

## Executive Summary

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The domestic soybean and RM seed fell pressured by the weakness in the international oil and fats market during the week in review. Weak crusher's demand in RM seed and soybean, fall in Malaysian palm oil and CBOT soy complex remained the negative factors for the seed, beans and meals. Soy meal witnessed mild gains despite weak export sales; better domestic seasonal demand from poultry remained supportive for the meal.

Higher domestic soybean planting and expected rise in area under RM seed in rabi season lend additional pressure to the domestic oilseeds and meal prices during the week in review.

Higher soybean prices this season has already lead to the increase in the soybean area while better rains in the key RM seed producing states will eventually boost seed planting.

In a major development new soybean crop in a very small quantity has hit the markets of Maharashtra and Madhya Pradesh.

Currently, the India's soy meal shipments are lower due to the decline in crushings followed by dried-up supplies (lean season) in soybean. India's soy meal exports in August this year were multi-year low. India's exports are expected to gradually rise from October onwards with the improved crushings.

The RM seed fundamentals are strong and its prices are likely to improve from the current levels with the upcoming festivities leading to the rise in the RM oil usage.

Lower US soybean production will consequently lead to world tight supplies in soybean and its product in Sep/Feb 2012-13 which will keep the bean prices strong in near and medium -term. However, higher Malaysian palm oil stocks will cap the gains in RM seed and soybean in near-term. The soy meal prices are expected to witness range bound movement with weak-bias in short-term.

## International Highlights

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- ❖ USDA has further reduced US soybean yield to 35.3 bushel per acre from 36.1 last month. This translates the US will soybean production at 2,634 Mln bushels from 2,692 in the last months WASDE report, which was estimated at 3,056 in 2011/12 and 3,329 Mln bu in 2010/11. Lower production will lead to tight supplies and stronger soybean prices.
- ❖ Global export supplies and crushings of soybeans will remain smaller than expected in Sept/Febr 2012/13. If USDA soybean crop estimate of only 71.7 Mn T is confirmed in subsequent crop reports, it will create even greater concern about insufficient supplies of soybeans and products on the US market in March/Aug 2013 – Oil World.

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

Centers	Ex-factory rates (Rs/ton)		
	14.09.2012	07.09.2012	Parity To
Indore (MP)	41200-41500	40500	Gujarat, MP
Kota	40700-40800	40800	Rajasthan, Del, Punjab, Haryana
Akola	41700	43000	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Hingoli	-	-	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Nanded/Latur	44000	43000	Andhra, AP, Kar, TN
Dhulia/Jalna	42500	42500	Mumbai, Maharashtra
Nagpur (42/46)	42500	43000	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Sangli	44000	42000	Local and South
Solapur	43500	42000	Local and South
Bundi	40600	40300	-

**Soy DOC at Port**

Centers	Port Price	
	14.09.2012	07.09.2012
Kandla (FOR) (INR/MT)	41500-42500	42000
Kandla (FAS) (USD/MT)	758-777	756

**International Soy DOC**

Argentina FOB \$/MT	13.09.2012	07.09.2012	Change
Soybean Pellets	618	617	+1
Soybean Cake Meal	618	617	+1
Soybean Meal	626	625	+1
Soy Expellers	626	625	+1

**Sunflower Meal Rates**

Centers	Ex-factory rates (Rs/ton)		
	14.09.2012	07.09.2012	Change
Adoni	23500	24400	-900
Khamgaon	23800	23800	Unch
Parli	24200	24200	Unch
Latur	24000	24000	Unch

**Groundnut Meal**

Groundnut Meal	14.09.2012	07.09.2012	Change
Basis 45% O&A, Saurashtra	33000	36000	-3000
Basis 40% O&A, Saurashtra	32000	34000	-2000
GN Cake, Gondal	33000	35000	-2000

**Mustard DOC/Meal**

Mustard DOC/Meal	14.09.2012	07.09.2012	Change
Jaipur (Plant Delivery)	17200	16800	+400
Kandla (FOR)	17700	17800	-100
Sri Ganganagar	-	-	-

