

Executive Summary

The domestic oilseeds and meals featured gains on firm global cues and better buying in spot during the week under review. The soybean and soy meal prices extended gains on short supplies in beans and eventually lower crushings. The buyers are keen in buying the beans at higher quotes. Fresh demand in edible oils and consistent overseas meal inquiries from traditional buyers continued to lend support to the domestic market. However, India's meal exports are falling m-o-m due to lean season in bean.

Besides, the RM seed prices edged-up on strong global oil and fats market, lower supplies in the seed due to slow selling. Higher CBOT soybean and strong Malaysian palm oil remained supportive factors for the domestic seed market. The millers were keen in buying the seed at higher prices with the renewed demand in edible oils.

Higher than normal temperature in mid-west US, better exports in Malaysian palm oil remained bullish factors. Lower supplies in soybean due to lean period in soybean, fall in the RM seed supplies and fresh demand in edible oils are likely to lend support to the seed and meal prices in near-term. Huge fall in South American soya meal production and shipments from Oct 2012 to early 2013 is creating a great opportunity for India to boost crushings of soybeans and exports of soya meal in Oct/Feb 2012/13.

International Highlights

- ❖ The US soybean planting is done and the emergence is reported at 95 per cent up 5-year average of 81 per cent which was 77 per cent during the same period last year. Blooming was reported at 5 per cent of the total planted up against 5-year average of 2 per cent in official crop progress report.
- ❖ Informa Economics raised its US soybean planting estimate for 2012/13 to 75.959 million acres. Previous US soybean planting estimate for 2012/13 was 75.822 million acres.
- ❖ South American soybean stocks are reportedly steeply down by 24.3 Mn T from last year as of June 1. This will subsequently lead to a steep increase in US soybean crushings and exports by at least 2.5 Mn T from last year in June/Aug 2012, significantly reducing US soybean stocks.
- ❖ Rosario grains exchange cuts its Argentina's soybean output estimate for 2011/12 by 0.4 million tons to 40.5 million tons due to poor yield. Growers have gathered 98 percent of the estimated soybean crop for 2011/12.
- ❖ The fresh survey for the 2011/12 soybean crop of South America, prepared by SAFRAS and Mercado, slashed the estimate for production, reflecting the effects of climatic irregularity. The crop is estimated now at 115.77 Mn T, down 14% from 134.59 Mn T of the record achieved last season.

Oilseed Prices at Key Spot Markets:

Commodity	Centre	Prices (Rs/Qtl)		Change
Soybean		22/06/2012	15/06/2012	
	Indore –Plant	3600-3660	3430-3480	+180
	Indore –Mandi	3425-3525	3300-3360	+165
	Nagpur-Plant	3600	3425-3475	+125
	Nagpur – Mandi	3425-3550	3350-3400	+150
	Kota-Plant	3600	3425	+175
	Kota – Mandi	3550	3350-3375	+175
	Bundi-Plant	3625	3400	+225
	Bundi-Mandi	3600	3250-3300	+300
	Baran-Plant	-	-	-
	Baran-Mandi	3600	3325	+275
	BhawaniMandiJhalawar– Kota Plant Delivery	3700	3450	+250
	Jhalwar-Mandi	3550-3600	3400	+200
Rapeseed/Mustard	Jaipur – C	3895-3900	3815-3820	+80
	Alwar – C	3750	3725	+25
	SriGanganagar(NC)	3250	3310	-60
	Kota	3600-3650	3600-3650	Unch
	Neewai	3850	3800	+50
	Delhi– C	3825	3815-3820	+5
	Hapur (UP)	3925	3880	+45
Groundnut Seed	Rajkot	950	975	-25
	Junagarh	-	-	-
Sunflower Seed	Latur	32500-33250	-	-
	Gulbarga	-	-	-
	Solapur	33500-34750	33500-34500	+250

Soybean Prices are in INR/Qtl. Mandi prices – Loose, Mustard Seed Prices are in INR/Qtl.C – Condition (42%),

