

Executive Summary

The domestic oilseeds prices edged-up on bullish soybean and palm oil factors during the week under review. However, the oilcake prices slightly eased on weak export sales in soy meal and rapeseed extract.

Lowering US soybean yield estimates by various analysts consequently kept the CBOT soybean stronger and better export sales in Malaysian palm oil helped rebound CPO in BMD. The factors eventually lend support to domestic soybean and RM seed markets during the week.

However, the India's area under soybean this year is at all time high and it is reported around 107 lakh hectares in the latest official planting report. Overall the soybean crop condition is in good condition in all the key growing states.

The RM seed fundamentals remain strong with slow farmer's selling and supportive BMD CPO during the period. Farmer's are holding their stock in anticipation of higher price in future.

Soy meal prices slightly edged-lower on fall in shipments followed by lower soybean crushing due to weak supplies in the bean due to lean season. The exporters were unable to commit big quantity to the overseas buyers leading to decline in export sales in the meal.

Pro Farmer has pegged the US soybean crop lower at 2.6 billion bu with estimated average yield of 34.8 bu per acre. The estimates are lower than the USDA's latest WASDE forecast. Besides, developing El Nino weather pattern overseas which is expected to hamper the palm oil production in Malaysia and Indonesia will remain bullish factors and limit any major fall in the domestic oilseeds prices.

However, cool weather over US Midwest has provided some relief to the standing soybean, may cap the gains to some extent.

International Highlights

- ❖ As per latest release from Chinese Customs, China imported 202,956 tons of soy oil in July fell 21.72 % compared to corresponding period last year. Meanwhile, rapeseed oil imports during the month of July were reported at 127,304 tons up 517.76 % on Y-o-Y basis.
- ❖ Chinese soybean output for 2012 seen at 13 million tons, down 10.25 percent as compared to same period last year due to lower acreage - CNGOIC.
- ❖ 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.
- ❖ As per, International Grain Council, the global soy meal trade is expected to be at 57.2 MnT during the next marketing season.

- ❖ World 2012/13 soybean production is projected at 255m t, up by 7% y/y as a rebound in South America compensates for a disappointing US crop. Expanding feed demand in China will continue to shape world soybean trade, forecast at a record 94.0 Mn T, up 2% y/y. Global soy meal trade is expected to be little changed, at 57.2 Mn T (Source: IGC).
- ❖ A record rapeseed/canola outturn in Canada should more than offset disappointing crops elsewhere, with global production up slightly, to 60.6 Mn T, close to the 2009/10 record. Larger shipments to the EU and China are set to boost world rapeseed/canola trade by 5%, to 12.5 Mn T (Source: IGC)

Oil Meal Prices at Key Spot Markets:

Soy DOC Rates at Different Centers

Centers	Ex-factory rates (Rs/ton)		
	24.08.2012	17.08.2012	Parity To
Indore (MP)	40000	40000	Gujarat, MP
Kota	40200	40000	Rajasthan, Del, Punjab, Haryana
Akola	42500	43000	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Hingoli	-	43000	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Nanded/Latur	42000	43000	Andhra, AP, Kar, TN
Dhulia/Jalna	42300	41500	Mumbai, Maharashtra
Nagpur (42/46)	42000	42500	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Sangli	43000	42500	Local and South
Solapur	43000	42500	Local and South
Bundi	40500	40300	-

Soy DOC at Port

Centers	Port Price	
	24.08.2012	17.08.2012
Kandla (FOR) (INR/MT)	42200	41000
Kandla (FAS) (USD/MT)	762	736

International Soy DOC

Argentina FOB \$/MT	23.08.2012	17.08.2012	Change
Soybean Pellets	615	590	+25
Soybean Cake Meal	615	590	+25
Soybean Meal	623	598	+25
Soy Expellers	623	598	+25

Sunflower Meal Rates

Centers	Ex-factory rates (Rs/ton)		
	24.08.2012	17.08.2012	Change
Adoni	24400	24400	Unch
Khamgaon	23800	23800	Unch
Parli	24200	24200	Unch
Latur	24000	24000	Unch

Groundnut Meal

Groundnut Meal	24.08.2012	17.08.2012	Change
Basis 45% O&A, Saurashtra	34500	34000	+500
Basis 40% O&A, Saurashtra	32500	32000	+500
GN Cake, Gondal	35000	35000	Unch

