

Executive Summary

The domestic oilseeds and oil meals prices continued to post gains on bullish global and domestic fundamentals. Persistent dry weather in US mid-west, the major soybean growing region, improved palm oil shipments from Malaysia and Indonesia ahead Muslim fasting month, *Ramadan* and slow soybean planting progress in India remained supportive factors for domestic oilseeds and meals.

Fresh overseas demand in soy meal of Indian origin in previous weeks in one hand and declining supplies in beans on the other due to lean season continued to lend support to the soybean market.

Besides, slow farmers and stockists selling in RM seed eventually boosted the seed price during the week under review. Strong Malaysian palm oil provided parallel support to the domestic RM seed market.

Ongoing weather concern in US mid-west, higher shipments in Malaysian and Indonesian palm oil, renewed soy meal export enquiries, weak monsoon in oilseeds growing states and weakness in Indian rupee against US dollar combined together will lend further support to the domestic oil and fats market in near-term.

International Highlights

- ❖ Informa Economics has slashed its US soybean yield for 2012 by 0.7 bushels to 42.0 bushels per acre compared to previous estimates. Moreover, US soybean output for 2012 seen at 3.161 billion bushels due to dry and warm weather conditions over key soy growing areas of US.

Oilseed Prices at Key Spot Markets:

Commodity	Centre	Prices (Rs/Qtl)		Change
Soybean		06/07/2012	29/06/2012	
	Indore –Plant	4100-4150	3800-3865	+285
	Indore –Mandi	3925-4025	3650-3750	+275
	Nagpur-Plant	4100	3850-3875	+225
	Nagpur – Mandi	3900-4050	3700-3825	+225
	Kota-Plant	4100	3900	+200
	Kota – Mandi	4000-4050	3850	+200
	Bundi-Plant	4100-4125	3880	+245
	Bundi-Mandi	4050-4060	3750	+310
	Baran-Plant	4100	-	-
	Baran-Mandi	4000	3800	+200
	BhawaniMandiJhalawar– Kota Plant Delivery	4150	3875	+275
	Jhalwar-Mandi	4050-4090	3800-3850	+240
Rapeseed/Mustard	Jaipur – C	4095-4100	3970-3975	+125
	Alwar – C	3950	3900	+50
	SriGanganagar(NC)	3430	3400	+30
	Kota	3950	3750	+200
	Neewai	4025	3925	+100
	Delhi– C	4025	3970	+55
	Hapur (UP)	4060	3980	+80
Groundnut Seed	Rajkot	1000	1000	Unch
	Junagarh			
Sunflower Seed	Latur	34000-36000	Closed	-
	Gulbarga	-	-	-
	Solapur	37000-38000	36000-36500	+1500

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 (06/07/2012)	Week End (29/06/2012)	
	Madhya Pradesh	182000	280000	-98000
	Maharashtra	50000	40000	+10000
	Rajasthan	35000	40000	-5000
	Bundi (Raj)	255	500	-245
	Baran (Raj)	8700	10500	-1800
	Jhalawar (Raj)	1800	1700	+100
Rapeseed/Mustard	Rajasthan	302000	309000	-7000
*Sum Arrivals during the week.				

Crop Progress, India

The *kharif* oilseeds planting is slow paced due to the weak monsoon in the oilseeds growing states. Overall, the planting is lower by 29 per cent as on July 5 2012 compared to the same period last year.

Of the major *kharif* oilseeds Groundnut and Soybean planting is lagging behind compared to the corresponding period last year. The sown area under groundnut in Gujarat is reported at 2.2 lakh hectares compared to 3.76 lha during the corresponding period last year. In case of soybean sowing is lagging well behind the previous year's level in the major producing sates of Madhya Pradesh and Maharashtra.

Area in lakh hectares

Crop	As on 05 Jul 2012	As on 05 Jul 2011	% Change
Groundnut	5.9	9.4	-37.6
Soybean	19.0	25.5	-25.5
Sunflower	0.3	0.4	-18.4
Sesamum	0.7	1.2	-38.1
Niger	0.01	0.02	-50.0
Castor	0.6	0.9	-25.9
Total Oilseeds	26.6	37.4	-28.9

Source: GOI

The soybean planting is not reported in Rajasthan yet, it is likely to commence in 3rd - 4th week of July.

Soybean

The soybean prices continued its upward trend in the market supported by better buying from solvent extractors and improved overseas soy meal demand in previous weeks. The solvent extractors were keen in buying the beans at higher quotes to meet the exports commitment in soy meal and domestic edible oil demand during the period under review.

The soybean planting is under progress in the states of Maharashtra and Madhya Pradesh. The area under soybean was reported lower by 26 per cent, as on July 05, 2012, at 19 lakh hectares compared to 25.0 lha during the same period last year.

