

18-23 April 2011

Soybean (Buy)

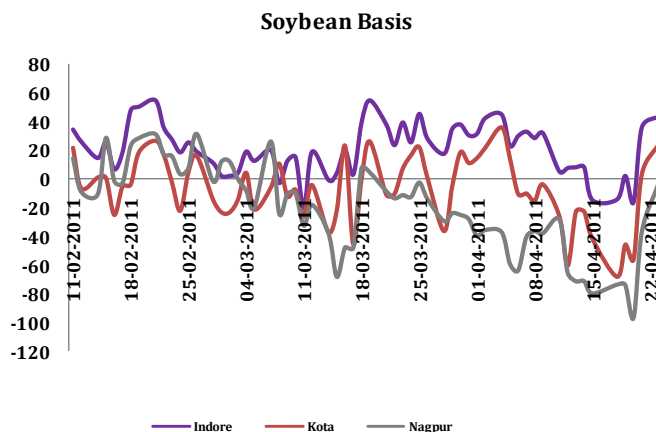
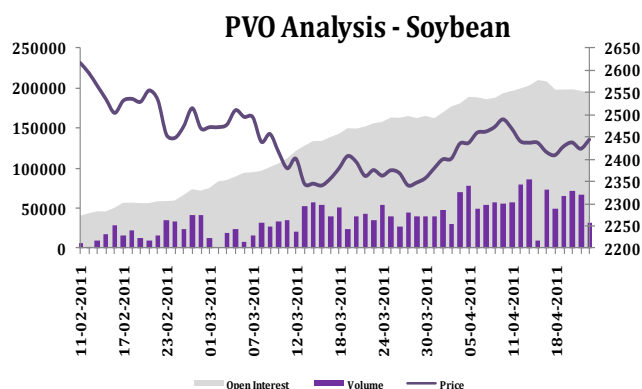
May NCDEX: Buy above 2442 TP 2480/2500 SL 2410

The soybean futures started the week on a weaker note extending its penultimate week-end's weakness on bearish trade activity. But, market failed to extend its bearish trend and turned onto positive side due to short covering. Market participants covered their short positions in early last week anticipating recent fall is looking overdone. In later part of the week, market witnessed a positive movement on emergence of buying interest. Indian market reacted very positively to edible oil import data released for March month. A decline in import of soy oil supported the soybean futures to recover from earlier losses. Domestic traders and investors bought soybean futures anticipating revival in demand in the short-to-medium term. Market talk of fresh meal export enquiry from China added bullish tone to the Indian market. A recovery in international market on projection of tight ending stock in US amid bumper harvest in Brazil gave underlying support to the CBOT soy market. Fear of likely shift in soy acreage to cotton and corn in US due to higher price realization also gave cushion to the market. Encouraging weekly export sales data attracted US traders to buy soybeans anticipating more demand to come in short-to-medium term.

Futures

Contract	NCDEX (₹/Quintal)									
	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change	
May-11	2413.00	2455.00	2394.50	2444.50	1.14%	283820	-4.27%	193710	-6.74%	
Jun-11	2438.00	2496.50	2425.00	2482.00	1.35%	119810	4.59%	129950	21.03%	
Jul-11	2477.50	2531.00	2454.00	2515.00	1.45%	43830	30.29%	60310	35.32%	
Aug-11	2505.00	2552.00	2480.00	2540.50	0.59%	10640	53.76%	15830	31.70%	

