

2-7 May 2011

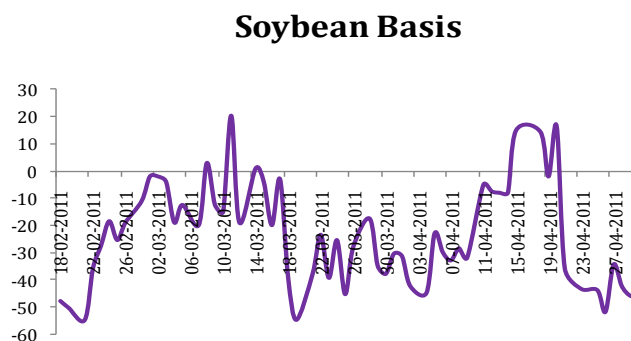
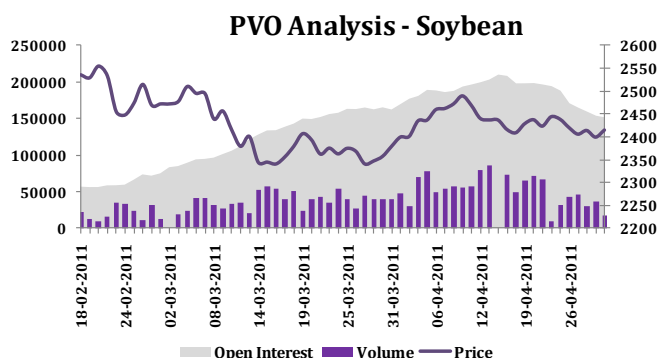
Soybean (Bearish)

The soybean futures on Indian bourses showed a choppy trend last week with negative bias. The May delivery NCDEX soybean futures traded lower retracing from penultimate week's rise. Poor off-take of the produce from crushers due to lack of fresh oil meal export enquiries led to decline in the prices. Poor crush margin also prompted crushers to stay away from active buying. With the active harvesting of the crop in Latin America, the world meal demand has been shifting to those countries. Higher Indian meal price also exerted pressure on the prices. Spot markets witnessed subdued trading due to lack of trade participation from traders, crushers and stockists. Indian market moved in line with weak overseas market. CBOT soybean futures traded lower on dwindling world soy demand especially from China. Increasing supply situation from Latin America and full-fledged harvesting in Brazil and Argentina added bearishness to Indian market.

Futures

NCDEX (₹/Quintal)									
Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
May-11	2450.00	2450.00	2390.00	2415.50	-1.19%	45450	-27.79%	151170	-21.96%
Jun-11	2498.00	2530.00	2435.00	2459.00	-0.93%	12220	3.28%	137100	5.50%
Jul-11	2515.00	2521.50	2472.00	2496.00	-0.76%	532610	3.70%	70480	16.86%
Aug-11	2541.00	2546.00	2499.00	2523.50	-0.67%	269190	14.85%	19460	22.93%

Derivatives



Outlook

The bearish trend in soybean futures is likely to continue in the week ahead. Sluggish demand for the produce in the cash market from traders and crushers amid limited supply is likely to weigh on the prices. Crushers are away from active buying due to absence of fresh meal export enquiries from South East Asian countries. World soy meal demand has been shifting to Latin America following full-fledged harvesting of the crop. As a result of this, Indian traders are not getting enough meal export orders from South East Asian countries. Indian market is likely to move in line with weak overseas market. CBOT soybean futures are projected to trade on a weaker note on continued selling pressure. Shrinking global demand for soybeans and increasing competition from South America is adding bearishness to the market. Forecast to wet weather condition in eastern Midwest region of US is leading into soy planting in place of corn. According to Safras and Mercado, 96% of Brazilian soybean crop has been harvested as on 29th April 2011. Argentina farmers harvested 64% of their soy crop as on 28th April 2011. Projection of normal monsoon is raising the hopes of rise in acreage under soybean cultivation. Fear of higher edible oil import in April month is likely to keep the prices under pressure.

Spread Matrix

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	Spot	May-11	Jun-11	Jul-11	Aug-11
Spot	0				
May-11	-46.50	0			
Jun-11	-90.00	43.5	0		
Jul-11	-127.00	80.5	37	0	
Aug-11	-154.50	108	64.5	27.5	0.00

Crush Margin

	Ready Indore	May	Jun	Jul
Soybean	23690	24155.00	24590.00	24960.00
Cost	24640.00	25105.00	25540.00	25910.00
Refined Soy Oil	614.25	626.50	634.35	639.20
Solvent Oil	584.25	596.50	604.35	609.20
Oil Share	11685.00	11930.00	12087.00	12184.00
DOC Ex-Kandla	18300.00	18300.00	18300.00	18300.00
DOC Ex-Indore	17100.00	17100.00	17100.00	17100.00
Meal Share	13680.00	13680.00	13680.00	13680.00
Realization	25365.00	25610.00	25767.00	25864.00
Margin	725.00	505.00	227.00	-46.00