**Oilseed Prices at Key Spot Markets:**

Commodity	Centre	Prices (Rs/Qtl)		Change
Soybean		14.09.2012	07.09.2012	
	Indore –Plant	4450-4560	4550-4635	-75
	Indore –Mandi	4400-4475	4400-4500	-25
	Nagpur-Plant	4500	4700	-200
	Nagpur – Mandi	4450	4675	-225
	Kota-Plant	4500	4500	Unch
	Kota – Mandi	4200-4350	4400	-50
	Bundi-Plant	4475	4550	-75
	Bundi-Mandi	4400	4500	-100
	Baran-Plant	-	-	-
	Baran-Mandi	4150	4350	-200
	BhawaniMandiJhalawar– Kota Plant Delivery	4500	4550	-50
	Jhalwar-Mandi	4450	4450	Unch
Rapeseed/Mustard	Jaipur – C	4315-4320	4430-4435	-115
	Alwar – C	4100	4400	-300
	SriGanganagar(NC)	3820	3900	-80
	Delhi– C	4375	4380	-5
	Kota	4000	4050-4075	-75
	Neewai	4350	4450	-100
	Hapur (UP)	4400	4400	Unch

<b>Groundnut Seed</b>	Rajkot	1000	1040	<b>-40</b>
	Junagarh	-	-	-
<b>Sunflower Seed</b>	Latur	35000-37000	35000-37500	<b>-500</b>
	Solapur	41000-42500	40300-40400	<b>+2100</b>
	Gulbarga	-	-	-

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
<b>Soybean</b>		<b>Week End (14/09/2012)</b>	<b>Week End (07/09/2012)</b>	
	Madhya Pradesh	42000	67000	<b>-25000</b>
	Maharashtra	7000	13500	<b>-6500</b>
	Rajasthan	22000	30000	<b>-8000</b>
	Bundi (Raj)	67	85	<b>-18</b>
	Baran (Raj)	190	185	<b>+5</b>
	Jhalawar (Raj)	470	550	<b>-80</b>
<b>Rapeseed/Mustard</b>	Rajasthan	195000	225000	<b>-30000</b>
*Sum Arrivals during the week.				

# Crop Progress, India

India's total coverage under various oilseeds is reported down 3.3 per cent at 171.2 lakh hectares compared to 177 lha during the same period last year.

Weak rainfall initially, at the time optimum time for planting remained a negative factor for some oilseeds sowing. The groundnut planting is lower by 11.1 per cent, sunflower is lower by 14.5 per cent, sesamum 9.9 per cent and castor 27.6 per cent behind the same period last year.

### Statewise Area Covered Under Kharif Oilseeds for Week Ending as on 13 Sep, 2012

Area in Lakh Ha

[illegible]

Tamil Nadu	1.73	2.03	---	---	0.06	0.04	0.15	0.23	---	---	0.03	0.07	1.98	2.36
<b>Total</b>	<b>15.82</b>	<b>17.39</b>	<b>3.95</b>	<b>3.68</b>	<b>2.06</b>	<b>2.35</b>	<b>0.80</b>	<b>1.20</b>	<b>0.13</b>	<b>0.18</b>	<b>2.12</b>	<b>2.59</b>	<b>24.89</b>	<b>27.38</b>
<b>East &amp; North East India</b>														
Assam	---	---	---	---	---	---	0.03	---	---	---	---	---	0.03	---
Bihar	0.01	0.02	---	---	0.01	0.01	0.03	0.03	---	---	0.01	---	0.05	0.06
Jharkhand	0.15	0.12	---	---	---	---	0.05	0.06	0.05	0.06	---	---	0.25	0.24
West Bengal	0.03	0.03	---	0.02	---	---	0.02	0.02	---	---	---	---	0.05	0.08
<b>Total</b>	<b>0.19</b>	<b>0.17</b>	<b>---</b>	<b>0.02</b>	<b>0.01</b>	<b>0.01</b>	<b>0.13</b>	<b>0.11</b>	<b>0.05</b>	<b>0.06</b>	<b>0.01</b>	<b>---</b>	<b>0.38</b>	<b>0.38</b>
<b>Others</b>	<b>0.01</b>	<b>0.01</b>	<b>0.14</b>	<b>0.17</b>	<b>---</b>	<b>---</b>	<b>0.10</b>	<b>0.17</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>0.25</b>	<b>0.35</b>
<b>Total - All India</b>	<b>38.11</b>	<b>42.87</b>	<b>107.00</b>	<b>103.23</b>	<b>2.30</b>	<b>2.69</b>	<b>13.34</b>	<b>14.81</b>	<b>1.92</b>	<b>1.63</b>	<b>8.50</b>	<b>11.74</b>	<b>171.17</b>	<b>176.97</b>