*Groundnut seed in Rs/20 kg, Sunflower Seed in Rs/Qtl

Oilseed Arrivals in Key Centers:

Commodity	Centre	Arrivals in Bags/Qtl		Chg
Soybean		Week End (22/06/2012)	Week End (15/06/2012)	
	Madhya Pradesh	255000	270000	-15000
	Maharashtra	54000	81000	-27000
	Rajasthan	42000	41000	+1000
	Bundi (Raj)	600	155	+445
	Baran (Raj)	7200	5300	+1900
	Jhalawar (Raj)	1600	1050	+550
Rapeseed/Mustard	Rajasthan	297000	340000	-43000
*Sum Arrivals during the week.				

Soybean

Firm sentiments featured in the domestic soybean followed by dried-up pipeline supplies and consistent bean demand from solvent extractors to meet oil and meal demand. Besides, bullish international fundamentals in soybean and Malaysian palm oil lend additional support to the domestic soybean market.

Higher than normal temperature in US mid-west, the major soybean growing region is a cause of concern for the recently planted crop. Further, better export sales in Malaysian palm oil ahead of *Ramadan* provided bullish signal to the international oil and fats benchmark markets.

Fresh domestic demand in edible oils and exports obligation in meal kept the bean prices stronger. However, the crushers were keen in purchasing the beans at higher quotes while the farmers and stockists were interested in off-loading their produce before the new marketing season (Oct-Sep).

The soybean planting is gradually picking-up Maharashtra and it is even reported in few districts of Madhya Pradesh like Hingoli, Wasim and Akola.

The monsoon will play a decisive role in the pace of planting. There has been remarkable improvement in the rainfall situation over the country during past week. The All India rainfall deficiency as on 20th June is 26% as against 50% as on 13th June.

Higher than normal temperature for recently planted soybean in mid-west, US, better export sales in Malaysian palm oil and renewed edible oil demand domestically will remain bullish factors for soybean in near-term.

Soy meal- FAS Kandla Vs FOB Argentina (Spread)

The domestic soy meal prices continued its upward move due to lower availability followed by poor crushings. Lower arrivals in soybean are due to dried-up pipeline supplies followed by lean season. The feed millers are interested in buying the meal in anticipation of renewed demand in poultry products with the advancement of monsoon. The poultry consumption goes up once the monsoon grips all over India. The consumption of eggs increases in some of the states as it is served in mid-day meals.

India's soy meal shipments are falling m-o-m, which will start increasing from September onwards. However, the traditional overseas soy meal buyers continue to place their order to India, though in small quantity. Iran, Japan, Korea and Turkey remained the interested buyers from India due to preference in non-GMO meal, logistic and trade advantage.

Further, South American soy meal prices remained lower as compared to the meal of Indian origin. Their competitive have lead in the demand diversion towards the region and eventually reduced the Indian meal exports in recent months.

Increased supplies in Latin America due to recent harvesting in the region have lead their meal prices more attractive compared to the Indian meal price.

Week	FAS, Soy meal Kandla	FOB, Soy meal Argentina	Avg.*Spread
16-22 Jun	548	485	63
09-15 Jun	531	491	40

*FAS Kandla less FOB Argentina (Quotes in US \$)

The average weekly soy meal price spread between FAS Kandla and FOB Argentina stood at US \$63/MT compared to US \$40/MT a week ago, indicating a wide 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).

