

Executive Summary

All the domestic oilseeds and oil meals prices extended gains on weak supplies due to lean season and slow farmers selling during the week under review. Firm global factors in oils and fats market continued to support the domestic oilseeds and meal prices.

Soybean supplies were reportedly lower due to dried-up pipeline due to lean season while slow farmers and stockiest selling in RM seed kept the seed arrivals lower in key cash markets during the period. Dry weather in US mid-west, the largest soybean growing belt of US and better sales in palm oil from Malaysia and Indonesia provided spillover support to the domestic soybean and RM seed market. The prices of both soybean and RM seed skyrocketed in past few days.

Besides, lower availability in beans and eventually decline in crushings have lead in the rise in soy meal prices.

Persistent dry weather in US mid-west, better export sales in Malaysian and Indonesian palm oil, renewed soy meal export enquiries, deficit rains in oilseeds growing belts 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

- ❖ China imported 5.62 million tonnes of soybeans in June, up 6.4 percent from 5.28 million tonnes in May, figures from the General Administration of Customs of China showed. Imports of vegetable oils in June were 540,000 tonnes, up 17.4 percent from the previous month.

Oilseed Prices at Key Spot Markets:

Commodity	Centre	Prices (Rs/Qtl)		Change
Soybean		13/07/2012	06/07/2012	
	Indore –Plant	4275-4350	4100-4150	+200
	Indore –Mandi	4050-4150	3925-4025	+125
	Nagpur-Plant	4350-4400	4100	+300
	Nagpur – Mandi	4250-4350	3900-4050	+300
	Kota-Plant	4275	4100	+175
	Kota – Mandi	4150-4225	4000-4050	+175
	Bundi-Plant	4300	4100-4125	+175
	Bundi-Mandi	4225	4050-4060	+165
	Baran-Plant	4350	4100	+250
	Baran-Mandi	4300	4000	+300
	BhawaniMandiJhalawar– Kota Plant Delivery	4400	4150	+250
	Jhalwar-Mandi	4300-4325	4050-4090	+235
Rapeseed/Mustard	Jaipur – C	4225-4230	4095-4100	+130
	Alwar – C	4000-4050	3950	+100
	SriGanganagar(NC)	3620	3430	+190
	Kota	4000	3950	+50
	Neewai	4150	4025	+125
	Delhi– C	4100	4025	+75
	Hapur (UP)	4250	4060	+190
Groundnut Seed	Rajkot	1005	1000	+5
	Junagarh			
Sunflower Seed	Latur	36000-38500	34000-36000	+2500
	Gulbarga	-	-	-
	Solapur	40000-41500	37000-38000	+3500

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 (13/07/2012)	Week End (06/07/2012)	
	Madhya Pradesh	300000	182000	+118000
	Maharashtra	54000	50000	+4000
	Rajasthan	36000	35000	+1000
	Bundi (Raj)	200	255	-55
	Baran (Raj)	4800	8700	-3900
	Jhalawar (Raj)	1700	1800	-100
Rapeseed/Mustard	Rajasthan	273000	302000	-29000
*Sum Arrivals during the week.				

Crop Progress, India

The *kharif* oilseeds planting are under progress and slow paced due to the weak monsoon in the oilseeds growing states. In the last official report, the planting was reportedly lower by 22.2 per cent as on July 13, 2012 compared to the same period last year.

The Groundnut plantings is 31.0 per cent lower while Soybean planting is lagging by 19 per cent compared to the corresponding period last year.

Area in lakh hectares

Crop	As on 12 Jul 2012	As on 12 Jul 2011	% Change
Groundnut	10.7	15.5	-31.0
Soybean	54.5	67.3	-19.1
Sunflower	0.5	0.5	-6.2
Sesamum	1.3	2.5	-48.0
Niger	0.06	0.07	-14.3
Castor	0.7	1.1	-38.4
Total Oilseeds	67.7	87.0	-22.2

Source: GOI

The soybean planting in Rajasthan has commenced and reported at 1.01 lakh hectares.

Soybean

Firm sentiments featured in the domestic soybean market on short supplies followed by lean season and better soy meal exports demand in the week under review. The solvent extractors were keen in buying the beans at higher quotes to meet the meal and oil demand.

The soybean planting is underway in the states of Maharashtra and Madhya Pradesh, but its progress is slow due to deficit rains in the growing states. The area under soybean was reported lower by 19.0 per cent, as on July 12, 2012, at 54.5 lakh hectares compared to 67.3 lha during the same period last year.

