

5-10 July 2010

## Soybean

Strategy - **BUY**

**Soybean July NCDEX: Buy at 1915-1920 TP 1955 then 1980 SL 1890**

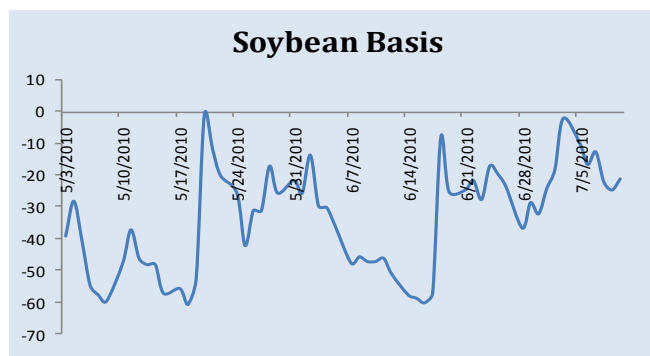
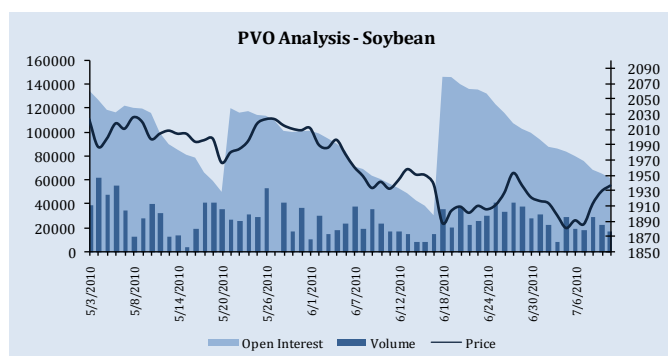
### Market Recap

The soybean futures opened the week on a weaker note extending its penultimate week's fall on extended selling pressure backed by bearish fundamental factors. Improved weather condition boosted the sowing activity across central India. Rise in acreage under soybean cultivation also resulted into fall in the prices. But, later market reversed its trend and started moving up taking cues from overseas market. The rise in overseas market was driven by rally in crude oil prices and strong export demand outlook for US soybean. CBOT soybean futures went despite release of bearish USDA's monthly crop report. There was a stockist buying in the spot market supported the rise during the week. The active August contract NCDEX soybean futures made a weekly high of Rs.1965 per quintal from a low of Rs.1886 per quintal and settled at Rs.1959 per quintal, gaining by 2.92%.

### Futures

NCDEX (Rs/Quintal)										
Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change	
Jul-10	1900.00	1942.50	1878.00	1937.00	2.05	138090	-25.97	62180	-28.25	
Aug-10	1907.00	1965.00	1886.00	1959.00	2.92	231040	22.44	124600	7.40	
Sep-10	1902.50	1964.00	1877.00	1957.00	3.05	85280	49.17	74430	15.04	
Oct-10	1878.00	1957.00	1859.00	1953.00	3.83	37210	154.34	18300	15.90	

### Derivatives



### Futures

The soybean futures are expected to trade on a positive note during the week ahead on follow through buying supported from firm overseas market. Traders are likely to buy futures anticipating revival in demand for soy meal in the months ahead. End of harvesting season in South American countries might turn South East Asian countries oil meal demand to India. Indian Meteorological Department has projected weak monsoon activity over central India is likely to support the price rise during the week. Though acreage under soybean cultivation is showing higher than previous, we have to closely monitor the monsoon activity this month. According to Union Agriculture Ministry, soybean sowing till 2<sup>nd</sup> July is 12.13 lakh hectares against 2.88 lakh hectares sown in the same period last year. Acreage under total oilseeds so far is 28.864 lakh hectares against 12.963 lakh hectares last year. The United States Department of Agriculture raised the US soybean production by 35 million bushels to 3.345 billion bushels. But, market ignored the hike in production projection as the demand outlook is supporting the prices to trade higher.

## Spread Matrix

Spread Matrix				
	Jul-10	Aug-10	Sep-10	Oct-10
Jul-10	0			
Aug-10	22	0		
Sep-10	20	-2	0	
Oct-10	16	-6	-4	0

## Pivot table

	Contract	S2	S1	PREV CLOSE	R1	R2
NCDEX Soybean	Jul-10	1855	1896	1937	1960	1984
	Aug-10	1858	1908	1959	1987	2016
	Sep-10	1846	1901	1957	1988	2020
	Oct-10	1825	1889	1953	1987	2021
	Nov-10	1825	1892	1958	1995	2031

## Technical analysis

Soybean July future prices witnessed uptrend last week by reversing the previous trend and after making a low of 1878 it settled at 1937 levels. Market is in consolidation phase for the past five weeks and moving in the band of 1878-1956 range. However, on the higher side resistance is at 1956 levels on break above likely to extend its gains till 1986 levels. In case market fails to breach 1956 expected to remain sideways. The momentum indicator RSI (14) weekly is trading at 0.38 levels and showing a higher potential. The crucial level is at 1878 levels sustain above possible to be on higher side. Overall, we expect prices to trade higher for this week and recommend buying.



## Refined Soy Oil

The refined soy oil futures traded on a positive note last week fresh buying at the lower levels. Sharp rise in international edible oil prices supported the Indian market. The sharp rise in crude oil prices was the major driver for rally in international edible oil market. With the rise in international edible oil prices, the import parity rose marginally resulting into rise in futures prices. Traders bought futures anticipating edible oil imports would be lesser in the coming months. Importers are likely to stay away from active importing as they are waiting for assessing the new crop. The active August NCDEX soy oil futures made a weekly high of Rs.455.20 per 10 kg from a low of Rs.440.50 per 10 kg and settled at Rs.454.05 per 10 kg, gaining by 2.45% W/W.

