

Executive Summary

The domestic soybean, soy meal and RM seed plunged in association during the week in review. US and domestic soybean harvest pressure and comfortable palm oil stocks with the key producing countries pressured the domestic oilseeds, meal and oil cash markets.

The US soybean harvesting is picking-up the pace and it is well ahead 5 year average which eventually pressured CBOT soy complex during the week. Besides, India's soybean harvesting is picking up the pace and the new crop supplies have commenced in all the key growing states including Rajasthan during the week. However, the moisture content in the domestic soybeans is higher than the specifications.

Soy meal prices were under pressure due to weak export sales. However, in a new development overseas export enquires have begun for the new crop soy meal and the forwards bookings have started. We feel soy meal exports to pick-up in late October.

Further, RM seed prices witnessed losses pressured by higher palm oil stocks in the key producing countries, which eventually pressured the BMD CPO and subsequently domestic RM seed during the period. Besides, recent trade data from top three major Asian edible oil importing countries confirm rather sluggish palm oil demand.

The oilseeds and meal are expected to face price pressure on seasonal US and domestic soybean supplies and expected further weakness in Bursa Malaysia Derivatives in near-term.

International Highlights

- ❖ Despite sharp price declines, China is not likely to seek more palm oil supplies as port stocks of edible oils are reportedly high. According to Oil World, China's total oil seed imports have risen by 8.1 million tons to 57.8 million tons in Oct '11 - Aug '12. This stock build up will limit China's imports.
- ❖ According to Oil World, US soybean crushings totaled an estimated 3.55 million tons or 130.4 million bushels in August. Oil World has reported the world exports of soya meal comparatively high at 4.7 Mn T in August but 7% below a year ago.
- ❖ Above forecast Brazil's soybean crop output at 81.3 million tons for 2012/13. Meanwhile, Brazilian soybean oil production seen at 7.48 million tons, up 10 percent compared to the previous season. In addition to this, soy oil exports are likely to pass 1.4-1.5 million tons in 2012/13.
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Oilseed Prices at Key Spot Markets:

Commodity	Centre	Prices (Rs/Qtl)		Change
Soybean		28.09.2012	21.09.2012	
	Indore –Plant	3300-3400 (New Crop)	4100-4300	-900
	Indore –Mandi	2800-3300	4000-4200	-900
	Nagpur-Plant	3500 (New Crop)	3900	-400
	Nagpur – Mandi	3200-3300 (New Crop)	-	-
	Kota-Plant	4000	4500-4550	-550
	Kota – Mandi	3550 (New Crop)	4350-4400	-850
	Bundi-Plant	3500 (New Crop)	4450	-950
	Bundi-Mandi	3200-3300 (New Crop)	4400	-1100
	Baran-Plant	-	-	-
	Baran-Mandi	3250(Old Crop)	3800-3900	-650
	Bhawani MandiJhalawar– Kota Plant Delivery	3500	4450	-950
	Jhalawar-Mandi	3200-3450	4400	-950
Rapeseed/Mustard	Jaipur – C	4205-4210	4280-4285	-75
	Alwar – C	4150	-	-
	SriGanganagar(NC)	3600	3700	-100
	Delhi– C	4225	4325	-100
	Kota	3800-3900	3900-4000	-100
	Neewai	-	-	-
	Hapur (UP)	4360	-	-
Groundnut Seed	Rajkot	900	925	-25
	Junagarh	-	-	-
Sunflower Seed	Latur	3400-3550	3900-4100	-550
	Solapur	3700-3900	4000-4100	-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 (28/09/2012)	Week End (21/09/2012)	
Soybean				
	Madhya Pradesh	97000	20000	+77000
	Maharashtra	320	1000	-680
	Rajasthan	13200	5200	+8000
	Bundi (Raj)	62	82	-20
	Baran (Raj)	265	330	-65
	Jhalawar (Raj)	3870	290	+3580
Rapeseed/Mustard	Rajasthan	209000	135000	+74000
*Sum Arrivals during the week.				

Crop Progress, India

India's total coverage under various oilseeds is reported slightly lower, last week, 1.8 per cent at 175.4 lakh hectares compared to 178.7 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 per cent, sunflower is lower by 0.7 per cent, sesamum 9.4 per cent and castor 12.2 per cent behind the same period last year.

