

Executive Summary

The domestic soybean, soy meal and RM seed extended losses on seasonal soybean harvest pressure and losses in BMD CPO initially during the week in review.

The domestic soybean harvesting is in full swing and the supplies are expected to rise in coming days. Farmers were cautious and were disappointed by the lower quotes of their produce in several cash markets of Madhya Pradesh, consequently leading to the fall in the bean supplies in several key mandis of MP, despite considerable pace in the harvesting.

The US soybean is rapidly progressing and it is ahead of 5 year average, which continued to pressure the international soy market and eventually the domestic.

Besides, higher palm oil stocks with key producing countries kept the Bursa Malaysia Derivatives lower mostly during the week in review, subsequently leading to the weakness in domestic RM seed. Further, sluggish buying activity from millers due to the absence of fresh demand in the RM oil remained bearish for the seed.

Soy meal prices continued to feature downtrend on weak export sales. However, we feel the overseas export enquiries are expected to increase with expected improvement in new soybean crushings in near-term. Indian soy meal prices will be competitive compared to the South-American prices in coming days. Currently, improved domestic seasonal demand from poultry industry remained slightly supportive for the market.

The oilseeds and meal prices are expected to gradually move upwards after a steep fall in last couple of weeks. Renewed buying activity and rapidly falling moisture content from the newly harvested soybeans will lend support to the beans in near-term. Besides, series of festivals in late October thru December will improve the other major edible oil demand like RM oil which will eventually rise the millers demand in RM seed in coming days.

However, rapid pace in US and domestic soybean harvesting and higher palm oil stocks with the key producing countries will limit the gains in oilseeds and meals for sometimes.

International Highlights

- ❖ USDA has reported the soybean old crop stocks in all positions at 169 million bushels on Sep 1, 2012, down 21% from a year earlier. Soybean stocks stored on farms are 38.3 million bushels and off-farm stocks are 131 million bushels, both down 21% from last year. Indicated disappearance for June-August 2012 stands up 23% at 498 million bushels.
- ❖ Latest crop progress report released by USDA reveals US soybean harvest is 41 per cent complete compared to 5 year average of 19 per cent. Besides, 35 per cent of the crop is reported in Good to Excellent condition, same as last week, but lower compared to 54 per cent during the same period last year. The harvesting is expected to be reported above 50 per cent in the upcoming US crop report.
- ❖ According to Oil World estimates, Argentina's soybean crop is likely to increase by 38% to 56 million tons from 40.5 million tons in 2012 while Brazilian soybean harvest is expected to be at 82 million tons from 66.4 million tons in 2012.

- ❖ Oil World has reported that the Brazilian soybean exports have declined to 1.68 million tons in Sep 2012 due to shortage in production.
- ❖ According to Oil World, rapeseed production in Argentina is likely to reach 170,000 tons in the 2012-13 season.

Oilseed Prices at Key Spot Markets:

Commodity	Centre	Prices (Rs/Qtl)		Change
Soybean		05.10.2012	28.09.2012	
	Indore –Plant	3000-3050	3300-3400 (New Crop)	-350
	Indore –Mandi	2800-2950	2800-3300	-350
	Nagpur-Plant	3000	3500 (New Crop)	-500
	Nagpur – Mandi	2600-2700	3200-3300 (New Crop)	-600
	Kota-Plant	3050	4000	-950
	Kota – Mandi	2915-2920	3550 (New Crop)	-630
	Bundi-Plant	3050	3500 (New Crop)	-450
	Bundi-Mandi	2900-2925	3200-3300 (New Crop)	-375
	Baran-Plant	3050	-	-
	Baran-Mandi	2950	3250 (Old Crop)	-300
	Bhawani MandiJhalawar– Kota Plant Delivery	3000	3500	-500
	Jhalawar-Mandi	2900-2950	3200-3450	-500
Rapeseed/Mustard	Jaipur – C	4065-4070	4205-4210	-140
	Alwar – C	4000	4150	-150
	SriGanganagar(NC)	3480	3600	-120
	Delhi– C	4050	4225	-175
	Kota	3850	3800-3900	-50
	Neewai	4050	-	-
	Hapur (UP)	4150	4360	-210
Groundnut Seed	Rajkot	900	900	Unch
	Junagarh	-	-	-
Sunflower Seed	Latur	3400-3600	3400-3550	+50

