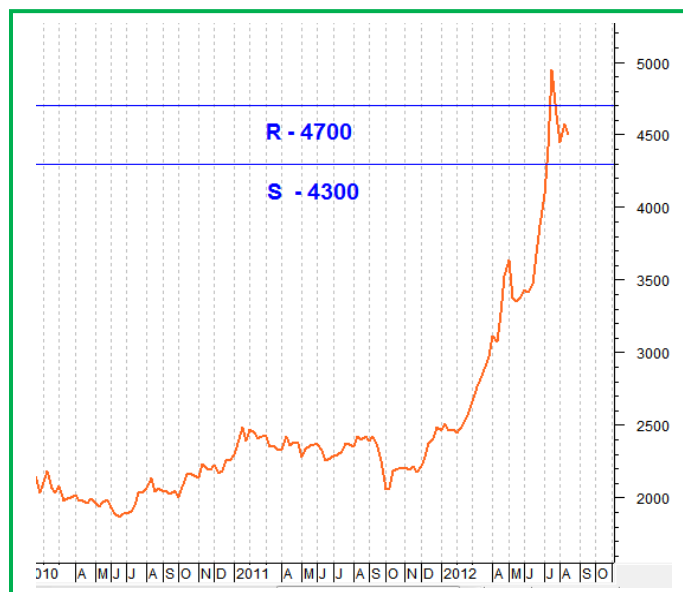
The soybean crush margin has deteriorated compared to previous week and previous month.

Technical Analysis:

NCDEX Soybean Futures



Soybean Spot, Indore



Supports & Resistances NCDEX Oct Soybean

S2	S1	PCP	R1	R2
3800	3860	3983	4080	4155

- The soybean prices featured side-ways movement in the prices.
- However, the prices closed above 9-day and 18-day EMA.
- RSI and stochastic are rising in neutral zone.
- Prices are expected to marginally gain during the week.
- **Trade Recommendation (NCDEX Soybean – Oct) – 1 Week:** BUY between 3970-3980 levels. T1 – 4030; T2 – 4060; SL -3948.

Trade Recommendation Soybean Spot: We feel the beans prices to slightly ease in near-term on bearish global and domestic factors and witness 4000-4500 levels (Indore, Plant basis).

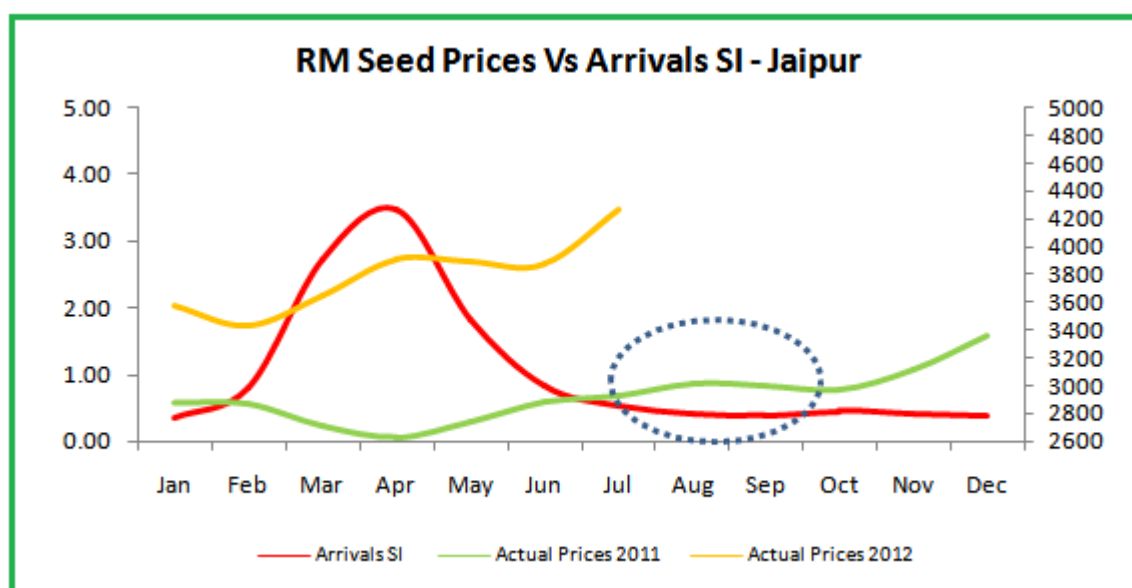
Review of Previous Call: *In our previous call we had recommended: SELL between 4020-4030 levels. T1 – 3950; T2 – 3900; SL -4063. The call failed to get the entry.*

Rapeseed - Mustard Seed

The RM seed prices remained almost flat due to strong fundamentals during the period. There was a mild pressure on the RM seed prices due to weakness in international and domestic soybean and Malaysian palm oil. However, lower production of RM seed this season and falling dried-up soybean supplies have lead the solvent extractors to improve RM seed crushing over soybean to better utilize existing crush capacity of their unit.