About 12.55 lha of area is covered under soybean in Maharashtra against 8.53 lha during the corresponding period last year followed by 4.15 lha in Madhya Pradesh compared to 14.39 lha during the same period last year.

The lower planting is due to the weak monsoon over Maharashtra and Madhya Pradesh. No soybean planting is reported in the state of Rajasthan yet. It is expected towards the 3rd-4th week of July.

Dry weather in mid-west, US, better export sales in Malaysian and Indonesian palm oil and fresh demand in soy meal of Indian origin will continue to lend support in near-term.

Soy meal- FAS Kandla Vs FOB Argentina (Spread)

The domestic soy meal prices extended previous gains on better export sales and improved domestic usage in poultry feed industry. The domestic meal demand from poultry feed industry increases with the increase in coverage of monsoon as the seasonal poultry production increases during the period.

Besides, the Indian meal exports to the Iran, Thailand and Vietnam were the major buyers of soy meal of Indian origin during June 2012.

The soy meal shipments during June, 2012 was 1,80,987 tonnes as compared to 1,17,596 tonnes in June, 2011 showing a gain of 53.90% over the corresponding period last year.

On a financial year basis, India's soy meal shipments during first quarter of current financial year Apr-June 2012 is 6,55,868 MT as compared to 5,97,971 MT in the same period of previous year showing an increase of 9.68%.

During current oil year, (October - September), exports during October 2011 to June 2012 is 34,41,699 MT as against 35,95,818 MT last year, fall by 4.28%.

Although, the Argentina's soy meal prices remained competitive compared to the meal of India origin but India registered higher export sales in the meal in June.

Week	FAS, Soy meal Kandla	FOB, Soy meal Argentina	Avg.*Spread
30 Jun-06 Jul	637	538	99
23-29 Jun	576	502	74

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

The average weekly soy meal price spread between FAS Kandla and FOB Argentina stood at US \$99/MT compared to US \$74/MT a week ago, indicating persistent 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 **35600-3600** 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
-868	-1299	-318

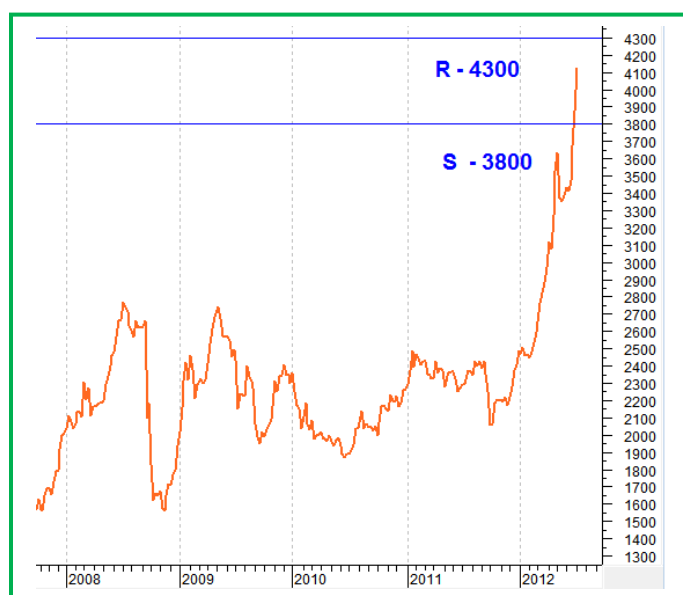
The soybean crush margin has slightly improved, though it is still in negative territory, compared to the previous week but it is below corresponding period last month. The disparity is a discouraging factor for the crushers.

Technical Analysis:

NCDEX Soybean Futures



Soybean Spot, Indore



Supports & Resistances NCDEX Aug Soybean

S2	S1	PCP	R1	R2
3725	3830	4194	4420	4583

- The weekly soybean prices featured continued buying support in the market.
- Prices closed well above 9-day and 18-day EMA.
- RSI and stochastic are heading upwards in overbought zone.
- Prices are expected to extend gains.

- **Trade Recommendation (NCDEX Soybean – Aug) – 1 Week:** BUY between 4225-4250 levels.T1 – 4350; T2 –4400; SL -4178.

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 4200-4250 levels (Indore, Plant basis).

