

Executive Summary

The domestic oilseeds and oilmeal prices fell towards the end of the week in review. The market was pressured by weakness in Malaysian Palm oil (BMD CPO) and overall losses in CBOT soybean in recent weeks.

Favorable weather in Argentina and Brazil, the world's biggest producers of soybeans followed by the US, has eased concerns about tight global vegoil supplies restricting gains in soybean and other oilseeds.

Besides, weak export sales in Malaysian palm oil due to tepid demand, expected higher Malaysia's end-November palm oil stocks to a new record of 2.65 million-2.70 million tons, up from October's record high of 2.51 million tons remained negative factors for both domestic RM seed and soybeans.

Further addition to fundamentals, macroeconomic factors - European economic data at the end of the week, ongoing concerns over Greek debt and an US economic performance pressured the key oils and fats markets globally.

The RM seed planting is has again gained momentum after festivities during the week and the area coverage this season is expected to surpass last year's figure, in view of higher seed prices during the season.

Soy meal demand is expected to pick-up in coming days which witnessed a sharp fall last month due to disruption in shipments.

Bearish global palm oil, soybean and macroeconomic factors and expected higher RM seed planting may restrict major gains in the oilseeds and meal prices in short-term (a week or two).

International Highlights

- ❖ Oil World has reported that global supply of soybean is down 24 million tons from last year in Sept-Feb 2012-13 despite the noticeable upward revision in the US soybean crop by USDA.
- ❖ 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 National Grain and Oils Information Center (CNGOIC) has stated that China will temporarily halt regular state soy sales from this week and will start stockpiling the oilseed to improve soy plant margin and accelerate imports.
- ❖ As per Argentina's Agriculture Ministry weekly crop progress report, farmers have planted 31 percent of the estimated acreage for soybean to 5.921 million hectares, down 13 percent from the previous year. The total soybean area is projected at 19.355 million hectares for 2012/13.

Oilseed Prices at Key Spot Markets:

Commodity	Centre	Prices (Rs/Qtl)		Change
Soybean		23.11.2012	16.11.2012	
	Indore –Plant	3250-3270	3240-3275	-5
	Indore –Mandi	3060-3180	3125-3225	-45
	Nagpur-Plant	3225-3250	3250	Unch
	Nagpur – Mandi	3100-3150	3100-3200	-50
	Kota-Plant	3250	3270	-20
	Kota – Mandi	3200	3150-3200	Unch
	Bundi-Plant	3280	3310	-30
	Bundi-Mandi	3200-3225	3200	+25
	Baran-Plant	-	3300	-
	Baran-Mandi	3180	3150-3200	-20
	Bhawani MandiJhalawar– Kota Plant Delivery	3250	3300	-50
	Jhalawar-Mandi	3150	3250	-100
Rapeseed/Mustard	Jaipur – C	4420-4425	4485-4490	-65
	Alwar – C	4200	4300	-100
	SriGanganagar(NC)	3650	3760	-110
	Delhi– C	4275	4340	-65
	Kota	4050-4075	4200	-125
	Neewai	4380	4450	-70
	Hapur (UP)	4375	4460	-85
Groundnut Seed	Rajkot	1060	1000	+60
	Junagarh		-	
Sunflower Seed	Latur	3700-3800	3700-3800	Unch
	Solapur	3700-3850	3700-3900	-50
	Gulbarga	3500-3700	3300-3400	+300

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 (23/11/2012)	Week End (16/11/2012)	
	Madhya Pradesh	1775000	280000	+1495000
	Maharashtra	530000	100000	+430000
	Rajasthan	285000	80000	+205000
	Bundi (Raj)	13500	2000	+11500
	Baran (Raj)	47000	9000	+38000
	Jhalawar (Raj)	23000	2000	+21000
Rapeseed/Mustard	Rajasthan	260000	115000	+145000
*Sum Arrivals during the week.				

Crop Progress, India

The *rabi* oilseeds planting are under progress and overall, the oilseeds plantings is 4.6 per cent higher compared to the corresponding period last year.

Of the major *rabi* oilseeds crop rapeseed/mustard seed sowing is up by 3.1 at 52.24 lha compared to 50.68 lakh hectares during the same period last year. Groundnut planting is reported 45 per cent higher at 2.3 lakh hectares compared to 1.59 lha, sunflower is up by 44 per cent at 3.22 lha compared to 2.24 lha same period last year.

