

Executive Summary

Sluggish trade activity featured in the domestic oilseeds and meal markets due to festivities during the week in review. Most of the oils and fats markets remained closed for 2-3 days during the period.

The soybean and soy meal prices eased in the absence of active buying as well as selling. However, RM seed firmed-up on its bullish fundamentals.

However, the soybean and meal prices are likely to get stronger during the week on improved crushing to meet the seasonal soy meal and oil demand in coming days.

The RM seed fundamentals are strong due to lower stocks. The seed planting is gradually progressing and likely to exceed previous year's area under the seed. Higher seed prices during the season, supportive international factors and increased MSP for the seed for 2013/14 marketing season are expected to support the seed prices at higher levels.

There is still tug of war between bulls and bears in the oils and fats market. The South American weather conditions are getting favourable for planting which was hurt in recent days either due to dry weather in Brazil or extreme wet conditions in Argentina. Besides, market players hope better export sales in palm oil in the month of November.

International Highlights

- ❖ China, the world's top soy buyer, will reportedly temporarily stop regular state soy sales from this week as Beijing has started stockpiling programme for the oilseed, to improve margins for soy plants and spur imports. The suspension is to stop traders and crushers selling their purchases from regular state sales back to the government as Beijing starts buying soybeans from the market at higher prices, said the China National Grain and Oils Information Center (CNGOIC). The step is set to stabilise domestic prices
- ❖ According to Safras & Mercado, the Brazilian soybean planting in the 2012-13 season has progressed to 54% of the expected production area which is slower than in the same period last year, when 66% of the area had been sown.
- ❖ US soybean harvesting is almost complete, according to the last crop progress report released by USDA, US soybean harvest was 96 per cent complete as compared to 93 per cent last week and 93 per cent 5 year average.
- ❖ Oil World has reported that the soybean exports from Brazil, Argentina, Paraguay and Uruguay are set to plunge to only 0.5-0.6 million tons in November '12.
- ❖ According to the latest monthly crush data released by National Oilseed Processors Association (NOPA), the US soybean crush for October is reported at 153.56 million bushels compared with 141.179 million crushed a year earlier.
- ❖ China, the world's biggest soybean consumer, has cancelled 10 cargoes totaling 600,000 metric tons as cited by the country's National Grain and Oils Information Centre. Poor demand for soybean from China and rising US soybean supplies may weigh on the international soybean oil and soybean prices.

Oilseed Prices at Key Spot Markets:

Commodity	Centre	Prices (Rs/Qtl)		Change
Soybean		16.11.2012	09.11.2012	
	Indore –Plant	3240-3275	3350-3400	-125
	Indore –Mandi	3125-3225	3200-3290	-65
	Nagpur-Plant	3250	3300	-50
	Nagpur – Mandi	3100-3200	3200-3300	-100
	Kota-Plant	3270	3400	-130
	Kota – Mandi	3150-3200	3300	-100
	Bundi-Plant	3310	3350-3370	-60
	Bundi-Mandi	3200	3250-3325	-125
	Baran-Plant	3300	3300-3325	-25
	Baran-Mandi	3150-3200	3270	-70
	Bhawani MandiJhalawar– Kota Plant Delivery	3300	3375	-75
	Jhalawar-Mandi	3250	3250-3300	-50
Rapeseed/Mustard	Jaipur – C	4485-4490	4445-4450	+40
	Alwar – C	4300	4300	Unch
	SriGanganagar(NC)	3760	3740	+20
	Delhi– C	4340	4300	+40
	Kota	4200	4250	-50
	Neewai	4450	4450	Unch
	Hapur (UP)	4460	4410	+50
Groundnut Seed	Rajkot	1000	980	+20
	Junagarh	-	-	-
Sunflower Seed	Latur	3700-3800	3600-3800	Unch
	Solapur	3700-3900	3600-3800	Unch
	Gulbarga	3300-3400	3000-3500	-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
		Week End (16/11/2012)	Week End (09/11/2012)	
Soybean				
	Madhya Pradesh	280000	2055000	-1775000
	Maharashtra	100000	1000000	-900000
	Rajasthan	80000	430000	-350000
	Bundi (Raj)	2000	46000	-44000
	Baran (Raj)	9000	91000	-82000
	Jhalawar (Raj)	2000	24000	-22000
Rapeseed/Mustard	Rajasthan	115000	255000	-140000
*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 fell on thin trading activity due to festivities during the week in review. The daily arrivals fell than the usual recently reported in all the key market centers of Madhya Pradesh, Maharashtra and Rajasthan. Besides, the markets remained completely closed for 2-3 days during the week.

Eventually, the crushing fell during the period, which is once again expected to pick-up this week to meet soy meal exports obligation and seasonal rise in soy oil demand.

The bean arrivals in the markets of MP is again expected to move above 3 lakh bags, above 1 lakh bags in Maharashtra and around 60,000 bags in Rajasthan.

Weather in some key growing states of Brazil is getting favourable for planting the beans with forecast of wet weather in coming days. Besides, in Argentina the weather is sunny and forecast of clear weather further, after recent heavy rains, will boost the planting.

The international developments and factors will drive the domestic soybean prices in days ahead. Again, the domestic soybean fundamentals are strong in view of lower US soybean production estimates and expected losses in soybean area in South America due to initially adverse weather condition for planting in Argentina and Brazil.

The domestic soybean prices are expected to get stronger in coming days. Likely rise in overseas soy meal demand and expected rise in domestic demand from poultry feed industry in meal will remain supportive factor for the beans in days ahead.

