

Executive Summary

The domestic soybean and meal prices eased on increased seasonal supplies and improved crushings during the week under review. The soybean harvesting is in full swing and the arrival pressure is mounting every week. However, reportedly the farmers are holding their produce on expectations of higher prices in days ahead.

The soy meal prices too eased in tandem with soybean but were considerably higher than the same period last year to ensure the demand-rationing. Despite upward revision of the US soybean crop in the last USDA demand and supply report, the total US supplies will be at a 10-year low eventually leading to lower soy meal supplies in Sep/Feb.

The overseas demand and forward booking in soy meal is likely to pick-up in near-term followed by competitive Indian soy meal prices and non-GM meal preference.

However, the RM seed prices firmed-up on improved millers buying to meet the festive mustard oil demand. Besides, rising Malaysian palm oil remained supportive for the domestic mustard seed. The seed stocks are already lower due to the decline in the seed output this season. Hence, the RM seed fundamentals are strong and intact.

We expect soybean, meal and RM seed prices to improve on better millers and processors buying to meet the festive and seasonal edible oil and meal demand. Expected rise in the Malaysian palm oil exports is likely to push up the BMD CPO and subsequently support the seed prices. Besides, slow pace in soybean planting in Brazil due to wet weather will be a bullish factor for short-term.

International Highlights

- ❖ The soybean planting in the 2012/13 season is complete by 9% of the expected area in producing regions of Brazil. The sowing pace is slower than in the corresponding period last year, when 13% of the area had been sown and is above the average for the period, 5%. The figures are part of the SAFRAS & Mercado survey, covering the period until second week of October. The planting rate was 3%, previous week – Safras and Mercado.
- ❖ Brazilian soybean farmers have traded 98% of the 2011/12 season, according to a survey released by SAFRAS & Mercado, based on data collected up to October 11. In the same period last year, sales stood 86%, and the average for the period is 89%. In the previous survey, released on September 6, the number was 97%. Taking into account a crop estimated at 66.331 million tons, the volume of soybeans already committed reaches 65.010 million tons – Safras and Mercado.
- ❖ In order to control the rising inflation, the Indonesian state procurement body Bulog has reportedly approached the US for soybean imports. Soybean consumption in Indonesia is expected to rise by 3% this year to about 2.5-2.6 million tons and current soybean stocks were between 150,000-200,000 tons.
- ❖ World exports of soybeans are expected to suffer an unprecedented drop of 5 Mn T from a year earlier in Sep/Feb 2012/13. Chinese demand will be higher, reducing Chinese soybean stocks – Oil World.
- ❖ World supplies of rapeseed and canola will be considerably lower than expected, enforcing a decline in crushings as well as in world production of oil and meal.

Oilseed Prices at Key Spot Markets:

Commodity	Centre	Prices (Rs/Qtl)		Change
Soybean		19.10.2012	12.10.2012	
	Indore –Plant	3200-3250	3225-3270	-20
	Indore –Mandi	3050-3150	3050-3180	-30
	Nagpur-Plant	3150	3125	25
	Nagpur – Mandi	2900-3000	2900-3100	-100
	Kota-Plant	3240	3200	40
	Kota – Mandi	3150-3200	3100	100
	Bundi-Plant	3250	3190	60
	Bundi-Mandi	3100-3200	3050-3125	75
	Baran-Plant	3250	3200	50
	Baran-Mandi	3150-3200	3070-3080	120
	Bhawani MandiJhalawar– Kota Plant Delivery	3200	3200	Unch
	Jhalawar-Mandi	3050-3100	3050-3100	Unch
Rapeseed/Mustard	Jaipur – C	4385-4390	4285-4290	100
	Alwar – C	4250	4150	100
	SriGanganagar(NC)	3790	3640	150
	Delhi– C	4325	4275-4300	25
	Kota	4175	4000	175
	Neewai	4350	4250	100
	Hapur (UP)	4425	4375	50
Groundnut Seed	Rajkot	975	925	+50
	Junagarh	-	-	-
Sunflower Seed	Latur	3650-3800	3750-3900	-100
	Solapur	3650-3800	3750-3900	-100
	Gulbarga	3500-3600	3300-3700	-100

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 (19/10/2012)	Week End (12/10/2012)	
	Madhya Pradesh	2250000	1925000	325000
	Maharashtra	285000	36000	249000
	Rajasthan	330000	180000	150000
	Bundi (Raj)	39000	88000	-49000
	Baran (Raj)	140000	135000	5000
	Jhalawar (Raj)	29000	49000	-20000
Rapeseed/Mustard	Rajasthan	180000	225000	-45000
*Sum Arrivals during the week.				

