

19<sup>th</sup> November 2011

## Soybean (Bearish)

**Recommendations: Soybean JAN CBOT: Sell at 1182 TP 1152/ 1129 SL 1193**

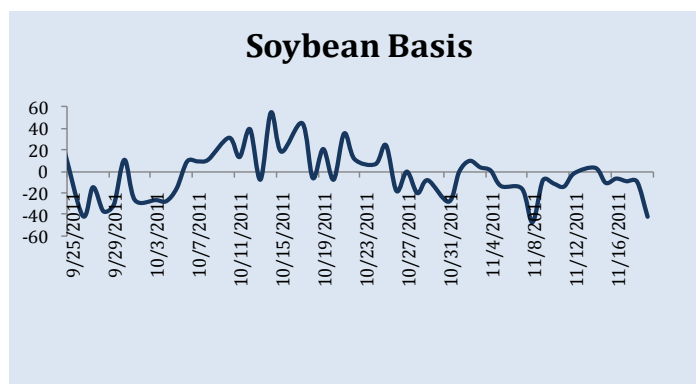
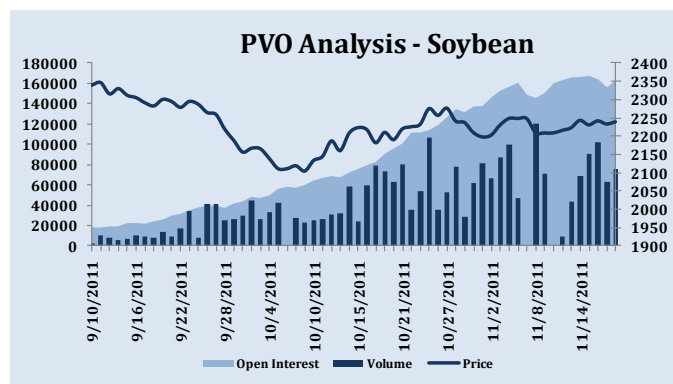
**Soybean DEC NCDEX: Sell at 2266-75 TP 2230/2190 SL 2310**

Soybean futures gained during last week against our expectations as china placed export orders for 600000 tons of soybean on November 15<sup>th</sup>. Crop harvesting in U.S is complete by 96% while demand started increasing gradually. Buying from crushers and millers across physical markets in India supported the Sowing in Brazil was complete by around 66% which was much better than normal sowing. Sowing in Argentina also picked up pace and around 37.4% area was complete across major growing regions. These sowing prospects did not have major negative impact as expected due to news of demand from china strongly supporting prices at CBOT and domestic demand for bean driving prices in Indian markets.

### Futures:

Contract	NCDEX (₹/Quintal)									
	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change	
Nov-11	2229.50	2255.00	2214.00	2239.50	0.74%	42150	10.15%	166450	13.92%	
Dec-11	2256.00	2290.00	2244.00	2274.50	1.04%	7330	52.57%	136930	62.01%	
Jan-12	2290.00	2323.00	2273.00	2308.00	1.10%	695890	16.37%	46540	109.88%	
Feb-12	2329.00	2357.50	2314.50	2346.00	0.79%	166950	37.01%	5330	154.72%	

### Derivatives



### Outlook:

Soybean price might be in range with more bias towards down side for the week ahead. Sowing prospects in Brazil and Argentina have gained full momentum and acreage estimates in Argentina has increased to 18.8 million tons compared to 18.5 million tons which is higher by 1.9%. Brazil sowing prospects is complete by around 78% during the current year which is higher than 76% of the normal sowing. South American soybean production is expected to be around 142.65 million tons which is higher by 5% during last season. Production is expected to rise by around 1% in Brazil and 10% in Argentina during current year. Holiday in between the week might result in early weekend profit booking on Wednesday.

At domestic front, soybean buying has been very brisk which might keep Indian markets deviated from price movement in CBOT market. Millers and crushers are actively accumulating soybean across physical markets

however on 30% of total arrival shave arrived in markets and yet the pressure of 70% which are due to be sold might have negative impact on prices at higher levels.

