

Executive Summary

The domestic oilseeds and oilmeal prices fell on sluggish buying and weak global cues during the week in review.

The major soybean solvent extractors refrained themselves from the cash market in anticipation of further fall in the prices which subsequently lead to the fall in crushings. Arrivals are gradually falling in the key centers.

In addition, slow down in soy meal export sales has discouraged the crushers to a great extent leading to poor buying activity in the market. Higher soy meal prices at international market and fall in the demand from key importer of soy meal of Indian origin remained negative factors for the market.

Further, RM seed extended losses on slow off-take by the millers in anticipation of further fall in the prices which was pressured by the continued fall in BMD CPO.

Forecast of rise in the palm oil output in both in Malaysia and Indonesia by eminent analyst in the last conference and expected higher inventories in palm oil kept the domestic seed market weak.

The RM seed planting is in full swing and progressing in its normal pace, the area coverage under the seed is expected to rise by about 5 per cent this season, in view of better seed prices. The sowing is slightly up compared to the same period last year.

The oilseeds, oils and fats market is engulfed with the recent bearish news and developments and weak outside market. However, rising Chinese demand in soybean, meal and oils will remain supportive for the domestic market too.

International Highlights

- ❖ Informa cuts its forecast of Argentina's 2012/13 soybean production to 58.4 million tons, from 59.5 million tons previous estimates.
- ❖ According to China National Grain and Oils Information Center (CNGOIC), China is expected to have produced 12.8 million tons of soybean in 2012, down 11.6 per cent from the previous year. The total soybean plantation area has declined by 9 per cent this year to 7.177 million hectares.
- ❖ The Buenos Aires Grains Exchange has reported that the soybean planting in Argentina has been further delayed by rainfall over the past week. Sowing of soybean till now is 54 per cent of the total projected 19.7 million hectares to be planted this season.
- ❖ Oil World has reported that the Brazilian soybean exports plunged to a 21-month low figure of 0.26 million tons in November 2012.
- ❖ As per Brazil's government, Brazil soybean crop seen at 82.6 million tons in 2012-13 compared to its previous estimate range of 80.1-83.0 million tons.
- ❖ Statistics Canada has reported that the Canadian production of canola, a competing oilseed, is likely to be 13.3 million tons, below an average of trade estimates for 13.7 million tons.

Oilseed Prices at Key Spot Markets:

Commodity	Centre	Prices (Rs/Qtl)		Change
Soybean		07.12.2012	30.11.2012	
	Indore –Plant	3225-3280	3275-3310	-30
	Indore –Mandi	3080-3180	3100-3200	-20
	Nagpur-Plant	3200	3200	Unch
	Nagpur – Mandi	3000-3100	3000-3200	-100
	Kota-Plant	3225	3270	-45
	Kota – Mandi	3150	3200	-50
	Bundi-Plant	3250	3300	-50
	Bundi-Mandi	3200	3170-3200	Unch
	Baran-Plant	-	-	-
	Baran-Mandi	3150-3160	3200-3210	-50
	Bhawani MandiJhalawar– Kota Plant Delivery	3250	3240	10
	Jhalawar-Mandi	3150-3175	3150-3175	Unch
Rapeseed/Mustard	Jaipur – C	4365-4370	4450-4455	-85
	Alwar – C	4200-4225	4300	-75
	SriGanganagar(NC)	3750	3610	+140
	Delhi– C	4200	4280	-80
	Kota	4100	4100	Unch
	Neewai	4350	4375	-25
	Hapur (UP)	4225	4340	-115
Groundnut Seed	Rajkot	1040	1070	-30
	Junagarh	-	-	-
Sunflower Seed	Latur	3800-4000	3300-3800	+200
	Solapur	3800-3950	3900-4050	-100
	Gulbarga	3500-3800	3750-3800	Unch

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 (07/12/2012)	Week End (30/11/2012)	
	Madhya Pradesh	1475000	1140000	+335000
	Maharashtra	535000	480000	+55000
	Rajasthan	290000	280000	+10000
	Bundi (Raj)	7700	7700	Unch
	Baran (Raj)	38000	40000	-2000
	Jhalawar (Raj)	20000	21000	-1000
Rapeseed/Mustard	Rajasthan	255000	210000	+45000
*Sum Arrivals during the week.				

Crop Progress, India

The *rabi* oilseeds has picked-up the pace and overall, the oilseeds plantings is slightly down by 0.8 per cent compared to the corresponding period last year.

