

Executive Summary

The domestic oilseeds prices recovered while meal prices fell during the month in review. Improved festive and seasonal demand in edible oils remained supportive for soybean and RM seed during the period.

However, weak export sales in soy meal and fall in domestic meal usage remained negative factors for the meal market during the month. There was a lack of active participation in the major soy meal markets as soybean crushing declined owing to fall in forward booking and lower export commitments 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 in coming days.

The RM seed prices gained during the month on better millers buying to meet the rise in festive edible oil demand. However, bearish palm oil supply scenario restricted the gains in the seed during the month.

The RM seed planting is in full swing and it is reportedly delayed in some major growing belts of Rajasthan due to the late harvest in Guar.

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. Malaysian palm oil stocks of Nov 2012 are reportedly up 2.3 per cent at 2.56 Mn T.

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.

The oilseeds, oils and fats markets are engulfed with the recent bearish news and developments and weak outside market. However, rising Chinese demand in soybean, meal and oils will remain supportive for the domestic market too.

International

- ❖ Informa cuts its forecast of Argentina's 2012/13 soybean production to 58.4 million tons, from 59.5 million tons previous estimates.
- ❖ According to China National Grain and Oils Information Center (CNGOIC), China is expected to have produced 12.8 million tons of soybean in 2012, down 11.6 per cent from the previous year. The total soybean plantation area has declined by 9 per cent this year to 7.177 million hectares.
- ❖ The Buenos Aires Grains Exchange has reported that the soybean planting in Argentina has been further delayed by rainfall over the past week. Sowing of soybean till now is 54 per cent of the total projected 19.7 million hectares to be planted this season.

- ❖ Oil World has reported that the Brazilian soybean exports plunged to a 21-month low figure of 0.26 million tons in November 2012.
- ❖ As per Brazil's government, Brazil soybean crop seen at 82.6 million tons in 2012-13 compared to its previous estimate range of 80.1-83.0 million tons.
- ❖ Statistics Canada has reported that the Canadian production of canola, a competing oilseed, is likely to be 13.3 million tons, below an average of trade estimates for 13.7 million tons.

Oilseed Prices at Key Spot Markets:

Commodity	Centre	Prices (Rs/Qtl)		Change
Soybean		30-11-2012	31-10-2012	
	Indore –Plant	3275-3310	3275-3320	-10
	Indore –Mandi	3100-3200	3100-3180	+20
	Nagpur-Plant	3200	3170-3200	Unch
	Nagpur – Mandi	3000-3200	3170	+30
	Kota-Plant	3270	3260	+10
	Kota – Mandi	3200	3200	Unch
	Bundi-Plant	3300	3290-3300	Unch
	Bundi-Mandi	3170-3200	3175-3200	Unch
	Baran-Plant	-	-	-
	Baran-Mandi	3200-3210	3200	+10
	BhawaniMandiJhalawar – Kota Plant Delivery	3240	3300	-60
	Jhalwar-Mandi	3150-3175	3200-3225	-50
Rapeseed/Mustard	Jaipur – C	4450-4455	4415-4420	+35
	Alwar – C	4300	4250	+50
	SriGanganagar	3610	3820	-210
	Delhi– C	4280	4300	-20
	Kota (Non-Condition)	4100	4200	-100
	Neewai	4375	4400	-25
	Hapur (UP)	4340	4375	-35
Groundnut Seed	Rajkot	1070	1000	+70
	Junagarh		-	
Sunflower Seed	Gulbarga	3750-3800	3400-3500	+300
	Latur	3300-3800	3600-3800	Unch

	Solapur	3900-4050	3600-3750	+300
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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
Soybean		30-11-2012	31-10-2012	
	Madhya Pradesh	6125000	7215000	-1090000
	Maharashtra	2510000	1482000	+1028000
	Rajasthan	1225000	1197000	+28000
	Bundi (Raj)	87200	197850	-110650
	Baran (Raj)	247000	552300	-305300
	Jhalawar (Raj)	82000	155500	-73500
Rapeseed/Mustard	Rajasthan	935000	858000	+77000
*Soybean: 1 bag = 90 kg; RM Seed: 1 bag = 85 kg				

Crop Progress, India

The *rabi* oilseeds has picked-up the pace and overall, the oilseeds plantings is slightly down by 0.8 per cent compared to the corresponding period last year.