Spread Matrix					
	Spot	Nov-11	Dec-11	Jan-12	Feb-12
Spot	0				
Nov-11	-42.50	0			
Dec-11	-77.50	35	0		
Jan-12	-111.00	68.5	33.5	0	
Feb-12	-149.00	106.5	71.5	38	0.00

## Crush Margin:

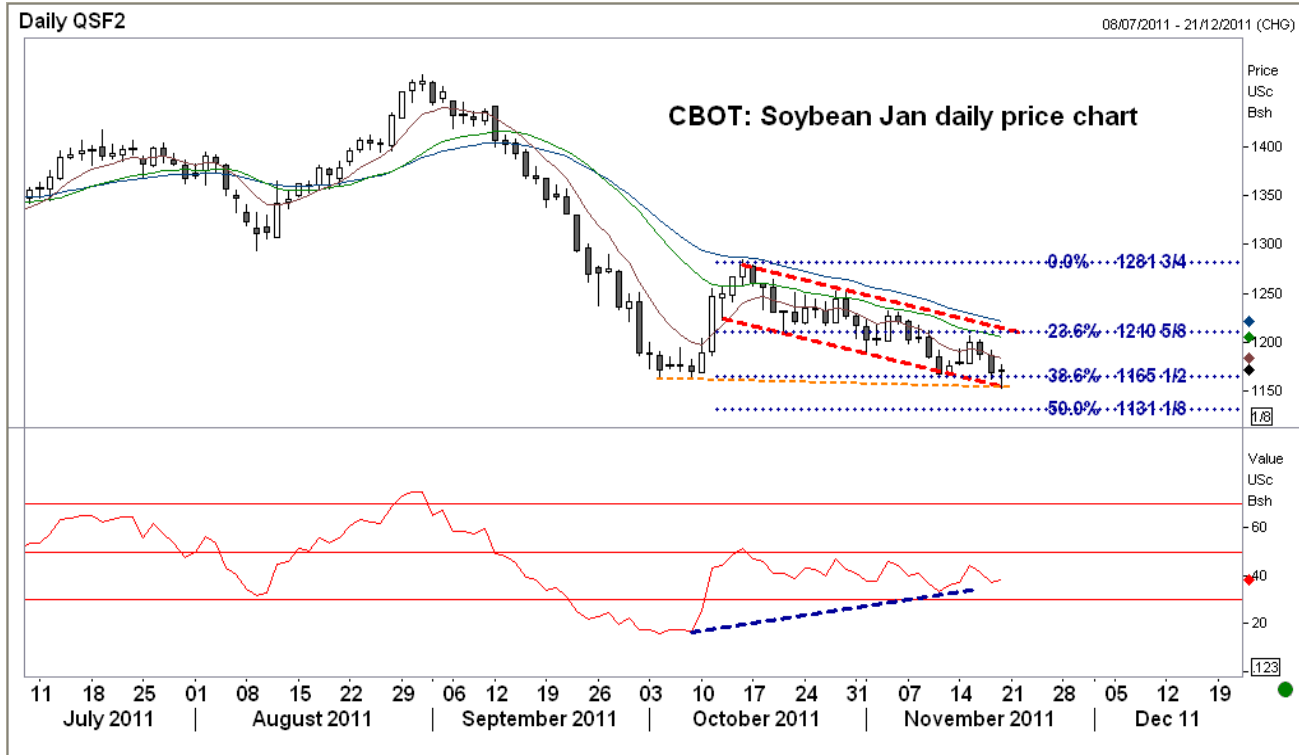
	Ready Indore	Nov	Dec	Jan
Soybean	21970	22395.00	22745.00	23080.00
Crush Expenses	950	950	950	950
Cost	22920.00	23345.00	23695.00	24030.00
Refined Soy Oil	605.91	645.95	652.50	662.40
Solvent Oil	575.91	615.95	622.50	632.40
Oil Share	11518.20	12319.00	12450.00	12648.00
DOC Ex-Kandla	17200.00	17200.00	17200.00	17200.00
DOC Ex-Indore	16000.00	16000.00	16000.00	16000.00
Meal Share	12800.00	12800.00	12800.00	12800.00
Realization	24318.20	25119.00	25250.00	25448.00
<b>Margin</b>	<b>1398.20</b>	<b>1774.00</b>	<b>1555.00</b>	<b>1418.00</b>

