

Executive Summary

The domestic oilseeds and oil cake prices appreciated on firm global cues and lower domestic crushings due to weak supplies. Higher BMD CPO and strong CBOT soy complex lend continued support to the domestic oils and fats market.

Weak seasonal soybean supplies and decline in crushings have pushed up the soy meal prices during the week under review. However, the higher coverage area under soybean and sluggish buying from solvent extractors restricted the gains. Several soybean crushing plants are currently under maintenance due to lean season.

The domestic soy meal usage has improved due to rise in poultry production while the export sales have gone down due to weak availability due to lean period.

RM seed fundamentals continued to remain firm with lower stocks and slow farmers selling. Stronger Malaysian palm oil remained supportive for the domestic seed. Farmers are anticipating higher seed prices in Oct and Nov on series of festivities.

Lower US soybean production estimates and fear of developing El Nino weather pattern overseas will remain bullish for the local oilseeds and meals in near-term. However, lower India's export sales in soy meal will restrict the gains.

However, cool weather over US Midwest has provided some relief to the standing soybean, may cap the gains to some extent.

International Highlights

- ❖ The world supply tightness of soybeans is unprecedented and will result in a fall in world exports by 8-9 Mn T from a year earlier in Sept/Febr 2012/13 as well as in unusually small global stocks of soybeans in early 2013 – Oil World.
- ❖ As per the Oil World report, larger than expected volume of early soybeans to be harvested in South America in Jan and Febr 2013, seen generating earlier than expected relief to the unusually tight US and world supplies.
- ❖ In the Brazilian state of Rio Grande do Sul soybean harvesting will probably already start at the end of January, 4-6 weeks earlier than usual, following the decision to allow soybean plantings already in September - Oil World.
- ❖ There is an increasing risk that this year's US soybean and corn crops outturn will be sizably below the August 10 USDA estimates.

Oilseed Prices at Key Spot Markets:

Commodity	Centre	Prices (Rs/Qtl)		Change
		31.08.2012	24.08.2012	
Soybean		4450-4550	4525-4625	-75
	Indore –Plant	4380-4480	4400-4500	-20
	Indore –Mandi	4650-4700	4700	Unch
	Nagpur-Plant	4600-4650	4525-4600	+50
	Nagpur – Mandi	4500	4500	Unch
	Kota-Plant	4400-4430	4300-4450	-20
	Kota – Mandi	4550	4525	+25
	Bundi-Plant	4500	4500	Unch
	Bundi-Mandi	-	-	-
	Baran-Plant	4400	4250	+150
	Baran-Mandi	4475	4525	-50
	BhawaniMandiJhalawar– Kota Plant Delivery	4400-4425	4425-4450	-25
	Jhalwar-Mandi			
Rapeseed/Mustard	Jaipur – C	4560-4565	4590-4595	-30
	Alwar – C	4400	4350	+50
	SriGanganagar(NC)	4000	3890	+110
	Delhi– C	4460	4500	-40
	Kota	4250	4100-4200	+50
	Neewai	4550	4550	Unch
	Hapur (UP)	4525	4525	Unch
Groundnut Seed	Rajkot	1050	1100	-50
	Junagarh	-	-	-
Sunflower Seed	Latur	35000-37000	36000-38000	-10000
	Solapur	40200-40300	40000-40100	+200
	Gulbarga	-	-	-

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
		Week End (31/08/2012)	Week End (24/08/2012)	
Soybean		89000	60000	+29000
	Madhya Pradesh	89000	60000	+29000
	Maharashtra	14000	22000	-8000
	Rajasthan	32000	28000	+4000
	Bundi (Raj)	85	115	-30
	Baran (Raj)	415	530	-115
	Jhalawar (Raj)	510	480	+30
Rapeseed/Mustard	Rajasthan	175000	115000	+60000
*Sum Arrivals during the week.				

Crop Progress, India

In the latest official *kharif* planting report, India's total coverage under various oilseeds is reported down 4.4 per cent at 167.2 lakh hectares compared to 175 lha during the same period last year.

The decline in coverage is due to weak monsoon at the time of planting. The groundnut planting is 12.2 per cent, sunflower is lower by 30 per cent, sesamum 9 per cent and castor 37 per cent behind the same period last year.

