

Executive Summary

Steady to firm sentiments featured in the domestic oilseeds and oilmeals market during the week in review. The soybean edged-up on bullish South America planting report and renewed overseas and domestic demand in soy meal.

The RM seed prices remained flat despite fall in the Malaysian palm oil. Better miller's buying kept the seed prices steady during the week. However, the lower seed stock will remain a bullish factor for the seed before the new marketing season. Besides, the Cabinet Committee for Economic Affairs has also approved increasing the MSP of mustard seed to Rs 3,000 per quintal for the 2013-14 marketing year from Rs 2,500 per quintal in 2012-13.

Soy meal prices too featured gains on overseas demand and domestic poultry feed industry. However, Indian soya meal shipments have considerably delayed due to port congestions. Export commitments cannot be carried out. The shipments are expected to pick-up in coming days.

Bullish weather conditions for soybean planting in South America, lower US soybean production estimates and likely better overseas meal demand will remain bullish for the domestic oilseeds and meals. However, slash in export duty in Palm oil by Indonesia and higher stocks with the key Palm oil producing countries will restrict the gains in short-term.

International Highlights

- ❖ 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 (Source: IGC).
- ❖ In Argentina plantings are severely hit. About 13-16 Mn ha are either flooded or excessively wet, preventing plantings due to heavy rainfall. Severe soybean planting delays are likely until mid-Nov.
- ❖ The international soybeans and products appreciating in reaction to the severe weather problems and the deteriorated South American production prospects of soybeans and other crops.
- ❖ In Brazil weak rains continues to be of great concern mainly in central Brazil where 53% of the Brazilian soybean crop was produced during the past two years.
- ❖ Planting delays of soybeans and corn in Argentina is likely to aggravate in the first half of November. In Argentina cumulative rainfall until end-October was the highest in 100 years.
- ❖ With depleted world stocks of soybeans in early 2013 and reduced supplies of other oilseeds, there will be greater than usual dependence on South American supplies from March 2013 onward, making the market highly sensitive – Oil World.
- ❖ US soybean harvesting has begun to slow down, reducing the pace of new-crop arrivals. Strong export demand continues to provide underlying support.
- ❖ The Brazilian Association of Vegetable Oils Industries (Abiove) projects the Brazilian soybean crop at 81.3 Mn T for the 2012/13 season. The forecast is part of the September report by Abiove.
- ❖ According to The China National Grain and Oils Information Center, China is likely to raise its soybean imports this year by 9.3 per cent to 57.5 million tons due to increasing demand and declining domestic

output. The country's domestic soybean output was estimated to fall by 11.6 per cent from last year to 12.8 million tons.

- ❖ Currently, Brazilian soybean plantings are at least 4 Mn ha behind schedule. Dryness is still critical in several parts of central Brazil. Beneficial rainfall forecast for second week of November.
- ❖ Oil World has reported that soybean planting in South America is about 2-3 million hectares behind last year's pace. Renewed heavy rainfall is expected for the coming weekend.

Oilseed Prices at Key Spot Markets:

Commodity	Centre	Prices (Rs/Qtl)		Change
Soybean		02.11.2012	26.10.2012	
	Indore –Plant	3350-3390	3300-3350	+40
	Indore –Mandi	3200-3300	3120-3220	+80
	Nagpur-Plant	3250	3300	-50
	Nagpur – Mandi	3100-3150	3100-3250	-100
	Kota-Plant	3300	3300	Unch
	Kota – Mandi	3250	3200-3250	Unch
	Bundi-Plant	3350-3370	3330-3350	+20
	Bundi-Mandi	3200-3260	3250-3290	-30
	Baran-Plant	-	3300	-
	Baran-Mandi	3200-3270	3240	+30
	Bhawani MandiJhalawar– Kota Plant Delivery	3350	3350	Unch
	Jhalawar-Mandi	3250-3300	3200-3250	+50
Rapeseed/Mustard	Jaipur – C	4400-4405	4480-4485	-80
	Alwar – C	4200-4250	-	-
	SriGanganagar(NC)	3790	3800	-10
	Delhi– C	4300	4375	-75
	Kota	4300	4200	+100
	Neewai	4350	4450	-100
	Hapur (UP)	4400	-	-
Groundnut Seed	Rajkot	1025	985	+40
	Junagarh	-	-	-
Sunflower Seed	Latur	3400-3800	-	-

	Solapur	3600-3800	-	-
	Gulbarga	3000-3300	3200-3500	-200

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 (02/11/2012)	Week End (26/10/2012)	
	Madhya Pradesh	1980000	835000	+1145000
	Maharashtra	1000000	538000	+462000
	Rajasthan	400000	385000	+15000
	Bundi (Raj)	44000	38000	+6000
	Baran (Raj)	183000	142000	+41000
	Jhalawar (Raj)	41000	28000	+13000
Rapeseed/Mustard	Rajasthan	246000	172000	+74000
*Sum Arrivals during the week.				