Derivatives



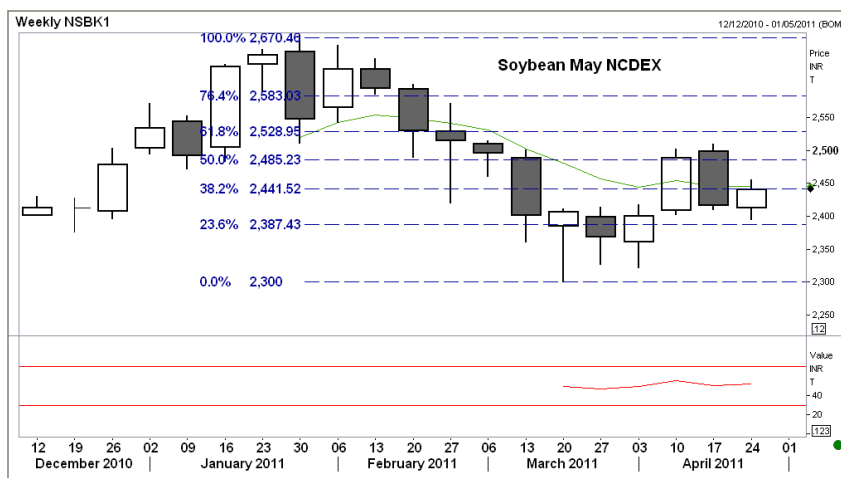
Outlook

The soybean futures are projected to trade on a positive note this week on extended buying interest. Local markets are likely to pick up in coming days with active buying support from end-users. Domestic traders and investors are likely to buy soybean futures on expectation of revival in demand for the produce. Report of fresh soy meal export enquiries from China and other countries is likely to add bullishness to the market. A recent fall in the prices is attracting traders and investors to buy bean futures. Limited supply of the produce at major spot markets may also lend support to the futures market. Spot markets are witnessing moderate buying activity from stockists and few crushers. Steady demand for soy meal in local market is likely to render support to the soybean market. With the projection of normal monsoon, the demand for soybean for sowing purpose is likely to emerge. The Indian Meteorological Department has projected 98% Long Period Average rainfall for the country. Indian markets are likely to move in line with strong international

market. CBOT soybean futures are likely to show a positive trend this week on tightening ending stock. Delay in planting of soybeans due to unfavourable weather condition and likely shift in acreage to cotton and corn may push up the prices to higher levels. Harvesting of soybean is progressing well in Brazil and Argentina. According to Safras, 92% of soybean harvesting is done in Brazil and 54% Argentina soy harvesting is done so far.

Technical analysis

Soybean May futures on NCDEX platform traded sideways last week and ended marginally higher last week. In the weekly chart a high wave candle stick is witnessed suggesting indecision in the trend it also suggest trend reversal. But here, market fails to settle above 2442 which short term exponential moving averages (8) is suggesting downside pressure might intact in the trend. The level 2442 is a key resistance level to watch as it 38.2% retracement of the range 2300-2670 as per fibonacci principle. If market sustains above this level then it may touch the next resistance level of 2528 which is 50% retracement of the given range. Crucial support level for the coming week is 2385 which is 23.6% retracement.



For the coming week we expect soybean prices to remain on the negative side.

Spread Matrix

Spread Matrix					
	Spot	May-11	Jun-11	Jul-11	Aug-11
Spot	0.00				
May-11	-43.50	0			
Jun-11	-81.00	37.5	0		
Jul-11	-114.00	70.5	33	0	
Aug-11	-139.50	96	58.5	25.5	0.00

Crush Margin

	Ready Indore	May	Jun	Jul
Soybean	24010	24445.00	24820.00	25150.00
Cost	24960.00	25395.00	25770.00	26100.00
Refined Soy Oil	617.40	629.20	636.90	643.10
Solvent Oil	587.40	599.20	606.90	613.10
Oil Share	11748.00	11984.00	12138.00	12262.00
DOC Ex-Kandla	18500.00	18500.00	18500.00	18500.00
DOC Ex-Indore	17300.00	17300.00	17300.00	17300.00
Meal Share	13840.00	13840.00	13840.00	13840.00
Realization	25588.00	25824.00	25978.00	26102.00
Margin	628.00	429.00	208.00	2.00

Spot - Soy Meal

	22-04-2011	21-04-2011	20-04-2011	19-04-2011	18-04-2011
FOR Mumbai PP Bags (₹/MT)	18825.00	18625.00	18525.00	18525.00	18525.00
FOR Bedi Bunder (₹/MT)	18675.00	18475.00	18375.00	18375.00	18375.00
FOR Kakinada (₹/MT)	18775.00	18575.00	18475.00	18475.00	18475.00
Spot (45-46% Protein) (₹/MT)	17725.00	17525.00	17425.00	17425.00	17425.00
Spot (48% Protein) (₹/MT)	17825.00	17625.00	17525.00	17425.00	17425.00
FAS Mumbai (\$/MT)	382.50	379.50	377.50	377.50	377.50
FAS Bedi Bunder (\$/MT)	385.50	382.50	380.50	380.50	380.50
FAS Kakinada (\$/MT)	387.50	384.50	382.50	382.50	382.50
FOR Bedi Bunder (\$/MT)	373.50	370.50	368.50	368.50	368.50
FOR Kakinada (\$/MT)	375.50	372.50	370.50	370.50	370.50
Argentina FOB (\$/MT)	#N/A	368.06	368.06	370.43	368.39
Brazil FOB (\$/MT)	#N/A	#N/A	370.40	366.30	370.40

Refined Soy Oil

The refined soy oil futures traded on a positive note last week rebounding from its penultimate week's decline. Initially, short covering on previous decline led the prices to recover and later fresh buying was emerged. A recent decline in the prices attracted traders and investors to buy oil futures anticipating revival in demand for the produce. Release of edible oil import data for March month also supported the recovery. Indian market moved in line with firm international market. A rally in international crude oil prices led the surge in edible oil market. International oil prices rose despite of active harvesting season in Brazil and Argentina. Bullish global demand outlook gave underlying support to the oil price movement.