Of the major *rabi* oilseeds crop rapeseed/mustard seed sowing is up by 1.6 per cent at 60.55 lha compared to 59.6 lakh hectares during the same period last year. Groundnut planting is reported 14 per cent higher at 3.23 lakh hectares compared to 2.83 lha, sunflower is up by 20.8 per cent at 3.66 lha compared to 3.03 lha during same period last year. However, safflower and linseed planting is still lagging behind.

Area in lakh hectares

Crop	As on 06 Dec 2012	As on 06 Dec 2011	% Change
Rapeseed/Mustard Seed	60.55	59.6	1.6
Groundnut	3.23	2.83	14.1
Safflower	1.25	1.79	-30.2
Sunflower	3.66	3.03	20.8
Sesamum	0.35	0.33	6.1
Lineed	2.56	3.36	-23.8
Other Oilseeds	0.35	0.45	-22.2
Total Oilseeds	72.0	71.4	0.8

Source: GOI

Soybean

The soybean prices improved on supportive buying to meet the festive and seasonal edible oil demand during the month in review. Series of festivities in November and fresh seasonal demand in edible oils with auspicious Hindu marriage dates pushed up the bean prices during the period.

The soybean buying was active during the first half of November, but it gradually weakened after second week of the month followed by bearish news in palm oil and soybean.

Besides, pick-up in overseas export sales in soy meal remained supportive for the bean market to an extent.

However, the gains in soybean were restricted on bearish palm oil supply scenario and improved soybean planting prospects in South America during the month under review. Continued bearish news on palm oil from slash in export duty by Indonesia from 13.5 per cent to 9 per cent, higher palm oil inventories and expected higher outturn estimates in the same, this season, subsequently pressured the soybean together with the RM seed.

The domestic soybean prices are expected to improve in coming days with expected rise in overseas and domestic demand in soy meal. Besides, global shortfall of 24 Mn T of soybean will support the domestic bean prices for medium-term. Again, international developments in oils and fats market will influence the domestic soybean market in near-term.

Though the soybean prices fell in towards the end of the month but they are expected to rebound and move upward on buying support to meet seasonal edible oil and likely improvement in soy meal demand in coming days.

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	12.50
Imports	0.00	0.00	0.00	0.00	0.00
Total Availability	10.09	10.12	11.22	12.37	12.90
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	0.32
Monthly Use	0.80	0.75	0.90	0.92	1.05
Stock/Consumption Ratio	0.05	0.12	0.03	0.12	0.03
Stock to Month Use Ratio	0.56	1.49	0.41	1.41	0.31

Source: Agriwatch

- Higher crushing due to good meal demand lead to lower carry-in in 2012/13
- India's 2012/13 soybean output is lowered from 13 Mn T to 12.5 Mn T due to crop loss in Madhya Pradesh.
- 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)

Soy meal witnessed fall on sluggish export sales and lower domestic demand from poultry feed industry. However, India's yoy soy meal export sales in November improved by 30 per cent at 517103 MT compared to 397659 MT during the same period in 2011.

South-East Asian countries like Japan, Vietnam, Thailand and Taiwan were the major soy meal buyers due to proximity and their preference for non-GMO soy meal of Indian origin.

India's soy meal exports in the current marketing year that started Oct. 1 are likely 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, said market sources.

