

Executive Summary

The domestic soybean and RM seed featured gains on better buying and recovery in the international palm oil market during the week in review.

The domestic soybean harvesting is in full swing and the supplies are expected to rise in coming days. However, farmers were not satisfied with lower quotes which may lead to slow offloading in the current season.

The US soybean is rapidly progressing and it is ahead of 5 year average. Ongoing soybean harvesting in US may weigh on the market. However, lower US soybean output may support international soybean prices in the medium term.

Besides, RM seed prices may trade steady to slightly firm tone in the coming days ahead due to festival demand and diminishing RM stocks. However, rising Kharif oilseed arrivals may limit excessive gains.

Soy meal prices may trade sideways in near term on weak export sales. However, we feel the overseas export enquiries are expected to increase with expected improvement in new soybean crushing in the coming days.

We expect oil complex to trade steady to slightly firm tone in the days ahead in anticipation of good buying ahead of festivities in the month of October and November. However, rising Kharif oilseeds arrivals and higher palm oil stocks in the South East Asian countries may limit upside.

International Highlights

- ❖ According to the latest crop progress report released by USDA, US soybean harvest is 58 per cent complete as compared to 41 per cent last week and 40 per cent 5 year average. 37 per cent of the crop is reported in Good to Excellent condition against 56 per cent during the same period last year. Further, soybean Dropping Leaves is reported to be at 93 per cent compared to 5-year average of 88 per cent.
- ❖ According to the latest USDA report, the US soybean production is raised to 77.84 million tons from 71.69 million tons compared to the last month estimate on higher harvested area and better yield prospects. Harvested area is estimated at 75.7 million acres, an increase of 1.1 million acres from previous month estimate and soybean yield is revised to 37.8 bushels per acre, up by 2.5 bushels from previous estimate.
- ❖ Canada's canola output seen at 13.36 million tonnes in 2012/13, down 2 million tonnes from the government agency's Aug. 22 estimate of 15.4 million tonnes and below last year's harvest of 14.5 million tonnes. Midsummer heat during canola's vulnerable flowering period, disease and a windstorm all reduced the potential of Canada's crop.

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

Centers	Ex-factory rates (Rs/ton)		
	12.10.2012	05.10.2012	Parity To
Indore (MP)	27900	28000	Gujarat, MP
Kota	28200	27000	Rajasthan, Del, Punjab, Haryana
Akola	29500	-	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Hingoli	-	-	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Nanded/Latur	29000	-	Andhra, AP, Kar, TN
Dhulia/Jalna	30000	30000	Mumbai, Maharashtra
Nagpur (42/46)	29600	30000	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Sangli	31000	30000	Local and South
Solapur	30500	30000	Local and South
Bundi	27500	27700	-

Soy DOC at Port

Centers	Port Price	
	12.10.2012	05.10.2012
Kandla (FOR) (INR/MT)	29100	28350
Kandla (FAS) (USD/MT)	552	548

International Soy DOC

Argentina FOB \$/MT	12.10.2012	05.10.2012	Change
Soybean Pellets	559	553	+6
Soybean Cake Meal	567	561	+6
Soybean Meal	559	553	+6
Soy Expellers	567	561	+6

Sunflower Meal Rates

Centers	Ex-factory rates (Rs/ton)		
	12.10.2012	05.10.2012	Change
Adoni	20600	21800	-1200
Khamgaon	19800	20800	-1000
Parli	20200	21400	-1200
Latur	20000	21200	-1200

Groundnut Meal

Groundnut Meal	12.10.2012	05.10.2012	Change
Basis 45% O&A, Saurashtra	27500	27000	+500
Basis 40% O&A, Saurashtra	26000	26000	Unch
GN Cake, Gondal	28000	28000	Unch

Mustard DOC/Meal

Mustard DOC/Meal	12.10.2012	05.10.2012	Change
Jaipur (Plant Delivery)	17000	16000	+1000
Kandla (FOR)	17400	16200	+1200
Sri Ganganagar	780	745	+35

Crop Progress, India

No major sowing progress noticed in the official oilseeds planting progress report during the week in review. India's total coverage under various oilseeds is reported lower, 1.54 per cent at 177.53 lakh hectares compared to 180.32 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 9.6 per cent and castor 11.7 per cent behind the same period last year.