Area in lakh hectares

<i>Crop</i>	<i>As on 22 Nov 2012</i>	<i>As on 22 Nov 2011</i>	<i>% Change</i>
Rapeseed/Mustard Seed	52.24	50.68	3.1
Groundnut	2.3	1.59	44.7
Safflower	1.13	1.48	-23.6
Sunflower	3.22	2.24	43.8
Sesamum	0.24	0.29	-17.2
Lineed	1.93	2.1	-8.1
Other Oilseeds	0.23	0.2	15.0
Total Oilseeds	61.3	58.6	4.6

Source: GOI

However, safflower, sesamum and linseed planting are lagging behind.

Soybean

The soybean prices fell on towards the end of the week in review. Bearish global oils and fats market and lower soy meal exports commitments pressured the bean prices during the period.

No active buying reported in the cash market during the week and the major solvent extractors refrained from the market. However, renewed edible oil demand limited any sharp fall in the bean.

The overall arrivals in key markets have fallen compared to a fortnight ago, weak export sales in meal lead to sluggish buying and eventually the supplies fell in major soybean cash markets.

The daily arrivals fell than the usual recently reported in all the key market centers of Madhya Pradesh, Maharashtra and Rajasthan.

The bean arrivals in the markets of MP fell below 3 lakh bags compared to 3.5-4 lakh bags a fortnight ago, below 1.5 lakh bags in Maharashtra and below 60,000 bags in Rajasthan.

Weather in some key growing states of Brazil and Argentina is getting favourable boosting the planting in the region.

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. However, developments in global oils and fats market will drive the domestic soybean market in near-term.

Soy meal- FAS Kandla Vs FOB Argentina (Spread)

The soy meal prices fell on thin trade activity and lower overseas demand during the week under review. Several solvent extractors refrained from active buying in the soybean as the soy meal export commitments are lower in near-term.

However, the meal exports are expected to pick up, in view of lower US soybean crop, which are a 10 year low and the global soybean shortage which is down 24 million tons from last year in Sept-Feb 2012-13 despite the noticeable upward revision in the US soybean crop by USDA.

Given the soybean supply situation, India's soy meal shipments are expected to gain and boost during Sep-Feb 2012-13. However, India's meal exports in October witnessed a sharp fall due to congestion at ports and lower exports commitments.

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.

India's Y-o-Y soy meal prices have witnessed gains. Soy meal (Nov-Dec) exports price, FOR Kandla exports was quoted between Rs 29,150-29,300/MT compared to 17,100-17,250/MT during the same period last year. Indian C&F Indonesia was between US \$ 538-545/MT which was quoted between US \$355-367/MT during the same period last year.

Week	FAS, Soy meal Kandla	FOB, Soy meal Argentina	Avg.*Spread
17 – 23 Nov	523	526	-3
10 – 16 Nov	529	530	-1

*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 \$-3/MT compared to US \$-1/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 vs Argentine meal price between US \$8/MT and US \$15/MT.

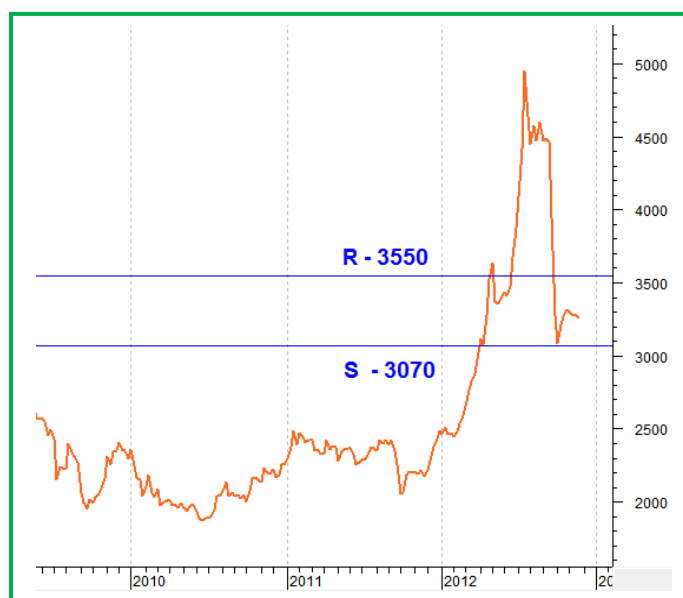
Recommendation: The Indian meal exporters are advised to aggressively market their meal to the countries in vicinity including traditional South and Far-East Asian destinations to materialize the freight and logistics advantage. The prices are expected to remain range-bound with slight firm bias. FOR, 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
2969	3077	3273	3393	3548

- 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 improving overseas meal demand and renewed domestic festive edible oil demand. The prices may witness 3350-3400 levels (Indore, Plant basis).