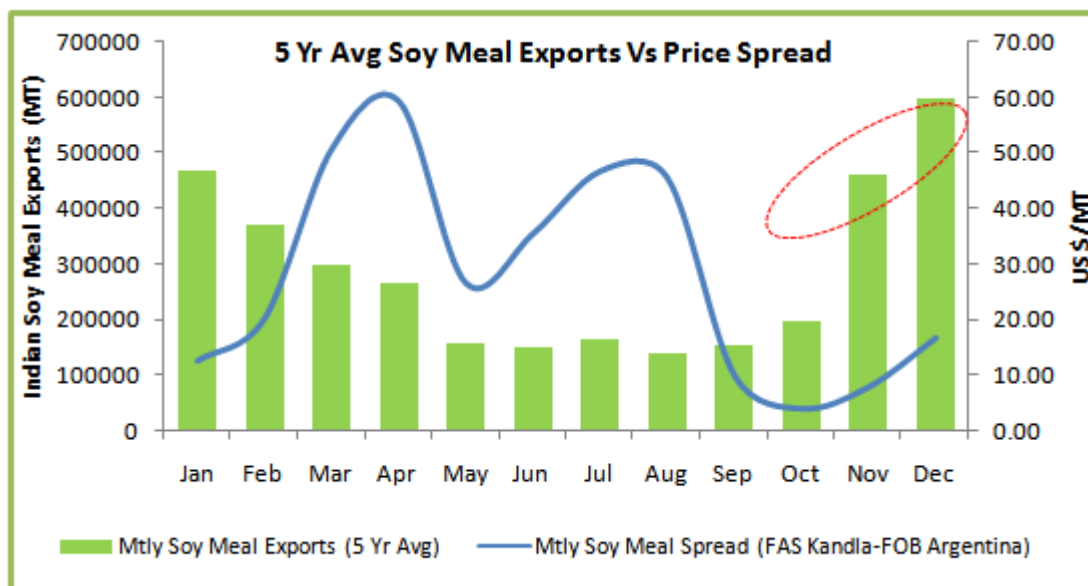
Reportedly, there are several enquiries from buyers in Iran and deals are expected to be finalized in the next few weeks.

India hasn't exported soy meal to Iran since August due to a delay in payments, besides there were no shipments to China in the same during November 2012.

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

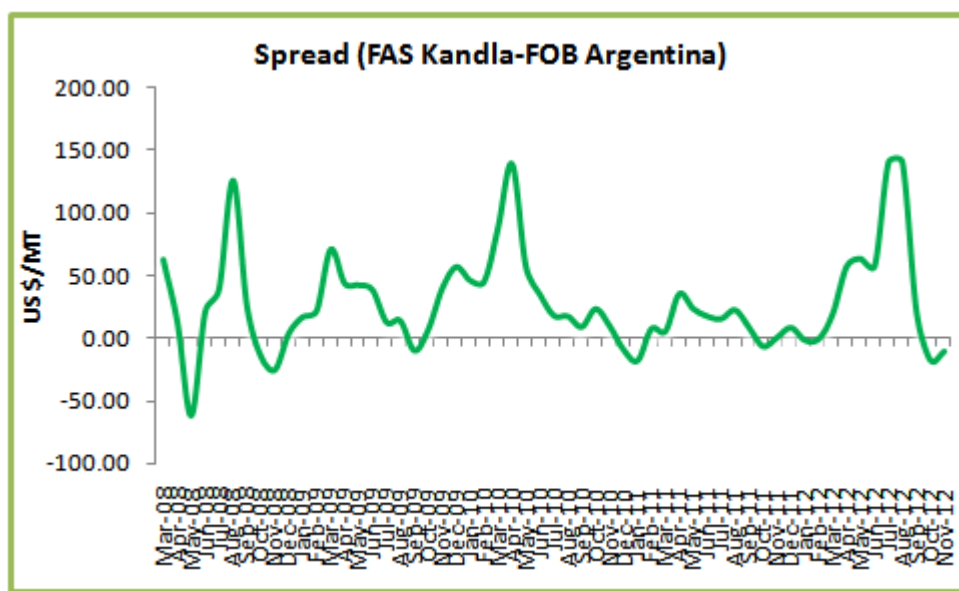
Soy meal (Nov-Dec) exports price, FOR Kandla exports was quoted around Rs 27,525-28,250/MT compared to 17,000-17,100/MT in the last week of Nov.

Indian C&F Indonesia (Indian meal – last week of Nov) was between US \$ 525-538/MT which was quoted between US \$ 355-362/MT during the same period last year.