State wise Area Covered under Kharif Oilseeds for Week Ending as on 11 Oct, 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	0.02	---	---	---	---	0.03	0.04	---	---	0.01	0.02	0.05	0.08
Himachal Pradesh	---	---	---	---	---	---	---	---	---	---	---	---	---	---
Jammu & Kashmir	---	---	---	---	---	---	0.03	0.08	---	---	---	---	0.03	0.08
Punjab	0.03	0.03	---	---	---	---	0.06	0.07	---	---	---	---	0.09	0.1
Rajasthan	3.68	3.74	9.87	8.48	---	---	3.81	4.34	---	---	1.48	1.81	18.85	18.37
Uttar Pradesh	0.94	0.87	0.19	0.12	---	---	3.57	3.29	---	---	---	---	4.7	4.28
Uttarakhand	---	---	0.19	0.09	---	---	0.01	0.05	---	---	---	---	0.2	0.14
Total	4.66	4.66	10.25	8.69	---	---	7.51	7.87	---	---	1.49	1.83	23.92	23.06
Central India														
Chhattisgarh	0.57	0.56	1.55	1.51	---	0.01	0.43	0.46	0.69	0.64	---	---	3.24	3.18
Gujarat	12.24	14.34	0.88	0.86	---	---	0.63	1.76	0.07	0.1	7.83	8.72	21.65	25.77
Madhya Pradesh	2.25	2.18	58.12	57.3	---	---	2.68	2.38	0.78	0.6	0.01	---	63.84	62.46

Maharashtra	1.91	2.23	32.19	30.69	0.23	0.33	0.28	0.41	0.28	0.37	0.18	0.08	35.06	34.11
Odisha	0.85	0.86	---	---	---	---	1.7	1.34	0.61	0.6	0.07	0.08	3.23	2.89
Total	17.82	20.17	92.74	90.36	0.23	0.34	5.72	6.35	2.43	2.31	8.09	8.88	127.02	128.41
Southern Peninsula														
Andhra Pradesh	10.57	10.57	1.87	1.3	0.2	0.17	0.24	0.33	---	---	2.04	2.41	14.92	14.78
Karnataka	3.85	5.18	2.03	2.16	2.28	2.15	0.42	0.62	0.14	0.19	0.12	0.18	8.84	10.48
Kerala	---	---	---	---	---	---	---	---	---	---	---	---	---	---
Tamil Nadu	1.9	2.4	---	---	0.06	0.04	0.15	0.25	---	---	0.05	0.07	2.17	2.76
Total	16.32	18.15	3.9	3.46	2.54	2.36	0.81	1.2	0.14	0.19	2.21	2.66	25.93	28.02
East & North East India														
Assam	---	---	---	---	---	---	0.03	0.1	---	---	---	---	0.03	0.1
Bihar	0.02	0.02	---	---	0.02	0.01	0.04	0.04	---	---	0.01	---	0.09	0.07
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	0.2	0.17	---	0.02	0.02	0.01	0.14	0.22	0.05	0.06	0.01	---	0.42	0.49
Others	0.01	0.01	0.14	0.17	---	---	0.1	0.17	---	---	---	---	0.25	0.35
Total - All India	39.01	43.17	107.03	102.69	2.79	2.71	14.28	15.82	2.62	2.56	11.8	13.37	177.53	180.32

Source: Ministry of Agriculture, GOI

However, the soybean planting is up 4.221 per cent and sunflower is higher by 2.9 per cent compared to the same period last year.

First Advance Estimate of Kharif Oilseeds- GOI

As per the first advance estimates of production released by Agriculture Minister, the total production of Kharif oilseeds is estimated at 18.78 million tonnes (lower than the average production by 0.61 million tonnes), of which soybean is estimated at 12.62 million tonnes and groundnut output is estimated at 3.82 million tonnes and castor seed outturn is estimated at 1.4 million tonnes.

Soybean

The soybean prices witness gains on recovery in the international palm oil market despite of rising soybean arrivals. The moisture content of the beans has dropped to 10-12 per cent in the most of the cash market of key growing states.

Trade sources revealed that soybean arrivals may go up to 5.5-6.5 lakh bags in MP as harvesting peaks in the coming weeks. Moreover, big plant showed active buying of soybean during the week.

Supplies are expected to increase further with improved harvesting activity in the coming days. However, slow offloading by famers and upcoming festivities in the month of October and November may support domestic soybean prices in the medium term.

