

3rd – 8th Oct 2011

Soybean (Bearish)

Recommendations: Soybean Nov CBOT: SELL AT 1210/1220 TP1130 SL 1265

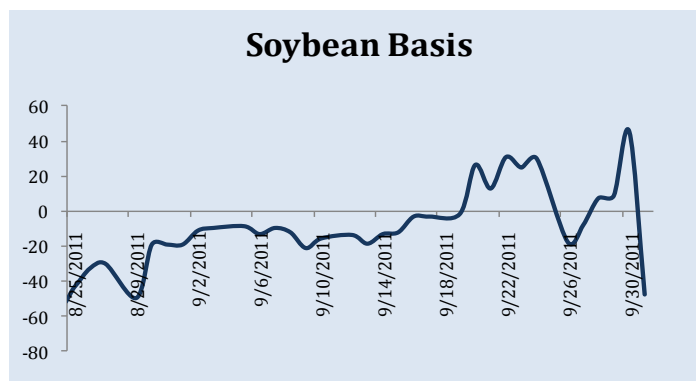
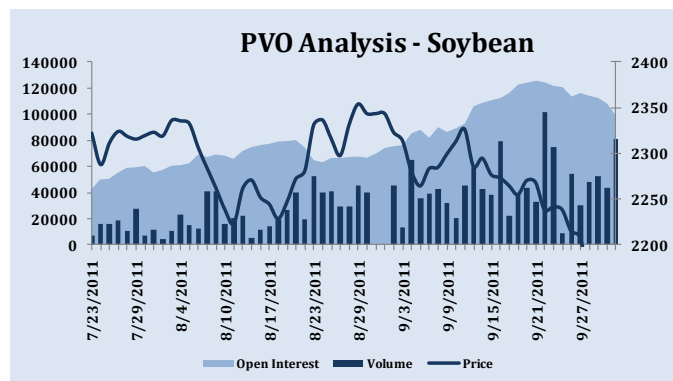
Soybean OCT NCDEX: SELL At 2160 TP 2080/2040 SL 2215

Soybean futures were on losing spree during last week both at Indian markets as well as the international markets. CBOT soybean prices fell by around 7.12% due to weakness in demand. Uncertain global economic situation and broad based sell off in most of the commodities drove this steep fall in prices. Weekly crop planting report came in 58% compared to 53% during last week. Better crop production figures raised concerns about higher production numbers to come in next world supply demand report which led to price crash. Weekly export sales of soybean increased to 1033 MT from 404.4 MT market which helped a marginally recovery towards end of the week while increased stock piles data prompted prices to closed down at CBOT. In India soybean arrivals are gaining momentum and harvesting is in full swing across major growing regions of Maharashtra, Madhya Pradesh which is impacted spot prices and futures to fall steeply. Spot prices have crashed from ₹2210/quintal to ₹2120/quintal during last week.

Futures

NCDEX (₹/Quintal)									
Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Oct-11	2232.00	2236.50	2043.00	2111.00	-5.70%	155490	1.54%	99180	-18.07%
Nov-11	2240.50	2247.50	2073.00	2133.00	-5.31%	12730	59.80%	108240	15.41%
Dec-11	2280.00	2280.00	2110.00	2167.00	-5.27%	518390	75.12%	56260	49.95%
Jan-12	2285.00	2285.00	2232.50	2240.00	-1.34%	459240	-69.22%	36200	9.84%

Derivatives



Outlook:

Selling spree might continue in soybean prices during next week. Ending stocks of soybean as per the National Agriculture statistics service is much higher which might weigh on the prices. Old crop soybeans stocks as on September 1, 2011 are around 215 million bushels, up 42 percent compared to same period last year. In the total stocks, soybeans stocks on farms are estimated at 48.5 million bushels, up 37 percent, off-farm stocks are at 166 million bushels, are up 44 percent. Swollen stock levels might further pressurize prices largely at CBOT and same impact can be seen in Indian market. Next crop progress report might record higher harvesting numbers which would further add bearishness to prices. Weekly export sales data is expected slightly higher and intensifying dry weather conditions in Brazil and Argentina might help prices

to recover a tad towards end of the week. Chinese buying might come into market on back of developing La Nina conditions which is causing concerns of lower area under soybean in South America.

In India, harvesting activities and fresh crop arrivals into markets are in full swing across major growing regions. Millers and stockists are awaiting for spot prices to further decrease which might retain same impact on futures. According to trade sources crop damage by rains is very meager and soybean production might remain around 10.5 million tons during this year.