India's shipments of soy meal during Nov, 2012 was 5,17,103 MT as compared to 3,97,659 MT in Nov, 2011. A gain of 30 per cent in Nov 2012 compared to Nov 2011.

The export during April'2012 to Nov'2012 is 13,89,221 MT as compared to 17,51,783 MT in the same period of previous year.



*FAS, Kandla less FOB Argentina

The average monthly soy meal price spread between FAS Kandla and FOB Argentina fell and recorded at US \$-9/MT in Nov compared to US \$-16/MT Oct which translates that the Indian soy meal prices are getting competitive against Argentina's 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. (* 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. FOR, Kandla is expected to firm-up and witness **30000-32000** in Dec - Jan.

Soybean Crush Margin

Avg Crush Margin – Nov 2012	Avg Crush Margin Oct 2012	Avg Crush Margin – Nov 2011	Avg Crush Margin – Nov 2010
-422	-	-200	-640

Technical Analysis: NCDEX Soybean Futures



Soybean Spot, Indore



*In Rs/MT

Supports & Resistances NCDEX Jan Soybean

S2	S1	PCP	R1	R2
3052	3225	3227.5	3393	3559

- The candlestick chart pattern looks to have bottomed out, price are expected to recover, during the month.
- Prices closed below 9-day and 18-day EMA.
- RSI and stochastic are rising in neutral region. Indicating bullish momentum.
- MACD is falling in negative region.
- The soybean prices are expected to gain during the month.
- **Trade Recommendation (NCDEX Soybean - Jan) – 1 Month:** BUY between 3190–3200 levels. T1 – 3250; T2 - 3300; SL - 3167.

Trade Recommendation Soybean Spot: Prices are expected to gain and witness 3300-3350 levels (Indore, Plant basis) during the month. Expected fresh edible oil and meal demand is likely to support the bean prices at higher levels.

Review of Previous Call: *In our previous call we had recommended BUY between 3315-3340 levels. T1 – 3400; T2 - 3450; SL - 3270. The call triggered and first target was achieved.*

Rapeseed - Mustard Seed

RM seed prices gained in tandem with soybean followed by improved festive and seasonal demand in edible oils. The millers were actively buying the (first 2 weeks of Nov), during the month in review, to meet the oil demand.

Besides, the diminishing RM seed stocks remained supportive for the seed during the period.

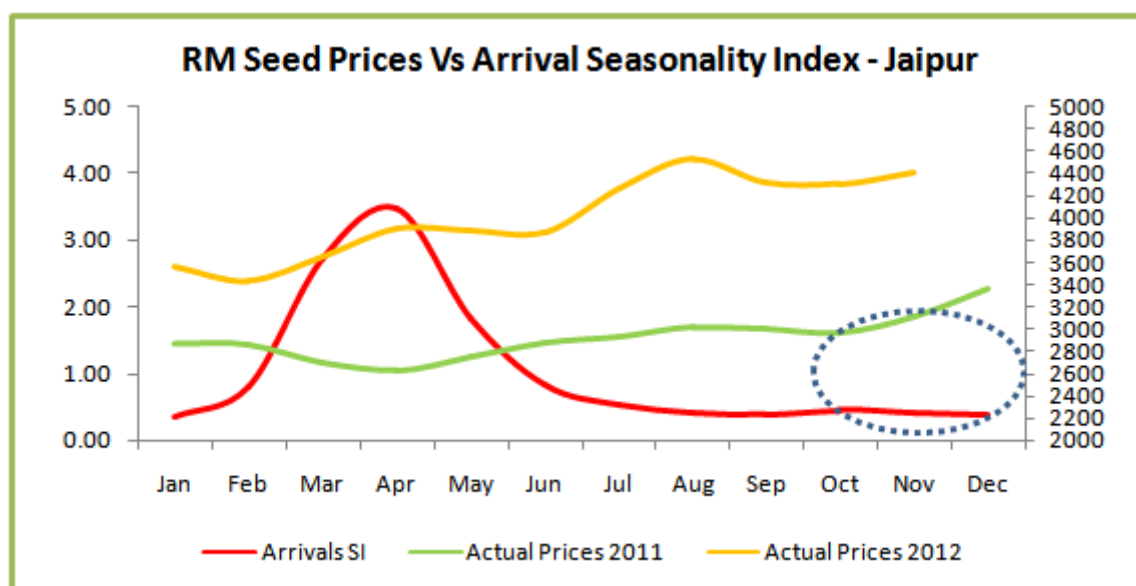
However, forecast of higher palm oil production in 2013 in the 8th Indonesian Palm Oil Conference in late November and estimated higher palm oil inventories in Malaysia and Indonesia remained negative factors for the domestic RM seed market. In addition to it, slash in export duty in palm oil by Indonesia from 13.5 per cent to 9 per cent remained bearish factor for the palm oil market.