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 slightly eased pressured by rise in seasonal supply followed by considerable pace in harvesting. The buying interest is likely to be active in near-term followed by improved crushings to meet the fresh festive edible oil demand.

Several bigger solvent extractors are gearing up to make bigger purchases of beans to stock for future and are looking for the viable price point to enter the cash market.

Reportedly, the arrivals in the key cash markets are expected to fall during the week due to festivities. However, they are likely to surge after *Dussehra* and we expect active participation of bigger solvent extractors. We expect the arrivals to increase and test 6.0 lakh bags in Madhya Pradesh alone in near future.

The soybean prices are expected to get stronger on active buying by the crushers and soy meal exports commitments in coming weeks.

Soybean Crop Condition

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

The harvesting in Madhya Pradesh and Maharashtra and Rajasthan is in full swing.

Soy meal- FAS Kandla Vs FOB Argentina (Spread)

The soy meal prices eased in tandem with soybean during the week in review. Rising seasonal soybean supplies and improved crushing in the beans to meet the festive demand in oil and meal slightly pressured the soy meal market.

However, the seasonal rise in domestic meal usage during winters in poultry industry will remain supportive for the meal market in days ahead.

India's soy meal shipments are expected to pick-up from October month followed by rise in the availability and competitive prices in the international market. We expect India's soy meal shipments will boost in Oct/Feb due to lower US soybean crop this season (10 year low). The opportunity for India's meal exports will be better till the Brazilian and Argentine crop supplies expected in Feb-Mar 2013.

India exported 223,594 MT of soy meal in October 2011 and we expect India to export near previous year's level with rising overseas exports enquiries and gradual rise in forward booking for Nov-Dec.

Soy meal (Nov-Dec) exports price, FOR Kandla exports was quoted around Rs 29000/MT compared to 16900-17100/MT during the corresponding period last year.

Week	FAS, Soy meal Kandla	FOB, Soy meal Argentina	Avg.*Spread
13 – 19 Oct	536.0	547.0	-11
06 Oct- 12 Oct	547.50	557.50	-10

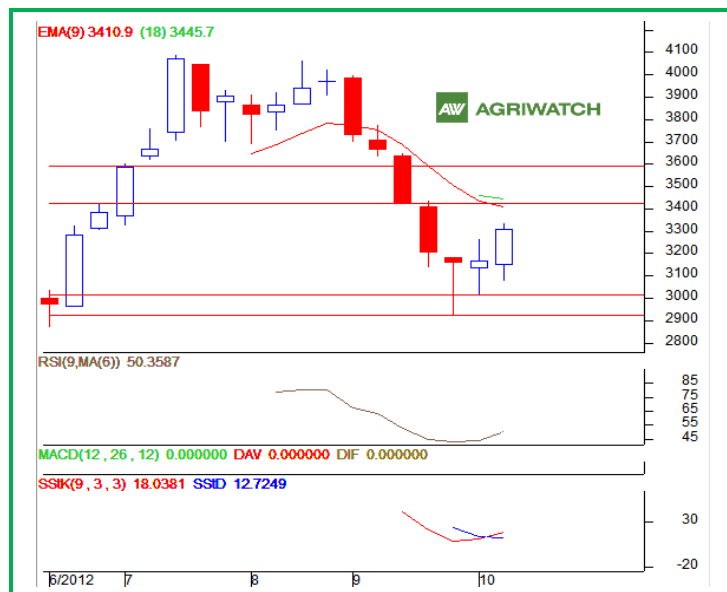
*FAS Kandla less FOB Argentina (Quotes in US \$)

The average weekly soy meal price spread between FAS Kandla and FOB Argentina stood at US at \$-11/MT compared to US \$-10/MT a week ago, indicating a narrowing 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.