Soybean Crop Condition

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

The harvesting in Madhya Pradesh and Maharashtra and Rajasthan is in full swing. The soybean crop in Madhya Pradesh, Maharashtra and Rajasthan has mostly matured and harvesting is going on and expected to pick up pace in the near term.

Soy meal- FAS Kandla Vs FOB Argentina (Spread)

The soy meal prices witnessed slight losses on poor buying enquires and weak export sales. The new soybean crushing is likely to improve in coming weeks leading to the competitive Indian soy meal prices in the international market. The overseas buyers are keen and making the exports enquiries for Nov-Dec shipments (forward booking).

As expected India's soy meal exports were nominal in the month of September 2012. India exported just 2864 MT of soy meal in September 2012 ((lower by 99%) compared to 22, 5921 MT during the same period last year. Iran, Kuwait, Netherland and Sri Lanka were the major buyers.

India's soy meal shipments usually fall in the month of September due to the fall in crushing followed by lean season in soybean.

Soy meal (Nov-Dec) FOR Kandla exports price was quoted around Rs 28633/MT compared to 16740-16940/MT during the corresponding period last year.

Week	FAS, Soy meal Kandla	FOB, Soy meal Argentina	Avg.*Spread
06 Oct- 12 Oct	547.50	557.50	-10
29 Sep – 05 Oct	544	556	-12

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

The average weekly soy meal price spread between FAS Kandla and FOB Argentina stood at US at \$-10/MT compared to US \$-12/MT a week ago, indicating a widening gap in prices between Indian and Argentine meal prices. 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.

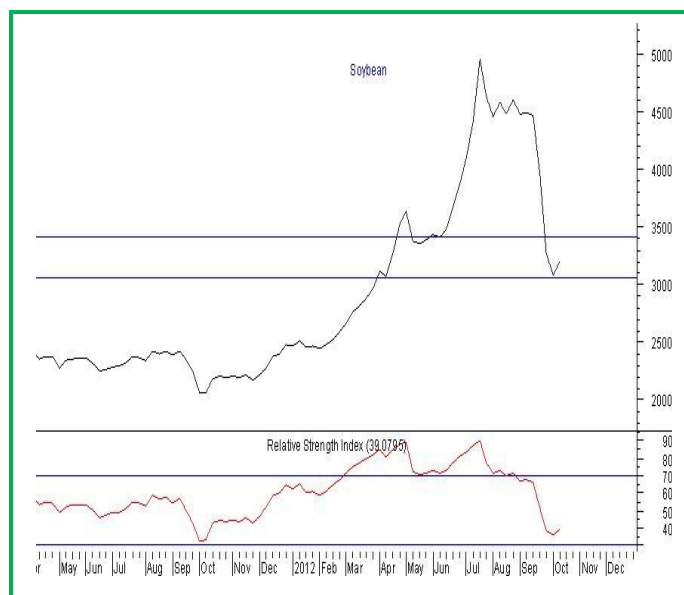
Recommendation: The Indian meal exporters are advised to aggressively market their meal to the countries in vicinity including traditional South and Far-East Asian destinations to materialize the freight and logistics advantage. The prices are expected to remain range-bound with slight firm bias. FOR, Kandla is likely to be between 29000-31000/MT.

Technical Analysis:

NCDEX Soybean Futures



Soybean Spot, Indore



Supports & Resistances NCDEX Nov Soybean

S2	S1	PCP	R1	R2
2940	2970	3168.50	3315	3345

- 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 oversold zone.
- Prices are expected to further decline during the week.
- **Trade Recommendation (NCDEX Soybean – Nov) – 1 Week:** Buy between 3045-3055 levels. T1 – 3180; T2 – 3195; SL -2985.

Trade Recommendation Soybean Spot: We feel the new soybean prices will gain as farmers are seen reluctant to off-load their newly harvested beans due to lower quotes and prices may witness 3100-3150 levels (Indore, Plant basis).

