

TECHNO FUNDA REPORT ON

22 September 2015

SOYBEAN FUTURES

November



**Presented by:
Subhranil Dey**

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TECHNO FUNDA REPORT ON SOYBEAN FUTURES (NOV) – BUY



Source: Reuters

Recommendation: Investors are advised to take fundamental positional BUY call in Soybean futures (Nov) NCDEX at current market price for the target of 3390 in long-term, with a closing stop loss below 3150 levels.

Note:

- These long term fundamental calls are for duration of one to three weeks time frame and do not confuse these with intraday calls.
- It is assumed that investor takes position in two lots and square off position in one lot on partial profit booking and trail stop loss to buying/selling price for second lot.

Fundamental

- At the spot markets of Indore, the arrivals have started to come. It is said that the quality of the beans are good, hence there is high demand from stockiest.
- India's soybean yields are likely to drop this year as the first back-to-back drought in three decades wilts crops, offsetting an increase in the area under cultivation and keeping output of the oilseed steady near year-ago levels.
- Weed and pest infestation in the standing crop in major producing regions due to deficient rains is likely to weigh on soybean crop and its prices during the impending kharif harvesting season.
- The Indian Meteorological Department (IMD) forecast 12% lower rainfalls this year. The progress of monsoon has been dull in September, while forecasts of lower rains in September is raising concern about the yield of the crop in certain parts of Madhya Pradesh, Rajasthan and Maharashtra. Soybean sowing regions of Maharashtra, such as Marathwada, and Karnataka are also facing drought-like situation.
- Plants have started growing pale in the field due to the deficiency of moisture in major growing areas of Madhya Pradesh. The Situation is somewhat similar in other states including Maharashtra and Andhra Pradesh.
- The increase in acreage will be nullified by lower yield, resulting into overall soybean output similar to last year.
- In its latest assessment, Sopa has estimated that crop condition in 12% of the total coverage area is 'very poor', while another 17% is 'stressed'. About 60% of growing area is normal, 12% 'good', but only 6% has been labeled 'very good'.

- Incidence of Yellow Mosaic Virus, Girdle beetle, Stem fly, Hairy caterpillar and Green Semi Looper are reported in various soybean growing regions. The yield has been adversely affected which will eventually lower the bean production this season.
- The overall monsoon deficiency stands at around 14%, Central and Marathwada regions of Maharashtra, north interior Karnataka and Telangana have got much needed relief. The deficiency now stands at 35 per cent in Marathwada, 28 per cent in central Maharashtra, 30 per cent in Konkan and Goa and 23 per cent in north interior Karnataka.
- The increase in domestic seasonal demand in poultry will boost the demand in soy meal which may eventually lend support to the meal prices in coming days.

Crush Margin

Crush Margin - Soybean				
Particular			Amount	Realization
Soybean	Rs/Quintal	A	3341	33410
Ref Soy Oil	Rs/10 Kgs	B	572	9756
Soymeal	Rs/Tonnes	C	29500	24190
Gross Crush Margin		(B+C)-A		536

