

Executive Summary

The oilseeds and oilmeal prices extended gains on bullish global cues and decline in soybean supplies during the week under review. The soybean supplies were badly hit during the week in the key cash markets of Madhya Pradesh as the markets remained closed in protest against proposed Food Safety and Standards (FSS) Act.

The solvent extractors had to shut their units due to the unavailability of beans in Madhya Pradesh. The crushers had even quoted the bean prices higher to attract the sellers but in vain. The bean prices in Maharashtra and Rajasthan too continued to gain in view of lower supplies in Madhya Pradesh.

The soy meal prices featured gains on improved export sales and rise in domestic consumption in recent days. Fresh buying specially from Iran and improved demand from Japan remained supportive factors for the Indian soy meal. Besides, lower availability of beans due to slow farmer's and stockists selling, domestically and the rally in soy meal prices at international benchmark, CBOT, continued to support the market during the week under review.

The RM seed prices extended the rally on short supply scenario due to lower output this season in conjunction with the lower global soybean supplies followed by reduced production in South America due to drought. The fall in soybean supply in Madhya Pradesh last week, as markets remained closed, lent an additional support to the RM seed prices on better buying to fill the supply gap in oil and fats during the period.

Strong global soybean supply outlook this season, depreciating Indian rupee against US dollar and lower domestic Rabi oilseeds production remained bullish factors for the domestic oilseeds and oilmeal markets.

However, slow-down in edible oil usage, domestically and expected demand shift for soy meal towards South America may limit the gains.

International Highlights

- ❖ In another downward revision, by Oil World, the soybean outturn in 4 major South American countries is expected to be only 114.7 Mn T, down 20.0 Mn T from last season. Oil World has now estimated the global production of soybeans to show an unprecedented fall by 27 Mn T from last season to only 239 Mn T in 2011/12.
- ❖ World oilseed production for 2011/12 is estimated at 440.6 million tons by USDA, down 5.2 million from last month. Brazil soybean production is expected to be around 66 million tons, down 2.5 million from previous USDA estimate as warm temperatures and a poor rains over the growing region, since late February further reduced yield and production prospects.
- ❖ Argentina is expected to harvest 44.0 million tonnes of soybean in 2011/12, the figure is down from a previous estimate of 45.0 million tonnes citing drought in the growing region, said Buenos Aires Grains Exchange.
- ❖ Indonesia's soybean imports could reach 1.8 million tonnes this year due to lower domestic supplies. Indonesia imports 70 per cent of its annual soybean requirements, mostly from the United States. Korea Feed Association (KFA) of South Korea has floated a tender to buy 55,000 tonnes of soy meal for July arrival. The delivery is intended at ports of Incheon or Ulsan by July 30.

Oilseed Prices at Key Spot Markets:

Commodity	Centre	Prices (Rs/Qtl)		Change
Soybean		14/04/12	07/04/12	
	Indore –Plant	2900-3250	3080-3150	+100
	Indore –Mandi	Closed	2970-3060	-
	Nagpur-Plant	3200-3250	3100	+150
	Nagpur – Mandi	Closed	Closed	Closed
	Kota-Plant	3200	3000-3075	+125
	Kota – Mandi	3050-3100	3000	+100
	Bundi-Plant	3200	3150	+50
	Bundi-Mandi	3100-3150	3100	+50
	Baran-Plant	3200	3075	+125
	Baran-Mandi	3150	3040-3050	+100
	BhawaniMandiJhalawar– Kota Plant Delivery	3250	3100	+150
	Jhalwar-Mandi	Closed	3025-3075	-
Rapeseed/Mustard	Jaipur – C	3945-3950	3875-3880	+40
	Alwar – C	3775	3700	+75
	SriGanganagar(NC)	3540	3480	+60
	Kota	3650-3700	3600-3650	+50
	Neewai	Closed	3800	-
	Delhi– C	3900	3875	+25
	Hapur (UP)	Closed	3750	-
Groundnut Seed	Rajkot	950	975	-25
	Junagarh		-	
Sunflower Seed	Latur	Closed	32000-33500	-
	Gulbarga	-	-	-
	Solapur	32500-34250	32500-33750	+500

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 (14/04/2012)	Week End (07/04/2012)	
	Madhya Pradesh	Closed	112000	-
	Maharashtra	180000	145000	+35000
	Rajasthan	123000	95000	+28000
	Bundi (Raj)	655	450	+205
	Baran (Raj)	2900	4500	-1600
	Jhalawar (Raj)	2000	1800	+200
Rapeseed/Mustard	Rajasthan	860000	985000	-125000
*Sum Arrivals during the week.				

Soybean

Sluggish trade activity featured in the domestic soybean cash market in the week under review. The cash markets remained closed for five straight days in Madhya Pradesh in protest against proposed Food Safety and Standards (FSS) Act. Besides, slow farmer's and stockist's selling is evident in key soybean markets in anticipation of further higher prices in beans.

The closure of mandis in MP buoyed the bean prices in Maharashtra and Rajasthan during the period.

The soybean prices have already rallied steeply across all the major market cents in recent days on varied bullish domestic and international oilseeds outlook.

The availability of beans has reduced and several crushing plants in Madhya Pradesh, Maharashtra and Rajasthan have reduced crushings.

However, the domestic edible oil usage has reduced in line with seasonality consumption pattern but the domestic soybean prices are likely to feature range-bound movement with firm bias in near-term due to strong global oilseeds supply scenario and slow farmer's selling at domestic front.