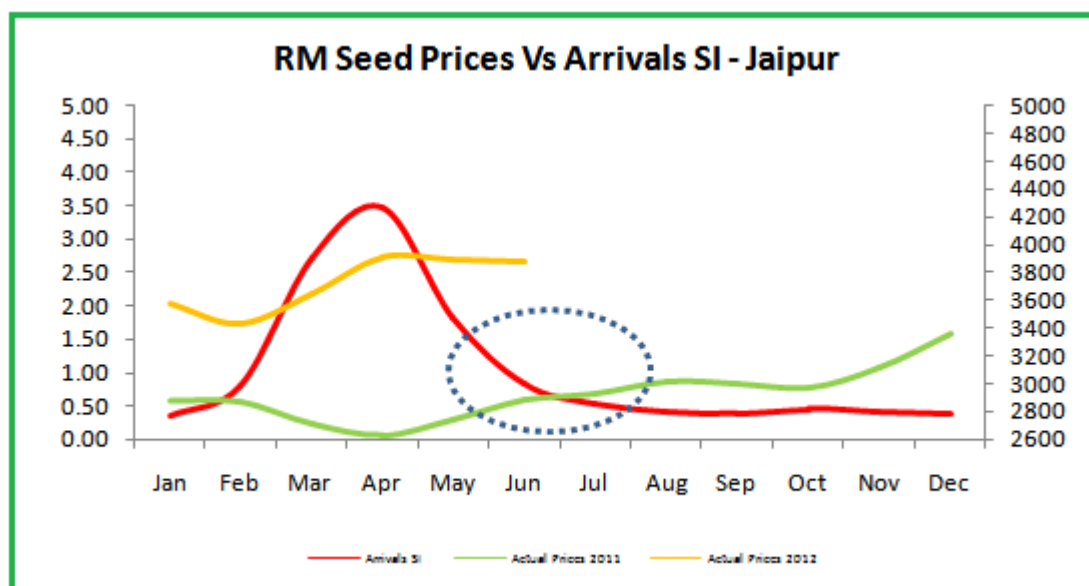
Review of Previous Call: *In our previous call we had recommended: BUY between 3930-3960 levels.T1 – 4000; T2 –4050; SL -3918. The call triggered and both the targets were achieved.*

Rapeseed - Mustard Seed

Better miller's buying, gradual fall in the seed supplies and strong Malaysian palm oil remained supportive factors for the higher RM seed prices during the week under review. The millers were keen in buying the seed at higher quotes to meet the expected rise in edible oil usage with gripping of monsoon across India.

Persistent slow farmers and stockists selling in anticipation of further higher prices have lead to the lower supplies. Higher palm oil exports from Malaysia and Indonesia has kept the international benchmark, BMD strong during the period created spillover impact on domestic RM seed market. The better buying in palm oil is to stock ahead of the Muslim fasting month, *Ramadan*.

The RM seed fundamentals remain strong in view of lower seed output this season and gradual rise in the usage in coming months.



RM Seed Supply, Rajasthan

RM Seed Arrivals in Rajasthan in Bags (85 kg each).		
Weekly Arrivals	Week Ago	Corresponding Week Last Year
3,02,000	3,09,000	10,45,000

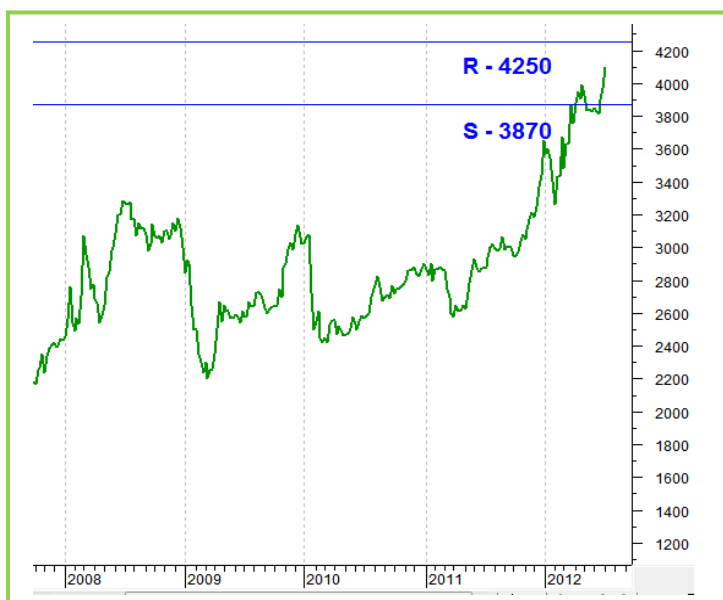
The seed supplies in Rajasthan are significantly below same period last year and slightly lower than the previous week. The seed arrivals are expected to be steady in near to medium-term.

Technical Analysis:

NCDEX RM Seed Futures



RM Seed Spot, Jaipur



Supports & Resistances NCDEX Aug RM Seed

S2	S1	PCP	R1	R2
3870	3934	4107	4243	4310

- Candlestick chart pattern indicates continued buying support in the market.
- 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 - Aug) – 1 Week:** BUY between 4100-4120 levels. T1 – 4180; T2 –4240; SL -4075.

Trade Recommendation RM Seed Spot (Jaipur basis): In spot the RM seed prices are expected to gain further and witness 4210-4230 level in near term. We recommend stockists to buy on dips.

Review of Previous Call: In our previous call we had recommended: **BUY between 3990-4020 levels.** T1 – 4080; T2 –4120; SL -3930. The call triggered and target one achieved.

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