NCDEX (₹/10 Kg)									
Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
May-11	613.30	630.50	608.90	629.20	2.61%	557850	0.82%	114080	0.49%
Jun-11	619.60	638.20	615.40	636.90	2.73%	140850	34.81%	77470	7.30%
Jul-11	623.10	645.00	621.30	643.10	3.06%	35110	5.28%	32890	12.52%

Outlook

The bullish trend in the refined soy oil futures market is likely to be extended this week on follow through buying, Indian traders and investors are likely to buy oil futures anticipating revival in demand. Limited supply of soybeans for crushing might attract buying interest in the spot market. According to the Solvent Extractors' Association of India, soy oil imports in March month declined 37% M/M to 81,131 tons. Indian market is likely to move in line with firm international market. CBOT soy oil futures are likely to trade higher on projection of tight ending stock. Indian traders and investors are likely to buy oil futures anticipating recovery in demand for the produce in the medium term. An increase in Argentina FOB price is once again resulting into rise in landed price of soy oil in India. The Argentina soy oil FOB prices are quoting at \$1220 a ton. Limited supply of soybean in physical market might also render support to the market.

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)
14-04-2011	55000	55800	60500	57500	57500	56000	1260
15-04-2011	54000	55300	60800	56500	56000	54800	1260
18-04-2011	56000	54700	60500	56500	56500	54600	1260
19-04-2011	54000	55000	59000	57000	57000	55000	1270
20-04-2011	54000	55500	59500	57500	57500	55200	1295
21-04-2011	57000	55800	60000	57500	57500	55200	1295

Soy oil parity

Landed cost of Brazilian Soy Oil

	20-04-2011	19-04-2011	18-04-2011	15-04-2011	14-04-2011
FOB Value (\$/t)	1248.70	1226.40	1223.40	1214.10	1214.10
Freight	60	60	60	60	60
Insurance @1% on FOB	12.49	12.26	12.23	12.14	12.14
CIF Value	1321.19	1298.66	1295.63	1286.24	1286.24
Customs Duty (Calculated on tariff value @ \$580/tonne)	0	0	0	0	0
Currency USDINR	44.2600	44.3700	44.5100	45.7050	45.1750
Convert (\$ to Rs)	58476	57622	57669	58788	58106
Landing Charges	1200	1200	1200	1200	1200
Landed cost at Indian ports	59675.74	58821.72	58868.67	59987.64	59305.94
Landed cost at Indian ports per 10 kg	596.76	588.22	588.69	599.88	593.06

Landed cost of Argentina Soy Oil

	20-04-2011	19-04-2011	18-04-2011	15-04-2011
FOB Value (\$/t)	1220.00	1210.00	1204.00	1190.00
Freight	60	60	60	60
Insurance @1% on FOB	12.20	12.10	12.04	11.90
CIF Value	1292.20	1282.10	1276.04	1261.90
Customs Duty (Calculated on tariff value @ \$580/tonne)	0	0	0	0
Currency USDINR	44.2600	44.3700	45.7050	45.7050
Convert (\$ to Rs)	57193	56887	58321	57675
Landing Charges	1200	1200	1200	1200
Landed cost at Indian ports	58392.77	58086.78	59521.41	58875.14
Landed cost at Indian ports per 10 kg	583.93	580.87	595.21	588.75

RM seed (Buy)

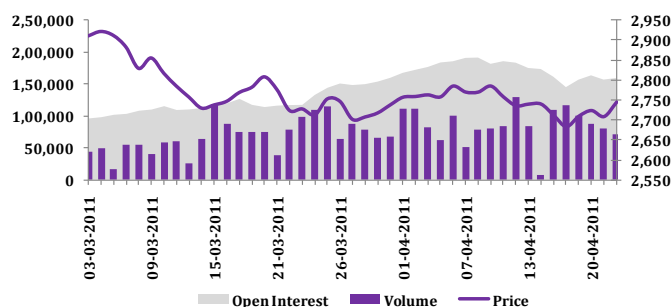
NCDEX May: Buy above 2750 TP 2785/2900 SL 2710

The mustard seed futures showed a negative trend at the beginning of last week on extended selling pressure. Increased inflow of fresh produce across major spot markets had a bearish impact on the market. However, in later part of the week, mustard seed futures recovered from their earlier losses due to short covering. Fresh buying was emerged in both spot and futures market. With the huge inflow of produce across major spot markets prompted stockists and crushers to go for aggressive buying. Positive trend in soy market also gave underlying support to the mustard seed market.