MSP Hike for Mustard Seed and Safflower

Besides, the Cabinet Committee for Economic Affairs has also approved increasing the MSP of mustard seed to Rs 3,000 per quintal for the 2013-14 marketing year from Rs 2,500 per quintal in 2012-13.

Soybean

The soybean prices extended gains on buying support in the market and bullish South American weather and planting scenario.

Festive seasonal rise in vegoil and meal demand and subsequent solvent extractors buying for crushing to meet the improved usage remained supportive for the domestic soybean market.

The arrivals rose in the key cash market during the week on better buying, farmers were keen in liquidating their produce ahead of Diwali.

We expect the arrivals to stay between 4.0 – 5.0 lakh bags in Madhya Pradesh during the week.

The big market players (ADM, Cargill, Noble, LD, ITC and others) in Madhya Pradesh have are gradually gearing up to procure the beans to stock, they looking for the competitive price in recent days. Most of the crushing plants in Madhya Pradesh have begun their operations with entry of big market players after festivities.

In Rajasthan the major players (Goyal Protein, Shiv Edibles, Cargill, Ruchi, Noble grains, Adani and Bungee) had actively started buying seed before Diwali for crushing and for their future stock. The farmers are anticipating higher prices.

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.

In Argentina plantings are severely hit. About 13-16 Mn ha are either flooded or excessively wet, preventing plantings due to heavy rainfall. Severe soybean planting delays are likely until mid-Nov.

In Brazil weak rains continues to be of great concern mainly in central Brazil where 53% of the Brazilian soybean crop was produced during the past two years

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

Soy meal- FAS Kandla Vs FOB Argentina (Spread)

The soy meal prices edged-up on rise in seasonal domestic demand from poultry feed industry and renewed overseas buying.

The overseas demand is expected to pick-up in coming weeks and it will boost during Nov thru Feb before harvesting of the South American soybean. The US soybean production is already estimated lower (10 year low) and the developing bullish planting condition in South America will boost in the India's soy meal exports.

However, India exported around 51,050 MT of soy meal in the month of October (77% lower) compared to 22,3595 MT during the same period last year.

International and domestic demand is likely to improve in coming days followed by competitive prices, availability and seasonal rise in poultry production.

Soy meal (Nov-Dec) exports price, FOR Kandla exports was quoted around Rs 30075/MT compared to 17100-17400/MT during the same period last year.

Week	FAS, Soy meal Kandla	FOB, Soy meal Argentina	Avg.*Spread
27 Oct – 02 Nov	552	577	-25
20 – 26 Oct	548.0	565.0	-17

*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 \$-25/MT compared to US \$-17/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.

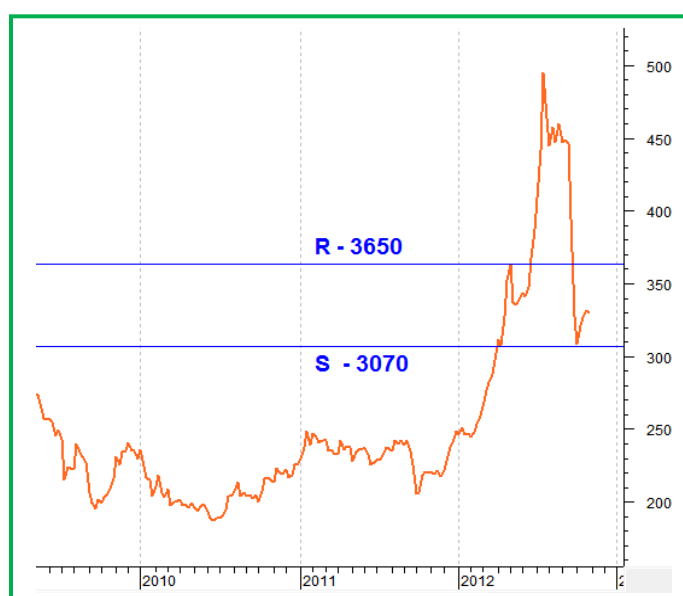
Recommendation: The Indian meal exporters are advised to aggressively market their meal to the countries in vicinity including traditional South and Far-East Asian destinations to materialize the freight and logistics advantage. The prices are expected to remain range-bound with slight firm bias. FOR, Kandla is likely to be between 29900-31000/MT.

