

Executive Summary

The domestic oilseeds and oilmeal prices accelerated on renewed festive demand during the week in review. Soybean and RM seed prices rose on solvent extractor's demand to meet the improved festive edible oil demand.

However, the trade volume in soybean remained sluggish in key cash markets as several mandis remained closed for a couple of days which reflected on the total arrivals during the week in review.

The RM seed fundamentals are strong on the back of lower availability in the seed followed by fall in the seed production this season.

The soy meal prices boosted on renewed overseas demand and fresh domestic seasonal rise from poultry industry for feed. The Indian meal prices are getting competitive in the international market compared to the prices of South America. India's meal shipments are expected to gain in view of lower US soybean crop this season and developing bullish weather conditions for South American bean planting.

Alarming soybean planting delays will soon be announced from South America, probably being 2-3 Mn ha behind last year's pace. Renewed heavy rainfall is expected for the coming weekend. As per the last report, the soybean planting in the 2012/13 season progressed to 16% of the expected area in producing regions of Brazil. The pace of work is slower than in the same period last year, when 21% of the area had been sown and is above the average for the period 12%.

The domestic soybean, meal and RM seed are expected to get stronger on better millers and processors buying to meet the improved 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 world exports of soya meal are expected to decline sizeably by 1.8 Mn T from previous year to 26.5 Mn in Oct/March 2012/13 (Source: Oil World).
- ❖ As per IGC, the world soybean trade is projected to expand by 5% y/y, but tight supplies and high prices are expect to constrain trade of rapeseed/canola, which is seen falling by 11% y/y.
- ❖ Brazilian soybean exports must totalize 37.5 million tons in 2013, up 21% from the year earlier, when shipments hit 31.100 million tons.
- ❖ China bought 3.36 million tons of soybean from Argentina in 2012 (Jan/Aug), China was the major buyer of Argentine soybean in the period. Information from data released by the Ministry of Agriculture of the country (Minagri). In year-ago comparative period, the fall was 21% (Source: Safras and Mercado).
- ❖ The Brazilian Association of Vegetable Oils Industries (Abiove) has estimated the Brazilian soybean crop at 81.3 Mn T for the 2012/13 season.
- ❖ The Argentine 2012/13 soybean output is expected at 55 Mn T, according to the projection by the attaché of the Unites States Department of Agriculture (USDA), in Buenos Aires (Source: Safras and Mercado).

Oilseed Prices at Key Spot Markets:

Commodity	Centre	Prices (Rs/Qtl)		Change
Soybean		26.10.2012	19.10.2012	
	Indore –Plant	3300-3350	3200-3250	+100
	Indore –Mandi	3120-3220	3050-3150	+70
	Nagpur-Plant	3300	3150	+150
	Nagpur – Mandi	3100-3250	2900-3000	+250
	Kota-Plant	3300	3240	+60
	Kota – Mandi	3200-3250	3150-3200	+50
	Bundi-Plant	3330-3350	3250	+100
	Bundi-Mandi	3250-3290	3100-3200	+90
	Baran-Plant	3300	3250	+50
	Baran-Mandi	3240	3150-3200	+40
	Bhawani MandiJhalawar– Kota Plant Delivery	3350	3200	+150
	Jhalawar-Mandi	3200-3250	3050-3100	+150
Rapeseed/Mustard	Jaipur – C	4480-4485	4385-4390	+95
	Alwar – C	-	4250	-
	SriGanganagar(NC)	3800	3790	+10
	Delhi– C	4375	4325	+50
	Kota	4200	4175	+25
	Neewai	4450	4350	+100
	Hapur (UP)	-	4425	-
Groundnut Seed	Rajkot	985	975	+10
	Junagarh	-	-	
Sunflower Seed	Latur	-	3650-3800	-
	Solapur	-	3650-3800	-
	Gulbarga	3200-3500	3500-3600	-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 (26/10/2012)	Week End (19/10/2012)	
	Madhya Pradesh	835000	2250000	-1415000
	Maharashtra	538000	285000	+253000
	Rajasthan	385000	330000	+55000
	Bundi (Raj)	38000	39000	-1000
	Baran (Raj)	142000	140000	+2000
	Jhalawar (Raj)	28000	29000	-1000
Rapeseed/Mustard	Rajasthan	172000	180000	-8000
*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 edged-up on buying support with increased crushings to meet the festive and seasonal edible oil and meal demand during the week in review. However, the volume of trade in key cash markets remained sluggish as most of the markets remained closed for 2-3 days due to festivals during the week, resulting in lower bean arrivals in the market.

The arrivals are once again expected to pick up as farmers will offload their newly harvested crop. Further, crushings is more likely to improve to meet the festive edible oil demand and to meet the overseas and seasonal domestic soy meal demand.