As already discussed, 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, which will eventually increase the supply in the market during the season.

However, 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.

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. Rapeseed/mustard seed sowing (as on 06 Nov 2012) is up by 1.6 per cent at 60.55 lha compared to 59.6 lakh hectares during the same period last year.

Renewed seasonal domestic edible oil demand and diminishing seed stocks is expected to support the seed prices at higher levels. However, higher palm oil inventories and estimated rise in palm oil output in 2013 will continue to weigh on the seed prices to some extent.

RM Seed Prices Vs Arrivals –Jaipur (Rajasthan)


The seed prices are expected to stay firm with rise in the seed demand from millers to cater the improved seasonal edible oil and meal demand.

RM Seed Supply, Rajasthan

RM Seed Arrivals in Rajasthan in Bags (85 kg each).		
Monthly Arrivals–Nov	1 Month Ago	Corresponding Period Last Year
9,35,000	8,58,000	10,26,000

The RM seed supplies have improved on good buying support and better prices compared to previous month while 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
T5total 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

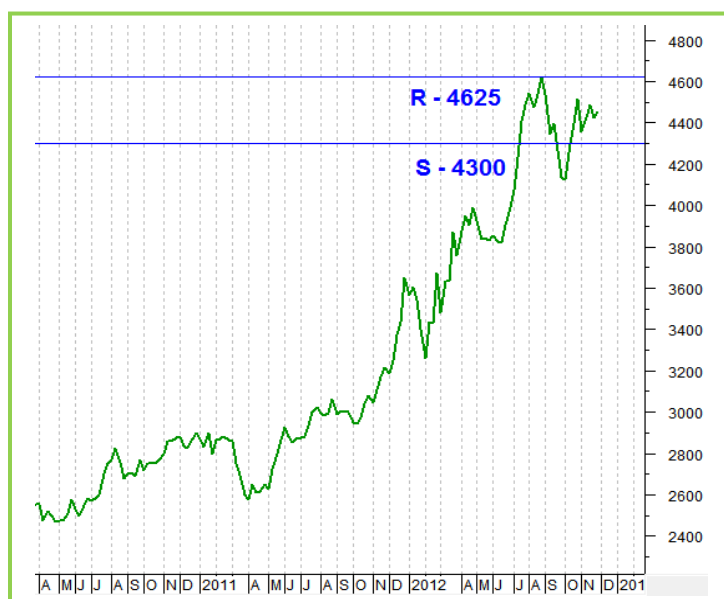
Source: Agriwatch

- 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 Jan RM Seed				
S2	S1	PCP	R1	R2
3970	4092	4214	4353	4492

- The RM seed prices are expected to gain after an unexpected fall despite lower stocks.
- However, prices closed above 9-day and 18-day EMA.
- RSI is slightly rising in the neutral region while stochastic is easing in neutral region.
- **Trade Recommendation (NCDEX RM SEED – Jan) – 1 Month:** BUY between 4200–4210 levels.T1 – 4260; T2 - 4300; SL - 4177.

Trade Recommendation RM Seed Spot (Jaipur basis): In spot the RM seed prices are expected to surge from the current levels and witness the levels between 4500-4500 levels.

Review of Previous Call: In our previous call we had recommended BUY between 4280–4290 levels.T1 – 4370; T2 - 4460; SL - 4243. The call got the entry but none of the targets were achieved.

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