Statewise Area Covered Under Kharif Oilseeds for Week Ending as on 30 Aug, 2012

Area in Lakh Ha

State	Groundnut		Soybean		Sunflower		Sesamum		Niger		Castor		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
North West India														
Haryana	0.01	0.02	---	---	---	---	0.03	0.04	---	---	0.01	0.02	0.05	0.08
Himachal Pradesh	---	---	---	---	---	---	---	---	---	---	---	---	---	---
Jammu & Kashmir	---	---	---	---	---	---	0.03	0.08	---	---	---	---	0.03	0.08
Punjab	0.03	0.03	---	---	---	---	0.06	0.07	---	---	---	---	0.09	0.10
Rajasthan	3.33	4.24	9.87	8.82	---	---	3.75	4.10	---	---	1.10	1.62	18.05	18.79
Uttar Pradesh	0.94	0.85	0.19	0.11	---	---	3.57	3.23	---	---	---	---	4.70	4.19
Uttarakhand	---	---	0.19	0.09	---	---	0.01	0.05	---	---	---	---	0.20	0.14
Total	4.31	5.14	10.25	9.02	---	---	7.45	7.58	---	---	1.11	1.64	23.12	23.38

Central India														
Chhattisgarh	0.54	0.53	1.52	1.50	---	---	0.41	0.42	0.10	0.02	---	---	2.57	2.47
Gujarat	11.88	14.27	0.83	0.85	---	---	0.55	1.73	0.07	0.10	3.64	6.81	16.97	23.77
Madhya Pradesh	2.25	2.18	58.12	57.30	---	---	2.68	2.38	0.78	0.60	0.01	---	63.84	62.46
Maharashtra	1.86	2.21	32.13	30.54	0.22	0.29	0.28	0.40	0.27	0.36	0.20	0.08	34.96	33.88
Odisha	0.84	0.86	---	---	---	---	0.55	0.69	0.23	0.15	0.07	0.08	1.69	1.78
Total	17.36	20.05	92.60	90.19	0.22	0.29	4.47	5.62	1.46	1.23	3.92	6.97	120.03	124.36
Southern Peninsula														
Andhra Pradesh	10.16	10.13	1.95	1.55	0.14	0.13	0.24	0.34	---	---	1.89	2.31	14.38	14.46
Karnataka	3.52	5.07	2.00	2.17	1.25	1.92	0.39	0.61	0.08	0.17	0.10	0.17	7.34	10.11
Kerala	---	---	---	---	---	---	---	---	---	---	---	---	---	---
Tamil Nadu	1.42	1.54	---	---	0.06	0.03	0.14	0.21	---	---	0.04	0.04	1.65	1.83
Total	15.10	16.74	3.95	3.72	1.45	2.08	0.77	1.16	0.08	0.17	2.03	2.52	23.37	26.40
East & North East India														
Assam	---	---	---	---	---	---	0.03	---	---	---	---	---	0.03	---
Bihar	0.01	0.02	---	---	0.01	0.01	0.03	0.03	---	---	---	---	0.05	0.06
Jharkhand	0.15	0.12	---	---	---	---	0.05	0.06	0.05	0.06	---	---	0.25	0.24
West Bengal	0.03	0.03	---	0.02	---	---	0.02	0.02	---	---	---	---	0.05	0.08
Total	0.19	0.17	---	0.02	0.01	0.01	0.13	0.11	0.05	0.06	---	---	0.38	0.38
Others	0.01	0.01	0.14	0.17	---	---	0.10	0.17	---	---	---	---	0.25	0.35
Total - All India	36.97	42.12	106.94	103.12	1.68	2.39	12.92	14.63	1.59	1.46	7.06	11.13	167.15	174.86

Source: Ministry of Agriculture, GOI

However, the soybean planting is up 4 per cent compared to the same period last year. Further, Niger seed sowing is up 9 per cent at 1.59 lha compared to 1.46 lha last year.

Soybean

Soybean prices extended gains on strong global cues during the week in review. Lower US soybean production estimates and increasing rising usage in key consuming countries like China remained supportive for the local soybeans. Besides, improved domestic soy meal usage on increase in poultry production continued to keep the bean prices higher.

However, higher soybean planting this season restricted the gains during the period. India's area under soybean this season is at all time high at 107 lha reported in the last official planting report which is much above previous year's final area of 103 lha.

Weather is reportedly favorable for the soybean across all the key growing states of Madhya Pradesh, Maharashtra and Rajasthan.

The soybean prices may slightly fall in near-term to reduce the gap between new soybean prices expected late September or early October. However, higher acreage and short-term fall in soy meal export sales will weigh on prices in days ahead.

Soybean Crop Condition

Soybean Crop Condition	Stage	Condition
Madhya Pradesh	Pod Formation	Good
Maharashtra	Pod Formation	Excellent
Rajasthan	Flowering/Pod Formation	Excellent
*Condition with respect to disease, pest and abiotic stress		

The soybean crop in Madhya Pradesh and Maharashtra is in pod formation stage. Besides, it is in flowering and pod stage in the state of Rajasthan.

There are no reports disease, pest and abiotic stress in the soybean crop in any of the key growing states.

