

4-9th July 2011

Soybean (Bullish)

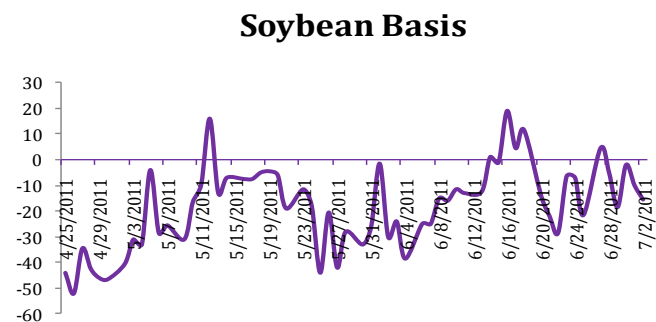
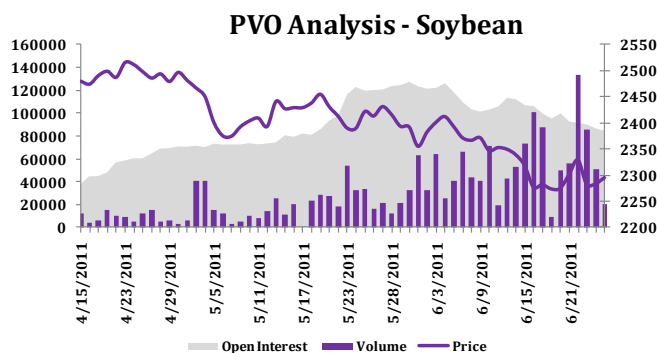
Recommendations: Soybean July NCDEX: Buy at 2295-2306 TP 2360/90 SL 2265

NCDEX Soybean futures recovered during last week due to weather concerns in globally. Across spot markets demand was normal while spot prices gained nominally by ₹8/quintal towards the end of the week. Arrivals were stable around 800-1000 bags through out the week. The rains reached the Western Madhya Pradesh and Maharashtra regions while soil moisture levels were not enough to keep the momentum of sowing activities. Sowing prospects in India was also lagging behind as major growing regions around Indore had not received enough rain fall. The oilseed acreage on the whole did not catch up the momentum as the Gujarat regions and the southern peninsula where oilseeds were grown did not receive much showers. The international markets also closed on a positive note on back of acreage figures in soybean. Soy acreage in U.S has decreased by 3% which supported price rise. The rise in the week on week export figures came in supportive for the CBOT soybean prices to close positive. Flooding situations in Mississippi regions continued which also helped prices to gain.

Futures

NCDEX (₹/Quintal)									
Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Jul-11	2290.00	2322.50	2257.00	2320.50	1.13%	31850	-41.53%	66480	-21.19%
Aug-11	2301.00	2340.50	2272.00	2338.50	1.30%	16570	-3.94%	119270	17.45%
Sep-11	2288.00	2340.00	2267.00	2333.00	1.39%	640230	-28.18%	27440	28.22%
Oct-11	2248.00	2302.00	2233.00	2290.50	1.08%	446090	8.73%	13670	40.06%

Derivatives



Outlook:

Soybean futures are expected to extend the recovery mode for the week ahead. Major factors supporting upside weekly view are the stall in the weather conditions across the globe. In India, across the major growing states like Maharashtra soybean area has decreased from 8.53 lakh ha to 3.46 lakh ha as on 1st July. Only 50% of sowing on the whole is completed in soybean in Madhya Pradesh regions which is reported as lower than last year. The regions left unsown are around Indore division where usually congenial conditions

prevail. The uneven rainfall has resulted in lag in the sowing activities. Market is expected to influence by concerns that if sowing prospects does not come to end by mid July that would impact final yields.

At the global front, the lag in the 3% sowing area in soybean as on current week is expected to recoup in the next crop progress report due to be released on Tuesday. Hot weather conditions are expected to prevail across the Mississippi regions which would help the crop to recover. Rest of the areas has congenial hot weather situations which support good crop prospects and yields which might weigh on market sentiments. The supply concerns are likely to take the major turn closely watching the weather in the next week which might support the prices. The week on week export sales data is also likely to come in higher which would help the prices to gain.