Source: Ministry of Agriculture, GOI

However, the soybean planting is up 3.7 per cent compared to the same period last year. Further, Niger seed sowing is up 17.8 per cent at 1.92 lha compared to 1.63 lha last year.

## Soybean

Soybean prices edged-lower on weak buying from solvent extractors followed by decline in crushings and lower edible oil demand. Several solvent extraction units are under maintenance on lean season. Besides, higher area coverage under soybean this year at 107 lakh ha compared to 103 lha last remained a bearish factor for the beans.

In a major development, soybean harvesting has commenced in the key growing states of Madhya Pradesh and Maharashtra and new soybean has hit various cash markets in the states. However, the new crop supplies are insignificant and the moisture content is higher at the moment.

There are no reports of harvesting in Rajasthan yet, but may get soon as several farmers have sown 70 day crop in the state.

The soybean prices are likely to skid in near-term pressured by upcoming supplies of new crop, which will gradually improve in days ahead. Besides, higher acreage and short-term fall in soy meal export sales will weigh on prices in near-term.

### Soybean Crop Condition

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

The harvesting in Madhya Pradesh and Maharashtra has commenced, though have not picked up the pace. The soybean crop in Madhya Pradesh and Maharashtra is mostly in pod formation maturity stage. Besides, it is in flowering and pod stage in the state of Rajasthan.

There are no reports disease, pest and abiotic stress in the soybean crop in any of the key growing states.

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

The domestic soy meal prices featured mild gains despite weak export sales, however better domestic seasonal demand from poultry industry and lower supplies remained supportive for the meal price.

India's soy meal shipments generally decline during the month of September due to the fall in crushing followed by lean season in soybean. India exported around 2,25,921 MT of soy meal in September 2011, while it exported about 10,005 MT of meal in Aug 2012. India is unlikely to export soy meal around previous year's level in September due to dried-up pipeline supply in beans.

However, soy meal FAS Kandla for Nov-Dec delivery is quoted between US \$612-620 per MT which is at par with soy meal FOB price of Argentina.

The soy meal of Indian origin at Indonesia's port, C&F was quoted US \$645-655 per MT (Nov-Dec) compared to US \$ 780/MT for ready delivery previous week.

Indian soy meal price are getting competitive compared to the meal of Argentina. The soy meal prices FOB, Argentina was quoted around US \$ 621-625/MT against US \$ 612-615/MT during the week.

Week	FAS, Soy meal Kandla	FOB, Soy meal Argentina	Avg.*Spread
<b>8 – 14 Sep</b>	615 ( <i>Nov-Dec 12</i> )	621	<b>-6</b>
<b>1 - 7 Sep</b>	726	623	<b>103</b>

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

The average weekly soy meal price spread between FAS Kandla and FOB Argentina stood at US \$-6/MT compared to US \$103/MT a week ago, indicating a narrow gap in prices between Indian and Argentine meal

prices, where India's soy meal prices are competitive compared to the meal of Argentina 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
-80	-770	-1218

