

Executive Summary

The domestic soybean, soy meal and RM seed plunged in tandem during the month in review. Seasonal harvest pressure in US and India and comfortable palm oil stocks with the key producing countries pressured the domestic oilseeds, meal and oil cash markets.

The US soybean harvesting is picking-up the pace and it is well ahead 5 year average which eventually pressured CBOT soy complex during the week. Besides, India's soybean harvesting is picking up the pace and the new crop supplies have commenced in all the key growing states including Rajasthan towards the end of the month. However, the moisture content in the domestic soybeans is higher than the specifications in most of the key cash markets.

Soy meal prices were under pressure due to weak export sales. However, in a new development overseas export enquires have begun for the new crop soy meal and the forwards bookings have started. We feel soy meal exports to pick-up in late October.

Further, RM seed prices witnessed losses pressured by higher palm oil stocks in the key producing countries, which eventually pressured the BMD CPO and subsequently domestic RM seed during the period. Besides, recent trade data from top three major Asian edible oil importing countries confirm rather sluggish palm oil demand.

The oilseeds and meal are expected to face price pressure on seasonal US and domestic soybean supplies and expected further weakness in Bursa Malaysia Derivatives in near-term. However, fresh exports enquiries in soy meal and upcoming festivities will remain supportive for soy and RM seed towards the end of October.

International

- ❖ According to the latest crop progress report released by USDA, US soybean harvest is 41 per cent complete compared to 5 year average of 19 per cent. Besides, 35 per cent of the crop is reported in Good to Excellent condition, same as last week, but lower compared to 54 per cent during the same period last year.
- ❖
- ❖ Despite sharp price declines, China is not likely to seek more palm oil supplies as port stocks of edible oils are reportedly high. According to Oil World, China's total oil seed imports have risen by 8.1 million tons to 57.8 million tons in Oct '11 - Aug '12. This stock build up will limit China's imports.
- ❖ 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.
- ❖ Abiove forecast Brazil's soybean crop output at 81.3 million tons for 2012/13. Meanwhile, Brazilian soybean oil production seen at 7.48 million tons, up 10 percent compared to the previous season. In addition to this, soy oil exports are likely to pass 1.4-1.5 million tons in 2012/13.

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Oilseed Prices at Key Spot Markets:

Commodity	Centre	Prices (Rs/Qtl)		Change
Soybean		29-09-2012	31-08-2012	
	Indore –Plant	3250-3300	4450-4550	-1250
	Indore –Mandi	2800-3100	4380-4480	-1380
	Nagpur-Plant	3500	4650-4700	-1200
	Nagpur – Mandi	3200-3300	4600-4650	-1350
	Kota-Plant	4000	4500	-500
	Kota – Mandi	3550	4400-4430	-880
	Bundi-Plant	3250	4550	-1300
	Bundi-Mandi	3150	4500	-1350
	Baran-Plant	-	-	-
	Baran-Mandi	3250	4400	-1150
	BhawaniMandiJhalawar – Kota Plant Delivery	3250	4475	-1225
	Jhalwar-Mandi	3200-3450	4400-4425	-975
Rapeseed/Mustard	Jaipur – C	4135-4140	4560-4565	-425
	Alwar – C	4000-4050	4400	-350
	SriGanganagar	3560	4000	-440
	Delhi– C	4175	4460	-285
	Kota (Non-Condition)	3800-3900	4250	-350
	Neewai	4200	4550	-350
	Hapur (UP)	4280	4525	-245
Groundnut Seed	Rajkot	900	1050	-150
	Junagarh	-	-	-
Sunflower Seed	Gulbarga	-	-	-
	Latur	34000-35500	35000-37000	-1500
	Solapur	37000-39000	40200-40300	-1300

Soybean Prices are in INR per Qtl ,Arrivals(1 bag=90 kg). Mandi prices – Loose, Mustard Seed Prices are in INR per Qtl, Arrival (1 bag=85 kg) C – Condition (42%), *Groundnut seed inRs/20 kg, Sunflower Seed in Rs/qtl.