Statewise Area Covered Under Kharif Oilseeds for Week Ending as on 27 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	4.19	---	---	1.48	1.77	18.85	19.17
Uttar Pradesh	0.94	0.87	0.19	0.11	---	---	3.57	3.29	---	---	---	---	4.70	4.27
Uttarakhand	---	---	0.19	0.09	---	---	0.01	0.05	---	---	---	---	0.20	0.14
Total	4.66	5.16	10.25	9.17	---	---	7.51	7.73	---	---	1.49	1.79	23.92	23.84

Central India														
Chhattisgarh	0.57	0.56	1.52	1.51	---	0.01	0.42	0.46	0.48	0.43	---	---	2.99	2.97
Gujarat	12.29	14.34	0.88	0.86	---	---	0.59	1.75	0.07	0.10	6.56	7.38	20.38	24.42
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	1.91	2.23	32.19	30.65	0.23	0.33	0.28	0.40	0.28	0.37	0.18	0.08	35.06	34.06
Odisha	0.85	0.86	---	---	---	---	1.22	0.96	0.61	0.40	0.07	0.07	2.75	2.30
Total	17.87	20.17	92.71	90.32	0.23	0.34	5.19	5.95	2.22	1.90	6.82	7.53	125.02	126.21
Southern Peninsula														
Andhra Pradesh	10.43	10.20	1.95	1.52	0.16	0.21	0.24	0.34	---	---	2.02	2.40	14.80	14.67
Karnataka	3.84	5.18	2.03	2.17	2.27	2.15	0.42	0.62	0.13	0.19	0.12	0.18	8.81	10.49
Kerala	---	---	---	---	---	---	---	---	---	---	---	---	---	---
Tamil Nadu	1.90	2.35	---	---	0.06	0.05	0.15	0.24	---	---	0.05	0.07	2.17	2.70
Total	16.17	17.73	3.98	3.69	2.49	2.41	0.81	1.20	0.13	0.19	2.19	2.65	25.78	27.86
East & North East India														
Assam	---	---	---	---	---	---	0.03	---	---	---	---	---	0.03	---
Bihar	0.02	0.02	---	---	0.02	0.01	0.04	0.04	---	---	0.01	---	0.09	0.07
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	0.20	0.17	---	0.02	0.02	0.01	0.14	0.12	0.05	0.06	0.01	---	0.42	0.39
Others	0.01	0.01	0.14	0.17	---	---	0.10	0.17	---	---	---	---	0.25	0.35
Total - All India	38.91	43.24	107.08	103.36	2.74	2.76	13.74	15.17	2.40	2.15	10.51	11.97	175.38	178.64

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 11.16 per cent at 2.4 lha compared to 2.15 lha last year.

First Advance Estimate of Kharif Oilseeds- GOI

As per the first advance estimates of production released by Agriculture Minister, the total production of Kharif oilseeds is estimated at 18.78 million tonnes (lower than the average production by 0.61 million tonnes), of which soybean is estimated at 12.62 million tonnes and groundnut output is estimated at 3.82 million tonnes and castor seed outturn is estimated at 1.4 million tonnes.

Soybean

The soybean prices witnessed substantial losses on harvesting pressure during the week in review. The soybean harvesting is in full swing in US and ahead of the 5 year average. Besides, the domestic soybean harvesting is picking-up the pace.

The new crop arrivals have started in Madhya Pradesh, Maharashtra and even in Rajasthan. However, moisture content is above specification and varies between 12-25 percent.

The new soybean arrivals in Madhya Pradesh were reported higher around 80,000 bags towards the end of the week in review. Improvement of supplies is expected with increased harvesting activity in the coming days. Prices of new soybean crop are quoted between Rs 3300-3400/Qtl. The moisture content in the new soybean crop is relatively high and reported between 13 - 21 per cent.

Also the arrival of new soybean has commenced in several districts of Maharashtra (Sangli, Latur, Napur and Amravati). Recently, around 2000 bags of new soybean arrivals reported in Latur, Maharashtra and were quoted at Rs 3600/quintal. Moisture content is reported between 11 – 25 per cent in Latur.

Arrival of new soybean has commenced in Amravati, Maharashtra with 1000 bags reported and prices were quoted in the range of Rs 2800-3200/quintal. Moisture content is reported between 13 – 22 per cent.

