

Executive Summary

The domestic soybean and soy meal prices featured mild gains on weak supplies in week under review. Soy complex gained due to the bullish US soybean supply scenario followed by lower However, the RM seed fell pressured by bearish Malaysian palm oil supply scenario with the ease of El Nino fear last week.

The domestic area coverage under soybean planting is all time high at 107 lakh hectares and eventually the domestic supply is expected to increase this season. Reportedly, if the weather remains clear the new soybean crop arrivals could start in late September.

India's soy meal shipments in Aug were multi-year low at 1006 tonnes low 93% Y-o-Y. Dried-up pipeline supply in soybean and decline in bean crushings eventually lead to the reduction in the export sales in meals. The meal exports are expected to pick-up with the new crop cruhings expected in late October.

The RM seed prices fell due to the weak millers demand in cash market followed sluggish demand in the RM oil. However, the RM seed prices are expected to rebound on upcoming fresh demand followed by series of festivals and winter season.

Lower US soybean production estimates rising Chinese demand in the beans will keep the soybean and meal prices strong in near-term. RM seed may slightly get pressure from the Malaysian palm oil followed by ease in the fear of El Nino.

International Highlights

- ❖ Oil World has estimated world production of soya meal to decline by at least 1.5 Mn T or 3.4% from a year earlier in Oct/Dec 2012, enforcing a further decline in stocks as well as a cutback in world consumption.
- ❖ Heavy rains from hurricane Isaac during the past days have added to the concerns over the US crops during the week in review.
- ❖ In August Brazil's soybean shipments rose by more than 50% from a month earlier to 1.96 Mn T.

Oilseed Prices at Key Spot Markets:

Commodity	Centre	Prices (Rs/Qtl)		Change
Soybean		07.09.2012	31.08.2012	
	Indore –Plant	4550-4635	4450-4550	+85
	Indore –Mandi	4400-4500	4380-4480	+20
	Nagpur-Plant	4700	4650-4700	Unch
	Nagpur – Mandi	4675	4600-4650	+25
	Kota-Plant	4500	4500	Unch
	Kota – Mandi	4400	4400-4430	-30
	Bundi-Plant	4550	4550	Unch
	Bundi-Mandi	4500	4500	Unch
	Baran-Plant	-	-	-
	Baran-Mandi	4350	4400	-50
	BhawaniMandiJhalawar– Kota Plant Delivery	4550	4475	+75
	Jhalwar-Mandi	4450	4400-4425	+25
Rapeseed/Mustard	Jaipur – C	4430-4435	4560-4565	-130
	Alwar – C	4400	4400	Unch
	SriGanganagar(NC)	3900	4000	-100
	Delhi– C	4380	4460	-80
	Kota	4050-4075	4250	-175
	Neewai	4450	4550	-100
	Hapur (UP)	4400	4525	-125
Groundnut Seed	Rajkot	1040	1050	-10
	Junagarh	-	-	-
Sunflower Seed	Latur	35000-37500	35000-37000	+500
	Solapur	40300-40400	40200-40300	+100
	Gulbarga	-	-	-

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 (07/09/2012)	Week End (31/08/2012)	
	Madhya Pradesh	67000	89000	-22000
	Maharashtra	13500	14000	-500
	Rajasthan	30000	32000	-2000
	Bundi (Raj)	85	85	Unch
	Baran (Raj)	185	415	-230
	Jhalawar (Raj)	550	510	+40
Rapeseed/Mustard	Rajasthan	225000	175000	+50000
*Sum Arrivals during the week.				

Crop Progress, India

India's total coverage under various oilseeds is reported down 3.4 per cent at 169.5 lakh hectares compared to 175.5 lha during the same period last year.

Weak rainfall initially, at the time optimum time for planting remained a negative factor for some oilseeds sowing. The groundnut planting is lower by 10.4 per cent, sunflower is lower by 23.2 per cent, sesamum 10 per cent and castor 24.5 per cent behind the same period last year.

Statewise Area Covered Under Kharif Oilseeds for Week Ending as on 06 Sep, 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	3.68	4.24	9.87	8.97	---	---	3.81	4.11	---	---	1.48	1.62	18.85	18.93
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	4.66	5.14	10.25	9.17	---	---	7.51	7.58	---	---	1.49	1.64	23.92	23.52