Oilseed Arrivals in Key Centers

Commodity	Centre	Arrivals in Bags/Qtl		Change
		29-09-2012	31-08-2012	
Soybean				
	Madhya Pradesh	356000	320000	+36000
	Maharashtra	21820	90000	-68180
	Rajasthan	70400	119500	-49100
	Bundi (Raj)	316	567	-251
	Baran (Raj)	970	3745	-2775
	Jhalawar (Raj)	5180	2615	+2565
Rapeseed/Mustard	Rajasthan	794000	792000	+2000
*Soybean: 1 bag = 90 kg; RM Seed: 1 bag = 85 kg				

Crop Progress, India

India's total coverage under various oilseeds is reported slightly lower, in the last week of September, at 1.8 per cent at 175.4 lakh hectares compared to 178.7 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 10 per cent, sunflower is lower by 0.7 per cent, sesamum 9.4 per cent and castor 12.2 per cent behind the same period last year.

Statewise Area Covered Under Kharif Oilseeds for Week Ending as on 27 Sep, 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	0.10
Rajasthan	3.68	4.24	9.87	8.97	---	---	3.81	4.19	---	---	1.48	1.77	18.85	19.17
Uttar Pradesh	0.94	0.87	0.19	0.11	---	---	3.57	3.29	---	---	---	---	4.70	4.27

Uttarakhand	---	---	0.19	0.09	---	---	0.01	0.05	---	---	---	---	0.20	0.14
Total	4.66	5.16	10.25	9.17	---	---	7.51	7.73	---	---	1.49	1.79	23.92	23.84
Central India														
Chhattisgarh	0.57	0.56	1.52	1.51	---	0.01	0.42	0.46	0.48	0.43	---	---	2.99	2.97
Gujarat	12.29	14.34	0.88	0.86	---	---	0.59	1.75	0.07	0.10	6.56	7.38	20.38	24.42
Madhya Pradesh	2.25	2.18	58.12	57.30	---	---	2.68	2.38	0.78	0.60	0.01	---	63.84	62.46
Maharashtra	1.91	2.23	32.19	30.65	0.23	0.33	0.28	0.40	0.28	0.37	0.18	0.08	35.06	34.06
Odisha	0.85	0.86	---	---	---	---	1.22	0.96	0.61	0.40	0.07	0.07	2.75	2.30
Total	17.87	20.17	92.71	90.32	0.23	0.34	5.19	5.95	2.22	1.90	6.82	7.53	125.02	126.21
Southern Peninsula														
Andhra Pradesh	10.43	10.20	1.95	1.52	0.16	0.21	0.24	0.34	---	---	2.02	2.40	14.80	14.67
Karnataka	3.84	5.18	2.03	2.17	2.27	2.15	0.42	0.62	0.13	0.19	0.12	0.18	8.81	10.49
Kerala	---	---	---	---	---	---	---	---	---	---	---	---	---	---
Tamil Nadu	1.90	2.35	---	---	0.06	0.05	0.15	0.24	---	---	0.05	0.07	2.17	2.70
Total	16.17	17.73	3.98	3.69	2.49	2.41	0.81	1.20	0.13	0.19	2.19	2.65	25.78	27.86
East & North East India														
Assam	---	---	---	---	---	---	0.03	---	---	---	---	---	0.03	---
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	0.20	0.17	---	0.02	0.02	0.01	0.14	0.12	0.05	0.06	0.01	---	0.42	0.39
Others	0.01	0.01	0.14	0.17	---	---	0.10	0.17	---	---	---	---	0.25	0.35
Total - All India	38.91	43.24	107.08	103.36	2.74	2.76	13.74	15.17	2.40	2.15	10.51	11.97	175.38	178.64

Source: Ministry of Agriculture, GOI

However, the soybean planting is up 3.6 per cent compared to the same period last year. Further, Niger seed sowing is up 11.16 per cent at 2.4 lha compared to 2.15 lha last year.

