

Executive Summary

Again 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.

Initially the farmers were keen in offloading and liquidating their newly harvested crop ahead of festivities, Dusherra and Diwali, but gradually the momentum of arrivals fell due to slow farmer's selling.

Besides, soy meal prices compared to previous week due to improved crushings followed by seasonal rise in the supplies in beans. However, the meal shipments were not encouraging in Oct'12 which were 77 per cent lower compared to the same period last year. India's meal shipments were hit due to the port congestion during the week in review.

Overall, the RM seed prices mainly remained flat during the week despite soybean and external pressure. Reports of slack in exports duty in palm oil by Indonesia and record high stock of palm oil in the key producing countries restricted the gains in the seed.

In a major development in RM seed, the government has raised the MSP of Mustard seed by Rs500/Qtl for 2013/14 marketing season.

Sluggish soybean planting in South America due to dry weather in Brazil and extremely wet weather in Argentina remain bullish for the bean. However, rise in US soybean production estimates in the Nov'12 USDA report and reports of higher palm oil stocks in major producing countries will weigh on the prices to some extent for short-period in Nov.

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

- ❖ In the USDA's Nov report, US soybean production is raised to 2971 Mn Bu from 2860 in Oct followed by increased in yield potential from 37.8 bu per acre to 39.3 bu per acre in Nov.
- ❖ Soybean shipments of the 4 major countries were higher than expected at 9.0 Mn T in October, 0.8 Mn T above last year. US soybean exports boosted to 7.5 Mn T (up 2.2 Mn T from last year) – Oil World.
- ❖ World supplies of soya meal will still be tight in the next few weeks, keeping soya meal prices well supported, until sufficient demand-rationing is accomplished.

- ❖ Indian soya meal shipments are considerably hit in the first 4-8 weeks of this season, due to a late harvest, slow recovery in crushings and port congestions.
- ❖ Total EU-27 rapeseed area is likely to recover by 0.4 Mn ha for the 2013 crop – Oil World.
- ❖ Recent reports from South America are rather critical, particularly from Argentina where at least 13-16 Mn ha of agricultural land is either flooded or excessively wet.
- ❖ As per Oil World, contrary to the dryness in central Brazil, excessively wet fields are still a major problem in Argentina, creating severe planting delays. Completion of planting intentions is partly impossible where flooding is most severe. Increasing concern in central Brazil about insufficient moisture. Crop stress will intensify unless favourable rains are received in the next 1-2 weeks.

Oilseed Prices at Key Spot Markets:

Commodity	Centre	Prices (Rs/Qtl)		Change
		09.11.2012	02.11.2012	
Soybean				
	Indore –Plant	3350-3400	3350-3390	+10
	Indore –Mandi	3200-3290	3200-3300	-10
	Nagpur-Plant	3300	3250	+50
	Nagpur – Mandi	3200-3300	3100-3150	+150
	Kota-Plant	3400	3300	+100
	Kota – Mandi	3300	3250	+50
	Bundi-Plant	3350-3370	3350-3370	Unch
	Bundi-Mandi	3250-3325	3200-3260	+65
	Baran-Plant	3300-3325	-	Unch
	Baran-Mandi	3270	3200-3270	Unch
	Bhawani MandiJhalawar– Kota Plant Delivery	3375	3350	+25
	Jhalawar-Mandi	3250-3300	3250-3300	Unch
Rapeseed/Mustard	Jaipur – C	4445-4450	4400-4405	+45
	Alwar – C	4300	4200-4250	+50
	SriGanganagar(NC)	3740	3790	-50
	Delhi– C	4300	4300	Unch
	Kota	4250	4300	-50
	Neewai	4450	4350	+100
	Hapur (UP)	4410	4400	+10

