

**Executive Summary**

Upbeat trend prevailed in the domestic soy complex in the week under review. The soybean and meal prices were primarily driven up by the higher international oil and fats market. Continued rally in CBOT soybean and Malaysian palm oil in Bursa Malaysia Derivatives remained bullish for the domestic soybean complex during the period.

However, the RM seed prices declined followed by higher new crop arrival pressure with harvesting of the seed in full swing. Already the RM seed prices witnessed substantial gains in recent weeks on firm global cues and lower estimated domestic RM seed outturn.

There were even apprehensions in the market regarding delisting of RM seed futures. However, recently the Forward Marketing Commission has taken several steps towards RM see and Soybean futures to discourage the circular trading, which included special margins on these oilseeds on Long Side.

However, weakening of Indian Rupee against US dollar is leading to expensive imports of vegetable oils. We feel the RM seed and Soybean prices to slightly ease on new RM seed crop arrival.

**International Highlights**

**World:** World soybean outturn in 2011/12 is forecast to decline to a three-year low of 242.1 Mln T, the 9% year-on-year fall reflecting smaller crops in major producers. However, increased purchases by China, declining demand elsewhere will result in world soybean trade falling marginally in 2011/12, to 90.8 Mln T. Increased demand from Asia and the EU will prompt further growth in world soy meal trade, to 58.4 Mln T from earlier 56.9 Mln - (IGC).

**Asia:** South Korea has floated a tender to buy a total of 50,000 T of non-genetically modified soybean till March 2013. The registration for the tenders will close on Mar 30 while electronic bidding will be held on April 2, said Korea Agro-Fisheries Trade Corp.

**Latin America:** The soybean harvest in Brazil has been completed by 72% of the estimated till March 30, as reported in SAFRAS and Mercado report. Last week it was complete in 63% while it was complete in 68%. The historic average for the period stands at 61%.

The harvesting is nearing completion in Sao Paulo with harvesting 99% complete, Mato Grosso do Sul 97% and Mato Grosso 96%.

The cultivation of genetically modified soybeans in Brazil has significantly risen in 2011/12, since the official allowance in the cultivation of GM soybean in 2005.

The survey conducted by Safras and Mercado revealed that the Brazil's area planting with GM varieties have reached 85 per cent of the total soybean area in the year 2011/12 season at 21.32 Mln ha. The figure is 15 per cent higher than 18.62 Mln ha planted previous season.

The productivity in GM varieties is significantly higher compared to the non GM varieties, which is consequently adding the Brazilian soybean production every successive year. However, the drought this season has hit the countries soybean outturn.

**Oilseed Prices at Key Spot Markets:**

Commodity	Centre	Prices (Rs/Qtl)		Change
Soybean		31/03/2012	24/03/2012	
	Indore –Plant	2925-3020	2850-2911	+109
	Indore –Mandi	2840-2900	2750-2850	+50
	Nagpur-Plant	2850-2900	2775	+125
	Nagpur – Mandi	2750-2900	2750-2760	+140
	Kota-Plant	3000	2900-2925	+75
	Kota – Mandi	2900-2925	2825-2850	+75
	Bundi-Plant	3025-3050	2900	+150
	Bundi-Mandi	2900	2850	+50
	Baran-Plant	-	-	-
	Baran-Mandi	-	2900	-
	BhawaniMandiJhalawar– Kota Plant Delivery	3000	2950	+50
	Jhalwar-Mandi	-	2900-2925	-
Rapeseed/Mustard	Jaipur – C	3755-3760	3870-3875	-115
	Alwar – C	3600	3775	+25
	SriGanganagar(NC)	3470	3490	-20
	Kota	3500-3525	3600	-75
	Neewai	-	Closed	-
	Delhi– C	3750	3925	-175
	Hapur (UP)	3830	3800	+30
Groundnut Seed	Rajkot	-	975	-
	Junagarh	-	-	-
Sunflower Seed	Latur	-	32000-33500	-
	Gulbarga	-	-	-
	Solapur	-	32000-33500	-