	Solapur	3700-3850	3700-3900	-50
	Gulbarga	3000-3200	-	-

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 (05/10/2012)	Week End (28/09/2012)	
Soybean	Madhya Pradesh	1150000	97000	1053000
	Maharashtra	23000	320	22680
	Rajasthan	52000	13200	38800
	Bundi (Raj)	6870	62	6808
	Baran (Raj)	12300	265	12035
	Jhalawar (Raj)	20500	3870	16630
Rapeseed/Mustard	Rajasthan	160000	209000	-49000
*Sum Arrivals during the week.				

Crop Progress, India

No major sowing progress noticed in the official oilseeds planting progress report during the week in review. 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	10.38	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	16.12	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	38.86	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 witness further losses on seasonal supply pressure followed by considerable progressive pace in harvesting of the crop. The moisture content of the beans has dropped to 10-12 per cent in key growing states.

However, in the major event during the week, farmers were not satisfied with the lower quotes for their beans by the buyers in most of the mandis of Madhya Pradesh. They protested against the lower quotes and the few mandis were forced to close in MP.

Given the harvesting pace, arrivals were below the expectation which surged to 3 lakh bags last week but reportedly fell against the expectations, as farmers were holding their produce due to lower quotes.

The supplies are gradually improving not only in MP but also in Maharashtra and Rajasthan.

The bean prices will shoot up if farmers further hold their produce.

Soybean Crop Condition

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

The harvesting in Madhya Pradesh and Maharashtra and Rajasthan is in full swing. The soybean crop in Madhya Pradesh, Maharashtra and Rajasthan has mostly matured and ready to be harvested where activity is yet to start.

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 plunged on weak export sales and new soybean crop supply pressure. The new soybean crushings is likely to improve in coming weeks leading to the competitive Indian soy meal prices in the international market. The overseas buyers are keen and making the exports enquiries for Nov-Dec shipments (forward booking).

As expected India's soy meal exports were nominal in the month of September 2012. India exported just 2864 MT of soy meal in September 2012 ((lower by 99%) compared to 22,5921 MT during the same period last year. Iran, Kuwait, Netherland and Sri Lanka were the major buyers.

India's soy meal shipments usually fall in the month of September due to the fall in crushing followed by lean season in soybean.

Soy meal (Nov-Dec) FOR Kandla exports price was quoted around Rs 27500-28350/MT compared to 16800-17500/MT during the corresponding period last year. Indian C&F Indonesia (Indian meal) was between US \$ 550-585/MT.

Week	FAS, Soy meal Kandla	FOB, Soy meal Argentina	Avg.*Spread
29 Sep – 05 Oct	554	556	-2
22 – 28 Sep	569	569	0

*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 \$-2/MT compared to US \$0/MT (nil) 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.

Technical Analysis:

NCDEX Soybean Futures



Soybean Spot, Indore



Supports & Resistances NCDEX Nov Soybean

S2	S1	PCP	R1	R2
2807	2951	3096	3210	3325

- 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 and stochastic are easing in oversold zone.
- Prices are expected to further decline during the week.
- **Trade Recommendation (NCDEX Soybean – Nov) – 1 Week:** SELL between 3110-3120 levels. T1 – 3020; T2 – 2920; SL -3163.

Trade Recommendation Soybean Spot: We feel the new soybean prices will gain as farmers are seen reluctant to off-load their newly harvested beans due to lower quotes and prices may witness 3100-3150 levels (Indore, Plant basis).

