

# Daily CME Soy Complex Market Mentor

Decision enabling market analysis & price outlook

For Apr 01, 2011

Report Summary							
Market	Soy Bean May'11 Futures, Cents/bushel		Soy Meal May'11 Futures, USD/Short ton		Soy Oil May'11 Futures Cents/lbs		
Last closing	1410.25(+ 38.25)		370.70 (+ 10.20)		58.78 (+ 1.46)		
Fundamental Summary	<b>Critical factors</b>					<b>Impact</b>	
	US quarterly grain stocks					Bullish	
	US planting intention report					Bullish	
Technical Summary	Brazil soy oil discount over CME					Bearish	
	<b>Summary</b>					<b>Moderately Bullish</b>	
	Test of the earlier high of 1455 cents remain open in the coming sessions coupled with positive Divergence in MACD Histogram with any dips finding support near 1368 cents.		Test of the earlier high of USD 390/395 remain open in the coming sessions coupled with positive Divergence in MACD Histogram with any dips finding support near USD 345.		Test of Thursday's high seems likely and prices could attract renewed selling pressure thereon to turn lower gradually.		
Price outlook summary		Prices are likely to hold above 1368 cents and trade higher towards 1455 cents in the coming 3-5 sessions.		Prices are likely to stay above USD 345 and trade gradually positive towards USD 390 in the next 3-5 sessions		Prices are likely to test 59.52 cents and gradually attract renewed selling pressure to turn lower towards 57.60 cents in the coming 3-5 sessions	
Price Ranges		Next 5 sessions	Next 10 sessions	Next 5 sessions	Next 10 sessions	Next 5 sessions	Next 10 sessions
	Initial Level	1430	1455	380	390	59.52	59.52
	Subsequent Level	1455	1400	390	350	57.60	57.60
Strategy Review		For fresh positions traders may wait for a while		For fresh positions wait for a while.		For fresh positions wait for better selling levels towards 59.40	

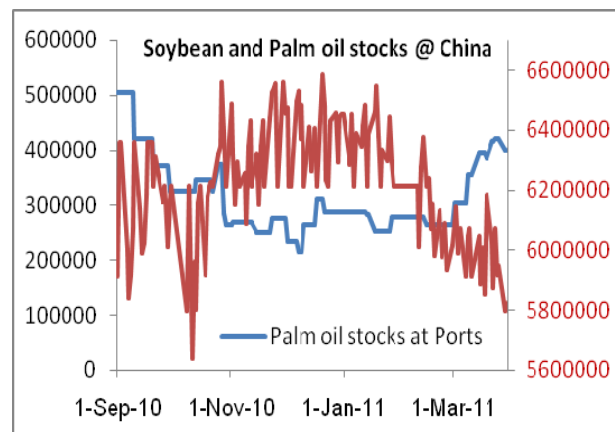
Trading Strategy	Filled on	--	--	---
	Position	Wait	Wait	Wait
	Entry	---	---	---
	Objective	---	---	---
	Stop loss	---	---	---

## Daily CME Soy Complex Market Mentor

Performance Audit		
CME Soybean	Strike Rate	Net profit / Gross profit Ratio
Since 2003	70%	69%
FY 2010-11	77%	86%
Feb'11	67%	66%
CME Soy Meal		
Since 2003	70.3%	91%
FY 2010-11	76%	68%
Feb'11	67%	55%
CME Soy Oil		
Since 2003	75%	72%
FY 2010-11	75%	82%
Feb'11	71%	97.7%