## Spot - Soy Meal

Soy meal prices	11/18/2011	11/17/2011	11/16/2011	11/14/2011	11/10/2011	11/9/2011
FOR Mumbai PP Bags (₹/MT)	17225.00	17225.00	17325.00	17325.00	17025.00	17125.00
FOR Bedi Bunder (₹/MT)	17075.00	17075.00	17175.00	17175.00	16875.00	16975.00
FOR Kakinada (₹/MT)	17175.00	17175.00	17275.00	17275.00	16975.00	17075.00
Spot (45-46% Protein) (₹/MT)	15925.00	15925.00	16025.00	16025.00	15725.00	15825.00
Spot (48% Protein) (₹/MT)	16025.00	16025.00	16125.00	16125.00	15825.00	15925.00
FAS Mumbai (\$/MT)	349.50	349.50	351.50	351.50	345.50	346.50
FAS Bedi Bunder (\$/MT)	352.50	352.50	354.50	354.50	348.50	349.50
FAS Kakinada (\$/MT)	354.50	354.50	356.50	356.50	350.50	351.50
FOR Bedi Bunder (\$/MT)	340.50	340.50	342.50	342.50	336.50	337.50
FOR Kakinada (\$/MT)	342.50	342.50	344.50	344.50	338.50	339.50
Argentina FOB (\$/MT)	#N/A	324.52	331.13	329.59	334.11	#N/A
Brazil FOB (\$/MT)	319.50	319.50	325.70	328.60	#N/A	#N/A

**Technical Analysis:** CBOT soybean futures have traded limited downside in previous session. The week has gone by making a high of 1206 then low of 1152 settled lower side at 1168. Prices are still continuing trading in a falling trend channel formation from more than 5 weeks. In the next session prices may trade limited down side where technical tools like momentum indicator RSI-14 is witnessing a formation of positive divergence and also Bollinger band and Fibonacci projections support levels are falling at same levels this may control prices to trade limited downside. Based on above three technical tools 1152 is considered as a crucial supportive point to rebound prices in coming session. On breach and sustained trade below is lily to test Fibonacci projections of 1129. Initial resistance is seen at 1182 levels which is daily 8 EMA moving

average level. As we mentioned above prices are trading in a falling trend channel so falling trend line resistance is going to act as a crucial resistance level 1198. Going above technical analysis expecting prices to trade limited down side and recommended to sell at resistance levels.



## Edible Oil *(Bullish)*

**Soy Oil CBOT DEC: Range 48.60-53.20**

**Soy Oil DEC NCDEX: Buy at 638.70-640 TP 653 SL 629**

**CPO JAN BMD: Buy at 3232-3236 TP 3421 SL 3158**

**CPO NOV MCX: Buy at 514-516 TP 534 SL 500**

Edible oil prices gained substantially in the last week ahead of soybean. Entire edible oil complex rallied during last week taking support from strength in palm oil prices. Declining production of palm oil and estimations of increase in consumption of soy oil in Latin American countries supported rally in prices. Estimations of increase soy oil consumption for bio diesel purposes by around 17% are supportive for prices. Weather conditions are further decreasing across major growing regions which cushioned the price rise. Projections of bio diesel industry to grow rapidly and surge in crude oil prices also helped prices to gain substantially. Lower imports during the last oil year by 6% also helped prices to gain.

## Futures prices: Soy oil

NCDEX (₹/10 Kg)									
Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Nov-11	624.55	646.90	624.50	645.95	3.60%	695890	73.25%	128400	-0.28%
Dec-11	633.00	653.30	632.20	652.50	3.63%	166950	196.12%	53070	15.47%
Jan-12	638.00	660.50	638.00	659.40	3.74%	13460	60.05%	5320	8.57%

## CPO

MCX (₹/10 Kg)									
Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Nov-11	513.00	523.50	512.50	522.60	1.65%	1038	0.78%	1138	-10.95%
Dec-11	516.00	527.90	516.00	527.20	2.03%	1853	-5.02%	5161	-7.26%
Jan-12	519.50	532.60	518.70	531.50	2.19%	1737	-4.56%	5722	0.56%