Of the major *rabi* oilseeds crop rapeseed/mustard seed sowing is up by 1.6 per cent at 60.55 lha compared to 59.6 lakh hectares during the same period last year. Groundnut planting is reported 14 per cent higher at 3.23 lakh hectares compared to 2.83 lha, sunflower is up by 20.8 per cent at 3.66 lha compared to 3.03 lha during same period last year.

Area in lakh hectares

Crop	As on 06 Dec 2012	As on 06 Dec 2011	% Change
Rapeseed/Mustard Seed	60.55	59.6	1.6
Groundnut	3.23	2.83	14.1
Safflower	1.25	1.79	-30.2
Sunflower	3.66	3.03	20.8
Sesamum	0.35	0.33	6.1
Lineed	2.56	3.36	-23.8
Other Oilseeds	0.35	0.45	-22.2
Total Oilseeds	72.0	71.4	0.8

Source: GOI

However, safflower and linseed planting is still lagging behind.

Soybean

The soybean prices extended losses on bearish palm oil supply scenario and improved soybean planting prospects in South America. Continued bearish news on palm oil from slash in export duty to higher inventories and higher output estimates in the same this season subsequently pressured the soybean together with the RM seed.

Besides, weather in South America is getting favorable for the soybean crop and the corn area is expected to shift in soybean due to delay in corn plantings followed by adverse weather at the time of its sowing. This will lead in rise in total covered area under soybean in Brazil and Argentina subsequently increasing the soybean production in 2013/14.

However, the soybean arrivals in the key centers of Madhya Pradesh, Maharashtra and Rajasthan have improved compared to previous week, with slight improved soy meal demand.

The domestic soybean prices are expected to improve in coming days with expected rise in overseas and domestic demand in soy meal. Besides, global shortfall of 24 Mn T of soybean will support the domestic bean prices for medium-term. Again, international developments in oils and fats market will influence the domestic soybean market in near-term.

Soy meal- FAS Kandla Vs FOB Argentina (Spread)

Soy meal witnessed fall on sluggish export sales and lower domestic demand from poultry feed industry. However, India's soy meal export sales in November improved by 30 per cent at 517103 MT compared to 397659 MT during the same period in 2011.

South-East Asian countries like Japan, Vietnam, Thailand and Taiwan were the major soy meal buyers due to proximity and their preference for non-GMO soy meal of Indian origin.

India's soy meal exports in the current marketing year that started Oct. 1 are likely to rise to 5 Mn T from around 4.2 million tons in the preceding year on strong demand from Iran and a rise in domestic output, said market sources.

Reportedly, there are several enquiries from buyers in Iran and deals are expected to be finalized in the next few weeks.

India hasn't exported soymeal to Iran since August due to a delay in payments, besides there were no shipments to China in the same during November 2012.

India is likely to export around 1 million tons of soymeal to Iran alone in the current marketing year, up from around 600,000 tons last year, Mr. Davis Jain said.

India's Y-o-Y soy meal prices have witnessed gains. Soy meal (Nov-Dec) exports price, FOB Kandla exports was quoted between Rs 27,525-28,250/MT compared to 17,000-17,100/MT during the same period last year. Indian C&F Indonesia was between US \$ 525-538/MT which was quoted between US \$355-362/MT during the same period last year.

Week	FAS, Soy meal Kandla	FOB, Soy meal Argentina	Avg.*Spread
01 – 07 Nov	512	556	-44
24 – 30 Nov	516	541	-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 \$-44/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 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 weak bias on sluggish export sales. FOR, Kandla is likely to be between 27000-27500/MT.

Technical Analysis:

NCDEX Soybean Futures



Soybean Spot, Indore



Supports & Resistances NCDEX Jan Soybean

S2	S1	PCP	R1	R2
3065	3163	3262	3320	3377

- The soybean prices featured gains, during the week.
- The prices closed below 9-day and 18-day EMA, indicating weakness in near-term.
- However, RSI and stochastic are rising in neutral region, supporting the gains.
- MACD is easing in negative territory, indicating bearish tone.
- Prices are expected to gain during the week.
- **Trade Recommendation (NCDEX Soybean – Jan) – 1 Week:** BUY between 3250– 3260 levels. T1 – 3320; T2 –3370 ; SL -3222.

