

30th November 2011

Soybean (Bullish)

Recommendations: Soybean JAN CBOT: Buy at 1160-1170 TP 1209 then 1234 SL 1140

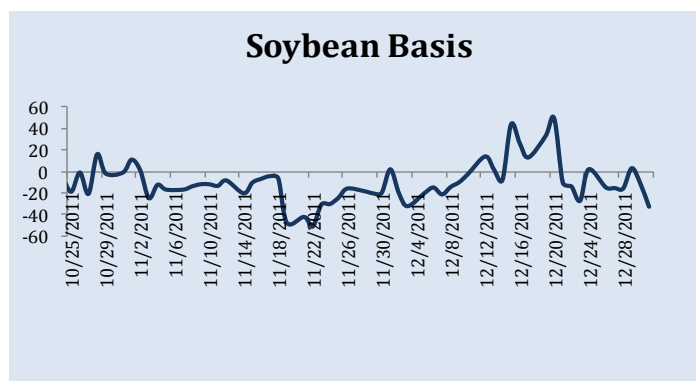
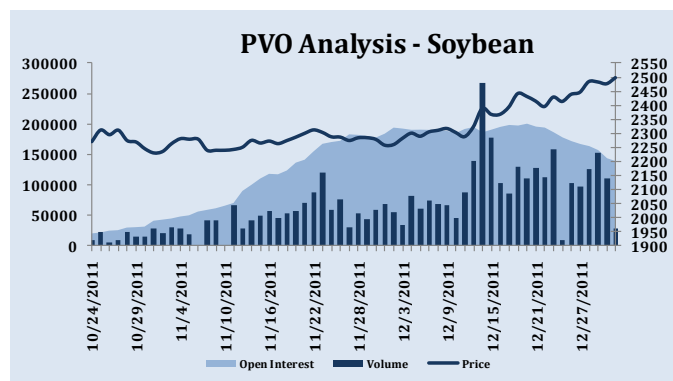
Soybean DEC NCDEX: Buy at 2440-2455 TP 2565 SL 2408

Soybean futures extended gains during last week as domestic meal demand drove the prices. Spot prices surged to ₹2500/quintal from ₹2400/quintal owing to stockist accumulating and lower arrivals across major markets. Surge in edible oil prices also cushioned price rise of soybean at Indian commodity bourses. CBOT markets remained closed during most of the days last week which left no cues to be followed by the Indian markets. Dry weather conditions prevailed in Brazil and Argentina regions during last week which affected the market sentiments. Projections of La Nina weather conditions to return with more intensity in Latin American countries are creating concerns of global soybean output during next year. Soybean weekly exports decreased to 663.2 tonnes v/s 728.4 tonnes, meal increased to 51.1 tonnes v/s 142 tonnes while soy oil increased to 2.3 v/s 14.8 tonnes. Activities in international front were very weak due to Christmas and New Year holidays.

Futures:

NCDEX (₹/Quintal)									
Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Jan-12	2419.00	2520.00	2412.00	2496.50	3.48%	110890	-13.38%	172300	-12.95%
Feb-12	2446.00	2557.00	2439.50	2531.00	3.69%	24690	29.63%	216010	19.47%
Mar-12	2454.50	2574.50	2454.50	2551.00	3.97%	1029390	2.66%	80780	86.22%
Apr-12	2492.50	2592.00	2480.00	2575.00	3.94%	621260	103.88%	12720	2.85%

Derivatives



Outlook:

Soybean prices might initially correct during next week before resuming bullish trend. Absence of buyers at higher price levels and sluggish activities in international markets might keep the prices under mild pressure initially. Fresh export orders from china also would be very slack with their new year fast approaching. Projections of some showers across Brazil might also initially dampen the prices. However in Indian markets peak arrival season has come to an end and meal demand from South East Asian countries is supporting the prices to bounce back from lower levels. Estimations of the lower imports of edible oil during the December

and January might have positive impact on prices. Tight global supply situations projected for soybean and oil in next year might support the prices rally in domestic edible oilseeds and oil in the near term.

