

Executive Summary

Overall, the oilseeds and meals prices remained strong during the week under review but slightly fell towards the end of the week.

Beneficial rains for over some Rapeseed Mustard seed pockets of north India in conjunction with the fall in the international vegoil market followed by forecast of rains over Argentina pressured the domestic soybean and RM seed prices towards the weekend.

The seasonal edible oil and meal demand remains strong and are further expected to remain intact during the month Jan. India continues to register higher export sales, Y-o-Y, in soy meal due to logistic and freight advantage to South and Far East Asian countries. In view of lower South American soybean crop, we expect better opportunity in meal exports from India in days ahead.

Lower covered area (-5%) in RM seed will subsequently lead to fall in the RM seed output this season. Besides, dry weather in soybean growing regions of South America is expected to cut the production estimates in days ahead. Overall the scenario looks bullish for the Indian oilseeds and meals for a couple of weeks.

International

Latin America: Soybean production in Latin America is estimated lower at around 132.7 Mn T in 2011/12 season. This is down steeply by 4.3 Mn T from Oil World's previous estimate.

Brazil: Brazil's grain analyst - Celeres has lowered its previous soybean output estimate to 74.4 Mln T from earlier 75.6 Mln T due to dry weather conditions in South Brazil, the major soybean growing region of the country.

China: China's soybean imports fell 4.9 per cent in December 2011 at 5.42 tonnes compared to 5.70 tonnes in Nov' 11. The country imported 5.43 tonnes in Dec 2010 compared to 5.42 tonnes (-0.2% Chg). China's year to date soybean stood at 52.64 tonnes a fall in imports of 3.9 per cent.

Oilseed Prices at Key Spot Markets:

Commodity	Centre	Prices (Rs/Qtl)		Change
Soybean		07/01/2012	31/12/2011	
	Indore –Plant	2440-2490	2470-2500	-10
	Indore –Mandi	2300-2380	2360-2435	-55
	Nagpur-Plant	2400	2450-2460	-60
	Nagpur – Mandi	2325-2400	2370-2450	-50
	Kota-Plant	2425	-	-
	Kota – Mandi	2330-2340	-	-
	Bundi-Plant	2440	2500	-60
	Bundi-Mandi	2340-2365	2420-2425	-60
	Baran-Plant	2375	2450	-75
	Baran-Mandi	2300	2325	-25
	BhawaniMandiJhalawar – Kota Plant Delivery	2400-2425	2460-2475	-50
	Jhalwar-Mandi	2300-2325	2340-2400	-75
Rapeseed/Mustard	Jaipur – C	3565-3570	3650	-80
	Alwar – C	3750	3500	+250
	SriGanganagar (NC)	3210	3070	+140
	Kota	3300	-	-
	Neewai	3500	3570	-70
	Delhi– C	3600	3600	Unch
	Hapur (UP)	3600	3600	Unch
Groundnut Seed	Rajkot	810	800	-10
	Junagarh	-	-	-
Sunflower Seed	Latur	32000-3350	32000-3500	-150
	Gulbarga	29000-3050	29000-3100	-50
	Solapur	30100-33250	32000-33250	Unch

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		Change
		Current Week(07/01/2011)	Previous Week(31/12/2011)	
Soybean				
	Madhya Pradesh	1060000	945000	+115000
	Maharashtra	330000	515000	-185000
	Rajasthan	91000	135000	-44000
	Bundi (Raj)	5900	5600	+300
	Baran (Raj)	21500	23700	-2200
	Jhalawar (Raj)	23000	18500	+4500
Rapeseed/Mustard	Rajasthan	251000	239000	+12000
*Sum Arrivals during the week.				

Crop Progress, India

The Rabi oilseed planting is lagging compared to previous year. The total reported planting is lower by 5.3% and stands at 81.0 lakh hectares compared to 85.5 lha last year.

Area in lakh hectares

Crop	As on 6th January 2012	As on 6 January 2011	% Change
Rapeseed & Mustard	64.8	68.2	-5.0
Groundnut	5.1	4.1	24.4
Sunflower	1.9	2.2	-14.8
Total Oilseeds	81.0	85.5	-5.3

Source: GOI

RM seed sowing is down by 5% at 64.8 lha compared to 68.2 lha in the same period 2011. However, the groundnut planting has remarkably recovered to 24% which was initially lower by 25%.