Mustard DOC/Meal

Mustard DOC/Meal	24.08.2012	17.08.2012	Change
Jaipur (Plant Delivery)	18700	17700	+1000
Kandla (FOR)	19500	18800	+700
Sri Ganganagar	-	-	-

Oilseed Prices at Key Spot Markets:

Commodity	Centre	Prices (Rs/Qtl)		Change
Soybean		24.08.2012	17.08.2012	
	Indore –Plant	4525-4625	4450-4550	+75
	Indore –Mandi	4400-4500	4300-4400	+100
	Nagpur-Plant	4700	Closed	-
	Nagpur – Mandi	4525-4600	Closed	-
	Kota-Plant	4500	4550	-50
	Kota – Mandi	4300-4450	4450-4475	-25
	Bundi-Plant	4525	4450	+75
	Bundi-Mandi	4500	4400	+100
	Baran-Plant	-	-	-
	Baran-Mandi	4250	4300	-50
	BhawaniMandiJhalawar– Kota Plant Delivery	4525	4500	+25

	Jhalwar-Mandi	4425-4450	Closed	-
Rapeseed/Mustard	Jaipur – C	4590-4595	4525-4530	+65
	Alwar – C	4350	4400	-50
	SriGanganagar(NC)	3890	3830	+60
	Kota	4100-4200	4500	-300
	Neewai	4550	4100-4200	+350
	Delhi– C	4500	4500	Unch
	Hapur (UP)	4525	4500	+25
Groundnut Seed	Rajkot	1100	1100	Unch
	Junagarh	-	-	-
Sunflower Seed	Latur	36000-38000	Closed	-
	Gulbarga	-	-	-
	Solapur	40000-40100	38000-39000	+1100

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 (24/08/2012)	Week End (17/08/2012)	
	Madhya Pradesh	60000	44000	+16000
	Maharashtra	22000	19000	+3000
	Rajasthan	28000	33000	-5000
	Bundi (Raj)	115	47	+68
	Baran (Raj)	530	270	+260
	Jhalawar (Raj)	480	475	+5
Rapeseed/Mustard	Rajasthan	115000	179000	-64000
*Sum Arrivals during the week.				

Crop Progress, India

In the latest official *kharif* planting report, India's total coverage under various oilseeds is reported 3.3 per cent lower at 164.3 lakh hectares compared to 170 lha during the same period last year.

The lower coverage is due to weak monsoon initially at the time ideal planting period. The groundnut planting is still lagging by 12.4 per cent, sunflower is lower by 25 per cent, sesamum 10 per cent and castor 33 per cent behind the same period last year.

Area in lakh hectares

Crop	As on 23 Aug 2012	As on 23 Aug 2011	% Change
Groundnut	36.1	41.2	-12.4
Soybean	106.8	102.7	4.0
Sunflower	1.6	2.1	-25.0
Sesamum	12.6	14.0	-10.0
Niger	1.28	1.04	23.2
Castor	5.9	8.8	-32.8
Total Oilseeds	164.3	169.9	-3.3

Source: GOI

But, the soybean planting is up 4 per cent at 106.8 lha from previous year at 102.7 lha. Further, Niger seed sowing is up 23 per cent at 1.28 lha compared to 1.04 lha last year.

Soybean

Soybean prices rebound on supportive international soybean and weak domestic supplies during the week under review. Lower US soybean outturn estimate kept the scenario bullish for global soybeans.

However, fall in overseas meal enquiries remained a bearish factor for Indian soybean and meal which further restricted the gains to some extent.

India's area under soybean this season is at all time high at 107 lha reported in the last official planting report which is much above previous year's final area of 103 lha.

Weather remains conducive for the soybean crop in all the key growing states of Madhya Pradesh, Maharashtra and Rajasthan.

The soybean prices may gradually ease with marketing year coming to an end in September, however, we rule out any significant fall in the prices in near-term. Besides, higher acreage under the crop and lower soy meal export sales will weigh on prices in days ahead.

Soybean Crop Condition

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

The soybean crop in Madhya Pradesh is in flowering and pod formation 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 in Maharashtra and Rajasthan. The crop is in flowering and pod formation stage in these states.