Soy meal- FAS Kandla Vs FOB Argentina (Spread)

Soy meal prices witnessed substantial gainson fresh overseas export sales during the period. Besides, lower availability of soybean due to slow farmer's selling, kept the meal prices strong. Several big solvent extractors had to go empty handed despite quoting the bean prices higher. The meal exporters are finding it hard to meet their export commitments.

Iran has bought soy meal from India, taking up to 275,000 tonnes in latest deals at record prices as the nation fights Western sanctions that have limited its ability to source food from other origins. This will lend support to the domestic soy meal prices in the short-term.

India was able to ship meal despite competitive meal soy meal price of South American origin. The better export sales were possible on varied factors including freight, logistic, trade advantage. India is able to ship the meal in small vessels and in smaller quantity to these traditional destinations besides India remains a big seller of non-GMO soy meal exporter.

Quotes in US \$			
Week	FAS, Soy meal Kandla	FOB, Soy meal Argentina	Avg.*Spread
9-14 Apr	514	440	74
2-7 Apr	475	428	47

*FAS Kandla less FOB Argentina

The average weekly soy meal price spread between FAS Kandla and FOB Argentina stood at US \$74/MT compared to US \$47/MT a week ago, indicating wider gap in prices between Indian and Argentine meal, where Argentine soy meal prices remained competitive compared to the meal 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 26000-26300 is a viable level to go for buying.*

Soybean Crush Margin

Avg Crush Margin – This Week	Avg Crush Margin – Last Week	Avg Crush Margin – Corresponding Period Last Month
-546	-432	-918

The disparity in crushing soybean has further widened with steep rise in the soybean prices due to lower availability in the same.

Technical Analysis:

NCDEX Soybean Futures(May)



Soybean Spot, Indore



Supports & Resistances NCDEX MaySoybean

S2	S1	PCP	R1	R2
3145	3200	3279	3344	3370

- The weekly candlestick chart pattern reflects rally in the seed prices.
- Prices closed above 9-day and 18-day EMA.
- RSI and stochastic are easing upwards in overbought zone.
- **Trade Recommendation (NCDEX Soybean - May) – 1 Week:** SELL between 3279–3290 levels. T1 – 3230; T2 - 3205 SL - 3314.

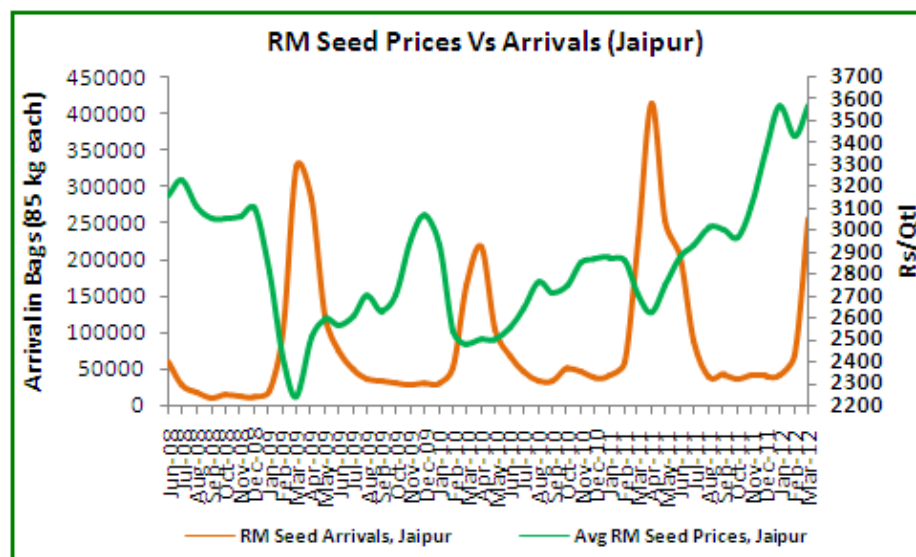
Trade Recommendation Soybean Spot: We recommend slow buying at the current levels as prices are expected to ease in the near-term. The prices are expected to witness the level of 3000-3100 levels (Indore, Plant basis).

Review of Previous Call: In our previous call we had recommended BUY between 3200–3225 levels. T1 – 3270; T2 - 3290 SL - 3185. The call triggered and both the targets were achieved.

Rapeseed - Mustard Seed

The RM seed prices improved in cash market during the week primarily due to short supply. Lower supply in the seed is attributed to harvesting hurdles due to the bad weather, cloudy and thundershowers, over the harvesting region of Sri Ganganagar and Hanumangar. Besides, slow farmers selling in anticipation of continued rise in the seed prices lead to the decline in the weekly arrivals.

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
8,60,000	9,85,000	17,75,000

We feel the arrivals will improve during the upcoming weeks for short-term with clear weather and faster pace in harvesting in north Rajasthan. However, bullish international factors in oilseeds will continue to support the RM seed prices in near-term.

Technical Analysis:

NCDEX RM Seed Futures (May)



RM SeedSpot, Jaipur



Supports & Resistances NCDEX MayRM Seed

S2	S1	PCP	R1	R2
3856	3898	4007	4081	4120

- Side ways movement featured in RM seed market.
- Prices closed above 9-day and 18-day EMA indicating firmness in the near and medium-term.
- RSI and stochastic are rising in overbought zone.
- **Trade Recommendation (NCDEX RM SEED - May) – 1 Week:**BUY between 4010–4020 levels.T1 – 4055; T2 –4075; SL -3995.

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 3850-3870level 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:We suggested caution(The market may move either of the direction. Price will head-up towards 4100 level if it breaches 4081 level and may test 3800 level if it breaches 3858 level).

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