Spread Matrix:

Spread Matrix					
	Spot	Jul-11	Aug-11	Sep-11	Oct-11
Spot	0				
Jul-11	-15.50	0			
Aug-11	-33.50	18	0		
Sep-11	-28.00	12.5	-5.5	0	
Oct-11	14.50	-30	-48	-42.5	0.00

Crush Margin:

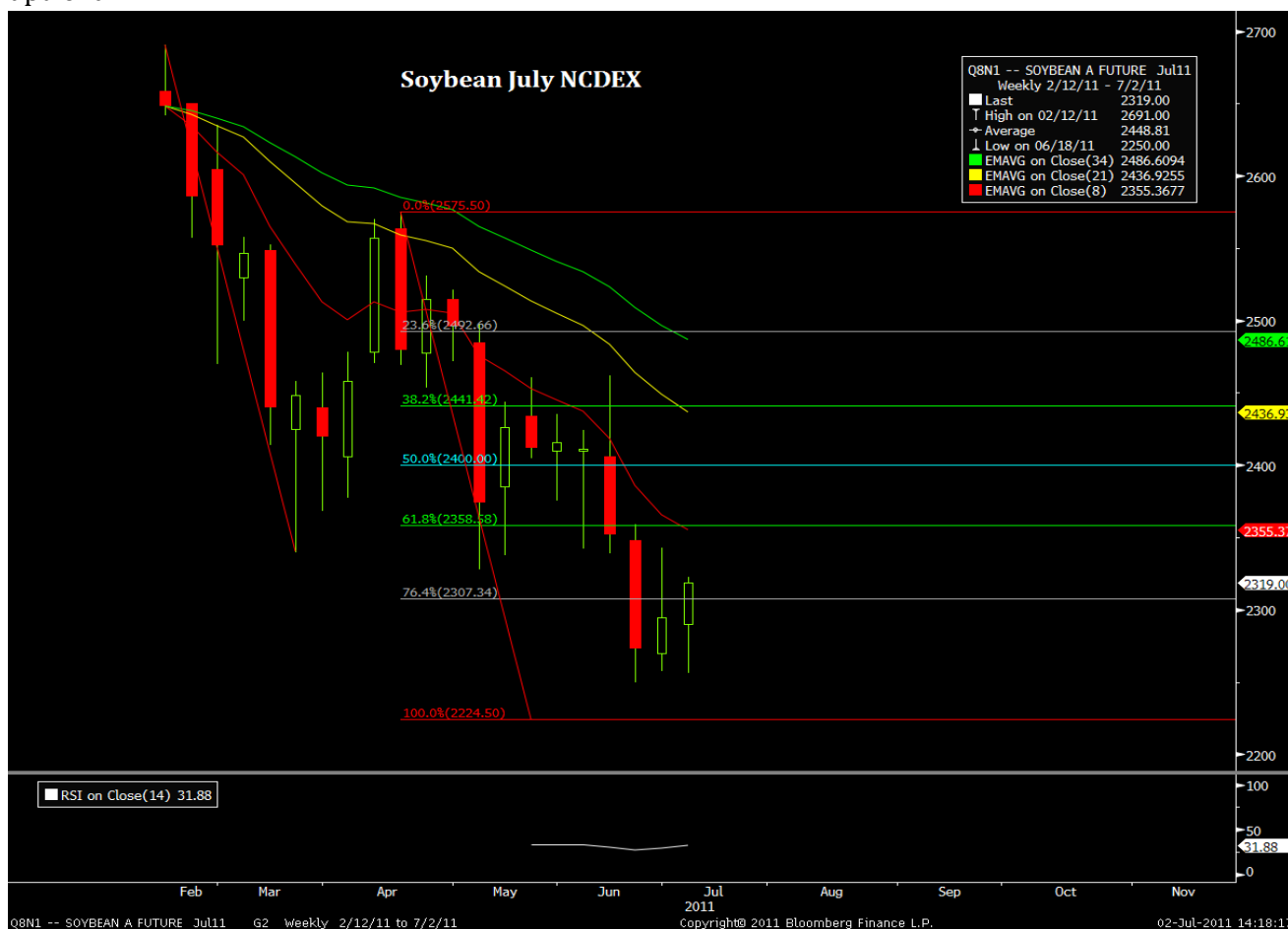
	Ready Indore	Jun	Jul	Aug
Soybean	23050	23205.00	23385.00	23330.00
Crush Expenses	950	950	950	950
Cost	24000.00	24155.00	24335.00	24280.00
Refined Soy Oil	608.7125	641.35	641.75	641.35
Solvent Oil	578.71	611.35	611.75	611.35
Oil Share	11574.25	12227.00	12235.00	12227.00
DOC Ex-Kandla	17400.00	17400.00	17400.00	17400.00
DOC Ex-Indore	16200.00	16200.00	16200.00	16200.00
Meal Share	12960.00	12960.00	12960.00	12960.00
Realization	24534.25	25187.00	25195.00	25187.00
Margin	534.25	1032.00	860.00	907.00