Spread Matrix					
	Spot	Jan-12	Feb-12	Mar-12	Apr-12
Spot	0				
Jan-12	-32.50	0			
Feb-12	-67.00	34.5	0		
Mar-12	-87.00	54.5	20	0	
Apr-12	-111.00	78.5	44	24	0.00

Crush Margin:

	Ready Indore	Nov	Dec	Jan
Soybean	24640	24965.00	25310.00	25510.00
Crush Expenses	950	950	950	950
Cost	25590.00	25915.00	26260.00	26460.00
Refined Soy Oil	691.41	724.80	718.90	662.40
Solvent Oil	661.41	694.80	688.90	632.40
Oil Share	13228.20	13896.00	13778.00	12648.00
DOC Ex-Kandla	18300.00	18300.00	18300.00	18300.00
DOC Ex-Indore	17100.00	17100.00	17100.00	17100.00
Meal Share	13680.00	13680.00	13680.00	13680.00
Realization	26908.20	27576.00	27458.00	26328.00
Margin	1318.20	1661.00	1198.00	-132.00

Spot - Soy Meal

Soy meal prices	12/30/2011	12/29/2011	12/28/2011	12/27/2011	12/26/2011
FOR Mumbai PP Bags (₹/MT)	18325.00	18425.00	18125.00	17925.00	17925.00
FOR Bedi Bunder (₹/MT)	18175.00	18275.00	17975.00	17775.00	17775.00
FOR Kakinada (₹/MT)	18275.00	18375.00	18075.00	17875.00	17875.00
Spot (45-46% Protein) (₹/MT)	16825.00	17075.00	16775.00	16575.00	16575.00
Spot (48% Protein) (₹/MT)	16925.00	17175.00	16875.00	16675.00	16675.00
FAS Mumbai (\$/MT)	374.50	376.50	370.50	366.50	366.50
FAS Bedi Bunder (\$/MT)	377.50	379.50	373.50	369.50	369.50
FAS Kakinada (\$/MT)	379.50	381.50	375.50	371.50	371.50
FOR Bedi Bunder (\$/MT)	365.50	367.50	361.50	357.50	357.50
FOR Kakinada (\$/MT)	367.50	369.50	363.50	359.50	359.50
Argentina FOB (\$/MT)	330.25	330.25	327.6	320.77	321.6
Brazil FOB (\$/MT)	332.00	374.60	336.30	333.70	321.90

Edible Oils (Bullish)

Recommendation: Soy Oil JAN CBOT: Buy at 50.40-51.10 TP 52.80/54.30 SL 48.30

Soy Oil JAN NCDEX: Trading Range 696-745

CPO BURSA FEB: Buy at 3080-3090 TP 3215/3270 SL 3010

CPO MCX JAN: Trading Range 526-552

Soy oil prices gained largely during last week at Indian commodity bourses due to good demand from the stockists. Spot prices raised substantially by ₹10/10kg in Indore market as bulk buying supported the price rally. Heavy rains are affecting the palm oil harvesting and plantations in the low lying areas of Malaysia which kept the oil prices in upswing. International market activities remained very sluggish due to the Christmas and New Year holidays. Supply constraints of soybean and oil for next year affected the prices to rally. Demand for soy oil and mustard was much higher than palm oil due to which soy oil has gained steeply compared to marginal gains in palm oil. Despite crushing season accumulation of stockists is outweighed by the supplies which has triggered this rally in prices.

