

29th Oct 2011

Soybean (Bullish)

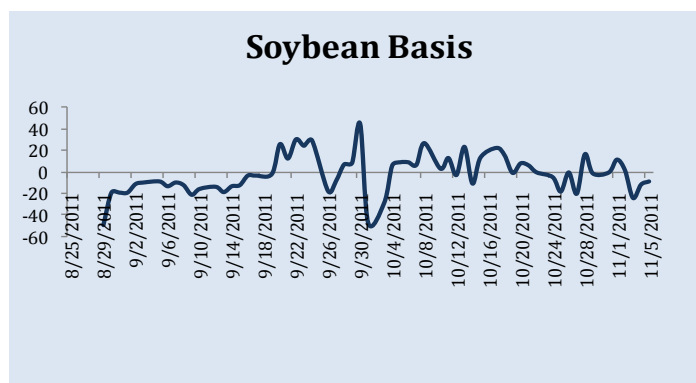
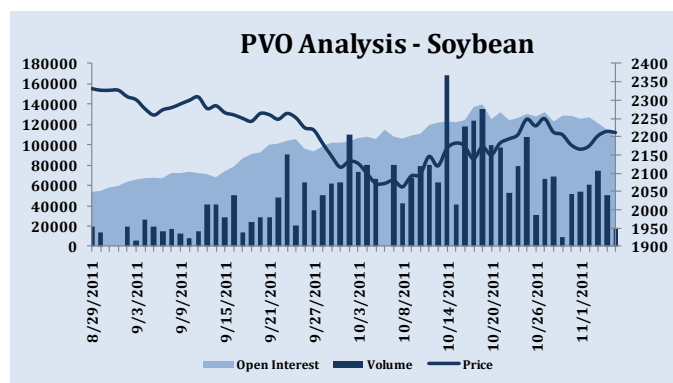
Recommendations: Soybean JAN CBOT: Buy above 1236 TP 1270/80 with SL below 1205
Soybean NOV NCDEX: Buy at 2195-2200 TP 2220/2225 /2250 with SL below 2160

Soybean futures declined largely during entire week while erased losses during closing as good buying supported the prices. Harvesting figures in U.S as per USDA crop progress report recorded higher crop which kept prices under pressure initially. USDA weekly export sales data recorded lower exports of soybean and oil while export sales of soy meal were much higher. At domestic front, soybean arrivals touched 11 lakh bags during the week which exerted pressure on soybean spot prices as well as the futures. Soy meal exports during October month declined by 43% compared to same period during last year. End of the harvesting season had activated the stockists across major spot markets to buy at lower levels and fulfill their requirements. Direct plant deliveries towards end of the week resulted in lower arrivals at spot. This had positive impact on spot prices and led to higher closing of the futures.

Futures:

NCDEX (/Quintal)									
Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Nov-11	2203.50	2221.00	2163.00	2213.00	0.29%	132080	-19.67%	128730	1.43%
Dec-11	2229.00	2256.00	2195.00	2244.00	0.29%	24910	16.63%	149140	20.73%
Jan-12	2251.00	2289.00	2228.50	2275.50	0.29%	381000	54.30%	59260	72.17%
Feb-12	2300.00	2332.00	2270.00	2316.50	-0.04%	328500	101.21%	16730	19.24%

Derivatives



Outlook: Soybean prices might sustain uptrend in the week ahead as harvesting activities have come to an end across U.S and India. Weekly crop progress report might record complete harvesting figures across major growing regions in U.S. Like wise crop production report on 9th might report lower soybean production last month. Feed and industrial use of soybean and oil in supply demand report might increase as meal demand is reported to be good from South East Asian countries. Soy meal and bean exports to china might increase during the next weekly export sales report is released. Soybean planting in Argentina is facing stress due to drier weather conditions sowing is only 12% complete while in Brazil it is 54% complete compared to last year. Forward sales of soybean in Brazil is 31% complete compared to 28% during last year. Prices might be triggered by the robust export orders across U.S and Latin American countries. Chinese

soybean import expectations by country's commerce ministry are at 5.2 million tons compared to 4.13 million tons during last year.

At domestic front, soybean plant deliveries are expected to increase as farmers are directly selling to the plants which might witness low arrivals in markets. Spot prices might rise on cues of lower arrivals as harvesting season has come to an end. Bulk buying from processors is prevailing across major spot markets of Maharashtra, Madhya Pradesh and Rajasthan which might further cushion price rise.