Spread Matrix:

Spread Matrix					
	Spot	Oct-11	Nov-11	Dec-11	Jan-12
Spot	0				
Oct-11	-48.00	0			
Nov-11	-70.00	22	0		
Dec-11	-104.00	56	34	0	
Jan-12	-177.00	129	107	73	0.00

Crush Margin:

	Ready Indore	Aug	Sept	Oct
Soybean	20630	21110.00	21330.00	21670.00
Crush Expenses	950	950	950	950
Cost	21580.00	22060.00	22280.00	22620.00
Refined Soy Oil	601.445	601.30	587.40	662.40
Solvent Oil	571.45	571.30	557.40	632.40
Oil Share	11428.90	11426.00	11148.00	12648.00
DOC Ex-Kandla	17300.00	17300.00	17300.00	17300.00
DOC Ex-Indore	16100.00	16100.00	16100.00	16100.00
Meal Share	12880.00	12880.00	12880.00	12880.00
Realization	24308.90	24306.00	24028.00	25528.00
Margin	601.445	2246.00	1748.00	2908.00

Spot - Soy Meal

Soy meal prices	9/30/2011	9/28/2011	9/27/2011	9/26/2011	9/23/2011	9/22/2011
FOR Mumbai PP Bags (₹/MT)	17525.00	17825.00	17925.00	17825.00	18025.00	18125.00
FOR Bedi Bunder (₹/MT)	17375.00	17675.00	17775.00	17675.00	17875.00	17975.00
FOR Kakinada (₹/MT)	17475.00	17775.00	17875.00	17775.00	17975.00	18075.00
Spot (45-46% Protein) (₹/MT)	16175.00	16575.00	16675.00	16575.00	16775.00	16875.00
Spot (48% Protein) (₹/MT)	16275.00	16675.00	16775.00	16675.00	16875.00	16975.00
FAS Mumbai (\$/MT)	354.50	359.50	361.50	359.50	363.50	365.50
FAS Bedi Bunder (\$/MT)	357.50	362.50	364.50	362.50	366.50	368.50
FAS Kakinada (\$/MT)	359.50	364.50	366.50	364.50	368.50	370.50
FOR Bedi Bunder (\$/MT)	345.50	350.50	352.50	350.50	354.50	356.50
FOR Kakinada (\$/MT)	347.50	352.50	354.50	352.50	356.50	358.50
Argentina FOB (\$/MT)	345.46	354.5	345.68	344.47	353.45	#N/A
Brazil FOB (\$/MT)	333.35	330.55	341.30	340.80	342.70	#N/A

Technical Analysis:

Soy bean October NCDEX traded lower side for the week and settled at 2105 levels. A long black candle stick witnessed in the weekly chart is suggesting continuation of bearish mode for the coming week. Prices are

sustaining below the short term 8 week EMA indication of weakness in the trend. For the week crucial support is seen at 2043 level which is 100% Fibonacci retracement of 2389-2043. If that is breached and sustain below the same level we can expect next support at 1961 levels which is 123.6% Fibonacci retracement of above range. The chart shows immediate resistance to be at 2125 levels which is 76.4% Fibonacci retracement of 2389-2043. The momentum indicator RSI (14) is at 0.276 suggesting bearish mode for the week. We expect soy bean prices should give pullback initially on the higher side towards resistance levels before resuming the current trend.



Refined Soy Oil (Bearish)

RECOMMENDATIONS: Soy Oil Dec CBOT: SELL BELOW 49.90 TP 47.50/48.0 SL 50.80 OR

SELL AT 51.30/51.50 TP 49.90/48.0 SL 52

Soy Oil Oct NCDEX: SELL 1st At 608 AND 2nd LOT AT 613/618 TP 585/580 SL 626

Refined soy oil prices crashed across the globe during last week. Losses around 6.7% in India and 7.2% at CBOT was recorded in RSO prices. Palm oil prices declined by around 0.5% at bursa exchange during last week added to weakness in soy oil and palm oil prices in India. Palm oil exports during September decreased by 6.3% as per independent cargo surveyors kept prices under pressure. Indonesia reduced export tax on refined palm oil to 10% compared to 22.5 % levied on crude palm oil. This had negative impact on the edible oil industry in India which kept prices under pressure. Peak crushing season of soy oil and peak production activities of palm oil had negative impact on edible oil prices across the globe. Palm oil production estimates to touch 19 million tons in Malaysia and 25.5 million tons in Indonesia exerted pressure on prices. Total soy oil weekly sales decreased to -2.6 MT against 2.5 MT while soy meal exports declined to 166 MT from 176 MT during last week.