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 to materialize the freight and logistics advantage. Any dip in FOR, Kandla towards **31500-32500** 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
-1346	-1147	-659

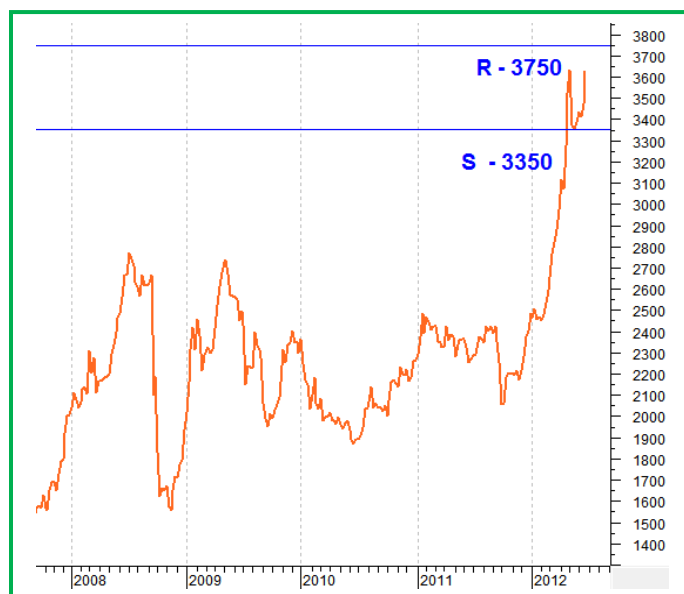
The soybean crush margin has remained almost at par with the previous week but it is well below corresponding period last month. The negative margin remains a discouraging factor for the crushers.

Technical Analysis:

NCDEX Soybean Futures (Jul)



Soybean Spot, Indore



Supports & Resistances NCDEX Jul Soybean

S2	S1	PCP	R1	R2
3222	3313	3675	3813	3860

- The weekly soybean prices reveal strong buying support in the market.
- Prices closed above 9-day and 18-day EMA.
- RSI is rising in neutral region while stochastic is falling in neutral zone.
- Prices are likely to extend gains.
- **Trade Recommendation (NCDEX Soybean – Jul) – 1 Week:** BUY between 3690-3700 levels. T1 – 3760; T2 – 3800; SL -3662.

Trade Recommendation Soybean Spot: We feel the beans prices to gain in near-term. We recommend the buyers to go for buying at current levels as the bean prices are expected to improve and witness 3720-3740 levels (Indore, Plant basis).

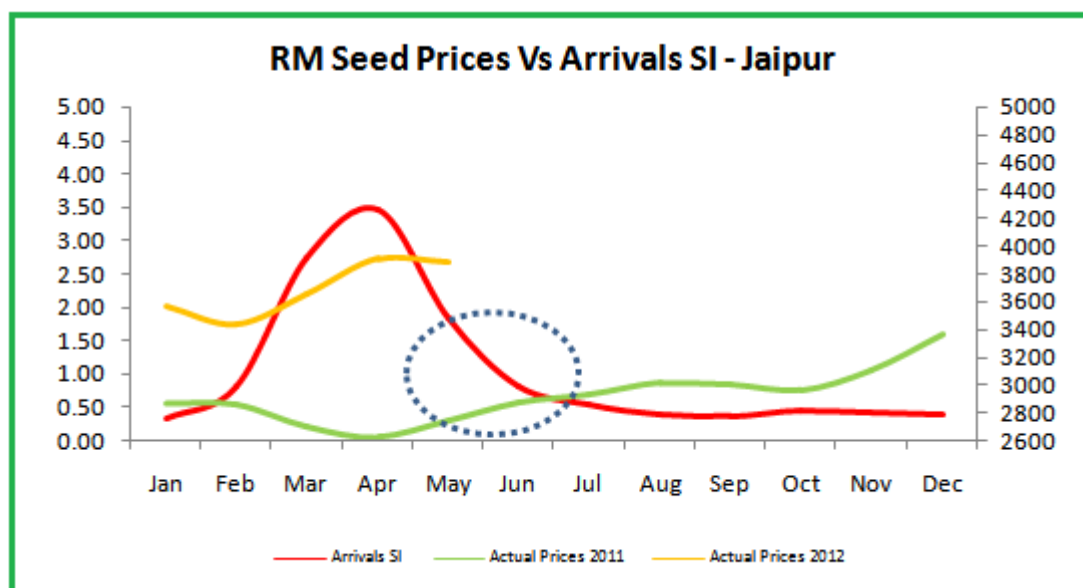
Review of Previous Call: In our previous call we had recommended: BUY between 3400-3420 levels. T1 – 3460; T2 – 3480; SL -3385. The call triggered and both the targets were achieved.

