

Executive Summary

The domestic soybean and RM seed featured gains on better buying and recovery in the international palm oil market during the week in review.

The domestic soybean harvesting is in full swing and the supplies are expected to rise in coming days. However, farmers were not satisfied with lower quotes which may lead to slow offloading in the current season.

The US soybean is rapidly progressing and it is ahead of 5 year average. Ongoing soybean harvesting in US may weigh on the market. However, lower US soybean output may support international soybean prices in the medium term.

Besides, RM seed prices may trade steady to slightly firm tone in the coming days ahead due to festival demand and diminishing RM stocks. However, rising Kharif oilseed arrivals may limit excessive gains.

Soy meal prices may trade sideways in near term on weak export sales. However, we feel the overseas export enquiries are expected to increase with expected improvement in new soybean crushing in the coming days.

We expect oil complex to trade steady to slightly firm tone in the days ahead in anticipation of good buying ahead of festivities in the month of October and November. However, rising Kharif oilseeds arrivals and higher palm oil stocks in the South East Asian countries may limit upside.

International Highlights

- ❖ According to the latest crop progress report released by USDA, US soybean harvest is 58 per cent complete as compared to 41 per cent last week and 40 per cent 5 year average. 37 per cent of the crop is reported in Good to Excellent condition against 56 per cent during the same period last year. Further, soybean Dropping Leaves is reported to be at 93 per cent compared to 5-year average of 88 per cent.
- ❖ According to the latest USDA report, the US soybean production is raised to 77.84 million tons from 71.69 million tons compared to the last month estimate on higher harvested area and better yield prospects. Harvested area is estimated at 75.7 million acres, an increase of 1.1 million acres from previous month estimate and soybean yield is revised to 37.8 bushels per acre, up by 2.5 bushels from previous estimate.
- ❖ Canada's canola output seen at 13.36 million tonnes in 2012/13, down 2 million tonnes from the government agency's Aug. 22 estimate of 15.4 million tonnes and below last year's harvest of 14.5 million tonnes. Midsummer heat during canola's vulnerable flowering period, disease and a windstorm all reduced the potential of Canada's crop.

Oilseed Prices at Key Spot Markets:

Commodity	Centre	Prices (Rs/Qtl)		Change
Soybean		12.10.2012	05.10.2012	
	Indore –Plant	3225-3270	3000-3050	+220
	Indore –Mandi	3050-3180	2800-2950	+230
	Nagpur-Plant	3125	3000	+125
	Nagpur – Mandi	2900-3100	2600-2700	+400
	Kota-Plant	3200	3050	+150
	Kota – Mandi	3100	2915-2920	+180
	Bundi-Plant	3190	3050	+140
	Bundi-Mandi	3050-3125	2900-2925	+200
	Baran-Plant	3200	3050	+150
	Baran-Mandi	3070-3080	2950	+130
	Bhawani MandiJhalawar– Kota Plant Delivery	3200	3000	+200
	Jhalawar-Mandi	3050-3100	2900-2950	+150
Rapeseed/Mustard	Jaipur – C	4285-4290	4065-4070	+220
	Alwar – C	4150	4000	+150
	SriGanganagar(NC)	3640	3480	+160
	Delhi– C	4275-4300	4050	+250
	Kota	4000	3850	+150
	Neewai	4250	4050	+200
	Hapur (UP)	4375	4150	+225
Groundnut Seed	Rajkot	925	900	+25
	Junagarh	-	-	-
Sunflower Seed	Latur	3750-3900	3400-3600	+300
	Solapur	3750-3900	3700-3850	+50
	Gulbarga	3300-3700	3000-3200	+500

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 (12/10/2012)	Week End (05/10/2012)	
	Madhya Pradesh	1925000	1150000	+775000
	Maharashtra	36000	23000	+13000
	Rajasthan	180000	52000	+128000
	Bundi (Raj)	88000	6870	+81130
	Baran (Raj)	135000	12300	+122700
	Jhalawar (Raj)	49000	20500	+28500
Rapeseed/Mustard	Rajasthan	225000	160000	+65000
*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 lower, 1.54 per cent at 177.53 lakh hectares compared to 180.32 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 9.6 per cent and castor 11.7 per cent behind the same period last year.