Spot - Soy Meal

	7/1/2011	6/30/2011	6/29/2011	6/24/2011	6/23/2011	6/22/2011
FOR Mumbai PP Bags (₹/MT)	17475.00	17475.00	17475.00	17475.00	17475.00	17575.00
FOR Bedi Bunder (₹/MT)	17325.00	17325.00	17325.00	17325.00	17325.00	17425.00
FOR Kakinada (₹/MT)	17425.00	17425.00	17425.00	17425.00	17425.00	17525.00
Spot (45-46% Protein) (₹/MT)	16325.00	16325.00	16325.00	16325.00	16325.00	16425.00
Spot (48% Protein) (₹/MT)	16425.00	16425.00	16425.00	16425.00	16425.00	16525.00
FAS Mumbai (\$/MT)	356.50	356.50	356.50	356.50	356.50	358.50
FAS Bedi Bunder (\$/MT)	359.50	359.50	359.50	359.50	359.50	361.50
FAS Kakinada (\$/MT)	361.50	361.50	361.50	361.50	361.50	363.50
FOR Bedi Bunder (\$/MT)	347.50	347.50	347.50	347.50	347.50	349.50
FOR Kakinada (\$/MT)	349.50	349.50	349.50	349.50	349.50	351.50
Argentina FOB (\$/MT)	352.96	354.83	351.52	349.32	#N/A	#N/A
Brazil FOB (\$/MT)	355.20	346.85	352.60	346.25	#N/A	#N/A

Technical Analysis:

Soybean July prices traded higher on last week by continuing the previous trend. It made a low of 2257 then high of 2322.50 before settling higher at 2319 levels. Closing of the candle renders upside potential for the prices. Prices are witnessing immediate resistance at 2340 levels (previous swing lows). On breach and sustained trade above is likely to trade further highs. The principle of Fibonacci Projections states that prices have breached the resistance at 2307 levels which is 76.4% projections of the range 2691-2340-2575.50 levels. On sustained trade above has potential to test 2359 levels which is 61.8% projections of the above mentioned range. As prices are trading far away from the moving averages, we may expect the prices to test EMA 8 weeks initially. However a mild correction on the lower side may be expected before resuming its uptrend.



Refined Soy Oil (Bullish)

RECOMMENDATIONS: Soy Oil July NCDEX: Buy at 635-37 TP 650 then 654 SL 627.

The refined soy oil prices at NCDEX traded positive during last week taking support from the soybean prices. Indian soy oil prices tracked the lower acreage of the soybean during the last week in Maharashtra regions. Insufficient rains in Indore regions also left back these regions from completing the sowing. Nominal retail demand for oil ahead of festive season also helped spot prices to gain by ₹3-4/10kg during the week. Soy oil CBOT prices ended negative on concerns of higher stock piles across the globe. The increase of palm oil exports by 13.7% during June 1-25th period, also supported rise in prices implying demand in next week also to be good. The recovery in crude oil prices also helped edible oil prices to tread the same path. Further weather conditions supporting better palm oil production limited upside.