Soybean

The soybean prices witnessed substantial losses on harvesting pressure during the month in review. The soybean harvesting is in full swing in US and ahead of the 5 year average. Besides, the domestic soybean harvesting is picking-up the pace.

The new crop arrivals have started in Madhya Pradesh, Maharashtra and even in Rajasthan. However, moisture content is above specification and varies between 10-17 per cent.

The new soybean arrivals in Madhya Pradesh were reported higher around 80,000 bags in the last week of the month in review. Improvement of supplies is expected with increased harvesting activity in the coming days. Prices of new soybean crop are quoted between Rs 3300-3400/Qtl. The moisture content in the new soybean crop is relatively high and reported between 12- 20 per cent.

Also the arrival of new soybean has commenced in several districts of Maharashtra (Sangli, Latur, Napur and Amravati). Recently, around 2000 bags of new soybean arrivals reported in Latur, Maharashtra and were quoted at Rs 3600/quintal. Moisture content is reported between 11 – 25 per cent in Latur.

Arrival of new soybean has commenced in Amravati, Maharashtra with 1000 bags reported and prices were quoted in the range of Rs 2800-3200/quintal. Moisture content is reported between 13 – 22 per cent.

Around 300 bags of new crop arrivals were reported in Nagpur and quoted around Rs 3200-3300/quintal towards the end of the month in review.

Weather is reportedly favourable for the soybean 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	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 is picking-up the pace. The soybean crop in Madhya Pradesh and Maharashtra is in 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.

Balance Sheet – Soybean, India

Fig. in MnT

Oil Year (Oct-Sep)	2008-09	2009-10	2010-11	2011-12	2012-13
Carry In	0.49	0.45	1.12	0.37	0.40
Production	9.60	9.67	10.10	12.00	13.00
Imports	0.00	0.00	0.00	0.00	0.00
Total Availability	10.09	10.12	11.22	12.37	13.40
Crush	9.64	9.00	10.85	11.07	12.58
Exports	0.00	0.00	0.00	0.00	0.00
Total Usage	9.64	9.00	10.85	11.07	12.58
Carry Out	0.45	1.12	0.37	1.30	0.82
Monthly Use	0.80	0.75	0.90	0.92	1.05
Stock/Consumption Ratio	0.05	0.12	0.03	0.12	0.07
Stock to Month Use Ratio	0.56	1.49	0.41	1.41	0.79

Source: Agriwatch

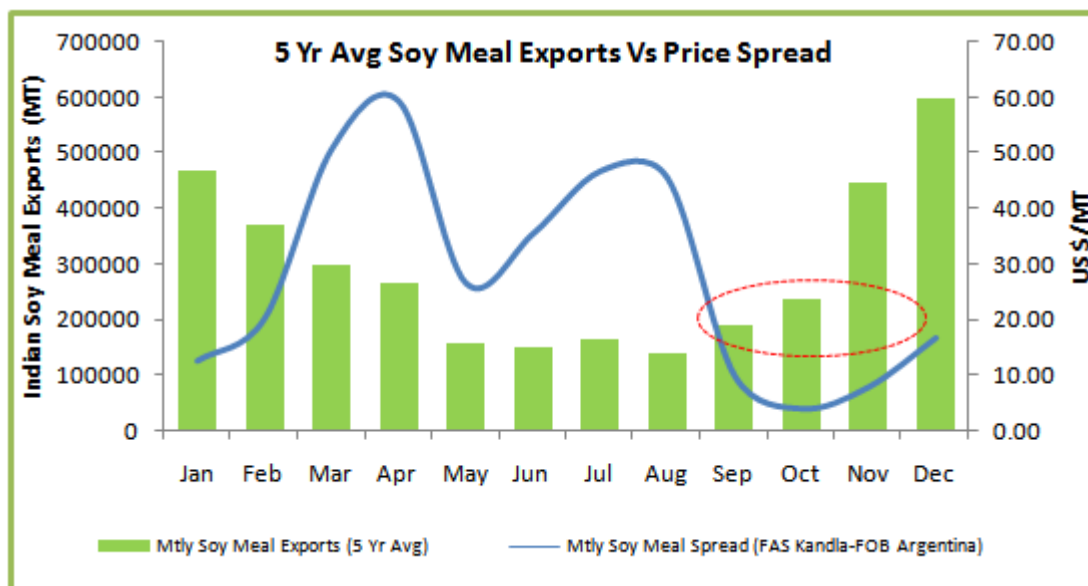
- Higher crushing due to good meal demand lead to lower carry-in in 2012/13
- India's 2012/13 soybean output is expected to be around 13.0 Mn T.
- We expect 2012/13 soybean crush at 12.58 Mn T owing to higher production compared to previous years. India's soy meal prices have to compete with the meal prices of South America, which will eventually make the crushing more viable depending on its exports.