We expect the arrivals to increase and test 6.0 lakh bags in Madhya Pradesh alone in near future.

In the international front the soybean planting has begun in South America, but the pace is slow. It has been negatively hit due to heavy rains and forecast of more rains in coming days will add on to the bullish factors.

The soybean prices are expected to get stronger on active buying by the crushers to meet the soy meal exports obligations 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 featured gains on fresh overseas and domestic seasonal demand. The forward booking in the meal is on as the overseas buyers are keen on placing the orders. Reportedly, above 10 lakh ton of soy meal of Indian origin has been booked for exports in recent days.

Besides, renewed domestic demand from poultry for feed remained supportive for the market. Both, International and domestic demand is expected to improve in coming days followed by competitive prices, availability and seasonal rise in poultry production.

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 29500-29900/MT compared to 16900-17500/MT during the same period last year.

Week	FAS, Soy meal Kandla	FOB, Soy meal Argentina	Avg.*Spread
20 – 26 Oct	548.0	565.0	-17
13 – 19 Oct	536.0	547.0	-11

*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 \$-17/MT compared to US \$-11/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.

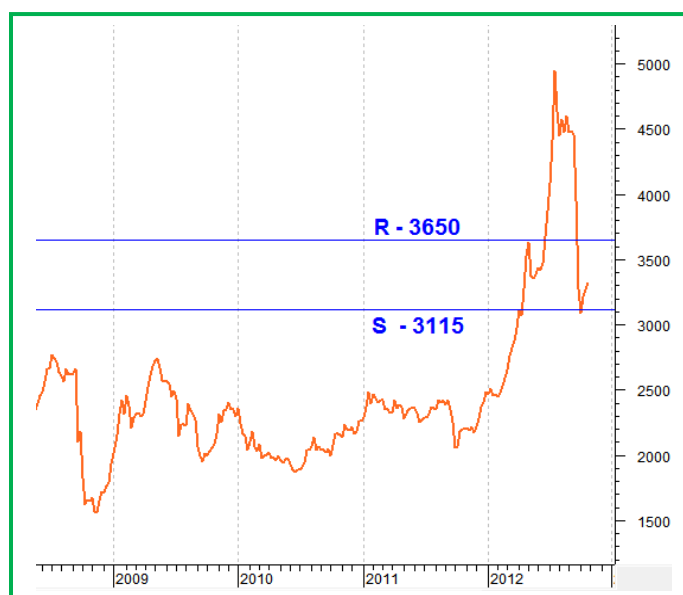
Recommendation: *The Indian meal exporters are advised to aggressively market their meal to the countries in vicinity including traditional South and Far-East Asian destinations to materialize the freight and logistics advantage. The prices are expected to remain range-bound with slight firm bias. FOR, Kandla is likely to be between 29900-30000/MT.*

Technical Analysis:

NCDEX Soybean Futures



Soybean Spot, Indore



Supports & Resistances NCDEX Nov Soybean

S2	S1	PCP	R1	R2
3075	3138	3339	3419	3450

- The soybean prices extended gains on buying interest.
- However, the prices closed below 9-day and 18-day EMA.
- MACD is rising in negative territory.
- RSI and stochastic are rising in neutral region.
- Prices are expected to gain during the week.
- **Trade Recommendation (NCDEX Soybean – Nov) – 1 Week:** Buy between 3310-3320 levels. T1 – 3360; T2 – 3390; SL - 3292.

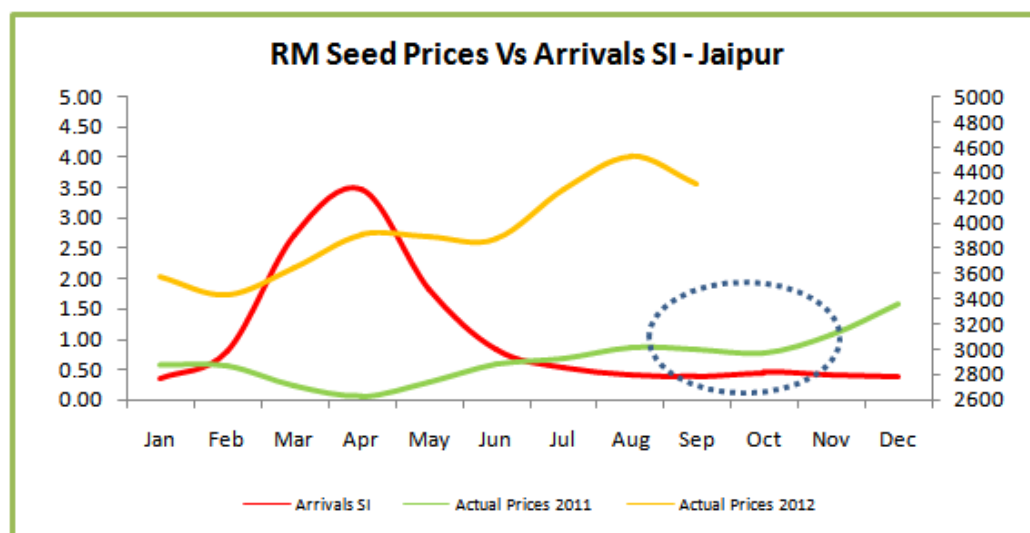
Trade Recommendation Soybean Spot: We feel the new soybean prices will gain on good buying support followed by better overseas meal demand and renewed domestic festive edible oil demand. The prices may witness 3400-3450 levels (Indore, Plant basis).