Soy meal- FAS Kandla Vs FOB Argentina (Spread)

Soy meal prices featured losses on weak export sales followed by poor crushing in beans during the period under review. The overseas buyers refrained themselves from the Indian meal market as exporters were not able to commit the any big quantity for sales.

Soy meal, FOR – Kandla was quoted lower at Rs 42,000/MT compared to Rs 40700/MT previous week. No major activity reported at Indian ports in soy meal during the week. India will not be able to commit the soy meal exports in a large volume for medium-term due to the lean season in soybean and eventually fall in crushings.

As per, International Grain Council (IGC), the global soy meal trade is expected to be at 57.2 MnT during the next marketing season.

The soy meal of Indian origin at Indonesia's port, C&F was quoted steady at US \$ 785-800/MT compared to the previous week.

The soy meal prices of South America are competitive compared to the meal of Indian origin. However, lower outturn in Argentina and Brazil lead to the lower supplies in soy meal from South America. The soy meal prices FOB, Argentina was quoted around US \$ 631-635/MT during the week which was between US \$404-409/MT a year ago.

Week	FAS, Soy meal Kandla	FOB, Soy meal Argentina	Avg.*Spread
18 – 24 Aug	753	631	122
11 - 17 Aug	755	591	164

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

The average weekly soy meal price spread between FAS Kandla and FOB Argentina stood at US \$122/MT compared to US \$164/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. The prices are expected to remain range-bound with weak bias. FOR, Kandla is likely to be between 40000-40500/MT.

Soybean Crush Margin

Avg Crush Margin – This Week	Avg Crush Margin – Last Week	Avg Crush Margin – Corresponding Period Last Month
-1429	-1042	-1516

The soybean crush margin has deteriorated during the week compared to the previous week.

Technical Analysis:

NCDEX Soybean Futures



Soybean Spot, Indore



Supports & Resistances NCDEX Oct Soybean

S2	S1	PCP	R1	R2
3611	3736	3992	4320	4571

- The soybean prices featured down-trend in the market.
- However, the prices closed below 9-day EMA.
- RSI is slightly rising in neutral region while stochastic is declining in neutral zone.
- Prices are expected to marginally decline during the week.
- **Trade Recommendation (NCDEX Soybean – Oct) – 1 Week:** SELL between 3995-4005 levels. T1 – 3950; T2 – 3970; SL – 4025.

Trade Recommendation Soybean Spot: We feel the beans prices will feature range bound movement with firm-bias on bullish global factors and witness 4650-4670 levels (Indore, Plant basis).

Review of Previous Call: In our previous call we had recommended: BUY between 3970-3980 levels. T1 – 4030; T2 –4060; SL -3948. The call triggered and both the targets were achieved.

Rapeseed - Mustard Seed

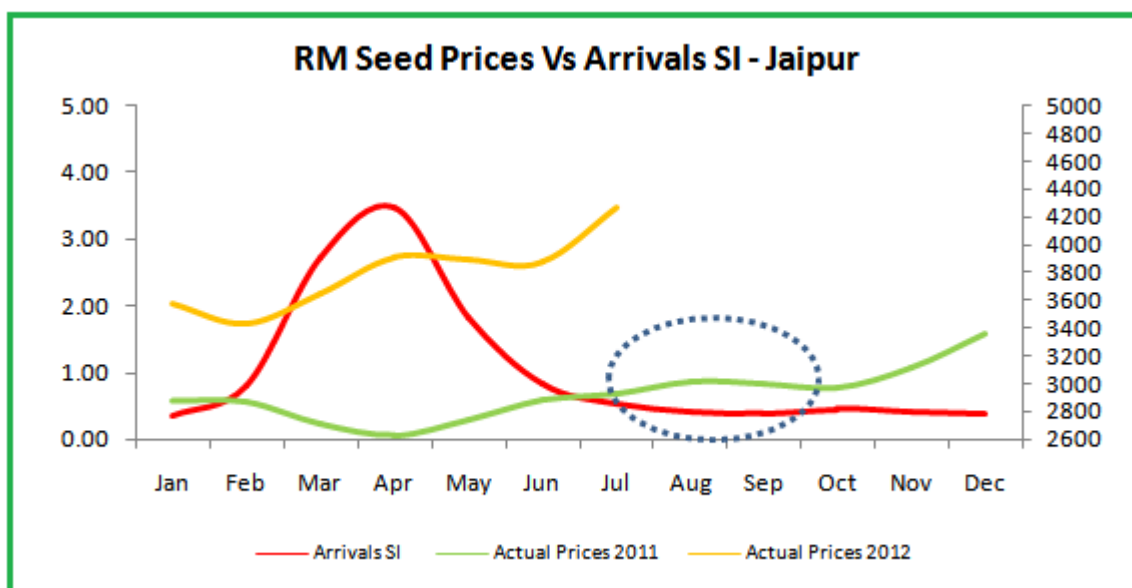
The RM seed prices featured gains tracking gains in BMD CPO and bullish domestic fundamentals. BMD CPO witnessed second straight week gain on bullish palm output scenario due to developing El Nino weather pattern in the region.

