

Executive Summary

The domestic soybean fell while soy meal and RM seed gained on varied factors during the week in review. The soybean declined due to US and domestic harvesting pressure. The US harvesting pace is fast this year, while the India's harvesting is picking-up the pace.

However, soy meal prices featured mild gains on supportive seasonal demand from poultry feed industry. The meal export sales will remain sluggish for a couple of weeks due to lower crushings and lean season. The sales are expected to pick-up once India's crushing improves in late October.

RM seed prices edged-up on slight improved buying compared to the last week. The seed prices are getting continued pressure from weak BMD CPO and lower soybeans. Overall, the RM seed fundamentals are strong and prices are expected to further gain and remain strong in near and medium-term.

U.S. and domestic soybean harvesting and higher Malaysian palm oil stock in major producing and exporting countries will pressure the oilseeds and meal markets in near-term. However, lower US soybean output estimates will limit the losses.

International Highlights

- ❖ As reported by Oil World, global production of soy meal and of 11 other oilmeals will fall in association in the first half of the season, for the first time in many years. World soy meal shipments and consumption are expected to decline from a year earlier in Oct/March 2012/13, caused by a prospective fall of soybean crushings.
- ❖ Reportedly, 10 per cent of the US soybean crop has been harvested compared to 4 percent last week. Harvesting could be over by first week of October in view of the rapid pace.
- ❖ According to Oil World, US soybean crushings totaled an estimated 3.55 million tons or 130.4 million bushels in August.
- ❖ Oil World has reported the world exports of soya meal comparatively high at 4.7 Mn T in August but 7% below a year ago.

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

Centers	Ex-factory rates (Rs/ton)		
	21.09.2012	14.09.2012	Parity To
Indore (MP)	41000	41200-41500	Gujarat, MP
Kota	41000	40700-40800	Rajasthan, Del, Punjab, Haryana
Akola	43000	41700	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Hingoli	-	-	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Nanded/Latur	40000-41000	44000	Andhra, AP, Kar, TN
Dhulia/Jalna	41500	42500	Mumbai, Maharashtra
Nagpur (42/46)	41000	42500	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Sangli	39000	44000	Local and South
Solapur	42000	43500	Local and South
Bundi	40500	40600	-

Soy DOC at Port

Centers	Port Price	
	21.09.2012	14.09.2012
Kandla (FOR) (INR/MT)	42000	41500-42500
Kandla (FAS) (USD/MT)	786	758-777

International Soy DOC

Argentina FOB \$/MT	21.09.2012	13.09.2012	Change
Soybean Pellets	573	618	-45
Soybean Cake Meal	573	618	-45
Soybean Meal	581	626	-45
Soy Expellers	581	626	-45

Sunflower Meal Rates

Centers	Ex-factory rates (Rs/ton)		
	21.09.2012	14.09.2012	Change
Adoni	23500	23500	Unch
Khamgaon	23800	23800	Unch
Parli	24200	24200	Unch
Latur	24000	24000	Unch

Groundnut Meal

Groundnut Meal	21.09.2012	14.09.2012	Change
Basis 45% O&A, Saurashtra	34500	33000	+1500
Basis 40% O&A, Saurashtra	33000	32000	+1000
GN Cake, Gondal	35000	33000	+2000

Mustard DOC/Meal

Mustard DOC/Meal	21.09.2012	14.09.2012	Change
Jaipur (Plant Delivery)	16800	17200	-400
Kandla (FOR)	17500	17700	-200
Sri Ganganagar	790	800	-10

Oilseed Prices at Key Spot Markets:

Commodity	Centre	Prices (Rs/Qtl)		Change
Soybean		21.09.2012	14.09.2012	
	Indore –Plant	4100-4300	4450-4560	-260
	Indore –Mandi	4000-4200	4400-4475	-275
	Nagpur-Plant	3900	4500	-600
	Nagpur – Mandi	-	4450	-
	Kota-Plant	4500-4550	4500	+50
	Kota – Mandi	4350-4400	4200-4350	+50
	Bundi-Plant	4450	4475	-25
	Bundi-Mandi	4400	4400	Unch
	Baran-Plant	-	-	-
	Baran-Mandi	3800-3900	4150	-250
	BhawaniMandiJhalawar– Kota Plant Delivery	4450	4500	-50
	Jhalwar-Mandi	4400	4450	-50
Rapeseed/Mustard	Jaipur – C	4280-4285	4315-4320	-35
	Alwar – C	-	4100	-
	SriGanganagar(NC)	3700	3820	-120
	Delhi– C	4325	4375	-50
	Kota	3900-4000	4000	Unch
	Neewai	-	4350	-
	Hapur (UP)	-	4400	-

Groundnut Seed	Rajkot	925	1000	-75
	Junagarh	-	-	-
Sunflower Seed	Latur	39000-41000	35000-37000	+4000
	Solapur	40000-41000	41000-42500	-1500
	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
Soybean		Week End (21/09/2012)	Week End (14/09/2012)	
	Madhya Pradesh	20000	42000	-22000
	Maharashtra	1000	7000	-6000
	Rajasthan	5200	22000	-16800
	Bundi (Raj)	82	67	+15
	Baran (Raj)	330	190	+140
	Jhalawar (Raj)	290	470	-180
Rapeseed/Mustard	Rajasthan	135000	195000	-60000
*Sum Arrivals during the week.				

