

24th November 2011

Soybean (Bullish)

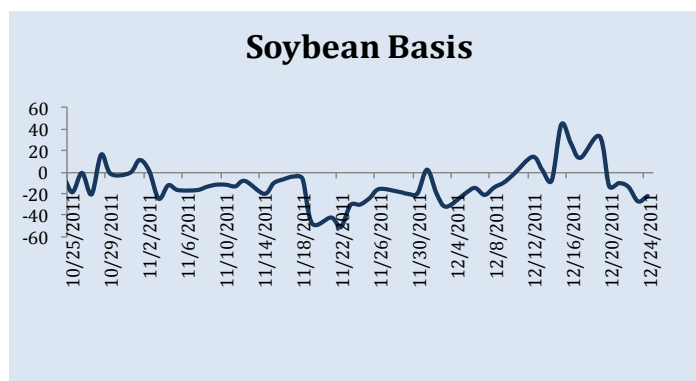
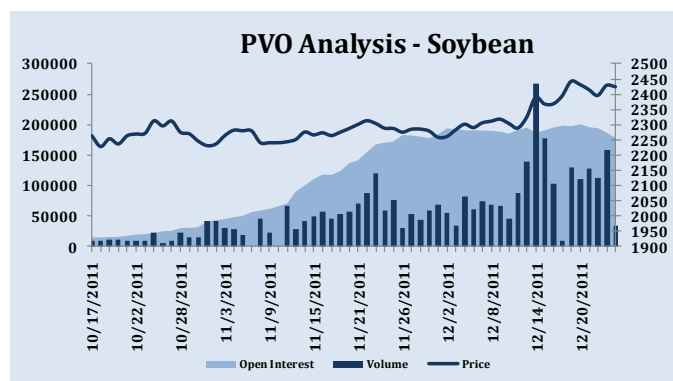
Recommendations: Soybean DEC NCDEX: Buy at 2360-2380 TP 2510 SL 2280

Soybean futures gained by around 1.3% in Indian markets during last week and CBOT soybean gained by 2.08% across major markets. Spot prices hovered around ₹2400/quintal across major markets and arrivals remained at 2-4 lakh bags. Dry weather conditions in Brazil and Argentina regions intensified during last week which kept the prices in upswing at CBOT. Projections of La Nina Weather conditions to return in next four to six weeks across Latin American countries supported price rise at CBOT. Soybean weekly exports increased to 728.4 tonnes v/s 468.6 tonnes, meal increased to 142 tonnes v/s 107.3 tonnes while soy oil increased to 14.8 v/s 5.5 tonnes. Stockists and millers accumulation of soybean across major markets supported physical soybean prices.

Futures: w

NCDEX (₹/Quintal)									
Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Jan-12	2399.00	2464.00	2381.00	2423.50	1.27%	103530	-21.80%	197940	2.94%
Feb-12	2437.00	2500.50	2405.00	2443.00	0.64%	11450	29.74%	173600	30.36%
Mar-12	2465.00	2518.00	2424.00	2454.00	0.14%	949560	158.89%	70910	42.74%
Apr-12	2499.00	2545.00	2442.00	2477.00	-0.20%	295130	21.81%	7810	11.84%

Derivatives



Outlook:

Soybean prices might remain on gaining note during next year as demand in spot markets might support the prices. CBOT market remains closed most of the days during next week on the eve of Christmas and New Year. Peak arrival season has come to and end in India and meal demand is gradually reported across spot markets. Demand for edible oil from stockists might support price rally in the beans also. Around 35% of arrivals are yet to come in the markets. NASA has reported La Nina weather conditions to return across major markets with more intensity during 2012 which might affect the next sowing prospects of corn, wheat and Maize in U.S. Demand from china might re shift to U.S due to these concerns which might support the price rally. In such scenario divergence between CBOT soybean and Indian soybean prices might reduce.