Around 300 bags of new crop arrivals were reported in Nagpur and quoted around Rs 3200-3300/quintal towards the end of the week in review.

Weather is reportedly favourable for the soybean harvest across key growing states. We expect arrival pressure to mount in a couple of weeks.

The soybean prices are likely to plunge on US and domestic harvesting pressure in near-term.

Soybean Crop Condition

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

The harvesting in Madhya Pradesh and Maharashtra is picking-up the pace. The soybean crop in Madhya Pradesh and Maharashtra is in maturity stage. Besides, the crop has entered into 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)

The soy meal prices fell in tandem with the soybean and its harvesting pressure. The meal export sales remained weak during the week in review. However, domestic seasonal demand from poultry industry remained supportive to some extent.

Fresh buying in near-term is expected with expected improvement in new crop crushings in coming days. The overseas buyers have started exports enquiries and forward bookings are likely to pick-up the pace in near-term.

India's soy meal shipments usually fall in the month of September due to the fall in crushing followed by lean season in soybean. India exported around 2,25,921 MT of soy meal in September 2011, while it exported about 10,005 MT of meal in Aug 2012. India is unlikely to export soy meal around previous year's level in September due to dried-up pipeline supply in beans.

Soy meal (Nov-Dec) FOR Kandla was quoted around Rs 33000-37500/MT compared to 17500-18000/MT during the corresponding period last year. Indian C&F Indonesia (Indian meal) was between US \$ 585-595/MT which was quoted between US \$360-365/MT during the same period last year.

Week	FAS, Soy meal Kandla	FOB, Soy meal Argentina	Avg.*Spread
22 – 28 Sep	569	569	0
15 – 21 Sep	598 (<i>Nov-Dec 12</i>)	590	8

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

The average weekly soy meal price spread between FAS Kandla and FOB Argentina stood at US at neutral \$0/MT compared to US \$-8/MT a week ago, indicating a narrow gap in prices between Indian and Argentine meal prices. India's soy meal prices are getting competitive compared to the meal of Argentina origin. (*Spread - FAS Kandla less FOB Argentina). India's soy meal exports is at the optimum levels during the period, October thru January, at the considered spread between Indian meal price vs Argentine between US \$8/MT and US \$15/MT.

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 **35000-37000/MT**.

Soybean Crush Margin

Avg Crush Margin – This Week	Avg Crush Margin – Last Week	Avg Crush Margin – Corresponding Period Last Month
-	2309	-

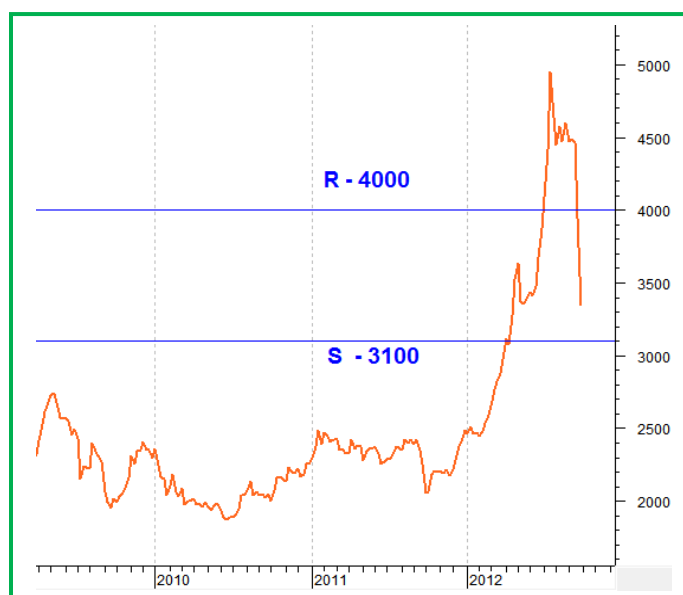
The soybean crush margin has significantly recovered during the week compared to the previous week.

Technical Analysis:

NCDEX Soybean Futures



Soybean Spot –Old Crop, Indore



Supports & Resistances NCDEX Nov Soybean

S2	S1	PCP	R1	R2
2871	3035	3203	3602	3702

- The candlestick chart pattern reveals continued selling pressure.
- However, the prices closed below 9-day and 18-day EMA.
- MACD is declining in negative territory.
- RSI is easing in neutral region while stochastic is easing in oversold zone.
- Prices are expected to further decline during the week.
- **Trade Recommendation (NCDEX Soybean – Nov) – 1 Week:** SELL between 3210-3215 levels. T1 – 3100; T2 – 3050; SL -3270.