Technical Analysis:

NCDEX Soybean Futures



Soybean Spot, Indore



Supports & Resistances NCDEX Dec Soybean

S2	S1	PCP	R1	R2
3102	3181	3322	3463	3625

- The soybean prices featured side-ways movement in the prices.
- However, the prices closed below 9-day and 18-day EMA.
- MACD is in negative territory.
- RSI is easing in neutral region while stochastic is rising in neutral region.
- Prices are expected to re-gain during the week.
- **Trade Recommendation (NCDEX Soybean – Dec) – 1 Week:** Buy between 3300-3315 levels. T1 – 3360; T2 – 3390; SL – 3282.

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 3350-3450 levels (Indore, Plant basis).*

Rapeseed - Mustard Seed

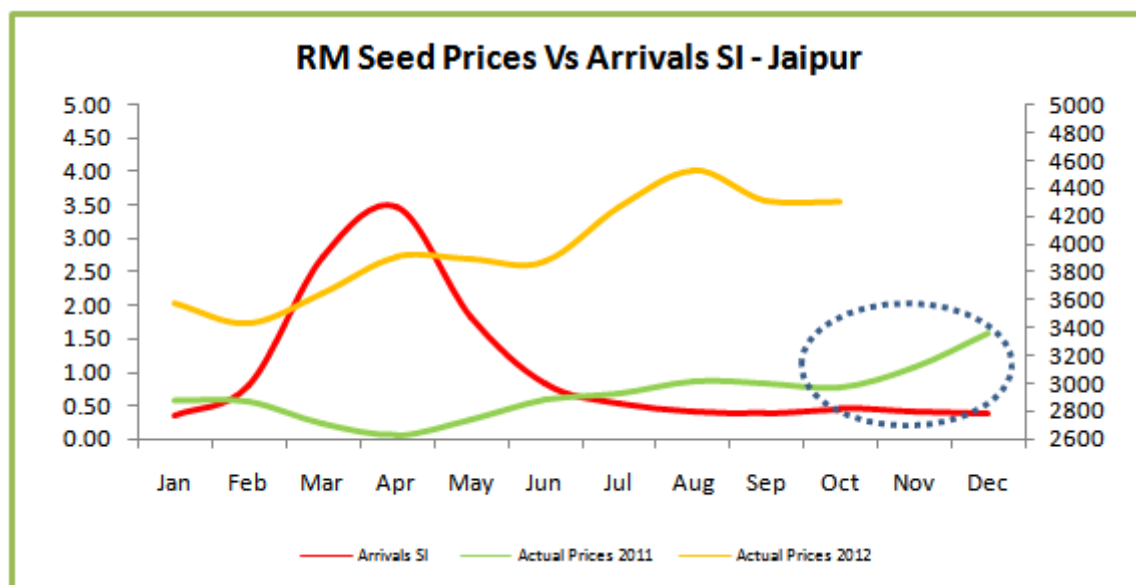
RM seed prices remained mostly flat, despite fall in Malaysian palm oil during the week in review. Continued buying in the seed remained supportive for the market. The plunge in BMD CPO followed by reduction in exports duty by Indonesia from 13.5 per cent to 9 per cent and reports of higher palm stocks restricted the major gains in the domestic seed.

Palm oil prices fell 4.1% during the week, despite steady exports from Malaysia, as investors remain concerned that palm oil stock levels in October probably surpassed an all-time high of 2.48 million tons reached at the end of September.

Besides, in the major development, the Cabinet Committee for Economic Affairs has approved increasing the MSP of mustard seed to Rs 3,000 per quintal for the 2013-14 marketing year from Rs 2,500 per quintal in 2012-13.

The RM seed planting is gradually picking-up the pace in the key growing states. The planting intention of the farmers is strong this season in the key growing states.

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 higher 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
246000	1,72,000	182,000

Technical Analysis:
NCDEX RM Seed Futures

RM Seed Spot, Jaipur

Supports & Resistances NCDEX Dec RM Seed

S2	S1	PCP	R1	R2
3981	4085	4158	4413	4496

- Candlestick chart pattern reveals sharp fall in the prices.
- Prices closed below 9-day and 18-day EMA.
- RSI and stochastic are heading upwards in neutral zone.
- **Trade Recommendation (NCDEX RM SEED - Dec) – 1 Week:** BUY between 4140-4150 levels. T1 – 4250; T2 –4300; SL -4198.

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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