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
<b>Soybean</b>		<b>Week End (31/03/2012)</b>	<b>Week End (24/03/2012)</b>	
	Madhya Pradesh	172000	220000	<b>-48000</b>
	Maharashtra	275000	290000	<b>-15000</b>
	Rajasthan	145000	155000	<b>-10000</b>
	Bundi (Raj)	950	825	<b>+125</b>
	Baran (Raj)	7200	6800	<b>+400</b>
	Jhalawar (Raj)	1300	1300	<b>Unch</b>
<b>Rapeseed/Mustard</b>	Rajasthan	1260000	2030000	<b>-770000</b>
<b>*Sum Arrivals during the week.</b>				

**Soybean**

Soybean prices posted gains during the week under review on firm global cues followed by bullish supply scenario this season. The domestic major cash markets will remain close for 2-3 days during the week due to Mahavir Jayanti and Good Friday.

A special Margin of 10% (in cash) on the Long side was imposed by FMC on all running contracts in Soybean with effect from beginning of day Tuesday, April 03, 2012. Besides, s per directions of Forward Markets Commission, it has been decided not to launch the soybean September2012 expiry contract originally scheduled to be launched on April 10, 2012. The revised contract launch calendar will be announced in due course.

However, the domestic fall in the usage of edible oils and meal is expected to limit the gains in near-term. Besides, expected decline in exports in soy meal due to demand shift to South America lead by their attractive prices will weigh on the bean and meal prices in near to medium term.

The soybean harvest is about 80 per cent complete in Brazil and it is expected in Argentina soon. Eventually this the availability of new crop soybean from the major second and third largest producers will weigh on the global soybean prices and subsequently on the domestic bean prices in near-term. However, lower estimated outturn from these countries will limit the downward potential.

**Soy meal- FAS Kandla Vs FOB Argentina (Spread)**

The domestic soy meal was quoted higher primarily due to stronger bean and fresh export sales. India is able to ship soy meal to traditional buyers – South and Far East Asian countries despite competitive South American soy meal prices as compared to India's.

This is possible as India is able to ship in small vessels and in smaller quantity to these destinations besides a big market of non-GMO soy meal.

Week	FAS, Soy meal Kandla	FOB, Soy meal Argentina	Avg.*Spread
<b>26-31 Mar</b>	453	418	<b>35</b>
<b>19-24 Mar</b>	430	405	<b>25</b>

\*FAS Kandla less FOB Argentina

The average weekly soy meal price spread between FAS Kandla and FOB Argentina stood at US \$35/MT compared to US \$25/MT a week ago, indicating competitive Argentine meal price compared to the meal Indian of Indian origin. (\* Spread - FAS Kandla less FOB Argentina).

**Recommendation:** *The Indian soy meal exporters are advised to aggressively market the meal and take the freight and logistic advantage shipping to South and Far East Asian countries. Any dip in FOR, Kandla towards 24500-24600 is a viable level to go for buying.*

### Soybean Crush Margin

<b>Avg Crush Margin – This Week</b>	<b>Avg Crush Margin – Last Week</b>	<b>Avg Crush Margin – Corresponding Period Last Month</b>
<b>-344</b>	<b>-618</b>	<b>-885</b>

The disparity in crushing soybean has narrowed during the week under review. This is certainly an encouraging factor, though it is still in negative region.

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## Technical Analysis:

### NCDEX Soybean Futures (May)



### Soybean Spot, Indore



### Supports & Resistances NCDEX May Soybean

S2	S1	PCP	R1	R2
3659	3790	3952	4081	4120

- The weekly candlestick chart pattern reflects indecision in the market.
- Prices closed above 9-day and 18-day EMA.
- RSI is rising in neutral region while stochastic is easing in overbought zone.
- **Trade Recommendation (NCDEX Soybean - May) – 1 Week:** SELL between 3940–3950 levels. T1 – 3870; T2 - 3810; SL - 3983.

**Trade Recommendation Soybean Spot:** We recommend slow down buying at the current levels as prices are expected to ease in near-term. The prices are expected to witness the level of 2950-2900 levels (Indore, Plant basis).

**Review of Previous Call:** In our previous call we had recommended BUY between 2990–3010 levels. T1 – 3050; T2 - 3090; SL - 2975. The call triggered and both the targets were achieved.

