

26th Sept-1st Oct 2011

Soybean

Recommendations: Soybean Nov CBOT: Sell at 1280-1290 TP 1235/1214 SL 1320

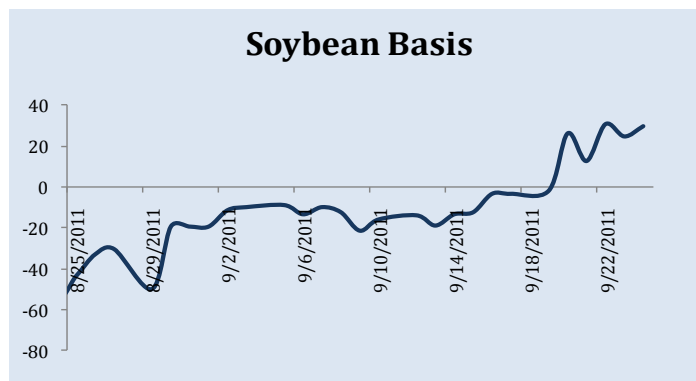
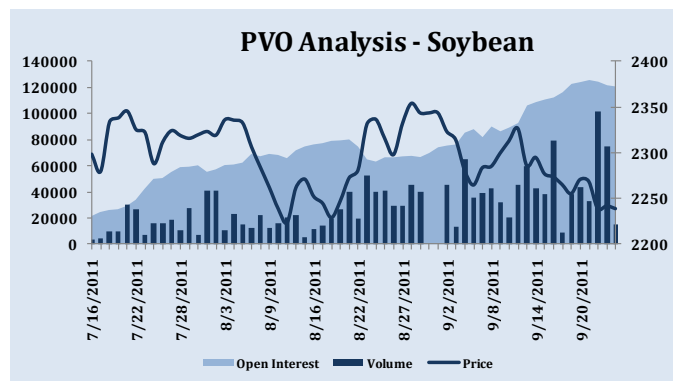
Soybean OCT NCDEX: Sell at 2245- 2250 TP 2190 SL 2270

Soybean futures extended losses for fourth consecutive week at Indian commodity bourses during last week. Fall was driven by weakness in oil seed complex across the globe. CBOT soybean prices have drastically declined by 7.2% while fall in Indian market was restricted only to 1.17%. Bad shape of global economies raised concerns of demand for soybean might remain weak during current season which kept prices under pressure. Crop progress report recorded a decline in crop progress numbers to 53% compared to 56% in previous week. Though weekly export sales of soybean increased to 404.4 MT from 352 MT market did not react to this numbers instead it fell because of weakness in domestic front. Arrivals of soybean have started across major growing regions and arrivals in Indore mandi was around 45000 bags during this week compared to 25000 bags during penultimate week. Harvesting is in full swing across major growing regions of Maharashtra, Madhya Pradesh which is affecting market sentiments. Spot prices are fell steeply from around ₹2310/quintal to ₹2260/quintal during last week which had negative impact on futures prices.

Futures

NCDEX (₹/Quintal)									
Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Oct-11	2255.50	2279.00	2210.00	2238.50	-1.17%	88790	6.84%	121060	3.79%
Nov-11	2245.00	2277.00	2222.00	2252.50	0.07%	12730	52.56%	93790	1.16%
Dec-11	2278.00	2309.00	2256.00	2287.50	-0.17%	401850	79.16%	37520	25.99%
Jan-12	2285.00	2285.00	2232.50	2240.00	-1.34%	257650	-69.22%	36200	9.84%

Derivatives



Outlook:

Soybean prices might slightly bounce back from the steep lows created in last week while over all trend is still down side. Weekly crop planting report from USDA might record lower crop progress number which might help recovery in prices initially. However month end sell of funds at CBOT might with hold bearish trend. Next quarter would be peak season for soybean arrivals and crushing in U.S, India and China. Chinese are mulling on booking of orders from U.S awaiting for arrivals to pick up and also development of La Nina conditions in southern America.

In India, harvesting is at full swing and arrivals are gaining momentum across major growing regions. At Indore markets arrivals might cross 50000 bags during week which might exert pressure on prices. Bulk buyers are awaiting for spot prices to further decrease which might keep spot prices lower retaining same impact on futures. Production prospects of sowing bean are expected to be much better during current season looking into acreage figure despite minimal crop damage due to excess rains. Thus soybean prices are expected to remain under pressure for the week ahead.