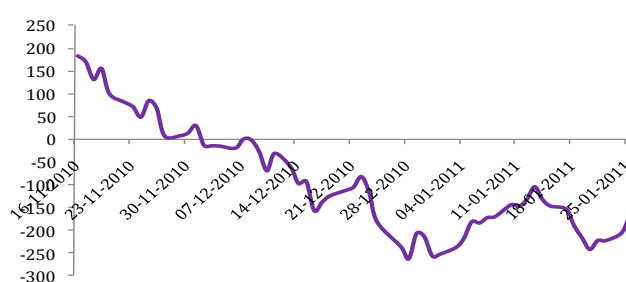
NCDEX futures

NCDEX (₹/Quintal)										
Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change	
May-11	2711.00	2749.00	2682.00	2746.00	1.22%	455630	11.98%	158810	-1.26%	
Jun-11	2750.00	2799.00	2729.00	2796.00	1.30%	143790	77.45%	80240	38.92%	
Jul-11	2800.00	2844.00	2775.00	2843.00	0.21%	9470	190.49%	8090	20.75%	

PVO Analysis - RM Seed



RM Seed Basis



Outlook

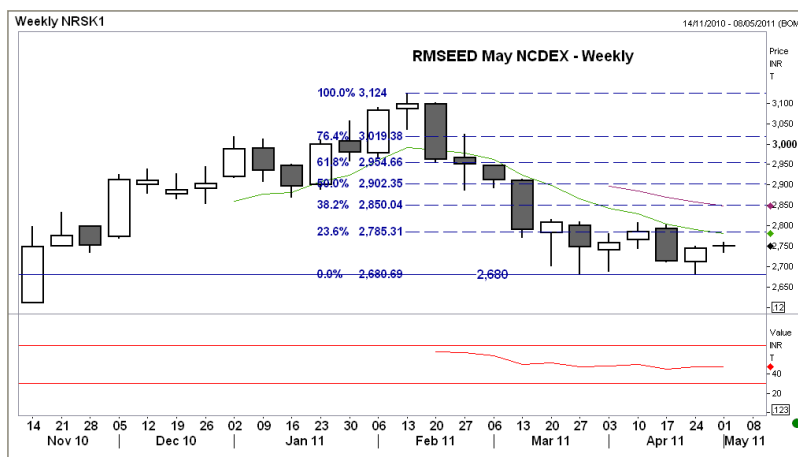
The mustard seed futures are expected to trade on a positive note in the week ahead on follow through buying supported by firm demand. Traders and investors are likely to buy futures anticipating more demand might emerge for mustard oil. Firm trend in soy market is likely to render support to mustard seed market. Mustard seed production in the current year is projected higher on more acreage and better yield level. Huge inflow of fresh produce and comfortable price is attracting stockists and crushers to go for aggressive mustard seeds from the spot market. Indian traders are expecting emergence of mustard meal export demand from South East Asian countries. For 2010-11, India's mustard seed production is projected at 70 lakh tons against 59.3 lakh tons produced last year.

Spot price

Date	Mustard Seed		Mustard Oil	
	Rajasthan	Delhi	Jaipur	Mumbai
1/13/2011	27000	27600	60500	63200
1/14/2011	27100	27850	60200	63300
1/17/2011	27300	27800	60300	64200
1/18/2011	27000	27900	61200	64700
1/19/2011	27000	27900	61700	65500
1/21/2011	27400	27800	62000	65000

Technical analysis

RMSEED May contract on NCDEX platform traded marginally higher and settled at 2746. In daily chart a small white candle stick with long lower shadow is witnessed suggesting entrance of bulls at lower levels. Market is trading below short and medium term moving averages indicating downside pressure to remain the market. However, on the down side crucial support is seen at 2680 levels (previous swing lows).if market sustains below the given support level then only it may trade down till the next support level of 2630. The technical indicator RSI (14) is at 0.35 and is in positive divergence indicating upside correction in the prices. On an upside resistance is at 2785 which is 23.6% retracement of the range 3124-2680 as per Fibonacci retracement principle and also Exponential Moving Average (EMA) (8). That means prices may remain bullish for the coming week also. Over all, we expect RM SEED prices to remain positive for the coming week and recommend buying for small targets.



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