### Fundamental Review Analysis

- ✓ US Soy complex at CME surged on Thursday after USDA's report place quarterly inventories and planting intentions bullish and lesser than market expectation. Soybean May'11 futures gains 38.25 cents to closed at 1410.25 cents/bu while soy oil and soy meal May'11 futures settled at 58.78 cents/lb and \$370.7/ST, edged up 1.46 cents & 10.2\$ respectively. Corn futures (692.25 cents/bu) traded to limit on CME while traders was seen using corn options (May contract synthetically) quoting around 732 cents/bu in option pit. This indicates corn price to climb again to daily limit in today trade. Meanwhile, 11/12 crop sentiments, ratio of new crop (soybean to corn) stood at 2.23. Others grains like wheat, rice and cotton all traded in positive territory.
- ✓ Total acreage under eight major crops is put to increase by 8.6 m ac against 10 m ac forecast of long term baseline projection in Feb'11, while only crop loosing acres is soy. Sizeable soybean acreage declines took place in Iowa, Kansas and Ohio States and gains expected in North and South Dakota. With Corn being lucrative on net return (at farm basis), losing area to corn in two important belts – Iowa and Ohio to the tune of 0.6 m ac fall under market expectations. However, spring wheat acreage in North and South Dakota has risen along with soybeans acreage meaning more land will come by cultivating barren/pasture or conservation land in these two states.
- ✓ Worries remain over the spring weather, fearing that current wet conditions in the Midwest and dry weather in southern states such as Texas will prevent farmers from being able to replenish low supplies. US Planting progress report card will be released from 4th April'11 onward and progress and henceforth market direction depends on this weekly report.
- ✓ Meanwhile, there is a crucial point to be noted. Despite sharp surge in CME soy oil prices, Brazilian and Argentina FOB soy oil prices hasn't appreciated and amongst two, Brazilian performed worst with the discounts widening to -120/-60 vs. -40/0, the day before, clearly indicating poor physical demand.
- ✓ At supply side further, Argentina harvest just took off, albeit lag pace on y-o-y basis that is attributable to delayed planting season. To take any call on the developments over there shall be called early and another 4/5 weeks progress could provide some definite



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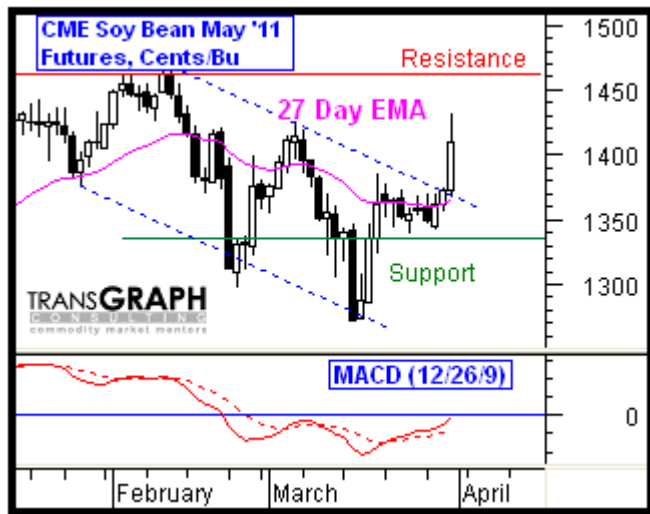
cues.

- ✓ At demand markets, Brazilian beans delivered China ports are quoting cheaper by around 15/16\$/ton over that arriving from USA. Bean stocks at China ports are falling and replenishment shall take place once SA shipments start arriving. On the other hand, China palm oil stocks are improving despite marginal rise in imports suggesting some demand rationing. In the month of March China imported 3.2 lakh tons, up by 0.3 lakh tons on m-o-m basis, however China bought only 10420 tons per day in March vs. 10380 in Feb.

*Considering overall scenario, look for CME soy complex to trend mixed/volatile in the short-run.*

### Chartist's view on CME Soybean May '11 Futures

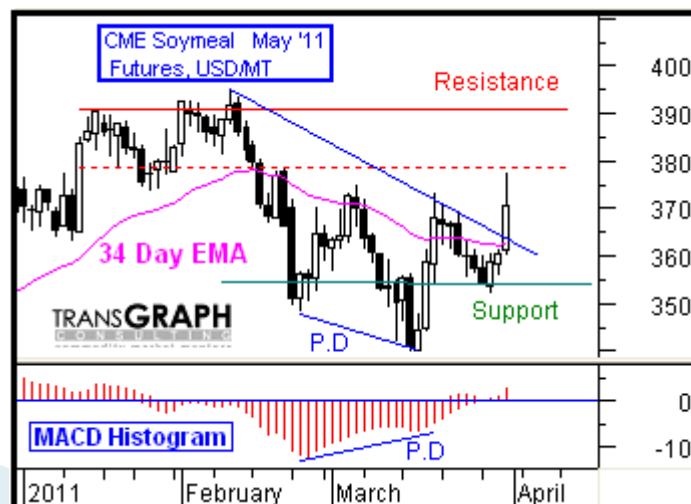
- ✓ Prices have gained above the last week's consolidation high of 1370 cents and broken above the crucial falling trendline at 1375 cents and closed above the 27-Day EMA exhibiting a positive bias.
- ✓ The daily stochastic (14/3/3) have approached the overbought territory and the 14 Day RSI is hovering above the equilibrium while MACD (12/26/9) is approaching zero level from the below supporting bullish momentum.
- ✓ On the higher side 1455 cents could act as a stiff resistance region.
- ✓ Upon holding below the same prices likely to turn lower eyeing a retest of 1345 cents and lower in the coming sessions.
- ✓ On the downside the level of 1345 cents stands as a good support, fall through the same shall trigger signal for such weakness.
- ✓ Only a breakout of the above the said resistance of 1455 cents shall postpone the expected immediate turnaround and prompt for sharp gains towards 1500 cents.
- ✓ Note that the momentum in the corresponding oscillators in the weekly technical setup is weak, hence prices are likely to trend lower in the coming months.