Soybean

The soybean prices extended previous gains but slightly fell toward the end of the week pressured by weakness in global oil and fats market and beneficial rains over some of the RM seed growing regions.

Reportedly about 55-60 per cent of the domestic produce has already got off-loaded in various key markets. India's 2011-12 soybean production estimates stands around 12.0 Mln T.

Currently, the crushing plants in Madhya Pradesh, Maharashtra and Rajasthan are not running at their full capacity. As per sources, most of the crushing units are running at 80% of their crushing capacity in these states and the current daily arrivals of 1.5-1.6 lakh bags in MP, 60-70 thousand bags in Maharashtra and 15-20 thousand bags in Rajasthan are sufficient to cater the daily crushing need to further meet the oil and meal requirement.

Soybean Crush Margin

<i>Avg Crush Margin – This Week</i>	<i>Avg Crush Margin – Last Week</i>	<i>Avg Crush Margin – Corresponding Period Last Month</i>
-508	-653	-407

The soybean crush margin continues to be in negative zone which is slightly discouraging for the solvent extractors. However, the stage is not critical and the extractors are seen crushing to meet their soy meal exports commitments and domestic soy oil demand.

Soy meal- FAS KandlaVs FOB Argentina (Spread)

In view of the lower global soybean supply scenario during the season we expect the international demand of soy meal to extend towards India. India is expected to export around 6.0-6.25 lakh tonnes of soy meal in January this year. The country had exported 5.74 lakh tonnes of soy meal in Jan 11.

The domestic soy meal prices will remain strong considering seasonal domestic demand from poultry and continued overseas demand, majorly from South and Far East Asian countries.

Week	FAS, Soy meal Kandla	FOB, Soy meal Argentina	Spread
26-31 Dec	336	337	-1
2-7 Jan	341	339	2

The price spread (FAS, Kandla-FOB, Argentina) between Indian Soy meal and Argentine reveals that Indian prices are competent enough to look for Asian markets, the buyers.

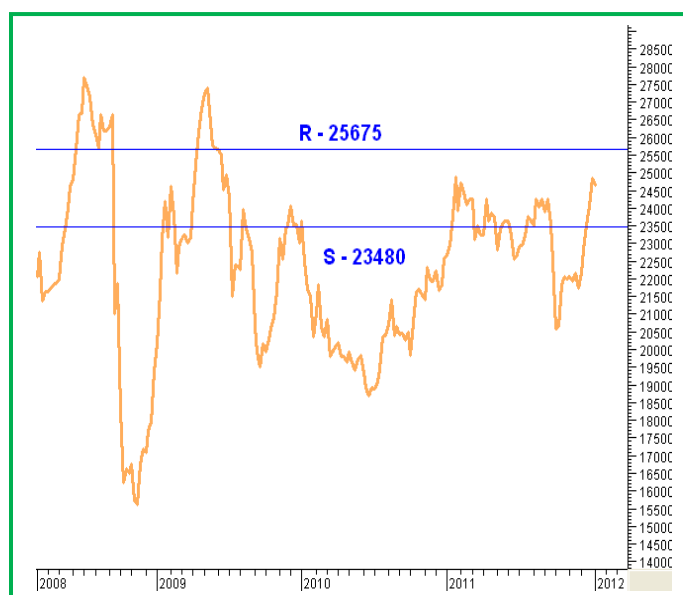
Recommendation: *The Indian soy meal exporters are advised to aggressively look at the South and Far East Asian markets, in view of proximity and logistic advantage. Any dip in FOR, Kandla quotes towards 18200-18300 is a buying opportunity. The soybean crushers are advised to continue with their normal regular crushing to meet the domestic and overseas demand.*

Technical Analysis:

NCDEX Soybean Futures (Feb.)



Soybean Spot, Indore



*In Rs/MT

Supports & Resistances NCDEX Feb. Soybean

S2	S1	PCP	R1	R2
2455	2493	2596	2660	2680

- The weekly candlestick chart pattern reveals buying support in the market.
- Prices closed above 9-day and 18-day EMA supporting bullish momentum.
- RSI is rising in overbought territory while stochastic is easing in overbought zone. Prices are expected move upwards towards 2630 –2655 levels.
- **Trade Recommendation (NCDEX Soybean - Feb) – 1 Week:** Buy towards 2610– 2615 levels.T1 – 2640; T2 - 2655; SL - 2627.