Futures prices: Soy oil

NCDEX (₹/10 Kg)									
Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Jan-12	693.10	731.50	690.00	724.70	4.53%	1029390	1.53%	154950	-5.04%
Feb-12	692.00	729.00	689.80	718.90	3.80%	621260	93.18%	75420	58.08%
Mar-12	687.00	714.20	687.00	706.95	2.72%	134220	32.00%	40990	56.03%

CPO

MCX (₹/10 Kg)									
Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Dec-11	545.90	546.60	544.80	546.60	0.20%	29	-90.99%	357	-38.55%
Jan-12	545.10	547.60	545.10	546.80	0.74%	201	-83.58%	3087	-10.42%
Feb-12	547.10	549.00	547.10	548.00	0.74%	243	-75.77%	7312	1.90%

Spot price

Soy oil-spot prices	12/23/11	12/26/11	12/27/11	12/28/11	12/29/11	12/30/11
Ex Factory Indore (₹/Ton)	56000	56000	56000	59000	59000	58000
Spot Indore (₹/Ton)	62000	62800	63600	65000	65900	65800
Refined (₹/Ton)	65000	65000	65500	68000	60200	68500
Degum Spot Ex-Mumbai (₹/Ton)	63000	64500	64500	65000	66000	66000
Crude Ready Mumbai (₹/Ton)	63500	64000	65000	65500	65500	66000
Solvent Crude Indore (₹/Ton)	62000	62800	63600	63800	65200	65800
CIF Mumbai Degum (\$/Ton)	1190	1200	1200	1205	1205	1205

Parity Price of Argentina Soy Oil	12/28/2011	12/27/2011	12/21/2011
FOB Value (\$/t)	1140.00	1140.00	1096.00
Freight	60	60	60
Insurance @1% on FOB	11.40	11.40	10.96
CIF Value	1211.40	1211.40	1166.96
Customs Duty (Calculated on tariff value @ \$580/tonne)	0	0	0
Currency USDINR	52.8800	52.9100	#N/A
Convert (\$ to Rs)	64059	64095	#N/A
Landing Charges	1200	1200	1200
Landed cost at Indian ports	65258.83	65295.17	#N/A
Landed cost at Indian ports per 10 kg	652.59	652.95	#N/A

Outlook: Soy oil and palm oil prices might witness some corrections initially. Recovery in weather conditions in Brazil might keep the prices subdued initially. Sluggish activities in international demand supply front might leave no fresh cues for the domestic markets due to New Year holidays. Chinese buying activity might also be very sluggish which might keep the prices under pressure. Bad weather conditions in Malaysia are affecting the palm oil plantations in low lying areas and harvesting activities are also at threat. Estimations of edible oil imports during December and January are lower due to domestic crushing season and rupee depreciation. Malaysia and Indonesian governments are negotiating on changing the tax structures for their feasibility as most of the crude palm oil from Indonesia is imported by Malaysia refined there and exported further. Higher export tax on Indonesian crude palm oil is not only affecting Indian prices but also international prices.

RM Seed (Bullish)

RECOMMENDATIONS: RM SEED DEC NCDEX: RM Seed Jan NCDEX: Buy at 3650-3670 TP 3808 SL 3590

Mustard seed prices have gained steeply during last week triggered by lower crop production estimates by the solvent extractors association. Spot prices increased by ₹50-80/quintal along with arrivals decreasing to 30000 bags last week. Projection estimates declined by 10% which cushioned steep rise along with the rally in soy complex. Mustard oil prices have surged by around ₹3-5/kg during last week as winter season demand for mustard oil is driving prices higher.

Futures prices:

NCDEX (₹/Quintal)									
Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Nov-11	3455.00	3703.00	3450.00	3694.00	7.01%	437880	1.32%	81180	-22.22%
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%