Soy meal- FAS Kandla Vs FOB Argentina (Spread)

The soy meal prices fell in tandem with the soybean and its harvesting pressure. The meal export sales remained weak during the month in review. However, domestic seasonal demand from poultry industry remained supportive to some extent.

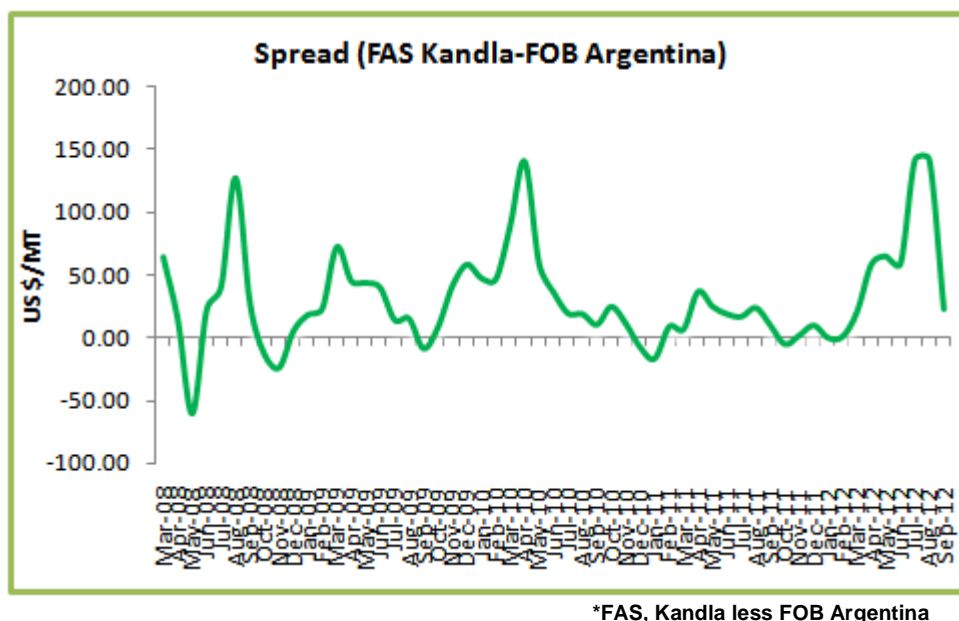
Fresh buying in near-term is expected with expected improvement in new crop crushings in coming days. The overseas buyers have started exports enquiries and forward bookings are likely to pick-up the pace in near-term.

In the last week of September soy meal (Nov-Dec) FOR Kandla was quoted around Rs 33000-37500/MT compared to 17500-18000/MT during the corresponding period last year. Indian C&F Indonesia (Indian meal) was between US \$ 585-595/MT which was quoted between US \$360-365/MT during the same period last year.



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.



*FAS, Kandla less FOB Argentina

The average monthly soy meal price spread between FAS Kandla and FOB Argentina fell and recorded at US \$23/MT in Sep compared to US \$142/MT Aug which translates that the Indian soy meal prices are getting competitive against Argentina's meal prices. (* 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. Any dip in FOR, Kandla towards **20000-20500** is a viable level to go for buying.