Futures prices

Contract	NCDEX (₹/10 Kg)									
	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change	
Oct-11	638.55	638.55	595.20	601.30	-6.02%	518390	29.00%	87650	-29.45%	
Nov-11	625.15	625.20	581.00	587.40	-6.29%	459240	78.24%	103880	13.64%	
Dec-11	625.40	625.80	583.80	590.05	-6.32%	148870	83.88%	51930	-8.14%	

Outlook:

Further losses in soy oil prices can be witnessed in the coming week. According to independent surveyors September shipments of palm oil from Malaysia to India are expected to have risen by 16% compared with August. Indian government kept the base tariff of edible oils unchanged which is hindrance for edible industry in India. Base tariff has remained unchanged from 2006 and is less than 50% of current market price on which import duty is incurred. Solvents Extractors' Association of India had approached the Indian government to increase base tariff to protect interests of domestic refining industry as cheaper imports of refined palm oil from Indonesia would leave Indian refineries with lower supplies. Currently import duty on crude palm oil in India is 7.5% while lower base tariff effective import duty comes to around 3%. Thus imports are made cheaper and India might become dumping ground for major edible oil exporters which would impact edible oil prices in Indian adversely. 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 prices under pressure.

Spot price

Soy oil-spot prices	09/22/11	09/26/11	09/27/11	09/28/11	09/29/11	09/30/11
Ex Factory Indore (₹/Ton)	56000	56000	56000	59000	59000	58000
Spot Indore (₹/Ton)	60000	59500	58800	58000	57500	58200
Refined (₹/Ton)	63800	65000	64700	64800	64800	64500
Degum Spot Ex-Mumbai (₹/Ton)	61500	61000	60500	60000	59800	60000
Crude Ready Mumbai (₹/Ton)	61500	61000	60000	60800	59800	60000
Solvent Crude Indore (₹/Ton)	59800	59500	58600	59200	58500	58200
CIF Mumbai Degum (\$/Ton)	1265	1200	1225	1205	1200	1200

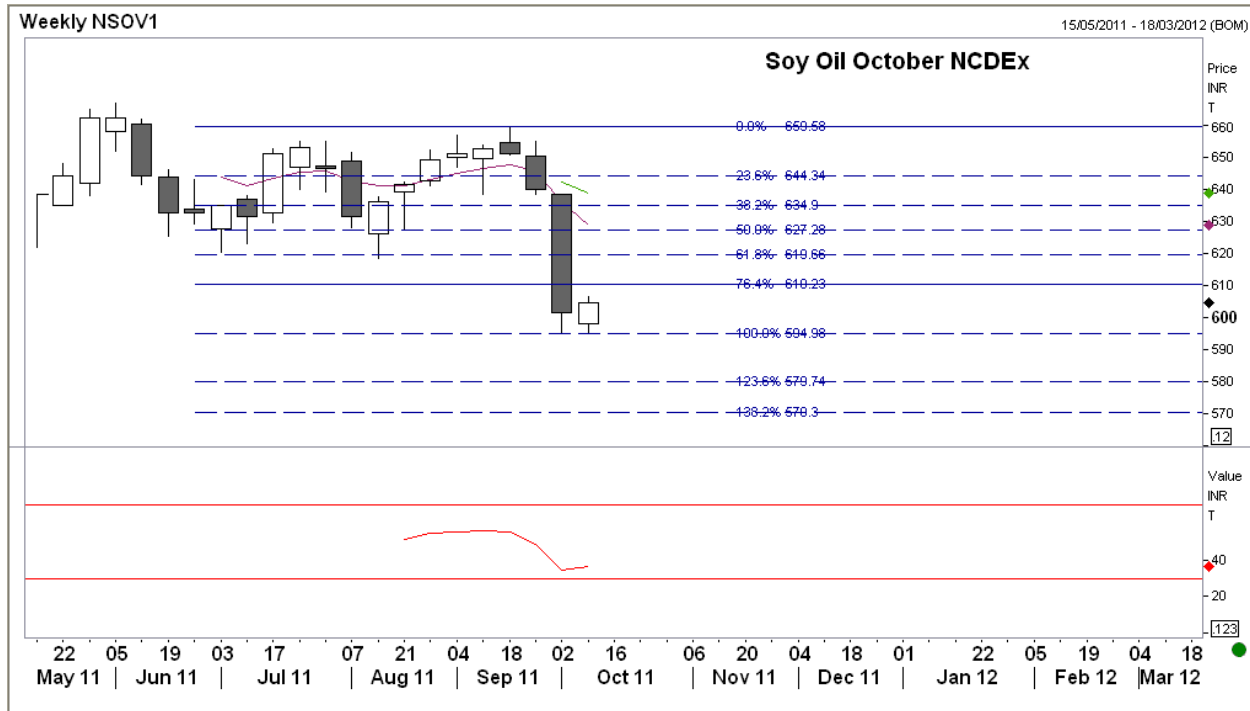
Landed cost of Brazilian Soy Oil	9/30/2011	9/29/2011	9/28/2011	9/27/2011	9/26/2011
FOB Value (\$/t)	1127.20	1129.40	1127.70	1145.70	1138.00
Freight	60	60	60	60	60
Insurance @1% on FOB	11.27	11.29	11.28	11.46	11.38
CIF Value	1198.47	1200.69	1198.98	1217.16	1209.38
Customs Duty (Calculated on tariff value @ \$580/tonne)	0	0	0	0	0
Currency USDINR	49.0100	48.9700	49.0900	48.9100	49.4450
Convert (\$ to Rs)	58737	58798	58858	59531	59798
Landing Charges	1200	1200	1200	1200	1200
Landed cost at Indian ports	59937.11	59997.99	60057.78	60731.15	60997.79
Landed cost at Indian ports per 10 kg	599.37	599.98	600.58	607.31	609.98

