

Executive Summary

The domestic oilseeds and oilmeal prices extended mild losses primarily pressured by bearish palm oil supply and stock outlook and macroeconomic factors. However, seasonal domestic edible oil demand and supportive CBOT restricted any major fall in the oilseeds and meals during the week under review.

India's sluggish soy meal export sales remained bearish for the beans, but the meal exporters feel India's soy meal exports to pick in days ahead. Slow down in shipments to the consistent key soy meal buyers of Indian origin like Iran has negatively affected in the export sales in the meal.

The global soybean shortage of 24 Mn T in Sep/Feb 2012/13 will lead to supply tightness in soy meal and oil, which is expected to support the India's soy meal exports.

RM seed planting is in full swing and the area is expected to rise this season by about 5 per cent, in view of better prices this season. The seed prices fell pressured by decline in the BMD CPO on varied bearish factors during the week in review. Higher inventories in palm oil with the key producing countries and by bearish outlook from top palm oil analyst in the Indonesian conference remained negative factors for the RM seed.

In the conference, Dorab Mistry said Malaysian production to recover to 19 million tons in 2013 and he pegged Indonesian output between 29.5 million and 30 million tons. The output is above the expectations in both the cases he said.

Besides, during the 2012-13 marketing year that began Oct. 1, global palm oil usage may grow by about 4 million tons, outpacing supply growth of 3.2 million tons, which will eventually push up the palm oil prices in next year.

Higher inventories in palm oil and favorable South American weather for soybean are warranting bears for short-term. But soybean shortage Sep/Feb 2012/13 and expected global soybean imports mainly on larger shipments to China is likely to boost the oilseeds and meal prices in coming days.

International Highlights

- ❖ World soybean prices weakened during November as better than anticipated US yields and slow export demand outweighed support from South American crop concerns. (Source: IGC)
- ❖ World soybean ending stocks are forecast to recover in 2012/13, led by inventory accumulation in major exporters, but this hinges on forecasts for record crops in South America. Global soybean imports are set to expand by 5% y/y, mainly on larger shipments to China. (Source: IGC)
- ❖ Global rapeseed/canola output is forecast at a four-year low of 58.9m t in 2012/13, with high prices likely to deter imports, global trade is set to contract by 15% y/y. (Source: IGC)
- ❖ In its previous weekly report the Argentine Ministry of Agriculture pointed out the severe rainfall induced planting delays and lowered its estimate of the corn area sharply, this may eventually increase the soybean area - Oil World.
- ❖ Soybean crushings of Argentina were reported at an unusually low level of 2.41 Mn T in October.

- ❖ Soybean processors in the EU-27 have recently stepped up soybean purchases from the US, Ukraine and Canada to compensate the shortage of South American soybean supplies.
- ❖ The drought-depleted crops of the Black Sea countries are raising the competition for sunseed export supplies in 2012/13.
- ❖ The EU-27 raised total oilseed imports by 4% to a 3-year high of 18.0 Mn T in Oct/Sept 2011/12 – Oil World.

Oil Meal Prices at Key Spot Markets:

Soy DOC Rates at Different Centers

Centers	Ex-factory rates (Rs/ton)		
	30.11.2012	23.11.2012	Parity To
Indore (MP)	26500	26900	Gujarat, MP
Kota	26700-27000	27300	Rajasthan, Del, Punjab, Haryana
Akola	27200	27500	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Hingoli	27300	27500	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Nanded/Latur	27400	27400	Andhra, AP, Kar, TN
Dhulia/Jalna	28500	29000	Mumbai, Maharashtra
Nagpur (42/46)	27200	28500	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Sangli	28500	28000	Local and South
Solapur	28500	28000	Local and South
Bundi	27000	27150	-

Soy DOC at Port

Centers	Port Price	
	30.11.2012	23.11.2012
Kandla (FOR) (INR/MT)	28500	28550
Kandla (FAS) (USD/MT)	523	516

International Soy DOC

Argentina FOB \$/MT	30.11.2012	23.11.2012	Change
Soybean Pellets	544	526	+18
Soybean Cake Meal	544	526	+18
Soybean Meal	552	534	+18

Soy Expellers	552	534	+18
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Sunflower Meal Rates

Centers	Ex-factory rates (Rs/ton)		
	30.11.2012	23.11.2012	Change
Adoni	18600	18600	Unch
Khamgaon	18000	18000	Unch
Parli	18400	18400	Unch
Latur	18200	18200	Unch