Crop Progress, India

There was no major update on kharif oilseeds planting progress this week. However, India's total coverage under various oilseeds is reported down, last week, 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
Total	15.82	17.39	3.95	3.68	2.06	2.35	0.80	1.20	0.13	0.18	2.12	2.59	24.89	27.38
East & North East India														
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
Total	0.19	0.17	---	0.02	0.01	0.01	0.13	0.11	0.05	0.06	0.01	---	0.38	0.38
Others	0.01	0.01	0.14	0.17	---	---	0.10	0.17	---	---	---	---	0.25	0.35
Total - All India	38.11	42.87	107.00	103.23	2.30	2.69	13.34	14.81	1.92	1.63	8.50	11.74	171.17	176.97

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 continued downtrend on domestic and US harvest pressure during the week in review. Besides, sluggish demand in soy oil in domestic market remained bearish factor. However, the only supportive factor for soybean now is improved seasonal domestic soy meal demand. But poor lean season export sales in the meal are again a bearish factor for the soy market.

The domestic soybean harvesting in Maharashtra and Madhya Pradesh is gradually picking-up the pace. However, there are no reports of harvesting from Rajasthan. In Madhya Pradesh new crop arrivals have surpassed the old crop supplies towards the end of the week in review. Around 20,000 bags reportedly arrived in various cash markets of MP on Friday. However, the moisture content is higher is reportedly higher between 13-25 per cent in the new beans. The new soybean is quoted around Rs 3350-3450/Qtl. We expect the new crop prices to fall further.

Weather is reportedly favourable for the harvest across key growing states. We expect arrival pressure to mount in a couple of weeks.

The soybean prices are likely to plunge on US and domestic harvesting pressure 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 is gradually picking-up the pace. The soybean crop in Madhya Pradesh and Maharashtra is in pod formation and maturity stage. Besides, the crop has entered into 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 soy meal prices slightly remained higher on supportive domestic seasonal demand from poultry feed industry. However, weak export sales in soy meal remained bearish for the Indian meal market. The meal exports are expected to pick-up from October month end, when the crushing starts improving with the new crop supplies.

India's soy meal shipments usually fall in 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.

Soy meal FAS Kandla for Nov-Dec delivery is quoted between US \$588-612 per MT, while soy meal FOB Argentina is quoted between US \$584-601 per MT is at par with soy meal FOB price of Argentina. Indian soy meal price are getting competitive compared to the meal of Argentina.

The soy meal of Indian origin at Indonesia's port, C&F was quoted between US \$610-645 per MT (Nov-Dec) compared to US \$ 645-655 per MT last week.

Week	FAS, Soy meal Kandla	FOB, Soy meal Argentina	Avg.*Spread
15 – 21 Sep	598 (Nov-Dec 12)	590	8
8 – 14 Sep	615 (Nov-Dec 12)	621	-6

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

The average weekly soy meal price spread between FAS Kandla and FOB Argentina stood at US \$8/MT compared to US \$-6/MT a week ago, indicating a narrow gap in prices between Indian and Argentine meal prices, where India's soy meal prices are getting competitive compared to the meal of Argentina origin. (* Spread - FAS Kandla less FOB Argentina). India's soy meal exports is at the optimum levels during the period, October thru January, at the considered spread between Indian meal price vs Argentine between US \$8/MT and US \$15/MT.

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 41000-41500/MT.

Soybean Crush Margin

Avg Crush Margin – This Week	Avg Crush Margin – Last Week	Avg Crush Margin – Corresponding Period Last Month
2309	-80	-1018

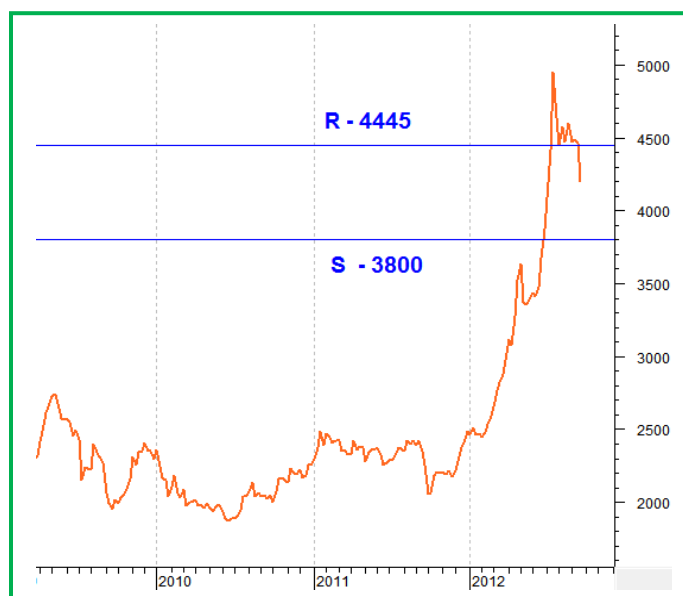
The soybean crush margin has significantly recovered during the week compared to the previous week.