Spot - Soy Meal

	28-04-2011	27-04-2011	26-04-2011	25-04-2011	22-04-2011	21-04-2011
FOR Mumbai PP Bags (₹/MT)	18425.00	18425.00	18525.00	18625.00	18825.00	18625.00
FOR Bedi Bunder (₹/MT)	18275.00	18275.00	18375.00	18475.00	18675.00	18475.00
FOR Kakinada (₹/MT)	18375.00	18375.00	18475.00	18575.00	18775.00	18575.00
Spot (45-46% Protein) (₹/MT)	17325.00	17325.00	17425.00	17525.00	17725.00	17525.00
Spot (48% Protein) (₹/MT)	17425.00	17425.00	17525.00	17625.00	17825.00	17625.00
FAS Mumbai (\$/MT)	375.50	375.50	377.50	379.50	382.50	379.50
FAS Bedi Bunder (\$/MT)	378.50	378.50	380.50	382.50	385.50	382.50
FAS Kakinada (\$/MT)	380.50	380.50	382.50	384.50	387.50	384.50
FOR Bedi Bunder (\$/MT)	366.50	366.50	368.50	370.50	373.50	370.50
FOR Kakinada (\$/MT)	368.50	368.50	370.50	372.50	375.50	372.50
Argentina FOB (\$/MT)	376.66	382	383.16	380.62	#N/A	368.06
Brazil FOB (\$/MT)	366.90	376.70	383.80	#N/A	#N/A	#N/A

Refined Soy Oil

The refined soy oil futures traded on a weaker note for most part of last week on resumption of selling pressure. Sluggish demand for the produce from local traders had a bearish impact on the market. With the rise in mercury level the demand for oil started declining thus exerted pressure on the market. Domestic traders and investors sold oil futures anticipating further ease in demand for the produce. Fear of bearish edible oil import data for April also exerted pressure on the market. Indian market moved in line with weak overseas market. CBOT soy oil futures tumbled on strong selling pressure. Improvement in world soybean supply situation led by Brazil and Argentina had a bearish impact on the CBOT soy market. Dwindling world demand for oil and oilseeds was also one of the reasons for decline in the prices.

NCDEX (₹/10 Kg)

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
May-11	631.00	632.00	614.70	626.50	-0.43%	532610	-4.52%	97850	-14.23%
Jun-11	638.30	640.60	621.80	634.35	-0.40%	269190	91.12%	94390	21.84%
Jul-11	644.85	647.10	627.00	639.20	-0.61%	47140	34.26%	41630	26.57%

Outlook

For the week ahead, the refined soy oil futures are expected to trade on a weaker note on continued selling pressure. Indian traders and investors are likely to sell futures anticipating further decline in the local demand. Indian traders are expecting that April month edible oil import data is likely to be bearish for the market. In our opinion, import of soy oil might rise in April month. Full-fledged harvesting of the crop in Brazil and Argentina is substantiating our view of higher imports. Sluggish demand for oil in local market because of summer season is another bearish factor for the market. Indian market is likely to move in line with weak overseas market. CBOT soy oil futures are expected to decline on poor demand and on improvement in world supply situation. Bumper crop expectation from Brazil and Argentina this year is likely to exert pressure on the market. Furthermore, US soy planting is likely to progress this week on forecast of wet weather condition across eastern Midwest and Delta region.

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)
21-04-2011	56000	55800	60500	57500	57500	55200	1295
25-04-2011	54000	55700	60800	58500	58500	55500	1308
26-04-2011	54000	55500	60500	58000	58500	55600	1285
27-04-2011	57000	55300	59000	58500	58000	55600	1285
28-04-2011	57000	55600	59500	58300	58300	55400	1298
29-04-2011	57000	55300	60000	57500	58200	55600	1265

Soy oil parity

Landed cost of Brazilian Soy Oil

	29-04-2011	28-04-2011	27-04-2011	26-04-2011
FOB Value (\$/t)	1206.60	1211.00	1238.10	1250.20
Freight	60	60	60	60
Insurance @1% on FOB	12.07	12.11	12.38	12.50
CIF Value	1278.67	1283.11	1310.48	1322.70
Customs Duty (Calculated on tariff value @ \$580/tonne)	0	0	0	0
Currency USDINR	44.2400	44.3000	44.3200	44.4700
Convert (\$ to Rs)	56568	56842	58081	58821
Landing Charges	1200	1200	1200	1200
Landed cost at Indian ports	57768.18	58041.77	59280.52	60020.56
Landed cost at Indian ports per 10 kg	577.68	580.42	592.81	600.21

Parity Price of Argentina Soy Oil

	29-04-2011	28-04-2011	27-04-2011	26-04-2011	25-04-2011
FOB Value (\$/t)	1209.00	1186.00	1216.00	1218.00	1220.00
Freight	60	60	60	60	60
Insurance @1% on FOB	12.09	11.86	12.16	12.18	12.20
CIF Value	1281.09	1257.86	1288.16	1290.18	1292.20
Customs Duty (Calculated on tariff value @ \$580/tonne)	0	0	0	0	0
Currency USDINR	44.2400	44.3000	44.3200	44.4700	44.4400
Convert (\$ to Rs)	56675	55723	57091	57374	57425
Landing Charges	1200	1200	1200	1200	1200
Landed cost at Indian ports	57875.42	56923.20	58291.25	58574.30	58625.37
Landed cost at Indian ports per 10 kg	578.75	569.23	582.91	585.74	586.25

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