Groundnut Meal

Groundnut Meal	30.11.2012	23.11.2012	Change
Basis 45% O&A, Saurashtra	27600	27600	Unch
Basis 40% O&A, Saurashtra	25100	25100	Unch
GN Cake, Gondal	29500	29500	Unch

Mustard DOC/Meal

Mustard DOC/Meal	30.11.2012	23.11.2012	Change
Jaipur (Plant Delivery)	16800	17300	-500
Kandla (FOR)	17500	17900	-400
Sri Ganganagar	795	791	+4

Oilseed Prices at Key Spot Markets:

Commodity	Centre	Prices (Rs/Qtl)		Change
Soybean		30.11.2012	23.11.2012	
	Indore –Plant	3275-3310	3250-3270	+40
	Indore –Mandi	3100-3200	3060-3180	+20
	Nagpur-Plant	3200	3225-3250	-50
	Nagpur – Mandi	3000-3200	3100-3150	+50
	Kota-Plant	3270	3250	+20
	Kota – Mandi	3200	3200	Unch
	Bundi-Plant	3300	3280	+20
	Bundi-Mandi	3170-3200	3200-3225	-25
	Baran-Plant	-	-	-
	Baran-Mandi	3200-3210	3180	+30

	Bhawani MandiJhalawar– Kota Plant Delivery	3240	3250	-10
	Jhalawar-Mandi	3150-3175	3150	+25
Rapeseed/Mustard	Jaipur – C	4450-4455	4420-4425	+30
	Alwar – C	4300	4200	+100
	SriGanganagar(NC)	3610	3650	-40
	Delhi– C	4280	4275	+5
	Kota	4100	4050-4075	+25
	Neewai	4375	4380	-5
	Hapur (UP)	4340	4375	-35
Groundnut Seed	Rajkot	1070	1060	+10
	Junagarh			
Sunflower Seed	Latur	3300-3800	3700-3800	Unch
	Solapur	3900-4050	3700-3850	+200
	Gulbarga	3750-3800	3500-3700	+100

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 (30/11/2012)	Week End (23/11/2012)	
	Madhya Pradesh	1140000	1775000	-635000
	Maharashtra	480000	530000	-50000
	Rajasthan	280000	285000	-5000
	Bundi (Raj)	7700	13500	-5800
	Baran (Raj)	40000	47000	-7000
	Jhalawar (Raj)	21000	23000	-2000
Rapeseed/Mustard	Rajasthan	210000	260000	-50000
*Sum Arrivals during the week.				

Crop Progress, India

The *rabi* oilseeds has picked-up the pace and overall, the oilseeds plantings is slightly down by 0.5 per cent compared to the corresponding period last year.

Of the major *rabi* oilseeds crop rapeseed/mustard seed sowing is up by 1.2 per cent at 57.1 lha compared to 56.43 lakh hectares during the same period last year. Groundnut planting is reported 22 per cent higher at 2.5 lakh hectares compared to 2.05 lha, sunflower is up by 0.6 per cent at 3.39 lha compared to 3.37 lha during same period last year.

Area in lakh hectares

<i>Crop</i>	<i>As on 29 Nov 2012</i>	<i>As on 29 Nov 2011</i>	<i>% Change</i>
Rapeseed/Mustard Seed	57.1	56.43	1.2
Groundnut	2.5	2.05	22.0
Safflower	1.16	1.96	-40.8
Sunflower	3.39	3.37	0.6
Sesamum	0.24	0.38	-36.8
Linseed	2.17	2.62	-17.2
Other Oilseeds	0.28	0.36	-22.2
Total Oilseeds	66.8	67.2	-0.5

Source: GOI

However, safflower, sesamum and linseed planting is still lagging behind.

Soybean

The soybean prices extended losses pressured by weak international oils and fats market during the week in review. Besides, sluggish soy meal overseas and domestic demand remained negative factors for the bean.

The major buyers refrained from the cash market in anticipation of further fall in the market. Besides, lower exports commitment in the meal lead to sluggish buying in the bean. However, improved edible oil demand limited any sharp fall in the bean.

The overall arrivals in key markets of Madhya Pradesh, Maharashtra and Rajasthan further declined due to weak buying compared to the average weekly arrivals previous week.

The bean arrivals in the markets of MP fell to 2.3 – 2.5 lakh bags from around 3 lakh bags previous week, to 0.9 – 1 lakh bags from 1.5 lakh bags in Maharashtra a week ago and it fell to 0.5 lakh bags compared to 0.6 lakh bags in Rajasthan.