Technical Analysis:

NCDEX Soybean Futures



Soybean Spot –Old Crop, Indore



Supports & Resistances NCDEX Nov Soybean

S2	S1	PCP	R1	R2
3200	3325	3426	3748	3862

- The candlestick chart pattern reveals continued selling pressure.
- However, the prices closed below 9-day and 18-day EMA.
- MACD is declining in negative territory.
- RSI and stochastic are easing in neutral zone.
- Prices are expected to further decline during the week.
- **Trade Recommendation (NCDEX Soybean – Nov) – 1 Week:** SELL between 3400-3415 levels. T1 – 3350; T2 – 3300; SL -3437.

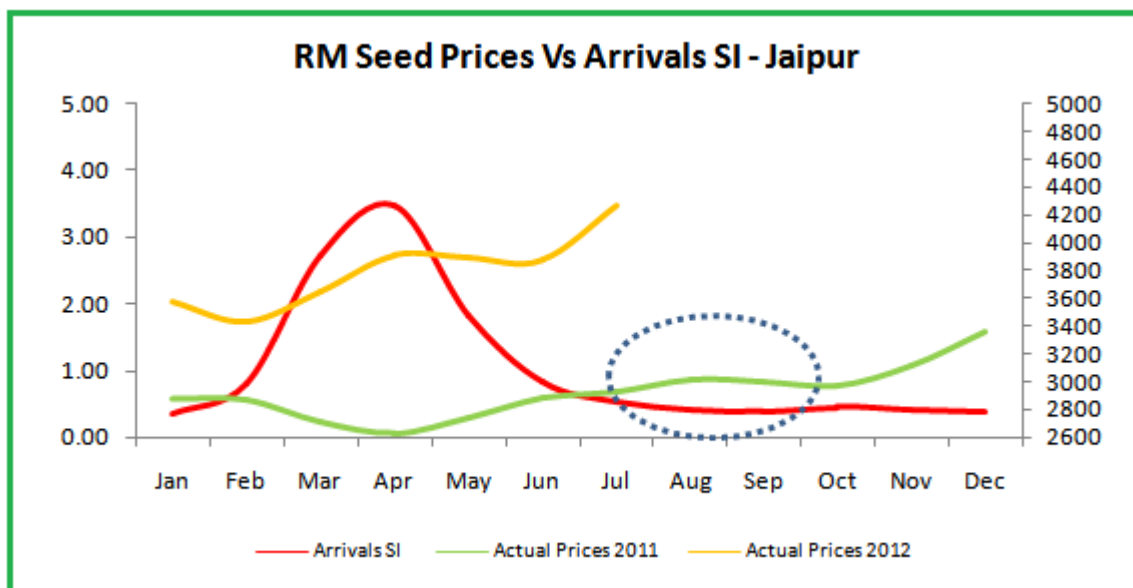
Trade Recommendation Soybean Spot: We feel the new soybean prices will feature losses on new crop arrival pressure and witness 3500-3600 levels (Indore, Plant basis).

Rapeseed - Mustard Seed

The RM seed prices regained on supportive buying during the week in review. The RM seed fundamentals are strong in medium-term followed by the dwindling stocks. Further, farmers and stockists are in anticipation of higher seed prices in coming months ahead of series of festivities.

The rapeseed and mustard seed planting intention seems higher this rabi on better farmer's realization this marketing season, followed by higher seed prices. Besides, better rains in late August and September in the key growing states will further boost the farmer's planting intentions, these rains have certainly improved soil moisture which is beneficial for the rabi oilseed planting.

The seed demand from millers 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
1,35,000	1,95,000	2,84,000

The RM seed supplies have skid due to slow farmers selling in anticipation of higher prices in ahead of festivities.

Technical Analysis:
NCDEX RM Seed Futures

RM Seed Spot, Jaipur

Supports & Resistances NCDEX Oct RM Seed

S2	S1	PCP	R1	R2
3900	3975	4090	4327	4379

- Candlestick chart pattern reveals selling pressure in the market.
- Prices closed below 9-day and 18-day EMA.
- RSI and stochastic are falling in neutral zone.
- **Trade Recommendation (NCDEX RM SEED - Oct) – 1 Week:** SELL between 4100—4110 levels. T1 – 4050; T2 –4000; SL -4133.

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.

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