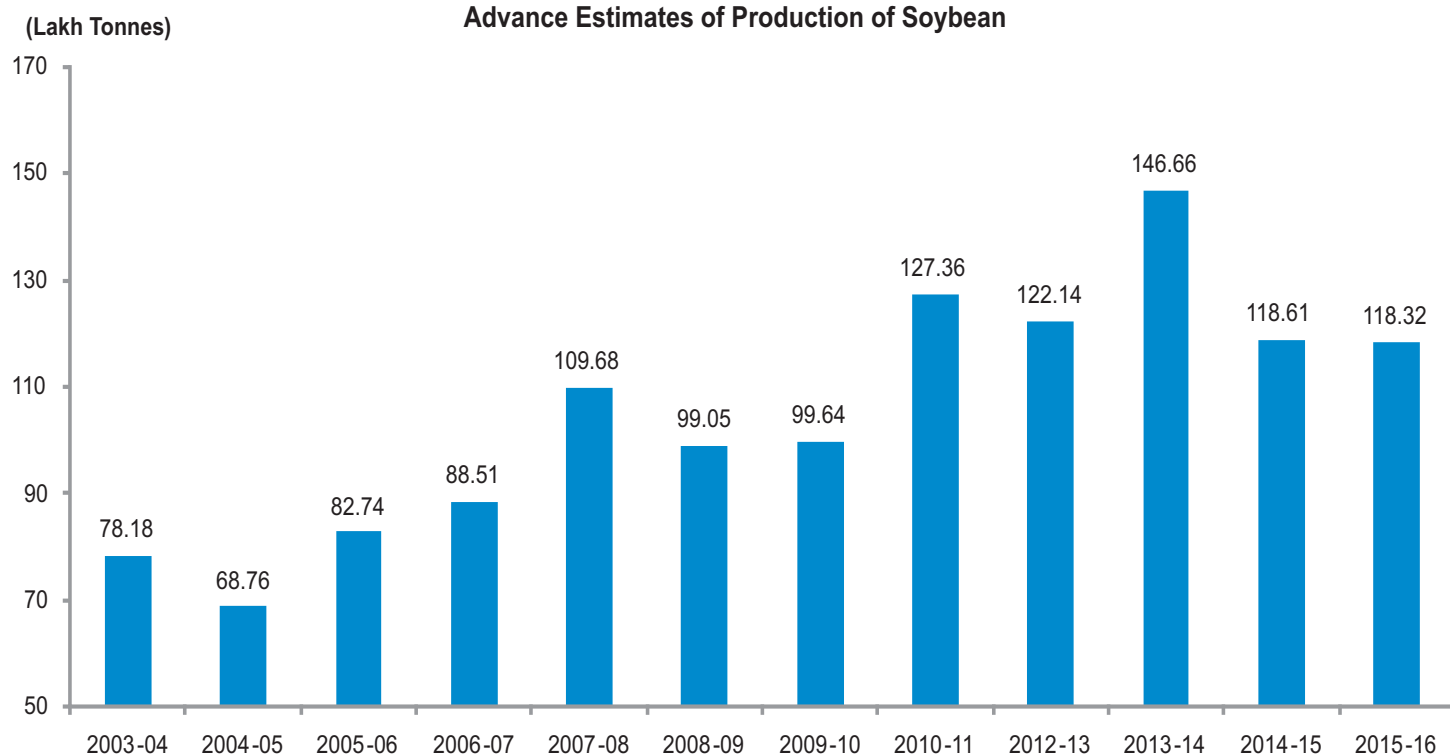
Source: NCDEX

Parity Calculator

Soyoil Import parity	
CIF Price- Kandla (in \$)	674.0
Exchange Rate	65.75
Landed price without customs duty in INR/ MT	44315.5
Customs duty in INR (7.5%% @ base price of \$ 579/ MT)	2855.2
Edu. Cess of 3% on 7.5%=(.23%@ base price of \$579/MT)	87.6
Clearing charges (INR per MT)	483.0
Brokerage (INR per MT)	190.0
Total Landed Cost (INR per MT)	47931.3
Refining Cost (INR per MT)	2600.0
Freight to Indore (INR per MT)	2500.0
Cost of imported oil after processing at Indore	53031.3
Price in INR/10 Kg including Taxes (5% VAT)	556.8

