

## Executive Summary

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Oilseeds and oilmeals prices extended gains on slow farmer's selling in RM seed and dried-up pipeline supply in soybean. Besides, tight global supply scenario in oilseeds, primarily in soybean continued to lend support to the domestic oilseeds and meal market in the week under review. However, the RM seed prices fell towards the end of the week.

Active stockist buying in RM seed in anticipation of better remuneration in medium to long term remained supportive for the seed prices. The stockists are more active in Sri Ganganagar and Hunumangarh as the farmers are offloading their newly harvested crop.

However, the oilseeds and meal are expected to get prices pressure on dwindling domestic edible oil usage and gradual demand shift in soy meal to Latin America. The soy meal prices in South America are strong due to the huge crop losses mainly in Brazil and Argentina this season but they are still quite attractive compared to the meal of Indian origin.

Overall, the downward potential for the domestic oil and fats market is limited due to the lower international oilseeds crop primarily due to crop loss in soybean mainly in Latin America. Besides, weakness in INR against US dollar will lead Indian edible oil imports expensive.

## International Highlights

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- ❖ The soybean harvest in Brazil is 97% complete of the estimated area in the week ending May 6. The harvesting was done in 95% in previous week. In year-ago corresponding period, the index was 98%, and the historic average for the period is 95%. Despite the harvesting at its final phase the international soybean prices remained strong citing lower South American soybean output this season.
- ❖ Reportedly, Australian canola crop is likely to be boosted to a new high of 3.4-3.5 Mn T in 2012/13, estimated by Oil World.

**Oilseed Prices at Key Spot Markets:**

Commodity	Centre	Prices (Rs/Qtl)		Change
Soybean		05/05/12	28/04/12	
	Indore –Plant	3600-3670	3500-3550	+120
	Indore –Mandi	3330-3620	3370-3465	+155
	Nagpur-Plant	3600	3550	+50
	Nagpur – Mandi	3550-3620	3350-3450	+170
	Kota-Plant	3625	3400	+225
	Kota – Mandi	3550-3600	3350	+250
	Bundi-Plant	3610-3615	3480	+135
	Bundi-Mandi	3550	3400	+150
	Baran-Plant	-	3450	-
	Baran-Mandi	3550	3400	+150
	BhawaniMandiJhalawar– Kota Plant Delivery	3650	3550	+100
	Jhalwar-Mandi	3550	3400-3450	+100
Rapeseed/Mustard	Jaipur – C	3925-3930	3900-3995	-65
	Alwar – C	3775	3800	-25
	SriGanganagar(NC)	3650	3650	Unch
	Kota	3700-3750	3750	Unch
	Neewai	3900	3900	Unch
	Delhi– C	3870	3900	-30
	Hapur (UP)	3875	3850	+25
Groundnut Seed	Rajkot	-	950	-
	Junagarh			
Sunflower Seed	Latur	33000-33500	Closed	-
	Gulbarga	-	-	-
	Solapur	33500-34500	33000-34500	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		Chg
Soybean		Week End (05/05/2012)	Week End (28/04/2012)	
	Madhya Pradesh	193000	179000	+14000
	Maharashtra	110000	95000	+15000
	Rajasthan	110000	85000	+25000
	Bundi (Raj)	360	750	-390
	Baran (Raj)	3350	3900	-550
	Jhalawar (Raj)	550	1150	-600
Rapeseed/Mustard	Rajasthan	535000	535000	Unch
*Sum Arrivals during the week.				

## Soybean

Soybean prices extended gains on supportive buying from solvent extractors to meet the soy meal exports commitments. Tight domestic supply in beans due to the dried-up pipeline supply and MP farmers busy in selling their newly harvested wheat crop lent strong support to the soybean prices in the week under review.

