

Executive Summary

The domestic oilseeds and meals extended gains on strong global and domestic fundamentals in the week under review. The soybean prices featured gains on multiple factors including persistent dryness in mid-west, US, major soybean growing region of US, renewed demand in meal, decline in domestic supplies in bean due to lean season and poor monsoon in oilseeds growing regions.

Prices of soy meal posted gains on improved buying from poultry feed industry and consistent overseas demand in meal of Indian origin and lower crushings due to short supplies in beans. Besides, surge in South American soy meal prices due to lower supplies followed by decline in the bean output this season remained supportive for the international meal and eventually for domestic meal prices.

RM seed prices too witnessed gains on slow farmer's selling and better buying from millers to meet the improved edible oil demand during the week under review. Gains in Malaysian palm oil followed by higher export sales in the same remained supportive factor for domestic RM seed.

Persistent dryness in mid-west US, higher shipments in Malaysian palm, better soy meal export enquiries, poor rains in oilseeds growing region and weakness in Indian rupee against US dollar are expected to further support the oilseeds and meal prices near to medium-term.

International Highlights

- ❖ Notable deterioration in US crop ratings is confirmed as of June 24. Persistent dryness is resulting in irreversible yield. In the official US crop progress report blooming of recently planted soybean is reported at up at 12% compared to the 5-year average of 4%. However, 65% is reported at good to excellent condition. World global oilseeds will continue to decline substantially in the first half of the new season. The availability will only become ample with the supplies of South American soybean production in early 2013.
- ❖ The global soybean production in 2011/12 is expected at 237.35 Mn T. The estimate was by SAFRAS and Mercado, partly based on figures by the United States Department of Agriculture, which estimates production at 236.38 Mn. The global soybean production was estimated at 264.69 Mn T, last year.
- ❖ Oil World estimates global output of 10 oilseeds at 471.9 Mn T in the full season 2012/13, up 36.7 Mn T from the sharply reduced level registered in 2011/12. But 63% of the growth in world production will be offset by the prospective steep decline in opening stocks by 23 Mn T – Oil World.

Oilseed Prices at Key Spot Markets:

Commodity	Centre	Prices (Rs/Qtl)		Change
Soybean		29/06/2012	22/06/2012	
	Indore –Plant	3800-3865	3600-3660	+205
	Indore –Mandi	3650-3750	3425-3525	+225
	Nagpur-Plant	3850-3875	3600	+275
	Nagpur – Mandi	3700-3825	3425-3550	+275
	Kota-Plant	3900	3600	+300
	Kota – Mandi	3850	3550	+300
	Bundi-Plant	3880	3625	+255
	Bundi-Mandi	3750	3600	+150
	Baran-Plant	-	-	-
	Baran-Mandi	3800	3600	+200
	BhawaniMandiJhalawar– Kota Plant Delivery	3875	3700	+175
	Jhalwar-Mandi	3800-3850	3550-3600	+250
Rapeseed/Mustard	Jaipur – C	3970-3975	3895-3900	+75
	Alwar – C	3900	3750	+150
	SriGanganagar(NC)	3400	3250	+150
	Kota	3750	3600-3650	+100
	Neewai	3925	3850	+75
	Delhi– C	3970	3825	+145
	Hapur (UP)	3980	3925	+55
Groundnut Seed	Rajkot	1000	950	+50
	Junagarh		-	
Sunflower Seed	Latur	Closed	32500-33250	-
	Gulbarga	-	-	-
	Solapur	36000-36500	33500-34750	+1750

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 (29/06/2012)	Week End (22/06/2012)	
	Madhya Pradesh	280000	255000	+25000
	Maharashtra	40000	54000	-14000
	Rajasthan	40000	42000	-2000
	Bundi (Raj)	500	600	-100
	Baran (Raj)	10500	7200	+3300
	Jhalawar (Raj)	1700	1600	+100
Rapeseed/Mustard	Rajasthan	309000	297000	+12000
*Sum Arrivals during the week.				

Crop Progress, India

The *kharif* oilseeds planting are under progress but it slow paced due to the lull in the monsoon in oilseeds growing region. Overall, the oilseeds plantings is 17 per cent lower compared to the corresponding period last year.

Of the major *kharif* oilseeds crop groundnut has been badly hit and its planting is reported 50 per cent lower at 3.2 lakh hectares compared to 6.4 lha. Surprisingly the soybean planting is up by 38 per cent compared to the same period last year.

Area in lakh hectares

Crop	As on 28 Jun 2012	As on 28 Jun 2011	% Change
Groundnut	3.2	6.4	-50.2
Soybean	6.3	4.6	37.6
Sunflower	0.3	0.4	-29.7
Sesamum	0.6	0.9	-31.8
Niger	0.0	0.0	-
Castor	0.4	0.8	-44.2
Total Oilseeds	10.8	13.0	-17.1

Source: GOI

Except soybean, the planting of all the other oilseeds are lagging behind due to poor rains. Between 1-28 June India has received 25 per cent less rains than the normal.