Source: NCDEX

Advance Estimates of Production of Soybean

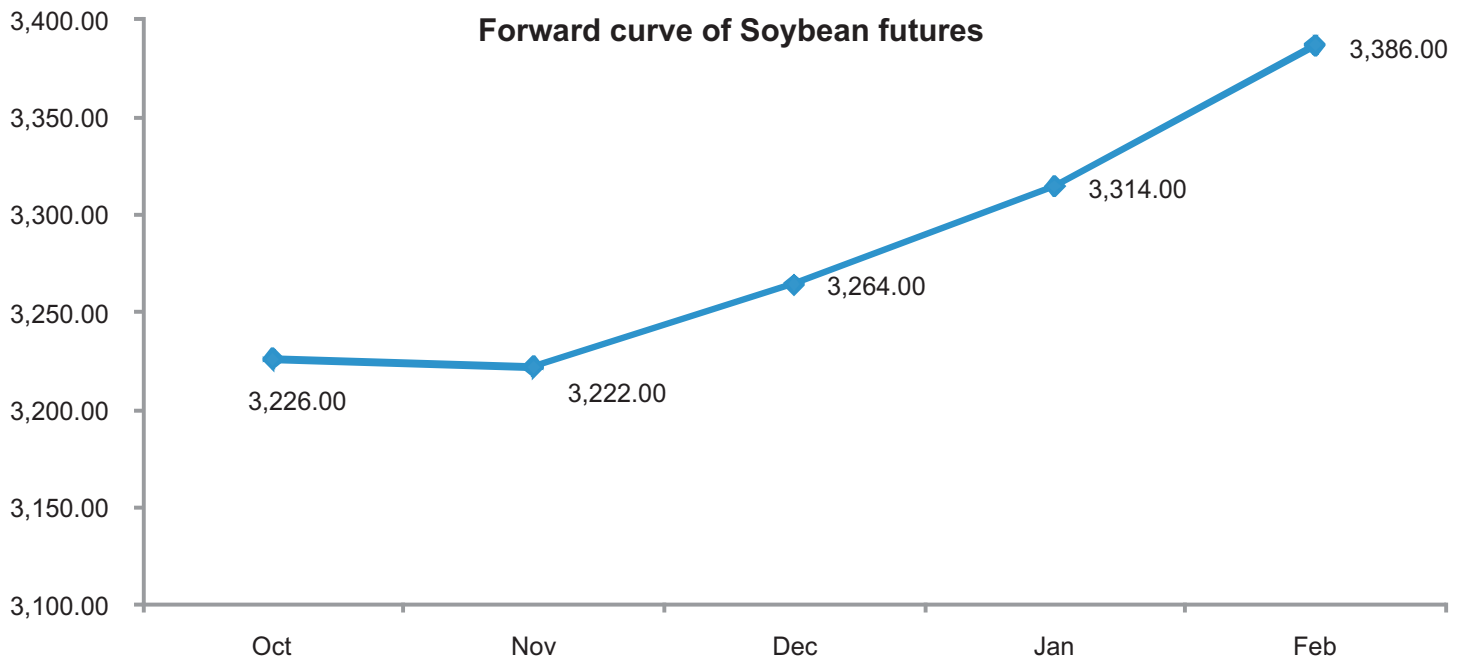


Source: Ministry of Agriculture

USDA Estimates for Indian soybean market

Attributes	2014/2015	2015/2016	% Change
Area Harvested (1000 HA)	10,908	11,500	5%
Beginning Stocks (1000 MT)	606	808	33%
Production (1000 MT)	9,800	11,500	17%
Total Supply (1000 MT)	10,408	12,308	18%
MY Exports (1000 MT)	250	300	20%
Crush (1000 MT)	7,400	9,100	23%
Food Use Dom. Cons. (1000 MT)	650	675	4%
Feed Waste Dom. Cons. (1000 MT)	1,300	1,400	8%
Total Dom. Cons. (1000 MT)	9,350	11,175	20%
Ending Stocks (1000 MT)	808	833	3%
Total Distribution (1000 MT)	10,408	12,308	18%

Source: Foreign Agricultural Service, Official USDA Estimates



As on 21-09-2015

Source: NCDEX

For further any queries, please contact

Subhranil Dey

Sr. Research Analyst

subhranildey@smcindiaonline.com

Ph.: 011-30111000

Extn.: 674

SMC Global Securities Limited is proposing, subject to receipt of requisite approvals, market conditions and other considerations, a further public issue of its equity shares and has filed a Draft Red Herring Prospectus (DRHP) with the Securities and Exchange Board of India (SEBI). The DRHP is available on the website of the SEBI at www.sebi.gov.in and the website of the Book Running Lead Managers i.e. Tata Securities Limited at www.tatacapital.com and IL&FS Capital Advisors Limited at www.ilfscapital.com. Investors should note that investment in equity shares involves a high degree of risk. For details please refer to the DRHP and particularly the section titled Risk Factors in the Draft Red Herring Prospectus.

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