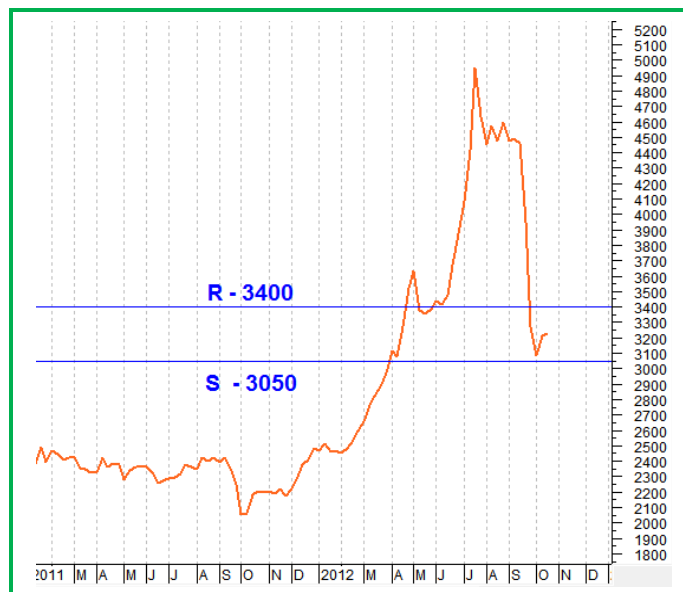
Recommendation: The Indian meal exporters are advised to aggressively market their meal to the countries in vicinity including traditional South and Far-East Asian destinations to materialize the freight and logistics advantage. The prices are expected to remain range-bound with slight firm bias. FOR, Kandla is likely to be between 32000-33000/MT.

Technical Analysis:

NCDEX Soybean Futures



Soybean Spot, Indore



Supports & Resistances NCDEX Nov Soybean

S2	S1	PCP	R1	R2
2921	3015	3309	3418	3600

- The candlestick chart pattern reveals buying support in the market.
- However, the prices closed below 9-day and 18-day EMA.
- MACD is rising in negative territory.
- RSI is heading upwards in neutral region while stochastic is rising in oversold zone.
- Prices are expected to gain during the week.
- **Trade Recommendation (NCDEX Soybean – Nov) – 1 Week:** Buy between 3290-3300 levels. T1 – 3350; T2 – 3380; SL -3267.

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 3300-3320 levels (Indore, Plant basis).

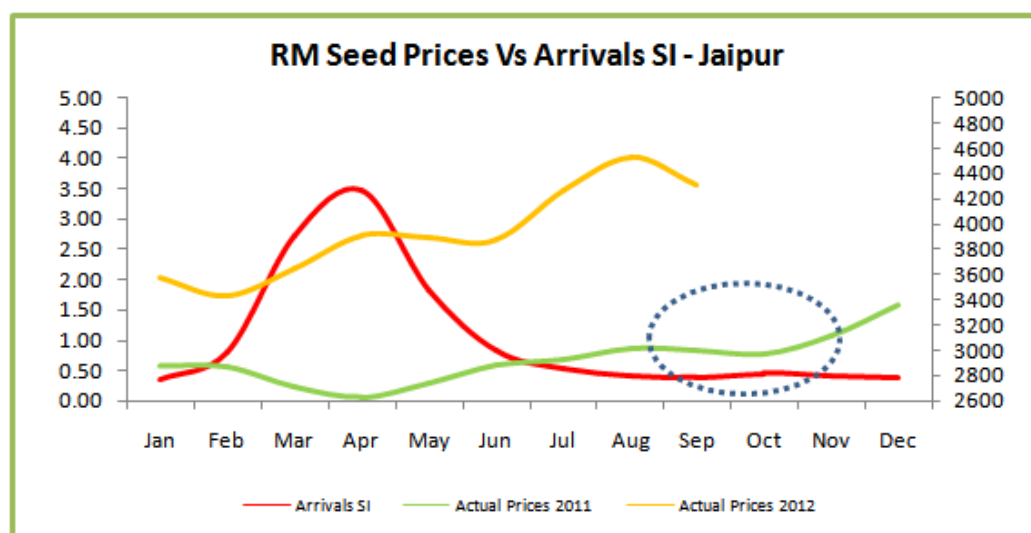
Rapeseed - Mustard Seed

The RM seed prices witnessed gains supported by millers buying to meet the festive edible oil demand during the week in review. Besides, firm Malaysian palm oil lent additional support to the seed during the period.