Spread Matrix					
	Spot	Jan-12	Feb-12	Mar-12	Apr-12
Spot	0				
Jan-12	-22.50	0			
Feb-12	-42.00	19.5	0		
Mar-12	-53.00	30.5	11	0	
Apr-12	-76.00	53.5	34	23	0.00

Crush Margin:

	Ready Indore	Nov	Dec	Jan
Soybean	24010	24230.00	24430.00	24545.00
Crush Expenses	950	950	950	950
Cost	24960.00	25180.00	25380.00	25495.00
Refined Soy Oil	642.3425	696.60	692.60	662.40
Solvent Oil	612.34	666.60	662.60	632.40
Oil Share	12246.85	13332.00	13252.00	12648.00
DOC Ex-Kandla	17800.00	17800.00	17800.00	17800.00
DOC Ex-Indore	16600.00	16600.00	16600.00	16600.00
Meal Share	13280.00	13280.00	13280.00	13280.00
Realization	25526.85	26612.00	26532.00	25928.00
Margin	566.85	1432.00	1152.00	433.00

Spot - Soy Meal

Soy meal prices	12/23/2011	12/22/2011	12/21/2011	12/20/2011	12/19/2011
FOR Mumbai PP Bags (₹/MT)	18125.00	18025.00	18125.00	18225.00	18050.00
FOR Bedi Bunder (₹/MT)	17975.00	17775.00	17975.00	18075.00	17900.00
FOR Kakinada (₹/MT)	18075.00	17875.00	18075.00	18175.00	18000.00
Spot (45-46% Protein) (₹/MT)	16775.00	16575.00	16775.00	16875.00	16725.00
Spot (48% Protein) (₹/MT)	16875.00	16675.00	16875.00	16975.00	16825.00
FAS Mumbai (\$/MT)	370.50	366.50	370.50	372.50	369.50
FAS Bedi Bunder (\$/MT)	373.50	369.50	373.50	375.50	372.50
FAS Kakinada (\$/MT)	375.50	371.50	375.50	377.50	374.50
FOR Bedi Bunder (\$/MT)	361.50	357.50	361.50	363.50	360.50
FOR Kakinada (\$/MT)	363.50	359.50	363.50	365.50	362.50
Argentina FOB (\$/MT)	323.8	323.8	321.27	319.39	314.49
Brazil FOB (\$/MT)	319.90	319.90	323.60	321.20	319.00

Technical Analysis:

Last week price have been moved in line with our expectations. The week as gone by making a low of \$1131 then high of \$1168 and finally settled at \$1165 levels. Closing of the white candle stick is suggesting higher side momentum in coming session and also below mentioned technical study is also supporting above view. principle of the Fibonacci retracement states that prices are witnessing support \$1129 levels which are 61.8% of the range \$918-\$1472 levels. Weekly pivot point is falling at \$1148 this might act as a next support levels. Initial resistance is seen at \$1195 which is Fibonacci retracement of 50% of the above mentioned range. On breach and sustained trade above is likely to test \$1226 level which is short term moving average. Momentum indicator RSI-14 is trading at 0.412 is supporting prices to trade higher side in coming session. Overall expecting price to trade higher side recommended buying at support levels.

Edible Oils (Bullish)

Recommendation: Soy Oil JAN NCDEX: Buy at 685 TP 704 SL 674

Soy oil prices gained largely during last week in line with spot prices. Spot prices raised substantially by ₹5-8/10kg in Indore market due to stockists accumulating soy oil as domestic crushing season is progressing in full swing. Demand from palm oil has shifted towards soy oil and other edible oils as palm oil is not much preferred in winter due to its solidifications property. Palm oil exports from Malaysia during first 20 days period dropped by around 10%. Palm oil supplies are disrupted by heavy rains which are affecting the prices to trade lower. Buying of oilseeds and oil was very vigorous across spot markets due to estimations of lower supplies in 2012 due to return of La Nina conditions which affected the market sentiments. Heavy showers in Malaysia across low lying areas are affecting palm plantations which also supported the Bursa palm oil prices to recover during last week.