Soybean

The soybean prices edged-up on lower supplies in beans and increase in edible oil usage in recent days during the week under review. The soybean planting is under progress and it is reported 38 per cent higher at 6.3 lakh hectares compared to 4.6 lha in the corresponding period last year. About 2.8 lha have been sown in Madhya Pradesh followed by 2.6 lha in Maharashtra.

The solvent extractors were keen in buying the beans at higher quotes to meet the exports obligation in meal and improved edible oil usage.

The soybean planting is picking-up Maharashtra and while in Madhya Pradesh it is expected to pick-up the pace if precipitation increases. The overall monsoon rains are 31 per cent lower than the normal between 1-30 June.

Dry weather in mid-west, US, higher export sales in Malaysian palm oil and fresh edible oil demand domestically will continue to support the soybean prices in near-term.

Soy meal- FAS Kandla Vs FOB Argentina (Spread)

The domestic soy meal prices further gained on improved domestic demand and persistent overseas export enquiries. Fresh demand from poultry feed industry with increased poultry production followed by monsoon. The poultry consumption increases during monsoon. The consumption of eggs increases in some of the states as it is served in mid-day meals.

The feed millers are keen in buying the meal to cover their stocks. Besides, the traditional international soy meal buyers continued to make inquiries, both the factors lend support to the domestic meal prices. Iran, Japan, Korea and Turkey remained major buyers from India due to their preference in non-GMO meal, logistic and trade advantage.

However, India's soy meal shipments continued to fall from April onwards and are expected to pick-up from September onwards, with the commencement of new crop supplies. Improved soy meal shipments from Latin America due to recently harvested crop and increase crushings in the region have lead their meal prices competitive compared to the Indian meal price.

Week	FAS, Soy meal Kandla	FOB, Soy meal Argentina	Avg.*Spread
23-29 Jun	576	502	74
16-22 Jun	548	485	63

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

The average weekly soy meal price spread between FAS Kandla and FOB Argentina stood at US \$74/MT compared to US \$63/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
-1299	-1346	-1175

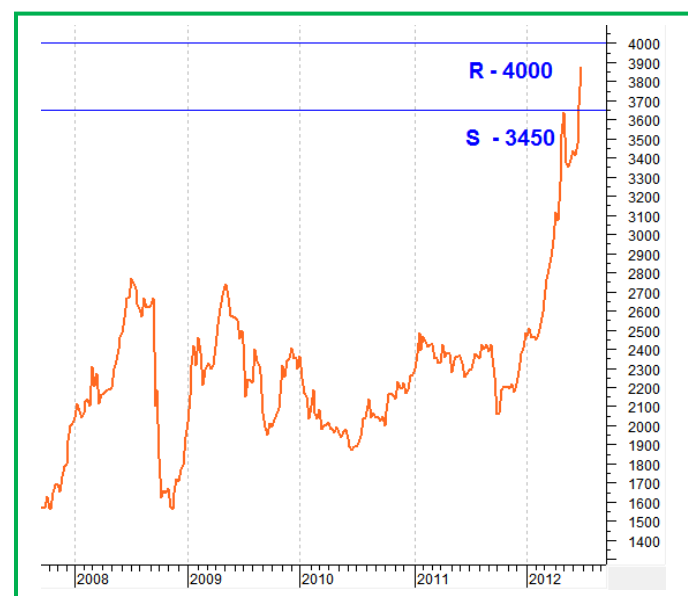
The soybean crush margin has slightly improved compared to the previous week but it is below corresponding period last month. The disparity is a discouraging factor for the crushers.

Technical Analysis:

NCDEX Soybean Futures (Jul)



Soybean Spot, Indore



Supports & Resistances NCDEX Jul Soybean

S2	S1	PCP	R1	R2
3545	3620	3919	4088	4213

- The weekly soybean prices reveal continued buying support in the market.
- Prices closed above 9-day and 18-day EMA.
- RSI is rising in overbought territory while stochastic is heading upwards in neutral zone.
- Prices are expected to extend gains.
- **Trade Recommendation (NCDEX Soybean – Jul) – 1 Week:** BUY between 3930-3960 levels.T1 – 4000; T2 –4050; SL -3918.