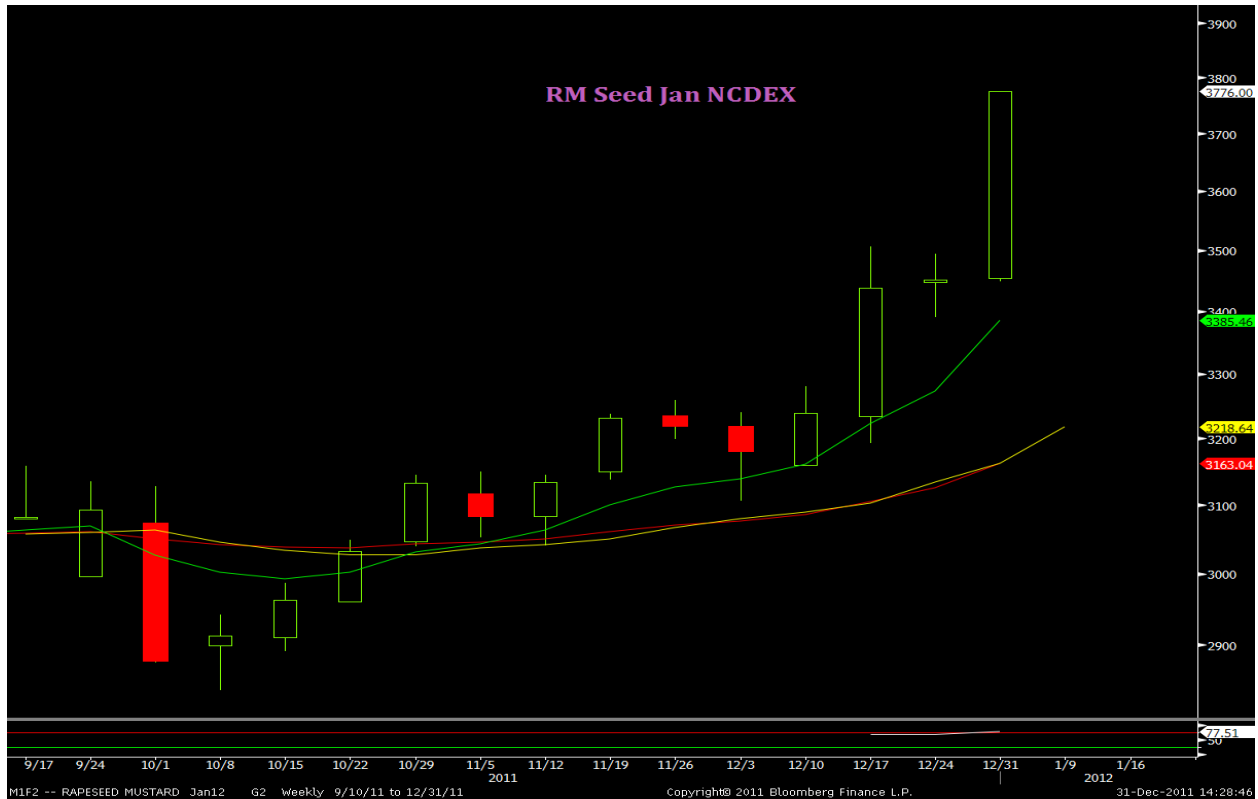
Mustard seed/oil-spot prices	12/23/11	12/26/11	12/27/11	12/28/11	12/29/11	12/30/11
Rajasthan	34600	34930	34950	34950	35000	35000
Delhi	34750	35000	35000	35250	35500	36000
Oil Jaipur	73000	75000	76200	77200	78000	79400
Oil Mumbai	76000	78000	79300	80200	81000	82300

Outlook:

Mustard seed prices initially witness some corrections due to weakness in soy complex while overall positive trend is strongly intact as the frost conditions in major mustard growing regions is affecting the crop. Production estimates are declined to 5.5 million tons compared to 7 million tons last week. Lower carry forward stocks of mustard during current crop year are supportive for prices. Edible oil demand and meal demand is also substantially increasing across major markets which might trigger the prices further.

Technical Analysis:

RM Seed futures have traded completely higher side by continuing previous bullish rally. Closing of the white candle is showing buyers interest and also suggesting higher side momentum in coming session. According to Gann fan principle prices still trading in a health rally based on this tool resistance is seen at 3808 levels. Pivot point is seen at 3667 levels this might act as initial support levels. In daily price chart moving average support is seen at 3590 level. On breach and sustained trade below is likely to test previous candle low 3450. Overall expecting prices to higher side and recommended to buy at support levels.



**Tables are updated as on 11 A.M on 31/12/2011*

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