Futures prices: Soy oil

NCDEX (₹/10 Kg)										
Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change	
Jan-12	679.00	700.50	675.70	696.60	2.80%	949560	-21.06%	163170	16.83%	
Feb-12	684.90	696.65	677.30	692.60	1.53%	295130	55.10%	47710	108.71%	
Mar-12	688.20	694.00	673.60	685.00	0.10%	94410	84.57%	26270	26.12%	

CPO

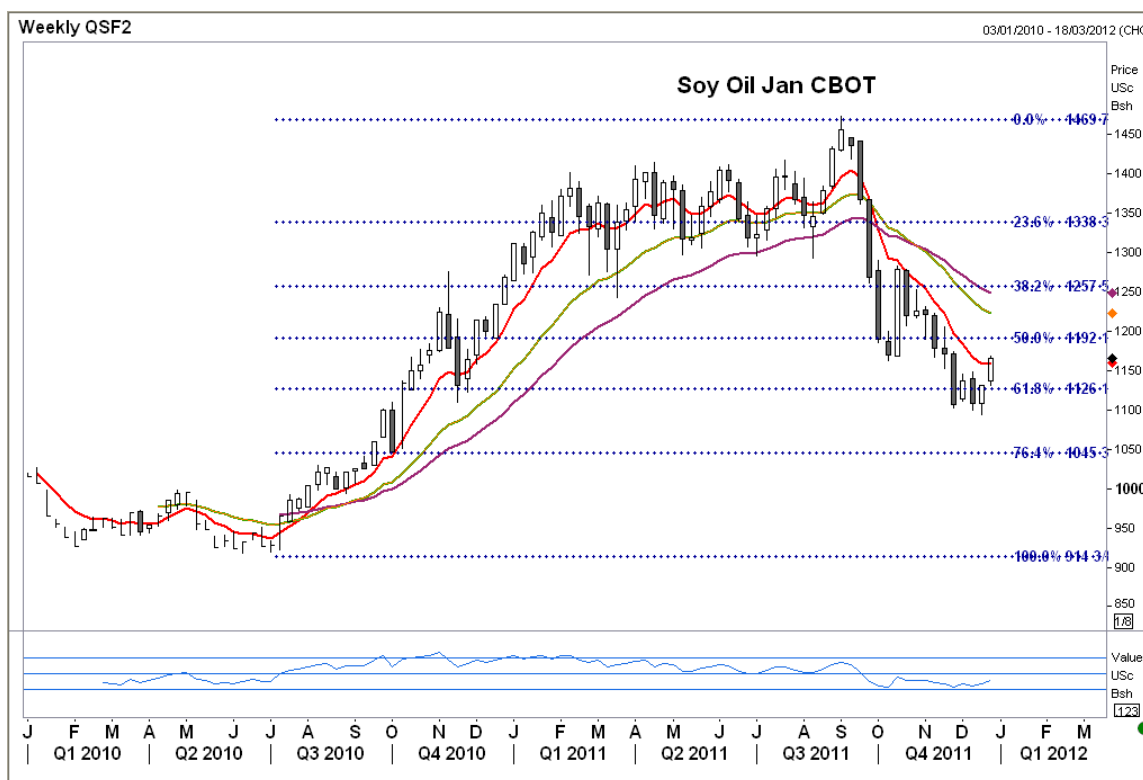
MCX (₹/10 Kg)										
Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change	
Dec-11	535.00	537.80	530.20	532.90	0.57%	59	-85.18%	1242	-1.74%	
Jan-12	538.00	539.00	533.80	535.70	0.28%	1247	-63.46%	4017	-2.17%	
Feb-12	541.90	541.90	535.00	537.50	0.39%	284	-91.87%	7994	23.36%	