## Rapeseed - Mustard Seed

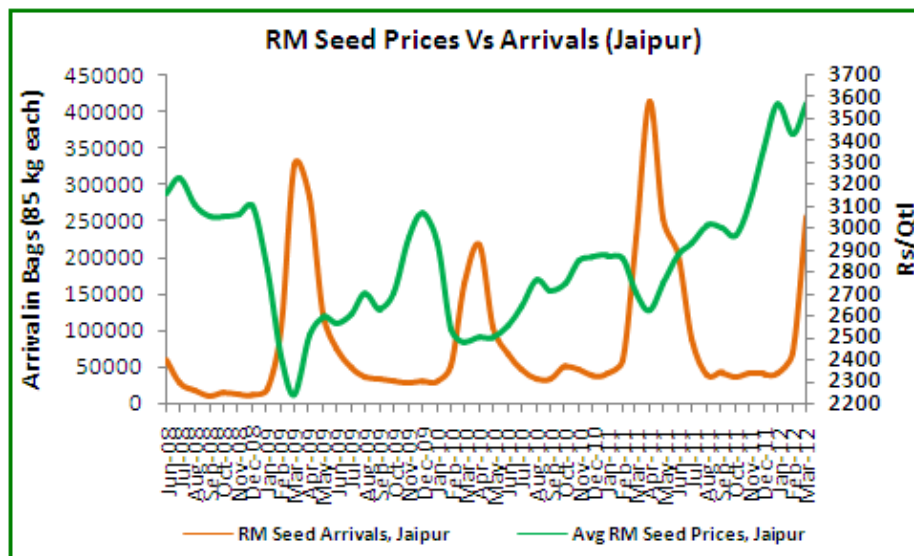
RM seed prices witnessed losses after a long time followed by sluggish buying from millers in the week under review.

Recently, the seed prices gained unexpectedly despite increase in new crop arrivals. The seed harvesting in Sri Ganganagar and Hanumangarh in Rajasthan is in full swing and continue to mount the supply pressure in Rajasthan.

We feel the seed prices will decline in near to medium term on fall in edible oil and rapeseed-mustard seed oil cake usage, in line with the consumption pattern. However, the downward potential will be limited due to the lower RM seed outturn this season.

A special Margin of 10% (in cash) on the Long side was imposed by FMC on all running contracts in Rapeseed Mustard Seed with effect from beginning of day Saturday, March 31, 2012. This is to discourage the circular trading in Futures. The RM seed prices witnessed substantial gains in futures market after the Guar was delisted from the futures trading by FMC, recently.

### RM Seed Prices Vs Arrivals –Jaipur (Rajasthan)



### RM Seed Supply, Rajasthan

RM Seed Arrivals in Rajasthan in Bags (85 kg each).		
Weekly Arrivals	Week Ago	Corresponding Week Last Year
12,60,000	20,30,000	14,65,000

## Technical Analysis:

### NCDEX RM Seed Futures (May)



### RM Seed Spot, Jaipur



#### Supports & Resistances NCDEX May RM Seed

S2	S1	PCP	R1	R2
3671	3780	3900	4000	4050

- The RM seed candlestick chart pattern reflects mild selling pressure in the market.
- Prices closed above 9-day and 18-day EMA indicating firmness in the near and medium-term.
- RSI is easing in overbought region while stochastic is rising in overbought zone.
- **Trade Recommendation (NCDEX RM SEED - May) – 1 Week: SELL** between 3900 – 3910 levels. T1 – 3850; T2 - 3790; SL - 3928.

**Trade Recommendation RM Seed Spot (Jaipur basis):** In spot the RM seed prices are expected to fall on arrival pressure. The prices are expected to ease and may witness 3850-3820 level in near term. We recommend stockists sell the seed at the current higher levels and buy when it falls to the said levels to liquidate in medium to long term.

**Review of Previous Call:** In our previous call we had recommended **SELL** between 3900 – 3910 levels. T1 – 3850; T2 - 3790; SL - 3928. The call triggered and both the targets were achieved.

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