Futures prices

NCDEX (₹/10 Kg)									
Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Jul-11	636.00	642.40	627.50	641.35	0.50%	640230	-18.30%	90720	-17.79%
Aug-11	638.00	642.50	626.10	641.75	0.44%	446090	46.68%	145760	12.30%
Sep-11	632.95	639.60	622.30	638.80	0.46%	51640	122.59%	48360	21.66%

Outlook:

NCDEX refined soy oil futures might sustain the uptrend in the week ahead. The retail demand for edible oil ahead of the festive season might cushion the prices. Buying of palm oil from Saudi Arabian regions ahead of Ramadan might continue in the week ahead supporting the palm oil prices in Malaysia. The same can have positive impact on the Indian soy oil prices. Demand for palm oil from china cannot be ruled out which might support palm oil prices as well as soy oil. Biodiesel sector also is showing up some interest in soy oil which helps the edible oil prices to gain. But caution factor would be Indian edible oil import figures might come in which might have bearish impact on the market. However the effect of this might be short lived as the data would be of the June month. Imports during June month are expected to be higher than last month keeping in view the higher consumption of oil in the festive season.

Spot price

Soy oil-spot prices	06/24/11	06/27/11	06/28/11	06/29/11	06/30/11	07/01/11
Ex Factory Indore (₹/Ton)	62000	60000	59000	58000	59000	58000
Spot Indore (₹/Ton)	57300	57500	57500	57700	58000	57500
Refined (₹/Ton)	62500	62100	62100	62000	62500	62300
Degum Spot Ex-Mumbai (₹/Ton)	59000	58500	58500	59500	60000	59000
Crude Ready Mumbai (₹/Ton)	59000	59000	58500	58800	59700	59600
Solvent Crude Indore (₹/Ton)	57800	58000	57300	57500	58000	57500
CIF Mumbai Degum (\$/Ton)	1295	1275	1290	1305	1310	1295

Soy oil parity

Landed cost of Brazilian Soy Oil	7/1/2011	6/30/2011	6/29/2011	6/28/2011	6/27/2011
FOB Value (\$/t)	1213.40	1209.00	1230.80	1215.60	1206.20
Freight	60	60	60	60	60
Insurance @1% on FOB	12.13	12.09	12.31	12.16	12.06
CIF Value	1285.53	1281.09	1303.11	1287.76	1278.26
Customs Duty (Calculated on tariff value @ \$580/tonne)	0	0	0	0	0
Currency USDINR	44.6200	44.6900	44.8550	45.0300	45.0250
Convert (\$ to Rs)	57361	57252	58451	57988	57554
Landing Charges	1200	1200	1200	1200	1200
Landed cost at Indian ports	58560.53	58451.91	59650.91	59187.65	58753.75
Landed cost at Indian ports per 10 kg	585.61	584.52	596.51	591.88	587.54

Parity Price of Argentina Soy Oil	6/30/2011	6/29/2011	6/28/2011	6/27/2011	6/22/2011
FOB Value (\$/t)	1220.00	1229.00	1220.00	1212.00	1233.00
Freight	60	60	60	60	60
Insurance @1% on FOB	12.20	12.29	12.20	12.12	12.33
CIF Value	1292.20	1301.29	1292.20	1284.12	1305.33
Customs Duty (Calculated on tariff value @ \$580/tonne)	0	0	0	0	0
Currency USDINR	44.6900	44.8550	45.0300	45.0250	#N/A
Convert (\$ to Rs)	57748	58369	58188	57818	#N/A
Landing Charges	1200	1200	1200	1200	1200
Landed cost at Indian ports	58948.42	59569.36	59387.77	59017.50	#N/A
Landed cost at Indian ports per 10 kg	589.48	595.69	593.88	590.18	#N/A

RM seed (Bullish)

RECOMMENDATIONS: RM SEED NCDEX JULY: Buy above 2890 TP 2925 then 2940 SL below 2865.