Besides, slow farmer's selling remained supportive for the seed prices.

India's vegetable oils industry has requested the government to press China to lift a ban on imports of Indian rapeseed meal, the chief of an industry body said last week, ahead of a visit next week by the Chinese trade minister.

Until March last year, India used to supply half of China's rapeseed meal import needs and Beijing took about 11 per cent of the total oilmeal exports of Asia's largest supplier. But China imposed a ban on rapeseed imports from the start of this year after having said last year that it had found traces of malachite green, a hazardous chemical, in shipments from India Malaysia.

The RM seed prices are likely to remain strong in view of lower stock, slow farmers selling and expected gains in BMD CPO in near and medium-term.



RM Seed Supply, Rajasthan

RM Seed Arrivals in Rajasthan in Bags (85 kg each).		
Weekly Arrivals	Week Ago	Corresponding Week Last Year
1,15,000	1,79,000	1,71,000

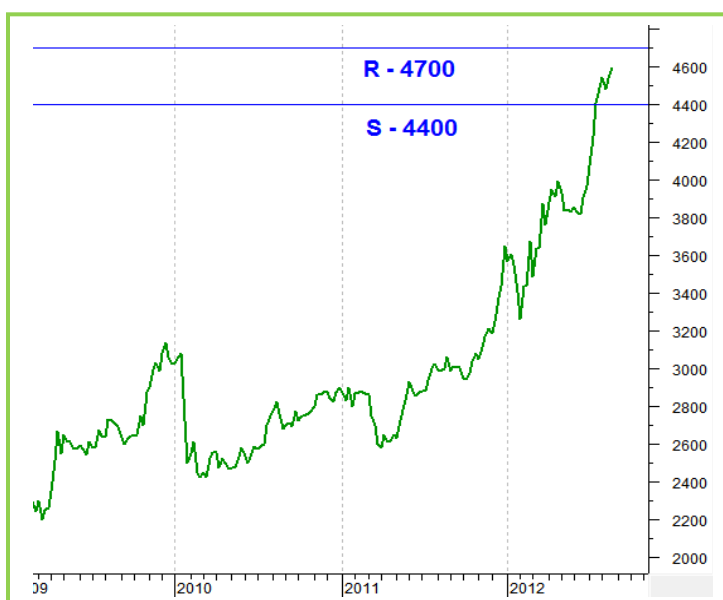
However, the RM seed supplies fell compared to previous week and the levels were also lower compared to the same period last year.

Technical Analysis:

NCDEX RM Seed Futures



RM Seed Spot, Jaipur



Supports & Resistances NCDEX Sep RM Seed

S2	S1	PCP	R1	R2
4126	4258	4496	4550	4600

- 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 is rising in overbought region while stochastic is easing in overbought zone.
- **Trade Recommendation (NCDEX RM SEED - Sep) – 1 Week:** SELL between 4500—4520 levels. T1 – 4450; T2 –4480; SL -4540.

Trade Recommendation RM Seed Spot (Jaipur basis): *In spot the RM seed prices are expected to slightly gain on short supplies in beans and solvent extractors improving RM seed crushings to utilize the maximum crush capacity of their unit. The prices may witness 4620-4640 level in near term.*

Review of Previous Call: *In our previous call we had recommended: BUY between 4420—4430 levels. T1 – 4480; T2 –4550; SL -4397. The call got entry and the first target was achieved.*

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