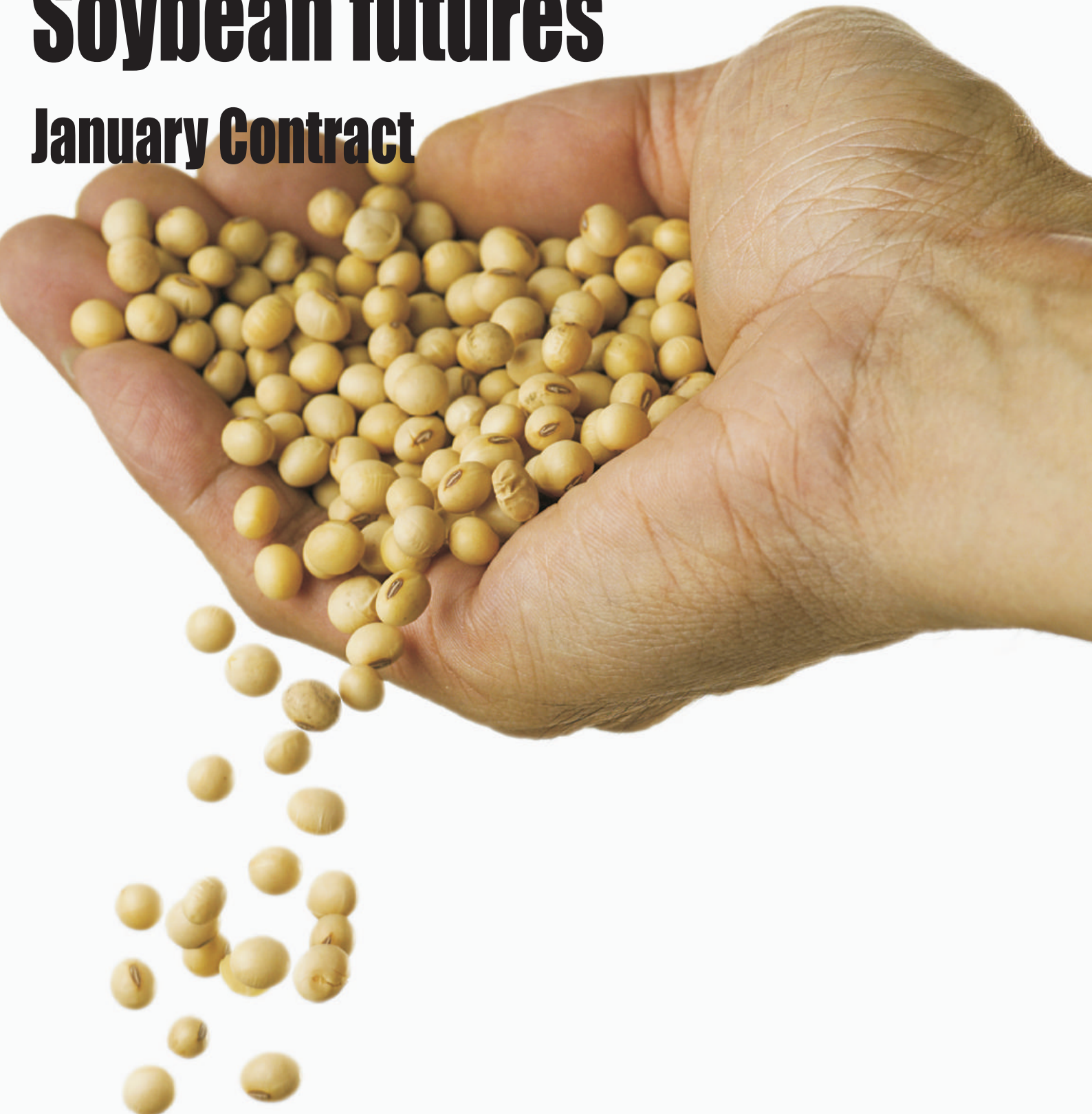


TECHNO FUNDA REPORT ON

02 December 2015

Soybean futures

January Contract



**Presented by:
Subhranil Dey**

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TECHNO FUNDA REPORT ON SOYBEAN FUTURES (JANUARY) – SELL



Source: Reuters

Recommendation: Investors are advised to take fundamental positional SELL call in Soybean futures (January) NCDEX at current market price for the target of 3695 in long-term, with a closing stop loss above 3990 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.