**Concisely, prices are likely to hold above 1368 cents and trade positive towards 1455 cents in the coming 3-5 sessions.**

### Chartist's view on CME Soy Meal May'11 Futures

- ✓ Prices witnessed sharp gains in the previous session and broken above falling trendline and closed above the 34-Day EMA exhibiting a positive bias.
- ✓ On the daily technical setup, the 14 Day RSI and stochastic (14/3/3) are rising while MACD Histogram after showing positive divergence entered



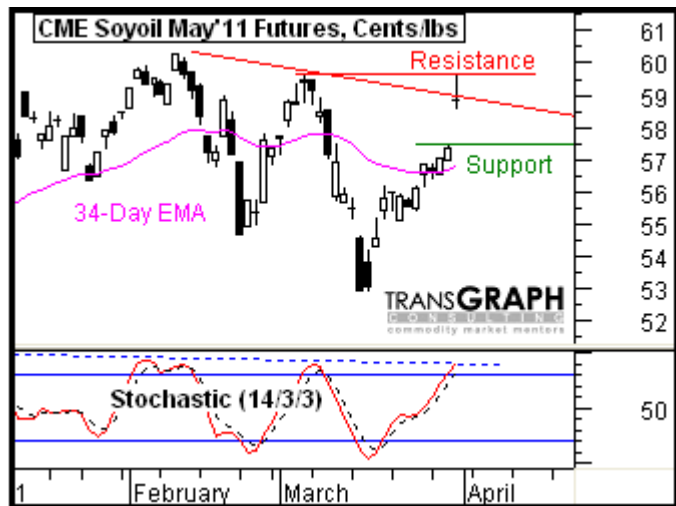
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- above zero line supporting bullish momentum.
- ✓ This shall prompt prices to trade mixed below USD 380 and break above the same shall re-test earlier high of USD 390 in the coming sessions.
- ✓ On the down side prices could find support near USD 355.
- ✓ Note the on the weekly technical setup the underlying momentum is weak hence one may expect a downside correction towards USD 330 in the months ahead

**Concisely, prices are likely to stay below USD 380 and break above the same turn higher towards USD 390 in the next 3-5 sessions.**

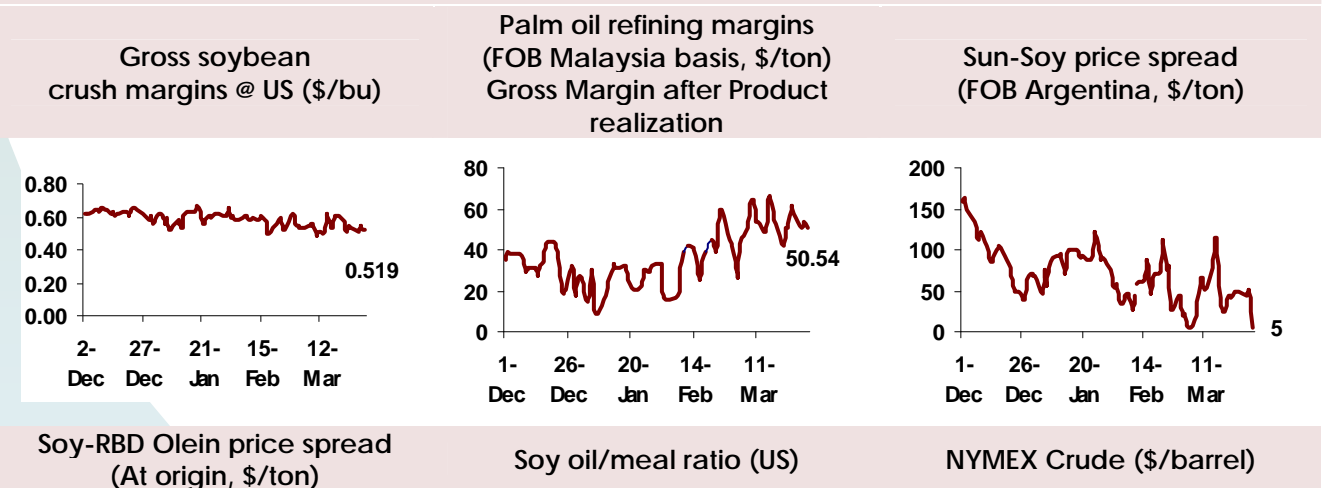
### Chartist's view on CME Soy Oil May'11 Futures