Soy meal- FAS Kandla Vs FOB Argentina (Spread)

Soy meal prices rebound and covered the previous week's losses tracking gains in international soy meal. Lower soy meal supplies from South America on lower soybean production this season followed by drought in the growing region continued to support the meal prices at higher levels and provide spillover support to the Indian meal.

However, soy meal, FOR – Kandla was quoted steady at Rs 42,000/MT compared to previous week. No major activity reported consecutive second week at Indian ports in soy meal.

India will not be able to export I soy meal in large volume for medium-term due to the lean season in soybean and eventually fall in crushings.

International Grain Council (IGC) has pegged the global soy meal export trade at 57.2 MnT during the next marketing season.

The soy meal of Indian origin at Indonesia's port, C&F was quoted steady at US \$ 785/MT compared to the previous week.

The soy meal prices of South America are competitive compared to the meal of Indian origin. However, lower outturn in Argentina and Brazil lead to the lower supplies in soy meal from South America. The soy meal prices

FOB, Argentina was quoted around US \$ 635-641/MT during the week which was between US \$401-402/MT a year ago.

Week	FAS, Soy meal Kandla	FOB, Soy meal Argentina	Avg.*Spread
25 – 31 Aug	752	631	121
18 – 24 Aug	753	631	122

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

The average weekly soy meal price spread between FAS Kandla and FOB Argentina stood at US \$121/MT compared to US \$122/MT a week ago, indicating persistent wide gap in prices between Indian and Argentine meal prices, 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. The prices are expected to remain range-bound with weak bias. FOR, Kandla is likely to be between 40000-40500/MT.

Soybean Crush Margin

Avg Crush Margin – This Week	Avg Crush Margin – Last Week	Avg Crush Margin – Corresponding Period Last Month
-988	-1429	-310

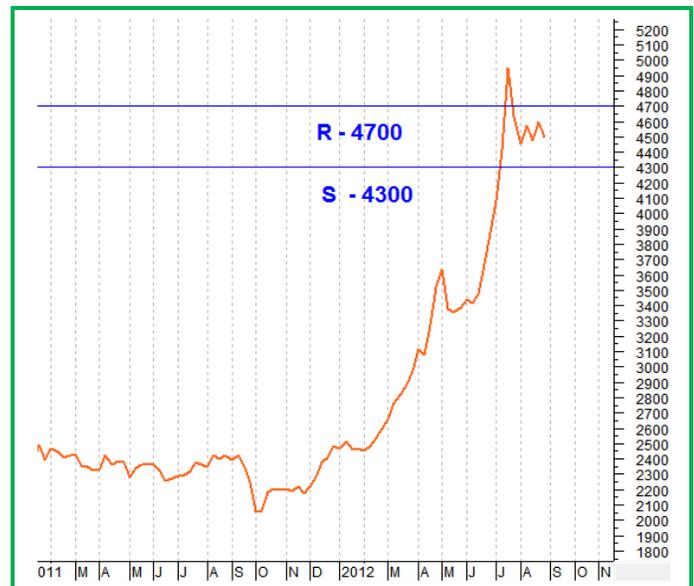
The soybean crush margin has slightly improved during the week compared to the previous week.

Technical Analysis:

NCDEX Soybean Futures



Soybean Spot, Indore



Supports & Resistances NCDEX Nov Soybean				
S2	S1	PCP	R1	R2
3794	3850	3969	4080	4139

- The soybean prices featured down-trend in the market.
- The prices closed below 9-day EMA.
- RSI and stochastic are easing in neutral zone.
- Prices are expected to marginally decline during the week.
- **Trade Recommendation (NCDEX Soybean – Nov) – 1 Week:** SELL between 4000-4010 levels.T1 – 3950; T2 –3920; SL -4033.

Trade Recommendation Soybean Spot: We feel the beans prices will feature range bound movement with weak-bias on bearish domestic outlook and witness 4350-4400 levels (Indore, Plant basis).