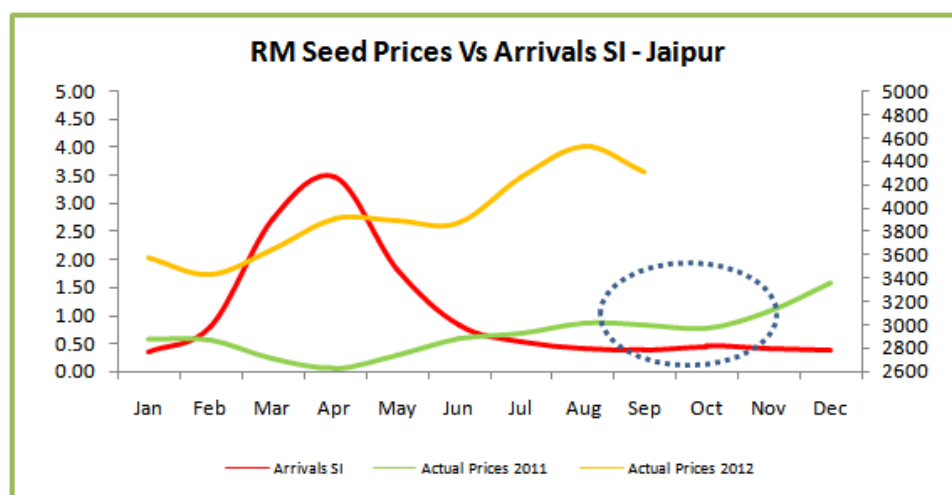
Rapeseed - Mustard Seed

The RM seed prices witnessed significant gains in tandem with BMD CPO during the week in review. Active buying featured in the mustard seed by oil millers in anticipation of good demand for mustard oil in the coming days due to festivals in the month of October and November.

Moreover, trade sources revealed that diminishing mustard seed stock in the supply pipeline would underpin mustard seed and mustard oil prices in the medium term. However, rising soybean arrivals may limit excessive gains.

As per trade sources, 65-70 percent of mustard seed has been crushed of the total mustard production in the current year.

The seed farmers are expected to plant the seed more this year than the last season, in view of better seed prices during the season.



RM Seed Supply, Rajasthan

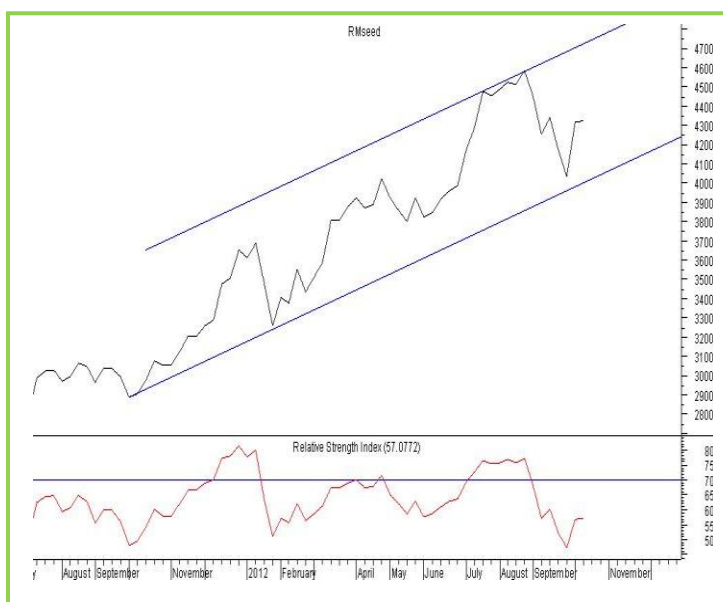
RM Seed Arrivals in Rajasthan in Bags (85 kg each).		
Weekly Arrivals	Week Ago	Corresponding Week Last Year
2,25,000	1,60,000	1,90,000

Technical Analysis:

NCDEX RM Seed Futures



RM Seed Spot, Jaipur



Supports & Resistances NCDEX Nov RM Seed

S2	S1	PCP	R1	R2
3985	4020	4158	4313	4380

- Candlestick chart pattern reveals firmness in the prices.
- Prices closed below 9-day and 18-day EMA.
- RSI and stochastic are falling in neutral zone.
- **Trade Recommendation (NCDEX RM SEED - Nov) – 1 Week:** BUY between 4100-4120 levels. T1 – 4200; T2 –4250; SL -4065.

Trade Recommendation RM Seed Spot (Jaipur basis): In spot the RM seed prices are expected to slightly gain on recovery in BMD CPO and expected millers buying. The prices may witness 4400-4450 level in near term.

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