

Executive Summary

The domestic soybean and meal prices edged-up on buying support, however, RM seed prices declined tracking losses in BMD CPO during the week in review.

The major players who refrained themselves from the soy market in previous weeks reentered the market to make the trade enquiries and some even quoted higher to buy the beans to meet their soy meal exports commitments. India's soy meal export sales in Nov were 30 per cent higher y/y.

Higher US soybean export sales followed by strong Chinese buying and improved overseas demand in soy meal of Indian origin remained supportive for the beans during the period.

US November NOPA crush came in at 157.308 million bushels, in line with market estimates and was the largest monthly crush rate in 3 years. The strong crush and export demand continues to support the market.

Soybean crush margins have improved in China in the last couple of weeks which has lead to soybean purchases from the US.

Weather forecast suggests no big changes to South American weather at the moment. Good rainfall over the next 7-10 days for most of Brazil and Argentina and stable temperatures should promote good conditions for row crops and move along the planting pace.

However, the RM seed price edged-lower primarily pressured by the weak BMD CPO on bearish palm oil supply scenario in medium-term. Sluggish buying was featured as the millers refrained themselves from the market in anticipation of further fall in the market. Besides, the RM seed planting is in full swing and ahead of its schedule.

The oilseeds and meal markets are still under pressure due to bearish developments in the international oils and fats market. However, we feel better Chinese demand in soy bean will restrict the losses.

International Highlights

- ❖ Global oilseed production for 2012/13 is projected at 463 million tons, up 0.9 million tons from last month. Foreign oilseed production accounts for most of the change with increases projected for soybeans, cottonseed, and sunflowerseed only partly offset by reductions for rapeseed and peanuts (Source: USDA).
- ❖ Global soybean production is projected at 267.7 million tons, up 0.1 million. Increased production for Canada is mostly offset by lower projections for EU-27 and Paraguay. Lower soybean production for Paraguay reflects reduced yields in line with historical production and yield revisions (Source: USDA).
- ❖ Global rapeseed production is projected slightly lower as reduced estimates for Canada and EU-27 are mostly offset by a larger crop in Russia. Global sunflowerseed production is projected at 35.7 million tons, up 0.9 million as larger crops in EU-27, Russia, and India are only partly offset by a lower projection for Argentina. The Argentina crop is reduced on lower area reflecting the impact of excessive moisture throughout the planting season (Source: USDA).
- ❖ Global oilseed trade for 2012/13 is projected at 115.2 million tons, up 0.5 million from last month. Increased soybean exports from Canada and increased peanut exports from India account for most of the gains. Global oilseed ending stocks are projected at 66.9 million tons, up 0.3 million from last month reflecting higher rapeseed stocks in EU-27 and Australia (Source: USDA).

Oilseed Prices at Key Spot Markets:

Commodity	Centre	Prices (Rs/Qtl)		Change
Soybean		14.12.2012	07.12.2012	
	Indore –Plant	3300-3360	3225-3280	+80
	Indore –Mandi	3125-3250	3080-3180	+70
	Nagpur-Plant	3250	3200	+50
	Nagpur – Mandi	3050-3200	3000-3100	+100
	Kota-Plant	3340-3350	3225	+125
	Kota – Mandi	3270-3275	3150	+125
	Bundi-Plant	3300-3375	3250	+125
	Bundi-Mandi	3250	3200	+50
	Baran-Plant	-	-	-
	Baran-Mandi	3220-3225	3150-3160	+65
	Bhawani MandiJhalawar– Kota Plant Delivery	3375-3400	3250	+150
	Jhalawar-Mandi	3225-3260	3150-3175	+85
Rapeseed/Mustard	Jaipur – C	4265-4270	4365-4370	-100
	Alwar – C	4100	4200-4225	-125
	SriGanganagar(NC)	3700	3750	-50
	Delhi– C	4125	4200	-75
	Kota	4000	4100	-100
	Neewai	4200	4350	-150
	Hapur (UP)	4200	4225	-25
Groundnut Seed	Rajkot	1040	1040	Unch
	Junagarh	-	-	-
Sunflower Seed	Latur	3650-3800	3800-4000	-200
	Solapur	3700-3800	3800-3950	-150
	Gulbarga	3400-3500	3500-3800	-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 (14/12/2012)	Week End (07/12/2012)	
	Madhya Pradesh	935000	1475000	-540000
	Maharashtra	425000	535000	-110000
	Rajasthan	210000	290000	-80000
	Bundi (Raj)	5800	7700	-1900
	Baran (Raj)	27500	38000	-10500
	Jhalawar (Raj)	14000	20000	-6000
Rapeseed/Mustard	Rajasthan	260000	255000	+5000
*Sum Arrivals during the week.				