Weather continues to remain favourable during the week in some key soybean growing states of Brazil and Argentina.

The domestic soybean prices are likely to improve in coming days. Expected increase in overseas soy meal shipments and likely rise in domestic usage from poultry feed industry in meal will remain supportive factor for the beans in days ahead. However, international developments in oils and fats market will drive the domestic soybean market in near-term.

Soy meal- FAS Kandla Vs FOB Argentina (Spread)

Soy meal witnessed fall on weak export sales and lower domestic off-take from the poultry feed industry. The domestic usage is reportedly lower y-o-y due to slightly fall in poultry consumption, which is expected to pick-up in due course. A seasonal rise in the poultry production is yet to be witnessed, which will eventually boost the domestic off-take in the soy meal.

Besides, India's soy meal exports are expected to gain in due course, in view of soybean shortfall in medium-term, creating supply tightness in meal and oil.

India's soy meal exports in the current marketing year that started Oct. 1 are expected to rise to 5 Mn T from around 4.2 million tons in the preceding year on strong demand from Iran and a rise in domestic output, a top industry official said.

Reportedly, there are several enquiries from buyers in Iran and deals are expected to be finalized in the next few weeks.

India hasn't exported soymeal to Iran since August due to a delay in payments, but Mr. Jain said most of the payments owed have been received by sellers and new crop shipments will start before the end of the year.

India is likely to export around 1 million tons of soymeal to Iran in the current marketing year, up from around 600,000 tons last year, Mr. Jain said.

India's Y-o-Y soy meal prices have witnessed gains. Soy meal (Nov-Dec) exports price, FOR Kandla exports was quoted between Rs 28,500-28,600/MT compared to 17,100-17,250/MT during the same period last year. Indian C&F Indonesia was between US \$ 540-542/MT which was quoted between US \$355-367/MT during the same period last year.

Week	FAS, Soy meal Kandla	FOB, Soy meal Argentina	Avg.*Spread
24 – 30 Nov	516	541	-25
17 – 23 Nov	523	526	-3

*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 \$-25/MT compared to US \$-3/MT a week ago, indicating a narrowing 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 vs Argentine meal price 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 weak bias on sluggish export sales. FOR, Kandla is likely to be between 27000-27500/MT.

Technical Analysis:

NCDEX Soybean Futures



Soybean Spot, Indore



Supports & Resistances NCDEX Dec Soybean

S2	S1	PCP	R1	R2
2950	3008	3111.5	3403	3502

- The soybean prices featured losses, during the week.
- The prices closed below 9-day and 18-day EMA, indicating weakness in near-term.
- MACD is easing in negative territory, indicating bearish tone.
- RSI is easing in neutral region, supporting the losses.
- Prices are expected to fall during the week.
- **Trade Recommendation (NCDEX Soybean – Dec) – 1 Week:** SELL between 3120 – 3130 levels. T1 – 3075; T2 – 3025; SL – 3150.

Trade Recommendation Soybean Spot: *We feel the new soybean prices will gain on good buying support followed by improving overseas meal demand and renewed domestic festive edible oil demand. The prices may witness 3350-3400 levels (Indore, Plant basis).*

Rapeseed - Mustard Seed

RM seed prices featured losses primarily pressured by fall in Malaysian palm oil followed by higher palm oil inventories and expected rise in palm oil output in Malaysia and Indonesia. The seed arrivals in the key cash markets fell due to weak buying.