However, the seed supplies in key cash markets are at par with the previous year volume, after a long period. This shows that the farmers are keen in offloading their produce at the current prices. However, they anticipate higher prices in Nov and Dec.

Further, developing El Nino weather pattern overseas which is expected to hamper the palm oil production in Malaysia and Indonesia will be a bullish factor for RM seed in days ahead.



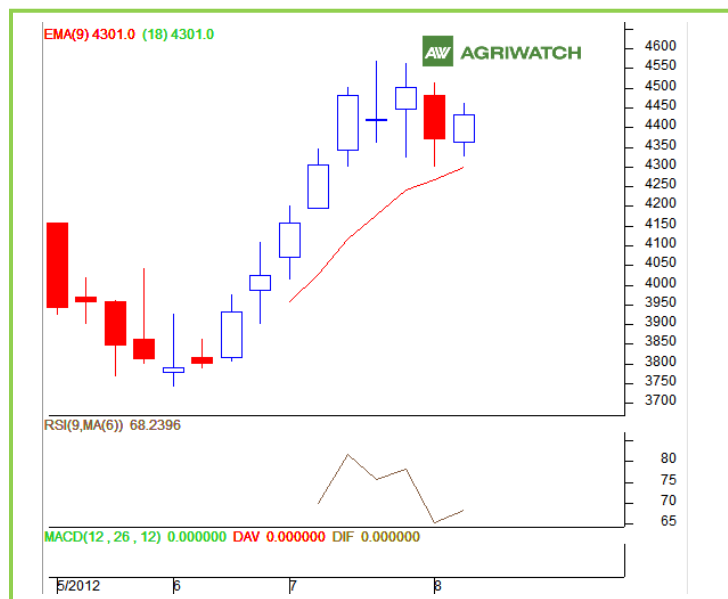
RM Seed Supply, Rajasthan

RM Seed Arrivals in Rajasthan in Bags (85 kg each).		
Weekly Arrivals	Week Ago	Corresponding Week Last Year
1,79,000	2,66,000	1,75,000

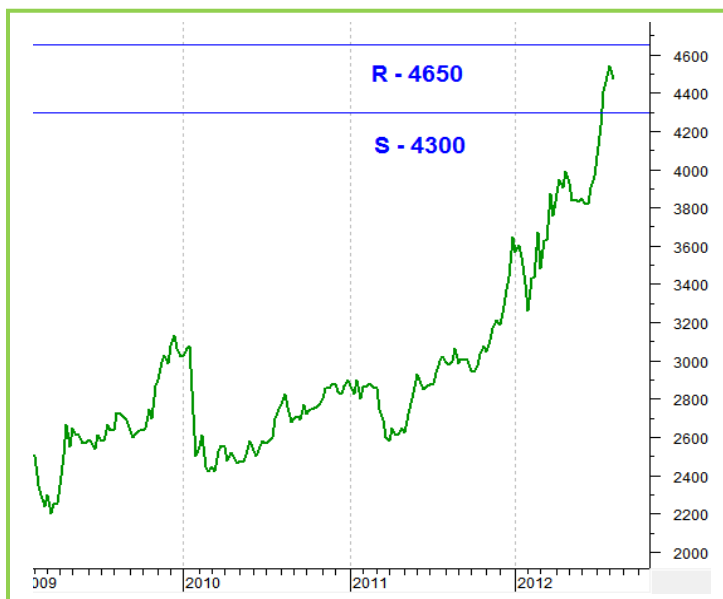
However, the RM seed supplies have dramatically recovered as farmers after long started to offload their produce in anticipation of fall in the prices with expected fall in soybean.

Technical Analysis:

NCDEX RM Seed Futures



RM Seed Spot, Jaipur



Supports & Resistances NCDEX Sep RM Seed

S2	S1	PCP	R1	R2
4246	4301	4432	4503	4564

- Candlestick chart pattern indicates buying interest in the market.
- Prices closed above 9-day and 18-day EMA indicating firmness in the near and medium-term.
- RSI and stochastic are rising in neutral territory.
- **Trade Recommendation (NCDEX RM SEED - Sep) – 1 Week:** BUY between 4420—4430 levels. T1 – 4480; T2 –4550; SL -4397.

Trade Recommendation RM Seed Spot (Jaipur basis): In spot the RM seed prices are expected to slightly ease in the absence of any fresh edible oil demand and subsequently need based crushings in the seed. The prices may witness 4350-4400 level in near term.

Review of Previous Call: In our previous call we had recommended: **SELL** between 4400—4420 levels. T1 – 4300; T2 –4250; SL -4465. The call got entry but failed to achieve the target.

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