Further, the seed stocks are lower due to the fall in seed production this season.

In a major development, the RM seed planting has begun in several states, though the pace is slow. We expect the planting pace to pick-up in a week or two.

The farmers are expected to plant the seed more this year than the last season, in view of better seed prices during the season. Besides, the seed prices are likely to remain strong in coming weeks.

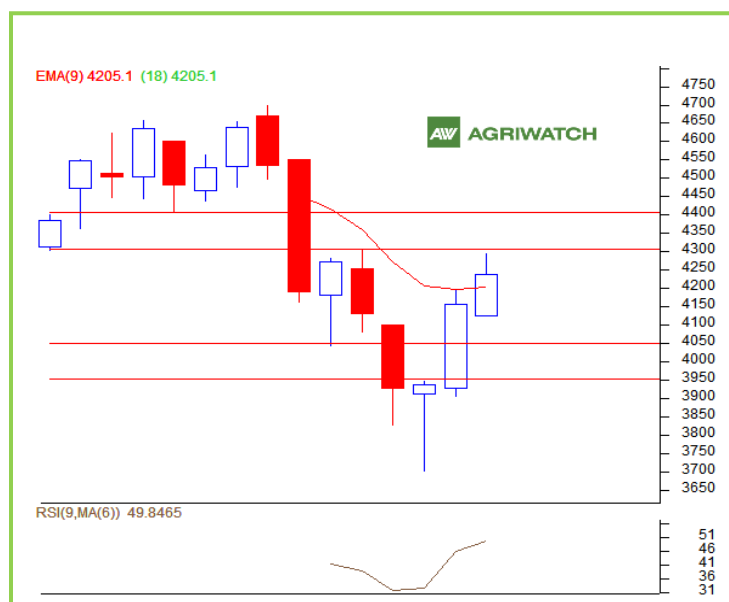


RM Seed Supply, Rajasthan

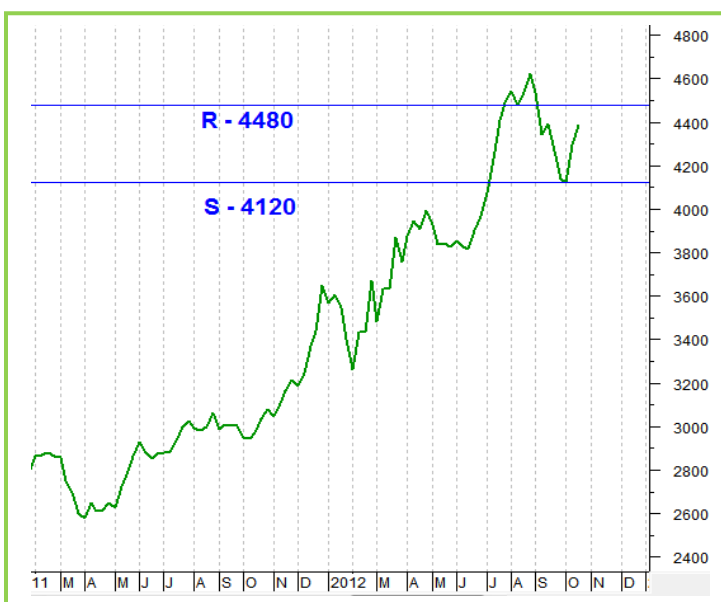
RM Seed Arrivals in Rajasthan in Bags (85 kg each).		
Weekly Arrivals	Week Ago	Corresponding Week Last Year
1,80,000	2,25,000	2,20,000

Technical Analysis:

NCDEX RM Seed Futures



RM Seed Spot, Jaipur



Supports & Resistances NCDEX Nov RM Seed

S2	S1	PCP	R1	R2
3947	4042	4239	4308	4407

- Candlestick chart pattern reveals gains consecutively for third week.
- Prices closed above 9-day and 18-day EMA.
- RSI and stochastic are heading upwards in neutral zone.
- **Trade Recommendation (NCDEX RM SEED - Nov) – 1 Week:** BUY between 4210-4220 levels. T1 – 4280; T2 – 4310; SL -4182.

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 4450-4480 level in near term.

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