Parity Price of Argentina Soy Oil	9/30/2011	9/29/2011	9/28/2011	9/27/2011	9/26/2011
FOB Value (\$/t)	1092.00	1121.00	1121.00	1148.00	1140.00
Freight	60	60	60	60	60
Insurance @1% on FOB	10.92	11.21	11.21	11.48	11.40
CIF Value	1162.92	1192.21	1192.21	1219.48	1211.40
Customs Duty (Calculated on tariff value @ \$580/tonne)	0	0	0	0	0
Currency USDINR	49.0100	48.9700	49.0900	48.9100	49.4450
Convert (\$ to Rs)	56995	58383	58526	59645	59898
Landing Charges	1200	1200	1200	1200	1200
Landed cost at Indian ports	58194.71	59582.52	59725.59	60844.77	61097.67
Landed cost at Indian ports per 10 kg	581.95	595.83	597.26	608.45	610.98

Technical Analysis:

Soy Oil October NCDEX traded lower side for the week and settled at 600 levels. A long black candle stick witnessed in the weekly chart is suggesting continuation of bearish mode for the coming week. Prices are sustaining below the short term 8 day EMA indication of weakness in the trend. For the week crucial support is seen at 595 level which is 100% Fibonacci retracement of 659.45- 595.20. If that is breached and sustain

below the same level we can expect next support at 580 levels which is 123.6% Fibonacci retracement of above range. The chart shows immediate resistance to be at 610 levels which is 76.4% Fibonacci retracement of 659.45-595.20. The momentum indicator RSI (14) is at 0.345 suggesting bearish mode for the week. We expect soy oil prices should give pullback initially on the higher side towards resistance levels before resuming the current trend.



RM Seed (Bearish)

RECOMMENDATIONS: RM SEED OCT NCDEX: Sell at 2770-80 TP 2663 SL 2820

Mustard seed prices have crashed by 7% during last week in unison with soy complex prices. Surplus supply fears of edible oils and weak demand for the meal hurt mustard prices in previous week. Despite lean period arrivals remained higher at 40000 bags which exerted pressure on spot prices as well as futures. Panic selling at physical markets was reported due to rumors that stock limits might be imposed on mustard in rajasthan after it was imposed on chana. Exchange deliverable stocks of chana are also higher which kept prices under pressure.

NCDEX futures

NCDEX (₹/Quintal)									
Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Oct-11	2921.00	2923.00	2663.00	2735.00	-6.50%	290110	0.16%	69380	-29.04%
Nov-11	3009.00	3011.00	2746.00	2814.00	-6.73%	293580	16.95%	69380	-29.04%
Dec-11	3052.00	3061.00	2826.00	2866.00	-6.40%	61280	147.80%	14790	21.93%

*open interest is as on Friday's closing

Mustard seed/oil-spot prices	9/22/11	9/26/11	9/27/11	9/28/11	9/29/11	9/30/11
Rajasthan	29200	29100	29000	28900	28900	28700
Delhi	30500	30500	30400	30300	30300	30250
Oil Jaipur	66800	66200	65400	65500	65200	65000
Oil Mumbai	69200	69200	68400	68700	68200	68300

Outlook:

Down trend might sustain in mustard seed futures today. Sowing activities have started across major growing regions in India. Soil moisture levels are sufficient across Rajasthan and other major growing regions supporting sowing activities while it is too early to predict about final sowing figures. Increasing arrivals might add more pressure to spot prices as well as futures. Opening stocks of mustard for next crop year is comparatively higher than last year. Inactive buying for as meal demand is might keep prices under pressure.

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