Spread Matrix					
	Spot	Nov-11	Dec-11	Jan-12	Feb-12
Spot	0				
Nov-11	-10.00	0			
Dec-11	-41.00	31	0		
Jan-12	-72.50	62.5	31.5	0	
Feb-12	-113.50	103.5	72.5	41	0.00

Crush Margin:

	Ready Indore	Nov	Dec	Jan
Soybean	22030	22130.00	22440.00	22755.00
Crush Expenses	950	950	950	950
Cost	22980.00	23080.00	23390.00	23705.00
Refined Soy Oil	598.025	623.60	621.85	662.40
Solvent Oil	568.03	593.60	591.85	632.40
Oil Share	11360.50	11872.00	11837.00	12648.00
DOC Ex-Kandla	17200.00	17200.00	17200.00	17200.00
DOC Ex-Indore	16000.00	16000.00	16000.00	16000.00
Meal Share	12800.00	12800.00	12800.00	12800.00
Realization	24160.50	24672.00	24637.00	25448.00
Margin	1180.50	1592.00	1247.00	1743.00

Spot - Soy Meal

Soy meal prices	10/28/2011	10/25/2011	10/24/2011	10/21/2011	10/20/2011	10/19/2011
FOR Mumbai PP Bags (` /MT)	17475.00	17425.00	17525.00	17125.00	16925.00	16925.00
FOR Bedi Bunder (` /MT)	17325.00	17275.00	17375.00	16975.00	16775.00	16775.00
FOR Kakinada (` /MT)	17425.00	17375.00	17475.00	17075.00	16875.00	16875.00
Spot (45-46% Protein) (` /MT)	16175.00	16125.00	16225.00	15825.00	15625.00	15625.00
Spot (48% Protein) (` /MT)	16275.00	16225.00	16325.00	15925.00	15725.00	15725.00
FAS Mumbai (\$/MT)	353.50	352.50	354.50	346.50	342.50	342.50
FAS Bedi Bunder (\$/MT)	356.50	355.50	357.50	349.50	345.50	345.50
FAS Kakinada (\$/MT)	358.50	357.50	359.50	351.50	347.50	347.50
FOR Bedi Bunder (\$/MT)	344.50	343.50	345.50	337.50	333.50	333.50
FOR Kakinada (\$/MT)	346.50	345.50	347.50	339.50	335.50	335.50
Argentina FOB (\$/MT)	352.18	357.97	353.29	356.65	#N/A	#N/A
Brazil FOB (\$/MT)	358.30	358.80	357.70	356.40	#N/A	#N/A

Technical Analysis: Entire week Soybean prices traded lower and after making a low of 1190 cents it all recovered and ended at 1221 cents. The psychological trend looks dicey as previously market declined from

1474 to 1163 and then recovered to 1283 (38.2% retracement). Subsequently, market failed to move beyond the same and again corrected onto the down side. Although market recovered from the last weeks low but failed to close above 23.60% retracement leaving a dicey phase in the market. However, the weekly candle shows market may reverse a bit only when it trades above the previous weeks high. Therefore, immediate resistance should be seen at 1231/1338 range. Only on break of the same may see prices trading higher having next resistances at 1255 and 1280 levels. So, buying should be recommended only on break of 1236 for a possible target of 1270/1280 levels. The stop loss can be placed below 1205 levels.



Edible Oils:

Soy Oil CBOT DEC: Buy at 51.40 TP 52.50/ 53.30 with SL below 50.70

Soy Oil NOV NCDEX: Buy at 618-620 TP 630 with SL below 613.50

CPO JAN BMD: Buy at 2995-3005 targeting 3070/3090 with SL below 2650

CPO NOV MCX: Buy at 474/476 targeting 485/490 with stop loss below 465

Edible oil prices declined during the week gone by however towards closing prices of soy oil recovered in line with the bean while palm oil prices ended lower. Harvest pressure of soybean and on going crushing season of soy oil had negative impact on edible oil complex as a whole. Indian government approached Indonesia to reduce crude palm oil taxes while effort was in vain. This resulted in negative impact on prices as imports of refined oil are cheaper and quantum could be more due to less tax which led to negative closing of CPO prices. Supply situation of the edible oils is comfortable which restricted upside price movement in soy oil despite good gains in soybean prices.