About 20.15 lha of area is covered under soybean in Maharashtra against 14.99 lha during the corresponding period last year followed 29.32 lha in Madhya Pradesh compared to 46.83 lha during the same period last year.

The planting is lagging due to poor monsoon in Maharashtra and Madhya Pradesh.

Higher than normal temperature in the US mid-west, better export sales in Malaysian and Indonesian palm oil and renewed 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 continued its upward move on better export sales and improved domestic usage in poultry industry. The poultry production increases during monsoon and eventually the requirement of feed and its ingredients increases during the period.

The traditional meal buyers from India are keen in buying the meal even during the lean season, due to their preference in Indian soy meal. However, exporters are hesitant to accept the commitment in a big scale due to the lower availability of beans and subsequently lower crushings. But the exports are on though in a small volume.

Iran, Thailand and Vietnam, Korea remained the major buyers of soy meal of Indian origin in recent days.

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.

India registered higher exports in meal in the month of Jun, despite the Argentina's soy meal prices remained competitive compared to the meal of India origin.

Week	FAS, Soy meal Kandla	FOB, Soy meal Argentina	Avg.*Spread
07 – 13 Jul	677	570	107
30 Jun - 06 Jul	637	538	99

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

The average weekly soy meal price spread between FAS Kandla and FOB Argentina stood at US \$107/MT compared to US \$99/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 **38000-39000** 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
-985	-868	-1103

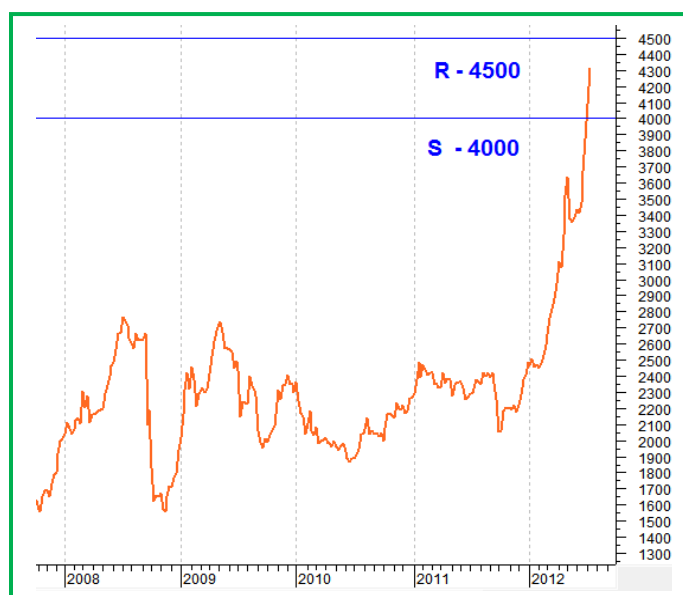
The soybean crush margin has slightly improved, though it is still in negative territory, compared to the previous week but it is below corresponding period last month. The disparity is a discouraging factor for the crushers.

Technical Analysis:

NCDEX Soybean Futures



Soybean Spot, Indore



Supports & Resistances NCDEX Aug Soybean

S2	S1	PCP	R1	R2
4105	4310	4516	4755	4960

- The weekly soybean prices featured continued rally in the prices.
- Prices closed well above 9-day and 18-day EMA.
- RSI and stochastic are heading upwards in overbought zone, warranting correction.
- Prices may extend gains during the week.
- **Trade Recommendation (NCDEX Soybean – Aug) – 1 Week:** BUY between 4550-4560 levels.T1 – 4650; T2 –4700; SL -4508.

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 4450-4500 levels (Indore, Plant basis).