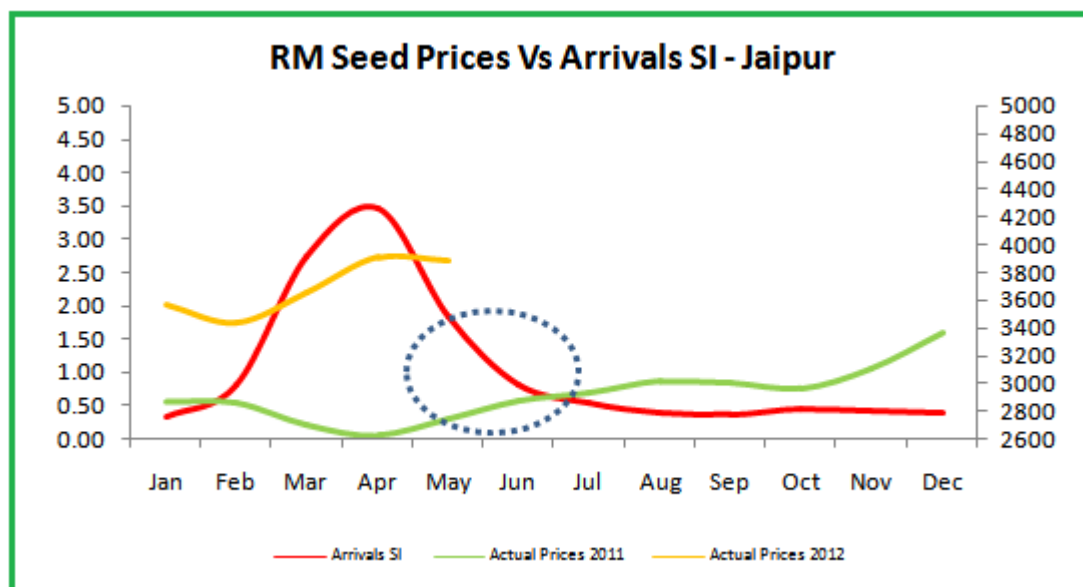
Trade Recommendation Soybean Spot: We feel the beans prices to gain in near-term. We recommend the buyers to go for buying at current levels as the bean prices are expected to improve and witness 3900-4000 levels (Indore, Plant basis).

Review of Previous Call: In our previous call we had recommended: BUY between 3690-3700 levels.T1 – 3760; T2 –3800; SL -3662. The call triggered and both the targets were achieved.

Rapeseed - Mustard Seed

Firm sentiments featured in the RM seed followed by good buying support and slow farmers and stockists selling. Improved demand in edible oils in recent days has lead to the increase in the seed crushings. Besides, lower supplies in soybean due to lean period and strong Malaysian palm oil during the period remained additional supportive factors for the seed.

The millers were the major buyers across all the key centers to meet the recent improved edible oil demand. The seed fundamentals remain strong in view of lower seed output and slow selling this season.

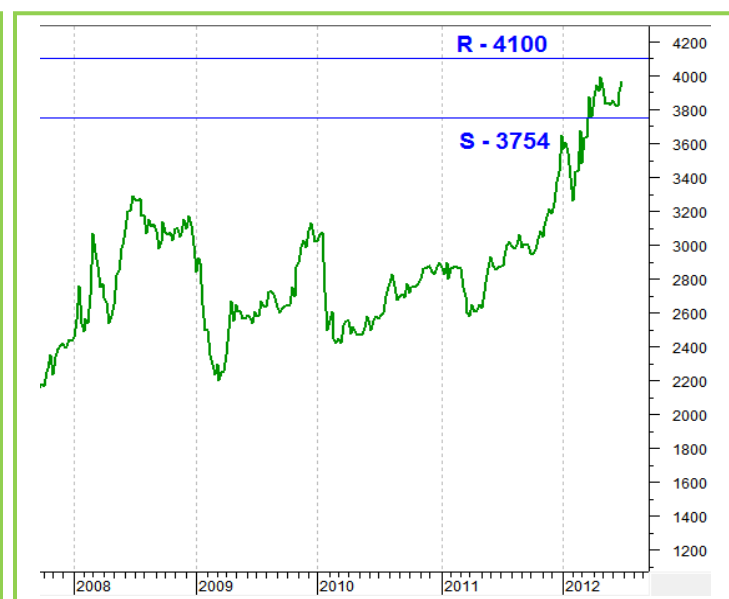


RM Seed Supply, Rajasthan

RM Seed Arrivals in Rajasthan in Bags (85 kg each).		
Weekly Arrivals	Week Ago	Corresponding Week Last Year
3,09,000	2,97,000	8,95,000

The seed supplies in Rajasthan are well below corresponding period last year, but it has improved compared to previous week. The seed arrivals are expected to be steady in near and long-term.

Technical Analysis:
NCDEX RM Seed Futures (Jul)

RM Seed Spot, Jaipur

Supports & Resistances NCDEX Jul RM Seed

S2	S1	PCP	R1	R2
3690	3902	3950	4126	4200

- Candlestick chart pattern indicates uptrend in the prices.
- Prices closed above 9-day and 18-day EMA indicating firmness in the near and medium-term.
- RSI and stochastic are heading upwards in neutral territory.
- **Trade Recommendation (NCDEX RM SEED - Jul) – 1 Week:** BUY between 3990-4020 levels. T1 – 4080; T2 –4120; SL -3930.

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 3880-3900 levels. T1 – 3950; T2 –3990; SL -3852. The call triggered and both the targets were achieved.

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