- ✓ Prices have broken above the crucial level of 57.50 cents after a break above the 34-Day EMA on a gap-up trading on Thursday and are exhibiting a positive tone.
- ✓ On the daily technical setup the Stochastic (14/3/3) has entered the overbought territory and the 14-day RSI is positive above the equilibrium.
- ✓ This could prompt prices for a retest of the Thursday's high of 59.52 cents.
- ✓ However note that on the weekly technical setup the corresponding oscillators are still maintaining a weak momentum and suggest the downside corrective phase since the Feb'11 highs is still in force.
- ✓ Therefore prices upon finding the said level of 59.52 cents as a stiff resistance could turn lower eyeing 57.50 cents in the coming sessions.
- ✓ Gains above the said level of 59.52 cents shall extend further gains for a retest of Feb'11 highs at 60.50 cents.
- ✓ On the downside 57.50 cents could offer as an initial support.

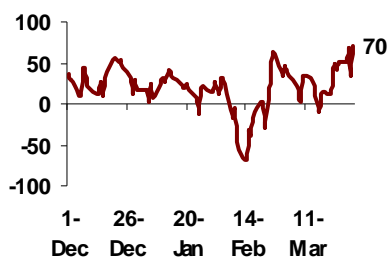


**Concisely, prices are likely to test 59.52 cents and gradually attract renewed selling pressure to turn lower towards 57.60 cents in the coming 3-5 sessions.**

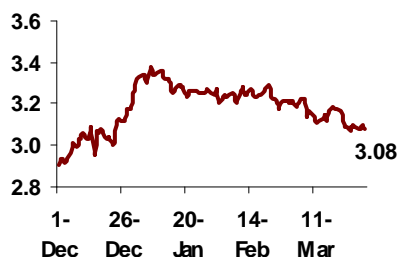
### Mini Charts



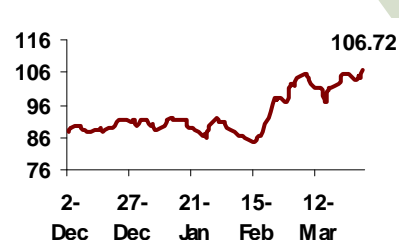
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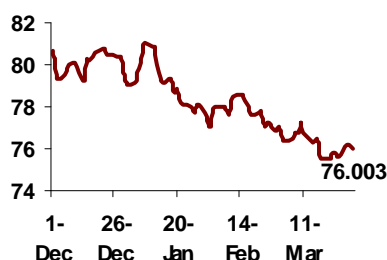
Dollar Index



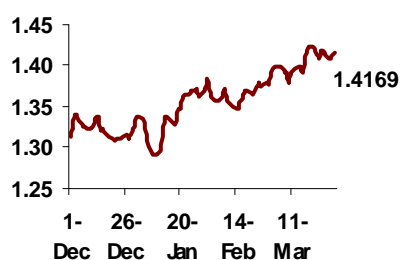
Euro vs. USD



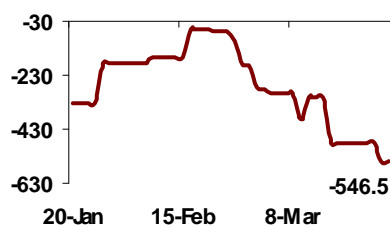
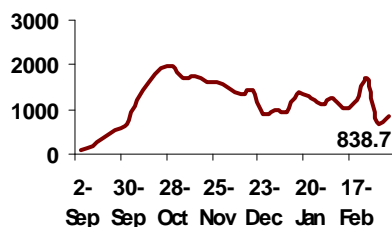
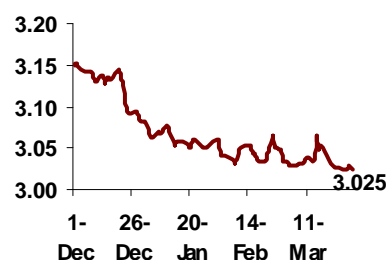
MYR vs. USD