NCDEX (Rs/10 Kg)									
Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Jul-10	441.55	449.20	438.60	448.90	1.75	128780	-8.11	32460	-48.42
Aug-10	443.00	455.20	440.50	454.05	2.45	228220	51.83	100400	17.18

## Outlook

The refined soy oil futures are expected to trade on a positive note during the week ahead. Fresh buying at lower levels is likely to support the prices. Indian market is likely to take cues from strong overseas market. With the rise in international edible oil prices, the landed cost of price is rising in India. The import of soy oil is expected to be limited as the importers are likely wait for assessment of Indian crop. The soy oil import during November 2009-May 2010 is 7.22 lakh tonnes against 4.02 lakh tonnes in the same period a year ago. Market is speculating on government measures to protect domestic players.

## Pivot table

	Contract	S2	S1	PREV CLOSE	R1	R2
	Jul-10	435	442	448.90	453	456
NCDEX Soy Oil	Aug-10	435	445	454.05	459	465
	Sep-10	436	446	455.90	461	467

## Spot price

Date	Soy Oil Ex Factory Indore (Rs/Tonne)	Soy Oil Spot Indore (Rs/Tonne)	Soy Oil Refined (Rs/Tonne)	Soy Oil Degum Spot Ex-Mumbai (Rs/Tonne)	Soy Oil Crude Ready Mumbai (Rs/Tonne)	Soy Oil Solvent Crude Indore (Rs/Tonne)	CIF Mumbai Soy Oil Degum (\$/Tonne)
7/1/2010	38000	39200	42000	39800	39800	39600	828
7/2/2010	38000	39300	42000	40200	39800	39400	828
7/6/2010	38000	39000	42100	39700	39700	39400	832
7/7/2010	38000	38900	42100	39900	39700	39000	835
7/8/2010	38000	39200	46200	40500	40000	39000	852
7/9/2010	38000	39500	42500	40500	40500	39400	852

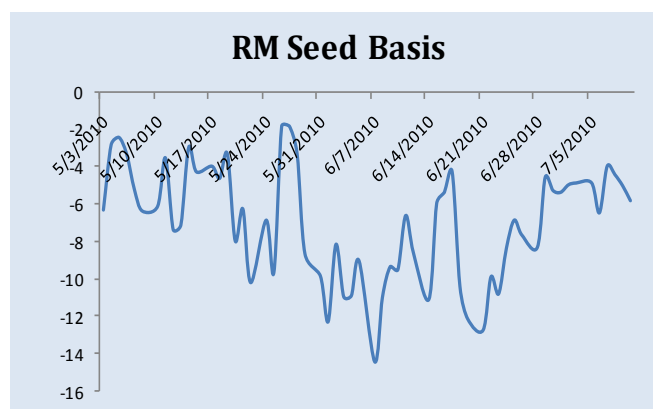
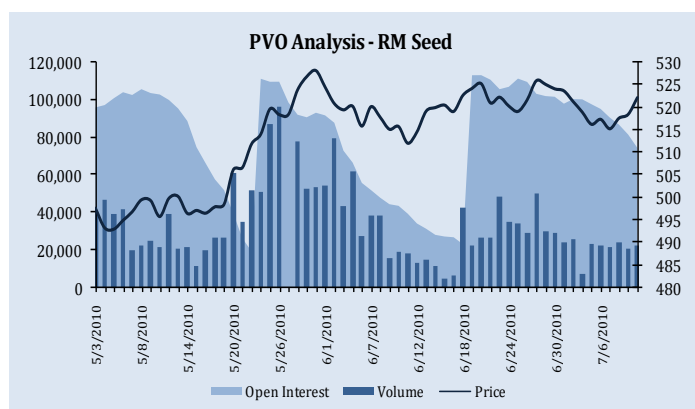
## RM seed

The mustard seed futures traded on a positive note last week on emergence of fresh buying supported by strong fundamental factors. The market moved in line with firm soy market. Lower supplies, depleting stock and good demand supported the rise in the prices. Spot market witnessed a good demand from crushers. The active August contract RM seed futures made a weekly high of Rs.529.10 per 20 kg from a low of Rs.521.70 per 20 kg and settled at Rs.528.85 per 20 kg, up by 0.66%.

### NCDEX futures

NCDEX (Rs/20 Kg)									
Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Jul-10	519.10	522.50	514.80	522.15	0.62	136530	-23.19	74440	-25.72
Aug-10	525.05	529.10	521.70	528.85	0.66	152980	20.55	94670	15.89
Sep-10	530.00	534.70	526.30	534.20	0.72	53570	99.00	40440	80.62

## Derivatives



## Outlook

The mustard seed futures are expected to trade on a positive note during the week ahead. The bullish trend in entire oil and oilseeds market will support the mustard seed futures. Stock level of mustard seed is very less due to lower production in 2009-10. The stock is estimated at 5 lakh tonnes against 6 lakh tonnes estimated at the beginning of May month. Spot markets across India are witnessing an average arrival of 90,000 bags against the demand for 1.4 lakh bags. Strong crushing demand is likely to support the prices. The mustard seed production for 2009-10 is estimated at 59.2 lakh tonnes against 62 lakh tonnes produced a year ago. The rise in volume and open interest along with rise price is indicating further rise in the prices.

## Spread Matrix

Spread Matrix			
	Jul-10	Aug-10	Sep-10
Jul-10	0		
Aug-10	6.7	0	
Sep-10	12.05	5.35	0

## Pivot Table

	Contract	S2	S1	PREV CLOSE	R1	R2
RM Seed	Jul-10	512	517	522.15	525	528
	Aug-10	519	524	528.85	531	534
	Sep-10	523	529	534.20	537	540

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