

27 Sep – 1 Oct 2010

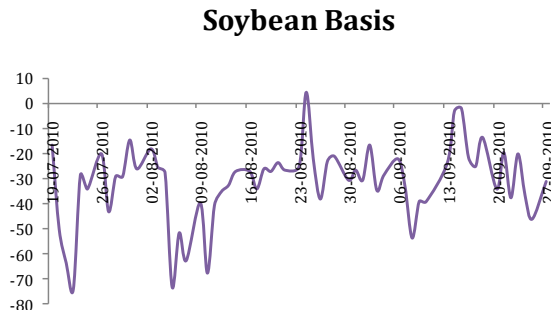
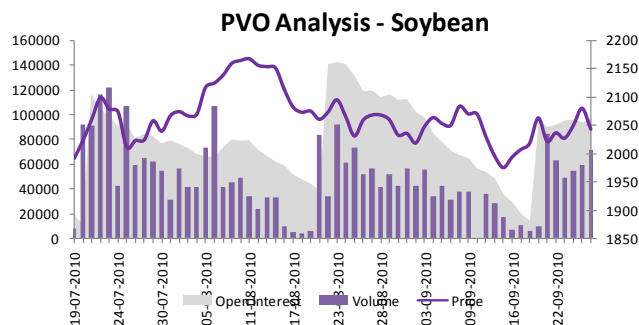
Soybean

The Indian soybean derivatives market witnessed a gap up opening last week borrowing strength from the strong overseas market. Before Indian market opening on Monday, globex CBOT soybean and BMD CPO futures were up over 2% on strong fundamental factors, hence, gave support to the Indian market. But, Indian market could not maintain its positive trend and fell near to opening level on the same day. Bearish fundamental factors such as increase in fresh arrivals and lack of demand in the physical market brought down the prices. Projection of bumper soy crop in current season for India weighed on the market. Furthermore, huge import of edible oil in general and soy oil import in the month of August also had a negative impact on the market. However, in later half of the week, prices staged a strong rally on speculation that global edible oil traders and analysts will give bullish price outlook for vegetable oil in the Globe Oil India meet. Nevertheless, a rally in international market followed by strong export sales data from US sent the CBOT soybean to trade above \$11 per bushel. During the week, spot markets witnessed a subdued trading on higher arrivals and poor off-take from the traders.

Futures

NCDEX (₹/Quintal)									
Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Oct-10	2062.00	2101.00	2009.00	2079.00	1.41	374180	1.89	93740	-1.74
Nov-10	2085.00	2126.00	2032.00	2108.00	2.26	292470	29.39	107000	23.24
Dec-10	2128.50	2154.00	2065.00	2135.50	2.47	67000	46.42	50390	13.85
Jan-11	2130.00	2175.00	2087.50	2159.00	2.81	21120	37.50	14200	15.73

Derivatives



Outlook

Indian soybean futures are expected to show a volatile movement this week. Initially, we may expect a bearish trend based on weak fundamental factors. Harvesting of new soybeans is likely to improve during the week and we may see increased inflow of the produce to the spot markets. This may have a mild bearish impact on the prices. Arrival pressure in India is likely to keep prices under pressure. In a recently concluded Goboil meet at Mumbai, Indian oil industry experts are projecting 2010-11 soybean production at 9.5-10.0 million tons against 8.5 million tons last year. Though acreage under bean cultivation is marginally down better weather condition has improved the yield levels. Carry over stocks for the new season starting from 1st October is likely to be around 1 million tons. Local crushers are still away from active buying amidst near positive crush margin. They are hoping better soy meal export in the new season. In later part of the week, Indian market is likely to turn positive tracking strong overseas market. Weather aberration in many countries has been hampering agriculture growth across the world, which will take the price of many commodities to their yearly highs. Indian soy meal traders are expecting a good new year for soy meal export.

Traders are already getting fresh enquiries from South East Asian countries as Indian price is at par with other countries. Soy meal exports in last 3-months have been showing an increase over month and year, indicating a strong potential in the medium term.

Spread Matrix

Spread Matrix				
	Oct-10	Nov-10	Dec-10	Jan-11
Oct-10	0			
Nov-10	29	0		
Dec-10	56.5	27.5	0	
Jan-11	80	51	23.5	0

Refined Soy Oil

The NCDEX refined soy oil futures fell marginally in early part of last week due to profit booking and taking cues from weak fundamental factors. However, in later part of the week, prices shot up on strong buying interest. A rally in international edible oil market supported the Indian market. CBOT soy oil futures rallied to their yearly highs in unison with soybean market. Expectation of fall in global veg oil production due to fall in oilseeds production supported CBOT soy oil futures to trade higher. Indian investors bought futures anticipating lower imports in near term and festive demand would pick up. Indian edible oil market borrowed strength from the international market.