Mustard seed futures traded upside in unison with soy complex during last week. The activities decreased across spot markets and prices marginally increased by ₹8/quintal in the last week. Arrivals decreased to as much as 45000 bags compared to 60000 bags during the opening of the week. The dull progress of the Kharif oil seeds sowing prospects also supported the prices to gain. Uneven rains had affected soybean sowing in Madhya pradesh regions while the Gujarat regions insufficient rains affected the ground nut sowing. Thus the demand for mustard seed as a substitute, recovered in the week. Expectations of demand for meal to retrieve in near term also supported the prices.

NCDEX futures

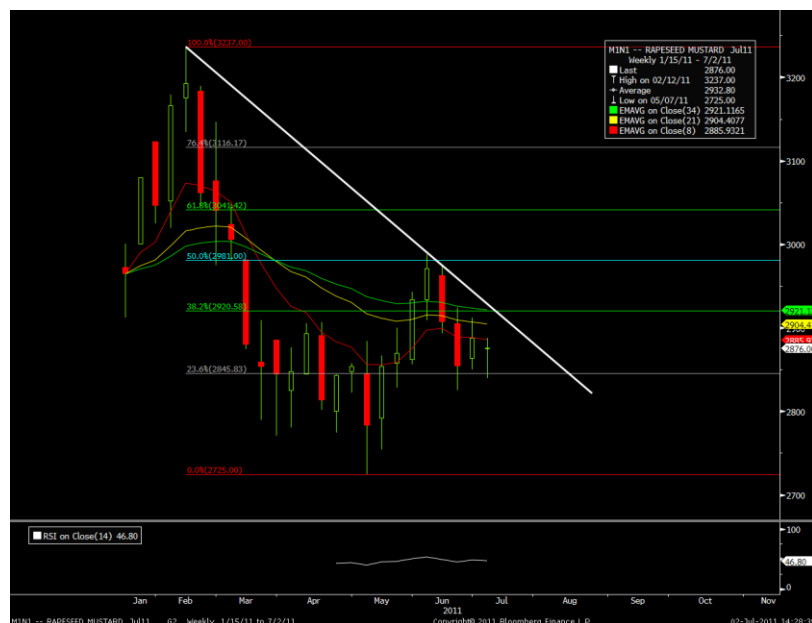
NCDEX (₹/Quintal)									
Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Jul-11	2875.00	2888.00	2840.00	2884.00	-0.14%	308680	-32.32%	99880	31.52%
Aug-11	2925.00	2928.00	2878.00	2924.00	-0.20%	249720	6.52%	99880	31.52%
Sep-11	2957.00	2960.00	2893.00	2957.00	-0.34%	40430	240.32%	19990	77.37%

Outlook

Mustard seed futures are likely to trade positive in the week ahead. Weak sowing prospects of Kharif oilseeds are expected to prevail in the week ahead. Near term demand for meal purpose is expected to increase across spot markets. Good crushing reported is supporting buying across spot as availability of commodity is lower while demand is good. Peak arrivals of mustard seed has come to an end across spot markets which is might help the prices to gain. Crop condition of rape seed across U.S and France is expected to recover after 10 days which might push the prices in Indian market till then.

Technical analysis:

RM seed prices traded flat on last week. It made a low of 2840 then high of 2888 and settled at 2876 levels. Closing of the candle renders indecisiveness for the prices. Prices are witnessing Trend Line resistance at 2920 levels. Only on breach and sustained trade above is likely to trade further higher side. The principle of Fibonacci Retracement states that prices are witnessing support at 2845 levels which is 23.6% retracement of the range 2725-3237 levels. On sustained trade above is likely to test immediate resistance at 2920 levels than 2980 levels (50% retracement) respectively in the near future. Prices are witnessing resistance at 2885 levels (8 week EMA). On sustained trade



below may limit the gains. We expect prices to trade on the higher side for the week and recommend buying on break of 2890 levels.

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