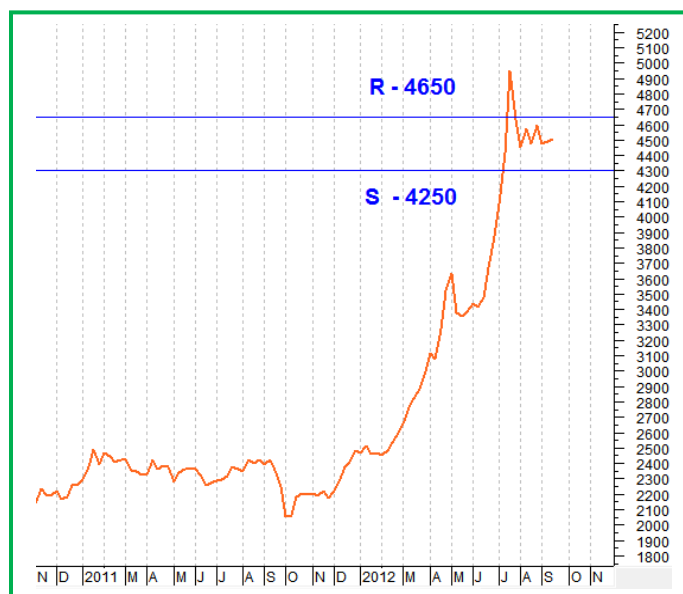
The soybean crush margin has significantly recovered during the week compared to the previous week.

### Technical Analysis:

#### NCDEX Soybean Futures



#### Soybean Spot, Indore



#### Supports & Resistances NCDEX Nov Soybean

S2	S1	PCP	R1	R2
3500	3596	3732	3864	4020



- The candlestick chart pattern reveals mild gains during the week.
- However, the prices closed below 9-day and 18-day EMA.
- MACD is declining in positive territory.
- RSI is rising in neutral region while stochastic is easing in oversold zone.
- Prices are expected to marginally decline during the week.
- **Trade Recommendation (NCDEX Soybean – Nov) – 1 Week:** SELL between 3750-3760 levels. T1 – 3600; T2 – 3550; SL – 3833.

***Trade Recommendation Soybean Spot:*** *We feel the bean prices will feature losses on weak buying and bearish domestic outlook and witness 4350-4400 levels (Indore, Plant basis).*

**Review of Previous Call:** *In our previous call we had recommended: SELL between 3740-3750 levels. T1 – 3690; T2 – 3640; SL -3773. The call triggered and first target was achieved.*

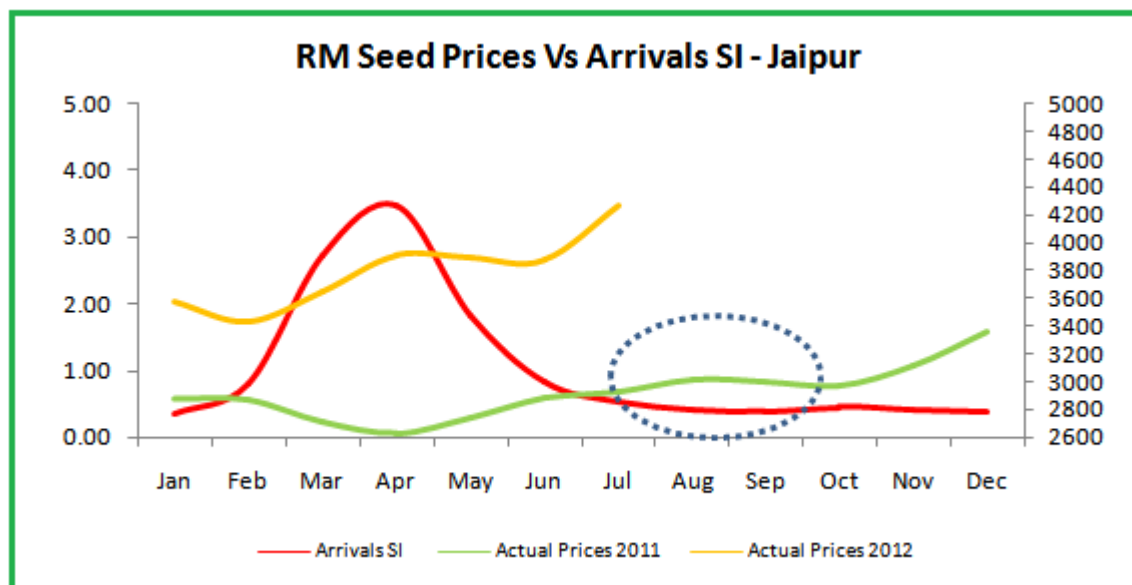
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## Rapeseed - Mustard Seed