## Spot price

Soy oil-spot prices	11/11/11	11/14/11	11/15/11	11/16/11	11/17/11	11/18/11
Ex Factory Indore (₹/Ton)	56000	56000	56000	59000	59000	58000
Spot Indore (₹/Ton)	56500	56000	56200	57000	57300	57500
Refined (₹/Ton)	61800	60800	61300	61500	63000	63200
Degum Spot Ex-Mumbai (₹/Ton)	59500	59500	60000	60500	60500	60700
Crude Ready Mumbai (₹/Ton)	59000	59000	60200	60500	60700	60800
Solvent Crude Indore (₹/Ton)	56000	56000	56500	56700	57500	57600
CIF Mumbai Degum (\$/Ton)	1192	1212	1215	1230	1225	1218

Landed cost of Brazilian Soy Oil	11/18/2011	11/17/2011	11/16/2011	11/15/2011	11/14/2011
FOB Value (\$/t)	1142.00	1137.60	1176.20	1144.90	1144.90
Freight	60	60	60	60	60
Insurance @1% on FOB	11.42	11.38	11.76	11.45	11.45
CIF Value	1213.42	1208.98	1247.96	1216.35	1216.35
Customs Duty (Calculated on tariff value @ \$580/tonne)	0	0	0	0	0
Currency USDINR	51.2300	50.9500	50.7400	50.6200	50.4000
Convert (\$ to Rs)	62164	61597	63322	61572	61304
Landing Charges	1200	1200	1200	1200	1200
Landed cost at Indian ports	63363.51	62797.33	64521.59	62771.59	62503.99
<b>Landed cost at Indian ports per 10 kg</b>	<b>633.64</b>	<b>627.97</b>	<b>645.22</b>	<b>627.72</b>	<b>625.04</b>

**Outlook:** Soy oil and palm oil prices might trade positive in the week ahead. Estimations of biodiesel industry to grow by 3.5% during the next year might lend support to prices for the week ahead. Projections of Brazil and Argentina to use their complete soy oil production for bio diesel purposes which might result in bullishness in entire edible oil complex. Domestic crushing season might limit the steep upside in prices and prompt some profit booking in soy oil prices. Palm oil prices might sustain positive trend in the week ahead as peak production season of palm oil in Malaysia has come to an end. Weather affecting supplies of palm oil and harvesting might have positive impact on prices. Possible decline of stocks of palm oil during might lend support to prices.

## RM Seed (Bearish)

**RECOMMENDATIONS: RM SEED DEC NCDEX: BUY AT 3155-3162 TP 3200/ 3238 SL 3110**

Mustard seed prices extended gains during last week as sowing activities were not reported as good as normal acreage. Around 78% of sowing activities have completed in rajasthan which kept prices positive. Lean season for the commodity and bullishness in edible oil prices supported prices to gain substantially. Anticipation of meal demand to surge in current oil year amidst of lower production expected helped prices to gain largely.

## Futures prices:

NCDEX (₹/Quintal)									
Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Nov-11	3130.00	3172.00	3125.00	3154.00	1.02%	397410	123.92%	94980	-2.37%
Dec-11	3150.00	3217.00	3140.00	3202.00	2.17%	133210	288.82%	28800	2.24%
Jan-12		3145.00	3043.00	3131.00	1.52%	31040	-27.68%	28170	19.11%

Mustard seed/oil-spot prices	11/11/11	11/14/11	11/15/11	11/16/11	11/17/11	11/18/11
Rajasthan	30300	31140	31000	31130	30910	30940
Delhi	30900	31500	31600	31500	31900	31850
Oil Jaipur	66000	66000	67000	68400	68900	68700
Oil Mumbai	70000	69600	69500	71400	71900	71700

## Outlook:

Mustard seed prices might sustain uptrend in weak ahead as the acreage is still lagging in major growing region like Rajasthan. Around 78% of sowing activities is complete in rajasthan while acreage lower by 17% compared to normal acreage under mustard. Carry forward stocks are lower and market expectations of production to be around 65-70 lakh bags which is lesser than last year which might have positive impact on prices. Acreage has decreased due to delayed harvesting of cotton.

*\*Tables are updated as on 10 P.M on 19/11/2011*

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