Groundnut Seed	Rajkot	980	1025	-45
	Junagarh	-	-	-
Sunflower Seed	Latur	3600-3800	3400-3800	Unch
	Solapur	3600-3800	3600-3800	Unch
	Gulbarga	3000-3500	3000-3300	+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 (09/11/2012)	Week End (02/11/2012)	
	Madhya Pradesh	2055000	1980000	+75000
	Maharashtra	1000000	1000000	Unch
	Rajasthan	430000	400000	+30000
	Bundi (Raj)	46000	44000	+2000
	Baran (Raj)	91000	183000	-92000
	Jhalawar (Raj)	24000	41000	-17000
Rapeseed/Mustard	Rajasthan	255000	246000	+9000
*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 featured gains on buying support during the week in review. The major solvent extractors have entered in almost all the key physical markets to stock the beans for future need, to meet the improved crushing followed by renewed festive edible oil and rising overseas meal demand. Although, the meal shipments were hit due to port congesting in October.

Further, farmers have slowed down the selling due to lower quotes and even due to festivals during the week. The daily arrivals peaked to 5.5 lakh bags in the key markets of Madhya Pradesh and then gradually fell to around 2 lakh bags just before Diwali festival. The arrivals are once again expected to resume to normal and may again register between 3 – 4 lakh bags in the mandis of MP.

While the arrivals in Maharashtra fell to 1 lakh bags from 3.5 lakh bags in recent days and in Rajasthan to 60,000 bags from 70,000 bags.

The domestic soybean prices will be mainly driven by international factors and overseas meal demand of Indian origin in coming months. The fundamental for Indian soybean seems bullish owing to lower US soybean production estimates and expected losses in soybean area in South America due to adverse weather condition in Argentina and Brazil.

US soybean harvesting is complete and in the USDA's Nov report, US soybean production is raised to 2971 Mn Bu from 2860 in Oct followed by increased in yield potential from 37.8 bu per acre to 39.3 bu per acre in Nov. Despite rise in the production, US soybean outturn is pegged 10 year low this season.

The soybean prices are likely rebound and move upward on buying support to meet seasonal edible oil and soy meal demand in coming days.

Soy meal- FAS Kandla Vs FOB Argentina (Spread)

The soy meal prices remained flat on thin trade activity during the week in review. The export enquiries in meal improved but the Indian meal shipments were hit due to congestion at ports in last few weeks. Besides, the domestic soy meal usage in poultry was not encouraging for the meal. Hence, the soy meal exports in were lower in October this year compared to previous year.

However, we expect India's soy meal exports to pick-up in coming weeks. Besides, the Bird-flu fear is getting subsided in South India, which may improve the poultry production in coming days further leading to the rise in soy meal usage.

India's shipments of soy meal during October, 2012 was 51,050 tonnes as compared to 2,34,594 tonnes in October, 2011. A fall of 77 per cent in Oct 2012 compared to Oct 2011.

The export during April'2012 to October'2012 is 8,88,128 MT as compared to 13,63,446 MT in the same period of previous year.

Soy meal (Nov-Dec) exports price, FOR Kandla exports was quoted around Rs 30075/MT compared to 17100-17400/MT in the last week of Oct. Indian C&F Indonesia (Indian meal – last week of Oct) was between US \$ 560-580/MT which was quoted between US \$374-375/MT during the same period last year.

Week	FAS, Soy meal Kandla	FOB, Soy meal Argentina	Avg.*Spread
03 – 09 Nov	551	565	-14
27 Oct – 02 Nov	552	577	-25

*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 \$-14/MT compared to US \$-25/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	3180	3260.5	3416	3470

- The soybean prices featured weakness, during the week.
- The prices closed below 9-day and 18-day EMA, indicating weakness in near-term.
- MACD is easing in negative territory, indicating bearish tone.
- RSI is easing in neutral region supporting weak tone.
- Prices are expected to slightly fall during the week.
- **Trade Recommendation (NCDEX Soybean – Dec) – 1 Week:** SELL between 3350 – 3360 levels. T1 – 3300; T2 – 3270; SL – 3328.