Crop Progress, India

The *rabi* oilseeds planting is rapidly progressing and it is up about 7 per cent compared to the same period last year.

Of the major *rabi* oilseeds crop rapeseed/mustard seed sowing is up by 3.3 per cent at 63.61 lha compared to 61.6 lakh hectares during the same period last year. Groundnut planting is reported up by 15 per cent at 3.52 lakh hectares compared to 3.05 lha, sunflower is panting is reported at 6.62 lha.

Area in lakh hectares

Crop	As on 13 Dec 2012	As on 13 Dec 2011	% Change
Rapeseed/Mustard Seed	63.61	61.6	3.3
Groundnut	3.52	3.05	15.4
Safflower	1.63	1.81	-9.9
Sunflower	6.62	3.15	110.2
Sesamum	0.41	0.36	13.9
Lineed	2.79	3.52	-20.7
Other Oilseeds	0.41	0.49	-16.3
Total Oilseeds	79.0	74.0	6.8

Source: GOI

Further, safflower and linseed planting is still lagging behind.

Soybean

The soybean prices rebound on buying support followed by rise in export sales in soy meal and supportive soybean in benchmark, CBOT.

The crushers were keen in buying the beans with the improved overseas demand in soy meal, as expected, to meet their exports commitments.

Improved US soybean export sales followed by strong Chinese buying and rise in overseas demand in soy meal of Indian origin remained supportive for the beans during the period.

US November NOPA crush figure was reported in at 157.308 million bushels, in line with market estimates and was the largest monthly crush rate in 3 years. The strong crush and export demand continues to support the market.

Soybean crush margins have improved in China in the last couple of weeks which has lead to soybean purchases from the US subsequently lending support to the CBOT soy complex.

Weather forecast suggests no big changes to South American weather at the moment. Good rainfall over the next 7-10 days for most of Brazil and Argentina and stable temperatures should promote good conditions for row crops and move along the planting pace, which is slightly a bearish factor for soybean.

The domestic soybean prices will stay strong in coming days with improving overseas soy meal demand. Improved Chinese buying will certainly lend support to the international soybean in near-term. Again, global shortfall of 24 Mn T of soybean is expected to support the domestic bean prices for medium-term.

Soy meal- FAS Kandla Vs FOB Argentina (Spread)

Soy meal gained on improved buying support from overseas markets, during the week in review. Increase in the exports enquiry in the meal and supportive CBOT soy complex pushed up the domestic meal market. India has recorded 30 per cent rise in soy meal shipments in Nov (517103 MT) compared to the same period last year.

South-east Asian countries are largest buyers of soy meal of Indian origin due to proximity, logistic advantage and preference for the meal of Indian origin. Japan stands the biggest out of all. However, the demand from Europe is seen improving with France as the largest buyer.

Iran the biggest buyers is currently out of the Indian market as the meal exporters are concerned due to delayed payments encountered for the previous consignments. However, the exporters are getting encouraged with the resolving payment issues. We expect soy meal shipment to resume towards Iran and India is expected export around 1 Mn T of the meal this season against 0.6 Mn T last season.

India is expected to export about 5 Mn T of soy meal this season from around 4.2 million tons in the preceding year on likely strong demand from Iran and a rise in domestic output.

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

India's Y-o-Y soy meal prices have witnessed gains. Soy meal (Dec-Jan) exports price, FOR Kandla exports was quoted between Rs 28,200-29,200/MT compared to 17,300-17,500/MT during the same period last year. Indian C&F Indonesia was between US \$ 538-543/MT which was quoted between US \$351-360/MT during the same period last year.

Week	FAS, Soy meal Kandla	FOB, Soy meal Argentina	Avg.*Spread
08 – 14 Nov	528	563	-35
01 – 07 Nov	512	556	-44

*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 \$-35/MT compared to US \$-44/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 feature range-bound movement on firm bias on renewed overseas demand. FOR, Kandla is likely to be between 29500-29800/MT.