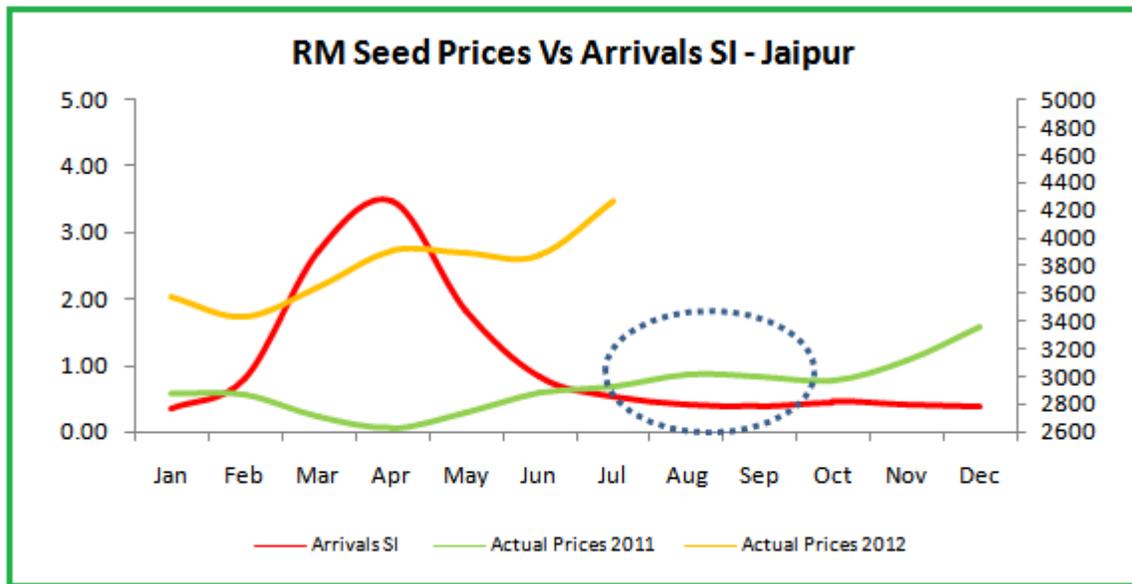
Review of Previous Call: *In our previous call we had recommended: SELL between 3995-4005 levels.T1 – 3970; T2 –3950; SL -4025. The call triggered and both the targets were achieved.*

Rapeseed - Mustard Seed

The RM seed prices edged-up tracking gains in Malaysian palm oil and slow farmers selling in cash market during the in the week under review.

The stockists and the farmers are anticipating higher prices in Oct – Nov with the series of Hindu festivities. The overseas demand for Indian rapeseed meal is good and about 2 vessels are working at the cargo jetties to load 21500 T of rapeseed meal for exports.

The RM seed prices are likely to remain strong in view of lower stock, slow farmers selling and expected gains in BMD CPO in near-term.



RM Seed Supply, Rajasthan

RM Seed Arrivals in Rajasthan in Bags (85 kg each).		
Weekly Arrivals	Week Ago	Corresponding Week Last Year
1,75,000	1,15,000	2,44,000

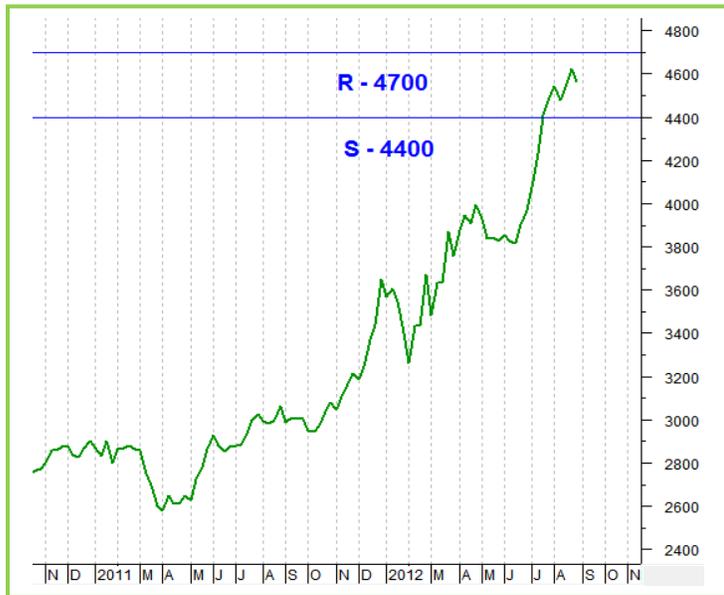
The RM seed supplies slightly improved compared to previous week while they were lower compared to the same period last year.

Technical Analysis:

NCDEX RM Seed Futures



RM Seed Spot, Jaipur



Supports & Resistances NCDEX Oct RM Seed

S2	S1	PCP	R1	R2
4169	4311	4470	4643	4835

- Candlestick chart pattern indicates selling pressure in the market.
- Prices closed above 9-day and 18-day EMA.
- RSI and stochastic are easing in overbought zone.
- **Trade Recommendation (NCDEX RM SEED - Oct) – 1 Week:** SELL between 4490—4500 levels. T1 – 4440; T2 –4420; SL -4523.

Trade Recommendation RM Seed Spot (Jaipur basis): In spot the RM seed prices are expected to slightly ease on lower crushings and expected weakness in soybean. The prices may witness 4450-4500 level in near term.

Review of Previous Call: In our previous call we had recommended: **SELL between 4500—4520 levels. T1 – 4480; T2 –4450; SL -4540. The call got entry and the first target was achieved.**

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