Spread Matrix:

Spread Matrix					
	Spot	Oct-11	Nov-11	Dec-11	Jan-12
Spot	0				
Oct-11	29.50	0			
Nov-11	15.50	14	0		
Dec-11	-19.50	49	35	0	
Jan-12	28.00	1.5	-12.5	-47.5	0.00

Crush Margin:

	Ready Indore	Aug	Sept	Oct
Soybean	22680	22385.00	22525.00	22875.00
Crush Expenses	950	950	950	950
Cost	23630.00	23335.00	23475.00	23825.00
Refined Soy Oil	626.43	639.80	626.85	662.40
Solvent Oil	596.43	609.80	596.85	632.40
Oil Share	11928.60	12196.00	11937.00	12648.00
DOC Ex-Kandla	18600.00	18600.00	18600.00	18600.00
DOC Ex-Indore	17400.00	17400.00	17400.00	17400.00
Meal Share	13920.00	13920.00	13920.00	13920.00
Realization	25848.60	26116.00	25857.00	26568.00
Margin	626.43	2781.00	2382.00	2743.00

Spot - Soy Meal

Soy meal prices	9/23/2011	9/22/2011	9/21/2011	9/20/2011	9/19/2011	9/16/2011
FOR Mumbai PP Bags (₹/MT)	18025.00	18125.00	18325.00	18125.00	18325.00	18625.00
FOR Bedi Bunder (₹/MT)	17875.00	17975.00	18175.00	17975.00	18175.00	18475.00
FOR Kakinada (₹/MT)	17975.00	18075.00	18275.00	18075.00	18275.00	18575.00
Spot (45-46% Protein) (₹/MT)	16775.00	16875.00	17075.00	16875.00	17075.00	17375.00
Spot (48% Protein) (₹/MT)	16875.00	16975.00	17175.00	16975.00	17175.00	17475.00
FAS Mumbai (\$/MT)	363.50	365.50	368.50	365.50	368.50	374.50
FAS Bedi Bunder (\$/MT)	366.50	368.50	371.50	368.50	371.50	377.50
FAS Kakinada (\$/MT)	368.50	370.50	373.50	370.50	373.50	379.50
FOR Bedi Bunder (\$/MT)	354.50	356.50	359.50	356.50	359.50	365.50
FOR Kakinada (\$/MT)	356.50	358.50	361.50	358.50	361.50	367.50
Argentina FOB (\$/MT)	353.45	358.14	361.61	359.52	364.53	362.22
Brazil FOB (\$/MT)	342.70	342.70	350.40	359.10	355.95	361.65

Refined Soy Oil (Bearish)

RECOMMENDATIONS: Soy Oil Dec CBOT: Sell at 53.10-53.30 TP 49.30 SL 54.70

Soy Oil Oct NCDEX: Sell at 640-642 TP 618 SL 649

Refined soy oil prices fell steeply by around 7% at CBOT and 2% in Indian markets during last week. Bearish sentiment in soy oil prices was driven by fall in prices of palm oil also by around 1%. Weakness in crude oil prices also drove drastic fall in edible oil prices at futures platform. Peak production of palm oil during September and October months kept prices lower at bursa exchange. Supplies of edible oil are regarded surplus for current season as palm oil production is likely to touch 19 million tons in Malaysia and 25.5 million tons in Indonesia. Fast approaching crushing season in India also weighed on market sentiments. Palm oil exports during first 20 days of month declined by 16.4% compared to same period in august month which had bearish impact on prices. Dropping export enquiries in palm oil along with peak production is had bearish impact on prices. Total soy oil weekly sales increased to 2.5 MT against 1.6 MT while soy meal exports have declined to 176 MT from 197.7 MT during last week. In domestic markets with increase in soy oil imports during last month supplies are huge which kept prices lower.

Futures prices

NCDEX (₹/10 Kg)									
Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Oct-11	650.50	654.90	638.50	639.80	-1.74%	401850	-10.42%	124230	8.00%
Nov-11	634.55	642.20	625.00	626.85	-1.63%	257650	111.90%	91410	26.15%
Dec-11	636.05	644.30	627.50	629.85	-1.44%	80960	98.29%	56530	10.39%

Outlook:

Soy oil prices might sustain losses in the coming week. Supplies of edible oils are expected to be higher in the next quarter which might have bearish impact on prices. Palm oil production is expected to touch 19 million tons in Malaysia and 25.5 million tons in Indonesia by the end of oil year. Fading export demand for palm oil might keep stock levels higher during this month having bearish impact on prices. Malaysia's palm oil exports fell 11.9 percent in the first 25 days of September from same period in August. Palm oil exports during first 25 days of September were around 1,199,492 metric tons tracked from Sept. versus 1,361,766 metric tons in August. Indonesia has reduced export tax on refined palm oil to 10% compared to 22.5 % levied on crude palm oil. This has come in has big blow to domestic refineries as direct imports becomes cheaper than imports of crude palm oil. All these factors might keep edible oil prices under pressure in the week ahead. Next three months would be peak season of arrivals of soybean in India, china and U.S where in crushing and oil production would also be higher which might keep price under pressure.