Trade Recommendation Soybean Spot: We recommend buy on dips towards 2480– 2500levels (Indore, Plant basis) in view of stronger soybean market in near-term.

Review of Previous Call: In our previous call we had recommended BUY towards 2540 – 2550 levels.T1 – 2620; T2 - 2635; SL - 2507. The call triggered and the 1st target was achieved.

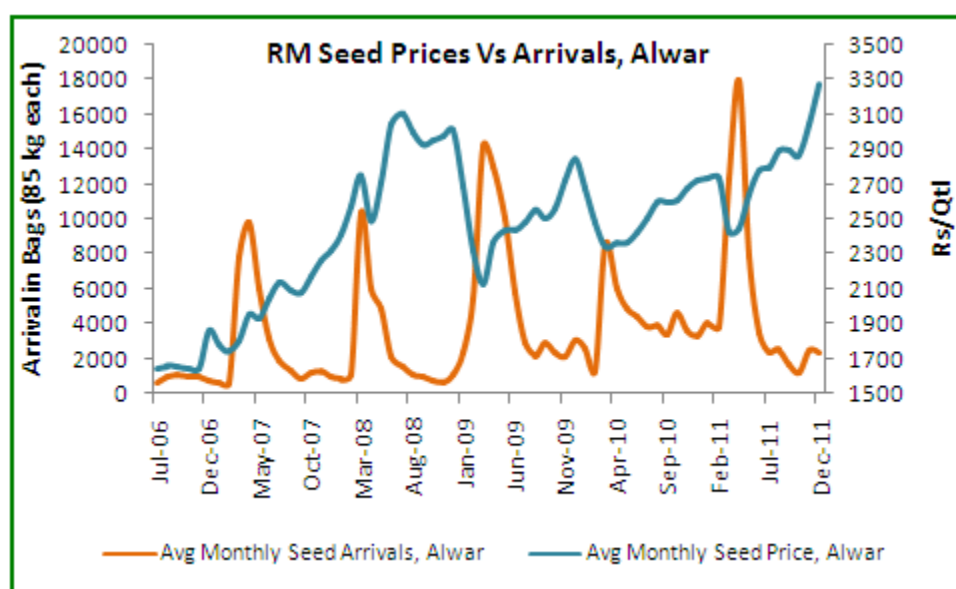
Rapeseed - Mustard Seed

The RM sentiments remain strong due to bullish supply scenario in the days ahead. RM seed sowing is down by 5% at 64.8 lha compared to 68.2 lha in the same period 2011. The fall in area may subsequently lower the seed output this season.

However, the weather remains conducive after recent beneficial rains over some RM seed growing regions in North India. The pod set is expected to be normal or above normal, considering the overall weather conditions.

The crop is expected to be harvested between 15-20 Jan in Kota division. However, it is likely around 25 Feb – 10 Mar in the rest of the growing belts in Rajasthan. In Uttar Pradesh the crop is likely to be harvested between 15-20 February.

RM Seed Prices Vs Arrivals - Alwar



It is evident that that the farmers were keen in off-loading the seed at the higher quotes seen during the week. However, the seed stocks are limited due to lean season which will lend support to the price at higher levels, until the commencement of the harvesting of the crop.

RM Seed Supply, Rajasthan

RM Seed Arrivals in Rajasthan in Bags (85 kg each).		
Weekly Arrivals	Week Ago	Corresponding Week Last Year
251000	240000	240000

Trade Recommendation RM Seed Spot (Jaipur basis): In spot the RM seed prices are expected to regain and move towards 3630-3650 level during the week.

Technical Analysis:

NCDEX RM Seed Futures (Apr.)



RM Seed Spot, Jaipur



Supports & Resistances NCDEX Apr.RM Seed

S2	S1	PCP	R1	R2
3259	3312	3482	3588	3673

- The weekly RM seed candlestick chart pattern reveals side-ways movement with firm-bias.
- Prices closed above 9-day and 18-day EMA supporting bullish momentum.
- Price indicators and oscillators reflect prices to improve during the month. The RM seed prices are expected to gain and move towards 3570 –3580 levels.
- **Trade Recommendation (NCDEX RM SEED - Apr) – 1 Week:** Buy towards 3490– 3500 levels.T1 – 3570; T2 - 3580; SL - 3533.

Review of Previous Call: *In our previous call we had recommended BUY towards 3320 –3330 levels.T1 – 3410; T2 - 3425; SL - 3282.Both the Targets were achieved during the period.*

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