NCDEX (₹/10 Kg)									
Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Oct-10	489.00	503.20	484.00	501.85	2.85	512850	-12.95	107430	-17.72
Nov-10	497.00	511.00	487.70	509.70	3.62	347110	67.78	125090	32.75

Outlook

The refined soy oil futurs are expected to trade lower during early part of this week on profit taking and fresh selling. Bearish domestic fundamental factors such as huge inventory of edible oils in ports and projection of bumper soy crop this year is likely to weigh on the market. New crushing season is approaching, hence, we may expect build up in inventory of edible oils. According to the Solvent Extractors' Association of India, edible oil imports in August surged 64% to 1 million tons. Soy oil imports during the month more than doubled to 216,966 tons. During Nov'09-Aug'10, total soy oil imports rose 64% to 1.35 million tons. However, fall might be limited as international market is likely to show a positive trend on concern of fall in global veg oil output on weather concern. In the recently conclude Globe Oil meet at Mumbai, Mr. Dorab Mistry of Godrej International has given a bearish outlook for CPO for the short term. Overall, soy oil futures on Indian exchanges are likely to show a volatility this week.

Spot price

Date	Soy Oil Ex	Soy Oil Spot	Soy Oil	Soy Oil	Soy Oil Crude	Soy Oil	CIF Mumbai
	Factory	Indore	Refined	Degum Spot	Ready	Solvent	Soy Oil
	Indore	Indore	Refined	Ex-Mumbai	Mumbai	Crude Indore	Degum
	(₹/Tonne)	(₹/Tonne)	(₹/Tonne)	(₹/Tonne)	(₹/Tonne)	(₹/Tonne)	(\$/Tonne)
08-09-2010	43000	42800	48000	44500	44700	42900	965
09-09-2010	43000	42700	48000	44700	44700	42900	970
13-09-2010	43000	42500	47100	44800	44600	42800	982
14-09-2010	44000	42500	47100	44200	44200	42500	980
15-09-2010	44000	42000	47100	44200	44000	42000	980
16-09-2010	44000	41600	46300	43400	43500	42000	987

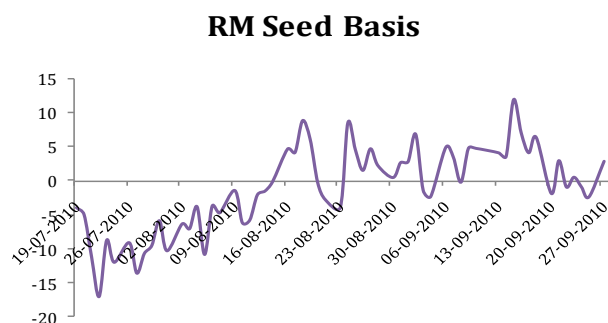
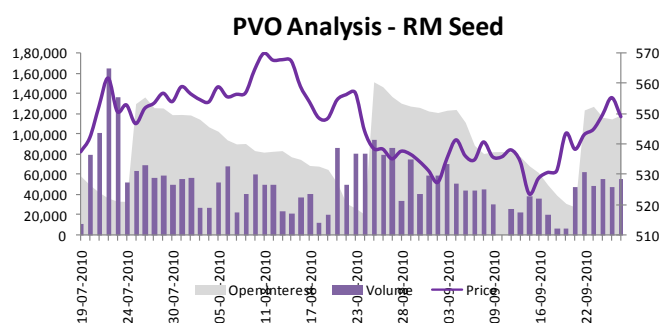
RM seed

The mustard seed futures rallied to 4-week high last week on strong buying interest. At the beginning of the week, market witnessed a smart correction moving in line with weak soy market. Price rose on strong buying interest from the investors. A rally in soy market in later part of the week also took the mustard seed futures to 4-week high. Indian oil and oilseeds market moved in line with a rally seen in international market. However, spot markets remained subdued on poor trade participation. Crushers were away from active buying from the spot market as their crush margin remained weak during the week.

NCDEX futures

NCDEX (₹/20 Kg)									
Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Oct-10	542.50	556.50	537.50	555.35	2.81	319300	-9.57	118320	-5.15
Nov-10	549.00	562.50	543.60	561.70	2.74	181630	53.46	60050	15.44
Dec-10	558.60	568.00	549.50	567.35	2.51	30620	39.95	29440	-43.85

Derivatives



Outlook

The mustard seed futures are expected to trade lower this week on profit booking and moving in line with weak soy market. Weakness in soy market is likely to render support to the mustard seed market. Anticipation of record oilseeds production due to higher acreage and favourable weather condition is likely to keep prices down. Lack of active buying in the spot market is likely to keep prices in red. Most of the crushers are staying away from active buying due to poor crush margin. Higher warehouse stock is also one of the bearish factors for the market. We are expecting a rise in mustard seed acreage in 2010-11 season, which is likely to begin from next month on favourable weather condition. Sufficient rainfall across India during August and September month is leaving enough moisture in the soil thereby lead to higher acreage.

Spread Matrix

Spread Matrix			
	Oct-10	Nov-10	Dec-10
Oct-10	0		
Nov-10	6.35	0	
Dec-10	12	5.65	0

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