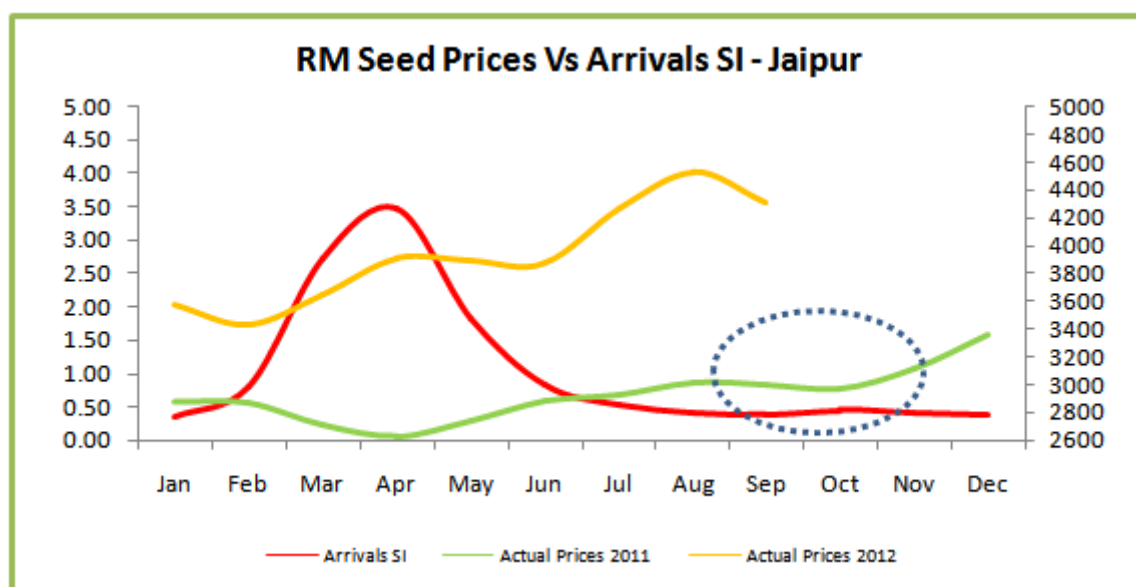
Rapeseed - Mustard Seed

The RM seed prices extended losses in sync with BMD CPO during the week in review. However, it slightly showed slight recovery towards the end of the week. Higher palm oil stocks with key producing countries and soybean harvesting pressure remained bearish factor for the Bursa Malaysia Derivatives and eventually for domestic RM seed.

No active buying featured in the seed as millers were not keen in purchases due to falling prices and in anticipation of further fall in the prices and in the absence of any fresh demand in RM oil.

The seed farmers are expected to plant the seed more this year than the last season, in view of better seed prices during the season.

However, the millers demand is likely 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
1,60,000	2,09,000	2,50,000

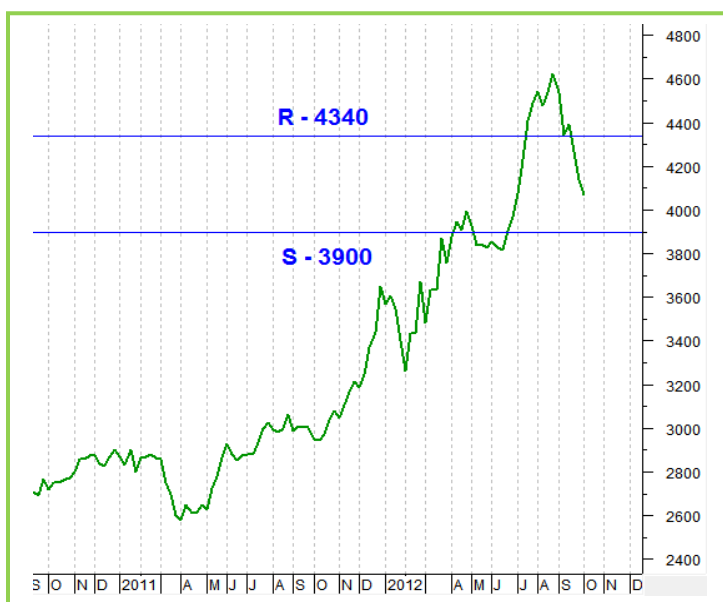
The RM seed supplies declined as the farmers as well as buyers remained cautious due to the falling prices of the seed.

Technical Analysis:

NCDEX RM Seed Futures



RM Seed Spot, Jaipur



Supports & Resistances NCDEX Nov RM Seed

S2	S1	PCP	R1	R2
3600	3650	3898	4042	4160

- Candlestick chart pattern reveals prices could not sustain at lower levels.
- 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:** BUY between 3880—3890 levels. T1 – 4000; T2 –4050; SL -3827.

Trade Recommendation RM Seed Spot (Jaipur basis): In spot the RM seed prices are expected to slightly gain on recovery in BMD CPO and expected millers buying. The prices may witness 4200-4250 level in near term.

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