Trade Recommendation Soybean Spot: We feel the new soybean prices will feature losses on new crop arrival pressure and witness 3000-3200 levels (Indore, Plant basis).

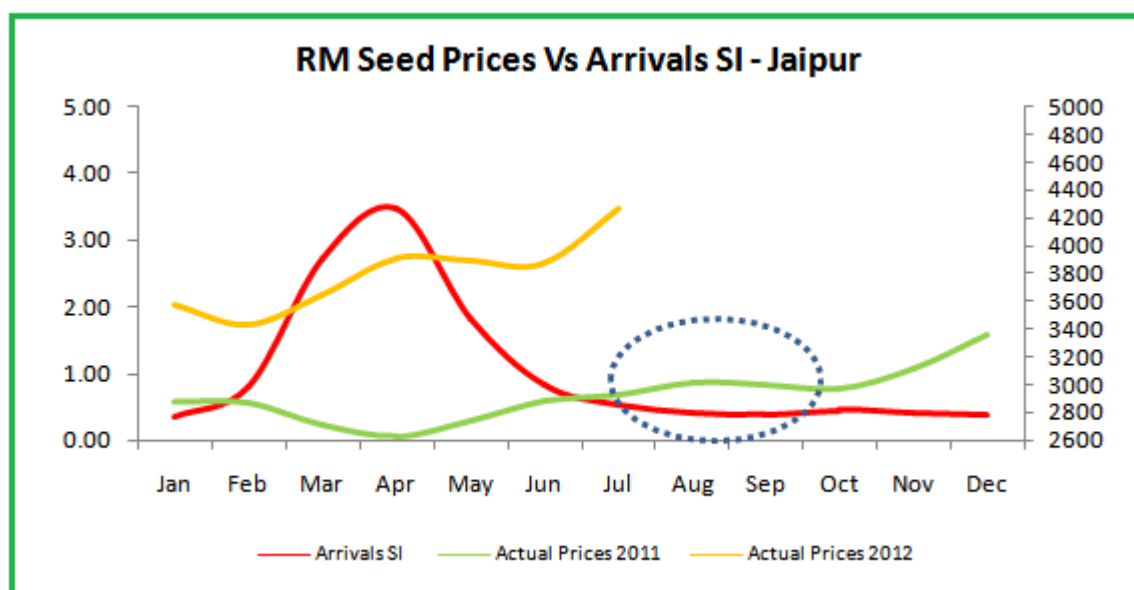
Rapeseed - Mustard Seed

The RM seed prices plunged in sync with BMD CPO and soybeans during the week in review. Higher palm oil stocks with major producing countries and soybean harvesting pressure remained bearish factor for the Bursa Malaysia Derivatives and eventually for domestic RM seed.

Millers refrained from the seed market in anticipation of further fall in the prices and supported by weak RM oil demand.

In view of better seed prices during the year, the farmers are expected to plant the seed higher than previous years. Besides, better rains towards the end of the monsoon will boost the soil moisture supporting the farmer's intention.

The seed demand from millers is expected to pick-up in coming days followed by series of festivals which will eventually drive the seed prices higher.



RM Seed Supply, Rajasthan

RM Seed Arrivals in Rajasthan in Bags (85 kg each).		
Weekly Arrivals	Week Ago	Corresponding Week Last Year
2,09,000	1,35,000	2,57,000

The RM seed supplies have improved compared to previous week but they are lower compared to the same period last year.

Technical Analysis:
NCDEX RM Seed Futures

RM Seed Spot, Jaipur

Supports & Resistances NCDEX Nov RM Seed

S2	S1	PCP	R1	R2
3677	3802	3927	4077	4227

- Candlestick chart pattern reveals selling pressure in the market.
- Prices closed below 9-day and 18-day EMA.
- RSI and stochastic are falling in neutral zone.
- **Trade Recommendation (NCDEX RM SEED - Nov) – 1 Week:** SELL between 3930—3935 levels. T1 – 3850; T2 –3800; SL -3975.

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 4000-4100 level in near term.

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