The crushers were keen in buying the beans at higher quotes due their obligations in the shipments of the meal. The domestic soybean fundamentals remain strong on bullish global factors followed by tight supply scenario. Huge soybean crop loss in South America will continue to lend support to the bean prices in near to medium-term. Besides, lower US sowing intention in soybean will lend additional support to the bean prices. In the prospective planting report, soybean acreage in the U.S. in 2012 is estimated to be 73.902 million acres, the lowest since 64.7 Mln acres in 2007. The lower sowing intention will have repercussions in U.S. and global soybean and oilseed supply-demand prospects for the 2012-13 marketing year.

The soybean harvest is nearing completion in Brazil while it has commenced in Argentina. Despite the harvesting in full swing, we feel the price pressure on soybean is unlikely due to huge crop losses not only in Argentina but also in Brazil. The tight supply scenario will subsequently keep the domestic bean prices in the next few weeks.

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

Indian soya meal prices skyrocketed during the past 45 days by US-\$ 130-135 and reached US-\$ 570-575 towards the end the review week.

The international demand shift in soy meal towards South America is likely due to their highly competitive prices compared to the meal of Indian origin which will consequently lower India's export sales and will create price pressure on the same.

However, India's soy meal exports in April were 3 per cent higher at 313832 MT compared to 305033 MT during the corresponding period last year.

The global soybean production shortfall is affecting soya meal more than oil, pushing up the soya meal prices to a new record high on the world market.

Week	FAS, Soy meal Kandla	FOB, Soy meal Argentina	Avg.*Spread
<b>30 Apr-05 May</b>	569	483	<b>86</b>
<b>23-28 Apr</b>	533	469	<b>64</b>

\*FAS Kandla less FOB Argentina

The average weekly soy meal price spread between FAS Kandla and FOB Argentina stood at US \$64/MT compared to US \$64/MT a week ago, indicating a huge gap in prices between Indian and Argentine meal, where Argentine soy meal prices continued to remain competitive compared to the meal of Indian origin. (\* Spread - FAS Kandla less FOB Argentina).

**Quotes in US \$**

**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. This will translate in to freight and logistic advantage. Any dip in FOR, Kandla towards **29500-29800** 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
<b>-1320</b>	<b>-804</b>	<b>-233</b>

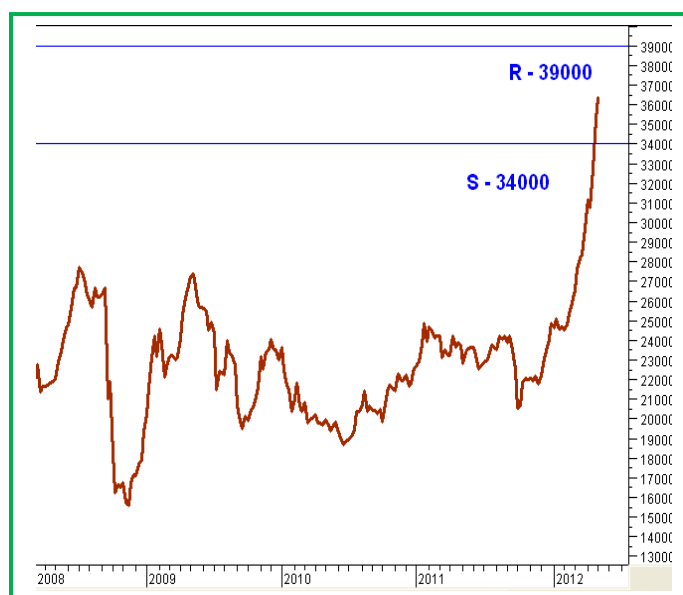
The soybean crush margin has deteriorated and the disparity has widened compared to the previous week. The rate of gains in soy oil was higher than that of the gains in meal and bean.

## Technical Analysis:

### NCDEX Soybean Futures (Jun)



### Soybean Spot, Indore



### Supports & Resistances NCDEX Jun Soybean

S2	S1	PCP	R1	R2
3400	3500	3696	3785	3820

- The weekly candlestick chart pattern reflects prices could not sustain at higher levels.
- However, Prices closed above 9-day and 18-day EMA.
- RSI and stochastic are easing in overbought zone, indicating fall during the week.
- **Trade Recommendation (NCDEX Soybean - Jun) – 1 Week:** SELL between 3680–3690 levels.T1 – 3650; T2 –3610; SL -3703.