Soybean Crush Margin

Avg Crush Margin – Sep 2012	Avg Crush Margin Aug 2012	Avg Crush Margin – Sep 2011	Avg Crush Margin – Sep 2010
-799	-1045	72	-876

Technical Analysis: NCDEX Soybean Futures



Soybean Spot, Indore



*In Rs/MT

Supports & Resistances NCDEX Nov Soybean				
S2	S1	PCP	R1	R2
2750	2871	3203	4060	4150

- The candlestick chart pattern reveals selling pressure in the market.
- Prices closed above 9-day and 18-day EMA.
- RSI and stochastic are easing in neutral region.
- MACD is falling in positive region.

- The soybean prices are expected to ease during the month.
- **Trade Recommendation (NCDEX Soybean - Nov) – 1 Month:** SELL between 3150–3170 levels.T1 – 3050; T2 - 2950; SL - 3215.

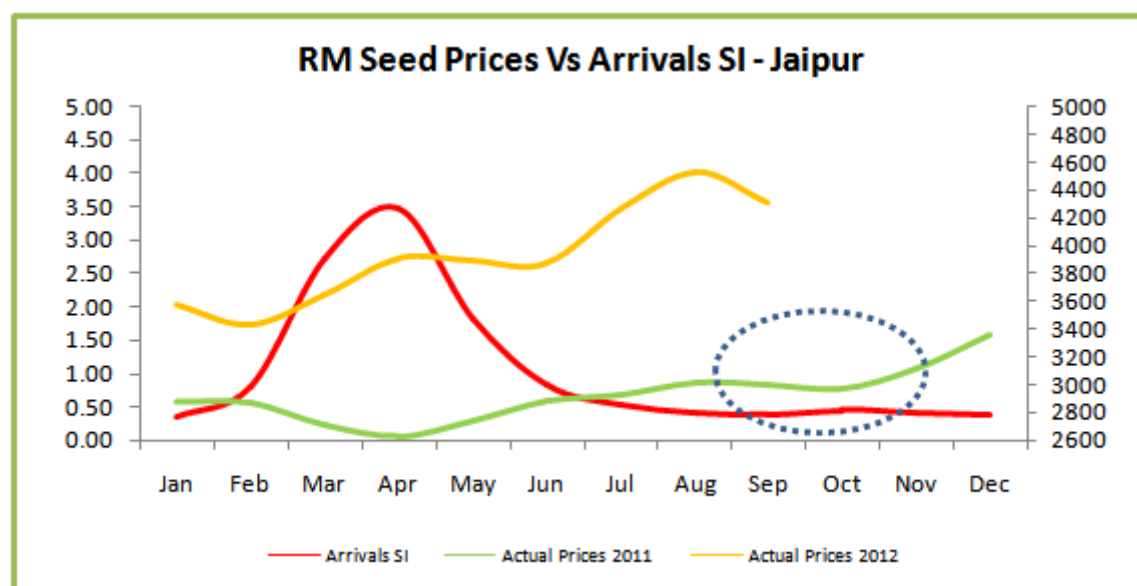
Trade Recommendation Soybean Spot: The soybean prices are expected to ease on limited buying and forecast of precipitation in US Midwest. Prices are expected to ease and witness 2600-2800 levels (Indore, Plant basis) during the month.

Review of Previous Call: In our previous call we had recommended SELL between 3960–3980 levels.T1 – 3800; T2 - 3700; SL - 4055. The call triggered and both the targets were achieved.

Rapeseed - Mustard Seed

The RM seed prices plunged in sync with BMD CPO and soybeans during the month in review. Higher palm oil stocks with major producing countries and soybean harvesting pressure remained bearish factor for the Bursa Malaysia Derivatives and eventually for domestic RM seed.

RM Seed Prices Vs Arrivals –Jaipur (Rajasthan)



Millers refrained from the seed market in anticipation of further fall in the prices and supported by weak RM oil demand.