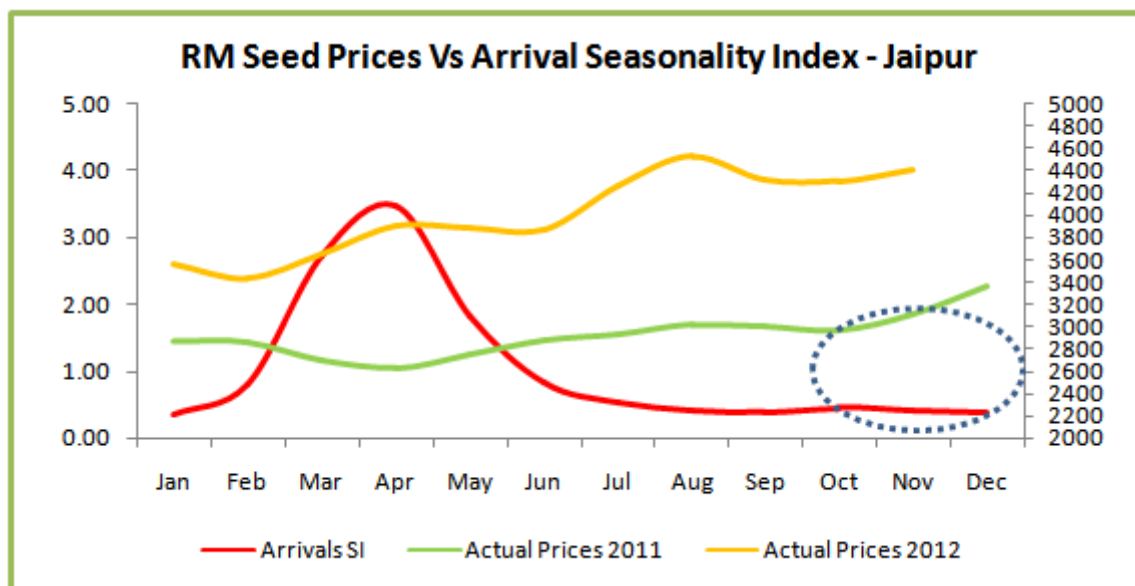
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In the conference, Dorab Mistry said Malaysian production to recover to 19 million tons in 2013 and he pegged Indonesian output between 29.5 million and 30 million tons. The output is above the expectations in both the cases he said.

Besides, during the 2012-13 marketing year that began Oct. 1, global palm oil usage may grow by about 4 million tons, outpacing supply growth of 3.2 million tons, which will eventually push up the palm oil prices in next year.

Seasonal rise in the domestic edible oil usage and strong RM seed fundamentals is likely to support the seed prices at higher levels. However, higher palm oil stocks with the major producing countries will continue to weigh on the seed prices to some extent.



RM Seed Supply, Rajasthan

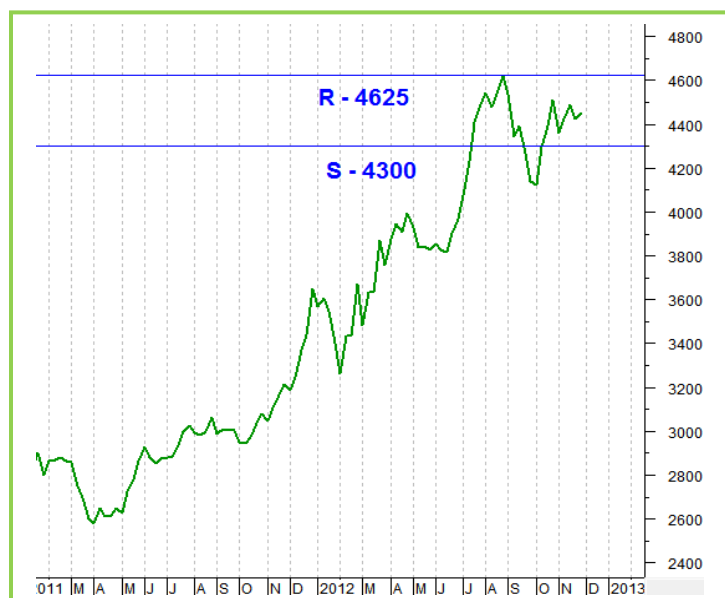
RM Seed Arrivals in Rajasthan in Bags (85 kg each).		
Weekly Arrivals	Week Ago	Corresponding Week Last Year
2,10,000	3,05,000	2,50,000

Technical Analysis:

NCDEX RM Seed Futures



RM Seed Spot, Jaipur



Supports & Resistances NCDEX Dec RM Seed				
S2	S1	PCP	R1	R2
3975	4050	4161	4310	4370

- Candlestick chart pattern reveals downtrend in the prices, during the week.
- Prices closed below 9-day and 18-day EMA, indicating weakness.
- RSI is easing in neutral zone, supporting the weak tone.
- MACD is easing in positive territory, indicating persistence of weakness.
- **Trade Recommendation (NCDEX RM SEED - Dec) – 1 Week:** SELL between 4170- 4180 levels. T1 – 4100; T2 –4050; SL -4213.

Trade Recommendation RM Seed Spot (Jaipur basis): In spot the RM seed prices are expected to slightly gain on likely recovery in BMD CPO and expected millers buying. The prices may witness 4500-4550 level in near term.

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