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

The RM seed prices remained flat despite fall in Malaysian palm oil during the week in review. The seed fundamentals are strong, in view of lower stock followed by lower production in the season.

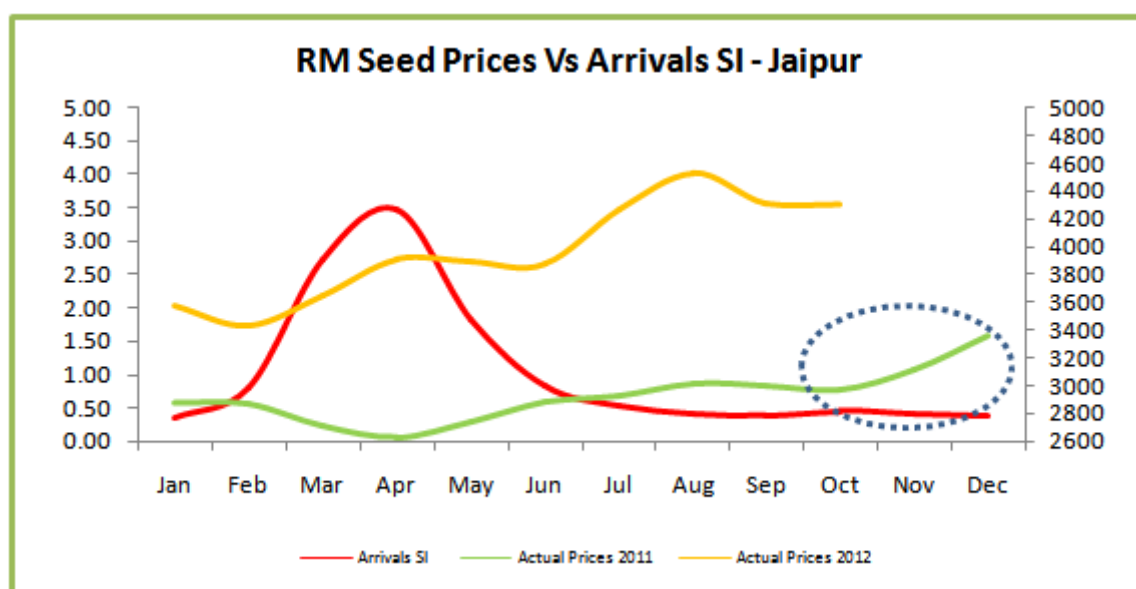
Besides, improved festive and seasonal buying remained supportive for the market.

Further, 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 and the covered area under the seed as of Nov 08 it is 23.2 per cent higher at 37.27 lha compared to 30.25 lha during the same period last year. In view of better seed prices during the year, the farmers are expected to plant the seed higher than previous year.

However, week outside markets restricted the gains in the seed. 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 gains in RM seed.

The palm oil stock levels in October probably surpassed an all-time high of 2.48 million tons reached at the end of September, which again remained bearish for the seed.



RM Seed Supply, Rajasthan

RM Seed Arrivals in Rajasthan in Bags (85 kg each).		
Weekly Arrivals	Week Ago	Corresponding Week Last Year
2,55,000	2,46,000	2,41,000

Technical Analysis:
NCDEX RM Seed Futures

RM Seed Spot, Jaipur

Supports & Resistances NCDEX Dec RM Seed

S2	S1	PCP	R1	R2
4000	4085	4212	4320	4404

- Candlestick chart pattern reveals gain in the price, during the week.
- Prices closed above 9-day and 18-day EMA.
- RSI and stochastic are heading upwards in neutral zone, supporting the firm tone.
- MACD is easing in positive territory, indicating persistence of weakness.
- **Trade Recommendation (NCDEX RM SEED - Dec) – 1 Week:** BUY between 4215 - 4225 levels. T1 – 4300; T2 –4350; SL -4180.

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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