Technical Analysis:

NCDEX Soybean Futures



Soybean Spot, Indore



Supports & Resistances NCDEX Jan Soybean

S2	S1	PCP	R1	R2
3168	3223	3402	3508	3550

- The soybean prices witnessed gains, during the week.
- The prices closed above 9-day EMA, indicating firmness in near-term.
- However, RSI and stochastic are rising in neutral region, supporting the gains.
- MACD is heading upwards in positive territory, indicating bullish tone.
- Prices are expected to gain during the week.
- **Trade Recommendation (NCDEX Soybean – Jan) – 1 Week:** BUY between 3380-3390 levels.T1 – 3450; T2 –3500 ; SL -3352.

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 3380-3450 levels (Indore, Plant basis).*

Rapeseed - Mustard Seed

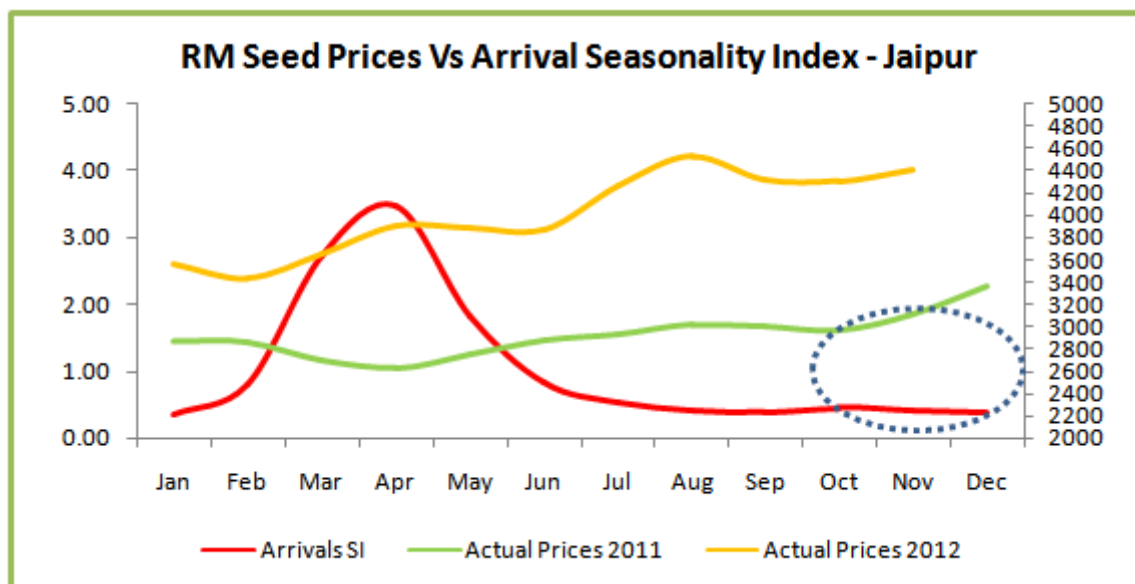
RM seed prices extended losses tracking fall in BMD CPO during the week in review. Expected higher world palm oil production in 2013 and higher palm oil inventories in major palm oil producing countries continued to pressure domestic RM seed prices.

However, the seed prices seemed to have bottomed out and expected to recover in near-term. Bullish economic data from China, the world's second largest economy and reports of improved oilseeds imports by China and reports of higher export sales in palm oil during the week will lend support to the international oils and fats market, leading to the gain in BMD CPO.

Need based buying in the seed was witnessed in cash markets.

RM seed planting is underway and the area is expected to rise by about 5 per cent this season, in view of better prices this season. Rapeseed/mustard seed sowing (as on 13 Dec 2012) is up by 3.3 per cent at 63.61 lha compared to 61.6 lakh hectares during the same period last year.

Expected rebound in Malaysian palm oil and 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
2,60,000	2,55,000	2,33,000

Technical Analysis:

NCDEX RM Seed Futures



RM Seed Spot, Jaipur



Supports & Resistances NCDEX Jan RM Seed				
S2	S1	PCP	R1	R2
4000	4051	4089	4239	4310

- Candlestick chart pattern reveals selling pressure in the market, during the week.
- Prices closed below 9-day and 18-day EMA, indicating weakness.
- RSI and stochastic are easing in neutral region, supporting the losses.
- MACD is easing in positive territory, indicating persistence of weakness. The prices are likely to slightly ease during the week.
- **Trade Recommendation (NCDEX RM SEED - Jan) – 1 Week:** SELL between 4100- 4110 levels. T1 – 4050; T2 –4000; SL -4133.

Trade Recommendation RM Seed Spot (Jaipur basis): In spot the RM seed prices are expected to feature steady to weak tone on bearish palm oil supply scenario for near-term. The prices may witness 4200-4250 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.