State wise Area Covered under Kharif Oilseeds for Week Ending as on 11 Oct, 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	0.1
Rajasthan	3.68	3.74	9.87	8.48	---	---	3.81	4.34	---	---	1.48	1.81	18.85	18.37
Uttar Pradesh	0.94	0.87	0.19	0.12	---	---	3.57	3.29	---	---	---	---	4.7	4.28
Uttarakhand	---	---	0.19	0.09	---	---	0.01	0.05	---	---	---	---	0.2	0.14
Total	4.66	4.66	10.25	8.69	---	---	7.51	7.87	---	---	1.49	1.83	23.92	23.06

Central India														
Chhattisgarh	0.57	0.56	1.55	1.51	---	0.01	0.43	0.46	0.69	0.64	---	---	3.24	3.18
Gujarat	12.24	14.34	0.88	0.86	---	---	0.63	1.76	0.07	0.1	7.83	8.72	21.65	25.77
Madhya Pradesh	2.25	2.18	58.12	57.3	---	---	2.68	2.38	0.78	0.6	0.01	---	63.84	62.46
Maharashtra	1.91	2.23	32.19	30.69	0.23	0.33	0.28	0.41	0.28	0.37	0.18	0.08	35.06	34.11
Odisha	0.85	0.86	---	---	---	---	1.7	1.34	0.61	0.6	0.07	0.08	3.23	2.89
Total	17.82	20.17	92.74	90.36	0.23	0.34	5.72	6.35	2.43	2.31	8.09	8.88	127.02	128.41
Southern Peninsula														
Andhra Pradesh	10.57	10.57	1.87	1.3	0.2	0.17	0.24	0.33	---	---	2.04	2.41	14.92	14.78
Karnataka	3.85	5.18	2.03	2.16	2.28	2.15	0.42	0.62	0.14	0.19	0.12	0.18	8.84	10.48
Kerala	---	---	---	---	---	---	---	---	---	---	---	---	---	---
Tamil Nadu	1.9	2.4	---	---	0.06	0.04	0.15	0.25	---	---	0.05	0.07	2.17	2.76
Total	16.32	18.15	3.9	3.46	2.54	2.36	0.81	1.2	0.14	0.19	2.21	2.66	25.93	28.02
East & North East India														
Assam	---	---	---	---	---	---	0.03	0.1	---	---	---	---	0.03	0.1
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	0.2	0.17	---	0.02	0.02	0.01	0.14	0.22	0.05	0.06	0.01	---	0.42	0.49
Others	0.01	0.01	0.14	0.17	---	---	0.1	0.17	---	---	---	---	0.25	0.35
Total - All India	39.01	43.17	107.03	102.69	2.79	2.71	14.28	15.82	2.62	2.56	11.8	13.37	177.53	180.32

Source: Ministry of Agriculture, GOI

However, the soybean planting is up 4.221 per cent and sunflower is higher by 2.9 per cent compared to the same period 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 gains on recovery in the international palm oil market despite of rising soybean arrivals. The moisture content of the beans has dropped to 10-12 per cent in the most of the cash market of key growing states.

Trade sources revealed that soybean arrivals may go up to 5.5-6.5 lakh bags in MP as harvesting peaks in the coming weeks. Moreover, big plant showed active buying of soybean during the week.

Supplies are expected to increase further with improved harvesting activity in the coming days. However, slow offloading by farmers and upcoming festivities in the month of October and November may support domestic soybean prices in the medium term.

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 harvesting is going on and expected to pick up pace in the near term.

Soy meal- FAS Kandla Vs FOB Argentina (Spread)

The soy meal prices witnessed slight losses on poor buying enquires and weak export sales. The new soybean crushing 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 28633/MT compared to 16740-16940/MT during the corresponding period last year.

Week	FAS, Soy meal Kandla	FOB, Soy meal Argentina	Avg.*Spread
06 Oct- 12 Oct	547.50	557.50	-10
29 Sep – 05 Oct	544	556	-12

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

The average weekly soy meal price spread between FAS Kandla and FOB Argentina stood at US \$-10/MT compared to US \$-12/MT a week ago, indicating a widening gap in prices between Indian and Argentine meal prices. 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.

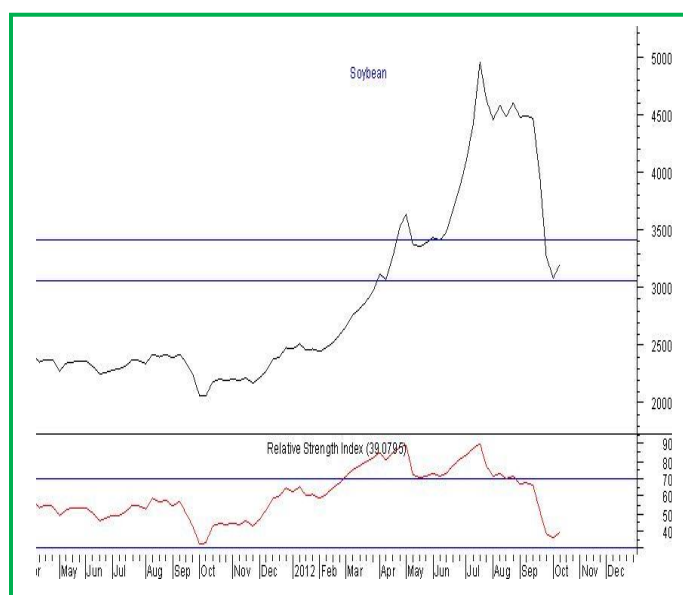
Recommendation: The Indian meal exporters are advised to aggressively market their meal to the countries in vicinity including traditional South and Far-East Asian destinations to materialize the freight and logistics advantage. The prices are expected to remain range-bound with slight firm bias. FOR, Kandla is likely to be between 29000-31000/MT.