Central India														
Chhattisgarh	0.54	0.53	1.52	1.50	0.01	---	0.41	0.42	0.16	0.02	---	---	2.64	2.47
Gujarat	11.88	14.34	0.83	0.85	---	---	0.56	1.73	0.07	0.10	4.62	6.81	17.95	23.83
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	1.88	2.21	32.14	30.54	0.22	0.29	0.28	0.40	0.28	0.36	0.19	0.08	34.99	33.88
Odisha	0.84	0.86	---	---	---	0.01	0.72	0.69	0.28	0.15	0.07	0.08	1.92	1.78
Total	17.39	20.12	92.61	90.19	0.23	0.30	4.65	5.62	1.58	1.23	4.89	6.97	121.34	124.42
Southern Peninsula														
Andhra Pradesh	10.23	10.17	1.94	1.55	0.14	0.14	0.24	0.35	---	---	1.90	2.33	14.45	14.54
Karnataka	3.70	5.17	2.00	2.17	1.55	2.11	0.41	0.62	0.11	0.18	0.11	0.18	7.88	10.43
Kerala	---	---	---	---	---	---	---	---	---	---	---	---	---	---
Tamil Nadu	1.73	1.54	---	---	0.06	0.03	0.15	0.21	---	---	0.03	0.04	1.98	1.82
Total	15.66	16.88	3.94	3.72	1.75	2.28	0.80	1.18	0.11	0.18	2.04	2.55	24.31	26.79
East & North East India														
Assam	---	---	---	---	---	---	0.03	---	---	---	---	---	0.03	---
Bihar	0.01	0.02	---	---	0.01	0.01	0.03	0.03	---	---	0.01	---	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	0.01	---	0.38	0.38
Others	0.01	0.01	0.14	0.17	---	---	0.10	0.17	---	---	---	---	0.25	0.35
Total - All India	37.91	42.32	106.94	103.27	1.99	2.59	13.19	14.65	1.73	1.47	8.43	11.16	170.20	175.46

Source: Ministry of Agriculture, GOI

However, the soybean planting is up 3.6 per cent compared to the same period last year. Further, Niger seed sowing is up 18 per cent at 1.73 lha compared to 1.47 lha last year.

Soybean

Soybean prices largely remained flat in the absence of active buying followed by weak availability of beans. Solvent extractors largely refrained themselves from the cash market followed by poor crushing in beans. Most of the crushing plants are under maintenance followed by lean season in soybean.

Besides, significant fall in soy meal export sales in previous weeks, Aug, remained negative factor for the domestic soybean and meal.

However, the domestic soybean futures witnessed a significant fall in the prices to narrow the gap with the new crop soybean expected to arrive in the last week of September. Higher planting this season at 107 lakh ha compared to 103 lha last year will act as a short-term bearish factor.

Weather is reportedly conducive 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. Besides, 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	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 remained slightly higher on supportive domestic buying in the week under review. However, weak export sales restricted the gains. India's soy meal shipments in Aug this year was multi-year low.

India's soy meal shipments during August, 2012 stood at 10,006 tonnes as compared to 1,65,408 tonnes in August, 2011, a significant Y-o-Y fall of 94 per cent.

On a financial year basis, the export sales during April 2012 to August 2012 stood at 8,34,214 MT as compared to 9,02,930 MT during the same period last year.

During current Oil year, (October - September), exports during October 2011 to August 2012 is reported 36,20,045 MT as against 39,00,777 MT same period last year.

Most of the major overseas buyers refrained themselves from the Indian meal market in the month of Aug while Iran, Kuwait, Bangladesh and Thailand remained the major buyers during the month.

The soy meal of Indian origin at Indonesia's port, C&F was quoted US \$759 compared to US \$ 785/MT 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 \$ 621-625/MT during the week which was between US \$386-391/MT a year ago.

Week	FAS, Soy meal Kandla	FOB, Soy meal Argentina	Avg.*Spread
1 - 7 Sep	726	623	103
25 - 31 Aug	752	631	121

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

The average weekly soy meal price spread between FAS Kandla and FOB Argentina stood at US \$103/MT compared to US \$121/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

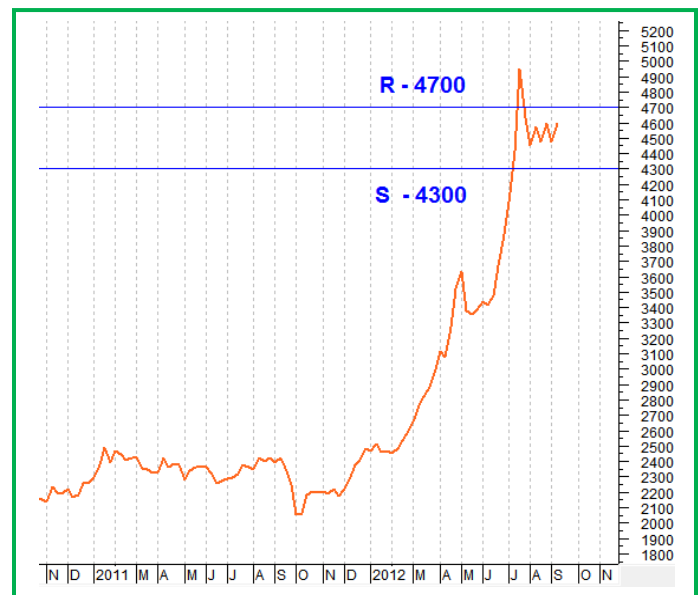
Avg Crush Margin – This Week	Avg Crush Margin – Last Week	Avg Crush Margin – Corresponding Period Last Month
-770	-988	-461