Spot price

Soy oil-spot prices	12/16/11	12/19/11	12/20/11	12/21/11	12/22/11	12/23/11
Ex Factory Indore (₹/Ton)	56000	56000	56000	59000	59000	58000
Spot Indore (₹/Ton)	60200	61500	62000	62000	61500	62000
Refined (₹/Ton)	62200	63200	62100	65000	65000	65500
Degum Spot Ex-Mumbai (₹/Ton)	62000	61500	63000	63000	62500	63000
Crude Ready Mumbai (₹/Ton)	62500	62500	63500	63200	62500	63500
Solvent Crude Indore (₹/Ton)	60600	60600	60600	61700	62000	62000
CIF Mumbai Degum (\$/Ton)	1150	1165	1160	1170	1172	1190

Parity Price of Argentina Soy Oil	12/21/2011	12/20/2011	12/19/2011
FOB Value (\$/t)	1096.00	1100.00	1091.00
Freight	60	60	60
Insurance @1% on FOB	10.96	11.00	10.91
CIF Value	1166.96	1171.00	1161.91
Customs Duty (Calculated on tariff value @ \$580/tonne)	0	0	0
Currency USDINR	52.3900	52.7600	52.6900
Convert (\$ to Rs)	61137	61782	61221
Landing Charges	1200	1200	1200
Landed cost at Indian ports	62337.03	62981.96	62421.04
Landed cost at Indian ports per 10 kg	623.37	629.82	624.21

Outlook: Soy oil and palm oil prices might witness a moderate correction on previous rally which would create good buying levels for long term. Rally might be steep in soy oil than palm oil due to preference for soy oil in winter, which might lead to shift in demand of palm oil to soy oil. As peak domestic crushing is in progress stockists are actively accumulating in the domestic markets. Forecast of La Nina weather conditions to return in next year which might affect the soybean crop in U.S is affecting the market sentiments of soy oil. Soybean crop in Brazil and Argentina is under stress which might affect the prices of edible oils to remain on higher side during next week. Pre production estimates of Brazil soybean is 5% lower at 71 million tons which might further support bean prices and oil prices during next week. CBOT markets are closed for most days during the entire week due to Christmas and New Year holidays.



RM Seed

RECOMMENDATIONS: RM SEED DEC NCDEX: Trading range: 3360-3590

Mustard seed prices have gained meagerly during last week as spot prices remained in very narrow range with decline after mid week. Buyers refrained from buying at higher price levels as spot prices increased by ₹50-80/quintal along with arrivals increasing to 40000 bags compared to 30000 bags last week. Mustard oil prices have surged by around ₹3-5/kg during last week as winter season demand for mustard oil is reported good due to its least solidifying property.

Futures prices:

NCDEX (₹/Quintal)									
Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Nov-11	3448.00	3494.00	3392.00	3472.00	0.96%	406420	-31.64%	104370	12.33%
Dec-11	3160.00	3281.00	3160.00	3255.00	2.33%	225100	27.11%	76880	14.07%
Jan-12		3145.00	3043.00	3131.00	1.52%	31040	-27.68%	28170	19.11%

Mustard seed/oil-spot prices	12/16/11	12/19/11	12/20/11	12/21/11	12/22/11	12/23/11
Rajasthan	34000	35000	35530	35530	34250	34600
Delhi	33800	33750	34850	34950	34800	34750
Oil Jaipur	72100	72300	72400	72800	74500	73000
Oil Mumbai	75300	68500	75800	77500	77000	76000

Outlook:

Mustard seed prices might witness some corrections initially during next week while overall trend still remains on higher side. Better weather conditions during last week might keep prices under pressure which initially while forecast of the dry winter for the next fortnight might help the prices to rally from lower side. Lower carry forward stocks of mustard during current crop year are supportive for prices of seed to surge across spot markets to meet edible oil requirement. Production estimates are reported around 60-65 lakh bags which is much lower than last year which might extend support to prices.

**Tables are updated as on 11 A.M on 24/12/2011*

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