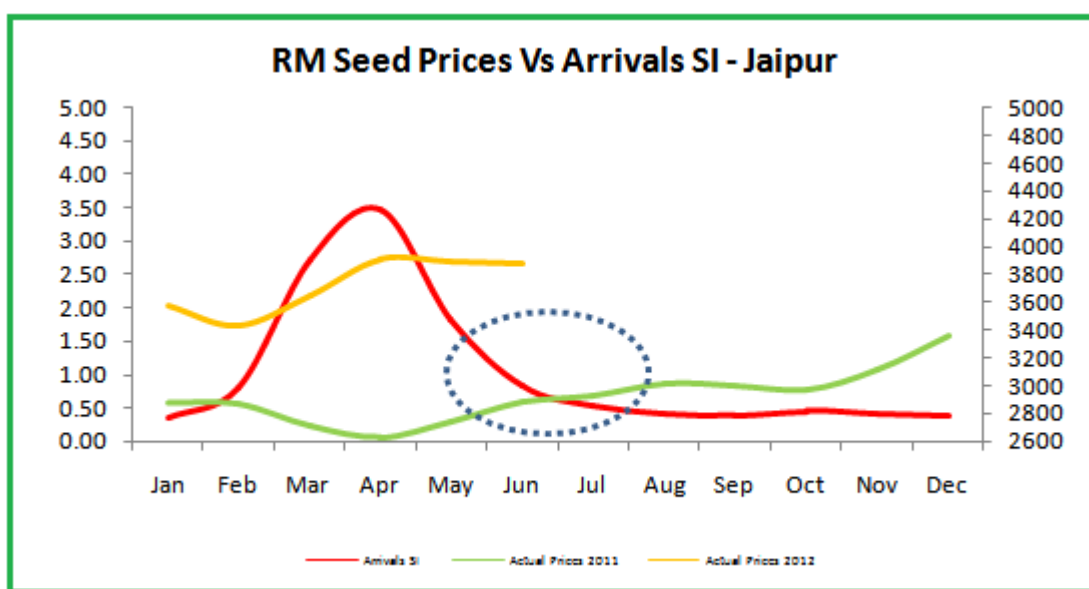
Review of Previous Call: In our previous call we had recommended: BUY between 4225-4250 levels.T1 – 4350; T2 –4400; SL -4178. The call triggered and both the targets were achieved.

Rapeseed - Mustard Seed

Falling RM seed supplies in one hand and persistent millers demand remained supportive factors for the seed prices, during the week under review. Besides, spillover impact of strong Malaysian palm continued to lend additional support to the seed prices. Better export sales in palm oil in recent weeks from Malaysia and Indonesia kept the CPO at BMD higher in recent past.

Slow farmers and stockiest selling has lead to the lower supplies in the key cash markets. The millers were keen in buying the seed at higher quotes to meet the oil and meal demand.

The RM seed fundamentals continued to 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
2,73,000	3,02,000	4,60,000

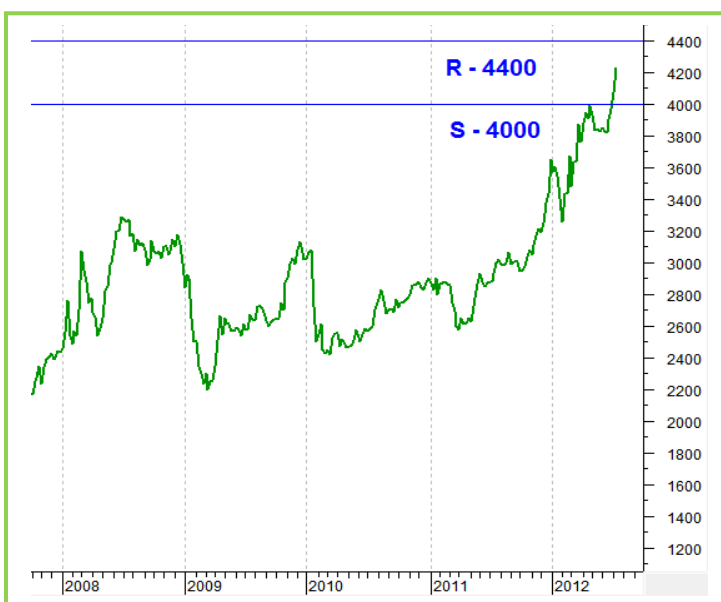
The RM seed supplies in Rajasthan are well below the arrivals during the same period last year and slightly lower than the previous week. The seed arrivals are expected to be steady in near to medium-term.

Technical Analysis:

NCDEX RM Seed Futures



RM Seed Spot, Jaipur



Supports & Resistances NCDEX Aug RM Seed

S2	S1	PCP	R1	R2
3970	4043	4256	4403	4510

- 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 4290-4310 levels. T1 – 4370; T2 – 4420; SL - 4265.

Trade Recommendation RM Seed Spot (Jaipur basis): In spot the RM seed prices are expected to gain further and witness 4300-4350 level in near term. We recommend stockists to buy on dips.

Review of Previous Call: In our previous call we had recommended: **BUY between 4100 - 4120 levels. T1 – 4180; T2 – 4240; SL - 4075. The call triggered and target one achieved.**

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