The RM seed prices extended losses on weak millers demand followed feeble off-take in RM oil during the week in review. Besides, mostly weak Malaysian palm oil during the week continued to pressure the domestic RM seed.

Farmers and traders are anticipating increase in the area coverage under RM seed this rabi due to higher seed prices this season and better rains in the key growing states which will eventually improve the planting prospects.

The seed demand is expected to improve in coming days followed by festivities which will eventually drive the prices higher.



### RM Seed Supply, Rajasthan

RM Seed Arrivals in Rajasthan in Bags (85 kg each).		
Weekly Arrivals	Week Ago	Corresponding Week Last Year
1,95,000	2,25,000	2,43,000

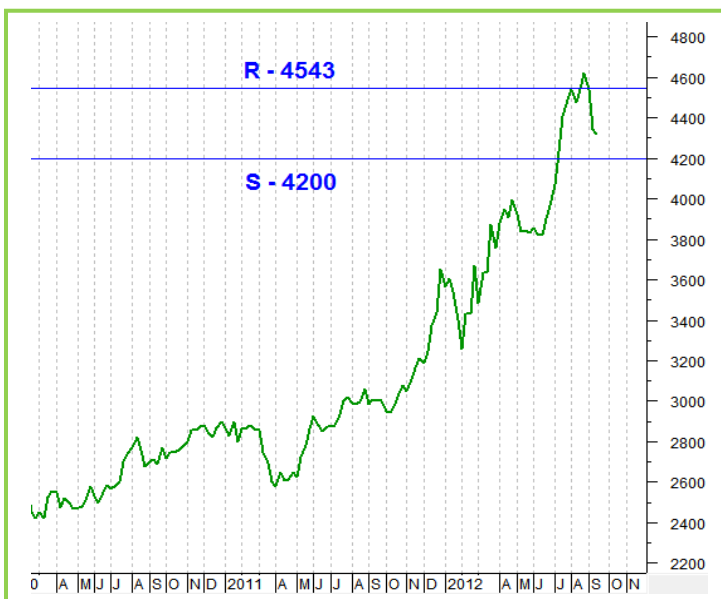
The RM seed supplies have slightly dipped due to weak buying activity and it is likely to pick-up once millers actively participate in the cash market.

## Technical Analysis:

### NCDEX RM Seed Futures



### RM Seed Spot, Jaipur



### Supports & Resistances NCDEX Oct RM Seed

S2	S1	PCP	R1	R2
3803	3890	4135	4246	4327

- Doji candle reflects indecision in the market. Overall, the prices are downtrend.
- Prices closed below 9-day and 18-day EMA.
- RSI is rising in neutral region while stochastic is declining in neutral zone.
- **Trade Recommendation (NCDEX RM SEED - Oct) – 1 Week:** SELL between 4150—4160 levels. T1 – 4100; T2 –4050; SL -4183.

**Trade Recommendation RM Seed Spot (Jaipur basis):** In spot the RM seed prices are expected to slightly ease on lower crushings and expected weakness in soybean. The prices may witness 4250-4300 level in near term.

**Review of Previous Call:** In our previous call we had recommended: **SELL between 4150—4160 levels. T1 – 4100; T2 –4050; SL -4183. The call triggered but none of the targets were achieved.**

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