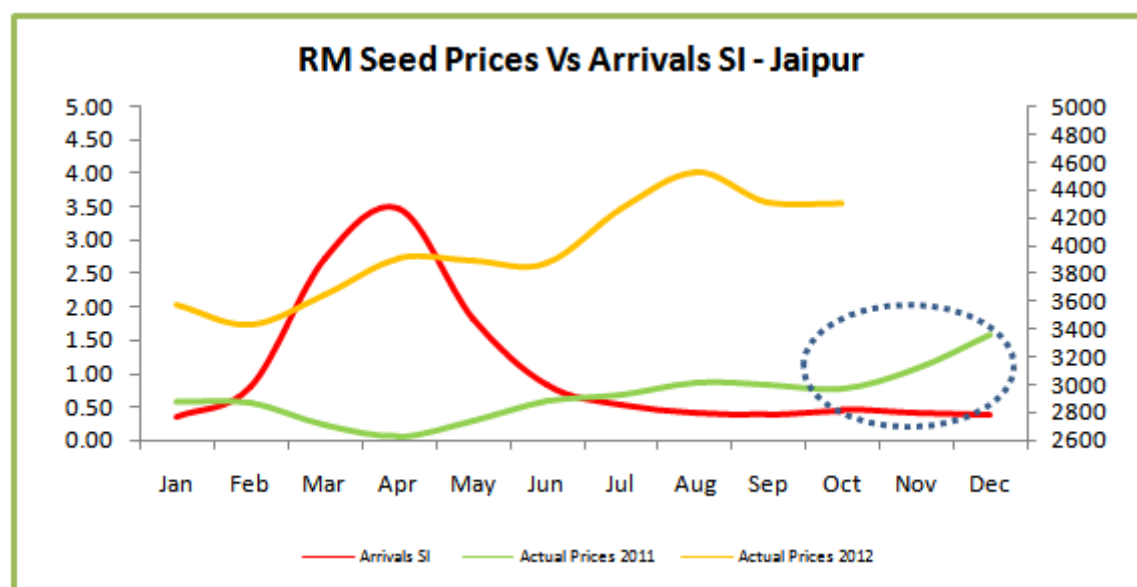
Rapeseed - Mustard Seed

The RM seed prices fell pressured by weak international palm oil during the week in review. Fall in BMD CPO followed by weak exports weak export sales in Malaysian palm oil due to tepid demand and expected higher Malaysia's end-November palm oil stocks to a new record of 2.65 million-2.70 million tons, up from October's record high of 2.51 million tons remained negative factors for RM seed.

The seed arrivals again improved during the week which fell due to festivities previous week. Reportedly, the seasonal edible oil demand is gradually improving and the crushing is likely to increase in near-term which will eventually push up the seed prices.

The RM seed planting has again gained momentum after festivities. The covered area under the seed as on 22 Nov 2012 was reported about 3 per cent lower at 52.24 lha compared to 50.68 lha during the same period last year. The farmers are expected to plant the seed higher than last year, in view of better seed prices this season.

Improved domestic seasonal edible oil demand is expected to push up the seed prices. However, higher palm oil stocks with the major producing countries may weigh on the seed 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
3,05,000	1,15,000	2,54,000

Technical Analysis:

NCDEX RM Seed Futures



RM Seed Spot, Jaipur



Supports & Resistances NCDEX Dec RM Seed

S2	S1	PCP	R1	R2
3984	4085	4161	4356	4413

- Candlestick chart pattern reveals selling pressure, during the week.
- Prices closed below 9-day EMA, indicating weakness.
- RSI is easing in neutral zone, supporting the weak tone.
- MACD is easing in positive territory, indicating persistence of weakness.
- **Trade Recommendation (NCDEX RM SEED - Dec) – 1 Week:** SELL between 4170- 4180 levels. T1 – 4120; T2 –4070; SL -4203.

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 4500-4550 level in near term.

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>
© 2005 Indian Agribusiness Systems Pvt Ltd.