Technical Analysis:

NCDEX Soybean Futures



Soybean Spot, Indore



Supports & Resistances NCDEX Nov Soybean

S2	S1	PCP	R1	R2
3419	3602	3729	4060	4120

- The candlestick chart pattern reveals selling pressure during the week.
- The prices closed below 9-day and 18-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 3740-3750 levels. T1 – 3690; T2 – 3640; SL -3773.

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

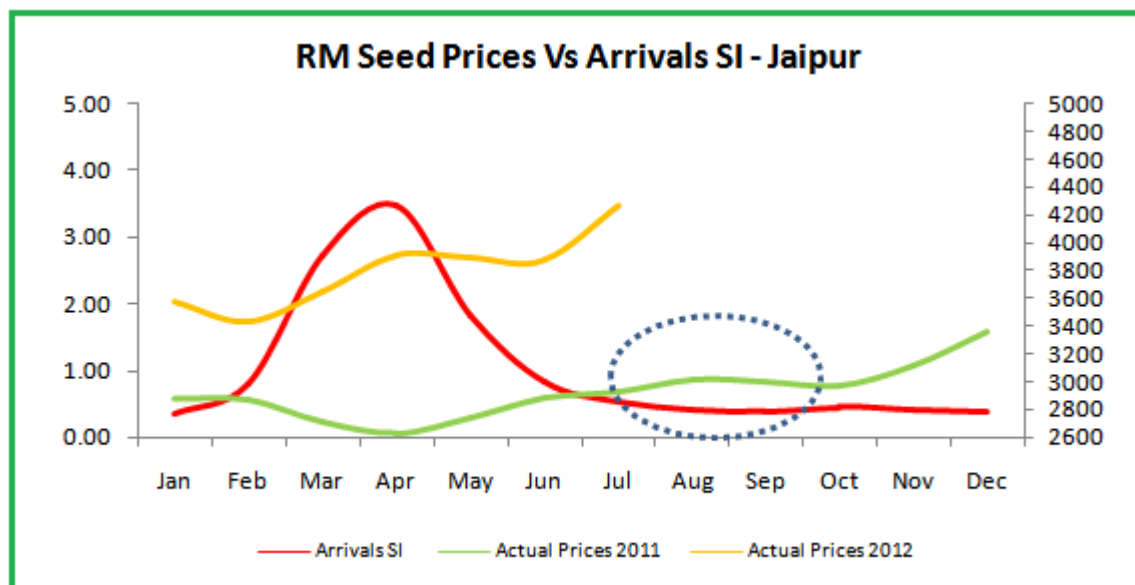
Review of Previous Call: *In our previous call we had recommended: SELL between 4000-4010 levels. T1 – 3950; T2 – 3920; SL -4033. The call failed to get the entry, however the trend suggested stood correct.*

Rapeseed - Mustard Seed

The RM seed prices plunged on weak buying activity in cash market followed by poor off-take in Mustard Oil and tracking losses in Malaysian palm oil.

Good rainfall in the major RM seed growing states like Rajasthan and Uttar Pradesh has improved the sowing prospect of seed followed by better moisture content. The area under the seed is expected to increase this season.

The RM seed prices will rebound on lean season and upcoming demand ahead of the series of festivities. The ease in El Nino fear has become a short-term bearish factor and may keep the Malaysian palm oil lower 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
2,25,000	1,75,000	2,28,000

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
3890	4014	4137	4525	4507

- Candlestick chart pattern indicates strong selling pressure in the market.
- Prices closed below 9-day and 18-day EMA.
- RSI and stochastic are easing in neutral zone.
- **Trade Recommendation (NCDEX RM SEED - Oct) – 1 Week:** SELL between 4150—4160 levels. T1 – 4100; T2 –4050; SL -4183.

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 4250-4300 level in near term.

Review of Previous Call: In our previous call we had recommended: : **SELL** between 4490—4500 levels. T1 – 4440; T2 –4420; SL -4523. The call triggered and both the targets were achieved.

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