Technical Analysis:

NCDEX Soybean Futures



Soybean Spot, Indore



Supports & Resistances NCDEX Nov Soybean

S2	S1	PCP	R1	R2
2940	2970	3168.50	3315	3345

- 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:** Buy between 3045-3055 levels. T1 – 3180; T2 – 3195; SL -2985.

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 3200-3230 levels (Indore, Plant basis).

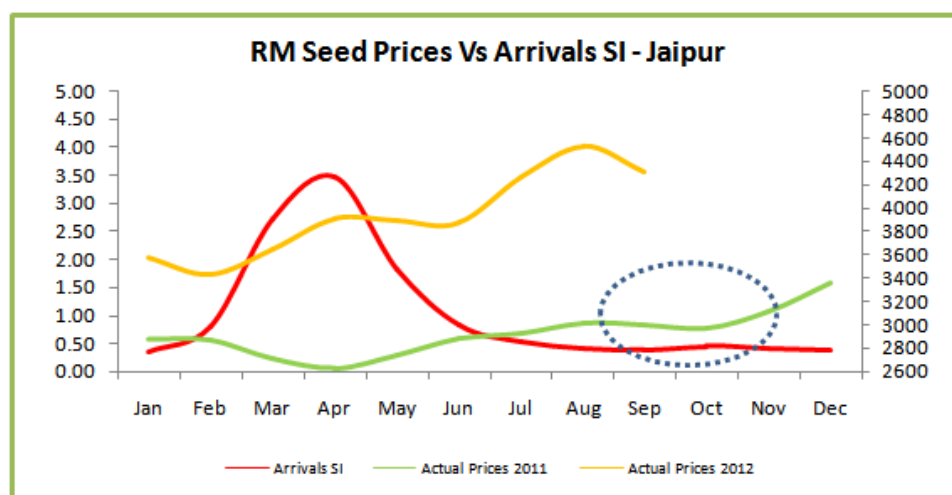
Rapeseed - Mustard Seed

The RM seed prices witnessed significant gains in tandem with BMD CPO during the week in review. Active buying featured in the mustard seed by oil millers in anticipation of good demand for mustard oil in the coming days due to festivals in the month of October and November.

Moreover, trade sources revealed that diminishing mustard seed stock in the supply pipeline would underpin mustard seed and mustard oil prices in the medium term. However, rising soybean arrivals may limit excessive gains.

As per trade sources, 65-70 percent of mustard seed has been crushed of the total mustard production in the current year.

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.



RM Seed Supply, Rajasthan

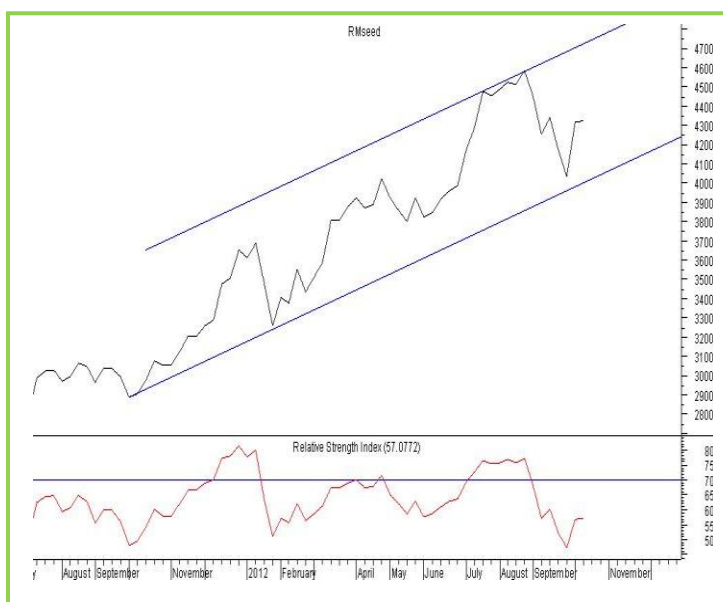
RM Seed Arrivals in Rajasthan in Bags (85 kg each).		
Weekly Arrivals	Week Ago	Corresponding Week Last Year
2,25,000	1,60,000	1,90,000

Technical Analysis:

NCDEX RM Seed Futures



RM Seed Spot, Jaipur



Supports & Resistances NCDEX Nov RM Seed

S2	S1	PCP	R1	R2
3985	4020	4158	4313	4380

- Candlestick chart pattern reveals firmness in the prices.
- 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 4100-4120 levels. T1 – 4200; T2 –4250; SL -4065.

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 4400-4450 level in near term.

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