Soy meal- FAS Kandla Vs FOB Argentina (Spread)

The soy meal prices in sync with the soybean followed by weak trade activity during the period. No major activity reported in soy meal during the period, the Indian meal exports are reportedly slow, but we expect active overseas buying in coming days.

Despite the pronounced upward revision in the US soybean crop, world supplies of soybeans are still down 24 Mn T from last year in Sept/Febr 2012/13 as reported by the Oil World, the situation will lead to tight supplies in soy meal and oil during the period and Indian meal exports are expected to rise during the period.

Though no significant surge in meal reported between Sep thru Oct, but it is likely to pick-up in coming days followed by rising world production in poultry meat and pork.

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 between Rs 29,175-29,800/MT compared to 16800-16900/MT during the same period last year. Indian C&F Indonesia was between US \$ 545/MT which was quoted between US \$365-370/MT during the same period last year.

Week	FAS, Soy meal Kandla	FOB, Soy meal Argentina	Avg.*Spread
10 – 16 Nov	529	530	-1
03 – 09 Nov	551	565	-14

*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 \$-1/MT compared to US \$-14/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
3154	3210	3256	3435	3470

- The soybean prices featured side-ways movement, 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 and stochastic are heading upwards in neutral regions, supporting the gains.
- Prices are expected to gain during the week.
- **Trade Recommendation (NCDEX Soybean – Dec) – 1 Week:** BUY between 3280 – 3300 levels. T1 – 3350; T2 – 3400; SL -3260.

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 3370-3400 levels (Indore, Plant basis).

Rapeseed - Mustard Seed

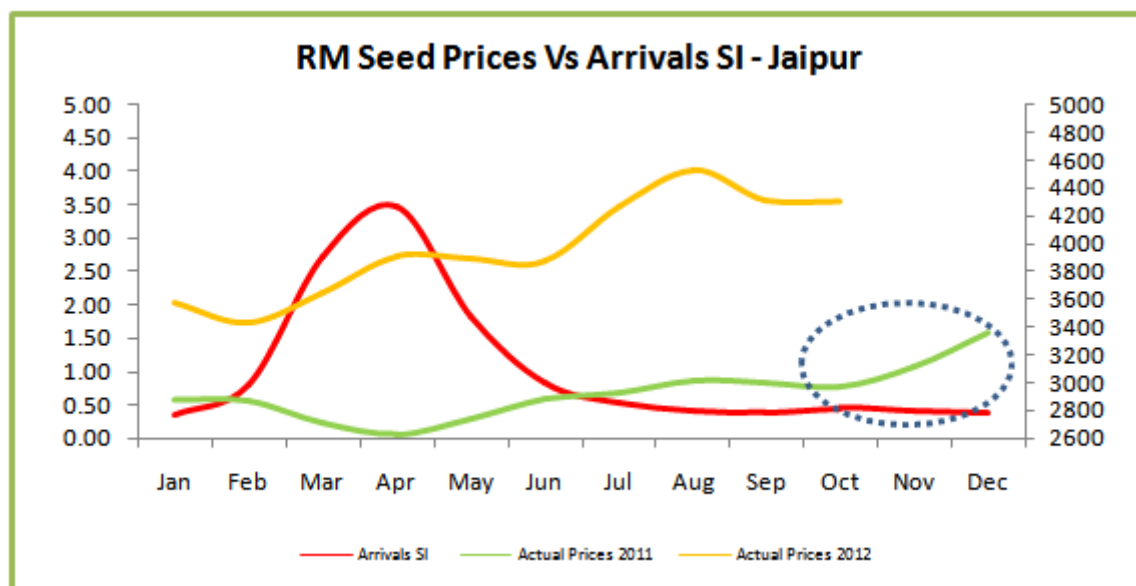
The RM seed prices firmed-up on strong fundamentals followed by lower stocks, during the week in review. However, the trade activity remained sluggish during the week due to the festival – Diwali with significant fall in the arrivals.

Millers are ready quote the seed prices a bit higher to attract the sellers to meet the seasonal rise in the mustard oil demand.

Besides, 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 supporting the seed prices at higher levels.

The RM seed planting has slightly slowed due to festivities during the week and the covered area under the seed as of Nov 15 was reported about 10 per cent lower at 39.83 lha compared to 44.18 lha during the same period last year. But, in view of better seed prices during the year, the farmers are expected to plant the seed higher than last year.

Further, the market participants feel that the palm exports will remain strong in November which will support the BMD CPO which will eventually pushing up the domestic RM seed prices in near-term. Higher palm oil stocks with the major producing countries may weigh on the prices to some extent.



RM Seed Supply, Rajasthan

RM Seed Arrivals in Rajasthan in Bags (85 kg each).		
Weekly Arrivals	Week Ago	Corresponding Week Last Year
1,15,000	2,55,000	2,45,000

Technical Analysis:

NCDEX RM Seed Futures



RM Seed Spot, Jaipur



Supports & Resistances NCDEX Dec RM Seed

S2	S1	PCP	R1	R2
4085	4129	4296	4356	4413

- 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 4305- 4315 levels. T1 – 4360; T2 –4400; SL -4285.

Trade Recommendation RM Seed Spot (Jaipur basis): In spot the RM seed prices are expected to slightly gain on likely recovery in BMD CPO and expected millers buying. The prices may witness 4550-4600 level in near term.

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