Rapeseed - Mustard Seed

The RM seed prices extended gains on supportive buying from miller to meet the renewed festive edible oil demand during the week in review. Besides, stronger Malaysian palm oil remained supportive for the domestic seed prices during the week.

The RM seed planting is underway in the key growing states but the pace is slow which will gradually pick up in a couple of weeks.

The planting intention of the farmers seems stronger this season and the area under the seed is expected to increase compared to last year, in view of better seed prices during the season. Further, the seed prices are expected to stay strong in coming weeks.

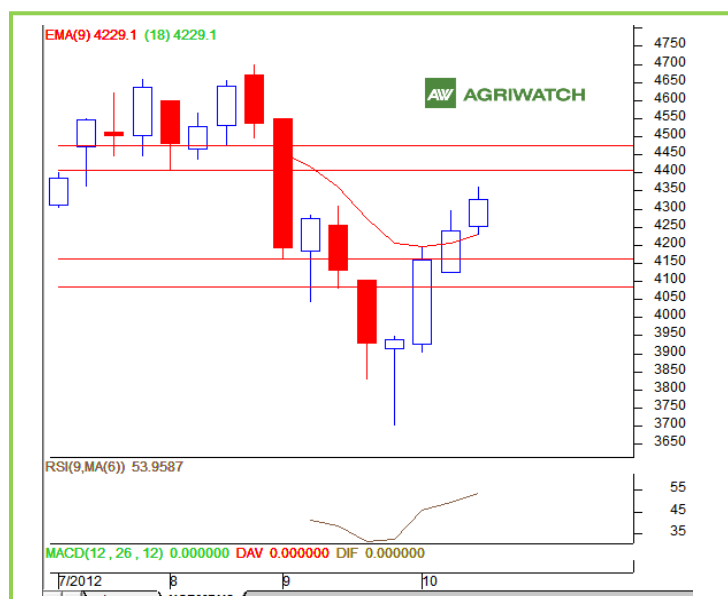


RM Seed Supply, Rajasthan

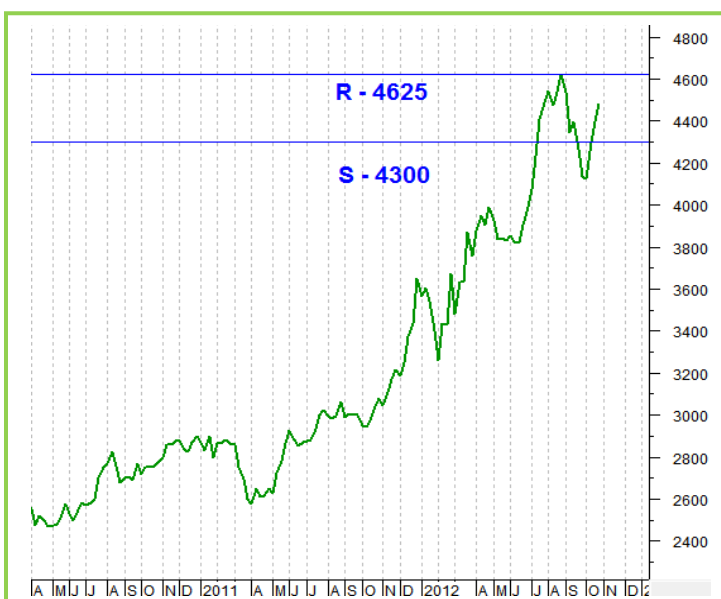
RM Seed Arrivals in Rajasthan in Bags (85 kg each).		
Weekly Arrivals	Week Ago	Corresponding Week Last Year
1,72,000	1,80,000	2,05,000

Technical Analysis:

NCDEX RM Seed Futures



RM Seed Spot, Jaipur



Supports & Resistances NCDEX Nov RM Seed

S2	S1	PCP	R1	R2
4080	4160	4325	4407	4472

- Candlestick chart pattern reveals continued gains.
- 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 4300-4310 levels. T1 – 4370; T2 –4400; SL -4272.

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 4530-4550 level in near term.

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