**Trade Recommendation Soybean Spot:** We recommend buy on dips and sell towards 3650-3700 levels (Indore, Plant basis), as bean prices are likely to gain on short supplies and better overseas soy meal demand.

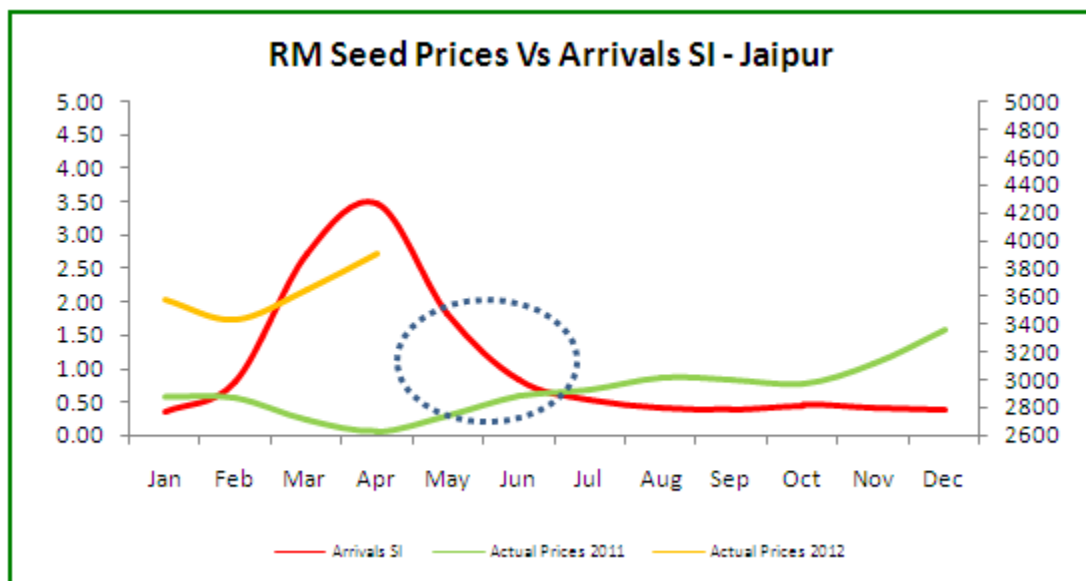
**Review of Previous Call:** In our previous call we had recommended BUY between 3755–3765 levels.T1 – 3790; T2 –3800; SL -3745. The call triggered but none of the targets were achieved.

## Rapeseed - Mustard Seed

Overall, the RM seed prices posted gains during the week but slightly declined towards the end of the week. Slow farmer's selling in the seed has lead fall in the supply, the arrivals in Rajasthan stood about 3 times lower compared to the corresponding period last year.

The seed fundamentals remain strong on lower supply and fall in the output this season.

### 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
5,35,000	5,35,000	17,50,000

The supply in the seed is likely to fall further with the falling in edible oil usage in near to medium-term

## Technical Analysis:

### NCDEX RM Seed Futures (Jun)



### RM Seed Spot, Jaipur



### Supports & Resistances NCDEX Jun RM Seed

S2	S1	PCP	R1	R2
3843	3920	4046	4154	4200

- Candlestick chart pattern depicts recovery in the prices.
- Prices closed above 9-day and 18-day EMA indicating firmness in the near and medium-term.
- RSI is rising in neutral region while stochastic is easing in overbought territory.
- **Trade Recommendation (NCDEX RM SEED - Jun) – 1 Week:** BUY between 4055–4065 levels. T1 – 4100; T2 – 4150; SL -4040.

**Trade Recommendation RM Seed Spot (Jaipur basis):** In spot the RM seed prices are expected to slightly ease and witness 3890-3900 level in near term. We recommend stockists to buy on dips.

**Review of Previous Call:** In our previous call we had recommended BUY between 4125–4135 levels. T1 – 4220; T2 – 4240; SL -4085. The call got triggered but none of the targets were achieved.

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