In view of better seed prices during the year, the farmers are expected to plant the seed higher than previous years. Besides, better rains towards the end of the monsoon will boost the soil moisture supporting the farmer's intention.

The seed demand from millers is expected to pick-up in coming days followed by series of festivals which will eventually drive the seed prices higher.

RM Seed Supply, Rajasthan

RM Seed Arrivals in Rajasthan in Bags (85 kg each).		
Monthly Arrivals-Sep	1 Month Ago	Corresponding Period Last Year
7,94,000	7,92,000	10,54,000

The RM seed supplies have declined compared to previous month while also they were lower compared to the same period last year.

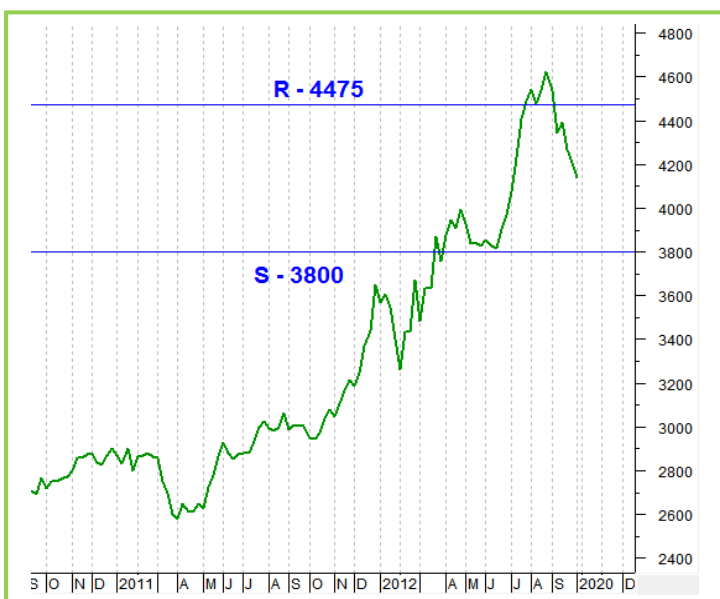
Balance Sheet – Rapeseed-Mustard Seed, India

Fig in MnT

Marketing Year	2008-09	2009-10	2010-11	2011-12
Carry In	0.45	0.75	0.75	1.25
Production	6.2	6	7	6.0
Imports	0	0	0	0
Total Availability	6.65	6.75	7.75	7.25
Crush	5.9	6	6.5	7.05
Exports	0	0	0	0
Total Usage	5.9	6	6.5	7.05
Carry Out/Ending Stock	0.75	0.75	1.25	0.2
Monthly Use	0.49	0.50	0.54	0.59
Stock/Consumption Ratio	0.13	0.13	0.19	0.03
Stock to Month Use Ratio	1.53	1.50	2.31	0.34

Source: Agriwatch

- We have revised the 2011/12 RM seed output downwards to 6.0Mn T compared to 6.5Mn T estimated in February.
- Lower coverage in RM seed area by 7%, missing winter rains and frost damage is expected hamper the productivity in RM seed this season.

Technical Analysis: NCDEX RM Seed Futures
RM Seed Spot, Jaipur

Supports & Resistances NCDEX Nov RM Seed

S2	S1	PCP	R1	R2
3378	3653	3927	4376	4824

- The RM seed prices plunged on profit booking.
- However, prices closed above 18-day EMA.
- RSI and stochastic are easing in neutral region.
- **Trade Recommendation (NCDEX RM SEED – Nov) – 1 Month:** SELL between 3780–3810 levels. T1 – 3700; T2 - 3650; SL - 3835.

Trade Recommendation RM Seed Spot (Jaipur basis): In spot the RM seed prices are expected to get short-term price pressure and witness 3800-38500 level.

Review of Previous Call: In our previous call we had recommended **SELL** between 4480 – 4500 levels. T1 – 4400; T2 - 3950; SL - 4535. The call got the entry and both the targets were achieved.

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