Spot price

Soy oil-spot prices	09/15/11	09/16/11	09/19/11	09/20/11	09/21/11	09/22/11
Ex Factory Indore (₹/Ton)	56000	56000	56000	59000	59000	58000
Spot Indore (₹/Ton)	60200	60200	60200	60000	60200	60000
Refined (₹/Ton)	63800	65000	64700	64800	64800	64500
Degum Spot Ex-Mumbai (₹/Ton)	62000	61500	61500	62000	61500	61500
Crude Ready Mumbai (₹/Ton)	61800	61800	61500	61800	61500	61500
Solvent Crude Indore (₹/Ton)	60700	60200	60300	60300	59800	59800
CIF Mumbai Degum (\$/Ton)	1320	1305	1295	1290	1295	1265

Landed cost of Brazilian Soy Oil	9/23/2011	9/22/2011	9/21/2011	9/20/2011	9/19/2011
FOB Value (\$/t)	1170.20	1170.20	1204.60	1204.00	1208.80
Freight	60	60	60	60	60
Insurance @1% on FOB	11.70	11.70	12.05	12.04	12.09
CIF Value	1241.90	1241.90	1276.65	1276.04	1280.89
Customs Duty (Calculated on tariff value @ \$580/tonne)	0	0	0	0	0
Currency USDINR	49.3400	49.5700	48.3200	48.0500	47.8000
Convert (\$ to Rs)	61275	61561	61688	61314	61226
Landing Charges	1200	1200	1200	1200	1200
Landed cost at Indian ports	62475.44	62761.08	62887.53	62513.72	62426.45
Landed cost at Indian ports per 10 kg	624.75	627.61	628.88	625.14	624.26

Parity Price of Argentina Soy Oil	9/23/2011	9/20/2011	9/16/2011	9/15/2011	9/14/2011
FOB Value (\$/t)	1155.00	1210.00	1228.00	1240.00	1240.00
Freight	60	60	60	60	60
Insurance @1% on FOB	11.55	12.10	12.28	12.40	12.40
CIF Value	1226.55	1282.10	1300.28	1312.40	1312.40
Customs Duty (Calculated on tariff value @ \$580/tonne)	0	0	0	0	0
Currency USDINR	49.3400	48.0500	#N/A	#N/A	#N/A
Convert (\$ to Rs)	60518	61605	#N/A	#N/A	#N/A
Landing Charges	1200	1200	1200	1200	1200
Landed cost at Indian ports	61717.98	62804.91	#N/A	#N/A	#N/A
Landed cost at Indian ports per 10 kg	617.18	628.05	#N/A	#N/A	#N/A

RM Seed (Bearish)

RECOMMENDATIONS: RM SEED OCT NCDEX: Sell at 2940-2944 TP 2880 SL 2960

Mustard seed prices have sustained down fall in prices in line with soy complex prices. Higher stocks of mustard across major growing regions are affecting market sentiments. Weak demand from millers across spot markets and better supplies of other edible oils is had impact on spot prices as well as the futures. Though spot prices rose during this week towards the closing it ended lower which drove the fall at mustard seed prices at futures also. Arrivals remained higher at 55000 bags despite being lean season for the commodity.

NCDEX futures

NCDEX (₹/Quintal)									
Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Sep-11	2935.00	2987.00	2920.00	2925.00	-0.41%	289650	-24.38%	97780	67.57%
Oct-11	3001.00	3078.00	3000.00	3017.00	0.33%	251020	24.11%	97780	67.57%
Nov-11	3058.00	3128.00	3051.00	3062.00	-0.20%	24730	309.44%	12130	276.71%

Mustard seed/oil-spot prices	9/15/11	9/16/11	9/19/11	9/20/11	9/21/11	9/22/11
Rajasthan	28900	28900	28800	28800	28700	29200
Delhi	30150	30400	30600	30650	30600	30500
Oil Jaipur	67600	67400	67000	67500	67000	66800
Oil Mumbai	70400	70000	70000	70000	69800	69200

Outlook:

Mustard seed futures might sustain bearish trend in the week ahead. Better sowing prospects of next crop might have bearish impact on the market. Higher arrivals from stocks are prevailing in spot markets despite the off season which is keeping market lower. Opening stocks of mustard for next crop year is comparatively higher than last year which might keep prices under pressure. Sluggish off take from millers and fading demand for mustard oil might keep prices under pressure. Good soil moisture conditions for next crop sowing in India are prevailing in major growing regions which are supported by showers due to retreating monsoon. Off Season for crushing is also resulting in slack spot activities which might keep prices under pressure.

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