Fundamentals

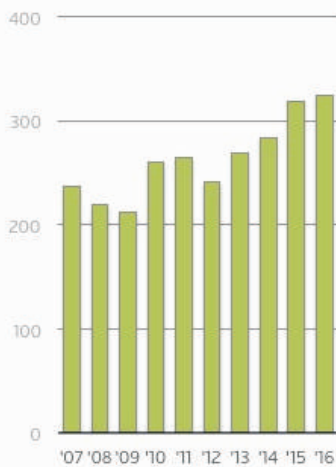
- The country's estimated production this season is around 74 lakh tonnes and there is a carryover of 5-6 lakh tonnes. So there is some 60 lakh tonnes to crush that would result in some 52 lakh tonnes of soyabean meal. There is enough soyabean meal for local markets.
- Soybean prices are falling in the spot markets as the buyers are staying away from fresh buying and on the other hand there are steady supplies in the market.
- Currently, the average daily arrivals in the cash markets of Madhya Pradesh ranged between 1.0 – 1.40 lakh bags
- Need based buying by the solvent extractors in the bean is featured and the solvent extractors are not ready to take the long term commitment to deliver the meal at a single price point like in previous years.
- Historically, both Pakistan and Bangladesh have relied on truck deliveries of soybean meal from India. Now, the countries are importing more soybeans from the United States and Brazil for domestic crushing to replace a lack of Indian supplies.
- Indian soyameal exports last month slumped 85.4 per cent from a year ago as prices of about \$500 per tonne forced customers to turn to countries such as Argentina and Brazil that are selling the meal for \$360-370 a tonne.
- Soybean crushing is very much reduced due to continuous disparity and high price of domestic market affecting overall domestic availability of both oils and meals. The export of soybean meal is at a historical low during current year and reduced month by month.
- Several soyabean crushing units in Maharashtra and Madhya Pradesh remain shut this season due to high price of soyabean.
- The robust pace of soybean crushings and ample soybean supplies both in the northern and the southern hemisphere is keeping world market prices of soya meal under pressure.
- On the international market, the Commodity Futures Trading Commission's weekly commitments of traders report also showed that noncommercial traders, a category that includes hedge funds, increased their net short position in CBOT soybeans.

International scenario

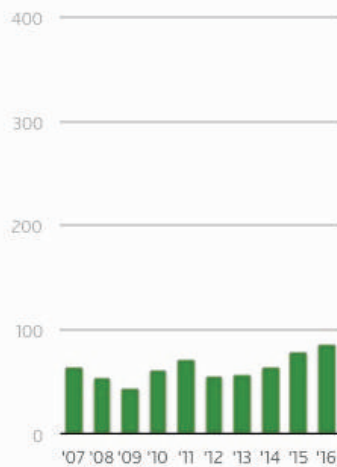
Global soybean output, ending stocks and trade

Brazil looks to maintain its position as the world's top exporter bolstered by higher area and continued El Niño while global production sets a record for the 4th year in a row

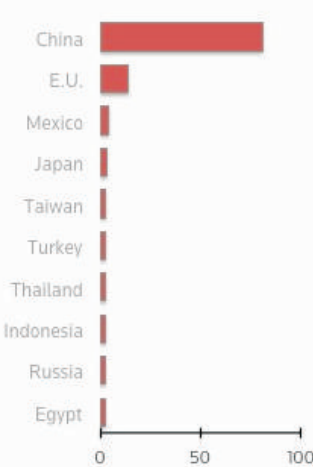
PRODUCTION
Million tonnes



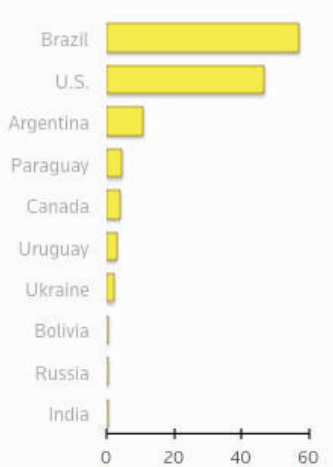
ENDING STOCKS
Million tonnes



TOP SOYBEAN IMPORTERS
Million tonnes, 2015/16



TOP SOYBEAN EXPORTERS
Million tonnes, 2015/16



Sources: Lanworth ('16 production & ending stocks); U.S. Department of Agriculture (USDA) & USDA Foreign Agriculture Service (FAS) (Import & export data & historical production & ending stocks)
Notes: '07 refers to 2006/07 market year and so on.

For further any queries, please contact

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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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