US Weekly Export sales  
( '000 tons)



Imported Soybeans crush  
margin @ China (RMB/ton)



### Facts and Figures digest

#### CME soy complex futures market prices

CME Futures	Active Contract	Mar 31, 2011				Change	Cumulative Volume	Cumulative Open Interest
		Open	High	Low	Close			
Soy bean	May'2011	1415.00	1431.00	1406.00	1410.25	+38.25 (1372.00)	205001	641054
	Jul'2011	1429.00	1441.00	1416.00	1421.00	(1382.75)		
Soy oil	May'2011	58.80	59.59	58.55	58.78	+1.46 (57.32)	124244	360396
	Jul'2011	59.95	59.95	59.20	59.38	+1.47 (57.91)		
Soy meal	May'2011	375.00	376.50	368.80	370.70	+10.20 (360.50)	79604	223910
	Jul'2011	380.00	380.50	373.00	375.10	+9.90 (365.20)		

*Open interest and volume are on previous trading session*

Units: Soybean: US cents / bushel; Soy oil: US cents / lb; Soy meal: USD / short ton. Conversions: 1 ton soy bean = 36.7437 bushels; 1 ton soy oil = 2204.62 pounds; 1 ton soy meal = 1.1023 short ton

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### Premium discount matrix

Market	Commodity and details	Mar 31, 2011	Mar 30, 2011
		Premium/ Discount	Premium/ Discount
Argentina	Soy oil, one month forward	-310/-270	-270/-240
	Soy oil, two month forward	-300/-250	-250/-190
	Soy meal, (47% protein) one month forward	-21/-17	-18/-14
	Soy meal, (47% protein) two month forward	-19	-15.5
Brazil	Soy oil, one month forward	-200/-110	-120/-50
	Soy oil, two month forward	-190/-100	-160/-90
	Soy meal, one month forward	-24/-22	-21/-20
	Soy meal, two month forward	-27/-25	-24/-22
	Soybean, one month forward	+5	+10
	Soybean, two month forward	NA	+10
US	Soybean, US Gulf barge, one month forward	+52/+64	+45/+64
	Soybean, US Gulf barge, two month forward	+48/+65	+45/+65

(Basis over May'11 CME soy futures) H: Holiday, NA: Not Available. Premium & Discount: Bid/Ask. soy oil – points/pound, Soy meal – USD/ ton, Soybeans – \$/bu for US, while S/ton for Brazil

### Physical market prices

Market and details		Mar 31, 2011	Mar 30, 2011
		Premium/ Discount	Premium/ Discount
Argentina	Soy meal pellet one month Forward (CIF Rotterdam, USD per ton)	412	413
	Soy oil one month forward (USD per ton)	1246	1211
	Sunflower oil one month forward (USD per ton)	1250	1250
Brazil	Soy oil, one month forward (USD per ton)	1278	1253
US	Soy oil, Illinois, spot, (cents per pound)	57.08	55.62
India	Soybean, Indore, spot month, INR per ton	23080	22830
	Soy oil Refined, Indore, spot month, INR per ton	56100	56100
	Soy meal, FAS Kandla, USD per ton	375.5	375.5

H: Holiday, NA: Not Available;

### Soy bean Crush margins – CME (US Cents per bushel)

Contracts	Mar 31, 2011	Mar 30, 2011	10- day average	30-day high / low
Soybean – May'11				
Soy oil – May'11	51.86	51.61	54.07	+62.05/+48.86
Soy meal – May'11				

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Registered Office: 6-3-655/2/1, AP Civil Supplies Bhavan Lane, Somajiguda, Hyderabad – 500082 INDIA

Phone: **+91-40-30685000 - 04** | E-mail: [services@transgraph.com](mailto:services@transgraph.com) | Internet: [www.transgraph.com](http://www.transgraph.com)