Rapeseed - Mustard Seed

The RM seed prices edged-up tracking higher international oil and fats market and good buying support in cash market during the week under review. Renewed demand in the seed followed by fresh demand in edible oils remained supportive factor for the market. The millers were the major buyers across all the major seed trading hubs. Rise in rapeseed/mustard seed off-take ahead of festivities encouraged the millers to actively participate in the market.

However, the seed supplies further reduced during the week attributed to slow farmer's selling, anticipating higher prices in medium to long-term. Further, the reduced arrivals in soybean due to dried-up pipeline supplies have slightly diverted the demand shift in RM seed.

The seed fundamentals remain strong in view of lower seed output and slow selling this season.

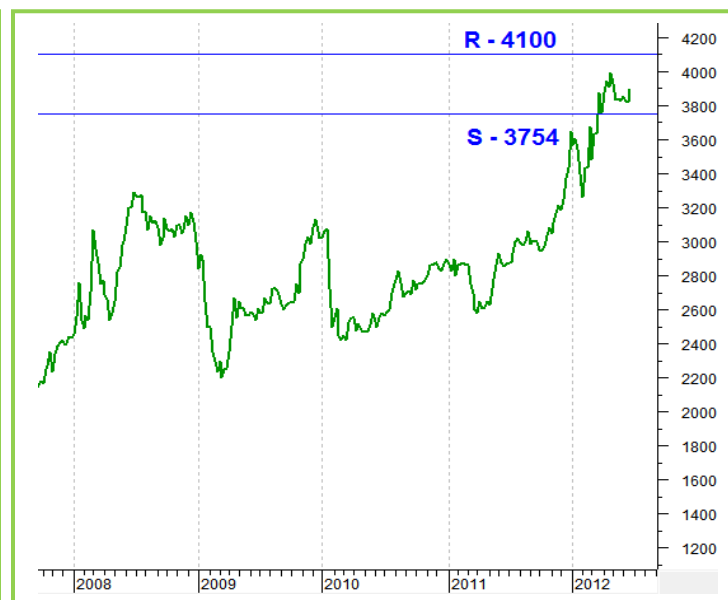


RM Seed Supply, Rajasthan

RM Seed Arrivals in Rajasthan in Bags (85 kg each).		
Weekly Arrivals	Week Ago	Corresponding Week Last Year
2,97,000	3,40,000	11,10,000

The farmers are seen off-loading their produce when the prices get stronger. However, they continue to hold their stock in anticipation of higher prices in lean season in view of lower output this season. Currently, the seed supplies are seen more than 3 fold lower than the corresponding period last year.

Technical Analysis:
NCDEX RM Seed Futures (Jul)

RM Seed Spot, Jaipur

Supports & Resistances NCDEX Jul RM Seed

S2	S1	PCP	R1	R2
3590	3650	3868	3977	4037

- Candlestick chart pattern indicates strong buying support.
- Prices closed above 9-day and 18-day EMA indicating weakness in the near and medium-term.
- RSI is rising in neutral region while stochastic is heading upwards in oversold territory.
- **Trade Recommendation (NCDEX RM SEED - Jul) – 1 Week:** BUY between 3880-3900 levels. T1 – 3950; T2 –3990; SL -3852.

Trade Recommendation RM Seed Spot (Jaipur basis): In spot the RM seed prices are expected to gain further and witness 3930-3950 level in near term. We recommend stockists to buy on dips.

Review of Previous Call: In our previous call we had recommended: BUY between 3740-3750 levels. T1 – 3780; T2 –3800; SL -3727. The call triggered and both the targets were achieved .

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