Trade Recommendation Soybean Spot: *We feel the soybean prices will gain on renewed buying followed by improving overseas meal demand rise in seasonal edible oil demand. The prices may witness 3350-3400 levels (Indore, Plant basis).*

Rapeseed - Mustard Seed

RM seed prices further declined pressured by weak BMD CPO during the week in review. Forecast of higher palm oil production in 2013 in the 8th Indonesian Palm Oil Conference in late November and estimated higher palm oil inventories in Malaysia and Indonesia remained negative factors for the domestic RM seed market.

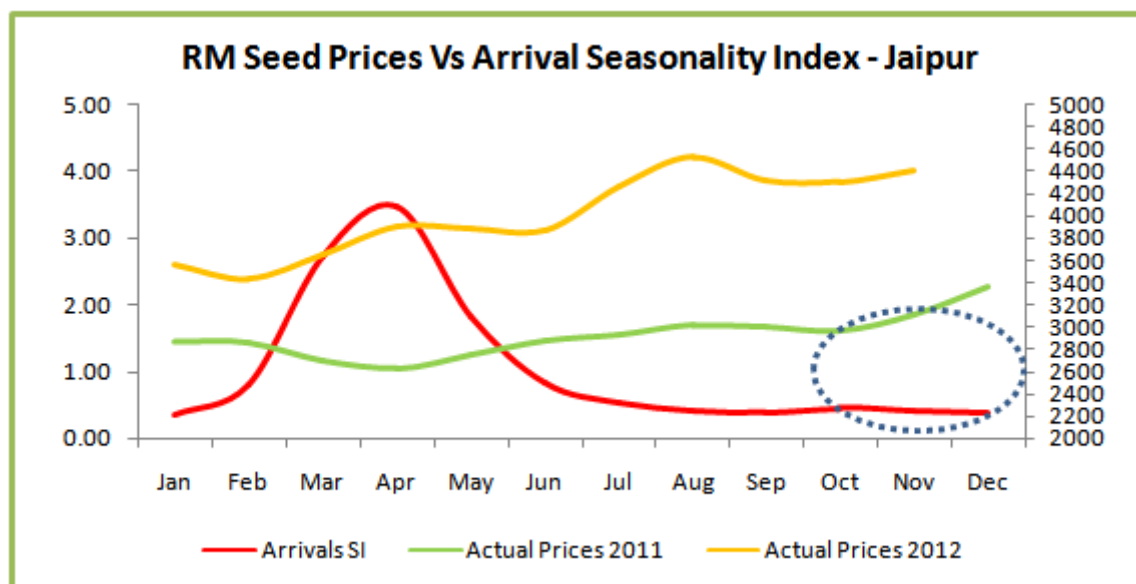
As already discussed, in the conference, Dorab Mistry said Malaysian production to recover to 19 million tons in 2013 and he pegged Indonesian output between 29.5 million and 30 million tons. The output is above the expectations in both the cases he said, which will eventually increase the supply in the market during the season.

However, during the 2012-13 marketing year that began Oct. 1, global palm oil usage may grow by about 4 million tons, outpacing supply growth of 3.2 million tons, which will eventually push up the palm oil prices in next year.

No aggressive buying was reported in the seed in anticipation of further fall in the seed prices. However, improved seasonal edible oil demand limited the losses during the period.

RM seed planting is in full swing and the area is expected to rise this season by about 5 per cent, in view of better prices this season. Rapeseed/mustard seed sowing (as on 06 Nov 2012) is up by 1.6 per cent at 60.55 lha compared to 59.6 lakh hectares during the same period last year.

Renewed seasonal domestic edible oil demand and dwindling RM strong is expected to support the seed prices at higher levels. However, higher palm oil inventories and estimated rise in palm oil output in 2013 will continue to 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
2,55,000	2,10,000	2,50,000

Technical Analysis:

NCDEX RM Seed Futures



RM Seed Spot, Jaipur



Supports & Resistances NCDEX Jan RM Seed

S2	S1	PCP	R1	R2
4000	4100	4198	4290	4337

- Candlestick chart pattern reveals price could not sustain at lower levels, during the week.
- However, prices closed below 9-day and 18-day EMA, indicating weakness.
- RSI is rising in neutral zone, supporting mild gains.
- MACD is easing in positive territory, indicating persistence of weakness. Overall the prices are likely to gain during the week.
- **Trade Recommendation (NCDEX RM SEED - Jan) – 1 Week:** BUY between 4180- 4190 levels. T1 – 4230; T2 –4280; SL -4162.

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 4450-4500 level in near term.

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