Futures prices: Soy oil

NCDEX (/10 Kg)									
Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Nov-11	621.10	624.30	614.80	623.60	-0.03%	381000	-25.84%	109850	1.77%
Dec-11	617.25	622.70	611.90	621.85	0.10%	328500	14.92%	101790	40.38%
Jan-12	621.00	627.50	616.40	626.80	0.20%	84970	57.26%	52760	7.70%

CPO

MCX (/10 Kg)									
Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Nov-11	480.50	480.50	480.20	480.50	-0.23%	64	-95.59%	2948	-8.25%
Dec-11	481.50	481.90	481.00	481.90	-0.19%	31	-98.56%	5617	20.38%
Jan-12	482.30	482.50	482.30	482.50	-0.14%	37	-90.21%	2963	0.44%

Spot price

Soy oil-spot prices	10/28/11	10/31/11	11/01/11	11/02/11	11/03/11	11/04/11
Ex Factory Indore (/Ton)	56000	56000	56000	59000	59000	58000
Spot Indore (/Ton)	58000	58000	57500	57000	56800	57000
Refined (/Ton)	64800	64500	62600	63000	63000	61800
Degum Spot Ex-Mumbai (/Ton)	60200	60000	60000	59500	59500	59500
Crude Ready Mumbai (/Ton)	60500	60000	60300	59800	59500	60200
Solvent Crude Indore (/Ton)	57000	58000	57400	56900	56800	57000
CIF Mumbai Degum (\$/Ton)	1210	1190	1190	1195	1195	1200

Landed cost of Brazilian Soy Oil	11/4/2011	11/3/2011	11/2/2011	11/1/2011	10/31/2011
FOB Value (\$/t)	1157.40	1157.40	1130.50	1130.50	1136.00
Freight	60	60	60	60	60
Insurance @1% on FOB	11.57	11.57	11.31	11.31	11.36
CIF Value	1228.97	1228.97	1201.81	1201.81	1207.36
Customs Duty (Calculated on tariff value @ \$580/tonne)	0	0	0	0	0
Currency USDINR	48.9900	49.1400	49.1800	49.2700	48.6900
Convert (\$ to Rs)	60207	60392	59105	59213	58786
Landing Charges	1200	1200	1200	1200	1200
Landed cost at Indian ports	61407.44	61591.78	60304.77	60412.93	59986.36
Landed cost at Indian ports per 10 kg	614.07	615.92	603.05	604.13	599.86

Outlook: Soy oil prices might sustain upside movement in the week ahead as monthly imports data due for release might report lower exports of soy oil. Lower import expectations might have positive impact on prices at spot as well as the futures. Weather affecting sowing prospects of soybean in Argentina might support prices of soy oil also. Slack demand of edible oil post diwali might limit upside in prices. Palm oil prices are expected to trade higher in the week ahead as peak production season of palm oil in Malaysia has come to an end. Higher exports data to come in monthly report from Malaysian palm oil board might support prices. Weather affecting supplies of palm oil and harvesting might have positive impact on prices.

Technical Analysis:

Since soybean and soy oil are highly correlated and price performances are also mostly similar so the chart formation are alike. Looking at such scenario we believe Soy oil prices to trade higher in the coming week and market is likely to trade in the range of 50.75 to 52.65 then 53.50

RM Seed (Bullish)

RECOMMENDATIONS: RM SEED NOV NCDEX: Buy at 3030-35 TP 3090/3110 with SL below 2985

Mustard seed prices declined during last week as sowing activities progressed. Increase in MSP by `700/quintal supported robust sowing activities across major growing regions of Rajasthan. Around 68% of sowing activities have completed in Rajasthan kept the prices under pressure. Post Diwali period witnessed weak buying in mustard seed as well as oil which had negative impact on prices. Meal exports in October 2011 increased by 10% compared to same period last year which limited prices from any steep fall.

Futures prices:

NCDEX (/Quintal)									
Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Nov-11	3066.00	3094.00	3025.00	3060.00	-0.62%	225760	-35.92%	115160	-4.43%
Dec-11	3110.00	3141.00	3053.00	3083.00	-1.38%	209710	-4.59%	77220	36.14%
Jan-12	3118.00	3150.00	3053.00	3093.00	-1.28%	41140	15.14%	23650	17.31%

Mustard seed/oil-spot prices	10/25/11	10/31/11	11/1/11	11/2/11	11/3/11	11/4/11
Rajasthan	30000	30690	30550	30550	30510	30530
Delhi	30600	30600	30650	30650	30600	30700
Oil Jaipur	66200	68000	67000	66500	66000	66000
Oil Mumbai	71025	71000	70700	70300	70000	70200

Outlook:

Mustard seed prices are expected to follow soy complex and trade higher during next week supported by higher export data of the meal. Lower carry forward stocks and market expectations of production to be around 65-70 lakh bags might have positive impact on prices. However steep upside might be limited as mustard acreage in Madhya Pradesh is targeted to increase to 9.13 lakh hectares compared to 7.45 lakh hectares during last year. Overall lower possible acreage in Rajasthan will be compensated by increase in acreage by Madhya Pradesh. Market activities are reported to be sluggish as this is lean season for commodity and buyers are very inactive across spot markets.

- Tables are updated as on 11 A.M on 5/11/2011

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